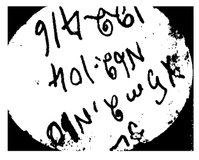
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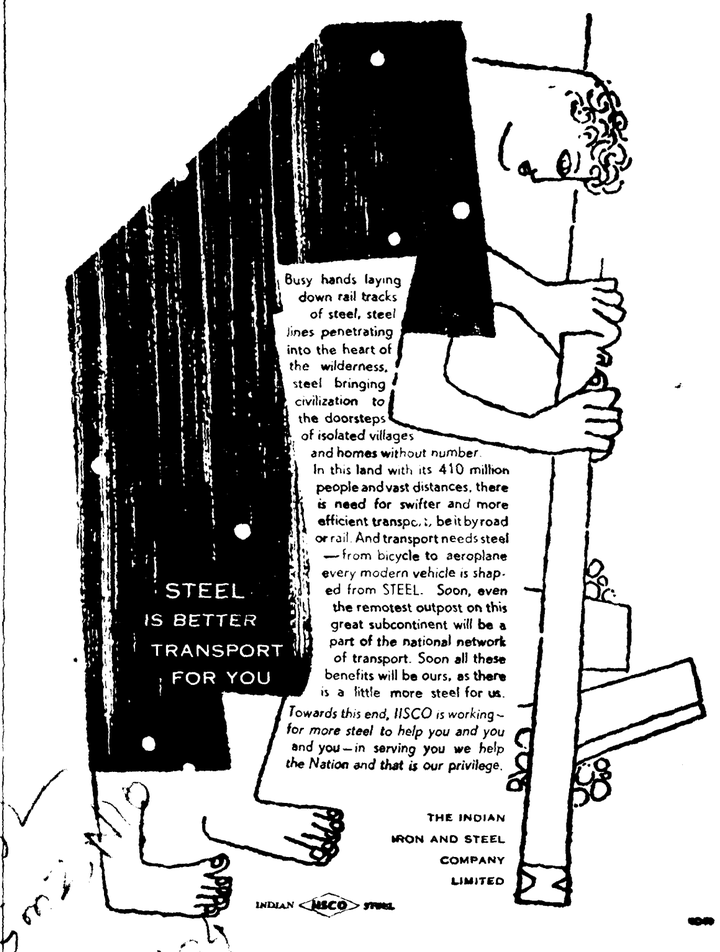

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PRINTED BY J. MIDDLETON FOR G. CLARIDGE & CO. LTD. AT THE CAXTON WORKS, FRERE ROAD, BOMBAY 1, AND PUBLISHED BY COMMERCE (1935) LTD., BRADY HOUSE, VEER NARIMAN ROAD, BOMBAY 1, EDITOR: S. V. RAYAN.

COMMERCE

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

VOL. CIV. No. 2647 **BOMBAY, 6th JANUARY 1962** **PRICE Rs. 2**

MR. IENGAR ACTS PROMPTLY

THOSE who had calculated that, in view of the impending change in the Governorship of the Reserve Bank of India—Mr. H. V. R. Iengar is due to be succeeded by Mr. P. C. Bhattacharyya, Chairman of the State Bank of India, in less than two months from now—the Reserve Bank's proposal of June last for strengthening the capital base and liquidity position of commercial banks might not reach the stage of implementation for a long time to come must have been taken by surprise last week. For, after patiently waiting for nearly six months, Mr. Iengar suddenly decided to accept the Indian Banks' Association's compromise formula at least in regard to paid-up capital and published reserves. The fact that he hurried to communicate his decision to all Indian scheduled banks through a circular (dated 27th December 1961), even though the Bank had not made up its mind in regard to raising the liquidity ratio, suggests that he wants the banks to give effect to the understanding reached with the spokesmen of the Association in allocating their profits for the year that is just over. This is only as it should be, as 1961 was one of the most profitable years for banks and there should be no difficulty for the vast majority of banks to make an impressive beginning in following the conventions, without having to reduce the level of dividends.

The Reserve Bank's original proposals in regard to capital and reserves were welcomed by this journal, *vide* page one of *Commerce* dated 1st July 1961, subject to two qualifications. The ratio of "own funds" (paid-up capital and reserves) to deposits at 7½ per cent suggested by the Bank was considered as not too high, but it was argued that, instead of enforcing it through legislation, it should be laid down as an ideal to be attained by banks as early as they could. It may be noted here that none of the major countries in the free world has resorted to legislation for this purpose. The second point made by us was that the proposal that banks should earmark 20 per cent of their untaxed profit for reserves until the paid-up capital and reserves were equal to 7.5 per cent of deposits from the public would act rather harshly on banks and leave no room for maintaining their dividends at reasonable levels. It was, therefore, suggested that banks should be placed under a statutory obligation to set aside 20 per cent of their net profit (that is, profit after depreciation and taxation), year after year, without relating the total reserves to any ceiling. The Indian Banks' Association took the stand, after protracted discussions among its members, that a ratio of 5 per cent would do, that, in any case, the ratio should not exceed 6 per cent, that the transfer to reserves from the yearly profits should be restricted to 20 per cent of declared profit, that is, net profit *minus* the transfers to secret reserves, until the total of "own funds" reached the specified ratio, and that all this should be carried out through an informal agreement and not through legislation. If past experience is any guide, there is a snag in these proposals, in that the declared profit can be easily manipulated. Nevertheless, Mr. Iengar has accepted the counter-suggestions of the Indian Banks' Association in a generous spirit. Even the question of transfers to reserves has been left to the good sense of banks. It is to be hoped that none of his successors will find it necessary to secure statutory recognition for this gentlemen's agreement. The following is the pattern of conventions in regard to paid-up capital and transfers to published reserves which Mr. Iengar has recommended to banks for adoption, apparently with immediate effect:

(1) The banks should aim to achieve a ratio of 6 per cent of capital funds (comprising paid-up capital and *published* reserves) to deposits from the public.

(2) Where the published reserves of banks are equivalent to or more than their paid-up capital, irrespective of what is said in Sections 11 and 17 of the Banking Companies Act, they should transfer at least 20 per cent of their declared profits (that is to say, profits after making usual and necessary provisions) to their published reserves till such time as their published reserves and paid-up capital reach a level of at least 6 per cent of their deposits.

(3) Where the reserves of banks have not reached parity with their paid-up capital, they should *continue* to transfer 20 per cent or more of their disclosed profits till (*a*) the reserves are at least equal to the paid-up capital *and* (*b*) the ratio of paid-up capital and published reserves to total deposits is at least 6 per cent.

Reiterating the Reserve Bank's reasons for the aforesaid reform, Mr. Iengar has made the following pertinent points in his circular letter to the banks:

"In the years to come, it will be necessary for the banks to make further intensive efforts to mobilise savings of the community through branch expansion and increasing the range and efficiency of their services. The ability of banks to discharge successfully this increasing responsibility depends vitally upon the success with which banks are able to sustain and increase the confidence of their depositors and protect their interests. In the last ten years, while the deposits of banks have risen substantially, there has not been any material increase in their capital and reserves—with the exception of the compulsory appropriations to the reserve funds required under existing legislation in the case of banks, the reserve funds of which are less than their paid-up capital—with the result that the ratio of paid-up capital and reserves to deposits of scheduled banks has steadily declined from 9 per cent in 1950 to 5 per cent in 1960.

"The existing provisions with regard to minimum capital and reserves as well as transfers to reserves out of annual profits in the Banking Companies Act are of a minimal character which were introduced in the then prevailing context; the chief objective then was to raise the standard of performance of several sub-standard banks which had come into existence during the war years. In the altered circumstances of today, higher operational standards than those stipulated in 1949 have become imperative. Even in advanced industrial countries, with well developed banking systems, there has always been a conscious and concerted effort to get the shareholders' money in business into a proper trading relationship to their deposits; the ratio of capital funds to deposits of banks abroad has generally been on the increase in the last decade."

There are good reasons to feel, as rightly stated by Mr. Iengar, that the aforesaid conventions are not impracticable, especially as no time limit has been set for reaching the 6 per cent ratio of "own funds" to deposits. Mr. Iengar has made it clear that, while he does not minimise the importance of secret reserves, one should not carry this argument to such an extent as to reduce the importance of published reserves. Indeed, the prestige of a bank in the eyes of the public depends, to a large extent, on its published reserves.

Although no time limit has been set to reach the aforesaid goals, it is obvious that banks should start moving in that direction. Already some banks have begun to raise their paid-up capital by issue of new shares at a modest premium. The latest to join the list is the Bank of India which announced, in the last week of last month, an issue of 200,000 shares of Rs. 100 each, with Rs. 50 paid-up, at a premium of Rs. 20 per share. This is a bold step which will bring in a sizable amount of Rs. 1.40 crore. It is possible to think of all sorts of difficulties in the way, but wisdom lies in endeavouring to overcome them. A low capital base in relation to deposits and a high level of dividend are an eyesore to bank employees, trade union leaders, and socialist-minded politicians in whose hands the destinies of this country rest now. It is wrong to think in the present age that high dividends add to the prestige of banks. On the contrary, a big paid-up capital, held by a large number of shareholders, supplemented by substantial reserves and moderate dividend levels steadily maintained year after year, will tend to be a bulwark against nationalisation. In the ultimate analysis, the Reserve Bank's proposals imply that banks will have to be more efficient in their work than they have been hitherto. They can no longer afford to be the provider of soft loans to their favourite sections of trade and industry. Nor can the Government expect to borrow from them at relatively low rates of interest.

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AGRICULTURAL PERFORMANCE

INDIAN agriculture attained a record level of production in the crop year ended June 1961—a level which was very nearly 40 per cent higher than that of the crop year ended June 1950. Substantial though this increase was, it was still not relatively much, for India's population over the same period had registered an increase of about 22 per cent. It might, of course, be plausibly argued that the rate of increase in population had not outstripped the rate of increase in agricultural production and that agricultural performance was thus relatively good. Such an argument would not be quite tenable, for it is well known that the increased requirements (caused by rapid industrialisation, increases in incomes and the general urge for better living standards of a larger population as well as the need for stepping up exports) have not been *fully* met, in spite of the increase in agricultural production. It would, therefore, appear that the official elation over the record agricultural output

in 1960-61 was not quite justified. Fortunately the mood of exultation soon wore off, yielding place to a mood of caution and introspection.

The latter mood, which was reflected particularly in Mr. S. K. Patil's convocation address at the Indian Agricultural Research Institute on 26th December last and in Dr. V. K. R. V. Rao's presidential address at the twenty-first annual conference of the Indian Society of Agricultural Economics, has greater justification. The Union Minister for Food and Agriculture was frankly, and rightly, critical in his approach to the basic problems confronting the country's agricultural system. The gaps and deficiencies, which were all too glaring, in this system betrayed, in his view, "undoubted neglect and indifference." Who was primarily responsible for this indifference to agriculture? Was it the Government or the agriculturist himself? Although Mr. Patil did not say it in so many words, he almost seemed to imply that it was the Government that would have to accept the blame. Surely, the glaring deficiencies which he pinpointed could not be primarily attributed to any lethargy and indifference on the part of the agriculturist. While it is undeniable that State-sponsored agricultural research has many laboratory achievements to its credit, the practical application of the results of research has lagged far behind. This function of extension to the field of research results by way of improved seeds, improved cultural practices, and so on, has not been adequately and efficiently discharged by the State. Even after allowance is made for the achievements of the Community Development and National Extension Programme in the last six or seven years, the work of agricultural extension, which has necessarily to be State-sponsored, is yet to make a countrywide impact on the required scale.

Again, the absence of adequate knowledge about the condition and nature of soil by way of separate assessments of the different areas for the purpose of evolving suitable manurial practices is due to the failure of State enterprise. It is true that this deficiency has been sought to be rectified in recent years under an Indo-U.S. Technical Co-operation project for determining soil fertility and application of fertilisers. But even the fringe of the problem has not been touched. While the soil tests conducted so far, under this project, on about two lakhs soil samples are stated to have enabled the demarcation of areas according to their requirements of different types of fertilisers, their adequacy and reliability seem to be in some doubt. Mr. Patil's criticism that the drive for the use of fertilisers has been launched only on the basis of some general experiments lends substance to this point. In any case, as Mr. M. S. Sivaraman, I.C.S., has argued in his article entitled "Some Lessons from American Agriculture" in the latest (1961) *Annual Number of Commerce*, the response of crops to fertiliser use cannot be the deciding factor in the use of fertilisers in the absence of extensive moisture and soil conservation practices. The failure here is again that of the State, for India has yet to establish and operate a soil conservation service of the kind which has functioned in the United States since 1935 and made it possible for that country's agriculture to use, as of 1956, five or six times more fertilisers than in 1934. Mr. Patil's reference to the present 60 per cent loss of water, due to seepage, percolation and evaporation, the waste of a considerable portion of irrigation and loss of already irrigated land through water-logging and salinity, is a further confirmation of the serious deficiency in the matter of irrigation practices.

There are also other glaring State failures in the field of agriculture. The net increase in the irrigated area over the last decade has fallen short of the target by about 20 million acres, with the result that the 1960-61 irrigated acreage is estimated to have been only 68 million acres, as compared with 54 million acres in 1950-51. As irrigation has been largely in the field of State enterprise all along, it is the Governments—both Centre and States, but mostly the latter—that must accept the bulk of the blame for the deficiency. Similarly, the deficiencies in the matter of distribution of improved seeds and improved implements and adoption of better cultural practices and cropping patterns cannot be attributed to any conservatism on the part of the agriculturist. The fact is that the agricultural extension service has not functioned on the scale required to enlighten the farmers on the practicability and profitability of change in traditional techniques. Scientific grain storage, which could minimise the annual loss caused by the inroads of weevils, rats and moisture, has also failed to make the requisite headway as a large-scale State enterprise in the field of agriculture. A State-sponsored plant protection service, which could minimise the loss caused to standing crops by pests and diseases, is yet to function on a countrywide scale.

As these and other deficiencies mentioned earlier, for which the State alone is primarily responsible, have been very much there, it is no wonder that agricultural productivity in India in terms of unit area yield continues to be deplorably low. Dr. V. K. R. V. Rao's exhaustive treatment of this productivity aspect, with supporting statistics, in his address at the conference of the Indian Society of Agricultural Economics serves to drive home the point that it is only through a big increase of 50 to 60 per cent in productivity that a rise of about 55 per cent in agricultural production can be brought about by 1970. His argument, in this connection, is that nearly half the increase in agricultural production in the last decade has been due to an extension in the area under cultivation and that there is no very great scope for the operation of this factor of extensive cultivation over the next decade. This is quite a valid argument which must be heeded. But the big increase in productivity that is required can be achieved only if the glaring defects and deficiencies in State-sponsored activities in the field of agriculture are energetically remedied. It will be, as it has always been, a question of administration and organisation. Mr. S. K. Patil's emphatic view that what the farmer needs by way of capital, know-how and other facilities *must be placed in his hands* is an implicit recognition of the need for better organisation and greater State enterprise.

The approach here must be a broad national one. Dr. V. K. R. V. Rao's thesis that the investment in agriculture contemplated for the different States should do justice to the principle of balanced regional development so as to minimise "the startling differences that now exist in inter-State agricultural productivity" is hardly relevant in this context. Regional disparities in agricultural productivity have always been there because of disparities in climate, topography, water resources, soil fertility, efficiency of State Governments, competence, aptitude and experience of farmers, and so on. Their continued existence does not mean that agricultural development has not been planned on a uniform and equitable basis. A region which has been endowed with better natural facilities is bound to show better results under the impact of agricultural improvement programmes than the one which is basically deficient in such natural advantages. That does not mean that developmental resources should be disproportionately concentrated in the former region and relatively lessened in the case of the latter. If anything, they should be relatively more in the case of the latter region to make up for some of the natural deficiencies.

Be that as it may, what is more patently required is efficient organisation for taking to the farmer capital and improved know-how. After all, the resources in terms of credit, goods and services are being broadly allocated according to the acreages under cultivation with adjustments for the irrigation factor. This basis of allocation is *prima facie* equitable. If any part of these resources cannot be easily had by tenant farmers or small landowners, it will be a case of maldistribution which is due to inefficiency or lack of integrity or both in the field of organisation—whether State, co-operative or private. A problem of this kind does not justify an elaborate and time-consuming inquiry by yet another commission such as the one suggested by Dr. V. K. R. V. Rao. Any number of inquiries by the Planning Commission, the Union Ministries concerned and the State Governments on different aspects of the agricultural system has been made in the last ten years. If one has the patience to study them, one will find therein a more or less complete diagnosis of the malady of Indian agriculture and also the remedies. It only remains to select the best remedy and apply it. In a way this is being done now. Only it has to be rendered more effective and adequate by channelling aids to agriculture without waste or delay on the way. The task is primarily one to be tackled by the State Governments.

ELECTRICITY UNDERTAKINGS

THE Federation of Electricity Undertakings of India, which has served the licensees well by steadfastly presenting their case to the authorities with moderation and restraint, may derive not a little satisfaction from the proceedings of its annual general meeting held at Bombay on 30th December 1961. The electricity industry has every reason to be satisfied that the reasonable pleas made on its behalf from time to time have been quite persuasive too. One has only to recall, in this connection, the brief but pointed address of Mr. S. M. Zubair, Chairman of the Federation, and the considerate and point-by-point reply of Mr. Hafiz Mohammad Ibrahim, Union Minister of Irrigation and Power, at the annual meeting. That there is now a larger measure of agreement than ever before between the Government and the private electricity industry is quite apparent. A certain time-lag between ministerial promise and administrative performance will, of course, be there, but this is understandable, because amendments to the Electricity (Supply) Act may be undertaken only after the General Elections this year.

For the present, the points conceded by the Minister and the promises made by him may be taken to reflect a likely reorientation of the Government's policy relating to the electricity industry. For instance, it has been conceded by the Minister that the present formula of computing the "reasonable return" to the electricity undertakings has not proved flexible enough to permit adjustment of profits with the changing conditions in the money market. And it has been further stated by him that the question of enabling the licensees to find finance for fresh development is being considered by the Government and that the Electricity (Supply) Act would be amended, if necessary, for that purpose. Although the Minister has not straightaway accepted Mr. Zubair's plea for an increase of 1 per cent in the standard rate of "reasonable return," there can be no gainsaying that the industry has been implicitly assured of a fair deal. The Government has no objection, according to the Minister, to the interest on loans (raised by the licensees from certain approved lending agencies) being permitted to be charged as an item of operating expenditure. This willingness is a further confirmation of the welcome change in the Ministry's approach to the problems of the electricity industry. Mr. Hafiz Mohammad Ibrahim's clear statement that generally no private electric supply undertaking, which is functioning satisfactorily and rendering efficient service to the public, would be taken over by the Government should go a long way in allaying the fears of the industry. Taken together, the Minister's statements do point to the likelihood of some changes in the Electricity (Supply) Act—changes which may stimulate the equity investor who has so far been the mainstay of the industry. As many of the licensees are now poised to enter the money market for raising new capital, they rightly look forward to early changes in the law for giving relief to the investor. From all this one must not, however, jump to the conclusion that the Government has made any large concessions to the private sector. Far from it. At best, there have been only some slight relaxations in the rigid policy and that too, long after the need for them had become apparent.

On the subject of power shortage, too, Mr. Zubair and Mr. Hafiz Mohammad Ibrahim have found themselves in broad agreement with each other. The former's criticism of the growing tendency on the part of industrial consumers to set up their own generating units which are generally uneconomic has been accepted by the Minister because such a course would lead to lop-sided development. Mr. Zubair's argument is that installation of generating plant by industrial undertakings would be less enduring than installation of additional capacity by public utility electricity undertakings in the region concerned. But it is a pity that his related plea for permission to the electricity undertakings to expand on the required scale has not been specifically accepted by the Minister. His statement that, as a rule, all consumers, including large industries, should get their requirements of power from the public electricity supply systems sounds vague. It would appear that the Government is still unwilling to learn from experience and from the findings of their own administrators about the working of some of the leading public sector power systems, vide, for instance, the report of the Sachdev Committee on the position of power supply in the Eastern region. In view of the acute shortage of power that is being experienced in many regions of the country, it is very much to be hoped that the promised amendments to the Electricity (Supply) Act will be sufficiently generous to ensure a better return to the private electricity undertakings and to permit their expansion.

MARKET GOSSIP

THE share markets have greeted the New Year in an optimistic frame of mind. The swift and successful conclusion of the Goa affair has removed one political uncertainty. The Chinese aggression and threats by Pakistan are there, but the operators are not worried about them now. For the present, the sentiment is once again bullish on the same old ground that the sky is the only limit for India's economic growth. The rise in equities since the last settlement has been so substantial that some of the scrips in the forward list have attracted the operation of automatic margins. The money market is still comfortable and the seasonal stringency is yet to be felt. The banks, however, realise that this is only a passing phase and that they have a tremendous responsibility to be discharged under the third Plan which will require an enormous increase in their resources. There is, therefore, keen competition among them for attracting the savings and liquid funds of the community. One bank after another is launching new schemes to spread the banking habit in the country.

Competition Among Banks: More The Merrier

The Bank of India Ltd. and the Canara Bank Ltd. have added a new dimension to their service to customers. With effect from the New Year, the Bank of India has decided to permit, free of charge, special mail transfers between any two of its branches for sums upto Rs. 10,000 per day per customer. This facility will be available to all its customers, irrespective of the type of account held. The Canara Bank has announced that, with effect from the 1st inst., it will permit free mail transfer of money upto Rs. 1,000 per day, but this facility is restricted only to its savings account-holders. The Bank of India's scheme is thus more liberal of the two both in respect of the amount that could be transferred in one day and other terms of transfer. It is also not subject to any of the annoying restrictions and conditions under the scheme announced by the State Bank last month. Indeed, the Bank of India's scheme is so attractive that the State Bank's lead pales into insignificance. It is true that the former, too, has placed a limit on the amount that can be transferred free of charge. But it has been fixed at a fairly high level, so that a customer can transfer a total of Rs. 60,000 a week (6 working days) without paying any charge.

It will be recalled that the State Bank's scheme is subject to the following conditions: (1) Credit transfer is possible in respect of only personal (as distinguished from corporate) savings or current accounts. (2) Remittances should be made in person by the account-holder. (3) They should not exceed Rs. 1,000 per account per day. (4) Inter-branch transfers are not possible. These restrictions considerably limit the scheme, which, in effect, benefits only an accounter-holder who goes out of his town and wants to send remittances home. It is thus clear that the Bank of India's scheme is far ahead of the State Bank's scheme and is, therefore, bound to be popular. The primary object of the scheme, it is said, is to provide the Bank's customers with one more tangible facility and thereby popularise the banking habit. Obviously, it is part of the new drive for attracting deposits.

The liberal nature of the Bank of India's new scheme has, however, attracted a measure of criticism from other banks. It is pointed out, for instance, that the scheme will provoke other banks to follow suit with even more attractive facilities as, otherwise, not only will they find its difficult to attract fresh depositors but even their existing customers may be tempted to bank with the Bank of India. Thus, it will mark the beginning of a period of intense competition, which, so the argument goes, will ultimately do harm to banking in general. It is contended by some that not all banks will be in a position to provide the free transfer facilities which the Bank of India has now offered, because banks having a much larger number of branches than the Bank of India, especially in places where neither the Reserve Bank nor the State Bank has any branches, will find it a very uneconomic proposition. They contend that, in initiating this scheme, the Bank of India is taking advantage of the comparatively smaller number of branches it has and that too mostly in big and small cities where facilities for transfer of funds are readily available. In other words, the sum and substance of this line of argument is that it is inimical to the growth of branch banking and that it penalises those banks which went out of their way to provide banking services in small towns as well.

The Bank of India's answer to these criticisms could well be along these lines. Its primary aim is to render the best possible service to its customers and the free transfer facility represents only the latest in a series of facilities it has offered. In respect of the number of cheques permissible, for instance, the Bank of India's terms are more attractive than those of other banks. As to the charge that the scheme is designed to take advantage of the smaller number of branches it has, one has to bear in mind that the Bank of India itself has been steadily increasing the number of its branches. At the beginning of 1958, for instance, the Bank had only 46 branches, whereas today it has 75 branches, an increase of more than 60 per cent. What is more, the Bank expects to open not less than 25 branches this year, so that, by the end of the year, the number of branches will be 100. If the smaller number of branches is an advantage to the Bank in working the scheme, it surely constitutes a disadvantage in many other respects.

While the apprehension of some banks that the new facility offered by the Bank of India will place them at a disadvantage and may revive the old unhealthy competition for deposits, which was brought under control through the inter-bank agreement, is understandable, one cannot find fault with the Bank of India for giving additional facilities for its customers. In fact, if the banking habit, which is still not fully developed in India, is to spread rapidly, banks in the country must make their services as attractive as possible. Since there is little scope for competition in the rates of interest offered on deposits, which are governed by inter-bank agreement, competition should naturally be in the services offered. If banks do not have a free hand at least in this respect, banking will increasingly tend to be monopolistic in character and this will spell the doom of free enterprise in the country. In fact, there is a lot more room for competition among banks in improving their service to customers. For instance, even after the introduction of night airmail service, banks still take as much time as they did before when mails were being sent by surface transport, to collect a cheque on Calcutta or Madras or Delhi or Nagpur. Surely, they ought to be able to give credit to their customers for cheques drawn on these cities and other places, which are easily accessible now, in three or four days, instead of eight to ten days. Some banks take even 12 to 15 days under the stock argument that advice has not been received.

Modella Woollens

The response to the Rs. 30.50-lakh equity issue of the Modella Woollens Limited (Chairman: Mr. C. C. Desai, I.C.S. Retd.), due to open for public subscription on Friday the 12th inst., will doubtless be quite encouraging. For those who subscribe to the capital may not have to wait for long to get a reasonable rate of return. The shoddy spinning plant of the Company at Thana in Bombay has already gone into production and the wool top unit, now being set up at Chandigarh (Punjab), is expected to commence operation in the second half of this year. The products manufactured at the two units are assured of ready demand; the products are shoddy yarn (used for making coarse and cheap varieties of woollen fabrics such as valours, blazers, meltons, flannels and blankets) and wool tops. The quality of the products, according to the management, will be of a high order, as the machinery and equipment installed in both the units are new, incorporating the latest techniques of manufacture. What is more, the Company has secured for the wool top project financial and technical collaboration from the well-known wool combers and top makers of Britain, Messrs. Robt. Jowitt and Sons Ltd., Bradford. The terms offered by the foreign firm are very favourable, there being no technical fees or royalties. It will participate in the equity capital of the Company to the tune of Rs. 13.33 lakhs (£100,000), as well as assist in the erection of plant and machinery, provide the necessary technical know-how, train Indian personnel in its combing mills at Bradford, and supervise the buying and blending of raw wool in world markets on behalf of the Company, all of which will enable the Company to produce high quality finished tops.

The shoddy spinning plant consists of 2,000 spindles, with an aggregate daily productive capacity of 5,000 lbs. of shoddy yarn from wool rags and wool waste. The cost of the plant, together with that of the building, is put at Rs. 18.63 lakhs. The annual productive capacity of the Chandigarh unit is 1.5 million lbs. of wool tops on double-shift basis. The capital outlay is estimated at Rs. 51.25 lakhs, of which the cost of machinery to be imported on deferred payment accounts for Rs. 25 lakhs.

The detail of the Modella Woollens' public issue appear elsewhere (*vide* pages 32 and 33). The offer is for Rs. 30.50 lakhs, divided into 305,000 shares of Rs. 10 each, inclusive of Rs. 5 lakhs representing the value of shares to be allotted to the Life Insurance Corporation against the underwriting agreement. The entire issue has been underwritten by the L.I.C. and prominent firms of sharebrokers. The amount of the public issue is nearly half the Company's total capital of Rs. 65 lakhs. Of the balance of Rs. 34.50 lakhs, the promoters, Directors, their friends and associates have already taken up Rs. 10 lakhs (in fully paid shares) and agreed to subscribe another Rs. 11.17 lakhs. The foreign collaborators will participate in the equity capital to the extent of Rs. 13.33 lakhs, which is an impressive proof of their faith in the success of the project.

Universal Electrics

In keeping with the pace of industrial growth, the third Five-year Plan envisages a significant expansion in the electricity generating capacity, from about 5.7 million kilowatts in 1960-61 to as much as 13.4 million kilowatts in 1965-66. The distribution of such a large powerload among a wide range of consumers, industrial and domestic, naturally involves a heavy requirement of watthour meters, also called house service meters, which will be substantially larger than the actual output of just 470,000 pieces in 1960. The third Plan contains a provision for expanding the capacity from 600,000 meters in 1960-61 to as much as 2.5 million meters by 1965-66. These figures give an idea of the extent to which demand is expected to go up in the coming years. In view of the need for bridging the wide gap thus and considering the severe curtailment of imports owing to foreign exchange shortage, the project of the Universal Electrics Ltd. to put up near Calcutta an up-to-date factory to manufacture 120,000 house service meters per annum is, indeed, well conceived. The total capital outlay on the project is estimated at Rs. 77 lakhs, including working capital of Rs. 22 lakhs. The factory is scheduled to start production sometime during the first half of 1963.

In order to raise the funds required for meeting a large part of the outlay, the Company proposes to enter the market next week with a public issue of Rs. 25 lakhs; the subscription list will open on Wednesday the 10th inst. This amount, as will be seen from the details published elsewhere in the issue (*vide* pages 16 and 17), is more than 50 per cent of the aggregate paid-up capital of Rs. 43.10 lakhs. The balance of Rs. 18.10 lakhs comprises Rs. 10 lakhs already subscribed or agreed to be subscribed by the Directors and their friends, etc., and Rs. 8.10 lakhs allotted (in the form of 8,100 6½ per cent cumulative non-redeemable preference shares of Rs. 100 each) to the Mitsubishi Electric Manufacturing Company Ltd. (MELCO) of Japan, who are the foreign collaborators in the project. This amount represents the consideration in relation to the supply of machinery, equipment and technical assistance. The entire issue to the public has been underwritten.

Under the collaboration agreements entered into with the Japanese firm, the Company has been assured of (a) supply of machinery (under *ad hoc* yen credit on deferred payment terms), as well as up-to-date technical information with regard to the design and manufacture of all types of watthour meters; (b) availability of qualified technical staff; (c) training facilities; (d) right to use any form of trade mark; and (e) a licence from the MELCO to export the watthour meters produced in India to any country in the world excepting Japan, Canada and the U.S. In consideration of licences and all rights granted, the Company has to pay to the MELCO royalties calculated at 2½ per cent on the net selling price of meters sold.

The Company has an influential Board of Directors who include Mr. S. K. Birla and Mr. Hachiroemon Inoue, Director of the MELCO's Overseas Operations Division.

World Sugar

The World Sugar Agreement has now virtually collapsed, thanks to the failure of the U.N. Sugar Conference to reach agreement on the size of the member-countries' export tonnages for the calendar years 1962 and 1963. The Conference held a prolonged session at Geneva, initially from 12th September to 23rd October 1961 and later from 7th to 14th December. The European Office of the U.N. summed up the outcome of the Conference in just one sentence: "The Executive Committee of the United Nations Sugar Conference has today (12th December 1961) concluded that, while it is not at present possible to reach agreement on the matter of quotas for 1962 and 1963, the Conference should consider, and is considering, how international co-operation in sugar matters can best be continued." The Sugar Council was asked to keep the world sugar situation under constant review and to undertake such studies and reviews as would assist in the orderly marketing of sugar, as well as in the preparatory work for the resumption of the Conference or for the convening of another U.N. Sugar Conference in 1963. The Governments of the member-countries were also called upon "to maintain close contact with the International Sugar Council and to co-operate with it with a view to facilitating its tasks."

Excepting for the assurance of further efforts, the mountain of labour at the Geneva Conference has thus not brought out even a mouse. The Conference, it will be recalled, was convened in order to examine the entire working of the Sugar Agreement of 1958, especially in regard to quotas and prices. High hopes were expressed then that the Conference would succeed in making suitable additions and amendments to the Agreement so as to achieve its primary objective of providing both a fair and stable price for sugar producers. But the hopes have been belied. For the main difficulty at the Conference was one of reconciling the conflicting interests in the world's sugar economy, represented by the exporting countries (particularly Cuba, the largest exporter, which is now in the Communist camp), on the one side, and the importing countries (particularly the U.S.), on the other. This difficulty could have been solved had Cuba, Russia and other Communist countries lent their support to the Sugar Council. It is these countries which always disrupt the free market for world sugar by suddenly unloading at times large quantities.

The Geneva Conference was deadlocked over Cuba's insistence on an increased sugar export quota for 1962 to compensate for the loss of its U.S. market. Cuba, supported by the Communist bloc, originally put forward a demand for a quota of 7.3 million tons which was later reduced to 6.8 million tons. The demand was, however, strongly opposed by the Western countries which felt that a quota of 5.8 million tons was more than reasonable. The opposition was quite justified. For the acceptance of the demand would have meant a denial of a sizable part of the free market for the other sugar producing countries the aggregate basic quotas of which add up to only 4.0 million tons, as against the estimated free market requirements of 9.5 million tons in 1962.

With the failure of the U.N. Sugar Conference to reach any understanding, the only alternative

(*Continued on page 52*)

SHARE MARKET CHEERFUL

ALL-ROUND IMPROVEMENT IN VALUES

(From Our Own Correspondent)

BOMBAY, *4th January*

THE stock exchange began the New Year on a cheerful note. Operators were inclined to feel that 1962 would be a year of prosperity. The optimism was strengthened by favourable corporate news and the report that production in the works of Indian Iron and Tata Steel during December 1961 was higher than in the previous month. While support from investors as well as speculators was good, offerings were scarce. As a result values of shares in both cash and forward lists registered a smart rally. The undertone of the market was distinctly bullish. Textiles were well supported, thanks to rumours that price stamping might be abolished. Sugar shares attracted good attention immediately following the promulgation of the Ordinance by the Governor of Maharashtra, exempting certain categories of land from the operation of the land ceiling legislation. Subsequently, it was thought that the cane farms attached to sugar mills did not come under the purview of the Ordinance. Consequently, values fell back. Nevertheless, today's closing rates are well above those prevailing on the last trading day of 1961, namely, 22nd December and substantially higher than the closing quotation as on 14th December, the date of our last weekly report for 1961.

With effect from the new year, six shares have been transferred from the cash to the forward list. They are Dawn Mills, Phœnix Mills, Amar Dye, Indian Dyestuff, Poly-Chem and Maharashtra Sugar. Business in Amar Dye, Dawn Mills, Maharashtra Sugar and Poly-Chem is permitted in lots of five shares. The unit of trading in both Indian Dyestuff and Phœnix Mills is one share.

Steel shares ruled firm. Indian Irons, in particular, were well favoured, thanks to reports that the Company had obtained a World Bank loan for the expansion of its collieries. They improved from Rs. 24.32 on 14th of last month to Rs. 25.48 on the 22nd and to Rs. 25.50 today. The net gain over the period is Re. 1.18. Tata Steels, too, met with good support and rose from the year-end quotation of Rs. 140.75 (as against the closing of Rs. 141 on 14th December) to Rs. 145 today before finishing lower at Rs. 144.50. The net gain during the period was Rs. 3.50. Mukand Irons commenced the New Year at Rs. 28.25, as against Rs. 27.50 on the last trading day of 1961, and advanced to Rs. 29 today, before finishing at Rs. 28.75.

Among textiles, Centurys were in the limelight, advancing from Rs. 615 on the opening day of the New Year to Rs. 637 today. Profit-taking, however, brought down the scrip to Rs. 628 at close. This compares with the rate of Rs. 599 on 22nd December and Rs. 576 on 14th December. Standard Mills, at today's closing of Rs. 1,184 shows a rise of Rs. 129, as compared with the quotation on 14th December. Kohinoors at Rs. 313 shows a rise of Rs. 9 over the same period and Bombay Dyeings at Rs. 67.50 a rise of 90 nP. Finlays hardened by Rs. 14 to Rs. 331. Gokaks firmed up by a like amount to Rs. 210. Khataus were done Rs. 6.25 higher at Rs. 481.25. Morarjees put on Rs. 26 to Rs. 406. Podars advanced by Rs. 7 to Rs. 152. Shree Niwas gained Rs. 2 to Rs. 289. Tata Mills were marked up by Rs. 8 to Rs. 80.20 and Svadeshis by Rs. 4.25 to Rs. 283.

In the sugar section, Belapurs advanced from Rs. 265 on 14th December to Rs. 291 on the 2nd inst. Selling which followed subsequently resulted in a setback and the scrip declined to Rs. 274 today. The net gain over the period was Rs. 9. Maharashtra Sugars, which were put in the forward list with effect from 2nd January 1962, advanced by Rs. 10 to Rs. 200. Phaltans were done 50 nP higher at Rs. 127. Walchandnagars were steady at Rs. 166.

Cement shares elicited buying enquiries. Associated Cements advanced from Rs. 161 on 14th December to Rs. 164.50 today, though the closing was lower at Rs. 163.75. Digvijays were quoted Rs. 3 higher at Rs. 199. Orissa Cements put on 36 nP at Rs. 15.80.

In the shipping group, Scindias improved by 40 nP to Rs. 13.12. Great Easterns gathered 44 nP to Rs. 12.60 *ex-div*. Among automobiles, Hindustan Motors hardened by 52 nP to Rs. 21.12. Premier Automobiles firmed by Rs. 3.50 to Rs. 159.

Rayon shares were in good demand, with an all-round improvement in values. National Rayons, which were quoted at Rs. 551 on 14th December, advanced to Rs. 562 on 22nd December. They firmed up further after the New Year and touched Rs. 576 today before finishing at Rs. 570. The net gain over the period was Rs. 19. South India Viscose advanced by Rs. 9 to Rs. 183. Baroda Rayons scored a gain of Rs. 6 to Rs. 161. Indian Rayons put on Rs. 5 to Rs. 97. Gwalior Rayons were done Rs. 2.60 higher at Rs. 50.60.

Chemicals firmed up. The three shares that were transferred from the cash to the forward list met with good support. Amar Dyes spurted from Rs. 288.75 on 14th December to Rs. 355 today, a rise of Rs. 66.25. Poly-Chems advanced by Rs. 33.75 to Rs. 235. Indian Dyestuffs jumped by Rs. 142.50 to Rs. 570. Colour-Chems advanced by Rs. 40 to Rs. 467.50, and Alembics by Rs. 5 to Rs. 241.25. Dhrangadhras rose by Rs. 10 to Rs. 135.

Among engineering shares, T.E.L.Cos. advanced from Rs. 354.50 on 14th December to Rs. 356.50 on the 22nd and further to Rs. 363.50 today. Alcock Ashdowns firmed up by Rs. 9 to Rs. 319. Larsen and Toubros hardened by Rs. 3.50 to Rs. 41. New Standard Engineerings rose by Rs. 19 to Rs. 211. McKenzies increased by Rs. 8.75 to Rs. 148.75. Texmacos were a shade better at Rs. 21.16.

In the miscellaneous group, Bombay Burmahs firmed up from Rs. 640 on 14th December to Rs. 665 on the 22nd and to Rs. 677 today. The close was Rs. 7 lower at Rs. 670. As compared with the quotations as on 14th December, Hindustan Levers recorded a rise of Re. 1 to Rs. 58. Premier Tyres gained Rs. 12 to Rs. 154. West Coast Papers were quoted at Rs. 186 *ex-div*. W. H. Bradys picked up Rs. 20 to Rs. 500. Chemicoats put on Rs. 6 to Rs. 126. Tata Oils improved by Rs. 2.70 to Rs. 82.5. Wimcos gathered Rs. 7 to Rs. 308.

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Calcutta Stock Exchange

CALCUTTA, *3rd January*

A firm trend was in evidence on the Stock Exchange in the past fortnight, though the volume of transactions remained poor as a result of tightness of credit. In the previous week, trading was quiet, the alternate bouts of selling and buying and the wide fluctuations both before and after the police action in Goa leading to losses on balance. The encouraging rise in production in the corporate sector should have ordinarily invited greater investment support, but holiday considerations, coupled with the proximity of the budget and the increased interest charges, which result in carry-forward business being costlier, led to a cautious tendency. With the introduction of the automatic margin system and the belief that the recent meeting of Stock Exchange Presidents recommended further reforms has evidently curbed speculation. Indian Irons, however, closed with a substantial gain, following the announcement of the World Bank loan and anticipations of increased steel retention prices. The recent support from the L.I.C. was also a factor cushioning sentiment. The nervousness displayed immediately after the entry of Indian troops into Goa died away when it was announced in Washington that the U.S. aid policy to India remained unchanged, though the more prudent await the Aid-India Club's meeting at the end of this month, before thinking that Goa had not affected the flow of Western aid to India. Jute shares gained on investment support, as the mills are working more satisfactorily than the last accounting period and simultaneous business in goods and fibre is admitting of profits. However, coals were neglected, as the call for greater production is not matched with hopes of an improvement in transport. Sugars were also dull on anxiety that the increasing trend of output might depress prices further. Shares of paper mills improved on good corporate news and/or rumours, while teas were quietly steady, as there was anxiety about marketing the huge surplus of common teas. Several counters in the miscellaneous group benefited from interested support on improved prospects. The improvement in prices of bank shares was also a feature springing from growth prospects and the decision by some banks to increase capital. Textiles lost earlier gains on apprehension about exports.

Several features were recorded in jutes. Gourepores steadily rose from Rs. 394 to Rs. 400. At Rs. 196.00, Anglo-Indias scored Rs. 20.50. Kinnisons were raised from Rs. 154 to Rs. 165 on interested support. Bally hardening from Rs. 223 to Rs. 242. Baranagores picked up Rs. 6 at Rs. 138. Fort Williams had buyers at Rs. 29.44, as against Rs. 28.12 earlier, while Lawrences closed lower at Rs. 170, as against Rs. 175. Aucklands also gave way and met with buyers at Rs. 162, as against Rs. 170. Ganges were fractionally better at Rs. 12.75, as were New Centrals at Rs. 17.12. Agarparas at Rs. 10.56 gained nearly a point, as did Howrahs at Rs. 20.50. Megnas climbed up from Rs. 12.37 to Rs. 13.12. Northbrooks at Rs. 31.25 scoring four points.

A low volume of business was recorded among coals, where Bengals were unchanged at Rs. 350. Burrakurs at Rs. 18.50 closed 50 nP higher on balance. Central Indias gained from Rs. 11.87 to Rs. 12.31, while New Beerbhooms eased from Rs. 22.75 to Rs. 22.19. South Karanpuras closed at Rs. 8.81, after rising from Rs. 8.50 to Rs. 9.50. Raneegunges were quiet at Rs. 15.12.

Among textiles, Dunbars were a strong feature, with an initial rise from Rs. 31.94 to Rs. 32.56, but closed at Rs. 32. On the other hand, Elgin Mills eased from Rs. 22.50 to Rs. 22.15.

Paper mills met with interested support. Seshasayees were bought on investment account at rates varying from Rs. 8.50 to Rs. 8.94 (Rs. 10 paid-up) on expectations of early commencement of production. Orient Papers were steady, with a smart rise to Rs. 40.60, stimulated by the news of the grant of a loan by the U.S. Export-Import Bank. Titaghurs benefited from encouraging corporate rumours and advanced from Rs. 35 to Rs. 35.75.

Sugars were featureless. Balrampurs, for which the taxable ordinary dividend has been maintained at 8 per cent, despite a decline in profits, fell from Rs. 2.56 to Rs. 2.37. The taxable ordinary dividend has been maintained for Tulsipurs, the profits recording an increase. The quotation was steady at Rs. 5.12.

Engineering shares benefited by the rise in the leading counter, Indian Irons, which closed a point higher at Rs. 25.38. Likewise, Texmacos were better at Rs. 21.40. Kumardhubis were raised from Rs. 7.12 to Rs. 7.56. Jessop & Cos., after being higher at Rs. 20.37 receded to Rs. 20.25. Guest Keen Williams were quiet at Rs. 39, Burns declining from Rs. 536 to Rs. 516.

Teas were deserted. Hantaparas gave way from Rs. 118.50 to Rs. 117. Batelis were forced down from Rs. 19.06 to Rs. 18.81. Hattikhiras were unchanged at Rs. 10.37.

Several features were recorded in miscellaneous industrials. Jardine Hendersons were bought by interested quarters to raise the rate from Rs. 78 to Rs. 87. Profit-taking soon followed to lower the gain to Rs. 82. The rise followed reports of diversification of activities. National Pipes and Tubes scored a small gain at Rs. 30.12, on expectations of a good working report for the last accounting period. Following the issue of bonus shares and the declaration of an interim dividend, Britannia Biscuits were keenly sought after and were fully steady at Rs. 61 with very few sellers. B.I. Corporations met with support from interested quarters to improve from Rs. 10.44 to Rs. 10.81. Balmer Lawries, after gaining Rs. 5 at Rs. 250, receded to Rs. 247. At Rs. 38.12, Indian Aluminiums gained Re. 1, following L.I.C. support.

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Madras Stock Exchange

MADRAS, *3rd January*

Barring a few tea and chemical shares which lacked support, the Stock Exchange ruled steady during the last three weeks. Business put through was, however, modest, particularly because of the intervening one-week Christmas and New Year holidays. Also operators were somewhat hesitant to enter into large commitments, pending the outcome of the Aid-India Club meeting scheduled to be held at Washington towards the end of this month. Textiles elicited good investment inquiries on hopes of better working results of many mills. Coffees and rubbers tended to harden, while teas displayed a mixed trend. Among miscellaneous industrials, cements and engineerings were well favoured.

In the textile section, South India Viscoses forged ahead from Rs. 173 to Rs. 183. Coimbatore Cottons rose by Rs. 6 to Rs. 210. Madurais put on Rs. 3.05 to Rs. 43.25. Travancore Rayons hardened by Rs. 2.55 to Rs. 44.75. Coimbatore Spinnings strengthened by Rs. 2 to Rs. 67. Lakshmis fell initially from Rs. 164 to Rs. 160, but moved up subsequently to Rs. 165, with a net gain of Re. 1. Radhakrishnas picked up 50 nP to Rs. 39.50. Cannanores were maintained at Rs. 173, Coimbatore Pioneers at Rs. 292, Dhanalakshmis at Rs. 255, Metturs at Rs. 388 and Premiers at Rs. 297. Vasantas, however, fell by Rs. 4 to Rs. 297. Bangalore Woollens lost Re. 1.50 to Rs. 238.50. Buckinghams shed a rupee to Rs. 253.

Among coffees, Consolidateds gathered 25 nP to Rs. 19.60. Coffee Lands improved by 10 nP to Rs. 16.60. Ouchterlonys were bid at Rs. 3.44, Cowcoodys Rs. 4.60 and Balanoors at Rs. 14. By Anaparais shed 8 nP to Rs. 3.10.

Among rubbers, Travancores spurted by 25 nP to Rs. 12.50. T.R. and Ts put on 12 nP to Rs. 10.87, following the announcement of an interim dividend of 4 per cent, taxable, for 1961. Midlands gained a like amount to Rs. 10.85. Cochin Malabars increased by 8 nP to Rs. 7.23. Kailas were steady at Rs. 5.30. The Directors of the Company have announced an interim dividend of 12½ per cent, taxable, for the year ending February 1962. Peninsulars were firm at Rs. 22, following the announcement of an interim dividend of 20 per cent, taxable, for the year ending February 1962. Malankaras were firm at Rs. 16.75 and Vaikundams at Rs. 32.50.

Tea shares were generally subdued. Peermades declined by 25 nP to Rs. 22.50. Haileyburias and Highlands eased by 10 nP each, the former to Rs. 14 and the latter to Rs. 14.10. Kil Kotagiris shed 8 nP to Rs. 4.82. But Devasholas were well favoured at Rs. 31 on news of an interim dividend of 10 per cent, taxable, for 1961. Periakaramalais strengthened by 10 nP to Rs. 3.55. Blue Mountains rose by 7 nP to Rs. 2.83.

Among sugars, Cauverys were marked up by Rs. 7.50 to Rs. 117.50 *ex-div*. East India Distilleries rose by 32 nP to Rs. 36.12. Mysores were firm at Rs. 56.50. The Company has maintained the dividend for the year ended June 1961 at the previous year's level of 30 per cent, taxable. Deccans, however, fell by 5 nP to Rs. 11.15.

In the miscellaneous section, Tube Investments rose by Rs. 2 to Rs. 283. Aluminium Industries hardened by 50 nP to Rs. 23.20 and Ashok Leylands by 25 nP to Rs. 9.20. Among cements, Orissas went up by 75 nP to Rs. 16.25 and Dalmias by 8 nP to Rs. 12.20. Chemicals were easy. Travancores fell by 50 nP to Rs. 18.62. F.A.C.Ts lost 35 nP to Rs. 8.30. Metturs and Mysore Chemical Manufacturings declined by 30 nP each to Rs. 14.75 and Rs. 22.15, respectively.

NEWS IN BRIEF

THE State Bank of India opened a branch at Panjim in Goa on the 2nd inst.

The Ganga Corporation Private Ltd., Allahabad, has signed an agreement with the Russian Government, under which it will import Soviet watch components for assembly in India.

The Government of India has extended the export incentive scheme for cotton textiles in its present form so as to cover exports up to 31st December, 1962.

The Railway Board has sanctioned the final location survey of a 142-mile long metre-gauge rail link between Bangalore and Salem, at a cost of Rs. 9 lakhs. The survey will be carried out by the Southern Railway Administration. The line, when completed, will serve the requirements of industrial development in the Salem area.

The Reserve Bank of India has withdrawn the licence granted to the Bank of China for dealing in foreign exchange. The Bank of China has two offices in India, one in Bombay and the other at Calcutta. Its deposits in India at the end of 1960 stood at Rs. 3.52 crores and other liabilities aggregated Rs. 3.25 crores.

A 100,000-ton plant for the manufacture of special steel castings, centrifugal pumps, pipe and rollers is proposed to be set up in Rajasthan by the Kamani Engineering Corporation Ltd., in collaboration with Yugoslavia. The estimated cost of the project is Rs. 7.5 crores, including Rs. 4 crores in foreign exchange which will be covered by a Yugoslav credit.

Facilities for the amicable settlement of disputes between traders in India and Poland have been provided for under an agreement signed by the arbitration tribunal of the Indian Chamber of Commerce and Industry and the Polish Chamber of Foreign Trade, Warsaw. This is the fifth such agreement signed by the Chamber. The earlier agreements were with Japan, the U.S., East Germany and Soviet Russia.

The revised schedule attached to the Indo-East German trade agreement as applicable for the year 1962 provides for export from the country of manganese ore and manganese dioxide, besides traditional items such as cotton textiles, jute goods, coir products, iron ore, vegetable oils, tea and coffee. The main imports from East Germany will be capital goods and machinery items, power-generating equipments, fertilisers and machine tools.

The Railway Board has sanctioned the construction of a 16 KM broad-gauge rail line between Panvel and Apta on the Central Railway. It will be an extension of the Diva-Panvel line which has already been sanctioned for construction. The proposed extension from Panvel will provide rail communication upto Apta, where the basic chemical intermediates plant, an industry of national importance, is being set up in the private sector.

The third stage of the expansion plan of the Fertilisers and Chemicals Travancore Ltd., (F.A.C.T.) has been approved by the Government of India. The plan envisages an increase in the capacity of the factory from 30,000 tons to 70,000 tons in terms of fixed nitrogen per year. The subscribed capital of the company is proposed to be raised from Rs. 3.45 crores to Rs. 7.5 crores and the authorised capital from Rs. 5 crores to Rs. 10 crores.

A draft agreement for the avoidance of double taxation of income between India and France was signed at technical level in New Delhi on 20th December 1961, following negotiations between a visiting four-member French delegation and officials of the Central Board of Revenue. The agreement now requires to be approved by the two Governments and ratified. Similar agreements have been concluded with Sweden, Denmark, Norway, West Germany and Japan. Agreements at technical level have also been signed with the U.S. and Finland.

A technological conference will be organised by the Bombay Textile Research Association at Bombay from 22nd to 24th inst. The conference will be inaugurated by Prof. M. S. Thacker, Secretary, Union Ministry of Scientific Research and Cultural Affairs and Director-General, Council of Scientific and Industrial Research. Ten research institutes all over India will be participating in this conference and, in all, 24 research papers, dealing with textile physics, textile testing, mechanical processing, textile chemistry and chemical processing, will be read at seven technical sessions of the conference.

The two-year Indo-Pakistan trade agreement, signed in March 1960, has been extended by one more year. Under the revised agreement, gypsum, guar seeds and coal have been added in the list of imports from Pakistan. Coffee and coffee beans will be added to the list of items exportable from India. The annual ceiling on imports into India of Pakistan raw cotton in exchange for coal has been raised by Rs. 150 lakhs to Rs. 450 lakhs. The total value of goods to be exchanged under the special agreement is estimated at Rs. 960 lakhs per annum, as against Rs. 810 lakhs previously agreed to.

Details pertaining to the implementation of an Indo-U.S. research scheme for sugarcane breeding were discussed by Dr. Paul Oman, Director of the U.S. Agriculture Department's Far Eastern Regional Research Officer, with the Director of the All-India Sugarcane Breeding Institute at Coimbatore recently. The scheme is estimated to cost Rs. 16 lakhs which will be provided under the P.L. 480 programme. The scheme, expected to commence shortly, envisages development of cane varieties that would resist cold and drought conditions, as well as attack by pests (insects and fungus). Experiments will be carried out in Coimbatore and Pailgaut over a period of five years. This is said to be the first time that a sugarcane research scheme is being undertaken jointly in Asia.

The State Trading Corporation of India will shortly commence the stocking of seedlac from the *kalki* crop at its godowns in four principal lac-producing centres, Gondia, Balrampur, Daltonganj and Ranchi. The stocks assembled at these centres will be moved later to Calcutta after suitable checking. The Corporation has secured facilities for storage there, pending sale to the shippers. The S.T.C. has also decided to open centres at suitable places to handle the Baisakhi crop in a similar manner. The organisation of these purchase centres has been undertaken in pursuance of a four-point programme announced in October 1961 for stabilising the purchase and export prices of lac. The main features of the scheme are the fixation of minimum purchase prices, operation of a buffer stock programme by the S.T.C., levy of an export duty and the reduction of minimum export prices from Rs. 70 to Rs. 64 per maund for B II quality seedlac, with corresponding changes for other grades.

Indian industries, involving a total outlay of over Rs. 30 crores, have sought the assistance of the Indian Investment Centre, New Delhi, in finding technical and financial collaboration with firms in Canada, Japan, West Germany, the U.K. and the U.S. Indian firms are seeking partners for the manufacture of wire ropes, water-meters, seamless tubes, malleable castings, electric house service meters, galvanised iron pipes and steel tubes. Assistance is also being sought for the production of tyres and tubes, cellulose acetate flakes and fibre, insulators and optical instruments. Of the requests forwarded, 19 went to the U.S., ten to the U.K., six to West Germany and one each to Canada and Japan. The Centre has also received inquiries from industrial firms in the Western European countries and the U.S. seeking suitable partners in India for new industries.

The shed accommodation of Indian railways will be increased by one million sq. ft. to provide warehousing facilities for general merchandise, under the Indian Railways' Amendment Act, which came into force on the 1st inst. The Act lays down that, after the period of transit, which includes the period allowed free of demurrage and wharfage, the Railways should extend warehousing facilities for general merchandise for a maximum period of thirty days. During this period, the responsibility of the Railways will be that of a Bailee, under the Indian Contract Act. The Amended Act sets at rest the controversy about the responsibilities of the Railways for the goods after the expiry of free time at destination. There had been a consistent demand from the trade that the Railways' responsibility should not cease with the expiry of the transit period, which included the time allowed free of wharfage and demurrage, as was the case hitherto.

* * * *

From Abroad

The Government of Pakistan has promulgated an ordinance banning exports of goods which do not bear markings of approved standards.

Poland has secured a contract to build a sea port in the island of Cyprus. It will supply machinery and other port equipments and know-how.

Industrial production in West Germany rose by 6.5 per cent during the ten months ended October 1961, as compared with the corresponding period in 1960.

The Gross National Product of West Germany is expected to have exceeded DM 300,000 million (at current prices) in 1961, which is about 10 per cent more than in 1960.

The State-sponsored Life Insurance Corporation in Ceylon, which will have a monopoly of life business in the country, has commenced its operations with effect from the 1st inst.

Licensing of industries over a broad range in Pakistan has been linked with their export performance under the new import policy of the shipping period of January-June 1962 announced last week.

The total world coffee output will rise to 74.6 million bags in 1961-62, as against 64.1 million bags in 1960-61 and the record crop of 78.8 million bags in 1959-60, according to the third U.S. estimate of the U.S. Agriculture Department.

Ceylon will import 1.25 million tons of petrol and oil products from Soviet Russia, under an agreement signed at Colombo. The State-owned Ceylon Petroleum Company will import the oil and distribute it, along with the western oil companies operating there.

It is estimated that the output of crude steel in West Germany declined by 500,000 tons to 33.6 million tons in 1961, as compared with the previous year. On top of this, Ruhr steel makers are reported to be planning a 20 per cent cut-back in production in the first half of 1962.

The U.S. and Britain are considering a "secret formula" for the disposal of their natural rubber stocks. The formula, drawn up by Malaya, with the support of the major producers, is designed to secure a modification in the surplus disposal by the two countries in such a way as to avoid possible market dislocation and depression in international markets.

West German Government aid promised to developing countries in 1961 amounted to almost DM 5,500 million. The assistance has been given (or will be given by the end of 1962) in the form of long-term credits. Furthermore, the Government provided technical aid worth DM 270 million in 1961, as against DM 74.5 million in the previous year. This brings the total technical aid granted from 1956 to 1961 to DM 500 million.

Latest official estimates place West German imports at more than DM 44,000 million in 1961, as against DM 42,700 million in 1960, and exports at about DM 51,000 million, as against DM 47,900 million. Thus the export surplus is expected to amount to DM 5,500 million in 1961, as compared with DM 5,200 million in the previous year. The increase is primarily due to changes in the terms of trade.

The International Monetary Fund has entered into a standby arrangement with the Government of Colombia which authorises drawings up to $10 million for a period of one year from 1st January 1962. The new arrangement follows a previous agreement for $75 million under which Colombia drew the equivalent of $65 million. That arrangement expired on 31st October last and Colombia's net drawings on the Fund are now equal to $65 million. A deterioration in Colombia's financial position during the past year has led the Government to undertake monetary policies designed to improve the balance of payments position and prevent serious increases in the domestic price level. The Colombian authorities have stated that they will avoid intensification of import restrictions.

The International Development Association (I.D.A.) has extended a development credit of $2 million to Jordan to help finance expansion and improvement of the water supply system in the capital city of Amman. The works to be undertaken include the development of several new wells to increase the water supply from a capacity of 620 cubic metres an hour to about 1,500. The total cost of the project is estimated at the equivalent of $3 million, of which $2 million will be covered by the I.D.A. credit and the balance from local sources. The I.D.A. credit is to be repaid over a period of 50 years, including a 10-year period of grace. A service charge of three-fourths of 1 per cent per annum on the amounts withdrawn and outstanding will be made to meet I.D.A.'s administrative costs.

The U.S. economic aid aggregated $3,500 million during the fiscal year ended 30th June 1960, which is one-sixth more than that in the previous year. Main beneficiaries were countries in Asia, Africa and Latin America. India's share of economic assistance for the year was $575 million. During the same period, military assistance dropped from $2,000 million to $1,700 million. Thus, the combined U.S. economic and military aid in the form of goods and services and cash payments in the fiscal year 1961 was $5,200 million. However, through repayments on loans and returns of grants by foreign Governments, the net outlay by the U.S. for economic and military aid was only $3,900 million. Economic assistance to Western Europe continued to decline, while that to other areas increased. Repayments by West Germany, the Netherlands and France actually resulted in a net return to the U.S. from Western Europe of more than $900 million. The aid figures do not include payments of $74 million on U.S. subscriptions to the International Development Association in 1961 and of $80 million to the Inter-American Development Bank in 1960.

PERSONAL

MR. F. E. H. Goddard, Manager, The Chartered Bank, Bombay, has been elected President of the Bombay Chamber of Commerce and Industry for the year 1962-63.

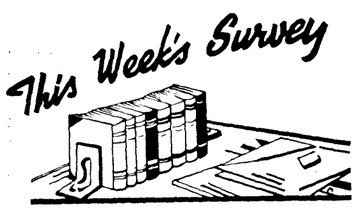
Mr. K. L. Subramanian has been appointed General Manager of the Pandyan Bank *vice* Mr. S. N. K. Sundaram, who has retired.

Mr. D. H. Doshi has been re-elected President of the Indian Chemical Manufacturers' Association. Mr. R. Chakravarthy and Dr. H. R. Nanji have been elected Vice-Presidents.

Mr. D. G. Bell has been appointed Resident Director of Bomas Ltd., Bombay, in the place of Mr. W. Olins, who leaves Bombay in April to rejoin the parent Company in London.

Mr. K. T. Chandy, a Director of Hindustan Lever, has resigned to take over the directorship of the Indian Institute of Management, Calcutta, sponsored by the Government of India.

Mr. M. L. Bexon, Sales Director of the Dunlop Rubber Company (India) Ltd., Calcutta, has been appointed Managing Director of the Company, *vice* Mr. John Luckham, who has just left Calcutta to take up a new assignment at the headquarters of the Dunlop organisation in London.



STANDARDISATION

THE Indian Standards Institution, since its inception in 1947, has done much good work in formulating standards for a wide range of items in the field of industry, agriculture, building construction, etc. The number of national standards already issued by the I.S.I. is approaching the 2,000-mark. This is by no means a small achievement, as compared, for instance, with the activities of the British Standards Institution, which has produced during its existence of over sixty years, no more than 4,000 standards. What is more, the I.S.I. had to start its activities from scratch fourteen years ago, when standardisation worth the name was confined in this country largely to the purchasing sections of railways and certain other Government departments. The industry standards and company standards, too, were not popular in this country. Nor were there reliable international standards for the guidance of the I.S.I. The International Standards Organisation, it may be noted, came into existence almost simultaneously with the inauguration of the I.S.I., but its activities have so far been slow. The I.S.I., however, has received valuable co-operation from national standards institutions of other countries, particularly of the U.K. But it has its own expert bodies, consisting of persons from both the public and private sectors, to draft standard specifications based on special conditions obtaining in this country.

Standardisation is of particular significance to a country like India which is rapidly industrialising itself and making its debut in world markets for the export of several manufactured goods. For standardisation, besides defining the quality of material and products, seeks to ensure dimensional and functional interchangeability, simplification and safety requirements, the ultimate aim always being to secure the largest possibile measure of economy and efficiency. These objectives cannot, however, be attained, unless standard-consciousness is engendered among producers and exporters all over the country. While there has been good response to the I.S.I.'s works from several industries, a large part of the industry still remains outside the purview of the I.S.I.'s activities. It is only appropriate, therefore, that Mr. K. C. Reddy, Union Minister for Commerce and Industry, in his address to the sixth Indian Standards Convention held at Kanpur last week, should have made a fervent appeal to the business community to take up the membership of the I.S.I. and adhere to its standards. It was his firm conviction that standardisation was a prerequisite for giving the consumer his money's worth.

Mr. Padampat Singhania, Chairman of the Reception Committee, was only voicing the public concern when he observed that the benefits of standardisation had not yet been fully realised in this country and that industries had not adequately utilised them. What are the possible measures to improve this situation? It is a moot point whether compulsion will solve the problem. If, by methods of persuasion, the producer can be made to realise the advantages that can be derived from adhering to standards, there is a fair chance that standardisation may become much more popular in due course. There may be a strong case for making standards mandatory in respect of goods for export, provided they can be enforced without red-tapism and the consequent delays. The case for compulsion is much stronger so far as foodstuffs and drugs, are concerned. Only, the machinery for enforcing the law must be efficient and honest. While the co-operation of the industry is essential for implementing standards, a more effective way of popularising them is to make the consuming class realise the value of a third party guarantee like the certification marks of the I.S.I. on various goods. A beginning in this direction has been made by the establishment of certain consumer associations in New Delhi. It will be advisable for the I.S.I. to give more encouragement to such endeavours and promote the growth of similar institutions in other parts of the country on appropriate lines. The various undertakings in the public and private sectors also will do well to insist on I.S.I. specifications in respect of their purchases. Another point to be noted is the need for co-ordinating existing standards issued by various authorities, under the aegis of the I.S.I. Separate specifications are now issued by the All-India Handloom Board, Coffee, Tea and Coir Boards, as also by some of the State Governments in respect of selected goods. In order to avoid duplication of work and ensure uniformity in standards, it is essential to examine the possibility of co-ordinating these activities with those of the I.S.I., as suggested by the Lal Verman Committee (on Quality Control and Preshipment Inspection), which submitted a report to the Government of India last year.

GROWTH OF FOUNDRIES

The foundry industry in the fields of cast iron and steel castings alike is one of the most important engineering industries in the country. There are, according to the estimate of the Indian Foundry Association (Calcutta), as many as 2,000 iron and steel foundries. But their total installed capacity is not precisely known. This industry has so far confined itself to the manufacture of a number of consumer goods like cast iron pans, weights and measures, pipes and specials, municipal and conservancy requirements, component parts for industrial plant and machinery, and sleepers for the railways. But in the third Plan period, it will have a still bigger task, that of producing castings for the machine building industry. Its overall targets of capacity are 1.2 million tons of grey iron castings and 200,000 tons each of steel castings and forgings. Heavy castings for heavy machinery manufacture are to be produced largely in the public sector, and the programme in respect of this sector calls for the creation of an aggregate capacity of 140,000 tons of grey iron castings, 76,000 tons of steel castings and 77,000 tons of steel forgings. How much new capacity will be actually created in the private sector will depend on the demand stemming from the expansion of the automobile industry and the manufacture of machinery for textiles, cement, sugar, paper and similar capital goods industries.

Even as things stand, expansion of capacity in the private sector would be meaningful only if graded pig iron can be made available to the foundry industry in sufficient quantities. It has been estimated by Mr. P. N. Ghosh, President of the Indian Foundry Association, who spoke at the tenth annual general meeting of the Association on 28th December 1961, that the effective availability of this raw material will be no more than 600,000 to 700,000 tons per annum for the next two or three years. This may be compared with the target availability of 1.5 million tons by 1965-66. Apart from the current and prospective shortage of pig iron, there is the question of its enhanced price. The recent increase of Rs. 25 per metric ton has further added to the cost of production in the foundries.

The acute shortage of hard coke has also been responsible for under-utilisation of iron and steel casting capacity and this, too, has added further to the cost of production. Mr. Ghosh's suggestions to deal with the present situation in the foundry industry are calculated to make available ingot moulds and skull scraps in broken form by establishing breaking plants in the iron and steel works and hard coke by equitably distributing its available supply among all the units whether in the public or in the private sector. If effective steps are also taken to establish the low shaft furnaces in the private sector on an urgent basis, there will be an additional supply of about 250,000 tons of pig iron to the foundry industry. Increased supplies of the two raw materials—pig iron and coke—will alone make for fuller utilisation of capacity and thus for lower cost of production in the foundry industry.

AUTOMATIC LOOMS

While the recent decision of the Government of India to license 10,000 automatic looms in units of 500 each as part of the programme of expanding the weaving capacity of the cotton mill industry during the third Plan period is to be welcomed, it is regrettable that the conditions attached to licensing are stringent and onerous. Thus, it is laid down that 75 per cent of the cloth produced on these looms should be compulsorily exported. If any mill fails to carry out this obligation, it will have to pay a penalty which will be related to the shortfall in the export performance. Bonds will have to be executed and bank guarantees given for the fulfilment of the export condition. What is more, the automatic looms will be allotted only to those mills that have the matching spindleage put at 25,000 spindles for a unit having 500 looms. This, it is said, may be either from out of the available surplus spinning capacity of an existing mill or from the regional quotas of new spindles allocated to the States out of the two million spindles proposed to be licensed during the first two years of the third Plan. The Government has made it clear that the allotment of new looms will not be on regional considerations but solely on the basis of the ability of the applicants to discharge their export obligation.

This brief account indicates how stringent are the conditions attached to the licensing of automatic looms, the only saving grace being that the condition regarding guaranteed exports is not related to the past performance of mills. Indeed, the conditions are so onerous that even the mills which have been regularly exporting large quantities will not be able to avail themselves of the Government's offer. The world textile market is governed by so many uncertain factors that it is futile to pin down mills to the condition of exporting as much as three-fourths of the production of automatic looms. It is this restrictive feature of the Government's policy that has been responsible for the poor progress made by the earlier proposals for the installation of automatic looms. It will be recalled that more than five years have passed since the Government first announced its decision to allow the installation of 18,000 automatic looms for the production for export of an additional 350 million yards of cloth every year.

Considering the onerous conditions laid down in the latest announcement, it is not surprising that the mill interests are not at all enthused over the decision. On the contrary, they are disappointed. Replying to a question at the annual general meeting of the Central India Spinning and Weaving Company, Ltd., held at Bombay on Friday last week, Mr. Naval H. Tata, Chairman of the Company, described the restrictions as a "nightmare." How can the mill industry be expected to go in for automatic looms when the conditions attached to this licensing are so stringent, the cost of installation is high, the period of going through formalities is long and there is trouble from labour? If the Government is really earnest about enhancing the competitive ability of Indian mills in world markets, more extensive modernisation of equipment and rationalisation of manufacturing processes are imperative. The industry deserves to be relieved of a part of its fiscal burdens, so that it might be enabled to conserve more financial resources for purposes of reinvestment. It is to be hoped that efforts will be intensified by all the parties concerned for smoothening and speeding up the process of introducing automatic looms in the country.

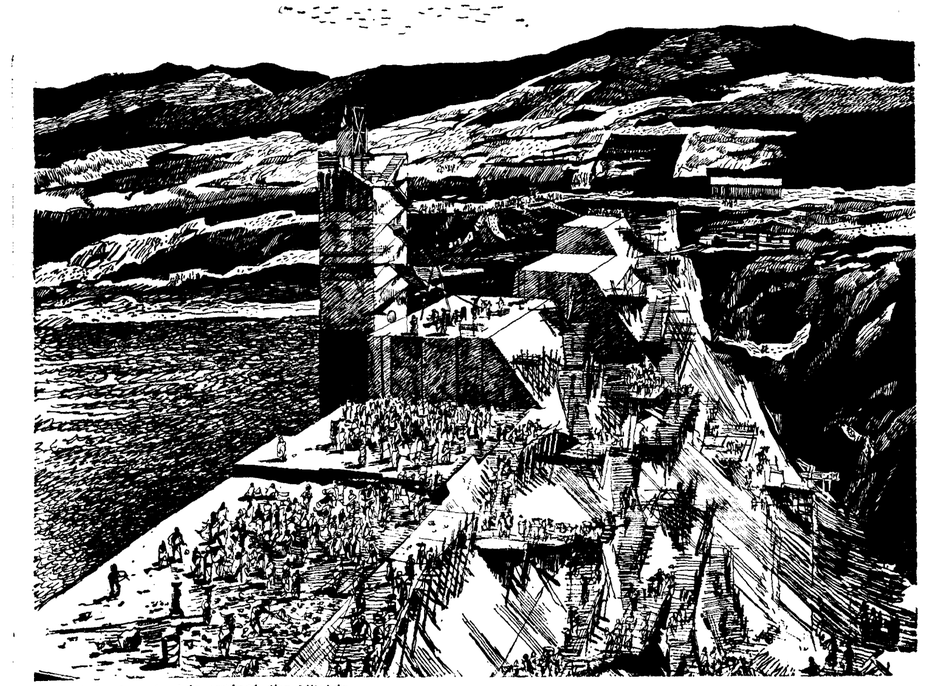
PUMP MANUFACTURING INDUSTRY

The manufacture of centrifugal power-driven pumps has progressed very rapidly in the last ten years. Production in 1960 was 102,200 units, as compared with 33,300 in 1950. There are now 48 registered firms which are on the list of the Development Wing, and these have a rated capacity of 117,600 units per annum. Besides these 48 firms, there are some which are borne on the lists of the State Governments and also a number of small-scale units which are registered with the Small-scale Industries Directorate. Production figures in respect of manufacturing establishments not borne on the list of the Development Wing are, however, not available. Even if their production is not taken into account, it is still found that the pump manufacturing industry has exceeded its second Plan target of 86,000 units.

The industry's target capacity for the third Plan has been fixed at 184,000 units. It is expected that demand for pumps will go up to 160,000 units by 1965. According to Mr. K. K. Jajodia, Chairman of the Indian Pump Manufacturers Association, who spoke at the seventh annual general meeting of the Association at New Delhi on 21st December 1961, the industry is confident of exceeding the third Plan target. It is stated that sufficient additional capacity has by now been licensed to enable the industry to reach the target. Mr. Jajodia's only complaint is that some manufacturers are holding the capacity without actually starting production. His suggestion is that such manufacturers may be requested to surrender their capacity voluntarily and that the capacity so surrendered be redistributed among the existing manufacturers. If this suggestion is accepted, it may solve the problem of idle capacity in some units.

A noteworthy fact about the progress of the industry is the diversification of production. This is brought out by the various types of pumps that are being manufactured in the country. These are: centrifugal pumps—single, double and multi-stage for handling water; reciprocating pumps; horizontal split casing centrifugal pumps; self-priming centrifugal pumps; deep-well vertical turbine pumps; chemical pumps; sewage pumps; pumps for the sugar industry; fire-fighting trailer pumps; bulk pumps for petroleum products; petroleum dispensing and metering pumps; monoblock pumps; rotary pumps for handling viscous fluids; mixed flow and axial flow pumps; gear pumps.

The manufacturers are now in a position to supply pumps suitable for industrial requirements and for handling sewage. It is, however, stated that, at present, manufacture of such specialised pumps is rather limited because of lack of statistics pertaining to demand. The Government has maintained no separate statistics categorising the different types of specialised pumps imported over the last few years, for such pumps have formed part of the overall machinery imports for particular projects. At least in future the manufacturers should be helped to plan their production of specialised pumps by being given advance information of requirements for such pumps in development projects planned by the Government. The industry's grievance is that at present the demand for specialised pumps is not known to the manufacturers until the schemes are at a final stage when the project authorities issue tender notices. Since manufacture of specialised pumps has to be planned ahead, indigenous manufacturers automatically lose their chances in securing orders in the absence of advance indication of requirements. The industry's plea, which is just, is that this state of affairs should be remedied, in view of its capacity to manufacture specialised pumps, too.



Kundah hydro-electric project, the Nilgiris.

Life-giving water, light and power to help transform our wastelands into smiling fields pour out from Bhakra-Nangal, Konar, Gandhisagar, Tungabhadra, Kundah and other projects. These great hydro-electric systems dramatise our progress and stress the fact that concrete is playing a vital part in our nation's growth and well-being.

The Third Plan has provided Rs. 1,712 crores for irrigation and power projects and huge quantities of cement will be required for their construction. In order that more cement may be available for the great projects and for the private consumer the Third Plan has set the cement industry a target of 15 million tonnes of cement a year by 1966. And the increasing output of ACC and India Cements factories will help to achieve this.

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DEVELOPING COUNTRIES AND EUROPEAN TRADE POLICIES

NEED FOR CLOSE CO-OPERATION AND PLANNING

By K. Rangachari

EUROPEAN trade policies are now in a state of flux. The final shape of the external tariff of the European Common Market, the conditions upon which Britain will eventually be admitted into that Community and the principles that will govern the widely varying terms required for granting "associated status" to other applicants in Europe, Africa and the Commonwealth will have far-reaching effects on trading relations with the rest of the world. But there is as yet no firm basis for forecasting the probable trends; nor are we in a position to predict the amount of influence that American proposals for liberalisation and similar discussions in G.A.T.T. will have on West European Governments. The development of new policies and techniques by G.A.T.T. and the adoption of those policies by the multilateral mechanism provided by it have, to some extent, become difficult because of the special position which the E.C.M. will have by reason of its shape and size; the primacy of G.A.T.T. and the principle of non-discrimination which is basic to it appear to have been subordinated to West European integration and the economic and political cohesion that it is expected to achieve. On the other hand, a whole set of new techniques have been introduced, like linear cuts and weighted averages, which may help negotiations and prevent serious setbacks to other trading nations affected by the integration.

In this context, it is unsafe to make assumptions about future trends with any feeling of certainty. The present pattern of India's foreign trade and the directions in which it is expected to change as a result of planned industrial development are matters on which certain reasonable assumptions can be made. There are three distinct groups of European countries with whom India's trade relations have developed on different lines for various historical reasons. The first is represented by E.F.T.A. but the predominant factor in this trade is the traditional pattern of commerce with Britain. India's exports to E.F.T.A. have risen from Rs. 109 crores in 1948-49 (of which Rs. 103 crores worth was exported to Britain) to Rs. 179 crores in 1959-60 (Rs. 173 crores to Britain); imports were of the order of Rs. 278 crores in 1957 (Rs. 237 crores from Britain) and Rs. 196 crores in 1958 (Rs. 169 crores from Britain). In spite of improved trade connections with the other E.F.T.A. countries like Sweden, Switzerland and Austria and larger imports of equipment from those countries, there is no trend towards improvement in exports to them. As a trading block, E.F.T.A. has been neutral to the external trade of its member-countries and the steps taken to promote intra-regional trade among its members do not directly affect their relations with individual countries outside; on the whole, they have adhered to free trading principles.

Task Before India

All this has, however, ceased to be of any importance, since E.F.T.A. itself is in the melting pot and the inevitable recognition by its members of the primacy of the Rome Treaty subject to adjustments to safeguard their individual trading and political positions makes India's problem of exports identical with that of expanding her export trade with the European Common Market. India has to concentrate its attention immediately on maintaining its exports to the British market and surmounting difficulties created, first, by the absence of duty-free entry for certain items like tea (if no concession is forthcoming from the Six) and secondly by the "reverse" preferences granted to imports from the Six or their associated areas.

Trade with the second European group, comprising the Common Market countries, has been persistently showing a deficit. While India's exports have increased from Rs. 27 crores in 1948-49 to Rs. 52 crores in 1960-61, imports from this area have gone up to Rs. 195 crores last year. The deficit is thus of the order of Rs. 143 crores; after the decline in the sterling reserves this country has been financing this deficit from untied credits either directly granted by the countries or by multilateral credits granted by international institutions like the World Bank and the I.M.F. and those hitherto given by the U.S.A. through D.L.F. loans.

The third trading group in Europe consists of the Soviet Union and East European countries which form a distinct block with trading policies of its own. Trade with this area has been possible on a pragmatic basis; payments in rupees for imports and use of this money for purchases from this country have enabled the achievement of a balance in trade over a period of time. In contrast to the other areas, trade with this group has expanded, although it is still moderate, not exceeding Rs. 50 crores each way. During the last three financial years, India has had a favourable balance, particularly with the Soviet Union.

All these three groups are supplying essential machinery, raw materials and components and capital goods which India will need in increasing quantities in the future for its industrial development. But it is becoming evident that even so, India will not be able to maintain imports at high levels, unless they are paid for by larger exports to them or are covered by long-term credits. When an Indian delegation, led by Mr. K. B. Lall, visited Western Europe two years ago, it found that there was "neither lack of demand nor lack of competition" in the countries for most of the goods which India has to offer; there was also considerable goodwill for India. But these factors did not prevent the pursuit of some illiberal policies and attempts are being made to seek harmonisation of trading practices within the Common Market on the basis of satisfying local requirements from within the region.

Problems Identified

Many developments have taken place since the Lall delegation's visit. Pressures on the Common Market from the U.S.A., G.A.T.T., and E.F.T.A. have assisted the comparatively liberal outlook of countries like Holland; and Britain's entry may carry this process further. For all practical purposes, there will only be two trading groups in Europe in future, the Western and the Eastern. Their attitude to the problems of trading with the developing countries will be judged by (1) the extent to which they open up their markets to the primary producing countries and help them to improve their terms of trade; and (2) the removal of hindrances to a larger absorption of the manufactured products of developing countries.

Much work has already been done in identifying the problems; under G.A.T.T.'s auspices, a special expert committee produced a report (known as the Haberler report) which was followed up in detail by Committee III of G.A.T.T. There the problem rests at present; as Mr. George Ball observed at the recent Ministerial meeting of G.A.T.T., "there has been wholly inadequate progress in terms of those measures which were principally recommended by G.A.T.T. Committee III, that is, the relaxation of tariffs and of non-tariff measures which tend to impede the access of the less developed countries to the world markets." One of the difficulties of tackling the problem directly under G.A.T.T. is the principle of reciprocity, in which the underdeveloped countries are at a serious disadvantage. The advanced countries have to be very clear, said Mr. Ball, "that the principles of reciprocity which may govern the dealings between economically-advanced countries may not be altogether as faithfully followed as in the dealings between the economically advanced and the less-developed countries." He also emphasised that the former should "provide assistance to the export industries of the less-developed countries, to assist them to improve their production and, quite as important, to assist them in improving their marketing methods."

A conscious attempt to increase international specialisation to the extent of providing scope for exports of manufactures of the developing countries requires some planning and some structural adjustments in the advanced countries which would permit liberalisation of tariffs and other commercial policies. Western countries which have at last recognised the importance of capital aid to the underdeveloped world are still far from realising the implications of larger trade; the prospects of expanding their own exports is dependent on such trade, as there are limits to the loans and grants which they can provide.

Some estimates have been made of the magnitude of this problem. It is calculated that underdeveloped countries should be able to expand their exports, from about $20 billion now to about $50 billion in twenty years. Of this increase, about half may be in the shape of traditional commodities to North America, Western Europe, Eastern Europe and Japan; the rest of the gap must be filled by export of manufactures. In this global increase of $15 billion, India's task is of finding outlets for about $1 billion more of manufactures per year by 1980. Such a programme calls for not only readiness on the part of the advanced countries to absorb more manufactured goods but also for efforts in India to expand manufacturing capacity on a scale which would leave enough for the growing needs of the domestic market and provide a surplus for export of the types that can be sold abroad. Formidable as this may seem, it need not be considered altogether impracticable.

For Western Europe alone, the problem may be one of accommodating about $5 billion in manufactures from these countries but this may amount to no more than about 2 per cent of the additional demand for manufactured goods when their economies expand in the next two decades. For example, it is possible for the industrial countries to take semi-processed metals for their use. Western customs tariffs are an obstacle to the replacement of crude ores by semi-processed ores, especially of non-ferrous metals. Leather and wood are other items in which Western Europe still prefers imports in their raw form rather than in semi-finished state. Tariffs on cocoa products are a deterrent to exports of processed cocoa, butter and powder.

Even with the best will in the world there may be technological and organisational obstacles in the developing countries in the way of manufacturing for export; where there are competitive sources of supply, investment in any one of the countries in processing may become a waste, if the processed product is not taken and raw materials are preferred. Hence there is no incentive in these countries to build up export industries.

Textiles and canned food products are other items in which the scope for exports can be enlarged. The development of synthetic and artificial fibres in the West poses a threat to increased cotton textile imports; processing methods in food may have to advance considerably if the less-developed countries should attempt to satisfy consumer tastes in the advanced countries. Rubber, coffee and tobacco are other examples of commodities in which raw material producers can undertake manufacture to earn more foreign exchange.

No Serious Hardship

Since Western Europe is experiencing manpower shortage in many new industries, no serious hardship is likely to arise if some of the older industries adapt themselves to changing conditions, though the transition may sometimes be painful, as Lancashire's experience has shown. The textile sector is considered a test case, since it is in this field that the less developed countries have been able to offer keen competition; European reactions against "low cost" manufactures shows that the process of adjustment will be a long and strenuous one. Until the advanced countries adopt policies which aim at facilitating such imports, developing countries cannot give preference in their plans for industries mainly devoted to exports and to exploit fully the natural advantages they possess.

European quota restrictions constitute serious deterrents to the development of exports by the less-developed countries; often, these policies are maintained not only for protecting local manufacturers now but kept in reserve for future occasions when they may be needed to counter any recessionary trends in particular industries. Except in France, these quotas are not imposed on primary products; but they cover a wide field, including temperate zone agricultural products, tropical foodstuffs, semi-manufactures and finished goods. West Germany uses import licensing to regulate entry of textiles and clothing, ceramics, sewing machines and toys; there are similar restrictions in France even after the liberalisation measures adopted in 1959. The continued refusal to accord most-favoured-nation treatment to Japan is another example of the narrow outlook still prevailing in this matter. In Italy, textiles, radios, etc., are subjected to quota restriction irrespective of origin. (A contrast is offered by Holland, Belgium and the Scandinavian countries which are liberal in some respects.) Among other restrictions are certain forms of indirect taxation and regulations prescribing that specified proportions of domestically-produced materials be used in industries like margarine and soap. Jute control in Britain is yet another form of restriction on imports from countries which are in a position to specialise in the production of jute goods; the system of marking up the price to protect Dundee is a typical case of protection to an uneconomic local industry.

Fiscal levies are imposed upon coffee, tea, cocoa and tobacco on which many underdeveloped countries depend for their foreign exchange earnings. They amount to 60 per cent. on coffee and tea in France, 72 per cent. on coffee and 97 per cent. on tea in West Germany, 87 per cent. on coffee, 73 per cent. on cocoa and 50 per cent. on tea in Italy. The Rome Treaty does not place any limitations on these levies, so that even when the common external tariff of the Six is reduced to sufficiently low levels, there will be no guarantee that the reduction will not be offset by revenue taxes.

Subject to these considerations, some cautious optimism may be warranted by the E.E.C. offer of a 20 per cent. reduction in its tariff on condition of reciprocal concessions by other G.A.T.T. members, though this will not benefit non-members. Of even greater interest is the future of quantitative restrictions on imports; the Rome Treaty only provides for their elimination in trade among its members and for the adoption of a common policy in respect of third parties. Such harmonisation may not be consistent with the rules of G.A.T.T., because it presupposes a common balance of payments problem for all the Six, which is the only ground on which such restrictions can be justified. Also the question remains whether quota restrictions can be removed on one part of E.E.C.'s trade and not on another when both belong to G.A.T.T.

If the area of "associated" countries expands as a result of Britain's entry followed by some Commonwealth members, preferential treatment for some of the countries might favour their traditional exports. This can help to preserve the *status quo* or facilitate a slight improvement in their trade but their corresponding obligation to avoid discrimination against the Six (or the Seven when Britain joins) will expose their industries to competition from the advanced countries using the raw materials which they export. It remains to be seen whether these associated countries will be given sufficient latitude for raising their protective tariffs or regulating their own import quotas to enable diversification of their economy. From this point of view, the decision of the Indian authorities not to accept associated status (in the doubtful event of its being favourably considered by the Six) is understandable.

Eastern Bloc

These numerous uncertainties are absent in trade with the Eastern bloc which is also engaged in promoting economic growth and paying increasing attention to raising internal consumption standards. Its price structures, exchange rates and the practice of balancing payments have not so far seriously hindered trade with the less-developed countries. Though greater importance may be attached to the internal trade of the Communist bloc, there will be room for supplementing it with imports from outside sources. However, there have been some trends towards self-sufficiency like the proposals for growing more jute and tea inside the Soviet Union which may affect India's exports; considering the strong preference for tea in Russia and the possibilities of increasing the levels of consumption in coming years, total self-sufficiency may not be attainable.

Estimates of the increase in the trade of the Soviet bloc show that its total trade turnover may increase fourfold by 1980 (from the present level of $20 billion) and that imports from the developing countries may increase from less than a billion in 1958 to over $5 billion, of which about one-third may constitute manufactures, in exchange for machinery and equipment. This may call for some adaptations of the present payments mechanism and for extensions of credits to the developing countries to enable them to gear their production to the requirements of these markets. It may well be that some initiative in Eastern Europe in these directions will stimulate thinking on parallel lines in the Western half.

If as part of the aid programme of the Western countries, some minimum percentages are adopted for importing goods from the developing countries, there will be greater incentive not only for planning export-oriented industries in the latter but for the movement of capital from the Western countries for building up export industries in the less-developed areas. There are already some indications that American capital, which has been moving into Western Europe, may find that investment there has reached saturation point and that other countries like India may offer equal advantages. Many of these adjustments can be better planned, if there is co-operation and close co-ordination; it is obvious that advanced countries have to prepare themselves for rationalising their industrial structures to provide scope for the underdeveloped countries just as much as the latter have to plan for the types of manufactures which can earn foreign exchange.

PACE OF ECONOMIC EXPANSION IN CANADA HIGHER

A YEAR OF CHALLENGES AHEAD

By Hon'ble George Hees

CANADA'S MINISTER OF TRADE AND COMMERCE

AS 1961 closes, forces are in motion which could bring a major reshaping of world trade patterns. Britain, Canada's major overseas customer, is now negotiating to enter the European Common Market. The ramifications of such an association would have far-reaching implications for virtually all trading nations. Canada, as a member of the Commonwealth and as a major world trader, is doubly affected. This new formative period in world trade relations comes upon us at a time of expanding economic activity in nearly all parts of the world.

This favourable climate should help to foster outward looking attitudes on the part of countries adapting to these new conditions. For Canada such a prospect poses the likelihood of considerable adjustment, but it also gives promise of new opportunities.

Meanwhile, the pace of the economic expansion in Canada has accelerated in 1961. National output has increased sharply from the beginning to the end of the year. Industrial production has moved into new high ground and, on the basis of the latest figures, is running six per cent higher than a year ago. Higher operating levels in Canadian industries have meant more employment and increased incomes.

The upward trend of total personal income has accelerated, and corporate profits have reversed their previous decline and appear headed to new records. The labour market has strengthened. Over the course of the year, the growth of job opportunities has exceeded new job seekers, and unemployment has declined. By November, there were 18 per cent fewer jobless persons in Canada than in the same month a year ago.

Turnover Picks Up

Economic developments in Canada in 1961 have occurred within the context of renewed cyclical expansion in North America, and continued growth in most overseas countries. More goods have moved across retain counters, and spending on consumer services has increased in line with the strengthening trend of personal incomes. A resurgence in sales of automobiles and other durable goods was evident in the latter part of the year. Following a period of inventory adjustment, businesses are again adding to stocks, though at a moderate rate. Business outlays on plant and equipment turned upward at about mid-year.

In the field of residential house building, the easier terms under the National Housing Act, implemented last year, together with the greater availability of mortgage funds, have contributed to increased housing activity. Meanwhile, institutional and public construction has continued to expand. Special federal measures, which have helped to round out local public investment programmes, include the provision of financial assistance for such purposes as technical education, sewage projects, university residences, and the extended municipal winter works programme.

Exports Exceed Imports

A key feature of the current economic expansion has been the strengthening in Canada's trade position. Exports have been increasing at a faster pace than imports, resulting in a further improvement in the merchandise trade balance. It is now evident that a trade surplus has been realised in 1961, as compared with deficits of $97 million in 1960, $369 million in 1959, and $713 million in 1956. On the other hand, Canada has been running an "invisible" deficit in excess of $1 billion annually. Therefore, the deficit on all current transactions, though less than last year, remains large.

Much of the increase in exports this year reflects higher wheat shipments. At the same time, there has been an encouraging growth in exports of manufactured products. Despite lower sales abroad of farm implements and automotive products, total exports of manufactured goods, on the basis of figures available to date, are up about 10 per cent. In addition to large deliveries on aircraft orders, significant increases have occurred in such categories as industrial machinery, electrical apparatus, cotton products, and manufactured wood products. Industrial material exports were adversely affected early in the year by the economic slow-down in the United States economy. More recently, however, sales of mineral and forest products have been moving ahead in response to the upturn in factory output south of the border.

Imports Higher

Imports are higher this year compared with last, but the increase is moderate in relation to the general expansion in activity. There has, in fact, been increased reliance upon domestic, as opposed to foreign, sources of supply in a number of fields, including automobiles, appliances, textiles, and iron and steel products. All in all, trade figures for 1961 show that Canadian producers are making headway to an encouraging degree in the further penetration of both home and foreign markets.

New federal measures of a far-reaching character have been implemented to help Canadian producers extend their markets and expand production. Of major importance has been the change in the exchange rate policy, resulting in a lower external value of the Canadian dollar. For the last six months, the Canadian dollar has been at a discount with the United States dollar, amounting, on average, to 3.3 per cent as compared with an average premium of 3 per cent during 1960. In the prevailing conditions of intensive international competition, an exchange rate shift of this magnitude provides an important lift to the wide range of Canadian industries competing with foreign goods, both domestically and abroad.

The new credit facilities available to capital goods exporters have brought an energetic response. Projects in eight countries, involving the possible sale of Canadian capital equipment, aggregating $82 million, are under active consideration, while five other proposals are being studied—a total of $214 million.

Throughout the past year, the Department of Trade and Commerce has made an all-out effort to bring to the Canadian businessman a greater awareness of opportunities in foreign markets, and also to help in the search for new avenues of economic production and development. To this end, the trade conference of late 1960 has been followed up by a series of provincial conferences, aimed at fostering, at the local level, the necessary sense of urgency in the drive for new markets.

Other new measures contributing to business growth include the provision of guaranteed bank loans to small business; extension of the operations of the Industrial Development Bank; the provision, under income-tax regulations, of accelerated depreciation for specified categories of capital outlays; and the establishment of new arrangements providing for increased attention to product design.

Prospects for the New Year

Looking to the new year, there are many signs of continued expansion. As the old year ends, key indicators of economic activity are pointing upward. Business confidence is strong, and there is widespread expectation of future growth in production and sales. Information now available on investment plans for 1962 indicates at least a sustained level of business outlays for new plant and equipment, and further growth in institutional and public building. The current surge in consumer buying should clear the way for a strong order position in the new year.

Giving support to this firm business trend in Canada is the improving economic situation in the United States. Exports to the United States have risen since early 1961, but have yet to reflect the full impact of rising factory output in that country.

These are some of the considerations which seem to underlie current expectations of a good year ahead. It is important, however, not to be lulled by good business prospects into letting up in our efforts to strengthen our position in world markets. In the expansion phase of the business cycle, the going is apt to be deceptively easy. In a period of expanding demand, it is possible for an industry to maintain a higher level of sales even though its share of the total market is shrinking. The full

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AMERICAN LETTER

MODERATE ECONOMIC GROWTH EXPECTED

HEAVY GOVERNMENT EXPENDITURE FORECAST

From Our Special Correspondent

NEW YORK, *30th December*, 1961

AT the turn of the year, there are two major influences apparent in the United States—the almost certain continuation of moderate economic growth in 1962 and a "crisis of confidence."

The gross national product, which was in the neighbourhood of $537,000 million in the last quarter of 1961, will reach, according to expert forecast, more than $555,000 million in the second quarter of 1962 and may reach $570,000 million by the end of 1962. These prognostications come from a panel of 14 nationally known economists who participated in the latest meeting of the National Industrial Conference Board Forum.

Among the major factors expected to contribute toward the 1962 business expansion were rising personal income, larger profits, although inadequate in comparison with past profit-margins, greater Government demand for goods inherent in the defence programme, a large reservoir of consumer credit, the favourable replacement cycle for durable goods purchased a decade ago, better values in the market place, the steel inventory build-up and rising productivity.

Despite this logically rosy outlook, there are problems which come under the heading of a "crisis of confidence." Both political and economic factors play a role in this situation. In the realm of politics, there is, of course, the precarious situation of the United Nations and within its membership.

The crisis in the Congo has left a deep mark and the rifts of feelings and emotions will be somewhat difficult to heal and eradicate. India's action against the Portuguese territories on its mainland has not helped this situation. Over and above that is the inconsistency of U.S. foreign policy which is difficult to understand by Americans as well as by peoples in other countries.

Invisible Crisis

As Dr. Arthur Schlesinger, Jr., Special Assistant to the President, put it in a conversation the other day, the Kennedy Administration is confronted with an "invisible crisis," as against the "visible crisis" of the Roosevelt regime. Otherwise, he conceded a similarity of economic and social objectives among President Kennedy's "New Frontier," Mr. Truman's "Fair Deal" and Mr. Roosevelt's "New Deal."

The inconsistencies include U.S. support of armed intervention in the Congo by the U.N., the condemnation of India over Goa for armed intervention which already has led to demands from some members of the Congress that aid to New Delhi should be withheld, the dilemma in Cuba, despatch of warships to Dominican waters to which must be added previous U.S. opposition to French and British landings in Suez and the Berlin crisis.

Inconsistency and crises have resulted in consumer hesistancy which is not helped by continuing wage-cost-price pressures. This, in turn, does not make for confidence in business and industry and hard core unemployment persists. Spokesmen for the Government, like Mr. Schlesinger, say there is little inconsistency. The U.S. position in the Congo is explained, for example, with the remark that Katanga is indispensable for the Congo as a whole.

The tacit approval of the ill-fated invasion of Cuba is now held to be a "great error" and the new policy may be boiled down as paralleling the *cordon sanitaire* of European precedence. Another indirect result of the crisis atmosphere is the unfavourable U.S. balance of trade. In the July-September quarter of 1961, it reached a rate of more than $3,000 million.

Foreign competition was and is likely to continue as an important factor and unused industrial capacity is a side-effect. Conversely, this means that, if the occasion should present itself, the U.S. industrial plant will have great ability to enlarge output.

World developments left their marks in the foreign exchange markets as well. It seems an anomaly that both India and the U.S. should have been losing gold reserves simultaneously but for different reasons. Again, it is the crisis of confidence—strictly psychological—based on fears and speculation rather than on facts. Despite Portugal's upheavals in Angola, despite Goa, the escudo has been strong and there was weakness in the rupee and in the dollar.

The magic word, no doubt, is gold and the Portuguese have excelled in gold trade at their various trading points around the world. Macao has figured prominently in this field and, with the precedence of Goa, there are now question marks about Macao. The reasoning, rational or otherwise, is, if China can take territory belonging to India and India can take over Portuguese enclaves, China can do the same and it might do so. The gold question, so far as the average businessman is concerned, also comes under the heading of an invisible rather than a visible crisis.

Gold is Overrated

In the first place, gold is now held to be overrated in importance, at least here. Secondly, the U.S., despite the losses in monetary gold stocks, still has 40 per cent of all such stocks in the Western world. Thus, there is no need for panic even in view of the considerable amounts of gold at the disposal of the Kremlin at Moscow. There is some apprehension here, though, about the losses in India's gold reserves which are now only 40 per cent of what they were five years ago—not counting, of course, the private hoards. But these are some of the economic consequences which present themselves at the New Year as a result of world developments.

In addition, a strictly internal crisis is brewing in the U.S. It involves the transportation industry, not only the railroads which have changed but little in the last half century but also the airlines. This is a serious curtailment of profits in the inter-city trucking industry also and this state of affairs cannot continue without resulting in bankruptcies for some companies or in more mergers.

It is difficult to understand why this should happen since transport and travel have increased greatly. There are two basic answers. One is better and more costly equipment which cannot be acquired, improved or replaced under current profit-margins in the absence of an enlightened tax write-off law. Secondly, there is a combination of factors, increasing operating costs, excessive competition and the stimulation of excess capacity which is partly the fault of the regulatory authorities. The cost-profit squeeze is particularly evident in this field.

Building and construction seem to be heading for a record year. It should be at least 5 per cent higher than in 1961, considering the increase in population, required new dwellings, office space, highways and Government requirements in this field. There is also what might be called an educational building boom, in that it concerns schools, colleges and universities.

Government Spending

Federal expenditures for goods and services which were $57,000 million in 1961 will probably rise to $63,000 million this year. Last year, some $50,000 million was for defence and this share may increase to $55,000 million. The Government spending area covers really the entire economy, wages, maintenance, fuel, spare parts, ships, submarines, aircraft, missiles, household utensils, autos, guns and so forth.

It might also be observed that outlays for space development have doubled recently almost every year. In the fiscal year 1961, there were $744 million and, in fiscal 1962, they will run to $1,335 million. State and Local Governments will boost their spending from about $51,500 million to $55,000 million. All Government expenditures together provide a most powerful stimulus for the economy which, however, is not necessarily productive in the purist economic sense.

There is very little in the offing which would suggest radical changes in the money and credit markets. There has been a slight gain in interest rates for various purposes. Both commercial and mutual savings banks were permitted to pay more interest to their depositors. While much noise has been made about it, only about 3 per cent of the banks in the U.S. have seen fit to announce increased payments. The answer probably is they cannot afford very well to pay more than 3½ to 4 per cent before overhead and profits.

Even though under circumstances of enhanced economic activity, the ratio of savings should diminish and spending by consumers should go up, there should be no shortage of credit nor a material increase in its costs in the near future.

U.S. Agriculture

Farmers had a relatively good year and they are looking forward to similar results in 1962. Farms produced just about as much food and fibre in 1961 as in 1960 which was the last record year. Net income was about 10 per cent larger and exports of farm products soared to a new high. The yields of crops per acre was about 2 per cent higher than in 1960 and 1958, both of which were record years.

A new acreage planting reduction programme was put into operation under which farmers were paid for not growing certain produce and this resulted in the first decline in U.S. feed grain stocks since 1952. Otherwise, wheat production was affected by drought conditions. It was about 10 per cent smaller than in 1960 at 1,200 million bushels, or 422,880,000 hecto-litres.

The smaller crop production was offset by larger output of livestock and livestock products. In 1961, the net income of farm operators was about $12,700 million, or about $1,600 million higher than in the preceding year. Slightly higher market prices were responsible for it in part and Government price support programmes contributed the other part of the gain.

About one half of U.S. cotton, wheat and rice production went overseas. Exports of agricultural products reached a new high of $4,900 million in the fiscal year ended 30th June 1961, up about 10 per cent over 1960. The Kennedy Administration's farm programme has a domestic and a world facet. At home, it aims at raising farm income which had fallen behind the national growth rate. The international objective is more effective use of agricultural abundance in the Food-for-Peace Programme. In other words, it is planned to use food in the interest of world peace and economic development overseas.

New Industrial Developments

The new and sixth decade of the twentieth century saw significant developments which, perhaps, are only the beginning of better things to come. They include an electronic telephone exchange which is being field-tested at the present time. Its switching system handles calls 1,000 times faster than present equipment. It repairs itself or teletypes for human help if its curcuits break down.

Another development relates to what might be called "machine talk." More than 500 American companies are using computers. They talk to one another over regular telephone lines, but they have been developed by different companies. An electronic translator-computer has now been developed which converts automatically the language of one into another. There are now 5,000 computers at work in business, industrial, scientific and governmental organisations.

Construction is being helped by new products for foundations, floor panel systems—in fact, anything but roofing. There are factory-made partition walls, quick-drying plasters which reduce finishing time, new doors which cut costs by one-third and new air-conditioning and refrigerating units.

Discoveries have also been made in the peaceful use of harnessing the atom. It involved co-operation among university scientists, medical doctors, industry and the Government. Thermonuclear forces, such as contained in the hydrogen bomb, are now used for production of useful electricity. This has benefited so far the public utilities and shipping. In addition, the first atomic weather station has been set up. It is un-manned and is located in Canada. It transmits automatically weather conditions every three hours and fills a void which existed heretofore. It is expected to operate for two years before refuelling and it is powered by 1 lb. (.45 kilogram) of strontium 90.

Much comment was caused here by the announcement at the U.N. that the International

(*Continued on page 34*)

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CENTRAL BANK COMPLETES FIFTY YEARS

MANY IMPRESSIVE ACHIEVEMENTS TO ITS CREDIT

THE Central Bank of India, the largest joint-stock commercial bank in the private sector, celebrated its golden jubilee on 21st December 1961, that is, after the last regular issue of this journal for the past year was published. On that day fifty years ago, the Bank first opened its doors for business. In the broad and swift sweep of time, fifty years is only a brief period. But it is certainly a landmark in the history of an institution, especially when the half century coincides with a most momentous period in the history of India which witnessed the decline and fall of a mighty empire and the rebirth of a nation which is now struggling hard to raise the low living standards of its people. Like all great institutions, the Central Bank had humble beginnings but high ideals and aims. It owed its origin mainly to the vision, enterprise and patriotism of the late Sir (then Mr.) Sorabji Pochkhanawala, who, even as a young man, conceived the idea of establishing a bank which would be entirely Indian in composition, management and outlook and approach. In realising this deserving ambition, he was assisted by an able band of directors and loyal colleagues. The Indian business community and investors, too, had a soft corner for the Bank, for to bank with Central was regarded as a help to the national cause. From Sir Pherozeshah Mehta, the founder-Chairman (1912-15), to Sir Homi Mody, the present Chairman, a succession of illustrious men guided the destinies of the Bank.

As already stated, the Bank had a modest but encouraging start with an authorised capital of Rs. 50 lakhs. The issued capital was Rs. 20 lakhs, of which Rs. 10 lakhs was paid-up. The fifty years since then has, of course, not been a period of placid growth. Stresses and strains there were, as in the life of any other organisation, the more so in the case of a banking organisation, because its business is highly sensitive to any passing wind that blows over the national horizon. In fact, for the Central Bank, the test came early, perhaps too early. For, in 1913, when the Bank was hardly two years old, it found itself in the midst of a country-wide banking crisis, which, starting with a toll of 29 banks in the Punjab, spread over the entire country, involving the crash of as many as 64 banks. In Bombay City alone, eleven banks, including such well-known institutions as the Specie Bank and the Credit Bank, closed their doors. It is a tribute to the inherent soundness of the Bank's policy and an index of the banking public's confidence in it, that the Central Bank weathered the storm without having to avail itself of the selfless offer of Sir Pherozeshah Mehta to give the title deeds of his personal properties to help the Bank to raise additional funds to tide over the crisis. Scarcely had this critical period passed than the First World War broke out. There was general dislocation of trade and industry and the Central Bank, along with other banks, felt the impact and suffered heavy decline in deposits. The difficult conditions continued for some time but, by the end of 1916, the corner was turned and the expansionary phase set in which, barring occasional setbacks, has continued to this day.

Pre-eminent Position

In 1923, the Central Bank took over the management of the Union Bank of India Ltd. The Tata Industrial Bank was also amalgamated with it. These two events were the earliest instances in the banking history of the country of one bank going to the assistance of another bank in trouble—a trend which is much in evidence today and is actively encouraged by the Reserve Bank. After successfully tiding over the Great Depression of the early 'thirties the Central Bank celebrated its silver jubilee in 1936, when its paid-up capital and reserves stood at Rs. 2.5 crores and deposits at Rs. 31 crores. The Bank had 84 branches in different parts of the country and it had already achieved the distinction of being the biggest of all joint-stock banks in India, a position which it still retains. At present, the Bank has 338 branches in all, including eight in Pakistan, one in Rangoon and one in London. There is hardly any place of commercial importance in the country where the Central Bank does not have a branch. As against a small staff of 30 in the beginning, it has now as many as 12,000 employees in its head office and branches.

The post-independence period witnessed rapid changes in the economic landscape of the country. The first and second Five-year Plans, which aimed at accelerating the pace of industrialisation and promoting all-round economic and social development, demanded of the banking industry a more enterprising and purposeful role than in the past. The Central Bank, along with other commercial banks in the country, accepted the challenge and steadily diversified its operations by venturing into fresh and unexplored fields to meet the changing needs of a developing economy. Realising the importance of agriculture to India's economy, the Central Bank gave high priority to financing the production and marketing of agricultural commodities. It has also been making significant contribution to the financing of the organised industrial sector, namely, textiles, sugar, *vanaspati*, cement, iron and steel, engineering, jute, plantations, etc. The past fourteen years since independence has been a period of sustained and systematic development of the Bank's business. Deposits steadily grew and the shift towards time deposits became more pronounced. Advances to industry assumed greater importance than previously and foreign exchange business was handled on a larger scale. The total working funds and gross earnings increased substantially. As at the end of June 1961, the Bank had an authorised capital of Rs. 6.30 crores, subscribed capital of Rs. 5.77 crores, paid-up capital of Rs. 3.15 crores, reserves and other funds of Rs. 4.17 crores, deposits of Rs. 209.62 crores and total working funds of Rs. 233.92 crores. The table at the bottom indicates the quinquennial progress of the Bank since its inception till the end of 1960.

Pioneer in Many Fields

As the biggest joint-stock bank in the private sector, the Central Bank pioneered many activities which have now come to be taken for granted by the banking public in the country and which therefore no bank can do without. As far back as in 1921, the Central Bank introduced, for the first time in the country, home savings safe accounts for encouraging the saving habit among people of modest means. The Bank was also the first to permit the use of cheques for savings-account holders. It also started a special department staffed by qualified ladies to attend to the needs of lady customers. The Bank was again the first in India to provide safe deposit facilities for its customers. Among other pioneering activities may be mentioned the introduction of three-year cash certificates and the issue of rupee travellers cheques.

The aforesaid short account gives a broad idea of the immense progress and impressive achievements of the Central Bank in the past fifty years. These have been possible because the Bank was able to earn and retain the confidence and goodwill of the public which is the most valuable asset of a bank. While the past has been crowded with achievement, the future holds both challenges and opportunities. The Central Bank, in common with other commercial banks, will be called upon to play an increasingly important role in the country's development. We have no doubt that it will address itself to the task of the future with the same earnestness and dedication with which it has successfully striven to translate into reality the noble ideals which its founders had set for it.

It is in the fitness of things that, to commemorate its golden jubilee, the management of the Central Bank has decided to start, in association with the Dena Bank, a bankers college for training young men for worthwhile careers in banking. The college is to be appropriately named after Sir Sorabji Pochkhanawala, the founder of the Central Bank. Surely there is no better way of perpetuating the memory of a man, who dreamed of building up Indian enterprise in banking and worked for it with selfless devotion, than by providing facilities for young men who share his ideals to fulfil their dreams.

Progress of Central Bank at a Glance
(In lakhs of rupees)

Years	Paid-up capital	Reserves	Deposits	Advances and bills	Investment	Working funds	Net profit	Dividends, including bonus	Number of branches
1911	10.00	..	1.54	0.61	0.10	11.54	..	..	1
1916	15.00	1.67	146.07	102.92	26.51	173.50	1.83	0.98	6
1921	50.00	25.00	1,341.68	934.85	228.81	1,417.82	15.31	7.00	16
1926	168.13	100.27	1,699.42	929.45	1,035.64	2,344.34	19.83	16.81	20
1931	168.13	72.73	1,520.88	863.55	1,120.55	2,042.34	17.61	10.09	25
1936	168.13	85.80	3,174.31	1,224.10	1,468.93	3,416.81	22.37	11.77	84
1941	168.13	156.43	4,147.40	1,889.72	2,103.52	4,675.14	42.26	15.13	155
1946	261.74	370.90	11,341.00	6,511.50	5,481.78	13,285.12	167.16	68.20	262
1951	314.54	398.31	12,584.21	6,128.85	6,472.71	14,038.41	136.56	44.03	248
1956	314.54	402.77	13,899.41	9,199.60	5,335.43	15,708.02	104.36	44.03	284
1960	315.00	416.84	20,001.41	15,089.55	5,708.07	22,536.84	193.05	64.26	318

DEPOSIT INSURANCE CORPORATION

The Government of India has issued two notifications under the Deposit Insurance Corporation Act, 1961, bringing the Act into force from 1st January 1962, and constituting the Corporation with effect from the same date. The Bill to provide for the establishment of the Corporation, it will be recalled, was passed by the Lok Sabha in August 1961 and by the Rajya Sabha in November 1961.

The Corporation will be an autonomous body with a paid-up capital of Rs. 1 crore wholly allotted to and subscribed by the Reserve Bank of India. The Act provides for a five-member Board of Directors. The Governor of the Reserve Bank will be the Chairman of the Board. Mr. M. V. Rangachari, Deputy Governor of the Reserve Bank, and Mr. A. Baksi, Joint Secretary, Ministry of Finance, Department of Economic Affairs, will be the nominees of the Reserve Bank and the Central Government, respectively. The two non-officials appointed to the Board by the Central Government will be Professor G. S. Dewan, retired Professor of Actuarial Finances at the Sydenham College of Commerce, Bombay, and Mr. S. N. Desai, President of the Institute of Chartered Accountants of India.

The Act requires that all commercial banks functioning normally should be registered by the Corporation as insured institutions within one month of the date on which it is brought into force. It is anticipated that all the 293 banks which are eligible under the Act, including the State Bank of India and its eight subsidiaries, will be registered within the prescribed time limit. The insured banks will pay at quarterly intervals a premium of 5 nP per hundred rupees per annum on their deposits and will be entitled to the benefit of cover to the extent of Rs. 1,500 in the case of each depositor.

The Corporation's liability will arise and be discharged on the liquidation of any insured institution or the enforcement in relation to it of a scheme of reconstruction or amalgamation which does not provide for payments in full to the depositors. In the event of liquidation, payments up to Rs. 1,500 will be made by the Corporation and any expenditure thus incurred will be reimbursed to it subsequently from out of the dividends in liquidation as and when they are declared. In the event of the enforcement of any scheme of reconstruction or amalgamation, the Corporation will be responsible for the payment of the deficiency, if any, in the amounts credited to the depositors up to a limit of Rs. 1,500 and it will recover the expenditure incurred by it from the subsequent payments which are due to be made to the depositors.

The Act provides for the limit of the insurance to be increased at any later stage beyond the sum of Rs. 1,500, in case this is considered necessary or desirable. It also provides for the liabilities to the depositors to be discharged most expeditiously, and it is expected that, in actual practice, the payments due to the depositors will be made within a few weeks of the date on which the Corporation's liability arises.

An investment agreement by the International Finance Corporation (I.F.C.) and the Pakistan Industrial Credit and Investment Corporation Limited (P.I.C.I.C.) for $4 million and $3 million, respectively, with Ismail Cement Industries Limited, has been signed. This is the largest single investment made by either of these institutions. The Bank of America N.T. and S.A. of San Francisco is participating in the I.F.C. investment to the extent of $172,000. The total cost of the project is estimated at over Rs. 5.8 crores. Foreign exchange requirements will be about $7 million to be provided by I.F.C. and P.I.C.I.C. The latter's foreign exchange funds to be used for this project are derived from a loan from the World Bank. The local financing will be provided by the Pakistani sponsors and by an issue of shares to be offered to the public in Pakistan. The I.F.C. investment will be in two parts, one of $2.75 million in dollar debentures bearing 7¼ per cent dollar interest, maturing between 1966 and 1973. The remainder of $1.25 million is in convertible dollar income notes entitled to income, in rupees, equal to dividends on an equivalent amount of common stock; these mature between 1974 and 1976 and are fully convertible into common shares at par any time prior to maturity. The P.I.C.I.C. contribution of $3 million will be in debentures bearing 7½ per cent interest, repayable in rupees with maintenance of value clause, maturing between 1966 and 1973.

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INCREASING COTTON PRODUCTION AND YIELD

MR. M. R. RUIA CALLS FOR COLLECTIVE ACTION

THE New Year does not appear to have begun well for raw cotton. With crop prospects still remaining largely uncertain, the delay in the movement of crop has given rise to fears of shortage of this fibre. Such a prospect in the context of the steadily rising mill consumption and the apprehension regarding the ready availability of U.S. cotton this year explains the current firmness in the cotton market. Prices of almost all varieties are ruling at the ceiling rates. Some varieties are said to be changing hands even above the ceilings.

It is not so much the possibility of supplies falling short of demand in a particular season as the persistent tendency for shortfalls in production of cotton to recur that is cause for concern. Attention to this problem was again drawn by Mr. Madanmohan Ruia, President of the Cotton Buyers' Association, in his speech at the twenty-fourth annual meeting of the Association held in Bombay on 26th December last. He said that the recurring shortage of cotton supplies in the country was disturbing to a degree, as the problem had really assumed serious proportions. He apprehended that, sooner or later, it would go out of control, if it were not tackled vigorously and with far-sightedness.

Outlining his solution, Mr. Ruia observed that increased production could be a reality only if the farmers were given an incentive in the form of higher prices. The present prices of Indian cottons, he contended, were below world parity. Prices had been artificially kept down by the imposition of ceilings. The first fundamental requirement for obtaining larger production was realistic prices. This could be brought about by either removing the ceilings or by raising them to a level which would put Indian prices on parity with world prices. He was confident that his suggestion could be implemented without any apprehension about the likely effects of such a step on exports of textiles, for other suitable methods could be devised to maintain them. He did not say as to what these "other methods" were; instead, he only asserted that they could be easily worked out if the trade were given an opportunity to do so.

Low Yield

Mr. Ruia regretted that his suggestion for collective action by all the interests concerned, namely, farmers, traders, mills and Government to tackle the problem of increasing production had not been acted upon. He pointed out that it was hardly a matter of pride to the country that, with the largest acreage under cotton, India should be so woefully behind other countries in the matter of yield. He therefore appealed to all the interests concerned to give urgent consideration to the suggestion. He apprehended that if prompt and vigorous measures were not taken the shortages would persist, necessitating the continuance of irksome controls which make normal marketing virtually impossible. Failure to tackle the problem would, he warned, reduce the country to the status of what he called "permanent addicts to imports of P.L. 480 cotton," a prospect that could hardly be palatable to anybody.

Mr. Ruia has done well to focus attention on the urgency of the problem of increasing cotton production. None can dispute his diagnosis that, apart from the vagaries of weather, low level of yield is the main reason for production lagging behind requirements. But it is difficult to agree with his prescription of lifting of price controls or upward revision of ceiling as the solution to the problem. The argument that higher prices would lead to higher production is an old one which has been disproved by the experience of the past seasons which shows that it is the weather and not so much the price that is the determining factor. It is not contended that production is insensitive to price changes. But the fact that the acreage sown to cotton has shown little change from year to year over the past many years, notwithstanding the wide fluctuation in prices, indicates that production (acreage) is not as sensitive to price changes as is made out to be. The farmers are concerned with not what they realise for each bale of cotton as the net return from an acre of land. If an acre of land under cotton yields a net return which is less than the yield from an acre under competing crops, there might be a shift away from cotton in areas where substitution of crops is possible. But this does not seem to have taken place on any significant scale. Nor has Mr. Ruia given any data to prove his oft-repeated contention that higher prices would surely yield more cotton, without adversely affecting the production of other crops, or that their absence has meant less acreage for cotton.

It is common knowledge that net return per acre is not the result only of price. The yield per acre has a more decisive influence. If, therefore, the yield is raised farmers will earn more per acre of land and production will automatically go up. Accordingly, what is necessary is not abolition of price controls or the raising of ceilings but direct assistance to farmers in the form of better seeds, fertilisers where there is irrigation, more irrigation that will reduce the dependence on rain, removal of waterlogging and salinity in the areas that have been under irrigation for a long time, and soil-testing. This means a lot of hard work for the Departments of Agriculture in all the States where cotton is grown. But it will have none of the disadvantages and dangers which a policy of upward revision of prices will inevitably have on the prices of cloth and the general price level in the country. It is difficult to share the optimism of Mr. Ruia that the higher price of cotton, which accounts for about 50 per cent of the cost of production of cloth, will not affect exports of textiles, however ingenious the "other suitable methods" which he has in mind. Exports apart, nearly 90 per cent of cotton (mill and handloom alike) produced in this country goes into domestic consumption. Accordingly, a higher prices for cotton means a higher price for domestic consumers and, therefore, inflation. On this point, Mr. Ruia was silent. Why? Is inflation at home less inconvenient than a setback in exports? Again, whatever may be the ingenious methods adopted for offsetting the impact of higher cotton prices on cloth exports, it should not be forgotten that their cost, too, will have to be borne by the consumers here and that, as such, they will also tend to aggravate inflationary pressures.

Since official attempts to raise the cotton yield per acre have not been successful to the extent necessary, some unofficial attempts may be made, in addition to making speeches and putting forward paper plans. It would be a good thing if Mr. Ruia were to organise a meeting of millowners and cotton merchants under the joint auspices of the Cotton Mills' Federation and the E.I.C.A. for drawing up practical projects for securing increases in per-acre yields in a short period. They could, for instance, take responsibility for reforming cotton growing in certain tracts in the country and show to the rest of the country that the job could really be done. They will be rendering a signal service to the country and to themselves if they approach this serious problem in a missionary spirit.

COTTON GROWING AND RESEARCH

The Plenary Session of the Tenth Conference on Cotton Growing Problems in India, organised by the Indian Central Cotton Committee, was held on 30th December at Bombay under the Chairmanship of Dr. S. M. Sikka, Additional Agricultural Commissioner, the Government of India. Some 60 delegates from all over India connected with cotton research and development work attended the session. The plenary session of the Conference took up for discussion the resolutions which were recommended by the respective seminars on the different subjects which were held on the previous two days. In all 32 resolutions were considered and 31 were passed at the plenary session. These dealt with interspecific hybridisation in cotton, causes of low yields in the problem areas and the means to effect improvement, and the cotton problems of the Central *arboreum* and Western *herbaceum* regions. The resolutions will now be placed before the meeting of the Indian Central Cotton Committee scheduled to be held in February, 1962, for consideration and further action.

One of the resolutions recommends the implementation of a master project for interspecific hybridisation and co-operative research for the improvement of Indian cottons in a few selected centres in the country, where facilities and personnel were available for undertaking this work with a view to improving the Indian cottons in quality, productivity and other desirable characters like resistance to pests and diseases. The Conference also recommended that one of the centres under the project should be located in a place where facilities for irradiation work were available.

The work for the evaluation of the wild species for resistance to the various pests and diseases under standardised conditions of infestation or infection was recommended to be taken up and the resistant species catalogued. In this connection, the Conference also recommended that a sub-committee might be appointed by the Indian Central Cotton Committee to lay down standard techniques for the evaluation of the material for resistance to specific pests and diseases.

The need for further detailed and critical study of the morphological, histological and biochemical factors, which form the basis of resistance to different pests was recognised and the Conference recommended that work on these aspects should be taken up as a joint programme of the Breeder, the Entomologist and the Biochemist, working as a team.

The Conference took note of the fact that during the third Five-year Plan period, a target of 50,000 acres had been set for cultivation of hybrid cotton, in order to make up for the anticipated shortfall in the production of extra-long staple cotton in the country. It was, therefore, considered essential that a continuous supply of hybrid seed of good quality should be ensured for achieving this target. For this purpose, the Conference recommended the setting up of a permanent agency for hybrid seed production based on the experience gained in the Pilot Project now working in the Gujarat State.

Under the seminar on the causes of low cotton yields in the problem areas and the means to effect improvement, the Conference considered the problems of Mathio, Vidarbha, Nimar, Dharwar-Kumpta and Rayalaseema tracts in the States of Gujarat, Maharashtra, Madhya Pradesh, Mysore and Andhra Pradesh respectively. It noted that the improved variety "Sanjay", recommended for the Mathio tract was not better in yield of *kapas* but possessed higher ginning outturn and better spinning capacity than the local variety. The Conference, therefore, recommended that re-orientation of research with adequate emphasis on higher yield per acre in addition to better quality should be effected, specially in the problem areas where low yields were recorded. The Conference also recommended that the comprehensive agronomic experiments formulated by a Special Sub-Committee and approved by the Indian Central Cotton Committee should be undertaken in a representative centre in the Mathio tract.

For raising a pest and disease free crop in the Vidarbha and Nimar tracts, the Conference recommended the schedule drawn up by the Special Sub-Committee of the Indian Central Cotton Committee for implementation under the Cotton Development Schemes.

The 'chaufuli' method of sowing which was akin to the square pocket method in vogue in Russia and which was followed in about two lakh acres in the Vidarbha region was recommended for wider adoption.

LEVY ON INDIAN COTTON

The Committee of the Indian Cotton Mills' Federation decided, at its meeting held on 21st December 1961, to collect from mills a levy on Indian cotton at the rate of Rs. 2.50 per bale on short-staple cotton, Rs. 5 per bale on medium-staple cotton and Rs. 10 per bale on long-staple cotton in order to increase the funds for the promotion of cotton cloth and yarn exports. The levy will apply to all Indian cotton of the 1961-62 season.

Simultaneously, the levy on imported cotton will be raised from Rs. 130 to Rs. 150 per bale of 1-1/16" and above and from Rs. 170 to Rs. 200 per bale for cotton of 1-3/16" and above. The Committee also decided to make certain recommendations to Government for streamlining the export incentive scheme. Earlier, the Committee had a meeting with Mr. W. R. Natu, the Textile Commissioner, when the problems relating to the industry, with particular reference to its development in the third Plan, rehabilitation, machinery requirements and cotton supply position were discussed.

COATED NYLON

One of the most fascinating aspects of nylon is that it enables textiles to be used for a variety of entirely new purposes. It has particularly interesting possibilities for engineers. Although textiles have long held several attractions for the engineer—one of the biggest is their flexibility—the uses to which they could be put have been severely limited in the past because they lacked sufficient strength and durability.

The introduction of nylon with its tremendously high strength and energy absorption, its ability to resist flex fatgue and abrasion and its complete immunity to rotting has enabled these limits to be raised dramatically. This is particularly true of coated nylon fabrics.

Nylon base cloths coated with various types of plastic or synthetic rubber were originally developed for protective covers. Their lightness in weight, flexibility and ease of handling give important advantages and they have achieved widespread success. But far-seeing engineers quickly realised that their capabilities were so much greater than those of any other industrial fabrics that they could be used also for completely new purposes.

Among these is the nylon airhouse in which British Nylon Spinners have housed their display at the Indian Industries Fair at Delhi. In appearance the airhouse is rather like a huge bubble tethered to the ground by iron stakes. The skin of coated nylon fabric is held up solely by air blown in by powerful electric fans which are kept running constantly. Special advantages are that there are no poles or other supports to get in the way inside and that the structure can be put up or taken down quickly and easily.

PROSPECTS FOR COTTON INDUSTRY

U.K.'S ENTRY INTO E.C.M. WILL DO GOOD RATHER THAN HARM, SAYS LORD ROCHDALE

From Our Special Correspondent

MANCHESTER, 22nd *December*

PROSPECTS for the Lancashire cotton industry in the event of Britain entering the European Common Market were good, Lord Rochdale, Chairman of the Cotton Board, told members of the Manchester Statistical Society. "My own view is that it will do good rather than harm," he said and added: "Admittedly more Continental specialities will enter our markets, but, for the first time in their lives, our own salesmen will encounter a group of major markets, whose standards of living compare with our own, where tariff barriers are being lowered instead of raised."

MANCHESTER LETTER

"We have latterly been very much short at and unable to shoot back," said Lord Rochdale. "One by one our major markets have protected themselves against our salesmanship by tariffs and quotas. At last we shall have a chance to show our mettle. Every reduction in the internal tariff of the European Economic Community if we become a member, should provide an opportunity for someone here if we are smart enough to grasp it." The industry, he said, must attract and hold its fair share of top grade men from the universities and higher technical colleges. Firms must be large enough to offer full scope to these men, providing the possibility of promotion to positions of real influence and responsibility, while they remained relatively young and able to give the aggressive initiative and leadership which a competitive world demanded.

Further help would be needed on the import side to curtail arrivals of foreign goods. Re-equipment of the mills must be regarded as an ever-continuing demand, and the industry must be given a reasonable chance of financing itself from current and future profits for this purpose.

Too Many Small Firms?

The structure of the Lancashire cotton industry was a subject which Lord Rochdale dealt with in detail; particularly its vertical organisation. "The contraction of the industry and its long history have undoubtedly left it with too many small firms for maximum efficiency," he commented.

Although Lord Rochdale went on to agree that there would always be a place for a certain number of small specialised units, he pointed out that half the employees in the trade were engaged in firms with over a thousand operatives. The industry, outside the converters, now consists of 776 companies, of which 36 employ over a thousand workers, and could qualify by market capitalisation of over £1,000,000 as trustee stocks.

Trend to Verticalism

What is perhaps surprising, in view of the much-criticised horizontal structure of the trade, is that 26 out of these 36 firms are predominantly vertical units, engaged in spinning, weaving and converting activities. Lord Rochdale went on to observe that about 110 firms which make returns to the Cotton Board are quoted on official stock exchanges. By employment, he said, they represented 54 per cent of the industry's total.

It terms of equipment, however, these 110 concerns cover about 80 per cent of mule and ring spinning, 50 per cent of waste spinning and doubling respectively, and 35 per cent of the weaving capacity in the industry. They are also responsible for about 30 per cent of the deliveries of converted cloth. "The vertical trend is there, but it needs to be carried further," he added.

Turning to the ever-present question of imports, the Cotton Board Chairman quoted figures which were presumably presented to the President of the Board of Trade, Mr. F. J. Erroll, only a few days previously. These should have left the President in no doubt as to the way in which the industry's leaders were thinking. Imports into Britain from low-wage countries in 1960, Lord Rochdale said, were roughly 27 per cent of home consumption; for Canada they were 15 per cent; for the United States 6 per cent; and for the Common Market group only 2½ per cent. "I think it is generally accepted that we have already reached saturation point," he continued, and said: "Indeed, my own view would be that we have already passed it, and that, while they increase their imports, ours should be gradually reduced, until a more uniform percentage is reached."

Grumblers Justified

As a woollen manufacturer working in Lancashire before the war, Lord Rochdale freely admitted that he had then regarded the cotton industry as "a persistent grumbler." In the past four years since his appointment, he had gained a more informed and objective picture—and a rather different one.

The cotton industry's troubles, he now recognised, sprang from its past greatness. The three largest exporters in the world today—Japan, the United States and India—catering for a more populous and richer world, still exported an aggregate quantity less than half the 7,000 million yards of cloth which Lancashire shipped abroad in 1913. The world's markets since then have gradually closed their doors to the outsider, under the influence of the nationalistic policies being widely pursued.

Despite short-term trading difficulties, however, the Cotton Board Chairman believes that the industry is now much healthier. He contends that Britain's entry into the Common Market would do more good than harm, enabling salesmen of cotton goods to cater for a group of major markets whose standards of living are comparable with our own, and where tariff barriers are being lowered instead of raised.

European and Commonwealth Trade

Details of Britain's trade with the European Common Market countries in relation to business with the Commonwealth are valuable at this time when so much is being said and written about this country's prospective entry into the European Economic Community. The International Cotton Federation has collated the following facts about exports and imports of textile products during 1960, which set out the situation in that years:

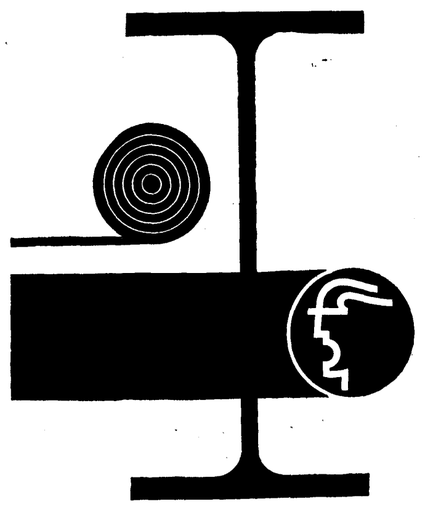
	Cotton goods		Man-made fibre products		Woollen and worsted goods	
	£ '000's	% of total	£ '000's	% of total	£ '000's	% of total
Exports to Commonwealth ...	43,199	68	15,977	54	27,772	32
Imports from Commonwealth ...	28,678	43	453	3	85	1
Exports to E.C.M. ...	1,530	2½	1,150	4	22,500	26
Imports from ,, ...	18,250	27	8,000	53	7,500	77

Note: Commonwealth figures include trade with South Africa.

Mill Stoppages Over Christmas

Extended holidays during Christmas and New Year will be taken by more than 120 Lancashire spinning and doubling mills. This was stated in Manchester by the British Spinners and Doublers Association. Large stocks of cheap imported goods from the Commonwealth and elsewhere were blamed for the decision, as many of these arrivals had been purchased on duty-free terms or had been assisted by subsidies, the Association said.

The Government was being urged to take direct action to stabilise the position, while the reorganisation and re-equipment of local mills was being completed. Even the most efficient and progressive Lancashire firms could not stand up indefinitely to unfair competition, the Association declared.—*All Rights Reserved.*



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THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

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

A licence has been obtained from the Central Government for the establishment of this industrial undertaking at Calcutta of which a copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that in granting this licence, the Government of India do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

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

Application has been made to the Calcutta Stock Exchange for permission to deal in and for official quotations of the shares of the Company.

The subscription list will open at the commencement of Banking Hours on Wednesday, the 10th January 1962 and will close at the close of Banking Hours on Tuesday, the 16th January 1962. The Directors may, at their discretion, close the subscription list earlier but not before the close of Banking Hours on *Friday, the 12th January 1962.*

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		Rs. 1,00,00,000

SUBSCRIBED AND PAID-UP CAPITAL

20,000 Equity Shares of Rs. 10 each. These shares are fully paid-up, payment having been received in cash from the subscribers to the Memorandum and Articles of Association, Directors, their relatives, friends, nominees and connections	Rs. 2,00,000

PRESENT ISSUE

8,100 6½% (free of Company's tax but subject to deductions of tax at source at the prescribed rates) Cumulative Non-Redeemable Preference Shares of Rs. 100 each ...	Rs. 8,10,000
3,30,000 Equity Shares of Rs. 10 each	Rs. 33,00,000
	Rs. 41,10,000

OUT OF THE PRESENT ISSUE :

(a) Mitsubishi Electric Manufacturing Company Limited having their office in Tokyo, Japan, will be allotted 8,100 6½% (free of Company's tax but subject to deduction of tax at source at the prescribed rates) Cumulative Non-Redeemable Preference Shares of Rs. 100 each credited as fully paid-up for consideration other than cash as hereinafter mentioned in relation to the supply of machinery equipment and Technical Assistance	Rs. 8,10,000
(b) 80,000 Equity Shares of Rs. 10 each have been agreed to be subscribed by the Directors, their relatives, friends, nominees and connections and will be allotted to them in full	Rs. 8,00,000
(c) OFFERED TO THE PUBLIC AT PAR FOR SUBSCRIPTION IN CASH—2,50,000 Equity Shares of Rs. 10 each	Rs. 25,00,000
	Rs. 41,10,000

The entire issue to the public has been underwritten.

Out of the above shares offered to the public, the Life Insurance Corporation of India have agreed to take up 50,000 Equity Shares of Rs. 10 each and a firm allotment of these shares will be made to that Corporation accordingly.

DIRECTORS

1. SHRI S. K. BIRLA, 8, India Exchange Place, Calcutta-1. Industrialist and Businessman.
2. SHRI HACHIROEMON INOUE, c/o Mitsubishi Elec. Mfg. Co. Ltd., Tokyo, Japan. Director, Overseas Operations Division, Mitsubishi Electric Mfg. Co. Ltd.

   SHRI T. TANAKA is alternate for Shri Hachiroemon Inoue, 17, Mission Row Extension, Calcutta-1. Manager, Calcutta Branch, M/s. Mitsubishi Shoji Kaisha Ltd.
3. SHRI S. B. BILIMORIA, Union Bank Bldg., Dalal Street, Fort, Bombay-1. Stock Broker and Partner of M/s. Batlivala and Karani.
4. SHRI M. L. PYNE, 14, India Exchange Place, Calcutta-1. Stock Broker and Partner of M/s. G. M. Pyne.
5. SHRI K. KHAITAN, 1-B, Old Post Office Street, Calcutta-1. Attorney-at-Law.
6. SHRI P. K. DAGA, 16, Hare Street, Calcutta-1. Businessman.
7. SHRI R. C. TEWARI, 29, Lake Avenue, Calcutta. Merchant.

REGISTERED AND HEAD OFFICE

8, INDIA EXCHANGE PLACE, CALCUTTA-1.

BANKERS FOR THE ISSUE

THE STATE BANK OF INDIA, 1, 2, 3, Strand Road, Calcutta-1.

THE CENTRAL BANK OF INDIA LTD., 33, Netaji Subhas Road, Calcutta-1.

THE UNITED COMMERCIAL BANK LTD., 2, India Exchange Place, Calcutta-1.

THE BANK OF TOKYO LTD., 2, Brabourne Road, Calcutta-1.

THE BANK OF BARODA LTD., "India Exchange," Calcutta-1.

SOLICITORS

MESSRS. KHAITAN & CO., 1/B, Old Post Office Street, Calcutta-1.

AUDITORS

MESSRS. S. S. KOTHARI & CO., Chartered Accountants, India Steamship House, 21, Old Court House Street, Calcutta-1.

MANAGING BROKERS

MESSRS. G. M. PYNE, 14, India Exchange Place, Calcutta-1.

BROKERS

Calcutta

M/s. PLACE, SIDDONS & GOUGH P. LTD., 6, Lyons Range, Calcutta-1.

M/s. JHAWAR & CO., 7, Lyons Range, Calcutta-1.

M/s. RAMNARAIN KAYAN & CO., 7, Lyons Range, Calcutta-1.

Bombay

M/s. BATLIVALA & KARANI, Union Bank Bldg., Dalal Street, Fort, Bombay.

M/s. A. B. PANDIT & CO., 32, Apollo Street, Fort, Bombay.

M/s. NAVALCHAND T. SHAH & CO., Union Bank Bldg., Dalal Street, Fort, Bombay.

M/s. CHIMANLAL J. DALAL & CO., 107, Stock Exchange New Building, Dalal Street, Fort, Bombay.

M/s. DEVKARAN NANJEE & CO., 5, Hamam Street, Fort, Bombay.

M/s. MAHADEVIA BROS., Stock Exchange Old Building, Dalal Street, Fort, Bombay.

M/s. B. U. ADVANI, 52, Agakhan Bldg., 2nd Floor, Dalal Street, Fort, Bombay.

New Delhi

M/s. HARBANS SINGH MEHTA & CO., 33, Regal Building, Parliament Street, New Delhi.

M/s. RAJPAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi.

Madras

M/s. MACONOCHIE & CO., Mercantile Bank Bldg., Madras-1.

M/s. PATERSON & CO., 22, Errabalu Chetty Street, Madras-1.

Ahmedabad

M/s. CHINUBHAI CHIMANLAL DALAL, Manek Chowk, Ahmedabad.

TERMS OF PAYMENT

Except for Preference Shares to be issued for consideration other than cash,

Equity Shares

On Application	...	Rs. 2.50 per share
On Allotment	...	Rs. 2.50 per share
Balance	...	Rs. 5.00 per share on call or calls to be made not earlier than 4 months after allotment
		Rs. 10.00

INCOME-TAX BENEFITS

The special benefits provided under the Indian Income-tax Act, 1922, with regard to development rebate and exemption from tax for the first five years of operations under Section 15(C) will be available to the Company in respect of the proposed undertaking.

HISTORY AND OBJECTS

The Company was incorporated on 3rd February 1961 with its Registered Office at Calcutta for the purposes mentioned in its Memorandum of Association and in particular to establish an up-to-date factory for the manufacture of 1,20,000 pcs. House Service Meters per annum.

SCOPE AND PROSPECTS

India's dynamic growth during the First and Second Five-year Plans and the progressively increasing tempo during the third Plan is linked with the rapid expansion of electricity in the country in which watthour meters are necessary for measuring the consumption of electricity. The demand for watthour meters is directly associated with the growth of electricity. If power is not available in ample sufficiency to meet the demand, a very serious restriction on the proper growth of all industries will occur and its effect will be even more seriously felt in the processing industries which offer the greatest scope for increasing employment. Equally, if agricultural improvement and rural development take place as they should, there will be a vast and important demand for increasing quantities of power for village and agricultural development. The development of power has, therefore, to keep pace with the industrial growth of the country. There is already a good demand for watthour meters and with the implementation of electrical programme in hand and the expansion contemplated, this should increase in the years that lie ahead. Distribution of this power load to consumers—industrial and domestic—would involve heavy requirement of watthour meters. Indigenous production in 1960 was only about 4,70,000 pieces and it is anticipated that demand for such meters will increase during and after the Third Plan period. Hitherto, the major requirement of these meters was being met by imports which have had to be severely curtailed owing to the shortage of foreign exchange.

Production in the normal course is expected to commence sometime by the first half of 1963.

PROFITABILITY

In view of the above, the Directors hope that barring unforeseen factors, it would be possible to earn a reasonable return on the capital employed in the business.

COLLABORATION AGREEMENTS

Messrs. Mitsubishi Electric Manufacturing Company Limited of Tokyo, Japan (hereinafter

UNIVERSAL ELECTRICS LIMITED *(Continued)*

referred to as MELCO), are the foreign collaborators in this Project with whom the Company has entered into an exclusive technical assistance agreement, which has been concluded with the approval of the Government. Under this agreement, MELCO has undertaken to supply this Company with up-to-date technical information with regard to design and manufacturing of all types of watthour meters. MELCO has also undertaken to furnish a reasonable number of qualified technical staff for the purpose of advising and assisting the Company in the erection of the factory, installation of equipment, and production of the watthour meters. It has also agreed to train the Company's technical staff in its works. The agreement also authorises the Company to use any form of trade mark which is mutually agreed upon with MELCO including the use of the Three Diamonds—the exclusive trade mark of the Mitsubishi Group in a suitable form. The Company has also received a licence from MELCO to export the watthour meters manufactured by it in India to any country in the world excepting Japan, Canada, and the United States of America.

In consideration of the technical assistance, services and information the Company is to allot and issue to MELCO 1,500 6½% (free of Company's tax but subject to deduction of tax at source at the prescribed rates) Cumulative Non-Redeemable Preference Shares of the face value of Rs. 100 each credited as fully paid-up.

This agreement shall continue for ten years from the date of its execution during which period, in consideration of licences and all rights granted under the agreement, the Company shall pay to MELCO royalties calculated at two and half per cent (2½%) on the nett selling price of the watthour meters sold by the Company.

Agreements have also been entered into by the Company with MELCO by which the latter undertake to supply to the Company machineries of an aggregate value of Rs. 9,75,000 of which machineries of the value of Rs. 3,15,000 will be supplied under *ad-hoc* Yen Credit on deferred payment terms. Further, in consideration of supply of the machinery of the same value, the Company shall allot to MELCO, fully paid-up 6½% (free of Company's tax but subject to deduction of tax at source at the prescribed rates) Cumulative Non-Redeemable Preference Shares of Rs. 100 each of the aggregate value of Rs. 6,60,000.

PLANT SITE

The plant will be located near Calcutta. Land required for this Project has been purchased. The Company has also received the assurance of the West Bengal State Electricity Board for the supply of adequate power.

INTEREST OF DIRECTORS

All the Directors will be interested to the extent of any shares subscribed by and allotted to them in the Company. They will also be interested to the extent of the fees they may receive for attending the Board Meetings.

Mr. Inoue is a Director, Overseas Operation Division, *Messrs. Mitsubishi Electric Manufacturing* Co. Ltd., and is, therefore, interested in the Agreements with Messrs. Mitsubishi Electric Manufacturing Co., Ltd.

Mr. S. B. Bilimoria is a partner of Messrs. Batlivala & Karani, one of the underwriters and brokers named in the Prospectus.

Mr. M. L. Pyne is a partner of Messrs. G. M. Pyne, also one of the underwriters, and brokers named in the Prospectus.

Mr. K. Khaitan is a partner of Messrs. Khaitan & Co., the Solicitors of the Company, who will be paid the professional charges payable to Solicitors.

None of the Directors has any interest in any property acquired by the Company within the two years preceding the date hereof or in the plant and machinery that may be purchased out of the proceeds of this issue, except as stated above.

UNDERWRITING

The issue to the public is being fully underwritten, the names of the Underwriters and the amounts underwritten by them being as stated below :—

Underwriters	*Amount underwritten* Rs.
The Investment Corporation of India Ltd., Ewart House, Bruce Street, Bombay-1	10,00,000
* The Life Insurance Corporation of India, Jeevan Kendra, Jamshedji Tata Road, Bombay	5,00,000
M/s. G. M. Pyne, 14, India Exchange Place, Calcutta-1	4,00,000
M/s. Batlivala & Karani, Union Bank Building, Dalal Street, Fort, Bombay	3,00,000
M/s. A. B. Pandit & Co., 32, Apollo Street. Fort, Bombay	3,00,000
Total ...	25,00,000

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

* These shares have been agreed to be allotted on a firm basis to the Life Insurance Corporation of India.

UNDERWRITING COMMISSION

Underwriting commission @ 2½% of the nominal value of 2,50,000 Equity Shares underwritten is payable to the said underwriters.

BROKERAGE

Brokerage will be paid by the Company to the Managing Brokers, Brokers to the issue mentioned in the Prospectus and to members of any recognised Stock Exchange and to the bankers @ 10 nP per Equity Share on 2,50,000 Equity Shares offered to the public and allotted in respect of applications bearing their stamps. No additional brokerage will be payable to the Managing Brokers.

Brokerage on the same basis will be payable to the Underwriters in respect of applications made or procured by them provided that the relative form of application bears their respective stamps and in such case no brokerage will be payable to any other party.

No underwriting commission and brokerage will be payable in respect of shares subscribed by the Directors, their relatives, friends, nominees and connections.

CAPITAL OUTLAY AND MINIMUM SUBSCRIPTION

The estimated requirements, as per estimate made in 1961, are as follows:

	Rs.
(a) Land, Building and cost of engineering acquisition and construction of plant ...	48,00,000
(b) Cost of technical services payable to MELCO (in the form of Preference Shares as stated elsewhere)	1,50,000
(c) Brokerage and preliminary expenses including expenses of this issue	1,55,000
(d) Working Capital	22,00,000
(e) Any other expenditure ...	3,95,000
Rs.	77,00,000

SOURCE OF FUNDS

	Rs.
(a) Equity Shares	35,00,000
(b) Preference Shares	8,10,000
(c) Loan from the Refinance Corporation for Industry Ltd. through a Scheduled Bank, against the Mortgage of fixed assets repayable over a period of 7 years	25,00,000
(d) Deferred payment for supply of machinery, payable over a period of 10 years	3,15,000
Rs.	71,25,000

It is intended that the balance of Rs. 5,75,000 and any increase there may be in the actual cost over the estimated cost including provision for working capital will be raised by loans from the Company's Bankers in the normal course of business.

The minimum subscription in respect of the public issue on which the Directors will proceed to allot is Rs. 25,00,000.

IMPORT LICENCES

The Company has obtained licences from the Government of India for the import of all the plant and machinery at present envisaged. Orders for some of the machinery have already been placed and for the balance, negotiations are being carried on.

INSPECTION

Copies of the Prospectus and the necessary documents mentioned therein are open for inspection at the Registered Office of the Company during business hours.

APPLICATION FOR SHARES

Application for shares must be made for a minimum of 50 shares or multiple of 50 shares. Application forms properly completed must be lodged together with the amount payable on application before closing of the subscription list with any of the branches of the Company's Bankers mentioned in the Prospectus but NOT with the Registered Office of the Company.

PROSPECTUS AND APPLICATION FORMS

Copies can be obtained from the Registered Office of the Company and from its Bankers, Managing Brokers, Brokers or Underwriters as mentioned above.

CHARTERED ACCOUNTANT

AN INTERNATIONAL PHARMACEUTICAL COMPANY REQUIRES A CHARTERED ACCOUNTANT TO ASSUME CONTROL OF ALL ACCOUNTING FUNCTIONS FOR ITS INDIAN ORGANISATION IN BOMBAY.

FIRST-CLASS ACCOUNTS AND ADMINISTRATIVE EXPERIENCE TOGETHER WITH DETAILED KNOWLEDGE OF THE COMPANIES AND INCOME TAX ACTS IS ESSENTIAL; SO IS HIGH GENERAL INTELLIGENCE AND A LIVELY MIND. THE PREFERRED AGE GROUP IS 30-40. SALARY WILL BE APPROPRIATE TO THE RESPONSIBILITY OF THE POST WHICH CARRIES ATTRACTIVE PROSPECTS.

INITIAL SCREENING AND SHORT LISTING HAS BEEN ARRANGED THROUGH THE COMPANY'S AUDITORS, WHO WILL TREAT ALL APPLICATIONS IN THE STRICTEST CONFIDENCE. INTERVIEWS WILL BE HELD IN BOMBAY.

PLEASE REPLY TO BOX 990, C/O "COMMERCE,"
BRADY HOUSE, VEER NARIMAN ROAD, FORT, BOMBAY.

THE

BRITISH INDIA CORPORATION LTD.

KANPUR

BRANCHES DIVISION

Cawnpore Woollen Mills Branch
New Egerton Woollen Mills Branch
Cooper Allen Branch
North West Tannery Branch
London Office

BEGG SUTHERLAND DIVISION

Secretaries and Treasurers:

The Elgin Mills Company, Limited
Cawnpore Textiles Limited
Brushware Limited
Cawnpore Sugar Works Limited
Champaran Sugar Company, Limited
Saran Engineering Company, Limited

Secretaries for:

Beta Picker & Co. Ltd.

Agents for:

Royal Exchange Assurance

MORE IDLE JUTE LOOMS ENERGISED

MILLS MAKING RENEWED EFFORTS TO RAISE OUTPUT

AS the new calendar year 1962 was ushered in, another 2½ per cent of the jute industry's idle looms went into activity in accordance with the decision taken by the Indian Jute Mills Association at a special meeting held at Calcutta on 22nd December. As a result of this development, the sealed loom complement of the industry is now only 7 per cent of the total loomage, the lowest level for many years. What is more, though the unsealing of another 2½ per cent of looms has been permitted during the current month, it is expected that the period may be extended further and that more looms may be energised in the coming months also. These expectations are based on two grounds. In the first place, shortage of ready goods will persist, owing to the pent-up demand arising from the overseas consumers who are running down their stocks. Secondly, the Calcutta Electric Supply Corporation has assured adequate power supply for operating the additional looms, as well as for working the spinning-preparing departments, albeit on the mills' weekly closed days. Further, arrivals of raw jute are in full swing and prices are being maintained at reasonable levels.

The unsealing of additional 2½ per cent looms is yet another proof of the jute industry's earnest efforts to maintain as high a level of output as possible, thus belying the allegation of some that the industry is deliberately keeping raw jute purchases at a low level in order to depress prices further. It will be recalled that, following the curtailment of production necessitated by the acute shortage of raw jute earlier in 1961, there was inevitably a substantial fall in jute goods stocks held by mills. As soon as more jute became available in August, no time was lost in restoring the production to its former level; the working hours of mills were also restored to 48 per week from mid-October. As this step was found inadequate and shortage of ready goods persisted, it was decided early in November that production should be stepped up still further by unsealing an additional 2½ per cent of looms from the 13th of that month. This reduction in the level of idle looms was also not sufficient and the I.J.M.A. Committee decided, as already stated, to permit the member-mills to unseal another 2½ per cent of their looms during January 1962.

Raw Jute Purchases

The jute industry has also been endeavouring to help maintain raw jute prices at a stable level in the face of the unusually large quantities of the fibre being placed on the market by sellers. The I.J.M.A. has been issuing minimum quotas of jute to be purchased by mills, the quotas being designed to ensure that the full quantities of jute arriving at Calcutta are taken up, though the financial resources of the mills are severely strained as a result of the heavy trading losses suffered early last year. The total quantity of raw jute actually purchased by the I.J.M.A. member-mills in the first fortnight of December was over two million maunds, as against the quotas amounting to 1.38 million maunds. The quotas issued for the weeks ended 23rd and 30th December were 1.0 million maunds and 900,000 maunds, respectively.

The aforesaid measures will soon relieve to a great extent the shortage of ready goods and prices of manufactures will tend to decline. Nevertheless, the overseas customers do not feel happy, as they consider the present prices unduly high. They therefore urge that the present difficulties in the jute goods market can be overcome simply by unsealing more looms. The jute industry has, however, turned down the plea as being "quite impracticable" for two important reasons. One, there is already a shortage of spinners in most of the mills. And two, the chronic shortage of electric power in West Bengal is temporarily aggravated by the need to overhaul the generating plant, a process which is likely to continue for some six months.

Apropos the complaints by foreign buyers about the persistently high prices of Indian jute goods, the I.J.M.A. has issued, through its New York office, a special statement assuring the burlap trade in North America that everything possible will be done to achieve more favourable trading conditions at the earliest possible date. Analysing the background of the current market position, the I.J.M.A. says:

"A plentiful supply of jute goods at economic and stable prices is no less vital to the long-term interests of the Indian jute industry than it is to the North American burlap trade. The harm that can be done to the industry's market by prolonged shortages of goods and the consequent high prices was amply demonstrated in the early 1950s. The Indian mills have no wish to see a repetition of this situation and they are, therefore, most anxious to ensure that the present unsatisfactory market conditions should not continue for a day longer than can be helped. To this end, the Association is now doing everything that in the circumstances it is possible to do."

An Essential Prerequisite

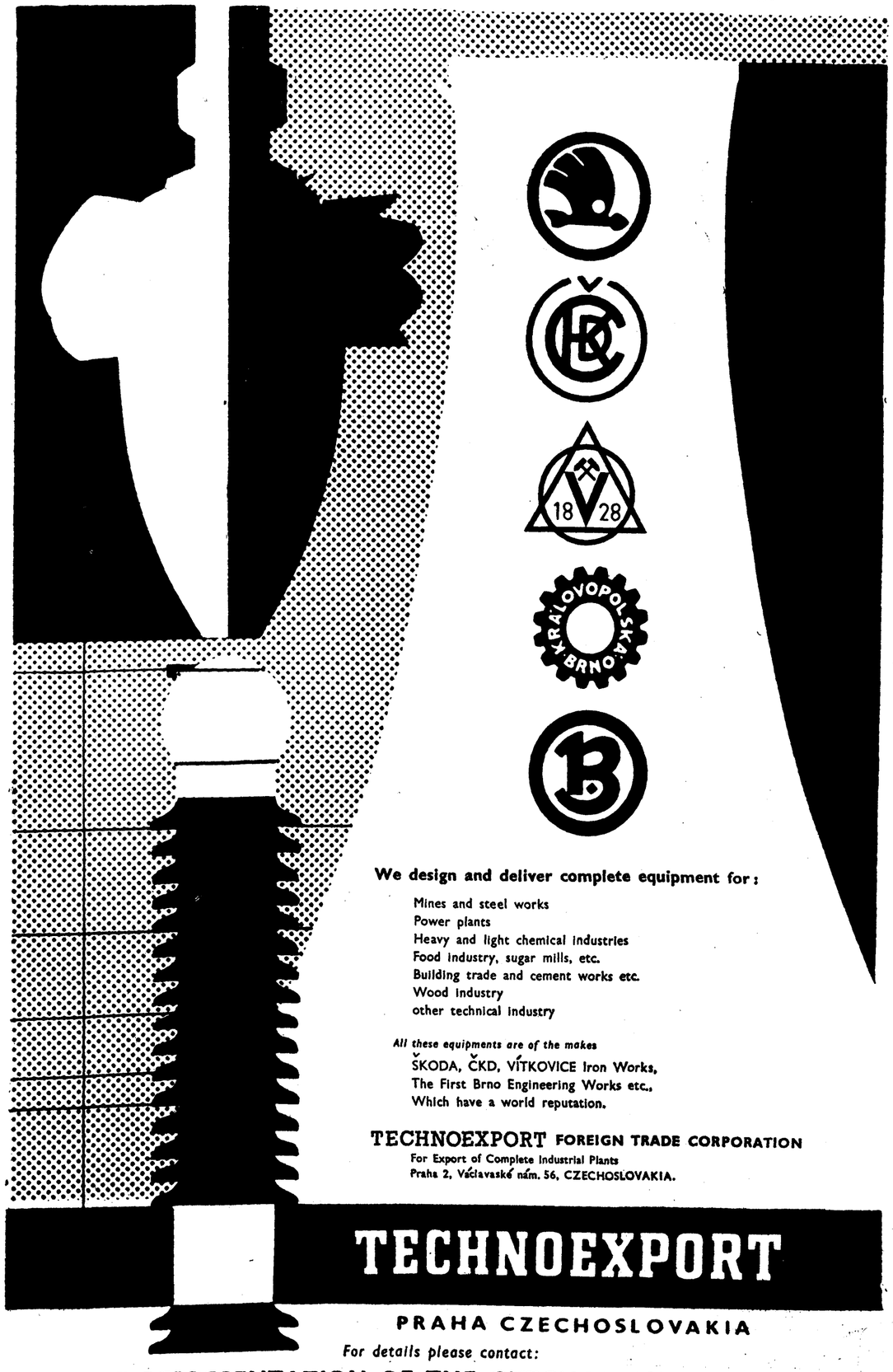
The I.J.M.A., however, points out that to expect by now a complete recovery from a raw jute crisis as acute as that which faced the industry during the past two years is manifestly unrealistic. For, according to it, the building up of adequate jute goods stocks to enable a return to the more stable market conditions prevailing up to the end of 1959 must inevitably take some time to accomplish. In this connection, the I.J.M.A. emphasises that an essential prerequisite for achieving long-term stability is another large jute crop next season (July 1962-June 1963).

It is needless to state here that the size of the jute crop will depend, apart from climatic conditions, on the relative prices of this fibre and rice at the time of sowing in March. It is therefore in the interests of all concerned with

(Continued on page 34)

Having fun—wish you were here

Simla. Discovering the skills (and spills!) of skiing. Woods of sweet-scented pine and meadows of many-hued greens. Kaleidoscopic sunrises—captured two in colour. Perfect holiday? I'll say it is. (And Wills' Gold Flake? As fine as ever—superbly satisfying—wherever you go they're good.)



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PACKING SUGAR FOR CONSUMERS

NEED FOR ADOPTING HYGIENIC METHODS

By G. Ramchander

IT is well known that packaging of goods is not so well advanced in our country as it is in other countries. Goods must reach safely the warehouse of the buyer and it must be nicely and securely packed, so that, on display at the counter, it must sell itself. In the modern age, it is display that is the main feature of salesmanship. We are just now realising the need for a better packing wherever we have adopted packaging.

What is packaging: It is simply an outer case or container duly shaped and sized to contain the article.

What is its utility: (1) It protects the article packed from contamination and deterioration in quality. (2) The packed article could be conveniently handled and transported. (3) It would have a display or advertising value by appealing to the æsthetic sense of the buyer to possess the package.

Types of packaging: According to the type of raw material use, we have five types or varieties of packaging, namely, wood, glass, tin, paper boards and jute bags. The other types of recent origin are celluloid and bakelite, aluminium foil (sensitised or anodised), plastics and alkathene or polythene. Each one of these has its particular field of application. Thus sugar cannot be packed in wooden cases nor acid in jute gunnies.

Sugar is an essential article of food. India has been the pioneer in sugar manufacture. Long before the Western world knew it, sugar was manufactured in our country. The Sanskrit word *sharkara* means 'gravel-like' that is, having the appearance of gravel. Sugarcane itself is a tropical plant and it grows best in the tropics.

In the modern sugar industry, we are now in the forefront in the matter of production and factory efficiency, though we lag behind in productivity and field efficiency. We have this year produced an all-time record of three million tons of sugar, and the problem is one of excess production, as our own home consumption is very much less. The *per capita* consumption of sugar and *gur* in our country is 30 lbs., whereas it is as high as 96 lbs. in the U.S.

Small Packings

Sugar in India is packed at the factories in bulk quantities of 100 kilos in jute (gunny) bags. These bags are stored in piles in godowns and are sold as bags to the retailers. There is no small package for the retailer to sell or the housewife to buy. The housewife has to keep a supply of empty tins or bottles for storing the purchased sugar for daily use. We usually see in our country people carrying sugar in handbags or conical-shaped old newspaper packets. Besides the danger of contamination of this precious article of food, there is the possibility of loss by spillage and short weighment at the grocer's. For, even though at the factories there is correct weighment and packing in gunnies, there is no such thing at the grocer's in the absence of small consumer packagings. Hence small consumer packaging seems to be very essential to avoid both contamination and short-weighment.

Packaging of refined sugar in the West is a large-scale operation in a refinery. Dozens of accurately packing machines are operated around the clock. There is complete automation in this. The single-piece die-cut cartons are folded, the correct quantity of sugar is put into it, the top lids are closed and glued, and the package is delivered on to a belt conveyor, carried to the storage racks and put into the shelf in predetermined lots. A million packages of sugar are produced in 24 hours at the Californian and Hawaiian Sugar Refinering Corporation at Crockett, California, and it is marvellous sight to see the packaging section of this largest refinery in the world. They refine and package 800,000 tons of raw sugar per annum.

Containers for Sugar

Paper bags or cartons are used for packing sugar in the U.S.A. Paper makes an excellent container. It is sift-proof, moisture-resistant and gives the sugar complete protection *en route* to the final consumer. The cardboard cartons are of one piece die-cut, with an inner polythene-coated paper.

The various types of packaging seen in the U.S. are 25 lbs., 10 lbs., 5 lbs., 2 lbs. and 1-lb. packets. The 25-lb. packages are getting out of use. There is also the single service polythene-coated paper packets. For granulated sugar, especially the 25-lb. packages, the three ply paper bags with handies to carry easily and spouts to empty without spilling are found.

Cost of Packaging

The bulk packaging adopted in India in packing sugar in jute 'A' twill gunnies works out to between 1.7 and 2 per cent of the cost of sugar contained in it. There is no consumer packaging. In the U.S., in 100-lb. bulk packaging the cost of packaging works to 1 per cent of the cost of the sugar contained in it. In consumer packaging, the cost goes upto 25 to 30 per cent of the cost of the sugar contained in it. In single-service packets, the cost is even upto 50 per cent. Rapid urbanisation and the high cost of living pays for this convenience, according to American economists.

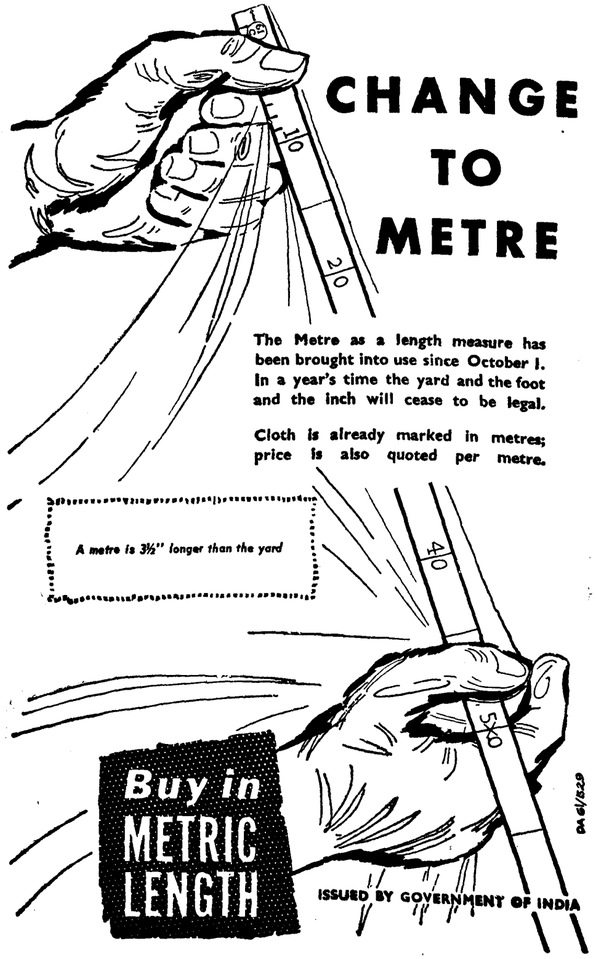
It is no doubt true that, in our country, the cost of sugar is already high. But, with rapid urbanisation and the comfort and conveniences needed, consumer packaging of sugar has to be adopted sooner or later. Being an article of food, it has to have a protective packaging during its distribution. One cannot tolerate a bag of sugar lying open with a grocer with flies swarming on it. The cost of sugar has to be reduced at the other end, that is, the agricultural end, by raising the productivity of sugar per acre. The cost could also be reduced slightly in the factory by manufacturing fine grained sugar, instead of the large grained sugar now demanded by the consuming public, as this has an adverse effect on steam economy. For no one is going to bite the sugar. It has to dissolve either on the palate, if at all eaten as such, or in beverages and drinks. I may here say that C. & H. Refinery advertises its sugar, which is only fine grained, corresponding to our 'E' grain size of the I.S.S., as "pure cane granulated fine grained, quick dissolving, all purpose sugar."

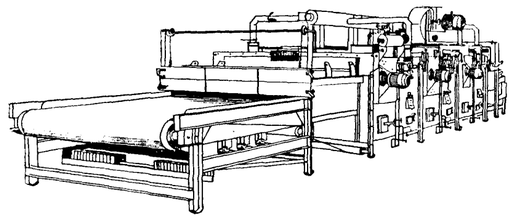
U.P. SUGAR MILLS AND BIHAR CANE

At a meeting held in Gorakhpur recently, the east U.P. group of sugar factories passed a resolution urging the State Government to allow them to purchase Bihar sugarcane which they had been purchasing for the last 23 years. The occasion for making this appeal to the Government arose from a directive in the bonding orders that the factories would crush only U.P. cane. Mr. M. Zunnurain, Cane Commissioner of U.P., said at Gorakhpur the other day that the U.P. Government had offered to purchase only 2.5 million maunds of Bihar sugarcane, as against an average of 4.5 million maunds in the previous years, in view of increased production of sugarcane in the State this year, in spite of the fact that the Punjab Government had refused to purchase 2.5 million maunds of sugarcane from some of the west U.P. districts which they used to purchase in past years. The Cane Commissioner also disclosed that, with a view to helping the cane growers to crush their surplus sugarcane, his department had already supplied nearly 1,000 kolhus and power crushers in east U.P. and proposed to supply them another 400 kolhus and cane crushers. The problem of surplus sugarcane, he added, was not so keen in west U.P. where people were already *gur*-minded and converted a considerable portion of their cane crops into *gur* and *khandsari*. The Cane Commissioner is further reported to have impressed on the millowners of east U.P. the desirability of clearing off the arrears of sugarcane prices to cane growers.

SUGAR PRODUCTION AND STOCKS

The total sugar production during the month of November 1961, the first month of the 1961-62 season, was 115,000 tons, as against 235,000 tons in the same month during 1960-61, according to the Indian Sugar Mills Association. The offtake of sugar from factories (including despatches for export) during the month was 199,000 tons, as against 152,000 tons. The total closing stocks of sugar with factories as on 30th November 1961 was 1,100,000 tons, as against 678,000 tons on the same date last season.





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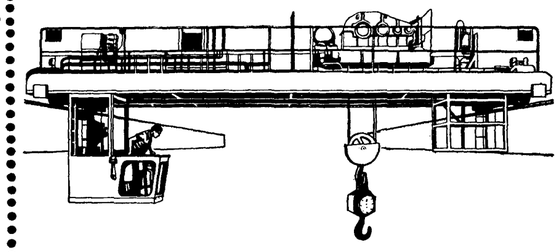

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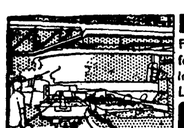

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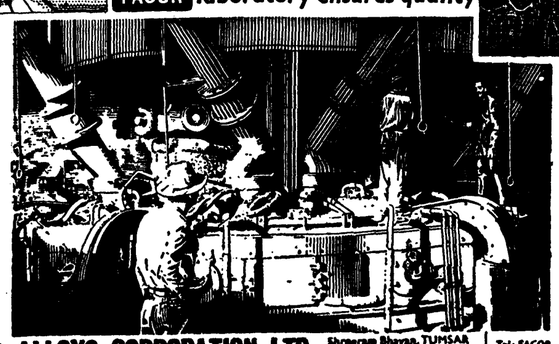

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OVERPRODUCTION IN TEA FEARED

TAX RELIEF URGENT TO STIMULATE OFFTAKE

THE tea industry seems to be moving into difficult times. This statement may sound strange, because production of tea in the last calendar year, that is, 1961, touched, according to the latest available estimate, an all-time record of 760 million lbs., as against 705 million lbs. in 1960. But the fact is that such a notable increase in output has not been accompanied by a corresponding rise in offtake, domestic as well as export. Consequently, the industry is today faced with the problem of disposing of a sizable surplus. The aggregate sales realisations from North Indian tea for the year 1961 are said to be much lower as compared with the previous year—one estimate puts the actual extent of decline at over Rs. 9 crores—thanks to the recession in prices. The average price fetched by North Indian tea at the export and internal sales in Calcutta during the year (upto 21st November) was well below that prevailing last year: Rs. 4.64 per kg., as against Rs. 5.27. A recent report from Calcutta averred: "With more than half of the tea crop still to be sold, there are frequent reports of distress selling at prices below the cost of production."

This certainly does not constitute a favourable climate for enthusing the producers to put forward their best to reach the production target of 900 million lbs. and the export target of 610 million lbs. set for it under the third Five-year Plan. If their efforts are to meet with complete success and if tea is to provide a sizable part of the country's increasing foreign exchange requirements in the coming years, some measures of support and encouragement are urgent. One such measure pertains to tax relief, the need for which has assumed urgency now because of the necessity to stimulate exports and domestic consumption and to raise resources for financing expansion. This aspect has been most forcefully brought out by the Tea Association of India, Calcutta, in the course of a memorandum to the Union Minister for Finance.

The Association has drawn pointed attention to the heavy incidence of wage bill on the North Indian tea gardens. The wages, it is said, have always been higher in comparison with not only South Indian gardens but also with the other tea producing countries. The North Indian tea gardens would, of course, have borne this higher incidence of wages, had the productivity per worker employed been larger. But it is contended that it is not so. It is pointed out that the gardens in North India employ more persons per hectare than their counterparts elsewhere, since the distribution of rainfall in North India is very uneven, whereas Ceylon and South Indian gardens are fortunate enough to get two rainy seasons. The Association has also drawn attention to two other handicaps. One, the North Indian tea gardens are too far away from the port and hence they have to bear a much higher transportation cost not only for bringing their tea to the port but also for carrying stores from the port to the gardens. Two, the tax burden is unduly heavy, as is shown below.

The North East Indian teas bear very heavy taxes such as Assam road tax and West Bengal entry tax over and above the excise and export duties, tea cess, etc. The total of all these taxes comes to as much as 112.18 nP per kg., as against just 72.40 nP in 1953-54. It may be noted here that there was no road tax before 1953-54 and no entry tax prior to 1956-57. The total revenue from excise and export duties on North Indian tea has gone up from Rs. 13.71 crores in 1953-54 to Rs. 20.03 crores in 1959-60, while the quantity of tea actually exported has declined from 203.19 million kg. to 113.00 million kg.

All these factors, the Association avers, have rendered the North Indian teas uncompetitive in comparison with those produced in other parts of the world. No elaborate arguments need be put forward to substantiate this contention. It will be seen from the table at the bottom of the page that, over the period from 1954 to 1960, exports of tea from India fell by 3.9 per cent, while those from Ceylon rose by 13.4 per cent, Kenya's by 112.5 per cent, Uganda's by 78 per cent, Nyasaland's by 44.8 per cent and Brazil's by 167 per cent. Surely, there is no exaggeration whatever in the warning given by the Association that, if the present policy is continued, Indian teas are bound to be outcompeted in foreign markets and after a few years will dwindle to such an extent that India "shall not be able to earn foreign exchange worth mentioning from tea exports."

The high level of export duty on tea—44 nP per kg.—is not justified. Tea, after all, is mainly an export product. When the Government of India is not levying an export duty on any other exportable articles now, why should tea alone be made an exception? It is argued by some Government spokesmen that an export duty on tea is essential in order to ensure that the maximum amount of foreign exchange possible is earned. The assumption here is that any reduction in export duty on tea will mean that much loss of foreign exchange, as the exporter is supposed to pass on the benefit to the overseas buyer. This argument is fallacious, as it overlooks the long-term interests of the country. It ignores the fact that Indian teas do not enjoy monopoly in foreign markets but have to face stiff competition. The Tea Association of India has done well to cite the case of jute industry with a view to impressing upon the Government the fact that the factors which led to the fall in jute goods exports are playing a significant part in the tea industry also. Here is what the Association says:

"... Before the partition of the country, Indian jute goods used to enjoy monopoly in the world markets, but still a nominal export duty was levied by the Government. During the Second World War when the market for the commodity was expanding, the Government started raising the rate of duty and it was raised to Rs. 1,500 per ton in the year 1950. This affected adversely the competitive character of our jute goods and, consequently, the export of jute goods started declining. After the partition, the Indian jute goods did not enjoy the monopoly and, under the umbrella of high export duty, several jute mills were established in East Pakistan and other parts of the world and they have been competing with the Indian products. Subsequently, the duty was not only reduced but had to be abolished altogether. In spite of this, the export of Indian jute goods declined, although its consumption increased all over the world considerably.

"Now, if we examine the progress of the tea industry in North and South India from 1950, we find that the factors which were responsible for decline in export of our jute goods are playing an important part in the tea industry also and that is the reason why, in spite of our vast efforts, the tea industry has not been able to make any substantial progress, especially in North India, though it has become a slogan that the industry has been making huge profits. While examining the profits in the industry, people only cite profits of the few fortunate companies and do not take the trouble of examining the industry's profit as a whole. If there are huge profits in the industry, especially in North India, then why did we not make satisfactory progress during the last 10 years?"

It is true that the profits of tea companies have registered a rise in recent years, the average actual profit per acre of land under tea for 1960 being estimated at Rs. 562, as against Rs. 387 in 1950. But the whole of the increase in profits has been absorbed by taxation. It is calculated that the incidence of tax per acre is more than Rs. 298, which represents a rise of as much as 142 per cent as compared with the tax load amounting to Rs. 123.28 ten years before. It is not surprising that the tea companies' profit after tax, which had risen from an average of Rs. 263 per acre in 1950 to Rs. 519 in 1954, has since suffered a setback, the estimate for 1960 being no more than Rs. 264. When such is the position, how can one expect the tea companies to strive hard to achieve a further quantitative and qualitative expansion? By virtue of it being one of the staple earners of foreign exchange—Rs. 129 crores out of the aggregate export value of Rs. 640 crores for all commodities in 1960—and a large employer, the tea industry has certainly a right to ask the Government to review its policy in respect of taxes on tea and provide substantial relief.

Tea Production and Exports

	Area under tea (in hectares)			Production of tea (in million kgs.)			Export of tea (in million kgs.)		
	1950-51	1959-60	Percentage increase over 1950-51	1950	1960*	Percentage increase over 1950	1954	1960	Percentage variation over 1954
India ..	316,909.8	329,153.8	3.8	278.21	320.41	15.1	203.20	195.11	— 3.9
Of which:									
N. India ..	248,593.0	255,173.6	2.6	233.08	243.18	3.9	..	..	..
S. India ..	68,276.8	73,980.2	1.2	44.23	77.23	74.6	..	..	..
Pakistan ..	29,023.4	31,837.6	7.4	23.60	19.03	—19.3	10.86	1.88	— 83.0
Ceylon ..	229,630.6	234,575.9	2.1	138.99	167.18	41.8	163.89	185.88	+ 13.4
Indonesia ..	81,711.0	72,196.3	—11.6	85.38	45.44	28.4	40.42	36.14	— 10.5
Kenya ..	7,641.6	14,234.9	90.5	6.78	13.78	100.1	5.46	11.60	+ 112.5
Uganda ..	2,592.4	6,405.3	147.0	1.88	4.67	148.4	2.24	3.98	+ 78.0
Tanganyika ..	3,651.1	6,845.2	87.5	0.79	3.72	370.8	1.60	3.34	+ 109.4
Nyasaland ..	9,510.1	11,625.8	22.2	6.99	11.83	69.2	7.76	11.13	+ 44.8
China ..	N.A.	N.A.	N.A.	62.60	152.86†	128.2	19.05	47.63	+ 150.0
Japan ..	27,418.1	47,813.8	75.0	41.73	70.48†	90.4	16.79	9.81	— 41.5
Formosa ..	42,026.0	48,505.0	15.4	9.65	18.05	84.8	15.12	14.37†	— 4.9
Argentina ..	1,503.0	30,998.8	1,962.4	0.28	4.49	982.6	N.A.	N.A.	N.A.

* Provisional. † 1959. N.A.—Not available.

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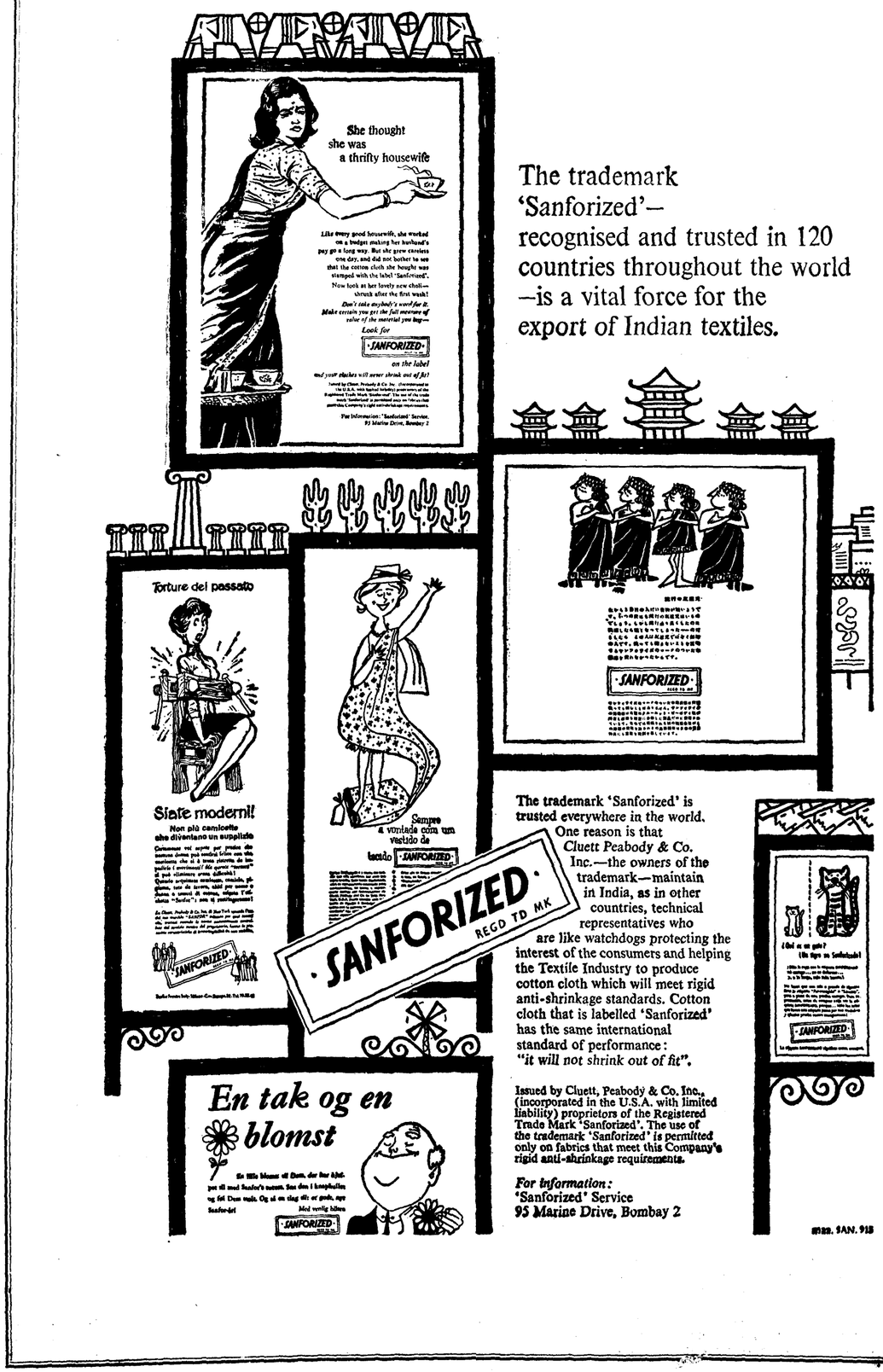

KOLHAPUR SUGAR MILLS LIMITED

CHAIRMAN, MR. RAMNIWAS R. RUIA'S SPEECH AT ANNUAL MEETING

LONG-TERM SOLUTIONS TO SUGAR SURPLUS PROBLEM URGED

THE ten per cent cut in sugar production during the current season enforced by the Central Government was criticised by Mr. Ramniwas Ramnarain Ruia, Chairman of the Kolhapur Sugar Mills Ltd., in the course of his speech at the Twenty-eighth Annual General Meeting of the Company held at Kolhapur on Friday, 22nd December 1961. Any restriction on the productive capacity of a factory, Mr. Ruia declared, would hit not only the industry but also the cultivator-supplier of cane who was the major partner in the industry. He was aware of the complex nature of the problem arising from the large sugar surplus, but pointed out that the cut in output should only be a temporary feature and that long-term solutions were necessary. He emphasised the importance of building up an export market for about 600,000 tons of sugar, as well as the urgency of stimulating domestic consumption by cheapening sugar through a substantial reduction in the basic excise duty. He also stressed the need for encouraging other outlets for sugar consumption such as fruit canning by supplying cheap sugar, as is being done in the other sugar-producing countries.

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

"GENTLEMEN,

"It gives me great pleasure to welcome you at the twenty-eighth annual general meeting of the Kolhapur Sugar Mills.

"Before commencing the proceedings of the meeting, I desire to mention a very happy recent achievement of our country, evidently inspired by the vision, foresight, patience and courage of our beloved Prime Minister—I refer to the liquidation of the colonial rule in Goa, for long a Portuguese pocket. The feudal yoke of colonial rule of the Portuguese for the last four hundred years and more has now ended and, by the liberation of our brethren, India, for the first time in modern history, has become one entity. This is a very great achievement. Thanks to our Army, Navy and Air Forces who have done a wonderful job in clearing this pocket of foreign rule. It is a great national event and we all rejoice about it. I am sure I am expressing your feelings and that you will join me in paying our humble tribute to our beloved Prime Minister and homage to our motherland in honour of this event. Pray God that Panditji is given long years of health to guide our young nation, in its career of progress, assuring him at the same time that we shall do our utmost, in whatever walk of life we are placed, in achieving the same.

Company's Working

"The accounts for the period ended 30th June 1961, along with the report of the Directors, have been in your hands already for the statutory period and, with your permission, I shall take them as read. I shall, however, mention a few salient features of the working of the year.

"Considering the capacity of our new plant, we could have crushed a much larger quantity and achieved a much larger production, since supplies of sugarcane were available in plenty. But due to mechanical trouble, particularly of the centrifugals, we were much handicapped. We crushed 251,850 metric tonnes of cane and produced 316,777 bags of sugar. Although the performance is gratifying and although we top the list of sugar mills in Maharashtra, I have a feeling that we could not take full advantage of the capacity of our plant. The average recovery was 12.57 per cent. The results of our estate have been the highest since the inception of the factory and the average yield was 46.9 metric tonnes per acre.

"The mills have been doing considerable development work on their own estate and for their cultivator-suppliers for all these years. Our cane development department is recently well organised and is manned by a qualified [illegible] The Company has given financial assistance, in cash and kind to the tune of Rs. 20 lakhs, or more to its cultivator-suppliers. The Food Minister very aptly pointed out that the real progress of the sugar industry in India will have to be largely in the fields, and achievement of more tonnage per acre and of quality *cane—more sugar* per acre—is quite necessary for any progress in the industry.

"Gentlemen, as you are aware, the acreage under sugarcane has gone up by leaps and bounds in the last few years, partly due to high prices of *gur* in the Kolhapur district, because *gur* is regarded as the 'gold' of Kolhapur and prized much, and partly due to the availability of irrigation facility. On observing this trend, your Directors decided to launch upon the project of expansion of the mills to a suitable higher tonnage. I am happy to note that the expansion was absolutely well-timed. Not only has it enabled the Company to keep its manufacturing cost within limits but has also helped numerous cultivators when the price of *gur*, during the last couple of years, has gone down. You will be glad to note that, with the cane development policy of the Company and the assured price of cane, more and more cultivators are wanting to contract with the Company for giving their cane.

Sugar Surplus Large

"The overall position of sugar today in India is of a large surplus. In order to meet the situation and to discourage diversion of land under food crops towards sugarcane, Government have recently enacted a cut of 10 per cent in the production of sugar by factories. This measure, I am afraid, will not achieve the desired aim unless there is a planned policy of restricting acreage under sugarcane and at the same time by intensive cultivation, the tonnage and quality of sugarcane per acre are improved. At the same time by giving incentive to higher consumption as *per capita* consumption of sugar in India is comparatively very low.

"Along with the expansion of the factory plant, you are aware, the project of the expansion of the distillery was undertaken simultaneously. I am happy to report that the expansion has been satisfactorily completed and the plant is capable of producing 6,000 gallons per day. You will be pleased to know that the Government of Maharashtra having closed their Nasik Distillery, we are the only distillery in Maharashtra producing absolute alcohol and supplying it to chemical and pharmaceutical industries and educational laboratories. Our distillery is likewise looked upon as the central distillery for the Kolhapur region and the expansion of our distillery has given a much-needed outlet for the waste molasses of neighbouring factories. The distillery will be producing about 2 million gallons per year. The production of such a large quantity of alcohol has necessitated our undertaking of alcohol-based chemical industries.

"You are already aware that the Company has been given a licence for the manufacture of acetic acid, butyl alcohol and butyl acetate. Orders regarding the plant were placed with Messrs. Chematur of Sweden and the plant and machinery will begin arriving early in 1962.

"In this context, I may add that I visualise a network of alcohol-based chemical industries attached to our mills in the future, if the Company maintains its present pace of progress, which I am hopeful, it will.

"Though I have been mentioning to you some of the salient and happy features of the year of the report, I am afraid, the coming year bristles with difficulties.

Unstable Market

"The country has entered the happy position of surplus production of sugar, from that of deficit. Unfortunately higher domestic consumption has not been achieved along with. In fact, it has remained static at 21 lakh tons during the last few years, which may possibly be due to control on sugar distribution by Government. Recently, these controls have been largely relaxed. But the previous carryovers and the surplus production have glutted the market and the fair price for sugar fixed by Government, on the basis of the Tariff Board report, is not being realised. The market in sugar has become unstable regarding prices and the selling pressure is rather acute.

"Along with the falling prices of sugar the industry has been asked to implement the Wage Board recommendations, which we have gladly done in entirety.

"With the increased cost on labour and in stores and spares and also due to the large carryover of stocks, interest and insurance charges on the large quantity, I am afraid the Company will not be able to show the same financial results next year.

"A solution of the surplus position of sugar may lie in the export market. But the export of sugar, under the international agreements, committed long ago when we were not even members, do not hold out this possibility of exporting all our surplus.

"Thanks to the efforts of our Government and its dynamic Food Minister, India could get an export allocation to the States in the free market. An outlet for about six lakh tons of sugar in the export market would enable the industry to function satisfactorily with its present installed capacity. Along with it, ways and means have to be found to increase internal consumption by cheapening sugar by a substantial reduction in the basic excise duty.

"Other outlets for the consumption of sugar have to be encouraged, such as fruit canning, by supplying cheap sugar, as is being done in other sugar-producing countries.

Effect of Output Cut

"Any restriction on the productive capacity of a factory hits not only the industry but also the cultivator-supplier who is the major partner in this industry. Though I am perfectly aware of the complex nature of the problem from the national point of view, the present cut of 10 per cent in the production, under the Sugar Regulation Act, should, if at all, remain only a temporary feature and other long-term solutions appear to be necessary. In this context, the general criticism of the high cost-price of sugar being a barrier to our exports seems to be ill-founded. Many of the sugar-exporting countries are exporting sugar under Government subsidies. All industrial products based upon agriculture need some subsidy from the Government in advanced countries too. With our backward agriculture, particularly so relating to sugarcane and with the disproportionate wages in comparison with efficiency, it will be unwise to expect India to produce sugar at competitive rates. To me it appears that India must needs enter the export market on an extensive scale to sustain agricultural economy and to earn foreign exchange by supporting it with the necessary subsidy, for a long time to come. I am happy to note that our Government has realised this position.

"The present cut of 10 per cent would ultimately result in realising a 4 per cent overall cut only. This amounts to only about a lakh tons of sugar and the cut would be effective on certain units. A cut of one lakh tons on a few units would result in great hardship on them and the cultivator-suppliers of those units would suffer the greatest hardship. Realising this, the Governments of Madras, Bihar and U.P. have already approached the Centre to revoke the Act in their States in the interest of the cultivators, and I take this opportunity to request the Government of Maharashtra to use its good offices to persuade the Central Government likewise.

"In the case of the Kolhapur district, the sugarcane grower has been already hard hit by the unprecedented floods. If his sugarcane is declined by the mills, he would be further hit in the falling *gur* market.

"You will be happy to know that the mills have donated total contribution to the tune of Rs. 68,000 during the year, of which Rs. 50,000 paid to the Maharashtra Congress Election Fund and Rs. 5,000 to the Chief Minister's Konkan Relief Fund deserve prominent mention.

"In the context of the floods, crop insurance will be a very provident and a necessary

(Continued on page 28)

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TRENDS IN MANAGEMENT PATTERN

By Dr. Raj K. Nigam, Ph.D. (Econ.) (London)

IN comparison to the factual information on the structural pattern and finances of Government companies made available by such official sources as the Department of Statistics, Cabinet Secretariat, Department of Company Law Administration, Industries Wing of the Ministry of Commerce and Industry, Lok Sabha Secretariat, etc., statistical data on management pattern of these companies are almost missing. In the absence of adequate factual information on top managerial personnel, discussions on management questions in the various reports and in the papers read at the various seminars on Public Enterprises held during the last two or three years in our country have perforce been of a very general nature, dealing with such broad issues as the nature and functions of the boards of directors, types of people to be appointed as managing directors, chairmen or directors, the qualifications of the directors, propriety of appointing officials as directors, need for drawing managerial talent from non-official circles, etc. Also, in the absence of factual information, very often misleading conclusions have been drawn regarding the nomination of officials on the boards of directors of Government companies. Similarly, sweeping observations have been made that frequent transfers of Governmental officials serving on the boards of directors of Government companies from one Ministry or Department to another, have very often changed the entire composition of the boards of Government companies, with the result that much of the experience gained by the older Government directors in a particular Government enterprise was wasted and the new Government directors, being fresh to the responsibilities of their new charge and with no past experience regarding the working of the enterprise to fall back upon, would not be competent enough to attend to the special problems requiring their attention. Further, it has been contended that, in the final analysis, with an ever-changing board of directors, the executive personnel outgrow their functions and assume policy-making powers. As a sequel to this development, the growth of the enterprise was sometimes circumscribed within the narrower limits set by executive thinking, which, otherwise, should have developed within the broad framework provided by policy decisions arrived at by a board of directors against wider perspectives of industrial development of the country, of the priorities set by the Five-year Plans and of the rising expectations of the public. Likewise, many other untested and unverified propositions regarding the management of public enterprises are in the air which might prove to be completely unsustainable, if certain basic statistical information relating to the management pattern of corporate public enterprises were available. An attempt is made in this article to provide some basic statistical facts which might help in tying up the general propositions relating to the management of Government companies to some solid moorings.

Directorships

Our investigations with regard to the 140 Government companies at work at the end of the year 1960-61 show that the total number of directorships in these companies aggregated 1,007 and the number of persons holding these offices totalled 665. The Central Government companies, including both the exclusively owned ones and the companies which are jointly owned with the State Governments and/or private interests, accounted for as many as 494 directorships. As against this, the total number of directorships in the Government companies exclusively owned and administered by the State Governments totalled 513. That is to say, of the total number of directorships, 49 per cent belonged to Central Government companies and the remaining 51 per cent to State Government companies. As regards the persons holding directorships in the Government companies, 305 were concerned with exclusively State Government-owned companies, whereas 360 persons occupied positions of directors on the boards of Central Government companies.

Further, our investigations reveal that, of the 1,007 directorships, 696 are held by officials of the Central and State Governments, and 311 by non-officials. The number of the officials working on the Government companies comes to 385 whereas that of non-officials is 280.

Over the four-year period, 1957-61, the increase of Government companies from 84 in the latter half of 1957 to 140 in 1960-61, was accompanied by the multiplication of directorships from 580 to 1,007. The growth in the number of directorships has been roughly proportionate to the increase in the number of Government companies. Similarly, the percentage rise in the number of persons holding offices of directors in the Government companies has also more or less been of the same order as that noticed in the number of the Government companies and of the directorships, viz., around 70 per cent. Table 1 gives the overall position of directorships of Government companies in 1957, 1959 and 1961.

TABLE 1

Overall Growth of Directorships in the Government Companies

Year	No. of Government companies	Total directorships	No. of persons holding directorships	Average directorships	
				Per company	Per person
1957	84	580	400	7	1.4
1958-59	103	685	450	7	1.6
1960-61	140	1,007	665	7	1.6

It has been possible for us to collect somewhat detailed factual data for the Government companies for 1958-59. It is revealed that out of 685 directorships, 360 were held by Government officials numbering about 150. This discloses that on an average a Government official held 2.4 directorships whereas a non-official held about 1.1 directorships. In comparison to these averages, in 1960-61, an official held 1.8 directorships and a non-official 1.1 directorships. These proportions thus prove that the choice of persons for directorships of Government companies is now spread over a larger group of persons and there has been an easing of the burden of managerial work on the top officials of the Government who were called upon to shoulder these responsibilities in addition to their normal departmental and executive functions. This dispersal is likely to lead to encouraging results in the efficiency of Government companies which would be getting greater care and attention in the hands of the officials as well as the non-officials.

Size of Boards

Taking all the Government companies together, the average number of directorships per Government company works out to 7; separately for the Central Government and State Government companies, the average figures work out as 9 and 6, respectively. This shows that the average size of the boards of directors of the Central Government companies was bigger than that of the State Government companies. A more detailed study of the sizes of boards of directors discloses that 19 out of the 39 exclusively Central Government-owned companies have boards of 10 and more directors each whereas 7 of them have boards of 9 directors each, 6 companies have boards varying between 6 and 8 directors and 7 companies, 2 to 5 directors each. In the case of the other 15 Central Government companies in which the State Governments and private interests happen to be co-sharers with the Central Government, in capital investments, 5 companies are seen to have boards comprising 10 and more directors each whereas one company has a board of 9 directors, another company a Board of 8 directors and two companies Boards of 7 directors each. Four such companies have Boards of 6 directors each and 2 other companies have Boards of 5 directors each.

In the cases of exclusively Central Government-owned companies, the largest size of the board of directors comprised 18 directors, the company in question being the National Industrial Development Corporation, set up by the Ministry of Commerce and Industry, followed by the Fertilisers Corporation of India which has a board of 15 directors. Among the other Central Government companies in which the Central Government have taken other partners also, the largest size of the board of directors comprised 13 directors, the company being the National Newsprint and Paper Mills. In this case, the board of directors has representatives of the Central Government, State Government and private interests. As for the State Government companies, 11 out of the 86 State Government companies have Boards of directors of 10 or more directors each, the largest one being composed of 15 directors, namely, the Andhra Pradesh Industrial Development Corporation Ltd. Six, five, eight and four State Government companies have been found to have boards comprising 9, 8, 7 and 6 directors each respectively. Thus, 34 State Government companies have boards of directors comprising more than 5 directors each and, out of the remaining 52 companies, 24 companies are found to have Boards of 5 directors each, 18 companies boards of 4 directors each and 10 companies boards comprised of two to three directors each. Table 2 below gives details of the size of the boards in the cases of various categories of Government companies:

TABLE 2

Size of Boards of Directors of Government Companies, 1960-61.

No. of directors	Companies					
	C.	C. & S.	C. & S. & P.	C. & P.	S.	Total
2 ..	1	..	..	..	1	2
3 ..	1	..	..	..	9	10
4 ..	1	..	..	..	18	19
5 ..	4	..	1	1	24	30
6 ..	1	2	2	..	4	9
7 ..	2	1	1	..	8	12
8 ..	3	1	..	..	5	9
9 ..	7	..	1	..	6	14
10 ..	3	..	1	..	3	7
11 ..	8	..	..	..	3	11
12 ..	5	1	..	2	3	11
13 ..	1	..	1	..	..	2
14 ..	..	..	..	..	1	1
15 ..	1	..	..	..	1	2
16 ..	..	..	..	..	..	..
17 ..	..	..	..	..	..	..
18 ..	1	..	..	..	..	..
	39	5	7	3	86	140

C. = Wholly Central Government-owned companies.

C. & S. = Central and State Government-owned companies.

C. & S. & P. = Companies with Central and State Governments and private interests.

C. & P. = Companies with Central Government and private interests.

S. = Wholly State Government-owned companies.

Table 3 given below presents the distribution pattern of companies in a double frequency frame made up of the size of the boards of directors, on the one hand, and the size of the companies according to their authorised capital, on the other. The distribution pattern of companies in the table, by and large, confirms the general notion about the positive correlation between the size of the board and that of the company, namely, the larger the company, the bigger the size of the board of directors. It is seen that, out of 61 Government companies which have an authorised capital below Rs. 10 lakhs each, as many as 51 companies do not have more than 5 directors each on their boards and of the remaining 10 companies, 9 companies have boards of directors comprising 6 to 9 directors. Only one company falls out of the general pattern of the size of boards of directors of small-sized companies. The largeness of the board of directors in this case—12 directors—is due to the fact that a larger representation had to be given to private interests. In the case of the middle-sized companies, namely, companies having an authorised capital exceeding Rs. 10 lakhs but below Rs. 50 lakhs, it is observed that, out of 17 such companies, 13 have boards of directors comprising 6 to 10 directors and the other four are seen to have smaller boards not exceeding 5 directors. In the case of giant-sized companies which are demarcated from other companies by the authorised capital limit of Rs. 1 crore, our investigations reveal that, out of the 57 giant-sized companies, 31 have boards of directors comprising more than 10 directors and, of the remaining 27 giant-sized companies, 13 have boards comprising 8 or 9 directors each. There are, however, 3 companies which attract attention for having disproportionately small or big boards in relation to their size based on their authorised capital. One such company is the National Industrial Development Corporation Ltd., which has an authorised capital of Rs. 1 crore and, in sharp contrast to the average size of a board of directors of companies belonging to this stratum, this company has a board of 18 directors. On the other hand, the Hindustan Steel and Neyveli Lignite Corporation are the other two examples in which case the size of the board of directors was pegged at 9 directors each, although their authorised capitals were Rs. 300 crores and Rs. 80 crores, respectively.

TABLE 3: *Size of Board of Directors vis-a-vis the Size of Companies, 1960-61*

Authorised capital (Rs. '000)	Number of Directors																	
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	Total
Upto 1,00 ..	1	1	2	12	..	..	..	..	..	..	..	..	..	..	..	..	..	15
,, 2,50 ..	1	4	4	3	..	..	..	..	..	..	..	..	..	..	..	..	..	13
,, 5,00 ..	..	3	9	8	..	1	1	1	..	..	..	..	..	..	..	..	..	23
,, 10,00 ..	1	..	..	3	1	1	1	3	..	..	1	..	..	..	..	..	..	11
,, 15,00 ..	..	..	..	1	..	1	..	..	1	..	..	..	..	..	..	..	..	3
,, 20,00 ..	..	..	..	..	1	..	1	..	..	..	..	..	..	..	..	..	..	3
,, 25,00 ..	..	..	..	..	2	..	1	..	..	..	..	..	..	..	..	..	..	3
,, 50,00 ..	..	1	1	1	2	3	..	..	..	..	..	..	..	..	..	..	..	8
,, 75,00 ..	..	..	1	..	..	1	..	..	1	..	1	..	..	..	..	..	..	4
,, 1,00,00 ..	..	..	1	1	2	1	..	1	3	5	1	..	..	..	..	..	..	16
,, 2,00,00 ..	..	..	..	1	..	1	2	..	1	2	1	..	..	1	..	..	1	9
,, 3,00,00 ..	..	..	1	..	..	2	..	1	..	1	..	1	..	..	..	..	..	7
,, 4,00,00 ..	..	..	..	..	1	..	..	1	..	..	..	..	..	..	..	..	..	3
,, 5,00,00 ..	..	..	..	..	..	1	..	1	..	1	2	1	1	..	..	..	..	7
,, 10,00,00 ..	..	..	..	..	..	..	..	1	1	..	2	..	..	..	..	..	..	4
,, 15,00,00 ..	..	1	..	..	..	..	1	1	..	..	..	..	..	..	..	..	..	3
,, 25,00,00 ..	..	..	..	..	..	..	1	1	..	1	..	..	..	..	..	..	..	3
,, 50,00,00 ..	..	..	..	..	..	..	..	..	1	2	..	..	..	..	..	..	..	3
,, 75,00,00 ..	..	..	..	..	..	..	..	1	..	..	..	..	..	1	..	..	..	2
,, 100,00,00 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1
Over 100,00,00 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1
Total ..	2	10	19	30	9	12	9	14	7	11	11	2	1	2	..	..	1	140

Range of Directorships

Our investigations further reveal that the range of directorships held by persons in the Government companies is very wide; the largest number of directorships held by a person comes to as many as 43 followed by 41 directorships held by another person. After these two high limits there is a big gap and the third person in order of importance is seen to hold 20 directorships followed by another person holding 13 directorships. All these four persons happen to be Government officials in the States. The two persons who hold more than 20 directorships which is the maximum prescribed under the provisions of Section 275 of the Companies Act, 1956, however are not covered by the restrictions of the aforesaid section as an overwhelming number of companies whose directorships are held by them are unattached private companies which are exempted under section 278 of the Act for purposes of counting of directorships under Section 275.

However, these four cases of heavy concentration of directorships apart, an overwhelming number of persons, namely, 543 in a total of 665, hold only one directorship each in the Government companies. On the basis of these figures, plural directorship is confined only to 20 per cent of the persons. Sixty-six persons have been found to hold 2 directorships, 27 persons 3 directorships and 25 persons between 4 and 10 directorships each. Table 4 below gives detailed distribution pattern of directorships held by the officials and the non-officials.

TABLE 4: *Distribution of directorships among the official and non-official directors* 1960-61

No. of directors	Official directors	Non-official directors	Total directors	Directorships held by		
				Officials	Non-officials	Both classes of directors
1 ..	290	255	545	290	255	545
2 ..	44	20	64	88	40	128
3 ..	23	4	27	69	12	81
4 ..	8	1	9	32	4	36
5 ..	5	..	5	25	..	25
6 ..	6	..	6	36	..	36
7 ..	3	..	3	21	..	21
8 ..	1	..	1	8	..	8
9 ..	..	..	..	..	..	..
10 ..	1	..	1	10	..	10
13 ..	1	..	1	13	..	13
20 ..	1	..	1	20	..	20
41 ..	1	..	1	41	..	41
43 ..	1	..	1	43	..	43
	385	280	665	696	311	1,007

Our study also discloses that, of the 385 officials holding directorships in Government companies, both State and Central, 158 persons figure only on the boards of the Central Government companies, 132 persons on the boards of the exclusively State Government-owned companies and the total numbers of directorships held by these officials in the exclusively Central Government and in the exclusively State Government companies come to 199 and 281 respectively. The remaining 95 officials serve on the boards of mixed class of Government companies. As regards the non-officials, whose number comes to 280 persons holding 311 directorships in Government companies, 173 persons serve on the exclusively State Government companies and 72 on the exclusively Central Government companies, leaving 35 persons who serve on the boards of mixed Government companies. The total numbers of directorships held by the non-officials serving on the exclusively Central, State and mixed Government companies aggregated 190, 76 and 45, respectively. Table 5 below furnishes detailed data on the directorships held by the officials and non-officials on the Government companies. It also gives the number of directorships held in the giant-sized Government companies.

TABLE 5: *Directorships held by the official and non-official Directors in the various types of Government companies*

Types of Government companies	No. of directors		Total directorships held by directors		Directorships in giant-sized companies	
	Officials	Non-officials	Officials	Non-officials	Officials	Non-officials
Central (C.) ..	158	72	199	76	173	67
State (S.) ..	132	173	280	190	62	87
Central-State (C.S.)	19	2	19	2	..	..
Central-State-Pvt. interests (C.S.P.)	20	14	20	14	14	12
Central-Pvt. interests (C.P.) ..	9	10	9	10	..	..
C. & S.	12	5	41	10	31	9
C. & C.S.	7	1	28	2	28	2
C. & C.P.	5	1	16	2	16	2
C. & C.S.P. ..	9	1	30	2	28	2
C., C.P. & C.S.P. ..	1	..	6	..	6	..
C., C.S. & C.S.P. ..	1	..	6	..	6	..
C., C.S.P. & S. ..	1	..	5	..	4	..
C., C.S. & S. ..	1	..	3	..	3	..
C., C.S., C.S.P. & S.	1	..	5	..	3	..
C.S. & C.P. ..	1	..	2	..	2	..
C.P. & C.S.P. ..	1	..	2	..	2	..
C.S. & S.	4	..	13	..	8	..
C.S.P. & S. ..	3	1	11	3	11	2
	385	280	696	311	397	183

A study of the extent to which the boards of Government companies are weighted with official element shows that, out of 140 Government companies, in 24 companies officials are in a minority, that is, less than 50 per cent of the total strength of the boards, in 6 cases they share the directorships on the boards equally and in the remaining 110 cases they are in a clear majority. The boards of 33 Government companies consist of officials in entirety. In 16 companies, the majority of the officials on the boards varies between 80 and 99 per cent, and in 39 companies between 70 and 80 per cent. Thus, our investigations reveal that there is a fair representation of non-official elements, selected for their specialised knowledge, in 52 Government companies accounting for nearly 40 per cent of the total number of Government companies at work. The representation of non-official elements in these cases is found to come up to 30 per cent, that is, about one-third of the total strength of the boards; this is quite a fair strength for exercising potent influence over the policy decisions of the boards.

Frequency of Changes

The frequency of changes in the boards of directors of Government companies believed to be occasioned by transfers of officials has been the subject of sharp comment in various quarters. By and large, these criticisms have been made from the impressions gained from the changes in the composition of boards noticed in some cases. In this connection, it would be relevant to draw the attention of the readers to the fact that a board of directors of a company need not be a fixed body and changes in the personnel of the Board are expressly contemplated in the provisions of the Companies Act. In extreme cases, the boards of directors, except for the directors representing the managing agents where they exist, could undergo almost a complete shake-up in the course of three years' time, if the retiring directors either did not offer themselves for re-election or were voted down at the annual general meetings of the company. The relevant sections of the Companies Act which provides for the retirement of directors are Sections 255, 256 and 257. So, changes in the make-up of boards of Government companies are in tune with the spirit of the provisions of the Companies Act but this is not to say that changes of a sweeping character at short intervals were the underlying intention of the aforesaid provisions of company law. As a matter of fact, an important implied safeguard for ensuring continuity of policy in a company has been provided by the recognition of the right of the retiring directors to be re-elected and by the exemption provided for one-third directors of a company who need not retire, unless the Articles of Association of the company so direct.

The changes in the boards of directors of Government-owned companies have been studied in regard to three time periods, namely, 1957-59, 1959-61 and 1957-61. For the first time period, statistical data are available for 45 common companies of which 27 are Central Government companies and 18 are State Government companies. Taking the two types of Government companies together, it is seen that 182 directors happened to be common on the boards existing at two points of time, namely, 1957 and 1958-59 and these common directors accounted for 52 per cent and 47 per cent of total number of directors serving on the Boards of these companies at the aforesaid two periods of time, respectively. The corresponding figures for the Central Government companies for the two years are 45 per cent and 36 per cent, whereas those for the State Government companies for the same years are 71 per cent and 66 per cent, respectively.

As between 1959 and 1960-61, it is seen that, in 78 Central and State Government companies, the proportion of common directors to total directors holding offices in those two years work out to 64 per cent and 54 per cent, respectively, the corresponding figures for the Central Government companies being 52 per cent and 50 per cent and for the State Government companies 85 per cent and 64 per cent respectively. A comparison of the results for the two periods shows that, in more recent years, there has been a greater degree of stability in the membership of boards of directors of Government companies, and thus the criticism that transfers of officials very greatly affect the board compoosition is not substantiated by facts.

Over the four-year period 1957-61, our investigations reveal that the common directors in the Central and State Government companies taken together come to 35 per cent of the total directors in 1957 and to 28 per cent of those in 1960-61. The corresponding proportions of the common directors for the two years in the Central and State Governments companies separately work out as 26 per cent and 20 per cent and 48 per cent and 43 per cent respectively. Further, it is seen that, among the common directors of both the types of companies taken together, official directors accounted for nearly 37 per cent, whereas their proportion works out to 53 per cent in the case of Central Government companies and 24 per cent for the State Government companies. Thus we find that the proportion of common directors is not so disastrously low as to warrant the conclusion that the boards of directors of Government companies are in a state of constant ferment and change.

(Concluded)

[Note.—*The first two articles of this series appeared in our issues dated 9th and 16th December 1961. The responsibility for the accuracy of data and the views expressed is of the author and not of the Department of the Government to which he belongs.*—Ed.]

PETROLEUM PRICES

Prices of petroleum products in India, excluding taxes, compare favourably with those prevailing elsewhere. For example, the company selling price of a product such as regular grade petrol in India is lower than in the majority of European countries. The final pump price charged to the consumer in India, as in the West, is high because of the heavy incidence of taxation. The following table shows that basic company selling prices are lower in India than in most European areas. In addition, it indicates the ratio of tax to basic pump price, placing India among the ranks of those countries which subject petroleum products to stiff taxation. The figures are based on the current rates of conversion.

Petrol Prices: Regular Grade

Country	Basic price per kilolitre	Taxes per kilolitre	Total pump price	Ratio of tax to basic price
	Rs.	Rs.	Rs.	
Austria	250.00	340.00	590.00	1.36
Belgium	210.00	510.00	720.00	2.43
Denmark	240.00	390.00	630.00	1.63
France	230.00	700.00	930.00	3.04
Germany	270.00	670.00	940.00	2.48
Greece	280.00	420.00	700.00	1.50
Holland	230.00	360.00	590.00	1.57
Ireland	270.00	400.00	670.00	1.48
Italy	200.00	540.00	740.00	2.70
Norway	280.00	440.00	700.00	1.69
Portugal	300.00	410.00	710.00	1.37
Sweden	290.00	380.00	670.00	1.31
Switzerland	210.00	270.00	480.00	1.29
United Kingdom ..	240.00	370.00	610.00	1.54
India*	283.00	429.00	662.00	1.84

* Figures quoted are an approximate all-India average.

Distribution from main port terminals to the interior presents two problems in India that are not encountered in the same degree in European countries—first, comparatively longer overland hauls by rail and road and, secondly, the necessity to serve a large number of small consumers, accounting for little offtake individually, but dispersed over a wide area. Despite the higher distribution costs resulting from the above factors, it will be seen that the retail prices in India, exclusive of taxes imposed by Government, compare favourably in the majority of cases.

SPENCER AND COMPANY LIMITED

SPEECH OF CHAIRMAN, MR. Z. R. IRANI

PLANS FOR FURTHER EXPANSION OF TURNOVER

ADDRESSING the shareholders of Spencer and Company, Ltd., at its Sixty-fourth Annual General Meeting which was held on 20th December 1961, at the registered office of the Company at 153, Mount Road, Madras-2, Mr. Z. R. Irani, Chairman of the Company, said:

"GENTLEMEN,

"We foregather once again for the sixty-fourth annual general meeting of the Company, and it gives me pleasure to address you in my fifth year of office as Chairman of your Board.

"Before I proceed, let me welcome Mr. C. C. Desai to our Board. An able administrator in high office as a Civil Servant, on retirement from Service, he has made a reputation for himself in business circles and his vast experience will be of great benefit to our Company.

"The accounts for the year ended 30th June last and the Directors' Report thereon have been in your hands for the prescribed period, and I am sure you will have felt satisfaction with the state of affairs, the trading results, in point of fact, being the best for the last thirteen financial years.

"I think it best on this occasion to give you a retrospect of the last five years by making a particular comparison with items as they stood on 30th June 1956, but, first, let me give you the profit contribution of each of our activities, which is, wholesale and retail trade 28 per cent, drugs and pharmaceuticals 25 per cent, hotels and catering 13 per cent, house furnishing 7 per cent, tea 6 per cent, refrigeration and air-conditioning 12 per cent, ærated waters 3 per cent, cigars 1 per cent and sundries 5 per cent. Added to this is, of course, the comparatively considerable benefit derived from investments judiciously made. The main changes between the year under review and the previous year are, firstly, the rise in wholesale and retail trade which proves that we continue to be predominantly a merchant house and, secondly, the betterment under the head 'sundries,' the reason for which is that our Kanpur factory made a small profit, as against the large loss previously suffered.

"An examination of turnover shows the following increasing trend:

1956-57	Rs. 319	lakhs
1957-58	" 297	"
1958-59	" 371	"
1959-60	" 379	"
1960-61	" 454	"

"In consonance with avowed policy to help keep prices within reasonable limits, for our ever-increasing number of customers, profit margins have had to be readjusted. Expenditure in almost all forms is on the rise, and unavoidably so, and a fair proportion of that had to be absorbed by us. Our future, therefore, rests on assiduous promotion of turnover. We have been successful in this, and I am glad to say this satisfactory trend continues. Your Company's interests lie in the consumer field and, by this, I mean the manufacture of, and acquisition of distributor rights for, consumer goods for sale to the consumer. In any form of economy, the merchandising of commodities plays an essential part and your Board is firm in its resolve to foster and promote these activities to the best of the Company's financial capacity.

Utilisation of Resources

"Your Board, in pursuing this policy, has brought about the greatest utilisation of the Company's resources with the help of bank credit facilities. On 30th June 1956, we had a cash and bank balance of Rs. 60,69,279, whereas on 30th June 1961, there was a net overdrawing of Rs. 21,52,551. The difference of Rs. 82,21,830 arising over the six intervening years is represented by the following in round figures:

	Rs.
Land	1,51,000
Buildings	18,70,000
Plant and machinery	10,32,000
Motor vehicles	98,000
Corporate investments	19,66,000
Fluid assets	31,05,000
	Rs. 82,22,000

"As previously mentioned by me, the reason for acquisition of land and buildings is of a twofold nature, on the one hand, to preserve and assure continuity of our trading interests and, on the other, as a satisfactory investment with increasing capital value. The plant and machinery has been purchased partly for expansion and partly for modernisation of our various manufacturing activities. The corporate investments have proved themselves as dividend earners and, whilst on this point, I would like to state that, whereas it is desirous to limit our investments to within our country, it is impossible to dispose of our holding in Spencer and Company (Pakistan) Ltd. owing to current exchange control regulations. The increase in fluid assets is represented mainly by trading stocks. With expanding turnover and increasing distributorships, it will be realised that investing quantums must also rise, especially off-season commitments. Let me add in passing that ample provision has been made to maintain our assets at the full worth of their book values.

Exports

"Export is one of our country's biggest problems. There are so many factors involved, such as surplus availability of goods without causing undue strain to internal requirements, the quality and price of the goods offered, the express preference by the importer for goods of Indian origin and, above all, the economic benefit to be gained by his country. In all this, killing competition from vastly more industrialised countries will have to be met, competition of the type that can well lead to friction. Economic interdependence is a far safer haven than independence. Far better, were it to build up the country's resources for the benefit and service of its people and to concentrate on exporting what is required by other nations.

"Political conditions all over the world are such that economic pressures are bound to be felt in our country. There has been considerable inflation, for it is apparent that currency is losing its purchasing value. The size of the third Plan, the commitments it engenders and the difficulties it involves make the picture bleak. That the Plan will create stresses goes without saying, but in what exact manner and in what sphere none of us can as yet say, because much depends on world conditions and world aid. The Company's future rests on marketing and continued existence of reasonable purchasing power. So long as there is, therefore, no appreciable change in conditions as exist at present, we can face the future with courage.

Preference Dividend

"I now touch on the matter of preference dividends. The change has been brought about by Government legislation and we adhere to the letter of the Law. The difference between what is now and what was previous to the enactments is comparatively small. Instances have been brought to our notice of companies having recently enhanced their preference dividends, but it must be remembered that such dividends were at very low rates over the many previous years. This cannot be said of the preference dividends on our shares and for this reason our equity shareholders may not agree to any enhancement. Bearing in mind the rates of dividend, current market quotations and consequently the yield per share, it is clear that our preference shares rank as high as any. I take the liberty of quoting *The Economic Times* when it says, 'The hunt for high yielding preferences has not been undertaken so far, but the consistency of Spencer 'A' and 'B' contains a clue to gradually changing opinion about the yield available on preference shares whose merits are thrown into relief only by a market depression.' This is too true; your Board, therefore, feels that there should be no question of enhancing the rates over what have all the years been comparatively attractive.

Labour

"The continued rise in the cost of living, particularly in South India, has necessitated a considerable increase in the dearness allowance to employees. The increase for the half-year ended 30th June 1961 was approximately Rs. 1 lakh. The cost of workmen and staff welfare has also increased to a large extent and must necessarily rise in the future as your Board is anxious that there should be no unnecessary curtailment in this respect. Further, an equitable distribution in respect of bonus to staff will be made in due course. The provident fund of workers in our drug factory, bakery and hotel establishments has been taken over by the State under the Employees' Provident Funds Act.

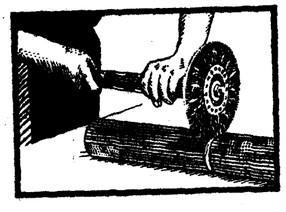
"During the year, two of our most senior executives retired owing to ill-health, creating a serious gap in administrative personnel. I am glad to say that the burden has been admirably shouldered by others with merit and encouragement to these must surely be given. There is a grave shortage of this category of worthy personnel and it behoves us to hold on to our senior employees who have demonstrated initiative and drive by giving them due recognition. Replacement of such would be a problem indeed.

"We shall have to work in the future under increasingly competitive conditions and to achieve any measure of success we shall have to be greatly assisted by the continued loyalty and keenness of all our employees. On behalf of the Board, I should like to record our grateful thanks to them for their untiring efforts during the past year and to say how much we look forward to their support in coming years by their energy, efficiency and productive capacity and, of course, the discipline and the skill with which they keep operating costs steady."

The balance-sheet as at 30th June 1961, was approved and adopted. A further and final dividend of 12 per cent, less tax, on the ordinary shares, as recommended by the Directors, was declared making in all a total dividend of 18 per cent, less tax, for the year.

Note: This does not purport to be a record of the proceedings of the annual general meeting which will be sent separately to shareholders.

"SCCO"



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KOLHAPUR SUGAR MILLS LIMITED

(*Concluded from page 24*)

protection and our Government should take it up, as some of the State Governments have already done.

"I take this opportunity to thank my colleagues on the Board of Directors who have all along given me their guidance, advice and support. I am equally thankful to you all for your keen interest in the affairs of the Company.

"As Chairman of the Company, I desire to express my feelings of thankfulness to the cultivator-suppliers and contractors with whom our relations have always been very cordial, and of whose invaluable co-operation I am very sensible.

"Finally, I desire to record our warm appreciation of the very efficient and devoted work of our General Manager, the loyal and earnest co-operation of his colleague officers and for the never failing and hearty co-operation of the staff and workers in the discharge of their duties. Mentioning names will be invidious.

"Gentlemen, it has been my very great pleasure to be in your midst this evening and for having had this opportunity of placing some of my thoughts about the industry and the progress of our mills before you.

"Thank you. Jai Hind."

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

Gaiety and Colour

It's the village fair...where business vies with fun. At this seasonal get-together, villagers sell the products of their farms and handlooms. The day's business done, they indulge in a little gaiety and at dusk, return to the farm and the loom.

The colourful handloom products displayed at the fair are an eloquent tribute to their traditional art. The quaint patterns and the essential harmony of colours is utterly captivating. Small wonder, then, that the products of the handlooms find a ready market among the sophisticated in India—and abroad.

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THE PREMIER AUTOMOBILES LIMITED

MANUFACTURE OF COMPONENTS AND MEADOWS ENGINES PROGRESSING SATISFACTORILY

CHAIRMAN, MR. LALCHAND HIRACHAND'S SPEECH AT ANNUAL MEETING

IN his speech at the Seventeenth Annual General Meeting of the Premier Automobiles Ltd., held at Bombay on 22nd December, 1961, Mr. Lalchand Hirachand, Chairman, reviewed at considerable length the various developments pertaining to the Company's working in the past one year. The progress registered in the manufacture of more components for cars and trucks and of the Meadows engine was recalled by him with satisfaction. The D.L.F. credit of $7.2 million provided to the Company under an agreement signed with the U.S. Government in August 1961 also figured prominently in Mr. Lalchand's review. The Chairman's reference to the Company's expansion programme under the third Plan was another highlight of his speech.

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

"LADIES AND GENTLEMEN,

"I am very happy to extend a warm welcome to you all, on the occasion of the seventeenth annual general meeting of the Company.

"The Directors' report and the statement of accounts for the year ended 30th June 1961 have been in your hands for over a month and I hope you have given due consideration to the same.

Working Results

"During the year under review, the Company's turnover increased to Rs. 22,73,86,000 as compared with the last year's turnover of Rs. 20,94,87,000. 6,913 cars and 6,073 trucks were sold during the year.

"The working of the Company for the year under report resulted in a profit of Rs. 60,59,495 after providing Rs. 56,44,279 for depreciation, Rs. 13,00,000 for development rebate and Rs. 55,00,000 for taxation. Adding to this, the balance of Rs. 3,21,332, being the amount of previous year's 'carry forward' (after adjusting the amount of dividend paid on forfeited shares now annulled) and the net surplus of excess provisions, income and claims received in respect of previous years Rs. 77,292, the amount available for distribution comes to Rs. 64,58,119. Out of this your Directors have made the following appropriations:—

To contingency reserve ...	Rs. 10,00,000
To dividend on equity shares at Rs. 9 per share (subject to tax)	Rs. 49,82,540
Balance to be carried forward	Rs. 4,75,579

"This year's turnover shows an increase of Rs. 1,78,99,000 over the previous year's. In the same way the current year's profit shows an increase of Rs. 18,40,656 over last year's. This has naturally enabled us to maintain the dividend on increased capital.

Components Manufacture

"The progress made in the manufacture of components of motor vehicles by the Company has already been dealt with in the Directors' report. I shall therefore only briefly summarise the position as follows:—

"The Fiat transmission including gears is being manufactured in the factory.

"The manufacture of axles for the Fiat car is also satisfactorily progressing. The machining of the items like brake drums, hubs, ring gears, pinion and axle shaft has been completed and the assembly of the axles has already commenced. In a short time they will be used on the vehicles.

D.L.F. Aid

"The progress on the manufacture of front and rear axles for trucks has been steady.

"As stated in the Directors' report, an agreement in connection with the loan of 7,200,000 dollars from the Development Loan Fund of the U.S.A. has been executed. The aforesaid agreement was signed on the 21st August 1961 in New Delhi by Mr. John Kenneth Galbraith, U.S. Ambassador on behalf of the U.S. Government and by me on behalf of the Company. A small ceremony was held in the U.S. Embassy in New Delhi on that day which was attended by several officials of the Indian Government and senior officers of the Premier Automobiles Ltd.

"While signing the agreement, Mr. John Galbraith said that this was the first agreement he had signed for the private sector, since he became Ambassador, and further observed:

"'There is nothing that is going to be more needed in the course of the third Five-year Plan than improved transportation, including improved road transportation. You (Premier Automobiles) are playing a very important and critical role in the provision of facilities necessary for this purpose. We have very high confidence in Premier Automobiles and it is our conviction that you will continue to do a very good job and that you will produce good automobiles, get them out in time and for a low price. This I am happy to note, is your intention and I wish you good luck.'

"While thanking the D.L.F. for this assistance, I made a reply suited to the occasion as follows:

"'The initial success has been there. We have made considerable progress during the first two Plans, and it is our keen desire that the work should be carried on with greater enthusiasm, so that progress towards the objective, for which the Government of India are working and for which people in commerce and industry are co-operating with the Government, may be accelerated. We greatly appreciate the assistance that we are getting from the American Government in the form of this loan. It is particularly a happy augury that direct help is being given to the private sector. In this country, the private sector is playing a very important role in economic development, and I am sure that this assistance will help us to rebuild our nation for the betterment of all. The D.L.F. loan to Premier Automobiles will finance foreign exchange costs of importing machinery to produce components for Dodge and Fargo trucks and Fiat cars, and to modernise and expand capacity of other portions of the Company's factory. The expansion project made possible by the loan is expected to enable India to save more than 2 million dollars per year in foreign exchange, now spent in importing sheet metal components. Premier's output will be increased from 12,000 trucks and cars per year to 21,000 units.'

"We are awaiting sanction for our application for a further loan of 3,000,000 dollars made to the D.L.F. for the purchase of dies for the sheet metal components for the Fiat cars.

"I place on record our thanks to the Bank of Baroda Ltd. for giving guarantee in favour of the D.L.F. on the 26th September 1961, in respect of the loan of $7,200,000. The Bank of Baroda has also been good enough to agree to give the guarantee for the additional loan of 3,000,000 dollars.

Expansion Proposal

"The subject of expansion has been engaging the attention of the Government of India for some time. Subsequent to the meeting held by the Minister for Industries in January 1961 in Delhi, acute shortage of foreign exchange has developed and the Government have had to reassess the position. The thinking that was indicated in the meeting held in January was that so far as commercial vehicles were concerned each commercial vehicle manufacturer could increase the production to such capacity which he thought the market would accept. Freedom with regard to models and loading capacity was also given to the manufacturer. While the latter factors have not changed, the Government find it necessary to restrict the expansion in production capacity as there is not enough foreign exchange to meet the requirements of the manufacturers. Your Company have been allowed to expand the production of commercial vehicles to 7,500 on the basis of single-shift working. We are also offered foreign exchange for the manufacture of the diesel engine. The total allocation therefore is as follows:—

(1) 7.2 million dollars for the sheet metal equipment, expansion of tool room and removing of certain bottlenecks in the present capacity.

(2) Additional 3 million dollars for obtaining dies for the sheet metal parts particularly of the Fiat car.

"It is estimated that the machinery acquired with this money will enable us to increase our production of Fiat cars to 9,000 per year and of commercial vehicles to 9,000 per year in two shifts.

"In addition to the above, we will be allowed:—

(a) Foreign exchange to the extent of 5 crores of rupees and

(b) Additional 1.95 crores of rupees for purchasing machinery and equipment for forgings and castings.

For these two items negotiations will have to be made with the Agency for International Development, U.S.A., for a loan agreement. This money will be spent entirely in the United States of America.

(c) In addition one crore of rupees will be given in foreign exchange from soft currency area and particularly from U.K.

"It is expected that with the utilisation of this foreign exchange our capacity to produce commercial vehicles will increase to 7,500 units on one-shift basis or 15,000 vehicles on two-shift basis.

"As regards the expansion of car production, the matter is still under Government's consideration and no decision has yet been taken.

"Economy Car" Question

"In my last year's speech I had pointed out that it was not in the interest of the country for the public sector to take up the manufacture of an 'economy car.' Several representations from responsible quarters have since been made, urging the Government not to create new productive capacity either in the private or the public sector unless it was in the general interest of the national economy. The Jha Committee had already made its recommendations on similar lines against the introduction of an economy car at this stage. The Development Council for Automobiles Ancillary Industries and Transport Vehicles did not favour any allocation of foreign exchange being made for the production of a new car unless the priority claims of the existing automobile manufacturers were fully met. The economy car is almost similar to the models currently produced. To profess, therefore, that such a model can be produced at a substantially lower price would be misleading. Our economy is based on high costs due to lower volume, less efficiency of labour, high prices of materials which have to be imported from abroad and the high taxation on local products. Unless, therefore, the whole system is changed it will only be a miracle if costs could be brought down so steeply as expected. It would be useful if the Government paused a while and considered how the foreign automobile concerns declined to undertake the manufacture of automobiles on the ground of uneconomical production and therefore decided to close down their shops which were giving handsome profits. They had the experience, the know-how and all the resources; so their decision to close down becomes significant in the context of the optimistic expectations of such low costs of the economy car. The recommendations of the French manufacturers are full of 'ifs' and 'buts.' I would, therefore, appeal to the Minister of Industry to weigh the pros and cons of the problem more rationally before taking decision in the matter.

Sales of Vehicles

"In the year 1961, the sales of vehicles have been very much similar to the sales in 1960. In the commercial vehicles, however, there has been a little setback in the demand. This is partly due to the proposed legislation on hire-purchase. Under this legislation the present right of the financiers to take possession of the product, if stipulated instalments are not paid, has been subjected to considerable restrictions. This has created a scare and the banks as well as financing organisations have restricted their financing operations. As is well known, the commercial vehicles are primarily sold on hire-purchase basis. If, therefore, hire-purchase operations are restricted, it has its effect on the demand for commercial vehicles. Secondly, the heavy taxation, particularly the heavy excise duties that were levied last year, is showing its effect gradually. The tight money market also has contributed to the fall in demand. The big waiting lists have shrunk and the commercial vehicles are now available practically on demand, even in the case of popular makes. How long this situation will continue, it is difficult to say. Let us hope that with the rising tempo of production in the third Five-year Plan, the need for transport facilities grows rapidly and in consequence the demand for commercial vehicles also goes up.

Third Plan Programme

"The third Five-year Plan envisages an increase in vehicle production to the extent of doubling the present capacity. Under the second Five-year Plan, the automobiles production target was established at 60,000 units. For one reason or another, this could not be reached and the maximum production came to 52,000 vehicles. In the third Five-year Plan the target is fixed at 100,000 vehicles and the Government have already started taking steps to enable the manufacturers to expand their production. Hitherto, the Government have only considered the expansion of commercial vehicles, while the expansion of cars is still under consideration. I hope that expansion of the cars programme also will be given effect to before long. It is expected that more than 45 crores of rupees will be spent for the expansion programmes during the third Five-year Plan.

Agreements With Labour

"For the purpose of improving our relations with labour, we have entered into two agreements with the Premier Automobile Employees' Union. By one agreement, wage structure was revised, which is expected to give the workmen an annual additional income of nine lakhs of rupees. Under this agreement, it can be safely said that we offer the best terms in the automobile industry.

"The second agreement covers the question of bonus for the financial year 1959-60. The total amount, approximating to Rs. 23 lakhs, would be distributed as bonus to all our employees. The share of the workmen, under this agreement, whose earnings are below Rs. 500 per month, comes to nearly Rs. 21 lakhs. All these terms were offered to Engineering Mazdoor Sabha, who have rejected them, if I may say so, very unwisely.

"The subject of wages reclassification, etc. was referred to a Conciliation Board, of which the late Justice Bavdekar was the Chairman. The Court held elaborate deliberations and, I understand, were about to sign the report. Unfortunately, the sudden death of Justice Bavdekar left the work incomplete. The Government have now appointed Shri Jeejibhoy to be the Chairman of this Board and it is hoped that the Board will soon conclude their deliberations and submit their report to the Government.

Meadows Engines

"While we are making progress with regard to the manufacture of parts and components, we are also making experiments and research with regard to design and other engineering problems. It was observed that some of our commercial vehicles have shown certain defects in the special conditions existing in this country. Our staff have redesigned some of the parts which will make the commercial vehicles more popular. A constant effort is being made to improve the methods of production and also improve the design, to make vehicles more popular.

"In last year's speech I had mentioned that as a result of the Government's policy with regard to automobile manufacture, which was announced last year, the Company will have the right to manufacture the Meadows engine. The agreement with Automobile Products of India Ltd. for the taking over of the manufacture of Meadows engine by the Company was executed on 29th April 1961. In pursuance of this agreement, out of the sum of Rs. 24 lakhs, the Company has paid Rs. 15 lakhs to A.P.I. in part consideration of the A.P.I. having negotiated with the Government of India and agreed to cancellation of the licence dated the 9th December 1955 issued to them for the manufacture of Meadows engine and of A.P.I. having negotiated with Meadows for the termination by mutual consent of the licence granted by Meadows to A.P.I. under an agreement dated the 16th March 1956. The balance of Rs. 9 lakhs is payable in two instalments of Rs. 3 lakhs and Rs. 6 lakhs, at the expiration of 12 months and 24 months respectively from the date of the agreement.

"The production of Meadows engines has begun but it will take some time more before we can attain the full production as we have yet to import a number of machine tools required for the purpose.

"In consequence of the transfer of diesel engine licence in favour of Premier we have negotiated a fresh agreement with Henry Medows Ltd. whereby Premier have obtained slightly favourable terms particularly regarding payment of royalty which has been substantially reduced.

Further Capital Issue

"As stated in the Directors' report, the Company had made an application for the issue of further equity capital of the value of Rs. 2 crores in shares of Rs. 100 each, to meet the rupee expenditure that will be needed for the purchase of land, building, etc., in connection with our sheet metal project. In addition, a balance of Rs. 40,40,000 remained to be issued out of capital sanctioned by an earlier order of the Controller of Capital Issues.

"The Controller of Capital Issues has now accorded his sanction for the issue by the Company of further 2,40,400 equity shares of Rs. 100 each for cash at a premium of Rs. 10 per share.

"As stated in the Directors' report, the Company has selected a suitable land admeasuring about 300 acres on the Kalyan-Shill Road, near Kalyan, for the new factory site. An agreement with the Government of Maharashtra was executed on the 12th December 1961 in respect of the acquisition of this land. We expect to obtain actual possession of the land in a short time.

"The construction work of the factory building at Kalyan has been entrusted to Messrs. Hindustan Construction Company Ltd., the well-known and reputed firm of constructional contractors in the country.

Agreement With Chrysler

"The existing agreement of the Company with Chrysler Corporation had to be revised to bring it in conformity with present-day conditions. The modified agreement has received the approval of the Government of India and will be valid upto 31st December 1966.

"Under the provisions of this agreement the Company has to pay to Chrysler Corporation in consideration of the manufacturing assistance and other benefits granted by the Corporation to the Company the following fee:

(1) When the total amount paid to Chrysler for a vehicle or components is more than 50 per cent of the Chrysler ex-factory dealer net price; 1 per cent of the value of that portion of complete vehicle not purchased from Chrysler.

(2) When the total amount paid to Chrysler as aforesaid is less than 50 per cent of the Chrysler ex-factory dealer net price; 1½ per cent of the value of that portion of a complete vehicle not purchased from Chrysler.

"The above scale of fee is applicable upto the production figure of 15,000 vehicles per year and thereafter the fee will be open to further negotiation between the parties.

Agreement With Fiat

"I am glad to inform you that the agreement with Fiat S.P.A. which was valid upto 12th September 1961 has been renewed for a further period of five years from 1st July 1961 and it has also received the approval of the Government of India.

"Under the new agreement we have to pay to Fiat in addition to the payment for technical know-how etc., a fee of 2½ per cent on £300 (being the agreed value of a C.K.D. set ex-factory) on each unit manufactured and sold by the Company upto 7,000 units manufactured per year and this fee will be reduced to 1.5 per cent on each unit manufactured and sold by the Company beyond 7,000 units every year.

"Out of 1,60,000 debentures issued in the year 1958, 1,57,462 debentures have been converted into 'A' ordinary shares as on 8th December 1961, leaving a balance of 2,538 still outstanding. By a special resolution passed in the meeting of the debenture-holders held on 2nd June 1961 the debenture-holders have accepted bank guarantee as security in place of lien which the debentures had on the fixed assets of the Company.

"For your information I may give the production figures for the five months ended 30th November 1961, and they are as follows:

"The Company produced 3,014 cars and 1,920 trucks and sold spare parts of the value of Rs. 67,06,938 during the five months ended 30th November 1961 as against 2,730 cars and 2,525 trucks and spare parts of the value of Rs. 64,01,413 sold in the corresponding period of the previous year.

"A fire broke out in our factory on the night of 21st May 1961, which completely destroyed the trim application department, trim store and the assembly plant office. As this day happened to be a weekly holiday for our workmen, there was no loss or injury to human life; the damage was confined to the materials of the approximate value of seven lakhs of rupees. This damage was fully covered by insurance.

"The business of the Premier Auto Electric Ltd., a subsidiary, was satisfactory. This Company took up the distributorship of more indigenous products, namely, automobile dash-board instruments in Northern and Western India and Dagenite batteries in the State of Maharashtra and West Bengal.

"The other subsidiary Company, the India Steering Gears Ltd., could not start business this year also due to non-availability of a licence.

"The financial statements of both the companies have been published along with the financial statement of your Company.

Taxation

"The position regarding taxation is as follows:

"The Income-tax assessments of the Company are completed upto the end of the financial year 30th June 1955.

"The assessments of the Company as agents of Chrysler Corporation have also been completed upto 30th June 1960. The Company's application to the Tribunal for referring our case to the High Court is still pending.

"The assessments of the Company as agents of Fiat Corporation have been completed upto the financial year 30th June 1960.

"In addition to the donation of Rs. 25,000 to the Poona Flood Relief Fund and Rs. 10,000 for relief work at Poona, mentioned in the Directors' report, the Company has sanctioned a donation of Rs. 90,000 to the Election Fund of the Congress Party and Rs. 60,000 to the Election Fund of the Swatantra Party.

Labour Welfare

"I shall now deal with some of the welfare activities in our works.

"The Company has always been encouraging activities in the realm of sports. Members of our staff participate in the "Times of India" Cricket Shield, Football, Hockey, Hu-tu-tu, and Badminton tournaments in the City.

"Adult education classes in Kannada are held in the colony under the auspices of the Bombay City Social Education Committee for such of the employees who desire to take advantage of the same.

"There is also a Bal-Mandir primary school (run with the aid of management), having over 300 children. The workers' education classes conducted by workers-teachers trained under the Government of India Workers' Education Scheme have been recently started and about 35 worker-students attend this class.

"I extend an invitation to all the shareholders to visit our factory this year also. To facilitate the visit, Saturday 13th January 1962 has been selected and those of you who would wish to visit the factory are requested to register their names at the head office of the Company so that necessary transport can be arranged.

"Before concluding, I take this opportunity to offer thanks to the staff and workers for their co-operation and the good work put in by them during the year under review.

"And now I beg to move:

"'That the Directors' report and audited balance-sheet as on the 30th June 1961 and profit and loss account for the year ended on the 30th June 1961 be and they are hereby approved and adopted.'"

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

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Applications are invited on the basis of the Prospectus of which are available from the Company's Bankers, Brokers and from the Registered Office of the Company.

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

Licence No. L/23/3/N-27/60 dated 14th July, 1960 and Licence No. L-23(3)/N-6/Tex(P)/61 dated 17th October, 1961 have been obtained from the Central Government for the establishment of this new Industrial Undertaking, copies of which are open to public inspection at the Registered Office of the Company. It must be distinctly understood that in granting these licences, the Government of India do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

A copy of the Prospectus having attached thereto the documents specified therein have been delivered for registration to the Registrar of Companies, Maharashtra, as required by Section 60 of the Companies Act, 1956.

Application will be made to the Stock Exchange, Bombay, for permission to deal in and for an official quotation of the shares of the Company.

The subscription list will open at the commencement of banking hours on 12th January 1962 and will close at close of banking hours on 20th January 1962 or earlier at the discretion of the Directors but not before the close of banking hours on 15th January, 1962.

MODELLA WOOLLENS LIMITED

(INCORPORATED ON 28th JULY 1961 UNDER THE COMPANIES ACT, 1956)

SHARE CAPITAL

AUTHORISED CAPITAL

7,50,000 Equity Shares of Rs. 10 each	Rs.	75,00,000
2,50,000 Unclassified Shares of Rs. 10 each	Rs.	25,00,000
	Rs.	1,00,00,000

ISSUED AND SUBSCRIBED CAPITAL

The Directors, promoters, their friends and associates have already subscribed for 1,00,000 equity shares of Rs. 10 each, on which the sum of Rs. 10 has been fully paid...	Rs.	10,00,000

PRESENT ISSUE

5,50,000 Equity Shares of Rs. 10 each	Rs.	55,00,000

OUT OF THE PRESENT ISSUE

(a) 1,33,300 equity shares of Rs. 10 each have been reserved for allotment at par, to Messrs. Robt. Jowitt and Sons Ltd., Bradford, England, as per their letter dated 1-9-1961, from time to time within two years from the date of the agreement with them, but not before the wool combing unit goes into production ...	Rs.	13,33,000
(b) 1,11,700 equity shares of Rs. 10 each have been agreed to be subscribed by the promoters, directors, their relatives, friends and associates	Rs.	11,17,000

NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION

3,05,000 Equity Shares of Rs. 10 each	Rs.	30,50,000

The entire issue of 3,05,000 equity shares of the face value of Rs. 30,50,000 has been underwritten.

Out of the above, the Company has agreed to the firm allotment to The Life Insurance Corporation of India, Bombay, of 50,000 Equity Shares of Rs. 10 each of the face value of Rs. 5,00,000 against the underwriting arrangement with them of 75,000 Equity Shares.

No shares are issued or agreed to be issued for consideration other than cash.

TERMS OF PAYMENT

The amount payable in respect of the present issue of equity shares is as follows :—

On application	Rs.	2.50
On allotment	Rs.	2.50

The balance of Rs. 5 per share is payable in two calls of Rs. 2.50 each, the first of such calls to be made not earlier than two months after the date of allotment and the second call to be made also not earlier than two months from the date of the first call.

Failure to pay any amount due on the shares allotted when due, will render previous payments and the shares liable to forfeiture.

No other class of shares is being issued at present.

DIRECTORS

Mr. C. C. DESAI, I.C.S. (Retd.), **Chairman**, 44, Friends Colony, New Delhi, Industrialist. *Chairman of*: Premier Tyres Ltd., Sifco Ltd., Thakur Paper Mills Ltd., Shah Construction Co. Ltd., Lynx Machinery Ltd., Tensile Steel Ltd., Antifriction Bearings Corporation Ltd., Camphor & Allied Products Ltd., Indian Detonators Ltd., Shama Engine Valves Ltd. *Director of*: Oriental Fire & General Ins. Co. Ltd., British India Corporation Ltd., Spencer & Co. Ltd., Industrial Finance Corporation of India, Gujerat & Rajasthan State Finance Corporations, etc. *Member of*: The Life Insurance Corporation of India.

HARRY INGHAM, Special Director, 153, Sunbridge Road, Bradford, England. *Director of*: Robt. Jowitt & Sons Ltd., Bradford.

R. G. EDWARDS, 5, Little Russel Street, Calcutta, Stockbroker. *Director of*: Burrakur Coal Co., Ltd., Agarpara Co. Ltd., Fort Gloster Industries Ltd., Hastings Mills Ltd., Champdany Jute Co. Ltd., New Beerbhoom Coal Co. Ltd., Britannia Engineering Co., Ltd., etc. *Managing Director of*: Place, Siddons & Gough (Pvt.) Ltd.

D. N. KAPUR, 6, Lyons Range, Calcutta-1, Stockbroker. *Managing Director of*: Place, Siddons & Gough (Pvt.) Ltd., Alternate Director for Mr. R. G. Edwards.

KIDAR NATH GROVER, 78/1, Lawrence Road, Amritsar, Merchant & Industrialist. *Member of*: The Wool Development Council, Ministry of Commerce and Industry, Government of India. The Technical Advisory Committee on The Textile & Hosiery Industry of the Punjab Finance Corpn. *Partner of*: Messrs. Kanshi Ram Kidar Nath, *Proprietor of*: Model Woollen & Silk Mills, Amritsar. Model Woollen Mills, Thana, Maharashtra.

K. KHESHVALA, 20 Nepean Sea Road, Bombay. Stockbroker. *Director of*: The National Rubber Manufacturers Ltd., Capsulation Services Pvt. Ltd., Loop Engineering Consultants Pvt. Ltd. *Partner of*: Messrs. Lewis & Jones, Bombay.

HIRALAL NARANG, Jaltirath Mansion, Barrack Road, Bombay-1. Banker. *Director of*: The Shikarpuri Shroffs Association Ltd., Bombay. *Partner of*: Messrs. Narainda Chelaram, Bombay.

BRIJ MOHAN GROVER, Managing Director, Kamal Mahal, Carmichael Road, Bombay-26. Merchant & Industrialist. *Director of*: Grovesons Pvt. Ltd., Modella Pvt. Ltd. *Partner of*: Messrs. Kanshi Ram Kidar Nath and Brij Textiles, Bombay.

FOREIGN COLLABORATORS

Messrs. Robt. Jowitt & Sons Ltd., 153, Sunbridge Road, Bradford, England.

BANKERS

1. THE HONGKONG & SHANGHAI BANKING CORPORATION, Bombay.
2. THE BANK OF INDIA LTD., Bombay.

UNDERWRITERS

The following institutions and firms have agreed to underwrite the issue:—

1. The Life Insurance Corporation of India	Rs.	7,50,000
2. Place, Siddons & Gough Pvt. Ltd., Calcutta	Rs.	5,00,000
3. Lewis & Jones, Bombay-1 ...	Rs.	11,00,000
4. Paterson & Co., Madras ...	Rs.	5,00,000
5. Harbans Singh Mehta & Co., New Delhi	Rs.	2,00,000
Total ...	Rs.	30,50,000

In the opinion of the Directors the resources of the above underwriters are sufficient to discharge their underwriting obligations.

BROKERS TO THE ISSUE

Calcutta

MESSRS. PLACE, SIDDONS & GOUGH (PVT.) LTD., 6, Lyons Range, P.O. Box No. 592, Calcutta-1.

MESSRS. G. M. PYNE, Allahabad Bank Buildings, 14, India Exchange Place, Calcutta-1.

Bombay

MESSRS. LEWIS & JONES, Bank of Baroda Building, Fort, Bombay-1.

MESSRS. BATLIVALA & KARANI, Union Bank Building, Dalal Street, Fort, Bombay-1.

Madras

MESSRS. PATERSON & CO., P.O. Box No. 48, 22, Errabalu Chetty Street, Madras-1.

MESSRS. CHITRA & CO., Post Box No. 1557, 322/323, Linghi Chetty Street, Madras-1.

Delhi

MESSRS. HARBANS SINGH MEHTA & CO., 33 Regal Building, Post Box No. 300, New Delhi.

MESSRS. RAJ PAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi.

MESSRS. BHARAT BHUSHAN & CO., H-45 Connaught Place, New Delhi.

SOLICITORS

MESSRS. RAMANLAL & HIMATLAL, Sailor Building, Hornby Road, Bombay-1.

MESSRS. AMARCHAND & MANGALDAS AND MALVI RANCHODDAS & CO., Yusuf Building, Mahatma Gandhi Road, Bombay-1.

AUDITORS

MESSRS. DALAL, DESAI & KUMANA, Mherwan Building, Sir P. M. Road, Fort, Bombay-1.

REGISTERED OFFICE

4C, VULCAN INSURANCE BUILDING, VEER NARIMAN ROAD, BOMBAY-1.

REGISTRARS AND TRANSFER AGENTS

THE INDUSTRIAL INVESTMENT TRUST LTD., 61, Apollo Street, Fort, Bombay.

UNDERWRITING COMMISSION AND BROKERAGE

An underwriting commission of 2½ per cent on the nominal value of the shares underwritten is agreed to be paid to the underwriters on the shares respectively underwritten by them.

Brokerage at the rate of one per cent will be paid to recognised brokers on the nominal value of the shares allotted on applications bearing their stamp.

No brokerage is payable on shares reserved to be allotted to the foreign collaborators, directors, promoters, their friends, relatives and associates.

OBJECTS OF THE COMPANY

The Company was incorporated on 28th July, 1961 with the several purposes mentioned in the Memorandum of Association of the Company. The main object for which the Company is established is to set up a shoddy plant for the manufacture of shoddy yarn at Thana and a wool combing plant for the combing of wool and manufacture of wool tops at Chandigarh in terms of the Industrial Licences granted by the Government of India to the Company.

COMMENCEMENT OF BUSINESS

The Company has obtained the Certificate No. 12080 dated 10th August, 1961 to commence business, from the Registrar of Companies, Maharashtra, after filing a statement in lieu of prospectus.

The Statutory Meeting of the Company was held on 23rd December, 1961.

PROSPECTS

The present import of wool tops in India is restricted to about 15 million lbs., annually against 31 million lbs. being the annual requirements of the worsted spinning industry as envisaged in the third Five-year Plan. The expected annual production of wool tops in India at present by the existing manufacturers is between 8 and 9 million lbs. The Company has been licensed to manufacture 1.5 million lbs., of wool tops per year.

The promoters, **Messrs. Kanshi Ram Kidar Nath**, had made arrangement with Staple Hall Trading & Finance Co., Ltd., England, for the supply of a complete new wool combing and wool top dyeing and printing plant on deferred payments. The manufacturers of the machinery are Prince-Smith & Stells Ltd., Keighley, England, who are one of the world's leading manufacturers of combing and spinning machinery. Shipment of the plant is expected to commence during December 1961 and the entire plant is expected to arrive at site at Chandigarh by April-May 1962. The plant is expected to be erected by and to go into production in the second half of 1962.

The foreign exchange of the equivalent of Rs. 13,33,000 (approximately £1,00,000) which will be available to the Company by the issue of equity capital to the foreign collaborators is proposed to be utilised to meet its future requirements of foreign exchange necessary for expansion or any other purpose which may be beneficial to the Company.

Shoddy yarn is mainly used for the manufacture of woollen fabrics like Velours, Blazers, Meltons, Flannels and Blanket cloth, etc. The Promoters are one of the first in India to start the manufacture of shoddy yarn, for which a big demand exists in the country at present. The Directors are of the opinion that the entire expected production of 1.5 million lbs. will have a ready market at a satisfactory price.

The Promoters, Messrs. Kanshi Ram Kidar Nath have transferred to the Company a complete NEW SHODDY SPINNING UNIT of 2,000 spindles, which has been installed at Om Baug, Thana, near Bombay.

By an agreement dated 5th September 1961 the Promoters have agreed to lend the services of such foreign technicians employed by them and in consideration thereof the Company will pay to the promoters a moiety of the expenses incurred by them.

THE SHODDY SPINNING UNIT OF THE COMPANY COMMENCED PRODUCTION ON 1st NOVEMBER 1961. Import Licences for the necessary raw materials have been received.

TAX BENEFITS

This being a new industrial undertaking the Company will be entitled to the benefits under the Indian Income-tax Act, 1961 as regards development rebate and depreciation. In addition, it will also enjoy exemption from Income-tax for profits upto 6 per cent of the capital employed for the first five years of the Company's operation under Section 84 of the Act.

Shareholders of the Company will also be exempted from Wealth-tax on their holdings for a period of five years under clause xx of subsection (1) of Section 5 of the Wealth-tax Act.

Shareholders will also get exemption from tax on such dividend as is paid from the Company's exempted portion of the profits.

ESTIMATE OF PROFITS

The Directors are of the opinion that the Company should be in a position to pay a dividend on its equity capital FROM THE VERY FIRST FINANCIAL YEAR from the profits of the shoddy plant alone, which is already in production.

FOREIGN COLLABORATION

The Company has entered into a financial and technical collaboration arrangement with Messrs. Robt. Jowitt & Sons Ltd. one of the leading top makers and wool combers in the U.K. Under the said arrangement NO ROYALTY OR TECHNICAL FEES are payable except the remuneration and expenses of the technicians sent out by them. Further the buying and/or blending of raw wool in world market (outside India) will be supervised by them on behalf of the Company on the normal commission prevalent in the trade, and in turn they guarantee the quality to type of the finished tops. A formal agreement is being drawn up.

LOCATION

The shoddy spinning plant has already been installed at Om Baug, Thana, near Bombay.

The wool combing plant will be set up at Chandigarh. The Company has acquired about 23 acres of land from the State Government with the option of buying additional 19 acres within 2 years.

RAW MATERIALS

The Company is confident of obtaining adequate import licences for its requirements of raw materials for the manufacture of wool tops and shoddy yarn. Besides, the Company also proposes to use local and indigenous raw materials.

SPECIAL ADVANTAGES

(1) The shoddy spinning plant is already in production. According to the present conditions of the trade, it is expected that the profits of this unit alone should be sufficient to pay a dividend from the very first year of its working, even before the combing unit goes into production.

(2) The foreign collaborators have offered very favourable terms and no royalty or technical fees are payable.

(3) The promoters have permitted the use by the Company of their trade mark "Modella". The trade mark is already popular and widely known throughout the country and is associated with the best knitting wools and fabrics.

(4) The promoters Messrs. Kanshi Ram Kidar Nath, proprietors of Model Woollen Mills, Thana and Model Woollen & Silk Mills, Verka, Amritsar, have a long experience in all aspects of the woollen trade and industry and are well connected with overseas manufacturers.

(5) The entire plant for both the units (wool top and shoddy yarn) is NEW incorporating therein the latest technique of manufacture.

ESTIMATED CAPITAL OUTLAY

The cost of the project will be about Rs. 1,04,18,000 estimated as under:

SHODDY PLANT :		Rs.	Rs.
Machinery		12,45,000	
Buildings		5,68,000	
Legal charges including stamp duty and registration if any.		50,000	
			18,63,000
WOOL COMBING PLANT:			
Imported machinery which will be on deferred payment ..		25,00,000	
Duty, freight, etc.		4,25,000	
Indigenous and other machinery		7,00,000	
Land		5,00,000	
Buildings		10,00,000	
			51,25,000
Total value of block ..			69,88,000
Working capital		31,30,000	
Preliminary expenses ..		3,00,000	
			34,30,000
Total ..			1,04,18,000

FINANCIAL RESOURCES

The Company's requirements of the capital are proposed to be met from the resources mentioned as under:—

Equity capital (excluding shares reserved to be issued to the foreign collaborators) ..	Rs. 51,67,000
Deferred payments on machinery	22,00,000
Loan from Company's Bankers and other sources	30,51,000
	Rs. 1,04,18,000

Equity shares reserved to be issued to the foreign collaborators at par within 2 years from the date of the agreement (approximately £1,00,000), but not before the wool top unit of the Company goes into production Rs. 13,33,000

The above capital reserved for the Collaborators is proposed to be utilised to meet the future expansion and/or other requirements of the Company as may be beneficial.

The Company's Bankers, viz. The Hongkong & Shanghai Banking Corporation, Bombay have agreed in principle to grant facilities upto Rs. 30 lakhs on usual terms and have guaranteed the deferred payments on the combing machinery. The Bank will be given a charge on the Company's assets including a charge on any uncalled capital.

Messrs. Kanshi Ram Kidar Nath, the promoters, have undertaken to arrange for and procure additional funds to meet any shortfall between the actual cost of the project and the financial resources now taken into consideration so as to complete the scheme.

APPLICATIONS AND ALLOTMENTS

Applications for shares which must be for 100 shares or multiples of 100 shares, must be made on the official form. The application form together with a remittance for the full amount payable on application must be sent to The Hongkong & Shanghai Banking Corporation or the Bank of India Ltd., at any of their branches mentioned in the application form.

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THE MYSORE KIRLOSKAR LIMITED

TWENTIETH ANNUAL GENERAL MEETING

CHAIRMAN, MR. M. D. SHIVANANJAPPA, ON HANDICAPS TO PRODUCTION

POINTED attention to some of the difficulties facing the machine tool industry was drawn by Mr. M. D. Shivananjappa, I.A.S., Chairman of the Mysore Kirloskar Limited, in his speech delivered at the Twentieth Annual General Meeting of the Company held at Harihar on Friday, 29th December 1961. Mr. Shivananjappa made special mention of the problem of obtaining quality raw materials such as hard coke and pig iron, as well as of the transport bottleneck. It was a very serious problem, he said, that, when a wagon was made available, coke at the site might not be available and, when the coke was available, there might not be any wagon available. He stated that this problem, apart from increasing costs, had "created several critical situations with lot of anxiety over keeping up a steady flow of production in the foundry." Emphasising that the manufacture of quality machine tools depended on the supply of quality raw materials, he called upon the authorities concerned to give their "very earnest and serious consideration to this major problem."

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

"LADIES AND GENTLEMEN,

"It is my proud privilege and pleasure to extend to you all the most hearty and cordial welcome to this twentieth annual general meeting of your Company today.

"The balance-sheet of the Company as at 30th June 1961 and other statement of accounts for the year ended 30th June 1961, as also the Directors' report and the Auditors' report have been already in your hands for some time past and I presume you may have gone through the same. According to the usual practice and with your permission, I take the same as read.

Capital Issue

"At the time of the last annual general meeting, I had informed you that your Company had proposed to issue a further capital of Rs. 40 lakhs made up of Rs. 15 lakhs equity capital and Rs. 25 lakhs preference capital. The same was actually issued during the year under report and the response from the shareholders and the public has been very satisfactory. In fact, there was an oversubscription to the extent of about Rs. 32 lakhs. Because of the large oversubscription, your Board has adopted a method of scaling down the number of shares applied for in order to ensure an equitable allotment. This was done in consultation with the Bombay Stock Exchange.

"The extent of oversubscription to the recent issue of shares of your Company is an index to show the extent to which the shareholders and the public have confidence in the prospects of your Company in the years to come.

"As you may have seen from the Directors' report, it has been decided to open a branch factory in Hubli and I am glad to inform you today that the factory building for the said branch factory in Hubli is well in progress and will be shortly available for occupation.

"During the year under report, there has been an addition to the plant and machinery valued at about Rs. 18.14 lakhs, as against Rs. 9.45 lakhs in the previous year. The import licences for the plant and machinery required for the several expansion schemes of your Company have been granted by the Government recently and the same are being processed further.

A Difficult Period Ahead

"In view of the large investment in capital goods envisaged during the next 2-3 years and in view of the latest amendments to the Company Law, we will be required to provide for full depreciation on such additions to plant and machinery and other fixed assets and we will have also to avail of the tax concessions in regard to the development rebate, etc. These provisions would be quite sizable and I am afraid, during the next 2-3 years, the Company may have to pass through a difficult period.

"From the profit and loss account of your Company, you may have noticed that the net sales of the manufactured goods during the year amounted to Rs. 1.57 crore, as against Rs. 1.41 crore in the previous year. The sale of stores and sundries during the year amounted to Rs. 6.05 lakhs, as against Rs. 5.85 lakhs in the previous year.

"The percentage allocation of the various factors of production, as also the provision for taxation and the balance of profit during the two years ended 30th June 1960 and 30th June 1961, has been as under:

"Raw materials and stores consumed, including works-in-process and transport charges, accounted for 42 per cent. The figure for the previous year was also the same. Wages were 23 per cent, as against 24 per cent last year. Indirect working expenses came to 11 per cent this year, as against 10 per cent last year. Fuel and power stood at 2 per cent and it was the same in the previous year. Statutory depreciation, excluding the development rebate, worked out at 6 per cent this year, as against 4.5 per cent last year. Taxation liabilities were of the order of 7 per cent and this percentage is the same as that of the previous year. The balance of profits stood at 9 per cent in this year, as against 10 per cent in the previous year. This percentage allocation of the various factors of production would enable you to know the working of the factory.

Machine Tool Industry

"I think it would not be out of place on my part if I say a few words about the machine tool industry, in general. In a machine tool industry, the capital investment required is much larger, whereas the profits are comparatively lower than in other industries and, therefore, the expansion and development of this key industry is likely to be rather slow. Much of the progress of engineering industries depends on the availability of quality machine tools. The manufacture of quality machine tools in its turn depends on the availability of quality raw materials. It is here that we have been experiencing difficulties in recent months both in regard to the availability of quality hard coke and pig iron. Added to this, the transport bottleneck continues to divert a substantial attention of the management. We have been required to transport coke, for instance, by road over a long distance from Bihar to Harihar at a very high cost of transport, because the railways have not been able to supply wagons for the movement of hard coke to the extent required by us. It is a very serious problem in that, when a wagon is made available, coke at site may not be available and, when the coke is available, there may not be any wagon available. Apart from increasing costs, this had created several critical situations with a lot of anxiety over keeping up a steady flow of production in the Foundry.

"We can only appeal to all the authorities concerned to give their very earnest and serious consideration to this major problem.

Agreement With Labour

"In regard to the several labour disputes in your Company which were pending before the Industrial Tribunal, Bangalore, and at other levels, I am now happy to inform you that, after protracted negotiations, we have been able to arrive at an agreement with the Workers' Union on all the issues, and your Board of Directors have approved the same only today. The agreement is proposed to be in force for a period of three years ending 31st December 1964. The agreement will result in a considerable financial burden on the Company. As this is a first long-term agreement to be entered into by your Company, the terms have been rather liberal and I, therefore, take this opportunity of urging on the employees concerned to see to this and take the matter in the right spirit and fulfil their obligations in doing their best in raising the production to the maximum. In the years to come, your Company will have to face competition from several quarters and it is, therefore, very essential that the employees themselves play their part fully in enabling the Company to offer their products to the customers at competitive prices. I trust that the employees concerned will take this matter very seriously.

"Ladies and gentlemen, during the year under report, the management and the members of the organisation, including the workmen and the staff, have exerted in raising the production to some extent and I take this opportunity of sincerely thanking them not only on my behalf but also on behalf of you all.

"Ladies and gentlemen, I also thank you for the very patient hearing that you have given me.

"I now propose that the balance-sheet and the profit and loss account and the Directors' report be adopted."

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

AMERICAN LETTER

(Concluded from page 10)

Bank for Reconstruction and Development had made a $19.5 million loan to the Indian Iron and Steel Company Ltd., for a 12-year term at an interest rate of 5¾ per cent per annum. This includes a commission of 1 per cent. The loan will cover primarily foreign exchange requirements and participating in the transaction are Fidelity-Philadelphia Trust Company, and Philadelphia National Bank.

The loan is designed to assist in financing the Company's programme for increasing coal production from 260,000 to 2,200,000 tons annually through the opening of new mines and the expansion of existing ones. Also involved is the transportation of coal by aerial ropeways to the Company's steelworks at Burnpur. This is to relieve congestion of the railways.

The projects underwritten include the opening of two underground mines and of one open cast mine at Chasnalla. Collieries at Jitour and Ramnagore will be modernised and expanded. And except for the purchase of a small part of its iron ore requirements, I.I.S.Co. will become a fully integrated steel operation and one which, according to the World Bank, "may be expected to retain its position as one of the lowest-cost steel producers in the world."

Readers in India probably know that that the works are scheduled for completion by March 1967 at a total estimated cost of $40.2 million. Also, that the major items of imported equipment necessary for the project will be procured on the basis of international competitive bidding.

Including this loan, the World Bank has made 29 loans totalling almost $800 million to India to assist in the improvement of railways, roads, sea transport, air travel, agriculture, electric power and for other purposes.—*All Rights Reserved.*

JUTE

(Concluded from page 18)

the jute goods trade to see that raw jute prices are maintained at reasonable levels. But this is possible only so long as jute goods prices bear a reasonable relationship to current raw material costs. This is an aspect which has to be specially stressed, because, even without taking into account the large sums that still have to be spent on modernisation, the financial resources of mills are already severely strained. For a long time now, they have had to operate in highly adverse trading conditions. It is estimated that the jute industry suffered losses to the extent of more than $12 million during the six months from April to September 1961. In such circumstances, it is, as the I.J.M.A. statement observes, obvious that, should jute goods prices fall below parity with raw jute prices, the Association's price support scheme will inevitably collapse and with it, the prospect of another large jute crop on which depends the long-term stability of the market.

IN THE SPACE OF 10 YEARS...

the resources of National and Grindlays Bank Limited, which now incorporate the Eastern Branches of Lloyds Bank Limited, have increased from £130 million to £230 million. Similarly the number of offices now operating in countries overseas total 140—100 more than existed ten years ago.

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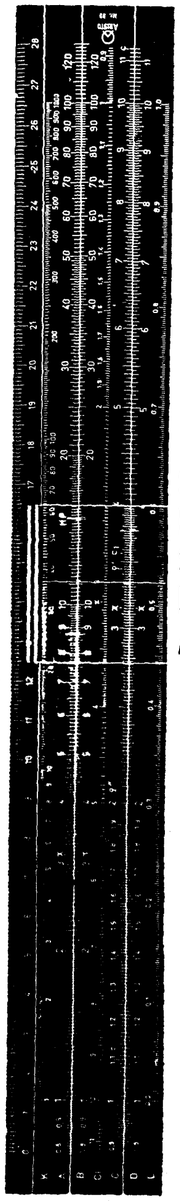

STEEL PRODUCTION SOARS BY 425% AT MUKAND

We reckon our production in 1960-61 to be 69,552 tonnes of rolled products and 5,624 tonnes of castings. In other words a rise of 48% over the previous year.

In 1951-52 MUKAND employed 1,064; in April 1961—2,306. Over the past ten years production figures have soared—13,615 tonnes of rolled products and 704 tonnes of castings in 1951-52; and 425% more in 1960-61.

	57/58	58/59	59/60	60/61
		(Rs. in lacs)		
CAPITAL	51	51	71	61
Depreciation provided to date	32	36	41	50
Profits retained in business to date	25	35	45	57
Profit for the year	19	30	31	53
Dividend for the year	5	5	8	10

MUKAND manufactures high grade steel products—bars, rods and castings. Presently an expansion programme is under way. It will cope with the growing flux of big orders—like the one placed by the Railways with MUKAND in October 1961 for 4,862 sets of Centre Buffer Couplers valued at Rs. 1,14,00,000.

MUKAND provides India's new and growing industries with the quality components that they must have.

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GENERAL INSURANCE PROBLEMS

SUGGESTIONS TO IMPROVE COMPETITIVE CAPACITY

BESIDES pleading for the creation of a "proper climate" for the development of insurance, Mr. K. P. Mody, President of the Indian Insurance Companies' Association, Calcutta, had not much to offer by way of constructive criticism or suggestion in his speech on the occasion of the silver jubilee celebrations of the Association held at Calcutta last week. The ills of the general insurance industry are too well known to need reiteration. It would have, therefore, been useful had Mr. Mody devoted his speech to some bold and forthright suggestions for curing the ills of general insurance and putting the industry on a sound and stable footing, instead of presenting a catalogue of its difficulties and problems. His plea for the creation of a "proper climate" for the development of insurance by diffusion of insurance consciousness among the people, patronage by Indian industry and trade and the formulation of helpful Government policies is too broad to be of any practical value. If, on the other hand, he had outlined a concrete plan to promote insurance consciousness among the people, the lack of which, according to him, is one of the principal reasons why the expectations about the expansion of general insurance as a result of industrial expansion under the Five-Year Plans has not fully materialised, Mr. Mody cited, as an instance of this lack of insurance-mindedness, insurance of imports. In spite of the fact that the Import Control Enquiry Committee in 1950 and the Export Promotion Committee in 1957 emphasised the need for Indian importers making increasing use of the services offered by Indian insurers to save foreign exchange, the response had not been very encouraging so far. The buyer can ordinarily choose his own terms of shipment and it should not, therefore, be difficult for importers to utilise the insurance facilities available to them. Why they have not done so is a question worth investigation by the Association. There can be only two possible explanations. Either the advantages of insurance have not been driven home or the terms offered by Indian companies are not competitive. In either case, the remedy lies not, as Mr. Mody did, in merely appealing to the patriotic sentiment of the trade and industry but in remedying these defects.

Foreign Markets

Indian insurers can, in Mr. Mody's opinion, earn foreign exchange for the country by developing business in foreign countries. But, in order to be able to compete with powerful foreign companies, Mr. Mody suggested that Indian insurers should enter overseas markets not as individual companies but as combined units. Such a step, in his view, besides avoiding unhealthy competition amongst the companies, would enable them to cover large risks with confidence. The Association itself should, he said, take the initiative in formulating a scheme for bringing Indian insurers together into some sort of a consortium to write overseas business at competitive rates.

Mr. Mody's concern at the growing tendency on the part of the Government to reserve the lion's share of the Government's insurance business to Government-controlled companies is understandable. At present, as much as 75 per cent of the Government business is being allocated to Government-controlled business and the balance of 25 per cent is distributed among the remaining Indian insurers. This, Mr. Mody pointed out, was tantamount to Government withdrawing its support to the Indian insurance market. He pleaded that it was only fair to give to the private insurers, who had developed the Indian insurance market with considerable stress and strain, at least an equal share of Government business, taking into account, if need be, their underwriting capacity.

While the Indian insurance market has not expanded significantly, despite industrial expansion, competition among insurers to get a share of the available business had resulted in a number of malpractices. Prominent among them, as Mr. B. R. Bhagat, Deputy Minister for Finance, pointed out in his inaugural speech, was the evil of rebating. Its effects were unwholesome and often injurious. First, it is normally deleterious. Secondly, as the payment of rebate is illegal, the customer tended to have an improper hold on the officers and agents of the insurance companies. Thirdly, rebates resulted in losses to the exchequer as they had to be paid surreptitiously and hence escaped the liability to tax. Fourthly, rebates adversely affected the expenses of management. Lastly, it involved general insurance business in a vicious circle because rebating led to more and more rebating. The Code of Conduct was evolved to eradicate these evils and to bring about healthy conditions in the trade. Mr. Mody admitted that, despite the revision of the Code in 1956 and the tightening up of its provisions so as to make it more effective, it has not been successful in eliminating wasteful competition, excessive procuration cost and rebating. The object of the Code, in his opinion, is commendable. It might not be possible to remove the shortcomings of the Code entirely, but one should be happy, he felt, if they can be kept down to a minimum so that it will not impair the financial strength of the companies. Inasmuch as the Code has been framed by the representatives of the industry and accepted by most of the companies, it was the duty of all insurers, Mr. Mody exhorted, to make a determined effort to remove whatever shortcomings it had.

Expense Limits

In this connection, he also drew attention to the expense limit for insurers which had been causing much hardship to many companies. He pointed out that insurance was the only industry where expenses were controlled by legislation. Insurers were finding it difficult to keep their expenses within the prescribed limits which were fixed as far back as 1950. Since then the cost of every item constituting the expenses of management had gone up. If the objective behind the limitation was to increase the general reserve, it had failed. An analysis of the position of insurers during the past few years would show, according to Mr. Mody, that not only had the expenses gone up but the outgo by way of claims had also increased. The limits prescribed under Rule 17E were stringent in some cases even by the standard of excesses incurred in some foreign countries. If Rule 17E were amended on a realistic basis, the need to write direct business at any cost would disappear and the companies could concentrate on profitable underwriting. The question called for fresh thinking and Mr. Mody expressed the hope that the Department of Insurance will take steps to revise the limits to make them more realistic.

Nationalisation

On the question of nationalisation of general insurance, Mr. Mody said that the case for nationalisation was very weak. He dismissed the case for nationalisation in the following words:

"If the objective was to utilise by nationalisation the funds lying with the general insurers for long-term investments, it can hardly be realised. For the working results of insurance companies will show that the funds lying with them are meagre. The premium income of general insurers has not expanded to any appreciable extent these years with periodical reduction in fire rates from which 40 per cent of the total gross premium is derived. Further, with the Indian Insurance Companies Association Pool coming in for a major share of the business of the public sector, the prospects of large funds being handled by the industry are not bright. Nor are the views expressed that the drain on foreign exchange, consequent on reinsurance abroad, would be stopped by nationalisation, correct. It will not be possible for general insurers to operate without reinsurance facilities provided in international markets. Even industrially advanced countries as U.S.A., U.K., and U.S.S.R., consider it necessary to work in co-operation with insurers in foreign countries. Nationalisation would only result in losing the goodwill of the country whose nationals are operating as insurers in India. Some foreign countries had tried nationalisation in some form or other without any success. It is indeed a matter for regret that the sponsors (of nationalisation) disregard the problems which general insurance has to face."

Striking a note of optimism about the future, Mr. Mody said that, with the increasing tempo of economic activity, the field of general insurance would be widened and new lines of business were bound to be developed. The demand for engineering insurance, machinery erection insurance and many other miscellaneous types of insurance were fast growing. This called for training personnel for administrative and field work. Even as it is, there was difficulty in getting trained personnel. He, therefore, pleaded that ways and means should be found for training young men for careers in insurance.

Notice

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT A General Meeting of the Company will be held at the Royal Exchange Hall of the Bengal Chamber of Commerce and Industry at 6, Netaji Subhas Road, Calcutta-1, at 3 p.m. on Friday the 2nd February 1962, to consider and, if thought fit, to pass, with or without modification, the following resolution:—

"IT IS RESOLVED that for the purposes of Explanation 1 to Section 293(1)(d) of the Companies Act, 1956 the total amount up to which moneys may be borrowed by the Board of Directors in exercise of the authority conferred on them by Article 66 of the Company's Articles of Association and as confirmed by resolution passed in General Meeting on the 1st December 1956 shall be such sum as is computed to be equal to twice the amount of the paid-up capital of the Company (without taking into account any sum or sums borrowed after the 28th November 1952, and whether before or after the date of the confirmatory resolution aforesaid, from the International Bank for Reconstruction and Development or from the Central Government) provided that with effect as and from the 28th December 1960 the total amount outstanding at any one time in respect of borrowings by the Board from all sources whatsoever shall not exceed the sum of rupees fifty-five crores."

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend and, on a poll to vote instead of himself.

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BONUS ON POSTAL LIFE INSURANCE POLICIES

The Government of India has declared bonus in respect of postal life insurance policies which were in force on 31st March 1960 and which are the liability of the Government of India, including the policies of the Baroda State Insurance Fund which was merged with the P.L.I. Fund in 1957. The rates of bonus are as follows:

1. In respect of whole life policies of both civil and military wings, a simple reversionary bonus for the period from 1st April 1957 to 31st March 1960 at the rate of Rs. 20 per thousand sum asured per annum.

2. For endowment assurance policies issued on or before 31st March 1940 a simple reversionary bonus for the period 1st April 1957 to 31st March 1960 at the rate of Rs. 17 per thousand, sum assured per annum.

3. On endowment assurance policies of both civil and military wings issued on or after 1st April 1940 and all Baroda State Insurance policies, a simple reversionary bonus for the period from 1st April 1957 to 31st March 1960 at the rate of Rs. 15 per thousand sum assured per annum.

For policies maturing between 1st April 1960 and the date of next valuation, interim bonus at the rates of Rs. 20 and Rs. 15 per thousand sum assured per annum has been declared for whole life policies and endowment assurance policies, respectively.

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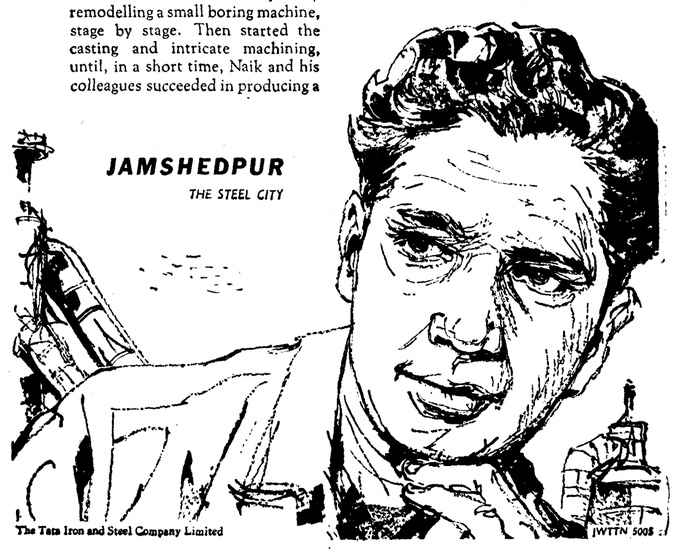
Men like Naik are carrying forward a fine Jamshedpur tradition, recalling Jamsetji Tata's exhortation: "Let the Indian learn to do things for himself."



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RAW MATERIAL SHORTAGES IN ENGINEERING INDUSTRIES

WAGON BUILDING DESERVES HIGHER PRIORITY

AS of 1961, India's engineering industries have attained the size of a major organised industry almost on a par with the textile industry. The output of general and electrical engineering industries (both light and heavy) in that year is estimated to have been of the order of about Rs. 500 crores in terms of value. This figure would have been still higher but for the shortages of iron and steel, coal and power. These shortages, incidentally, have also been responsible for accentuating the trend of rising costs in the engineering industries. According to Mr. K. L. Chowdhary, President of the Engineering Association of India (Calcutta), who spoke at the nineteenth annual general meeting of the Association on 22nd December 1961, the trend of rising costs has been in operation since 1956. The figures of *input as per cent of output*, cited by him in this connection, are:

1956	61.6	1959	64.5
1957	64.3	1960	66.0
1958	63.7	1961	67.5

Mr. Chowdhary's inference from these figures is that, as cost of production increases, the profitability of the industry declines, even though it expands and develops. The object of export promotion cannot, therefore, be realised in the face of rising production cost. On the subject of export promotion, Mr. Chowdhary emphasised the need for an additional measure of relief to engineering industries in the form of price preference in Government contracts to exporting industries. At the same time, supplies of graded pig iron and steel, coal and coke, and power would have to be made more adequate and regular. But it would seem that the present unsatisfactory state of affairs relating to raw material supplies would continue in the years immediately ahead unless more energetic steps were taken to remedy the situation.

The account given by Mr. Chowdhary of the present and prospective position pertaining to raw materials and power is revealing in this connection. In West Bengal, for instance, engineering industries had to pass through a very serious situation throughout 1961 as a result of shortage of power. They sustained a loss of about Rs. 5 lakhs per day during March-April that year. The power shortage, though somewhat relieved since then, is still hampering production schedules. The supply position of coke has also been unsatisfactory. As for finished steel, its availability to the engineering industries in 1961-62 would be much less than the 1.7 million tons required by them, for the entire output of steel in the country in the year would be less than 3 million tons.

The supply position of steel, according to Mr. Chowdhary, is not likely to improve in the next two years, for the aggregate production itself might fall short of the 1963-64 target of 4.3 million tons by about 800,000 tons. As against this, the requirements of engineering industries are expected to grow to 1.9 million tons in 1962-63, 2.1 million tons in 1963-64 and 2.3 million tons in 1964-65. Even at a very conservative estimate, the demand for steel from the engineering industries in 1962-63 would be not less than 1.5 million tons. There is no certainty that even this quantity would be made fully available, for there will be a heavy demand for steel from the machine building and other heavy engineering projects under construction.

The supply position of graded pig iron will be equally difficult. The main sources of supply of foundry grade pig iron, for the time being, are only Bhilai and Durgapur whose combined output would not be more than 600,000 tons. While an additional 300,000 tons may be available after a couple of years from low shaft blast furnaces and electric smelting of iron ores, at present the only unit is Kalinga which produces hardly 25,000 tons per year. It would thus appear that not more than 600,000 tons of pig iron would be available to the foundry industry in 1962-63.

In view of the expected difficult supply position relating to steel and pig iron, Mr. Chowdhary has strongly urged upon the Government the necessity of publishing an approximately correct forecast of the availability of these two raw materials to the engineering industries during the next three years, so that they can plan their production programmes with greater confidence. At the same time, in the interests of export promotion, he has advanced a reasonable plea for the timely delivery of about 30,000 tons of steel, 20,000 tons of billets and 30,000 tons of pig iron to the exporting industries in 1962-63. Both these requests are patently modest and reasonable in the current difficult circumstances governing iron and steel supplies. The authorities should somehow seek to satisfy the minimum requirements of engineering industries. At least in one specific field, namely, wagon-building, the Government should not fail to make steel available in adequate quantities. It is, indeed, distressing to hear that, while the railways have been complaining of a shortage of wagons throughout last year, the wagon-building industry has been working at half the rated monthly capacity of 1,860 wagons for no other reason than shortage of steel. As wagon-building is a crucial engineering industry—crucial from the point of view of augmenting railway transport capacity—there can be no excuse for denying adequate quantities of steel to it. Mr. Chowdhary's view is that transport is so important for feeding the industries with raw materials and for movement of finished goods that no argument should be allowed to stand in the way of development of wagon-building industry. This is a sound rationale for according a higher priority to wagon-building.

NUNMATI REFINERY GOES ON STREAM

The first State-owned oil refinery in India "went on stream" on 1st January 1962 at Nunmati, six miles from Gauhati in Assam. The refinery will have three main units—a crude distillation unit, a kerosene refining unit and a coking unit. It will have an annual refining capacity of 750,000 tons of crude. The products of this refinery will include motor-gasoline, high speed diesel oil, light diesel oil, kerosene, furnace oil, aromex and petroleum coke. It is noteworthy that as much as 167,000 tons of kerosene will be manufactured by this refinery.

The Nunmati refinery has been built in collaboration with Rumania under the Indo-Rumanian agreement under which, it may be recalled, Rumania had agreed to provide Rs. 5.5 crores' worth of equipment and know-how for the refinery. According to the Rumanian experts, the capacity of the refinery can be doubled, at a cost of not more than 50 to 60 per cent of the present outlay.

The full functioning of the refinery will be possible only when the 260-mile-long pipeline between Naharkatiya oilfields and the refinery is commissioned by March this year. Till then, the refinery will be working only at half the rated capacity.

The reactor of the *Savannah*, the first nuclear-powered cargo and passenger ship, is reported to be operating at Camden, New Jersey. The reactor went critical—achieved a self-sustained nuclear chain reaction—on 21st December 1961. Testing will now continue at Camden at gradually increasing power up to a maximum of seven megawatts, or 10 per cent of its designed power of 70 megawatts. After that, the vessel will be transferred to Yorktown, Virginia, for higher power testing.

Following testing at Yorktown, the schedule calls for sea trials and operation of the *Savannah* as an experimental vessel for two to three years. Toward the end of this period, the vessel is to enter limited commercial service and will visit major world ports.

Construction of the *Savannah*, it may be recalled, was authorised in 1959 by the U.S. Congress at the request of the then President Eisenhower, to demonstrate the feasibility of using atomic power to propel merchant ships.

The Petroleum Information Service, sponsored by the petroleum undertakings of the Government of India, has just brought out a brochure explaining to the general reader the various aspects of the petroleum industry. Entitled "the Story of Oil," the brochure is well got up and written in a simple and lucid style. It carries a number of charts, diagrams and photographs which, together, add to its value.

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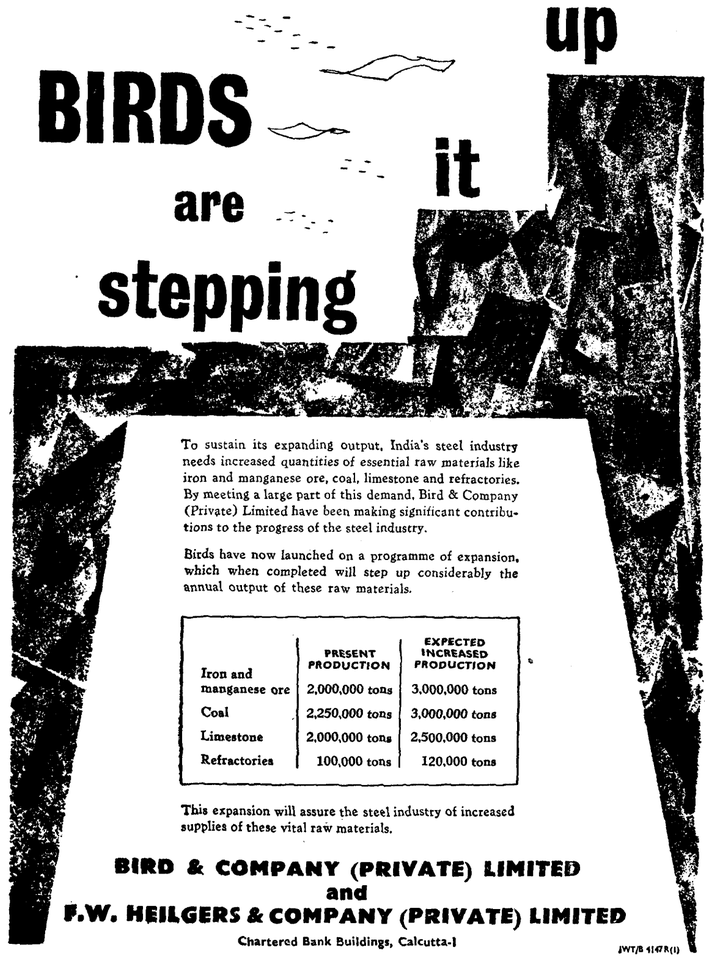

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EXPANSION OF WORLD TRADE IN PRIMARY PRODUCTS SLOW

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ALTHOUGH world trade has been increasing at a rapid pace during the last few years, it is mainly the industrial countries which have reaped its benefits in full. Exports from the non-industrial countries, which are predominantly primary produce, have, however, been lagging behind. It is in this context that non-industrial countries are clamouring for larger trade opportunities for their goods in industrial countries, in addition to direct financial aid. The latest annual report of the G.A.T.T., *International Trade* 1960 (Price $1.50), the full text of which was received just now, only confirms the adverse trends experienced by the underdeveloped countries. Although this report is now out of date by a year, it is a valuable document, containing as it does a wealth of data on world trade in its proper perspective. The value of world exports (including communist countries, but excluding U.S. exports under special terms) in 1960 rose by 11 per cent to $125,000 million, as compared with 1959. Average prices, too, rose. But this was accounted for exclusively by manufactured goods, the average price of which increased by 3 per cent. The average price of primary products, however, failed to increase and remained at the previous year's level. Further, the expansion of total world trade in 1960 was uneven among the various trading areas, with the major part of the increase accounted for by the European Common Market countries and North America. There was a considerable increase in the imports of non-industrial countries (all countries, excluding North America, Western Europe, Japan, Russia, Eastern Europe and Mainland China) from the industrial areas (in contrast to declines in the previous two years). At the same time, the tempo of expansion of exports from these countries to industrial areas (excluding communist bloc) slowed down in 1960.

The relatively poor performance of non-industrial countries in the field of world trade reflects largely the failure of exports of primary products to hold their own. The total value of world trade in primary commodities rose by 8 per cent, which compares unfavourably with an increase of 15 per cent in exports of manufactures. The increase in exports of primary products in 1960 (noted in respect of agricultural raw materials, particularly textile fibres and foodstuffs) was the result mainly of larger exports from the U.S. to other industrial areas. Thus, the non-industrial countries, the exports of which are composed mainly of primary products, have not shared in the increase in exports of these commodities in 1960.

Earnings from Exports

Earnings from exports of primary products continued to be at an unsatisfactory level. The low level of prices of primary commodities since 1958 has had an adverse effect on the economic situation in non-industrial countries. While the volume of exports of primary products rose by 16 per cent between 1957 and 1960, the corresponding value increased by only 6 per cent. It is pertinent to note here that, although the volume of exports of manufactures went up by only 18 per cent between 1957 and 1960 (approximately the same rate as for primary products), their value moved up by as much as 22 per cent. Again, while the average prices of primary products in 1960 remained stable at the previous year's level, those of manufactures were higher by 3 per cent. The following table shows the movement of average prices of exports (in terms of indices) of both primary commodities and manufactures since 1957:

(Base: 1957=100)

	1958	1959	1960
PRIMARY PRODUCTS			
Foodstuffs	96	91	90
Coffee, tea, cocoa	97	82	73
Cereals	99	96	95
Agricultural raw materials	89	93	93
Textile fibres	80	77	82
Oilseeds, fats, oils	99	103	97
Mineral raw materials	95	90	89
Ores	93	93	94
Total (excluding crude petroleum)	93	92	92
Total (including crude petroleum)	94	92	91
Manufactured goods	100	100	103
Non-ferrous metals	90	99	102

As will be seen from the table, between 1957 and 1958 there was a decline in the prices of all commodity groups. In 1959 and 1960, prices of foodstuffs and minerals declined, though the average prices of agricultural raw materials were better. The price level of primary products as a whole declined by 6 per cent between 1957 and 1958 and by 2 per cent in 1959. A more detailed analysis reveals that prices of most foodstuffs dropped sharply between 1957 and 1960, except the prices of meat (which increased), of tea (which remained stable) and of cereals (which showed only moderate declines). As regards agricultural raw materials, price increases were recorded during the period of four years in jute and hard fibres, rubber and certain fats, whereas declines occurred for most of the other products, especially tobacco, wool and cotton. Among minerals, prices for petroleum products and solid fuels, which stand out as major items, weakened in the course of 1959 and 1960.

Foodstuffs

The total exports of the major commodity group among primary products, namely, foodstuffs, which aggregated $18,950 million in 1959, went up further by 3 per cent in 1960. This was mainly the outcome of an increase in food exports from industrial countries. An important point to be noted here is that the share of industrial countries in food exports has been steadily going up, that is, by $2,900 million to $10,400 million between 1953 and 1960. At the same time, food exports by non-industrialised countries rose by only $825 million to $9,450 million. Exports of wheat, rice, sugar, tea, citrous fruit and tobacco from non-industrialised countries rose from 1959 to 1960, but those of coarse grains, butter, meat and cocoa declined. The following table shows the trend in exports of food and beverages (including tobacco) from non-industrial countries since 1953:

(Value in million dollars)

Commodities	1953	1958	1959	1960*
Wheat and flour	504	268	311	360
Maize and barley	232	245	254	216
Rice	476	453	385	415
Butter	194	147	242	200
Sugar	1,122	1,817	1,165	1,350
Meat	517	753	803	695
Total ..	3,045	3,183	3,150	3,236
Coffee	2,378	1,953	1,879	1,866
Cocoa	483	574	586	520
Tea	436	599	555	573
Total ..	3,297	3,076	2,970	2,959
Tobacco	186	236	238	290
Grand total (including others) ..	8,625	9,340	9,280	9,450
Food exports from industrialised countries	7,500	9,330	9,720	10,400

* Including estimates for several countries for which full 1960 data are not available.

Trade in agricultural materials, which, after the sharp fall in 1958, staged a substantial recovery in 1959, continued to rise in value in 1960, although at a slightly lower rate. From a total value of about $13,980 million in 1959, exports reached about $15,400 million last year, mainly under the impact of a strong increase (by about $1,300 million) in these exports from the industrial countries. About one half of this expansion was on account of the U.S. exports of a few commodities, notably raw cotton, rubber (synthetic) and certain oilseeds. Exports in this group from less-developed countries in 1960 seem to have been only very slightly larger in value than in 1959. As noted in the case of foodstuffs, the development in exports of raw materials from these two groups of countries over the past several years has been unequal. In the period 1953-59, exports of raw materials from industrial countries rose over twice as much as exports from the less-developed countries, that is from $4,700 to $7,700 million, and from $6,500 to $7,600 million, respectively. Exports from Eastern Europe, U.S.S.R. and mainland China (excluding intra-regional trade) rose over the same period from $475 to $650 million.

So far as individual raw materials are concerned, there were in 1960 substantial increases in the volume of exports of some items; cotton and coconut products by one quarter, soyabeans by 16 per cent and olive oil by an exceptional rate of 40 per cent. While the volume of sawn timber, and hides and skins rose slightly, fairly large declines occurred in natural rubber, which fell by 11 per cent, groundnuts by 12 per cent, jute by 9 per cent, while minor reductions occurred in wool, sisal and abaca. Important price increases were recorded for extra long-staple cotton, jute and sisal. While a somewhat firmer price tendency was observed in the case of timber, rubber prices were relatively stable until mid-1960, after which they fell sharply, under the impact of increasing stocks held by producers and competition from synthetic rubber. Following an easier supply situation, prices of copra dropped and wool prices, as well as those of hides and skins, were also weaker than in 1959.

A clear picture of the recent trends in exports of agricultural raw materials from non-industrial countries is provided in the following table:

(Value in million dollars)

	1958	1958	1959	1960
Cotton	1,160	1,055	1,075	1,060
Wool	1,831	1,277	1,453	1,484
Jute	174	178	150	169
Sisal, abaca, henequin	118	108	140	160
Coconut products	338	311	335	310
Groundnuts and oil	214	230	200	280
Natural rubber	771	910	1,349	1,300
Hides and skins	271	227	308	310
Total (including others) ..	6,525	6,385	7,550	7,600

Non-Ferrous Metals

There was a notable increase in the exports of non-ferrous metals in 1960. A high level of consumption of non-ferrous metals in Western Europe in 1960 led to a strong rise in imports of some of them and to a reduction in exports from the area. While several of the main producing countries in Latin America and the overseas sterling area participated as suppliers, especially as regards copper (from Chile) and tin (from Malaya), there was a spectacular increase in European imports from North America.

In the case of both foodstuffs and raw materials, it has been noted that the expansion in exports over the past few years was much more rapid in the industrial areas than in the primary producing countries. As regards fuels, the development was exactly opposite: a sharp rise in the primary producing countries contrasted with a virtual stagnation in these exports from the industrial countries. In fact, after the temporary boost given to the latter exports in 1956-57, following the Suez crisis, when oil supplies to Europe from North America temporarily replaced those from other sources, the level fell sharply in 1958 and in 1959, it had become reduced to $3,000 million, that is, only slightly more than the value registered in 1953. The considerable cuts in coal imports from the U.S. into Europe in 1958-59 further accentuated this movement. On the other hand, in 1959, fuel exports from the non-industrial countries were about 60 per cent larger than in 1953, having risen from $4,560 to about $7,340 million. On the basis of estimates for the principal exporting countries, the figure in 1960 is expected to have reached about $7,900 million. In respect of coal, if a distinction is made between coal-producing and non-producing countries in Europe, it is seen that the steps taken by some of the former to limit imports have resulted in a sharp contraction (by over 40 per cent) of imports in the period 1957-60; there was, by contrast, only a slight reduction in non-producing countries. In West Germany, for instance, the introduction of a duty on imports exceeding a certain quota resulted, in combination with cancelled long-term contracts for the import of United States coal, in a fall in imports into the country from suppliers outside the European Coal and Steel Community from 17 million tons in 1957 to 5½ million tons in 1960. In Belgium, imports in 1960 were limited by quotas, not only from outside suppliers but, owing to the particular difficulties in the country's coal industry, also led to a sharp fall in imports over the last few years and the United Kingdom, which is not a traditional importer ceased to authorise imports in 1958 except for coal from sterling countries. Imports virtually ceased in the spring of 1959, and have not since been resumed.

WORLD OUTPUT OF TIMBER

World production of all forest products made further headway in 1960, as compared with the previous year, according to the Yearbook of *Forest Products Statistics 1961*, just brought out by the U.N. Food and Agriculture Organisation and Economic Commission for Europe. The most spectacular increase in output was recorded by manufactured products and pulp products. Production of industrial wood, in terms of volume, rose by more than 2 per cent and that of roundwood remained unchanged. The *Yearbook*, which contains figures relating to over 160 countries and is priced at 12s. 6d., shows that the use of wood as a basic material for the production of capital and consumer goods has been rising all over the world.

Sawnwood continues to be the major wood product. Proportionally, the increase of broad-leaved species was higher than that of coniferous species, which, nevertheless, hold a dominant position in the use of sawn timber. The most important increases of industrial wood removals in 1960, as compared with 1959, took place in Europe (30.3 million cubic metres increase), in Asia (6.6 million cubic metres) and in North America 4.3 million cubic metres). Taken on a world basis, fuel wood remains highly important, with estimated removals amounting to about 710 million cubic metres, of which 24 per cent is cut in Asia, 19 per cent in South America, 16 per cent in Africa, 15 per cent in Russia and 14 per cent in Europe. The relative importance of each category of roundwood does, of course, vary by region and over a period of time, with the percentage of wood cut for industrial purposes being higher in the more industrialised regions. Thus, while there is a world average of 60 per cent, the statistics show that it is 88 per cent in North America, 71 per cent in Russia, 69 per cent in the Pacific area and 68 per cent in Europe.

The European production of railway sleepers from 1958 to 1960 showed very little change and Rumania, France and Poland remained the principal producing countries. The main importing countries in 1960 were the U.K. and West Germany, and France and Rumania were the main exporting countries. A decline rather than an increase is expected in the European production of wooden sleepers as a result of competition from other materials, notably concrete. According to available data, the largest producers of railway sleepers outside Europe are Japan, Australia, Canada and the Argentine.

The output of plywood aggregated 15.5 million cubic metres in 1960, or 4 per cent more than in 1959, an increase of about 56 per cent over the last five years and of 120 per cent over the last decade. North America continues to be the largest plywood producing region, followed by Europe and Russia. Contrary to the trend in production, international trade in plywood decreased, as compared with 1959. Significant decreases in exports were reported from Japan, the U.S. and the Philippines, whereas Canada, Finland, France and Rumania increased their exports. Finland now becomes the largest plywood exporting country in the world, closely followed by Japan, and the U.K. becomes the largest importing country in 1960, with a total import of 640,000 cubic metres, a figure 30 per cent more than in 1959. Particle board production showed a rise of 32 per cent over 1959. European production increased at an even faster rate than world production and now accounts for 65 per cent of the reported world production. The U.S.S.R. reported an increase in production of 89 per cent, while the expansion in the United States seemed to have slowed down. Central and South America, Africa, Asia and the Pacific area altogether account for only 8 per cent of the world production.

Wood-pulp production reached in 1960 almost 69 million cubic metres, which represents an increase of 8.3 per cent, as compared with 1951. The total production of pulp products rose from 48.7 million metric tons in 1951 to 78.2 million metric tons in 1960, or an increase of 60 per cent. In 1960, while world production rose by 7 per cent, as compared with 1959, North America increased its production by only 4 per cent, but is still by far the leading pulp producing region. Mechanical wood-pulp continues to account for 31 per cent of global production. Chemical wood-pulp production increased by about 8 per cent, but this increase was noticeably higher in Europe and in Asia than in North America and in Russia. Pulp from other fibrous materials remains relatively less important, though production of this product also increased by 13 per cent. Exports of wood-pulp increased by 13.6 per cent. North America's shipments rose by 21 per cent, mainly owing to the very large increase in the exports of the U.S., but Sweden, Finland and Norway together account for 55 per cent of the world trade in wood-pulp.

The production of newsprint reached a new record level of more than 14 million metric tons. This increase was largely due to the fast expansion of the European production which was about 11 per cent higher than in 1959 and to the production of Asia which also increased by 11 per cent. Production in North America increased by about 6 per cent, with Canada still the world's largest newsprint producing country followed by the United States, Finland, Japan and the United Kingdom. World trade in newsprint increased by almost 7 per cent in 1960, but the expansion of trade was much higher in Europe (14 per cent). The largest exporting countries are Canada and Finland, whereas the United States and the United Kingdom are the largest importing countries. In the category of printing and writing paper and other paper, world production rose by 8 per cent reaching a total of 13.5 million metric tons of printing and writing paper and 21.7 million metric tons of other paper, while world trade in these products, however, rose at an even faster rate. The principal exporting countries are Sweden, Finland and Norway, and the main importing countries the United Kingdom and the Federal Republic of Germany.

World production of paperboard reached a new high of 24.6 million metric tons in 1960 and exports rose 13 per cent above the 1959 level. The Yearbook shows that European exports accounted for 56 per cent of the world total and those of North America for 41 per cent. World fibreboard production was 4.3 million metric tons, which brings the increase in output over the last decade to 82 per cent. Compressed fibreboard continued to gain ground and now accounts for 62 per cent of total output, whereas the output of non-compressed types decreased in 1960 compared with 1959.

NEW PRODUCTS AND PROCESSES

Stroboscope for Scanning Textile Patterns

IT is common knowledge that in the clothing industry high standards of weft alignment are called for. Although a straight weft is very important in a plain fabric, much heavier costs may be involved in the case of fancy fabrics where the pattern is skew. This feature is a problem in finishing technique. As a result of improvements to finishing apparatus, the average speed of cloths has been substantially increased. Depending on the type of fabric handled, speeds of up to 200 metres a minute are possible on modern tenters. At these speeds it is impossible to check the position of the woven or printed pattern in the weft direction. This means that the speed of the machine has to be decreased to a fraction of the speed of which it is actually capable, resulting in considerable loss of efficiency. In addition to existing, often expensive, apparatus in the textile industry for making textile patterns visible at high speeds, a Dutch firm has developed a simple device (a stroboscope) that makes patterns woven in or printed on the cloth visible at high speeds.

The pattern has to be made visible to enable any distortions or deviations to be corrected. For this purpose use is made of cloth (or weft) straighteners, which can be controlled either by hand or electronically. Without a stroboscope of this type, hand control at high speeds is impossible, since the human eye is too slow to be able to discern the weft-shoots. When electronic control is applied the stroboscope acts as a visual apparatus for checking that the weft straighteners and subsequent aligning equipment are working properly. The stroboscope utilises a standard fluorescent lamp which casts light on the cloth at a certain frequency. The lamp is supplied via a special control box provided with knobs for regulating the frequency, the latter being dependent on the size of the pattern and the speed of the cloth. It is also possible to insert a synchroniser to ensure that the frequency remains automatically adapted to the cloth pattern in the event of fluctuations in cloth speed. The stroboscope may be mounted on tenters, equalisers and possibly on sanforising machines, and works irrespective of the speed of the fabric. Its operation is also unaffected by the type, colour, density or weight of the fabric.

Controls for Oil Burners

The photo-electric cell is the basis of two interesting new products of one of Britain's smaller electronic firms. One is a unit to control the operation of oil burners. The other is a smoke control unit. The oil burner sequence and flame failure control unit is produced with a range of variations suitable for use with small or large oil burners—from the small domestic type to industrial installation. It enables their automatic operation at preset times with thermostatic control. Safety controls guard against failure for a wide variety of reasons, and a system of lights (white, amber or red) indicates whether the installation is operating, whether the burner motor is energised or whether there has been a failure. On heavy oil burners the unit can be augmented to operate solenoid valves, induced draught fans or other operations, and when used with steam raising plants a low-water cut out system can be incorporated. The smoke control unit provides a visual and audible warning when smoke exceeds a pre-set density and apart from its value in achieving fuel economy it is useful for all industries in which limitation of smoke emissions is necessary.

Potato Harvester

Tests have been carried out at a Scottish machinery testing station on a modified commercial potato harvester with an electronic "sensing" device which may solve the costly problem of potato harvesting. The device is claimed to have had 95 per cent efficiency in laboratory trials in differentiating between a potato, stone and clod. In the prototype unit tested a beam of ironising radiation, with a peak intensity of about 0.5A, was divided into nearly parallel horizontal beams each directed on to a scintillator operated in association with a photo-electron multiplier. The radiation was pulsed and the output from each multiplier fed to an amplifier which was also supplied with a coincident pulse of equal magnitude but opposite polarity. Pulses normally cancelled so that no amplifier output was associated with a multiplier. This condition was not upset by the interposition of a potato in a beam but a stone or clod reduced the multiplier pulse. There was, therefore, an amplifier output available to actuate a rejection mechanism associated with each beam interrupted by a stone or clod.

New Life for Old Blankets

A new machine which can give new life to "tired" blankets has been developed by a British company. One of the problems encountered by laundries has been that of restoring blankets which normal use, coupled with washing and subsequent drying, has tended to felt the raised or napped surface of the fabric. The new machine resolves this difficulty. The unit incorporates metal teazles which lightly brush the blanket passing through it, lifting the matted surface and thus giving the blanket more bulk and resilience and greatly increasing its thermal efficiency. The machine is attractively styled with easily removable fibre glass covers and fairings moulded from "Durgglas" chemically bonded glass mat. It has a standard width of 96 ins. (244 cm.) and is driven by a 1½ h.p. motor. Simple to operate and maintain, its running speed of three yards per minute enables 100 standard size double bed blankets to be processed during an eight-hour shift.

Safety Unit for Tractors

A new safety unit for tractors, which is making a contribution towards reducing the toll of accidents caused by their overturning, has been developed by a British engineering firm F Butt and Co., Ltd. When the tractor leans over—forwards, sideways or backwards—at more than an angle of 32 degrees, the unit operates to stall the engine and blow a warning horn. The device automatically cuts off diesel engines by pulling the fuel-injector stop rod; and petrol engines by short-circuiting the ignition. By this device, the driver is warned that his vehicle is dangerously near the angle of overturn, and he can rectify the situation. The horn will continue to blow until the tractor is righted or until the battery has run out. Thus, if a tractor has overturned into a ditch, trapping the driver, the continuous sound of the horn will bring help. The unit comes in the form of a small box that can be quickly and easily fitted to any make of tractor.

Precision Welding

Built for delicate welding operations on the thinnest of wires and sheets, or the tiniest of components—mainly in non-ferrous metals—is a new series of welding machines manufactured in Britain. They embody novel mercury switches developed by the makers which have no moving parts and enable the welding current to be switched electronically. They also give closer control of the welding cycle. Outputs of 20, 60 and 80 kVA are available in the series, which is specially suitable for work on the construction of complex electronic valves, transistors, condensers and other miniature components in the electronic, optical and precision engineering industries.

New American Inventions in 1961

A flood of new products and processes, on which more than 50,000 patents were issued during 1961, is transforming industry and the way of living in the United States. No facet of living, or of manufacturing, seems to have escaped the impact of inventors' efforts to devise easier or better ways of doing things. Spurring the inventors is industry's expenditure of vast sums on research facilities. In 1961, U.S. industry spent at least $5,000 million of its own funds on research and development of commercial products and processes.

Among the newest products and processes are the following:

Solid State Electronic Circuits

The almost magical new art of molecular electronics, which makes materials with the electronic characteristics the designer wants, has produced a general-purpose computer only slightly larger than a sardine can and weighing only 10 ounces. Metals are vapourised and deposited on thin wafers. Each contains a complete electronic circuit, thus eliminating such ordinary semi-conductor devices as resistors, capacitors, and condensors. One manufacturer predicts that the new circuits can shrink a six-transistor radio circuit to the size of a pencil eraser.

Automobiles

The 1962 models of most American automobiles unveiled to the public in October last featured such improvements in maintenance as changing oil and getting minor lubrication only twice a year and major lubrication every 30,000 to 33,000 miles. Some models also had self-adjusting brakes. Three-speed automatic transmission for compact cars and a stick gear shift without a clutch pedal were other new features on some cars.

Machine Talk

More than 500 American companies are using about 45 per cent of the more than 5,000 computers now at work in the nation's business, industrial, scientific and governmental organisations. Many of the business computers need to "talk" to each other, relaying data from a branch sales office, warehouse, factory or laboratory to the main headquarters. For example, these machines "talk" to each other over regular telephone lines, using teletype sending and receiving equipment and data-phone service, a new telephone method of data transmission. An electronic translator computer has been developed which automatically converts the language of one type of computing equipment to other types. Thus dissimilar computers can now "talk" to each other.

Coin-operated Dry Cleaner

Coin-operated dry cleaning machines, resembling in outward appearance automatic washing machines, made their appearance in Laundromat stores, gasoline filling stations, and elsewhere. The number of machines has soared from less than 500 at the start of the year to more than 15,000.

Colour Television

Improvement of colour set quality, reduction of repair costs and improved and increased colour programmes by television stations caused sales of colour television sets to nearly double in 1961.

Housing Construction

Today there is a new or better product, tool, or method to do almost everything in the construction of a house except roofing. Some of the improvements are: foundation and floor panel systems that can provide hardwood floors for the cost of concrete slabs; factory-made partition walls that can save up to $500 a house; new bathroom systems that can give two bathrooms for less than the cost of one in former years; new add-on units that can bring air conditioning to every house; quick-drying plasters that cut finishing time two-thirds; new devices for lower cost wiring; and new doors that cut closet and hallway costs by a third.

New Typewriter

A new electric typewriter, which has no moving paper carriage and no typebar, appeared on the market. Alphabetic characters, punctuation marks and numbers are arranged on a walnut-sized nickel-coated sphere. This is mounted on a carrier inside the typewriter, and whisks along from left to right, tilting and twisting on two axes to get the right letter into position and printed. It is claimed that the new typewriter permits faster operation. Several typing heads—each with a different type style—can be interchanged.

MIXED PERFORMANCE BY BIRLA GROUP OF SUGAR MILLS

PROSPECTS NOT BRIGHT

ALTHOUGH the Directors' reports for the year ended 30th June 1961 of three sugar companies, namely, the Upper Ganges Sugar Mills Ltd., the New India Sugar Mills Ltd., and the Bharat Sugar Mills Ltd., under the management of Cotton Agents' Private Ltd., Bombay, run truly to a pattern, the actual working results achieved by them are, however, as varied as could be. With the exception of Upper Ganges, for example, the other two companies have disclosed sizable declines in sale as well as gross profit, while New India has suffered a setback in its net profit as compared with the improvements reported in this respect by the other two. The only point of similarity is that all the three companies have maintained their previous rates of ordinary dividends.

Upper Ganges

Notwithstanding the country-wide recession in sugar, the Upper Ganges Sugar Mills has been able to push its sale further by as much as Rs. 102.80 lakhs to Rs. 363.69 lakhs and, though it has thereby recovered fully the ground lost during the previous year, its sales are yet Rs. 11.48 lakhs lower than the record figure of Rs. 375.17 lakhs reached during 1957-58. Higher sale has, quite naturally, brought about an increase in the excise duty paid on sugar, by Rs. 8.35 lakhs to Rs. 81.60 lakhs, and in total expenses, by Rs. 48.14 lakhs to Rs. 302.95 lakhs, but, even then, the gross profit shows an improvement of Rs. 14.77 lakhs to Rs. 38.27 lakhs.

The Managing Agents' commission, which had claimed Rs. 1.46 lakh during the previous year has moved up to Rs. 2.40 lakhs for the year under review. Provision for depreciation has changed but a little from Rs. 9.38 lakhs to Rs. 9.62 lakhs but that for taxation has, for obvious reasons, been more than doubled to Rs. 8.92 lakhs in comparison with Rs. 3.50 lakhs previously. Despite the increases in essential provisions, the net profit is still higher by Rs. 8.17 lakhs at Rs. 17.33 lakhs. With a higher net profit thus, transfers to reserves have been raised substantially from Rs. 1.78 lakh to Rs. 10.15 lakhs. Of this, the development rebate reserve gets Rs. 2.27 lakhs, as against Rs. 1.62 lakh, and the general reserve Rs. 7.50 lakhs as against nil, the balance being credited to sundry provisions.

New India Sugar

The New India Sugar has reported a decline of Rs. 31.58 lakhs to Rs. 110.05 lakhs in sale of sugar and, though it has received some relief through a decrease, amounting to Rs. 10.03 lakhs to Rs. 29.48 lakhs, in the excise duty, the gross profit has nearly halved to Rs. 6.94 lakhs as against Rs. 13.54 lakhs for the previous year. In consonance with the lower profit, a reduction has been brought about in overall essential provisions from Rs. 7.96 lakhs in 1959-60 to Rs. 3.38 lakhs for the year under review. Of this, the provision for Managing Agents' commission accounts for a cut of Rs. 0.58 lakh to Rs. 0.43 lakh and that for taxation of Rs. 4.00 lakhs to Rs. 0.45 lakh only. Provision for depreciation, on the other hand, has remained more or less steady at Rs. 2.50 lakhs, as against Rs. 2.42 lakhs. Consequently, the net profit shows a less severe decline of Rs. 2.00 lakhs to Rs. 3.56 lakhs. After taking credit for Rs. 0.35 lakh brought over from the preceding accounting period and writing back Rs. 0.09 lakh as provisions no longer required, the Directors have set aside Rs. 0.61 lakh to meet the liability on account of preferred dividends for the year and from the balance have proposed ordinary dividends at 36.5 per cent, subject to deduction of tax, absorbing Rs. 2.88 lakhs as during the previous two years.

Bharat Sugar

The performance of the Bharat Sugar Mills during the year has not been as disheartening as that of New India, in that, despite a fall of 17.4 per cent (from Rs. 83.39 lakhs to Rs. 68.58 lakhs) in sales, the gross profit has declined only moderately from Rs. 9.24 lakhs to Rs. 7.38 lakhs. Moreover, there has been an all-round curtailment in essential provisions, that for the Managing Agents' commission having been brought down from Rs. 0.82 lakh to Rs. 0.64 lakh, for depreciation from Rs. 1.05 lakh to Rs. 0.85 lakh, and for taxation, quite perceptibly, from Rs. 4.85 lakhs to Rs. 1.25 lakhs. The net profit has, accordingly, risen to Rs. 4.64 lakhs from Rs. 2.52 lakhs for the previous year. As a result, the Directors have found no difficulty in maintaining the dividends at their previous levels; the preference dividend absorbs Rs. 0.25 lakh and ordinary dividend, at 15 per cent, Rs. 2.25 lakhs, in both cases, subject to deduction of tax.

A perusal of their respective balance-sheets, as at 30th June 1961, discloses that the financial positions of these three companies is only moderately strong. In each case, the share capital has a modest backing of reserves and the total of these two very nearly equals the written down value of the fixed assets. All the three companies have resorted to heavy bank borrowings, with a view to finding sufficient working capital, and the current assets in each of the three cases are just sufficient to cover bank loans and current liabilities put together.

During the course of the year, each company had a record crushing, having worked for a larger number of days than during the previous year and having crushed a bigger tonnage of cane. The recovery in all the three cases, however, was lower than during the preceding year. This was due to unfavourable climatic conditions, lower sucrose content of cane and longer duration of the season, conditions which have been common to all other mills in North Bihar.

According to the availability of cane in their area, all the companies anticipate further considerable rise in the crushing of cane during the current year. The Government, on the other hand, has issued an order restricting the production of sugar to a level 10 per cent lower than that during the previous year. Efforts are being made by individual companies with the Government to exclude the sugar factories in Bihar from the restrictive provisions of the ordinance. In view of the said restrictions on output, coupled with the heavy carryover of stocks and the declining prices for sugar following the decontrol, the Directors of these companies feel that the prospects for the ensuing year are anything but cheerful.

The Rs. 10 fully paid ordinary shares of these companies are quoted on the Calcutta Stock Exchange. The following table presents the present market quotation for these shares on an *ex-div.* basis and the net return on investment:

	Ex-div. price Rs.	*Net yield* Per cent
Upper Ganges Sugar ...	72.02	6.9
New India Sugar ...	29.44	8.7
Bharat Sugar ...	15.45	6.8

(Value in lakhs of rupees)

	Upper Ganges Sugar				New India Sugar				Bharat Sugar			
	1961	1960	1959	1958	1961	1960	1959	1958	1961	1960	1959	1958
Sales less rebates, etc.	3,63.69	2,60.89	3,25.29	3,75.17	1,10.05	1,41.63	1,36.22	1,46.27	68.58	83.39	71.40	64.07
Other income	11.14	7.01	3.05	2.75	3.17	1.42	1.27	1.34	2.61	2.57	1.52	0.87
Closing stocks and work-in-progress	1,84.10	1,36.11	52.45	1,13.06	85.46	40.24	33.63	41.70	53.77	29.10	22.58	24.11
	81.60	73.25	80.75	95.90	29.48	39.51	40.69	34.45	16.66	24.20	20.89	13.60
Excise duty	3,02.95	2,54.81	1,46.95	2,23.12	1,25.02	96.56	74.32	82.77	71.82	59.09	43.20	39.00*
Other expenses	38.27	23.50	31.03	40.06	6.94	13.54	14.46	15.29	7.38	9.24	7.25	4.12
Gross profit	2.40	1.46	2.48	3.40	0.43	1.11	1.25	1.33	0.64	0.82	0.64	0.37
Managing Agents' commission												
Provision for—	9.62	9.38	7.36	8.90	2.50	2.42	2.02	1.98	0.85	1.05	1.01	0.49
Depreciation	8.92	3.50	8.83	19.50	0.45	4.45	4.70	7.30	1.25	4.85	2.26	2.10
Taxation	17.33	9.16	12.36	8.26	3.56	5.56	6.49	4.65	4.64	2.52	3.34	1.16
Net profit												
Transfers from reserves and provisions	0.21	0.10	1.10	0.24	0.09	0.04	0.12	..	0.03	..	0.13	0.54
Transfers to reserves and provisions	10.15	1.78	6.11	3.24	0.41	1.83	3.25	2.87	1.89	0.03	0.96	0.07
Dividends—												
Preference	1.61†	1.61†	1.35	1.11	0.61†	0.61†	0.60†	0.42	0.25†	0.25†	0.25†	0.17
Ordinary	5.80	5.80	5.80	4.90	2.88	2.88	2.88	1.97	2.25	2.25	2.25	1.50
	(72.5%)†	(72.5%)†	(72.5%)†	(60%)	(36.5%)†	(36.5%)†	(36.5%)†	(25%)	(15%)†	(15%)†	(15%)†	(10%)
Carry forward	0.49	0.61	0.44	0.25	0.10	0.35	0.06	0.18	0.32	0.04	0.05	0.04

* Approximate. † Subject to deduction of tax.

MYSORE KIRLOSKAR'S PROGRESS STEADY

RESERVES STRENGTHENED

THE record of sales and earnings achieved by Mysore Kirloskar Ltd. (Managing Agents: Messrs. Kirloskar Associates, Yantrapur), during the past five years, stands a living testimony to the impetus received by the machine tool building industry in the country and the progress made by it during the second Plan period. Sale of the Company's highly esteemed product, which amounted to about Rs. 44.59 lakhs at the close of the first Plan, had, it will be recalled, improved each successive year till it stood at Rs. 140.75 lakhs for 1959-60, while the gross profit increased fourfold during the same period, having risen from Rs. 7.77 lakhs to Rs. 35.41 lakhs. During the year ended 30th June 1961, it is heartening to note, the same rate of progress was maintained. Sales increased by a further Rs. 16.40 lakhs to Rs. 157.15 lakhs and the gross profit was higher by nearly Rs. 4.00 lakhs at Rs. 39.40 lakhs.

A higher profit level and improved activity have brought about an increase in essential provisions, that for Managing Agents' remuneration having gone up from Rs. 3.03 lakhs to Rs. 3.22 lakhs, for depreciation from Rs. 6.80 lakhs to Rs. 9.35 lakhs, and for taxation from Rs. 10.50 lakhs to Rs. 11.80 lakhs. In spite of this rise of Rs. 4.04 lakhs in prior calls on gross profit, the net profit has declined only marginally from Rs. 15.08 lakhs to Rs. 15.03 lakhs. To this has been added Rs. 0.07 lakh brought forward from the previous accounting period, and Rs. 2.24 lakhs as a write-back of excess provisions, to get a total disposable profit of Rs. 17.34 lakhs. From this, the Directors have transferred Rs. 11.31 lakhs, as against Rs. 10.98 lakhs last year, to various reserves and, out of the balance, an ordinary dividend of 12 per cent, subject to deduction of tax, has been proposed. It is to be noted that, though the rate of dividend remains unchanged, as compared with the past two years, the amount required to maintain the dividend is larger at Rs. 6.00 lakhs, as against Rs. 4.24 lakhs during 1959-60 and Rs. 3.45 lakhs for 1958-59. This is due to increases in the paid-up capital.

The figures of sale, profits and essential provisions referred to earlier are, it is well to remember, exclusive of the corresponding items appertaining to the unit manufacturing capstan and turret lathes in collaboration with Alfred Herbert of Coventry, England. The turnover of this unit, for which separate accounts are being maintained, for the year to 30th June 1961, more than doubled to Rs. 13.77 lakhs from Rs. 6.82 lakhs previously, while a gross profit of Rs. 1.07 lakh has been earned in place of a loss of Rs. 0.69 lakh incurred a year ago. After providing Rs. 2.27 lakhs, as against Rs. 0.87 lakh, for depreciation and crediting Rs. 1.86 lakh, as compared with Rs. 0.86 lakh, to the development rebate reserve, the net loss carried to the balance-sheet amounts to Rs. 3.07 lakhs as against Rs. 2.42 lakhs.

The progress made by the main unit of the Company during the four-year period 1958-61 is presented synoptically in the comparative table given below:

(Value in lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales	1,57.15	1,40.75	1,06.87	86.62
Other income	9.39	7.52	5.15	2.30
Closing stocks of finished product	4.40	6.74	12.85	6.94
Raw materials and stores consumed	62.94	51.28	40.25	30.88
Salaries, wages and bonus	38.74	34.86	32.53	22.77
Other expenses	23.12	21.11	18.10	13.91
Gross profit	39.40	35.41	26.05	17.70
Managing Agents' remuneration	3.22	3.03	2.08	1.39
Provision for—				
Depreciation	9.35	6.80	6.34	6.33
Taxation	11.80	10.50	7.50	3.61
Net profit	15.03	15.08	9.13	6.37
Provisions written back	2.24	0.18	0.06	0.16
Transfer to reserves	11.31	10.98	5.75	4.70
Dividends (ordinary)	6.00	4.24	3.45	1.97
	(12%)*	(12%)*	(12%)*	(7.5%)
Carried forward	0.94	0.07	0.04	0.08

* Subject to deduction of tax.

The financial position of the Company, as reflected in its balance-sheet as at 30th June 1961, is strong. Following capitalisation of reserves to the tune of Rs. 10 lakhs through the issue of bonus shares, the share capital of the Company now stands at Rs. 50.00 lakhs, as against Rs. 40 lakhs a year before, with a backing of Rs. 42.35 lakhs in the reserves and surplus account. Secured and unsecured loans,

(Continued on next page)

FINANCIAL RESULTS OF A.C.C. DISHEARTENING

NET WORTH DECLINES DUE TO LOW PROFIT-MARGIN

THE annual report of the Associated Cement Companies Ltd. (Managing Agents: Messrs. Cement Agencies Ltd., Bombay) for the year ended 31st July 1961, reveals that, although sales had increased from Rs. 2,708.68 lakhs to Rs. 3,004.39 lakhs, the gross profit has declined quite perceptibly to Rs. 587.35 lakhs from the previous year's record figure of Rs. 602.59 lakhs. This fall in the profit-margin is attributed by the Directors to a variety of factors essentially beyond the control of the Company. Thus, they state in their report to the shareholders:

"Both the effective installed capacity and the actual production were appreciably higher than in the preceding year, but the ratio of production to capacity could not be maintained at the level of the previous year. This was due to shortage of power resulting from cuts imposed by various Electricity Boards, to paucity of railway wagons for the carriage of coal and despatch of cement. The operating results for the year under report was discouraging. The profits have declined further due to increases in cost beyond the control of your Company. Rise in railway freight and electric power supply rates, higher price of coal and further substantial advance in stowing excise duty on coal, etc., have been the main factors contributing to higher cost of production. Moreover, while the permission granted by the Government of India in December 1960 to employ used bags for packing cement was welcome news, they did not increase the packing charge during the last quarter of 1960 despite rising prices of gunny bags, and they further penalised cement producers by fixing an average packing charge of only Rs. 13 per metric tonne for new and used bags taken together, which remained in force upto 19th February 1961. These measures involved your Company in very substantial losses on packing."

This situation would be appreciated better if it were to be noted that, whereas the percentage of total expenses to sales had remained more or less stationary at about 80 during the previous three years, such as in 1960-61, rose to 83.7 per cent, despite a rise of about 11 per cent in sales.

As a result of the decline in gross profit and reduction in the rate at which remuneration is payable to managing agents, the provision for Managing Agents' commission has recorded a fall of as much as Rs. 21.80 lakhs to Rs. 17.16 lakhs. As against this saving, there has been a heavy increase in the provision for depreciation, from Rs. 239.60 lakhs to Rs. 275.56 lakhs, and in that for taxation, from Rs. 110.93 lakhs to Rs. 137.55 lakhs. The net increase in essential provisions has thus been of the order of Rs. 40.78 lakhs; as a result, the net profit shows a more perceptible decline than the gross profit of Rs. 56.02 lakhs to Rs. 157.08 lakhs. It may be noted that this is the lowest net profit which the Company has reported since 1953-54.

Provisions made in the previous year have been found in excess of actual requirements to the extent of Rs. 4.39 lakhs and accordingly this amount has been credited back to the profit and loss account, in comparison with Rs. 2.60 lakhs similarly written back during the previous year. Even then it has not been found possible to maintain the transfer to reserves at the previous year's level and a cut of Rs. 41.43 lakhs to Rs. 30.38 lakhs has been administered in this case. Of this, Rs. 29.27 lakhs, as against Rs. 70.04 lakhs, have been credited to the statutory development rebate reserve and the balance to the amortisation reserve. Finding the year's profit utterly inadequate, despite a lower transfer to reserve, an appropriation of Rs. 98.00 lakhs, as against Rs. 84.50 lakhs previously, has been proposed out of the general reserves to enable payment of the ordinary dividend recommended by the Directors at Rs. 12 per share, subject to deduction of tax, which requires, as during the previous year, a sum of Rs. 228.90 lakhs. The carry forward is slightly higher at Rs. 0.61 lakh, as against Rs. 0.42 lakh brought in.

A perusal of the Company's balance-sheet as at 31st July 1961 shows that, despite the large-scale transfer, as aforesaid, of Rs. 98.00 lakhs to the profit and loss account, the reserve position has deteriorated only moderately as compared with the previous year. This has been due to the fact the Company was obliged under Section 350 of the Companies (Amendment) Act 1960, to transfer Rs. 77.33 lakhs to the reserves from the depreciation account so as to bring the total written down value of the fixed assets in its books in line with that in the income-tax books. Inclusive of this amount, the reserves now stand at Rs. 1,069.80 lakhs, against a share capital of Rs. 1,907.10 lakhs, all in equity shares. It is no wonder that, in this situation, the market anticipates a bonus issue, despite lower profit figures. Total loans which the Company has availed of from banks and other resources for the financing of its expansion and diversification projects stand at Rs. 754.36 lakhs in addition to current liabilities and provisions amounting to Rs. 1,020.60 lakhs.

On the assets side, the gross block, as on the date of the balance-sheet, is carried in the Companies' books at a cost of Rs. 4,388.38 lakhs, of which Rs. 211.28 lakhs represent the cost of assets acquired during the year. This has been written down to Rs. 2,536.04 lakhs and, together with Rs. 9.59 lakhs, being cost of machinery, etc., in transit, and Rs. 90.39 lakhs as unallocated capital expenditure, gives a net block of Rs. 2,636.02 lakhs. Investments, current assets, loans and advances all together amount to Rs. 2,115.85 lakhs.

It will be noted from the foregoing account that the net block is below the paid-up capital and reserves by Rs. 341 lakhs which means that a part of the reserves has been used as working capital. Accordingly, the total indebtedness to outsiders, amounting to Rs. 1,775 lakhs, is less than the current assets by that amount. The net worth at Rs. 29.77 crores is actually a shade lower than that at the end of 1957-58. The break-up value of the Rs. 100 fully paid ordinary shares is about Rs. 156 per share.

The steady decline in the profit-margin of the Company during the past four years is well brought out by the comparative table given below.

(In lakhs of rupees)

	For the year ended 31st July			
	1961	1960	1959	1958
Sale of products	30,04.39	27,08.68	25,55.37	24,34.48
Other income	78.62	82.22	78.48	80.27
Closing stocks	1,34.82	1,17.68	1,29.60	1,01.80
Expenses	25,16.80	22,04.19	21,11.51	19,73.65
Gross profit	5,87.35	6,02.59	5,50.23	5,50.90
Managing Agents' commission	17.16	38.96	37.14	41.02
Provision for—				
Depreciation	2,75.56	2,39.60	2,12.74	1,80.24
Taxation	1,37.55	1,10.93	1,00.35	1,47.57
Net profit	1,57.08	2,13.10	2,00.00	1,82.07
Excess provisions written back	4.39	2.60	3.92	20.13
Withdrawal from reserves	98.00	84.50	70.00	..
Transfer to reserves	30.38	71.81	74.16	55.00
Dividends	2,28.90	2,28.89	2,00.82	1,47.80
	(12%)*	(12%)*	(11%)*	(8.5%)
Carry forward	0.61	0.42	0.92	1.98

* Subject to deduction of tax.

While the financial results of the Company for 1960-61 have not been encouraging, substantial progress was achieved by it during the year on the various expansion schemes initiated a few years ago. This will be evident from the following extract from the Directors' report:

"The erection of the second unit at Mancherial Works was completed during the year under review; but, due to disturbed labour conditions and inadequate power supply which continued during a good part of the year, the anticipated output at this works could not be attained.

"Work on the blast furnace slag cement project at Chaibasa and on the slag granulation plant at Jamshedpur was completed towards the end of June 1961; and manufacture of blast furnace slag cement was commenced soon thereafter.

"The project for setting up a Dry Process cement factory of 1.65 lakh tonnes capacity at Jamul near Bhilai was taken up in September 1960; and work on the construction of the colony and administrative buildings commenced in the early part of 1961.

"During the year under review, the extension of Dwarka Works to increase its capacity from 2.46 lakh tonnes to 3.50 lakh tonnes per annum was approved by the Board, and work on the project has already commenced.

"Satisfactory progress has been maintained on the installation of the white cement plant at Kymore with a capacity of 25,000 tonnes per annum.

"The extension of the Katni refractory plant, increasing its capacity to 30,000 tonnes per annum, has been completed and the annular kiln went into production in November 1961.

"The progress in the manufacture of cement machinery at Shahabad will be adversely affected as a result of the Hindustan Steel Limited having advised us, long after their accepting allocation from the Iron and Steel Controller, that they would be unable to supply certain steel plates required. It may now be necessary to import these plates.

"The construction of the heavy engineering works of A.C.C.-Vickers Babcock Limited is nearing completion at Durgapur and production will commence shortly."

The Rs. 100 fully paid ordinary share of the Company is currently quoted at Rs. 161.50 *cum-div.* and, on an *ex-div.* basis, fetches a net yield of 5.5 per cent. This relatively high yield, as compared with the low yields available on several other first-class equities, is an indication of the poor esteem in which investors hold shares of cement industry, even though it is undoubtedly an industry with immense growth prospects. The reasons for this low rating are not far to seek. Apart from shortages of vital raw materials, power and transport, to which the Directors have alluded, the biggest handicap of the cement industry is the unremunerative selling prices allowed by the Government.

(Concluded from previous page)

and current liabilities and provisions, all aggregate Rs. 91.48 lakhs, of which Rs. 23.38 lakhs are a loan from the I.F.C. Fixed assets at their book value stand at Rs. 128.08 lakhs, including Rs. 21.85 lakhs worth of additions during the year, and have been written down to Rs. 67.18 lakhs. Adding to this Rs. 5.15 lakhs as cost of buildings in progress and Rs. 1.90 lakh paid as a deposit for the purchase of land, the total net block as at the date of the balance-sheet, works out to Rs. 74.23 lakhs. Current assets, loans and advances, and investments total Rs. 109.60 lakhs and fully cover all liabilities to outsiders.

During the year under review, the Company continued to make good progress in the manufacture of its existing items as well as new lines of capstans and turrets and the building for the unit of capstans and turrets is almost complete and is occupied for the manufacture of the said types of lathes. The Company has decided to open a branch factory at Hubli and has purchased land for the said purpose. The building work is in progress.

The latest market quotation for the Company's Rs. 100 fully paid ordinary share listed on the Bombay Stock Exchange is Rs. 172.50 *cum-div.* On an *ex-div.* basis, the net yield works out to Rs. 5.1 per cent.

COMPANY MEETINGS AND DIVIDENDS

TULSIPORE SUGAR CO., LTD. Annual General Meeting, Calcutta, 11th January 1962. Dividend: 8 per cent or Re. 0.40 per ordinary share, subject to deduction of tax. Transfer books remain closed from 28th December 1961 to 11th January 1962, both days inclusive.

BELAPUR CO., LTD. Annual General Meeting, Bombay, 12th January 1962. Dividend: 50 per cent or Rs. 25.00 per share, subject to deduction of tax, payable on and after 14th February 1962. Transfer books were closed from 2nd to 30th December 1961, both days inclusive.

ASSOCIATED CEMENT COMPANIES LTD. Annual General Meeting, Bombay, 19th January 1962. Dividend: Rs. 12.00 per share, subject to deduction of tax, payable on and after 1st February 1962.

STRUCTURAL ENGINEERING WORKS LTD. Eighteenth Annual General Meeting, Bombay 22nd January 1962. Transfer books will remain closed from 8th to 22nd January 1962, both days inclusive.

SCINDIA STEAM NAVIGATION CO., LTD. Annual General Meeting, Bombay, 24th January 1962. Dividend: Re. 0.60 per share, subject to deduction of tax, payable on or after 1st February 1962.

KAILAS RUBBER CO., LTD. Taxable interim dividend of 12½ per cent for the year ending 28th February 1962.

TRAVANCORE RUBBER AND TEA CO., LTD. Taxable interim dividend of 4 per cent for the year ended 31st December 1961.

BRITANNIA BISCUITS LTD. Taxable interim dividend of 6 per cent on ordinary shares for the year ending 31st March 1962. Transfer books remain closed from 2nd to 19th January 1962, both days inclusive.

ALKALI AND CHEMICAL CORPORATION OF INDIA LTD. Taxable dividend of 15 per cent on the ordinary shares for the year 1960-61. (Dividend for 1959-60 was only 12 per cent).

INDIAN VEGETABLE PRODUCTS LTD. Taxable dividend of Rs. 17.00 per ordinary share, for the year ended 30th September 1961. Transfer books remain closed from 26th December 1961 to 11th January 1962, both days inclusive.

METAL BOX CO., LTD. Taxable interim dividend of Re. 0.90 per ordinary share, for the year ending 31st March 1962. Transfer books will remain closed from 8th to 16th January 1962, both days inclusive.

RALLIS INDIA LTD. Taxable dividend of 8½ per cent or Rs. 8.50 per ordinary share, for the year ended 31st August 1961.

SYNOPSES OF COMPANY REPORTS

Kusum Products Ltd.

(Managing Agents: East India Development Co. Private Ltd., Calcutta.)

Annual General Meeting—Held on 23rd December 1961.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1961	1960
Sales (*vanaspati*, raw materials, soap and oils, etc.) gross	4,03,68	4,45,62
Closing stock	41,99	39,45
Gross profit	9,49	9,59
Transfer to Managing Agents' remuneration	50	81
" " depreciation	2,58	91
" " depreciation (arrears)	Nil	50
" " taxation	3,39	3,17
Net profit	3,02	4,20
Adjustments	43*	1,14
Appropriations:		
Total available balance	3,50	5,34
Transfer to provision for contingencies	5	3
" " development rebate reserve	21	81
" " debenture redemption reserve	1,00	2,00
To additional dividend on preference shares for 1960	5	Nil
Proposed dividends (taxable) 5½% R. C. preference	39	44
" " ordinary	1,44 (18%)	1,68 (21%)
Carried forward	36	38

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

* This includes Rs. 780 transferred from provision for wealth tax account and Rs. 9,768 refund of income-tax on preference dividend for 1960.

Extracts from the Directors' report: During the year under review the production of *vanaspati* was equivalent to that of the previous year in line with the stationery level of production maintained by the industry. However, as anticipated earlier, the Company exported 150 tons of *vanaspati* under the export-incentive-scheme introduced during the year. The Company also exported 50 tons of *Crude Glycerine* repeating the same tonnage during the current year as well.

The improved quality of laundry soap produced from the Company's continuous cooling plant has been appreciated by consumers. A second machine has since been ordered for to enable the manufacture of other varieties of quality soaps in keeping with their growing demands.

An agreement has been concluded with Messrs. United Vegetable Manufacturers Limited, Calcutta, for taking over their *vanaspati* factory at Rishra on long-term lease. This factory will be commissioned soon after requisite repairs are completed. Within a year of its inception, the Chemical Engineering Division has secured major contracts for design and supply of Chemical Plants. A fabrication shop has been organised at the Company's Rishra Works to enable timely supplies of equipments to clients. Provision has been made for its phased development in tune with the anticipated growth of chemical industries in the country.

The debentures of the Company for Rs. 10 lakhs which were due for repayment on 30th September 1961 have been renewed, with the *approval of the debenture-holders*, for a further period of ten years up to 30th September 1971 with the rate of interest increased from 4¼ per cent to 7¼ per cent per annum.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	16,00,000	Gross block	50,74,188
7½% debentures	10,00,000	—Depreciation	31,37,750
Reserves and surplus	7,35,632		
Other liabilities	55,74,317	Net block	19,36,438
		Current assets	68,20,907
		Investments	20,688
		Cash	1,22,921
	Rs. 89,09,949		Rs. 89,09,949

* Paid-up capital consists of 80,000 equity shares of Rs. 10 each, fully paid up and 8,000—5½ per cent. cumulative redeemable preference shares of Rs. 100 each, fully paid up. The preference shares are redeemable at 5 per cent. premium at any time at the option of the directors by giving 3 months' notice.

Burrakur Coal Co., Ltd.

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

Annual General Meeting—Held on 29th December 1961.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (coal)	3,22,39	3,24,95
Sales (by-products and other sales)	49,85	52,79
Closing stock (coal, coke, by-products and other stock)	27,29	19,26
Gross profit	47,41	58,79
Transfer to Managing Agents' commission	3,21	4,51
" " depreciation	11,99	12,19
" " provision for taxation	13,64	17,29*
Net profit	18,57	19,80
Adjustments	1,49	1,11
Appropriations:		
Total available balance	20,06	20,91
Transfer to development rebate reserve	3,62	2,28
" " general reserve	Nil	1,00
" " reserve for bad and doubtful debts	1,71	1,50
Proposed dividends (taxable) 7% 1st preference	2,09	2,58†
" " " 6% 2nd preference	24	24
" " " ordinary	11,82 (18%)	11,82 (18%)
Carried forward	58	1,49

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

* Includes wealth tax for previous year Rs. 12,287.

† This includes Rs. 48,296 being additional dividend on 1st preference shares for the year 1959 calculated in accordance with the Preference Shares (Regulation of Dividends) Act, 1960.

Extracts from the Directors' report: *Raisings and Despatches.*—13,09,305 tonnes of coal were raised and 12,79,394 tonnes despatched compared with raisings of 13,06,528 tonnes and despatches of 12,85,397 tonnes during the previous year.

Although plans had been made and finance provided for a substantial increase in output during the year under review, this did not in fact materialise owing to a number of factors including shortage of transport, shortage of electricity and shortage of explosives. The suspension of working at Budrocchuck Colliery, was also a factor. The non-availability of transport was so acute at some periods that stocks increased to the point where production had to be restricted instead of expanded. Coal is a perishable commodity which cannot be stacked for indefinite periods without considerable deterioration and serious risk of fire from spontaneous combustion.

Loyabad Ropeway.—The sand transported over the Company's Ropeway system was 8,05,573 tonnes compared with 7,73,655 tonnes during the previous year. During the period under review the Industry attempted, without success to obtain an extra element in the sand subsidy for transportation of sand over long distances from the source of supply.

Loyabad Coke Plant.—The production of metallurgical coke during this year was 99,810 tonnes compared with 1,28,809 tonnes in the previous year. Despatches were 1,05,086 tonnes compared with 1,22,443 tonnes during the previous period. The decrease in production during the period under review was due to as many as six ovens being out of commission for repairs up to April 1961, following the collapse of a single oven. A repair programme has now been planned which is expected to keep the ovens in good condition for another five years before extensive renewals are again required. It is not however expected that the previous rate of production will again be achieved.

Prices and Profits.—During the period under review average colliery costs increased by no less than Rs. 1.293 while the average sale price was increased by 61 nP. The increase in cost has been due to the increase in the price of stores and spares for which the Industry has not been compensated. In addition the increase given to the Industry in respect of certain labour awards have not been sufficient to cover them.

Gassy Mines.—In pursuit of their very laudable policy of greater safety in coal mining, the Mines Department have declared an increasing number of mines as gassy during this period. Some of the Company's mines have been so affected, with the result that plant which was previously acceptable has had to be replaced by flame-proof machinery, and electric cap-lamps and other such items have had to be ordered.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,18,42,280	Gross block	4,53,59,640
4½% debentures	20,50,846	—Depreciation	2,38,26,119
Reserves and surplus	1,44,37,891		
Other liabilities	1,55,92,384	Net block	2,15,33,530
		Block in progress	8,34,171
		Current assets	1,81,76,304
		Investments	30,15,090
		Cash	3,64,305
	Rs. 4,39,23,400		Rs. 4,39,23,400

* Paid-up capital consists of: (*a*) 9,09,248 ordinary shares of Rs. 10 each, fully called up; (*b*) 22,998 seven per cent. cumulative preference shares of Rs. 100 each, fully called up, and (*c*) 45,000 six per cent. second cumulative (taxable) preference shares of Rs. 10 each fully called up.

Barnagore Jute Factory Co., Ltd.

(*Chairman*: Sir John H. Burder) Agents in Calcutta: Jardine Henderson Ltd.

Annual General Meeting—10th January 1962.

Working Results:

	For the year ended 31st March (In £ sterling)	
	1961	1960
Gross income	199,017	311,739
Gross profit	197,517*	308,964*
Transfer to depreciation	55,374	50,773
" " provision for doubtful debts	3,815	Nil
" " taxation (Indian income-tax)	30,000	Nil
Net profit	108,828	258,191
Adjustments	111,204†	67,968
Appropriations:		
Total available balance	220,032	326,159
Transfer to general reserve	100,000	150,000
" " contingencies reserve	Nil	25,000
" " development rebate reserve	1,932	2,104
Proposed dividends (less tax) 5% preference	6,125	6,125
" " " ordinary	16,844 (10%)	50,531 (30%)
Carried forward	95,080	92,399

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

* Gross profit after meeting Directors' fees.

† This includes £18,805 being provisions for Indian taxation for past years, no longer required.

Extracts from the Director's report: The sale as scrap of certain obsolete machinery in the South Mill was referred to in the last report, and it was recorded that as far as could then be ascertained the excess of the written-down value of the machinery scrapped over the proceeds of sale was likely to result in a capital loss of approximately £55,000. The ultimate loss is, however, now computed to be £63,047 and this amount has been charged against reserves.

Accounts in brief as at 31st March 1961 are as under:—

Liabilities	£	Assets	£
Capital*	475,000	Gross block	1,372,653
Reserves and surplus	937,989	—Depreciation	967,103
Other liabilities	444,370		
		Net block	405,550
		Block in progress	2,549
		Current assets	1,382,190
		Investments	18,969
		Cash	48,051
	£ 1,857,309		£ 1,857,309

* Paid-up capital consists of 55,000 ordinary shares of £5 each fully paid and 40,000 five per cent cumulative preference shares of £5 each, fully paid.

Tulsipur Sugar Co., Ltd.

(*Registered Office*: 9/1, Ramkumar Rakhit Lane, Calcutta.)

Second Annual General Meeting—11th January 1962.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (sugar and molasses)	1,12,37	76,13
Closing stock	77,66	53,71
Sugar excise duty	31,43	22,18
Gross profit	2,75	3,87
Transfer to depreciation	1,92	1,12
" " taxation	Nil	60
Net profit	83	2,15
Adjustments	2,62*	25*
Appropriations:		
Total available balance	3,45	2,40
To development rebate reserve	2,07	1,34
Excise duty rebate recoverable (short recovered)	6	Nil
Proposed dividend (taxable) ordinary	1,12 (8%)†	87 (4.4%)‡
Carried forward	20	19

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

* Includes adjustment of obsolete stores; profit on sale of fixed assets: provisions written back and other credit items.

† *On the increased paid-up capital of Rs.* 14,00,070.

‡ On a paid-up capital of Rs. 7,00,035.

Extracts from the Directors' report: The factory commenced crushing on 10th November, 1960 and worked till 13th June 1961. There was a record crush of 44,69,383 mds. cane as against 33,43,913 mds. for the previous season (1959-60). Disproportionate rise in sugar cane price has increased cane cultivation and cane acreage. The price of *gur* having been considerably low, the quantity of cane available for supplies to the mills had considerably increased. The Company's factory was specially requested and pressed by the U.P. Government to crush 7 lakh maunds of Barhni cane to avoid growers agitation. This cane was of very poor quality and affected the recovery adversely. The Government has been approached for giving price concession in respect of supply of this cane. The recovery obtained during the year was 8.97 against 9.53 of last year. The reason for fall in the recovery was very low yields of Barhni cane besides deterioration of cane quality due to hail storms in certain parts of cane fields. The factory worked for 180 days as compared to 143 days of last year, and to avail of concession in cane cess the factory had to start crushing during the first fortnight of November 1960 when the recovery was low. Crushing also continued during the hot part of the year, in the months of May and June, during which the sugar recovery had also a steep fall.

The expenditure on extension was Rs. 6,89,000 in 1959-60 and Rs. 12,69,000 in 1960-61 besides jobs in course of construction for Rs. 1,62,000. Thus a total amount of Rs. 21,20,000 has been spent on extension during last two years.

The factory had taken several replacements and extensions, as shown by the above figures of huge amount spent, which nevertheless, could not be completed and worked during the short period. Working results, therefore had been below expectation.

As in the last year, the export of sugar was handled by the Export Agency Division of Indian Sugar Mills Association and the Company's factory was allocated a quantity of 14,167 bags to be delivered to the said Agency at the direction issued by the Sugar Directorate under Sugar Export Promotion Order. A part quantity from the said allocation was despatched before the 30th June, 1961 and balance has been delivered in subsequent period resulting in a loss of approximately Rs. 2.20 lakhs which has been charged to the profit and loss account for the year under review.

Season 1961-62: In the coming year the position should be different on account of the Government Ordinance in decontrolling the sugar and also levying restrictions on future production for lesser production in current season than in the past and thereby ease the sugar market tension. With the extensive repairs and efforts to increase the crushing capacity in the following years, the directors hope to obtain better results.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	14,00,070	Gross block	41,94,177
Reserves and surplus	12,72,277	—Depreciation	17,91,755
Other liabilities	99,11,887		
		Net block	24,02,422
		Block in progress	1,01,004
		Current assets	99,76,516
		Investments	10,000
		Cash	34,392
	Rs. 1,25,84,234		Rs. 1,25,84,234

* Paid-up capital consists of 2,80,014 ordinary shares of Rs. 5 each.

Neelamalai Tea and Coffee Estates, Ltd.

[*Managing Agents*: Messrs. A. V. Thomas & Co. (India) Ltd., Madras.]

Annual General Meeting—20th December 1961.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (coffee and other produce)	51,40	46,27
Closing stock	11,10	9,89
Gross profit	13,27	8,17
Transfer to Managing Agents' commission	1,20	71
" " provision for taxation	1,09	1,01
Net profit	4,45	2,85
Adjustments	6,53	3,60
Appropriations:	5	5
Total available balance	6,58	3,65
Transfer to dividend equalisation reserve	1,48	Nil
" general reserve	1,25	Nil
Proposed dividend (taxable) C. Preference	99	90
" " Equity	2,70	2,70
Carried forward	16	5

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

Extracts from the Directors' report:

Tea—Crop and cost of production: The tea crop harvested during the season, together with the costs, is given below:—

	Estimates 1960-61	*Crop secured* 1960-61	*Crop secured* 1959-60	*Yield per acre* 1960-61
	Kgs.	Kgs.	Kgs.	Kgs.
Sutton	2,13,000	2,51,946	2,09,264	596
	(4,75,000)	(5,55,445)	(4,61,350)	(1,315)
Katary and Bhawani	4,08,000	4,95,826	4,39,463	492
	(9,00,000)	(10,93,109)	(9,68,849)	(1,019)
Total	6,23,000	7,47,772	6,48,727	434
	(13,75,000)	(16,48,554)	(14,30,199)	(1,102)

Note:—Figures within brackets represent equivalent weight in pounds.

The weather conditions have been favourable and the tea crop harvested exceeded the estimate by 2,73,554 lbs. The Estates' cost of production was Re. 1.42 per lb. and Rs. 3.14 per Kg. The total cost of production including duty, labour bonus etc. was Re. 1.62 per lb. and Rs. 3.58 per Kg. The cost of production has been lower this season owing to the higher yield per acre.

Tea Sales: The average price realised was Rs. 2.52 per lb, compared to Rs. 2.54 of last season. The tea market for High Growns, both in and outside India was irregular during the season, and the Company continued to ship part of its teas to the U.K. and U.S.A.

Coffee: Crop and cost of production:

	Estimate 1960-61	*Crop secured* 1960-61	*Crop secured* 1959-60
	Tonnes	Tonnes	Tonnes
Wooligooly	152.400	253.706	84.690
	Cwts.	Cwts.	Cwts.
	3,000.00	5,110.90	1,668.67

Owing to favourable weather conditions and good blossom showers, Wooligooly Estate had been able to harvest a record crop of 5,110.90 cwts. and the entire crop was delivered to the Coffee Pool, as usual. The coffee prices had, unfortunately, not been satisfactory, and for the season 1959-60 against the valuation of Rs. 2.37 per point, Rs. 2.24 per point only had been realised. For the season 1960-61 *the crop has been valued at Rs. 2 per point and* it is hoped this price will be realised. Owing to the heavy crop during the season 1960-61, the crop for 1961-62 will be below average *and it has been estimated* at 102 tonnes.

Estimates for the season 1961-62:

	Tea		Coffee	
	Crop	*Cost per kg.*	*Crop*	*Cost per kg.*
	Kgs.	nP.	Kgs.	nP.
Sutton and Bhawani	3,40,200	301 54	..	..
Katary	3,18,000	340 91	..	..
Wooligooly	..	..	1,02,000	325 70
Total	6,67,200	320 37	1,02,000	325 70

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	54,00,000	Gross block	85,03,830
Reserves and surplus	24,03,704	—Depreciation	15,12,160
Other liabilities	22,90,544		
		Net block	69,91,720
		Current assets	25,39,109
		Investments	1,37,775
		Cash	4,23,674
	Rs. 1,00,94,248		Rs. 1,00,94,248

* Paid-up capital consists of 1,80,000 five per cent. cumulative preference shares of Rs. 10 each, fully paid up in cash and 7,20,000 equity shares of Rs. 5 each, fully paid up in cash.

Standard Batteries Ltd.

(*Managing Agents*: The Industrial Enterprises Ltd., Bombay.)

Sixteenth Annual General Meeting—10th January 1962.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (batteries, spares, etc.)—Net	1,20,84	1,27,95
Closing stock	12,90	16,90
Gross profit	21,63	27,13
Transfer to Managing Agents' commission	1,73	2,30
" " depreciation	3,73	4,19
" " development rebate reserve	82	80
" " provision for taxation	7,35	9,15
Net profit	8,05	10,69
Adjustments	15	10*
Appropriations:		
Total available balance	8,20	10,79
Transfer to plant modernization and development reserve	2 00	2.00
" " dividend equalisation fund	Nil	2,00
" " general reserve	35	70
" " reserve for bad and doubtful debts	10	31
To proposed dividend (taxable) ordinary	5,63 (15%)	5,63 (15%)
Carried forward	12	15

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

* Includes Rs. 1,697 being excess provision for bonus for 1958-59.

Extracts from the Directors' report: The demand for the various applications of lead acid batteries has shown a marked healthy sign in addition to the automotive and other normal types that are being produced in this Company's factory. With the increased industrial activity and the adoption of more modern material handling equipment such as electric platform trucks, fork lift trucks, etc., the factory is building up batteries to the customers' requirements and it is hoped that the import of these batteries will be restricted as the country can easily fulfil the demand.

The factory has sold more automobile batteries than in the previous year. Inspite of this, the total turnover and profits are slightly lower than the previous year partly due to the realisation of lower net selling prices against keen competition, part absorption in our cost of the enhanced excise duty and partly due to the absence of demand for train lighting cells from the Railways.

The factory has standardised an *Automatic Switch Tripping Unit* for substations and power stations with a local rectifier manufacturer of repute and there is every hope that this new line, delivering complete switch tripping stations with the Company's *Pg batteries*, would enhance further the usefulness of the factory to the vast electrical distribution schemes undertaken by the various State Electricity Boards.

With the modern well equipped formation and charging department as also the new sub-station, which were mentioned in the previous report and which are now in full commission, the factory can *face with optimistic confidence for any further* demand in lead acid batteries for the various fields of application during the third Five-year Plan.

The Company's factory is in close touch with the Defence Ministry and have taken up the development of new types of batteries for their requirement. This is a long term programme and it is hoped that in the months to come, the technical personnel and the laboratory facilities available, will build these special batteries to the Defence Ministry's specification.

A latest type of oxide manufacturing plant is under erection during the current year and this will further augment the manufacturing ability of the factory *without depending on outside source* of supply of this material.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	37,50,000	Gross block	78,02,623
Reserves and surplus	22,10,913	—Depreciation	33,07,702
Other liabilities	68,05,721		
		Net block	39,35,321
		Current assets	88,07,944
		Investments	2,314
		Cash	21,055
	Rs. 1,27,66,634		Rs. 1,27,66,634

* Paid-up capital consists of 37,500 ordinary shares of Rs. 100 each fully paid up. Of the above shares 3,500 ordinary shares are allotted as *fully* paid up pursuant to Vendors' Agreement without payment being received in cash.

General Tyres Ltd.

(*Managing Agents*: National Rubber Manufacturers Ltd., Calcutta.)

First Annual General Meeting—11th December 1961.

Extracts from the Directors' report for the period ended 30th June 1961.

Issue of Shares: During the period under review 7,99,125, equity shares of Rs. 10 each (inclusive of 450 shares subscribed by the signatories to the Memorandum and Articles of Association and/or first directors) and 20,000 9 per cent (free of Company's tax but subject to tax deducted at source at the prescribed rate from time to time) cumulative redeemable preference shares of Rs. 100 each were allotted against the issue of shares as per the Prospectus dated 21st October 1960.

Long-term Loan: Against the loan of Rs. 60 lakhs sanctioned by the Industrial Finance Corporation of India a sum of Rs. 25 lakhs was drawn upto the end of the period under review. The said Corporation have also furnished a deferred payment guarantee for Rs. 39.62 lakhs in respect of plant and machinery to be imported from Czechoslovakia.

Land and Buildings: Land measuring about 94 bighas together with three sheds at 127, Kattadanga Road, Kankinara, Dt. 24-Parganas was purchased in January 1961. Satisfactory progress was achieved in respect of construction work at the factory site including remodelling of the three existing buildings and construction of the main factory shed.

Plant and Machinery: During the period under review Plant and Machinery valued approximately Rs. 40 lakhs, shipped from Czechoslovakia, were received at the factory site.

The working of the Company for the above period resulted in a loss of Rs. 1,05,203 after providing for depreciation and the directors recommended that the same be carried forward.

Since 30th June 1961 further progress has been achieved in respect of civil engineering work relating to construction of buildings, roads, drains, etc., further consignments of plant and machinery have been shipped, sanction has been received from the Government of West Bengal for supply of electric power and two senior technical personnel have been deputed for technical training in Czechoslovakia.

Mr. K. N. Mookerjee and Dr. D. Banerjee, Directors visited Czechoslovakia in August 1961 for discussion with Messrs. Technoexport Foreign Trade Corporation and finalisation of various aspects of technical collaboration in course of which they concluded the licence and technical aid agreement with Messrs. Technoexport. The directors recommend approval of this agreement by the shareholders.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	49,97,875	Gross block	2,41,068
Other liabilities	44,74,914	—Depreciation	1,336
		Net block	2,40,032
		Block in progress	53,30,533
		Expenditure during construction	70,242
		Current assets	15,58,404
		Cash	17,01,888
		Miscellaneous expenditure	3,60,887
		P. L. a/c (deficit)	1,05,203
	Rs. 94,72,789		Rs. 94,72,789

* Paid-up capital consists of: (*a*) 450 equity shares of Rs. 10 each fully paid up; (*b*) 2,96,875 equity shares of Rs. 10 each—Rs. 5 per share called and paid up and (*c*) 20,000 nine per cent (free of Company's tax) redeemable preference shares of Rs. 100 each—Rs. 50 per share called and paid up.

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KIRLOSKAR ELECTRIC COMPANY LIMITED

PRODUCTION DIVERSIFIED—RESULTS FOR 1960-61 A RECORD

MR. C. R. SRINIVASAN, CHAIRMAN, VIEWS THE FUTURE WITH OPTIMISM

ADDRESSING the shareholders of the Kirloskar Electric Company Limited at their Fifteenth Annual General Meeting held at Bangalore on 30th December 1961, Mr. C. R. Srinivasan, the retiring Chairman of the Company, took an optimistic view of the future for the Company, after tracing the remarkable progress made by it in recent years. He was not unmindful of the snags ahead, in view of the acute shortage of foreign exchange and imbalances in economic growth under the Five-year Plans. Nevertheless, he expected that, with courage and confidence, the Company would win through. He drew pointed attention to the large beneficial results arising from the diversification of the Company's manufactures and the agreement just concluded with Lincoln Electric Company Ltd. of the U.K. for the production of welding generators in this country. His estimation of the markets in the third Plan period showed that there would be enough demand for both electric motors and transformers, provided conditions otherwise were favourable.

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

"LADIES AND GENTLEMEN,

"Before commencing the proceedings of the meeting, I have a melancholy duty to perform. You might have read in the papers of the sudden death of Mr. H. I. Wonfor, the day after his arrival in India, a few hours after a talk with me. He was due to stay for a week to complete his talks on many matters of interest and importance. News of his death shook me as nothing has done in my life. He was a friend whom I valued most for his qualities of head and heart. He made a great contribution to the build-up of the new economy in this country, the land of his adoption, and in that context his services to this Company deserve all praise. In the formative stage of the Company, he played a notable part and my own association with it was entirely on his persuasion. He was himself a Director of your Company for a short term and after his retirement he continued to take lively interest in its progress. May I ask you to stand up and pay your last respects to a great and good man by observing two minutes' silence. May his soul rest in peace.

"And now let us attend to the business that has brought us together today. The report of the Directors and the audited balance-sheet for the year ended 30th June 1961, have been circulated in due course and I am sure you would have read them with interest and profit. This is the fifteenth annual report of the Company and I have been the Chairman of the Company all these fifteen years. Believe me, it is a privilege I value, because it is a signal mark of confidence which my colleagues on the Board and the management have reposed in me. It has been not merely a privilege but a pleasure also to meet you at these annual gatherings and exchange thoughts with you. You have attended these meetings in large numbers, shown intelligent interest in matters that in the last analysis directly concern you, and I am free to confess that I have profited greatly by your comment and criticism. I have referred to this with an upsurge of feeling because this is the last meeting I shall preside over as your Chairman. My health has been failing for some time and my body craves rest. I have carried a heavy burden on my shoulders these fifty years and more; in your interest as well as mine I have decided to retire. I am glad the Company is in fine fettle and I can, therefore, part company with an easy heart.

Remarkable Progress

"I well remember, and so do many of you I expect, the site as it was when we proceeded to put up our factory here—bleak barren waste land. It required courage and confidence, faith and hope to set our hand to what we have attempted and achieved. And, within a period of fifteen years, what a transformation! Today, it can compare with the best in the West for its size and service. We started five years ahead of Government in our planning. With limited resources, we have shown the potentials of auto-expansion as we progressed year after year to a well-defined objective. The first quinquennium represented the proving period when we expected the shareholders to tighten their belts and wait for the harvest to come. Their confidence was not misplaced. An idea of the progress made by the Company during the last ten years could be had from the following tables which give the details for the two succeeding quinquenniums—1952-56 and 1957-61:

'A'

	1956	1961
	Rs.	Rs.
Paid-up capital	29,45,440	43,72,400
Reserves	6,83,000	40,84,000
No. of employees	790	1,300

	1952-56	1957-61
	Rs.	Rs.
'B'		
1. Pay-roll (excluding profit sharing bonus)	34,06,000	93,15,000
2. Bonus to employees ...	1,67,000	8,99,000
3. Quantum of dividend	5 03 700	17,81,800
4. Income-tax paid ...	7,57,000	46,00,400
5. Sales-tax paid ...	1,45,000	13,87,000
6. Sales	2,52,64,000	10,48,90,500

"Starting with the production of electric motors of limited range, the Company has since diversified its manufacture and is now producing, in addition to electric motors of all types, transformers and alternators and presently will proceed to the manufacture of D.C. motors, fractional H.P. motors and welding generators. It is this diversification as well as production in the higher ranges of motors that has helped the Company to show record results in the year under report.

Higher Dividend

"As already stated in the Directors' report, the sales of the Company during the year under report were Rs. 2,81,09,580, as against Rs. 1,83,75,179 for the previous year. During the year, we have added land, buildings, plant and machinery, etc., to the extent of Rs. 16.29 lakhs and the gross block now stands at Rs. 111.74 lakhs against Rs. 95.49 lakhs last year. The total reserves of the Company now stand at Rs. 40.85 lakhs as against Rs. 28.79 lakhs last year. After providing Rs. 7.36 lakhs for depreciation (Rs. 5.98 lakhs last year) and Rs. 12.88 lakhs for taxation (Rs. 7.20 lakhs last year), the available profit stands at Rs. 14,37,026. This amount, along with the balance brought forward from the previous year, makes available a sum of Rs. 14,40,008 which is proposed to be utilised for purposes already mentioned in the Directors' report. I am sure, you will find the above results most encouraging. In the appropriations, the Board has recommended two things, which I am sure, will in particular interest you. One is higher dividend of 11 per cent, subject to tax; the other is the allocation of Rs. 2,10,000 to the dividend equalisation reserve raising it to Rs. 3 lakhs.

Place in the Third Plan

"You are aware that the third Five-year Plan, which marks a vital phase in India's progress towards a self-sufficient economy, has been presented to the nation with a call for an investment of Rs. 10,400 crores. The Plan takes into account the results of the development over the past ten years, the increased expectations of the people, the implications of growth in population, the large-scale industrialisation and the need to mobilise the domestic resources of the country to the greatest extent possible. One of the main objectives of the Plan is to step up industrial production and for this purpose specific targets have been fixed for each industry.

"In this new set-up, the electric motors and the transformer industries have an assigned place. These industries have made considerable progress over the last decade. The electric motor industry has so far enjoyed protection for well over ten years and the period has been extended for another two years. Under protection, it has grown steadily and it is now on the threshold of further large-scale expansion and diversification of output. With much larger increase of power envisaged during the third Five-year Plan, both the electric motors and the transformer industries, also protected to end of 1963, will be called upon to fulfil an important role in quickening the pace of industrialisation.

"The total licensed capacity (including the existing installed capacity) for electric motors at present is 1.65 million horse-power per annum. This is to be raised to 3 million H.P. in the third Five-year Plan. Again, the total licensed capacity (including the existing installed capacity) of the transformer industry is at present 2.84 million kva. and this is expected to be raised to 4 million kva. which is the target capacity fixed in the third Five-year Plan. All this shows that both the electric motors and transformers will have enough demand in the near future, if conditions otherwise are favourable.

Many Snags

"*Prima facie* it looks as though we are on a good wicket. But they are many snags betwixt and between which it would be folly to ignore. The country is passing through a difficult phase in its planned economy. We completed the second Five-year Plan, weary, footsore and limping. The third Five-year Plan, of the dimensions contemplated, is bound to intensify the shortfalls we have already begun to experience. Foreign exchange is the biggest hurdle. We want it to ensure adequate supply of essential raw materials. We want it to service debt charges already incurred; we want it to cover our needs in regard to spares, accessories and replacements; we want it for the purchase of plant and machinery for new installations. And the till is nearly empty! What we earn by exports even at considerable sacrifice, will only cover a fraction of our needs. The Aid India Club, of which we hear so much, basically depends on continued goodwill over a period of years among the members. Not a reassuring picture, but we have elected to go forward in faith and hope. In the dynamic economy we are committed to, there is no room to watch and wait.

"Exchange apart, however, even in matters well within our control there has been want of foresight and lack of co-ordination, affecting production to capacity already installed. In the matter of coal, for example, there has been a penny wise and pound foolish policy; railway transport has not measured up to the needs of an expanding economy; Coastal shipping reserved for Indian bottoms shows no signs of health under the impact of uneconomic freight rates and endless labour troubles. Power shortage, whether based on hydel or thermal sources, is becoming endemic. One may well ask what is the point in putting up new units when old ones are faced with idle capacity.

"It is not my intention to blame the administrative set-up in the country. They are among the best in the world for the work normally assigned to them; but the new responsibilities that have descended on them call for initiative and enterprise and decision, they have never been trained to exercise. Increasingly, a political angle is developing to basically economic problems in the welter of inter-State competition and decisions on merits are oftentimes delayed and occasionally denied. Once the elections now in the offing are over, let us hope that those returned to office will show some grit and determination in sorting out these problems that are clogging the way today. In the great task of regeneration that we are committed to, in keeping with the tradition of service and sacrifice that Gandhiji has reminded and recharged us with, our only chance of success in achieving enduring economic freedom is to hold together and pull together. This is not the place, perhaps, to deliver a political sermon and you will not mistake me if I have allowed zeal to outrun my discretion. But, in my valedictory address, a little more freedom may not be out of place. With courage and confidence, I expect, we shall win through.

Welding Generators

"I have detained you longer than I intended over this address. I shall just refer to one or two points before concluding my remarks. You would have noticed from the Directors' report that our agreement with the Brush Electrical Engineering Company, Ltd., came to an end in July 1961. A further agreement for continuing the collaboration on equitable terms has been negotiated and awaits approval of Government. We have concluded an agreement with the well-known U.K. firm, Messrs. Lincoln Electric Company, Ltd., for the manufacture of welding generators in India. One of our engineers is already undergoing training at the works of

(Continued on page 52)

MONEY MARKET DULL

(From Our Own Correspondent)

BOMBAY, 3rd *January*

The short-term money market is a little more active than three weeks ago when we last wrote about it in this column. The inter-bank call money rate, which was 3½ per cent then, is now standing at 4½ per cent. But this rate had come to prevail even after mid-December. Conditions, however, are still fairly comfortable and the usual seasonal stringency has not made itself acutely felt. At 4½ per cent, the borrowers' needs of day-to-day money are being fully met, without having to make a call on the Reserve Bank to any significant extent. In Calcutta, the rate is a little higher at 4¾ to 5 per cent. But this does not mean that banks are flushed with funds. On the contrary, the competition among banks for deposits is keener than before. Only, it is not visible to outsiders through a rise in the interest rates for short-term deposits, because of the ceilings under the Inter-bank Agreement.

The short-term deposit rates are as under:

	Per cent
Notice money from public:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days (,,)	3½
(iii) 61 to 90 days (,,)	3½
(iv) 91 days and over but less than 12 months	3¾
(v) 12 months	4

The results of 91 days' Treasury Bills sold through tenders are of the stereotyped order to which the market has long been accustomed. Tenders opened on the 2nd inst. showed that the amount offered was only Rs. 2 crores, same as that invited. These were accepted in full at the average rate of 2.520 per cent per annum, as against 2.500 per cent before, that is, in every week after 14th November 1961. No intermediate Treasury Bills were on sale, but they have been resumed with effect from today. Sales through weekly tenders are also being continued.

The Reserve Bank's statement for the week ended 29th December 1961 shows, as compared with that for the previous week, minor variations in the Issue Department. Foreign assets are lower by Rs. 2.50 crores at Rs. 150.32 crores, as a result of a fall in the balances held abroad. Reflecting mainly the year-end window-dressing by banks, deposits of banks with the Reserve Bank reveal a big rise of Rs. 25.75 crores. A part of this increase has been met by borrowings from the Bank. The exact amount of such borrowings is not discernible, but those against usance bills alone have gone up by Rs. 8.43 crores to Rs. 14.74 crores.

The Gilt-edged market is quiet, with restricted turnover.

In the foreign exchange market, the rupee is a little weaker than it was three weeks ago in terms of the U.S. dollar, with the banks' selling rate for spot T.T. on New York being Rs. 476.50 per $100, as against Rs. 476.25 at the time of our last report. Their buying rate has gone up by 50 nP to Rs. 473.25. These variations reflect the decline in the value of the pound sterling from 281.040-281.070 cents per £ to 280.920-280.950 for spot. The rate for three months' forward is, however, a shade better at 279.110-279.140 cents a £, after going down to 278.860-278.890 cents earlier in the period under review.

TANNED SKINS SLUGGISH

(From Our Own Correspondent)

MADRAS, 1st *January*

Arrivals of E.I. tanned hides and calf were of the usual volume during the week under review, and offtake kept pace with the stocks coming from the tanneries. Prices remained steady, despite the fact that export trading was below normal during the last fortnight. U.K. buying interest centered round the lower grades in cow hides for which there was also good inland demand at higher prices. There were fair inquiries for cow-calf in light average weights, but stocks available were small. Demand for buff-calf was good from importers both in the U.K. and the U.S.A.

In the tanned skins section, the market remained sluggish. Demand for tanned goat skins—superior tannages— was mostly for 11/12 lbs. up, while lower averages remained neglected due to lack of demand for light suede leather. It has been reported that importers on the Continent are in difficulties over their unsold purchases, which is a bearish factor for E.I. tanners to take note of. Inquiries for prime sheep were poor and tanners quoting lower price levels did not stimulate buying interest. Poorer tannages suitable for lining trade have declined to the levels at which they can be economically used on the Continent, and trade in this line improved to some extent.

The following are the ruling prices in rupees per lb., for all round parcels in the local market:

Tanned cow hindes 8/8½ lbs., average, per hide 2.20 to 2.25, tanned buff hides, 12/14 lbs., 1.90 to 2, tanned cow calf, 1½/2 lbs., skins, 3.50 to 3.70, tanned buff calf, 3 to 3.10, tanned goat skins, 9½ lbs., per 10 pcs. 5.50 to 5.75, and sheep, 7 lbs., 5.50 to 6.

BULLION FIRM

(From Our Own Correspondent)

BOMBAY, 4th *January*

The bullion market presented dull conditions practically throughout the three weeks since our last report dated 13th December 1961. In the absence of any new encouraging development, operators did not evince much interest in fresh business. Consequently, the volume of transactions actually put through was limited and values moved narrowly, the general tendency being upward. The daily average offtake of both gold and silver was no more than 5,450 tolas and 7 bars, respectively. Actual arrivals were at an average of 6,700 tolas of gold and 20 bars of silver per day.

The last week of December witnessed a firm trend in bullion. The firmness was engendered by reports suggesting seizure of contraband gold at Calcutta and better advices from Rajasthan regarding offtake of silver. Values, as a result, moved up. There was, of course, profit-taking at every point of rise which erased a part of the gains. Nevertheless, today's closing rate for silver was higher than that prevailing three weeks ago, while gold was a shade lower.

The adjustment rates fixed today were Rs. 119.00 per 10 grams of gold and Rs. 211.65 per kilogram of silver. The corresponding rates for 13th December 1961 were Rs. 119.25 and Rs. 209.60, respectively.

The *Fagun* (22nd March) settlement in gold evoked good support and advanced from Rs. 121.95—that is the rate at which business in this settlement commenced on 13th December 1961—to Rs. 122.10 on 26th December and, after declining to Rs. 120.85 yesterday (Tuesday the 2nd inst.), recovered to Rs. 121.30 yesterday but finished lower at Rs. 120.75 today. The *Margashir* settlement went off the board at Rs. 118.40 on 22nd December, as against Rs. 120.45 nine days before. The rate for transferring commitments from the *Margashir* to *Fagun* settlement which stood on that day was in favour of bears to the extent of Re. 1.70, as compared with Re. 1.20 on 13th December.

Ready gold was quoted at a discount under the forward (*Fagun* settlement) throughout the three-week period under review, though the actual discount declined from Rs. 2.15 on 13th December to Re. 1.50 today. The ready rate improved from Rs. 119.50 three weeks before to Rs. 120.20 on 18th December. Subsequently, it eased to touch Rs. 117.05 on 20th December. After fluctuating narrowly, the rate stood at Rs. 119.25 today.

In silver, the *Fagun* (23rd March) settlement, business in which commenced at Rs. 212.15 on 13th December, was done at as high as Rs. 213.25 at one time on 18th December. After declining to Rs. 211.15 four days later, the settlement moved up again and touched Rs. 213.55 today before closing at Rs. 213.25. The *Margashir* settlement ran out at Rs. 210.90 on 23rd December, as against Rs. 210.20 ten days before. The bulls in this settlement were obliged to pay Re. 1.35 to the bears for getting their commitments transferred to the *Fagun* settlement, the same rate as that prevailing on 13th December.

Ready silver, which stood at Rs. 209.60 on 13th December, gradually moved up to touch Rs. 211.75 five days later and, after easing to Rs. 209.70 on 20th December, improved subsequently to touch Rs. 211.95 today. The closing rate was Rs. 211.65. At this level, the discount under the forward (*Fagun* settlement) was Re. 1.60, as against Re. 1.95 on 13th December.

During the three-week period under review, the world price of gold in the London bullion market fractionally improved from $35.15½ to $35.15½ per fine ounce. The sterling price rose by 2½d. to 250s. 3½d. Ready silver advanced by 1½d. to 88½d. and forward silver by 1½d. to 89d. Silver in New York also rose from 102.75 cents to 104.75 cents.

The following table shows the trend of prices during the week under review:

	3-1-62 (closing)	High	Low	13-12-61 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	119.25	120.50	117.05	119.50
Forward: *Fagun*†	120.75	122.10	119.15	121.65
Sovereign	97.50	99.50	97.25	99.50
SILVER				
Ready (.996 fine)	211.65	211.95	209.55	209.60
Forward: *Fagun*†	213.25	213.55	211.15	211.55
London—				
Silver Ready	88½d.	88½d.	87d.	86½d.
Silver Forward	89d.	89¼d.	87½d.	87½d.
Gold	250s. 3½d.	250s. 5d.	250s. ½d.	250s. 1d.
New York—				
Silver	104.75 cents	104.75 cents	103.25 cents	102.75 cents

* 22nd March settlement. † 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

LINSEED FIRMER

(Messrs. A Bradley and Co.)

CALCUTTA, 2nd *January*

Generally firmer tendency has prevailed in the linseed market since our last report and there has been an all-round advance in prices. Arrivals are still very small and sellers are reserved.

The oil section is firm. Sellers are hesitant in selling for forward deliveries, only small local business being done for ready delivery.

The oilcake market is dull. Local demand is poor at present.

Ready/January is quoted at Rs. 31.12 per maund.

COTTON FUTURES STEADY

(From Our Own Correspondent)

BOMBAY, 3rd *January*

During the three weeks that have elapsed since the last weekly report for 1961 was published, the cotton futures market ruled fully steady. Prices moved in a narrow range either way with the net change over the period being negligible. The steadiness was due to good support by mills and investors. This was prompted by the fear of a possible shortage of cotton as the season progressed, thanks to a decline in crop estimate and the bleak prospects for import of U.S. cotton. The firmness of the spot market following the delayed movements of the crop and keen mill demand also imparted strength to futures. The Jarilla March contract which closed at Rs. 672.50 per three quintals on 13th December after fluctuating between Rs. 675 and Rs. 666 firmed up to Rs. 674 today. The market was closed on 1st January owing to New Year and on 2nd as a mark of respect to the memory of the late Mr. Manilal H. Patel, a Vice-President of the East India Cotton Association. The spot market at Sewri continued to be closed today also.

Conditions in the spot market continued to be firm. Mills were regular buyers of such popular varieties as Cos. L 147, Khandesh and Kalyan. Prices of most varieties are ruling at the ceiling. Reports of requisitioning in certain regions curbed rise in price above the ceilings. The firmness was aided by the delay in the announcement of import quota and fear that U.S. cotton would not be freely available. It was reported that the Government of India was trying to impress upon the U.S. administration that India stood in urgent need of at least 600,000 bales of P.L. 480 cotton for the current year. The trade welcome the prospect of importing Rs. 1.50 crore worth of Pakistan cottons.

The absence of quota restricted export business. Rumours were current that, in view of good Bengal *Deshi* crop, the Government would soon release a sizable fresh quota. Banking on this, shippers were found doing business on a subject-to-licence basis.

Regarding exports, reference may be made in this connection to the plea made by Mr. Madanmohan Ruia in his address at the latest annual meeting of the Cotton Buyers' Association held in Bombay last week. Mr. Ruia said that the Bengal *Deshi* crop this season had turned out to be a bumper one of 450,000 bales. After making provision for mill requirements and other consumers and taking into account the quota of 125,000 bales already issued—and fully absorbed since—there would still be left, according to him, a very large surplus—of more than 150,000 bales—which could be made available for export. He therefore appealed to the authorities to consider this question urgently and issue a further export quota of 100,000 bales of this cotton without any grade restriction, including 25,000 bales left out of the original announcement of 150,000 bales made when the first export quota was issued. This, in his opinion, would bring valuable foreign exchange and also help to arrest, to some extent, the present declining trend in Bengal *Deshi* prices.

It is reported that a new scheme for the distribution of cotton was proposed at a meeting of cotton mill and trade interest called by the Textile Commission last week according to which the season's crop would be distributed on a variety-wise basis. Each mill would get its requirements of cotton according to certain percentages worked out on the basis of an agreed formula. The purpose of the scheme is said to be to ensure a rational distribution of the available supplies among the mills.

Steady conditions prevailed in the Karachi cotton futures market during the week under review. The January contract attracted moderate support and rose from Rs. 78.65 on 12th December to Rs. 78.70 yesterday. The March contract firmed up from Rs. 76.65 to Rs. 77.25. Spot prices ruled firm. The following are the latest available spot quotations—in rupees per maund of 82 lbs.—for a few popular varieties of Pakistan cotton prevailing in Karachi:

Sind *Deshi* 76; Punjab *Deshi* 74; 4F Punjab Roller 89.20; S.G. 96.20; N.T. Roller 87.70; S.G. 93.70; 289F Punjab Roller 96.70; S.G. 106.70.

Easy conditions prevailed in the Liverpool cotton futures markets during the period under review. Slackness of spinner demand and lower New York advices prompted selling by commission houses and local traders which resulted in a decline in values. Both American and American type contracts were marked down. Sudan cottons trade in Liverpool was, however, quietly steady and values remained practically unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool, the figures in brackets being the closing rates on 12th December:

American cotton one inch staple contract: March 24.65 (24.75), May 25.10 (25.65.)

Sudan: January 32.25 (32.25.)

Cotton futures in New York suffered a setback during the period. The intervening holidays and lack of demand resulted in an easiness in prices. Uncertainties about the U.S. cotton policy for the next season and the threat of Japan to cut imports of American cotton if the U.S. placed a

special fee on its imports of cotton textiles, also imparted weakness to the market.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	2-1-62	26-12-61	19-12-61
New York spot	35.55	35.45	34.45
December	—	—	—
March	34.08	34.15	34.12
May	34.62	34.68	34.56

ART SILK YARN EASY

(From Our Own Correspondent)

BOMBAY, *3rd January*

The past four weeks have witnessed an easy trend in the yarn market. The easiness is due to fears that the supply of yarn available will be substantially higher in the coming weeks. The fears have stemmed from the decision of the Central Government to issue to actual users licences for importing Rs. one crore worth of art silk yarn during the October-March licensing period. There are also rumours that the State Trading Corporation will be importing art silk yarn to the value of Rs. 2·5 crores under barter and other deals during the same period. These imports, together with the imports by established importers as well as special users like *zari* manufacturers and the import of about Rs. 5 crores worth of yarn (for six months) under the *export promotion scheme for art silk fabrics*, are expected to result in plentiful supplies. Thanks to such expectations, the premium commanded by import licences is believed to have declined from over 200 per cent a few weeks ago to about 160 per cent. *Consequently, prices of art silk yarns* have suffered a setback. In sympathy with art silk yarns and following low level of offtake at consuming centres, stable fibre yarns have tended to move down. Cotton yarns continue to rule dull.

Among imported art silk yarns, 120 Italy receded in the course of the past four weeks from Rs. 1.848 to Rs. 1.764. 120 Japan declined by Rs. 42 to Rs. 1.832. 150 Japan was quiet at Rs. 1,929. Among indigenous yarns, National Rayons 120 Bt. cones 1st grade dropped 31 nP to Rs. 14.24 and 150 Bt. cones 1st grade 29 nP to Rs. 12.01. Amtan (20 deniers) February contract was done at Rs. 3,345 today, as against Rs. 3,305 four weeks before.

Staple fibre yarn (40 x 1) February delivery encountered selling and receded from Rs. 819 to Rs. 765. Spot Citys fell by 53 nP to Rs. 9.24. Hinds eased by 36 nP to Rs. 9.06. Kohinoors declined by 33 nP to Rs. 9.35.

In the cotton yarn section, ten counts Moderns lost 13 nP to Rs. 18.37. Podars were unchanged at Rs. 17.25. Twenty counts Moderns were done at Rs. 22.75 and Canturys at Rs. 21.50. Business was put through in thirty counts Edwards at Rs. 25.25. Sixty counts Finlays improved from Rs. 63·25 on 6th December to Rs. 64.25 today and eighty counts Moderns from Rs. 69 to Rs. 70.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared *with those prevailing a week ago:*

	3-1-1962	6-12-1961
	Rs.	Rs.
Art silk yarn—		
20/1 Amtan (100 kg.)—		
February	3,345·00	3,305.00
120 Japan (per 100 kg.)	1,832·00	1,874.00
150 Japan (per 100 kg.)	1,929·00	1,929.00
120 Italy (per 100 kg.)	1,764.00	1,848.00
Nat. Ray. 150 Bt. I	12.01	12.30
Staple fibre yarn (40 × 2)—		
February	765·00	819.00
Century (per kg.)	9.24	9.77
Cotton warn (per bundle of 10 lbs.)—		
10s Podar	17·25	17.25
20s Modern	22·75	22.75
30s Edwards	25·25	—
40s Sekaria	50·50	—
60s Finlay	64·00	63·25
80s Modern	70·00	69.00

OILSEEDS BETTER

(From Our Own Correspondent)

BOMBAY, *3rd January*

During the last three weeks, the oilseeds exchange put on a cheerful appearance. The reported decision of the Government of India to grant an export quota for 20,000 tons of H.P.S. groundnuts led to bullish fervour in groundnuts. Reports that the State Trading Corporation had acquired a substantial quantity of groundnuts through co-operative societies in Gujerat at a price much above the F.M.C. ceiling level also imparted strength. Further, there was good offtake from local *vanaspati* manufacturers and crushers, while arrivals, particularly, from Kathiawad, were low. Prices would have gone up still further but for the rather early arrivals of new crop from Andhra and Madras. Castorseeds were virtually buoyant, thanks mainly to the anticipation of U.S. demand for Indian castor oil, following the higher prices and smaller exportable surplus in Brazil. Besides, there were some encouraging enquiries from the U.K., some other West European countries and the communist bloc. Linseeds were also firm, though they turned subdued lately in view of the possible substantial arrivals of new crop from up-country centres within a fortnight or so. Cottonseeds were steady.

Of importance to the trade is the recognition granted by the Forward Markets Commission to the Grains and Oilseeds Merchants Association, Bombay, for conducting trade in non-transferable specific delivery contract in groundnut, linseed castorseed and cottonseed, for three years ending December 1964. The Association has also been permitted to conduct forward trading in oilcakes of groundnut, linseed, cottonseed and nigerseed.

Groundnut Nizam bold rose from Rs. 46 in the middle of December to Rs. 46.25 before closing at Rs. 46.12. Oil Railway receipts hardened from Rs. 18.95 to Rs. 19.10. There was no official trading in hedge contract, with the open market prices ruling much above the ceiling level of Rs. 215. In private trading, January 1962 contract improved from Rs. 216 to Rs. 218.

Castorseed March 1962 contract spurted from Rs. 166·25 to Rs. 173.50 yesterday. But it shed some gains today to close at Rs. 172.62. Madras small finished at Rs. 35.75, as against Rs. 33.75 three weeks ago. Oil B.S.S. was higher by 70 nP at Rs. 15.70 and Commercial by 55 nP to Rs. 15.05.

Among linseeds, March 1962 contract initially rose from Rs. 38.81 to Rs. 39.44, but drifted lower subsequently to Rs. 39. Bold ready closed today at Rs. 43.25, as against Rs. 43.75 three weeks before.

Cottonseeds April 1962 contract, which had gone up from Rs. 104·75 to Rs. 106.50 earlier, gave way subsequently to Rs. 105.

The following table shows the closing prices of oilseeds and oils on Wednesday, 3rd January, as compared with those of the two previous weeks:

	3-1-1962	27-12-1961	13-12-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	215·00	215·00	215·00
Nizam bold	46·12	45.75	46·00
Khandesh quality	46·25	46·50	46·50
Oil ex-mill ready*	19·05	19.00	19·20
Railway receipts*	19·10	18.90	19.10
Oil January 1962	17.65	17.65	17.65
Castorseed			
March 1962	172·62	171·75	166·25
Ready Madras	35.75	35·10	33·75
Ready Kanpur	34.37	33.75	32·50
Oil B.S.S.†	15·70	15·50	15.00
Oil commercial†	15.05	14.70	14.50
Linseed			
March 1962	39.00	39.22	38.81
Bold ready	43.25	43.50	43.75
Oil ready†	18.25	18.30	18.10
Cottonseed			
January 1962	100.50	101.75	103.00
Nagar seed	34.00	38.10	39.00
Kardi seed	24.00	24.10	23.25

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

POOR DEMAND FOR PEPPER

(Messrs. Parekh and Co.)

BOMBAY, *3rd January*

Our last report was dated 22nd November 1961. The highest and lowest prices touched by garbled Malabar black pepper since then are given below:

Week ended	*Highest*	*Lowest*
	Rs.	Rs.
29-11-61	342	315
6-12-61	330	322½
13-12-61	325	325
20-12-61	325	310
27-12-61	320	315

After the evening up of December delivery on the Cochin Ring, January delivery moved between Rs. 308 and Rs. 347. Despite fair-sized arrivals at the terminal markets which are now averaging more than 600 candies, the market remained more or less maintained, as the exporters who sold about 500 tons to the East European countries remained continuous buyers almost daily. Bulls also lent a helping hand. So far, Russia is reported to be out of the Indian market. The present silence on the part of the U.S.S.R. is interpreted by a knowledgeable source to mean that Russia purchased from Singapore 3,000 tons of Lampong, its six monthly *requirements*. However, Indian exporters are putting in feelers to the Trade Agency of the U.S.S.R. often.

During the period, New York bought about 300 tons at prices ranging from $0.34 to $0.35. After sizable buying, New York withdrew, as the dealers there never wanted to buy without testing the grinders. This they could not do owing to annual stock taking and consequent holiday feeling during the greater part of the month of December. The buying in the middle of December was more or less due to rumour that the U.S.A. *India Conference line is likely to increase its freight* with effect from 1st February 1932 to $90.50 from $40 which was a "free freight" rate after the dissolution of the Conference. This rumour proved unfounded, as one or two steamship companies refused to join hands with the Conference. They are quoting $50. This had had its effect on the local prices for February delivery which was once quoted at a discount of Rs. 5. The present quotations for January and February are almost the same.

Despite the rise in the prices of black and white pepper at Singapore to Str.$137½ and Str.$170, respectively, the future of Malabar appears to be uncertain, because the impact of peak arrivals during the month cannot be absorbed unless there is a continuous buying support from the U.S.A. and Russia resorts to bulk buying as is usual during this time of the year. The present attitude of New York is to buy hand to mouth. As such, no sizable buying by New York is vouchsafed unless prices are sufficiently lower for inducing prospective buyers. During the period under review, Singapore rallied from Str.$127½ to Str.$137½ for black and from Str.$165 to Str.$170 for white. However, turnover was thin, as most of the business was confined only to short covering. The future of the Singapore market along with that of the world market is depending upon the attitude of the Indonesian Agency which are the major stockists of Lampong in both Singapore and Telok Betong.

Spot in New York moved between $0.37 and $0.38½. Grinders showed disposition to buy one or two cents lower than the asked price. The dealers in New York are bidding in the neighbourhood of $0.34. Another reason for their patchy buying is that they are confident of the fact that there is no short supply of pepper in the world market this year and are confining their purchases to the minimum. They expect that Malabar shall have to revise its price lower and, unless it is done, no big quantity can be marketed. Political situation in Indonesia, Kuwait, Berlin, Congo and Vietnam, Goa question having been solved for ever, are sustaining factors. The general feeling in the market is that there is more of war psychosis in India and elsewhere than in the U.S. Unless the U.S. buyers get excited and revise their policy of standing on the fence, prices cannot be maintained, even though on the surface present rates appear lower. The prediction from star gazers for the mal-effect of *Ashtagraha* is acting as a drag on the market, as dealers do not want to take undue risk by heavy purchases.

Ready pepper in Bombay is nominally quoted at Rs. 176 per 50 kilos, with demand poor.

STRONG DEMAND FOR TEAS

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *19th December* 1961

Offerings in sale No. 51 held today amounted to 575,000 kgs. Quality in general showed a further improvement. The market was strong with improved demand for all teas. There was keen enquiry for plain and low medium descriptions which advanced irregularly by 10 to 20 nP. Medium teas were also well competed for and sold at around last rates. There was good support for good mediums, particularly those with improved quality which were dearer. Highgrowns continued to be irregular. Whole leaf grades met with strong demand and were considerably dearer. There was good support for unorthodox descriptions which were fully firm whilst black leaf descriptions were steady.

The quotations per kg. were:

	1961	1960
	Rs.	Rs.
Low mediums	3.10/3.40	4.60/4.75
Mediums	3.40/3.85	4.75/4.95
Good mediums	4.10/4.85	4.95/5.20
Nilgiri B.O.P.	5.40	8.10

The average price realised in sale No. 51 was Rs. 4.00 per kilo, as compared with Rs. 3.91 a week ago and Rs. 4.88 in the corresponding sale last year.

300,000 kgs. were offered in dust sale No. 51 held on 21st December 1961. A useful selection of *dusts* was on offer with later invoices showing slight improvement. There was a strong demand and prices were generally dearer for all descriptions. Low mediums and mediums were keenly competed for an advanced irregularly by 25 nP to 50 nP and sometimes more. Resdua's met with keen competition and advanced sometimes up to 75 nP. Highgrowns were strong and dearer with quality. C.T.C. and Legg-cut descriptions also shared in the upward trend of the market.

The average price realised in dust sale No. 51 was Rs. 3.98 per kilo, as against Rs. 3.44 a week ago and Rs. 4.45 in the corresponding sale last year.

Colombo: At the export sale the market met with a good demand. Best westerns were slightly lower whilst others were firm. Poorest descriptions also declined in price. Colourry mediums were well supported at firm rates. Lowgrowns were barely steady. At the off-grade sale both offgrades and dusts came to a good demand and were generally dearer. Best liquoring dusts, however, met less support.

London: North Indian and other growths: In Monday's sale the market was strong to dearer all round with best Assams receiving more support from the buyers and these types generally registered advances of 4d. per lb. The sale on Wednesday followed Monday's trend.

Ceylon and South Indians: In Tuesday's sale 26,026 packages were offered of which 8,585 packages came from South India. There was a good demand from Ceylons which were fully firm to dearer. Buyers showed keen interest for South Indians which were frequently dearer, particularly the teas at the bottom.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No.* 1: 700,000 kgs. offered. Strong general demand. Prices have advanced 20 nP to 30 nP for plain and low medium descriptions. Medium and good medium 30 nP to 40 nP dearer. Highgrowns irregular with quality. Whole leaf very strong, and much dearer. Unorthodox stronger and dearer."

TEAS HARDEN

(From Our Own Correspondent)

CALCUTTA, *2nd January*

Heavy shipments of tea were a feature of activity in the Calcutta *freight* market in the past two weeks. There was evidence that several overseas buyers who had hitherto refrained from buying against stocks in order to take advantage of a possible falling market, in view of the huge surplus in this season in all the producing countries, had now begun to be active. That explained the strong demand in evidence at the centenary tea auctions which took place ceremoniously on 18th December last.

Offerings aggregated 74,765 packages and, to mark the ceremony, the first lot from each of the invoices was auctioned by the Chairman of the Tea Board, Mr. A. S. Bam. As the sale progressed, the earlier rise in prices could not be maintained in full. Keen competition was in evidence for the "tea for price." Another strong feature was whole leaf grades the prices of which, particularly of cheaper varieties, hardened. Tippy teas participated in the general dullness, while Darjeelings were firm at around last rates. Plain brokens sold readily at dearer rates. C.T.C. teas were firm, with secondary grades possessing useful liquors realising higher prices. However, plainer liquorings met with less support. Plain brokens evinced good demand, similar fannings being just steady. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 5.40 to Rs. 5.80; best Assam C.T.C. B.P. Rs. 5.40 to Rs. 5.70; medium Assam C.T.C. fannings Rs. 4.60 to Rs. 5.00; medium Assam C.T.C. B.P. Rs. 4.80 to Rs. 5.10; clean plain pekoe Rs. 3.90 to Rs. 4.10; plain fannings Rs. 3.50 to Rs. 3.70; and plain B.P. Rs. 3.50 to Rs. 3.65.

At internal sale No. 28 held on 20th December, dusts on offer aggregated 24,651 chests, which met with strong and general demand. Legg-cut teas advanced. Orthodox teas met with better support, the lots possessing bright liquors realising higher prices. The poorer sorts of this category, however, eased. C.T.Cs were irregular. However, fibrous C.T.Cs and the smaller and brighter descriptions sold well. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.40 to Rs. 7.00; medium Assam C.T.C. dust Rs. 5.50 to to Rs. 6.00; legg-cut dust Rs. 4.30 to Rs. 4.60; medium Assam dust Rs. 3.85 to Rs. 4.20; and plain orthodox dust Rs. 3.65 to Rs. 4.00.

Leaf on offer amounting to 312 chests was in fair demand, while the 32 chests of green tea on offer eased.

Considering the substantial fall in U.K. stocks —those for the week ended 15th December 1961 fell by 3½ million lbs. to 118 million lbs.—British interest at the closing auctions of the current season should be substantial. Exports of North Indian tea to the U.K. this season has been estimated at 142.9 million lbs. which falls short by 6.6 million lbs. as compared with the previous last season's figure. This suggests that the U.K. has been behind its purchases and postponing building up of stocks in a big way.

There is also yet another reason why the forthcoming auctions should attract greater support. The November output in North India fell short of earlier expectations, and at 59 million lbs. showed a rise of only 4.80 million lbs. as compared with November 1960. In December, the output would be insignificant, as the gardens had ceased plucking much earlier than usual. Adding the November figure, North Indian production amounted to 588.4 million lbs., running ahead by 69.6 million lbs. as compared with 1960. Quality of tea is low for this part of the season, and yet the realisation of higher prices at the centenary auctions and expectations of similar conditions in the forthcoming auctions are attributed to the need of overseas buyers to be more active.

The world output for 1961 is estimated at 1,245 million lbs. which is higher by 105.6 million lbs. and 100.4 million lbs., respectively, as compared with 1960 and 1959. On the other hand, world exports amounted to only 219 million lbs., as against 221.8 million lbs. in the previous season. These figures stress the desperate need for strengthening India's promotional campaign abroad. Against this background, industry circles have noted with appreciation the decision of the Tea Board to start a promotional campaign in the U.K., particularly in Scotland. The trade points out that, if the prices of common teas are to be maintained, internal consumption should increase. It has, therefore, appealed to the Tea Board to conduct campaigns in the rural areas.

Now that budget time is near at hand, both tea trade and industry have renewed their appeal to the Union Government to take measures to consolidate the Assam carriage tax, the West Bengal entry tax and also the tea cess into Central excise duty. Since these levies are being collected by different authorities on varying criteria, the gardens have to spend considerable amount on clerical work which can be curtailed if the taxes are merged in the Central excise. The industry has also renewed its appeal to Government to allot it greater quantities of fertilisers. It is pointed out that, unless this is granted, the call of the Planning Commission to increase production to 900 million lbs. within the next five years would prove meaningless and that it is being directed without coordination among the different Union Ministries dealing with the tea industry.

METALS EASY

(From Our Own Correspondent)

CALCUTTA, *2nd January*

Holiday considerations led to easy conditions in the metal market during the week under review, in contrast to the firm tone that prevailed in the previous week. The easiness was due to reports of similar trends in foreign markets. The Government's decision not to allow licensing any more units in several non-ferrous items, including bare copper conductors and brass and copper pipes and tubes, has been considered as a step in the right direction. In view of shortage of non-ferrous metals, the existing units have not been able to work their plants up to capacity. The news of the Indonesian Government's decision to export substantial quantities of tin to the U.S.S.R. and to another communist country provides a clue for the answer to the poser why, unlike in 1960 when the U.S.S.R. loaded 900 tons of tin into the U.K., it did not send any tin in 1961, but imported substantial quantities as to effectively reduce London warehouse stocks. Evidently, Russian consumption of tin has been on the increase.

On 12th December, tin was quoted on the London Metal Exchange at £952½ a ton. Subsequently, the rate declined to £942. Although there was keen buying on behalf of the Continent, the easiness was attributed to liquidation of stocks due to year-end consideration. The rate declined further to £938½ on 28th, but, within the next two days, recovered to £947. In Calcutta, tin opened at Rs. 1,578.75 per 100 kgs. and, after declining to Rs. 1,555.00, recovered to Rs. 1,574.75. The stock position was causing anxiety. Although copper scrap advanced—berry scrap from Rs. 514.50 per 100 kgs. to Rs. 519.50 and utensil scrap from Rs. 471.50 to Rs. 466.25—there was less demand, in view of the availability of virgin metal against permits. In London, for a while, the quotation of electrolytic copper at £231½ a ton was maintained for a while, following disturbed reports from Katanga and inactivity in Union Miniere mine there, and apprehensions of troubled labour situation affecting Chilean output. However, there was less consumer demand and the price fell to £228¾ before recovering to close for 1961 at £229½. Local support for electrolytic zinc was forthcoming and the price improved from Rs. 263.75 to Rs. 273.50 per 100 kgs. The London rate of £71¾ a ton was maintained in moderate dealings. Virgin lead was unchanged here at Rs. 128 per 100 kgs. Demand was slack, though the stock position was not as comfortable as it was a month earlier.

JUTE FIRM

(From Our Own Correspondent)

CALCUTTA, *2nd January*

A notable development of import to the jute markets during the period since 12th December has been that, after a lapse of several months, simultaneous business in goods and fibre has, once again, become profitable for mills. This has been so because of the rise in prices of goods brought *about in the wake of wide fluctuations in prices* both before and after the Goan upheaval and also by increased offtake for internal consumption on both commercial and Government accounts, as well as by heavy year-end shipments for fulfilling *earlier export commitments.* This has enabled, contrary to earlier apprehensions, stabilisation of fibre prices at the minimum levels. Arrivals of fibre have risen appreciably, and the fact that paddy harvest is almost complete has enabled farmers to pay attention for marketing the remainder of their fibre produce. It had been apprehended earlier that fibre prices were likely to fall below the minimum level of Rs. 30 a maund basis Assam bottoms. This, however, has not been so, thanks to the timely steps taken by the Indian Jute Mills' Association. First, the Association decided to continue in operation beyond 1st January the 2½ per cent of looms unsealed from 13th November. This decision was taken in order to alleviate the shortage in goods and to prevent prices of goods from rising to unfair limits. Although production in November at 93,700 tons was higher by 16,000 tons attributed to the unsealing of 2½ per cent of looms from 13th November and lesser number of holidays as compared with October, stocks with mills at the end of the month at 57,400 tons showed the insignificant rise of 1,900 tons.

This was followed by the I.J.M.A.'s decision to unseal another 2½ per cent of looms as from the *current month, thus reducing* the percentage of looms now remaining permanently sealed to 7. Simultaneously, the fibre quota for purchase by mills was also increased. The minimum quotas released for each of the weeks ended 9th and 16th *December 1961 aggregated 690,000* maunds and, for the week ended 23rd December, the quota was increased to one million maunds. It will be remembered that, with increased arrivals of fibre and in an attempt to stabilise fibre prices, the maximum quota to be purchased by mills was changed to minimum quota. As a result of increased purchases, the mills have been put to considerable financial strain, and this, coming so soon after the recent trading losses, has aggravated the situation. However, *it should be pointed out* that sowing time is fast approaching and, if fibre prices are not maintained, there is every danger that the next season's crop might be substantially lower. Although no final idea of the current crop can yet be had, the industry *feels that it is likely* to fall short of earlier estimates. However, according to the Jute Balers' Association, the crop is likely to total seven million bales, and imports from Thailand and Pakistan are placed at 500,000 bales. The total of 7½ million bales compares with 5.6 million bales available in the last season.

Reports of distress sales from interior marketing areas at considerably lower rates than the *minimum* have been received. It is believed that, although there have been such sales, these reports have been grossly exaggerated. Considering that, while prices of goods have risen, prices of fibre have remained at the same level as existed a month ago, there is force in the argument that fibre arrivals are exceeding offtake by mills. The Bengal Jute Dealers' Association has urged the Government to effect a further increase in the purchase quotas of mills and also to announce a minimum export quota of fibre. The Jute Balers' Association, another organisation, has also urged the Government to permit export of fibre. Although the present situation does not warrant resumption of exports, it has to be borne in mind that world prices are below the Calcutta rates, and as such there is little prospect of the inferior Indian fibre even realising the present quoted prices from foreign buyers. At a time when the country is importing fibre from Thailand and Pakistan, it is contradictory to suggest that India should export fibre. Reports from Pakistan make no mistake of the fact that overseas buyers are inactive and refuse to enter into commitments even at the existing level of prices. Overseas interest in even Dundee tossa 4s in the Narayanaganj market, which is *difficult* to be located, is nominal at present. The one effect of India's entry in the export field would probably be further depression in fibre prices.

The Government is committed to inaugurate a buffer-stock scheme immediately the price falls below Rs. 30. Already, the mills have built up their own stocks which will prevent any unfair rise in prices. The question the Government will have to consider pertains to the disposal of their stocks as and when these were built up. Consumption by mills can be increased further by putting to operation the 7 per cent of looms now remaining sealed. However, overseas demand for goods has not risen to such proportion as to justify such a step. If, as a result of increased production, prices of goods fall, mills would again incur trading losses, and this in turn would affect fibre prices. On all counts, the situation is very much complicated, and it would be prudent on the part of the Government to leave the fibre and goods prices to adjust themselves. As a result of increased purchases of fibre by mills, prices have been maintained and apprehensions of a further fall in prices have been allayed. Conditions have become stabilised and it is to be hoped that, with the announcement by mills to increase production further, prices in interior districts where distress sales have been reported would improve.

On 12th December, there was considerable selling pressure on goods and activity in futures *was bearish. As a result, ready hessian* 40″ 10 oz. declined from Rs. 53.50 to Rs. 52.50 and B. twills from Rs. 131.50 to Rs. 129.50. On the following day, selling pressure continued and prices eased further to Rs. 52 and Rs. 128 respectively. On the 14th, a hardening tendency developed, following reports of large orders from Government, but, when the tenders were announced, the quantity belied earlier expectations. B. twills closed below best at Rs. 128.75 and hessian 40″ 10 oz. at Rs. 52.25. *Over the week-end, there was the en*couraging report that burlap consumption in the U.S.A. during November was higher at 70 million yards, as compared with 65 million yards in the previous month. This, coupled with buying of B. twills *on Government account for near delivery*, pushed up B. twills to Rs. 129.75 and hessian 40″ 10 oz. to Rs. 53.50. This was followed by good covering demand on 18th, 19th and 20th, B. twills gradually rising to Rs. 133.50 and hessian 40″ 10 oz. to Rs. 56.75. *Interest in hessian was shown by* the U.S.A. and the Continent and Australia bought woolpacks for delivery from May to July. On 21st December, a further rise in prices was in evidence, but with B. twills at Rs. 134.75 and hessian 40″ 10 oz. at Rs. 57, prices closed below the best levels on account of profit-taking. Prices staged a further rise in the wake of the Goa situation, but there was selling pressure at higher levels, the closing prices for the week ended 23rd December being Rs. 135 for B. twills and Rs. 56.50 for hessian 40″ 10 oz.

The reopening on 26th after Christmas was noted for a quiet tendency, and B. twills were quoted at Rs. 133.75 and hessian *40″ 10 oz.* at Rs. 56.25. Activity in the futures market led to wide fluctuations in prices on the next day, and the rates closed at Rs. 133.25 and Rs. 56.75, respectively. Hessian was bought by the U.S.A., forcing the price of the 10 oz. on 28th to Rs. 57.25. In sympathy, B. twills gained to Rs. 133.75. Due date covering pushed up hessian to Rs. 59.50 on 29th. B. twills at Rs. 135.25 also recorded a substantial gain. The following table compares the opening and closing rates with the lowest and highest touched for the period covered by this review:

	Opening	*Low*	*High*	*Closing*
	Rs.	Rs.	Rs.	Rs.
B. twills ...	129.50	128.00	135.25	135.25
Hessian 40″ 10 oz.	52.50	52.00	59.50	59.50

Increased support was accorded by mills to the fibre market. Arrivals also increased. The announcement by mills that the 2½ per cent of looms unsealed on 13th November would continue to be in operation even before 1st January and their further decision to unseal a further 2½ per cent of looms also led to greater demand of fibre. The cumulative effect was that conditions became firmer. *Daisee* bottoms at Rs. 33 gaining 50 nP. A similar rise was recorded in northern bottoms at Rs. 30, while Assam bottoms remained unchanged at Rs. 30.00.

SUGAR RELEASE DELAYED

(From Our Own Correspondent)

HAPUR, *1st January*

Sugar ruled quietly depressed during the week at Rs. 106.75 per bag in wholesale and 97 nP to Re. 1 per *seer* in retail. Demand for bold crystal was brisk, while stocks of small inferior quality were accumulating with some factories this side. Following the Indian Sugar Mills' Association's request, the monthly quota release is likely to be delayed by the Government so as to ensure clearance of stocks. All the factories getting adequate cane supplies and week-end prices here were: mill delivery per maund E29 Simbhauli Rs. 37.85; Amroha D29 Rs. 36.37; Bijnore D29 Rs. 35.75; Dhampur E29 Rs. 36.44.

With buying enquiry at a low ebb, sugar drift*ed lower in the Muzaffarnagar market* during the last fortnight. The mills were nursing huge stocks, mostly of inferior small crystal, and buyers were hesitant to enter into commitments even at substantial discounts. Spot sugar also recorded losses

(Continued on page 52)

8 JAN 1962 PUBLIC DEPARTMENT

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 29th Dec., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	49,75,80,000
(2) Other Governments	32,59,33,000
(b) Banks	105,16,19,000
(c) Others	147,41,71,000
Bills Payable	29,83,54,000
Other Liabilities	40,22,58,000
Rupees	5,15,99,15,000

ASSETS	Rs.
Notes	17,79,83,000
Rupee Coin	2,57,000
Subsidiary Coin	2,75,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	35,19,71,000
Balances held abroad*	33,46,22,000
Loans and Advances to Governments†	60,48,58,000
Other Loans and Advances	148,20,85,000
Investments	224,54,36,000
Other Assets	26,24,28,000
Rupees	5,15,99,15,000

*Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 14,74,50,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	17,79,83,000	
Notes in circulation	1943,65,84,000	
Total Notes issued		1961,45,67,000
Total Liabilities		1961,45,67,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	116,86,07,000	
Total of A		234,62,10,000
B. Rupee Coin		123,02,49,000
Government of India Rupee Securities		1603,81,08,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1961,45,67,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	22nd Dec., 1961	15th Dec., 1961	A month ago*	A year ago R
RESERVE BANK				
Issue Department				
Notes in circulation	1939 56	1947.78	1902.67	1858.55
Notes held in Banking Department	21 61	12 65	15 44	16 75
Foreign Securities	116 86	116 86	116 86	128 01
Rupee Securities	1603 81	1603.81	1558.84	1502.06
Banking Department				
Deposits of:				
Government of India	78 92	51 31	49 30	68 83
Other Governments	18 71	27 32	22 34	15 34
Balances held abroad	35.90	31.53	28.98	27.58
SCHEDULED BANKS				
Demand Liabilities	849 58	847 02	852 15	794 39
	(23 03)†	(25 60)†	(23 59)†	(17 25)†
Time Liabilities	1159 42	1155 25	1148 33	1120 52
	(21 20)†	(20 17)†	(20 70)†	(14 08)†
Borrowings from Reserve Bank	10 57	5 64	2 32	42 80
	(6 32)‡	(1 80)‡	(0 25)‡	(8 36)‡
Borrowings from State Bank	14 34	14 99	17 93	11 52
Cash in India	47.07	47.32	48 87	43.76
Balance with Reserve Bank	74.88	71.89	79 81	88.50
Balances with other banks in current account in India	17.56	16.55	16.41	16.32
Money at call and short notice in India	46.69	50 48	51 13	28 55
Investments (at book value)	600.06	606 31	618 68	658 36
Advances and bills	1263.04	1252 67	1233 79	1156.47
STATE BANK				
Deposits	521 51	525.76	529 02	575 27
Investments	262 32	257 72	271 38	323 57
Advances	249 23	248 15	240 90	225 92
Cash	26.00	26.80	23 57	28.31

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4 50	5
Belgium	28th Dec., 1961	4.75	4.50
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	3
Canada †	..	2.85	2.82
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
,, Salvador	Jan., 1960	4	5.50
,, Inland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5 31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	..	2
South Africa	7th Dec., 1961	5	4.50
Spain	11th April, 1960	6.25	5 75
Sweden	15th Jan., 1960	4.50	6
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	..	7
Turkey	6th June, 1958	4.50	6
United Kingdom	2nd Nov., 1961	6.50	6
U.S.S.R.	1st July, 1936	3	4
U.S.A	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

*Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 29th Dec., 1961

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		527,82,66,000
Borrowings from Other Banking Companies, Agents, etc.		2,05,50,000
Bills Payable		8,92,40,000
Bills for Collection being Bills receivable as per contra		2,33,44,000
Acceptances, Endorsements and Other Obligations per contra		91,81,000
Other Liabilities (including Inter-Office Adjustments)		19,14,53,000
Total Rs.		574,27,84,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		40,79,51,000
Balances with other Banks		3,79,38,000
Money at Call and Short Notice		1,40,00,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	223,64,46,000	
Other Authorised Investments	9,20,50,000	
		232,76,35,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	238,82,11,000	
Bills Discounted and Purchased	16,39,01,000	
		255,21,12,000
Bills Receivable being Bills for Collection as per contra		2,33,44,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		91,81,000
Premises less Depreciation		1,88,36,000
Furniture and Fixtures less Depreciation		1,47,79,000
Other Assets (including Inter-Office Adjustments)		33,70,08,000
Total Rs.		574,27,84,000

Scheduled Banks*

Statement of Affairs for the week ended 22nd December 1961

	Rs. (Thousands)
(I) Demand Liabilities in India	
(a) Demand Deposits—	
(1) From banks	47,24,93
(2) From others	718,34,41
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	23,02.70
(c) Other demand liabilities	51,95,74
(II) Time Liabilities in India	
(a) Time Deposits—	
(1) From banks	19,63,37
(2) From others	1094,55,10
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)	21,19.54
(c) Other time liabilities	24,03,40
(III) Borrowings in India from the State Bank of India and/or notified banks:	
(a) Demand liabilities	3,79.35
(b) Time liabilities	10,55.00
(IV) Borrowings in India from the Reserve Bank of India (A)	10.57.45 (6,31.50)
(V) Cash in India	47,06.66
(VI) Balances with the Reserve Bank in India	74,88,43
(VII) Balances with Other Banks in Current Account in India	17,55,90
(VIII) Money at call and short notice in India	46,68,22
(IX) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal obligations	600,06,49
(X) (a) Loans, Cash Credits and Overdrafts in India (excluding due from Banks)	1073.63,16
(b) Due from Banks in India	10,82.42
(XI) Inland Bills purchased and discounted in India	134,35,90
(XII) Foreign Bills purchased and discounted in India	44,22,60
(XIII) Total of items (X), (XI) and (XII)	1263,04,17

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the *Reserve Bank against usance bills* and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 22nd Dec., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	8,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	8,49,59,000
(b) Provincial Governments	5,25,93,000
(c) Banks	17,47,21,000
(d) Others	108,99,36,000
Bills Payable	15,44,000
Other Liabilities	13,47,96,000
Rupees	163,50,49,000

ASSETS	Rs.
Notes	10,30,53,000
Rupee Coin	21,000
Subsidiary Coin	38,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	26,48,94,000
Loans and Advances to Governments	4,20,00,000
Provincial Governments' Debtor Balances	
Other Loans and Advances	54 48,89,000
Investments	57,33,90,000
Other Assets	10,68,54,000
Rupees	163,50,49,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	10,30,53,000	
Notes in circulation	378,64,42,000	
Total Notes issued		388,94,95,000
Total Liabilities	....	388,94,95,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	65,00,00,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	2,74,61,000	132,96,23,000
Government of Pakistan Securities	247,34,05,000	
Internal bills of exchange and other commercial paper	....	
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		250,08,06,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,03,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	388,94,95,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 35.63 per cent.

EXCHANGE RATES

		3rd January 1962	27th December 1961
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5 11/16	1-5 11/16
Sellers T. T. D.D. upto six months	s.	1-5 11/16	1-5 11/16
Buyers T.T. spot to nine months	s.	1-6 1/16	1-6 1/16
Buyers T.T. 10 to 12 months	s.	1-6 1/16	1-6 1/16
Bombay on New York—			
Sellers T.T. D.D.	Rs.	476 50	476 75
Buyers T.T.	Rs.	473 25	473 50
London on New York	s.	2 8060-2 8063	2 8070 2 8075
London on Paris	Fcs.	13.7610-13.7660	13.7530-13.7550
London on Berne	Sw. Fcs.	12 1350-12 1370	12 1090-12 1110
New York on London	s.	2 8010-2 8050	2 8070-2 8080

CLEARING HOUSE RETURNS

Centre	Week ended 29th Dec., 1961 Number of Cheques	Week ended 29th Dec., 1961 Amount Rs.	Week ended 22nd Dec., 1961 Number of Cheques	Week ended 22nd Dec., 1961 Amount Rs.
Bombay	3,05,003	98,16,57,000	4,19,000	104,18,00,000
Calcutta	..	..	2,16,000	93,17,00,000
Madras	97,799	12,61,52,040	98,000	13,84,00,000
All Centres—				
1958-59	..	..	45,172 000	97,87 12,00,000
1959-60	..	..	50,064,000	109,88,05,00,000
1960-61	..	..	54,472,000	125,13,16,00,000
Oct., 1960	..	..	4,707,000	1,042,18,00,000
July 1961	..	..	5,058,000	1,112,59,00,000
Aug., ,,	..	..	4,683,000	1,055,01,00,000
Sept., ,,	..	..	4,869,000	1,119,27,00,000
Oct., ,,	..	..	4,600,000	1,035,18,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	2nd Dec., 1961	25th Nov., 1961	3rd Dec., 1960	October 1961	October 1960	Percentage of Increase (+) or Decrease(—) in Oct., 1961 as compared with Oct., 1960	Financial Year Average 1960-61	Financial Year Average 1959-60
Food Articles	504	118.3	118.8 R	118 9	120 9	121.8	— 0.7	120.0	119 0
Cereals	192	101.3	102.2 R	102.6	103.1	106 3	— 3 0	104.4	104.1
Pulses	45	94 1	94.0 R	93.7	90.6	94 6	— 4 2	92.9	93.5
Fruits and Vegetables	28	139.2	146.3	101.4	144 8	113 7	+26 9	118.5	127.8
Milk and Ghee	84	115 7	114.6 R	118.1	117.9	117 5	+ 0 3	116.0	118.3
Edible Oils	47	154 3	153.7	152.0	147 0	153 1	— 4 0	150.3	130.4
Fish, Eggs and Meat	17	133 9	135.6 R	124.9	134 2	126 0	+ 6.5	123.5	112.0
Sugar and Gur	46	116 5	119 4	126.8	120 3	136 6	—11.0	152.8	147.0
Others	50	161 5	163 8 R	171 1	180 8	170 5	+ 6 7	167.8	167.9
Liquor and Tobacco	21	95.1	97.0	112 5	99 5	113.8	—12.3	109 9	99.8
Tobacco	—	91.2	93.3	111 2	96 0	122 2	—14 4	108.3	97.3
Fuel, Power, Light and Lubricants	38	122.2	122 4	119 8	122.0	119 9	+ 1.8	120.9	119.5
Industrial Raw Materials	165	136 4	136 6	142 5	138 9	146 6	— 7 3	145.2	123.7
Fibres	61	125 0	124 5	156.9	127 9	157 5	—18 8	151.6	114.6
Oilseeds	26	153.5	154 9	150 8	149.7	148 3	+ 0 9	149.9	134.5
Minerals	2	94.8	94 9	93 2	94 8	98 0	— 3 3	97.4	97.3
Others	32	120 0	127 0*	131 5*	127 7	125 8	+ 1.5	128.0	122.7
Manufacture	290	126 5	125 9	126 0	125 3	124 6	+ 1 4	123 9	111.7
Intermediate Products	41	139 8	139 9	132 0	140 3	130 2	+ 7 8	130 9	113 8
Finished Products	249	124 3	122 6	125 0	124 1	123 7	+ 0 3	122 8	111.3
Textiles	147	124.4	123.3 R	129 4	124 7	127 4	— 2 1	125.8	107.8
Cotton	—	128 2*	128 2*	129 3*	128 2	130 4	— 1 7	128.1	116.8
Jute	—	116.4	118 8	143 7	118 7	130 3	—12 9	131.4	90.8
Woollen	—	123 1*	123 1*	110 1*	123.1	110 1	+11 8	109.1	104.2
Silk and Rayon	—	121.6*	120 7* R	101 1*	119.3	101 5	+17 5	104.4	96.4
Metal Products	12	147.1	147 1	146.8	147 1	146 8	+ 0 2	147.2	144.4
Chemicals	20	111.1	111 0 R	104 1	111 6	104 6	+ 6.7	104.4	106.9
Oil Cakes	10	151.2	140 9	144 5*	144 5	141 1	+ 2 4	141.3	143.8
Machinery and Transport Equipment	31	116 2	116 2	112 1	116 2	112 0	+ 3 8	111 9	106.5
Others	80	123.5	123 5	116 4	121.5	116 1	+ 4.7	116.1	113.4
All Commodities	1.000	123.1	123.3 R	125 4	124 4	126.2	— 1.4	126 8	117.1

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at the group index.
R—Revised.
* Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad	Sholapur	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	116	395	110	313	98	120	387	124	113	105	103	123	109	131
1959 ..	126	412	125	340	98	132	387	133	120	106	93	125	108	140
1960 ..	124	420	120	357	98	136	398	143	120	107	103	120	109	145
Sept. ..	125	418	122	364	101	138	405	146	122	108	102	122	108	147
Oct. ..	125	421	123	365	102	137	400	148	122	108	105	119	108	147
Nov. ..	124	423	121	367	102	135	395	150	121	110	102	122	108	147
Dec. ..	124	419	120	362	100	134	387	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	387	146	122	111	103	120	109	148
February ..	123	420	119	350	102	130	392	147	123	111	103	119	109	148
March ..	124	423	119	349	101	129	395	148	124	111	104	121	109	149
April ..	123	428	119	348	99	130	392	149	125	111	104	120	109	150
May ..	124	431	119	345	97	132	392	148	126	112	106	120	110	149
June ..	125	433	122	349	99	132	392	148	127	112	104	121	110	150
July ..	126	437	122	357	101	132	408	148	130	113	106	122	110	151
August ..	128P	438	122	359	103	133	416	149	130	115	107	124	111	151
Sept. ..	128P	436	122	355	103	132	416	148	128	114	108	124	..	151
Oct. ..	..	434	..	354	..	..	..	..	..	..	..	..	..	..

*June 1934=100. †Jan., 1928=100. §1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Outstandings	7-Year B Outstandings	12-Year B Outstandings	12-Year National Plan Savings Certificates C Receipts	C Outstandings	Post Office Savings Bank Deposits Receipts	Deposits Outstandings	10-Year National Plan Certificates D Outstandings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Outstandings	Cumulative Time Deposits 10-Year J Outstandings	10-Year Treasury Savings Deposit Certificates 3½% F Outstandings	10-Year Treasury Savings Deposit Certificates 4% G Receipts	10-Year Treasury Savings Deposit Certificates 4% G Outstandings	15-Year Annuity Certificates G Receipts	15-Year Annuity Certificates G Outstandings	Total Receipts	Total Outstandings H
1958-59 ..	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	288,27	590,08
1959-60 ..	1,55	3,15	98,99	83,24	221,68	210,40	260,08	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	672,99
1960-61 ..	1,24	2,46	81,50	82,53	287,30	228,77	307,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3,38	320,98	770,80
Oct. 1960 ..	1,40	2,76	87,86	7,05	257,70	18,00	272,98	19,19	—41,71	1,07	64	41,09	1,42	39,27	5	3,22	25,56	718,18
Jan. 1961 ..	1,31	2,57	84,04	6,47	273,48	18,08	280,08	18,87	—41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,83	740,90
Feb. „ ..	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	26,53	747,86
Mar. „ ..	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,80
Apr. „ ..	1,20	2,40	80,13	5,59	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28	39,42	4	3,40	27,47	771,47
May „ ..	1,16	2,34	78,90	5,33	294,43	19,28	294,64	18,09	—42,08	1,99	1,08	36,49	1,32	40,92	3	3,42	26,19	773,46
June „ ..	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	—42,13	2,18	—1,15	35,45	1,89	42,43	3	3,43	28,02	777,66
July „ ..	1,10	2,24	76,34	6,66	304,96	20,79	295,78	17,91	—42,16	2,34	1,23	34,15	1,59	44,33	5	3,48	29,34	786,81
Aug. „ ..	1,08	2,20	74,31	6,73	310,39	19,28	302,35	17,85	—42,20	2,50	1,31	33,19	1,25	45,66	5	3,48	27,55	794,32
Sept. „ ..	1,05	2,16	73,00	6,38	315,47	17,84	304,29	17,77	—42,24	2,68	1,39	32,12	1,62	47,04	5	3,51	26,16	800,48
Oct. „ ..	..	..	..	..	..	..	..	..	..	..	..	33,28	1,07	48,10	4	3,53	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1951 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked E' are not included J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of Aug., 1961 amount to 16·95 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1963-65	98.65
3 % Loan	1950	30,33,10,000	1964	98 65
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96 15
3 % Def. Loan	1945	1,10,11,82,000	1970-75	90.15
2½% Loan	1946	14,77,48,000	1976	83 50
2½% Loan	1947	75,86,72,000	1962	99 20
2½% N. P. Loan	1954	1,58,17,91,000	1964	99.85
3½% N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99 65
3½% Loan	1956	1,07,27,36,000	1962	99 90
3½% N. P. Bonds	1956	1,03,81,83,000	1967	98 90
2½% Loan	1956	86,63,53,000	1974	99 50
3½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	99 90
4 % Loan	1957	49,17,27,000	1972	100 20
3½% Loan	1958	58,05,92,000	1963	99 95
3½% Loan	1958	70,00,00,000	1968	98 70
3½% Loan N.P.B.	1958	64,33,00,000	1968	99 90
4 % Loan	1958	49,51,11,050	1973	100 10
3½% Loan	1959	1,47,90,93,000	1969	98 30
4 % Loan	1959	81,00,39,000	1979	99 20
4 % Loan	1960	98,03,48,000	1980	99 25
3½% Bonds	1960	82,05,41,000	1966	99.70
4 % Loan	1961	65,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,93,33,000	M.	72.00
3 % Loan	1046	2,48,91,33,000	K.	71.05
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.25
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	98.00
4½% Andhra	1958	5,48,92,000	15th July 1970	100.00
4 % Andhra	1959	6,57,75,000	10th Aug. 1971	97 75
4 % Andhra	1960	9,85,35,000	29th Aug. 1969	97 80
4½% Andhra	1961	11,00,00,000	Sept. 1972	98 05
2 % Maharastra	1949	5,20,97,000	1st Aug. 1962	99.50
2½% Maharastra	1951	2,28,41,000	17th Sept. 1962	100.00
4 % Maharastra	1953	5,02,55,000	15th July 1963	100.00
4 % Maharastra	1952	3,34,83,000	1st Aug. 1964	100.00
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	99 35
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99 10
4½% Maharastra	1957	6,47,37,000	16th Sept. 1969	101.00
4½% Maharastra	1958	6,48,62,000	15th July 1970	100.50
4½% Maharastra	1958	4,31,45,000	15th July 1971	99 25
4 % Maharastra	1959	6,58,14,000	10th Aug. 1971	99 25
4 % Maharastra	1960	10,98,86,000	29th Aug. 1969	99 30
4½% Maharastra	1961	10,77,00,000	Sept. 1972	98 00
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98 00
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98 00
4½% Bihar	1958	2,20,71,000	15th Oct. 1970	97 75
4 % Bihar	1959	3,33,22,000	10th Aug. 1971	97 75
4 % Bihar	1960	3,33,22,000	29th Aug. 1969	98 00
4½% Bihar	1961	3,30,00,000	Sept. 1972	99 00
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99 00
4½% Gujarat	1961	6,07,00,000	Sept. 1972	99.00
3½% Howrah Bridge (New)	1936-37	1,95,96,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98 00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
3½% Madras	1951	3,01,19,300	17th Sept. 1962	99 75
4 % Madras	1953	10,33,71,000	15th July 1963	99 75
4 % Madras	1952	5,24,81,200	1st Aug. 1964	99.75
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98 25
4 % Madras	1956	13,33,56,000	3rd Sept. 1968	98 25
4½% Madras	1958	5,55,57,000	15th July 1970	100 00
4 % Madras	1959	8,72,72,000	10th Aug. 1971	97 90
4 % Madras	1960	12,20,42,000	29th Aug. 1969	98.00
4½% Madras	1961	10,36,00,000	Sept. 1972	98.05
4 % Mysore(f)	1932	2,95,85,200	1st Dec. 1953-63	100.50
4 % Mysore	1953	3,33,47,000	15th July 1963	100.00
4 % Mysore	1955	3,54,04,000	1st Sept. 1967	98 25
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98 25
4½% Mysore	1957	3,34,36,000	16th Sept. 1969	100.00
4½% Mysore	1958	5,51,62,000	15th July 1970	100.00
4 % Mysore	1959	5,45,46,000	10th Aug. 1971	98 00
4 % Mysore	1960	4,37,73,000	29th Aug. 1969	98 00
4½% Mysore	1961	7,48,00,000	Sept. 1972	99 05
3 % M.P.	1948	2,03,29,000	15th Sept. 1964	96.00
3½% M.P.	1951	1,02,18,100	17th Sept. 1962	100 00
4 % M.P.	1953	1,10,18,000	15th July 1963	99 40
4 % M.P.	1955	1,63,12,000	1st Sept. 1967	98.00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98 00
4½% M.P.	1958	2,21,35,000	15th July 1970	100 00
4 % M.P.	1959	5,28,25,000	10th Aug. 1971	97 75
4 % M.P.	1960	5,18,28,000	29th Aug. 1969	97 75
4½% M.P.	1961	5,04,00,000	Sept. 1972	98.00
4 % Saurashtra	1955	3,45,39,000	1st Sept. 1967	98.85
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98 85
4 % Kerala	1953	3,25,61,000	15th July 1963	99 15
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.00
4½% Kerala	1958	3,27,10,000	15th July, 1970	100 00
4 % Kerala	1959	4,47,05,000	10th Aug., 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.00
4½% Kerala	1961	4,04,00,000	Sept. 1972	98.00
3½% U.P.Z.A.	1952	44,36,98,000	..	43.50Z
3 % U.P.	1936	1,54,30,000	15th Sept. 1961-66	92.75
3½% U.P.	1951	1,82,99,000	17th Sept. 1962	100.00
4 % U.P.	1952	5,89,14,000	1st Aug. 1964	99.90
4 % U.P.	1953	5,58,25,000	15th July 1963	99.75
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	98 25
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	98 25

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				
Rs.				Rs.
55,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1909	1970	
55,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,35,376	4	1913*	1960	D
80,00,000	4	1913	1974	95.00
84,25,000	4	1914	1975	95.00
10,00,000	4	1915*	1960	
55,00,000	4	1915*	1975	
12,50,000	3½	1921*	1961	
13,50,000	3½	1935*	1965	
24,58,000	3½	1935*	1975	
15,00,000	3½	1936*	1966	
48,04,000	3½	1936*	1960	D
10,00,000	3½	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,300	4	1914	1974	98.25
76,90,100	4	1915	1975	98.25
50,00,000C	4½†	1921	1981	82.00
68,02,300C	6½	1921	1981	144.00N
60,00,000	4½	1931	1991	93 00
60,00,000	3½	1935	1965	99.00
25,00,000	3	1938	1963-65	93.00
50,00,000	3	1945	2005	74.00
50,00,000	3	1945	1975	85.00
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74 00
50,00,000	2½	1947	1977	79.50
50,00,000	3	1948	1978	83.75
50,00,000C	3	1950	1980	82.00
50,00,000	3	1951	1981	81.75
1,50,00,000	3½	1953	1961	99.75
50,00,000	4	1953	1963	100 00
60,00,000	4	1953	1983	97.50
90,00,000	4	1955	1985	97 25
77,00,000	4	1956	1986	97 25
78,00,000C	4	1956	1986	97 25
1,24,00,000	4½	1957	1987	99 50
1,30,00,000	4½	1958	1988	99 00
1,00,00,000	4	1959	1989	99 50
50,00,000	4½	1959	1989	99 00
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
STERLING LOANS				
£892,600	5	1923	1953-63	£63
£901,000	5	1924	1954-64	£63
£835,100	5½	1932	1962	£93½
MADRAS				
Rs.				Rs.
28,48,275	3½	1947	1977	A
9,88,000F	3	1947	1977	
3,00,000F	3	1949	1979	
45,00,000‡	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				
Rs.				Rs.
30,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	97.75
20,00,000	4	1906	1966	N
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
13,00,000	4	1913	1973	
50,00,000	4	1914	1974	97.50
25,00,000	4	1916	1976	N
40,00,000	5	1919	1957-79	118.90
66,00,000	6	1920	1955-80	
25,00,000	5	1926	1956-80	115.00N
25,00,000	4	1927	1961-79	98.00N
10,00,000	3	1936	1966	
STERLING LOANS				
£566,600		1909	1968	£95.50
£338,000		1910	1970	£95.50N
CALCUTTA				
Rs.				Rs.
50,00,000	4	1934	1964	99 25
35,00,000	3½	1935	1965	96 00
30,00,000	3	1936	1966	92.50
50,00,000	3	1937	1962	97.00
20,00,000	3	1938	1963-68	92.00
80,00,000	4	1952	1962	100 00
1,02,00,000	4	1958	1968	98 50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

Rs.		**BOMBAY**		Rs.
8,25,00,000	3½	1917	1977	84 00
2,13,14,500	3½	1949	1979	84.00
4,00,00,000	3½	1950	1945	95.00
2,69,21,472	4	1952	1964	99 00
2,00,57,318	3½	1951	1966	96 00
1,30,00,000	4	1953	1963	99.00
92,19,000†	4	1952	1964	99 00
86,87,000†	4	1954	1966	99 00
2,50,00,000	4	1955	1967	99 00
1,57,50,000	4	1956	1968	99.00
2,09,10,500	4½	1957	1969	99 25
4,40,00,000	4½	1958	1970	99 25
5,30,00,000	4	1959	1971	98.00
Rs.		**CALCUTTA**		Rs.
40,00,000	5½	1932	1962	101 75N
33,91,000	3½	1935	1965	96.00
60,00,000	3	1936	1966	93 00
47,50,000	3	1938	1968	92 50
21,10,000	3½	1942	1972	92.00
66,88,000	3½	1951	1966	96.50
87,36,000	4	1952	1962	99 75
72,50,000	4½	1954	1979	100 00
2,22,72,000	4	1955	1985	97.25N
73,80,000	4½	1958	1988	100.50
1,67,32,000	4½	1958	1970	101.00N
Rs.		**MADRAS**		Rs.
15,00,000	3½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.50N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,59,000	15th July 1970	100 00
4 % U.P.	1959	8,88,80,000	10th Aug. 1971	97 75
4 % U.P.	1960	7,79,16,000	29th Aug. 1969	97 80
4½% U.P.	1961	6,60,00,000	Sept. 1972	98.10
4 % Rajasthan	1956	3,14,19,000	3rd Sept. 1968	98 00
4½% Rajasthan	1958	2,79,84,000	15th July 1970	100 00
4½% Rajasthan	1959	3,84,19,000	10th Aug. 1971	98 00
4 % Rajasthan	1960	5,05,74,000	29th Aug. 1969	98.00
4 % Rajasthan	1961	4,40,00,000	Sept. 1972	98.10
4½% Rajasthan	1961	3,09,34,000	3rd Sept. 1968	98.00
4 % Orissa	1958	3,24,58,000	15th July 1970	100.00
4½% Orissa	1959	3,82,30,000	10th Aug. 1971	97.75
4 % Orissa	1960	4,00,00,000	29th Aug. 1969	97 75
4 % Orissa	1960	3,75,00,000	Sept. 1972	98 00
4½% Orissa	1961	5,50,00,000	Sept. 1972	98.00
4 % M. BharatT	1953	1,04,77,000	15th July 1963	99 50
4 % M. BharatT	1956	1,11,26,000	3rd Sept. 1968	97.75
4 % M. BharatT	1958	1,75,00,000	17th Sept. 1962	100 00
4 % W. Bengal	1951	2,00,00,000	1st Aug. 1964	99.85
4 % W. Bengal	1952	3,80,25,000	15th July 1963	100.00
4 % W. Bengal	1953	7,58,72,000	1st Sept. 1967	99.00
4 % W. Bengal	1956	7,11,46,000	3rd Sept. 1968	99 00
4½% W. Bengal	1958	5,10,50,000	15th July 1970	100 00
4 % W. Bengal	1959	7,69,62,000	10th Aug. 1971	98.50
4 % W. Bengal	1960	7,01,32,000	29th Aug. 1969	99 00
4½% W. Bengal	1961	7,31,00,000	Sept. 1972	99.25
4 % Assam	1959	2,74,40,000	10th Aug. 1971	98.00
4 % Punjab	1954	2,18,87,000	19th Aug. 1971	98.00
4½% Punjab	1961	3,13,00,000	Sept. 1972	98.10

ABBREVIATIONS. N—Nominal. (f) Income-tax free. * Loans held entirely by the Trustees. † Bombay State Transport.
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable.
†† Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April 1938.
F—Interest free for first 12 years. I—Interest free for first 7 years. Z—Ex nine instalments but inclusive of accrued interest.
M—At the option of the Government after three months' notice. K—On September 1966 or later at the option of the Government after three months' notice.
S—Liability taken over by Madhya Pradesh.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 4th January 1962.

	Closing quotations 22-12-1961	High	Low	Closing quotations 4-1-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	201.25	..	..	201.25
Apollo (2)	2.10	2.16	2.08	2.16
Baroda Rayon (100)	157.50	161.00	157.50	161.00
Bombay Dyeing (25)	66.20	68.20	66.50	67.50
Bradbury (50)	155.00	..	..	155.00
Central India (100)	127.00	130.00	128.00	129.50
Century Mills (100)	599.00	641.00	613.50	628.00
Cocnia Sp. (100)	133.75	..	..	133.75
Dawn (50)	155.00	159.50	158.00	159.00
Edward Textile (200)	349.00	..	..	349.00
Elphinstone (50)	110.00	118.00	111.00	118.00
Finlay (100)	321.00	331.00	320.00	331.00
Gokak (100)	197.00	215.00	200.00	210.00
Gold Mohur (100)	257.50	265.00	260.00	265.00
Gwalior Rayon (10)	48.00	50.60	48.00	50.60
Ind. Untd. Defd. (1)	2.22	2.48	2.26	2.42
Ind. Untd. Ord. (10)	15.44	16.28	15.44	16.28
Indian Rayon (75)	94.50	98.00	95.00	97.00
Indore Malwa (100)	180.00	182.00	176.00	182.00
Khatau (100)	475.00	487.50	480.00	481.25
Kohinoor (100)	307.00	316.00	309.50	313.00
Lakshmi (250)	650.00	..	..	650.00
Mafatlal (100)	935.00	985.00	930.00	975.00
Minerva Mills (100)	72.50	..	..	72.00
Model Nagpur (250)	111.25	118.00	111.25	118.00
Morarji (100)	388.00	414.00	390.00	406.00
Mysore (50)	58.00	..	..	59.00
National Rayons (100)	556.50	576.50	557.50	570.00
New City (100)	180.00	185.00	180.00	185.00
New Great (100)	257.00	257.00	252.50	252.50
Phenix (100)	219.00	235.00	225.00	232.00
Podar Mills (100)	141.00	156.00	140.00	152.00
Raymond Woollen (100)	123.50	125.50	124.50	125.00
Sassoon Silk (10)	15.00	..	..	15.00
Sassoon Spg. (10)	67.70	68.00	67.70	67.70
Shrinivas (100)	280.00	293.00	283.00	289.00
Simplex (50)	161.00	161.00	160.00	160.50
Standard (100)	1,076.00	1,200.00	1,098.00	1,184.00
Svadeshi (100)	277.00	285.50	277.00	283.00
Swan (100)	630.00	..	..	630.00
S. I. Viscose (100)	176.50	183.00	176.00	183.00
Tata Mills (25)	73.00	82.00	73.00	80.20
Vishnu (100)	150.00	..	..	150.00
Western India (1,000)	3,725.00	..	..	3,725.00
BANKS				
Bank of India (50)	140.00	145.50	141.00	145.50
Do. (New) (50)	143.00	146.00	143.00	146.00
Bank of Baroda (50)	117.00	116.00	114.00	116.00
Central (25)	66.00	67.50	66.00	67.50
Central 'A' (25)	70.00	71.00	68.00	71.00
Dena Bank (50)	70.00	75.00	70.00	75.00
Punjab National (10)	20.52	22.00	20.52	22.00
Union Bank (5)	7.88	8.04	7.92	8.00
United Com. (50)	102.00	105.00	102.00	105.00
ELECTRIC COS.				
Ahmedabad (100)	91.50	93.00	90.00	91
Amalgamated (10)	10.40	10.40	10.36	10.
Andhra Valley (1,000)	1,010.00	1,010.00	992.50	995
Bom. Sub. El. (100)	100.50	—	—	100
Surat (100)	96.50	—	—	96
Tata Hydro (100)	110.50	108.50	108.00	108
Tata Power (1,000)	1,077.50	1,065.00	1,050.00	1,06
INSURANCE COS.				
British India (10)	11.76	—	—	
Indian Mercantile (20)	54.00	—	—	
New India (15)	59.50	59.70	59	
New India 'A' (15)	61.50	62.50	61	
Vulcan (10)	16.24	—	—	an was
STEEL COS.				0 tons
ind. Iron (10)	24.48	25.60	25.3	city of
Mukand Iron (10)	27.50	29.00	27.75	per
Tata Steel Ord. (75)	140.75	145.00	143.25	of
SUGAR COS.				
Belapur (50)	264.00	291.00	273.00	274.0
Bhopal (10)	23.76	—	—	23.76
Changdeo (12.50)	23.72	—	—	23.72
Dhulian (50)	123.00	133.00	126.00	127.00
Walchand Ind. (100)	162.00	176.00	166.00	166.00
CEMENT COS.				
Associated Cts. (100)	161.50	164.50	162.00	163.[illegible]
Digvijay (100)	191.00	199.00	195.00	199.00
Orissa (10)	15.44	16.00	15.80	15.80
MISCELLANEOUS				
Alcock Ashdown (100)	309.00	322.00	312.00	319.00
Bom. Burmah (125)	667.50	677.00	662.50	670.00
Do. (New) (50)	260.00	269.00	262.50	266.25
Br. B. Petrol (1½ sh.)	1.22	1.24	1.22	1.22
Br. I.

KIRLOSKAR ELECTRIC COMPANY LTD.

(*Concluded from page 46*)

Lincolns and we propose to start production as early as possible.

"You will also be glad to hear that we have entered into an agreement with the Employees' Association on various outstanding matters and the agreement will be in force upto June 1964. No doubt this agreement has imposed an additional financial burden on the Company and by the same token reduced the margin of profit on its products in a competitive market. It is to be hoped that the labour now at least will fully co-operate with the management in raising and maintaining a higher standard of production to justify the additional burden.

"It only remains for me to express my heart-felt gratitude for the courtesy and consideration I have uniformly received at the hands of the shareholders, the staff, the management and the Board of the Company."

Note: This does not purport to be a record of the proceedings of the annual general meeting.

PACE OF ECONOMIC EXPANSION IN CANADA HIGHER

(*Concluded from page 9*)

consequences of this situation may not strike home until the overall market deteriorates, at which time the lagging competitor suffers disproportionately. This, therefore, is the time to intensify, not slacken, our endeavours.

Although Canada's merchandise trade balance with the rest of the world has moved from a deficit to a surplus position, we still have a large deficit on total current transactions. This reliance upon foreign resources, must, to the maximum extent practical, be replaced by the fuller and more effective use of our productive potential. In these circumstances, Canadians *simply cannot afford*, even temporarily, to rely on the favourable prevailing currents to carry us along.

For Rupe... Banks, Deposits... Governme... Other Gov... Balanceshe... SCHEDU... BANK... Demand Li... Time Liabi... Borrowin... Res...

So long as we have the means to achieve a better balance with the rest of the world, maintenance of our current position in world markets is simply not good enough. It is imperative that we press ahead to expand our share of rapidly expanding world markets.

There is much to show that Canadian producers have made a good start towards achieving the kind of competitive strength and resiliency necessary to extend their position in the present-day competitive world. Full realisation of this objective is not quickly or easily attained. It requires continued perseverance, through good times and bad, and demands action on many fronts. In this offensive, the plant manager, the worker, and the primary producer, i.e. the people who make the goods for sale in world markets, occupy front-line positions. These groups, however, are not likely to succeed single-handed. Their efforts must be supplemented by positive action on the part of all ancillary services in the community which can help in any way to improve the effectiveness of the nation's productive machine. To succeed fully this must be an offensive in depth.

The year 1961 has been one of good progress toward such a goal. The economy is well launched towards further major strides ahead in the coming year. However, the advance achieved will depend largely upon how we rise to the challenges before us. No number of rosy predictions will move us to our objective.

The outlook for 1962 is favourable. The measure of prosperity to be achieved, however, will depend upon the initiative, the enterprise, the energy, and the enthusiasm of Canadians. During the past year we have made great strides. The economy, lifting from a solidly prepared base, is now well launched on its course to further major achievements in 1962. I call on the businessmen of Canada to exhibit that degree of confidence and energy which I am confident will carry us to new heights of prosperity and progress.

MARKET GOSSIP

(*Concluded from page 3*)

now left is a price war among various producers. It is feared that Cuba will try to undercut most of its rivals, though it will also stand to lose from such a move. Already world sugar prices are depressed. Sugar in London now stands at £21½ per ton, as against £24 just before the Geneva Conference began on 12th September and £27½ a year ago. So far as India is concerned, it is now free to export any quantity of sugar it likes, but the limiting factor will be the heavy financial loss. Even before the prices fell, the loss was quite large. It has increased now and will be much more when the price war starts. Indeed, the prospect of India being able to sell even that modest quantity of 113,000 tons it did in 1960-61 in markets outside the U.S. will be bleak, as its capacity to stand cut-throat competition is next to nothing.

Common Market At Crossroads

The last-minute bid by the Common Market countries to arrive at a common agricultural policy before the year 1961 ran out has failed. This has necessitated the postponement of the second stage of the integration scheme, which was scheduled to commence on the 1st inst., as provided for in the Rome Treaty. There is, of course, nothing surprising in the hitch which has now developed in the formulation of a common agricultural policy, for this had been expected by quite a few observers. It is precisely because of the acute differences of opinion among the Six on this issue that the Rome Treaty itself left out this prickly subject from its purview in 1957. What is, however, important to note is the fact that even a determined beginning in tariff reduction in respect of industrial products has failed to make the members see eye to eye on farm policy. The greatest obstacle in the way of farm products integration is the rigid adherence to protectionist policies by the Six in their respective countries. The price levels, although artificially maintained by subsidies, vary widely from country to country. In West Germany, prices are allowed to persist at much higher levels than in France or Italy, for instance, in wheat, rye, barley and oats. West Germany is, understandably enough, not in a hurry to push forward with schemes that will readily attract surplus products from other members, depress its domestic prices, and, probably, throw some people out of work.

Although the full details of the meeting of the Council of Ministers of the Six held at Brussels have not been made public, it is generally believed that opinions were sharply divided on the farm policy. The most important factor that led to the deadlock in negotiations would appear to be the French objection to speeding up of the tariff reduction of industrial goods, thereby opening out opportunities for manufactures of West Germany in other countries of the Common Market, without, at the same time, throwing open its own (German) market for the agricultural products of other member-countries. Apart from the differences of opinion between France and West Germany, there have been other hurdles too. For instance, Italy wanted unrestricted exports of its fresh fruits and vegetables to West Germany, but the latter was not in a mood to oblige. Similarly, Holland insisted on the opening of the West German market for Dutch poultry. There is, however, nothing to warrant the conclusion that the collapse of the Common Market is imminent, because of these clashing interests, as predicted by some critics. Such an inference would be wishful thinking. The Council of Ministers has only adjourned the meeting for the New Year holidays and is scheduled to meet this week-end to resume negotiations. The possibility of a compromise formula being worked out is still strong; any such understanding may be made applicable with retrospective effect from the 1st inst. to be in conformity with the letter and spirit of the Rome Treaty. If, however, such an agreement is not reached immediately and the whole question is, once again, postponed, the prestige of the Common Market will be at stake. What is more important, this may delay the full consideration of Britain's application for its entry into the Common Market.

MARKET REPORTS

(*Concluded from page 49*)

due to slack demand and week-end prices were: damaged E29 quality Rs. 97 to Rs. 99; dry C29 and D29 of Mansurpur at Rs. 107.25 and Rs. 106.25 per maund.

Khandsari ruled quietly steady, as inclement weather during the major part of the fortnight hampered production. Punjab and Rajasthan buyers lifted dry stocks with prices recording some gains, while wet quality declined fractionally. Prevailing prices were: superior Rs. 34; inferior Rs. 31; crystal Rs. 32 to Rs. 34; *boora* Rs. 36 to Rs. 39 per maund.

Gur was depressed during the week. Arrivals were small due to inclement weather, but demand, too, was slack. Arrivals, however, improved towards the week-end, thanks to sunny weather, but loading was now restricted to consuming areas of Western and Central Railway. Total arrivals here during the current season were small at 2.6 maunds, as against the corresponding figure last year of 3.25 lakh maunds and week-end prices here on Monday were: *pansera* best Rs. 14.62; *dara* Rs. 14.12; *balti* Rs. 14.37; *shakker* Rs. 17 a maund. *Shakker* arrivals were small at an average of 75 maunds daily and prices stayed steady.

FOODGRAIN ARRIVALS SMALL

(*From Our Own Correspondent*)

HAPUR, 1*st January*

Foodgrains ruled steady during the past fortnight, as arrivals continued to be poor and stockists were reluctant sellers expecting better prices in the next three months which would be the fag-end of *rabi* grains. However optimism and confidence are being expressed about the food position in the year just beginning, as the record foodgrains production of nearly 80 million tons in 1961 is likely to be maintained in 1962, if not outstripped. Foodgrain prices, too, are officially described as "stable" and this indication is attributed to the abolition of wheat zones and expansion of rice zones.

Wheat prices here recorded modest gains during the fortnight to be quoted on Monday at Rs. 17 a maund for average quality and upto Rs. 19 for better farm produce. Daily arrivals were poor at an average of 75 to 100 maunds and local stocks here were put at about 18,000 maunds. Wheat and other *rabi* crops were now progressing under healthy conditions, thanks to sunny weather but winter rains were still deficient.

Rice ruled bearish, thanks to continued arrivals of new grains in markets and, despite severe floods in several parts of the country, the rice crop had been fairly good. Stocks of rice in the producing areas were increasing and week-end prices were: *rice mainpuri sela* Rs. 19; *gadda kutchu* new Rs. 18.75; *ramajwayan sela* Rs. 21; *raimunia sela* Rs. 22; *basmati sela* Rs. 26 to Rs. 28; superior Rs. 30 to Rs. 32; paddy Rs. 9 to Rs. 11.75 a maund.

Gram, too, sought higher levels at Rs. 15.62 a maund for Punjab variety due to good demand and steady advices from Punjab and local stock had shrunk to 16,000 maunds. Barley continued to rule quietly steady at Rs. 11, *bejhar* inferior at Rs. 11.50 and *moongia* variety at Rs. 12 a maund, but demand for these grains was slack. Maize continued to reach here from east U.P., Punjab and Rajasthan. Although local stocks swelled to 40,000 maunds, prices were steadier at Rs. 11.50 to Rs. 13.25 a maund on brisk consumer support and stocks purchases. *Bajra* also improved on good seasonal support to Rs. 16 a maund. *Methi* continued to be quoted at Rs. 27, but *juwar* and *guwar* steadier at Rs. 12.25 and Rs. 14.50 a maund, thanks to increased demand.

Among pulses, peas ruled quiet owing to comfortable stocks position at 28,500 maunds and new crop was progressing under good conditions, offtake during the fortnight was four wagonloads to Bombay. *Arhar* sought higher levels, as in the last two weeks extreme cold and foggy conditions had injured the crop over a wide area. *Urd* and *moong* were also quoted higher, in view of good seasonal demand and week-end prices (in rupees per maund) were: Peas *dara* 12.50; *farm* 13.37; peas *dal* 14; gram *dal* 17.50; *arhar* 14.37; *arhar dal* 17.75; *urd* 22 to 24; *urd dal* 24 to 26; *moong* 18 to 20; *moong dal* 20 to 22; *massoor* 15 to 17; *massoor dal* 19; *moth* 17.50; *moth dal* 20.50.

Notices

THE BOMBAY BURMAH TRADING CORPORATION LIMITED

Registered Office:

9, Wallace Street, Fort, Bombay-1.

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT IN pursuance of the powers granted to them by a resolution passed at the Extraordinary General Meeting, held on 29th May 1958, the Directors have extended the final date fixed for the receipt of applications for consolidation of fractional certificates into whole shares of Rs. 125 each, from 31st December 1961 to 31st May 1962.

Dated at Bombay this 27th day of December 1961.

By Order of the Board,
WALLACE & CO.,
Secretaries & Treasurers.

THE TRAVANCORE RUBBER & TEA COMPANY LIMITED

(*Incorporated in India*)

THE BOARD OF DIRECTORS HAVE SANCtioned payment of an interim dividend of 4 per cent on the Ordinary Shares for the year ending 31st December, 1961, subject to deduction of income-tax. The dividend will be paid to those members whose names are on the Company's Register as on 16th January, 1962, or their Mandatees.

The Transfer Books of the Company will remain closed from 10th January, 1962, to 16th January, 1962, inclusive.

By Order of the Board,
ASPINWALL & CO. (TRAVANCORE) LTD.,
Managing Agents.

ALLEPPEY, 22*nd December* 1961.

THE GWALIOR SUGAR COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will remain closed from the 16th day of January, 1962 till the 31st day of January, 1962, both days inclusive, in connection with the Annual General Meeting of the Company to be held on the 31st January, 1962 at the Registered Office of the Company at Dabra (Madhya Pradesh).

By Order of the Board,
FOR THE GWALIOR SUGAR COMPANY LIMITED,
J. COOMAR,
Secretary.

COMMERCE

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

VOL. CIV. No. 2648 BOMBAY, 13th JANUARY 1962 PRICE Rs. 1

ECONOMIC AFFAIRS NEGLECTED

FOR a considerable time now, economic affairs have not secured in New Delhi the primacy which they deserve. After the third Plan was finalised last August, the coming General Elections occupied the minds of Ministers and lesser politicians; to this distraction were later added international developments such as Congo, Goa and the rest. If the nation's economy is still growing, it is because of the momentum it had gained in earlier years and the great devotion with which senior officials in charge of the economic departments have been handling the day-to-day tasks. But they have their limitations. They can suggest and advise on policy but cannot take responsibility for changes or innovations needed in a developing economy; if their enthusiasm is often curbed by the tendency on the part of their political heads to play safe, decisions are bound to be delayed or deferred indefinitely. So, whether it is a question of more electric power, larger coal output, better transport or export promotion, we can only look up what the Plan document says on the subject and hope for the best.

The winter session of Parliament hardly found time even for the minor measures of legislation which were due to be brought up before it, such as the establishment of a Credit Information Bureau or powers for Government to require new units to export a part of their products. Proposals for amendment of the law regarding taxes on wealth, gifts and expenditure are kept in abeyance and so much else has been pending before Parliament for longer periods. A major achievement during the last year was the enactment of a cleaner and a more compact Income-tax Act; the actual time taken for its passage in the two Houses did not suggest that such work seriously interfered with the other business of Parliament. There seems to be a general lack of interest on the part of the Ministries concerned in promoting legislation to revise, codify and change old laws; for example, a Bill passed by the Rajya Sabha to amend the Sale of Goods Act on the basis of the eighth report of the Law Commission is still pending before the Lok Sabha.

The third Plan devotes considerable space to a discussion of administrative delays and the means of reducing them. One of the measures needed in this context, perhaps by the Ministry of Agriculture more than others, is reform of the law relating to acquisition and requisitioning of land. A conference of State and Central officials was held some time ago to discuss the suggestions of the Law Commission (made in its Tenth Report). So far only the drafting of a Bill has been finished. Similarly, in respect of other enactments in which modernisation of law is needed to facilitate transactions in the private sector, the machinery has been slow-moving; revision of both the Negotiable Instruments Act and the Contract Act on the basis of the work already done by the Law Commission has not been completed. Judged by this record, it seems unlikely that the latest report on Hire Purchase or the one on Marine Insurance, expected shortly, will receive early consideration.

Typical of this trend towards slowness in implementing essential legislative proposals is the acceptance of common carrier's liability by railways four years after the publication of the Freight Structure Committee's report. The legislation in this case was very simple and no great drafting ingenuity was needed; nor can the railways claim that they have turned the long delay to good account by completing administrative arrangements, so as to be in a better position to take responsibility for damage and loss in transit of goods. Since pilferage on certain routes accounts for a good proportion of the compensation claims even now, the railway authorities cannot hope to reduce their losses by merely changing the packing rules and making them stricter.

Yet another example of a dilatory approach to immediate problems in the economic sphere is in the setting up of a Parliamentary Committee to supervise the working of the public sector undertakings. Though, after a great deal of preparation, a motion was brought before Parliament at the end of the Second Lok Sabha's term, a technical objection to the inclusion of members of the Upper House in the proposed Joint Committee upset the plan and revealed lack of preparation. For a system working largely on the British model, the reasons which led to the exclusion of Peers in the U.K. Committee were quite relevant to Indian conditions and there was hardly any justification for not being ready with reasons for a different practice here if that was considered desirable.

The record of the Second Lok Sabha, whose life will formally end on 31st March 1962 (after it gives a Vote on Account to authorise expenditure until the Budget is passed), is very uneven. It began with a bang, by enacting the Wealth, Expenditure and Gift Tax Acts and showed lively interest in L.I.C. affairs. It modified the reorganisation of States by creating two new States of Gujarat and Maharashtra. Substantial amendments were made to the Companies Act. The law on Merchant Shipping was consolidated; besides facilitating certain aspects of banking reform, the Lok Sabha also passed an Act for the introduction of deposit insurance. The system of company taxation has been changed; special rupee notes were issued for use in the Persian Gulf area. But, on the whole, the impression that one gets is not one of much pressure of legislative work to justify the lapse of several Bills that will be pending before the Lok Sabha when it is dissolved.

Its Committee work, however, is very impressive. The Estimates Committee of the Second Lok Sabha presented 144 reports, of which 24 related to State undertakings. Even when its reports were occasionally out of focus (as on the Planning Commission), the Committee stimulated public interest on many current questions and gathered information which was otherwise not available. When the proposed Committee on public sector projects is also set up after the General Elections, the Estimates Committee will be in a position to concentrate attention on other departments.

A new feature was the extension of the committee method for the consideration of the third Plan at its preparatory stages. In practice, however, this was not quite effective because the membership was too large and the procedure adopted was unsuited for the purpose. A miniature debate was conducted in the Committee more or less on the lines of the proceedings of the full Houses, though the proper course would have been to adopt the Select Committee method of examining point by point and recording the general consensus of opinion subject only to dissent on vital differences. The recent innovation by a Joint Committee of the U.S. Congress, which got together an expert team to examine the problems of growth in the American economy, deserves close study here so that the Planning Commission, which has now lost its character as an expert body (which it could claim at an earlier stage) but has not gained correspondingly by way of greater influence with the Congress Party or State Governments, may be kept in touch with both public and expert opinion.

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PAPER INDUSTRY

PRODUCTION of paper and paperboard in India in the end-year of the second Plan was a record. The actual output of 350,200 tons in that year from a total installed capacity of 410,000 tons represented an increase of 90 per cent, as compared with the production of 187,000 tons in the last year of the first Plan. The larger part (accounting for 80 per cent of the additional production, it is claimed on behalf of the industry, came from the older units which had expanded their capacities. Both the industry and the Development Wing of the Ministry of Commerce and Industry deserved credit for this achievement, according to Mr. Umashankar Bajoria, President of the Indian Paper Mills Association, who addressed the nineteenth annual general meeting of the Association at Calcutta early this week. But they could not have possibly forgotten that, in spite of their achievement, *per capita* consumption of paper in the country by the end of the second Plan was only 2.1 lbs., as compared with, for instance, 103.2 lbs. in Japan. The *per capita* demand for paper, thanks to the high rate of industrial development and the extension of education in the second Plan period, should have been considerably more than the actual *per capita* consumption.

The large unsatisfied demand for paper and the additional demand for it expected during the third Plan period would appear to justify a higher target of *additional* capacity than the 410,000 tons proposed by the Planning Commission. The Commerce and Industry Ministry has, therefore, done well to license an additional capacity of 875,000 tons, thereby exceeding the target laid down in the third Plan report. But this does not mean much, for as much as 462,000 tons of the total licensed capacity are not covered by foreign exchange approvals and there is no certainty that the licensed capacity will be actually installed in its entirety and brought into operation. This aspect has, however, escaped the notice of Mr. Bajoria who otherwise dealt exhaustively with the problems of the industry pertaining to expansion [illegible] duction and installation of the licensed capacity covered by foreign exchange approvals.

Currently, these problems are related to ex-factory prices, return on capital, rehabilitation allowance and supply of raw materials. There is reason to believe that [illegible] problems are [illegible]ved betimes to the [illegible]mable satisfaction of industry, actual production may fall [illegible]

short of the target of 820,000 tons (1960-61 capacity of 410,000 tons *plus* third Plan's additional capacity of 410,000 tons). Already the first year of the third Plan is drawing to a close, but the trend of production so far is hardly reassuring. In August 1961, for instance, production of paper and paperboard was only 31,000 tonnes, as compared with 29,000 tonnes in the corresponding month of 1960. The aggregate production in the January-August period of 1961, again, was only 241,000 tonnes, as compared with 228,000 tonnes in the corresponding period of the preceding year. Judging by this trend of production, it looks as if 1961-62 will have to its credit no more than 370,000 tonnes from an installed capacity of less than 450,000 tonnes. Expansion of both capacity and production seems to have been held up because of official delays in getting the fair ex-works prices of paper revised. These prices, fixed on the recommendation of the Tariff Commission, have turned out to be uneconomic in the last one or two years in the wake of a general increase in the cost of raw materials, chemicals, fuel, power and transport.

Such other questions as return on capital, rehabilitation allowance and raw material supply would also need to be dealt with more expeditiously in the interests of further development of the industry. The return of 12 per cent on employed capital, included in the fair selling price, is considered far too inadequate to cover all the requirements (dividends, taxation, interest on working capital, managing agents' and directors' remuneration, bonus to labourers, interest on debentures and loans) and still allow the industrial units to embark upon further expansion with their own resources. As the medium and small units have been assigned a big role in the expansion of both capacity and production in the third Plan period, it is clear that, under the present price structure, they would find it difficult to fulfil their obligations. A more adequate return on capital would also be necessary to attract enough equity capital for financing the planned expansion. At the same time, the industry's plea for a rehabilitation allowance as an element in the fair ex-works price has not lost any of its validity, for the present-day cost of machinery is more than four times the cost in the pre-war years and normal depreciation accumulations are too inadequate to meet the present replacement cost. The policy of the State Governments in auctioning their forest areas annually or leasing them for short periods purely on revenue considerations would also need to be revised in a rational manner, in order to end the present uncertainty regarding the availability of raw materials at reasonable prices. It would also be necessary for the State Governments energetically to implement a well planned scheme of afforestation to take care of the growing raw material needs of paper and other allied industries.

COST ACCOUNTING IN THE WEST

COMPANY managements in India can hardly claim to have the kind of "aggressive cost consciousness" which is one of the outstanding characteristics of company managements in the West, more especially in the United States, where a continuous effort is made to reduce unit costs year in and year out. They have yet to learn, in all seriousness, that, in any continuous process of cost reduction, accounting and costing data have a certain utility which surpasses their informative value. The utility is that such data can be used for the day-to-day control and efficient management of a company's operations with a view to achieving maximum use of available resources. This is the central lesson from Western experience which is driven home to company managements in this country in the brief but pointed report of the Indian productivity team (Leader: Mr. M. K. Rustomji, Controller of Accounts, T.E.L.Co.) on cost accounting and financial control in the U.S., the U.K. and West Germany. The report, just published by the National Productivity Council, is a document which is valuable not only for its general observations and recommendations but also for its specific findings on all the inter-related aspects of cost accounting and financial control.

The team has appropriately dealt with the question of control of materials utilisation at the very outset, for the cost of materials might constitute anything from 50 to 80 per cent of the cost of a product. The trend towards simplification in the record-keeping for materials, according to the team, is now widely prevalent in the West. Many of the factories visited by the team have only group control accounts for materials in the accounts department. These group accounts, such as for spare parts, tools, and so on, are debited with receipts and credited with issues; the balances in these accounts represent the value of stock of stores, which is reconciled with the itemwise inventory valued periodically. It is becoming more and more usual to have only one set of itemwise records of stores, with quantities and values, and that, too, only in the material control department. Apart from this simplification of records for stores, there are two other distinct trends, one being towards greater physical control over every aspect of store-keeping and the other representing better inspection of incoming materials. The most important lesson here for Indian firms is that they could greatly improve their organisation for inspection of incoming materials. They could also develop, as in the West, cost standards for productive material consumption—standards to be laid down by technical staff and to be constantly reviewed by them, in order to reduce production costs by changing manufacturing processes, utilising scrap and waste and using substitutes. The team's brief description of the ways in which control on materials utilisation and inventory control are exercised in the West could be studied with advantage by company managements in India.

Equally valuable is the team's description of the types of cost systems prevalent in the United States. The accounting departments in that country, according to the team, discharge not only the recording function but also, to an increasing extent, the interpretative function. As the recording function is now coming more and more within the scope of mechanised accounting, American accountants are able to concentrate their attention on the interpretative function of examining the accounting information with a view to correcting and controlling the present and planning the future. The accounting data, when suitably interpreted and made available in time, enable the management to measure efficiency, material consumption, labour performance and control of overheads, to locate and control loss and wastage, to measure the efficiency of various departments, processes, products and methods, and to measure the success of such operations as manufacturing, purchasing and selling. As the emphasis in the West is on the control of costs of current operations, importance is given to the speed with which the cost information is assembled. There is, as the team has put it, *aggressiveness* in the accountants' approach to his problems and a greater readiness to adopt new techniques in the collection, summarisation and presentation of cost data, so that it could be of greater assistance to the management.

The current trends in the application of these techniques are quite interesting. Comprehensive budgetary control systems, with the sectional budgets (such as for sales, production, cost of production, general administration expenses, selling and distribution cost, and capital expenditure) linking up with the final profit and loss budget, are most common in the United States. As 'anticipation' of income and expenditure before the commencement of a period in itself introduces a considerable element of planning into an organisation, it facilitates cost control. But this does not mean that, in the formulation of budgets, the accounts department is allowed to impose its views on the other departments. The adoption of standard costing in most companies in the West makes for effective cost control. As standard costs, which are predetermined costs, are recorded in the accounts, *variances* in actual expenditure from standards can be segregated and shown under separate accounts. Companies using this system exercise control of current operations by watching these variances and analysing them carefully to show to the persons responsible for creating them the monetary effects of their inefficiency.

The team has also dealt with the Western trends relating to internal audit. According to it, the *protection* function of internal audit is not emphasised very much now. This function of detecting errors, preventing fraud and checking the arithmetical accuracy of the account books is considered less important than the *constructive* appraisal of operations such as sales, purchasing, production and advertising. It is now seldom the practice to have a large number of men in the internal audit staff to check all vouchers and journals. The internal audit department, on the other hand, consists now of a small body of highly qualified men who are more concerned with the checking of the effectiveness of the internal controls.

Most of the recommendations made by the team in the light of its findings are realistic and capable of application in this country. Its first plea is for shaping the accounts department more and more as a service department so that it can assist managers at all levels in the direction and control of day-to-day operations. There can be no two opinions on the team's view that managers should be trained in the understanding of accounting figures and that all their planning should be directed towards reducing manhours and unit costs. But the recommended budgetary control and standard cost systems are considered by the team itself to be not capable of full-scale application at the present stage in India. There can, however, be no difficulty in adopting these techniques partially by incorporating in the accounting systems the basic principles of setting up plans or targets and of reporting actuals against Plans. Only when top company managements in India adopt, by stages, budgetary control techniques in their organisations, decentralisation of authority and responsibility, even while retaining control, would be rendered increasingly possible. The scope for simplifying costing and accounting techniques in India is also stated to be considerable. Perhaps, measurement and comparison of productivity can be more easily done by the recommended adoption of "managerial ratios," such as sales profit to capital employed, sales to employees, cost of sales to sales and profits before tax to sales. But the team's view that there should be greater interchange of financial and cost information between companies may not be widely accepted for obvious reasons.

RESEARCH IN MANPOWER

AN institute of Applied Manpower Research will soon start functioning in New Delhi. It will be a semi-autonomous body, with a Council of 54 members, including representatives of State and Central Governments, public and private sectors and labour and managements. It is not clear why this particular type was favoured for this branch of research alone when there are other divisions within the Planning Commission for perspective planning, statistics research programmes, labour and technical training. Though some guidance is expected from experts to be imported, the problem of staffing another large unit will not be easy to solve. There is already the National Council of Applied Economic Research which can be utilised for these purposes also, though it does not appear that its services have so far been availed of on any extensive scale. Moreover, for the allied problem of making a comprehensive survey of the country's natural resources and the manner of their utilisation, the Planning Commission has set up only a separate committee to co-ordinate information and surveys which is supplemented by a Standing Committee and expert technical committees for the various fields of study.

The National Council seems to have provided the pattern even in respect of the name of the Manpower Institute. But while applied research in economics is understandable and can be distinguished from theoretical or fundamental research (as in the other physical sciences), a similar distinction in the field of manpower is hardly conceivable and no significance can be attached to the term 'applied'. The ostensible purpose of the new institution is to help improve the quality and utilisation of the labour force. The Third Plan says: "Among the main aims of the Institute will be to provide a broad perspective of requirements of trained manpower for economic development in different fields, arrange for facilities for advanced training and building up the existing work-force, evolve methods for identifying and developing talented persons and, generally, secure the most effective utilisation of the country's human resources." This tall order is expected to be fulfilled by the Institute's two divisions, one dealing with statistics and estimates of requirements and the other with problems of training for employment and better use of the existing workers and managerial personnel.

The scheme has been worked out by the Home Ministry, though why it fell within its province is not clear. The semi-autonomous character of the new unit suggests that all the existing departments in the Planning Commission, Labour Ministry and State Governments may continue to function as before. If that is so, then the recent ideas of bringing statistical departments under one roof or at least of coordinating their work lose significance. The importance of manpower planning and training cannot be denied; but, at the same time, it is difficult to agree that proliferation of institutions of this kind—and that at New Delhi—is adequate recognition of such importance.

MARKET GOSSIP

Ceiling On Urban Incomes

WILL there be more socialism in India after the General Elections are over and the third Government is formed under the Constitution? This old question is the topic of the talk in business circles. Its revival is attributable to certain observations made by the Congress President, Mr. N. Sanjiva Reddy, at the sixty-seventh session of the Indian National Congress held at Patna last week and the virulent attack made by Prime Minister Nehru, as well as some of the prominent Congress leaders, on the Swatantra Party. The share markets slumped last week-end on receipt of this news and, though they have recovered a part of the ground lost, a subdued feeling has come to prevail.

To those who wish to recollect what exactly Mr. Reddy said, the following quotation from his presidential address will be handy:

"We have, during the last decade, introduced many agrarian reforms which form the basis for rural progress. Land reforms have been actively introduced in many States and in many others they are under progress. The question now arises is as to why we should have a ceiling for landed property alone, and not for urban wealth also, where the people have amassed enormous amounts of money.

"Our basic objective is to bring about economic growth, without the growth of monopolist tendencies, and the concentration of economic power in a few hands. It is also our aim to see that there is an economic and social readjustment of our systems, to ensure that the increased wealth of the land is shared by all the sections of the people. In view of this, the question of having a similiar ceiling on urban incomes has to be thought of.

"It is necessary that the problem should be faced, and some solution attempted for it. It is in this context that we have in our election manifesto for 1962 stated that it is necessary to have some limitations on high urban incomes not merely through taxation but also through other means, in order to lessen the great disparities that exist today. It is with a real purpose and meaning that the significant phrase 'through taxation and other means' has been used in this."

There is, of course, nothing new in what Mr. Reddy has stated. He has only reiterated, with a little bit of elucidation, what was stated in the election manifesto of his party, the first comprehensive draft of which was published in September last (*vide* page 579 of *Commerce* dated 23rd September 1961). But his reiteration is not without significance for two reasons. In the first place, it is in contrast to the silence maintained on this issue at the Madura session of the A.I.C.C. which adopted the election manifesto. This, as well as the fact that the elections are only 42 days ahead, may induce some to treat his statement as part of the strategy for getting the Congress Party back into power with a large majority at the Centre as well as in all the States. While this is a perfectly logical inference, it would be a mistake to treat it as an election stunt. Mr. Reddy has clearly stated that the Congress Pary means business this time. He has warned those who may treat such statements lightly by saying, in effect, that the Congress Party has deliberately stressed the need for a ceiling on "high urban incomes." Mark his words. "It is with a real purpose and meaning," he says, "that the significant phrase *through taxation and other means* has been used" in the election manifesto. And, secondly, by making its intention clear, the Congress Party has saved itself from possible criticism later on that it is doing something which was not specifically stated in its election manifesto. It may be recalled that it was accused of this charge when it decided to place a ceiling on agricultural land and introduce joint cooperative farming.

There may be some who are inclined to feel that, as imposition of a real ceiling on urban incomes is more difficult than restricting the holdings of agricultural land, the Congress Party's intention will remain only on paper. There is, of course, a lot to be said in favour of this hunch. One can easily cite a hundred and one reasons in support of it, including the setback which ceilings on urban incomes will have on the climate for foreign aid, in general, and foreign private capital, in particular. But it is quite possible that, flushed with success in the elections, of which the Congress Party seems to be assured now, the Government may well take a big step to socialise the country further. Did anyone, for instance, expect that Mr. Y. B. Chavan and his colleagues in the State Cabinet would nationalise the sugarcane plantations in Maharashtra, despite the plea by the Planning Commission and the Ministers of the Central Government for their exemption from the application of land ceiling? And yet nationalisation of sugarcane farms is a *fait accompli* now. Overnight, Mr. Chavan deflated the savings of those who had invested in the sugar companies in his State. Nothing is impossible in a Government dominated by socialists like Mr. Jawaharlal Nehru, Mr. K. D. Malaviya and Mr. Krishna Menon. In Mr. T. T. Krishnamachari, Mr. Nehru will find an able lieutenant to fulfil his promise to the electorate to introduce a ceiling on urban incomes. We still do not rule out the possibility of T. T. K. emerging from his "lame-duck" politics. It does not require much skill to expropriate wealth, but only a thick skin against the criticisms of those who are the victims of expropriation either directly or indirectly. The task will be extremely easy for those who have no faith in the virtues of private enterprise, who see great scope for expanding the public sector with the help of Communist powers and who suffer from the hallucination of "man-eaters" prowling about in the private sector.

Tens of thousands of words have been written in this journal and elsewhere during the past seven or eight years to show that a ceiling on incomes of individuals in the higher income bracket will not help improve the lot of the have-nots and that, on the contrary, it will only prolong their agony of semi-starvation, half-nakedness and absence of a roof over their heads. The only thing that such a revolution—reform would be a wrong expression here—can do is to quench the feeling of jealousy against the "haves." Apparently, all this preaching through the columns of the Press has been of no avail, so far as the Congress Party is concerned.

The imposition of ceilings on agricultural lands has not made any significant contribution to productivity of agriculture. On the contrary, it has arrested the flow of private investments in agriculture and thereby restrained the spread of scientific farming. It will be no exaggeration to say that this so-called agrarian reform is the biggest hoax played on the rural electorate by the Congress Party. The only people to be benefited by it are a handful who support the Congress Party and the local party bosses to whom additional power of influence has accrued. Similarly, no amount of massive redistribution of wealth in the name of economic equality will make the poor richer. Mr. Nehru himself has admitted this fact hundreds of times and agreed with the view that what the poor needs is an opportunity to make a living and not distribution of doles. What, then, is the purpose of adopting an election manifesto, in which a provision is made for placing a ceiling on urban incomes?

Speaking in Bombay on the last *Divali* day, Mr. Morarji Desai, the Union Finance Minister, stated that "the Government does not want to lessen anybody's wealth, be it individual or institution" and that, on the contrary, it was interested in creating more wealth and its better utilisation. Mr. Reddi's observations at Patna and the Congress Party's election manifesto run counter to the Finance Minister's appreciation of the Government's basic objective. It took Mr. Morarji Desai three years of patient endeavour to undo the mischief caused by T.T.K.'s wrong fiscal and monetary policies and needlessly provocative pronouncements. His nuisance taxes have achieved nothing, beyond giving a socialist halo to the Nehru Government. A certain amount of fiscal stability has been brought about now. The rich have reconciled themselves to high levels of personal taxation. A large measure of confidence has been induced among the foreign investors. The public and private sectors have learned to coexist and respect each other. All this good work would be undone, if the Congress Party were to switch back to its ideological pranks pertaining to equality of wealth, income and economic power.

Ceiling on agricultural land was wrong in principle. It would be a greater folly to repeat it in the urban sector, on the ground that it is necessary to provide solace to those hit by land ceilings. It must be borne in mind that ceiling on landholdings was less dangerous, because its repercussions were of a limited character. It did not upset the climate for foreign aid or for foreign private investments on account of the widespread, but mistaken, impression in foreign countries that rural India was being dominated by a few rich absentee landlords living on the toils of millions of ill paid landless workers. But a ceiling on urban incomes will have very serious, much widespread repercussions on the economic growth of the country and might even open the floodgates for Communism.

The Congress Party's election manifesto has already provided a large measure of comfort to the Communists in this country and their sympathisers in the Congress hierarchy. Mr. K. D. Malaviya, Union Minister for Oil, has already openly condemned his colleagues in the Government and the party whom he described as "conservative elements" and called for the adoption of a "pattern of aggressive socialism," by which he means that there should be only one sector, namely, the public sector. He has made it clear that "a compromise between capitalism and socialism would never bring about the socialist pattern." With such persons holding seats of power, it would be foolish to assert that all this talk of ceiling on urban incomes is only an election stunt.

Khandelwal Udyog

The big expansion in the production of pig iron and steel envisaged in the third Plan will greatly facilitate the growth of engineering industries for which iron and steel are the basic "raw-material." Steel fabrication is one of the ancillary industries that will directly benefit from the increased supply of steel during the third Plan. It is, perhaps, this consideration that the planners had in mind when they set in the third Plan a high target for structural steel fabrication. As against the present capacity, estimated at 500,000 tons, inclusive of wagon builders, the target for achievement by the fabricators by the end of the Plan is fixed at 1.1 million tons, an increase of more than hundred per cent. The Plan also envisages the expansion of capacity for many allied activities such as manufacture of pressure vessels and heat exchangers. Production of cranes is another important allied activity that is sought to be expanded. In achieving the Plan target for the steel fabrication industry, Khandelwal Udyog Limited, which had converted itself from a private to a public limited company with effect from 12th January 1960, will make a substantial contribution.

The Company, which is already engaged in steel fabrication, has finalised plans for the expansion of existing lines of manufacture and to enter new ones in order to meet the demands, which largely remain unsatisfied, at present, for fabricated steel, pressure vessels, cranes, etc. To finance these plans, the Company proposes to enter the capital market next week (for details *vide* pages 82 and 83 of this issue). The Company has an authorised capital of Rs. 1.5o crore.

In addition to fabrication of steel, the Company has already received licence for the manufacture of such construction machinery as concrete mixers, asphalt mixers and roller pan mixers, as also electric overhead travelling cranes of upto 20 tons capacity and electric and combustion industrial furnace, ovens, etc. The services of competent foreign collaborators have been secured for implementing the expansion plans expeditiously and efficiently.

Anti-friction Bearings Corporation

This new undertaking for the manufacture of ball, roller and taper roller bearings, incorporated in May 1961, has just taken over the existing unit of Dhirajlal & Co. (Lonavla), with its annual production of 50,000 pieces of ball thrust bearings and 70 to 80 tons of steel shots—grinding media for the paint industry. The new company is expected to step up its production capacity, under a phased programme, to the level of 600,000 pieces of ball, roller and taper roller bearings and 200/240 tons of grinding media by 1964. It will have the technical collaboration of Messrs. Steyr-Daimler-Puch A.G. (Austria), one of the few leading ball and roller bearings manufacturers in Europe, with 40 years' standing in the field. The products of the Company will have the assurance of a ready market, for the demand potential for ball and roller bearings, which are an indispensable item in any moving part from the bullock cart to the jet aircraft engine, has been estimated at about 20 million pieces by the end of the third Plan.

The authorised capital of the Company is Rs. 1 crore, divided into Rs. 60 lakhs of equity shares of Rs. 10 each and Rs. 40 lakhs of unclassified shares of Rs. 10 each. The issued equity share capital will be Rs. 60 lakhs, made up of Rs. 27.5 lakhs of public issue, Rs. 22.5 lakhs by promoters and friends, Rs. 5 lakhs by the Austrian collaborating firm and Rs. 5 lakhs by the L.I.C. The additional finances required for implementing the project have been secured to the extent of Rs. 32 lakhs as a foreign exchange loan from the Industrial Credit and Investment Corporation of India Ltd., and Rs. 8 lakhs as a deferred payment loan from the Austrian collaborator. The rest of the financial requirements to the extent of Rs. 27.8 lakhs is proposed to be met partly by cash accruals arising from the operation of the existing unit and by short-term borrowings.

The "Lender's Club"

Dr. Per Jacobsson, the energetic Managing Director of the International Monetary Fund, can justifiably congratulate himself on the success of his efforts to strengthen the Fund's resources further, though the scheme he suggested first has been modified in some respects. The final acceptance of the scheme by the ten leading industrial countries (U.S., U.K., France, West Germany, Italy, the Netherlands, Belgium, Sweden, Canada and Japan) and the details of its implementation were announced by the I.M.F. on Monday this week; agreement in principle, it will be recalled, had been reached at the annual meeting of the Fund at Vienna in September 1961. The scheme envisages the formation of what is called the "Lender's Club" (consisting of the aforesaid ten members) which will provide a total of $6.000 million to be used by the Fund to check any "speculative attacks" on "international reserve currencies" more effectively than is the case at present, in particular, and to finance the growing volume of world trade, in general. The largest member of the Club is, as is only to be expected, the U.S., its contribution being one-third of the total, or $2.000 million. Britain and West Germany will each provide $1.000 million. The balance of $2.000 million represents the combined share of the remaining seven countries ($550 million each by France and Italy, $250 million by Japan, $200 million each by the Netherlands and Canada, $150 million by Belgium and $100 million by Sweden). These amounts, to be made available in the members' own currencies, are almost exactly the sums envisaged by Dr. Jacobsson at the Vienna meeting of the Fund. The procedure laid down for their actual utilisation is briefly as follows:

The deficit countries will apply for assistance to the Managing Director of the Fund and other members of the Club. The latter will then be consulted by the Managing Director and, taking into account his recommendations, they will inform him of the amounts they consider appropriate to lend to the Fund for being advanced to the applicants. Wherever possible, agreement should be unanimous, but, if this were to prove impossible, decisions could be taken by a two-thirds majority of Club members voting (the prospective borrower does not vote), provided that this is also a three-fifths majority in terms of votes weighted according to the contributions. Repayment by the Fund to the member must be in his currency where possible, gold or, after consultation, in a currency which is convertible "in fact." Interest is paid by the Fund to the lender at the rate of 1½ per

(Continued on page 99)

EQUITIES RETREAT

SELECTIVE BUYING IN TEXTILES

(From Our Own Correspondents)

BOMBAY, 11*th January*

IN contrast to the firmness noted last week, equities on the Stock Exchange suffered a setback during the week under review, though some recovery in a few select counters was in evidence today. For the confident optimism, which had inspired the strident advance in share values last week gave place to a feeling of hesitancy, if not nervousness. The reference in the speech of Mr. Sanjiva Reddy at the Patna session of the Congress to ceiling on urban income induced misgivings among operators who wondered if it could be a straw in the wind. Pakistan's determination to raise the Kashmir issue in the U.N. and China's fresh claim for 1,000 square miles of territory in the Gilgit region, presently occupied by Pakistan, also imparted weakness to the market. The change in sentiment was evident on the opening day of the week itself, that is, Friday the 5th inst., when there was a sharp fall in prices. The fear of higher *budla* charges in Friday's settlement was partly responsible for the decline. Although the fear did not prove correct as the *budla* charges were lower than expected, the market failed to pick up strength. In fact, the downward trend gathered further momentum when the new account opened on Monday. After a feeble attempt at recovery on Tuesday, the market staged a relapse again yesterday. It was feared that, should there be a further fall in prices, some shares might attract margins as in the case of six scrips which were subjected to margins during the upswing last week. These fears, together with institutional support and selective buying in certain scrips, notably textiles, led to a recovery in values. The recovery, however, was not marked enough to make up for the earlier losses, so that today's closing rates for the majority of scrips were below those prevailing at the end of last week.

Steel shares encountered selling. Tata Steels declined from Rs 144.50 to Rs. 142 yesterday and further to Rs. 141.25 today, before finishing a shade higher at Rs. 142. The net loss over the week is Rs. 2.50. Indian Irons receded from Rs. 25.50 to Rs. 24.88. Mukand Irons eased from Rs. 28.75 to Rs. 28.

Barring a few select scrips, textile shares drifted lower. Centurys showed some initial firmness but succumbed to selling, dropping from Rs.#628 to Rs. 602.50 yesterday. After recovering to Rs. 611 today, they closed at Rs. 609.50, a net loss of Rs. 18.50 over the week. Standard Mills shed Rs. 8 to Rs. 1,176. Morarjees declined by Rs. 7 to Rs. 399. Khataus were marked down by Rs. 5.75 to Rs. 475.50. Elphinstones eased by Rs. 4 to Rs. 114 and Dawns by Rs. 3 to Rs. 156. Simplex receded by Rs. 2.50 to Rs. 158 and Tata Mills by 70 nP to Rs. 79.50. But Swan Mills spurted by Rs. 32 to Rs. 662 on special support and Central Indias by Rs. 10 to Rs. 139.50. Kohinoors were better by Rs. 2 at Rs. 315. Finlays gathered Rs. 4 to Rs. 335. B.R. Cottons found buyers Rs. 2 higher at Rs. 72. Bombay Dyeings improved from Rs. 67.50 last week-end to Rs. 69 yesterday before receding to Rs. 68.30 today. Podars were steady at Rs. 152, as also Phoenix at Rs. 232.

Sugar shares were easy. Belapurs declined from Rs. 274 to Rs. 271 yesterday. Although the scrip attracted support today and rose to Rs. 279, it receded to Rs. 271. The net loss over the week is Rs. 4. Maharashtra Sugars fell by Rs. 7.50 to Rs. 192.50. Phaltans and Walchandnagars eased by 50 nP each to Rs. 126.50 and Rs. 165.50, respectively.

Cement shares were subdued. Associated Cements slided down from Rs. 163.75 to Rs. 161.50 on Monday but recovered to Rs. 162.50 today, showing a net loss of Re. 1.25 over the week. Digvijays receded by Rs. 6 to Rs. 193. Orissa Cements softened by 12 nP to Rs. 15.68.

In the shipping group, Scindias suffered a further loss of 12 nP to Rs. 13. Great Easterns shed 8 nP to Rs. 12.52. Among automobiles, Premiers declined by 95 nP to Rs. 151.75 *ex-div.* Hindustan Motors lost 52 nP to Rs. 20.60.

Among rayon shares, National Rayons encountered selling and declined from Rs. 570 to Rs. 548 today, before finishing at Rs. 553. The net loss over the week is Rs. 17. Baroda Rayons eased by Rs. 4 to Rs. 157. South India Viscose decreased by Rs. 2 to Rs. 181. Gwalior Rayons, however, attracted some support and gained Rs. 2.50 to Rs. 53. Indian Rayons were neglected at Rs. 97.

Chemical shares drifted downward. Indian Dyestuffs slumped by Rs. 27.50 to Rs. 542.50. Colour-Chems lost a like amount at Rs. 440.50. Amar Dyes were marked down by Rs. 17.50 to Rs. 337.50. Poly Chems lost Rs. 10 to Rs. 225. Synthetics eased by Rs. 6 to Rs. 228. Dhrangadhras shed Re. 1 to Rs. 134 and Citrics Rs. 2 to Rs. 79. Tata Chemicals were done 36 nP lower at Rs. 19.64.

In the engineering group, Telcos declined from Rs. 363.50 to Rs. 352 on Tuesday but recovered to Rs. 360 today. The net loss over the week is Rs. 3.50. Hindustan Electrics receded by Rs. 22.50 to Rs. 155. Texmacos shed 40 nP to Rs. 20.76. Kamanis eased by 24 nP to Rs. 17.12. Asian Cables were done Re. 1.50 lower at Rs. 106. New Standard Engineerings softened by Re. 1.50 to Rs. 200.50. Selected engineering shares, however, attracted support. Tinus Alcock Ashdowns hardened by Rs. 4 to Rs. 323. Cooper Engineerings picked up Re. 1.25 to Rs. 181.50. Premier Constructions gained a rupee to Rs. 195.

Among miscellaneous industrials, Bombay Burmahs moved down from Rs. 670 to Rs. 648.50 today. The finish was, however, a shade better at Rs. 650.50. The net loss over the week is Rs. 19.50. Voltas shed Rs. 3.50 to Rs. 309. Hindustan Levers were done at Rs. 57.50, as against Rs. 58 last week-end. Ceat Tyres old and new lost Rs. 2.50 each to Rs. 210 and Rs. 195, respectively. Premier Tyres receded by Rs. 3.75 to Rs. 151. Anil Hardboards eased by Rs. 5 to Rs. 267.50. West Coast Papers were marked down by Rs. 8 to Rs. 178. Wimcos, however, provided a bright spot, the quotation jumping up by Rs. 9 to Rs. 317.

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Madras Stock Exchange

MADRAS, 10*th January*

The Stock Exchange ruled subdued during the week under review, with the exception of textiles and a few other select counters which tended to move up on good buying inquiries. The deliberations of the Patna session of the Congress with renewed emphasis on socialism chilled the enthusiasm of operators. Sugars were depressed. Cements, chemicals and engineerings in the miscellaneous section encountered selling. Among plantations, teas lacked support, despite the recent recovery in prices at the auctions, while coffees and rubbers attracted scattered attention. The textile section ruled firm, thanks to encouraging advices from piecegoods markets.

In the plantation group, Consolidated Coffees lost 40 nP to Rs. 19.20, following the non-too-optimistic assessment of coffee prospects made by the Chairman. Peermades Tea fell by 25 nP to Rs. 22.25. Blue Mountains by 13 nP to Rs. 2.72 and Periakaramalais by 5 nP to Rs. 3.50. Ouchterlonys, however, hardened by 26 nP to Rs. 3.70 and Cochin Malabars by 7 nP to Rs. 7.30. Among sugars, Travancores eased by 30 nP to Rs. 8.50, E.I.Ds by 12 nP to Rs. 36 and Deccans by 10 nP to Rs. 11.05. In the miscellaneous section, Western India Plywoods suffered a loss of Rs. 3 to Rs. 217. Travancore Cements declined by 35 nP to Rs. 7.65, Orissas by 25 nP to Rs. 16 and Indias by 10 nP to Rs. 6.35. Mettur Chemicals sagged by 35 nP to Rs. 14.40 and F.A.C.Ts by 15 nP to Rs. 8.15. Ashok Leylands shed 7 nP to Rs. 9.13, but Aluminium Industries picked up 15 nP to Rs. 23.35. Among textiles, Premiers forged ahead from Rs. 297 to Rs. 320. Coimbatore Cottons were marked up by Rs. 7 to Rs. 217. Bangalore Woollens rose by 50 nP to Rs. 239. Travancore Rayons improved from Rs. 44.75 to Rs. 45, but closing at Rs. 44.80.

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Calcutta Stock Exchange

CALCUTTA, 10*th January*

In the absence of fresh support and encouraged by weaker advices from Bombay, trading on the Stock Exchange took an unimpressive turn in the last two days, though, earlier in the week, modest gains were recorded on investment support from interested quarters on growth prospects, under the impact of the highly encouraging rise in industrial production during 1961 and hopes that the upward trend would gather momentum in the current year. The publication of satisfactory output figures for TISCO and IISCO in respect of December and the sure expectation of a rise in retention prices buoyed sentiment for some time, but the tightness in bank credit in the wake of the busy season and the number of new issues announced during the week curtailed funds. Further, operators were cautious, thanks to their anxiety about taxation in view of higher Defence expenditure.

Despite the poor supply position of raw cotton and the anxiety on exports deepening from the Government's decision to connect sanctioning automatic looms with exports, there were a few impressive features. Coals for a time enjoyed support, but profit-taking soon intervened to lower the gains. Although the volume of transactions fell in jutes, attributed to the uncertainty now caused as to whether the mills would be in a position to recoup earlier trading losses and at the same time be able to make current production economic, there were a few impressive rises. Earlier in the week, engineerings met with support, but gains could not be maintained in view of the subsequent bearish pull. Teas were firm.

ELECTRO-EQUIPMENTS CORPORATION

The new plant to produce electric house service meters put up at Mulund in Bombay by the Electro-Equipment Corporation (Chairman: H. H. Fatehsinghrao Gaekwad) is expected to go into production in March next. The plant will have an initial annual capacity to produce 60,000 meters on a single-shift basis. The Company has secured the collaboration of the Polish concern Cekop, for the supply of plant and equipment, technical know-how and manufacturing licence.

The Corporation offered for public subscription on Monday this week 171,500 equity shares of Rs. 10 each. This issue, amounting to Rs. 17.15 lakhs, represents nearly 50 per cent of the total issue aggregating Rs. 35 lakhs, the rest having been contributed by existing shareholders and promoters as well as their friends.

NEWS IN BRIEF

ALL military and defence taxes levied in Goa by the former Portuguese regime have been abolished.

The State Trading Corporation is understood to have signed an agreement with Poland for the export of lemongrass oil, worth Rs. 3 lakhs, and it is negotiating with Poland for export of sandalwood oil.

A new variety of cotton known as "raniben," tolerant of heavy rains, has been evolved by the Indian Central Cotton Committee, in co-operation with the U.P. Department of Agriculture.

The newly-built Cruiser Graving Dock at the Naval Dockyard, Bombay, was inaugurated by the Defence Minister, Mr. V. K. Krishna Menon, on Tuesday the 9th inst. The dock will dry-dock the Navy's cruisers and other large ships.

A licence for putting up at Tuticorin in Madras a fertiliser factory with an annual capacity of 33,000 tons has been granted to Messrs. Kothari and Sons, Madras. A U.S. firm is expected to collaborate in the project.

The Tariff Commission has taken up for investigation the question of continuing protection to sheet glass industry after December 1962. It has prepared questionnaires for eliciting the opinions of various producers and consumers.

The Central Warehousing Corporation is expected to build seventeen new warehouses in the second year of the third Plan, that is 1962-63. It has so far built 50 warehouses, in addition to the 300 warehouses constructed by the 14 State Warehousing Corporations.

The Indian Central Jute Committee has decided to undertake a comprehensive study of the economics of jute-growing with particular reference to the cost of production. The Committee has also decided to sponsor a scheme for examining the possibility of utilising jute sticks for industrial uses.

India's exports during the month of November 1961 were higher at Rs. 60.14 crores, as against Rs. 57.01 crores in the previous month. But the extent of the rise in exports was less than that of imports which aggregated Rs. 85.32 crores, as compared with Rs. 79.60 crores in October. Consequently, the adverse balance of trade widened from Rs. 22.59 crores in October to Rs. 25.18 crores in November.

According to the provisional estimates of the Livestock Census held in Gujarat in April 1961, the total livestock population in that State is 13.42 million, as against 13.33 million in 1956. The number of cattle has gone up by 6.3 per cent from 6.13 million to 6.51 million. The number of buffaloes has gone up by 9.1 per cent, that is, from 2.62 million to 2.86 million. The number of sheep has registered a fall of 14.4 per cent to 1.49 million and that of goats 13.7 per cent to 2.58 million.

A process for extracting Epsom salt and potassium chloride from sea bittern has been developed on a semi-pilot plant scale at the Central Salt and Marine Chemicals Research Institute, Bhavnagar. India's present annual requirements of about 50,000 tons fertiliser grade potassium chloride are almost entirely met by imports.

A motor fishing vessel, *Jal-Ruston*, built by the Ruston and Hornsby Ltd., an associate of Greaves Cotton and Co., Ltd., Bombay, was launched at Balmora by Mr. K. Chidambaram, Director of Fisheries, Gujarat State, last week. The vessel costs about Rs. 11,000 and is equipped with the Ruston oil engine, incorporating the most modern developments in small marine oil engine design.

The Government of India has approved the inclusion in the third Plan of a thermal power station, to be located at the site of the Kalakote coalfield in the Jammu region of Jammu and Kashmir State. The thermal station, consisting of two steam turbo-generating sets, with boiler and accessory equipment will have an installed capacity of 10,000 kw. of power. The power station will help in the mechanisation of mining operations in the Kalakote coalfield, and feed heavy industries, including a cement factory, proposed to be established in this region. The power station will also supplement electric power supply to the Jammu and Kashmir grid system. The equipment for the thermal station is proposed to be obtained from Yugoslavia, under the Yugoslav credit. The total cost is estimated at Rs. 1 crore.

The world's biggest aerial ropeway is to be built in India by a British firm at an estimated cost of over £2 million. It will carry up to 450 tons of sand an hour from the bed of the River Damodar to collieries at Jharia in Bihar. The Coal Board has placed the order with Breco-Ropeways, of London. Breco is to construct a composite plant which will include a sand-winning apparatus, feeder ropeways and heavy-capacity trunk ropeways, delivering sand to a number of stockpiles for distribution to the various collieries. The whole plant is expected to be completed by the spring of 1964. The project consists of three mono-cable ropeways, each less than a mile in length and each capable of conveying 200 tons an hour. These are connected with a single bi-cable ropeway split into five sections and 16 miles long, which has a capacity of conveying 450 tons an hour.

The Government of India has appointed a Central Tripartite Wage Board for the iron and steel industry, with Mr. G. K. Shinde as Chairman. The terms of reference include: (a) to determine the categories of employees (manual, clerical, supervisory, etc.) who should be brought within the scope of the proposed wage fixation, and (b) to work out a wage structure based on the principles of fair wages as set forth in the report of the Committee on Fair Wages. It is stated that, in evolving a wage structure, the Board should, in addition to the consideration relating to fair wages, also take into account the needs of the industry in a developing economy; the requirements of social justice and the need for adjusting wage differentials in such a manner as to provide incentives to workers for advancing their skills. The Board should bear in mind the desirability of extending the system of payment by results. In this the Board shall keep in view the need for fixing a minimum (fall-back wage) and also to safeguard against overwork and undue speed. The demands in respect of payments other than wages raised by the unions will be taken into consideration by the Board in making its recommendations.

The Merck and Company, Incorporated, an American pharmaceutical firm, has announced its participation in the Hindustan Antibiotic plant to be inaugurated in Bombay late in March next. The plant is being established with the assistance of Merck, Sharp and Dohme International, a division of Merck and Company. Some 40 American technicians of Merck have been training Indian technicians to service the Bombay plant when it opens. The American pharmaceutical firm also plans to establish a similar plant in New Delhi in co-operation with the Tata organisation. It will be known as Merck, Sharp, Dohme and Tata.

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From Abroad

The Spring Trade Fair at Leipzig in East Germany will be held from 4th to 13th March next.

Mongolia has been admitted as a member of the U.N. Economic Commission for Asia and the Far East.

Malayan exports of tin during the calendar year 1961 were higher at 77,923 tons, as compared with 76,368 tons in 1960.

The U.S. Government proposes to lend $12 million to Mexico and five Central American countries to help them finance coffee exports.

A Rumanian delegation is now in Djakarta negotiating with the Indonesian Government in connection with the development of the petroleum industry in Indonesia.

The A.E.I.-Hofpoint of Britain, the domestic appliance division of the Associated Electrical Industries, has reduced the prices of all of its consumer products by an average of 11 per cent.

World tobacco production in 1961 was 807 million lbs., or about 50 million lbs. less than in 1960, according to the U.S. Agricultural Department.

PERSONAL

MR. T. A. Pai has assumed charge as the Managing Director of the Canara Industrial and Banking Syndicate Ltd., with effect from the 1st inst.

Mr. H. R. Rakshit, Public Relations Officer at the German Social Centre of Rourkela for the last two years, has been appointed Chief Public Relations Officer for Hindustan Steel Ltd., Ranchi.

Mr. B. N. Banerji, Member, Central Board of Revenue, is expected to take over charge as the Director-General of Export Promotion with the status of Additional Secretary.

Dr. C. F. Hickling, Fisheries Adviser to Britain's Department of Technical Co-operation, will advise the Government of India on its marine fisheries research programme.

Mr. W. A. C. H. Bosschaart has been appointed Chairman and Managing Director of Philips India Ltd. *vice* Mr. P. C. Vink, who will take over as the Managing Director of the Philips organisation in Australia.

Communist China has entered into an agreement with a French firm for the purchase of one million tons of assorted French grain in the next three years. The deal is worth about $60 million, but the prices are subject to revision at six-monthly intervals.

The U.S. foreign aid missions abroad have been instructed not to allocate funds for expanding rubber plantations, without obtaining prior approval from Washington. According to a State Department spokesman, it would be unwise to sell rubber at more than 20 cents per lb. after 1970, in view of increasing competition in the world rubber market.

South Africa will sell pig iron worth £90 million to Japan over a ten-year period, following an agreement reached between the S. African Metal Corporation and the Japanese Yawata Iron and Steel concern. It is not known how Japan will pay for the pig iron. It is reported that S. Africa is likely to import in exchange Datson pick-up truck engines and chassis for assembly in S. Africa.

Short-term prospects for the U.S. economy are bright and output will continue to expand rapidly in 1962, according to the Organisation for Economic Co-operation and Development. All major sectors of domestic demand are expected to contribute to the improvement. The findings of the Organisation's study reveal that the increase in house-building is likely to continue, that the demand for industrial plant and equipment will recover and that Government expenditure, particularly defence spending, will contribute to larger demand.

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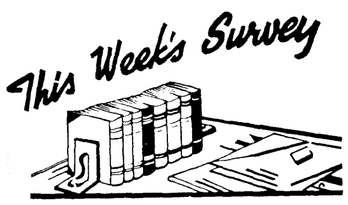

GLASS AND CERAMICS

THE recorded history of Indian glass industry dates back to the sixteenth century, or perhaps earlier, when there was a number of established units in North India manufacturing, on a fairly large scale, such products as bangles and flasks for preserving the waters of the Ganges. It is, however, only during the last half-century that the industry has developed on modern lines and diversified its pattern of production to cater to various industrial applications. With the inception of planning, the industry has received great impetus. This has been particularly so, because of the growing demand from various sectors, such as railways and automobiles, building construction, electrical industry, scientific laboratories and packaging especially for chemicals and pharmaceuticals. Thus, the output of glass and glassware, including sheet glass, laboratory glass and glass shells, has increased from no more than 94,000 tons in 1951 to 224,000 tons in 1961. In the field of refractories, production has gone up from 240,000 tons to 1.58 million tons and ceramics from 36,000 tons to 121,000 tons. The expansion of the industry has been sustained by the increasing tempo of mechanisation of the various manufacturing operations. The quantitative progress has been accompanied by a perceptible improvement in quality as well. No wonder, then, that the glass industry has even been able to enter the export market, albeit on a small scale.

The industry has plans for making further headway during the third Plan period. The total capacity of glass and glassware is proposed to be stepped up from about 370,000 tons in 1960-61 to 615,000 tons in 1965-66. The capacity of refractories is expected to go up from 87,000 tons to two million tons. Another sector, which has large development programmes, is electric porcelains, the capacity of which will be raised from 12,500 tons to 30,000 tons. The corresponding production targets are 440,000 tons for glass and glassware, 1.6 million tons for refractories and 24,000 tons for electric porcelains. The manufacture of several new items is also envisaged. Particular mention may be made here of optical glass, which is of basic significance to the instruments industry. The other lines of production proposed to be taken up during the Plan include ophthalmic glass, fibre glass, plate glass, crystal glass, wired and figured glass, glass insulators, special type of refractories and superior quality sanitaryware and laboratory glassware. Mr. Manubhai Shah, Union Minister for Industry, stated, in the course of the address to the first meeting of the newly established Development Council for Glass and Ceramic Industries, held last week at New Delhi, that industrial licences had already been issued to reach the target laid down in the third Plan. This, no doubt, is encouraging. But licensing is only the first step. What is more relevant is to see that plants are put up according to schedule, their capacity is fully utilised and they produce goods which are competitive in terms of both quality and price.

In this context, it is of the utmost importance to step up the rate of utilisation of capacity by the industry, even granting that some surplus capacity is inevitable in the case of an industry like glass. The major impediment in the way of full utilisation of capacity is the inadequacy of raw materials and fuels. The chief raw materials are soda ash, sand, borax, salt cake, dolomite, bone or limestone, saltpetre, sulphur, manganese dioxide, colouring materials and refractories, as also coal as fuel. The supply of soda ash of requisite variety is now insufficient. The light soda ash produced in India is not quite suitable for use in glass manufacture, in that its use will render cost of production prohibitive. Besides, the restrictive policy on imports has circumscribed the scope for buying the requisite variety, the heavy soda ash, from other countries. It is, at any rate, heartening to hear from Mr. Manubhai Shah that a beginning has already been made by certain soda ash plants to produce heavy type product required by the glass industry. It may be noted here that the Tata Chemicals plant at Mithapore, Gujarat, has just commenced production of heavy soda ash. It will produce 1,500 tons per month. The total consumption of soda ash by the industry is estimated at 70,000 tons per year, which is expected to go up to 100,000 tons in the next two or three years. Domestic prices of soda ash, again, are much higher than those in other countries. The high cost of this raw material impairs the competitive capacity of Indian glasses. It is encouraging to note, in this connection, that the Government intends to give glass manufacturers soda ash at concessional price, as an incentive for export.

The glass industry's difficulties are not confined to soda ash alone. In respect of sand, the industry complains of inadequate supply of sand of uniform quality. The producers have also to depend on imports for some of the essential chemicals. The precarious position of the supply of coal is only too well known to need any elaboration. These difficulties may have a crippling effect on the capacity of the industry to export. So it is doubtful whether Mr. Shah's intention to double exports to Rs. 50 lakhs annually by the end of the third Plan will be fulfilled, although it is a reasonable target. The Government will do well, therefore, to consider the possibility of granting sufficient incentives, in the form of import entitlements for raw materials and machinery, against exports of glass and glassware. The industry, on its part, should spare no efforts to improve quality and adhere strictly to the relevant standard specifications designed by the Indian Standards Institution.

FINE CHEMICALS FACTORY

The inauguration of the fine chemicals factory of the Glaxo Laboratories (India) Pvt. Ltd. at Thana, Bombay, on Tuesday this week marks an important landmark in the development of chemical and pharmaceutical industry in India. The new plant, declared open by Mr. Y. B. Chavan, Chief Minister of Maharashtra, will take up, for the first time in India, the manufacture of several fine chemicals, particularly vitamin A and corticosteroids, from indigenously available natural products. It carries the country one more step forward towards its objective of ensuring adequate supply of vitamins and drugs at reasonable prices. Vitamin A will be produced from beta-ionone, which is derived from lemon-grass oil, available in Kerala in abundance. The process of converting lemon-grass oil into beta-ionone has been developed by the scientists of the Glaxo's parent company in the U.K. Vitamin A, which is an essential ingredient for maintaining good health, finds extensive application in India in the production of *vanaspati* and other foodstuffs, including animal feeds, as well as in a large number of pharmaceutical preparations. It may be recalled here that it was Glaxo which started the manufacture of vitamin A in India, for the first time in 1958, but out of imported intermediates.

The manufacturing processes for the production of corticosteroids and senna adopted by the new plant also speak volumes for the pioneering efforts of Glaxo. The first corticosteroids used for medicine, namely, cortisone, was synthesised from sisal plant by the British Glaxo chemists in 1954 by a nineteen-stage chemical process. Glaxo India began the production of corticosteroids as early as in 1958 from imported basic chemicals. Sisal is now grown in India in limited quantities only. But the Company seems to be optimistic about finding adequate quantity of sisal from indigenous sources in course of time. In addition, senna pods, which are available in South India and have been in use for centuries as a crude laxative, will be refined in the senna plant at the Thana factory. The refined product will be devoid of the griping properties and the bitter taste of the natural product.

The manufacture of vitamin A and corticosteroids is expected to save foreign exchange of Rs. 30 lakhs annually. The total capital outlay on the project so far amounts to about Rs. 1.50 crore and will be Rs. 2 crores when it is finally completed. A noteworthy feature of the Company's scheme is the proposal to establish a full-fledged research unit. This will work in partnership with Glaxo's laboratory in Britain and develop itself to fundamental research in discovering new products from indigenous raw material. The Company has also been paying close attention to labour welfare schemes. It has, for instance, devoted a sum of Rs. 23 lakhs for housing its workers in clean, airy, modern flats in the neighbourhood of its new factory at Thana.

The happy and fruitful association of Glaxos with India, where it has now taken firm roots as a progressive manufacturing concern, dates back to 1919, when Messrs. H. J. Foster and Company of Bombay was appointed exclusive agents for the world-famous Glaxo infant food produced by Glaxo Laboratories Ltd., Britain. Fosters subsequently became a wholly-owned subsidiary of Glaxo. The post-independence period saw a steady expansion in the activities of the Glaxo Laboratories (India) Ltd. and the commencement of secondary production of a wide range of pharmaceutical preparations out of imported basic ingredients. Glaxo now manufactures in India all the products formerly imported as finished goods either from local or imported ingredients; these number well over a hundred items. The transition of Glaxos in India from the position of a secondary manufacturer to a basic producer dates back to 1958 when it was decided to put up a milk drying factory at Aligarh (U.P.) and a fine chemicals factory at Thana which has come to fruition. The Aligarh factory has been in operation for some time now, turning out the well-known baby foods, Glaxo and Ostermilk, and saving the country foreign exchange of the order of Rs. 40 lakhs. The fine chemical factory at Thana is one of the most modern units in the world, incorporating all the latest developments in this sphere of science and technology born of years of research and know-how. The proposed research unit will be in keeping with the exhortation of Mr. Manubhai Shah, Union Minister of Industry, to foreign manufacturers to provide suitable opportunities for Indian scientists within this country to benefit by their participation in our economic development. Glaxo's manufacturing units are undoubtedly a shining example of Indo-British economic co-operation.

COTTON PRICES

The question of an economic price for cotton has again been tossed into the arena of controversy. Mr. Madanmohan Ruia, President of the East India Cotton Association and the Cotton Buyers' Association, set the ball rolling by categorically asserting, in his presidential speech at the annual meeting of the Cotton Buyers' Association held at Bombay on 26th December 1961 (*vide* page 14, *Commerce* of 6th January) that the first fundamental prerequisite for obtaining higher production was to allow a realistic price by either removing the present price control or, if that were not possible, by raising the present ceiling prices for cotton to world parity levels. Mr. Ruia reiterated his plea again at the plenary session of the tenth conference on cotton growing held at Bombay on 30th December last, when, speaking as the Vice-President of the Indian Central Cotton Committee, he pointed out that the present ceiling prices of Indian cotton were somewhat artificial and had a real bearing on the country's inability to adjust the cotton production to meet the rising demand. He conceded that, if his suggestion were implemented, it might have repercussions on exports of Indian cotton textiles. But he was confident that "other ways" could be found for promotion of exports.

Mr. Ruia's solution for the cotton problem is, however, not favoured by the spokesmen of millowners who fear that an increase in the ceiling prices of raw material would hit exports of cotton textiles from India. Their misgiving was voiced by Mr. Bharat Ram, President of the Indian Cotton Mills Federation, this week. Commenting on Mr. Ruia's suggestions, he pointed out that one of the main advantages that India had over its competitors in the world textile markets was that Indian cotton was relatively cheaper. If the ceiling prices for cotton were raised, exports of cotton textiles would be adversely affected. As long as prices left "a decent margin" to agriculturists, there was no justification, he averred, for raising the ceiling. If the ceiling on cotton prices were raised, it would, he said, tend to shift more acreage to cotton and affect the production of other crops, thereby disrupting the internal price structure. Citing the example of sugarcane, Mr. Bharat Ram pointed out that higher sugarcane prices had caused a shift of acreage to this crop at the expense of other essential agricultural products.

It is evident from the foregoing account that both Mr. Ruia and Mr. Bharat Ram agree on one point, namely, that the price should be such as to ensure a reasonable return to the cultivator. Mr. Ruia, however, thinks that the present ceiling prices, which happen to be the current market prices, are unrealistic in that they are not only below world parity but also

low in relation to the supply and demand for cotton and the prices of other commodities. By implication Mr. Bharat Ram is of the view that the cultivators are getting "a decent margin." Neither of these industrialists have cited any statistical data in support of their respective contention. We had pointed out, in our last issue, the dangers inherent in an upward revision of the price of cotton and the alternative way of ensuring a higher return to the farmer which is the aim of raising the price. We, however, do not think that the argument that cotton prices should remain lower than elsewhere in the world in order to give an advantage to millowners to compete successfully in the world markets is tenable. This amounts to saying that the poor farmer should make a sacrifice for the benefit of workers, investors, and managements covered by the mill industry who are all well off. No impartial observer can agree to this kind of proposition. The competitive ability of cotton textile mills should be sought to be improved by removing the other handicaps placed on the industry, such as excessive taxation, restrictions on modernisation and elimination of uneconomic units.

The contention that higher cotton prices would hit exports is far more valid, although, that too cannot be taken as a ground for not raising cotton prices, if the prices happen to be uneconomic. For a price policy which ignores the need for maintaining and raising production to meet the continuously rising demand will defeat the very objective which the policy seeks to achieve. The question of questions is, therefore, whether, at the ceiling prices, the return to the farmer is sufficient to cover his cost of production and leave a reasonable margin of profit. Those who plead for raising the ceilings obviously think that it does not, whereas those who oppose it think that it does. Neither Mr. Ruia's Associations nor Mr. Bharat Ram's Federation have, as far as we know, conducted any study of this matter. It is, therefore, imperative that an impartial investigation be conducted with a view to determining the relative increase in the cost of cultivation and prices of cotton. A revision of cotton prices should be made only on the basis of such an investigation and after making sure that the necessary incentive for growing more cotton cannot be provided by the other means discussed in our journal last week. The basic objective in deciding this question should be not to aggravate inflationary forces.

IRAQ'S SEIZURE OF OIL CONCESSIONS

Nationalism and foreign oil companies always seem to be heading for a conflict in the present-day world. The latest instance of such a conflict is to be found in the dispute between the Iraq Government and the Iraq Petroleum group of companies working in Iraq. The dispute has now taken a serious turn, for Law No. 80 of 1961, passed on 12th December to override the companies' legal rights under the concession agreements, redefines and greatly restricts their areas of operation. It is stated that the companies are now left with only about 1,938 sq. kms., out of their original concession areas totalling 435,780 sq. kms. That means they have been stripped of more than 99 per cent of the area of their concessions which, normally, will expire legally only at or after the end of this century. The companies are complaining bitterly that the Iraq Government has thrown overboard its own earlier proposal that 90 per cent of their areas be relinquished in two stages, namely, 75 per cent immediately and a further 15 per cent within seven years. Their bitterness now is all the greater, for the Iraq Government has chosen unilaterally to dispossess them of 99 per cent of their concession lands, although they had agreed last year to the 90 per cent relinquishment formula as part of a general settlement of various other matters under discussion.

Why has the Iraq Government taken this extreme step? One explanation is that the Government was angry because it could not get the companies to accept its demands for a 20 per cent share participation and for more than a 50 per cent share in profits. Whatever be the explanation, there seems to be some point in the contention of the companies that even 90 per cent represents much more territory than Iraq can possibly itself explore or exploit, and more than it could advantageously lease out to others in the present circumstances. Even if new oil were discovered and developed with Russian help, it would have to be exported into markets where the Russians are already pushing their own exports to the utmost and, moreover, would have to be sold in competition with the Iraqi oil of the Iraq Petroleum group of companies. It is also rightly argued that the Government's hasty action might harm Iraq's international standing. Here the companies emphasise the point that, if the 90 per cent surrender had been accepted, as earlier agreed between the two parties, the territory would have been open for offer to others, which is not the case now. No reputable concern, according to them, is likely to make an agreement to spend money in territory only made available by breaking an agreement, for, by thus condoning the breach, it would be eroding the legal and moral basis on which its own agreement would rest. If the large financial and technical resources required for further exploration and exploitation are thus denied to Iraq, the Government's action in forcibly taking more than what it would otherwise have accepted on a friendly and agreed basis will be proved to have been unwise—a case of cutting the nose to spite the face.

RAW JUTE PRICES

The need for avoiding violent fluctuations in raw jute prices and ensuring some sort of stability is imperative as much in the interest of cultivators as in that of jute goods producers. For, while any undue rise in prices will have a serious impact on the cost of manufacturing jute goods, a sharp fall will hit the growers hard and adversely affect the jute industry itself through scarcity of raw material caused by diversion of a large part of jute lands to other crops, particularly rice. Jute growers and millowners alike have, therefore, reason to feel gratified at the categorical declaration made by the Jute Commissioner, Dr. Ajit Mazoomdar, at a meeting of the Central Supervisory Body for Jute held at Calcutta last week, that the Government of India was determined to maintain Calcutta prices of jute at the floor level of Rs. 30 per maund (basis Assam bottoms) and that there could be no question of relaxing official vigilance at any time this season. In this connection, he pointed to the formation of the Jute Buffer Stock Association which, he said, "is now in a position to take up purchase operations whenever necessary." Availing himself of the opportunity, Dr. Mazoomdar highlighted some of the other steps taken to maintain raw jute prices at reasonable levels. These are as follows:

1. The Indian Jute Mills Association has introduced a system of compulsory purchase of jute by member-mills on the basis of minimum weekly quotas.

2. Following representations to the Railway Board, jute movements from North Bihar and North Bengal have shown a progressive increase since early December. More broad-gauge empties are now being made available by the North-Eastern and North-Eastern Frontier Railways, with a corresponding improvement at transhipment points.

3. The National Agricultural Co-operative Marketing Federation has started working a scheme to assist co-operative organisations of jute growers in the States in selling their jute to Calcutta. The scheme provides for grant of brokering facilities and financing of purchases with advances up to 80 per cent of value.

4. In order to enable jute mills and traders to effect larger purchases this season, steps have already been taken, in consultation with the Reserve Bank and the State Bank, to provide additional credit facilities. Further steps for credit liberalisation are under consideration.

5. The jute import policy for the current season is so designed as not to impinge on the undertaking already given that the primary producers' interest would be protected at all costs: the total imports allowed so far come to just under 400,000 bales.

While all these measures have imparted stability to the raw jute market, there still remain a few jute growing pockets, especially Tripura, Saharsa in Bihar and some districts in Assam, where, we are told, a large accumulation of the fibre, due to inadequate rail and river transport at the peak marketing period, is tending to depress local prices. The problem in the Saharsa district is said to have been accentuated further by an abundance of inferior quality jute which leads to an abnormal widening of price gap between what jute circles term bottom and cross-bottom grades of the fibre. In such a situation, the chances of a buyers' market developing locally, as Dr. Mazoomdar pointed out, cannot altogether be ruled out. This aspect has unfortunately been completely overlooked by those who have alleged that the jute mills are trying their best to keep down raw jute prices by making only small purchases of the fibre. That the allegation is baseless is also evident from the statement of no less a person than the Jute Commissioner who said: "Coupled with the inadequacies in transhipment from metre-gauge to broad-gauge at Barauni, Bhagalpur, Sakrigali, Farakka and other points, the fact that jute normally enjoys no priority in booking aggravates the transport difficulty. The railways have failed to fulfil their programme of jute bookings decided at the beginning of the season."

An important point which Dr. Mazoomdar made in the course of his speech was that, though the pressure of jute arrivals into Calcutta usually reached the season's peak in December, there might be a reversal of the norm this season because of the big crop and it was quite possible that the rate of arrivals in January and February would exceed that of the previous month. This is because the growers' holding power in the earlier months was higher as a result of the much better prices received by them during the last two years. Every precaution has, therefore, to be taken, as Dr. Mazoomdar pertinently stressed, to ensure that a larger release of jute by growers in the immediate future did not have an adverse effect on prices and, consequently, on the sowings of the next jute crop.

THE CEMENT PRICE ISSUE

IMPLICATIONS OF GOVERNMENT DECISION

By T. P. Subramonian

ONCE again, the price of cement has been raised. A thorough investigation into all aspects of this controlled industry, undertaken by the premier price-fixing authority in the country, formed the basis for the Government decision to enhance the price of this basic construction material. The rise in the price of cement has unwelcome implications for the economy. At the same time, the Tariff Commission's Report and the Government's major departures from the recommendations of the Commission raise certain vital issues. This paper is at attempt to examine them.

The Industry's Case

The fair ex-works prices of cement for the different producing units were fixed by the Union Government on the recommendations of the Tariff Commission in 1958. Excepting for the slight enhancement of these prices early in 1960, consequent on the Central Wage Board Awards, these held good till June 1961. There were as many retention prices as there were producers. The State Trading Corporation (S.T.C.) has been functioning as the sole distributing agency for cement in the country for the last five years. A uniform f.o.r. destination price was fixed throughout the country by the addition of a pooled freight by the S.T.C. to the individual producers' retention prices. Thus, prior to the latest Tariff Report, while the producers' retention prices ranged from Rs. 55.54 per tonne of naked cement for Dalmia Bharat to Rs. 82.18 for Travancore Cements, the uniform f.o.r. destination price for packed cement was Rs. 117.50 per tonne till February 1961. With effect from 20th February this year, the f.o.r. destination price was fixed on an unpacked basis at Rs. 104.60 per tonne. The packing charges are added separately to this every quarter. These packing charges amounted to Rs. 17.00, Rs. 18.00 and Rs. 19.00 per tonne in the first, second and third quarter, respectively of the calendar year 1961. For the fourth quarter, it has been fixed at Rs. 18.00 per tonne.

The reference of the cement industry by the Government to the Tariff Commission in October 1960 for a fresh examination of its prices was the result of a series of representations by the industry to the effect that its costs had gone up appreciably on account of forces beyond its control. The industry had also based its case for an enhancement of the ex-works prices on the need for funds for rehabilitation and expansion and for a better return on capital comparable to the profits earned by other industries. It had also urged that assessment of production costs should be based not on rated capacity but on actual production.

Tariff Commission's Reaction

In its report submitted in August 1961, the Tariff Commission has appreciated the industry's plea and recommended new ex-works prices to the nineteen different units (the A.C.C. group being treated as one unit, as in the previous inquiry), representing varying gains over the previous prices. The weighted average of the new ex-works prices (Rs. 74.49 per tonne, inclusive of selling agency commission of Re. 1.49 and incidental charges of Re. 1.25) represents a 21 *per cent increase* over the weighted average of the previous ex-works prices (Rs. 59.20 per tonne exclusive of the selling agency commission and incidental charges). According to the Commission, the bulk of the increase is to enable the industry to shoulder the increased cost-burden caused by forces beyond its control such as the increase in railway freight, rise in the price of coal and limestone, increase in electricity rates, rise in wages, etc. A small part of the increase is due to higher rates of profit allowed to most of the units. Let us examine these two—the cost element and the profit element that go into the ex-works prices allowed to the producers.

Both in the 1958 inquiry and in the 1961 inquiry, the Tariff Commission investigated into and estimated the costs of production of each individual unit, added a quantum of profit based on a percentage return on capital employed and, with a rehabilitation allowance where justified, arrived at the fair ex-works price of cement for each unit. It may be noted that, against the weighted average ex-works cost of Rs. 50.06 per tonne in the 1958 report, the weighted average ex-works cost in the present inquiry is Rs. 61.61 per tonne—a rise of Rs. 11.55 per tonne or nearly 23 *per cent in three years*. If this is the extent to which costs have actually gone up in a regulated industry on account of forces beyond its control, it must certainly make our planners sit up and think. As far as the Tariff Commission and the cement industry were concerned, the answer to rising costs of inputs—labour, fuel, transport and raw materials—might lie in an automatic enhancement of the final ex-works prices and in turn an increase in the selling price of cement. But the issue must perforce have a wider significance for the Government and the Planning Commission. And it should be their endeavour to cry halt to the rising spiral of wages and prices in the larger interests of the country and the Plan.

Profit Element

As regards the profit element, the Commission has by now settled down to one uniform method in their price inquiries—a fair return on capital employed in the industry. Capital employed is defined as net fixed assets *plus* current assets *minus* current liabilities. As in the previous inquiry, the Commission has now recommended a differential rate of return for the several units, depending on the cost-efficiency of the unit and special circumstances, if any. The *principle of differential return* is based on the sound idea that the high cost units should not expect the same rate of return as the low-cost ones and the low-cost units must have a reward for their efficiency. To the industry as a whole, the Commission has allowed a higher rate of return in the present inquiry than in the previous one. The rates of return now recommended range from 10 to 14 per cent as compared with the range of 8-12 per cent in the last report. This is the first time that the Commission has allowed a 14 per cent return on employed capital for an important industry. That the Commission has revised its notion of the 'norm' of fair profit from 12 per cent to 14 per cent is of some significance to other industries and to the economy in general. Unless there is a wide disparity in the element of risk, controlled industries which have been allowed a 12 per cent return by the Tariff Commission and other *ad-hoc* committees would now have a legitimate case for enhancement of retention prices. That the Commission has now allowed gratuity as an item of cost, whereas in the previous inquiry it was considered a charge on profits, is also not without significance.

The return on capital referred to above is the gross profit, out of which the industry must meet its commitments under bonus for workers, interest on borrowed capital and debentures, dividend on preference shares, managing agents' commission and income-tax, and finally declare a reasonable dividend to the shareholders. In view of the challenge facing the cement industry in the shape of a large expansion programme—for which a separate allowance has not been given in the prices—one would readily endorse the Commission's enhancement of the norm of fair profit from 12 per cent to 14 per cent. At the same time, it must also be said that a protected industry, with an expanding and assured domestic market and with an assured price for a stipulated period, would not be justified in expecting more than this as an award from a statutory body. The price mechanism, even as recommended by the Tariff Commission, provides room for a larger profit than stipulated, if the unit brings about reduction in its costs of production by improved efficiency—assuming, of course, the unit costs of non-escalator inputs does not rise.

Thus, taking the works cost and profit element together, the Tariff Commission appears fully justified in having recommended an increase in ex-works prices of cement.

The Prices Recommended

The final fair ex-works selling prices of naked cement fixed by the Commission for the nineteen units in the industry range from Rs. 67.50 for Dalmia Dadri to Rs. 103.00 for Travancore Cement. The weighted average works out to Rs. 74.49 per tonne, which is an increase of Rs. 12.55 over the current price. According to the Commission's recommendation, this entire increase is to be passed on to the consumer. Thus, adding to the weighted average ex-works price of Rs. 74.49 per tonne the excise duty, inter-State sales tax, average freight, S.T.C. remuneration, contingencies, etc., the Commission arrives at a new uniform f.o.r. destination price for naked cement of Rs. 118.40. This involves an increase of Rs. 12.55 over the pre-report figure of Rs. 105.85 (i.e., Rs. 104.60 plus incidental charges of Re. 1.25). The Commission has recommended that the new prices should be effective for the three years ending 30th June 1964, subject to the escalation clauses covering fuel and power rates.

Government's Sanction

In their resolution dated 31st October 1961, the Union Government have broadly accepted the approach of the Tariff Commission to the cement question and have agreed to the need for an enhancement of cement prices. In three important respects, however, the Government have differed from the Commission. Let us examine these:

(a) ***Differential Retention Prices:*** While the Tariff Commission has recommended differential retention prices based on individual costs, Government feel that this system would not be conducive to efficiency and greater production. According to Government, there should be a uniform retention price for the industry, so that pressure is exerted on units having higher costs to find economies and there is a measure of reward for those able to achieve economies. Accordingly, Government have fixed a uniform ex-works price of Rs. 69.50 per tonne of naked cement. They have, however, allowed an extra price for those few units having an appreciably higher cost on account of special reasons in order to enable them to continue in production and reach economic levels. Thus, an extra Rs. 3 per tonne has been allowed for Digvijay, India Cements, Kalyanpur, Sone Valley and Satna; Rs. 5.50 for K.P.C., Saurashtra and Madras Cements; and an extra Rs. 25.50 for Travancore Cements.

In the first place, this part of the Government resolution is an internal contradiction. On the one hand, they announce their decision to have a uniform retention price because a differential system is not conducive to efficiency; on the other hand, they give extra price allow-

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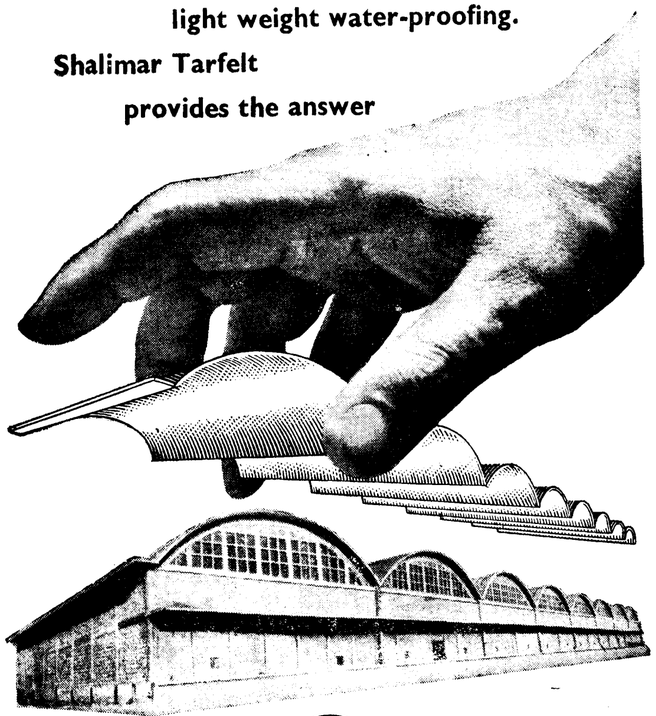

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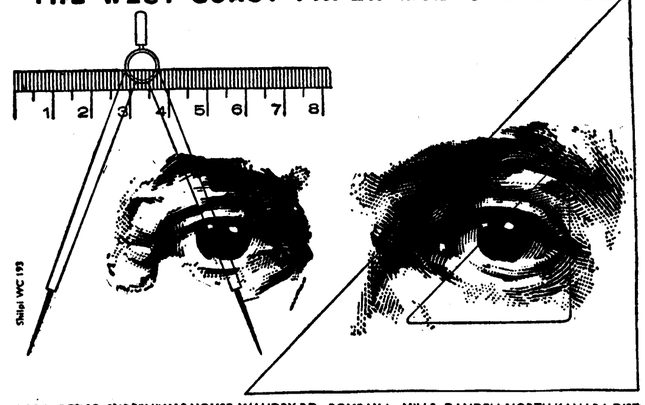

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ance to selected units, on the ground that they are under special handicaps, thereby creating a system of differential prices which they object to in principle. It is precisely because of the disparate conditions within the industry that the Tariff Commission declined to fix a uniform retention price. What could possibly act as a deterrent to efficiency in the mechanism of differential works cost was sought to be countered by the Commission through the mechanism of differential profit element. Perhaps, the most charitable description of the price system introduced by the Government is that, while it continues to be a system of differential ex-works prices, the number of prices is smaller and the margin of difference is narrower than under the Tariff Commission's scheme. Under the Commission's scheme, there were ten levels of prices, the margin between the lowest and the highest being Rs. 35.50; under the Government scheme, there are four levels of prices, the margin being lowered to Rs. 25.50. But then the implications of this are serious.

The scheme of retention prices now announced by the Government would mean not a mere departure from or simplification of the Tariff Commission's recommendations. It would mean an outright violation of the interrelated principles upon which the Tariff Commision had based its scheme. Since the Tariff Commission had computed the ex-works prices by adding a differential profit margin to the estimated actual costs of production (*plus* a rehabilitation allowance where justified) of each of the units, a departure from these ex-works prices would obviously mean an enhancement/reduction of the profit-margin allowed. The new scheme of retention prices announced by the Government would mean not a mere distortion of the profit-margin allowed by the Commission but a distortion that is anything but uniform for the different units. Table I shows the increases in retention prices recommended by the Commission and the increases allowed by the Government for the different units.

The retention prices now fixed by the Government and those recommended by the Commission for the different units are not exactly comparable as the former is exclusive of an amount of Rs. 2.75 representing selling agency commission (Re. 1.50) and incidental charges (Re. 1.25) which the Commission's prices include. Making due allowance for this amount, we have in Table II compared the increases recommended by the Commission and those allowed by the Government in the ex-works prices of the different units.

It will be seen that for all units except one the Government has allowed a quantum of increase that is less than what the Commission had recommended. The exception is Dalmia Bharat for which while the Commission had recommended an increase of Rs. 9.21, Government has allowed an increase of Rs. 13.96. This is, indeed, strange and without justification. The possibility that this might have been accidental and not intentional does not make it any the less innocuous. On the other hand, one unit (Panyam) gets practically no increase, whereas the Commission had recommended an increase of Re. 1.76 per tonne. Barring these two extreme cases, the increases allowed by the Government range from 37 per cent to 94 per cent of the increases recommended by the Commission.

In Table III, we have made a two-way classification of the units in accordance with the price increases allowed by the Government and in accordance with their own efficiency as measured by the profit-margin allowed by the Commission. Looked at this way, the nature and degree of distortion effected by the Government scheme would become clear. Units that were put in the same profit bracket by the Commission get varying shares of the increases recommended by the Commission and will thus be in different profit brackets. It is also likely that some of the high-cost units will now get higher profits per unit of employed capital than the low-cost units, which would mean a negation of the principle of reward for efficiency. While the implications for each unit will have to be worked out separately and in detail, one would not be far wrong in saying that, by and large, the Government's modification of the retention price scheme recommended by the Commission has created a state of confusion.

(d) ***The Period of Price-fixation:*** While the Tariff Commission had recommended the new prices to be in force for a period of three years, Government have decided that the new prices should be in force for a longer period, i.e., till the end of the third Plan. This has advantages as well as disadvantages. The advantage for the country is a measure of stability in the price of a basic construction material throughout the Plan period. But this measure of stability is subject to the escalation clauses relating to fuel and power rates and any changes arising out of governmental action. On the other hand, the industry has reacted unfavourably to this decision of the Government extending the period of price-fixation recommended by the Commission. For they would not be able to pass on to the consumer increases in cost arising from factors other than those covered by the escalation clause. The expression "governmental action" is an interesting innovation open to very wide interpretation. A shorter period would invariably be welcomed by industry in a persisting situation of product-shortage and general inflationary pressure. The presence of escalation clauses by itself is no consolation to the industry, in view of the absence of a quantifying mechanism and the characteristic delays of governmental decisions. The Government's decision on the period of cement price fixation is an interesting contrast to the action it recently took on the Damle Committee's Report on Oil Prices, drastically cutting short the period for which the Committee had fixed the prices.

(e) ***The Increase in Consumer Price:*** To allow an increase of Rs. 12.55 in the weighted average of ex-works prices, the Commission effected an equal measure of increase in the f.o.r. destination price which, according to their recommendation, was to be raised from Rs. 105.85 to Rs. 118.40 per tonne of naked cement. The Government, however, have not allowed the full measure of increase in ex-works prices recommended by the Tariff Commission, as stated earlier. The f.o.r. destination price has now been raised by Government to Rs. 117.60, as against Rs. 118.40 recommended by the Commission. The reason given by the Government for not agreeing to the full quantum of increase in the price recommended by the Commission is that, while they appreciate the need to provide incentives for greater production, they are anxious to avoid an undue rise in the price of a basic construction material like cement and thus safeguard the interest of the consumers. One is left to wonder how, while the increase of Rs. 12.55 in the f.o.r. price would be an undue hardship for the consumer, a rise of Rs. 11.75 would not! The reduction of 0.7 per cent effected by Government on the revised f.o.r. price recommended by the Commission fails to carry conviction in regard to the Government's solicitude for the cement consumer. The net result is that the Government have distorted the ex-works price scheme carefully evolved by the Commission without any significant gain to consumers.

Both the Tariff Commission and the Government have left undisturbed the margin between the ex-works price and the f.o.r. destination price. The margin is as wide as Rs. 45. The two important constituents of this margin are the excise duty of Rs. 23.60 per tonne and the pooled freight of Rs. 18.90 per tonne. The Commission has not thought it fit to comment on the excise duty which was first levied in 1954 at Rs. 5.00 per ton, increased to Rs. 20 in 1957 and, again to Rs. 24 per ton in 1959. In view of the concern that the Government have expressed, in their resolution, for the consumer, one would feel there is a clear case for reducing the quantum of excise duty on cement, so that the full impact of the increase in retention prices is not felt by the consumer. In the first place, the Government itself is a bulk consumer of cement and a reduction of the excise duty will not be an unqualified disadvantage to the exchequer. To the private consumer, on the other hand, it would be a significant relief. A high price for cement will be a great burden on private construction projects and will accentuate the problem of middle class housing. One would wish the Government will not fail to examine this question at least at the time of the next budget.

The other important element, namely, the pooled freight has, however, received the attention of the Tariff Commission. The Commission has expressed concern that the pooled railway freigth which went up from Rs. 15.00 per ton in 1954 to Rs. 15.50 in 1956 has now risen to Rs. 19.00 per ton. The Commission has observed that "the rise is not fully covered by the increase in rail freight only," and has guessed that "probably the average lead has increased because of longer movements." One does not feel assured by the report that this is a full explanation nor does one get the feeling that this element in cost, the freight average, has been thoroughly looked into. The Commission feels that "by proper screening of demand and better planning of movements," by more regular movement and shorter regional leads in one direction as far as possible, the freight average could be brought down. This is now a matter for the Government and the S.T.C. to explore and implement.

The report on this basic industry has served to highlight the dangers inherent in an inflationary situation, and the Planning Commission and the Government must look at the question from the wider angle of overall price policy and control. The Government's decision on the report has served to disturb the rationale of the Commission's approach to price fixation in a controlled industry. Lastly, the naive tendency to effect an automatic transfer of the industry's burden to the consumer's shoulders without re-examining the fiscal element and the mechanism of distribution is anything but satisfactory.

TABLE I: *Ex-Works Prices for Cement Producing Units*

	Original prices (1-10-60)	T.C.'s recommendation (1961)	Prices fixed now by Government
	Rs.	Rs.	Rs.
Dalmia Bharat*	55.54	67.50	69.50
Andhra*	65.68	73.00	69.50
Orissa*	60.80	73.00	69.50
Rohtas†	57.27	73.00	69.50
A.C.C.*	58.64	73.50	69.50
K.C.P.†	61.97	73.50	69.50
Mysore†	58.20	73.50	69.50
Dalmia Dadri* ..	59.68	75.00	69.50
Bhagalkot†	63.59	75.00	69.50
U.P.§	58.14	75.00	69.50
Jaipur†	58.04	75.00	69.50
Asoka†	67.56	75.50	69.50
India†	63.21	76.50	72.50
Satna‡ (1-1-61) ..	67.52	77.50	72.50
Kalyanpur†	62.24	79.00	72.50
Sone Valley† ..	58.70	79.00	72.50
Digvijay†	57.23	79.00	72.50
Panyam‡ (1-1-61) ..	74.99	79.50	75.00
Travancore‡ ..	82.18	103.00	95.00

Profit allowed on capital

* 14%
† 12%
‡ 10%
§ .. .. 8% (Government-owned)

TABLE II: *The Increases Compared*

	Actual increase allowed by T.C. 1	Actual increase effected by Government 2	% of 2 to 1
	Rs.	Rs.	
Dalmia Bharat* ..	9.21	13.96	152
Andhra*	4.57	3.82	84
Orissa*	9.45	8.70	92
Rohtas†	12.98	12.23	94
A.C.C.*	12.11	10.86	90
K.C.P.†	8.78	7.53	86
Mysore†	12.55	11.30	90
Dalmia Dadri* ..	12.57	9.82	78
Bhagalkot†	8.66	5.91	68
U.P.§	14.11	11.36	81
Jaipur†	14.21	11.46	81
Asoka†	5.19	1.94	37
India†	10.54	9.29	88
Satna‡ (1-1-61) ..	7.23	4.98	69
Kalyanpur†	14.01	10.26	73
Sone Valley† ..	17.55	13.80	79
Digvijay†	19.02	15.27	80
Panyam‡ (1-1-61) ..	1.76	00.01	Neg.
Travancore‡ ..	18.07	12.82	71

Profit allowed on capital

* 14%
† 12%
‡ 10%
§ .. .. 8% (Government-owned)

TABLE III: *Producing Units Classified According to Price Increases Allowed by Government*

Increases effected by Government as percentage of increases allowed by Tariff Commission	Units for which T.C. had allowed a return of				Total No. of units in category
	14%	12%	10%	8%	
Over 100% ..	1	..	..	..	1
90-99%	2	2	..	..	4
80-89%	1	4	..	1	6
70-79%	1	2	1	..	4
60-69%	..	1	1	..	2
50-59%	..	..	..	..	..
40-49%	..	..	..	..	..
30-39%	..	1	..	..	1
1-29%	..	..	..	..	..
Neg.	..	..	1	..	1
	5	10	3	1	19

LONDON LETTERS

THE LIFTING CLOUDS

From Our Own Correspondent

LONDON, *30th December 1961*

HOWEVER one may criticise the techniques for restoring international confidence in sterling, there is fortunately no doubt that, in their savage way, the various repressions on the economy have worked. In the third quarter of this year, the improvement in the British balance of payments as compared with a year earlier was striking: from an overall deficit of £109 million in 1960 to one of £25 million in 1961. For the first three quarters of each year, the improvement was from a deficit of £230 million in 1960 to one of £108 million in 1961 and the crude trade figures for the months of October and November show that the improvement is being continued. Thus there is no question that, when the final figures for 1961 appear, they will show a vast improvement on those for the previous year, even though they will not have succeeded in turning a deficit into a surplus.

Small Improvement

The following table compares the third quarters of the two years:

(In million £s.)

	1960	1961
Imports (f.o.b.)	1,005	947
Exports (f.o.b.)	859	912
Visible trade deficit	146	35
Net invisible income	79	98
Less—net Government expenditure..	69	88
Net invisible surplus	10	10
Adverse current account balance ..	136	25

There was thus an improvement of over £110 million in this quarter, even though there was still a deficit of £25 million which compares with deficits of £68 million and £15 million in each of the two preceding quarters, respectively. No significance should be attached to the fact that the deficit appeared to increase between the second and third quarters of this year: successive quarters can never be compared satisfactorily and, in any event, the second quarter showed an exceptionally high net invisible income (after allowing for Government expenditure) of £25 million. On visible trade account—nowadays the most important part of the accounts—the third quarter actually showed a small improvement over the second.

Overseas Investments

As usual, U.K. investment overseas continued gaily in the third quarter to the tune of a net £60 million (private investment exceeded this, but the Government received a net repayment). For the three quarters as a whole, net investment overseas has reached £236 million, though the devastating effect of such a sum added to the deficit on current account has been offset by the famous once-for-all Ford share purchase of £130 million, leaving the final balance of investment at £106 million. *But it must be realised that the higher figure represents what the country is normally trying to achieve.* At the lower figure, the country has incurred indebtedness this year to date of £214 million and all this arithmetic supports the thesis that this country needs to earn a current account surplus of some £300 million in order to pay for the normal level of overseas lending. We obviously a very long way still from doing are this.

come back to the third quarter, this To some very interesting monetary movesshowed, the sterling balances of non-sterling ments, are reduced by £208 million (repaycountries with assistance) and those of nonments of Basle-ations were increased by £538 territorial organis the I.M.F.). The sterling million (loan fro ling area actually increased balances of the st hat the total of the sterling by £5 million, so35 million. This was largely balances rose by rise in the gold and convertirepresented by e that this term has now reble currency ("dollar") reserves of £279 millplaced the wquarter—an improvement which lion over en continued. has sinc

* * *

Looking for the Light

LONDON, *6th January*

s begun, as no doubt it should. A.D. 1962 bnomists—official and private—with industry, oking hopefully for a better, and the City, l clearer future and finding some grounds for optimism. In the first place, that most obvious of all indicators, the industrial share index, has maintained itself, after its end-year rise, at about 6 *per cent above the* October low level, though neither the strength of sterling nor the level of production has encouraged this. Even though the boom in sterling has spent itself and there seems to have been some speculative outflow in December (which is, however, normally a month in which heavy overseas payments have to be met), the gold loss of only £18 million—excluding, of course, the annual service of £67 million on the U.S. and Canadian loans—is not at all unsatisfactory.

Bank of England's Reading

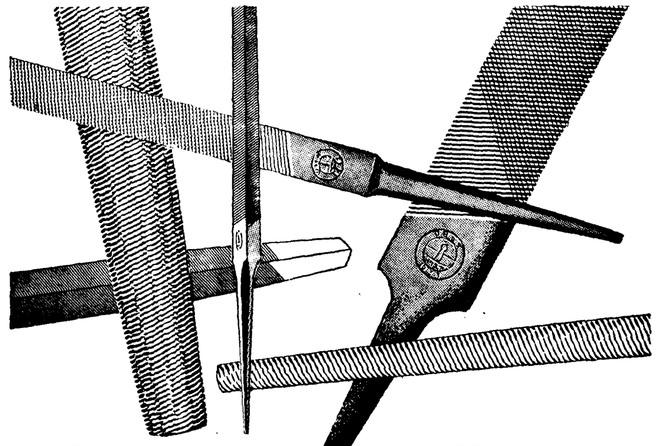
Moreover, the Bank of England has offered quite an optimistic view of the short-term factors bearing on the balance of payments. It has noted that, in the last quarter, expenditure is lagging behind the rise in national income; that Government overseas expenditure may begin to decline—even if this is through *force majeure* as Colonial commitments dwindle; and that *long-term* foreign investment in the U.K. may be maintained and thus finance the U.K. long-term investment overseas. This is not a bad position from which to start 1962, even though the Bank has warned that it is no use becoming complacent, if the "July measures" do produce their *results, the balance* of payments does improve, and then all is squandered, once again, in another inflationary spree. The future must depend on an expansion in exports—there is no substitute.

For all the foregoing reasons, plus the proposal to finance exporters with credit at 5½ per cent, the City is anticipating an early cut in the Bank rate. Though the most cynical reason advanced for this is that, unless the Bank moves fast to cut the Rate, the next crisis will be upon us and the inevitable jump in the Bank rate will bring it up to double figures!

The T.U.C. and the Chancellor

The difficult negotiations between the Chancellor of the Exchequer and the Trades Union Congress centre on the pressure to get rid of the "pay-pause." What the Chancellor is asking for is a national income policy (the word "income" replacing the prejudicial word "wages") and the T.U.C. is not objecting, though it pointed out this week, with great firmness, that profits and dividends were showing no signs of being restricted in the same way as are wages. There are a number of claims—*including* the Civil Service and the railwaymen—pending and the refusal of the Government to meet the pay claim of the Post Office workers has led to a "work-to-rule" in that service, amounting now in practice to a go-slow. If Your Correspondent's Letter is delayed that will be the reason. The industrial dangers of sitting on all wage claims is increasing weekly and even the Chancellor is now conceding the need for an intermediate stage between his pay-pause and the emergence of a national incomes policy. He would like to maintain the pause till the April Budget, but the odds at present are on an intermediate stage, to be known as a period of "wage-restraint," developing within the next few weeks. In that case, the Chancellor would like to be able to talk about his new incomes policy in the Budget.

There is a foolish story going about the City to the effect that the Chancellor threatened the T.U.C. with devaluation to get them to co-operate with his Economic Council. But there is a great deal of difference between a threat and an analysis—in the Chancellor's favourite vein—of the devaluation dangers before the country, if, in the absence of an incomes policy, costs persistently outrun prices and prevent the country achieving its needed exports expansion. There is a reasonably co-operative atmosphere between the Chancellor and Labour at the moment, with the T.U.C. having rather the better of the running. Even here light is emerging.



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DEPOSIT INSURANCE IN INDIA

COMPARATIVE STUDY WITH THE U.S. SCHEME REVEALS MANY MAJOR DEFICIENCIES

By P. K. Sen
UNITED BANK OF INDIA LIMITED

THE Government of India and, particularly, the Reserve Bank deserve congratulations on their decision to insure bank deposits. The idea received formal recognition in 1950, when it was commended by the Rural Banking Enquiry Committee, which, however, had advocated that it should be deferred to a more opportune time. In 1954, the Shroff Committee recommended its consideration. Last year, on 31st August, to be precise, a Bill, entitled "The Deposit Insurance Corporation Bill, 1961" was introduced in the Lokh Sabha and was eventually passed. The scheme has come into effect from 1st January 1962. The banks have been asked to pay premium at the rate of 5 nP per centum of their respective total deposits, as defined in the Act.

The idea of insuring deposits with banks developed in the U.S. and the Federal Deposit Insurance Corporation has been successfully functioning in that country for over a quarter century. There is no other example of such insurance in any other country. In discussing the scheme for deposit insurance in this country, a reference to the American scheme cannot, therefore, be avoided.

The basic points at issue are:

(*a*) What are the objectives of deposit insurance?

(*b*) What are the functions to be performed in attaining these objectives?

(*c*) What should be the important aspects of the set-up to be organised for ensuring the smooth functioning of the scheme?

The Objectives

Discussing the need for deposit insurance, *The Staff Study on Assessments and Coverage for Deposit Insurance* of the F.D.I.C. (of the U.S.), observes:

"The economic importance of deposit insurance stems from the fact that liabilities of banks are essentially demand liabilities to the public and that these liabilities constitute the country's principal means of payment, i.e. cheque money. . . . Distress calling of loans and forced liquidation of securities by banks and bank borrowers have led to widespread bank suspensions and to a drastic destruction of the principal part of the money supply, bank deposits.

"Deposit insurance is useful in correcting these unfortunate periodic experiences from two major closely related viewpoints—that of the individual and that of the nation. From the individual's standpoint, deposit insurance provides protection, within limits, against the banking hazards of deposit ownership. But the major virtue of deposit insurance is for the nation as a whole. By assuring the public, individuals and business alike, that cash in the form of bank deposits is insured upto a prescribed maximum, a major cause of instability in the nation's money supply is removed."

Briefly discussing the background of the Federal Deposit Insurance Corporation, the F.D.I.C., in its publication entitled *Its History Through* 1954, describes how, in the late nineteenth century, deposit money gained in importance in relation to the bank notes and observes:

"This development again focussed attention on bank failures, as deposits lacked the guarantee provided for national bank notes, and there was a resurgence of interest in the insurance of all bank obligations."

Of the two considerations, namely, that of the individual depositors and that of the broader aspect of money supply in the economy, the latter is relatively more pronounced, being a national problem as such. The major objective of deposit insurance, therefore, is to ensure stability of an important component of the money supply, namely, bank deposit, *by providing psychological tranquillity among depositors and relegating bank failures to a state of obscurity and insignificance, if not completely preventing them.* It has thus to act not only as a psychological "tranquilliser" for the depositors, but also as an effective "built-in stabiliser" in the economy of the country.

The objective of an effective scheme for deposit insurance then is not just to pay the individual depositors, upto a stipulated maximum, in case of bank failure. It is more than that. The scheme has to ensure, through its working, that extensive bank failures are prevented *even during periods of recession.* In order to achieve this, the aspects discussed in the subsequent paragraphs have to form the essential features of the scheme in our country.

Inclusion of Banks

As many banks as possible should be included in the scheme. When the scheme was first initiated in the U.S. on 1st January 1934, the banking situation there was in an alarming state. Yet, of the 7,800 applicant banks (besides those which were statutorily required to come under the insurance scheme), 6,800 were found, after examination, to be "solvent in the sense that their assets covered their liabilities." In roping in such a large number of banks, "the Corporation was cognisant of the risk inherent in the serious capital impairment which existed in many banks." The scheme in India has also recognised this important requirement and has provided that every existing banking company shall be included as insured bank (Section 10). As for new banking companies, that is, those formed after the date on which the scheme came into effect, the provision in Section 11 corresponds to a similar provision in the Federal Deposit Act.

Limit Per Depositor

Much of the success of the scheme will depend on the recognition by the depositors of the reasonableness of the cover received and this will be conditioned by whether or not the limit affords coverage to the maximum number of depositors. If the maximum limit is kept at a level considered reasonable by the maximum number of depositors, the psychological tranquillity will immediately be achieved and, in a state of managed economy, it may then reasonably be assumed that a serious depression is not likely to take place. But, if the limit is kept lower, the basic purpose of the insurance may not be realised.

It may be noted here that amongst 150 Bills introduced on the subject in the U.S. Congress, between 1886 and 1933, "virtual complete coverage of deposits was provided for in four-fifths of the Bills." The Banking Act of 1933, which created the F.D.I.C., provided two separate plans of deposit insurance: "a temporary plan, which was initiated on 1st January 1934, and a permanent plan which was intended to become effective on 1st July 1934, but which did not become operative on that date and was substantially revised by later legislation." (The permanent plan took effect from 23rd August 1935 under the Banking Act of that year.) The temporary plan initially limited the insurance cover per depositor to $2,500; and on 1st July 1934, when it was extended, the protection was raised to $5,000 per depositor, and the Act of 1950 raised this limit further to $10,000 per depositor, which limit continues to be in force.

In the Indian scheme, the limit has been fixed at Rs. 1,500 per depositor (Section 16(4)(b). It is said that about 75 per cent of the total number of bank accounts would be fully covered by this limit. In the U.S. "the proportion of accounts in insured banks fully protected by deposit insurance (that is, accounts no greater than the maximum insurance) has never been less than 95 per cent and in 1951 was almost 99 per cent." The coverage under the Indian scheme is thus inadequate. The Act, however, empowers the Corporation to raise the maximum limit, subject to the approval of the Central Government. It is to be hoped that the Corporation will, before long, exercise this authority in their good judgment and in the interest of the banking system. It should also be remembered, in this connection, that the educated middle class in the cities are the most sensitive and vocal amongst the depositors and that this class of depositors should be fully covered.

Bank Examination

Examination of covered banks from time to time is an indispensable function which the Insurance Corporation must exercise, because it is only thus that the Corporation can be in a position to watch, assess and improve the standard of banking and bank mangement and *reduce its insurance risk.* The first stage requiring such examination is when a new bank is incorporated. Although there is no such legal provision in the U.S., "the chartering authorities have generally sought the views of the Corporation with respect to eligibility of banks for deposit insurance." It may be hoped that such a convention will also be established in this country.

With regard to the banks already insured, the F.D.I.C. has power to inspect them. Such direct authority has not been given in the Indian scheme; the Corporation may, however, ask the banks for such statements and have free access to all such records as it may think fit. But, so far as examination of a bank is concerned, Section 36(1) provides that the Corporation may only request the Reserve Bank to cause an inspection. The Corporation thus will have to depend entirely on the Reserve Bank for inspection. In order to enable the Corporation to function effectively, it would have been advisable to empower it to inspect any bank at its discretion. Direct inspection by the Corporation need not necessarily overlap the Reserve Bank inspection but would enable the Corporation to make its own assessment and exercise its independent judgment at least in special cases.

The Corporation in India, like the F.D.I.C. in the U.S., could generally depend upon the yearly examination of banks by the Reserve Bank, exercising its authority *only in special cases.* To quote again from the F.D.I.C. publication, "while it is empowered to make special examination of any insured bank, it rarely exercised this authority. Of the 140,000 examinations made by the Corporation since its organisation only about one-fifth of one per cent were of institutions regularly examined by the other Federal agencies." This testifies that, however, few occasions *have* arisen where the F.D.I.C. felt it necessary to inspect a bank already inspected by the central banking authority. The need for such power is obvious. Through examination of banks, the Corporation can be in a position to observe, first hand, the working of a bank, *from the insurance standpoint,* and to exert the necessary influence upon the structure and character of banking.

Bank Management

Of equal importance is the quality and policy of bank management. The publication of the F.D.I.C. correctly observes: "Of obvious concern to the Corporation is the quality of bank assets. Even more important is the quality of bank management. . . . Maintenance of adequate capital and regular provision for losses of assets are among the banking practices constantly recommended by the Corporation." Such recommendations and guidance achieve their purpose in most important and major issues, because the Corporation has adequate powers to back them. The authority to examine banks is one of the effective tools. The other weapon is its authority to terminate, after due warning, the insured status of any bank which persists in unsafe and unsound banking practices. "Practices regarded as unsafe and unsound include such things as operating with inadequate capital, weak management, insufficient and inaccurate records, self-dealing, honouring cheques against uncollected funds, and lax lending policies."

The F.D.I.C. is further empowered to require any insured bank to provide "protection and indemnity against burglary, defalcation and other similar insurable losses" (Section 18(*e*) of the F.D.I. Act). Many banks have been found to be vulnerable to these risks. Section 18(*g*) of the Act empowers the F.D.I.C. from time to time, to limit "by regulation the rates of interest or dividends which may be paid by the insured nonmember banks on time and savings deposits," subject to conditions specified in this section. (The Board of Governors of the Federal Reserve Banks, it may be noted, have powers to establish the maximum rates of interest that may be paid by member-banks on saving and other deposits.

These important provisions are not there in the scheme of insurance of bank deposit in India. Section 13 of the Act enumerates contingencies in which the insured status of a bank shall stand cancelled; but all these relate to situations, arising either from measures taken by the central banking authority or by the Government or through amalgamation, where a particular bank ceases to operate in its own name. The section does not give the Corporation any power to cancel the insured status of any bank found unsuitable. Thus, the Corporation will not be in a position to watch, assess and improve the quality of banks' policy of bank management and, more so, be an underwriter of liability of banks controlled by the supervisory authority of the Reserve Bank.

Weaker Banks

Then there is the important question of rehabilitating the weaker banks.

borders, of high quality banks and low quality uninsurable banks, there would be a number of banks which, though in a difficult financial position, may, if given proper assistance and spread of time, attain a sound position. With a view to nursing these banks, instead of pushing them on to liquidation, the F.D.I.C. is authorised to make loans or to purchase any sub-standard assets or to guarantee any other insured bank against loss by reason of its assuming liabilities and assets of such a bank (Section 13(*e*) of the concerned Act). Thus, the F.D.I.C. is enabled, on its assessment of the situation, to render prompt and useful service in rehabilitating a bank in distress.

Under the "absorption method" a bank in distress is absorbed by a sounder bank, under the agis of the F.D.I.C. the absorbing bank taking over the sound assets and the Corporation providing cash equivalent to the difference between the liabilities and the value of the sound assets acquired. The Corporation acquires the assets rejected by the absorbing bank and disposes them off when favourable opportunities arise. The experience of the F.D.I.C. has been very satisfactory. Not only has its loss been reduced by adopting this method but depositors in such banks have been fully protected regardless of the amounts of their deposits.

The scheme in India does not enable the Corporation to perform this function. Sections 16 to 21 of the Act relate to the liability of the Corporation and prescribe the manner in which the Corporation shall make payment of its liability under the insurance scheme. All these relate to cases of banks under orders of winding-up, or liquidation or where a scheme of compromise, arrangement, reconstruction or amalgamation has been sanctioned. No provision has been made to enable the Corporation to act expeditiously in strengthening or absorbing a bank assessed to be in financial difficulty, with a view to avoiding the process of liquidation.

Trust Funds

The Act in the U.S. further provides that trust funds held by an insured bank "in a fiduciary capacity, whether held in its trust or deposited in any other department or in another bank," shall be insured and that it will form an additional cover, besides the cover on deposit of the owner of such trust fund (Section 7, Sub-section (2)(i)). A similar provision has not been made in the Indian scheme. Although trust business is not yet common with the Indian banks, some banks even now undertake this type of business, and it is expected that, with the growth and development of banking, this will become a more common feature.

Publicity

An important provision in the U.S. Act is with regard to display by every bank of a statement to the effect that its deposits are insured upto the prescribed limit per depositor, by signs at each place of its business and by inclusion in its advertisements. Failure to do so makes an insured bank subject to a fine of not more than $100 (Section 18 *a*). This may not be necessary in India in that form, because *all* the banks will stand insured. Such publicity, however, has another important function, that is with regard to bringing about a climate of confidence in the minds of the depositors. It may, therefore, be advisable for the Corporation itself adequately to advertise, through all important media, as well as through publication of brochures and booklets, that the deposits of banks are insured to the extent of the prescribed limit.

The set-up for an insurance scheme would consist of two things, namely, funds and organisation. Owing to the nature of the objectives of deposit insurance, the Corporation, to be effective, has to be a high-powered independent body. The F.D.I.C. in the U.S. has been designed accordingly and has been functioning efficiently. It has, however, been seen that the scheme in India has been designed to make the Corporation a relatively unimportant body, with practically a few routine functions to be performed. The set-up, accordingly, is quite different from the F.D.I.C.

Capital Funds

The capital of the Corporation in India is Rs. 1 crore fully paid-up and allotted to the Reserve Bank (Section 4). The Corporation may borrow from the Reserve Bank sums not exceeding Rs. 5 crores (Section 26(1)). The premium will be taken to form the Deposit Insurance Fund (Section 23). The idea may be to retire eventually the capital provided by the Reserve Bank by a subsequent legislation and make it a 'mutual' fund, as in the case of the F.D.I.C. This would, of course, be possible only after the insurance fund has grown to a sizable amount. The provision in the relative U.S. Act, however, is that the Corporation shall transfer only 40 per cent of its net assessment income to its funds and the balance shall be credited *pro rata* to the insured banks. The Indian scheme, on the other hand, provides that the entire premium shall be credited to the insurance fund. It is to be hoped that, after working the scheme for some time, this provision will be brought in line with that in the U.S.

With its maximum limit per depositor at $10,000, the F.D.I.C. calculates that a fund equal to 1 per cent of the total deposits of insured banks would be "the smallest figure that can possibly be considered reasonably adequate." In India, with a much lower limit per depositor—Rs. 1,500—it may be held that the minimum requirement of fund would be, say, one-sixth of one per cent. Even by that calculation, the requirement of funds would be nearly Rs. 3 crores. But it would be better to have a larger initial fund, say, Rs. 5 crores. If, as can reasonably be expected, the intention is to raise the limit per depositor after some time and taking a prospective view with regard to the growth of deposits, it would be advisable to have an initial fund of at least Rs. 10 crores (which would still be about half of 1 per cent of bank deposits).

Organisation

With regard to organisation, the Corporation fundamentally differs from the F.D.I.C. The Board of Directors of the F.D.I.C. consists of three members, one of whom is the Comptroller of Currency and the other two are non-officials appointed by the President with the consent of the Senate. One of the latter two is the Chairman. The Corporation in India will have a Board of five directors, of whom three will be ex-officio in their official capacity; Governor and a Deputy Governor of the Reserve Bank and an officer of the Central Government. The Governor of the Reserve Bank will be the Chairman. The Board has already been formed accordingly. Thus, the management of the Corporation is altogether subordinate to the Reserve Bank.

The Act concerned in the U.S. empowers the Board of Directors of the F.D.I.C. to formulate by-laws for regulating the manner in which the general business of the Corporation may be conducted and "the privileges granted to it by law may be exercised and enjoyed" (Section 9). In this country, however, it has been provided that the Board of Directors of the Corporation may make regulations, with the *previous approval of the Reserve Bank* and that such regulations will first be made by the Reserve Bank within the three months of the establishment of the Corporation (Section 50). The powers of the Board of the Corporation, therefore, will continue to be limited even in this respect.

Section 3(2) of the Act provides that the head office of the Corporation shall be at Bombay but it may, with previous sanction of the Reserve Bank, establish branches or agencies at any other places in India. It may be mentioned here that, with a view to having a closer touch with the insured banks in different areas, the F.D.I.C. maintains district offices at 12 major cities, besides its head office at Washington D.C. It is to be hoped that the Corporation in India will similarly maintain district offices at least in the important cites of Delhi, Calcutta and Madras.

Conclusion

It will be seen from the foregoing comparative study that the Corporation in India will be deficient in many essential aspects and is hardly likely to succeed in attaining the same standard of functional utility as the F.D.I.C. of of the U.S. has done. The main objectives in insuring bank deposits, as discussed earlier in this article, may, therefore, remain unachieved. It is to be hoped that the intention of the authorities is not to provide a mechanism only for paying the depositors in case of bank failure and discard the fundamentals of deposit insurance, in its real sense.

If there has to be real deposit insurance, as it is understood in the only country where it has existed for years, the Corporation must perform the functions necessary for the purpose. It must be given the requisite tools to enable it to assess and give expert functional guidance and support to such banks as may need it. This, however, should not be confused with banking control. The functions of the Deposit Insurance Corporation are essentially that of an analyst and hence distinct from the functions of the central banking authority exercising supervision over the banks.

The Act in the U.S. provides that, whenever the Comptroller of Currency shall appoint a receiver, "other than a conservator of any insured national bank or any District bank," he shall appoint the Corporation receiver for such bank (Section 11 (c)). One of the main functions of the F.D.I.C., as provided in the Act, is to act as Receiver (Section 9). In the Indian scheme, even this provision is not there. On the other hand, Section 17 provides that the Corporation shall pay the liquidator in the manner prescribed therein. Thus, the Corporation will practically be a paying body for all practical purposes. Its other functions will be of a consequential routine nature.

One may, therefore, wonder what was the need for sponsoring the insurance scheme in this form, if the only purpose was to extend the limit of preferential payment to depositors already provided for in the Banking Companies Act! If, for some valid reasons, the Corporation has to function as a wing of the Reserve Bank, it can do so, but that is no reason why it should be so designed as to be functionally incomplete. It is, therefore, to be hoped that, having gone thus far, the authorities will review the whole matter and take suitable corrective steps to make the scheme more effective and useful.

INTERNATIONAL LIQUIDITY PROBLEMS

A working group of the Monetary Commission of the European Economic Community, under the chairmanship of Dr. O. Emminger, a member of the Board of the Deutsche Bundesbank, has completed an investigation of international liquidity problems. Criticism was expressed by the group on the method of establishing the adequacy of international liquidity by relating total reserves to the volume of world imports; this failed to take into account, amongst other factors, the liquidity potential available in international institutions, and also failed to reflect the connection between liquidity and the changing balance of payments positions of the leading countries. In stressing the importance of action to correct a disequilibrium, the report warns against the erroneous interpretation, which may be derived from the use of an inadequate measure of liquidity, that, once international liquidity had been enlarged, deficit countries would no longer have to impose on themselves the reforms needed to restore external equilibrium. The group stressed that between the fear of deflation induced by liquidity shortage and of creeping inflation, it was the latter that was still the principal problem of international monetary policy. The problem of a gold shortage was still remote.

Regarding the United States, the view was expressed that it would have to reduce its deficit to a level that could be absorbed by the other countries, i.e., they should not exceed the amounts by which they were willing to increase their U.S. dollar holdings. In the immediate future, the most important problem was that of offsetting the large short-term movements of speculative capital, for which purpose it was desirable to have additional international arrangements for the period needed to restore a sound balance of payments position, and in particular to strengthen central bank cooperation, as at the time of the revaluation in March 1961 of the Deutsche Mark and the Netherlands Guilder. Moreover, since this action was limited in time and scope, it should be reinforced by the provision of credit facilities within the framework of the competent international institutions.

WORLD BANK'S SWISS FRANC BOND ISSUE

A Swiss franc issue of Bonds of the World Bank was publicly offered in Switzerland on the 5th inst. by a syndicate of leading Swiss banks. The banks offered at par Sw.F. 100 million (approximately $23 million) of 4 per cent 11-year bonds. The Swiss Credit Bank, the Union Bank of Switzerland and the Swiss Bank Corporation headed the underwriting group as they had done in previous public offerings of World Bank bonds on the Swiss market. The new issue, known as the Emprunt en Francs Suisses 4 per cent de 1962 (4 per cent Swiss Franc Bonds of 1962), is dated 1st February 1962 and will mature on 1st February 1973. On and after 1st February 1970, the World Bank may redeem all or part of the issue on any interest payment date on 45 days' notice in case of partial redemption and three months' notice for total redemption. Interest will be payable annually on 1st February, with the first payment due on 1st February 1963. The issue will be listed on the stock exchanges at Zurich, Basle, Geneva, Berne and Lausanne.

This is the eleventh public issue of the World Bank in Swiss francs. In addition, there have been five private placements by the Bank in Switzerland, of which three, aggregating Sw.F. 333 million, were transactions with the Government of Switzerland. Including the present issue, the aggregate of World Bank bond and note issues outstanding in Swiss francs comes to about Sw.F. 853 million approximately $198.6 million).

The Government of Maharashtra has sanctioned a scheme under which it will guarantee the advances granted by banks to industrial co-operative societies. The Registrar of Co-operative Societies, Poona, the Divisional Joint Registrars of Co-operative Societies and the Joint Registrar of Industrial Co-operatives will implement the scheme. It is intended to give a degree of protection to co-operative and other banks against possible losses in respect of the advances granted by them to industrial co-operative societies. The bank will be entitled to recover from the State Government 90 per cent of the amount in default in respect of the advances made to such societies. In turn, the State Government is entitled to recover from the Government of India 50 per cent of the amount in default in each individual case subject to certain conditions.

TOURISM IN WESTERN EUROPE

MAJOR FOREIGN EXCHANGE EARNER FOR MANY COUNTRIES

ON the suggestion of the Economic Commission for Asia and the Far East, 1961 was celebrated by the countries in the E.C.A.F.E. region as "Visit the Orient" year. Ind a too fell in line with the other countries by taking steps to make a visit to India more attractive. As part of the drive for more tourist traffic, the E.C.A.F.E. held a seminar on tourism in New Delhi in April 1961 wherein the problems of development of tourism in the region were discussed, for the first time, on an international level. It is too early to assess the effect of these on the tourist traffic in this region. But they are likely to have attracted more tourists than would otherwise have been the case. The total number of tourists, who visited India during 1961, is tentatively estimated at 145,000. Tourism ranked as the sixth largest foreign exchange earner for the country in 1959 when total earnings from this source amounted to Rs. 22 crores, as compared with a mere Rs. 4.5 crores in 1950.

Tourism is an important source of foreign exchange not only to India but to many countries, especially countries of Western Europe. These latter countries have taken steps to promote tourism on an international level. Some interesting facts about the trend of tourism in Western Europe and the importance of tourism to the economies of the countries in the region are given in a study entitled *Tourism in Europe** prepared by the Tourism Committee of the Organisation for European Economic Co-operation. Although tourism, domestic and foreign, as an organised industry is far less developed in India, as compared with Western European countries, the views of the Committee on the different problems confronting the Government and certain sectors of the economy *vis-a-vis* the immense growth in tourist traffic in recent years, are of interest to this country which too hopes to build up its tourist industry as a major foreign exchange earner and source of employment.

The O.E.E.C. Committee has noted that the development of international tourism, which had been noted over a period of several years, continued in 1960. Tourist travels in member-countries of the O.E.E.C. as a whole and in Yugoslavia increased by almost 15 per cent as compared with 1959. This increase was more pronounced than during the previous year but was not uniform. Appreciable variations were recorded from one country to another. The average was exceeded in Spain, where the increase was as much as 46 per cent, the U.K. (20 per cent) and Portugal (19 per cent), while it was almost reached in the Netherlands and Greece. All other countries, except Turkey, showed an increase in tourist traffic.

Weather and Tourism

The number of nationals who went abroad for their holidays during 1960 is estimated at 2.7 million in the U.K., 1.5 million in Italy and the Netherlands, 510,000 in Sweden, excluding holidays spent in other Scandinavian countries, and 367,400 in Portugal. Intra-European tourist travel in 1960 developed at approximately the same rate as in 1959, 12 per cent, to be precise. The Committee considers this satisfactory, in view of the poor weather conditions in the summer of 1960 in Europe. It is said that weather changes may affect travel locally and from one country to the next but not the trend of tourism as a whole.

As for tourist traffic between North America and Europe, there was, according to the Committee, a marked increase in traffic from North America to Europe. The number of U.S. residents travelling to Europe and the Mediterranean in 1960 increased by 18 per cent, from 705,000 to 832,000. Of these, 602,000 tourists crossed the Atlantic by air and 230,000 by sea, indicating that 60 per cent of the tourists take to air travel. The number of Europeans travelling to the U.S. in 1960 was also higher than in 1959, rising by 17 per cent from 233,000 to 274,000. Of these 165,000 came on pleasure trips, 65,000 on business, 39,000 as transit passengers and 5,000 as students.

The increased tourist traffic was naturally reflected in the receipts and expenditure on account of tourism. Total receipts from tourism in the O.E.E.C. member-countries in 1960 amounted to $3.6 billion (1 billion=1,000 million) and expenditure to $2.3 billion. Receipts exceeded expenditure in Austria, Denmark, France, Greece, Italy, Portugal, Spain, Sweden, Switzerland, and Turkey and, with the exception of France and Portugal, the proportion was higher than in 1959. In West Germany, Norway, and the U.K., however, expenditure was higher than receipts and in Germany there was a greater difference between these two items than in 1959. Judged by the expenditure of their nationals abroad, and particularly in other member-countries, West Germany, the U.K. and France supply the majority of European tourists.

Record Increase

In 1960, Germany was outmatched only by the U.S. U.S. tourists spent $704 million in Europe and the Mediterranean area, nearly 17 per cent more than in the previous year, and one of the largest increases recorded in several years. Over $460 million was paid by U.S. residents to foreign shipping companies and airlines for overseas travel. A considerable part of this expenditure must have gone to European carriers, so that, for the first time, payments to foreign carriers were higher than to American carriers. Two-thirds of the increase in U.S. tourist expenditure abroad was in Europe, as against one-third in 1959. Europe's share in such expenditure, therefore, increased from 38 per cent in 1959 to 40 per cent in 1960. Similarly, its share in the expenditure of U.S. residents travelling overseas amounted to 70 per cent of such expenditure in 1960, as against 68 per cent in 1959. However, the average individual expenditure of U.S. tourists in Europe, excluding transport, fell slightly from $851 in 1959 to $841 in 1960. This trend is attributed to an increase in the number of persons of moderate means going to Europe.

The relative importance of dollar receipts in the total tourist earnings of Western Europe can be assessed by working out their percentage to the aggregate receipts. Thus, in France dollar earnings accounted for 48 per cent of total tourist receipts in 1960, in West Germany 42 per cent, in the U.K. and Sweden 37 per cent, in Norway 34 per cent, in Turkey 33 per cent, in Italy 32 per cent, in Denmark 27 per cent, in the Netherlands 20 per cent and in Austria and Switzerland 14 per cent.

Importance of Tourism to European Countries

(In millions of dollars)

Countries	Total receipts from Tourism (1)	Total receipts from all invisibles (2)	Total exports receipts (f.o.b.) (3)	(1) as a % of (2)	(1) as a % of (3)
Austria	232	389	1,161	59	20
B.L.E.U.	93.5	..	..	..	..
Denmark	107	465	1,478	23	7
France	525	..	6,800	..	8
W. Germany ..	481	2,924	11,906	16	4
Greece	47	278	223	17	21
Iceland	0.5	30	68	2	0.7
Ireland	119	289	405	41	29
Italy	642	2,143	3,572	30	18
Netherlands ..	127	1,267	3,974	8	3
Norway	53	1,085	885	5	6
Portugal	24	153	240	16	10
Spain	297	422	745	70	40
Sweden	109	783	2,525	14	4
Switzerland ..	297	1,044	1,883	28	16
Turkey	5.5	108	321	5	1.7
United Kingdom ..	525	5,025	10,391	9	5
Canada	417	1,498	5,561	28	7
United States ..	968	891	10,409	12	5

Tourist Earnings

Income of the magnitude indicated above is bound to reflect itself in the balance of payments position of the individual countries. The part played by tourism in the general economy of the countries can be evaluated by comparing tourist receipts and expenditure with other items in the balance of payments of these countries. In Austria, net tourists receipts in 1960 covered 78 per cent of the country's trade deficit. In Belgium, tourism equals in importance the exports of electrical machinery, arms and ammunition, coal and coke products and metal manufactured goods. In Denmark, tourist receipts accounted for six per cent of total foreign exchange receipts from exports of goods and services. In France, tourism ranks third among export industries, just after iron and steel products and automobile industry, and is of more importance than chemical products, machinery and instruments. In Italy, tourist receipts in 1960 accounted for nearly 10 per cent of income from exports of goods and services and 30 per cent of total income from invisibles. The surplus of tourist receipts over expenditure covered about 86 per cent of the trade deficts. In the Netherlands, foreign tourism is one of the main export industries, receipts from it are higher than sales abroad of such leading export items as milk and other dairy products, eggs, fresh vegetables and cotton cloth. In Switzerland, tourist receipts in 1960 accounted for over 16 per cent of export earnings. Tourism for it is the second most important export industry, next only to exports of machinery and even more important than chemical products and watches. In the case of W. Germany, tourist receipts represent about 16 per cent of receipts from total invisible transactions and 4 per cent of its export earnings. Corresponding percentages for other countries are: 59 and 20 per cent in the case of Austria, 23 and 7 per cent in Denmark, 17 and 21 per cent in Greece, 41 and 29 per cent in Ireland, 8 and 3 per cent in the Netherlands, 5 and 6 per cent in Norway, 16 and 10 per cent in Portugal, 70 and 40 per cent in Spain and 9 and 5 per cent in the U.K. where tourist receipts represented a source of overseas currency large enough to cover over 50 per cent of the deficit on visible trade.

Government's Role

The rapid growth and the present position of tourism as an export industry in Europe are due, to some extent, to the measures taken by the Government to promote international tourism. Since its creation in 1949, the Tourism Committee of the O.E.E.C. has continuously examined what action the Governments could take to remove obstacles to international tourism. Such measures concerned the control of identity papers involving visas, customs regulation both for goods carried by tourists and for motor vehicles and, on the financial side, tourist allocations which were at one time very limited. These activities were supplemented by similar action taken by other international organisations such as the Council of Europe and the Economic Commission for Europe. The joint publicity undertaken in the U.S. in 1960 by the E.T.C. under the auspices of the O.E.E.C., in order to develop American tourism in Europe, was continued in 1961. Yugoslavia and Finland also participated in this with the member-countries of the O.E.E.C. In addition to this common effort, each of the member-countries possesses a National Tourist Office designed to promote both domestic and foreign tourism on their own territory. The sums annually allocated to these Offices vary considerably according to country, ranging between $75,000 and $3.5 million. Most of these funds, though not necessarily all, are supplied by the Government concerned.

Future Prospects

Discussing the prospects for tourism in Western Europe, the Committee points out that, from a mere amusement, reserved for the happy few, tourism is developing into a necessity for the masses. There is thus every reason to think that tourism, whether domestic or international will continue to grow during the next few years. A number of constant factors applicable to the present era such as the increase in population and the almost universal increase in individual income, longer paid holidays or holiday bonus and the desire to improve public health, all these mean that holidays and travel are increasingly becoming a part of modern living.

Market surveys indicate that the urge of the tourist is to travel more often and farther afield. Transport facilities are, therefore, of crucial importance in the development of tourism, which will, in the Committee's opinion, depend on carrier capacity, particularly of the airlines, and on the rates offered. Both these matters are closely interrelated. So far the policy followed in this respect in the O.E.E.C. countries has brought about a certain imbalance between traffic and capacity, the latter having increased much more rapidly than the number of passengers, which needs to be corrected. Tourism by car will also continue to grow to the extent permitted by the road network and road projects thus constitute a problem of primary importance for tourism. Closer co-operation between both methods of transport is, therefore, considered as highly desirable.

But much of the problems created by the unceasing development of tourism would be less acute, according to the Committee, if tourist traffic could be spread still further throughout the year. As it is, tourism is largely a seasonal industry and the Committee feels that fresh investments on transport and accommodation would be worthwhile only if there were an even distribution.

*Tourism in Europe: Published by O.E.E.C., Paris. Price: $1.25. Pages: 97.

COTTON MILLS EARNED MORE LAST YEAR

SHARP FALL IN GREY CLOTH IMPORTS

From Our Special Correspondent

MANCHESTER, *2nd January*

EARNINGS announced by British cotton companies in 1961 showed another big increase on the previous year, although those published in the final quarter had already begun to reflect the narrower margins and the shortage of orders which led to extended mill stoppages over the Christmas and New Year holidays.

MANCHESTER LETTER

Total net profits, after tax, of 70 companies owning more than 250 mills rose by £2,750,000 as compared with the figures issued in 1960. Compared with 1959, when earnings were at the lowest level for 20 years back, the 1961 returns showed an increase of over £7,500,000. During the year, order lists steadily declined after extensive buying in 1960, leading to an absence of fresh business and substantial imports of low-cost foreign products. The big business done in 1960 was reflected in the published net profits announced last year by the 70 companies of £11,377,922, as against £8,624,025 for the same firms in the previous 12 months.

Dividend Higher

According to an independent analysis of trading results (prepared by Frederick W. Tattersall Ltd. of Manchester), the aggregate net earnings announced by 14 leading spinning and weaving combines and their subsidiaries last year amounted to £6,591,184, as compared with £5,263,725 in 1960. The average profit was £470,799 per group, as against £375,980. The average dividend paid was 14.82 per cent, as against 12.48 per cent and total credit balances were £8,839,391, as against £7,905,823.

Average profits announced by 23 independent spinning mills during 1961 were £46,050 per company, as compared with £34,058 for the same firms in 1960. The average dividend paid last year was 18.62 per cent, as against 17.74 per cent in 1960. Average profits earned by 16 concerns combining spinning and weaving were £171,868 per company last year, as compared with £117,894 in 1960. The average dividend was 17.51 per cent, as against 14.44 per cent. For the whole of these 39 firms, the average profit announced was £97,668, as against £68,452 for the same concerns in 1960, while the dividend last year averaged 18.16 per cent, as against 16.38 per cent. Credit balances held by these companies total £7,377,842, an average of £189,175. A year ago, 41 firms had credit balances amounting to £6,523,557, an average of £159,111.

The average profits of 17 firms engaged mainly in weaving were £57,512 per firm in 1961, as against £40,627 in the previous year. Dividends averaged 13.11 per cent, as against 10.09 per cent and credit balances amounted on average to £171,199 per company, as against £163,555.

In 1961, two spinning concerns and three weaving firms reduced their capital from a total of £4,770,000 to £3,751,194. Ten cases of scrip issues were reported by cotton textile companies, the amount involved being £2,787,446.

Diminishing Imports

Another sharp fall in the quantity of grey cloth imports was the main feature of the November overseas trade returns. Although these arrivals still exceeded the volume of all cotton goods shipped abroad by a substantial margin, the total at 37,714,000 yards compared with 54,334,000 yards in the same month of 1960. As a result of this steady decline in the supplies reaching the United Kingdom in this category, grey cloth arrivals for the first eleven months of 1961 were practically identical with those recorded in the same period of the previous year.

The volume of those goods absorbed, either for re-export or for retention in the home market, to the end of November was 545,057,000 yards, valued at £34,873,423, as against 544,417,000 yards, costing £33,795,508, in 1960. Purchases of finished cotton fabrics from abroad, however, remained at a higher level than in the previous year, being 144,195,000 yards, as against 118,192,000 yards, the respective values being £24,619,703, as against £20,554,531.

The pattern of arrivals of grey cloth was not unduly altered in November, though there was a noticeable drop in the quantity of goods taken from Hong Kong as compared with 1960. In the eleven months, India shipped 169,529,000 yards, as against 210,291.000 yards; Pakistan 21,098,000 yards, as against 35,610,000 yards; and Hong Kong 80,906,000 yards, as against 95,863,000 yards. Other Commonwealth suppliers sent 21,873,000 yards, as against 9,541,000 yards. Grey cloth arrivals from areas outside the Commonwealth showed 145,563,000 yards absorbed from undesignated countries, as against 106,811,000 yards, while shipments from France increased during the eleven months from 7,616,000 yards to 13,814,000 yards.

More from Japan

The release of the overseas trade figures coincided with the announcement of a new Anglo-Japanese agreement, permitting substantially increased imports from Japan under enlarged quota arrangements. Many of these items concern goods and materials outside the textile field, but the largest actual quota remains the supply of cotton and rayon grey cloth for re-export after processing. For a number of years, this has been set a maximum of £3 million with a complementary limit of £1,050,000-worth of apparel. A 50 per cent rise in the ceiling has now been granted, so that grey cloth imports to the tune of £4,500,000 can be permitted, and the apparel quota has been raised to £1.700,000. In the first eleven months of 1961, imports of Japanese cotton greys amounted to 56,630,000 yards, as against 45,996.000 yards in the same period of 1960.

Prospects for the Lancashire cotton industry in the event of Britain entering the European Common Market were good, Lord Rochdale, Chairman of the Cotton Board, told members of the Manchester Statistical Society. "My own view is that it will do good rather than harm," he said. "Admittedly more Continental specialities will enter our markets, but for the first time in their lives our own salesmen will encounter a group of major markets, whose standards of living compare with our own, where tariff barriers are being lowered instead of raised."

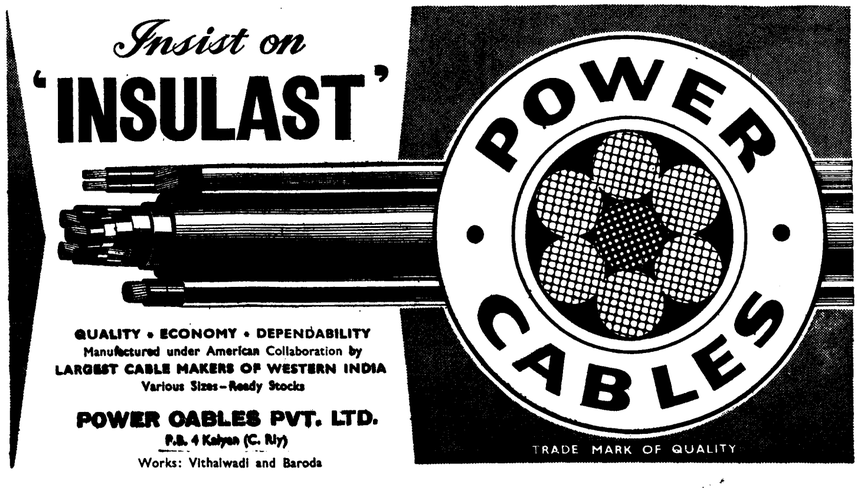
"We have latterly been very much shot at and unable to shoot back," said Lord Rochdale. "One by one our major markets have protected themselves against our salesmanship by tariffs and quotas. At last we shall have a chance to show our mettle. Every reduction in the internal tariff of the European Economic Community if we become a member, should provide an opportunity for someone here if we are smart enough to grasp it." The industry, he said, must attract and hold its fair share of top grade men from the universities and higher technical colleges. Firms must be large enough to offer full scope to these men, providing the possibility of promotion to positions of real influence and responsibility, while they remained relatively young and able to give the aggressive initiative and leadership which a competitive world demanded.

Further help would be needed on the import side to curtail arrivals of foreign goods. Re-equipment of the mills must be regarded as an ever-continuing demand, and the industry must be given a reasonable chance of financing itself from current and future profits for this purpose.

Large stocks of imported cotton textile goods are responsible for short-time working in about 120 Lancashire spinning and doubling mills during the Christmas and New Year holidays, according to the British Spinners and Doublers Association. "The need to curtail production has arisen mainly owing to the large supplies of cheap imported goods from the Commonwealth and elsewhere which have come into this country either duty-free or assisted by subsidies or both," said a statement from the Association. Calls for direct action by the Government had been made, it was stated, while the reorganisation and re-equipment of Lancashire mills was being completed. "Even the most efficient and progressive Lancashire firms cannot stand up indefinitely to unfair competition," the Association asserted.—*All Rights Reserved.*

"TEXTILE MACHINERY INDEX"

The third edition of the *Textile Machinery Index* (Publishers: Messrs. John Worrall Limited of Oldham, Lancashire. Price: (£2 4s. 6d.) has just been published. The first and second editions appeared in 1956 and 1958, respectively, when they created a very favourable impression on textile circles throughout the world. The new edition completely catalogues the activities and textile equipment produced by the members of the Textile Machinery and Accessory Manufacturers' Association, as well as a host of associated textile mill supplies and a comprehensive textile chemicals and auxiliaries section. It has been meticulously revised to keep abreast of the considerable development in the U.K. textile machinery and accessory manufacturing industries since the publication of the second edition.



FINANCES OF COTTON MILL INDUSTRY

CAPACITY TO RAISE FUNDS FOR EXPANSION INADEQUATE

AN important consideration which the Tariff Commission will have to bear in mind while recommending fair ex-mill prices for cotton textiles is that the return the industry gets should be sufficient to attract capital by enabling the average unit to distribute a reasonable dividend, after paying interest on loans taken for modernisation and after making due provision for repayment of the loans. At no time before was the need for assuring the industry such a return so urgent as it is today when the financial position of the purely cotton spinning and weaving mills is none too happy. The rate of capital formation in the industry has slowed down markedly in recent years and, unless the industry is enabled to earn adequate profits which will help it not only to step up availability of funds from internal sources but also to secure external finance, the implementation of even the modest programme of expansion envisaged for it under the third Plan will be retarded. Enough data to support this conclusion are provided in the supplementary memorandum submitted to the Tariff Commission by the Indian Cotton Mills Federation. In this brochure, the Federation has given replies to question Nos. 14, 15, and 16 of the Commission's special questionnaire. Briefly, the questions are:

Has there been a tendency towards a slower rate of capital formation in the cotton mill industry in recent years? If so, what are the reasons?

Can the financial position be adequately reflected by taking into account the current replacement value of fixed assets?

What is the estimate of capital that will be employed by the industry during each of the next three years, keeping in view the needs for expansion?

Low Capital Formation

The replies to the above questions are based on the findings of a special study made by the Federation from the balance-sheets of 294 cotton mills (76 spinning units and 218 composite units), together covering 82 per cent of the industry's aggregate installed capacity, for the years 1955 to 1959. The salient features of the combined balance-sheets of these 294 mill companies as made by the Federation are given below:

(In crores of Rs.)

	1959	1958	1957	1956
Capital formation :				
Gross	25.50	—2.02	48.18	64.01
Net	13.42	—12.36	37.37	52.31
Gross profit	34.52	16.75	15.98	41.52
Increase in gross fixed assets ..	22.57	23.91	31.86	28.95
Increase in plant and machinery only	18.91	18.73	25.62	23.15
Paid-up capital	111.96	110.62	108.16	104.84
Reserves and surpluses ..	73.81	70.46	79.61	91.38
Total ..	185.77	181.08	187.67	196.22
Less net block	165.91	144.30	141.85	120.80
Internal resources for working capital	19.86		45.82	76.11*
Borrowings	146.70	154.84	149.69	114.17
Trade dues	72.73	61.56	58.69	57.35
Gross block	351.07	317.38	304.59	272.73
Depreciation provision ..	185.16	173.08	162.74	151.93

* End of 1955.

It will be seen from the above table that the rate of capital formation declined during the years 1957, 1958 and 1959. Actually, in 1958, there was an erosion of capital to the tune of Rs. 12.36 crores (net). The gross fixed assets of the 294 mill companies increased by just Rs. 107.29 crores, from Rs. 243.78 crores at the end of 1955 to Rs. 351.07 crores as on 31st December 1959.

The results obtained above cover the four years from 1955 to 1959. To cover the five years of the second Plan, an estimate has been made of the investment in gross block of these 294 mill companies for the year 1960. The investment in block in any year seems to have relationship with the profits of the previous year, as may be seen from the fact that the relatively better profits of 1955 and 1956 resulted in higher investment in 1956 and 1957. As the profit of 1959 was comparable to that of 1955, the investment in fixed assets in 1960 is put down at the same level as in 1956, that is, around Rs. 29 crores. Out of that, the investment in plant and machinery is taken as Rs. 23 to 24 crores. On this assumption, the investment in gross block in the second Five-year Plan by the 294 companies under study is estimated at Rs. 136 crores, of which investment in plant and machinery account for Rs. 110 crores. For the entire industry, the increase in gross fixed assets over the second Plan period is believed to be of the order of Rs. 170 crores, the share of plant and machinery alone being Rs. 134 crores.

The period from 1955 to 1959, it may be noted here, included two years (1957-58) of very poor profits. Consequent on the rise of Rs. 107.29 crores in gross block in four years between 1955 and 1959, the internal resources (of the 294 companies) for working capital got depleted by Rs. 56.25 crores, necessitating higher borrowings and trade dues, the former rising by Rs. 65.07 crores and the latter by Rs. 20.41 crores. It is thus clear that the investment in block has put a severe strain on the finances of the industry. It is, however, not clear why the Federation has not included the financial results of the cotton mill industry for the fiscal year 1960-61. Surely, by the time it prepared the memorandum, the balance-sheets and profit and loss accounts of almost all the mills could have been easily procured and the necessary data processed. Its failure to do so is likely to vitiate some of its conclusions, at least psychologically, because the calendar year 1960 or the financial year 1960-61 was better than the preceding year and the cynics may say that the Federation has deliberately refrained from including them in its study.

Resources Not Adequate

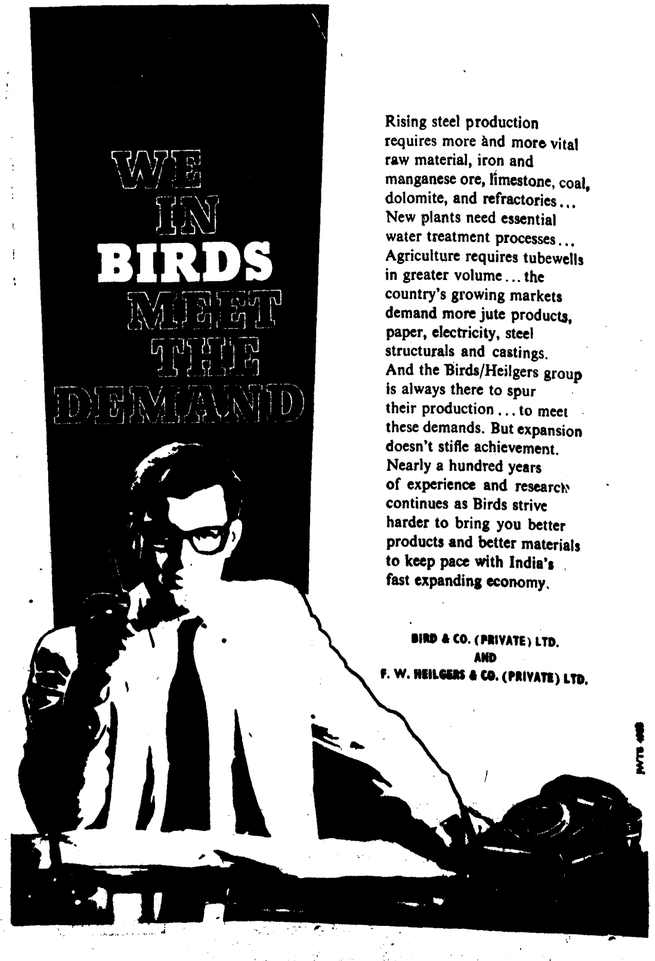
Although the vast majority of the units of cotton textile industry fared better in the past year, it would be true to say that its resources are not adequate to carry through a modernisation and expansion programme which will place it in a position to cater to the rising domestic needs of cloth and to hold its place in the world trade in textiles. As the Federation rightly observes:

"Due to a rise in the prices of machinery, much more will have to be spent in the coming five years to achieve even the same results in terms of physical assets.... The Working Group's estimate of Rs. 180 crores for investment in the third Plan period appears very conservative. In the last five years, the best performance was in 1957, when the investment in fixed assets by the 294 mill companies under study was Rs. 31.86 crores. As they covered 82 per cent of the industry, the estimated investment in fixed assets by the whole industry in 1957 would be Rs. 38.87 crores. Looking to this performance and on the assumption that the industry will be allowed to have a reasonable degree of profitability, our estimate of the industry's investment in fixed assets in the next five years is Rs. 40 crores in 1961, rising upto Rs. 60 crores in 1965, making a total of Rs. 250 crores in the five-year period. While the above estimate will cover replacement and modernisation, it does not take into account the expansion of three million spindles and 25,000 automatic looms, envisaged in the third Five-year Plan. The investment required on this account will depend upon how much of the capacity is given to existing units and how much entirely to new units, as the latter will require finance on a larger scale. It will also depend upon the sources from which the machinery is obtained and the trend in machinery prices."

In this connection, the Federation has drawn attention to the enormous sums of money spent on cotton industry in other countries such as Japan, Britain and the U.S. The estimated expenditure actually incurred in Japan from 1955 to 1959 was Rs. 363.92 crores. The U.S. Administration has lately given tax incentives with a view to boosting the rate of investment in the textile industry which has been officially labelled as "sick." The Federation pertinently comments: "If the U.S. textile industry can be officially labelled as 'sick,' we do not know what word we should use to describe the condition of our industry."

Financial Position

The Federation has made a special study of the financial position of the cotton mill industry in each of the years 1955 to 1959. The relevant



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statistical data are indicated in the following table:

(In crores of Rs.)

	1959	1958	1957	1956
Profits before depreciation	31.52	16.75	15.98	41.52
Profits after depreciation	21.39	5.86	4.02	27.22
Tax provision	8.41	7.41	6.86	11.73
Profits after tax	12.98	−1.55	−2.84	15.49
Dividends distributed	9.75	6.86	6.95	9.48
Retained profits	3.23	−8.41	−9.79	6.01
Profits before depreciation:				
Per cent of—				
Sales	6.7	3.6	3.6	9.3
Net worth*	18.6	9.3	8.5	21.2
Total capital employed†	8.1	4.0	3.8	10.6
Profit after depreciation:				
Per cent of—				
Sales	4.1	1.3	0.9	6.1
Net worth*	11.5	3.2	2.1	13.9
Total capital employed†	5.0	1.4	1.0	6.9
Profits after tax:				
Per cent of—				
Sales	2.5	..	..	3.5
Net worth*	7.0	..	..	7.9
Total capital employed†	3.0	..	..	4.0

* Paid-up capital plus reserves and surplus.

† Total net assets. — Numerative is negative.

In reply to the question whether the financial position of the cotton mill industry can be adequately reflected by taking into account the current replacement value of the fixed assets, the Federation has reiterated that, for the purpose of calculating depreciation as an element of cost, it should be allowed on the replacement cost of assets. It also wants the return to the industry to be calculated on the basis of replacement cost, in view of the urgent need for modernisation. Incidentally, it says that, if the return were calculated on historical value, the adjustments necessary from year to year on account of the progressive investment in block, the servicing of loans and a provision for payment of loans would create many complications.

Capital Requirements

The Federation has made an estimate of the capital that will be employed by the cotton mill industry during each of the next three years, keeping in view the needs for its expansion. The relevant projected figures are as follows:

(In crores of Rs.)

	1960	1961	1962	1963
Investment in gross block	39.0	40.0	45.0	50.0
Total gross block of the industry	467.0	507.0	552.0	602.0
Net fixed assets	226.0	254.0	287.0	325.0
Percentage ratio of net assets to gross fixed assets	48.5	50.0	52.0	54.0

The Federation's study of 294 mill companies reveals that, between 1955 and 1959, the ratio of net fixed assets to total net assets increased from 31 per cent to 39 per cent. The increase indicates that a major portion of the rise in the total capital employed from year to year was absorbed for fixed assets formation. To that extent, therefore, the requirements of working capital have not been adequately met. The cost of working capital in the next few years will also be on the increase because of the rising price trend. To enable the industry to meet adequately the growing working capital requirements in the years to come, it is considered essential that the ratio of net fixed assets to total capital employed should remain stable. In 1959, the ratio was 39 per cent and, making allowance for a marginal rise of 1 per cent in the next few years, the ratio should be stable around 40 per cent. Taking the next fixed assets in 1963 at Rs. 325 crores as 40 per cent of the total net assets, the total capital employed by the industry in 1963 is expected to be Rs. 813 crores.

Relief Needed

The question naturally arises: Will the industry be in a position to raise as much as Rs. 300 crores in the next three years? The experience in the past few years has not been encouraging. The 293 mill companies could raise only Rs. 7.2 crores by resorting to capital market during the period from 1955 to 1959. They could, of course, borrow heavily from banks, but such borrowings were largely due to accumulation of cloth and yarn stocks. It is certainly a matter for consideration how far the industry can continue to rely on this source for obtaining funds, in view of the Government's dear money policy. Nor is the experience of the industry with regard to meeting their requirements through issue of debentures very encouraging; the total sum actually raised during the period 1955 to 1959 was just Rs. 2.34 crores. Similarly, the amount raised on the basis of mortgages and others was only Rs. 16.96 crores. The capital requirements met out of internal resources (depreciation and reserves), too, were not much, being Rs. 46.95 crores.

In view of all these considerations, it is not easy to refute the Federation's plea that the industry must be enabled to earn adequate profits which will help it not only to step up the availability of funds from internal resources but also to secure external finance. Equally tenable is the Federation's plea to the N.I.D.C., I.F.C. and other financial institutions to adopt a liberal policy in granting loans to cotton mills.

DISTRIBUTION OF INDIAN COTTON

In view of the reduced size of the Indian cotton crop during the current season, the Textile Commissioner has decided to introduce a scheme of varietywise distribution of the estimated production, generally on the basis of the consumption of different descriptions of cottons by mills during the last season. The Textile Commissioner has already taken the first step in specifying the maximum aggregate quantity of Vidarbha M.P. 197-3 and Khandesh Virnar 197-3 cottons to be bought by mills as 55 per cent of the aggregate consumption of these cottons during the cotton season 1960-61. This principle has been extended to all other varieties of cottons, with a view to balancing the short production in some varieties with the increased crop in other varieties.

For the purposes of the distribution scheme, Indian cottons have been categorised into the following two broad groups:

(I) *Medium and Long staple cotton:* (1) Digvijay 'A' and 'B', (2) Surti, (3) Punjab/American 320F and 216F RG and SG, (4) Karunganni, (5) Buri American and Cambodia 'C', (6) Gaorani 6 and J2, (7) Jayadhar and Laxmi, (8) Cambodia 'A' and 'B'.

(II) *Short staple cottons:* (1) Moglai Jarilla and Oomra, (2) Vidarbha M.P. 197-3, Khandesh Virnar 197-3, (3) Westerns, (4) Kalyan/Dholleras, (5) Bengal Deshi, (6) Pratap, Mathia and Mungari, (7) others.

The annual aggregate quota of short-staple cottons will be 100 per cent of the aggregate consumption of such cottons during the cotton season 1960-61, while the corresponding quota for medium and long-staple cottons will be 85 per cent of the aggregate consumption of these varieties during the cotton season 1960-61. Since, however, many mills have consumed foreign cotton stapling 1" and below during the last season, 85 per cent of such consumption will be given as additional quota in medium and long-staple cottons.

The formulæ for arriving at the eligible quotas in each category are being communicated to mills in a separate circular.

Eligible mills have already been allowed to buy during the current season a quantity equal to 50 per cent of their total consumption of Indian cottons and foreign cottons stapling 1" and below during the last cotton season 1960-61. The percentage has now been increased to 60 per cent but the purchase can be made only subject to the condition that in respect of each of the varieties for which allotments have been specified, purchases should be made in such a manner that the stocks on any day, including the outstanding purchases from which delivery is to be taken, shall not exceed the five months' average consumption of that variety during the cotton season 1960-61. If on the day of the receipt of the allocation letter the stocks are in excess of the aforesaid five months' limit, the mills shall be precluded from taking further delivery of the variety concerned unless the position is rectified by further consumption.

The mills which have not imported foreign cotton stapling 1" and below allotted to them during the last season or which have not obtained the necessary clearance from the Indian Cotton Mills' Federation are "not eligible" for any Indian cotton quotas.

The quotas of each mill are being calculated and quota letters will be posted shortly. In the meantime, mills are advised to calculate their own quotas on the basis of the formulæ being circularised separately and adhere to the varietal and quantitative limits prescribed. The quantities purchased during the current season in excess of the allotment should be reported by the mills to the Textile Commissioner so that the same may be released to other needy mills.

Exchange of a part or whole of the allocation against any particular variety with another mill will be allowed with the permission in writing of the Textile Commissoner, but applications for such permission will be considered only for the quota itself and not for the physical bales held in stock. Such application shall be received within two months of the date of the allocation letter. Once such permission is granted, no application for subsequent alteration from either of the mills will be entertained.

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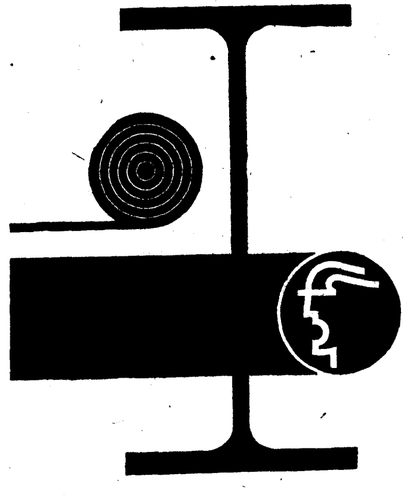

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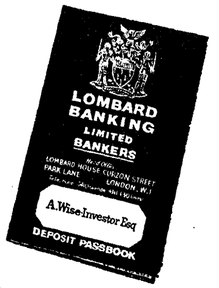

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INDIA AND WORLD COFFEE SITUATION

FRESH THINKING ON EXPORT POLICY WANTED

COFFEE is one of the tropical crops which have moved from a position of reasonable balance to one of excess supply at current prices. The aggregate world stocks of coffee lying unsold, which normally used to be much less than a million metric tons in previous years, increased to as much as 3.5-3.6 million tons on 30th June 1961. The stocks at the end of the current season (30th June next) are expected to be still higher, in view of the notable rise in the production from 3.87 million tons in 1960-61 to 4.23 million tons in 1961-62. The anticipated output of 4.23 million tons and the opening stocks of 3.55 million tons together give a total available supply of 7.78 million tons, against which the estimate of consumption is placed at no more than 3.75 million tons. In other words, the coming season (1962-63) will begin with a huge stock of over 4.0 million tons hanging on the world market. The carryover stocks of coffee in producing countries will thus be higher than the whole year's world consumption. And naturally, coffee prices are depressed, notwithstanding the world-wide effect of the International Coffee Agreement and its regulated exports. The latest available quotation for Uganda Robusta grade in London is just 137*s.* 6*d.* per cwt. which, though it is higher than 131*s.* 6*d.* prevailing a year ago, is well below the highest rate of 210*s.* for 1960.

It is against the aforesaid background that the outlook for coffee exports from India will have to be assessed. Surely, an export policy which merely looks to an immediate increase in physical volume of export without understanding or accepting its long-term effects on the domestic industry is, as Mr. C. I. Machia, a leading planter of South India, stated, not only shortsighted but dangerous. Addresing the recent annual meeting of the Consolidated Coffee Estates, Mr. Machia clearly warned against the excessive weight of exports in relation to the total crop. He felt that the world coffee situation might not improve for many years and that it would be imprudent to place our future marketing policy on the assumption that world prices would improve. Emphasising the need for proper thinking, Mr. Machia observed:

"The Government policy is markedly in favour of increased export. For the first time in twenty years, we were forced to export a greater proportion of our total crop than is consumed here. If we can export an increasing volume of selected coffees, there is the advantage of familiarising the foreign market with the particular characteristics of our produce. But, if coffee is dumped abroad at whatever price it will fetch in the interest of an export drive, which is unfortunately being forced upon every commodity without due regard to their individual economy, nothing but loss can result. It is very important to us that Government should think over its coffee export policy with great care and that the Coffee Board should advise the Government with clarity and truthfulness, even if it is contrary to the avowed policy of the Government. The Board owes this duty to both the Government and the coffee industry whose welfare is the Board's first responsibility. This year the producers have made attempts to represent a case for a new marketing policy and several reforms in marketing procedures."

In the considered opinion of Mr. Machia, two things are essential to improve the capacity of India to export more coffee. One is that the return to the grower should be such as would induce him to continue in business. The other is that the export drive must be realistically linked to creating a preferential acceptance for Indian coffee in the world market. Otherwise, export promotion, as Mr. Machia rightly declared, becomes a purely mechanical operation of diverting larger quantities of coffee from the Pool over which the Government, through the Coffee Board, exercises statutory control. "It is to be realised," to quote him, "that not all coffee produced in this country is of export quality and it is essential in the interests of the industry that only the very best quality which is capable of earning a premium should be exported."

There is, as already noted, a surfeit of coffee supplies the world over. This is so because the pace of rise in world coffee exports has not kept pace with that of output. A detailed review of the world coffee position has been made by the Commonwealth Economic Committee in the December 1961 issue of its publication, *Tropical Products Quarterly*. According to this study, as against the increase of 7.05 million cwt. to 84.50 million cwt. in the aggregate world production during the season 1961-62, exports in the calendar year 1961 may be estimated at 50.12 million cwt., representing a rise of just 1.07 million cwt., as compared with the 49.05 million cwt. actually shipped in 1960. (*Note*: Each cwt. is equal to 112 lbs. and 20 cwt. make one ton.) Table A below indicates the trend of world production and exports in recent years. It will be seen from this table that the improvement in coffee production during the current season is accounted for mainly by Brazil, the world's biggest producer of coffee, its actual share being more than half the total; the extent of the rise over 1960-61 is as much as 7.26 million cwt. The output is also higher in Uganda, Colombia, Mexico, El Salvador, Guatemala and other Latin American countries. The increases in these countries have more than made good the decline in output in India, Ivory Coast, Angola, Tanganyika, Kenya and some other African countries. Referring to India, the *Tropical Products Quarterly* says that unusually heavy and long rains and floods in Mysore and Kerala have resulted in a crop much smaller than the record one harvested in 1960-61. Its estimate of the Indian crop is one million cwt.

World Coffee Trade

The world trade in coffee during 1961 was at much the same level as in 1960, a decline in exports from Latin America being offset by an increase in shipments from Africa. Consignments from Brazil during the first nine months of 1961 amounted to 14.5 million cwt., 800,000 cwt. less than a year earlier. Shipments from Colombia during the period January-October 1961 at 49,107 cwt. were also less. The main Commonwealth countries, however, were able to raise their coffee exports substantially. East African shipments, for instance, reached 2.6 million cwt. in the first nine months of 1961, as against 2.2 million cwt. in the corresponding period of 1960. Uganda again accounted for some two-thirds of the total, but the shipments from Kenya showed a great increase.

More marked still was the rise in shipments from India, the estimated figure for the whole of 1961 being 31,000 tonnes, as against 16,050 tonnes in 1960. The notable improvement in Indian coffee exports was due mainly to the much heavier offtake by Common Market countries, especially West Germany and Italy, which, during the seven months ended July 1961, received over one-half of the total. But shipments to the Soviet Union and Eastern Europe were appreciably lower. The quantity of coffee exported by India to some of the important markets during the first seven months of 1961 is given below, the figures in brackets relating to shipments, during January-July 1960 and the whole of 1960, respectively:

(In thousand cwt.)

West Germany 104 (36-69); Italy 57 (11-28); Netherlands 36 (10-24); U.S. 36 (*nil*-15); Soviet Union 28 (44-44); U.K. 21 (5-7); Yugoslavia 17 (3-14); France 17 (3-14); Sweden 14 (2-3); East Germtny 9 (19-20); Egypt 7 (*nil-nil*).

The biggest importer of coffee in the world is the U.S., followed by West Germany, France, Italy, Sweden, Belgium, Canada, U.K., Netherlands and others. The actual imports from all sources during the first half of 1961 and 1962, as well as in the whole of 1960 and 1959, are shown in Table B.

World Coffee Agreement

A brief reference to the International Coffee Agreement may be made here. The Agreement, it will be recalled, was first signed in September 1959 by 15 Latin American countries, representing 80 per cent of the world exportable production of coffee. The membership of the Agreement is 27 now. Ethiopia has filed a declaration of intention to join the Agreement eventually. India, which is not a member of the Agreement, is still considering the invitation to join it. Opinion is rather divided. The majority of planters want to join the Agreement, but the Government is rather lukewarm. The Agreement has been extended for a further one year as from 1st October 1961. The aggregate export quotas fixed for the October-December 1961 and January-March 1962 quarters are 9,204,000 bags and 9,046,000 bags, respectively. The members have agreed to export not more than 97 per cent of their total quotas for the two quarters.

The Directors of the Agreement will meet again in March next to fix quotas for the third and fourth quarters, if no long-term agreement is concluded by that time. A Co-ordinating and Drafting Committee was appointed some time ago by the Coffee Study Group to draw up such an agreement. This Committee constituted a smaller Drafting Committee which, in November 1961, submitted a preliminary draft providing for the establishment of a new permanent council, meeting annually to lay down a policy for an Executive Board. It was stated that the Board could, subject to the Council's approval, fix minimum prices and authorise a reduction in export quotas whenever prices fell by 5 per cent below the minimum, or, conversely, raise the quotas if prices rise 10 per cent above the minimum. A significant feature of the draft agreement is the provision made for penalising non-members. Thus, first, the co-operation of consumer countries is sought in the fixing of export quotas. Secondly, these countries are asked to place embargoes on imports from non-members of the Agreement, as also from members who violate their quotas. The preliminary draft is now being examined by the main Committee and the member-Governments. The comments made by these will enable the Coffee Study Group, which is meeting sometime next month, to judge whether a basis exists for calling a conference to negotiate a long-term Agreement.

TABLE A: *World Production and Exports of Coffee*

(In thousand cwt.)

Countries	Production				Exports			
					January-September		Whole of	
	1961-62	1960-61	1959-60	1958-59	1961*	1960	1960	1959
India	1,000	1,330	979	917	527	200	321	284
Uganda	2,598	2,244	2,650	2,100	1,698	1,564	2,342	1,769
Tanganyika	444	585	481	449	394	287	502	392
Kenya	650	661	468	467	480	337	556	517
Other Commonwealth ..	..	250	293	276	203	618	829	765
Brazil	42,624	35,365	51,748	31,635	14,532	15,364	19,864	20,593
Colombia	9,212	8,976	9,448	8,789	5,029	4,896	7,013	7,575
Mexico	2,200	1,950	2,362	1,913	1,404	1,411	1,634	1,465
El Salvador	1,890	1,828	1,930	1,826	1,465	1,571	1,767	1,655
Guatemala	1,978	1,701	1,890	1,653	913	1,099	1,596	1,657
Other Latin America ..	8,156	7,418	7,317	6,086	3,055	2,662	3,606	3,125
Ivory Coast	3,307	3,642	2,756	3,120	2,198	1,970	2,903	2,060
Angola	2,244	3,189	2,126	1,730	1,568	1,122	1,717	1,752
Other Africa	5,407	5,540	5,802	5,433	1,606	1,712	2,585	3,134
Other Asia	2,794	2,771	2,564	1,894	2,519	1,274	1,814	1,636
Total ..	84,503	77,450	92,814	68,288	37,591	36,087	49,051	48,379

* Estimated on the basis of latest available data.

Source: Commonwealth Economic Committee's *Tropical Products Quarterly*.

TABLE B: *Main Coffee Importers*

(In thousand cwt.—raw)

Countries	January-June		Whole of	
	1961	1960	1960	1959
United States ..	13,517	12,716	26,062	27,365
W. Germany ..	1,962	1,798	3,924	3,673
France	2,007	1,997	3,906	3,878
Italy	1,024	968	1,953	1,654
Sweden	734	1,268	1,443	1,338
Belgium	610	1,295	1,296	1,021
Canada	645	569	1,175	1,199
United Kingdom ..	675	767	1,086	1,043
Netherlands ..	668	534	1,083	1,007
Denmark	423	396	824	756
Malaya	..	333	780	637
Algeria	298	340	596	587
Switzerland ..	322	319	588	527
Norway	270	271	570	498
South Africa ..	102	120	229	221
Australia	119	111	220	198
Czechoslovakia ..	147	98	187	124
Sudan	92	56	125	157
New Zealand ..	15	7	36	24

EXPORT PROMOTION FOR PLANNED DEVELOPMENT

A RESUME OF STEPS TAKEN BY GOVERNMENT

By M. P. Mathur

DURING the past decade, plans of economic development have exerted increasing influence on India's foreign trade. With the development of the economy and consequent rise in industrial production, the level of imports has risen appreciably. During the first Plan period, imports amounted to Rs. 3,620 crores, that is, an annual average of Rs. 720 crores. For the second Plan period as a whole, aggregate imports were about Rs. 5,360 crores, that is, an annual average of Rs. 1,072 crores. The third Plan, with its larger investment programme and continued priority for development of basic and heavy capital goods industries, requires still larger imports than during the second Plan period. It is estimated that, during the third Plan, the annual average level of imports would have to be about Rs. 1,270 crores.

While import requirements have been continuously on the increase, India's exports during the last decade have been rising very slowly. During the first Plan, the annual average was about Rs. 609 crores and, during the second Plan, the average was estimated at about Rs. 614 crores. It is, therefore, imperative that supreme effort has to be made to step up exports to the maximum extent possible. For the third Plan period, the target for exports is Rs. 3,700 crores. It is essential that effort and planning will have to be made to increase exports even to a greater magnitude than the target if we are to avoid serious shortfalls in the implementation of the third Plan. Indeed, this is the period in which exports must be built up, so that much larger requirements anticipated for the fourth Plan have to be fulfilled. Considering the requirements on account of repayment obligations abroad and maintenance and development imports, it is anticipated that, by the end of the fourth Plan, the annual level of exports would have to rise to about Rs. 13,000 to Rs. 14,000 crores. It is against this background that the objective of achieving export earnings of not less than Rs. 3,700 to Rs. 3,800 crores over the third Plan period has to be viewed.

Fully realising this task, the Government has initiated a series of measures to promote a rapid rise in the export trade of the country. A committee has been appointed to study in detail the country's trade policy and to make suitable recommendations in regard to measures to be taken for export promotion. This Committee is expected to submit its report shortly.

Special Directorate

In the Ministry of Commerce and Industry, which is directly concerned with export trade of the country, an integrated structure in the form of Directorate of Export Promotion for servicing exporters has been built up. It gives guidance, assistance and information to Indian exporters. This organisation has branch offices at Bombay, Calcutta and Madras, in order to render help to exporters in each of those zones. These regional offices devise concrete measures for enlarging exports of particular commodities and assisting the export trade in solving their difficulties.

In order to obtain the collective advice of the trading community, so that correct policies could be framed, the Government have set up a number of advisory bodies to advise it in respect of measures to be taken for export promotion and specific policies to be pursued in that direction. There are the Export Promotion Advisory Council and its Standing Committee, the Regional Advisory Committees at the ports and Honorary Export Promotion Advisers. There is a Foreign Trade Board which enunciates policies, taking into consideration the advice given by these various bodies. These policies are implemented by the Export Promotion Directorate mentioned earlier.

Export Promotion Councils

For some of the important commodities or groups of commodities which figure in the export trade of the country, a number of Export Promotion Councils have been set up with the active co-operation of the trade. The role of Government in these Councils is to give stimulation, encouragement, guidance and financial assistance, while the trade is expected to take concrete steps through the agency of these Councils, in respect of devising and taking measures which would increase exports of commodities with which they are concerned. In this manner, 13 councils have been established for cotton textiles, silk and rayon textiles, plastics and linoleum, engineering products, shellac, mica, cashew, leather, tobacco, sports goods, chemicals and allied products and marine products. These Councils in particular undertake studies in foreign markets, send out trade delegations and conduct trade publicity in foreign countries. They also lay down standards of quality and packing of goods for shipment abroad. They act or nominate arbitrators or valuers in settlement of trade disputes or differences arising in export transactions. They also undertake enrolment of exporters under the Enrolment Scheme announced by the Government.

Apart from these Councils, half a dozen autonomous Boards have been constituted for tea, coffee, coir, silk, handloom products and handicrafts. Although the functions of these Boards are wider, export promotion is an important part of their activities. The Indian Jute Mills Association has been entrusted with the task of promotion of exports of jute goods in consultation with the Jute Commissioner.

Besides the above organisations, there are other institutions like the Department of Commercial Intelligence and Statistics, the Director of Exhibitions, Director of Commercial Publicity, State Trading Corporation, Government of India's Trade Representatives in foreign countries, etc., which play their assigned roles in the scheme of export promotion.

Fiscal Incentives

In order to encourage exports, the Government have abolished control on a very large number of commodities. Commodities whose exports are either banned or restricted are only a few now. Export duties have either been abolished or reduced in most cases.

A number of facilities are provided to the exporters in respect of import of raw materials required for manufacture of finished goods for export, in movement of goods by rail to the ports, shipping, etc. A scheme has been devised for grant of import licences for import of raw materials up to a specified percentage of the f.o.b. value of foreign exchange earnings on goods exports. This scheme covers a large number of export items in the manufacture of which imported materials are normally used. Besides this general scheme, there are several special export promotion schemes to facilitate export of commodities such as engineering goods, cotton textiles, woollen goods, art silk manufacture, plastic goods, chemicals, sports goods, etc. Exporters who undertake to export specific quantities of goods are granted import licences for the import of raw materials and spare parts to achieve the targets of exports. Tinplates and box staplings are released for the manufacture of tin containers for packing cashewnuts, coffee, chemicals, confectionery, biscuits, food products, etc., intended for exports. Steel sheets required for containers for exporting varnishes, non-essential oil, chemical and chemical products are also made available.

For a wide range of goods, drawbacks of import and excise duties on raw materials and components used in their manufacture are allowed. Another facility which is available to exporters is the permission to manufacture in bond. Cost of production of some export commodities rise, because raw materials used in the process of manufacture have to bear the incidence of custom and/or excise duties. In order to encourage exports of these commodities, their manufacture is permitted in bonded premises.

Freight Rates

For investigating complaints in regard to ocean freight rates, a Freight Investigation Board has been set up in the Office of the Director General of Shipping, Bombay, with a branch office at Calcutta. Applications made by associations of exporters in accordance with the prescribed procedure for reduction in freight rates are taken up by this Board with the Shipping Conference to secure adjustments in freight rates. As a result of the efforts of this Board, reduction in freight rates in respect of a number of commodities has been secured.

In order to obviate the hazards involved in export trade, the Government has set up an Export Risks Insurance Corporation to cover the various types of risks that an exporter has to undertake. This organisation also helps exporters in securing loans on easy terms from commercial banks on the basis of export risks insurance policies issued by it. Steps have also been taken for provision of credit facilities to exporters through scheduled banks in India under the Bill Market Scheme.

Quality and Standards

To popularise Indian products in foreign countries and to establish the Indian trade connections, it is essential that the quality of Indian goods should be of a high standard. Compulsory quality control schemes which are backed by legal sanction are operated under the Agricultural Produce Act, Fruit Products Control Order, Drugs Act, etc. The Leather Export Promotion Council and Cotton Textiles Fund Committee have formulated voluntary quality control schemes. Certain commodities, such as tobacco, raw wool, lemon grass and sandalwood oils, sunn hemp and bristles are subject to compulsory grading before being exported. Recently, the Government had set up a Committee for Quality Control and Pre-shipment Inspection. Most of the recommendations of this Committee have been accepted. More and more schemes are being evolved to cover a number of export commodities. The Indian Standards Institution plays an important role in the maintenance of standards and quality of Indian manufactures. This Institution has so far published quality standards in respect of more than 1,700 items covering all types of electrical, mechanical and chemical products and products of the building industry. Apart from the formulation of standards, the Institution has been empowered to issue licences to manufacturers to use the ISI mark when the goods conform to the requirements laid down by it. The I.S.I. officers help the producers to improve quality, manufacturing processes and techniques and render facilities for the testing of materials.

Agents Abroad

The Trade Representatives of the Government of India stationed in almost all important trading centres in the world help in furthering trade relations between India and the countries in which they are stationed. They assist the visiting Indian Trade Delegations by securing suitable introductions. They also help in settlement of trade disputes arising out of transactions entered into between India and foreign parties.

Trade Delegations to visit foreign countries from time to time, with a view to establishing direct contacts with foreign importers, are sponsored. Apart from market research conducted by these Delegations in foreign countries, the Government has been taking a direct interest in market research through its Trade Representatives abroad, who are asked to undertake surveys on specific commodities. The foreign officers of the various Export Promotion Councils stationed in foreign countries also conduct market surveys and keep the trade in India fully informed of the developments abroad.

Another direction in which the Government encourages promotion of exports is conclusion of Trade Agreements. Trade Agreements both on multilateral and bilateral pattern have been entered into with a number of countries with a view to strengthening trade. Payments arrangements have been provided for in these Agreements for effecting payments for imports and exports.

To acquaint foreign importers with Indian products, intensive commercial publicity is conducted through various media. Publicity through films, photographs and radio is also done. India also participates in international exhibitions as well as organises wholly Indian exhibitions, so that Indian goods can popularise in foreign

(*Continued on page 79*)

Notice

THE KELVIN JUTE COMPANY LIMITED

ANNUAL GENERAL MEETING OF MEMBERS

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from the 17th January, 1962 to the 31st January, 1962, both days inclusive.

By Order of the Board,
McLEOD & Co. LTD.,
C. HOCKLEY,
Secretary,
Managing Agents.

CALCUTTA, *4th January*, 1962.

COFFEE LANDS AND INDUSTRIES (MYSORE) LTD.

CHAIRMAN'S SPEECH AT ANNUAL MEETING

DELAYED POOL PAYMENTS FOR COFFEE CAUSING HARDSHIP TO GROWERS

THE Fifteenth Annual General Meeting of the Coffee Lands and Industries (Mysore) Ltd. was held at Pollibetta, Coorg (Mysore State), on Friday, 29th December 1961. Addressing the meeting, the Chairman of the Company, Mr. C. I. Machia, pointed out that the coffee growers had been put to considerable hardship because of lack of finance due to delays in making pool payments. These delays, he added, also increased the cost of production, as the grower had to find other sources for his working expenses at rather high rates of interest. He urged adequate relief to the grower to ensure that he received at least his minimum return. A reasonably fair manner in which this could be done, in his opinion, was to pay out of the Central excise collections a sum equal to the difference between the internal and average export realisation of Robusta coffee.

The following is the full text of the Chairman's speech:

"LADIES AND GENTLEMEN,

"It gives me much pleasure to welcome you to the fifteenth annual general meeting of the Company. The Directors' report and the audited accounts for the year ended 30th June 1961 have been with you for the statutory period and, with your permission, I shall take them as read.

"The total crop harvested at 1,088 tonnes or 930 tonnes of Arabica and 158 tonnes of Robusta is a record for the Company. It is satisfying to note that the average yield on your estates during the year was 391 kgs. per acre, which shows that your properties are maintained in the best of productive condition.

"Your Board has considered it prudent to adopt a valuation of Re 1.90 per point, in view of the present trend in prices, particularly in respect of exports. It is, however, hoped that the final return may exceed this valuation slightly.

Working Results

"The profit after taxation amounted to only Rs. 5,73,427, as against Rs. 2,03,662 in the previous year, in spite of a record crop.

"The increase in earning has not been commensurate with the higher crop. The profit after taxation is just Rs. 35,000 more than that earned on a crop of 608 tonnes harvested in 1954-55.

"The dividend at 12 per cent on the ordinary share capital recommended by your Board is consistent with the need to allocate larger amounts to reserve and to provide for a bigger carry forward than usual, in anticipation of a very much lower crop in the coming year.

"The income over valuation of 1959-60 crop received into this year's account is only Rs. 60,871, as against Rs. 1,24,626 received in 1959-60. The excess over valuation was only 4 nP per point, making up to a total of Rs. 2.24 per point. During the year, we received a small bonus payment of nearly 2 nP per point on account of 1956-57 coffee amounting to Rs. 26,354. It is of interest to compare the valuation and final value per point received for each of the last five years together with the amounts received from the previous seasons' account:

Season	*Valuation per point*	*Final value per point*	*Income from previous season's account*
	Rs.	Rs.	Rs.
1955-56 ..	2.37	2.55	5,99,834
1956-57 ..	2.50	2.81	3,73,877
1957-58 ..	2.23	2.51	3,62,655
1958-59 ..	2.37	2.45	1,48,410
1959-60 ..	2.20	2.24	87,225

"The income from the previous seasons' coffee is the lowest since 1950-51 and the trend is noticeably towards a decline.

"Our share of profit from Hehole estate amounting to Rs. 15,038 is the highest since the Company purchased a share of that estate in April 1958. The estate has produced a record crop of 40,689 tonnes or 649 kgs. or 13 cwts. per acre.

Hunsur Works

"The year's working was satisfactory. The works cured a record of 4,202 tonnes of coffee. Income from trading at Hunsur works was lower than the previous year consequent on the delay in receipt of nitrogenous fertilisers allotted through the Coffee Board by the Government and the reduction in sales of other estate supplies due to increasing competition.

Expenditure

"Our production, trading, selling and administration expenses after eliminating trading is Rs. 32,93,904 which is slightly higher than that of the previous season's figure of Rs. 31,22,654. This is accounted for by an increase of Rs. 1,50,000 in salaries, wages and bonus and about Rs. 15,000 under the heading miscellaneous expenses; incurred on the higher crop harvested.

"The increase in wages was the result of the agreement reached between the labour unions and the Mysore State Planters' Association, whereby the plantation labour wages were revised from 1st August 1960 as under:

Men	from Re. 1.40 to Re. 1.62
Women	from Re. 1.06 to Re. 1.23
Adolescents ...	from Re. 0.88 to Re. 1.00
Children	from Re. 0.75 to Re. 0.80

"The cost of production per acre works out to nearly Rs. 897, out of which cost of labour alone accounts for Rs. 406 per acre or nearly 45 per cent of the total cost.

Prospects

"It is feared that the crop estimated may not be harvested due to poor setting and development. As mentioned in the Directors' report, nearly 600 acres of our properties have been affected due to an unprecedentedly heavy south-west monsoon, and the rehabilitation of these areas will take time and additional expenditure.

Labour

"Our relations with labour have been cordial. Such difficulties as we have experienced in our dealings with labour have been due to a number of small and unrepresentative unions, who make exaggerated claims hoping thereby to attract a larger membership.

"Earlier in this speech, I referred to two items which are significant in the context of effecting economies in the working of our estates. One of these was the regular fall each year in the income received from the previous seasons' crop indicating a steady decline in the return to the grower. The other was the fact that, with this decline and a heavier incidence of taxation, a crop of as much as 1,088 tonnes produced an extra profit of only Rs. 35,000 over a very much smaller crop of only 608 tonnes in 1954-55.

"All reasonable efforts to reduce the cost of production are being made, but it must be impressed that very substantial reductions are not possible without serious detriment to the land and without affecting the yield per acre. With a falling return for coffee, it is more than necessary that the yield per acre should be maintained if not increased.

"One item on which there can be no reduction is the cost of labour. In fact this will steadily go up and, as is well known, the Central Government has constituted a Central Wage Board for coffee to consider the question of a fair wage.

"Labour must do a full day's work and the present heavy absenteeism should cease. It is hoped that any recommendations regarding wages will take into account hours of work and productivity.

"Coffee is a horticultural crop and workers engaged therein are not called upon or expected to do work requiring greater skill or work which is more arduous than in normal agricultural operations. Plantations, however, have been treated on a par with manufacturing industries where labour is concerned and as a subject for Central control.

"Substantial economies in cultural operations such as spraying, manuring and weeding are scarcely possible, without serious detriment to the properties. The Government, however, is in a position to help the industry through these critical times, especially in respect of the following matters:

"*Taxation:* Depreciation allowances under the Mysore Agricultural Income-tax Rules are lower than that allowed under the Central Income-tax Rules, particularly in the case of tractors, motor vehicles, spray hose, etc. Vehicles plying in the Malnad or hill areas have a shorter life than those plying in urban areas. Plantations are a wasting asset and no allowance towards this is also given. State taxation at 40 per cent is, therefore, in effect higher than the Central rate of tax on companies. In spite of various representations, the State Government has not liberalised the rates.

"*Manure:* Manure is essential, and hence forms another major item of expenditure, amounting as it does to nearly Rs. 100 per acre or roughly 11 per cent of the cost of production. Plantations, however, have to pay some Rs. 20 more per tonne than a farmer for nitrogenous fertilisers, which are controlled by the Government of India. The distinction between a farmer and a plantation owner, who is also an agriculturist, is inequitable and arbitrary.

"Another item of avoidable expenditure is the fact that payment for nitrogenous fertilisers to the Central Government have to be made well in advance—in some cases advance payments have been made six to eight months before the fertiliser was received—involving in considerable loss on interest charges. There is also no assurance that the fertilisers will be received in time.

"*Machinery:* Plantations are charged some Rs. 3,000 per tractor extra over the price for an agriculturist on the ground that plantations can 'afford to pay' and imported pulpers and sprayers are also subject to an additional excise and customs duty.

"*Village Panchayats*: We now have a new taxing authority. The village *panchayats* are empowered to and are now levying taxes on all estate dwellings, including labour lines, for which the *panchayats* provides no amenities in the way of lighting, water-supply, sanitation, etc. Estate vehicles which use only estate roads and engines are also subject to a further tax. All this casts a further burden on the cost of production.

Pool Payments

"Large growers receive an advance payment on delivery of crop and the balance in instalments. The payment received by the grower by the end of October normally amounts to between Re. 1.75 to Rs. 2.00 per point, whereas this year the payment received up to the end of November was only Re. 1.19 a point. It must be obvious that growers have been put to considerable hardship because a lack of finance due to such delays. These delayed payments also increase the cost of production, as the grower has to find other sources for his working expenses at rather high rates of interest.

"The return to the grower has been steadily declining as the following will show:

(Rupees per point)

1954-55	2.37
1955-56	2.55
1956-57	2.81
1957-58	2.51
1958-59	2.45
1959-60	2.24
1960-61	1.90 present valuation, but likely to be a little more.

"The reduction in return during 1959-60 and 1960-61 was due to the serious fall in export prices and we are now approaching a situation where the Coffee Board is unable to ensure even the minimum return to the grower. The very serious decline in export prices for Robusta of nearly Rs. 50 per 50 kgs. will certainly prevent a minimum return being made.

Exports

"The Coffee Board is helpless, as it is bound to carry out Central Government directives as to the quantity of coffee to be exported. The coffee exported from India this year amounted to 29,658 tonnes to the end of November, which constitutes a record. While this has no doubt helped to dispose of a larger quantity of coffee, it has not brought in receipts which will ensure a fair or even minimum return to the grower. In ordering these exports, no consideration for the well-being of coffee growers is apparent.

"In the face of this most difficult situation, the Central Government increased the Central excise duty on Arabica coffee and continues to collect the excise duty on Robusta. Adequate relief to the grower to ensure that he receives at least his minimum return is essential and a reasonably fair manner in which this can be done is to pay out of the Central excise collected a sum equal to the difference between the internal and average export realisation of Robusta coffee.

Coffee Marketing

"It is pleasing to note that, as at the end of December 1961, the balance remaining unsold is expected to be only 3,125 tonnes of Arabica equal to 1½ months' requirements and only 9,099 tonnes of Robusta which would be required for the first three months or a total of 12,224 tonnes. About 4,000 tonnes of Robusta earmarked for export has been diverted to the internal market and is included in the carry forward referred to above. It is hoped that this diversion may help to make up somewhat the loss sustained in the export of Robusta.

"There is also the gratifying sign of an increase of nearly 4,000 tonnes in internal consumption and it is to be hoped that this tendency will continue.

"Any marketing policy must give a fair return to the grower and this may be achieved by not dumping coffee for exports at whatever price it may fetch and by building up a stable and expanding internal demand.

"It is a welcome change that the Board and the Government have decided to sell coffee for export in open auctions in place of the old and outmoded tender system. Open auctions should, more than ever, show that quality coffees will fetch their own premium and, in due course, the Board may have to limit its auctions to quality coffees and not sell coffees which can only result in a loss to the pool.

"After some experience of the open auction system, it may be found necessary to add a refinement in the way of selling by making available for sale each year coffees known by their estate names, or distinguishing marks.

"The Chairman and the Chief Coffee Marketing Officer of the Coffee Board have recently completed a tour of England and Europe to study the export market, in particular relation to Indian coffee and I have had the privilege of reading their admirable tour reports. The knowledge gained by them at firsthand should prove useful to the industry.

"It is also pleasing to know that a Cup Taster is to be appointed very soon. It is, however, hoped that there will be no undue delay, as it will give him time and opportunity to get acquainted with Indian coffee from this season itself.

Propaganda

"More propaganda is necessary to increase internal consumption particularly in North India, and this should be so oriented as to deal with a large anticipated increase in Indian production.

"The Coffee Act has now been amended and power has been taken to fill all places in the Coffee Board by nomination by the Central Government. An assurance has been given in the Lok Sabha that the nomination of growers will be made in consultation with recognised Planting Associations. It is to be hoped that this will be an improvement though a more welcome reform would have been to allow for an increased representation to growers, especially as it is their well-being that is at stake.

Land Ceiling Bill

"The Mysore Land Ceiling Bill has been passed and is now awaiting the assent of the President. While plantations as such are exempt the restrictions imposed on the amount of reserve, ancillary and agricultural land that may be held will affect the efficient management of well established and compact units. Only 100 acres of reserve land, such ancillary land the area of which is yet undefined, and one ceiling unit of 18 standard acres of paddy land may be held in addition to the land on which plantation crops are grown. Your Company holds some 800 acres of reserve which is essential, as it serves as firewood reserves, grazing areas, sources of jungle soil for nurseries and serves as wind and rain breaks. The reserve land is spread over a number of estates and most of it is really unfit for cultivation, but is required for the uses enumerated above, which are essential to the well-being of the existing estates.

"Suitable representations are being made to the Central Government by the United Planters' Association of Southern India and the Mysore State Planters' Association in an effort to see that plantations in Mysore State should not suffer in comparison with those in Madras and Kerala.

"I have referred in this speech to the many handicaps that coffee growers are suffering from and it is sincerely hoped that these difficulties will receive the earnest and sympathetic consideration of the Central and State Governments.

"In closing, I wish to thank our managers, members of the staff and labour both on the estates and at the Hunsur works for their work during the year.

"Finally, I must express my gratitude to my fellow-Directors for their wise guidance."

Note: *The above statement is not a report of the proceedings of the annual general meeting referred to.*

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CONSOLIDATED COFFEE ESTATES (1943) LTD.

MR. C. I. MACHIA, CHAIRMAN, ON RISING COSTS AND FALLING PRICES

REASONABLE RETURN TO COFFEE GROWERS IMPERATIVE

THE coffee industry's dilemma of rising costs and falling prices was highlighted by Mr. C. I. Machia, Chairman of the Consolidated Coffee Estates (1943) Limited, in the course of his speech at the Eighteenth Annual General Meeting of the Company held at Pollibetta, Coorg (Mysore State), on Friday, 29th December 1961. With the selling of coffee for export at whatever price it might fetch, the Coffee Board was, Mr. Machia observed, unable to pay to the grower even the so-called minimum return. He commended for immediate acceptance by Governments three specific measures in order to afford reasonable relief to coffee. These were: (*a*) abolition of excise duty on coffee and maintenance of the existing minimum release price, (*b*) grant of a direct subsidy to coffee by making up the difference between cost of production and export price; and (*c*) reduction of agricultural income-tax and liberalisation of rules relating to depreciation, new clearings, etc. He authorised that encouragement given to coffee now was bound to pay the Government handsomely later, as production and sales in internal and export markets expanded.

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

"LADIES AND GENTLEMEN,

"It is with great pleasure that I welcome you to the eighteenth annual general meeting of the Company. The Directors' report and the audited accounts for the year under review have been in your hands and, with your permission, I propose to take them as read.

Working Results

"The year's working has resulted in a profit of Rs. 21,93,249 after taxation, as compared with Rs. 13,08,089 in the previous season. The increase in profit is mainly attributable to the record crop harvested. The coffee crop for the season amounted to 2,585 tonnes of Arabica and 1,633 tonnes of Robusta or a total of 4,218 tonnes, as against 1,451 tonnes of Arabica and 998 tonnes of Robusta or a total of 2,449 tonnes in the previous year. The total crop of 4,218 tonnes exceeded the blossom and revised estimates and the possibility of such an increase had been referred to in my speech last year. The Arabica and Robusta crop for the season under review is the highest since the inception of the Company and is nearly 988 tonnes more than the previous record crop of 1956-57. The average yield per acre of Robusta at 626 kilograms or nearly 12½ cwts. per acre is a record. The average yield per acre of Arabica is 553 kgs. or about 11 cwts. and is slightly lower than the previous record of 575 kgs. or 11½ cwts. in 1956-57.

"Your Board has considered it prudent to adopt a valuation of Re. 1.90 per point, in view of the present falling prices of coffee, particularly in respect of exports. This valuation is considered reasonable and it is possible that the final return may exceed this figure slightly.

"The income over valuation for 1959-60 received into this year's accounts is the lowest since 1948. I had indicated in my last year's speech that the surplus over that year's valuation would not be much. We have finally received only 4 naye paise per point or a total of Rs. 2.24 per point and, with the lower crop of that year, the amount received on account of 1959-60 coffee was only Rs. 1,58,579. During the year under review, we also received a small bonus payment of about 2 naye paise per point amounting to Rs. 87,036 on account of 1956-57 coffee crop. Against these receipts from previous season's coffee crop, we have had to set off a loss of Rs. 12,613 incurred on the 1959-60 season's pepper stock over the previous year's valuation, a loss due to the steep fall in pepper prices.

Subsidiary Crops

"I will now refer briefly to our subsidiary crops. The total income from subsidiary crops such as pepper, cardamom and oranges was Rs. 7,40,433 and was a little higher than the income of the previous season.

"*Pepper*: The production for the year was 74 tonnes, as against 58 tonnes in the previous year. The income from pepper this year on a crop higher by 16 tonnes was only Rs. 2,66,731, as against Rs. 2,83,047 for the previous year's crop. This lower realisation was due to a marked fall in prices. Due to constant fluctuations in the pepper market, we have not disposed of our entire yield, but have carried forward much of our current season's crop. Pepper is a very highly speculative commodity and the prices have recently been subject to wide and erratic variations.

"*Cardamoms*: The income from cardamoms at Rs. 97,409 is the highest since the inception of the Company and the total yield of 6 tonnes is a record.

"*Oranges*: The income from oranges was Rs. 70,807 higher than the record income of Rs. 1,23,469 received for the previous year and was due to a larger crop and better prices.

"*Paddy and straw*: Our income from paddy and straw has gone down considerably due to a very low yield of 560 cartloads of paddy, as against 733 cartloads in the previous year.

"*Timber sales*: Our income from timber sales is much lower. In view of the large coffee crop, it was considered unnecessary to effect any sales on a large scale. Such sales as were made were limited to the removal of trees affecting cultivation. It is proposed to sell a fair quantity of timber this year to supplement the income from our very much lower coffee crop.

"In keeping with the policy of increasing our subsidiary crops, we have planted during the year 20 acres of oranges and other citrus fruits, 7 acres of cardamom and 11 acres of arecanut. We have also planted about 10,000 pepper vines and we expect to improve our cultivation of paddy.

"The income from our curing works was lower than that of the previous year, due to their curing a lesser crop than in the previous season and to the increase in the labour wage bill. The income from trading is also lower and is due to the delay in obtaining nitrogenous fertilisers owing to scarcity of wagons and to import restrictions on power sprayers, etc.

Expenses Rise

"Our production, trading, selling and administrative expenses show an increase of Rs. 10,75,201 over that of the previous year and is accounted for as under:

"(1) To an increase of 1,769 tonnes of coffee over that of the previous season, resulting in a corresponding increase in crop charges such as gathering, curing, transport, etc.

"(2) The application of extra manure to heavy bearing areas resulted in an increase in cost under the heading 'consumption of stores and spare parts.'

"(3) The wage agreement entered into with labour with effect from 1st August 1960 which accounted for nearly Rs. 3 lakhs increase in wages, provident funds, etc.

"The dividend at 20 per cent on the ordinary share capital recommended by your Board is consistent with the need to allocate larger amounts to reserve and to provide for a big carry forward in anticipation of a lower income in the coming year.

"During this year the total capital expenditure amounted to Rs. 7,30,904, estate machinery, pulphouses, barbecues, etc., accounting for nearly Rs. 2,11,380.

"Labour housing has been completed on all our estates excepting two which still require about 50 new units and the conversion of 26 substandard houses to prescribed standards. Our main capital works in the future will be the modernising of about four pulphouses, building of barbecues, construction of reservoirs for storage of water for pulping and spraying, etc.

Prospects

"It is feared that the estimated crop for the coming season given in the report may not be harvested, as the setting of the Robusta crop has been poor throughout Mysore State.

"Last year, I referred to the prevalence of a malady in coffee. At the initiative of the Bombay Burmah Trading Corporation Ltd., Dr. F. J. Nutman of Kenya, one of the foremost coffee scientists in the world, was invited to India, and your Company also shared in the expenses of his visit. He visited the properties of the Bombay Burmah Trading Corporation Ltd. and our estates, and his report has proved to be of great interest. His general conclusion was that the die-back did not appear to be caused by a pathogen but was likely to be due to a certain combination of circumstances such as overbearing, shade, debility due to leaf disease, etc.

"As Dr. Nutman is a recognised authority on coffee leaf disease, his advice on this subject was taken and a series of experiments are now being laid out by the Company's Scientific Officer, who is in regular correspondence with him. On your behalf, I should like to record our grateful thanks to Dr. Nutman for his kind and very ready advice and help.

Labour

"Our relations with labour were generally cordial. A disquieting feature is the increase in the number of Labour Unions who are not truly representative of labour. In many cases, the new unions are confined to a single estate and the leaders of such unions also demand the right and are allowed to attend conciliation proceedings instituted in respect of industry-wide demands. Exaggerated claims far beyond those put in by long existing and established unions are made, and most attempts at conciliation and settlement are obstructed. It may be necessary for the Labour Department to investigate the representative character of such unions.

"As you are aware, the Government of India has constituted Wage Boards for tea, coffee and rubber. The Wage Boards are to consider among other matters the question of paying a fair wage and also whether the wage should be based on a single wage earner per family or on family earnings as at present. There is little doubt that the wages will be increased and this will naturally affect the coffee industry vitally, geared as we are to a high per acre.

"It is to be fervently hoped that the examination of the subject of wages will be related to output. We accept as inevitable a certain amount of absenteeism as peculiar to any agricultural enterprise, but, when labour insists on having all the benefits of industrial employment, we have a right to expect less laxity in attendance and a greater exertion to earn the wage. As enlightened employers we cannot be against a rising wage level, but we are fast approaching a stage when we have to make much better use of our labour or we and our labour will suffer together.

Exports

"I reported to you last year that, despite the International Coffee Agreement, the world coffee situation is likely to deteriorate further. This has unfortunately come true and our export sale averages reflect the depression in the world coffee market. The average prices realised at the export sales from July 1960 to June 1961, for the two main varieties of coffee, are noted below:

1960	*Plantation A* (Rs. per 50 kgs.)	*Robusta Flats* (Rs. per 50 kgs.)
July 7	208.34	..
August 4	201.11	95.02
September 8 ..	200.11	91.14
October 14	184.24	88.20
November 9 ..	176.62	84.43
December 15 ..	..	81.09
1961		
January 25	190.56	..
February 23 ..	175.94	..
March 23	166.07	..
April 11	164.71	73.20
May 5	164.50	73.33
June 8	172.09	67.96

"There has been a discernible weakening of coffee prices despite the strong and world-wide effect of the International Coffee Agreement and its regulated exports. Apart from the erratic and substantial fall in our export prices, what has further depressed our return per point has been the excessive weight of our export in relation to our total crop.

"The world coffee situation is not likely to improve for many years and it would be imprudent to plan our future marketing policy on the assumption that world prices would improve. The Government policy is markedly in favour of increased export. For the first time in twenty years, we were forced to export a greater proportion of our total crop than is consumed here. If we can export an increasing volume of selected coffees, there is the advantage of familiarising the foreign market with the particular characteristics of our produce. But if coffee is dumped abroad at whatever price it will fetch, in the interest of an export drive which is unfortunately being forced upon every commodity without due regard to their individual economy, nothing but loss can result. It is very important to us all that Government should think over its coffee export policy with great care and that the Coffee Board should advise the Government with clarity and truthfulness, even if it is contrary to the avowed policy of the Government. The Board owes this duty to both the Government and the coffee industry, whose welfare is the Board's first responsibility.

"This year the producers have made attempts to represent a case for a new marketing policy and several reforms in marketing procedures. As the largest single coffee producer in the country, your Company is naturally interested in helping to devise a sound and helpful coffee policy. It is my view that an export policy which merely looks to an immediate increase in physical volume of export without understanding or accepting its long-term effects on the Indian coffee industry is not only short-sighted but dangerous.

Two Conditions Essential

"There are two conditions which are essential to improve our capacity to export more. One is that the return to the grower should be such that he will continue to be in business. The other is that the export drive should be realistically linked to creating a preferential acceptance for Indian coffee in the world market. Otherwise, export promotion becomes a purely mechanical operation of diverting larger quantities of coffee from the Pool over which the Government, through the Coffee Board, exercise statutory control.

"It is to be realised that not all coffee produced in this country is of export quality and it is essential in the interests of the industry that only the very best quality which is capable of earning a premium should be exported.

"A sound internal market expansion programme is vital to the increasing production of coffee and we trust the Coffee Board will be able to persuade the Government to accept such a policy.

"We constantly make every effort to effect economies in our cost. We have always worked on the basis of a high unit yield and our level of expenditure has been related to that policy. There is no advantage to be gained from lowering our standards for doubtful economy, but there is always the need to exercise vigilance that each rupee we spend is put to the best use. Every care is being taken towards that end. You will doubtless appreciate that, for producing 72 per cent or 1,769 tonnes more crop, the expenditure of the Company increased by 11 per cent or by less than Rs. 11 lakhs. What we are, however, faced with is that a prospective fall in coffee production without any compensating rise in prices would leave us in the position of having to spread the same weight of expenditure over a smaller crop.

Home Market

"This brings me to the problem of increasing costs and declining prices. After my intimate association with the coffee industry over the past fourteen years, I have no doubt that the ultimate solution to the present problem lies here in our home market. We must expand this market to absorb at least two-thirds of our increasing crop, so that the loss on the export of the remainder can be maintained at a tolerable level. I do not envisage a lowering in the quantities for export—in absolute terms—since the size of the one-third reserved for export will increase in proportion to the expanded production. The first and foremost step to be taken is to assure the producer of a fair price at which his interest in improved production can be maintained.

"In simple terms, the position is that, with the selling of coffee for exports at whatever price it may fetch, the Board is unable to pay to the grower even the so-called minimum return.

Four Relief Measures

"There are four specific measures immediately open to the State and Central Governments to afford reasonable relief to coffee. One is to abolish excise duty altogether and to maintain the existing minimum release price so that the benefit accrues to the grower. Another is to offer a direct subsidy to coffee by making up the difference between the cost of production and the export price. The third is to reduce the rate of agricultural income-tax on coffee and to liberalise the rules relating to depreciation, new clearings, etc. The fourth, to revise the excise duty on an *ad-valorem* basis. Perhaps a judicious use of all these four measures should be adopted, so that the fall in revenue from coffee is not unduly heavy on any particular account. Encouragement given to coffee now is bound to pay the State and Central Governments handsomely, as our production and sales in the internal and export markets expand.

"In 1951, on a production of 1,481 tonnes of coffee, this Company recorded a profit of Rs. 22,39,598. The amount available for disposal after tax was Rs. 17,17,598. Taxation absorbed slightly more than 23 per cent of the profit, whereas for the year under review, on a production nearly three times greater, the profit was only Rs. 37,33,249 and, after taxation which absorbed nearly 41 per cent the amount available for disposal was Rs. 21,93,249. In spite of this heavy taxation and the requirement of a higher working capital, your Company added to its fixed assets by incurring Rs. 7,30,904 in capital expenditure.

Tax Burden Heavy

"The burden of direct taxation is heavy enough, but the cost of indirect taxation adds considerably to our costs. For example, a standard farm tractor with all duties and taxes now costs over Rs. 19,000 to a planter, whereas his competitor in Kenya could buy such a tractor off the showroom for a little below Rs. 11,000. Such comparisons are possible in a wide range of estate machinery, affecting materially our ability to compete in exports.

"A matter of great concern to your Company has been the passing of the Mysore Land Reforms Bill in its present form. We are the largest single coffee interest in the country, with a record of intensive development of our properties, a reputation for maintaining a high standard of welfare and steady employment for our workers. The many representations made to the State Government pointing out the consequences of some of the measures of the Bill on organised plantation industry and the relatively liberal provisions made in the neighbouring States in regard to plantations have gone unheeded. We are greatly disappointed at the restrictions placed on the reserve land that can be held and the disruption of the entity of compactly managed units. For instance, it is provided that the land that may be held as reserve for expansion should not exceed 100 acres, irrespective of the present size of a property. A company like ours with about 8,000 acres under cultivation will, therefore, be allowed only 100 acres as reserve, the same extent as is permissible for, say, a 5 acres or 10 acres cultivator. The Bill also contains a proviso that the 100 acres should be planted up within five years, a condition of little advantage to the small grower due to the heavy finances required. The Bill does not also provide for the replacement of unsuitable and spent land by planting on new land—a continuing process essential to maintain the maximum productive efficiency of the planted area. In regard to agricultural land interspersed in plantations, a plantation owner may retain only one ceiling area or 18 standard acres of such land.

"By these provisions, your Company, which under the Act is treated as a person, will be entitled to retain only one unit of 18 standard acres of paddy land out of its present holdings of some 600 acres, and 100 acres for development, out of about 2,000 acres of reserve land. The balance is to be surrendered.

Position More Difficult

"The Act has failed to take account of the difficulties a company such as yours will have to face. All water sources required for labour, pulping and spraying are situated in the low-lying paddy fields and the difficulty that must result in outsiders controlling these sources can well be imagined. Some of our reserve land is not suitable for cultivation, but requires to be maintained, as such land serves as windbreaks, as sources of fuel to labour, as grazing grounds for estate and labourers' cattle, as sources of jungle soil for coffee nurseries and many other uses so essential for running a coffee estate. The position becomes more difficult when it is realised that our reserve and paddy lands are distributed over some 13 estates.

"Your Company is owned by about 3,000 shareholders, mostly of the middle class, and the justification for the imposition of ceiling in this context is difficult to understand.

"The long-term effect of this Bill will be to cause a gradual deterioration of the industry and of its revenue-earning capacity with attendant unemployment. These points are being forcibly brought to the notice of the Union and the State Governments by the United Planters' Association of Southern India and the Mysore State Planters' Association. It is hoped that the Government will at least realise that the imposition of restrictions on plantations in Mysore is unjust especially when compared to the position of plantations in Madras and Kerala.

"The development of tea, coffee and rubber is governed by Central Acts, but the Mysore Land Ceiling Bill will certainly affect the development of plantations, particularly coffee in this State, contrary to the aims of the Central Government.

"The matters I have touched upon are matters which will affect the expansion and production of coffee, and it is to be hoped that these problems will be dealt with expeditiously and that the position of coffee growers will to some extent at least be ameliorated.

"I must now thank all our managers and members of our staff both at head office and on the estates and at the Kushalnagar works for another year of hard and efficient work.

"Finally, I must thank my fellow Directors for their wise guidance and help."

Note: *The above statement is not a report of the proceedings of the annual general meeting referred to.*

SKANDIA INSURANCE CO. LTD.

Established - 1855

(Incorporated in Sweden. The liability of the Shareholders is limited)

Attorneys in India:

THE RUBY GENERAL INSURANCE CO. LTD.

Paid-up Capital .. .. .. **Kr. 39,100,000 (Rs. 3,59,54,022)**

Total Assets Exceed .. .. .. **Kr. 329,959,071 (Rs. 30,34,10,674)**

BUSINESS TRANSACTED

FIRE - MARINE - ACCIDENT

Divisional Office:
Industry House
159, Churchgate Reclamation
BOMBAY-1

Head Office:
1, Mynttorget
Stockholm-2
SWEDEN

Phone: 246058. Grams: SKANINCO

INSURE WITH 'SKANDIA'

AUTOMOBILE PRODUCTION IN U.S. AND WESTERN EUROPE

E.E.C. BIGGEST EXPORTER OF VEHICLES

IN the field of automobile production, the United States remains well ahead of all other countries, with a total output of 7,942,000 vehicles of all kinds (as of 1960) including 6,694,000 passenger cars and vans and 1,200,000 trucks and utility vehicles. The total value of this output exceeded 13 billion dollars. But United States' output has changed relatively little, for even in 1950 output of all motor vehicles had totalled just over 7 million and the 1955 peak of over 9 million has never again been reached. Still the automobile continues to be one of the most widely accepted symbols of the American people's economic well-being and industrial capability.

Today, almost 74 million motor vehicles are registered in the United States, including 61 million passenger cars and 12 million trucks. About three out of every four families have their own automobiles, and some 13.5 per cent of all American families own two or more automobiles. As of 1960, motor vehicle travel has also set a new record of more than 4,000 miles per head.

The automobile's impact on the American economy continues to be greater than that of any other single product. For instance, the industry's yearly consumption rate of raw materials is pretty high. At present it consumes about 17 per cent of all steel produced in the United States, 48 per cent of malleable iron, 63 per cent of rubber, 42 per cent of lead, 60 per cent of leather upholstery and 70 per cent of plate glass. Practically every type of raw material is used in some amount in the production of automobiles. One out of every six business in the country, according to the U.S. Department of Commerce, is in some way related to *automobiles*. Auto manufacturers also purchased such odd products as ground corn cobs to use as a base for a polishing compound; pipe cleaners for cleaning tiny holes in parts; razor blades for cutting insulation; feeding bottle nipples for covering certain components as they move through paint spraying booths; castor oil, an element of brake fluid; and cactus fibres used in air cleaners.

Employment Figures

More than 10 million persons (representing roughly one out of every seven workers in the nation) work for an enterprise related to the auto industry. Employment figures include 790,000 in the production of motor vehicles and parts, 294,000 in the crude and refined petroleum industry, 2,023,000 in automotive sales and service, 493,000 on state, country and local roads, 6,564,000 as truck drivers and others in the trucking industry and 302,000 in motor, bus and taxi employment. According to the estimate of the U.S. Automobile Manufacturers Association, some 700,000 workers are employed in producing batteries, automobile stampings, electrical equipment, and in insurance and finance services related to autos.

Although the effects of motor vehicle production on the economy of the United States are thus far-reaching, they are eclipsed by the impact of cars and trucks as they are put into use. The story of the motor vehicle is merely getting under way when it leaves the final assembly line. In this phase, hundreds of trucking companies transport the new cars and trucks from factory to dealer. Some 90,000 retailers of new and used cars and parts cater to the needs and whims of millions of customers in every state of the nation as well as other countries. There are also 193,000 gasoline service stations which sell about 55 billion gallons of petrol every year. The related road-building industry, too, provides work for half a million people.

While the United States is the first largest producer of automobiles, it does not rank as a substantial net exporter. In 1960, for instance, it was a net importer of vehicles, for its net exports of 192,000 trucks and utility vehicles were outweighed by net imports of 300,000 passenger cars and vans. In 1961, some 5.6 million cars were sold. The demand for cars in 1962 is estimated at 7 million, including 350,000 imported cars.

A comparative picture of automobile production in and exports from Western Europe can also be presented here on the basis of information available in a recent bulletin from the European Community. According to the bulletin, the six-nation European Economic Community produced in 1960 as many as 4,065,000 vehicles, of which 3,603,000 were passenger cars and vans, and 462,000 trucks and commercial vehicles. The Community has caught up so rapidly with the United States, in that it has become the world's second largest producer of automobiles. In 1960, Britain came third with a total output of 1,811,000 vehicles, comprising 1,353,000 cars and vans, and 458,000 trucks and utility vehicles. (It may be incidentally noted that the Soviet Union trailed far behind with a total output of 524,000 vehicles, of which only 139,000 were passenger cars and 385,000 trucks and utility vehicles.)

It is noteworthy that, while United States output of automobiles has changed relatively little, the Community output has been more than doubling itself every five years as follows:

1950	791,000
1955	1,902,000
1960	4,065,000

Thus, in 10 years, the Community's output has risen from not much more than one-tenth of U.S. production to over one-half. British output has expanded sharply, too, but at only about half the Community rate: 784,000 in 1950, 1,237,000 in 1955 and 1,811,000 in 1960.

The upshot of the changed situation in the Community is that the Six countries are becoming more and more highly motorised. In 1959, there was one car for every 15 inhabitants, against one for every 30 inhabitants in 1954. The 1959 figures ranged from one for every 30 inhabitants in Italy to one for every nine in France. In Britain, on the other hand, there was one car for every 10 in that year. In the Community as a whole, the total number of passenger cars and vans in 1960 was just over 13 million, as compared with just over 5 million in Britain and 600,000 in the Soviet Union.

In the field of exports, the Community has become the world's biggest exporter of motor vehicles. In 1960, its net exports (exports *minus* imports) reached 1,379,300 vehicles of all types, as compared with 656,000 shipped by the United Kingdom.

So far a general picture of automobile production in the Community as a whole has been given. It would be useful to refer here to some of the findings of a recent study, undertaken by a group of French economists, of the effects on French industry of the Common Market.

French Experience

Between 1958 and 1959, French production of motor vehicles rose by 14 per cent and in the following year by a further 6 per cent. These figures, however, compare unfavourably with the industry's performance in Germany and Italy. (Production of motor vehicles in 1960 rose by 19 per cent in the Federal Republic and 30 per cent in Italy.) Moreover, total French production last year (1,369,000 vehicles) was considerably lower than German production which rose above 2 million. Investment in the automobile industry in France was also lower. Renault's investment in 1961, for instance, was at the rate of 15 billion old francs, whereas Volkswagen's was over 50 billion.

In 1959 French vehicle exports to the rest of the Community more than doubled, and last year exports again increased substantially. This increase took place at the same time as French models were in great demand on the U.S. market. The advance continued in 1960 when sales on the American market fell away. At the same time, France has also been importing more cars. In 1960, as a result of the lifting of quota restrictions on 1st January last year, total imports into France of motor vehicles more than doubled—30,000 (18,500 German and 8,500 Italian cars) in comparison with 13,700 in 1959. In 1961, the estimated imports were 50,000. The share of other Community countries in the French market is likely to go up, for, with the recent French tariff reductions, cars imported from the rest of the Community pay only 18 per cent duty in comparison with 29 per cent on imports from outside.

As far as the internal organisation of the industry in France is concerned, there are only four large concerns (Renault, Citroen, Pengeot and Simca). Even then, it is admitted that further concentration is desirable. This, however, is stated to be difficult to realise, though certain forms of co-operation have been developed —Citroen and Simca, for instance, agreed last year on the joint use of a factory at Nanterre.

The French automobile industry has also forged new links with other automobile producers in the Community. One agreement exists between Simca and Fiat; another between Renault and Alfa-Romeo. Under the latter, Renault sells the Italian Company's models in France, and Alfa-Romeo has set up a Dauphine assembly plant in Italy and also put its distribution chain in Italy at the disposal of the French firm. Recently, Renault has also signed an agreement with Finmeccanica, under which diesel motors for Renault tractors will be built in the Italian firm's Naples factory.

The main competition feared by French producers, according to the study, is that from American sources—Ford's German company and Opel (a subsidiary of General Motors). These are stated to be planning an offensive in the Common Market which might lead to the production of a new small model in an attempt to capture the huge market for small cars in the Community.

E.C.A.F.E. SEMINAR ON ELECTRIC POWER

Technical and economic aspects of developing electric power in the E.C.A.F.E. countries were reviewed and discussed at a regional seminar held at Bangkok in the latter half of December last. The seminar gave detailed consideration to such problems as how to make a scientific and rational assessment of the power resources available in a country; how to co-ordinate planning of power development with overall economic progress; rural electrification; and how to find adequate financial resources for electric power development.

As the various delegates reported on conditions in their own countries, there was general emphasis on the pressing demand for electric power, not only for household use, but even more urgently for industrial purposes. Most countries had experienced a shortage of private capital for energy development, and had, therefore, resorted to Government financing. Still another common problem was the shortage of trained personnel, and the need for long-term planning in the context of overall national development schemes.

The seminar recommended that countries of the region should take steps as early as possible to adopt national standards for equipment, methods and practices, and that these activities should, wherever feasible, be co-ordinated at the regional level. This would help in the interchange of both power supply and electrical manufactured goods between countries of the region. In this connection, the E.C.A.F.E. was requested to act as a clearing-house for the exchange of information on standardisation activities, and to review progress in this field periodically.

The seminar examined the past trends of load growth, and attempted to correlate it with various interrelated economic factors, e.g., population, gross national product and industrial production. The need for reasonably accurate forecasting of power demand was emphasised, and governments were advised to give priority to long-term surveys in this regard.

It was also recommended that governments should undertake or encourage the establishment of a central agency to direct, co-ordinate and control the electricity supply industry, particularly for the generation and transmission of the supply. It was felt that distribution could be left to local or private agencies.

In dealing with methods of financing, participants examined in detail the relative merits of Government subsidy and partial self-financing from the earnings of the utilities. Although conflicting views were expressed, it was generally felt that self-financing was desirable, the extent to be determined by the individual countries.

A number of measures were recommended to speed up the process of rural electrification. These included Government subsidies, the revision of tariffs, and the inclusion of rural electrification programmes in national economic development schemes. The process could also be encouraged, it was felt, by the introduction and dispersal of industries in rural areas.

WORLD'S FIRST AUTOMATIC WATER PUMPING STATION

Brighton, the famous British holiday resort, is stated to be the world's first town to build a water pumping station which operates remotely according to a programme based on expected daily needs for a week ahead. The station is fully automatic and not manned. The development was made possible by research into water consumption of the 316,000 people living in the 64-square-mile area served by the town's pumps. Average consumption over a year was 14,000,000 to 18,000,000 gallons a day.

The pumping station operates according to seven-day programmes which can be amended or replaced at any time. It receives its pumping instructions by telephone line from a control room six miles away. The control room has an electronic plug or peg board with holes relating to each half-hour of each day of the week. These set the week's programme. The purification plant is also automatically corrected for a wide range of water quality.

Brighton authorities, it is reported, consider it a possibility that, eventually, a computer might be used for the integration and automatic control of all water sources in the district, including 30 reservoirs.

NEW PRODUCTS AND PROCESSES

Precision Boring Machine

AN Austrian mechanical enterprise is specialising in the manufacture of precision boring machines of all usual sizes, from simple hand-operated models to big-sized fully automatic precision boring machines, working as part of big roll trains. A 4-spindle precision drill has been specially designed for the finishing of completely gastight valve seats due to the perfect alignment of valve guide and valve seat. The perfect turning of the valve seat gives it an exact conicalness with a flawless surface not marred by the wear of the knives. The machine is fully automatic and has a transfer installation. It is intended as an element of roll trains. For the precision boring of crankshafts, cam shafts and oil pumps in automotive vehicle motor blocks a 3-spindle precision boring machine has been designed. Its special design guarantees highest precision. The bladeholders are supported by precision bearings placed on either side of the work-piece. The control and the lay-out of all control elements are designed to simplify operation as much as possible and are foolproof. A 2-spindle hydraulic precision boring machine serves, among others, for finishing the boreholes of different diameters in hydraulic casings. Its most characteristic feature is the concentration of all feeding devices. The play of all movements is reduced to a minimum, all canting and getting out of alignment is excluded. This results in a superior finish of the surfaces and in a precision as they are essential for the longevity of the tools. According to the required series, the firm also manufactures precision boring machines for different workpieces turned out in smaller series.

Hydro-pneumatic Boring Attachment

Messrs. Speedy & Eynon Limited of Warstone Lane, Birmingham, England have recently developed equipment for fitting to standard centre lathes which enables boring, drilling and reaming to be carried out quickly and accurately without operator fatigue or wear to the machine itself. The equipment, which takes the place of the normal tailstock, consists of a number of cylinders which are connected to a compressed air supply. These pneumatic cylinders feed the drill, reamer or boring bar at constant speed into the piece to be machined. The entire operation is controlled by the throwing of an electric switch. In order to prevent undue pressure being brought upon the tool, a hydraulic control cylinder is incorporated in the apparatus. The unit is fitted with a quick return system for the tool withdrawal. As the speed is infinitely variable, suitable feed rates are quickly and easily obtained and it is claimed that a marked improvement in tool life is achieved. In a recent application drilling a stainless steel billet it was found that the boring operation shown on the attached photograph, was reduced from 4½ hours by normal manual operation to 1½ hours by the use of the apparatus. The attachment can be manufactured to suit individual requirements and is easily installed by the works engineer. It is unnecessary for the original tailstock to be replaced from time to time as this new attachment is adaptable for all normal operations.

Transistor Drilling Machine

An all-transistor U.S. drilling machine operated from one inch punched tape is now being offered at a price which should, so it is claimed, put it within the scope of the smaller metal-working companies. Designed from the outset as a complete unit that could easily be mass-produced, its components have multiple uses in order to take advantage of production-line techniques. The circuitry of the control system is made up of interchangeable plug-in boards. The drill has a table working surface of 30 inches by 20 inches and a table travel of 20 inches by 15 inches. The punched tape uses a digital code and so the drill is officially of the sort said to be "numerically" controlled. Tape can easily be prepared for most workpieces directly from the blueprint and, according to the makers, every phase of preparation and operation can be handled by a metal-working shop's personnel after very little instruction. On a run of, say, five inches, the position-locating accuracy is to the nearest thousandth of an inch.

Plastic Flooring

A cold-setting solvent-free plastic material has been developed in Germany for application as a permanent flooring in garages, workshops and laboratories. Its two components, in liquid form, are supplied in the correct proportions and mixed before use. Application is by squeegee and coverage ranges from 1 to 1.5 kilos per square metre. Coatings of 1 to 2 mm. are usually adequate. Claimed to be exceptionally tough, the coatings are stated to bond very strongly with concrete, metals, wood and stone and to give protection against corrosive atmospheres, water, solvents and dilute acids. Hardening time is two to four days according to weather conditions. Reductions in cost can be achieved by adding fillers such as fine sand or corundum to the liquid plastic in proportions ranging from equal to seven times its weight. The filler can be added to the resin or the hardener or both but this must be done before mixing.

Protective Plastic Coating

Designed to protect working surfaces in factories and laboratories, a new plastic coating is applied by brushing or spraying. Containing a very small amount of solvent, it dries to the touch in two hours, becomes impervious to marking in five hours and hardens completely in three days. Layers from 0.15 to 2 mm. thick can be applied in one operation and the material—which contains up to 90 per cent solid filler—can be built up into very thick layers without shrinkage or wrinkling. The plastic flows easily, leaving an even surface, filling cracks and depressions and sealing pores and is suitable for application to metal, wood, stone, brickwork and other plastics. It is highly resistant to heat, cold, brine, industrial atmospheres, motor fuels containing aromatics and many corrosive chemicals. Two types are available, one with high elasticity and the other hard.

Acidproof Plastic Ventilators

Ventilators made of plastic material, as they are used in the chemical, galvanising, textile finishing, paper, photographic, foodstuffs and beverages industries, are on the production programme of an Austrian enterprise. They can be used wherever the atmosphere is damp or contaminated by acids or otherwise. The ventilators are acidproof and need no special treatment or servicing. Casings are made of hard PVC, impellers of low-pressure polythylene or polypropylene, in some cases manufactured by injection moulding. The ventilators can oe used at room temperatures up to +60° C. Considering their high performance, prices are very reasonable. The main parts are standardised and interchangeable. Screws and bushings are made of stainless steel. The ventilators are delivered with or without electromotors, the latter being always of the enclosed type.

Rot-proofing Agents

As the result of increased production, two established rot-proofing agents, produced by a British firm, are now available for export. Known as "Rexcopine" and "Rexcote," they are produced from coal. Rexcopine is used widely for the protection of coal and coke sacks and ropes. Recent trials have shown that jute yarn treated with the agent fully retained its strength after exposure to 15 weeks' weathering, while untreated yarn exposed to the same conditions retained only 30 per cent of its strength in the same period. Similarly, Rexcote finds application in the treatment of netting, rope and cordage. The protection given by Rexcopine and Rexcote, it is claimed, compared favourably with the performance of these alternative products under the conditions of test employed.

EXPORT PROMOTION FOR PLANNED DEVELOPMENT

(*Concluded from page 73*)

countries. A chain of showrooms at important international commercial centres is also maintained.

Settlement of Trade Disputes

To facilitate the smooth flow of trade, steps have been taken for settlement of trade disputes arising between Indian exporters and foreign importers. Arbitration is a normally accepted method for settling such disputes. In order to provide necessary arbitration facilities, the Federation of Indian Chambers of Commerce and Industry has set up an arbitration body, the main purpose of which is to provide machinery for settlement of disputes. The Federation has also entered into mutual arrangements with some foreign arbitration associations for settlement of commercial disputes arising in those countries. The Government has also been trying to encourage the incorporation of arbitration clauses in all overseas contracts between the foreign importers and Indian exporters.

The various measures adopted by the Government have begun to yield some results. There has been a steady increase in exports during 1961. Our exports during the ten months January to October 1961 were of the value of Rs. 548.80 crores, while in the corresponding period of 1960, they were of the order of Rs. 503.95 crores, showing an increase of about Rs. 45 crores. This is no doubt only a small increase, but it should spur us to greater activities with confidence. The objective is to carry forward the planned development of the country and to create a self-sustaining and self-generating economy. Towards this end, we must increase our exports to a much larger extent.

DO I REALLY NEED A BANK ACCOUNT ?

Of course you do. If kept in a bank, your savings will earn interest. Besides, they'll be safe from theft and misplacement. And a bank account might induce you to save more.

But what happens when I need money for an emergency?

You can easily withdraw—quickly and without notice. Savings are intended for use on a rainy day.

But you know, we don't have much money?

No matter! You can open a savings bank account with the State Bank of India with as little as Rs. 5/-.

Really?

Yes, the State Bank of India. With over 900 offices throughout the country, the State Bank of India is serving the nation. And what is more by lodging your savings with the State Bank, you will not only benefit personally, but will also play your part in the development of the national economy.

The State Bank of India?

Yes, the State Bank of India.

STATE BANK OF INDIA
INDIA'S LEADING BANK

BSTA'S-SB-50A

WORLD NICKEL CAPACITY AT ALL-TIME HIGH

CONSUMPTION, HOWEVER, UNCHANGED

THE nickel-producing capacity of the non-communist world (excluding Cuba) touched an all-time peak at 625 million lbs. in 1961, an increase of 15 per cent over a year and as much as 100 per cent over the last one decade. This information was given by Mr. Henry S. Wingate, Chairman of the International Nickel Company of Canada Ltd., in a year-end review of the industry at Copper Cliff, Ontario, on the 4th inst. The offtake of the metal has, however, been unsatisfactory. The total nickel capacity exceeded consumption by about 125 million lbs. in 1961. Mr. Wingate estimated that total nickel consumption in the "free world" in 1961 would be approximately the same as in 1960, when it was 503 million lbs., as against 425 million lbs. in 1959. This brought about increased competition for markets among the "free world" producers of nickel. This adverse situation was further aggravated by supplies of Cuban nickel produced from factories seized by the Castro regime for sale in Europe. The supply position was made more comfortable by the disposal of strategic nickel stockpiles by the U.S. amounting to 45 million lbs. in 1961, as against 50 million lbs. in 1960. But, unlike sales by Cuba, this step was taken by the U.S. with the co-operation of Canadian producers to avoid any disruption of the market.

Canada continues to be the largest producer of nickel, accounting for over 75 per cent of the total capacity of non-Communist countries in 1961. Its dominant position is likely to be retained for years to come. In fact, much of the increase in capacity in 1961 is accounted for by Canada itself. The most significant contributory factor in this increase was the completion of International Nickel's new plant at Thompson, Manitoba (Canada), which is easily the largest nickel plant in the world. The fully-integrated Manitoba plant, which commenced commercial production by the middle of 1961, has an annual capacity of 75 million lbs. This has already brought International Nickel's total capacity from its operations in the Sudbury district of Ontario and in Manitoba to more than 385 million lbs. per year. Among the other major Canadian producers, Falconbridge Nickel Mines Ltd. raised its capacity by 5 million lbs. to 70 million lbs. last year. The annual capacity of the Sherritt Gordon Mines Ltd. was 25 million lbs. Next in importance was the French nickel company, the Sociate Le Nickel, with deposits on the island of New Caledonia; its capacity was 50 million lbs. in 1961. The capacity in the U.S., consisting mainly of the operations of the Hanna Mining Company, Riddle, Oregon, continued at about 23 million lbs. per year. Japanese refiners, employing imported ores, are accounting for the greater part of the balance of the free world's nickel capacity; their total annual capacity is estimated at 45 million lbs.

Capacity In Cuba

About the developments in Cuba, Mr. Wingate had this to say: "it is difficult to comment on the nickel operations in that country, but nickel in the form of nickel oxide is currently being produced there in the facilities seized by the Castro regime and is being offered for sale in Europe. In 1959, facilities capable of producing over 50 million lbs. of nickel annually were available in Cuba, and a new operation based on facilities in Cuba and a refinery in Louisiana, with capacity to produce another 50 million lbs. of nickel per year was about complete."

According to another reliable source, Cuba proposes to expand its nickel capacity, with aid from Soviet Russia, to 150 million lbs., an increase of 300 per cent, in the course of the next three or four years. The total capacity for nickel established in the communist countries (excluding Cuba) is estimated at 120 million lbs. per year.

Although Canada is the leading producer of nickel, its consumption is negligible, being only about 2 per cent of free world total. The U.S. is the largest consumer, accounting for about 44 per cent. The Common Market countries use 20 per cent, the U.K. 16 per cent. Japan 9 per cent, and Sweden 4 per cent. In the U.S., consumption of nickel showed an improvement over 1960, but there was a slack in the offtake by Western Europe from the previous year's high rate. During the year-end, according to Mr. Wingate, the overall demand position tended to be better.

Among the nickel-consuming industries, stainless steel is in the forefront, consuming about 34 per cent of the total nickel production. Constructional steel is another major consumer of nickel. The following table shows the percentage share of nickel consumed by various industries:

	Percentage of total	
	1961	1960
Stainless steels	34	34
Constructional steels	14	13
High nickel alloys	15	14
Nickel plating	14	15
Iron and steel castings	11	11
Copper and brass products ...	4	4
All others	8	9

It is not clear whether the stagnation in consumption is at least partly the result of raising Canadian prices of the metal, for the first time in four and a half years, by 7.1/9 cents (U.S.) per lb. in the middle of the year. This was done in order to offset higher and mounting costs. Following the aforesaid increase, the base price of refined nickel went up to £660 per long ton in the U.K. and Europe and 81.25 cents (U.S.) per pound, including the 1.25 cent import duty, in the U.S. It may be noted here that, though nickel is a versatile metal, there are several competing substitutes. Unless, therefore, the industry resists the temptation of passing on the burden of increasing cost to the consumer, nickel consumption cannot be stepped up to keep pace with expansion. This will ultimately depend on the operating efficiency of the industry and the discovery of new industrial applications for the metal.

New Applications

It is gratifying to note that the industry is placing emphasis on the development of new lines of applications for nickel, a brief account of which was given by Mr. Wingate in his review. To quote him:

"The nickel industry continued on a broad scale its research and marketing activities aimed at increasing the uses of nickel and nickel alloys in both the established and the newer fields of applications. Included in these activities were research for new products, special promotions and development work with present and potential customers, advertising, technical services, and the publication of technical literature.

"A major development during the year was the announcement of a series of revolutionary new ultra high-strength steels. These have a combination of properties never before realised in other alloy steels. Containing 18 to 25 per cent nickel, these new steels exhibit unmatched toughness, high strength and advantages in heat treatment and fabrication. They are arousing widespread interest throughout industry. Pilot heats have been produced by alloy steel manufacturers and these new nickel alloys are currently being evaluated by both industry and the military for advanced design requirements for applications involving exceptional resistances to extreme stresses and pressures."

Several advertising campaigns for consumer product promotion have also been undertaken by the industry. The "gleam of stainless steel" project started by the International in 1959, is only an instance in point. This project, held during the past three years in co-operation with leading department stores and producers of stainless steels in the U.S., will be undertaken in 1962 by the Committee of Stainless Steel Producers of the American Iron and Steel Institute. Similar programmes are expected to be continued in the U.K. and Canada also in 1962.

In an effort to further expand the application of nickel stainless steels in architecture, several special competitions were conducted. In Canada, a design contest for a stainless steel branch bank was held by the Stainless Steel Development Committee in conjunction with International Nickel, Atlas Steels Limited, and Union Carbide, Canada, Limited. In France, a competition aimed at promoting the large-scale use of nickel stainless steel window frames by the building industry was sponsored by a committee consisting of architectural, building and metal societies, and nickel producers. These competitions brought many entries and it is expected that they will materially assist in widening interest in the use of nickel stainless steels in such architectural uses. A significant metallurgical advance in the use of nickel powders was the development, by Sherritt Gordon Mines Limited, Canada, of a process for the direct rolling of nickel strip from powder. Commercial production of this strip was started by Sherritt Gordon in 1961. As a result of this process, economies have been achieved which make this nickel strip highly desirable for electronic and coinage applications. A condenser tube research programme designed to evaluate standard and modified alloys was initiated at the International Nickel's corrosion testing laboratory in North Carolina in co-operation with major power companies. The objectives of the programme are to determine the usefulness of the more recently developed copper-nickel alloys under a variety of conditions and to compare the behaviour of these newer alloys with the older condenser tube material as used in the power industry.

During the year, a sharp gain was registered in the use of nickel powders in nickel-cadmium batteries. These batteries, which provide long-life, dependable sources of power for electrical appliances, are now being manufactured in huge quantities for use in such consumer products as electric shavers, portable drills and flashlights, and auxiliary lighting equipment. Additional activities in the fields of research and marketing included work in numerous other important nickel-consuming fields such as the high temperature applications of nickel alloys, foundry products, chemical products and electronic applications.

Outlook

Looking ahead, Mr. Wingate observed:

"The free world's nickel industry, as a result of major expansion in its production facilities, has made available to consumers over the past several years greatly increased supplies of nickel. This has served as an important impetus to the development of expanded markets. Consumption of nickel in 1961 has kept pace with the all-time high reached in 1960. With more than adequate supplies available for all applications, we contemplate that the gradual upward trend in the use of nickel by the free world will continue. Augmented production capacity, coupled with enlarged research and marketing facilities, assure that the metal produced by the nickel industry will be available in ever-increasing quantities to satisfy the ever-greater demands of a growing scientific world."

This conclusion must be reassuring to consumers of nickel in India, where, in view of the expansion of steel industry and the plans for manufacturing stainless steel, the demand for nickel is bound to increase in the coming years.

WORLD OUTPUT OF OILSEEDS

World production of edible oilseeds, particularly soyabean, groundnut and rapeseed, is expected to be higher in 1961-62 than in the previous year, according to the latest estimates of the Commonwealth Economic Committee, London. Indeed, among edible oils, only olive oil is likely to be lower. The prospect of abundant supplies has exerted a downward pressure on edible oil prices in recent months, despite reports of a shortfall in Chinese crops. Prices would have been still lower but for the high support price in the U.S. for soyabean, which has a stabilising effect. Among industrial oilseeds, the output of linseed is placed lower, on account of poor crops in Canada and the U.S. But castorseed crop is fairly good, particularly in Brazil.

The C.E.C. estimates that Indian groundnut crop, based on unofficial reports, is higher at 5 million tons in 1961-62, as compared with 4.4 million tons in the previous season. The output in Nigeria is said to have gone up from 884,000 tons in 1960-61 to 960,000 tons. Similarly, total West African crop is estimated to have risen from 1.1 million tons to 1.2 million tons. In Sengal alone, following favourable rainfall, a record commercial harvest of 850,000-900,000 tons is expected, as against 800,000 tons last season. The figures for all the countries here refer to groundnut in shell.

The increase in the output of soyabeans has been more spectacular, mainly because of a strident improvement in the U.S. and to some extent in Canada. The latest estimate puts the U.S. crop at a record level of 18.8 million tons in 1961, an increase of 25 per cent over 1960. This increase is attributed mainly to larger acreage and record yields, following excellent weather during the growing season. Total supplies of soyabeans in the U.S. during the 1961-62 marketing season, including the small opening stocks, is estimated at 18.94 million tons. In addition, the U.S. stocks of soyabean oil (as in the beginning of October) was unusually large at about 300,000 tons, reflecting a high rate of crushing in 1960-61, and the decline in exports on account of increased prices. This position of abundant supply is in distinct contrast to that a year ago, when supply and demand were in "fairly close balance."

A notable increase in the output of rapeseed also is reported, with a larger crop in Western Europe and Canada. The output in France is placed higher at 105,000 tons (as against 82,000 tons in 1960-61), Sweden 114,000 tons (as against 54,000 tons) and Canada 249,000 tons (as against 248,000 tons).

Among industrial oils, linseed is expected to be in short supply in 1961-62. The latest estimate of the linseed crop in the U.S. puts it at 535,000 tons from a harvested area of 2.7 million acres, as compared with 760,000 tons from 3.3 million acres. Because of the dry weather in the main growing areas, the acreage suffered a sharp decline. So the total supplies of linseed for the 1961-62 season are lower by 20 per cent at 668,000 tons, as compared with the previous year. This amount will be just sufficient to meet domestic consumption. Consequently, U.S. exports are expected to decline sharply. The Canadian linseed crop is estimated at 383,000 tons in 1961. This is 33 per cent lower than that in the previous year, when the crop was 576,000 tons, and 14 per cent below 1951-60 average. Canadian average yields fell by 27 per cent on account of dry weather conditions in growing areas. A redeeming feature of linseed production, however, is the higher output in Argentina, estimated at 650,000-700,000 tons, as against 553,000 tons in the previous year.

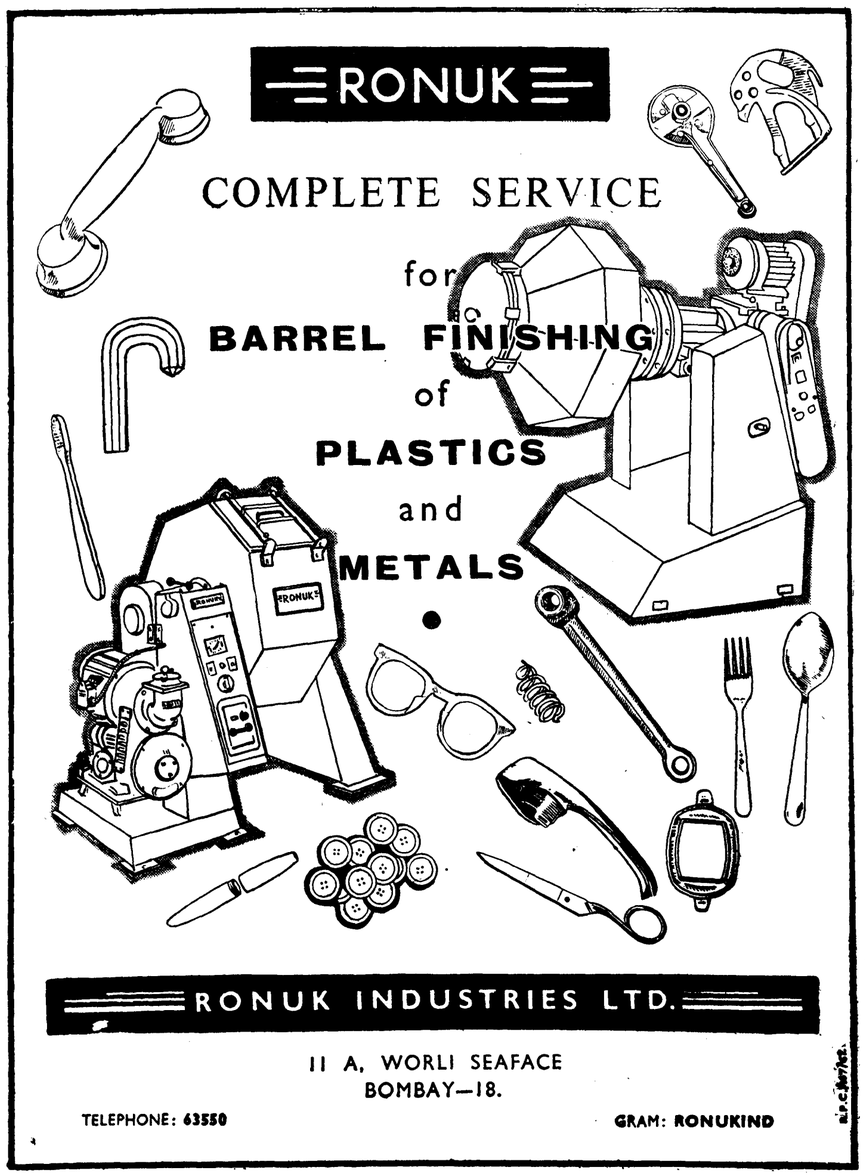
The castorseed production in Brazil is expected to show a slight decline. Drought damaged the crop early during the season in Bahia, the major producing region. The Brazilian output is, therefore, placed lower by 10,000 tons at 190,000 tons. It may be noted here that, in the first half of 1961, Brazil exported as much as 37,600 tons of castor oil (including 1,800 tons to Russia), as compared with only 11,500 tons in the first half of 1960. Exports, however, slackened in the second half. Among others, the output of copra is expected to be lower in the Philippines, the major producer, as a result of lower rainfall last year. Last year, copra output had improved in the Philippines, as also in Ceylon and Indonesia.

On the export front, the major features of 1961 are increased shipments of groundnuts from West Africa and large exports of groundnut oil, a sharp decline in both United States and Chinese soyabean exports, and a marked fall in the level of United States soyabean oil and cottonseed oil shipments. A reduction in copra shipments from the Philippines has been more than offset by larger coconut oil exports, notably from Ceylon and Malaya, but palm kernel and palm oil exports have contracted somewhat. Much heavier shipments from Argentine have accounted for most of the increase in world trade in linseed and linseed oil this year, but Argentine supplies are now at very low levels, and importing countries in the next few months will have to turn to North America (for linseed) or to stocks in the Netherlands (for linseed oil) to meet their immediate requirements. The imports of vegetable oils and oilseeds by the U.K. in the first nine months of 1961 were 2 per cent smaller than in the same period of 1960; in edible oils, the reduction was 15 per cent. Imports into the European Economic Community show a similar trend, with generally low receipts of edible oils, especially soya and cottonseed, but increased entries of copra and linseed.

TEXMACO-WARD COLLABORATION

The Textile Machinery Corporation Ltd. of West Bengal has just entered into a collaboration agreement with a Birmingham firm (Messrs H. W. Ward & Co., Ltd.) belonging to the group of Associated British Machine Tool Makers. The Birmingham firm, one of the leading Capstan and Turret lathe manufacturers in the U.K., has been producing precision machine tools for the last 60 years. The Textile Machinery Corporation Ltd., well known throughout India as Texmaco, has been manufacturing first class machinery for the past 20 years.

The Capstan lathe covered by this collaboration is the Ward 3C a machine of a very high standard. A bar capacity of 1¼" and a centre height of 7½" combine with a range of 12 spindle speeds and automatic longitudinal feed to the Intermediate Saddle and Capstan Rest to make the Ward 3C an extremely versatile machine. At present it can be offered either with chuck work or bar work tooling, although a vast range of extra equipment from special tooling to Air Operated Chuck make the machine suitable for operation in all engineering establishments. Production at the Texmaco factory has already commenced on the Ward 3C and annual output should soon reach 50 machines.



THIS IS NOT A PROSPECTUS BUT ONLY AN ANNOUNCEMENT

Applications are invited on the basis of the Prospectus issued by the Company.

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

A Licence has been obtained from the Central Government for the establishment of this Industrial Undertaking at Kurla, Bombay. Licences have also been obtained for the expansion programme. Copies of all the Licences are open to the public for inspection at the Registered Office of the Company. It must be distinctly understood that in granting these Licences, the Government of India do not take any responsibility for the financial soundness of this Undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

A copy of this Prospectus with copies of the documents referred to hereafter has been duly delivered for registration to the Registrar of Companies, Bombay, as required by Section 60(2) of the Companies Act 1956.

Applications will be made to the Bombay and Calcutta Stock Exchanges for permission to deal in and for an official quotation of the Preference and Equity Shares of the Company.

The Subscription List will open at the commencement of Banking Hours on the 19th January 1962 and will close at the close of the Banking Hours on the 25th January 1962. The Directors reserve the right to close the subscription list earlier than the 25th January 1962, but in any case, not earlier than the 22nd January 1962.

KHANDELWAL UDYOG LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, 1956.)

SHARE CAPITAL

AUTHORISED	**Rs.**	**1,50,00,000**
Divided into :		
1,00,000 Equity Shares of Rs. 100 each		**1,00,00,000**
50,000 Ten per cent (free of Company's tax but subject to deduction of tax at source) Redeemable Cumulative Preference Shares of Rs. 100 each		**50,00,000**
	Rs.	**1,50,00,000**

ISSUED		**Rs.**
40,020 Equity Shares of Rs. 100 each		**40,02,000**
20,000 Ten per cent (free of Company's tax but subject to deduction of tax at source) Redeemable Cumulative Preference Shares of Rs. 100 each		**20,00,000**
	Rs.	**60,02,000**

SUBSCRIBED AND PAID-UP			**Rs.**
11,071 Equity Shares subscribed and fully paid by the Promoters, Directors and their friends and associates			**11,07,100**
RESERVED FOR FIRM ALLOTMENT			
Equity Shares :			
9,249 Equity Shares for the Promoters, Directors and their friends and associates .. (no underwriting commission or brokerage is payable in respect of these shares.)			**9,24,900**
NOW OFFERED FOR PUBLIC SUBSCRIPTION		**Rs.**	
19,700 Equity Shares of Rs. 100 each ..		**19,70,000**	
20,000 Ten per cent (free of Company's tax but subject to deduction of tax at source) Redeemable Cumulative Preference Shares.		**20,00,000**	
			39,70,000
			Rs. 60,02,000

No Shares will be issued for consideration other than cash.

The Project has been examined by the Industrial Finance Corporation of India, The Life Insurance Corporation of India, The Refinance Corporation for Industry Private Ltd., and The Chartered Bank and has been supported by them as under :—

(1) The Industrial Finance Corporation of India has underwritten 15,000 Ten per cent (free of Company's tax but subject to deduction of tax at source) Redeemable Cumulative Preference Shares of Rs. 100 each for the face value of Rs. 15,00,000.

(2) The Life Insurance Corporation of India has underwritten 5,000 Ten per cent (free of Company's tax but subject to deduction of tax at source) Redeemable Cumulative Preference Shares of Rs. 100 each for the face value of Rs. 5,00,000 which the Company has agreed to reserve for firm allotment to them.

(3) The Refinance Corporation for Industry Private Ltd., has sanctioned a loan of Rs. 20 lakhs through The Chartered Bank, Bombay.

The issue of Equity Shares is not being underwritten but the Managing Agent have agreed to subscribe or procure subscriptions for the shortfall, if any, between the amount offered for public subscription and the amount of applications received in response to the offer.

ACCOUNTS

Year ending	*Sales*	*Depreciation*	*Net Profit before provision of taxation*	*Net loss before provision of taxation*
	Rs.	Rs.	Rs.	Rs.
16-10-1956 to 22-10-1957 ..	907.00	4,426.00	....	8,725.00
23-10-1957 to 10-11-1958 ..	60,891.00	34,930.00	....	97,910.00
11-11-1958 to 31-10-1959 ..	4,68,846.00	57,747.00	....	4,503.00
1-11-1959 to 19-10-1960 ..	9,19,596.00	69,592.00	....	2,70,517.00
20-10-1960 to 7-11-1961 ..	20,91,665.00	97,113.00	1,04,726.00	....\
	2,63,808.00		1,04,726.00	3,81,655.00
	Total Depreciation provided .. Rs. 2,63,808.00		Total net Loss .. Rs. 2,76,929.00	

It will be observed that during the year ending *Diwali* 1961 the Company has definitely turned the corner. In this year the net Profit has been Rs. 1,04,726.00 after allowing Rs. 97,113.00 for Depreciation. From the commencement of the working of the Company to date the total loss of Rs. 2,76,929 mainly represents allocations from Gross Profit to Depreciation amounting to Rs. 2,63,808.00.

The Chartered Bank has recently had the entire block assets of the Company valued by Messrs. Gregson Batley & King, Chartered Architects, and according to their report the assets are valued at Rs. 35,05,795 as against a Book Value of Rs. 14,86,243. The promoters shall be making available to the investing public the entire benefit of this appreciation by retaining the value of the assets only at their book value. The consent of Messrs. Gregson Batley & King has been obtained for making the aforesaid statement and the same has not been withdrawn.

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

The amounts payable in respect of shares comprising the present offer are as follows:—

	Preference Shares	*Equity Shares*
With application	Rs. 10 per share.	Rs. 10 per share.
On allotment	Rs. 15 per share.	Rs. 15 per share.

The balance of Rs. 75 in respect of each Preference Share and Equity Share shall be payable in such calls as may be determined by the Directors, provided that no call shall exceed the sum of Rs. 25 per share and that prior notice of at least 30 days shall be given in respect of each call and there shall be a minimum interval of one month between any two calls.

The calls on preference and equity shares shall be made simultaneously and proportionately.

BOARD OF DIRECTORS

CHAIRMAN

SIR A. RAMASWAMI MUDALIAR, K.C.S.I., D.C.L., (Oxon), India Steamship House 21, Old Court House Street, Calcutta, 1. Industrialist.

DIRECTORS

SHRI RAMPRASAD KHANDELWAL, J.P., Khandelwal Bhavan, 166, Dr. Dadabhai Naoroji Road, Bombay 1. Industrialist.

SHRI MADAN MOHAN RUIA, 96, Nepean Sea Road, Bombay 6. Industrialist.

SHRI DAVID STEWART, Trosley, Wilderness Rd., Chislehurst, KENT (England). General Manager (Retd.), The Chartered Bank, London.

SHRI VALLABHDAS VASANJI MARIWALA, Sudha Kunj, Tardeo Road, Bombay 7. Industrialist.

SHRI BEHARILAL KHANDELWAL, 33, Netaji Subhas Road, Calcutta 1. Industrialist.

SHRI B. D. GARWARE, Chowpatty Chambers, Sandhurst Bridge, Bombay 7. Industrialist.

SHRI K. SADAGOPAN, B.A. (Hons.), I.R.A.S. (Retd.), 19, Curzon Road, New Delhi. Industrialist.

SHRI PREMNATH KHANDELWAL, B.Sc. (Hons.), Bar-at-Law, Khandelwal Bhavan, 166, Dr. Dadabhai Naoroji Rd., Bombay 1. Industrialist.

GENERAL MANAGER

SHRI K. SWARUP, M.B.E., B.Sc., A.M.I. Mech. E., M.I.Loco.E., (London), M.I.E. (India), Chief Administrative Officer—Integral Coach Factory, Perambur, Madras, joining on 19.1.1962.

BANKERS

THE CHARTERED BANK, Mahatma Gandhi Road, Bombay 1.

THE PUNJAB NATIONAL BANK LTD., Ilaco House, Sir P. M. Road, Bombay 1.

AUDITORS

MESSRS. A. F. FERGUSON & CO., Chartered Accountants, Allahabad Bank Building, Apollo Street, Bombay 1.

MESSRS. S. B. BILLIMORIA & CO., Chartered Accountants, 113, Mahatma Gandhi Road, Bombay 1.

SOLICITORS

MESSRS. MATUBHAI JAMIETRAM & MADAN, Lentin Chambers, Dalal Street, Bombay 1.

REGISTERED OFFICE

"KHANDELWAL BHAVAN," 166 Dr. Dadabhai Naoroji Road, Bombay 1.

MANAGING BROKERS

MESSRS. P. R. SUBRAMANYAM, 70-A Stock Exchange Building, Apollo Street, Bombay 1.

MESSRS. LEWIS & JONES, Bank of Baroda Building, Apollo Street, Bombay 1.

BROKERS

Bombay

MESSRS. J. R. MOTISHAW, Stock & Share Brokers, 32 Apollo Street, Fort, Bombay 1.

MESSRS. A. B. PANDIT & CO., Share & Stock Brokers, 32 Apollo Street, Fort, Bombay 1.

Calcutta

MESSRS. PLACE, SIDDONS & GOUGH PVT. LTD., Stock & Share Brokers, 6 Lyons Range, Calcutta 1.

Madras

MESSRS. PATERSON & CO., Stock & Share Exchange & Freight Brokers, Post Box No. 48. Errabalu Chetty Street, Madras 1.

MESSRS. MACONOCHIE & COMPANY, Stock, Share, Exchange & Freight Brokers, Post Box No. 281, Mercantile Bank Buildings, Madras 1.

New Delhi

MESSRS. M. R. DHAWAN & COMPANY, Stock & Share Brokers, 4/8 Asaf Ali Road, New Delhi.

MESSRS. HARBANS SINGH MEHTA, 33 Regal Buildings, Parliament Street, Post Box No. 300, New Delhi.

MESSRS. RAJ PAUL CHADHA & COMPANY, Stock & Share Brokers, Delite Cinema Building, Asaf Ali Road, New Delhi 1.

BANKERS TO THE ISSUE

THE STATE BANK OF INDIA, Bombay and Branches.

THE CHARTERED BANK, Bombay and Branches.

THE CENTRAL BANK OF INDIA LTD., Bombay and Branches.

THE PUNJAB NATIONAL BANK LTD., Bombay and Branches.

THE UNITED COMMERCIAL BANK LTD., Bombay and Branches.

THE ALLAHABAD BANK LTD., Bombay and Branches.

OBJECTS

The main object of this issue is to expand the present activities of the Company in accordance with the various programmes mentioned below.

LAND, WATER AND POWER

The Company is fortunate in having acquired early enough a large plot of land in heavy industrial area measuring over 8 acres in Kurla, an industrial suburb of Bombay. The site is close to the Bombay-Agra Road being connected to it by a pucca road. It is also within a few minutes' walk of the newly opened Vidya Vihar suburban station on the Central Railway. The Central Railway have approved the possibility of making available a Railway Siding to the Company.

Sufficient water supply for the Company's requirements is available from the Bombay Municipal Corporation's mains.

Adequate power is also available and the Bombay Suburban Electric Supply Ltd. have already put up their Sub-Station in the Company's premises for this purpose.

HISTORY AND PROSPECTS

The Company was incorporated on 16th October 1956 for carrying on the business of Steel Fabricators. It functioned as a private limited company upto 12th January 1960, when it was converted into a Public Limited Company.

The third Five-year Plan envisages large-scale developments in the sphere of Heavy and Light Engineering Industries in view of the increased availability of steel in the country. A relevant extract from the third Five-year Plan bearing on the subject of 'steel fabrication' is reproduced below:

"As against the current structural fabrication capacity estimated at 500,000 tons, inclusive of the capacity of the wagon builders, the target for the last year of the third Plan is visualised at 1,100,000 tons. The accent is expected to be much more on developing fabrication facilities for heavy structurals than has been the case in the past. Allied to these structurals shop facilities for the manufacture of items like pressure vessels, heat exchangers and other types of chemical plant and equipment are envisaged to be developed through the establishment of heavy plate and vessels works. The manufacture of cranes is another important line of allied activity."

The Company has already embarked on the above lines of manufacture and has made considerable progress; and plans have been finalised for further expansion and development to meet the vast demand in the country that remains unsatisfied, for fabricated steel structurals, pressure vessels, cranes, etc.

STEEL FABRICATION

The Company received an Industrial Licence, bearing No. L/1-A (4)/N-II/57 dated 28th October 1957, for the fabrication of 3,600 tons of steel structures per annum and after completion of the first phase of the Workshops, production was commenced in March 1958. During the initial years the Company has overcome most of the teething troubles common to new engineering industries and has established itself in the Structural Engineering Field. The capacity shown in the abovementioned Industrial Licence for steel fabrication has also since been doubled to 7,200 tons per annum *vide* Industrial Licence No. L/1-A (7) 3/60 M.E.I. of 30th August, 1960.

The Company has been fortunate in obtaining for its Structural Division the exclusive Technical Collaboration of LES ETABLISSEMENTS EIFFEL, who are one of the world's leading construction companies and who have built, amongst other structures, the famous 'EIFFEL TOWER' in Paris. Under this collaboration while getting the full benefit of the long experience and know-how of 'Eiffel' the Company shall also be undertaking the construction of patented 'EIFFEL STANDARD BRIDGES' which owing to their low erection and maintenance costs, have been very successfully used all over the world, particularly so, in the underdeveloped countries.

CONSTRUCTION MACHINERY

In addition to its steel fabrication activity, the Company obtained an Industrial Licence bearing No. L-11/3/LEI(B)/60 dated 26th November, 1960 for the manufacture of certain items of Construction Machinery, namely, Concrete Mixers, Asphalt Mixers and Roller Pan Mixers. Of these the manufacture of Concrete Mixers has already been taken in hand, production having commenced nearly two years ago. The Company's present production of this item compares favourably with the output of other leading Indian Manufacturers, and it is proposed to increase this production even further in the near future. The Company has come to an arrangement with the Indian Associates of Messrs. MILLARS' MACHINERY CO. LTD., London, under which the Company shall be manufacturing these machines in India under the Designs and Specifications of MILLARS and an agreement has been signed with Messrs. Millars' Timber and Trading Co., Ltd., Bombay, the Inda Associates of the U.K. Company, whereby the Company's entire production of Concrete Mixers shall be taken up by them initially for a period of 3 years. MILLARS' Construction Machinery is already widely known in the country for several decades and enjoys by far the largest share of the Market in India.

E.O.T. CRANES

An Industrial Licence for the manufacture of Electric Over-head Travelling Cranes upto 20 tons capacity, bearing No. L-8B-2/7/MEI/60 dated 6th September, 1960, has been received by the Company.

The Company has been fortunate enough to secure the technical collaboration of the well-known 'MUNCK-HAMJERN' Group NORWAY, who are world-renowned in the manufacture of these Cranes.

INDUSTRIAL FURNACE

The Company has entered into a Collaboration with Messrs. S.p.A. ING. F. FERRE & C., OF MILAN, ITALY, for the manufacture of Electric and Combustion Industrial Furnaces, Ovens, etc. Under this Collaboration the Company would be particularly taking up the manufacture of various types of Heat Treatment Furnaces, which are in great demand by the growing Engineering, Iron and Steel and Non-ferrous Industries. These Furnaces have hitherto been imported.

The Company is thus well set to take the fullest advantage of the increasing opportunities which are open to the Engineering Industry.

When all the schemes under contemplation are completed, a turn-over of about Rs. 1 to 1½ crores per annum is expected. Upon completion of these schemes, the Company expects profits which after providing for depreciation, development rebate and income-tax shall leave an adequate surplus for an appreciable dividend to the Shareholders.

It is not considered necessary to fix any minimum amount of subscription.

The financial requirements of the Company are comprised of:

	Existing	Proposed	Total
	Rs.	Rs.	Rs.
1. Cost of land and building.	7,14,000	6,75,000	13,89,000
2. Plant and machinery ..	6,89,000	16,44,000	23,33,000
3. Brokerage, underwriting commission and preliminary expenses	1,382	1,50,000	1,51,382
4. Contingencies	..	31,000	31,000
5. Working capital ..	..	25,00,000	25,00,000
Rs.	14,04,382	50,00,000	64,04,382

BROKERAGE AND UNDERWRITING COMMISSION

Brokerage of 1% will be paid to recognised Bankers or Brokers on allotments made in respect of applications bearing their stamps. An underwriting commission of 2½% will be paid to the Underwriters. Brokerage at the rate of 1% will also be payable to the Underwriters to the issue of allotments made in respect of applications bearing their stamp. An additional Brokerage of ½% will be paid to the Managing Brokers, on Equity Shares.

MANAGING AGENTS

M/s. Khandelwal Industries Private Ltd., Khandelwal Bhavan, 166 Dr. Dadabhai Naoroji Road, Bombay 1, a Private Limited Company with a subscribed Capital of Rs. 5,00,000, are the Managing Agents of the Company with effect from 1st July, 1960, for a period of ten years.

Shri Ramprasad Khandelwal and Shri Premnath Khandelwal who are the Directors and Members of the Company are also Directors of the Managing Agency Company, and Shri Beharilal Khandelwal who is a Director of the Company is also a Member of the Managing Agency Company.

RIGHTS OF PREFERENCE SHARES

The Preference Shares shall confer on the holders thereof the right to a fixed cumulative preferential dividend at the rate of 10% (free of Company's tax but subject to deduction of tax at source) and shall rank in a winding-up as regards return of Capital and payment of arrears of dividend whether earned, declared or not, down to the commencement of the winding-up in priority to Equity Shares, but shall not confer the right to any further participation in the Profits or Assets of the Company.

Any further preference share issue ranking *pari passu* with the present Preference Share issue will be made only after prior approval of at least three-fourths of the then holders of the present preference issue.

TERMS OF REDEMPTION OF PREFERENCE SHARES

The Company shall have the right after five years from the issue of such Preference Shares, or earlier if so determined by the Company in General Meeting, to redeem at par from time to time the said Preference Shares or such of these by drawing lots as the Directors of the Company may from time to time decide after giving six months' previous notice in writing in that behalf addressed to the Shareholders of Preference shares to be redeemed or, by such shorter notice, if so determined by the Company in General Meeting.

All outstanding Preference Shares, if any, will be redeemed within ten years from the date of issue.

APPLICATIONS AND ALLOTMENT OF SHARES

Applications for Preference and Equity Shares must be made on the respective forms copies of which may be obtained from the Registered Office of the Company and from any office of the Bankers or Brokers.

APPLICATIONS must be made for a minimum of FIVE SHARES OR A MULTIPLE THEREOF.

APPLICATIONS must be completed in accordance with the directions contained therein and delivered before the closing of the subscription list to:

(1) Khandelwal Udyog Ltd., Khandelwal Bhavan, 166, Dr. Dadabhai Naoroji Road, Bombay 1.

(2) The State Bank of India, Bombay and Branches.

(3) The Chartered Bank, Bombay and Branches.

(4) The Central Bank of India Ltd., Bombay and Branches.

(5) The Punjab National Bank Ltd., Bombay and Branches.

(6) The United Commercial Bank Ltd., Bombay and Branches.

(7) The Allahabad Bank Ltd., Bombay and Branches.

Where no allotment is made, the deposit will be returned in full within three months and where the number of shares allotted is less than the number applied for, the balance deposit will be applied towards the amount remaining payable on the shares allotted and any balance thereafter remaining will be returned within three months. The Directors reserve the right to refuse any application wholly or in part without assigning any reasons. Failure to pay any amount on shares allotted when due will render the previous payment liable to forfeiture.

The shares issued will be subject to the Memorandum and Articles of Association of the Company, a copy of which can be inspected at the Registered Office of the Company during office hours.

The Share Certificates will be issued within six months of the date of allotment.

SCINDIA STEAM SAILS AGAINST LOW TIDE AGAIN

SHARP FALL IN PROFIT, BUT DIVIDEND SAME

ALTHOUGH the captains of our shipping industry have been expecting, for the past one year or so, "some adjustment to take place before long" to arrest the fast deteriorating outlook for the industry, one cannot help regret that, all said and done, the change has been not for the better but for the worse. This is the indelible impression one gets from a study of the working results of the country's premier steamship company, Scindia Steam Navigation Company Ltd. (Chairman: Mr. Dharamsey M. Khatau, Bombay), for the year ended 30th June 1961. In fact, the low tide the Company has been sailing against has extended itself as a direct result of the previous year's handicaps such as cut-throat international competition, higher operation costs, excessive delays in Indian ports leading to a low turnround of ships, and uneconomic freight rates. For it is for the first time, at least during the last four years, that both the total cargo carried and the total freight earned by the Company have declined, the former from 26,76,600 tons in 1959-60 to 25,95,362 tons in 1960-61 and the latter from Rs. 18,35.79 lakhs to Rs. 17,50.11 lakhs. Consequently, the gross profit has declined again steeply from Rs. 2,66.91 lakhs to Rs. 2,01.97 lakhs. The magnitude of the present depression in the industry can be gauged from the fact that, with less than half the last year's freight earnings, Rs. 8,88.22 lakhs to be precise, the Company had reported a gross profit of Rs. 1,17.69 lakhs during the year 1954-55. Despite this setback in its working, the Directors of the Company have maintained the equity dividend at the previous year's level of 3 per cent, or 60 nP per share, subject to deduction of tax, apparently to stem the rot in the stock market, as the Company's shares were sold down to a new low of Rs. 12 last year.

Commenting on the year's working, the Directors observe:

"The year under review has been one of the most depressing years for the Company and proved to be one of continuous frustration and disappointment. Operators in the Liner trades continued to be affected by the world recession in trade, owing to too much tonnage looking for cargoes wherever possible at depressing freight rates. On the other hand, costs of operations continued to be on the increase. ... The operations connected with the coastal services have continued to be uneconomic; any improvement in the quantum of cargoes available in these trades being considerably offset by consistent fall in draughts in the Hooghly river resulting in lesser carriage of cargo by the same bottoms. Unsatisfactory conditions of discharge resulting in slower turnround of vessels also adversely affected the coastal operations."

The following table gives a clear idea of the sharp setback suffered by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Freight and passage money ..	17,91.17	18,77.45	16,86.76	13,95.56
Other income	45.22	53.16	50.16	51.72
Expenses	16,84.42	16,64.09	14,18.61	10,47.14
Gross profit	2,01.97	2,66.91	3,48.31	3,99.54
Directors' remuneration ..	0.92	2.54	3.18	4.15
Provisions for—				
Depreciation	1,96.45	1,88.10	1,63.00	1,44.18
Taxation	..	..	60.00	24.00
Net profit	4.60	81.27	1,42.13	2,27.21
Transfer to development rebate reserve ..	23.00	1,01.00	81.00	90.00
Transfer to other reserves ..	0.40	..	0.95	56.00
Transfer to debenture sinking fund	..	..	10.00	10.00
Transfer from reserves	41.13	35.79	20.00	..
Excess provisions written back	30.42	..	..	..
Dividend	33.79 (3%)*	33.79 (3%)*	73.22 (6½%)*	70.40 (6½%)
Carry forward	2.83	—16.13	3.00	6.66

* Subject to tax.

Expenses during the year 1960-61 have declined slightly to Rs. 16,34.42 lakhs, from Rs. 16,64.09 lakhs in the previous year. But this decline does not represent any reduction in the operating cost per ton, which, in fact, was higher. For it is due entirely to, and is not in proportion with, the lower cargo lifted by the Company during the year. As a result of this, the gross profit has declined sharply from Rs. 2,66.91 lakhs to Rs. 2,01.97 lakhs. The net profit is incredibly low at Rs. 4.60 lakhs, as against Rs. 81.27 lakhs a year before, after providing depreciation of Rs. 1,96.45 lakhs (Rs. 183.10 lakhs in the previous year) and Directors' remuneration of Rs. 0.92 lakh (Rs. 2.54 lakhs). No provision has again been made for taxation, though the assessable income amounts to Rs. 30.5 lakhs. The statutory development rebate allowance in respect of the new ships acquired during the year amounts to Rs. 128 lakhs and the statutory development rebate reserve at 75 per cent thereof amounts to Rs. 96 lakhs. As the assessable income is less than the rebate, only Rs. 30.5 lakhs will be allowable and the reserve required to be provided at 75 per cent thereof is Rs. 23 lakhs, which has been provided as special depreciation for the year, as against Rs. 1.01 lakhs for the previous year. The Directors have transferred Rs. 16.13 lakhs from the general reserve to wipe off the debit balance brought forward from the previous year. The general reserve account now stands at Rs. 4,76.69 lakhs. To the extent of Rs. 25 lakhs out of a total of Rs. 33.79 lakhs, the dividend has been paid from the dividend equalisation reserve. A sum of Rs. 0.40 lakh has been transferred to meet the shortfall in the investment reserve account, arising from the transfer of a loss of Rs. 23.87 lakhs on the sale of 10,425 ordinary shares of Rs. 1,000 each in the Hindustan Shipyard Ltd. to the Government at Rs. 80.38 lakhs. The account now stands at *nil*. The amount to be carried forward to the next year's account is Rs. 2.83 lakhs.

Despite yet another year of unsatisfactory rewards, the Company has increased its gross tonnage of cargo steamers by 4,986 to 2,60,313. The passenger-*cum*-cargo tonnage stood at the end of the year at 9,138, as against 10,587 a year before. The total capacity thus amounts to 269,451 g.r.t., as against 265,914 g.r.t. previously.

The m.v. *Jalakirti*, a second ship ordered by the Company with Messrs. Mitsubishi Heavy Industries Reorganised Ltd., Kobe, Japan, under the yen loan agreement, was launched in October 1960 and delivered according to the schedule in February 1961. She was placed on the India-U.S.A. service as a sister ship to the m.v. *Jalakrishna*. An order for two additional 17-knot motor vessels of the *Jalakrishna* type has been placed with the Hindustan Shipyard Ltd. The keel of the 17-knot Japanese type ship ordered in the previous year with the Shipyard was laid in October 1961. The s.s. *Jalakrishna* and the s.s. *Jalamohan*, war-built vessels, were sold last year in July and December respectively, and the s.s. *Bhadravati*—coastal passenger-*cum*-cargo vessel built in 1932—was disposed off in June 1961 for scrapping.

During the year, there was an addition of Rs. 3,24.45 lakhs to, and a deduction of Rs. 29.58 lakhs from, the Company's fleet, which, after these adjustments, stands at Rs. 37,51.79 lakhs. The excess of assets over liabilities is Rs. 22,42.85 lakhs and is represented by a paid up capital of Rs. 11,38.57 lakhs and reserves and surplus of Rs. 11,04.28 lakhs.

The sound financial position of the Company and the heavy discount at which its shares are currently quoted in the market should no doubt induce investors to go in for the Company's shares. There is also the possibility that, if the worst were to be over now, the Directors might not hesitate to give the much needed pep to the market by stepping up the dividend. Nevertheless, for the present, one can hardly do better than hope that, if the worst has not been seen, it should be over now. The Directors themselves are not quite optimistic of the near-term outlook for the Company, though they observe that, "in most of the important Conferences covering overseas trades in which the Company operates, efforts have been made to rationalise berthings and pool resources with a view to ultimate economy." These steps, coupled with efforts to bring about an improvement in the rates of freight wherever possible, according to them, lend hope for some improvement in the next year. As for coastal services, they say: "Rates of freight still continue to be low. Efforts are being made by the Indian Coastal Conference in this matter, and the Company keenly awaits the result of the inquiry in the matter of freight increases by Mr. R. G. Abbhi, Government Director on shipping companies."

The Rs. 20 fully paid ordinary shares of the Company are currently quoted at Rs. 12.92 *cum-div*. On *ex-div*. basis, they offer at this rate a yield of 3.5 per cent per annum, free of tax.

KIRLOSKAR ELECTRIC DOES WELL

LONG-TERM OUTLOOK PROMISING

THANKS, first, to the revival of the demand for electric motors and transformers, and, secondly, to the policy of diversification followed by it to cover such additional products as alternators, D.C. and fractional horse-power motors, welding generators, and motors in the higher ranges of power, both the sale and profit of Kirloskar Electric Company Ltd. (Managing Agents: Messrs. Kirloskar Associates, Harihar) for the year ended 30th June 1961 have not only made good the ground lost in the previous year but have also recorded further sizable gains. Sales, excluding selling commission, at Rs. 277.83 lakhs stand higher by more than 50 per cent than the previous years' figure of Rs. 182.06 lakhs, and the gross profit shows a rise of as much as Rs. 15.55 lakhs to Rs. 40.79 lakhs. Despite a heavier incidence of cost, the increased turnover has brought about an improvement in the profit-margins and the ratio of gross profit to sales has improved from 13.9 per cent for the year 1959-60 to 14.7 per cent for the year under review.

Higher gross profit has naturally meant a higher provision for the Managing Agents' remuneration and taxation, while the increased manufacturing activity reflected in a higher depreciable block has brought about an increase in the provision for depreciation. The Managing Agents stand to get, in respect of the year under review, Rs. 3.37 lakhs, as against Rs. 1.92 lakh previously, while taxation claims Rs. 12.88 lakhs as against Rs. 7.20 lakhs a year ago. Provision for depreciation, which was Rs. 5.98 lakhs last year, has now been raised to Rs. 7.36 lakhs. Although the essential provisions between themselves take away Rs. 23.61 lakhs, as against Rs. 15.10 lakhs, the net profit still shows a rise of roughly 70 per cent, from Rs. 10.14 lakhs to Rs. 17.18 lakhs.

The expansion and diversification plans of the Company have necessitated a constant and substantial plough back of earned profits and the Directors have, therefore, done well to retain as much as Rs. 12.38 lakhs, or 72 per cent of the net profit, as compared with Rs. 6.21 lakhs last year. Even then, they have found it possible to raise the rate of ordinary dividend by 2 per cent to 11 per cent, subject to deduction of tax. This absorbs Rs. 4.81 lakhs, as against Rs. 3.93 lakhs, and leaves Rs. 1,709 as a carry forward, as against Rs. 2,982 brought in.

The progress made by the Company during the past four years is presented in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales (less commission) ..	277.83	182.06	218.26	196.60
Other income ..	0.07	0.04	0.14	0.08
Closing stock of finished goods ..	10.51	10.01	8.64	12.41
Raw materials and stores consumed	187.07	121.61	148.29	143.19
Salaries, wages and bonus ..	28.25	21.03	23.52	20.48
Other expenses	21.29	15.59	16.01	14.00
Gross profit	40.79	25.24	27.88	26.00
Managing Agents' commission.	3.37	1.92	2.37	2.22
Provision for—				
Depreciation	7.36	5.98	5.36	6.15
Taxation	12.88	7.20	9.62	8.60
Net profit	17.18	10.14	10.53	9.08
Transfer to reserves	12.38	6.21	6.66	5.87
Dividends	4.81 (11%)†	3.93 (9%)†	3.87† (10%)	2.68
Carry forward	0.02	0.08	0.04	0.04

† Subject to deduction of tax.

A perusal of the Company's balance-sheet as at 30th June 1961 reveals that the cautious dividend payment policy followed by it during the past fifteen years has undoubtedly helped it to build up a strong financial position. The share capital of Rs. 44.38 lakhs, consisting exclusively of equity shares, is supplemented by Rs. 40.86 lakhs in reserves and surplus. Against this, fixed assets, with a book value of Rs. 111.74 lakhs, are worth Rs. 66.00 lakhs including Rs. 4.21 lakhs as cost of capital work-in-progress. Current assets, loans and advances aggregate Rs. 130.08 lakhs or Rs. 19.24 lakhs more than all loans and current liabilities put together.

Although the aforesaid particulars are, no doubt highly satisfactory, prospects for the current year appear to be far from encouraging. While every effort is being made to maintain the improvement in sales, the Company, as the Directors point out, has been obliged to accept orders for transformers at prices which offer little margin, presumably because of the keen competition prevailing in the business. Further, there has been, of late, a noticeable decline

(*Continued on next page*)

SYNOPSES OF COMPANY REPORTS

Bababudin Coffee and Produce Co., Ltd.

(*Managing Agents*: A. V. Thomas & Co. (Mysore) Private Ltd., Bangalore.)

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (proceeds of coffee and other produce) ..	6,00	4,16
Gross profit ..	1,29	(—) 48*
Transfer to Managing Agency remuneration ..	11	8
,, ,, depreciation	20	14
,, ,, taxation	25	Nil
Net profit (+) or loss (—)	(+) 73	(—) 85
Adjustments	2	1,00†
Appropriations:		
Total available balance	75	1,00
To adjustment of loss	Nil	18
Transfer to reserve for bad and doubtful debts.	3	Nil
Proposed dividend (taxable) 6% C. preference.	18‡	18‡
To additional preference dividend for 1958-59 and 1959-60	§	Nil
Proposed dividend (taxable) ordinary ..	32 (8%)	32 (8%)
Carried forward	22	2

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

* Loss after providing for depreciation and Managing Agents' remuneration.

† This includes Rs. 92,000 transferred from reserves.

‡ Calculated at 0.035 per cent, in accordance with the Preference Shares (Regulation of Dividends) Act, 1960.

§ Represents a sum of Rs. 208 being additional preference dividend for 1958-59 and 1959-60 calculated at 0.035 per cent.

Extracts from the Directors' report:

The Estate harvested a record crop of 245,843 tonnes for the season under review. The entire crop was delivered to the coffee pool. Owing to unfavourable market conditions, the coffee prices both for internal sales and export sales have been rather low recently and it is expected that the payment for the coffee crop for season 1960-61 may not be more than 1.90 nP per point as against 2.24 nP per point for the previous season. This has naturally resulted in financial stringency and economies are being effected wherever possible in working of the property.

The estimates for season 1961-62 are as follows: Estimated crop 120 tonnes and cost of production 119.24 nP per 50 kilos. According to the latest indications, the crop for the ensuing season may be around 100 tonnes only.

Accounts in brief as at 30th June 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital* ..	7,00,000	Gross block ..	7,87,289
Reserves and surplus..	1,84,576	—Depreciation ..	1,30,165
Other liabilities ..	1,74,598	Net block ..	6,57,134
		Current assets ..	2,45,393
		Investments ..	73,967
		Cash	32,680
	Rs. 10,59,174		Rs. 10,59,174

* Paid-up capital consists of 80,000 equity shares of Rs. 5 each and 30,000 six per cent cumulative preference shares of Rs. 10 each. Of the above 40,000 equity shares are allotted as fully paid up by way of bonus shares on capitalisation of reserves.

Balrampur Sugar Co., Ltd.

(*Secretary*: Mr. R. Kanodia, Calcutta.)

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (sugar and molasses)	90,42	69,10
Closing stock	68,11	40,98
Gross profit	3,33	3,01
Transfer to depreciation	1,58	1,12
,, ,, taxation	52	10
Net profit	1,23	1,79
Adjustments	54	56
Appropriations:		
Total available balance	1,77	2,35
To excise duty rebate—short recovered ..	6	Nil
Transfer to development rebate reserve ..	56	1,31
Proposed dividend (taxable) ordinary ..	1,12 (8%)	56 (8%)
Carried forward	3	48

N.B.—Adjustments include the balance brought forward from the previous year; provisions no longer required written back and other credit items.

Extracts from the Directors' report: The duration of season during the year under review was 152 days against 124 days in the previous year. The cane crushed was higher at 1216685.90 quintals (32,59,777 Mds. 22 Srs.) as compared to 959414.46 quintals (25,70,489 Mds.) during the previous season. The recovery was also higher at 10.17 per cent against 9.94 per cent in the preceding season.

As reported in the Directors' last year's report the phased programme of extensions and reconstructions has already been taken in hand. The Company has been granted a license by the Government to increase its crushing capacity to 1,200 tons per day.

The excise rebate of Rs. 4,11,964 allowable under the incentive scheme on extra production of sugar during the season 1960-61 was not provided in the above accounts for the reason that the Company shall be entitled to receive the said sum of Rs. 4,11,964 during the year 1961-62. Therefore, the same shall appear in the accounts for the year 1961-62. Similarly no provision of any amount has been made for any sum under the price linking formula in respect of season 1960-61 as the Government of India has referred the price linking formula to the Tariff Commission for further examination and the amount of deferred cane price payable to the Cane Growers will be determined only after the Commission has examined the formula and its report thereon is accepted by the Government.

Accounts in brief as at 30th June 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital* ..	14,00,000	Gross block ..	34,35,427
Reserves and surplus.	10,56,174	—Depreciation ..	20,76,488
Other liabilities ..	75,96,771	Net block ..	13,58,939
		Block in progress ..	9,449
		Current assets ..	86,33,944
		Investments ..	15,000
		Cash	35,613
	Rs. 1,00,52,945		Rs. 1,00,52,945

* Paid-up capital consists of 5,60,000 ordinary shares of Rs. 2.50 each fully paid up in cash.

Orissa Minerals Development Co., Ltd.

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

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales	1,19,97	1,30,75
Closing stock	10,98	9,48
Gross profit	28,47	31,05
Transfer to Managing Agents' remuneration ..	2,18	2,29
,, ,, depreciation	5,61	3,59
,, ,, taxation	9,40	8,40
Net profit	11,28	17,37
Adjustments	1,11	88
Appropriations:		
Total available balance	12,39	18,25
Transfer to general reserve	5,00	4,00
,, ,, mechanisation reserve ..	Nil	3,00
,, ,, statutory development rebate reserve	18	2,08
,, ,, other reserves	45	86
To interim dividend (taxable) ordinary ..	2,00 (10%)	3,00 (15%)
To final dividend (taxable) ordinary ..	3,60 (18%)	4,20 (21%)
Total dividend for the year ..	[28%]	[36%]
Carried forward	1,16	1,11

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

Extracts from the Directors' report: *Iron Ore*.—Raisings decreased from 7,02,299 tons to 6,44,182 tons as compared with the previous year. Despatches also decreased from 6,92,063 tons to 6,47,828 tons.

Manganese Ore.—The total output was 59,656 tons as against 61,285 tons last year. Despatches increased from 50,066 tons to 70,685 tons this year. Normal prospecting was carried out during the year.

Manganese Dioxide.—Production of *Dioxide Ore* was *nil* during the year under review as against the output of 640 tons last year. Production was *nil* as the Company's main deposit yielding *Dioxide Ore* has been exhausted. Sales, however, recorded an increase from 986 tons to 2,140 tons. Sales were effected from previous stocks.

Market.—The demand for *Iron Ore* was satisfactory but this year again the full advantage of the demand could not be taken due to inadequate supply of railway wagons.

Manganese Export Market is still depressed and became more competitive with the result that prices of the various grades of ore have fallen sharply.

Bolani Ores Ltd.—This project has made considerable progress and has now reached the target despatches at the rate of 1 million tons of *iron ore* per annum to Durgapur Steel Plant.

Eastern Shipping Syndicate.—The activities of the Syndicate ceased on 31st August 1957. The realisation of assets and the payment of liabilities are still in progress.

Accounts in brief as at 30th June 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital* ..	20,00,000	Gross block ..	71,67,923
Reserves and surplus..	65,81,829	—Depreciation ..	30,76,350
Other liabilities ..	67,17,122	Net block ..	40,91,573
		Capital work-in-progress	17,906
		Current assets ..	70,79,326
		Investments ..	39,67,661
		Cash	91,985
	Rs. 1,53,48,451		Rs. 1,53,48,451

* Paid-up capital consists of 2,00,000 ordinary shares of Rs. 10 each fully paid up. Out of this 30,000 ordinary shares have been allotted as fully paid up pursuant to a contract without payment being received in cash and 1,00,000 ordinary shares have been allotted as fully paid up by way of bonus shares by way of capitalisation of general reserve.

Mercara Rubbers Ltd.

[*Managing Agents*: The Associated Planters (Private) Ltd., Madras.]

Registered Office: Tamaracherry, Pudupadi P.O., Kerala State.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales (rubber sheet and scrap)	1,14	4,31
Closing stock of rubber sheet and scrap ..	1,32	1,64
Gross profit	1,20	1,31
Transfer to Managing Agents' remuneration ..	11	12
,, ,, depreciation	9	10
,, ,, taxation	20	24
Net profit	80	85
Adjustments	10	12
Appropriations:		
Total available balance	90	97
To reserve for bad and doubtful debts ..	2	Nil
,, preference dividend	15	15
,, income-tax on preference dividend ..	5	7
,, ordinary dividend (taxable) ..	65 (20%)	65 (20%)
Carried forward	3	10

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

Extracts from the Directors' report: The directors feel that the result for the year ended 30th June 1961 have been very stisfactory.

Cost:—Estate delivery per lb. Estimated cost for

	Cents
1960	78-35
1961	80-88
1962	85-65

The average price realised for 1961 rubber is: Sheets Rs. 156.89 per 50 kgs. and Scrap Rs. 132.26 per 100 kgs.

The rubber harvested in 1961 amounted to 2,55,354 lbs. The estimate for 1961-62 are placed at 2,60,000 lbs.

The cost of production during the year has gone up mainly due to increased cost of wages and amenities to labour. In spite of representation by planters, the Government of India have not increased the prices of rubber.

Accounts in brief as at 30th June 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital* ..	5,75,000	Gross block ..	8,43,098
Reserves and surplus..	2,53,304	—Depreciation ..	81,358
Other liabilities ..	2,08,838	Net block ..	7,61,740
		Current assets ..	2,39,845
		Cash	35,647
	Rs. 10,37,282		Rs. 10,37,232

* Paid-up capital consists of 65,000 ordinary shares of Rs. 5 each and 25,000 six per cent cumulative preference shares of Rs. 10 each.

Central Provinces Railways Co., Ltd.

(*Managing Agents*: Messrs. Killick Industries Ltd., Bombay.)

52*nd Annual General Meeting*—Held on 5th January 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Net earnings	9,87	8,15
Government's share	2,45	1,58
Gross profit	7,14	6,25
Transfer to Managing Agents' commission ..	36	31
,, ,, taxation	3,05	2,87
Net profit	3,73	3,27
Adjustments	5	7*
Appropriations:		
Total available balance	3,78	3,34
To Interim dividend (taxable) ordinary ..	Nil	1,41 (1.50%)
Proposed dividend (taxable) ordinary ..	3,76 (4%)	1,88 (2%)†
Carried forward	2	5

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

* This includes Rs. 471 being over provision for final dividend for the year ended 30th September 1959.

† Final dividend.

Extracts from the Directors' report:

The following table shows the statistics of traffic for the past three years:—

	1958-59	1959-60	1960-61*
Number of passengers	21,86,084	22,90,889	25,14,629
Gross earnings (in rupees) ..	9,81,274	10,13,968	11,52,657
Merchandise (in metric tonnes) ..	1,42,393	1,85,684	1,47,195
Gross earnings (in rupees)	5,54,845	5,16,457	5,88,911

* The figures for 1960-61 in respect of the number of passengers carried during June to September, 1961, and tonnes carried during September, 1961, will require adjustment as the audited figures have not been received.

Coaching Traffic:—There has been an increase of about 2,23,000 in the number of passengers carried and of over Rs. 1,38,000 in coaching receipts.

Goods Traffic:—This class of traffic likewise shows an increase of over 11,000 tonnes with augmented earnings of more than Rs. 67,000.

The Board of Directors having given due consideration to a suggestion made by some shareholders at the Company's last annual general meeting that the declaration and payment of an *Ad-interim dividend* should be discontinued and only one dividend be declared in respect of each financial year, decided that the payment of *Ad-interim dividend* should be discontinued.

Accounts in brief as at 30th September 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	94,00,000	Block	95,61,236
Reserves and surplus..	57,206	Current assets ..	4,27,374
Other liabilities ..	6,39,688	Investments	500
		Cash	1,07,784
	Rs. 1,00,96,894		Rs. 1,00,96,894

* Paid-up capital consists of 94,000 equity shares of Rs. 100 each fully paid.

Notices

RALLIS INDIA LIMITED

CLOSURE OF TRANSFER BOOKS

NOTICE IS HEREBY GIVEN THAT THE Transfer Books of the Company will be closed from 27th January 1962 to 15th February 1962, both days inclusive.

By Order of the Board,
KENNETH SHEPPARD,
Secretary.

16th HARE STREET, CALCUTTA,
3rd January, 1962.

THE OUDH SUGAR MILLS LIMITED

Registered Office:
Industry House, 159, Churchgate Reclamation, BOMBAY-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-ninth Annual General Meeting of the Shareholders of The Oudh Sugar Mills Limited will be held at the Registered Office of the Company at Industry House, 159 Churchgate Reclamation, Bombay-1, on Tuesday the 30th day of January 1962, at 2-30 p.m., to transact the following business:

1. To consider and adopt the Report of the Directors and Audited Accounts of the Company for the year ended 31st July 1961.
2. To sanction the declaration of dividend on ordinary shares.
3. To appoint a Director in place of Shri Kamalnayan Bajaj who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri P. R. Jhunjhunwala who retires by rotation and is eligible for reappointment and to consider and, if thought fit, to pass the following resolution as a Special Resolution, in respect of which Special Notice as required by Section 261 of the Companies Act, 1956, has been received by the Company from some members:

   "RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions if any of the Companies Act, 1956, Shri P. R. Jhunjhunwala who retires by rotation and who is a partner in the firm of Messrs. Shriram Ramniranjan which firm is a co-sharer in the Managing Agency commission received from the Company by the Managing Agents, The Cotton Agents Private Limited, be and is hereby re-appointed a Director of the Company."

5. To consider and, if thought fit, to pass the following resolution:

   "RESOLVED that the Company hereby approves of and accords its consent to the appointment of the following parties as Distributors of the products of Berar Oil Industries, Akola, a proprietory concern of the Company commencing from the dates, and for the products and areas respectively set out against the name of each party and on the terms and conditions contained in the agreements entered into by the Company with each of the said parties:

Name	*Name of products*	*Area*	*Date of appointment*
Messrs. Hanumandas Mall, Purulia	Vanaspati, Refined Oil and Soap,	Purulia proper	1-4-1961
,, Sri Shankar Vegetable Store, Gaya	Do.	Gaya proper	,,
,, Bihar Trading Co., Patna	Do.	Patna proper	,,
,, Vishwanath Omprakash, Ranchi	Do.	Ranchi proper	,,
,, Jutharam Ranglal, Tatanagar	Do.	Tatanagar proper	,,
,, Jugalkishore Rameshwardas, Delhi	Do.	Samalkha, Palwal and Delhi	,,
,, Shankardeo Company, Bairagarh	Vanaspati only	Bairagarh proper	,,
,, Maheschandra & Co., Mhow	Do.	Mhow and Ujjain	,,
,, Purshottamdas & Co., Bombay	Vanaspati, Refined Oil and Soap	Bombay City and Suburbs	,,
,, Deokinandan Birendrakumar Private Ltd., Calcutta.	Do.	Calcutta proper	,,
,, Jeetmall Kalloomall, Allahabad	Do.	Allahabad proper	,,
,, Bihar Trading Co., Banaras	Do.	Banaras proper	,,
,, Vanaspati Agents, Kanpur	Do.	Kanpur, Lucknow and Unnao proper	,,
,, Vegetable and Oil Agents Private Ltd., Calcutta.	Do.	Calcutta proper	,,

6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

By Order of the Board,
For THE OUDH SUGAR MILLS LIMITED,
Managing Agents,
THE COTTON AGENTS PRIVATE LIMITED,
S. G. NEVATIA.
Director.

BOMBAY, *Dated 2nd January* 1962.

Notes.—1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

2. Shareholders are requested to notify any change of address failing which the dividend warrants will be posted to their addresses registered with the Company.

3. The Dividends when sanctioned will be made payable on the United Commercial Bank Ltd., Churchgate Reclamation Eranch, Bombay, from 12th February 1962 to those shareholders whose names stand on the Register on 30th January 1962 to whom dividend warrants will be posted.

4. The Register of Members and transfer books of the Company will remain closed from 15th January 1962 to 30th January 1962 both days inclusive.

5. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 has been posted to all the Shareholders along with the notice of the aforesaid meeting.

THE MYSORE SUGAR COMPANY LIMITED, BANGALORE

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-eighth Annual General Meeting of the MYSORE SUGAR COMPANY, LIMITED, will be held at the Registered Office of the Company at Sri Jayachamaraja Wadiyar Road, Bangalore City, at 4 p.m. on Wednesday the 31st January 1962, to transact the following business:

(1) To receive and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 30th June 1961.
(2) To declare a Dividend.
(3) To elect a Director in place of Sri V. T. Krishnamoorthy who retires by rotation and, being eligible, offers himself for re-election.
(4) To elect a Director in place of Sri H. K. Veeranna Gowdh, who would have retired but for his resignation.

The Share Transfer Register of the Company will be closed from the 20th to the 31st January 1962, both days inclusive.

By Order of the Board,
T. HANUMIAH,
Secretary.

BANGALORE, 28*th December* 1961.

Note: (i) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxies must be lodged with the Company not less than 48 hours before the meeting.

(ii) The dividend, when declared, will be made payable at the State Bank of Mysore, Bangalore, on and after the 15th February 1962. The Dividend Warrants will be posted to those shareholders whose names stand on the Company's Register on the 19th January 1962.

DALMIA IRON AND STEEL LIMITED

RAJGANGPUR (Orissa State)

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT RAJGANGPUR (DIST. SUNDERGARH, ORISSA STATE) on Thursday the 15th February, 1962, at 2.00 p.m., to transact the following business:—

1. To receive the Directors' Report and to consider the Audited Statement of Accounts for the year ended 30th September 1961 and declare dividend.
2. To elect a Director in place of Shri Mohanlal Goenka who retires by rotation and is eligible for re-election.
3. To elect a Director in place of Shri N. C. Roy who retires by rotation and is eligible for re-election.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To approve the refund of Security Deposit to Messrs. Fogla & Sons.
6. To approve the re-appointment of Managing Director.
7. To consider and if thought fit to pass the following resolution with or without modification:

   "Resolved by way of Special Resolution that pursuant to Sub-sections (4) and (7) of Section 309 of the Companies Act 1956 and subject to the approval of the Central Government, the Directors of the Company excluding the Managing Director be and are hereby authorised to receive in respect of each of the five financial years of the Company commencing from 1st October 1961 to 30th September 1966 to divide equally amongst themselves a commission of one per cent of the net profits of the Company computed in the manner provided in Sections 349 and 350 of the said Act and subject to the provision of Section 198.

By Order of the Board of Directors,
FOR DALMIA IRON AND STEEL LIMITED,
G. KEJRIWAL,
Managing Director.

28*th December*, 1961.

Notes.—(a) Every Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a shareholder. The proxies should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

(b) The Register of Members of the Company shall be deemed to remain closed for accepting Share Transfer Applications from 21st January to 15th February 1962, both days inclusive.

(c) The dividend when sanctioned will be paid to those Shareholders whose names would appear in the Register of Members on 15th February 1962. Dividend warrants are expected to be posted by 15th March 1962.

(d) Explanatory statement pursuant to Section 173 of the Companies Act 1956 for items 5, 6 and 7 of the Agenda is being forwarded to the members of the Company.

ALLIANCE JUTE MILLS COMPANY LIMITED

ANNUAL GENERAL MEETING OF MEMBERS

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from the 17th January, 1962 to the 31st January, 1962, both days inclusive.

By Order of the Board,
McLEOD & Co. LTD.,
C. HOCKLEY,
Secretary,
Secretaries and Treasurers.

CALCUTTA, 3rd *January*, 1962.

NO CHANGE IN MONEY

(*From Our Own Correspondent*)

BOMBAY, 10*th January*

There have been no outstanding developments in the short-term money market in this, the second week of the New Year. Most of the banks are in a comfortable position and are able to meet the credit needs of their customers without any difficulty. The intense competition for deposits stems not from immediate requirements but from the expected calls in the future. At the moment, the demand for bank credit is below expectations.

Today, the inter-bank money market was a little more active than in the previous days of the week under review, but the demand was not heavy enough to push up the inter-bank call rate which continued to be steady at 4½ per cent. The same rate prevailed in Calcutta too. If the broadening of demand for funds noted today were to gather momentum in the next few days, as, indeed, it might, the inter bank call money rate could easily move up to 5 per cent.

There have been no changes in the short-term deposit rates which are as follows:

	Per cent
Notice money from public:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive) ...	3
(ii) 31 to 60 days (,,) ...	3½
(iii) 61 to 90 days (,,) ...	3½
(iv) 91 days and over but less than 12 months	3½
(v) 12 months	4

The Central Government was table to raise Rs. 2 crores by way of 91-days' Treasury Bills, under the weekly tender system, at 2.520 per cent, the same as in the previous week. The amounts tendered, however, exceeded the invitation by Rs. 3 lakhs. As against nothing in the previous week, the offtake of 91-days' intermediate Treasury Bills was Rs. 15 lakhs. Sales of both the types of bills are being continued in the coming week.

Notes in circulation, according to the Reserve Bank's statement for the week ended 5th January 1962, have staged a rise of Rs. 26.24 crores, but as notes held in the Banking Department have shrunk by Rs. 3.03 crores, the total notes issued are up by Rs. 23.21 crores. This increase, which is quite normal for the first week of a month, has been balanced on the assets side of the Issue Department by an addition of Rs. 10 crores in foreign securities and of Rs. 15 crores in rupee securities, against which there has been a fall of Rs. 1.79 crore in rupee coin.

The aforesaid increase in the foreign securities held in the Issue Department has been brought about by a transfer from balances held abroad shown in the Banking Department. These are actually done by Rs. 16.87 crores. Consequently, the total foreign exchange reserves are lower by Rs. 6.87 crores at Rs. 143.45 crores.

Deposits of banks with the Reserve Bank, which had gone up by Rs. 25.76 crores in the previous week, have fallen by Rs. 26.31 crores in the week under review. This development only confirms the view that the increase in the previous week was mostly due to the customary year-end window-dressing operations. A part of the decline reflects the repayment of a sizable amount of the borrowings from the Reserve Bank. Such under the usance bills alone is of the order of Rs. 7.81 crores, the amount outstanding being no more than Rs. 6.93 crores.

Indicative of the quarterly tax payments is the increase of Rs. 11.45 crores in the deposits of the Central Government. The funds of other Governments, however, have staged a marked contraction of Rs. 20.78 crores.

The scheduled banks' statement for the week ended 29th December 1961 shows an increase of Rs. 23.14 crores in deposits, the bulk of which has been under demand deposits. Inter-bank borrowings are lower by Rs. 4.90 crores. Bank credit has staged a sharp rise of Rs. 23.07 crores. Investments have gone down by Rs. 20 crores, while cash balances have moved up by Rs. 24.48 crores.

The State Bank's statement for the corresponding week (viz., 29th December 1961) shows an increase of Rs. 6.31 crores in deposits, a rise of Rs. 5.98 crores in advances, a fall of Rs. 20.32 crores in investments and an improvement of Rs. 18.59 crores in cash balances. These figures will enable the reader to appreciate the extent to which the variations in the position of scheduled banks as a whole have been influenced by this State-owned banking giant.

The gilt-edged market has been devoid of any fresh features. Over the week, there is hardly any variation in the prices of Central Government loans. Among State loans, there has been some inquiry for the 4½ per cent 1972 issues, resulting in a rise of 5 to 20 nP in the loans of Madras, Andhra, Uttar Pradesh, Madhya Pradesh, Bihar, Orissa and Mysore.

There has been a slight improvement in the value of the pound sterling in the foreign exchange markets of the world. This key currency of the sterling area has hardened in terms of the U.S. dollar, French and Swiss francs and Deutsche mark. In terms of dollar, for instance, the spot rate New York on London has strengthened over the week by 0.180 cent to 281.100-281.140 cents per £. There has been a corresponding improvement in the three months' forward rate also, the latest rate being 279.130-279.170 cents. Reflecting this strength of pound sterling, the value of rupee in terms of U.S. dollar has also improved. The banks' selling rate for ready T T on New York is Rs. 476.25 per 100 dollars as against Rs. 476.50 a week ago. The banks' buying rate is Rs. 473, as against Rs. 473.25 per 100 dollars last week.

BULLION WEAK

(*From Our Own Correspondent*)

BOMBAY, 10*th January*

There was a sharp decline in bullion prices during the week under review, gold receding by Rs. 3.25 per 10 grams and silver by Re. 1.70 per kilogram. The decline followed tired bull liquidation prompted by continued sizable arrivals, while offtake was small. There were, besides, large offerings on behalf of a Calcutta trader. At lower levels, some support was no doubt in evidence and both metals staged a recovery. But the recovery was negligible, so that the closing rates were well below those prevailing on Wednesday last week. The undertone of the market at the time of writing was weak.

Arrivals of gold and silver during the week, as already stated, were quite large, the daily average being 6,400 tolas and 40 bars, as against 6,700 tolas and 20 bars, respectively, in the previous week. Average offtake was 5,600 tolas of gold (5,450 tolas last week) and 6 bars of silver (7 bars). The floating stocks in the local market are estimated at 50,000 tolas of gold and 1,700 bars of silver.

The adjustment rates fixed today were Rs. 115.75 per 10 grams of gold and Rs. 209.95 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 119.00 and Rs. 211.65, respectively.

In gold, the *Fagun* (22nd March) settlement began the week at Rs. 120.60, as against the previous close of Rs. 120.75, and moved down to touch a low of Rs. 117.40 today. The net loss over the week was Rs. 3.35.

Ready gold continued to be quoted at a discount under the forward throughout the week, though the actual discount declined slightly from Re. 1.50 to Re. 1.40. The ready closing rate was lower at Rs. 116, as against Rs. 119.25 a week ago.

The *Fagun* (23rd March) settlement in silver encountered selling and receded from Rs. 213.25 on Wednesday last to Rs. 211.60 on the 8th inst. After recovering to Rs. 212.40 today, the settlement finished at Rs. 211.45. The net loss over the week was Re. 1.80.

Ready silver declined from Rs. 211.65 to Rs. 210 on Monday. Subsequently, it improved and touched Rs. 210.70 today before closing at Rs. 209.95. At this level, the discount under the forward was Re. 1.50, as against Re. 1.60 a week before.

The world price of gold in the London bullion market improved further, albeit slightly, from $35.15½ to $35.15⅞ per fine ounce. But the sterling price eased from 250s. 3½d. to 250s. 2d. owing to the firmness of the pound sterling *vis-a-vis* the dollar. Ready silver came in for some selling and shed ¼d. to 87⅞d. Forward silver also eased by ¼d. to 88¼d. Silver in New York, however, was unchanged at 104.75 cents.

The following table shows the trend of prices during the week under review:

	10-1-62 (closing)	High	Low	3-1-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	116.00	119.15	116.00	119.25
Forward: *Fagun*†	117.40	120.65	117.40	120.75
Sovereign	98.00	98.00	97.50	97.50
SILVER				
Ready (.996 fine)	209.95	211.85	209.90	211.65
Forward: *Fagun*†	211.45	212.85	211.40	213.25
London—				
Silver Ready	87⅞d.	88d.	87⅞d.	88⅛d.
Silver Forward	88⅛d.	88⅛d.	88⅛d.	88d.
Gold	250s. 2d.	250s. 3½d.	250s. 2d.	250s. 3½d.
New York—				
Silver	104.75 cents	—	—	104.75 cents

† 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

KIPS STEADY

(*From Our Own Correspondent*)

MADRAS, 8*th January*

The kip market remained steady and there was no change in the tempo of trading or prices. Demand for inland trade for lower selections in cow hides was good and the prices obtainable locally were 10 nP to 15 nP higher than exporters' ideas. U.K. inquiries were patchy, with emphasis on lower grades which were not available at workable prices for export. Demand for cow calf from the U.K. was selective and small and that for buff calf from the U.S.A. was negligible. Arrivals of buff hides met with ready clearance at firm prices.

In the tanned skins section also, there was no material change in the pattern of demand. There were isolated inquiries for lightweight top marks goat skins in run selections and for heavies lower ends as well as for middle class sheep skins 2 lbs. average run parcels. Other lines seemed to be neglected for the present.

The January tanned skins public auctions in West Germany will take place on the 8th inst. when about 84,000 goat skins and 62,000 sheep skins will be offered for sale.

Shipments during the month of December 1961 were 1,885 bales tanned cow hides, 172 cow calf, 11 buffs, 380 buff calf, 455 goat skins and 265 sheep skins to the U.K. ports; 25 cow hides, 12 cow calf, 28 buff calf, 992 goat skins and 398 sheep skins to Continental ports; 158 buff hides, 155 buff calf and 254 goat skins to the U.S.A. ports; and 7 goat and 91 sheep skins to Japan. It will be noticed that the shipments of tanned skins to the Continental ports last month were very heavy.

COTTON FUTURES IMPROVE

(*From Our Own Correspondent*)

BOMBAY, 10*th January*

Neither the import quota of 200,000 bales announced on Saturday, the 6th inst., nor the new scheme of distribution of Indian cotton published yesterday had any bearish effect on the cotton futures market which firmed during the week under review. Barring occasional setbacks, caused by profit-taking, the trend of futures prices was steadily upward. The import quota fell flat on the market because shipment under the quota was possible only from 1st July to 31st October. There was, therefore, no prospect of foreign cotton immediately becoming available under the quota. The new scheme of distribution of Indian cotton also had no adverse effect because it did not come as a surprise. In fact, the scheme was discussed earlier by the Textile Commissioner with the representatives of mills and trade. Although the fear that the Forward Markets Commission might intervene, should futures prices, which are already only a few rupees below the statutory ceiling, rise unduly, tended to curb speculative enterprise, fresh support was forthcoming from mills and investors. Futures prices consequently firmed up. From Rs. 673 last week-end, the Jarilla March contract steadily rose to Rs. 680 today.

At a meeting held yesterday, the Board of the East India Cotton Association is reported to have decided to set up a sub-committee to work out the details of the next contract, namely, I.C.C. August 1962. The sub-committee, it is said, was advised to devise the contract in such a manner as to obviate the need for any intervention in the market by the F.M.C. The Board would also appear to have resolved the controversy arising out of the F.M.C.'s contention that the ceiling price of the contract was inclusive of the invoicing back rate and the penalty for failure to tender by deciding to advise the members to adjust their outstanding commitments in such a manner as to fall in line with the F.M.C.'s ruling. Demand for ready cotton continued to be good. Spinners showed interest in almost all old and new crop varieties. Interest centred mainly round such varieties as L.147, 197/3, Co2, Vijay and Digvijay. Prices ruled firm.

Export demand for Bengal *Deshi* was good. Sizable business in this variety passed on a subject-to-licence basis. Among foreign cotton, demand was reported for East African. Pakistan and American growths too evoked inquiries. Of the import quota of 200,000 bales announced on Saturday, 70,000 bales of cotton of staple length 1-1/16" will be allocated to mills against their retention quota under the export incentive scheme. The balance of 130,000 bales consists of 30,000 bales of cotton of staple length 1-1/16" and above but below 1-3/16" and 100,000 bales of cotton of staple length 1-3/16". The large import allocation of 100,000 bales in respect of cotton stapling 1-3/16" and above is likely to prove very helpful to the spinners, since it would enable them to book more Sudan cotton which is cheaper. Prices of Egyptian cotton have lately started declining rapidly and, if they come in parity with those of Sudan in the near future, there is every possibility of the latter cotton being picked up by spinners in equal, if not more, quantity.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal 682, Co2 1,150-1,200, Khamgaon 961, B.P.52 1,330, Busoga (UNUG) 1,310, Sudan XG3S 1,665, XG5S 1,450.

Firm conditions prevailed in the Karachi cotton futures market during the week under review. Renewed export inquiries and good domestic mill buying initiated a general buying movement which took prices to higher levels. N.T.R.G. January contract firmed up from Rs. 78.70 to Rs. 79.40. The March contract too was quoted higher at Rs. 78.10, as against Rs. 77.25 last week-end.

Cotton futures in Liverpool drifted further downwards during the week under review. Selling by commission houses and local traders persisted while demand tended to recede. Both the American and American type contracts declined. Even higher advices from New York failed to lift values. Sudan contracts, however, ruled quietly steady with values unchanged from last week. The following are the latest available quotations—in pence per lb. from Liverpool:

American cotton one inch staple contract: March 24.55; May 25.00; July 25.15; October 24.90.

American cotton mixed growth contract: March 24.95; May 25.40; July 25.55; October 25.30.

Sudan: January, March, May 32.25.

In contrast to last week's setback, the New York cotton futures market depicted a firm trend during the week under review. Support based on the expectation of a higher loan rate for the 1962 crop resulted in a rally in the distant positions while the near deliveries firmed up in sympathy. Firm advices from the spot market also imparted strength to the market.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	9-1-62	2-1-62	26-12-61
New York spot	35.55	35.55	35.45
March	34.49	34.08	34.15
May	35.04	34.62	34.63
July	35.17	—	—

YARNS EASY

(From Our Own Correspondent)

BOMBAY, *10th January*

The easy trend depicted by the yarn market in the past four weeks continued unabated during the week under review. Art silk yarns encountered selling, thanks to poor offtake by weaving mills and prospects of large imports in the near future. Consequently, prices suffered a setback. Stable fibre yarns also drifted downward, due to lack of encouraging advices from consuming centres. Cotton yarns lacked support, excepting finer counts which were somewhat favoured and tended to move up.

Amilan (20 deniers) February delivery was subjected to heavy selling pressure and hammered down from Rs. 3,345 to Rs. 3,205. April position was done today at Rs. 3,267. Among indigenous spot art silk yarns, National Rayons 120 Bt. cones 1st grade dropped Re. 1.03 to Rs. 13.31. 150 Bt. cones receded by 94 nP to Rs. 11.07. Among foreign yarns, 150 Japan was dull at Rs. 1,929, as also 150 Italy at Rs. 1,709. 120 Japan, however, met with scattered support and gathered Rs. 13 to Rs. 1,845. 120 Italy gained Rs. 10 to Rs. 1,874.

Staple fibre yarn (40 x 1) February settlement declined by Rs. 26 to Rs. 739. Spot Hinds fell by 48 nP to Rs. 8.58. Citys shed 31 nP to Rs. 8.93, Kohinoors lost 20 nP to Rs. 9.15.

In the cotton yarn section, ten counts Podars were quiet at Rs. 17.25 and Moderns at Rs. 18.37. Twenty counts Centurys and Moderns were unaltered at Rs. 22.75 and Rs. 21.50, respectively. Thirty counts Edwards changed hands at Rs. 25.25, same as last week. Sixty and eighty counts Finlays evoked good demand, the former rising by Re. 1/- to Rs. 65 and the latter by Re. 1.82 to Rs. 82.82.

GROUNDNUTS FIRM

(From Our Own Correspondent)

BOMBAY, *10th January*

The oilseeds market continued to rule firm during the week under review. The firmness of groundnuts was engendered by the export quota for 20,000 tons of H.P.S. groundnuts (referred to last week in these columns) announced on Wednesday last week. Another helpful factor was the Government of India's decision to permit industrial units consuming groundnut oil (for instance, soap producers) to export the oil in replacement of an equal quantity of less costly oils. This move is designed to economise the use of groundnut oil for diverting it to export channels. A clear picture of the possible quantum of exports under the scheme was lacking, but traders felt that any export of oil would lighten the internal supply position. Yet another helpful factor was the Forward Markets Commission's decision to permit the Exchange to effect outward payment in respect of January and April contracts in groundnuts and January contract in groundnut oil. The Commission, it may be recalled, suspended outward payment early in November in a bid to control speculation. The F.M.C.'s decision was bullishly interpreted by the trade.

The extension of the shipment period for the current quota for groundnut expeller cake by a month, that is, up to the end of January, also imparted strength. The news of an extension was received with a sense of relief by shippers who could not utilise the full quota according to original schedule, on account of freight difficulties. Consequent on these factors, groundnuts moved up. The rise in prices would, indeed, have been more marked but for the continued large arrivals of new crop seeds. In sympathy with groundnuts and on hopes of revival of U.S. buying of castor oil, following smaller supplies from Brazil, castorseeds were strong. Linseed and cottonseeds were well maintained.

A new centre for conducting forward trading in cottonseeds was inaugurated at Bhatinda in the Punjab, by Mr. Syed Noor, Member, F.M.C., on the 6th inst. Recognition has been given to the Punjab Company Ltd., Bhatinda, for a period of three years for carrying on forward trading in cottonseeds. The hedge contract will have as its basis 320F variety of cottonseed. In addition to the basic variety, *desi* cottonseed is also tenderable against the hedge contract subject to the payment of appropriate tendering difference to be prescribed by the Board of Directors of the Company from time to time. The months of delivery are *Posh* and *Chetar* of the *Samvat* year. The unit of trading is fixed at 5,000 kgs. Sellers have been given option to deliver cottonseed at 26 other important centres in the States of the Punjab, besides Bhatinda. Bhatinda is the seventh forward market in cottonseed, set up under the Forward Contracts (Regulation) Act, 1952, the other six being Bombay, Ahmedabad, Akola, Ujjain, Surendranagar and Amritsar.

Groundnut Khandesh quality hardened by 50 nP to Rs. 46.75. Nizam bold rose by 38 nP to Rs. 46.50. Oil ex-mill put on 15 nP to Rs. 19.20. In the forward section, the official trading continued to be suspended, with prevailing prices well above ceiling prices. In unofficial trading, groundnut January 1962 contract moved up by a rupee to Rs. 219. April 1962 contract, too, rose by a like amount to Rs. 218.25. Oil January 1962 contract put on 10 nP to Rs. 19.10.

Castorseed March 1962 contract went up from Rs. 172.62 to Rs. 174.50, before closing at Rs. 173.62. Castorseed June contract closed higher at Rs. 172.62 today, as against Rs. 171.62. Kanpur bold picked up 13 nP to Rs. 34.50. Oil B.S.S., however, shed 20 nP to Rs. 15.50.

Linseed March 1962 contract rose initially from Rs. 39 to Rs. 39.22, but eased subsequently to Rs. 39.03. Bold ready was done at Rs. 43.25. But linseed oil shed 10 nP to Rs. 18.15.

In the cottonseed section, January 1962 contract forged ahead from Rs. 100.50 to Rs. 103.25. April 1962 contract gathered 25 nP to Rs. 105.25. Both non-whites and Berars improved by 30 nP to Rs. 20. Whites rose by 25 nP to Rs. 20.

The following table shows the closing prices of oilseeds and oils on Wednesday, 3rd January, as compared with those of the two previous weeks:

	10-12-1961	3-1-1962	27-12-1961
	Rs.	Rs.	Rs.
Groundnut			
January 1962	215.00	215.00	215.00
Nizam bold	46.50	46.12	45.75
Khandesh quality	46.75	46.25	46.50
Oil ex-mill ready*	19.20	19.05	19.00
Railway receipts*	19.10	19.10	18.90
Oil January 1962 ..	17.65	17.65	17.65
Castorseed			
March 1962	173.62	172.62	171.75
Ready Madras	35.75	35.75	35.10
Ready Kanpur	34.50	34.37	33.75
Oil B.S.S.†	15.50	15.70	15.50
Oil commercial†	14.70	15.05	14.70
Linseed			
March 1962	39.03	39.00	39.22
Bold ready	42.50	43.25	43.50
Oil ready†	18.15	18.25	18.30
Cottonseed			
January 1962	103.25	100.50	101.75
Niger seed	37.50	38.00	38.10
Kardi seed	24.00	24.00	24.10

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BLACK PEPPER MOVES NARROWLY

(Messrs. Parekh and Co.)

BOMBAY, *10th January*

Malabar black pepper moved narrowly during the week without any notable new developments except the deterioration in the political situation in Indonesia on the question of West Irian. Newspaper reports indicating an imminent invasion of West Irian by Indonesia failed to put any pep in the market, as the traders remained more worried when they saw the U.S. sitting on the fence, despite the day-to-day expansion of new arrivals.

Garbled at Cochin moved between Rs. 313 and Rs. 317 and ungarbled between Rs. 307 and Rs. 312. January delivery seesawed between Rs. 318 and Rs. 322, while February changed colours according to the alternate bouts of selling and buying by bulls and bears, the highest and the lowest being Rs. 322 and Rs. 319, respectively.

There are some vague reports regarding the sale of about 1,000 tons of Malabar black to the U.S.S.R., but no confirmation is so far available. Anyway the report has failed to have any salutary effect on the market, as arrivals are outstripping demand. Arrivals in Calicut are also picking up. With such limited export inquiries, it will be difficult to maintain the present level, particularly when there will be competition between Tellicherry and Alleppey areas.

Spot in New York was down to $0.36½ from the highest at $0.38 under pressure of unsold arrivals. It is really paradoxical why New York remained stoic, in spite of the reports of lower inventories. Indian exporters are reported to be sending unsold consignments, as the prices in Singapore are high and, as a consequence, there are more chances for selling afloat at better prices.

Singapore is the only bright spot in the picture, as the major part of the stock of Lampong is in the hands of the Indonesian Agency and owing to short covering as well as war psychosis in Indonesia.

Black pepper in Singapore rallied from Str. $137½ to Str. $142½ and white edged from cut down costs of production in India. It will be Str.$170 to Str.$172½.

The future of pepper is anything but rosy, as the world production is more than enough for the yearly requirements. The upward bulges in the prices will, of course, be there, as the present prices are lower and as such there will be resistance from the sellers. Big holding by the Indonesian Agency at Singapore and Djarkarta is acting as the sword of Damocles on pepper. Nobody knows when and how they will come out to sell.

Ready pepper in Bombay is nominally quoted at Rs. 176 per 50 kilos.

TEAS IMPROVE

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *2nd January*

A total of 700,000 kgs. was on offer in export sale No. 1 held today. Quality showed general improvement. There was strong general demand throughout the sale. Best highgrowns came to a dearer market with attractive prices being realised for some of the brighter ones whilst below best were irregular with quality; similar fannings realised dearer rates. Good mediums and mediums were 30 to 40 nP dearer with more support forthcoming for equivalent fannings. Low mediums and plainest sorts sold readily at rates which were 20 to 35 nP above those ruling in the previous sale. Black leaf teas sold extremely well, particularly fannings which advanced considerably. C.T.C. and Legg-cut teas followed the upward trend of the market. Whole leaf grades were strong and dearer, particularly FPs.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.40-3.70	4.55-4.70
Mediums	3.70-4.20	4.70-4.85
Good mediums	4.30-5.40	4.85-5.20
Nilgiri B.O.P.	5.40	8.10

The average price realised in sale No. 1 was Rs. 4.31 per kilo, as compared with Rs. 4.00 a week ago and Rs. 4.89 in the corresponding sale last year.

About 321,000 kgs. were offered in dust sale No. 1 held on Thursday, 4th inst. The sale opened to a strong general demand which eased towards the close. Highgrowns were a strong feature of the sale and generally advanced considerably with improved quality. Mediums and low mediums were fully firm to dearer but at the close there were some withdrawals. The more fibrous types received good support, but at irregular prices, and were sometimes easier. The Wynaad sorts met with less demand than other types and were sometimes easier. C.T.C. and Legg-cut teas were generally dearer.

The average price realised in dust sale No. 1 was Rs. 4.20 per kilo, as against Rs. 3.98 a week ago and Rs. 4.80 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No. 2*: 617,000 kgs. offered. Strong demand, particularly for improved quality. Highgrowns advanced considerably, plain low medium and medium brokens 10 to 20 nP. dearer, but similar fannings only firm to dearer. Good mediums dearer with improved quality. Whole leaf very strong. Unorthodox irregularly 10 nP dearer.

STRONG DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *9th January*

The feature of yesterday's export sales was the strong demand for quality teas, while plain teas were about steady. Strong demand was also in evidence in last week's internal sales, indicative of increased offtake for consumption within the country. As on date, about 60,000 packages have been auctioned during internal sales, more than the comparative figure for the last season. Shipments of tea during the week were heavy, and this underlines the need for overseas countries to build up their stocks as a result of their comparatively lower buying earlier in the season on hopes that prices would decline as the full impact of this season's increased production would be reflected in the market.

From the recent address by the Chairman of the Tea Board to the recent meeting of the Assam branch of the Indian Tea Association, it is clear that the increased competition which Indian tea is facing from other producing countries has begun to be taken notice of by officialdom. He referred to the increasing competition from China, Ceylon and East Africa and stressed the need to cut down costs of production in India. It will be remembered that the industry itself is keenly alive to this need, and has been urging the Government times without number to adopt a more realistic taxation policy towards the tea industry. There can be no question of cutting down wages which have been laid down by Government. The only way to reduce costs is to lower taxation, Central as well as States. The need to merge the different States levies into excise duty has been brought to the notice of the authorities several times in the past and this, coupled with the official realisation for cutting down costs, has made industry circles to expect some tax concessions for tea in the forthcoming budget.

Presiding over the recent annual meeting of the Calcutta Tea Traders' Association, Mr. G. A. Whitaker said that the average prices realised at Calcutta auctions so far this season were 66 nP per 1 kg. lower than last season and that many teas were being sold at prices near or below their cost of production. Trade circles think that, while factory Cachars teas are realising prices much below their cost of production.

As at the end of November, Pakistan production recorded an increase of 17.37 million lbs. at 55.11 million lbs. The total output this season was estimated at 59 million lbs. which is 17 million lbs. higher than 1960-61. Pakistan has increased the export quota further from 10 million lbs. to 12.5 million lbs. It has also been announced that about 25 per cent of the export quota or 2 million lbs. or whichever is less can be withdrawn from export auctions in Pakistan for consignment sales to London. The recent auction trend in Chittagong has indicated a falling trend.

Dusts on offer at last week's internal sales held here aggregated 26,854 chests which met with very strong demand. The rise in prices of C.T.C. teas was a feature. Secondary and fibrous C.T.Cs appreciated remarkably and the few good C.T.Cs likewise hardened. The medium teas, particularly those possessing bright liquors, were fully steady. Orthodox descriptions shared in the general trend, medium Assams having bright liquors meeting with keen competition. Legg-cut teas enjoyed good support, the clean and fibrous teas being very prominent. The quotations per 1 kg. inclusive of excise duty were: Good Assam C.T.C. dust Rs. 6.40 to Rs. 7.00; medium Assam C.T.C. dust Rs. 5.80 to Rs. 6.30; legg-cut dust Rs. 4.40 to Rs. 5.00; medium Assam dust Rs. 4.20 to Rs. 5.10; and plain orthodox dust Rs. 3.80 to Rs. 4.40.

Leaf on offer amounting to 347 chests was in good demand, and realised higher prices.

Export offerings during yesterday's sales amounted to 75,151 packages, which met with strong inquiries, leading to a rise in prices. There was ready demand for tippy teas, though these were irregular. Darjeelings realised higher prices depending on quality, the mediums and poorer teas being firm to dearer. There was keen competition for "teas for price" pushing up prices. Plain brokens were firm, similar fannings adding a small gain. The remainder of the fannings on offer were subjected to keen competition and prices gained. Better liquoring and medium orthodox teas were accorded good support, while B.O.Ps of this description recorded an irregular trend. The quotations per 1 kg. inclusive of excise duty were: Best Assam C.T.C. fannings Rs. 5.60 to Rs. 6.00; best Assam C.T.C. B.P. Rs. 5.50 to Rs. 5.80; medium Assam C.T.C. fannings Rs. 4.90 to Rs. 5.30; medium Assam C.T.C. B.P. Rs. 4.90 to Rs. 5.20; clean plain pekoe Rs. 4.00 to Rs. 4.20; plain fannings Rs. 3.60 to Rs. 3.85; and plain B.P. Rs. 3.50 to Rs. 3.65.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, *9th January*

Base metal markets remained firm during the week under review. London advices followed an irregular pattern. Earlier in the week, the London Metal Exchange quotation for electrolytic copper dropped from £229½ a ton to £228¼, thanks to the significant rise in warehouse stocks. The price, however, recovered to close higher, on balance at £230½, following the gain in the New York market induced by good buying demand. In Calcutta, copper scrap was in keen demand but supplies were extremely tight. That accounted for the further rise in the price of berry quality scrap from Rs. 522.50 per 100 kgs. to Rs. 527.75 and of utensil scrap from Rs. 471.50 to Rs. 482.25. The fact that supplies to permit-holders have been delayed was responsible for the abnormally heavier demand for scrap during the week. There was the announcement earlier in the week by the major sheet rollers that they have increased the price of copper sheets and brass sheets.

Tin in Singapore maintained a firm trend, and in Bombay the price rose five points to Rs. 1,640.00 per 100 kgs. In London, tin opened at £946 per ton and soon hardened to £950 following keener consumer demand subsequently. However, the quotation closed a shade lower at £947½. In Calcutta, supplies were extremely limited and that, together with the lack of any firm news that the International Tin Agreement would continue to be in existence, imparted firmness. At Rs. 1,578.75 per 100 kgs. the Calcutta quotation was Rs. 2 higher as compared with last week. On the other hand, electrolytic zinc eased from Rs. 265.75 to Rs. 257.75 per 100 kgs. This was due to the difficult stock position in copper in the absence of which purchases of zinc alone by alloy makers would be of no avail. In London, the quotation for zinc was firm at £71½ per ton; however, earlier in the week the rate was lower at £71¼ in line with easiness in copper. Lead in Calcutta was unchanged at Rs. 128.00 per 100 kgs. Demand was subdued. In London, lead declined from £60⅜ a ton to £59¾. An easier trend was recorded in New York also.

JUTE GOODS DECLINE

(From Our Own Correspondent)

CALCUTTA, *9th January*

Raw jute was maintained firm at the minimum levels (Rs. 30 a maund basis Assam bottoms), following increased support from mills—the prices obtained in certain marketing centres in the interior were actually above the minimum rates—while jute goods shed a portion of the recent substantial gains, due to continued selling pressure in the futures market and absence of sustained overseas buying in forward positions. Export shipments of goods, however, were considerable during the week. Although demand for hessian had revived and both Argentina and the United States had been active in recent weeks, support was only scattered and, naturally, prices of ready goods fell. It is said that the mills would increase the proportion of hessian manufacture to sacking by unsealing a further 2½ per cent of looms this month. The size of persistent demand for hessian from Argentina is difficult to be assessed now, as that would depend upon the size of agricultural crop there. Lack of adequate demand for sacking is a source of anxiety for mills, because, if demand does not increase, the chances of the mills continuing production profitably so as to not only make current working economic but also make good the earlier losses would be less.

Meanwhile, anxiety has been rightly caused as to the effect of the recent fluctuations in prices on the foreign buyer. Very commendably, the Indian Central Jute Committee, in its latest *Bulletin*, has pointed out that the reasons for the current necessity of importers in the principal consuming foreign markets to operate in a rising market are not far to seek.

It has been in the fitness of things that the mills have purchased fibre in greater quantities, and the request of the I.J.M.A. to purchase more fibre from Bihar has been responded to by mills. In fact, the mills, in their anxiety to prevent fibre prices from falling, have exceeded their weekly minimum quotas issued by the sub-committee, with the result that the mills have built up considerable stocks of fibre and, in order to enable mills to continue in production on a profitable basis, firm conditions in goods should be maintained. Now that indigenous fibre is available in plenty, the trade thinks that the need for further imports would not arise. Of course, cuttings from Pakistan would have to continue to be imported, but the issue of import licences should be regulated further. It is also thought that no more imports from Thailand would be allowed. Since mills have been put to considerable financial strain in their support to the fibre market, the demand for further liberalisation of credit facilities should be more sympathetically looked into by the Reserve Bank.

Assam, Northern and Daissee bottoms were maintained firm at Rs. 30, Rs. 29.50, and Rs. 32.50, respectively, during the week. Arrivals increased, and sellers were anxious for greater business. The better variety was in short supply and continued to command sizable premium. Now that demand for sacking goods is low and mills have to increase the proportion of hessian manufacture, good quality jute would continue to be in good demand. It remains to be seen if mill's' demand for the superior fibre can be fully satisfied. The price in the inferior rose to above Rs. 30 a maund and, according to the Agricultural Department of West Bengal, the price has gone up to even Rs. 35. The impact of this rise is expected in Calcutta.

On Tuesday last, the support accorded to hessian by U.S. buyers was a feature. Ready shipment goods were in keen demand, and covering demand was left unsatisfied. Ready hessian 40" 10 oz. at Rs. 60.50 was fully firm and, though activity in sacking was small, in sympathy with hessian, ready B. twills were firm at Rs. 133.25. Selling pressure soon invaded the futures market. Covering business was done on Wednesday. Nevertheless, ready hessian 40" 10 oz. eased to Rs. 59.00 and B. twills to Rs. 132.75. On the following day, a further fall in prices was effected by the continued selling pressure in futures trading. Hessian 40" 10 oz. fell to Rs. 54 and B. twills to Rs. 128.75. The premium for ready goods continued unabated, reflecting the existence of squeeze. However, reports of firm conditions in the New York burlap market were received, following the need of manufacturers of bags there to replenish their supplies and their apprehension of a further rise in prices. This explained the U.S. purchases on Friday, and hessian 40" 10 oz. recovered to Rs. 54.50. In sympathy, B. twills were better at Rs. 130.00. Over the week-end, hessian 40" 10 oz. hardened to Rs. 55.00, following keen activity in the futures, but B. twills were quietly steady at Rs. 129.75. Bullish note was taken of the fall in goods in stock with mills as at the end of December. The fall in the stocks of hessian was greater than in sacking, while miscellaneous constructions showed a small rise. Ready B. twills gained yesterday to Rs. 55.75, while B. twills eased to Rs. 128.75.

Notice

THE KESAR SUGAR WORKS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-eighth Annual General Meeting of the Shareholders of THE KESAR SUGAR WORKS LTD. will be held on Wednesday the 31st day of January 1962 at 4 p.m. (S.T.) at the Registered Office of the Company, 45-47, Apollo Street, Fort, Bombay, to transact the following business:

1. To receive and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st July, 1961.
2. To sanction payment of dividend to Preference Shareholders.
3. To declare a Dividend to Ordinary (Equity) Shareholders.
4. To elect a Director in place of Shri Kantilal Nahalchand who retires by rotation under Article 143 of the Articles of Association of the Company, but being eligible offers himself for re-election.
5. To elect a Director in place of Shri Ambalal Kilachand who retires by rotation under Article 143 of the Articles of Association of the Company, but being eligible offers himself for re-election.
6. To appoint Auditors for the current year and fix their remuneration and also to fix the amount of travelling and out-of-pocket expenses for going to audit the accounts at the factory.

The Transfer Books of the Company will be closed from 17th day of January 1962 to 31st day of January 1962 (both days inclusive).

By Order of the Board of Directors,

K. D. SHETH,
Acting Secretary.

BOMBAY, *3rd January*, 1962.

A member entitled to attend and vote is entitled to appoint a Proxy, or when that is allowed, one or more Proxies, to attend and vote instead of himself. A Proxy need not be a member.

N.B.—Ordinary and Preference Share Dividends when declared will be made payable at the Bank of Baroda Ltd., Bombay, on and after the 12th day of February 1962. Dividend Warrants will be posted to those Ordinary and Preference Shareholders whose names stand on the Register on 31st day of January 1962.

Shareholders are requested to kindly notify any change of address.

SUGAR SUPPLY COMFORTABLE

(From Our Own Correspondent)

HAPUR, *8th January*

Sugar ruled quietly depressed during the week due to poor demand, while the supply position continued to be comfortable, thanks to the release of monthly quota in the week-end. While bold crystal continued to attract brisk buying support even at Re. 1 to Rs. 2 per maund, higher than the previously controlled rates, inferior small crystal was not at all in demand and was Rs. 2 per maund lower than the controlled rate. All the factories here in west U.P. were crushing with their maximum capacity and week-end prices here were:—Wholesale Rs. 106.50 per bag; retail 97 nP per *seer*; mill delivery per maund. Simbhauli E29 Rs. 37.85; Amroha D29 Rs. 36.37; Bijnore D29 Rs. 35.75; Seohara D29 Rs. 36.75.

Weak conditions were witnessed in the Muzaffarnagar sugar market during the week under review, as the mills holding stocks of inferior quality of previous releases were anxious sellers. Different varieties eased by 6 nP to 37 nP a maund. The release of monthly quota also eased the supply position further. The sugar factories crushing cane with maximum capacity were reported to be getting increased recovery than before. Towards the close of the week, some business was done for Punjab, while demand from the consuming areas of Gujarat and Saurashtra remained dormant. Week-end prices were (in rupees per maund) A29 Iqbalpur 40.47; Lhaksar 39.48; Deoband 39.78; Shamli 39.60; Modinager 37.97; Seohara 36.75.

Khandsari ruled quiet with more arrivals coupled with reduced demand from Punjab and Rajasthan. Prices eased by 37 nP to Re. 1 per maund. Arrivals averaged 1,500 to 2,000 maunds daily in the Muzaffarnagar market and week-end prices were: non-crystal Rs. 31 to Rs. 33.50; crystal Rs. 32 to Rs. 34; *boora* Rs. 36 to Rs. 39 per maund.

Ready *gur* ruled steadier, thanks to brisk buying support and easy loading facilities during the major part of the week. Daily arrivals at an average of 5,000 to 6,000 maunds were readily lifted and there was no stock building here on in mofussil markets. Most of the crushers have taken to *khandsari* manufacture and cane is being diverted in heavy quantities to factories and this accounted for modest arrivals in markets. Week-end prices were: *gur pansera* best Rs. 14.75; *dara* Rs. 13.75 to Rs. 14.37; *balti* Rs. 14.63; *shakker* Rs. 17 a maund.

FOODGRAINS RISE

(From Our Own Correspondent)

HAPUR, *8th January*

Foodgrains ruled firm and gains were recorded in the prices of all grains, including rice. It was reported that the U.P. State Government was anxious to check this rising tendency and had asked the Centre to allow every ration-card holder in the State to purchase Rs. 5 worth of wheat over the usual quota. It was also reported that the Government of India had offered to send more imported wheat to the State. Wheat registered a rise of over Re. 1 per maund during the week to Rs. 17.50 a maund for average quality and upto Rs. 19.25 for better farm produce. Daily arrivals of wheat were poor, but the State Government was selling imported wheat through ration shops at Rs. 15.25 per maund. It was gathered that the stocks for such sales were exhausted and that new allotment would be reaching shortly. Wheat stock with trade here had dwindled to about 16,000 maunds. The standing crop conditions of *rabi* sowings were satisfactory but winter rains were now badly needed.

Rice here recorded fractional gains in sympathy with other grains, though the supply position was reported to be satisfactory as new produce was reaching the markets in larger quantities and stocks with trade were mounting.

Gram registered fractional gains, thanks to good buying support and local stock had run down to 15,000 maunds. Barley and *bejhar* were also steadier. Maize was still reaching here at an average of about 1,000 maunds daily, but, following brisk consumer support, prices recorded a hardening trend. Local stock continued to be put around 35,000 maunds. *Bajra* continued to attract good seasonal support and, with modest arrivals, prices improved fractionally. *Juwar* and *guwar* were steadier, while *methi* and oats were listless in absence of new urges. Week-end prices (in rupees per maund) were:—rice *mainpuri sela* 19.50; *gadda kutcha* new 19; *ramajwayan sela* 22; *raimunia sela* 23; *basmati sela* 27 to 29; superior 31 to 34; gram 15.75 to 16; barley 12; *bejhar* 12 to 12.75; maize 13 to 14.12; *bajra* 16; *juwar* 13.25; *guwar* 14.75; *methi* 27; oats 12.

LINSEED FIRM

(Messrs. A. Bradley and Co.)

CALCUTTA, *8th January*

The linseed market continues to rule firm. Arrivals are meagre and sellers are reserved. Stocks with mills are very small, crushers are buyers daily, but only small business has been done in the past week.

The oil market is steady, due to firmness in other vegetable oils. Local buyers are interested daily, but sellers are very reserved, especially for forward deliveries.

The oilcake market is still dull. Only small local business has been done this week.

Ready/January is quoted at Rs. 31.50 per maund.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 5th Jan., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		5,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		61,21,21,000
(2) Other Governments		11,81,47,000
(b) Banks		78,85,11,000
(c) Others		147,81,66,000
Bills Payable		29,15,12,000
Other Liabilities		43,23,46,000
	Rupees	513,08,03,000

ASSETS	Rs.	Rs.
Notes		14,77,18,000
Rupee Coin		1,63,000
Subsidiary Coin		3,01,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		39,23,42,000
Balances held abroad*		16,58,83,000
Loans and Advances to Governments†		61,78,31,000
Other Loans and Advances		143,82,68,000
Investments		210,61,69,000
Other Assets		26,27,28,000
	Rupees	513,08,03,000

*Includes Cash and Short-term Securities.
†Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 6,93,50,000 advanced to scheduled banks against usance bills under Section 17(4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	14,77,18,000	
Notes in circulation	1969,89,57,000	
Total Notes issued		1984,66,75,000
Total Liabilities		1984,66,75,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	126,86,07,000	
Foreign Securities		
Total of A		244,62,10,000
B. Rupee Coin		121,23,57,000
Government of India Rupee Securities		1618,81,08,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		1984,66,75,000

COMPARATIVE BANKING STATISTICS

(In crores of rupees)

	29th Dec., 1961	22nd Dec., 1961	A month ago*	A year ago R
RESERVE BANK				
Issue Department				
Notes in circulation	1943.66	1939.56	1908.42	1868.98
Notes held in Banking Department	17.80	21.61	9.33	16.21
Foreign Securities	116.86	116.86	116.86	123.01
Rupee Securities	1603.81	1603.81	1658.84	1512.06
Banking Department				
Deposits of:				
Government of India	49.76	75.92	53.42	70.08
Other Governments	32.59	15.71	15.34	9.87
Banks(a) abroad	35.20	35.96	28.82	23.72
SCHEDULED BANKS				
Demand Liabilities	855.51 (19.68)†	840.58 (23.03)†	849.12 (24.36)†	793.48 (12.42)†
Time Liabilities	1162.75 (19.64)†	1159.42 (21.20)†	1150.48 (19.91)†	1125.72 (13.72)†
Borrowings from Reserve Bank	18.74 (14.75)‡	10.57 (6.82)‡	3.23 (0.20)‡	61.47 (13.71)‡
Borrowings from State Bank	12.31	14.34	16.40	9.93
Cash in India	51.97	47.07	46.49	51.74
Balance with Reserve Bank	99.37	74.88	75.26	110.10
Balances with other banks in current account in India	22.94	17.56	15.69	22.60
Money at call and short notice in India	43.68	46.68	51.18	22.87
Investments (at book value)	579.94	600.06	624.49	633.47
Advances and bills	1285.28	1263.04	1239.98	1181.01
STATE BANK				
Deposits	527.88	521.51	532.05	573.28
Investments	282.76	282.32	275.68	302.07
Advances	255.21	249.23	248.83	282.12
Cash	44.59	26.00	23.33	49.37

* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
† Borrowings from Banks excluding the Reserve Bank and the State Bank, Refinance Corporation for Industry Ltd., and/or notified banks.
‡ Borrowings against usance bills and/or promissory notes.
R—Revised Figures.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	28th Dec., 1961	4.75	4.50
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	3
Canada †	..	2.85	2.82
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1961	3.50	3
El Salvador	Jan., 1960	4	5.50
Inland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	20th Sept., 1961	6.90	7.30
Malaya	25th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	..	2
South Africa	7th Dec., 1961	5	4.50
Spain	11th April, 1960	6.25	5.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	10	7
Turkey	6th June, 1956	4.50	6
United Kingdom	2nd Nov., 1961	6.50	7
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 5th Jan., 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up: 5,62,500 shares of Rs. 100 each	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		7,45,00,000
Deposits and Other Accounts		526,62,97,000
Borrowings from Other Banking Companies, Agents, etc.		2,38,50,000
Bills Payable		8,42,18,000
Bills for Collection being Bills receivable as per contra		2,35,50,000
Acceptances, Endorsements and Other Obligations per contra		86,80,000
Other Liabilities (including Inter-Office Adjustments)		13,12,42,000
Total	Rs.	566,85,87,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		18,58,29,000
Balances with other Banks		5,88,75,000
Money at Call and Short Notice		1,83,33,000
INVESTMENTS:	Rs.	
Government and other Trustee Securities	238,59,71,000	
Other Authorised Investments	9,34,95,000	
		247,94,66,000
ADVANCES:		
Loans, Cash Credits, Overdrafts, etc.	242,31,07,000	
Bills Discounted and Purchased	18,89,57,000	
		261,20,64,000
Bills Receivable being Bills for Collection as per contra		2,35,50,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		86,80,000
Premises less Depreciation		1,48,30,000
Furniture and Fixtures less Depreciation		1,45,39,000
Other Assets (including Inter-Office Adjustments)		25,84,21,000
Total	Rs.	566,85,87,000

Scheduled Banks*

Statement of Affairs for the week ended 29th December 1961

	Rs. (Thousands)	Rs. (Thousands)
I. (i) Demand Liabilities in India		
(a) Demand Deposits—		
(1) From Banks		55,75,42
(2) From others		724,60,34
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		19,68,45
(c) Other demand liabilities		55,47,35
(ii) Time Liabilities in India		
(a) Time Deposits—		19,01,41
(1) From banks		1098,88,77
(2) From others		
(b) Borrowings from banks (other than from the Reserve Bank of India, the State Bank of India, the Refinance Corporation for Industry (Private) Ltd. and/or notified banks)		19,63,88
(c) Other time liabilities		24,30,59
(iii) Borrowings in India from the State Bank of India and/or notified banks:		
(a) Demand liabilities		3,54,35
(b) Time liabilities		8,77,00
(iv) Borrowings in India from the Reserve Bank of India (A)		18,74,00 (14,74,50)
(v) Cash in India		51,96,90
(vi) Balances with the Reserve Bank in India		99,86,05
(vii) Balances with Other Banks in Current Account in India		22,94,86
(viii) Money at call and short notice in India		43,76,45
(ix) Investments (at book value) in India in Central and State Government securities including Treasury Bills, Treasury Deposit Receipts, Treasury Savings Deposit Certificates and Postal Obligations		579,93,88
(x) Loans, Cash Credits and Overdrafts in India (excluding dues from Banks)		1085,81,76
(xi) Due from Banks in India		9,98,98
(xii) Inland Bills purchased and discounted in India		145,21,79
(xiii) Foreign Bills purchased and discounted in India		44,25,21
(xiii) Total of items (x), (xi) and (xii)		1285,27,74

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

State Bank of Pakistan

Statement of Affairs for the week ended 29th Dec., 1961

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	10,19,05,000
(b) Provincial Governments	4,56,60,000
(c) Banks	19,99,55,000
(d) Others	108,58,07,000
Bills Payable	14,10,000
Other Liabilities	12,64,84,000
Rupees	165,47,24,000

ASSETS	Rs.
Notes	12,33,42,000
Rupee Coin	11,000
Subsidiary Coin	34,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	27,72,30,000
Loans and Advances to Governments	2,82,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	60,81,59,000
Investments	50,38,00,000
Other Assets	11,44,48,000
Rupees	165,47,24,000

*Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,33,42,000	
Notes in circulation	883,55,45,000	
Total Notes issued	....	395,91,87,000
Total Liabilities	....	395,91,87,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	2,71,53,000	132,96,23,000
Government of Pakistan Securities	254,34,05,000	
Internal bills of exchange and other commercial paper	....	
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		257,05,58,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	395,91,87,000

Ratio of Gold Coin and Bullion, Silver Bullion and approved Foreign Exchange to total notes issued : 85.00 per cent.

EXCHANGE RATES

		10th January 1962	3rd January 1962
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅛	1-5⅛
Sellers T. T. D.D. upto six months	s.	1-5⅛	1-5⅛
Buyers T.T. spot to nine months	s.	1-6¼	1-6¼
Buyers T.T. 10 to 12 months	s.	1-6¼	1-6¼
Bombay on New York—			
Sellers T.T. D.D.	Rs.	476.25	476.50
Buyers T.T.	Rs.	473.00	473.25
London on New York	s.	2.8108-2.8110	2.8090-2.8093
London on Paris	Frs.	13.7740-13.7760	13.7640-13.7660
London on Berne	Sw. Frs.	12.1375-12.1395	12.1350-12.1370
New York on London	s.	281.100-281.140	280.920-280.950

CLEARING HOUSE RETURNS

Centre	Week ended 29th Dec., 1961		Week ended 5th Jan., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	3,78,644	94,39,38,000	3,65,008	98,16,57,000
Calcutta	1,73,000	77,15,00,000	1,90,000	84,01,00,000
Madras	93,521	18,03,34,724	97,799	19,61,45,340
All Centres—				
1958-59	..	..	45,173,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,86,75,00,000
1960-61	..	..	54,472,000	125,19,16,00,000
Nov., 1960	..	..	4,715,000	1,080,89,00,000
Sept., 1961	..	..	4,873,000	1,136,89,00,000
Oct., "	..	..	4,768,000	1,046,09,00,000
Nov., "	..	..	4,070,000	1,094,48,00,000

Notes :—
* Provisional figures incorporated in respect of such banks as have not been able to submit final returns.
(A)—The figures in brackets represent borrowing from the Reserve Bank against usance bills and/or promissory notes.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53 = 100)

Particulars	Weight	9th Dec., 1961	2nd Dec., 1961	10th Dec., 1960	October 1961	October 1960	Percentage of Increase (+) or Decrease (−) in Oct., 1961 as compared with Oct., 1960	Financial Year Average 1960-61	Financial Year Average 1959-60
Food Articles	564	117.8	118.4 R	117.4	120.9	121.8	— 0.7	120.6	119.0
Cereals	192	101.0	101.3	110.7	103.1	106.3	— 3.0	104.6	104.1
Pulses	43	103.7	94.1	93.5	90.6	94.6	— 4.2	92.9	93.1
Fruits and Vegetables	22	141.0	139.2	105.5	144.8	113.7	+26.9	118.5	127.0
Milk and Ghee	84	117.3	115.9 R	112.4	117.9	117.5	+ 0.3	118.5	117.8
Edible Oils	17	154.1	154.3	150.9	147.0	153.1	— 4.0	150.2	148.2
Fish, Eggs and Meat	17	126.7	128.6 R	125.5	134.2	126.0	+ 6.5	128.5	119.0
Sugar and Gur	48	115.5	116.5	127.7	120.8	136.6	—11.9	123.5	113.9
Others	36	155.4	162.1 R	160.7	150.3	170.5	— 5.7	167.2	147.0
Liquor and Tobacco	21	95.1	95.1	112.3	99.5	113.5	—12.3	107.8	107.9
Tobacco	..	91.2	91.2	111.0	96.0	112.2	—14.4	109.9	99.5
Fuel, Power, Light and Lubricants	39	122.3	122.2	119.5	122.0	119.9	+ 1.8	106.2	97.9
Industrial Raw Materials	155	137.4	138.5 R	148.7	138.9	148.8	— 7.3	145.9	128.5
Fibres	61	125.4	125.0	156.5	127.9	157.5	—18.8	145.4	123.7
Oilseeds	60	155.4	155.6 R	151.8	149.7	148.3	+ 0.9	151.6	114.8
Minerals	2	94.8*	94.8	98.2	94.8	98.0	— 3.3	140.9	134.5
Others	32	129.1*	129.0	131.5*	127.7	125.8	+ 1.5	97.4	97.8
Manufactures	220	128.4	128.8	128.3	128.6	128.3	+ 0.2	122.0	122.7
Intermediate Products	41	139.9	139.8	131.0	140.3	130.8	+ 7.3	138.6	111.7
Finished Products	248	124.2	124.3	124.9	124.1	123.7	+ 0.3	120.8	113.8
Textiles	147	124.0	124.4	129.1	124.7	127.4	— 2.1	122.8	111.3
Cotton	..	128.2*	128.2*	129.5*	128.2	130.4	— 1.7	121.8	107.3
Jute	..	114.9	116.4	142.2	115.7	136.3	—15.1	128.1	116.3
Woollen	..	123.1*	123.1*	110.1*	123.1	110.1	+11.8	131.4	90.6
Silk and Rayon	..	121.6*	121.6*	101.0*	119.3	101.5	+17.5	109.1	104.2
Metal Products	12	147.1	147.1	146.8	147.1	146.8	+ 0.2	104.4	96.4
Chemicals	20	111.0	111.1	104.1	111.6	104.6	+ 6.7	147.2	144.4
Oil Cakes	10	158.1	161.2	145.2*	144.5	144.5	+ 0.0	104.4	106.9
Machinery and Transport Equipment	21	116.2	116.2	113.1	116.2	112.0	+ 3.8	141.2	142.8
Others	20	123.5	123.5	116.4	121.5	116.1	+ 4.7	111.9	109.5
								116.1	113.4
All Commodities	1,000	122.0	122.2 R	122.7	124.4	122.2	— 1.4	124.2	117.1

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at the group index. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

CROP FORECASTS

Crop		Forecast	(In thousand acres) 1960-61	(In thousand acres) 1959-60	(In thousand tons) 1960-61R	(In thousand tons) 1959-60R
Cereals—						
Rice	..	final	83,335	82,829	33,700	30,963
Wheat	..	final	31,751	32,542	10,648	10,039
Jowar	..	final	42,108	42,158	9,085	8,001
Bajra	..	final	28,063	26,750	3,134	3,519
Barley	..	final	7,916	8,345	2,734	2,674
Maize	..	final	10,758	10,706	3,915	4,006
Ragi	..	final	5,760	5,964	1,540	1,904
Small millets	..	final	12,245	12,420	1,949	2,029
Total cereals	..	final	221,936	221,714	66,805	63,188
Pulses—						
Gram	..	final	23,483	25,327	6,207	5,502
Tur	..	final	5,830	6,888	2,044	1,667
Other Kharif pulses‡	..	final	14,952	15,791	1,455	1,532
Rabi pulses‡	..	final	13,402	13,089	2,761	2,833
Total pulses	..	final	57,667	60,140	12,467	11,534
Total foodgrains	..	final	279,603	281,854	79,272	74,722
Oilseeds—						
Groundnut	..	final	15,455	14,864	4,354	3,942
Castorseed	..	final	1,135	1,168	98	106
Sesamum	..	final	4,858	5,423	288	359
Rape and Mustard	..	final	7,265	7,151	1,330	1,047
Linseed	..	final	4,233	4,804	410	431
Total oilseeds	..	final	32,946	33,410	6,530	5,885
Fibres—						
Cotton*	..	final	18,971	18,804	5,394	3,678
Jute A.	..	final	1,529	1,685	4,030	4,605
Mesta A.	..	final	694	704	1,147	1,113
Sannhemp	..	final	790	810	76†	76†
Other crops—						
Potato	..	final	884	881	2,656	2,722
Sugarcane	..	final	5,734	5,220	85,045	75,201
Ginger (Dry)	..	final	44	41	16	15
Pepper (Black)	..	final	235	234	26	26
Chillies (Dry)	..	final	1,492	1,472	363	337
Tobacco	..	final	392	370	299	286

Source : Ministry of Food and Agriculture. ‡ Excluding Tur.
* In thousand bales of 392 lbs. each. ‡ Excluding Gram and Tur.
A.—In thousand bales of 400 lbs. each. R.—Revised.
† Relates to fibre crop only. R.—Revised.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During October 1961	76.5
	Corresponding month, 1960	84.5
	Twelve months ended June 1961	1,006.3
	Corresponding period, 1960	1,074.2
Stocks	At the end of Oct., 1961	54.5
	Corresponding month, 1960	78.4
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1958-1959	854.9
	July-June, 1959-1960	833.5
	July-June 1960-1961	730.6
	Sept., 1960	74.4
	Sept., 1961	66.8
For Internal Consumption	July-June, 1958-1959	220.0
	July-June, 1959-1960	248.3
	July-June 1960-1961	274.1
	Sept., 1960	19.3
	Sept., 1961	19.7
	RAW JUTE	(In 000 bales)
Consumption by Mills	October 1961	444
	Corresponding month, 1960	503
	1957-58	6,134
	1958-59	6,014
	1959-60	6,291
	1960-61	5,782R

† Provisional. R = Revised.

IRON AND STEEL PRODUCTION (In Metric Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,800T	1,106,800T	786,900T
Do. 31st March, 1959	1,137,500T	1,149,900T	844,700T
Do. 31st March, 1960	1,594,000	1,555,000	1,287,000
Do. 31st March, 1961	1,588,000	1,623,000	1,263,000
Dec., 1960	143,200	150,600	115,800
April 1961	135,700	136,000	106,000
May "	142,000	136,800	105,800
June "	131,800	124,700	101,200
July "	133,900	137,200	107,900
Aug. "	131,500	131,700	102,700
Sept. "	123,900	133,300	107,000
Oct., "	130,100	137,600	112,700
Nov., "	125,500	133,800	101,800
Dec., "	125,500	125,800	101,800
"	142,100	148,400	117,600
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1957	695,156T	532,315T	441,483T
Do. 31st March, 1958	783,945T	507,580T	419,043T
Do. 31st March, 1959	959,933T	608,826T	497,551T
Do. 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Dec., 1960	111,816	86,424	61,395
June 1961	96,921	74,228	50,069
July "	100,407	77,595	65,720
Aug., "	101,000	76,053	62,909
Sept. "	97,760	76,388	60,138
Oct., "	105,823	81,969	61,921
Nov., "	103,064	81,209	62,119
Dec., "	103,038	83,171	65,031

T = Figures in Tons.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns‡	Units Generated‡	Total Units Sold
1956-57	749	9,977.9	8,102.1
1957-58	834	11,176.9	9,011.1
1958-59	813	12,837.0	10,360.7
1959-60	850	15,029.2	12,130.8
1960-61	1,013	17,087.3	13,831.5
Sept., 1960	1,012	1,380.7	1,129.5
January 1961	1,013	1,482.3	1,216.1
February "	1,013	1,400.0	1,151.9
March "	1,013	1,596.1	1,288.7
April "	1,013	1,556.2	1,288.9
May "	1,013	1,612.8	1,329 1
June "	1,013	1,599.8	1,326 3
July "	1,013	1,616.9	1,342 2
August "	1,013	1,641.3	1,370.0
Sept., "	1,013	1,634.4	1,362.7

* Excluding railway, military and factory power stations. Chola Power Station being interconnected with the Tata Power System, has been included. ‡ Including auxiliaries from non-electric utilities.
§ At the end of period. *Source :*—Central Water and Power Commission.

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8,856	1,319	811	148	67	31	145	17	138	315	25	259	35	108
1958-59	8,885	1,468	850	143	58	21	146	16	129	206	21	279	33	66
1959-60	9,388	1,433	874	136	53	19	149	16	129	369	44	284	36	77
1960-61	9,757	1,592	837	132	51	16	116	15	128	401	56	357	32	79
Oct., 1960	5,373	879	521	69	25	9	55	7	74	224	34	170	20	48
June 1961	2,476	413	212	34	12	4	16	3	29	98	15	86	3	26
July "	3,251	554	285	41	16	5	21	4	40	129	19	116	8	30
Aug. "	4,054	706	352	48	18	8	30	4	53	161	24	146	12	38
Sept., "	4,632	852	415	54	20	9	42	5	67	195	27	177	18	44
Oct., "	5,607	993	479	61	22	9	55	6	82	228	31	207	23	51

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source :*—Ministry of Railways.

INDUSTRIAL PRODUCTION *

Industries.			1959	1960	December 1960	January 1961	February 1961	March 1961	March 1960
Major Industries—									
Coal	..	million metric tons	47.78	52.61	5.09	5.14	5.22	5.52	4.36
Steel (Ingots and Metal for castings)	..	thousand metric tons	2,468	3,287	330	341	295	—	272
Iron	..	million lbs.	1,723	1,737	160	155	146	151	140
Cotton Cloth	..	million yds.	4,925	5,048	451	437	406	422	410
Cement	..	thousand metric tons	6,336	7,835	733K	701	668	709	706
Jute	..	thousand metric tons	1,068	1,085	92	88	79	89	93
Paper and paper boards	..	.. thousand tons	294	344K	30K	31 K	29K	—	26K
Matches§	..	.. thousand cases	640	663	62	55	52	56	56
Sugar	..	thousand metric tons	2,117	2,325	487	541K	502K	506 K	444
Engineering and Electrical Industries—									
Machine tools	..	Value in lakhs of Rs.	439	600	64	65	62	—	67
Electric lamps	..	.. millions	34.84	41.39	4.02	3.73	3.70	4.04	3.48
Dry cells	..	.. millions	187.3	207.4	26.2	19.7	18.9	16.8	15.6
Power transformers	..	k.v.a.	1,016,400	1,248,000	137,600	126,000	116,800	—	92,900
Electric Motors	..	thousand H.P.	576	680	67	64	61	—	51
Electric fans	..	.. Nos.	726,000	991,200	100,800	87,300	96,400	93,900	91,500
Radio receivers	..	.. Nos.	213,864	266,700	27,054	21,002	25,855	25,185	18,010
Radio valves	..	.. Nos.	442,800	510,000	44,500	45,300	47,500	45,000	43,400
Storage batteries	..	.. Nos.	6,524	10,068K	988K	917 K	698 K	—	842K
Copper conductors	..	.. tons	2,832	4,200K	370	404 K	386 K	—	301K
Winding wires	..	.. tons	14,332	5,230	508	430	450	450	16.65‡
Rubber and plastic Ins. cables and flexibles	..	.. million yds.	166.08	203.32‡	19.4‡	17.93‡	18.13‡	—	—
Insulators—H.T.	..	.. million Nos.	982,800	2,317,200K	176,000K	167,000K	190,000K	—	—
Insulators—L.T.	..	..	6.25	3,662,400K	251,000K	231,000K	280,000K	—	—
Dry batteries	..	.. Nos.	8,712	9,708	1,074	855	913	974	755
Diesel engines—Vehicular	..	.. Nos.	30,336	41,676	3,221	3,363	3,540	—	3,221
Diesel engines—Stationary	..	.. Nos.							
Chemical Industries—									
Salt	..	million metric tons	3.18	3.44	0.17	1.38Q	1.54Q	—	—
Caustic soda	..	.. metric tons	69,876	99,144	8,861	9,673	8,869	9,506	8,584
Antimony	..	.. tons	7,776	8,992	750	440	438	810	808
Copper (virgin metal)	..	.. metric tons	3,058	3,778	435	369	267	391	328
Lead (virgin metal)	..	.. tons	165,312	4,992Kgs	427Kgs.	430Kgs	405Kgs.	423 Kgs.	—
Gold	..	.. ozs.							
Miscellaneous (Miner) Industries—									
Sewing Machines	..	.. Nos.	252,612

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

(1952-53 = 100)

Group and Sub-Group	Week ended 30th Dec., 1961§	23rd Dec., 1961	2nd Dec., 1961	31st Dec., 1960
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100 7	100 7	100 8	100 7
2. Government of India	100 6	100 6	100 7	100 6
3. State Government	101 9	101 9	101 9	101 3
4. Municipal, Port Trust, etc.	99 2	99 2	99 3	99 8
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.2	101.2	101.2	100.6
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.2	82.2	82.3	85.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	184 8	184.0	187.6	165.4
8. *Agriculture and Allied Activities: Total**	163 3	163 2	165 9	161 1
9. Tea Plantations	155 4	155 3	158 5	154 0
10. Coffee Plantations	162 6	162 6	165 2	192 1
11. Rubber Plantations	168 8	168 8	172 3	171 1
12. *Mining and Quarrying: Total*	158 3	157.8	159 2	153 7
13. Coal	121 0	121 1	121 9	117 4
14. Other Mining	184 0	182 9	185 4	178 6
15. *Processing and Manufacturing: Total*	199 6	198 8	204 3	178.8
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	211 1	210 4	215 8	176 7
17. Sugar	150 6	150 7	155 3	181 3
18. Cotton Textiles	186 3	185 8	189 0	143 1
19. Jute Textiles	91 2	89.7	94 0	84 7
20. Silk and Woollen	1183 7	1183.7	1232 2	989.9
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	199 9	198.7	204 6	186.3
22. Iron and Steel	158 7	155 8	161 5	150 5
23. Transport Equipment	415 2	405 3	414 0	380 3
24. Electrical Machinery	161 1	159.7	163 7	135.4
25. Machinery other than Transport and Electrical	214 5	223.9	220 0	200.5
26. Basic Industrial Chemicals	209 4	209.3	221 4	206.4
27. *Processing and Mfg. (Others): Total**	163 9	163 6	169 0	158 2
28. Cement	149 2	149 0	155 1	139 8
29. Paper	211 6	211 3	216 0	215 2
30. *Other Industries: Total**	111 5	111 2	112 4	107 6
31. Electricity Generation and Supply	84 7	84 7	85 3	80 2
32. Trading	122 4	122 6	125 6	115 2
33. Shipping and Other Transport	103 2	102 8	93 5	105 4
34. Construction	284 8	283 6	289 6	277 6
35. *Financial: Total*	219 1	216 7	208 9	177 6
36. Banks	251 2	247 9	237 0	198.9
37. Insurance	153 4	153 2	153 6	133 8
38. Investment Trusts	90 4	90.5	90.7	91.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	—	190 5	194 2	—
40. Calcutta	—	170 5	172 4	154.1
41. Madras	—	200 1	204 2	—
42. Delhi	254 1	249 8	256 1	219.1

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. § Bombay and Madras Stock Exchanges remained closed during the week.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Five months ended August 1961	Five months ended August 1960	Twelve months ended March 1961	Twelve months ended March 1960
Exports	266.54	239.43	632.89	629.90
Re-exports	1.90	5.38	9.90	9.76
Total Exports	270.44	244.81	642.79	639.66
Imports	399.43	490.22	1070.16	960.77
Overall Balance of Trade	-128.99	-245.41	-427.37	-321.11
Exports—				
Tea	38.28	32.36	123.59	129.09
Jute yarns and manufactures	22.22	26.30	135.02	119.76
Cotton yarns and manufactures	64.80	57.84	62.04	69.02
Metallic ores and metal scrap	15.41	16.85	39.00	35.35
Cotton, raw and waste	10.89	4.18	11.57	14.49
Oils—vegetable, mineral and animal	5.31	7.20	13.85	19.17
Fruits and vegetables	11.33	10.73	26.08	21.67
Tobacco	8.14	7.96	15.74	14.54
Mica	.37	.29	10.15	9.83
Wool and other animal hair	3.90	3.34	7.74	12.21
Gums, resins and lac	2.40	3.76	8.61	8.74
Spices	5.64	5.63	16.64	14.46
Hides and skins, raw	3.07	4.20	10.02	11.13
Imports—				
Machinery	122.80	100.73	257.46	207.96
Iron and Steel	42.01	54.41	120.30	84.29
Oils—vegetable, mineral and animal	28.55	32.92	74.02	91.87
Chemicals, drugs and medicines	38.15	38.69	85.86	92.48
Electrical goods and apparatus	28.63	24.20	56.15	53.15
Vehicles (excluding aircraft, ships and boats)	17.67	27.24	59.49	55.60
Cotton, raw and waste	29.69	44.06	81.77	41.34
Fruits and vegetables	4.14	4.55	20.39	17.68
Paper, pasteboard, etc.	4.87	5.73	11.74	11.22
Dyes and colours	5.77	6.15	12.75	10.01
Spices	66	87	1.83	2.35
Woollen and worsted fabrics	18	30	21	26
Cotton fabrics	7	11	70	1.15
Rice	3.38	16.32	18.88	16.34
Wheat and spelt	12.68	67.45	121.17	129.78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
13th to 21st Oct.*	1.85	—	1.85	—	99.391
24th October	2.00	2.00	2.00	2.500	99.375
25th to 28th Oct.*	0.35	—	0.35	—	99.391
31st October	2.00	2.00	2.00	2.500	99.375
1st to 4th Nov.*	0.24	—	0.24	—	99.391
7th November	2.00	2.00	2.00	2.520	99.370
8th to 11th Nov.*	0.35	—	0.35	—	99.386
14th November	2.00	2.00	2.00	2.520	99.370
15th to 18th Nov.*	0.15	—	0.15	—	99.386
21st November	2.00	2.00	2.00	2.500	99.375
22nd to 25th Nov.*	0.22	—	0.22	—	99.391
28th November	2.00	2.00	2.00	2.500	99.375
29th Nov. to 2nd December*	1.46	—	1.46	—	99.391
5th December	2.00	2.00	2.00	2.500	99.375
6th to 9th Dec.*	1.38	—	1.38	—	99.391
12th December	2.00	2.00	2.00	2.500	99.375
13th to 16th Dec.*	0.16	—	0.16	—	99.391
19th Dec.	2.00	2.00	2.00	2.500	99.375
20th to 23rd Dec.*	0.07	—	0.07	—	99.391
1962					
2nd January	2.00	2.00	2.00	2.520	99.370
3rd to 6th Jan.*	0.15	—	0.15	—	99.386
9th January	2.00	2.03	2.00	2.520	99.375
Total amount outstanding	28.38	..	28.38	..	..

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All India	Bombay*	Ahmedabad	Sholapur	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	114	395	110	313	98	120	387	124	113	105	103	123	109	131
1959 "	120	412	125	340	98	132	387	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	398	143	120	107	103	120	109	146
Sept. "	125	418	122	364	101	138	405	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	400	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	395	150	121	110	102	122	108	147
Dec. "	124	419	119	362	100	134	387	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	387	146	122	111	103	120	109	148
February "	123	420	119	350	102	130	392	147	123	111	103	119	109	148
March "	124	423	119	349	101	129	395	148	124	111	105	121	109	149
April "	124	428	119	348	99	130	392	149	126	111	104	120	109	150
May "	124	431	119	345	97	130	392	148	126	112	106	120	110	149
June "	125	433	122	349	99	132	392	148	127	112	104	121	110	150
July "	127	437	122	357	101	132	408	148	130	113	106	122	110	151
August "	128P	438	122	359	103	133	416	149	130	115	107	124	111	151
Sept. "	128P	436	122	355	103	132	416	148	128	114	108	124	112	151
Oct. "	128	434	122	354	104	..	..	149	127	113	110	128	..	..
Nov. "	..	434	..	..	..	..	..	..	..	..	..	..	..	..

*June 1934=100. †Jan., 1928=100. §1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Out-standings	National Savings Certificates 7-Year B Out-standings	National Savings Certificates 12-Year B Out-standings	12-Year National Plan Savings Certificates C Receipts	12-Year National Plan Savings Certificates C Out-standings	Post Office Savings Bank Deposits Receipts	Post Office Savings Bank Deposits Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Out-standings	Cumulative Time Deposits 10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Out-standings	10-Year Treasury Savings Deposit Certificates 4% C Receipts	10-Year Treasury Savings Deposit Certificates 4% C Out-standings	15-Year Annuity Certificates G Receipts	15-Year Annuity Certificates G Out-standings	Total Receipts	Total Out-standings H
1958-59	1.76	3.80	119.10	87.45	152.78	191.75	234.91	21.02	—40.67	3	2	42.57	6.35	11.68	67	2.41	286.27	590.08
1959-60	1.55	3.15	98.99	83.24	221.68	210.40	260.08	19.79	—41.35	50	31	41.68	10.64	21.76	66	2.90	305.70	672.99
1960-61	1.24	2.46	81.50	82.53	287.30	226.77	297.77	18.36	—42.00	1.70	95	38.80	16.14	37.34	69	3.38	329.98	770.86
Nov. 1960	1.37	2.70	87.64	6.21	262.79	17.90	275.00	19.12	—41.74	1.17	68	41.02	1.49	31.73	5	3.25	25.81	726.47
Jan. 1961	1.31	2.57	84.04	6.47	273.48	18.08	280.06	18.87	—41.86	1.40	80	40.90	1.04	34.15	6	3.28	25.83	740.90
Feb. "	1.28	2.52	82.71	6.43	278.70	18.05	282.82	18.44	—41.95	1.53	87	39.88	1.80	35.75	5	3.36	26.53	747.86
Mar. "	1.24	2.46	81.50	11.17	287.30	32.12	297.77	18.36	—42.00	1.70	95	38.80	1.77	37.34	4	3.38	45.05	770.80
Apr. "	1.20	2.40	80.13	8.59	290.56	20.37	295.84	18.17	—42.05	1.83	1.01	37.46	2.28	39.42	4	3.40	27.47	777.47
May "	1.16	2.34	78.90	5.38	294.43	19.28	294.64	18.09	—42.08	1.99	1.08	36.49	1.32	40.92	3	3.42	26.19	775.46
June "	1.13	2.29	77.64	6.57	299.52	19.27	294.43	18.01	—42.13	2.18	1.15	35.45	1.89	42.43	3	3.43	28.02	777.66
July "	1.10	2.24	76.31	6.66	304.90	20.79	298.78	17.91	—42.16	2.34	1.23	34.15	1.59	44.33	5	3.46	29.34	786.81
Aug. "	1.08	2.20	74.31	6.73	310.39	19.28	302.35	17.85	—42.20	2.50	1.31	33.19	1.25	45.66	5	3.48	27.55	794.32
Sept. "	1.05	2.16	73.00	6.38	315.47	17.84	304.29	17.77	—42.24	2.68	1.39	32.12	1.62	47.04	5	3.51	26.16	800.48
Oct. "	1.02	2.12	72.30	5.30	319.02	17.83	305.79	17.67	—42.28	2.86	1.47	31.28	1.07	48.10	4	3.53	24.51	805.76
Nov. "	..	..	..	..	..	..	..	..	..	..	..	30.24	1.14	49.21	4	3.55	..	..

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of Sept., 1961 amount to 17.39 crores of rupees.

GOVERNMENT SECURITIES

TERMINABLE LOANS

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
3 % Loan	1938-39	116,17,46,000	1965-85	93 05
3 % Loan	1950	30,33,10,000	1964	98 65
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96 15
3 % Rev. Loan	1945	1,15,05,83,000	1970-75	90 15
2½% Loan	1946	14,77,48,000	1976	83 50
2½% Loan	1947	75,86,72,000	1962	99 20
2½% N. P. Loan	1954	1,58,17,94,000	1964	99 85
3¼% N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99 65
4 % Loan	1956	1,07,27,36,000	1962	99 90
3¼% N. P. Bonds	1956	1,03,81,83,000	1967	98 90
4 % Loan	1956	86,63,63,000	1974	99 50
3¼% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	99 90
4 % Loan	1957	49,17,27,000	1972	100 20
4 % Loan	1958	58,05,92,000	1968	99 95
3½% Loan	1958	70,00,00,000	1968	98 70
3½% Loan N.P.B.	1958	64,33,90,000	1968	99 90
4 % Loan	1958	49,51,44,000	1978	100 10
4 % Loan	1959	1,47,90,93,000	1969	98 30
4 % Loan	1959	81,06,39,000	1979	99 20
4 % Loan	1960	98,03,48,000	1980	99 25
4¼% Bonds	1960	82,65,41,000	1964	99 70
4 % Loan	1961	65,63,00,000	1981	98 50

NON-TERMINABLE LOANS

Loan		Rs.	M.	Rs.
3 % Loan	1896-97	8,93,35,000	M.	72 00
3 % Loan	1946	2,46,91,33,000	K.	71 05

STATE LOANS

4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98 25	
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	98 00	
4 % Andhra	1956	6,48,92,000	15th July 1970	100 00	
4½% Andhra	1959	6,57,75,000	19th Aug. 1971	97 75	
4½% Andhra	1960	9,85,35,000	29th Aug. 1969	97 80	
4½% Andhra	1961	11,00,00,000	Sept. 1972	99 50	
3 % Maharastra	1949	2,50,97,000	1st Aug. 1962	99 90	
3 % Maharastra	1951	2,78,41,000	17th Sept. 1962	100 00	
3 % Maharastra	1953	5,02,55,000	15th July 1963	100 00	
3 % Maharastra	1953	3,34,85,000	1st Aug. 1963	100 00	
3 % Maharastra	1954	5,33,45,000	1st Sept. 1967	99 35	
3 % Maharastra	1955	7,70,11,000	3rd Sept. 1969	99 10	
3 % Maharastra	1956	6,47,37,000	15th Sept. 1970	100 50	
4½% Maharastra	1957	6,48,92,000	15th July 1970	100 50	
4½% Maharastra	1958	4,31,45,000	15th July 1971	100 50	
4½% Maharastra	1959	6,58,14,000	19th Aug. 1971	99 25	
4½% Maharastra	1960	10,98,86,000	29th Aug. 1969	99 25	
4½% Maharastra	1961	10,77,00,000	Sept. 1972	99 90	
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98 00	
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98 00	
4 % Bihar	1956	2,76,71,000	13th Oct. 1970	100 00	
4 % Bihar	1958	3,33,22,000	19th Aug. 1971	97 75	
4½% Bihar	1959	3,33,22,000	29th Aug. 1969	97 75	
4½% Bihar	1960	5,30,00,000	Sept. 1972	98 10	
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99 00	
4½% Gujarat	1961	6,07,00,000	Sept. 1972	99 90	
3½% Howrah Bridge (New)	1936-37	1,95,96,700	1956-66	94 50	
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98 00	
4 % Hyderabad	1956	2,01,49,300	3rd Sept. 1968	98 00	
4 % Jaipur	1951	2,01,49,300	17th Sept. 1962	99 75	
4 % Madras	1953	10,38,71,000	15th July 1963	99 75	
4 % Madras	1955	5,24,81,200	1st Aug. 1964	98 25	
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98 25	
4 % Madras	1956	13,68,56,000	3rd Sept. 1968	98 00	
4½% Madras	1958	5,55,57,000	15th July 1970	100 00	
4½% Madras	1959	8,75,72,000	19th Aug. 1971	97 90	
4½% Madras	1960	12,20,42,000	29th Aug. 1969	98 05	
4½% Madras	1961	10,56,00,000	Sept. 1972	98 00	
4 % Mysore	1933	2,05,55,200	1st Dec. 1953-63	100 50	
4 % Mysore	1953	3,33,47,000	15th July 1963	100 00	
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	98 25	
4 % Mysore	1956	4,43,46,000	3rd Sept. 1968	98 00	
4 % Mysore	1956	3,34,36,000	15th July 1970	100 00	
4½% Mysore	1958	5,51,62,000	15th July 1970	100 00	
4½% Mysore	1959	5,43,46,000	19th Aug. 1971	98 00	
4½% Mysore	1960	4,37,73,000	29th Aug. 1969	97 75	
4½% Mysore	1961	7,48,00,000	Sept. 1972	98 10	
4 % M.P.	1948	3,03,39,000	15th Sept. 1968	98 00	
4 % M.P.	1953	1,02,18,100	17th Sept. 1962	100 00	
4 % M.P.	1953	1,10,18,000	15th July 1963	99 40	
4 % M.P.	1953	1,53,15,000	1st Sept. 1967	98 00	
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98 00	
4 % M.P.	1958	2,21,35,000	15th July 1970	100 00	
4½% M.P.	1958	5,22,25,000	19th Aug. 1971	97 75	
4½% M.P.	1960	5,18,25,000	29th Aug. 1969	97 75	
4½% M.P.	1961	5,04,00,000	Sept. 1972	98 10	
4 % Saurashtra	1953	2,45,39,000	1st Sept. 1967	98 85	
4 % Saurashtra	1956	2,62,58,000	3rd Sept. 1968	98 85	
4 % Kerala	1953	2,25,61,000	15th July 1963	99 15	
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98 00	
4 % Kerala	1958	2,82,10,000	15th July 1970	100 00	
4½% Kerala	1959	4,47,05,000	19th Aug. 1971	97 75	
4½% Kerala	1960	4,00,00,000	29th Aug. 1969	98 00	
4½% Kerala	1961	4,04,00,000	Sept. 1972	98 10	
4 % U.P.Z.A.	1952	44,36,86,000		43 50Z	
3 % U.P.	1936	1,54,30,000	15th Sept. 1961-66	92 75	
3 % U.P.	1951	1,82,99,000	17th Sept. 1962	100 00	
3 % U.P.	1952	3,59,14,000	1st Aug. 1964	99 90	
3 % U.P.	1953	5,58,25,000	15th July 1963	99 75	
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	98 25	
4 % U.P.	1956	8,48,25,000	3rd Sept. 1968	98 25	

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation
		BOMBAY		
Rs.				Rs.
36,50,000	4	1904	1964	
25,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1905	1968	97.00
40,00,000	4	1909	1970	
1,10,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,85,876	4	1913*	1960	D
85,00,000	4	1913	1974	95 00
12,50,000	3½	1931*	1961	99.00
25,00,000	3½	1932*	1962	98.75
94,58,000	3½	1933*	1963	98.50
15,00,000	3	1936*	1966	D
48,04,000	3	1936*	1960	D
10,00,000	3	1938	1963-68	95 00
7,00,000	3½	1941	1971	144.00N

STERLING LOANS

£566,600		1909	1968	695 50
£338,900		1910	1970	695.50N

CALCUTTA

Rs.				Rs.
90,24,300	4	1914	1974	98 25
76,90,100	4	1915	1975	98 25
50,00,000	4½	1921	1981	98 00
2,02,00,000	4½	1921	1981	98 00
68,02,3000	3½	1921	1991	144.00N
60,00,000	4½	1922	1991	98 00
60,00,000	3½	1935	1965	99.00
50,00,000	3	1935	1963-68	95 00
50,00,000	3	1945	2005	74 00
50,00,000	3	1945	1975	85 00
50,00,000	3	1946	1976	84 00
50,00,000	3	1946	2006	74 00
50,00,000	2½	1947	1977	79 50
50,00,000	3	1947	1978	82 75
50,00,000	3	1950	1980	82 00
50,00,000	3	1951	1981	81 75
50,00,000	3½	1952	1961	99 75
50,00,000	3	1953	1983	81 00
50,00,000	4	1953	1983	97 50
90,00,000	4	1954	1985	97 25
77,00,000	4	1955	1985	97 25
78,00,0000	4	1956	1986	97 25
1,24,00,000	4½	1957	1987	99 50
1,00,00,000	4½	1958	1988	99 50
1,00,00,000	4½	1959	1989	99 50
50,00,000	4½	1959	1989	99 00
1,00,00,000	4½	1960	1990	98 50
1,00,00,000	4	1960	1970	98.50

STERLING LOANS

£592,600	5	1923	1953-83	£63
£901,000	5	1924	1954-84	£63
£835,100	5½	1932	1962	£96½

MADRAS

Rs.				Rs.
28,48,375	3½	1947	1977	
9,88,0001	3	1947	1977	A
3,00,0001	3	1949	1979	
45,00,0001	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
		BOMBAY		
Rs.				Rs.
80,00,000	4	1902	1962	
50,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
15,00,000	4	1906	1966	
30,00,000	4	1907	1967	
30,00,000	4	1908	1968	
30,00,000	4	1908	1968	
30,00,000	4	1909	1969	
15,00,000	4	1910	1970	
13,00,000	4	1912	1972	
50,00,000	4	1913	1973	
50,00,000	4	1914	1974	97.50 N
26,00,000	4	1916	1976	
40,00,000	4	1916	1957-76	118.90 N
66,00,000	5	1920	1956-88	
25,00,000	5	1926	1956-86	115.00N
25,00,000	5	1927	1961-70	98.00N
10,00,000	5	1936	1966	

STERLING LOANS

		1909	1968	695 50
		1910	1970	695.50N

CALCUTTA

Rs.				Rs.
9,00,000	5½	1932	1962	101 75N
35,91,900	3	1925	1965	92 00
40,00,000	3	1938	1966	92 00
47,50,000	3	1938	1968	92 50
21,10,000	3½	1942	1972	92 50
66,00,000	3	1942	1972	92 50
87,36,000	3	1951	1966	98.50
72,50,000	4½	1952	1962	99 75
2,22,72,000	4	1954	1974	99 75
75,86,000	4	1955	1985	97 25N
1,67,32,000	4½	1958	1968	100 50
		1958	1978	101.00N

MADRAS

Rs.				Rs.
15,00,000	3½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.50N

MUNICIPAL LOANS

BOMBAY

Rs.				Rs.
8,25,00,000	3½	1947	1977	84 00
2,13,14,500	3½	1949	1979	84 00
2,50,00,000	3½	1950	1965	95 00
2,69,21,472	3½	1950	1964	95 00
2,00,57,318	3½	1951	1966	95 00
2,50,00,000	4	1952	1962	99 00
92,19,9000	4	1953	1963	99 00
88,87,0001	4	1954	1964	99 00
2,50,00,000	4	1955	1967	99 00
1,50,00,000	4	1956	1968	99 00
2,09,10,500	4	1957	1968	99 00
4,00,00,000	4½	1958	1970	99 25
5,50,00,000	4½	1959	1971	98.00

CALCUTTA

Rs.				Rs.
1,31,23,037	3	1962	1972	92 50
1,09,53,058	3½	1962	1972	92 50
1,07,14,092	3½	1962	1972	92 50
3,74,65,868	3	1962	1972	92 50
2,90,14,000	3½	1962	1972	92 50
1,54,85,374	3½	1963	1973	92 50
1,76,87,483	3	1963	1973	92 50
1,56,95,403	3½	1963	1973	92 50
4,43,21

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	55,16,166	1,62,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	70.44	10	0.25	0.50	1.00	0.25	3	Y.P.T.
4,00,000	16,40,000	77,47,280	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alliance	265.00	100	10.00	15.00	44.00		12	Y.P.T.
29,00,000	5,48,950	1,41,02,372	1,01,50,589	1,16,925	McLeod & Co., Ltd.	1,264	Anglo-India	190.00	100	10.00	12.50	20.00	7.50	3	Y.P.
49,20,700	85,71,000	2,80,85,747	1,84,94,034	3,74,363	Duncan Brothers & Co., Ltd.	810	Auckland	162.00	100	5.00	20.00	27.00	12.00	3	Y.P.T.
48,00,000	28,14,827	1,46,86,173	83,52,158	45,981	Bird & Co. Private Ltd.	959	Bally	248.00	100	6.00	10.00	25.00	25.00	3	Y.P.
20,00,000	34,84,417	1,47,00,374	86,10,664	1,00,757	Birla Brothers Private Ltd.	1,889	Baraagore	136.00	25	Nil	10sh.	£1.10sh	10 Sh.	3	Y.P.
£275,000	£842,859	£1,372,653	£967,103	£95,089	Sir John H. Burder (Chairman)		Sir John H. Burder	141.00	100	7.50	13.50	5.00		12	Y.P.
25,00,000	28,47,233	1,09,52,541	58,47,941	78,247	Andrew Yule & Co., Ltd.	400	Belvedere	8.50	10	0.50	0.50	0.50		3	Y.
45,00,000	25,81,700	70,48,057	40,86,208	1,33,355	Soorajmull Nagarmull	1,372	Bengal	29.00	10	1.00	1.50	1.50	1.50	3	Y.P.T.
91,25,000	3,08,27,813	8,17,03,760	2,90,00,714	1,85,905	Birla Brothers Private Ltd.		Birla	129.00	100	5.00	15.00	10.00		3	Y.P.
24,00,000	27,72,286	1,36,98,070	70,94,738	24,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	5.50N	10	Nil	Nil			10	Y.P.
7,45,280	4,000	45,02,280	35,10,248	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	145.00	100	15.00	12.00	12.00		12	Y.P.T.
13,00,000	29,06,659	92,75,455	5,10,612	6,22,941	M.	616	Caledonian	126.00	100	Nil	7.00	10.00	5.00	11	Y.P.
50,16,408	82,28,226	2,14,54,087	1,21,65,795	1,87,286	James Finlay & Co., Ltd.	600	Champdany	17.00	10	0.50	1.25	Nil		3	Y.
35,56,256	44,66,344	1,22,29,034	62,15,516	6,593	Andrew Yule & Co., Ltd.	1,131	Cheviot	11.75	10	1.25	1.50	0.50		11	Y.P.
28,15,000	29,15,000	1,20,98,261	66,66,975	39,326	McLeod & Co., Ltd.	500	Chitavalsah	10.00	10	Nil	Nil	Nil		7	Y.P.T.
24,00,000	9,00,000	82,12,080	61,31,208	—3,09,256	M.	959	Clive	113.00	100	Nil	Nil	1.00	1.00	3	Y.P.
31,49,200	14,68,891	1,10,14,999	59,67,313	9,802	Bird & Co. Private Ltd.	766	Dalhousie	161.00	100	6.00	14.00	7.50		11	Y.P.
23,00,000	41,85,474	97,48,987	51,23,570	15,632	Andrew Yule & Co., Ltd.	779	Delta	16.75	10	1.00	1.25	1.50		7	Y.P.T.
15,00,000	26,63,000	1,14,03,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	377.00	100 Old	20.00	20.00	25.00	10.00	7	Y.P.T.
63,00,000	91,72,339	3,52,82,387	1,90,83,957	1,78,365	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	29.75	10	1.50	1.50	2.25		3	Y.P.T.
21,00,000	19,81,948	1,32,32,994	76,17,782	1,94,899	Bangur Bros., Ltd.	1,014	Fort William								
54,32,190	5,16,893	2,24,66,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	12.94	10	Nil	Nil	1.00		3	Y.P.
10,80,000	34,36,266	98,03,727	53,00,178	14,067	M.	607	General Ind. Society Ltd.	36.00	10	2.00	4.00	4.00		12	Y.T.
24,00,000	34,36,266	2,74,15,455	1,81,06,760	82,035	Macneill & Barry Ltd.	1,894	Gouripore	433.00	100	20.00	25.00	30.00	25.00	3	Y.P.
40,00,000	71,85,723	1,33,64,146	76,47,196	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	115.00N	100	5.00	6.00	6.00		3	Y.P.
15,00,000	31,09,833	87,45,980	55,07,778	38,329	J. & B. Hutchison Private Ltd.	726	Hooghly	15.00	10	Nil	0.80	1.00		3	Y.P.
65,62,500	42,62,842	2,25,18,876	1,45,23,467	97,720	Jardine Henderson Ltd.	1,940	Howrah	29.00	10	Nil	1.00	1.25	1.00	3	Y.P.T.
52,50,000	38,78,191	3,21,24,274	1,88,99,274	1,62,876	Ramdutt Ramkissendas	2,272	Hukumchand	24.00xd	7.50	1.50	1.50	2.15	2.15	3	Y.P.
37,30,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	14.94	12.50	1.50	1.24	1.75	1.50	3	Y.
24,00,000 }	27,20,329	2,00,48,588	1,40,57,899	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	{ 147.00	100	5.00	20.00	5.00		12	Y.P.T.
'B' 19,20,000 }								{ 140.00	'B'100	5.00	20.00	5.00			
'B' 24,00,000 }								{ 79.00	100	Nil	Nil	Nil			
68,00,000 }	.....	1,78,03,394	1,19,36,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankinarrah	{ 77.00	'B' 100	Nil	Nil	Nil		12	Y.P.T.
28,00,000	57,46,000	1,59,67,739	1,08,91,650	2,61,205	McLeod & Co., Ltd.	703	Kelvin	184.00	100	12.50	14.00	15.00	15.00	3	Y.P.
54,00,000	28,96,564	2,18,73,550	1,39,90,173	1,250	Anderson Wright Ltd.	1,030	Khardah	16.50	10	0.80	2.00	2.00	0.50	3	Y.P.
99,85,000	47,59,765	2,07,21,466	1,33,78,784	62,406	F. W. Heligers & Co. Private Ltd.	1,250	Kinnison	102.00	100	5.00	10.00	20.00	7.00	3	Y.P.T.
24,48,000	6,04,572	1,08,23,825	71,08,446	—3,54,448	Bird & Co. Private Ltd.	931	Lanadowne	129.00	100	Nil	Nil	2.00	15.00	3	Y.P.
28,00,000	14,13,480	65,77,636	42,23,242	54,949	Bird & Co. Private Ltd.	840	Lawrence	170.00	100	Nil	Nil	2.00	15.00	3	Y.P.
31,45,200	24,96,037	2,36,55,345	1,66,72,514	84,805	M.	1,294	Megna	13.06	10	1.75	1.00	1.20	1.25	3	Y.P.
39,98,900	24,36,892	1,64,53,185	94,38,205	—11,60,635	M.	815	Naihati	88.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
20,00,000	11,62,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.75	10	0.25	0.375	0.60		10	Y.T.
35,00,000	52,52,705	1,08,02,939	61,329	M.	852	National	20.37	10	0.75	1.00	0.75			10	Y.P.
26,25,000	32,86,172	68,66,663	32,12,580	43,920	McLeod & Co., Ltd.	316	Nellimarla Jute	9.75	10	1.00	1.40	0.30		7	Y.P.T.
2,58,63,870	2,60,72,020	9,66,78,631	1,71,73,801	Nil	Sahu Jain Ltd.	1,785	New Central	16.69	10	1.50	1.50'C'	1.50	1.50	3	Y.P.T.
15,79,886	51,92,617	1,30,91,548	77,30,582	32,274	Bird & Co. Private Ltd.	567	Northbrook	30.50	10	Nil	1.25	3.00	3.00	3	Y.P.T.
66,79,500	41,23,256	3,23,60,331	1,19,31,974	1,06,322	Macneill & Barry Ltd.	1,092	Nuddea	66.00	50	2.50	3.00	4.00	3.00	3	Y.
25,00,000	11,41,170	1,96,08,632	75,98,215	23,417	McLeod & Co., Ltd.	1,252	Presidency	4.87	5	0.374	0.50	0.40		3	Y.T.
28,00,000	73,504	1,36,25,345	74,10,440	—9,71,463	Hindustan Investment Corpn. Ltd.	495	Rameshwara	7.06	10	Nil	Nil	Nil	Nil	3	Y.P.
49,50,000		1,84,88,157	67,33,074	—26,32,881	Jardine Henderson Ltd.	1,276	Reliance	5.96	10	Nil	Nil	Nil	Nil	3	Y.P.T.
£600,000	£490,065	£1,495,648	£859,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnagur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
90,00,000	19,67,500	1,24,50,539	91,85,988	69,510	Bagaria More & Co., Ltd.	911	Shree Ambica	22.69	10	0.50	0.60	0.75		3	Y.P.
24,00,000	12,35,000	75,14,579	52,32,984	21,738	Hindustan Investment Corpn. Ltd.	401	Soorah	21.56	10	1.50	2.50	2.50		12	Y.P.
£450,865	£450,865	£1,276,168	£743,019	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
25,92,990	37,94,656	93,18,767	55,10,623	8,800	Bird & Co. Private Ltd.	1,256	Union	170.00	100	15.00	20.00	25.00	6.00	3	Y.P.T.
£499,994	£879,525	£1,283,223	£611,723	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.P.
2,50,000	7,20,000	82,36,786	45,97,547	96,614	McLeod & Co., Ltd.	447	Waverley	4.19	1	Nil	0.25	0.30	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
Rs. 85,990	4,83,841	17,73,941	$7,77,863	16,618	Young India Agencies Private Ltd.	579	Balanoor Tea and Rubber	14.00	10	1.75	1.50	1.50	1.20	3	Y.P.
Rs. 32,542	28,76,747	84,13,561	15,18,278	78,105	Kothari & Sons (Agn.) Pvt. Ltd.	3,523	Blue Mountain	2.77xd	2	0.25	0.25	0.25	0.20	6	Y.T.
5,50,000	2,99,991	16,46,405	3,40,184	18,337	K. Anantaraman, Esq. (Mg. Director).	848	Chandramalai Estates Ltd.	8.32	2	0.20	0.30	0.40	0.40	4	Y.P.
14,00,000	14,42,562	27,59,505	9,30,514	48,653	Peirce, Leslie & Co., Ltd.	1,714	Chembra Peak Estates	26.50	10	2.00	2.00	2.00	0.40	3	Y.P.
5,66,490	12,28,975	23,20,475	1,95,657	32,886	Matheson Bosanquet & Co. Pvt. Ltd.	661	Coonoor Tea	5.60	2	0.40	0.40	0.40		3	Y.P.
4,80,000	5,19,389	13,74,821	2,42,244	2,310	Srinivas Agencies	352	Devashola (Nilgiri) Tea	$1.00cd cr.	10	2.50	2.50	2.00	1.00†	3	Y.
6,00,000	4,81,815	12,81,925	2,68,291	686	P. G. Krishna Iyer, Esq. (Mg. Director)	465	Devon Tea	13.76	10	1.15	1.50	1.50	1.50	12	Y.
6,74,650	3,31,040	11,60,946	2,46,302	13,226	Young India Agencies Private Ltd.	198	Emerald Valley Estates	5.67	5	0.80	0.40			3	Y.P.
5,00,000	1,26,500	4,04,217	65,265	2,027	Parkins Private Ltd.	1,506	Halleyburia	14.00	10	2.00	1.25'C'	1.50		12	Y.
25,00,000	18,55,500	1,00,47,774	10,31,865	77,125	Parkins Private Ltd.	469	Kalasa Tea	3.42XR	2	0.25	0.50	0.40	0.50	12	Y.P.
6,00,000	6,66,159	15,77,488	3,94,129	59,573	Peirce, Leslie & Co., Ltd.	1,375	Kil Kotagiri Tea	4.90	2	0.30	0.70	0.50		3	Y.P.
17,17,976	12,12,245	33,15,743	5,71,179	15,600	Peirce, Leslie & Co., Ltd.	862	Kurchermala Plant. Ltd.	4.97	10	0.625	0.80	Nil	0.40	10	Y.P.
6,90,000	2,14,272	12,67,080	1,15,311	579	Ipe Chammon & Co. Pvt. Ltd.	267	Lucky Valley	11.35	10	1.00	1.00	1.00		2	Y.P.
5,00,000	1,39,456	9,61,424	78,039	37,180	Matheson Bosanquet & Co. Pvt. Ltd.	555	Manas Estates Ltd.	2.10	2	0.14	0.10	0.20		12	Y.
3,50,000	7,000	3,48,587	18,780	.....	Vasantha & Co. (Trichy) Pvt. Ltd.	560	Mlamallay	36.00	25	3.75	5.00	5.75	5.50	3	Y.
3,00,000	6,18,504	14,43,867	3,15,782	1,740	Kapur Thomas Esq. (Mg. Director)	2,039	Neelamalai	4.26cd	5	0.37	0.37	0.37	0.37	3	Y.P.
56,00,000	23,87,304	85,03,884	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	1,624	Nellampathy	2.40xd	2	0.30	0.30	0.35	0.30	3	Y.P.
12,00,000	7,04,337	28,03,725	6,12,258	27,999	A. V. Thomas & Co., Ltd.	1,428	Nilgiri Tea	8.40	10	0.60	0.60	0.75	0.80	3	Y.P.
14,06,250	7,45,346	29,87,155	6,58,251	56,790	A. V. George & Co., Ltd.	836	Nonsuch Tea	25.50	10	2.50	2.00	2.00	2.00	3	Y.P.T.
25,10,000	6,77,257	35,77,599	12,53,275	22,735	Harrisons & Crosfield Ltd.	579	Parkside	25.00xd	10	2.50	2.75	2.75	2.25	3	Y.
14,58,960	16,87,314	33,02,719	6,08,115	40,896	P. S. M. Melyneux, Esq. (Chairman)	500	Peninsular Plantations Ltd.	22.50	10	1.50	2.00			3	Y.
6,00,000	2,06,224	8,47,695	62,188	64,227	S. Sivaramakrishna Aiyar, Esq.	1,564	Peermade	22.50	10	1.62½	2.25	2.25	2.25	2	Y.
17,00,000	11,57,787	43,52,475	16,91,846	37,065	Aspinwall & Co. (Travancore) Ltd.	3,718	Periakaramalai	3.55	2	0.20'C'	0.25	0.27	0.40	12	Y.P.
57,94,880	80,34,711	1,18,81,238	39,12,903	65,407	Peirce, Leslie & Co., Ltd.	865	Shaverey Estates Ltd.	3.57cd	2	0.15	0.125	0.18	0.15	3	Y.P.
18,50,000	2,96,500	11,58,569	1,44,292	3,047	A. V. Thomas & Co. (India) Ltd.	1,131	Stanes Amalgamated	15.92xd	10	0.80	0.60	1.70		6	Y.
9,90,900	12,43,927	28,45,822	8,36,985	8,199	T. Stanes & Co., Ltd.	216	Swission Estates	2.82	2	0.15	0.15	0.25		6	Y.T.
1,25,000	15,000	1,98,541	7,966	4,289	M.	1,061	Talaya Tea	1.70	1	0.12	0.10	0.16	0.20	3	Y.P.
12,50,000	11,79,243	32,25,233	4,11,990	1,854	Srinivas Agencies	1,208	Tevyford	11.60	10	1.50	1.00'C'	1.50		3	Y.
15,75,000	16,90,500	32,54,520	3,47,047	43,102	Parkins Private Ltd.	1,771	United Nilgiri	23.50	10	1.60	1.95	2.10	2.20	12	Y.
31,31,250	15,52,765	49,06,418	9,97,362	30,106	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall	6.92xd	2	0.25	0.25	0.25		3	Y.
47,25,000	12,42,245	62,62,910	9,97,362	1,94,353	Goodall & Co.	1,93	Woodcote Estates Ltd.	1.65	1	0.04	Nil	Nil	Nil	6	Y.P.
1,00,000	5,566	3,58,552	97,748	—5,942	Goodall & Co.									6	Y.P.
RUBBER AND OTHERS															
6,00,000	5,52,435	16,85,453	4,57,025	30,365	Ramani & Co. Pvt. Ltd.	878	Alagewwar Estates Ltd.	2.95	2	0.20	0.15	0.15	0.20	3	Y.
6,75,000	2,85,527	19,88,033	3,50,665	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates	11.06	10	0.60	0.75	1.00	1.00	3	Y.P.T.
2,50,000	5,92,985	14,26,924	1,56,520	90,098	A. V. George & Co., Ltd.	630	Anamdam Rubber Co., Ltd.	18.22	10	1.00	1.00	1.50		3	Y.T.
12,07,838	2,28,040	21,02,921	2,74,016	9,563	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	3.15cd	2	0.70	0.50	0.60	0.80	12	Y.P.
4,53,000	4,59,000	5,61,867	1,01,113	33,290	Young India Agencies Pvt. Ltd.	610	Badra Coffee Estates Ltd.	3.30	2	0.25	0.35	0.30	0.30	6	Y.T.
4,00,000	1,93,748	7,34,867	1,10,833	2,488	A. V. Thomas & Co. (Mysore)	579	Bababudin Coffee & Produce	8.00cd	2	1.25	0.625	0.40	0.40	6	Y.P.
2,00,000	2,25,000	4,55,098	62,711	4,963	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	1.93	2	0.25	0.15	0.15	0.10	3	Y.P.
9,46,115	3,35,253	19,45,384	13,674	674	T. K. Oommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd.	2.78	2	0.25	0.25			3	Y.P.
28,81,279	20,33,511	55,26,015	9,62,387	10,145	Peirce, Leslie & Co., Ltd.	6,203	Cochin Malabar	7.35	2	0.30'C'	0.40	0.625	0.60	3	Y.P.
23,50,000	31,10,963	53,64,399	13,19,304	82,279	Cons. Coffee Estates (Secretaries)	2,799	Coffee Lands and Industries	16.62cd	10	2.00	2.50	2.00	0.60	3	Y.P.
71,12,500	66,04,294	1,38,49,009	40,89,751	59,722	C. I. Machia, Esq. (Mg. Director)	1,439	Consolidated Coffee	19.20cd	10	2.00	2.50	2.00		6	Y.P.
6,00,000	5,09,735	14,95,890	98,980	2,116	Associated Planters Private Ltd.	605	Cotelgoody Estates	10.10	10	1.50	1.50	1.00		6	Y.P.
4,08,560	2,25,000	3,31,891	94,852	34,416	Peirce, Leslie & Co., Ltd.	1,281	Cotswoody Estates (Coffee)	4.89xd	2	1.20	0.70	0.80	1.00	6	Y.P.
12,00,000	11,10,000	22,95,221	7,48,488	37,599	A. V. Thomas & Co., Ltd.	220	Highland Prodnce	14.10	10	1.50	1.50	1.50	0.50	6	Y.P.
1,39,500	49,000	1,64,456	5,148	2,033	Young India Agencies Pvt. Ltd.	1,548	Kallar Coffee Estates Ltd.	2.78	2	0.15	0.15	0.15		12	Y.P.
11,85,700	11,77,785	31,18,425	3,48,844	31,978	A. V. George & Co., Ltd.	1,870	Kallas Rubber Co., Ltd.	5.80cd	2	0.50	0.50	0.50		6	Y.P.
3,00,000	1,85,504	3,90,051	1,46,239	3,912	A. V. Thomas & Co., Ltd.	474	Kalpetta Estates	12.10	10	1.00'C'	1.25	0.40	0.50	2	Y.P.
4,00,000	3,75,000	9,82,417	1,85,014	14,900	Peirce, Leslie & Co., Ltd.	2,143	Kunzegode Estates Ltd.	4.60	2	0.40'C'	0.40	0.40	1.25	4	Y.P.
13,50,000	5,41,456	22,23,838	4,40,672	47	K. T. Thomas Kaithaxac, Esq.	906	Malankara Rubber	16.90	10	1.70'C'	1.60	1.50		10	Y.T.
3,33,000	2,50,000	8,43,098	81,555	3,894	Associated Planters Pvt. Ltd.	4,470	Mercara Rubbers Ltd.	8.90cd	5	1.00	1.00	1.00	1.00*	3	Y.P.
40,50,000	14,33,242	87,24,197	12,48,980	8,116	A. V. Thomas & Co., Ltd.	1,831	Midland Rubber	10.85	10	1.00'C'	1.00	1.25	1.00	3	Y.P.
3,25,000	4,12,607	16,80,492	3,02,920	79,805	A. V. George & Co., Ltd.	1,056	Mundanmudy Estates	24.65	10	1.50	1.50	1.50	1.25	3	Y.P.
3,80,000	4,74,548	9,94,222	55,975	2,214	Associated Planters Private Ltd.	4,398	Nilambur Rubber Co.	14.12	10	2.00	2.00	1.50		12	Y.P.
10,45,750	23,88,319	52,58,400	18,70,337	7,007	Peirce, Leslie & Co., Ltd.	533	Ouchterlony Valley Estates	3.70	2	0.20	0.30	0.20		12	Y.P.T.
6,50,000	5,71,464	7,97,732	83,078	46,714	Peirce, Leslie & Co., Ltd.	2,017	Oomoor Estates Ltd.	3.70	2	0.20	0.30	0.30	0.30	10	Y.P.
16,50,000	2,89,314	23,27,618	7,57,866	737	Aspinwall & Co.	2,368	Pullangode Rubber	1.78	2	0.05	0.10	0.10	0.10	3	Y.
13,50,000	9,28,404	10,71,627	5,09,979	2,730	A. V. Thomas & Co. Ltd.	422	Rajagiri Rubber	19.05xd	10	2.00	2.00	2.00	2.00	3	Y.P.
2,40,000	1,64,963	3,80,760	47,874	16,875	Associated Planters Private Ltd.	500	Rajendra Coffee Ltd.	11.25	2	0.80	0.80	0.80	0.80	3	Y.P.
3,50,178	3,25,000	9,35,302	1,44,033	21,604	Peirce, Leslie & Co., Ltd.	1,102	Sayamalai Estates Ltd.	2.85	2	0.20	0.30	0.25	0.25	3	Y.P.
12,00,000	2,25,000	19,75,850	1,58,096	4,075	Tejoo Agencies	1,454	Sangamneshwar Coffee Estates	1.82	2	0.18	0.18	0.18	0.18	11	Y.P.
12,50,000	3,00,130	22,50,303	1,53,557	4,584	East India Agencies Private Ltd.	535	Thamarapally Rubber	16.40	10	0.60	0.90	Nil		3	Y.P.T.
2,50,000	2,75,000	6,26,095	51,856	22,808	A. V. George & Co., Ltd.	2,251	Thirumbadi Rubber Co., Ltd.	1.70	1	0.10	0.07	0.09	0.07	3	Y.P.T.
3,00,000	6,05,000	24,54,542	2,19,476	14,822	Peirce, Leslie & Co., Ltd.	1,241	Travancore Rubber	12.50	10	1.00	1.00	1.00	0.97	3	Y.P.
2,50,000	45,743	3,56,449	1,80,538	4,480	Espen Thomas, Esq. (Mg. Director)	4,671	Travancore Rubber & Tea	1.65cd	10	0.50	0.75	0.90	0.90	12	Y.
8,00,000	15,67,681	39,22,758	20,79,044	11,867	Aspinwall & Co. (Travancore) Ltd.	2,157	Tropical Plantations Co.	18.87	10	1.50	0.75	0.90	0.401	12	Y.
41,00,000	1,91,000	23,45,191	9,09,434	223	P. T. Thomas, Esq. (Mg. Director)	1,380	Velimalai Rubber & Co.	5.40	5	0.50	0.50	0.60		3	Y.
20,00,000	4,96,000	17,68,415	3,67,428	10,953	P. I. J. Joseph, Esq. (Chairman)	506	Udayagiri Rubber Co., Ltd.	19.00	10	1.50	1.50	0.60		12	Y.P.
6,00,000	4,50,000	10,39,250	1,18,701	7,551	A. V. George & Co., Ltd.	726	Valkundam Rubber Co., Ltd.	32.50	10	0.75	1.50	0.10		12	Y.P.T.
3,50,000	4,13,451	9,63,441	46,238	903	M.	1,030	Warbyhully Estates Ltd.	2.90	2	0.20	0.30	0.30		12	Y.P.
3,00,918	12,40,983	13,05,464	1,65,156	1,12,013	Peirce, Leslie & Co., Ltd.	896	Woodland Estates	7.85	10	0.50	0.50	1.00	0.30	12	Y.
12,00,000	97,209	13,05,464	1,02,251	23,313	M.								1.00	3	Y.P.T.

V—Includes 60 nP for 30-6-1954. 'C'—On increased capital. * Includes bonus. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	14,06,731	23,91,108	9,41,163	.....	McLeod & Co., Ltd.	325	Amluckie	23.94	10	1.50	1.50	Nil		12	Y.P.
2,75,500	11,53,772	14,63,926	5,81,758	5,928	M.	456	Ananda (Assam) Tea	26.00	10	2.00	2.50	3.00		12	Y.
7,03,250	8,07,224	17,30,429	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd.	481	Ananda Bagi	28.00	10	1.00	1.75	3.00		12	Y.
5,80,000	14,40,641	26,54,042	10,92,353	44,138	McLeod & Co., Ltd.	573	Baghmari	22.50	10	1.50	1.50	Nil		12	Y.
5,10,000	12,36,469	20,56,692	7,60,821	44,554	Andrew Yule & Co., Ltd.	377	Baamatia	19.50	0	2.00	3.00	3.50		12	Y.
4,86,900	3,14,700	17,10,901	10,50,839	55,445	National Tea Corporation	624	Bateli	18.81	5	1.50	1.50			12	Y.
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MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
80,00,000	....	37,43,382	16,26,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.81	10	*Nil*	*Nil*	0.60‡		3	Y.
26,50,000	11,32,441	14,00,854	7,66,406	6,159	Rajputana Mineral Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.24	10	3.50	2.00	2.00		9	Y.P.
55,23,146	19,77,306	1,61,54,989	62,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.00	25	0.25	0.356	0.375		12	Y.
10,00,000	52,28,517	92,22,366	45,37,866	59,420	Bird & Co. Private Ltd.	Bijra Stone Lime Co.	87.00N	10	1.75	1.87	3.00	3.00	3	Y.
14,17,800	10,55,247	33,55,584	15,31,868	9,761	Smt. K. M. Motichand Shah (Chairman)	Ferro Alloys Corporation Ltd.	160.00	100	*Nil*	*Nil*	8.00		12	Y.P.
99,80,700	14,50,359	1,25,49,403	57,84,861	—5,54,402	Saraf Mor & Co. Private Ltd.	Indian Copper Corporation	4.76	Sh. 2	0.24	0.36	0.36		12	Y.
£1,371,300	£2,444,266	£3,614,146	£2,081,103	£118,750	Gillanders Arbuthnot & Co., Ltd.	Karanpura Development	17.12	10	*Nil*	1.50	1.50		12	Y.
F.5,00,000	26,84,000	45,04,655	18,28,598	2,55,462	Bird & Co. Private Ltd..	Khandelwal Ferro Alloys Ltd.	95.00	75	*Nil*	*Nil*	*Nil*		12	Y.P.
O.15,00,000						Khandelwal Industries Private Ltd. ..	26.00N	10	1.25	1.80	1.80		12	Y.P.T.
50,00,000		1,14,21,419	5,78,268	3,68,515	Khandelwal Industries Private Ltd. ..	Kumardubbi Fireclay and Silica Works.	10.62	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
80,00,000	40,95,322	1,23,10,947	66,20,733	33,170	Bird & Co. Private Ltd.	Metal Corporation of India Ltd. ..	13.50	10	1.00*	1.00*	1.428		3	Y.
50,00,000	10,43,352	1,16,80,030	59,86,620	16,41,622	M.	Mysore Stoneware Pipes & Potteries ..	46.62	10	2.50	3.60	3.60	2.80	6	Y.
6,00,000	5,28,483	15,40,993	7,63,285	7,276	Mysore Industrial Development Co. ..	Orissa Minerals	46.62	10	2.50	3.75	5.36	5.36	7	Y.P.
26,00,000	64,15,230	71,67,923	30,76,350	1,16,699	Bird & Co. Private Ltd.	Parsharam Pottery Works Co. Ltd. ..	67.00	25	3.75	3.75	6.36		11	Y.
3,50,000	17,29,249	92,49,961	49,43,480	37,499	A. Y. Ghanjure, Esq. (Chairman) ..	Shivrajpur Syndicate	44.00	10	8.00*	5.00	8.00*		11	Y.
10,46,390	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.									
CHEMICAL														
24,00,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	100.00	100	....	....	....		12	Y.P.
85,00,000	58,58,600	2,37,37,674	78,28,566	1,17,073	Khalil Amin & Sons (Private) Ltd. ..	Alembic Chemical Works Co.	242.50	100	12.00	16.00	14.00		12	Y.P.
8,10,60,000	1,57,00,278	6,04,78,062	1,23,50,512	1,88,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	43.37	10	0.80	0.95	1.20		9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,730	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	337.50	100	*Nil*	12.00	12.00		12	Y.P.
29,89,400	34,11,676	1,63,01,581	58,70,361	42,183	Kasturibhai Lalbhai & Co.	Anil Starch Products Ltd.	820.00	100	20.00*	28.00*	30.00*		12	Y.
224,93,775	77,58,562	4,05,77,204	1,55,24,145	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	552.50	100	10.00	12.00	12.00		12	Y.
50,98,900	66,84,606	1,50,85,951	77,12,588	1,80,717	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	104.00	100	6.00	7.00	7.00	10.00	3	Y.P.T.
1,00,00,000	28,71,461	1,06,12,335	15,44,929	30,077	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	445.00	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.
9,00,937	2,01,889	14,14,855	6,92,598	3,680	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	25.50	25	2.50	2.50	2.50		12	Y.
22,78,150	26,99,000	77,57,031	36,10,218	44,349	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	134.00	100	6.00	4.00(e)	*Nil*		3	Y.P.
1,07,37,000	64,82,516	4,87,49,592	90,18,411	2,40,810	Bahu Bros. (Samastipur) Private Ltd.	Dhrangadhra Chemicals	8.15	10	0.40	0.60	0.60		12	Y.
3,46,06,075	86,17,000	6,66,28,587	2,36,55,610	26,13,156	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C.T.	547.50	100	*Nil*	*Nil*	6.00	6.00	12	Y.
1,40,98,200	39,44,101	43,84,466	17,56,571	75,328	Malatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	315.00	200	15.00	20.00	25.00	25.00	3	Y.
12,00,000	6,60,911	27,80,148	14,86,985	55,617	Jai Hind & Co.	Kemp & Co.	14.55	10	0.87½	0.88	1.25 C'	1.25	3	Y.P.T.
80,00,000	24,87,965	1,56,17,773	81,56,960	15,829	Shanmanna Brothers Private Ltd. ..	Mettur Chemicals	10.75	10	0.50	0.50	1.00	1.00	3	Y.
24,81,320	10,47,778	55,45,870	48,53,267	8,614	T. Shanmanna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	22.15	10	2.00	2.00	2.00 C'	2.00	3	Y.
8,00,000	4,55,261	12,57,587	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Mineral Mfg.	225.00	50	*Nil*	3.00	5.50	7.50	3	Y.P.
40,00,000	36,38,816	65,05,376	16,88,884	1,54,703	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	321.00	100	25.00	45.00	35.00	25.00	6	Y.
15,00,000	11,17,980	34,89,082	21,90,718	2,10,028	Bangur Brothers Ltd.	Phosphate Co., Ltd.	16.25	5	0.80 C'	1.25	1.25	1.25	6	Y.P.
19,90,908	16,32,251	26,75,181	16,16,060	1,22,545	C. A. Buxton	Synthetics & Chemicals Ltd.	280.00	100	..	..	..	*Nil*	3	Y.
4,50,00,000	....	1,41,20,622	31,717	3,87,250	Tulsidas Kilachand, Esq. (Chairman) ..									
2,51,96,000	59,67,561	7,09,65,786	2,29,10,886	3,571	Tata Industries Private Ltd.	Tata Chemicals	19.76	100ld	0.75	0.525	0.60	0.65	6	Y.P.T.
18,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	18.55XR	10	0.70	1.00	1.50	2.00	3	Y.P.
ELECTRIC (Bombay State)														
3,74,78,395	1,47,88,524	16,04,61,688	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	93.00	100	6.50	6.75	7.00	7.00	3	Y.T.
61,56,250	26,20,222	2,68,78,933	68,34,923	13,52,834	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.40	10	0.85	0.90	1.00*	0.90	3	Y.P.
3,02,77,000	1,01,95,442	11,73,06,745	2,80,17,570	80,342	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,002.50xd	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.T.
1,75,00,000	99,08,640	461,03,740	1,17,97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	101.62xd	100	7.00	7.50	8.00	8.50	3	Y.
7,07,929	1,03,967	16,97,265	8,70,206	1,636	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electricity Supply Development ..	6.76	10	0.50	0.60	0.66		3	Y.T.
48,89,000	12,56,813	1,57,72,704	61,58,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	98.50	100	7.50	8.00	9.50		3	Y.P.T.
70,00,000	31,36,528	1,72,01,519	56,35,377	1,914	Killick Industries Ltd.	Surat Electricity	95.00	100	7.00	7.00	7.50	8.00	3	Y.P.
2,39,99,575	1,23,03,557	8,51,68,079	2,03,75,169	26,066	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Agencies Pvt. Ltd.	109.26xd	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
5,15,36,000	3,10,84,482	20,78,53,061	4,31,56,686	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,092.50xd	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,888	1,79,22,370	42,68,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	126.00	100	10.00	10.00	11.00	11.00	3	Y.T.
8,00,000	15,46,067	65,82,610	24,21,818	24,137	Martin Burn Ltd.	Bareilly Electric Supply	12.25	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	48,76,469	1,78,08,855	51,62,951	46,844	Martin Burn Ltd.	Benaras Electric Light & Power Co. ..	11.69	10	1.00	1.00	1.10	1.10	3	Y.T.
6,00,000	4,67,222	2,05,518	1,38,658	4,607	T. V. Baddeley, Esq. (Chairman) ..	Bhagalpur Electric Supply	6.12	8	0.40	0.40	0.64		3	Y.
5,91,485	6,92,659	24,08,757	12,04,489	39,820	Octavius Steel & Co., Ltd.	Calcutta Electric Supply	15.00	21	7%	7%	7½%	7½%	3	Y.P.T.
3,42,62,646	£9,467,172	£25,060,643	£14,225,983	£124,585	Harry Burn, Esq. (Chairman)	Cuttack Electric Supply	8.06	10	0.65	0.65	0.75	1.00	3	Y.P.
6,60,090	7,55,075	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Dhanbad Electric Supply	97.00	100	7.00	7.50	10 00	10.00	3	Y.
48,20,000	27,18,468	1,05,87,869	40,08,012	4,06,119	Andrew Yule & Co. Ltd.	Dhanbad Electric Supply	0.62½	0.62	0.62	0.70	*Nil*		3	Y.T.
5,34,640	30,19,424	1,42,426	1,01,894	42,604	Meenna Lall & Sons	Dubbulpore Electric Supply	11.00	10	0.92	0.93	1.00	1.00	3	Y.
22,49,700	28,00,194	1,12,04,249	42,93,578	32,593	Martin Burn Ltd.	MozufferporeElectric Supply	11.50	10	1.00	1.00	1.25		3	Y.
5,62,390	4,62,585	37,46,515	18,98,792	40,204	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.81	10	0.75	0.75	0.75		3	Y.
85,07,880	40,44,800	141,84,800	56,06,370	75,727	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	8.87	10	0.65	0.75	0.625	0.625	3	Y.T.
9,10,000	2,56,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Sijuah (Cherriah) Elec. Supply Co. ..	8.87	10	0.65	0.75	1.00	0.92	3	Y.T.
16,80,000	14,98,612	80,57,155	46,54,591	11,620	Bird & Co. Private Ltd.	South Madras Electric Supply Corpn. ..	9.83xd	10	0.87	0.90	0 90 C'	0.90	3	Y.P.T.
69,99,960	23,97,866	2,22,90,594	74,27,824	11,886	Seshasayee Bros. Private Ltd.	Upper Jumna Valley Elec. Supply ..	14.65	10	1.25	1.25	1.35	1.35	3	Y.
5,00,000	12,50,896	19,75,755	15,56,448	86,126	Martin Burn Ltd.	U. P. Electric Supply Co.	115.00	00	10.00	10.00	11.00	11.00	3	Y.
56,00,000	78,01,913	4,29,48,765	1,54,85,172	89,174	Martin Burn Ltd.	Vellore Electric Corporation'	14.25	10	1.00	1.00	1.50	1.429	3	Y.T.
8,00,000	11,41,474	46,63,814	18,15,572	3,84,013	Chandrie & Co. Private Ltd. ..									
ENGINEERING (Bombay)														
42,47,000	50,53,626	75,37,402	61,01,878	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock-Ashdown & Co., Ltd.	322.00	100	12.50	17.00	17.00		12	Y.
18,18,000	3,10,174	21,70,025	8,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	95.00	80	3.00	4.00	5.50		12	Y.
45,20,000	52,98,268	1,40,18,591		75,198	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	182.00	100	10.00*	18.00*	18.00*C'	18.00	6	Y.
40,80,000	6,60,109	58,51,172	22,34,229	88,756	Jivanmulch & Co.	Hindustan Electric Co., Ltd.	152.00	100	7.00	10.00	*Nil*	4.00	6	Y.P.
60,00,000	1,06,98,455	2,46,63,330	1,46,61,549	39,845	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	97.00	100	9.00	18.00	18.00*C'	18.00	6	Y.P.T.
6,00,000	4,67,222	2,05,518	1,38,658	4,607	T. V. Baddeley, Esq. (Chairman) ..	Jost's Engineering	97.00	00	5.00	5.00	5.00	5.00	3	Y.
40,00,000	14,71,874	65,58,880	22,18,555	15,000	Adnem Services	Jyoti Ltd.	191.00	100	12.00	12.00	12.00		12	Y.
44,96,250	5,67,891	68,03,732	31,06,348	5,881	Kirloskar Sons & Co.	Kamani Engineering Corporation ..	17.62	10	0.50	0.775	0.80		9	Y.P.
55,08,000	78,89,668	1,21,65,928	66,66,471	11,866	Kirloskar Sons & Co.	Kirloskar Ltd.	56.00	25	0.25	0.30	0.35		7	Y.
48,72,400	40,84,021	1,11,74,204	49,95,960	1,709	Kirloskar Sons & Co.	Kirloskar Electric Co. Ltd.		10	0.75	1.00	0.90	1.10	6	Y.
37,20,447	49,67,710	1,14,26,696	58,15,988	38,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	42.00	10	1.00	1.00	1.43	1.60	3	Y.
15,00,000	4,58,946	25,18,944	6,77,594	5,683	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	276.25	100	....	....	*Nil*	12.50	3	Y.P.
1,10,00,000	36,76,765	1,21,61,532	37,48,210	98,848	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	41.00	10	1.25	1.25	1.80 C'	1.80	3	Y.P.
62,81,207	1,23,086	1,08,47,668	23,93,321	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	3.00	5	*Nil*	*Nil*	*Nil*		9	Y.P.
13,19,187							—	10	..	..	..			
14,15,040	....	15,94,175	....	....	B. L. Kucheria, Esq. (Secretary) ..	Lynx Machinery	6.62	7.50	..	..	..		..	Y.
22,92,480						Mahindra & Mahindra Ltd.	125.00	100	2.20	1.25	1.25		10	Y.P.
1,32,00,000	42,57,083	1,59,29,933	46,47,975	1,10,709	M.	Man Industrial Corporation Ltd. ..	148.75	100	*Nil*	*Nil*	*Nil*		3	Y.P.
30,00,000	78,422	46,82,025	16,78,677	40,424	Prithivraj Sons	McKenzies Ltd.	28.00	10	1.30	1.00*	1.20		3	Y.P.
11,00,000	1,72,712	41,60,471	25,65,485	2,771	P. Jhunjhunwala, Esq. (Mg. Director) ..	Mukand Iron & Steel	190.00	100	7.50	12.00	12.00	12.00	3	Y.P.
61,42,910	57,00,000	1,38,14,415	50,48,403	1,00,451	Jiwan Private Ltd.	Mysore Kirloskar Ltd.	132.00	50	..	6.00	6.00	6.00	6	Y.
57,50,000	42,31,615	1,28,07,888	60,90,019	3,724	Kirloskar Associates	National Elec. Industries Ltd.	86.00	50	4.50	4.50	6.00	6.50	3	Y.
15,55,000	11,14,347	32,30,008	12,76,236	21,532	Sir C. B. Mehta (Chairman)	New Standard Engineering	210.00	100	..	9.00	12.00	9.00	3	Y.P.
22,27,780	9,89,193	92,30,855	20,78,762	17,983	J. V. Patel, Esq. (Mg. Director) ..	Premier Construction	196.00	80	12.00	18.00	18.50	..	12	Y.P.
27,72,300						Structural Engineering Works Ltd. ..	176.00	100	18.00	17.00	12.00		6	Y.P.
22,50,000	1,46,32,085	9,86,956	1,76,989	12,289	Walchand & Co. Private Ltd.	Tata Iron and Steel Co.	142.00	75 Old	8.25	6.80	12.00	13.00	6	Y.P.
30,00,000	42,07,575	1,09,88,938	48,88,395	5,319	Bhagat & Sons Private Ltd.	Tata Locomotive	365.00	100	9.00	9.00	12.50	10.86*	3	Y.P.
27,55,42,550	27,66,24,572	1,85,51,78,192	66,75,78,212	24,064	Tata Industries Private Ltd.	T. Maneklal Mfg., Co.	132.00	100	10.00	14.00	18.50	14.50	3	Y.P.T.
7,99,97,300	2,38,57,403	24,50,95,291	11,17,31,117	2,47,359	T. Maneklal & Co.	Tractors (India) Ltd.	40.25	10	2.25	3.00	3.00		6	Y.
10,00,000	8,32,000	23,97,720	10,10,644	17,016	M. N. Dalal, Esq. (Chairman)	Voltas Ltd.	307.00	100	9.00	13.00	13.00	8.25	6	Y.
32,04,880	18,88,714	17,41,004	9,54,180	16,37,275	S. K. Handoo, Esq. (Mg. Director) ..	Zenith Steel Pipes Ltd.	13.52	10	..	..	..	*Nil*	3	Y.
2,55,00,000	71,75,426	1,07,45,948	24,35,557	4,24,809	R. H. Toprani, Esq. (Secretary)								6	Y.
70,00,000	....	10,49,952	4,291	28,584										
West Bengal and Other Centres														
6,66,060	1,06,470	26,89,661	18,48,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*	....		10	Y.P.T.
50,00,000	30,54,321	1,01,45,489	65,02,025	496	M.	Bhartia Electric Steel	10.00	10	1.25	1.50	1.00		12	Y.
56,59,790	77,67,825	88,29,182	16,40,459	2,84,446	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd... ..	41.50	10	1.25	2.25	2.50		12	Y.
15,00,000	55,52,754	84,37,011	54,73,693	1,87,999	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	52.25	5	2.00'B'	3.00	3.00		12	Y.T.
19,88,678	7,04,841	39,97,529	14,68,685	32,996	Hobson Wilson & Co., Ltd.	Britannia Engineering	13.37	10	0.60	1.00	1.00		3	Y.P.
50,00,000	44,83,965	1,31,00,880	55,16,684	1,85,552	Mead & Co., Ltd.	Br. I. Electric Construction	36.87	10	2.00	3.50	4.50	12	12	Y.P.T.
5,00,000	11,27,357	26,82,140	16,10,502	81,788	Balmer Lawrie & Co., Ltd.	Burn & Co.	520.00	100	20.00	28.50	28.50	28.50	4	Y.
24,00,000	2,55,85,859	5,20,79,050	3,25,00,240	1,21,244	Martin Burn Ltd.	Calcutta Steel Co., Ltd.	16.62	10	..	..	0.80	1.50	3	Y.
1,00,00,000	11,36,232	50,39,989	6,68,924	1,68,056	M.	Central India Machinery Mfg. Co. Ltd..	10.00N	10	*Nil*	*Nil*	*Nil*		3	Y.
1,00,00,000	12,35,02,628	1,89,65,744	10,15,980	3,17,174	R. L. Makharia, Esq.	Dalmia Iron & Steel Ltd.	10.94	10	*Nil*	*Nil*	1.00		3	Y.P.T.
40,00,000	4,80,000	1,12,17,888	17,70,980	4,142	J. Dalmia, Esq. (Chairman)	Guest, Keen, Williams Ltd.	39.00	10	2.00	2.40	1.00 C'		9	Y.
4,00,00,000	6,53,05,809	8,26,20,521	2,53,46,302	....	H. M. L. Williams (Mg. Director) ..	Hooshly Docking	105.00	50	5.00	6.00	*Nil*		12	Y.P.
12,50,000	22,59,648	61,13,067	41,37,327	....	Martin Burn Ltd.	Indian Iron and Steel	24.00	10	1.00 C'	1.00	1.50	1.60	3	Y.P.
12,44,05,990	24,25,27,622	61,16,88,664	17,34,44,848	16,41,911	Martin Burn Ltd.	Indian Standard Wagon	120.00	25	5.00	5.00	7.125	7.125	3	Y.P.
90,68,075	67,87,984	1,21,14,677	76,23,093	58,466	Martin Burn Ltd.	Indian Steel and Wire Products ..	44.12	0.10	4.00	1.62½	2.30	7.125	3	Y.P.
96,65,160	2,52,04,628	2,27,98,159	1,52,64,926	10,96,465	Indra Singh & Sons Private Ltd. ..		0.40	0.1	0.40	0.16½	0.23			
98,580						Indian Steel Rolling Mills Ltd.	11.40	10	0.70	0.70	..	1.25	3	Y.P.
48,82,782	3,71,841	36,01,297	18,94,884	10,662	C. R. Ramaswamy, Esq. (Mg. Director).									
1,07,48,733	90,64,293	4,84,86,950	1,69,46,698	7,173	Madan Mohanlall Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	27.50	10	1.20	1.20	1.715	1.715	3	Y.P.T.
					J. K. Industries Private Ltd.	J. K. Steel Ltd.	20.19	10	1.25	1.25	1.25	2.00	6	Y.P.
20,00,000	49,31,000	61,62,683	25,40,754	96,487	B. P. Singh Roy, Esq. (Chairman) ..	Jessop & Co.	20.19	10	0.60	0.858	0.858 C'		6	Y.P.
2,08,97,000	1,47,08,415	3,18,81,991	1,02,58,799	57,411	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	7.31	3	0.30	0.30 C'	0.30		10	Y.P.
27,64,500	42,28,265	55,24,077	35,25,077	37,543	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India) Ltd. ..	3.72	3	0.40	0.40	*Nil*		3	Y.P.T.
10,50,000	10,56,336	19,41,579	15,38,707	—8,26,589	.. .. ..	National Iron and Steel Co., Ltd. ..	5.31	10	0.62	0.75	*Nil*		6	Y.
49,96,000	13,58,308	1,44,34,142	86,32,008	—7,05,889	M.	Richardson & Cruddas Ltd.	7.25N	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
60,00,000	24,06,043	76,55,140	24,16,318	4,85,188	S. B. Ind. Development Co., Ltd. ..	Sarma Mercantile Co.	8.25	4	0.40	0.40	0.25	0.35	3	Y.
4,00,000	12,56,099	31,20,671	20,15,012	15,503	The British India Corpn. Ltd.	Textile Machinery Corporation, Ltd. ..	20.80	10	1.50	1.50	2.00	0.40	3	Y.P.
1,50,00,000	55,57,153	4,86,97,471	2,18,21,161	58,787	Birla Brothers Private Ltd.	Textool Co., Ltd.	186.00	100	12.00	15.00	15.00	15.00	12	Y.P.T.
39,84,400	14,51,916	77,82,900	30,25,434	17,127	Balasundaram & Co.								4	Y.
INSURANCE (X)														
13,50,000	45,63,970	1,75,12,227	....	57,888	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	11.12	5	1.00	1.00	1.00		12	Y.
14,60,000	11,65,196	28,43,080	....	66,390	M.	Devkaran Nanjee Insurance	27.00	50	3.00	2.00	3.00		12	Y.
24,00,000	74,63,883	1,64,42,160	....	3,76,255	K. K. Srinivasan, Esq. (Mg. Director) ..	Hercules Insurance	24.12	10	2.00	2.00	2.00		12	Y.
16,02,240	42,46,147	98,45,602	....	4,21,318†	K. M. D. Thackersey, Esq. (Chairman).	Indian Mercantile Insurance	84.00	10	3.75	5.85	6.00		12	Y.
20,00,000	71,07,781	1,89,36,350	....	36,786	M. G. Mody, Esq. (Secretary)	New Great Insurance	21.52	20	2.00	2.50	2.50		12	Y.
1,06,81,590	8,97,62,307	16,08,26,698	....	80,99,455	B. K. Shah, Esq. (Mg. Director) ..	New India Assurance Co.,

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
48,86,000	2,17,59,602	4,00,13,820	1,14,17,317	1,33,167	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd. ..	17.19	10	0.90	1.00	1.20	1.20	3	Y.P.T.
1,00,00,000	47,93,750	1,51,27,464	66,45,037	3,01,080	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.35	10	1.25	1.25	1.80	0.90	3	Y.
80,00,000	37,04,326	37,09,127	26,34,530	2,22,752	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	23.19	10	1.50	2.00	2.50*		8	Y.
3,05,27,870	85,55,471	2,86,28,267	85,85,256	12,525	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	9.13	5	0.30	0.40	0.40		12	Y.
30,00,000	27,58,863	41,63,859	23,39,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.00	10	1.25*	1.80	1.80		12	Y.
1,18,00,000	80,75,187	93,46,589	48,96,447	2,78,110	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E) Ltd. A. ..	37.00	10	2.40	4.00	2.50		12	Y.
15,00,000	89,46,521	1,09,70,998	44,86,334	1,65,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.P.T.
50,01,400	96,40,909	79,91,396	41,74,564	5,75,403	G. D. Wilson, Esq. (Chairman).. ..	Balmer Lawrie & Co., Ltd.	252.00	100	20.00	25.00	25.00		12	Y.
12,80,000	25,38,976	37,24,157	31,31,357	1,88,199	Balmer Lawrie & Co., Ltd. ..	Bird & Co. Private Ltd.	38.62	10	2.50	4.50	4.00		12	Y.
80,00,000	7,81,988	64,37,324§§	....	56,711	Lovelock & Lewis	Birds Investment Ltd.	12.62	10	0.70	1.10	0.95		9	Y.P.
40,87,020	72,69,286	1,48,96,874	60,07,677	2,84,279	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	62.00	10	1.20	1.40	2.50	3.00*	3	Y.P.T.
8,25,00,000	1,95,44,212	3,00,84,669	2,33,94,496	3,34,066	H. S. Chatterjee, Esq. (Mg. Director)..	British India Corporation Ltd.	11.00	5	Nil	Nil	0.20		12	Y.P.
22,50,540	30,39,609	42,37,817	22,13,125	20,721	A. V. Niblett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	27.00	10	1.00	1.00	1.25		12	Y.
1,35,80,000	14,76,849	1,88,75,787§§	....	2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.31	10	0.75	0.83//	0.80		12	Y.
5,95,000	10,00,000	40,04,009	28,47,106	8,500	M.	Delhi Flour Mills Co., Ltd.	15.00	10	1.00	1.00	1.00		10	Y.P.T.
2,00,00,000	5,08,87,500	10,39,79,426	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd.	39.37	10	1.62	2.15	2.15		12	Y.P.T.
90,00,000	1,12,90,000	31,00,870	2,02,62,100§§	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	153.00	100	10.00	14.00	14.00		12	Y.P.
27,50,355	1,76,30,094	85,99,851	27,71,678	12,605	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	42.25	5	0.75	0.80	1.25	1.50	3	Y.
81,18,000	59,19,702	1,63,50,495§§	....	8,49,092	Bird & Co. Private Ltd.	Eastern Investment Ltd.	141.00	100	9.00	14.00	14.00		12	Y.P.
12,49,250	....	4,92,051	6,366	33,611	M.	East Anglia Plastics (India) Ltd. ..	22.25	10	..	..	..	Nil	3	Y.
44,05,240	4,87,249	59,44,050	15,38,911	4,115	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	12.40	10	Nil	0.50	0.50		12	Y.P.
50,00,000	22,27,552	49,26,988	9,79,165	2,477	Harparshad & Co. Pvt. Ltd. ..	Escorts Ltd.	19.31	10	..	2.60	1.50		12	Y.P.
40,90,137	77,72,310	95,23,776	52,89,250	4,07,338	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	24.00	12.50	1.50	1.50	1.60		9	Y.P.
14,00,000	14,48,121	37,98,175	22,68,486	70,652	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	231.00	100	15.00	17.00	17.50		3	Y.
7,50,000	4,20,000	1,21,085	43,631	5,551	Gany & Co.	General Papers Ltd.	10.32	10	1.25	1.25	1.25		3	Y.
39,97,875	....	24,41,964	1,336	—1,05,203	National Rubber Mfrs. Ltd.	General Tyres Ltd.	7.06	5	..	..	..	Nil	6	Y.
64,00,000	36,24,200	30,57,755	15,91,667	1,71,222	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	13.75	10	1.00	1.00	1.00		3	Y.P.
40,00,000	5,08,500	78,33,840	44,34,526	19,87,710	D. S. Barron, Esq. (Chairman) ..	Goodlass Phillips India Ltd.	31.00	10	2.00	2.50	4.00		12	Y.P.
30,00,000	18,10,000	43,65,936	43,28,959	1,51,283	B. P. S. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	22.50		3	Y.
4,96,19,350	1,25,31,450	8,83,47,837	8,84,91,947	2,75,452	Birla Brothers Private Ltd. ..	Hindustan Motors	20.56	10	Nil	0.50	0.90	1.20	3	Y.P.
80,00,000	16,64,523	99,48,437	33,67,174	1,81,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Dharrington Glass	29.75	10	0.60	1.20	..		6	Y.P.T.
11,40,000	....	1,00,469	....	....	Ramparsad Murlidhar & Co.	Hindustan Twyfords Ltd.	18.44	10	..	..	..	Nil	10	Y.
14,30,000							12.75	5					3	Y.P.
15,16,00,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	37.50	10	0.70	0.60	0.80	0.90	3	Y.
2,98,59,480	2,49,73,620	9,79,93,586	3,58,95,735	49,98,984	K. G. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	37.94	10	0.70	1.20	1.50		12	Y.P.T.
2,85,77,700	2,29,18,801	3,17,93,178	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman) ..	Indian Cables	35.81	10	1.50*	1.50*	2.25	2.25	3	Y.P.T.
2,00,00,000	1,28,81,493	5,99,68,652	2,48,66,248	13,78,431	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	40.50	10	1.50	1.50	1.50		3	Y.P.T.
29,98,375	1,06,104	54,89,157	21,21,520	3,633	M.	Indian Plastics Ltd.	10.75	10	Nil	Nil	Nil	Nil	9	Y.
5,37,970	7,54,870	5,08,750(k)	11,61,548	1,82,666	M.	Indian Rubber Manufacturers	17.75	10	1.00	1.50	2.00		3	Y.P.
45,98,920	....	58,01,515	1,87,698	—6,39,700	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	18.50	10	..	..	Nil		12	Y.
2,00,00,000	74,12,017	43,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman) ..	Jardine Henderson	80.00	100	2.50	5.00	7.00	7.00	3	Y.
15,00,000	12,02,005	18,79,279	13,27,977	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.69	10	3.50	2.00	1.00		3	Y.P.
1,48,82,250	1,16,82,546	82,41,470	18,18,524	2,50,269	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	31.06	10	2.12*	2.75	2.75		9	Y.P.
16,00,000	8,60,000	23,46,291	3,49,181	14,953	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	27.25	10	2.00	3.00	3.00		12	Y.
40,00,000							215.00	Q. 100	12.50	15.00	18.00		12	Y.
5,95,80,000	78,79,891	31,96,009	13,63,608	2,18,917	M.	McLeod & Co.	D.Q.10	0.75	1.00	1.00	1.00	20.00	12	Y.P.
1,61,90,000	1,82,75,151	3,61,57,826	1,40,23,040	28,85,978	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	58.87	10	1.75	1.75	2.50	2.50	3	Y.
29,00,000	7,90,391	16,14,284	7,30,760	2,555	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electrical Industries Ltd. ..	266.50CR	100	11.00	15.00	24.00	20.00	3	Y.P.
6,54,250	9,18,096	12,19,754	6,85,650	3,471	M. J. L. D'Sa (Chairman)	Mysore Lamp Works	9.40	10	1.50	1.60	2.00		3	Y.
18,00,000	3,23,080	20,39,182	12,41,906	11,453	N. V. Siddalingappa, Esq. (Chairman).	Mysore Tobacco	37.50	10	1.25	1.25	1.00	Nil	3	Y.
90,00,000	1,60,09,310	1,39,45,356	57,78,861	50,980	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	30.25	10	1.25	1.50	2.00	2.50	3	Y.P.
80,00,000	33,51,666	60,64,523	25,96,253	42,880	Do.	National Pipes & Tubes Co., Ltd. ..	21.12	10	1.00	1.00	1.00		3	Y.P.
40,00,000	36,76,100	81,69,908	41,41,925	39,258	Do.	National Rolling & Steel Ropes	14.19	10	0.60	0.85	1.80	1.50	6	Y.
49,99,057	12,28,074	1,05,98,558	39,58,256	46,685	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	16.94	10	1.10	1.60	Nil		12	Y.
73,87,000	1,17,15,085	1,50,40,984	81,18,295	9,33,725	S. N. Elias & Co. Private Ltd.	National Tobacco Co.	44.00	75	3.75	6.50	..		12	Y.P.T.
23,22,100	11,02,391	40,65,244§§	....	45,497	Ramdutt Ramkissendas.	New India Investment Corpn. Ltd. ..	4.50	1	0.20	0.30	0.30	0.20	3	Y.
15,00,000	7,02,000	15,17,555	7,24,601	1,81,361	Parry & Co., Ltd.	Parrys Confectionery Ltd.	36.37	10	0.85	1.20	1.30		12	Y.
2,50,00,000	56,08,956	2,16,94,776	66,09,501	68,623	C. Vink, Esq. (Mg. Director)	Philips India Ltd.	28.25	5	..	..	..		12	Y.
82,50,000	....	85,85,031	....	—1,76,940	Duncan Brothers & Co., Ltd.	Philips Carbon	4.00	5	0.375	0.375	Nil	Nil	12	Y.
15,00,000	1,09,481	8,39,731	2,90,134	2,565	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electronic Ltd.	25.50	10	1.60	1.50	1.50	1.70	3	Y.
35,62,540	7,27,450	28,57,051	21,69,506	21,949	T. Shanmuga, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	155.00	100	Nil	Nil	4.00		3	Y.
3,25,00,000	6,09,014	70,38,972	32,06,189	—23,866	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	16.62	10	2.00	1.50	2.00	1.00	3	Y.
4,85,80,900	2,54,60,000	15,98,24,741	6,76,83,625	—41,04,584	Sahu Jain Ltd.	Rohtas Industries Ltd.	22.56	10	0.60	0.80	0.80		9	Y.P.
70,00,000	55,67,726	2,76,12,629	72,19,861	2,84,411	Lionel Edwards (Private) Ltd.	Sen-Raleigh Industries Ltd.	22.00	10	1.00	1.80	1.80		9	Y.P.
75,00,000	56,68,000	1,37,90,318	47,30,211	6,18,008	D. M. Khatau, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	24.50cd	10	1.50	1.80	1.50	1.80	12	Y.
40,00,000	81,02,371	1,59,18,519	81,60,432	9,57,352	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	16.50	10	0.75	0.90	0.90	1.80	4	Y.P.
47,00,000	24,40,000	1,36,84,029	29,78,778	2,974	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products Ltd.	9.25	10	1.25	1.50	0.90		12	Y.P.
15,00,000	16,49,519	1,18,69,116	28,58,182	58,481	T. K. Agents Private Ltd.	Straw Products Ltd. S.	6.20	10	0.40	0.60	0.60		3	Y.
9,99,980	5,81,900	80,000	19,96,410	7,47,186	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	31.50	10	2.00	2.75	3.25*	1.50	12	Y.
11,56,200	16,45,653	14,00,718	7,70,662	91,515	E. H. Stanes, Esq. (Mg. Director) ..	Tube Investments of India Ltd.	283.00	100	10.00	10.00	10.00	10.00	9	Y.P.
2,50,00,000	1,56,81,314	8,97,58,080	93,05,418	12,09,286	Sir A. Ramaswami Mudaliar (Chairman)	Tungabhadra Industries Ltd.	9.00	10	Nil	Nil	Nil		7	Y.
30,58,950	52,656	68,68,888	17,66,388	56,808	The Cotton Agents Private Ltd.	Union Carbide India Ltd.	50.50	10	1.40	1.80	1.80		9	Y.P.
2,80,00,000	1,67,65,505	6,04,41,004	1,15,58,537	....	J. B. Galloway, Esq. (Mg. Director) ..	United Breweries	101.55cdcr	10	6.00	6.00	6.00		12	Y.T.
30,00,000	60,00,000	58,86,994	19,50,050	53,924	Vital Mallya, Esq. (Chairman).. ..	United Flour Mills Ltd.	32.50	10	3.75	5.25	5.50	6.00	3	Y.
5,00,000	4,60,191	8,85,222	5,93,831	28,594	Shaw Wallace & Co., Ltd.	Western India Plywoods Ltd.	220.00	100	10.00	10.00	10.00	12.00	11	Y.
31,46,200	27,60,459	1,02,76,928	35,59,149	6,384	A. K. Kaderkutty Esq. (Mg. Director).								3	Y.P.
TRANSPORT														
20,00,000	[28,17,550	1,23,16,509	21,49,792	23,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	118.00	100	6.00	8.00	7.50		10	Y.P.
1,93,80,000	61,32,793	4,35,99,781	2,35,57,013	—28,10,589	Bhaskaw (Private) Ltd.	Bharat Line	4.50	10	1.20*	Nil	3.00		12	Y.
80,00,000					A. H. Bhiwandiwalla & Co. (Bombay)	Great Eastern Shipping Co.	12.62cd	10	1.80	1.80	1.80	0.75	12	
20,00,000	2,08,62,445	6,16,52,906	2,55,75,029	1,85,750	Private Ltd.	India General Navigation & Rly. Co. ..	5.00xd	$(New)	0.80	0.80	0.80	0.80	6	Y.P.
5655,580	£1,242,443	£5,511,371	£2,585,291	—£2,866	Kilburn & Co. Private Ltd.	India Steamship Co.	64.00	£10	Nil	Nil	..		3	
3,47,50,000	2,46,51,885	28,76,87,961	8,76,03,817	—41,04,584	Lionel Edwards (Private) Ltd.	Scindia Steam Navigation Co.	7.37	10	1.00	1.00	1.00	Nil	12	Y.P.
11,28,19,223	11,18,95,184	88,12,01,740	11,55,38,414	2,82,887	D. M. Khatau, Esq. (Chairman) ..	Walford Transport Ltd.	12.96	20	1.25	1.50	0.60	0.60	3	Y.P.
O.S.40,800							3.47	O. 1	0.14	0.20	0.20		6	Y.T.
F.O.2,10,200	24,07,422	13,55,807	9,51,870	1,60,969	R. R. Aiyer Esq. (Manager)		2.25	F.O. 1	0.12	0.15	0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,59,000	89,20,709	1,39,22,812	85,35,843	28,149	Shaw Wallace & Co., Ltd. ..	Amalgamated Coalfields ..	23.50	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,2772	41,29,074	34,78,443	—2,59,184	Jardine Henderson Ltd. ..	Barraree Coke	16.00	10	0.80	Nil	Nil	Nil	3	Y.
4,49,153	1,50,132	11,60,188	5,76,035	4,997	Kalyanji Mavji & Co. ..	Bengal Coal	358.31	100	17.50	25.00	25.00		12	Y.
1,00,00,000	2,06,28,467	7,45,29,664	4,86,40,288	10,56,599	Andrew Yule & Co., Ltd.	Bengal-Nagpur	19.50	10	Nil	Nil	1.00		12	Y.P.
2,25,000	5,17,344	28,18,200	21,46,661	4,184	M.	Bharat Collieries	3.56	10	0.80	Nil	Nil		12	Y.
40,00,000	61,200	1,48,74,215	80,25,554	2,20,479	Sahu Jain Ltd.	Bhuleabarare	5.00N	10	Nil	Nil	Nil		6	Y.P.T.
7,15,000	14,95,544	57,66,346	36,78,767	—6,94,082	M.	Borres	24.75	10	0.75	1.00	1.50		12	Y.T.
7,50,000	23,72,444	48,42,868	29,33,008	81,881	F. W. Heilgers & Co. (Private) Ltd. ..	Burrakur	17.75	10	0.875	1.30	1.30		12	Y.P.
90,92,450	1,45,79,787	4,58,59,640	2,58,26,119	58,154	Bird & Co. Private Ltd.	Central India	12.31	10	0.50	0.50	0.80	1.30	3	Y.P.T.
49,97,750	6,32,979	82,36,292	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd. ..	Central Kurkend	7.60N	10	0.50	Nil	Nil	1.00	3	Y.
8,00,000	12,99,490	58,54,287	34,91,864	7,605	Jain Industries	Charita	3.06	4	0.20	0.12	0.12		12	Y.
1,60,000	1,58,159	5,08,750(k)	....	7,043	F. W. Heilgers & Co. (Private) Ltd. ..	Dhemo Main	6.94	10	Nil	Nil	Nil		12	Y.
16,00,000	....	57,61,927	33,65,625	—1,96,501	M.	East Indian	32.75	51	1.00	1.25	1.00		12	Y.
£240,000	£429,207	£1,464,191	£857,998	£15,220	Jardine Henderson Ltd.	Equitable	28.87	10	1.50	0.75	1.00	2.00	4	Y.
29,25,750	1,19,22,107	4,94,12,596	3,45,60,339	1,10,574	Macneill & Barry Ltd.	Ghusick and Musla	14.00	10	Nil	Nil	1.50		12	Y.P.
10,00,000	....	40,000	24,58,595	—5,80,078	Bhatter's Agency Ltd.	Hingir-Rampur	34.00	50	Nil	Nil	Nil		12	Y.P.T.
12,00,000	2,08,371	44,46,519	29,14,342	1,97,797	Kilnick Industries Ltd.	Hurriladih	14.87	10	Nil	Nil	Nil		6	Y.
3,08,000	....	34,79,226	20,12,204	—3,47,097	M.	Karanpura Collieries	194.00	100	5.00	5.00	..		3	Y.P.
29,00,000	7,64,717	45,86,822	12,96,582	49,019	Bird & Co. Private Ltd.	Katras Jherriah	49.00	10	6.00	6.50	7.50	10.00	3	Y.P.
14,88,469	15,10,178	59,54,523	41,77,254	1,88,077	Andrew Yule & Co., Ltd.	Lakurka	13.75N	10	1.00	0.75	0.50	4.00	3	Y.
9,00,000	10,22,763	5,16,078	....	39,000	K. V. Law & Co. (Private) Ltd.	Nasira	6.50	10	0.75	1.00	..		4	Y.
7,48,240	3,80,000	13,59,878	10,13,853	17,140	Tantia Brothers Private Ltd.	New Beerbhoom	21.75	10	1.00	1.50	1.00		12	Y.
81,97,210	27,99,586	1,62,45,572	1,06,23,096	79,708	Andrew Yule & Co., Ltd.	New Manbhoom	13.62	10	0.80	0.80	1.00		12	Y.
5,00,000	5,90,206	12,37,138	3,80,199	1,06,287	Octavius Steel & Co., Ltd.		22.00	10	1.50	1.50	1.50	0.90	3	Y.
1,15,000	3,54,525	12,96,398	9,60,464	28,055	M.	North West	17.87N	7.50	1.12	1.12	2.00		3	Y.
1,57,500							14.40	10	0.62	0.70	1.50			
7,50,000	19,20,908	2,98,528	22,84,208(k)	35,398	P. Prashad, Esq. (Chairman)	Ondal	17.88	10	0.50	0.62	0.60	1.00	12	Y.
2,24,000	1,57,302	35,04,357	15,15,997	1,617	Deepchand Kishenlall	Parasea	17.00	10	1.00	1.00	0.125		12	Y.P.
15,75,000	25,34,500	88,62,260	51,27,389	52,139	Shaw Wallace & Co., Ltd.	Ranegunge	15.12	10	1.00	1.00	1.00	1.00	3	Y.P.T.
25,98,528	29,45,121	1,59,19,235	1,10,16,981	50,804	M.	Rewa	30.00	10	1.00	1.00	1.50	1.70	3	Y.
13,50,000	11,31,190	32,00,857	25,97,256	29,597	Shaw Wallace & Co., Ltd.	Sijua (Jherriah) Electric Supply Co., Ltd.	9.50	10	0.80	0.70	0.75‡		12	Y.
23,22,100	11,02,391	1,12,26,341	53,46,279	25,902	M.	Singareni	12.50	10	0.80	0.70	1.00		12	Y.
97,10,000	1,86,010	24,65,023	9,63,414	2,484	S. D. Sethia & Co. Private Ltd.	Sonepore	45.75	7	1.75	2.00	2.00	1.00	3	Y.P.T.
19,18,000	11,14,420	31,08,114	20,96,227	67,553	Andrew Yule & Co., Ltd.	Sendra	6.50	10	Nil	0.80	0.80	8.00‡	9	Y.P.
2,50,000	4,98,548	85,740	13,04,563(k)	1,111	F. W. Heilgers & Co. (Private) Ltd. ..	Shaw Wallace & Co., Ltd.	22.00	10	1.00	1.80	1.80		12	Y.P.
3,00,00,000	73,62,511	4,58,22,180	3,52,86,469	10,622	P. M. Nayak, Esq. (Chairman)	Spencer & Co., Ltd.	24.50cd	10	0.75	1.50	1.50	1.80	4	Y.
17,50,000	9,99,320	44,92,231	20,31,911	20,116	Bird & Co. Private Ltd.	Standard Motor Co. (India) Pvt. Ltd. ..	16.50	10	0.75	0.90	0.90	0.90	12	Y.P.
9,00,000	15,49,519	1,53,707	24,68,239(k)	20,718	F. W. Heilgers & Co. (Private) Ltd. ..	Straw Products Ltd. S.	9.25	10	1.25	1.50	0.90		3	Y.
3,50,000	2,81,000	20,49,976	15,46,067	28,484	B. M. Verma, Esq. (Mg. Director).. ..	Tata Mills	6.20	10	0.40	0.60	0.60		12	Y.
48,98,000	5,00,557	96,20,910	38,51,821	1,05,602	Hindustan Investment Corpn. Ltd. ..	Tube Investments of India Ltd.	31.50	10	2.00	2.75	3.25*	1.50	12	Y.
7,00,000	....	66,41,429	30,68,810	—2,45,468	M.	Western Bengal	9.52	10	0.40	0.60	0.60		12	Y.
						West Jamuria	7.25	10	Nil	Nil	0.60	0.75	12	Y.

§.—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 63,46,664 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

§§ Investment at cost.

M.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

(k) Investments.

* Includes bonus.

M.—Managed by the Board of Directors.

N.B.—Dividends paid since 31st March 1956 are shown as taxable.

‡.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs, whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X. B. Ex-Bonus.

MARKET GOSSIP

(*Concluded from page 55*)

cent. The lending member retains the right to recall the loan, if it should find itself in balance of payments trouble and its representations will be given "the overwhelming benefit of any doubt." The lender receives the money on normal I.M.F. terms, to be repaid after a maximum of three to five years. The decisive step in any transaction will be a consultative meeting as soon as it becomes apparent that any Club member may need money.

The exact purpose for which credits will be given is not mentioned in the Press reports relating to the scheme. Mr. M. Baumgartner, Finance Minister of France, has made it abundantly clear that the new facilities will not be granted to cover ordinary balance of payments deficits but are *strictly* intended for neutralising massive short-term capital movements.

It will take another three to four months for the new scheme to come into operation. The scheme will first have to be ratified by the Parliaments of the member-countries concerned. Then a protocol will have to be added to Article 7 of the I.M.F. Charter at a meeting of its Executive Directors scheduled to take place at Washington next month.

From the details given above, it is clear that the new scheme is quite realistic and modest, unlike the ambitious plans—Triffin, Stamp and Bernstein—which envisaged radical changes in the powers and functions of the Fund. Surely, the general borrowing

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	95.50	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar.	Sep.	80.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C. ..	7,50,000	1920	7.00	July	Apr.	5.00xd	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	17.50xd	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.) ..	5,00,000	1940	7.00	Dec.	..	62.00	100
Partabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Ramnagar Cane T.F.C.	4,00,000	1933-36	6.00	Aug.	..	85.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	60.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	6.95	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	120.25	100
COAL							
Borrea T.F.C.	14,00,000	1896-97	5.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	99.50	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.00	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C.	9,99,500	1946	5.50	..	..	54.00xd	10
††Khas Kajora C.	1,93,000	1931	5.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
Oudal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	71.00	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	100.63xd	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov.	..	7.50	10
Bowreah 'A' T.F.	6,00,000	1900	8.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	49.50	50
Buckingham & Carnatic C.T.F. ..	21,30,200	1920	7.50	Jan.	July	118.50xd	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr.	Oct.	90.00	100
Central India T.F.	50,00,000	1912	5.00	Apr.	Oct.	410.00	500
Century Spg. & Mfg. Co. T.F.R.C. ..	1,25,00,000	1958	6.00	Dec.	..	114.00	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1912	8.00	May	..	105.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July	..	6.75	10
E'Thurstone C.	25,00,000	1919	7.00	May	Nov.	70.00	100
Kesoram T.F.C.	29,70,700	1919	7.00	June	Dec.	105.00	100
Khatau Makanji (2nd) T.F.	29,92,500	1947	4.00	Nov.	..	77.00	100
Kothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.80	10
Kothari 'B' (Pref.) T.F.C.	6,00,000	....	6.00	..	..	8.76	10
Lakshmi Cotton (Bombay) C. ..	16,00,000	1896	5.00	..	..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	69.00	100
Mysore Spg. C.	7,45,050	1944	4.50	..	..	22.78	50
National Rayon C.	1,74,64,700	1947	5.00	..	..	70.00	100
New Great	6,00,000	1913	5.50	Mar.	..	107.00	200
Pedar Mills T.F.C.	10,00,000	1943	4.00	Feb.	..	63.00	100
Rajalakshmi C.T.F.	2,00,000	1932	6.50	Apr.	..	44.50	50
Shree Niwas Cotton T.F.C.R. ..	4,80,000	1944	4.00	..	..	65.00	100
Svadeshi T.F.C.	15,00,000	1935	5.00	Apr.	Oct.	86.00	100
Svadeshi (Kanpur) T.F.C.	25,00,000	1927	6.00	June	..	69.00	100
Travancore Rayon C.T.F.	50,00,000	....	5.00	May	..	7.30	10
Vasanta (1st) C.T.F.	3,00,000	1931	6.50	Apr.	Oct.	95.00	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.00	100
Vishnu C.	15,36,500	1908	7.00	Apr.	..	398.75	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,34,000	1917	7.00	May	Nov.	901.25xd	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	5.50	..	..	71.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00(t)	June	Dec.	8.60	21
Poona Electric C.	4,00,000	1935	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept.	Dec.	8.00cd	100
Do. (2nd) C.T.F.	8,00,000	1940	5.50			7.95cd	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	89,28,000	1907	7.00	May	Nov.	98.50xd	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,010.00xd	1,000
Vellore C.	1,25,000	1928	6.00	Dec.	..	5.81	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1895-98	7.00	Feb.	Aug.	109.00	100
Do. (2nd) T.F.C. ..	15,00,000	1902	6.00	Feb.	Aug.	99.00	101
Indian Iron and Steel Co., Ltd. T.F.C.	2,69,85,400	1950	5.00	Dec.	..	92.00	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May	Nov.	78.00	100
Kamani Engineering C.R.	15,00,000	1945	5.50	July	..	51.50	100
†††Kumardhubi Engineering T.F.C. ..	12,00,000	1915	4.00	June	Dec.	72.00xdN	100
Larsen and Toubro Ltd. T.F.R. ..	18,00,000	1946-47-51	5.00	..	..	89.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	96.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	60.00	100
Premier-Construction (1st)	10,00,000	....	6.25	..	..	73.00	100
Do. do. (2nd) C. ..	15,00,000	1936	6.25	..	..	67.50	100
Do. do. (3rd) C. ..	56,25,000	1947	4.50	..	..	4.88	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	135.00	150
Do. do. (2nd) C. ..	6,02,81,900	1908	7.50	May	..	102.00	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	92.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb.	Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	85.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	91.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1946	4.50	June	Dec.	57.00xd	100
Bally T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	93.00	100
Barnagore C.	£200,000	1896	5.00	May	Nov.	38.00	£5
Belvedere T.F.C.	7,00,000	1906	7.00	Jan.	July	97.00	100
Birla C.	23,54,200	1919	7.50	June	Dec.	85.00	100
Budge-Budge T.F.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	6.50	Jan.	July	45.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	84.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June	Dec.	86.00	100
Chitavalsah T.F.C.	5,00,000	1928	7.00	Mar.	Sept.	88.50	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May	Nov.	65.00	100
Do. (A) (2nd Pref.) T.F.C. ..	6,00,000	1905	7.00	May	Nov.	73.00	100
Dalhousie T.F.C.	15,00,000	1903-13	7.00	May	Nov.	90.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	69.50	100
Empire T.F.C.	10,00,000	1912	7.00	Feb.	Aug.	90.00	100
Fort Gloster T.F.C.	14,00,000	1890-06	7.00	May	Nov.	98.00	100
Do. (2nd Pref.) T.F.C.	7,00,000	1948	5.00	..	..	65.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	90.00xd	100
Ganges T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00xd	100
Gourepore T.F.C.	26,50,000	1895-04	6.00	May	Nov.	78.00xd	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar.	Sept.	90.00	100
Hoogbly T.F.	11,76,000	1918	10.00	May	Nov.	10.50	10
Ingerrah T.F.C.	8,75,000	1890	7.00	May	Nov.	90.00	100
Do. T.F.C. (f)	17,50,000	1903-06	7.00	May	Nov.	90.00	100
Kakowshand T.F.C.	40,00,000	1919	7.00	June	Dec.	89.00	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankinarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	76.00	100
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	81.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	88.00xd	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00xd	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00xd	100
Nalhati T.F.C.	7,50,000	1905	7.00	May	Nov.	112.00	100
Do. (2nd) (l) T.F.C.R.	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	87.00	100
Nellimala T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan.	July	92.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	69.00xd	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May	Nov.	83.00	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Seorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	89.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May	Nov.	88.00xd	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	5.00	Mar.	Sept.	38.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov.	..	47.00	60
Calcutta Tramways C.	£50,000	1906	5.00	Apr.	Oct.	7.25	£1
Indian General Nav. & Rly. C. ..	£244,030	1899	6.00	Mar.	Nov.	77.00	£10
India Steamship (w) T.F.C.R. ..	20,00,000	1928	5.00	..	..	76.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	29.31	10
†††Banarhat Tea T.F.C.	4,00,000	1906-07	6.50	Jan.	July	93.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	96.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	93.00	100
Gielle C.	2,00,000	1894	6.00	Sept.	..	54.00	100
Hantayara T.F.C.	50,000	1901	8.00	Jan.	..	96.00	100
Hasimara T.F.C.	8,00,000	1904	7.00	Mar.	..	89.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec.	..	83.00	100
Moheema T.F.C.	3,20,000	1929	6.00	May	Nov.	5.85	10
New Dooars T.F.C.	2,00,000	1907	6.50	Jan.	July	93.00	100
New Samnabagh T.F.C.	1,00,000	1908	8.00	Nov.	..	99.00	100
††††Okayti T.F.C.	2,05,000	1898	7.00	Dec.	..	90.00	100
Pussimbing T.F.C.	3,05,000	1918	7.00	Jan.	..	84.00	100
Salon River T.F.C.	1,00,000	1909	8.00	May	..	89.50	100
***Terpore C.	2,05,000	1922	8.00	Jan.	..	89.00	100
Tirribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	9.94	10
						12.81	10
PLANTING							
Be Re Rubber C.	1,43,005	1944	6.25	..	..	1.97	5
Do. R.C.	2,85,570	1944	6.25	..	..	5.18	10
Cochin Malabar C.T.F.	1,13,300	1932	7.00	June	..	48.00	50
Coffee Lands C.T.F.	10,40,000	..	5.00	..	..	71.08	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.	..	80.25	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.	..	8.82	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July	..	82.00	100
Highland Produce C.T.F.	3,00,000	..	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan.	July	8.10cd	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July	..	8.70	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.67	10
Teekoy Rubber C.T.F.	6,00,000	..	6.00	Mar.	Sept.	6.80	10
T. K. & T. Co. C.T.F.	16,00,000	..	6.00	June	Dec.	8.84xd	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov.	..	7.91xd	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	80.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	8.00	June	..	81.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr.	..	89.50	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	99.00	100
Andhra Cement C.T.F.	2,48,800	1937	6.00	Feb.	June	92.74	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	54.00	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug.	..	11.75	10
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar.	Sept.	48.50	50
Do. "A" T.F.C. ..	4,00,000	1923	7.00	Mar.	Sept.	100.00	100
Do. "B" T.R.C. ..	20,00,000	1948	6.00	..	..	62.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1896	8.00	Aug.	..	7.50	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Feb.	Aug.	14.50	10
British Ceylon Corporation C. ..	17,50,000	1913	6.00	Feb.	Aug.	6.00N	5
British India Corporation T.F.C. ..	81,00,000	1920	8.00	Feb.	..	109.00	100
Dalmia Cement (Bharat) C.T.F. ..	61,58,210	1937	6.00(f)	Sept.	..	7.50	10
Dharangadhra Chemicals T.F.C.R. ..	31,91,800	1950	6.00	..	..	84.00	100
Shree Digvijay Cement T.F.R.C. ..	79,93,875	1944	5.00	Dec.	..	88.00	100
Dunlop Rubber Co. (1st) T.F.C. ..	30,00,000	1926	6.00	June	Dec.	109.00	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	6.00	Apr.	..	79.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	6.00	Feb.	Aug.	56.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	48.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	5.00	Apr.	Oct.	57.00	100
Hindustan Motors T.F.R.C.	1,60,67,250	1958	6.00	Mar.	..	210.00	100
Humayan Properties T.F.C.	12,00,000	1933	6.00	..	..	6.44	10
India Cement C.	29,85,000	1946	7.50	Oct.	..	81.00	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June	..	69.00	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	Jan.	July	82.00	100
Indian Cable (m) C.	12,87,750	1923	6.00	June	Dec.	33.00	10
India Rubber Mfrs. (n) T.F.C.R. ..	8,28,000	..	5.00	Apr.	..	72.00	100
Jardine Henderson C.	50,00,000	1946	5.50	Dec.	..	56.50	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May	..	55.00	100
Do. do. (2nd) T.F.C. ..	10,00,000	..	4.00	May	..	53.00	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	7.00	June	Dec.	61.00N	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	6.00	Apr.	Oct.	81.50	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July	Jan.	46.00	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July	Jan.	61.00	100
Metal Box Co. C.R.	30,00,000	..	6.00	Feb.	Sept.	84.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1908-18	6.00	June	..	9.35	10
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June	..	7.83	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug.	..	5.22xd	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Mar.	Sept.	69.00	100
Do. do. (New) (q) T.F.C.R. ..	19,00,000	..	4.50	Mar.	Sept.	62.00	100
Orient Paper T.F.C.R.	20,00,000	1936	5.50	Jan.	..	79.50	100
Do. (2nd) (r) C.R.	60,00,000	..	5.50	Apr.	Oct.	65.00	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr.	..	105.00	100
Do. do. (New) T.F.C.	85,04,700	..	4.25	Apr.	..	54.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	Aug.	65.00	80
Spencer & Co. "A" C.	22,20,000	1898	6.50	Jan.	July	7.55cd	10
Do. "B" C.	36,80,000	1922	8.50	Jan.	July	10.55	10
Standard-Vacuum C.	75,00,000	1955	6.00	June	Dec.	88.50	100
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar.	Sept.	74.00	100
Tata Chemicals T.F.C.	59,37,000	..	5.00	June	..	82.50	100
Tata Oil Mills C.	29,88,800	1946	4.50	July	..	60.30	100
Titagur Paper Mills T.F.C.	11,50,000	1939	4.50	Jan.	June	113.00	100
Do. do. (2nd) T.F.C. ..	15,00,000	1934	4.50	Jan.	July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

§ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.C.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 106 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank pari passu with ordinary shares after any time at Rs. 115 on one month's notice. (n) Redeemable after 20th December 1954. (o) Redeemable at par after 17th June 1956. (p) Redeemable at par after 1st January 1954. (q) Redeemable at to 9 per cent. (s) Free of Income-tax upto 6 nP. in the £. (u) Redeemable at par on 3 months' notice. (s) Participating on various dates. (w) Redeemable at any time 3 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. pp—Partly paid.

COMMERCE

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

VOL. CIV. No. 2649 BOMBAY, 20th JANUARY 1962 PRICE Rs. 1-2

"EFFICIENCY" MUST BE INDIA'S WATCHWORD

THERE are some serious mistakes in India's industrial policy and, unless they are rectified without further delay and the harm they have already done is undone, the chances of India emerging as a strong and large exporter will be bleaker than they are at present. No amount of special facilities for stimulating exports will be of any use, if the basic factors that determine the competitive capacity of Indian industries are undermined by the adoption of unsound policies based on outmoded ideological grounds. It is worthwhile recalling that India's failure to retain, let alone improve, its status as the world's largest exporter of cotton textiles is primarily due to defects in Government's economic policies. Nature has provided this country with all the advantages necessary for playing the role of the leader in world trade in textiles. Raw material and manpower are readily available. Managerial techniques and auxiliary industries have been developed by persevering industrialists. A fair-sized textile machinery industry has also been established. If its size is not bigger, it is not the fault of entrepreneurs. It is partly due to difficulties in getting technical know-how and collaboration in the early post-war years and partly to checks placed on the growth of textile industry. But lack of machinery was not the stumbling bloc in the way of India's premier manufacturing industry, for, in the early fifties, there was no dearth of foreign exchange. It was the Government's policy of protecting the handlooms and unwarranted fears of displacement of labour that prevented the textile industry's growth on modern lines and the exploitation to the fullest extent possible of the facilities available in the country. The result is that even a tiny colonial city like Hong Kong, built on barren rocks, with a population equal to a little over three-fourths of Bombay City, has blossomed into a leading exporter of piecegoods, ready-made garments and yarn. Even today there is inadequate realisation of the need for giving freedom to enterprising and efficient millowners to modernise their equipment and expand their capacity to levels, and along the pattern, that will enable them to compete effectively in the export markets and to supply cloth to domestic consumers at the cheapest possible price. The latest offer for installing 10,000 automatic looms is hedged in with so many impracticable conditions that none but those who hope to break them later under some pretext or other can afford to accept it.

Obsession with obsolete ideas of the evils of monopoly and concentration of economic power, as well as excessive concern for regional distribution, has led the Government along the wrong path in regard to certain industries such as aluminium, industrial gases, cement, special steels, automobiles and even paper. All these articles are of prime importance for the economic progress of the country and their manufacture must be so planned as to enable the country to get the full benefits of large-scale manufacture and locational advantages. Aluminium is as important as steel; in fact, for India, it is more important, because it is expected to serve as a substitute for copper and other non-ferrous metals in which this country is deficient. It should, therefore, be the aim of this country to manufacture aluminium at the lowest cost by encouraging the establishment of large-sized units of, say, 75,000 to 100,000 tons. Instead, the Government has licensed units of 10,000 to 20,000 tons, with the result that Indian aluminium will cost very much more than world prices and its consumers will be at a disadvantage in competing with their foreign competitors. Similarly, oxygen, among industrial gases, is required for a variety of purposes. A fairly sizable number of small manufacturers has been licensed for making it, for the reason that the Indian Oxygen, which is controlled by the British Oxygen through majority participation in capital, has been having a virtual monopoly in this field. In British Oxygen, the Indian company has a first class partner. In Britain, it has a monopoly, in that it supplies 98 per cent of the country's requirements, but British industries are no worse off. On the contrary, the cost of oxygen in Britain is the lowest in Western Europe and much lower than in the U.S., where the existence of more than one producer has not meant cheaper oxygen. The fact that the Monopolies Commission in the U.K. has allowed the British Oxygen to continue as it has been is highly significant. If a higher degree of Indianisation of the capital of Indian Oxygen had been considered necessary, it could have been arranged to the extent feasible and desirable under the foreign exchange situation. Even if this was considered insufficient to satisfy the hunger of nationalism, would it not have been adequate to permit only one more big producer to come in the field? Was it necessary to allow as many as half a dozen, or perhaps even more?

This line of argument can be easily extended to cover also the other industries mentioned above. For a country of India's size, geographical distribution of units of these industries is undoubtedly an important consideration from the point of view of transport and easy access to consumers. But this does not mean that there should be as many producers as the units needed. Management, technical know-how, marketing and research are prerequisites for the success of modern industry and there would be a waste of resources of men and money, if manufacturing activity were to be spread over a large number of owners. Further, by splitting up the market for these products among a large number of licensees, the anti-monopoly purpose is not served at all, for the aggregate capacity permitted is either below the needs of the country or just sufficient, leaving thereby no room for competition among them. Shortage of foreign exchange, which is going to last for one whole generation, automatically rules out competition from without. It may be that, some day, there will be real scope for internal competition, but that day seems to be quite far off. Meanwhile, a lot of scarce resources will have been wasted. Consumers will have to pay higher prices than necessary. The funds invested will fetch a lower return, which in turn will have an adverse effect on the growth of capital formation. Above all, the country's ability to compete abroad will be weakened. It will thus be seen that nobody but a few industrialists benefit by this misconceived policy of industrial licensing. And all this is happening under the socialist regime of the Congress Party which claims to work for the welfare of the man-in-the-street.

The Congress Party's ideas about monopoly and concentration of economic power are not only as outdated as Karl Marx's criticism of the capitalist society but suffer from double standards, for none of these considerations is borne in mind when industries are established in the public sector. As will be seen from our note on "Monopolistic trends in Britain" on page 103, the community as a whole stands to benefit as a result of bigness in certain types of industries. The evils of these monopolies, if any, are found only in theory, for they are neutralised by State regulation and fiscal policies, not to speak of trade unions, workers' participation and ownership of capital by an ever-widening number of shareholders. Another important point that must be borne in mind is that almost all the countries to which India has to export its manufactures are taking various measures to improve their economic efficiency and defence strength. How can India hope to compete for markets in these countries, unless it, too, keeps step with them? India's watchword in future should be "efficiency" and it is on this touchstone the soundness of economic policies should be tested. It is to be hoped that this idea will sink in the mind of every thinking Indian on the thirteenth Republic Day which he will soon celebrate and that he will do his best to spread this idea among all those who are close to him.

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KENNEDY'S FIRST YEAR

THE Kennedy Administration in the United States has just completed the first year of its tenure and fulfilled some at least of the great expectations raised by it in the wide world when it took over from the Republicans. It has met well, if not very decisively, most of the extraordinary challenges of the cold war and ensured, for the time being, world peace by strengthening the Western Alliance, by imparting greater vitality to the United Nations and by building friendship with the uncommitted countries. And it has also improved greatly the chances of arresting the spread of Communism by launching such instruments as the Alliance for Progress, a long-range charter for foreign aid and the Peace Corps for promoting economic reform and higher living standards in the underdeveloped countries of Latin America, Asia and Africa. By refusing to be bullied in Berlin, the Congo and the Far East, by displaying wisdom and patience in the face of Communist provocations and by eloquently reaffirming American faith in the United Nations, the Kennedy Administration has also restored the image of the United States as "the last, best hope of earth."

But, within the U.S., the Kennedy Administration's progress towards the "New Frontiers" has turned out to be slow and halting. Perhaps, one year is too short a period for judging the performance of that Administration in the domestic sphere. Still, *The New York Times*, in keeping with its vigorous liberal tradition, has chosen to pronounce the following judg-

ment on the President's first-year domestic performance:

"On the domestic front, the President's leadership was a good deal less resolute. The brave campaign pledges of movement toward New Frontiers of social inventiveness have had relatively feeble implementation. There was an initial flurry of measures to combat the the recession; the Federal minimum wage was raised and broadened in coverage; housing, farm and highway programmes were enacted and a good water pollution bill also cleared the Congress. President Kennedy acted energetically to safeguard civil rights in employment, education and travel.... (But) he gave inadequate support to his bold programme for aid to public schools; did too little to combat unemployment and speed economic growth and generally showed scant disposition to clash with the powerful coalition of Congressional Conservatives."

That is a broadly valid judgment, and President Kennedy himself, in his State of the Union Message to the U.S. Congress on the 11th instant, was frankly "not satisfied" with the results achieved in the first year. Still, the Administration's perfosmance was sufficiently gratifying in more ways than one. First, the recession, which the Administration inherited last year, was effectively countered by new stimulants to the economy. The resulting recovery brought about a reduction in the major surplus labour areas from 101 to 60 and an increase in non-agricultural employment by more than a million jobs. Secondly, despite rising production and demand, consumer prices held almost steady last year. This, as President Kennedy claimed, "is the best record of overall price stability of any comparable period on recovery since World War II." Thirdly, within a framework of growth and comparative wage-price stability, the Administration was able to keep the U.S. economy competitive by widening the access of small business to credit and Government contracts, and by stepping up the drive against monopoly, price-fixing and racketeering. Fourthly, in the 11 months since 1st February 1961, the United States suffered a net loss of only about half-a-billion dollars in gold in the field of balance of payments, as compared with a loss of nearly $2 billion in the 11 months preceding that date. The country's deficit in basic transactions with the rest of the world—trade, defence, foreign aid, and capital, excluding volatile short-term flows—was reduced from $2 billion in 1960 to about a third of that amount in 1961. Thus, the speculative fever had ended and confidence in the dollar was restored during the year. Fifthly, in the field of health and welfare, more hot lunches and fresh milk were provided to school children, more college dormitories were built and health services and social security for the elderly were expanded last year. Of all these achievements of the Kennedy Administration in its first year, its successes in countering the recession and restoring confidence in the external stability of the dollar were certainly most commendable, though it must be conceded that the dollar is still suspect in the eyes of many Western observers.

The misgivings about the future of the dollar are not without reason. The U.S. balance of payments position continues to be in the red. Further, the U.S. economy cannot be said to have been entirely freed from the possibility of either recession or inflation. President Kennedy has, therefore, outlined a series of measures for the consideration of the U.S. Congress in the current year. As the American economy has suffered three recessions in the last seven years, the President has urged the Congress to give him the stand-by authority, subject to Congressional veto, to adjust personal income-tax rates downward within a specified range and time for slowing down an economic decline before it has dragged the country down. Secondly, he has called for presidential stand-by authority, upon a given rise in unemployment, to accelerate federal and federally-aided capital improvement programmes. And, thirdly, the President has urged the need for a permanent strengthening of the country's unemployment insurance system without constant resort to temporary supplements. To expand growth in the current year itself, the President has asked for Congressional approval to a eight per cent tax credit for investment in machinery and equipment, which, combined with planned revisions of depreciation allowances, is expected to spur the American industry's modernisation and growth and its ability to compete abroad. Two other suggested measures, namely, the Manpower Training and Development Act and the Youth Employment Opportunities Act, are designed to enhance the employability of able-bodied men and women and, thus, reduce unemployment. The President's proposal that health insurance be provided to elderly people is likely to be less controversial than the renewal of his last year's plea for federal aid to public school construction and teachers' salaries.

It is a heartening feature of the U.S. Budget for 1962-63, presented by President Kennedy, on the 18 h instant, that it reflects the basic objectives underlying the aforesaid measures—the objectives of greater economic growth, higher employment and more social welfare. This Budget, which has estimated expenditure at $92.5 billion and receipts at $83.0 billion, reveals a modest surplus of $500 million, in refreshing contrast to a huge deficit of well over six billion dollars (revised estimates) for 1961-62. An increase of $10.3 billion in budget receipts, as compared with the recession-affected level of the fiscal year 1961-62, is based on the expectation that the current brisk recovery will continue, carrying the gross national product during the current calendar year to a record of $570 billion. It is this estimated increase in budget receipts that has rendered possible increases—amounting in all to $3.4 billion—in budget expenditures on account of education and scientific research, retraining for the unemployed, national defence, space programmes and foreign aid. The last item (foreign aid), incidentally, will account for a total of $2.5 billion, an increase of $400 million over 1961-62 by way of economic and financial assistance to the developing nations, in addition to a little more than $1 billion as assistance to Latin America under the Alliance for Progress. The Administration has restrained its enthusiasm for many desirable new projects and activities in the social and economic spheres, presumably because of its anxiety to maintain a semblance of fiscal responsibility. Why it has budgeted for a surplus and, that too, a small surplus and not for a deficit has been clarified by the President in his Budget message:

"The Federal Government is expected to operate in 1962-63 with some surplus. This is the policy which seems appropriate at the present time. The economy is moving strongly forward, with employment and income rising. The prospects are favourable for further rises in the coming year for private expenditures, both consumption and investment. To plan a deficit under such circumstances would increase the risk of inflationary pressures, damaging alike to our domestic economy and to our international balance of payments. On the other hand, we are still far short of full capacity use of plant and manpower. To plan a larger surplus would risk choking off economic recovery and contributing to a premature downturn."

The Kennedy Administration has promised to maintain growth with stability. Its proposed tax reforms and other fiscal stimulants are intended to increase the funds available for use in the business through depreciation allowances and retained earnings, and thereby to bring about a higher rate of industrial growth. But its current attachment to some degree of fiscal stability will not, by itself, ensure wage-price stability, for inflation may still follow in the wake of growth, as the President himself has opined. He has fervently appealed for moderation in the demands of labour. He says in his State of the Union Message that the "first line of defence against inflation is the good sense and public spirit of business and labour—keeping their total increases in wages and profits in step with productivity."

The Administration's new programme for achieving greater balance in agricultural production and its proposal for trade liberalisation add another dimension to the concept of "growth with stability." In particular, the trade liberalisation programme, proposed by the Kennedy Administration, for eliminating gradually, over a five-year period, tariffs in the United States and in the Common Market on those items in which they together supply 80 per cent of the world's trade is a bold attempt. If it succeeds, it will render the slogan "Trade is better than aid" a reality. The proposed farm programme, designed to reduce surplus accumulation but, at the same time, to protect the farmer's income, may have the effect of increasing the prices of food and agricultural raw materials.

So the factors that will make for or undermine price stability will not be confined to wages or profits alone. Budgetary deficits or surpluses, higher or lower productivity, greater or lesser competition from the Common Market goods in the U.S. market, prices of farm produce, higher or lower level of employment, and faster or slower pace of growth in general will all have their impact on stability. There is no reason to believe that the phenomenon of "creeping inflation"—a form of modest but steady monetary depreciation year after year—will be entirely brought to a halt in the United States, as the Kennedy Administration has ruled out, rightly in our opinion, price stability through stagnation and controls. Even though growth may be maintained at a high level, absolute price stability will be an elusive ideal, if *per capita* money incomes rise ahead of production. Much, therefore, depends on the willingness of American workers to restrain their demand for more wages which are unrelated to increases in production and the international obligations of their country.

FUNDAMENTAL RESEARCH

THANKS to the farsightedness of Dr. H. J. Bhabha, the renowned nuclear physicist, and of Mr. J. R. D. Tata, fundamental research, especially in nuclear and high energy physics, was initiated in this country as early as in 1945. It was in that year that the Tata Institute of Fundamental Research, the oldest of India's post-war national laboratories, was founded as a joint enterprise of the Sir Dorabji Tata Trust and the Government of Bombay. Grant-aided by the Government of India since 1946-47 and directed by Dr. Bhabha since its inception, this research institute has also been recognised since 1955 as the National Centre of the Government of India for advanced study and fundamental research in nuclear science and higher mathematics. It has since grown from strength to strength and is now housed in its own massive building which was formally opened by the Prime Minister early this week. What is noteworthy about the Institute is that, in the last 16 years, it has trained scientific personnel for the Atomic Energy Commission and carried out some of the Commission's major projects, of which the Atomic Energy Establishment at Trombay is the most important. Besides thus being the "cradle" of India's atomic energy programme, the Institute has also been active in several other fields, achieving some significant results in the sphere of research.

The Institute's continuous study of the new elementary particles of matter, such as the "meson" and other "strange particles" which have been discovered by scientists elsewhere, has resulted in the discovery of a negatively charged particle called the "K-meson." This discovery was rendered possible by the technique, developed for the first time in the world in this Institute in 1951-52, of using emulsions without glass backing for studying phenomena at high energies. Another outstanding achievement of the Institute is its development of large plastic balloons, which are capable of carrying loads of scientific equipment upto 250 lbs. to altitudes of some 110,000 feet and above for high energy research. The Institute has also designed and constructed a cloud chamber, which weighs 4.5 tons and is the largest of its kind in the world, for studying cosmic ray phenomena. This cloud chamber is being operated by a special device, the only one of its kind in the world, for measuring the energy of particles upto a hundred thousand billion electron volts. The study of extensive air showers, which are produced by extremely high energy cosmic rays, is also under way, and this piece of research, it is stated, may have far-reaching consequences for cosmology. The Institute's work in cosmic rays has led it into the field of geophysics. In this latter field, the Institute has to its credit the discovery for five out of the ten known radioactive isotopes of chemical elements, produced by high energy cosmic rays entering the top of the atmosphere and colliding with the atoms there. The Institute's pioneering venture of building an electronic digital computer in this country is equally creditable. This computer is now available as a national facility, handling computational problems for the Atomic Energy Establishment and the Indian Institute of Science at Bangalore. Above all, in the field of mathematics, which is known as the "father of all sciences," the Institute has by now achieved an international reputation for its contributions.

How much of the Institute's research performance in the pursuit of knowledge of the physical world will be potentially useful for man, it is difficult to figure out presently. Dr. Bhabha has, of course, defined "fundamental research" as basic investigation into the behaviour and structure of the physical world without any consideration as to whether the knowledge so acquired would ever be of any practical value. Still, one may broadly infer from the Institute's achievements to-date that it is quite capable of adding further to basic knowledge which may well be, as it has been in the fields of radar and atomic energy in the forties, developed into technology of immense practical importance one day.

MARKET GOSSIP

Reserve Bank Obeyed

WITH the announcement of the preliminary results of the Central Bank of India for 1961 on Thursday this week, a rough idea of the performance of the five big banks and three medium banks in the private sector are now available. The eight banks are: Central, India, Punjab National, Baroda, United Commercial, United Bank, Dena and Maharashtra. Their statements show that, in appropriating their profits for the past year, they have followed the convention recommended by the Reserve Bank Governor just before the close of the year. For the first time in ten years, the Central Bank has added a sizable amount to its published reserves. The other seven banks, too, have set aside a good part of their profit to reserves. Besides, in the case of every one of them, the amount carried forward is substantially greater than the amount brought in. The Central Bank has effected only a fractional rise in its dividend, from 18.40 per cent taxable (excluding the jubilee bonus of 2 per cent) to 20 per cent taxable, apparently to bring it level with that of the Bank of India and the Punjab National, neither of which has increased the dividend, though the latter's is on an increased paid-up capital. If regard is had for the jubilee bonus paid by the Central last year, there is no increase at all in the total distribution to its shareholders. The Bank of Baroda, too, has not increased its dividend which is at 17 per cent taxable. Similarly, the United Commercial also has only maintained the dividend at 12 per cent taxable. The Dena Bank has, however, rewarded its shareholders a little generously by raising the rate from 8.76 per cent taxable to 11 per cent taxable, but, even after this increase, the rate is well below that of big banks and, what is more, it has earmarked a very handsome amount for reserves. The United Bank of India, which had been paying a very low rate of 4.30 per cent taxable, has raised it to a modest level of 6 per cent taxable. The Bank of Maharashtra is another to maintain the dividend unchanged at 9 per cent, albeit on a higher paid-up capital.

Thus, the eight banks under reference have on the whole been conservative in their dividend policy. It is, however, a moot point whether the big banks would have avoided the temptation to step up the dividend rates but for the Reserve Bank's timely intervention. For there has been a striking increase in their profits, as well as in those of other banks, as will be seen from the following figures:

(In lakhs of rupees)

	1961	1960	1959
Central Bank*	182.76	133.05	99.43
Punjab National* ...	118.54	65.04	66.65
Bank of India†	110.31	103.37	82.69
United Commercial* ...	72.60	67.43	60.42
Bank of Baroda* ...	67.63	40.66	24.89
United Bank*	20.50	14.63	14.29
Dena Bank†	26.15	23.55	13.05
Bank of Maharashtra‡	16.11	9.50	7.72

*After tax for all the three years. †Before tax for 1959 and 1960, but after tax for 1961. ‡Before tax for all the three years.

Readers will do well to take note of the footnotes, for the Bank of India and the Dena Bank have not disclosed the provision made for taxation for 1961. The increase in their profit is, therefore, much more than is seen from the comparative figures for the previous years.

As for conservation of profits, the Bank of India has transferred Rs. 15 lakhs to reserves, as against *nil* last year, and carried forward Rs. 48.16 lakhs (subject to bonus for the staff) which is nearly four times the sum brought in. The Central Bank has set aside Rs. 45 lakhs to the reserve fund (*nil*), its carry forward being about Rs. 5 lakhs more at Rs. 23.37 lakhs. The Punjab National, too, has strengthened its reserves by Rs. 45 lakhs (as against Rs. 11 lakhs), besides carrying forward Rs. 10.52 lakhs, that is, Rs. 6 lakhs more. The Bank of Baroda, which did not credit anything to the reserves last year, has now appropriated Rs. 20 lakhs. And still its carry forward (subject to bonus for staff) is some Rs. 5 lakhs higher at Rs. 23.22 lakhs. The United Commercial, which had stepped up the transfer to reserves last year from Rs. 27 lakhs to Rs. 90 lakhs, has maintained it at Rs. 80 lakhs. Its undistributed surplus also is higher at Rs. 2.07 lakhs. The United Bank of India has raised the transfer to reserves from Rs. 2.93 lakhs to Rs. 4.10 lakhs, without any diminution in the amount carried forward which is Rs. 2.40 lakhs. The Dena Bank has credited to reserve fund a sum of Rs. 15 lakhs, as against Rs. 8 lakhs and Rs. 6 lakhs out of the profits for 1960 and 1959, respectively. And still it is carrying forward Rs. 5.65 lakhs (Rs. 2.17 lakhs). The Bank of Maharashtra has conserved Rs. 4.90 lakhs to reserves, a rise of Rs. 2.40 lakhs over the previous year's figure. This monotonous recital of appropriations to reserves and the sums carried forward has been done, with a view to giving readers an idea of the liberal amounts ploughed back by every one of the eight banks.

Seshasayee Industries

The Seshasayee Industries Ltd., one of the enterprising firms of South India, has certainly done well to undertake a big programme to expand production of high and low tension insulators from the existing level of 1,200 tons to 3,000 tons per annum. For the demand for these insulators is bound to rise greatly in the coming years, what with the considerably large increase in power supply that is expected. Indicative of the size of demand for insulators is the three-fold expansion in production envisaged in the third Plan; the actual target of output fixed to be achieved by 1965-66 is 24,000 tons (capacity target is put as 30,000 tons), as against the estimated production of 8,400 tons (capacity of 12,500 tons) in 1960-61. Taking into account the growing demand for insulators thus and considering that the insulators already being produced in the factory of the Seshasayee Industries are said to be of high quality, it may be stated that the Company is assured of a ready market, the main consumers being electricity undertakings, State Electricity Boards, manufacturers of switchgear and transformers, and railways.

In view of the promising prospects and of the fact that the Company has been assured of technical assistance from the well-known West German consultant, Dr. Ing. K. Draeger of Honef, and that it has a competent Board of Directors, headed by Mr. S. Narayanaswamy of Messrs. Chitra and Co., Share and Stock Brokers, the Company will doubtless be in a position to earn handsome profits within a short period after the completion of expansion.

In order to finance the expansion scheme, the Company is offering a Rs. 40-lakh equity issue, the list for which opens on Saturday the 27th inst. The issue, details of which appear elsewhere (pages 120 and 121) comprises 400,000 equity shares of Rs. 10 each; the entire issue has been underwritten. The Life Insurance Corporation will be given a preferential allotment of shares worth Rs. 10 lakhs (in consideration of its having underwritten a like amount of shares) and the Investment Corporation of India has agreed to subscribe Rs. 2.50 lakhs. These shares will rank for dividend and be *pari passu* in all respects with the existing equity shares (400,000) of the Company. As a result of this issue, the Company's paid-up capital will rise from Rs. 40 lakhs (Rs. 31.60 lakhs ordinary and Rs. 8.40 lakhs preference) to Rs. 80 lakhs. The authorised capital is Rs. 100 lakhs. The new issue of Rs. 40 lakhs is expected to meet two-thirds of the capital outlay of Rs. 60 lakhs; the balance will be met by way of borrowings.

W. Germany: Slackening Boom

Economic signals in West Germany have turned amber, indicating a slackening of the business boom which took the gross national product of the Federal Republic to a peak of DM 300,000 million (at current prices) in 1961, that is, about 10 per cent more than in 1960. No one expects a stagnation in economic activity in 1962, but all are agreed that the Federal economy will expand at a lower rate in the present year than in the past. Business forecasters in that country are currently busy estimating the probable rate of industrial growth in the new year. The consensus of opinion is that it will be between 4 and 5 per cent, as against 6 per cent in 1961. Evidence of slower rate of expansion in the New Year emerged as early as in November last, when new orders booked during the month declined by 2.2 per cent, as compared with the same month of the previous year.

Current thinking on the business prospects in 1962 in W. German industrial circles is reflected in the latest monthly survey of the Federation of German Industries which takes a moderately optimistic view of developments in 1962. The main conclusion of the survey is that a recession is not expected, but the overall growth rate will decline. What are the implications of this trend to policy-makers? The aforesaid survey makes the following comment:

"It is certain that 1962 will be another year of economic growth. Nevertheless, economic and social policy makers should consider it as a common task to act before expansion comes to a general standstill. That means they should set free the many forces which stimulate economic activity and which are still dormant in West Germany and in the rest of the world. Any policy moves of such kind must come in time and must be carefully measured. Braking the growth rate does not help anyone. Here too, stagnation means retrogression."

Looking back upon the developments of the recent past, the survey points out that the slackening of the boom may be due to the fact that some of the major factors responsible for the economic expansion in the last few years—the German desire to catch up with the other leading industrial nations in the world and the stimulus of technical progress generally—are showing signs of fatiguing. Cyclical economic declines are no longer offset by the stabilising force of the general reconstruction boom in W. Germany as was the case until 1957. This development is felt primarily in large sections of the capital goods and investment goods industries and, to some extent, in a few branches of the consumer goods industry, too.

The Federation of German Industries regards it as a significant fact that the investment goods industries too have been affected by the "cooling off" tendencies. The four industries which were not able to maintain production in the period of November 1960-October 1961 at the level witnessed in the corresponding 1959-60 period were shipbuilding, steel, glass and textiles. Other industries, which are about to enter the "cooling off" zone, are the saw mills, the drawing and cold rolling mills, the iron foundries, the non-ferrous metal industry and leather industry. The crude oil industry, in turn, continues to be the main support of the industrial upswing, with an annual growth rate of almost 24 per cent in November last.

Will the slowing down of industrial activity affect the flow of aid to underdeveloped countries? This is unlikely, as the external reserves of W. Germany are still pretty large, though the more recent trends indicate a slowing down of growth in this sphere also. The Federal Government has already announced that Government aid alone to underdeveloped countries during 1961-62 will be of the order of DM 5,000 million. It is to be hoped that internal economic pressures will not force the Government to cut its development assistance to underdeveloped countries in 1962-63. It may be noted here that West German aid to underdeveloped countries during the period 1950 to 1961 amounted to DM 18,300 million (Rs. 2,178 crores), comprising DM 9,700 million raised from public funds and DM 8,600 million derived from private sources.

Monopoly Trends in Britain?

A wave of mergers and take-over bids has been a feature for some time now of the structural changes in British economy. This trend has become more prominent than ever before, following the biggest bid in British business history made by Imperial Chemical Industries Ltd., the fourth largest company (on the basis of 1960 sales turnover) in Britain, to absorb Courtaulds, the leading man-made fibre manufacturers in the U.K. About a month ago, I.C.I. made a share exchange offer worth about £180 million (approximately Rs. 240 crores) to the shareholders of Courtaulds. The Board of Courtaulds, however, has not accepted it so far. It does not seem to favour merger. It has submitted for the consideration of the I.C.I. a counter-plan designed to solve the problems of man-made fibre industry other than by a complete merger of the two companies. If the I.C.I. is not agreeable to this plan, it will have to approach the shareholders of Courtaulds direct, over the heads of their Board of Directors.

Close on the heels of this offer, which itself was preceded by many merges and take-overs in fields as diverse as insurance and real property, has come similar developments in the footwear, glass and motor industries. Early this month, the British Shoe Corporation, the largest shoe manufacturers and retailers in the U.K. and the Saxone Lilley and Skinner (Holdings), the second largest firm in the same field, announced their plan to merge which, if it comes through, would create a footwear group with total assets exceeding £50 million. In the glass industry, the United Glass, the largest manufacturers of glass containers in Britain, and Key Glass Works have agreed to merge. Together these two cover all aspects of the glass container industry and will hold between 35 and 40 per cent of the U.K. market. In the automobile industry, for which competition is the very life-breath, two leading manufacturers, namely, the British Motor Corporation, which makes small cars in large quantity, and Rolls-Royce, famed the world over for its high-cost, high-quality cars, are examining the feasibility of technical collaboration in automobile engineering with a view to finding ways and means of putting to best use the two firms' specialist knowledge in different fields. This move may well be the prelude to the ultimate merger of the two.

What is this trend towards big business getting bigger due to? Is it a sign of the British industry getting ready to meet the challenges and opportunities which the U.K.'s proposed entry into the Common Market might throw up? Of is it the sign of big business taking advantage of the absence in Britain of anti-cartel legislation of the kind existing in the U.S.? This is the question which thinking Britons, who see the prospect, distant though it be at present, of having to buy all their shoes from one manufacturer, all their shirts from another and all their houses from a third, are asking themselves. In the U.S., it may be noted, under the anti-trust laws, any move that is calculated to curtail competition is unlawful and mergers, which lead to concentration of controlling interest, can be prevented if they can be proved to be against the public interest. It is true that, by American standards, the British firms are not that big. Thus, even if I.C.I. and Courtaulds were to join together, the resulting combine will still be smaller than the American giant in the same field of chemicals and synthetic fibres, namely, E.I. Dupont. But the U.S. is also a much bigger country than the U.K. in every respect, physical size, population, gross national product, *per capita* national income and the rate of economic growth. Further, Dupont in the U.S. has no monopoly as such, as it has powerful national rivals.

In Defence of Bigness

A partial explanation of the trend under reference in British industry could be read in the observations made by Mr. S. P. Chambers, Chairman of the I.C.I., in his address to a meeting of the American Chamber of Commerce in London last week. Speaking on the role of big units in industry, Mr. Chambers said that industry must "do something better than presenting a spectacle of blindfolded giants blundering all over the place." Without referring to the I.C.I's bid for Courtaulds, he maintained that some competition could be a gross misuse of resources. Much of modern industry, he felt, was bound to be concentrated into big units, as the requirements of capital, research and development increased the optimum size of the economic units. Legislation against large concentration of economic power, which was necessary fifty years ago, was now out of date and modifications of ideas were needed.

Mr. Chambers readily agreed that planning was necessary, the more so with the increase in

(*Continued on page 140*)

SHARE MARKET IRREGULAR

TEXTILES WELL SUPPORTED

(From Our Own Correspondents)

BOMBAY, 18*th January*

THE share market depicted an irregular trend during the week under review. It ruled easy in the first two sessions (Friday the 12th inst. and Saturday the 13th inst.), thanks to sizable offerings, while buying support was lacking. Consequently, both cash and forward scrips drifted downward. The easiness abated on Monday when, following the Reserve Bank's announcement of the reduction in margin requirement on bank advances against shares from 50 per cent to 40 per cent and investment support, the market picked up strength, with a handsome recovery in values. The recovery, however proved short-lived. For on Tuesday, the market developed a sagging tendency with the exception of a few select textile shares which were firm. Indeed, B.R. Cotton, Finlays and Apollos attracted margin, as the rise in prices, as compared with the last clearing rates, was more than 10 per cent in respect of the first two, while in the case of Apollos, the rate was higher by 5 per cent over the interim rate fixed on Monday. The sagging tendency persisted on Wednesday also, despite scattered support from institutional buyers and encouraging advices from Calcutta. This was because of the nervousness caused by news that Mr. T. T. Krishnamachari, a former Finance Minister, might stage a come-back to the Union Cabinet; he was reported to be seeking election to the Lok Sabha. But today, the sentiment of the market improved again, and scrips in both cash and forward lists tended to rise. Over the week, prices show both gains and losses which are spread over.

Among steel shares, Tata Steels moved narrowly and closed with no change over the week at Rs. 142. Mukand Iron and Indian Irons, however, moved up, the former from Rs. 28 to Rs. 28.25 and the latter from Rs. 24.88 to Rs. 25.

Textiles generally met with good support. Swans spurted by as much as Rs. 38 to Rs. 700 on hopes of a bonus issue which did materialise. The existing shareholders will get bonus shares in the ratio of two for every three held. Central Indias advanced by Rs. 24 to Rs. 164. Finlays firmed up by Rs. 34 to Rs. 369, ignoring the margin. B. R. Cottons, which too attracted margin, rose by Rs. 8 to Rs. 80. Svadeshis hardened by Rs. 7.50 to Rs. 292.50. Ahmedabad Advances put on Rs. 5.50 to Rs. 205. Elphinstones picked up Rs. 3 to Rs. 117. Gokaks strengthened by Rs. 10 to Rs. 224. Phoenix rose by Rs. 4.50 to Rs. 236.50. Podars by Rs. 2 to Rs. 154 and Shreeniwas by Rs. 4 to Rs. 292. Simplex gained Re. 1.50 to Rs. 159.50. Bombay Dyeings rallied from Rs. 68.30 to Rs. 69.90 before finishing at Rs. 69.30. Morarjees gathered a rupee to Rs. 400. Khataus were better at Rs. 476.25, as against Rs. 475.50 last week-end. Kohinoors were steady at Rs. 315, as were Dawns at Rs. 56 and New Greats at Rs. 252.50. Centurys, however, encountered selling and declined from Rs. 609.50 to Rs. 604. Standard Mills fell by Rs. 25 to Rs. 1,151.

Sugar shares suffered further losses. Belapurs receded from Rs. 270 to Rs. 256.50 today, due to selling prompted by the pessimistic note struck by the Chairman at the annual meeting of the Company held on Friday the 12th inst. Phaltans were marked down by Rs. 5 to Rs. 121.50. Maharashtra Sugars eased by Rs. 2.50 to Rs. 190.

Among cements, Associated Cements encountered selling and declined from Rs. 162.50 to Rs. 161.75 before recovering to Rs. 162.25 today. Orissas and Digvijays, however, attracted support, the former rising by Re. 1.08 to Rs. 16.76 and the latter by Re. 1 to Rs. 194. Dalmia Cements were quiet at Rs. 12 while Jaipur Udyogs picked up 80 nP to Rs. 12.24.

Scindias, in the shipping group, receded further to Rs. 12.96, as against last week's closing of Rs. 13. There was nothing in the statement of Mr. D. M. Khatau, Chairman of the Company, to strengthen confidence among investors. Great Easterns, however, managed to put on 12 nP to Rs. 12.64. Among Automobiles, Premiers eased by 25 nP to Rs. 151.50, whereas Hindustan Motors improved by 28 nP to Rs. 20.88.

Rayon shares were quoted higher. Baroda Rayons hardened by Re. 1 to Rs. 158. Gwalior Rayons attracted support based on the expectation that the scrip would be admitted to the cleared list and rose by Rs. 3.50 to Rs. 56.50. Indian Rayons firmed up by Rs. 4 to Rs. 101. South India Viscoses hardened by Rs. 6 to Rs. 187. National Rayons, however, declined from Rs. 553 to Rs. 543.50 on Saturday and after recovering to Rs. 553 on Tuesday, finished at Rs. 547 today. The net loss over the week is Rs. 6.

Chemical shares presented a mixed pattern. Colour-Chems put on Rs. 10 to Rs. 450. Amar-Dyes gathered Rs. 7.50 to Rs. 345. Dhrangadhras (old) received support prompted by hopes that the scrip would be transferred to the forward list and improved by Rs. 2 to Rs. 136. Alembics gathered Re. 1.25 to Rs. 243.75. Indian Dyestuffs, on the other hand, were subjected to selling and receded by Rs. 6.25 to Rs. 536.25. Poly-Chems eased by Rs. 2 to Rs. 22.50. Tata Chemicals shed 40 nP to Rs. 20.04. Synthetics were dull at Rs. 228.

Telcos in the engineering group opened a rupee lower at Rs. 359 and declined to Rs. 356 on Saturday. After recovering to Rs. 368.25 today, they closed at Rs. 364, showing a net gain of Rs. 4 over the week. Alcock Ashdowns firmed up by Rs. 13 to Rs. 336. Cooper Engineerings increased by 50 nP to Rs. 182. Larsen and Toubros gained 25 nP to Rs. 41.25. Jyotis spurted by Rs. 5 to Rs. 196. New Standard Engineerings rose by 50 nP to Rs. 210. T. Maneklals were steady at Rs. 840. But Mysore Kirloskars (new) declined by Rs. 2 to Rs. 131. Asian Cables receded by Re. 1 to Rs. 105. Mahindras softened by 4 nP to Rs. 19.48.

Among miscellaneous industrials, Bombay Burmahs moved down from Rs. 650.50 last week-end to Rs. 647 the next day by improved subsequently to Rs. 659 on Tuesday. They fell back again to Rs. 652.50 today. The net gain over the week is Rs. 2. West Coast Papers attracted support induced by the transfer of the scrip to the forward list with effect from the next settlement, and improved by Rs. 8.50 to Rs. 186.50. Wimcos hardened by Rs. 2 to Rs. 319. Notwithstanding the higher dividend of Rs. 14 per share proposed for the year ended 31st August 1961, as against Rs. 13 distributed in the previous year, and better results, Voltas receded by Rs. 5.50 to Rs. 303.50. Hindustan Levers were neglected at Rs. 57.50, same as last week.

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Calcutta Stock Exchange

CALCUTTA, 17*th January*

The Reserve Bank's decision permitting banks to raise their advances on shares and debentures led to steadier conditions on the Stock Exchange on Monday last, but yesterday the gains eroded. The volume of transactions remained low, as it was thought that, with the busy season and the large-scale bank borrowing by trade and industry, any immediate chance of a phenomenal rise in the flow of funds to the market was out of question. Earlier in the week, trading was dull, as talks about the possibility of a ceiling on urban incomes led bears, tempered by caution, to take the upper hand. But a recovery followed the reported decision of the Government of India not to take over well-managed electric supply undertakings. The decision was hailed, as the shift in the official attitude from the declared industrial policy was construed as denoting a major evolutionary change in the policy towards private enterprise under the weight of experience and growing responsibility. The fact that, despite curtailment of bank advances in the past two years in an attempt to check speculation, several new issues had been fully subscribed indicated the growth of private investment. The apprehension that cloth prices would be reduced affected sentiment for some time. The disturbed coal situation and the reappearance of the Kashmir issue in the world's political arena explained why long-term investments were cautious. The shortage of copper, limestone and other raw materials, it was feared, would make the achievement of capacity a difficult task.

With a decline in business, coals were featureless. Raneegunges were unchanged and quiet at Rs. 15.12. Pench Valleys declining from Rs. 17 to Rs. 16.12. Bengals maintained Rs. 360. Burrakurs at Rs. 17.87 recorded a fractional gain. Central Indias at Rs. 12.44 gained 32 nP, Western Bengals being firm at the unchanged rate of Rs. 9.50.

Support for jute shares increased, as larger production would lead to an improvement in working results. However, such thoughts did not lead to a buoyancy as support was cautious, thanks to the fall in overseas demand for sacking goods. At Rs. 187, Kelvins maintained the recent improvement following maintenance of dividend. Birlas met with unsatisfied demand and in the result at Rs. 31.37 bagged in Rs. 2.43. Anglo-Indias recovered from Rs. 190 to Rs. 192, while Alliances, after being better at Rs. 95, closed lower at Rs. 93.50. On sustained interest, Kamarhatties were forced up from Rs. 140 to Rs. 144. New Centrals had buyers at Rs. 17.06, as against Rs. 16.81 previously.

On renewed expectations of a substantial addition to retention prices, Indian Irons were steady at Rs. 25.16, the fluctuations during the week being narrow, between Rs. 24.70 and Rs. 25.24. Texmacos opened at Rs. 20.85 and, after declining to Rs. 20.65, recovered to Rs. 21 before closing at Rs. 20.50. Guest Keen Williams, on interested support, gained from Rs. 39.00 to Rs. 41.75. Indian Standard Wagons, on renewed buying, spurted from Rs. 122.50 to Rs. 129, while Kumardhubis eased from Rs. 7.69 to Rs. 7.56.

Teas were quiet and generally searched lower levels. Thus Brooke Bonds gave way from Rs. 15.75 to Rs. 15.37 and Seajulis from Rs. 23.25 to Rs. 22.87. Huldibaris recovered from Rs. 27.69 to Rs. 28, but Tezpores moved down from Rs. 16.06 to Rs. 15.87.

Miscellaneous industrials were firm. Following the news that the factory would soon go into production, East Anglia Plastics were in good demand and rose to as high as Rs. 26, from Rs. 22.25. Alkali and Chemicals were done at Rs. 45.31, as the the earlier news of higher dividend continued to attract interested buying, but closed at Rs. 44.75. B.I. Corporations were higher at Rs. 11.31 before closing at Rs. 11.19. Aluminium Corporations at Rs. 18.37 were almost one point higher. Dunlop Rubbers were firm at Rs. 39.50, as were Rallis India at Rs. 155. Martin Burns, after rising to Rs. 31.06, closed lower on balance at Rs. 30.25.

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Madras Stock Exchange

MADRAS, 17*th January*

The Stock Exchange ruled easy during the week under review, barring textiles and a few coffee and rubber shares which continued to elicit good investment support. The reduction in the minimum margin requirement on bank advances against shares from 50 to 40 per cent had no perceptible effect. Nor was the reported purchase by the Life Insurance Corporation in Bombay and Calcutta markets of much avail. Listless conditions prevailed in the sugar section. Teas encountered selling and drifted downward. In the miscellaneous section, chemicals and cements were particularly depressed. It was reported that the Committee of the Madras Stock Exchange was contemplating to include Mettur Chemicals, Dalmia Cements and South India Viscose in the forward list as from the next settlement.

In the sugar section, Cauverys lost Rs. 2.50 to Rs. 115. Mysores suffered a setback of Re. 1 to Rs. 55.50. Deccans declined by 30 nP to Rs. 10.75. East India Distilleries shed 13 nP to Rs. 35.87. United Breweries closed at Rs. 83.59 *cum-div. ex-right*, as against Rs. 101.55 *cum-div. cum-right*. Travancores were steady at Rs. 8.50 and Indias at Rs. 10.90.

Among teas, Nonsuchs fell by a rupee to Rs. 24.50. Parksides dropped 70 nP to Rs. 25.25, United Nilgiris 50 nP to Rs. 23 and Peermades 25 nP to Rs. 22. Periakaramalais moved down by 18 nP to Rs. 3.32. Blue Mountains were quoted 5 nP lower at Rs. 2.46 *ex-div.* Highlands were quiet at Rs. 14.10. Kil Kotagiris at Rs. 5 and Chembras at Rs. 3.32.

Coffees tended to move up. Coffee Lands rose by 36 nP to Rs. 15.78. Consolidated Coffees improved by 30 nP to Rs. 17.30. Ouchterlony Valleys picked up 5 nP to Rs. 3.75. Cowcoodys were steady at Rs. 4.39, Anaparais at Rs. 3.15 and Balanoors at Rs. 14.

Rubbers fared better. Travancore rose by 57 nP to Rs. 13.12. Vaikundams gathered 25 nP to Rs. 32.75. Cochin Malabars were higher by 8 nP at Rs. 7.38. T.R. and Ts, however, declined by 27 nP to Rs. 10.47.

Among textiles, South India Viscose improved by Re. 1.50 to Rs. 183. Bangalore Woollens rose by a rupee to Rs. 240. Buckingham and Coimbatore Spinnings strengthened by 50 nP each to Rs. 253.50 and Rs. 69, respectively. Kotharis gained 12 nP to Rs. 13.62. Lakshmis were fully steady at Rs. 165, Madurais at Rs. 42.85 and Cannanoors at Rs. 173. Coimbatore Cottons, however, lost a rupee to Rs. 216. Travancore Rayons eased by 25 nP to Rs. 44.55. Radhakrishnas lost a like amount to Rs. 39.25.

In the miscellaneous section, Tube Investments were marked down by Rs. 3 to Rs. 280. Standard Motors fell by a rupee to Rs. 15.50. Travancores declined by 30 nP to Rs. 18.25. F.A.C.Ts by 15 nP to Rs. 8 and Mysore Fertilisers by 10 nP to Rs. 10.60. But Mettur Chemicals hardened 35 nP to Rs. 14.75. Indias fell by 10 nP to Rs. 6.25. Orissas dropped a similar amount to Rs. 15.90. Dalmias shed 5 nP to Rs. 11.95. Ashok Leylands shed 5 nP to Rs. 9.08. But Aluminium Industries rose by 10 nP to Rs. 23.45.

THE CENTRAL BANK OF INDIA, LTD:

PROFIT FOR THE YEAR 1961

The net profit of the Bank for the year ended 31st December, 1961, including the sum of Rs. 18,61,490.96 brought forward from the previous year's account and after providing for Taxation, amounts, subject to audit, to Rs. 2,01,36,733.88 which the Directors have disposed of as follows :—

	Rs.
An *ad-interim* dividend paid at the rate of Rs. 2.40 per share, subject to tax (i.e. Rs. 1.68 net) for the half-year ended 30th June 1961.	30,24,000.00
Amount transferred to Reserve Fund	45,00,000.00
Amount transferred to Staff Gratuity Fund	10,00,000.00
Amount provided for Bonus to Staff	60,00,000.00
	1,45,24,000.00
The balance of Rs. 56,12,733.88 the Directors propose to recommend to the Shareholders to dispose of as follows :—	
To pay a Final Dividend for the half-year ended 31st December 1961 at the rate of Rs. 2.60 per share, subject to tax (i.e. Rs. 1.82 net), making in all 14% net for the whole year ..	32,76,000.00
To Carry Forward to next year's account	23,36,733.88
	Rs. 2,01,36,733.88

NEWS IN BRIEF

A YUGOSLAV trade delegation has commenced negotiations with the Government of India officials at New Delhi on trade arrangements for the year 1962.

The Rs. 13-lakh electroplating shop, built as an adjunct to the Heavy Electricals Factory in Bhopal, was declared open by Mr. K. C. Reddy, Union Minister for Commerce and Industry, on Friday the 12th inst.

A Rs. 5-crore terylene plant, with an annual capacity to produce 4.5 million lbs. of I.C.I. polyester fibre is proposed to be put up at Thana, near Bombay, by Chemicals and Fibres of India Ltd. It is expected to go into production in 1964.

The East German Company, the Karl Pouva Factory, has designed and produced a small camera manufacturing plant to be put up at Calcutta. The plant will produce the well-known plastic camera, "Pouva Start," under licence in India. It will have a capacity to produce 300 6 x 6 centimetre roll film cameras in eight hours.

The Ashoka Hotels Ltd., New Delhi, earned a profit of Rs. 25.95 lakhs during the year ended March 1961, as against Rs. 10.03 lakhs in the previous year. The profit for the first eight months of the current financial year is put at Rs. 21.75 lakhs. The profits have enabled the Hotel to wipe off an accumulated loss of Rs. 46.06 lakhs as at the beginning of 1960-61.

The Film Finance Corporation Ltd. has sanctioned a loan of Rs. 3½ lakhs to Bombay Movietone Private Ltd., Bombay, for the production of the picture "Amar Jyoti." The loan will be paid in instalments and bears interest of 9 per cent per annum subject to a rebate of interest for early repayment as provided in the by-laws of the Corporation.

The Central Board of Revenue has decided to extend the procedure for export of goods under claim for rebate of duty on the excisable contents thereof to aluminium utensils. This concession has been granted under Rule 191-A of the Central Excise Rules. It has also decided to permit the manufacture in bond of aluminium utensils for the purpose of export, under Rule 191-B of the same rules.

The Paper Traders Association, Bombay, has sponsored a new company called the Paper Merchants Trading Corporation Ltd. for distributing paper imported by the State Trading Corporation. The capital now issued for subscription by the Company is Rs. 10 lakhs, consisting of 10,000 equity shares of Rs. 100 each. Members of the Association are expected to subscribe to the capital.

An exhibition of the Toray nylon products, manufactured by the Japanese company, the Toyo Rayon Company, will be inaugurated in Bombay by Mr. S. K. Patil, Union Minister for Food and Agriculture, on the 22nd inst. The entire range of goods produced from nylon, polyester fibre and polyethylene fibre will be on display. Toyo Rayon, which has seven manufacturing plants in Japan, produces annually 136,000 tons of different types of man-made fibres.

Purchases by the Government from small-scale industries during 1961-62 are expected to amount to Rs. 8 crores, as against Rs. 2.63 crores in 1957-58, according to Mr. N.E.S. Raghavachari, Director-General, Supplies and Disposals, Government of India. The policy of the Government is to buy stores from small industries even by allowing justifiable price preference and the number of items for purchases from small-scale industries has now been increased from 27 to 46.

Over 630 suggestions for economy in the production cost of railway equipment and for improving efficiency on the railways were received from the railwaymen all over the country during the year 1960-61. Of these, 85 had been accepted by the Screening Committees functioning on the various Railway Administrations to scrutinise these suggestions. The accepted suggestions would result in net annual savings of over Rs. 63,000 in addition to economy in working hours. The suggestions emanate from all classes of railwaymen, including welders, fitters and mechanics. The successful suggestions earned the workers cash prizes, besides advance increments and letters of appreciation.

Austria has agreed to liberalise import restrictions on certain Indian goods upto the end of 1962. The products include cotton fabrics (both mill-made and handloom), silk handloom fabrics, miscellaneous hand-made silk and woollen textiles such as shawls, scarves, *saris* and embroidered shoes, hand-made woollen carpets, linoleum, handicrafts such as ivory goods, fancy jewellery, certain sports goods, toilet cases and travel bags made of leather. Apart from the above products, it is learnt, items like canned and preserved fruits and fruit juice, preserved fish, prawns, frog's legs, cashew-nuts, walnuts, linseed, castor and crude oils, tea and coffee are allowed to be imported into Austria without any quota restrictions. It is expected that goods of all types and handicrafts made of brass or copper will also be liberalised by Austria during 1962.

Letters have been exchanged between a Czechoslovak trade delegation and the Government of India, adding new items to the schedules of goods available for trade between the two countries attached to the current Indo-Czechoslovak trade agreement signed in November 1960. It is anticipated that, during 1962, the Indo-Czechoslovak trade will increase substantially. The commodities to be imported into India will continue to include goods and machinery items, power generating equipment, printing paper, industrial raw materials, cinematographic film (raw), machine tools and precision instruments. The exports from India to Czechoslovakia, on the other hand, will be steel products, tobacco, vegetable oils, woollen textiles, cotton textiles, jute manufactures, coir yarn and coir manufactures, sheep casings, ferro-manganese, chemicals and pharmaceuticals, handicrafts, handlooms, etc.

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From Abroad

Copper output in Chile during the year 1961 was higher at 481,241 tons, as against 480,100 tons in 1960.

Britain's steel industry achieved a post-war record in exports in 1961—about 21½ per cent of output. A marked fall in imports contributed to the rise in net exports from 2.5 million ingot tons in 1960 to an estimated 3.7 million ingot tons in 1961.

The British Rootes group has secured a Chinese order for 100 three-ton and 30 five-ton Commer petrol-engined trucks. It has also received some orders from Czechoslovakia and Poland. The total value of all these contracts is given as £400,000.

The world cocoa crop in 1961-62 is estimated by the U.S. Department of Agriculture at 2,427 million lbs., which compares unfavourably with 2,628 million lbs. in 1960-61. The output in Ghana (800 million lbs.) and Nigeria (375 million lbs.) is lower than earlier estimates.

Japan's negotiations with the I.M.F. for securing a $300 million standby credit have reached the concluding stage. The country is also negotiating with the U.S. commercial banks for loans aggregating $120 million, in addition to the $200 million granted by three U.S. banks in November last.

The U.K. has just paid the Government of Cyprus £1.5 million under the Cyprus treaty, which guaranteed aid payments of £15 million during the first five years, with effect from August 1960, when the island became independent. This instalment raises total payments so far to £7 million.

The number of persons in civil employment in Britain increased by 12,000 during November 1961 to the highest-ever total of 24,029,000. The increase is attributed to the seasonal expansion of employment in distributive trades, together with a further increase in the number of women and girls at work. There was also an increase of 7,000 (mostly men) in manufacturing industries, reflecting mainly a recovery in the vehicle sector.

The output of plastics materials in the U.K. rose by 7 per cent to 605,000 tons in 1961. Almost the whole of this increase was accounted for by thermoplastics, the production of which increased by 11 per cent. The output of polystyrene rose by 20 per cent, p.v.c. polymers by 15 per cent and polythene by 10 per cent. Exports rose by 13 per cent to 200,000 tons, but the total value declined.

The total new premiums secured by the British life insurance industry during the calendar year 1961 amounted to £187 million, as compared with £167 million for the previous year. The figure represents a growth rate of 12 per cent, which is substantially lower than the 20 per cent reached in the previous year. The new sums assured aggregated £3,089 million, as against £2,716 million in 1960.

The U.S. needs stockpiles of strategic materials worth $4,500 million only to meet the requirements of any emergency, as against the present level of $8,500 million. This view has been expressed by the Combined Defence Production Committee of the U.S. House of Representatives and the Senate in its eleventh annual reports. The report has called for efforts to dispose of excess materials in the national stockpile and Defence Production Act inventory.

Seven Latin American countries (Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay) have reduced tariffs for the first time among themselves on 2,500 items of trade by about 23 per cent with effect from the 1st inst. It may be recalled that, in February 1960, the seven nations signed a treaty in Uruguay to form the Latin American Free Trade Association. Eduador and Columbia are also expected to join the new trade bloc.

The Austrian industry proposes to secure the services of 40,000 workers from foreign countries between April and October next, under an agreement entered into by the Austrian Chamber of Economy and Trades Union Council. This move is a sequel to the need for avoiding an acute shortage of labour such as the one experienced last summer, when five vacancies were notified at the labour exchanges for every man unemployed.

The Japan Air Lines will commence a Convair 880 M jet service from Tokyo to Europe via India in the late autumn this year. The new service, which will be twice a week, will touch Hong Kong, Bangkok, Calcutta, Karachi, Cairo, Rome, Frankfurt, Paris and London. Japan has concluded air agreements with some of the countries concerned and proposes to initiate talks for similar agreements with others.

PERSONAL

MR. P. A. Gopalkrishnan, Chairman of the Life Insurance Corporation of India has gone on a short visit to Ceylon, at the invitation of the newly formed Insurance Corporation of Ceylon.

Mr. M. K. Vellodi, India's High Commissioner-designate to Tanganyika, presented his credentials to the Governor-General, Sir Richard Turnbull, on the 9th inst.

Mr. Akira Isobe, Vice-Chairman of the Fuji Bank of Tokyo, Japan, who is on a tour of Asian countries with a view to studying economic conditions at first hand, has arrived in India.

Mr. Pratap Bhogilal, Director-in-charge of Shree Ram Mills Ltd., has been re-elected Chairman of the Millowners' Association, Bombay, for the year 1962.

Mr. Pravinchandra V. Gandhi, Managing Director of the Dena Bank, has been elected President of the Indian Merchants' Chamber, Bombay, for 1962. Mr. G. D. Somani, a leading industrialist, has been elected Vice-President.

Mr. R. V. Sirur, a prominent businessman of Mysore, has been elected President of the Karnatak Chamber of Commerce for the year 1962. The Vice-Presidents are Mr. B. A. Desai, Mr. Ramji Devji and Mr. Veerabadrappa Chigateri.

Dr. Phiroze B. Medhora, the Industrial Economist of the Industrial Credit and Investment Corporation of India Ltd., has been deputed by the I.C.I.C.I. to advise on the reorganisation of the Agricultural Bank of Mauritius. Dr. Medhora's assignment has been arranged in consultation with the Commonwealth Development Finance Company, Ltd., London.

Mr. P. A. Macrory, Secretary of Unilever Ltd., London, will be in Bombay next week on a short visit. Mr. Macrory, who was a member of the British Bar before the war and the Chief Legal Adviser to the British Military Governments in the Middle East, looks after the Legal, Property and Insurance Departments, besides the Information Division and Share Registry.

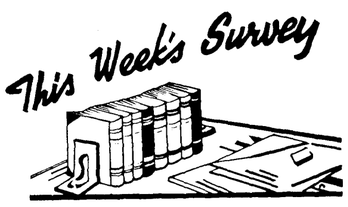
Dr. P. S. Loknathan, Director General of the National Council of Applied Economic Research, New Delhi, is among the five top economists of the world, whose services have been sought by the Organisation for Economic Co-operation and Development (O.E.C.D.) in connection with the establishment of a development centre for helping developing countries. The four other economists are Mr. Raul Prebisch of the U.N. Economic Commission for Latin America, Prof. Edward Mason of the Harvard University, Mr. Roger Gregoire, former head of the European Productivity Agency, and Prof. Jan Tinbergen of the Netherlands.

The Government of Iraq has asked foreign commercial agencies operating in the country to permit at least 51 per cent of the capital to be held by Iraquis, or give up their agencies. This step affects about 26 firms holding 410 agencies, including those belonging to the U.K. (British Petroleum-Iraqui Agencies and Imperial Chemical Industries agency), the U.S., West Germany, Pakistan and Denmark. Penalties for non-compliance are fines upto £5,000 or two years' imprisonment.

Under an agreement signed last week at Karachi, the U.K. Government will give a loan of £7 million to Pakistan to finance some of the projects in the second Plan. The loan will be used for buying British jute machinery, buses, port dredging equipments, postal and telegraph equipments and plant and machinery for an electrical and mechanical workshop. The loan is repayable over a period of 25 years, including a grace period of seven years. It brings the total U.K. aid for Pakistan's second Plan to £15 million.

West Germany's gross national products in 1961 stood at about DM 310,000 million, or about 10 per cent more than in 1960. The growth at constant prices was 5.5 per cent, as compared with an increase by 8 per cent in 1960. Salaries and wages are believed to have risen by more than 10 per cent last year, showing one of the highest growth rates in the world, while business profits rose less than in 1960. Productivity in industry (higher by about 5 per cent) increased much more slowly than in 1960 (by 8 per cent).

Two years of successful operation of its package irradiation plant at Wantage, Berkshire, has led the United Kingdom Atomic Energy Authority to license several British companies to manufacture irradiation equipment. The prototype package irradiation plant at Wantage, which has a design capacity of 500,000 curies of cobalt-60, has at present a source strength of 270,00 curies. It is mainly used for the sterilisation of medical equipment and hospital items such as blankets. The first plants in the world used solely for large-scale and continuous sterilisation of medical and hospital supplies, together costing about £80,000, excluding the cost of radiation sources, will be built at Slough, Buckinghamshire, and Edinburgh, Scotland. They will use intense gamma radiation from sources of cobalt-60 made in the Calder Hall (Cumberland) reactors and fabricated at the Radiochemical Centre, London.



E.E.C.'S FARM POLICY

THE agreement just reached among the Six constituent member-countries of the European Economic Community (Common Market) on the question of a common agricultural policy is of historic significance. For, at one time, it appeared that the lack of unanimity over a common farm policy would have undermined the whole ambitious scheme of Common Market, which, during the last four years, had developed into a dynamic force of unity and integration in Western Europe. The agreement on this thorny issue has given the green signal to the Common Market to enter into the second stage, retroactive from 1st January 1962 onwards in conformity with the provisions of the Rome Treaty. Tariffs among the Six on industrial goods, which have already been reduced by 40 per cent, will now be cut by another 10 per cent, bringing the total cut to 50 per cent of the 1958 level. Having reached the second stage, the Common Market will henceforth need only the approval of the majority of its members, and not unanimity as was the case hitherto, for taking decisions in regard to the future. There is now hardly any other major stumbling block in the way of the Common Market for achieving full economic and customs union during the two stages of four years each (1962-69). The European Common Market has thus crossed the Rubicon and entered a "point of no return."

The negotiations on the farm policy, however, have been quite prolonged and marked by serious clash of interests (*vide* page 52 of *Commerce* dated 6th January 1962). But the Six showed a commendable spirit of accommodation at last, subjugating the narrow consideration of national interests to the wider interests of the Six as a whole. Under the agreement now arrived at, the Six will be opening their frontiers to one another's agricultural products and they will gradually equalise their agricultural support prices. They have also agreed to levy special taxes on food imports from third countries, using this tax to finance exports of the Common Market surpluses to outside markets. Thus, for instance, West Germany, which buys cheap food from non-European sources, will now give preference to French and Dutch products and will eventually use the proceeds of levies on imports from third countries to subsidise French and Dutch exports. This arrangement will adversely affect the third countries' exports of only such products as are raised in the Common Market.

A significant feature of the agreed formula for agricultural policy is the price policy evolved by the Six, with the object of eventually harmonising prices of low-cost and high-cost producers within the Common Market. Basically, for all products except fruit, vegetables and wine, the system of pricing involves the creation of "a common price plateau" throughout the Community which will be maintained above the world market level by means of variable import levies on supplies from third countries. For cereals (and later for dairy produce, too) "target prices" will be fixed and the import levies will measure the difference between these and world prices. In the case of eggs, poultry and pork, there will be no targets, but import levies will be related to the "target prices" of feed grains. The term "target prices," indicates that authorities have an option to buy at a slightly lower price than the harmonised price.

Within the Common Market, "target prices" will be brought to a common level in a period of 7½ years, and possibly less, if the E.C.M. Council gives its unanimous approval. Maximum and minimum points have already been established within which the common level must subsequently be found. The first move towards this level will be made in pricing the 1963 crop, but the magnitude of this and subsequent adjustments have still to be worked out. Equally, it is yet to be decided where the eventual price plateau is to be within the present price range, although the principle has been accepted that, at the end of the agricultural transition period, prices should be such as to discourage inefficient and uneconomic farming. For fruit, vegetables and wine, by contrast, there will be no artificial "target prices." Instead, the aim in respect of these products is to establish free markets within the Community, where prices will be allowed to find their own level behind a common customs tariff against the outside world.

Although full details of the agreement have not yet been released, it is certain that the concessions granted to West Germany are of short-term duration only, involving certain bilateral quotas in respect of third countries for some time to come. This implies dislocation of traditional farm imports of West Germany from third countries such as Canada, the U.S., Argentina and Australia. In the absence of full details, it is not clear whether the new arrangement will mean the violation of the G.A.T.T. provisions which seek to avoid sudden dislocation of trade and imposition of fresh handicaps.

Be that as it may, the solution on the farm policy front, in turn, is likely to speed up the consideration of Britain's application for entry into the Common Market. From the tenor of the agreement on farm policy it seems unlikely that the Six will grant any sizable concessions to the U.K. either in respect of its agriculture or Commonwealth preferences, in the event of its joining the bloc. This is a matter which should cause concern to Commonwealth countries like India.

In the meantime, the U.S., it would appear, has been able to secure tariff reductions of about 20 per cent from the Common Market countries in respect of industrial goods (and not farm products, be it noted) on a reciprocal basis. An indication to this effect has been given by President Kennedy himself. No agreement has, however, been signed so far. The negotiations between the U.S. and the Common Market, which commenced over a year ago, continues at Brussels, tackling the details. The proposed measure, of course, shows that the Six have realised the need for avoiding discrimination in respect of trade with third countries. It is to be hoped that the Six will show the same spirit of accommodation in their negotiations with the developing countries also and grant them liberal facilities for trade, without insisting on reciprocal concessions.

STATE ROAD TRANSPORT

State Road Transport Undertakings operated by the different State Governments in India provide at present largely passenger services. The share of these nationalised undertakings in the total road passenger services provided by an aggregate fleet of about 50,000 buses in 1960-61 was 30 per cent. In spite of the proposed addition of 7,500 vehicles to the fleets of State undertakings during the third Plan period, this share of 30 per cent is expected to remain unchanged. Still, in absolute terms, road passenger transport in the public sector will account for as many as 22,500 stage carriages or buses. An idea of the aggregate investment that will have been made in State Road Transport Undertakings upto the end of the third Plan can be had from the provision of Rs. 26 crores made in that Plan for their expansion. That a large and growing enterprise of the kind should be run on efficient and economic lines is underlined by the relatively better performance of road passenger transport in the private sector. It is good, therefore, to know that the Industrial and Mining Team of the Committee on Plan Projects has suggested a number of measures for improving the operational efficiency of State Road Transport Undertakings and for bringing about greater economies in repair, maintenance and body building.

The present state of affairs in the nationalised sector of road passenger transport leaves much to be desired. The Team's study shows, for instance, that several State undertakings incur losses because of the relatively low percentage of the fleet that is put on the road. At present, the percentages of buses on the road to the total fleets vary from 62 to 85 in different States in the absence of any definite norm for fleet utilisation. The varying rates of fleet utilisation reflect, in turn, the lack of uniformity in vehicle maintenance practices and procedures for stocking spare parts. A multiplicity of makes of vehicles kept by the same undertaking, it is found, results in shortages of spare parts and affects the quality of repair and maintenance work. In the light of these findings, the Team has appropriately recommended that a minimum rate for fleet utilisation should be laid down to serve as a standard for judging the efficiency of workshops and stores organisations. Its related recommendations that a State undertaking as a whole should maintain, where practicable only one make of vehicles and that vehicles of odd makes should be written off on their coming uneconomical in operation are equally sensible. Another important suggestion made by the Team is that protective stocks of such items of spare parts as are in much use should be purchased in economic lots.

There are at least two economy measures which, according to the Team, are quite worthwhile. One measure is to paint only the front of the bus, leaving the entire exterior of the aluminium-panelled body unpainted. This should be easily possible, for nowadays all bus bodies are made out of aluminium sheets which do not corrode under normal conditions like the mild steel sheets which have been used till recently for panels. As an economy measure, it can be profitably adopted, for the estimated saving that can be effected thereby is Rs. 75,000 to Rs. 1,00,000 on a fleet of about 1,000 buses. The other economy measure suggested by the Team is that the tyre should be regrooved before retreading. As such a practice will give about 25 per cent extra mileage at little cost and help utilise the tyre to its full life and as it is widely followed even in countries where there is no shortage of rubber and truck tyres, there is no reason why it should not be adopted in India too.

WORKERS' PARTICIPATION IN MANAGEMENT

A Republic Day feature, which reviews the progress of the scheme of workers' participation in management, distributed to all newspapers by the Press Information Bureau, Government of India, tries to convey the impression that the establishment of Joint Management Councils in 27 industrial units in the country—17 in the private sector and 10 in the public sector—has transformed, as though by magic, labour-management relations in them. The review makes the pompous claim that, as a result of the setting up of Joint Councils, "both managements and workers now have a better appreciation of the difficulties and problems of one another" and goes on to assert that "while managements have become more sympathetic to workers—their problems and their views—the workers are now more willing, even eager, to do better in raising productivity." The review claims many other tangible results for the scheme such as increase in production and productivity, decline in industrial accidents and rise in profits. It is further stated that the Union Labour Ministry is currently in contact with over 100 industrial establishments, both in the public and private sectors, to assist them in launching the scheme of workers' participation in management and setting up Joint Councils.

The review is presumably prepared or approved by the Ministry of Labour. Since it is intended for publication on a special occasion like Republic Day, some exaggeration of the merits of the scheme and its achievements is understandable. But what is the point in painting a picture that has no resemblance to reality, unless it be to deceive the public? Certainly, the Union Labour Ministry cannot pretend to be the sole judge of the scheme. Judging from the actual working of the Joint Councils, the claim made by the aforesaid review is largely unfounded. No less a person than Mr. K. C. Reddy, Union Minister for Commerce and Industry, has stated this week at Bhopal that the scheme has not proved a success in units in which it has been introduced. Since most, if not all, of the units in the public sector, in which Joint Councils have been set up, are under Mr. Reddy's Ministry, his opinion cannot be easily brushed aside. Mr. Reddy went a step further and said that one of the main reasons for the failure of the experiment (in public sector units) was that representatives of workers on the Councils always had the labour point of view uppermost in their minds and at times forget the interests of the industry or of the country as a whole.

It is precisely this attitude of labour that is at the root of not only the failure of the Joint Councils but also many of the problems of industrial relations in the country. It is also responsible for the raising, at meetings of the Joint Councils, of issues which are outside their province and thereby paralysing the functioning of the Councils. Unfortunately, the managements, too, cannot be absolved of all blame for the failure of the scheme. The managements have been lagging behind in implementing the decisions of the Joint Councils, either because they are unable to do so without specific permissions from the Government, which usually takes much time, or because of administrative inertia. The resulting lack of confidence of workers in the usefulness of the Council have made them indifferent to its success.

It is clear from the little experience that has been gained so far that, if workers' participation in management, even in the limited sense in which it is being tried at present, is to succeed, two conditions must be satisfied. First, managements must be given sufficient powers to enforce the decisions of the Joint Councils without having to make a reference in the case of each and every decision to the Government, and, secondly, workers should have the understanding that their interests are identical with those of the industry and the community as a whole. While the former can be done forthwith, the latter can result only from a more intensive effort in workers' education. Unless this is done, the extension of the scheme to more and more units is not advisable. This remark applies with equal force to the units in the private sector too.

SWEDEN'S ECONOMY

With a land area of no more than 449,682 kilometres and a population of just 7.5 million, which is equal to the combined population of both Calcutta and Bombay cities, Sweden ranks as one of the countries having the highest standard of living in the world. The gross national product (at current prices) of Sweden during 1961 was as high as 73,900 million kronors (equivalent to approximately Rs. 6,811 crores), which is expected to be higher still at 76,600 million kronors in the current year; the *per capita* income works out to over Rs. 9,080. The persistently upward trend of national income reflects the growing strength of the country's economy. The national budget report of Sweden, presented last week by the Finance Minister, along with the budget estimates for the fiscal year 1962-63, forecasts an increase of 3½ to 4 per cent in industrial production during the calendar year 1962, expansion of business sector, intensified housing construction, and large investments by the Government and municipalities. The bulk of the increased public investments, it is felt, can be financed through borrowing, thanks to an improvement in savings, both private and under the National Pension Scheme. The report also forecasts a perceptible rise in private net incomes (following rise in wages and salaries plus higher pensions and child allowances, coupled with lower tax rates), reduced inflationary pressure exerted by demand and 3-4 per cent increase in consumption.

While the general picture of Sweden's economy in 1962 thus indicates continued high activity, the country, we are told, may be faced with certain disquieting trends. Particular mention is made of labour shortage, especially in the engineering industry and housing construction in major cities. Mention is made, too, of possible employment problems in steel and forest industries, as well as in forestry and building activities in North Sweden, though hope is expressed that the problems may be overcome by the implementation of normal labour market policy measures. Further, attention is drawn to the adverse price trends in foreign trade, and it is stated that the improvement in foreign exchange reserves which took place last year is not likely to continue this year. In view of these unfavourable trends, the Finance Minister of Sweden, Mr. Gunnar Strang, has warned that the task of maintaining equilibrium in financial policy may be increasingly difficult during 1962-63. And he has made it clear that if the demand for labour and capital expands in a period of full employment, Governmental counter-measures, that is, a strong fiscal policy and a restrictive monetary policy must be strictly maintained and even tightened.

It is against the aforesaid background that Sweden's Finance Minister has formulated the State budget estimates for the ensuing financial year (1962-63). The operating budget discloses a surplus of Kr. 1,678 million, which is smaller than that (Kr. 1,928 million) for the current year (1961-62). The reduction in surplus has occurred because the entire anticipated rise of Kr. 850 million in revenue receipts (from Kr. 18,002 million in 1961-62 to Kr. 18,852 million in 1962-63) has been neutralised by the increase of Kr. 1,100 million in expenditure (from Kr. 16,074 million to Kr. 17,174 million). Following certain adjustments in both incomes and expenditures, but not allowing for higher salaries to civil servants or possible extraordinary appropriations, the surplus for 1962-63 is expected to be Kr. 1,513 million, as against Kr. 1,712 million for 1961-62. The capital budget of Sweden provides for investment appropriations amounting to a total of Kr. 2,610 million, which is more or less the same as for the current year.

A striking feature of the operating budget for 1962-63 is that nearly one-third of the total revenue is earmarked for social welfare, the sum actually provided being Kr. 5,263 million, as against Kr. 4,724 million for 1961-62. The rise is accounted for mainly by old-age pensions and sickness and motherhood insurance benefits. Quite a bit of the revenue is also earmarked for education, the exact allocation being Kr. 2,305 million, a rise of Kr. 168 million as compared with the current year. The higher provision is attributed to the continued improvements in higher education and research, as also support for artistic, literary and musical activities. It is noteworthy that appropriations for foreign aid have been raised, pending a special proposal, by Kr. 80 million to Kr. 130 million. A special body called the Board for International Assistance has already been established for handling the relevant questions.

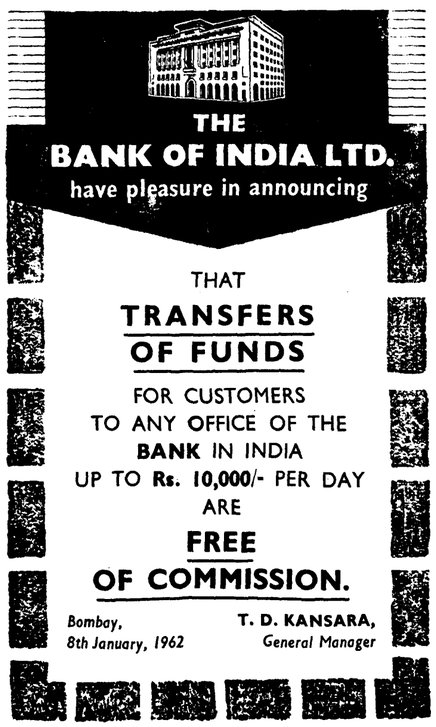
WATCH INDUSTRY

The watch has become so essential a part of modern life and the supremacy of Switzerland in watch-making is so absolute that many countries are trying to build up their watch industries to the level of the Swiss industry. Large-scale smuggling and spurious imitation—both tributes to the excellence of the Swiss watch—are an index of the popularity of Swiss watches and clocks throughout the world. Annual exports of watches and clocks from Switzerland aggregate 40 to 45 million pieces, valued at £100 million or about Rs. 133 crores, representing some 16 per cent of the total value of that country's exports. The Swiss watch industry, which is a fine example of decentralised manufacturing activity, gives employment to 75,000 men and women. Their contribution to the country's exports is more than that of the 68,000 textile workers, though slightly less than the share of the 32,000 chemical workers which is about 20 per cent. Unlike other industries in Switzerland, the watch industry's dependence on imports for raw materials is very little and hence, in the long run, it is considered the chief foreign exchange earner.

Although Switzerland is still the world's most important watch-maker, it is gradually losing its share of the world market, thanks to the steady growth of watch manufacture in many industrial countries in the post-War period. Thus, the Swiss share of the world market for watches has declined from 70 per cent to 50 per cent during the past ten years. For a long time, the main competitors to Switzerland have been West Germany, France, Britain, the U.S. and Japan. Under the protection of tariff walls, watch manufacturers in these countries have enjoyed the lion's share of their respective national markets. But, of late, the Soviet Union has emerged as a major producer of watches, with its annual production currently running at the rate of 15 million watches, as against a mere 700,000 in 1939. But the Swiss seem determined to hold their own against the increasing foreign competition. With a view to improving still further the efficiency of their watch industry, a new legislation has been brought into force, with effect from 1st January 1962, in the place of the old statute, in force since 1951 which laid down strict control over the manufacture and sale of watches and parts. Explaining the main features of the new legislation, the *Economist*, London, says:

"The restrictive system is to be dismantled by stages over four years, beginning on 1st January 1962. The new policy of stimulating the industry by liberalisation is to have a safety device attached to it: a system of official technical control, insisting upon a minimum standard of quality, of all timepieces and parts destined for the foreign market. Thus, through strict supervision of the quality of exports, the industry hopes to maintain the singular advantage of its established reputation for making the finest watches in the world—even when it is turning out many more than before. A second innovation with the same long-term object is the obligation imposed upon manufacturers to make 'solidarity contributions' to a fund for scientific and technical research. There is still much important work to be done here, particularly in the field of electronics. The competition which the new dispensation invites within the Swiss industry itself will spur many manufacturers into reorganising and rationalising their methods, and some of the smaller fry, perhaps, into merging with other strugglers. But although it is anticipated that the co-operative buying of materials will increase, there is no visible trend at present towards financial concentration. The price cartels will continue to operate as before."

With the commencement of watch production at the Hindustan Machine Tools, Bangalore, next year, India too will make its debut as a producer of watches. It has already started producing alarm clocks. In a year's time, it is



proposed to manufacture 55,500 watches (for both ladies and gents) per year at the Hindustan Machine Tools. The estimated cost of the entire project is Rs. 2.5 crores. Production will be stepped up to 360,000 a year in multiple shift, in about six years' time. But, even if production were to reach the target, as laid down at present, a large part of the demand would still remain unfulfilled. India's annual requirement of watches is estimated at two million, of which only a part is being met from regular imports which are strictly limited, the other part being met by smugglers. It is evident, therefore, that there is an assured market for watches produced indigenously, provided they are of good quality and are reasonably priced without being tempted by the high level of prices prevailing at present due to severe restrictions on imports.

Under a recent technical collaboration agreement between the H.M.T. and the Citizen Watch Company of Japan, the Japanese company has agreed to supply technical advice and also to train 100 Indian technicians for a period of about one and a half years. Of these, 52 are already undergoing training in Japan. Five Japanese experts came to India some time back to help in the preparation of layout of the factory building and production of blueprints. Three experts are still in India to train Indian engineers in assembling watch components.

The programme of manufacture at H.M.T. has been so phased that the indigenous content of the watches manufactured would rise progressively from 54 per cent in the first year of manufacture to 60 per cent in the second year, 72 in the third year and 84 in the fourth year. Even after the fourth year, it is presumed that India would have to import about 15 per cent of the components from Japan.

The reasons for choosing a Japanese firm as technical collaborators in the H.M.T. project are two, as we see them. First, the Japanese technique of mass production (The Citizen Watch Company produces, in its eight factories, 8,000 watches a day) is better suited to the requirements and conditions obtaining in India. Watchmaking in Switzerland, on the other hand, is a decentralised activity and the technical skill of the Swiss craftsmen, which is the envy of the world, is largely hereditary. Secondly, the Swiss watch industry has not been co-operative with the Indian Government's project to establish a watch industry of a significant size. Moreover, the Swiss Government has, by statute, prohibited any step, such as export of watchmaking machinery, that might help competitive industry abroad.

Manufacture of watches in the private sector, too, is well under way. It may be noted here that a private limited company, namely, Indo-French Time Industries Limited, has already been granted licence to make watches with French collaboration. The initial capacity of the factory, which is located at Goregoan, near Bombay, will be 90,000 watches of the standard type a year, which will be expanded to 310,000 in the fifth year of production which is expected to commence in a few months' time. One more watch factory in the private sector, with a capacity of 300,000 watches a year to be located at Coonoor (Madras State), is expected to be established in the third Plan period. A West German firm will be the technical collaborators in this project. In addition to these large-scale projects, four schemes for the assembly and manufacture of watches in the small-scale sector in the Punjab, prepared by the Small-scale Industries Service Institute, Ludhiana, have also been approved. The initial approved capacity in the case of each of these schemes is 12,000 watches per annum. Besides watches, there are plans for the production of alarm clocks. The first alarm clock factory in the country at Ghazabad, near Delhi, has already commenced working with Japanese collaboration. A Madras firm is currently negotiating with an American firm, namely, makers of the famous Westclox-Big Ben timepieces, for starting a modern clock factory near Madras, with a capacity of 100,000 timepieces. It will be noted that in none of the projects for the manufacture of watches and timepieces there is Swiss collaboration.

Although India does not stand to benefit by the technical knowledge and skill of Swiss watch-makers, thanks to their desire to keep them to themselves, there is one lesson which this country can still learn from Switzerland, and that is the importance of high precision and quality in watch manufacture. Indeed, it is the technical excellence of Swiss watches that has made the term "Swiss made" the guarantee of quality in watches.

STATES AND PLANNING COMMISSION

SCRUTINY OF ANNUAL PLANS INADEQUATE

From Our Special Correspondent

NEW DELHI, 16*th January*

THE Planning Commission has been engaged for some time in the relatively humdrum task of approving annual State Plans for 1962-63 which the new Ministries will have to implement when they settle down to the business of administration after the elections. It is not clear what standards have been adopted for determining their resources; how much of additional taxation they will have the courage to impose and what their individual budgetary position will be under the Third Finance Commission's award are matters on which no firm assumptions are now possible. Moreover, commencement of work on new projects in the current year has, perhaps, suffered, owing to electoral preoccupations, so that stepping up of outlay in the next financial year may not be quite feasible. On the other hand, there is an element of political certainty, because there will be no elections in two States, Kerala and Orissa, and the Chief Ministers are not expected to change (except in three States, Mysore, Andhra Pradesh and Gujarat), though predictions may be risky at this stage. There is also some certainty about the size and content of the third Plan of all States, with the exception of West Bengal whose total outlay of Rs. 250 crores may continue to be marked "provisional" until the very end, as the most satisfactory way out of the impasse created by disagreement between Dr. B. C. Roy and the Planning Commission.

DELHI LETTER

Annual Plans

Information on the annual plans for 1962-63 has been published for seven of the 15 States. We are told that West Bengal's outlay next year will be Rs. 63.5 crores which is more than one-fourth of the total allotted figure (provisional, be it noted) and helps to maintain the make-believe that the actual Plan will be far in excess of that. On the other hand, for all the other States, the proposed outlay in the second year will be slightly below 20 per cent of their individual total; and this includes Madras also, which, in the past, has shown a capacity to exceed the target if it could only find sound projects. The figures of outlay for the other six States are given below:

(*In crores of rupees*)

State	*1962-63*	*Plan total*
Punjab	43.38	231
Bihar	63.50	337
Kerala	30.30	170
Rajasthan	39.23	236
Madras	56.27	291
Andhra	50.00	305

Considering that, in the first year of the third Plan, State outlays are likely to be much less than 15 per cent of the total, this rate of increase may not be small, though it will not square with the earlier claims of States for larger plans. One of the handicaps in judging the adequacy or otherwise of the provision is the lack of data regarding the actual progress made by each State until the completion of the second Plan and the phasing of the implementation of the third Plan and raising of resources. At several points, the third Plan document complains of the absence of concrete and workable projects—minor irrigation, is one example—and the programme outlined for each State for 1962-63 is equally very vague. Irrigation and power schemes have been highlighted in the handouts issued by the Planning Commission and targets of additional food production are given but this routine pattern is hardly helpful for purposes of evaluation and comparison or pinpointing shortcomings.

Unless there are annual reviews of performance showing where and why there were weaknesses and merits, it will be difficult to narrow the gap between the backward and the advanced States. The Planning Commission should be able to do at least as much as the Colombo Plan Consultative Committee is now attempting in respect of independent countries which are completely free to determine their own policies. State Governments are now left free to determine their plans; the Planning Commission's role is to advise them on how much of these plans can be effective in the context of the foreign exchange resources, the limits of Central assistance by way of loans and grants and the scheme of national priorities. Apparently because of the criticism to which it has been subjected in recent years from the States, the Commission is becoming more reluctant to give clear advice to the States. Nor has there been any indication of willingness on the part of the Centre or the Commission to set up planning bodies in the States which may, to some extent, act as co-ordinating agencies and give each State plan at least the same status which the national Plan enjoys, in spite of the considerable influence exercised by the Union Government in its formulation.

Central Direction

When this question was raised in the Parliamentary Committee on the Third Plan in November 1960, Mr. G. L. Nanda said: "The Planning Commission was now doing nothing but co-ordination. It was not possible to think of a Planning Commission separately for each State. There might be Planning Boards in the States. To a certain extent, there should be central direction of the economy as a whole. For example, in the case of prices, there should be central direction."

In effect, there is now inadequate independent assessment of the choice and formulation of projects and the manner of their implementation over one half of the Plan which falls in the States' sector. This affects problems like reduction of regional disparities, which can be solved only on a national basis, through special provision for the backward areas and people and Central control and supervision. The Planning Commission must, therefore, regain some of the initiative which it possessed earlier but has now lost by its own weakness.

Judged on the basis of immediate national requirements, Kerala's plan looks impressive, because high priority has been given for power development. Installed capacity is expected to increase from 1.64 lakh kw. in 1960-61 to 5.48 lakh kw., in 1965-66; the State appears to be keen on going ahead with the projects on hand —Neriamangalam, Sholayar, Pamba and some new projects. Punjab is equally keen on this aspect, though irrigation is its other major interest which is unflagging. In West Bengal, the Durgapur coke oven power plant and the Jaldhaka hydel project are two major schemes besides the Bandel thermal station. Madras is no less ambitious in the matter of power which it hopes to double by the end of the third Plan. Bihar also has sufficient number of schemes on hand. On the other hand, Andhra Pradesh does not appear to be devoting enough attention to future needs of power, in view of its immediate preoccupation with industry and irrigation.

Planning Commission Weak

The States have, perhaps, a wider audience in their mind when they give a list of the schemes for 1962-63. For example, the annual plan for each State, as put out by the Planning Commission, contains a list of the Central projects in each State (which hardly seems relevant) but offers very little information on the progress of schemes for agriculture and water-supply or health measures. Punjab makes the distinctive claim that primary credit societies have been formed in 95 per cent of the villages; Rajasthan hopes to bring 72 per cent of the State's villages and 44 per cent of the rural population under co-operatives; in contrast, there is complete silence on this vital aspect in the plans of Bihar and West Bengal, for the obvious reason that their record is dismal.

These are examples taken at random to show that the Planning Commission has adopted a routine and mechanical approach to its task of preparing annual plans for States, since it is concerned only with approving the size of the outlay. Contrary to the widely propagated belief, especially by the Swatantra Party, that the Commission is a tyrant ordering the State Governments and Central Ministries and constantly interfering with their discretion, it seems to be functioning very much in a colourless manner, possibly because its composition makes it so.

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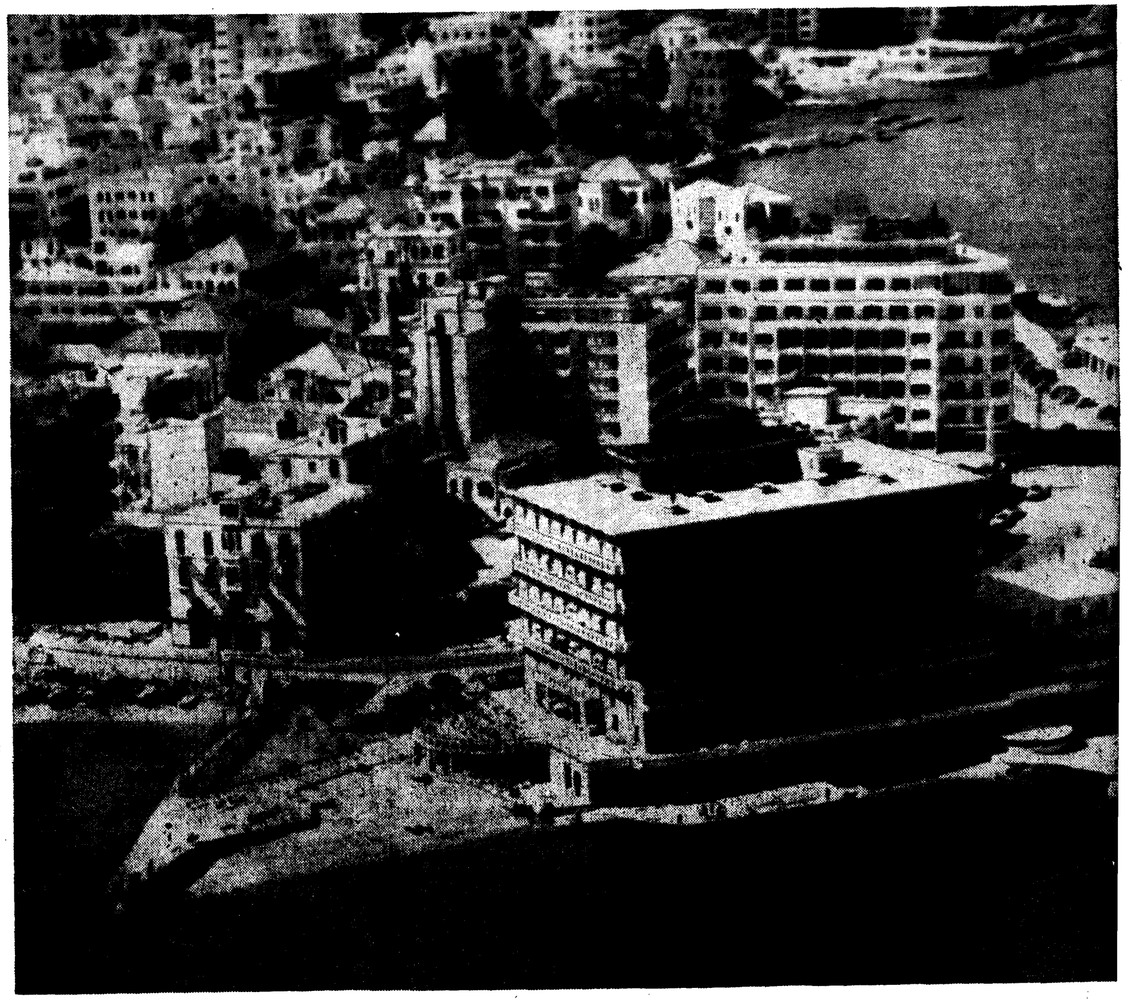

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AMERICAN LETTER

STEADY EXPANSION IN BUSINESS

LABOUR WANTS MORE LEISURE—COMPETITIVE CAPACITY IN DANGER

From Our Special Correspondent

NEW YORK, 14*th January*

THE expansion of the United States economy has been well sustained. It is based chiefly on increased spending by Government, by consumers and to a lesser extent by business. Expenditures on new plant and equipment appeared to be on the rise, but that is somewhat misleading. Most of this type of money is spent for automation, cutting costs and labour, rather than for real expansion.

However, hopes are high in this area. Surveys on capital spending plans in the first quarter of the year suggest that spending by business will be about 8 per cent higher than last year. If true, it would be quite a gain. There are also indications that, owing to better consumer response for both soft and hard goods, there will be more inventory buying by manufacturers. The holiday season produced near-record sales.

This general improvement has also helped the employment situation. The rate of jobless fell 1 per cent. Unemployment is down to a little more than 4 million which is a manageable rate in prevailing circumstances.

Slow Moves Forward

The outlook is for slow moves forward in the coming weeks and months. It applies to nearly everything—banking, finance, interest rates and politics, national and international. The request for an increase in the national debt limit does not augur too well for the Government's budgetary position. And President Kennedy's suggestions to Congress for powers to cut tariffs and taxes, for more Government subsidised aid for agriculture and the aged will have rather rough going, despite the popularity the President enjoys. The chances are that very little will be accomplished in this session of Congress and that matters will remain more or less unchanged, including foreign aid.

20-hour Week?

A vital issue which is widely debated is the U.S. balance of trade and balance of payments. Mr. Kennedy's request for authority to cut tariffs does not answer the basic question that many American goods are being priced out of world markets by exorbitant costs in relation to other countries. It seems unbelievable, but the Electricians' Trade Union in New York City is on strike at the present time to enforce its demands for a 20-hour work week. That is just one example and many more could be cited. In the long run, how can the American economy compete successfully under such conditions?

One measure, of course, would be lowering the costs of production. This can and has been done by automation. But it requires vast capital outlays these days. Because of antiquated tax laws, lack of depreciation allowances and bookkeeping cash flow, the money has to come out of earnings and hidden reserves. In published balance-sheets among listed stocks, this shows up in an exaggerated price-earnings ratio.

Formerly stocks sold at 10 times earnings. Today, some trade is made at 15 to 20 times earnings and nobody knows what the proper ratio is or should be.

Farm Policy

Another problem which is going to receive much attention here in the next few months is farming. Whether this dilemma will be resolved is another question. Basically, the U.S. farm economy produces more food than the country requires. This creates the surplus problem. Congress is opposed to legislation which makes it mandatory for farmers *not* to produce goods. It is also opposed to giving the President powers to act by decree. This is closely tied in with the foreign aid programme and the chances are that nothing profound, or revolutionary, can be expected to be done in Washington in the near future, except some schemes, in addition to the already existing ones, to sell food and produce against foreign currencies.

President Kennedy's "New Frontier" programme is emerging as a middle-of-the-road course. There are going to be few extremes and many compromises as in the Berlin issue. Labour is not going to be encouraged to hold out for excessive demands and business is not going to be too much encouraged, or discouraged, in its policies. The main tendency will be streamlining of the Government machinery with emphasis on greater efficiency and promotion of good feeling all around.

The main unresolved problem which has to break out into the open is inflation. Up to the present time, outward manifestations such as price increases have been dormant, more or less. But there is another threatened steel strike this year—there are exorbitant demands by trade unions for shorter work weeks, as stated above —all of which adds up to increased costs.

Question of Questions

The question I would like to raise is: How long will U.S. business, industry and finance be able to absorb higher costs without increasing prices, without adding to the cost of living, without dissipating any more of the present position of the dollar and without making any further inroads in America's position in world trade?

Otherwise, the year ahead looks to most observers—with some reservations. In addition to the inflationary aspect, domestically, they centre mainly around foreign questions. These include dissension in the United Nations, the virtual bankruptcy of that organisation as indicated by the proposal to float a bond issue which the U.S. will probably underwrite after much shoutings and protestations, because the U.S. cannot afford to let the U.N. die *vis-a-vis* Russia's desire to that effect. It means the dissipation of more funds for economically unproductive purposes.

Defence spending is also in this category and so is the outerspace programme, although, in all fairness, it must be said that, without the first atom bomb, there would not have been nuclear-powered ships and there would not have been such intense and partly successful research into such diseases as cancer which, on occasions, respond to radiation.

Foreign Exchange Markets

The foreign exchange markets were fairly hectic in the closing weeks and months of the year. Heavy flows of short-term capital among major financial centres dominated the scene. Central banks in the Western world co-operated closely in channelling and controlling this flow of funds. Much of it was speculative, motivated in part by political safety.

The markets were jittery and easily influenced by rumours. Said the Federal Reserve Bank of New York, "one principal reason for this was that the basic payments' balances underlying the two key currencies—the dollar and sterling—continued to be in substantial deficit in spite of noteworthy improvement for 1961 as a whole."

It is taken for granted here that any large-scale international movement of funds is bound to affect the dollar, partly because of its role as a reserve currency and partly because many countries are obligated by agreements to keep the value of their currencies within certain limits with respect to gold, or the dollar.

The foreign exchange market seems to be under much better control now. Ten main industrial countries, including the U.S., the United Kingdom, Common Market members and others have made an agreement with the International Monetary Fund at Washington to provide facilities for mobilising resources to be available for the protection of the convertibility of currencies in the event that developments may threaten to impair the functioning of the international monetary system. This agreement should be of as much interest in India as in the rest of the world.—*All Rights Reserved.*

THE CHANCELLOR WRITES TO LABOUR

(From Our Special Correspondent)

LONDON, 14*th January*

LONDON LETTER

ALTHOUGH the head of the National Planning Board or National Economic Development Council, as it is called, has been appointed—an administrative head of course—the Council does not yet exist and the Treasury and the Chancellor must still do all the work of national planning! The Chancellor is determined to bring both sides of industry together with the Government and his latest effort is an appeal to the Trades Union Congress to consider seriously the national good and to make suggestions on the right course to take in the matter of wages policy. But, though the T.U.C. are once again leaning towards joining the Chancellor's Council, they are quite divided about having anything to do with a wage restraint policy. Thus, the Chancellor's appeal—which has been published to the world—is to sit in cold storage till the T.U.C. design to consider it next week. (*Vide* page 116 for full details.)

As Your Correspondent forecast last week, the Chancellor has now come forward to end the pay pause at the end of March (budget time), *provided* a period of restraint is adopted—a policy which *both* sides of industry would have to accept. Of course, the trouble with this sort of suggestion is that capital never has any difficulty in supporting it, as they can always catch up with dividends at some later date. On the other side, the T.U.C. argue that they cannot oblige individual unions to hold up wage claims, so that their acceptance of a restraint policy would be ineffective—how spacious this sort of argument is, is evident if one considers what reply the T.U.C. would give to any suggestion that they were without influence on the side of labour!

The Choices

The Chancellor estimates that productivity per head would increase 2½ per cent in 1962 and that wage increases should be geared to this figure under three different formulæ: (1) that, except in hard cases, wage increases should be limited to this figure; (2) that an overall increase should be calculated as a sum of money—a share in the national income—available for wage increases and that every increase made should be charged against this sum which should not be exceeded; (3) that industry by industry wage increases granted should be related to the productivity in that industry and that where that could not be measured then some empirical formula should be adopted. In typical Treasury fashion, the disadvantages of each course are considered and the T.U.C. asked which method they would prefer. Not surprisingly, the T.U.C. want to say that none of them is any good—except, perhaps, the last because the argument would be so protracted that it would be tantamount to the traditional negotiation. In fact, this last idea is utterly futile. As for idea number (2), one can just imagine the scramble to get some of the cake before it was all eaten.

Is there anything in idea (1)? The Treasury themselves fear that 2½ per cent would be taken as a minimum, in spite of the fact that the essence is to provide a margin for cases where more should be granted. Besides, there are lots of cases where the facts of competition or the facts of efficiency do not allow any margin for increases. But the Chancellor does not spell out these cases. Some critics say he should be bold —it would be the sort of boldness that would make a veterinary surgeon put his head into the mouth of an irritable lion. Such difficult policies can only be worked out in secret committees where opposing views can be threshed out, without political capital being made of them, and working compromises achieved. And one must always remember that policies are only lines of leadership to put before the rank and file. Even if both sides at the national planning level do work them out in an atmosphere of great goodwill, that is only a beginning to get them accepted by the men and women to whom the policies mean more or less money in the household budgets.

ROLE OF TECHNICIANS IN MODERN TEXTILE INDUSTRY

By Ramnath A. Podar

VICE-CHAIRMAN, INDIAN COTTON MILLS' FEDERATION

A MARKED improvement in the living standards of our people is expected in the third Plan period. Our *per capita* income, which was Rs. 330 in 1960-61, is estimated to rise to Rs. 385 by the end of the Plan period. This rise would have been much more, had not our population been rising at its present alarming rate. Inevitably, a percentage of this increased income will be devoted to the consumption of more and better quality cloth. In this article, I do not propose to sit in judgment on the textile targets under the third Plan, but it should be the utmost concern of the industry to ensure that its products win wider approval both at home and abroad, from twofold point of view, of price and quality.

In this task of promoting greater efficiency and economy in production, the technician has a very important role to play. Indeed, it is his responsibility to see that the men, materials and machines that are placed under his control and guidance are used to the best advantage, in order to realise the goal of economical and efficient production. It is of paramount importance that the worker should be helped to develop a proper outlook about his duties and responsibilities. The technician can promote this end, if his own attitude to work is inspired by what may be called "obsessional thoroughness."

Relationship With Workers

A competent and enthusiastic technician should not, therefore, encounter any serious obstacles in the way of establishing close and cordial relations with the workers and in fostering in them a right frame of mind in regard to their responsibilities and obligations. Success in the establishment of good human relations mean winning half the battle. It makes the task of the technician easier in imparting specialised knowledge to them. The days when the industry could do with unskilled and illiterate labour are long past. It is folly to assume that a mill or a factory can be operated on the basis of the rule of thumb methods, as in the past. Machines of great precision, installed at great cost, cannot be worked efficiently without training and skill.

The worker has, therefore, got to be skilled and intelligent and he can acquire both only as a result of proper training. The need for suitable training facilities for workers in our industry is thus great. It, of course, goes without saying that both the technician and the management should be ready and willing to ascertain labour's floor grievances and redress them promptly. An imperative need in this connection is to make the workers safety-conscious. Complex, power-driven machines are most lethal when handled inexpertly or carelessly.

Use of Materials

The second responsibility of the technician is to regulate the use of the materials required by his department in such a way as to ensure that they do not at any time become either scarce or unnecessary. Since the quality of the materials used has a decisive effect on the quality of the end-product, he should see that sub-standard materials are not allowed in his department. It is, of course, realised that he is not the final arbiter in such matters, but candid and firmly expressed opinions by exports cannot be easily ignored by any management that has a reputation to lose. Such an intelligent regulation of the quality and the quantity of the materials used is vitally necessary for the smooth working of a large factory, where interdependence among the various departments is great.

Maintenance of Machinery

Thirdly, the technician should take deep and personal interest in the proper maintenance of the machinery in his charge. To achieve maximum results, an efficient maintenance of machinery through oiling, overhauling, etc., is as indispensable as good health is to human beings. It is well known that badly kept machines cause frequent breakdowns, adversely affect production, both qualitatively and quantitatively, and put up costs.

Conscientious technicians, therefore, consider it a dereliction of duty if the productive equipment in their charge is not maintained at the highest pitch of efficiency. Such an enlightened attitude is born out of the profound conviction that the shortening of the life-span of a machine through bad and negligent use, is as unpardonable as wanton dissipation of valuable assets.

Technological Developments

Indeed, the need for putting skilled men on maintenance work will increase, as more and more delicate and complicated machines find their place in the mills. Revolutionary changes are taking place in the construction of textile machinery. Japan, we learn, has a pilot mill where the equipment is entirely automatic from bale to yarn. Textile machine builders in the United States are understood to have undertaken a similar enterprise, which is expected to be brought to fruition during the current year.

The fact that carding machines can now double the normal rate of production, that drawing frames can run at 600 ft./minute with 1,000 ft./minute as a near possibility, and that combers can turn out two to three times the usual quantity, no longer surprises us. In fact, in the advanced textile-producing countries, some of the intermediate processes have been dispensed with, with all the attendent advantages in the matter of operation costs. In these circumstances, high speed winding and warping, with most of the operations made completely automatic, will before long become a normal feature of working in every modern mill. Significant changes are also taking place in sizing, which, besides being speeded up, is being increasingly liberated from the errors of subjective human judgment by the adoption of scientific methods.

Again, a veritable revolution is taking place in the weaving shed. Perhaps the day will not be far off when the conventional powerloom will survive merely as a museum piece. It has already been relegated to that position in America. A wide variety of automatic looms are being produced, with improvements being continually added to their mechanism. The shuttleless loom has ceased to be a novelty.

Machine fabrication has to conform to the changing pattern of textile production, which, in its turn, is vitally influenced by the tastes of the awakened and assertive consumer. A day may come when the textile producer will have to consider how best he can meet the demand for non-iron, non-crease and "quick-dry" varieties of cloth. I would like to go a step further. He should even be prepared to produce non-woven fabrics too! The ceaseless search for new and novel fabrics may well lead to further revolutionary inventions both in the mechanism and the structure of the textile plant and machinery.

Advice to Management

The textile technician, like his counterpart in other industries, is thus living in a dynamic world, when he has to be alert and awake at all times. He should be in touch with the latest inventions and tender suitable advice to the management on the type of machinery that should be installed, in pursuance of either modernisation or expansion. It is precisely because technological changes are taking place with such rapidity and in such great magnitude that the need for the technicians to come together and to exchange notes on their experience is so great.

The technicians can also be of great help in promoting research in various aspects of textile production, including investigations into the type of plant and machinery that are best suited to Indian conditions. The climate of the country, the quality of the raw materials and mill stores that are available to the industry and the skill and calibre of the Indian labour force are some of the factors that should influence the fabrication of textile machinery. The considered views of the technicians can be of great help to the textile machinery manufacturers, in planning the pattern of their production.

Similarly, they can be a tower of strength to the research bodies. They are like the proverbial toad under the harrow, which knows where exactly the tooth-point strikes it. They have to face a wide variety of problems involved in the handling of men, machines and materials. Matters like the lay-out of machines, their utilisation and maintenance to the best advantage, an economical and efficient use of materials, and the deployment of labour in a manner conducive to the attainment of higher productivity, confront them daily and at all times. Who can be of real help to the research organisations in going to the root of such problems, if not the experienced technicians?

Value of Research

They know, as all enlightened employers do, the great value of research institutes, and should use their good offices in enlarging the membership of such bodies, so that, with better resources, both in talent and finance, the research organisations can be of real service to the industry. I take this opportunity of appealing to all those cotton textile mills in the country, which have so far stayed away from the research institutes, that they should join forthwith the institute within their region. It is only by endowing the research bodies with all the essential requirements for efficient and purposeful functioning that we can expect them to help the industry in solving its technical and production problems, so that with the aid of newer and more economical processes the industry may succeed in creating a wider demand for its products both at home and abroad.

In conclusion, I plead that managements should wholeheartedly support their forward-looking technicians in introducing salutary changes in their departments. Without such co-operation, any exhortations to the experts are not likely to be taken seriously. The successful running of a modern mill or a factory is thus basically a co-operative enterprise. The position of the technician in the modern industrial economy is, indeed, crucial and it will become increasingly so in the years to come. I have no doubt that he will face the future with his customary prudence and resourcefulness.

Obligations of Industrialists

In passing, I may add that every industrialist has four major obligations imposed on him, namely, that he must strive to continuously give higher and higher dividends to his shareholders who have provided the money for the industry; he should be able to pay higher and higher wages to the employees who work for the industry; he should be able to produce and supply better and better quality products to the consumers at reasonable prices; and he should contribute more and more to the Government by way of revenues. The achievement of these four objects may look rather difficult, if not impossible. Personally, I do not believe that all these four obligations are impossible of achievement. In fact, if proper utilisation and maximum use of the superior machine is made for getting throughout the maximum production and productivity, it can help to solve these problems, because, if the costs of production can be sufficiently reduced by the best utilisation of the machine, there will be room for accommodating all the above fourfold demands on the industrialists. In fact, as a result of proper utilisation of the machine, the industrialists in the industrially advanced countries have been able to declare higher dividends, pay more salaries and wages, contribute more to the revenues of the Government, produce better goods and still reduce the prices of the goods they sell.

Note: *This article is an adaptation of Mr. Podar's speech at the nineteenth All-India Textile Conference held at Sholapur last week.*

CENTRAL REVENUES

The revenue realised from items on which duties are levied and collected by the Government of India in the first eight months of the financial year 1961-62 amounted to Rs. 594.97 crores. Of this, Rs. 79.46 crores were collected during November, 1961. The corresponding figures for the first eight months of the financial year 1960-61 and for the month of November, 1960 were Rs. 509.60 crores and Rs. 66.87 crores, respectively.

The following are details of the revenue realised under various heads:

(In lakhs of Rupees)

	April to November	
	1961-62	1960-61
Customs	1,30,10	1,08,30
Union Excise Duties (excluding coal cess and salt cess) ...	3,11,35	2,63,34
Corporation tax	65,53	53,36
Income-tax	80,08	68,12
Estate Duty	1,96	1,27
Taxes on Wealth	2,23 (p)	2,36
Expenditure Tax	28	35
Gift Tax	35	34
Railway Passenger fare tax ...	—	9,19
Opium	3.09	2.97
Total ...	5,94.97	5,09,60

(p) *Provisional*

ANOTHER RURAL CREDIT FOLLOW-UP SURVEY

DEBTS INCURRED FOR MEETING FAMILY EXPENDITURE QUITE LARGE

THE findings of the Reserve Bank of India's third rural credit follow-up Survey, just published, more or less confirm those disclosed by the first two Surveys, the reports on wh.ch were released in May 1960 and June 1961, respectively. Thus the third Survey highlights, among others, the heavy indebtedness of rural families, large-scale borrowing mainly for the purpose of family expend.ture and not so much for meeting current outlay on agriculture, high rates of interest, low level of capital formation, and uneven development of co-operatives and land mortgage banks. The Survey also reiterates that, in the context of the notable progress recorded by co-operatives, the unevenness in this development emphasises the need for the following measures:

1. Reorientation of the loan procedure in order to vest powers of scrutiny of cred.t limits in the central financing agency.

2. Larger measures of efforts at introducing crop loan system.

3. Relatively greater emphasis on making the primary cred.t society a "viable unit," so that it is in a position to employ a full-time trained secretary.

4. A more determined effort at implementing the policy regarding State participation in co-operatives.

5. Vesting the powers of supervision in the central financing agencies.

6. Promoting a more rapid growth of co-operative marketing through planned efforts at improving the efficiency of marketing co-operatives and at developing processing units in the co-operative sector.

7. Interlinking of credit with marketing.

Scope of Survey

The third Survey had as its period of reference the year ended 30th June 1959 and was conducted in five districts selected from among those covered by the All-India Rural Credit Survey 1951-52. The districts were: Ahmedabad in Gujarat, Cuddapah in Andhra Pradesh, Hissar in the Punjab; Jalpaiguri in West Bengal and Mirzapur in Uttar Pradesh. The scope of the Survey, like the previous two, was confined to a study of the rural credit system in relation to both demand and supply aspects.

The findings of the Survey have to be viewed against the background of the general trends in agricultural economy in the aforesaid five districts. Four prominent trends are discernible. One, the average size of cultivated holdings was large in Ahmedabad and Hissar and relatively small in the other districts. Two, the cultivated area was concentrated in the hands of big and large cultivators, excepting in Jalpaiguri. Three, in all the districts, excepting Mirzapur, the proportion of output sold by cultivators was large, ranging from 44 per cent to 59 per cent. Four, Ahmedabad and Cuddapah showed a fairly high degree of commercialisation and monetisation, followed by Jalpaiguri and Hissar, while Mirzapur revealed a low monetised subsistence type of economy.

Although the period covered by the Survey is more than two and a half years old, the estimates of family borrowings contained in the Survey may be taken to indicate the extent of rural indebtedness that still continues. The actual per family debt outstanding as on 30th June 1959 (end of Survey year) ranged from Rs. 800 to Rs. 640 in Ahmedabad, Cuddapah and Hissar, but was relatively low at Rs. 200 in Mirzapur and Rs. 33 in Jalpaiguri. The Survey year itself, we are told, witnessed a "substantial rise" in the proportion of indebted families and the average debt per family. Out of every five cultivators, three cultivators reported borrowing in that year, thus revealing the large extent of borrowing in all the districts except Jalpaiguri. Family expenditure was generally the major purpose of borrowing in all districts except Ahmedabad, where current expenditure in agriculture accounted for 57 per cent of the total borrowings. In Mirzapur and Hissar, the rates of interest charged were relatively higher as three-fifths or more of the borrowings were obtained at rates exceeding 18 per cent. Borrowings among the lower strata of cultivators were relatively at higher rates of interest.

Of the total borrowing, the major part was contracted from moneylenders and traders in all the districts except Ahmedabad. Co-operatives provided a sizable portion (42 per cent) of the total borrowings of cultivators in Ahmedabad. Co-operative credit formed 14 per cent of total borrowing of cultivators in Hissar and 7 per cent or less in the remaining districts.

Capital Formation

Capital formation (gross), excluding net purchase of land, livestock and houses, exceeded Rs. 250 (per family) in Hissar and amounted to Rs. 148 in Ahmedabad and around Rs. 113 in Cuddapah and Jalpaiguri. Mirzapur recorded a very low figure of Rs. 45 per family. Large cultivators accounted for over three-fifths of total capital formation in most of the districts.

A comparison of data on indebtedness and family expenditure with those of All-India Rural Credit Survey 1951-52 showed that the extent of indebtedness and also the level of debt at the time of the present Survey were generally lower than or the same as that in 1951-52 in all the districts except Hissar where a significant rise was noticed in these respects. The incidence of debt in relation to value of owned land or recorded assets did not show any marked variation except in Mirzapur, where it increased substantially.

The Survey also brings out the increasingly important role played by co-operatives since 1951-52, particularly in Ahmedabad. The percentage share of cultivating families borrowing from co-operatives increased from 4 to 31 in Ahmedabad, from less than 1 to 13 in Hissar and from 4 to 11 in Mirzapur. Average borrowings from co-operatives rose from Rs. 22 to Rs. 188 per family in Ahmedabad, from less than Re. 1 to Rs. 75 in Hissar, from Rs. 4 to Rs. 9 in Mirzapur and from Rs. 7 to Rs. 12 in Cuddapah. Borrowing from co-operatives as a proportion of total borrowing showed a sharp rise from 6 to 42 per cent in Ahmedabad, from less than 1 to 14 per cent in Hissar and from 3 to 7 per cent in Mirzapur.

Although the co-operatives recorded a remarkable progress over the period, their level of development as at the end of the Survey year was very uneven among the selected districts. The co-operatives were better developed in Ahmedabad and, to some extent in Hissar, than in the other three districts. Mirzapur occupied a mid-position, while in Cuddapah and Jalpaiguri they were least developed. The unevenness in the development was due to several factors such as those relating to co-operative planning, structure of the movement and the working of the co-operatives.

Co-operative planning in some districts appeared to have been viewed in a rather restricted sense, namely, fixing of targets—physical and financial—for the different types of co-operatives. Co-operative planning was relatively satisfactory in Ahmedabad.

Out of the five districts, there were two or more central banks in three districts. The financial position of many of these central banks was not very satisfactory. The central bank in Ahmedabad, where efforts at introducing the crop loan system, an important feature of the integrated scheme of rural credit, were made, had relatively better financial resources than those in other districts.

The primary credit structure in two out of the five selected districts was generally satisfactory. The proportion of dormant societies was high in Cuddapah and Jalpaiguri at 37 per cent and 63 per cent, respectively. Wherever large-size societies were organised properly in terms of an adequate area of operation and effective coverage of cultivating families their performance was better than that of small-size societies. A study of the marketing societies shows that the proportion of total value of produce which was sold through co-operatives was less than 4 per cent and that the main objective of ensuring proper recovery of loans by linking credit with marketing was achieved only to a very limited extent in the selected districts.

STERLING IN GOOD SHAPE

CENTRAL RESERVES RISE

By John Kingsley

STERLING has opened the new year in good shape. Some of the money withdrawn from London during December has returned, and this renewed influx makes it clear that the earlier outflow was not attributable to any weakening of underlying confidence. In fact, foreign money always tends to be withdrawn from London in December, and the "real" loss to the reserves (that is, discounting special factors), some £18,000,000, was in fact this time slightly below the comparable figure in 1960 and 1959. Moreover, the actual loss of reserves in December was not as serious as the published fall of £85,000,000 might appear to indicate; for some £67,000,000 of this were accounted for by payment of the usual end-year instalments on the post-war loans from the United States and Canada. Taking the year 1961 as a whole, the Sterling Area's central reserves rose by £31,000,000—though this would not have happened but for the huge credit last summer from the International Monetary Fund.

Figures are not available for the balance of payments for the full year. It seems certain that the recorded deficit on current account will be far below (probably £200,000,000 at least) the exceptional deficit of £339,000,000 recorded for 1960. Moreover, "recorded" is an important word in this context. It is being increasingly suspected that the sources of information available to Britain's balance-of-payments statisticians may have a built-in deficiency on the side of current receipts. This seems the only explanation for the persistently "balancing item" in the balance-of-payments accounts.

In some periods, it is clear that much of the unidentified inflow in these accounts relates to capital items; but in the first nine months of 1961 as a whole, the net flow of capital was certainly outward, and yet there was still a positive "balancing" item of £222,000,000. This was larger than the identified deficit on current and long-term capital account together. Clearly, it is not possible to speak with real certainty about a basic deficit in Britain's balance of payments.

Invisibles

Britain's official statisticians who compile these payments estimates are traditionally very reluctant to make any such guesses about the content of their "errors and omissions." But a survey by the Bank of England in its December *Quarterly Bulletin* did concede that, "although there is no direct evidence, it may be that UK net receipts from invisibles are being underestimated." The survey highlights the importance of the burden of Government expenditure overseas in the decline in Britain's net income from "invisible" transactions, though receipts from shipping and investment income have also fallen away.

In 1960, the British Government's net total expenditure abroad was £284,000,000. In contrast, virtually all other European countries earned more foreign exchange on Government account than they spent; in France, the net yield was £27,000,000 in foreign exchange, and in West Germany no less than £120,000,000. Since Britain's expenditure on the upkeep of its troops in West Germany itself costs about £70,000,000 in foreign exchange, the British Government has successfully entered an application to the N.A.T.O. Council for relief on this score, and talks have been going on with the German Government to find a way of translating this into concrete help.

The German authorities are anxious to avoid a direct contribution, which would entail an unwelcome addition to their domestic budget, and their thoughts have turned to increasing their arms orders from Britain. From the recent talks between Chancellor Adenauer and Mr. Harold Macmillan, it would appear that such increases will be "on a considerable scale," and that they will be supported by other measures which will be considered by a committee set up for this purpose. If this problem can be solved, it will go a good way towards removing a major element in Europe's payments disequilibrium.

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WORLD GOLD OUTPUT RISES AGAIN

QUANTITY MOVING INTO PRIVATE USES OR HOLDINGS LESS

ALTHOUGH world trade has been expanding at a rate two or three times as high as the average rate (less than 2 per cent) of increase in the aggregate offical gold stocks, the fears expressed by some regarding a possible setback to international liquidity in the coming years are clearly exaggerated. For the influence of gold on liquidity, which was so enormous some years ago, has declined lately and may be expected to decline further in future. At any rate, it will be wrong to belittle the contribution made by reserves held in the form of foreign exchange and the elasticity provided to the world payments system by the International Monetary Fund. This view has been well brought out in the January issue of the *Monthly Letter* of the First National City Bank of New York, in the course of its customary annual gold review. The review also highlights (*a*) the unique value of the I.M.F.'s resources which can be directed to support the international monetary structure at its weakest point at any particular time; (*b*) arrangements by which a creditworthy country can borrow outside the I.M.F., either from Governmental or private sources; and (*c*) the fact that the Governments and central banks have never been better equipped to economise on gold than they are today.

Despite all this, gold, as the review says, figures prominently in the news. Indeed, interest in the metal has revived lately to an extent not seen for a quarter of a century. The U.S. gold stocks are now at the lowest level since 1939—$16,840 million as on 10th January 1962. Continuing purchases by foreign central banks and Governments, it is stated, "attest to the prestige gold commands in the minds of those responsible for national monetary reserves." And in the world around us, gold "retains its traditional attribute as a highly desirable store of wealth."

Post-war Peak Output

The world gold picture, as presented in the *Monthly Letter*, shows that the aggregate world output of gold in 1961 (excluding Soviet Russia, Mainland China, etc.) reached a new post-war peak for the eighth consecutive year. Worth about $1,215 million, the output was 3 per cent above 1960 and higher by 43 per cent as compared with that in 1953. Taking the officially fixed price as $35 per fine ounce, the production comes to approximately 35 million ounces. As in earlier years, so during 1960, the rise in output was due chiefly to the notable increase in South Africa which now accounts for two-thirds of world production outside Russia. The increase is attributed to rich new discoveries, improved techniques and production in association with uranium. Elsewhere, gold output tended to fall, as is indicated below:

Estimated Gold Production
(In millions of dollars)

	1961	1960	Percentage rise from 1960	Percentage rise from 1953
South Africa	802	750	7	92
Canada	155	160	—4	9
United States	58	58	—0	—23
Australia	38	38	..	..
Ghana	31	32	..	20
Southern Rhodesia	21	20	7	20
Philippines	15	14	4	—10
All others*	100	108	—4	—19
Total*	1,215	1,180	3	48

* Excluding U.S.S.R., Mainland China and countries in their orbit.

Russia's output is variously estimated by Western observers at $350-600 million annually. Russia has been selling gold in Western Europe to balance its international accounts. Import statistics of the United Kingdom show gold imports from Russia of $194 million during the first eleven months of 1961, as compared with $105 million in the entire year 1960; during 1957-59, the figures had been averaging $250 million annually. While London is the principal gold market of the world, larger and more frequent Russian gold shipments were also reported on the Continent. Guesses on Russian gold reserves run from $4 billion to $9 billion. For the first time in many years, Mainland China reportedly sold in Western Europe, covering a balance-of-payments deficit.

A comparison of new gold supplies—from free world output and estimated purchases from Communist countries—with year-to-year increases in the total of official gold stocks makes it possible to get an approximate idea of the varying amounts absorbed by the arts, industry and private holders. In the United States, uses in the arts and industry have been expanding in recent years. Net consumption in 1960 amounted to $105 million, as compared with $50 million as recently as 1957; since 1958, such uses have exceeded current output. As is well known, there is no gold coinage in the U.S. and residents are not allowed to hold gold in monetary form except for coins of recognised numismatic value minted before 5th April 1933.

Less gold moved into private uses or holdings during 1961 than in the year preceding it—$700 million (projected on the basis of the actual figures for the first three quarters), which is almost half of new supplies, as against the all-time peak of $1,000 million in 1960, three-fourths of total new supplies. The reduction coincided with an improvement in the U.S. balance of payments and firm assurances given by the Administration that the U.S. dollar would not be devalued. There were also gold sales by U.S. holders in compliance with the Executive order under which the gold held abroad was to be disposed of by 1st June 1961.

Changes in Gold Stocks

The review recalls that, in the earlier post-war years, attempts were made by the I.M.F. to protect official stocks of gold by asking the member-nations to refrain from selling in free markets, but the attempts proved unenforceable. Private gold trading persisted. France and some other member-nations found it necessary to legitimatise and deal in free markets with a view to stabilising the price of gold and encouraging confidence in paper currencies. New gold production, according to the review, has quite regularly exceeded the absorption of metal into industrial usage and additions to private stocks. The excess of supply is dependent for a market on purchases by Governments and their central banks for monetary reserve purposes. Since the U.S. buys and sells gold at $35 per ounce *minus* or *plus* a ¼ per cent commission, this price sets the general level for the world price. In recent years, the U.S. has been getting little of the new gold production, as the main official buyers have been the Continental European countries using surplus dollars acquired as a consequence of the deficit in the U.S. balance of payments. A part of the surplus dollars has also been used to buy gold from the U.S. Treasury. The table below traces the magnitude and the origin of changes in official gold stocks during the year ended September 1961:

Changes in Official Gold Stocks
Oct. 1960-Sept. 1961
(In million dollars)

	Through transactions with U.S.	Through transactions with I.M.F.	Through transactions with Other*	Gold stock 30th Sep. 1961
Continental Europe	952	800†	1,033	14,870
Common Market	850	290	957	10,739
Germany	57	90	608	3,544
Italy	—100	40	99	2,225
France	117	90	290	2,124
Netherlands	130	40	85	1,531
Belgium	146	30	—105	1,165
Switzerland	285	..	207	2,472
Spain	197	..	—18	277
Others	120	10	—114	1,393
United Kingdom	275‡	..	—550‡	2,400†
All Foreign Countries§	1,687	68‖	440	21,596
International Monetary Fund	—450	..	—68‖	2,046
United States	..	450	—1,717	17,458

* Residual figures; including gold from new production, Russian sales, etc.
† Gold purchases made in August 1961 in connection with the British drawing.
‡ Through June 1961. Additional $55 million of gold was purchased from the U.S. in the third quarter of 1961.
§ Excluding Russia, etc.
‖ Total change in I.M.F. stock less sales to the U.S.
N.B.—Table constructed from data in *Federal Reserve Bulletin* and *International Financial Statistics*.

It will be seen from the above figures that the Governments and central banks of Continental Europe converted dollars and other currencies of the value of $2,285 million into gold, the largest additions to gold stocks so made being in West Germany, France and Switzerland. By the end of October 1961, the percentage of reserves in gold held by West Germany, the biggest holder of gold outside the U.S., and Soviet Russia, had risen to as high as 59, as against just 44 at the beginning of the year. The proportion of gold was, nevertheless, below that of the Netherlands and Switzerland (more than 90 per cent) Britain (87 per cent), and Belgium and France (75 per cent). An interesting point to be noted here is that about three-fifths of the $2,285 million worth of gold added to the Continental European stocks during the twelve months ended September 1961 came from sources other than the U.S. Treasury.

Britain had to sell large amounts of gold from out of its official reserves to support sterling during the months March-July 1961. These were in addition to the normal offerings by producers on the London market. Britain's reserves, however, recovered rapidly thereafter, when short-term capital flows were reversed, thanks to the increase in the Bank rate (to 7 per cent) and the massive assistance by the I.M.F. Indeed, Britain repaid a sizable part of the loan obtained from the Fund and converted surplus dollars into gold. International gold flows during 1961 were affected in another way by the mid-year weakness of sterling. In order to acquire additional amounts of currencies to meet Britain's $1.5 billion multi-currency drawing in August 1961, the I.M.F. sold $500 million of gold, of which $300 million went to Europe, $150 million to the U.S., and the balance to Canada and Japan.

U.S. Gold Holdings

The U.S. Treasury gold stocks declined by $877 million during the year 1961 (upto 20th December). The loss will be larger at $1,027 million if the transaction with the I.M.F. is not taken into account. This loss approximates the loss suffered in 1959 ($1,034 million), but is decisively smaller than that in 1960 ($1,989 million) and 1958 ($2,247 million). Since 20th December 1960 there has been a further loss of gold to the tune of $50 million, the actual stocks as on the 8th of this month being $16,840. Although the level of stocks is, as already stated, the lowest since 1939, the stocks still represent 41 per cent of the world's aggregate monetary stock. Commenting on this, the *Monthly Letter* says: "The gold stock remains adequate by any reasonable standard; it is the rate of loss, and rate of accumulation of short-term debts to other nations, that is disturbing. This is just another way of saying that we (the Americans) have a balance of payments problem." In this connection, the *Letter* has quoted President Kennedy who declared sometime ago that the U.S. gold stock still represents a far larger proportion in the world total than the country's share of international trade, that the stock was sufficient to tide the U.S. over a "temporary deficit period" while the country mounted an offensive to reverse these trends, and that the Administration had no intention of devaluing the dollar.

WORLD SILVER

The world silver markets continue to rule bullish, reflecting the failure of the rise in new silver production to keep pace with the persistently expanding demand for the metal. The latest available spot rate for silver in the London bullion market is 87¾d. per fine ounce, which, though lower than the highest rate of 88⅜d prevailing in December 1961, is well above the average price of 79¼d. for the months of May and June 1961. Will the higher prices now ruling lead to any appreciable increase in the supplies of newly-mined silver? On the face of it, the answer to the poser is in the affirmative. But some world bullion dealers feel otherwise. Here is what Messrs. Mocatta and Goldsmid of London, the official silver brokers to the Bank of England since the Bank's formation in 1694, say in their Annual Circular for 1961:

"The higher prices now ruling are not likely to lead to any appreciable increase in the supplies of newly-mined silver, because most silver is a by-product of lead and zinc which are themselves available in excess of current demand at current prices. It seems that additional supplies will, therefore, have to come mainly from the demonetisation of coin which provides only an occasional and intermittent source."

In the opinion of Messrs. Mocatta and Goldsmid, world demand for silver has continued to outstrip new production. "Although the amounts used in the arts have been decreasing slightly, the demands of industry—particularly for the photographic and electrical industries—have increased sharply. And, despite some recoveries from demonetised coin, the demand for minting has, of late years been unusually high. Since the price of silver on European markets has consistently stood higher than the American price, most of the silver mined in the Western Hemisphere has found its way to Europe or Japan. The net result has been that the 'free' stocks at the disposal of the U.S. Treasury fell from 126 million ounces at the beginning of 1961 to 22 million ounces on 28th November. On that day, President Kennedy authorised the Secretary of the Treasury to suspend the sale of these supplies. Long before this, the statistical position of silver had engaged the attention of the many interests directly concerned and of others who thought that they saw an opportunity of making a profitable entry into the market. When supplies of 'free' silver to American industrial users

(Continued on page 140)

UNCERTAINTY CROPS UP IN COTTON INDUSTRY AGAIN

FUTURE DEPENDS ON LEVEL OF OFFTAKE

From Our Special Correspondent

MANCHESTER, *9th January*

MANCHESTER LETTER

ONE aspect of the aftermath of the redundancy programme in the producing sections of the cotton trade in Lancashire has been the elimination of a large number of single-unit firms, particularly in the spinning branch. As a result, comparative figures setting out the financial results, announced during any given year, tend to rest more than ever on the experience of the larger groups.

Twelve months ago, tables were published for the first time giving the average profit per company earned by the combines, major spinner-weavers and public companies in the weaving branch, covering the previous decade. These are repeated below, plus the latest returns received during 1961.

	Companies	Average profit per company £	Yearly average dividend Per cent.
Combines—			
1951	11	761,526	19.00
1952	13	534,004	17.42
1953	12	264,180	11.94
1954	12	431,928	13.58
1955	14	333,213	14.99
1956	14	224,904	13.23
1957	14	354,919	12.72
1958	14	235,716	10.79
1959	14	120,254	9.73
1960	14	375,425	12.48
1961	14	470,799	14.82
Spinner-weavers—			
1951	17	194,423	23.03
1952	17	177,045	19.98
1953	21	74,047	17.06
1954	17	83,200	16.32
1955	20	60,761	13.96
1956	18	50,233	12.53
1957	18	69,197	10.89
1958	19	71,504	10.74
1959	20	57,736	10.18
1960	17	112,844	14.17
1961	16	171,868	17.51
Weavers—			
1951	21	120,494	31.79
1952	21	79,837	24.99
1953	28	49,821	21.21
1954	28	38,120	15.98
1955	27	42,285	13.80
1956	24	28,090	9.61
1957	24	24,320	6.27
1958	23	25,015	6.07
1959	22	19,073	6.64
1960	20	47,492	9.66
1961	17	57,512	13.11

Whatever the outlook in the immediate future—which at the moment is speculative, to say the least—the figures released last year reflect very clearly the upsurge in activity which began in the autumn of 1959 and lasted for considerably more than twelve months. The pattern in all three categories follows a remarkably similar course, with a marked improvement in profitability from 1959 onwards.

Earnings Better

Average dividends in most cases regained the level achieved around 1955, but a somewhat significant expansion can be seen in the ground made by the spinner-weaver combinations, which almost attained the high rate of earnings reached after the prosperous 1950-51 era.

The monotony with which the word "uncertainty" crops up in market comment and gossip is no accident. Every trade has its periods of doubt, and the cotton industry is frequently overloaded with them, but, since the flow of foreign imports became a flood, the mood of caution among customers has not been relieved. Nor is it likely to be while the quantity of duty-free arrivals remains on so large a scale.

Arrivals Contained?

During his visit to Lancashire little more than a month ago, the President of the Board of Trade was complacent about the reduction in imports after the phenomenal first quarter of 1961. He evidently assumed that the rate of arrivals had been contained at what he and his advisers apparently regarded as a reasonable figure. It seems clear enough, however, that, as soon as additional demand comes forward from customers, the spate of foreign supplies will leap upwards again, and presumably will fluctuate in the future according to the current level of demand.

Many sources close to the industry are now convinced that no further aid can be anticipated from Government departments, and it is a case of "every man for himself." In all the circumstances, it would be rash, indeed, to suggest what the future holds for Lancashire millowners and their employees. The operatives are anxious about their prospects in a trade so prone to change and decline. Mechanisation is only part of the answer, but, without a marked improvement in the rate of activity among distributors within the next few weeks, employers will have to do some hard thinking about further curtailment of the machines in operation.

Export Survey

An analysis of the national export returns to the end of November shows that a very substantial proportion of the loss of 33 million yards in cotton cloth shipments as compared with 1960 can be attributed to the decline in trade with four major customers. These were Australia, which took 11 million yards less than in 1960; South Africa, whose imports fell by 6,500,000 yards; New Zealand, where takings were 5 million yards down, and the Congo Republic, which also showed a drop of nearly 5 million yards.

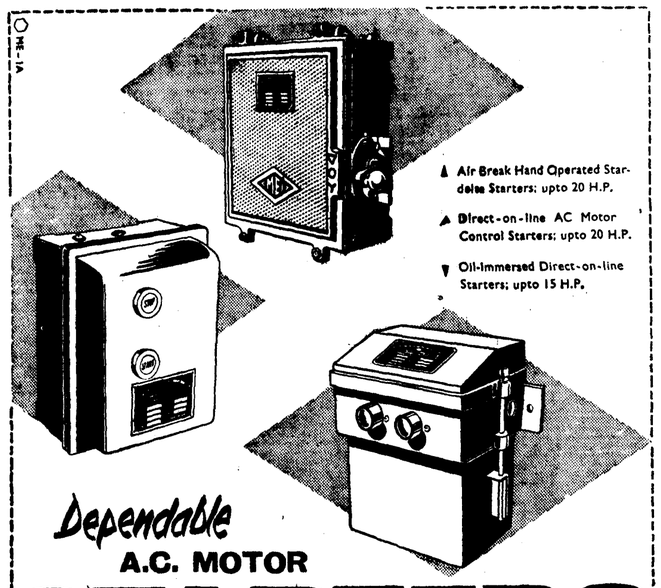
Among the numerous countries to which cotton textile fabrics are still despatched, there were various minor changes, including occasional gains such as those shown in shipments to Sierra Leone, Kenya, Aden, France and Jordan, but the quantities concerned were negligible. Only in the case of the undesignated foreign countries was there any appreciable rise, consisting of a 7 million yard increase, to 24,500,000 yards.

The fall in shipments of cotton yarn from the United Kingdom was in ratio more pronounced. Exports in eleven months last year were nearly 6 million lbs. down on the 1960 level. Although Australia remains by far the largest consumer, shipments to that country were responsible for the majority of the decline, failing to reach 5 million lbs., as against over 8 million lbs. in the previous year. Exports to Pakistan were more than halved and sharp falls were recorded in trade with India, Ceylon and Eastern Germany.

More Rayon Yarn Trade

In somewhat striking contrast to the dismal picture presented on the purely cotton side, the disposal of man-made fibre yarns abroad was an encouraging feature. Shipment over the eleven months, at 48,500,000 lbs., were nearly 4 million lbs. higher than in 1960 and were 8 million lbs. up on the 1959 level. Considerable variations took place in this trade last year, there being severe reductions in exports to India, Australia and the Irish Republic. These losses, however, were compensated for by the larger volume of business done with the Soviet Union, Sweden, Norway, Poland, Switzerland and Portugal. A notable increase took place in exports to China, which were nearly doubled, and supplies of man-made fibre yarn sent to "other foreign countries," increased from 6,250,000 lbs. to nearly 9 million lbs.

The downward drift in exports of man-made fibre piecegoods continued in 1961, the total at the end of eleven months being 45 million yards, as against 50 million yards in the same period of 1960 and 58 million yards in the previous year. Destinations followed a similar pattern, with a decline in business with South Africa and Australia, not quite covered by additional sales to Hong Kong, the Irish Republic and Sweden.—*All Rights Reserved.*



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BRITAIN IN SEARCH OF A NATIONAL WAGE POLICY

TRADE UNIONS REJECT WAGE RESTRAINT

BRITAIN is currently in search of a national wage policy. With the pay pause scheduled to end in next March, Mr. Selwyn Lloyd, the Chancellor of the Exchequer, is hard put to find an alternative method of wage restraint which will ensure that what has been gained by the pay pause is not completely wiped out by a widespread increase in wages immediately after the pause is over. The Chancellor has suggested an "intermediate phase" to follow the pay pause at the end of March to be replaced ultimately by a national wage policy which will presumably be shaped by the proposed National Economic Development Council. The Chancellor, however, has not yet been successful in his efforts to bring the T.U.C. within the Council. So it is a moot point whether the Chancellor's proposition will be accepted by the T.U.C. which has been an uncompromising opponent of the wage pause policy.

The dangers inherent in a fresh round of wage increases and the various methods for restraining wages are the main theme of a letter sent by the Chancellor to the Chairman of the Economic Committee of the British Trades Union Congress (T.U.C.). Since no wage policy, or for that matter any major economic policy, could be implemented without the active support and co-operation of the trade unions, the Chancellor deemed it fit to set down his thoughts and suggestions in the letter and invite the T.U.C.'s frank views about them. Although there is a lot of differences, fundamental differences at that, between the conditions and problems that exist in Britain and in India, Mr. Lloyd's observations, especially his pointed reference to the dangers of wage increases that are out of proportion to increase in productivity, have more than national relevance.

The Chancellor's Job Defined

Mr. Lloyd starts his letter with a restatement of what, in his opinion, constitutes the job of the Chancellor. It is, to quote him, "to promote economic vitality and strength in this country sufficient to enable us to carry out our international responsibilities for defence and aid to less developed countries but also provide a continuing, broadly spread improvement in the standard of living of all sections of the community."

In order to achieve this result, certain things are necessary, according to the Chancellor. The most important of them, in his opinion, is maintenance of a high level of exports. Export trade depends on the country's goods being competitive, in other words, upon the costs being such that prices are attractive to overseas buyers. Upon the ability to export depend, in turn, the balance of payments. A sound growth of the economy can be based only on a satisfactory level of balance of payments.

The largest single factor having a direct bearing on exports and the balance of payments is wages, discreetly called "personal incomes" by the Chancellor. Since the war, there has been in Britain, according to Mr. Lloyd, a persistent tendency for money incomes to grow faster than the volume of national production. For example, between 1953 and 1960, incomes from employment and from profit both rose more than twice as fast as production. The Chancellor's basic proposition, therefore, is that, unless increases in personal incomes of all kinds are kept broadly in line with increases in production, the objectives of sustained growth and higher standards cannot be obtained. The unsatisfactory prospects for balance of payments caused a major loss of confidence in sterling in last summer. The measures initiated in July 1961 to strengthen the sterling were partly short-term and partly long-term. They did not single out any particular section of the community. Although public attention has been centred on the pay pause, it was only one element in a comprehensive national approach which involved such measures as curtailment of Government diplomatic and military expenditure abroad, tightening of exchange control over private investment of capital outside the sterling area, restrictions on public expenditure at home, increased taxes on consumption, tightening of credit by a 2 per cent increase in the Bank rate and restraint on dividends and profits. In addition, in order to tackle long-term problems and to co-ordinate long-term programmes in the public sector, it was proposed to set up a National Economic Development Council in which both employers and trade unions were invited to participate.

Immediate Problem

But the problem of personal income is an immediate one and must be tackled forthwith. Mr. Lloyd is convinced of the need for Government working out, with both sides of industry, a long-term policy to keep increases in money incomes in line with the increase in national production. A necessary part of any such policy will be the Government's responsibility, by the use of fiscal and monetary measures, to ensure that excessive demand in home market does not drive up prices, prevent the growth of exports and attract a greater quantity of imports than what the country can afford. If arrangements cannot be made for keeping the total growth of incomes in a proper relationship to the total growth of production, the Government, the Chancellor warned, will be forced to act in other ways. The stark truth is that the alternative to an income policy is further restriction of demand with loss of economic growth and with higher levels of unemployment than would otherwise be the case.

Restraint on Profits

In Mr. Lloyd's view, there are four necessary elements in any long-term income policy. First of all, there must be common understanding of the country's economic problems and prospects. Secondly, public understanding must be based on the fact that increases in the total of money wages and salaries above a certain point are self-defeating, because they put up prices. It is often thought that increases in wages and salaries do not matter, because they are offset by reductions in profits. There is no evidence to show, according to the Chancellor, that, in a community enjoying high levels of employment and wages, increases come out of the profits; indeed, since the war, wage costs and profits have gone up broadly in line. Thirdly, all those who influence or decide the course of wages and salaries, whether by negotiation, arbitration or in other ways, or who determine profit-margins, dividends and prices, have a special responsibility. They must recognise that, in the long-run, all will suffer, if sectional interests are allowed to prevail over the interests of the community as a whole. Finally, it must be recognised that wage and salary earners cannot be expected to accept the restraint in wage and salary increases needed to keep rises in income within reasonable limit, if those who benefit from profits are subject to no such restraint. If, therefore, it was established that aggregate profits were increasing disproportionately, as compared with wages and salaries, the Government, Mr. Lloyd adds, would not hesitate to take corrective action in the fiscal or other fields. But no Government, which seeks to increase productivity and growth, can contemplate imposing a uniform limit on the profits or dividends of individual concerns, for such a limit would penalise the growing and enterprising concerns and industries and impair their ability to get the capital they need for expansion, while it would leave inefficient and stagnating concerns unaffected.

The Chancellor emphatically states that, in the existing circumstances, large sums would not be available for increases in personal income during 1962. Until the obstacles to sound economic growth are tackled together and the desired results produced, large increases in wages and salaries are bound to result in inflation. In other words, the increases will not be real in terms of purchasing power.

Against the background of an estimated 2½ per cent increase in productivity during 1962, three possibilities, according to the Chancellor, are possible. They are:

(a) The Government and both sides of industry should accept an understanding that the overall rate of increase in wages and salaries in 1962 should be kept within a stated figure. This must also provide for the exceptional cases where there are sustainable claims for special treatment. It must also be realised that some industries cannot afford any increases at all, if they are to remain competitive.

(b) The Government and both sides of industry should accept the fact that only a limited sum can, without inflationary effects, be distributed by way of wages and salaries during 1962. Out of that sum must come the increases for 1962 already agreed, and any exceptional settlements.

(c) The Government and both sides of industry should examine the feasibility of devising a formula which would do justice to those in employments where productivity cannot be measured, while taking some account of actual increases in productivity where they can be ascertained.

Disadvantages

Each of these courses, the Chancellor concedes, has certain disadvantages. Thus, under the first course, the percentage stated might be regarded as the minimum in each case and not an overall maximum. Under the second, there might be the feeling of first-come-first-served and an acceleration of claims. Under the third course, there might be difficulty and protracted argument about the formula. In the circumstances, the Chancellor would welcome the views of the T.U.C. as to where the balance of advantage lies.

The abovementioned possibilities refer only to wages. The Chancellor, therefore, hastens to add that he does not intend that the restraint in 1962 should be limited to salaries and wages. But he seems to imply, although he does not explicitly say so, that profits and dividends are already lower and that the need for restraint in regard to them is not as great as it is in the case of wages. Gross company profits before taxation in the second and third quarter of 1961, at £1,679 million, was slightly less than in the corresponding period of 1959 and 11 per cent less than in the first half of 1960. Company profits bear a rate of taxation of 53¾ per cent as a result of increases in profits tax in two successive budgets. Ordinary dividends before taxation represent only 7 per cent of wages and salaries and, because investment incomes are more heavily taxed than earned incomes, dividends after taxation represent an even smaller proportion of net wages and salaries. Furthermore, the rate of increase in dividends has recently fallen sharply. Nevertheless, the Chancellor agrees that the position as to profits and dividends should be carefully watched to ensure that, because of wage restraint, they do not improve their relative position.

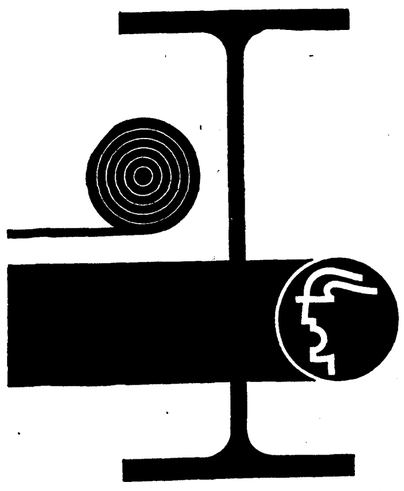
Long-term Policy

So much about the intermediate phase. As regards the long-term policy, the Chancellor makes the following observations:

"For the long-term, the real answer is to get a rate of sound growth which can carry reasonable increases. By sound growth, I mean growth which is not based on inflation. As I have stated, I believe this to be possible with co-operation, but, if we are to ruin our chances of obtaining that sound growth, increases in 1962 in personal incomes must be kept within the increases in national production. If that is not done, there will be inflation and I shall be driven to further restrictive measures. We must also face the fact that, if the pause is ended and we revert to pre-pause practice, the increases in incomes in 1962 will not be kept within the increase in national production."

Although the T.U.C. has not submitted its reply to the Chancellor's letter at the time of writing this article, its immediate reaction to his suggestions has not been encouraging. At a meeting held soon after the receipt of the Chancellor's letter, the Economic Committee of the T.U.C. rejected wage restraint as unacceptable to it. There was general agreement among the members of the Committee that wage restraint would be impossible to enforce, because the T.U.C. has no power over individual unions to ensure that they observed the restraint. It is pointed out that, even if the T.U.C. were to recommend wage restraint, it needed only one small union to disregard the recommendation and the T.U.C. would be made to look as foolish as it did in 1948, when it answered Sir Stafford Cripps' appeal for restraint, only to jettison the policy in the following year. The last word on the T.U.C. stand, however, has not been said. It is expected to send its reply, embodying its views, this week.

While the prospects of the T.U.C. accepting the new policy of wage restraint are thus bleak, the chances of its participation in the N.E.D.C. have increased, thanks to the patient and persistent efforts of Mr. Selwyn Lloyd. If he finally succeeds in winning the T.U.C.'s co-operation, it will be no mean achievement, considering that, once it participates in the N.E.D.C. and feels that it is contributing to policy-making, the realisation might dawn on it that the interests of labour are identical with those of the rest of the community.



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SUGAR INDUSTRY IN DISTRESS

PRICES ARE FALLING, WHILE COSTS ARE RISING

SEVERAL weeks have elapsed since Mr. S. K. Patil, Union Minister for Food and Agriculture, stated that he had suggested to the Finance Minister a reduction in the rate of excise duty on white sugar, with a view to boosting domestic consumption. But there is as yet no sign whatever of the suggestion having been accepted. Here is one more instance of New Delhi's neglect of urgent economic problems to which prominent attention was drawn in the first leading article of the last issue of *Commerce*. The disinclination of the Finance Minister to lower the heavy incidence of excise duty, which is acting as a deterrent to offtake, is regrettable, especially when the case for such a downward revision has been presented by a valued colleague in the Cabinet. In the hope that the expected reduction in excise duty might take place any time, the wholesale dealers have been buying sugar only on a hand-to-mouth basis, with the result that movement of sugar from the factories has been slow and the purpose of decontrol is not being served. Another factor that is restricting the flow of sugar from the producer to the consumer is shortage of transport. A cumulative outcome of this situation is that retail prices of sugar have not reflected even the modest fall that has already taken place in wholesale prices.

The continued high rate of excise duty, namely, Rs. 8.26 per maund, is acting as a great deterrent to increased offtake. Besides the low level of offtake for both domestic consumption and export, sugar prices have tended to decline, at a time when the cost of production and other charges borne by sugar mills have risen markedly. The loss of income on export quota and considerable increase in wages as a result of the Central Wage Board's recommendations, according to Mr. Neville N. Wadia, Chairman of the Belapur Company Ltd., are two of the main factors contributing to higher expenses. Addressing the annual meeting of the Company held at Bombay on Friday last week, Mr. Wadia said: "Add to this the effect of lower selling prices for sugar and the enforced lower production for the current season, as a result of the recent Central Government Ordinance. One can only conclude that the future profits of your Company are not likely to reach again the satisfactory figures of recent years." When such is the position in respect of an efficient sugar mill like the Belapur, one can well imagine the position of other comparatively less efficient mills, let alone marginal units.

Ceiling on Plantations

Mr. Wadia also pointed to the Maharashtra Agricultural Lands (Ceiling on Holdings) Act which, he said, was hanging like a sword on the operations and profits of sugar industry in the Deccan. How ill-advised and unjustified is the inclusion of the cane plantations of sugar mills under the purview of the Act has been highlighted in this journal on more than one occasion in the past, so that it is unnecessary to refer to it in detail again. Suffice it to say that, even now, the Government of Maharashtra can grant exemption to these plantations from imposition of ceiling. Surely, in the present circumstances when export sales are most difficult to negotiate and there is a huge surplus stock in the country, it is not, as Mr. Wadia very pertinently stressed, a wise thing for the economy of the nation as a whole to take any step which may adversely affect the cost of production. "On the contrary," to quote him, "it should be the policy of Government to encourage all growers of sugarcane to increase the yield per acre and the sugar content of cane, and thus bring the cost of producing sugar down to the absolute minimum. Taking away the land from those who are in a position to continue and make further improvements cannot possibly help matters."

Mr. Wadia was also quite right when he described the high price of Indian cane as artificial. Perhaps nowhere in the world is the price of sugarcane so high as in India: Re. 1.62 per maund; the cane cost accounts for as much as half the total cost of making sugar. Such a high price is paid irrespective of the quantity of sugar that can actually be recovered from it. Not only that. The cane growers are also entitled to a share in the profit of sugar mills, but not to a share in the losses incurred by the mills. The cane price should not be maintained so high in the interest of the consumer. It must, Mr. Wadia went on to add, be brought down *to near world levels*, if the Indian sugar industry is to play its part in earning foreign exchange for the country.

It is, however, difficult to agree with this latter part of Mr. Wadia's observation, for there is nothing like a perfect world market price for sugar. The free market for sugar in the world is an extremely limited one and accounts for the minor portion of the world sugar consumption or of the total quantity of world sugar exports. As readers are aware, the bulk of the sugar exported moves under special arrangements and at special prices. The price of sugar in the free market is more or less a cut price and is not, therefore, representative of the true cost of making white sugar, including the cost of sugarcane. Even the most efficiently cultivated sugarcane plantation cannot afford to raise sugarcane for any length of time and sustain a reasonable standard of living for sugarcane growers, or the workers employed in it, if the price of sugarcane is fixed on the basis of the prevailing so-called world price for sugar. What is required, therefore, is the fixation of sugarcane prices at levels that will provide a fair return to growers, taking into account the sucrose content of the cane grown by them. There are undoubtedly growers and growers of sugarcane in this country, ranging from the poorest farmer in South Bihar and Eastern U.P. to the large-scale scientifically run plantations such as those in Maharashtra. A reasonable profit for a small farmer will mean bumper profits for the large-scale plantations. The siphoning of a part of the profits of the latter is a separate problem, for which it is not difficult to find equitable solutions. Suffice it to say that export of sugar without some form of arrangement for sharing the losses will not be a feasible proposition for this country for a long time to come. The aim should be to minimise the losses and there is doubtless plenty of room for improvement in the scheme of price fixation for sugarcane now in vogue. This is an old problem which has been discussed numerous times in this journal.

Fall in Prices

To revert to the sugar industry's current distress. Sugar prices, as already stated, have moved downward since the abolition of controls on 27th September 1961. The latest available ex-godown prices at Bombay, Meerut and Muzaffarnagar as compared with the previously controlled prices are given below:

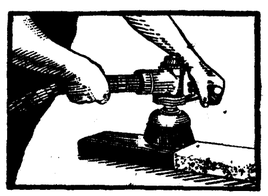
(In rupees per quintal bag)

Centre	Latest available rate	Controlled price
Bombay:		
Laxmiwadi E 29	104.50	112.55
Belapur D 29	108.00	113.00
Belwandi C 29	112.00	114.05
Maharashtra B 29	113.50	114.50
Meerut:		
D 29 grade	103.70	105.37
Muzaffarnagar:		
Dry crystal variety	105.87	108.25

The actual extent of the decline in sugar prices since decontrol, it is pointed out, has been much more than the margin of 84 nP per maund allowed in the controlled price for paying taxes and dividends, as well as for building up reserves. The millowners fear that the financial position of the sugar industry is bound to deteriorate in the current season, especially because of the higher overheads per ton of sugar, in view of the production cut of 10 per cent. Drawing attention to this aspect, the Indian Sugar Mills Association has strongly urged the Central Government so to regulate sugar releases as to ensure a fair price for the industry. In the course of a representation made to Government, the Association observes: "As a result of the liberal releases of sugar since the withdrawal of control, sugar prices have slumped heavily and are ruling Re. 1 per maund below the erstwhile controlled prices. The decline in sugar prices has come at a time when the production cost has gone up by 22-29 nP per maund by way of selling commission which was not included in the ex-factory prices fixed by the Government." Attributing the drop in prices partly to the conservative period of validity of free sale release orders, namely, 45 days, the Association has suggested extension of the period to at least 60 days.

The Government of India is, however, not inclined to take any new measures to check the fall in sugar prices. For it seems to feel that lower prices will promote domestic consumption and thus help narrow the gap between demand and supply. The Government further seems to feel that higher domestic consumption, together with the production cut enforced in the current season and the prospects of exports, will largely alleviate the problem of heavy stocks. This line of argument is not wholly convincing. The chief flaw in it will be obvious from our observations at the outset. How will consumption of sugar go up when the retail prices do not go down? A section of millowners argues that the fall in wholesale prices so far has not been large enough to make itself felt at the retailers' end. The industry is not able to bear even the modest cut in wholesale prices and it would be put to very heavy losses if there were to be a big reduction in wholesale prices. The more effective solution to the problem of promoting domestic consumption of sugar, therefore, lies in a substantial reduction of the high rate of excise duty. After all, the maintenance of sugar prices at a level remunerative to manufacturers is essential for the smooth and uninterrupted working of the industry. The inexorable law of economics has glaringly exposed the weaknesses in the Government's sugar policy. Wisdom lies in recognising this situation and promptly applying the correctives before irreparable damage is done to this major agro-industry of the country.

"SCCO"



For removing heavy scale from large metal surfaces, such as rust, old paint, and incrustations giving the metal renewed surface for painting, etc. These cup brushes are used on high speed flexible shafts electric or pneumatic tools and can be driven at higher speeds being of sturdier construction than the lighter crimped wire types. A good friend for Foundry man.

India Brushware
72, CANNING STREET,
CALCUTTA-1.
Phone: 34-1985

PALM *GUR* INDUSTRY

The revival of the palm *gur* industry which at one time was a rich source of earning foreign currency would ensure the utilisation of the huge raw material available and provide employment. This view was expressed by Dr. T. R. Naravane, Maharashtra's Minister for Prohibition and Social Welfare, in the course of a talk broadcast from All India Radio, on the occasion of the All India Palm *Gur* Day Celebrations. Not long ago, the country used to export *jaggery* and sugar manufactured from the sweet juice of the palm tree to many European and other countries in large quantities. The palm tree, though looking so insignificant, played a very important role in the country's life, particularly in the village economy. In fact, it used to be the only source of *jaggery* for the villager and its manufacture formed a major village industry.

It has been scientifically established, according to Dr. Naravane, that palm sugar is far superior to cane sugar from the nutritional point of view. *Neera* and palm *gur* contain almost all the vitamins and minerals that man requires in his daily diet. Their protein and sugar contents are much higher than in some fruits. So they can be good substitutes for fish and meat which men cannot afford in their daily diet. Detailing the benefits of the revival of the palm *gur* industry, Dr. Naravane said that, in the first place, the palm tree, is grown in sufficient number, could meet all our requirements of *jaggery* and sugar, thereby releasing the land under sugarcane for growing food crops, which are in short supply. This will also relieve, to some extent, the problem of unemployment by providing occupation to a large number of people.

Dr. Naravane estimated the annual production capacity of the 50 million of palm trees at 1.5 million tons of *gur* worth Rs. 84 crores and the industry, in his opinion, could provide seasonal employment to about 2.5 million workers. It will also help, he added, the prohibition policy of the State as well as encourage the positive aspect of utilising the juice as *neera* for manufacture of *gur* and sugar instead of merely condemning its use as toddy.

ROAD TRANSPORT AND ECONOMIC DEVELOPMENT

AUTOMOBILE INDUSTRY DESERVES GREATER ENCOURAGEMENT

By Virendra Agarwala

TODAY there is one car in the U.S. for every three inhabitants, in France one for nine, in Great Britain one for ten, in Germany one for thirteen and in Italy one for twenty-five. In India the ratio is one for every 8,000. In relation to population, France has as many cars today as the U.S. had in 1930. In India the current production of 30,000 commercial vehicles, 15,000 cars, 5,500 jeeps and 10,000 motor cycles is to be raised to 60,000, 30,000, 10,000 and 40,000 respectively by the end of the third Plan. We also have a target capacity of 8,000 three-wheelers during this period. The number of motor vehicles in India in relation to population is less than 10 per cent of that in Ceylon and less than one per cent of that in the United Kingdom. Road mileage per lakh of population is about 10 in India, as compared with 120 in Ceylon and 384 in the U.K. It may be hard to make a comparative study of the ratios between India and many other countries in the West. The East and West are competing to produce the goods the world needs. The West, particularly the U.S., has reached a stage where overproduction may become a problem to manufacturers whereas India is only on the threshold of the automobile age. It is largely true that a car is a necessity for an American while it is still considered a luxury for an Indian. Economic prosperity is judged in the final analysis by the development of a country's automobile industry.

It is obvious that the indigenous automobile industry cannot make substantial progress unless the increase in the number of cars is accompanied by a wholesale modernisation of the road system and by streamlining the road system in our cities and providing better parking facilities. It is equally true that the Central and State Governments have begun to realise that political and social pressure for better roads proves irresistible once everyone owns a car or any other roadable conveyance or hopes to own one in the not-so-distant future. Rising incomes spur the individual to buy a car and this means that the Government itself will have more money to spend on roads. Such expenditure is essential for the development of the automobile industry. The State Governments in India derived Rs. 116.73 crores from motor vehicle taxes during the second Five-year Plan. The yield from sales tax on motor spirit was Rs. 33.14 crores in the first Plan and Rs. 58.31 crores in the second Plan. The expenditure on road development in the second Plan is estimated to be about Rs. 224 crores.

Roads in Third Plan

The cost of the road development programmes included in the third Plan is about Rs. 324 crores—the programmes in the State sector are estimated to cost about Rs. 244 crores and those in the Central sector Rs. 80 crores. The latter cover both national highways and roads of inter-State and economic importance. Presiding over the 26th session of the Indian Road Congress, Mr. K. Barua disclosed that the Chief Engineers had recommended an allocation of Rs. 590 crores on road development. Warning the planners that no country could think of embarking upon ambitious economic development without simultaneously and adequately expanding transport facilities, Mr. Barua remarked that road transport not only assisted economic progress but also generated economic development. Road development in a vast country like India is essential for the balanced development of the different regions and this calls for more road links and larger production of automobiles, both passenger and commercial. In the context of large-scale agricultural and industrial expansion, the steady population increase and the urgent need for bringing about a balanced development and emotional integration of the country, the need for construction of more roads is as immediate as the production of more vehicles. At present there is hardly half a truck per mile of road in India which compares very unfavourably with the figures of other countries where there are five to ten trucks per mile.

Addressing the Federation of Associations of Small Industries, the Prime Minister asserted that the development of heavy, medium and small-scale and village industries is vital for economic development in rural areas. Such industries need raw material, small-sized machinery and other equipment and, last but not least, a market for their finished goods. It is felt that such industries cannot make any progress, unless we have a network of roads connecting every village throughout the country. Road transport would also be popular with such industries because of the speed with which the goods can be transported. Such entrepreneurs cannot lock up their meagre resources for long periods.

There were 81.27 accidents and 9.2 deaths per 1,000 vehicles in India even though the vehicle density is as low as 1.5 per mile. This has been attributed to the geometrics of roads with allied conditions being stable while the speed of modern vehicles has risen sharply. The total mileage of surfaced roads is now about 144,000 and of unsurfaced roads over 250,000. The Nagpur Plan had envisaged that by 1963 the country would have 123,000 miles of surfaced roads and 208,000 miles of unsurfaced roads. The country has now a mileage of about 15,000 under the national highway system. At present 10 per cent of the long-distance traffic is carried by road but, according to a 20-year projection made by engineers in 1981, nearly 246 million tons out of 800 million tons of the total long-distance traffic would be transported by roads. This would mean a tenfold increase in twenty years. It is true that the number of accidents is much lower in Western countries in spite of much higher speed as compared with that in India. It is obvious that this difference is largely due to proper network and better surfaced roads in these countries. It is not merely a question of economic development, but also from the point of law-and-order situation in the country our roads need to be so developed that the problem of rising road accidents and the loss of human life is at least avoided. It is the primary responsibility of the Government to create such favourable situations that the number of accidents are considerably reduced.

Automobile Industry

Along with the development of better roads throughout the country we also need to make rapid strides in the development of the automobile industry. To move millions of men and tons of materials quickly over leads of 100 to 500 miles, West Germany preferred building a new roadway system to extend their well-established and highly efficient railways. In India, 5-ton lorries, each with two 5-ton trailers, can follow each other at intervals of 10 seconds in almost uninterrupted streams, as they frequently do in many Western countries. This alone means a throughput of the order of 60 tons per minute or over 85,000 tons per day on each lane. The Indian productivity team on road transport has found that its productivity is extremely low in India and has ascribed regulatory measures as the main cause. The permissible gross laden weight of Indian trucks is 8 to 12 tons as compared with 30 to 32 in Germany and the U.S. The bad condition of roads is also responsible for the wastage in road transport. About 60 per cent of the total road mileage consists of earthen roads. Most of the national highways are one-carriage ways. The thickness of these and the State highways is insufficient for the present volume and intensity of traffic.

The development of motor transport is not merely a question of adding more vehicles. It is bound up, on the one hand, with the development of roads and, on the other, with the pursuit of taxation and licensing policies aimed at ensuring maximum economy and efficiency in operation and the best possible service to the users. A simplification of the complex tax system in India with its wide variations in the burden of taxation from State to State and a linking up of the taxation of motor transport with a dynamic programme of road development and maintenance are the most urgent tasks in India. It is significant that in India the production of commercial vehicles went up from 9,187 in 1955 to 26,538 in 1960 while the output of jeeps and cars increased during the same period from 12,865 to 24,598. In the coming years the output of commercial vehicles has to be stepped up to a higher rate than the production of cars so that the many-sided problem of meeting the transport needs of a rapidly growing population, which is also well set on the path of urbanisation and industrialisation, may be met most economically and efficiently. Coal could be carried cheaper in heavier trucks than by rail. What is required is that the trucks should be heavy, that is, 12 to 15 tons, and the roads should be able to bear this weight.

Ambiguity

Ambiguity has overtaken the automobile industry largely due to a move for the baby car project in the public sector. The Ministry of Commerce and Industry which has sponsored the scheme has argued that the initial production target will be 20,000 cars against a minimum optimum capacity of 50,000. The cost of the factory is estimated at Rs. 16 crores, about half of it in foreign exchange. But both the Planning Commission and the Ministry of Finance are not able to secure foreign exchange for the project and they have advised the Ministry concerned not to sponsor it during the third Plan period. It may be pointed out that this project does not figure in the Plan and that even a non-Governmental credit may be reckoned by the Aid-India Club in undertaking commitments to meet the foreign exchange requirements of the third Plan as a whole. In other words, to the extent that such a non-Governmental credit is available for this project, the Aid-India Club may reduce its level of assistance, thus affecting the timely execution of other projects which have been given a higher priority in the Plan. Apart from these practical difficulties in the way, the Government may be required to reconsider the question in principle as such. The nationalisation of air transport should convince us by now that it has not either reduced its fares or provided an efficient service to the people. Passengers are required to remain on the waiting list for weeks together. Let history not be allowed to repeat itself in this case. It is hoped that the authorities themselves would abandon the proposal as arguments against it are so apparent and convincing.

Heavy Taxation

Existing automobile manufacturing units in the country have been set up in collaboration with foreign enterprises and in consultation with and approval of the Government. Inadequate foreign exchange allocations have added to the difficulties of power shortage and labour and have been primarily responsible for curbing the further growth of the industry. But still, it has gradually consolidated its position, the indigenous content of the cars has steadily increased, and the assembly line is already there and should be adopted to meet larger demand. The Planning Commission has allotted only Rs. 43 crores of foreign exchange for the expansion of the automobile industry during the third Plan, as against Rs. 70 crores required by the industry. It is understood that the restricted volume of production is the primary reason for the high cost of automotive products in India. The relation between the quantity of output and cost of production is more pronounced in the case of the automobile industry than in most other industries. None can afford to install modern cost-saving machinery unless their output is substantially higher than at present. Moreover, imported raw materials are available to Indian manufacturers only at higher prices than those at which motor car manufacturers abroad are able to obtain them. The contribution of the automobile manufacturers to the exchequers of the Union and State Governments by way of customs duty, excise duty and sales tax, etc. has increased tenfold over the last seven years and is estimated to be well over Rs. 20 crores per year at present.

The incidence of Government duties is so high that the purchaser of an automobile contributes anything from 25 to 35 per cent of the price paid by him towards the Government exchequer. In 1960, out of a total production of about 19,000 cars in the country, about 9,199 were Hindustan Ambassadors. The ex-factory dealer price of Rs. 11,554, including Rs. 1,000 duty, has a foreign content of only Rs. 2,125 c.i.f. or 18.4 per cent of the total price.

The country owes much to the automobile industry. The success of our Five-year Plans hinges, to a large extent, on road transport. Let us not falter at this vital stage in our development plans. The growth of this basic industry should be encouraged at all costs.

THIS IS NOT A PROSPECTUS BUT ONLY AN ANNOUNCEMENT

A Prospectus together with the documents specified herein has been duly filed with the Registrar of Companies, Madras.

The consent of the Central Government has been obtained to this issue by an order No. R. 388--CCI/61 dated 14-11-1961 of which a complete copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that in giving this consent the Central Government do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed with regard to them.

An Industrial Licence L. 34 (6) 21/60/L--IND. dated 30-8-1960 issued under the Industries (Development and Regulation) Act 1951 has been obtained from the Central Government for effecting a substantial expansion to this existing industrial undertaking at Serakuppam, P. O. Vadalur, District South Arcot, Madras State, of which a copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that in granting this licence, the Government of India do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

The Company's shares are dealt in and are officially quoted by the Madras Stock Exchange Ltd. Application is being made to the Madras Stock Exchange Ltd., for permission to deal in the present issue of shares.

The Subscription Lists will open at 11 a.m. on Wednesday, the 24th January 1962 and will close at 5 p.m. on Wednesday the 31st January 1962 or earlier as soon as the subscriptions approximating to the amounts issued hereinunder to the public have been received but not earlier than 5 p.m. on Saturday 27th January 1962.

SESHASAYEE INDUSTRIES LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, 1956). DATE OF INCORPORATION 12TH DECEMBER 1957

SHARE CAPITAL

Authorised :

720,000 Equity Shares of Rs. 10 each	Rs.	72,00,000
280,000—6¼% Cumulative tax-free Preference Shares of Rs. 10 each	Rs.	28,00,000
Total ..	Rs.	1,00,00,000

Issued, Subscribed and Paid-up Capital:

316,000 Equity Shares of Rs. 10 each	Rs.	31,60,000
84,000—6¼% tax-free Cumulative Preference Shares of Rs. 10 each	Rs.	8,40,000
Total ..	Rs.	40,00,000

Present Issue and offer :

400,000 Equity Shares of Rs. 10 each	Rs.	40,00,000

The said shares are offered for subscription in cash at par in terms of this Prospectus and the subscriptions for the said shares are payable as follows:—

On application	Rs. 5 per share
On allotment	Nil.

and the balance will be payable in two calls of Rs. 2.50 nP. each, the first call will be made three months after the date of allotment and the second call three months thereafter.

The Preference Shares carry a fixed cumulative preferential dividend at the rate of 6¼ % on the capital paid up thereon from the date of allotment and free of any deduction for Indian Income-tax and to a right on a winding-up to be paid all arrears of preferential dividend whether earned, declared or not down to the commencement of the winding-up and the capital paid up thereon but to no other rights in the profits or assets of the Company. The said dividend will be computed and paid in accordance with the Preference Shares (Regulation of Dividends) Act, 1960.

The shares now issued will rank for dividend and be in all respects *pari passu* with the existing equity shares of the Company and will be entitled to participate equally with the existing Equity Shares in any dividend that may be declared after the date of their allotment irrespective of the date on which such allotment has been made.

The entire present issue of 400,000 Equity Shares has been underwritten. No shares are issued for consideration other than cash.

BOARD OF DIRECTORS

1. SRI S. NARAYANASWAMY (Stock Broker), *Chairman*, "Seshadri," 6, Chittaranjan Road, Madras-18.
2. SRI V. SWAMY IYENGAR (Mirasdar), "Sri Raghavam," Pattamangalam St., Mayuram.
3. SRI T. N. DORAISWAMI (Landlord), Khajanagar, Tiruchirapalli.
4. SRI S. N. A. S. A. ANNAMALAI CHETTIAR (Banker), 2, Sivankoil Sannadhi St., Karaikudi.
5. SRI K. S. RAMU (Mirasdar), "Kottachi House," South Saliya Street, Kornad, Mayuram.
6. SRI KHUSHAL CHAND SOOD (K. C. SOOD) (Industrialist), 3, Esplanade East, Calcutta-1.
7. JANAB ABDULLABHOY M. BHAGAT (Merchant and Landlord), No. 10, Sembudoss Street, Madras-1.
8. SRI R. VENUGOPAL REDDIAR (Businessman), Raja Reddiar Bungalow, Ammamandapam Road, Srirangam.
9. SRI R. VAIDYANATHAN (Landlord), 26, North Car Street, Sirkali.
10. SRI K. TIRUVENGADAM (Businessman), 34, Second Main Road, Gandhinagar, Adyar, Madras-20.
11. SRI N. KANNAYIRAM (Businessman), 110, West Santhapettai Street, Madurai.
12. SRI P. SABHANAYAGAM, I.A.S. (Director of Industries and Commerce, Government of Madras), "Riverside," 20/5, Greenways Road, Madras-28.
13. SRI R. V. RAMANI, M.A., M.Sc. (Businessman), "Saraj," 100 Feet Road, Tatabad, Coimbatore-12.
14. SRI H. K. RAMASWAMI (Engineer), "Gokulam," Alexandra Road, Tiruchirapalli.

MANAGING AGENTS

Messrs. SESHASAYEE BROTHERS (Private) LTD., "Sita Sadan," 4, Williams Road, Cantonment, Tiruchirapalli.

BANKERS

1. UNITED COMMERCIAL BANK LIMITED, Madras.
2. INDIAN OVERSEAS BANK LIMITED, Madras and Tiruchirapalli.
3. INDIAN BANK LIMITED, Madras and Tiruchirapalli.
4. BANK OF MADURA LIMITED, Neyveli.
5. PANDYAN BANK LIMITED, Tiruchirapalli.

UNDERWRITERS

1. THE MADRAS INDUSTRIAL INVESTMENT CORPORATION LTD., 38, Whites Road, Royapettah, Madras.
2. LIFE INSURANCE CORPORATION OF INDIA, "Jeevan Kendra," Churchgate, Bombay.
3. INVESTMENT CORPORATION OF INDIA LTD., Ewart House, Bruce Street, Fort, Bombay-1.
4. UNITED COMMERCIAL BANK LTD., 2, India Exchange Place, Calcutta.
5. CHITRA & CO., Post Box 1557, Madras-1.
6. PATERSON & CO., Post Box 48, 22, Errabalu Chetty St., Madras-1.
7. LEWIS & JONES, Bank of Baroda Bldg., Apollo Street, Fort, Bombay-1.
8. DEVKARAN NANJEE & CO., 5, Hamam Street, Fort, Bombay.
9. P. R. SUBRAMANYAM, 70-A, Stock Exchange Building, Apollo Street, Bombay.
10. HARBANS SINGH MEHTA & CO., 33, Regal Bldg., Parliament Street, New Delhi.
11. P. ROY COMPANY, 3/8, M. M. Road, Jn. Panchkuin Road, New Delhi.

BROKERS

Madras

1. MESSRS. CHITRA & CO., Share and Stock Brokers, 322-323, Linghi Chetty St., Madras-1.
2. MESSRS. PATERSON & CO., Stock Brokers, 22, Errabalu Chetty Street, Madras-1.
3. MESSRS. MACONOCHIE & CO., Share and Stock Brokers, Mercantile Bank Building, Madras-1.

Bombay

4. MESSRS. LEWIS & JONES, Stock Brokers, Bank of Baroda Building, Fort, Bombay.
5. MESSRS. DEVKARAN NANJEE & CO., Stock Brokers, 5, Hamam Street, Fort, Bombay-1.
6. MESSRS. P. R. SUBRAMANYAM, Stock Brokers, 70-A, Stock Exchange Building, Apollo Street, Fort, Bombay-1.

Calcutta

7. MESSRS. PLACE, SIDDONS & GOUGH, Lyons Range, Calcutta-1.
8. MESSRS. G. M. PYNE, Stock Brokers, 14, India Exchange Place, Calcutta-1.

Delhi

9. MESSRS. HARBANS SINGH MEHTA & CO., 33, Regal Building, Parliament Street, New Delhi.
10. MESSRS. P. ROY COMPANY, 3/8, M. M. Road, Jn. Panchkuin Road, New Delhi.

AUDITORS

MESSRS. SURI & CO., Chartered Accountants, 1/29, Mount Road, Madras-2.

LEGAL ADVISERS

SRI R. NARASIMHACHARI & SRI N. VARADARAJAN, Advocates, No. 4, Dr. Rangachari Road, Mylapore, Madras-4.

REGISTERED OFFICE

No. 1. ALEXANDRA ROAD, CANTONMENT, TIRUCHIRAPALLI-1.

OBJECTS

The following are the main objects of the Company as contained in the Memorandum of Association:

1. To carry on the business of manufacturers, importers, and exporters of and dealers in ceramic products of all kinds including electrical insulators and other porcelain products and their parts and accessories.

2. To carry on the business of manufacturers, importers, exporters of and dealers in all kinds of transformers, switchgears, meters and their parts and accessories.

HISTORY OF THE COMPANY

Messrs. Seshasayee Brothers (Private) Ltd., Tiruchirapalli, obtained for the benefit of this Company two licences under the Industries (Development and Regulation) Act, dated 29th October 1956 and 7th October 1958 for the establishment of an industrial unit for the manufacture of porcelain High Tension and Low Tension insulators and associated cast iron and non-ferrous castings and malleable castings and mild steel forgings. The Company constructed a factory at Vadalur in South Arcot District and went into trial production early in 1960 and has now standardised the production of conventional transmission-line insulators and their associated metal parts.

Commercial production started early in 1961 and the Company has effected deliveries of high tension and low tension insulators and hardware components to several State Electricity Boards and Private Undertakings against orders received and according to specifications required. The materials delivered have afforded full satisfaction to customers.

High Tension Insulators and porcelain accessories are being overwhelmingly imported into this country, as the small number of factories in India which are engaged in the manufacture of these products are able to meet only a fraction of the present demand. The Directors have carefully considered the demand for high tension insulators and are satisfied that a growing market exists for these goods. They believe, it would be of immense advantage to the Company to enlarge the plant and augment its installed capacity for production of insulators and malleable cast iron parts in order to meet the pressing demand that is in evidence from the various sectors of electrical industries. While the main consumers of high tension insulators are State Electricity Boards, electricity undertakings, manufacturers of switchgear and transformers, the Indian Railways who have recently been enlarging the area of their electrification have started making their demands for high tension insulators. The Directors believe that it is not only desirable but absolutely essential that the present capacity of the factory should be augmented with a view to meet both existing and anticipated demand.

The Company has now obtained a licence from the Government of India for expanding the present capacity from 1,200 tons to 3,000 tons of insulators per annum. The Directors expect that the entire output will be absorbed by current demands. The Company's Technical Consultant, Dr. Ing. habil Kurt Draeger, in consultation with the Company's engineers, has prepared a detailed scheme for the expansion of the factory and has recommended its immediate implementation. The more important items of Plant and machinery required for this expansion will be supplied by Messrs. Franz Kirchfeld, Dusseldorf, West Germany. The Government of India have kindly allotted to this Company the foreign exchange required for the import of plant and machinery. Dr. Draeger has agreed to send technicians from Germany to India who will stay and work in both the Ceramic and Foundry Sections of the factory until such time as rated production capacity has been fully established. He will also be periodically coming over to India to advise on quality control and on the expansion of the range of the Company's products.

PLANT AND MACHINERY

The Company has obtained an Import Licence (No. 991677/TPWG/61/HQ-G-I dated 26-10-1961) for importing the necessary plant and machinery for this project and firm orders have been placed with the Company's suppliers, Messrs. Franz Kirchfeld, G.m.b.H., Dusseldorf, who have been able to negotiate and secure advantageous prices.

TECHNICAL COLLABORATION

The Company has entered into an agreement dated 1-7-1958 with Dr. Ing. K. Draeger of Honef, West Germany, in terms of which he has to render assistance to this Company, in the planning and supervision of the factory erection and in attaining rated capacity of 1,200 tons of porcelain insulators per annum.

In pursuance of the said agreement Dr. Draeger has been responsible for the design and lay-out of the existing 1,200-ton plant. He has assisted in the purchase of plant and machinery for this project in Germany and India, provided personnel for erection of the plant, trained a team of the Company's engineers and technicians in one of his associated factories, namely, Rhein Westfallische Isolatern Werke at Siegburg in West Germany and two of his senior technicians are at present in the factory supervising production and training labour.

Dr. Draeger has agreed to give his assistance for the expansion scheme and the Company has agreed that the Company will seek the approval of the Government of India for payment of additional know-how fee and royalty and to pay him such amount as the Government may approve for the services to be rendered by him and his deputies in connexion with the expansion project.

Dr. Draeger has now completed the Selection of the plant and machinery pertaining to the expansion project and has enabled us to place orders for the same. He is at present busy planning the lay-out of the buildings and taking such further steps as are necessary to speedily implement the expansion programme. He has also agreed to send to India such technical personnel as his deputies and assistants as may be considered suitable for the purpose. He and his deputies will be entitled to such travelling and living allowances in India as may be in vogue from time to time in contracts for engaging foreign technicians.

MINIMUM SUBSCRIPTION

The minimum subscription on which the Directors will proceed to allot is equity shares of the face value of Rs. 15 lakhs.

The capital requirement for the proposed expansion is estimated as follows:—

		Rs.	
(a)	Buildings	11.00	lakhs.
(b)	Imported machinery including import duty, freight and insurance	40.00	,,
(c)	Power Plant, Indigenous machinery and erection, charges and contingencies	6.50	,,
(d)	Expenses of this issue	2.50	,,
	Total Rs.	60.00	,,

It is proposed to provide for the above capital requirement as follows:—

	Rs.	
By issue of fresh capital	40	lakhs.
By borrowings	20	,,
Total Rs.	60	,,

The present issue of Rs. 40 lakhs has been fully underwritten.

ESTIMATED PROFITS

It is estimated that within a short period after the completion of the expansion, the expected profits would be sufficient after payment of dividends on Preference shares to provide a reasonable and attractive return to the Equity shareholders.

MANAGING AGENTS

Seshasayee Brothers (Private) Ltd. were appointed as the Managing Agents of the Company with effect from 6-3-1958 for a period of fifteen years by the Articles and by an agreement dated 6-3-1958 on a remuneration of 10% of the net profits of the Company subject to a minimum of Rs. 12,000 per year in the absence of or inadequacy of profits which minimum shall, however, be increased to Rs. 18,000 per year if and when the paid-up capital of the Company exceeds Rs. 20 lakhs.

PREFERENTIAL ALLOTMENTS

The Company has agreed to make the following preferential allotments, out of the present issue, namely, to the Life Insurance Corporation of India, shares of the face value of Rs. 10 lakhs in consideration of their having underwritten a like amount of shares, and Rs. 2,50,000 face value shares to the Investment Corporation of India, Bombay, in consideration of their having agreed to subscribe for the said shares.

UNDERWRITING COMMISSION

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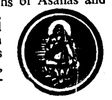

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DELHI

NONSENSE AND FOREIGN AID

By Norman A. Bailey

[The whole problem pertaining to the development of underdeveloped countries is put in its proper, rational perspective by Mr. Norman A. Bailey, an economist and a lecturer in international affairs at Colombia University, U.S.A., in the course of an illuminating article contributed to the Winter 1961 issue of the Colombia University Forum. Mr. Norman Bailey has highlighted what he calls utter nonsense written about the subject of foreign assistance to underdeveloped countries. Analysing the serious limitations to such assistance, as well as to private foreign investment, he emphasises that the only way to develop the economy of an underdeveloped country is through the formation of capital. The prescription he suggests is that development should be achieved, within a framework of political freedom, through work, low wages, honesty, efficiency, free enterprise, high profits regularly reinvested, a Government that confines itself to improving transport, communications, education and health, and through as much private foreign investment as the country can attract. Since the opinions expressed by Mr. Norman Bailey are of particular relevance to India now when those who are in high authority are preaching aggressive socialism, his observations on this subject are of topical importance.—ED.]

AN immense amount of utter nonsense has been written over the last few years about the economic development of underdeveloped areas, compounded of equal parts of stateism, wishful thinking, hopeful prognostications and gloom. The only way to develop the economy of any country is through the formation of capital. There is no other way. It does not matter if the country is nominally communistic, socialistic, statist or entrepreneurial, the process is the same. Only the means differ. This point cannot be emphasised often enough or strongly enough. It is a point most unwelcome to the economic managers, wizards, and soothsayers the proliferate in the underdeveloped countries themselves. A variety of nostrums are advocated and put into practice and, when they fail, others are tried. In the meantime, valuable time is lost, the world's population grows, and the world's poverty with it.

There are three main sources of capital available to any given country: public international investment, private foreign investment, and internal investment. Of the three, the last is by far the most important. This is another fact unpalatable to the purveyors of pipe-dreams, in the industrialised as well as in the underdeveloped nations. The cry now is for international moneys, as if capital from abroad were somehow more useful, more wealth-producing, more valuable than capital generated internally. But considering the magnitude of the task as usually presented—a substantial increase in the standard of living of four-fifths of the world's population—the entire sum donated or lent by all the international agencies and advanced nations put together does not amount to a hill of beans.

Furthermore, it will *not* become very much greater. The inhabitants of the industrialised nations will not stand for having their standard of living lowered. They will not even stand for having the rate of growth in that standard of living substantially lowered. They and their forebears created the wealth which they now enjoy, and to put it crudely, they control the necessary force to prevent any attempt to take it away from them. The United States is, at the present time, trying to reduce its own outflow of gold by inducing Western European countries to share a greater part of the 'burden' of foreign aid so as not to have to lower the already inadequate sum that the U.S. appropriates for such aid now.

Evil Effects

International loans and grants are not in themselves bad, of course. They can be perfectly sound and welcome additions to gross capital formation. In practice, however, they are almost invariably misused. The bureaucracies of the underdeveloped countries are inefficient always and corrupt usually. It cannot be otherwise, and all the best will and good wishes in the world will not alter the fact. A large proportion of the money made available is thus not utilised in any effective way. Another evil effect of these loans and grants is that they are looked upon and treated as a substitute for internal effort and initiative, which they are not, and cannot be. As such, they can be highly dangerous. International financial aid is a wonderful thing when properly used. It is not so used.

Private foreign capital is another matter, and does not offer all the dangers of public aid. In the first place, and most important, private capital, ESTMENted for the purpose of making a
LTD., Ewa generates its own capital, some
Bombay-1. in the country in the form of
4. UNITED and reinvestments, and most of
India Exc lly returns in the form of better
5. CHITRA costs, and greater efficiency, the
6. PATERSON balu Chett proper employment of capital.
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Apollo Str erdeveloped country. Two things, however, must be said about this. First, the entire capital investment by the developed countries in the underdeveloped country is very small in relation to their internal investment and investment in each other. Total United States private direct and portfolio investment in all areas overseas is about $40 billion, less than ten per cent of our gross national product for the single year 1959! About 60 per cent of this investment is in areas already at a high stage of economic development. The second thing is that, rather than try to encourage a greater flow of private funds through welcoming foreign investment and treating it well, the Governments and peoples of most underdeveloped countries do their best to drive it out, or prevent it from entering in the first place. That they have not been entirely successful is a tribute to the spirit of enterprise.

No Other Way

This leaves internal capital formation. Every developed country in the world today industrialised largely through its own efforts, whether under *laissez faire* capitalism, as in the United States, England, France, Germany and so forth; under State capitalism, as in Japan; or under communism, as in Russia. Expropriation, liquidation of the kulaks, low consumption, miserable wage rates, slave labour—these are nothing more nor less than capital formation, communist-style. In a capitalist system, capital is formed by the reinvestment of profits, interest and dividends. The part of labour in the formation of capital is minimal, except in the most primitive manufactures. High productivity is the result of mechanisation. Mechanisation is the result of the investment of capital. Nothing more, nothing less. A very simple concept, and usually misunderstood, if not maligned. For the formation of this capital, three things are necessary: the proper atmosphere, a spirit of capitalistic enterprise and low wages. The first two are largely lacking in the underdeveloped areas. The third is present. Real wages are always low in these countries, and there is nothing, absolutely nothing, that Governments, labour unions, or the enterprises themselves can do about it. Wages are a direct result of the investment of capital, not *vice versa*, and they will not rise unless profits, substantial, continuing and secured profits, are made by the suppliers of capital and enterprise. There is no other way.

The great industrial complexes of North America, Europe and Russia were built by two factors: the sweat of underpaid workers and the investment of entrepreneurs or Governments (in the case of Russia). It may be unfortunate that it is so, but it is so nevertheless. It is unfortunate that disease, poverty and illiteracy exist, but they do exist, and neither wishful thinking nor economic panaceas nor mighty speeches will spirit them away. Only work, and profit. But the underdeveloped countries want the best of both worlds. They want to have high wages and costly programmes of social welfare, and at the same time rapid industrial development. It cannot be done now any more than it was ever done in the past. The economic implementation of this attitude results only in severe inflation, and this very inflation has been converted by some countries and some economists into a principle in itself of economic development, a fine example of making a virtue of necessity.

A Way to Expropriate

It is true that inflation is a way to expropriate the populace and confiscate its savings, and thus is a sort of bastard method of forming capital, but inflation also causes available funds to be invested in non-productive enterprises, such as land speculation. And in any case, prolonged inflation inevitably results, sooner or later, in disgust with the Government and collapse of the economic system.

It must also be said that some countries can never be, and will never be, industrial powers. They simply do not have the necessary resources, skills, raw materials or social setting to become highly mechanised and complex societies. This is not a counsel of despair. Neither Denmark nor New Zealand are highly industrialised countries, but they enjoy prosperity and high standard of living by acquiescing in, and using, the international division of labour, rather than fighting it at every turn.

Unfortunately, it must also be said that, given our present level of technology, there are many nations and regions in the world that will never become wealthy, either through industry, specialised agriculture, or in any other way. These are the overpopulated, underdeveloped and raw-material-lacking countries, of which there are more than most people like to think. This may, of course, change. Power may be derived from the sun, food from seaweed, and so forth. But at present they are just as much condemned to poverty in the world as a whole as are certain parts of the United States within the world's richest country.

But all the underdeveloped countries can raise their standard of living somewhat, and some can become wealthy and powerful. They can do it in the communist way, by adopting policies better fitted to beasts than men, by losing every vestige of self-respect, dignity and individual initiative. Or they can do it within a framework of political freedom through work, low wages, honesty, efficiency, free enterprise, high profits regularly reinvested, a Government that confines itself to improving transportation, communications, education and health and through as much foreign private investment as the country can attract. This is not a prescription for social justice. It is a prescription for economic development. It is curious, however, and instructive, that those countries which today have the highest degree of social justice are precisely those which in the past have followed this prescription.

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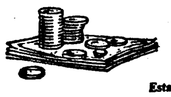

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U.N. SPECIAL FUND'S ASSISTANCE TO INDIA

The Governing Council of the United Nations Special Fund has announced an allocation of $2,025,000 (about Rs. 1 crore) for three projects in India. The sum earmarked is out of the total allocation of $42,814,300 for 48 projects in 37 countries, which the Council made at its seventh session held on the 11th inst. The new projects that will receive assistance in India are: the National Institute for Training in Industrial Engineering, Bombay ($669,000); the Central Instructor Training Institute, Hyderabad ($612,000) and the Rajasthan Sheep and Wool Institute ($744,000). The Government of India's counterpart contributions in respect of these projects are $1,620,000, $1,690,000 and $4,272,000, respectively. With this allocation, the total assistance that India has received from the U.N. Special Fund comes to over $15 million, the number of projects being 18.

TRENDS IN U.S. AGRICULTURE

PRODUCTION LOWER—PER ACRE YIELDS HIGHER

By Orville L. Freeman

U.S. SECRETARY OF AGRICULTURE

UNITED States farmers in 1961 had a relatively good year. They produced just about as much total food and fibre as in 1960, which had set an all-time record for output. Their net income was about one-tenth larger than in 1960. They co-operated with the Government in a new programme that began to reduce the surplus in feed grains. Their exports of farm products soared to a new high. Their total financial assets climbed to a new peak.

U.S. output of crops in 1961, principally because of reduced production of feed grains and wheat, was a little less than in 1960. The yield of crops per acre, however, was about 2 per cent higher than the record levels previously established in 1958 and 1960. Except for deliberate efforts on the part of farmers and the Government to hold back output of several commodities, of which the U.S. already had substantial surpluses, the 1961 output of crops would surely have soared to a new all-time record.

The United States, every year from 1952 to 1960, produced more feed grains than it used at home or sold abroad. The result was that unsold stocks of feed grains rose very high. Consequently, an emergency programme was provided in 1961 to decrease the output of corn and grain sorghums.

Under this programme, farmers were given the opportunity to reduce their acreage of corn and grain sorghum by from 20 to 40 per cent. For so doing, they received payments from the Government based on the normal yields of the land they took out of production. It was a voluntary programme; farmers could sign up or not, just as they thought best. More than a million farmers agreed to take out of production one-fourth of the nation's grain sorghum acreage and one-fifth of its corn acreage.

Despite an extremely sharp rise in per acre yields of these two crops, due to almost perfect weather, the 1961 corn crop—3,500 million bushels (1,233,400,000 hectolitres)—was down about 9 per cent; the grain sorghum crop—480 million bushels (169,152,000 hectolitres)—was down 21 per cent, and output of all feed grains declined about 11 per cent. This adjustment in output has made possible the first decline in U.S. feed grain stocks since 1952.

Wheat

Wheat production—1,200 million bushels (422,880,000 hectolitres)—was also about one-tenth smaller than in 1960, mostly because of drought conditions in part of the wheat-growing area.

Partly offsetting these declines in the crop production picture was a 25 per cent increase in the soyabean crop—700 million bushels (246,680,000 hectolitres—a small increase in production of cotton—14.5 million bales (a bale averages 500 pounds or 227 kilograms in weight)—2,000 million pounds (704,800,000 kilograms) and somewhat larger outputs of potatoes and various other commodities.

The smaller production of U.S. crops in 1961 was just about offset by larger output of livestock and livestock products. Production of milk, beef, pork, chickens, and turkeys increased, while output of eggs declined a little. It all added up to another year of abundant production and abundant supplies for U.S. consumers.

U.S. consumers obtain their diets for about 20 cents out of their take-home dollar—in other words, for about one-fifth of their incomes after payment of taxes. A better measure of the cost of food is the hours of labour required to buy it. On this basis, U.S. consumers pay only about half as much for food as do consumers in such economically well-developed countries as England and West Germany, and one-third, one-sixth, or even one-tenth as much as consumers in economically less developed countries.

The average U.S. consumer in 1961 consumed about 87 pounds (39.5 kilograms) of beef, 63 pounds (28.6 kilograms) of pork, and almost 38 pounds (27.25 kilograms) of chicken and turkey. He averaged almost an egg a day. Dairy products, including fluid milk and cream, ice cream, cheese, and butter, also constituted a large part of his diet. He ate about two pounds (.91 kilogram) of fresh fruit per week, plus a liberal quantity of canned and frozen fruit. He consumed about six pounds (2.72 kilograms) per week of fresh, canned, and frozen vegetables, including potatoes; and he filled out his diet with substantial quantities of food grains.

In 1960, the net income derived by farm operators from agriculture was estimated about $11,700 million. In 1961, net income increased by about $1,000 million. This was due in part to the Feed Grain Programme, in part to higher price supports on a number of important commodities, and also to slightly larger marketings at slightly higher average prices than prevailed in 1960.

Exports of agricultural products from the United States reached an all-time high in the fiscal year that ended 30th June 1961. The total was $4,900 million—an increase of about one-tenth over the preceding year and of between 4 and 5 per cent over the earlier record established in fiscal year 1957.

About one-half of U.S. cotton, wheat, and rice production went overseas. So did two-fifths of the tallow and grease output, nearly one-third of the tobacco, and one-fourth of soyabeans and oil.

Financial Position

The credit and financial situation of U.S. farmers also improved during 1961. It is estimated that, as of the end of 1961, farmers' financial assets, including the value of their land, buildings, machinery, livestock, household goods and savings, will total more than $211,000 million. This would be an increase of about $5,000 million during 1961. Subtracting all the debts owed by farmers—about $27,000 million—the net worth of U.S. farmers at the end of 1961 was $184,000 million, or an average of almost $50,000 per farm.

The Government has established a number of objectives for agriculture which it sought in 1961 and will continue to seek in the years ahead. One objective is to raise farm income, which we feel had fallen behind the rate of national growth during the 1950's. A second objective is more effective use of our agricultural abundance and productive ability at home and abroad. We have expanded Government food distribution programmes at home and have sharply stepped up the Food-For-Peace Programme abroad. To enable us to make wise and effective use of agricultural abundance in areas of need throughout the world, we published, in 1961, a World Food Budget. This document pinpoints food supplies and food needs country-by-country throughout the world. We are sure it will be a valuable tool in the effective employment of U.S. abundance and in using food in the interest of world peace and economic development.

India was one of the main beneficiaries in the overseas aid programme of the Ford Foundation during the year ended 30th September 1961, receiving as it did, grants aggregating $5 million during the year. These grants included $800,000 to West Bengal for the establishment of a metropolitan planning organisation to formulate a development plan for Calcutta, $600,000 to the Institute of Public Administration in New York for comparative urban research and training, based primarily on the Calcutta project, $2.34 million to finance agricultural demonstrations in one district in each of seven States, $434,000 for the Institute of Management at Calcutta as a post-graduate training and research centre in business and industrial management, $603,000 for family planning programmes, $600,000 for the small industries extension institute, $200,000 for a national institute for industrial design to improve the quality of manufactured goods, and $181,000 to help train Indian engineers in management production methods in the U.S. steel industry—a programme begun in 1957.

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EFFECT OF LEGISLATION ON COLLECTIVE BARGAINING

EXPERIENCE OF LATIN AMERICAN COUNTRIES

THE visit of Prime Minister Nehru to Mexico in 1961 and the visit of Dr. Arturo Frondozi, President of Argentina, to India last month marked the beginning of a new chapter in Indo-Latin American relations. Because of this country's desire (for political and economic reasons) for closer relations with U.S. and Canada, the two powerful countries of the New World, India's relationship with the relatively less developed, but not less important, countries of Latin America, has not been as close as it should have been. Like India and Japan in Asia, Mexico and Argentina in Latin America are now two strong bulwarks of democracy. They are also the two key nations in Latin America. There is another reason why India should cultivate close contact with Latin American countries and that is the identity of interest and problems of these countries and India. Both India and Latin America, therefore, stand to benefit by mutual exchange of experience and ideas. One of the important fields in which there is striking similarity between the conditions in Latin America and India is industrial relations. As in India, so in Latin American countries, legislation and collective bargaining play an important role in labour-management relations.

The question whether legislation strengthens or weakens collective bargaining and trade union movement has been the subject of much debate in this country. While some have argued that labour legislation, by giving the benefit of legal protection to workers, strengthens their power to bargain with employers on equal terms, others have contended that it cuts at the root of collective bargaining by providing workers protection through methods other than collective action by themselves. The official stand has been that, while legislation or Government intervention is unavoidable in the context of planning, real progress could be made only through co-operative arrangements between the parties themselves and that the Government should give all possible encouragement and help to both parties to get together and resolve their differences through mutual negotiation and agreement.

Are legislation and collective bargaining mutually exclusive? Does the one help or obstruct the other? This question is of interest and importance to all countries like India where industrial relations are governed by a combination of these two. The experience of Latin American countries in this respect is therefore of particular interest to India. Much light on this subject is thrown by a study of labour legislation and collective bargaining in the Latin American countries published in a recent (October 1961) issue of the *International Labour Review*. The study is based on the report of the Inter-American Study Conference on labour-management relations held under the auspices of the I.L.O. at Montevideo last year. A comparison of labour legislation and collective bargaining in Latin America with those in the U.S. and Canada is a distinctive feature of the study. The respective roles of labour legislation and collective bargaining in determining working conditions and preventing and settling disputes are of special significance, because of the inter-relationship of legislation and collective bargaining which exists in the American region and the apparent divergence of philosophy and practice between Latin America on the one hand, and Canada and the U.S. on the other, regarding the proper role of one or the other method.

Determining Factors

National attitudes towards the role to be played by legal enactments in fixing working conditions and settling labour disputes, observes the authors of the Study, are not only determined by considerations of social interest and economic power or utility in a given situation; they are also greatly influenced by general legal concepts and traditions, by political ideologies and by the general function of legislation in the organisation of the community. In Canada and the U.S., the greater reliance placed on collective bargaining, as distinguished from statutory regulation of working conditions, is in part a reflection of the pragmatic approach characterising Anglo-American legal concepts which are based on common law principles and on traditional preference for contract and custom rather than statutory provisions. On the other hand, labour law in Latin America follows the Roman tradition, that is, it consists of written law established by non-judicial bodies. This situation has led, in Latin America, to a predominance of legal considerations in the practice and theory of labour relations.

The legal approach of the Latin American countries finds its typical expression in the tendency to codify all conceivable matters relating to labour and social questions into one comprehensive statute book. This concept of codification is largely foreign to the Canadian and U.S. systems. The desire for legal perfection, which is so strong in Latin America, sometimes leads to a situation wherein the law is in advance of the real economic and social situation. But the function of the written law in some of the Latin American countries is sometimes more educational than normative in character. This concept of the role of legislation is somewhat alien to national traditions in Canada and the U.S.

Minimum Wage Fixation

The desire for legislation finds its most immediate expression in minimum wage fixation. Statutory determination of minimum wages and conditions of work has its genesis in the responsibility of the State to protect the worker as the economically weaker party in the employment relationship. Legislative minimum wage-fixing systems exist in all but a very few of the countries of the American region. They assume particular importance in a number of Latin American countries, in view of the low level of wages resulting in part from the relatively low degree of economic development and the concomitant fact that collective bargaining has not yet achieved an effective role in regulating wages and other conditions of work.

The fixing of minimum wages directly by legislation, in which the minimum wage is expressed in the form of a specified amount of money, is to be found in its largest sense in the U.S. where a minimum wage is fixed on a nation-wide basis by the Fair Labour Standards, as amended. However, direct, overall legislative minimum wage-fixing is comparatively rare in the American region. It would seem that only Colombia and Haiti have enacted on overall minimum wage by direct legislation. Other countries such as Uruguay have established minimum wages through direct legislation for specific industries. By far the most prevalent form of legislative wage-fixing in the American region arises out of enactments providing for the determination of minimum wages through the medium of special bipartite or tripartite boards.

Minimum wage-fixing is of crucial importance in the less-developed areas of Latin America, where, in effect, the minimum-wage scales are frequently the wage rates actually paid. On the other hand, in the U.S. and Canada, and in some areas of Latin America, a well-developed economy, including a strong trade union movement and effective collective bargaining, have served to create a relatively high general wage level. Hence, for these countries and areas, minimum wage-fixing is of less importance.

Conditions of Work

In addition to wages, legislation in the region deals, to a greater or smaller extent, with virtually all other conditions of work. While a maximum of normal hours of work is fixed by legislation, in almost all the countries of South and Central America, in the U.S. and in several provinces of Canada, the situation is somewhat different with regard to annual leave with pay. Such leave is recognised in the legislation of all countries in Latin America and in Canada. In the U.S., on the other hand, there is no general legislation in this field, but, in practice, workers, who are not covered by collective agreements, are usually entitled to an annual paid vacation on the basis of established custom.

It is evident from what has been said above that legislation plays a far greater part in the determination of working conditions in South and Central America than in Canada and the U.S. This is due partly to the low degree of development of collective bargaining in many of the Latin American countries, which obliges the State to intervene in the interest of the otherwise unprotected workers, and partly to the adoption of the Roman law traditions under which legislation regulates, in great detail, the individual contract of employment and the mutual rights and obligations of employers and workers arising out of it.

Role of Collective Bargaining

The role played by collective bargaining in fixing wages and working conditions and settling labour disputes varies considerably between different parts of the American region. Whereas it is the normal way of regulating employer-employee relationship in certain countries, it is hardly known in others. The practical significance of collective agreements is undoubtedly greatest in Canada and the U.S. In both countries, they cover undertakings in virtually all branches of industry, transport, services and commerce. To a very limited extent, certain areas of agriculture are also covered. In both the countries, collective bargaining is the basic and characteristic feature of labour-management relations. In some of the Latin American countries also collective bargaining has reached the highest level of development. These are: Argentina, Mexico, Cuba, and Venezuela. In others collective bargaining seems to play a less important part in industrial relations and is, in several cases, restricted to some of the more important undertakings.

The determination of wages and working conditions is the *raison d'etre* of collective bargaining and is the central theme of collective agreements. While, originally, collective agreements in Canada and the U.S. principally dealt with wages, with the evolution of collective bargaining processes, the number and variety of collective bargaining subjects have continually expanded. The typical Canadian or U.S. collective agreements of today contain detailed provisions relating to the various aspects of the employment relationship, such as wages, hours of work, overtime pay, rules governing lay off and recall, etc. In addition, some relatively recent developments in collective bargaining have made for the introduction, into Canadian and U.S. collective agreements, of so-called fringe benefit provisions, such as pensions, profit-sharing, health, accident, etc.

Coverage

It can be assumed that, inasmuch as there is a greater degree of legislative regulation of wages and conditions of work in Latin America than in Canada and the U.S., collective agreements in Latin American countries would not be as ample in their coverage of working conditions as collective agreements found in the former two countries. However, the range of subjects covered in agreements in those countries of Latin America where collective bargaining has developed to a substantial extent, as well as in collective agreements in certain major industries or undertakings in other countries, is quite broad. Some agreements frequently deal with matters seldom treated in similar agreements in Canada or the U.S. Mexican and Argentine collective agreements, for instance, normally contain numerous and extensive provisions often supplementing and improving on statutory norms. Further, quite apart from the machinery for settlement of disputes established by law, there is a growing tendency for collective bargaining agreements in the American region to provide for procedures for the efficient and fair settlement of disputes and sometimes also for joint bodies designed to reduce friction and promote co-operation in the relations between the parties.

Collective bargaining, already highly developed and generally accepted in Canada, the U.S., Mexico, Argentina, Cuba, Venezuela and a few other countries of the American region, is acquiring increasing practical importance in most of the remaining countries also. The existence of comprehensive collective agreements side by side with equally comprehensive labour legislation in a number of Latin American countries indicates that both collective bargaining and legal enactments are by no means mutually exclusive but can be, and in fact often are, complementary. While there are no indications in Latin America of an intention to lessen the volume of legislative prescription in the labour field, efforts are being made in many countries to promote collective bargaining as a result of the growing awareness of its advantages and a number of Governments have made it their declared policy to facilitate and promote the practice.

The evolution of collective agreements, like that of sound labour-management relations, in general, is, of course, dependent upon certain prerequisites of a more general character, many of which are not yet present in a number of Latin American countries. These prerequisites include (1) a certain degree of industrialisation, (2) the organisation of undertakings as production units of a certain size, (3) a certain amount of stability in the work force, (4) a certain level of literacy and basic education, (5) political structure of the community and general economic development which are favourable to collective bargaining, (6) the existence of a basic legislative framework setting out clearly the mutual rights and obligations of labour and management, and (7) a willingness on the part of the parties to accept collective bargaining.

Apart from the absence of these prerequisites in many Latin American countries, there are two other major practical obstacles which have impeded the development of collective bargaining. They are: (1) the weakness of the trade union movement and (2) some obstacles arising out of legislation regulating labour-management relations. The weakness of the trade union movement in Latin American countries is attributed to the following factors: (1) predominantly agrarian character of the economy; (2) presence of various legislative and administrative enactments which have tended to curtail freedom of association; (3) ideological difficulties—that is, rivalries and conflicts between groups of persons holding different political or ideological beliefs and the presence of "outsiders" in the movement, and (4) financial weakness and unstable membership.

As regards legal obstacles, the I.L.O. study referred to at the outset of this article makes the following comment, which, incidentally, applies with equal force to India also:

"While the weakness of the trade unions is certainly the major handicap to the growth of collective bargaining in many Latin American countries, its development may, at least in several countries, also be curbed as a consequence of Government action. The State undoubtedly has the obligation to protect, through legislation, workers who are unable to protect themselves in the absence of strong associations. But legislative action—especially in a cultural environment which is favourable to legalistic perfection—may develop in a way which narrows the area of free collective bargaining to an extent where negotiations between labour and management are not only not stimulated but also lose a large measure of their usefulness and practical significance. This situation constitutes a real problem in some of the Latin American countries. If legislative provisions fixing working conditions are implemented in practice and if they not only contain minimum standards but rather constitute the most favourable conditions which can reasonably be expected under a given economic situation, rendering improvements by negotiations impossible, then a collective agreement can add nothing to the statutory provisions. A combination of legislation and collective bargaining, as it is practised in many, and attempted in other Latin American countries, can work only if the legislative enactments constitute merely a minimum on which improvements are possible, or take the form of general principles and standards which must be adjusted to practical needs or specific situation, or are limited to those questions on which legal action is indispensable. Further, legislation on conditions of work can be a useful means of promoting collective bargaining if it should be filled in by collective agreements or that certain conditions apply only in so far as the parties have not agreed on other solutions."

A Good Example

Mexico, the study points out, is a particularly good example in this regard. It has a very comprehensive Labour Code which has served as a model for other Latin American Labour Codes, supplemented by a tight network of collective agreements, which are particularly lengthy and elaborate as compared with the collective agreements of other countries. This situation is the result, on the one hand, of legislation that is flexible enough to leave a broad area for bargaining and, on the other, of collective agreements which, by references to the relevant statutory provisions and by the avoidance of gaps, repetitions and contradictions with legal norms, constitute a real supplement to the statutory provisions and adjust their objectives and spirit to industrial realities.

In conclusion, the authors of the study observe that the majority of Latin American Governments are endeavouring to promote collective bargaining by various means among which legislation occupies a predominant place. The intention of such statutory provision is certainly, in most cases, to facilitate and encourage collective bargaining, but there are also cases where they have the opposite effect. Nevertheless, it can be stated as a broad conclusion that, despite the difficulties facing it in some countries, collective bargaining has, in recent years, shown a steady development in Latin America and, with the progressive removal of obstacles peculiar to Latin America, its growth will undoubtedly be accelerated.

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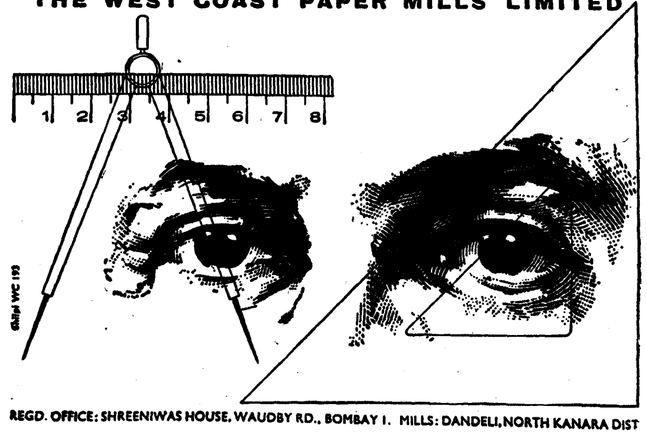

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BRITISH STEEL INDUSTRY'S PERFORMANCE

CONTROVERSY OVER PRICING FORMULA

THE British steel industry has been passing through difficult days. Its production performance in relation to installed capacity has not come up to expectations, for the actual crude steel output in 1961 has turned out to be just 22.3 million ingot tons, as compared with the 24.5 million tons forecast for that year and with the record output of 24.3 million tons achieved in 1960. The 1961 production represents 89 per cent of that year's aggregate steel-making capacity in the industry. This performance is compared with that of the previous years in the following figures:

	Capacity in million tons	*Production as per cent of capacity*
1954	19.9	98
1955	20.5	98
1956	21.6	97
1957	22.9	96
1958	22.9	87
1959	25.9	79
1960	25.9	94
1961	27.5	81

It will be seen from these figures that there has been an overall worsening in the industry's working in relation to capacity in the last few years, apart from the 1960 upsurge. Since last April, the industry has also not got back to 90 per cent working in any single month, nor is it likely to reach the level of 90 per cent working for some time to come. As this 90 per cent working has been assumed by the Iron and Steel Board in its formula governing fixation of steel prices, a controversy has arisen in recent weeks in Britain over the continued applicability of this formula at a time when production is likely to be less than 90 per cent of capacity. The industry's present rough estimate is that ingot production in 1962 is unlikely to exceed 21.5 million tons, though overall capacity will, by the latter part of the year, approximate 29 million ingot tons. This would mean only about 75 per cent capacity working, as against the 90 per cent capacity working which is taken as the yardstick for purposes of price fixation.

The Iron and Steel Board has recently replied to the industry's criticism and sought to justify its method of price fixation. A thorough reassessment of steel prices, according to the Board's statement, is made at intervals of two to three years. In between these major price determinations, interim adjustments, up or down, are made, if substantial changes in cost or other circumstances warrant them. Such variations in price, it is further stated, are intended not only to reflect changes in specific cost items but also to take account of improvements in productivity and fuel efficiency, which it is the Board's duty to ensure. The one per cent increase in steel prices (as against a 3 per cent increase asked for by the industry), announced by the Board in June 1961, is recalled in this connection. If this increase has turned out to be inadequate, it is because, according to the Board, the normal improvements in productivity have not been secured in a period of falling production during the past year. On the question of the average level of working assumed for price fixation, the Board has come close to admitting the need for a change in the basis. It has recognised the possibility that lower running rates may be associated with a long-term change from a phase of tight supplies to one of ample capacity. This recognition has led the Board to concede that some adjustment in the hitherto assumed average running rate of 90 per cent may be called for.

Actually, the Board has been studying this question for some time now. It is, however, faced with the problem of determining how much obsolete capacity should be excluded from the calculations of capacity for purposes of price fixation. The Board is stated to be deliberately aiming at forcing two million tons of older capacity out of production through its pricing policy. While both the industry and the Board have estimated steel demand at about 29 million tons by 1965, the Board's effort to force 2 million tons of obsolete capacity out of production would mean that the total capacity potentially available, on current plans, to meet the estimated 1965 demand would be 32 million tons. If the two million tons of obsolete capacity are in fact withdrawn from production, the industry would be operating only at around 90 per cent of capacity by 1965. But, if this obsolete capacity is not withdrawn, the average level of capacity working will be less than 90 per cent. The question is, therefore, how determined the Iron and Steel Board is to force older capacity out of existence. It looks as if the Board is aiming at more efficient production by forcing out obsolete plant and, on that basis, at a reasonable rate of return in its assessment of prices. In the circumstances, only some marginal adjustment in the average running rate of 90 per cent may be expected. The Board, in this connection, is stated to be keeping in view the prospect of intensified and extended competition.

The steel price sytem may, in any case, be expected to change, if and when Britain actually joins the Common Market of the Six. As British membership of the European Coal-Steel Community will follow automatically from its accession to the Common Market, the question arises whether the Iron and Steel Board in Britain can continue to *exercise its power to fix* steel prices. The Board cannot obviously do that, for it is the High Authority in Luxembourg that will then be in the picture. When most of the functions of the British Iron and Steel Board come to be discharged by the High Authority, the British steel industry feels that steel prices will be controlled much less stringently by the latter (the High Authority). But this does not mean that the British steel industry can look forward to any general increase in prices. On the contrary, it will have to face tough competition from other members of that Community. To face this competition, the British steel industry will have to weed out obsolete plant and improve productivity and fuel efficiency.

Some of the likely changes in the British pricing system, which will come about when the U.K. becomes a part of the Common Market, were recently foreseen by Mr. C. R. Wheeler, President of the British Iron and Steel Federation. According to him, the steel industry in Britain will have to abandon the system of uniform zonal delivered prices and, in its place, to introduce the E.C.S.C. system with its reliance on published basing point prices. One central feature of the E.C.S.C. pricing system is its requirement concerning the charging and the publication of non-discriminatory transport rates. How these rules will be applied in Britain, where the transport rates are determined by the Transport Commission, is not clear. Again, how the structure of British taxation will be modified in the light of the E.C.S.C.'s present pricing rules cannot be foreseen. Mr. Wheeler has the following to say on the tax question:

"The E.C.S.C. pricing rules require each Community producer *selling across the frontier* into another Community country to include in his selling price any turnover or sales taxes charged in the country of sale, but allow him to ignore for pricing purposes those turnover taxes which would have been paid in the country of production and to secure the remission of any tax actually paid in this form. The effect of this, in practice, is that, when a country imposes a relatively high proportion of its tax burden in the form of turnover or sales taxes, its producers gain a competitive advantage when they sell to other Community countries, whereas, when a country imposes a relatively small proportion of its tax burden in this form, its exporters are disadvantaged.... In Britain, however, *none* of the tax burden falling on steel producers arises in the form of turnover or sales taxes; and so our position in the Community would seem likely to be even worse in this respect than that of any other country."

It would appear that a number of interrelated questions relating to steel prices has to be studied in Britain before the Iron and Steel Board and the industry can work out changes in the pricing system in a way that will enable the British steel industry to face "intensified and extended" competition. But some upward revision in steel prices in the immediate future to reflect more fully the cost increases since early 1961 is a different matter which is not likely to present any great difficulty.

OIL PIPELINES AND TANKER TRANSPORT

An analysis of the impact of pipelines on the movement of oil by sea and thus its effect on tanker transport is contained in the report, recently published, of the Maritime Transport Committee of the Organisation for Economic Co-operation and Development which has its headquarters at Paris. The report compares the characteristics of pipelines and tanker transport and gives detailed comparisons with regard to their relative cost. Information is given on existing and planned crude oil pipeline systems in Western Europe, North Africa, the Middle East and North America, and an attempt is made to estimate their impact on the transport of oil by tankers. The report also traces the present pattern of ocean tanker movements and gives statistics showing the figures of oil production and of oil traffic by sea.

The following main conclusions are drawn in the report:

(i) It is necessary to distinguish between two types of pipelines: those which are complementary to ocean-going transport of oil by tankers and without which there would be no transport at all, and those which compete with tanker transport by shortening substantially the transport distance. The first category forms the great majority.

(ii) Pipelines lack the flexibility of tanker transport.

(iii) The existing and projected pipelines in Western Europe will, on the one hand, involve a certain saving in tanker transport by shortening the sea route but, on the other hand, will make oil more competitive with other sources of energy, thereby increasing the demand for oil and creating bigger tanker requirements.

(iv) Of the pipelines outside Western Europe, only two are likely to constitute real competition to tankers by shortening the transport distance—the pipeline system under construction in the Eastern European countries and the Trans-Arabian Pipeline.

(v) Factors which have an important impact on present and future tanker demand are the increase in world oil consumption and the change in the pattern of the oil trade, mainly as a result of the increase of oil production in or close to some of the principal oil importing countries, and the *rising export potential of the U.S.S.R.*

SCOTLAND'S GIANT STEEL STRIP MILL

Scotland's largest industrial project in the 20th century—the Colville group's £100,000,000 steel strip mill plan—is reported to be nearing completion. The first phase of the project, completed at the end of 1957, cost £25,000,000 and provided for new primary producing plant. Now the new cold reduction mill at Gartcosh, Lanarkshire, is in production and fulfilling the first export contract of highly finished sheet steel this week. The semi-continuous hot strip mill at Ravenscraig, near Motherwell—which together with the Gartcosh mill will cost £64,000,000—will be completed in the autumn.

Planned initial production of the Ravenscraig mill is 750,000 tons a year, of which 250,000 tons will be hot rolled sheets and light plates. The balance will be sent to Gartcosh for cold reduction. The output of the hot strip mill could be raised to 2,000,000 tons a year. A new slabbing mill will also be completed at Ravenscraig in April at a cost of £8,600,000.

BRITAIN'S "TRIDENT" JET PLANE

With the successful maiden flight, on the 9th instant, of Britain's new short-haul jet airliner (the Trident, as it has been named), a new phase in jet air travel is stated to have opened. The Trident, manufactured by the well-known firm De Havilland, has been developed to carry 101 economy-class passengers at a speed of 606 m.p.h. over stage-lengths of upto 1,700 miles.

It is powered by three Rolls-Royce Spey by-pass turbo-jets mounted on the rear fuselage well aft of the passenger cabin—a factor which not only makes the Trident the first three-jet airliner in the world, but also ensures quieter travel for passengers. The Spey engine is notable for its economy of operation, and for its quietness.

The Trident is the first *short-haul civil* aircraft to be equipped for automatic landing, to be introduced in stages until the aircraft will be able to land in the worst weather. The aircraft has low operating costs—a vital consideration in short-haul operations.

Exports of electrical and allied engineering products from the U.K. during the first nine months of 1961 amounted to £238 million. The figure is a record and represents an increase of 10 per cent over the corresponding period of 1960. These figures indicate an annual rate of £316 million. Most sectors of the electrical industry have shared in the increase, exports of electronic goods rose from £50 million to £60 million, domestic electrical appliances from £22.8 million to £25.1 million and electrical machinery from £47 million to £51 million (of which switchgear rose from £13.6 million to £14.7 million). The most spectacular increases were made in the exports to the Common Market. A total of £34 million was exported to the Common Market countries, an increase of 45 per cent. The leading customer-countries were Germany, the Netherlands and Italy. Among Commonwealth countries, a large increase was noted in exports to South Africa, New Zealand and Ghana.

Commonwealth ships form the largest merchant fleet in the world, according to Lloyd's Register of Shipping. Their total tonnage is almost 21.5 million. The U.S. continues to hold second place, with 24.2 million tons, and Norway, with 12 million tons, has regained the third place it had lost to Liberia in 1957. During the past year, Britain regained the lead lost to Liberia two years ago in the size of its oil tanker fleet, and now leads the world with 7.3 million tons. The world total of merchant shipping is estimated at 135.9 million tons—an increase of 6 million tons over the previous year.

NEW PRODUCTS AND PROCESSES

New Machine for Cutting Sheet Metal

BLANKS of any shape or size can be cut from ferrous and non-ferrous sheets up to 3 mm. thick with the Trumpf nibbling machine now being marketed by a British firm F. J. Edwards of London. The machine will also cut plastics and aluminium sheets up to 6 mm. thick. An advantage claimed for the machine is that, since it is throatless, the sheet to be worked can be manœuvred through 360 degrees around the cylindrically shaped tool. The sheets can be of any size conveniently handled by the operator. Internal nibbling of any shape can be carried out, it is stated, and requires only a pre-punched or drilled hole of 18 mm. diameter. The smallest radius of cut possible is 9 mm. The machine has two speeds, 800 and 1,200 r.p.m., through a two-step pulley and vee-belt. The drive is from a 2 h.p. motor carried inside the steel fabricated body. Standard electric supply is 400-440 volts. The machine needs little maintenance and the mechanism is easily accessible. The punches and dies can be re-ground and set up again without difficulty.

Pipelines for Transporting Coal and Iron Ore

Huge pipelines for the transportation of solid materials such as coal, iron ore, grain and chemicals, will be used to an increasing extent in the United States according to Mr. Charles C. Whittelsey, President of the well-known engineering concern of Ford, Bacon and Davis, Inc. Pipelines would also be used as miles-long mixing vats in which raw materials would be processed in transit, and would be designed to carry different kinds of materials at the same time, to be separated at various destinations. Solid materials are already being pumped over short distances through pipelines. Coal mixed with water, for example, is now transported more than 100 miles by pipeline in the State of Ohio, for delivery to an electric power generating station. It is reported that experiments are now being conducted in processing wood-pulp while it is in transit through pipelines.

Automobile Bumpers

A British machine has revolutionised the method of manufacturing automobile bars or 'bumpers' and is in use in most British and many Continental motor car factories. The machine, produced by Redman Tools and Products, Ltd., Worcester is hydrauically operated, is capables of forming deep-section bumpers in heavy gauge mild steel or stainless steel in one operation. It offers about 35 to 40 per cent saving in labour and a 15 per cent saving in metal as well as a saving on tooling up of the order of £15,000 to £20,000. It also gives the bumper stylist a greater freedom than ever before since bars can be shaped to his liking without the limitations imposed by presses. Metal is polished in the flat—another advantage over the old method—and fed into the machine automatically. Thereafter the whole process is push button controlled—bumpers being formed in 20 seconds.

Detecting Cable Faults

A device operating on radar principles, which is claimed to locate faults in undersea cables quicker and more accurately than ever before, has been designed by British Post Office engineers and is now being manufactured and marketed under licence by a British electronics company, Furzehill Laboratories Ltd. The equipment—called Pulse Echo Fault Locator—is being installed to maintain the Commonwealth round-the-world cable which is now being laid. It sends a special search signal along the cable at speeds around one hundred thousand miles a second. This reports the position of the fault on a cathode ray tube in the repair vessel using a precise quartz crystal standard to measure the distance. In suitable circumstances it is possible to narrow down the area of the fault as little as 80 yards, saving valuable communication time and cutting costs. The locator can also be used for land cables and for tests in cable manufacture.

New Method of Cutting Steel

A novel system for the cutting of heavy steel sheet used in shipbuilding is under development in Norway. It eliminates the need for drawings, and replaces them with coded numbers to describe the form of the sheet to be cut. The coded numbers are fed on to a punched tape, and when this tape is run through a special apparatus, the movements of the flame-cutter are controlled accordingly to produce the sheet to the desired contour. The system is expected to reduce the time needed for drawing a ship's hull to about a hundredth of that required now and it is expected to be in full practical use in about two or three years.

Motor-car Exhaust Silencer

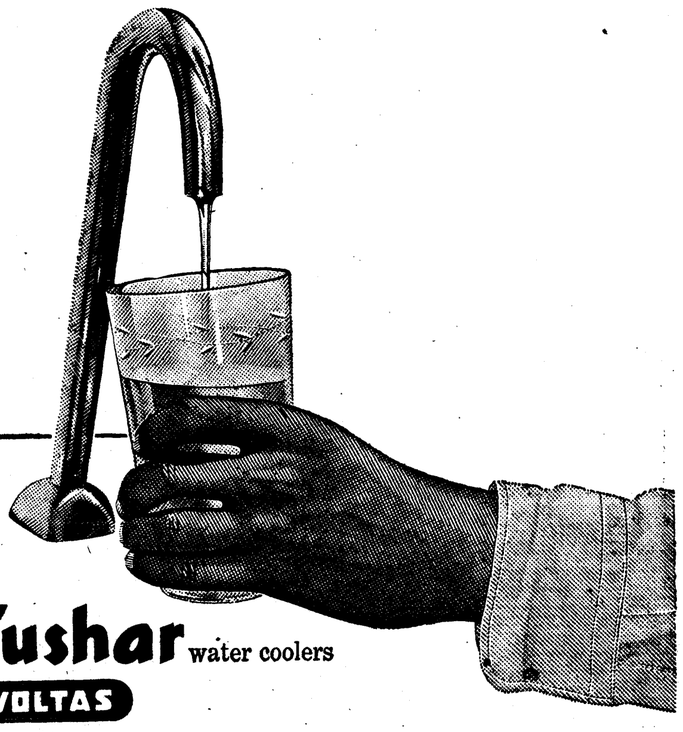
A motor-car exhaust silencer acting on a new principle has been introduced in America. Instead of using baffle and sound traps, the silencer employs reverberation chambers in a straight-through exhaust pipe. These chambers are pipes, each about the size of a sausage, closed at one end and fastened to the inside of the exhaust duct. They leave room for the corrosive gases and steam in the exhaust to pass through to the open air. When sound waves go through the exhaust system, part of them is trapped in the reverberators, which have their open end towards the engine. Waves are reflected from the closed end of the pipe back into the duct and they cancel out the oncoming ones. The result is to reduce the strength of the unmuffled exhaust.

New Insecticide

A new insecticide with improved properties has been announced by the Shell International Chemical Company. It belongs to the same family of chlorinated hydrocarbons as aldrin and dieldrin and is called Telodrin. This material, a white crystalline solid, insoluble in water, is claimed to be at least four times more active as a soil insecticide than any other in common use. In trials it has given good control of wireworms, white grubs, leatherjackets, cutworms and root flies. As a leaf insecticide it is so far the most effective of the chlorinated hydrocarbons against aphids and bugs. It has also given good results on trials against the berry borer on coffee, the flea beetle on maize, the rhinocerus beetle on palms, and the Colorado beetle on potatoes. Telodrin is thus a very versatile insecticide. More than 400 field trials have been carried out in 65 countries over the past four years. It can be formulated as a dust, a wettable powder or a concentrate to make emulsions. It does not damage plant tissues or affect the flavour of crops. At the very low dosage recommended it is not harmful to human beings.

Activated Earth

The Regional Research Laboratory at Hyderabad has worked out a process for the activation of earths using sulphuric acid. The cost of production for a plant having a capacity of five tons per day works out to about Rs. 410 per ton with this method. An investment of Rs. 6 lakhs is estimated to give an annual return of 35 per cent. Extensive deposits of fuller's earths and bentonites occur in Rajasthan, Gujarat, Mysore and Andhra Pradesh which can be used for bleaching vegetable and mineral oils. The use of activated earths in India, however, is of recent origin. Establishment of the first vanaspati factory in 1930 gave a fillip to the setting up of activated earth industry, the first being the Bombay Sewree Chemicals set up in 1936. As the demand for activated earths increased, more factories were set up at Bombay, Calcutta, Delhi, Madras and Bhavnagar. The total installed capacity of these factories now is about 6,000 tons per annum as compared to the production of 3,500 tons of activated earths in 1958. The number of vanaspati factories all over India has gone up. Thus, for the growing requirements of the vanaspati industry and for the dark vegetable oils now used for hydrogenation, the present production is inadequate and there is considerable scope for the establishment of more activated earth factories in the country.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PRODUCERS OF SODA ASH RESENT NEW CEILING PRICE

INDUSTRY'S PROGRESS SATISFACTORY

THE ex-works ceiling price for light soda ash has been revised by the Government of India and fixed at Rs. 19 per 50 kgs. and that of heavy soda ash at Rs. 20 per 50 kgs. after considering the Tariff Commission's report on the subject. In addition, an allowance for freight charges, at Rs. 15 per tonne for West Coast ports (Bombay and Cochin) and Rs. 25 for East coast ports (Madras, Calcutta and Vizagapatnam), has also been permitted for ex-port town prices. The ceiling price is inclusive of selling commission but exclusive of excise duty, which is Rs. 20 per tonne for both the types of soda ash, local taxes, transportation and handling charges from the works. In fixing the prices thus, the Government has departed considerably from the actual recommendations made by the Tariff Commission. In the first place, the ceiling prices fixed by the Government are lower than those suggested by the Commission, by about one rupee per 50 kgs. in the case of light soda ash and about Re. 1.50 per 50 kgs. in the case of heavy soda ash. Secondly, the Commission wanted the selling price to be fixed only on an ex-works basis. It did not recommend the ex-port town prices. Naturally, the producers of these chemicals are aggrieved over the Government's decision. The representatives of the industry, in a communication to the Government of India, have urged the reconsideration of the revised ceiling prices. Their complaint, in short, is this: "The ceiling prices now fixed ex-works are lower by as much as Rs. 20 per tonne than those recommended by the Tariff Commission, after a detailed inquiry into all aspects of costs and manufacture. Further, the industry is now expected to bear very heavy freight charges for transporting the commodity from the works to the various ports. This, in addition to being contrary to the Commission's recommendation, makes a further serious inroad into the relatively modest return on invested capital allowed by the Commission."

Regrettable Feature

A regrettable feature of the Government's decision is the absence of any explanation for departing from the conclusions of the Tariff Commission. It is, of course, essential to ensure a reasonable price for consumers of a basic chemical like soda ash, who are mostly industries. But, equal attention deserves to be given to the increase in the cost of production of the industry, while determining prices, for any permanent disability in the way of the expansion of the industry will, in the long run, endanger the interests of consumers themselves.

It cannot be denied that the Tariff Commission itself has failed to make out a sufficiently cogent and convincing case for higher prices. In fact, its report is not without certain snags. Out of the four units under production, it has taken into account the affairs of only two units, on the ground that the other two units, which commenced production only in 1959, did not give adequate data for assessing the cost of their manufacture. Even among the two units taken into consideration, one was a low cost unit, which would, in fact, benefit by Rs. 20 per tonne under the price suggested by the Commission. It would be quite appropriate, if the Commission makes another study on the cost structure of the industry now, taking into account all the units. Now that the new units have been under production for more than two years, they should be in a position to furnish the necessary data.

In fairness to the Government, it must be admitted that the price of soda ash produced in India is substantially higher than that of the imported product. But, of course, this applies to all other chemicals also. The fair ex-works price of light soda ash (inclusive of freight disadvantage) is placed at Rs. 19.39 per 50 kgs. by the Commission, as against the landed cost exduty of the imported product of only Rs. 8.89. It is only about a month back that the Government accepted the recommendation of the Tariff Commission to continue protection upto the end of 1964, the rate of duty being Rs. 8.37 per quintal (preferential) and Rs. 11.32 per quintal (standard). Some of the important features of the industry revealed in the report of the Commission, which has been released now along with the Government's decision on prices, may be dealt with here.

The soda ash industry has made good progress during the last few years making the country almost self-sufficient, particularly in respect of light soda ash. Since the last tariff inquiry in 1958, two new units, namely, Saurashtra Chemicals, Porbunder (Gujarat) and Sahu Chemical and Fertilisers, Varanasi (U.P.), have gone into production. The old units are Tata Chemicals Ltd., Mithapur (Gujarat) and Dhrangadhra Chemical Works Ltd., Dhrangadhra. Another unit, Khan Bahadur H. M. D. H. Bhiwandiwalla and Co., Bombay, has also been granted an industrial licence. But it is not expected to go into production before 1964. The total capacity of the industry was 750 tonnes per day in 1961, as against only about 320 tonnes in 1958. The daily capacity is expected to go up to 950 tonnes by the end of 1962 and 1,170 tonnes by 1965. Inclusive of the capacity sanctioned to Bhiwandiwalla and Co., an aggregate daily capacity of 1,370 tonnes is expected to be attained by the end of 1965. Production has gone up from 89,604 tonnes in 1958 to 145,012 tonnes in 1960. It aggregated 90,386 tonnes in the first half of 1961 and, according to the Commission's estimates, must have touched 200,000 tonnes in the whole of 1961. The following table shows the trend in the production of the four units since 1958:

(In tonnes)

	1958	1959	1960	1961 Jan.-June
Tata Chemicals ..	57,617	60,180	69,152	44,246
Dhrangadhra Chemicals ..	31,987	35,136	38,098	19,452
Saurashtra Chemicals ..	..	..	30,151	20,707
Sahu Chemicals	..	972	7,611	5,981
Total ..	89,604	96,288	145,012	90,386

The second Plan had laid down a capacity target of 257,000 tonnes and a production target of 233,000 tonnes. While the industry has fulfilled the target of capacity, production has fallen short. The third Plan provides for an increase in capacity to 530,000 tonnes and in output to 450,000 tonnes. Owing to the delay in the establishment of the fifth unit, and shortfall in production of others, the Commission considers that the third Plan targets cannot be reached in time, unless there is either a further licensing of capacity in existing plants or the establishment of new ones in good time.

Heavy Soda Ash

A feature of the industry's development programmes in the third Plan is the emphasis laid on the production of heavy soda ash. The following table shows the expected pattern of production in the next few years:

(In tonnes)

	1961		1964	
	Light ash	Heavy ash	Light ash	Heavy ash
Tata Chemicals ..	88,000	..	107,000	25,000
Dhrangadhra Chemicals ..	37,000	..	41,000	..
Saurashtra Chemicals ..	64,000	..	80,000	16,000
Sahu Chemicals	10,000	5,000	20,000	40,000
Total ..	199,000	5,000	248,000	81,000

The domestic demand has gone up sizably in recent years. From only 239,000 tonnes in 1958, demand is estimated to have gone up to 260,000 tonnes by 1961. The major consumers of soda ash are glass and bangles, silicate, textiles, chemical caustic soda, etc. The Commission's estimate of their future pattern of demand is given below:

(In tonnes)

	1961	1962	1963	1964
Glass industry	63,000	75,000	90,000	100,000
Bangles	12,000	13,000	14,000	15,000
Silicate	35,000	37,000	39,000	41,000
Textiles	12,500	13,000	13,500	14,000
Paper	7,000	8,000	9,000	10,000
Chemical caustic soda ..	28,500	40,000	50,000	50,000
Bichromate	7,000	8,000	9,000	11,000
Sodium bicarbonate ..	10,000	13,000	14,000	16,000
Dhobis and laundries ..	75,000	100,000	125,000	150,000
Miscellaneous industries ..	10,000	12,000	14,000	18,000
Total ..	260,000	319,000	377,500	425,000

The requirements of heavy soda ash alone is estimated at 57,000 tonnes in 1961, 68,000 tonnes in 1962, 81,000 tonnes in 1963 and 91,000 tonnes in 1964.

Raw Materials

The basic raw materials required for manufacture of light and heavy soda ash are salt, limestone and coke. Ammonium sulphate, sulphur and soda ash are the principal process chemicals, while coke, coal and furnace oil are the main fuels. Of the above materials, sulphur and furnace oil are used in very small quantities for the generation of hydrogen sulphide gas and soda ash for brine purification. The use of sodium sulphide is occasionally resorted to for generating hydrogen sulphide gas. With the exception of sulphur, the requirement of which is met by imports, all other raw materials are indigenously available. Ammonium sulphate, though indigenously produced, is also partly imported through the State Trading Corporation on account of shortage. Coke is used in lime kilns for producing lime and carbon-dioxide required for the Solvey process. It is also used for producing hydrogen, nitrogen and carbon dioxide by way of water gas for the modified Solvey process adopted by Sahu Chemicals. Coal and furnace oil are used as fuel in boilers as well as in calciners.

Although most of the raw materials are available within the country, the industry is still faced with certain difficulties, particularly in respect of freight rates. In order to remove such difficulties, the Commission has recommended the following measures:

"If a consumer undertakes to carry out protective measures for wagons used as required by the railways, the higher freight rate for bulk salt moved should not be enforced.

"The Railway Administration should, in consultation with soda ash manufacturers, evolve a workable arrangement for bulk movement of salt in open wagons and extend the facilities to cover long-distance movement of salt also.

"Hindustan Salt Co. should take speedy steps to implement its schemes for installing necessary equipment for bulk handling of salt.

"The alleged anomaly in freight rates on ammonium chloride, which, though actually a fertiliser, is not charged at the lower rate for fertilisers when supplied to industrial consumers, may be considered by the Railway Administration for suitable action.

"It is not desirable to levy excise duty on that part of soda ash production which is used for self-consumption as a raw material for brine purification.

"For encouraging the use of alternative fuels like furnace oil particularly in areas in Southern and Western India to which coal movements by rail are becoming increasingly difficult, Government may review the impact of excise duty on such oil."

It is said that the Government has taken note of these recommendations. But it has not given any indication of the precise measures proposed to be undertaken. Another important problem of the industry, which has not received the attention of the Government, relates to the rehabilitation allowance. The industry has pleaded for a higher depreciation or a rehabilitation allowance, owing to the highly corrosive nature of the material used in soda ash. The Commission has left the matter of increasing depreciation to the discretion of the Government, saying that it is a general issue determinable only by expert engineering advice. But it has unceremoniously rejected the claim of the industry for rehabilitation allowance.

SILAGE AS FODDER

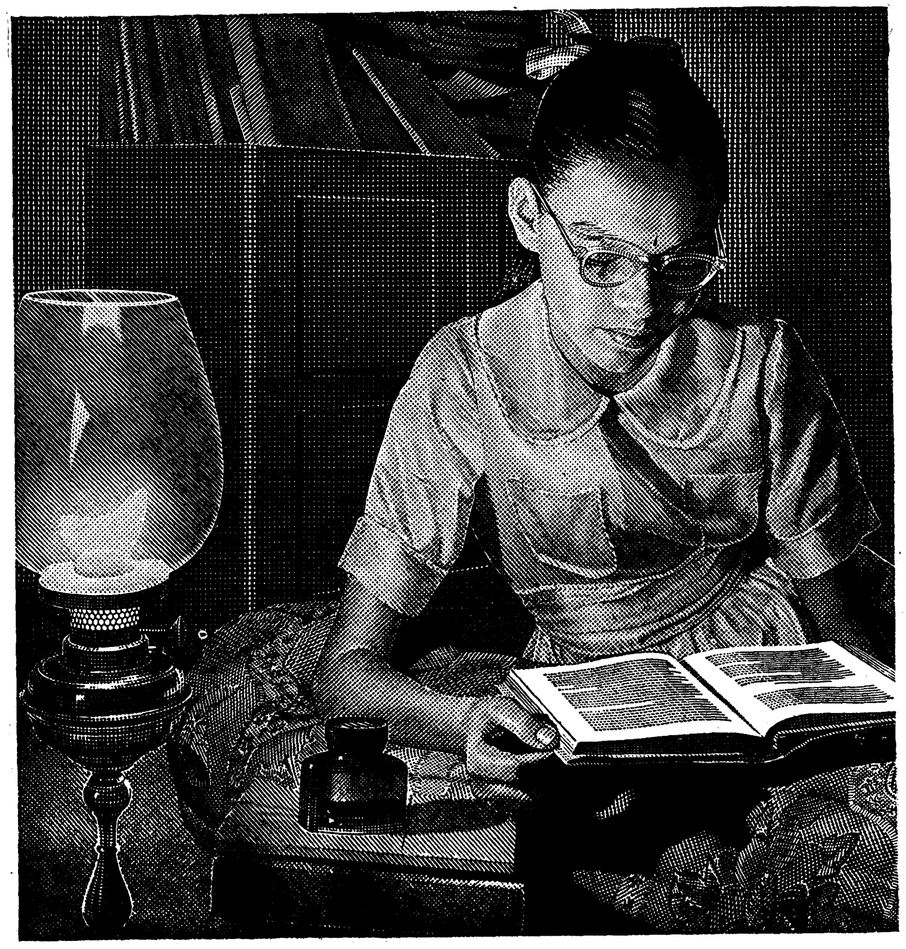
An important exhibit at the dairy section of the National Agricultural Fair, opened at Madras on the 14th inst., are the model silos in the U.S. pavilion. The silage, made out of maize stalks chopped to tiny bits and fermented in storage, is said to be a better feed for cattle than hay, and greatly increases milk yield.

The two silo models seen in the exhibit are simple and inexpensive to build and either type can be easily made by any farmer with little or no assistance. Of the two, the trench type is the easier and cheaper to make because the farmer has only to dig a trench. To make silage, maize stalks should be chopped into half-inch pieces when still green after harvesting and packed air-tight into the silo. These stalks contain a lot of sugar which ferments, and after a month, can be fed as silage. Cows devour silage greedily with the result that their milk output goes up remarkably.

Mr. Robert G. Connelly of the U.S. Technical Co-operation Mission and the Dairy Adviser to the Government of India, prepared the silage exhibit. Emphasising the need for proper fodder to produce milk, Mr. Connelly said that the paddy-hay fed to cows in South India does not contain enough nutrition even to sustain the animals in good health—let alone produce milk. The right fodder for dairy animals is silage. According to Mr. Connelly, groundnut oilcake and cottonseed should be given to the cow or buffalo only to stimulate the milk yield from high to higher, and not as a basic feed.

The other exhibits in the U.S. pavilion are an animated picture panel and an actual size working model of a sanitizer. The first simulates the journey of milk from the cow to the consumer through the different stages of the processing plant. The second, a galvanised iron box, demonstrates how milking utensils can be sterilised by the dairy farmer using this easy-to-operate apparatus.

The comforts of life are spreading



Rising standards of living are finding their way into the remotest village and are coming within the reach of people with quite modest means. Consider Kerosine, for instance, which by bringing illumination to the humblest home is playing a part in this welcome development. By the end of the Third Plan, Burmah-Shell estimates that demand for Kerosine will increase by 41.6%. There can be no question that the first priority should be the exploration and production of indigenous crude oil; the second priority must be to expand refining capacity in India. Oil is essential to economic growth and Burmah-Shell believes that

for tomorrow's needs we must act today

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SETBACK IN MYSORE SUGAR'S PROFIT

DIVIDEND MAINTAINED—UNSOLD STOCKS HEAVY

THE tale of the Mysore Sugar Company Ltd. (Chairman and Managing Director: Mr. Venugopal Naidu, Bangalore) for the year ended 30th June 1961 is the self-same as that of other leading sugar companies the results of which have already been covered in these columns. More production, lower sales, heavy unsold stocks, smaller profit-margin—this is the outline of the Company's performance in 1960-61. The only outstanding feature is that the Company has maintained the dividend, without cutting it as several others have had to. But, on second thoughts, it seems to us that such is not so outstanding as all that, for two reasons. The Company's capital is small, the management not having increased it by issue of bonus shares (or of new shares), whereas several sugar companies have capitalised their reserves on more than one occasion in the past. Secondly, after 1957, the Company has been paying a steady dividend of 30 per cent, without increasing it, even though the profit was large enough to permit payment of a much higher dividend. Indeed, as the rate of 30 per cent is taxable since for the year 1958-59, the net dividend at 21 per cent is much less than the tax-free return of 30 per cent for 1957-58. Thus, the steadiness in the dividend rate has been at some cost to the shareholders in the past.

The Company's management cannot, of course, be blamed for the setback in the financial results. As the Directors rightly point out, sale of sugar from the factory could not keep pace with the production because of the restricted releases made by the Central Government from individual factories. Consequently, sale proceeds during the year fell sharply by nearly Rs. 119 lakhs to Rs. 323.68 lakhs, leaving a large stock of over 13,700 tons of sugar alone, valued at Rs. 91.48 lakhs, at the end of the year. The Directors add that this has had an adverse effect on the position of the Company's fluid resources.

Apart from these adverse effects on sales, the working of the Company was satisfactory in all other respects. Production of sugar increased from 31,550 tons to 39,049 tons. But the average recovery of sugar from cane was, again, lower at 9.86 per cent, as against 9.98 per cent in the previous year and 10.08 per cent during 1959-60. The number of days for which the mills worked was 267 against 213 in the previous season and the quantity of sugarcane crushed was 395,963 tons, as against 316,100 tons previously. As a result of this, the manufacturing and operating costs increased during the year. The cost of sugarcane purchased and milled went up from Rs. 151.56 lakhs to Rs. 184.04 lakhs and other expenses rose from Rs. 132.64 lakhs to Rs. 134.37 lakhs. The excise bill was lower at Rs. 77.86 lakhs as compared with Rs. 114.74 lakhs in the previous year. This fall reflects partly the lower sales and refund of excise duty on the sugar delivered for export. The gross profit has declined from Rs. 34.50 lakhs to Rs. 28.28 lakhs. After providing the depreciation account with Rs. 8.21 lakhs (Rs. 7.40 lakhs in the previous year) and the taxation reserves with Rs. 11 lakhs (Rs. 13.50 lakhs), the net profit amounts to Rs. 9.07 lakhs, a fall of Rs. 4.53 lakhs as compared with that for the previous year. No provision has been made for the plant rehabilitation reserve. The amount transferred to reserves is Rs. 3.05 lakhs. The dividend absorbs Rs. 6.54 lakhs, leaving Rs. 0.64 lakh to be carried forward against Rs. 1.15 lakh brought in.

The scheme for expansion of the distillery to produce 1.2 million gallons of alcohol per annum was completed and the distillery worked satisfactorily during the year. Production of alcohol was a record, as the entire output of molasses of 857,817 gallons, in terms of absolute alcohol, was consumed. The entire quantity of alcohol produced was sold. No light has been thrown in the Directors' report on the scheme, referred to by the Chairman in his speech last year, for achieving an overall crushing capacity of 4,000 tons of cane per day by stepping up the capacity of the Mandya factory to 3,000 tons partly by rehabilitation and partly by expansion, and transferring the remainder of 1,000 tons to a branch unit to be set up in the Maddur region. Likewise, one will have to await the Chairman's speech for further light on the proposed scheme for the manufacture of cellulose acetate flakes based on the alcohol produced by the Company. As mentioned by the Chairman last year, this scheme will make it necessary for the Company to enter the capital market for raising fresh capital. The scheme also covers production of moulding powder. It is also not known whether the thirty-year agreement between the Company and the Mandya National Paper Mills Ltd. for the supply of bagasse for the manufacture of superior quality paper, which was expected to take effect from the beginning of the current year, has in fact come into operation.

The following table compares the Company's working during the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales—				
Sugar and distillery products	323.68	441.47	392.11	380.07
Farm supplies	14.37	13.82	12.02	10.24
Closing stock	100.61	17.99	55.21	55.54
Other income	8.86	13.20	12.47	15.23
Cost of sugarcane purchased and milled	184.04	151.56	158.42	158.36
Expenses	134.37	132.64	130.00	133.90
Excise duty on sugar	77.86	114.74	104.26	95.84
Gross profit	28.28	34.50	28.60	35.88
Provisions for—				
Depreciation	8.21	7.40	7.78	7.22
Taxation	11.00	13.50	8.00	15.00
Net profit	9.07	13.60	12.82	13.66
Transfer to—				
Rehabilitation reserve	...	5.00	5.00	6.00
Development rebate reserve	1.55	0.36	1.27	0.50
Other reserves and funds	1.50	1.00	1.00	1.29
Dividend	6.54 (30%)	6.54 (30%)	6.54 (30%)	6.54 (30%)
Carry forward	0.64	1.15	0.45	1.44
Sugarcane crushed (tons)	3,95,963	3,16,100	3,54,742	3,83,814
Sugar produced (tons)	39,049	31,550	35,771	39,520
Average recovery (%)	9.86	9.98	10.08	10.29

Note:—Dividend is subject to deduction of tax after 1958.

The financial position of the Company is highly satisfactory. The subscribed capital of Rs. 21.79 lakhs has been supplemented by reserves and surplus of Rs. 114.45 lakhs. Secured loans of Rs. 63.32 lakhs are covered by Government securities and a charge on the floating assets, including stock-in-trade and book debts. Current liabilities and provisions amount to Rs. 153.02 lakhs. The total indebtedness to outsides is thus Rs. 216.34 lakhs. In addition there are contingent liabilities amounting to Rs. 9.12 lakhs. As against this, current assets, loans and advances aggregate Rs. 250.92 lakhs. Investments at cost, after providing Rs. 0.50 lakh for fluctuations in the market, are shown at Rs. 40.91 lakhs. The surplus of current assets over current liabilities works out to Rs. 75.49 lakhs. The gross block increased during the year from Rs. 107.40 lakhs to Rs. 115.55 lakhs and has been writen down to Rs. 59.61 lakhs. Capital works-in-progress is shown at Rs. 1.14 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 56.50 *cum-div.* and, on the *ex-div.* basis, offer a yield of 3.9 per cent per annum, free of tax.

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RESULTS OF STRUCTURAL ENGINEERING STEADY

ORDER BOOKS FULL

THE prospects of a rights issue in the near future are strengthened by a small recovery in the working results of the Structural Engineering Works Limited (Managing Agents: Bhagat and Sons (Private) Ltd., Bombay) during the year ended 30th June, 1961. An additional capital issue is warranted by the fact that the Company's dependence on borrowings has increased during the year from Rs. 85.60 lakhs to Rs. 115.52 lakhs, and is twice the issued, subscribed and paid-up capital of Rs. 55 lakhs out of an authorised capital of Rs. one crore. During the fiscal year under review, the Company issued further capital which is not yet reflected in the paid-up capital. Even so, the need for additional capital is obvious, especially as the Company has on hand new schemes of expansion. The Directors observe in their report that, after a careful examination of the available resources, it is estimated that a considerable amount will be needed for the purpose of meeting the existing and future commitments of capital expenditure and working capital. This matter, they add, is engaging their serious attention. In view of the fact that, only in the previous year, the Company had raised additional funds out of bank borrowings, which increased then from Rs. 63.33 lakhs to Rs. 85.60 lakhs, it is quite likely that, in future, the Directors might prefer to raise more funds by increasing the capital further.

The recovery in earnings during the year under review follows a setback suffered in the previous year (1959-60), when the proceeds from sales and work done had declined from Rs. 102.37 lakhs to Rs. 94.46 lakhs and consequently the gross profit from Rs. 21.48 lakhs to Rs. 17.35 lakhs, necessitating the drastic cut in the dividend on equity shares from 17 per cent to 12 per cent, subject to deduction of tax. During the year 1960-61, the realisation from sales and work done has increased appreciably to Rs. 145.16 lakhs. The gross profit has, however, improved only to Rs. 19.33 lakhs, because of a sharp rise in expenses (materials, stores, salaries, etc.) from Rs. 95.14 lakhs to Rs. 134.77 lakhs. Notwithstanding this, the Directors have stepped up the dividend on ordinary shares of Rs. 100 each by one per cent to 13 per cent. Dividends on preference shares have been recommended according to the proposed modifications in the class rights, subject to the approval of the preference and ordinary shareholders. In the previous year, the Company was allowed by the authorities to treat 28.48 per cent of the dividends as free of income-tax, as they were paid out of the profits exempted under Section 15-C of the Indian Income-tax Act. The Company has applied to the authorities to ascertain the exempted portion of its dividends for the year under review on account of the profit earned by the Calcutta factory.

The following comparative table gives an idea of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sales and work done	145.16	94.46	102.37	89.91
Finished stocks at close	67.15	58.80	41.41	38.80
Other income	0.59	0.65	0.68	1.22
Expenses* (materials, stores, salaries, etc.)	134.77	95.14	84.18	93.92
Gross profit	19.33	17.35	21.48	21.38
Provisions for:				
Depreciation	6.00	5.37	4.40	4.23
Taxation	4.10	4.00	6.00	8.60
Managing Agents' remuneration	1.50	1.17	1.71	1.72
Net profit	7.73	6.81	9.37	6.83
Excess provisions written back	3.00	..	0.75	2.00
Transfer from reserves	..	..	..	0.08
Transfer to—				
General reserve	1.00	..	1.50	3.00
Development rebate reserve	0.40	1.05	2.45	0.01
Other reserves	8.25	0.40	0.90	2.48
Dividends—				
5% cumulative preference	0.36	0.33	0.36	0.25
6½% redeemable cumulative preference	1.86	1.69	0.15	..
Ordinary†	3.90 (18%)	3.36 (12%)	4.25 (17½)	3.10 (22½)
Carry forward	0.09	0.12	0.14	0.24

* Does not include expenses described as, "debitable to capital jobs other than projects-in-progress," which amounted to Rs. 4.11 lakhs in 1961, to Rs. 5.81 lakhs in 1960, to Rs. 8.01 lakhs in 1959, and to Rs. 2.96 lakhs in 1958.

† To facilitate comparison, all equity dividends are adjusted to approximate taxable rates.

The net profit has gone up from Rs. 6.81 lakhs to Rs. 7.73 lakhs, after providing depreciation of Rs. 6 lakhs (Rs. 5.37 lakhs in the previous year), taxation of Rs. 4.10 lakhs (Rs. 4 lakhs) and Managing Agents' remuneration of Rs. 1.50 lakh (Rs. 1.17 lakh). Transfers to reserves aggregate Rs. 4.65 lakhs, as against Rs. 1.45 lakh last year. Excess provision of Rs. 3 lakhs for past liabilities has been written back and it is this amount that is responsible for the larger sum ploughed back.

The Company is to expand its business with foreign collaboration mainly by undertaking the manufacture of prestressed concrete pipes, structural work using Ceno patent method, high pressure penstocks for hydro-electric schemes, etc. Machinery and drawings (costing about Rs. 7 lakhs) for the manufacture of prestressed concrete pipes have been shipped, while machinery worth Rs. 10 lakhs have already been received for manufacturing boilers and high pressure penstocks. Further equipment for the production of boilers would be ordered soon. For its scheme of transmission towers, the Company will receive the galvanising bath by the end of February this year and thereafter will be able to execute big jobs for fabricating the towers. A new factory for manufacturing reinforced concrete pipes for the Duct Line tender project of the Bombay Municipal Corporation is being set up on the Bombay-Agra road. According to the Directors, the Company has sufficient orders to keep its establishments engaged during the current year. They, however, point out that some difficulty is being experienced with regard to the laying of pipes for the Calcutta Corporation for reasons beyond the Company's control. They add that the management is fully seized of the situation and necessary steps are being taken to overcome the difficulty. Implementation of these projects and schemes is expected to give considerable impetus to the Company's business.

The financial position of the Company is quite satisfactory. Against the subscribed and paid-up capital of Rs. 55 lakhs and share application deposit of Rs. 11.02 lakhs, the reserves and surplus total Rs. 42.08 lakhs. Borrowings to the extent of Rs. 111.60 lakhs out of a total of Rs. 115.52 lakhs are secured against plant and machinery, stocks and property. Current liabilities and provisions amount to Rs. 68.25 lakhs. As against this, current assets, loans and advances aggregate Rs. 227.25 lakhs. Trade investments at cost amount to Rs. 1.60 lakh. The gross block increased during the year by Rs. 7.06 lakhs to Rs. 109.39 lakhs, and is written down adequately to Rs. 60.51 lakhs. Projects-in-progress are shown at Rs. 6.60 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 176 *cum-div.*, and at this rate, they offer, on the *ex-div.* basis, a yield of 5.4 per cent per annum, free of tax. A year ago, these shares were standing at Rs. 230.

BIRD & CO. (PRIVATE) LTD.

A British firm of water-treatment engineers, Messrs. William Boby & Co., who specialise in design engineering and treatment process for industrial boiler feed water, has signed an agreement with Bird & Co. (Private) Ltd. of Calcutta to manufacture and sell their electrodialytic equipment in India. The equipment is not suitable for sea water, but is designed primarily to produce drinking water from brackish water supplies.

The manufacture of the water-treatment plant will take place progressively under the supervision of Bird & Co. until ultimately all the conventional equipment, including tanks, pipes and valves, is made in India. The only parts which it will not be possible to make in India, at least for a long time, are the highly specialised membrane stacks which are an integral part of the plant. Arrangements have also been made for Bird & Co. to handle sales in India of an important new instrument recently developed by the British firm for the detection of sucrose (a form of sugar) in sugar refineries.

It has hitherto been very difficult to detect leakage of sucrose deposits into the boilers. Failure to do so can lead to serious corrosion and consequent heavy maintenance costs. This very important development will lead to considerable reduction in maintenance costs in sugar refineries and consequent saving of foreign exchange. It seems likely that, in these circumstances, actual user import licences for these instruments will be forthcoming.

R.R. ENGINEERING CO., LTD.

The R.R. Engineering Company Ltd., in Uttar Pradesh, has streamlined its blueprints for the manufacture of machine tools, sugar mill machinery, steel castings and alloys and steel structures in technical collaboration with foreign manufacturers. The authorised capital of the Company will be Rs. 40 lakhs. The Directors and promoters will subscribe Rs. 9 lakhs. Out of the balance, shares to the value of Rs. 16 lakhs will be offered to the public for subscription before the end of next month. The U.P. Government has already consented to participate in the capital issue by way of underwriting the issue.

GWALIOR SUGAR

PROFIT DOWN—DIVIDEND SAME

HIGHER manufacturing and operating costs have reduced considerably the profitability of the Gwalior Sugar Company Limited [Managing Agents: J. P. Srivastava and Sons (Private) Ltd., Dabra, M.P.] during the year ended 30th June 1961. There is a sizable increase in sales of sugar and molasses from Rs. 70.44 lakhs to Rs. 129.55 lakhs, but the gross profit has declined from Rs. 11.19 lakhs to Rs. 9.87 lakhs, which is the lowest in the past four years. The cost of raw materials and stores consumed has gone up, again, from Rs. 61.19 lakhs to Rs. 67.21 lakhs and so have other expenses from Rs. 14.43 lakhs to Rs. 16.79 lakhs, with the wage bill alone accounting for an increase of nearly Rs. 2 lakhs in the latter following the implementation of the recommendations of the Central Wage Board for sugar industry from 1st November, 1960. A drop in the average recovery of sugar for the season from 9.85 per cent to 9.01 per cent was an additional handicap for the Company and made it necessary for it to crush as much as 3,436,740 tons of sugarcane—a record in its history—against 3,090,858 tons in the previous year. The fall in the recovery is attributed by the Directors to the bad quality of cane and the prolongation of the workers' strike during the best part of the season, as it continued till 17th June, 1961. The Company had also to suffer a loss of about Rs. 2.70 lakhs on account of compulsory export of sugar. All these factors have more than wiped out the advantage gained by the Company in the selling price during the year.

The following table compares the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale of sugar and molasses	129.55	70.44	111.89	144.57
Closing stocks	54.87	55.96	18.54	38.21
Other income	0.57	0.86	0.25	0.25
Cost of raw materials and stores	67.21	61.19	33.39	50.42
Power and fuel	1.19	1.22	0.81	1.09
Repairs and maintenance	3.28	2.38	4.34	3.02
Sugar excise duty	30.77	18.18	30.82	38.12
Other expenses	16.79	14.43	13.10	14.31
Gross profit	9.87	11.19	9.91	18.00
Provisions for—				
Depreciation	1.59	1.77	1.98	2.18
Taxation	3.47	3.96	3.50	8.50
Managing Agents' remuneration	0.82	0.95	0.85	1.61
Net profit	3.99	4.51	3.99	5.71
Transfer from reserves	0.40	..	..	..
Transfer to reserves	1.51	1.78	1.27	3.35
Dividends—				
7% redeemable cumulative preference	0.52*	0.52*	0.47*	0.47*
7% redeemable cumulative preference	0.39*	0.39*	0.35*	0.35*
Ordinary	1.99 (12.5%)*	1.99 (12.5%)*	1.59 (10%)*	1.59 (10%)
Carry forward	0.10	0.13	0.30	0.09
Sugarcane crushed (tons)	34,36,740	30,90,858	29,99,550	31,23,990
Average recovery (%)	9.01	9.85	9.48	9.87

* Subject to deduction of tax.

As is clear from the above table that higher sales have brought in their wake an increased burden of excise duty of Rs. 30.77 lakhs against Rs. 18.18 lakhs in the previous year. The setback in net profit is minor, to be precise, Rs. 0.52 lakh, at Rs. 3.99 lakhs, because of lower essential provisions of Rs. 1.59 lakh for depreciation and Rs. 3.47 lakhs for taxation as compared with Rs. 1.77 lakh and Rs. 3.96 lakhs respectively in the previous year. The Managing Agents' remuneration is also less at Rs. 0.82 lakh, against Rs. 0.95 lakh previously. The Directors have, however, maintained the equity dividend at 12.5 per cent subject to deduction of tax, per share of Rs. 100 each, giving a net return of 8.8 per cent.

The Directors' report that good progress was made during the year in implementing the previous year's proposal to increase the factory's daily capacity from 900 tons to 1,100 tons, which is the licensed capacity. They regret, however, that the Government has turned down their proposal to increase the crushing capacity from 1,100 tons to 1,500 tons. The Company has, however, been assured that its case would be considered, whenever the Government revises its present policy of restricting production of sugar in the country. Till 4th January 1962, when the Directors' report was written, the Company had not been able to obtain any relief from the State Government for remission of cess or any rebate in the price of sugarcane for extending its crushing operations to the hot weather, which has been allowed to sugar factories by the Governments of U.P. and Bihar. On the other hand, the Directors state, pressure was brought on the factory to crush cane from distant places in U.P. and Madhya Pradesh which, apart from the higher transportation charges incurred by the Company, adversely affected the average recovery of sugar. The Directors write that they are giving "anxious consideration" to the problems arising in the working of the factory during the current crushing season on account of the serious crisis created in the industry due to overproduction. They add that it is inevitable that, due to the restrictions imposed by the Central Government and the fall in selling prices of sugar, the working results of the Company would be adversely affected during the current year.

The Gwalior Agriculture Company Ltd., a subsidiary unit, earned during the year ended 30th June 1961, after meeting the usual expenses, a profit of Rs. 87,109, against Rs. 2,02,258 in the previous year. After providing depreciation of Rs. 11,137 (Rs. 13,436 previously) and taxation of Rs. 2.000 (Rs. 1.400), the balance available is Rs. 73,972, and, with the amount of Rs. 18,766 brought forward from the previous year, makes a total of Rs. 92,738. Out of this, Rs. 3,800 have been transferred to capital reserve and Rs. 75,000 to general reserve. The balance of Rs. 13,938 is carried forward. The Directors of the Company state that there had been a marked deterioration in the sugarcane quality in the Harsi area in general. The performance of the Company was further adversely affected by the poor quality and lower yields of its cane crop. The setback is expected to be overcome with further cane development work and propagation of the use of improved seeds.

The paid-up capital of the Gwalior Sugar is Rs. 27.69 lakhs, of which Rs. 15.94 lakhs is equity and the balance preference. This is supplemented by reserves and surplus of Rs. 14.47 lakhs. Borrowings have declined during the year under review from Rs. 25.37 lakhs to Rs. 17.20 lakhs and are secured by a charge on all tangible moveable assets and a guarantee among others by the Managing Agents. Unsecured loans amount to Rs. 1.44 lakh, other current liabilities and provisions Rs. 55.37 lakhs, The liabilities to outsiders thus total Rs. 74 lakhs. These are more than amply covered by current assets amounting to Rs. 88.65 lakhs, of which cash and bank balances alone are Rs. 10.11 lakhs. In addition, there are investments of Rs. 11.40 lakhs, representing almost entirely the Company's holdings (amounting to 7,500 fully paid equity shares of Rs. 100 each) in its subsidiary. The gross block at Rs. 48.71 lakhs, is practically maintained at the previous year's level, and has been well written down to Rs. 15.90 lakhs. The Company has thus a comfortable financial position.

The Rs. 100 full paid ordinary shares of the Company are being quoted at Rs. 90 *cum-div.*, and, on the *ex-div.* basis, offer a yield of 9.8 per cent per annum, free of tax.

Notice

THE BRITANNIA ENGINEERING COMPANY, LIMITED

ISSUE OF EQUITY CAPITAL

THE BOARD OF DIRECTORS HAS DECIDED to issue 5,00,000 new Ordinary Shares of Rs. 10 each at par, ranking in all respects *pari passu* with the existing Ordinary Shares of the Company except that they will not participate in any dividend declared in respect of any period ending on or before 31st December, 1961.

The new Ordinary Shares will be offered for subscription to the holders of the existing Ordinary Shares in the capital of the Company whose names appear in the Company's Register of Members on 12th February, 1962, in the proportion of one new Ordinary Share for every existing Ordinary Share held by them on the condition that the full amount of Rs. 10 per share shall be payable on application and with a right to renounce all or any of the shares offered to them in favour of any other person and to apply for additional shares.

The Share Transfer Books of the Company will be closed from 30th January, 1962 to 12th February, 1962, both days inclusive.

By Order of the Board,
McLEOD & CO. LTD.,
C. HOCKLEY,
Secretary,
Managing Agents.

"McLEOD HOUSE",
3, NETAJI SUBHAS ROAD,
CALCUTTA, *9th January*, 1962.

SYNOPSES OF COMPANY REPORTS

Parshuram Pottery Works Co., Ltd.

(*Chairman*: Mr. A. V. Gharpure, Morvi-Gujarat) 30*th Annual General Meeting*—22nd January 1962.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1961	1960
Sales	72,08	59,92
Closing stock	4,23	3,36
Gross profit	16,78	11,44
Transfer to Managing Agents' commission	60	Nil
" " depreciation	4,40	3,90
" " taxation	6,05	3,07
Net profit	5,73	4,47
Adjustments	1,36*	8
Appropriations:		
Total available balance	7,09	4,55
Transfer to development rebate reserve	58	71
" " rehabilitation reserve	2,00	Nil
" " provision for repayment of fixed deposits	Nil	50
To payment of bonus to staff and workers for the past years	1,23	1,90
To compensation to ex-Managing Agents	1,50	Nil
Proposed dividends (taxable) 6% T.F.C. preference	21	21
" " " 4% T.F.C. preference	40	40
" " " equity	75	75
	(21.44%)†	(21.44%)†
Carried forward	37	8

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

* This includes Rs. 1,28,014.92 transferred from general reserve for the payment of excess bonus for past years.

† The net dividend works out to 15 per cent, or Rs. 3.75 per ordinary share of Rs. 25 each. The current market price of the share is Rs. 67 (at Bombay).

Extracts from the Directors' report: The demand for Company's products continues to increase and looking to the substantial increase in the sales the directors feel that the future for this Company is bright. In order to be able to satisfy the demands, the Company had asked the Government for license to increase its production substantially. The Government has sanctioned the licenses for the expansion of Tiles and Sanitaryware production. When the expansion programme is completed, the Company's tiles production will rise from 50,000 doz. per month to 1,00,000 doz. per month and Sanitaryware from 70 tons to 210 tons per month. There is much to be done to improve the quality of the products and attempt is being made to obtain collaboration with some well known European manufacturers.

The estimated cost of the expansion projects will be Rs. 33,00,000. Applications for the necessary Import Licenses made to the Central Government for these projects are not sanctioned due to foreign exchange shortage and the directors are advised by the Central Government to approach the Industrial Credit and Investment Corporation of India, Bombay, for loan in foreign currency. Accordingly an application for a loan of Rs. 12,00,000 in foreign currency is made to the Industrial Credit and Investment Corporation of India, Bombay. It is also decided to raise a further capital of Rs. 8,75,000 by issuing right equity shares for which necessary resolutions are placed before the Meeting. The rest of the financial requirements will be met from the Company's own resources, short term loan and retained profits.

The Government of India have imposed excise duty on *Porcelain* and *Chinaware*. This duty came in force as on 1st March 1961. The rate of duty being excessively high the Company has made representations to the Government through the All India Pottery Manufacturers' Association Calcutta but it had very little effect. The directors feel that the increase in the ultimate price of the products due to levy of excise duty may have adverse effect on the Company's sales and profits.

Accounts in brief as at 31st July 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	19,00,000	Gross block	92,49,901
Reserves and surplus	17,66,749	—Depreciation	49,43,489
Other liabilities	53,48,836	Net block	43,06,412
		Current assets	21,91,628
		Investments	10,47,321
		Cash	8,70,234
	Rs. 84,15,585		Rs. 84,15,585

* Paid-up capital consists of: (a) 10,000 six per cent. tax-free 1st cumulative preference shares of Rs. 25 each fully paid up; (b) 28,000 four per cent tax-free 2nd cumulative preference shares of Rs. 25 each fully paid up and (c) 14,000 equity shares of Rs. 25 each fully paid up.

Phosphate Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Bangur Brothers Ltd., Calcutta.)

Annual General Meeting—18th December 1961.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales	80,50	77,54
Closing stock	6,41	11,05
Gross profit	13,04	18,14
Transfer to Managing Agents' commission	14	1,72
" " Secretaries' and Treasurers' commission	76	Nil
" " depreciation	1,48	1,13
" " development rebate reserve	21	49
" " provision for taxation	4,90	6,90
Net profit	5,55	7,90
Adjustments	2,05	1,02
Appropriations:		
Total available balance	7,60	8,92
Transfer to general reserve	1,75	2,00
" " reserve for bad and doubtful debts	Nil	50
Proposed dividend (taxable) ordinary	3,75	4,37
	(25%)*	(35%)†
Carried forward	2,10	2,05

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

* On the increased ordinary capital of Rs. 15 lakhs.

† On a paid-up ordinary capital of Rs. 12.50 lakhs.

Extracts from the Directors' report: During the year under review, the cost of production had gone up due to rise in freight and custom duty on raw materials and increase in cost of packing.

The Government has increased the selling price of *Superphosphate* by Rs. 5 a ton with a view to compensate the rising cost of production which is quite inadequate. However, the full benefit of price increase is not reflected in these accounts, as the same became effective from 11th May, 1961.

During the year the Company also enlarged the area of operation for distribution of mixtures in West Bengal. This Company is also now appointed one of the distributors of fertilisers in Bihar. Though this line is not so profitable yet it ensures the offtake of *Superphosphate*.

Arrangements have been made with Messrs. Industrial Credit & Investment Corporation of India Ltd., for the foreign exchange requirement for the extension scheme. All the indigenous machinery and plant are at site. Imported machinery are expected to be shipped by the end of this year. It is expected, if everything goes well, the expansion scheme should come into operation by April, 1962.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	15,00,000	Gross block	34,99,083
Reserves and surplus	13,27,958	—Depreciation	21,90,713
Other liabilities	30,35,331	Net block	12,98,369
		Block-in-progress	3,35,712
		Current assets	42,03,833
		Investments	13,841
		Cash	11,534
	Rs. 58,63,289		Rs. 58,63,289

* Paid-up capital consists of 15,000 ordinary shares of Rs. 100 each, fully paid up in cash.

Kelvin Jute Co., Ltd.

(*Managing Agents*: Messrs. McLeod & Co., Ltd., Calcutta.)

Annual General Meeting—31st January 1962.

Working Results:

	For the year ended 31st May (In thousand rupees)	
	1961	1960
Sales (gunnies and jute)	2,33,52	1,81,52
Closing stock	58,35	37,72
Gross profit	27,33	19,63
Transfer to Managing Agents' remuneration	2,19	1,64
" " depreciation	5,03	4,59
" " taxation	8,80	5,55
Net profit	10,91	7,90
Adjustments	2,35	1,09
Appropriations:		
Total available balance	13,26	9,59
Transfer to development rebate reserve	1,54	1,46
" " general reserve	4,00	1,50
To W. Bengal sales tax written off	Nil	10
Proposed dividends (taxable) 7% C. preference	91*	1,12*†
" " " ordinary	4,20	4,20
	(15%)	(15%)
Carried forward	2,61	1,21

N.B.—Adjustments include the balance brought forward from the previous year; taxation provision no longer required; provision for written back and development rebate reserve in respect of machinery sold—written back.

* Calculated at the increased rate of 9.1 per cent. under the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

† Includes additional preference dividend of Rs. 21,000 for the year 1959.

Extracts from the Directors' report: Further modernisation of the machinery in the spinning section of the mills have been carried out to increase efficiency, and other plans in this connection are at present under consideration.

In common with the other mills in the Jute Industry, the Company's mills have passed through an extremely difficult time since the latter part of 1960 owing to the acute shortage of raw jute due to two short crops in succession, that for the year 1960-61 being occasioned by most unfavourable weather at sowing time.

With the promise of a plentiful supply of raw material during the 1961-1962 season at economic prices mills have now resumed working 48 hours per week with 9½ per cent of the looms sealed and according to present indications working during the second half of the current financial year should prove profitable so far as this Company's mills are concerned, and should help to recoup the losses sustained during the early part of the year.

Accounts in brief as at 31st May 1961 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	83,00,000	Gross block	1,59,07,730
Reserves and surplus	60,07,205	—Depreciation	1,08,91,850
Other liabilities	62,95,030	Net block	50,76,080
		Current assets	86,62,907
		Investments	8,84,540
		Cash	4,78,000
	Rs. 1,51,02,235		Rs. 1,51,02,235

* Paid-up capital consists of 10,000 seven per cent. cumulative preference shares of Rs. 100 each fully called up and 28,000 ordinary shares of Rs. 100 each fully called up. Of the above shares 14,000 ordinary shares are allotted as fully paid up by way of bonus shares of which 7,000 ordinary shares are issued by capitalisation of reserves and 7,000 ordinary shares from share premium account.

Paper Products Ltd.

(*Chairman and Managing Director*: Shri Sardari Lal Talwar, New Delhi.)

Eleventh Annual General Meeting—Held on 14th December 1961.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1961	1960
Sales (including waste paper)	1,18,72	1,05,68
Closing stock	8,34	8,35
Gross profit	15,66	14,40
Transfer to depreciation	3,47	2,01
" " development rebate reserve	85	68
" " provision for taxation	4,08	5,40
Net profit	6,36	6,31
Adjustments	29	20*
Appropriations:		
Total available balance	6,65	6,51
Transfer to reserve fund	2,80	2,25
To dividend (taxable) ordinary	3,84	3,97
	(24%)	(25%)
Carried forward	1	29

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

* This includes Rs. 14,051 being old refund of custom duty.

Increase in Capital: The issued capital of the Company was increased from Rs. 9,38,500 to Rs. 16,00,000 on 11th January 1960 which was fully subscribed and paid-up. The fresh capital participated in the working of the Company for about four months in the accounting year 1959-60. Its full effect and full participation in the working of the Company was available for the first time in the year under report. It is gratifying to find that this capital has been usefully employed. In spite of the fresh capital participating during the entire year under report, the directors have recommended a dividend of 24 per cent as against 26 per cent declared in the last year, involving a total dividend payment of Rs. 3,83,965.80 nP for the year under review as against a total payment of Rs. 2,96,917.21 nP in the previous year.

Sales: The annual sales have increased from Rs. 1,05,61,976 to Rs. 1,18,37,546 which gives an increase of about 12 per cent. This improvement in the sales is satisfactory.

Foreign Collaboration: The Technical Collaboration with Messrs. Milprint Overseas Corporation of U.S.A. mentioned since the last two years, has been finalised; and the terms of the agreement, have been approved by the Government of India. The Company has started receiving technical know-how, advice Manual's and other literature and assistance from the said U.S.A. Collaborators with effect from 1st October 1960. The Company shall pay to the Collaborators a sum of U.S. $90,000, subject to tax, spread over a period of five years, commencing from 1st October 1960, payable in equal quarterly instalments.

Factory Inauguration: As was reported in the last year, the Company celebrated the inaugural ceremony of the new Thana factory and the Silver Jubilee on 1st October 1960 when Hon'ble Minister for Industries, Shri Manubhai Shah presided.

New machines of a total cost of Rs. 4,78,403 were installed during the year under report. During the year 1961-62, further machinery and equipment of a total cost of 8 to 9 lakhs of rupees is expected to be added and installed.

Pulp and Paper Mill: The Company was granted an industrial licence by the Government of India for setting up a Pulp and Paper Mill in Maharashtra State. The Company was also granted an import licence for Rs. 12.50 lakhs C.I.F. under Japanese Yen Credit. This import licence has been revalidated upto 31st August 1962 and its value has already been increased from Rs. 12.50 lakhs C.I.F. to Rs. 16 lakhs F.O.B. Firm orders have been placed on the Japanese suppliers; namely, Messrs. Kinsho-Mataichi Co. Ltd., Tokyo, Japan for the supply of one complete unit of Pulp and Paper plant. The terms of payment in respect of this plant are quite attractive as they are on deferred payment basis. The total price is to be paid in 17 bi-annual instalments spread over a period of 10 years starting two years after the date when the contract becomes effective (1st September 1961). A confirmed and irrevocable Letter of Credit has already been established for Japanese Yens 157,852,800 which also includes interest at 6 per cent per annum for the entire period on outstanding balances. The Government of Maharashtra has sanctioned an acquisition scheme for land measuring 45 acres for the present, at Roha, about 90 miles from Bombay for this Paper plant, acquisition proceedings in respect of the total area have been initiated and "Urgency Clause" has also been applied. It is hoped that the possession of the land would be handed over to the Company during the course of next 2/3 months.

It is being proposed to float an independent company to take over the project of said Pulp and Paper Mill. This may materialise sometimes during the next year. In the meanwhile the Company is incurring the necessary expenses. The new Paper Mill when in production is expected to provide the Company with regular supply of paper, its main raw material.

Accounts in brief as at 31st July 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	14,00,000	Gross block	40,94,169
Reserves and surplus	14,88,358	—Depreciation	10,85,329
Other liabilities	57,81,797	Net block	30,08,772
		Current assets	57,10,826
		Investments	5,100
		Cash	1,25,451
	Rs. 86,70,155		Rs. 86,70,150

* Paid-up capital consists of 10,000 ordinary shares of Rs. 10 each, fully paid up.

Sitalpore Sugar Works Ltd.

(*Managing Directors*: Mr. R. N. Datta and Mr. D. P. Ghosh, Calcutta.)

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales of sugar	57,05	77,80
Sales of molasses	12	14
Closing stock (sugar and molasses)	57,66	25,02
Gross profit (+) or loss (—)	(—) 36*	(+) 1,91
Transfer to depreciation	1,73	1,27
Net profit (+) or loss (—)	Nil	39
Adjustments	(—) 86	44
Appropriations:	5	1
Total available balance		
To Railway Siding Maintenance (arrears)	64†	48
" adjustment of loss for the year	31	Nil
" payment of dividend (taxable) ordinary	Nil	49
Carried forward	(Nil)	(4%)
	17	3

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

* Loss after providing for depreciation and taxation.

† This includes Rs. 53,904 being compensation from Government for the season 1952-53 on sugar.

22 JAN 1962 PUBLIC DEPT.

Extracts from the Directors' report: During the year the Company's factory worked for 144 days as against 100 days in the previous year and crushed 28.75 lakh maunds of cane (20.50 lakh maunds for 1960) producing 2,62,068 maunds sugar (1,94,827 maunds for 1960) at an average recovery of 9.12 per cent (9.50 per cent for 1960). The fall in recovery is partly due to stale cane supplied from outstations whose percentage has risen from 47 to 56 this year and partly due to early start of the factory when available recovery is generally low.

Government announced the recommendations of sugar wage board in March this year and asked the factories to implement all the recommendations without considering the incidence in the cost structure. Full effect of the implementation of those recommendations will be reflected in the next year's account.

Depreciation has been calculated on the written down value basis as provided in section 350 of the Companies Act 1956 as modified upto May 1961.

The factory will start crushing for the season 1961-62 from 3rd December. Government have announced production control but this will not affect the Company's factory since crushing is expected to be within the limit imposed by the Government. Difficult trading condition in the year just ended is expected to continue for some time or may even continue throughout the next year which is difficult to forecast in the present circumstances.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,02,115	Gross block	36,67,746
Reserves and surplus	76,373	—Depreciation	18,98,712
Other liabilities	78,85,601	Net block	17,69,034
		Block in progress	7,847
		Current assets	70,88,695
		Investments	27,707
		Cash	76,206
	Rs. 89,63,989		Rs. 89,63,989

* Paid-up capital consists of 1,00,000 ordinary shares of Rs. 10 each, calls in arrears amount to Rs. 50. The capital also includes Rs. 2,165 being forfeited shares—amount paid up.

Rajagiri Rubber and Produce Co., Ltd.

(*Managing Agents*: Messrs. A. V. Thomas & Co., Ltd., Alleppey, Kerala.)

Annual General Meeting—22nd December.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales—Rubber	25,70	21,33
Income from sundry produce	15	15
Closing stock—rubber	3,17	2,74
Gross profit	11,23	8,98
Transfer to Managing Agents' remuneration	1,08	87
" " depreciation	80	81
" " provision for taxation	6,54	4,00
	3,80	3,80
Net profit	64*	45
Adjustments		
Appropriations:	4,14	4,25
Total available balance	1,41†	1,38
Proposed dividend (taxable) 6% C. preference	2,70‡	2,70‡
" " equity	(20%)	(80%)
	3	19
Carried forward		

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

* This includes Rs. 65,000 transferred from dividend equalisation reserve.

† Preference dividend is calculated in accordance with the Preference Shares (Regulation of Dividends) Act, 1960. This includes the additional preference dividends for the years 1958-59 and 1959-60.

‡ This includes the interim dividend of 10 per cent. on equity shares.

Extracts from the Directors' report:

Estate	For the year ended 30-6-1961 Estimate	Crop secured	For the same period last year Estimate	Crop secured
	Kg.	Kg.	Kg.	Kg.
Rajagiri	2,94,834	3,59,200	2,72,155	2,93,747
Shallacary	3,85,553	4,40,633	3,53,803	3,79,307
Total	6,80,387	7,99,833	6,25,957	6,72,054

The average Estate cost of production for the year was Rs. 1.78 per kg. against an estimate of Rs. 1.79 per kg., while the corresponding figure for the previous year was Rs. 1.85 per kg. The average sale price realised remained unchanged at Rs. 3.30 per kg.

It is estimated that for 1961-62 season, the Estate cost will be at Rs. 1.71 per kg. and the production will be as under:—Rajagiri 3,62,874 kg. and Shallacary 4,53,592 kg. Total 8,16,466 kg. The capital expenditure is estimated to be Rs. 1,68,664.

The Agricultural Income-tax authorities have disallowed this year also a number of items of legitimate Revenue Expenses as they had done similarly in previous years. The provision for taxation, therefore, fell short of actual demand by Rs. 1,63,000 odd upto the end of the year under report. As this amount had to be paid in spite of appeals against the assessments being still pending, the provision for taxation out of this year's profits includes this also. The appeals however are being pursued.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	86,10,000	Gross block	49,71,527
Reserves and surplus	9,31,135	—Depreciation	5,05,679
Other liabilities	16,61,106	Net block	44,61,748
		Block-in-progress	90,733
		Current assets	6,65,491
		Cash	9,75,369
	Rs. 62,02,240		Rs. 62,02,240

* Paid-up capital consists of 1,35,000 equity shares of Rs. 10 each and 2,50,000 six per cent cumulative preference shares of Rs. 10 each.

Alliance Jute Mills Co., Ltd.

(*Secretaries and Treasurers*: Messrs. McLeod & Co., Ltd., Calcutta.)

Annual General Meeting—31st January 1962.

Working Results:

	For the year ended 31st May (In thousand rupees)	
	1961	1960
Sales (including sales of purchased goods)	3,08,34	2,29,98
Jute sales	0,42	42
Closing stocks	59,32	62,36
Gross profit (+) or loss (—)	(—) 4,41*	(+) 13,34
Transfer to Managing Agents' remuneration	10	77
" " Secretaries' and Treasurers' remuneration	40	Nil
" " depreciation	7	68
" " provision for doubtful debts	5	2,97
" " taxation	Nil	2
Net profit (+) or loss (—)	(—) 5,04†	(+) 8,92
Adjustments	1,18‡	54‡
Appropriations:		
Total available balance	1,18	9,46
Transfer to development rebate reserve	63	2,65
To adjustment of loss brought forward	Nil	1,88
To dividends (taxable) 6% C. preference	Nil	1,08‖
" " " ordinary	Nil	1,80
	(Nil)	(6%)
Carried forward	(—) 3,86	(+) 1,17

* Loss after providing for Managing Agents' remuneration; Secretaries' and Treasurers' remuneration; provision for doubtful debts and depreciation.

† Loss after taking into account provision for development rebate reserve.

‡ This represents only the amount over-provided in liability in respect of previous period written back.

§ This includes the credit balance brought forward and over-provision for liability of Rs. 1,050 for previous period written back.

‖ Includes additional preference dividend for the years 1956 to 1960 in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

Extracts from the Directors' report: During the year under review the North Mill remained closed and the South Mill worked on a double shift basis with the percentage of looms sealed varying from time to time. On an average 575 looms were worked 96 hours per week on double shift during the year.

Further modernisation of the preparing and spinning sections has been carried out during the year including the installation of 18 *Silver Spinning Frames* on the fine side. The introduction of the new machinery has improved the efficiency.

Accounts in brief as at 31st May 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	45,00,000	Gross block	1,44,87,735
Reserves and surplus	6,06,850	—Depreciation	1,04,88,923
Other liabilities	84,04,063	Net block	39,98,812
		Current assets	83,78,592
		Investments	2,10,000
		Cash	3,97,713
		P.L. a/c deficit	3,85,796
	Rs. 1,35,70,913		Rs. 1,35,70,913

* Paid-up capital consists of 15,000 six per cent cumulative preference shares of Rs. 100 each fully called up and 30,000 ordinary shares of Rs. 100 each fully paid up. Out of the above 15,000 ordinary shares are alloted as fully paid up by way of bonus shares—issued out of capitalisation of profits.

FRESH CAPITAL ISSUES

Eleven Companies, including the Government-owned Film Finance Corporation, have been authorised to issue capital. The issues together amount to Rs. 9 crores, of which one company's share alone is Rs. 4 crores and three others Rs. 1 crore each. The following are the details pertaining to the more important ones:

Associated Bearing Company

Issue of share capital of Rs. 4 crores in equity shares of Rs. 100 each for cash at par. Out of this, 60 per cent will be subscribed by the foreign collaborators AB Svenska Fullagerfabriken Sweden and associates, the balance being offered equally to the Investment Corporation of India or any company of the Tata group and the Indian public. The new company will manufacture SKF single row ball bearings, tapered roller bearings, pendulum weighting arms, etc.

India Cements Ltd.

Issue further capital of Rs. 1,25,55,250, consisting of equity shares of Rs. 5 each for cash at par to the existing shareholders. The money will be utilised for the expansion of capacity of manufacturing cement.

W.S. Insulators of India Ltd.

Issue capital of Rs. 1 crore consisting of equity shares of the value of Rs. 80 lakhs and 9½ per cent preference shares of Rs. 20 lakhs. The proceeds will be utilised for the establishment of a factory in Madras for the manufacture of H.T. and L.T. insulators, Lighting Arrestors etc. in collaboration with Westing-house Electric International Company of New York.

Struthers Wells India

This is a new company which has been granted consent to issue capital of Rs. 1 crore divided into 10 lakh equity shares of Rs. 10 each at par. Out of this, shares of the value of Rs. 28 lakhs will be issued to Struthers Wells International Corporation of New York. The proceeds will be utilised for the manufacture of plants and equipments for fertiliser industries, petroleum refineries, sulphuric acid, caustic soda, soda ash industries, etc.

Antifriction Bearings Corporation

Issue capital of Rs. 60 lakhs in equity shares of Rs. 10 each to be issued for cash at par. Out of this, shares of the value of Rs. 5 lakhs will be issued to the foreign collaborators Steyr-Daimler-Puch AG, Austria. The capital will be used for the manufacture of ball, roller and tape bearings.

Ganesh Flour Mills Company

Issue additional capital of Rs. 55 lakhs, consisting of Rs. 25 lakhs equity shares of Rs. 12.50 nP each at a premium of Re. 1 per share and Rs. 30 lakhs in debenture stock. The money will be used on the two new projects of the Company and also on its existing units. The equity shares will be offered to the existing shareholders of the Company for cash at a premium of Re. 1 per share.

COMPANY MEETINGS AND DIVIDENDS

McKENZIES LTD. Annual General Meeting, Bombay, 27th January 1962. Dividend: 12 per cent or Rs. 12.00 per ordinary share, subject to deduction of tax, payable on and after 5th March 1962. Transfer books remain closed from 17th to 27th January 1962, both days inclusive.

OUDH SUGAR MILLS LTD. Annual General Meeting, Bombay, 30th January 1962. Dividend: Rs. 14.00 per ordinary share (net), payable from 12th February 1962. Transfer books remain closed from 15th to 30th January 1962, both days inclusive.

KESAR SUGAR WORKS LTD. Twenty-eighth Annual General Meeting, Bombay, 31st January 1962. Dividend: Rs. 10.00 per ordinary share, subject to deduction of tax, payable on and after 12th February 1962. Transfer books remain closed from 17th to 31st January 1962, both days inclusive.

GWALIOR SUGAR CO., LTD. Annual General Meeting, Babra, Madhya Pradesh, 31st January 1962. Dividend: Rs. 12.50 per ordinary share, subject to deduction of tax. Transfer books remain closed from 16th to 31st January 1962, both days inclusive.

MYSORE SUGAR CO., LTD. Annual General Meeting, Bangalore City, 31st January 1962. Dividend: 30 per cent or Rs. 3.00 per share, subject to deduction of tax, payable on and after 15th February 1962. Transfer books remain closed from 20th to 31st January 1962, both days inclusive.

KELVIN JUTE CO., LTD. Annual General Meeting, Calcutta, 31st January 1962. Dividend: Rs. 15.00 per ordinary share, subject to deduction of tax, payable on or after 15th February 1962. Transfer books remain closed from 17th to 31st January 1962, both days inclusive.

ALLIANCE JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 31st January 1962. Dividend: *Nil*. Transfer books remain closed from 17th to 31st January 1962, both days inclusive.

DALMIA IRON AND STEEL CO., LTD. Annual General Meeting, Rajgangpur (District—Sundergarh—Orissa State), 15th February 1962. Dividend: Re. 1.00 per share, subject to deduction of tax. Transfer books will remain closed from 21st January to 15th February 1962, both days inclusive.

RALLIS INDIA LTD. Taxable dividend of 8½ per cent or Rs. 8.50 per ordinary share, for the year ended 31st August 1961. Transfer books will remain closed from 27th January to 15th February 1962, both days inclusive.

CLIVE ROW INVESTMENT HOLDING CO., LTD. Taxable interim dividend of Re. 0.25 per ordinary share, for the year ended 31st December 1961. Transfer books remain closed from 17th to 29th January 1962, both days inclusive.

KHODIYAR POTTERY WORKS LTD. Taxable dividend of 10 per cent or Rs. 10.00 per ordinary share, for the year ended 31st July 1961. Transfer books remain closed from 15th to 29th January 1962, both days inclusive.

KIRLOSKAR BROTHERS LTD. Dividend of Re. 1.75 per share (net), for the year ended 31st July 1961. Transfer books remain closed from 20th January to 4th February 1962, both days inclusive.

PENINSULAR PLANTATIONS LTD. Taxable interim dividend of 20 per cent or Rs. 2.00 per ordinary share, for the year ending 28th February 1962. Transfer books remain closed from 20th to 25th January 1962, both days inclusive.

DEVASHOLA (NILGIRI) TEA ESTATES CO., LTD. Taxable interim dividend of 10 per cent or Re. 1.00 per ordinary share, for the year ended 31st December 1961. Transfer books remain closed from 11th to 17th January 1962, both days inclusive.

SHREE KRISHNA GYANODAY SUGAR CO., LTD. Net dividend of Re. 0.70 per ordinary share, for the year ended 31st July 1961. Transfer books will remain closed from 6th to 13th February 1962, both days inclusive.

BHOPAL SUGAR INDUSTRIES LTD. Taxable dividend of 15 per cent or Re. 1.50 per share (22½ per cent or Rs. 2.25 for the year 1960), for the year ended 30th September 1961. Transfer books will remain closed from 11th to 24th February 1962, both days inclusive.

DEVKARAN NANJEE BANKING CO., LTD. Taxable final dividend of Rs. 3.50 per share (making a total of Rs. 5.50 per share taxable, for the year 1961). The dividend for 1960 was only Rs. 4.38 per share, taxable.

UNITED BANK OF INDIA LTD. Taxable dividend of 6 per cent or Re. 0.60 per share (dividend for 1960 was 4.30 per cent or Re. 0.43 per share, taxable), for the year ended 31st December 1961.

PUNJAB NATIONAL BANK LTD. Taxable final dividend of Re. 1.00 per share (making a total of Rs. 2.00 per share, taxable), for the year ended 31st December 1961.

THE MYSORE KIRLOSKAR LTD.—CORRIGENDUM

The Chairman's speech published in our issue dated 6th January 1962 (*vide* page 84) was delivered by Mr. Channageri Rangappa in the absence of Mr. M. D. Shivananjappa, the Chairman.

Notices

ORIENT PAPER MILLS LIMITED

Registered Office:
BRAJRAJNAGAR (ORISSA)

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the ORIENT PAPER MILLS LIMITED, will be held on Thursday, the 15th February, 1962, at 3 p.m. at Brajrajnagar, the Registered Office of the Company, to consider and if thought fit, to pass, with or without modification the following resolutions as Special resolutions.

1. "RESOLVED that the Company do hereby approve of the contracts entered into or to be entered from time to time with the persons who are or may be deemed to be the Associates of the Managing Agents of the Company including the Companies mentioned below for purchase, sale, or supply of machinery, plant, stores and other goods in such quantities and in such manner as may be agreed upon between the parties upon the terms (i) that the price or amount charged to or received by the Company shall be at rates current in the market at the time of supply, and (ii) that payment for the goods sold and/or supplied by the Company, shall be made within one month from the date of sale or supply of goods.

1. Messrs. Macfarlane and Co. Ltd.
2. The Indian Smelting and Refining Co. Ltd.
3. The Indian Tool Manufacturers Ltd.
4. The Hindusthan Gas and Industries Ltd.
5. The Textile Machinery Corporation Ltd.
6. Messrs. Jiyajeerao Cotton Mills Ltd.
7. Messrs. Birla Jute Manufacturing Co. Ltd."

2. WHEREAS the East Indian Produce Company Ltd., an associate of Messrs. Birla Brothers Private Ltd., the Managing Agents of the Company, maintain an office at London in the United Kingdom and whereas the said Company carry on business of acting as agents in the United Kingdom and the Continent for purchase and sale of goods including stores, plant and machinery and rendering of services such as recruitment of technical personnel, etc., and also have dealings and business connections with parties all over the United Kingdom, the Continent and other countries and their operations are on a very large scale and whereas their expenses of maintaining their office, amount approximately to £65,000 per annum and whereas expenses, which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchases effected and services rendered through the said Company in relation to its total turnover in each year, and whereas the said East Indian Produce Company Ltd. have been acting as such agents for and on behalf of the Company. Now it is hereby RESOLVED that the East Indian Produce Company Ltd., continue to act as agents of the Company for a period of 3 years from 1st July, 1962 on the following terms as to commission and expenses and that payment be made to them for the services rendered in the manner sanctioned by the Directors of the Company:

(*a*) For purchase of materials, stores etc., 5% of the invoice price.

(*b*) For purchase of machinery, 2½ per cent of the invoice price.

(*c*) For employing technical personnel for and on behalf of the Company and for attending to enquiries, expenses incurred by East Indian Produce Co., Ltd., apportionable to such work in each particular case.

(*d*) For rendering any other special service, such remuneration as may be agreed upon between the Directors of the Company and the East Indian Produce Company Limited.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained.

3. WHEREAS the American East India Corporation, an associate of Messrs. Birla Brothers Private Ltd., the Managing Agents of the Company, maintain an office at New York in the United States of America and whereas the said Company carry on business of acting as agents in the United States of America for the purchase and sale of goods including stores, plant and machinery and rendering of services such as recruitment of technical personnel, etc., and also have dealings and business connections with parties all over the United States of America and other countries and their operations are on a very large scale and whereas their expenses of maintaining their office, amount approximately to $60,000 per annum and whereas expenses, which can be attributed to the work expected to be done for and on behalf of the Company, would depend on the value of purchases effected and services rendered through the said Company in relation to its total turnover in each year, and whereas the said American East India Corporation have been acting as such agents for and on behalf of the Company. Now it is hereby RESOLVED that the American East India Corporation continue to act as agents of the Company for a period of 3 years from 1st July, 1962 on the following terms as to commission and that payment be made to them for the services rendered in the manner sanctioned by the Directors of the Company:

(*a*) For purchase of materials, stores etc., 5% of the invoice price.

(*b*) For purchase of machinery, 2½% of the invoice price.

(*c*) For employing technical personnel for and on behalf of the Company and for attending to enquiries, expenses incurred by the American East India Corporation, apportionable to such work in each particular case.

(*d*) For rendering any other special service, such remuneration as may be agreed upon between the Directors of the Company and the American East India Corporation.

Provided that if anything to be done in pursuance of the above arrangement requires the permission of the Central Government or the Reserve Bank of India as the case may be, the same will not be done unless such permission is obtained.

By Order of the Board,
B. K. VYAS,
Secretary.

16, INDIA EXCHANGE PLACE,
CALCUTTA, *the 11th January*, 1962.

N.B.—1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

2. The Explanatory Statement as required under Section 173 of the Companies Act, 1956 has been forwarded to the members of the Company along with the Notice of the meeting.

ASSOCIATED BATTERY MAKERS (EASTERN) LIMITED

NOTICE TO SHAREHOLDERS

THE ACCOUNTS OF THE COMPANY FOR the year ended 31st August, 1961 exhibit a net profit, allowing for depreciation, of Rs. 46 lakhs. After providing for taxation and reserves, and bringing in the balance from the last account, the amount available is Rs. 26 lakhs.

The Board of Directors has resolved to recommend to the shareholders at the forthcoming Annual General Meeting that a dividend for the full year on the issued capital of Rs. 118 lakhs be declared at the rate of 15 per cent subject to tax.

By Order of the Board,
H. M. COX,
Secretary.

CALCUTTA,
11th January, 1962.

The Institute of Economic Growth, Delhi, which has been operating for some years a programme of training in research methodology for research workers for Ph.D in Economics, has evolved a new scheme to guide research workers in Government and teachers of economics in colleges who may wish to have training in research methodology before undertaking research work. The duration of the programme has been fixed as five months. There will be two courses in a year, the first running through January to May and the second from August to December. Each batch of trainees will consist of about 20 scholars, the minimum qualifications for admission to the course being a high second class master's degree in economics or commerce and satisfactory evidence of aptitude for research. A certificate of proficiency in research methods is proposed to be given at the end of each training programme after due evaluation of candidates. A tuition fee of Rs. 100 per course will be charged per candidate, although a few scholarships along with exemption from fees will be awarded on merit in the case of candidates not sponsored by any Government, University or other organisation. The first course started on the 15th inst.

The 21st Congress of the Federation of Commonwealth and British Chambers of Commerce will be opened by Queen Elizabeth at London on 21st May next. The Congress will be attended by 300 delegates, including those from India. It is expected to take decisions on steps to be taken to expand Commonwealth trade. Particular consideration will be given to the far-reaching problems arising from the Common Market and other economic groupings in Europe. Discussions will also range over a number of important constitutional, educational and social problems affecting the Commonwealth. The Chairman of the Congress will be Lord Lloyd, a Director of Lloyds Bank. The next congress will be held in Southern Rhodesia in 1964.

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EARN **4%** TO **5%** INTEREST ON FIXED DEPOSITS 1 TO 5 YEARS

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General Banking & Foreign Exchange Business Transacted
Pravinchandra V. Gandhi
Managing Director

DEVKARAN NANJEE BANKING COMPANY LTD. REGD. OFFICE: DEVKARAN NANJEE BUILDINGS, HORNIMAN CIRCLE, FORT, BOMBAY 1

DB/SE/23

MONEY MORE USABLE

(From Our Own Correspondent)

BOMBAY, *17th January*

Banks report a perceptible improvement in the demand for funds this week, though it has not yet made itself felt on the inter-bank call money rate which remains unchanged at 4½ per cent per annum. The volume of floating funds in the inter-bank section has shrunk and there are more borrowers than lenders. Excepting one or two big Indian banks, whose deposits have gone up as a result of heavy oversubscription to some of the new capital issues in the private sector, and the exchange banks, almost all the other banks are said to be in need of accommodation to meet the demand on them from trade and industry. The interest rates for short-term deposits have undergone no change and stay put at the ceilings under the Inter-bank Agreement. No move has yet been made by the Committee of the Indian Banks Association on the request made by five of the medium-sized banks for permission to raise the rates payable by them by ¼ per cent as has been done in the case of small banks. Meanwhile, the competition for deposits continues, with banks trying to offer more attractive services to their customers. Close on the heels of the Bank of India and the Canara Bank, the Dena Bank, for instance, has announced a series of special facilities. The most important of them is its readiness to collect at par cheques on any of its offices for any amount. Another concession given by it is a reduction in the rentals for safe deposit vaults. This is an inducement to attract more customers.

A noteworthy development of the week is the decision of the Reserve Bank to permit commercial banks to advance against ordinary shares upto 60 per cent of their value, as against only upto 50 per cent hitherto. This slight relaxation in credit controls came into effect from the 14th inst. In a Press *communique* on this subject, the Reserve Bank said early this week:

"With immediate effect, the Reserve Bank of India has reduced to 40 per cent the minimum margin on bank advances against ordinary shares of joint-stock companies, which it had fixed at 50 per cent according to its directive dated 11th March 1960. This has been done in the light of developments which have taken place since March 1960. Bank credit against ordinary shares, which had risen by 14 per cent in the twelve months prior to the regulation, has since then remained pretty stable around Rs. 80-83 crores, despite a considerable increase in the volume of new capital issues on the market and some rise in share prices. Further, effective December 1961 onwards, a system of regulatory margins, uniform and automatic, has come into force on all the stock exchanges. A measure of self discipline has thus been introduced in the operation of the stock exchanges. The Bank's general credit control has also exercised on the whole a salutary influence on the credit situation."

Market circles are of the view that the aforesaid credit concession to banks will enable them to finance new issues to a greater extent than so far. It remains to be seen whether this step will give a fresh fillip to speculation in the share markets.

The Treasury Bill results for the week under review reveal no new features. Under the tender system, Rs. 2 crores of 91 days' Bills were sold at the average rate of Rs. 2.520 per cent per annum, same as last week. The amount offered was, again, no more than the amount invited. 91 days' Intermediate Treasury Bills fetched a smaller amount than in the previous week, Rs. 10 lakhs, as against Rs. 15 lakhs. Sales of both the types of Bills will be continued next week.

An increase of Rs. 21.52 crores in notes in circulation is disclosed by the Reserve Bank's statement for the week ended 12th January 1962. Since notes held in the Banking Department have been reduced by Rs. 2.28 crores, total notes issued have gone up by Rs. 19.24 crores. This has been balanced on the assets side by putting up the rupee securities by Rs. 19.99 crores and reducing the rupee coin by Rs. 75 lakhs. In the Banking Department, balances held abroad have gone down by Rs. 2.63 crores, with the result that the total of foreign assets are now no more than Rs. 140.81 crores.

Reflecting the demand for funds in the money market, deposits of banks with the Reserve Bank have gone down by Rs. 3.11 crores and their borrowings from the Reserve Bank against usance bills have gone up by Rs. 1.08 crore to Rs. 8.01 crores.

The scheduled banks' statement for the week ended 5th January 1962 discloses a fall of Rs. 4.07 crores in deposits, an increase of Rs. 1.55 crore in inter-bank borrowings and a substantial rise of Rs. 16 crores in bank credit. Investments show a rise of Rs. 13.90 crores, as against which there has been a contraction of Rs. 22.71 crores in the total cash position.

As against these variations in the position of scheduled banks as a whole, the State Bank's statement for the corresponding week discloses a small decline of Rs. 1.20 crore in deposits, a marked rise of Rs. 15.19 crores in investments and a big fall of Rs. 20.12 crores in cash. Its advances have gone up by Rs. 6 crores. Other assets (including inter-office adjustments) have come down by Rs. 8.36 crores, reflecting partly the sizable decline of Rs. 6.02 crores in other liabilities.

The Gilt-edged market continues to be listless, with a quiet undertone. Among the Central loans, 3 per cent 1986 Conversion is a shade lower at Rs. 71 and so also 3 per cent 1970-75 at Rs. 90.10, both loans having lost 5 nP each over the week. Among State loans, 4¼ per cent 1972 Madras, which had registered a rise of 20 nP last week, has lost a part of this gain, 5 nP to be precise. A similar recession is noted in 4¼ per cent 1972 West Bengal. 2½ per cent U.P. Zamindaris Bonds met with a small enquiry and closed 25 nP higher at Rs. 43.75. There was some buying in 4¼ per cent 1972 U.P. and Orissa loans; the former has gone up by 10 nP to Rs. 98.25 and the latter by 5 nP to Rs. 98.15.

In the foreign exchange markets of the world, the pound sterling remained fairly steady, with no appreciable variations in the rate. In the New York market, spot sterling is quoted at 281.050-281.080 cents, which shows a fractional fall of 0.050 cent over the week. Three months' forward, however, has gone up by 0.120 cent to 279.250-279.280 cents per £. In India, there has been no change in the value of rupee against dollars.

GOLD EASY, SILVER STEADY

(From Our Own Correspondent)

BOMBAY, *17th January*

Gold continued to rule easy during the major part of the week under review, while silver staged a slight recovery. The persistent easiness of gold was due to sizable offerings, which followed rumours of large contraband arrivals from Goa, Diu and Daman. Consequently, prices drifted downward. Even at lower levels, support was lacking, thanks to fears of further large arrivals of contraband metal. Silver, however, remained steady to firm on good buying enquiries induced by reports of better offtake in upcountry centres and expectations of early revival of seasonal demand.

Arrivals of gold continued to be quite large during the week, the daily average rate being 6,800 tolas, as against 6,400 tolas last week, while those of silver were lower at 19 bars per day, as against 40 bars. The average daily offtake was 6,000 tolas of gold (5,600 tolas last week) and 6 bars of silver (same).

The adjustment rates fixed today were Rs. 116.25 per 10 grams of gold and Rs. 210.85 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 115.75 and Rs. 209.95, respectively.

The *Fagun* (22nd March) settlement in gold encountered selling and receded from Rs. 117.40 last week to Rs. 116.20 yesterday. After recovering to Rs. 117 today, the settlement finished lower at Rs. 116.70. The net loss over the week was 70 nP.

In silver, the *Fagun* (23rd March) settlement improved from Rs. 211.45 to Rs. 212.15 on Monday the 15th inst. At this level, profit-taking set in and the settlement eased to Rs. 211.20 today, but closed higher at Rs. 211.35, with little or no change over the week.

A feature of trading in the spot section during the week was the marked decline in the rate of discounts under the forward, the actual discounts today being just 20 nP in gold and 50 nP in silver, as against Re. 1.40 and Re. 1.50, respectively, on Wednesday last week. The spot rate for gold, which had advanced from Rs. 116 last week-end to Rs. 117 on Friday and Monday, fell to Rs. 115.85 yesterday, but moved upto Rs. 116.80 today before finishing at Rs. 116.50. Ready silver was done today at Rs. 210.85, as against Rs. 209.95 a week before, the highest touched being Rs. 211.10 today.

The world price of gold in the London bullion market registered a further rise, from $35.15¾ to $35.16¼ per fine ounce, while the sterling price softened by ¼d. to 250s. 1¾d. Ready and forward silver shed ¼d. each to 87¼d. and 88d., respectively. Silver in New York was unaltered at 104.75 cents. It may be noted here that there is at present no forward trading in silver at New York on account of the silver transfer tax. Preparations are, however, being made, according to Messrs. Mocatta and Goldsmid of London, to deal in silver futures on the New York Commodity Exchange, provided the silver transfer tax is repealed.

The following table shows the trend of prices during the week under review:

	17-1-62 (closing)	High	Low	10-1-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	116.50	117.00	115.85	116.00
Forward: *Fagun*†	116.70	117.60	116.20	117.40
Sovereign	97.00	98.00	97.00	98.00
SILVER				
Ready (.996 fine)	210.85	211.10	209.60	209.95
Forward: *Fagun*†	211.85	212.15	211.20	211.45
London—				
Silver Ready	87½d.	87¾d.	87¼d.	87½d.
Silver Forward	88d.	88¼d.	88d.	88¼d.
Gold	250s.1¾d.	250s. 2¾d.	250s. 1¼d.	250s. 2d.
New York—				
Silver	104.75 cents	—	—	104.75 cents

† 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, *17th January*

Firm conditions prevailed in the cotton futures market during the week under review. Neither the announcement of an import quota for Rs. 1.50 crore worth of Pakistan cotton nor the rumours about the possibility of even more stringent control measures being introduced, including sealing of cotton zones to prevent free movement of cotton, had any adverse effect on the market. In fact, the market gained further strength from the export quota of 75,000 bales of Bengal *Deshi* announced on the 15th inst. The Jarilla March contract, which was quoted at Rs. 680 last week-end firmed up to Rs. 686.50 on Monday and ruled steady since then at that level till the close today. However, the fear of fresh controls on cotton as also apprehension of Forward Markets Commission's intervention, adversely affected turnover. In fact, business done during the latter half of the week was largely of a jobbing nature.

Mill demand for ready cotton was brisk. In spite of the introduction of the variety-wise distribution of Indian cotton to mills, spinners made large-scale purchases of such popular varieties as CO2, L.147, Khandesh and Moglai. Mill buying was also reported from upcountry centres in Vijay, Digvijay and Surti.

The export quota for 75,000 bales of Bengal *Deshi* was welcomed by the trade although it has fallen short of expectation by 25,000 bales. The absence of any grade stipulation and the first-come-first-served basis of licensing were just what the trade had asked for. The shipment period is between 25th January and 31st August 1962.

Prospects for completing the quota are generally regarded as bright. Japan, the main buyer, is reported to be keenly interested in Bengal *Deshi* at present. Despite the quota, however, export demand was sluggish. This is attributed to the fact that some of the shippers who had sold abroad had already covered a major portion of their sales.

Demand for foreign cotton centred round Sudan and Pakistan cotton. East African varieties also attracted some attention. The following are the latest available quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal 687; Digvijay 1,100; L.147 1,087; Pakistan AC 134: 1,200; B.P. 52 1,370; Sudan G35 1,585.

Cotton futures in Karachi recorded a further rise during the week under review. Good domestic mill buying and keen export demand imparted strength to the market. The announcement by India of an import quota for Rs. 1.50 crore worth of Pakistan cotton was also a bullish factor. Under pressure of persistent buying, the N.T.R.G. January contract firmed up from Rs. 79.40 to Rs. 81.70. The March contract rose from Rs. 78.10 to Rs. 79.

The busy season in Sind is drawing to a close. Most of the N.T. crop has arrived and has been ginned. In Southern Sind, ginning factories have closed down. In the Punjab, arrivals of American-seed *kapas* have been heavy and the crop movement swift. Pickings are drawing to a close. Feature of this year's *Deshi* crop season has been the unusually slow movement of crops indicating the farmers' reluctance to part with their produce at present prices which are considerably below last year's.

Cotton futures in Liverpool suffered a further setback during the week under review. Long liquidation and stop-loss orders resulted in a decline in values. Both the American and American type contracts were marked down. Sudan contracts too met with selling and receded. The following are the latest available quotations—in pence per lb. from liverpool:

American cotton one inch staple contract: March 24.45; May 24.90; July 25.05; October 24.70.

American cotton mixed growth contract: March 24.85; May 25.30; July 25.45; October 25.10.

Sudan: January, March, May 32.00.

Easy conditions prevailed in the New York cotton futures market during the week. Futures prices receded in thin trading with speculative selling and occasional profit-taking providing the main feature.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	16-1-62	9-1-62	2-1-62
New York spot	35.50	35.55	35.55
March	34.24	34.49	34.08
May	34.82	35.04	34.62
July	34.99	35.17	--

ALLOCATION OF ART SILK YARN

(From Our Own Correspondent)

BOMBAY, *17th January*

The Textile Commissioner's notification (dated 11th January 1962) relating to the allocation of indigenous art silk yarn to powerloom weaving units for the current quarter has been welcome by both yarn traders and weaving centres. For the basis of allocation has been broadened to include not merely the mills using only art silk yarn as hitherto but also those using staple fibre yarn and mixed yarn. Some disappointment is however, expressed over the reduction in the size of quota, from 0.64 kg. for the October-December 1961 quarter to 0.48 kg. per loom per shift on the basis of the total number of loom-shifts worked by units on art silk yarn-staple fibre yarn during the July-September 1961 quarter. The yarn traders have also welcomed the extension of the time limit for the submission of essentiality certificate (only) by art silk yarn users up to the end of this month.

It will be recalled that, in accordance with the trade notice dated 1st December 1961, all actual users of art silk yarn during January-March 1962 were finally required to submit their applications, in the prescribed manner, along with essentiality certificates, so as to reach the Office of the Distribution Committee for Art Silk Yarn, Bombay, not later than 31st December 1961. In view, however, of representations made to the Office of the Textile Commissioner pointing to the difficulties experienced in getting the essentiality certificates from the Directors of Industries/State authorities, the time limit for the submission of only the essentiality certificates has been extended upto 31st January 1962, provided the applications have already been submitted in time on or before 31st December 1961. It is made clear that applications in respect of which essentiality certificates are received after 31st January 1962, will not be considered in any circumstance.

The broadening of the basis for allocation of art silk yarn as noted above is expected to result in enlarged offtake. But such an expectation has not led to any rise in prices. On the contrary, art silk yarns have tended to decline. This paradoxical situation is explained by the fact that the increase in offtake will be adequately met from out of the supplies now available. Attention is also drawn to the large arrivals of imported yarn which during the month of December 1961 aggregated as much as 2.34 million kg., highest for any month last year, and to the impending large imports by S.T.C. and actual users, besides imports by established importers as well as special users like the *zari* producers and imports under the export promotion scheme for art silk fabrics.

Amilan (20 deniers) February delivery receded during the week from Rs. 3.205 to Rs. 3.157 and April delivery from Rs. 3.270 to Rs. 3.235. Among imported art silk yarns, 120 Japan dropped Rs. 27 to Rs. 1,818. 120 Italy fell by Rs. 56 to Rs. 1,815. 150 Japan was quiet at Rs. 1,929 and 150 Italy at Rs. 1,709. Among indigenous yarns, National Rayons 120 Bt. cones 1st grade eased by 11 nP to Rs. 13.20, while 150 Bt. cones 1st grade gathered 4 nP to Rs. 11.11 on special support.

Staple fibre yarn (40 x 1) February settlement advanced by Rs. 14 to Rs. 753. April position was done at Rs. 768 today. Spot Kohinoors picked up 7 nP to Rs. 9.22. Citys were firm at Rs. 8.93. Hinds, however, shed 7 nP to Rs. 8.51.

Cotton yarns tended to move up. Ten counts Moderns registered a rise of 38 nP to Rs. 18.75. Twenty counts Centurys were firm at Rs. 21.50 and Moderns at Rs. 22.75. Thirty counts Maduras hardened by 25 nP to Rs. 27.25. Forty counts Maduras were fully maintained at Rs. 33.50. Sixty counts Finlays hardened by a rupee to Rs. 66. Eighty counts Mahendras spurted by Re. 1.12 to Rs. 84.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	17-1-1962	10-1-1962
	Rs.	Rs.
Art silk yarn		
20/1 Amilan (100 kg.)—		
February	3,157.00	3,205.00
April	3,235.00	3,270.00
120 Japan (per 100 kg.)	1,818.00	1,845.00
150 Japan (per 100 kg.)	1,929.00	1,929.00
120 Italy (per 100 kg.)	1,818.00	1,874.00
150 Italy	1,709.00	1,709.00
Nat. Ray. 150 Bt. I	11.11	11.07
Staple fibre yarn (40 x 2)—		
February	753.00	793.00
April	768.00	
Century (per kg.)	8.93	8.93
Cotton yarn (per bundle of 10 lbs.)—		
10s Modern	18.75	18.37
20s City	21.50	21.50
30s Madura	27.25	27.00
40s Madura	33.50	33.50
60s Finlay	66.00	65.00
80s Mahendra	84.00	82.88

OILSEEDS IMPROVE

(From Our Own Correspondent)

BOMBAY, 17*th January*

The oilseeds market put on a distinctly cheerful appearance during the week under review. Groundnuts continued to rule firm, thanks to lower arrivals, mainly from Kathiawad and South India. It would appear that, in view of the prospects for increase in prices, farmers were reluctant to dispose of stocks, while offtake by local crushers and *vanaspati* manufacturers continued to be heavy. Traders were inclined to believe that ceiling in respect of groundnut hedge contracts might be lifted by the Forward Markets Commission, following a strong plea made by the representatives of producers in Saurashtra. The firmness of castorseeds was engendered mainly by hectic buying by shippers, following reports of good business with Communist countries. Linseeds ruled distinctly steady, particularly because of the pronounced strength of mustardseeds in North Indian markets. Cottonseeds, too, staged a smart rally, on account of encouraging reports from raw cotton market.

The decisions bearing on the expansion of oilseeds production taken at the annual meeting of the Central Oilseeds Committee held at Madras on the 13th inst. were welcomed by the trade. The Committee's decision to meet the entire expenditure on the "package programme" of intensive cultivation from its own funds is expected to stimulate the interests of State Governments in this scheme. Under the original system, envisaging the sharing of expenses between Centre and States, some of the States were not enthusiastic about the scheme. It is reported that, under the new procedure, Gujerat, the Punjab and Rajasthan would implement the scheme, in addition to the five States, originally selected, namely, Madras, Mysore, Maharashtra, Andhra Pradesh and U.P. The package programme is expected to cover 50,000 acres. The Committee has also decided to increase the outlay on the programme by Rs. 5 lakhs to Rs. 15 lakhs.

Groundnut Coromandel rose by 50 nP to Rs. 47.25 and Nizam bold by 25 nP to Rs. 46.75. Oil railway receipts hardened by 25 nP to Rs. 19.35 and oil ex-mill by 20 nP to Rs. 19.40. There was no official trading in hedge contracts, as they were ruling much above ceiling levels. In private trading, groundnut April 1962 contract moved up by Rs. 25 nP to Rs. 218.50.

Castorseed March 1962 contract forged ahead from Rs. 173.62 to Rs. 177.12. Madras small put on a rupee to Rs. 36.75. Oil Commercial picked up 30 nP to Rs. 15 and oil B.S.S. 25 nP to Rs. 15.75.

Among linseeds, March 1962 contract advanced by 44 nP to Rs. 39.47. Bold ready was maintained at Rs. 42.50. Linseed oil gathered 15 nP to Rs. 18.30.

Cottonseed January 1962 contract spurted by Rs. 2.75 to Rs. 106 and April 1962 contract by Rs. 2.50 to Rs. 107.75. Whites improved by 25 nP to Rs. 20.25. Berars and non-whites were both fully steady at Rs. 20.

The following table shows the closing prices of oilseeds and oils on Wednesday, 17th January, as compared with those of the two previous weeks:

	17-1-1962	10-1-1962	3-1-1962
	Rs.	Rs.	Rs.
Groundnut			
January 1962	215.00	215.00	215.00
Nizam bold	46.75	46.50	46.12
Khandesh quality	47.25	46.75	46.25
Oil ex-mill ready*	19.40	19.20	19.05
Railway receipts*	19.35	19.10	19.10
Oil January 1962	17.65	17.65	17.65
Castorseed			
March 1962	177.12	173.62	172.62
Ready Madras	175.00	35.75	35.75
Ready Kanpur	36.75	34.50	34.37
Oil B.S.S.†	35.50	15.50	15.70
Oil commercial†	15.75	14.70	15.05
	15.00		
Linseed			
March 1962	39.47	39.03	39.00
Bold ready	42.50	42.50	43.25
Oil ready†	18.80	18.15	18.25
Cottonseed			
January 1962	106.00	103.25	100.50
Niger seed	38.00	37.50	38.00
Kardi seed	24.00	24.00	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER MOVES DOWN

(Messrs. Parekh and Co.)

BOMBAY, 17*th January*

Malabar black pepper edged downward during the week for lack of foreign inquiries and under pressure of increasing arrivals. Arrivals averaged 700 candies per day, while daily offtake by exporters and dealers did not go beyond 350 candies. Dealers and commission houses at the terminal centres who have to accommodate growers remained anxious sellers. They in their turn send consignments to consuming markets for raising finance and for relieving a glut in the market. Some of them make sales to New York and to other overseas ports at cut prices for testing the foreign buyers. They even accept on views cheaper bids from new York in anticipation of covering with a margin next day. Acceptance of cheaper bids make foreign buyers to bid still lower the next day. This vicious circle had started spinning and one does not know when such spinning will end. It may not end until foreign buyers feel that the market has reached the bottom. As a result, they come out to buy rather freely, putting aside their present policy of buying hand to mouth.

Spot in New York is seesawing between $0.36½ and $0.38. Holders there sell cheaper to grinders when they can replace from India with a margin. All bids from New York at $0.34½ to $0.33 are reported to have been accepted.

Despite further deterioration in the Indonesian political situation, market at Singapore is reported to be quiet and is down by Str. $2½ both in black and white, the latest price being Str. $140 and and Str. $170 for black and white, respectively. Though other commodities like nutmeg and coffee are booming in Singapore, owing to the present war psychosis in Indonesia, Lampong pepper is said to be immune from any such influence, as stocks in Singapore are reported to be fairly high and are mostly in the hands of the Indonesian Trading Agency. Floating stock of black and white at Singapore in the hands of other dealers being poor, the present quotations received from Singapore are only nominal.

Ungarbled at Cochin climbed down from Rs. 312 to Rs. 295 and garbled from Rs. 317½ to Rs. 300. January delivery on the ring having been squared up at Rs. 312, February is now quoting at Rs. 307 with small interest. Calicut is quoting at Rs. 295. Arrivals there are augmenting and are outstripping the demand.

Ready pepper in Bombay is nominally quoted at Rs. 173 per 50 kilos.

STRONG DEMAND FOR TEA

(Messrs. Forbes, Ewart and Figgis (Private) Ltd.)

COCHIN, 9*th January*

A total quantity of 617,000 kgs. was offered in sale No. 2 held today. Quality in general showed a further seasonal improvement. There were a few attractive teas offered from the Nilgiri district. The market opened with strong general demand which continued throughout the sale. Buyers showed keen interest for highgrowns, particularly those with improved quality which advanced considerably in price. Plain low medium and medium brokens were well competed for and these sold at rates 10 to 20 nP above last. Similar fannings, though sold readily, were only quoted firm to dearer. There was useful inquiry for good mediums also at dearer rates with quality. Black leaf descriptions continued in demand and registered further advances. Whole leaf grades were strong and dearer. Unorthodox descriptions also came in for strong support and were irregularly 10 nP dearer.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.60-3.95	4.55-4.75
Mediums	3.95-4.50	4.75-4.90
Good mediums	4.50-5.60	4.90-5.50
Nilgiri B.O.P.	5.60	9.00

The average price realised in sale No. 2 was Rs. 4.71 per kilo, as compared with Rs. 4.31 a week ago and Rs. 5.01 in the corresponding sale last year.

A larger quantity of 431,000 kgs. was offered in dust sale No. 2 held on Thursday the 11th inst. A useful selection of dusts was on offer. The market met good but irregular demand. There was useful support for plain and low mediums, but prices were lower by 10 to 20 nP. Poorest and milled descriptions were in less demand and often declined by 50 nP. Buyers showed keen interest for clean, black leaf descriptions which sold at prices above last. Highgrowns were in good demand at fully firm to dearer rates. C.T.Cs, particularly the powdery kinds, were generally easier.

The average price realised in dust sale No. 2 was Rs. 4.08 per kilo, as against Rs. 4.20 a week ago and Rs. 4.93 in the corresponding sale last year.

Colombo: In the export sale, there was good general demand. Better liquoring teas from western districts were slightly easier whilst others, with the exception of the poorest kinds, were slightly dearer. Liquoring fannings were well supported at dearer rates. Mediums, particularly the improved quality, were dearer by 5 cents. Persian Gulf descriptions were also well supported and advanced by 5 cents. Small leaf types tended easier. In the offgrade sale, there was strong demand for offgrades and dusts were generally dearer.

London: North Indian and other growths: In Monday's sale there was strong general demand especially for lower descriptions at dearer rates. In Wednesday's sale there was useful demand and the market continued on Monday's trend.

Ceylon and South Indians: 24,663 packages were offered in Tuesday's sale of which 8,520 packages originated from South India. The market met with active demand. The lower kinds from Ceylon were well sought after at firm rates. There was good support for South Indians which were firm and occasionally sold at dearer rates.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No.* 3: 402,000 kgs. offered. Strong general demand. Plain low medium and medium fully firm to 10 nP. Good mediums dearer, with quality highgrowns irregular, and sometimes below valuation. Fannings strongest feature."

QUALITY TEAS HARDEN

(From Our Own Correspondent)

CALCUTTA, 16*th January*

Quality teas commanded greater attention and met with competition at hardening rates during yesterday's export sales. Although the internal sales held last week commenced with hesitant demand, active conditions set in as the sales progressed.

Heavy shipments of tea, particularly to the United Kingdom, were again a feature of the Calcutta freight market during the week, but it was anticipated that, having regard to the approach of the end of the season, direct shipments for participation in Mincing Lane auctions would decline. Reflecting the increased shipments in recent weeks, stocks in London increased by 3.60 million lbs. to 127.59 million lbs. during the week ended 5th January. The fact that, in the sales held in Mincing Lane last week, strong demand pushed up prices, was taken here as an indication of the need of London stockists to increase supplies before the season comes to an end. The unusually greater interest displayed in Ceylon teas at London auctions should be attributed to the likelihood of a break in supplies should the labour situation in Colombo port worsen. Also, lower production in Ceylon during the months of November and December as a result of adverse weather has gone a long way towards making London bidders more active for Ceylon teas.

The improved demand at Calcutta auctions in the past one month, despite increased production, is attributed by trade circles to the low level of stocks in importing countries. Prices have moved up and, if current labour troubles in Ceylon gather momentum, it is expected that bidders there will have to make up their purchases by taking more Indian tea. Moreover, there are ample indications that, if prices in Calcutta auctions fall, offerings will be restricted. It has been remarkable that, after this indication, conditions have firmed up.

Although tea exports to the U.K. have been below the average so far, increased offtake by the several trade agreements, especially the Communist bloc, has been a feature. Trade circles have learnt with enthusiasm the news that, in an effort to take more Indian tea, a trade delegation from Morocco is expected soon in Calcutta. At present, Morocco buys tea mainly from Japan and China, and it gets very little tea from India. Morocco is a favourite of green tea, but India produces such tea only in the Kulu Valley, the entire quantity being taken up by Afghanistan. That the trade delegation is being sponsored by Morocco is perhaps indicative of that country's desire to change its tea drinking habit in favour of black tea. Trade circles look forward with interest to developments in this regard.

The trade as well as the industry have urged the Tea Board to start more promotional campaigns than hitherto. Ceylon's methods, including the supplying of samples, have brought in good dividends, and there is no reason why India should not consider re-examining propaganda measures and emulate Ceylon. India's target production of 900 million lbs. would be more realistic if only measures were also taken at the same time for aggressive sales campaigns abroad in order to increase effective demand. A glut in supplies is a great danger which should be avoided. In this situation, the Government's decision to grant long-term loans to tea gardens for replanting, extension of acreage and replacement of machinery has not created any excitement.

Dusts on offer during last week's internal sales amounted to 25,500 chests. Demand strengthened as the bidding progressed. Plain orthodox varieties not only wiped away the earlier loss of 10 nP but closed higher on balance. However, medium Assams made their way to an irregular trend. Legg-cut teas were fully steady, the fibrous and clean teas realising higher prices. Among C.T.C.'s, the clean mediums possessing bright liquors recorded higher prices. The good C.T.Cs. registered an irregular pattern. The smaller kinds were fully firm, while the secondary and fibrous grades were sold at hardening rates. The quotations per kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.40 to Rs. 7.00; medium Assam C.T.C. dust Rs. 5.80 to Rs. 6.30; Legg-cut dust Rs. 4.60 to Rs. 5.20; medium Assam dust Rs. 4.20 to Rs. 5.00, and plain orthodox dust Rs. 3.80 to Rs. 4.40.

Good demand was in evidence in leaf offerings which aggregated 375 chests.

Offerings during yesterday's export sales, amounting to 75,068 packages, met with strong demand and prices were better. The strongest feature of the sales was C.T.Cs, prices of which rose impressively. The general improvement in the market should be attributed to greater demand as well as to better quality. Legg-cut teas were fully steady. Plain brokens met with good support, and keen competition was offered to fannings of this category. Whole leaf grades evoked good demand, as did tippy teas. Darjeelings, however, were irregular, with the lots possessing quality being preferred. Better liquoring and medium Assam orthodox teas were steady, with plainer and medium B.O.Ps receiving more attention. Fannings were fully steady. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 5.80 to Rs. 6.20; best Assam C.T.C. B.P. Rs. 5.60 to Rs. 5.90; medium Assam C.T.C. fannings Rs. 5.10 to Rs. 5.50; clean black pekoe Rs. 4.00 to Rs. 4.20; medium Assam C.T.C. B.P. Rs. 5.10 to Rs. 5.50; plain fannings Rs. 3.80 to Rs. 4.10; and plain B.P. Rs. 3.55 to Rs. 3.65.

DIVERGENT TREND IN METALS

(From Our Own Correspondent)

CALCUTTA, 16*th January*

While under the impact of acute shortage and keen demand, copper scrap prices rose, the price of zinc eased. Lead also eased, but tin, after moving higher, closed below the best level for the week.

The major news of the week was the International Tin Council's announcement raising the floor price of tin from £730 to £790 a ton and the ceiling from £880 to £965. This means that if the price falls to below £790, the Buffer Stock Manager at London would become a buyer and prevent the price from falling further. Similarly, he would become a seller if the price moves up above £965. These revisions are in accordance with the recent trends in the market. Thanks to acute shortage, the open market rate crossed the ceiling and the London Manager exhausted all stocks, most of which naturally fell into speculative hands. It was becoming clear subsequently that there was no chance for the price to move down to as low as the earlier floor price of £730. Mine-owners had accordingly demanded raising of the floor and ceiling prices in order that, if they increased production by extending mining operations and reopening abandoned mines and if market conditions slumped, they should be assured of compensation for the increased cost of production. Now that this assurance has been made by raising the prices, it is to be hoped that production, especially in Malaya, would increase.

On the London Metal Exchange, tin opened at £943 a ton and declined to close lower at £939½. The downward trend was induced by the expectation of release from U.S. stockpiles at suitable prices. The Council's decision, it was expected, would cause a spurt in world prices, which, however, would not be sustained in view of the possible U.S. releases. In Calcutta, the price opened at Rs. 1,584.50 per 100 kgs. and after having moved higher at Rs. 1,624.00, eased to close at Rs. 1,606.25 in accordance with the weaker trend in London and Singapore.

Shortage in copper has become acute, and it looks as though permit-holders are not likely to get their supplies in the near future. This has resulted in more attention being paid to scrap, and berry scrap hardened from Rs. 527.75 per 100 kgs. to Rs. 546.50 and utensil scrap from Rs. 482.25 to Rs. 486.25. Following lower advices from New York, where spot copper declined from 30.34 cents a lb. to 30.07 cents, the London Metal Exchange quotation was depressed. Opening at £230½ a ton, the rate gradually lost to £229. Consumers there were postponing entering into commitments, and it was reported that world supplies this year were going to be in excess of demand.

In Calcutta, electrolytic zinc opened at Rs. 252 per 100 kgs. and at one time was as low as Rs. 244. Towards the close, the rate recovered to Rs. 248. The decline was due to lack of consumer interest as sufficient quantities of copper could not be found for alloy-making. In London, the rate recovered to £71¼ a ton after being lower at £71-1/8. The recovery followed greater consumer interest.

Virgin lead featured with a fall to Rs. 126 per 100 kgs. from Rs. 128.

JUTES WELL MAINTAINED

(From Our Own Correspondent)

CALCUTTA, 16*th January*

Despite the decision of mills to increase production further in order to relieve the existing shortage for ready goods, jute goods were well maintained during the week under review. Despite increased arrivals, but against the background of the issue of a supplementary quota of about 300,000 maunds, fibre was also maintained. During mid-week, sacking goods reacted, as it had become clear that overseas business in these constructions had gradually declined. Keener competition from Pakistan and the fall in demand for heavy goods had greatly curtailed speculation, and the trade felt that, although with the increased farms output a greater quantity of sacking was being consumed in overseas countries, India was not being benefited from such an increase, as some of these countries had commenced their own manufacture of sacking. This inference is supported in that, at the end of December, sacking in stock with the mills fell by only 500 tons to 29,100 tons. Output of sacking in December was higher by 2,400 tons at 49,600 tons. Against this increase, the fall in stocks, however small, should be considered encouraging normally. Nevertheless, the decline in business with overseas countries dismisses any such elation.

The total output of goods in December was 97,600 tons, an increase of 3,900 tons over November, attributed to the full effect of the 2½ per cent looms unsealed on 13th November. There was no change in the number of hours worked, that is, 208. The total stocks at the end of December were 55,900 tons which, it should be noted, registered a decline of 1,200 tons, despite the increase in production. Adding the stocks of 57,100 tons at the end of November, the total availability in December was 154,700 tons and, considering that stocks at the end of December were 55,900 tons, demand during the month was for 98,800 tons, which exceeded production by 1,200 tons. It is against this background that the Indian Jute Mills Association announced early in the week that the 2½ per cent of looms unsealed on 13th November and the 2½ per cent of looms unsealed on 1st January would continue in production up to the end of March. Earlier, it had been decided that these looms would be in operation up to the end of January only. The Association apprehends that even this increase in production may not be able to satisfy demand in full and, keeping this in view and also the importance of the need to maintain stability in the market, has permitted such of the mills as are in a position to operate more looms to do so to the full extent of their ability from 15th January to the end of February.

Meanwhile, demand for hessian continues very satisfactory and, this against the background of a decline in stock of 1,600 tons to 16,100 tons at the end of December, has resulted in greater speculative attention for hessian. Mills realise that in the present conditions of the market, it is necessary to increase the proportion of hessian output by transferring looms from sacking to hessian. However, fibre fit for hessian is commanding a premium, and it is apparent that the profits of mills would be less in producing a greater quantity of hessian at the cost of sacking and miscellaneous constructions. The stock of the latter at the end of December increased by 900 tons to 10,700 tons.

The decision of mills to raise production further is already reflected in the increase in demand for fibre. Arrivals on an all-India basis have been estimated at 130,000 maunds a day at present, a very highly encouraging figure, which enhances the hope that mills would be able to start the next season with a sizable reserve. A major share of this huge increase is accounted for by increased production in West Bengal and Assam. In West Bengal, the crop, excluding mesta, has been estimated at 16.7 million maunds, an increase of 7.2 million maunds as compared with the last season. Acreage in West Bengal increased from 750,000 to 1,200,000. The minimum quota to be purchased by mills for the week ended 13th January was increased by 300,000 maunds. It is likely that, in view of the decision to raise production further, the higher quota would be maintained in the coming weeks, and that that would push up fibre prices from the minimum levels. Trade circles noted with enthusiasm that the Jute Promotion Council of Britain, India and Pakistan has started a promotional campaign in the United Kingdom.

The fact that buyers continue to show no interest in forward business has made the industry nervous. While fibre stocks with mills are increasing and they have only little goods to offer in the near or immediate positions, order books have yet to go a long way. Since fibre stocks are increasing, there is much uncertainty about the future trend of prices so long as order books remain incomplete. However, current demand for ready goods has indicated that there is ready acceptance, if prices are reasonable. This shows that jute goods can compete successfully with substitutes. In this view, the scheme for a buffer stock in fibre is much to be commented upon. Mills have become wise, and they are building their own stocks so that the new season may not be haunted with the shade of shortage as in the early months of the current season. Pakistan has already asked overseas buyers of fibre to co-operate with it in a scheme to build up buffer stocks. To consider this matter, a conference with overseas buyers is being arranged to take place at Dacca next month. The Pakistan Commerce Minister, disclosing this, hoped that buffer stocks would prevent wide fluctuations in prices. He stated that other support measures envisaged included provision of a network of warehouses in growing areas, where farmers could deposit their produce and obtain advances against its value and a reorganisation of rural markets so that producers could conveniently sell their products at centres near at hand at favourable prices, thus doing away with middlemen. Meanwhile, overseas buyers were still holding out in Pakistan. They were bent upon lowering the E.P.C. rates, and finally succeeded. Accordingly, export firsts have been cut down from £118 and Rs. 250 to £115 and Rs. 240, and lightnings from £92 and Rs. 185 to £87 and Rs. 185. Importers in London, however, are yet to signify their consent to these new rates.

In Calcutta, Assam bottoms were firm at Rs. 30 a maund, as were northern and daissee bottoms at Rs. 29.50 and Rs. 32, respectively. The decision of mills to increase production as well as the issue of a supplementary quota should have normally raised prices from the minimum levels, but there was a report according to which a ready bill of lading from Assam realised only Rs. 28 per maund basis bottoms. Mills were anxious to prevent fibre prices from rising, and that explained their scattered support at a time when sellers were very eager for business. The purchase quota released for the week ending 20th January is in respect of 900,000 maunds. The I.J.M.A. has attributed the fall in fibre prices below minimum levels in certain interior districts to the lack of adequate transport facilities to bring the fibre to Calcutta. It has been suggested that the railways should accept bookings whenever they are tendered and until the wagons are provided railways should store them in their warehouses. At present, forwarding notes are accepted only after providing the wagons, and a shipper has necessarily to wait for long after getting the consignment ready and before loading them in wagons against documents.

Ready hessian 40" 10 oz. were firm at Rs. 55.75 on Tuesday last, while selling pressure in the futures market depressed ready B. twills from Rs. 128.75 to Rs. 127.00. While there was no fresh business done with overseas buyers, hessian met with covering demand. On Wednesday, hessian 40" 10 oz. spurted to Rs. 56.50 for the ready position on renewed covering demand, while hessian for the forward positions were easy as there was no demand for these positions. Heavy goods continued to give way on continued selling pressure in the futures market, and ready B. twills eased to Rs. 126.00. On Thursday, there were reports of business in hessian with U.S. buyers and ready 40" 10 oz. hardened to Rs. 58.00. Ready goods were hardly obtainable, while mills were unable to get sufficient orders for their advanced positions. In sympathy, ready B. twills gained to Rs. 127.25. Profit-taking reduced the gains on Friday, hessian 10 oz. skidding to Rs. 56.75 and B. twills to Rs. 127.50. Over the week-end, good covering business in hessian was done against reports of satisfactory shipment during the week. The 40" 10 oz. kind gained to Rs. 57.25. In sympathy, B. twills hardened to Rs. 128, although no overseas business was done. Conditions, however, eased yesterday when mills turned their attention to forward sales. There was also, selling pressure in the futures market. Ready hessian 40" 10 oz. eased to Rs. 55.25 and B. twills to Rs. 126.25.

SUGAR RECEDES

(From Our Own Correspondent)

HAPUR, 15*th January*

Sugar ruled quietly depressed, as the supply position was very comfortable, thanks to the release of 200,000 tons for sale. The inferior stocks of the last release were still lying with some factories. Inferior small crystal quality was not in request even at Rs. 2 per maund lower than the previously controlled prices, while bold crystal was being readily lifted at higher prices. All factories on this side were attracting good supplies of cane and the sugar percentage in cane was said to have improved, as cane was now fully ripe. Week-end prices here were: wholesale Rs. 106.50 per bag; retail 97 nP per *seer*; mill delivery per maund. *Simbhauli* E29 Rs. 37.85; *Amroha* D29 Rs. 36.37; Bijnore D29 Rs. 35.87; *Dhampur* E29 36.37.

Sugar ruled steadier in the Muzaffarnagar market during the week on brisk demand from Gujarat, Punjab, Saurashtra and Delhi. Bold crystals improved by 35 nP a maund, while inferior quality eased further due to selling pressure by factories. Week-end prices were: A29 *Mansurpur* Rs. 40.35; *Iqbalpur* Rs. 40.10; B29 *Deoband* Rs. 40.03; *Khatauli* Rs. 39.78; *Shamli* Rs. 39.70; D29 *Deoband* Rs. 38.54; *Saharanpur* Rs. 37.44; E29 *Shamli* Rs. 37.75; *Kashipur* Rs. 36.06.

Sugar in Kanpur was, however, depressed, following the quota for sale released towards the week-end. Weekly transactions were about 100,000 bags. While mill delivery was done at Rs. 36 a maund, spot prices touched a new level at Rs. 102.50 per bag. Stringent financial conditions and heavy stocks were said to be responsible for the fall in prices.

Khandsari eased further by about Re. 1 per maund, as demand was slack and quality reaching

(*Continued on page* 140)

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 12th Jan., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	53,63,99,000
(2) Other Governments	12,62,19,000
(b) Banks	75,74,04,000
(c) Others	148,42,53,000
Bills Payable	29,65,24,000
Other Liabilities	44,68,51,000
Rupees	505,76,50,000

ASSETS	Rs.
Notes	12,49,09,000
Rupee Coin	1,54,000
Subsidiary Coin	3,50,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	52,39,00,000
Balances held abroad*	13,95,30,000
Loans and Advances to Governments†	64,14,19,000
Other Loans and Advances	145,92,81,000
Investments	190,46,32,000
Other Assets	26,34,75,000
Rupees	505,76,50,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 8,01,50,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,49,09,000	
Notes in circulation	1991,41,38,000	
Total Notes issued		2003,90,47,000
Total Liabilities		2003,90,47,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	126,86,07,000	
Total of A		244,62,10,000
B. Rupee Coin		120,48,12,000
Government of India Rupee Securities		1638,80,52,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2003,90,47,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	5-1-62	29-12-61	6-1-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	51,10	55,75	41,29
(ii) From others	726,10	724,60	688,05
(b) Borrowings from banks	25,18	19,68	15,02
(c) Others	54,61	55,47	47,64
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	20,23	19,91	16,27
(ii) From others	1,098,42	1,096,89	1,067,74
(b) Borrowings from banks	15,74	19,64	10,23
(c) Others	24,42	24,31	21,30
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,824,51	1,823,49	1,755,79
4. Aggregate liabilities [1 (a) (ii)+1 (c)+2 (a) (ii)+2 (c)]	1,903,54	1,903,27	1,824,73
5. Borrowings from Reserve Bank	14,45	18,74	53,45
(a) Against usance bills and/or promissory notes	6,94	14,75	13,83
(b) Others	7,52	4,00	39,62
6. Borrowings from State Bank and/or a notified Bank	11,98	12,31	12,39
7. Cash	45,02	51,97	44,48
8. Balances with Reserve Bank	80,61	99,37	83,79
9. Cash and balances with Reserve Bank	128,63	151,34	128,27
10. 9 as per cent of 4	6.76	7.96	7.03
11. Balance with other banks in current account	17,96	22,94	18,81
12. Money at call and short notice	47,55	43,76	22,77
13. Investments in Government securities	593,84	579,94	648,15
14. 13 as per cent of 4	31,20	30,47	35,25
15. Advances—			
(a) Loans, cash credits and overdrafts	1,097,27	1,085,82	1,020,31
(b) Due from banks	7,54	9,99	11,94
16. Inland bills purchased and discounted	148,88	145,22	120,02
17. Foreign bills purchased and discounted	45,65	44,25	48,66
18. Total Bank Credit [15 (a)+16+17]	1,291,29	1,275,29	1,188,99
19. 18 as per cent of 4	67,94	67,01	65,19

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	28th Dec., 1961	4.75	4.50
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	3
Canada †	..	2.85	2.82
Ceylon	18th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	16th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	..	3
South Africa	7th Dec., 1961	5	4.50
Spain	11th April, 1960	6.25	5.75
Sweden	18th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	3
Thailand	Feb., 1945	..	7
Turkey	6th June, 1958	4.50	6
United Kingdom	2nd Nov., 1961	6.50	7
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in time with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 12th Jan., 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		7,45,00,000
Borrowings from Other Banking Companies, Agents, etc.		529,68,41,000
Bills Payable		2,60,50,000
Bills for Collection being Bills receivable as per contra		7,76,71,000
Acceptances, Endorsements and Other Obligations per contra		2,26,29,000
Other Liabilities (including Inter-Office Adjustments)		86,63,000
Total .. Rs.		11,73,28,000
		567,99,32,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		21,15,84,000
Balances with other Banks		5,53,50,000
Money at Call and Short Notice		1,26,67,000
INVESTMENTS—	Rs.	
Government and other Trustee Securities	228,67,69,000	
Other Authorised Investments	9,29,95,000	237,97,64,000
ADVANCES—	Rs.	
Loans, Cash Credits, Overdrafts, etc.	248,86,50,000	
Bills Discounted and Purchased	18,82,28,000	267,68,78,000
Bills Receivable being Bills for Collection as per contra		2,26,29,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		86,63,000
Premises less Depreciation		1,88,64,000
Furniture and Fixtures less Depreciation		1,46,17,000
Other Assets (including Inter-Office Adjustments)		27,89,07,000
Total .. Rs.		567,99,32,000

IRON AND STEEL PRODUCTION (In Metric Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300T	1,106,800T	786,900T
Do. 31st March, 1959	1,137,500T	1,149,900T	884,700T
Do. 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,588,000	1,623,000	1,263,000
Dec., 1960	143,200	150,600	115,800
July 1961	133,900	137,200	107,900
Aug. ,,	131,500	131,700	102,700
Sept. ,,	122,900	128,300	107,000
Oct., ,,	130,100	137,600	112,700
Nov., ,,	125,500	128,800	101,800
Dec., ,,	125,500	128,800	101,800
	142,100	148,400	117,000
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1958	783,945T	507,580T	412,042T
Do. 31st March, 1959	959,933T	608,205T	497,551T
Do. 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Dec., 1960	111,516	86,424	61,895
July 1961	100,407	77,595	65,720
Aug., ,,	101,000	76,053	62,609
Sept. ,,	97,760	76,888	60,138
Oct., ,,	105,823	81,969	61,921
Nov., ,,	103,064	81,209	62,119
Dec., ,,	103,038	88,171	65,031

T—Figures in Tons.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	Daring Nov., 1961	92.2
	Corresponding month, 1960	85.9
	Five months ended Nov., 1961	384.0
	Corresponding period, 1960	440.8
Stocks	At the end of Nov., 1961	56.5†
	Corresponding month, 1960	82.2
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1959-1960	833.5
	July-June 1960-1961	730.6
	July 1961 to Nov., 1961	302.3
	Nov., 1960	57.3
	Nov., 1961	63.0
For Internal Consumption	July-June, 1959-1960	248.3
	July-June 1960-1961	274.1
	July 1961 to Nov., 1961	100.0
	Nov., 1960	23.8
	Nov., 1961	27.6
	RAW JUTE	(In 000 bales)
Consumption by Mills	Nov., 1961	526
	Corresponding month, 1960	502
	1958-59	6,014
	1959-60	6,291
	1960-61	5,782R
	July 1961 to Nov., 1961	2,188

† Provisional. R—Revised.

State Bank of Pakistan

Statement of Affairs for the week ended 5th Jan., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	4,67,13,000
(b) Provincial Governments	1,90,07,000
(c) Banks	18,40,21,000
(d) Others	111,86,61,000
Bills Payable	10,07,000
Other Liabilities	13,80,93,000
Rupees	160,40,02,000

ASSETS	Rs.
Notes	8,72,89,000
Rupee Coin	18,000
Subsidiary Coin	35,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	25,85,02,000
Loans and Advances to Governments	3,45,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	61,30,20,000
Investments	50,28,82,000
Other Assets	10,76,66,000
Rupees	160,40,02,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	8,72,89,000	
Notes in circulation	386,98,77,000	
Total Notes issued		395,71,66,000
Total Liabilities		395,71,66,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	132,96,23,000
B. Rupee Coin	2,51,32,000	
Government of Pakistan Securities	254,84,05,000	
Internal bills of exchange and other commercial paper	....	256,85,37,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	395,71,66,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.02 per cent.

EXCHANGE RATES

	17th January 1962	10th January 1962
Bombay on London—		
Sellers T.T. D.D. Spot. s.	1-5 11/16	1-5 11/16
Sellers T.T. D.D. upto six months s.	1-5 11/16	1-5 11/16
Buyers T.T. spot to nine months s.	1-5 5/8	1-5 5/8
Buyers T.T. 10 to 12 months s.	1-5 9/16	1-5 9/16
Bombay on New York—		
Sellers T.T. D.D. Rs.	476.25	476.25
Buyers T.T. Rs.	473.00	473.00
London on New York s.	2.8106—2.8108	2.8108—2.8110
London on Paris Frs.	13.7740—13.7760	13.7740—13.7760
London on Berne. Sw. Frs.	12.1340—12.1360	12.1375—12.1395
New York on London s.	281.050—281.080	281.100—281.140

CLEARING HOUSE RETURNS

Centre	Week ended 12th Jan., 1962		Week ended 5th Jan., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,56,650	100,97,10,000	5,73,644	94,29,28,000
Calcutta	2,22,000	86,98,00,000	1,73,000	77,15,00,000
Madras	1,04,000	13,93,00,000	93,321	13,03,34,724
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,88,05,00,000
1960-61	..	..	54,472,000	125,13,16,00,000
Nov.,1960	..	..	4,718,000	1,080,69,00,000
Sept.,1961	..	..	4,878,000	1,128,99,00,000
Oct., ,,	..	..	4,703,000	1,046,09,00,000
Nov., ,,	..	..	4,979,000	1,094,48,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	16th Dec., 1961	9th Dec., 1961	17th Dec., 1960	October 1961	October 1960	Percentage of Increase (+) or Decrease (—) in Oct., 1961 as compared with Oct., 1960	Financial Year Average 1960-61	Financial Year Average 1959-60
Food Articles	584	117.7	117.8 R	118.9	128.9	121.8	— 0.7	120.0	119.0
Cereals	192	100.5	101.0	100.4	103.3	106.3	— 3.0	104.4	104.1
Pulses	48	93.5	92.8 R	93.7	90.6	94.6	— 4.2	92.9	93.5
Fruits and Vegetables	23	138.2	142.0 R	106.6	144.3	113.7	+26.9	118.5	127.8
Milk and Ghee	84	114.3	117.3	109.5	117.9	117.5	+ 0.3	116.0	118.2
Edible Oils	47	158.0	154.1	152.7	147.0	132.1	+ 4.0	150.8	130.4
Fish, Eggs and Meat	17	137.1	136.8 R	126.2	134.2	126.0	+ 6.5	123.5	112.0
Sugar and Gur	48	113.1	115.5	127.8	120.3	136.6	—11.9	123.8	132.8
Others	50	165.4	154.8 R	169.6	180.3	170.5	+ 5.7	167.8	147.0
Liquor and Tobacco	21	95.1	95.1	112.3	99.5	113.6	—12.3	109.9	167.2
Tobacco	..	91.2	91.2	111.0	96.0	112.2	—14.4	108.3	89.8
Fuel, Power, Light and Lubricants	30	122.4	122.3	112.3	122.9	114.8	+ 1.8	112.0	97.9
Industrial Raw Materials	155	137.4	137.4	143.1	135.9	146.6	— 7.3	145.4	116.6
Fibres	61	125.5	125.4	158.7	127.9	157.5	—18.8	151.6	123.7
Oilseeds	60	155.3	155.4	152.9	149.7	148.3	+ 0.9	148.9	114.6
Minerals	2	94.8	94.8*	98.2*	94.8	98.0	— 3.3	149.9	134.5
Others	32	129.2*	129.1*	131.6	127.7	125.8	+ 1.5	97.4	97.6
Manufacture	230	128.0	128.0 R	128.5	128.3	126.6	+ 1.4	128.0	122.7
Intermediate Products	41	137.6	138.1 R	131.9	140.3	130.2	+ 7.8	123.9	111.7
Finished Products	249	124.1	124.1 R	126.5	124.1	123.7	+ 0.3	122.8	113.6
Textiles	147	123.9	124.0	125.8	124.7	127.4	— 2.1	122.8	111.3
Cotton	..	128.2*	128.2*	129.2*	128.2	130.4	— 1.7	122.8	107.8
Jute	..	114.5	114.9	139.1	118.7	136.8	—12.9	126.1	116.8
Woollen	..	123.1*	123.1*	110.1*	123.1	110.1	+11.8	131.4	90.6
Silk and Rayon	..	121.6*	121.6*	102.4*	119.2*	101.5	+17.5	109.1	104.2
Metal Products	12	147.1	147.1	145.8	147.1	146.8	+ 0.2	104.4	96.4
Chemicals	20	111.0	111.0	103.5	111.6	104.0	+ 6.7	147.2	144.4
Oil Cakes	10	152.3	158.1	147.2	144.5	141.1	+ 2.4	104.4	109.5
Machinery and Transport Equipment	31	115.8	115.8 R	112.1	116.2	112.0	+ 3.8	141.3	143.8
Others	80	128.9	128.5	116.4	121.5	116.1	+ 4.7	111.9	105.5
All Commodities	1,000	122.8	122.9 R	124.2	126.4	126.8	— 1.4	124.8	117.1

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad	Sholapur	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1960 Average	116	395	110	313	99	129	387	124	113	105	103	123	109	131
1961 "	120	412	125	346	98	132	387	133	120	106	98	125	108	140
1960	124	420	129	357	98	136	398	143	120	107	103	120	109	146
April "	125	418	122	364	101	138	405	146	122	108	102	122	108	147
May "	125	421	123	365	102	137	400	148	122	108	105	119	108	147
June "	125	423	121	367	102	135	395	150	121	110	102	122	108	147
July "	124	423	121	367	100	134	387	151	121	110	102	121	108	148
Aug. "	124	419	120	362	..	..	..	..	..	..	..	..	..	..
Sept. "	124	419	120	362	100	131	387	146	122	111	103	120	109	148
Oct. "	125	419	119	358	100	131	387	146	122	111	103	120	109	148
Nov. "	125	420	119	349	102	130	392	147	123	111	103	119	109	148
1961 Jan. "	125	422	119	349	101	129	395	148	124	111	105	121	109	149
Feb. "	124	423	119	349	101	130	392	149	125	111	104	120	109	150
March "	124	428	119	348	99	130	392	149	125	112	106	120	110	149
April "	124	431	119	345	97	130	392	148	126	112	106	120	110	149
May "	124	431	119	345	97	130	392	148	127	112	104	121	110	150
June "	125	433	122	349	99	132	392	148	127	112	104	121	110	150
July "	127	437	122	357	101	132	408	148	130	113	108	122	110	151
August "	128P	438	122	359	103	133	416	148	130	115	107	124	111	151
Sept. "	128P	436	122	355	103	132	416	148	128	114	108	124	112	151
Oct. "	128	434	122	354	104	..	..	149	127	113	110	128	..	151
Nov. "	..	434	..	341	..	..	..	..	..	..	..	..	..	..

*Base 1934=100. †Jan. 1928=100. §1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 6-Year A Out-standings	7-Year B Out-standings	12-Year B Out-standings	12-Year National Plan Savings Certificates C Receipts	C Out-standings	Post Office Savings Bank Deposits Receipts	Deposits Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings K	Cumulative Time Deposits 5-Year J Out-standings	10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Out-standings	4% C Receipts	15-Year Annuity Certificates G Receipts	G Out-standings	Total Receipts	Total Out-standings H
1958-59	1,76	3,80	110,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,48	19,79	—41,35	50	31	41,88	10,64	21,76	66	2,90	395,70	672,99
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	287,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3 38	329,98	770,80
Nov. 1960	1,37	2,70	87,64	6,21	202,79	17,00	275,00	19,12	—41,74	1,17	68	41,02	1,49	31,73	5	3,25	25,31	726,47
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,86	1,40	80	40,90	1,04	34,16	6	3,32	25,88	740,90
Feb. "	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	25,58	747,86
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770,80
Apr. "	1,20	2,40	80,13	5,59	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28	39,42	4	3,40	28,47	771,47
May "	1,16	2,34	78,90	5,83	294,43	19,28	294,64	18,09	—42,08	1,99	1,08	36,49	1,32	40,92	3	3,42	26,19	772,46
June "	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	—42,13	2,18	—1,15	35,45	1,80	42,43	3	3,43	29,02	777,06
July "	1,10	2,24	76,31	6,66	304,96	20,79	298,78	17,93	—42,16	2,34	1,23	34,15	1,59	44,33	5	3,46	29,34	780,61
Aug. "	1,08	2,20	74,91	6,73	310,39	19,28	302,35	17,85	—42,20	2,50	1,31	33,19	1,25	45,66	5	3,48	27,55	794,32
Sept. "	1,05	2,16	73,00	6,38	315,47	17,84	304,29	17,77	—42,24	2,68	1,39	32,12	1,62	47,04	5	3,51	26,16	800,48
Oct. "	1,02	2,12	72,30	5,30	319,62	17,83	305,79	17,67	—42,28	2,88	1,47	33,28	1,07	48,10	4	3,53	24,51	805,76
Nov. "	..	..	..	..	..	..	..	..	..	..	..	30,24	1,14	49,21	4	3,55	..	..

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities: repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series

MARKET GOSSIP

(*Concluded from page 103*)

the size of operation of business enterprises. As decision became more concentrated and industry became more highly capitalised, the blunders of surplus capacity, according to him, would grow worse without some form of planning and forecasting which were essential for the survival of private competitive enterprise. From this point of view, Mr. Chambers welcomed the British Government's proposal for a National Economic Development Council to co-ordinate information and industrial programmes. This, of course, did not mean that there would be no competition or that resources would be allocated to particular firms or industries. As Mr. Chambers saw it, the chances for efficient business to expand confidently and with better knowledge of potential demand would be greater if more of the limited resources could be made available to the newer and more progressive sections. Competition, he said, would remain, but the worst blunders of putting up excess capacity would be eliminated. Improved information and better knowledge of the growth or decline of demand for particular products could also promote a better answer to problems of international trade.

Mr. Chambers had some sensible things to say about the plea for legislation against import of "cheap" goods into Britain from other countries, particularly underdeveloped countries, which is miscalled dumping. Legislation, in his view, is not the solution. The answer lay in discarding outmoded economic ideas on such matters as monopoly and monopolistic competition. In other words, industrial units must be allowed to expand and take advantage of economies of large-scale production and scientific inventions to compete effectively in domestic and world markets, instead of being shielded by tariff walls and quota restrictions. It is to be hoped that these words of Mr. Chambers would drive home to the diehard millowners in Britain and elsewhere in the Western world who cry hoarse for restrictions on textile imports from underdeveloped countries, ignoring the realities of the changed industrial world in which they and their competitors live.

Tin Prices Raised

The future of the International Tin Agreement has been highly uncertain, ever since the expiry of the first lap of the Agreement in June 1961. The end of the first phase coincided with the total exhaustion of the Tin Council's buffer stock, with the sale of the remaining 10,000 tons at the then prevailing ceiling price of £880 per ton, in a desperate bid to bridge the growing gap between supply and demand. The open market prices have gone up since then by about £70 per ton, thanks to an increase in consumption coupled with a decline in production. According to the Tin Council, world production of tin was only 122,000 tons during the first nine months of 1961, which fell short of consumption by 12,000 tons. The production of tin during the full year 1960 was 171,000 tons, as against an annual average of 177,000 tons during 1951-55. Its consumption amounted to 180,000 tons in 1960, as against an annual average of 141,000 tons during 1951-55. It is in the context of growing shortage of the metal that the producers insisted on raising the floor and ceiling prices from £730 and £880 per ton to £800 and £1,000 per ton. The consuming countries, however, refused to concede this demand. The end of the Agreement appeared to be imminent, when Bolivia, one of the major producers, and five consumers, namely, Belgium, Italy, Mexico, Spain and Turkey, refused to ratify the second Agreement before 31st December 1961, the last date set for it.

The crisis, however, appears to have been averted now, with the decision taken by the Council last week at London to raise the floor by £60 to £790 per ton and the ceiling by £85 to £965 per ton. This move is designed to give a new lease of life to the Agreement, the final date for the ratification of which has now been extended upto 30th June 1962. The Council's new decision indicates that both producers and consumers were prepared to sacrifice something and meet it half-way. The increase in price is expected to bring about an increase in the supply position. The revision of the prices is, however, only of academic significance. For the Buffer Stock Manager has no metal with him to sell and control prices. But there remains a lingering hope. The U.S. has stockpiled about an estimated 350,000 tons, or about double the free world's annual consumption. The U.S. General Services Administration has asked for permission to dispose of 50,000 tons of tin out of this stock. In view of the strong recommendation made by the Combined Defence Production Committee of the House of Representatives and Senate for disposing of part of the stocks, the Congress is not likely to refuse permission for it.

The decision of the U.S. Congress is expected by the end of this month. A major problem, however, remains to be cleared, namely, the price at which the metal should be disposed. Bolivia has already secured an undertaking from the U.S. that it would in no way permit its disposal of tin to disrupt the market. The U.S. will not take a step that will even unwittingly displease Bolivia. It remains to be seen whether the U.S., which is not a member now, will join the Agreement and sell its tin to the Buffer Stock Manager. It is for the Congress to decide the issue.

All those who believe in the need for concerted international action in restricting commodity price fluctuations will welcome the revision of floor and ceiling prices. It may be recalled that tin had been subject to violent fluctuations before the Agreement came into force in 1956. Thus, the price of tin, which was £600 per ton in 1950, skyrocketed to about £1,500 at the time of the Korean boom, but gave way subsequently to touch £600 again.

The upward revision of tin prices under the Agreement has lent firmness in world markets for tin. The price of cash tin in the London market has already risen by about £10 since the Council's decision to raise the price to £950 per ton. This compares with £788 per ton a year ago. The price of tin in the Bombay market, too, has turned firm. India does not produce primary tin and depends on imports for its requirements. The value of such imports aggregated Rs. 3.79 crores in 1960-61, despite the restrictive import policy, as compared with Rs. 5.31 crores in 1959-60 and about Rs. 3.00 crores in 1953-54. The increase in prices by the Tin Council should cause no concern to this country, as it will lead to a greater degree of stability in prices, which is helpful to consumers no less than to producers.

Capital Gains Tax

What is a capital gains tax? Is there any justification for its imposition and, if so, what should be the basis of the levy? These questions may sound elementary to most of our readers, because this tax has been in force in this country for some five years. Nevertheless, observations on this subject by eminent persons elsewhere in the world are always news that will be read with interest. In the annual statement circulated to the shareholders of Barclays Bank last week, Mr. Anthony Tuke, Chairman, has made some interesting points on this tax. As readers are aware, Britain is one of the few important countries in the world where there is no tax on capital gains. But it will not be free from it for long, for the Chancellor has already announced that he intends to introduce, in the forthcoming budget, a proposal to tax certain short-term capital gains. Referring to this proposal, Mr. Anthony Tuke says that gambling might be sinful, though he hastens to add that every investment and business deal is speculative in some degree. He also thinks that, leaving motives aside, there is a case to be argued for a tax on capital profits made by individuals where those profits are made very quickly, assuming that the realised profit represents the difference between cost and sale price and that it is limited to certain classes of assets excluding, for example, houses and furniture. He, however, emphasises that, if there were to be a general tax on capital profits, it should be quite separate from income-tax and should fade out in a very few years. Elaborating this principle, he observes:

"A tax on a so-called profit, which merely registered (perhaps only partially) a fall in the real value of the currency, would be a great injustice. Unhappily this objection has greater validity here (Britain) than it has elsewhere. It, of course, goes without saying that, to be fair, realised losses must be allowed to be set off against realised profits."

Looking at the issue from a practical point of view, Mr. Anthony Tuke doubts whether there would be much money in capital gains tax for the Treasury. Further, as a business proposition, he rejects the tax on the following grounds:

"... Professional investors, or many of them, are already obliged to treat realised capital profits as income and to pay tax accordingly. It is the private investor, the amateur, who enjoys his capital profits free of tax. Up till a few months ago, there had been such a boom in equities during the last two or three years that even the amateurs had made money. Lately, more sober and sensible views have prevailed and many of the paper profits on equities have been blown away. In normal times, when there are ups and downs in the markets, on the whole the professionals win and the amateurs lose. The Government then gets tax out of the professionals and does not have to give any back to the amateurs. Why should it not be content to go on having the best of both worlds?"

Nevertheless, Mr. Anthony Tuke concedes the need for a capital gains tax in Britain in the present context of unhealthy state of affairs—the passion for converting income into capital. His acceptance is, however, subject to two qualifications. One, the tax must always be limited to short-term gains. And, two, the necessary legislation should be simple. The capital gains tax in India satisfies neither of these conditions. Indeed, the levy is so complicated that many investors do not even want to book the profit on their investments in order to save themselves the bother of calculating and paying it to the Government. This is evident from the negligible amounts collected by the Government of India by way of capital gains tax. For 1959-60, for instance, the revenue from this source was no more than Rs. 62 lakhs; for 1958-59, it was much less, being a mere Rs. 39 lakhs.

WORLD GOLD OUTPUT RISES AGAIN

(*Concluded from page 114*)

were cut off, an entirely new situation was suddenly created, to which the London market could only respond by an abrupt rise in prices. The course actually taken by the American authorities was only one of several which had been foreseen as possible and, although it confirmed some forecasts, it still leaves open the question of whether the Presidential recommendations to repeal silver legislation will, in due time, be endorsed by the Congress." Proceeding, Messrs. Mocatta and Goldsmid observe:

"The immediate outcome is certainly testing the capacity of the market to maintain orderly conditions in which all comers get a fair deal. It may still be too soon to say just what part the London silver market may expect to play in a world which has at last renounced the use of silver as a monetary metal, except for the purpose of token coin. But there can now be no doubt that the events of the last few months have established London as the world's market in silver, with nothing to lose from still wider extension of free dealings, without official intervention or support. On the first day under the new conditions, there was a spasm of uncertainty, for want of any clues about which way a number of cats on hot bricks were going to jump. Since then, the market has settled down at a somewhat higher price level which is being mainly supplied from speculative liquidation. The amounts taken by domestic industry during the year fell off a little, but this was due to a reduction of stocks held by certain consumers rather than to any slackening of industrial activity. Very little more silver can be expected, at present, from the proceeds of our (Britain's) own demonetisation programme. Demand for coinage in Europe has come from Switzerland, Italy and Austria, whereas France has bought less, perhaps because it is no longer intended to mint a 2-franc piece. Imports from the usual countries have continued, but the amounts coming from Australia have been much reduced, because considerable quantities of locally-mined silver are being retained. Future sales from China are unpredictable."

MARKET REPORTS

(*Concluded from page 137*)

the market was damp. Due to shortage of cane supplies, crushers manufacturing *khandsari* increased cane purchasing price to Re. 1.25 per maund. To encourage the production of *khandsari*, the U.P. Government reduced licensing fees for *khandsari* manufacture. Week-end prices of *khandsari* were: *desi* Rs. 29 to Rs. 32.50; crystal Rs. 30 to Rs. 33; *boora* Rs. 36 to Rs. 38.50 a maund.

Ready *gur* was quiet during the week, as loading position to consuming areas of Southern, Central and Western Railways was restricted. Daily arrivals were modest at an average of 5,000 maunds which were lifted partly to Assam side and rest to other stations by road for onward despatch. Arrivals declined, as cultivators were reported busy irrigating *rabi* sowings. Total arrivals of *gur* here during the current season were 3.09 lakh maunds, corresponding figure last year being heavy 3.40 lakh maunds. Week-end prices here were:—*pansera* best Rs. 13.62; *dara* Rs. 13 to Rs. 13.25; *balti* Rs. 13.87; *shakker* Rs. 16.50 to Rs. 17 a maund.

FOODGRAINS FIRM

(From Our Own Correspondent)

HAPUR, 15*th January*

Firm conditions continued to prevail in the foodgrains market during the week under review on reports of damage to the standing *rabi* crops due to frost and absence of winter rains so far. Stockists were reluctant sellers expecting better prices in the coming two months which would be the fag-end of the *rabi* season. Wheat improved by about 75 nP a maund to be quoted at Rs. 17.75 a maund for average quality and upto Rs. 19.75 for better farm produce. Arrivals in the open market were nominal and, thanks to good buying support, local stocks with trade declined to 13,000 maunds. The U.P. Government, in its anxiety to check this bullish trend in prices, allowed increased sales through ration shops in big cities and imported wheat was being sold in ration at Rs. 15.25 a maund.

Despite satisfactory supply position as the new produce continued to reach the markets, rice also recorded a hardening trend in sympathy with other grains and with local stock put at 10,000 maunds. The week-end prices of rice were: *mainpuri sela* Rs. 20; *gadda kutcha* new Rs. 19.50; *ramajwayan sela* Rs. 22; *raimunia sela* Rs. 23; *basmati sela* Rs. 26 to Rs. 28; superior Rs. 29 to Rs. 34 a maund.

Gram improved fractionally to Rs. 15.87 a maund for Punjab variety and, following good consumer demand, local stock dwindled to 15,000 maunds. Barley and *bejhar* also sought higher levels at Rs. 12.50 and Rs. 12.50 to Rs. 13 a maund, respectively, and the standing crops of all these grains were adversely affected in the absence of winter rains so far. Maize was much in request for seasonal consumption and prices sought higher levels with local stocks fast declining, despite continued arrivals from east U.P., and Rajasthan side. *Bajra* also tended to rise due to brisk festival *Sankrayat* demand and arrivals continued small.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, 15*th January*

Arrivals of E.I. tanned hides and calf were of moderate volume and clearance was fair-sized. Prices ruled steady. Export trading was small, being mostly for lower selections in cow hides 5-5½ lbs. and 8-8½ lbs. average. Due to good offtake for inland trade at prices higher than what the importers could offer, shipment business was very difficult in this section. Buff hides remained unchanged. Following a few orders for buffs calf from the Continent, the market ruled firm, despite lack of U.S. interest.

In the tanned skins section, importers did not show much interest. Inquiries for tanned goat skins were patchy, especially for 5½-6 lbs. and 8-9 lbs. fifths at low prices. Demand for sheep skins was negligible, despite attractively low prices offered by the tanners. Resistance to prices offered by the tanners was pronounced in the tanned skins section, and the market ruled quiet.

The following are the ruling prices per lb. for all-round lots in the local market:

		Rs.
Tanned cow hides ...	... 8/8½ lbs.	2.20-2.25
" buff hides ...	... 12/14 "	1.90-2.00
" cow calf ...	... 1½/2 "	3.60-3.80
" buff calf ...	... 1½/2 "	3.00-3.25

COMMERCE

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

VOL. CIV. No. 2650 BOMBAY, 27th JANUARY 1962 PRICE Rs. 2

URBAN INCOME AND SAVING

IT is a truism to say that development depends upon an adequate level and a right composition of national saving for economic investment. Planned development, in turn, would be greatly facilitated, if it were preceded by the acquisition of some very dependable knowledge about the quanta, sources, forms and purposes of savings for capital formation. But planners in India have thus far been able to adopt, in their plan models, only broad estimates of saving-income ratios for the economy as a whole. These estimates, presumably made in the light of some relevant findings of the earlier National Sample Survey studies pertaining to consumption, of the Rural Credit Survey and of the Reserve Bank's more recent estimates of saving by the aggregate approach, have had a large element of guesswork in them. Even the elaborate study of saving in India in the period 1948-58, published by the National Council of Applied Economic Research last year, has sought to provide, by adopting the aggregate approach, only the "best possible estimates" of saving, within the limitations of inadequately available data, for the three major sectors, namely, individuals (households), corporations and Government. While the estimates of savings in the corporate and Government sectors have been generally made with a large measure of accuracy, it is the household sector's saving that has always defied precise estimation. In view of the overwhelming contribution of the household sector to national saving—according to the Reserve Bank's and the National Council's estimates, this is about 85 per cent—any scientific attempt to estimate that sector's saving in the direct manner of a survey would be most appropriate and timely.

It is, therefore, a heartening development that the National Council of Applied Economic Research has just completed the first stage of its estimate of saving in the household sector by the survey approach. This stage pertaining to urban saving, it may be recalled, was initiated in 1959 when a pilot survey was carried out in Delhi for developing appropriate methods and techniques for a large-scale all-India survey. The findings of this all-India urban saving survey, which was started in April 1960, have just been published by the National Council, along with the findings of a pilot rural saving survey covering 12 villages. Attention is confined here only to the final urban survey, for the final rural survey designed to appraise the magnitude and forms of saving originating in the rural sector is yet to be completed. As any interpretation of the tentative findings of the pilot rural survey, the main purpose of which has been to develop appropriate methods and techniques for a large-scale all-India rural saving inquiry, would not be quite meaningful, the restricted theme of this article needs no further justification.

The National Council's final urban saving study, which has provided an estimate of saving and worked out the saving-income and marginal saving rates for the urban sector, relates to 1960—a most recent year. The universe for this sample survey has been provided by the household population in 1,221 cities and towns with a population of 10,000 or more. The sample of 4,650 urban households (drawn from a sample of 30 towns and cities in all) figuring in this survey does not seem to be small in comparison with the usual sizes of samples drawn by the National Sample Survey in its rounds. In fact, it is a fairly large sample, presumably of the right size to produce reasonably valid results. It may be assumed here that the National Council's statisticians must have arrived at the optimum sample size for this particular investigation in a scientific manner. The weightage given in the sample to high-income households on the ground that savings were likely to be confined mainly to such households is well conceived. The definitions of "income" and "saving" adopted in the survey are quite clear and simple. "Income," according to the definition, includes current receipts (both cash and in kind) but excludes all irregular incomes, such as gifts, windfalls and inheritances. And "saving" means the investment out of the current income (excluding transfers and borrowings) in financial and physical assets. The reader would need to remember these definitions while perusing the specific findings of the study pertaining to the quantum and rate of urban saving.

Some of the general findings of the survey, as distinct from the specific ones, are quite revealing. For instance, there is the finding that 40 per cent of the urban families live in their own houses. Secondly, there are only 1.5 earners in the average urban household. Thirdly, the gross *per capita* urban income, as of 1960, is Rs. 445 per annum, and the net *per capita* urban income (that is, after deducting income-tax) Rs. 428, as compared with the *per capita* income of Rs. 330 for the country as a whole. Fourthly, 85 per cent of the urban households have an annual income of less than Rs. 3,000 apiece, and they account for 52 per cent of the aggregate net income. The remaining 15 per cent of the households have an annual income of Rs. 3,000 and more, and they account for 48 per cent of the aggregate net urban income, as of 1960. Fifthly, almost 50 per cent of the urban income is derived from wages and salaries; about 36 per cent from self-employment in business (including farming), profession, services, etc.; 12 per cent from rents, interest and dividends; and the balance of 2 per cent by way of transfer incomes such as pensions and contributions. Sixthly, among the occupational classes, those engaged in business, either as self-employed persons or in managerial, executive and administrative capacities, and also those engaged in professional and technical work, are the most important from the point of view of savings.

What is most disquieting in the above findings is not the one pertaining to the unequal distribution of income, for it is a feature common to all countries, communist and non-communist alike. The most disquieting finding, on the other hand, is that 85 per cent of the urban households (belonging mostly to the working and lower middle classes) either dissave or do not save at all. This situation is presumably the result of the high cost of living, or of wrong spending habits, in urban areas. It also underlines the fact that savings by way of provident fund and insurance are insignificant in the case of these low-income households. Perhaps, in the wake of further industrialisation and extension of education (both general and technical), and the consequent enlargement of job opportunities, the number of earners in an average household may increase, thereby increasing the possibility of some saving from a larger pool of income. Till that time comes, the effort to effect greater savings out of wages and salaries by means of provident fund, small insurance, low-cost co-operative housing, etc., would have to be intensified. And, if this effort is to succeed, a significant fall in cost of living is imperative.

The specific findings of the survey pertaining to the quantum and rate of saving in relation to income are, however, gratifying to some extent. For instance, the estimated gross saving in the entire urban sector is Rs. 453 crores, as of 1960. This represents 17.2 per cent of the aggregate net income of Rs. 2,640 crores in that sector. (The aggregate gross income of Rs. 2,748 crores *minus* income-tax is the aggregate net income here). The estimated aggregate net saving (after deducting depreciation) of Rs. 362 crores represents 13.7 per cent of the aggregate net income of Rs. 2,640 crores. This is the saving-income ratio or the average propensity to save (of the urban households). Such a saving rate of nearly 14 per cent does not, on the face of it, seem to be wide of the mark. In the current urban context of industrialisation and transport development, the rate seems to be neither too high nor too low. After all, even this saving rate for the urban household sector and the expected much smaller one for the rural household sector may still mean a saving-income ratio of only 9.5 to 10.0 per cent for the economy as a whole, after taking into account the contributions of the corporate and Government sectors. It is to be hoped that the National Council's final rural saving survey will confirm its tentative estimate that national saving, as per cent of national income in 1960, has been well over 10 per cent. This compares favourably with the rate of 8.5 per cent for 1960-61 assumed in the second Plan. If this pace of progress were maintained in the coming four years, the national saving rate might even exceed the target of 11.5 per cent expected to be reached in 1965-66 under the third Plan.

Another reasonably gratifying finding is that productive investments such as in business, farm, life insurance, provident fund, liquid assets, shares and bonds account for nearly two-thirds of the total urban household investment. What part of the unproductive or relatively less productive investments can be diverted to productive channels is a matter of opinion. Compulsion is out of question here, for religion and tradition play a large part in many unproductive forms of expenditure. Persuasion through education is the only way to minimise the proportion of savings going into unproductive investments or hoarding. Perhaps, there is greater scope, as indicated by the National Council, for increasing savings by the extension of life insurance and provident funds. Since the marginal propensity to save—that is, the saving effected out of additions to income—is estimated by the Council at 20 per cent for the entire urban household sector, the future growth of savings seems to be generally promising. However, as wages and salaries account for nearly 50 per cent of the aggregate urban income, a concerted drive for effecting a higher level of automatic saving from the annual addition to an employee's income is still called for. If employers, employees, the L.I.C. and the

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Provident Fund. Income-tax and Co-operative authorities heartily co-operate in such a drive, it should not be difficult to devise and work voluntary measures for saving as much as 25 to 33⅓ per cent of such additional income as may accrue to a salaried employee year after year by way of increment, promotion, bonus or allowance. At the same time, the salaried middle class households would do well to restrain their own tendency to imitate some of the spending ways of the rich. Of course, simplicity and contentment are easy to preach but hard to practise. But it is equally true that the urban middle class, which is proverbially and all the time grumbling at the rich, can look forward to some happiness only from a certain contented mode or pattern of living.

INDUSTRIAL GROWTH IN EUROPE

THE pace of industrial growth in the non-communist countries of Europe, taken individually, was relatively slower in the first half of last year than that in the communist countries. A rapid look at the table in this article will easily confirm this main conclusion. The figures, taken from the latest *Economic Bulletin for Europe* which contains an exhaustive review of recent economic developments in Europe, also lead to two other conclusions. One of these is that the rate of increase in industrial production in the first half of 1961 over the first half of 1960 in the communist countries barring Eastern Germany was maintained, more or less, at the level of the percentage increase in the first half of 1960 over the first half of 1959. The other conclusion is that, in the non-communist countries, the rate of increase in the first half of 1961, as compared with the first half of 1960, had substantially fallen from the level of the percentage increase in the first half of 1960, as compared with the first half of 1959. The fall in the rate of increase in the first half of last year was particularly steep in Belgium, the Netherlands and the United Kingdom. But it was a sufficiently gratifying feature of the industrial situation in free Europe that, in spite of the setback caused to its industrial production by the recession in the United States and the decline of motor car exports, the first half of 1961 registered a 7 per cent increase in industrial output, as compared with the first half of 1960, in the countries of the European Economic Community as a whole. It was only in the countries of the European Free Trade Association as a whole that the rate of increase between the comparable periods was much less, being 3 per cent. The more modest rate of industrial growth in the E.F.T.A. group of countries was due mainly to the slow progress in the United Kingdom.

Industrial Production in Europe
(1960 and first half of 1961)

Country	Percentage increase in the first half of 1960 over the first half of 1959	Percentage increase in the first half of 1961 over the first half of 1960
Communist :		
Albania	9.0	8.7
Bulgaria	15.0	11.9
Czechoslovakia ..	11.8	9.7
Eastern Germany ..	10.0	5.4
Hungary	15.9	12.3
Poland	9.9	11.4
Rumania	18.0	17.0
Soviet Union	10.0	8.4
Non-Communist :		
Austria	10.0	7.0
Belgium	10.0	1.0
Finland	17.0	6.0
France	9.0	7.0
Western Germany ..	11.0	8.0
Italy	18.0	8.0
Netherlands	14.0	3.0
Norway	9.0	5.0
Sweden	8.0	5.0
United Kingdom ..	10.0	1.0

The pattern of industrial production in Western Europe broadly confirmed the doubts entertained at the beginning of 1961 about the continuance of the 1960 rate of industrial expansion. All major industrial branches experienced a slower rate of expansion of output in the first half of 1961, following the upsurge of late 1959 and early 1960. Those branches, such as foodstuffs and textiles, whose production increased relatively slowly then, made even less headway since the spring or summer of 1960. The metal-making, metal-using and chemicals branches, in contrast, continued to expand, but less fast. The major exception was the building-materials industry which had the distinction of being the most dynamic branch in 1961 in practically all Western European countries, owing largely to the steep increase in building and construction activities.

A further expansion of production, according to the *Economic Bulletin*, is hampered less by an overall shortage of manpower in the majority of Western European countries than by bottlenecks in some sectors, side by side with under-utilisation of equipment and labour in others. It might be thought, in this context, that the easiest way of increasing total industrial production and (by the same token) labour productivity would be by stimulating demand for the output of industries with spare labour and capacity. But the *Economic Bulletin* is not in favour of such a policy, for it might easily run counter to the long-term aim of sustained economic growth, inasmuch as the artificial revival could hamper desirable long-term structural adjustments of the economy, including the reallocation of resources. A more appropriate policy would, therefore, be to speed up the transfer of manpower from contracting or low-productivity sectors to expanding or high-productivity sectors.

The expansion of industrial output in all the communist countries of Europe except Eastern Germany in the first half of 1961 was not marked by the kind of friction reflected in the pattern of industrial production in Western Europe. On the other hand, industrial output in those countries continued to grow fairly smoothly, with relatively little hindrance from specific material shortages. Of course, the pattern of plan fulfilment in most countries was, as usual, uneven. By and large, 1960 production priorities in the Soviet Union were carried into 1961, with engineering, chemicals and building materials leading the way. In Czechoslovakia, engineering, building materials, chemicals and electric power were again the most rapidly expanding branches. In Hungary, the narrow path of output expansion near to the capacity limit was followed without major difficulty, partly as a consequence of a re-orientation of industrial production policies towards increased international specialisation—implying an expansion of exportable output in finishing industries coupled with increasing foreign exchange allocations for raw material imports. In Poland, expansion in all the major branches in the first half of 1961 was somewhat above the planned rates, and particularly rapid in the engineering and chemicals branches. Most branch output plans were also overfulfilled in Bulgaria, the main exception being ferrous metallurgy, despite the commissioning of considerable new capacities in 1960. The half-yearly plan for industry was surpassed in Rumania and gross industrial output was almost 17 per cent higher than in the corresponding period of 1960; electricity generation kept up with this very rapid rate of expansion.

While Western Europe has been experiencing an overall shortage of manpower, no communist country, except Eastern Germany, has had to curtail industrial expansion on account of any such shortage. The Eastern German situation is, however, unique. From the end of 1949 to 12th August 1961, about 3.5 million people moved from Eastern to Western Germany, whereas only about 500,000 people moved from the West to the East during the same period. The steps taken by the East German Government since 13th August last have virtually stopped the exodus, and the labour situation has thus eased somewhat in the second half of 1961. But, according to the *Economic Bulletin*, the scope for further increases in activity rates is small, and transfers from agriculture cannot be expected significantly to ease the industrial recruitment problem. Hence the current stress in Eastern Germany on the need for raising labour productivity through the introduction of labour-saving machinery and the most advanced techniques, better organisation, improvement of skills and technical education of the work force. Behind the wall that has been put up in recent months to isolate West Berlin from the East, the Government of Eastern Germany seems to be building up its industrial potential on more scientific lines.

Similar efforts to encourage technical advance and increases in labour productivity have been intensified in the other communist countries of Europe. For instance, in Czechoslovakia, the main emphasis is placed on the need for economy in the use of fuel and power. According to the Deputy Premier of that country, more than 100 million kcs. will be saved if a saving of one per cent in the annual consumption of fuels and power is achieved. Since the Czech wage system allows for workers' bonuses upto 80 per cent of the value of the proven savings in high quality coal, the expectation here is that greater economy in fuel consumption will be definitely achieved. In Albania, too, there has recently been a countrywide drive for economy of materials and spare parts for equipment.

It may not be surprising if, in view of the technical improvements that are being effected in the communist countries, the industrial targets for 1961 as a whole are found to have been equalled or even exceeded. In terms purely of rates of industrial growth, rather than of absolute levels of industrial production, the communist countries seem to be maintaining a faster tempo of expansion. This may be due to the fact that their industrial growth has been forced to a great extent. Moreover, the fact that most of the communist countries are in the relatively early stages of industrialisation may also explain their higher rates of industrial growth. These rates are bound to decrease after some years.

SHIPPING INDUSTRY'S EXPECTATIONS

INDIAN shipping, like the shipping industry of other countries, has been generally passing through a lean period in recent years. The Scindia Steam Navigation Company Ltd., for instance, had 81,000 tons of cargo less in 1960-61 than in 1959-60, with the result that its freight earnings dropped by about Rs. 86 lakhs. But the view of the Conference Lines in the India-U.K.-Continent trades that the freight rates would have to be increased to compensate the shipping companies for the increased and increasing costs of operation is yet to find favour with the Union Ministries of Finance and Transport. While the authorities would like to see the companies earn a reasonable return on their employed capital, two considerations, namely, the difficult foreign exchange position and the need to step up exports seem to have complicated the question of increase in freight rates. But the present state of shipping is such that a decision on the question of freight rates can brook no further delay. Mr. Dharamsey M. Khatau, Chairman of the Scindia Steam Navigation Company Ltd., has, therefore, made a cogent plea for the adjustment of freight rates. His plea, advanced in his speech at the forty-second annual general meeting of the Company held at Bombay on the 24th instant, merits the same consideration at the hands of the Government as that of any other industry, for it is a question of reviving the confidence of the investing public in the shipping industry. It may be recalled, in this connection, that the gross profit as percentage of sales to gross income of ten Indian shipping companies in 1959 was only 4.2 per cent, working out to hardly 1.7 per cent of capital employed. If, in this circumstance, the investing public displays greater interest in the shore industries than in shipping, it should surprise nobody.

Mr. Khatau's reference to the deteriorating conditions in the coastal and adjacent trades has brought into focus the peculiar problems of these trades. Here it is not only a question of uneconomic freight rates but also one of serious delays and detentions of ships and reduced cargoes, aggravated by the deteriorating Hooghly drafts, so far as Calcutta is concerned. Elucidating the difficulties of coastal shipping, Mr. Khatau describes the actual situation as follows:

"Our experience, in common with that of the other Lines, has shown that, in the absence of a quick turnround of ships, it would not be possible to cater economically and efficiently to the movement of an additional one million tons of coal (to coastal destinations from Calcutta). . . . The deterioration in the Hooghly river draft seems to be steadily increasing. . . . This deterioration is likely to create such serious difficulties to shipping companies that the trade of the country is bound to suffer very considerably in the near future if early appropriate action is not taken."

Appropriate action in the case of the Calcutta Port would involve not only more energetic dredging operations but also expeditious execution of the Farakka barrage scheme to increase the flow of water in the Hooghly. Since the completion of this project will take quite a few years—serious work on it is yet to be begun—there is no prospect of any significant relief for coastal shipping in the foreseeable future. An upward revision of coastal freight rates to compensate for the increased costs is what the shipping companies are now looking forward to, following the special officer's cost inquiry which is due to be completed soon.

MARKET GOSSIP

Share Markets Uneasy

THE share markets are adjourning to celebrate Republic Day in an uneasy mood. Buyers are scarce, while sellers predominate. Two factors are principally responsible for this significant change in sentiment in favour of bears. One is the proximity of *Ashtagraha*—conjunction of eight planets, namely, Sun, Moon, Mercury, Venus, Mars, Jupiter, Saturn and Moon's node (*Ketu*)—which is due to take place on 4th and 5th February next. To rational minds, astrology may make no sense, more especially after man's success in space and the placing of a landing craft in the moon. But the fact remains that superstition still has a large sway over human beings. There is a large section of them which believes in astrology. This percentage is, perhaps, higher in India than anywhere else in the world. The prediction that something bad may happen on that day, despite all the *Yagnas* that have been performed to propitiate God in the past one month or so, has frightened many operators and financiers. As a matter of caution, therefore, brokers, too, have generally been advising their clients to wait till the *Ashtagraha* passes off.

The second factor is the return of Mr. T. T. Krishnamachari to active politics. The fact that, after repeatedly saying that he was not interested in contesting the elections for the Lok Sabha, the former Finance Minister, who was affected by the Mundhra eclipse, had filed his nomination papers from two constituencies was itself sufficient to unnerve the markets. The sentiment was further undermined by the news that his opponents in the substitute constituency (Tiruchendur in Tirunelveli District of Madras State) had withdrawn from the contest in his favour. This was a dramatic development, disappointing those who had indulged in wishful thinking that he might lose the election battle. The consensus of opinion in market circles is that, in the new Government that will be formed after the elections, T. T. K. will be actively associated in the task of making and implementing economic policies either as Finance Minister or as Minister for Economic Affairs.

Will the Miracle Happen?

Why does the prospect of T. T. K. occupying such an important position in the Union Government cause misgivings and fears in share markets? It does so for more reasons than one. In the first place, he was the first Finance Minister after independence to impose heavy taxation and introduce certain dubious fiscal policies which seriously upset the confidence of investors without yielding any worthwhile advantages to the Exchequer. Secondly, he created, as Finance Minister, a sense of instability about interest rates and taxation. Thirdly, he gave frequent shocks to markets by indulging in wild talk and making disparaging attacks on private enterprise. Fourthly, he had seriously undermined the morale of civil servants shortly after the Mundhra-L.I.C. muddle. Fifthly, as Finance Minister, he had upset the confidence of foreign private investors. Sixthly, his observations in recent months have not been such as to encourage one to draw the conclusion that the self-inflicted exile during the past four years has brought about any change for the better in him. Those who long to see him again as he was during the years 1952-56, when he was brilliant as Minister for Commerce and Industry, are not hopeful of their desire being fulfilled. Today he seems to be more in favour of controls, nationalisation of certain industries and trade, and a further extension of the public sector than he was before he left the Government four years ago. His antagonism to the private sector only seems to have increased with the passage of time. Seventhly, he still holds the view that the officials are not doing their work properly, that they are no-changers and that the Congress Party has not learned the art of extracting work from them—*vide* his speech at Madurai on the 19th inst. In making this remark, he has already thrown the spanner in the works and there may be demoralisation, again, among top Government officials. And, finally, the Congress election manifesto clearly says that a ceiling on urban incomes must be enforced. Mr. T. T. Krishnamachari is reported to have stated in Madras last week-end that he is in full agreement with this objective and ready to accept the challenge of translating it into practice. His performance in 1957 shows that he will not mind taking up foolhardy ventures, even though the economic climate is less favourable for them than it was then. As at the end of August 1956, when he became Finance Minister, India's external assets stood at Rs. 632 crores; today, they are no more than Rs. 140 crores, despite all the foreign assistance this country has received. As compared with 1957, the gap in the balance of payments position is much bigger. The external debts are much heavier and so is the dependence on the western world for trade and aid. And yet these facts of India's life today may not deter him from trying to practice "aggressive socialism," if given a chance. Nevertheless, there are some optimists in share markets who believe in miracles. It would certainly be a miracle if in the new Government that will be formed in April or May next, T. T. K. turned out to be the hard-boiled realist he was when he presided over the Ministry of Commerce and Industry.

State Bank's Results Excellent

The net profit of the State Bank of India for 1961, according to the preliminary results announced two days after our last issue went to press, shows an impressive rise of Rs. 53 lakhs, or 24 per cent to Rs. 2.71 crores, as compared with 1960 which itself had witnessed an improvement of Rs. 31 lakhs or 16 per cent over the profit for 1959. Thus, the State Bank, too, has shared in the prosperity enjoyed by the banking system as a whole in the past year. A noteworthy feature of appropriations is that, of the increase in profit, no less than Rs. 50 lakhs have been used to boost the transfer to the reserve fund. Thus, this account has received Rs. 75 lakhs, as against Rs. 25 lakhs last year and Rs. 20 lakhs two years ago. The dividend, which stood at the odd rate of 22.75 per cent taxable for 1960, has been raised by a fraction to round it off at 23 per cent taxable, the highest rate to be paid by any commercial bank in this country. Consequently, the amount absorbed by the dividend is a shade higher at Rs. 129.37 lakhs, as against Rs. 127.93 lakhs last year. The increase under this head is, however, much less than that in the provision for bonus to staff which has gone up from Rs. 42 lakhs to Rs. 45 lakhs. In addition, the staff welfare fund and staff co-operative housing fund have received Rs. 10 lakhs each, as against only Rs. 5 lakhs and Rs. 10 lakhs, respectively, a year ago. The pension fund, too, gets a little more at Rs. 7.42 lakhs, leaving Rs. 50.41 lakhs to be carried forward, as against Rs. 56.20 lakhs brought in.

Biggest Take-over Battle in U.K.

With the rejection by the Board of Directors of Courtaulds of the I.C.I.'s share exchange offer worth £180 million, subsequently stepped up to £200 million, the scene of the biggest take-over battle in British industrial history has shifted from the Board room to the market place. The I.C.I. is going over the heads of Courtaulds Board to the shareholders direct. "There is no question in any circumstances of I.C.I. making any alteration in the bid and no question of I.C.I. withdrawing from the matter. We will go ahead on these terms," declared Mr. Paul Chambers, Chairman of I.C.I., last week in London. He also stated that circulars making the formal offer to stockholders of Courtaulds will be posted as soon as possible. It remains to be seen whether the stockholders of Courtaulds will go by the advice of their Board or accept the I.C.I. offer of four £1 ordinary shares of I.C.I. for five £1 ordinary shares of Courtaulds. The original offer, it may be noted, was three I.C.I. shares for four Courtaulds shares. Preference shareholders have been offered, apart from share exchange, which has been repeated, an additional 1s. in cash for £1 unit.

Reacting to the enhanced offer, Courtaulds shares rocketed on the London Stock Exchange by 2s. 4½d. to 42s. 3d. on the 19th inst., adding £14 million to their market value, while the I.C.I. shares declined by 2s. 1½d. to 55s. 9d., wiping out more than £23 million from their market value.

The Board of Courtaulds considers that the offer would "seriously undervalue the earning capacity of Courtaulds" relative to that of I.C.I. And hence its advice to reject the offer. It is not clear whether it is the bid in principle to which Courtaulds Board is opposed or the terms of the offer, or both. But, in a statement issued on the 17th inst., the Board has given the impression that it does not favour merger as the best solution for the problems of the man-made fibre industry. The Board stated that it was convinced that the industry, however organised, can be competitive only if fibre producers are free to buy raw materials in the best market and the textile industry is not limited in its choice of fibres.

The I.C.I. Board, however, thinks differently. According to it, the merger would make the British man-made fibre industry as integrated as the comparable industry is in the U.S. and Europe. It would, in its opinion, avoid duplication of effort, yield economies in manufacture and marketing and provide better utilisation of research and development facilities and capital resources. Economies and improved efficiency are also expected in other fields of common interest, such as packaging film, paint and chemicals.

The I.C.I.-Courtaulds battle is the biggest take-over bid in Britain so far. It has already sparked off sharp reactions in political circles. The British Labour Party has strongly protested against the monopoly threat it sees in the take-over bid and has demanded a public inquiry into the proposed merger. Liberal opinion also seems to be against the merger. In fact, a prominent Liberal M.P. has demanded that the Government should intervene to stop the merger. But has the Government the power to do it under the present Statute? According to Mr. F. J. Erroll, President of the Board of Trade, there is no question of the Board of Trade intervening in the bid, because, under existing legislation, it had no power to do so.

Political opposition has not come as a bolt from the blue to the I.C.I. Board. Said Mr. Chambers, with the courage of his conviction: "What we are proposing to do is to make a business in this country more efficient, more profitable. It would, therefore, extend employment in this country and make us more competitive in America and on the Continent. On that I am prepared to face any politician in any Party."

The British financial press is also not happy about the I.C.I.'s latest move, as the following comment of the *Financial Times*, London, indicates:

"The prospect may be exciting, but it is not altogether pleasant. A Courtaulds victory would not only leave the problem of British Nylon Spinners unresolved but would probably encourage domestic competition in synthetic fibres to an extent which would be harmful to both sets of shareholders and to the country as a whole. An I.C.I. victory, if gained too expensively, might well mean the dilution of earnings for several years to come. Fights of this kind, once begun, can easily cause lasting damage to both sides. The City is aware of this; it is aware of the fact that bids based on relative market prices are often inequitable, and it is concerned about the ease with which any large company can take over any small company. The general public, for its part, already conscious of the fact that bids and mergers involve something more than dramatic movements of share prices, is now likely to feel more uneasy than before."

While conceding the I.C.I.'s point of view regarding the advantages of merger to the British economy as a whole, our London contemporary objects to forced merger through take-over bids. It observes: "The fact that the largest merger question ever to have been raised in British industrial history is to be decided violently in the market place can only focus public attention on the failure of the Government to formulate a policy in respect of a matter of growing public interest." It has, however, no objection to agreed mergers. Writing in a similar vein, The *Economist* concludes:

"In an agreed merger the managers of I.C.I. and Courtaulds could have worked together to sort out the problems: a merger won in battle may have to be built up from bitterness. If, as seems likely, I.C.I. wins, will I.C.I.'s shares be worth as much as they were before Mr. Chambers threw the gauntlet down?"

Cotton Imports

The announcement of three import quotas for a total quantity of 263,000 bales of cotton in quick succession in January is, perhaps, an indication of the official recognition of the tight supply position of cotton during the current season. Additional proof of this is provided by the introduction of the variety-wise distribution of cotton, on top of the quota restriction on mill purchase and compulsory survey already in force. These measures, together with price control and the power vested in the Textile Commissioner to resort to compulsory requisition of cotton, constitutes almost complete control on the marketing and distribution of the commodity. But controls, however strict and comprehensive they may be, are no solution to the problem of shortage of cotton. Import of cotton to make good the fall in domestic production is only a temporary and expensive solution. The higher price of imported cotton and the heavy foreign exchange outlay involved precludes the consideration of imports as anything but an interim expedient. But as long as there is a shortage of cotton imports are unavoidable, if production of textiles is to be maintained.

Once the need for imports is recognised, the next step is to frame the import policy in such a way as to make the best of a bad situation by taking advantage of the world market conditions to get cotton as cheaply as possible. It is in this respect that official policy was found wanting in the past. Improper timing of quota and inadequate quantities released had made imports costlier. It is, however, heartening to note that official policy is becoming more flexible and is being geared to meet the changing market conditions and the requirements of the industry.

The latest quota of 33,330 bales of cotton of staple length 1.3/16" brings the imports allowed so far in the current season to 513,330 bales. This comprises 60,000 bales of Pakistan cotton, 433,330 bales of cotton in the staple length range 1.1/16" to 1.3/16" and above from any source and about 20,000 bales of American cotton under triangular arrangements. It is noteworthy that the share of U.S. cotton in the import allocation is negligible. This is because the U.S. has yet to issue the purchase authorisation to enable India to buy American cotton under P.L. 480. Indications are that the U.S. authorities would issue purchase authorisation for at least 300,000 bales of cotton. The delay is perhaps due to paucity of stocks even in the U.S. The total Government-controlled stocks, as of December last, aggregated 4.89 million bales of 478 lbs. each, comprising 3.42 million bales of 1961 crop cotton and 1.47 million bales of 1960 and earlier crop. This is much less than the stocks held on the corresponding date of the previous year. It is pertinent to refer, in this connection, to the support price for the 1962 crop announced by the U.S. Secretary of Agriculture, Mr. Orville Freeman. The minimum national average support price (average of the crop) for the 1962 crop upland cotton is fixed at 31.88 cents per pound gross weight. This is approximately 82 per cent of the current parity price of 38.96 cents per lb. for upland cotton. The minimum national average support price for 1962 crop extra-long staple cotton will be 53.17 cents per lb., representing 65 per cent of the current parity price of 81.8 cents per lb. It may be noted that the final 1961 crop average support price for upland cotton was 31.88 cents per lb. and for extra-long staple cotton 53.17 cents per lb. Thus the support prices have been kept unchanged.

Far more than the internal support level, it is the export subsidy rate that determines the price of U.S. cotton to overseas buyers. The rate for the 1961-62 season is 8 cents per lb. which will be in force till 31st July next. The subsidy rate for the 1962-63 season has not yet been announced. There is considerable speculation as to what the probable rate would be. Meanwhile, the uncertainty about the subsidy rate is reported to have affected export demand for U.S. cotton.

SHARE MARKET DEPRESSED

LANDSLIDE IN VALUES

(From Our Own Correspondents)

BOMBAY, *24th January*

THIS week's review of the share market covers only four sessions, as the market remained closed on Saturday (succeeding day of the end-of-account period) and as we are going to press a day earlier, in view of Republic Day on the 26th. During this brief period, equities ruled depressed. The market opened steady on Friday. It turned distinctly easy in unofficial dealings on Saturday, following reports that Mr. T. T. Krishnamachari, a former Union Finance Minister, was seeking re-election to the Lok Sabha. Operators apprehended that Mr. Krishnamachari might return to the helm of the country's financial affairs and that there would be a further heavy dose of taxation. His statement at Madurai about the necessity for considerable Government interference in industrial matters, coupled with the misgivings about the evil effects of planetary conjunction predicted next month, caused considerable nervousness among operators. The bulls rushed to liquidate, while bears seized the opportunity to hammer down prices, with the result that share values suffered a sharp setback on Monday. Even the considerably lower *badla* charges for getting the commitments transferred from the 29th January settlement to 10th February settlement were of no avail. A recovery was in evidence on Tuesday, thanks to good institutional support, especially by the L.I.C. and encouraging corporate news. But the recovery could not be sustained for long. For values slumped again today on renewed liquidation and bear pressure following the news that T.T.K. would be declared elected to the Lok Sabha from the Tiruchendur Parliamentary constituency, as all the other candidates had withdrawn their nominations. Even at lower levels, support was lacking. Today's closing rates for almost all counters were well below those prevailing on Thursday last week. The undertone of the market at the time of writing was distinctly bearish.

Steel shares encountered heavy selling. Tata Steels moved down from Rs. 142 to Rs. 138.50 today, the lowest level for the week, before finishing at Rs. 139.75. Indian Irons eased from Rs. 25 to Rs. 24.56. Mukand Irons fell by a rupee to Rs. 27.25.

Textile shares, too, were depressed. Centurys slumped from Rs. 604 to Rs. 578.50, though they recovered to close at Rs. 586 today, showing a net loss of Rs. 18. Finlays were marked down by Rs. 19 to Rs. 350. Standard Mills fell by Rs. 41 to Rs. 1,110. Khataus receded by Rs. 11.25 to Rs. 465. Morarjees by Rs. 10 to Rs. 390 and Svadeshis by Rs. 7.50 to Rs. 285. Central Indias shed Rs. 5 to Rs. 159. Kohinoors declined from Rs. 315 to Rs. 302.50 today. At this level, some support ensued and the scrip recovered to Rs. 309. Bombay Dyeings eased from Rs. 69.30 to Rs. 67.50 before finishing at Rs. 68.50, a net loss of 80 nP over the week. B. R. Cottons softened by Rs. 3 to Rs. 77 and Dawns by Rs. 2.50 to Rs. 153.50.

Sugar shares drifted downward. Belapurs dropped Rs. 4.50 to Rs. 252. Phaltans fell by Rs. 6.50 to Rs. 115, Maharashtra Sugars by Rs. 8 to Rs. 182 and Walchandnagars by Rs. 6 to Rs. 159. Kesar Sugars were marked down by Rs. 17.50 to Rs. 240.

Cement shares also suffered a setback in values. Associated Cements opened lower at Rs. 161.75, as against the previous close of Rs. 162.25, and declined progressively to touch Rs. 159 today before finishing at Rs. 159.50. The net loss over the week was Rs. 2.75. Digvijays eased by Rs. 5 to Rs. 189. But Orissa Cements were done at Rs. 17.24 as against Rs. 16.76.

In the shipping group, Scindias attracted some speculative support and improved by 32 nP to Rs. 13.28 today; they were quoted higher still at Rs. 13.52 yesterday. Great Easterns improved by 16 nP to Rs. 12.80. Among automobile shares, Premier Automobiles were subjected to selling pressure and declined by Rs. 2.50 to Rs. 149. Hindustan Motors shed 36 nP to Rs. 20.52.

Among rayon shares, National Rayons climbed down from Rs. 547 to touch Rs. 531 today, the lowest level of the week, before rising to close at Rs. 539. The net loss over the week was Rs. 8. South India Viscose and Indian Rayons eased by Rs. 3.50 each to Rs. 183.50 and Rs. 97.50, respectively. Gwalior Rayons were quoted Rs. 3 lower at Rs. 53.50. Baroda Rayons shed Rs. 2 to Rs. 156.

Chemical shares suffered a sharp fall in values. Indian Dyestuffs slumped by as much as Rs. 35 to Rs. 501.25. Amar Dyes fell by Rs. 13.75 to Rs. 331.25. Colour-Chems receded by Rs. 10 to Rs. 440. Poly-Chems by Rs. 7.50 to Rs. 215, and Synthetics by Rs. 7 to Rs. 221. Dhrangadhras, old and new shares, eased by Rs. 3 each to Rs. 133 and Rs. 115 respectively. Tata Chemicals shed 36 nP to Rs. 19.68.

Engineering shares were no exception to the general trend. T.E.L.Cos, after opening at Rs. 363.25, fractionally lower than the previous day's close, eased to Rs. 346.50 today, before finishing at Rs. 352.50. The net loss over the week was Rs. 11.50. Alcock Ashdowns were done Rs. 7 lower at Rs. 329. Premier Constructions lost a like amount to Rs. 191.50. Larsen and Toubros decreased by Re. 1 to Rs. 40.25, Asian Cables by Rs. 2.50 to Rs. 102.50, T. Maneklals by 40 nP to Rs. 800 and Mahindras by 24 nP to Rs. 19.24.

Among miscellaneous industrials, Bombay Burmahs retreated from Rs. 652.50 last week-end to Rs. 634.50 today. The close was, however, higher at Rs. 642, showing a net fall of Rs. 10.50. Voltas declined by Rs. 8 to Rs. 295.50. Wimcos dropped Rs. 9 to Rs. 310. West Coast Papers were quoted Rs. 10.50 lower at Rs. 176. Shivrajpur Syndicates lost Rs. 2.50 to Rs. 42. Hindustan Levers shed 50 nP to Rs. 57. Premier Tyres eased by Rs. 6 to Rs. 146. Ceat Tyres by Rs. 10 to Rs. 200 and Rallis by Rs. 2 to Rs. 152.

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Madras Stock Exchange

MADRAS, *23rd January*

Activity on the Stock Exchange was restricted during the week under review, with values drifting downward. The reports that Mr. T. T. Krishnamachari, a former Union Finance Minister, would be elected unopposed to the Lok Sabha was interpreted bearishly by operators. The reported offer of the Life Insurance Corporation to underwrite or subscribe to shares of new companies in Madras on a much larger scale than at present failed to have any effect. Teas were weak in the absence of any fresh support. Coffees and rubbers were listless. Sugars continued to be depressed on account of uncertain prospects for the industry, particularly in the context of Mr. S. K. Patil's plea to producers to go slow with their production programmes. Textiles, particularly forward scrips, were subdued, with the exception of a few select shares in the cash section which scored handsome gains on investment support. Miscellaneous industrials were quiet.

Among teas, Non-suchs fell by 88 nP to Rs. 23.62. United Nilgiris declined by 50 nP to Rs. 22.50, Highlands 35 nP to Rs. 13.75 and Parksides 25 nP to Rs. 25. Blue Mountains shed 3 nP to Rs. 2.43 and Periakaramalais 2 nP to Rs. 3.30. Chembras, however, picked up 3 nP to Rs. 3.35. In the coffee group, Coffee Lands eased by 63 nP to Rs. 15.15. Cowcoodys dropped by 54 nP to Rs. 3.85. Consolidated Coffees moved down by 40 nP to Rs. 16.90. Ouchterlonys softened by 10 nP to Rs. 3.65. Among rubbers, Midlands lost 5 nP to Rs. 10.50. Cochin Malabars were neglected at Rs. 7.38, as also Malankaras at Rs. 16.90 and Vaikundams at Rs. 32.75.

A feature of trading in the sugar section was the fall of Rs. 5 to Rs. 110 in the quotation of Cauverys. Deccans lost 50 nP to Rs. 10.25. East India Distilleries decreased by 12 nP to Rs. 35.75.

Among textiles, Bangalore Woollens dropped a rupee to Rs. 239. Travancore Rayons eased by 95 nP to Rs. 43.50. Madurais declined by 50 nP to Rs. 42.35. Radhakrishnas lost a like amount to Rs. 38.75. But South India Viscose, however, rallied by Rs. 4 to Rs. 187, following the move of the management to expand the capacity of the plant and to go ahead with the rayon-grade pulp manufacturing project.

In the miscellaneous section, India Cements lost 13 nP to Rs. 6.12, despite the permission granted to the Company by the Controller of Capital Issues to raise additional capital of Rs. 1.26 crore in equity shares of Rs. 5 each at par. For, it was feared that the Company might not be able to maintain the dividend, if the proposed shares were issued immediately. Aluminium Industries shed 5 nP to Rs. 23.40. Ashok Leylands were featureless at Rs. 9.08, as also Andhra Cements at Rs. 9.40 and Travancore Chemicals at Rs. 18.25.

(Concluded from next column)

October 1960, as the agent of the State Bank for the conduct of Government cash transactions and agency business. The Bank continued to transact such business and functions at all its offices which were transacting such business at its new branches set up at Yellandu, Siddipet, Deglur and Partur. It thus transacts Government business at 50 centres and holds currency chests of the Issue Department of the Reserve Bank at 57 centres. The total remittances issued and encashed during the year under the Reserve Bank Remittance Facilities Scheme amounted to Rs. 78.61 crores and Rs. 11.70 crores, respectively. The total amount of remittances issued and encashed on behalf of co-operative institutions during the year aggregated Rs. 18.02 crores and Rs. 11.60 crores, respectively. The Bank continued to act as the Registrar of the Andhra Pradesh State Electricity Board and was also appointed Registrar of the Andhra Pradesh State Financial Corporation as from 6th May 1961 for the 4½ per cent Andhra Pradesh State Financial Corporation Bonds, 1971. Eight new branches were opened at Bhainsa, Jaggayyapet, Yellandu, Siddipet, Deglur, Partur, Bhalki and Shorapur. One sub-office of the Bank was set up at Bolarum and two pay offices were opened in the residential areas of Hyderabad City at Himayatnagar and Chikkadpally. The Bank has 67 branches and 8 pay or sub-offices as at the close of the year. Concessional and simplified terms and conditions for advances against warehouse receipts continued to be extended to encourage a wider use of the warehouses. The needs of small-scale industries continued to receive special attention.

It will be noted from the foregoing account that, as a result of its conversion into an associate of the State Bank of India, the Bank has been able not only to render more useful service in the area of its operations but also to improve its business and profit.

STATE BANK OF HYDERABAD

PROFIT RISES—RESERVES STRENGTHENED

BY publishing this week the Directors' Report and Statement of Accounts for 1961, the State Bank of Hyderabad (General Manager: Mr. Satya Dev, Hyderabad) has re-earned the distinction, after a brief span, of being the first among joint-stock banks to come out with the full details of the results of its working. What is more, the details have been published within such a short period as four weeks after the close of the accounting year. This distinction apart, the year 1961 was quite a favourable one for the Bank in that it witnessed an all-round improvement in the Bank's performance. There has been a notable rise of Rs. 20.75 lakhs in earnings (gross) which amounted to Rs. 122.12 lakhs, as against Rs. 101.37 lakhs for 1960. The rise is in keeping with the general trend of banking last year. Indeed, the improvement would have been more appreciable but for the limitations placed on business by the continued restrictions on advances against the principal agricultural produce of the region in which the Bank operates. A large part of the additional earnings was no doubt neutralised by higher expenditure by way of interest on deposits, borrowings, etc. (+Rs. 11.42 lakhs) and cost of establishment (+5.87 lakhs). Even so, the net profit (after depreciation and taxation, the provision for which has not been disclosed) for the year at Rs. 12.19 lakhs shows an increase of about 33½ per cent as compared with that (Rs. 9.15 lakhs) for 1960.

Despite the improvement in profit, the Directors of the Bank have not raised the dividend, which remains unchanged at the modest level of 6 per cent, as they have followed, just as the other leading banks, the convention recommended by the Governor of the Reserve Bank of India by adding a sizable amount to its published profit to the reserves; the sum actually allocated is Rs. 4.15 lakhs, as against Rs. 1.85 lakh in the previous year. This is equal to a little more than one-third of the published profit. The undistributable surplus (the amount carried forward) is also higher at Rs. 36,069, as against Rs. 9,407 brought in.

The following comparative table shows the progress of the Bank since 1958:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount	92.85	76.80	68.90	55.08
Commission and exchange	27.27	22.97	18.68	16.71
Other income	2.50	2.10	2.38	0.60
Interest paid	50.08	38.61	35.60	25.48
Expenses	57.11	51.24	47.09	41.08
Depreciation	2.79	2.37	2.46	2.78
Profit	12.19	9.15	5.00	3.50
Provision for taxation*	..	..	..	..
To reserve fund	4.15	1.85	1.00	1.00
,, other funds	1.28	1.25	1.25	1.25
,, bonus to staff	3.50	3.00	2.70	1.25
,, dividend	3.00 (6%)	3.00	Nil	Nil
Carry forward	0.36	0.09	0.05	..

	As on 31st December			
	1961	1960	1959	1958
Capital	50.00	50.00	50.00	50.00
Reserves	33.00	28.85	27.00	26.00
Deposits	24,23.39	19,39.73	18,78.60	15,27.27
Advances	13,09.88	10,71.22	8,01.77	7,73.09
Investments	5,70.02	9,76.97	9,02.94	4,83.01
Cash	3,61.74	1,60.66	3,47.31	4,06.79
Balance-sheet total	28,81.63	24,23.74	21,92.84	18,04.50
Ratio to deposits of—	%	%	%	%
Advances	57.6	55.2	42.7	63.9
Investments	35.5	60.4	48.0	31.8
Cash	14.9	8.3	18.4	29.6

* Not shown separately.

The handsome improvement in the Bank's earnings reflects a sizable improvement in the Bank's turnover during 1961. The balance-sheet, of course, reflects the position only as at the end of the year. But even that is indicative of the perceptible rise of Rs. 327.66 lakhs in advances over the year. The Bank could meet the expanding credit requirements of its clients easily without recourse to borrowings during the major part of the year, as there was further sizable fresh accruals to its deposits (and other accounts) which, as on 31st December 1961, aggregated over Rs. 24.29 crores, as against Rs. 19.40 crores a year before. Consequently, the credit ratio (that is the ratio of advances to deposits) has gone up only modestly from 55.2 per cent to 57.6 per cent. While deposits are higher by nearly Rs. 5 crores, the Bank's investments have declined by Rs. 1.07 crore, so that the investments ratio is substantially lower at 35.8 per cent. The cash ratio, however, has staged a sharp rise from a mere 8.3 per cent to 14.9 per cent. Apparently, the Bank's management must have decided to maintain a larger amount of cash in order to be ready to meet the demand for credit in the current busy season.

With the addition of Rs. 4.15 lakhs from the year's profit, the reserve fund of the Bank stands higher at Rs. 33.00 lakhs, whereas the paid-up capital is unchanged at Rs. 50 lakhs. Consequently, the ratio of reserves to capital has gone up markedly from less than 58 per cent to 66 per cent.

The Bank, which is a subsidiary of the State Bank, has been appointed, with effect from 1st

(Continued in previous column)

CENTRAL BANKS AND GOVERNMENTS

MR. H. V. R. IENGAR'S VALEDICTORY ADDRESS

[An address of considerable educative value to politicians and students of money and banking was delivered by Mr. H. V. R. Iengar, Governor of the Reserve Bank of India, who is due to retire shortly, under the joint auspices of the Commerce Graduates Association, the Democratic Group and the Progressive Group, on Tuesday the 23rd inst. The subject of his address was the relationship between Governments and central banks. After tracing the evolution of this relationship in some of the important developed countries, Mr. Iengar described the type of relationship that should exist in this country, which is in the process of forced economic march, indicated the possible spheres of conflict in future between the Government and the Reserve Bank of India, and outlined the conditions for avoiding such a possibility. In view of the immense importance of the subject to the majority of our readers, we are publishing on this and two other succeeding pages almost the full text of Mr. Iengar's observations.—ED.]

MY justification for choosing this subject, apart from its intrinsic importance, is that there seems some doubt in the public mind about the location of responsibility as between Government and the Reserve Bank in the field of monetary policy and I believe that it might be helpful if I made an attempt to clarify the situation. I will be as objective as possible but manifestly such views as I express would be coloured by my own experience of office during the last five years.

Incidents in Canada and U.S.

The most recent case which focussed wide public attention on this subject is that of Mr. James Coyne, until recently Governor of the Bank of Canada. Mr. Coyne was appointed Governor in early 1955 and his tenure was due to expire at the end of 1961. In May 1961, the Minister of Finance called upon him to resign, but he refused to do so, and there ensued a very acrimonious debate between the two. The Bank of Canada Act does not leave any supervisory or regulatory power in the hands of Government. The Governor, the Deputy Governor and the other Directors of the Board are appointed by Government, but, once they are appointed, it is for them to discharge their responsibilities as best as they think fit. There have, in recent years, been large-scale changes in the structure of the Canadian economy arising out of the heavy imports of American capital and the increasing ownership of Canadian industry by American interests. Mr. Coyne held certain views about the pressures that he thought were developing in the economy as a consequence of the flow of American capital and the right way of dealing with them and made a series of speeches in public on the subject. These speeches did not deal only with aspects of monetary policy, such as expansion of currency and bank credit and the external value of the Canadian dollar. They ranged, as any general discussion of the Canadian economy was bound to do, over the whole area of economic policy including fiscal policy which is primarily within the domain of Government. The Finance Minister evidently disagreed with the Governor but held his hand till the occasion of the last Canadian budget when he let the conflict between him and the Governor explode before the public. The Minister said that the budget and Mr. Coyne were simply not compatible. There were differences on other matters which it is not necessary to refer to in this context. As there was no residuary authority in the Minister by which the conflict could be resolved and the Governor refused to resign, Government introduced a Bill in the Canadian Parliament the effect of which would have been to dismiss the Governor. In the event, after a very bitter debate in Parliament and an enquiry by a Parliamentary Committee, Mr. Coyne submitted his resignation.

Although Mr. Coyne's case has been most publicised, there have been other cases equally dramatic in nature. In July 1957, the Riksbank, i.e. the Central Bank of Sweden increased the Bank rate from 4 to 5 per cent without consulting Government. Government thought that the step was completely uncalled for and should, in any case, not have been taken without consultations with them. Under the Constitution of the Swedish Central Bank, the Directors, including the Governor, are appointed by Parliament but the Chairman, who, incidentally, is not the Governor, is nominated by Government. The Prime Minister sent for the Chairman and, after a stormy interview lasting five hours, obtained his resignation. But the Governor refused to resign on the ground that he was responsible only to Parliament. The conflict was subsequently resolved by the Riksbank undertaking to consult Government before making changes in the Bank Rate.

I may also refer to the well-known case of Mr. Marriner Eccles who was Chairman and, after four years as Chairman, member of the Federal Reserve in Washington. A controversy arose between President Truman's administration and the Federal Reserve about the policy underlying the Reserve's open market operations. The administration took the view that it was important to maintain the current prices of Government securities and that the Reserve System should so conduct its operations as to maintain the price structure. On the other hand, the Federal Reserve took the line that such a policy would involve heavy pumping of money into circulation and that this would aggravate the inflationary pressures that were already causing them serious concern. President Truman invited the Open Market Committee of the Federal Reserve System to White House and discussed with them the supreme importance of preserving "public confidence in Government's credit and in Government securities." He evidently thought this meant pegging the prices at current levels; and, on the same day as the conference took place, the White House issued a public statement which gave the impression that the Open Market Committee had agreed to the President's suggestion. Mr. Eccles was of the view that they had not so agreed and issued a public statement contradicting the White House. Subsequently he resigned.

In India, also a Governor has previously resigned and there are other cases too. These cases are necessarily somewhat dramatic, but fortunately they are rare. I am mentioning them merely to highlight the fact that the maintenance of appropriate relations between a Central Bank and a Government is not always an easy task. It involves not merely an adjustment of views at the technical level but a mutual recognition of the role that each has to play in the public interest.

Main Function

The main function of a Central Bank, above everything else, is to regulate the issue of currency and to control bank credit; it is charged with specific responsibility for maintaining the stability of the currency. This involves taking a detached view of the economy free from political bias and is predicated on the ability to withstand temptations and pressures to take the easy but slippery line of expanding credit to Government in place of additional taxation and economies in expenditure. This is the basic reason for the setting up of Central Banks outside the direct departmental control of Government. The older Central Banks were given a constitution which left them in a position of real independence. I have already given the example of the Swedish Riksbank, now over 300 years old, of which the Directors are chosen by Parliament; and where the ruling group does not possess overwhelming strength it cannot easily shake the Board or the Governor who is elected by the Board. The position is somewhat similar in Finland. I remember asking the Governor of the Central Bank of Finland, when I met him in Delhi at the time of the Bank-Fund annual meeting in 1958, how often he called on the Finance Minister. He expressed astonishment at the question and said that he never did call on the Finance Minister; it was always the other way round! I mention this merely as an illustration of the extent to which the older Central Banks in certain countries were made virtually completely independent of Government.

The idea of the independence of a Central Bank has been overborne in recent years by newly evolving conceptions of the role of Government in the development of a country's economy and the place of monetary policy in the totality of overall economic policy. It was possible during the days of the gold standard or its variants to give virtual independence to a Central Bank, because its operations were, in a large sense, automatic. The charters of the Central Banks in those days did not enjoin on them the responsibility for so shaping monetary policy as to maintain full employment and generally to promote economic welfare. The responsibility of the Banks was limited in scope and their operations were largely technical. But, as a result of the teachings of Keynes and other economists, and of the experiences of various Governments, particularly the United States of America during the depression in the early thirties, it has now been universally accepted that Government have a direct responsibility in the matter of maintaining full employment and keeping prices at a stable level and that consequently there has to be harmony between the policies for which Government are directly responsible and the policies of the Central Bank. This is also clearly reflected in the charters of Central Banks. To take only two examples: the preamble of the Bank of Canada Act enjoins on the Bank the responsibility "for regulating credit and currency in the best interest of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade and prices so far as may be possible within the reach of monetary action and generally to promote the economic and financial welfare of the dominion." Likewise, the Reserve Bank of Australia has been set up so as to "ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia and that the powers of the Bank are exercised in such a manner as will best contribute to the stability of the currency of Australia, the maintenance of full employment in Australia and the economic prosperity and welfare of the people of Australia." The Reserve Bank of India Act is not so precise but it also refers in the preamble not merely to monetary stability but also to the need "to operate the currency and credit system of the country to its advantage."

We now see that between Government's overall responsibility for shaping economic policy in such a way as to maintain full employment, stable prices and generally to promote economic welfare and their desire to set up a separate institution to handle monetary policy, a real dilemma arises. If the Bank is truly independent, it might not be possible to avoid crises such as the one that recently happened in Canada. If the Bank is not independent, it is in danger of being merely a creature of the Treasury, and the advantages expected to accrue from the existence of a detached expert body would become illusory. The dilemma has been handled by different countries in a variety of ways.

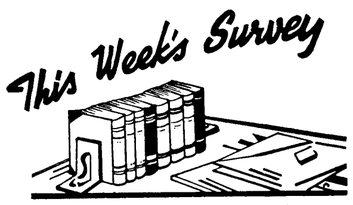
Radcliffe Committee's Views

In the U.K., the Bank of England was nationalised and the Governor, the Deputy Governor and the Board are all nominated by Government. The Governor and the Deputy Governor are appointed for a period of 5 years which may be extended, but the Treasury has reserved the right to issue directives to the Bank after consultation with the Governor. The overall supremacy of Government is thus preserved. The Radcliffe Committee had this to say on the subject:

> "The Central Bank is one of the principal authorities concerned with the framing and operation of monetary policy.... It follows that this policy whatever form it may take from time to time must include the general planning of monetary policy and monetary operations and that the policies to be pursued by the Central Bank must be from first to last in harmony with those avowed and defended by Ministers of the Crown responsible to Parliament.... The problem resolves itself into one of making sure that the exchanges between the two bodies (Government and Bank of England) are organised in such a way that the Bank contributes to the Government's discussions on policy the advice and suggestions which its unique operational experience and contacts qualify it to offer, while the Government on its side is careful to associate the Bank with the formation of those decisions on economic policy in which monetary operations are capable of taking a part.... The true position, as we see it, is that the Bank carries an equal measure of responsibility, to advise to the best of its ability and, having advised, to execute within the limits of the determined policy."

The Committee recommended the setting up of a Standing Committee with the Chancellor of the Exchequer or, in his absence, his immediate political junior, as Chairman, the Governor, the Deputy Governor and two other representatives of the Bank, four of the Treasury and two of the Board of Trade as members. Government did not agree to the setting up of such a policy-making committee but accepted another pro-

(Continued on page 178)



EXPORT RISKS INSURANCE

APART from the record time within which the report and accounts for the year ended 31st December 1961 of the Export Risks Insurance Corporation (Managing Director: Mr. T. C. Kapur) were finalised (they were signed by the Board of Directors on the 22nd inst., that is, three weeks after the close of the accounting year), the working of the Corporation during 1961 has disclosed many encouraging features. The number of policies issued by the Corporation in 1961 rose to 426, with a maximum liability of Rs. 13.02 crores, as against 324, with a maximum liability of Rs. 8.14 crores in the previous year, and 242 policies, with a maximum liability of Rs. 7.8 crores in 1959. The premium income also showed a commensurate increasing, rising from Rs. 2,36,448 in 1960 to Rs. 3,48,338 in the year under review. This works out to an average of about 29 nP per Rs. 100, as against 34 nP per Rs. 100 in the previous year and 36 nP per Rs. 100 in 1959. The sharp reduction in the average rate last year may be attributed to the overall downward revision of the rate effected towards the middle of 1961 which perhaps also partly explains the increase in the number of policies issued during the year. Total claims settled amounted to Rs. 4.32 lakhs in respect of 48 shipments, as against Rs. 3.76 lakhs in respect of 27 shipments in 1960.

An analysis of the policies issued by the Corporation during the year indicates that shipment (comprehensive risks) policies accounted for the bulk of the policies issued by the Corporation. Thus, out of a total of 426 policies, as many as 383 policies were shipments (comprehensive risks) policies, of which 60 covered risks for a period of three years and the remainder for a period of one year. Specific shipments policies were four in number, contracts (comprehensive risks) policies numbered eight, shipments (political risks) policies five and packing credit policies 26. Of the 426 policies issued during the year, 126 policies with a maximum liability of Rs. 46.00 lakhs were for sums of Rs. 50,000 and below, 106 policies, with a maximum liability of Rs. 1.03 crore, were for sums exceeding Rs. 50,000 but below Rs. 1 lakh, and 121 policies, with a maximum liability of Rs. 3.41 crores, were for sums above Rs. 1 lakh but not exceeding Rs. 5 lakhs. Forty-seven policies, with a maximum liability of Rs. 7.65 crores, were for sums exceeding Rs. 5 lakhs. Thus, although the number of large policies is small, they account for more than 50 per cent of the maximum liability of the Corporation. A similar trend was also evident in respect of the packing credit policies, covering pre-shipment advances to exporters to facilitate the purchase or the processing of goods to be exported, issued by the Corporation. Of the 26 packing credit policies issued, 6 were for Rs. 10,000 and below, 1 for above Rs. 10,000 but below Rs. 20,000 and 11 for sums above Rs. 20,000 but not exceeding Rs. 1 lakh. Only eight policies were issued for sums exceeding Rs. 1 lakh but they accounted for a maximum liability of Rs. 37.02 lakhs out of a total liability under the packing credit policies of Rs. 44.52 lakhs.

In respect of each policy, the Corporation fixes the maximum limit of its liability for loss in respect of shipments to be made by the exporter during the currency of the policy which is generally for a period of about one year from the date of its commencement. In fixing the liability, the Corporation takes into consideration the nature of the commodities to be exported, the payment terms and the exporter's estimate of anticipated exports. The maximum liability under the policies issued during the year, as noted above, was Rs. 13.02 crores, as against Rs. 8.14 crores in the previous year, while the maximum liability in respect of the 418 policies in force at the end of December 1961 was Rs. 12.91 crores. This, together with the liability of Rs. 56 lakhs under policies which are no longer current but under which claims might arise, brings the maximum liability of the Corporation, as at the end of 1961, to Rs. 13.47 crores, as against Rs. 8.42 crores at the end of December 1960.

During 1961, the policyholders of the Corporation declared contracts and shipments estimated at Rs. 16.84 crores, as against Rs. 10.16 crores in the previous year. Out of this, those on credit terms were for Rs. 11.47 crores, as compared with Rs. 6.96 crores in the previous year. In addition, pre-shipment advances insured with the Corporation amounted to Rs. 54.42 lakhs.

It is evident from the foregoing account that the business of the Corporation recorded a very substantial improvement last year. But coverage of a respectable percentage of the total insurable exports is still a far-off goal. The pioneering work done by the Corporation in a new and difficult field is, indeed, commendable and the progress made in a brief period of four years (the Corporation started its business only in October 1957) is satisfactory. Apart from the protection which credit insurance affords, insured exporters also derive many additional advantages. For instance, policies issued by the Corporation are generally treated as additional security by the banks. There have been instances where banks have advanced loans to the policyholders of the Corporation even without either the assignment of policies or transfer of the rights under the policies in respect of individual shipments. In addition, banks also give pre-shipment advances against packing credit policies. In fact, 96 policyholders of the Corporation obtained financial facilities in respect of 3,096 shipments of the value of Rs. 2.94 crores on the strength of the policies issued by the Corporation. These facilities and benefits need to be more widely publicised, so that more and more exporters would be induced to take advantage of them and export more and safely. In a country where there is lack of insurance consciousness even in respect of such a basic necessity as life insurance, export risks insurance needs vigorous sales efforts to be accepted by exporters as an essential safeguard.

SUGAR EXPORT

Commenting on the U.S. Administration's decision to cut the import quota allotted for Indian sugar for 1961, we stated in these columns sometime ago (*vide* page 810 of *Commerce* dated 28th October 1961) that serious doubts had arisen as to whether India could count on the U.S. market for long as an outlet for a sizable part of its sugar surplus. Unhappily these doubts have proved correct. For the shelter of a subsidised price provided for Indian sugar in the U.S. market under the present Sugar Act may no longer be there after 30th June next, that is, when the Act is replaced by a new one as proposed by President Kennedy in his Budget Message to the Congress. The President has indicated that the existing arrangement of allocating import quotas to different countries will be done away with and, instead, a global system of buying sugar will be introduced. Under the new system, it is said, the difference between the U.S. domestic and world prices, currently enjoyed by foreign producers, will be retained by the U.S.

If President Kennedy's proposal is accepted by the Congress and if the U.S. buys, as is considered very probable, sugar from the East European countries under the global system, sugar exports from India to the U.S. are bound to receive a distinct setback. Indeed, there may be no exports at all. For India is a high cost sugar producing country and whatever little that was exported last year, and is being exported, has been possible only because of the special price paid by the U.S. which is as much as 50 per cent more than the world price. If this arrangement is eliminated, India will have to compete openly with the other exporting countries for a share in the U.S. sugar market. This is simply not possible, in view of the wide gap that exists between the Indian and world prices. Even after the full remission of excise duty and cane cess together amounting to Rs. 343 per ton and also taking into account the fall in prices that has occurred in the past few weeks, the export price of Indian sugar comes to about Rs. 690 (£52) per ton, as against Rs. 273 (£20½) currently prevailing in London.

This London rate, which is the lowest level touched since the Second World War, is itself very depressed and there is no prospect of any marked recovery in the near future. Indeed, fears are expressed that "very competitive prices could emerge, if buyers appeared," what with 95 per cent of the market consisting of second-hand raw sugar mainly from the Continent and often selling below the official £20½ a ton. It may, of course, be asked as to whether supplying interests will not refuse to sell if prices suffer a further setback. But the point is that the supplying interests may not be able to sit tight over their holdings for long, in view of the huge world stocks, estimated at anywhere between 1.5 million metric tons and 2.0 million tons. Sugar circles in London feel that there are no signs of a cutback in output and that supplies in 1962 will again far exceed demand which is expected to remain weak. Most consumers, according to them, have already committed themselves to price-fixing contracts or barter arrangements with producers, and the sugar which has not been placed in this way will be sold at any price.

It is clear from the foregoing account that the outlook for Indian sugar exports is very bleak. With heavy Government subsidy and high price for domestic consumers, some quantities of sugar may be sold abroad, but how long can the country afford to make such sacrifices? Since devaluation is unthinkable, a cut in the cost of sugar production is the only alternative. This will be possible only if the authorities, Central and State, adopt such steps as would reduce the heavy incidence of cane cost, give tax relief to the industry and encourage growing of sugarcanes that yield more sugar per acre. Equally important it is to withdraw the land ceiling on sugarcane plantations in Maharashtra, so that the sugar companies in the State may continue to make sugar at the lowest cost possible and pass on the benefit to the country as a whole. While all these measures are necessary to improve the efficiency of sugar manufacture in India, they may by themselves be insufficient to help India sell sugar in the world markets. They must be supplemented by a vigorous campaign for an international study of the various special arrangements under which the bulk of sugar consumed in the Western world is being bought. By proposing a switchover to global tenders, the U.S. Administration is causing sudden disruption in the pattern of world sugar trade. It is, of course, quite possible that it might lead to an improvement in the price of sugar in the so-called free market, but it is very unlikely that even then the price would be as high as the one that is being paid to the various suppliers to the U.S. under the present system. If the U.S. finally decides to end its system of preferential and guaranteed purchases, it is just as well that the other countries in the West also should do likewise, thereby making the so-called free market into a real one. In that event, only the efficient producers of sugar will survive and the world trade in this sweetening agent will be as normal as in the case of many other goods.

S. I. VISCOSE

The viscose rayon yarn and staple fibre factory of the South India Viscose Ltd. at Mettupalayam in Madras was inaugurated last week-end by Mr. K. C. Reddy, Union Minister for Commerce and Industry. Although the inaugural function was a formal one, inasmuch as the factory had gone into production earlier, it was nevertheless of much significance, in that it not only marked an important landmark in Indo-Italian economic relations but also constituted the first milestone towards future developments in other fields. The factory, it may be recalled, has been set up as a result of collaboration between a leading industrial group in South India and the world-famous Italian firm, Italiviscosa Eastern Trading, S.P.A., Milan. The collaboration is both financial and technical. Thus, the contribution by the Italian firm to the equity capital of the Company is quite substantial, being as much as Rs. 121.41 lakhs. The firm has also extended all possible technical assistance, trained the necessary Indian personnel and is offering the benefits of its research facilities for the development of the factory.

Built at an estimated outlay of Rs. 10 crores, the S.I. Viscose factory has four units: staple fibre yarn unit with a capacity of 10 tons a day which went into production in May 1961; carbon-sulphide plant (this commenced operation in December 1960); sulphuric acid plant (this started functioning in July 1961); and, finally, the rayon unit, with a capacity of 10 tons a day, that has now been put into commission. The licensed production capacity of the factory is 8 million lbs. of rayon yarn and 8 million lbs. of staple fibre per annum. Further, the Company has secured the licence necessary for manufacturing 60 tons of high grade rayon pulp (or 25,000 tons per annum). Meanwhile, it has requested the Government to permit expansion of capacity. Apropos this request, Mr. K. C. Reddy, in his speech at the inaugural ceremony, assured that "the Government would give immediate consideration" and "do its best to accede to the request."

One may ask whether it would not be better for the Company first to consolidate the position with the present capacity and then take up the expansion project. But the management's proposal has been prompted by more than one consideration. In the first place, it is stated that the project does not entail unduly large fresh expenditure and that the current capital structure is considered quite sufficient for implementing the project in stages. What is more, the Italian law, under which the South Indian Viscose has obtained facilities of loan for a period of over ten years in easy instalments, will facilitate, according to Mr. R. Venkataswamy Naidu, Managing Director of the Company, the Italian collaborators to meet the financial needs for the growth and development of the factory without resorting again to a further issue of capital by the Company. The expansion programme must have also been inspired by the prospects of rising demand for rayon and staple fibre, as witness the sizable third Plan targets of 140 million lbs. and 75 million lbs., respectively, as against the estimated capacity of 52.3 million lbs. (output of 470 million lbs.) of rayon and 48.0 million lbs. (output of 47.8 million lbs.) for 1960-61.

It will be useful to refer here to the note of confidence struck by Dr. Franco Marinotti, President of the collaborating Italian firm, about the future of viscose artificial fibres. In the course of a special article prepared for the Indian Press on the occasion of the inauguration ceremony of South Indian Viscose factory, Dr. Franco Marinotti says that, notwithstanding the growth of new synthetic fibres, the future of viscose artificial fibres "is still rich with possibilities." This view is based on the following grounds:

> "The technological processes, which have become more and more perfected, have undergone such improvements that today it is possible to produce artificial fibres of the best quality that enable the weavers to offer on the market cloth that is particularly durable and attractive, especially as regards colour, since rayon and staple can be dyed very easily. ... The constant progress of fashion, indeed, requires the development of suitable fabrics which can be employed as an alternative to silk fabrics which ... are obviously costlier and, therefore, limited to a small range of buyers. ... The consumption of fabrics designed and dyed in accordance with the changes of fashion, is continuously on the increase in line with the higher standard of living which has been gradually achieved by many nations. ... For the handloom producers, viscose yarns can offer great possibilities as they have done in Italy. Moreover, the importance of artificial fibre production must also be estimated from the point of view of the employment offered not only to those directly employed but to a wide range of connected industrial activities from sulphuric acid to carbon-disulphide. ..."

In view of all these considerations, Dr. Franco Marinotti foresees a continuously increasing use of artificial fibres, as well as an expanding and closer co-operation "with our friends in South India Viscose, with whom, after having realised and eventually expanded the rayon and staple production, we could collaborate also in the polyamidic fibre field in which Snia Viscosa has obtained brilliant results in the international market." It is certainly reassuring to be told by Mr. Reddy that the Union Government would encourage rayon units to undertake manufacture of raw materials and rayon machinery, so that the industry could minimise its dependence on external sources and reduce the drain on the country's slender foreign exchange resources.

DENMARK

The visit of the Prime Minister of Denmark, Mr. Viggo Kampmann, to India this week, serves to highlight the prospects for increasing economic and commercial co-operation between the two countries. India, no doubt, has been making strenuous efforts to expand its exports to Western Europe. But these efforts are largely concentrated in one or two countries, namely, the U.K. and West Germany, whereas smaller countries like Denmark, which offer fresh opportunities for trade, have remained, by and large, outside the realm of India's export promotion. Although Denmark is predominantly an agricultural country and about 60 per cent of its exports comprise agricultural products, its industry, too, is well developed, particularly shipbuilding. It has a population of about five million and a Gross National Product amounting to about £2,000 million.

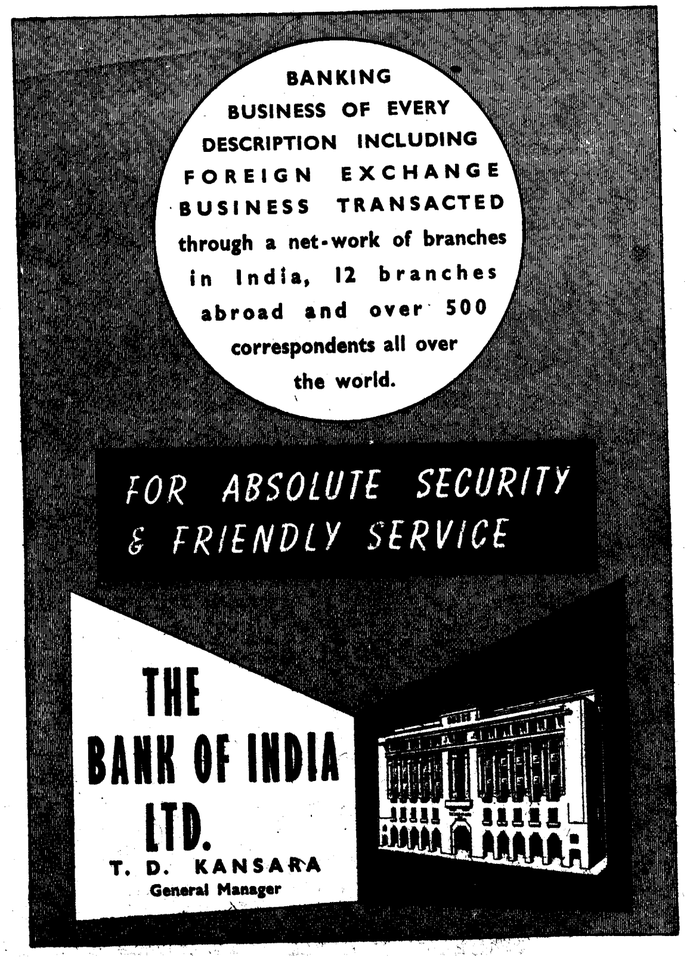
UNDER SECRETARY TO GOVERNMENT OF INDIA
29 JAN 1962
PUBLICATIONS DIVISION

A distinctive feature of Denmark's commercial policy is that it has been pursuing a liberal import policy, unlike some of its neighbouring countries. Imports of a wide range of commodities of interest to India are eligible to enter the country without any quantitative restrictions. These goods include tea, raw tobacco, castor oil, shellac, cotton waste, jute goods and coir yarn. The Government of Denmark has been taking steps to liberalise its import policy further. It was only in the middle of 1961 that imports of a large number of goods were liberalised, including jute sacks (reinforced), sacks of cotton net fabrics and several varieties of footwear. It is precisely because of this enlightened import policy that Denmark's offtake of Indian goods has been on a much larger scale than that by Sweden, Switzerland and other members of the European Free Trade Association, except, of course, the U.K., which is India's largest trading partner. India's exports rose from about Rs. 200 lakhs in 1957 to Rs. 238 lakhs by 1959-60, but declined to Rs. 181 lakhs in 1960-61. Textiles, particularly jute and cotton goods, account for about half of Indian exports. The other important export items are tea, leather, vegetable oils, tobacco, etc. India's imports from Denmark have generally exceeded its exports, except perhaps in 1959-60. Such imports aggregated Rs. 181 lakhs in 1960-61, as against Rs. 159 lakhs in 1959-60 and Rs. 438 lakhs in 1957. The major components of imports were machines and equipments, including electrical items, chemicals and pharmaceuticals and agricultural products. On the whole, the aggregate volume of trade is still at a relatively low level. It will be worth considering whether a bilateral trade agreement will be of help in expanding trade between the two countries.

Of late, Denmark has been making increasing contribution to the industrialisation of India, by way of technical collaboration and/or capital participation in the establishment of new manufacturing units. Quite a few industries, such as dairy equipment, switchgear and motor starters, have benefited from Danish help. Plans are also afoot for the production of cement machinery, evaporator thermostats, milling machines, machine tools, etc., with Danish collaboration. It is to be hoped that Denmark will join the other industrialised countries in granting long-term credit to this country for financing development projects. This will, in turn, help promote mutual trade. Denmark has been channelling aid largely through the U.N. agencies. A part of its funds has been spent for providing training courses for foreign nationals, including Indians, in Denmark, particularly in dairying. Another instance of co-operation between the two countries is the regional dairy training centre at the Aarey Milk Colony sponsored jointly by the Indian and Danish Governments, with the assistance of the F.A.O. The Centre, the fourth training course of which was inaugurated by Mr. Kampmann on Monday this week, seeks to give mass training in the field of dairying to students from countries of Asia and Africa.

INDO-CZECHOSLOVAK CO-OPERATION

The commercial and economic relations between India and Czechoslovakia have been steadily increasing during the last decade. With the agreement finalised at New Delhi last month between the two countries on trade arrangements for 1962, envisaging a total turnover of Rs. 24 crores both ways, as against an estimated Rs. 18 crores in 1961, there are indications that the scope of the Indo-Czech co-operation will expand considerably in the years to come. Under the trade arrangement for 1962, which is based on the overall framework of the trade agreement signed in November 1960, India's trade with Czechoslovakia will continue to take place on a balanced basis, with payments made in non-convertible rupees. Czechoslovakia, it may be noted, has been the



largest customer of India in the Soviet bloc, except Russia. A welcome feature of trade with Czechoslovakia is that it has been buying several raw materials from this country on a fairly large-scale. India's exports of manufactured goods to that country, however, have been lagging behind. The new agreement, of course, provides for stepping up exports of a wide range of manufactured goods, such as steel products, ferro-manganese, cotton and woollen textiles, jute goods, coir manufactures, chemicals and pharmaceuticals, handicrafts and handlooms, besides iron ore, tobacco, vegetable oils and coir yarn, etc.

Czechoslovakia, being a highly industrialised country in Eastern Europe, will supply mainly some of the important engineering items and certain industrial raw materials. The goods that will continue to be imported into this country include various machinery items, power generating equipment, machine tools, precision instruments, as also printing paper, raw cinematographic film, etc. In this connection, it is essential to point out an apparent difficulty the Indian importers face in respect of goods bought from Eastern Europe. While the bilateral trade has its own usefulness to the country in the face of acute shortage of foreign exchange, some of the goods imported from such countries have been found to be more costly and their quality inferior in certain respects. The authorities in both countries will do well to keep a close watch on important transactions and help remedy defects of this sort. Another oft-repeated complaint is that imports by East European countries from India are re-exported to West European countries in a manner that disrupts India's traditional trade with the latter. The Government of Czechoslovakia can, of course, eliminate this anomaly without much difficulty. Unless this is done, the apparent usefulness of bilateral trade in the short-term period will be lost in the long run.

Czechoslovak interest in India goes much beyond the sphere of trade. It is, for instance, collaborating in the establishment of several engineering plants during the third Plan period, both in the public and private sectors. An agreement concluded in 1959 between the Governments of Czechoslovakia and India paved the way for the formers' participation in the establishment of a foundry-forge plant, heavy machine tool plant, heavy power equipment plant and high pressure boiler plant during the third Plan. The foundry-forge plant in Ranchi—the construction of which is now going ahead—ranks among the biggest plants Czechoslovakia has ever supplied abroad and is also the biggest engineering project of the kind in Asia. In size and importance, this plant is said to be comparable to the famous Skoda Works of Czechoslovakia and will be having most up-to-date equipment. Its importance will be gauged from the fact that the output of cast steel in India will increase fourfold as it goes into operation. Its semi-products will be used in the other two plants at Ranchi, namely, the Heavy Machine Building Plant and the Heavy Machine Tool Plant.

For building these projects during the third Plan period, Czechoslovakia has granted to India an eight-year credit of Rs. 23.1 crores on advantageous terms. The loan is to be repaid in deliveries of Indian goods only, beginning after the completion of the projects. The production in the aforesaid projects alone is expected to be sufficient to pay the instalments. To reduce, as far as possible, the drain on India's foreign exchange reserves, the Czechoslovak suppliers have included in the Detailed Project Reports some machines and equipment which are available in India. These projects are so designed as to enable further expansion. Czechoslovakia has also undertaken to share all technical know-how for the erection and production in respect of all projects.

Czechoslovakia is also collaborating with some of the State Governments in the establishment of cement factories, brick and ceramic plants, power plants and also sugar mills. Among the important private sector projects to which it has extended collaboration, special mention may be made of the Walchandnagar Industries Ltd., which is manufacturing machines for sugar mills. Czech assistance has laso been given to other projects, such as a motor cycle factory in Mysore, a tractor factory in Baroda and a tyre plant in Calcutta. Another significant feature of Czech assistance is the emphasis laid on encouraging technical education in the country. Apart from providing technical know-how for collaborating projects and giving training facilities for Indian technicians in Czechoslovakia, the Czechs have built and equipped the Rs. 60-lakh technical college, the Central Machine Tool Institute, Bangalore. It is noteworthy that the college has been given to India as a free gift.

LOANS TO TEA ESTATES

The Government of India has decided to place a sum of Rs. 5 crores at the disposal of the Tea Board to enable it to grant long-term loans to tea estates for replanting, replacement and extension of tea areas. The broad terms and condition of the loan under the Plantation Finance Scheme would be as follows:

The rate of loan to individual estate will be limited to Rs. 7,400 per hectare or Rs. 3,000 per acre to plains garden in four instalments; and Rs. 9,000 per hectare or Rs. 4,000 per acre to hill garden in five instalments.

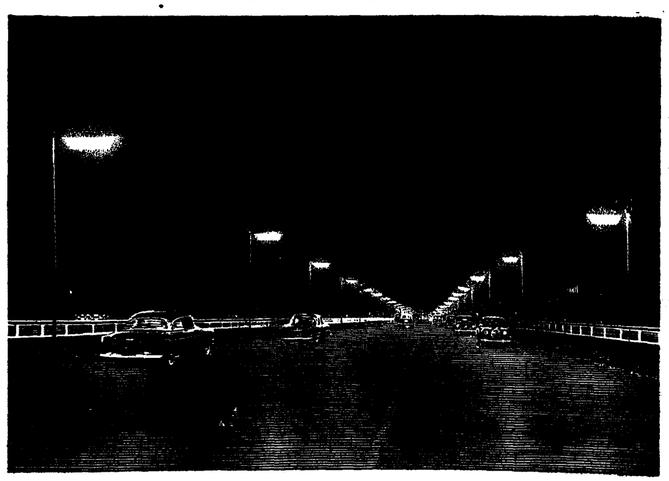
The loan will be repayable to the Board over a period of eight years commencing after the expiry of seven years from the disbursement of the first instalment.

The rate of interest on the loan will be 7 per cent per annum with a rebate of ½ per cent for prompt payments of principal and interest on the due dates.

The security should be primarily in the form of *pari passu* charge obtained through appropriate arrangement with banks now financing short-term loan on the fixed assets of the estate.

The estates willing to avail of the loan assistance may send their applications to the Tea Board in the prescribed form to be obtained from the Board's office in Calcutta, Cochin, Coonoor, Madras and Palampur (Kangra).

THE RED ROAD AT CALCUTTA



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ECONOMIC TRENDS IN BRITAIN

EXTERNAL POSITION BETTER BALANCED THAN GENERALLY SUPPOSED

By W. T. C. King

EDITOR OF *THE BANKER*, LONDON

BRITAIN is entering 1962 with the economy in a distinctly better shape than at the beginning of 1961, but not in such a good shape as to inspire any large optimism among the New Year forecasters.

The fundamental unsolved problem of the modern economy lies at the heart of virtually every discussion of the wider issues of economic policy—the problem of finding an acceptable way of combining the several seemingly conflicting objectives that the community is constantly trying to pursue simultaneously. It seeks a high rate of economic growth and a rising standard of living and the maintenance of "full" employment, and, in effect, expects these goals to be attainable without endangering either Britain's role as a large contributor to Western defence and to the aid of underdeveloped territories, or its external solvency, or the stability of its money. The relative priorities may shift a little from time to time in response to the actual performance of the economy, so that, for a while, effort may be concentrated on one condition, or one aim, rather than another. But all too often it appears that progress towards one objective is being attained mainly at the expense of the others. Hence each effort to redress a disequilibrium seems to set in motion forces that may cause a new disequilibrium.

Policy Needs Proper Understanding

In the recent past, the emphasis in public policy has perforce been on the conditions rather than the ultimate goals of economic progress. The hard facts of economic life have focussed attention on the overriding need to maintain external solvency, and the resultant concentration of effort has had a substantial measure of success. But the longer this effort has to be sustained, the greater is the risk that influential sectors of opinion may grow impatient at the apparent lack of progress in other directions, leading eventually to a new shift in the emphasis of policy. Hence the ultimate consequences of recent efforts cannot fairly be judged from what has been achieved in the short run.

Twelve months ago, as I remarked in this correspondence at the time, there could be no doubt about what the major aim of Britain's economic policy had to be in 1961. First, priority had, unquestionably, to be given to improvement of the balance of payments, because, for the first time since 1955, even the current account had slipped into deficit, and because there was little likelihood that the deficit could any longer be financed, as it had been in 1960, by a massive net inflow of short-term overseas funds. Nobody then realised, however, how large a deterioration had taken place. At that stage, the current-account deficit for the year 1960 was being guessed at perhaps £150,000,000-£175,000,000, whereas the revised official estimates later put it at no less than £339,000,000, in contrast with surpluses of £320,000,000 in 1958. The picture, it is true, was complicated by fairly radical changes in the basis of compilation of the statistics, which had the effect of producing a significantly larger current account deficit than would have been the case on the old basis of calculation.

True Position Understated

With those violent revisions fresh in mind, I shall not dare to guess what the final estimates for 1961 will prove to be. But there is no doubt at all that they will show a massive improvement upon 1960. The quarterly official estimates show that the deterioration continued into the first quarter of 1961, though at a slackening rate (the current account deficit then being £68,000,000, as compared with £44,000,000 in the corresponding period of 1960), but that in the second and third quarters there was a very sharp recovery. The deficit in the second quarter was down to £15,000,000, while, in the third quarter, there was a less than seasonal deterioration, to a deficit of £25,000,000, in contrast with £136,000,000 in the corresponding—and worst—quarter of the previous year. If seasonal factors are allowed for, the current account was probably not far from the balance during the third quarter, while the actual deficit for the first nine months of the year, at £108,000,000, was well under half that for the first nine months of 1960.

It should be noted, too, that these estimates of what is called the "identified" current balance almost certainly understate the true position. Britain's position as international banker, taking account of changes in the reserves on the one hand and of changes in known short-term liabilities on the other hand, almost always moves more favourably than might be expected from movements in the "identified" current trading and in the ascertained net financing at long-term. The difference is shown in the payments accounts as a "balancing item," which is generally in credit, indicating that Britain has either earned more, or borrowed more, or both, than has been shown in the identified transactions.

In the third quarter of 1961, the unidentified items totalled up to a net credit of no less than £125,000,000, actually £40,000,000 more than the recorded deficit on current account plus the net outgoings of long-term capital. The exceptionally large unidentified receipts in this quarter may be presumed to reflect the strong reverse swing of the "leads and lags" that took place after the buttressing of sterling by the Chancellor's end-July measures and by the resultant big drawing on the International Monetary Fund. In effect, Britain at this period was receiving payments, e.g., for exports that would normally have been settled earlier, whereas in the preceding period it had been making payments, e.g., for imports that would normally have been settled later.

Position Better

A swelling of the unidentified receipts by operations of this kind does not, therefore, indicate any lasting improvement, but simply a reversal of an earlier deterioration. It should be noted, however, that, over the nine months, during which credits of this kind may be presumed to have been roughly offset by the corresponding debits, the balancing item of unidentified earnings or borrowings was still sufficient to offset the whole of the identified outgoings. On this basis, it is possible to claim that Britain's external accounts have lately been much closer to the overall balance, after full provision for net outgoings of long-term capital, than is generally supposed.

But most informed observers, bearing in mind the extent to which the estimates have been revised in recent years, would not care to put over much trust in this sort of statistical argument. There are, in any case, other reservations that have to be made about the improvement that has taken place in 1961. A substantial part of the reduction of deficit on current account has been due to a decline in imports. If the third quarter of 1961 is compared with the third quarter of 1960, the improvement is seen to have been £111,000,000, to which the drop in imports contributed £58,000,000 and the rise in exports £53,000,000 (with an increase on Government "invisible" payments just offset by a rise in other net invisible receipts). This decline in imports has been associated with the drop in primary commodity prices and, even more significant, with a steep reduction in the rate of domestic stock-building from the exceptional level that had been reached in 1960. This is an influence that is likely soon to exhaust itself, if, indeed, it has not done so already. Imports now seem more likely to rise than to fall further, whilst, for some months past, exports have been merely maintained at round the higher level established by the first quarter of last year.

Industrial Production Recedes

The principal instrument for improving the balance of payments in 1961 has, inevitably, been the policy of restraining domestic demand, especially consumer demand. The Government was at pains to avoid putting any corresponding rein upon outlays for productive investment, and such evidence as is yet available about the volume of investment undertaken in the second half of 1961 and in prospect for 1962 suggests that, on the whole, it has been reasonably successful in this aim. But, in the absence of any rapid and strong rise in exports, the check to consumer demand (notably for durables and motor-cars) and the decline in investment in stocks and work-in-progress have together first stopped and then reversed the rise in industrial production as a whole. The seasonally adjusted index, which had been virtually stable for more than a year from the first quarter of 1960, at around 120-121 (1954: 100), started to rise sharply in the second quarter of last year, reaching a peak of 125 in July, but, in the ensuing three months, it dropped back even more sharply, reaching 120 again in October—though it would possibly have been a point higher than this had it not been for the major labour disturbance in the steel and motor-car industries in that month.

This decline in aggregate industrial output has been accompanied by a significant easing of the stringency in the labour market, although, by early December, the unemployment percentage was still no higher than 1.7 in general. The pull of the home market should no longer be preventing Britain's industrialists from seizing such opportunities as present themselves in overseas markets, though in certain capital-goods industries capacity is still very fully engaged. A more serious impediment comes from the threat of rising costs, and here the principal short-run consideration is likely to be the future of the policy of wage restraint. But, in the end, the chances of keeping Britain's goods competitive, like those of keeping sufficient productive capacity available to cater for the export orders, depend on the maintenance of due restraint upon the aggregate of domestic demand.

Toughness Will be Sustained

It is in this sense that the success of the policies of 1961, in improving the balance of payments and in preparing the way for further improvement, may seem to fall foul of other highly prized objectives. A campaign is starting up anew against what is called the policy of "stagnation," demanding a new "expansion." To this the Government replies with precisely the message the Chancellor was giving 12 months ago—that the foundation for renewed expansion must be a strong upward movement of exports. On a long view, this is, indeed, the only possible prescription for sustained growth, but it is hard to convince public opinion that this is so. In the coming months, the public clamour is likely to grow, and not until the Budget shall we know for sure whether the Government will stand its ground. But the omens at present are for sustained toughness.

Notice

THE DURBHANGA SUGAR COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fiftieth Ordinary General Meeting, being the Annual General Meeting, of The Durbhanga Sugar Company, Limited, will be held at the Registered Office of the Company at Lohat, on the 28th day of February, 1962, at 10-30 a.m., for the following purposes:—

(1) To receive and adopt the Directors' Report and Accounts for the year ended the 31st August, 1961, and Balance Sheet and Report of the Auditors thereon.

(2) To elect a Director in place of Shri Padmanabh Prasad, who retires under Article 107 and, being eligible, offers himself for re-election.

(3) To appoint Auditors for the current year and to fix their remuneration.

(4) To transact any other business which may be brought forward at the Meeting with the permission of the Chairman.

As Special Business

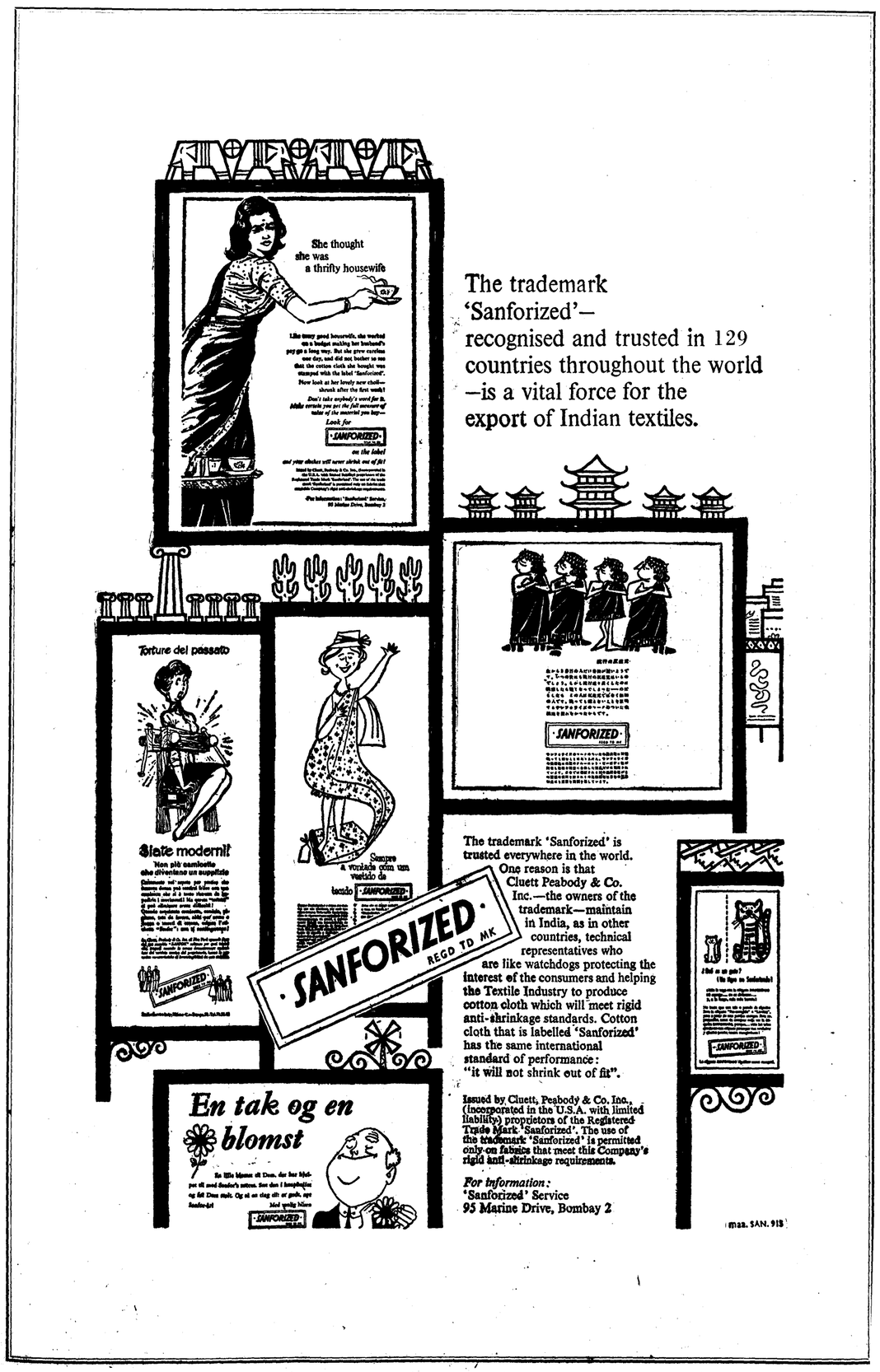
(5) To sanction payment of remuneration to the Manager for the year ended the 31st August, 1961.

By Order of the Directors,
W. F. MALDEN,
Secretary,

LOHAT,
DISTRICT DARBHANGA,
29th December, 1961.

Note.—(1) A member of the Company, who is entitled to attend and vote, is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

(2) The Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, has been sent to all the Shareholders along with the Notice convening the Meeting.



INDIAN BANKING NEEDS INTEGRATION

DEPOSIT RATES MUST BE COMPETITIVE

RARELY commercial banking figures in the subjects chosen for talk at the periodical luncheon meetings of the Rotarians in Bombay. Last week, it was one of those rare occasions. And the speaker was a distinguished practical banker, Mr. T. D. Kansara, General Manager of the Bank of India Ltd., the third largest commercial bank in the private sector in this country. In a brief speech to the Bombay Rotarians, Mr. Kansara confined himself only to the current problems confronting the banks. A notable feature of his observations was forthrightness. He stated his views on these problems, without hedging needlessly. It is gratifying to find that the views expressed by this journal from time to time have been endorsed by him. Thus, he is in favour of higher interest rates on deposits, aggressive branch banking by the big, strong institutions, integration of the banking units into a manageable number of big banks, a higher ratio of bank credit to deposits in view of the developmental needs of the country, efficient inspection of banks by the Reserve Bank from time to time and a bigger ratio of owned funds to deposits than the one agreed to by banks under the convention with the Reserve Bank.

We give below the relevant extracts from Mr. Kansara's speech:

"In the past several months, banking has been very much in the limelight. First, two financial dailies, namely, *The Economic Times* and the *Financial Express* have been started and the banking and financial problems, in particular, and economic problems, in general, have been receiving the widest possible publicity as never done before. Secondly, the Reserve Bank of India has outlined certain proposals for strengthening the banking system and the implications of these proposals and the discussions in the Press thereon have brought the problems of banks to the forefront.

"At present, the banking set up includes the Reserve Bank of India at the top, the nationalised sector of banking as one wing and the private sector of commercial banks as another. The private sector of commercial banks covers both Indian and foreign banks. In addition, there are co-operative banks which are operating with the aid of State support.

"Now the total deposits of Scheduled banks are around Rs. 1,750 crores. Of this, Indian Scheduled banks account for 87 per cent and the major Scheduled banks, which are 9 in number, account for 77 per cent. The foreign banks account for another 13 per cent.

"An important problem in the banking system is that of sub-standard banks. . . . The Reserve Bank of India has, in fact, initiated a scheme of amalgamation in the recent past and the programme launched by the Bank requires to be speeded up. Let us hope the Reserve Bank will be able to do so.

Bigger Capital Base Needed

"Apart from dealing with the problem of sub-standard banks, the Reserve Bank of India, as already referred to, has paid attention to the strengthening of the existing banking structure as a whole. In this direction, the Reserve Bank of India has suggested an upward revision of the capital funds of Scheduled banks, so that the ratio might be increased from the present level of about 4 per cent to about 6 per cent. The main justification for the Reserve Bank's proposal is that, though the commercial banks are owned by shareholders, their stake is quite small, as compared with that of the depositors. In other words, the banks are really the trustees of public funds and the Reserve Bank is quite right in insisting that the stake of the shareholders must be increased.

"The argument which has been advanced, in this connection, is that, in foreign countries, especially in Britain, the ratio between owned funds and aggregate public deposits is not more than 3 to 4 per cent and, therefore, there is no need for raising this ratio in India also. It is however, forgotten that the British banks have built up huge secret reserves, which, if brought out, would raise this ratio to a pretty high figure. It is, therefore, imperative that the Indian banks should aim at a ratio of 10 per cent to be achieved in course of time. It is interesting to know that a ratio of 9 to 10 per cent between owned funds to total deposits of commercial banks is considered essential in certain countries.

"One must, however, bear in mind that the strengthening of capital funds of commercial banks alone will not give a sense of security to depositors. What is most important is sound management. In fact, I would like to put more emphasis on sound management, although a strong equity base is a *sine-qua-non* of stable banking progress.

"What are the prospects for banking during the third Plan? According to me, the deposits by the end of the third Plan will be double or increase by 100 per cent, that is, they would amount to some Rs. 3,500 crores. Even so, they may not be enough to meet the demands made upon the banking system. The commercial banks, therefore, have to pay increasing attention to their resources.

Advances

"Now the advances-deposits ratio is around 66 per cent. In the U.K., the ratio is about 45 per cent and in the United States it is about 55 per cent. In Japan, on the other hand, a ratio of more than 100 per cent between deposits and advances has not been considered abnormal. In our country, however, we should go according to the circumstances here and we should be prepared to let the ratio go to even 100 per cent but with adequate safeguards. This is necessary, because the deposits of commercial banks are repayable at short notice. The Reserve Bank of India's assistance in a large way should be available as a lender of last resort. There must be an effective supervision of banks by the Reserve Bank of India to be efficiently able to do so.

"The effective supervision by the Reserve Bank of India is governed by the consideration that the number of existing banks should be small enough to enable the Central banking authority to exercise effective control. Viewed in this context the amalgamation scheme, sponsored by the Reserve Bank, is to be welcomed. In India, we should aim, in course of time, to have 15 or 20 strong banking units. The reduction in the number of banks does not, however, mean the curtailment of services to the public. In fact, these banks, if they are small in number, should be able to provide many more amenities and much more efficient services.

Branch Banking

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"Let me deal with one last aspect. The Reserve Bank of India has launched a Deposit Insurance Corporation from the New Year to afford some protection to depositing public. While deposit insurance is no substitute for good management, it serves a psychological purpose. In other words, it offers a sense of security to the depositing public and this enhances their confidence in the banking system and to that extent it is a welcome addition. The major banks do not require a deposit insurance scheme, since they are soundly managed institutions, but they have been willing to make the necessary sacrifice in the interest of larger public good."

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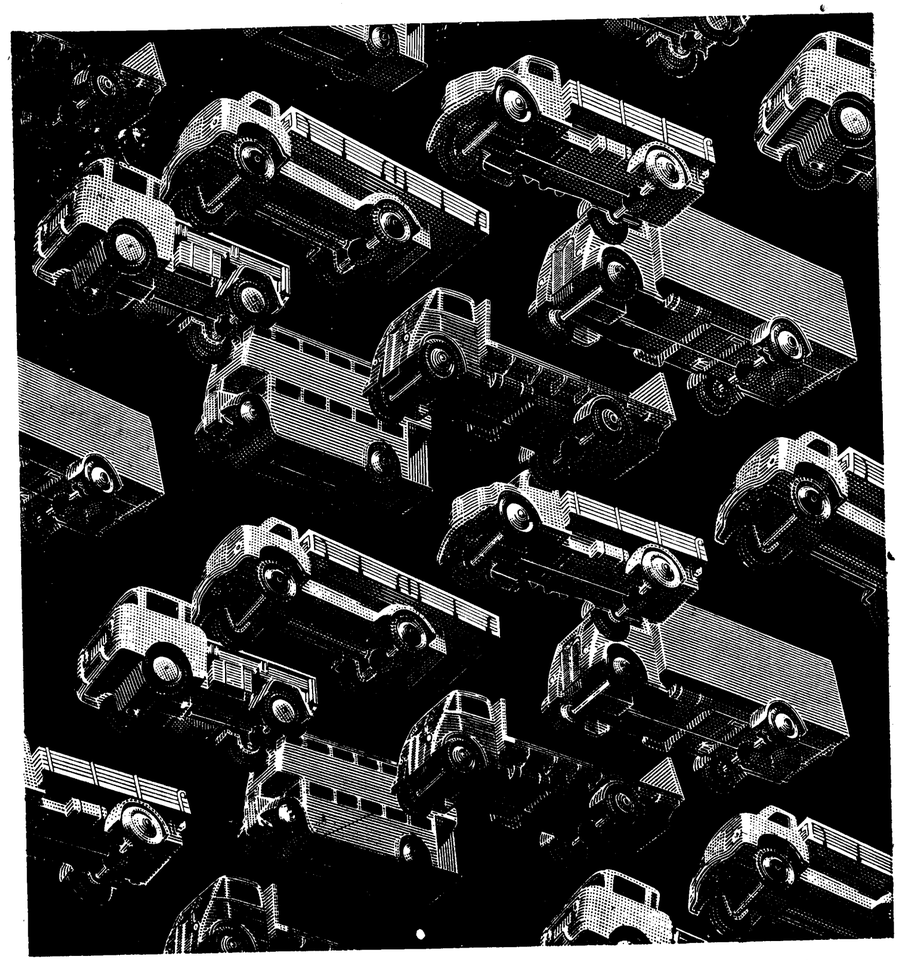

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TEXTILE MARKETING IN WORLD TRADE

A WESTERN POINT OF VIEW

By Mario Ludwig, LL.M

Director, International Federation of Cotton and Allied Textile Industries.

IN today's world, textile marketing is an international occupation. It cannot be carried out successfully when approached from a purely national, domestic point of view. Indeed, there are few industries which are more international in all their aspects than the textile industries. This applies equally to exports, imports or the home trade.

The international aspects of textile marketing for purposes of exporting or importing are self-evident. But even the manufacturer who produces and sells textile goods exclusively for the domestic market, cannot run his business successfully unless he gives due regard to international developments. He must keep abreast of new production methods and finishes and new end-uses; he must observe changing trends in fashion, colour, style and design: he must anticipate changes in consumer preference and demand, which are often induced by influences from outside his own country. Finally, he must meet the competition on his home ground from imported textile goods, which may have a special appeal to the consumer, either because they are foreign, and thus "different," or because they are cheap.

All these are international aspects of textile marketing over which each individual manufacturer can himself exercise control. He can adjust himself to changing conditions, meet the new requirements and, to a certain extent, even influence the trend itself. If a manufacturer fails to live up to these specifically commercial aspects of competition in international textile marketing, then he has only himself to blame.

Non-commercial Factors

There are, however, a number of non-commercial, not to say "political" factors, which have a bearing on international textile marketing and which are largely outside the sphere of influence of the individual manufacturer. It is with these aspects that I propose to deal with in my paper.

Competition, in the traditional sense of the word, has been the particular condition or climate under which a free market economy has always operated. It has been the result of the interplay of supply and demand; it has rested on the theories of comparative costs and of the international division of labour. This traditional concept of competition is rooted in the world of the 19th century, when the colonial countries supplied the industrialised nations with raw materials, whilst the latter supplied the world with their manufactures. It is amazing that this traditional concept of competition, which so far has formed the basis of world trade policies, could persist so long. Speaking in terms of world trade policies, the 19th century has only ended in 1945.

It required the upheavals of the Second World War to break away from obsolete theories. Since then, the industrialisation of underdeveloped countries has been made one of the primary objectives of world trade policies. Naturally enough, the development programmes in most countries started with the building up of a local textile industry, which could often process locally grown fibres and which, labour intensive as it is, provided plenty of jobs for the abundant and cheap indigenous labour force.

Wages in Developing Countries Low

Today this process of industrialisation has progressed so far that many of the developing countries have reached the so-called "take-off stage" in their economies and have become potential exporters of textile goods. Yet, their standards of living and costs of production, particularly wages, have not kept pace with their industrial progress. Their economic and social structures still differ widely from those of the highly industrialised nations, with which they compete on the world's markets. As a result, there now exists inequality in the conditions of competition; the competitive process has become distorted; the theories of comparative costs and international division of labour are out of date, particularly in the light of the fact that a large share of the development aid has been financed by the industrialised countries themselves.

Clearly, the traditional concept of competition can no longer serve as a basis for world trade policies. But there are also other factors, which distort the competitive process. They are not necessarily caused by the different economic and social structures of developing and highly industrialised countries, but are often found within the latter themselves. They consist of a number of practices in the nature of export aids, which give certain advantages to a textile exporter that would not normally accrue to him. These practices are usually described by the general term of "subsidisation" or "dumping"; they do, however, appear in many forms and disguises. Thirteen such practices can be listed, which, depending on the degree to which they are being applied, are likely to distort competition. They are:

(1) Dumping in the narrow sense of the word i.e. selling abroad at lower prices than at home.
(2) Bonuses on raw materials.
(3) Direct export subsidies.
(4) Export credit facilities.
(5) Tax and duty re-imbursements.
(6) Non-imposition of taxes and duties.
(7) Re-imbursement of social charges.
(8) Re-imbursement of non-levied taxes.
(9) Obstacles to the export of semi-manufactures.
(10) Multiple exchange rates.
(11) Premiums on foreign exchange earnings.
(12) State-controlled export trading.
(13) Barter trading.

Two Factors

To summarise this introduction it can be said that, in the past few years, two factors have been responsible for the disruption of so many of the world's textile markets and the decline of so many mills in so many countries:

(a) Differing economic and social structures of the textile exporting countries competing on the world's markets; and

(b) Certain practices which tend to distort the conditions of competition.

In a city like Manchester, it is unnecessary to recall how many mills had to be closed before the danger of market disruption was recognised at Governmental level. But it now seems that, at last, something is being done about it. In 1960, the Contracting Parties to the General Agreement on Tariffs and Trade (G.A.T.T.) officially admitted the existence of the problem of market disruption for cotton textiles. According to the G.A.T.T., market disruption is a combination of the following four elements:

(a) There must be a sharp and substantial increase or potential increase of imports of particular products from particular sources;

(b) These products must be offered at prices which are substantially below those prevailing for similar goods of comparable quality in the market of the importing country;

(c) There must be serious damage to domestic producers or threat thereof;

(d) The price differentials between the competing commodities must not arise from Governmental intervention in the fixing or formation of prices or from dumping practices.

The idea is that, in cases of market disruption, the injured importing country should be granted certain exemptions from the G.A.T.T. rules and have the right to protect itself. This was the very first sign of a basic and overdue change in the philosophy which underlies current world trade policies. It is no surprise that it all started with textiles.

G.A.T.T. Talks

Since then events have moved fast. In May 1961, President John F. Kennedy of the United States of America called for an international conference of the chief textile exporting and importing countries "to seek an international understanding which will provide a basis for trade that will avoid undue disruption of established industries." The G.A.T.T. was asked to initiate negotiations to this effect, and up to now three conferences have been held in Geneva.

The aim of these negotiations is threefold:

(a) significantly to increase access to markets which are at present subject to unilaterally imposed import restrictions;

(b) to maintain orderly access to markets where restrictions are not at present maintained; and

(c) to secure from exporting countries, where necessary, a measure of restraint in their export policy so as to avoid disruptive effects in import markets.

In other words: The developing countries should gradually be given greater and easier access to the world's textile markets, whilst, at the same time, the continued existence and viability of the industries in the traditional manufacturing countries should be preserved and market disruption avoided.

To achieve this, a short-term and a long-term arrangement are to be made within the G.A.T.T. The short-term arrangement is already in force and provides for a stand-still on the present status of imports until 1st October 1962. During that moratorium, no importing country shall be obliged to take a higher volume of cotton textile imports than that taken during a specified period, i.e., the twelve months ended 30th June 1961.

Long-term Arrangement

Meanwhile, a long-term arrangement is to be worked out, which should give the developing countries a gradually increasing share of the international trade, whilst maintaining order on the import markets. Although it is too early to say what form this long-term arrangement will have, it is nevertheless possible to anticipate some of its likely features. The plan is that the traditional importing countries should gradually increase their imports from developing countries. The levels, which these imports should reach from year to year, are to be determined in advance in a multilateral agreement. Each importing country would then know, in advance, up to which level its textile imports may go. No country would have to take more than the recommended level. The burden to absorb the gradually increasing imports from developing countries would then be shared by all the chief importing countries, and world trade in cotton textiles should be able to expand in an orderly manner.

It is appropriate that these negotiations should be conducted within the framework of the G.A.T.T.; the textile problem is, after all, the classic conflict of interests between developing and highly industrialised countries. It may well be that cotton textiles will create the precedent for a re-assessment of the G.A.T.T., in particular, and a revision of current world trade policies, in general.

Reservations

The Geneva talks may, therefore, give us hope that a truly international solution will be found to the problem of textile competition. There are, however, certain reservations which must be made. Assuming that the proposed long-term arrangement will set specific recommended levels of imports, which should not be exceeded, it may then still be possible for domestic markets to be disrupted. Market disruption may take place even under a system of direct import quotas. It is not only a problem of volume, but also one of price. Quite often it was not so much the actual volume of imports that has ruined the market and forced mills to close down but the excessively low level of prices at which these imports were offered or sold. Sometimes it is sufficient merely to make an offer at an excessively low price, to panic the market or to stop business altogether. I cannot help feeling that too much attention has been paid in the past to the question of volume of imports, and too little to the question of price. This is particularly important for an industry like textiles, where profit-margins are notoriously narrow. One must also remember that many mills were closed, not because they did not have enough work as such, but because they did not have enough profitable work. In imports, the question of price should, therefore, be given just as much consideration as the question of volume. The concept of market disruption, as defined by the G.A.T.T., should be given a more precise interpretation. Moreover, the procedures for avoiding market disruption, as originally devised by the G.A.T.T., should be incorporated in the long-term arrangement which is currently being negotiated in Geneva.

In this connection, it might be interesting to see how one country, Switzerland, has tried to solve the problem of textile imports at excessively low prices. Switzerland has, in fact, introduced a system of price supervision and price certification over its textile imports from Japan and other low-cost producing countries. This applies to imports of grey cotton cloth, wool cloth, knitwear and made-up goods, which may only be imported from the countries in question on the basis of an import licence. The import licence is refused by the Swiss Government when the import price shows the following differences below the prices for equivalent goods produced in Switzerland:

10 per cent for cotton cloth;
12 per cent for woollen cloth;
20 per cent for knitwear and made-up goods.

For purposes of comparison, the domestic price is the current market price, including a reasonable profit; the import price is the price at the Swiss border plus duty and transport from the border to the place of destination.

Here is a case of a country, with a traditionally liberal foreign trade policy, that has chosen to deal with the problem of cheap textile imports through a system of price supervision, rather than through quantitative restrictions. Experience so far indicates that the system acts as a deterrent; it has undoubtedly prevented a disruption of prices on the Swiss domestic market, but it is still considered inadequate to solve all the problems of international textile competition. For this, two things will be required: a check on the rising tide of the import volume as well as the avoidance of disruptive prices. I have always felt that the importance of tariffs as an obstacle to trade was somewhat overrated. When someone really meant business, he has usually been able to jump the tariff-walls. On the other hand, tariffs have never been an effective instrument for avoiding market disruption; only quantitative restrictions, can be.

Britain, The Six, and the Commonwealth

Let us now turn our eyes to the European scene, where great things are happening at the moment. The decision of the United Kingdom to apply for membership with the European Economic Community (E.E.C.) is undoubtedly of tremendous importance to the British textile industry. It must be recalled here that the cotton and allied textile industries of Western Europe, represented through the Committee for European Affairs of the International Federation of Cotton and Allied Textile Industries, have always been in favour of comprehensive economic integration in all Western Europe. Indeed, they were the first industry ever to advocate European integration, long before the E.E.C. and E.F.T.A. came into being. They were quick to realise that a fully integrated Western European market is the logical consequence of the great structural changes which the cotton textile industries are undergoing world-wide, and of which I have spoken at the beginning.

Britain's possible affiliation with the E.E.C. does, however, also create problems, especially in connection with the textile trade. These problems originate in the special treatment which the United Kingdom is granting to textile imports from Commonwealth countries, notably India, Pakistan and Hong Kong. It is now argued that this preferential treatment could, under no circumstances, also be granted by the E.E.C.-countries. If Britain, for political and other reasons, has in the past pursued a policy of imperial preference, as a result of which the cotton industry in Lancashire was forced to contract drastically, this is no reason—they say—for the same fate to be inflicted upon the cotton industries of the Continent. They would welcome the British cotton industry with open arms in the Common Market as a competitor on equal terms; they are even prepared to increase their offtake of textile imports from Commonwealth countries and thus to share part of this burden with Britain; but they feel that the Common Market must be protected against disruption through unrestricted cheap imports from Commonwealth or other low-cost producing countries.

This point of view has been officially endorsed by the E.E.C. Authorities at the recent G.A.T.T. negotiations in Geneva. Although the problem, which is raised thereby, is of a fundamental nature, it should be possible to solve it. If the U.K. Government insisted on maintaining the system of imperial preference, a precedent for a solution might be found in the so-called "Noordwijk Agreement." Under this agreement, a number of Western European countries have undertaken not to re-export to other Western European countries any textiles which have been imported, for processing purposes, from certain low-cost producing areas in Asia and elsewhere. Such imports of cheap grey cloth for the improvement trade may only be re-exported to countries outside of Western Europe. It is conceivable that a similar, although extended re-export embargo on textile imports from the Commonwealth might have to be imposed, when the U.K. joins the Common Market.

G.A.T.T. is Out of Date

An easier solution of this problem of Commonwealth textiles could, perhaps, be found through the long-term arrangement on international trade in cotton textiles, which is currently under negotiation in Geneva. If it were possible to conclude a sufficiently broad and far-reaching agreement within the framework of the G.A.T.T., then it is quite conceivable that it could include provisions regarding the re-export or trans-shipment of textile imports from low-cost producing countries. As all the countries involved, i.e. the U.K., all E.E.C.-member countries, India, Pakistan and Hong Kong are taking part in the Geneva-negotiations, the problem would then be solved on a multilateral basis. This would have the additional advantage that an issue could be avoided, on which the U.K. Government, for political reasons, would no doubt find it difficult to reach a decision one way or the other. This brings it home once again how important it is to bring the Geneva-negotiations to a successful conclusion.

Harmonisation

Apart from these more political aspects of European integration, there are, of course, many commercial implications which will have to be reckoned with. One concept that is frequently mentioned in connection with the Common Market is that of "harmonisation". Harmonisation of conditions in E.E.C.-member countries is not only one of the declared aims of the Rome Treaty, but it is the natural result of any regional economic integration. This means that there will have to be adjustments in the size and structure of textile firms in Britain and on the Continent. The process of vertical integration in the cotton and allied textile industries of Lancashire will have to be accelerated and extended. Vertical integration does not stop at spinning, doubling and weaving, with the occasional addition of bleaching and dyeing. It means the full inclusion of all phases of production; in particular, it means a more direct control of and interest in the marketing of textile goods by those who are responsible for their production.

Foreign textile buyers have often been astonished at the gap which separates the production side of the British textile industry from the marketing side. Such remoteness from the market, it is felt, can no longer be justified. Closer co-operation between production of yarn and cloth and marketing of textiles, whether made-up or not, is essential today. This has been achieved for many years on the Continent. It will also have to be achieved in Britain.

Vertical Integration

I do not think that it matters whether the initiative for such fully vertical integration comes from the production side or from the marketing side, as long as it comes. It would enable the producers of yarn and cloth to keep their fingers on the pulse of the market and strengthen their position by engaging the sales talent of the merchanting profession. On the other hand, the merchanting profession would gain strength through the support of the industry. Supply problems would be eased, as the merchanting firms would be backed by a production that can be readily adjusted to changing demand.

Vertical integration, going as far as the merchanting profession, would also reduce costs, since it would eliminate the unnecessary taking of profits at the intermediate stages.

On the Continent, too, adjustments will have to be made. There, the degree of vertical integration is already relatively high; but the units of production and the size of the individual firms or combines tend to be rather small, certainly when compared with Britain. It is, therefore, likely that there will be a move on the Continent towards mergers into larger combines. A larger, common market needs large, efficient units of supply, especially in the case of mass-produced consumer goods.

In the same connection, it is conceivable that there will be various forms of co-operative arrangements between textile firms in different member countries of the E.E.C. These might be loose arrangements regarding the supply or sale of yarn and cloth, or they might go as far as the setting up of subsidiary companies abroad. In a European common market, there is, in fact, no limit to the imaginative use of such inter-firm co-operation. A concrete example may illustrate this point:

Three of the leading vertical textile combines on the Continent, one in Austria, one in Italy and one in Switzerland, have recently formed a joint subsidiary company. This subsidiary is a non-profit-making concern. Its sole task is to carry out technological research for the benefit of its foster parents. It is a kind of brains trust or talent pool for textile technological research. All the achievements, inventions and findings of the group are made available to all the three parent companies. Yet, these three companies are directly competing with each other, not only on the same markets, but in exactly the same range and type of products, namely, high fashion goods and specialities. Here is a truly remarkable example of European inter-firm co-operation.

Some adjustments will also be required on the financial side, in regard to both capital investments and dividends. The textile industry is labour-intensive; its manpower/output ratio is rather high. Labour is, therefore, a relatively large cost factor. For many years yet, the textile industries in the highly industrialised countries will have to compete with industries in the countries where cheap labour is abundant. It is, therefore, vital that they should reduce their labour costs as much as possible. This can only be achieved through automation. Equipment for automation, however, is expensive. Requirements for capital investment will, therefore, be much higher in the future than they have been in the past.

Conclusions

What conclusions can be drawn from this brief review of the international aspects of textile marketing?

I do not wish to indulge in the hazardous occupation of "crystal-gazing"; but I believe that recent developments enable us partly to foresee the future, at least along very broad lines.

We have seen that the textile industries all over the world are at present going through a period of either active or passive structural adjustment. This is only a transition period, during which new foreign trade policies, based on what might be called "qualified liberalism", should be applied.

During this transition period, we are likely to see a great advance in automation and labour saving technological progress in the textile industries of the highly industrialised countries. At the same time, costs of production, including wages, in the developing countries are likely to increase, as their standard of living rises.

We shall then arrive at a point—may be in twenty, thirty or more years—when production costs and conditions of competition will no longer differ so much from one country to the other, and when costs and wages—relatively speaking—will be high everywhere. It may then no longer be economical to ship large volumes of textile goods from afar, half way around the world.

This will mark the beginning of a new phase, to be characterised by the re-establishment of balance in the productive capacity of the textile industries world-wide. The size of each industry will then be in the right proportion to the size of its own national economy. Each industry will, in the main, produce for its domestic market, whilst exports will largely consist of specialities. In large integrated markets such as the E.E.C., however, there is still likely to be some specialisation of production by countries, even for staple goods, and therefore room for exports in such goods.

Thus, we shall continue to have imports and exports, as well as a home trade. But our markets will be nearer to our mills. They will certainly be more sophisticated and will call for the highest standards of production and the best skills of marketing. To succeed on these markets must surely be a challenge to everyone.

[The above article is based on a paper presented at a symposium on marketing, organised by the Textile Institute (Manchester and District Section) in the Lesser Free Trade Hall in Manchester on Tuesday, 23rd January 1962.—Ed.]

RECESSION IN COTTON INDUSTRY

SHRINKING ORDER LISTS, SHORT-TIME WORKING AND WASTAGE OF LABOUR

From Our Special Correspondent.

MANCHESTER, 16*th January*

THOSE Lancashire traders looking to the Cotton Board to provide any optimistic message at the beginning of 1962 have found cold comfort in the latest quarterly review of the situation. If the gloom which still envelops the industry is to be shifted, it will certainly not be dispersed by the reading of such a doleful document. No consolation is to be gained by traders in Lancashire from learning that their opposite numbers on the Continent are also doing badly; the one small gleam of hope can be derived from the fact that conditions in the United States are now apparently a little more favourable than in the early part of 1961.

MANCHESTER LETTER

Figures relating to the recession in Lancashire have already been widely quoted, and no useful purpose is served by repeating the unwelcome facts of shrinking order lists short-time working and wastage of labour. The immediate cause of the decline in output, the Cotton Board contends, has been the reduction in stocks in the pipe-line beyond the converting stage.

Clothing Sales Recovery

"One mildly encouraging feature of the situation," the report adds "is that retail sales of clothing, corrected for price changes and seasonal variations, after falling slightly in the first half of the year, recovered in August, September and October to something like the peak levels reached in the final quarter of 1960." Because so many holidays are taken in the third quarter of the year, comparative figures can be a little misleading, but a check against the same period of 1960 shows that, in the spinning section last year, 90.9 per cent of spindles were running, as against 84.5 per cent twelve months previously. The average number at work in the spinning section was also higher as compared with 1960, there being 61,560 operatives in employment, as against 57,940. The number on the books, however, had fallen by nearly 5,000 to 66,470.

In weaving, the proportion of looms running in the third quarter as compared with those in place, was also 90.9 per cent as against 79.2 per cent, but the average number at work at 70,660 showed a fall of 1,310 on the previous year. A slight increase in the volume of automatic machinery in weaving has been recorded over the twelve months, there now being 43,200 fully automatic looms, as against 40,600 in the third quarter of 1960.

Fewer on Shifts

Figures are now available showing the extent of shift-work in spinning from the beginning of 1961. Out of 6,180,000 ring spindles running during the third quarter, 1,440,000 were engaged on two shifts, but only 180,000 on treble shifts. These returns were almost identical with those in the first half of last year, but there was a drop of 200,000 spindles working single shifts, and a fall of 400,000 spindles engaged on evening shifts.

Since the middle of last year, a distinct change for the worse has occurred in the situation of many Continental cotton industries. According to the report, the reduction in output was mainly confined to the Common Market countries, chiefly Germany, but production in Spain and Portugal still remained above the 1960 level. Forecasting a spread of this decline to countries which had managed to maintain production up to the third quarter, the Cotton Board adds: "There is little doubt that the familiar textile stock cycle is the basic cause of the present recession."

The yarn section's report of Manchester Chamber of Commerce pointed out that the familiar textile trade cycle has been accentuated by gross overbuying during the unsettling period of reorganisation. Orders had been placed not only at home but also in overseas countries many of which had not previously rated as sources of supply. The result has been a period of indigestion from which the trade is still suffering. Commenting on disruptive competition from low-cost Eastern textile imports, the report declared:

"It is surely unreasonable to expect the United Kingdom industry effectively to compete in the export field against foreign producers who enjoy the stability of protected home markets. The favour accorded by the Lancashire cotton industry to Britain's application to join the Common Market is to some extent influenced by the anticipation that membership will provide a partial shelter from the deluge of textiles from the Commonwealth."

Commonwealth Import Policy

More and more machinery is being installed in Commonwealth countries with the object of producing textiles, each project bringing additional demands for increased protection. High tariff barriers, plus liberalisation of Japanese imports into Australia and New Zealand, have greatly reduced Lancashire's actual and potential export trade to these markets. "Conversely, a large, dynamic and prosperous Europe, unfettered by tariffs or restrictions, can be said to offer an attractive and challenging alternative to the fickle and often depressing conditions encountered elsewhere."

Japanese competition, once a regular complaint on the lips of British textile traders, but now often obscured by the rise of Hong Kong, is still a persistent threat. The Commonwealth section of the Chamber refers to the unceasing flow of Japanese textiles to Australia, which, over the past few years, has exceeded 100 million yards of cotton cloth annually. Existing margins of preference, it is pointed out, are totally inadequate to bridge the gap of costs between countries based on Western Living standards and those in the low-cost producing areas. The same obstacle is apparent in any efforts being made to extend business with New Zealand. In 1956, Japanese exports of cotton cloth to New Zealand only accounted for 8 per cent of that country's imports, but, by 1960, Japan's share had risen to 32 per cent, making her the leading supplier in this field.

Outlook in Europe

Britain's prospective entry into the Common Market inevitably colours the tone of the Europe section's report. This contains a summary of the pattern of Continental trading in cotton textiles, confirming that France is the biggest exporter, followed by West Germany and the United Kingdom. The French and British sell most of their exports outside Europe; the main French markets are in her associated territories overseas, while 80 per cent of British exports go to Commonwealth countries and nine per cent to foreign countries outside Europe. West Germany, on the other hand, sells most of her exports within Europe, but only 10 per cent of these go to fellow-E.E.C. countries.

If the two existing trading areas in Europe are united, there will obviously be changes in the export pattern, but the survey underlines the belief that European industries as a whole will eventually face competition from cheaply produced yarn and fabrics made in Asia and elsewhere.

Hong Kong Garment Threat

Nearly 35 per cent more knitted fabrics and clothing was imported into the United Kingdom during the first nine months of last year, says the annual report of the Hosiery and Knitwear section of the Manchester Chamber of Commerce. Of this increase, a "substantial" proprotion of the imports of knitted goods came from Hong Kong. Twice as many jumpers and cardigans were imported from the Colony—85,526 dozens, as compared with 39,519 dozens in 1960.—*All Rights Reserved.*

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PROBLEMS OF TEA INDUSTRY

TEA BOARD CHAIRMAN DECRIES PLANTERS' PESSIMISTIC VIEWS

THE Chairman of the Tea Board, Mr. A. S. Bam, I.C.S., sang the same old song when he concluded his speech, at the annual meeting of the Dooars Branch of the Indian Tea Association, held at Binnapuri (Dooars, Assam) last week, by saying that the "competitiveness of Indian tea has to be maintained by bringing down the cost of production and improving quality." Evidently, the Chairman was prompted to reiterate this general advice, which is accepted by all, by the growing competition in the world tea markets. Though he did not mention competition as such, he said: "In the ultimate analysis, the solution to the problem of surplus production lies in the expansion of consumption in the consuming countries abroad and eventually promoting the exports of Indian tea. I need hardly emphasise that not only our position in the traditional markets has to be improved, but efforts have to be directed to gain ground in new markets." Mr. Bam also referred to some of the measures already taken or proposed to be taken to improve the conditions of tea industry, such as tea plantation finance scheme, hire purchase scheme, provision of irrigation facilities, improvement of roads and communications in tea growing areas, acquisition of surplus tea garden lands by estates and ensuring sufficient supplies of fertilisers, cement and coal. But all these measures will not be of much avail unless the tea industry's plea for tax relief is conceded. Mr. I. F. Morriss, Chairman of the Indian Tea Association, did well, indeed, to warn that, without adequate "practical incentives" by way of reduction in taxation, there was no possibility of achieving the 900-million-lb. production target and selling the extra tea at remunerative prices.

Tax Relief Urgent

The need for tax relief to the industry is especially urgent in the present context of the persistently rising production cost and continued accumulation of heavy stocks. It is stated that the North Indian tea gardens began the current calendar year with more than half of the 1961 tea crop lying unsold in their godowns. Such heavy stocks mean a lot of strain on the finances of companies. If the upward trend of tea production and exports is to be maintained, it is imperative that the two suggestions put forward by the Consultative Committee of Tea Producers Associations in a memorandum submitted to the Tea Board in December last are implemented immediately. One of the suggestions pertains to the reduction, or even abolition, of export duty. The other is that internal taxes on tea must be simplified by amalgamating the Central excise duty, Assam carriage tax, West Bengal entry tax and tea cess into one tax to be collected as near to the point of sale as possible. Since tea is, as this journal has pointed out on more than one occasion, an export commodity, it should not be subjected to any export duty, as in the case of other exportable articles. If, however, the Government still considers that the export duty is necessary, the rate of duty should be brought down from the present high level of 44 nP per kg. to a more reasonable level and abolish it altogether at a later stage. As for the rationalisation of taxes on the tea industry, it is certainly most disheartening, as Mr. Morriss said, that little or no progress has been made in dealing with the problem, despite well-reasoned representations and numerous memoranda submitted to the Union Government.

Besides tax relief, steps have to be taken for intensive propaganda both in India and abroad for boosting consumption of tea. Mr. Morriss rightly observed that the tea industry could not develop a steadily expanding export market without a broad and secure domestic market. It is scarcely necessary to state that, to the extent the domestic market expands, the capacity of the industry to compete in world markets will increase. Mr. Morriss also rightly stressed the importance of research. Alluding to the proposal that the producers' associations should join together in a Tea Research Association and thus qualify for annual grants from the Government, he said: "It is planned that the Council of Scientific and Industrial Research will give half the aggregate costs of scientific research in North East India and the Association's producer-members will pay the other half. If the negotiations are brought to a successful conclusion, there will be a scientific association covering the whole of North East India and all the estates."

To revert to the Tea Board Chairman's speech. Reviewing the recent trends in India's tea industry, he observed:

"The year 1961 has been significant for the tea industry in many respects. For the first time in the history of the Indian tea industry, a record crop of over 760 million lbs. was registered. It is noteworthy that almost the entire increase in production of about 70 million lbs. during the year was contributed by the tea industry in North East India, the share of Dooars being about 11 million lbs. Total exports of tea from India from January to 16th December 1961 were 425 million lbs. valued at Rs. 116 crores, as compared with 400 million lbs. valued at Rs. 113 crores during the corresponding period of 1960. Shipments to Britain, the principal buyer of Indian tea, upto the end of October 1961 were higher by about 13 million lbs. as compared with the corresponding period of 1960. As a matter of fact, exports to many of the traditional markets, including Britain, West Germany, the Irish Republic, Egypt, Sudan and the U.S.A., showed an increase during 1961. The bumper crop during 1961 and the consequent larger offerings at the auctions showed a downward trend in prices, but the prices realised were not by and large, unfair. As a matter of fact, the prices have improved and shown a tendency to be firm since the 26th sale, that is, the beginning of December 1961, and this trend will, I hope, continue till the end of the current season.

Reduced Profitability

May be, tea prices have lately shown a tendency to improve. Even so, Mr. Bam, sounded a little complacent when he said that there was no cause for undue anxiety evidenced in certain quarters in the industry. For the present level of prices has to be viewed against the background of enhanced production cost and heavy tax burden. It is calculated that the incidence of tax per acre is as high as Rs. 298, as against Rs. 123.28 a few years back. The cost of production too, has gone up substantially. Accordingly, the average profit earned per acre by a tea estate has gone down considerably from Rs. 519 in 1954 to Rs. 264 in 1960. The profit for 1961 is believed to be much less.

Measures of Assistance

Be that as it may, some of the measures of assistance as highlighted by the Chairman of the Tea Board include the following:

Irrigation: The Governments of West Bengal and Assam have been requested to undertake a comprehensive survey and the Tea Board has been accepting applications under the hire-purchase scheme for purchase of sprinkler irrigation equipments. The Board has also been recommending to the import control authorities applications from tea gardens for import of such equipments.

Roads and communications: The question of providing facilities for transport of teas to Calcutta from North East India was discussed with the Chairman of the Railway Board some time ago. The facility provided by the return of the broad-gauge line to Siliguri was proposed to be supplemented by allowing tea associations to take lease of a large plot of land near the transhipment point (where broad and metre-gauge lines run side by side), with a view to enabling them to build godowns for storing tea before being transhipped to Calcutta and elsewhere. The tea associations were accordingly advised to take advantage of the offer of the Railway Board, and it is hoped that this facility would be fully utilised. Some complaints relating to the difficulties of booking teas from North Bengal and Assam stations were taken up with the Railway authorities. It is understood that at present there is no difficulty in the downward movement of teas.

Surplus tea garden lands: As a result of the discussions which the Tea Board held with the Chief Minister of West Bengal, the State Government has kindly agreed to refer back to the Board for re-examination each case of proposed acquisition of surplus tea garden lands and not to enforce the orders for resumption of such lands pending *de novo* examination by the Board. In examining these cases, every opportunity is afforded to the tea garden managements to place their viewpoints, and the essential needs of the gardens for development and expansion are carefully considered, so that no land *prima facie* suitable for tea cultivation is lost to the tea industry.

Income-tax: The Ministry of Finance has decided to postpone, as a special concession, the June

(Continued on page 174)

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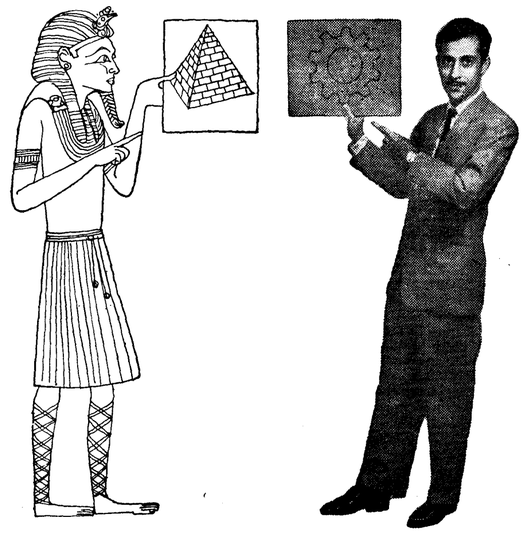

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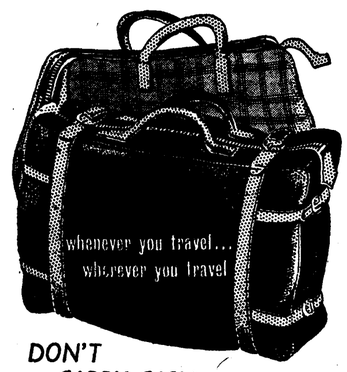

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CHAIRMAN, MR. D. M. KHATAU, PLEADS FOR INCREASE IN FREIGHT RATES

PROSPECTS FOR SHIPPING IMPROVING

THE following is the summary of the address of Mr. Dharamsey Mulraj Khatau, Chairman, The Scindia Steam Navigation Company Ltd., delivered at the Forty-second Annual General Meeting of the Shareholders, on Wednesday the 24th January 1962, at Scindia House, Ballard Estate, Bombay 1.

After welcoming the shareholders, the Chairman referred to the audited accounts and Directors' report for the year ending 30th June 1961, and stated that the results of the year could not be considered to be encouraging and that they reflected the situation faced by shipping companies all over the world and India, in particular. Despite this adverse economic situation, the Company was fortunate in covering its costs, making a nominal profit of Rs. 4.5 lakhs, and declaring a dividend of 60 nP per share, after drawing Rs. 25 lakhs from the dividend equalisation reserve.

The Chairman stated that the level of freight rates in overseas liner trades showed no improvement during the year, whereas costs of operating ships showed signs of continued increase. However, as a result of rationalisation of services by all member lines of the India/U.K.-Continent Conference, the next year should show improved results.

Mr. Dharamsey added:

"One significant event of this year has been the decision of the Shipping Corporation of India to join the Conference, covering the India/Pakistan/U.K.-Continental trades as also in the U.S.S.R. trade. I sincerely hope that their association with India Steamships and ourselves will be a source of strength and will enable the Indian Lines to cater more effectively and efficiently to the requirements of the trade because this co-operation between the Government Corporation and the Indian Lines will lead to the growth of mutual confidence. I say this because I believe that there is considerable scope for expansion of Indian shipping in trades not yet served by Indian ships. It, therefore, is very necessary that this expansion should cover trades and routes not yet catered for and take place along strictly planned and rational lines."

Problem of Freight Rates

He further stated that the Conference members were greatly concerned over increased expenditure to cover which an increase in rates was the only answer. The Conference representatives have placed this position before the Ministers of Transport and Finance, who, whilst appreciating the situation, felt that owing to the difficult foreign exchange position of the country, the problem of freight increase had become a little difficult of solution. It could, however, be expected that this situation would not continue for long and would soon right itself.

In regard to coastal and adjacent trades, the Chairman pointed out that there was further deterioration and hence the coastal results were very disappointing. The basic problems facing coastal shipping are uneconomic rates of freight, serious delays and detentions to ships and reduced cargoes due to the deteriorating Hooghly drafts. Unless these basic problems are tackled expeditiously and the much-needed relief and assistance secured, the future of coastal shipping will continue to remain gloomy. The obvious answer, therefore, lies in permitting upward revision of freight rates as costs increase. In this context the Chairman said that Mr. R. G. Abbhi, the Government Director on the Boards of Indian shipping companies, had been specially asked by the Government to go into the costs of operations on the coast. It was a sincere hope that when Mr. Abbhi had finished his examinations, he would be able to recommend to Government to fix a level of freight rates for the coast which would not only take care of increased costs, but would also give a satisfactory return to the companies on the capital employed in the coastal trade.

The Chairman mentioned that, in addition to the delivery of the m.v. *Jalakirti*, further orders were placed with the Hindustan Shipyard Ltd., and felt that in view of the size of the Company's business and fleet, it was very necessary to work out a steady programme of building new vessels every year. As ships were ready earners of foreign exchange, he hoped that the requisite foreign exchange would be made available for this purpose.

Outlook

As regards future prospects, Mr. Dharamsey stated:

"You naturally expect me to tell you something about our future. I know it will not satisfy you, if I say that it is difficult to forecast the future with any degree of certainty. On the other hand, there are so many 'imponderables' in the shipping business and possibly the uncontrollable items of expenditure far exceed the controllable ones. The adjustment of freight rates can be the only answer to compensate for increased and increasing costs of operation and the maintaining of a modern fleet. I feel that in our developing economy, transportation has still to receive the priority it deserves in terms of planning and quick execution. If this important industry is to survive and if the confidence of the investing public is to be restored, it is very necessary that early steps should be taken to decide upon a suitable machinery that would enable the industry earn reasonable rates of freight having regard to the factors mentioned above. It would also create a feeling amongst the shareholders that theirs too is an industry whose problems receive the same consideration from Government as those pertaining to the other industries ashore. The National Shipping Board could play an important part in this context by advising Government as to how the shipping industry could maintain its proper place in our economy. However, I do not wish to place before you a gloomy and pessimistic outlook as to the future of this Company. As you are no doubt aware, the shipping industry the world over is one where lean periods by far exceed the boom periods; I would, therefore, venture to express the hope that the lean period is more or less over and that we should see signs of an improvement, even though gradual, before long."

The Chairman referred to the Konkan services and the report submitted to Government in 1960 by the Konkan Coastal Shipping Services Committee, and added:

"We conveyed the acceptance of recommendations of the Committee early in Janury 1961. The decisions of the Government of India on the report of the Committee were conveyed to us only in October 1961. These decisions, however, fell far short of the recommendations of the Committee. Due to this disturbing development, the B.S.N. Company (1953) Ltd. had no alternative but to announce the closure of its services from 1st December 1961. I am happy to say that both the Government of India and the Government of Maharashtra have shown due appreciation of the Company's position and negotiations with the two Governments are still continuing. In the meanwhile, in the hope of a satisfactory settlement, the Company has agreed to maintain its services till the end of May 1962. The situation will be reviewed before then."

After placing on record the long and valuable services rendered by Mr. Dinshaw D. Romer, a Director of the Company who retired due to ill health, Mr. Dharamsey thanked the Minister of Transport and his colleagues in the Transport Ministry for the interest shown by them in furthering the cause of Indian shipping. He also appreciated the services rendered by the Company's agents abroad and in India and thanked the shippers and consignees for their continued support.

The audited statement of accounts were placed before the shareholders for their approval and adoption.

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Last year's increase was rather more widely spread than in the preceding two or three years. Production in the U.S.A. showed a relatively small rise of over 100,000 barrels daily or about six million tons being 1.6 per cent, after having been virtually stationary the year before. In the free world outside the U.S.A., the 1961 increase was 42 million tons or 7.8 per cent compared with 52 million tons or 10.7 per cent in 1960; and in the Communist world the rise—most of it in the U.S.S.R.—amounted to 19½ million tons or 11.6 per cent compared with the previous year's 20¼ million tons or 14 per cent. Of the main producing areas in the free world, the Middle East registered the biggest increase, of about 18 million tons, followed by the Sahara with an increase of 8½ million tons, which was equivalent to nearly a doubling in output. The increase in Canada was about five million tons, and in Venezuela and Argentina over three million tons each. With regular commercial production started in Libya, there are 52 crude oil producing countries in the world.

North America

The 1.6 per cent rise in U.S. production was accompanied by a somewhat higher percentage increase in crude oil imports and in the production of natural gas liquids, but the demand for petroleum products went up by only about one per cent, and there was consequently a substantial increase in crude oil stocks. There was only a very small production increase in Texas, where the Railroad Commission's monthly allocations totalled for the year only 101 producing days in 1961 compared with 104 in 1960 and 126 in 1959—a reflection of the continued increase in productive capacity. For the new year, the outlook for the economy as a whole is favourable, but this is not altogether the case for the domestic oil industry. The Independent Petroleum Association of America forecast a 2.6 per cent increase in oil demand including exports, but stresses that this higher demand may well be fully met from existing high stocks, higher crude oil imports, and a higher output of natural gas liquids, with crude oil production remaining broadly at the same level as in 1961.

Canada went sharply ahead last year under the stimulus of the voluntary production targets set by the federal government. After the boom of the early 1950s, the growth was slowed in 1959 and 1960 with about half the production capacity shut-in. The target (including natural gas liquids) of 640,000 b/d (about 31.5 million tons) for 1961 has now been realised, and the figure of 800,000 b/d for 1963 is considered to be within reach, thanks to increased deliveries to the U.S. where Canadian crudes are exempt from import restrictions, and to the displacing of some imported oil in the Ontario area. Canada's own internal demand is expected to rise by an average of five per cent annually during 1960-70.

Latin America

Production in Venezuela went up last year by only about two per cent to reach 151 million tons, and the country—still by far the world's largest oil exporter—has now yielded place to the U.S.S.R. as the world's second largest crude oil producing country. Last year's rate of increase represents only half the target of four per cent annually set in the Government's four-year plan. Venezuela is, of course, strongly affected by the import restrictions in the U.S.A. where about 45 per cent of her output is at present absorbed, and she has lost outlets in Argentina (now self-sufficient) and in Cuba (supplied by Russia) while the geographical advantage previously enjoyed by Venezuelan oil has been lessened by its comparatively high costs and the imposed pricing policy, by the emergence of new competing areas, and by the economies of the use of very large tankers. The rise in Trinidad of about half a million tons is attributable to higher output from the Soldada marine field.

Of the other Latin American countries Argentina has doubled her output in two years, which reached 12½ million tons during 1961 (and a rate of well over 13 million tons now), compared with 9.1 million tons in 1960, and with 4.4 million tons five years ago. This is the direct result of the decision of the Government and the State oil entity, YPF, to seek the help of foreign capital in finding and developing the country's oil resources. Large-scale exploration is being undertaken to enable the country to remain self-sufficient in the face of rising consumption.

In Mexico, oil production is expanding steadily, accompanied by the increased use of natural gas and natural gas liquids, which has arrested the growth of local oil consumption. Lower imports have been more than offset by higher exports of crude. Brazilian production continues upward, all from the Bahia field, where, however, the scope for still further expansion is relatively small. Last year's output of about 4¾ million tons covered about one-third of the country's oil consumption. Chilean production, all from the south of the country, is half-way towards the goal of 2.2 million tons set for 1965, and meets half the country's needs.

Middle East

The expansion of 18 million tons in the Middle East, though still massive, was much less than the 34 million tons in the preceding year. The region's production rose from 97 million tons in 1950 to 265 million tons in 1960, being an average annual increase over the decade of 10½ per cent; the increase in 1960 over the preceding year was 14.7 per cent, and in 1961 6.7 per cent. Last year's smaller advance reflects, in the main, the reduced rate of expansion in some European markets, higher Saharan exports, and the strong competition from Russian oil.

Kuwait, the region's leading producer and the fourth largest in the world, showed little more than one million tons increase in output due to changes in contract-deliveries and to trading fluctuations. There was, however, a particularly heavy advance of 18 per cent in 1960, and if the two years are taken together, the advances were of the same order as in the other main producing countries of the region. There continues to be substantial expansion in Saudi Arabia with its greatly enlarged reserves, also in Iran, where, however, early last year, the disagreement between Iraq and Iran over piloting and berthing in the Shattel-Arab led to the virtual cessation of exports of products from Iran for a short period. Offshore production in Iran was started by SIRIP (ENI and NIOC) which produced last year only about 300,000 tons, but has plans for 800,000 tons this year and 2,000,000 tons in the next. The other offshore concessionaire—Iran Pan American (Indiana Standard and NIOC)—has now discovered oil.

The future of Iraq is now somewhat uncertain although plans are nearing completion for raising the country's export capacity to around 70 million tons annually, by increased capacity of the pipeline system in the north and by the use of a new deep-water terminal in the south. Last year, production in the north was stepped up by some three million tons to reach a record of about 38 million tons, but the output of the southern fields continued to drop from 12½ million in 1959 to 11½ million tons in 1960, and to about ten million tons in 1961, in view of the much higher port charges payable at Fao since mid-1960 which makes this oil less competitive.

Production in the Kuwait-Saudi Arabian Neutral Zone last year was 8.7 million tons (thus for the first time exceeding the output of Qatar) but is now at a rate of some eleven million tons a year. Over 8,000,000 tons annually (nearly twice the volume in 1958 was produced last year from the land concessions of the Getty and Aminoil interests, while the Japanese-owned Arabian Oil Co. started regular shipments from its offshore concession last April, achieving recently a production rate of some 2½ million tons a year. In Qatar, where all production so far comes from the Dukhan field discovered in 1939, Shell found an offshore field early in 1961 which, however, has not yet been taken into regular production, nor has production yet started from the recent discoveries in the Trucial Coast, Syria and Turkey. In Egypt, production has climbed to 3.7 million tons with the development of COPE's Beylayim field and some new discoveries enlarge the country's potential.

Africa

The French Sahara yielded 1.3 million tons in 1959, 8.5 million tons in 1960, and about 16 million tons in 1961 which was, however, nearly 2,000,000 tons lower than had been forecast, owing to the temporary cut, during the French-Tunisian conflict, of the pipeline to the Tunisian port of Skirra. The carrying capacity of the existing crude oil pipelines from the Algerian fields to the coastal termini of Skirra and Bougie (Algeria) is now about 31 million tons, affording substantial scope for future expansion.

Libya joined the ranks of oil producing/exporting countries only at the end of October 1961 with the completion of the pipeline from the Zelten field to Marsa el Brega on the Mediterranean coast, with an initial annual capacity of over eight million tons; production from this field in 1962 will be of the order of 6,000,000 tons. Furthermore, the pipeline from the Bahri-Dahra field to the port of Sidra will have a capacity of 15 million tons when opened towards the middle of this year, and the initial flow through it will be about 5 million tons a year. Libya's production will therefore leap to some nine million tons this year.

In Nigeria, production has been stepped-up from a rate of about 1,000,000 tons annually at the beginning of 1961 to well over 3,000,000 tons towards the end, thanks to the new terminal facilities at the mouth of the Bonny river. In the former French Equatorial Africa (Gabon and Congo), where a slight decline had been anticipated, output was well maintained at somewhat over 850,000 tons.

Western Europe

Western Europe's production rose once again by about 1½ million tons—about the same rise as in 1960—to reach 16½ million tons, nearly half the increase being in Western Germany. It is striking that in this geologically not very promising region, oil output in 1961 was over three times what it was in 1951. Germany has had an uninterrupted growth since 1950 and accounts for nearly two-fifths of Western European production. Austria still takes second place, but her production continues its slow decline—at 3,665,000 tons in 1956 it was 1½ million tons higher than last year—and may soon be overtaken by Metropolitan France, the Netherlands, and Italy (Sicily), all with a current output of over 2,000,000 tons a year. Yugoslavia has leaped ahead in 1960 and 1961 and has attained virtual self-sufficiency in oil, at least for the time being, by developing its new field in northern Croatia.

Far East

Production in the Far East shows, on balance, little change. In Indonesia it expanded steadily during the 1950s, thanks to the belated development of long-established resources in Sumatra, but there was no net increase last year. With the recent completion of the necessary pipeline and other facilities, Shell's Tanjung field in Kalimantan, discovered as far back as 1938, is now, however, starting production at an approximate rate of 2,000,000 tons annually. In the absence of new discoveries production in British Borneo, virtually all coming from the Seria field in Brunei, is continuing its inevitable decline, as is also the very much smaller production of Western New Guinea. In India, small-scale production started last August from the new Ankleswar field, about 180 miles north of Bombay, and total output should rise to a rate of about 1½ million tons yearly by the latter part of 1962, when the first stage of the refining and pipeline facilities needed to handle the potential production from new fields in Assam is completed.

Eastern Europe

The U.S.S.R. continues with its formidable annual increases in oil output which have brought its production from 71 million tons in 1955 to 166 million in 1961. Last year's rise of 18 million tons or about 12 per cent was two million more than was forecast early in the year and, it is said, nearly ten million tons more than the target originally set for the year under the 1959-65 seven-year plan. The goal now announced for 1962 is 185 million tons, implying an increase of the same dimensions as in 1961, which offers little prospect of any diminution in the pressure to export oil under its bilateral trading arrangements. Mr. Khrushchev's recent long-term programme contains oil production targets of 390 million tons for 1970 and around 700 million tons for 1980, which would mean annual compounded increases averaging ten per cent and six per cent over the two decades respectively. Bigger rises are foreseen for natural gas. Most of the current increases in oil production are from the Ural-Volga region but promising new fields have also been discovered in Siberia, Central Asia and elsewhere.

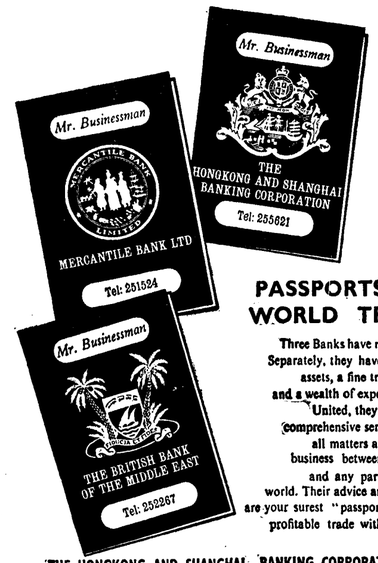
Rumania's production has been almost stationary for the past four years while Hungary has been moving each year towards reaching again (this year) a production of 1.6 million tons, which she had already attained in 1955, before water encroached in the Nagylengyel field. The Albanian plan calls for an output of 947,000 tons in 1965, involving a nearly 50 per cent increase within four years; the country has commitments to export oil to Cuba and Italy. China's oil expansion is believed to have been slowed down recently because of the country's general economic difficulties.—*By Special Arrangement with the Petroleum Press Service.*

World: Estimated Crude Oil Production
(Thousand metric tons)

	1959	1960	1961	% Change 1960-61	1961: % of Total
North America—					
U.S.A.: West of Rockies	41,480	41,118	41,500		
East of Rockies	305,648	306,003	313,000		
	347,073	347,121	353,500	+ 1.6	31.5
Canada	24,875	25,827	30,700	+ 19.0	2.7
	371,948	372,948	384,200	+ 3.0	34.2
Caribbean Area—					
Venezuela	146,578	147,868	151,000	+ 2.1	
Colombia	7,581	7,864	7,500		
Trinidad	5,989	6,126	6,600		
Cuba	27	20	15		
	160,120	161,878	165,115	+ 2.0	14.8
Other Latin America—					
Mexico	13,716	14,125	15,200	+ 7.6	
Argentina	6,350	9,146	12,500	+ 36.7	
Brazil	3,983	3,871	4,720	+ 22.1	
Peru	2,877	2,530	2,550		
Chile	887	945	1,200		
Ecuador	364	361	400		
Bolivia	412	415	370		
	27,189	31,393	36,940	+ 17.6	3.3
Middle East—					
Kuwait	69,533	81,863	83,000	+ 1.4	
Saudi Arabia	54,163	62,065	69,800	+ 12.3	
Iran	45,680	52,060	58,800	+ 13.0	
Iraq	41,780	47,500	49,000	+ 3.2	
Kuwait Neutral Zone	6,051	7,284	8,700	+ 19.3	
Qatar	7,936	8,312	8,300	+ 1.1	
Egypt	2,076	3,372	3,700		
Bahrain	2,253	2,257	2,260		
Turkey	272	362	400		
Israel	128	129	130		
	230,028	264,994	282,790	+ 6.7	25.3
Africa (excluding Egypt)					
Algeria and Sahara	1,803	8,548	16,000	+ 87.4	
Nigeria	547	866	2,200	+ 154.0	
Gabon/Congo (Brazzaville)	758	852	870		
Libya	..	..	500		
Morocco	96	92	80		
Angola	51	66	70		
	2,749	10,424	19,720	+ 89.2	1.8
W. Europe—					
Germany	5,103	5,530	6,220		
Austria	2,459	2,648	2,970		
France	1,695	1,966	2,170		
Netherlands	1,622	1,918	2,100		
Italy	1,778	1,968	2,100		
Yugoslavia	592	941	1,400		
U.K.	84	87	105		
	13,333	14,020	16,465	+ 10.3	1.5
Far East (a)					
Indonesia	18,215	20,592	20,600	+ 0.0	
Br. Borneo	5,449	4,800	4,100	— 10.9	
Japan	406	527	650		
Burma	508	532	542		
India	442	449	500		
Pakistan	319	364	388		
W. New Guinea	245	205	145		
	25,584	27,269	26,925	— 1.3	2.4
Free World—					
Western Hemisphere	559,207	586,214	636,255	+ 3.6	52.5
Eastern Hemisphere	272,589	317,607	345,900	+ 8.9	31.0
Total	831,796	903,831	982,155	+ 5.5	83.3
Of which: Outside U.S.A.	484,723	536,390	578,655	+ 7.8	52.0
Eastern Europe and China—					
U.S.S.R.	129,500	147,900	166,000	+ 12.2	
Rumania	11,433	11,500	11,600		
Hungary	1,098	1,215	1,450		
Albania	479	608	950		
Poland	175	194	200		
Bulgaria	192	200	200		
Czechoslovakia	128	137	150		
China (b)	3,700	5,400	6,600		
	146,845	167,240	186,750	+ 11.6	16.7
World Total	978,489	1,051,070	1,118,905	+ 6.5	100.0

(a) There is also a very small production in Formosa, Thailand and New Zealand.

(b) Including oil from shales and coal; the 1961 figure is based on a general assessment of trends in China and may have to be revised.



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THE INDIAN OXYGEN LIMITED

RISING COST OF PRODUCTION CUTS INTO PROFIT MARGIN

CHAIRMAN, SIR JOHN BROWN'S ANNUAL STATEMENT TO SHAREHOLDERS

IN the annual statement to the shareholders of the Indian Oxygen Limited, circulated along with the Directors' report and audited accounts of the Company for the year ended 30th September 1961, Sir John Douglas Keith Brown, Chairman, has set down the reasons for the Directors' decision only to maintain the dividend for 1960-61 at the previous year's level, in spite of the higher profits made during the year. Sir John says that, considering the higher cost of production and the commitments in respect of the various expansion schemes of the Company and the demands which are likely to be made on it to meet the country's requirement of oxygen, it has been decided not to distribute the higher profit through bigger dividend. Referring to the expansion programme, Sir John points out that, apart from industrial oxygen and dissolved acetylene, with the production of which Indian Oxygen is principally associated in the public mind, the Company has entered many new lines of manufacture. Consequently, the range and diversity of production have increased remarkably in recent years. Dealing with exports, Sir John points out that, with the reorganisation and modernisation of the electrode and equipment plants, the Company's exports of nitrous oxides and electrodes to South-East Asia would increase considerably. The Company has already deputed one of its senior executives to assess the markets for its products in the region.

The following is the full text of Sir John's statement:

"Following the precedent established last year, I am again circulating with the Directors' report and accounts for the year ended 30th September last the statement which I would otherwise make at the forthcoming twenty-seventh annual general meeting.

Profits, Taxation and Dividend

"The profit for the year, after providing Rs. 44,95,981 for depreciation and Rs. 36.25,000 for taxation, amounted to Rs. 71,30,284, as compared with a net profit for the previous year of Rs. 62,98,449 after charging depreciation of Rs. 37,10,806 and taxation of Rs. 38,85,900. Although the profit after taxation shows a fair increase over the previous year, as stated in the Directors' report, it was earned at a relatively lower rate. The reason for this lay primarily in an increase in works cost which, I am afraid, is today all too familiar a trend throughout the Indian economy. Persistent shortage of power in several regions where your Company operates contributed significantly towards these increased costs. Calcium carbide which, as stated by me last year, is now procured almost wholly from indigenous sources, continued to give unsatisfactory yields and also remained in short supply, leading to multiple transfers of our stocks between consuming points at heavy additional cost. The result of all this was an appreciable increase in the cost of production of dissolved acetylene, which has not been compensated by any increase in selling prices.

"A refund of tax on profits of an earlier period received during the year and an amount rendered surplus in the tax provision account on the finalisation of the relative assessments have accounted for a total credit in the appropriation account of Rs. 10,50,133. The question of the disposal of the available balance on profit and loss account of Rs. 57,06,872 has received the most careful consideration of your Directors in the light of commitments in respect of our various expansion schemes and the further demands which seem likely to be made on us to meet the country's requirements of our products. Having regard to all these considerations we decided to recommend a dividend at the rate of 15 per cent, which is the same rate as was declared in respect of the previous year. This dividend, however, will be paid early in March on the share capital of the Company as increased during the year through the rights issue to which members subscribed between the middle of April and the middle of May 1961.

"You will see from the accounts that sales during the year reached a level of just over Rs. 7.56 crores, being about Rs. 1.11 crores higher than the previous year. This represents an increase of a little over 17 per cent and I am sure you will agree that it may be considered very satisfactory, particularly bearing in mind the limitation placed on our sales by power cuts suffered by our customers. Sales of all products increased, including, I am glad to say a satisfactory increase this year in the sales of dissolved acetylene, the sales of which in the previous year, you will recall from my statement, were a little disappointing. I told you last year about the argon purification facilities which the Company had installed at its Burnpur factory and which would, for the first time, allow argon to be produced in India. The benefits accruing to those who use argon in their production processes are clearly indicated by the spectacular increase in the sale of this gas, which is particularly essential in fabricating aluminium. Substantial increases were recorded in the sales of gas-user equipment and electrodes, both of which were manufactured in the two works at Beliaghatta and Khardah respectively in larger quantities during the year. Better availability of bought-out items from feeder industries also allowed us to sell increased quantities of electric welding equipment and equipment for the administration of medical gases.

Finance

"The issue of further share capital which was approved at the last annual general meeting was completed during the year and provided additional finance to your Company to the extent of Rs. 1.08 crores, of which Rs. 48 lakhs was accounted for by the share premium. The subscription of The British Oxygen Company Ltd. of Rs. 64,80,000 towards this rights issue was a valuable contribution towards meeting our requirements of foreign exchange for expansion and this sum has since been earmarked for major projects in hand.

"Capital expenditure incurred during the year amounted to Rs. 1,43,09,027 and almost half of it was accounted for by the purchase of oxygen and dissolved acetylene cylinders from the United States of America against accommodation received from the Export-Import Bank. This provides a timely increase in the stock of cylinders carried by the Company, which otherwise would be considerably strained in meeting the increasing demand for industrial gases.

"Arising out of the increasing tempo of the industrialisation of the country based on a growing volume of steel production, as I have already indicated a further large increase in the demand for our products is anticipated during the third Plan period and subsequently. In view of this we are already giving thought to the next phase of our expansion beyond the programme now under way. Ours being a capital-intensive industry, this will necessarily give rise to additional requirements of finance, particularly foreign exchange, and this important matter is at present receiving careful consideration.

Development and Expansion Programmes

"In my statement last year, I referred to the fact that, by including our industry's requirements, the draft outline of the third Five-year Plan had recognised the importance of industrial gases and electrodes in the country's economy. I have been grateful to find that the Plan, as finally published, has also recognised the importance of liquid oxygen explosives and included requirements thereof in the official Plan targets, showing, incidentally, a larger than fourfold increase during the Plan period.

"Oxygen requirements in the Jamshedpur area have continued to grow and the Company has in hand a programme to install three additional 400M3 oxygen plants in the Jamshedpur factory to augment production from the existing plants. The first of the three additional plants has just recently been installed and trial runs are scheduled to begin almost immediately. The second and third additional plants have been shipped from the United Kingdom and should be installed at the Jamshedpur factory shortly.

"The oxygen and dissolved acetylene factory, which has been built at the new site at Bangalore, was completed during the year, together with an administrative block. Production of dissolved acetylene at the new factory commenced in September this year, while the oxygen plant came on stream in November.

"I mentioned last year that, at Gauhati, we had installed an oxygen plant within the premises of Indian Refineries Ltd. You will be glad to learn that during the year the Company acquired its own plot of land and commenced erecting an oxygen and dissolved acetylene factory at the new site. The oxygen plant which had been installed in the premises of Indian Refineries Ltd. was transferred to the new factory and oxygen production commenced last September. A dissolved acetylene producing plant is now being installed in this factory and it is hoped that production will commence in February 1962.

"An industrial licence for installing a second 400M3 oxygen plant in our Bombay factory was obtained during the year and arrangements are now in hand for its installation in order to increase oxygen availability in the Bombay area, which practically throughout the past year has been barely sufficient to meet the rising demand there.

Production of Electrodes

"Plans have been laid to increase the production of electrodes at the factory at Khardah, near Calcutta, within the present licensed capacity and work was commenced during the year on extending the factory buildings to house additional plant and afford further storage capacity. An industrial licence has also been obtained for setting up a wire mill within this factory and the necessary plant and machinery has already been ordered against import licences in hand. The setting up of this wire mill will render our electrode production independent of suppliers of core wire on the basis of arrangements that are envisaged for obtaining suitable rods for wire drawing.

"Steps have also been taken to supplement the machinery installed in the Equipment Factory at Beliaghatta and to extend the factory premises. The expansion and modernisation of facilities at the Electrode and Equipment Factories will allow the production not only of larger quantities but also of a wider range of products.

"The Company continued during the year to pursue actively the development of indigenous manufacture of items of equipment hitherto imported. As explained by me last year, wherever possible and economic, this is being done by encouraging the growth of feeder industries which are helped with technical assistance and designs. Notable among last year's achievements were the production of the 'Cub' machine, a small oxygen profile cutting machine, as well as items of medical equipment, for the production and assembly of which, at the Equipment Factory at Beliaghatta, an industrial licence was received during the year. Another important step was the indigenous development of 'Indarc' welding transformers, which are now marketed by us.

Diversification

"From all that I have said on this subject of development and expansion you will appreciate that our efforts are not confined to increasing our sales of industrial oxygen and dissolved acetylene in cylinders, with which products we are probably principally associated in the public mind, but that we are making substantial progress on the engineering side of our business also. Those of you who have seen our pavilion at the Indian Industries Fair currently in progress at New Delhi, may have been surprised at the range and diversity of our production, which has increased in both respects to a remarkable degree in recent years. Incidentally, we have been gratified by the many favourable comments which have come to our notice on our exhibit at this Fair, with its accent on progress, indigenous manufacture and diversification, and it gives me great pleasure to commend those responsible for its organisation.

Competition: Official Policy

"In my statement last year, I referred to the policy of the Government of India, which envisaged a widening of the base of ownership in the industrial gases field through new entrants into the industry. In pursuance of this policy, sixteen new industrial gas units have been licensed in the last year and a half. A significant increase has taken place in the total licensed capacity of our competitors in this field and, in the year under review, these licensed capacities have about doubled in both oxygen and dissolved acetylene.

"Perhaps the most important outcome of Government's policy in this regard was the development which took place during the year in connection with the tonnage oxygen plant which your Company had agreed to install at Jamshedpur so as to make available to the Tata Iron and Steel Company Ltd, its requirements of oxygen in the process of steel-making. This projected arrangement was referred to by me in my address to members at the twenty-sixth annual general meeting held on the 14th February 1961. Government's reaction to our application for a licence for substantial expansion at Jamshedpur to allow the installation of this plant has best been summed up by Mr. J. R. D. Tata in his statement as Chairman attached to the fifty-fourth annual report of the Tata Iron and Steel Company Ltd., in the following words:

"'In this connection, I regret to have to report that the Government of India have refused to sanction a very satisfactory arrangement we had concluded with Indian Oxygen Company whereby that Company was to put up, at its own cost, a tonnage oxygen plant at Jamshedpur from which the Steel Company was to purchase on favourable terms its greatly enlarged requirements of oxygen. On the ground that the Indian Oxygen Company already has too large a share of the business, Government have decided that the plant should either be put up by another company in collaboration with a different foreign firm or that the Steel Company should put up the plant itself. As the first alternative would have resulted in delay and unnecessary complications through the presence of two oxygen suppliers at Jamshedpur, and in the loss of certain financial benefits which would have accrued from the proposal initiated with the Indian Oxygen Company we had no alternative but to decide to put up a tonnage plant of our own and to shoulder the additional capital expenditure which will amount to over a crore of rupees.'

"Mr. Tata's statement gave rise to some comment at the time when it was published in August last, the burden of which was that this was a case where economic considerations appeared to be overlooked in favour of ideology. This brings me to the point that, while the social objective of planning is not disputed, in my opinion, the attainment of planned industrial development on an economic basis must receive equal consideration; and I feel that a compromise between the two is possible within the framework of the Government's policy. My suggestion is that, on the basis of the estimated demand during the next five or ten years, an allocation of at least a portion of the considerable additional production capacity required may be made among the existing enterprises after taking into account their relative sizes and technical and financial resources. This will enable them to proceed with perspective planning on a fairly firm basis and will ensure that at least a part of the additional capacity is made available in the most economic manner, in step with the increase in demand, without allowing a particular unit to grow too large. I fear that, unless something like this is done, not only the economies but indeed some of the products themselves of large-scale organisation in this field will be denied to Indian industry.

Export Difficulties

"No one connected with industry in this country today can fail to be acutely conscious of the absolute necessity of increasing exports to enable the mounting demand for imports of essential raw materials and components to be met, and we in Indian Oxygen Ltd. are wholly in sympathy with the Government's aspirations in this regard. I must, however, point out the difficulties that are encountered by an industry such as ours since products like oxygen and acetylene are basically unexportable. However, inasmuch as these products constitute the raw materials for industry in general and facilitate indigenous metal fabrication, their contribution to the solution of this problem lies in the saving of foreign exchange which takes place by the progressive elimination of imports of manufactured items and by incorporation in the manufactured products exported by the Indian engineering industry. Nevertheless, mindful of our responsibilities, we arranged during the year for one of our senior executives to visit the South-East Asian countries to assess the market for such of our products as can be exported. Your Company now exports nitrous oxide and electrodes to this region and we are hopeful that this flow will increase and widen in time with the reorganisation and modernisation of our Electrode and Equipment Factories.

"Your Directors are keenly aware that the years that lie immediately ahead contain a challenge that, in the final analysis, must be met mainly by the competence and stature of the management. Following from this awareness, the top management structure of the Company was strengthened and reorganised during the year by the creation of functional divisions each headed by a Chief Executive. Considerable thought has also been given to training schemes within the Company, some of which were satisfactorily started during the year. A search for talent within the organisation was made and I am glad to say that four members of the staff were selected for intensive management training. You may be interested to know that, as at the close of our financial year, we employed in all 3,763 men and women. Of these, 131 were in the officer grades of whom only six were non-Indians. I take this opportunity to extend once again to our Managing Director, Mr. A. K. Sen, and to his colleagues in the management and to all staff and workpeople our thanks for their part in producing the results which are before you.

"In these days it is essential that an organisation should develop its own personality and this can be done no better than through an efficient system of communications within the organisation itself. Towards this end, and also with a view to projecting the personality of your Company to individuals and bodies outside, the publication of a House Journal called *Oxygen News* was commenced during the year. You will be glad to know that this publication has been well commended for its quality and presentation.

Technical Collaboration

"Active technical assistance continued to be received during the year from our parent company, The British Oxygen Company Limited. Specialist personnel from the parent company visited our factories, studied our problems and gave us most valuable advice to enable us to improve our efficiency. A number of our personnel also visited the establishments of The British Oxygen Company Limited in Great Britain and have undoubtedly benefited from the specialised guidance and training so readily offered them.

"We were particularly glad to welcome a few weeks ago, Mr. T. E. Potts, Managing Director of The British Oxygen Company Limited Group. Mr. Potts stayed with us for about three weeks, visiting Calcutta, Jamshedpur, Burnpur, Madras, Bangalore, Bombay and Delhi in a strenuous and crowded programme.

"Your Directors look forward with interest to receiving shortly from The British Oxygen Company Limited their comments and advice on our future expansion plans, of which Mr. Potts made a particular study during his visit. Visits such as this are invaluable for the opportunities which they afford us to discuss our problems with those who are able to draw on a world-wide experience of our industry. I take the opportunity to record here our thanks not only to Mr. Potts but also to the Chairman and the other members of the Board of the parent Company.

"In June last The British Oxygen Company Limited celebrated the seventy-fifth anniversary of its incorporation and on the occasion held a conference of Chairmen and Managing Directors of all its associated companies overseas. Your Managing Director, Mr. A. K. Sen, and I had the pleasure and the privilege to attend this conference, which gave us a welcome opportunity of meeting our counterparts in the other companies and discussing common problems. We also gained an insight into the wide range of interests covered by the parent company and the scale of effort which is being devoted to research and development, in the benefits of which we in Indian Oxygen Limited will continue to share.

Prospects

"It is too early in the new financial year to give you any firm indication of the likely trend of profits this year. Sales so far compare favourably with the corresponding period in the previous year and, having regard to the continuing development of the metal using industries, we would expect this progress to be maintained. At the same time, we found that, in the second half of our last financial year, our activities were affected by power shortages, and I fear that this is a feature which will, unfortunately, recur for some years yet. We have also to bear in mind the increase in the cost of production to which I have referred earlier in this statement. Nevertheless, we have no reason to fear that our profits will not be maintained and indeed, it would be reasonable to expect some modest increase. At the same time, I must again point out that the extent of our existing foreign exchange liabilities and the prospects of our having, within the next few years, to shoulder further loan liabilities, demand from shareholders the exercise of a degree of patience. Our prosperity is, I would repeat, tied up with the growth of important sectors of the country's expanding industry and I am confident that, organised as we are on the basis of technical competence, service to our customers and personnel, who have the welfare of the Company and its growth at heart, our performance in the years ahead will be found not wanting."

Note: This does not purport to be a record of the proceedings of the annual general meeting.

Silicone-aluminium paints which are claimed to be able to withstand working temperatures up to 550 degrees Centigrade for long periods and little affected by exposure to the weather are now being produced by Rayweir Products, of Freshwater Road, Chadwell Heath, Essex. The paints are also said to be resistant to many chemicals at moderate temperatures. It is stated that the principal uses for these paints are for maintenance work, decorative finishes for some domestic appliances and protective coatings for industrial equipment. For maximum protection the paints are used in conjunction with silicone zinc primers.

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SISTA'S

THE ASSOCIATED CEMENT COMPANIES, LIMITED

TWENTY-FIFTH ANNUAL MEETING

SPEECH OF CHAIRMAN, MR. DHARAMSEY M. KHATAU

SPEAKING at the Twenty-fifth Annual General Meeting of the Associated Cement Companies Limited, held in Bombay on Friday, 19th January 1962, the Chairman, Mr. Dharamsey M. Khatau, said: "Although the year under review has been one of further progress for the cement industry in the country—in terms of increased production and despatches—rising costs of materials and services have more than offset the benefits accruing from this increase in production. Our financial results for the year are rather disappointing, despite the fact that the effective installed capacity and actual production were higher. Profits have declined due to an abnormal rise in the cost of coal, stowing excise duty, railway freight and electric power-supply rates. The incidence of these increases was higher than the economies effected by continuous technical and other improvements. There was also loss of production at some works, mainly due to coal and power shortages, and loss of despatches due to paucity of railway wagons, which, to some extent, was aggravated by the strike of the Central Government employees in July 1960. The cumulative result of all these factors was that the ratio of production to capacity could not be maintained at the level of the previous year."

Coal Shortage

Referring to the acute coal shortage in the country, the Chairman stated that the timely action by the Ministry of Commerce and Industry, following representations by the Company, had enabled its factories to tide over this coal famine. "I would, however, refer here," Mr. Khatau continued, "to two factors which currently threaten to make matters difficult for the cement industry—the deterioration in the quality of coal supplied and the new B.O.X. type wagon introduced by the railways. While the quality of coal has been lowered as a matter of Government's general policy of conserving high grade coal, the new type wagons, which, owing to their outsize dimensions, cannot be weighed on the existing weighbridges, have been responsible for considerable short-loading of coal resulting in heavy losses to the consumer. Your Company is continuously taking such steps as are possible to meet the situation."

Packing Charges

The Chairman mentioned another setback suffered by the Company as a result of Government's arbitrary decision in fixing the packing charges for cement for the last quarter of 1960, at rates far below the rates recoverable from consumers. This decision caused heavy losses to the Company, though repeated and urgent representations by the industry persuaded Government later to allow the industry to pack a portion of its cement in sound reusable bags as from 1st January 1961. He observed:

"While the decision was in itself most welcome, it was vitiated by the fact that a completely unrealistic low charge of Rs. 13 per metric ton, which bore no relation to the prevailing market prices, was fixed as the average packing charge for new and used bags taken together. This further added to your Company's losses on account of packing charges. Further repeated representations by the industry finally led Government to adopt a realistic basis for fixing the average cost of new and reusable packing materials. However, the heavy initial losses which your Company suffered on this account could not be recouped during the period under review."

Dividend

On the question of dividend, Mr. Khatau said:

"Blocked as we were by a fixed retention price, already too low, it was inevitable that, against the tide of rising costs of materials and services, the profits of the Company should steadily diminish over the past three years. During the year under review, the unexpected happenings to which I have referred above made further inroads into our profits. In the last three years, the Company has had repeatedly to dip into its meagre reserves to be able to pay a modest dividend to shareholders. This year the withdrawal from reserves has been as high as Rs. 98 lakhs.

"Despite the reduction in the net distributable profits as compared to last year, your Directors have decided to maintain the dividend at the same level, namely, Rs. 12 per share, subject to deduction of tax. Your Company has been emboldened to do this in the hope that the relief which has come—although belatedly—by way of a higher retention price, will yield better results in the next few years."

Tariff Commission

Reviewing the circumstances that led to the belated Tariff Commission inquiry into cement prices, after Government's refusal to grant interim relief despite the industry's numerous representations, the Chairman said:

"It was hoped that the inquiry would be completed in time for Government to announce the revised price from 1st July 1961—that is, immediately after the expiry of the previous price-period. The revised price, however, came into effect only on 1st November 1961, thus putting the industry and your Company to a further substantial loss of earnings.

"I think I must dispel the belief held in certain quarters that the price increase granted to the industry by Government is generous. The increase awarded falls considerably short of what was expected to enable your Company even to earn a reasonable net return on capital employed, much less to recoup past loss of earnings or to energise it for a vigorous future.

"I should like to say that the general approach of the Tariff Commission to the question of revision of cement prices was, by and large, fair. It has shown a sympathetic awareness of the difficulties which the industry has had to face. Stating that cement ranks in importance next to iron and steel in the economic development of the country, it recommended certain steps to stimulate the industry's growth on a high priority basis. The fact that its final recommendations, pruned still further by Government fell short of our expectations, does not take away the basic merit of its method of approach.

Recommendations Scaled Down

"After carefully investigating all the factors involved, the Tariff Commission recommended an effective increase of Rs. 12.11 per tonne in the retention price allowed to your Company—which did not cover its full requirements. Unfortunately, Government has scaled down even this increase in price by Re. 1.25 per tonne. It is frustrating to note that the recommendations of an independent statutory body, made after a most detailed and searching scrutiny of costs, should have been scaled down by Government.

"It is to be regretted that, once again, the Tariff Commission declined to consider the payment of bonus to employees and Managing Agents' remuneration as legitimate items of cost. It is also to be regretted that the Tariff Commission has not recommended automatic escalator clauses to cover subsequent increases in the price of fuel and power, railway freight rates, and increased dearness allowance linked to the cost of living index. The Commission has apparently left it to Government to vary the price in relation to these factors as circumstances may warrant. This is unfortunate, because our past experience shows that redress in such matters by Government is, unhappily, too long delayed.

"The Tariff Commission recommended that the new prices should come into operation from 1st July 1961 and remain in force till 30th June 1964, that is, for three years. Government has, however, made the new prices operative only from 1st November 1961 and has extended the duration to 31st March 1966. In an era of steadily rising costs, a fixed price for a period of nearly five years is, in my opinion, bound to affect the industry adversely."

The Chairman added that all these matters will be taken up with Government through the Cement Manufacturers' Association which was formed in February 1961 to protect the interests of the cement industry.

On the question of the current and future demand for cement, the Chairman mentioned that, during the year under review, there was a rise in the tempo of demand in all sectors, which available supplies were unable to keep pace with, due partly to shortages in production and partly to inadequacy of rail transport. To meet this transport gap at least partially, the Company had been developing the transport of cement by road where conditions are favourable and, during the year, the Company was able to transport nearly 25 per cent of its despatches of cement by road. Mentioning the reimposition of control over distribution of cement by State Governments, the Chairman felt that the shortage of cement was likely to continue for some time and added:

"The Planning Commission has estimated the demand for cement at 13.2 million tonnes in 1965-66 and has fixed a target of 15.24 million tonnes of capacity to be achieved by the end of the third Five-year Plan period. This seems to be a realistic target both financially and technically."

Judging from the present trends, however, the Chairman felt that a prodigious effort was necessary to achieve these targets. While welcoming the appointment by Government of the two important Panels for the cement industry—one to look into the problems facing it and to stimulate research and development, and the other to increase its productivity, he hoped that these panels would see that bottlenecks impeding production and productivity are expeditiously removed. Mr. Khatau continued:

"Judging from the performance of the industry under prevailing conditions, production is likely to be about 10 per cent lower than demand over the next few years, unless prompt action is taken to secure for the industry reasonable foreign exchange facilities, adequate supplies of coal, power and wagons for the movement of raw materials as well as the finished product. It is also necessary that the resources and 'know-how' of established manufacturers of cement should be utilised to the fullest extent possible."

Expansion and Rehabilitation

Reviewing the Company's planned programme of expansion, rehabilitation and modernisation, Mr. Khatau reported the completion of the second unit at Mancherial raising its rated capacity to 3.3 lakh tonnes and that of the blast furnace slag cement project at Chaibasa and the slag granulation plant at Jamshedpur. Though the manufacture of blast furnace slag cement had commenced soon after, owing to preliminary teething troubles, the licensed capacity of 1.7 lakh tonnes of slag cement could not be fully achieved. The Chairman, however, said that the Company as well as the T.I.S.Co. were making every effort to increase the slag cement output. The work on the construction of administrative and residential buildings for the Company's new dry process cement plant at Jamul (formerly Durg) was progressing according to schedule and the bulk of the machinery for this plant was being manufactured at A.C.C. Workshops. The construction of factory structures for the extension to Dwarka works, which would raise its annual capacity from 2.46 lakh tonnes to 3.5 lakh tonnes, had already commenced.

Refractories and Silvicrete

The extension to the Company's refractory plant at Katni raising its capacity from 17,640 tonnes to 30,000 tonnes a year, was also completed and the annular kiln was put into operation recently. Efforts in diversification in the manufacture of products like Accoset-50, Acco-cid, ceramic grinding media, etc., were being intensified. The demand for the Company's Silvicrete white cement was steadily growing and that product has been well received. The construction work on the foundations and structures of the new white cement plant at Kymore with an annual capacity of 25,000 tonnes had been completed.

New Products

Mr. Khatau also announced that the Company had commenced at its Shahabad works the manufacture, for the first time in India, of a special cement known as oil well cement for the Oil and Natural Gas Commission, for use in oil wells in Assam and Gujarat. The demand for this product was at present small, but it is likely to increase with the development of the country's oil resources. The Chairman also reported that the Company had successfully manufactured a portland cement with water-repellent properties which would overcome in a large measure the storage and handling difficulties experienced at present by the cement consumer under highly humid and moist conditions. The new product will be marketed in the near future.

New Engineering Works At Shahabad

Continuing, the Chairman reported that the Company's new Engineering Works at Shahabad, which was only in the planning stage last year, had made considerable progress. The factory buildings and housing colony were coming up and most of the plant and machinery required for the project had been ordered from abroad and some had already arrived at site.

A.C.C.-Vickers-Babcock Ltd.

Referring to the completion of the A.V.B. Heavy Engineering Works, the Chairman stated that the factory had commenced partial production and had already secured orders for the manufacture of boilers as well as cement machinery. The Chairman cautioned, however, that a capital-intensive project like the A.V.B. would take a few years before it could materially add to the profits of A.C.C.

Pakistan

The Chairman also announced that negotiations for the sale of the Company's factories in Pakistan had now reached the final stage and the matter would be placed for the consideration of the shareholders at the meeting.

Managing Agency

The Chairman then referred to the Company's proposals for the extension of the duration of the Managing Agency Agreement from five to ten years and raising the Managing Agents' remuneration to 7½ per cent. The matter was under negotiation with Government and the Chairman expressed the hope that, in view of the time-consuming nature of the Company's development projects and the special responsibilities shouldered and services rendered by the Managing Agents, Government will appreciate the Company's views and accede to its request.

Labour-Management Relations

Reviewing labour-management relations, Mr. Khatau stated:

"The labour situation at our Cement Works was fairly peaceful, principally because in co-operation with our unions, we had voluntarily implemented the Wage Board recommendations. A part of the credit for this satisfactory position must also go to the Chairman of the Wage Board whom the Government of India constituted as the central machinery to resolve differences of interpretation arising in the process of implementing these important recommendations.

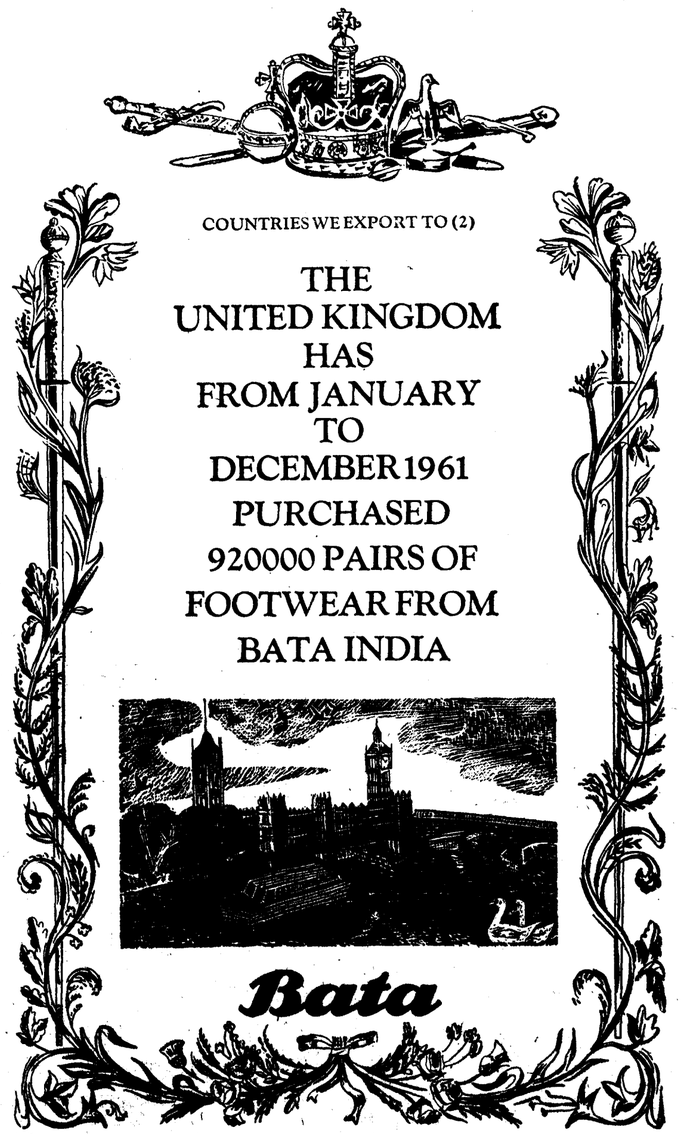
"I am afraid our collieries have a different story to tell, because there were no less than five strikes during the year 1960-61, and similar interruptions in production have continued during the current year also for no valid reasons. The principal cause of this sorry state of affairs is the irresponsible attitude and behaviour of union leaders whose continued indulgence in factional fights has seriously interfered not only with the production of coal but also with the peace of the Kotma colliery and its colony. The Code of Discipline which all the central organisations of labour had accepted is not always being implemented. This is most unfortunate, for, if it is to bring about any appreciable improvement at all, it must be continuously acted upon as an article of faith by all the contracting parties. In this joint endeavour, the role of the Government cannot be overemphasised. There have been frequent complaints against the procedure adopted by the machinery set up by the Central and the State Governments to implement the Code."

Bonus

In spite of lower net profit this year, the Chairman said, the Directors had decided to maintain the rate of bonus to the employees at the same level as the previous year, solely with a view to preserving cordiality of labour-management relations. As a result, the large majority of employees, particularly those in the lower scales of pay, would receive substantially higher amounts of bonus, in view of the increase in their basic wages, as recommended by the Cement Wage Board.

Mr. Khatau concluded with an expression of warm appreciation of the hard work and unstinted co-operation of all the Company's employees.

Note: This does not purport to be a report of the proceedings of the annual general meeting which will be sent separately to shareholders on request.



Balance Sheet of the State Bank of Hyderabad as at 31st December, 1961

As at 31-12-1960 Rs. nP.	CAPITAL AND LIABILITIES	As at 31st December 1961 Rs. nP.	Rs. nP.
	1. Capital—		
1,00,00,000·00	Authorised Capital—1,00,000 Shares of Rs. 100/- each	1,00,00,000·00	
50,00,000·00	Issued Capital (pursuant to Section 10 (1) of the State Bank of Hyderabad Act 1956 as amended by Part VII of the Third Schedule to the State Bank of India (Subsidiary Banks) Act, 1959)—50,000 Shares of Rs. 100/- each		50,00,000·00
	2. Reserve Fund and Other Reserves—		
27,00,000·00	As per last Balance Sheet	28,85,000·00	
1,85,000·00	ADD—Amount transferred from the profit for the current year	4,15,000·00	
28,85,000·00			33,00,000·00
	3. Deposits and Other Accounts—		
9,27,52,224·14	Fixed Deposits	11,90,74,419·53	
2,26,59,024·99	Savings Bank Deposits	2,83,73,173·69	
7,85,61,831·52	Current Accounts, Contingency Accounts, etc.	9,74,91,634·65	
19,39,73,080·65			24,29,39,227·87
	4. Borrowings from Other Banking Companies, Agents, etc.—		
39,68,387·45	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
39,68,387·45			Nil
	PARTICULARS—		
39,68,387·45	(i) Secured by Government Securities per contra	Nil	
Nil	(ii) Unsecured	Nil	
93,06,615·93	**5. Bills Payable**		1,25,75,133·69
	6. Bills for Collection Being Bills Receivable as per contra—		
63,91,890·29	(i) Payable in India	65,61,785·68	
1,13,032·72	(ii) Payable outside India	1,52,520·94	
65,04,923·01			67,14,306·62
16,721·97	**7. Other Liabilities—** Rebate on Bills Discounted	10,859·23	
	Inter-Office Adjustments (inclusive of unadjusted items on account of Agency and Currency Chest transactions due to Reserve Bank of India)	1,04,03,959·58	
1,52,78,142·14			1,04,14,818·81
1,52,94,864·11			
54,82,185·41	**8. Acceptances, Endorsements and Other Obligations** per contra		71,83,855·60
	9. Profit and Loss—		
4,687·00	Balance of Profit as per last Balance Sheet	9,406·96	
9,14,719·96	ADD—Profit for the year ended 31st December, 1961	12,19,161·80	
9,19,406·96		12,28,568·76	
	LESS: Appropriations thereof— Rs. nP.		
3,00,000·00	Amount set aside for payment of dividend	3,00,000·00	
1,85,000·00	Amount transferred to Reserve Fund	4,15,000·00	
1,20,000·00	Amount transferred to Pension Fund	1,20,000·00	
5,000·00	Amount transferred to Staff Welfare Fund	7,500·00	
3,00,000·00	Bonus to Staff	3,50,000·00	
9,406·96		11,92,500·00	
			36,068·76
	10. Contingent Liabilities—		
55,275·00	Claims against the Bank not acknowledged as debts	63,669·71	
91,154·54	Bills of Exchange rediscounted (The liability has fully run off as on 11th January 1962)	11,820·58	
Nil	Outstanding Forward Exchange Contracts	Nil	
Nil	Guarantees given on behalf of Directors or Employees of the Bank	Nil	
10,91,897·38	Guarantees given on behalf of others	37,04,045·96	
3,70,000·00	On partly paid shares (Rs. 50,000 in respect of 100 shares of the Central Warehousing Corporation and Rs. 3,00,000 in respect of 10 shares of the Re-finance Corporation for Industries Private Ltd.)	3,50,000·00	
24,23,74,468·83	Total .. Rs.		28,31,62,911·35

As at 31-12-1960 Rs. nP.	PROPERTY AND ASSETS	As at 31st December 1961 Rs. nP.	Rs. nP.
	1. Cash— In hand and with the Reserve Bank and State Bank of India (including Foreign Currency Notes and cash in transit)		2,28,10,952·03
	2. Balances with Other Banks on Current Account—		
5,69,622·92	(i) In India	6,50,650·06	
5,09,725·85	(ii) Outside India	12,183·10	
10,79,348·77			6,62,833·16
Nil	**3. Money at Call and Short Notice**		1,27,00,000·00
	4. *Investments—		
9,31,22,448·44	(i) (a) Securities of the Central and State Governments and Trustee Securities (at or below market value)	8,43,34,892·05	
	(b) Other Trustee Securities—		
40,95,000·00	(1) Shares, Debentures and Bonds (at cost—for which there are no market quotations)	19,71,500·00	
99,500·00	(2) Land Mortgage Bank Debentures (at market value)	2,96,000·00	
30,000·00	(3) Partly paid shares (at cost—for which there are no market quotations)	50,000·00	
	(ii) Shares (at cost—for which there are no market quotations)—		
50,000·00	(a) Fully paid shares of State Bank of Pakistan	50,000·00	
2,00,000·00	(b) Partly paid shares	2,00,000·00	
1,00,000·00	(iii) Debentures or Bonds (at cost—for which there are no market quotations)	1,00,000·00	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold *Of which Government securities of the face value of Rs. 4,85,53,142·86 nP are pledged against borrowings as per contra.	Nil	
9,76,96,948·44			8,70,02,392·05
8,23,99,050·43	**5. Advances** (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)— (i) Loans, Cash Credits, Overdrafts, etc.— Rs. nP. (1) In India .. 11,17,88,991·59 (2) Payable outside India Nil	11,17,88,991·59	
2,47,23,352·88	(ii) Bills Discounted and Purchased— (i) Payable in India 2,73,10,081·80 (ii) Payable outside India .. .. 8,89,103·58	2,81,99,185·38	
10,71,22,403·31	PARTICULARS OF ADVANCES: See separate Statement appended.		13,99,88,176·97
	6. Bills Receivable Being Bills for Collection as per contra—		
63,91,890·29	(i) Payable in India	65,61,785·68	
1,13,032·72	(ii) Payable outside India	1,52,520·94	
65,04,923·01			67,14,306·62
54,82,185·41	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		71,83,855·60
	8. Premises Less Depreciation—		
26,30,909·41	Total cost upto 31st December, 1960	26,42,799·57	
11,890·16	Additions during the year	92,782·55	
26,42,799·57		27,35,582·12	
Nil	LESS: Deductions during the year	635·19	
26,42,799·57		27,34,946·93	
3,78,930·41	Total depreciation written off upto the 31st December, 1961	4,35,408·38	
22,63,869·16			23,00,538·55
	9. Furniture and Fixtures Less Depreciation—		
26,82,646·50	Total cost upto the 31st December, 1960	30,04,001·89	
3,21,843·12	Additions during the year	2,90,720·68	
30,04,489·62		32,94,722·57	
487·78	LESS: Sales during the year	528·95	
30,04,001·89		32,94,193·62	
17,54,744·00	Total depreciation written off upto the 31st December, 1961	19,16,034·25	
12,49,257·89			13,78,159·37
	10. Other Assets including Silver—		
567·00	Silver	567·00	
36,49,520·44	Adjusting Account of Interest, Commission, etc.	44,82,751·68	
5,87,762·43	Stationery, Stamps and Suspense	9,06,687·42	
16,40,210·95	Advance Payment of Income-tax	18,80,210·95	
58,78,060·82			72,72,197·00
1,60,000·00	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		1,50,000·00
24,23,74,468·52	Total .. Rs.		28,31,62,911·35

Particulars of Advances

As at 31-12-1960 Rs. nP.		As at 31-12-1961 Rs. nP.	As at 31-12-1960 Rs. nP.		As at 31-12-1961 Rs. nP.
8,12,86,538·12	(i) Debts considered good in respect of which the Bank is fully secured.	11,62,27,786·28	28,146·42	(v) Debts due by directors or officers of the Bank or any of them either severally or jointly with any other persons	81,246·32
1,11,68,386·85	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	93,80,500·06		(vi) Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members (including Rs. 2,17,92,375·78 on account of advances made to companies, which are guaranteed by the Government of Andhra Pradesh)	3,80,90,978·36
1,46,67,478·34	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	1,43,79,940·63	2,00,17,313·32		
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil		(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons	84,700·70
			40,157·74		
				(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members (including Rs. 2,17,92,375·78 on account of advances made to companies, which are guaranteed by the Government of Andhra Pradesh)	3,80,90,978·36
			2,00,17,313·32		
10,71,22,403·31	Total .. Rs.	13,99,88,176·97	6,25,728·88	(ix) Due from banking companies	1,86,112·88

(Continued in next page)

FAIR PRICE FOR CALCIUM CARBIDE REVISED

LACK OF SUITABLE RAW MATERIALS IMPEDES GROWTH

AS in the case of soda ash (which was dealt with in these columns last week), the calcium carbide industry, too, has come in for a raw deal at the hands of the Government of India in respect of its fair selling prices. The fair prices recommended by the Tariff Commission has been reduced by the Government. The fair ex-works prices for calcium carbide fixed by the Government is Rs. 44 for 50 kgs. of 4/80 mm size in 50-kg. packing and Rs. 43.25 for 100-kg. packing. The prices recommended by the Commission were Rs. 45.50 and Rs. 44.75 per 50 kgs. for the two varieties, respectively. The reduction made by the Government is thus Re. 1.50 per 50 kgs. in each case, or a little over 3 per cent. These prices, which will be in force till the end of 1962, are exclusive of transportation charges from the factory, local taxes, selling commission, etc. But bulk consumers, using ten tonnes or above per month, on a regular basis, are entitled to get this chemical at the ex-works selling price, without any addition of selling commission. In other cases, the selling commission is restricted to Rs. 4 per 50 kgs.

The downward revision of prices is a sequel to the Government's rejection of the Commission's premise that the rates of consumption of raw materials and the cost of raw materials have gone up since the time of the previous public inquiry in 1958. The Government stresses that there is no justification for a higher rate of raw material consumption than that estimated previously by the Commission in 1958. This argument is rather unconvincing. For the industry has grown considerably since 1958, when there was only one major unit engaged in the manufacture of calcium carbide, namely, the Birla Jute Manufacturing Company Ltd., Calcutta. Since then, a unit in Madras, which had been previously producing calcium carbide on a small scale, has now started large-scale commercial production. Besides, a new unit has been put up near Bombay by the Calico Mills. The expansion of the industry has led to greater demand for raw materials. In view of the general inflationary conditions, the prices of raw materials and fuels must have gone up considerably. Equally important is the fact that those units located in South and Western India have been at a distinct disadvantage in respect of such raw materials as coal, charcoal and petroleum coke. The difficulties of the industry have been aggravated by the Government's indifference to develop the new sources of deposits of good quality limestone, the major raw material, which have already been located. Again, it would appear that the industry will have to depend on imports for petroleum coke, which had been available indigenously so far.

The Commission's original recommendations themselves in certain respects fell short of the industry's demands. The industry had pleaded for a margin for contingencies of Rs. 25 per tonne, or 3 per cent of the cost of production, on the score of high cost of production and loss of output due to occasional breakdowns. The Commission, however, added only Rs. 15 per tonne to the works cost for covering marginal increases in cost. The rate of return on capital employed was also fixed by the Commission at a mere 8 per cent, with the element of working capital estimated as equivalent to five *months'* cost of production. While arriving at the fair ex-works price, the Commission's report stressed the fact that any further reduction in the return on capital would put the Bombay and Calcutta units at a disadvantage. As regards depreciation, the Commission made provision on the written down value at normal rates under the Income-tax rules, including the second-shift allowance.

It is on the above basis that the Commission had worked out the fair ex-works price at Rs. 44.46 per 50 kgs. for Birla Jute Manufacturing Company Ltd. and Rs. 42.34 per 50 kgs. for Industrial Chemicals Ltd., Madras. Although the Commission did not receive the cost of production of Calico Mills' unit, it was of the opinion that as this unit was located at a considerable distance from the sources of raw materials, its cost was not likely to be lower than that of the Calcutta unit. In respect of the Madras unit, though it is nearer to sources of raw materials, it is situated far away from consuming centres, resulting in considerable freight disadvantage. On balance of considerations, the Commission came to the conclusion that Rs. 44.46 (exclusive of 50 nP towards selling expenses) per 50 kgs. was a fair ex-works price for the industry as a whole.

According to the Tariff Commission's report, fair ex-works price (average fair ex-works prices of Birla Jute and Industrial Chemicals), as calculated by it, namely, Rs. 45.90 per 50 kgs., including the provision made for freight disadvantage is 88.13 per cent higher than the landed cost ex-duty of the imported product, which is Rs. 24.75 per 50 kgs. On this basis, the industry has a claim for tariff protection at the rate of 88.13 per cent *ad valorem*. But, in view of the sheltered market on account of import restrictions, the protective duty recommended by the Commission was 50 per cent *ad valorem* only. The Government has accepted this recommendation. Incidentally, protection will be effective upto 31st December 1964.

The industry has been receiving protection since 1956. Under the umbrella of protection, the industry has made good progress. The annual installed capacity has risen from 4,050 tonnes in 1958 to 34,500 tonnes as of 1961. This has been the result partly of expansion of the two old plants, namely Birla Jute (from 3,300 tonnes to 12,300 tonnes) and the Industrial Chemicals (from 750 tonnes to 9,000 tonnes). The new unit of the Calico Mills Chemical Division, which has started production since 1961, accounts for an installed capacity of 13,200 tonnes. It may be noted that the total installed capacity of the industry exceeds the licensed capacity by 10,700 tonnes. The Commission has, therefore, asked the authorities concerned to rectify this anomaly.

The production of calcium carbide has also gone up considerably, that is, from about 3,803 tonnes in 1958 to an estimated 21,000 tonnes in 1961. Two more units are expected to come into operation. One is old, namely, the Travancore Electro-Chemicals Industries Ltd., which was closed down in 1955; this is expected to reopen during the course of this year. It will have an annual capacity of 10,000 tonnes. The other is a new unit, with a capacity of 13,200 tonnes, which is being established at Kotah (Rajasthan) by the D.C.M. Chemical Works. This, however, is not expected to begin operations before 1964. The following table shows the trend of actual production between 1958 and 1960 and estimates for 1961 and 1964:

(Tonnes)

	1958	1960	1961*	1964*
Birla Jute Manufacturing Co., Ltd. ..	3,441	7,755	8,500	8,500
Industrial Chemicals, Ltd. ..	362	2,319	8,500	8,500
Travancore Electro-Chemicals Ltd. ..	..	..	..	9,500
Calico Mills, Chemical Division ..	..	..	4,000	12,500
D.C.M. Chemical Works ..	..	..	..	..
Total ..	3,803	10,074	21,000	39,000

* Estimated.

The present rate of production is almost sufficient to meet the domestic demand. The domestic demand has gone up from 13,000 tonnes in 1958 to 17,000 tonnes in 1960 and is expected to rise to 55,000 tonnes by 1964. The calcium carbide is used mainly in the manufacture of acetylene for welding, in organic chemicals and plastics. It is also used for lighting and mining purposes.

At present, the industry is handicapped by lack of suitable grade of limestone, which is the chief raw material, as also coke and cheap power. The main difficulty in regard to limestone is lack of communication and transport facilities in areas where large deposits of high-grade limestone have been located by the Geological Survey of India. In order to step up the supply of coke, the Commission has recommended the need for manufacturing high-grade coke at the Durgapur coke over plant on a priority basis. As the Commission observes, given adequate supplies of suitable raw materials and electricity, there is every prospect of the industry being able to produce calcium carbide of good quality at prices comparable to those of imported product.

State Bank of Hyderabad—*Continued*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1961

Year ended 31-12-1960 Rs. nP	EXPENDITURE	Year ended 31-12-1961 Rs. nP	Year ended 31-12-1960 Rs. nP	INCOME (Less provisions made during the year for bad and doubtful debts and other usual or necessary provisions after taking credit for Income-tax deducted at source)	Year ended 31-12-1961 Rs. nP
38,50,749·00	1. Interest paid on Deposits, Borrowings, etc.	50,03,392·91			
	2. Salaries and Allowances and Pension and Provident Funds (including Salary and Contributions towards retiral benefits of the General Manager Rs. 40,711·53) (Previous year Rs. 36,335·15)	45,45,525·67	76,30,440·21	1. Interest and Discount	92,34,613·16
41,34,680·28			22,96,555·94	2. Commission, Exchange and Brokerage	27,27,245·41
7,404·57	3. Directors' Fees and Allowances	8,848·15	61,583·92	3. Rents	65,255·51
2,56,787·60	4. Rent, Taxes, Insurance, Lighting, etc.	2,93,599·18		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	873·42
10,448·79	5. Law Charges	10,994·71	Nil		
2,29,998·85	6. Postage, Telegrams and Stamps	2,67,989·22		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
5,000·00	7. Auditors' Fees	5,000·00	Nil		
2,37,412·90	8. Depreciation on and Repairs and Other Charges to the Bank's Property	2,78,788·07		6. Income (net) from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	Nil
1,99,345·75	9. Stationery, Printing, Advertisement, etc.	2,90,971·96	5,965·86		
Nil	10. Loss from (net) Sale of or Dealing with Non-Banking Assets	1,170·89		7. Other Receipts (including Subsidy from the State Bank of India in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959, Rs. 1,60,589·32)	1,31,071·67
3,30,276·80	11. Other Expenditure	3,46,631·51			
9,14,719·96	12. Balance of Profit	12,19,161·80	1,41,843·66		
1,01,36,669·59	Total .. Rs.	1,22,12,069·17	1,01,36,669·59	Total .. Rs.	1,22,12,069·17

REPORT OF THE AUDITORS

To THE STATE BANK OF INDIA:

We, the undersigned Auditors of the State Bank of Hyderabad, appointed under Section 41 (2) of the State Bank of India (Subsidiary Banks) Act, 1959, report on the Balance Sheet and Accounts of the Bank as at the 31st December, 1961.

We have examined the above Balance Sheet of the State Bank of Hyderabad as at the 31st December 1961, and the Profit and Loss Account for the year ended upon that date with the Accounts and Vouchers relating thereto of Head Office and with the Returns submitted and certified by the Branch Managers, which Returns have been incorporated in the above Balance Sheet and Accounts, and report:

(i) that, in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(ii) that, where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory;

(iii) that, the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(iv) that, the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit;

(v) that, the Profit and Loss Account shows a true balance of profit for the year covered by such Account;

(vi) that, in our opinion the Balance Sheet and the Profit and Loss Account are drawn up in conformity with the law and;

(vii) that, in our opinion Books of Account have been kept by the Bank as required by law.

S. B. BILLIMORIA & CO.,
Chartered Accountants.

HYDERABAD (A.P.),
Dated 16th January, 1962.

M. V. SUBBA RAO,
Superintendent, Advances and Investments.

M. H. LATIF,
Secretary.

SATYA DEV,
General Manager.

P. C. BHATTACHARYYA, *Chairman.*

A. R. THANAWALA,
PANNALAL BANSILAL PITTI,
LIAKAT JUNG,
B. MUKERJI,
A. H. ELIAS,
R. P. GOYAL,
RAMDEV RAO,
A. H. VENKAT RAO,
A. BAKSI. *Directors.*

PATTERN AND REGULATION OF LIFE INSURANCE INVESTMENTS

POST-WAR TRENDS IN SOME COUNTRIES

A COMPARATIVE study of investment of life insurance funds in selected countries, published in a recent issue (November 1961) of the *Reserve Bank of India Bulletin*, reveals some interesting trends in investment of life funds in the post-war period. Although lack of uniform data makes it difficult to compare the pattern of investments in various countries, on the basis of such information as is available, the study draws certain broad conclusions.

In almost all developed countries, life insurance is a very important form of personal savings. The increase in life insurance in force in India by nearly eight times between 1937 and 1960 compares favourably with the trend in some of the industrially advanced countries. As a percentage of national income also, life insurance in force has shown a steady rise in India from 8.1 in 1950 to 15.9 in 1960. But this does not mean, we must hasten to add, that the growth of life insurance in this country has been satisfactory, or adequate from the national, as well as individual, point of view. For, although the hundred per cent rise in ten years appears striking on the face of it, the ratio of life insurance to national income is still one of the lowest in the world and far below that of other countries. The total life insurance in force, as a ratio to national income, is the highest in Canada, being 178.5 per cent, followed by the U.S. (140.5 per cent), New Zealand (96.9 per cent), Australia (77.8 per cent), Japan (67.0 per cent) and the U.K. (61.2 per cent). The table at the bottom gives life insurance in force, national income and the ratio of life insurance in force to national income in the leading countries of the world and impressively brings out the enormous leeway that life insurance has to make in India.

Financing institutions play a very important part in mobilising the community savings and channelling them for investment. Among them the role of commercial banks and life insurance companies is particularly significant. In almost all countries, the banking system is the largest part of the financial system, while, in some countries, life insurance companies constitute the second largest part. In the U.K. and Canada, the assets of life insurance companies formed over 55 per cent of the assets of the banking and monetary system in 1960, whereas in India the proportion was only 13 per cent. However, the life insurance sector in India was the most important institutional investor, next only to the banking system, influencing the market for private capital issues and Government securities to a considerable extent.

Basic Difference

There is an essential difference between the investments of banks and insurance companies. While the former is primarily concerned with the provision of working capital for industry and trade and, therefore, invests only a relatively small proportion of its funds in short and medium-dated Government securities and in corporate stocks and shares, the latter, whose commitments are of a fairly long-term nature, invests a large proportion of their funds in medium and long-dated Government securities and in corporate stocks and shares. This basic difference determines the general criteria governing investment of life funds which are different from those of other investments. Life insurance, in general, involves long-term contracts which permit the accumulation of funds with life offices. For life insurance companies, a high degree of liquidity is not essential, not only because of the long-term nature of the contract but also because of the periodical accrual of funds by way of premium, investment annuities, etc. Besides, a high degree of accuracy is possible in life insurance business in estimating claims that are likely to arise, unlike in banking business or even in respect of general insurance business, where the contracts are essentially of a short-term nature. In view of this fundamental difference, life insurance offices tend to invest their funds largely in medium and long-dated securities, debentures, mortgages and real estate and stocks and shares which enable them to obtain a higher yield than on shorter-dated securities and more readily marketable assets.

While the aforesaid term criterion broadly influences the pattern of investment, the actual distribution of investments is determined by the economic and financial conditions in the country and the restrictions imposed by the Articles of Association of the companies as well as by the provisions of the insurance legislation. As the funds accruing to life insurance companies in the form of premium income represent the life savings of policyholders, it is of the utmost importance that a large proportion of such funds should be invested in assets which are safe and readily marketable with little or no loss of capital so as to enable companies to fulfil their contractual obligations to policyholders. Even in regard to investment in gilt-edged securities, which are quite safe and readily marketable in normal circumstances, a proper balance has to be maintained, so as to ensure adequate yield and minimum loss of capital. This implies an equitable distribution of investments not only between short, medium and long-term securities but also between Government and semi- as well as non-Government securities. The last mentioned category of investments, namely, non-Government, consists of debentures, mortgages and real estate which are not considered as safe as Government or semi-Government securities or readily marketable but which yield a higher return on capital. The post-war reconstruction boom has increased considerably the scope for life insurance companies' investments in mortgages and real property.

Preference and Equity Capital

The next category of investments is preference and equity shares. Life insurance companies prefer to hold a larger proportion of available preference capital of companies than of equities partly because of the limited amount of preference shares in the total share capital of companies and partly because of the emphasis placed by insurance companies on security of income and on avoiding getting involved in the management of companies. In view, however, of the fact that a large proportion of policies issued by the life offices are "with profit" and the companies compete with one another to attract new business by showing a good record of profit-bonuses, the general trend in several countries, in the post-war period in particular, has been to invest more and more in equities which not only yield good dividends but also serve as a hedge against inflation. Even in general insurance business, where the liquidity and marketability of investments are more important than the yield on investment, rising prices enhance the cost of claims and investment in equities is a hedge against inflation. However, the actuarial principle of matching the average term of assets to that of liabilities serves to limit the willingness of life insurance companies to hold equities which are perpetual securities and the market value and earning power of which are, in principle, highly variable. Thus, common stocks can become handsome investments when purchased with discretion, but they can hardly supplant gilt-edged stocks, municipal or good corporate bonds and mortgages which are the "bread and butter lines" of investments of life insurance companies.

Life insurance companies also underwrite new flotations of companies, as a result of which they sometimes acquire the shares. They also obtain large blocks of industrial securities through "direct placement" by business or industrial firms requiring capital. Other items of investment of life funds are deposits with banks, direct loans to business concerns and loans to policyholders against the security of their insurance policies. These investments form a relatively small proportion of total investments of life insurance companies.

Legislative Control

With a view to ensuring that life insurance funds are invested chiefly in Government or other approved securities and that investments in debentures, mortgages and share capital of companies are diversified over as wide a range as possible, many countries have enacted legislation governing investment of life insurance funds. The legal framework within which life insurance companies operate in Canada, Japan, Norway, Sweden, the U.S., and India vary widely. Both in Australia and the U.K., life insurance companies are free from legal restrictions over the distribution of their assets. In Canada, a Commonwealth country, however, the Federal Insurance Act specifies that an insurance company should not invest more than 15 per cent of its assets in common stock and not more than 5 per cent in income-producing real estate. The Act also defines broad categories of investments in which life insurance funds may be placed. In Japan, the Insurance Companies Act, 1939, does not permit any life insurance company to hold stocks and shares of companies in excess of 30 per cent of the total value of its assets. In Sweden, at least 90 per cent of the insurance funds must be invested in securities such as bonds issued by the State, mortgage banks or industries, promissory notes issued by banks or municipalities, mortgages and loans on insurance policies. The remaining 10 per cent of the insurance funds may be invested in securities other than those mentioned above but not, however, in stocks. Only the life company's free capital may be freely invested. In Norway, life insurance investments is confined to certain categories of assets. Although the law does not fix the proportion of assets to be invested in any of the specified securities, the Supervisory Board exercise strict control over the investment of life insurance companies partly through comprehensive accounting reports and partly through inspection of companies.

In the U.S., statutory control over the investments of life insurance companies is exercised by the State Governments. In every State, there is a law regulating the investments of life insurance companies domiciled in that State. The law in the New York State, for instance, has prescribed that an insurance company should not invest more than 2 per cent of its admitted assets in preferred or guaranteed stocks or invest in common stocks more than 3 per cent of its admitted assets or one-third of the surplus to policyholders, whichever is less. Besides, the triennial examination of life insurance company accounts, through the National Association of Insurance Commissioners, involves a thorough investigation of investments. Apart from individual State legislation, accounting practices in force in the U.S. are also a deterrent against investments in stocks and shares. As equity and debenture investments must be shown at market value in the balance-sheet of an insurance company, a heavy fall in their market value would destroy public confidence in the insurance company. A company with more than 5 per cent of its assets invested in equities is exceptional and for life insurance as a whole 4 per cent is invested in stocks and shares.

Growth of Life Insurance in Selected Countries

Countries	Currency unit	Life insurance in force		National income		Ratio of life insurance in force to national income	
		1937 or 1938	1959 or 1960	1937 or 1938	1959 or 1960	1937 or 1938	1959 or 1960
Australia	Billions of A£	0.48	4.20	0.76	5.4	63.2	77.8
Belgium	,, Belgium Francs	11	193	N.A.	573	..	33.7
Brazil	,, Cruzeiros	2.8	300	N.A.	1,460.9	..	20.5
Canada	,, C$	6.54	46.83	4.07	26.23	160.7	178.5
Cuba	Millions of pesos	68	455	614	2,152*	11.1	21.1
France	Billions of Francs (new francs)	0.65	53	3.36	193.4	19.3	27.4
West Germany	,, DM	27	66	N.A.	214.7	..	30.7
India	,, Rs.	3	23	N.A.	145	..	15.9
Italy	,, lire	24	2,070	132	13,914	18.2	14.9
Japan	,, yen	14	6,697	20	9,991	70.0	67.0
New Zealand	Millions of NZ£	161	1,013	194	1,044	83.0	96.9
Norway	Billions of Kroner	2.08	8.51	4.62	23.26	45.0	36.6
Sweden	,, Kroner	5.4	32	11.83	58.53	45.6	54.7
Switzerland	,, Sw. Francs	4.4	17.5	N.A.	29.8	..	58.7
U.K.	,, £	3.4	12.42	4.8	20.25	70.8	61.2
U.S.A.	,, $	108	586	73.6	417.1	146.7	140.5

N.A.—Not available. * Relates to 1958.
Sources: (i) World Insurance Trends; (ii) International Financial Statistics; (iii) Life Insurance Fact Book, 1961.

In India, under the modified Section 27A(2) of the Insurance Act, made applicable to the Life Insurance Corporation of India in 1958, at least 50 per cent of the funds should be held in Government or other approved securities, another 35 per cent should be invested in approved investments and only the balance of 15 per cent may be held in other investments.

An analysis of the pattern of investments indicates that, in the pre-war period, life insurance companies in India and Australia held a high proportion of their assets in the form of Government and semi-Government securities, while, in other countries, other types of assets such as stocks and shares, mortgages, etc., formed a substantial proportion of the total assets. During war-time, the ratio of investment of life insurance companies in Government and semi-Government securities showed a sharp increase in most of the countries but this trend was reversed in the post-war period. In the post-war period, life insurance companies in foreign countries have again invested a very large proportion of their funds in industrial securities and in mortgages. In Japan, for example, investments in stocks and shares of companies and loans to industries claimed as much as 71 per cent of the total assets of life insurance companies at the end of 1960, while, in Canada, the U.K. and the U.S.A., investment in shares and debentures constituted about 40 per cent of the total assets of life insurance companies. In India, the proportion of investments in Government and semi-Government securities to total assets had declined from 70 per cent at the end of 1945 to 56 per cent at the end of 1955 but it subsequently rose to 61 per cent at the end of 1960.

The table below indicates the pattern of investments in selected countries during the post-war period.

It is evident from the table that the proportion of mortgages to total assets was the lowest in India, 1.5 per cent at the end of 1960, whereas it ranged from 15 per cent in the U.K. to 36 per cent in Canada. The various schemes initiated by the L.I.C. after 1960, for granting housing loans and mortgage loans may, however, be expected to lead to an increase in the proportion of these assets to the total investments in the coming years.

Distribution of Investments

(Percentage to total assets)

Countries	1945†				1960¶			
	Govt. and semi-Govt. securities	Industrial securities	Mortgage loans	Loans on companies' policies	Govt. and semi-Govt. securities	Industrial securities	Mortgage loans	Loans on companies' policies
India	69.7	9.4	1.0	4.8	60.7	14.8	1.5	7.0
Australia	72.1	2.0	13.6	5.0	32.8	19.7	35.3	3.6
Canada	61.7	20.4	7.7	5.1	5.3	41.5*	36.2	5.0
Japan	40.2**	16.5	..	..	2.1**	21.7	..	13.4 (49.6)
Norway	50.5	6.1	26.1	1.9	35.3	N.A.	49.7§	1.8
Sweden	55.7‡	1.8	31.5	N.A.	55.2‡	2.3	28.2	N.A.
U.K.	50.1	27.0	6.6	1.2	26.7	40.3	14.9	1.3
U.S.A.	50.3	24.7	14.8	4.4	9.6	43.7	34.9	4.4

Note :—Figure in bracket relate to ordinary loans in Japan. N.A.=Not available.
† At the end of 1946 for Australia.
¶ At the end of 1955 for Sweden, as data for later years are not available.
* Including local authority bonds for which separate figures are not available.
** Including debentures of companies.
§ Including industrial securities for which separate figures are not available.
‡ Municipal loans, bonds and debentures.

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DALMIA ENTERPRISES IN THE NATION'S SERVICE

WORLD INSURANCE CAPACITY

A call for a reappraisal of the capacity of the world insurance market in face of the ever-growing size of risks was made by Mr. D. J. R. Evans, Deputy Chairman of the British Insurance Association, in an address to the Non-Life Insurance Institute of Japan recently. Mr. Evans, said that at a time when profit margins were likely to be lower because of intense competition and reduction of rates, insurers were being asked to strain their resources to the utmost to produce the capacity required.

"As a result of post-war inflation, the introduction of automation in industry and the accumulation of risk as exposed to a single loss, we have to meet demands for insurance against exceptionally high values." he said. "Modern factories, such as those now used in the motor car and aircraft industries, are outstanding examples of great concentration of value under one roof. The great tonnage of the larger ships, especially tankers, now built and correspondingly high insurable values are another example. Atomic power stations, dams and the major construction risks are others and one must think today of the civil aircraft of tomorrow. This means that a reappraisal of the capacity, not only of the particular insurance market primarily concerned but of the world insurance market as a whole, must be made in order to provide the cover needed. A reappraisal also of individual capacities in comparison with the insurer's financial resources and the ability to meet and survive a catastrophic loss of this kind, is essential.... The underwriting experience of most companies is less favourable than some years ago as a result of intense competition and the steady reduction of rates. At a time, therefore, when profit margins are likely to be lower, insurers are being asked to strain their resources to the utmost to produce the capacity required.

"Apart from capacity, which is a problem in itself, the problems of providing insurance cover for the entirely new risks presented by the use and transport of nuclear substances have had to be closely studied on an international basis. It is, I feel, a great achievement that insurers in many countries have linked themselves together to ensure that the insurance industry as a whole should not only understand the risks involved but provide the insurance cover required. It will continue to be necessary for them to observe closely scientific developments in this field since the use of nuclear substances will extend to industry generally in the course of time."

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T. R. KRISHNASWAMI
General Manager.

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G. D. BIRLA
CHAIRMAN

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S. T. SADASIVAN
GENERAL MANAGER

KIRLOSKAR BROTHERS REPORT GOOD PROGRESS

GROWTH POTENTIAL HIGH

KIRLOSKAR Brothers Limited (Managing Agents: Kirloskar and Sons, Kirloskarvadi, Sangli District) has made satisfactory progress during the year ended 31st July 1961. But for the insufficient supply of coke, which did not permit, once again, production at full capacity, the year's progress would have been much more significant. In the preceding year, too, the full capacity could not be utilised, owing to a slight setback in the demand for pumps as also because of inadequate supply of the essential raw materials. During the year under report, the demand for the Company's products was satisfactory and, had full production been possible, the results would have been more reassuring.

Net sales during the year totalled Rs. 314.62 lakhs, against Rs. 234.13 lakhs in the previous year. The effects of this sizable improvement in turnover have, however, not been fully felt at the level of gross profit, which, at Rs. 37.05 lakhs, shows only a modest rise of about Rs. 5 lakhs over the sum of Rs. 32.87 lakhs earned in the previous year. This was due to an all-round rise in costs. The cost of raw materials consumed during the year went up from Rs. 107.49 lakhs to Rs. 166.29 lakhs and so did that of stores and spares from Rs. 36.39 lakhs to Rs. 42.09 lakhs. Other expenses also rose quite sharply from Rs. 60.38 lakhs to Rs. 72.60 lakhs, with the wage bill going up from Rs. 33.61 lakhs to Rs. 38.38 lakhs.

The provision for depreciation at Rs. 9.27 lakhs is more than last year (Rs. 7.82 lakhs). Taxation has been provided with almost the same amount, Rs. 11.28 lakhs, as against Rs. 11.06 lakhs a year ago. The Managing Agents' remuneration amounts to Rs. 2.54 lakhs, as against Rs. 2.60 lakhs for the previous year. After these provisions the net profit works out to Rs. 13.96 lakhs, against Rs. 11.39 lakhs for 1959-60. Due to this small rise in the net profit, the Directors had no alternative but to maintain the dividend at 10 per cent, subject to tax, which takes away Rs. 4.31 lakhs, against Rs. 4.03 lakhs previously, because of the distribution on the new shares for the full year, as compared with only for six months in the previous year.

The following table gives an insight into the Company's working in the past three years:

(In lakhs of rupees)

	For the year ended 31st July		
	1961	1960	1959
Sales (net)	314.62	234.13	222.22
Closing stock	89.13	71.59	52.05
Other income	3.41	3.00	2.79
Cost of raw material consumed	166.29	107.49	157.47
Cost of stores and spares consumed	42.09	36.39	36.84
Other expenses	72.60	60.38	50.69
Gross profits	37.05	32.87	22.56
Provisions for—			
Depreciation	9.27	7.82	7.73
Taxation	11.28	11.06	12.24
Managing Agents' remuneration	2.54	2.60	2.62
Net profit	13.96	11.39	9.97
Provision for gratuity	1.36	1.18	1.40
Excess provisions written back	0.08	0.10	..
Transfer to reserves	8.88	6.28	4.69
Dividend	4.31	4.03	3.63
	(10%)	(10%)	(12%)
Carry forward	0.11	0.12	0.12

The dividend is subject to deduction of tax.

It may be recalled that the Company has a programme to manufacture vertical turret lathes and horizontal boring machines. In the previous year, it had signed a collaboration agreement with the Bullard Company, U.S.A., for the manufacture of these products according to its design. To meet a part of the foreign exchange required for the plant and machinery for the manufacture of these machine tools, the Company obtained in the previous year a foreign currency loan of Rs. 25 lakhs from the Industrial Credit and Investment Corporation of India. Construction of the building for machine tool factory for this expansion programme was taken up during the year under review. All the machines to be imported from the U.S.A. for this project were shipped during the year. The machinery covered under the I.C.I.C.I. loan will be imported during the current year (1961-62) except for one or two machines which will be received before the end of 1962. The first few sets of the components of vertical turrent lathes will be received from the Bullard Company during the course of this year. The Directors expect to place the first indigenously assembled 36" Kirloskar/Bullard vertical turret lathes on the market before the close of the current financial year. In the previous year, the Company was licensed to start a small branch factory at Dewas in Madhya Pradesh. The State Government handed over the possession of land at Dewas to the Company in May 1961. The construction work has been taken up and the factory is expected to go into production during the current year.

Kiroloskar Pneumatic Company Ltd., a subsidiary unit, has shown during the year to March 1961 a profit of Rs. 8.62 lakhs, after providing for depreciation, taxation, development rebate reserve and bonus to employees, against a debit balance of Rs. 2.50 lakhs brought forward from the previous year. The Company has declared a maiden dividend of 12.5 per cent, subject to tax, on equity shares.

In the previous year, the Company had increased its capital by issuing one bonus share for every four equity shares held by the shareholders on 26th October 1959. These shares had qualified for the year's dividend. It had also issued in the same year 20,000 new equity shares, which were offered to the shareholders whose names appeared in the Company's books on 6th February 1960 in the ratio of one share for every eight shares held by them. The Directors had allotted 19,794 shares by the end of the year, which were eligible for the dividend for only six months of that financial year. During the year under review, the Company issued 60,000 equity shares of Rs. 25 each at a premium of Rs. 10 per share. These shares were offered to the existing shareholders in the ratio of one for every three shares held by them on 20th February 1961. The entire issue was fully subscribed. The Company's capital, as at the close of the financial year 1960-61, thus increased to Rs. 53.52 lakhs from Rs. 43.22 lakhs previously. To the extent of Rs. 22.49 lakhs, the subscribed capital represents capitalisation of reserves. The authorised capital is of Rs. 150 lakhs; Rs. 100 lakhs in ordinary shares of Rs. 25 each and the balance in preference shares of a like denomination, which has not been issued. Reserves and surplus have also gone up during the year from Rs. 79.02 lakhs to Rs. 95.04 lakhs and very comfortably supplement the capital. The capital expenditure during the year has pushed up borrowings from Rs. 15.43 lakhs to Rs. 35.68 lakhs. The unsecured loans have also increased from Rs. 14 lakhs to Rs. 19.29 lakhs. Current liabilities and provisions amount to Rs. 72.95 lakhs against Rs. 66.57 lakhs previously. Against these liabilities which aggregate Rs. 126.91 lakhs, there are current assets, loans and advances of Rs. 195.33 lakhs and investments of Rs. 20.33 lakhs, of which those quoted are Rs. 20.26 lakhs, commanding a market value of Rs. 39.20 lakhs. The financial position of the Company is highly satisfactory and is well balanced to cover the requirements of capital expenditure in future. The gross block increased during the year from Rs. 122.24 lakhs to Rs. 136.73 lakhs and has been very conservatively written down to Rs. 60.81 lakhs.

The ordinary shares of the Company (of Rs. 25 each) are currently quoted at Rs. 56.00 *cum-div.* and, at this rate, they give, on the *ex-div.* basis, a yield of 5 per cent per annum, free of tax.

BELGIAN MANUFACTURER'S Agent located in Brussels wishes to meet in Benelux, West Germany or France Indian businessmen to help them making proper contacts and after their departure, follow and check the selling or buying negotiations they may have started. Write to Box No. 988, C/o "COMMERCE," Brady House, Veer Nariman Road, Fort, Bombay.

KESAR SUGAR EARNS LESS

DIVERSIFICATION UNDER WAY

NOTWITHSTANDING an increase of 17.6 per cent, from Rs. 191.28 lakhs to Rs. 224.97 lakhs, in the sale proceeds of sugar, molasses, alcohol and chemicals, and with the production and recovery of sugar showing no material fall as compared with the previous year, the gross profit of the Kesar Sugar Works Ltd. (Chairman: Mr. Tulsidas Kilachand, Bombay), for the year ended 31st July 1961, has slumped to Rs. 14.37 lakhs from Rs. 23.84 lakhs for the year 1959-60. Loss on sugar export quotas, the rise in cost of production, particularly in the wage bill due to statutory enforcement of the recommendations of the Central Wage Board for the sugar industry, and increased interest charges have largely been responsible for this decline. The working of the chemical factory also reported a lower profit on account of the fall in prices of chemicals and some setback in production experienced as a result of the Government's policy to allow imports under the Export Promotion Schemes.

Provision for depreciation has increased slightly from Rs. 3.16 lakhs to Rs. 3.95 lakhs but that for taxation has gone down, for obvious reasons, by Rs. 3.90 lakhs to Rs. 4.00 lakhs. Despite the overall reduction in essential provisions, the net profit at Rs. 6.42 lakhs is only half of that (Rs. 12.78 lakhs) for the previous year. A lower net profit has brought about a cut in the transfer to the reserves from Rs. 6.10 lakhs to Rs. 1.46 lakh only. Of this Rs. 0.96 lakh, as against Rs. 2.10 lakhs, has been credited to the development rebate reserve and Rs. 0.50 lakh, as compared Rs. 4.00 lakhs, has gone to the general reserve. Preference dividends claim Rs. 91,575, as against Rs. 1.00 lakh previously. The rate of ordinary dividend has been lowered moderately by 2.5 per cent to 20 per cent subject to deduction of tax. Even so, the total dividend distribution to ordinary shareholders has increased from Rs. 4.05 lakhs to Rs. 4.50 lakhs. This is because the ordinary shares of Rs. 50.00 each, which were so far paid up to the extent of Rs. 40.00, became fully paid during the course of the year. The carry forward is also lower at Rs. 0.92 lakh as against Rs. 1.04 lakh brought in.

The operating results of the Company for the past four years are presented synoptically in the comparative table that follows:

(In lakhs of rupees)

	For the year ended 31st July			
	1961	1960	1959	1958
Sale proceeds of sugar, molasses, power alcohol, chemicals, etc.	224.97	191.28	197.28	234.58
Other income	4.42	2.88	1.84	1.38
Closing stocks	181.84	114.26	66.88	73.24
Excise duty on sugar	61.72	70.55	51.97	59.58
Other expenses	170.88	160.15	117.02	107.95
Gross profit	14.87	23.84	11.66	8.55
Provision for—				
Depreciation	3.95	3.16	2.46	2.49
Taxation	4.00	7.90	3.90	3.50
Net profit	6.42	12.78	5.30	2.56
Provisions written back	0.40	..	..	..
Miscellaneous provisions and write offs	0.08	0.68	1.08	..
Transfer to reserves	1.46	6.10	1.40	0.50
Dividends—				
Preference	0.92*	1.00*	0.88*	0.57
Ordinary	4.50	4.05	2.70	1.80
	(20%)*	(22½%)*	(15%)*	(10%)
Carry forward	0.92	1.04	0.09	0.75

* Subject to deduction of tax.

The financial position of the Company as reflected in its balance-sheet as at 31st July 1961 is fairly strong. The share capital of Rs. 37.47 lakhs consists of Rs. 15.00 lakhs in preference shares and the balance in equity shares and is supplemented by Rs. 22.50 lakhs in the reserves. Secured and unsecured loans, which have risen quite substantially by Rs. 37.97 lakhs during the course of the year, amount to Rs. 136.25 lakhs in addition to current liabilities of Rs. 92.90 lakhs. Fixed assets, with a book value of Rs. 101.91 lakhs, have been well written down to Rs. 40.86 lakhs and, together with Rs. 3.32 lakhs as the cost of machinery on hand pending erection, yield a total net block of Rs. 44.38 lakhs. The Company's investment portfolio at cost has also increased from Rs. 3.28 lakhs to over Rs. 66.83 lakhs, first, because of its purchase of 60,000 shares of Synthetics and Chemicals Ltd., and, secondly, because of an increased commitment in a subsidiary company. Current assets, loans and advances altogether aggregate Rs. 177.90 lakhs.

During the year under report, the quantity of cane crushed, as well as of sugar produced, was practically the same as during the preceding year, being 58.80 lakh maunds

(*Continued on the next page*)

COMPANY MEETINGS AND DIVIDENDS

DALMIA IRON AND STEEL CO., LTD. Annual General Meeting, Rajgangpur (District—Sundergarh —Orissa State), 15th February 1962. Dividend: Re. 1.00 per share, subject to deduction of tax. Transfer books remain closed from 21st January to 15th February 1962, both days inclusive.

RALLIS INDIA LTD. Thirteenth Annual General Meeting, Calcutta, 15th February 1962. Taxable dividend of 3½ per cent or Rs. 8.50 per ordinary share, for the year ended 31st August 1961. Transfer books remain closed from 27th January to 15th February 1962, both days inclusive.

SHREE KRISHNA GYANODAY SUGAR CO., LTD. Net dividend of Re. 0.70 per ordinary share, for the year ended 31st July 1961. Transfer books will remain closed from 6th to 13th February 1962, both days inclusive.

BHOPAL SUGAR INDUSTRIES LTD. Taxable dividend of 15 per cent or Re. 1.50 per share (22½ per cent or Rs. 2.25 for the year 1960), for the year ended 30th September 1961. Transfer books will remain closed from 11th to 24th February 1962, both days inclusive.

PHALTAN SUGAR WORKS LTD. Taxable dividend of Rs. 9.00 per ordinary share (Rs. 12.00 per share, for 1960), for the year ended 30th September 1961.

CALCUTTA ELECTRIC SUPPLY CORPORATION LTD. Interim dividend of £3¼ per cent net (tax applicable at 7s. 9d. in the £), for the year ending 31st March 1962, payable on 15th February 1962.

ASSOCIATED BATTERY MAKERS (EASTERN) LTD. Taxable dividend of 15 per cent or Re. 1.50 per share, for the year ended 31st August 1961.

VOLTAS LTD. Taxable dividend of 14 per cent or Rs. 14.00 per ordinary share (Rs. 13.00 per share, for 1960), for the year ended 31st August 1961, payable on 5th March 1962. Transfer books remain closed from 16th January to 5th February 1962, both days inclusive.

STATE BANK OF MYSORE. Taxable final dividend of 5½ per cent (making a total of 10 per cent for the year), for the ended 31st December 1961. The taxable dividend for ten months from 1st March 1960 to 31st December 1960 was 9 per cent.

STATE BANK OF TRAVANCORE. Taxable dividend of 5 per cent for the year ended 31st December 1961.

INDIAN OVERSEAS BANK LTD. Taxable dividend of Rs. 14.00 per share, for the year ended 31st December 1961. The dividend for 1960 was also Rs. 14.00 per share taxable.

DEVKARAN NANJEE BANKING CO., LTD. Taxable final dividend of Rs. 3.50 per share (making a total of Rs. 5.50 per share taxable, for the year 1961). The dividend for 1960 was only Rs. 4.38 per share, taxable.

UNITED BANK OF INDIA LTD. Taxable dividend of 6 per cent or Re. 0.60 per share (dividend for 1960 was 4.30 per cent or Re. 0.43 per share, taxable), for the year ended 31st December 1961.

PUNJAB NATIONAL BANK LTD. Taxable final dividend of Re. 1.00 per share (making a total of Rs. 2.00 per share, taxable), for the year ended 31st December 1961.

(*Concluded from the previous page*)

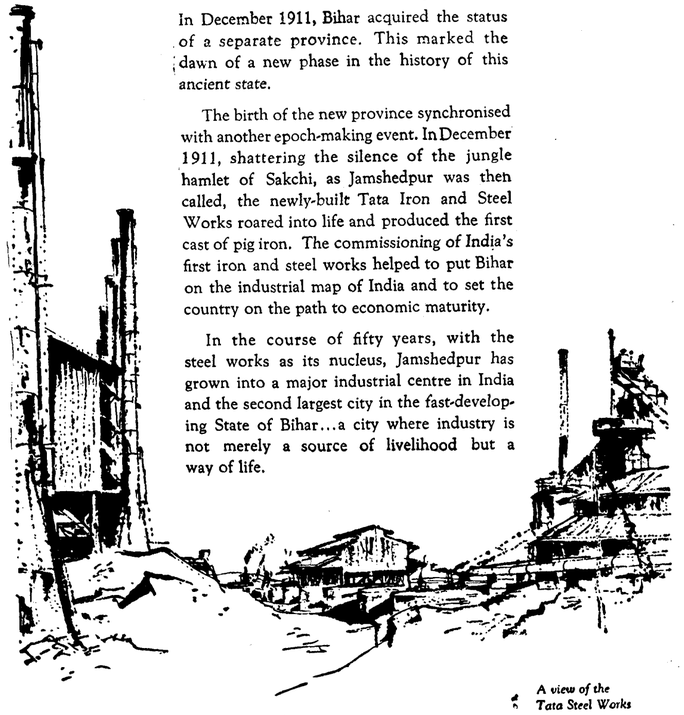
and 5.65 lakh maunds, respectively, as against 58.82 lakh maunds and 5.65 lakh maunds a year ago. The recovery of sugar was unchanged at 9.60 per cent of the cane crushed. As for the distillery, the year under report proved to be a record one both as regards production and offtake. A larger production was possible because of the increase in the manufacturing capacity and the offtake was satisfactory, as it became possible to export 2.29 lakh gallons of alcohol. The Distillers' Trading Corporation, which has now become a subsidiary of the Company, successfully commenced its operations and was instrumental in securing the export business.

So far as the current year is concerned, the crushing has already commenced. Though the cane crop appears satisfactory, the production will have to be curtailed in accordance with the production quota fixed for the factory. The results of current working will also depend to a large extent upon the price that would be realised.

The Company has obtained an industrial license for the manufacture of sodium hydrosulphite, fermosul and other chemicals. Negotiations for technical and financial collaboration have been carried on with A.C.C. (Brothers) Ltd., England, who manufacture these chemicals and whose products enjoy a good reputation in the market. In consultation with the said collaborators, a scheme has been submitted to the Government and its approval is awaited.

The Rs. 50 fully paid ordinary shares of the Company are quoted on the Bombay Stock Exchange at Rs. 257.50 *cum-div.* and fetch, on an *ex-div.* basis, a net return of 2.8 per cent.

important beginnings



In December 1911, Bihar acquired the status of a separate province. This marked the dawn of a new phase in the history of this ancient state.

The birth of the new province synchronised with another epoch-making event. In December 1911, shattering the silence of the jungle hamlet of Sakchi, as Jamshedpur was then called, the newly-built Tata Iron and Steel Works roared into life and produced the first cast of pig iron. The commissioning of India's first iron and steel works helped to put Bihar on the industrial map of India and to set the country on the path to economic maturity.

In the course of fifty years, with the steel works as its nucleus, Jamshedpur has grown into a major industrial centre in India and the second largest city in the fast-developing State of Bihar...a city where industry is not merely a source of livelihood but a way of life.

A view of the Tata Steel Works in 1911

JAMSHEDPUR THE STEEL CITY

The Tata Iron and Steel Company Limited

JWTTN 5456

It's not just luck that gives you *lovely hair* ....

"It's not luck, but it's the 'hair-care' that works", an intelligent woman will say. The secret of lovely hair is to care a lot about your hair...which *KESHA* does for you. *KESHA's* revitalising and nourishing ingredients penetrate deep into your hair and make it silky-soft, lustrous and really lovely. In fact, divinely perfumed *KESHA* is a *boon to your hair.*

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ASSOCIATION OF MAN-MADE FIBRE INDUSTRY

CHAIRMAN, MR. AR. RAMANATHAN ON ROLE OF RAYON AND STAPLE FIBRE

PLAN TARGETS MUST BE RAISED SUBSTANTIALLY

THE growing importance of man-made fibres such as rayon and staple fibre was emphasised by Mr. AR. Ramanathan, Chairman of the Association of Man-made Fibre Industry, in the course of his speech at the Annual General Meeting of the Company held at Bombay on Friday, 19th January 1962. Man-made fibres, Mr. Ramanathan said, ranked high among the nation's industries. Alluding to the targets fixed in the third Five-year Plan, he declared that they fell short of the actual requirements and urged that they should be raised substantially, if production is to be commensurate with the pattern of demand likely to emerge at the end of the Plan.

The following is the full text of the Chairman's speech:

"FRIENDS,

"It gives me great pleasure to preside over this annual general meeting of our Association and associate myself with you in the matters relating to the problems of the man-made fibre industry.

"Before I proceed further, to dwell upon the important trends relating to or affecting the industry, I would like to lay emphasis on the fact that, in the domain of textiles, 'the old order is changing, yielding place to the new.' In many ways, and engineered for different purposes, these new fibres have, indeed, been responsible for revolutionising the textile industry. The brain-children of science, as they are aptly described, they are not disturbed by the vagaries of nature and thus can be manufactured the year round to meet the entire range of consumer preferences, from wearing apparel and furnishing fabric to heavy-duty tyre cord and surgical dressings.

"Today, as we scan through the pages of textile history, we find that the seventeenth century anticipation has been more than realised and man-made fibres, apart from carving out a niche for themselves in the realm of textiles, have taken firm roots in the economy of every country laying some claim or other for material advancement.

World Output

"Though it is true that the course of production does not pursue the pattern and time limits set by man, yet one cannot refrain from remarking that the year 1960 has witnessed not merely an acceleration of technological advancement but an output dimension registering a new high with a total of 7,511 million pounds per annum, an increase of about 7½ per cent above the 1959 level. This may be stated to equal 30 per cent of cotton production of the world and more than double that of wool and silk put together. Quantitative increases apart, it is also a matter of satisfaction to know that big strides have been made all the world over in improving fibre performance and properties.

"In short, the record of achievement in the field of man-made fibres all the world over is one of which the industry and the proponents of these fibres may deservingly be proud and feel genuinely enthused for exploring 'virgin fields and pastures new.'

"On the domestic front, the remarkable advance thus far achieved by rayon industry in India in its relatively short span of life is of no mean significance. With a little under 5 million lbs. in 1951, the national output of viscose rayon has, inside of a decade, increased to very nearly 45 million lbs. Within a short space of time of about ten years, the country has witnessed the setting up of several rayon manufacturing units with expansion projects on the anvil in almost every manufacturing unit.

"So far, the increased production has secured a saving of about Rs. 28 crores of foreign exchange, which means that the initial foreign exchange liability at Rs. 3.75 per lb. for setting up plants of about 80 million lbs. of annual installed capacity has already been paid for by the net saving of foreign exchange during the last ten years.

"As regard staple fibre, from about 7 million lbs. in the year 1954, the production has increased to 48 million lbs. in 1960 and its contribution to foreign exchange resources has been in the vicinity of 12 crores of rupees all these years. At the end of 1961, the actual production of staple fibre has already reached the licensed capacity of 64 million lbs., resulting in a further saving of about 4 crores rupees.

Targets Under Third Plan

"For the man-made fibre industry, the Plan document envisages the widening of the capacity base from about 100 million lbs. at the end of the second Five-year Plan to 215 million lbs. (140 million lbs. of rayon filament and 75 million lbs. of staple fibre). This expansion programme provides, *inter alia*, for an increase in the *per capita* consumption of rayon fabrics from 1.3 yard in 1960-61 to 1.8 yard in 1965-66. The overall target for rayon filament comprises 20 million lbs. of tyre cord yarn required for the automobile industry, 76 million lbs. of viscose filament, 24 million lbs. of acetate yarn, 10 million lbs. of cuprammonium and 10 million lbs. of synthetics.

"These figures, in my view, fall short of the actual requirements of the country and should be substantially revised, if production is to be commensurate with the pattern of demand that is likely to emerge at the end of the third Five-year Plan. Even from the foreign exchange angle, revision of the target is desirable, in view of the immediate saving that can be effected. Moreover, expansion of the rayon and allied industries will accrue benefits in a very short time and the initial foreign exchange for capital equipment, etc., will pay for itself in less than three to four years.

Research—Fundamental and Applied

"You will all agree that research is the backbone of man-made fibre industry and its progress is highly necessary for the advancement that should be made in the production of man-made fibres in the world. The fields of research with which the man-made fibre industry is concerned are very wide, since they embrace not only organic and physical chemistry but textile technology as well. I personally feel that a start should be made to establish a research centre before long.

Importance to the Economy

"It is an incontrovertible fact that, today, in India or any part of the world for that matter, man-made fibres rank high among the nations' industries. The importance of development of rayon industry to the economy, as a producer of raw material required for the medium and small-scale textile industries, as one which contributes to the conservation of our slender foreign exchange resources by reducing the import bill, and as a factor which helps more lands to be brought under the cultivation of food crops, is obviously of no mean significance. These apart, in the overall economy of the country, the industry is of vital importance to the communities dependent upon it for economic stability. More importantly, the man-made fibre producers, here and elsewhere, are among the largest employers, taxpayers and utility users.

"From the labour relations angle, if evaluated, the amenities and employee services provided by the industry compare very favourably with the best prevailing standards of the country. The industry may be said to be virtually free from occupational hazards and time lost, as a percentage of planned hours, on account of accident or sickness is indeed very negligible. Furthermore, if employee-turnover and absenteeism records are the yardsticks which measure the attitude of the employees towards their jobs, this industry, in spite of the fact it is relatively young, has comparatively low turnover and low absenteeism which obviously means high human satisfaction.

"In the half-a-century since rayon and synthetics appeared on the world scene as a dynamic force, science and industry have brought forth significant changes in the living standards of the people. If the world trends, currently prevailing, are any indication, there is every reason to assume that great achievements are in store for the benefit of the industry here and elsewhere. Moving with the times and meeting the diverse needs of man, free from the impact of prevailing customs and unfluenced by tradition, never stale or stagnant, truly man-made fibres are as modern as the nations' youth and as new and promising as the unborn tomorrow.

"Thank you."

CORRIGENDUM

Regarding announcement of Public Issue by

SESHASAYEE INDUSTRIES LIMITED

It is regretted that an error has crept in under the heading "Preferential allotment" in the above mentioned announcement. The Investment Corporation of India Ltd. have not been given any preferential allotment of shares as stated therein.

The Investment Corporation of India Ltd. are the underwriters only to the extent of Rs. 5 lakhs face value of equity shares offered for public subscription.

PLANTING

(*Concluded from page* 158)

instalment of advance income-tax payable by tea companies in North East India up to September in cases of genuine hardship.

Fertilisers: As a result of the sustained efforts made by the Tea Board, the Government of India has agreed to reduce the prices of sulphate of ammonia, urea and ammonium sulphate nitrate for the tea industry by Rs. 14.50, Rs. 14.10 and Rs. 8.50, per tonne, respectively. The Government of India has already released 65,000 tons of neat sulphate of ammonia to the tea industry in North East India during the year 1961-62, in addition to 1,560 tons of urea and 16,185 tons of ammonium sulphate nitrate. The Board is pressing the Government for a further release of about 10,000 tons of neat sulphate of ammonia for the industry in North East India. From 1962-63, the industry's entire requirement of nitrogeneous fertilisers is likely to be met in the form of neat sulphate of ammonia.

Cement: Following the continued efforts made by the Board, the Union Government has released additional quantities of cement to the tea industry.

Coal: Large quantities of coal have been allotted to the North Bengal and Tripura tea gardens.

Mr. Bam also alluded to the Government of India's decision to place Rs. 5 crores at the disposal of the Board to enlarge it to grant long-term loans to tea estates for replanting, replacements and extension of tea areas. While this decision is welcome, it must be pointed out, once again, that the amount of Rs. 5 crores covering a period of five years is too inadequate to meet the industry's actual requirements. It is said that this sum will be sufficient to replant no more than 17,000 acres. If the target of replanting 50,000 acres is to be reached during the third Plan period, the financial assistance would require to be stepped up to Rs. 15 crores, which in fact was the outlay recommended by a Special Committee of the Tea Board.

SYNOPSES OF COMPANY REPORTS

Hindusthan Sugar Mills Ltd.

(*Chairman*: Mr. R. D. Birla, Bombay.)

(*Managing Agents*: Messrs. Bachhraj & Co., Ltd., Bombay.)

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales	5,96,09	4,34,16
Closing stock	2,94,28	2,21,46
Excise duty	1,35,87	1,21,09
Gross profit	84,28	66,50
Transfer to Managing Agents' remuneration	6,40	5,17
" " depreciation	14,10	15,74
" " taxation	24,00	20,10
" " provision for doubtful debts	21	Nil
Net profit	39,57	25,49
Adjustments	3,67	94
Appropriations:		
Total available balance	43,24	26,43
Transfer to development rebate reserve	30	2,15
" " general reserve	3,38	6,00
" " dividend equalisation reserve	6,00	Nil
" " rehabilitation reserve	15,00	Nil
Proposed dividends (taxable) 5% T.F.C. preference	36*	36*
" " " ordinary	17,40 (29%)†	17,40 (29%)†
Carried forward	80	62

N.B.—Adjustments include the balance brought forward from the previous year; excess provisions written back and other credit items if any.

* Calculated at 7.143 per cent.

† This consists of dividend at Rs. 9 per share plus a bonus of Rs. 9.00 per share making a total of 29 per cent. or Rs. 29 per share on the ordinary shares.

Extracts from the Directors' report: During the season under report, the Company's factory at Golagokarannath, U.P., crushed 1,93,23,403 maunds cane with sugar recovery of 9.75 per cent. Quantity of sugar produced was 69,232 tons which has been the highest produced by the factory in any season. All-India sugar production reached nearly 29,75,000 tons. Carry over of sugar stocks as on 1st November 1961 is estimated at 11,50,000 tons, as against 5,50,000 on the same date last year. The stock has increased by 6 lakh tons, in spite of export of more than 2,50,000 tons sugar. Though there has been substantial increase in sugar production, unfortunately consumption is lagging behind. In 1960-61, internal consumption is estimated at only 21 lakh tons. As it was felt that the controls were coming in the way of increase in sugar consumption, they have been removed by the Government of India with effect from 27th September 1961. Simultaneously, sugar production quotas at 90 per cent of the production of a factory in 1959-60 or 1960-61, whichever is higher, are being fixed by the Government under an Ordinance which has been issued for this purpose. In the case of smaller factories which have produced less than 11,000 metric tonnes in either of these two seasons, there will be no cut in their production quota.

The condition of the cane crop in the reserved zone of the Company's factory is not as good as it was last year but the area being more, the total available supplies are not less. As on sugar production in excess of the quota fixed by the Government, extra excise duty of Rs. 8.27 has to be paid, at present there appears to be no possibility of the production of the factory exceeding the quota, which is 90 per cent of last season's sugar production.

The old 1000-ton milling plant of the Company's factory, which had become spare as a result of substantial expansion carried out by the factory in 1957-58 has been sold at Rs. 7,65,000.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	65,00,000	Gross block	2,84,66,646
Reserves and surplus	1,08,80,798	—Depreciation	1,81,16,598
Other liabilities	3,10,80,487	Net block	1,03,71,048
		Current assets	3,68,97,017
		Investments	15,000
		Cash	6,77,220
	Rs. 4,79,61,285		Rs. 4,79,61,285

* Paid-up capital consists of 5,000 five per cent tax-free cumulative preference shares of Rs. 100 each fully paid and 60,000 ordinary shares of Rs. 100 each fully paid. Of the above shares 55,000 ordinary shares and 5,000 preference shares are allotted as fully paid bonus shares by way of capitalisation of reserves.

Indian Vegetable Products Ltd.

(*Managing Agents*: Messrs. Forbes Forbes Campbell and Co., Ltd., Bombay.)

33rd *Annual General Meeting*—30th January 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Sales (gross)	3,34,87	2,85,06
Closing stock	14,18	5,66
Excise duty	20,13	18,75
Gross profit	11,13	9,70
Transfer to Managing Agents' commission	1,02	96
" " depreciation	73	62
" " taxation	4,55	3,66
Net profit	4,83	4,47
Adjustments	27	1,00
Appropriations:		
Total available balance	5,10	5,47
Transfer to development rebate reserve	8	6
" " provision for staff gratuity and other retirement benefits	40	30
" " general reserve	50	70
" " contingency reserve	50	Nil
" " dividend equalisation reserve	Nil	75
Proposed dividend (taxable) ordinary	3,60 (17½)	3,60 (17½)
Carried forward	2	4

N.B.—Adjustments include the balance brought forward from the previous year and excess provisions for previous years no longer required written back.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	21,17,500	Gross block	28,29,017
Reserves and surplus	8,84,034	—Depreciation	21,89,746
Other liabilities	28,92,229	Net block	6,40,171
		Block-in-progress	17,372
		Current assets	40,95,072
		Investments	82,840
		Cash	10,58,308
	Rs. 58,93,763		Rs. 58,93,763

* Paid-up capital consists of 21,175 ordinary shares of Rs. 100 each fully called up. Of the above shares, 10,175 (of which one share remains to be consolidated) are issued as fully paid up by way of bonus shares by capitalisation of reserves.

Samastipur Central Sugar Co., Ltd.

(*Directors-in-charge*: Mr. Jamunadhar Kayan and Mr. D. P. Agarwalla, Calcutta.)

Registered Office: 10, Bentinck Street, Calcutta.

42nd *Annual General Meeting*—31st January 1962.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales	61,99	71,97
Closing stock	60,56	27,49
Excise duty (*less* amount payable closing stock)	17,40	20,82
Gross loss (after providing for depreciation)	—3,22	—2,53
Provision for depreciation	65	1,03
Adjustments	1*	1,01†
Net loss carried forward	—5,50‡	—1,52§

* Represents Rs. 881 being profit on export of sugar in respect of previous years.

† This includes a credit balance of Rs. 4,898 brought forward from the previous year; Rs. 11,024 being profit on sugar exports relating to previous years and a sum of Rs. 85,000 transferred from general reserve.

‡ After taking into account the profit and loss on sugar exports for previous years.

§ Loss after taking into account the profit on sugar exports for previous years; credit balance brought forward and the amount transferred from general reserve.

Extracts from the Directors' report: During the year, the Company's factory worked for 168 days as against 126 days in the previous year and crushed 12,54,282.67 quintals against 9,05,276.21 quintals in the previous year producing 1,08,522.67 quintals against 82,150.88 quintals at an average recovery of 8.65 per cent against 9.07 per cent in the previous year. The fall in recovery percentage has been in general with all the sugar factories in the Darbhanga District.

According to concessions announced by the Central and State Governments, the Company's factory is eligible to get a rebate on cane-cess and a rebate on excise duty. Both these rebates have been taken into account for the year but the Directors regret to report that increase in the cost of production together with sugar export loss have completely neutralised the benefit thus obtained.

Manufacturing cost during the year has gone up due to increase in transport charges, lower recovery, very high price paid for packing materials and increase in the price of the chemicals and stores consumed. This has further been aggravated by the increase in Insurance premiums and Bank interests on overdraft due to heavy accumulation of sugar stocks.

The factory commenced crushing for the season 1961-62 on 28th November, 1961, and the directors hope to crush about 30 lakh maunds of cane with an average recovery of 9.50 per cent during the current season.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	11,99,750	Gross block	64,26,842
Reserves	13,90,877	—Depreciation	28,58,591
Other liabilities	1,00,70,001	Net block	35,68,251
		Block-in-progress	10,717
		Current assets	84,32,830
		Investments	5,000
		Cash	94,549
		P.L. a/c (deficit)	5,50,181
	Rs. 1,26,61,528		Rs. 1,26,61,528

* Paid-up capital consists of 1,20,000 equity shares of Rs. 10 each fully paid up. This includes Rs. 750 being amount paid up on shares forfeited.

A substantial contract for a fleet of 100 Leyland Comet bus chassis valued at over Rs. 38 lakhs (£280,000) has been placed with Ashok Leyland Ltd. of Madras by the Kerala State Transport. The chassis will join a fleet of over 240 Comet buses operated by the undertaking, and will have 42-45 seater body-work fitted at the central workshop in Trivandrum. The Himachal Pradesh Transport Department has also placed its first order with Ashok Leyland Ltd. for eight Comet bus chassis to meet a growing demand in the State. Another three Ashok Leyland Comet bus chassis have been ordered by Punjab Roadways, bringing their total fleet to 219 Comets.

The European Development Fund, set up by the Common Market to promote social and economic development of overseas territories associated with it, has approved of 233 projects involving an outlay of $277 million during the first four years of its existence (1958-61). In 1962, the outlay is expected to be $200 million. Of the expenditure so far approved, $112 million were spent on infrastructure projects, $48 million on agriculture and stock breeding, and $43 million on educational and vocational training.

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HMT-17

MONEY IN GREATER DEMAND

(From Our Own Correspondent)

BOMBAY, 23rd *January*

Stringency has come to prevail in the short-term money market. It is, of course, less acute than this time last year, but conditions are not as comfortable as those a fortnight ago. Inter-bank call money rate, however, is still unchanged at 4½ per cent., presumably because the banks' borrowings from the Reserve Bank are still within the quota available at the basic Bank rate of 4 per cent per annum. This week many banks are said to have resorted to the lender of the last resort. Advices from Calcutta point to a perceptible hardening in the inter-bank rate from 4 per cent a week ago to 4½ per cent.

The short-term money rates remained unchanged at the ceilings under the inter-bank agreement. The request of medium-sized banks for permission to raise their deposit rates by ½ per cent above the present ceilings was considered by the Committee of the Indian Banks Association this week. The big banks are reported to have voiced their unwillingness to concede this request. The Committee, however, adjourned without coming to any definite conclusion.

The 91-day Central Treasury Bill results showed no change over those last week. The amount offered was Rs. 2 crores, equal to the amount invited. The whole of it was accepted, at the average rate of 2.520 per cent per annum which is the same as last week.

YARNS DECLINE

(From Our Own Correspondent)

BOMBAY, 23rd *January*

Limited turnover with values drifting downward characterised trading in the yarn market during the week under review. Operators were not inclined to enter into large-scale fresh commitments either way, in the absence of any new development. Art silk yarns encountered selling on fears of reduced offtake by weaving mills, especially, in Ludhiana. The fears stemmed from reports that the mills in Ludhiana were contemplating to curtail production for export, in view of the unsatisfactory working of the import incentive scheme for art silk fabrics exports.

Staple fibre yarns also suffered a setback to values. Demand from consuming centres was at a low ebb, while supplies were quite comfortable. It was stated that the production of staple fibre yarn continued to be pretty high, thanks to the encouraging staple fibre supply position. There would, indeed, have been a more appreciable decline in prices had it not been for short-covering and lack of fresh selling below particular levels.

Cotton yarns continued to be dull. For traders preferred to await the outcome of the talks, now being held in the city, between the representatives of the Indian Cotton Mills Federation and the British textile industry delegation on the question of a ceiling pact with regard to exports of Indian cotton yarn to Britain. The Cotton Board is believed to have suggested a ceiling of 7.49 million lbs. of yarn based on the average quantity exported during the year 1958, 1959 and 1960. The actual exports of cotton yarn from India to Britain in 1961 are estimated at 13.00 million lbs., as against 9.20 million lbs. in 1960, 7.70 million lbs. in 1959 and 5.59 million lbs. in 1958.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	23-1-1962	17-1-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
February	3,123.00	3,157.00
April	3,205.00	3,235.00
120 Japan (per 100 kg.)	1,818.00	1,818.00
150 Japan (per 100 kg.)	1,929.00	1,929.00
120 Italy (per 100 kg.)	1,818.00	1,818.00
150 Italy	1,980.00	1,709.00
Nat. Ray. 150 Bt. I	10.98	11.11
Staple fibre yarn (40×2)—		
February	737.00	758.00
April	747.00	768.00
Kohinoor (per kg.)	9.00	9.23
Cotton yarn (per bundle of 10 lbs.)—		
10s Modern	18.75	18.75
20s Century	21.50	21.50
30s Madura	26.75	27.25
40s T. T. Corin	32.87	33.00
60s Finlay	66.00	66.00
80s Finlay	84.00	84.00

LINSEED ARRIVALS SMALL

(Messrs. A. Bradley and Co.)

CALCUTTA, 22nd *January*

Firm conditions prevail in the linseed market. But business has been negligible, as arrivals are very small. Crushers are keen buyers daily, while sellers are reserved.

The oil market is steady and prices have firmed up. Local buyers are in the market daily for ready and forward deliveries, due to high prices ruling for other vegetable oils, but business has been on a very small scale. Millers are not keen to do much business, as supplies of seeds are very short.

The oilcake market is steady. Offtake is better, but stocks in the hands of millers are small.

Ready/January is quoted at Rs. 22.50 per maund.

SPURT IN BULLION

(From Our Own Correspondent)

BOMBAY, 23rd *January*

The bullion market depicted a distinctly firm trend during the week under review. The firmness was engendered by encouraging offtake, hopes of a further rise in demand and bullish advices from commodity markets. Reduced pace of contraband gold arrivals from Goa and reports regarding the seizure of large parcels of smuggled metal in the City also imparted strength. Consequently, gold scored handsome gains, spot rate rising by Re. 1.50 and forward by Rs. 2.60. In sympathy with gold and on reports that some Delhi and upcountry interests were interested in buying silver, the price of this metal also registered a notable rise—of Re. 1.80 in ready silver and Rs. 2.80 in forward.

The improvement in bullion prices would have been more marked but for large arrivals, the daily average of which was 8,500 tolas of gold and 22 bars of silver, as against 6,100 tolas and 19 bars, respectively, in the previous week. The average offtake per day was 8,250 tolas of gold (6,000 tolas last week) and 7 bars of silver. The floating stocks in the City are estimated at 80,000 tolas gold and 1,000 bars silver.

The adjustment rates fixed today were Rs. 117.75 per 10 grams of gold and Rs. 212.65 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 116.25 and Rs. 210.85, respectively.

There was an all-round fall in prices in the London bullion market this week. The world price of gold declined from $35.16½ to $35.15½ per fine ounce, the sterling price easing from 250s. 1½d. to 250s. 1½d., after rising to 250s. 3d. earlier. The drop in prices followed large sales by the Bank of England in view of enlarged demand. Spot and forward silver eased by 1⅜d. each to 85½d. and 86½d., respectively. The easiness was due to weak advices from New York where silver fell from 104.75 cents to 103.75 cents.

The following table shows the trend of prices during the week under review:

	23-1-62 (closing)	High	Low	17-1-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	118.00	118.75	116.70	116.50
Forward: *Paysat*† ..	119.30	119.95	116.80	116.70
Sovereign	97.00	97.25	97.00	97.00
SILVER				
Ready (.996 fine)	212.65	212.70	211.25	210.85
Forward: *Paysat*†	214.15	214.30	211.40	211.35
London—				
Silver Ready	85½d.	86½d.	85½d.	87½d.
Silver Forward	86½d.	87¾d.	86½d.	88d.
Gold	250s. 1½d.	250s. 3d.	250s. 1½d.	250s.1½d.
New York—				
Silver	103.75 cents	104.50 cents	103.75 cents	104.75 cents

† 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

PULSES WELL SUPPORTED

(From Our Own Correspondent)

HAPUR, 22nd *January*

Steady to firm conditions were witnessed in the foodgrains market during the week under review. Arrivals were small and crop prospects were none too good, having been adversely affected by frost and absence of winter rains. Wheat was steady at Rs. 17.50 a maund for average quality and upto Rs. 19.50 for farm produce. A further rise in prices was checked by the sales of imported wheat in ration at Rs. 15.25 a maund. Daily arrivals of wheat in open market were poor and stocks with trade receded further to 12,000 maunds. Wheat crop in unirrigated areas was reported to be poor for want of winter rains so far and damage due to heavy frost.

Rice was also steady, despite comfortable supply position. For new produce was still reaching the markets and steadiness in prices was simply in sympathy with prices of other grains. Week-end prices were: rice *mainpuri sela* Rs. 20; *gadda kutcha* Rs. 19; *ramajwayan sela* Rs. 22; *raimunia sela* Rs. 23; *basmati sela* Rs. 26 to Rs. 28; superior Rs. 30 to Rs. 34 a maund.

Gram improved fractionally to Rs. 16.25 a maund, thanks to good demand resulting in local stocks drifting lower to 13,000 maunds. Crop prospects were also uncertain in the absence of winter rains. Barley and *bejhar* continued steady and, although consumer demand for these cereals was poor, stocks with trade were also small. Maize was still reaching in heavy quantity at an average of 1,500 maunds daily from east U.P. and other centres, but prices were held steady on brisk consumer support with local stocks put at 34,000 maunds. *Bajra* demand subsided and prices were lower, while *juwar* and *guwar* stayed steady on poor local stock position. Week-end prices (in rupees per maund) were: barley 12.50; *bejhar* inferior 12.75; *moongia* 13.12; maize 13 to 14; *bajra* 15; *juwar* 13.25; *guwar* 14.37; *methi* 27; oats 12.

Among pulses, peas and *arhar* attracted good demand mostly in the form of *dal* and stocks were fast declining. Standing crops, however, were adversely affected due to extreme cold and frost during the week. Other pulses were steadier with gains recorded in prices of *massoor dal*. Week-end prices were: peas *dara* Rs. 13.25; farm Rs. 14.25; peas *dal* Rs. 14.75; *arhar* Rs. 15.31; *arhar dal* Rs. 18.50; *urd* Rs. 23 to Rs. 24; *urd dal* Rs. 25 to Rs. 27; *moong* Rs. 18 to Rs. 21; *moong dal* Rs. 21 to Rs. 23; *massoor* Rs. 15 to Rs. 17.50; *massoor dal* Rs. 20.

COTTON FUTURES STEADY

(From Our Own Correspondent)

BOMBAY, 23rd *January*

Trading in the cotton futures market was featureless during the week. Prices, however, ruled steady. With the Jarilla March contract almost within reach of the ceiling rate, there was little scope for any large-scale buying without forcing the contract upto the ceiling and thereby bringing trading to an automatic standstill. On the other hand, the bullish outlook for cotton did not warrant selling of any magnitude, except perhaps for booking profits. Influenced by this consideration the Jarilla March contract hovered round Rs. 690. The volume of business dwindled to a trickle.

In sharp contrast to this, the spot market was very active. Spinners showed interest in almost all popular varieties. Keen demand was noted for CO2, L 147, Khandesh/Berar, Vijay and Digvijay. Prices ruled Rs. 25 to Rs. 30 above the ceiling, in the case of most of the varieties. The introduction of the variety-wise distribution of cotton has not so far had any perceptible effect on the general demand for cotton, except that it has prevented mills from going in for cotton of their choice. Reports of requisitioning of cotton in some areas, particularly Khandesh and Berar, induced an element of caution in mill buying.

Export demand for Bengal *Deshi* was slack. Japan is yet to show interest in this cotton. The quantity applied for registration against the recent Bengal *Deshi* export quota on the first day of registration, namely the 22nd inst., was estimated at 22,000 bales.

Following the import quota for 33,330 bales of cotton of staple length 1-3/16" and above announced on the 19th inst., spinners showed interest in Sudan cotton for prompt shipment. East African cotton also showed a hardening tendency, thanks to tight supply position of East African A.R. cotton. Private estimates place production of this cotton at 200,000 to 240,000 bales, of which 190,000 bales are said to have been already sold. Stray interest was also noted in Pakistan and American cotton. The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal 684; Hubli Laxmi 1,070; Wagad 830; Digvijay 1,108; B.P. 52 1,375; Sudan XG35 1,675; G5S 1,386.

Karachi cotton futures market ruled distinctly firm during the week. Good export demand and local mill buying resulted in a rally in prices. The N.T.R.G. January contract firmed up from Rs. 81.70 last week-end to Rs. 82.05. The March contract rose from Rs. 79 to Rs. 80.05.

In contrast to last week's easiness, cotton futures in Liverpool staged a recovery during the week. Short covering by local traders and Commission House support strengthened both the American and American type contracts. Consequently their quotations improved. Sudan cotton contract were, however, unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool.

American cotton mixed growth contract: March 24.60; May 25.05; July 25.20.

American cotton mixed growth contract: March 25.00; May 25.45; July 25.60.

Sudan: January, March, and May 32.00.

Steady conditions prevailed in the New York cotton futures market during the week. Business centred mainly round the May and July positions which edged higher. Trading in the more distant position was affected by the uncertainty about the export subsidy rate for the 1962-63 season crop, due to be announced shortly.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	22-1-62	16-1-62	9-1-62
New York spot	35.50	35.50	35.55
March	34.24	34.24	34.49
May	34.80	34.82	35.04
July	35.01	34.99	35.17

OILSEEDS MOVE UP

(From Our Own Correspondent)

BOMBAY, 23rd *January*

Oilseeds and oils moved upward during the week under review on bull support induced by the reported damage to mustardseed, castorseed and linseed crops, as a result of cold wave in Gujarat and North India. Castorseed hedge contracts touched the record levels of the season, though, towards the close, there was profit-taking which erased a part of the earlier gains. Groundnuts put on a cheerful appearance in the face of sustained support from both crushers and *vanaspati* manufacturers. There were, besides, hopes that the Government of India would grant a fresh export quota for H.P.S. groundnuts, in addition to the quota of 20,000 tons, released early in the month, which has been completely exhausted. The Exchange authorities have already sent a communication to New Delhi urging release of a supplementary quota. Linseeds and cottonseeds also scored handsome gains.

Castorseed March 1962 contract advanced from Rs. 177.12 to Rs. 179.62. Madras small put on a rupee to Rs. 37.75; it had touched Rs. 38 earlier. Oil commercial rose from Rs. 15.75 to Rs. 15.90, before closing today at Rs. 15.70.

Groundnut Nizam bold rose by 50 nP to Rs. 47.25. Oil ex-mill picked up 45 nP to Rs. 19.85.

UNDER SECRETARY 29 JAN 1962 PUBLIC DEPARTMENT 177

April 1962 contract was quoted, in private trading, at Rs. 218.50, that is, Rs. 3.50 above the ceiling level.

Linseed March 1962 contract closed today at Rs. 40.25, as against Rs. 39.47. Bold ready gathered Re. 1.50 to Rs. 44. Linseed oil rose by 70 nP to Rs. 19.

In the cottonseed section, February 1962 contract moved up by Rs. 3.25 to Rs. 109.25 and April 1962 contract by Rs. 2.75 to Rs. 110.50.

The following table shows the closing prices of oilseeds and oils on Tuesday, 23rd January, as compared with those of the two previous weeks:

	23-1-1962	17-1-1962	10-1-1962
	Rs.	Rs.	Rs.
Groundnut			
January 1962	215.00	215.00	215.00
Nizam bold	47.25	46.75	46.50
Khandesh quality	47.02	47.25	46.75
Oil ex-mill ready*	19.85	19.40	19.20
Railway receipts*	19.05	19.35	19.10
Oil January 1962	17.65	17.65	17.65
Castorseed			
March 1962	177.62	177.12	173.62
Ready Madras	37.75	36.75	35.75
Ready Kanpur	35.12	35.50	34.50
Oil B.S.S.†	15.70	15.75	15.50
Oil commercial†	15.15	15.00	14.70
Linseed			
March 1962	40.25	39.47	39.03
Bold ready	44.00	42.50	42.50
Oil ready†	19.00	18.30	18.15
Cottonseed			
January 1962	109.25	106.00	103.25
Niger seed	38.50	38.00	37.50
Kardi seed	24.50	24.00	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

MEDIUM TEAS FIRM

(Messrs. Forbes, Ewart and Figgis (Private) Ltd.)

COCHIN, 16th *January*

A total of 402,000 kgs. was on offer in export sale No. 3 held today. Quality showed general improvement but that of teas from the Nilgiris was only about maintained. There was good general demand for mediums and lowgrowns, but highgrowns met with less inquiry and were barely steady. Best and the lesser highgrown broken grades were about steady but fannings met with less competition at lower rates. Good mediums and mediums were firm, and dearer where quality showed an improvement, while fannings grades in these categories were strong and dearer. Low mediums and plainest kinds were up to 4 nP dearer, but, where an improvement was evident, prices sometimes advanced more. Low medium fannings were not as strong as their brokens but were generally slightly higher than last. Black leaf brokens were firm and fannings a strong feature. C.T.C. and legg-cut teas were about firm to dearer. O.Ps and pekoes declined slightly in price, but F.Ps were firm.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low medium	3.70-4.05	4.60-4.90
Medium	4.05-4.80	4.95-5.20
Good medium	4.90-5.70	5.35-6.00
Nilgiri B.O.P.	5.60	9.25

The average price realised in sale No. 3 was Rs. 4.79 per kilo, as compared with Rs. 4.71 a week ago and Rs. 5.11 in the corresponding sale last year.

A total of 337,000 kgs. was offered in dust sale No. 3 held on Thursday the 18th inst. There was good general demand, but rates were slightly easier. Plain and low mediums teas were sold at about last rates, while medium and good medium types were fully firm and occasionally dearer, particularly those with clean leaf appearance. Legg-cut teas met with strong demand and were irregularly dearer, but C.T.Cs inclined easier. Highgrowns were about steady.

The average price realised in dust sale No. 3 was Rs. 4.06 per kilo, as against Rs. 4.08 a week ago and Rs. 5.00 in the corresponding sales last year.

London: North Indian and other growths: In Monday's auction, there was strong demand and most descriptions came to a dearer market, with best Assams the strongest feature. Plain broken pekoe remains at 3/0½d.

Ceylon and South Indians: In Tuesday's sale, a total quantity of 25,757 packages was offered, of which 9,263 packages were from South India. There was good demand. Lowgrowns from Ceylon were dearer by ½d., while others were sold at rates 1d. to 2d. above last. South Indians met with strong demand except thin and plain liquoring sorts.

JUTES RECEDE

(From Our Own Correspondent)

CALCUTTA, 22nd *January*

Against the background of the Indian Jute Mills Association having asked mills to put into operation from 15th January to the end of February the balance of the 7 per cent of looms permanently remaining unsealed, depending upon their capacity to do so, it is unfortunate that there has been a diminution in the demand for goods, including hessian, from overseas countries, thereby leading to a fall in prices. Meanwhile, the daily arrivals of raw jute have increased further and, despite the fact that the I.J.M.A. increased the minimum purchase quota of mills and mills, in their exuberance to ensure that fibre prices were maintained above the minimum levels, exceeded the quota, mills were not able to absorb arrivals in their entirety. Consequently, stockists were keen for business and, though Calcutta quotations did not fall below minimum levels, reports of a break in prices below the minimum were on the increase. The West Bengal Government has been naturally anxious over this situation, and has been exerting all its influence over the Centre in an attempt to get the Buffer Stock Agency on its feet.

All preliminary work in connection with the formal inauguration of the buffer stock scheme has now been completed and, as soon as registration is done, it is likely to go into action. This is expected to be so in the course of the current week. The scheme will operate in those areas where the price has fallen below Rs. 30 a maund basis Assam bottoms. It will be noted that mills have built up considerable stocks of fibre, and as such they need not lift any fibre from the buffer stock until some time. This will naturally lead to problems of accumulation, finance and storage. The coming into being of the buffer stock does not mean that mills will stop buying. They will continue to buy at the same time, so that current buying will be at least equal to their daily consumption and their stocks will remain unaffected. In such a situation, the question as to what would happen to the fibre in the buffer stocks would naturally arise. It should be remembered that fibre fit for hessian manufacture has been nearly sold out to exhaustion, and what remains to be marketed is the inferior quality fibre fit for manufacture of sacking goods, the demand for which has notably fallen.

The possibility of the buffer stock authority being permitted to export a limited quantity of fibre, for which it is claimed that purchasers can be found in overseas countries, has already been hinted. Any such possibility is hindered by the thought of likely losses. For it is well to remember that, even for the superior Pakistan fibre, overseas buying has been very low and, despite the insistence of authorities to maintain the E.P.C. rates, they had to be cut down last week. In these circumstances, it is apparent that the dropping of the hint by officials that the buffer stock authority is in a position to export fibre has been in an attempt to stabilise fibre prices. Trade circles, on the other hand, have genuinely felt that India has surplus fibre this season and that, if exports are not permitted prices would not improve and that there is every danger that sowings in the next season would be comparatively lower. It is necessary that there should be a meeting point between the views of the industry and the trade, and such a common ground can be found, if buffer stocks are retained within the country and released to mills at the beginning of the forthcoming season. This will enable mills to maintain the increased tempo of production, if need be, even beyond March. However, a solution for storage of the fibre thus bought for buffer stocks would have to be found and, granting this is found, it is to be hoped that the buffer stock authority, which includes mills and banks, would be able to block funds for some time.

In an attempt to maintain the minimum prices, the I.J.M.A. has issued a purchase quota of one million maunds for the week ending 27th January. The quota for the week ended 20th January was 900,000 maunds, and actual purchases exceeded this quota. In the course of a handout, the I.J.M.A. has explained that, having regard to increased arrivals, the weekly quota has been progressively increased. The minimum quota has been in force since the past eight weeks and, for the seven weeks up to 13th January, the quota released amounted to 4.7 million maunds, whereas actual purchases by mills aggregated 6 million maunds or 1.3 million maunds more than the total quota. This has naturally put mills into financial strain as well as created storage problem. The fact there is little demand for forward goods and whatever demand is there is centred around ready and near delivery goods has accentuated the financial problems of mills. Further, the several restrictions in force in the futures market prevent mills to hedge beyond a month in goods. Although the restrictions in the futures trading have largely contributed to putting down speculation and to that extent stability in prices of both goods and fibre has been brought about, it is suggested that, considering the huge stocks of fibre with mills, they should be allowed to hedge for a period greater than at present, which will ease their financial problem to an extent. In turn, they will be enabled to increase purchases of fibre. Some criticism has also been heard on the methods by which the Government has decided that Rs. 30 basis Assam bottoms should be the minimum price. Since the mills had incurred heavy losses by paying high prices in the last year—Assam bottoms reached a high of Rs. 56 a maund in March 1961—they should be allowed the benefit of the lower cost of production for fibre in the higher crop. The fact that fibre is often quoted at a discount and that stockists are very keen for business suggests that minimum prices are capable of revision. After all, capital has been invested in mills for profit and, when mills incurred heavy losses in the days of fibre shortage and shareholders took it as part of the game of investment, it is unfortunate that the opportunity to recoup the losses is not allowed to be fully utilised by mills.

In the last few weeks, overseas demand for hessian has no doubt increased and, although it is evident that hessian is beginning to re-capture some of its markets lost to substitutes in the U.S.A., the argument of Mr. L. Kanoria, who recently addressed the Jute Balers Association that past experience has already shown that substitutes, however much favoured, have not been able to reduce the popularity of jute goods permanently anywhere is not unanimously shared by the industry. Substitutes such as paper bags have much benefited by recent researches and, though they cannot be put to the same uses as hessian, it is on the maintenance of fair prices the future expansion of the overseas market for Indian goods depends.

In the fibre market during the week, prices remained unchanged as follows: January-February delivery: Assam bottoms Rs. 30.00 a maund, *daissee* bottoms Rs. 32.00 and Northern bottoms Rs. 29.50. There were reports of offers at a discount of Re. 1 to Rs. 2 a maund and mofussil markets were weak. Despite the reduction in E.P.C. rates in Pakistan by £3 a ton in export firsts, £2 in D.T.C., £5 in export lightnings, £5 in outport tossa 2/3, £3 in Dundee tossa 4, and £5 in Dacca tossa 6, business taking place in the Narayanganj market had been small. Buyers were not satisfied with these cuts, and demanded a further reduction of £2 a ton. However, offers at a discount were not forthcoming, and this demonstrated traders' co-operation with the Pakistan Jute Board in the latter's efforts to stabilise prices. It was expected that, if the present lull continued for a week or two more, overseas buyers by sheer necessity to replenish their stocks would be obliged to come to the market at E.P.C. rates.

In the Calcutta goods market, on Tuesday last, prices declined as purchases were lower. Ready B. twills fell from Rs. 126.25 to Rs. 126.00 and ready hessian 40" 10 oz. from Rs. 55.50 to Rs. 55.25. It was thought that overseas buyers were holding out in anticipation of a fall in prices, now that the I.J.M.A. has removed all restrictions on output and mills are expected to operate to full capacity if only to ease the high fibre stocks. On Wednesday also, overseas buyers preferred to remain idle. However, some covering business in non-standard hessian took place, but this did not prevent prices from moving down. Hessian 40" 10 oz. receded to Rs. 54.00 and in sympathy B. twills to Rs. 125. On the following day, with very little activity, hessian 40" 10 oz. was unchanged at Rs. 54, while B. twills fell to Rs. 124.75. On Friday, apart from some buying of B. twills on Government account, there was very little to note. B. twills moved down Rs. 123 and hessian 40" 10 oz. to Rs. 53.50. Over the week-end, some covering business was done in hessian, as business was reported with Argentina and the United States. As a result, hessian 40" 10 oz. recovered to Rs. 54.25; however, B. twills eased to Rs. 122.75, as apart from buying on Government account, there was no other support.

"KHANDSARI" DECLINES

(From Our Own Correspondent)

HAPUR, 22nd *January*

The sugar market continued to depict a divergent trend this week also. While bold white crystal variety improved further, thanks to brisk buying support from the Southern consuming areas as well as Delhi and Punjab, inferior small crystals sagged. All factories here in west U.P. were attracting heavy cane supplies. Week-end prices here were:—Wholesale Rs. 106.50 per bag; retail 97 nP per *seer*; mill delivery per maund E29 Simbhauli Rs. 37.85; Amroha D29 Rs. 36.25; Bijnore D29 Rs. 35.75; Modinager D29 Rs. 37.65; Dhampur C29 Rs. 37.37.

Total sugar production during December 1961 was 417,000 metric tons, as against 496,000 metric tons in the corresponding month last year and offtake during the month was 203,000 metric tons, which includes 21,000 metric tons despatched for exports, as against 169,000 metric tons (including 12,000 metric tons for exports).

Quietly depressed conditions were witnessed in the Muzaffarnagar market during the week, as demand was quiet and lower prices in South and east U.P. also acted as influencing factors. Inferior crystals of factories in west U.P. were quoted at a heavy discount, while bold crystal was getting premium from 25 nP to Re. 1 per maund. The percentage of recovery by U.P. mills, by 15th December 1961 is put at 8.70, as against 8.50 last year. Week-end prices were—A29 Iqbalpur Rs. 40.10; Lhaksar Rs. 39.54; B29 Deoband Rs. 39.97; Rohana Rs. 39.16; Shamli Rs. 39.70; C29 Deoband Rs. 39.09; Daurala Rs. 39.13; Dhampur Rs. 37.31; D29 Deoband Rs. 38.54; Dhampur Rs. 36.50; Lhaksar Rs. 37.06.

Slackness in demand and pressure of arrivals (put at 5,000 maunds daily) at Muzaffarnagar led to a fall of 50 nP to Re. 1.50 per maund in the prices of *khandsari* during the week. Manufacturers were getting cane at Re. 1.25 to Re. 1.31 per maund, but supplies were not heavy. Week-end prices were: *Desi khandsari* moist Rs. 25 to Rs. 29; dry Rs. 30 to Rs. 32; crystal Rs. 30 to Rs. 32.50; *khandsari boora* Rs. 35 to Rs. 36 a maund.

Gur improved fractionally towards the week-end, thanks to revival of loading facilities to consuming areas of South, offtake in the last two days being 25 wagonloads to Gujarat and Saurashtra. Daily arrivals during the week were small at an average of 4,000 maunds, following inclement frosty weather. Total arrivals during the current season at 3.5 lakh maunds here were less than the corresponding figure last year at 3.80 lakh maunds. There has yet been no stocks and latest prices were *pansera* best Rs. 14.25; *dara* Rs. 13.50 to Rs. 13.87; *balti* Rs. 14.50; *shakker* Rs. 17 a maund.

Brisk demand for *gur chaku* from Punjab and the South accounted for hardening trend in prices in the Muzaffarnagar market. *Gur ladoo* was in demand from east U.P. and Bihar and week-end prices were fractionally higher than corresponding prices last Monday.

Gur futures were perfectly bullish during the week. The latest quotations were at best level of session on continued bull support. Fagun was quoted today at Rs. 14.14, the highest of the session, as against Rs. 13.66 last Monday.

Preparation of land for next cane sowings is now in full swing. Actual sowings will commence after a fortnight.

CENTRAL BANKS AND GOVERNMENTS

(*Concluded from page 145*)

posal of the Radcliffe Committee that changes in the Bank Rate should be expressly announced as having the authority of the Chancellor of the Exchequer. There has never been any occasion to issue written directions to the Bank. No information is available about the discussions between the Treasury and the Bank, because the tradition in the U.K. has been to keep discussions between the two confidential, but it may be assumed that, in the typically British way, there is a good deal of give and take.

British and U.S. Systems

While the British law leaves the Bank of England structurally subordinate to Government, the Australian law gives the Reserve Bank of Australia a somewhat superior position. In the event of a difference of opinion between the Board and Government, which cannot be resolved by discussion, the Board has to submit a written statement containing its views, and the Government may thereupon overrule the Board and declare its own policy expressly taking responsibility for such policy. The papers including the Board's statement have thereafter to be submitted to Parliament. This is an important difference from the British position, in that differences between Government and the Reserve Bank of Australia have formally to be brought before Parliament.

In the U.S.A., the main policy making body in the Reserve System is the Federal Reserve Board at Washington consisting of seven members appointed by the President with the approval of the Senate for a period of 14 years. But, following the pattern, familiar in American costitutional practice, of introducing checks and balances, so that no single authority can assume overriding authority the law gives no power to the President to issue directions to the Board. It appears, however, that the Board is also independent of the Congress in the sense that Congress cannot give it directions. To people accustomed to British and Indian constitutional practice, it is not easy to say in precise terms where exactly is the centre of power in the U.S.A. in regard to monetary policy; it appears to lie in the Federal Reserve Board. A Congressional Committee, which reported to Congress on the subject, usually called the Patman Committee, described the situation as follows:

> "The independence of the Federal Reserve System is desirable, not as an end in itself, but as a means of contributing to the formulation of the best overall economic policy.... The independence of the Federal Reserve System must be an independence *within* and not *from* Government."

But while the law may vary from country to country, the whole tenor of legislation in recent years has been, while setting out the need for monetary stability, to emphasise that monetary policy must be in harmony with the broad social objectives of full employment and economic growth and that consequently, the location of the ultimate responsibility for monetary policy must vest in Government.

Pre-requisites

It is manifest that satisfactory working arrangements between Government and a Central Bank can only be established if the following conditions are fulfilled:

(*a*) Government must have confidence in the Central Bank and its Governor and in turn the Central Bank must be conscious that Government is directly answerable to the people and recognise the Government's ultimate responsibility.

(*b*) The establishment of cordial relationship should not be at the expense of the Governor's ability to be forthright in the expression of his views even to the point of being considered difficult. It would be fatally easy for a Governor to have the pleasantest relationship with the Treasury by just subordinating himself to Treasury views. As Montagu Norman said "I look upon the Bank as having the unique right to offer advice and to press such advice even to the point of nagging; but always, of course, subject to the supreme authority of the Government."

(*c*) The Treasury should not interfere with the operational or administrative responsibilities of the Bank, so long as the general policy pursued by the Bank is in harmony with Government's economic policy. In this connection, may I recall an incident which happened when I was Home Secretary to the Government of India working with Sardar Patel? After two or three months of working with him, I said to him one day that I was very pleasantly surprised that only in two cases out of some 3 or 4 hundred had he disagreed with me. He replied: "That is quite wrong, I did not agree with you in quite a number of other cases." And he mentioned a few. "But," he added, "I did not express any disagreement on the file for two reasons: First of all, the matters at issue did not raise important issues of policy; they were relatively unimportant. Secondly, if I had disagreed with you formally on the papers whenever I felt that I would myself have taken a different view, your prestige in the department would have gone down and your status as Home Secretary would have suffered." This incident taught me one of the most valuable lessons in the art of administration, namely, that quite often what matters is not the exercise of power but restraint in its use. In this context, I should mention that so far no directives have actually been issued by Government to the Reserve Bank.

It is of the essence of sound working relationships between a Treasury and the Board of a Central Bank that the Board should consist of people who are independent and who feel that they can express their views with candour and without fear. That is the case in the U.K. But the extent of Government's control in India in economic matters is vastly more comprehensive than in the U.K. Having regard to the stage of economic development through which we are passing, a planned and controlled economy is inevitable, whatever may be the arguments about particular forms and details of control. It follows, however, as a consequence, that non-official members of statutory Boards taken from industry and commerce, however high their sense of duty, may possibly, on occasions, feel somewhat inhibited in expressing their views with complete frankness. The fact that a Minister represents the power of the State which is pretty all pervasive in matters of industrial development and that the members of the Board have often to make requests for official sanctions under various enactments could possibly affect their relations in a manner which does not happen in countries less subject to control such as the U.K. If I may lift the curtain a bit on the proceedings of the Board of the Reserve Bank, our Directors have always shown notable candour and I believe this is welcomed by Government. I mention this point, however, because the maintenance of the independence of the Board cannot be assumed to arise automatically from its structure; it must continue to be consciously nurtured and welcomed.

In the U.K., the Bank of England is, by tradition, regarded as one of great status and independence. The Governor can be, and, possibly on occasions is, overruled by the political Minister, but the fact that he can be so overruled is merely incidental to the exercise of political power by a Minister responsible to Parliament. That does not come in the way of mutual esteem and camaraderie. This situation has evolved in the U.K. as a result of long years of a highly developed administration. In India, we are passing through the aftermath of a great political revolution culminating in independence. The maintenance of good relations between a post-revolutionary Government and institutions charged with responsibility for monetary stability is often a matter of considerable difficulty, because the former are naturally anxious to achieve changes in the social order with rapidity and the latter, by tradition, are inclined to caution. Fortunately, in the handling of this problem so far as Government and the Reserve Bank are concerned, adjustments have taken place with a great deal of mutual understanding. I mention the point, because, here again, the result is not automatic and has been the result of conscious effort on both sides.

Peep into the Future

Taking a look into the future, there are four areas in which, as far as I can see, the need for accommodation of ideas may arise between the Government and the Reserve Bank:

(1) interest-rate policy,

(2) the volume of accommodation to be given to Government (deficit financing),

(3) the manner of handling sub-standard banks, and

(4) policy in regard to accommodation to co-operative institutions.

Any of these could form the subject-matter of a separate lecture and I do not propose to go into them in great detail. I will only advert to the nature of the problems in the most general terms.

(1) *Interest-rate Policy*

I have discussed in public on several occasions the question of interest rate policy. To recapitulate briefly—the structure of interest-rates in India is not a wholly integrated one; while the rates in the organised sector are relatively low, those in the unorganised sector are indeed high. While the dichotomy between the organised and unorganised sectors of the money market is not today as clear-cut as it used to be 20 or 30 years back, and the links between the two are growing, the unorganised sector finances a substantial part of internal trade and remains largely outside the purview of the Reserve Bank's control. The question, therefore, is not one of raising or lowering the whole complex of rates but of operating on varying levels of the market, with somewhat different purposes in view. Here again, the developmental aspects of the working of the Reserve Bank are as important as the regulatory aspects. In due course, one may expect a more integrated pattern, as the money market gets increasingly sophisticated, but this will take some time.

It is against this setting that the policy of the monetary authority has to be viewed. While active use has not been made of the Bank rate instrument as such, monetary policy has been adapted to the requirements of the economy from time to time in a variety of ways, especially through selective credit controls and more recently through the slab-rate structure. It has now become more stringent, with a view to dealing with the emerging inflationary pressures in the economy largely arising from the accelerated development programme. Accordingly, interest rates in the organised sector of the Indian money and capital markets have been stepped up; this is in part only a reflection of the state of the market. In view of the paucity of savings relative to the growing investment requirements, a rising trend in interest rates is normally to be expected, both for the public sector and for the private sector. On the other hand, not only here but in other countries, governments like to borrow at as low rates as possible, to keep down the interest burden on the exchequer. This becomes an important consideration, especially when the Government has a large borrowing programme over a period of years. Monetary policy has to adjust itself from time to time between these conflicting considerations.

It is difficult to forecast with any precision the developments likely to take place in India in the field of interest rates, though, so far as the private sector is concerned, a shift in direction has already clearly taken place. By the very nature of things, a constant process of adjustment between the Reserve Bank and Government would become necessary, more particularly with increasing demand for Plan resources as well as the growing sophistication of the economy.

(2) *Deficit Financing*

An expansionist bias in the economy and a tendency for prices to rise are to be expected from an investment programme that all the time is pressing on the resources position. It is the task of fiscal and monetary policies to keep this under control and to ensure maintenance of reasonable price stability, without inhibiting the growth process. This postulates that, as national income rises, the increase in money supply needs to be kept to the non-inflationary rates. An increase in money supply can be brought about by increasing bank credit to Government and to the private sector. An increase in bank credit to the Government constitutes deficit financing. The Economic Department of the Reserve Bank estimated, on certain assumptions, that deficit financing during the third Plan period should not exceed Rs. 550 crores; this is now a major policy decision written into the Plan. It is not a rigid position that would hold irrespective of other developments in the economy. Therefore, the Reserve Bank should continue to be alert and watchful of the emerging price situation in regulating bank credit to the private sector, and should also continually advise Government on the level of deficit financing that can be incurred from time to time. . . . Fortunately, in this matter, Government have shown praiseworthy restraint, but the situation will require continuous watching.

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(3) *Sub-standard Banks*

As I have repeatedly stated, we have a sound commercial banking structure; in terms of deposits, over 95 per cent is held by well-run institutions, and the problem of weak units and their weeding out or reconstruction is confined to a small proportion of deposits. In regard to this reconstruction work, Government have the final statutory authority. When weak units are being dealt with, Government are faced with various political and other pressures from different quarters. This is understandable, but does not obviate the need for difficult and firm decisions. The approach of the Reserve Bank is necessarily guided in this matter, as also in regard to extension of banking facilities, by considerations related solely to the efficiency of the banking structure as a whole. The point likely to arise from time to time is the pace at which reconstruction or amalgamation should take place, the Reserve Bank having a bias in favour of speed and Government having to pay attention to local public reactions.

(4) *Co-operatives*

Then there is this challenging field of co-operation. For almost a half-century, the co-operative movement stagnated in this country, despite valiant efforts of a few non-official co-operators; such progress as was made was fitful and uneven, and hardly the fringe of the problem of rural credit was touched. It is only in the last decade or so that perceptible advance has been made, and the Reserve Bank has played no small part in this. We in the Reserve Bank believe, without any reservation, that co-operation is the best form of organisation for meeting the credit requirements of the agriculturists. Accordingly, we have been making a decisive and purposive incursion directly in the field of agricultural credit. Even so, credit provided through the co-operative organisation still forms only a small part of the total credit needs of agriculturists, but the problem of rural credit no longer seems intractable and the prospect is definitely encouraging. There are some who think that the Reserve Bank has been taking unusual and excessive hazards in extending credit to co-operatives. On the other hand, there are those who think that we are unduly cautious. When a major institutional change is being effected, the human element is important. In my view it would be highly imprudent to extend credit without taking into account the ability of the co-operative credit structure to absorb the assistance offered by official institutions, or to ignore the organisational deficiencies and operational weaknesses in the co-operative structure. There is possibility here of a real conflict of approach between those who think that even greater risks have to be taken than has been done hitherto and the Reserve Bank who take the view that the attempt should be all the time to help build up the co-operative structure on increasingly sound lines and to provide credit facilities only within the limits of their absorptive capacity.

In conclusion, I would refer to the statement made by the Finance Minister in the Rajya Sabha on 21st December 1957: He said, "The Governor of the Reserve Bank is not an officer of the Government. The Reserve Bank happens to be the supreme autonomous body that is created.... He is a non-official. He is entitled to criticise the Government, to differ from Government . . . we can, in matters where Government's policies are to be carried out, issue directives: but the Reserve Bank can hold a different opinion, though they have to act according to the directives issued by the Government for good reasons.... He is bound to carry out the direction, but, in doing so, he is entitled to tell me and also publish it in his report that the Government of India was advised in the matter...." I think this sets out very fairly the relative responsibilities of Government and the Reserve Bank at present and I have every hope that it will continue to be regarded as the charter for the vital role that the Reserve Bank would have to play in shaping the country's economy.

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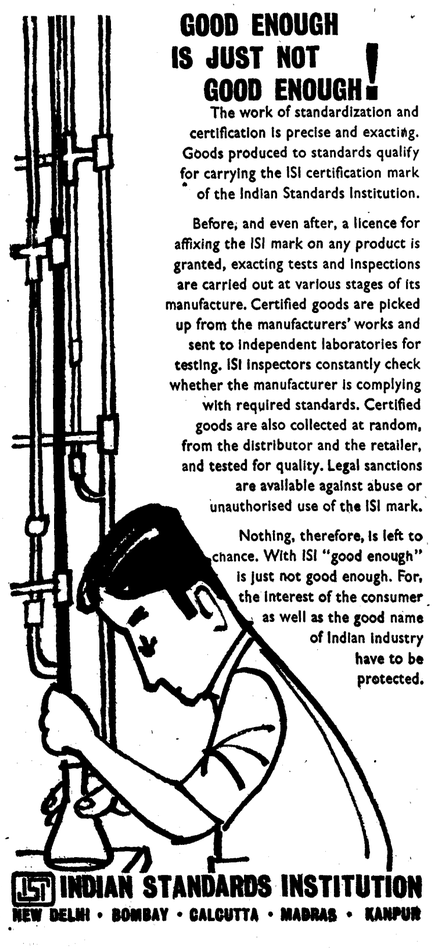

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 12th Jan., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund.	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	53,63,90,000
(2) Other Governments	12,62,19,000
(b) Banks	75,74,04,000
(c) Others	148,42,53,000
Bills Payable	29,65,24,000
Other Liabilities	44,68,51,000
Rupees	505,76,50,000

ASSETS	Rs.
Notes	12,49,09,000
Rupee Coin	1,54,000
Subsidiary Coin	3,50,000
Bills Purchased and Discounted—	
(a) Internal	...
(b) External	...
(c) Government Treasury Bills	52,39,00,000
Balances held abroad*	13,95,30,000
Loans and Advances to Governments†	64,14,19,000
Other Loans and Advances	145,92,81,000
Investments	190,46,32,000
Other Assets	26,54,75,000
Rupees	505,76,50,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 8,01,50,000 advanced to scheduled banks against usance bills under Section 17 (4)(c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,49,09,000	
Notes in circulation	1991,41,38,000	
Total Notes issued		2003,90,47,000
Total Liabilities		2003,90,47,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	126,90,07,000	
Total of A		244,62,10,000
B. Rupee Coin		120,48,12,000
Government of India Rupee Securities		1638,80,52,000
Internal Bills of Exchange and other commercial paper		
Total Assets		2003,90,47,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	12-1-62	5-1-62	13-1-62
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	48,20	51,10	40,72
(ii) From others	728,52	726,10	683,36
(b) Borrowings from banks	25,62	25,13	14,75
(c) Others	52,86	54,01	48,33
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	17,76	20,23	15,18
(ii) From others	1,009,22	1,008,42	1,058,42
(b) Borrowings from banks	10,25	15,74	0,96
(c) Others	24,23	24,42	21,30
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,827,75	1,824,51	1,741,78
4. Aggregate liabilities [1 (a)(ii)+1 (c)+2 (a) (ii)+2 (c)]	1,905,83	1,903,54	1,811,41
5. Borrowings from Reserve Bank	10,40	14,45	53,06
(a) Against usance bills and/or promissory notes	8,02	6,94	14,59
(b) Others	8,39	7,52	38,48
6. Borrowings from State Bank and/or a notified Bank	12,29	11,98	13,12
7. Cash	46,52	48,02	42,76
8. Balances with Reserve Bank	71,56	80,61	77,40
9. Cash and balances with Reserve Bank	118,08	128,63	120,16
10. 9 as per cent of 4	6,20	6,76	6,63
11. Balance with other banks in current account	16,46	17,96	14,72
12. Money at call and short notice	49,73	47,55	22,17
13. Investments in Government securities	583,66	593,84	624,86
14. 13 as per cent of 4	30,63	31,20	34,50
15. Advances—			
(a) Loans, cash credits and overdrafts	1,105,21	1,097,27	1,029,94
(b) Due from banks	7,60	7,54	12,98
16. Inland bills purchased and discounted	151,15	148,38	120,16
17. Foreign bills purchased and discounted	45,63	45,65	47,62
18. Total bank credit [15 (a)+16+17]	1,301,08	1,291,29	1,197,72
19. 18 as per cent of 4	68,32	67,84	66,12

PRINCIPAL BANK RATES†

Centre	Changed on	From	To
Argentina	Dec., 1957	8.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	18th Jan., 1962	4.50	4.25
Bolivia	30th Sept., 1959	6	8
Burma	Feb., 1948	...	3
Canada †	...	2.85	2.82
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	19th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	8
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1960	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6	7.30
Malaya	25th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	5.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1961	3	4
Peru	Nov., 1959	6.00	0.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	5	2
South Africa	7th Dec., 1960	5	4.50
Spain	11th April, 1960	6.25	5.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	...	7
Turkey	6th June, 1956	4.50	6
United Kingdom	2nd Nov., 1961	6.50	6
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	6th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 12th Jan., 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		7,45,00,000
Borrowings from Other Banking Companies, Agents, etc.		529,68,41,000
Bills Payable		2,60,50,000
Bills for Collection being Bills receivable as per contra		7,76,71,000
Acceptances, Endorsements and Other Obligations per contra		2,26,29,000
Other Liabilities (including Inter-Office Adjustments)		86,63,000
Total	Rs.	11,73,28,000
		567,99,32,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		21,15,84,000
Balances with other Banks		5,53,50,000
Money at Call and Short Notice		1,26,67,000
INVESTMENTS—		
Government and other Trustee Securities	228,67,69,000	
Other Authorised Investments	9,29,95,000	
		237,97,64,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	248,86,50,000	
Bills Discounted and Purchased	18,82,28,000	
		267,68,78,000
Bills Receivable being Bills for Collection as per contra		2,26,29,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		86,63,000
Premises less Depreciation		1,88,64,000
Furniture and Fixtures less Depreciation		1,46,17,000
Other Assets (including Inter-Office Adjustments)		27,80,07,000
Total	Rs.	567,99,32,000

IRON AND STEEL PRODUCTION (In Metric Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300T	1,106,800T	786,900T
Do. 31st March, 1959	1,137,500T	1,149,900T	884,700T
Do. 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,588,000	1,623,000	1,263,000
Dec., 1960	143,200	150,600	115,800
July 1961	133,000	137,200	107,900
Aug., "	131,500	131,700	102,700
Sept., "	123,900	128,300	107,000
Oct., "	130,100	137,600	112,700
Nov., "	125,500	128,800	101,800
Dec., "	125,500	128,800	101,800
	142,100	148,400	117,600
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1958	733,945T	507,585T	412,042T
Do. 31st March, 1959	959,933T	698,395T	497,551T
Do. 31st March, 1960	1,070,475	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Dec., 1960	111,516	86,424	61,395
July 1961	100,407	77,595	65,720
Aug., "	101,000	76,053	62,609
Sept., "	97,760	76,988	60,138
Oct., "	105,823	81,969	61,921
Nov., "	103,064	81,200	62,119
Dec., "	103,038	83,171	65,031

T = Figures in Tons.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During Nov., 1961	92.2
	Corresponding month. 1960	85.0
	Five months ended Nov., 1961	384.0
	Corresponding period 1960	440.8
Stocks	At the end of Nov., 1961	56.5†
	Corresponding month, 1960	82.2
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1959-1960	833.5
	July-June 1960-1961	730.6
	July 1961 to Nov., 1961	302.3
	Nov., 1960	57.3
	Nov., 1961	63.0
For Internal Consumption	July-June, 1959-1960	218.3
	July-June 1960-1961	274.1
	July 1961 to Nov., 1961	100.0
	Nov., 1960	23.8
	Nov., 1961	27.6
	RAW JUTE	(In 000 bales)
Consumption by Mills	Nov., 1961	526
	Corresponding month, 1960	502
	1958-59	6,014
	1959-60	6,291
	1960-61	5,762R
	July 1961 to Nov., 1961	2,188

† Provisional. R—Revised.

State Bank of Pakistan

Statement of Affairs for the week ended 12th Jan., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,05,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	11,82,52,000
(b) Provincial Governments	50,35,000
(c) Banks	18,27,78,000
(d) Others	113,00,38,000
Bills Payable	12,06,000
Other Liabilities	12,64,50,000
Rupees	166,02,59,000

ASSETS	Rs.
Notes	11,69,62,000
Rupee Coin	15,000
Subsidiary Coin	36,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	27,14,04,000
Loans and Advances to Governments	7,06,00,000
Provincial Governments' Debtor Balances	1,47,90,000
Other Loans and Advances	62,64,01,000
Investments	45,21,24,000
Other Assets	10,79,27,000
Rupees	166,02,59,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	11,69,62,000	
Notes in circulation	389,01,35,000	
Total Notes issued		400,70,97,000
Total Liabilities		400,70,97,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	2,50,63,000	132,96,23,000
Government of Pakistan Securities	259,84,05,000	
Internal bills of exchange and other commercial paper	....	
		261,84,68,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	400,70,97,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 34.58 per cent.

EXCHANGE RATES

	23rd January 1962	17th January 1962
Bombay on London—		
Sellers T.T. D.D. Spot.	1-5	1-5
Sellers T.T. D.D. upto six months	1-5	1-5
Buyers T.T. spot to nine months	1-6	1-6
Buyers T.T. 10 to 12 months	1-6	1-6
Bombay on New York—		
Sellers T.T. D.D.	476.25	476.25
Buyers T.T.	473.00	473.00
London on New York	2.8100- 2.8111	2.8100- 2.8108
London on Paris Sw. Frs.	13.7740-13.7760	13.7740-13.7760
London on Berne. Sw. Frs.	12.1340-12.1360	12.1340-12.1360
New York on London	281.130-281.160	281.050-281.080

CLEARING HOUSE RETURNS

Centre	Week ended 19th Jan., 1962		Week ended 12th Jan., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,46,281	100,73,62,000	4,55,850	100,07,10,000
Calcutta	1,23,000	84,95,00,000	2,22,000	86,08,00,000
Madras	88,361	13,07,72,234	1,04,000	13,93,00,000
All Centres—				
1958-59	..	..	45,172,000	97,87,12,00,000
1959-60	..	..	50,064,000	100,98,05,00,000
1960-61	..	..	54,472,000	126,13,16,00,000
Nov., 1960	..	..	4,718,000	1,080,60,00,000
Dec., "	..	..	4,873,000	1,128,98,00,000
Oct., 1961	..	..	4,785,000	1,046,00,00,000
Nov., "	..	..	4,979,000	1,094,48,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	30th Dec., 1961	23rd Dec., 1961	31st Dec., 1960	October 1961	October 1960	Percentage of Increase (+) or Decrease (—) in Oct., 1961 as compared with Oct., 1960	Financial Year Average 1960-61	1959-60
Food Articles	504	117.1	117.9	115.0	120.9	121.8	— 0.7	120.8	119.6
Cereals	192	100.7	100.5	98.4	108.1	106.7	+ 1.3	104.4	104.1
Pulses	43	93.1	94.1 R	93.0	90.6	94.6	— 4.2	93.0	92.5
Fruits and Vegetables	23	132.4	135.8 R	103.5	144.3	113.7	+26.9	93.0	92.5
Milk and Ghee	84	113.7	115.9 R	106.5	117.3	117.5	— 0.2	116.0	117.6
Edible Oils	47	152.2	152.2	155.8	147.0	153.1	+ 0.3	119.0	127.8
Fish, Eggs and Meat	17	138.7	140.0 R	128.2	134.2	126.0	+ 6.5	150.8	150.4
Sugar and Gur	48	111.2	111.2	123.1	120.8	130.6	+11.9	133.8	112.0
Others	50	162.4*	164.0 R	167.5*	180.3	170.5	+ 5.7	133.8	112.0
Liquor and Tobacco	21	98.8	98.8	111.7	99.5	113.5	— 12.3	167.8	167.9
Tobacco		91.8	91.8	110.3	95.0	112.2	— 15.3	167.8	167.9
Fuel, Power, Light and Lubricants	36	121.6	121.6 R	119.8	122.0	119.8	+ 1.8	106.6	97.9
Industrial Raw Materials	156	136.2	136.4 R	161.8	135.9	146.8	— 7.4	129.6	129.9
Fibres	61	125.6	124.7	160.0	127.0	157.5	— 7.3	145.4	119.2
Oilseeds	20	151.9	151.2	156.2	140.7	148.3	— 18.8	151.6	122.7
Minerals	2	94.8*	94.8*	95.9	94.8	98.0	+ 0.9	149.9	114.6
Others	73	129.4*	128.6 R	131.0*	127.7	126.8	— 3.8	123.4	134.5
Manufactures	249	126.8	126.7	126.8	128.3	130.6	+ 1.8	97.4	97.8
Intermediate Products	41	136.4	136.1	133.0	140.3	138.2	+ 1.4	129.0	122.7
Finished Products	208	124.9	124.8	125.7	124.1	123.7	+ 7.8	120.6	111.7
Textiles	147	125.2	125.2	130.3	124.7	127.4	+ 0.3	122.8	111.3
Cotton		127.8*	127.8*	129.2*	128.2	130.4	— 2.1	126.5	107.8
Jute		121.4	121.4	147.2	118.7	138.3	— 1.7	123.1	116.8
Woollen		130.1*	123.1	130.1*	123.1	110.1	+12.9	131.4	90.6
Silk and Rayon		119.6*	119.6*	102.4*	119.3*	101.8	+11.8	109.1	104.2
Metal Products	12	147.1	147.1	146.8	147.1	140.8	+17.5	104.4	98.4
Chemicals	20	111.2	111.2 R	103.8	111.6	104.6	+ 0.7	147.2	144.4
Oil Cakes	10	153.7	152.6	140.6	154.3	151.2	+ 2.4	104.4	109.9
Machinery and Transport Equipment	31	115.8	115.8	112.1	116.2	141.1	+ 3.8	141.3	148.8
Others	30	124.5	122.8	116.4	121.5	116.1	+ 4.7	111.9	106.5
All Commodities	1,000	122.8	122.8 R	126.2	124.4	126.2	— 1.4	116.1	113.4

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. R—Revised * Estimated.

SHORT NOTES

Reserve Bank of India. Rupee Coin Rs. 1,54,000 (Rs. 1,54,000). Subsidiary Coin Rs. 3,50,000 (Rs. 3,50,000). Bills Purchased and Discounted—(a) Internal ... (...). (b) External ... (...). (c) Government Treasury Bills ... (...). Balances held abroad Rs. 13,95,30,000 (Rs. 7,95,30,000). Loans and Advances to Governments Rs. 64,14,19,000 (Rs. 64,14,19,000). Other Loans and Advances Rs. 145,92,81,000 (Rs. 145,92,81,000). Investments Rs. 190,46,32,000 (Rs. 190,46,32,000). Other Assets Rs. 26,54,75,000 (Rs. 26,54,75,000). Notes held in the Banking Department Rs. 12,49,09,000 (Rs. 12,49,09,000). Notes in circulation Rs. 1991,41,38,000 (Rs. 1991,41,38,000). Total Notes issued Rs. 2003,90,47,000 (Rs. 2003,90,47,000). Total Liabilities Rs. 2003,90,47,000 (Rs. 2003,90,47,000). A. Gold Coin and Bullion—(a) Held in India Rs. 117,76,03,000 (Rs. 117,76,03,000). (b) Held outside India ... (...). Foreign Securities Rs. 126,90,07,000 (Rs. 126,90,07,000). Total of A Rs. 244,62,10,000 (Rs. 244,62,10,000). B. Rupee Coin Rs. 120,48,12,000 (Rs. 120,48,12,000). Government of India Rupee Securities Rs. 1638,80,52,000 (Rs. 1638,80,52,000). Internal Bills of Exchange and other commercial paper ... (...). Total Assets Rs. 2003,90,47,000 (Rs. 2003,90,47,000).

Indian Iron and Steel Co., Ltd. Year ended 31st March, 1958 733,945T (507,585T). Do. 31st March, 1959 959,933T (698,395T). Do. 31st March, 1960 1,070,475 (840,305). Do. 31st March, 1961 1,160,576 (914,159). Dec., 1960 111,516 (86,424). July 1961 100,407 (77,595). Aug., " 101,000 (76,053). Sept., " 97,760 (76,988). Oct., " 105,823 (81,969). Nov., " 103,064 (81,200). Dec., " 103,038 (83,171).

Tata Iron and Steel Co., Ltd. Year ended 31st March, 1958 1,098,300T (1,106,800T). Do. 31st March, 1959 1,137,500T (1,149,900T). Do. 31st March, 1960 1,594,000 (1,555,000). Do. 31st March, 1961 1,588,000 (1,623,000). Dec., 1960 143,200 (150,600). July 1961 133,000 (137,200). Aug., " 131,500 (131,700). Sept., " 123,900 (128,300). Oct., " 130,100 (137,600). Nov., " 125,500 (128,800). Dec., " 125,500 (128,800). 142,100 (148,400).

Bombay City and Island

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share: 1958	1959	1960	61	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
17,38,200	9,88,622	40,70,472	25,34,396	2,383	Maganlal Bhagwandas & Co.	..	..	Ambika Silk Mills Co., Ltd.	155.00	100	12.00	12.00	15.00	....	12	Y.
50,00,000	....	1,15,07,423	49,16,604	—29,00,387	Rajputana Text. (Agencies) Pvt. Ltd.	45,180	903	Apollo Mills	2.54	$	Nil	Nil	Nil	Nil	12	Y.P.T.
60,00,000	11,54,641	1,21,07,426	35,20,258	2,99,665	Gulabchand Jain, Esq. (Chairman)	50,596	1,021	B. E. Cotton Mills	76.00	100	Nil	Nil	Nil	Nil	12	Y.
2,50,95,000	3,66,57,268	11,03,32,121	5,45,36,135	65,826	Nowrojee Wadia & Sons (Pvt.) Ltd.	2,15,492	4,320	Bombay Dyeing & Mfg.	166.25	50	7.50	5.00	5.00	12.50	3	Y.P.
10,00,000	2,84,495	89,53,981	47,46,203	1,37,996	Ramnarain Sons Private Ltd.	44,784	860	Bradbury Mills	585.00	100	22.00	31.50	30.00	....	12	Y.P.
2,83,91,500	4,09,76,495	10,53,72,338	4,62,78,738	2,31,912	Birla Gwalior Private Ltd.	1,26,752	2,698	Century Spg. & Mfg.	167.00	100	12.50*	7.50	11.00	11.00	3	Y.
25,00,000	35,13,005	1,38,00,429	84,16,840	34,762	Gowasjee Jehangir & Co. Pvt. Ltd.	31,400	680	Cooria Spg. & Wvg.	158.50	50	5.00	10.00	15.00	15.00	3	Y.
53,00,000	29,03,230	1,02,39,816	58,42,312	2,06,873	Ramnarain Sons Private Ltd.	43,960	..	Dawn Mills	375.00	100	15.00	18.00	18.00	....	12	Y.P.
84,00,000	35,28,313	98,01,168	67,85,681	2,29,975	Puranmal Bubna Sons	47,356	922	Edward Textiles	116.00	50	Nil	7.00	9.00	....	12	Y.
29,96,050	41,95,692	1,61,80,826	87,15,283	1,06,104	B. L. Jalan, Esq. (Chairman)	46,700	856	Elphinstone Spg. & Wvg.	386.00	100	16.00	23.00	23.00	....	12	Y.
50,00,000	71,12,898	2,03,17,243	1,18,41,207	37,155	James Finlay & Co., Ltd.	63,212	784	Finlay Mills	270.00	100	15.00	21.50	21.50	....	12	Y.
50,00,000	60,44,319	1,05,48,015	72,22,481	10,233	James Finlay & Co., Ltd.	45,768	1,020	Gold Mohur Mills Ltd.	6,850.00	1,000	350.00	350.00	500.00	....	3	Y.P.
11,84,000	1,19,31,192	2,16,82,316	1,42,90,523	....	K. M. D. Thackersey Esq. (Chairman)	45,448	1,120	Hindoostan Spg. & Wvg. M Ltd.	992.50	250	87.50	87.50	125.00	....	3	Y.P.
16,000									17.80	0 100.	Nil	Nil	0.80	....	12	Y.
2,00,00,000	41,70,614	5,28,11,146	4,01,32,001	9,69,881	M. D. Bhat, Esq. (Chairman)	2,46,338	6,265	India Unite[d] Mills	2.64	0 1D.	Nil	Nil	0.1325	....		
D. 50,00,000									3,225.00	1,000	225.00	200.00	232.00	....	3	Y.P.
18,80,000									1,050.00R	500	162.50	100.00	115.00	....		
D. 70,000	91,23,291	1,84,94,644	1,39,55,204	10,633	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	471.25	100	10.00	16.00	32.00	16.00	6	Y.P.
59,85,000	87,09,165	5,89,98,371	2,84,69,532	98,194	Khatau-Makanji & Co. (Pvt.) Ltd.	1,00,000	1,500	Khatau Makanji Spg. & Wvg.	308.00	100	10.00	9.50	15.00	....	12	Y.
1,00,00,000	1,02,16,719	4,18,29,188	3,03,39,130	20,794	Killick Nixon & Co.	1,20,504	1,145	Kohinoor Mills	72.50xR	100	5.00	5.00	6.00	....	12	Y.
46,47,350	43,32,229	1,51,49,443	75,23,486	25,784	N. Sirur & Co. Private Ltd.	49,200	644	Modern Mills	72.50xR	100	15.00	21.50	21.50	24.00	6	Y.P.
51,75,000	60,50,557	3,28,38,719	2,37,80,977	1,54,822	Piramal Sons Private Ltd.	71,604	1,642	Morarjee Goculdas Spg. & Wvg.	535.50	100	14.00	22.00	22.00	....	12	Y.P.T.
3,41,11,250	1,88,27,010	12,92,52,259	6,02,53,132	4,41,151	Chinai & Co. Private Ltd.	....	....	National Rayon Corporation	185.00	100	Nil	Nil	Nil	....	12	Y.
24,00,000	12,59,737	91,26,187	49,70,078	2,44,220	H. V. Gandhi, Esq. (Chairman)	45,944	480	New City of Bombay Mfg.	250.00	100	Nil	Nil	Nil	....	12	Y.P.
30,00,000	2,91,638	1,24,16,237	68,75,602	—2,27,101	Sahu S. P. Jain, Esq. (Chairman)	49,012	956	New Great Spg. & Wvg.	234.00	100	10.00	10.00	15.00	20.00	3	Y.
45,00,000	55,35,221	1,89,77,617	1,29,35,901	4,01,084	Ramnarain Sons Private Ltd.	69,332	1,190	Phoenix Mills	152.00	100	18.00*	12.00*	12.00*	....	12	Y.P.
45,00,000	45,05,152	87,83,076	38,27,952	2,40,742	Podar Sons Private Ltd.	32,500	930	Podar Mills	126.00	100	8.00	11.50	12.00	....	12	Y.
75,00,000	26,95,000	1,84,04,714	93,31,773	1,11,811	J. K. (Bombay) Private Ltd.	....	....	Raymond Woollen Mills Ltd.	15 00	10	Nil	Nil	Nil	....	12	Y.
10,00,000	1,70,451	32,32,053	19,14,443	—1,07,771	R. A. Podar, Esq. (Chairman)	....	....	Sassoon Mills	67.00	10	2.00	2.50	1.75	....	12	Y.P.
75,29,780	1,29,08,292	3,17,23,074	1,82,17,631	24,984	M. G. Investment Corp. Private Ltd.	96,488	2,127	Sassoon Spg. & Wvg.	284.00	100	10.00	15.00	15.00	....	12	Y.P.
90,00,000	54,01,239	1,90,85,553	93,85,241	56,379	Marwar Textiles (Agency) Pvt. Ltd.	47,438	1,620	Shree Niwas Cotton Mills	241.50	50	8.50	5.00	7.50	Nil	3	Y.T.
80,40,000	33,44,035	2,39,26,360	1,17,07,182	39,044	S. R. Damani, Esq. (Chairman)	49,840	1,233	Simplex Mills	1,124.00	100	20.00	29.00*	30.00	....	12	Y.P.
1,29,75,000	2,81,20,905	4,60,68,485	2,50,81,220	1,87,718	Mafatlal Gagalbhai & Sons	97,588	2,409	Standard Mills	288.00	100	10.00	14.00	17.00	....	12	Y.
1,00,00,000	1,05,78,468	3,50,93,885	1,93,06,592	24,523	Tata Industries Private Ltd.	75,036	2,000	Svadeshi Mills	288.00	100	25.00	36.00	36.00	....	12	Y.
36,00,000	35,68,509	2,11,42,441	1,21,58,892	26,062	James Finlay & Co., Ltd.	40,328	550	Swan Mills	420 00xR	100	40.00	50.00	50.00	....	12	Y.P.
25,57,575	61,75,268	2,99,78,463	1,25,31,613	25,322	Tata Industries Private Ltd.	81.50	25	Tata Mills	70,940	1,763	1.50	2.50	5.00	....	12	Y.P.
17,90,000	49,01,599	1,18,69,138	71,82,479	78,783	Mangaldas Mehta & Co. Private Ltd.	50,056	944	Victoria Mills Ltd.	790.00	1,000	225.00	325 00	324.50	....	12	Y.P.
12,00,000	98,16,000	1,93,55,000	1,24,98,000	....	K. M. D. Thackersey, Esq. (Chairman)	54,654	1,262	Western India Spg. & Mfg.	6,475.00	1,000	325.00	325 00	324.50	....	12	Y.P.

Ahmedabad

40,00,000	46,70,826	2,13,83,170	94,81,706

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	10.50	10	0.25	0.50	1.00	0.25	3	Y.P.T.
6,00,000	16,40,000	77,47,320	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	262·00	100	10.00	15.00	44.00		12	Y.P.T.
30,00,000	9,06,540	1,44,75,731	1,01,56,923	1,17,978	McLeod & Co., Ltd.	1,264	Alliance	92·50	100	Nil	Nil	6.00	Nil	5	Y.P.
49,20,700	85,71,000	2,80,85,747	1,84,91,934	3,74,383	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	192·00	100	10·00	12·50	20·00	7·50	3	Y.P.
40,00,000	28,14,827	1,46,86,173	83,52,153	45,981	Bird & Co. Private Ltd.	810	Auckland	162·00	100	5·00	20·00	27·00	12·00	3	Y.P.T.
28,00,000	24,84,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd.	959	Bally	262·00	100	6·00	10·00	25·00	25·00	3	Y.P.
£275,000	£812,859	£1,752,453	£967,103	£95,189	Sir John H. Burder (Chairman)	1,889	Barnagore	132·00	£5	Nil	10sh.	£1 10sh	10 Sh.	3	Y.P.
48,00,000	25,91,700	70,48,057	40,86,203	1,23,355	Soorajmull Nagarmull	600	Bengal	9·00	10	0·50	0·50	0·50		6	Y.P.T.
91,25,000	3,08,27,813	8,17,03,760	2,90,00,714	1,88,905	Birla Brothers Private Ltd.	1,372	Birla	30·25	10	1·00	1·00	1·50	1·50	3	Y.P.
35,00,000	27,73,218	1,36,96,070	70,84,735	84,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	127·00	100	5·00	15·00	10·00		10	Y.P.T.
7,48,580	4,000	45,02,280	35,19,543	—1,47,580	Mayarmn & Sons	502	Calcutta Jute Mfg.	5·50N	10	Nil	Nil			12	Y.P.T.
10,00,000	29,05,059	92,72,655	5,10,612	6,22,941	M.	616	Caledonian	145·00	100	15·00	12·00	12·00		11	Y.P.
50,16,400	82,28,226	2,14,84,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	1,600	Champdany	125·00	100	Nil	7·00	10·00	5·00	3	Y.
25,56,250	46,56,344	1,22,29,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	16·25	10	0·50	1·25	Nil		11	Y.P.
30,15,000	39,53,900	1,20,98,261	66,66,976	39,326	McLeod & Co., Ltd.	500	Chitavalsah	12·06	10	1·25	1·50	0·50		7	Y.P.T.
24,00,000	9,00,000	82,12,030	41,31,208	—3,09,256	M.	969	Clive	9·87	10	Nil	Nil	Nil		3	Y.
31,49,200	14,58,891	1,10,14,699	59,61,313	9,402	Bird & Co. Private Ltd.	766	Dalhousie	113·00	100	Nil	Nil	1·00	1·00	3	Y.P.T.
28,00,000	41,85,474	97,98,897	51,23,570	15,632	Andrew Yule & Co., Ltd.	779	Delta	163·00	100	6·00	14·00	7·50		11	Y.P.
15,00,000	58,62,000	1,14,03,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	17·00	10	1·00	1·25	1·25		7	Y.P.T.
92,00,000	81,72,399	2,58,92,387	1,80,83,997	72,395	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	375·00	100 Old	20·00	20·00	25·00	10·00		Y.P.T.
31,00,000	19,81,948	1,32,23,393	76,17,723	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	23·62xr	10	1·50	1·50	2·25		3	Y.P.T.
84,32,100	5,16,898	2,24,66,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	12·62	10	Nil	Nil	1·00		3	Y.P.
10,80,000	24,36,266	98,03,727	53,00,178	14,067	M.	607	General Ind. Society Ltd.	35·00	10	2·00	4·00	4·00		12	Y.T.
24,00,000	24,36,266	2,74,15,455	4,81,06,760	82,035	Macneill & Barry Ltd.	1,594	Gourepore	422·50	100	20·00	25·00	30·00	25·00	3	Y.P.
40,00,000	71,85,723	1,33,64,144	76,47,196	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	115·00N	100	5·00	6·00	6·00		3	Y.P.
16,80,000	31,09,833	83,48,980	55,07,772	88,329	J. & R. Hutchison Private Ltd.	729	Hooghly	15·00	10	Nil	0·50	1·00		3	Y.P.
65,62,500	42,62,842	2,25,18,876	1,45,23,467	97,720	Jardine Henderson Ltd.	1,940	Howrah	25·00	10	Nil	1·00	1·25	1·00	3	Y.P.T.
82,50,000	88,73,191	3,21,24,274	1,88,99,274	1,62,375	Ramdutt Ramkissendas	2,272	Kamarhatty	25·12	7·50	1·50	1·50	2·15	2·15	3	Y.P.
87,50,000	36,63,966	1,80,83,105	1,09,14,160	76,164	M.	1,797	Kamarhatty	25·12	12·50	1·56	1·24	1·75	1·50	3	Y.
24,00,000 } 'B'12,00,000	27,20,329	2,00,48,588	1,40,57,598	39,774	Jardine Henderson Ltd.			143·00	100	5·00	20·00	5·00		12	Y.P.T.
24,00,000 } 'B'24,00,000	....	1,78,03,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kanknarrah	78·00	100	Nil	Nil	Nil		12	Y.P.T.
								77·00	'B' 100	Nil	Nil	Nil			
28,00,000	57,46,000	1,59,67,739	1,08,21,650	2,61,205	McLeod & Co., Ltd.	703	Kelvin	176·00	100	12·50	14·00'C'	15·00	15·00	5	Y.P.
54,00,000	23,98,564	1,18,78,350	1,39,90,173	300	Anderson Wright Ltd.	1,530	Khardah	16·62	10	0·80	2·00	2·00	0·50	3	Y.P.
90,85,600	47,39,756	2,07,21,456	1,33,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	150·00	100	5·00	10·00	20·00	7·00	3	Y.P.T.
24,48,000	6,04,572	1,08,23,825	71,08,446	—3,54,448	Bird & Co. Private Ltd.	931	Lansdowne	102·00	100	Nil	Nil	Nil	Nil	3	Y.P.
88,00,000	14,13,430	1,65,77,826	42,22,242	54,394	Bird & Co. Private Ltd.	840	Lawrence	166·00	100	Nil	2·00	15·00	15·00	3	Y.P.
81,65,200	44,95,037	2,88,24,106	1,66,72,214	84,805	M.	1,294	Megna	12·69	10	1·75	1·00	1·20	1·25	3	Y.
29,98,900	84,36,295	1,64,53,185	94,33,206	—11,60,635	M.	315	Naihati	88·50	100	Nil	Nil			3	Y.P.T.
20,00,000	12,32,460	36,57,079	27,63,449	3,215	Howrah Trading Co. Private Ltd.	452	Naksarpara	9·00	10	0·25	0·375	0·60		10	Y.T.
25,00,000	12,63,706	1,08,02,939	25,02,498	41,329	M.	852	National	23·56	10	0·75	1·00	0·75		10	Y.P.
26,25,000	22,36,172	68,66,663	32,12,580	43,020	McLeod & Co., Ltd.	516	Nellimarla Jute	31·31	10	1·00	1·40	0·30		7	Y.P.T.
2,58,83,370	2,80,72,020	9,66,78,831	1,71,73,801	Nil	Sahu Jain Ltd.	1,785	New Central	16·50	10	1·50	1·50'C'	1·50	1·50	3	Y.P.T.
16,79,888	51,93,617	1,20,21,349	77,39,983	32,274	Bird & Co. Private Ltd.	567	Northbrook	29·25	10	Nil	1·25	3·00	3·00	3	Y.P.T.
60,79,500	41,28,236	2,22,60,331	1,19,31,974	1,06,822	Macneill & Barry Ltd.	1,092	Nuddea	64·25	50	2·50	3·00	4·00	3·00	3	Y.
25,00,000	11,41,170	1,06,08,833	75,99,215	23,417	McLeod & Co., Ltd.	490	Presidency	9·00	5	0·37½	0·50	0·40		7	Y.T.
28,00,000	73,904	36,55,343	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	305	Rameshwara	7·00	10	Nil	Nil	Nil	Nil	7	Y.T.
49,50,000	....	1,24,88,157	67,33,074	—26,32,381	Jardine Henderson Ltd.	1,276	Reliance	5·62	10	Nil	Nil	Nil	Nil	3	Y.P.T.
£600,000	£490,065	£1,495,648	£850,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9·50N	£1	5%†	10%†	6%†		12	Y.P.
50,00,000	19,67,306	1,24,50,559	91,65,888	49,510	Bagaria More & Co., Ltd.	911	Shree Ambica	16·90	10	1·50	2·50	2·50		3	Y.P.
14,00,000	13,85,050	75,14,520	54,32,384	21,730	Hindustan Investment Corpn. Ltd.	401	Soorah	21·56	10	1·50	2·50	2·50		12	Y.P.
£800,000	£420,865	£1,276,165	£743,919	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9·50N	£1	3%†	10%†	6%†		12	Y.P.
35,98,000	87,94,656	93,18,767	55,10,223	8,800	Bird & Co. Private Ltd.	1,326	Union	165·00	100	15·00	20·00	25·00	6·00	3	Y.P.T.
£400,000	£279,822	£1,283,223	£611,723	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9·50N	£1	5%†	10%†	6%†		12	Y.P.
2,60,000	7,20,000	82,36,786	45,97,547	96,614	McLeod & Co., Ltd.	447	Waverley	4.19	1	Nil	0.25	0.30	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
10,98,990	4,83,841	17,78,941	3,77,863	16,618	Young India Agencies Private Ltd.	879	Balanoor Tea and Rubber	14.00	10	1.75	1.50	1.50	1.20	3	Y.P.
83,92,542	23,76,747	84,13,561	15,18,278	78,105	Kothari & Sons (Agn.) Pvt. Ltd.	3,523	Blue Mountain	2·43	2	0·25	0·25	0·25	0·20	6	Y.
3,50,000	5,09,091	15,46,408	3,50,184	18,637	K. Ananthanma, Esq. (Mg. Director).	943	Chandramalai Estates Ltd.	2 78cd	2	0·24	0·30	0·40		6	Y.
14,99,190	14,45,652	27,59,955	6,36,841	43,653	Peirce, Leslie & Co., Ltd.	1,714	Chembra Peak Estates	3·35	2	0·20	0·30	0·40	0·40	6	Y.
5,64,120	12,28,975	22,20,475	1,95,657	32,886	Matheson Bosanquet & Co. Pvt. Ltd.	392	Coonoor Tea	26·00	10	2·00	2·00	1·75		3	Y.
4,80,000	5,19,389	13,74,821	2,42,244	2,310	Srinivas Agencies	561	Coorg	5·60	2	0·40	0·40	0·40		6	Y.P.
6,00,000	4,81,318	13,81,923	3,69,201	556	P. G. Krishna Iyer, Esq. (Mg. Director)	352	Devashola (Nilgiri) Tea	31.00cd cr.	10	2·50	2·50	2·00	1·00†	3	Y.
6,74,650	3,21,048	11,60,946	2,46,302	13,226	Young India Agencies Private Ltd.	446	Devon Tea	13.76	10	1·75	1·50	1·50	1·30	12	Y.
3,00,000	1,26,500	4,84,217	95,265	3,237	Parkins Private Ltd.	198	Emerald Valley Estates	5.67	5	0·50	0·40			3	Y.P.
25,00,000	18,50,000	56,71,156	19,81,883	77,125	Parkins Private Ltd.	1,506	Halleyburia	14.00	10	2·00	1·25'C'	1·50		12	Y.
6,00,000	5,86,159	15,77,488	3,94,129	59,578	Peirce, Leslie & Co., Ltd.	469	Kalaza Tea	8.35xr	2	0·25	0·30	0·40	0·50	12	Y.P.
17,17,978	12,12,845	28,15,743	5,71,179	15,600	Peirce, Leslie & Co., Ltd.	1,875	Kil Kotagiri Tea	4.92	2	0·30	0·70	0·50		3	Y.P.
6,00,000	2,14,278	12,25,107	1,15,511	879	Tyo Commen & Co. Pvt. Ltd.	362	Kurchermala Plant. Ltd.	4.97	10	0·625	0·50	0·50	0·40	10	Y.P.
3,00,000	1,20,556	9,61,424	75,285	57,139	Matheson Bosanquet & Co. Pvt. Ltd.	267	Lucky Valley	11.35	10	1·00	1·00	1·00		3	Y.P.
3,50,000	7,000	3,48,587	18,736	....	Vasantha & Co. (Trichy) Pvt. Ltd.	155	Manar Estates Ltd.	2·10	2	0·20	0·10	0·20		12	Y.
3,00,000	6,18,504	14,43,867	3,15,782	1,740	Rajoo Thomas, Esq. (Mg. Director).	560	Mlamallay	38·00	25	2·75	3·00	3·75	3·50	3	Y.P.
3,00,000	23,87,384	85,03,880	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	3·80xd	5	0·37	0·37	0·37	0·37	3	Y.P.
90,00,000	7,04,337	28,08,725	6,12,253	27,999	A. V. Thomas & Co., Ltd.	1,054	Nellampathy	2·48	2	0·30	0·30	0·26	0·30	3	Y.P.
12,00,000	7,45,348	29,87,115	5,87,151	16,790	A. V. George & Co., Ltd.	1,022	Nilgiri Tea	3·40	10	0·60	0·50	0·80		3	Y.P.
14,06,250	4,00,000	45,02,280	35,19,543	—1,47,580	Mayarmn & Sons	502	Nonsuch Tea	23·62	10	2·50	2·00	2·00	2·00	6	Y.P.T.
23,10,000	5,57,357	35,57,599	13,53,272	12,395	P. S. M. Molyneux, Esq. (Chairman)	1,884	Parkside	25·00	10	2·50	2·75	2·75	2·25	6	Y.
14,88,950	16,87,314	33,02,719	6,08,115	40,696	S. Sivasamakrishna Aiyar, Esq.	579	Pazhaniar Plantations Ltd.	23.50	10	1·50	2·00	2·00		6	Y.
6,00,000	3,06,284	9,47,098	2,52,188	64,327	Aspinwall & Co. (Travancore) Ltd.	360	Peermade	22·00	10	1·50	2·00	2·00		3	Y.
17,00,000	11,57,787	43,52,475	15,91,846	57,065	Aspinwall & Co. (Travancore) Ltd.	1,584	Pettakaramalai	3.30	2	0·20'C'	0·25	0·27	0·25	12	Y.P.
57,94,886	30,24,711	1,13,81,238	39,12,962	65,407	Peirce, Leslie & Co., Ltd.	3,716	Sherveroy Estates Ltd.	1·44xd	2	0·15	0·15	0·25	0·40	3	Y.P.
13,50,000	2,96,500	11,68,569	1,44,292	3,047	A. V. Thomas & Co. (India) Ltd.	466	Stanes Amalgamated	15·92xd	10	0·80	0·80	0·125	0·15	6	Y.P.
3,00,000	12,43,007	28,45,222	5,26,968	3,199	T. Stanes & Co., Ltd.	1,131	Stanes Anaimalai	15·92xd	10	0·80	0·80	0·80	0·15	6	Y.
1,25,000	15,000	1,96,241	7,968	4,289	M.	216	Swiston Estates	2·82	2	0·15	0·15	0·25		6	Y.T.
12,50,000	11,78,245	32,25,223	4,11,996	1,354	Srinivas Agencies	1,061	Talayar Tea	1.76	2	0·15	0·15	0·10	0·15	3	Y.
20,00,000	10,90,409	42,54,339	8,47,047	42,154	Parkins Private Ltd.	1,326	Twyford	11.60	10	1·50	1·50	1·50'C'	0·30	3	Y.P.
31,93,280	14,62,765	49,96,418	19,98,195	90,106	T. Stanes & Co., Ltd.	1,771	United Nilgiri	22.50	10	1·60	1·95	2·10	2·20	12	Y.
47,25,000	12,42,245	63,66,910	8,97,365	1,94,353	Kothari Mehta & Co. Pvt. Ltd.	1,007	Valaithali	2·40	2	0·25	0·25	0·25		3	Y.
1,00,000	52,516	3,09,372	1,01,735	—29,548	Goodall & Co.	93	Woodcote Estates Ltd.	1.65	1	0·06	Nil	Nil	Nil	6—12	Y.P.T.

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
6,00,000	5,52,425	16,85,452	4,57,625	80,365	Ramani & Co. Pvt. Ltd.	879‖	Alageswar Estates Ltd.)	2.95	2	0.20	0.15	0.15	0.20	3	Y.
6,75,000	2,45,527	19,88,035	3,50,665	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0·60	0·75	1·00	1·00	3	Y.P.T.
3,50,000	5,92,065	14,26,924	1,56,520	30,096	A. V. George & Co., Ltd.	630	Anandam Rubber Co., Ltd.	13.22	10	1·00	1·00	1·50		3	Y.P.T.
12,07,888	2,28,040	21,62,921	2,74,016	9,563	Associated Planters Private Ltd.	1,842	Anaparai Estates Ltd.	3.16cd	2	0·70	0·50	1·50	1·50	12	Y.P.
4,25,000	4,50,000	8,61,867	1,91,113	22,290	Young India Agencies Pvt. Ltd.	610	Badra Coffee Estates Ltd.	3.39	2	0·25	0·25	0·30	0·30	6	Y.P.
4,00,000	1,62,718	7,54,567	1,10,883	2,488	A. V. Thomas & Co. (Mysore)	370	Babasahib Coffee & Produce	7.72xd	5	0·25	0·025	0·40	0·30	3	Y.P.
2,00,000	2,53,000	4,68,686	62,711	4,963	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	1.87	2	0·25	0·25	0·15		3	Y.P.
2,96,115	2,96,253	13,50,384	13,674	674	T. K. Commen, Esq. (Mg. Director).	1,126	Be Be Rubber Estates Ltd.	2.78	5	0·25	0·25	0·15	0.10	3	Y.P.
58,61,879	20,33,511	55,26,015	9,62,327	10,143	Peirce, Leslie & Co., Ltd.	2,328	Cheshe Malabar	7.35	2	0·30'C'	0·45	0·525	0·60	3	Y.P.
22,50,000	32,61,494	55,51,333	15,14,347	1,86,793	Cons. Coffee Estates (Secretaries)	2,794	Coffee Lands and Industries	15.15xd	10	1·00	2·50	0·60	0·60	3	Y.P.
71,55,000	70,70,102	1,65,00,964	45,79,313	2,26,719	C. I. Machia, Esq. (Mg. Director)	3,232	Consolidated Coffee	17.07xd	10	2·00	2·50	0·80	1·20	3	Y.P.
6,00,000	5,09,755	14,96,390	98,999	2,116	Associated Planters Private Ltd.	1,439	Dalkhand Plantations	10.10	10	1·50	1·50	1·50	2·00	6	Y.P.
4,08,560	2,55,000	3,81,891	94,852	24,416	Peirce, Leslie & Co., Ltd.	665	Cwoody Estates (Coffee)	4 00	10	1·50	1·50	0·50	0·50	6	Y.P.
15,00,000	11,10,000	32,95,321	7,48,428	37,599	A. V. Thomas & Co., Ltd.	1,281	Highland Produce	13 75	10	1·50	1·50	0·50	0·50	3	Y.P.
1,20,000	49,000	1,64,450	5,145	2,823	Young India Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd.	2.78	2	0·15	0·15	0·15		12	Y.P.
11,25,788	11,77,788	31,16,423	3,48,544	31,272	A. V. George & Co., Ltd.	1,543	Kallas Rubber Co., Ltd.	5.80cd	10	0·50	0·50	0·40		3	Y.P.
3,00,000	3,63,604	19,45,239	3,96,051	2,912	A. V. Thomas & Co., Ltd.	1,870	Kaipetta Estates	12.10	10	1·00'C'	0·50	0·40	0·50	3	Y.P.
4,00,000	3,76,000	9,82,417	1,85,014	14,000	Peirce, Leslie & Co., Ltd.	974	Kemengode Estates Ltd.	4.40	2	0·40'C'	0·40	0·40	1·25	4	Y.
13,00,000	13,41,454	22,33,588	4,40,672	47	K. T. Thomas Kathanar, Esq.	2,143	Malankara Rubber	9.00	10	1·00'C'	1·00	1·60		10	Y.T.
3,25,000	2,50,000	8,43,098	81,358	3,394	Associated Planters Pvt. Ltd.	806	Mavcara Rubbers Ltd.	9·00cd	5	1·00	1·00	1·50	1·60*	6	Y.T.
40,50,000	14,33,242	87,24,197	12,48,980	5,116	A. V. Thomas & Co., Ltd.	1,231	Midland Rubber	10 80	10	1·00'C'	1·00	1·00	1·00	3	Y.
3,25,000	4,12,807	16,50,402	3,02,929	79,305	A. V. George & Co., Ltd.	1,066	Nemmeny Rubber	24 65	10	1·50	1·50	1·50	1·25	3	Y.P.
2,80,000	4,74,543	8,94,232	55,673	2,314	Associated Planters Private Ltd.	1,056	Nilambur Rubber Co.	14.12	10	1·50	1·50	1·50		12	Y.P.
10,45,886	42,89,219	82,58,400	18,70,387	7,007	Peirce, Leslie & Co., Ltd.	4,295	Ouathiriony Valley Estates	3·60	2	0·20	0·50	1·50		12	Y.P.
3,00,000	3,71,464	7,77,782	53,078	44,714	Peirce, Leslie & Co., Ltd.	532	Oxoor Estates Ltd.	2.70	2	0·25	0·30	0·30	0·30	10	Y.P.T.
6,50,000	2,93,315	23,27,016	7,37,990	797	Aspinwall & Co., Ltd.	2,017	Pullangode Rubber	1.78	2	0·25	0·30	0·30	0·30	10	Y.P.T.
13,50,000	9,28,404	49,71,627	5,09,879	2,730	A. V. Thomas & Co., Ltd.	2,368	Ralagiri Rubber	19.05xd	10	2·00	0·10	0·10	0·12	3	Y.
2,00,000	1,64,963	3,85,760	47,374	16,575	Associated Planters Private Ltd.	422	Rajamdra Estates Ltd.	11.12	5	2·00	2·50	2·00	2·00	3	Y.P.
5,50,178	2,93,315	9,85,302	1,44,023	21,604	Peirce, Leslie & Co., Ltd.	500	Savamalai Estates Ltd.	2.35	2	0·25'C'	0·30	0·25	1·25	3	Y.P.
18,00,000	2,55,000	19,78,850	1,58,066	4,075	Plateo Agencies	1,162	Sangrameshwar Coffee Estates	1.82	2	0·15	0·20	0·25		3	Y.P.
18,00,000	2,08,130	22,50,803	1,58,357	4,551	Tata Indian Agencies Private Ltd.	1,454	Seshagiri Rubber (India) Ltd.	5.10	10	0·60	0·60	0·12	0.12	11	Y.
2,50,000	2,75,000	8,26,095	51,859	22,808	A. V. George & Co., Ltd.	535	Thamarapally Rubber	16·90	10	Nil	Nil	Nil		3	Y.P.T.
9,15,000	4,05,000	24,54,542	2,19,470	14,829	Peirce, Leslie & Co., Ltd.	2,261	Thirumbadi Rubber Co., Ltd.	1 65	1	0·10	0·10	0·10		12	Y.P.
6,00,000	45,742	8,26,449	1,80,536	4,480	Espen Thomas, Esq. (Mg. Director)	1,241	Travancore Rubber & Coir	13.12	10	1·00	0·07	0·07		12	Y.P.
41,00,000	15,07,631	80,53,783	20,79,944	11,287	Aspinwall & Co. (Travancore) Ltd.	4,671	Travancore Rubber & Tea	10·50xd	10	1·00	1·00	1·50		3	Y.P.
20,00,000	11,91,000	33,48,191	9,09,454	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Principal Plantations Co.	18.87	2x	0·50	0·75	0·90	0·40†	12	Y.P.
6,00,000	4,96,000	17,68,416	1,27,438	10,653	P. I. V. Joseph, Esq. (Chairman)	1,794	Vellimalai Rubber & Co.	5.45	5	0·50	2·00	2·00		12	Y.P.
2,50,000	4,29,600	10,39,250	1,18,701	7,581	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd.	19 00	10	0·50	0·50	0·50		12	Y.
2,80,000	2,80,918	4,18,451	46,238	903	M.	738	Valkundan Rubber Co., Ltd.	32.75	10	1·50	1·50	0·10		3	Y.P.T.
2,60,000	13,40,982	16,15,277	1,52,156	1,12,012	Peirce, Leslie & Co., Ltd.	1,020	Wartyhully Estates Ltd.	2.90	2	0·20	0·25	0·30	0·30	12	Y.P.
6,95,000	97,909	13,65,464	1,02,251	23,313	M.	306	Woodland Estates	7.85	10	0·50	0·50	1·00	1·00	3	Y.P.T.

Y—Includes 60 nP for 30-6-1954. 'C'—On increased capital. * Includes bonus. ‖ M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
4,45,700	14,06,731	23,91,108	9,41,163	5,928	McLeod & Co., Ltd.	325	Amenkie	25.94	10	1.50	1.50	Nil		12	Y.P.
5,76,400	11,53,772	14,63,926	5,81,758	—5,938	M.	456	Ananda (Assam) Tea ..	28·00	10	1·00	1·75	3·00		12	Y.
7,03,350	8,07,224	17,30,420	5,79,959	84,181	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Bag	28·00	10	1·00	1·50	Nil		12

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. np.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. np.	1959 Rs. np.	1960 Rs. np.	1961 Rs. np.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
80,00,000	....	37,43,382	16,26,068	32,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.81	10	*Nil*	*Nil*	0.60‡		3	Y.
26,50,000	11,32,441	14,00,854	7,05,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21·24	10	3.50	2.00	2.00		9	Y.P.
56,23,146	19,77,396	1,61,24,089	63,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.25	2½	0.25	0.356	0.375		12	Y.
10,00,000	52,26,517	92,22,366	45,37,856	59,420	Bird & Co. Private Ltd.	Biora Stone Lime Co.	23.50XBN	10	1.75	1.87	3.00	3.00	3	Y.
14,17,800	10,55,247	33,55,584	15,31,858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	192.50	100	10.00	12.86	12.86		9	Y.P.
99,80,700	14,50,859	1,25,49,403	57,84,861	—5,54,462	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	159.00	100	*Nil*	*Nil*	8.00		12	Y.P.
£1,871,300	£2,444,266	£3,614,146	£2,081,103	£118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	4.72	Sh. 2	0.24	0.36	0.36		12	Y.
F.5,00,000 / O.15,00,000	26,84,000	45,04,655	18,23,593	2,55,462	Bird & Co. Private Ltd...	Karanpura Development	17.12	10	*Nil*	0.50	0.50		12	Y.
50,00,000	....	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	80.00	75	*Nil*	*Nil*	*Nil*		12	Y.P.
80,00,000	40,95,322	1,28,10,947	66,20,738	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26·00N	10	1.25	1.80	1.80		12	Y.P.T.
50,00,000	10,43,352	1,16,80,530	59,85,620	14,41,622	M.	Metal Corporation of India Ltd. ..	10.75	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
6,00,000	6,26,433	13,40,693	7,63,285	7,276	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	13.50	10	1.00*	1.00*	1.428		3	Y.
20,00,000	64,15,230	71,67,023	30,76,350	1,16,099	Bird & Co. Private Ltd.	Orissa Minerals	46.62	10	2.50	3.60	3.60	2.80	6	Y.
3,50,000	17,29,249	22,40,001	40,43,489	37,499	A. V. Gharpure, Esq. (Chairman) ..	Parshuram Pottery Works Co. Ltd. ..	67.00	25	3.75	3.75	5.36	5.36	7	Y.P.
10,46,390	76,44,000	1,06,65,357	44,01,792	4,042	Killick Industries Ltd.	Shivrajpur Syndicate	42.00	10	8.00*	5.00	8.00*		11	Y.
CHEMICAL														
24,00,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	90.00	100	....	....	....		12	Y.P.
85,00,000	58,53,600	2,37,37,674	78,28,566	1,17,073	Bhailal Amin & Sons (Private) Ltd. ..	Alembic Chemical Works Co.	242.50	100	12.00	16.00	14.00		12	Y.P.
8,10,00,000	1,57,00,278	6,04,78,062	1,23,50,512	1,38,819	Imperial Chemical Industries (India) Private Ltd. ..	Alkali and Chem. Corpn. of India ..	43.00	10	0.80	0.95	1.20		9	Y.P.
79,00,475	55,90,045	1,04,54,605	28,87,780	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	337.50	100	*Nil*	12.00	12.00		12	Y.P.
29,89,400	34,11,676	1,63,91,567	58,70,391	42,163	Kasturilal Lalbhai & Co.	Anil Starch Products Ltd.	795.00	100	20.00*	28.00*	30.00*		12	Y.P.
224,93,775	77,58,862	4,05,77,204	1,25,84,156	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	505.00	100	10.00	12.00	12.00		12	Y.
50,98,900	68,84,606	1,50,85,951	77,12,583	1,30,717	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	104.00	100	6.00	7.00	7.00	10.00	3	Y.P.T.
1,00,00,000	23,71,461	1,06,12,335	15,44,929	30,077	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	445.00	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.
9,99,937	2,01,339	14,14,855	6,92,598	8,680	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	25.50	25	2.00	2.50	2.50	..	12	Y.
22,73,800	43,93,663	87,06,339	42,37,414	3,60,370	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	193.75	50	6.00	10.00	*Nil*		12	Y.
1,07,37,000	64,32,516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd. ..	Dhrangadhra Chemicals	133.00	100	6.00	4.00(c)	*Nil*		3	Y.P.
8,46,06,075	88,17,000	6,56,25,587	81,56,950	26,13,166	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	8.10	10	0.40	0.60	0.60		3	Y.
1,49,98,200	39,44,101	43,84,456	17,55,571	75,328	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	517.50	100	*Nil*	*Nil*	6.00	6.00	3	Y.P.
12,00,000	6,50,911	27,89,148	14,86,985	55,617	Jai H. Mehta	Kemp & Co.	155.00	200	15.00	20.00	25.00	25.00	3	Y.
50,00,000	24,37,965	1,56,17,773	81,56,950	15,829	Seshasyee Brothers Private Ltd. ..	Mettur Chemicals	15.05	10	0.87½	0.88	1.25‡	1.25	3	Y.P.T.
24,81,220	10,47,778	55,45,879	43,53,267	8,514	T. Shamanna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	10.60	10	0.50	0.50	1.00	1.00	3	Y.
8,00,000	4,55,261	12,67,587	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	22.15	10	2.00	2.00	2.00‡	2.00	3	Y.P.
40,00,000	86,33,816	65,05,379	16,83,684	1,54,708	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	217.50	50	*Nil*	3.00	5.50	7.50	3	Y.P.
15,00,000	11,17,980	54,89,082	21,90,713	2,10,028	Bangur Brothers Ltd.	Phosphate Co., Ltd.	321.00	100	25.00	45.00	35.00	25.00	6	Y.
19,90,908	15,82,251	26,75,181	16,16,060	1,22,545	C. A. Buxton	Smith Stanistreet & Co.	16·25	5	0.80‡C'	1.25	1.25	1.25	6	Y.P.
4,50,00,000	....	1,41,20,622	31,717	3,87,250	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	122.00	100	..	..	..	6.00	3	Y.
2,51,96,000	59,67,561	7,09,65,786	2,29,10,386	3,571	Tata Industries Private Ltd.	Tata Chemicals	19.76	10(Id	0.75	0.525	0.60	0.65	6	Y.P.T.
18,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	18.55XR	10	0.70	1.00	1.50	2.00	3	Y.P.
ELECTRIC (Bombay State)														
8,74,78,895	1,47,38,524	16,04,61,688	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	94.00	100	6.50	6.75	7.00	7.00	3	Y.T.
81,56,250	26,20,222	2,58,78,933	68,34,923	13,52,834	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.48	10	0.85	0.90	1.00*	0.90	3	Y.P.
3,02,77,000	1,01,95,442	11,73,06,746	2,80,17,570	80,342	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,06·25O	1,000	80.00*	85.00*	85.00*	80.00*	3	Y.P.T.
3,75,00,000	99,05,540	11,05,17,816	1,11,97,516	4,622	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	101.75	100	7.00	7.50	8.00	8.50	3	Y.P.T.
7,07,029	1,03,067	16,97,265	8,70,206	1,536	Rajapuram Textiles (Agencies) Ltd. ..	Broach Electric Supply Developments..	6.75	10	0.50	0.60	0.66		3	Y.T.
48,89,000	12,56,813	1,57,72,704	61,59,509	3,547	Rajapuram Textiles (Agencies) Ltd. ..	Poona Electricity Supply	98.50	100	7.50	8.00	9.50		3	V.P.T.
70,00,000	31,28,526	1,72,01,519	66,35,377	1,914	Killick Industries Ltd.	Surat Electricity	94.50	100	7.00	7.00	7.50	8.00	3	Y.P.
2,39,99,875	1,28,03,557	3,51,68,079	2,08,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	110.50	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
5,15,36,000	3,10,84,482	20,78,53,061	4,31,56,686	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,108.75	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,883	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	126.00	100	10.00	10.00	11.00	11.00	3	Y.T.
8,00,000	15,46,067	65,82,610	24,21,313	24,187	Martin Burn Ltd.	Bareilly Electric Supply	12.25	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	48,76,469	1,78,08,355	61,62,951	46,844	Martin Burn Ltd.	Benaras Electric Light & Power Co. ..	12.25	10	1.00	1.00	1.10	1.10	3	Y.T.
5,91,485	6,92,659	24,08,757	12,04,439	89,820	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	6.12	5	0.40	0.40	0.50		3	Y.T.
£4,262,646	£9,457,172	£35,960,954	£14,235,685	£124,685	Harry Dunn, Esq. (Chairman)	Calcutta Electric Supply	15.25	£1	7%‡	7%	7½%	7½%	3	Y.T.
6,60,090	7,55,075	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	8.06	10	0.65	0.65	0.75	1.00	3	Y.T.
43,20,000	27,18,468	1,05,87,869	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Dhanbad Power Supply	97.00	100	7.00	7.50	10 00	10.00	3	Y.P.
5,34,640	1,42,206	16,19,224	15,01,994	42,694	Moonna Lall & Sons	Jhansi Electric Supply	6.06	10	0.62½	0.62	0.70	*Nil*	3	Y.T.
22,49,700	28,00,194	1,12,04,249	42,93,573	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	10.75	10	0.92	0.93	1.00	1.00	3	Y.T.
5,82,390	4,52,535	37,46,515	13,93,792	40,204	Octavius Steel & Co., Ltd.	Mozufferpore Electric Supply	11.75	10	1.00	1.00	1.25		3	Y.
85,07,385	40,44,866	1,41,84,880	58,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.81	10	0.75	0.75	1.00		3	Y.T.
9,10,000	2,58,304	15,86,888	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply Co. ..	7.00	10	0.50	0.50	0.625	0.625	3	Y.T.
16,80,000	14,98,612	80,57,155	46,54,591	11,620	Bird & Co. Private Ltd.	Sijuah (Dherrah) Elec. Supply Co. ..	8.87	10	0.68	0.75	1.00	0.90	3	Y.
60,99,960	29,97,866	2,22,90,594	74,27,284	11,885	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn. ..	10·00XD	10	0.87	0.90	0.90‡	0.90	3	Y.P.
5,00,000	12,50,896	57,75,615	13,66,443	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	14.65	10	1.25	1.25	1.35	1.35	3	Y.P.T.
56,00,000	78,01,913	4,29,48,755	1,54,85,172	89,174	Martin Burn Ltd.	U. P. Electric Supply Co.	115.00	00	8·00	10.00	11.00	11.00	3	Y.
8,00,000	11,41,474	46,63,814	18,15,572	8,34,013	Chandrie & Co. Private Ltd.	Vellore Electric Corporation†	14.50	10	1.00	1.00	1.50	1.429	3	Y.P.
ENGINEERING (Bombay)														
42,47,000	50,53,626	75,37,402	61,01,878	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock-Ashdown &/Co., Ltd.	330 00	100	12.50	17.00	17.00		12	Y.
19,99,050	3,10,174	21,70,025	8,07,662	16,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	95 00	80	8.00	4.00	5.50		12	Y.
42,20,000	52,93,598	1,40,15,691	....	75,198	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	182.50	100	10.00*	13.00*	13.00*C'	18.00	6	Y.
40,00,000	6,60,109	58,51,172	22,34,229	38,756	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	101.25	100	7.00	10.00	*Nil*	4.00	6	Y.P.
60'00,000	1,08,98,455	2,46,93,330	1,46,51,549	39,845	Walchand & Co. Private Ltd.	Indian Bume Pipe Co., Ltd.	178.00	100	9.00	13.00	13.00*C'	18.00	4	Y.P.
6,00,000	4,57,222	10,21,518	1,38,454	4,607	T. V. Radcliffe, Esq. (Chairman) ..	Jost's Engineering	90.50	50	5.00	5.00	6.00	5.00	3	Y.P.T.
40,00,000	14,71,874	65,38,880	22,18,255	15,090	Adnem Services	Jyoti Ltd.	196 00	100	12.00	12.00	12.00		3	Y.
44,96,250	3,67,891	68,03,733	31,66,348	3,381	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	17.12	10	0.50	0.775	0.80		12	Y.
68,31,818	94,93,324	1,36,58,367	75,91,595	11,174	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	56.00	25	2.50	3.00	2.50	2.50	7	Y.
48,72,400	40,84,021	1,11,74,204	40,95,960	1,709	Kirloskar Associates	Kirloskar Electric Co. Ltd.	18.25	10	0.75	1.00	0.90	1.00	3	Y.
37,20,447	49,67,710	1,14,26,606	38,15,988	38,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	53 00	10	1.00	1.00	1.43	1.60	3	Y.
15,00,000	4,53,946	26,18,944	6,77,604	5,683	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	310.00	100	..	..	*Nil*	12.50	3	Y.P.T.
1,10,00,000	26,76,765	1,21,61,532	37,43,210	96,848	T. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	40.00	10	1.25	1.25	1.25‡	1.80	3	Y.P.
52,81,207 / 18,19,187 / 14,15,040	1,23,036	1,03,47,668	23,93,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	2.88	5	*Nil*	*Nil*	*Nil*	..	9	Y.P.
22,22,480 / 152,00,000	....	15,94,175	....	....	B. L. Kucheria, Esq (Secretary) ..	Lynx Machinery	6.52	7.50	..	..	..	..	..	Y.
80,00,000	42,57,088	1,59,29,933	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	19.24	10	2.00	1.25	1.25		3	Y.P.
80,00,000	78,422	46,82,025	16,73,677	40,424	Prithivraj Sons	Man Industrial Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	*Nil*		10	Y.P.
11,00,040	1,72,712	41,60,471	25,65,685	2,771	Vaidhyanathan, Esq. (Mg. Director) ..	McKenzies	148.75	100	*Nil*	*Nil*	*Nil*		3	Y.P.T.
61,42,910	57,00,000	1,38,14,415	50,48,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	27.50	10	1.20	1.00*	1.20	1.20	3	Y.P.
57,50,000	42,31,615	1,28,07,838	60,90,019	3,724	Kirloskar Associates	Mysore Kirloskar Ltd.	185.00	100	7.50	12.00	12.00	12.00	3	Y.P.
15,55,000	11,14,347	32,30,008	12,76,286	21,532	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	183.00	50	4.50	4.50	6.00	6.00	6	Y.
22,27,760 / 27,72,800	9,89,193	92,30,855	20,73,762	17,933	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	210.00	100	..	9.00	12.00	9.00	3	Y.
22,50,000	1,46,32,085	9,26,956	1,76,929	12,889	Walchand & Co. Private Ltd.	Premier Construction	192 50	80	12.00	18.00	18.50		3	Y.P.
80,00,000	42,07,875	1,09,38,938	48,88,395	9,319	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	175 00	100	18.00	17.00	12.00	18.00	6	Y.P.
27,55,42,550	27,66,24,672	1,85,51,78,192	68,76,73,212	34,084	Tata Industries Private Ltd.	Tata Iron and Steel	192.25	75 Qld	6.00	6.80	9.72·C'	10.86*	3	Y.P.
7,99,97,300	2,38,57,403	24,50,95,391	11,17,31,117	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	354 50	100	9.00	9.00	12.50	14.50	3	Y.P.
10,00,000	8,36,000	25,97,720	8,10,644	17,016	T. Maneklal & Co.	T. Maneklal Mfg. Co.	830 00	100	10.00	14.00	18.50		3	Y.P.T.
32,04,980	18,83,714	17,41,004	9,54,160	16,87,276	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	41.50	10	2.25	3.00	3.00	3.25	6	Y.
2,55,00,000	71,75,426	1,07,45,948	24,85,557	4,24,809	S. K. Ramdeo, Esq. (Mg. Director) ..	Voltas Ltd.	296.00	100	9.00	13.00	13.00		3	Y.
70,00,000	....	10,49,952	4,291	28,584	R. H. Toprani, Esq. (Secretary) ..	Zenith Steel Pipes Ltd.	13.24	10	..	..	..	*Nil*	6	Y.
West Bengal and Other Centres														
6,00,000	1,06,470	26,89,661	18,46,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler,& Co.	14.06	10	*Nil*	*Nil*	....		10	Y.
50,00,000	30,5x 221	1,01,45,489	65,62,025	496	M.	Bharatiya Electric Steel	10.00	10	1.25	1.50	1.00		12	Y.P.T.
56,50,700	77,27,825	88,29,192	16,40,459	2,84,445	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	41.00	10	1.25	2.25	2.50		12	Y.
12,00,000	35,52,754	88,57,611	54,78,698	1,87,999	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	52.25	10	2.00'B'	2.00	3.00		12	Y.
19,88,670	7,04,341	39,97,530	14,03,635	32,996	Holmes Wilson & Co., Ltd.	Britannia Engineering	3.56	10	0.50	0.60	....		12	Y.
50,00,000	44,83,365	1,31,00,380	55,16,684	1,88,852	McLeod & Co., Ltd.	Br. I. Electric Construction	13 31	10	0.50	1.00	1.00		3	Y.P.
5,00,000	11,27,357	26,62,140	16,10,502	81,788	Balmer Lawrie & Co., Ltd.	Burn & Co.	36.87	10	2.00	2.50	4.50		12	Y.P.T.
84,00,000	2,55,85,859	5,20,79,050	3,25,00,340	1,21,244	Martin Burn Ltd.	Calcutta Steel Co., Ltd.	520.00	100	20.00	28.50	28.50	28.50	4	Y.
1,00,00,000	11,36,232	80,89,089	6,93,994	1,53,056	M.	Central India Machinery Mfg. Co. Ltd.	16 00	10	..	..	0.60	1.50	3	Y.
12,00,000	15,33,028	1,89,66,744	10,15,000	5,17,174	R. L. Makharia, Esq.	Dalmia Iron & Steel Ltd.	11.00	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
80,00,000	16,00,000	1,25,47,313	27,93,088	1,64,773	J. Dalmia, Esq. (Chairman)	Guest, Keen, Williams Ltd.	11.00	10	*Nil*	*Nil*	1.00		3	Y.P.T.
4,00,00,000	6,63,05,809	8,26,20,521	2,53,16,302	....	H. M. L. Williams (Mg. Director) ..	Guest, Keen, Williams Ltd.	40 12	10	2.00	2.40	1.60'C'	1.00	3	Y.
12,50,000	23,59,648	61,38,962	41,37,127	....	Martin Burn Ltd.	Hooghly Docking	105.00	50	5.00	5.00	*Nil*		9	Y.
12,44,08,990	24,26,37,632	81,16,88,664	17,34,44,348	16,41,911	Martin Burn Ltd.	Indian Iron and Steel	24.56	10	1.00'C'	1.00	*Nil*		12	Y.
90,68,075	67,87,984	1,21,14,677	76,22,093	53,466	Martin Burn Ltd.	Indian Standard Wagon	136.00	25	5.00	5.00	7.125	1.60	3	Y.
96,63,180 / 26,580	2,52,04,628	2,22,95,589	1,52,64,925	10,91,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	44.12 / 13.50	0.1	0.40	0.50	1.624 / 0.10‡	7.125	3	Y.P.
48,82,732 / 1,07,48,733	3,71,841 / 90,04,293	36,01,297 / 4,34,86,950	18,94,384 / 1,69,45,698	10,662 / 7,173	C. R. Ramaswamy, Esq. (Mg. Director), Madan Mohanlal Shriram & Co. Pvt. Ltd.	Indian Steel Rolling Mills Ltd.	11.40	10	0.70	0.70	1.25		3	Y.P.
20,00,000	49,31,000	81,62,683	25,40,754	96,487	J. K. Industries Private Ltd.	Jay Engineering Works, Ltd.	27.44	10	1.20	1.20	1.715	1.715	3	Y.P.T.
2,08,37,000	1,47,08,415	3,18,31,991	1,09,58,799	57,411	B. P. Singh Roy, Esq. (Chairman) ..	J. K. Steel Ltd.	19.69	10	1.25	1.25	2.00	2.00	6	Y.P.
27,54,800	42,28,268	96,25,077	38,24,562	37,543	Bird & Co. Private Ltd...	Jessop & Co.	20 56	10	0.60	0.858	0.858'C'	2.00	6	Y.P.
10,50,000	10,86,836	19,41,579	15,38,707	—8,26,589	Marshalls (Direction) Private Ltd. ..	Kumardhubi Engineering Works ..	7.37	5	0.80	0.80'C'	0 80		10	Y.P.
49,96,000	13,58,398	1,44,34,142	86,32,008	—7,05,389	.. ..	Marshall Sons & Co. (India), Ltd. ..	8 34	10	0.40	0.20	*Nil*		11	Y.P.T.
60,00,000	24,06,043	76,55,145	24,16,913	4,35,188	S. B. Ind. Development Co., Ltd. ..	National Iron and Steel Co., Ltd. ..	10 62	10	0.62	0.75	*Nil*	*Nil*	6	Y.
6,00,000	15,56,099	31,20,671	20,15,012	15,603	The British India Corpn. Ltd.	Richardson & Cruddas Ltd.	7 25N	10	*Nil*	*Nil*	..		3	Y.
1,50,00,000	55,57,153	4,86,97,471	2,18,21,161	58,787	Birla Brothers Private Ltd.	Saran Engineering Co.	8.87	4	0.40	0.25	0.35	0.40	3	Y.P.T.
39,84,400	14,51,916	77,82,900	30,25,434	17,127	Balasundaram & Co.	Textool Co., Ltd.	20.00	10	1.50	2.00	1.00		3	Y.P.
							180.00	100	12.00	..	15.00	15.00	12	Y.P.T.
INSURANCE (X)													4	Y.
18,50,000	45,68,970	1,75,12,227	....	57,888	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	10.87	5	1.00	1.00	1.00		12	Y.
10,00,000	11,65,196	28,43,030	....	66,890	M.	Devkan Nanjee Insurance	27.00	50	3.00	2.00	3.00		12	Y.
24,00,000	74,65,383	1,64,42,160	....	8,78,255	E. K. Srinivasan, Esq. (Mg. Director) ..	Hercules Insurance	24.12	10	2.00	2.00	2.25		12	Y.
16,92,240	42,45,147	96,46,602	....	4,21,818†	K. M. D. Thackersey, Esq. (Chairman) ..	Indian Mercantile Insurance	54.00	40	7.50	5.85	6.00		12	Y.
20,00,000	71,07,731	1,89,36,350	....	36,786	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	21.52	20	2.00	2.50	2.50		12	Y.
1,06,81,590 / 35,60,585 / 18,09,370	8,97,62,807	16,08,26,698	....	30,99,455	B. K. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd.	68.70 / 62.00	15 / 15New	4.00	5.70*	5.70		12	Y

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
					UNCLASSIFIED (Other Centres)									
66,00,000	2,17,59,602	4,00,13,820	1,14,17,317	1,55,167	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd..	17.62	10	0.90	1.00	1.20	1.20	3	Y.F.T.
1,00,00,000	47,93,750	1,51,27,464	66,45,037	3,01,680	Sahasaya Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	23.40	10	1.25	1.25	1.80	0.90	3	Y.
26,00,000	87,04,326	87,09,127	25,34,530	2,22,752	Turner Morrison & Co. Private Ltd.	Angelo Bros., Ltd.	22.75	10	1.50	2.00	2.50*		3	Y.
2,66,67,870	36,35,471	2,86,28,267	86,85,256	12,552	A. K. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	9.08	5	0.30	0.40	0.40		12	Y.
20,00,000	37,58,388	41,38,659	23,39,455	1,42,995	Mr. A. Hydari and Mr. S. Goldberg	Assam Match Co. Ltd.	25.25	10	1.25*	1.50	1.80		12	Y.
1,18,00,000	80,75,127	98,46,580	46,96,447	8,73,119	H. R. Gregson, Esq. (Mg. Director)	Associated Battery Makers (E) Ltd. A.	84.87	10	2.40	4.00	2.50		3	Y.
20,00,000	89,46,521	1,09,70,996	44,86,384	1,55,432	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.F.T.
20,01,400	96,40,900	1,19,91,599	41,74,564	5,75,403	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	251.06	100	20.00	25.00	25.00		12	Y.
12,00,000	25,38,976	37,24,157	31,81,357	1,88,199	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd. ..	38.62	10	2.50	4.50	4.00		12	Y.
20,00,000	7,81,668	64,87,324½§	....	56,711	Lovelock & Lewis	Birds Investment Ltd.	12.62	10	0.70	1.10	0.95		9	Y.F.
45,37,970	72,59,286	1,03,94,574	60,07,477	2,84,279	K. Julius Scott, Esq. (Mg. Director)	Birla Brothers Ltd.	62.50	10	1.20	1.40	2.50	3.00*	3	Y.F.T.
2,25,00,000	1,95,44,212	3,00,84,669	2,33,94,495	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director)	British India Corporation Ltd. ..	10.88	5	Nil	Nil	0.20		12	Y.F.
23,36,840	30,39,609	43,37,317	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director)	British Paints (India) Ltd.	27.25	10	1.00	1.00	1.25		12	Y.
1,98,30,000	14,76,840	1,86,75,787§§	....	2,53,457	Andrew Yule & Co., Ltd.	Chiva Row Investment	8.37	10	0.75	0.85H	0.80		12	Y.
2,50,000	12,00,000	40,04,009	28,47,105	8,000	Martelli & Barry Ltd.	Delhi Flour Mills Co., Ltd.	15.00	10	1.00	1.00	1.00		12	Y.
3,00,00,000	5,98,87,500	10,39,79,436	4,01,20,870	25,12,555	John Luckham, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd. ..	40.00	10	1.62	2.15	2.15		12	Y.F.T.
99,00,000	1,12,80,000	81,00,870	2,02,62,100§§	4,26,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	153.00	100	10.00	14.00	14.00		12	Y.F.
27,56,355	1,76,39,094	1,63,59,457	27,71,678	12,005	N. N. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	42.50	5	20.00	2.00	1.25	1.50	3	Y.F.
31,28,000	59,19,702	1,68,50,495§§	....	3,49,092	Bird & Co. Private Ltd.	Eastern Investment Ltd.	141.00	100	9.00	14.00	14.00		12	Y.F.
12,49,250	....	4,92,055	6,366	33,611	M.	East Anglia Plastics (India) Ltd.	25.50	10	....	....	....	Nil	3	Y.
44,05,240	4,87,249	54,44,059	12,25,311	4,115	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	12.40	10	Nil	0.50	0.50		12	Y.F.
55,00,000	22,27,652	49,26,966	9,79,168	2,477	Harparshad & Co. Pvt. Ltd.	Escorts Ltd.	19.56	10	....	2.50	2.50		12	Y.F.
49,90,187	77,72,310	98,28,776	52,36,250	4,07,388	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd. ..	24.00	12.50	1.50	1.60	....		12	Y.F.
1,65,000	15,80,821	38,08,009	23,36,820	70,927	Martelli & Barry Ltd.	Ganges Rope Co., Ltd.	231.00	100	15.00	17.00	17.50	20.00	3	Y.
7,80,000	4,20,000	1,21,085	43,631	5,551	Ganj & Co.	General Papers Ltd.	10.32	10	1.25	1.25	1.25		3	Y.
39,97,875	....	2,41,068	1,336	—1,05,208	National Rubber Mfrs. Ltd. ..	General Tyres Ltd.	7.12	5	....	....	....	Nil	3	Y.
65,00,000	86,24,200	80,57,755	16,91,667	1,71,223	P. E. G. Woodbine Esq.	Gilanders Arbuthnot & Co., Ltd.	13.75	10	1.00	1.00	1.00		3	Y.F.
45,00,000	5,08,500	78,38,540	44,84,528	18,27,710	P. E. Simon, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	31.00	10	2.00	2.50	2.50		12	Y.F.
22,00,000	18,10,650	68,65,486	43,28,959	21,282	B. P. B. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	22.50		12	Y.F.
4,06,13,550	1,85,51,450	8,88,47,887	8,84,91,947	2,76,652	Birla Brothers Private Ltd. ..	Hindustan Motors	20.48	10	Nil	0.50	0.90	1.20	3	Y.F.
50,00,000	16,04,528	99,48,437	88,67,174	1,81,123	Bahadur Law & Co. Private Ltd.	Hindustan Shaving Ribbon Glass ..	10.00	10	0.60	1.20	....		12	Y.
11,40,000} 14,60,000}	....	1,00,469	....	....	Ramprasad Murlidhar & Co. ..	Hindustan Twyfords Ltd.	——	10	....	....	....	Nil	10	Y.
15,15,00,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd.	17.50	5	....	....	....	Nil	3	Y.
3,96,96,480	2,49,75,620	9,79,93,586	3,59,95,785	49,90,524	K. C. Mahindra, Esq. (Chairman)	Indian Aluminium Co., Ltd.	12.59	10	0.70	0.70	0.80	0.90	3	Y.F.T.
2,85,77,700	2,29,18,801	8,17,98,518	1,64,14,358	48,72,642	Sir John Brown, C.A. (Chairman)	Indian Cables	37.50	10	1.50	1.50*	2.25	2.25	3	Y.F.T.
2,00,00,000	2,11,58,000	6,83,31,000	2,91,21,000	18,06,000	Lakshya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	35.50	10	1.00	1.50	1.50	1.50	3	Y.
29,03,375	1,06,104	54,89,157	21,21,529	2,638	M.	Indian Plastics Ltd.	10.50	Nil	Nil	Nil	Nil	Nil	9	Y.
5,37,970	7,54,870	19,61,878	11,61,643	1,83,665	M.	Indian Rubber Manufacturers	20.00	10	1.00	1.50	2.00		3	Y.F.
65,06,250	....	38,01,515	1,37,698	—6,30,700	Duncan Brothers & Co., Ltd. ..	Isaac Hodgkin (India) Ltd.	18.19	10	....	....	Nil		3	Y.
2,00,00,000	74,12,017	47,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman)	Jardine Henderson	79.50	100	2.50	5.00	7.00	7.00	3	Y.
12,00,000	12,06,065	16,79,279	12,27,977	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.69	10	3.50	2.00	1.00		3	Y.F.
1,46,56,250	1,19,82,645	82,41,470	18,18,524	2,60,259	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	81.31	10	2.12*	2.75	2.75		3	Y.F.
14,00,000	5,60,000	23,49,531	3,40,181	14,953	Vithal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	27.25	10	2.00	2.00	3.00		9	Y.F.
40,00,000C. 5,00,000D.	78,79,891	81,96,009	13,63,508	2,18,917	M.	McLeod & Co.	215.00	C. 100 D. 10	12.50	15.00	15.00		12	Y.
1,01,00,000	1,62,75,151	3,61,57,826	1,40,28,040	28,86,978	K. C. Mahindra, Esq. (Chairman)	Metal Box Co. of India Ltd.	58.50xd	10	0.75	1.00	1.00		12	Y.F.
58,00,000	7,90,891	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd.	266.50CS	100	11.00	15.00	24.00	30.00	3	Y.
6,56,250	9,18,696	12,19,854	9,85,050	9,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	32.50	10	1.50	1.60	2.00		3	Y.
10,00,000	9,22,080	20,31,182	12,43,506	11,443	V. Y. Siddappa, Esq. (Chairman).	Mysore Tobacco	9.40	10	1.25	1.25	1.00	Nil	3	Y.F.
80,00,000	1,60,09,310	1,39,45,856	57,78,861	50,830	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	36.87	10	2.00	2.50	3.00	3.50	3	Y.F.
50,00,000	33,51,660	50,44,201	26,06,223	43,860	Do.	National Pipes & Tubes Co., Ltd.	29.37	10	1.25	1.50	2.00		3	Y.F.
20,00,000	26,76,708	31,49,192	7,41,255	39,256	Do.	National Rolling Mills Co., Ltd. ..	20.50	10	1.00	1.00	1.00		3	Y.F.
58,99,560	11,81,690	82,63,287	36,97,256	29,537	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd.	12.31	10	0.60	0.65	0.80	1.50	6	Y.
13,66,000	19,87,000	1,17,55,025	1,50,40,984	81,15,295	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	16.96	10	1.10	1.60	1.50		12	Y.
23,82,100	11,02,391	....	40,65,244§§	....	Ramdutt Ramkissendas	New India Investment Corpn. Ltd.	44.00	75	3.75	5.50	....		3	Y.F.T.
13,00,000	7,02,001	17,17,000	7,36,501	1,81,961	Parry & Co., Ltd.	Parrys Confectionery Ltd.	4.50	1	0.20	0.20	0.25	0.20	3	Y.
2,86,00,000	56,06,956	2,16,94,776	66,69,501	66,622	P. C. Vink, Esq. (Mg. Director)	Phillips India Ltd.	36.62	10	0.85	1.20	1.30		3	Y.
62,50,000	....	4,38,081	....	—1,76,940	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	22.00	5	....	....	....	Nil	12	Y.
13,00,000	1,09,431	8,89,777	2,90,184	2,558	C. V. Hariharan, Esq. (Mg. Director)	Radio & Electricals Ltd.	5.00	5	0.375	0.375	Nil		12	Y.
26,52,540	7,27,450	38,37,051	21,69,566	21,649	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd.	25.25	10	1.50	1.50	2.00		12	Y.
2,25,00,000	3,15,42,305	71,06,305	30,01,860	4,86,553	Bachrdas Goenka, Esq. (Chairman)	Ralli India Ltd.	153.00	100	Nil	Nil	4.00	3.50	3	Y.
4,68,80,000	2,54,00,000	18,96,54,825	6,76,35,825	5,96,527	Rohtas Industries Ltd.	Rohtas Industries	16.00	10	2.50	2.50	2.50	1.00	3	Y.
70,00,000	55,67,726	2,76,12,629	72,19,861	1,17,247	K. D. Gangull, Esq.	Sen-Raleigh Industries	22.56	10	0.60	0.80	0.80		3	Y.F.T.
16,20,000	56,66,000	1,87,90,819	87,66,411	9,18,606	S. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	22.19	10	1.00	1.50	1.50		9	Y.F.
40,00,000	91,92,000	1,59,18,519	81,50,432	9,87,853	C. W. Stephens, Esq.	Spencer & Co., Ltd.	66.00	10	1.50	1.50	1.50		12	Y.F.
47,00,000	54,40,000	1,83,80,118	89,75,778	2,074	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16.60	10	0.75	0.90	0.90	1.80	3	Y.F.
15,00,000	95,24,602	1,18,49,116	22,52,182	85,481	J. K. Agents Private Ltd.	Standard Products Ltd. S.	9.25	10	1.25	1.50	1.50		12	Y.
9,88,888	50,000	10,06,410	7,47,186	2,282	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.10	10	0.40	0.60	0.60		12	Y.
11,66,800	16,45,653	14,90,118	7,70,052	91,515	R. H. Stanes, Esq. (Mg. Director)	T. Stanes & Co., Ltd.	81.50	10	2.00	2.75	3.25*		3	Y.
2,50,00,000	1,59,81,314	3,97,55,080	93,05,418	12,09,238	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd. ..	280.00	100	10.00	10.00	10.00	10.00	9	Y.F.
20,58,950	39,568	66,68,088	17,88,838	56,806	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	8.75	10	Nil	Nil	....		9	Y.
3,00,00,000	1,67,42,000	4,61,41,004	1,15,58,527	....	Union Carbide (India) Ltd.	Union Carbide (India) Ltd.	70.75	10	1.40	1.50	1.80		3	Y.T.
20,00,000	60,00,000	58,86,994	19,56,050	55,324	Vithal Mallya, Esq. (Chairman)..	United Breweries	83.50XR	10	6.00	6.00	6.00	6.00	3	Y.
3,00,000	6,60,181	8,85,222	5,93,831	36,594	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	32.50	10	3.75	5.25	3.50	6.00	3	Y.
21,46,200	27,66,464	1,02,78,928	35,59,149	6,264	A. K. Kadirkutty* Esq. (Mg. Director).	Western India Plywoods Ltd.	217.00	100	10.00	10.00	10.00	12.00	3	Y.F.
					TRANSPORT									
20,00,000	25,17,550	1,28,16,809	21,49,792	22,022	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	118.06	100	6.00	8.00	7.50		12	Y.
1,00,00,000	61,22,782	1,35,99,781	2,33,57,012	—58,10,580	Dinshaw (Private) Ltd.	Bharat Line	4.60	10	1.25*	Nil	Nil		3	Y.F.
60,00,000} 20,00,000}	2,08,62,445	9,16,52,906	2,55,75,629	1,85,750	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	12.80 6.00	10 5(New)	1.80 0.90	1.50 0.825	Nil 0.60	0.75 0.90	12 3	Y. Y.F.
3,69,880	61,342,442	55,811,271	52,588,991	—23,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co.	64.00	250	Nil	Nil	Nil		12	Y.F.
3,47,50,000	2,46,51,685	28,76,87,961	5,76,03,617	41,04,584	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	7.19	10	1.00	1.00	1.00	Nil	12	Y.F.
11,86,19,208	11,13,05,184	58,12,01,740	11,55,88,414	2,82,887	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	13.32	20	1.25	1.30	0.60	0.60	3	Y.F.
0,8,40,800 } P.O.2,10,200 }	24,07,422	13,85,807	9,81,876	1,66,969	R. R. Ayrer Esq. (Manager)	Walford Transport Ltd.	8.56 2.31	O. 1 P.O. 1	0.14 0.12	0.20 0.15	0.20 0.20		3 12	Y.T. Y.

§.—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 43,40,664 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1956.

M.—Clive Raw Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1956 and 27 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors.

§.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.56 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 80 lakhs only. X. B. Ex-Bonus.

N.B.—Dividends paid since 31st March 1960 are shown as taxable.

H Investment at cost.
@ Investments.
• Taxation Issues.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,50,000	39,20,709	1,39,22,812	85,35,842	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	23.00	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,272	41,29,674	34,78,442	—2,59,124	Jardine Henderson Ltd.	Barraree Coke	16.00	10	0.50	1.50*	Nil	Nil	3	Y.
4,49,250	1,30,132	11,60,186	6,78,035	4,967	Kalyanji Mavji & Co.	Bengal-Bhaidee	3.45N	10	0.25	Nil	Nil		3	Y.
1,00,00,000	2,09,22,407	7,46,29,684	4,56,40,683	10,60,229	Andrew Yule & Co., Ltd.	Bengal Coal	350.00	100	17.50	25.00	25.00		12	Y.
2,25,000	5,17,544	23,18,260	21,49,161	4,184	M.	Bengal-Nagpur	19.50	10	Nil	Nil	1.00		12	Y.
40,00,000	61,200	1,48,74,215	80,23,554	2,80,479	Sahu Jain Ltd.	Bharat Collieries	3.06	10	0.60	Nil	Nil		12	Y.F.
7,15,000	14,88,844	37,66,262	24,78,787	6,90,032	M.	Bhuleshwaree	9.00N	10	Nil	Nil	Nil		3	Y.F.
7,50,000	21,73,444	48,42,643	28,83,808	51,361	F. W. Heilgers & Co. (Private) Ltd.	Borea	23.05	10	0.75	1.00	1.00		6	Y.F.
90,92,480	1,43,79,787	4,58,50,649	2,36,26,119	58,154	Bird & Co. Private Ltd.	Burrakur	17.62	10	0.875	1.30	1.50		12	Y.T.
40,87,750	6,82,979	82,83,203	51,90,614	1,11,970	Hindustan Investment Corpn. Ltd.	Central India	12.25	10	0.50	0.50	1.50		12	Y.F.
3,00,000	12,09,489	19,54,287	84,61,664	7,036	Jain Industries	Central Kurkend	7.00N	10	0.50	Nil	1.00	1.00	3	Y.F.T.
6,00,000	1,66,159	5,98,750(b)	....	7,043	F. W. Heilgers & Co. (Private) Ltd.	Churia	3.06	4	0.20	Nil	Nil		3	Y.
16,00,000	....	57,61,927	32,55,825	—1,00,221	M.	Dhemo Main	6.94	10	Nil	Nil	0.12		12	Y.
2,40,000	2429,207	4,64,12,528	£657,966	£16,220	Jardine Henderson Ltd.	East Indian	32.00	41	1.00	1.25	1.00		12	Y.
26,58,780	1,19,22,107	4,94,12,596	3,48,60,899	1,10,574	Macneill & Barry Ltd.	Equitable	38.87	10	1.00	1.25	1.00		12	Y.
16,00,000	....	24,58,596	8,48,302	—3,80,078	Bhatter's Agency Ltd.	Ghusick and Wania	14.00	10	Nil	Nil	1.50	2.00	4	Y.
12,00,000	2,08,971	44,46,319	29,14,343	7,707	Killick Industries Ltd.	Khagir-Ranger	25.00	50	Nil	Nil	Nil		12	Y.F.T.
3,00,000	....	24,79,228	20,12,206	—2,67,957	M.	Hurriladih	14.37	10	Nil	Nil	Nil	Nil	3	Y.
30,00,000	7,64,717	45,56,522	12,93,682	40,619	Bird & Co. Private Ltd.	Karanpura Collieries	19.94	10	5.00	5.00	....		3	Y.F.
24,68,450	15,10,178	49,54,822	41,77,254	1,88,497	Andrew Yule & Co., Ltd.	Katras Jharidih	40.00	10	0.50	0.50	7.50	10.00	12	Y.
9,00,000	10,32,763	6,16,679	....	29,080	H. V. Low & Co. (Private) Ltd. ..	Lakurka	9.56	10	0.50	0.50	0.50	0.50	3	Y.F.
7,48,240	2,80,008	12,59,975	10,13,333	17,140	Tantia Brothers Private Ltd. ..	Nazira	6.75	10	0.75	0.75	....	4.00	3	Y.
31,97,210	27,99,256	1,61,45,173	1,06,12,208	19,790	Andrew Yule & Co., Ltd.	New Beerbhoom	21.75	10	1.00	1.50	1.00		12	Y.
6,00,000	3,90,206	12,37,188	8,80,190	81,230	Octavius Steel & Co., Ltd.	New Maubheom	13.03	10	0.50	0.50	1.00		12	Y.
1,15,000} 1,87,500}	8,84,525	12,96,894	9,68,444	23,053	M.	North West	22.00 17.37N	10 7.50	1.00 1.12	1.50 1.12	0.75 2.00	0.90	10 3	Y.P. Y.
9,56,000	13,20,908	2,92,533	22,84,309(b)	25,286	P. Prashad, Esq. (Chairman)	Ondal	14.46	10	0.50	0.50	0.50		3	Y.
8,34,000	1,37,202	35,04,745	18,15,837	1,617	Deepchand Kimbendil	Parasea	17.88	10	0.50	0.60	0.60		3	Y.
15,75,000	22,34,506	88,62,260	61,27,390	58,139	Shaw Wallace & Co., Ltd.	Peach Valley	16.12	10	2.00	0.62	0.125		12	Y.F.
28,99,500	39,45,121	1,59,19,955	1,10,15,961	10,894	M.	Rajhara	13.12	10	1.00	1.00	1.00	1.00	12	Y.F.T.
13,66,000	11,81,690	82,63,287	36,97,256	29,537	Shaw Wallace & Co., Ltd.	Rewa	30.00	10	0.60	0.65	0.80	1.50	6	Y.
19,87,000	1,17,55,025	1,50,40,984	81,15,295	9,28,735	M.	Samla Collieries	9.37	10	0.60	1.00	1.00	1.70	3	Y.
23,82,100	11,02,391	40,65,244§§	....	45,497	Ramdutt Ramkissendas	Selected Seigrams Collieries ..	122.50	100	12.50	15.00	15.00		3	Y.F.T.
13,00,000	7,02,001	17,17,000	7,36,501	1,81,961	Parry & Co., Ltd.	Seebpore	4.50	1	0.20	0.20	0.25	0.20	3	Y.
2,86,00,000	56,06,956	2,16,94,776	66,69,501	66,622	P. C. Vink, Esq. (Mg. Director)	Seetara	36.62	10	0.85	1.20	1.30		3	Y.
62,50,000	....	4,38,081	....	—1,76,940	Duncan Brothers & Co., Ltd. ..	Singareni	22.00	5	....	....	....	Nil	12	Y.
13,00,000	1,09,431	8,89,777	2,90,184	2,558	C. V. Hariharan, Esq. (Mg. Director)	South Karanpura	5.00	5	0.375	0.375	Nil		12	Y.
26,52,540	7,27,450	38,37,051	21,69,566	21,649	T. Shamanna, Esq. (Chairman) ..	Standard	25.25	10	1.50	1.50	2.00		12	Y.
2,25,00,000	3,15,42,305	71,06,305	30,01,860	4,86,553	Bachrdas Goenka, Esq. (Chairman)	Ralli India Ltd.	153.00	100	Nil	Nil	4.00	3.50	3	Y.
4,68,80,000	2,54,00,000	18,96,54,825	6,76,35,825	5,96,527	Rohtas Industries Ltd.	Rohtas Industries	16.00	10	2.50	2.50	2.50	1.00	3	Y.
70,00,000	55,67,726	2,76,12,629	72,19,861	1,17,247	K. D. Gangull, Esq.	Sen-Raleigh Industries	22.56	10	0.60	0.80	0.80		3	Y.F.T.
16,20,000	56,66,000	1,87,90,819	87,66,411	9,18,606	S. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	22.19	10	1.00	1.50	1.50		9	Y.F.
40,00,000	91,92,000	1,59,18,519	81,50,432	9,87,853	C. W. Stephens, Esq.	Spencer & Co., Ltd.	66.00	10	1.50	1.50	1.50		12	Y.F.
47,00,000	54,40,000	1,83,80,118	89,75,778	2,074	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16.60	10	0.75	0.90	0.90	1.80	3	Y.F.
15,00,000	95,24,602	1,18,49,116	22,52,182	85,481	J. K. Agents Private Ltd.	Standard Products Ltd. S.	9.25	10	1.25	1.50	1.50		12	Y.
9,

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	95.50	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	6,00,000	1931	5.00	Dec.	..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co T.F.R.C.	8,00,000	1875	6.00	Mar.	Sep.	80.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C..	7,30,000	1920	7.00	July	Apr.	5.00xd	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	17.50xd	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec.	..	62.00	100
Purtabpore Co C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Rammugger Cane T.F.C.	4,00,000	1933-36	6.00	Aug.	..	85.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	60.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	6.95	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	121.00	100
COAL							
Borres T.F.C.	14,00,000	1896-97	5.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	94.50xd	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.25	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C.	9,30,500	1946	5.50	..	..	54.00xd	10
††Khas Kajora C.	1,93,000	1931	5.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.F.C.	10,00,000	1939	5.00	Apr.	Oct.	71.00	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	105.63xd	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov.	..	7.50	10
Bowreah 'A' T.F.	6,00,000	1900	8.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	49.50	50
Buckingham & Carnatic C.T.F. ..	21,30,200	1920	7.50	Jan.	July	118.50xd	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr.	..	90.00	100
Central India T.F.	50,00,000	1912	5.00	Apr.	Oct.	427.50	500
Century Stg. & Mfg. Co. T.F.R.C.	1,25,00,000	1958	6.00	Dec.	..	106.00xd	100
Coimbatore Pioneer C.T.F.	1,00,000	1985	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1912	8.00	May	..	105.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July	..	6.75	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	71.00	100
Kesoram T.F.C.	20,90,000	1919	7.00	June	Dec.	105.00	100
Khatau Makanji (2nd) T.F.	29,92,500	1947	4.00	Nov.	..	77.00	100
Kothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.80	10
Kothari 'B' (Pref.) T.F.C.	6,00,000	....	6.00	..	..	8.75	10
Lakshmi Cotton (Bombay) C.	16,00,000	1896	5.00	..	..	151.25	100
Muralee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	60.00	100
Mysore Spg. C.	7,45,050	1944	4.50	..	..	20.00	50
National Rayon C.	1,74,64,700	1947	5.00	..	..	70.50	100
New Great	8,00,000	1913	5.50	Mar.	..	107.00	200
Podar Mills T.F.C.	10,00,000	1943	4.00	Feb.	..	63.00	100
Rajalakshmi C.T.F.	2,00,000	1932	6.50	Apr.	..	44.50	50
Shree Nwaa Cotton T.F.C.B.	4,80,000	1944	4.00	..	..	65.00	100
Swadeshi T.F.C.	15,00,000	1935	5.00	Apr.	Oct.	80.00	100
Swadeshi (Kanpur) T.F.C.	25,00,000	1927	6.00	June	..	69.00	100
Travancore Rayon C.T.F.	50,00,000	....	5.00	May	..	7.30	10
Vasanta (1st) C.T.F.	8,50,000	1931	6.00	Apr.	Oct.	95.00	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.00	100
Vishnu C.	15,66,500	1908	7.00	Apr.	..	885.00	500
ELECTRICS							
Andhra Valley Power Supply O. ..	49,34,000	1917	7.00	May	Nov.	991.25	1,000
Amalgamated Electric T.F.C. ..	£4,15,000	....	5.50	..	..	71.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00(s)	June	Dec.	8.60	£1
Poona Electric C.	15,00,000	1935	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50 }	Sept.	Dec.	{ 8.00xd	10
Do. (2nd) C.T.F.	8,00,000	1940	5.50 }			{ 7.95xd	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	80,28,000	1907	7.00	May	Nov.	99.50	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,015.00	1,000
Vellore C.	1,25,000	1928	6.00	Dec.	..	5.81	10
ENGINEERING							
Arthur Butler (Muzafferpore) T.F.C.	1,30,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1895-98	7.00	Feb.	Aug.	109.00	100
Do. (2nd) T.F.C.	15,00,000	1902	6.00	Feb.	Aug.	99.00	101
Indian Iron and Steel Co. Ltd. T.F.C.	2,60,95,400	1920	5.00	Dec.	..	89.00	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May	Nov.	78.00	100
Kamani Engineering C.R.	15,00,000	1945	5.50	July	Dec.	51.50	100
†††Kumardhubi Engineering T.F.C.	12,00,000	1915	4.00	June	Dec.	72.00xdN	100
Larsen and Toubro Ltd. T.F.R. ..	13,00,000	1946-47-51	5.00	..	..	89.00	100
Malindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	96.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	51.00	100
Premier-Construction (1st)	10,00,000	....	6.25	..	..	73.00	100
Do. do. (2nd) C.	15,00,000	1936	6.25	..	..	69.50	100
Do. do. (3rd) C.	56,25,000	1947	4.50	..	..	5.00	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	135.00	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May	..	102.50	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	92.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb.	Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	65.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	92.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	57.00xd	100
Bally T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	93.00	100
Barnagore C.	£200,000	1896	5.00	May	Nov.	38.00	£5
Belvedere T.F.C.	7,00,000	1906	7.00	Jan.	July	87.00	100
Birla C.	23,64,200	1919	7.00	June	Dec.	85.00	100
Budge-Budge T.F.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	6.50	Jan.	July	45.00N	100
Caledonian T.F.C.	10,00,000	1916	7.00	June	Dec.	84.00	100
Chevriot T.F.C.	10,00,000	1919	7.00	June	Dec.	86.00	100
Chitavalsah T.F.C.	5,00,000	1928	7.00	Mar.	Sept.	88.50	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May	Nov.	65.00	100
Do. (A) (2nd Pref.) T.F.C. ..	8,00,000	1905	7.00	May	Nov.	73.00	100
Dalhousie T.F.C.	15,00,000	1908-18	7.00	May	Nov.	90.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	69.50	100
Empire T.F.C.	10,00,000	1912	7.00	Feb.	Aug.	90.00	100
Fort Gloster T.F.C.	14,00,000	1890-96	7.00	May	Nov.	98.00	100
Do. (2nd Pref.) T.F.C.	7,50,000	1948	5.00	..	..	65.00	100
Fort William T.F.C.	10,50,000	1911	7.00	May	Nov.	90.00xd	100
Ganges T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00xd	100
Gouripore T.F.C.	26,50,000	1895-04	6.00	May	Nov.	77.00xd	100
Hastings T.F.C.	25,00,000	1855	6.00	Mar.	Sept.	78.00xd	100
Hooghly T.F.	11,76,000	1918	10.00	May	Nov.	10.50	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	90.00	100
Do T.F.C. (f)	17,50,000	1902-06	7.00	May	Nov.	90.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	89.00	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	76.00	100
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	81.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov	88.00xd	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00xd	100
Do. (B) T.F.C.	10,00,000	..	5.50	Dec.	..	70.00xd	100
Naihati T.F.C.	7,50,000	1905	7.00	May	Nov.	112.00	100
Do. (2nd) (j) T.F.C.R.	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	87.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan.	July	92.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	69.00xd	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May	Nov.	83.00	100
Samnagur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	89.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May	Nov.	88.00xd	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	5.00	Mar.	Sept.	38.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov.	..	47.00	50
Calcutta Tramways C.	£250,000	1905	5.00	Apr.	Oct.	7.25	£1
Indian General Nav. & Rly. C. ..	£244,030	1899	5.00	Mar.	Nov.	77.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	5.00	..	..	71.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	29.31	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	93.00	100
Birpara T.F.C.	1,00,000	1900-03	8.00	Jan.	..	93.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	86.00	100
Glelle C	2,00,000	1894	6.00	Sept.	..	93.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	54.00	100
Hashimara T.F.C.	3,00,000	1904	7.00	Mar.	..	96.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec.	..	89.00	100
Moheema T.F.C.	3,20,000	1929	6.00	May	..	83.00	100
New Dooars T.F.C.	2,00,000	1907	6.50	Jan.	Nov.	5.85	10
New Samanbagh T.F.C.	1,00,000	1908	8.00	Nov.	July	93.00	100
†††Okayti T.F.R.C.	50,000	1888	7.00	Dec.	..	90.00	100
Pussimbing T.F.C.	2,05,000	1918	7.00	Jan.	..	84.00	100
Salon River T.F.C.	1,60,000	1909	8.00	Mar.	..	80.50	100
***Tezpore C.	2,05,000	1932	8.00	May	..	80.00	100
Tirribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	9.94	10
						12.81	10
PLANTING							
Be Be Rubbor C.	1,43,005	1944	6.25	..	..	1.97	5
Do. R.C.	2,85,570	1944	6.25	..	..	5.18	10
Crehln Malabar T.F.	1,13,300	1932	7.00	June	..	48.50	50
Coffee Lands C.T.F.	10,40,000	..	6.00	..	..	71.08	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.	..	80.25	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.	..	8.82	10
Devon Tea C.T.F.	2,00,000	1936	7.00	July	..	82.00	100
Highland Produce C.T.F.	3,00,000	..	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan.	July	0.10cd	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July	..	8.70	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.57	10
Teekoy Rubber C.T.F.	6,00,000	..	6.00	Mar.	Sept.	6.80	10
T. R. & T. Co. C.T.F.	16,00,000	..	6.00	June	Dec.	8.62xd	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov	..	7.91xd	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	70.00	100
Do. do. (2nd) T.F.R.C.	5,00,000	..	6.00	June	..	80.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr.	..	80.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	5.00(f)	..	..	87.50	100
Andhra Cement C.T.F.	2,48,800	1937	6.00	Feb.	June	99.00	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	92.75	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug.	..	84.00	100
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar.	Sept.	11.75	10
Do. "A" T.F.C. ..	4,00,000	1923	7.00	Mar.	Sept.	48.50	50
Do. "B" T.R.C. ..	20,00,000	1948	8.00	..	..	100.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1896	6.00	..	..	62.00	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Aug.	..	7.50	100
British Corporation Ltd. C.	17,50,000	1937	6.00	Feb.	Aug.	14.50	10
British India Corporation T.F.C.	81,00,000	1920	8.00	Feb.	Aug.	6.00N	10
Dalmia Cement (Bharat) C.T.F. ..	61,58,210	1937	6.00(f)	Sept.	..	109.00	5
Dhrangadra Chemicals T.F.C.R. ..	31,91,000	1956	6.00	..	..	7.50	100
Shree Digvijay Cement T.F.R.C. ..	70,93,875	1944	6.00	Dec.	..	84.00	10
Dunlop Rubber Co. (1st) T.F.C. ..	30,00,000	1926	6.00§	June	Dec.	76.00	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	6.00	Apr.	..	107.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb.	Aug.	57.00	100
Do. do. (2nd)	1,00,000	..	5.00	Feb.	Aug.	56.00	100
Gillanders Arbuthnot(f) R.C.	25,00,000	..	6.00	Feb.	Aug.	48.00	100
Hindustan Motors T.F.R.C.	1,60,67,500	1956	6.00	Apr.	Oct.	79.00	100
Humayan Properties T.F.C.	12,00,000	1933	6.00	Mar.	..	79.00	100
India Cement C.	29,85,000	1946	7.50	..	..	207.00	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	Oct.	..	6.75	10
Indo-Burma Petroleum C.	50,00,000	..	5.00	June	..	81.00	10
Indian Cable (m) C.	12,87,750	1923	6.00	Jan.	July	69.00	100
India Rubber Mfrs. (n) T.F.C.R. ..	8,98,000	..	6.00	June	Dec.	82.00	100
Jardine Henderson C.	50,00,000	1946	5.00	Apr.	..	83.00	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	Dec.	..	72.00	10
Do. do. (2nd) T.F.C. ..	10,00,000	..	5.50	Dec.	..	56.50	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	4.00	May	..	55.00	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	7.00	June	Dec.	53.00	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	Apr.	Oct.	81.00N	100
Do. (2nd) F.C.	40,00,000	1936	5.00	Jan.	..	85.00	100
Metal Box Co. C.R.	30,00,000	..	5.00	July	Jan.	46.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	..	..	81.00	100
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	Feb.	Sept.	84.00	100
Mysore Lamps R.C.T.F.	2,50,000	..	6.00	June	..	9.35	100
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	4.00	Aug.	..	7.83	10
Do. do. (New) (q) T.F.C.R.	10,00,000	..	5.00	Mar.	Sept.	5.62xd	10
Orient Paper T.F.C.R.	20,00,000	1936	4.50	Mar.	Sept.	69.00	100
Do. (2nd) (r) C.R.	60,00,000	..	5.50	Jan.	..	62.00	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	5.50	Apr.	Oct.	83.00	100
Do. do. (New) T.F.C. ..	85,04,700	..	7.00–9.00	Mar.	..	85.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	4.25	Apr.	..	107.00	100
Spencer & Co. "A" C	23,20,000	1808	10.00	Feb.	Aug.	64.00	100
Do. "B" C.	36,80,000	1922	6.50	Feb.	Aug.	65.00	100
Standard-Vacuum C.	75,00,000	..	8.50	Jan.	July	7.55xd	50
Star Paper T.F.C.R.	10,00,000	..	6.00	June	Dec.	10.55	10
Tata Chemicals T.F.C.	59,97,000	..	5.00	Mar.	Sept.	86.00	100
Tata Oil Mills C.	29,88,000	1946	5.00	June	..	71.00	100
Titagur Paper Mills T.F.C.	11,50,000	1899	4.50	July	..	83.00	100
Do. do. (2nd) T.F.C. ..	15,00,000	1934	5.00	Jan.	June	59.00	100
			4.50	Jan.	July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

§ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank pari passu with ordinary shares after ordinary shares receive 6 per cent dividend. (n) Redeemable at par on 3 months' notice. (o) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 20th December 1954. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st January 1954. (s) Redeemable at 9 per cent. (t) Free of income-tax upto 6 nP. in the £. (u) Redeemable at par on 3 months' notice. (v) Issued on various dates. (w) Redeemable at any time 3 years after the date of issue at a premium of 5 per cent on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. pp—Partly paid.

COMMERCE

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

VOL. CIV. No. 2651 BOMBAY, 3rd FEBRUARY 1962 PRICE Rs. 2

IS DR. B. C. ROY UNREASONABLE?

FOR some time past, there have been differences of opinion between the Centre and Dr. B. C. Roy, the venerable Chief Minister of West Bengal, on the economic development of the State, in general, and the improvement of Greater Calcutta, in particular. Reports had appeared in the daily Press towards the close of 1961 that the West Bengal Chief Minister was trying to get foreign aid for specific projects by having direct talks with the Governments of some Western countries, particularly the U.S. Questions were raised in the last session of the Lok Sabha on this subject and the replies given by Mr. Morarji Desai refuted the allegations in the Press. The Union Finance Minister made the point that Dr. B. C. Roy had done nothing, during his tour of foreign countries last year, that was contrary to the rights of the Centre. While this remark has silenced the overzealous critics of Dr. B. C. Roy, the fact remains that the latter has his differences with the Centre in regard to the State Governments' rights for prospecting for mineral wealth, its exploitation and processing. He has even gone to the extent of seeking legal remedy under the Constitution of India to restrain the activities of the National Coal Development Corporation in the Raniganj area of Bengal.

The West Bengal Chief Minister is not alone in this respect. The Government of his neighbouring State, Assam, has withheld the issue of licences for prospecting for oil deposits by Oil India Ltd., on the ground that the Centre has reduced the royalty on oil. The development of Panna diamond mines has been virtually shelved, owing to differences of opinion on a variety of issues between the Centre and the Government of Madhya Pradesh. The latest position in regard to the dispute over the ownership of Singareni Collieries in Andhra Pradesh is not clear; the State Government owns 58.32 per cent of the paid-up capital and the Centre 40 per cent. The latter has been contending that it would invest further amounts in the development of these collieries only if it were given the controlling interest and authority of the Company. The dispute between Mysore and the Centre over the ownership of Kolar Gold Mines also still remains unsolved. This dispute differs from the rest, in that the Mysore Government's contention is that, if the Centre is not prepared to pay a subsidy on gold mining at a rate which is equivalent to the difference between the price of the yellow metal in India and the international price, the Centre is welcome to have the ownership of the mines, after paying appropriate compensation to the State. Thus, the Ministry of Mines and Oil, presided over by Mr. K. D. Malaviya, is in conflict not only with the three foreign oil companies operating in this country but also with State Governments. Dr. Roy now shares the view held by this journal for a long time that Mr. Malaviya and his Ministry are following a "dog-in-the-manger" policy, though he, too, is guilty of this charge, albeit in regard to development of power in his State.

The Centre and the States are being governed by one party—the Indian National Congress. The conflict between them on the ownership, and participation in the development, of mines may, therefore, appear to many as an unpleasant feature of Indian politics. It may even create the impression that the sense of unity among the members of the Indian Union has suffered a serious setback. This impression may be reinforced by the unanimous decisions taken by the inter-State conference on coal mining and allied problems at its second session held at Calcutta last week-end and by the screaming headlines given to them by a section of the daily Press. One, however, need not be unduly depressed by such events. There is no federation of States in the world where there are no differences of opinion and conflicts between one State and another and/or between the federal Government and the State Governments. It is quite a common feature of democratic Governments in countries of continental size. It must be remembered, in this connection, that State Governments in India are answerable to their respective legislatures and that members of these legislatures have to keep their constituencies pleased and contented. In doing so, they have, however, to bear in mind the larger interests of the country as a whole. They must not make demands that would impair the country's ability to compete effectively in world markets or to produce goods at the lowest possible cost for domestic consumers.

On a careful analysis of the pros and cons of the demands made at the inter-State conference on coal mining last week, we find that no great harm will come to the country if they are accepted by the Centre, subject to certain suitable safeguards. Indeed, they may even prove better for the country, as we shall presently show. The conference under reference was attended by the official spokesmen of as many as six States—West Bengal, Bihar, Orissa, Andhra Pradesh, Madhya Pradesh and Assam. At the very outset, they were all agreed that the Central Government's overall right and responsibility for planning production, pricing and movement of coal were unquestionable. They did well to reaffirm thus their faith in, and realisation of the need for, central planning and central direction to implement the Plans. Among their demands

Centre. It will be conducive to the promotion of a certain amount of competition among public sector projects through appropriate publicity to their operations and discussions in Parliament and State Legislatures alike. It would also provide opportunities for Ministers and officials in States to get the experience of running industrial projects and, thereby, for building a large reservoir of trained managerial personnel for the public sector. Again, the benefits of decentralisation in the shape of quicker decisions, prompt action, closer control over production and marketing, intimate relationship and direct contact with workers are not of insignificant nature. The question of financial control will, of course, be of a greater magnitude than if operated through one centralised Corporation, but it is feasible to tackle it through special arrangements with the State Governments concerned. The latter must be ready to co-operate with the Centre in this matter and to allow a Central organisation to exercise the necessary supervision and periodical audits. Since the Central Government will be a part investor in the collieries owned and managed by the State Governments, Parliament must have the right to review and debate on the working of these projects once a year. And the use of such right must not be regarded as an encroachment on the rights of State Governments or State Legislatures.

SINDRI'S PERFORMANCE

THE capacity for producing nitrogenous fertilisers, such as ammonium sulphate, urea, ammonium sulphate-nitrate, ammonium phosphate, ammonium chloride and calcium ammonium nitrate, is now predominantly concentrated in the public sector. It will be seen from the table in this article that four public sector units, namely, Sindri Fertilisers, Nangal Fertilisers, F.A.C.T. (Kerala) and Mysore Chemicals and Fertilisers, account for about 90 per cent of India's aggregate annual capacity in terms of nitrogen (N). And it is again these four public sector units that account, as of 1961, for about 90 per cent of the aggregate production of 137,000 tons (N) of nitrogenous fertilisers. In spite of the additional capacity (about 282,000 tons in terms of N) that has been licensed in the private sector for the third Plan period in pursuance of a liberal interpretation of the Industrial Policy Resolution of 1956, the public sector will account for two-thirds of the proposed aggregate additional capacity of 856,000 tons. If all this additional capacity comes to be installed during the third Plan period, the overall position will be that the public sector will account for 72 per cent of the entire capacity (existing *plus* additional) for producing nitrogenous fertilisers. In view of this dominant role which will continue to be played by the public sector in the field of fertiliser production, it is of the utmost importance for the public to know whether that sector will be able to acquit itself creditably.

The occasion for raising this doubt has arisen for the second time now—after 10 months from the date of publication of the Estimates Committee's report on Sindri Fertilisers and Chemicals Ltd.—with the availability, this week, of the Tariff Commission's reports on the fixation of fair retention price of ammonium sulphate produced by the Sindri unit. The "hush-hush" way in which the deterioration in Sindri's performance in recent years has been dealt with is hardly calculated to allay the doubt. It may be recalled, in this connection, that the Estimates Committee itself had this to say in March 1961:

"It is a matter of regret that, though the Estimates Committee had fairly detailed discussions with the representatives of the (Commerce and Industry) Ministry and the (Sindri) Company on 9th November 1960 regarding the reasons for shortfall in production, none of them referred to the expert investigation carried out in the matter. On a request from the Committee subsequently, a copy of the Report (submitted by Dr. Hussain Zaheer, a Director of the Sindri Company, in April 1960) was made available."

Again, the absence of any reference, in the Estimates Committee's report, to the report (December 1959) and the Supplementary Report (November 1960) submitted by the Tariff Commission suggests that the Estimates Committee was not made aware of the Commission's findings and recommendations. What is no less surprising is that the Government's Resolution (dated 16th January 1962), from which the following paragraphs are taken, has not referred to the Tariff Commission's original and supplementary reports:

"Sindri Fertilisers and Chemicals Ltd. approached the Government of India early in 1958 for an increase in the retention price of ammonium sulphate produced by them from Rs. 280 per ton (which was the price fixed from 15th January 1957), on the ground that substantial increases had occurred in the annual expenditure of the Company owing to reasons beyond their control, such as higher royalty levied by the Rajasthan Government on gypsum, increase in the freight charges of gypsum and coal, higher price of coal, etc. The fixation of retention price of Sindri during all these years had been done purely on *ad hoc* considerations and after discussions amongst the parties concerned, namely, the Sindri Company, the Ministry of Commerce and Industry, the Ministry of Food and Agriculture and the Ministry of Finance. It was, therefore, felt that the determination of a fair retention price should take into account the estimated cost of production, having regard to the "norm" of performance which could be expected from a plant of this type and the cost of imported fertilisers. The Tariff Commission was, therefore, asked in March 1959 to enquire into the production costs at the Sindri Fertiliser Factory and furnish a report to Government, which would, *inter alia*, include a specific recommendation in regard to a reasonable retention price to be allowed to the Company for its ammonium sulphate by the Central Fertiliser Pool.

"The Commission, on conclusion of its enquiry, recommended that the fair price of ammonium sulphate produced at Sindri may be fixed at Rs. 300 per ton with retrospective effect from 1st April 1959 and upto 31st March 1962, this price being exclusive of local taxes, if any.

"The Government of India have accepted the recommendation of the Tariff Commission in regard to the fixation of the retention price of ammonium sulphate produced by the Company..."

In the above paragraphs of the Resolution, the Government has not referred to the significant fact that the Tariff Commission, in its original report of December 1959, had recommended a retention price of Rs. 282 per ton for the 1959-62 period. Nor has it referred to the fact that it was in the Commission's supplementary report, called for by the Government in October 1960, that the retention price of Rs. 300 per ton (which includes a 10 per cent return on capital employed) had been recommended. By not mentioning these facts, the Government has all but suggested that the Commission's enquiry was a single operation, carried out in one stage. The supplementary report was in fact occasioned by the later advices from Sindri which were to the effect that production in 1959-60 was only 285,000 tons in terms of ammonium sulphate, as against the 300,000 tons assumed by the Commission in its original report and that the figure of an average production of 320,000 tons assumed for the three years 1959-60 to 1961-62 would not be realised. The revised estimate of average production suggested by the Board of Directors of Sindri for the purpose of recalculating the previously recommended retention price was 285,000 tons. While the Commission, in its supplementary report, accepted this figure of 285,000 tons as the basis for estimating the works cost and the fair ex-works price (retention price), it did so with some obvious reluctance, as witness the following passages in that report:

"We enquired why even as late as November 1959 the representatives of the Company had not informed us about the correct position regarding the steep decline in the output. Had this been done, there would have been no occasion for our estimates, which were based on data furnished by the Company, going wide of the mark. The Managing Director told us that apparently the authorities of Sindri at that time had underrated the seriousness of the trouble.

"In the original reference to us, Government had directed that we should take into account the estimated cost of production, having regard to the *norms of performance which could be expected from a plant of this type*. In fact, we had kept that in mind in determining the prices in our last report and criticised Sindri for not working to standard norms of performance. For these reasons, we have not accepted the claim for price increase on account of higher consumption of raw materials like coal and gypsum.

Aggregate Capacity and Production of Nitrogenous Fertilisers (1961)

Name of factory	Annual capacity (Tons)		Production (Tons)	
	Ammonium sulphate (In terms of N)	Other nitrogenous fertilisers (In terms of N)	Ammonium sulphate (In terms of N)	Other nitrogenous fertilisers (In terms of N)
Sindri Fertilisers ..	70,000	47,000	56,800	19,320
Nangal Fertilisers ..	..	80,000	..	32,400
F.A.C.T. (Kerala) ..	10,000	2 750	10,000	2,200
Mysore Chemicals and Fertilisers	1,320	..	800	..
Sahu Chemicals (Varanasi) ..	..	10,000	..	3,000
By-product of coke ovens ..	13,400	..	12,400	..
Total ..	94,720	139,750	80,000	56,920

"The report of Dr. Zaheer also brought out the fact that, while the fall in output had been due to the poor coal supplied, the inefficient working of the S.W.G. generators was, in the main, due to bad maintenance, and working conditions were probably affected by inadequate control over blending of coal particularly at night. These inefficiencies could not all be described as beyond the control of an efficient management and increases in cost resulting from shortfall in production, due to such inefficiencies, cannot be made good by raising the fair price to be fixed.

"For these reasons, we have decided only to make a recalculation of the price on the basis of the revised estimate of production of Sindri."

The above observations contained in the Tariff Commission's supplementary report are as good as strictures on the Sindri management. There are, of course, some other findings in the Commission's original report—findings which do not reflect creditably on the Sindri factory which had enjoyed the benefit of cheap loan finance from the Government of the order of Rs. 7 to 8 crores and was given a fair margin in the price paid by the Fertiliser Pool from time to time without meticulous calculation of the actual cost of production. First, the Company has provided in the aggregate a sum of only Rs. 12.7 crores as depreciation on its ammonium sulphate plant upto 1958-59—a provision which is lower by about Rs. 2.3 crores than the figure of depreciation computed for the first and second shift allowances under income-tax rates. Secondly, the Sindri Company has been carrying a large inventory year after year. At the end of 1958-59, this amounted to nearly Rs. 4.5 crores worth of stores, of which only a quarter would represent the principal raw materials required for the production of fertilisers. Thirdly, there has been a considerable increase in general labour cost due to the very large increase in the number of personnel employed since 1954-55, although the level of sulphate production has been, more or less, maintained at an even level near the rated capacity. Fourthly, Sindri has not introduced standard costing for correcting inefficiencies or improving performance. Of course, the poor quality of raw materials like coal and gypsum supplied to the Sindri factory is an extenuating circumstance in this connection, for these raw materials have not always conformed to standard specifications, but it is not all.

To these disquieting findings may be added the remarks of the Estimates Committee based on Dr. Hussain Zaheer's report. The clinkering trouble affecting production of gas, according to that report, had started only after 1954, when the coke ovens of the Company were commissioned. The problem had continued on an increasing scale for five years and affected not only the output but also the life of the generators themselves. But it was only in 1960 that a technical enquiry was carried out by Dr. Hussain Zaheer and remedial measures were suggested. The Estimates Committee could not, therefore, help asking the very pertinent question why the Sindri management had kept quiet so long without looking into the condition of the plant and allowed it to deteriorate so markedly. It has also recorded that, during the period 1956-58, gas production was sought to be maintained at a high level by operating the plants for longer periods without giving adequate time for annual overhaul and running maintenance, thereby further deteriorating the generators which had already been badly corroded. This, according to the Committee, has been somewhat of a costly mistake contributing to the loss in production and earnings, on the one hand, and avoidable damage to the plant, on the other. It is, therefore, no wonder that, with such sins of omission and commission, the Sindri Company (which has involved a total capital outlay of Rs. 36.5 crores, as of 1958-59) has come in for severe criticism on the ground that, even after a decade of existence, it has not been able to build up substantial reserves and give a reasonable return on the capital employed. As of 1958-59, its reserves were not even Rs. 2 crores, as against a paid-up capital of about Rs. 17 crores. The inadequacies and inefficiencies on the side of technical, general and financial management at Sindri are certainly not flattering to the public sector. Unless the Government is in a position to ensure efficient technical management and run an industrial enterprise on financially sound and prudent lines, it is a matter for serious consideration whether it can safely undertake the creation of additional capacity for fertiliser production on the scale mentioned in the opening para of this article. Cannot a bigger role be assigned to the private sector which may be in a position to secure foreign capital and technical collaboration and deliver the goods at a lower cost to the taxpayer?

MARKET GOSSIP

THE share markets are hesitant. The bulls are on the defensive, but, at the same time, the bears are not aggressive. The latter seem to be content with making small and quick profits. Consequently, fluctuations are narrow. Apparently, they have no profound faith in the astrological predictions about the outcome of *Ashtagraha*. In fact, there are some who have been discretely going long in certain active scrips in the hope that bear-covering and replacement buying by bulls after 4th and 5th February would give them an opportunity to pocket a tidy amount. These operators have, of course, assumed that none of the evil forebodings of astrologers would materialise. The prospect of T.T.K. joining the Cabinet after the elections is, however, not so lightly dismissed. His observations at Madras last weekend on the economic policies of the Government have been read with avidity in market circles. They clearly suggest that, given the opportunity, he would add to the economic controls that are already in force and these in turn would reduce the profit-margins all round. If nevertheless they have had no sustained bearish impact on equity prices, it is because of a desire to wait and see. The general feeling, however, is that, until the next Central budget is out of the way (which will be some time in May next), there can be no bull market of any significant size and duration. This is not to say that a share here or a share there may not shoot up or slump as a result of developments that may affect the merits of individual scrips.

A.V.B. Plant at Durgapur

The four workshops, two machine shops and one forge shop of the heavy engineering factory of A.V.B. at Durgapur will go into production on Tuesday the 6th inst., immediately after the inauguration of the factory by Dr. B. C. Roy, Chief Minister of West Bengal. The inaugural function, though it is a formal one, is of considerable importance in that it not only marks the beginning of a new era in the manufacture of cement-making machinery, steam-raising plant, pressure boiler plants, and heavy equipment for mining and other industries but also sympolises a major example of Indo-British collaboration. The factory is the joint venture of three "leaders" in industry—(a) Associated Cement Companies Ltd., the pioneers in cement and cement-making machinery industries in India; (b) Vickers Ltd. of Britain, the world-famous builders of ships, aircraft and heavy industrial and mining machinery, and (c) Babcock and Wilcox, another well-known British firm engaged in heavy mechanical engineering business.

The A.V.B. factory at Durgapur is a giant enterprise. Built at a cost of over Rs. 10 crores, it has an annual capacity to manufacture 6,500 tons of boilers, ancillary equipment and pressure vessels and 2.230 tons of cement-making, general mining, coal mining and other general machinery. In terms of value, the production, it is stated, will work out to about Rs. 5 crores annually which will be markedly higher, if the Company's plea for large-scale expansion is conceded by the Government. It is proposed to manufacture, by further utilisation of plant and machinery and the addition of a few machine tools and by working three shifts, 12,000 tons of boiler plant and pressure vessels, exclusive of 4,000 tons of bought-out components, in addition to the 2,230 tons of cement and general machinery (excluding imported specialised items). Evidently, the Company has been prompted to think of this expansion by the first orders for the supply of its products—four Babcock radiant type boilers (fired by automatic spreader-strokers) worth Rs. 2 crores ordered by the Maharashtra State Electricity Board and a similar type boiler worth Rs. 50 lakhs received from Korba in Madhya Pradesh. The Company is also expecting to secure a huge order for eight 60 M.W. high pressure boilers worth Rs. 12 crores.

On the face of it, the prospects for the A.V.B. plant at Durgapur are very bright. The products turned out by the plant are assured of a ready market. What is more, the cost of production may be expected to be economic, inasmuch as the factory is equipped with up-to-date machinery and enjoys the advantages of varied and extensive knowledge of the three aforesaid firms of repute. Again, the management is in sound and efficient hands. Even so, it may require another three or four years for the Company to pay any dividend. The Chairman of the A.C.C., therefore, told the shareholders at the last annual meeting that the question of issuing A.V.B. shares to the shareholders of the A.C.C. would be considered only when the A.V.B. Company was in a position to pay a dividend.

Speculation in Oilseeds

By no stretch of imagination can one understand the reasons which prompted the Forward Markets Commission to permit the resumption of futures trading in groundnuts without ceilings and special margins. Nothing has happened during the last three months to justify the removal of curbs on hedge trading. If anything, the supply and demand position has worsened since the ceilings were imposed last time, that is, in the beginning of November 1961. It is true that the new crop has started moving in fairly large quantities of late, but this is only a seasonal phenomenon. What is important is the fact that the initial expectations of a bumper crop have not materialised. The latest trade estimates of the crop, for instance, place it at no more than 2.5 million tons in kernels, as against 2.8 million tons expected three or four months ago. Spot prices have been ruling higher. Thus, Khandesh quality is now being quoted at about Rs. 47, as against only Rs. 45.50 in the beginning of November. It may be recalled that the speculators had taught the F.M.C. a hard lesson, following the removal of restraints in June last, necessitating their reimposition. The F.M.C., at any rate, seems to be not in a mood to learn from experience.

In saying this, we are not unmindful of the fact that the F.M.C. has imposed some new restrictions on trading in futures. But these are not going to be effective. Some even go so far as to say that they are farcical. Take, for instance, the maximum price rise of Rs. 5.50 per 250 kgs. fixed by the Commission. Even during normal times, it is rarely that the groundnut contract goes up by above Rs. 5.50 a week, or Rs. 22 within a month of four weeks and by about Rs. 49 in two months. In effect, therefore, this restriction means that speculators will have sufficient freedom to rig up prices. It is true that some of the interested parties, including a delegation of the Bombay Oilseeds Exchange, had been pleading for the removal of ceilings and for more freedom for speculation. In doing so, the trade has displayed its shortsighted approach to the problem of prices. Heavy speculation in a commodity like groundnuts will adversely affect the overall consumer prices and the cost of living. In the long run, such a situation is likely to attract more and more of irksome controls and irrational tax burdens. All those who believe in a healthy system of private enterprise within the framework of democracy should, therefore, refrain from activities that will eventually reduce the area of freedom. It is no exaggeration to say that economic conditions in India are by no means favourable to hedge trading in commodities. This is particularly so in the case of groundnuts, the production of which has failed to keep pace with the rise in domestic demand and the export needs. The theoretical justifications for hedge trading no longer hold good. According to competent observers, hedge trading has, of late, been only of negligible importance to genuine industries and export trade. Will the Government arrange for an impartial expert study to find out whether hedge trading as is now being carried on serves the interests of genuine industry or speculators? The result will be quite revealing.

Aid-India Consortium Meeting

There seems to be no genuine cause for disappointment over the outcome of the Aid-India Consortium meeting held at Washington on Tuesday this week. It is true that, contrary to expectations, the meeting did not result in the gap in the foreign budget of the third Plan being filled. It is calculated that there will be a shortfall of about $375 million in the first two years of the third Plan, the gap being the difference between the estimated requirements of $2,600 million and the aid offers aggregating $2,225 million made by the Consortium in June 1961; some had even anticipated that the Consortium would vote the aid required in the remaining three years of the third Plan as well. But it will be wrong to attribute, as is done by some, the outcome of the Washington meeting to political pressures and prejudices against India. For all that the Consortium has done is to postpone a decision till May next. May be, it would like to see what efforts are made by India to raise internal resources in the budget for 1962-63, which is due to be presented some time about the middle of May. Whatever it is, the significant point is that it has unequivocally recognised that "further external assistance will be required in 1962-63 beyond that already committed, if the momentum of expansion is to be maintained." Perhaps the postponement might have even been prompted by the need to give sufficient time to rope in countries other than the existing members of the Consortium (U.S., U.K., Canada, France, W. Germany, Japan, World Bank and International Development Association). The official statement issued by the World Bank says: "At the suggestion of other members of the Consortium, the Bank agreed to continue to seek to interest other nations in participating in the financing of India's development." It is gratifying to learn that Italy, Belgium and Austria have already expressed their desire to participate at the Consortium meeting scheduled to be held in May next.

Viewed thus, there is no justification in the criticism made in a section of the domestic Press—to the effect that India has been discriminated against Pakistan by the Consortium members. This criticism stems from the fact that these countries have unanimously agreed to make additional commitments ($625 million) sufficient to meet the full requirements of $945 million for the second (1961-62) and third (1962-63) years of Pakistan's second Plan. But it must be remembered that, in June 1961, the members had committed aid amounting to just $320 million and that, too, for only one year, namely, 1961-62, whereas, in regard to India, the total aid commitments were as much as $2.225 million (Rs. 1,059 crores), which covered more than 85 per cent of the estimated foreign assistance requirements of $2,600 million for the first two years and two-fifths of the total requirements ($5,500 million) for the whole of the third Plan. It will be recalled that, when this was done, the Press in Pakistan accused the Consortium members of excessive generosity to, and partiality for, India.

Further, one wonders if there is any ground for supposing that there has been deliberate delay on the part of Consortium members in following up the aid offers for the first year, as well as in transforming the offers of aid for the second year into definite commitments. The World Bank statement does admit that some delays had been experienced in the early part of the year 1961-62, but feels confident that the total allocation of funds for agreed purposes during the year will come close to the figure indicated in June 1961, namely, $1,295 million. It may be noted here that the interval between the date of aid authorisations and the date of actual release has been rather long, thereby greatly handicapping the planning and execution of quite a number of projects. But the gap has been due as much to the procedural delays in the release of funds by the aid-giving countries as to the red-tapism and lack of high level efficiency in administration at both Central and State levels in India. In view of this, as also considering the coal shortage and transport bottleneck, it is not surprising that the third Plan industrial projects in the public sector have not gained sufficient momentum yet. Before seeking more liberal foreign assistance, the planners and the powers-that-be will do well to demonstrate to the aid-giving countries the fact that they have chosen right projects, given the right priorities, taken care to avoid wasteful expenditure, and are adopting rational economic policies.

More on I.C.I.'s Bid for Courtaulds

A battle royal is being fought between the I.C.I. and Courtaulds in Britain. It was well and truly joined last week when the Board of Courtaulds came out with a sharp counter-attack on the I.C.I. In the course of a statement issued last week, the Board not only expressed confidence in the present and future earning capacity of Courtaulds but cast grave doubts about I.C.I's ability to maintain its profits. In fact, Mr. C. F. Kearton, a Deputy Chairman of Courtaulds, went to the extent of saying that I.C.I's profits for 1961 would be 25 per cent lower than that for 1960, whereas Courtaulds' profit would be down by only 5 per cent. He asserted that it was his Company and not the I.C.I. that was "the growing and dynamic company." The I.C.I., according to him, far from being able to show higher profits, was entering a period of difficulties and declining profits from which Courtaulds had already emerged.

This confident assessment of the prospects for Courtaulds is based on an impressive array of statistics published as part of the "financial statement on current and future prospects" being mailed to the 180,000 stockholders of Courtaulds. The Board of Courtaulds estimates that the profit of the Company for the year ending 31st March 1962 would be £17.5 million, as against £18.7 million in the previous year and would rise to £23 million in 1962-63 and £28.5 million in 1964-65. The Courtaulds' Board, at its first Press conference held after the news of the I.C.I. take-over bid was out, categorically stated that it was strongly opposed both to merging the man-made fibre divisions of I.C.I. and Courtaulds and to the terms of the I.C.I. bid, namely, four £1 ordinary shares of I.C.I. for five Courtaulds' £1 ordinary shares. It dismissed the I.C.I.'s philosophy as unsuitable for selling man-made fibres and said that Courtaulds' shareholders were being offered a "depreciating currency" because the I.C.I.'s shares were bound to go down in value.

Courtaulds' profit estimates for the future are, however, at variance with the pessimistic note struck by the Chairman earlier and the pruning of the interim dividend. Explaining this discrepancy, Sir Alan Wilson, Chairman-designate of Courtaulds, said that the decision to cut the interim dividend was made when the Company was undergoing rationalisation by closing factories and cutting down unproductive work. It was, therefore, a "political decision," taken in order to give the impression to workers that the shareholders were also feeling the pinch. He, however, frankly admitted that, in the light of subsequent developments, it was "clearly a mistake."

Behind the conflicting claims and attacks and counter-attacks lies a basic difference in approach of the two firms to the problem of man-made fibre industry in Britain. Both recognise that there are defects in the synthetic fibre industry which require to be removed. But they differ as to the best way of doing it. The I.C.I., in order to protect its massive investments in man-made fibre industry, wants to move forward closer to the consumer, gaining the technical advantages, which it believes, are inherent in vertical integration. Courtaulds, on the other hand, would prefer to produce only a part of its basic chemicals and buy a large portion in a competitive market at the cheapest prices.

Will the shareholders of Courtaulds, to whom the I.C.I. has made a direct approach with the share exchange offer, take the assessment of the future prospects and profit projections of their Board at their face value and reject the I.C.I. offer? In the face of conflicting assessment of the prospects for their Company, it is indeed a difficult decision that the shareholders of Courtaulds will have to make. What are the factors that will govern their decision? Our London contemporary, The *Economist*, has ventured to make the following observations on this question:

"In coming to their decision, however, shareholders will not be swayed by nuances in an economic and technical argument about the best method of tackling the problems of the synthetic fibre industry. Their course of action will be determined, first, by the prices that I.C.I. and Courtaulds can command in the stock market and, secondly, by the impression they have gained in the past and during the present struggle of the quality of the *top* management of the two concerns. What will happen to the

(*Continued on page* 223)

EQUITIES RECOVER AT CLOSE

UNDERTONE QUIETLY STEADY

(From Our Own Correspondents)

BOMBAY, 1st *February*

THE share market, after a weak and hesitant start on Thursday, 25th January, picked up strength in Saturday's brief session on account of bear covering and scattered bull support. The recovery gathered momentum on Monday, thanks to speculative support prompted by the meeting of the Investment Committee of the L.I.C. on Wednesday and improved conditions in the money market. There was also scattered investment buying. The upward trend in values was, however, arrested on Tuesday when, following emergence of selling and lack of buyers who were apprehensive about the effects of the eight-planet conjunction, equities suffered a setback in values. The declining trend was accelerated yesterday on the news that the response of the L.I.C. to offers made by brokers was not good. There was again a partial recovery today induced by short-covering and renewed bull support. The undertone of the market at the time of writing was quietly steady.

A feature of trading in the share market during the week was that a few scrips which usually keep on the sidelines caught the fancy of operators. Two such scrips were Minerva Mills and Orissa Cement. Since the quotations for these shares went up (on Tuesday, 30th January) by more than 10 per cent over their previous clearing rates, the bulls were obliged to pay interim margins of Rs. 5.75 on Minerva Mills and 60 nP on Orissa Cement, while bears had to pay margins in respect of Shivrajpur Syndicate (Rs. 2.38 on Saturday) and B.R. Cotton (Rs. 4.50 on Monday), because their prices fell below 10 per cent of the previous clearing rates.

In the steel section, Tata Steels fluctuated between Rs. 140 and Rs. 138.25 and finished at Rs. 139.25 today, as against the last week-end close of Rs. 139.75, a fall of 50 nP. Indian Irons moved narrowly and closed at Rs. 24.50, same as last week. Mukand Irons met with moderate support and gathered 25 nP to Rs. 27.50.

Textiles presented a mixed pattern. Centurys moved down from Rs. 586 to Rs. 576 in the earlier sessions but recovered thereafter to touch a high of Rs. 594 yesterday. Today, they fell back again to Rs. 584.50 before finishing at Rs. 589.50. The net gain over the week was Rs. 3.50. Simplex attracted support and hardened by Rs. 6 to Rs. 167. Khataus put on Rs. 3.75 to Rs. 468.75. Morarjees were better by Rs. 2 at Rs. 392. New Greats advanced by Rs. 3 to Rs. 253, Shreeniwas by Rs. 3.50 to Rs. 285.50 and Svadeshis by Rs. 3 to Rs. 288. Standard Mills, on the other hand, receded by Rs. 9 to Rs. 1,101. Central Indias eased by Rs. 10 to Rs. 149. Tata Mills shed Rs. 3 to Rs. 79. Phœnix and Dawns dropped Rs. 2 each to Rs. 231 and Rs. 151.50, respectively. Gokaks lost Rs. 4 to Rs. 216.50 and Elphinstones Rs. 3 to Rs. 116. Bombay Dyeings receded from Rs. 68.50 last week-end to Rs. 67.90, but rose to finish at Rs. 68.25 today. The net loss over the week was 30 nP.

Among sugar shares, Belapurs encountered selling and declined, in the course of the week, from Rs. 252 to Rs. 246.50; they were quoted lower still at Rs. 241 at one time on Monday, 29th January. Walchandnagars eased from Rs. 59 to Rs. 53.50, Maharashtra Sugars, however, improved by 50 nP to Rs. 182.50. Phaltans were steady at Rs. 115, in spite of the disappointing result for the year ended 30th September 1961.

Cements were irregular. Associated Cements improved fractionally from Rs. 159.50 last week-end to Rs. 160. Orissa Cements rose by 68 nP to Rs. 17.92. But Digvijays came in for selling and declined by Rs. 2.25 to Rs. 186.75.

Shipping shares were subdued. Scindias lost 16 nP to Rs. 13.12 and Great Easterns 8 nP to Rs. 12.72. Among automobile shares, Premier Automobiles fell by Rs. 5 to Rs. 144. Hindustan Motors receded by 32 nP to Rs. 20.20.

In the rayon section, National Rayons declined by Rs. 4 to Rs. 535. Gwalior Rayons eased by a rupee to Rs. 52.50 and Indian Rayons by Re. 1.50 to Rs. 96. South India Viscose, however, attracted support and improved by 50 nP to Rs. 184. Baroda Rayons were quiet at Rs. 56.

Chemicals generally tended to look up. Amar Dyes strengthened by Rs. 5 to Rs. 336.25. Indian Dyestuffs hardened by Rs. 3.75 to Rs. 505. Colour Chems gathered Rs. 5 to Rs. 445. Poly-Chems were better by Re. 1.25 at Rs. 216.25. But synthetics eased by Rs. 2 to Rs. 219. Alembics shed Re. 1.25 to Rs. 241.25. Tata Chemicals lost 8 nP to Rs. 19.60.

Among engineering shares, Telcos were subjected to selling and declined from Rs. 352.50 last week-end to Rs. 349.50 today, a net loss of Rs. 3 over the week. Larsen and Toubros softened by 25 nP to Rs. 40. Asian Cables eased by Re. 1 to Rs. 101.50. Brady Engineerings lost a like amount to Rs. 94. Kamanis decreased by 88 nP to Rs. 16.24. T. Maneklals, however, spurted by Rs. 5 to Rs. 505. New Standard Engineerings put on Rs. 2 to Rs. 212. Alcock Ashdowns were steady at Rs. 329 and Cooper Engineerings at Rs. 182.80.

Among miscellaneous industrials, Bombay Burmahs encountered selling and declined from Rs. 642 to Rs. 633.50 today, before recovering to finish at Rs. 637.50. The net decline over the week was Rs. 4.50. Voltas receded by 50 nP to Rs. 295. West Coast Papers eased by Rs. 2 to Rs. 174. Wimcos shed Rs. 3.50 to Rs. 306.50. Shivrajpur Syndicate lost Re. 1 over the week to Rs. 41. Hindustan Levers, on the other hand, attracted support and hardened by Re. 1 to Rs. 58. Ceat Tyres firmed up by Rs. 2 to Rs. 202.50. Chemcoats gathered a rupee to Rs. 126. Killicks improved by 50 nP to Rs. 90.50. Premier Tyres were steady at Rs. 146.

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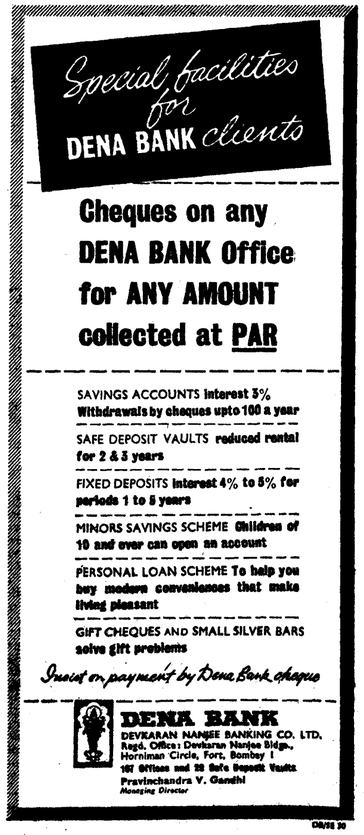
Calcutta Stock Exchange

CALCUTTA, 31*st January*

Apprehensions that Mr. T. T. Krishnamachari would if he were to become the next Finance Minister introduce statutory price control which at a time when industrial costs were mounting would reduce the return to investors affected the sentiment of operators on the Stock Exchange during the week under review. Anxiety about foreign aid prospects also restrained activity, as on the continuation of substantial aid depended imports of the urgently-needed raw materials and spares for industries. The turning down by Mr. Nehru of Mr. Kennedy's offer of mediation in regard to Kashmir only strengthened the bears. Even the report that the Aid-India Club members were not inclined to increase the aid to India led to increased selling offers. For it was realised that the success of the third Plan was closely linked with increased flow of machinery and raw materials from abroad. The deepening crisis of wagon shortage for coal movement has led to big industrial consumers making their own arrangements to bring coal by the costlier motor transport, thereby raising cost of production. The decline in the volume of business during the week should be attributed to lack of sufficient funds. Large funds are lying blocked in the several recent new issues, and the prospects of more bank credit despite relaxation in the margin of advances do not look bright.

Coals were featureless, as it is now becoming clear that there is no ready solution for the wagon shortage, which, coupled with shortage of explosives, is hampering production. Earlier in the week, however, Seebpores at Rs. 48 recorded the impressive gain of Rs. 2.25 on interested buying. Raneegunges were quiet at Rs. 15.12, while East Indians were fractionally better at Rs. 33.

Although quietness marked activity in jutes, there were a few features on interested buying. Influential support led Dalhousies to move up to Rs. 121 from Rs. 105 previously. Fort Glosters lost Rs. 10 at Rs. 365. Birlas fluctuated between Rs. 30.12 and Rs. 30.87. Nuddeas at Rs. 65.35 put on nearly two points. Kamarhattis were forced down by Rs. 2 to Rs. 141, but Ganges attracted support to rise from Rs. 12.56 to Rs. 12.94. Alliances at Rs. 93 added 50 nP, as did Kanknarahs at Rs. 77.50.



Engineering shares were dull, thus reflecting the coal crisis. The news that the Durgapur merchant mill, which was recently inaugurated, had to stagger production due to want of ore only added to the uncertainty created by inadequate transport. Indian Irons opened at Rs. 24.50 and, after being higher at Rs. 24.84, closed at Rs. 24.70. Texmacos, after declining to Rs. 20, recovered to Rs. 20.15. At Rs. 146, Indian Standard Wagons recorded a further gain of Rs. 10, following anticipations of more satisfactory results. The steadiness of Britannia Engineerings around Rs. 13.44 followed the rights issue. Profit-taking reduced last week's gain in Guest Keen Williams to Rs. 39.87.

Sugars eased following the uncertainty of U.S. purchases. Ramnugercanes gave way from Rs. 29.50 to Rs. 28.19 and Dyer Meakins from Rs. 42.50 to Rs. 41.00.

Teas were better following better auction results. Hantaparas were higher by Rs. 5 at Rs. 130. Huldibaris at Rs. 29.94 recording a fractional gain. Grobs were lifted at Rs. 10, as against Rs. 9.50 previously. Methonis were unchanged but steady at Rs. 18.81.

Several features were recorded in miscellaneous industrials. At Rs. 155, Rallis, for which the taxable dividend has been raised from 4 to 8½ per cent, maintained the recent improvement. Kesoram Industries gradually improved from Rs. 31.44 to Rs. 33.37. Associated Batteries, for which the taxable dividend has been declared at 15 per cent, as against 25 per cent and 40 per cent in the previous two years, realised Rs. 34.12, as against Rs. 34.62 earlier. Dunlop Rubbers recovered from Rs. 39.94 to Rs. 40.19, while National Pipes at Rs. 29.25 recorded a fractional loss. Philips Indias rose by 12 nP at Rs. 36.62. Martin Burns were unchanged at Rs. 31.62. Electric Constructions being fractionally higher at Rs. 13.44. Metal Boxes eased from Rs. 58.25 to Rs. 57.75. Aluminium Corporations hardened from Rs. 17.19 to Rs. 17.44.

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Madras Stock Exchange

MADRAS, 31*st January*

Barring sugars and coffees which continued to rule depressed, the Stock Exchange depicted a steady trend during the week under review. Business actually put through was, of course, restricted. Three new scrips, namely, South India Viscose, Dalmia Cements and Mettur Chemicals, were included in the forward list, with effect from Monday the 29th inst. There was some improvement in textiles on professional interest. Teas were better on encouraging advices from auction centres. Rubbers were maintained in sympathy. Miscellaneous industrials elicited good enquiries.

Among textiles, Tirmurtis were marked up by Rs. 6 to Rs. 143. Coimbatore Cottons and Dhanalakshmis rose by Rs. 2 each to Rs. 220 and Rs. 260, respectively. Coimbatore Spinnings hardened by a rupee to Rs. 72. Radhakrishnas gathered 25 nP to Rs. 39. Madurais fell initially from Rs. 42.35 to Rs. 42.15, but rallied subsequently to Rs. 42.50. South India Viscose, however, fell by Rs. 2 to Rs. 185. Lakshmis declined by 75 nP to Rs. 164.75. Travancore Rayons lost 38 nP to Rs. 43.12.

In the tea group, Blue Mountains put on 18 nP to Rs. 2.61. Periakaramalais declined by 3 nP to Rs. 3.33, after fluctuating between Rs. 3.65 and Rs. 3.23. Chembras picked up 2 nP to Rs. 3.37. United Nilgiris were fully maintained at Rs. 22.50, following the announcement of an interim dividend of 7½ per cent for the year ending March 1962. Highlands were steady at Rs. 13.75, as also Nonsuchs at Rs. 23.62 and Parksides at Rs. 25. Woodcotes were quoted at Re. 1.65. The Company is proposed to be wound up as members' voluntary liquidation. Among coffees, Consolidateds and Coffee Lands fell by 40 nP each, the former to Rs. 16.50 and the latter to Rs. 14.75. Cowcoodys shed 5 nP to Rs. 3.80. In the rubber section, T.R. and Ts improved by 12 nP to Rs. 10.62. Midlands were held firm at Rs. 10.80 and Travancores at Rs. 13.12. But Cochin Malabars lost 15 nP to Rs. 7.23.

Among miscellaneous industrials, Tube Investments rose by Rs. 2 to Rs. 282. Aluminium Industries were higher by 10 nP at Rs. 23.50. Among chemicals, F.A.C.Ts improved by 5 nP to Rs. 8.10. Mettur Chemicals strengthened by a like amount to Rs. 15. In the cement group, Dalmias hardened by 10 nP to Rs. 12.25. India Cements were quoted at Rs. 5.75 *ex-right*, as against Rs. 6.12 *cum-right* last week-end. But Western India Plywoods fell by Rs. 2 to Rs. 218.

INDIA CEMENTS LTD.

The Controller of Capital Issues has given consent to India Cements Ltd. for the issue of capital of Rs. 1,25,55,250. The Directors have decided to increase the capital by issue of 2,500,000 equity shares of Rs. 5 each, out of the unissued portion of the authorised capital of the Company and 11,050 equity shares of Rs. 5 each forfeited, and lost in conversion under the Displaced Persons (Debts Adjustment) Act of 1951, vested in the Company, making in all 2,511,050 equity shares of Rs. 5 each.

The date of the offer will be 28th February 1962. The shares will be offered for subscription at par for cash, under Section 81 of the Companies Act, to all holders of the equity shares in the proportion of 5 new equity shares of Rs. 5 each for every 9 such shares held by them, as on the 28th inst. Only Rs. 2.50 nP per share is payable on application, and the balance as and when called. The last date for acceptance of applications, along with the remittance, will be 12th April 1962.

NEWS IN BRIEF

COAL deposits, estimated at 1,000 million tons, are reported to have been found in the Mirzapur district of Uttar Pradesh.

One out of every eight people in Bombay has seen Circarama, the unique cinema spectacle which takes the viewer on a 22-minute colour film tour of the United States. The number of people who have attended exceeded half million.

A Rs. 2-crore project has been drawn up for the modernisation of Mormugao harbour in Goa. The project envisages the improvement of wharfs and mechanisation of some berths handling iron ore. The annual export of iron ore from Goa has been to the extent of 6.5 million tons, with Japan accounting for about 60 per cent.

The Tariff Commission has taken up for investigation the question of continuing protection to the plastics (phenol formaldehyde moulding powder) industry beyond the current year. In this connection, the Commission has prepared questionnaires for producers, importers and consumers.

Two firms engaged in the manufacture of marine diesel engines, one from West Germany and the other from Denmark, have offered to collaborate with the Government in the manufacture of these engines in India in the public sector. Both parties have agreed to find the necessary foreign exchange for plant and machinery by way of long-term loans.

The Umrer and Kamptee areas of the Nagpur district, which were prospected by the Maharashtra State Directorate of Geology and Mining, have revealed deposits of coal to the extent of 370 million tons—300 million tons in Kamptee and 70 million tons in Umrer—the coal being partly A grade and partly B grade.

The foundation-stone of an electrical factory at Chandigarh was laid on the 1st inst. by Mr. V. K. Krishna Menon, Defence Minister. The factory will manufacture specialised cables and other equipments required by the armed forces. Initially, the factory will have about 200 workers, but it will be expanded further, providing employment for 800 persons.

The Government of India has decided not to license any further capacity for soda ash and sulphuric acid, as their licensed capacity has already touched the third Plan target. It has also decided not to import any more light soda ash, in which the country has become self-sufficient. Import of heavy soda ash of 72,000 tons per annum by the glass industry will, however, be permitted for some time.

The Government of India has reconstituted the Copyright Board, with Mr. P. Satyanarayana Rao, Chairman, Andhra Pradesh Law Commission, as the Chairman. The other two members of the Board are Mr. B. N. Lokur, Secretary, Union Ministry of Law, and Mr. A. K. Ghosh, Joint Secretary, Union Ministry of Scientific Research and Cultural Affairs. The Chairman and members of the Board will hold office for a period of three years.

The Railway Board has sanctioned the construction of a duplicate broad-gauge line between Lakheri and Bayana on the Nagda-Mathura section of the Bombay-Delhi trunk route on the Western Railway. This duplicate line will be 116.75 miles in length. The project, involving 80 million cubic feet of earthwork and extension of 260 bridges, is estimated to cost about Rs. 10 crores. The work is being taken in hand immediately and is expected to be completed in about three years' time.

The foundation-stone of India's first zinc smelter, being established by the Metal Corporation of India at Udaipur in Rajasthan, was laid by Mr. Manubhai Shah, Union Minister for Industry, last week. The smelter, with its electrolytic zinc refinery, will have a capacity of 18,000 tons of metal annually. It will also turn out about 80 tons of cadmium, besides a large quantity of sulphuric acid and superphosphate as by-products. It is learnt that the Government of India is considering the possibility of setting up another bigger zinc smelter and refinery, with a capacity of 50,000 tons per annum, using both indigenous and imported ores. The site of the new project, estimated to cost Rs. 15 crores, is yet to be decided.

The new P.A.S. (para-Amino Salicylic acid) plant, put up by Pfizer Private Ltd. at Darukhana, Bombay, was declared open by Mr. Homi J. H. Taleyarkhan, Minister for Public Health, Small Savings and Tourism, Government of Maharashtra, last week. The new plant has a capacity to produce 60 tons of P.A.S. and its salts annually from raw materials such as meta-aminophenol and potassium carbonate. The P.A.S. and its salts, Isonlazid and streptomycin, are used for effective curative treatment of tuberculosis. It may be recalled that Chas Pfizer & Company acquired Dumex in India (as also in Pakistan and Ceylon) in 1958. Besides the factory in Bombay, Pfizer has another manufacturing plant located at Chandigarh in the Punjab which manufactures basically oxytetracycline and tetracycline.

The workers of the Rourkela Steel Plant received their first bonus for the month of December 1961 along with their normal monthly wages this month under the Hindustan Steel Bonus Scheme. The scheme came into force on 1st December 1961. The bonus has been received by all the units in the production, maintenance and service groups. The coke oven earned the highest percentage of bonus—28 per cent of the basic wage for the production personnel and 25 per cent for the maintenance people. In the steel melting shop the production and maintenance groups got bonus at the rate of 14 per cent and 13 per cent, respectively, of their basic wage. The production personnel of the tar distillation plant and the blast furnaces earned a bonus of seven per cent and the maintenance and service unit of six per cent.

The Directorate of Marketing and Inspection of the Union Ministry of Food and Agriculture, which has its headquarters at Nagpur, has opened regional offices in Delhi, Bombay, Calcutta and Madras, for maintaining closer liaison with State Marketing Departments in the northern, western, eastern and southern regions, respectively. Important commodities graded under *Agmark* for consumption within the country are ghee, edible oils, creamery butter, eggs, rice *atta*, cotton, *gur* and *jaggery*. The commodities graded primarily for export are tobacco, sunn hemp, essential oils, wool and bristles. While grading is voluntary in the case of commodities consumed in the country, it is compulsory for those meant for export. The Directorate of Marketing and Inspection carries out regular surveys of marketing of agricultural produce on an all-India basis and builds up information to facilitate development work. It tenders advice on all aspects of marketing to various Ministries of the Government of India, the State Government, the Indian Council of Agricultural Research and Commodity Committees in the Ministry of Food and Agriculture. The Directorate also keeps liaison with international organisations, such as F.A.O. and E.C.A.F.E.

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From Abroad

The U.S. Government has announced three loans aggregating $79.6 million for financing Pakistan's Five-year Plan. This is part of the $945-million long-term credit offered by the Aid-Pakistan Club and the World Bank last week.

British exports in 1961 aggregated £3,682 million (valued f.o.b.), imports £4,399 million (valued c.i.f.), and re-exports to £158 million (valued f.o.b.). While exports were 3½ per cent higher than in 1960, imports were lower by 3½ per cent.

Pakistan and Yugoslavia have signed a barter deal, under which the latter will construct 160 tube-wells to fight waterlogging and salinity in West Pakistan at a total cost of Rs. 100 lakhs. The amount involved will be paid back by exporting Pakistan jute to Yugoslavia.

Britain's capital aid to Colombo Plan countries since 1950 has aggregated £175 million, exclusive of the outstanding commitments of a further £82 million. Of this, India accounted for over £120 million, almost the whole of this assistance being in the form of credits for the second and third Plans.

Exports from Sweden during the year 1961, as compared with 1960, were higher by 7 per cent at Kr. 14,170 million, while imports rose by just one per cent to Kr. 15,117 million. Consequently, the adverse balance of trade declined markedly from Kr. 1,733 million in 1960 to Kr. 947 million in 1961.

Japan has agreed to participate as a member of the Development Centre, a new aid organisation proposed to be created by the Organisation for European Economic Co-operation and Development (O.E.C.D.). The move is likely to pave the way for Japan's entry into the O.E.C.D., which consists of the U.S. and Canada besides the former O.E.C.C. countries.

Pan American Airways has increased direct jet service between California and Tokyo to three flights a week. Jet Clippers leave Los Angeles and San Francisco on Tuesdays, Thursdays and Saturdays and Mondays. Direct flights from Tokyo are made non-stop in nine hours and 35 minutes. In addition to three-times-a-week direct service, the Company has daily jet flights between California and Tokyo via Honolulu.

Total inland revenue duties in Britain reached the record level of £3,209 million during the financial year 1960-61, as compared with £2,984 million in the previous year. The principal inland revenue duties in force during the year under review were income-tax, surtax, profits-tax, estate duty, and stamp duties. Net receipt of income-tax rose again to touch a new record of £2,429 million. There was also a record net receipt of surtax at £190.

West Germany took an increasing part in the progressive integration of the world's share markets last year. The net value of purchases of West German shares by foreigners was DM 949 million in the first three quarters of 1961, as compared with DM 693 million in the whole of 1960 and only DM 209 million in the whole of 1958. West German purchases of foreign shares amounted to the net value of DM 169 million, as against DM 732 million in the whole of 1960.

West German aid to the less developed countries amounted to DM 18,300 million between 1950 and 1961. It comprised DM 9,700 million raised from public funds and DM 8,600 million which came from private sources. Almost DM 175 million were spent for the training of students and workers from developing countries between 1956 and 1960. The major part of this amount—DM 144 million—was used for training activities in the developing countries themselves.

Industrial wages in West Germany rose more than in any other country throughout the world between mid-1960 and mid-1961, the actual rise being 11.8 per cent. Next came Sweden with 9.4 per cent, France with 8.1 per cent, Finland with 8 per cent, Britain with about 7 per cent and the Netherlands with 6 per cent. A survey of the Federal Economics Ministry shows that the overall rise of wages and salaries in West Germany between 1960 and 1961 also topped similar increases in other countries throughout the world. Wages and salaries in the country went up by an average of 10.5 per cent, against 9 per cent in Sweden, between 4 and 6 per cent in most countries of Western Europe, and 3 per cent in the U.S.

An Aberdeen (Scotland) factory, Aerated Foods Ltd., is now exporting an "instant tea" powder which is claimed to make tea comparable with the best natural brews. The powder is already in use in Britain, and exports now go to Canada, Denmark, Finland, the Lebanon, the Netherlands, Norway, Switzerland, Syria, and the U.S. Before processing, a perfect brew is made from a blend of Assam and Ceylon teas. The brew is then frozen by accelerated freeze-drying equipment. Careful control of temperatures prevents the loss of any of the aromatic oils or constituent parts of the tea.

PERSONAL

MR. Nathanael Vining Davis, President of Aluminium Limited of Canada, has arrived in India on a short visit.

Mr. Madanmohan R. Ruia and Mr. Jehangir P. Patel have been elected President and Vice-President, respectively, of the Cotton Buyers' Association, Bombay, for the year 1962.

Mr. Sarabhai Kashiparekh has been elected President of the Gujarat Chamber of Commerce for the curent year. Mr. Chandrakant Jagabhaiwala will be the Vice-President.

Mr. John Christie of the Commonwealth Development Finance Company Ltd. arrived in New Delhi on Monday this week to discuss with the Government of India the question of financing private sector projects.

Mr. M. A. Fiennes, Chairman and Managing Director of Davy-Ashmore Ltd., has arrived in India on a three-week tour mainly to visit the country's main steel plants.

Prof. C. N. Vakil, until recently Director of the U.N.E.S.C.O. Research Centre in India and a former Director of the School of Economics of the Bombay University, has been appointed a member of the Central Board of Directors of the Reserve Bank.

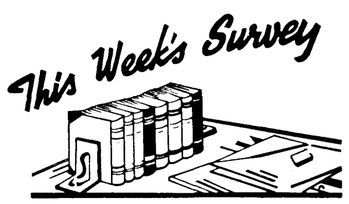
Miss E. M. Allden, Managing Director of the Plus Gas Company Ltd., a British firm of anti-corrosion specialists, is scheduled to arrive at New Delhi on the 21st inst. to explore the prospects for establishing a manufacturing company in India. Her visit to India is part of a nine-week tour of the Commonwealth and other Far East countries.

The following have been elected members of the Committee of the Indian Merchants' Chamber, for the year 1962: Messrs Babulal Bubna, Charandas V. Mariwala, Dhirubhai G. Kapadia, D. M. Desai, Col. J. D. Kothawala, J. V. Bhagat, Madanmohan R. Ruia, Madhusudan M. Amersey, N. C. Javeri, Soonderdas Morarjee, Vasant R. Dalal and Viren J. Shah.

Mr. John J. Jewitt (Sr.), Managing Director of Thos. R. Ellin (Footprint Works) Ltd., of Sheffield, will visit India shortly in the course of an extensive tour. He will be in New Delhi from 14th to 18th February and, on his return from the Far East, in Bombay from 11th to 16th March. Mr. Jewitt's visit is in connection with the export promotion of his firm's products, which include pipe wrenches, hacksaw frames, punches and chisels.

Mr. F. N. Lloyd, Chairman of F. H. Lloyd and Co. Ltd., of Wednesbury, Staffordshire, accompanied by three members of his firm, arrived in New Delhi last week. F. H. Lloyd and Co. are the consultants to the Indian Railway Board for the steel foundry being set up at Chittaranjan, West Bengal. They are also helping in the training of Indian personnel to manage and supervise the locomotive manufacture at Chittaranjan.

Nineteen industrialists have been elected members of the Committee of the Millowners' Association, Bombay, for 1962. They are: Messrs. Krishnaraj M. D. Thackersey, Neville N. Wadia, G. D. Somani, M.P., Ramnath A. Podar, Radhakrishna Ramnarain Ruia, M. L. Tapuriah, S. P. Jain, Arvind N. Mafatlal, Naval H. Tata, Babulal Bubna, F. H. Kemple, C. H. Campbell, Chandrakant Mulraj Khatau, J. J. Ashar, A. N. Haksar, Pratapsinh Mathuradas, Gopikisan Piramal, N. D. Sirur and Kudilal G. Seksaria.



TROMBAY POWER EXPANSION

THE Tata Hydro-Electric Power Supply Company, Ltd. brought into commercial operation, in June 1960, the third 62.5 M.W. unit at its Trombay thermal station, thereby completing its planned programme of system capacity expansion. Thanks to this expansion, the Trombay station's total power generation rose to 1,028 million units in 1960-61, as compared with 720 million units in the previous year. But it was soon realised that, in spite of this addition to the generating capacity of the Tata system and the anticipated supply to it of Koyna power to the extent of 115 M.W. in progressive stages by December 1962, there might arise a critical power shortage in the Bombay-Poona region by 1964 or 1965, unless new generating sources were created betimes. Thus, it came about that Tatas reviewed the projected capacity of the Tata-Koyna-Railway grid *vis-a-vis* demand and energy forecasts right upto 1975 and sent a report to the Maharashtra Government in October 1960.

The report foresaw an energy shortage in 1965 and a capacity shortage a few years later. Tatas, therefore, came forward with a proposal to install a fourth unit, with a rated capacity of 125 M.W., at the Trombay station. The State Government, too, reacted favourably to the proposal, in refreshing contrast to the obstructionist tactics adopted in the early fifties by the then Bombay Government when Dr. Jivraj Mehta was the Minister-in-charge of this industry, and that was as good as a green signal to Tatas to go ahead with the preliminaries. With the State Government's support thus assured, Tatas began exploring the possibility of obtaining a loan from the U.S. Development Loan Fund for the foreign exchange component, constituting some 70 per cent of the estimated total cost of Rs. 12 crores of the proposed fourth unit. Presumably this D.L.F. assistance is now assured, and that probably explains the Maharashtra Government's formal announcement, on the 29th idem, that it has permitted the Tata Hydro-Electric Company to put up a fourth thermal unit of 125-137.5 M.W. capacity at the Trombay station. The State Government deserves to be congratulated on its prompt move to meet the anticipated power shortage in the Bombay-Poona region—a shortage which is already being caused to some extent by the delay in the availability of Koyna power. If everything goes well, this fourth unit is likely to be commissioned by the end of 1964, bringing the total installed capacity of the Trombay station to 325 M.W. There are already doubts in knowledgeable circles whether even this capacity will be sufficient to meet the power needs of the fast developing Bombay-Poona area.

But, if things are to go well with the Tatas project, it is not only the prompt availability of the D.L.F. loan that will matter but also the extent to which equity shareholders are enthused in the expansion project. As the Tata Group of electric companies is bound by law (the Electricity Supply Act) to a return on the capital base of 6 per cent (Reserve Bank rate *plus* 2 per cent), the most relevant question is whether and when that law is going to be amended. From what the Union Minister for Irrigation and Power said at the recent annual meeting of the Federation of Electricity Undertakings of India, it may be inferred that this will be done after the General Elections which are not far off. It is to be hoped that his assurance will not turn out to be a case of many a slip between the cup and the lip. Any such amendment, incidentally, will facilitate the implementation of the expansion projects which the other licensees, besides the Tata group, have in mind.

BLUE-BOOK ON CAPITAL GOODS

Mr. Manubhai Shah, Union Minister for Industry, told the seventh meeting, held at New Delhi last week, of the Standing Committee of the Central Advisory Council of Industries that the requirements of capital goods were substantially more than the foreign exchange resources available. And he added that the Government could not also expedite approvals for the import of equipment and machinery at the expense of supplies of raw materials and components needed to maintain production in the existing units. But he admitted, at the same time, that part of the delay in the disposal of applications for import of capital goods was purely procedural. It is this procedural delay that is now sought to be remedied by the proposed Blue-book on Import Policy, as distinct from the usual Red-book published every six months to indicate, besides the overall import policy, the extent of import that could be allowed in a particular half-year period to the established importers in respect of various groups of products. As the Red-book does not give an entrepreneur a clear idea as to what specifically are being manufactured in the country or could be got manufactured with some effort, not unoften he finds, after he has made preliminary arrangements with his foreign collaborator for the supply of plant and machinery, that the Development Wing of the Commerce and Industry Ministry asks him to delete certain items of machinery, which are already being manufactured or could be got manufactured indigenously, before it can give him an import licence. The entrepreneur, who has by then spent much time, finds that he has to spend some more time in the process of "correspondence and negotiations" with indigenous firms for settling important matters like price, delivery and performance guarantee pertaining to machinery items. All this means "delay" in early implementation of his project, and the foreign collaborator-*cum*-supplier also adopts, at times, an unhelpful attitude because he knows that a part of his order will be supplied by others.

But all this delay, as also the inconvenience to the entrepreneur and his foreign collaborator, can be avoided, if, at the very initial stage, the entrepreneur is in a position to know the Government's import policy in respect of those items of plant, machinery and equipment which are being manufactured in fairly good quantities or could be got easily manufactured with a bit of effort within the country. It is this relevant information that will be contained in the proposed Blue-book on Import Policy. This book, besides indicating the import policy, will contain the following features:

(i) Names of specific plants, machinery and equipments which are regularly manufactured in the country on a commercial scale.

(ii) Such plants, machinery and equipments or portions thereof as could be got manufactured indigenously against drawings supplied by the foreign collaborator.

(iii) Details regarding the range of indigenous production of various items of machinery and also the names and addresses of manufacturers for each of these.

As the country proceeds with its industrialisation, it will, of course, be necessary to revise the Blue-book from time to time in the light of experience and progress. There is no doubt that the Government's proposal to bring out this Blue-book for the guidance of the entrepreneur is very well conceived. The Development Wing, too, is learning from experience, and its present effort to expedite licensing procedures in the interests of more expeditious execution of industrial projects in the private sector is certainly commendable. It only needs to be added that the Blue-book must fulfil the promise of being fully informative and authoritative.

AUTOMATIC LOOMS

The conditions governing the licensing of 10,000 automatic looms which the Central Government decided to permit, in December last, as part of the programme of expanding the weaving capacity of the cotton mill industry during the third Plan period have just been announced. The conditions are as follows:

1. Licences will be granted only to those parties who have a matching spinning capacity of 25,000 spindles. The capacity may be in the form of surplus spinning capacity in the existing spinning or composite mill, or, alternatively, an equivalent capacity should have been recommended by a State Government in favour of the applicant from out of the regional quota of the State concerned.

2. The maximum number of automatic looms that will be allotted to any one applicant is fixed at 500.

3. Seventy-five per cent of the cloth produced on automatic looms shall be compulsorily exported for a period of five years; the export quota will be fixed on this basis.

4. In case of shortfall in export performance, the licensee shall be under an obligation to pay a penalty calculated at the rate of 10 nP per yard (0.9144 metre) and to execute a bond, supported by a bank guarantee, for the amount of the penalty calculated for five years.

5. Applications for automatic looms should be addressed to the Union Ministry of Commerce and Industry, New Delhi, simultaneously endorsing a copy of the applications to the Director of Industries of the State Government concerned and the Textile Commissioner, Bombay.

The aforesaid conditions are as stringent and onerous as those indicated when the Government first announced its decision in December 1961. The only modification is the time limit of five years put on compulsory exports. This is in response to the plea made by the Indian Cotton Mills Federation. But the Government does not seem to be inclined to accept the suggestion of the Federation pertaining to a provision for set on and set off. The Federation had stated that, in one year the mills might export more and in another less, so that the total obligation calculated at 75 per cent of each year's production was fulfilled in the span of five years, or the total obligation of 50 per cent of each year's production was fulfilled in a span of eight years. Further, the licensing procedure is so framed that practically no existing spinning or weaving mill will be able to avail itself of the allotment of automatic looms. Inquiries made in mill circles reveal that only new mills which have obtained, or will obtain, allocation of spindles from out of the quotas (aggregating two million) of the various States will be entitled to secure licences for installing automatic looms.

Would it not have been better, if some of the mills which are working efficiently, which are situated in ports like Bombay, Madras and Calcutta, and which have been taking keen interest in export business had been allotted as many automatic looms as possible? Would it also not have been sensible, if the Government had not pinned down mills to the condition of exporting three-fourths of the production of automatic looms, especially in the context of the growing competition in world textile markets? Actually, as the main aim of the Government in giving permission to install these automatic looms is to promote exports, it should have confined their allocation only to mills in port towns and preferably to existing mills rather than new ones. Setting up new mills will take much longer than expansion of existing mills or replacement of ordinary powerlooms with automatic looms. Mills in port towns, it is common knowledge, are in a better position to compete in world markets than mills in the interior. It is surprising that the Government is still not prepared to face the facts squarely. Enough damage has already been done and, unless the Government retraces its steps and follows a realistic textile policy, conditions in the cotton mill industry will continue to be none too happy and may even deteriorate.

COCOA PROBLEMS

Although cocoa production in India is very negligible and not on a commercial scale, the developments that occur in the spheres of production and trade elsewhere are not without significance to this country, for it imports every year a million pounds of cocoa and cocoa products valued at about Rs. 15 lakhs. And the quantity of imports may be expected to increase in the coming years as a result of the growing popularity of cocoa as a beverage and the expanding consumption of products prepared out of cocoa. In view of this possibility, it is, indeed, heartening to learn that world cocoa prices have drifted downward lately. The currently ruling rate in the London market is 167½s. per 50 kilos, as against 187½s. a month ago and the highest of 217½s. touched towards the close of November 1961. The downward trend is likely to persist in the coming months also, notwithstanding the fall in world cocoa bean output (from 2,628 million lbs. in 1960-61 to 2,537 million lbs. in 1961-62), on the one hand, and the continuously rising consumption (from 2,011 million lbs. in 1960 to 2,464 million lbs. in 1961), on the other. For stocks are heavy, with all the consuming countries said to be still holding vast quantities of last year's crop in store.

The falling trend of cocoa prices has, naturally enough, caused much concern among the principal producing countries, especially Ghana, Nigeria and Brazil, which together account for two-thirds of the aggregate world output. The estimate of the 1961-62 cocoa crop in Ghana alone is as much as 875 million lbs., the figures for Nigeria and Brazil being 410 million lbs. and 390 million lbs., respectively. One of the proposals that is now being actively considered once again pertains to what is known as a producers' price stabilisation scheme for cocoa. A delegation from Brazil, led by Sr. Taveira, head of Cacex, the foreign trade department of the Bank of Brazil, went specially to Accra last week to discuss plans for such a scheme with the representatives of the Ghana Government. The outcome of these discussions, however, is not yet known.

Most manufacturers in the leading consuming countries are known to be opposed to the proposed price stabilisation scheme, but it has received varying degrees of support from the Governments of Britain, the U.S. and the Common Market countries. It may be noted here that the C.M. countries form the world's largest market for cocoa beans, taking about 34 per cent of world imports in recent years, the total quantity actually imported by them during the year 1960 being 291,300 tons. Imports into the U.S. and the U.K. were 245,700 tons and 97,500 tons, respectively. Meanwhile, the draft agreement to stabilise cocoa prices, prepared by the F.A.O. Cocoa Study Group, and the new proposals advanced during the meeting of the Group's Executive Committee held at Rome in October last are currently under the consideration of the Governments of both producing and importing countries. The viewpoints of the Governments on these proposals as well as on the "Model Ordinance" prepared by the Committee will be examined at the plenary session of the Group scheduled to be held in May 1962.

PRODUCTIVITY DRIVE IN BRITAIN

In a bid to boost productivity in industry, the British Productivity Council is planning to launch a nation-wide campaign to focus attention on the need for higher productivity and to spotlight every possible way of increasing productivity and reducing costs. The B.P.C., like the National Productivity Council of India, is an independent body, on which leading employers' organisations and trade unions are represented, which is devoted to the promotion of interest in methods of raising productivity.

The B.P.C. has announced that 1962 will be observed as a National Productivity Year in Britain. The observance will start in November next for which preparations will be made from right now. The objects of the National Productivity Year are: (1) Stimulation of more active interest in better methods of production and their proper use in industry and the community as a whole. (2) The promotion of discussion, research and co-ordination in industry. (3) Supply of industry with a clear picture of the scope and value of services already in existence to help them. (4) Encouragement and promotion of as concentrated and purposeful a contribution as possible towards the solution of the problems which confront industry. (5) Establishment of a system of regular discussions which will allow such co-operative action, whenever desirable, to continue after the National Productivity Year comes to a close.

Different types of organisations such as professional bodies, trade unions, research organisations, universities, technical colleges, etc., are being invited to participate in the Productivity Year. As part of the programme, arrangements will be made for inter-firm visits and trips abroad to study methods of productivity improvement in other countries.

It is significant that this year's Chairman of the British Productivity Council, which is organising the campaign, is Mr. Harry Douglass, President of the Economic Committee of the Trades Union Congress, the national centre of the British trade union movement. According to Mr. Douglass, the current trend towards levelling off of productivity in British industry is disturbing to a degree. It requires to be reversed if for no other reason than at least for securing higher wages for workers. His comment on the need for increased productivity, though it reflects no higher purpose than the interest of workers, brings out the basic correlation between productivity and incomes. Charteristically, he adds:

"I want that process (the levelling off) to be reversed. If it is not reversed. I cannot get high wages for my people, shareholders cannot get decent dividends, and the employers will have a much more difficult job.

"We may have a quarrel among ourselves afterwards as to how to share out the results of the productivity, but that has nothing to do with this Council. We are brought into close harmony when we talk together on the subject.

"I believe that dividends and wages do move together, whether you like it or not, and I would not be unduly disturbed, if the people who supply the money and brains were to get something out of it."

With the increase in *per capita* productivity during 1962 officially estimated at only 2½ per cent, it is clear that wage increases, if they are to avoid acceleration of the inflationary pressures already strong in the economy, should not exceed 2½ per cent. The Chancellor has repeatedly stressed the need for limiting wage increases to the rate of increase in productivity. The only economically sound way of getting higher wages is, therefore, by raising productivity. The interest which the British trade union leaders take in the drive for increased productivity is worthy of emulation by labour leaders in India, too.

U.S. TRADE POLICY

Far-reaching and potentially radical changes in American commercial policy are envisaged in the Trade Expansion Bill, submitted to the U.S. Congress by President Kennedy last week. The Bill, which seeks to empower the President to reduce or eliminate import duties on a wide range of goods, is expected to supersede the Reciprocal Trade Agreement Act (R.T.A.A.) which is due to expire in June next. The R.T.A.A., which was initially passed in 1934, has entrusted Presidents with powers to bargain with foreign countries for lower tariffs. It no doubt has helped reduce U.S. tariffs by about 60 per cent. But the array of "peril points" and "escape clauses" under the Act has, of late, whittled down its effectiveness as an instrument of effective policy and, instead, has served to buttress protagonists of tariff protection. President Kennedy and his "new frontiers men" have realised that the R.T.A.A. has outgrown its utility and is insufficient to meet the challenges of the sixties.

One of the major challenges confronting the U.S. on the trade front is the European Common Market. It is true that the U.S. itself extended enthusiastic support to the formation of the Common Market in Europe, induced, at least to some extent, by the political implications of a united Europe as a great bulwark against the spectre of international communism. In fact, but for this support, the Six would not have probably dared to go ahead with the scheme. The Common Market, at any rate, has been growing at a much faster pace both in respect of reducing internal tariffs and the evolution of a common external tariff. Besides, while the U.S. itself is concerned over its huge deficit in balance of payments and weakness of the dollar, American capital is flowing steadily into the Common Market, in a bid to circumvent the new tariff walls in Europe. The U.S. has at last started feeling the pinch. The prospect of the U.K.'s entry into the Common Market has further enhanced the urgency of devising measures to safeguard American trade interests. Europe, it may be noted, is America's largest trading region, accounting for a third of its total exports. So the U.S. can ill-afford to remain a silent spectator or unconditional supporter of the revolutionary changes taking place in the field of European trade. Out of the total U.S. exports of $20.3 billion in 1960, Western Europe accounted for $6.3 billion, as against $3.7 billion to Canada, $3.6 billion to the Far East and $3.4 billion to Latin America.

It is no wonder then, that the Trade Expansion Bill has primarily the Common Market in view. The President has asked the Congress for two basic kinds of authority for the next five years to enable the U.S. negotiators to "talk trade with the Common Market in

(Continued on next page)

hoarded wealth in ancient india

From early Buddhist literature one learns that wealth was hoarded underground in brass jars or buried under a river bank. The nature and amount of the wealth thus hoarded was registered on gold or copper plates.

The tendency to hoard wealth doubtless arose from the lack of opportunities for investment. The *Dharmasastras* for instance allowed only men of the Vaishya community to lend money on interest. Frequent invasions by neighbouring kings and the resultant fear of the future made people believe that there was nothing safer than burying their gold or silver.

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THIRD PLAN MAKING SLOW PROGRESS

INDUSTRIALISTS FAIL TO MAKE THE POINT

From Our Special Correspondent

NEW DELHI, 30*th January*

DELHI LETTER

A BRIEF interlude in the long holiday from economic affairs enjoyed by the members of the Government concerned with them was witnessed last Saturday when the Standing Committee of the Central Advisory Council for Industries met and was given an account of the progress recorded in industry and the immediate outlook. Mr. Manubhai Shah sought to paint the picture in rosier colours than was warranted by the facts; he said that industrial production in 1961 should be almost 14 per cent higher than in 1960, if the jute and cotton textile industries were excluded. The actual increase last year, according to earlier indications, was of the order of 8 per cent, as compared with an increase of 12 per cent in 1960; with a possible decline in sugar production in the current year due to a large surplus and in the absence of other industries capable of showing a substantial expansion of output, the prospects for 1962 are rather dim. If the acute coal shortage now facing the textile industry in Western India spreads to other areas also, as it well may if the present policy of drift continues, some setbacks are only to be expected. There is, however, ground for the hope that, when the elections are over and the members of the Government settle down to their tasks, vigorous measures would be taken to solve this major problem of coal production and transport on which the future of the economy so largely depends.

Stock Argument

No sensitive observer watching current setbacks, many of which were preventable with greater co-ordination of efforts and realistic policies, can avoid a feeling of exasperation at Mr. K. C. Reddy's remark that such difficulties were inevitable in a developing economy. This has now become the stock reply of all Ministers to complaints of inadequate fulfilment of targets, especially in the transport, power and fuel sectors. There is some point in the explanation given by the railways that troop movements to Goa upset coal transport schedules but that is not the whole story; it appears that some State Governments have not yet made arrangements for the building up of coal dumps; the north Indian cold wave was another factor. But the planning of wagon loadings and movements has not been quite satisfactory; coal loadings on Sundays is not as good as on week days and distribution arrangements already worked out last year have not been followed. There is also the larger question of coal output in adequate quantities for which a fresh approach seems needed. And even if all these matters are satisfactorily tackled, there will remain the problem of power breakdowns, for which the only solution is speedy execution of third Plan schemes.

Power to Get Higher Priority

At the meeting of the Standing Committee, Mr. Manubhai Shah gave the assurance that higher priority was being given to power even at the risk of delaying some of the industrial projects; foreign exchange, he added, would also be provided for raw materials and components to maintain production but that applications for import of capital goods would be held up till suitable methods of financing them were found. With the current uncertainties regarding foreign aid, the chances of an early favourable response to these applications cannot be rated high. Suspension of additions to installed capacity will show its effects later; meanwhile, industrial expansion depends on the growth of indigenous machinery manufacturing capacity and supply of capital goods from the public sector units.

The report of the progress made in these directions which was placed before the Standing Committee was satisfactory only in part. Mr. Shah claimed that about Rs. 200 crores worth of machinery was being manufactured already and that there has been successful development of the system of machine building through consortia of firms delivering complete plants. He reiterated the assurance that the Government would be prepared "to support any well conceived scheme of machinery manufacture and diversification by making available the necessary foreign exchange for the import of components, etc., against the various credits." This was, however, followed by the somewhat tall order that the aim should be to have at least 90 per cent indigenous content by the third year of production because prolonged import of components will not be possible.

Public Sector Projects

The success of the industrial part of the third Plan will turn on the execution of the public sector projects which are to provide the basic materials and machines. Three of them are expected to commence production this year; they are the H.M.T. watch factory at Bangalore, photo film unit at Ootacamund and the fertilizer unit at Rourkela. But, otherwise, there has been no great progress; many projects on which work started towards the end of the second Plan—the Heavy Machine Building Plant, Foundry Forge, Coal Mining Machinery and Drug units—are yet to take shape. A contract for the import of machines for the Heavy Machine Building Plant has been completed; detailed working drawings for the shops and other units of the second stage of the project have been commissioned and negotiations for supply of plant and machinery for this stage are continuing. Production in this unit seems unlikely to materialise until the end of the third Plan period.

With regard to the Foundry Forge, the Heavy Engineering Corporation has only concluded a contract with Czechoslovakia for a detailed project report of the first phase; the plant will not be completed until the commencement of the Fourth Plan. A detailed project report has been received for the Heavy Machine Tool Building Plant (target for completion is the middle of 1965). Preparation of sites, arrangements for supply of water, training of technical personnel and other civil works, including housing, have to be taken up in the meantime. The general impression conveyed by these reports is one of slowness in execution due to various difficulties.

Supply of metals is likely to ease when steel output expands and aluminium is produced in larger quantities to make it an effective substitute for copper, especially in the electrical industries. Chemicals depend less on imported products and export promotion measures may provide sufficient foreign exchange to obtain some of the basic materials and intermediates. The Basic Chemical and Intermediate Plant near Bombay is expected to commence production by 1963, though only a survey of the plant site has been completed so far and designs and estimates have been received. For the second and third Heavy Electrical plants to be set up in Andhra Pradesh and U.P. preliminary work of acquisition of land, etc., is yet to be taken up.

It is clear from all this that the third Plan in the public sector in industry has not gained sufficient momentum yet. The Standing Committee does not appear to have applied itself to the problems of expediting the pace of development in this sector, perhaps because the non-official members, who could have taken up the matter, were too preoccupied with their own difficulties of imports, coal and transport. They raised the question of fair prices in relation to the Government's policy of reducing the prices recommended by the Tariff Commission for the private sector and secured the assurance that the question will be re-examined if sufficient evidence was provided to prove that the prices fixed were inadequate to give a fair return. Also, the cotton textile industry has received renewed promise of provision of foreign exchange for its modernisation programme; Mr. Shah said that the industry would be given some amounts out of the various credits that may be available to finance equipment and that the import requirements of the textile machinery manufacturing industry would be "fully met" on a top priority basis.

At a meeting of the Development Council for sugar industry which closely followed the Standing Committee's session, it was pointed out that internal consumption was showing signs of increase after the removal of controls and that it might go up to 25 lakh tons in the current season. Secondly, the failure of the U.N. Sugar Conference at Geneva to arrive at an international agreement on sugar export quotas is interpreted as a favourable factor for India as there will now be no limitations on our sugar exports. Mr. Rajwade, Chairman of the Council, hinted at "some streamlining" of costs but did not elaborate this point; there seems to be a proposal to export raw sugar, which may be one way out of the difficulty of minimum cane prices for factory consumption but not a proper solution to the problem, since it will put off for ever the rationalisation of the price of the finished product which can have a better market and must be exported to enable full working of existing installed capacity in the industry and of more to be added.

About 8.5 lakh tons of additional sugar manufacturing capacity remains to be licensed and, in view of the existing surplus, this will not be immediately licensed. This decision gives enough time to sugar machinery manufacturers inside the country to develop and cater fully to the requirements of the modified programme of expansion. The present time may not be politically propitious for discussing the question of changing the basis of cane prices and fixing them according to sugar content or quality standards but sooner or later the issue has to be faced.

SURVEY

(*Concluded from previous page*)

practical terms," namely, (1) a general authority to reduce tariffs by 50 per cent in reciprocal negotiations, and (2) a special authority to reduce or eliminate all tariffs on those groups of products, where the U.S. and the Common Market together accounted for 80 per cent or more of world trade. The proposed concessions, under the provisions of the General Agreement on Tariffs and Trade, will have to be extended to the rest of the world. If this is not what is intended now, the President's measure cannot be considered to have moved any step further towards his objective of freer trade. The result will be just the contrary. President Kennedy, of course, is not unaware of the needs of other countries, particularly the developing countries. This is evident from the additional special authority he has asked for reducing or eliminating all duties and other restrictions on the imports of tropical agricultural and forestry products "supplied by friendly less-developed countries" and "not produced in the U.S. in significant quantity." The implication of this particular provision of the Bill is not quite clear, in the absence of full details. If concessions are granted to developing countries in respect of agricultural products only, they can never hope to send their manufactured goods to the U.S. and Europe, which constitute the world's biggest markets. The Press reports on the subject are also not clear as to whether the proposed concessions on agricultural products are intended to be on a reciprocal basis.

Irrespective of the merits of the Bill, its passage through the Congress and the Senate is not likely to be smooth. A section of industrialists and trade unions is not likely to accept the new changes at their face value. In order to overcome the opposition, the President has agreed to retain "peril point" and "escape clauses" to safeguard those industries which are likely to be adversely hit by the import liberalisation, although they are on a much less rigid fashion than in the Reciprocal Trade Agreements Act. An entirely new measure, trade adjustment assistance, has also been envisaged, seeking to provide businessmen adversely affected by imports with technical information and with tax benefits and loans for modernisation and diversification. In order to assuage the workers, the President has conceded most of their demands. Accordingly, a readjustment allowance will be given to unemployed workers up to 65 per cent of their normal weekly wage for 52 weeks, along with training assistance to develop new skills, and with financial assistance for moving into other parts of the country. Thus, the U.S. has shown its willingness to accept structural changes, both in respect of capital and labour, in order to keep pace with the changes in the world. This is bound to encourage productive efficiency and thereby promote exports.

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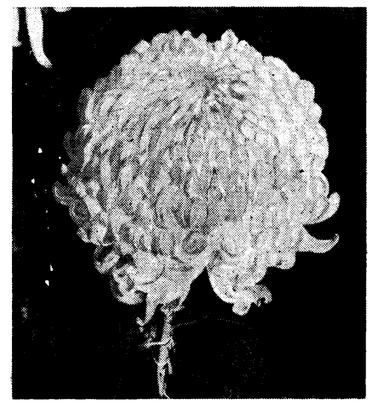
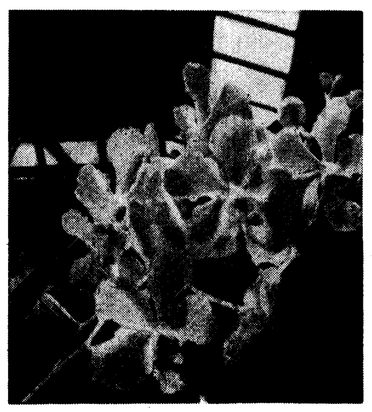
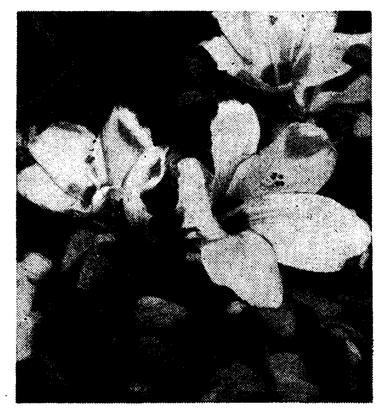


Chrysanthemums of Frankfurt

Roses of London



Orchids of Singapore



Hibiscus of Hong Kong

Cherry Blossoms of Tokyo

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LONDON LETTERS

STRENGTHENING THE LIFE-LINE

A NEW EXPORT CREDIT SCHEME

(From Our Own Correspondent)

LONDON, *27th January*

"ALL I ask is the constant realisation of the truth that Britain must export to live... far more people must become export-minded ... I keep under constant review... the help that Government can give to exports...," thus observed the Chancellor of the Exchequer once again, talking this time to the industrialists of Birmingham and leading up to the Treasury's attention to "the availability of credit and its cost." In any other export-minded country, the Government would have stepped in long ago and made sure that their exporters were not handicapped in the race to sell abroad by lack of enough credit. However, that is not the British way and, for over a year, the Treasury, which would rather shut up shop than do anything it could possibly induce business to do for it somehow, somewhen, has been trying to cajole those great financiers, the banks and the insurance companies to find the money for big export schemes (over £100,000 and usually in the millions) in the important field of medium-term credits—that is, in the field between the short-term credit of up to five years which the banks handle in the ordinary course of business and the really long-term proposition of fifteen years which is about the shortest period the insurance companies like to look at.

E.C.G.D. Guarantee

The direct contribution of the Government to the new scheme was made last April when the Export Credits Guarantee Department undertook to guarantee credits up to fifteen years. Six months earlier, the E.C.G.D. had undertaken to guarantee beyond its normal terms where this was necessary to meet foreign competition, but the new step involved bringing in not only the banks, who would cope with the first five years' financing, but the insurance companies who would have to carry everything beyond that.

At last, the Treasury has succeeded in pulling in both parties to make the scheme work, first by getting them to put up a reasonable sum and, secondly, by making them agree to a reasonable and fixed charge for interest. The novelty about the British scheme is its success in making private finance do things it would not normally do in order to avoid the Government taking what other countries would regard as quite normal Government responsibility.

As for the interest the banks' tranche (five-years) is to be at 5½ per cent and the insurance companies' tranche (5-15 years) at 6½ per cent. At current money rates, this is 1½ per cent less than exporters are paying and only with a Bank Rate of 4½ per cent would the terms become commercial. However, the Treasury no doubt expect that money rates will fall a good deal further and there is a great advantage to an exporter in knowing exactly how much his accommodation is going to cost over the whole period of the credit. But the lenders are not going to gain from this sort of business until money rates drop at least 1 per cent.

The E.C.G.D. guarantees on medium-term credit about £100 million a year. The insurance companies will put up under the new scheme £100 million, but, if one makes the assumption that the average medium-term credit is 7½ years and the insurance tranche is, therefore, one-third (being the excess over five years), then the total finance available is £300 million, which plus down payments, would finance business up to a total of, say, £400 million. But this is the total and the annual volume of new business would be of the order of £100 million, that is no more than the total which E.C.G.D. already finances and much of which would be overlapped by the new arrangements. Thus, nothing more than a beginning has been made, a scheme exists, but the essence of it all—the real money—will have to be dragged out of the insurance companies to a much greater extent, unless, of course, the Government recognises the need to participate.—*All Rights Reserved.*

* * * *

U.K. AND COMMON MARKET

LONDON, *20th January*

This is the time of year given over traditionally to the Chairmen of the great banks to voice their thoughts on the economy in the guise of a review of the past year. For two of them, the Chairman of Barclays, Mr. Anthony Tuke, and the Chairman of Lloyds, Sir Oliver Franks, it is the last speeches they will make in that capacity; the former is retiring on the principle borrowed from the Latin poet Horace "When your horse is getting old, be wise and turn him out to grass in good time, lest in the end he stumble...," and the latter has decided to go back to Queens College, Oxford, whence he was winkled out to become this country's Ambassador to America before he joined Lloyds Bank.

Sir Oliver boldly declared he would spend no time on reviewing the past year which repeated "the same dreary pattern we have seen before: another run on sterling; a series of measures to meet the crisis; the reduction of the economy to stagnation." He looked ahead instead to the Common Market and to the development of this country's competitive and export capacity in which its economic future lies. The commercial and tariff arrangements necessary to line up the U.K. with the Common Market are seen by Sir Oliver as a sort of bargain basement; it is the political issues which he regards as fundamental: "the view that the world is tending towards large regional divisions, that the great nations are on a Continental scale and that we can no longer go it alone effectively. If we are to exert our full power and leadership, we need to do it in a wider community, and, by history and geography, we are part of Western Europe."

"Nor," he added, "do I believe that these political considerations involve separation from the Commonwealth. If we have any genius in political affairs, it lies in conjunction... in the ability to avoid the 'either—or' and to find the way to 'both—and' ... the issues about butter, meat or wheat ... are not in the end what the negotiations are about, even though they may take the most time and appear the most controversial." Then he went on to attack the view that the U.K. is not competitive with Western Europe, that our home markets would be flooded with Continental goods, unless we sought refuge in a devaluation of sterling. This was the most important part of his survey and it was interesting to find that the Chairman of Barclays, whose review was more concerned with matters of direct concern to bankers, when he touched on the Common Market regarded this as an additional stimulus to the U.K. "which will open up new opportunities of expanding our business, if we are prepared to work for them.... I feel confident," he added, "that our economy will gain from the new association." And, of course, he made the proviso that the Commonwealth links should not suffer.

Sir Oliver pointed out, as evidence of Britain's strength when joined to the continental countries, that, even if our rate of economic growth has lagged behind that of Western Europe, our "stagnation" has provided a higher standard of living than the "dynamism" of the Common Market countries. (That incidentally is what worries the Labour Party which fears that U.K. standards may get depressed.) But the future, of course, is important and Sir Oliver was not pessimistic about the balance of payments, for, he noted, "imports tend to outstrip exports when the economy is being run almost at capacity." Therefore, if home demand can be kept reasonably restrained and if our favourable invisible balance can be encouraged by a moderating of Government expenditure overseas and by a reduction on our short-term borrowing interest rate liability—and all the present trends are that way—then Sir Oliver sees every prospect of the U.K. retaining the economic leadership of Western Europe.

(Delayed in Transit)

Radar coverage and short-wave radio communications for vessels using the Port of London are being extended with the current expansion of the Thames Navigation Service to enable speedier movement of ships in and out of the port. Radar is to cover a larger part of the river than at present, and a constant radio watch for the whole 50 miles between the Port of London and the sea is to be provided. Shore communications between an operations room and all docks and tug and pilot stations are also to be completed. This will enable a pilot or tug skipper to be in touch with the movement of anything on the river, day or night and in any weather conditions.

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Capital Paid-up ... Rs. 3,00,00,000
Reserve Fund ... Rs. 3,10,00,000

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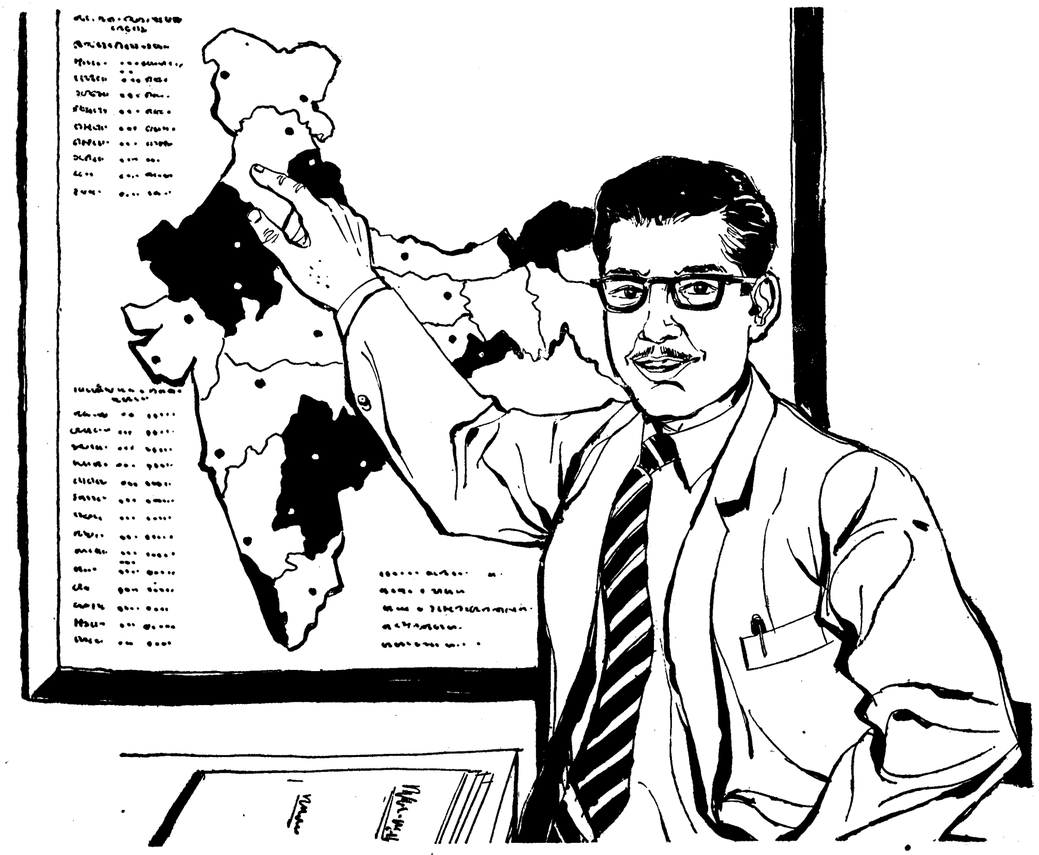

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BANKING IN EUROPEAN COMMUNIST COUNTRIES

CONTROLLING STATE ENTERPRISES IS THE MAIN FUNCTION

BANKING and financial statistics, which provide valuable insight into the functioning of the economic systems of the free world countries, are among the least publicised aspects of communist economies. One plausible reason for this black-out of vital information is the intention of communist countries to prevent the free world from enlarging its insight into their economies, for political or strategic reasons. Although there has, of late, been some relaxation of controls on the flow of financial data from the communist countries to the outside world, official economic and financial statistics pertaining to them contain numerous and significant gaps.

In view of the lack of reliable information about the subject and the widely prevalent curiosity about the way financial and monetary systems are functioning in Communist countries, a study of finance and banking in countries of the Communist bloc in Europe made by Dr. Kurt Wessely, of the Austrian Institute for Economic Research, published in the monthly *Economic Letter* of the *Creditanstalt-Bankverein*, Vienna, throws some revealing light on certain dimly-lit aspects of this branch of economics.

Commenting on the reluctance of Communist countries to publicise financial data, Dr. Wessely points out that the excessive caution shown by communist countries is itself a reflection on the significant role money plays in Communist economies. Dr. Wessely gives the following extract from the blue-print for the new party programme of the Soviet Communist Party, in support of this opinion: "During the building of the communist society, the budget will preserve its important role in distributing national product and income. The money and credit system will become increasingly stabilised. The foreign exchange rate of the rouble will go on rising due to its growing purchasing power. Its position in the international sphere will be further strengthened."

Functions of Money Compared

Dr. Wessely begins his article by making a comparison between the functions of money and the methods of its creation and regulation in the communist and free countries. In the free economies of the West, creation of money and credit is now, as a rule, no longer limited by gold and foreign exchange holdings. It is usually entrusted to separate and autonomous agencies. These agencies are not strictly bound by any objective criteria in taking their decisions. The velocity of circulation of money—the decisive factor in determining the volume of money—is not subject to any direct Government intervention. In a communist economy, by contrast, money not only performs a different function, but its creation and supply are, at least in theory, closely tied to the total amount of goods and services produced and available. More precisely, the volume of money is to be the exact counterpart of the amount of work performed by the society in producing the goods and services of the national economy. The amount of work done by the society is thus reflected, at any stage, in the actual purchasing power of the population and the volume of money at its disposal, regardless of the effect on production of the work performed. Changes in money supply-velocity or circulation being assumed as stable due to cashless transaction between State enterprises in the East European countries, therefore, indicate changes in the volume of output. If they occur unexpectedly, they may be looked upon as certain evidence that output or the amount of work performed by the society does not correspond to what has been planned or expected. Together with changes in price level, such data would, therefore, permit conclusions as to the functioning or malfunctioning of the entire economy.

This, in Dr. Wessely's opinion, is the main reason why the countries of the Eastern region while publishing data on production and plan fulfilment, refrain from revealing money equivalents and statistics of public finance. Further, as prices are fixed and manipulated—the State having the additional device of skimming off purchasing power whenever it wishes—a comparison of price levels in communist and democratic countries can produce only a very generalised picture. It does not, for instance, provide any reliable information on the extent of inflationary tendencies in the economies of communist countries.

The control over currency and the entire economic activity, which constitutes one of the principal tasks of banking in the Soviet Union and East European countries, including Yugoslavia, has greatly strengthened the influence of banking system on their national economies. Despite the existence of some specialised credit institutions in the Soviet bloc, Soviet banking is strictly centralised, having been made an organ and an integral part of the centrally directed economy as well as the Ministry of Finance. These functions are performed by the banks on the one hand, through their participation in the process of supplying State enterprises with the credit required and, on the other, by providing a sufficient amount of cash. In Yugoslavia, however, there are certain deviations from this pattern due to the system of decentralised economic planning prevailing in that country.

Different Principles

As instruments of a planned economy, the banks are not guided by the principles of a free economy in carrying out this double function, but act in strict accordance with the tasks imposed upon them by the economic plan. This means that the banks can take or influence decisions on economic policy only within narrow limits. Such independent decisions are taken occasionally as, for example, in those cases when only the amount of the loans to be extended for certain objectives is fixed by the planning authorities, but the choice of the projects (e.g. for housing construction or trade promotion) is left to the bank. Yet the scope for independent banking activity is exceedingly small throughout the communist countries. Even in Poland, where non-socialised small shops play a more important part than elsewhere in Eastern Europe, loans to such small private enterprise amounted to no more than 30 million zlotys in 1960.

Apart from such few instances of genuine bank credits, which are generally based on savings and deposits, the granting of loans in Eastern bloc countries is confined only to implementing measures already decided upon by the economic plan and is entirely detached from the basic banking requirements for any loan in the West, namely, security and interest. To authorise such a loan means nothing else but to release public funds to State enterprises in accordance with the investment quotas laid down for the plants concerned in the production plan.

Control Job

The banking system can perform its comprehensive control job only because the financing of State enterprises is, for all practical purposes, supervised and directed by the banks to which all plants are bound to deliver their earnings—a process greatly facilitated by the generally adopted system of cashless transfers. In this way, enterprises are left entirely without funds for net investments—these having to be financed through the State budget—and even replacement investments are made subject to approval by the banks. The latter rule has, however, been somewhat relaxed in recent years, enterprises now being permitted to set up funds from operating surpluses which may be drawn upon for decentralised investments. This method of financing is stimulated by charging a higher interest on investment funds. The relaxation of centralised investment planning and the transfer to the lower organs of the economy of the authority to decide upon investment have, however, resulted in some disturbances to investment activity, so that the fundamental controversy regarding centralised investment control *versus* limited autonomy of State enterprises in regard to financial matters has not been decided one way or the other. But even if the idea of financial autonomy for State enterprises should in future be applied more extensively than hitherto, the influence of the banking system on the economies of the East European countries will remain far stronger than is the case in any Western country where even nationalised enterprises are equipped with separate capital resources and given a financial responsibility of their own.

Government receipts from the economic activity of State enterprises plus revenue from the turnover tax imposed on the population are becoming an important part of budgetary revenues. For instance, of the total receipts of the Rumanian State budget for 1959, 35 per cent came from the profits of State enterprises and 23 per cent were contributed by the turnover tax. The funds thus obtained are utilised to redistribute the national income according to plan and, more particularly, to finance State enterprises by way of the banking system. The banks in East European countries thus perform functions only remotely resembling those in a free economy. The communist State "exploits the function of money as a payments medium for controlling the activity of socialised enterprises." In this way, the payment of funds to the enterprises by the banks is made dependent upon plan fulfilment. By demanding repayment of the loan upon maturity, the bank spurs the enterprises to fulfil the economic plan, for, unless the target fixed for the enterprise is reached, the enterprises concerned will find themselves unable to raise the funds required for paying back the bank credit.

Two Main Branches

Since this control job is clearly distinct from the function of creating money and credit, the banking system in all communist countries is naturally divided into two main branches: the Central State bank, on the one hand, and the banks, or specialised credit institutions, for the financing and controlling of investments, on the other. In foreign trade, the State bank acts not only as foreign exchange bank to the extent that such an institution can be said to exist in a communist country, but also keeps the accounts in clearing transfers. This applies both to clearing transactions with Western countries (where the national banks also fulfil the same task) on the basis of bilateral clearing agreements as well as to clearing transfers within the Communist countries resulting from trade among the Communist countries which, in principle, is conducted through clearing arrangements providing for immediate payment upon presentation of export documents. Payments arising from trade with Western countries may, however also be effected in freely convertible currencies or in gold—an alternative frequently resorted to by the Soviet Union.

There are also in some East European countries foreign trade banks, not to be confused with State banks which may also maintain relations with foreign commercial banks. They serve domestic purposes such as the distribution and control of foreign exchange for capital goods import, but may also themselves finance such imports. Their activity thus represents only a special field of the general activity of investment banks. Of the latter, there are usually two kinds, investment banks for general investment purposes as defined by the Ministry of Finance and agricultural banks for agricultural loan and credits. Finally, there are savings banks which are as much centralised as the other categories of banks and, in some countries, there exist a number of specialised credit institutions as well.

Banking in Yugoslavia

Yugoslavia, which is outside the Soviet orbit, needs special mention, as the banking system in that country has different characteristics. According to Dr. Wessely, banking and other sectors of the economy in Yugoslavia are approaching the standards of a free economy. That country combined its entire money and banking systems into one central bank upon nationalisation. By a decree issued in 1954, subsequently amended, the central bank was split up into several divisions, national bank, Jugo bank, investment bank, agricultural bank, etc., thereby introducing the system of specialised banks accepted throughout the Eastern bloc. Besides these credit institutions, which remain centralised, there exist "communal banks" and co-operative savings banks. While the steps towards further decentralisation initiated at the start of 1961 have not affected the basic structure of the Yugoslav banking system and, consequently, the features it has in common with banks in other East European countries, they have, in fact, brought about a number of changes. In accordance with the broader functions given to the so-called communes (economic and administrative self-governing bodies of the lowest order), the field of activity of the communal banks was considerably enlarged, with the result that these have become the actual commercial banks of the country. This process went on at the expense of the Jugo bank and the national bank which, however, were given increased authority for controlling monetary and economic development. While Yugoslavia no longer has a centrally planned economy, the control over the dinar exercised by the banking system continues undiminished as it does in other East European countries.

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WORLD BANK LOAN TO AUSTRALIA

The World Bank has made a loan equivalent to $100 million to the Commonwealth of Australia for financing a part of the Snowy Mountains hydro-electric power scheme. In a separate transaction, the Commonwealth of Australia has issued $30 million of 5¼ per cent twenty-year bonds, due 15th January 1982. An underwriting group headed by Morgan Stanley & Co. is publicly offering the issue at 98¼ per cent. Proceeds of the new issue will be applied, together with other funds, to repayment of $38 million of maturing Australian bonds on 1st February 1962. The total cost of the project is estimated at $222 million. It is expected that the equivalent of $189 million will be needed for local expenditure, and the remaining $33 million will be required for imported equipment and services. Contracts for all major works and for the generating plant and equipment are being awarded after international competitive bidding.

The World Bank loan is for a term of 25 years and bears interest at the rate of 5¾ per cent annually, including the 1 per cent commission which is allocated to the Bank's special reserve. Amortisation will begin on 15th September 1966.

HONGKONG AND SHANGHAI BANKING CORPORATION

The net profit (after providing for taxation, etc.) of the Hongkong and Shanghai Banking Corporation for the year ended 31st December 1961 amounted to HK$43,315,459 (£2,707,000), including dividends received from subsidiaries. It is proposed to write off HK$5,000,000 (£313,000) to Bank premises and to pay a final dividend of 10s. per share, leaving HK$2,340,534 (£146,000) to be carried forward. These figures are subject to audit. The group accounts will be published at a later date.

Notices

THE BENGAL PAPER MILL COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT A General Meeting of the members of the abovenamed Company will be held at the Registered Office of the Company at 14, Netaji Subhas Road, Calcutta, on Monday, the 26th day of February 1962, at 2.45 p.m., to consider and, if thought fit, to pass with or without modification the following resolutions, namely:

1. (*As a Special Resolution*)—That each of the existing Ordinary Shares of Rs. 25 each in the capital of the Company be subdivided into five Ordinary Shares of Rs. 5 each.

2. (*As an Ordinary Resolution*)—That (a) it is desired to capitalise the sum of Rs. 9,00,000 part of the amount standing to the credit of General Reserve and accordingly that the Board of Directors be and they are hereby authorised to capitalise the said sum of Rs. 9,00,000 and to apply such amount in full 1,80,000 unissued Ordinary Shares of Rs. 5 each in the capital of the Company and to distribute such 1,80,000 shares credited as fully paid-up to and amongst the holders of the Ordinary Shares of Rs. 5 each in the capital of the Company on the Register of Members at the close of business on the 26th day of February, 1962 in the proportion of one new Ordinary Share of Rs. 5 for every five Ordinary Shares of Rs. 5 each then registered in the name of such holders of the Ordinary Shares and (b) the said 1,80,000 shares be allotted on terms that the same shall rank *pari passu* in every respect with the Ordinary Shares of the Company previously in issue, and (c) the draft of the Agreement providing for the allotment of the said new Ordinary Shares under the said capitalisation submitted to this meeting and signed in the margin by the Chairman thereof by way of identification be and the same is hereby approved and the Board of Directors of the Company be authorised to affix the Common Seal of the Company to the duplicate engrossments of such Agreement as and when the same shall have been signed on behalf of the members holding such Ordinary Shares of Rs. 5 each in the Company on the 26th day of February 1962 by some person to be appointed by the Board in that behalf under Article 119-C of the Articles of Association of the Company.

3. (*As a Special Resolution*)—That every two Ordinary Shares of Rs. 5 each in the capital of the Company be consolidated into one Ordinary Share of Rs. 10.

4. (*As a Special Resolution*)—That the capital of the Company be increased from Rs. 1,00,00,000 to Rs. 3,00,00,000 by the creation of 12,60,000 Ordinary Shares of Rs. 10 each ranking *pari passu* in all respects with the existing Ordinary Shares in the Capital of the Company and 74,000 unclassified shares of Rs. 100 each.

5. (*As a Special Resolution*)—That the Company do raise money by the creation and issue of unsecured Convertible Loan Stock of the nominal value of Rs. 30,00,000 on the following terms and conditions, namely:—

   (i) the Stock will carry interest at the rate of 6¼ per cent per annum (subject to tax);

   (ii) The Company will redeem the Stock at par on the 31st day of December 1970;

   (iii) the Stock will be in units of Rs. 250 each and be offered in the first instance to the holders of the Ordinary (equity) Shares of the Company and to the extent the Stock is not subscribed by them be disposed of in such manner as the Board of Directors of the Company think most beneficial to the Company;

   (iv) each holder of the Stock shall be entitled by not less than one month's notice in writing to the Company given within the periods hereinafter mentioned to convert each unit of Rs. 250 of the Stock held by him into:

   (a) 10 Ordinary (equity) Shares of Rs. 10 each between the period of the 1st July 1963 and the 31st December, 1964;

   (b) 9 Ordinary (equity) Shares of Rs. 10 each between the period of the 1st January 1965 and the 30th June 1966;

   (c) 8 Ordinary (equity) Shares of Rs. 10 each between the period of the 1st July 1966 and the 31st December 1968;

   provided that no such right of conversion shall be exercisable by any holder of the Stock after the 31st December 1968;

   (v) The Ordinary (equity) Shares into which the Stock will be converted as aforesaid will rank *pari passu* in all respects with the then existing Ordinary (equity) Shares of the Company except that the Ordinary (equity) Shares so converted will not be entitled to any dividend declared on the Ordinary (equity) Shares by the Company for the year during which the conversion has taken place but so nevertheless the holders of the Stock will receive the interest due on the Stock in respect of such year.

6. (*As a Special Resolution*)—That the Regulations contained in the printed document submitted to this meeting and for the purpose of identification subscribed by the Chairman hereof be approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles thereof.

By Order of the Board,

H. P. DHANUKA,

Director.

Registered Office:

14, NETAJI SUBHAS ROAD,

CALCUTTA.

Dated this 25th day of January 1962.

Note:—(a) The Transfer Books and Register of members of the Company will be closed from the 20th February 1962 to the 26th February 1962, both days inclusive.

(b) A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(c) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 has been sent to the Shareholders.

THE ELGIN MILLS COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 8th to 28th February, 1962, both days inclusive.

By Order of the Board,

Per Pro THE BRITISH INDIA CORPN., LTD.,

R. P. MATHUR,

Dy. Secretary,

Secretaries & Treasurers.

SUTHERLAND HOUSE,

KANPUR,

Dated 22nd January, 1962.

U.K.'S IMPORTS OF INDIAN COTTON YARN

MILLOWNERS RIGHTLY OPPOSE PLEA FOR CEILING

THE discussions on the possibility of inter-industry agreement on cotton yarn exports from India to Britain, held at Bombay last week (23rd and 24th January) between the representatives of cotton textile interests of the two countries, ended inconclusively. The only outcome of the discussions was the recognition, by both sides, of the fact that more thought would have to be given to arrive at a mutually satisfactory solution which would take into account the British industry's difficulties, on the one hand, and India's need for earning more foreign exchange, on the other. It was, however, agreed to resume the talks "in the near future." The British Cotton Board delegation was led by Sir Cuthbert Clegg, while the Indian Cotton Mills' Federation was headed by its Chairman, Mr. Bharat Ram, and included Mr. Neville N. Wadia, Chairman of the Cotton Textiles Export Promotion Council and Mr. Krishnaraj M. D. Thackersey, the erstwhile Chairman of the Federation. The respective viewpoints expressed by the two delegations, as set out in the brief Press note issued by the Federation, may be summed up thus:

British delegation: Increasing imports of cotton yarn have been causing great anxiety to the British industry. The actual total imports during the calendar year 1961 are estimated at 45 million lbs., as against 14.6 million lbs. in 1958, the year when restrictions on yarn imports into the United Kingdom were lifted. An inter-industry agreement for a voluntary ceiling on exports of Indian yarn to Britain is imperative. Such an agreement would considerably help the British industry in carrying through its plans of reorganisation.

Indian delegation: The difficulties of the British industry are fully appreciated. But it is necessary to point out that India is running an increasingly adverse balance of trade with Britain and that it is important for India to step up its foreign exchange earnings through larger exports of cotton yarn and piecegoods.

Commendable Attitude

The Federation's Press note does not indicate whether the Indian cotton textile interests are agreeable to an inter-industry pact for a voluntary ceiling on yarn exports. It is, however, understood that the consensus of opinion among textile interests is not to agree to such a pact at all. If this is true, it is certainly a commendable attitude, for the grounds on which Britain is seeking limitation on imports of yarn are untenable. There is no excuse for a country which has full employment and record high standard of living and which has been a supporter of multilateral trade, to resort to the device advocated by Lancashire millowners. Even the position of the spinning units in the U.K. does not warrant the measures now advocated.

May be, cotton yarn imports (from all sources) into Britain have risen from about 15 million lbs. in each of the years 1957 and 1958 to 47 million lbs. in 1961 (on the basis of the actual inflow during the first half of the year), but the actual increase has not been so appreciable as to cause any serious damage to the British textile industry. For not only has the production of yarn in Britain not suffered any setback but the financial position of the spinning sector has actually improved. The quantity of yarn spun during the calendar year 1961 is estimated at 696 million lbs. which is well above the output of 596 million lbs. in 1960 and 631 million lbs. in 1958. In view of the upward trend of production and of the reasonable levels of prices, the earnings of the British spinning units have registered a notable rise. An independent analysis of trading results of 23 spinning mills for the year 1961, prepared by Messrs. Frederick W. Tattersall Ltd. of Manchester, reveals that the average profit per company during 1961 was higher at £46,050, as compared with £34,058 for 1960, and average dividend was 18.62 per cent, as against 17.74 per cent.

Even the rise of 32 million lbs. in cotton yarn imports in the past three years (from 15 million lbs. in 1957 and 1958 to 47 million lbs. in 1961) has been accounted for not so much by Indian yarn as by yarn manufactured in other countries. The estimated imports of cotton yarn from India to Britain during 1961 are shown by the U.K. Cotton Board as 13.0 million lbs. which represent an increase of just 7.4 million lbs. as compared with the figure for 1958, whereas, over the same period, imports from "other countries" have gone up markedly from 4.5 million lbs. in 1958 to 27.9 million lbs. in 1961. It is worthwhile to mention here that, as against the Cotton Board's estimate of Indian cotton imports into Britain, the official statistics published in India put the figure at 4.7 million lbs. for 1960, as compared with 5.0 million lbs. for 1958. Mention may also be made of the significant expansion in yarn imports into Britain from some non-Commonwealth countries such as Spain. From a mere 590,000 lbs. of cotton yarn in 1959, Britain's intake in 1960 from Spain rose to as much as 11.2 million lbs. in 1960, though it declined slightly to 9.7 million lbs. in 1961. How then can British textile circles say that imports of Indian cotton yarn into their country are jeopardising the interests of the domestic spinning sector?

Ceiling Not Justified

The plea of the British cotton interests for a voluntary ceiling on exports of Indian yarn to the U.K. is also not justified from the point of view of the ability of British cotton to compete on equal terms. It has already been shown that imports have had no adverse effect on the financial results of British spinners. Besides, the latter have vastly increased their efficiency in recent years. As a result, the average production of yarn per worker in Britain is as high as 3,753 lbs. (1960), which is much more than the average of 2,250 lbs. in India. If, however, the British industry is unable to stand competition through reduction of prices, it is because of the fantastically high level of wages and various other perquisites enjoyed by the mill workers. An important reason for this state of affairs is the realisation of workers that other modern industries offer better prospects and stability of employment than the cotton industry. Surely, the textile industry in Britain, or, for that matter, in any other developed country in the West, cannot expect to ensure an ever-rising high standard of living for labour, while the working class in the rest of the world does not get two square meals a day.

It is common knowledge that the textile industry in Britain (and a number of other countries) is functioning very largely on the basis of raw cotton imported from abroad. It would be better, as this journal has repeatedly stressed, if these countries were to concentrate more on other industries and provide an outlet for the textiles produced in India and other developing countries which are more advantageously situated in the matter of supply of raw cotton, manpower and other requirements of production. In that event, the developing countries would be able to utilise a large part of the foreign exchange earnings from textiles for the import of more machinery and equipment produced in the Western countries. It is to be hoped that this vital consideration will be fully recognised at the International Cotton Textile Committee meeting now being held at Geneva to work out a long-term arrangement to replace the current short-term arrangement which is due to expire at the end of September next.

BONUS FOR BOMBAY MILL WORKERS

The Millowners' Association, Bombay, and the *Rashtriya Mill Mazdoor Sangh*, the representative union of textile workers, have decided to refer the issue relating to payment of bonus for the years 1959, 1960 and 1961 to a Board of Arbitrators. The proposed Board will consist of two members whose names have been agreed to by the parties but will be announced as soon as the consent of the persons concerned is obtained.

It will be recalled that a pact was entered into by the Association and the *Sangh* for the payment of bonus covering the period 1953-57. It was subsequently extended to the year 1958. During this period, the Bombay mills distributed well over Rs. 12 crores as bonus and over 200,000 employees benefited by this payment.

For the first time in the history of the Bombay cotton mill industry, a major issue like bonus is sought to be settled through voluntary arbitration.

FREE WORLD COTTON CONSUMPTION

NO CHANGE EXPECTED

DESPITE less favourable prospects in many of the major consuming countries, cotton consumption in the free-world in the current (1961-62) season would not be much different from the last season's total. This prediction is made by the International Cotton Advisory Committee, Washington, in its latest (December 1961) monthly review of the world cotton situation. According to the I.C.A.C., if this prediction were to prove correct and assuming that the crop would equal current estimates, production and disappearance of cotton during the 1961-62 season would be roughly in balance, and there would be only minor fluctuations in end-season stocks on 31st July 1962.

If consumption were to remain unchanged during 1961-62, it would be the third consecutive year in which free-world cotton consumption was maintained at the 1959-60 level as the following figures indicate:

(In million bales)

	1959-60	1960-61	1961-62
U.S.	9.0	8.3	8.8
Other free-world countries	22.1	22.9	22.3
	31.1	31.2	31.1

Although the aggregate free-world consumption is expected to be maintained at last season's level, changes are likely to occur in the geographic pattern of consumption. These will undoubtedly have some bearing on the outlook for the export trade in cotton. The cotton textile industry of Western Europe and Japan is heading for a period of reduced activity, thanks to the recurrence of the cycle of stocks, and demand for import of cotton is, therefore, likely to decline, particularly if there is any reduction in stocks in importing countries. In the U.S., on the other hand, with the economy in high gear, cotton textile production is moving upwards and consumption during the 1961-62 season is officially estimated at 8 million bales, an increase of 500,000 bales compared with the 1960-61 consumption of 8 million bales. In Canada, too, the recovery evident in 1960-61 is expected to continue and consumption is expected to be higher than in the past few years.

Trend in W. Europe

In Western Europe, as noted above, all indications are that cotton consumption will recede from the record 1960-61 level. Textile production is currently exceeding offtake and there has been a significant build up of stocks of both yarn and cloth in many countries. There is general complaint about the level of prices and mill margins. Manufacturers are, however, faced with the problem that if textile production is cut back entailing, as it would, some reduction in labour force, recruitment would, become difficult when the textile cycle turns upward again. So far the U.K. is the most affected and, in that country, curtailment is often resorted to. On the Continent, the continuing general expansion in the general economy in most countries has served to maintain retail sales at a high level, which is ground enough for anticipating that any reduction in cotton textile production will be quite modest, though manufacturing profits will naturally feel the impact of much lower prices. A further reason for the less favourable textile situation in W. Europe is the reduction in textile exports from some countries and the continuing rise in imports.

In Asia, in the opinion of the I.C.A.C., it looks as if total consumption will remain at the 1960-61 record level, although it might show divergent trends in individual countries. Thus, recent developments indicate lower consumption in Japan. The rate of curtailment in cotton yarn production in that country was already stepped up in November last and yarn production might be further cut in 1962. Considering this trend, cotton consumption during 1961-62 might decline by a quarter of a million bales. In India, on the other hand, demand for cloth continues to be strong and fluctuation in mill activity may be usually attributed to other factors, namely the supply of cotton and textile prices. The crop during 1961-62 is expected to be considerably lower than in the previous year but opening stocks on 1st September 1961 were higher. Based on the target for cotton

(*Continued on page 223*)

5 FEB 1962
PUBLIC DEPARTMENT

CAPACITY OF COTTON INDUSTRY CONTINUES TO SHRINK

GOVERNMENT AID CONSIDERED INADEQUATE

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 23rd *January*

SYMPTOMATIC of the present situation in the Lancashire cotton industry is the decision of David Whitehead and Sons, the Rawtenstall spinning and weaving group, to switch its Lower Mill to four-day working. Notices have now been posted indicating that the management intends to adopt this course next week. The official statement says that the Company is adopting this measure to bring production into line with present order books.

This reflects the general unsatisfactory rate of business throughout the cotton trade, a situation which has persisted for at least six months past. Whereas during most of 1961 the mills had a sufficient backlog of orders to keep machinery well engaged, since the autumn the quantity of contracts held has been so small that employers have been faced with the problem of whether to continue producing for stock or to curtail output.

"A Great Shock"

Mr. R. W. Hill, Secretary of the Rawtenstall Weavers' Association, said that the Company's decision has come as a great shock. It was very disquieting, he added, that a company which had been so progressive in the installation of modern equipment should have taken such a step.

Immediately prior to the Christmas holidays there were scattered indications of more business being about in cotton goods and it was hoped that the uptake would improve early in 1962. So far, however, these anticipations have not been fulfilled and, according to authoritative sources, no improvement in orders has yet been achieved.

The trade continues to be depressed as it was during most of 1961 and very few attempts of arranging additional business have been recorded. When operations have taken place the profit margins available for producers have been much lower than during the past year.

Disruption by Price

Representations made by Lancashire textile traders and the sharp outcry about imports have invariably stressed the volume of goods arriving from foreign sources in direct competition with local products. That prices is just as vital, and can often prove to be the real disrupting element, has been stressed by Mr. Mario Ludwig, Director of the International Cotton Federation, in a paper presented during a discussion on marketing, organised by the Textile Institute.

"Quite often it was not so much the actual volume of imports that has ruined the market and forced mills to close down, but the excessively low level of prices at which these imports were offered or sold," Mr. Ludwig declared. "Sometimes it is sufficient merely to make and offer at an excessively low price to panic the market or to stop business altogether." The price factor is particularly important in an industry like textiles, where profit margins are notoriously narrow, he went on. Many mills in Lancashire were closed not because they did not have enough work as such, but because they did not have enough profitable work.

Swiss Example

As an instance of how action can be taken to curtail arrivals by price rather than volume, Mr. Ludwig described how Switzerland tackled the problem. This has been done by introducing a system of price supervision and price certification over textile imports from Japan and other low-cost producing countries. It applies to imports of grey cotton cloth, woollen cloth, knitwear and made-up goods, all of which can only be secured through an import licence.

The Swiss Government refuses to issue a licence when the import price for cotton cloth is 10 per cent lower than the price for equivalent goods produced in Switzerland. The percentage is 12 for woollen cloth and 20 for knitwear and made-up goods. The domestic price is the current market price, including a reasonable profit; the import price is that given at the Swiss border, plus duty and transport from the border to the destination. "Experience, so far indicates that the system acts as a deterrent."

Ability to put things in a nutshell is a gift not given to all. The author of the annual report of the Manchester Chamber of Commerce, however, has that facility, especially as regards the section headed "Textile Trade Matters." His summary of the situation in Lancashire provides an apt commentary on the position in 1961. "The industry has certainly maintained its reputation for rapid change," the report says. "Whilst twelve months ago there were voices raised in protest that the reorganisation scheme had gone too far, there are now feelings that further streamlining is desirable."

The hesitancy on the part of the industry reflected in the smaller total of application for re-equipment grants than had been anticipated, follows lack of confidence created by grave doubts about the continuance of the voluntary undertakings with Eastern Commonwealth countries. The extensions subsequently gained, it is pointed out, were secured only at a price —that of increasing the basic quotas for retaining imports during 1962 for the three supplying countries from 367 million to 422 million square yards.

"This, in itself, represents about a third of the home industry's production. If imports from other sources continue at the same level, the total entry into the home market for retention will not be far short of 50 per cent of home production. These, surely, are not conditions to create confidence," the report continues, "and all sections of the industry are united in believing that Government action instead of inter-industry agreements is necessary to restrict imports to a level which will enable Lancashire to have what all other textile industries of the world have retained—the bulwark of a sound home market."

Containing Yarn Imports

Spinning firms in Lancashire have been particularly sensitive to the substantial imports of cotton cloth which have entered the British market during the past year or two. They claim—not without justice—that they face the double pressure of direct yarn arrivals and a reduction in purchases by those weavers who are in turn suffering under the large-scale inroads of foreign cloth.

Relief, however small, would be welcomed and the disclosure at the Cotton Board conference that the Indian millowners were ready to discuss some voluntary undertaking covering yarns was an encouraging feature. The deputation, which has now begun negotiations both in India and Pakistan on the subject, will be thoroughly supported by the industry at home. Its composition, comprising topline personalities of the spinning trade, assures it of a suitable reception in advance.

If the terms arranged for a ceiling on yarn imports are reasonable from a Lancashire view-point, the journey will have been well worthwhile, as it creates a precedent for future emulation in other areas. India's shipments of cotton yarn to this country have lately comprised nearly one-third of the total quantity imported. The share of Pakistan has been negligible, but in view of the keen determination being shown by that country to stimulate exports, the Lancashire delegation will do well to secure limitations at this stage.

Inadequate Aid

"Too little and too late," is a phrase which has gone down into history as describing a period of war-time inadequacy which could well have cost this nation dear. It is now being used, with almost equal effect, by many of those who regard the Government's lagging aid to the cotton industry as inadequate in the current circumstances, particularly after the apparent willingness of the Treasury to provide so much finance for reorganisation.

Mr. Roger Lee, Chairman of the Lancashire Cotton Corporation, gives the phrase an airing in his annual review, saying that, as a result of the tardy support of the Government, the capacity of the industry has continued to shrink, even after the vast elimination accomplished by the redundancy scheme. Orderly planned production has been disrupted, he adds, with unfortunate results on the regularity of employment and the efficient lowering of costs. The Corporation itself has not been backward in modernising its plant and equipment as substantial sums have been spent since the war. A bill of practically £10,000,000 has been incurred in financing such projects over the past 15 years.—*All Rights Reserved.*

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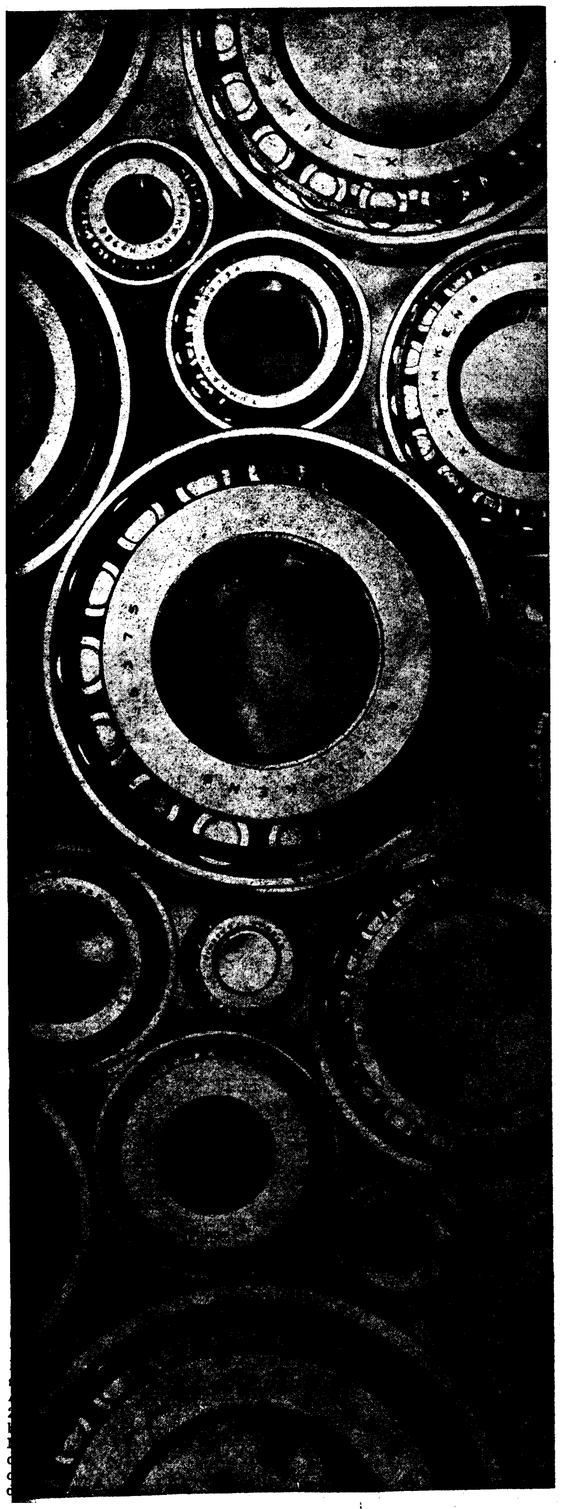

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SUGAR PRODUCTION FALLS, BUT GLUT CONTINUES

EAST U.P. MILLS URGE RELIEF MEASURES

ONE of the principal features of the Government of India's sugar policy for the current season, as readers are aware, pertains to fixation of output quotas for every individual mill, the quotas being 10 per cent below the quantity produced in 1960-61. Forming part of the scheme is the imposition of a penalty as high as Rs. 29.12 per cwt. (double the rate of prevailing excise duty) on any factory producing sugar in excess of its quota. This penalty has acted as a strong deterrent to mills that desire and are in a position to produce sugar in excess of their quotas. The figures relating to actual sugar production during the first two months of the season (that is, November and December 1961) speak for themselves. The total production in the two months amounted to just 590,000 metric tons (including the 56,000 tons produced prior to November 1961), as compared with 779,000 tons in the corresponding period of 1960-61, representing a fall of as much as 24 per cent. In view of such a sharp drop, a section of sugar circle apprehends that the sugar output for the whole season will be considerably less than the 10 per cent cut enforced. It may be noted here that the Union Minister for Food and Agriculture had declared in Parliament that the cut of 10 per cent in sugar production during the 1961-62 season would in effect amount only to a reduction of 4 per cent in the overall output, since the cut did not apply to certain categories of sugar mills.

Besides the heavy penal levy, there are said to be other disquieting factors, too, which are handicapping sugar production. According to a resolution adopted at a conference of the East Uttar Pradesh group of sugar mills, held at Gorakhpur recently, the mills have to pay large amounts by way of interest to banks due to large carryover. Many of the banks are chary of supplementing their advances against sugar of 1961-62. Consequently, the mills, it is stated, are finding it extremely difficult to meet their day-to-day commitments such as payment of cane prices, salaries and wages to workers, and purchase of other materials of daily consumption. Further, attention is drawn to the quota restrictions imposed by the North Eastern Railway against movement of sugar to Assam and West Bengal and the "utter failure" of broad-gauge railways at transhipment points to lift their full normal quota from the N.E. Railway which have blocked sugar movement and are creating more complications for the sugar industry. What is worse, the U.P. Government's intensive drive to realise interest on arrears of cane price, commission payable to cane co-operative marketing societies and penal interest on unpaid cane purchase tax by issuing recovery certificates for realising the arrears as arrears of land revenue is also telling heavily on the East U.P. factories.

Severe Crisis

The cumulative effect of all these factors is that the factories are left with no alternative but to stop crushing cane. Indeed, it is said that the East U.P. sugar mills are in the grip of a severe crisis. The resolution adopted at the Gorakhpur conference said:

"The sugar industry in East U.P. is the weakest in the country financially. This has been confirmed by the Tariff Commission (1959) and Sugar Wage Board. The industry has a very heavy carryover of the last year's production and the prices of sugar have come down below Rs. 36 per maund, as against a sale price of Rs. 38.96 adjusted to Tariff Commission schedule, with no future sales in hand. This fall in prices has not only wiped off the return on capital ensured by the Tariff Commission but is less than the cost of production by over a rupee per maund. All the sugar factories in East U.P. have not only suffered huge losses but they are also faced with the problem of the disposal of their stocks lying in their godowns. They have no local market and are situated at a distance from consuming centres which make them suffer from freight disadvantages. They are low production units and the export loss is the heaviest on them. Then they have to carry out the decisions of the Wage Board."

On behalf of sugar mills, a number of suggestions have been put forward with a view to alleviating the difficulties. One of them pertains to the withdrawal at least of the additional excise duty levied in 1958 for restricting sugar consumption on account of shortage, now that there is plenty of sugar available in the country. The U.P. Government was requested to direct the cane societies to waive the interest due on arrears of cane prices and commission, and to implement its assurance of not charging any interest up to 31st March 1962 on arrears of cane purchases in the last season which had encouraged the mills to carry on crushing till July 1961 beyond their contractual liability in order to crush all the cane available even at the cost of lowest recovery. The Government was also requested to link the realisation of cane purchase tax with despatches of sugar, as well as to reduce the current rate of tax.

The aforesaid suggestions seem to be quite justified and deserve to be implemented, if only because the industry has not been given the latitude to readjust the cost of production to the realisable value of sugar. The price of sugarcane is fixed and so also the emoluments to workers. Cost of transport and the quantum of taxation, too, are outside the influence of sugar manufacturers. The movement of sugar is also regulated by the Government, so that, even if any of them want to cut their loss of selling their sugar stocks by reducing their prices, they cannot do so. In view of all this, the decontrol of sugar industry is virtually a farce. Indeed, a manufacturer cannot even completely shut down his operations for a year, because of his commitments to workers and canegrowers the fulfilment of which will be neither easy nor less expensive than keeping the factory going. There can be no better example than that of the sugar manufacturer as a man bound hand and foot, being asked to win a swimming contest. If such a person were pushed into the swimming pool, the outcome would be obvious.

Serious Repercussions

If the Government persists in its present policy for long, there would be, sooner or later, many fatal casualties in sugar industry. The weaker units would first curtail production, in the spirit of "come what may." If there were to be no response even to such acute distress signals, they would finally shut down their operations. Such an eventuality will not be in the interest of either the workers or the canegrowers or the investors. The Central and State Governments, too, will get less by way of taxation and the whole economy will suffer thereby.

Although the production of 590,000 metric tons of sugar upto the end of December 1961 was, as already stated, appreciably lower than the output of 779,000 tons in the same period last season, there need be no fear of shortage of sugar. The mills' godowns are already bursting with heavy unsold stocks of the 1960-61 season. Further, even the lower production of sugar so far this year is well above the offtake. The quantity actually despatched during the first two months of 1961-62, for instance, was 405,000 tons (including 31,000 tons despatched for export), that is, 185,000 tons less than production. It is, however, 82,000 tons more than the quantity lifted in the corresponding months of the previous year, but this increase is small. It is thus evident that the offtake of sugar from factories has not gone up to any significant extent, despite decontrol.

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The reasons for this state of affairs are not far to seek. Apart from transport bottlenecks, inadequate financial resources, expectations of a cut in excise duty at any time, to all of which a reference was made in this journal on an earlier occasion, there has been no reduction in the retail price of sugar. The offtake will definitely rise markedly if the Central Government lowers the excise duty and if adequate and timely transport facilities are ensured to move sugar freely from one place to another. When movement of sugar is accelerated, less funds, as this journal has ere now stressed, will be required to finance production and stocks, creation of additional godown space will be unnecessary, there will be larger employment, and Governments will get more revenue in the end. Why is the Government not adopting these obvious solutions, though it knows all about them? Red-tapism, sluggishness and Ministers' preoccupation with the forthcoming elections seem to be the only answers. Democracy is, of course, more expensive than Communism. But it becomes prohibitive, if it is characterised by socialist planning where a licence is required even to buy a pin.

OUTLOOK FOR WORLD SUGAR TRADE

Certain interesting statistical projections in regard to the pattern of world sugar economy in the coming years have been made by the Food and Agriculture Organisation, in the course of a special study the results of which were published recently. These projections point to "ample scope" for the continued expansion of world trade in sugar. It will be necessary, according to the F.A.O., to produce 105 million tons of sugar, in order to enable the world to have the average European *per capita* consumption of 35 kg. This quantity is 60 million tons more than the current rate of output. It is estimated that, even if two of the three most populated countries of Asia (that is, India and China) were to have a *per capita* consumption of only 10 kg., some 75 million tons would still be needed to feed the rest of the world at an average level of 35 kg. per head. The estimated world requirement, it may be noted, is reckoned at a lower rate than the consumption rates ranging from 50 to 55 kg. prevailing in a few prosperous countries in Europe.

Whatever be the basis on which the aforesaid conclusion of the F.A.O. has been arrived at, it has to be stressed that the trend of sugar consumption will be influenced, to a considerable extent, by the price factor, not to speak of the rate of population growth and the pace of improvement in the living standards of the masses in the vast majority of underdeveloped countries. Recognising this fundamental point, the F.A.O. says:

"An important factor in boosting world sugar trade and consumption in most countries has been the downward variations in prices over the last three decades. . . . In countries like India, where sugar consumption has not improved very much over the years, sugar prices, too, do not show any downtrend. On the contrary, sugar consumption in India has been more or less static in recent years, and retail prices throughout the period since the Second World War have been appreciably higher as compared with the pre-war levels. In contrast, where sugar consumption has been rising rapidly in most cases, retail prices have fallen below the pre-war levels."

There is a fallacy in the F.A.O.'s reference to *per capita* sugar consumption in India which is taken as 5 kg. This figure pertains only to white sugar and excludes brown sugars such as *gur* and *khandsari*. These substitutes are widely consumed, especially in rural areas, in view of the fact that their prices are lower than those of the factory-made white sugar. Including *gur* and *khandsari*, the *per capita* consumption of sugar comes to about 14 kg. There is, however, no denying the fact that, if the present markedly high prices of white sugar are reduced to reasonable levels, its consumption is bound to rise significantly as has been clearly brought out by the F.A.O.'s analysis of the recent trends in world sugar trade.

SUGAR PRODUCTION AND STOCKS

According to the Indian Sugar Mills Association, the total sugar production during the month of December 1961, the second month of the season 1961-62, was 417,000 metric tons, as against 486,000 tons in the same month last season, bringing the total production for the season 1961-62 upto 31st December 1961 to 590,000 tons (including 56,000 tons produced prior to November 1961 for the current season), as against 779,000 metric tons in the corresponding period last season.

The offtake of sugar from factories during December 1961 was 203,000 tons, which included 21,000 tons despatched for export, as against 169,000 tons (including 12,000 tons despatched for export) a year before. The total despatches during the first two months in the 1961-62 season amounted to 405,000 tons (including 31,000 tons despatched for export) as against 323,000 tons (including 21,000 tons despatched for export) in the same period last season.

The total closing stocks of sugar with the factories as on 31st December 1961 was 1,330,000 tons, as against 1,007,000 tons on the same date last season.

INDIAN IRON ORE IN THE WORLD PATTERN

NEED FOR DEVELOPING MINES NEAR COASTAL AREAS

By V. C. Saptarshi

MINERAL resources are located geographically by nature. No country is self-sufficient in regard to mineral resources as required by modern industries. The history of industrial growth also shows that only a few countries are endowed with the right combination of minerals essential for industrial purposes. Thus, geographic distribution of minerals leads to interdependence between countries and ultimately to international trade in minerals. In 1950, due to ever-growing demand for cheap steel, six countries in Europe felt it essential to combine their resources of iron ore and coal and established the "European Coal and Steel Community."

India is potentially rich in mineral resources but does not yet possess the right combination for her full industrial progress. Deposits of copper, zinc and lead are still being explored and developed.

India's mineral wealth includes many minerals of which there is an exportable surplus. These are iron ore, manganese ore, bauxite, mica, ilmenite and magnesite.

The National Mineral Policy is fairly well established with the growing importance for State participation in the exploitation of minerals such as coal, iron ore, copper and diamond. However, a mineral export policy on a long-term basis needs immediate attention. This should be well assisted by other factors such as freight concessions, minimum royalties, port charges and other facilities necessary to have the export prices of ore to be competitive in the world mineral market. Various undeveloped regions in the world are being explored for minerals and, if India does not establish her export market for minerals on a long-term basis in the near future, it may be too late and a great loss to the economy.

India's Position

Recent surveys for world iron resources by the United Nations' experts show that India, Brazil, U.S.A. and U.S.S.R. have large deposits or sources of iron ore. Out of the estimated world sources of 85,000 million tons, India's share is 21,000 million tons. Next to India, China, Korea, Malaya and Japan in Asia, have substantial iron ore reserves. The estimated Chinese reserves are to the tune of 4,200 million tons.

This is a very important observation and there are regions still unexplored which will ultimately add to the world reserves of iron ore.

Except Jammu and Kashmir, Uttar Pradesh, Madras, Kerala, West Bengal and Assam, every State of the Indian Union is producing iron ore. The major production of iron ore is in the States of Orissa and Bihar. The State of Maharashtra contributes approximately 2 per cent of the total production. In 1960, the production of iron ore reached a peak figure of 10.68 million tons. Indian steel plants consumed 7.23 million tons of iron ore, as against 5.68 million tons in 1959. India exported 3.4 million tons of iron ore worth Rs. 170 million in 1960, as compared with 2.5 million tons worth Rs. 120 million in 1959.

The estimated reserves of coking coal in India are between 350 and 500 million tons. Apart from iron and steel works, railways consume a large quantity of selected grade coal. Compared to iron ore resources of India, the coking coal reserves are poor. Ultimately steel production in India will be limited by the coking coal reserves, unless there are technological improvements to use non-coking coal and other fuels. The coal areas of India are localised in the States of Madhya Pradesh, Eastern Maharashtra, Bihar, Andhra, Orissa and Bengal. It is interesting to note that the large iron ore reserves in India are in the vicinity of coal. This geographic pattern of iron ore and coal will ultimately govern India's location of iron and steel works.

The estimated demand for steel by the end of the third Five-year Plan is about 10 million tons. With the expansion of existing steel plants and the addition of a new steel plant at Bokaro, it is hoped that the steel demand of India will be met. The iron ore required will be 20 million tons, while an additional 10 million tons will be available for export.

The Limiting Factor

Steel production is the basis of modern industries. Even though the country is rich in high grade iron ore resources, steel production is limited by coking coal and in this respect it is worthwhile to study industrially advanced countries like Sweden.

Sweden exported 19 million tons of iron ore in 1960, while steel production was limited to 3 million tons. Latin America, which is comparatively underdeveloped, exported more than 25 million tons of iron ore in 1960. The total coal production in Latin America in 1960 was hardly 8 million tons. Every effort is being made to increase steel production in South America, but, ultimately, it will be limited by the availability of either coking coal or fuel and the reducing agent which can be successfully utilised for the production of iron and steel.

India enjoys a unique position because of her iron ore deposits rich in quality and quantity. After supplying high grade iron ore to her own steel plants, it can still export iron ore to Asian and European countries for years to come.

The old pattern of colonial exploitation is being replaced by foreign collaboration in Africa, Latin America and other countries to ensure the supply of raw materials at a minimum distance from the iron and steel production centres. It is also observed that no purchaser of ore can afford to depend on a single source of supply as the supplies are likely to be affected in underdeveloped countries due to national mineral policy.

India is already committed in the third Five-year Plan to export 10 million tons of iron ore. Provincial susceptibilities should not be allowed to hinder national export policy and hold back grant of mining leases. There is a tendency to establish processing plants without any respect to the economics of production and availability of other necessary and adequate raw materials.

In the comprehensive picture of world mineral resources and their development, it is essential that India must also occupy her legitimate place. Her export trade in manganese ore is already affected. Therefore, a close study must be made of the necessary means and methods, so that India does not lag behind other producing countries. From such a study it would be apparent that India cannot afford to neglect the development of the international mineral production and marketing if she wants to be an important iron ore exporter in the world. The following paragraphs would indicate the developments taking place in the respective countries:

Important Countries Exporting Iron Ore

(Tons)

Countries	1957	1958	1959
Goa	2,678,408	2,427,808	3,627,863
France ..	14,085,265	15,041,047	19,697,439
Sweden ..	17,191,000	14,576,000	15,224,177
U.S.S.R. ..	10,602,500	11,730,800	13,233,600
Brazil ..	3,494,006	2,786,412	3,925,454
Chile ..	3,025,456	3,580,523	4,193,300
Venezuela ..	15,331,377	15,325,626	16,400,000

Important Countries Importing Iron Ore

(Tons)

Countries	1957	1958	1959
Belgium-Luxemburg.	15,762,572	16,546,142	17,836,735
Czechoslovakia ..	4,895,000	5,081,000	6,268,000
Germany (Federal) ..	18,820,236	16,693,767	19,719,971
Poland	5,820,000	5,659,000	6,115,000
U.S.A.	33,651,000	27,529,895	35,613,259
Japan	9,315,844	7,493,525	10,274,816

Latin America

"The potential in Latin America is inestimable because it is still geologically uncharted for the most part. Sound economic development of these mineral areas would be to the ultimate advantage of the Western world." (Thomas M. Ware, President of International Minerals and Chemical Corporation—Conference of Inter-American Industries, Chicago, Illinois, U.S.A. July 1961).

The high grade iron ore reserves of Latin America are very large and the potential of medium grade deposits will not be used for a long time to come. It is worthwhile to note that only a small portion of the total area of South America, where iron ore deposits are likely to be found, has been properly evaluated.

Brazil: Commercial deposits of iron ore have been located in the State of Noto Grosso, State of Bahia, State of Ceara and territory of Amapa. However, iron ore deposits of the greatest importance are located in an area of 7,000 sq. kilometres, known as the Quadrilatero Ferrifero, in the South Central part of the State of Minas Cerais. The Minas Cerais deposits contain estimated reserves of 16 billion tons of hematite ore and high grade hematite ore (66-68 per cent) are more than one billion tons. The domestic consumption of Brazil is about 5.2 million tons. Brazil expects to double its production partly for its domestic consumption and partly for export. The ore is sold in the United States, U.K., West Germany and Japan. For soft ore an approach is being made to Poland and Czechoslovakia. Transportation facilities are being provided from Minas Cerais to the coast and it is expected that, after the development of railroad, the soft grade ore will flow into Western Europe and even to the Soviet bloc countries. Ultimately, Brazil will be in a position to market 10 to 15 million tons of iron ore per year by 1965.

Venezuela: Next to Brazil, Venezuela has the known largest iron ore deposits in South America. The important ore deposits of Venezuela are found in the State of Bolivar and south of the river Orinoco. The ores are similar to the Lake Superior region in the United States. Recently, the Venezuela Government, with the assistance of private companies, have developed various areas having proved reserves of one billion tons of high grade ore and probable reserves of 3 billion tons. Bethleham Steel Company of the U.S. has a subsidiary company operating at El Pao and the United States Steel also has organised a subsidiary company—Orinoco Mining Company—to mine deposits at Cero Bolivar, 60 miles south-east of El Pao. Venezuela iron ore reserves exceed 4,000 million tons. Most of the exports are to the United States.

Chile: Since 1954, Chile has been very active in prospecting for iron ore deposits. The various deposits located are given below:

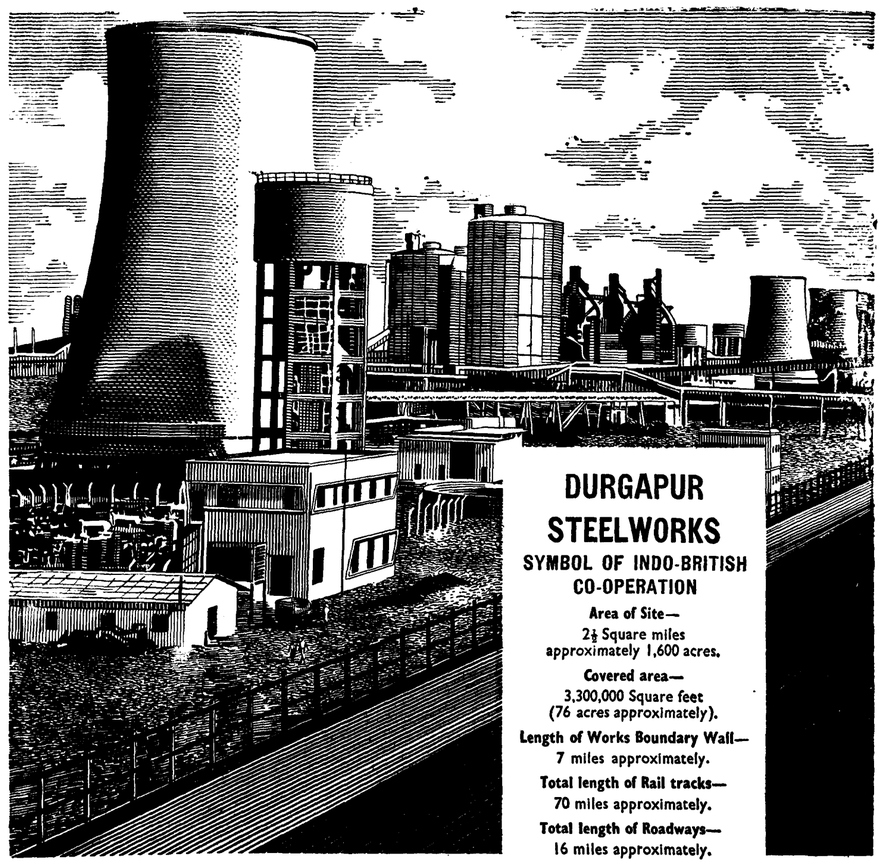
Province	*Location*	*Reserves* Million tons
Atacama ..	Algarrabo and other places.	200
Coquimbo ..	El Tofo, Romeral and other places	
Anto Fagesta ..	El Laco	1,000
Arauco ..	"	500

The producton of iron ore in Chile in 1958 was 3.7 million tons. The Chilean ore is in great demand, though it is away from the steel market, because of the low cost of production and richness of ore. The production may reach 5 million tons in the near future. The ore is being exported to the United States, West Germany and Japan. The Compania, Santa Fe, announced that it will develop the El Laco to produce 7 to 10 million tons of 60 per cent iron ore per year. Chile is now exporting about 4 million tons of iron ore per year and the exports are to Japan and European countries. The country's domestic consumption is half a million tons.

Peru: This is one of the important countries in South America which is partially prospected for iron ore and is expected to double its production in the near future. Peru's known iron ore resources are about 800 million tons and recently 200 million tons or more have been located in other areas. The iron ore deposits found in the Marcona area are mined from open pits and transported to a distance of 27 miles to the port of San Juan.

Acari deposits in the Andean foothills have been developed by the Peruvian company financed by American interests. The combined production capacities of the above two companies will reach 6 million tons per year within the next five years.

It is interesting to note that the iron ore deposits in Venezuela, Chile and Peru and some of the Brazilian deposits are situated on the coastal regions. This geographic condition enables the deposits to be competitive in price as it minimises inland freight. In 1960, Brazilian ore was quoted at $4.50 per ton f.o.b. Brazil, Venezuela, Chile and Peru have plans to increase the production and export of iron



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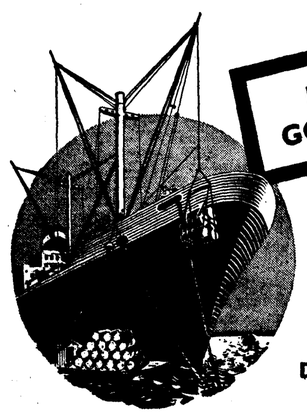

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ore in the world market. Other countries such as Argentina, Columbia and Bolivia have resources enough to satisfy their own economy.

Africa

The Continent of Africa covers an area of 11,262,000 sq. miles, with a population of about 200 million people with 40 political divisions. In 1960, 16 territories with 85 million population became independent. Four-fifths of Africa's population were under European rule in 1954. By 1961, three-fourths were to be living in independent States.

Independent African States are willing to deviate from their old rulers, but circumstances do not permit them to change their trade pattern. British colonies will continue to associate with Britain and French Community States with France and Europe. However, recently Ghana indicated to leave the Commonwealth and Guinea has already opted to stay out of French Community States.

Yet very little is known regarding the mineral resources of this vast continent. Further, British, European and American capital investment in African States is inevitable as the Continent has immense potential as a market for raw materials. More than a million tons of iron ore per year is produced in Africa, with the Union of South Africa taking the leading position. The others are Algeria, Liberia, and Morocco. Iron ore deposits are also known to exist in Northern Rhodesia and Southern Rhodesia.

Angola: A joint venture of the Portuguese, Germans and Danes have decided to export iron and manganese ore at Casinga worth 40 million dollars from 1963 from port Mocamedes. The political situation in Angola is, however, very unfavourable and developments are likely to be postponed.

Mozambique: An Anglo-American Corporation of South Africa is negotiating with a Japanese firm to sell one million tons of iron ore per year from the adjoining Swaziland deposits. The export will be possible if the railroad to Swaziland border is extended. The ore to Japan will be exported from port Lourenco Marques of Mozambique.

Southern Rhodesia: Messrs. Kobe Steel Works carried out extensive prospecting operations on hematite deposits near Queque and it is learnt that the results are promising. If these deposits are proved, the ore will be exported to Japan.

Sierra Leone: Sierra Leone Development Company shipped iron ore to Europe and the United States of America. The Company started planning an expansion in capacity to 2 million tons per year and, before 1965, it is due to produce 3 million tons per year. Another iron ore deposit at Tonkolli will require £30 million to develop and five years to go into production. This area is also expected to yield 3 million tons of iron ore per annum. The reserves are 400 million tons of iron ore, with more than 65 per cent Fe.

Libya: A Swiss-American Combination has decided to exploit iron ore in the region of Fezzan. The estimated reserves are 2 to 3 billion tons and as such high capital investment is expected. The grade of the ore is 44 per cent Fe and an expenditure of 40 million dollars will be required for full development.

Liberia: Liberian American Swedish Minerals Company's joint venture for mining operation of iron ore have decided to develop Mount Nimba iron ore deposit. This project will call for investment of about 200 million dollars. Twenty-five per cent of the output will be exported to the United States and the remainder has been put under long-term contract principally with German steel firms. With the development of Nimba deposits, the total iron ore production should reach 5 million tons per year.

Mauritania: Iron ore deposits of estimated reserves of 150 million tons on the edge of Sahara has been located. The contents of the ore are 63 per cent Fe. For the development of the deposits, finance of the magnitude of 66 million dollars is expected from the International Bank for Reconstruction and Development, the French Government and other resources.

Cameroon: The Bureau of Mines of Overseas France announced discovery of iron ore deposit, with potential reserve of 100 million tons. The deposit is located near Kribi.

Gabon: Development of iron ore deposits in Mekambo and Tchivango continued in 1960 with reserves at Mekambo estimated at 200 million tons containing about 60 per cent Fe and Tchivango reserves of 80 million tons with 43.5 per cent Fe.

It will be observed from the foregoing account that various combines are interested in developing resources in the coastal countries of Africa. The object is to assure a guaranteed supply of raw materials on long-term basis for the steel works in Europe.

Known coal resources of Africa are not encouraging but important coal deposits are located in Morocco, Union of South Africa, Rhodesia and Belgian Congo. The development of the African countries can be accelerated, provided the countries with varied mineral resources and geographically well situated form an economic community for mutual benefit.

Japan

Japan is the most important consumer of Indian iron ore and has produced a record level of 22.1 million tons of steel in 1960. Japan's share in the world output was 6.5 per cent. The domestic iron ore production is more than 2.5 million tons per annum. This industrially advanced country in the East is dependent on foreign resources for iron ore. Japan's big six steel producers are planning to invest £1,400 million for their expansion plan before the end of 1965. Malaya, Philippines are also important suppliers of iron ore to Japan. During the next ten years, Japan is expected to import 45 to 50 million tons of iron ore a year.

India is already committed to supply iron ore to Japan from Kiriburu and Bailadila for which Yen credit has been granted. The Japanese steel mills, in view of their expansion plans and lack of adequate domestic resources of iron ore, have shown interest in overseas iron ore deposits in Australia, Africa, Latin America and Alaska. It imported from North and South America 2.824 million tons of iron ore in 1960. A delegation was also sent to Australia (in May last) to investigate the export of iron ore, in view of the recent relaxation on exports by that country. Japan has also contacted the Union of South Africa and Canada.

It will be interesting to note that Goa, which produces more than 5 million tons of iron ore per year, has entered into an agreement with Japan for the supply of 4 million tons of iron ore per year, while the total Indian exports of iron ore in 1960 were 3.4 million tons.

China

China's steel production (crude) in 1960 was 18.50 million tons. This is 5.5 million tons more than the 1959 production. This increase in production is attributed to giant integrated steel plants in Ansham in Paotow, in inner Mongolia and Wuhan in Central Asia. It is also said that the Chinese iron and steel industry has developed medium-sized mills which have contributed a great deal to the pig iron production.

U.K.

The domestic iron ore production is more than 14 million tons and is further assisted by imports of iron ore from various countries. The steel production in 1960 was 24.7 million tons which was 20 per cent more than in 1959. The U.K.'s share in the world production of cast steel was 7.2 per cent. The British production is expected to achieve 27 million tons in 1961.

In the event U.K. is accepted as a member of the European Economic Community, the steel prices will be governed by the European Coal and Steel Community. The existing steel prices are controlled by the Iron and Steel Board, which are cheaper than Continental steel. As a member of the E.C.S.C. (Economic Coal and Steel Community), the producer cannot discriminate between the member-consumers. The steel prices in the U.K. are, therefore likely to go up. With the substantial increase in the cross-frontier trade in Europe, which was over 9 million tons in 1960, the U.K. steel industry is bound to take a larger share in this trade.

Western Europe

It was a well-known fact that divided Europe with different geographic boundaries and tariff restrictions could not progress. In 1947, the U.S. offered the Marshall Plan and insisted that the European nations co-operate with one another for their needs. In 1950, the Foreign Minister of France proposed a plan to unify coal and steel industries of Western Europe. His proposal would place the entire coal and steel production of France and Germany under a joint high authority with an organisation to open participation by other European countries. Six European Governments signed a treaty on 18th April 1951 for the establishment of a European Coal and Steel Community. The six countries are the Netherlands, Belgium, Luxemburg, Italy, France and West Germany. This was essential as European steel producing countries were interdependent for both raw materials and markets. In eight years, the steel production in the six member-countries had reached 73 million tons in 1960. In 1957, the Common Market was ratified under the treaty of Rome and all the members of the E.C.S.C. became members. The application of the U.K. is under consideration and the main opposition to British membership comes from France whose own colonies and French community member-countries produce the same raw materials that are exported by the Commonwealth. However, it is quite certain that ultimately the U.K. will be accepted as a member of the E.E.C. It is also learnt that Sweden, which is a member of the European Free Trade Association, is intending to become a member of the E.E.C.

The leading producers of iron ore in Europe are France, Federal Republic of Germany, Luxembourg, Sweden, Norway, Poland and Spain.

Indian exports of iron ore to Western Europe fell from 330,000 tons in 1953 to 73,400 tons in 1959 due to high prices of Indian ore.

U.S.A.

Steel production in 1958-59 was affected by recession and strike. However, production improved in 1960 which was 90 million tons of steel. Further, there is a definite improvement in demand and heavy spending on Defence programme is bound to reflect on steel production. The imported European steel in U.S.A. is still competitive in price and rising cost of steel production in the United States is a problem which the steel industry is facing. The U.S.A.'s peak production of iron ore in 1957 was 106 million tons, while imports in that year were 33 million tons. In 1959, U.S.A. imported 35 million tons of iron ore.

It is interesting to note that the Japanese firms have shown some interest in the iron concentrates on the western coast of the U.S. The Japanese firm of Mitsubishi has signed a contract with the Kaiser Steel Corporation for supply of one million tons of iron concentrates (61 per cent Fe) for the next ten years. Similarly, Standard Slag Company will also supply 4 million tons of iron concentrates to Japan over a period of the next ten years. The U.S. has a total of 9.000 million dollars investments in Latin America, and further investment in Africa by the U.S. is inevitable, as the Continent is still unexplored and has immense potential for supply of raw materials.

U.S.S.R.

The U.S.S.R. is rich in iron ore reserves and new regions are being explored. In 1959, Soviet Russia produced 59 million tons of steel and more than 92 million tons of iron ore. The U.S.S.R. is also exporting iron ore to other Communist countries of Eastern Europe, while importing coal from Poland.

Recently, iron ore deposits with 300 million tons of reserves were located about 250 miles from Moscow. The ore is between 58 and 69 per cent Fe. It is planned to produce 16 million tons per year from this deposit from 1965. The Russian Minister for Geology and Conservation of Mineral Wealth announced the reserves of Krusk Anamoly deposits. This is considered as the largest iron ore deposits in Russia. The reserves are 30 billion tons of high grade iron ore. It is planned to produce 60 million tons of iron ore from these deposits in 1980.

After reviewing the general trend of iron ore production in various countries, it is quite obvious that every effort is being made to explore and increase production of iron ore. Recent surveys carried out by the United Nations on the requirement of pig iron in the world indicate that the world needs of pig iron will be 384.3 million tons in 1972-75. On this basis, the world will need 824.6 million tons of iron ore in 1972-75. As against this, the world's total iron ore production in 1959 was 432 million tons. Thus the demand for iron ore within the next 10 to 15 years will be twice what it was in 1959.

Another point that emerges from this survey is that Japan, which is the principal buyer of Indian iron ore, is making every effort to obtain iron ore from all over the world. Latin America, North America (including Canada), South Africa, Australia, Philippines and Malaya. Brazil in Latin America is making efforts to sell low grade ore in East European countries, while North African and West African countries are establishing their markets in Europe and North America. Goa,

(Continued on page 219)

THE AMERICAN ECONOMY: PROSPECTS FOR GROWTH THROUGH 1975

PART I: THE GROWTH POTENTIAL ANALYSED

By Dr. Dexter M. Keezer

ECONOMIC ADVISOR, McGRAW-HILL PUBLISHING CO., INC., NEW YORK

THIS is the story of the American economy over the next 15 years. It is a story of growth.

Historically, our economy has continued to grow, despite ups and downs and a disastrous depression in the 1930's. And even though our economy began the 1960's at a somewhat less than "soaring" pace, the American economy will grow and attain the long-run growth potentials for 1965, 1970 and 1975 set forth in a study by the McGraw-Hill Department of Economics.

This study of growth makes two main points about the American economy between now and 1975:

1. The substantial growth potential of the U.S. economy as a whole.

2. The extraordinary potentials for growth of a number of individual industries and industrial fields.

The recording of these potentials is not a forecast of the position of the general economy or any industry at a particular time during the period covered. It must be expected that business in general and individual industries will continue to have ups and downs rather than move in the straight lines of growth which are presented here for the period as a whole. The study also assumes, of course, that wise business and public policies are pursued and no untoward circumstances arise.

Our study begins with the growth of the United States economy as measured by the gross national product—total output of goods and services—since 1900. During the past 60 years, the gross national product has increased at an average rate of about 3.1 per cent per year. (This is the rate of real growth after adjustment for price changes.)

In 1960, out of our total population, nearly 67 million people were at work. Their average output, measured in 1960 market prices, was $3.65 per manhour, and they worked an average of 39.7 hours per week during the 52 weeks of the year. This average includes weeks when people were on vacation or part-time work, as well as weeks when they worked overtime (including the long hours put in by farmers).

The result was a gross national product in 1960 of $503,000 million.

Of this total output of goods (as shown in Chart I), about $54,000 million was purchased by the business community. Nearly $100.000 million was spent by the Government (Federal, State and Local). The rest of the national product, about $350.000 million, was purchased by consumers (housing is included in consumer expenditures).

How much will our gross national product increase in the future? As in the past, this will depend: (1) on the size of the market to be served; (2) on the labour force available; and (3) on the resources and skills that the labour force can put to work. It will depend largely on the productivity (output per manhour) that our labour force can achieve. Obviously, the total market for goods and services is going to grow considerably, inasmuch as the expected growth in population over the next 15 years is 31 per cent, with total population reaching 235 million in 1975.

However, the relative increase in the key working age group, 22-64, is expected to be smaller than for the population as a whole. The labour force will grow from 73 million to nearly 95 million, but not quite as fast as the total population.

From 1930 to 1960, hours of work declined about two hours per decade. For the period 1960 to 1975, we project a similar downward trend in hours of work. The average workweek is expected to decline from about 40 hours in 1960 to 38 hours in 1970 and to 37 hours in 1975.

From 1930 to 1960, productivity increased, on the average, about 2.5 per cent per year. We have done better than this during the 15 years since the end of World War II. With continued improvements in research, education and capital goods during the 1960's and 1970's, we may hope that average national output per manhour, the key factor in projecting growth, will increase at a rate of 2¾ per cent per year, midway between the rate of the last 30 years and the post-war rate. If the labour force increases as expected (a dependable forecast since most of the people who will make up the labour force in 1975 are already born) and if output per manhour increases 2¾ per cent per year, the gross national product will grow from $503,000 million in 1960 to $630,000 million in 1965, $771,000 million in 1970 and to about $940,000 million in 1975. (All in 1960 prices.)

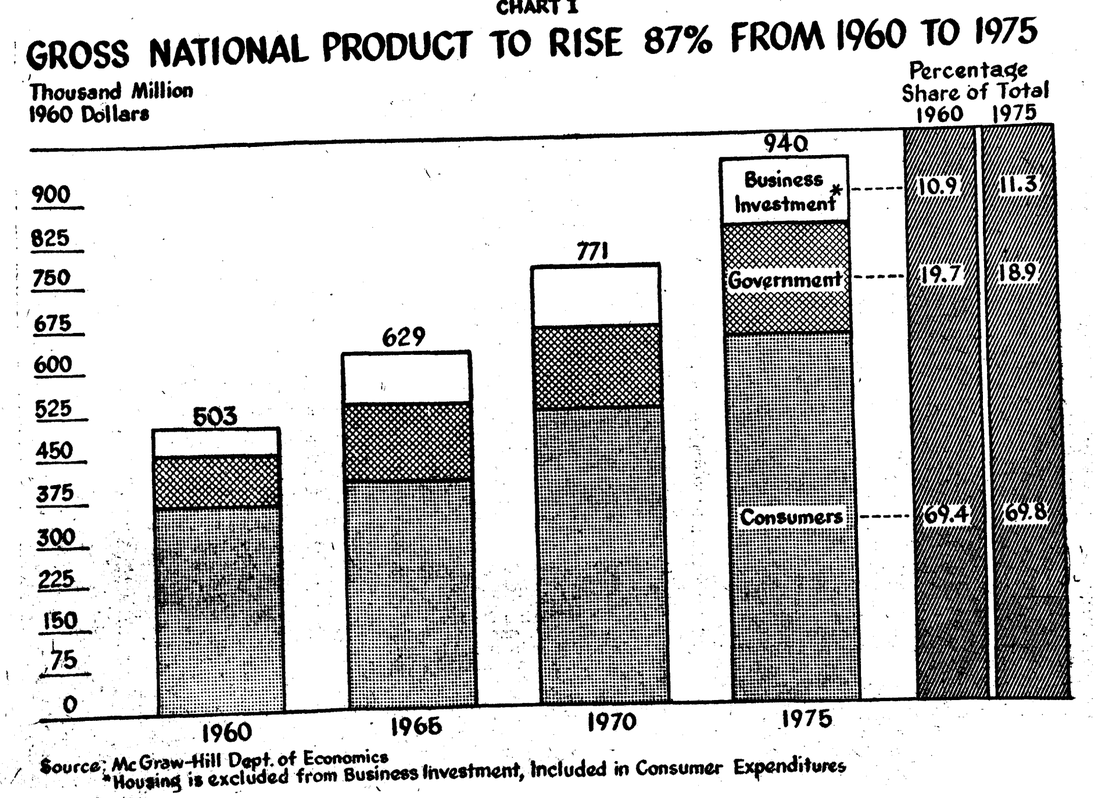
As Chart I shows, in 1975, the distribution of our national product will not differ greatly from what it was in 1960. If defense needs are relatively lower, as we hope they will be, the Government's share of the economy will be slightly less and the business and consumer sectors of the economy will account for a somewhat bigger percentage of the total.

The gross national product of $940,000 million in 1975 will be produced by 88.8 million workers who will work an average of 37.0 hours per week for 52 weeks and whose average output, measured in 1960 market prices, will be $5.50 per manhour.

Of this total output of goods and services in 1975, about $106,000 million will be purchased by the business community, about $178.000 million will be bought by Government (Federal, State and Local), and about $656.000 million will be purchased by consumers (housing is included in consumer expenditures).

(To be continued)

CHART I



ON ACHIEVING SUCCESS IN EXPORT TRADE

NEED FOR REORIENTATION OF POLICY

By Chinoobhai C. Javeri

THERE is a growing recognition that the country must boost its exports for the successful implemeniation of the third Plan. During the second Plan period, the total exports were to the tune of Rs. 3,063 crores, against the estimated figure of Rs. 2,965 crores, exceeding the target by Rs. 98 crores. In the draft outline of the third Plan, the aggregate foreign exchange receipts on account of exports have been taken as Rs. 3,700 crores. The country must, therefore, export on an average Rs. 740 crores annually, as against Rs. 613 crores in the past, that is to say, Rs. 125 crores more per year than during the second Plan period. With the right effort, this target is not impossible to achieve. We have the men, the skill and the material but we lack initiative, drive and enthusiasm. There is, however, no place for complacency, because world markets have become highly competitive. Every country, throughout the globe, is striving and manœuvring to increase its exports to earn more foreign exchange.

There is also a burning desire among the underdeveloped countries to industrialise, in order to meet the growing needs of their population. Consequently, imports are either restricted or banned by them. At the same time, regional trading groups, such as the European Common Market and the Outer Seven, have emerged. The proposed entry of the U.K. into the European Common Market will give a serious setback, at any rate in the immediate future, to our export trade. Thus, a new phase has entered in the pattern of international trade.

Measures for Consideration

All these factors stress the need for reorientating the country's export policy and to strengthen the export promotion drive for which the following measures may be considered for early implementation:

1. The first and foremost step to be taken is to create a surplus of exportable commodities not by curtailing domestic consumption which will lead to runaway prices, since the *per capita* consumption in the country is already low, but by increasing overall production and checking the rise in prices. These measures are vitally important, particularly in view of the unprecedented growth of population.

2. Since most of the Indian products are priced out of the world markets, because of the high cost of production and their qualities being not standardised to inspire confidence among foreign buyers, India is losing ground in export markets. Is it the high cost of production or the manufacturers' expected high margin of profit which they earn in the local market that renders Indian prices non-competitive? All export promotion measures will fail, unless this question is tackled and the cause of the basic weakness of Indian prices are thoroughly investigated and promptly remedied by taking timely and appropriate measures.

3. In view of the drift in the demand for goods in the world markets and the scope for expansion of export in India's traditional items being limited, India must diversify the export base, commodity-wise, as well as destination-wise.

The diversification should not be haphazard and at random. The whole process should be thoughtfully planned out and systematically built up from strength, maintaining service, integrity and continuity of supply. One of our major drawbacks is lack of service and discontinuance of supply when the local market is favourable.

Quality Control

4. Quality control and pre-shipment inspection schemes for export commodities, wherever warranted and as recommended by the *Ad Hoc* Committee on Quality Control, may be introduced with caution. The machinery for regulating them may be set up in consultation with trade and industry.

Nevertheless, since there is demand for cheaper varieties of goods, having no quality standard, it will be unnecessary to prescribe quality control for all goods. What is paramount is that the goods supplied should be according to approved samples and specifications. However, the buyers, if they so desire, could ask for pre-shipment inspection on their own.

5. Since quite a number of exportable items now attract excise duties and the list is increasing every year, the existing cumbersome and complicated procedure for claiming rebate should be revised and simplified to promote exports. Moreover, wherever practical, particularly in the case of standard goods, the condition regarding identification of goods for grant of rebate should be waived, so that exports could be effected from ready stocks held outside the factory. After all, no excisable goods could be removed from a factory before paying excise duty.

6. Since the results of the existing incentive schemes have not come up to expectation, the Government would do well to revise and improve upon them in the light of the experience gained. Abnormally high incentives neither prove economical nor serve the intended purpose. Instead, it might be expedient if imports are linked with exports and, where this is not feasible or the normal incentives are deemed inadequate, fiscal incentives may be granted. A scheme for each item has to be worked out in detail separately.

Currency Retention Scheme

7. The Currency Retention Scheme, so widely advocated, would not be advisable, as it not only adversely affects a large number of indigenous industries, but also leads to irregular imports. Besides, it causes uncertainty and introduces an element of speculation resulting in wide price fluctuations. Instead, the Government would be well advised to grant incentives to actual exporters and not solely and largely to manufacturers as is being done at present. It is the exporters who have contacts, take risk and sell for export; and, unless they get due incentives, there is no inducement for them to boost exports. Besides, it is a known fact that manufacturers do not pass on the incentive advantage by reducing the price proportionately. Their interest in export trade is that of an opportunist. They withdraw from it whenever the local market is more remunerative. In fact, they do not take pains to promote exports.

The proposed change in the incentive scheme will go a long way towards achieving the object of boosting exports.

8. Transfer of Export Promotion Licences, upto one stage, should be permitted, in order to facilitate and regularise imports of small quantities economically under the scheme.

9. Bilateral Trade Agreements should be concluded with different countries in order to develop trade with them. A comprehensive study of the products of different countries, particularly of the underdeveloped ones, should be undertaken, so that the products which India needs could be imported against those which they require and we can export.

10. The pattern, composition and distribution of trade and industry are undergoing vast changes throughout the world. We must, therefore, move and march with the times and cater to exports by adjusting ourselves to changed conditions and by adopting progressive methods of sale-techniques. Both the manufacturers and exporters should send out their representatives abroad frequently to established, as well as new, markets actually to sell their goods and to assess the modes and methods adopted by competitors in the field. Trade Delegations should also be sent to different countries by rotation to study market conditions and explore fresh avenues for boosting exports.

11. India should participate in international exhibitions and, to ensure concrete results in the shape of orders for goods, there should be a proper follow-up which is sadly lacking today. Permanent exhibition emporia for display of Indian goods should also be opened in countries which are potential markets for Indian goods.

12. The Commercial Attaches and Trade Commissioners appointed abroad should be very competent and up-to-date with a good economic background. They should be given special training in international trade and commerce before they are posted abroad. A complete overhaul of the present set-up and appointments is, therefore, called for. Adequate and competent staff may also be provided to cope with increasing volume of work. Fresh appointments should be made in the newly independent countries which are potential markets for developing our trade with them.

In Australia, not only are the appointees trained in foreign languages and associated with the work of export drive but the support and assistance of private enterprise is sought to provide specialised training suited to the needs of their posts. It is a policy worth emulating.

13. From past experience, it is evident that the Rupee Payment agreements have not actually either promoted exports or saved foreign exchange as expected. The general experience is that there have been irregular imports and the prices paid thereon generally high due to absence of competition. On the export front, the re-sale of Indian goods at lower prices in India's traditional markets have disrupted India's regular export trade with those countries. These methods and tactics have done harm and damaged the country's regular foreign trade. In the light of these facts, the Government would be well advised to review and revise these agreements by providing suitable safeguards.

14. Intensive and intelligent propaganda campaign should be launched throughout the country to foster export-consciousness and a spirit of sacrifice through austerity. The people should be impressed how exports are indispensable for the economic development of the country and for the fulfilment of the third Five-year Plan. Radio, cinema, posters, postage stamps, etc., may be used as vehicles for this purpose.

15. To promote export of light engineering goods for which there is a growing and potential market in foreign countries, it is imperative for manufacturers to advertise their products, issue catalogues in the language of the country where they are exported and maintain after-sales service.

16. The Export Risks Insurance Corporation should streamline and make their credit guarantee schemes effective by increasing their scope and reducing the premium rates.

17. To make the Export Advisory Council meetings more effective, it is desirable to turn them into a forum for constructive discussion and practical solution of problems and difficulties. The discussions may be held in groups separately allocating more time. The existing constitution and composition of the Council may accordingly be revised.

Technical Men

18. While there should be rapid modernisation of the existing industries, top priority and encouragement should be accorded for starting export industries. At the same time, in order to run the industries efficiently and competently, a large cadre of technical men should be trained.

19. Unless power and transport are adequately provided in the third Plan, the progress of any scheme of industrialisation is bound to be hindered and retarded by lack of these facilities.

20. From both political and economic points of view, it would be expedient if Indian industrialists participated in the industrialisation of underdeveloped countries even in a small way to foster goodwill and trade relations which form the basis for promoting foreign trade. It would further provide markets for selling Indian machinery and earn precious foreign exchange when the profits of those industries are remitted to India. It would be also politic for Indians residing in foreign countries to start small and large-scale industries.

To conclude this article. Although the road of export promotion that leads to the promised land of plenty and prosperity lies through difficult terrain and is littered with formidable obstacles, the journey has got to be undertaken. In order to travel through it successfully, proper tempo and right spirit have to be generated, all our ingenuity and resourcefulness have to be pressed into action with a sense of duty and steadfastness of purpose, and the incentive schemes and measures have to be reviewed and revised from time to time to keep pace with the changing conditions. In fine, the real export promotion work has got to be done in India.

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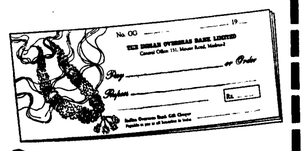

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NEW PUBLICATIONS

Company Law in India (Principles and Practice), by Dr. K. B. Rohatgi, First Edition (1961). Published by Metropolitan Book Co. Private Ltd., 1 Faiz Bazar, Delhi. Pages: 870. Price: Rs. 25.

COMPANY Law in India has undergone a thorough change in the last 14 years. The report of the Bhabha Committee formed the basis of the Companies Act 1956. The said report had taken almost all the suggestions made by the Company Law Amendment Committee of England, headed by Cohen and by whose name the report came to be known. The Committee had also studied the amendments made in the English Act as a result of the Cohen Committee Report. The 1956 Indian Companies Act completely revised the 1913 Act regulating company promotion and management. The said Act further introduced stringent provisions regarding submissions of various informations to the Registrar, failure of which meant prosecution and penalties. To a certain extent the Companies Act became an independent penal code in respect of company offences.

Within the period of one year the Government found that the elaborately amended Act was weak in certain respects and that advantage was being taken by people of the loopholes. It, therefore appointed Mr. A. V. Viswanatha Sastri, a former Judge of the Madras High Court and the former Chairman of the Income-tax Investigation Commission, to study the entire aspect and suggest further amendments. This report is known as the Sastri Committee Report. As a result of the said report the Government further amended the Companies Act.

The amendments mostly relate to prohibition of appointing more than one of the following categories of managerial personnel, namely, managing director, managing agent, secretaries and treasurers, and manager; Government's power to direct special audit; seizure of documents of the companies by the Registrars; when a private company is deemed to be a public company; conversion of a public limited company into a private company; restrictions on the power of companies to contribute to political parties; and penalty where no penalty has been prescribed elsewhere in the Act.

These amendments have been properly studied and a lecture-type commentary has been written by Dr. Rohatgi on the entire Company Law. This book is bound to be useful to businessmen, shareholders, and students, especially those doing research on company law. Almost all important case law on the subject has been included. The book in addition contains detailed notes on certain provisions applicable to private companies, registers, books and documents to be kept by companies, matters relating to approval of the Central Government, forms, and the Companies Act 1956. The book also contains notifications and Rules under the enactment and thus enhances its utility. It is, by any standard, a good book.

The Economics of Small-scale Industries—A Case Study of Small-scale Industrial Establishments of Moradabad, by Dr. Baljit Singh. Asia Publishing House, Bombay. Pages: 144. Price: Rs. 12.

The Research Programmes Committee of the Planning Commission initiated a series of investigations of small-scale industries in the country to study their capital-intensity and one such study was the survey of small-scale industries in Moradabad. The field survey conducted in 1954-55 must have certainly helped the planners in formulating their policies, but the results published in 1961 for the general public reduces the document to merely one of statistical importance. Moradabad is significant in so far as 3,800 establishments existed in the city alone, employing nearly 15,000 workers; of the units, 70 per cent belonged to the group of metal industries and employed 77 per cent of the workers. The Lucknow University, under the direction of Dr. Baljit Singh, undertook the survey and the analysis as given in the 41 tables published in the volume out of more than 200 tables prepared, indicate the care bestowed. The field investigation consisted of (1) a census of all small-scale establishments in the town, (2) an intensive survey of sample units and (3) sample survey of dealers and traders.

The survey points out, it is interesting to note, that if optimum investment is defined as that size at which gross output per unit of capital is the largest, the optimum does not lie in the smallest size with an average employment of 2-4 workers per day; more often than not it is reached with an enterprise employing 5-9 workers. Further the capital intensity in the sense of unit of capital employed is not the lowest in the smallest size of establishments. Thus the superiority and economy of the small-scale sector does not lie in the smallest and uneconomic size of establishment but is often to be found in enterprises working with 5 to 10 workers.

The report has been conveniently arranged in eleven chapters. The brassware industry which forms the nucleus of the study has been specifically dealt with. The student of economics will be particularly interested in the last two chapters dealing with the problem of marketing and credit and the conditions of stagnation and depression in the industry. The reasons for the units working at less than full capacity are mainly inadequacy of demand and lack of finance. The suggested improvements, fourteen in number, may read as so many repetitions from other studies, but since these are the real problems faced by the small-scale industry, bear recounting. Since the survey was completed, several measures, both on the technical side as well as in regard to finance, have been initiated in the country. A fresh assessment may be really helpful at this stage.

The Eastern Economist Annual Number 1962 and India in 1961. Edited by E. P. W. da Costa. Published by the Eastern Economist Ltd., United Commercial Bank Building, Parliament Street, New Delhi. Pages: 254. Price: Rs. 10.

The latest Annual Number of *The Eastern Economist* is entitled "India and Europe Divided" and carries the sub-title: "An Essay on Competing Patterns of Development." A stimulating thinker in his own right, Mr. da Costa has sought to expose, in the nine-page politico-economic prologue of this Annual, the hollowness of "forms," smashing quite a few "icons" cherished in either part of Europe. But "forms" and "systems," whether they be of politics and economics or of religion and social organisation, continue to have some utility and it is, therefore, arguable whether one can go to the bitter end, thoroughly exposing their hollowness. Not, indeed, that Mr. da Costa has indulged in any such nihilistic intellectual exercises. Far from it, for he has stopped discreetly at a safe point—safe alike to the iconoclast and the reader. His obvious purpose is to provoke further thinking in India, as is his wont, and that is admirably served by the following passage, for instance:

"Indian conceptions in regard to the vitality of the two systems, represented by the blocs in Europe, are often basically mistaken. Both Capitalism and Socialism have ceased to have the theoretical form which they were given by their preceptors, Adam Smith and Alfred Marshall, on the one side, and Karl Marx or Lenin, on the other. Capitalism is vigorous on its own account and now maintains a constantly rising standard of living of the 'proletariat.' Under the Welfare State it is helping to abolish even the class struggle. It can survive without colonies and, indeed, is presently surviving on its own affluence. Socialism, for more reasons than one, is no longer the monolithic State driving private enterprise and the free forces of the market out of existence. It continues to borrow tools and 'incentives' from the capitalistic world. In the last analysis, both Western and Eastern Europe rest upon affluence created by technology, scientific management and markets. There is less power in 'systems' of thought than ever before."

The economic expansion witnessed in both the wings of Europe during the last decade has lent support to the above conclusion. Part B of the Annual, with its abundant statistical data, provides a comparative study of economic development in Western and Eastern Europe. The Annual contains, as usual, reviews of progress in different sectors of the Indian economy in 1961 and strikes the moderately optimistic note that, so long as the strain is taken on the foreign exchange front, the internal buoyancy of the economy will carry it over without serious mishap. There is here an underestimation of the effects of crucial shortages of essentials for maintaining the pace of industrial growth necessary to reach the third Plan targets.

The Principles and Practice of Co-operative Audit, by O. R. Krishnaswami. Maraimalai Publishing House, Madras-13. Pages: 282. Price: Rs. 5.50.

The Co-operative Movement in the country has been given a tremendous boost in the last few years and one of the effective steps taken to ensure quality, along with the increase in the size and number, is to organise training institutions all over the country to impart instruction in the philosophy of co-operation and in the mechanics of organisation and administration. These specialised institutions which number over 80 for different categories of personnel, have suffered from lack of suitable text-books; though good text-books are otherwise available on subjects like Book-keeping, Auditing, Rural Economics, etc., they do not provide for the specialised requirements of co-operative institutions which have their own peculiar features. The author has attempted to provide one such text-book on the *Principles and Practice of Co-operative Audit*. In Part I he has dealt with, in detail, the general audit and in Part II he has brought out the important aspects of co-operative audit, the distinction between co-operative and commercial audit and several guiding points for the auditors in the co-operative field. Audit of co-operatives is largely a statutory function of the Registrar of Co-operative Societies and, therefore, carried out by departmental personnel. They are guided by the circulars and instructions which have a large bearing on the co-operative legislation in the State. As Mr. J. C. Ryan in the Foreword points out, the author has based the portion relating to co-operative audit on the provisions of the Acts, Rules and By-laws in force in the Madras State and the instructions issued by the Registrar of Co-operative Societies. As rightly pointed out by him, this text-book will, therefore, serve as a guide to the societies and staff in the Madras State. At the same time, taking into account the stage of co-operative development in other States, these principles and practices indicated should be of considerable guidance to their staff too. The author has dealt with the subject quite ably, thanks to his experience both as an auditor and as a teacher in the co-operative training institution.

Your Guide to Industrial Law, by James Mackil, Assistant Secretary, Association of Planters of Kerala, Kottayam-4 (Kerala State). Pages: 250. Price: Rs. 12.50.

Industrial law includes the various enactments dealing with employers and employees and their conditions of service and other matters related to them. These enactments have been made by the Union and State Governments. There are very few good books on the subject, and still fewer ones dealing with the day-to-day problems of employers and employees.

The trade unions, like the I.N.T.U.C. in our country, have published some pamphlets to guide individuals and trade unions. However, on the employers side, not many books have been published. James Mackil's book, *Your Guide to Industrial Law*, fulfils this need. It is a book that every employer should possess.

This book is the outcome of the practical knowledge gained by the author as a lawyer and as the Assistant Secretary of the Association of Planters of Kerala. In his foreword, the Hon'ble Mr. T. K. Joseph, Judge of the High Court of Kerala, says: "The author has made it easy for a layman to grasp the law on almost all aspects of labour legislation in the country. The book discloses deep study by one familiar with the practical application of the law on the subject."

The book deals with several topics in the form of questions and answers. The questions deal with how to draft a show cause notice, how to serve a show cause notice, formalities to be adopted in an enquiry, the method of recording the enquiry, selecting delinquent workers for disciplinary action, lock-out, strike, gratuity and the problems relating to it, etc. There are about 227 issues thus answered. All these answers are based on decided case law. The author has based his answers or opinions on the judgments of the Supreme Court of India, various High Courts, Tribunals and Courts.

The book will be found very useful to all managements, big or small, labour and welfare officers, lawyers, trade unions and others interested in industrial matters.

Capital: Annual Review of Trade, Commerce and Industry, 1961. Edited by George Barrell. Published by W. H. Targett & Co., Ltd., 5 Mission Row, Calcutta. Pages: 164. Price: Rs. 5.

Capital's annual numbers have always been notable for the articles contributed by authorities in different fields. The latest annual number maintains this reputation. The very first article in it is by Sir Theodore Gregory who highlights "the curious mixture

of ideology and pragmatism in the third Plan document" and questions some of that Plan's financial assumptions. Mr. G. D. Birla, in his article, discusses the factors retarding Indian exports and pleads for a review of official incentives. Mr. Geoffrey Tyson, a former Editor of *Capital*, brings out the continuing value of London as a base for Indian business operations in Europe. Here is some thought for the growing number of businessmen in this country who think that, in the new economic set-up emerging in Western Europe, Brussels or Frankfurt offers a better base than London for establishing and developing new contacts on the Continent. In his long article, Dr. P. S. Lokanathan, Director-General of National Council of Applied Economic Research, spotlights the defects in Plan models in the context of statistical deficiencies and urges the use of resources budgeting. How capitalism, without colonies, is meeting the Communist challenge is the theme of a thought-provoking article by Mr. Neil McInnes, another former Editor of *Capital* Mr. G. L. Mehta's article on the role of Indian Investment Centre, Mr. M. R. Masani's on road transport and Prof. B. R. Shenoy's on deficit financing in the third Plan are also noteworthy among the other contributions. The reviews of developments in such industries as jute, tea, cotton textiles, sugar and coal are quite authoritative. In all, there are 35 articles and reviews in the Annual on subjects of current importance, and these constitute a rich and varied fare.

Far Eastern Economic Review 1962 Yearbook. Editor: Dick Wilson, 209, Windsor House, Hongkong. Distributors in India: Wheelers Distributors Private Ltd., Eruchshaw Building, 249, Dr. Dadabhai Naoroji Road, Fort, Bombay 1. Pages: 224. Price: Not mentioned.

This *Yearbook* comprehensively highlights the economic trends in the East and South Asian region during the calendar year 1961 and the prospects for the current year against the background of important political and social changes. The *Yearbook* begins with an interesting review of plans, population and prices in the region as a whole by the Editor. There are separate reviews of each of the 128 countries or territories. All except a few minor ones are divided into seven standard sections—politics, economy, finance, trade, agriculture, industry, and power and transport. The first section covers all major non-economic developments, embracing foreign policy and international events, as well as social landmarks and such strictly political matters as elections and Government changes. The second section gives a bird's eye-view of economic trends. It is also the section in which the countries' long-term plans and the larger objectives of their economic policies are normally treated. In every case, the information is illustrated, where appropriate, by tables, charts and pictures. An attempt has been made to set out some recent figures of China's trade from the statistics of partner countries. Also included in the *Yearbook* are monthly economic indicator tables for each country or territory.

A.I.C.C. Economic Review—Patna Congress (1962) Number. Chief Editor: Sadiq Ali and Editor: Hartirath Singh. Published by the Economic and Political Research Department, All-India Congress Committee, 7, Jantar Mantar Road, New Delhi. Pages: 224.

This Special Number of the *A.I.C.C. Economic Review*, like its predecessors published at the time of Congress Sessions, contains an impressive collection of articles by eminent professors in India and abroad as well as by newer and younger writers. There are in all 42 articles, many of which are in the nature of research contributions on a variety of subjects. Particular mention may be made of the articles by Prof. P. R. Brahmanand ("Savings and Capital Formation in the Indian Economy"), Prof. Shyam Nandan Sinha ("Price Policy in Public Undertakings"), Shriman Narayan ("Role of Education in the third Plan"), W. Mellor ("Increasing Production in Indian Agriculture") and J. B. Condliffe ("The Location Problem"). The Special Number has a certain research and academic flavour. This is in keeping not only with the tradition of the A.I.C.C. Research Department but also with the need to discuss the problems of India's mixed economy—problems which are puzzling to orthodox economic theorists.

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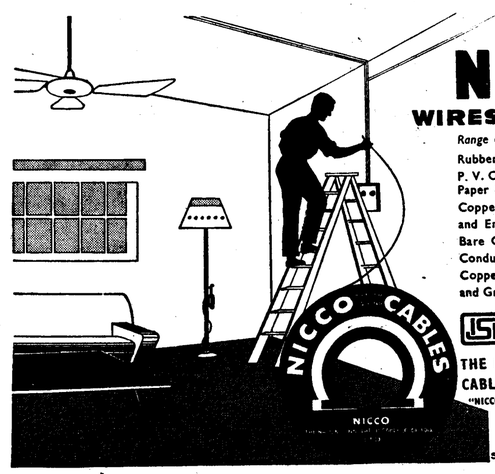

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TRENDS IN REAL AND MONEY WAGES

FINDINGS OF LABOUR BUREAU

NO comprehensive and authoritative survey has been made of recent trends in real and money wages in Indian industry as a whole; at present information on the subject can be gleaned only from the reports of various Wage Boards set up for the cotton, jute, cement, sugar and plantation industries and the Board for the iron and steel industry will add to it. Besides wages determined on the principles of minimum and fair wages as interpreted by these bodies, collective bargaining, conciliation and adjudication have helped to increase remuneration for labour, especially through bonus payments which cannot be excluded from calculations of the real benefits to workers. The annual *Economic Survey* does not attempt to indicate, much less measure, these trends and their effects on the economic situation; it only takes note of employment figures. The Census of Manufactures gives the size of the wage bill in relation to the numbers employed in each industry and for the organised sector as a whole, but, unless these data are further processed, no useful conclusions can be drawn from them. The Reserve Bank's periodical analysis of the finances of 1,001 joint-stock companies throw some light on the size of the wage payments and total cost of amenities from year to year, but how much of the increase is due to larger numbers of workers or to additions to the remuneration to each worker will not be clear from these figures. For example, salaries and wages rose by Rs. 17.6 crores in 1957 (6.8 per cent), 12.1 crores in 1958 (4.4 per cent) and 24.2 crores in 1959 (8.4 per cent). Employees' welfare expenses increased from a total of Rs. 24.5 crores in 1957 to Rs. 26.6 crores in 1958 and Rs. 29.2 crores in 1959. The trend in the sectors not covered by the Reserve Bank surveys could not have been very different. To what extent the increase per worker has been justified by increasing productivity or neutralised by rising cost of living are other issues requiring investigation.

The third Plan does not contain any assessment of the progress made so far as a result of the provisions for fixation and revision of wage rates except to say that they have not proved effective in many cases. The Bonus Commission may, however, have something to say on the rewards obtained by industrial labour in recent years.

Meanwhile, in an article in the current issue of the *Labour Journal* the Labour Bureau, Simla, has made an attempt to examine the movement of minimum wages in India during the Plan periods "to find out how the workers in the organised and unorganised sectors have fared in the employment market." After pointing out that there has been no direct legislation for wage fixation and that wages and allowances have been the subject-matter of adjudication, the article states: "It appears from the analysis of awards and agreements that there was no significant movement in the total emoluments received by workers in most of the major industries. The dearness allowance showed, however, fluctuations as they were in most cases, linked directly with the cost of living index number."

While the basic wage did not show any significant upward movement (except to the extent to which some wage board awards recently provided for merger of a part of dearness allowance in wages), D.A. varied from 50 per cent of emoluments in the sugar industry to 76 per cent in cotton textiles. In Bombay, total emoluments in cotton textiles increased by 34 per cent, or one-third, between 1951 and 1959. Larger increases recorded are comparatively insignificant, since they relate to areas where an industry was not having an important position—like jute in Andhra (100 per cent) and sugar in West Bengal (34 per cent). There was a fall in the level of wages in the cotton textile industry everywhere in 1954 and 1955, but otherwise it has risen in all centres as compared with 1951, except in Sholapur which has recorded a fall of 19 per cent in 1959 as compared with 1951. A major development was the Central Wage Board's recommendation that three-fourths of the D.A. in the first half of 1959 should be merged with basic wage and that the rest should remain linked to the cost of living.

In the jute industry, there has been a 6 per cent increase in total emoluments in West Bengal (where it is concentrated), as a result of three tribunal awards in 1948, 1951 and 1955. In the coal industry, the award of the All-India Tribunal raised total daily wages from Re. 1.25 in 1947 in Bengal and Bihar to Rs. 2.62 in 1967—an increase of 110 per cent. In the engineering industry, the Fifth Industrial tribunal increased wages of unskilled workers by Rs. 10 in 1958, an increase of about 16 per cent. In the sugar industry, the increase is of the order of 5 per cent in U.P. and 7 per cent in Bihar by 1959. Gold mining in Mysore and mineral oil in Assam are two purely local industries for which figures are given. Over a wide range of other organised industries, the survey has not attempted to measure the changes.

In the unorganised sector, over which State Governments have the main responsibility for implementation of a minimum wage policy, measures have been taken to extend area-wise and occupation-wise the statutory provisions but the results of enforcement are not impressive. It is stated that, in Andhra Pradesh, there has been no upward movement except in the case of oil mill workers. In Assam, plantation workers received nearly 89 per cent more at the end of the last decade than at the beginning. For Madras, the review has this to say: "The trends in Madras reveal a rise in the minimum up to 83 per cent to bring, on the one hand, the minimum wages in the various employments on a uniform level and, on the other, to maintain the differentials more or less at the same level between the rural industries and some of the mechanised industries like tanneries and transport... The trends thus show an attempt effectively to implement the Act in employments for which the wages were originally fixed in earlier years of the first Plan period."

In the case of Uttar Pradesh, "the situation observed is singular... the quantum of wage fixed has shown no improvement." The character of the minimum wage fixed there is said to be indicative of a desire on the part of the State authorities not to get involved in the complications of fixation and implementation. While West Bengal shows a pattern similar to that of Madras, with certain exceptions and a lower rate of increase, Mysore, Orissa and Rajasthan have nothing substantial to show. They all seem to have begun late and in a limited way. This is, perhaps, disheartening to those who expected quick results through legislation—like the Labour Bureau—but State Governments who are in earnest about industrial development in their own areas have probably remained unwilling to take risks and, except in cases of obvious incompetence, their attitude may represent a triumph of commonsense over doctrine.

CONFERENCE ON RURAL UNEMPLOYMENT

The first of the three regional conferences to deal with rural unemployment and underemployment in the context of the rural works programme proposed in the third Plan for agricultural lean seasons was held in New Delhi this week.

The conference was attended by representatives from Punjab, Jammu and Kashmir, Himachal Pradesh, Rajasthan, Madhya Pradesh, Gujarat and Uttar Pradesh to review the experience gained of projects started during the last lean season and draw up the programme for 1962-63 for these States.

The second conference to be held at Calcutta beginning on 2nd February will discuss the programme in respect of Assam, West Bengal, Orissa, Bihar, Tripura and Manipur while the conference at Hyderabad will discuss the programme of Madras, Kerala, Maharashtra, Mysore and Andhra Pradesh. All these conferences will be attended by representatives of the Planning Commission and of the Ministries of Food and Agriculture, Community Development and Cooperation and Labour and Employment.

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in publication only confirms such suspicions. Though the Scheme was launched as early as 1949, the authorities have been taking shelter under the plea of teething troubles to explain all shortcomings. The result is that the Corporation had no spur to efficiency; its dependence on State Governments gave it a further excuse for its poor performance. When the new parliamentary committee on State undertakings is set up, the Corporation may come under its purview, provided, of course, no attempt is made again, to exclude it from its scrutiny.

EMPLOYEES' STATE INSURANCE

WHAT HAS HAPPENED TO DR. MUDALIAR'S REPORT?

THE recent doubling of the rate of employers' special contribution towards the Employees' State Insurance scheme from 1¼ per cent to 2½ per cent is to take effect from the next financial year and is expected to bring in additional revenue to the Corporation of Rs. 343 lakhs. What it signifies can only be understood in the context of the growth in the activities of the Corporation since its establishment. The Corporation is now a ten-crore enterprise; its receipts in the current year have passed that mark and its total investments now amount to Rs. 20.46 crores. Though conducting operations on this scale, the Corporation has not, perhaps, attracted enough public attention. It now covers about 1.7 million industrial employees all over the country and proposes to extend its benefits to another 700,000 in the course of the next year. Gradually, the Corporation has been extending medical care to the families of employees covered by it; from 573,000 family units eligible for such care at the end of March 1961, the number is expected to increase to 1,522,000 family units. This is the major reason for, the deficit expected next year on the basis of the existing level of contributions, though an increasing incidence of sickness is also cited as an additional reason. At present, the scheme does not operate in Gujarat and Jammu and Kashmir but a beginning will be made in the former, with Ahmedabad, in 1963.

The increase in the employers' contribution now announced was not unexpected. In December 1956, the Central Government issued a notification indicating its intention to raise employers' special contribution from 1¼ per cent to 3½ per cent of the total wage bill in the implemented areas and from ¾ per cent to 1¾ per cent in the non-implemented areas. This is the first time that the actual increase will be notified for the implemented areas alone, following the unanimous recommendation of a special sub-committee (on which employers also were represented), to that effect; the committee had also suggested that the question of further revision be reviewed annually. It did not recommend any increase in the non-implemented areas. This surcharge will avoid the need to draw upon its investments in the next year, except to the extent of Rs. 127 lakhs, depending on rate of implementation of the extension schemes. The employees' contribution remains at about 2½ per cent of the wage.

The E.S.I. scheme depends for the administration of medical benefits on State Governments; the Corporation is paying only the cash benefits directly. For the provision of medical care which is the State Governments' responsibility, the Corporation advances to them money for capital construction on hospitals, etc., and shares current expenditure on maintenance at ¼ when medical benefits are extended to families and at ¾ when not so extended. The Corporation disbursed a sum of Rs. 347 lakhs by way of cash benefits in 1960-61 and reimbursed State Governments for their running expenses of hospitals to the sum of Rs. 249 lakhs. The rate of sickness benefit paid per employee has been steadily rising in recent years and it varies considerably from State to State, depending on the frequency of sickness and its duration. Apart from endemic and epidemic diseases in each area, there is also the question how far certification is liberal or restrictive.

The best investment for the funds of the Corporation will be in hospitals; reservation of beds in existing hospitals does not provide adequate facilities for the insured and deprives the rest of the public of facilities to which it is entitled. But the Corporation is still far from its goal of establishing hospitals exclusively for all insured persons. The Mahatma Gandhi Memorial Hospital in Parel, Bombay, which is expected to open shortly, is the largest of the existing ones, with 300 beds and plans for addition of another 300 in the course of the year. Another hospital has been completed in Bangalore and two others, one at Madras and another at Kanpur, will be soon ready. But the Corporation has much to do to simplify and rationalise its procedures; little is known of the report of Dr. A. L. Mudaliar who was appointed to enquire fully into the working of the scheme. There have been reports to the effect that it is highly critical of the present system of administration of the benefits and the failure

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THE CONTINUING COAL CRISIS

REMEDIAL MEASURES NEEDED ON THE PRODUCTION FRONT

IT was estimated in the latest Annual Number of *Commerce* that coal production in 1961 would be no more than 56.4 million tonnes. This estimate, based on the January-September 1961 figures, does not seem to have been wide of the mark, for the figure of coal output for October 1961 (4.29 million tonnes), just available, reflects a fall, as compared with 4.59 million tonnes in the preceding month. The most disquieting trend in the last year was the steep decline in the monthly rate of coal raisings from the peak of 5.52 million tonnes in March 1961 to the level of 4.16-4.60 million tonnes. The rate of monthly production since April 1961 has been practically the same as that in the comparable period of 1960, whereas it ought to have been higher by about a third or 1.5 million tonnes so as to conform to the planned rate of progress under the third Plan. Judging by the trend of production since April 1961, it looks as though the coal industry's performance in the first year (April 1961-March 1962) of the third Plan will be virtually the same as that in the last year of the second Plan. The current coal shortage which is affecting industrial production in several parts of the country is thus the result not only of transport bottlenecks but of the lower rate of production.

The bottlenecks in rail transport have, of course, been very much there for the past one year. Several instances of underutilisation of industrial capacities in the wake of coal shortages caused by movement difficulties have been reported from time to time in the Press. Some of the latest instances of coal shortages affecting production are provided by the industries in Jamshedpur and Calcutta, both of which are close to coal-producing areas, not to mention Ahmedabad, a distant centre of consumption, where only the closure notice of cotton mills could force the railways to sit up and take some emergency measures for rushing coal supplies. In Jamshedpur, three major industrial enterprises have been hit by the coal shortage. The Wire Rod Mill of Indian Steel Wire Products in that industrial city has been shut down since 15th January last for want of coal. It may be recalled that the same mill was closed for two weeks each in November and December last for the same reason, resulting in a total loss of 4,000 tons in production of different categories of wire and wire products. The number of wagons supplying coal to the mill dropped from an average monthly requirement of 90 to 46 in December. Secondly, the Tinplate Company in Jamshedpur has had to resort to transport of coal by road, and this has meant an increase in cost from Rs. 10 per ton to Rs. 25. And the T.I.S.Co. for its part, has been forced to draw about 10,000 tons of coal from the reserve stock since October to make up for shortfalls in supply.

Transport Bottlenecks

In Calcutta, medium and small-scale industries have again been facing a crisis because of scanty supply of coal in recent weeks. Even the limited supplies of coal now available are stated to be of inferior quality. According to the Howrah Manufacturers' Association, the coke or coal supplied from the dumps contain dust, rubble and sweepings and the proportion of dust is found to be as high as 30 per cent sometimes. Moreover, the total coal requirements of member-firms are satisfied only to the extent of 50 per cent quite often. All these hurdles, according to the Association, may cause the closure of many firms temporarily.

In so far as transport bottlenecks are partly responsible for the present plight of coal consumers, the Union Government is reported to be considering some measures to alleviate, if not wholly remedy, the critical situation. The Railway Board, for instance, is reported to have agreed to provide daily 6,925 wagons for coal loading, as against its present target of 6,535 wagons. It is even stated that the Board is thinking in terms of raising the daily number of coal wagons to 7,271 before the end of this year. Whether the Board will be able to implement its intentions is, however, not quite certain, if past experience is any guide. Another step which the Government is reported to be considering is related to the facilities required for accelerating the pace of coal transport by road. Already, a Working Group in the Planning Commission has been charged with the task of examining the question in the light of existing conditions pertaining to roads and bridges and of the availability of trucks and diesel oils. The Government is also stated to be agreeable now to moving coal in block rakes and half rakes for the use of big industrial consumers who have their own siding facilities.

On the production side of coal industry, there are several factors responsible for the lower rate of raisings. There is, firstly, the power shortage. It has been estimated by the coal industry that its additional requirement of power would be 21 M.W. from the D.V.C. source. But the Government has disappointed the industry, for it has proposed to utilise the additional power generated by the D.V.C. for meeting the needs of such bulk consumers as the Calcutta Electric Supply Corporation, the Bihar Government, etc. It is feared that, if the coal industry's power requirements are not fully met, output will be reduced and expansion curbed, for rationing of power will restrict the use of modern machinery. If less coal is thus produced, its supply to thermal power stations will be affected, and there will thus be less power for industries, including coal. All this will be vicious circle. If such a vicious circle is to be overcome, the latest suggestion advanced by Mr. N. Stenhouse, President of the Associated Chambers of Commerce of India, should be seriously considered by the authorities. The suggestion is that a short-term plan of about three years should be drawn up by the Government to solve the threefold problem of transport bottlenecks, coal famine and power scarcity by reallocation of resources as and when necessary.

Study Team Set Up

It is a heartening development that the Government has just set up a team to assess the power needs of coal industry in the third Plan. This team is expected to report within a month from now. It will assess the power requirements, colliery-wise and year-wise, examine the present position in regard to power supply and suggest measures to augment it to meet the future needs, year by year, in the third Plan period. The team is also expected to recommend revised allocations to various consumers of D.V.C. power, keeping in view the requirements of coal mining. The main task of the study team will be to review measures for matching power supply with the programme of increasing coal production in the private and public sectors in various parts of the country. If the team's recommendations are made in time and turn out to be satisfactory and they are implemented in an equally satisfactory and prompt manner, the vicious circle referred to earlier will be broken at least at one point on the production front. The process of eliminating the vicious circle will, however, call for further measures, such as provision of adequate rail transport, supply of explosives, imports of parts and components for coal machinery, upward revision of coal prices (to which industrial consumers are not likely to raise any serious objection), prompt allocation of foreign exchange sanctioned by the World Bank, more scientific coal grading procedures, and so on. If Mr. Stenhouse's suggestion for an energetic three-year plan covering coal production, transport and power finds favour with the authorities, the coal crisis, which has come about both on the production front and on the transport side, may well be brought near a more permanent solution. Dr. B. C. Roy's recent plea that coal raising in the public sector should not be the exclusive responsibility of the National Coal Development Corporation and that the State Governments, too, should have the right to open up virgin areas is hardly relevant in this context, for the current problems facing the coal industry are largely common to both the sectors—public and private—of that industry.

COAL GRADING ENQUIRY COMMITTEE

The Government of India has just set a Committee of experts for examining the procedure for sampling and grading of coal. This step is a sequel to the coal industry's representation that the recent downgrading of collieries by the Coal Board has been unscientific and that it has resulted in a reduction of sales realisations by collieries. The Committee is expected to submit its report within two months.

SAVING METAL AND SPEEDING PRODUCTION

NOTABLE ACHIEVEMENTS BY A BRITISH FIRM

THE annual cost of corrosion in Britain is £600 million, and £4 out of every £10 spent by farmers on machinery replacements is due to damage by rust. Faced by figures like these, the Plus-Gas Company of Britain (1-11 Hay Hill, London S.W.3.), developed their now famous Formula "A" Dismantling Fluid (Rust Remover), a non-acid and harmless liquid which is used throughout industry for freeing seized parts. Its achievements have been spectacular: a colliery company saved £6,000 in one year by using it on rusty scraper chains; an outboard motor was restored to working order after eight years under water and two on a scrap heap. In cold storage plants, Formula "A" is used to free "vilter" flanges, heavily corroded by ammonia; it is the only known chemical which will loosen the blades and casing studs of large turbines without damaging them.

There is also a Formula "B," which is of special value as a coating for stored machinery or components in transit, especially in tropical climates. It forms a tough but elastic film, which does not crack when the coated metals expand with rises in temperature; and, being both harmless and soluble in oil, it need not be removed from oil-immersed moving parts (except plain bearings) on re-assembly. Formula "B" is unaffected by temperatures up to 100°F (38°C) and will penetrate to the heart of a wire rope, or roller driving chain, protecting it inside and out against corrosion.

A few years ago, the discovery of ancient metal implements, remarkably preserved by tannins in the soil surrounding them, suggested a method of halting corrosion which had already begun and led to the development of Plus-Gas Formula "E." This fluid combines with the oxides on corroded metals to form an insoluble tannate film, which halts further corrosion by rendering the metal inert. At the same time, it creates a smooth and burnished surface which bonds well with paints and increases their covering capacity. Furthermore, since Formula "E" is non-acid and non-toxic, it is easier and safer to use (as well as being a good deal cheaper) than phosphate or phosphoric acid anti-corrosion compounds.

And, finally, the new Formula "C" Cutting Oil, whose low surface tension allows it to penetrate the intergranular crevices of metals being machined and also to establish a permanent film of fluid between tool and workpiece. This ensures an exceptionally clean cutting action, while "build-up" on the edge of the cutting tool is greatly reduced. In the precision boring of minute aluminium gear wheels at a factory near London, a tool which was normally re-ground after every 20 operations can now complete more than 200 without re-grinding. In another process, the oil penetrates between small components, stacked in dozens for simultaneous cutting. Wastage in the form of parts damaged during physical separation after machining (formerly up to 50 per cent) is thus avoided.

Formula "C" is equally suitable for the milling, boring, grinding, tapping, turning, hobbing and broaching of stainless or high tensile steels. Machines can be run at higher speeds, while breakdowns and damage to workpieces are reduced. In addition, a film of oil remains on the surface exposed by machining and protects it from the corrosion to which it is specially vulnerable.

AUTOMATION IN BRITISH COAL MINES

Automatic coal mining, with coal being cut and loaded at the face by remote control, may be introduced in the East Midlands, Britain's top coal division. At the most productive colliery, Linby, near Nottingham, a remote-controlled 'walking" roof support machine—an automatic pit-propping device—will be tried out next month at the coal face.

Already, a remote-controlled coal cutter, operated by a radioactive gamma-ray probe, is being tested at New Lount Colliery, Leicestershire, and later this year the two methods will be combined at Britain's first unmanned coal face in a colliery yet to be selected. "Fully automatic remote-controlled mining within five years is not unreasonable," says Mr. Wilfred Miron, Chairman of the East Midlands Division of the National Coal Board. He continues: "It will mean that narrow seams, at present unworkable, can be exploited, and it will mean also a big recruiting drive for skilled technicians."

DEVELOPMENT OF DAIRY INDUSTRY

PROJECTS FOR INCREASING MILK SUPPLY UNDER WAY

THE *per capita* consumption of milk is at a very low level in India, as in other low-income countries. The present average *per capita* consumption of milk, including milk products, is estimated at no more than 4.90 oz. per day, as against 4.76 oz. per day in 1951. Admittedly, this is a very unsatisfactory state of affairs, considering the fact that, for a balanced diet, the minimum requirement of milk is considered to be 10 oz. per head per day. During the third Plan, it is proposed to increase the total availability of milk from about 22 million tons (at the end of second Plan) to 25 million tons. But even at the end of the third Plan, the daily *per capita* consumption of milk is not likely to exceed 5.1 oz. or just half of the minimum nutritional requirement. What is more, there is no uniformity in consumption levels in the various units of the Indian Union, the variation being rather perceptibly wide. The consumption of milk in the Punjab, Rajasthan, and U.P. is at a relatively higher level than in other States.

The major obstacle in the way of the development of dairy industry is the generally low productivity of Indian livestock. According to the Livestock Census of 1956, the total number of cattle was about 159 million and buffaloes 45 million, constituting together a fourth of the world's bovine population. These figures exclude those for sheep (39 million) and goats (55 million). The average milk yield, however, is low, the average per lactation of cows being only 400 lbs. and of buffaloes about 1,100 lbs., as compared with 5,000 lbs. or more in Western countries.

Progress

The dairy industry, however, has made some progress during the last two Plan periods, and is expected to expand further during the third Plan. The major objective of the dairy programme continues to be the development of projects with greater emphasis on expanding milk production in rural areas linked up with plans for the marketing of surplus milk in the urban centres, largely through co-operative societies. The dairy schemes account for an outlay of Rs. 36 crores in the third Plan, as compared with Rs. 17.44 crores in the second Plan and Rs. 7.81 crores in the first Plan. It may be noted here that the actual expenditure in the second Plan fell short of the outlay by about Rs. 5 crores. The growth of the dairy industry in the second Plan was slow, owing to the difficulty in importing plant and machinery for its development. The Plan originally envisaged the establishment of 36 dairy plants for the supply of milk to large consuming centres, 12 rural creameries and seven milk products factories for the utilisation of surplus milk in milk pockets, expansion of 12 dairies, etc. At the end of the second Plan, 28 milk supply schemes were either completed or at various stages of implementation. Only two milk product factories, one at Amritsar and the other at Rajkot, and three rural creameries—one each at Barauni, Aligarh and Junagadh—were being set up, with foreign aid. The other major dairy projects put into operation during the second Plan were two units each for the manufacture of infant milk foods and matted-milk foods and one large-scale unit for sweetened condensed milk. There were 2,257 co-operative milk supply societies and 77 milk supply unions in the country as at the end of 1958-59, the latest period for which data are available.

The programme for the third Plan period is outlined in the third Plan report as follows:

"During the third Plan, two plants, with a capacity of about 900 tons, will start the production of infant milk foods, three units with a total capacity of 5,300 tons per annum will produce condensed milk and one unit will manufacture 470 tons per annum of milk beverages. 55 new milk supply schemes will be taken up in cities, with population exceeding 100,000, and in growing industrial townships. In order to utilise economically the milk available in certain milk pockets where there are no ready markets for the disposal of fluid milk at remunerative price, rural creameries for the production of butter, ghee, cheese and other by-products, such as casein, lactose, milk powder, etc., will be undertaken. It is proposed to establish eight such rural creameries, four milk product factories and two cheese factories for developing the rural milk pockets. Production of balanced rations through the use of various agricultural wastes and by-products, such as wheat and rice brans, bagasse molasses, decorticated cake, etc., can go a long way in making available cheaper feeds for the cattle. It is proposed to establish four cattle feed compounding factories in the close vicinity of large milk supply plants.... In order to give an impetus to dairy programmes, arrangements have to be made for the manufacture of dairy equipment and machinery within the country. Fabrication of dairy equipment, specially for small units, should be encouraged so as to popularise dairying as a local industry in the rural areas. Four firms have already been licensed for the manufacture of dairy equipment. These will start production during the third Plan."

Maharashtra

The Maharashtra State has played a leading role in the establishment of dairy projects, its major show-piece being the Rs. 6-crore Aarey Milk Colony. By the end of the second Plan, the State Government had entered the field of milk distribution in Bombay City, Poona and Nagpur. It is expected to organise such schemes of milk distribution in eight more towns in the State during the third Plan period. The Greater Bombay Milk Scheme continues to be the most important single scheme in this State. Approximately, nine per cent of the total population and 38 per cent of the urban population of the State lives in Greater Bombay. Colonisation of cattle in the old city has been completed, having rehabilitated 16,000 city cattle at the Aarey Milk Colony. About 3,000 maunds of milk is produced daily under control. With the starting of the Milk Colony at Aarey, approximately 176,000 of cattle, valued at Rs. 17.5 crores, have been imported into the city since 1949. The scheme is entirely self-supporting, covering interest, depreciation and all over-head charges. In fact, it yielded a profit of about Rs. 15 lakhs, exclusive of profits on skim milk powder, amounting to Rs. 23.5 lakhs, during 1960-61. Aarey distributes about 5,000 maunds of milk (whole toned and double toned) daily. A second dairy at Worli, with the U.N.I.C.E.F. aid was commissioned last November at a cost of about Rs. 3 crores. With the present dairy equipment installed at the Worli Dairy, the quantity of milk handled is about 3,000 maunds per day and, with the expansion programme to be completed by November 1962, this dairy is expected to handle about 10,000 maunds of milk per day. Thus, between Aarey and Worli Dairies, the Bombay Milk Scheme would be handling about 13,000-15,000 maunds of milk per day, covering almost the entire demand for milk in the City, by November next. There is a further possibility of increasing the handling capacity to about 24,000 maunds a day to meet the eventual increase in city's requirements in terms of whole, toned and double toned milk.

The supply of milk to consumers in the Bombay City is expected to go up still further, when the proposed second milk colony is completed at Vankas in Dahanu taluka, 100 miles from Bombay. It will rehabilitate about 10,000 milching animals, besides giving facilities for the housing of 5,000 dry and 5,000 calves and young-stock. The colony is expected to supply about 2,000 maunds of milk per day which will be chilled at the colony and brought by road tankers to Bombay.

Besides the Greater Bombay Milk Scheme, pilot milk schemes have been put into operation at Poona, Nagpur, Nasik, Kolhapur and Sholapur. They are handling in all about 534 maunds of whole milk and 86 maunds of toned milk per day. Similar schemes are also proposed to be started shortly at Amravati, Aurangabad and Akola. In the course of the next two years, full-fledged dairies, with proper pasteurising and bottling plants on the lines of Aarey and Worli, are expected to be set up at each of the abovementioned places. Another noteworthy feature of the dairy programmes in Maharashtra is the arrangement made for providing training in dairying. A two-year diploma course in dairy technology was started at Aarey from July 1960 onwards. In addition, a three-month regional in-plant training course for technical personnel has also been started at Aarey by the Government of India in collaboration with Denmark and the F.A.O. The fourth course under this arrangement, it may be recalled, was inaugurated by the Prime Minister of Denmark, Mr. Viggo Kampmann, a fortnight ago.

Several major dairy schemes are under way in other States as well. The Kaira Co-operative Milk Union, Anand in Gujerat, continues to supply 1,050 maunds of pasteurised milk daily in rail tankers to the Aarey Colony (Maharashtra), and manufactures large quantities of butter, ghee, condensed milk and skimmed milk powder. The Union's dairy factory has been expanded recently to produce cheese, tinned cream and baby foods. The Gujarat Government has recently set up a statutory Board for the purpose of running its dairy projects. Andhra Pradesh is expected to establish a large dairy project at a cost of Rs. 4 crores. The project will cover about 1,200 sq. miles of the delta region of the State, with Hyderabad and Vijayawada as the terminals. An important project in Madras is the Coimbatore Co-operative Milk Supply Union which has already put up a pasteurisation plant. Another Rs. 30-lakh milk-processing plant is proposed to be put up at Erode, besides a Rs. 41-lakh plant at Madurai. The new dairy at Belgachia (Calcutta) is one of the major plants in West Bengal. The Haringhata dairy which handles about 1,400 maunds of milk and toned milk daily has colonised about 5,000 milch animals. Kerala will have three major pasteurisation plants, one each at Trivandrum, Calicut and Ernakulam. The other State Governments have also on hand several dairy schemes. Most of the schemes have received technical and/or financial help from countries like the U.S., Canada, New Zealand, and the Netherlands, as also such international agencies as the F.A.O. and the U.N.I.C.E.F.

Private Sector

Special mention deserves to be made here of some of the important private sector ventures in the field of dairying. The Food Specialities Ltd., a subsidiary of Nestles, has put up a plant for the manufacture of milk products at Moga in the Punjab at a cost of Rs. 55 lakhs. The plant, which went into production in last October, has an annual capacity of 4,000 tons of condensed milk, 1,000 tons of baby foods and powder milk. Again, the Umrich Cheese and Chemicals Ltd. will establish a cheese factory at Bangalore in collaboration with Denmark. The plant, which is expected to cost Rs. 1 crore, will produce about 300 tonnes of cheese and 171 tonnes of butter annually.

The dairy industry in India is faced with several problems, such as scattered and small-scale milk production, inadequate transport facilities of the right type in most parts of the country, dependence on imported plant and machinery required for milk collection, processing and manufacturing and absence of organised marketing. Perhaps, a still more crucial problem is shortage of technical and skilled personnel. Some efforts, of course, are being made to solve this problem. The National Dairy Research Institute, which has recently been shifted from Bangalore to Karnal (in the Punjab), is being expanded with full-fledged research divisions in dairy husbandry, technology, bacteriology, economics, etc. The Bangalore sub-station of the Institute is also being expanded. The number of dairy personnel required during the third Plan is estimated at 2,830, including 625 degree holders, 975 diploma holders and 1,230 other categories of personnel. In order to meet this increasing demand, it is proposed to increase the facilities for the course in Indian Dairy Diploma at Bangalore, Allahabad, Anand and Aarey and in the B.Sc.(Dairying) at Karnal. Besides, the Agricultural Institute at Anand will be equipped to provide training courses upto the graduate level in dairying. The F.A.O. regional training programmes will also be continued. It is also proposed to organise tutorial workshops for teachers at various dairy training centres along with other refresher courses, for different categories of technical personnel.

STEARIC ACID
(DOUBLE DISTILLED)
Manufactured by
THE MODI VANASPATI MFG. CO.
Maharashtra State Distributors
RAMJILAL LAKHMICHAND
333, Kalbadevi Road, Bombay-2
Phone—Office: 39361 Residence: 88436
Importers, Stockists and Suppliers of:
ALL INDUSTRIAL CHEMICALS

INDO-FRENCH WATCHES

The distinction of being the first watch-manufacturing unit in the country in the private sector goes to Indo-French Time Industries Ltd., Bombay, (Managing Director: Mr. J. H. Parikh). The first batch of watches, assembled by this unit, was released on Saturday last at a function, presided over by Mr. Y. B. Chavan, Chief Minister of Maharashtra. The new watches, styled *Zephyr*, are being sold at a modest price of Rs. 52 each. The Company proposes to introduce in the market full lever watches costing about Rs. 100 each by March next. In the first year, the new plant will manufacture about 90,000 watches. Production is proposed to be stepped up progressively to 300,000 watches by the end of a five-year phased programme. To begin with, activity will be mainly of an assembling nature, using imported components. Later, progressive manufacturing programme will be implemented. In the first year itself, the value of the components manufactured in India, including the cost of labour, will be about 40 per cent of the unit price. It is claimed that, by the end of the next five years, only about five to ten per cent of the value of the watch will represent imported components. The Company has commenced operations in its office in the City, with an initial complement of over 30 skilled workers. But it will soon have a fully air-conditioned factory at Goregaon, an industrial suburb of Bombay. The total capital cost of the project is estimated at Rs. 40 lakhs.

The Company has secured financial and technical collaboration of a French consortium of watch manufacturers, Messrs. S.E.D.I.M. The financial participation of the French consortium is to the extent of 50 per cent. Their contribution will be in the form of complete plant, machinery, tools, dies and other equipments. Besides, the French collaborators will make available to the Indian company complete technical know-how. Two Indian technicians have already been trained in France. Besides, a French engineer has arrived in Bombay to train other personnel. An important feature of the collaboration agreement is that it does not involve the payment of any royalty to the French consortium.

It may be noted here that there is already one public sector unit engaged in assembling and manufacture of watches. This unit, which commenced operations last year, is functioning as an adjunct to the Hindustan Machine Tools, Bangalore, and has secured the collaboration of a Japanese firm, the Citizen Watch Co. In a message of good wishes sent to the Indo-French Time Industries, Mr. Manubhai Shah, Union Minister for Industry, disclosed that so far four schemes (including the existing two units), with a total annual capacity of 1.3 million watches, had been sanctioned by Government. All the units, according to Mr. Shah, have secured foreign collaboration. Their manufacturing programmes are so planned that they will be able to import their machinery at once, and manufacture indigenously practically all the watch components within five years, except hair spring and gems of small value. In addition, six small-scale units have also been established in the country.

Besides watches, India has made notable progress in the other branches of the horological industry as well. The number of clocks produced in India at present is about 75,000 annually. There are five major clock manufacturing units. The striking feature in the production of clocks is that most of the units are producing practically all parts of clocks and are working without any foreign collaboration. In addition to pendulum clocks, electric clocks are also manufactured. One or two firms have undertaken the manufacture of lever type of clocks. Nine schemes for the manufacture of time-pieces with an annual capacity of 950,000 units have been approved. One of them has already started production and their time-pieces are now in the market. One more unit has also started manufacture of components and their products are expected to come in the market shortly. Other schemes are in different stages of implementation. Foreign technical collaboration is obtained by five of the firms, two from Japan, one from Czechoslovakia, one from France and one from Switzerland. In addition, about 12 schemes have been sanctioned for the manufacture of time-pieces in the small-scale sector.

INDIAN OXYGEN'S DIVIDEND WELL COVERED

SALES AND PROFIT HIGHER

NOTWITHSTANDING the limitations arising out of power cuts suffered by some of the major consumers, sales of the diversified line of products of the Indian Oxygen Company Ltd. (Chairman: Sir John Keith Douglas Brown, Calcutta) have continued their upward trend, reaching a level of Rs. 756.58 lakhs, during the year ended 30th September 1961, which is higher by Rs. 111.06 lakhs, or about 17 per cent, than that attained during the preceding year. Improvements in the sale of all products were instrumental in attaining this impressive total. Sales of dissoved acetylene, which were a little disappointing during the previous year, increased quite satisfactorily during the year under review. Spectacular increases were recorded in the sale of argon gas as well, the plant for the production of which went into operation during 1960-61. Substantial increases were also recorded in the sale of gas user equipment, electrodes, electric welding equipment and equipment needed for the administration of medical gases.

A higher turnover has naturally brought about a rise in the gross profit which has improved by Rs. 13.56 lakhs to Rs. 152.51 lakhs. Although this is a fair increase, it must be noted that the pace of growth has been relatively lower. Further, the profit-margin is also lower, the proportion of gross profit to sales being only 20.2 per cent of the sale, as against 21.5 per cent previously. The reason for this decline, in the opinion of the Chairman, lies primarily in an increase in works cost which today is an all too familiar trend throughout the Indian economy. Here is what Sir John Brown has to report to the shareholders in this connection:

"Persistent shortage of power in several regions where the Company operates contributed significantly towards these increased costs. Calcium carbide, which, as stated by me last year, is now procured almost wholly from indigenous sources, continued to give unsatisfactory yields and also remained in short supply, leading to multiple transfers of our stocks between consuming points at heavy additional cost. The result of this was an appreciable increase in the cost of production of dissolved acetylene, which has not been compensated by any increase in selling prices."

Provision for depreciation has increased by Rs. 7.85 lakhs to Rs. 44.96 lakhs but that for taxation has been reduced slightly by Rs. 2.61 lakhs to Rs. 36.25 lakhs. After these essential provisions, there has been a rise of Rs. 8.32 lakhs to Rs. 71.30 lakhs in net profit. This, together with Rs. 13.78 lakhs brought forward from the previous year's account and certain readjustments, such as Rs. 2.50 lakhs received as a refund of tax on profits for an earlier period and Rs. 8.00 lakhs as the amount rendered surplus in the tax provision account on the finalisation of the relative assessments, makes available for appropriation a sum of Rs. 95.58 lakhs. Out of this the Directors have credited Rs. 13.00 lakhs (Rs. 12.00 lakhs) to the statutory development rebate reserve, Rs. 0.52 lakh (Rs. 0.15 lakh) to the fixed asset replacement reserve and Rs. 25.00 lakhs (Rs. 21.00 lakhs) to the general reserves. Figures in brackets represent the transfers effected during the previous year. It will be noted therefrom that the amounts ploughed in are more than those a year ago. From the balance, an ordinary dividend has been proposed at 15 per cent, subject to deduction of tax. Although no change has been recommended in the rate of dividend, it is to be noted that such is payable on an enlarged number of shares and absorbs at Rs. 39.00 lakhs, Rs. 9.00 lakhs more than during the year 1959-60. The carry forward is also substantially higher at Rs. 18.07 lakhs than Rs. 13.78 lakhs brought in.

The above salient features of the operations of the Company during the year under review are presented in the table below with corresponding figures for the previous three years thrown in juxtaposition for the sake of comparison.

The issue of rights shares, which was completed during the year, has raised the issued share capital of the Company, as at 30th September 1961, to Rs. 260.00 lakhs and has also led to the creation of a share premium account, the amount to the credit of which stands at Rs. 48.00 lakhs. Inclusive of this and the amounts transferred during the year, reserves and surplus aggregate Rs. 229.05 lakhs or nearly 88 nP per rupee of the share capital. Loans, secured and unsecured, stand at Rs. 166.83 lakhs and current liabilities at Rs. 274.33 lakhs, giving a total indebtedness to outsiders of Rs. 441.16 lakhs. On the assets side, fixed assets with a book value of Rs. 683.93 lakhs inclusive of Rs. 88.74 lakhs worth of additions during the year, have been depreciated to Rs. 392.71 lakhs and on adding Rs. 82.58 lakhs as cost of capital work in progress, yield a total net block of Rs. 475.29 lakhs. Investments have remained unchanged at Rs. 4.46 lakhs. Current assets, loans and advances total Rs. 451.06 lakhs, the surplus over liabilities being just Rs. 10 lakhs.

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sale proceeds	756.58	645.52	554.18	485.91
Income from other sources ..	1.43	2.13	0.81	0.69
Materials consumed	271.05	217.86	190.76	189.74
Other expenses	334.45	291.33	244.83	203.66
Gross profit	152.51	138.46	119.39	93.19
Provision for—				
Depreciation	44.96	37.11	31.69	24.92
Taxation	36.25	38.86	34.63	30.30
Net profit	71.30	62.98	53.07	37.97
Refunds and write-backs ..	10.50	4.23	..	..
Transfer to reserves	39.52	33.16	19.53	13.20
Dividends	39.00	30.00	30.00	20.00
	(15%)*	(15%)*	(15%)*	(10%)
Carry forward	18.07	13.78	9.73	6.18

* Subject to deduction of tax.

The various developmental and expansion activities initiated a few years ago were continued during the year under report. Efforts, however, were not only confined to increasing the sales of industrial oxygen and dissolved acetylene in cylinders, but the Company continued to make substantial progress on the engineering side of its business as well. This will be clear from the full text of the Chairman's statement published on pages 164 and 165 of our last issue. Suffice it to record here his remarks on the outlook for the Company. These are as follows:

"It is too early in the new financial year to give any firm indication of the likely trend of profits this year. Sales so far compare favourably with the corresponding period in the previous year and, having regard to the continuing development of the metal using industries, we would expect this progress to be maintained. At the same time, we found that, in the second half of our last financial year, our activities were affected by power shortages, and I fear that this is a feature which will, unfortunately, recur for some years yet. We have also to bear in mind the increase in the cost of production to which I have referred earlier in this statement. Nevertheless, we have no reason to fear that our profits will not be maintained and indeed, it would be reasonable to expect some modest increase. At the same time, I must again point out that the extent of our existing foreign exchange liabilities and the prospects of our having, within the next few years, to shoulder further loan liabilities, demand from shareholders the exercise of a degree of patience. Our prosperity is, I would repeat, tied up with the growth of important sectors of the country's expanding industry and I am confident that, organised as we are on the basis of technical competence, service to our customers and personnel who have the welfare of the Company and its growth at heart, our performance in the years ahead will be found not wanting."

The Rs. 10 fully paid share of the Company is currently quoted at Rs. 39.25 *cum-div.* On an *ex-div.* basis, the yield works out to 2.7 per cent, free of tax.

KAISER ALUMINUM DURING 1961

The Kaiser Aluminum and Chemical Corporation has reported an increase in both sales and earnings for the year 1961. The actual net sales aggregated $424,045,000, as compared with $406,574,000 in 1960, and earnings amounted to $24,038.000, as against $22,771,000. The earnings per common share rate from $1.20 in 1960 to $1.27 in 1961. The 1961 sales were the second highest in the history of the Company. The year 1961, according to Mr. D. A. Rhoades, President of the Company, was one of progressive improvement, with activity rising from a low first quarter to a peak level in the fourth quarter. A number of factors contributed to this improvement, including rising domestic shipments of mill fabricated aluminum products and a higher rate of shipments to overseas markets. These factors, together with further cost of reduction effort during the year, helped to offset the mid-year wage increase and the industry price reductions which became effective just prior to the fourth quarter.

DALMIA IRON AND STEEL IMPRESSES

HANDSOME AMOUNT ADDED TO RESERVES

THE judicious policy of modernisation of its existing plant and the use of the latest automatic equipment in the field in future resulting in larger production at lower costs per unit, should richly reward the Dalmia Iron and Steel Limited (Managing Director: Mr. Ghanshyam Kejriwal, Rajgangpur, Orissa). In fact, the Company had made significant all-round progress during the year ended 30th September 1961. During the year, production in tons of grinding media went up from 3,642 to 3,879, of steel castings from 815 to 927 and of spun pipe from 13,755 to 15,207, while sales in value rose from Rs. 41.04 lakhs to Rs. 45.10 lakhs, from Rs. 28.09 lakhs to Rs. 30.83 lakhs and from Rs. 60.26 lakhs to Rs. 67.18 lakhs, respectively. The total sales turnover showed considerable improvement from Rs. 129.39 lakhs to Rs. 143.11 lakhs. But what is more significant is the rise in gross profit from Rs. 19.87 lakhs to Rs. 33.11 lakhs.

This has been due to the economies of large-scale production. The increase in production was attained at a lower total cost of Rs. 112.44 lakhs as compared with Rs. 115.20 lakhs in the previous year. With the rise in production, manufacturing and operational expenses have naturally increased from Rs. 57.48 lakhs to Rs. 62.04 lakhs. But this increase, apart from representing lower costs per unit, is more than offset by a decline in the cost of raw materials from Rs. 57.72 lakhs to Rs. 50.40 lakhs. Consequent upon the better performance of the Company, the Directors have made a higher provision for depreciation of Rs. 10.50 lakhs against Rs. 8.10 lakhs in the previous year and set apart Rs. 1.50 lakh for taxation against *nil* in the past. The net profit shows an increase of roughly Rs. 10 lakhs at Rs. 21.11 lakhs, and the Directors have ploughed back to reserves as much as Rs. 11.50 lakhs, that is, more than 50 per cent of the net profit, as against Rs. 4.25 lakhs a year before. They have also succeeded in maintaining the dividend at 10 per cent, subject to tax, on a capital double the size of that in the previous year.

The following comparative table brings out the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sales proceeds	143.52	129.78	66.14	10.50
Closing stock	40.93	34.19	22.16	8.27
Other income	1.46	0.95	0.33	0.06
Cost of raw materials consumed ..	50.40	57.72	32.74	4.81
Other expenses	62.04	57.48	43.72	11.22
Gross profit	33.11	19.87	3.90	2.80
Provisions for—				
Depreciation	10.50	8.10	7.41	2.51
Taxation	1.50	..	..	..
Net profit (+) or loss (—) ..	+21.11	+11.77	—3.51	+0.29
Transfer to reserves	11.50	4.25	..	0.25
Dividend	8.00 (10%)*	4.00 (10%)*	..	..
Carry forward	1.65	0.04	—3.47	0.04

* Subject to deduction of tax.

While the Company's performance in 1960-61 should impress the investor, the outlook for the Company is bright, in view of the large expansion programme on hand. Considering the considerable gap between the demand and supply of spun pipes in the country, the Company's plant for which went into production in the first week of December 1958, the Directors had decided in 1960 to expand the plant by installing two more spinning machines. In their report accompanying the balance-sheet for the year ended 30th September 1960, they had, however, stated that these two additional centrifugal casting machines could not be obtained by them due to various technical difficulties. They had, however, added that, after reviewing the working of the latest machines of this type abroad, the Managing Director had reported that these machines were capable of giving 200 to 250 per cent more production than the existing ones with less rejection, and that the Company was, therefore, trying to procure the necessary import licences for such equipment to increase its capacity then of 14,400 tons of pipes to 50,000 tons in the first stage. They had also said that the Company was negotiating for technical collaboration and financial participation with the leading spun iron pipe manufacturers in the world to attain the newly licensed annual capacity of 75,600 tons. In their latest report they state that sometime back a team of highly placed executives of one of the largest manufacturers of spun cast iron pipes in the world visited the Company's works and evinced keen interest in their proposal for the collaboration. Negotiations are under way in this regard, and the Managing Director is likely to go abroad soon to negotiate and conclude final terms.

In addition to this project, the Company holds industrial licences to expand the present installed capacity of the grinding media plant from 3,000 tons to 6,000 tons per annum and of steel castings from 1,500 tons to 3,600 tons a year. In this connection, the General Manager of the collaborator, Messrs. Les Fonderies Magotteaux S.A., Belgium, visited the works in November 1961 and has reported that, in its own interests, the Company should further mechanise the existing plant along with the extended capacity in order to reduce the cost of production and streamline the process. The total estimated expenditure on further mechanisation and expansion of the grinding media and steel casting combined, as per this suggestion, is now about Rs. 70 lakhs. The programme would be completed, we are told, within 12 months after the licences to import the necessary machinery are received.

The wage bill from the current year onwards will be higher by Rs. 2.75 lakhs as per the terms of a fresh agreement signed with the labour union.

The Company has tentatively arrived at an arrangement with its Belgian collaborator to export its products of steel castings and grinding media to the neighbouring countries on a commission basis. The foreign firm has agreed to divert a considerable portion of its export inquiries and orders to the Company.

The financial position of the Company is as satisfactory as that of a company with large capital expenditure could be. It will take some time for the Company to build up its reserve position, which stands now at Rs. 17.65 lakhs, to supplement its subscribed and paid-up capital of Rs. 80 lakhs. Its indebtedness to outsiders amounts to Rs. 77.35 lakhs, in addition to a loan of Rs. 39 lakhs from the Industrial Credit and Investment Corporation of India. Against this, current assets, loans and advances total Rs. 115.59 lakhs and investments Rs. 0.12 lakh. The current assets alone aggregate Rs. 111.14 lakhs and safely cover the short-term liabilities. The gross block increased during the year from Rs. 112.18 lakhs to Rs. 125.47 lakhs and has been written down to Rs. 97.54 lakhs. It is shown in the balance-sheet at Rs. 98.30 lakhs, inclusive of the expenses on construction in progress of Rs. 0.76 lakh.

The Rs. 10 fully paid ordinary shares of the Company are being currently quoted on the Bombay Stock Exchange at Rs. 11 *cum-div.* On an *ex-div.* basis and at this rate, they offer a yield of 6.3 per cent per annum, free of tax.

Notice

VOLTAS LIMITED

NOTICE

THE SEVENTH ANNUAL GENERAL MEETing of VOLTAS LIMITED will be held at Bombay House, Bruce Street, Fort, Bombay, on Monday the 26th February 1962, at 4.00 p.m., to transact the following business:

1. To receive and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st August 1961.
2. To sanction the declaration of a dividend.
3. To appoint a Director in place of Mr. J. D. Choksi who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. B. Reinhart who retires by rotation and is eligible for re-appointment.
5. To consider and, if thought fit, to pass the following resolution as Ordinary Resolutions:

"(a) RESOLVED that, subject to the approval of the Central Government being obtained, Mr. S. K. Handoo be and is hereby reappointed with effect from the 1st January 1962 as Managing Director and General Manager for the period and at the remuneration and with the benefits and upon the terms contained in the draft Agreement submitted to this Meeting and for identification signed by the Chairman thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement without increasing the remuneration mentioned therein and in such manner as may be agreed to between the Central Government and the Directors.

(b) RESOLVED that, subject to the approval of the Central Government being obtained, the terms of remuneration of Mr. R. F. S. Talyarkhan, Joint Managing Director and Joint General Manager, as set out in the Agreement dated the 14th May 1959 executed with the Company, be modified and varied with effect from the 1st January 1962 as indicated below:

Basic Salary: Rs. 4,500 per month all other terms of employment remaining unchanged.

(c) RESOLVED that, subject to the approval of the Central Government being obtained, the terms of remuneration of Mr. P. Gregori, Director and Deputy General Manager, be modified and varied with effect from the 1st January 1962 as indicated below:

Basic Salary: Rs. 3,750 per month. (Scale Rs. 3,250-100-4,250.)

Reimbursement of entertainment expenses incurred for business purposes not exceeding Rs. 3,000 per annum,

all other terms of employment remaining unchanged."

6. To consider and, if thought fit, to approve and adopt the Regulations contained in the document to be submitted to the Meeting and for the purpose of identification subscribed by the Chairman thereof, as the Articles of Association of the Company, with such modifications, if any, as may be agreed to at the Meeting and to pass the following resolution as a Special Resolution pursuant to Section 31 of the Companies Act, 1956:

"RESOLVED that the Regulations contained in the document submitted to this Meeting and for the purpose of identification subscribed by the Chairman thereof, be and are hereby approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of the existing Articles thereof."

7. To appoint Auditors and to fix their remuneration.

Notes:

(a) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the Special business under items 5 and 6 set out above are being posted to the Shareholders with the Notice.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

(c) The Transfer Books of the Company will be closed from the 16th January, 1962 to the 5th February, 1962, both days inclusive.

(d) If dividends on shares as recommended by the Directors are passed at the Meeting, the payments will be made to those shareholders whose names are on the Company's Register on the 5th February, 1962. The payments will be made on and after the 5th March, 1962.

By Order of the Board of Directors,
S. K. HANDOO,
Managing Director.

BOMBAY, 12*th December* 1961.

Registered Office:
19, GRAHAM ROAD,
BALLARD ESTATE,
BOMBAY 1.

NEW PRODUCTS AND PROCESSES

Heat Exchanger for Refineries

A COMPLETE "Fin Fan" air cooled heat exchanger, used in refineries and chemical plants to cool hot liquids and gasses passing on to other processes or into storage tanks, will be one of the exhibits shown by a British firm at the Chemical and Petroleum Engineering Exhibition at Olympia, London, from 20th to 30th June. It consists of two bundles of extended surface (finned tubes) 30 ft. (9.14 m.) long which are supported at intervals of not more than 6 ft. (182.88 cm). and give a total cooling surface of 80,000 sq. ft. (7,432.2 sq. m.). They are supported on standard type steel structure. Two fans, each driven by a single speed electric motor coupled to a right angle speed reducer provide forced draught. Steel plenum chambers divided into two compartments ensure even air distribution over the fin tube bundles.

Automatic Glass Tube Plant

One of the most difficult processes in glass making—the continuous production of glass tubing—is being carried out with previously unattained accuracy on a new plant at a factory in Britain, with the aid of automatic temperature control equipment. By means of the automatic control equipment, tubing is manufactured continuously without human intervention at a speed of up to 22 miles per hour. The tubing is hauled off by a tractor mechanism which rotates it five revolutions while it is being pulled past air-cooling vents. Temperatures of the glass melting tank and the tube-making forehearth are held constant to within ½° C. at 1,200° C., which represents a precision of 0.04 per cent. Such closeness of control is vital to obtain the correct viscosity of molten glass and hence a continuous flow of molten tubing from the feeders without it either caving-in or breaking.

Radial Ventilators

Ventilators and blowers, whether they are only a part of a big mechanical equipment or serve for ventilating mine shafts, have become quite indispensable pieces of equipment. An Austrian firm has succeeded in designing and manufacturing radial ventilators with efficiency rates ranging upto 87 per cent (efficiency rates of usual types: 60-68 per cent). The new ventilators have a diameter of the impeller of 50 cm. and more. Carefully designed controls secure optimum efficiency rates over a big range of performance. The new ventilators have, moreover, a very low current consumption. The ventilators are used, among others, for steam boilers, thermo power plants, nuclear power plants, in chemical mining, iron and steel, cement and magnesite industries, etc.

Welding Plastics

Soviet technical institutes in Moscow have collaborated in developing a range of ultrasonic welding machines for plastic materials which can be used both for spot-welding and for pressure-welding. One model, designated the PUT-5A, can make from 15 to 100 spot welds per minute. The inventors claim that one advantage of the technique is that with ultrasonics, energy can be directed to almost any area of a component, making it suitable for working in hard-to-reach spots. Using the machines, various components are being produced such as nylon propellers and vanes, as well as polyethylene tubes 10 mm. in diameter and with a wall thickness of 0.7 mm.

Small Coal Cutter

What is claimed to be the smallest and cheapest coal mining machine yet produced is available from an American company. It is intended for what the Americans call "narrow seams"—18 inches to 8 feet thick. The machine weighs only 200 lbs. and costs $1,095. This makes its use feasible in the one and two-man "pick and shovel" mines. It operates on two horse-power and will undercut a seam to 4½ feet. The machine cuts a line of horizontal holes at the bottom of the exposed coal face. Explosives can then be used to knock down the undercut coal.

Glass Fibres Strengthen Plastics

The great strength of fabrics made of glass fibres "has literally made glass fabrics the backbone of the plastics industry," according to Hess, Goldsmith and Company, a leading American textile manufacturing firm. Some experts estimate that glass fibre as a reinforcing agent has increased the usefulness of plastics 300 per cent. When glass fabrics and plastics are bonded together, they make a material that is stronger than steel and also proof against corrosion. The weight range for a square yard of glass fabric extends from one ounce to two pounds.

2,000 Cans a Minute

The American Can Company, has developed a new machine that can make aluminium or tin-plated steel cans at speeds more than three times that of the machines in general use. The machine uses a new manufacturing principle to turn out cans at speeds up to 2,000 a minute, or 120,000 an hour. This means that in an eight-hour day the machine can produce a total of nearly 1,000,000 cans. The maximum speed on present can-making machines is 600 a minute. The new machine makes cans from a continuous ribbon of metal sheet, forming the ribbon into a tube, welding the sides, and automatically cutting them into proper size.

Quick Copies

A coin-in-the-slot document copying machine for use by the public has been installed in the lobby of a U.S. office building. The user inserts the document to be copied and drops two 25-cent coins in the slot. These set the machine in operation, the original and one copy being produced in 25 seconds. The copier is intended for the use of businessmen who do not have enough work to justify their own office machine.

Heat Resistant Paper from Glass Threads

Production has started in East Germany of an acid resisting, non-inflammable form of paper made entirely of glass threads. These threads, 3 to 6 mms. long and 3/1,000 of a mm. thick, are treated basically like cellulose in a paper-making machine. The new material is heat resistant up to 1,272 degrees Fahrenheit. It will be manufactured for use as insulating material in the electrical industry.

New Machines for Manufacturing Felt and Coir Yarn

A mechanical engineering firm of Austria has developed, after many years of research work, a fully automatic machine for the production of coir yarns which is now being turned out in series. Apart from machines for spinning coconut fibres the firm has started producing needle felting looms which can be used for the manufacturing of all types of felt. The new equipment is claimed to have many interesting new structural features.

Thickness Indicator

An instrument that can be used to continuously measure the thickness of wire, rod, steel and non-ferrous strip, and other materials produced in a continuous fashion, has recently been developed by a German concern. The material to be measured, which may be stationary or moving, is gently gripped between feelers that are held in position by springs. Movement of the feelers indicates a change of thickness and this is recorded on a dial. Calibration of the instrument is accomplished using a smooth rod of known thickness.

X-ray Cardiograph

A phase X-ray cardiograph which simultaneously produces an electro cardiograph and an X-ray photograph of the heart has been designed by a group of Moscow medical specialists. The new device makes it possible to judge objectively the size of the heart, the blood in the auricles and ventricles, and the volume of the blood ejected into the vessels. Using the device it is possible to penetrate into the depth of the heart and to get to know the laws governing the physical and chemical changes in the cardiac muscle. This will enable doctors to diagnose cardiac diseases in good time. The phase X-ray cardiograph is now undergoing clinical tests.

Cylindrical Grinding Machine

A range of fully automated cylindrical grinding machines with automatic conveyor and work loading mechanisms has been developed by the Newall Engineering Co., England, to meet mass production requirements in industries such as those manufacturing motor cars or automotive components. The machines can be tailor-made to suit individual requirements and linked together to perform a wide variety of high precision plunge grinding applications. The series has a work length capacity of either 18 in., 24 in., or 30 in., provides facilities for swinging a 12 in. component, and will grind a maximum diameter of 7 in. The machines have been designed on a unit construction principle to give advantages in conservation of floor space and cost economy. While a number of machine characteristics and mechanisms are identical, and the hydraulic and electrical control systems are virtually uniform, selection can be made from a number of unit assemblies—offering straight or angular approach of the wheel head—in combinations to suit the grinding applications required. The elimination of table traverse, with its associated hydraulic mechanism, has enabled a reduction of some 30 per cent in the working area required compared with a conventional type grinder of similar capacity. A further important feature of the design is that controls may be fitted either to the front or at the side of a machine, giving considerable flexibility in the locating of automatic handling devices and conveyor systems. Fully automatic control of component size and machine operating cycle is obtained through two-stage electro-pneumatic control equipment which also ensures repeatibility of size to close tolerances.

INDIAN IRON ORE IN THE WORLD PATTERN

(*Concluded from page* 208)

which is very insignificant in area as compared with the rest of India, had an export target of 4 million tons, while the Indian target is only 10 million tons per year to be reached by the end of the third Plan.

India is also endowed with iron ore resources along her coastal line and these require attention for export market. In Maharashtra, the district of Ratnagiri adjoining Goa should be fully explored for iron ore reserves. In the State of Mysore, iron ore deposits at Apsarkonda, Kotebari, Kodachadri and Yellapur-Bisgod near the coastal line were recently prospected by the Board of Mineral Development. If adequate road transport and port facilities are provided, it will be possible to export at least 2 million tons per year.

The Government of India's decision to develop Paradip port and Sukinda iron ore mines is very appropriate and timely. These deposits are comparatively closer to the coast than other deposits in Orissa and can be used for export market.

In order to increase iron ore production in India, it is also necessary that the various State Governments and private mineowners should be encouraged to develop the deposits by modern mechanised methods and the National Mineral Development Corporation should localise their activities to Kiriburu and Bailadila as far as iron ore is concerned.

India shares one-fourth of the world's known reserves of iron ore. In the interest of export trade and to be competitive in international market, it is essential to develop coastal iron ore deposits, providing them with adequate road transport and port facilities. The stress on road transport springs from the fact that rail transport is already heavily loaded. The bottlenecks in coal transport have affected the coal-consuming industries located all over the country. Further, the development of the coastal iron ore deposits can be carried out with the help of heavy road transport, as there will be only short hauling distances to the ports.

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BETTER DEMAND FOR MONEY

(From Our Own Correspondent)

BOMBAY, 31*st January*

The tempo of activity in the money market has improved. There is more demand for funds than a week ago, while the supply of funds has shrunk further. In the inter-bank section, almost all banks, including some of the Exchange banks, are borrowers. Some of them are said to be resorting to the Reserve Bank for accommodation. Nevertheless, the inter-bank rate remains unchanged at 4½ per cent. The rate is virtually nominal, as lenders are few and far between.

There has been no change in the short-term money rates either. These are as follows:

	Per cent.
Notice money from public:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days (inclusive) ...	3½
(iii) 61 to 90 days	3¾
(iv) 91 days and over but less than 12 months	3¾
(v) 12 months	4

The 91-days' Central Treasury Bill rate has, however, gone up a little from 2.520 per cent to 2.525 per cent per annum, although the amount tendered was just equal to that invited, namely, Rs. 2 crores. Tenders for a similar amount are invited for the next week also. Only Rs. 5 lakhs worth of 91-days' Intermediate Treasury Bills were sold during the period 24th to 27th January, as against Rs. 47 lakhs in the previous week. Their sales are being continued at the selfsame rate of 2.456 per cent per annum.

In the week ended 26th January 1962, notes in circulation declined by Rs. 4.99 crores. Notes held in the Banking Department rose by Rs. 5.79 crores. Consequently, the total notes issued experienced only a minor increase of Rs. 80 lakhs.

The foreign assets held by the Reserve Bank suffered a fractional fall of Rs. 43 lakhs to stand at Rs. 137.83 crores, of which Rs. 126.86 crores were held in the Issue Department and Rs. 10.97 crores in the Banking Department.

Deposits of banks with the Reserve Bank have fallen by Rs. 2.44 crores to Rs. 80 crores. Deposits of others have also fallen by Rs. 5.66 crores. Among deposits of Governments, while those of the Centre have staged a marked rise of Rs. 16.52 crores, those of other Governments have shrunk by Rs. 5.08 crores. A good part of the increase in the Central Government's balances is due to an advance by the Reserve Bank; its loans and advances to governments, for instance, have risen by Rs. 7.87 crores. Other loans and advances have also gone up, albeit by a small amount of Rs. 1.41 crore, of which Rs. 87 lakhs are under advances to scheduled banks against usance bills.

The scheduled banks' statement for the week ended 19th January 1962 shows a substantial rise of Rs. 18 crores in deposits, raising the total to Rs. 1,989.81 crores, a level which is about Rs. 5 crores higher than the notes in circulation in the corresponding week. Inter-bank borrowings are up by Rs. 1.83 crores. Bank credit has gone up by Rs. 7.01 crores, bringing the total to Rs. 1,308.99 crores. Investments also have increased by Rs. 4.48 crores and total cash by Rs. 5.10 crores. Only money at call and short notice has gone down by Rs. 1.28 crore, but borrowings from the Reserve Bank have gone up by Rs. 1.26 crore.

The bulk of the increase in the deposits of scheduled banks as noted above has been on account of the State Bank of India, its exact share being Rs. 14.57 crores. With this increase, the deposits of this premier public sector institution stand at Rs. 544 crores. There has hardly been any change in its advances, while its cash and investments have gone up by Rs. 3.02 crores and Rs. 4.12 crores, respectively.

The only notable feature of the week in the Gilt-edged market has been the Reserve Bank's presumption of outright purchase of the very near dated maturities, viz., 3½ per cent 1963 and 3 per cent 1963-65. It is a buyer of the former at Rs. 99.95 and of the latter at Rs. 98.65. The only significance of this development is that the Bank is buying these securities to facilitate their repayment when they fall due next year. It is true that the 3 per cent 1963-65 loan gives an option to the Government to repay in 1965. But the Government is unlikely to exercise this option, as such will have a significant impact on the pattern of yields on Government securities as a whole. Accordingly, this loan is as good as a 1963 issue from the point of view of repayment. As interest was due in the third and fourth weeks of January 1962, the Reserve Bank had stopped selling 4 per cent 1980 and 1981 loans in recent weeks. Now that consideration is over, the Bank has resumed the sale of these loans, for which there is always a steady demand from provident funds. The Bank's selling rates for these loans are Rs. 99.20 and Rs. 98.50, respectively.

Among other Central Government securities, there has been a fall of 10 nP in 3 per cent 1970-75 and 3½ per cent 1966, while 3½ per cent 1969 has improved by 5 nP. The State loans are quiet, with substantial decline in prices in almost all the 4½ and 4 per cent loans.

In the foreign exchange market, banks' selling rate for spot dollars has gone down by 25 nP. over the week, to Rs. 476. Their buying rate for spot T.T. has also declined by a like amount to Rs. 472.50. Abroad, the pound sterling has gained to some extent *vis-a-vis* both dollars and the Continental currencies. Spot sterling in the New York Exchange market is currently quoted at 281.240-281.270, an increase of 0.010 cent over the week. Three months' forward has also improved from 279.430-279.460 to 279.480-279.510 cent per pound.

GOLD BETTER, SILVER LOWER

(From Our Own Correspondent)

BOMBAY, 30*th January*

The bullion market continued to rule firm during the first three sessions of the week under review but developed a sagging tendency on Monday which gathered momentum yesterday and today, though there was a slight recovery towards the close. The initial persistent firmness was due to three bullish factors: (*a*) hopes of a possible relaxation in margin restrictions when business is permitted in the next (*Jeth*) settlement; (*b*) active buying by upcountry interests in view of excellent offtake there; and (*c*) expectations regarding a marked fall in arrivals of contraband gold as a result of increased vigilance by the Customs. The upward trend was accelerated by nervous short-covering. On Monday, however, both gold and silver suffered a setback in values, which followed liquidation by tired bulls, while fresh buying inquiries were scattered. There was also profit-taking at higher levels. The decline continued yesterday and today, thanks to heavy arrivals and slackness in demand at upcountry centres. A recovery was no doubt in evidence later today, but it was not marked enough to make up for the losses in silver, so that the closing rates were below those prevailing on Tuesday last week, whereas gold was a shade better.

Offtake of both gold and silver during the week was lower than in the previous week, the daily average rate being 5,000 tolas and 6 bars, respectively, as against 8,250 tolas and 7 bars. The daily average arrivals of gold were smaller at 6,600 tolas, as against 8,500 tolas, while those of silver were higher at 26 bars, as against 22 bars. The floating stocks in the City are reported to be around 80,000 tolas of gold and 1,000 bars of silver.

The adjustment rates fixed today were Rs. 118.50 per 10 grams of gold and Rs. 212.40 per kilogram of silver. The corresponding rates for Tuesday last week were Rs. 117.75 and Rs. 212.65, respectively.

The *Fagun* (22nd March) settlement in gold began at Rs. 119.60 on Wednesday the 24th inst., as against the previous close of Rs. 109.30 and moved up to touch a high of Rs. 121 on Saturday. After receding to Rs. 118.85 yesterday, the settlement recovered to Rs. 119.85 today before finishing at Rs. 119.70.

Ready gold continued to be at a discount under the forward throughout the week. The actual discount which had declined from Re. 1.30 on Tuesday last week to 45 nP on Monday the 29th inst. increased again to 80 nP yesterday and 95 nP today. The spot rate advanced from Rs. 118 to Rs. 120.30 on Saturday and, after easing to Rs. 118.40 today, rose again to close at Rs. 118.75.

In silver, the *Fagun* (23rd March) settlement was well supported early in the week, the quotation rallying from Rs. 214.25 to Rs. 215.25 on the 27th inst. Thereafter, the settlement encountered selling and retreated to Rs. 213.60 yesterday. It, however, improved to Rs. 214.05 today; the closing was Rs. 213.90.

Ready silver was quoted today at Rs. 212.40, as against Rs. 212.65 on Tuesday last week, the highest and lowest levels touched being Rs. 213.75 (Saturday) and Rs. 212.15 (Monday). The discount under the forward when the market closed today was Re. 1.50, same as last week.

The world price of gold in the London bullion market, which had gone down from $35.16¼ to $35.15¾ per ounce last week, staged a recovery this week, the latest available rate being $35.16⅝. The sterling price, however, remained unaltered at 250*s.* 1¼*d.* There was a rise in silver prices, ready improving by 1¼*d.* to 86¾*d.* and the forward by 1¼*d.* to 87¼*d.*, but silver in New York was unchanged at 103.75 cents.

The following table shows the trend of prices during the week under review:

	31-1-62 (closing)	High	Low	23-1-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	118.75	120.80	118.40	118.00
Forward: *Fagun**	119.70	121.00	119.85	119.80
Sovereign	97.00	97.00	96.75	97.00
SILVER				
Ready (.996 fine)	212.40	213.75	212.05	212.65
Forward: *Fagun*†	213.90	215.25	213.55	214.15
London—				
Silver Ready	86¼*d.*	86¼*d.*	85¼*d.*	85¼*d.*
Silver Forward	87¼*d.*	87¼*d.*	86¼*d.*	86¼*d.*
Gold	250*s.* 1¼*d.*	250*s.* 2¼*d.*	250*s.* 1¼*d.*	250*s.* 1¼*d.*
New York—				
Silver	103.75 cents	—	—	103.75 cents

* 22nd March settlement. † 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

LINSEED DULL

(Messrs. A. Bradley and Co.)

CALCUTTA, 29*th January*

In the absence of buyers and in sympathy with other seeds, the linseed market has been rather lifeless during the week and prices have shown a slight decline. Arrivals from upcountry are a bit better than the week before, and they have been absorbed by the mills.

The oil market is dull. Small business has been reported during the week for ready delivery.

The oilcake market is quiet again. Prices have declined somewhat in the absence of enquiries.

Ready/February is quoted at Rs. 32.25 per maund.

COTTON FUTURES LISTLESS

(From Our Own Correspondent)

BOMBAY, 31*st January*

Barring minor fluctuations caused by occasional bouts of buying and selling, the cotton futures market depicted a quietly steady trend during the week. While reports of the possibility of tightening of the cotton control measures already in force and the news of the closure of textile mills in Ahmedabad owing to shortage of coal, coupled with apprehension that the F.M.C. might intervene should futures prices were to rise unduly acted as a restraining influence, the tight supply position, delay in issuing the P.L. 480 allocation by the U.S., keen demand for ready cotton and lower stocks of raw cotton exerted a bullish influence on the market. The pull of these opposing forces tended to keep futures prices steady. The I.C.C. March contract, which had closed at Rs. 689 on the 23rd inst., after fluctuating between Rs. 690 and Rs. 686, finished at Rs. 688 today, showing a net decline of Re. 1 over the week. The market virtually ignored the efforts now being made by the Textile Commissioner to secure rigid enforcement of the cotton control order.

In the spot section, good demand was noted for all popular styles, especially Co2, L.147, 197/3 and Moglai varieties. Spinners freely purchased good quality Digvijay and Vijay at advancing prices due to fear of deterioration in the quality of these cottons in some tracts. New crop Laxmi also attracted buyers.

Export demand for Bengal *Deshi* was subdued. It was officially announced on the 24th inst. that the ceiling against the recent Bengal *Deshi* export quota (shippers' share) had been reached and that no further applications would be entertained.

Sustained mill interest was reported in Sudan cotton, both lower and higher grades. There was keen demand for East African cotton also early in the week but interest faded subsequently on news that the first consignment of East African cotton that arrived in Bombay was of inferior quality. A revival of interest was, however, noted towards the close of the week. There was the usual interest in Pakistan cotton.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:—Bengal *Deshi* 670; Vijay 995; Digvijay 1,100; Khamgaon 1,185. Pakistan AC134 1,230; Busoga (UNUG) 1,371; BP 52 FAQ 1,375; Sudan P4L 1,381.

Firm conditions continued to prevail in the Karachi cotton futures market during the week. The NTRG January contract advanced from Rs. 82.05 last week-end to Rs. 84.20, prior to expiry on 25th January. The March contract attracted sustained support, thanks to the switchover of purchases from the January contract, and advanced from Rs. 80.05 last week-end to Rs. 82.60 but receded at close to Rs. 82.05.

Cotton futures in Liverpool receded during the week in quiet dealings characterised by limited turnover and narrow price movements. Lower New York advices and slackness of local trade and mill demand imparted weakness to the market. Both the American and American type contracts eased. Sudan contracts, however, ruled quietly steady. The following are the latest available quotations: in pence per lb. from Liverpool:

American cotton one inch Staple contract: March 24.55; May 24.90; July 25.00; October 24.55.

American cotton mixed growth contract: March 24.95; May 25.30; July 25.40; October 24.95.

Sudan: January, March, May 32.00.

New York cotton futures market ruled easy during the week. Reports of heavy ginnings and reduced entry into the loan programme influenced speculative selling which resulted in a decline in prices. Spot prices, however, ruled firm, thanks to good spinner demand.

The following are the latest available quotations from New York; as compared with those a week and a fortnight ago.

(In cents per lb.)

	30-1-62	22-1-62	16-1-62
New York spot ...	35.55	35.50	35.50
March	34.00	34.24	34.24
May	34.67	34.80	34.82
July	34.81	35.01	34.99

YARNS IRREGULAR

(From Our Own Correspondent)

BOMBAY, 31*st January*

A distinctly irregular trend was in evidence in the yarn market during the week under review. Thus, art silk yarns were steady, while staple fibre yarns ruled easy and cotton yarns remained dull. The steadiness of art silk yarns was due to good buying enquiries from weaving units which had obtained quotas of indigenous yarn for the current quarter (0.48 kg. per loom per shift). Imported yarns, however, were quiet in the absence of supplies, in view of the high premium of import licences, on the one hand, and reduction of export promotion incentives, on the other. Staple fibre yarns drifted downward on account of easy advices from consuming centres. Business put through in cotton yarns was restricted and values moved narrowly. Operators welcomed the reported rejection, by the millowners, of the British Cotton Board delegation's plea for a voluntary ceiling on cotton yarn exports from India to Britain. The discussion between the British delegation and the Indian millowners' spokesmen ended inconclusively on the 24th inst.

Amilon (20/1) February delivery advanced by Rs. 67 to Rs. 3,128. April contract spurted by Rs. 65 to Rs. 3,270. Spot National Rayons 150 Bt. cones 1st grade rallied from Rs. 10.93 to Rs. 11.68. 120 Bt. cones 1st grade was done at Rs. 12.90. Centurys 150 and 120 Bt. cones 1st grade were quoted today at Rs. 11.24 and Rs. 12.65, respectively. Among imported yarns, 120 Japan was unchanged at Rs. 1,818, as also 150 Japan at Rs. 1,929, 120 Italy at Rs. 1,818 and 150 Italy at Rs. 1,680.

Staple fibre yarn (40 x 1) February delivery dropped Rs. 11 to Rs. 737. April position receded by Rs. 13 to Rs 747. Spot Kohinoors eased by 20 nP to Rs. 8.80. Citys shed 26 nP to Rs. 8.67 and Hinds 21 nP to Rs. 8.05.

In the cotton yarn section, prices were more or less unchanged at last week's levels.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	31-1-1962	23-1-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
February ..	3,195.00	3,128.00
April ..	3,270.00	3,205.00
120 Japan (per 100 kg.)	1,818.00	1,818.00
150 Japan (per 100 kg.)	1,929.00	1,929.00
120 Italy (per 100 kg.)	1,818.00	1,818.00
150 Italy ..	1,680.00	1,680.00
Nat. Ray. 150 Bt. I ..	11.68	10.93
Staple fibre yarn (40 x 2)—		
February ..	720.00	737.00
April ..	734.00	747.00
Kohinoor (per kg.)	8.80	9.00
Cotton yarn (per bundle of 10 lbs.)—		
10s Modern ..	18.75	18.75
20s Century ..	21.50	21.50
30s Madura ..	—	26.75
40s T. T. Corin ..	32.87	32.87
60s Finlay ..	66.00	66.00
80s Finlay ..	84.00	84.00

NEW GROUNDNUT CONTRACT WITHOUT CEILING

(From Our Own Correspondent)

BOMBAY, 31*st January*

The Forward Markets Commission has given permission to the Oilseeds Exchange to commence trading in new groundnut contract May 1962 tomorrow. The new contract will not be subjected to any ceiling or special margins. Two restrictions, however, have been imposed, with a view to controlling speculation. One of them is the fixation of a weekly price range (between Monday and Saturday) of Rs. 5.50 for upward movement. The other restriction is that the members of the Exchange are required to keep net long or short positions to the extent of 5,000 metric tons on behalf of their clients.

The January contracts in groundnuts, groundnut oil and cottonseeds went off the board today. The due date rates fixed by the Board are Rs. 215 (ceiling) for groundnut (exclusive of a penalty of Rs. 5) and Rs. 108 for cottonseed (penalty of Rs. 2) per 250 kgs., and Rs. 16.75 (penalty 40 nP) for 10 kgs. of groundnut oil.

The oilseeds market ruled easy during the week under review. Groundnuts encountered selling pressure, following larger arrivals from Kathiawad and Nizam and decline in mustard. Castorseeds suffered a sharp setback, in distinct contrast to the firm trend noted last week, when prices had touched peak levels. The setback is attributed to large arrivals from Andhra Pradesh, where the current crop was reported to be quite sizable. Linseeds drifted downward, as the new crop was expected to come to the market shortly. Cottonseeds declined in sympathy.

Groundnut Nizam bold fell by Re. 1.25 to Rs. 46. Oil railway receipts eased by 50 nP to Rs. 19.15. Oil ex-mill lost 45 nP to Rs. 19.40. In private trading, April 1962 contract was quoted at Rs. 219, that is, Rs. 4 above the ceiling level.

Castorseed March 1962 contract was marked down from Rs. 177.62 to Rs. 172.87. Madras small dropped Rs. 3 to Rs. 34.75. Oil Commercial fell by 85 nP to Rs. 14.30 and B.S.S. by 70 nP to Rs. 15.

Linseed March 1962 contract declined by 84 nP to Rs. 39.41. Bold ready was quoted lower at Rs. 42.87, as against Rs. 44. Linseed oil shed 10 nP to Rs. 18.90.

Cottonseed January contract lost Re. 1.25 to Rs. 108. April settlement shed a like amount to Rs. 109.25.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 31st January, as compared with those of the two previous weeks:

	31-1-1962	23-1-1962	17-1-1962
	Rs.	Rs.	Rs.
Groundnut			
January 1962 ..	215.00	215.00	215.00
Nizam bold ..	46.00	47.25	46.75
Khandesh quality ..	46.87	47.62	47.25
Oil ex-mill ready* ..	19.40	19.58	19.40
Railway receipts* ..	19.15	19.65	19.35
Oil January 1962 ..	17.65	17.65	17.65
Castorseed			
March 1962 ..	172.87	177.62	177.12
Ready Madras ..	34.75	37.75	36.75
Ready Kanpur ..	35.50	35.13	35.50
Oil B.S.S.† ..	15.00	15.70	15.75
Oil commercial† ..	14.30	15.15	15.00
Linseed			
March 1962 ..	39.41	40.25	39.47
Bold ready ..	42.87	44.00	42.50
Oil ready† ..	18.90	19.00	18.80
Cottonseed			
January 1962 ..	108.00	109.25	106.00
Ready ..	36.00	38.50	38.00
Kandi seed ..	24.50	24.50	24.00

* Rates include excise duty but exclude sales tax.
† Rates include both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds the yields rates are per 40 kilograms. Spot quotations of seeds are per 20 kilograms and oil per 10 kilograms.

PEPPER RECOVERS

(Messrs. Parekh and Co.)

BOMBAY, 31*st January*

Malabar black pepper, after having established a new low level of Rs. 287.50 for garbled and Rs. 283 for ungarbled improved during the week to Rs. 297 and Rs. 290, respectively. The improvement followed pressure of covering by exporters who were reported to have sold a fair-sized quantity to New York for January shipment at about the parity of $0.32 to $0.32½.

Arrivals from the interior during the week proved to be light, as the growers preferred to hold back and store their stocks in their backyards rather than bring them to terminal markets and hand over to the traders to keep in trust, if the same found difficult buyers at the asked price. In view of the foregoing when the market looked steady, the bulls also came out to lend their shoulders in order to excite the foreign buyers who were so far doing mostly selective buying. February and March delivery, after touching Rs. 295 and Rs. 299, improved to Rs. 309 and Rs. 314, respectively, though the turnover on the floor remained thin. Calicut moved between Rs. 270 and Rs. 280. Dealers in general have no faith in the present level of prices, as these rates cannot be maintained at this time of the season unless demand either from inland or from overseas countries expands to keep pace with arrivals.

Prices in Singapore are reported to be barely steady, the latest quotation being Str.$170 for white and Str.$137½ for black. Effervescence in the market is slowly cooling down, as Indonesia prefers to negotiate with the Dutch on the question of West Irian, though the situation is still fluid.

Spot in New York, after going down to $0.34½, improved to $0.35½. Dealers there are adjusting their selling rates according to the higher or lower offers from Malabar, other origins like Singapore being out-priced, as the major stockholder there is the Semi-Government Agency of Indonesia. The reports regarding their selling policy are conflicting.

The future of pepper depends primarily upon the buying policy of New York and secondarily on the purchase programme of Russia and other East European countries.

Ready pepper in Bombay is nominally quoted at Rs. 160 per 50 kilos.

TEAS WELL SUPPORTED

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 23*rd January*

A total of 338,000 kgs. of tea was offered in sale No. 4 held today. Quality in general showed a further slight improvement. The market met with good but irregular demand. Plain low medium and medium brokens were well supported and were quoted steady. Corresponding fannings met with strong inquiry, these selling at prices up to 10 nP above last. Good mediums, although sold readily, were easier by 10 to 20 nP. Highgrowns were irregular. The best liquoring teas advanced with quality, while those below best were occasionally easier. Clean black leaf descriptions continued in demand at dearer rates. A small quantity of unorthodox descriptions on offer sold at prices above last. Whole leaf grades were in less demand than last week and tended easier.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.85-4.15	4.60-4.90
Mediums	4.15-4.85	5.00-5.35
Good mediums	5.00-5.70	5.35-5.80
Nilgiri B.O.P.	5.60	9.90

The average price realised in sale No. 4 was Rs. 5.24 per kilo, as compared with Rs. 4.79 a week ago and Rs. 5.23 in the corresponding sale last year.

In dust sale No. 4 held on 25th inst., 324,000 kgs. were on offer. A useful selection of dusts was on offer. The market met with good demand. Plain and low medium teas, particularly those with clean leaf appearance, were well competed for and sold at fully firm to dearer rates. Mediums and good mediums were also fully firm and frequently dearer. There was good inquiry for highgrowns which were sold at around last rates. Residual, fibrous and powdery descriptions were in less demand and were much easier, these being the weakest feature of the sale. Powdery C.T.Cs were neglected, while others in this category sold readily and were fully firm. C.T.C. and legg-cut types met with strong demand and were sometimes dearer.

The average price realised in dust sale No. 4 was Rs. 5.24 per kilo, as against Rs. 4.79 a week ago and Rs. 5.23 in the corresponding sale last year.

Colombo: In this week's export sale, there was strong demand. Highgrowns were well supported and sold at dearer rates, while mediums were irregular. Lowgrowns advanced by 5 to 10 cents. At the offgrade sale, there was good demand for brighter liquoring dusts which were dearer, but others were irregular and easier.

London: *North Indian and other growths*: In Monday's sale, there was good demand. Best liquoring descriptions were well competed for at fully firm to dearer rates. Colourey medium and plain teas are quoted steady. Thin liquoring teas, however, met with less support and were easier. On Wednesday, the market continued on Monday's trend.

Ceylon and South Indians: A total quantity of 24,642 packages was offered in Tuesday's sale, of which 8,316 packages were from South India. There was good demand for Ceylons which were dearer. The best South Indian teas were firm, but the poorer descriptions were neglected.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No. 5*: 449,000 kgs. offered. Good but irregular demand. Plain low medium and medium 10 to 20 nP easier. Good medium steady. Best liquoring irregular, but generally higher price with quality orange pekoe strong."

STEADY DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, 30*th January*

The continued steadiness in demand for both export as well as internal consumption is suggestive of the poor attention buyers accorded in the early months of the current season in anticipation of a decline in prices. Export bookings were satisfactory. The keener demand in the sales held in London, where prices of best teas of Assams and dooars rose, also indicated the need of stockists for replenishment.

The maintenance of steady prices, as well as the existence of keen demand, encourages the hope that the season is likely to close with only a reasonable quantity to be carried forward. Since a large quantity is still remaining to be offered, it is expected that sales would have to be continued farther than usual, and hence the gap between the closing of the season and beginning of the new will be narrow. As a result, the accumulated demand over the period, when there would be no auctions would be much less than last year. While the season's final export figures and the country-wise break-up of these would be awaited with interest, trade circles apprehend that India is exporting less to the traditional markets such as the United Kingdom, Australia, the United States and Canada, where other producing countries are offering keener competition. It is to be hoped that the recent discussions the Export Promotion Council of the Tea Board held here with the President of the Tea Association of the U.S., Mr. Gardner Barker, who is also President of Thomas J. Lipton Inc., would lead to the Board taking increased interest in the U.S. market. India's share in U.S. tea imports was only 21.5 per cent in 1960, as against 35.3 per cent ten years ago.

India's attempts to find new markets for tea has significantly succeeded as exports to those countries with which India has bilateral trade agreements have been increasing. This should not give place to any complacency since India's exports to the principal markets have been declining in recent years during which period many new producers have appeared on the scene. India, Ceylon, Pakistan, Indonesia, Japan, Malaya, Uganda, Kenya, Tanganyika and Nyasaland were the major producers about a decade ago but many other countries, both in the East and the West, such as Argentine, Indo-China, Formosa, Communist China, and the U.S.S.R., encouraged by the success in experimental growing, have now large areas of land under tea. Also, sales campaigns being conducted by many producing countries have been vigorous and aggressive. Ceylon's campaigns have met with commendable success; thus encouraged, that country has planned to produce instant tea for the first time in the world. A West German firm is helping Ceylon to put up a factory, and Ceylon expects to send samples of instant tea to the world by the middle of this year.

Changing times require changing promotional methods. Trade circles feel that India's Tea Board should be able to pay greater attention to study consumption habits abroad, and to improve propaganda. The prospects of a fall in the *per capita* tea consumption in the U.K. and a rise in that of alcoholic drinks is a situation that has to be seriously taken note of. The U.K. is India's principal buyer of tea, and it is a matter of concern that, although exports to that destination in recent weeks have risen, the total exports up to now in this season have been below the comparative previous figure.

In the internal sale held in the last week, dusts on offer aggregated 25,661 packages which met with strong general demand. Keen demand was noted for legg-cut teas which fetched handsome prices. Orthodox teas eased by 10 nP but powdery teas were firm. In C.T.Cs, fibrous as well as liquoring teas were in good demand, but the plainer teas eased. The quotations per 1 kg., inclusive of excise duty, were: good Assam dust Rs. 6.50 to Rs. 7.00, medium Assam dust Rs. 5.60 to Rs. 6.10, legg-cut dust Rs. 4.60 to Rs. 5.20, medium Assam dust Rs. 4.20 to Rs. 5.00, and plain orthodox dust Rs. 3.80 to Rs. 4.40.

Rates for leaf offerings amounting to 410 chests were irregular.

Strong demand was in evidence during yesterday's export sales, when offerings aggregated 62,341 packages. Clean black fannings met with keen competition and provided the strongest feature. There was also a strong demand for tippy teas, with Darjeeling and whole leaf grades being taken at firm rates. Orthodox B.O.Ps were absorbed at firm rates, but a few poorer liquoring Assams eased. Similar fannings were, however, dearer, with bright liquoring Assam O.Fs rising impressively. Prices of plain brokens gained by 15 nP, with their fannings showing an even higher rise. Steadiness marked the trend in "tea for price." Best C.T.Cs were irregular but the teas possessing autumal quality were much favoured. A gain was recorded in medium and secondary teas, and B.Ps received much greater attention. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 5.80 to Rs. 6.30, best Assam C.T.C. B.P. Rs. 5.70 to Rs. 6.10, medium Assam C.T.C. B.P. Rs. 5.30 to Rs. 5.50, medium Assam C.T.C. fannings Rs. 5.20 to Rs. 5.50, plain fannings Rs. 4.00 to Rs. 4.50, clean plain pekoe Rs. 4.00 to Rs. 4.20, and plain B.P. Rs. 3.70 to Rs. 3.90.

JUTE GOODS RALLY

(From Our Own Correspondent)

CALCUTTA, *30th January*

Thanks to fresh support from overseas buyers jute goods recorded an impressive recovery during the week under review. Fibre prices, however, were unchanged, though mills bought large quantities and exceeded the minimum quota. Rains affected fibre movements during the week, and a decline in imports in mofussil trading centres was also reported. These did not, however, strengthen prices, as stockists were anxious for business even at rates discounted liberally. In view of the comparatively good business done with overseas markets, it was expected that stocks with mills at the end of this month, details in respect of which would be released in a week or two, would be lower despite the greater number of looms in work as compared with December 1961. The news that in December burlap consumption in the United States jumped up by two million yards to 72 million yards, which was the same as that for December 1961 and which was the highest for any one month since March, was enthusiastically noted, as the increase was interpreted by trade circles as denoting the come back to burlap from substitutes. It is expected that progress in this regard will be maintained, as in the market there is now better regard for the need to stabilise prices at reasonable levels.

The average monthly consumption in the U.S. during 1961 was only 65 million yards, as against 71 million yards in 1960. This was due to lower offtake from March to November when prices were very high. The increase in U.S. stocks to 237 million yards at the end of December, as against 219 million yards at the end of November, despite increased consumption, has been due to higher purchases in recent weeks. Since U.S. buyers continue to be active, stocks at the end of the current month should show a further increase. It is usually in the first quarter of the year that consumption in the U.S. records the highest monthly average for the year. The fact that, of the 72 million yards consumed in December 1961, same as in December 1960, piecegoods deliveries were higher at 17.3 million yards, as against 16.7 million yards in December 1960, the balance being made up by bag cut-up was favourably noted, as this swing was presumed to have stemmed from the more reasonable price levels.

The Buffer Stock authority was registered this week, and has thus come into being on paper. As to when it would begin operations, is difficult to state. Prices in certain areas are certainly below the minimum levels as determined by the Government of India. Inasmuch as nearly three-fourths of the produce has left farmers' hands and are with both mills and stockists, there is apparently the need for a fresh examination as to who will benefit from the emphasis on the maintenance of floor prices. It is a commonly known fact that, thanks to the high level of prices early in the season, cultivators have earned much profit. For most of them, the disposal of the remainder of the crop lying with them would be adding to profits. They are interested in the early disposal of the balance, as they do not like to be bothered with any storage problem. Further, in a few weeks' time, they would have to begin preliminary work for sowing; at that time they naturally do not like their attention to be diverted to marketing. To such a state of affairs is attributed the availability of fibre below minimum prices in the mofussil. Further, it should be remembered that the quality of the fibre still remaining in the hands of cultivators is very poor and it should be realised that such fibre can on no account realise the level of prices for the better variety earlier in the season. The anxiety of middlemen or stockists for business even at prices lower than the floor is also significant.

The feeling in mill circles is that too much noise is being made by the Government to the need to maintain fibre prices at above Rs. 30 a maund basis bottoms, without giving due consideration to the fact that good quality fibre is hardly available and most of what is available is the poor variety which is only fit for the manufacture of heavy goods. During the week, arrivals were about 600,000 maunds, as against 1 million maunds in the previous week. However, the quota for this week was 1 million maunds and purchases by mills even exceeded this figure. Naturally stocks in the bazaar stand depleted. It will be interesting to examine the trend of fibre arrivals in recent months. In this season upto December, arrivals in Calcutta and mills' stations aggregated 3,443,250 bales (3,204,850 Indian and 238,400 Pakistani), representing an impressive increase of 736,850 bales over the corresponding previous figure. Arrivals of Indian fibre increased by 767,600 bales, while those from Pakistan declined by 30,750 bales. Considering such a satisfactory figure was recorded in July-December 1958 when the harvest proved to be a bumper crop, trade circles anticipate that this year's crop would surpass their earlier estimate. Much inspired by the then bumper crop, the State Trading Corporation entered into export commitments early in 1959 but, since shortage subsequently loomed large, prices rose. The S.T.C.'s commitments were not fully covered by purchases. When forced by its buyers, the Corporation had to purchase fibre from the market at very high prices thus entailing heavy losses in fulfilling commitments. It is to be hoped that this memory is fresh in the minds of the authorities. India has only inferior quality fibre now remaining to be marketed and this can be consumed by mills in India only. It is necessary that mills should have a sizable carry-over to the next season. For, in all probability, the next season's crop would be smaller, and the stocks that are being built up now can be utilised by mills in an attempt to keep satisfied the expanded market for goods.

With the continued resistance of foreign buyers to accept offers at the reduced E.P.C. rates, a further fall in prices was the feature in the Pakistani fibre market. Overseas buyers indicated that they would be prepared to enter into commitments at £3 to £4 a ton below the new E.P.C. rates. Sellers were anxious for business, but, in the face of Government's stern warning against violation of the E.P.C. rates, had to be content with rejecting counter-offers, thus aggravating their financial difficulties. The superior grade of fibre had buyers at the higher rate, but there was not much on offer. It was believed that the higher grade was being kept away from overseas interests in order that the lower grades should also realise the E.P.C. rates. There was the fear that, in view of the rapid fall in loose jute prices, there would be less enthusiasm to sow the same acreage as in the last season. Accumulation of heavy stocks in the interior has been caused by scarcity of wagons. With cross bottoms at Rs. 22 a maund, opinion is that prices have already touched the cost of production level. Any further decline would find the grower in difficulties.

This week's rather heavy rains in Calcutta and its surroundings should give a start to preparation of land for sowing. Weather pandits have forecast a few showers in the next month. The possibility of an early sowing is, therefore, bright. During the week, prices were maintained as follows: February-March delivery: Assam bottoms Rs. 30.00 a maund, daisee bottoms Rs. 32.00, and northern bottoms Rs. 29.50. Mills' purchases in the agencies are being hampered by the shortage of wagons. On behalf of the Jardine group of mills' agencies, it has been pointed out that even the distribution of available wagons is faulty. It is to be regretted that, at a time when Government desires that purchases should be stepped up in the interior areas, the Jardine group of agencies have had to withdraw from the market due to the faulty distribution of even the available wagons. The result has been, says the memorandum presented to the Jute Commissioner by these agencies, a pronounced decline in fibre prices in these markets. The buffer stock agency is supposed to buy from the areas where prices have fallen, but, with the haphazard handling of the transport facilities by the railways, it is to be wondered how that agency would be able to lift fibre. If only mills can get the number of wagons to meet their full requirements, they are themselves prepared to buy as much jute as offering. The I.J.M.A. has issued a quota of 1 million maunds for the week ending 3rd February.

On Wednesday last, the goods market opened under steady conditions resulting from good demand accumulated over the holiday during the previous day. A significant feature was that mills were able to do business in forward goods up to September. Overseas demand was sizable and Government was also in the market. Covering business took place on a good scale, and ready hessian 40" 10 oz. hardened from Rs. 54.50 to Rs. 55.25 and ready B. twills from Rs. 123.75 to Rs. 124.75. Overseas buyers were content to follow these rises and, on Thursday, hessian 40" 10 oz. gained to Rs. 55.75 and B. twills to Rs. 127.50. Activity in the futures market was keen. The week-end was greeted by good business in hessian with buyers on behalf of the Argentina and the United States, in respect of which covering business was also done. As a result, hessian 40" 10 oz. firmed up to Rs. 56.00. On the other hand, there was a decline in the interest shown in heavy goods and apart from some business in D.W. floors and Liverpool twills there was no other activity. That explained the fall in the price of B. twills to Rs. 125.75. Prices declined during yesterday's trading, as inquiries were few and far between. B. twills eased to Rs. 124.75 and hessian 40" 10 oz. to Rs. 55.25.

METALS HARDEN

(From Our Own Correspondent)

CALCUTTA, *30th January*

Higher advices from the London Metal Exchange and the New York futures market, coupled with the continued tightness in the supply position thanks to the delay in imports of the virgin metal against permits, resulted in further hardening of prices of copper scrap. Electrolytic copper opened at £230 a ton on the L.M.E. and gradually rose to close £4 higher, on balance, at £234. Although stocks were comfortable in London and it was thought that in the U.S. supplies would be in excess of demand, the rise was attributed to the possibility of a copper strike in the U.S. in the near future. Note was taken that in the U.S. production reached the highly satisfactory figure of 1,136,000 tons last year representing an increase of 5 per cent over 1960. In the U.S. demand during the week was good, with customs smelters registering satisfactory sales. In Calcutta, berry scrap was fully steady at Rs. 549.25 per 100 kgs. and utensil scrap at Rs. 505.75.

Tin in Calcutta maintained the improvement at Rs. 1,616.00 per 100 kgs. If the fall in the London price was not reflected here it had been due to acute shortage. Fresh arrivals in the near future were, however, anticipated. In London, the quotation opened at £947½ a ton and, after hardening to £950½, closed lower on balance at £945. The weakness followed increased offerings at Singapore as the price began improving ten days ago when the floor and ceiling prices were raised from £730 and £880 a ton to £790 and £965 respectively by the International Tin Council. Although dissatisfaction was expressed in Malaya at the new price range, since producers there had asked for the floor to be fixed at £800 and ceiling at £1,000, the immediate reaction in the Far Eastern markets indicated enthusiasm. It was therefore inferred that the new range provided for greater profits than expected. A section of the trade was inclined to think that, at the new range, production would rise satisfactorily. It was, however, felt that the future course of price for tin would depend upon what action the U.S. Congress took with regard to disposals from the huge strategic stockpiles.

Lead in Calcutta was quiet at Rs. 124 per 100 kgs. Stocks were comfortable. In London, the price hardened from £58½ a ton to £58¾. It was noted that the rise was fractional. World supplies being in excess of demand there was little prospect of the price improving. The forthcoming meeting of the Lead-Zinc Study Group is expected to examine the problem of excess supply. The U.S.S.R.'s production has significantly increased. Electrolytic zinc in London was at one time higher at £69¼ a ton, against opening of £68¾, but closed at £68¾. The rise was due to increased buying in the last week when the price had declined. However, the keenness of the Russians to sell affected sentiment. In Calcutta, demand was subdued due to the paucity of copper supplies for alloy making.

SUGAR DEPRESSED

(From Our Own Correspondent)

HAPUR, *29th January*

Sugar was depressed during the week on poor demand for inferior small crystal. Factories in easy U.P. represented to the State Government that they would stop crushing operations because of uneconomic working and mounting unsold stocks. The factories in west U.P., however, attracted heavy cane supplies but were experiencing shortage of coal. Sugar stocks, too, were increasing resulting in storage difficulties. Week-end prices of sugar here were: wholesale Rs. 106.50 per bag; retail 97 nP per *seer*: mill delivery per maund E29 Simbhauli Rs. 37.75; D29 Amroha Rs. 35.56; Dhampur Rs. 36.37.

Sugar in the Muzaffarnagar market was also depressed on account of lack of buying interest by the consuming areas of Gujarat, Delhi and Punjab and selling pressure from mills led to a fall in prices upto 37 nP a maund during the week. Buyers were hesitant to make fresh commitments in a market bereft of support. While bold crystal was fetching a premium of 87 nP to Re. 1.06 per maund, inferior sugar was quoted at Rs. 2.50 per maund lower than the previously controlled prices. Week-end mill delivery prices were: A29 Iqbalpur Rs. 40.10; Mansurpur Rs. 40.16; B29 Shamli Rs. 39.70; Mawana Rs. 39.72; C29 Deoband Rs. 30.09; Dhampur Rs. 37.25; D29 Deoband Rs. 38.54; Merrut Rs. 37.50 Bijnore Rs. 35.37; E29 Shamli Rs. 37.75; Simbhauli Rs. 37.75.

Khandsari was quietly steady, thanks to revival of demand from Punjab, Rajasthan and neighbouring areas. Arrivals were also small due to inclement weather. Wet quality prices ranged from Rs. 25 to Rs. 29 and dry Rs. 29 to Rs. 32.75 a maund. *Khandsari boora* ranged from Rs. 35 to Rs. 36 a maund.

Gur, after recording some gains, ruled quiet, as demand was reported only at lower prices. Loading to South was mostly restricted, but, towards the week-end, there was an offtake of twelve wagonloads to South Gujarat. Daily arrivals dropped to an average of 1,500 maunds, due to rains and fresh arrivals would be delayed further due to continued cloudy weather. Stockists, however, had entered the market here as well as in mofussil markets of Gulaothi and Siana. Despatches during the week were also reported to Bengal side and latest prices here were: *pansera* best Rs. 14.25; *dara* Rs. 14; *balti* Rs. 14.25 a maund. *Shakker* was steady at Rs. 17 a maund on good demand in face of poor arrivals.

Gur was bullish during the week on good buying on speculative support. But latest prices were slightly lower than best of week on profit-as against the highest of the week at Rs. 14.35, on Saturday and week's opening of Rs. 14.58. Forward Markets Commission has been requested to sanction future trading in *gur* baisakh. Preparation of land for sugarcane sowings is in full swing and actual sowings would begin shortly.

BUFF CALF FIRM

(From Our Own Correspondent)

MADRAS, *29th January*

Arrivals of E.I. tanned cow hides were on the usual scale, and clearance by shippers and local merchants was good at unchanged prices. Demand from the U.K. persisted for lower selections in cow hides at slightly improved levels which were still below internal market. Cow calf market and buff hides ruled steady. Buff calf remained firm due to oversold position.

There were several inquiries for tanned goat skins for all average weights and tanners have been active in the raw centres anticipating better prices in the not distant future. Present levels seem low enough for overseas leather dressers to operate economically and E.I. tanners will have to guard themselves against putting up prices in the raw market which in turn would increase their costings and enhance their asking prices. Demand for suede selections seem reviving and it is upto the tanners to develop the volume of export without enhancing the price levels, making it uneconomical for the importers and dressers. Tanned sheep skins remained dull throughout.

The following are the ruling prices per lb. for all round parcels in the local market:

		Rs.
Tanned cow hides	8/8½ lbs.	2.30 to 2.40
Tanned buff hides	12/14 lbs.	1.90 to 2.00
Tanned cow calf	1½/2 lbs.	3.60 to 3.80
Tanned buff calf	1½/2 lbs.	3.25 to 3.50

Notices

SHREE KRISHNA GYANODAY SUGAR LIMITED

Registered Office:

11, Clive Row, Calcutta-1

NOTICE

THE TWENTY-SEVENTH ANNUAL GENERAL Meeting of the Shareholders of Shree Krishna Gyanoday Sugar Ltd. will be held at the Registered Office of the Company at 11, Clive Row, Calcutta-1, on Tuesday, the 13th February 1962, at 4.00 p.m., to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31st July 1961.
2. To declare Dividends for the year ended 31st July 1961.
3. To elect a Director in place of Shri A. C. Bhabhra, who retires by rotation, but, being eligible, offers himself for re-election.
4. To appoint Auditors for the current year and to fix their remuneration. Messrs. Singhi & Co., Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.
5. To appoint a Director in place of Shri M. R. Sonthalia, who retires having attained the age of 66 years on 6th July 1961, and in this connection to consider and, if thought fit, to pass with or without modification, the following ordinary resolution by way of special business of which a special notice as required under Section 281 of the Companies Act, 1956, has been received by the Company and is hereby given by the Company to its members:

"RESOLVED that pursuant to the provisions of Section 281 and other applicable provisions of the Companies Act, 1956, Shri M. R. Sonthalia, who has attained the age of 66 years, be and is hereby appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

The Share Transfer Books of the Company will remain closed from 6th February 1962 to 13th February 1962, both days inclusive.

By Order of the Board,
S. K. JAIN,
Secretary.

CALCUTTA,
10th January, 1962.

N.B.—1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of himself and the proxy need not be a member.

2. Explanatory note as required under Section 173 of the Companies Act has been forwarded to the Members of the Company with the Notice.

THE SOUTH KARANPURA COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE SOUTH KARANPURA COAL COMPANY LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Wednesday, the 28th February, 1962, at 11 a.m., for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st August, 1961, and to receive the Directors' and the Auditors' Reports thereon.
2. To appoint Directors in place of the Retiring Directors.
3. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution.

"THAT in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending upto and including the financial year of the Company ending 31st August, 1966."

The Share Transfer Register of the Company will be closed from 16th February, 1962 to the 28th February, 1962, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries and Treasurers.

CALCUTTA, *25th January*, 1962.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business set out above are being sent to shareholders.

BURMAH-SHELL REFINERIES LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼ per cent Debentures 1965-69 will be closed for transfers from 14th February 1962 to 28th February 1962 both days inclusive.

R. N. CHETTUR,
Secretary and Treasurer.
State Bank of India,
Agents for Burmah-Shell Refineries Ltd., for the management of the Debentures.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY, *1st February* 1962.

COTTON

(Concluded from page 202)

yarn production in the third Plan, total consumption in India during 1961-62 should rise to 4.8 million bales (of 478 lbs.), as against 4.65 million bales in 1960-61.

In South America, further improvement in cotton consumption is expected in Argentina, while a large crop and extensive promotion campaign is expected to contribute to the maintenance of a high level of textile production in Brazil.

Taking the free world as a whole, the I.C.A.C. concludes that prospective increases in cotton consumption in the U.S. and East Asian countries would more or less offset the expected decline in Western Europe and Japan and free-world cotton consumption would, therefore, roughly equal to 1960-61 level of 31 million bales.

MARKET GOSSIP

(Concluded from page 191)

price of I.C.I. shares when its latest profits are published remains to be seen. But Courtaulds' Directors are, in effect, asking the shareholders to reject completely the comparative images of I.C.I. and Courtaulds managements in the past as any guide to the future. They are also asking shareholders to forget and forgive the cut in the interim dividend, which they now openly admit was an absurd mistake. At this late stage in the day, can Courtaulds' Directors, able and fierce as some of them have proved themselves in the latest bout of in-fighting, create a brand new image, and will the Courtaulds' shareholders perform the *volte-face*?"

Meanwhile, the President of the Board of Trade, Mr. F. J. Erroll, seems to have had second thoughts on his earlier stand that the Government was powerless to intervene in the matter. He was expected to make a statement on the question in the House of Commons last week. The fact that the statement was postponed (it has not been made upto the time of writing) was taken as an indication of the likelihood of Government intervention by the appointment of a fact-finding committee. The British Cabinet would appear to have rejected Mr. Erroll's earlier plan to have an independent inquiry.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 1st February 1962.

	Closing quotations 24-1-1962	High	Low	Closing quotations 1-2-1962
TEXTILES	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Ahm. Adv. (100)	204.00	—	—	204.00
Apollo (2)	2.54	2.56	2.50	2.52
Baroda Rayon (100)	156.00	159.50	155.00	156.00
Bombay Dyeing (25)	68.50	68.70	67.70	68.20
Bradbury (50)	167.00	167.50	166.00	166.00
Central India (100)	159.00	162.50	148.50	149.00
Century Mills (100)	586.00	594.00	576.00	589.50
Coorla Sp. (100)	151.25	—	—	151.25
Dawn (50)	153.50	153.50	151.50	151.50
Edward Textile (200)	375.00	—	—	375.00
Elphinstone (50)	119.00	120.00	116.00	116.00
Finlay (100)	350.00	—	—	350.00
Gokak (100)	220.50	221.00	216.50	216.50
Gold Mohur (100)	270.00	287.00	285.00	287.00
Gwalior Rayon (10)	53.50	53.50	52.30	52.50
Ind. Untd. Deld. (1)	2.62	2.78	2.60	2.76
Ind. Untd. Ord. (10)	17.68	18.48	17.64	18.44
Indian Rayon (87.50)	97.50	98.00	96.00	96.00
Indore Malwa (100)	175.00	180.00	175.00	180.00
Khatau (100)	460.00	471.25	463.75	468.75
Kohinoor (100)	309.00	309.00	303.50	307.50
Mafatlal (100)	935.00	935.00	917.50	920.00
Minerva Mills (100)	74.00	84.50	74.00	84.50
Model Nagpur (250)	147.50	162.50	145.00	162.50
Morarji (100)	390.00	395.00	391.00	392.00
Mysore (50)	68.00	68.50	66.00	66.50
National Rayons (100)	539.00	541.50	533.50	535.00
New City (100)	185.00	—	—	185.00
New Great (100)	250.00	253.00	250.00	253.00
Phoenix (100)	233.00	233.00	229.00	231.00
Podar Mills (100)	150.00	152.00	150.00	151.00
Raymond Woollen (100)	126.25	127.00	125.50	127.00
Sassoon Silk (10)	15.00	15.00	13.00	13.00
Sassoon Spg. (10)	67.00	66.50	64.70	64.70
Shrinivas (100)	282.00	285.50	280.00	285.50
Simplex (50)	161.00	169.50	161.00	167.00
Standard (100)	1,110.00	1,122.00	1,088.00	1,101.00
Svadeshi (100)	285.00	288.50	283.00	288.00
Swan (100)	425.00xB	410.00	402.50	405.00
S. I. Viscose (100)	183.50	182.00	180.00	184.00
Tata Mills (50)	82.00	81.50	78.00	79.00
Vishnu (100)	153.00	152.50	150.00	152.50
Western India (1,000)	6,475.00	—	—	6,475.00
BANKS				
Bank of India (50)	145.50	146.00	145.25	146.00
Do. (New) (50)	146.50	148.00	147.50	148.00
Bank of Baroda (50)	118.00	118.50	117.50	118.50
Central (25)	68.50	69.00	68.50	68.80
Central 'A' (25)	70.00	70.00	69.20	70.00
Dena Bank (50)	72.50	73.00	72.00	72.50
Punjab National (10)	23.00	—	—	23.00
Union Bank (5)	8.20	8.28	8.20	8.28
United Com. (50)	104.00	104.50	103.75	104.00
ELECTRIC COS.				
Ahmedabad (100)	94.00	96.80	93.80	96.00
Amalgamated (10)	10.48	10.48	10.20	10.40
Andhra Valley (1,000)	1,007.50	1,015.00	1,002.50	1,015.00
Bom. Sub. El. (100)	101.75	103.00	101.75	103.00
Surat (100)	94.50	100.00	94.50	100.00
Tata Hydro (100)	111.25	112.25	110.50	111.75
Tata Power (1,000)	1,110.00	1,135.00	1,106.25	1,135.00
INSURANCE COS.				
British India (10)	11.76	—	—	11.76
Indian Mercantile (20)	55.00	55.00	54.30	55.00
New India (15)	58.70	59.00	58.00	59.00
New India 'A' (15)	61.50	61.50	61.00	61.50
Vulcan (10)	16.40	16.40	16.36	16.36
STEEL COS.				
Ind. Iron (10)	24.56	24.84	24.32	24.56
Mukand Iron (10)	27.25	27.75	27.10	27.50
Tata Steel Ord. (75)	139.75	140.75	138.25	139.25
SUGAR COS.				
Belapur (50)	252.00	252.00	241.00	246.50
Bhopal (10)	23.76	—	—	23.76
Changdeo (12.50)	23.72	—	—	23.72
Phaltan (50)	115.00	115.00	112.00	115.00
Walchand Ind. (100)	159.00	159.50	150.00	158.50
CEMENT COS.				
Associated Cts. (100)	159.50	160.00	158.50	160.00
Digvijay (100)	189.00	189.00	186.00	186.75
Orissa (10)	17.24	18.20	17.16	17.92
MISCELLANEOUS				
Alcock Ashdown (100)	329.00	331.00	326.00	328.00
Bom. Burmah (125)	642.00	643.50	633.50	637.50
Do. (New) (50)	256.25	258.75	255.00	257.50
Br. B. Petrol (1¼ sh.)	1.24	1.28	1.24	1.24
Br. I. Corpo. (5)	10.88	10.88	10.56	10.56
Cooper Eng. (100)	182.50	182.50	181.00	182.50
Colour Chem. (100)	440.00	447.50	433.75	445.00
Hind Cycle (100)	108.25	109.00	107.00	108.00
Hindustan Lever (10)	57.00	58.00	56.50	58.00
Hindustan Motors (10)	20.52	20.52	20.12	20.20
I. C. & Invest. Corporation (100)	82.00	—	—	82.00
Indian Dyestuff (100)	501.25	517.50	495.00	505.00
Indian Copper (2 sh.)	4.74	4.76	4.70	4.70
Ind. Inv. Tr. (100)	75.00	75.00	74.30	74.30
Killick (100)	90.00	90.50	89.50	90.50
Larsen & Toubro (10)	40.25	40.40	39.50	40.00
Mahindra & Mahindra (10)	19.24	19.52	19.24	19.32
New Central Jute (10)	16.88	—	—	16.88
Polson (100)	185.00	—	—	180.00
Pre. Automobiles (100)	140.00	149.00	142.50	144.00
Premier Con. (80)	191.50	193.50	188.00	191.50
Scindia (20)	13.28	13.32	13.04	13.12
G. E. Shipping (10)	12.80	12.80	12.72	12.72
Shivrajpur (10)	42.00	42.50	39.50	41.00
Sirpur Paper (10)	16.28	16.60	16.16	16.44
Tata Chemicals (10)	15.88	19.48	15.88	19.00
Tata Locomotive (100)	352.50	353.00	346.50	349.50
Tata Oil (25)	79.06	79.80	78.00	78.80
Thermaco (10)	19.76	—	—	19.76
Voltas (100)	295.50	297.50	292.00	295.00
W. I. Match (100)	310.00	310.00	304.50	306.50
W. Coast Paper (100)	176.00	176.50	173.00	174.00

GOVERNMENT SECURITIES	24-1-1962 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	1-2-1962 Rs.
2½% 1962	99.20	—	3.85	99.15
2½% 1976	83.25	—	4.27	83.25
3% 1964	98.65	—	3.87	98.65
3% 1965-66	98.85	4.39	3.89	98.85
3% 1966-68	96.15	4.05	3.75	96.15
3½% 1970-75 1st Dev.	90.10	4.37	3.98	89.90
3½% 1980 Con. Loan	71.00	—	4.28*	71.00
3½% 1964 N. P. Loan	99.85	—	3.58	99.80
3½% 1965 N. P. Bonds	99.65	—	3.60	99.65
3½% 1966	99.90	—	3.88	99.90
3½% 1967 N.P. Bonds	99.90	—	3.73	99.90
3½% 1974	99.50	—	3.78	99.60
3½% 1967 N.P. Bonds	99.90	—	3.76	99.90
3½% 1969 Loan	98.40	—	3.75	98.40
3½% 1968	98.70	—	3.73	98.70
3½% 1963 N.P. Bonds	99.95	—	3.54	99.95
3½% 1968 N.P. Bonds	99.90	—	3.76	99.90
4% 1972 Loan	100.30	—	3.96	100.30
4% 1973 Loan	100.10	—	3.99	100.10
4% 1979 Loan	99.80	—	4.06	99.80
4% 1966 Bonds	99.90	—	3.90	99.90
4% 1980 Loan	99.25	—	4.06	99.25
4% 1981 Loan	98.55	—	4.11	98.50

* Current Income. xd—Ex-dividend.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 26th Jan., 1962

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	68,67,18,000
(2) Other Governments	18,83,26,000
(b) Banks	80,02,96,000
(c) Others	148,59,86,000
Bills Payable	27,60,40,000
Other Liabilities	52,13,38,000
Rupees	536,95,14,000

Assets	Rs.
Notes	24,68,30,000
Rupee Coin	2,32,000
Subsidiary Coin	3,78,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	21,79,37,000
Balances held abroad*	10,96,76,000
Loans and Advances to Governments†	60,79,51,000
Other Loans and Advances	149,03,39,000
Investments	242,96,87,000
Other Assets	26,64,91,000
Rupees	536,95,14,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 10,37,50,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	24,68,20,000	
Notes in circulation	1980,59,82,000	
Total Notes issued		2005,28,02,000
Total Liabilities		2005,28,02,000

Assets	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	126,86,07,000	
Total of A		244,62,10,000
B. Rupee Coin		121,87,24,000
Government of India Rupee Securities		1638,78,68,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2005,28,02,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	19-1-62	12-1-62	20-1-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	48,31	48,20	44,83
(ii) From others	737,40	728,52	679,86
(b) Borrowings from banks	26,99	25,62	21,19
(c) Others	55,38	53,86	48,24
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	18,38	17,76	15,10
(ii) From others	1,105,71	1,099,22	1,051,22
(b) Borrowings from banks	16,72	16,35	9,41
(c) Others	24,63	24,23	21,67
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,843,11	1,827,75	1,731,09
4. Aggregate liabilities [1 (a) (ii)+1 (c)+2 (a) (ii)+2 (c)]	1,923,12	1,905,83	1,801,00
5. Borrowings from Reserve Bank	17,66	16,40	42,22
(a) Against usance bills and/or promissory notes	9,52	8,02	17,16
(b) Others	8,15	8,39	25,07
6. Borrowings from State Bank and/or a notified Bank	11,92	12,29	13,59
7. Cash	45,52	45,63	44,19
8. Balances with Reserve Bank	76,55	71,56	71,64
9. Cash and balances with Reserve Bank	122,18	118,06	115,84
10. 9 as per cent of 4	6,41	6,20	6,48
11. Balance with other banks in current account	17,58	16,46	15,44
12. Money at call and short notice	48,45	49,73	29,40
13. Investments in Government securities	538,14	538,66	606,66
14. 13 as per cent of 4	30,58	30,63	33,63
15. Advances—			
(a) Loans, cash credits and overdrafts	1,109,50	1,105,21	1,033,23
(b) Due from banks	6,91	7,60	11,49
16. Inland bills purchased and discounted	152,10	151,15	121,77
17. Foreign bills purchased and discounted	47,40	45,63	48,18
18. Total Bank Credit [15 (a)+16+17]	1,309,90	1,301,98	1,201,18
19. 18 as per cent of 4	68,07	68,32	66,80

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	18th Jan., 1962	4.50	4.25
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	....	3
Canada †	....	2.93	2.82
Ceylon	18th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	May, 1959	5.50	4
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	2.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1958	2.50	3.50
Pakistan	14th Jan., 1959	3	4.50
Peru	Nov., 1959	6.00	4.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	2	2
South Africa	7th Dec., 1961	5	4.50
Spain	11th April, 1960	6.25	5.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	28th Feb., 1959	2.50	2
Thailand	Feb., 1945	....	4
Turkey	6th June, 1956	4.50	6
United Kingdom	2nd Nov., 1961	6.50	6
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 26th Jan., 1962

Capital and Liabilities	Rs.	Rs.
Capital—		
Authorised Capital— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		547,01,54,000
Borrowings from Other Banking Companies, Agents, etc.		2,94,50,000
Bills Payable		8,01,86,000
Bills for Collection being Bills receivable as per contra		2,34,87,000
Acceptances, Endorsements and Other Obligations per contra		98,10,000
Other Liabilities (including Inter-Office Adjustments)		1,28,43,000
Total	Rs.	576,41,80,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		23,29,46,000
Balances with other Banks		2,53,12,000
Money at Call and Short Notice		33,33,000
Investments—		
Government and other Trustee Securities	241,02,52,000	
Other Authorised Investments	9,27,75,000	
		250,30,28,000
Advances—		
Loans, Cash Credits, Overdrafts, etc.	250,45,17,000	
Bills Discounted and Purchased	19,17,89,000	
		269,63,06,000
Bills Receivable being Bills for Collection as per contra		2,34,87,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		98,10,000
Premises less Depreciation		1,88,67,000
Furniture and Fixtures less Depreciation		1,46,21,000
Other Assets (including Inter-Office Adjustments)		23,64,70,000
Total	Rs.	576,41,80,000

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1960-61	1959-60*	Nov., 1961	Nov., 1960
Central Government Securities:				
(a) 3% conversion loan 1986 or later†	2.85	2.84	2.93	2.83
(b) Others‡	2.68	2.59	2.73	2.74
Debentures	4.11	3.97	4.13	4.14
Preference Shares	5.32	5.44	5.69	5.26
Variable Dividend Industrial Securities	4.88	5.27	4.59	4.95
Agriculture and Allied Activities†	5.80	6.09	5.56	5.98
(a) Tea Plantations	6.01	6.17	5.72	6.24
(b) Coffee Plantations	5.12	6.06	4.55	5.43
(c) Rubber Plantations	6.33	7.60	6.58	6.06
Mining and Quarrying	5.31	6.19	5.12	....
(a) Coal	4.56	5.82	4.44	4.78
(b) Other Mining	5.82	6.44	5.60	6.18
Processing and Manufacturing	4.35	4.70	4.19	4.45
Foodstuffs, Textiles, etc. ‡ ††	4.26	4.68	4.11	4.39
(a) Sugar	5.80	6.68	5.61	5.66
(b) Cotton Textiles	3.47	3.97	3.66	3.68
(c) Jute Textiles	5.16	5.80	5.16	6.46
(d) Silk and Woollen	3.17	3.98	2.77	3.16
Metals and Chemicals†	4.18	4.19	4.24	4.36
(a) Iron and Steel	4.25	3.89	4.80	4.66
(b) Transport Equipment	3.33	3.43	3.72	3.16
(c) Electrical Machinery	5.03	5.09	4.44	5.20
(d) Other Machinery	4.07	4.55	3.43	4.06
(e) Basic Ind. Chemicals	3.59	4.14	3.53	3.48
Others	4.90	5.69	4.32	4.76
(a) Cement	5.21	6.07	4.55	4.90
(b) Paper	4.76	5.02	4.41	4.97
Other Industries	6.05	6.49	5.12	5.99
(a) Electricity Generation and Supply	6.28	6.86	5.24	5.88
(b) Trading	8.38	8.58	6.57	8.81
(c) Shipping and Other Transport	5.17	5.25	4.16	5.54
(d) Construction	4.49	4.12	3.82	4.52
Financial	6.31	6.64	5.83	6.30
(a) Banks	5.93	6.46	5.42	5.82
(b) Insurance	7.56	7.53	7.06	7.48
(c) Investment Trusts	6.85	6.28	6.59	7.24

* Average of 9 months. † Running yield. Average of four loans (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous'. †† Including 'Edible and Vegetable Oils.'

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	30th Dec., 1961	23rd Dec., 1961	31st Dec., 1960	November 1961	November 1960	Percentage of Increase (+) or Decrease (—) in Nov., 1961 as compared with Nov., 1960	Annual Average 1961	Annual Average 1960
Food Articles	504	117.1	117.0	115.0	120.3 R	120.1	+ 0.1	119.8	120.2 R
Cereals	192	100.7	100.5	98.4	102.7	103.5	— 0.7	101.6	100.3
Pulses	48	93.1	94.1 R	93.7	93.1 R	94.2	— 1.1	91.2	93.6
Fruits and Vegetables	23	139.4	136.8 R	108.5	98.1 R	111.2	+24.3	121.2	121.1 R
Milk and Ghee	64	113.7	115.9 R	106.5	140.4	111.0	+ 1.6	116.1	115.6
Edible Oils	47	152.2	152.2	106.5	116.5	124.8	+ 0.8	158.2	143.8
Fish, Eggs and Meat	17	138.7	140.0 R	155.8	152.2	158.1	+ 3.0	132.1	131.5
Sugar and Gur	46	112.8	114.2	123.4	124.2 R	124.8	— 0.5	118.2	118.6
Others	50	162.4*	164.0 R	127.5*	120.6	124.2	+ 0.8	173.9	169.4 R
Liquor and Tobacco	21	95.6	95.5	111.7	98.2	174.1	—10.1	101.0	101.4
Tobacco	....	91.8	91.8	110.3	94.7	116.8	— 3.8	103.9	103.8
Fuel, Power, Light and Lubricants	39	121.8	121.8 R	119.9	121.6 R	148.8	—18.2	123.6	123.4 R
Industrial Raw Materials	155	136.2	135.4 R	131.9	137.1 R	146.0	— 1.8	130.0	130.4
Fibres	61	125.6	124.7	130.6	137.1 R	146.0	+ 1.8	129.8	129.8 R
Oilseeds	60	141.9	151.2	156.2	158.7	159.1	— 7.4	147.7	138.8
Minerals	2	94.8*	94.8*	95.9	94.9	98.1	—20.6	150.0	130.8
Others	32	129.4*	128.6 R	131.0*	130.3 R	127.7	+ 3.0	147.8	144.9
Manufactures	280	125.8	126.7	126.8	126.4	126.8	— 3.8	96.1	96.9
Intermediate Products	41	138.4	138.1	133.6	140.1 R	141.6	+ 1.2	127.9	129.0
Finished Products	239	124.8	124.8	125.7	124.2 R	121.6	+ 0.6	127.6	128.0
Textiles	147	125.2	125.2	130.3	124.2 R	124.7	+ 6.4	132.6	129.8
Cotton	....	127.8*	127.8*	129.2*	124.2 R	123.8	+ 6.6	135.2	127.1
Jute	....	121.4	121.4	147.2	116.4	120.1	— 3.5	127.7	119.8
Woollen	....	133.1*	133.1*	110.1*	141.7	141.7	— 0.7	127.7	121.2
Silk and RaYon	....	119.6*	119.6*	102.4*	120.6 R	110.1	—18.0	123.9	127.5
Metal Products	12	147.1	147.1	146.8	147.1	101.8	+11.7	119.0	115.3
Chemicals	20	111.2	111.2 R	109.8	111.5 R	104.4	+16.5	119.4	106.6
Oil Cakes	10	153.7	152.6	149.0	111.5 R	104.4	+ 9.9	116.4	102.6
Machinery and Transport Equipment	21	115.8	115.8	112.1	148.8	142.5	+ 0.8	147.1	147.0
Others	30	124.5	123.9	116.4	113.2	113.1	+ 4.6	108.7	104.7
								146.8	140.2
All Commodities	1.000	122.0	122.0 R	124.2	124.3 R	125.9	— 1.3	122.6	120.7
								120.5	118.0

Note:— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised
* Estimated.

EXCHANGE RATES

		31st January 1962	23rd January 1962
Bombay on London—			
Sellers T.T. D.D. Spot.	s.	1-5	1-5
Sellers T.T. D.D. upto six months	s.	1-5	1-5
Buyers T.T. spot to nine months	s.	1-5	1-5
Buyers T.T. 10 to 12 months	s.	1-5	1-5
Bombay on New York—			
Sellers T.T. D.D.	Rs.	476.00	476.25
Buyers T.T.	Rs.	472.50	473.00
London on New York	s.	2.8128-2.8123	2.8108-2.8111
London on Paris	Frs.	13.7940-13.7960	13.7740-13.7760
London on Berne. Sw. Frs.		12.1400-12.1420	12.1340-12.1360
New York on London	s.	281.240-281.270	281.180-281.160

CLEARING HOUSE RETURNS

Centre	Week ended 25th Jan., 1962		Week ended 19th Jan., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	3,60,016	70,54,54,000	4,46,291	100,73,62,000
Calcutta	1,54,000	66,87,00,000	1,23,000	84,95,80,000
Madras	84,078	12,32,47,000	88,561	13,07,72,264
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,68,05,00,000
1960-61	..	..	54,472,000	125,13,16,00,000
Nov.,1960	..	..	4,712,000	1,080,69,00,000
Sept.,1961	..	..	4,872,000	1,125,86,00,000
Oct., ,,	..	..	4,788,000	1,046,09,00,000
Nov., ,,	..	..	4,979,000	1,094,48,00,000

State Bank of Pakistan

Statement of Affairs for the week ended 19th Jan., 1962

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	12,45,94,000
(b) Provincial Governments	50,36,000
(c) Banks	18,80,00,000
(d) Others	114,55,15,000
Bills Payable	16,98,000
Other Liabilities	13,63,92,000
Rupees	169,77,35,000

Assets	Rs.
Notes	12,26,78,000
Rupee Coin	16,000
Subsidiary Coin	36,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	26,18,51,000
Loans and Advances to Governments	7,14,00,000
Provincial Governments' Debtor Balances	9,13,000
Investments	68,04,90,000
Other Loans and Advances	45,21,24,000
Other Assets	10,82,27,000
Rupees	169,77,35,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	12,26,78,000	
Notes in circulation	388,53,52,000	
Total Notes issued		400,80,30,000
Total Liabilities	....	400,80,30,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	2,59,96,000	132,96,23,000
Government of Pakistan Securities	259,34,05,000	
Internal bills of exchange and other commercial paper	....	
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		261,94,01,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
Total Assets	....	5,90,06,000
		400,80,30,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 24.57 per cent.

DEPOSITS OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	19-1-62	12-1-62	20-1-61
Demand deposits	785,71	776,72	723,69
Time deposits	1,057,40	1,051,03	1,007,40
Total deposits	1,843,11	1,827,75	1,731,09

BANK CLEARINGS

Centre	Week ended 19th Jan., 1962	Week ended 12th Jan., 1962	Week ended 20th Jan., 1961
	Rs.	Rs.	Rs.
Ahmedabad	3,50,00,000	3,50,00,000	3,50,00,000
Bangalore	3,50,00,000	3,50,00,000	3,50,00,000
Baroda	1,50,00,000	1,50,00,000	1,50,00,000
Bombay	70,54,54,000	66,87,00,000	84,95,80,000
Calcutta	66,87,00,000	84,95,80,000	70,54,54,000
Cochin	1,50,00,000	1,50,00,000	1,50,00,000
Delhi	12,32,47,000	13,07,72,264	12,32,47,000
Hyderabad	1,50,00,000	1,50,00,000	1,50,00,000
Jaipur	1,50,00,000	1,50,00,000	1,50,00,000
Kanpur	3,50,00,000	3,50,00,000	3,50,00,000
Madras	12,32,47,000	13,07,72,264	12,32,47,000
Nagpur	1,50,00,000	1,50,00,000	1,50,00,000
Patna	1,50,00,000	1,50,00,000	1,50,00,000
Poona	1,50,00,000	1,50,00,000	1,50,00,000

SHARE PRICES

	31st January 1962	23rd January 1962
Bombay Cotton Textiles	1,000	1,000
Bombay Industrial	1,000	1,000
Bombay Miscellaneous	1,000	1,000
Bombay Bank	1,000	1,000
Ahmedabad Cotton Textiles	1,000	1,000
Ahmedabad Miscellaneous	1,000	1,000
Calcutta Cotton Textiles	1,000	1,000
Calcutta Jute	1,000	1,000
Calcutta Miscellaneous	1,000	1,000
Calcutta Bank	1,000	1,000
Delhi Cotton Textiles	1,000	1,000
Delhi Miscellaneous	1,000	1,000
Delhi Bank	1,000	1,000
Madras Cotton Textiles	1,000	1,000
Madras Miscellaneous	1,000	1,000
Madras Bank	1,000	1,000

COMMERCE

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

VOL. CIV. No. 2652 BOMBAY, 10th FEBRUARY 1962 PRICE Rs. 2

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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NEW KEY INDUSTRY IN PRIVATE SECTOR

THE advantages of foreign capital participation and technical collaboration in the industrialisation of an underdeveloped country are fully and impressively reflected in the A.V.B. Works at Durgapur, one of the largest new heavy engineering units in the private sector, which was formally inaugurated by Dr. B. C. Roy, West Bengal's Chief Minister, on Tuesday this week. Elsewhere in this issue appears a detailed account of the project, giving particulars of its three partners and of the types of plant and machinery that will be turned out in its works. It will be noted therefrom that, in this project, two world-renowned British industrial giants are the partners with A.C.C., India's largest cement company and a pioneer in the manufacture of cement machinery. The capital invested by the two British companies has added to India's domestic savings mobilised by the A.C.C. and mitigated to some extent the shortage of foreign exchange. These are only the initial contributions to India's foreign exchange budget. As the works go into full production in another 24 to 30 months, India's dependence on foreign countries for supply of plant and machinery needed by its three basic industries, namely, cement, power and coal, will be reduced to a significant extent. As years roll by, it should even be possible for the A.V.B. to earn foreign exchange by exporting a part of its production. All these constitute advantage number one of associating foreign capital and know-how with this capital goods producing industry.

The second advantage is the transplantation in India, by overnight as it were, of the processes and techniques developed over a period of decades of expensive research, trial and error in Britain and elsewhere. This gain to India became apparent as one toured the huge workshops of the factory and the administrative building. The design and layout of the workshops are modern, neat, spacious and scientific. The machines installed are the latest and best types available in the world. Not all of them are British-made, as they include American and German makes too. A large number of foreign technicians are training Indian workers in the use of these machines and in turning out products which require a high degree of precision and skill. Both Indians and foreigners are working together and it will not be long before the former do most of the jobs themselves. The foreign technicians averred that the Indian youths were quick in learning this skilled job. The management has already under operation a scheme for training a sizable number of apprentices. The architecture of the administrative building stands favourable comparison with any in the western world. The whole building is air-conditioned and furnished on modern lines to provide all possible comforts for those who work in it. The factory and office building, as well as the care and attention given to train the staff and operatives in the latest methods of work, warrant the expectation that, in due course, that is, after the teething troubles are over, the productivity of this factory at Durgapur should compare favourably with that of corresponding units in the West. It is to be hoped that the representatives of Vickers and Babcock and Wilcox will keep a close watch on the performance of this unit and see that it does not lag behind its foreign confreres.

This statement might seem to be stressing the obvious. But it is necessary to do so for two good reasons. First, the Indian market for plant and machinery will be a sellers' market for a long, long time to come not only because of the industrialisation drive under the Five-year Plans but also because of chronic scarcity of foreign exchange, necessitating drastic restrictions on imports. Accordingly, even the fear of competition, let alone actual competition, as a spur to hard work and efficiency will be absent. Secondly, being a producer of capital goods, the aim should be to keep their costs as low as possible not by sacrificing quality but by raising productivity. It is needless to add that the ability of Indian manufacturers to compete abroad is determined, among others, by the cost and quality of the machinery employed as well. The foreign collaborators in Indian industrial projects have a special obligation to the people, in general, and investors, in particular, in this respect. They can also derive better satisfaction—moral as well as material—and acquire an immense sense of pride, if they help the projects with which they are associated to attain a high level of efficiency in production, marketing and management by insisting on the adoption of proper standards by their Indian partners and by giving all the assistance necessary for training the Indian engineers and workers in their respective fields.

The third advantage of foreign participation is expansion in the scope for employment. It is true that, in works of the nature of A.V.B., the chances for large-scale direct employment will be practically *nil* once the stage of construction and development of basic facilities is over. But the employees of the Works will be skilled workers, foremen, engineers of all sorts, accountants and managers, that is, persons with sizable incomes, who, in turn, will provide work for quite a large number of local people. Transport, communications, banking, insurance, education, medicine, retail marketing, domestic servants, and such other service occupations, generated by a modern community, will offer scope for gainful employment for a sizable number of both men and women.

Foreign participation serves also as a source of ideas through establishment of industrial units that are good models for others. In this respect, too, the Durgapur Works of A.V.B. are a classic example, even though only the first phase of their development has been completed. The workers—high and low, office and factory alike—are assured of comfortable conditions not only in the place of their work but also in that of living. Neat, well-ventilated, commodious houses with all modern facilities are provided for all the workers of A.V.B. Arrangements are being made to take care of their health, recreational and social needs through the provision of a dispensary, schools and playgrounds for children, clubs, and sports ground. A singular feature of the A.V.B.'s part of Durgapur area, to which pointed attention was drawn by Chairman Dharamsey M. Khatau in his welcome speech, is the effort made to make it a garden town, by retaining as many trees as possible, thus providing shade during the hot season, which is rather long in that part of the country, and retaining at the same time the natural beauty of the area. In this respect, the organisers of A.V.B. have displayed commendable foresight and provided a refreshing contrast to those of the Durgapur steel town—a public sector enterprise—where all trees have been mercilessly cut and mowed down, giving one the impression of a desert town. Another feature of the A.V.B. Works is the liberal provision made for training apprentices and housing them in a comfortable hostel. If the cleanliness that one saw in the residential and factory areas on the day of inauguration were maintained throughout the year, it would be an ideal industrial town, free from filth and open drainages which make the old Durgapur town and the railway station a disgusting place.

It is surely too early to speak, with any degree of certainty, about the production and financial results of this vast enterprise. Apart from the fact that the attainment of production to the full rated capacity will take two to three years, this engineering industry differs

from others in one important respect. It is not a producer of goods on a mass scale such as automobiles, tractors, trucks or iron and steel. It has to produce heavy plant and machinery of varying designs and types, as well as intricacy, each piece costing several lakhs or even crores of rupees. Much preparatory work and designing will have to be done before steps are taken to execute in order. This is a point which is liable to be overlooked by critics in judging the performance of a factory of this type. As it is, the A.V.B. Works are assured of enough orders, but their implementation will depend on the ready availability of raw materials, stores, etc., a good part of which may have to be imported until such time as plans for producing them in the country fructify. Another prerequisite for the success of the factory is the provision of adequate transport and communication facilities. Drawing attention to this point, Mr. Dharamsey Khatau said in his speech:

"In deciding on locating this industry at Durgapur, one of the most important considerations was that of transport. We would, therefore, like to emphasise the importance of the new 'Express Highways' between Durgapur and the Port of Calcutta being completed as soon as possible. It was on the assumption that this road would be available that we located our industry at Durgapur and for our products, such as cement-making machinery, steam-raising plant, heat-exchangers, pressure-vessels, this question of transportation of large pieces of machinery is of vital importance. Now that Durgapur is developing into what I am sure will be one of the main industrial centres of India, it is essential that, apart from this question of road transport, more attention should also be given to improve the postal, telegraph and telephone facilities here."

The fulfilment of the aforesaid conditions is the responsibility of both the Central and West Bengal State Governments. It remains to be seen how soon and how well they will carry out their part of the job.

PRACTICAL PLANNING

IF planners in India are striving to learn from the planning experience of other countries and are responsive to newer and more constructive ideas, they will find the brochure pertaining to regional planning*, recently published by the Organisation for Economic Co-operation and Development, quite rewarding reading. One of the first lessons that they can usefully learn from the author's discussion of the problems of practical planning is that planning is not an exact science and that it has not left the field of political pressures, hunches and guesswork. Plans based on such advanced techniques as inter-industry schemes, linear programming methods, operations research and advanced-econometric methods may be excellent statistical exercises. If, however, such plans are usually discarded, it is because of the failure of the authors to take into account the practical decision-making process as it exists in Government. Practical planners, on the other hand, would not concentrate only on logical sequences, ignoring the characteristics of the individual decision-makers. What they should do at the very outset is driven home to them in the following sentences:

"One of the first investigations which the practical planner must make is to assess the types of individuals with whom he is dealing, so that he can determine their prejudices, the nature of their jealousies, the effect of having come from different backgrounds and the holding of a variety of opinions.... He must understand their reactions to certain types of planning and administrative operations and goals, and their attitudes towards the use of certain kinds of tools for the implementation of plans. If the plannner proceeds in ignorance of the characteristics of the human decision-makers, he is bound to fail with respect to having his plans translated into actuality.... Whatever the plan, no matter how well conceived, how logical and how suitable for direct action it may be, there will always be questions and objections as well as support. It is to the advantage of the practical planner, early in the operation, to try to anticipate the nature of these objections and to understand their causes as well as the reasons for the support."

*Designing and Administering a Regional Economic Development Plan with special reference to Puerto Rico. By Alvin Mayne. Published by O.E.C.D., 2, rue Andre-Pascal, Paris 61e, France.

There are also other considerations germane to practical planning. For instance, measures which can be introduced directly by the executive require different treatment from those which require authorisation by the legislature. Consideration must also be given to the allocation of responsibility among the various departments of the executive agencies, for plans which cut across a variety of executive agencies but which do not contain elements of co-ordination are bound to fail. Again, it would be useless to design a development plan which requires the operational authority to articulate it, if powers necessary are not available for use by the administration. Nor would it be useful to create a plan which cannot operate without legal changes that are not feasible.

The overall financial feasibility of any plan is also an important consideration. But more important is the recognition by a practical planner that decision-making with respect to allocation of resources, by both Government and private enterprise, is a continuing process. If the planner feels that the current method of decision-making pertaining to resources allocation is not adequate, he should develop the strategic and tactical measures whereby the decision-making techniques called for by the development plan can gradually replace existing decision-making operation. Mr. Mayne's advice here is that the strategy of the take-over must be "subtle and virtually unnoticed," for "a head-on collision between the existing and proposed decision-making apparatus will generally spell failure for the newer technique."

These requirements of practical planning are neither simple nor common place. Planners in India, at every level, may recall from their own experiences during the last ten years that these vital requirements have, quite often, not been fulfilled. While, by and large, planners in this country have been shrewd and practical enough to pay particular attention to the role of leadership on the part of the chief executive (Prime Minister Nehru) in formulating the objectives and the desires of the people, they have not quite succeeded in strengthening his pragmatic propensities and correspondingly weakening his doctrinaire predilections. Nor have they been quite successful in meeting some of the other requirements. They have themselves admitted their errors of omission and commission in the final report on the third Plan (*vide* leading article entitled "The Decade's Balance-sheet" in *Commerce* dated 12th August 1961). While it is hardly necessary to recapitulate them here, one cannot help noting that India's planners have only partially answered to Mr. Mayne's description of "practical planners."

Of course, one has to be charitable in one's criticism of the performance of India's planners who have had the unenviable task of reconciling, or trying to reconcile, conflicting objectives. For instance, there has been all along a conflict between short-range objectives and long-term goals. When planners are under pressure to develop programmes which will show immediate results and raise the level of living of the present generation, it sometimes happens that such shorter-range measures not only prejudice the achievement of longer-range goals but also turn out to be ineffective themselves. Mr. Mayne has given an example here from the experience of Puerto Rico. There, according to him, measures to alleviate the immediate hardship in the coffee areas in recent years have led to a price support programme, which is beginning to require increasingly large funds without solving the problem and is merely delaying a radical adjustment which will have to be made in the light of the rapid development of the rest of the economy. But, then, the present is bound to be too much with us even while recognising that the future is equally or even more important. This dilemma has been confronting India's planners also. Mr. Mayne's reference to this problem is contained in a footnote he has appended at the appropriate place. This is as follows:

"The author had an opportunity to discuss alone with Prime Minister Nehru for several hours the second Five-year Plan of India. When the author expressed the view that the second Plan was correctly oriented, in that it focussed on the longer-run development of capital investment, instead of alleviation of the hardships of the present generation, Nehru replied, 'but it is the present generation which elected me.'"

Like the Irishman who asked, "What has the future generation done to me that I should sacrifice for its sake?", the present generation will continue to demand relief and betterment. The conflict between short-term objectives and long-term goals will thus continue. It will require all the ingenuity of a planner to effect a practical reconciliation of the two conflicting objectives.

Another source of conflict with respect to the objectives usually results from the opposition of regional to national objectives. It may be in the interest of the national objectives to try to concentrate on particular areas which can most fruitfully be developed. But, in the development of a particular region, it may be difficult to obtain special assistance from the national Government for the exclusive benefit of that area. This kind of conflict is there in an acute form in India, for it is a country of diverse regions. But it certainly redounds to the credit of India's planners that, in river valley development, for instance, they have sought to reconcile regional objectives with national objectives. If their efforts at such reconciliation have met with only partial success so far, it is because some regions, even though they are homogeneous in their natural characteristics, cut across the boundaries of more than one State. Thus, even in regional planning, there has arisen the problem of reconciling the conflicting objectives of the States concerned. One can readily sympathise with the Indian planners who are called upon to resolve, in a practical manner, the inter-State conflicts and, at the same time, reconcile regional objectives with those of the nation as a whole. The latest addition to the planner's problem in this respect is provided by the conflicting objectives of the Centre and of some States like West Bengal and Assam in the matter of mineral development.

The practical planner in India, as elsewhere, has also to contend with another major conflict in objectives, namely, the conflict between the economic, social and physical planning objectives. For example, if a plan's prime and, possibly, only objective is rapid economic growth, it will involve a type of planning designed to concentrate the human, physical and economic resources available to the Government in a certain rigid and authoritarian manner. Such a development, according to Mr. Mayne, will cause great difficulty in creating a priority system and stand in the way of an automatic system of allocation of resources. It may be useful to quote, in this context, the conclusions of Dr. Otmar Emminger (Member of the Directorate of the Deutsche Bundesbank) whose lecture on economic growth under the auspices of the University of Madrid had also been published by the O.E.C.D.:

"Economic growth... has assumed particular importance. But it cannot have absolute priority over all other...objectives. Growth is not an end in itself; the pursuit of growth is purposeless, if it means no more than simply competing for the high statistical figure.

"Growth is only as important as the very real economic, social and political purposes which it must, and indeed can, serve to fulfil. What we are interested in is not just economic growth in purely statistical terms but rather: *What extra goods are produced? For what purpose? For whose benefit? At what cost? or At the price of what sacrifice?* The *quality* of economic growth is at least as important as its *quantity*."

While planners in India swear by a growth-oriented economy in theoretical and statistical terms, they have to operate, by and large, through democratic channels and, thus, are not oblivious of the human objectives and qualitative aspects of growth. Although this much can be said in fairness to them, it is by no means clear how far they have reconciled the conflicting objectives mentioned by Mr. Mayne. This is a matter calling for closer and deeper study.

Two other conflicts faced by the practical planner are all too evident in India. One of these is that the objectives for the individual are frequently in conflict with the objectives for the economy as a whole. Mr. Mayne's view on this issue is that "the desire to give maximum individual liberty would frustrate all types of economic and social planning and the probable long-run development of the economy." This question continues to be hotly debated in this country, and it has led to the formation of the Swatantra Party. It is also related to the other conflict, namely, that pertaining to the relative roles of the public and private sectors. In regard to these twin conflicts in India, much can be said, and is being said, on both sides. As of today, there is no finality about the debate. One can only hope that planners in India will constantly strive to be pragmatic and operate its mixed economy in such a way that individual freedom is substantially preserved.

MARKET GOSSIP

THERE has been a smart recovery in share markets, with equities recording sizable gains. Bear covering and hurried replacement buying by some bulls are mainly responsible for this improvement. On Thursday, there was some profit-taking by bulls and fresh buying support showed signs of exhaustion. Nevertheless, the closing rates, as on that day, were substantially higher than those a week before. The much-feared *Ashtagraha* has passed off, belying all the astrological forebodings. Mr. T. T. Krishnamachari has made a statement that he is not in favour of imposing fresh direct taxation and that a part of the additional funds required for the Plan can be raised by plugging the loopholes through which tax is being evaded and by improving the efficiency of tax collecting machinery. Both the events have helped to revive the bullish fervour. While it is possible that, despite all the reiterations of his faith in aggressive socialism, T. T. K. may be forced by circumstances not to repeat the mistakes he made in the fiscal policies in 1956 and 1957, it is better to bear in mind that he is a person who thinks that he is cleverer than others and who has immense confidence in his sense of judgment. He is also one of those who believes that consistency is the virtue of an ass. Anyway, whatever the share markets may think of him now in the light of his interviews to a section of the daily Press, there is a considerable amount of uneasiness among businessmen at the prospect of his becoming a leading member of the Union Cabinet after the elections.

Larsen and Toubro

The shareholders of Larsen and Toubro Limited as well as Press representatives had the opportunity last week-end to see the Company's Powai Works in suburban Bombay. It should have been an exhilarating experience to the visitors to feel the dynamism of expansion and diversification in the works. The lines of manufacture so far undertaken by Larsen and Toubro are indeed impressive in their range. These include electrical switchgear and motor starters, petrol dispensing and metering pumps, equipment for chemical, pharmaceutical and dyestuffs industries and distilleries and breweries, sulphuric acid and superphosphate plants, dairy machinery and equipment, drilling equipment and diamond bits, lubricated taper plug valves, sheepsfoot tamping rollers for soil compaction, portable belt conveyors and hand scrapers, aluminium capsules, cups, vial caps, milk caps and milk strips, and crown corks. With such diversified manufacture, the Powai Works are now responsible for an annual output of goods worth Rs. 2.5 crores. An idea of the tempo of production in the Works can be obtained from the management's estimate that the output will be of the order of Rs. 5.0 crores in 1963-64. In view of this continuous expansion that is taking place in the Company's operations, the management has also rightly decided to increase the equity share capital from the present Rs. 110 lakhs to Rs. 165 lakhs by a fresh issue for Rs. 55 lakhs.

Another noteworthy venture which Larsen and Toubro have recently launched is Utkal Machinery Limited in collaboration with three renowned West German firms. This associate company, which will involve a capital outlay of Rs. 3 to Rs. 4 crores, is to produce, at its works near Rourkela, a wide range of heavy engineering plant, including blast furnaces, steel works plant, pig casting machines, sintering plant and ropeways, coke ovens and by-products recovery plant, low temperature carbonisation and gasification plant, chemical plant and equipment for fertiliser, refinery and petro-chemical installations and plant and equipment for production of pulp, paper and cardboard. This unit, which is expected to go into production after a few months, has a production target to the tune of Rs. 5 crores a year in the near future. With an enterprising and imaginative board of directors headed by Mr. H. Holck-Larsen, the ever-expanding Larsen and Toubro Limited and its various subsidiaries are destined to achieve a great deal in the field of engineering industry—electrical or non-electrical.

Cotton Textiles at Geneva

What will be the pattern of world cotton textile trade in the coming years? For the answer to this poser, one has to await the outcome of the International Cotton Textiles Conference now in session at Geneva—the Conference began on 29th January 1962—though, broadly speaking, it can be said that gone are the days of free trade in textiles. The Geneva Conference, it will be recalled, is being held under the auspices of the G.A.T.T. with the objective of ensuring a long-term arrangement for the orderly development of trade in textiles (by which is meant the prevention of the so-called "market disruption" in the developed countries of the West) to succeed the one-year short-term arrangements worked out at Geneva in July last, and in force since October 1961. The short-term arrangements, it will be recalled, provides for a voluntary ceiling on the imports of cloth into developed countries to the levels reached during the twelve-month period ended June 1961. Exporting countries are expected to observe these ceilings, if an importing country considers such a restraint necessary to prevent market disruption. The arrangements cover 64 categories of cotton textiles—yarns of different kinds, a wide range of piecegoods, apparel, bed, pillow and table covers, etc., hosiery, towels and napkins, and all other cotton textile items.

The discussions at the Geneva Conference are mainly on the basis of the report prepared by the Technical Sub-committee of the Provisional Cotton Textiles Committee which was constituted after the July meeting. The sub-committee—it was set up in October last to work out details of a long-term arrangement—concluded its series of meetings nearly a month ago when it agreed on a number of points for inclusion in a long-term agreement. The details of this committee's findings are, however, not available. The discussions at the Conference are also based on the various proposals put forward by the different delegations. Of particular importance are the Japanese and American proposals which are summed up below:

Japanese proposal: Cutbacks of exports to an importer-nation complaining of market disruption should be geared to the export levels of a year previously. This arrangement will be for over three years, with the cutback for the first year amounting to the export level of the previous year. In the second year, the cutback will again be to the level of a year earlier, but with a 5 per cent increase. The increase for the third year will be 10 per cent of the previous year's level. A fresh arrangement for dealing with any further market disruption will have to be worked out after the three-year period, but quotas should be completely eliminated after 30th September 1965.

U.S. proposal: This is a modified extension of the temporary arrangements under which countries whose markets are disrupted by "low-cost" imports can ask the "offending" exporter nation to hold down its exports to a level not lower than that for the year ended June 1961. Allied to this proposal is what is called a growth formula which links the quantity of textiles allowed to enter a country to the growth of consumption there and the expansion of home industry. A side issue that is reported to have emerged and a subject of considerable excitement among the exporting countries is the plan, now being considered by the U.S. Tariff Commission at President Kennedy's request, for the imposition of a fee at a rate of 8.5 cents per lb. on cotton used in cotton products imported into the U.S. This proposal springs from the agitation by U.S. textile manufacturers that the subsidy of 8 cents on U.S. cotton exports but denied to domestic consumers places them at a disadvantage in competing with imported cotton goods.

Whatever be the conclusions reached at the Geneva Conference, this much can be said and that is that world trade in cotton textiles will be subjected to some sort of quota restrictions in the coming years. It is, however, necessary to reiterate, even at the risk of repetition, that such quota restrictions are unjustified and beset with dangerous consequences. If, however, the Geneva Conference were to decide in favour of a quota scheme, the size of quotas allotted to the different exporting countries should be determined in a rational and realistic manner. So far as India is concerned, it would be wrong to treat it on a par either with Japan which has a well developed economy and a modern textile industry or with the tiny Colony of Hong Kong the textile exports from which consist largely of goods imported from China. For the foreign exchange needs of India for implementing the Plans are pressing to a degree and, since the scope for exporting goods other than the traditional items such as cotton textiles, jute goods and tea is very limited, the importance of maintaining as high a level of cotton textile exports as possible is urgent.

Viewed thus, the U.S. move to impose a fee on cotton used in the manufacture of products imported into that country will adversely affect textile exports from India, inasmuch as the American example may be emulated by the other importing countries as well under other pretexts. The leader of the Indian delegation to the Geneva Conference, Mr. T. Swaminathan, I.C.S., certainly did well to oppose the move stoutly. He is reported to have said: "The imposition of a fee will provide double protection for domestic (U.S.) producers and be contrary to the principles of the G.A.T.T., because it will amount to the application of a tariff without going through G.A.T.T. procedures." It was Mr. Morio Aoki, Japanese Minister to G.A.T.T., who led the attack on the U.S. plan. Mr. Morio Aoki observed: "The plan will have wide and far-reaching restrictive effects on imports (into the U.S.). If the plan is carried out, the very basis on which the long-term arrangement has been considered will be entirely changed." Indeed, he made it clear that, should the U.S. go ahead with the imposition of the fee, Japan would be unable to accept any long-term arrangement.

Meeting Loss on Exports

While the textile millowners and exporters in India are anxiously awaiting the outcome of the Geneva Conference, the Cotton Mills Federation has announced its decision to collect from mills Rs. 2 per bale (of 180 kg.) of Bengal *deshi*, Mathia, Mungari and Oomra cottons consumed by them for the purpose of financing exports of cloth and yarn. Hitherto, only imported cotton was subjected to such a levy. The decision, it is said, has been taken in consultation with the Textile Commissioner. The Press note issued by the Federation says:

"In the case of long-staple Indian cotton not subject to a ceiling price, or having a ceiling price per bale of Rs. 601 and above, the mills are required to pay Rs. 10 per bale consumed. The rate of levy in regard to other Indian cotton consumed is Rs. 5 per bale. Moneys on this basis will have to be paid to the Federation by the mills for all the Indian cotton consumed by them from 1st January 1962. For the year 1962, they should pay a deposit of Rs. 5 per bale on the quotas of Indian cotton issued to them in 1961. After receiving the deposit from the mills, the Federation will recommend to the Textile Commissioner to release the sanctioned quotas of cotton to them. The Federation has requested its constituent associations to impress upon the mills the need for complying with the scheme which is intended to expand India's export trade in cotton textiles and thus enable the country to earn foreign exchange on a bigger scale."

The Press note does not mention anything about the method of utilising the funds thus collected. Apparently, the Federation has not finalised its scheme of financing cloth and yarn exports. The system of levying a cess on raw material for the sake of promoting the exports of finished goods is certainly a novel experiment and is better than any scheme of compulsory exports. It may not be out of place to refer here to the latest joint efforts of the Government and millowners in Pakistan to boost exports of cotton textiles. The Government has fixed an export target of 80 million yards for 1962 and secured an undertaking from the millowners to export specified quantities of cotton piecegoods. The scheme, which will be implemented by the All-Pakistan Textile Millowners' Association, is as follows:

The export target is to be split among mills in accordance with the number of looms in each unit. The export quota of each mill will be divided into four equal parts and the mills will be required to fulfil the quarterly quota before the expiry of each quarter of the year. Each mill will deposit with the Millowners' Association a cash security or bank guarantee at 25 paisas per yard of its quarterly quota. The Association will be entitled to forfeit security in the event of any mill not fulfilling its export quotas. Where a mill declines to give cash security or furnish bank guarantee within the specified period, the name of the mill will be communicated to the Association, which will pass it on to the Ministry of Commerce. The Ministry may, then, blacklist the mill for the purposes of import licences.

The above scheme can be worked successfully in Pakistan, because most of the mills there are new units, so that the scheme can be applied to the whole industry. The position in India is, however, different. India can compete effectively in world markets only if the industry is (*a*) enabled to produce, through modernisation and rationalisation, quality textiles at economic costs, and (*b*) accorded tax relief, particularly on exports. Similarly, the exporting mills must be given priority in the allocation of cotton and other raw materials, as well as stores.

Planting Rubber in Andamans

It is not the Rubber Board but Mr. K. M. Philip, President of the Indian Rubber Industries Association, who has to be congratulated on the decision of the Board to undertake rubber plantation in the Andaman islands. For it was Mr. Philip who first mooted the idea more than eight years ago. He had then stated that land in the Andamans, with evenly distributed rainfall and climate more or less akin to the fertile rubber areas of Malaya, was extremely suited for rubber cultivation. Somehow, the authorities did not give thought to the idea. Thanks, however, to the severe stricture by the Estimates Committee that the Government and the Board have not taken effective steps for promoting expansion of rubber production, the Board has now proposed to send a team of officials to the Andamans for preparatory work in connection with growing rubber in an area of 2,000 acres. The move, though belated, is to be welcomed. To the extent rubber is grown in the Andamans, the gap between actual requirements and supplies will be reduced, resulting in saving of foreign exchange. An idea of the gap can be had from the estimates made by the Working Group. These place the shortfall in natural rubber at 9,300 tons in 1965, 57,000 tons in 1970 and 108,000 tons in 1975. The anticipated deficit in 1975, according to the Estimates Committee, will entail imports involving a foreign exchange of over Rs. 40 crores at the current price level. What is more, it is claimed that Andamans rubber will be cheaper than even synthetic rubber, if properly managed.

In view of the continuously expanding requirements of rubber, it is to be hoped that the Rubber Board will implement the programme to grow rubber in the Andamans as speedily as possible. Such speedy, effective implementation could be ensured, if, as Mr. Philip has urged, the Board, instead of itself embarking on rubber cultivation, were to entrust the task to the large and well-experienced planting interests in the private sector, which alone would be able to exploit fully the opportunities on a scientific basis by investing money and know-how. It will, of course, be necessary to provide them with sufficient financial assistance. An interesting suggestion which Mr. Philip has thrown, in this connection, is that the Government can lease the land on a crop-sharing basis, rather than on outright sale basis, so that it can also have a share in the profit.

International Wheat Agreement

The International Wheat Council has started a five-week conference of its member-countries at Geneva, with the object of extending the existing agreement, due to expire on 31st July next. India, being an importer of wheat, is vitally concerned about decisions of the conference. It has sent a delegation to the conference, with Mr. H. Lal, Director General of Food, as the leader. Under the existing Agreement, which came into force in 1959, importing countries have given an undertaking to buy a certain percentage of their requirements each

(Continued on page 271)

EQUITIES RALLY

TEXTILES SPURT

(From Our Own Correspondents)

BOMBAY, *8th February*

THE share market cast off the gloom that enveloped it during the past few weeks and put on a cheerful appearance during the week under review. The recovery in values noted on Thursday last (the 1st inst.) gathered momentum in the subsequent sessions. In fact, despite fears about the *Ashtragraha* which, however, failed to materialise, the market showed signs of strength on the very first day of the week, namely, Friday the 2nd inst., which was also the last day of the previous settlement. In spite of end-of-account considerations, equities staged a smart rally, thanks to persistent short-covering and sustained bull support. The absence of any adverse developments following the conjunction of the planets on 4th-5th inst., the fading of the jitters caused by the news of T.T.K.'s unopposed election to the Lok Sabha, encouraging corporate news such as higher production of pig iron and steel by both T.I.S.Co. and I.I.S.Co. in January and the announcement of a number of attractive right issues and/or bonus issues accelerated the upward trend of the market. Although the *budla* charges in the last settlement were quite normal, indicating that the technical position of the market was healthy, in the case of some scrips the carry-forward charges payable by bulls were actually considered low. This suggested that the market had become rather oversold, a realisation that imparted additional strength to it. As a result of these factors, the market staged an impressive rally over a wide front. The firmness of the market persisted almost till the close today. Most of the scrips touched their highest level of the week today. Despite some profit-taking, several scrips in both the cash and forward lists showed handsome gains over the week. Three new shares, two textiles and one engineering, attracted interim margins on Wednesday, since their prices had gone up by more than 10 per cent from the previous clearing rate. The rates of margins were: Apollo Mills 17 nP per share, India United Mills 94 nP per share and Larsen and Toubro Rs. 2.20. The margins are payable on Saturday the 10th inst.

Steel shares were well fancied. Reports of higher production by T.I.S.Co. and I.I.S.Co. in January, as compared with the previous month, prompted replacement buying and bear covering in steel shares. Tata Steels rose from Rs. 139.25 last week-end to Rs. 143 today, the highest level of the week, before finishing fractionally lower at Rs. 142.75, showing a net gain of Rs. 3.50. Indian Irons, which had closed at Rs. 24.56 last week, steadily improved to touch Rs. 25.50 today, although the close was a shade lower at Rs. 25.45, a net rise of 89 nP over the week. Mukand Irons were a firm feature, rising from Rs. 27.50 last week-end to Rs. 28.50 at close today. The quotation was even higher at Rs. 29.25 on Tuesday. The firmness of the scrip was attributed to the decision of the Company's Directors to issue 100,000 new equity shares of Rs. 10 each at par to the existing equity and deferred shareholders.

Textile shares were well supported and registered impressive gains. Centurys firmed up on keen bidding from Rs. 589.50 last week-end to Rs. 622 today before winding up Rs. 4 lower at Rs. 618. The net gain over the week was Rs. 28.50. Standard Mills spurted by as much as Rs. 68 to Rs. 1,169. Swans and Finlays rallied on dividend hopes by Rs. 35 and Rs. 20 to Rs. 440 and Rs. 370, respectively. Kohinoors advanced from Rs. 307.50 last week-end to Rs. 321 today but finished lower at Rs. 318. The net gain over the week is Rs. 10.50. Simplex too put on a like amount to Rs. 177.50. Morarjees hardened by Rs. 19 to Rs. 411; Phoenix picked up Rs. 17 to Rs. 248. Elphinstones were marked higher by Rs. 11 to Rs. 127. Gokaks firmed up by Rs. 12.50 to Rs. 229. Khataus were quoted Rs. 13.75 higher at Rs. 482.50. Shreeniwas jumped up by Rs. 11.50 to Rs. 297. B.R. Cottons and Podars strengthened by Rs. 8 each to Rs. 86 and Rs. 159, respectively. Bombay Dyeings rose from Rs. 68.20 last week-end to Rs. 69.60 today, the highest level of the week. The close was, however, lower at Rs. 69.30, showing a net rise over the week of Re. 1.10.

Barring Maharashtra Sugars, which eased on selling pressure, sugar shares too were quoted a little higher. Belapurs rose from last week's closing rate of Rs. 246.50 to Rs. 250.50 today, but declined by Re. 1 to close at Rs. 249.50, a net gain of Rs. 3 over the week. Walchandnagars spurted by Rs. 3 to Rs. 156.50 and Phaltans by Re. 1.50 to Rs. 116.50. Maharashtras, however, declined by Rs. 6.50 to Rs. 176.

Among cement shares, A.C.Cs rose by Rs. 2.40 to Rs. 154 *ex-div.* as against Rs. 160 *cum-div.* last week-end. Digvijay Cements jumped up by Rs. 11.25 to Rs. 198. Orissa Cements gained 44 nP to Rs. 18.36.

Shipping shares, too, fared better. Scindias improved by 30 nP to Rs. 13 *ex-div.*, as against Rs. 13.12 *cum-div.* last week. Great Easterns put on 68 nP to Rs. 12.68 *ex-div.*, as against Rs. 12.72 *cum-div.* last week-end. Among automobile shares Premier Automobiles were quoted at Rs. 142.50, as against Rs. 144 last week. Hindusthan Motors rose by 76 nP to Rs. 20.96.

Rayon shares, too, shared the general improvement in values. National Rayons met with sustained buying and spurted from Rs. 595 last week-end to Rs. 565.50 today, before closing at Rs. 563.50. Baroda Rayons firmed up by Rs. 5 to Rs. 161, Gwalior Rayons by Rs. 2.50 to Rs. 55, and South India Viscose by Rs. 7 to Rs. 191. Indian Rayons, both old and new, however, met with selling and declined by Rs. 2.50 and Rs. 2 to Rs. 93.50 and Rs. 53, respectively.

Chemical shares scored handsome gains. Indian Dyestuffs leaped up by as much as Rs. 50 to Rs. 555. Amar Dyes by Rs. 26.25 to Rs. 362.50. Poly-Chems by Rs. 18.75 to Rs. 235 and Colour Chems by Rs. 60 to Rs. 505. There were rumours that the last mentioned scrip will be transferred to the forward list in the near future. Synthetics hardened by Rs. 14 to Rs. 233, and Alembics by Re. 1.75 to Rs. 243. Tata Chemicals were done at Rs. 19.20 *ex-right*. The Company has obtained permission to issue 503,920 equity shares of Rs. 10 each at a premium of 50 nP. Existing shareholders will get one right share for every five shares held.

Engineering shares ruled firm. Telcos advanced steadily from Rs. 349.50 to Rs. 355 today, the highest level for the week, before closing a rupee lower at Rs. 364, showing a net rise of Rs. 14.50 over the week. Alcock Ashdowns marched forward by Rs. 26 to Rs. 355. Larsen and Toubros and T. Maneklals attracted good support on reports of right issue; the former went up by Rs. 4 to Rs. 44 and the latter by Rs. 95 to Rs. 900. New Standard Engineerings were marked up by Rs. 10 to Rs. 222. Mahindras advanced by 44 nP to Rs. 19.76. Brady Engineerings and Asian Cables were done Rs. 9 and Rs. 4.50 higher at Rs. 103 and Rs. 106, respectively.

Miscellaneous industrials were generally quoted higher. Bombay Burmahs attracted speculative support prompted by reports that the Company had obtained licence to manufacture industrial laminates and advanced from Rs. 637.50 last week-end to Rs. 665 today, the highest level of the week, but closed Rs. 2.50 lower at Rs. 662.50. The net gain over the week was Rs. 25. Hindustan Levers registered an impressive gain of Rs. 12 to Rs. 70, following the announcement of the bonus issue in the ratio of 12 shares of Rs. 10 each for every 25 of the existing shares. Voltas too were well favoured, thanks to the optimistic note struck by the Chairman about the future of the Company, and advanced by Rs. 14 to Rs. 309. Premier Tyres put on Rs. 3.50 to Rs. 149.50. Wimcos were done Rs. 7.50 higher at Rs. 314. West Coast Papers gathered Rs. 6.50 to finish at Rs. 180.50.

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Madras Stock Exchange

MADRAS, *7th February*

The Stock Exchange turned distinctly firm towards the close of the week, after remaining dull earlier. Textiles elicited good support from investors. Teas rallied on hopes of better export prospects. Coffees and rubbers moved up in sympathy. Although trading in the sugar section was dull, select scrips ruled steady. In the miscellaneous section, chemicals, cements and engineerings put on a cheerful appearance.

Among textiles, Buckinghams attracted good attention and advanced by Rs. 5.50 to Rs. 259. South India Viscose rose by a like amount to Rs. 190.50. Cannanores and Coimbatore Spinnings firmed up by Rs. 3 each to Rs. 176 and Rs. 75, respectively. Bangalore Woollens and Coimbatore Cottons put on a rupee each, the former to Rs. 240 and the latter to Rs. 221. Travancore Rayons hardened by 38 nP to Rs. 43.50 and Lakshmis by 25 nP to Rs. 165. Madurais, however, fell by Re. 1.25 to Rs. 41.25, reflecting disappointment of operators over the dividend for 1961 which has been just maintained at the previous year's level of 15 per cent, taxable. Among teas, Periakaramalais strengthened by 17 nP to Rs. 3.50. Blue Mountains picked up 11 nP to Rs. 2.72. In the coffee group, Consolidated Coffees rose by 25 nP to Rs. 16.75, Cowcoodys by 22 nP to Rs. 4.02 and Ouchterlony Valleys 15 nP to Rs. 3.60. Among rubbers, T.R. and Ts improved by 13 nP to Rs. 10.75. Cochin Malabars were higher by 4 nP to Rs. 7.27. Among miscellaneous industrials, F.A.C.Ts spurted by 30 nP to Rs. 8.40. Aluminium Industries gathered 20 nP to Rs. 23.70, India Cements 12 nP to Rs. 5.87 and Ashok Leylands 10 nP to Rs. 9.10.

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Calcutta Stock Exchange

CALCUTTA, *7th February*

The confluence of planets nullifying the earlier mundane fears ushered in a modest recovery on the Stock Exchange during the week under review. In the past two weeks, it will be recalled, apprehensions of the approaching doom had led to a sizable withdrawal of funds. Large-scale activity was, however, absent, thanks to the squeeze in bank credit following the advent of the busy season. Trading was tempered by caution, originating from fears of increased indirect taxation in the forthcoming budget, which might push up industrial costs. Further, some new issues and rights issues mopped up funds. The announcement of an increase in production and despatch of saleable steel in IISCO works for January led to an improvement in sentiment for Indian Irons on Monday, despite the fall in output of pig iron and steel ingots and the shortage of suitable railway wagons holding up despatches of finished stores. Although the prospects of increased assistance by the aid-to-India Consortium were considered to be bright, the postponement of its meeting to May checked sentiment. The shortage of imported raw materials and spares, coupled with the acute wagon shortage hampering movement of coal, indigenous raw materials and finished products, it was feared, would adversely affect the working results for the current accounting period.

STATE BANK OF BIKANER

RETURN TO DIVIDEND LIST

THE results of the State Bank of Bikaner (General Manager: Mr. Balwant Singh, Bikaner) for the year ended 31st December 1961, the second year of its functioning as a subsidiary of the State Bank of India, are highly encouraging. The Bank has earned a handsome profit of Rs. 7.10 lakhs, which compares favourably with Rs. 2.12 lakhs for 1960. In 1959, it will be recalled, there was a loss of Rs. 2.96 lakhs. The notable rise in profit has enabled the Bank not only to return to the dividend list after a lapse of two years but also to add a sizable amount out of its published profit to reserves, thereby following the convention recommended by the Governor of the Reserve Bank of India. The actual rate of dividend is, however, lower than that distributed in 1958, being 6 per cent subject to tax, as against 5 per cent tax-free. The allocation to reserves is Rs. 2.35 lakhs, as against Rs. 50,000 for the previous year, and bonus to staff absorbs Rs. 1.75 lakh, as compared with Rs. 1.50 lakh in 1960.

The profit of the Bank for the year 1961 would have been higher still had it not been for the appreciable increase in interest payments and other expenses, the former rising by Rs. 10.10 lakhs to Rs. 45.87 lakhs and the latter by Rs. 6.36 lakhs to Rs. 47.83 lakhs. But these increases have more than been made good by the improvement of Rs. 15.29 lakhs to Rs. 75.10 lakhs in interest and discount earned and of Rs. 5.15 lakhs to Rs. 22.38 lakhs in commission and exchange.

The progress made by the Bank in the past four years is indicated in the following statement:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount earned	75.10	59.81	63.61	62.15
Commission and exchange	22.38	17.23	15.73	15.09
Interest paid	45.87	35.77	37.75	38.15
Expenses	47.83	41.47	47.42	34.96
Depreciation	2.12	1.91	1.16	1.03
Profit	7.10	2.12	—2.96	0.02
Provision for taxation	Nil	Nil	..	3.25
To reserves	2.35	0.50	..	2.00
,, bonus to staff	1.75	1.50	..	1.83
Dividend	3.00 (6%)*	Nil	..	2.50 (5%)†
Carry forward	0.12	0.12	..	0.02

	As on 31st December			
	1961	1960	1959	1958
Paid-up capital	50.00	50.00	50.00	50.00
Reserves	14.85	12.50	27.00	27.00
Deposits	1,578.63	1,364.97	1,316.34	1,253.69
Borrowings from banks	Nil	0.08	1.40	65.00
Advances	980.37	769.52	796.06	705.47
Investments	547.83	546.17	606.96	539.70
Cash	206.79	183.52	170.72	189.78
Balance-sheet total	1,958.75	1,646.09	1,784.19	1,669.71
Ratio to deposits—	%	%	%	%
Advances	62.0	56.4	60.5	56.3
Investments	34.7	40.0	46.1	43.0
Cash	13.1	13.4	12.9	15.2

* Subject to tax. † Tax-free.

The higher earnings of the Bank must be attributed to the continued expansion of the Bank's business which is reflected in the perceptible rise in advances. The total of advances as on 31st December 1961 stood at Rs. 9.80 crores, as against Rs. 7.70 crores a year before. The Bank was thus in a position to meet the enhanced credit requirements of its clients, it was because of the marked increase in deposits, from Rs. 13.65 crores to Rs. 15.79 crores. Thanks to such an increase, the Bank did not resort to any borrowings from other banks. Since the pace of rise in advances was larger than that in deposits, the credit ratio of the Bank as at the close of 1961 was substantially higher at 62.0 per cent, as against 56.4 per cent a year before. While deposits are higher by Rs. 213.66 lakhs, investments show a rise of only Rs. 1.66 lakh, so that the investments ratio has declined from 40.0 per cent to 34.7 per cent. The cash ratio has also declined, albeit slightly, from 13.4 per cent to 13.1 per cent, though the actual cash is higher at Rs. 206.79 lakhs, as against Rs. 183.52 lakhs. The ratio of liquid assets to deposits is, however, still substantially high at 47.8 per cent.

Including the sum of Rs. 2.35 lakhs added from out of the 1961 profits, the Bank's total reserves now stand at Rs. 14.85 lakhs, whereas the paid-up capital is unchanged at Rs. 50 lakhs. Consequently, the ratio of reserves to capital has gone up from 25 per cent to almost 30 per cent.

A special feature of the year's working was the commencement of foreign exchange business by the Bank. The Bank continues to handle Government business under an agreement with the State Bank of India. Currency chests of the Issue Department of the Reserve Bank were established at 20 centres during the year 1961, thus bringing the total number of currency chests established so far to 34. The Bank opened seven new branches at Bilara, Degana, Jetaran, Nawa, Sirohi, Taranagar and Kaushalpuri (Kanpur Industrial area). All these branches except Kaushalpuri (Kanpur) office are situated in Rajasthan and were opened under the approved expansion programme of the State Bank of India. Licences for opening branches at six more centres in Rajasthan have been obtained from the Reserve Bank and it is expected that these branches will be opened in the current year.

Steel shares were well fancied. Reports of higher production by T.I.S.Co. and I.I.S.Co. in January, as compared with the previous month, prompted replacement buying and bear covering in steel shares. Tata Steels rose from Rs. 139.25 last week-end to Rs. 143 today, the highest level of the week, before finishing fractionally lower at Rs. 142.75, showing a net gain of Rs. 3.50. Indian Irons, which had closed at Rs. 24.56 last week, steadily improved to touch Rs. 25.50 today, although the close was a shade lower at Rs. 25.45, a net rise of 89 nP over the week. Mukand Irons were a firm feature, rising from Rs. 27.50 last week-end to Rs. 28.50 at close today. The quotation was even higher at Rs. 29.25 on Tuesday. The firmness of the scrip was attributed to the decision of the Company's Directors to issue 100,000 new equity shares of Rs. 10 each at par to the existing equity and deferred shareholders.

The unloading tank wagon facilities for crude oil brought from Ankleshwar, installed at the Burmah-Shell Refineries, Trombay, were formally inaugurated on 31st January. The new facilities, provided at a cost of Rs. 13.5 lakhs, will enable Burmah-Shell to receive 900 tons of crude daily.

A manufacturing licence to establish aluminium plants using the bauxite deposits of Kolhapur district and electric power from Koyna has been given to Messrs. Tendulkar Industries. Another party has also taken interest in establishing an aluminium plant in the Kolhapur district.

The Tariff Commission has taken up for investigation the question of continuing protection to the non-ferrous metals industry beyond 1962. The scope of the Commission's inquiry covers copper rods (other than electrolytic), copper pipes and tubes, lead sheets (other than sheets for tea chests), zinc sheets, zinc strips, brass pipes and tubes and brass rods.

The Government of India has sanctioned a loan of Rs. 2.5 crores to the Rajasthan Government for financing expenditure on the Rajasthan Canal Project during 1961-62. The total loans advanced since 1957-58 to the State Government for this project, including the current loan, amount to Rs. 19.29 crores.

The Government of India has granted as many as seven licences, under the Industries (Development and Regulation) Act, 1951, for establishing new undertakings or effecting substantial expansion of the existing industries for manufacture of goods in Maharashtra. Two of these licences are for new undertakings and the remaining five for substantial expansion. Among the important lines that will be covered by these undertakings are those for the manufacture in Greater Bombay of parachlon (technical), carbon resistors and syroflex capacitors and fluorescent tubes and street lighting.

The Central Co-ordination Committee on Vocational Guidance and Employment Counselling has strongly recommended that occupational employment information should be made a part of the school syllabus and be imparted to high school students during their regular class periods. The Committee has also suggested that "Career evenings" should be organised in schools to enable parents to discuss and plan out suitable careers for their children. Further, it has suggested that a vocational guidance week may be organised by employment officers either separately or along with technical training week.

The project report prepared by the National Mineral Development Corporation for the exploitation of diamond deposits of Ramkherya area in Panna district of Madhya Pradesh has been approved by the Government of India. The scheme is estimated to cost Rs. 46.2 lakhs with a foreign exchange component of Rs. 27.9 lakhs. The annual output of diamonds from the area is estimated at 12,500 ratties. The Corporation has prepared another project report for Majhgawan area in Panna. The scheme is estimated to cost Rs. 90 lakhs with a foreign exchange component of Rs. 29 lakhs. The annual production of diamonds from this area is estimated at 30,000 ratties.

The Government of India has decided to encourage foreign collaboration for the development of poultry industry in the country. It is considered desirable to set up composite plants, including a commercial hatchery, a breeding farm, a feed manufacturing unit and a poultry processing plant. The Government has already sanctioned one such collaboration programme with an American concern, with an authorised capital of Rs. 25 lakhs on a 50 : 50 share basis. Under this particular scheme, it is proposed to set up two poultry farms, one in Bombay and the other in Calcutta. It is expected that these two farms will produce about 500,000 breeding stock of egg-laying and meat-type strains of poultry for further multiplication in the country.

Inter-Governmental discussions between the delegations of the Government of India and the Swiss Federal Council, which commenced in New Delhi on 19th January 1962, for the examination of the working of the existing agreement relating to air services, has concluded. The two delegations have reviewed the operating programmes of the Swissair and Air-India International. Swissair is at present entitled to operate three weekly frequencies through India, two via Bombay and one via Calcutta. Air-India International operates three weekly frequencies through Switzerland. It has been agreed that this level of operations will be continued for the year 1962. The delegation has also agreed on procedures to be adopted for implementing the provisional agreement to air services between the Government of India and the Swiss Federal Council, which has been concluded at Berne in 1949.

The Motor Transport Workers Act 1961 has come into force with effect from the 1st inst. in the States of Rajasthan, Andhra Pradesh, Assam, Kerala, Mysore, Orissa and the Punjab and in the *Union Territories* of Delhi, Himachal Pradesh and Andaman and Nicobar Islands. It will be extended to West Bengal from 1st March and to Madras, Maharashtra and Uttar Pradesh from 31st March. In Madhya Pradesh, it became operative from 26th January 1962. The Act seeks to regulate hours and limitations of employment (eight hours in a day and 48 hours in a week) with daily intervals for rest, weekly rest, provision for medical facilities, canteens, rest rooms and uniforms, wages and leave of workers employed in motor transport undertakings.

The construction work of the Diva-Panvel-Uran-Apta line (Maharashtra) on the Central Railway was inaugurated on the 1st inst. by Mr. Jagjivan Ram, Union Minister for Railways. The new line, 69.92 km. in length, will, for the first time, open to railway traffic the backward districts of Ratnagiri and Kolaba in the Konkan area with Bombay City. The scope of the project, as sanctioned by the Railway Board, covers the construction of a broad-gauge line between Diva and Apta (41.54 km.) and a branch line from Panvel to Uran (28.38 km.). Estimated to cost Rs. 395 lakhs, the line is expected to be completed in about three years. A novel feature of this project is the use of the pre-stressed concrete girders in the place of conventional steel girders, for the first time on the Central Railway. It will eliminate the considerable difficulties and expenditure involved in preserving steel works from severe corrosion, commonly experienced in the coastal belt. The project will serve, among others, the organic chemical and intermediate plant, near Apta, proposed to be set up by the Government of India.

* * * *

From Abroad

The U.S. Government has banned all imports from Cuba, besides maintaining the ban on exports to that country imposed last year. Exports of certain foodstuffs and medicines, however, have been exempted from the order.

The Government of Spain has decided to grant refunds of taxes on a number of export items, the actual refund varying from 3 to 10 per cent of export prices. The products include meat, milk, butter, cheese, chocolate and certain other food preparations and ceramic and glass products.

PERSONAL

MR. Velji Lukhamsey and Mr. Devji Rattansey have been elected President and Vice-President, respectively, of the Grain and Oilseeds Merchants' Association for the current year.

Mr. J. C. Finlay, until recently General Manager of the Burmah Oil Company, in Burma, has been appointed General Manager of the B.O.C. (India Trading Ltd.). He will also take over charge as Managing Director of Oil India Ltd.

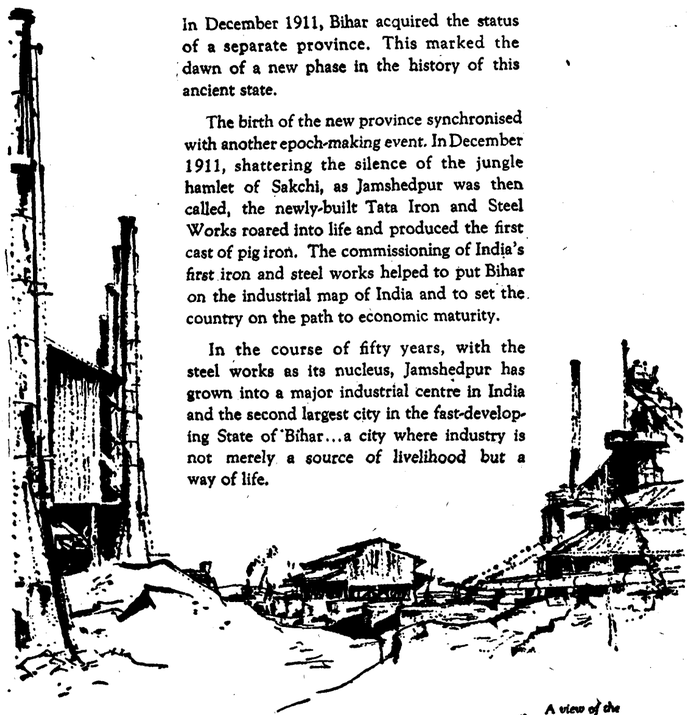
Mr. B. Venkatappiah, I.C.S., a Deputy Governor of the Reserve Bank of India, has been appointed Chairman of the State Bank of India *vice* Mr. P. C. Bhattacharyya who will succeed Mr. H. V. R. Iengar, I.C.S., as the Governor of the Reserve Bank of India with effect from 1st March 1962. Mr. D. G. Karve, Vice-Chairman of the State Bank, has been appointed a Deputy Governor of the Reserve Bank.

Japan's new Lockheed-designed monorail will be in full operation next year at Nikko, 80 miles from Tokyo. Built by the Nihon-Lockheed Monorail Co., the new high-speed monorail is already in the initial construction stages. The initial "jet-styled" monorail train consists of two 43-foot-long lightweight cars capable of carrying up-to 120 passengers each at 75 m.p.h. The cars are 10 feet wide.

A central institute for co-ordinating work in various branches of scholarship relating to Asian countries has been established at the University of Heidelberg in West Germany. It is staffed by university professors concerned in all aspects of Asian study. Special facilities are offered to citizens of Asian countries to carry out research on Asian culture. In addition to this new institute, Heidelberg University also proposes to establish a Collegium Internationale to bring together students from all parts of the world.

Official Bills providing for the denationalisation of banks and industrial firms in Syria have been presented to the Syrian Constituent Assembly by the newly-formed Government. They are aimed at virtually repealing the measures taken by President Nasser before the region was separated from the United Arab Republic. The employees of the firms concerned will, however, be entitled to a 25 per cent share in cash in the net profits, as against 10 per cent in cash and 15 per cent in the form of social services. They will also have the right to nominate two representatives on the Boards of Directors.

important beginnings



In December 1911, Bihar acquired the status of a separate province. This marked the dawn of a new phase in the history of this ancient state.

The birth of the new province synchronised with another epoch-making event. In December 1911, shattering the silence of the jungle hamlet of Sakchi, as Jamshedpur was then called, the newly-built Tata Iron and Steel Works roared into life and produced the first cast of pig iron. The commissioning of India's first iron and steel works helped to put Bihar on the industrial map of India and to set the country on the path to economic maturity.

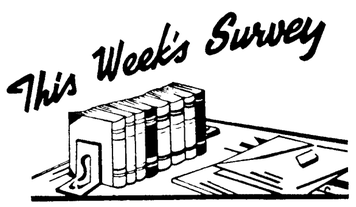
In the course of fifty years, with the steel works as its nucleus, Jamshedpur has grown into a major industrial centre in India and the second largest city in the fast-developing State of Bihar...a city where industry is not merely a source of livelihood but a way of life.

A view of the Tata Steel Works in 1912

JAMSHEDPUR THE STEEL CITY

The Tata Iron and Steel Company Limited

PWTTN 5456



EXPORT CREDIT INSURANCE

EXPORT credit insurance is very much in the news now. In a bid to boost exports, many countries are giving their exporters finance and facilities on terms more attractive than those offered at any time in the past. Britain seems to have decided to match and even surpass other countries in granting the easiest possible credit terms to exporters. It has succeeded in persuading banks and insurance companies in that country to co-operate in a scheme to provide finance for British exporters for periods upto 15 years in the case of capital goods export covered by the guarantees of the Export Credit Guarantee Department. (For details *vide Commerce* dated 3rd February 1962, page 198.) The U.S. Government, which had till recently not directly involved itself in export credit insurance, has now entered the field to give a powerful stimulus to exports. Under a plan, just announced, through the Export-Import Bank, the Federal Government, in association with the recently-formed Foreign Credit Insurance Association (F.C.I.A.), having a membership of 57 leading insurance companies in the U.S., will insure exporters against financial losses resulting from extension of credit to customers in friendly overseas nations. According to the plan, the Export-Import Bank and the F.C.I.A. will share commercial risks on a 50-50 basis, whereas political risks, which might involve negotiation between Governments, will be covered by the Bank alone. A ceiling has, however, been put on the liability of the F.C.I.A. which will be limited to one million dollars a year; losses beyond this figure will be indemnified by the Bank.

This is the first time that the U.S. Government has undertaken to insure export credit. The plan has originated from President Kennedy's attempt to improve U.S. balance of payments by encouraging exports. Two advantages claimed for it are (1) it would make exporters more disposed to extend credit to customers abroad and (2) it would enable them to obtain more finance from commercial banks.

Although the U.S. credit insurance plan represents just a beginning and is modest, as compared with the highly refined schemes in force in Britain or Germany, the fact that the Government has associated itself with a scheme of export credit insurance, which had hitherto been done in the U.S. by individual insurance companies on a relatively small-scale, indicates the importance credit insurance has come to assume as an export aid.

Liberalisation of terms and extension of the period of coverage of export credit have naturally attracted attention of the International Union of Credit Insurers Berne Union), an organisation of credit insurers which aims at avoiding competition in offering long-term credits on capital goods. At a meeting held last week at Munich, the members of the Berne Union discussed at length the terms of payment for world trade. The members reaffirmed that a period of six months was the "extreme limit" appropriate for consumer goods. As for capital goods, it was noted that credit for more than five years was being conceded in particular cases, such as large development projects in developing countries. While appreciating the motives underlying these special cases, the members of the Berne Union expressed concern about the effect such practices might produce on international credit competition. In their opinion, it made no difference whether the credit granted was in the form of supplier credit or financial credit tied to exports from the lending country. Feeling anxiety over the consequent threat of a credit race, which would be beyond the powers of the Union to restrain, they recalled that the Berne Union had, in January 1961, expressed the hope that progress would be made in establishing some system of international co-ordination between Governments. It is noteworthy in this connection that the hope expressed by the Union is taking shape. A committee of experts from the six Common Market countries is reported to have evolved a procedure to prevent cut-throat competition among themselves in the provision of export credits. The committee has called for compulsory prior consultation by the organisations responsible for export finance in member-countries before deciding the conditions for granting export credits over a period of more than five years, which is the limit laid down by the Berne Union. The Committee's plan is expected to be approved by the Six soon. All members are said to have approved it in principle, except Italy, which is yet to give its formal approval. The fact that the Six are already near agreement on a procedure of prior consultation on export credit indicates that, given the will, it is possible to work out agreements to avoid a credit race outside the framework of the Berne Union.

UMBRELLA RIBS INDUSTRY

Till the beginning of the last World War, the domestic demand for umbrella ribs was met by imports, particularly from Germany, Japan and the U.K. Thereafter, the industry took firm roots in the country. Today, the industry is manufacturing about 900,000 dozens of umbrella ribs per year, as against about 100,000 dozens early in the fifties. Mr. Atta, President of the Umbrella Ribs Manufacturers Association, disclosed at the annual meeting of the Association, held at Calcutta, on Monday this week, that the existing capacity of the industry was sufficient to meet the entire demand of the country. If this claim is true, Mr. Atta's plea to Government not to issue any fresh licences for umbrella rib units is quite justifiable. Presumably to avoid even the establishment of small units, he urged the Government of India to issue necessary instructions to States in this connection. This measure is quite urgently needed to avoid wastage of resources in terms of reduntant uneconomic capacity.

Apart from fulfilling the needs of domestic demand, the industry has made a good showing on the export front. In fact, export of unbrella ribs amounted to about Rs. 69,000 in 1959. But it fell to Rs. 63,000 in 1960. And for the ten months ended October 1961, export aggregated no more than Rs. 40 lakhs. The declining trend in exports is mainly the result of scarcity of raw materials. Mr. Atta made particular reference to the scarcity of the chief raw material, namely, wires. No licences for imports of wires are now being given. This has apparently adversely affected the development of the industry. Indigenous capacity for wires has, no doubt, been developed in the country. But this is only for round high tensile spring steel wires. But producers of ribs in this country depend on another variety, namely, flat high tensile wires. Mr. Atta, in this connection requested the Government of India to permit rib producers to import the specific type of wire needed by them until capacity was developed in the country for this type of wire. Mr. Atta also complained that the high tensile wire now produced in India was being sold at a price twice as high as the imported product. In order to fix fair prices for indigenous wires, he wanted the Government to refer the question to the Tariff Commission. Mr. Atta's pleas regarding the chief raw material deserve to be sympathetically considered by the authorities.

FOOD-FOR-PEACE MISSION

The United States has exported, or programmed for export, some 15 billion dollars worth of surplus agricultural commodities under P.L. 480 since 1st July 1954. The quantity involved in the series of transactions with a large number of countries has aggregated 112 million tons so far, mostly of foodgrains. By sharing its agricultural abundance with other countries, especially the poorer ones in Asia and Africa, through sale, at concessional rates, for foreign currencies and through grants and donations, the United States has used food effectively to the cause of international goodwill and to make this food-for-peace programme of Bikaner effective in the future, the Kennedy Administration has just recommended to Congress that Public Law 480 be amended to allow shipments of dried beans and other commodities not owned by the Government. President Kennedy has also proposed a new section in this law to authorise the utilisation of U.S. donations to meet a lapse programmes of food assistance. In this connection that the amount remembered in this connection that the proceeds already promised to contribute to the worth of food toward a $100-million Food Bank to be operated by the Agriculture Organisation of the United Nations.

STATISTICAL OUTLINE OF INDIA 1961

Compiled by the

Department of Economics and Statistics, TATA INDUSTRIES PRIVATE LIMITED, BOMBAY

with 95 tables covering all the key factors of the Indian Economy ranging from National Income and Population to Foreign Trade and Industries.

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3, Round Building, Bombay-2.

Another significant step taken by the Kennedy Administration in recent weeks to render the food-for-peace programme more effective is to send Mr. George McGovern, Director of that programme, on a world-wide mission to review the progress of U.S.-supported food-for-peace projects in different countries. Mr. McGovern, who is heading a study group which includes, among others, Mr. Arthur Schlesinger, Jr., Special Assistant to President Kennedy, has been in Bombay this week in the course of a 13-day tour of India. As the biggest single beneficiary of the food-for-peace programme—as much as 14 million tons of wheat alone have arrived in India so far—this country has been rightly accorded the pride of place in Mr. McGovern's itinerary. It is expected that the study group will have sufficient time to appraise broadly the progress of the various projects grant-aided or loan-financed from out of the sale proceeds of agricultural commodities supplied to India.

That grants and loans aggregating Rs. 300 crores have so far been spent on or committed to a whole range of development projects in the fields of irrigation, power generation and so on, is itself a satisfactory record, for that amount represents three-fourths of the total availability, as grants and loans, from out of the sale proceeds (Rs. 570 crores) which have accrued as of 31st October 1961. But, by the time supplies under the current P.L. 480 Agreement with India are completed sometime in 1964, the total availability of grants and loans will have reached the enormous total of Rs. 892 crores. Surely, the rate of ulilisation of these funds would need to be stepped up so that the expected economic development might come about more fully during the third Plan period itself. It is here that the possibilities of launching some countrywide labour-intensive projects in the related fields of agricuture and irrigation should be more energetically examined by American and Indian authorities alike. As projects of this kind can provide more rural employment, create social assets of a reasonably durable character and also increase agricultural production in the short-term, the pilot labour-intensive schemes proposed by India's planners would have to be completed at the earliest to facilitate the evolution of country-wide projects. From what Mr. McGovern said at his Press conference this week at Bombay, it could be inferred that such labour-intensive projects are likely to be liberally and readily assisted by way of grants out of counterpart funds.

WORLD BANK AND AFRICA

The latest move of the World Bank to set up a new department of operations for Africa is to be widely welcomed. Africa has ceased to be the "Dark Continent" by which name it used to be described until recently, inasmuch as a number of independent nations have emerged with a burning desire to improve the living standards of the teeming millions. Inhabiting a total area of 30,289 kilometres (almost one-fifth of the aggregate world area) are about 250 million persons (one-twelfth of the total world population), the living conditions of the vast majority of whom are none too happy. The aforesaid move of the World Bank certainly signifies the awareness, on its part, of "the rapidly developing responsibilities for the Bank and its subsidiary, International Development Association, in connection with the emerging independent countries of Africa." The proposed Department of Operations, we are told, will begin functioning on 2nd April next, headed by Mr. Pierra-L. Moussa of France. It will deal with all independent member-countries of the Bank, excluding South Africa and the United Arab Republic. The present Department of Operations for Europe, Africa and Australia will be renamed

(after 2nd April 1962) the Department of Operations for Europe, but will continue to handle matters relating to Australia, New Zealand, South Africa and the dependent territories of European countries in Africa and elsewhere, while U.A.R. matters will still be handled by the Department of Operations for South Asia and the Middle East.

With the establishment of a separate Department of Operations, the World Bank assistance to African countries may be expected to rise markedly from the present low level. Out of the aggregate loans amounting to over $6,062 million granted by the Bank so far, the share of Africa (other than South Africa and United Arab Republic) comes to no more than $614 million, the number of loans being 29. The country-wise breakdown of loans in million U.S. dollars, the figures in brackets giving the number of loans, is as follows: Algeria and Sahara 60.0 (2); Congo 120.0 (5); East Africa 24.0 (1); Ethiopia 25.5 (5): French West Africa 7.5 (1); Gabon 35.0 (1); Kenya 14.0 (2); Mauritania 66.0 (1); Nigeria 28.0 (1); Rhodesia and Nyasaland 146.6 (5); Ruanda-Urundi 4.8 (1); Sudan 74.0 (3); and Uganda 8.4 (1). Sudan is the only country in Africa which has obtained an I.D.A. credit of $13 million.

While the World Bank is striving hard to accelerate the economic development of its member-countries, it is encouraging to hear that that the financial position of the Bank continues to grow stronger and stronger. The first half of the current financial year (July-December 1961) witnessed a notable increase of $49.9 million to $851.7 million in reserves (including the special reserve of $206.6 million). The increase is attributable largely to higher net earnings aggregating $34.9 million and partly also to loan commissions of $15 million. The high level of earnings was due to the fact that the gross income of the Bank was well above expenses, being $89.9 million (exclusive of loan commissions), as against $55.0 million (inclusive of $47.6 million for interest on the Bank's funded debt, bond insurance and other expenses).

The World Bank made 19 loans together amounting to $399.9 million during the first half of 1961-62, bringing the total number of loans to 311 in 59 countries and raising the gross total of loans signed to $6,190.4 million. By 31st December 1961, as a result of cancellation, repayments and sales of loans, the portion of loans signed still retained by the Bank had been reduced to $4,477.4 million. Disbursements on loans were $240.9 million, making total disbursements $4,560.6 million as on 31st December. The Bank sold or agreed to sell the equivalent of $84.8 million principal amounts of loans, the total amount of such sales as on 31st December 1961 being $1,097.9 million, of which all except $69 million were without the Bank's guarantee. Repayments of principal received by the Bank amounted to $47.7 million, bringing the total repayments to $956.4 million, including $486.2 million repaid to the Bank and $470.2 million repaid to the purchasers of borrowers' obligations sold by the Bank. On 31st December 1961, the outstanding funded debt of the Bank was $2,425.6 million, reflecting a net increase of $197.1 million in the past six months. During the period, there was a gross increase of $321.1 million in borrowings.

During the first six months of the fiscal year, the Dominican Republic was readmitted as a member of the Bank with a capital subscription of $8 million. Laos (capital subscription $10 million), New Zealand ($166.7 million), Nepal ($10 million) and Cyprus ($15 million) became members of the Bank. The subscribed capital of the Bank as at the end of December 1961 amounted to $20,445.3 million.

MADRAS PORT TRUST

The total quantum of trade handled by the Madras Port Trust rose by 10 per cent to 3.04 million tonnes in 1960-61 over the previous year, according to the latest annual Administration Report of the Port Trust. The increase in trade was accounted for exclusively by imports from foreign countries, which went up by about 27 per cent to 1.36 million tons. This was the result mainly of larger intake of Government stores, iron and steel goods, raw cotton and sulphur. Exports, however, suffered some setback, having declined by 13,000 tonnes to 861,074 tonnes. The fall in exports was quite marked in the case of oilcake, iron ore, tanned hides and skins, twist and yarn and raw tobacco. There was, of course, a modest increase in the exports of such items as cattle feed, scrap and mica.

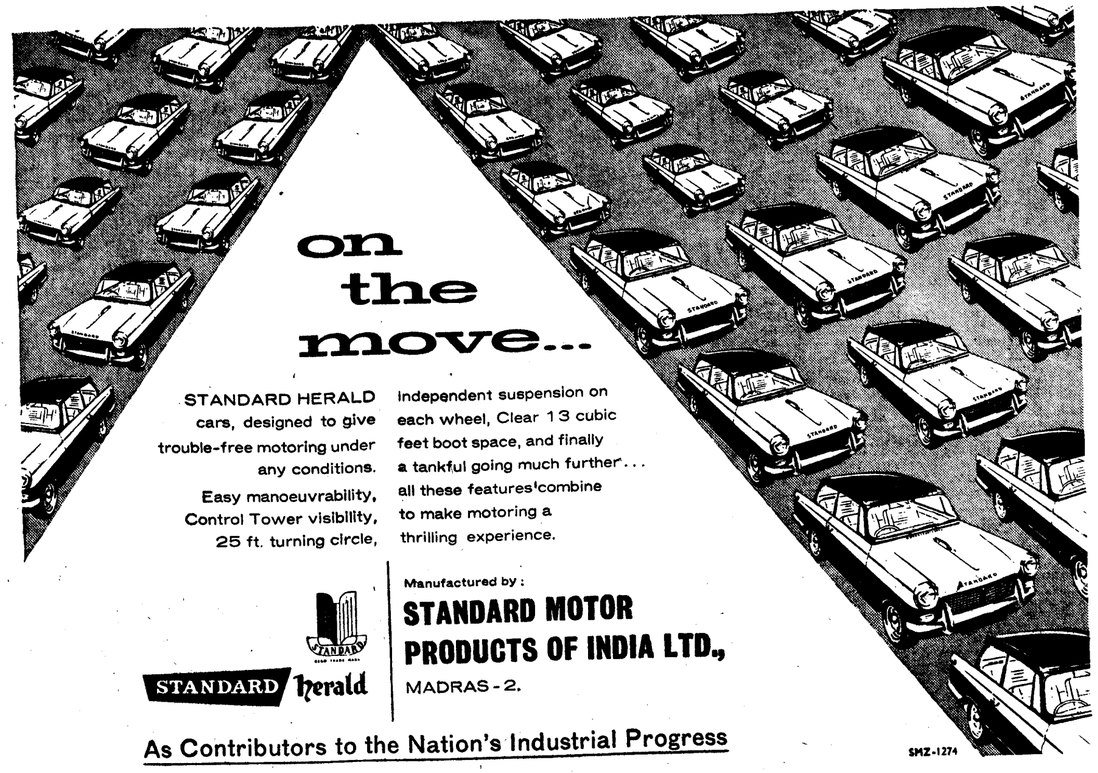
The following table shows the total volume of imports and exports (including coastal trade) through the Madras port in 1960-61, as compared with the previous year:

(In tonnes)

	Imports		Exports	
	1959-60	1960-61	1959-60	1960-61
Foreign trade	1,072,172	1,359,995	874,044	861,074
Coastal trade	768,848	767,857	47,784	49,501
Total	1,841,020	2,127,852	921,828	910,575

The actual net profits for the year amounted to Rs. 300 lakhs, as compared with Rs. 293 lakhs as in the revised estimates for 1960-61 and Rs. 228 lakhs actually realised during the previous year, resulting in an increase of Rs. 72 lakhs over the previous year. The figures exclude the sum held under "suspense" and contributions from Revenue Reserve Fund and Pilotage Fund. The net expenditure amounted to Rs. 191 lakhs, as compared with Rs. 168 lakhs in the previous year. These figures exclude the amount held under "suspense" and contribution to Renewals and Replacement Fund, General Insurance Fund and Capital Account. After excluding from the gross expenditure, contributions to Renewals and Replacement Fund (Rs. 21,60,900), contribution to General Insurance Fund (Rs. 1,00,000), contribution to Capital (Rs. 1,87,00,000), interest on loans (Rs. 25,43,861), repayment of debt (Rs. 1,57,402) and debit to "suspense" (Rs. 1,26,412), the actual working expenses amounted to 54.58 per cent of the receipts compared with 63.33 per cent in the previous year. The decrease is chiefly due to more receipts.

The Port Trust has been able to show fairly good progress in respect of the implementation of capital works. Particular mention may be made of wet dock stage I, part A. Under the scheme, an ore berth, along with 3 Nos. quay cranes, tracks, fenders, etc., was commissioned in September 1960. The cost of the project was Rs. 48 lakhs. Besides, a Rs. 23-lakh coal berth was also completed in November 1960. The part B of the project has also been proceeding apace.



CREDIT CONTROLS IN BRITAIN

BANK CHAIRMEN'S SHARP COMMENTS

By W. T. C. King
EDITOR OF *THE BANKER*, LONDON

AFTER the year in which Britain resorted to exceptionally strong measures of disinflation, the chairmen of the big banks have in their annual statements been paying more attention than usual to the repercussions of official policy upon the business of banking itself. One of the most striking features of the Chancellor's July measures, as I pointed out in this correspondence at that time, was that they brought into play virtually every available monetary weapon simultaneously, as well as the powerful new fiscal weapon for imposing a 10 per cent surcharge on practically all indirect taxes. The Bank rate, it will be recalled, was sharply increased to a penal level, rising from 5 to 7 per cent; a new call was made on the banks to make "special deposits" at the Bank of England, so as to squeeze their liquidity directly; an informal directive required the banks to make a tight grip on their advances and to be "particularly severe" on certain types of borrowers; and a broad hint was dropped that the banks should not attempt to ease the pressures on their liquidity and on their advances by further realisations of investments. Whilst the bankers are at least as well aware of the need for strong disinflationary action as most other sectors of the community, and have indeed generally applauded the courage of the Chancellor's toughness, some of them have evidently felt some sense of injustice at the special intensity of the measures exerted through the mechanism of deposit banking as such. This feeling springs first from the disappointment that although the monetary authorities have armed themselves with their new device for direct regulation of the banks' liquid assets, they still deem it necessary to interfere with the freedom of the banks to decide for themselves the disposition of their other assets.

Control Over Bank Advances

The technique of the informal qualitative control over bank advances, which had been developed during World War II and in the succeeding dozen years by the device of "requests" to the banks, had evident disadvantages that had come to be generally recognised, especially after 1955 when quantitative requests were added to the qualitative ones. To comply with such requests, as they always tried to do, the clearing banks, which were the ones most directly concerned, were obliged to put restraints on competition between themselves and to reach a variety of understandings for uniformity of practice which inevitably had stultifying effects, in the course of time, on their initiative and engendered a general sense of frustration. But this policy, even though it might succeed, at this cost, in keeping a hold on the lendings of the banks directly concerned, was virtually bound to fail in its real object of restraining the total volume of lendings from all sources. The appetites of the would-be borrowers refused accommodation at the clearing or Scottish banks created profitable opportunities for other types of lenders, so that the "directive" over the principal banks became one of the causes of a large growth in the activities of other financial institutions, many of them likewise taking deposits from the public and paying for them much higher rates than the clearing banks, under their traditional gentleman's agreement, allow on deposit-account balances. These disadvantages of control of advances by "directive" were clearly recognised not only by the Radcliffe Committee in its report but also by the evidence given to the committee by the authorities themselves. It was, indeed, for this very reason that a search was made for "alternative" means of control; and the alternative put up by the Bank of England for consideration was the special deposit scheme for direct control over liquidity. The Bank did not, indeed, regard this plan with any great enthusiasm, but thought it preferable to the advances control; and when advances were in fact decontrolled in mid-1958, actually before the appearance of the Radcliffe report, the plan the Bank had prepared for the committee was brought forth and made a "standby" weapon. At this stage it was generally understood that the authorities expected to be able to avoid any return to "quantitative" requests; and if, in the end, the special deposit device had to be used when next a restraint on credit was needed, it was thought that the resultant control exerted through liquid assets on the volume of deposits would be judged sufficient. The Radcliffe report seemingly confirmed these assumptions and also have the Bank's one further reassurance: it emphasised that direct controls over bank advances could not be justified except at moments of emergency, and then only for a brief period, and it also argued that, if direct controls were judged necessary over bank liquidity for any length of time, the authorities should consider the imposition of corresponding controls over other financial institutions.

Discriminatory action against the banks, it showed conclusively, was not only unjust and undesirable, but if sustained for long was bound to be both wasteful and ineffective. It is against this background that the comments made by some of the bank chairmen in the past month need to be viewed. The sharpest comment of all came from the new chairman of the Westminster Bank, Mr. D. A. Stirling, who pointed out that when the financial restrictions were put before the banks, they undertook to comply "on the assumption that corresponding restraints would be respected by other deposit-takers and credit-givers." Mr. Stirling did not specifically contend that these other institutions had in fact failed to restrain their activities since the Chancellor's July measures (the hire-purchase companies have indeed suffered a sharp contraction in their credit lines at the banks, and have also sharply stiffened their lending terms because of losses sustained through the phase of easy lending), but he went on to complain about unfair competition experienced by the banks in recent years. Where the borrowers of deposits from bank customers are commercial companies, as distinct from bodies such as the Trustee savings banks (most of whose funds are lent direct to the Government), the balances, of course, remain in circulation and return to the banking system, but the non-banking borrowing concerns, Mr. Stirling complained, held very large deposits, and were "neither required nor even expected to observe the same limitations as the banks in employing those deposits." It would seem reasonable, he thought, "that they should bear some share of the onerous part played by the banks as victims of first resort in these too familiar financial crises." And he "awaited with interest" the "revelation" of proposals to this end mentioned by the Treasury in its Radcliffe evidence more than four years ago.

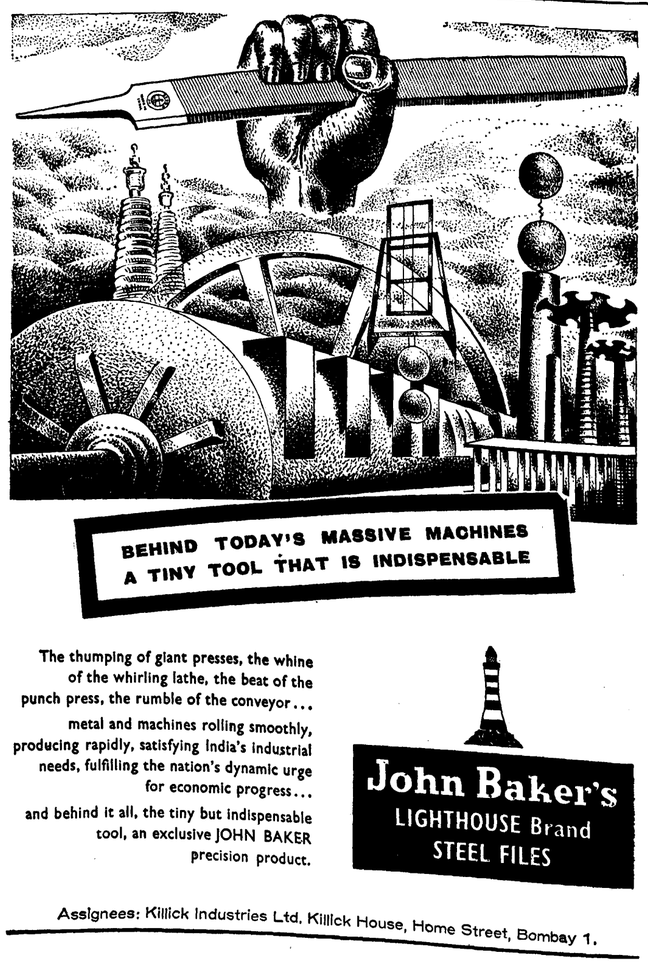
Much the same point was made by Sir Harold Bibby, in his farewell speech as Chairman of Martins Bank, who thought that parallel controls were needed on other deposit-takers "no matter what fresh legislation this may entail." This comment is, however, an oblique acknowledegment that the problem is one of great complexity, because of the many different types of financial institutions involved and because of the very great variations, both in size and in mode of operations, that exist even within each category of apparently broadly similar concerns.

One wonders whether the banks would really welcome in the end the very large extension of the apparatus of bureaucratic power that would be needed if the authorities were to be required to try to put precisely the same degree of restraint on each and every lender. The Radcliffe Committee, while not attempting to give a final answer to this question, seemed to think that the best way of avoiding the dilemma would be to rely mainly on the interest-rate for credit control and to eschew all forms of direct control altogether, except perhaps for rare and brief action in an emergency, when rough justice would have to suffice; but the corollary, it thought, of that line of argument was that too much should not be expected of monetary controls in any case.

Most bankers would endorse that last point (and Mr. A. W. Tuke, the retiring Chairman of Barclays Bank, came near to making it explicitly), yet relatively few of them have nowadays any real faith in control by the interest-rate—least of all when it takes the form the Radcliffe Committee had most in mind, manipulation of the long-term rate. As for the penal increase in the Bank Rate, Lord Monckton, of the Midland Bank, emphasised that the temporary relief it could give might be "dearly bought"; Mr. Tuke considered it a "dubious expedient"; Sir Eric Carpenter, of Williams Deacons, thought that such shock tactics underestimated the delicacy of the money mechanism ("far more likely to be dislocated than corrected by a jolt"); and Sir Harold Bibby, in effect, arguing just the reverse, thought that 7 per cent nowadays was perhaps only as effective as 5 per cent would have been ten years ago.

Banking Business in 1961

Though the bankers have some grounds for disliking the new shape that monetary policy assumed last year, and though some of them may specifically criticise the 7 per cent Bank rate, the business of banking prospered exceptionally in 1961 and much of the gain was directly attributable to the very high level of short-term rates. Bank profits had shown a record increase, to a new high point, in 1960, and at the end of that year it had seemed improbable that such a level could be long sustained. But in fact they rose a good deal further, if not as fast as in 1960. The disclosed profits of the big Five banks for 1961 showed increases ranging from 7 to 19 per cent, with the aggregate disclosed profit at £24,250,000, 12¼ per cent more than that for 1960 and roughly 100 per cent more than for 1957. The year's gain was mainly attributable to three factors. The rise in the Bank Rate to 7 per cent in July carried the year's average rate (in spite of the reduction to 6 per cent by early November) to its highest for 40 years, at 5.67 per cent, and thus raised earnings from advances, bills and short money more sharply than the interest outgoings on deposits (since the time deposits represent less than two-fifths of the total). Secondly, the delay in launching strong disinflationary measures allowed advances to go on rising, so that the year's average amount outstanding was even higher than the previous year's peak, in spite of the sharp contraction from last August until the year-end. Thirdly, and contrary to most expectations early in the year, there was a further rise in the average level of deposits as well as in the rate of banking turnover.



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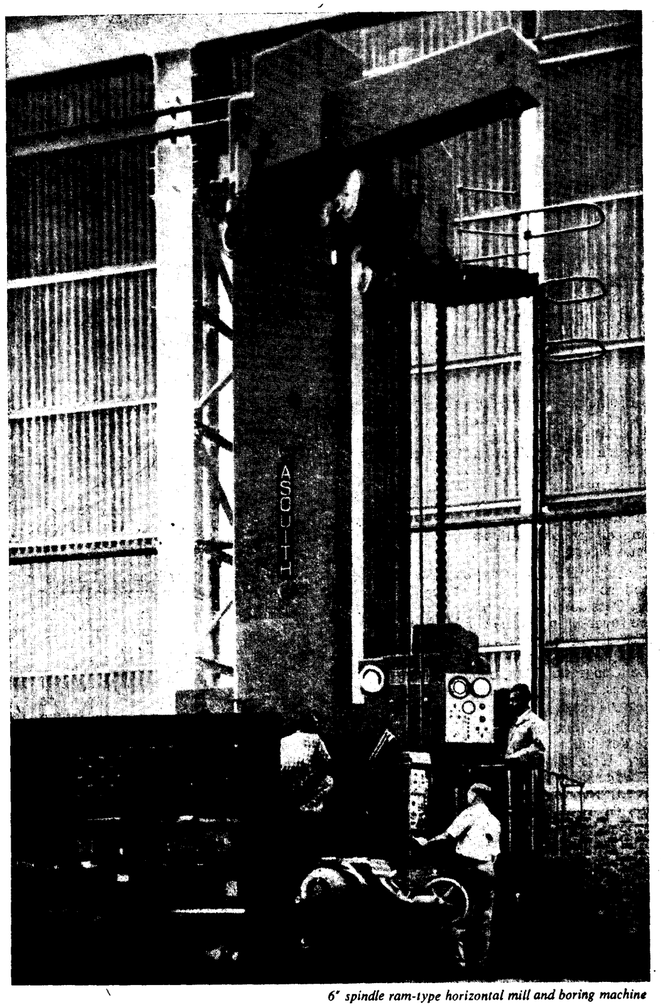

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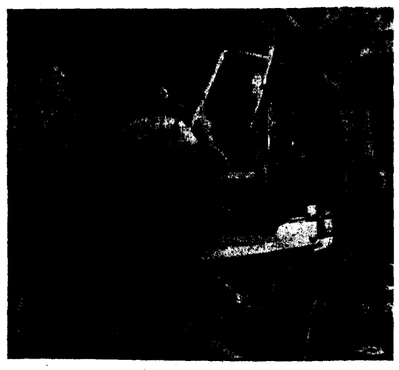

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AMERICAN LETTER

PRESIDENT'S ECONOMIC PLANS WELL RECEIVED

TRANSPORT COMPANIES SEEK MERGERS

From Our Special Correspondent

NEW YORK, *30th January*

PRESIDENT Kennedy has just outlined his economic plans to the Congress and to the people of the United States. Business and industrial quarters have noted with satisfaction that these plans included a balanced Federal Budget, but it is a record one, $92,500 million. Tax receipts are envisaged at about $93,000 million.

In some parts of the U.S., business has been hampered by severe weather for some days now. While it was clement on the Eastern seaboard such as New York and Boston, bitter cold gripped three-fifth of the nation. There was heavy snow in the Middle-West, even in San Francisco and Los Angeles. Retail sales were off, naturally, but fuel stocks were reduced, heating oil prices went up and electric power output reached a new high.

Steel production was also affected adversely and so were communications of all categories. Outside of the weather, national defence is the over-riding consideration of investors because of the emphasis of "national survival" being placed in messages by the White House to the Congress. Bigger outlays for weapons, as proposed, have suggested greater emphasis on heavy industry than before.

Perhaps, one of the most outstanding economic developments is in the field of organised labour. It is the shorter work week for the same wage *plus* increased fringe benefits. Even President Kennedy, who is certainly not anti-labour, deplored some of the recent contract settlements on these lines since they do not make for greater productivity. Because of the lagging growth rate, the U.S. has been losing ground in the world markets.

Workers Get Rs. 25,000 A Year

Wages in the U.S. have also reached record high levels. Wages of about $100 a week, or $5,200 a year, are now the average for some factory workers. Last year for the first time, the seven million employees in durable goods industries such as steel, autos, appliances, machinery and furniture achieved the $100 a week status. Pay-scales were rising in these categories and they averaged $104.39 a week in December. Longshoremen working steadily can make as much as $150 a week.

The overall trend of the U.S. economy is still up. The gross national product is now running at the rate of about $540,000 million. This is the highest on record in dollar terms. Prices have remained relatively stable which is somewhat of an achievement. Personal incomes are climbing and money is being spent quite freely. Competition is keen.

Mergers

The merger trend of companies continues. The basic cause is the cost-profit squeeze which is more easily adjustable on a broader than on a smaller scale. This is a reasonable argument and it applies to nearly all branches of business. Opposed to this development are the anti-trust laws of the U.S., particularly the phase of lessening competition. As stated in previous despatches, the U.S. Justice Department has been engaged in a crusade to stop bank mergers on such grounds.

The actions in this respect did not get very far in the courts. The most spectacular mergers now under consideration are those of Eastern Air Lines and American Air Lines, and of New York Central Railroad and of Pennsylvania Railroad. The former would create the largest aid line company in the U.S. superseding United Air Lines. New York Central and Pennsylvania are now the two largest railway systems in the U.S. and their combination would make a super-system of rail transportation serving the Eastern two-thirds of the U.S. There are loud grumblings at this point from the trade unions about these two proposed transactions for fear that the consolidations would result in layoffs of men and women.

Yet, the economics of the transportation industry are such that even with Government subsidies profit-margins are either so thin or non-existent that fusions of companies are inevitable. Transportation fares and freight rates have been rising continually over the years but traffic has declined.

Road Transport

This is not the fault of anyone factor in particular. The private automobile, perhaps, has been the biggest element in this country. Another one are the trucks. Modern lorries actually resemble railroad box-cars. One steel company in the Pittsburgh area which I visited said they now prefer to transport their products by trucks rather than rail. The reason is that freight cars are shunted from line to line and sometimes they are held for a day or two before a connection is made to the desired destination. By contrast, trucks go through with only minor stops, especially if there is a crew of two and one can takeover while the other sleeps. This is facilitated by the expanding network of roads.

In the long run, it would seem too unreasonable to assume that transportation is headed toward nationalisation in this country—just like the postal service. The latter was private enterprise at one time, too, but the economics did not add up. As a precedent, one small city in the South of the U.S. provides free omnibus transportation to its citizens. This comes out of general tax revenue. The step was taken because companies holding previous bus franchises just could not make both ends meet.

Experiences in other countries are analogous. In Yugoslavia, persons holding jobs get 50 to 75 per cent reductions in transportation fares. School children in many countries enjoy the same privileges. It is a tug of war—private enterprise, economics and the greatest good for the greatest number of people under prevailing social concepts. This influences contemporary thinking in many fields, even including medicine.

Employment Situation

There was not much change in the employment picture last month. There was a slight increase in unemployment, but nearly all of the decline in jobs was in agriculture which is seasonal and natural. The unemployment rate remained at 6.1 per cent of the labour force. By numbers, the jobless were a little over 4 million. This compared with total employment of 66.5 million, of which non-agricultural employment was 62 million persons.

As the year progresses, fears are mounting about a new steel strike in the middle of the year. There is much prodding from Washington for management and labour to arrive at new contract terms without a shutdown. Obviously, a strike would not be in the national interest, but considerations of national interest do not always prevail not even in times of national emergency as shown in the past.

Labour matters are assuming ever greater importance. They are becoming a part of the national conscience. It seems to me that, subconsciously, they are a part and parcel of a private enterprise defence mechanism against communism and the labour laws in existence within the Soviet orbit. One of the latest moves has been the activation of the Commission on the Status of Women by the President. Mrs. Eleanor Roosevelt is the chairman and works under the jurisdiction of the Department of Labour. It is an all-embracing endeavour of economic significance and, as Mrs. Roosevelt told me, "perhaps of world-wide importance." The Commission was established last month to focus attention on women's achievements and problems.

In closing, it may be said that, out of the 50 U.S. States, the legislatures of 47 States and Puerto Rico meeting in 1961 introduced some 5,000 bills in the field of labour legislation. More than 750 acts were passed in such fields as workmen's compensation, unemployment insurance, discrimination, industrial relations and minimum wages.—*All Rights Reserved.*

THE AMBIGUOUS BIRTH

A WHITE PAPER ON INCOMES POLICY

(*From Our Own Correspondent*)

LONDON, *3rd February*

LONDON LETTER

HAS a policy died this week or has one been born? At the end of March, the wages pause, which has led to so much controversy, to a slowing down of postal communications, to discontent in the public services and now to a weekly day of transport chaos, is to come to an end. No matter what happens before that date, the Government have decided that their prestige depends upon it not being advanced by a day. But from that day, they are inaugurating something which no one has ever tried before and from which a Labour Government persistently shied—a wages policy. Yet what is one to think of a wages policy at whose birth the General Secretary of the Trades Union Congress attends in the guise of the bad fairy to declare the infant as "highly provocative . . . I doubt if employers or arbitrators will be able to take much notice . . . if they try . . . the result will be to intensify the resentment of the workpeople at Government attempts at intervention in wage settlements."

The policy, published in the form of a Government White Paper, is entitled "Incomes Policy," but all it has to say on the subject of profits and dividends is that the same principles apply as to wages, that continued restraint is necessary, and that the co-operation of those responsible is required. The Trades Unions regard this skimping treatment as further cause for resentment and, if the answer is that the Chancellor can only deal with profits in the aggregate (by exhortation and ultimately through taxation), the Unions reply that the Chancellor should equally keep out of wages policy.

Planning

But the wind of planning is blowing through Conservative circles—the progressive men understand that the Government is held to account for the health of the economy, therefore, the Government is responsible for policy and that intelligent responsibility involves a degree of planning. This progressive wing intends, therefore, to plan the economy on the basis of private enterprise, opposing the Socialists henceforth only on the matter of public ownership. The Government is concerned to increase the rate of growth of incomes, but this can only be done in step with the long-term rate of growth of productivity. Inflation can only be countered by relating national spending to earning; hence the determination of the Treasury to achieve an incomes policy. The Chancellor has failed to get the Unions to agree to such a policy and he has decided to go it alone aware of all the difficulties. The Unions have agreed to be associated in the National Economic Development Council and there they will be able to comment and advise on the Government's policy, but it will be a long time before the Council, in the matter of wages, agrees to do anything but differ.

The basis of the incomes policy is the rate of increase of national productivity. The Government estimate this for 1962 at only 2-2½ per cent: that then is the overall limit for wage increases after the end of March—a figure already derisorily described as 6d. in the pound. "It follows," says the White Paper, "that there is no scope in 1962 for more than strictly limited increases in wages and salaries." The following criteria, which in the past have been used to judge the reasonableness of a wages claim, are no longer to be considered valid: (i) a rise in the cost of living; (ii) an increase in profits or productivity in the industry; (iii) shortage of labour in the industry; and (iv) rises in wages in comparable industry.

The guiding light to arbitrators is to relate wage increases to increases in *national* productivity and it is obvious at once how hard it will be to fight demands for increases where (ii) above applies. Will workers whose productivity has gone up, whose industry is making more profits, accept that their wages should rise no more than those of workers in stagnant industries? Just because the national level of productivity has not risen more? This White Paper is the biggest shock labour has had from the Government—bigger than the pay pause which was a temporary policy. Clearly some major battles lie ahead.—*All Rights Reserved.*

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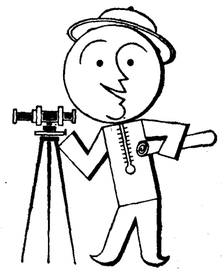

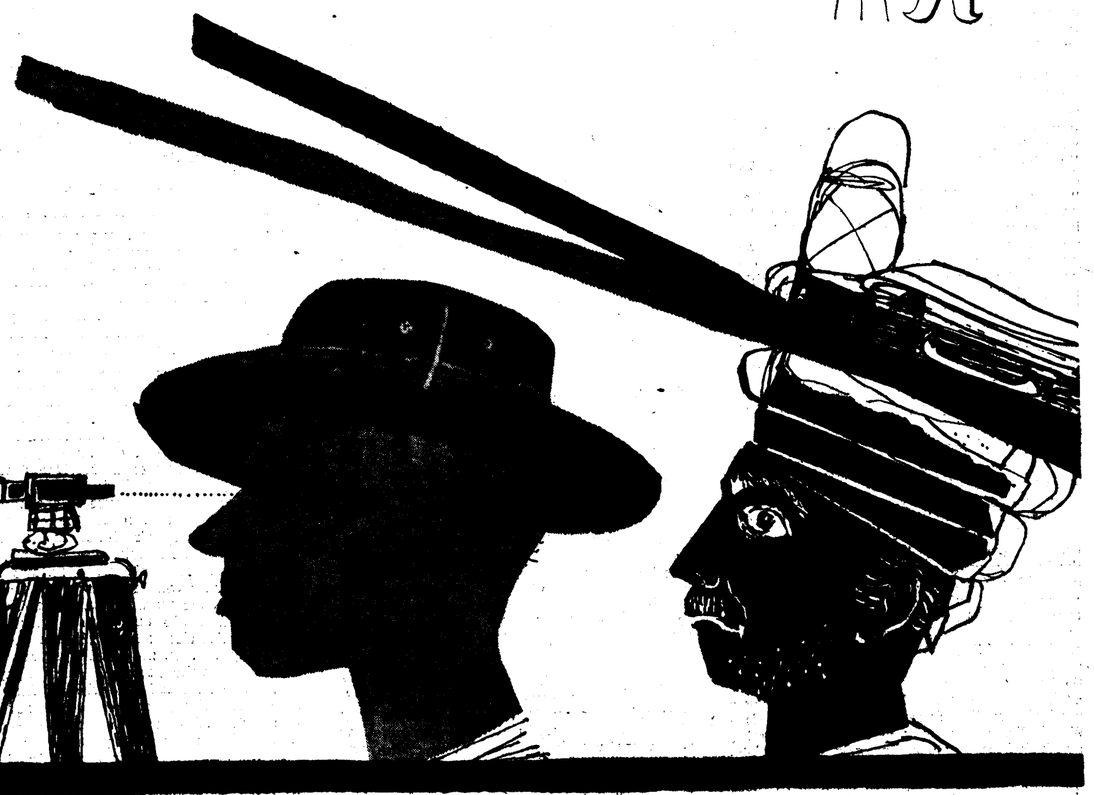

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PLACE OF GERMAN MARK IN WORLD MONETARY SYSTEM

NEED TO FIX CORRECT EXCHANGE RATES URGENT

By Erich Achterberg
FRANKFURT, WEST GERMANY

IN the actual monetary system, some vulnerable points apparently exist, besides a number of highly change-resistant factors. The German Mark has been in the second group for some years, a fact that was widely recognised long before the revaluation of March 1961. The almost unprecedented progress in the "hardening" of the German currency, however, took no less than twelve years. After the monetary reform of 1948, the value set upon the Mark did not even reach one-fifth of the parity declared. But within eight years, the missing four-fifths were recovered and, in 1956, the value of the Mark was already above the par of exchange. Moreover, the upward trend of the domestic price level was still far behind similar trends in foreign countries, and, additionally, there was an unexpected upsurge in the country's productive capacity. A growing surplus in the German trade balance was the result, followed by a surplus in the balance of payments. In order to keep down the surplus, artificial means had to be used, e.g. advance payments for defence material supplies, more or less emphatic appeals for capital exports, premature repayment of debts and readily granted development-aid to Afro-Asiatic countries. But when all this did not help, it was decided to lower the rate of exchange; the value of the dollar was lowered from 4.20 DM to 4.00 DM as a measure of "revaluation." It is true that the same result could have been obtained by another method, i.e., by adapting home-market prices to the foreign price level. A perceptible rise in German prices would have stimulated foreign imports and kept down the country's exports which had been going up at a fabulous rate. But this method was out of question for two reasons: first, a considerable rise in prices did not seem advisable for political considerations on the domestic level, even if such a rise had been supported by the central economic bodies; second, the major part of German industry had already specialised on export trade to such an extent that any drastic measure touching potential sales on foreign markets would have been considered unacceptable. To revaluate the Mark was the easier and less rigorous measure, notwithstanding the strong objection that had been voiced by nearly all branches of German economy and the violent struggle of several years that had preceded its introduction. Even the Deutsche Bundesbank only complied under strong outside pressure.

Earlier Measures Fail

The German case is, however, not an exception. The disequilibrium in the balances of payments that distorts the par of exchange not only affects the deficit countries but the surplus States as well. For the latter, surplus-running Germany was a classical example in the last few years on account of the unceasing influx of gold and foreign currencies caused by a persistent surplus in the country's balance of payments. At the end of 1960, the monetary reserves of the Deutsche Bundesbank reached 32 billion DM, an almost sensational figure in the history of the German Central Bank; of this amount, 12.3 billion DM was in gold. The highest gold reserve figure ever reached by the former Reichsbank (before World War I) was only of 2.53 billion Marks, not including, however, the gold coins in circulation. But it would be difficult to maintain that Germany's currency was unsound in those days. However, the enormous influx of foreign currencies caused a no less enormous inflation of the country's gold reserves; if full play had been given to the following excessive liquidity, there may have been an upward trend of the price level which would have helped to reduce the surplus. But as a higher price level and an overheated boom were just the things one wished to avoid, the Bundesbank had to apply the brakes. The Federal Bank raised the discount rate as well as the prescribed minimum rate for reserves, the rediscount quotas were reduced and other braking measures were applied. The Bank was successful to a certain degree, as liquidity on the money market went down and interest began to go up. But there was also an effect which had not been anticipated; instead of falling, the temperature of the boom kept on rising.

When eventually an effort was made to find out why the adopted measures had failed, it was discovered that, in draining the abundance of capital in the country, a flood-gate for capital from abroad had been opened. In the same measure as the German credit basket was lifted out of reach, foreign countries readily offered to step in with their funds; besides, the rising interest rates for the new German loans attracted so many foreign buyers that some of these loans went out of the country, thus becoming "unvoluntary" foreign loans. So the afflicted Central Bank once again had to throw around the wheel: "expensive money" was off the agenda and "cheap money" became the slogan of the day. That is where we are now. Time will show the outcome, an internal rise in price—as on a similar occasion in the past—or a definite benefit from revaluation, that is, higher imports and lower exports.

Insufficiency of Monetary Order

But shall we eventually have to draw the conclusion that Germany's monetary and economic policy had been unskilfully pursued? Or shall we have to say that the deficiencies of the whole international monetary system were brought to light by the present conditions? As Germany is not the only country having to deal with a surplus in its balance of payments, while some other countries are facing a never-ending deficit, one easily thinks that something must be wrong in the structure of the world's monetary system. Even from central bank circles various opinions recently have been voiced on the many problems of the international monetary situation.

In the annual report of the Bank of the Netherlands, the view was held that a final solution to the problem of international payments could never be found in the expansion of measures aiming at the temporary settlement of balance of payment deficits. All measures taken should rather lead to a general effort towards supporting the settlement of deficits and surpluses without jeopardising the other aims of national economic policy.

In a mid-year weekly report of the Swiss Central Bank, the remarkable fact was disclosed that the credit balance of a foreign bank (probably the Federal Reserve Bank of New York) had been increased against assignment of gold. Referring to this report, the *Neue Zurcher Zeitung* (foreign edition, No. 185 of 8th July 1961) voiced the opinion that there is a limit to the efficiency of close co-operation between the central banks. However valuable it may be, co-operation alone would never be sufficient to restore the monetary equilibrium. To restore it is not so much a question of creating or expanding international institutions, but a question of adapting national economic policy to the balance of payments situation and of better co-ordination in the economic and balance of payments policy of the individual countries.

These two opinions not only show that the insufficiency of the present international monetary order is recognised in many circles; they also show that nobody likes to say what he would prefer to have in the place of the present system. They all agree that some measures should be taken—but what measures? Should they follow the German example of revaluation? Should they aim at a better ensured dollar rate of exchange? Or should they prepare the creation of an entirely new system which could efficiently replace the former gold standard? The claims voiced by the Netherlands and Switzerland—early settlement of deficits and surpluses in the balances of payments, on the one side, and adaptation of national economic policy, on the other—were already satisfied in the former gold standard through the automatic regulation of the influx and efflux of gold. The countries were compelled to pursue a national economic policy, that is to expand or restrict in order to equilibrate their balance of payments and to ensure the parity level of their currency.

It would be wrong to say that the international central banks never gave a thought to the problem how to restore the easy monetary policy that had been followed for some years before 1914. They certainly did think about it, and it is a fact that the central banks have made a great effort to restore convertibility, though on the assumption that it would be sufficient in itself to balance the situation.

Until the end of 1958, almost any newspaper article, address or speech of a Central Bank Director, Minister of Economic Affairs or Minister of Finance, as well as almost any *communique* of an international conference on monetary problems, wound up by claiming emphatically that convertibility must be restored; then all disagreeable distortions of exchange rates as well as balance of payments disequilibria would automatically disappear. Now we know that they have been too rash in praising convertibility as a universal remedy as neither of the above two aims was reached. The European Payments Union which had been created to pave the way for free convertibility was "quasi"-buried alive; the convertibility which had been adopted by resolution eventually became the last formal relic of the European Payments Union and now only deserves the name of "quasi"-convertibility. The European exchange rates still do not correspond to facts, and deficits and surpluses in the balance of payments continue as before. The German revaluation was no more than a small step in the long balancing process. Immediately after the revaluation, the following comment was published by one of the outstanding experts on the background of the problem:

"In foreign countries, a more substantial revaluation rate had been expected. But having accepted the—not yet legal, but moral—obligation to make substantial current contributions to development-aid, that is contributions for which an export surplus is almost essential, a higher rate was entirely out of question. Nor was it considered advisable to cut down the German trade volume right from the beginning; the intention merely was to skim off the export surplus on account of its inflationary effect. Besides, there were the experts holding the view that it could not be our task to do the whole job of removing the effects caused by the inflationary activity of other countries by ourselves."

No Real Progress

The last sentence of the above comment could as well have been from a German Minister's speech, a 1958 report of the Bundesbank or a 1957 report of the Bank Deutscher Lander. The same ideas were also expressed in many of the statements that were made in those years. But this is of minor importance; the only matter that counts is that no real progress towards the solution of the international monetary dilemma has so far been made, neither through the "quasi"-convertibility of 1958 nor through the revaluation of 1961. Moreover, it is quite easy to explain why the convertibility of 1958 must be called a "quasi"-measure: first, it has remained only a half-way step in most countries, a "foreigners' convertibility," as it was called; second, it cannot exert an irresistible pressure on the import and export of gold, that is on the expansion or contraction money circulation and their influence on economic activity and economic policy. The internal economic trend follows special, formerly unknown rule—a fact that very strikingly comes up when comparing Europe to the United States and Canada. But notable dissimilarities also exist on the European level, as it may be seen above all from the continuing surplus in the German balance of payments, on the one side, and the British deficit, on the other. The hope that the German revaluation would be followed by a devaluation of the sterling has unfortunately not been fulfilled. One really has to say "unfortunately," however unpleasant this may sound to the ears of those who stick to the old point of view when judging the monetary problem, as monetary stability is not always tantamount to stability of buying power. This is one of the great lessons we have been taught in recent times. It will not be possible to reform the international monetary conditions unless this fact is generally accepted. Former inflations in Europe, particularly the German inflation between 1918 and 1923, seem to have impressed for ever the idea on people's minds that the diagnosis of inflations can be read off only from the marks reached by the rising dollar exchange rate.

There are still far too many who think that a decline in the internal buying power is inevitably linked to a rise of the dollar rate. But this is not true: internal buying power may also go down, and very considerably too; for this, America is a classical example.

According to recent research findings, the buying power of the U.S. dollar went down by no less than 59 per cent between 1939 and 1959, while the foreign dollar rate remained unchanged. Another example; in 1933, when Germany did not follow America in devaluating her currency, the foreign exchange rate went up and the dollar rate was lowered from 4.20 RM to 2.48 RM, but, in spite of this measure, German buying power went down. This clearly shows that exchange rate stability has nothing to do with buying power stability. The view expressed in scientific opinion given before the German revaluation that exchange rates should "for ever" remain unchanged only applies to the case of unwanted stability in prices and buying power (which is the same thing), or, if nothing is done against the secular downward trend of buying power (which is not a very bad thing) or the actual considerably more rapid decline of this power (as in the United States). But in the recent declarations of statesmen and central bank officials, this view is not shared. So there is some hope that the German revaluation is a warning to these circles to give some thought to the still entirely unsolved problem of monetary stability.

Towards New Conceptions

What really is the basic structure of the present international monetary system? It mainly rests on the International Monetary Fund in Washington—the Bretton Woods system, as it has been called after the place where it was set up—on which an agreement was reached in 1947 after discussing various proposals. The system is based on exchange rates to be fixed by the members themselves, on the condition that any major change of these rates is submitted to the Fund for approval. This already shows that the once established foreign exchange rates should be maintained for the longest possible time. But there are further provisions: the exchange rates should not only be maintained but "defended." The Fund's resources permit the "stretching" or "magnifying" of reserves—a principle that was reinforced by a considerable expansion of the Fund's resources in 1959. As the further details of the Fund's structure may be taken for granted, there is no need to go on with the description. The International Monetary Fund undoubtedly is a system of rigid exchange rates, just as the former gold standard has been; this, however, involves the need to pursue a national economic policy of flexible prices and flexible buying power which corresponds to the fluctuating economic activity, that is, to the periodical ups and downs in production, consumption, sales and employment. Gold, the regulating agent of the past, which served as a control on economic fluctuations promoting virtually stable exchange rates, has not yet disappeared, it is true; but it is also true that a great deal of its regulating power has been absorbed by the Bretton Woods system.

If this system had developed into a real substitute for the former gold standard, balance of payments disequilibria could never have reached the proportions reported for the period between the two world wars—certainly not after the Marshall Plan, the great helper in distress, had fulfilled its task of restoring the "viability" of the recipient countries. At present, mainly two schemes which should lead us out of the dilemma are under discussion: in the first, a further reinforcement of the present system is proposed; it may be linked to a reform of the International Monetary Fund by expanding its powers. Besides, special weight is given to the claim for internationalised currency reserves. The second scheme is based on the aim to replace flexible prices by flexible exchange rates. In other words, the method used in the present system is to be reversed by ensuring the stability of prices and money value through flexible rates of exchange. There are only few who already are in favour of such an experiment, though their list includes the names of some experts of very high standing, such as Mr. Haberler (Boston) and Mr. Hahn (Paris).

German Revaluation

To turn to the subject of German revaluation. The indecision which prevailed when the level of the new rate for the DM was discussed undoubtedly is a flaw in this measure. A low rate was finally accepted for several reasons. But the rate problem would never have emerged if flexible rates had already existed. In such a system, exchange rates are of secondary importance—though by no means unnecessary—and, therefore, the need to discuss revaluation or devaluation may never arise. Perhaps there is a chance to get out of the situation caused by the already mentioned "quasi"-convertibility. But flexible currency conditions cannot be created overnight. So it may be advisable to begin with wider "exchange margins."

Except the advocates of another reform of the Bretton Woods system, there are many experts who do not see the need of basic changes in the actual procedure. Undoubtedly they even represent the majority. To those who only had to deal with the first method for decades, a complete switch from rigid to flexible rates must seem a leap in the dark and a risky step one hesitates to take. But by expanding the Bretton Woods system on the assumption of insufficient international liquidity, additional buying power would be created in all countries, although we are still unaware of the influence it may have on monetary value. We only know that there will be some influence—otherwise all reform programmes would have to remain ineffective.

Another Problem

Besides, there is another problem which has not yet been raised in this article: currencies are not and never were of the same standard. There was, and still is, a group of currencies which is much more important than the rest. In the nineteenth century, the leading position was held by the sterling, but, in the twentieth century, the dollar has caught up in rank. As these two are the "principal" currencies, most of the other currencies "joined" them, as the saying is, which means that any change in the relation between those "leaders" and gold was almost inevitably followed by a similar change in the "secondary" currencies. The question is bound to arise whether a change in the world's monetary system necessarily involves a modification of the principle of "predominate" currencies: does a new "leading" currency (perhaps the German Mark or the Netherlands Guilder that was revaluated at the same rate) take the place of the old predominating national currencies? This is, however, not a question requiring immediate investigation, as it refers to the still secondary issues of the German and Dutch revaluations. Nevertheless, it is a fact that the German revaluation has caused sensation, all the more since it is still too early to form a clear picture of the wider issue of the German measure. Besides, one of the reasons for this sensation is linked to the question whether the revaluation of the DM should be considered a crucial point in international development.

We still cannot see where we are going, but the real meaning of the decision of the German Federal Government is that any automatic adjustment of imbalanced payments through gold movements is now beyond discussion and that the system of the International Monetary Fund no longer represents a safeguard against excessive imbalance. Therefore, the loss of individual sovereignty, which is normally required by international systems, will be replaced by higher sovereignty as the only basis for correct parity rating. But what are the correct parities? If a straightforward answer cannot be given to this question, a way must be shown that leads to fairly correct exchange rates. The revaluation of the German Mark was only a first small step towards the solution of the difficult parity problem. The present article may have thrown some light on the great complexity of this matter which rather belongs to the international system than forms a subject for national decisions.

A NEW UNIT OF I.F.C.

A new Industrial Development Bank Services Department has been established in the International Financial Corporation with Mr. A. G. El Emary, formerly Governor of the Central Bank of Egypt and President and General Manager of the Alexandria Commercial Company, as its Director. The new Department will be responsible for planning financial and technical assistance to help in establishing or expanding privately owned and managed industrial development banks. In this field, the I.F.C. now act not only on its own behalf but also on behalf of its parent institution, the World Bank, as well as for the Bank's other affiliate, the International Development Association. The I.F.C.'s initiatives may lead to an I.F.C. investment in a development bank, to World Bank loans or I.D.A. credits for a development bank, or to a combination of these.

Under a recent change in its charter which enables the I.F.C. to invest in capital stock or shares, the Corporation commenced investing in the equity of development banks. In December 1961, it converted part of two loans to two Colombian development banks into capital stock. The conversions were in the amount of 7 million pesos each in Corporacion Financiera Colombiana de Desarrollo Industrial of Bogota and Corporacion Financiera Nacional of Medellin. These transactions marked the first time that the I.F.C. has acquired equity investments. In the development bank field, the I.F.C. will be pursuing an interest of long standing in the World Bank itself. The Bank has attached great importance to the role development banks can play in assisting the industrial development process. These intermediary institutions provide a means of reaching many medium-sized industrial enterprises which neither the Bank nor the I.F.C. could assist directly. The Bank has so far lent $116 million to private development banks in six countries. The Bank has given advice in the establishing of new development banks in Austria, Ceylon, Republic of China, India, Iran, Malaya, Pakistan, Thailand and Turkey, and in the reorganisation of existing banks in several other countries.

I.F.C. INVESTMENT IN PERU

The International Finance Corporation has announced the completion of financial arrangements for an investment of $2.4 million in Cemento Andino S.A., of Peru. These and additional investment funds will enable the Company to undertake an expansion and improvement of its manufacturing operations at a cost of approximately $3.4 million. The principal security-holders in Cemento Andino are a Peruvian group headed by the Rizo Patron family. North American shareholders and debenture-holders in the Company are represented by the investment banking houses of Lehman Brothers and Lazard Freres & Co. The I.F.C. investment of $2.4 million will be represented by unsecured notes bearing 7¼ per cent interest, payable in dollars, and maturing between 1968 and 1973. The I.F.C. will also receive the right to subscribe to shares of the Company's common stock.

BANK PROFITS

Canara Bank

The working of the Canara Bank Limited for the year ended 31st December 1961 has resulted in a net profit of Rs. 21.24 lakhs (subject to audit), after making the usual and necessary provisions, including taxation. This compares favourably with the net profit of Rs. 20.30 lakhs for 1960, arrived at *before* providing for taxation. With the last year's carry forward of Rs. 45,000, a sum of Rs. 21.69 lakhs is available for distribution. The Directors of the Bank propose to set apart Rs. 6.70 lakhs for statutory reserves, which, inclusive of Rs. 6.30 lakhs under share premium account, now stand at Rs. 63 lakhs, Rs. 0.62 lakh for payment of 5 per cent dividend to preference shareholders (Rs. 0.62 lakh last year); Rs. 5.40 lakhs for payment of 15 per cent dividend to equity shareholders (Rs. 5.40 lakhs last year); Rs. 4.50 lakhs for contingencies (Rs. 3.50 lakhs inner reserves last year); and Rs. 4.00 lakhs for bonus to staff (Rs. 3.10 lakhs last year), thus leaving Rs. 0.47 lakh to be carried forward (Rs. 0.45 lakh last year). The deposits of the Bank at Rs. 37.56 crores as on 31st December 1961 show an increase of Rs. 6.74 crores over last year's figure (+21.9 per cent). Total advances at Rs. 20.39 crores stand improved by Rs. 3.76 crores (+22.6 per cent). As usual, the liquidity has been well maintained, the ratio of total advances to deposits being at 54.3 per cent.

Bank of Rajasthan

The net profit (subject to audit) of the Bank of Rajasthan Ltd. for the year ended 31st December 1961 amounts to Rs. 3.50 lakhs, as against Rs. 3.36 lakhs for the year 1960. A sum of Rs. 71,000 (Rs. 67,716 in the previous year) has been added to reserves under Section 17 of the Banking Companies Act, Rs. 52,336 (Rs. 23,423) to general reserve fund, Rs. 87,000 (Rs. 1.10 lakh) for income-tax and Rs. 49,345 (Rs. 41,000) to bonus to staff. The Directors have proposed a dividend of 10 per cent subject to tax (same as last year). The balance carried forward to next year is Rs. 1,485 (Rs. 3,274). The income-tax and super-tax have been fully provided and the reserves are now equal to the paid-up capital. The deposits of the Bank as on 31st December 1961 aggregated Rs. 624.04 lakhs, as against Rs. 536.26 lakhs a year before, and liquid assets (cash, bank balance, deposits with banks, and investments) amounted to Rs. 413.25 lakhs, as against Rs. 317.33 lakhs.

Indian Overseas Bank

The net profit (subject to audit) of the Indian Overseas Bank Ltd. for the year ended 31st December 1961, after providing for contingencies and expenses, amount to Rs. 43.81 lakhs, as against Rs. 46.42 lakhs for 1960. Including the sum of Rs. 1.92 lakh (Rs. 1.76 lakh in the previous year) brought in from the previous year's account, the amount available for distribution is Rs. 45.72 lakhs. The allocations are: Provision for taxation Rs. 18.50 lakhs (Rs. 18.50 lakhs); transfer to reserve fund Rs. 9.00 lakhs (Rs. 9.50 lakhs); and provision for bonus to staff Rs. 5.50 lakhs (Rs. 5.50 lakhs). The Directors propose to recommend to shareholders payment of dividend at 14 per cent subject to tax (same as last year) Rs. 10.50 lakhs. The amount carried forward is Rs. 2.23 lakhs (Rs. 1.92 lakh).

Indian Bank

The Indian Bank Limited has reported a profit of Rs. 40.38 lakhs for the year ended 31st December 1961, as against Rs. 40.32 lakhs for 1960. The provision for bonus to staff is Rs. 7 lakhs (same as last year). The transfer to reserve fund is Rs. 5 lakhs (*nil*). The provision for taxation is lower at Rs. 18 lakhs, as against Rs. 23 lakhs in the previous year. A final dividend of 5 per cent taxable and a bonus of 2½ per cent taxable is to be paid, making a total distribution of 15 per cent, taxable, same as that distributed in the previous year.

THE AMERICAN ECONOMY: PROSPECTS FOR GROWTH THROUGH 1975

PART II: THE QUICKENING PACE OF TECHNOLOGICAL CHANGES

By Dr. Dexter M. Keezer

ECONOMIC ADVISOR, McGRAW-HILL PUBLISHING CO., INC., NEW YORK

AMERICAN industry is spending more and more on research and development. Thus, the pace of technological developments is quickening. McGraw-Hill surveys on the dollar volume of research and development performed by industry indicate that these expenditures totalled $9,600 million in 1960, more than double the 1955 figure of less than $4,800 million. The estimate of all other research and development carried out by Government, universities and foundations adds up to another $3,000 million in 1960.

In the past 15 years, total research expenditures have grown from less than $2,000 million per year to nearly $13,000 million, and, by 1970, it is estimated that total research and development expenditures will reach $23,000 million per year. Of this amount, $3,000 million—or 13 per cent—will be for basic research as compared with $1,000 million—or 8 per cent—in 1960. (See Chart II.)

The result of all this research and development work has been to create new products and new industries.

For example, in the past decade output of plastics is up 300 per cent; electronics production is up 240 per cent; aluminum output has increased 200 per cent. Even companies in such well-established fields as food processing have close to 30 per cent of present sales in product lines developed since 1950.

Impact of Research

It is still too early to say how the great upsurge of research and development will be reflected in specific industrial products. Research on the present scale is something new for any economy, and many companies have only begun to explore its possibilities. Furthermore, experience has shown that about seven years may pass before the impact of a research discovery is fully reflected in business sales or capital expenditures.

But we know that industry is now working on hundreds of new products and new processes that will show up dramatically during the 1960's and, undoubtedly, many of the advances in chemistry, electronics and metallurgy that will occur in the effort to conquer space will also find industrial applications.

Here are some estimates based on recent McGraw-Hill studies on research and development:

(1) Total expenditures on research and development will increase by about 85 per cent from 1960 to 1970.

(2) Sales of new products will double in the five-year period 1960-65, and triple in the 10 years 1960-70.

(3) By 1963, new products—not made in 1959—will account for 15 per cent or more of total sales of the electrical machinery, machinery, instruments, and transportation equipment industries. In consumer goods, about 10 per cent of 1963 sales—and even more of 1965 sales—will be in new products.

What are these new products that will make these trends come true?

Revolutionary Products

Some of them are already under development—products so revolutionary they will radically change the way an American family lives: wall-size television screens, all plastic homes, for example. During the sixties, consumer products of this type will go into mass production. Still newer products are passing from the research stage to the development stage every day.

Even more spectacular advances are taking place in the design and development of new capital goods. The electric power industry expects that a substantial number of its plants will be atom-fuelled by 1970. By then, the building industry hopes to use complete prefabrication techniques. And many metal products may be produced by direct reduction of ores, powder metallurgy and continuous casting techniques.

The greatest impact of new products and new processes, for an expanding market, will thus be felt about 1965—reflecting the step-up in research spending that began in the mid-1950's. And the effects will spread through every field—manufacturing, mining, construction, agriculture and distribution trades—as we move toward 1975.

In the factory, more and more of the work will be handled automatically. In some plants, electronic computers will direct the complete production operation. In others, better conveyors, more powerful motors and new devices for turning and positioning heavy pieces will make it as easy to move heavy metal parts from station to station as it is to move lighter products today.

Agriculture and Construction

Outside the factory, the wonders of mechanisation and electronic controls are being extended to such laborious fields as agriculture and construction. More food will be grown on less acres (hectares) as chemistry improves crop yields, and bigger multi-purpose machines get in the harvest more quickly. The food processing plant of the 1970's—complete with electronic controls—may get its raw materials directly from the harvesting machines in one continuous operation.

As construction machines get bigger, they will haul into place factory-made sections of walls and floors—for giant office buildings as well as apartment houses. Other machines will reshape ground and pour concrete for huge sections of dams and highways with great speed and minimum labour.

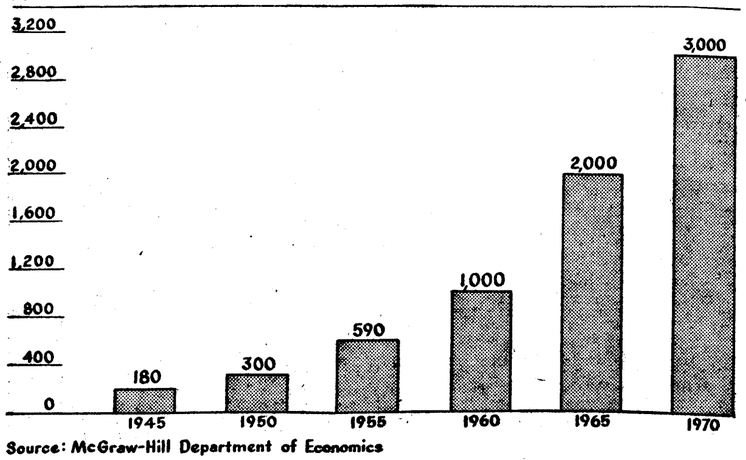
In all types of buildings, the use of new materials such as prestressed concrete, glass blocks, and plastic pipe will permit greater prefabrication and less on-the-site labour.

Construction and agricultural machines will be in ever-increasing demand to replace scarce labour. So output of tractors, farm implements and earth-moving equipment will show considerable gains.

(To be continued)

CHART II

GROWTH OF BASIC RESEARCH IN THE U.S.



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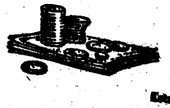

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COTTON INDUSTRY DEPUTATION TO PRIME MINISTER

TEXTILE IMPORT PATTERN CHANGING

From Our Special Correspondent

MANCHESTER, *30th January*

THE Lancashire cotton industry wants to take its troubles direct to the Prime Minister. The intention is an industry-wise deputation—millowners, unions and merchants—to tell Mr. Macmillan of the growing concern in the industry about short-time working and the closing down of further mills, in spite of the high hopes with which Lancashire embarked on the ambitious Government-assisted programme of "streamlining" and mill modernisation. Union leaders representing 170,000 spinning and weaving workers decided in Manchester to ask Lord Rochdale, Chairman of the Cotton Board, to make the approach to Mr. Macmillan.

MANCHESTER LETTER

Mr. Alderman Harold Chorlton of Rochdale, President of the United Textile Factory Workers Association, said that Lord Rochdale had indicated his readiness to lead a deputation provided it was on an industry-wide basis. "This is a very serious industrial question, not a political one," said Alderman Chorlton. "We feel that the fate of the Lancashire cotton industry is in the Government's hands." Referring to support from other sections of the industry, he said: "Everybody has agreed so far."

There would be a meeting of all sections to frame a co-ordinated policy before a deputation went to see the Prime Minister. "Since 1959 circumstances have arisen which no one envisaged," said Mr. James Milhench of Oldham, the Association Secretary.

The cotton industry's worries centre on the large-scale imports of low-cost cotton textiles from overseas still entering Britain. So far it has had little success in persuading Government Ministers—including Mr. F. J. Erroll, President of the Board of Trade, on a recent visit to Manchester—that further Government action is needed to put the industry back on its feet by way of a Government-imposed brake on the level of these imports. The industry's case is that confidence in the industry will continue to be undermined until there is a definite assurance about the future and that in the present state of uncertainty millowners cannot be expected to embark on modernisation programmes costing millions of pounds.

Plainer Than Plain

Another attempt by Lancashire's well-meaning Members of Parliament to get more sense out of the Government on their attitude towards the cotton trade was met last week by stonewalling and a few deft deflections—to use a cricketing metaphor. The Parliamentary Secretary to the Board of Trade echoed "his master's voice" in failing to give the industry any comfort.

The facts are clear enough. Mr. Anthony Greenwood's opening speech was supported by an admirable array of figures to prove the damage caused to the trade by excessive imports and as a result the complete absence of confidence among employers and employed. He quoted indiscriminately from trade union and millowning sources to implement his point, but to little avail.

If any lingering doubts still existed that something might be done at Government level, even after Mr. Erroll's calm disinterestedness last month, they must be dispersed now that his Parliamentary Secretary has said from the floor of the House of Commons: "It really is not possible for the Government to assure to any industry a given proportion of the market in this country. They cannot give an assurance that imports will not be allowed to exceed a level which would endanger that level."

What any Government can or cannot do is always a moot point. Suffice it to say that, in this same context, the recently concluded extensions to the voluntary inter-industry pacts specifically guarantee India, Pakistan and Hong Kong 85 per cent of the British home market!

During the debate, "international trade policies" and "our national commitments" were dragged out again by the Government spokesman as the scapegoats for evading action on Lancashire's behalf. Unfortunately, he was interrupted in the course of a remark which seems to sum up the official attitude. He was saying: "We must devote our resources to those matters in which we can compete most successfully—" Who mentioned the word "expendable?" Later the statement was made that the Government gave industry the opportunity to become competitive and then "it is up to industry itself to decide how much of the market it is able to win and to hold."

Meanwhile, the prevalence of short-time working becomes more apparent from week to week; adverse publicity arising from such announcements made by leading firms damages the prospects of obtaining labour when it is required, and the number of mills closing down on a permanent basis show signs of increasing.

Imports in 1961

The sting in 1961's overseas trade returns came in the tail. Not until the final two months of the year was there any sign that the disconcerting state of trade in Lancashire was having any effect on the activities of those merchants who were spending so much time in acquiring supplies from abroad.

First in November, and then more noticeably last month, the import figures fell sharply. Compared with December 1960, the volume of cotton grey cloth arrivals in the same month a year later showed a slump from 52,120,000 yards to 30,879,000 yards. Total December imports of all types of cotton cloth at 41,765,000 yards were the smallest since August 1959, and were almost exactly half the quantity absorbed in the peak month of January 1961.

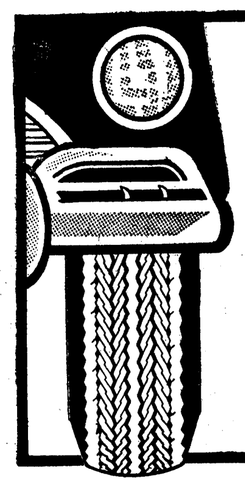
It is necessary thus to preface our comments on last year's overseas trading results by underlining the latest position, as otherwise a somewhat false impression might be gained while scrutinising the following table; this shows a further deterioration in the overall export-import position in every section:

(Cloth in thousand square yards; Yarn in thousand lbs.)

	Cotton cloth		Rayon, etc., cloth		Cotton yarn	
	Exports	Imports	Exports	Imports	Exports	Imports
1949 ..	903,578	348,800	160,708	51,600	82,061	1,980
1950 ..	822,473	286,920	189,568	55,280	70,986	14,480
1951 ..	864,375	376,640	217,206	99,240	65,481	31,720
1952 ..	710,813	179,680	149,794	29,280	35,722	7,280
1953 ..	709,905	98,640	176,826	44,400	41,920	3,360
1954 ..	637,378	267,167	175,256	67,331	40,431	10,721
1955 ..	554,504	299,470	133,747	65,415	35,563	14,019
1956 ..	474,150	306,173	120,822	74,249	35,822	16,794
1957 ..	455,760	418,252	111,239	73,400	37,636	14,727
1958 ..	383,818	386,638	84,168	47,145	26,771	14,635
1959 ..	347,637	537,145	63,724	37,764	22,920	21,512
1960 ..	327,090	727,707	54,355	58,419	21,113	38,648
1961 ..	286,660	731,026	48,894	60,825	14,658	43,723

Exporters of man-made fibre yarns were commended 12 months ago as being the only section to make progress. Congratulations can again be extended to them for achieving a slightly larger gain than in 1960. Total shipments last year were 53,485,000 lbs., as against 48,458,000 lbs. and earnings from this source rose from £18,531,000 to £21,230,000.

India remains the chief customer, although taking some 2,500,000 lbs. less at 5,387,000 lbs., while South Africa, Australia and China all imported more than 4,000,000 lbs. Other countries to acquire over 2,000,000 lbs. of British man-made fibre yarns included New Zealand, the Irish Republic, Sweden, Switzerland, Portugal and Syria. Another fall, however, must be recorded in the offtake in man-made fibre cloth, the total being some 5,000,000 yards lower at 48,894,000 yards.



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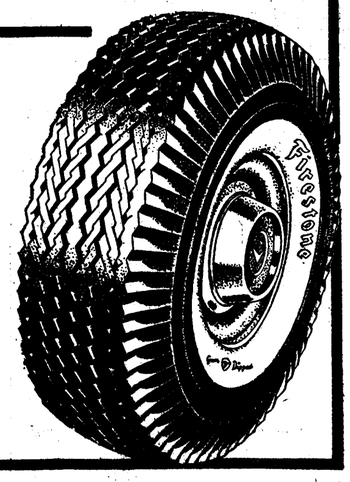

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PROSPECTS FOR IMPORT OF U.S. COTTON BLEAK

REDUCED SUPPLIES MAIN REASON

MUCH store has been set by imports of U.S. cotton to make good the deficiency in domestic production in India during the current season (1961-62). But recent reports in the Press that U.S. might not have much cotton to spare are disturbing to a degree. For, if U.S. cotton is not available in adequate quantities under P.L. 480, this country will have to turn to alternative sources of supplies. This will mean additional strain on the country's balance of payments because imports from countries other than the U.S. should be paid for in foreign exchange unless special payments agreements are concluded with them as is the case with Pakistan. Even if it were possible to conclude such agreements, it would inevitably involve much delay and cotton imported under such agreements would not be available for consumption by mills for quite some time. This explains the current firmness of cotton prices which, in spite of strict controls, are ruling, in some cases, above the statutory ceilings.

Mills and importers have for quite some time been eagerly awaiting the issuance by the U.S. of the purchase authorisation for a substantial quantity of cotton under P.L. 480. The delay itself had caused concern and had given rise to the suspicion whether there was some hitch in the programme. India had no doubt impressed upon the U.S. Government the urgent need for allocating a substantial quantity of cotton to this country. In fact the U.S. Secretary of Agriculture, Mr. Freeman, when he visited this country last September, had promised to do his best to supply as much cotton as possible. The main difficulty of the U.S. is said to be lack of adequate stock. Although cotton production in the U.S. during the current season is expected to be not less than last season's (in fact the final estimate issued in December last placed the crop at 14.31 million bales of 478 lbs. each, as against 14.27 million bales harvested in the previous season), the lower carryover stocks at the beginning of the season and the higher mill consumption of cotton anticipated during the current season have reduced export availabilities. Thus, while opening stocks on 1st August 1961 were lower at 7.2 million bales, as compared with 7.6 million bales at the beginning of last season, mill consumption is expected to rise by half a million bales from 8.3 million to 8.8 million bales.

Commercial Exports

The U.S. authorities will, naturally, reserve sufficient cotton for domestic consumption and will also earmark substantial quantities for commercial exports. In view of the decline in production in Mexico and Egypt, the two main competitors of the U.S. in world markets, the prospects for commercial exports from the U.S. are bright. U.S. cotton will consequently have a ready sale in foreign markets, possibly at higher prices.

Apart from India there are also other claimants for P.L. 480 cotton, such as Indonesia, Burma and some Latin American countries. These considerations perhaps explain the reluctance of the U.S. authorities to make any firm commitments in regard to P.L. 480 cotton supply to India. This makes import planning all the more difficult for this country. For, as pointed out earlier, if the U.S. is to be counted out as a major source of imports there is the problem of finding a satisfactory alternative source, which is by no means an easy task. The importance of U.S. as a source of imports is evident from the following table:

Cotton Imports

(In bales of 392 lbs. each net)

Variety	1961-62*	1960-61	1959-60
American	256,659	641,675	411,302
Sudan	45,614	84,109	128,353
Egyptian	32,627	85,901	207,746
East African	70,584	147,492	170,448
Pakistan	12,047	2,624	33,451
Others	10,918	39,871	22,665
Total ..	428,449	1,001,672	973,965

* 1st September 1961 to 20th January 1962.

Note.—1961-62 figures are in bales of 180 kilograms (396 lbs.)

Viewed against this background, the need for rational and equitable distribution of the indigenous production becomes all the more urgent. The introduction of the varietal distribution of cotton in addition to the quota system is aimed at ensuring the distribution of cotton to each and every mill according to its past consumption. While it remains to be seen whether the scheme will succeed in rationing out the available quantity of cotton to mills according to their needs, the fact remains that better distribution of available cotton is no solution to the problem of the inadequacy of supplies in relation to the demand. The Government should, therefore, give immediate consideration to this urgent problem and look for alternative sources of supply early enough so that the textile industry would not be starved of cotton should P.L. 480 authorisations fall short of expectations.

"ADONICUM"—A NEW COTTON

Between 1937 and 1960, the Indian Central Cotton Committee spent about two lakhs of rupees for the improvement of the yield and quality of the inferior cotton grown in the 'Mungari' tract of Andhra Pradesh and Mysore. The efforts have now been amply rewarded by the evolution and recent release of a new strain—"Adonicum." It is expected that the growers will realise an extra annual income of about Rs. 72 lakhs when the new strain spreads over its entire potential area of one lakh acres.

'Mungari' is the trade name by which the coarse short-staple cotton grown on the light, red soils of Rayalaseema district of Andhra Pradesh and in the continguous areas of Bellary and Chitaldurg districts of Mysore State, is known. 'Mungari' means 'early season.' It is grown both as a pure crop and also as a mixture with *setaria* or groundnut. Despite its inferior quality, it found favour with the growers owing to its high yield and ginning outturn and earliness. Its existence, however, led to the undesirable malpractice of its adulteration with the medium-staple Hingari (*rabi*) cotton. With a view to overcoming this, the Indian Central Cotton Committee, as early as 1937, launched a scheme, in collaboration with the State Department of Agriculture, for upgrading the quality of the inferior local 'Mungari.' As a result, a new strain, Rayalaseema-1, was evolved and released for general cultivation in 1950. This strain was on a par with the Hingari cotton in staple length but was slightly late in maturity compared to the local Mungari, which hindered its progress in the tract.

Efforts were, therefore, continued to isolate still superior varieties which would combine earliness also. These efforts resulted in the evolution of a new strain, 3930-A, later named as 'Adonicum' which proved to be outstanding in quality and yield as compared to the local 'Mungari' possessing at the same time the required earliness. Extensive trials were conducted with this new strain, which was a derivative of crosses involving Jarilla, Northerns, Cocanadas and *cernuum cottons*, on the Government Farms and on cultivators' holdings representing the entire tract in Andhra Pradesh and Mysore. It was also tested in mills for evaluation of its spinning qualities. The data obtained from the tests conclusively proved its superiority over the local Mungari in all the economic characters as would be evident from the following table:

	Mungari	*Adonicum*
Yield of seed cotton (in lb./acre)	369	440
Ginning outturn ...	31	34
Staple length in inch ...	16/32 to 22/32	29/32
Spinning value (H.S.C.)	8-10s	30s
Average blow-room loss	10.1	6.7
Acre cash value (Rs.)	166	238

It will be observed from the above that the cultivation of the new strain Adonicum in place of the local Mungari is estimated to fetch an additional income of Rs. 72 per acre owing to its better yield and quality. The trials also proved that it was equally adapted for cultivation as a pure crop or as a mixed crop with *setaria* and groundnut. In view of its superior attributes, the Indian Central Cotton Committee, at its meeting held in February 1961 recommended its release for general cultivation in place of the existing strain H.420 and Local Mungari in the Mungari tract of Andhra Pradesh and Mysore which extends over an area of about a lakh acres. Accordingly, steps are under way for the multiplication and distribution of the pure seed of this strain in Andhra Pradesh and Mysore.

COTTON *vs.* MAN-MADE FIBRES

Although cotton textiles suffered competitive losses in 1961, the industry has some "proven evidences of strength" upon which it can draw in making plans for the future. This is the conclusion reached by Mr. M. K. Horne, Jr., Chief Economist of the National Cotton Council of the U.S., in a report to a joint meeting of the Council's Programme Committees. Mr. Horne enumerated these evidences as (1) cotton's long-time performance in the domestic market, (2) an expanding market overseas, and (3) the fact that the U.S. seriously needs to foster exports. During the five years from 1955 to 1960, according to Mr. Horne, cotton began holding its own against the entire field of competing fibres and materials and this was something that had never happened. Nothing had happened in 1961, the Council's Economist emphasised, to indicate that the U.S. could not restore and continue this record of rising competitive strength in cotton.

The U.S., in his opinion, had the great problem of defending its currency and must therefore encourage exports. Cotton had a decisive role to play in this. In most years, cotton was the biggest single export commodity which earned about $980 million in foreign exchange during the fiscal year ended 30th June 1961 and $826 million in the previous year. During the period 1953-55, man-made fibres spun on the cotton system expanded their market from 8.8 per cent of the size of the cotton market to more than 13 per cent. Then cotton held firm competitively for five years, making gains against rayon which offset its losses to other man-made fibres. In 1961, however, the man-made fibres rose from 12.8 to 14.9 per cent in one of the biggest competitive shifts ever experienced. From January to December, while cotton consumption rose less than 20 per cent, that of rayon on the cotton spinning system increased almost 50 per cent.

If cotton had held the same share of this market against rayon in December, as it had held at the first of the year, according to Mr. Horne, cotton consumption in December 1961 would have been at an annual rate nearly 200,000 bales higher than it actually was. In two years' time, rayon's relative price had come down to 6.5 cents, as against Middling 1.1/16" cotton and 8.5 cents against Low Middling 1.1/32" cotton. These changes were the combined result of price declines for rayon and price increases for cotton.

WORLD PRODUCTION OF MAN-MADE FIBRES

World output of the main textile fibres, cotton, wool and man-made fibres advanced by about two per cent in 1961, corresponding to the annual growth rate of world population. While cotton and wool represented only fraction-variations on the previous year's crops, world production of man-made fibres, up by six per cent, set a new record at 3,520,000 metric tons, as against 3,300,000 tons a year before. Global output of synthetic fibres, which continues to have the fastest growth rate in the man-made fibres industry, aggregated 820,000 tons last year, an increase of 16 per cent on the preceding year's output.

These estimates have been prepared by the Economic Department of the Comité International de la Rayonne et des Fibres Synthétiques, Paris, in advance of the Second World Congress of Man-Made Fibres, scheduled to be held at London in the first week of May next. In the year under review, the patterns of the expanding output of man-made fibres varied from country to country. The following quarter-by-quarter tabulated analysis relates to the U.S.A., Japan and the 16 man-made fibres producing countries of Western Europe, which together account for over 75 per cent of world output:

(In thousand metric tons)

	Quarter			
	1st	2nd	3rd	4th
Synthetic fibres				
1960 ...	155	165	158	161
1961 ...	170	184	185	198
Cellulosic continuous filament				
1960 ...	214	210	203	204
1961 ...	203	201	202	213
Cellulosic discontinuous fibres				
1960 ...	282	277	257	264
1961 ...	267	273	284	310

World output of cellulosic continuous filament was up by a fraction over five per cent in the last quarter of 1961 as compared with the third quarter; reversing a down-turn in production in the first half of the year. As will be seen from the table, the output of cellulosic discontinuous fibres climbed steadily throughout the year.

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LINKING SUGARCANE PRICE TO QUALITY

EXPERT COMMITTEE SUGGESTS REALISTIC AND PRACTICAL SCHEME

IT is regrettable that high level bodies like Development Councils should keep on postponing decisions on vital issues unnecessarily and without any valid reason whatever. One such instance is provided by the Development Council for Sugar Industry. At its meeting held at New Delhi on 29th January, the Council considered the report of the special committee on linking of cane price to quality and, though it was generally in favour of the scheme suggested in the report, it deferred the decision until July next when the Council is expected to meet again. The reason adduced for the postponement seems to be the desire to await the comments of State Governments and the Indian Sugar Mills' Association. But one wonders whether this consultation could not have been done earlier. It may be noted here that the Committee had finalised its recommendations at its meeting held as early as on 11th September 1961, that is, within six weeks of its appointment on 2nd August 1961. The Council could have met shortly after that and circulated the report of the Committee to the interests concerned for study and comments. Had it done so, it would have been in a position to come to a decision on the report and frame its recommendations at its meeting last week. This, in turn, would have enabled the Government to frame its policy in time before the cane sowing season starts.

The Special Committee, it may be recalled, was presided over by Sardar Lal Singh and consisted of Mr. R. P. Nevatia, Mr. M. J. Edwards, Cane Commissioner of Uttar Pradesh, and Director of the National Sugar Institute, Kanpur (Member-Secretary). The terms of reference of the Committee were (1) to determine the basis for fixing the minimum price of cane for payment of cane price on the basis of quality and (2) to work out the details for the organisational set-up and staff required and the source from which the cost of such organisation would be met.

The Scheme Outlined

The scheme which the Committee has formulated for determining the price of sugarcane appears to be quite a realistic and practical one. Briefly summed up, it is as follows:

A floor price must be fixed for sugarcane (regardless of quality) covering the average cost of cultivation, harvesting and transport and, as far as possible, a minimum margin of profit. The difference between the present minimum statutory price (fair price) and the floor price should be reasonable, so as to ensure adequate incentive to the farmer to raise high quality sugarcane.

The implementation of the scheme is to be carried out in a phased manner on a regional basis, so that, by the end of the third Five-year Plan (1965-66), work in all the sugar factories in India towards the payment of cane price on quality basis will have been undertaken.

To start with, a region may be immediately selected in the South where the local existing conditions are favourable and difficulties less. In the North also, a region may be selected, taking the factories preferably in Tarai Area where preparatory work to implement the scheme will be taken up as early as possible. A target of two years may be fixed normally in the region to complete all the necessary preliminary work to create favourable conditions for payment on quality basis and, in the third year, actual payment on quality basis should start.

To execute the work, an independent and impartial implementation machinery should immediately be set up comprising staff at the headquarters, regional offices and units.

During the implementation phase, intensive publicity and propaganda work should be carried out for which the Government should initiate proper machinery in collaboration with the State Governments, Press Information Bureau and other concerned organisations just of the type and magnitude that has been done for popularising metric system and educating the public about it.

Constitution of Central, State and local boards to handle various issues and advise the Government is esential and should be considered.

The system of testing the quality of sugarcane, as contained in an appendix attached to the report, consists of the following steps:

A minimum of four minutes crush of any factory forms the minimum testable quantity of cane required for the purpose of test. Where the minimum testable quantity is the supply of one individual grower, it can be tested individually; otherwise, it will have to be tested groupwise on village level. For weighing and unloading cane, the sugar mills have to provide well developed marshalling yards, the control of which being done by the cane societies and the factory staff. All the vehicles belonging to a particular lot have to be weighed in continuation on one weighbridge. The particulars of the growers also have to be recorded on a card. After weighment, the vehicles have to be kept standing in a line for placing them at the cane carrier together and the group card will be sent to the errand boy at the cane carrier. This can be arranged by the factory staff itself. The main part of the system of testing is the feeding of the cane lots in the cane carrier continuously one after the other without intermixing. The demarcation and classification of cane lots in the cane carrier is done with the help of a segment wheel with a fixed pointer or automatic electronic instrument and light signalling device. The various samples of juice are analysed for brix, pol and purity and the data recorded. For this purpose, the factories have to provide separate independent laboratories near the crushers.

Java Ratio Modified

The system recommended by the Development Council for Sugar Industry for finding out the sugar percentage cane with the help of the Java Ratio, the Committee feels, did not take into account the variation in the Java Ratio with the variation in the fibre content of cane. The task of calculating the price of cane by the Java Ratio method is also found to be too laborious and time-consuming. In view of this, the Java Ratio method has been modified to a simpler one, namely, calculation of cane price on the basis of pol percentage first expressed juice. The weighted average for all the cane lots tested in a week is then calculated for determining the price on quality basis.

The implementation of the scheme naturally entails expenditure. The Committee has done well to urge the Central Government to make available the requisite funds out of the excise duty collections for meeting the expenditure. Evidently, the Committee has ruled out the three other alternatives for financing the scheme: (*a*) an increase in sugar price, (*b*) apportioning between States' and Centre's existing levies, and (*c*) sharing of expenditure equally by cane growers, factories, and Central and State Governments. The total cost for working the scheme is estimated at one naya Paisa per maund of cane which means an increase of 10 nP per maund in the price of sugar. It is considered not possible to charge this extra amount to the sugar price. Nor is it considered possible to apportion the incidence of cost to the State levies, in view of the States' need for resources to implement development programmes. It is further felt that the cane growers will not like the idea of expenditure being recouped from them or through a reduction in cane price. Since the changeover from the existing system of paying cane price from weight basis to quality basis is a *must* in the interest of the industry and the larger interest of the national economy, the Committee has asked the Central Government to accept this expenditure for quality assessment and adopting the system as inevitable. Other grounds on which this plea is based are:

"In order to promote export of sugar on competitive rates, it would be absolutely necessary to bring down the cost of production of sugar in which the cost of raw material, that is, sugarcane, played an important role. The Chairman observed that there was no other agricultural commodity or industry which was so heavily taxed as sugar in India. Excise, cane cess and commission alone amounted to as much as the price of cane that the grower got for his sugarcane; or in some areas, the yearly taxes on the above account came to as much as the price of land on which the sugarcane was grown. Total levies come to the tune of about Rs. 13 per maund of sugar, of which the excise duty alone accounts for Rs. 10.69 per maund. If the incidence of cost for quality assessment, which works out to about 10 nP per maund of sugar, were met at least in the initial years out of the excise funds, it would be less than 1 per cent of the total excise revenue from sugar. This would be also amply compensated in the long run due to consequent increased productivity."

The changeover from the present system of paying cane prices to a new one linked to quality will, of course, be confronted with certain difficulties, particularly opposition from uneducated cane growers and other vested interests. But the difficulties are not insurmountable. What is wanted is, as the Committee has rightly stated, a firm policy decision. To quote the Committee:

"Statutory enforcement for adopting the system of payment of cane price on quality basis has to be made. Necessary legislation should be brought about to meet the exigencies. Where the State enactments stand in the way of implementation, the Governments concerned should consider necessary modifications in these enactments to suit the requirements of the scheme. The position may again be reviewed after three years of the implementation of the scheme on an all-India basis."

The need for a firm policy decision and bold steps is vital, because it is the opposition from cane growers and other vested interests that has all along been the stumbling block for doing away with the outmoded, irrational cane price policy. It may be recalled here that the late Mr. Rafi Ahmed Kidwai mooted the idea of introducing a system for payment of cane price on the basis of recoverable sugar content as far back as in October 1953. The idea was widely supported by the sugar delegation to Australia and Indonesia, and later by Mr. Kidwai's successors, Mr. A. P. Jain and Mr. S. K. Patil. But no significant progress has yet been made in implementing the scheme, thanks to political considerations.

Viewed thus, the Lal Singh Committee must, indeed, be complimented on having strongly urged statutory enforcement of the new scheme. The importance of the scheme lies in the fact that it will curb the tendency among cane growers to increase the crop in bulk at the expense of quality. It will be pertinent to quote here what that reputed Dutch sugarcane expert, Dr. C. Van Dellowijn, said some years ago:

"Sugarcane in India is paid on the basis of weight irrespective of quality. In a crop containing 10 per cent recoverable sugar, the remaining 90 per cent is made up of water and fibre, plus a negligible amount of other organic and inorganic compounds. Under the system in force, a uniform price is paid for cane whether it contains 6 or 12 per cent of recoverable sugar. Thus, the same price is paid for water and bagasse as for sucrose. This system explains the attitude of the cane grower. He is expected to grow more cane regardless of quality and, consequently, he grows more cane. He prefers, for instance, high cane yielding varieties even if canes with lower tonnage but better quality would yield more sugar to the acre. Payment on the basis of cane weight is a primitive system, which has been gradually abandoned by all progressive cane countries."

The foregoing observations underline the importance of the system of paying for cane on the basis of quality. By adopting the system, Australia, which had started with the same Coimbatore varieties that are being raised in India, has improved the quality of cane to such an extent that, today, the Australian sugarcane is the best in the world, containing on an average about 15.3 per cent sugar and giving an average sugar recovery of 13.7 per cent, as against less than 10 per cent in India. Needless to say that, unless the sugar yield per acre is substantially raised, the stability and even economic existence of many a unit, especially in North India, may, as the Committee has clearly warned, be in grave jeopardy.

SUGAR INDUSTRY IN MAHARASHTRA

Both employers and employees in the sugar industry in Maharashtra are keen on implementing the recommendations of the Central Wage Board. This was the consensus of opinion at the meeting which the State's Minister for Law and Labour, Mr. Shantilal H. Shah, had with the representatives of sugar factories and of the recognised unions of workers in the industry, at Sachivalaya on the 2nd inst. Matters connected with the labour problems in the industry were generally discussed at the meeting. Twenty-seven sugar factories, including co-operative sugar factories, and 13 unions of workers and two representatives of the central organisation of sugar factories attended the meeting. Mr. G. D. Patil, Deputy Minister for Planning, Industries and Labour, was also present. It was stated at the meeting that most of the factories, including factories in the co-operative sector, had already entered into an agreement with their employees.

NEW INSECTICIDE TO FIGHT SUGARCANE PESTS

Details of a new insecticide developed by the Shell group of companies for controlling pest in sugarcane, rice and maize crops have been announced in London. The insecticide, called "Telodrin", is claimed to be "the most efficient and versatile yet discovered." It is anticipated that there will also be large demand for Telodrin to deal with the wide variety of pests which attack cotton and tobacco crops. More than 400 field trials have been carried out in 65 countries over the past four years, and it has been proved that there are few insect pests against wthich Telodrin is not highly effective, either in the soil where the pests attack plant roots, or on the plant while they feed on the fruit or foliage. Telodrin, like other chlorinated hydrocarbon insecticides such as D.D.T., acts on the insect's nervous system and is effective merely on contact. As in the case of certain other insecticides, Telodrin can be incorporated with fertilisers during manufacture for use in the soil. Used this way, only a quarter of the dosage rate normal for other soil insecticides is required.

PUBLIC SECTOR IN GENERAL INSURANCE

BOMBAY MUNICIPALITY'S BIAS IN FAVOUR

GENERAL insurers in Bombay are very much exercised over a recent directive of the Bombay Municipal Corporation, which is now under the control of the Congress Party, that insurance of buildings constructed on plots let out by the Corporation or the Improvement Trust against risks of fire should be placed with the Indian Insurance Companies' Pool. As 75 per cent of the business of the Pool, which was formed by mutual agreement by insurance companies to write Government insurance business, is allocated to the Government-controlled "Oriental" group, private insurers would get only 25 per cent of it if this business were to go to the Pool, as now directed. At present, the lessees have freedom to insure with private companies which accept such business on an individual basis. Insurers point out that there has not been a single instance of an insurance company having failed to pay the claims that had arisen or to discharge other obligations under the terms of the contracts. They, therefore, fail to understand why the municipal authorities should now choose to alter the existing arrangement. They fear that such a course will lead to the diversion of business which had, for years, remained on the books of private insurance companies, to the Government-controlled group via the Pool.

Subtle Move

Apart from expressing resentment at this subtle way of strengthening the public sector companies at the expense of private companies, insurers maintain that such business does not fall within the defined province of the Pool. They are understood to be consulting legal opinion as to whether, under the agreement, the Pool had the authority to accept such business. If the agreement is not explicit on the point and it could, therefore, be interpreted in such a way as to authorise the Pool to accept such business, insurers point out that the agreement should be so amended as to permit the present system to continue, as it was never their intention to give such business to the Pool. The Indian Insurance Companies' Association, Bombay, has, therefore, advised the Pool to desist from accepting such business. If, however, the latter decides to accept such business, in spite of protests from the insurers, the Committee of the Association has asked the Pool to convene a general body meeting of the Pool members to examine the question thoroughly.

Meanwhile, the Association is taking up the matter with Mr. Y. B. Chavan, Chief Minister of Maharashtra, as the Corporation's directive must presumably have been issued at the instance of the Maharashtra Government. A deputation consisting of the representatives of the Association will wait on the Chief Minister to explain to him the position and to request him to see that the Corporation's directive is withdrawn and the *status quo* restored. It has also approached the Indian Merchants' Chamber and the Property Owners' Association to represent the case of private insurers to the Government. It is highly significant that the City Municipality has taken this step when it is under the control of the Congress Party and not when it was dominated by the Communist Party. Has this anything to do with the drive for "aggressive socialism" which the party in power resolved to carry on at its Patna session?

Thin End of Wedge

Far more important than the loss of business are the possible repercussions of this step elsewhere. The insurers fear that the move is the thin end of the wedge and that not only will municipal authorities in other cities be tempted to follow suit but also that their other business, too, might be diverted to the public sector companies through such subtle methods. Insurers concede that the Municipal Corporation has the right to insist on adequate coverage for risks of fire on buildings constructed on its lands. But it should not interfere with the rights of the lessees to insure with the companies of their choice. They are even prepared to go so far as to concede that they have no objection to the Corporation preparing an approved list of insurers, whose policies are acceptable to it, and insisting on the buildings being insured with them only. But the demand that the business should be placed exclusively with the Pool, they point out, cannot be justified on any ground, least of all from the point of view of satisfactory insurance cover, unless it be to deprive the companies in the private sector of their legitimate business.

MARINE INSURANCE IN BRITAIN

1961 was a bad year for marine insurance in Britain, according to Mr. H. M. MacDiarmid, retiring Chairman of the Institute of London Underwriters. Reviewing the trend of marine insurance during the past year, Mr. MacDiarmid, in his speech at the annual meeting of the Institute, held recently at London, observed: "I think most of us will find there has been a sad deterioration in our figures (of marine insurance) and this is certainly true in the hull section of our accounts... "The 1959 underwriting year was singularly free from major casualties—in fact, it was so unusual as to lead many to the false belief that we had at last turned the corner. It followed that the temptation to be more lenient in rating, with one market being played off against the other, led to the unhappy consequence of our being left with inadequate premium for the risks we were running. The following year, 1960, after an easy opening, proved to be a good deal worse than average, through the heavy casualties which were sustained in the closing months and in the early part of 1961—and this latter year has certainly kept up a disturbingly hot pace."

Hull insurance, Mr. MacDiarmid pointed out, was operating on so narrow a margin of profit that it only needed a few total losses of high value to put the business considerably in the red. With the many safety devices adapted to ships, it was disheartening, Mr. MacDiarmid added, to read of so many collisions and strandings which seemed to be as numerous as ever. Explosions in engine rooms were still causing anxiety. He conceded that, in insuring ships with complicated machinery, insurers should expect accidents of this nature but the number of such accidents gave rise to the suspicion that there must be a certain amount of negligence and that there were still ships manned with inexperienced engineers.

Dealing with cargo insurance, Mr. MacDiarmid observed: "Internationally, we talk about freedom of insurance and yet each year sees fresh barriers put abroad to restrict free enterprise. This increasing wage of nationalisation of insurance, which impedes the merchant and therefore cannot be helpful to him, has already had its effects on our cargo accounts and we see prominent signs of it in the uneconomic rates which are still being quoted in the scramble for the business which remains outside these barriers."

As regards the European Common Market, the retiring President observed that British insurance would be facing intensified competition within the area. In the principal insurance markets, new branches and agencies were being established by Continental insurance companies which were eagerly seeking to secure a share in business which is already insufficient to satisfy their own markets. Mr. MacDiarmid disclosed that, having regard to these changes facing British insurance, a joint committee was at present studying the various matters affecting insurance business in the Common Market countries.

EXPORT CREDIT INSURANCE IN U.K.

Business declared under the British Export Credits Guarantee Department's "commercial" insurance scheme in the fourth quarter of 1961 was, at £197,500,000, a record for any quarter. Business declared during the year 1961, at £712,000,000, was also a record, showing a £17,500,000 increase on the previous year. After increasing, in the first quarter of 1961, British exports remained practically static for the rest of the year, so that this increase in the business done by the Export Credits Guarantee Department to record levels in the fourth quarter (and for the year as a whole) represents, in the main, greater use of the department's facilities by British exporters, together with various extensions of those facilities announced in the course of the year. These extensions are part of the general Government-sponsored effort to increase exports, and so strengthen the balance-of-payments position.

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THE MYSORE SUGAR COMPANY LIMITED

CRISIS OF SURPLUS STOCKS THREATENS SUGAR INDUSTRY

CHAIRMAN, MR. V. VENUGOPAL NAIDU'S SPEECH AT ANNUAL GENERAL MEETING

THE Twenty-eighth Annual General Meeting of the Mysore Sugar Company, Ltd., was held at the registered office of the Company at Bangalore on Wednesday, 31st January 1962, under the chairmanship of Mr. V. Venugopal Naidu. Moving the adoption of the report and the accounts, the Chairman made the following speech:

"LADIES AND GENTLEMEN,

"It gives me very great pleasure to welcome you all to this the twenty-eighth annual general meeting of the shareholders of the Mysore Sugar Company, Ltd., and to place before you the report of the Directors and the audited statements of accounts for the year ended 30th June 1961. Copies of these have been sent to you in advance and, with your permission, I shall take them as read.

Crisis of Overproduction

"Before reviewing the working of the Company, I feel it necessary to say a few words about the present position of the sugar industry. It is a matter for gratification that the upward trend in sugar production that was recorded during the year 1959-60, following the introduction of certain incentive measures, was well-maintained during the year 1960-61 when sugar production in the country increased further by 5½ lakh tons and reached a record figure of 29.8 lakh tons, which represents more than 55 per cent increase over 1958-59 production. For this striking performance, you will agree that the industry is legitimately proud of. However, this has led to certain unexpected problems and has landed the industry in a crisis of overproduction. The offtake has remained stagnant at about 20.5 lakh tons for the last four years and consequently a large part of the sugar produced is lying with the factories. The rapid progress the industry has made within the last two years, and, at the same time, the position in which the industry finds itself at present, is evident from the fact that, as against a stock of only 1.5 lakh tons with which the 1959-60 season opened, the stock at the commencement of the 1961-62 season has reached an alarming figure of nearly 12 lakh tons which is enough to meet more than half a year's consumption. The immediate problem, therefore, is the profitable liquidation of this enormous surplus. Thanks to the strenuous efforts of the Government and the industry, it was possible to export about 3 lakh tons to foreign countries. But exports depend upon several international factors. You have recently read in the newspapers about the failure of the International Sugar Conference.

"The real and lasting solution to the problem, therefore, lies in creating increased demand for internal consumption by breaking the consumer resistance to the commodity due to the price factor. As I reported to you in my last speech, the *per capita* consumption of sugar in India is only 11 lbs. Even now it is the same. In the prevailing cost structure of sugar, the industry is not able to take the initiative but, as is being rightly emphasised by the Indian Sugar Mills' Association, only the Government can help to stimulate increased consumption by reducing the present high rate of excise duty so as to make the price of sugar cheaper to the consumer. This will not seriously affect the revenue from this source, as what is lost by a reduction in rate can, to a great extent, be made up by an increase in consumption.

Cane Price

"An equally important point made out by the Indian Sugar Mills' Association is about a reduction in cane price. The incidence of cane works out to about 70 per cent of sugar cost before adding tax and any reduction in cane price will go a long way in reducing the cost of sugar produced, thereby making sugar available to the consumer at cheaper rates and also giving a fillip for exports. It is earnestly hoped that these aspects of the matter are receiving the serious consideration of the authorities and that the industry will see a bright future before long. The Sugar Development Council, which met recently in Delhi, has also taken note of these aspects.

"The working of your Company for the year 1960-61, I am glad to say, proved to be favourable so far as production of sugar was concerned. Your factory started crushing on 1st July 1960 and continued to work up to the 5th April 1961, covering a fairly long season of 267 days, as against 213 in the previous season. The quantity of sugarcane actually crushed during this period was 3,95,963 tons, which is the highest quantity crushed so far. Production of sugar amounted to 39,049 tons. Towards the end of the crushing season the factory had to face a serious shortage of water and this affected the recovery. Although production was high, sales lagged behind and dropped to 26,730 tons, from the previous year's record of 37,719 tons, because of the restricted releases by the Central Government. The effect of this is reflected in the fall in the turnover by Rs. 119 lakhs, from Rs. 429 lakhs during 1959-60 to Rs. 310 lakhs during the year under review, and also in the unusually large closing stock of 13,790 tons of sugar.

Purchase Tax on Sugarcane

"While on the subject of cane price, I would like to refer to an allied matter. The Government of Mysore have recently substituted the cess on sugarcane by a purchase tax, as the cess legislation was held to be invalid. But in this changeover, the burden to the industry has gone up. While the old rate of cess, at Rs. 6 per ton of cane, was itself the highest in India, the burden has now been further increased by 62 nP per ton and the additional cost to your Company on this account is expected to be over Rs. 2 lakhs per annum. When cane price, wage scales and excise duty are common for all factories, there is no reason why the tax on cane should not also be uniform for all sugar-producing units. A representation has, therefore, been made to the State Government requesting for a reconsideration of the matter.

"The working of our Distillery was quite satisfactory, with a record production of 8,57,817 gallons of 100 per cent alcohol. The scheme for raising the installed capacity to 12,00,000 gallons has been completed. Our own production of molasses is inadequate to achieve full production and arrangements have been made to acquire additional molasses from Pandavapura Sahakara Sakkare Karkhane Ltd., so as to augment production to meet the growing demand for alcohol. Negotiations are also being carried on with other factories.

"Turning now to the financial results of our operations, I must say that we have fared well considering the adverse factors that we have had to contend with. As you would have observed from the statements in your hands, the operations have resulted in a gross trading profit of Rs. 38,91,681, as against Rs. 42,36,042 in the previous year. The fall in the earnings is mainly due to the lower release of sugar for sale. The profit would have been higher but for a loss of nearly Rs. 5 lakhs on our export quota of 3,992.2 tons. The earning from the Distillery has continued to be steady at around Rs. 3½ lakhs, though the farm operations have resulted in a deficit of Rs. 1,24,639.

Impact of Wage Board Award

"A new burden thrown on the industry is the cost of implementing the award of the Central Wage Board for Sugar Industry in fixing increased scales of wages for different categories of employees, as from 1st November 1960. The extra cost on this account will be a recurring additional expenditure which will go to increase the cost of production of sugar by a sizable amount. Two other items of expenditure, referred to in the Directors' report and to which I wish to draw your attention, are the payment of Rs. 2,15,000 on account of additional bonus to employees for the year 1958-59 and provision of Rs. 10,07,175 for payment of deferred price for sugarcane on an interim basis.

"The net profit after deducting all expenses and charges and depreciation of Rs. 8,20,560, but before providing for taxation, stands at Rs. 20,07,166, as against Rs. 27,10,166 in the previous year. Including the balance of Rs. 1,15,228 brought forward from the last year's account, the amount that is available for disposal is Rs. 21,22,394. A provision of Rs. 11,00,000 is required for taxation and your Directors recommend payment of dividend to shareholders at 30 per cent, subject to deduction of tax, which will absorb Rs. 6,53,784. It may be mentioned here that, though the profits are lower this year, your Directors wish to maintain the dividend at the last year's level of 30 per cent. The stores depreciation reserve has been augmented by the addition of Rs. 50,000 and, at the same time, your Directors have thought it prudent to bring down the book value of stores and spare parts by a corresponding amount so as to provide for depreciation and obsolescence of old and unserviceable articles.

Disturbing Trends

"From what I have said it must be apparent to you that the outlook, at any rate for the immediate future, is uncertain. With a view to arrest further increase in sugar output Government of India have revised their policy and ordered a 10 per cent cut in production during the current season, on pain of levy of penal excise duty on excess production beyond the reduced target fixed for each factory. The late announcement of restriction on production has created another problem for us as the cane has already been grown and as we have already contracted for purchase of the normal quantity of cane. This question is now being pursued with the State Government.

"Another disturbing trend is the present slump in sugar prices following the removal of control on the price, movement and distribution juncture, when costs are actually moving up due to the Wage Board award, the incidence of export loss, etc., it is of the utmost importance to maintain suitable price level by eliminating unhealthy competition among the factories, which has begun to set in. Unless this trend is effectively checked, by the concerned factories entering into an understanding for following a common sales policy, great harm is bound to result. However, one happy feature of this decontrol seems to be in the direction of increased internal consumption.

Modernisation

"In my last speech I had made a brief reference to our application for a licence to expand our capacity to 3,000 tons. Taking into consideration the existing and the already licenced capacity and the overproduction of sugar in the country, the Government of India announced recently their decision not to issue licence for any new factory or for increasing the capacity of any existing factory. Hence we do not see any hope of securing a licence for expanding our production in the near future. Therefore, the question of modernising some of our equipments and replacing others with the object of improving efficiency and obtaining higher percentage of sugar recovery, as a means of bringing down the cost of production, is engaging the immediate attention of your Directors.

"The scheme for the manufacture of cellulose acetate for use in the manufacture of raw films and plastics, for which the Government of India has granted an industrial licence in favour of your Company, has reached an advanced stage of implementation. Requisite agreements with well-known foreign collaborators for supply of the necessary equipment are being concluded and applications for foreign exchange loans have also been submitted to the appropriate credit institutions. The details connected with the new company to be formed for undertaking the manufacture of this new product are being worked out. At the same time, measures are also under consideration for taking up the manufacture of acetic acid/acetic anhydride to feed the new industry. This project will be financed entirely by your Company and will form part of its activities. Here also necessary agreements have been signed with a well-known Swedish firm for supply of requisite machinery and know-how. The required foreign exchange loan is being obtained from the Commonwealth Development Finance Company. Ambitious as these schemes are, your Directors do not wish to stop here. They are now thinking of going a step further. It is too premature for me to disclose anything further and you will, no doubt, pardon me for this.

Supply of Bagasse to Mandya Paper Mills

"The Paper Mills project near Mandya, with which we are tied up for supply of our bagasse in return for substitute fuel, is coming up fast and all possible facilities have been extended to them. We have already started supplying bagasse to them and it is expected that the Paper Mills will go into production very soon. The nature of arrangements entered into with the Paper Mills being of a novel type, which is the first of its kind in India, certain unexpected problems, and difficulties have naturally arisen, the solution of which call for utmost co-operation and understanding between both the parties. I do hope that the authorities of the Paper Mills will appreciate the spirit of co-operation on our part and reciprocate.

Bonus Shares

"The question of issue of bonus shares was referred to in my last year's speech as also in the speeches of earlier years. This matter has been thoroughly examined in the light of the present sugar position. I have, at some length, explained to you the difficult position of the sugar industry. A decision in this regard will be taken at the opportune time.

"In conclusion, it is my pleasant duty to acknowledge the valuable guidance and co-operation which I have received from my colleagues on the Board. To all our employees, from the General Manager downwards, who have continued to serve the Company loyally and efficiently, the thanks of the management are due. We are also thankful to the large body of our canegrowers who form the very backbone of our industry. Above all, we are grateful to the Government of Mysore and particularly to our Chief Minister, for their abiding interest in the well-being and progress of the Company."

The report and the accounts for the year 1960-61 were adopted and a dividend of 30 per cent, subject to deduction of tax, was approved. Mr. V. T. Krishnamoorthi and Mr. K. V. Shankara Gowda were elected as Directors in place of the two retiring Directors.

With a vote of thanks to the chair, the meeting terminated.

T. HANUMIAH,
Secretary.

BANGALORE,
1st *February* 1962.

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

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STATE BANK OF BIKANER

(SUBSIDIARY OF THE STATE BANK OF INDIA)

Incorporated in India under special statute. The liability of the Members is limited

BALANCE SHEET OF THE STATE BANK OF BIKANER AS AT 31st DECEMBER, 1961.

As at 31-12-1960 Rs.	CAPITAL AND LIABILITIES	As at 31st December 1961 Rs. nP	Rs. nP
	1. Capital—		
1,00,00,000	AUTHORISED CAPITAL—1,00,000 shares of Rs. 100 each	1,00,00,000·00	
50,00,000	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL—50,000 shares of Rs. 100 each full Paid-up		50,00,000·00
	2. Reserve Fund and Other Reserves—		
12,00,000	As per last Balance Sheet	12,50,000·00	
50,000	ADD—Amount transferred from the Profit for the current year	2,25,000·00	
12,50,000			14,75,000·00
	3. Deposits and Other Accounts—		
7,42,60,099	Fixed Deposits	8,51,93,322·69	
2,68,84,453	Savings Bank Deposits	3,16,51,506·61	
3,51,15,851	Current Accounts, Contingency Accounts, etc.	4,07,26,332·77	
2,36,482	Staff Security Deposits (deposited with this Bank itself being a Scheduled Bank)	2,91,763·27	
13,54,96,885			15,78,62,930·34
	4. Borrowings from Other Banking Companies, Agents, etc.—		
8,622	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
8,622			Nil
	PARTICULARS—		
Nil	(i) Secured (against Government Securities)	Nil	
8,622	(ii) Unsecured	Nil	
36,73,690	**5. Bills Payable**		25,35,973·26
	6. Bills for Collection Being Bills Receivable as per contra—		
67,94,551	(i) Payable in India	1,10,51,122·44	
8,943	(ii) Payable outside India	16,252·74	
88,03,494			1,10,67,375·18
	7. Other Liabilities—		
84,25,739	(i) Sundry Creditors (including Agency Adjustments)	69,64,009·57	
Nil	(ii) Dividend for 1961	3,00,000·00	
10,543	(iii) Rebate on Bills Discounted	5,192·44	
3,45,000	(iv) Provision for Taxes*	Nil	
32,59,302	(v) Branch Adjustments	84,43,470·07	
70,70,584			1,07,13,672·08
23,94,142	**8. Acceptances, Endorsements and Other Obligations per contra**		72,07,848·09
	9. Profit and Loss Account—		
	Balance of profit as per last Balance Sheet	11,647·38	
2,11,647	ADD—Profit for the year ended 31st December, 1961	7,10,306·35	
	LESS—Appropriations: Rs.	7,21,953·73	
Nil	(a) Amount Set aside for payment of dividend 3,00,000		
50,000	(b) Amount transferred to Reserve Fund 2,25,000		
Nil	(c) Amount transferred to Staff Welfare Fund 10,000		
1,50,000	(d) Bonus to Staff 1,75,000	7,10,000·00	
11,647			11,953·73
	10. Contingent Liabilities—		
	(i) Claims against the Bank not acknowledged as debts Rs. 50,785.52.		
	(ii) Guarantees given on behalf of constituents Rs. 8,28,878.09.		
	(iii) On outstanding forward exchange contracts Rs. 3,27,556.49		
25,46,09,064	Total .. Rs.		19,56,74,752·68

* Provision for taxes has been grouped with the Current Accounts, Contingency Accounts, etc.

As at 31-12-1960 Rs.	PROPERTY AND ASSETS	As at 31st December 1961 Rs. nP	Rs. nP
1,71,24,520	**1. Cash—** In hand, with Reserve Bank, State Bank and Notified Banks		1,97,22,800·36
	2. Balances with Other Banks—		
	In Current Account—		
79,726	(i) In India	2,55,841·75	
48,193	(ii) Outside India	2,09,160·00	
1,27,919			4,56,001·75
11,00,000	**3. Money at Call and Short Notice**		5,00,000·00
	4. Investments (At or below Market Value)—		
5,39,90,925	(i) Securities of the Central and State Governments and other Trustee Securities	5,45,77,210·07	
3,62,565	(ii) Shares Ordinary (Fully Paid-up)	1,42,000·00	
2,63,750	(iii) Debentures or Bonds	63,750·00	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
5,46,17,240			5,47,82,960·07
	(Government and Trustee Securities of the Face Value of Rs. 22,00,000 are not quoted in the market which are taken at Book Value)		
	5. Advances (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—		
	1. Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
6,66,95,050	(i) In India 8,49,64,338·20		
Nil	(ii) Outside India Nil		
	2. Bills Discounted and Purchased—		
1,02,18,358	(i) Payable in India 1,25,52,365·15		
38,224	(ii) Payable outside India 5,20,206·90		
7,69,51,632		8,49,64,338·20 / 1,30,72,572·05	9,80,36,910·25
	PARTICULARS OF ADVANCES—		
7,30,46,518	(i) Debts considered good in respect of which the bank is fully secured	9,66,65,319·15	
6,88,343	(ii) Debts considered good for which the bank holds no other security than the debtors' personal security	14,15,065·63	
32,16,771	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	19,56,525·47	
Nil	(iv) Debts considered doubtful or bad not provided for	Nil	
7,69,51,632		9,80,36,910·25	
3,37,196	(v) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person	2,73,969·06	
9,37,454	(vi) Debts due by companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in the case of private companies, as members	11,21,351·44	
3,91,969	(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other person	3,46,655·97	
15,53,458	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in the case of private companies, as members	23,23,724·70	
63,724	(ix) Due from banking companies	88,278·88	
87,94,551	**6. Bills Receivable Being Bills for Collection as per contra—** (i) Payable in India	1,10,51,122·44	
8,943	(ii) Payable outside India	16,252·74	
88,03,494			1,10,67,375·18
23,94,142	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra**		72,07,848·09
	8. Premises— Rs. nP		
28,558	Original cost as on 1st January 1961 28,557·58		
Nil	Additions during the year 1,500·00		
28,558			
5,019	DEDUCT—Depreciation— Upto 31st December 1960 6,481·02		80,157·58
23,539			
1,412	During the year 1,375·62		
22,127			7,806·64
	9. Furniture, Fixtures and Vehicles— Rs. nP		22,350·94
18,17,960	At cost as on 1st January 1961 20,16,291·06		
2,76,057	Additions during the year 4,21,886·75		
20,93,017		24,38,177·81	
76,726	DEDUCT—Sales, Transfers or Write-offs 82,619·07		
20,16,291			23,55,558·74
6,98,946	DEDUCT—Depreciation— Upto 31st December 1960 8,07,920·91		
1,60,223	For the year 1,79,597·05		
8,59,169		9,87,517·96	
51,248	LESS—Depreciation on Sales and Write-offs	60,627·40	
8,07,921			9,26,890·56
12,08,370			14,28,668·18
	10. Other Assets—		
1,95,731	(i) Prepaid Expenses and other amounts receivable or adjustable	2,95,177·69	
5,43,992	(ii) Interest accrued on Investments	5,72,801·47	
2,74,470	(iii) Stationery and Stamps on hand	3,56,926·43	
7,88,233	(iv) Income-tax deducted at source	13,14,906·50	
	(v) Library Books at Book Value Rs. nP 12,107·74		
7,194	LESS—Depreciation 1,661·89	10,445·85	
17,59,620			26,49,857·86
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		Nil
25,46,09,064	Total .. Rs.		19,56,74,752·68

(Continued on next page)

A.V.B. WORKSHOPS INAUGURATED

A NEW CHAPTER IN INDUSTRIALISATION

THE inauguration of the A.V.B. workshops at Durgapur by Dr. B. C. Roy on 6th February marked the opening of a new chapter in industrialisation. For A.V.B., equipped with some of the most up-to-date machine tools in the world, is one of the largest engineering units in Asia. The construction of this modern major industrial plant and housing colony on a 700-acre site has been completed in just two years—a truly remarkable achievement and in itself an outstanding example of industry and planning.

An outstanding example of international collaboration, A.V.B. brings to India the varied and extensive knowledge of three leaders in industry—The Associated Cement Companies Ltd., Vickers Ltd. and Babcock & Wilcox, Ltd. These famous enterprises have joined together in establishing in the industrial heart of the country a large and modern heavy engineering works to make cement-making machinery, steam-raising plant, pressure boiler plants and heavy equipment for mining and other industries. It will be no exaggeration to say that the establishment of A.V.B. reflects the confidence of the industrial nations of the West in the industrial future of India.

Shareholders

The project, it may be recalled, was formally approved by the Government of India and the A.C.C.-Vickers-Babcock Limited was registered in January 1959 in the State of Bombay, with a nominal capital of Rs. 10 crores. A.C.C's share of the paid-up capital is 49.8 per cent; the two British Companies, Vickers Limited and Babcock & Wilcox Limited each hold 24.9 per cent, while 0.1 per cent each is held by Killick Industries Limited, E.F. Dinshaw Limited, Tata Sons Private Limited and Mulraj Khatau and Sons (Private) Limited.

A brief picture of the three principal shareholders of the Company will form a fitting background to the growth of A.V.B. to take the A.C.C. first. Over the past quarter century, the Associated Cement Companies Limited has been in the forefront of the cement industry in this country. Formed in 1936 through a merger with ten other companies, A.C.C. has grown from strength to strength over the years, by increasing its productive capacity, by widening its area of operations and by undertaking the manufacture of cement-making machinery.

Today A.C.C's sixteen cement works are spread all over the sub-continent, in addition to which A.C.C. operates collieries at Nowrozabad and Kotma in Madhya Pradesh, a refractory factory at Katni in Madhya Pradesh and a heavy engineering works at Shahabad in Mysore.

In addition to Portland cement, A.C.C. now manufactures portland blast furnace slag cement, Silvierete white cement, low heat cement, oil-well cement, water-repellent cement as well as high alumina refractories and special mortars like ACCOSET-50 and ACCOCID.

Vickers Ltd.

The activities of the Vickers group of companies in the field of engineering are diverse and widespread, with the group being known by most people as builders of ships and aircraft and as manufacturers of heavy engineering equipment. Vickers now have three shipyards and have built many famous ships, ocean liners, tankers and naval vessels of every type and size.

Since the beginning of aviation, Vickers have been famous as aircraft constructors. The name Vickers is recalled with the mention of the first turbine-engine airliner, the 'Viscount' of which well over 400 are in service in all six Continents. Shortly to be seen in airline service are the 600 m.p.h. VC-10 and BAC-111. In the field of general engineering, Vickers are acknowledged specialists in the manufacture of cement-making machinery, a large mine winders and heavy hydraulic presses. Vickers have been associated with India for more than a century, particularly in the supply of rolling stock, ships and aircraft and cement-making machinery.

Babcock and Wilcox Ltd.

Babcock and Wilcox Limited have long associations with India. Since before the turn of the century, they have supplied boiler installations for her power stations and industries.

The fundamental business of Babcock and Wilcox is heavy mechanical engineering. Their product range includes the largest of nuclear power plants and boilers of all kinds and capacities for industrial heating and processing, marine boilers, welded pressure and containment vessels for the oil, chemical and other industries.

The engineering history and achievements of the Company are impressive. These include the pioneering development of fusion welding for the fabrication of pressure vessels to the highest safety codes; the design and construction of the whole of specialised steam-raising plant and other equipment for the world's first full-scale atomic power stations, right from the pioneering days of Calder Hall and the building of Europe's largest conventional power-station boilers.

The real power and potential of A.V.B. lies not only in the vast technical knowledge and experience at its disposal, but also in the up-to-date equipment and machine tools installed in its workshops.

The manufacture of A.V.B. products will by carried out in four 700' long workshops, two 400' long machine shops and one 200' long forge shop, all designed on the most modern lines. Built into their structure are 13 electric overhead travelling cranes, the biggest of which have a lifting capacity of 70 tons each. The shops have been designed to allow for progressive expansion in the future, so that it will be possible to lift single pieces weighing about 200 tons in the heavy fabrication bay without necessitating any structural alterations. The works comprise a structural plating shop, a tube shop, two vessel shops, an X-ray bay, a test room, a stores building and the works offices.

Modern Machine Tools

Among the modern machine tools is a 3,000-ton vertical hydraulic plate-bending machine, capable of bending 5-inch thick steel plates employed in the manufacture of high pressure boiler drums, atomic heat exchangers, and pressure vessels required for the fertiliser, chemical and oil refining industries. This equipment will make it possible to manufacture steam-raising equipment in the high pressure range for the first time in India.

The many boring, milling and turning machines include a 22 ft. vertical borer, which is one of the largest of its kind in India. Among the pressing equipment are a 1,000-ton heavy duty dishing and flanging press and an 800-ton plate edge curving press.

Fusion Welding

Considerable welding equipment, including automatic welding equipment of the latest type, has been installed, so that the most modern fusion welding technique for steel may be employed in the manufacture of A.V.B.'s.

Cement-making Machinery

Through the manufacture of cement-making machinery equal to the world's best, A.V.B. will help increase the production of cement for which the Government of India has set a target of 15 million tons per year to be reached by the end of third Five-year Plan. Orders have already been received for cement-making machinery which will be manufactured by A.V.B. according to the designs developed by A.C.C. and Vickers, whereas specialised items will be manufactured according to the design of the Fuller Company of America.

Industrial Steam-raising Plant

The scope of A.V.B.'s contribution through the manufacture of steam-raising plant for Thermal power stations and industry is likely to be very substantial; for it must be remembered that power is the basic need of an industrial nation.

To ensure that industrial steam-raising plants give optimum performance, it is necessary to 'tailor-make' them to suit varying local conditions and the type of fuel to be employed and, in certain cases, to make supplementary use of waste product as fuel. This

(Continued on page 258)

STATE BANK OF BIKANER—*(Contd.)*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961.

As at 31-12-1960 Rs.	EXPENDITURE	As at 31st December 1961 Rs. nP	Rs. nP
35,77,076	1. To Interest paid on Deposits, Borrowings, etc.		45,87,478·04
	2. To Salaries, Allowances, Provident Fund and Gratuity (including Salaries, Allowances and Provident Fund of the General Manager Rs. 88,524.37)		35,93,228·20
31,19,772			8,742·61
7,675	3. To Directors' Fees and Allowances		3,17,172·78
2,87,185	4. To Rent, Taxes, Insurance, Lighting, etc.		36,037·56
14,274	5. To Law Charges		3,12,203·66
2,36,933	6. To Postage, Telegrams and Stamps		8,141·03
7,268	7. To Auditors' Fees and Expenses		2,11,982·40
1,91,345	8. To Depreciation on and Repairs to the Bank's Property		2,53,188·89
2,13,994	9. To Stationery, Printing, Advertisement etc.		
Nil	10. To Loss from Sale of or dealing with non-banking assets		Nil
	11. To Other Expenditure:	1,77,994·50	
1,59,462	(i) Travelling, Conveyance and Remittance Charges.	75,877·68	
78,982	(ii) Miscellaneous Expenses		
			2,53,872·18
2,59,384	12. To Balance carried to Balance Sheet		7,10,306·35
2,11,647			
81,27,446	Total .. Rs.		1,02,92,353·70

As at 31-12-1960 Rs.	INCOME (Less provision made during the year for bad and doubtful debts, income-tax and other usual or necessary provisions)	As at 31st December 1961 Rs. nP	Rs. nP
59,81,087	1. By Interest and Discount		75,09,986·84
17,64,255	2. By Commission, Exchange and Brokerage	23,26,481·08	
61,254	LESS—Commission, Exchange and Brokerage paid	88,626·17	
17,23,011			22,37,854·91
Nil	3. By Rent		Nil
	4. By Net Profit on sale of Investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular fund or account)		Nil
22,578	5. By Net Profit on revaluation of Investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular fund or account)		Nil
Nil	6. By Income from non-banking assets, and profit from sale of or dealing with such assets		Nil
2,261	7. By Other receipts—including subsidy from the State Bank of India in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959, Rs. 1,50,694.00		5,44,511·95
3,98,509			
81,27,446	Total .. Rs.		1,02,92,353·70

K. V. NAIK,
Superintendent, Loans and Advances.

M. D. HEGDE,
Chief Accountant.

BALWANT SINGH,
General Manager.

P. C. BHATTACHARYYA, *Chairman.*

PREM SINGH
W. T. KOEKH
B. S. MOHATTA
B. MUKERJI
LAL CHAND KOTHARI
A. H. ELIAS
S. BALAKRISHNAN
A. K. SANGHI
} *Directors.*

REPORT OF THE AUDITORS

TO THE STATE BANK OF INDIA:

We, the undersigned auditors of the State Bank of Bikaner, appointed under Section 41 (1) of the State Bank of India (Subsidiary Banks) Act, 1959, do hereby report to State Bank of India upon the Balance Sheet and Accounts of the Bank as at 31st December, 1961.

We have examined the above Balance Sheet of the State Bank of Bikaner as at 31st December, 1961, and the Profit and Loss Account for the year ended upon that date with the Accounts relating thereto of Head Office and with the Branch Returns duly certified by the Managers, which have been incorporated in the above Balance Sheet and Profit and Loss Account, and report:

(i) that, in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank

(ii) that, where we have called for any explanation or information such explanation and information have been given to our satisfaction;

(iii) that, the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(iv) that, the Returns received from the branches of the Bank have been found adequate for the purpose of our audit; and

(v) that, the Profit and Loss Account shows a true balance of Profit for the year covered by such Account.

M. L. SHARMA & CO.,
Chartered Accountants.

CAMP: BIKANER, 22nd *January*, 1962.

NON-ELECTRICAL MACHINE BUILDING INDUSTRIES

THIRD PLAN PROGRAMMES AND TARGETS

IN 1961, India produced machinery and equipment worth about Rs. 200 crores. The details pertaining to the different machinery manufacturing industries are given in Table I at the bottom of this page. In spite of the striking progress revealed by this table in different lines, the fact remains that this country has been very much dependent on imports. In 1961 alone, for instance, India imported Rs. 250 crores or more worth of industrial plant and machinery. There is thus a big gap between current requirements and indigenous manufacture. The gap, though likely to be considerably narrowed in future, may well continue to be there for a fairly long time in spite of an estimated annual production of about Rs. 500 crores of machinery, machine tools and equipment by the end of the third Plan (*vide* Table I). For, even after the country reaches this magnitude and range of production in the third Plan period, imports of specialised, latest and difficult items and types of machinery, machine tools and equipment will have to continue. As Mr. Manubhai Shah, Union Minister for Industry, has rightly said, national self-sufficiency in these products is a far cry, for obsolescence plagues the modern advancing technology too much.

All this, however, does not detract from the magnitude and importance of the third Plan's machinery manufacturing programmes approved for both the sectors—public and private. These programmes, alongside of the progress registered so far, have been recently reviewed at the seventh meeting of the Standing Committee of the Central Advisory Council of Industries. The picture, as it emerges from the official review, is provided in the following paragraphs devoted to the different industrial machinery and equipment manufacturing industries other than electrical.

Paper Making Machinery

Paper making plant till recently was not manufactured in the country, and there were only two firms manufacturing some items and spares on a jobbing basis. Now 21 more firms have been licensed by the Government, envisaging a total installed capacity of paper machinery valued approximately at Rs. 29.93 crores per year. The T.E.L.Co. is already in a position to fabricate and supply a complete plant, subject to their securing firm orders in this respect. Messrs. Utkal Machinery are going ahead with the construction of their factory and are reported to be in a position to supply one plant of 50 tons per day capacity by the end of 1962. Messrs. Bertram Scott have already a workshop in Calcutta and are also reported to be in a position to supply one plant of 50 tons per day capacity by the end of 1962. Messrs. Black Clawson (India) have reported that they have practically finalised orders for 3 complete plants and are expected to finalise orders for 2 more complete plants shortly. Messrs. Rohtas and Papco have each already produced a small-scale plant. Paper Mill Plant and Machinery Ltd. have reported that they have also supplied one 5-ton plant and that another 5-ton plant is in an advanced stage of production. Another manufacturer, namely, Messrs. Eastern Paper Mills, Calcutta, is at present mainly engaged in the production of mill-board/grey-board plant and they have so far supplied five plants.

Sugar Mill Machinery Industry

The sugar mill machinery industry may now be considered to have been successfully established. This industry has achieved really spectacular progress during the last five years and it has now reached a stage where it is now possible to meet the requirements of complete sugar factories for the whole country. There are at present seven manufacturers of complete plants and 18 other firms which are specialising in the manufacture of various equipments of the sugar factories against orders. Six major machinery manufacturers who are fabricating machinery in collaboration with reputed foreign parties have formed themselves into two consortiums for the purpose of fabricating and supplying complete sugar factories. Another unit has also been recently licensed in collaboration with a well known U.K. firm for the production of mill turbines, gears, besides the other sugar mill machinery. Two complete plants fabricated by the indigenous machinery manufacturers, after their trial operations during March and April 1961, are going into actual production from the 1961-62 season. Two more indigenous plants are expected to go into trial operation during the year 1961-62. So far allotment of 12 plants for the season 1961-62 and for the season 1962-63 have been completed. In other words, the capacity of the machinery manufacturers have been completely covered till the end of 1963. The present-day capacity of this industry can take care of about 12 new standard plants per annum and the equivalent of 9 standard plants by way of expansions and replacements. The foreign exchange content of a complete plant of 1,000/1,200 tons capacity, valued at Rs. 84 lakhs, is now only of the order of Rs. 16 lakhs. It is expected that when the turbines, gearings, reduction gear units and brass tubes are indigenously available, the requirements of foreign exchange would considerably be reduced and would perhaps be Rs. 10 lakhs or even less.

Cement Machinery

Until very recently the manufacture of cement machinery was only confined to the requirements of replacement of parts of the existing cement factories in their own workshops and the production also was very meagre. However, at present, in addition to the four units which were already there, there are three more units which have been set up for the manufacture of complete cement plants in collaboration with reputed foreign firms. The delivery of complete cement plants is expected from the year 1962 onwards and, with the progress now made, there would be a capacity of fabrication of 9 plants per annum. According to the present-day prices, it is estimated that, on an average, a cement plant on the wet process with a capacity of about 600 tons per day would cost between Rs. 1.3 and Rs. 1.5 crore, involving a foreign exchange component of Rs. 40 to Rs. 50 lakhs. Two more parties, namely, Messrs. Walchandnagar Industries Ltd., Bombay and Messrs. Buckau Wolf New India Engineering Works Ltd., Pimpri have shown interest in manufacturing cement machinery in collaboration with Skoda and Krupp respectively.

Boiler Machinery

There are at present 8 licensed manufacturers producing boilers of different ranges from 600 lbs. per hour to 75,000 lbs. per hour. It is only the scheme of Messrs. A.V.B. that is specially licensed to take up the manufacture of boilers required for thermal power stations also. There is also a proposal to take up the manufacture of high pressure boilers in the public sector. Messrs. Texmaco will be supplying boilers fabricated indigenously to the co-operative sugar factories. Messrs. Indian Sugar and General Engineering Corporation Ltd., who are collaborating with Messrs. John Thompson, have also accepted orders for the supply of boilers to the various sugar factories and the production from this unit has already been started. The production from A.V.B. scheme at Durgapur is expected to start by the end of 1962.

Textile Machinery

The number of firms which have been licensed to manufacture the different major items of cotton textile machinery (complete) at present is as under:

Item of machinery	*No. of firms licensed under the Industries Act (as on 1-1-1962)*
Spinning	9
Weaving preparatory ...	3
Looms	12
Processing and finishing ...	22

The Government has granted licence for the manufacture of special type of art silk looms, both plain auto-types and automatic pirn winders. Regarding woollen machinery, one firm has been licensed for the manufacture of worsted spinning machinery, and this has already gone into production.

There are at present three firms engaged in the manufacture of modern jute mill machinery for spinning and preparatory section with a licensed capacity worth Rs. 350 lakhs per year. One firm namely, Messrs. Oriental Electric and Engineering Company, Calcutta, is now producing modern weaving section machinery, namely, broad looms and their installed capacity is 144 machines valued at Rs. 72 lakhs per year. Another firm, Messrs. Lagan Jute Machinery Co. (Pvt.) Ltd. Calcutta, has already been licensed for manufacture of one-mack automatic weaving machine with installed capacity of 1,080 machines per year on triple shift basis. It may be mentioned that it would be possible for the units which are now engaged in the manufacture of spinning machinery to switch over to the manufacture of weaving machinery, once the modernisation of the spinning section has been completed.

Coal Mining, Oil and Other Mining Machinery

The Coal Mining Machinery Project being set up at Durgapur in technical collaboration with Prommash-expot of U.S.S.R., initially conceived for a capacity of 30,000 tons of coal mining machinery items per annum valued approximately at Rs. 15 crores, will now be developed for a capacity of 45,000 tons valued at Rs. 24 crores. The plant is scheduled to be completed during the latter half of the third Plan. In addition to the above, manufacture of haulages, coal cutters and conveyors required by the coal mines has also been developed in the private sector. At present, there are five sizable units in the private sector, licensed to manufacture these items. These five units are expected to produce coal mining machinery valued at about Rs. 1.5 crore by 1965-66. It has been estimated that, to meet the needs of the new washeries as well as the replacement requirements of the existing washeries, there will be a demand for coal washery equipment valued approximately at Rs. 5 crores per annum. Accordingly, steps have been taken to create capacity for the manufacture of coal washery equipment. Two units in the private sector have already been licensed for the manufacture and installation of complete coal washery plant. These units, which are in collaboration with a leading U.K. and a U.S.A. firm, respectively, will also undertake to do a turn-key job. These two units are likely to be in a position to deliver two or three complete coal washeries per year. The first indigenous coal washery could be put into operation by 30th June 1964, provided firm order in this respect is placed by January 1962.

Structural Fabrication and Cranes

This industry is, perhaps, the oldest organised industry in India. It has so far progressed steadily and at present there are as many as 158 firms producing steel structurals with a total installed capacity of about 4 lakh tonnes per annum. In addition, some more schemes have been licensed/recommended for licence (about 140 units) under the Industries (Development and Regulation) Act 1951. Thus, the projected capacity comes to about 7.5 lakh tonnes per annum. The need for electric overhead travelling cranes and dockside cranes has increased immensely, due to rapid industrial activity in the country. The industry has progressed steadily, and today the existing installed capacity comes to approximately 12,000 tonnes per annum by 7 firms, while the capacity licensed/approved is in the neighbourhood of 9,000 tonnes per annum, making a total of about 21,000 tonnes per annum. At present, indigenous crane manufacturers are heavily booked with orders and they are finding it impossible to cope with the country's total requirements. It is, therefore, imperative that further capacity in the manufacture of Heavy E.O.T. and Port Cranes is created as quickly as possible.

Tractors and Earth-moving Equipment

The agricultural tractors industry may be said to have just come into the picture, although a licence under the Industries (Development and Regulation) Act, 1951 had been issued in favour of a firm in Madras as long ago as 1955. In 1959, the firm, one in Bombay and the other in Faridabad, were licensed for the manufacture of tractors in 12/18 D.B.H.P. range for a capacity of 1,250 numbers each. The following firms have since been licensed for capacities indicated against each:

Eicher Tractor Corporation of India Ltd., Faridabad—2,000 Nos. (for tractors in the 12/18 and 20/30 D.B.H.P. range.

Tractors and Bulldozers(P) Ltd., Baroda—2,000 Nos. (for tractors in the range of 35 D.B.H.P. and above.

Tractor and Farm Equipment Ltd., Madras—3,500 Nos. (for tractors in 20/30 and 35 D.B.H.P. and above.

Mahindra and Mahindra Ltd., Bombay—3,500 Nos. (for all three ranges).

Ghaziabad Engineering Ltd., New Delhi—3,500 Nos. (upto 35 D.B.H.P.).

Of the above, Messrs. Eicher Tractor Corporation have gone into production since September 1960 at the rate of about 50 tractors a month (in the 26/27 D.B.H.P. range). They have also started producing agricultural implements to go with the tractors manufactured by them. Messrs. Tractors and Bulldozers are expected to go into production by the middle of this year. Messrs. Tractor and Farm Equipment Ltd. are taking steps to import their plant and machinery at an early date. In the case of Messrs. Mahindra and Mahindra Ltd. their collaboration with Messrs. David Brown of U.K. has fallen through and the party has finalised their negotiations with the International Harvester Company of U.S.A. In principle, the change of collaboration has been agreed to. Besides the above, one independent unit has also been licensed for the manufacture of tractor-drawn agricultural implements, namely, Messrs. Marshall Sons Company (India) Ltd., Calcutta, for a capacity of 200 and 400 Nos. of ploughs and cultivators respectively. It has now gone into production. To encourage the manufacture of tillers, which are also sometimes called "walking tractors" the following three firms have been approved for the capacities indicated against each:

	Per annum
East Asiatic Co (I) Ltd., Bombay	24,000
Testeels Ltd., Bombay	1,200/6,000
Engineering Developments (P) Ltd., Calcutta	1,200

As for earth-moving machinery, the following firms have been licensed for the manufacture of specified items: Hindustan Motors Ltd., Calcutta; Tata Engineering and Locomotive Company Ltd., Jamshedpur; Tractors and Bulldozer (P) Ltd., Bombay; Automobile and Agriculture Industries Corporation, Bombay; and Farm Equipment Co., Kanpur. All these firms have been licensed recently and some of them are yet in the process of taking effective steps. It may be said that the industry is yet in its very early stages. The targets have been tentatively laid as under for 1965-66:

Crawler tractors	500 Nos. per annum
Dampers and scrapers	500 " " "
Shovels	100 " " "

As for the roller industry, its target is fixed at 700 machines per annum by 1965-66. Messrs. Jessop & Co., Messrs. Britannia Engineering Company, and Messrs. Agrind Fabrications (all from Calcutta) have been licensed for the manufacture of 8/10 tons capacity road rollers for capacities of 150/200 Nos., 120 Nos. and 144 Nos. respectively. Both Messrs. Jessop & Co. and Britannia Engineering Company have recently been permitted to increase their capacities from 200 Nos. to 380 Nos. per annum and 120 Nos. to 300 Nos. per annum, respectively. Besides the above, a firm in Bombay, namely, Messrs. Kamani Engineering Co., has proposed to undertake the manufacture of a chassis on which, when a standard agriculture tractor like Ferguson would be mounted, the whole machine would become a road roller of 4/5 ton capacity. Very recently a firm in Madras—Messrs. Garlick & Co., has been licensed for the manufacture of smaller sizes of vibrating type of road rollers for a capacity of 100 Nos. per annum.

Chemical Plant and Solvent Extraction Plants

There are about 60 firms licensed for chemical machinery manufacture, a very large number of which are already in production with a total licensed capacity of Rs. 16 crores per year. These units, on full implementation of their schemes, are likely to be in a position to supply complete plants, as indicated below:

Sulphuric acid plant	12 plants per year
Superphosphate plant	9 "
Caustic soda plant	2 "
Nitric acid plant	2 "
Bleaching powder plant	1 "
Chlorine plant	1 "
Carbon disulphide plant	1 "
Fertiliser plant	1 "

Besides the above complete plants, these units will also supply numerous individual items of chemical machinery like pressure vessels, distillation stills, crystallisers, neutralisers, vacuum pans, evaporators, etc. As regards nitrogenous fertiliser plant, only one party has so far been licensed for the manufacture and supply of a complete plant. However, even at present, firms like Simon Carves, against their own designs and drawings, are getting approximately 40 per cent of the plant fabricated by different Indian firms of their choice.

(*Continued on page 258*)

TABLE I. *Production of Machinery and Equipment in 1961 and Third Plan Targets*

Industry	Production 1961 (Rs. crores)	Tentative estimated production 1965 (Rs. crores)
A. *Industrial machinery and equipment other than electrical:*		
Paper-making machinery ..	0.40	7.00
Sugar mill machinery	4.50	16.00
Cement machinery	1.10	8.00
Boiler machinery	0.63	30.00
Textile machinery:		
(i) Cotton art silk and woollen textile machinery ..	11.20	25.00
(ii) Jute mill machinery ..	2.54	2.70
Coal mining, oil and other mining machinery and equipment:		
(i) Coal mining, oil and other mining machinery etc. ..	0.30	15.00
(ii) Coal washeries	Neg.	
Structural (fabrication) and cranes:		
(i) Structurals	25.00	100.00
(ii) Cranes	1.50	15.00
Tractors and earth-moving equipments:		
(i) Agricultural tractors and implements	0.20	15.00
(ii) Earth-moving machinery and equipments ..	Nil	17.50
(iii) Road rollers	2.00	3.00
Chemical plants and solvent extraction plants	2.36	20.00
Power driven pumps	3.40	5.00
Diesel engines	8.50	30.00
Printing machinery	0.07	2.00
Dairy machinery	0.19	2.57
Gear industry	0.13	2.10
Building and construction Machinery	1.50	4.00
Tea processing machinery ..	1.80	2.25
Machine Tools	12.00	45.00
Compressors	2.50	5.00
Industrial flour mill machinery.	Nil	0.30
Ceramics and refractory ..	0.08	0.60
Rayon plants	Nil	4.00
Weighing machines	0.85	1.50
Locomotives, wagons and railway equipment:		
(i) Locomotives	13.00*	Programme not yet fixed
(ii) Railway wagons ..	12.40	20.00
(iii) Coaches	2.90†	5.70
(iv) Railway stores and equipment	21.64†	61.50
Conveyors and other material handling equipment	2.60	8.70
Steel plant machinery	Nil	5.00
Total ..	135.29	479.42‡
B. *Electrical machinery and equipment:*		
Electric motors	9.96	25.00
Transformers	10.68	20.00
Switch gear and control gear ..	5.00	15.00
Cables and wires	31.61	78.00
Heavy electrical machinery and equipment	Nil	25.00
Total ..	57.25	163.00
Grand Total (A & B)..	192.54	642.42‡

* Pertains to 1959-60.
† Pertains to 1960-61.
‡ Excluding Locomotives.

NEW PRODUCTS AND PROCESSES

Cheap Method of Iron Production

A METHOD of producing small quantities of iron cheaply has been developed in Mexico. A gas, consisting mainly of carbon monoxide and hydrogen, is prepared first. The gas is then heated to 1,500 degrees Fahrenheit and mixed with 20 per cent of its volume of air pre-heated to the same temperature. The mixture is burned to produce a gas at 2,000 degrees Fahrenheit, which is then passed through a bed of iron ore contained in a reaction chamber, to reduce it to sponge iron. Conversion of ore to sponge iron (85 per cent) takes place in 3½ hours. Low grade material as well as expensive concentrates can be used and costs for installing plant of this type are considerably lower than those for blast furnaces.

Ready-mixed Resin

A ready-mixed epoxy resin with an indefinite "pot life" has been developed by an American manufacturer. The epoxies usually have to be mixed on the job and used quickly since the hardener begins to work on the plastic at once. The new ready-mix has what the company calls a "molecular sieve" to keep resin and hardener from contact. The "sieve" is a fine powder which absorbs and holds the hardener. The treated powder and resin can thus be mixed and supplied in the same tin. To use, heat or moisture is applied to drive the hardener out of the powder particles. The mixture is then stirred for a few minutes to make contact between hardener and resin and the epoxy is ready for use.

Heat Resistant Wrapping Papar

The development of a special kind of wrapping paper which is heat-sealing and will keep in aromas yet keep out moisture, fat and light has been announced by a Swiss company. Made in four separate layers—paper, a plastic material, chlorinated rubber and another, harder plastic—its chief usefulness will be in the packaging of foodstuffs, pharmaceutical preparations and materials, such as photographic paper, that are sensitive to light.

New Refractory Material

Two new grades of refractory material have been developed in Hungary. They consist of an expanded perlite base with a ceramic bond, and have been given the name 'Rioporit.' One type can be used advantageously at 900°C, while the other will withstand heat even as much as 1350°C. Both varieties have a heat insulating property, claimed to be superior to similar Hungarian and foreign refractories. At the same time, their manufacture is cheaper, while their strength—despite their inferior gravimetric density—is much higher than that of any similar refractory material. Owing to its low gravimetric density, the finished product is more economical than any other material, as an equal grade of effective insulation can be obtained with a thinner layer.

Plastic Foil Production Line

Operation tests have begun in Hungary with a new-type plastic foil production line designed by the experts of the Budapest Machine Planning and Technical Office. It is capable of rolling the soft mass of material fed into it, down to a finished product of, say, 0.1 mm thickness and the thickness of the foil is electrically controlled. The work is forwarded automatically into the pattern printer, into the control table and finally past the coiling equipment. The finished printed coils can be lifted off at the end of the production line ready to be packed. Human labour is eliminated except for the preparatory aggregates, the composition of the material according to the specification required each time, and for filling the mixer.

Vacuum Process for Steel Melting

New equipment for melting steel by the vacuum process, the largest of its type in Europe, has been installed at a Sheffield steelworks. It is capable of producing ingots of up to 30 inches in diameter and 20,000 lbs. in weight. The vacuum process produces ingots of low gas content, giving freedom from hairline cracks, a high degree of cleanness and a greatly improved distribution of the constituent elements giving improved mechanical properties at the centres of large forgings. The plant will be used for the production of forgings and rolled products in tool and die steels. It will also be of particular importance in the production of super quality steel rolls used for cold strip and foil rolling which the company export all over the world. The process involves the use of consumable steel electrodes produced by conventional means. The electrodes are in the composition ultimately desired in the finished steel product and are remelted in a water cooled copper crucible under vacuum by striking an arc between the bottom of the electrode and a steel pad in the bottom of the mould using a high amperage, low voltage, direct current.

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Colour Printing on Textiles

A machine for colour printing on textiles, built by a Lancashire firm, Woods Engineers (Ramsbottom) Ltd. comprises two colour units, running in tandem, which can either print in eight colours on both sides of the material (Duplex) or in sixteen colours on one side. Each unit has eight printing stations arranged around a circular bowl 8 ft. (243.84 cm) in diameter and 5 ft. 3 inches (160 cm) in width. Maximum textile width which can be accommodated is 4 ft. 8 inches (142.24 cm). For Duplex work the material is first printed on the reverse side on one bowl and then on the face side on the other bowl. For 16-colour printing on the face side the material is passed round the two bowls in succession. To convert from one printing style to another the connecting drive between the two units must be adjusted.

High Speed Paper Feeder

A British firm, which is now a member of the Crabtree Group of companies, has developed the style 3 machine for feeding a continuous stream of paper sheets on to their standard folders, without the delays involved in normal pile feeding. Different variations of the model can accommodate many sheets sizes including Crown, Medium, Double-Demy, Double-Royal and Quad Crown. The machine comprises two platforms arranged above one another and linked by a cylinder at the back. On the top platform there is a single setting guide for different sizes and, when this has been adjusted, the sheets are loaded on to the feed station and spread down in fan formation. They are then fed on belts to the cylinder, which is surmounted by spring-loaded detecting fingers for maintaining an even flow of fanned paper to the lower platform; the fingers have rubber wheels between them to minimise the effects of friction. On the lower platform there is an assembly with two built-in paper-holding wheels. The rear wheel exerts heavy pressure on the bulk of sheets at the back, whilst the forward one exerts lighter pressure on the others in front. This ensures that sheets are not blown back on top of the ones beneath it. The sheets are automatically separated for delivery to the folder by a perforated suction wheel which comprises a carbon shoe to eliminate lubrication and soiling of material. The supply of air is controlled by a quadrent at the side of the machine by which the angle of the air stream can be altered. A sensitive feeder finger, linked to the progression of single sheets, controls the movement of the belts carrying the whole pile forward.

Oil as Carrier for Injections of Solids

Experiments in techniques which could lead to more economic working of blast furnaces, together with increased control over quality, have started at the Ebbw Vale, Wales, Works, of Richard Thomas and Baldwins, Ltd. Believed to be the first of their kind carried out anywhere in the world, they involve the use of oil as a carrier for injections of solids such as fine coal, flue dust and powdered limestone. The materials are mixed with oil and then injected into the furnace at the tuyeres through a modified version of the stainless steel lances used for oil injections. This method is considered to be less costly than other systems on which experiments have been carried out elsewhere.

It has long been the aim to use coal in blast furnaces but charging raw coal at the furnace top leads to single "clogging" of the burden so that gases cannot pass through it and control over the furnace is lost completely. For this reason coke was chosen as a substitute for charcoal as a fuel for the modern blast furnace.

By adopting the injection technique, the furnace operator will be able to substitute a proportion of the coke charger with coal. Low grade and cheaper coals can be used instead of the high grade and expensive coking coals which are becoming increasingly difficult to obtain.

Lime addition at the tuyeres is attractive because it offers the possibility of immediate control over the constitution of the slag, which in turn affects the quality of the iron topped. The present method of regulating slag quality is by the addition of limestone at the furnace top, which means that it takes at least 12 hours to become fully effective.

Cutting Textile Label

A Dutch firm markets a new type of fully automatic machine for cutting textile labels. The machine and its ancillaries were designed in particular for hot-cutting printed and woven labels made from thermoplastic synthetic yarns such as acetate silk and nylon. In this way hot-cut labels are given a selvedge which cannot fray, which results in a considerable saving in time and material when the labels are sewn in. Other possible applications of the machine are cutting and pinking all kinds of woven and printed textile labels and cutting ribbon and tape. By means of a simple printing device that can be supplied as an accessory, size numbers, code numbers, prices, etc. can be printed on the labels as they are cut. For the above jobs the machine can cut labels and ribbon from 10 mm to 95 mm wide to lengths of from 30 mm to 200 mm. The dimensions of the compactly designed and easy-to-operate machine are: height 500 mm (19¾"), width 500 mm and depth 250 mm. Complete with accessory equipment, it weighs approximately 100 kg. (220 lbs.).

FAIR PRICES FOR CAUSTIC SODA AND ALLIED PRODUCTS

TARIFF COMMISSION'S RECOMMENDATIONS

THE Government of India has accepted the recommendations of the Tariff Commission regarding fair ex-works ceiling prices for caustic soda, chlorine and hydrochloric acid. It has, however, modified the proposal in regard to the selling price for bleaching powder. Accordingly, the revised prices (per 50 kgs. ex-works) are Rs. 36 for fused solid caustic soda (technical grade conforming to I.S.I. specification), Rs. 31 for lye (100 per cent NaOH content), Rs. 41 for caustic soda flakes, Rs. 21.85 for liquid chlorine, and Rs. 9.70 for hydrochloric acid. The price of bleaching powder has been fixed at Rs. 28.50 per 50 kgs., as against Rs. 30.15 recommended by the Commission. Ceiling prices for caustic soda solid and flakes will be *pro rata* higher for every one per cent purity above 96 per cent NaOH to provide for the sale of rayon grade caustic soda. These prices are for purchases ex-factory either directly or through agents or distributors of the manufacturers and are exclusive of all levies, Central or State. They have become effective from the 1st inst. and will be valid upto the end of December 1964.

The producers of caustic soda are not satisfied with the revised price structure. While they have been awaiting a marked rise in prices in view of increasing cost of production, the new prices are either only slightly higher than the previous levels or even lower in some cases. Thus, ex-works selling price of caustic soda lye has been raised by just 6 nP to Rs. 31 per 50 kgs. The price of fused solid caustic soda has been stepped up apparently by 8 nP to Rs. 36 and that of flakes by 24 nP to Rs. 41. But, while their old prices were fixed on the basis of 95 per cent purity, the revised prices are based on 96 per cent purity, which is more than neutralises the increase. While the price of liquid chlorine has been increased by 5 nP to Rs. 21.85, that of hydrochloric acid has been reduced by 91 nP to Rs. 9.70. It must be admitted that the fixation of the price of a commodity like caustic soda is very difficult in view of the conflicting objectives, namely, the need for giving incentives to the development of the industry and the claims of consumers for lower prices.

Objectives of Pricing Policy

The broad objectives of the pricing policy is outlined by the Tariff Commission as follows:

"(a) Existing units must maintain production at the highest possible level consistent with proper maintenance of plant and machinery; (b) while low cost units should be given sufficient inducements to expand, the high cost units should be encouraged to make the best of their resources to expand and reduce their costs; (c) chemical caustic soda units, the cost of production of which is higher than those units operating the electrolytic process have nevertheless been allowed by Government to expand their annual capacity from 6,710 tonnes in 1958 to 34,300 tonnes in 1961. An additional capacity from 3,190 tonnes is likely to be commissioned in 1964. The third Plan has laid down the following relative shares of caustic soda, process-wise, by 1965-66: chemical caustic soda 50,000 tonnes and electrolytic caustic soda 350,000 tonnes. Since expansion of production of chemical caustic soda is being allowed under official sanction, our prices must be such as will not impair its capacity for production, provided the units are run efficiently.

"(d) Chlorine is a joint product in the electrolytic process of manufacture of caustic soda. Although offtake of chlorine has improved substantially in recent years, its production will shortly rise to a level which will leave a burdensome surplus with several producers. In the circumstances, positive encouragement should be given to establish more industries based on chlorine. For this purpose, it is desirable to maintain the price of chlorine at a sufficiently low level and the incidence of short realisation, if any, from chlorine will have to be loaded, for sometime to come, on caustic soda. (e) Since it is desirable in the national interest to economise in fuel and mild steel sheets for packing solid caustic soda, the difference between prices of liquid and solid caustic soda should be such as will not only prevent diversion of production to fused caustic soda, but also stimulate production and consumption of liquid caustic soda. (f) The importance of avoiding an undue rise in the price of a basic industrial raw material like caustic soda cannot be overemphasised. Having regard to the interests of the consumers, on the one hand, and the need on the other to secure maximum output of the industry, the prices of the next few years have to be determined on a balance of considerations."

Ex-works Prices of Caustic Soda

(Value in rupees per tonne)

	Mettur	Dhrangadhra	Tatas	
			Electrolytic	Chemical
Production (in tonnes) ..	7,600	38,000	4,210	6,540
Raw materials	105.22	61.95	67.16	387.78
Power and fuel	209.68	120.58	459.44	147.85
Other conversion charges ..	102.98	97.02	177.13	100.33
Depreciation	80.85	102.60	94.69	98.23
Packing	52.62	57.58	51.55	51.55
Cost of unutilised chlorine ..	40.92	130.11	9.15	..
Total ..	652.27	569.84	859.12	785.24
Less credit	136.35	122.65	265.83	22.11
Total works cost ..	515.92	447.19	593.29	763.13
Contingencies	20.00	20.00	20.00	20.00
Return	80.88	109.80	121.21	138.72
Fair ex-works price per tonne ..	616.80	576.99	734.50	921.85
Fair ex-works price per 50 kgs. ..	30.84	28.85	36.73	46.09

The Commission has worked out fair ex-works prices for the various units on the basis of their cost studies. Caustic soda, it may be noted here, is a protected industry (*vide* page 1050, *Commerce* dated 2nd December 1961). The costs of production, however, shows wide divergence from unit to unit, depending on the size, location, process of manufacture adopted, etc. As regards the cost of salt (the main raw material for electrolytic caustic soda), the units which own salt works or have salt at the site are at an advantage. This explains the reason for the low cost of raw materials for Tatas and Dhrangadhra and, to some extent, for Mettur. As regards, power, Mettur and Dhrangadhra (not to mention other units in the south like Travancore-Cochin Chemicals) have the advantage of a low tariff on power. The cost of coal for generation of power by Tatas and D.C.M. is high and this accounts for the high incidence of cost of power and steam in their case. A scrutiny of the figures of costs of the several producers also indicates that units using mercury cells have potentialities for production of caustic soda at low cost. In their case, caustic soda in 50 per cent NaOH concentration is obtained from the cell house itself and is marketable without further processing, whereas in the case of producers, who use diaphragm cells, weak liquor (8 to 11 per cent NaOH concentration) has to be evaporated and made into thick liquid (of 50 per cent NaOH concentration) in order to make it a marketable product. Though the initial cost of investment for mercury cells is higher than that for diaphragm cells, the conversion charges in the latter process upto the stage of producing 50 per cent NaOH concentration are higher. The only apparent disadvantage would seem to be that mercury, which is essential for the mercury cell process, is imported and might, in an emergency, prove to be bottleneck unless the concerned units resort to stock-piling. Marked divergence in the figures of depreciation is mainly attributable to factors, such as, age of plant, capacity and output, type of equipment installed, etc. Similar variations are reflected in the capital employed computed for each unit for the reason that in addition to the variations in the amount of net block for the several units, working capital element is also different depending upon the cost of production of the units concerned.

Apart from the works cost of the products, the Commission has provided margins for contingencies and fair return on capital. As regards the margin for contingencies, it has maintained it at Rs. 20 per tonne for caustic soda in its three forms, lye, solid and flakes, and also for bleaching powder. The margin is only Rs. 10 per tonne each for hydrochloric acid and liquid chlorine. The Commission considered an alternative, namely, that of incorporating a suitable escalator clause to take care of probable increases in the prices of materials and other elements of cost. But it has rejected the proposal on the score that it will be administratively very difficult, if not impossible, to adjust the escalator clause periodically. In respect of the return on capital employed. the Commission considers 12 per cent as adequate at the current level of taxation on profits, interest on borrowings, bonus, etc. According to the Commission, some units will be able to earn more than the 12 per cent return. The Commission has urged such units to conserve the surplus earnings and plough them back for rehabilitation of their machinery, modernisation or expansion of capacity, or for diversified utilisation of chlorine within the unit itself. The capital employed has been estimated in each case here as equivalent to the average net value of assets *plus* the working capital assessed at an amount equal to five months' cost of production exclusive of depreciation. The plea of the industry for a rehabilitation allowance has been rejected by the Commission, as in the case of soda ash industry.

The initial product of caustic soda is a lye form of the chemical which is processed further to produce fused solid caustic soda or caustic soda flakes. Since sales take place mostly in the form of solid caustic soda, it is treated as the base for the purpose of fixing prices for other forms. The table in column one bottom shows how the fair ex-works price of fused solid caustic soda is arrived at in respect of some of the major representative units. The average ex-works selling price of fused solid caustic soda is worked out by the Commission at Rs. 35.71 per 50 kgs., which is lower, as compared with the then-prevailing price of Rs. 35.92. The Commission, however, has fixed the price at Rs. 36, "lest a cut in price should act at the present juncture as disincentive to further flow of capital to the industry."

Bleaching Powder

The fixation of price in respect of bleaching powder deserves a detailed examination. Three units, namely, Mettur Chemicals and Industrial Corporation Ltd., Rohtas Industries Ltd. and Tata Chemicals Ltd. were producing bleaching powder in 1958. Of these, Tatas discontinued production of bleaching powder in 1960. Rohtas Industries which produced bleaching powder intermittently to meet local demand is not likely to utilise its capacity for bleaching powder in future. Thus, Mettur remains virtually the only unit at present producing stable bleaching powder on a regular commercial scale. Its annual productive capacity based on a stream efficiency of 85 per cent works out to 8,400 tonnes for stable bleaching powder. The Company operates its old unstable bleaching powder plant only to the extent necessary for disposal of sniff gas from its liquid chlorine plant. Its production since 1958 was as follows:

(In tonnes)

	Stable	Unstable	Total
1958	3,768	1,787	5,555
1959	3,308	1,239	4,539
1960	5,393	283	5,676
1961 (January-June) ..	3,167	Nil	3,167

Licences for establishing additional capacity for bleaching powder to the extent of 28,500 tonnes a year have been issued. The Development Wing has, however, stated that as foreign exchange for these projects has not so far been released, it is difficult to forecast when these schemes would materialise. Particulars of licences granted are as follows: D.C.M. Chemicals Works, Delhi, for 10,160 tonnes per annum (stable), Bangur Bros., Berhampur, for 8,280 tonnes per annum, Dhrangadhra Chemical Works Ltd., Sahupuram, for 10,060 tonnes (high test hypochloride).

The Commission has worked out a fair selling price for bleaching powder at Rs. 26.30 per 50 kgs. packing, but has recommended the maintenance of the price at the previous level, that is, Rs. 30.15 per 50 kgs. as, otherwise, the existing unit may not have sufficient incentive to expand its production. The Government, however, has felt that the incentive suggested is on the high side and fixed the price, instead, at Rs. 28.50 per 50 kgs.

INDO-BULGARIAN TRADE

Talks between a trade delegation from Bulgaria and the officials of the Government of India have come to a close with the conclusion of a protocol indicating new schedules of goods available for trade between the two countries for the year 1962. The protocol was signed by Mr. Dragan Draganov, leader of the Bulgarian delegation, and Mr. B. N. Adarkar, Joint Secretary, Union Ministry of Commerce and Industry. In the course of the discussions, the two delegations reviewed last year's trade and the steps to be taken to develop trade between the two countries to a comparatively higher level during 1962. The volume of trade during 1961 is estimated to be about Rs. 2 crores both ways.

The commodities to be imported into India will continue to include capital goods and machinery items, steel materials, chemicals and other industrial raw materials, fertilisers, machine tools, cable, bleached wood-pulp, etc. Exports from India, on the other hand, will be rolled steel products, cotton and woollen fabrics, leather footwear, tinned fruits and juices, tinned fish and prawns, coir products, wood screws, diesel engines, air compressors, spectacle-frames, rubber goods, asbestos manufactures, coke-oven by-products, railway wagons, jute manufactures, linoleum, sports goods, handicrafts, chemicals, deoiled cakes, drugs and medicines, tanned and semi-tanned hides and skins, etc., apart from other traditional goods like tea, coffee, spices, cashew kernels, essential and vegetable oils and mica.

INSECTICIDES INDUSTRY

CAPACITY EXPANDS, BUT OUTPUT LOW

AMONG the number of chemicals that are employed, either alone or mixed, to destroy or check the growth and multiplication of insects and other pests on agricultural crops, seeds, timber, textiles, hides and skins, etc., insecticides and fungicides are the most important. There was slow but steady progress in the manufacture of pesticidal chemicals and formulations during the second Plan period. The capacity established for pesticidal formulations was adequate to meet the country's entire demand, but actual production remained low, on account of insufficient imports of technical materials. Indigenous production of pesticidal chemicals is confined at present to benzene hexachloride, D.D.T., copper oxychloride, ethylene dibromide and zinc phosphide. The output of these chemicals has also not been adequate to meet full internal demand. Imports have, therefore, been made, from time to time.

The figures of production of pesticidal chemicals and their formulations are given in the table below:

(In tonnes)

	1957	1958	1959	1960
B.H.C.	1,886	3,129	3,069	3,891
D.D.T.*	810	2,114	2,575	2,821
Copper oxychloride	155	600	398	595
Ethylene dibromide	13	25	14	11
Zinc phosphide	..	..	..	105
Organo mercurials	..	..	..	8
Pesticidal formulations:				
Solid	N.A.	18,121	21,224	22,681
Liquid	N.A.	1,517	1,852	1,929

* Production figures relate to financial year instead of calendar year.

From the above table, it is clear that, while production of B.H.C.; D.D.T. and all pesticidal formulations have been gradually increasing, the output of ethylene dibromide and copper oxychloride has not been steady, owing to shortage of copper and bromine. Besides B.H.C. and D.D.T., there are other important technical materials, such as endrin, chlordane, heptachlor, parathion, malathion, ED/CT mixture, 2: 4-dichlorophenoxy acetic acid, 2: 4: 5-trichlorophenoxy acetic acid, M.C.P.A. and thiocarbamates, which are used in large quantities for the control of insect pests. With a view to achieving self-sufficiency in agricultural chemicals, schemes for the manufacture of some of these have already been approved and production is expected to commence during the course of the third Plan. The raw materials necessary for their manufacture will be mostly available from internal sources, but those which are non-indigenous will be imported. The required foreign exchange will be earned by export of the chemicals and their formulations.

The following table gives targets of demand, capacity already in operation, capacity under implementation and the gap, which has yet to be filled, steps taken to fill the gap have also been indicated in the footnotes:

(In tons)

	Targeted demand by 1965-66	Capacity already in operation	Capacity under implementation	Gap between demand and capacity so far approved
Chlorinated Hydrocarbons—				
B.H.C.*	15,000	3,000	2,700	8,400
D.D.T.†	6,000	2,800	..	3,200
Endrin, chlordane heptachlor, etc.‡	900	Nil	800¶	100
Organo Phosphates—				
Parathion	500	Nil	700	Nil
Malathion	500	Nil	190	310
Fumigants—				
Ethylene dichloride for ED/CT mixture	7,500	Nil	3,620	3,880
Ethylene dibromide	250	106	360	Nil
Calcium cyanide	200	Nil	Nil	200
Fungicides—				
Copper oxychloride	2,000	2,284	Nil	Nil
Ditho carbamates	250	Nil	2,500	Nil
Seed dressings—				
Organo mercurials	100	46	45	9
Weedicides—				
2:4-D; 2: 4:5-T; M.C.P.A. and others	1,500	Nil	1,562	Nil
Rodenticides—				
Zinc phosphide and others §	750	100	150	500

* Hindustan Insecticides Ltd., Alwaye, is planning for a unit with a capacity of 3,000 tons.
† Hindustan Insecticides Ltd., is planning for expanding the capacity of Alwaye and Delhi units by 1,800 to 1,900 tons.
‡ Terms of collaboration are still under consideration.
§ Formulations or technical material equivalent to 200 tons of parathion will be exported to pay for the imported raw material.
¶ One of the units will operate three shifts to cover the gap.
One of the units is planning to operate three shifts to reduce the gap to just 300 tons.

Most of the schemes envisage foreign collaboration. The imported plant and machinery is being arranged against foreign capital participation and the collaborators are also assisting in arranging exports of a part of the output to pay for imported raw materials.

The formulating capacity approved at present far exceeds the availability of "active" materials/chemicals. This explains the temporary ban imposed on further licensing of "scheduled" formulating capacity.

The State-wise distribution of formulating capacity in terms of technical materials is indicated below:

(In tonnes)

B.H.C.: Maharashtra 4,790; Kerala 2,000; W. Bengal 1,640; Madras 1,000; Rajasthan 170; Gujarat 10. Total 9,600.

D.D.T.: Maharashtra 1,864; Kerala 1,485; W. Bengal 480; Madras 375; Rajasthan 62; Delhi 1,320. Total 5,586.

Copper oxychloride: Maharashtra 1,950; Kerala 1,324; W. Bengal 53; Madras 252; Gujarat 3. Total 3,557.

Lindane: Maharashtra 31; Kerala 1; W. Bengal 1; Madras 24; Rajasthan 3; Gujarat 2. Total 62.

Chlordane: Maharashtra 104; Madras 60; Gujarat 6. Total 170.

Endrin: Maharashtra 199; Madras 36; Rajasthan 5; Gujarat 1. Total 241.

Aldrin, dieldrin, etc.: Maharashtra 86; Madras 96; Rajasthan 8. Total 190.

Parathion: Maharashtra 91; Madras 120; Gujarat 3. Total 214.

Malathion: Maharashtra 39; W. Bengal 15; Madras 134; Rajasthan 25. Total 213.

Others: Maharashtra 689; Kerala 142; W. Bengal 200; Rajasthan 110; Gujarat 1; Mysore 10. Total 1,452.

It will be seen from the above that there has been concentration of formulating capacity in certain regions in the country. This means transportation of large quantities of formulated materials to consuming centres. The demand of pesticidal formulations, however, is distributed more or less evenly, over the length and breadth of the country. In view of this, the Small-scale Industries Organisation is planning to put up one or two small-scale formulating units in each State. The ultimate total capacity of these new units will be around 3,000 tons per annum in terms of technical materials.

CAMERA INDUSTRY IN JAPAN

PRODUCTION AND EXPORT CONTINUE TO RISE

PERHAPS, not many people in the world love photography better and are more particular about the cameras they own than the Japanese. Furthermore, the Japanese are born with highly dexterous hands. These two traits—the love of photography and manual dexterity—have raised the Japan-made cameras to the world's top level in a short time. The industry enjoyed prosperity in 1960, as production and exports increased and domestic sales remained strong.

Japanese camera manufacturers did not attain their present technical level, which is the highest in the world, in a single day. Only through constant research work was this feat made possible. The highly automated camera industry is turning out cameras of high quality and attractive design at competitive prices. Since American news cameramen acknowledged the superior quality of "made-in-Japan" cameras during the Korean War, Japanese cameras have been steadily securing a firm niche in the international market.

Distinctive Features

What, then, are the characteristics of Japanese cameras? The distinctive features of Japanese cameras seem to reflect themselves most clearly in the penta-prism single-lens reflex camera. As far as single-lens reflex cameras with focal planes are concerned, the Japanese camera industry holds an unchallenged position in the world. While the high performance achieved by Japanese cameras is primarily due to superior lens, it must be remembered that the mechanical excellence of the shutter and the body is also an important contributing factor. Now that the quality of sensitised materials, as well as camera lens, has been improved considerably, the performance of the shutter becomes highly important in evaluating the performance of cameras. In 1958, a shutter with a speed of 1/2000 second was manufactured for the first time, and recently it has become possible to manufacture shutters with a speed of 1/3000 second. Lens shutters for 35 mm. single-lens reflex cameras have also been developed. Wink-return shutters, which fully open up to allow a peep at the finder image after exposure, have also been adopted. Even the single-lens reflex cameras using lens shutters have been provided with the quicker instant-return mirror system like focal plane cameras. Incidentally, the instant-return mirror system for single-lens reflex cameras was designed for the first time in Japan.

As for the "electric eye" shutter mechanism, the Japanese camera industry has cultivated a unique and original sphere. Japanese EE lens shutters can move at speeds ranging from 1 second to 1/1000 second. The provision of built-in exposure meters has come into vogue lately. They are either semi- or fully-automatic. Most of them are light-sensitive cadmium sulphide light meters which are operated with mercury batteries. They are not commonplace as yet in the United States or West Germany, although a very few German and Swiss camera makers have adopted this system. These meters are effective in taking the pictures of low-illuminated objects. At present 35 mm. cameras provided with lens shutters are attached with very bright lens such as F:0.95.

Speaking of camera lens, Japan is the producer of the world's brightest lens. It has succeeded in post-war years in manufacturing glass of high refractive index and low dispersion containing rare earth elements such as lanthanum and thorium and at the same time glass of low refractive index and high dispersion. Today, the Japanese optical industry is capable of offering more than 100 different varieties of optical glass. The use of electronic computers has made immense contributions toward great progress in lens designing. It has helped shorten the time and work required for designing and also honing the accuracy of lens. Zoom-lens 8-mm. movie cameras with "electric eyes" are another field in which the Japanese camera industry takes great pride.

According to the Ministry of International Trade and Industry, the production of still cameras, 8-mm. and 35-mm. movie cameras and lens has gone up quite markedly in recent years, as is evident from the following figures:

Production (in units)

Year	Still cameras	Movie cameras	Lens
1956	1,306,700	..	72,000
1957	1,545,200	51,000	345,000
1958	1,385,100	204,000	557,000
1959	1,844,000	278,000	582,000
1960	1,859,000	594,000	690,000

The 1960 production of cameras, projectors (alide and movie), lenses and accessories was valued at $91.7 million, an increase of 21.5 per cent over 1959. The most significant increases were shown by movie cameras, mainly 8-mm., up 127.8 per cent to $19.4 million; 8-mm. movie projectors, up 44.2 per cent to $4 million; and interchangeable lenses, up 37.5 per cent to $7.7 million.

Japan's domestic sales of cameras, lenses and projectors aggregated $41.3 million, slightly higher than the $39.3 million in 1959. Single-lens reflex cameras were most popular. It is estimated that roughly 12 million cameras are being used in Japan today. Japanese cameras still monopolise the domestic market, because their design and prices are suitable to the Japanese. Imports of foreign cameras are on the uptrend, but they share less than one per cent of the Japanese domestic market. On the customs clearance basis, they amounted to $270,000 in 1953, $227,000 in 1959, $487,000 in 1960 when imports of cameras were liberalised.

Exports

The Japanese camera industry is exporting slightly more than 40 per cent of its total production. Exports of cameras, projectors, lenses, accessories and parts in 1960 increased by 36 per cent over 1959 to a total value of $39.8 million. The biggest market for Japanese still cameras is North America, and for 8-mm. movie cameras, Europe. Exports of 8-mm. movie cameras, still cameras and lens during 1960 went to the following areas (percentage share in the total): Asia 12.7; Europe 25.8; North America 41.8; Central and South America 5.1; Africa 8.1; and Oceania 6.5.

In the export of cameras, Japan and West Germany have been constant rivals. West Germany is still a bigger exporter of cameras, but the gap between the two is narrowing down. German and Japanese camera exports except for 8-mm. movie cameras and interchangeable lens, amounted to 1,736,578 units (DM. 142,916,000) and 611,461 units (DM. 54,708,000) respectively, in 1958, but rose to 1,960,245 units (DM. 170,496,000) and 710,846 units (DM. 68,104,000), respectively, in 1960.

PRICING OF PETROLEUM AND PRODUCTS

DEPENDENCE ON IMPORTS OF REFINED ITEMS UNPROFITABLE

By V. S. Swaminathan

THE spokesmen of Burmah-Shell and Stanvac are expected in Delhi soon to try to settle the dispute between the Government and the oil companies over the prices of petroleum products. Also, the Assam State authorities are perplexed at the way the price of crude oil of Naharkatiya and Moran fields was fixed by the Central Government without their knowledge. It is, therefore, of interest to review the factors leading to pricing of crude oil and refined petroleum products.

The price of any commodity is governed by many considerations. They include: (1) seller's costs, embracing raw materials and supplies required in producing and marketing his goods, labour, transport charges and taxes; (2) competition not only from sellers of the same kinds of goods, but from those of alternative goods; (3) value to the buyer not only in terms of utility, but in æsthetic and other satisfactions; (4) political factors such as Government limitation on production, import or export, price control or subsidy; and (5) customers' ability to pay and general economic conditions.

Economics of Oil

In addition, the price of crude oil is profoundly affected by characteristics more or less peculiar to it. Thus, while more and more petroleum is discovered in more and more parts of the world, not all places are geologically favourable for its occurrence. Yet petroleum products are used world-wide, so much so that crude oil has long been an item of international trade. Indeed, oil is the chief commodity, in point of tonnage and value, carried by the world's merchant fleets, and transportation is often an important ingredient in oil pricing. Again, oil is expensive to store. Its amount in surface storage at any time, while very large, is equivalent to market requirements of only a few weeks or months. Moreover, oil must be kept moving because of the vast quantities consumed daily, and relatively limited storage possibilities in terms of days' supply. Hence a figurative "oil pipeline" from producing fields to markets must be kept constantly filled. This includes pipelines, tankers, refineries, oil barges, tank trucks, tank cars, etc.

Furthermore, oil, being a natural resource, is exhaustible. Oilmen, therefore, must continually find new supplies not only to replace those used but to provide reserves to meet the growing requirements of the future. And searching for oil, notwithstanding the march of science and technology, is still an unpredictable undertaking. Also, the costs of finding new oil vary widely. Last but not least, a long period usually elapses between the discovery of a new oilfield and the arrival at market of the finished products derived from that crude oil. The financial and operational planning must, therefore, be on a long, forward scale.

Origin of Posted Prices

Petroleum became a fairly widespread article of commerce way back in the mid-nineteenth century, when its principal use was as an illuminant. Refiners who distilled lamp oil from it were competing with whale oil, coal oil and tallow candles. There were thus certain reference points for the value of lamp oil, and this set a ceiling on the price of the raw material (crude oil) from which it was made. When more petroleum was produced in the United States, the price of crude oil fell to $1 a barrel, and the price of kerosene likewise declined. This meant that millions of people who could not previously afford lamp light now enjoyed its blessings. To a lesser extent, crude oil was also used as a source of lubricants. With the mass production of motor cars in the United States, gasoline passed kerosine in volume of output around 1915. Gasoline rose in price as its demand went up and the price of kerosine went down. Today, literally thousands of useful products (including petrochemicals) are derived from crude oil.

And, over the years, there developed in the U.S. oil industry a practice of posted prices. In other words, any refiner or agent requiring crude oil posted a price at which he was willing to buy oil from a specified field from any operators in that field. It is possible to speak of the price of crude oil only in the broadest sense, for crude oils vary widely in their properties, and their geographical location affects prices. In general, ownership of land in the U.S. and Canada includes the surface and any minerals it may contain. Broadly speaking, the United States was the world's leading exporter of oil until 1931. As a consequence, the U.S. Gulf prices, i.e., prices on the U.S. coast of the Gulf of Mexico from which great quantities of oil were shipped both to the American East Coast and into the world markets came to be regarded as the reference point for oil prices generally throughout the world.

In the late 'twenties, oil began to flow increasingly from Venezuela, and, by 1931, this country's oil exports surpassed those of the United States. However, since this new source of export was about the same distance from the principal markets as was the U.S. Gulf Coast and since the latter still remained a large source, U.S. Gulf prices continued to be the most important reference in virtually all world markets. These quotations provided a conveniently, widely published set of prices. In recent years, however, Venezuelan prices have moved independently from those in the U.S. Gulf. Yet another natural reference point emerged with the Middle East becoming an important exporter of oil. In 1950, Socony Mobil instituted the posting of prices at which it would sell crude from this prolific region. This practice was soon adopted by other companies operating in the Middle East. Sales of oil, crude or products, are customarily made at prices f.o.b. the ports of shipment, with the purchaser himself arranging and paying for transportation. This practice is one of the reasons that the freight rates are usually a significant component of the laid-down cost of oil in a market.

Limits Over Prices

The largest purchasers of crude oil are, in the main, the integrated companies engaged in all branches of the oil business. These major corporations also market oil products, competing among themselves and with others to maintain or enlarge their shares of retail trade. There are lower and upper limits to which the price can go. If some of the buyers were willing to cut the posted price for crude oil while their competitors were agreeable to pay more, the former would soon find that they were short of products to sell and that their market position was being undermined. This economic fact of life constitutes a brake on downward crude oil price movements. Also, there are economic ceilings on the prices of products made from crude oil, and hence on the raw material. For instance, if the price of heavy fuel oil got too far above that of coal, it would lose the market position to the solid fuel. Again, the price of domestic heating oil cannot get out of line with that for natural gas.

TABLE I: *Exports of Crude Oil and Products*

(1,000 barrels a day)

Year	U.S.A.	Venezuela	Middle East	Total
1938	532	508	245	1,285
1946	420	1,029	542	1,991
1956	430	2,317	3,107	5,854
1960	202	2,675*	4,725*	7,602*
Per cent of total				
1938	41	40	19	100
1946	21	52	27	100
1956	7	40	53	100
1960	3	35	62	100

* Provisional

TABLE II: *Crude Oil Prices per Barrel*

(Value in U.S. dollars)

	*West Texas Sour Crude 32°	Tia Juana Medium, 26°	Arabian at Ras Tanura	34° Sidon
3rd February 1953 ..	2.36	2.20	1.71	2.25
3rd January 1957 ..	2.86	2.40	1.93	2.65
4th February 1959 ..	2.71	2.55	2.08	2.45
14th September 1960..	2.71	2.30	1.80	2.17

* West Texas crude oil price is at the well. Add 31 U.S. cents for gathering and transport to U.S. Gulf Coast refineries and export terminals. Venezuelan and Arabian crude oil prices are f.o.b. shipping port.

Today, Western Europe is the largest consumer of oil and products outside the United States. Until 1932, its oil needs were met by exports from the U.S., largely as finished items. Then Venezuela became the chief source of European supply until about 1948. Later, the Middle East crude oil began to displace that of Venezuela. With the phenomenal expansion of Europe's refining capacity, oil shipments have shifted in a large measure from finished products to crude oil.

Western European consumers have often complained that the price of crude oil laid down in their countries is too high, because the Middle East price is 'tied' to prices in the Caribbean-Gulf of Mexico area where crude oil bears a higher cost of production. Governments in the Middle East, however, have protested that the posted price is too low, since it is tied to the Western Hemisphere prices *minus* the freight cost that would be necessary to bring Middle East oil into the Western Hemisphere (American) market; they say that the freight discount is artificially excessive, inasmuch as Middle East oil actually moves chiefly to Europe rather than to the U.S. The facts are a ceiling is put on the laid-down cost to European consumers by actual or potential competition from alternative supplies, i.e., crude oil from North Africa or the Western Hemisphere; refined products imported into Europe from the New World or coal. Other competitive factors include the possibility of transporting natural gas from the Sahara across the Mediterranean and the emergence of the Soviet bloc as an oil exporter. On the other hand, the posted price of Middle East crude oil is prevented from getting unrealistically low by two factors. The first is that several of the Middle East Governments have royalties which, if they choose, they can take in kind, that is, oil, rather than cash, and if there were buyers willing to pay more than the posted price, these Governments could themselves sell this oil, thus demonstrating its actual value. The second factor is the enlightened self-interest of the operating companies in the Middle East. From normal commercial motives, they want to realise as much as they can from the sales.

Causes for Price Variations

What are the main forces that bring about price variations? In a nutshell, the answer is the interplay of supply (or potential supply) and demand. Those whose business is wholly or mainly in the crude oil end of the industry will be under mounting financial pressure to turn more of their commodity into cash. So here and there some of them will be willing to sell at less than the prevailing posted prices. Similarly, newcomers wanting to enter a market where others are already well established may offer oil below prevailing postings. If such conditions become widespread and persistent, the posted price becomes unrealistic; it ceases to be the true 'going' price. In time, say, by a series of trial-and-error moves, postings should fall to a point reflecting actual conditions.

Conversely, when demand is strong and refiners and brokers are eagerly bidding for crude oil for conversion into products for consumers, postings will tend to rise. In addition to these market influences, oil companies engaged in international trade are subject to other pressures. The countries in which they do business have different and opposing interests—some are large exporters who may obtain a great share of their Governmental revenue from oil. Some import crude oil, but also export refined products. Some import all their finished prducts, and some a combination of crude oil and refined products. Countries exporting crude oil naturally prefer to see its price high rather than low. Oil importing nations, just as understandably, want to buy oil as cheaply as possible.

Table I gives exports of crude oil and products from the U.S., Venezuela and the Middle East over a period of years. They represent over 80 per cent of all crude oil and products entering international oil trade. In Table II are given the representative crude oil prices per barrel.

The question to the fore in India is why, if discounts are available on crude oil, they are not equally available on the products made from it? The simple answer is the level of posted products prices in the Persian Gulf (from which private companies operating in India obtained the bulk of their products) already reflect the lower market value of the crude oil sold there. This is brought out by the movement of crude oil and finished product postings in the Persian Gulf in recent times.

The average posted price of main products at Abadan, weighted to match the 1960 pattern of refinery output in the Persian Gulf, has fallen from $3.23 per barrel in June 1957, when postings were first introduced there, to $2.60 after the November 1961 changes in postings. This fall of 63 cents a barrel in average product posting compares with a decline during the same period in the posted price of a typical light Arabian crude oil from $2.08 per barrel to $1.80, a decrease of 28 cents per barrel. These figures illustrate that the posted prices for finished products have fallen more in recent years than those for crude oil. However, the discount off the posted prices for crude oil negotiated between buyers and sellers have brought the movement of both into closer relationship. In fine, the discounts available off crude oil postings have already been reflected in the postings for products.

There are other factors making for divergence between the posted prices of crude oil and products. Thus, the market for crude oil is quite different from that for refined products. Whereas the demand for crude oil is literally worldwide and current surplus productive capacity exerts pressure on the price level in all open markets and long-term contracts are entered into for very big volumes of crude petroleum, international trading in products is more localised and dealings are on a much smaller scale. Moreover, the demand-supply position differs as between individual refined items. Kerosine and gas/diesel oils are in tight supply in the Persian Gulf and rising demand for middle distillates everywhere precludes any discounts off standard prices. By contrast there is excess gasoline. Hence cuts have been made in the posted prices of motor spirit, and also of Bunker 'C' oil, in the Persian Gulf and the Far East.

India, it is estimated, will need to import a total of around 2.2 million tons of products this year (1962), of which some 75 per cent would be middle distillates, inclusive of over a million tons of kerosine. Since it is understood that private refineries with a coastal location have some spare capacity, it would be good business and good morals to utilise this capacity. True, there will be more motor spirit to be disposed of. Here, again, operators of these refineries, with their international affiliations, are well placed to export it.

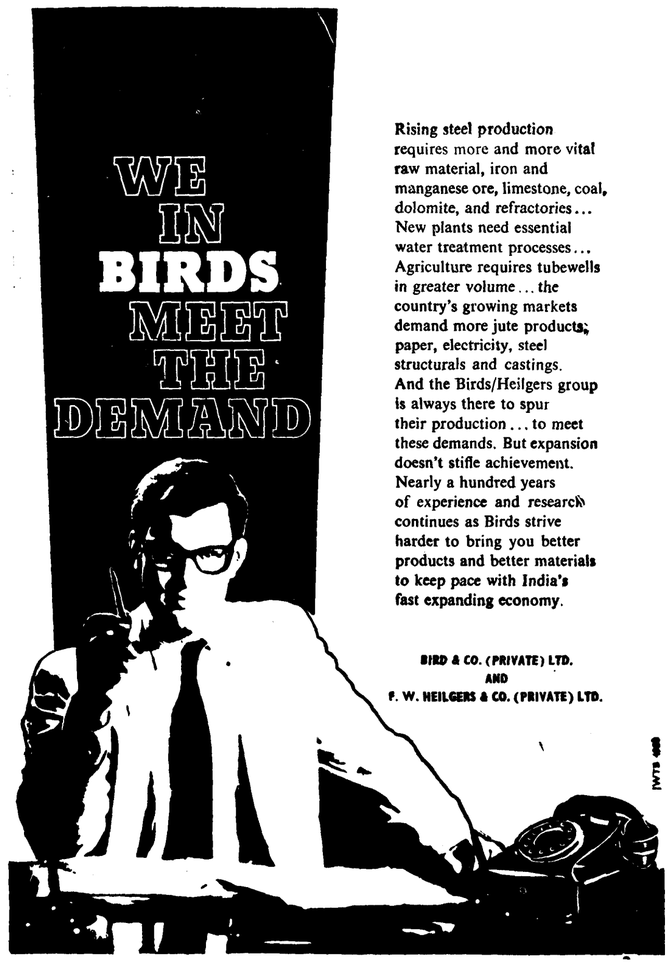
Centre-Assam Dispute

Lastly, though Oil India Ltd. is not a party in the dispute over the royalty issue between the Centre and Assam, it is affected by it. Indeed, this dispute has even wider economic repercussions. Under the agreement between the Central Government and Oil India, Assam will get 10 per cent of the well-head value of the crude oil as royalty, but the well-head value will be determined after deduction of transport cost of the crude oil. Under this new arrangement, the price of crude oil produced at Nahorkatiya and Moran areas has come down from Rs. 72 to Rs. 48 a ton, and the royalty due to Assam from Rs. 7.2 to Rs. 4.8 a ton. This is inevitably hurting Assam's much needed development programmes. At the same time, it desperately behoves India to explore for and produce oil from her own territory. Here time is of the essence. Assam would have performed an act of statesmanship had it permitted Oil India to start its seismic surveys and drilling operations in the new concession while talks towards settling the dispute between it and the Centre were proceeding. As things have turned out, Oil India geologists, geophysicists and drillers have to stand idly by for another ten or eleven months before they can start work.

WORLD CONSUMPTION OF SYNTHETIC LUBRICANTS

Current world consumption of synthetic lubricants is probably still well below 20,000 tons a year. Estimates for the United States put the amounts used in 1960 at about two million U.S. gallons, or roughly 7,000 tons. This compares with a total of some 750,000 gallons produced there in the period December 1951 to February 1955. To place these figures into perspective, it may suffice to recall that last year's total consumption of lubricants in the United States was about 1,700 million U.S. gallons, and in the Free World as a whole over 3,600 million U.S. gallons or, say, 12 million metric tons.

Raw naphtha liable to Central excise duty under item 6 of the Central Excise Tariff has been exempted from so much of the Central excise duty in excess of 5 per cent *ad valorem*, provided the material is intended for use in the manufacture of fertilisers.



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VOLTAS' SALES TOUCH A FRESH PEAK

HANDSOME RISE IN PROFIT—DIVIDEND RAISED

"OUR financial position is strong and our growth and diversification continue along healthy lines. We may look forward to the future, therefore, with confidence and optimism." These were the observations that Mr. J. D. Choksi, Chairman of Voltas Limited (Managing Director: Mr. S. K. Handoo, Bombay), had made while assessing the outlook for the Company in his statement accompanying the accounts for the year ended 31st August 1960. It is gratifying that the observations have proved literally true during the Company's financial year ended 31st August 1961. As a matter of fact, the Company scaled some new heights. If the previous year's results were excellent, the performance during the year under report is *par excellence*.

In sales and profits, the Company has established new records. Earnings from sales and services have spurted from Rs. 1,986.46 lakhs to Rs. 2,572.59 lakhs and gross profit from Rs. 129.48 lakhs to Rs. 150.58 lakhs. Consequently, the net profit is considerably higher at Rs. 77.11 lakhs, as compared with Rs. 63.80 lakhs in the previous year. The rise in the Company's earnings would, indeed, have been more marked but for a simultaneous sharp rise in the costs of sales and services from Rs. 1,590.74 lakhs to Rs. 2,106.58 lakhs. This sizable increase in costs has reduced the percentage of net profit before taxes to net sales from 6.14 in 1959-60 to 5.4 in 1960-61. Viewed in the light of the continued restrictive import policy of the Government, the performance of the Company, which is primarily an importing house, must be said to be very encouraging.

Despite the appreciable improvement in profit, all that the investor has been paid is a dividend of 14 per cent, subject to tax, as against 13 per cent, taxable, paid in the preceding two years. This gives a net return of 9.8 per cent on Rs. 100 each, as against 9.1 per cent in the preceding two years and 9 per cent in 1957-58. Although the Company has been able to return on his investment a net dividend of 9 per cent in the past four years, the investor has had sufficient reason to expect a better deal from the Directors, when, during this period, the gross profit of the Company has nearly doubled from Rs. 83.24 lakhs to Rs. 150.58 lakhs.

Among essential provisions, taxation gets Rs. 6.50 lakhs more at Rs. 66.50 lakhs and depreciation about Rs. 1 lakh more at Rs. 6.97 lakhs. The allocation to development rebate reserve of Rs. 1.82 lakh has been practically maintained at the previous year's level. The Directors have ploughed back again over one-third of the net profit, Rs. 31.63 lakhs, to be precise, as against Rs. 25.87 lakhs in the preceding year, to reserves and provisions. Against this, they have transferred and written back Rs. 6.59 lakhs (Rs. 13.14 lakhs in the previous year) from reserves and provisions and excess provisions of the past. Gratuity has been provided at Rs. 14.99 lakhs, as against Rs. 14.68 lakhs a year before. The dividend absorbs Rs. 35.70 lakhs, as against Rs. 33.15 lakhs previously, leaving Rs. 3.79 lakhs to be carried forward, as against Rs. 4.25 lakhs brought in.

To put it in a nutshell, the net income per share (after taxes) amounted to Rs. 26.29. The net worth of the shareholder's equity is Rs. 132.55. The percentage of net profit after taxes to the shareholder's average equity works out to 22.64. Nearly 80.13 per cent of the Voltas rupee was spent on the costs of sales and services, 9.61 per cent on staff, 4.82 per cent on sales and administration, 0.27 per cent on depreciation, 2.58 per cent on taxation, 1.38 per cent was distributed to the investor and 1.21 per cent was retained in business.

The following table brings out the salient features of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st August			
	1961	1960	1959	1958
Sales and services	2,572.59	1,986.46	1,712.21	1,966.40
Other income	16.96	15.99	2.89	3.42
Closing stocks	680.18	802.43	654.99	782.95
Cost of sales and services	2,106.58	1,590.74	1,345.87	1,625.32
Other expenses	304.12	281.80	260.88	261.35
Gross profit	150.58	129.48	108.63	83.24
Depreciation	6.97	5.68	4.41	5.65
Taxation	66.50	60.00	51.50	46.50
Net profit	77.11	63.80	52.72	31.09
Transfer from reserves and provisions and excess provisions written back	6.59	13.14	8.60	4.97
To reserves and provisions	31.63	25.87	14.05	4.48
Development rebate reserve	1.82	1.69	0.89	0.85
Provision for gratuity	14.99	14.68	12.15	8.08
Dividend	35.70	33.15	33.15	22.05
	(14%)*	(13%)*	(13%)*	(9%)
Carry forward	3.79	4.25	2.27	1.09

* Subject to deduction of tax.

The Directors report that the main contributions of the record sales turnover in the year came from the mechanical, agricultural and construction equipment, and air-conditioning and refrigeration divisions, though, generally, most divisions improved their previous performance. Out of the total sales, 36.5 per cent consisted of indigenously manufactured products. In 1954-55, the first year of the Company's operation, this percentage was 7.2. The first ever 22 kV switchboards of the fully drawn out pattern in the country were designed, engineered and manufactured by the Company during the year. This is expected to result in a saving of foreign exchange to the tune of 40 to 45 per cent of the cost involved. In addition to switchboards, commercial production of Joy-Voltas diamond core drills, Voltas-Smit diamond bits and electric starters commenced during the year. The Company made substantial contribution to providing equipment for priority projects under the second Five-year Plan. Satisfactory progress was made by the companies formed in India in association with foreign manufacturers, in which the Company was interested as a shareholder and distributor. The new factory of Roche Products Ltd. at Balkum has commenced operations and its pharmaceutical factory at Tardeo expanded. Merck Sharp and Dohme of India Ltd. has under construction a new factory near Thana and has increased production substantially at its temporary factory in Bombay. The formalities connected with the establishment of a Carrier air-conditioning factory were near completion. The exploratory talks carried on with Messrs. Brown, Boveri and Co., Baden, Switzerland, for the manufacture of a part of their products in collaboration with the Company in India have, however, come to an abrupt end on account of Brown Boveri's decision to buy a controlling interest in an existing local electrical manufacturing concern. The existing distributorship agreement, held by the Company and its predecessors for over 27 years, was also terminated. The Company has under contemplation a possible alternative scheme to fill the gap caused by the loss of the Brown Boveri business.

Commenting on the need for conserving foreign exchange and promoting indigenous development, the Chairman, Mr. J. D. Choksi, states that the Company has made substantial progress in the field of local manufacture. Many of the Company's divisions have achieved a position where more than 50 per cent of their business is in products of Indian manufacture, as, for instance, pharma division (94 per cent), machine tools (54 per cent), textile millstores (63 per cent) and air-conditioning (52 per cent). A programme for transfer and expansion of the Company's facilities and lines of manufacture from the restricted area of Chinchpokli to the new Thana unit, where 120 acres of land had been acquired for the Company by the Government of Maharashtra, has been worked out. Referring to the number of obstacles that lie athwart the manufacturing field, the Chairman observes:

"A manufacturing licence granted today by the Government does not commit the Government to import essential components and raw materials provided in the phased programme submitted in the licensee's application for manufacture. Consequently, every manufacturer today, who has to rely on even a small amount of imported components and raw materials, lives in constant dread of his requirements being cut substantially, if not banned altogether. This is hardly an inducement to start new enterprises. Even while one appreciates the Government's difficulties in the matter of foreign exchange, some way must be found, if the country is to progress into ever-widening fields of industrial activity. We for our part would prefer to see a stricter control over the grant of licences for new manufacturing units which depend, to some extent, on imports of components and raw materials, rather than have these licensed in the first instance and then come to grief later for want of essential components or raw materials which can only be imported."

Mr. Choksi sums up the outlook for the Company thus:

"In spite of severe import restrictions leading to the belief in some quarters that 'import houses have had it', we are firmly convinced that there will always be room for a flexible, well-balanced and well-organised import organisation in India's economy. We refuse to consider our trading activities as a thing of the past or on the wane. On the contrary, we plan to consolidate and expand our position in this field. We hope to retain our pre-eminent position as importers and distributors and and at the same time to strengthen our industrial base within the country. New fields, new products and an ever-widening horizon with increasing pursuits and increasing activities—that is what sums up Voltas. We look forward to the future with well-founded confidence."

The Company's share capital was increased in December 1956 by an additional issue of 105,000 fully paid-up shares of Rs. 100 each to finance the increase in the volume of business transacted then. Thereafter, the capital has been unchanged at Rs. 255.00 lakhs. Bank borrowings have increased during the year from Rs. 250.22 lakhs to Rs. 354.68 lakhs and unsecured loans have gone up from Rs. 15.99 lakhs to Rs. 23.19 lakhs. The capital-borrowings ratio is thus much on the high side, and one wonders why the Directors should not raise the capital further. The capital is backed by reserves and surplus aggregating Rs. 84.02 lakhs. The total liability of Rs. 1,394.09 lakhs to outsiders is comfortably covered by current assets, loans and advances amounting to Rs. 1,612.96 lakhs. Investments are shown at Rs. 20.97 lakhs, as against Rs. 15.42 lakhs previously. The gross block increased during the year from Rs. 107.46 lakhs to Rs. 129.76 lakhs and is written down to Rs. 99.12 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 300 *cum-div*. At this rate and on *ex-div*. basis, the yield works out to 3.3 per cent per annum, free of tax.

ASSOCIATED BATTERY DISAPPOINTS

FINANCIAL POSITION, HOWEVER, STRONG

The working results of Associated Battery Makers (Eastern) Ltd. (Managing Director: Mr. H. R. Gregson, Calcutta) for the year 1959-60 did not quite come up to the expectations of the shareholders, those for the year ended 31st August 1961 will no doubt be looked upon as disappointing. For, notwithstanding a slight but promising increase of Rs. 11.91 lakhs to Rs. 218.14 lakhs in sales, resulting chiefly from the appreciable increase in the demand for all categories of products, the gross profit has declined by a further Rs. 6.82 lakhs to Rs. 53.04 lakhs bringing the total fall since the year 1958-59 to Rs. 12.89 lakhs.

Referring to this sad aspect of the Company's operations, the Managing Director, Mr. H. R. Gregson states, in his statement to the shareholders, as follows:

"Like other manufacturers, we have to adjust ourselves to transport, fuel and other difficulties, coupled this year with the electrical supply shortage which prevailed for several months in the Greater Calcutta area, but I am pleased to report that these were successfully overcome without undue dislocation of production and despatches.

"The frequent additions in excise and import duties make it difficult to maintain reasonable costs, and many items of indigenous or imported raw materials were affected by the 1961 Budget increases. In this connection, we have always endeavoured to market our products to the general public at prices which bear direct comparison with those prevailing in the U.K. and other Western markets for similar quality products. It is regrettable, however, that some basic materials which are coming into production in India, with the welcome saving in foreign exchange, are marketed at prices sometimes twice, or even more, than the landed cost, including quite high customs duties, of similar imported materials. This actuates against maintenance of low costs, despite efficient manufacturing methods, and, in turn, adds to the difficulty of obtaining export business. In this respect also, the price of State Trading Corporation lead, as allocated to us from time to time on rupee payment, is 15 per cent to 20 per cent above the world price at which manufacturers in other countries can purchase. However, during the past year important economies in production were introduced which helped, to some extent, to offset the high cost of certain materials. Our modernisation programme should further assist towards such economies."

Provision for depreciation has decreased slightly by Rs. 0.32 lakh to Rs. 7.47 lakhs and that for taxation by Rs. 2.19 lakhs to Rs. 21.58 lakhs. Consequently, the net profit shows a less precipitate fall than the gross profit of Rs. 4.31 lakhs to Rs. 23.99 lakhs. To this has been added Rs. 8.73 lakhs brought forward from the previous year and Rs. 1.13 lakh as a write back from reserves and provisions, raising the balance available for appropriation to Rs. 33.85 lakhs. From this the Directors have transferred Rs. 7.91 lakhs to various reserves and have proposed an ordinary dividend of 15 per cent, subject to deduction of tax, absorbing Rs. 17.70 lakhs. The carry forward is Rs. 8.24 lakhs as against Rs. 8.73 lakhs brought in.

The vissicitudes in the fortunes of the Company during the past three years, that is, ever since its shares were offered to Indian investors, are presented in the comparative table given below:

(In lakhs of rupees)

	For the year ended 31st August		
	1961	1960	1959
Sales	218.14	206.23	226.72
Income from other sources	1.69	5.99	0.52
Consumption of raw materials, stores and spare parts	103.73	97.62	113.14
Expenses and charges	63.06	54.73	58.16
Gross profit	53.04	59.86	65.93
Provision for—			
Depreciation	7.47	7.79	5.38
Taxation	21.58	23.77	27.49
Net profit	23.99	28.30	33.06
Transfer from reserves and provisions	1.13	1.05	0.33
Transfer to reserves	7.91	5.70	20.83
Dividends (gross)	17.70 (15%)	19.30 (25%)	20.00 (40%)
Carry forward	8.24	8.73	4.38

It will be observed from the foregoing table that, during the past three years, the Company has retained in business as much as Rs. 34.44 lakhs out of the earned profits and, this, together with the increase of Rs. 68.00 lakhs in the issued share capital and Rs. 28.63 lakhs credited to the share premium account, has strengthened the Company's capital base appreciably. The share capital as at 31st August 1961, consisting entirely of equity shares, stands at Rs. 118.00 lakhs, with a supplement of Rs. 96.86 lakhs in reserves and surplus. Current liabilities, provisions and unsecured loans aggregate Rs. 52.07 lakhs. Inclusive of the addition of Rs. 8.87 lakhs during the year, the fixed assets are valued in the Company's books at Rs. 102.25 lakhs and have been well written down to Rs. 45.89 lakhs. Capital goods in transit cost Rs. 2.80 lakhs. Investments have changed but a little during the year and, at Rs. 20.41 lakhs, consist of Rs. 20.25 lakhs in shares of a subsidiary company, Rs. 8,000 in unquoted debenture bonds, and the balance, namely Rs. 7,750, in Government securities. Current assets, loans and advances total Rs. 197.83 lakhs and cover current liabilities by nearly four times.

During the year, Chloride and Exide Batteries (Eastern) Ltd., the entire share capital of which is held by the Associated Batteries, experienced the same fate as its holding company, inasmuch as the gross profit declined from Rs. 1.75 lakh to Rs. 0.97 lakh, despite an increase in sales from Rs. 179.44 lakhs to Rs. 180.90 lakhs. After providing Rs. 10,222 (Rs. 10,323) for depreciation and Rs. 62,541 (Rs. 21,223) for taxation, the net profit of the subsidiary is lower at Rs. 24,135, as against Rs. 1.43 lakh a year ago. The decrease in net profit has naturally brought about a reduction in the rate of ordinary dividend from 12 per cent subject to deduction of tax to 4 per cent subject to deduction of tax. This absorbs Rs. 60,000, as against Rs. 1.80 lakh previously, leaving a carry forward of Rs. 1.71 lakh.

As regards the future, it is best to reproduce here what the Managing Director has said in his report to shareholders. He says:

"Competition in our industry has continued to be keen. However, the greater use of road transport and the increased production programmes for vehicles and equipment of all types, including electrical industrial trucks, should provide a steady increase in overall demand over the next few years. The programme of development in railways, including railway electrification and diesel locomotives, in telephones and telecommunications, and in general electrification throughout the country, should also mean increased demand for our heavier products. Subject to reasonable transport, fuel, and other conditions prevailing, the outlook would appear to be promising, and your Company is taking necessary steps to meet this widening range of demands."

Currently the Rs. 10 fully paid share of the Company is quoted at Rs. 34.50 *cum-div* and fetches, on the *ex-div* basis, a net return of 3.1 per cent per annum.

(*Concluded from next column*)

The construction of the factory for Ralli Chemicals was started during the year ended 31st August 1961 and arrangements for the supply of raw materials were completed. An expenditure of Rs. 1.07 lakh was incurred during the year. The factory is expected to be completed soon and will go into production by the end of spring this year.

Boehringer-Knoll, an associated company, which started trading in November 1959 and allowed Rallis India to market its products, traded at the expected levels of turnover and profitability last year. The activity of this Company is increasing gradually and would rise fast when the factory, now under construction, goes into production towards the middle of this year.

The financial position of Rallis India is as good as it can be, after all the reverses it had to suffer in the early 'fifties. Its paid-up capital of Rs. 300 lakhs comprises equity of Rs. 225 lakhs and preference of Rs. 75 lakhs, both in shares of Rs. 100 each. The reserves and surplus, on the other hand, are no more than Rs. 19.78 lakhs. Borrowings from banks have increased sharply from Rs. 51.57 lakhs to Rs. 123.95 lakhs. Current liabilities and provisions have also gone up from Rs. 91.61 lakhs to Rs. 127.57 lakhs. All this is presumably due to the big programme of industrial activity on hand. Along with the proposed dividends, the liability to outsiders amounts to Rs. 274.64 lakhs. As against this, current assets (excluding investments), loans and advances total, Rs. 428.95 lakhs. The aggregate holdings, at cost, in the subsidiary units amount to Rs. 97.57 lakhs. And there are other investments at Rs. 20.50 lakhs. The gross block increased during the year from Rs. 70.39 lakhs to Rs. 71.08 lakhs and has been written down to Rs. 35.06 lakhs.

The Rs. 100 fully-paid ordinary shares of the Company are being quoted at Rs. 155 *cum-div.*, and, at this rate and on the *ex-div.* basis, give a yield of 3.7 per cent per annum, free of tax. The Company is now well set on the road of progress and, given normal economic conditions, should be able to show a steady improvement in its profit and dividend.

RALLIS INDIA MOVES FORWARD FURTHER

DIVIDEND BETTER

A SHIFT in activities from commodity trade to industrial enterprise which has been gradually but steadily carried out during the past four years and more, has reflected itself in increasing progress by Rallis India Limited (Chairman: Mr. Badridas Goenka, Calcutta). During the year ended 31st August 1961, the Company experienced a further rise in sales turnover from Rs. 18.08 crores to Rs. 19.09 crores and in gross profit from Rs. 52.13 lakhs to Rs. 58.45 lakhs. This has enabled the Company to step up the dividend on the equity capital, which it started paying in the previous year, after a lapse of eight years, from a mere 4 per cent, taxable, to 8.5 per cent, subject to tax, giving a net return of 5.5 per cent on a share of Rs. 100. This would hardly satisfy the investor who had patiently stuck to his holding in the Company ever since the offer of its capital to the public over a decade ago. But the Directors have possibly done all that they could, as all the income of the year has attracted tax liability, with the result that they have been obliged to provide as much as Rs. 24.33 lakhs for taxation against Rs. 7.11 lakhs in the previous year. This has brought down the net profit to Rs. 30.12 lakhs from Rs. 41 lakhs a year before. The provision for depreciation at Rs. 4 lakhs is almost equal to that made last year. The equity dividend takes away nearly Rs. 10 lakhs more than in the preceding year, the total amount absorbed being Rs. 19.13 lakhs. Reserves and provisions get a little more at Rs. 7.14 lakhs as compared with Rs. 6.17 lakhs in the previous year. The carry forward is Rs. 4.36 lakhs against Rs. 4.49 lakhs brought in.

The following table compares the Company's working in the past four years:—

(In lakhs of rupees)

	For the year ended 31st August			
	1961	1960	1959	1958
Sales proceeds	1,909.01	1,808.43	1,519.55	1,728.08
Closing stocks	213.74	173.84	153.94	211.36
Other income	35.01	29.55	20.87	17.08
Cost of raw materials consumed	1,647.94	1,582.82	1,328.86	1,541.44
Other expenses	238.64	200.03	182.02	185.90
Gross profit	58.45	52.13	29.55	18.78
Provision for—				
Depreciation	4.00	4.02	3.25	5.18
Taxation	24.33	7.11	4.43	1.75
Net profit	30.12	41.00	21.87	11.80
Transfer from reserves	..	..	23.41	..
Transfer to reserves and provisions	7.14	6.17	1.25	0.15
Dividends—				
6% taxable preference	4.00	23.98*	9.00†	..
Ordinary	19.13	9.00	..	..
	(8½%)‡	(4%)‡		
Carry forward	4.36	4.49	2.54	—32.48

* Gross dividend for the six years ended 31st August 1960.
† Gross dividend for 1952-53 and 1953-54.
‡ Subject to tax.

The progress made by the Company's subsidiary units in the industrial field is as follows:

Ralliwolf worked throughout the year to a limit, imposed on its capacity by the import of such materials and components, which could not be yet made or produced in the country. However, the proportion of indigenous components in the completed tools was increased considerably during the year. The Company earned a net profit of Rs. 3.15 lakhs during the year ended 31st August 1961 against Rs. 1.43 lakh in the previous year. It declared a maiden dividend of 5.4 per cent, subject to tax. This has not been reflected in the accounts under review of the parent company, as it was declared after the close of its financial year. The plans for expansion are ready for execution.

Rallifan Limited had a difficult time during the year ended 31st August 1961, as the working resulted in a loss of Rs. 5.07 lakhs, against a small credit balance of Rs. 0.35 lakh in the preceding year.

Inclusive of the arrears of depreciation, Ralli-Hoyland Limited made, during the year ended 31st August 1961, a loss of Rs. 1.41 lakh against Rs. 2.55 lakhs in the previous years. The loss was minimised, as, since May, the Company reached a profitable level of production and has been earning modest profits thereafter.

Teddington Chemical Factory Ltd., the most important among the subsidiaries, earned during the year ended 30th April 1961 a net profit of Rs. 15.33 lakhs, as against Rs. 12.23 lakhs in 1959-60. The interim dividend was stepped up from Rs. 80 to Rs. 100 per share and a final dividend of Rs. 20 was also declared.

During the year ended 30th June 1961, the Hemlatha Textiles Limited reported an increase in its turnover from Rs. 56.72 lakhs to Rs. 68.20 lakhs and in the profit from Rs. 1.14 lakh to Rs. 4.42 lakhs.

The wholly-owned W. T. Suren and Company Limited earned a net profit of Rs. 0.17 lakh during the year to 30th April 1961, against Rs. 0.56 lakh in the previous year. It reduced the dividend from 13 per cent to 5 per cent, subject to tax.

(*Continued in previous column*)

AUTOMOBILE PRODUCTS FARE WELL

OUTLOOK PROMISING

CONSIDERING that the Automobile Products of India Ltd. (Managing Agents: Messrs. Technical Services (Private) Ltd., Bombay) is in the midst of a fairly large expansion and development programme involving, as it usually does, sizable capital expenditure and formation expenses, in addition to a certain amount of dislocation of production, the results reported by the Company in respect of the year ended 31st July 1961 ought to appear quite satisfactory. Sales of vehicles, parts and sundries have maintained the progress achieved first in the previous year, increasing further by Rs. 126.26 lakhs to Rs. 440.51 lakhs or a little over 40 per cent. As could be expected, the various items of expenditure have risen in conformity with the increase in sales but to a far lesser extent. The gross profit, therefore, shows a rise of Rs. 5.07 lakhs to Rs. 22.76 lakhs.

In view of past losses, which stand adjustable against current profits, the remuneration payable to Managing Agents has been made to the minimum possible extent as provided by the terms of the agreement with them and claims Rs. 50,000, as against Rs. 45,950 previously. Provision for depreciation, including the amount written off licences, patents and drawings, has been raised by Rs. 2.09 lakhs to Rs. 11.76 lakhs. Because of unabsorbed development rebate in respect of previous years and the debit balance to the profit and loss account, no provision for taxation has been found necessary and made. In the previous year, a provision of Rs. 1,200 was made for the Company's overall tax liability. On making these essential provisions, the net profit shows a welcome improvement from Rs. 7.55 lakhs to Rs. 10.50 lakhs. For the first time during the past four years, the Directors have been able to transfer Rs. 13.90 lakhs to the development rebate reserve, of which Rs. 3.62 lakhs pertain to the year under review and the balance to the preceding years. In order to bring the written-down value of certain assets in the Company's books fully in conformity with the requirements of Section 350 of the Companies Act, it has been found necessary to credit a further sum of Rs. 2.17 lakhs to the depreciation account. As a result of these appropriations and taking into account the loss of Rs. 9.18 lakhs brought in from the previous year and certain minor credits amounting to Rs. 13,640, there is a net loss of Rs. 14.62 lakhs (as against Rs. 9.18 lakhs) which has been carried to the balance-sheet.

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

(In lakhs of rupees)

	For the year ended 31st July			
	1961	1960	1959	1958
Sale	440.51	314.25	199.03	168.07
Other income	1.26	1.97	0.54	2.59
Closing stocks in trade	20.28	25.22	23.14	27.98
Service parts, components, tools, spares and stores purchased and consumed	322.51	234.32	148.66	124.83
Salaries, wages and benefits	43.40	32.51	23.31	21.11
Other expenses	48.14	33.78	24.79	21.05
Gross profit	22.76	17.69	—2.03	0.73
Managing Agents' remuneration	0.50	0.46	0.46	0.46
Provision for—				
Depreciation	11.76	9.67	7.59	5.69
Taxation	...	0.01	...	0.17
Net profit (+) or loss (—)	+10.50	+7.55	—10.08	—5.59
Net debits (—) or credits (+) relating to prior years	—2.04	—1.44	+0.50	+1.25
Transfer to reserves	13.90	...	...	...
Carry forward	—14.62	—9.18	—15.28	—5.71

A perusal of the Company's balance-sheet as at 31st July 1961 reveals that the share capital, consisting of Rs. 33.00 lakhs in preference shares and Rs. 39.46 lakhs in equity shares, is backed by reserves amounting to Rs. 30.03 lakhs. Of this, Rs. 13.90 lakhs are to the credit of development reserve rebate, Rs. 0.23 lakh to that for guarantee claims, Rs. 0.90 lakh to the development reserve, while Rs. 15.00 lakhs stand to the credit of the capital reserve created for the first time during the year. The situation which led to the creation of this reserve have been explained by the Directors as follows:

"In pursuance of a new policy with regard to the automobile industry in the country, particularly relating to the manufacture of commercial vehicles, which was enunciated by the Government of India, it was thought advisable to negotiate with the Premier Automobiles Ltd. and surrender the licences issued to the Company for the manufacture of Meadows diesel engines, and to negotiate with Henry Meadows Limited, England, for termination by mutual consent of the licence granted by them. As a result, the Company entered into an agreement under which the Premier Automobiles Ltd. agreed to pay a sum of Rs. 24.00 lakhs as consideration for this purpose. A sum of Rs. 15.00 lakhs was payable on signing of the agreement and this amount has been received and taken into the capital reserves."

Loans both secured and unsecured amount to Rs. 150.49 lakhs, in addition to current liabilities and provisions of Rs. 143.76 lakhs. During the year, the Company acquired new assets worth Rs. 44.15 lakhs, bringing the total fixed assets (worth in the Company's books) to Rs. 166.35 lakhs. These have been written down to Rs. 122.04 lakhs and, with the inclusion of Rs. 5.18 lakhs representing the cost of machinery and gauges in transit, they yield a net block of Rs. 127.22 lakhs. Current assets, investments, loans and advances aggregate Rs. 254.91 lakhs. The debit balance to the profit and loss account yet to be recouped is, as aforesaid, Rs. 14.62 lakhs.

During the year, the Company imported machinery worth Rs. 25.00 lakhs for the manufacture of engine components for the Lambretta scooters. The machinery was, in the usual course of things, expected to be received before the end of 1960, but, owing, unfortunately to the inability of suppliers in Italy to maintain the schedule, were received only towards the end of the year under review and could be installed and production commenced by December 1961. In addition, machinery valued about Rs. 3.00 lakhs was also imported for the manufacture of heavy duty brake blocks for heavy commercial vehicles. The plant has been commissioned and has commenced in the current financial year. It is expected that this would lead to an increase in the production and sale of Firestone break linings manufactured by the Company.

ASIAN CABLES CORPORATION

Since the Asian Cables Corporation's first cable plant for the manufacturing of VIR and CTS cables was commissioned in October 1961 and formally inaugurated on 6th November 1961, the factory has been progressing in a continued balanced manner. All the departments are working in right earnest. The production is expected to be in full swing within the next two to three months. The Company has installed most modern manufacturing and testing equipment which will be capable of producing many varieties of cables, including special types of cables. The present production of cables indicates that the cables produced will stand all relevant tests and, in the opinion of the representatives of the collaborating firm, Enfield Cables Ltd., U.K., who have witnessed the working of the plant, the cables manufactured by Asian Cables are equally good in quality and workmanship as compared with the cables manufactured by any English cable manufacturer. There is no doubt about the Asian Cables being equal in quality to C.M.A. grade.

Enfield Cables Limited has sent a team of experts specially deputed to push the Project No. II of the Company for the manufacture of paper insulated power cables and magnet wires, where also they will be collaborating jointly with the Phelps Dodge Copper Products Corporation of the U.S.A. The team has closely watched the working of all the departments of the factory and has expressed full satisfaction about the products manufactured in the factory, especially about the insulation of cables. The drawings, designs and the layout of the various machineries for the project No. II have been worked out by these experts and it is expected that, except for unforeseen circumstances, the plant will go into production in 1963.

The Company intends to manufacture paper insulated power cables of all varieties including 11 kV and 33 kV. It may be noted that, at present, no factory in India is manufacturing 22 and 33 kV power cables. It is thus believed that Asian Cables will be the pioneers in the manufacture of these voltage grades of cables in India. The Company has also on its programme the manufacture of L.T. plastic cables for which the buildings are already constructed and the necessary machineries are ordered. The foreign exchange required for importing the machinery for P.V.C. cables is financed by the Industrial Credit and Investment Corporation of India Ltd., Bombay. The Government has already issued the necessary import licence also. The P.V.C. plant is expected to go into production by the end of this year. The Company, in conjunction with some other local cable manufacturers is also going ahead with the setting up of a rod rolling mill.

U.S. KAISER STEEL'S SALES

The U.S. Kaiser Steel Corporation's sales figures for the year 1961 were the highest in the Company's history, net sales aggregating $265,973,000, an increase of 28 per cent over the 1960 figure of $207,116,000. Net earnings were $17,103,000, or $4.23 per share of common stock, after provision for dividends on preferred and preference stocks. This compares with a net loss of $8,216,000 or $3.49 per share of common stock for 1960. Loss carryovers, aggregating approximately $16,000,000 based on Federal income-tax returns for 1959 and 1960, have been fully utilised in determining the provision for Federal taxes on income for 1961.

COMPANY MEETINGS AND DIVIDENDS

SHREE KRISHNA GYANODAY SUGAR LTD. Twenty-seventh Annual General Meeting, Calcutta, 13th February 1962. Dividend: Re. 1.00 per ordinary share, subject to deduction of tax. Transfer books remain closed from 6th to 13th February 1962, both days inclusive.

ASSOCIATED BATTERY MAKERS (EASTERN) LTD. Annual General Meeting, Calcutta, 20th February 1962. Dividend: 15 per cent or Re. 1.50 per share, subject to deduction of tax. Transfer books remain closed from 6th to 20th February 1962, both days inclusive.

BHOPAL SUGAR INDUSTRIES LTD. Annual General Meeting, Sehore (Madhya Pradesh), 22nd February 1962. Dividend: 15 per cent or Re. 1.50 per ordinary share, subject to deduction of tax, payable on and after 1st April 1962. Transfer books will remain closed from 11th to 24th February 1962, both days inclusive.

VOLTAS LTD. Annual General Meeting, Bombay, 26th February 1962. Dividend: 14 per cent or Rs. 14.00 per share, subject to deduction of tax, payable on and after 5th March 1962. Transfer books were closed from 16th January to 5th February 1962, both days inclusive.

BOMBAY OXYGEN CORPORATION LTD. First Annual General Meeting, Bombay, 27th February 1962.

ANGELO BROTHERS LTD. Fifty-fifth Annual General Meeting, Calcutta, 27th February 1962. Dividend: 22½ per cent or Rs. 2.25 per ordinary share (includes a bonus of 10 per cent or Re. 1.00 per share), subject to deduction of tax. Transfer books will remain closed from 12th to 27th February 1962, both days inclusive.

STATE BANK OF INDIA LTD. Seventh Annual General Meeting, Bombay, 27th February 1962.

ELGIN MILLS CO., LTD. Annual General Meeting, Kanpur, U.P., 28th February 1962. Dividend: Re. 1.75 per share, on ordinary and vendors shares, subject to deduction of tax. Transfer books remain closed from 8th to 28th February 1962, both days inclusive.

SOUTH KARANPURA COLLIERIES LTD. Annual General Meeting, Calcutta, 28th February 1962. Dividend: *Nil*. Transfer books will remain closed from 16th to 28th February 1962, both days inclusive.

SHREE CHANGDEO SUGAR MILLS LTD. Annual General Meeting, Bombay, 2nd March 1962. Dividend: 20 per cent or Rs. 2.50 per share, subject to deduction of tax, payable on and after 1st April 1962. Transfer books will remain closed from 13th February to 2nd March 1962, both days inclusive.

BARODA RAYON CORPORATION LTD. Third Annual General Meeting, Udhna (Surat), 10th March 1962. Dividend: *Nil*. Transfer books will remain closed from 12th February to 10th March 1962, both days inclusive.

INDIAN WOOD PRODUCTS CO., LTD. Taxable final dividend of 20 per cent or Rs. 2.00 per share (this makes a total dividend of 30 per cent Rs. 3.00 per share for the year along with interim dividend of 10 per cent or Re. 1.00 per share), for the year ended 30th September 1961.

EASTERN INVESTMENTS LTD. Taxable ordinary dividend of 14 per cent or Rs. 14.00 per share, for the year ended 31st December 1961.

ASHOK LEYLAND LTD. Taxable dividend of 6 per cent for the nine months ended 30th September 1961. The Company has changed the accounting year from December to September. Transfer books will remain closed from 16th February to 9th March 1962, both days inclusive.

T. STANES & CO., LTD. Taxable interim dividend of 12½ per cent or Re. 1.25 per ordinary share, for the year ending 31st March 1962. Transfer books will remain closed from 10th to 19th March 1962, both days inclusive.

UNITED NILGIRI TEA ESTATES CO., LTD. Taxable interim dividend of 7½ per cent or Re. 0.75 per ordinary share, for the year ending 31st March 1962. Transfer books will remain closed from 1st to 10th March 1962, both days inclusive.

INDIAN BANK LTD. Taxable final dividend of 7½ per cent or Rs. 7.50 per share (includes a bonus of 2½ per cent, Rs. 2.50 per share), for the year ended 31st December 1961. This makes a total dividend of 15 per cent or Rs. 15.00 per share, for the year 1961.

MADURA MILLS LTD. Taxable dividend of 15 per cent or Rs. 2.25 per share, for the year ended 31st December 1961. The dividend for 1960 was also 15 per cent.

CANARA BANK LTD. Taxable dividend of 15 per cent or Rs. 7.50 per share (15 per cent for 1960), for the year ended 31st December 1961.

TATA CHEMICALS

Tata Chemicals Ltd. has received the consent of the Controller of Capital Issues to issue 503,920 equity shares of Rs. 10 each, for cash at a premium of 50 nP per share, to the existing shareholders of the Company in the ratio of one new share for every five shares held; and 5,000—6¼ per cent (taxable) 'A' mortgage debentures of Rs. 1,000 each, for cash, at par privately, including to the existing shareholders. The debentures will be payable to the registered holders only.

SYNOPSES OF COMPANY REPORTS

Shree Changdeo Sugar Mills Ltd.

(*Managing Agents*: Messrs. A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd., Bombay.)

22nd *Annual General Meeting*—2nd March 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Sales (sugar and molasses)	1,17,55	1,10,27
Closing stock	64,00	33,08
Excise duty and cane cess	38,70	37,14
Gross profit	27,45	24,81
Transfer to Managing Agents' remuneration	1,58	1,38
,, ,, depreciation	2,78	3,43
,, ,, taxation	9,90	7,35
Net profit	13,19	12,65
Adjustments	62	2,29*
Appropriations:		
Total available balance	13,81	14,94
Transfer to general reserve	5,26	1,50
,, ,, development rebate	8	57
To short provision for taxation (for 1958-59)	Nil	4,76
Proposed dividend (taxable) equity	7,50	7,50
	(20%)	(20%)
Carried forward	96	62

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

* This includes Rs. 21,824.81 being refund of tax for the assessment year 1950-51.

Extracts from the Directors' report: The factory started crushing on 8th November 1960 and ended on 24th April 1961. The year under report shows an improvement in all the departments. Cane crushing increased from 99,017 tonnes of last year to 1,20,987 and the factory produced 1,41,145 bags of sugar as against 1,11,717 produced last year. The Company's cane supplies were well maintained and the factory obtained 76,590 tons (58,817), from the members under the Company's scheme and other cultivators and 44,398 tons (40,200) from own farms. The average yield from farms improved from 42.20 tons per acre to 45.27 tons per acre and the average recovery of sugar from cane rose from 11.40 per cent of last year to 11.62 per cent. The working of the plants was more efficient as the Company's stoppages for machinery breakdown were considerably reduced and production of bolder grain sugar also increased.

The Company has raised a sum of Rs. 10,00,000 by issuing debentures to the Life Insurance Corporation, which amount was received after the close of the year.

Current Season: The Company's farm crops this year seem to be in a better condition and yields would have been even higher if it had received adequate rainfall. There were some late heavy rains in October, which had a beneficial effect on the cane. Upto 7th January 1962 the Company has crushed 53,980 tons and has produced 57,925 bags.

The production for the current season will be lower than last year as the Company is restricted by the Sugar (Regulation of Production) Act, 1961 through which factories have been asked to produce 10 per cent less than last year. Under the circumstance, the factory's production has been fixed provisionally at 12,881 tons.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	37,50,000	Gross block	89,49,268
Reserves and surplus	25,44,361	—Depreciation	64,04,061
Other liabilities	85,16,824		
		Net block	24,55,202
		Block in progress	31,632
		Current assets	1,10,25,506
		Investments	12,95,499
		Cash	2,346
	Rs. 1,48,11,185		Rs. 1,48,11,185

* Paid-up capital consists of 3,00,000 ordinary shares of Rs. 12.50 each.

Bhopal Sugar Industries Ltd.

(*Managing Agents*: Messrs. A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.)

18th *Annual General Meeting*—**22nd February 1962.**

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Sale of sugar	84,92	60,85
Closing stock of sugar	38,37	33,67
Sale of molasses	38	86
Closing stock of molasses	14	1
Sugar excise duty and cess on cane	23,76	24,25
Gross profit	7,41	14,09
Transfer to Managing Agents' remuneration	50	1,24
,, ,, depreciation	2,48	2,01
,, ,, taxation	1,25	4,50
Net profit	3,18	6,94
Adjustments	1,47*	7
Appropriations:		
Total available balance	4,65	7,01
Transfer to development rebate reserve	38	Nil
,, ,, general reserve	Nil	1,50
,, ,, unclaimed dividend reserve	2	1
To sugarcane purchase tax (1959-60)	15	Nil
Proposed dividends (taxable) 5% T.F.R.O. preference	96†	63
,, ,, ordinary	2,62	2,94
	(15%)	(22½%)
Carried forward	2	93

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

* This includes Rs. 2,002 transferred from unclaimed dividend account; Rs. 50,000 transferred from dividend equalisation revenue account and Rs. 1,115 being final realisation from Indian Sugar Mills Association in respect of 1957-58 and 1958-59 export sales.

† Preference dividend is calculated at Rs. 6.33 per share and includes additional dividend for the year ended 30th September 1960 at Re. 1.33 per share.

Extracts from the Directors' report: The recovery of sugar from cane fell from 10.11 per cent to 9.16 per cent this year. Although the factory crushed 96,695 tonnes (72,608) or 33.19 per cent more, it produced only 87,623 bags or 19.5 per cent more than the previous year. There was a longer crushing season of 112 days (99) but unfortunately the quality of cane was unsatisfactory, as the crops did not receive adequate water due to insufficient rains.

The Company also suffered heavy losses through exports. The Government of India increased our export quota from 1,515 bags to 8,063 bags and this Company suffered a loss of Rs. 2,23,340 against Rs. 81,450 in the previous year. Out of our quota 6,090 bags were exported to the U.S.A. and realised Rs. 64.49 per bag against Rs. 27 per bag on exports to other countries. The amount is subject to final adjustment from Indian Sugar Mills Association.

Current Season: On account of better monsoon this year, the condition of the crop has improved considerably, so the Company can hope for a better recovery than what it had last year. The Government of India promulgated an Ordinance by which the factories had been asked to produce 10 per cent less this season. However, as this factory falls below the minimum permissible production, its production will not be affected and it shall be allowed to manufacture the same quantity as it did last year, i.e. 8,762.9 tonnes.

Meanwhile, the Company is carrying out the expansion of its plant from 750 to 1,250 tons crushing per day. The Company has during the year purchased a new Pan of 30 tons capacity from Messrs. Protos Engineering Co. Ltd. which is being installed. It has also placed further orders for 3 bodies of quadruples and for a multi-jet spray condensor which should be available by next season. With this machinery it is hoped to produce a better and larger grain of sugar than in the past. The Company has erected three second-hand centrifugal machineries and a new *Economiser* which will not only save fuel but also give more steam.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	53,19,384
Reserves and surplus	17,09,851	—Depreciation	31,84,793
Other liabilities	40,18,598		
		Net block	21,34,591
		Petrol pump and live stock	7,334
		Block in progress	2,36,440
		Current assets	62,25,440
		Investments	54,030
		Cash	69,714
	Rs. 87,28,449		Rs. 87,28,449

* Paid-up capital consists of 12,500 five per cent. tax-free redeemable cumulative preference shares of Rs. 100 each fully paid (redeemable at the option of the Company after 7th January 1970 upon six months' notice) and 1,75,000 equity shares of Rs. 10 each fully paid.

Bombay Oxygen Corporation Ltd.

(*Managing Agents*: Messrs. Ruia Chinai & Co. Private Ltd., Bombay.)

First Annual General Meeting—27th February 1962.

Extracts from the Directors' report for the period from 3rd October 1960 to 31st December 1961:—

Incorporation of the Company: The Company was incorporated on 3rd October 1960. 1,50,000 Equity Shares of Rs. 100 each had been issued. Out of this 73,500 Equity shares of Rs. 100 each were offered to the public for subscription at par. The Directors have pleasure in reporting that the issue was oversubscribed.

Accounts: It will be observed that a sum of Rs. 3,44,826 has been transferred from the profit and loss account to the "Expenses During Construction Account" and is shown in the balance sheet. Profit and loss account shows a surplus of Rs. 1,12,662 after providing Rs. 98,400 for taxation. The directors recommend that this surplus be carried forward to next year's account.

Progress of Project: Two Oxygen producing plants are received and the balance two have been shipped and are expected by the end of the month. The Acetylene plant will be shipped during this quarter. The electrical equipments and steel fabrication for the plants are ordered locally.

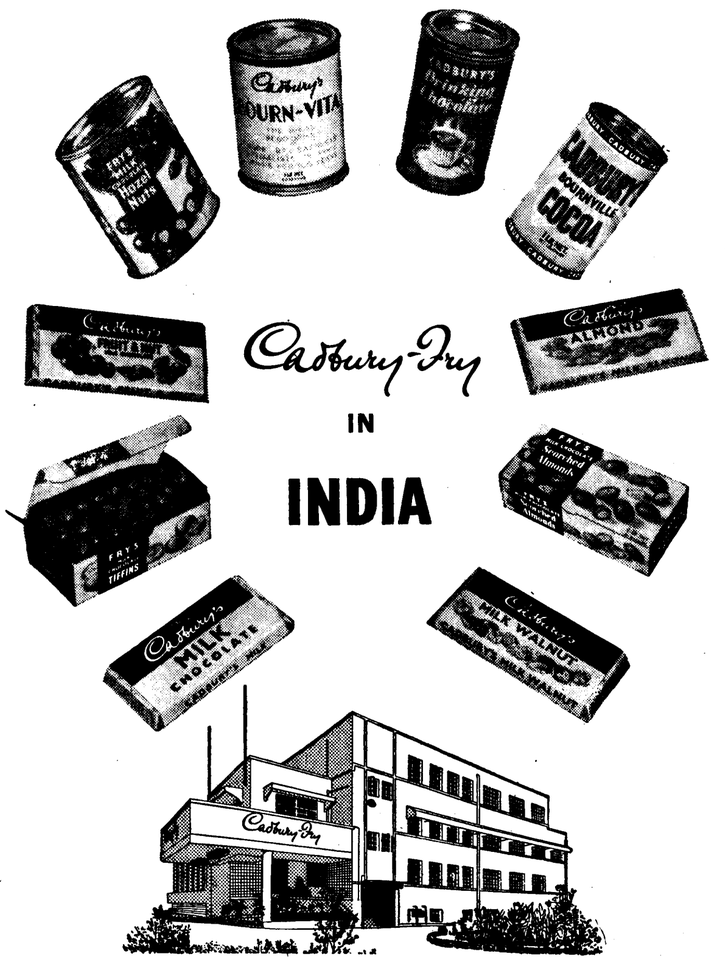
The Company has taken possession of the land at Nahur allotted to it by the Government of Maharashtra. The land measuring about 4 acres will be sufficient for the present for the four Oxygen plants. Contract for the construction of the building for the plants has been given and the work is in progress. It is expected that the contractors will be able to erect the buildings within six months as provided for in terms of the contract.

Managing Agents: With the approval of the Central Government, Messrs. Ruia Chinai & Co. Private Limited, Bombay have been appointed as the managing agents of the Company for a term of ten years commencing from 10th February 1961.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	75,20,000	Block	12,29,816
Reserves and surplus	1,12,662	Block (expenses)	5,792
Other liabilities	5,75,752	Current assets	12,63,829
		Cash	51,57,447
		Expenses during construction	3,44,826
		Miscellaneous expenditure	2,06,704
	Rs. 82,08,414		Rs. 82,08,414

* Paid-up capital consists of 400 equity shares of Rs. 100 each fully paid up and 1,49,600 equity shares of Rs. 100 each, Rs. 50 per share called up.



ENGINEERING

(*Concluded from page 249*)

Besides these, in the field of solvent extraction plant, 8 units have been licensed for the manufacture and supply of continuous type of solvent extraction plants with an aggregate capacity of 40 to 45 complete plants per year, which, in terms of value, will be equivalent to Rs. 4 crores per year. Most of these firms have already commenced manufacture and have also delivered a number of complete plants. Furthermore, in the public sector it has already been decided to set up one heavy plate and vessel works with a capacity of 40,000 tons per year and an actual turnover of 30,000 tons of machinery by 1965-66. In terms of value, this production will be worth approximately Rs. 6 crores. It is expected that a second plate and vessel works will also be established in the public sector besides the one mentioned above during the third Plan period—although this might come up a little later after the first unit.

Power Driven Pumps

The production of power driven pumps since 1956 has been as follows:

	Nos.
1956	46,881
1958	75,656
1959	85,067
1960	104,329
1961	114,565

A number of firms has increased the range of their production by undertaking the manufacture of bigger sizes. The largest size that is now being manufactured is one having 24" delivery diameter. Some of the firms which have come into the field have also undertaken the manufacture of specialised pumps, such as submersible type of pumps, petrol dispensing pumps, pumps requiring fractional horse power for their operation and pumps required for sugar, paper and cement industries, multi-stage and axial flow pumps.

Diesel Engines

A significant development of the industry is that the industrial offtake for the engines (for use on road rollers, air compressors, stone crushers, etc.) has been gaining momentum against the background that engine production prior to 1955 was entirely for agricultural use only. The first prototype of the 200 h.p. engine has already been developed in one of the indigenous establishments and regular production of this type is likely to commence by this year. It is hoped that this would be extended to engines upto 650 h.p. by the middle of 1962.

Printing Machinery

So far only one firm, namely, Britannia Engineering Co., Titagurh, has started manufacture of flat bed machines in collaboration with Messrs. Dawson, Payne and Elliott, U.K. Their licensed capacity for the manufacture of these machines is 240 Nos. per year, valued at Rs. 77 lakhs. Few more schemes for the manufacture of printing machinery, such as rotary presses, proof presses, platen presses and cylinder machines and stereotype equipment from (*a*) Messrs. Ramakrishan Machinery Corporation, Coimbatore, (*b*) Printers House Pvt. Ltd., New Delhi, (*c*) Oriental Electric & Engineering Co., Calcutta, and (*d*) Sahu Jain Ltd., Calcutta, for a total capacity of 1,088 Nos. have been approved by the Government. In Government's opinion there is still much to be done in the field of printing machinery, particularly for rotary presses and platen presses.

Dairy Machinery

The target of capacity for dairy machinery during the third Plan period has been fixed at Rs. 2.5 crores per year. Four firms, namely, Messrs. Larsen & Toubro Ltd., Bombay, Messrs. Alfa Lava (India) Ltd., Bombay, Messrs. Vulcan Trading Co., Ltd., Bombay, and Messrs. A. P. V. Engineering Co., Ltd., Calcutta, have been recently licensed to manufacture a wide range of dairy machinery. The total licensed capacity of these firms would be of the order of Rs. 2.57 crores. More schemes are coming in.

Gear Industry

At present there are two firms, namely, Messrs. Deepak Industries Ltd., Calcutta, and David Brown Greaves Co., Ltd., Bombay, which are manufacturing worm reduction gears. Their licensed capacity is for 1,800 and 2,900 units, respectively, per annum (valued approximately Rs. 18 lakhs and Rs. 26 lakhs, respectively). The former firm has recently been licensed to increase the capacity by another 4,200 Nos. per annum (Rs. 42 lakhs approximately). Five more schemes for the manufacture of worm, spur, bevel, helical and P.I.V. reduction gears by (*a*) Messrs. Essential Engineering Co., Bombay, (*b*) Messrs. Communication and Power Equipment Company, Bombay, (*c*) Messrs. Indian Standard Metal Co., Ltd., Bombay, (*d*) Messrs. Elecon Engineeriny Co. (P) Ltd., Gujarat, and (*e*) Messrs. Mcneill & Barry Ltd., Calcutta, have also recently been approved. There is still scope for a Central Gear Cutting Project for the manufacture of all types of gears from 14" to 60" and above.

Building and Construction Machinery

The industry has already made very rapid progress and more and more schemes are progressively being licensed. At present, there are 23 units licensed under the Industries (Development and Regulation) Act, with an aggregate capacity of Rs. 6.31 crores worth of machinery per year, out of which a fairly large number of units are already in production. The principal items of machinery for which they have been licensed are stone cusher, concrete mixer, concrete vibrators, asphalt mixer, roller pan mixer, bitumen boilers, weight batcher, pressurised concrete equipment, bitumen pressure distributors, continuous hot mix plants, etc.

Tea Processing Machinery

In the field of tea processing machinery manufacture, our country is at present, more or less, self-sufficient, inasmuch as import of tea machinery is practically nil. There are at present 16 units licensed for the manufacture and all of them, except one which is very newly licensed, have gone into production. It may be of interest to state in this connection that not only the country produces practically the entire range of tea processing machinery but also their quality is deemed to be very good. One of the licensed units is also producing a special type of tea roller which has been designed and patented by the Indian Tea Association.

Machine Tools

The machine tool industry has made great progress in the past few years. The production of machine tools which was Rs. 1.5 crore in 1956 increased to Rs. 10 crores in 1960. Production in 1961 has shown a further rise and is estimated to be of the order of Rs. 12 crores. Simultaneously the demand for machine tools has also increased considerably due to rapid industrialisation going on in the country. As a result of this, the import of machine tools has also gone up despite increased indigenous production. The major contribution towards increase in the machine tool output during 1961 has been that of Messrs. Hindustan Machine Tools, Bangalore. It has doubled, during 1961, its manufacturing capacity to 2,000 machine tools per year. Plans for the expansion of Praga Tools Corporation, Hyderabad, another public sector unit, have also been finalised. This firm is setting up a new machine tool unit with Polish collaboration. Messrs. Kirloskar Bros. have commenced manufacture of Vertical Turret Lathes. Messrs. Godrej & Boyce are manufacturing Power Presses and Press Brakes of their own design. In addition to these units, a large number of new units have been licensed during 1960-61 to undertake the manufacture of diversified types of machine tools. This has been possible as a result of the liberal licensing policy. In the private sector, the largest manufacturers, Messrs. Mysore Kirloskar Ltd., have embarked upon an expansion programme. The other two major units, Messrs. Investa and Messrs. Cooper, have set up new machine tool units at Chinchwad during 1961. In addition to the three major units mentioned above, other fresh entrants in this field have been Messrs. Godrej Ex-Cell-O India Ltd., Messrs. Kirloskar Bros Ltd. and Messrs. Godrej and Boyce Ltd. In order to make the country more and more independent of imports, the Government has also decided to set up a Heavy Machine Tool Plant in the public sector.

Compressors

So far, about 12 firms have been approved for the manufacture of compressors upto 500 cfts. capacity; of these, 7 firms are for the manufacture of small compressors upto 100 cft. and the rest for those above 100 cft. capacity. Eight firms have been in production during the course of 1961 and the remaining are expected to go into production by the end of 1962. Besides the above types of compressors, which would meet most of the types required in the country, there are also heavy duty compressors which are required for use in petro-chemical industries, fertiliser and iron and steel plants and large industrial undertakings. The requirements of these types of compressors are estimated to be of the order of Rs. 2.5 to 3 crores in value per annum.

Industrial Flour Mill Machinery

Roller Flour Mills are necessary to produce *maida* and *sooji*, which cannot be manufactured by the domestic type of flour mills. At present, only one party has been licensed to produce six numbers of flour milling plants in the country. Accordingly, there is stated to be good scope to create further capacity in this field.

Ceramics and Refractory Machinery

At present, there is very meagre capacity in the country for the manufacture of ceramic machinery. The scheme of Messrs. Shri Badri Narain, Patna, has been licensed for the manufacture of various types of ceramic machinery worth Rs. 40 lakhs per annum. In view of the huge estimated demand (Rs. 30 crores worth), it is considered that there is very good scope for establishing new capacity in the field.

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G. D. BIRLA, Chairman — S. T. SADASIVAN, General Manager

Rayon Plants

Recently, three schemes have been licensed by the Government for the manufacture of complete rayon plants. The entrepreneurs are Gwalior Rayon, Rasiklal Jiwanlal Chinai and Swadeshi Cotton Mills. These units are licensed for an aggregate capacity of three continuous filament rayon plants per year, which in terms of value will be equivalent to Rs. 6 crores per year approximately.

Weighing Machines

Substantial progress has already been achieved in the field of manufacture of weighing machines in the country, in as much as beam scales upto 72" size, platform scales upto 2 ton capacity and weighbridge upto 500 tons capacity are already being produced and their import on quota basis is banned.

Locomotives, Wagons and Railway Equipment

The T.E.L.Co. produced 104 metre-gauge steam locomotives in 1959-60 and the Chittaranjan Works 170 broad-gauge locomotives in that year. The requirement of steam locomotives is falling and the Railway Board has arranged with T.E.L.Co. for the manufacture of 350 metre-gauge locomotives only during the third Five-year Plan period. The third Plan programme for Chittaranjan has not yet been fixed, but being planned. There is a programme of manufacture for complete electric traction locomotives at Chittaranjan, obtaining their electrical requirements from the Heavy Electricals Ltd., Bhopal. Proposals for the manufacture of diesel locomotives are under Government's consideration. Project reports have already been received from three leading Indian concerns which are prepared to manufacture diesel locomotives in collaboration with foreign firms.

At present, there are 13 firms manufacturing wagons of all types with an annual installed capacity of 187,900 tons, namely, 23,500 Nos. in terms of 4-wheelers. These more firms, Messrs. Britannia Engineering Company, Ltd., Mokana, Messrs. Modern Industries, Sahibabad and Messrs. Britannia Building Iron Company, Calcutta, are expected to come into production.

The Integral Coach Factory, Perambur, has been manufacturing broad-gauge/metre-gauge passenger coaches at the rate of 200 per year, which has just been stepped up to 400 coaches per year.

There are about 20 mechanical manufacturing firms producing items of railway stores and equipment. The percentage of imported stores to the total purchases made by the Railway Board has now come down to 25 per cent.

Conveyors and Other Material Handling Equipment

Conveyors of different types are being manufactured indigenously by about 14 firms which have been approved for this. These are generally manufactured against specific orders. At present there are five units manufacturing conveyor belting with an annual capacity of approximately 2,429 tonnes. Three more units have recently been licensed for 1,560 tonnes.

Steel Plant Machinery

The Heavy Machine Building Project being set up at Hatia (Ranchi) will have a capacity of 80,000 tons of machinery per year in two stages with a first stage of 15,000 tons. This plant is being planned to produce machinery and equipment primarily for the iron and steel industry, besides possessing adequate capacity to meet also the requirements of mineral oil industry and manufacture of general engineering items like heavy cranes, excavators, oil drilling rigs, crushing and grinding equipment press and forge equipment, etc. This plant is expected to be completed by December 1964.

A.V.B. WORKSHOPS INAUGURATED

(*Concluded from page 247*)

calls for vast experience, careful analysis and the employment of special designs to obtain the maximum economy and performance, as well as excellent manufacturing facilities.

A.V.B. offers all these to world standards. The industrialist can rely on A.V.B. to supply a fully integrated installation, comprising the steam-raising plant itself and a wide range of equipment from the fuel handling and preparation plant to the dust handling and ash disposal plant. He can also be confident of obtaining the finest after-sales service.

Under the third Five-year Plan, the installed power generation capacity in the country is proposed to be stepped up from 5.8 million kw. to 12.8 million kw. A substantial portion of this additional power is proposed to be obtained by installing thermal plant for which the Government have set a target of Rs. 35 crores of equipment per year by 1966.

In this field also A.V.B. can draw on the vast technical knowledge of its British partners and the manufacturing resources available in its own shops to supply the finest equipment.

It will thus be seen that the importance of A.V.B. to the country is tremendous and far-reaching. By providing in India the world's finest facilities for the manufacture of machinery or cement-making, mining and industrial steam raising, this new enterprise will make possible the expansion of several Indian industries through the years to come, starting from this memorable week, when history has been made in the heaven following the conjunction of eight planets.

MONEY RATES UNCHANGED

(*From Our Own Correspondent*)

BOMBAY, 7*th February*

Conditions in the money market are rather stringent. Demand for funds has increased further, whereas the supply has not only not improved but actually shrunk. Consequently, borrowers are finding it difficult to obtain their credit requirements fully. It is reported that several banks continue to borrow from the Reserve Bank. There has, however, been no change in inter-bank rate which stands at 4½ per cent, as well as in the short-term money rates. The latter rates are:

	Per cent
Notice money from public:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days (inclusive) ...	3½
(iii) 61 to 90 days	3½
(iv) 91 days and over but less than 12 months	3½
(v) 12 months	4

While money rates are unchanged thus, the 91-days' Central Treasury Bill rate has increased further from 2.525 per cent to 2.540 per cent per annum. The increase has occurred, though the amount tendered was equal to that invited, that is, Rs. 2 crores. For the next week also, tenders for a like amount are invited. The 91-days' Intermediate Treasury Bills sold during the period 31st January to 3rd February amounted to Rs. 12.75 lakhs, as against Rs. 5.00 lakhs in the previous week. Their sales are being continued at the same rate of 2.456 per cent per annum.

There was a rise of Rs. 13.08 crores in notes in circulation during the week ended 2nd February 1962, in contrast to a drop of Rs. 4.99 crores in the week preceding it. But the notes held in the Banking Department declined by Rs. 13.59 crores, so that the total notes issued were lower by just Rs. 51.57 lakhs.

The foreign assets held by the Reserve Bank were slightly higher at Rs. 138.02 crores, as against Rs. 137.83 crores a week before. The entire rise was accounted for by balances held abroad (in the Banking Department) which rose from Rs. 10.97 crores to Rs. 11.16 crores, while the rupee securities held in the Issue Department were unchanged at Rs. 126.86 crores.

The other changes in the Banking Department of the Reserve Bank as shown by the statement for the week ended 2nd February 1962 are a drop in deposits of Central Government (Rs. 57.31 lakhs), other Governments (Rs. 154.70 lakhs) and banks (Rs. 441.00 lakhs), a decline of Rs. 88.90 lakhs in bills payable, a rise of Rs. 43.51 lakhs in deposits of others and an increase of Rs. 118.90 lakhs in other liabilities. On the assets side, cash declined by Rs. 13.59 crores, loans and advances by Rs. 3.65 lakhs, and investments by Rs. 105.27 lakhs, while other loans and advances went up by Rs. 9.83 crores, advances to scheduled banks against usance bills alone rising by Rs. 7.48 crores.

A further increase of Rs. 8.76 crores to Rs. 1,998.57 crores in deposits is disclosed by the scheduled banks' statement of affairs for the week ended 26th January 1962. Inter-bank borrowings, however, have gone down by Rs. 5.17 crores. Bank credit has increased by Rs. 6.45 crores, bringing the total to Rs. 1,315.45 crores. Investments have also increased by Rs. 7.86 crores, borrowings from Reserve Bank by Rs. 1.08 crore and total cash by Rs. 11.88 lakhs, whereas money at call and short notice has declined again by Rs. 3.77 crores.

Of the rise of Rs. 8.76 crores in the deposits of scheduled banks, the share of the State Bank alone was of the order of Rs. 2.77 crores. Investments of this institution rose by Rs. 8.20 crores and advances by Rs. 1.52 crore, while cash declined by Rs. 3.89 crores and other assets by Rs. 2.45 crores.

The gilt-edged market is ruling quiet. The quotations for all Central Government securities are same as those prevailing a week ago, excepting 3½ per cent 1974 which has lost 5 nP to Rs. 99.45. 3 per cent 1970-75 is done at Rs. 90.10, 3½ per cent 1966 at Rs. 99.60 and 4 per cent 1972 at Rs. 100.30. Among State loans, 4 per cent 1963 Madras, Bihar, Hyderabad and Madhya Bharat loans have risen by 25 nP each and Madhya Pradesh by 35 nP. But 4½ per cent 1972 Uttar Pradesh has softened by 25 nP. 4 per cent 1967 Madras has also eased by 10 nP. The Reserve Bank of India has announced two dates (8th and 16th February) for the presentation of Government promissory notes of the loans the interest on which falls due for payment during February and March 1962.

Both the banks' selling rate and their buying rate for spot T.T. in the foreign exchange market have suffered a further fall of 25 nP this week, the former to Rs. 475.75 and the latter to Rs. 472.25. Abroad, the pound sterling has firmed up *vis-a-vis* the dollar and the Continental currencies. In the New York market, spot sterling is currently quoted at 281.370-281.400 cents, as against 281.240-281.270 cents, a week ago, and three months' forward at 279.580-279.610 cents, as against 279.480-279.510 cents.

GOOD CLEARANCE IN HIDES AND SKINS

(*From Our Own Correspondent*)

MADRAS, 5*th February*

There was no material change in the local hides and skins market last week. Clearance of stocks in the inland trade was good. Arrivals of buffalo and cow calf met with ready sales at firm prices, as the quantities were small. Export demand for cow hides were meagre due to the price resistance of importers. Shippers were unable to meet the overseas asking levels, thanks to the firmness in the raw centres in North India.

In the tanned skins section, prices of goat skins ruled firm. Here also, E.I. tanners are unable to buy raw stocks economically and produce tanned merchandise at export levels. Competition in the primary raw stock centres between tanners and exporters of raw skins is fierce. Demand for tanned sheep skins was slow and shipment business was poor. Tanners have been offering lower prices to attract business but importers seem to wait for prices to decline further and do not give a chance to the shippers to book business by making reasonable counter-bids.

In the tanned skins London public sales last week, good parcels of goat skins, which were not many, realised current c.i.f. prices; other sorts fetched lower prices. Demand for tanned sheep skins was indifferent and clearance was meagre.

Shipments during January last were 1,101 bales tanned cow hides, 150 cow calf, 2 buff hides, 438 buff calf, 252 goat skins and 252 sheep skins to U.K. ports; 43 cow hides, 4 cow calf, 29 buff calf, 557 goat skins, 207 sheep skins to the Continental ports; 1 cow hide, 22 buff hides, 133 buff calf, 150 goat skins, 1 sheep skin to U.S.A. ports and 5 goat skins and 115 sheep skins to Japan. It will be noted that the volume of shipments in most sections has been well below the average during last year.

BULLION DULL

(*From Our Own Correspondent*)

BOMBAY, 7*th February*

The bullion market put on a dull appearance during the major part of the week under review. Fresh business was restricted and values moved narrowly. The daily average offtake continued to be low, being 4,400 tolas of gold (5,000 tolas in the previous week) and 6 bars of silver (same as last week), while arrivals were quite large—6,800 tolas (6,800 tolas last year) and 26 bars (same), respectively. Early in the week, the market tended to move up on rumours that stricter vigilance would be exercised to check smuggling. A leading Calcutta operator was reported to have lent good support. The rise gathered momentum on Monday, thanks to the seizure of about 1,400 tolas of gold at Dum Dum airport (Calcutta) and buying by option dealers. Further, some parties who had sold short in anticipation of lower prices were obliged to square-up at advancing rates. Yesterday, however, the market developed a sagging tendency on reports that offtake at consuming centres was poor. There was also unloading by some tired bulls. Today, gold was quietly steady due to scattered short-covering, while silver encountered selling on reports of heavy arrivals.

The adjustment rates fixed today were Rs. 119.40 per 10 grams of gold and Rs. 212.60 per kilogram. The corresponding rates for Wednesday last week were Rs. 118.50 and Rs. 212.40, respectively.

More than 200,000 tolas of gold worth about Rs. 2.8 crores were seized by the Customs and Central Excise staff during the calendar year 1961, according to an official Press release. The quantity seized in 1960 is put at 93,000 tolas valued at Rs. 1.2 crore.

In gold, the *Fagun* (March) settlement advanced from Rs. 119.70 last week-end to Rs. 120.85 on Monday the 5th inst. After declining to Rs. 119.90 yesterday, the settlement recovered to Rs. 120.45 today before finishing at Rs. 120.40.

Ready gold began the week at Rs. 118.75, same as the previous close, and, after rising to Rs. 120.05, drifted lower to Rs. 119.25 today. The closing was Rs. 119.65 at which rate the discount under the forward was 75 nP, as against 95 nP on Wednesday last week.

The *Fagan* (March) settlement in silver improved from Rs. 213.90 to Rs. 214.60 on Monday the 5th inst. Subsequently, the settlement eased and touched Rs. 213.70 yesterday. After rising again to Rs. 214 today, it finished at Rs. 213.90.

Ready silver continued to be at a discount under the forward, though the actual discount declined from Re. 1.50 to Re. 1.30. The spot rate rallied from Rs. 212.40 to Rs. 213.10 yesterday and, after easing to Rs. 212.40 today, it closed at Rs. 212.60.

The world price of gold in the London bullion market softened from $35.16.3/8 to $35.16.1/8 per fine ounce. This sterling price also decreased from 250s. 1½d. to 249s. 11½d. Ready and forward silver shed 1d. each to 86½d. and 87½d., respectively. Silver in New York, however, was unchanged at 103.75 cents.

The following table shows the trend of prices during the week under review:

	7-2-62 (closing)	High	Low	31-1-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	119.65	120.05	117.95	118.75
Forward: *Fagun**	120.40	120.80	118.75	119.70
Sovereign	96.50	97.00	96.50	97.00
SILVER				
Ready (.996 fine)	212.60	218.10	211.80	212.40
Forward: *Fagun*†	213.90	214.60	213 80	213.90
London—				
Silver Ready	86½d.	—	—	86½d.
Silver Forward	87½d.	—	—	87½d.
Gold	249s.11½d.	250s. 1½d.	249s.11½d.	250s.1½d.
New York—				
Silver	103.75 cents	—	—	103.75 cents

* 22nd March settlement. † 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES STEADY

(*From Our Own Correspondent*)

BOMBAY, 7*th February*

Listless conditions continued to prevail in the cotton futures market during the week under review. Business done was mainly of a jobbing nature. Prices, however, ruled steady. The Jarilla March contract, which had closed at Rs. 688 last week-end, fluctuated between Rs. 688 and Rs. 690 and finished at Rs. 689.50 today. The commencement of new crop movement from Gujarat had no adverse repercussions on the Bombay market as the effect of this was more than offset by the receding prospects for getting U.S. cotton in the context of a fall in indigenous production and rising mill demand. In fact, some operators were doubtful whether the Government would at all succeed in getting P.L. 480 allocation for any substantial quantity of U.S. cotton. They also wondered whether the supply position of cotton being what it is, the Forward Markets Commission would give permission for trading in the next settlement.

Operators noted the statement made by Mr. K. C. Reddy, the Union Minister for Commerce and Industry, at Surat on the 1st inst., that the ceiling prices for cotton would not be revised in the middle of the season but that the question would be considered at the time of the formulation of the cotton policy for the 1962-63 season.

In the spot market at Sewri, there was sustained mill buying in such popular varieties as Co2, L.147, 197/3, Vijay, Digvijay, Kalyan and Surti early in the week. But towards the close of the week, attention of spinners turned to upcountry markets. Nevertheless, prices ruled firm. About 26,000 oales of Vijay cotton are reported to have arrived at terminal markets till last week-end. Crop movements from Kalyan, Wagad and Kalagin areas are expected to begin shortly.

In the import section, since the possibility of getting U.S. cotton in sufficient quantities remains uncertain, mills were eager buyers of all available lots of foreign cotton. Latest reports indicate that further efforts are being made to secure U.S. cotton if not under P.L. 480, at least under deferred payment or barter deals. Sudan cotton was very much in demand. The announcement by Sudanese authorities that there will be no change in the rate of export duty on cotton during the current season has removed the uncertainty about the export duty which had made mills reluctant to enter into large commitments.

Selected Egyptian varieties were in demand. East African cotton also attracted attention. The Uganda Lint Marketing Board has advised shippers to settle the outstanding commitments for new crop East African cotton in view of the drastic downward revision on the crop estimate.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri: Bengal *Deshi* 680; Ganganagar 751; Khamgaon 980; Vijay 1,070; B.P. 52. 1,370; Busoga (UNUG) 1,400; Sudan XG5S 1,420; G5S 1,381; Egyptian Menoufi 1,825; Karnak 151 1,870; American 1,275.

Karachi cotton futures market ruled firm during the week under review. The March contract continued to attract good buying support and rose from Rs. 82.05 last week-end to Rs. 82.65. The May contract firmed up from Rs. 79.50 to Rs. 80.19.

Liverpool cotton futures market was subdued during the week. Business was small and price movement narrow, reflecting lack of demand from local spinners owing to the continued lethargy in the yarn and piecegoods market and absence of outside interest. Both the American and American type contracts receded in routine dealings. Sudan cotton contracts in Liverpool also eased, thanks to lower advices from Khartoum. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: March 24.50; May 24.85; July 24.95; October 24.50.

American cotton mixed growth contract: March 24.90; May 25.25; July 25.35; October 24.90.

Sudan: March, May, July 31.75.

Listless conditions prevailed in the New York cotton futures market during the week. Buying interest was lacking in view of the absence of any encouraging developments. The uncertainty about the export subsidy rate continued to restrict business. Futures values remained unchanged at last week's level.

The U.S. Department of Agriculture is reported to have told the American Cotton Shippers' Association, which had requested a speedy announcement of the export subsidy, that there were three problems that must be resolved. First, it must determine the type of export programme it will have. (This might involve a subsidy or a sales programme from C.C.C. stocks. The latter involves the need of increasing supplies held by the C.C.C.—or limiting the volume of exports.) Secondly, it must determine the price at which cotton will be competitive abroad and fix the subsidy, if there is one, or the sales price if the programme goes in that direction. Thirdly, it must determine the difference to be applied to the minimum loan of 31.88 cents for the "average of the crop" in order to determine the price of the export basis, middling one inch. An early decision was promised in order that exports in the current and the new season can be stimulated.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

	(In cents per lb.)		
	6-2-62	30-1-62	22-1-62
New York spot	35.55	35.55	35 50
March	34 05	34.00	34.24
May	34.65	34.67	34.80
July	34.88	34.81	35.01

ART SILK YARNS SPURT

(From Our Own Correspondent)

BOMBAY, *7th February*

Barring cotton yarns which ruled quietly steady, the yarn market depicted a distinctly firm trend during the week under review. The firmness was due to sustained buying by weaving units and renewed bull support. Art silk yarns met with keen demand. In spite of the high premium of about 212 to 215 per cent, imported yarns attracted buyers. Staple fibre yarns too, rallied, thanks to buying support in the wake of absence of selling. Cotton yarns lacked buyers, though prices were unchanged.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	7-2-1962	31-1-1962
	Rs.	Rs.
***Art silk yarn*—**		
20/1 Amilan (100 kg.)—		
February	3,312.00	3,195.00
April	3,407.00	3,270.00
120 Japan (per 100 kg.)	1,872.00	1,818.00
150 Japan (per 100 kg.)	1,956.00	1,929.00
120 Italy (per 100 kg.)	1,872.00	1,818.00
150 Italy	1,763.00	1,680.00
Nat. Ray. 150 Bt. I	12.30	11.68
***Staple fibre yarn* (40 × 2)—**		
February	743.00	726.00
April	753.00	734.00
Kohinoor (per kg.)	8.93	8.80
***Cotton yarn* (per bundle of 10 lbs.)—**		
10s Modern	18.25	18.75
20s Century	21.50	21.50
40s T. T. Corin	32.87	32.87
60s Finlay	66.00	66.00
80s Finlay	84.00	84.00

* * * *

COTTON TEXTILE PRODUCTION

The production of cotton textiles (mill sector) during the month of December 1961 is provisionally placed at 76 million kg. (168 million lbs.) of cotton yarn and 397 million metres (434 million yards) of cotton cloth. The total production for the whole year is estimated at 861 million kg. (1,899 million lbs.) of cotton yarn and 4,699 million metres (5,139 million yards) of cotton cloth. At the end of December 1961, the composite mills of the cotton textile industry held an estimated stock of 163,000 metric bales of cotton cloth as unsold and 201,000 bales of cotton cloth as sold but not lifted.

The following table compares the supply position of mill yarn and cloth during the year 1961 with that for the previous year:

	Cloth (million yards)		Yarn (million lbs.)	
	1961	1960	1961	1960
Opening stocks	617.3	410.6	21.1	9.0
Production	5,139.0	5,052.0	1,899.0	1,737.1
Imports	5.0	5.0	0.5	0.5
Total supply	5,761.3	5,467.6	2,110.6	1,746.6
Offtake for internal consumption	4,587.4	4,160.3	2,068.0	1,702.7
Offtake for export	580.0	690.0	27.3	22.8
Total offtake ..	5,167.4	4,850.3	2,095.3	1,725.5
Closing stocks (at the end of December)	593.9	617.3	15.3	21.1

PEPPER RECEDES

(Messrs. Parekh and Co.)

BOMBAY, *7th February*

Last week's improvement in black pepper was extended during the earlier part of the week, the highest being Rs. 300 for ungarbled and Rs. 308 for garbled. February delivery was upgraded to Rs. 322 and March was sought after by bulls at Rs. 326. The persistent rise was due to light arrivals from jungle and continued buying by one of the Indo-American firms at New York. The firm is reported to have been sending bids almost every day at higher price with a view to creating bullish feeling among dealers and growers. In a rising market, the growers usually become reserved and bring down smaller quantities. The improvement in India, however small, immediately reflects on New York where the dealers quote higher for spot for exciting the grinders. This is how the chain of reactions in pepper spark off. The Indo-American firm, having studied the characteristics of the foreign markets, prefers to bid higher for making the sellers stiffer and the buyers more anxious to cover. Most of the New York dealers except the said Indo-American firm are sitting on the fence. The firm is reported to have bought several small parcels at prices ranging from $0.32 to $0.35.

Later in the week, however, the market eased under pressure of selling forward by hedge sellers who are having good return on their investment. February delivery on the ring was shaded to Rs. 308 and March to Rs. 313. Ungarbled eased to Rs. 295 and garbled to Rs. 302. The proximity of due date for February was also responsible for the present easiness following liquidation by weak bulls. Calicut is quoting Rs. 285. New York, after touching the highest at $0.37 for spot, was down to $0.36½.

Singapore was reported to be quiet with business poor, owing to high parity and under the hangover of holiday feeling in view of the Chinese New Year.

The market is likely to go down as soon as the New York dealer is withdrawn, as further demand from Russia and East European countries is not expected for some time to come.

There are unconfirmed reports that New Delhi is considering the question of fixing export quota for communist countries in order to checkmate any possible future move on the part of these buyers to re-sell Malabar pepper at lower price to New York.

Ready pepper in Bombay is nominally quoted at Rs. 165 per 50 kilos.

OILSEEDS STEADY

(From Our Own Correspondent)

BOMBAY, *7th February*

The oilseeds market ruled distinctly steady during the major part of the week under review, though a sagging tendency was in evidence towards the close. Groundnuts were firm, thanks mainly to bullish crop reports, encouraging advices from Saurashtra, and firmness of soyabean oil in world markets. Castorseeds put on a cheerful appearance. A leading firm lent sustained support to castor oil. Today, however, castorseeds drifted lower due to selling, while foreign enquiries for castor oil were lacking. Linseed and cottonseeds were fully steady.

Business in groundnut May 1962 contract commenced, as was stated last week, on Thursday, the opening rate being Rs. 229.50. The contract rose gradually and touched Rs. 238 before closing at Rs. 237 today. Nizam bold hardened by Re. 1.25 to Rs. 47.25. Oil ex-mill moved up by 35 nP to Rs. 19.75 and railway receipts by 30 nP to Rs. 19.45.

Castorseeds March 1962 contract went up from Rs. 172.87 to Rs. 175.37, but drifted lower to Rs. 172.75. Madras small rose by 50 nP to Rs. 35.25. Commercial spurted by 60 nP to Rs. 14.90 and B.S.S. by 40 nP to Rs. 15.40.

Linseed June 1962 contract picked up 9 nP to Rs. 38.87. Bold ready improved by 63 nP to Rs. 43.50. Linseed oil was maintained at Rs. 18.90.

Cottonseed April 1962 contract rallied from Rs. 109.25 to Rs. 110.10, before closing at Rs. 109.25. Both non-white and Berar gathered 50 nP to Rs. 20.90.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 7th February as compared with those of the two previous weeks:

	7-2-1962	31-1-1962	23-1-1962
	Rs.	Rs.	Rs.
Groundnut			
May 1962	237.00	219.50	
Nizam bold	47.25	46.00	47.25
Khandesh quality	47.62	46.37	47.62
Oil ex-mill ready*	19.75	19.40	19.85
Railway receipts*	19.45	19.15	19.55
Oil January 1962	17.65	17.65	17.65
Castorseed			
March 1962	172.75	172.87	177.62
Ready Madras	35.25	34.75	37.75
Ready Kanpur	34.00	33.50	35.12
Oil B.S.S.†	15.40	15.00	15.70
Oil commercial†	14.90	14.90	15.15
Linseed			
March 1962	39.25	39.41	40.25
Bold ready	43.50	42.87	44.00
Oil ready†	18.90	18.90	19.00
Cottonseed			
April 1962	109.25	109.25	110.50
Niger seed	36.00	38.00	38.50
Kardi seed	25.00	24.50	24.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

IRREGULAR DEMAND FOR TEAS

(Messrs. Forbes, Ewart and Figgis (Private) Ltd.)

COCHIN, *30th January*

A total of 449,000 kgs. was offered in export sale No. 5 held today. Quality showed a general improvement. There was good but irregular demand. There was selective demand for highgrown B.O.Ps, which were sold well, following improved quality when they were often 50 nP to Re. 1 dearer. Similar fannings, however, were irregular. Good medium B.O.Ps. were about steady, but their fannings tended to be easier. Medium, low medium and plainest kinds came to an easier market, following less export interest, and prices were irregularly 10 nP easier and sometimes more. Black leaf brokens were about steady, but their fannings were slightly lower in price. Teas of unorthodox manufacture met with good support and sold at around last rates. There was better demand for whole leaf grades, which were dearer.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.85-4.05	4.65-4.95
Mediums	4.10-4.65	5.00-5.40
Good mediums	4.85-5.70	5.40-5.80
Nilgiri B.O.P.	5.75	10.60

The average price realised in sale No. 5 was Rs. 5.11 per kilo, as compared with Rs. 5.24 a week ago and Rs. 5.16 in the corresponding sale last year.

In dust sale No. 5 held on the 1st inst., 260,000 kgs. were on offer. There was fair general demand. A strong feature of the sale was the demand for clean, grainy exportable types which were much dearer. Browner types were irregular and often lower, while milled and residual kinds were considerably easier. The better C.T.C. teas sold well at around last rates, but powdery sorts in this category were easier. Legg-cut and C.T.C. types sold readily at firm to dearer rates. Highgrown teas sold well and were often dearer.

The average price realised in dust sale No. 5 was Rs. 4.16 per kilo, as against Rs. 3.96 a week ago and Rs. 5.12 in the corresponding sale last year.

Colombo: Just over 6¾ million lbs. were offered and the market opened to less general demand, despite improved quality. Highgrowns were irregular and often lower except for the best and where quality showed distinct improvement. Low mediums were barely steady, while useful mediums were firm to 5 cents dearer. Improved Uvas were dearer, whereas small leaf lowgrown B.O.Ps. and B.O.P.Fs. were up to 5 cents easier.

London: North Indian and other growths: In Monday's auction, there was good demand with coloury Assams firm to dearer, but thin liquoring teas below 3s. per lb. were neglected. Plain broken pekoe is quoted at 3s. *Ceylon and South Indians*: In Tuesday's sale, offerings amounted to 26,166 packages came from South India Teas from Ceylon met with strong competition, particularly those with good liquors which were dearer. There was good demand for South Indians. Useful liquoring kinds, meeting a strong market, were dearer, while the remainder, particularly the plainer kinds, tended easier.

As we go to press Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No. 6*: 448,000 kgs. offered. Selective demand. Low medium, medium and good medium brokens much easier. Similar fannings irregularly easier. Best liquoring good enquiry, and generally higher. Unorthodox much weaker and lower."

TEA BETTER

(From Our Own Correspondent)

CALCUTTA, *6th February*

Good demand for tea was in evidence during last week's internal auctions. Prices were steady. The steadiness was due to the approach of the end of the season and the buyers' need to complete purchases. Such a trend was also in evidence in the auctions of Colombo and London held last week and stemmed from the same cause. Although quality teas were steady, the general demand weakened during yesterday's export sale.

Tea bookings were satisfactory during the week. A reduction in the tea freight rates to U.S. ports, effective from 29th January, was earlier announced. The new rates are: $32.50 net per cubic metre to the U.S., North Atlantic, South Atlantic and Gulf Ports, and 230s. net per cubic metre to Canadian Atlantic ports.

The terms and conditions for tea gardens to get long-term loans for replanting, replacement and extension of acreage from the sum of Rs. 5 crores placed at the disposal of the Tea Board by the Government of India would have been more attractive if only the interest to be charged was lower. At the rate of 7 per cent, a garden will have to pay interest which will be almost equal to the principal, allowing for the gain in interest from repayment in instalments. Government loans and National Savings Certificates fetch much less interest. Another criticism is in respect of the condition that the loan will be granted to gardens in four or five instalments only. It is not understood why this condition has been detailed. Gardens are to give as security charge on their fixed assets and, if only the loan is granted in one lump sum, it will save the industry from much clerical labour and also will lead to better planning of the expenditure.

The tea industry has been asked to increase production, both by intensive methods and by expanding acreage. Recent trends have indicated that world production is increasing, so also consumption. However, India's share in the latter has been lower than certain other producing countries, including Ceylon and East Africa. The industry has time and again represented that the export duty weakens its competitive power in world markets. With the result, the Indian export duty has worked to the advantage of other competitors. Indian exports to the U.K., Australia and the U.S. have palpably fallen, while India has been able to find new markets in some East European countries, thanks to the bilateral trade agreements. India's promotional campaign in the Middle East has also been a success. It is pointed out that India is the principal supplier to the U.K. and has had a considerable share in efforts to increase British consumption of tea spread over a long period. If the benefits from these efforts cannot be maintained and can be passed on to India's competitors, there is the fear that India's success in the Middle East and the East European markets may also be threatened in time to come by the more aggressive sales campaigns of other producing countries. It is necessary that Indian tea's position in new markets should be maintained. This demands statesmanship, and the trade would at once point what else this can be excepting the total abolition of the present unwieldy export duty.

It will be remembered that the export duty affected considerably the fortunes of Indian jute goods in world markets immediately after World War II. Much foreign exchange was lost to the country by Government's delay in abolishing the duty. Permanent harm was also done to the jute industry inasmuch as certain markets were irrevocably lost to other countries as well as to substitutes. A more or less similar position has now developed for the tea industry. If the example of jute goods is any lesson, no further time should be lost in completely doing away with the export duty, point out trade circles.

In this connection, it is well to recall the timely remarks of Mr. G. A. Whittaker when he recently addressed the annual meeting of the Tea Traders Association. Mr. Whittaker said that China's monopoly in world trade of tea was annexed by India and Ceylon to whose advantage the Chinese export duty worked. This was just a decade before the outbreak of World War I. Both Ceylon and India benefited from this monopoly which was at its climax immediately following World War II. This opportunity was apparently taken to impose an export duty. Africa has taken advantage of this, and has been increasing its tea acreage in the last one decade. It is able to sell all that it produces in world markets since there is no extraneous burden on cost of production. Thus, while Africa has claimed a major share in the increase in world consumption, India's share has been unsatisfactory. In fact, total exports from India have shown a tendency at constancy.

In the internal sales held here during the last week, dusts on offer aggregated 26.601 chests which met with good demand. Non-wither legg-cut teas were the strongest feature, and prices appreciated impressively. Demand for orthodox tea strengthened as the sales progressed; however, these had opened 10 nP easier. Bright liquoring C.T.Cs invited keen competition, but the poorer teas were irregular, the leafy teas showing a loss of 20 nP. Fibrous C.T.C. teas were, however, steady. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.50 to Rs. 7.00; medium Assam C.T.C. dust Rs 5.50 to Rs. 6.10; legg-cut Doars Rs. 4.60 to Rs. 5.20; medium Assam dust Rs. 4.30 to Rs. 5.10; and plain orthodox dust Rs. 3.90 to Rs. 4.60

An irregular trend was in evidence in the prices of leaf on offer amounting to 628 packages.

Yesterday's export offerings amounted to 74,269 packages which met with less general demand, although quality teas were in the forefront. Darjeelings were absorbed readily, the flavoury teas being higher. Other teas in this category eased in an irregular trend. Tippy teas were fully firm, with whole leaf grades recording a small gain. Among C.T.Cs, the best teas eased up to 20 nP, while mediums and secondary grades were firm. Demand for Dooars and Assam B.O.Ps were selective. Autumnal teas were favoured but poorer liquoring Assam B.O.Ps eased, leading to withdrawals. However, fannings were fully steady and were a strong feature. Plain brokens eased by 10 nP but fannings of these were dearer. "Teas for price" eased. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 5.80 to Rs. 6.30; best Assam C.T.C. B.P. Rs. 5.70 to Rs. 6.10; medium Assam C.T.C. fannings Rs. 5.20 to Rs. 5.50; medium Assam C.T.C. B.P. Rs. 5.30 to Rs. 5.50; plain fannings Rs. 4.00 to Rs. 4.50; clean plain pekoe Rs. 4.00 to Rs. 4.20; and plain B.P. Rs. 3.60 to Rs. 3.90.

JUTES QUIET

(From Our Own Correspondent)

CALCUTTA, *6th February*

Quiet conditions marked activity in both raw jute and goods markets during the week under review. However, fibre prices in Calcutta were maintained at the minimum levels, while the earlier firmness in mofussil markets reduced the discount for the mesta varieties and tossa was hardly available at the minimum rate. On the other hand, hessians were maintained at the opening level, whereas heavy goods fell by three points, as business passing was inadequate. After the recent heavy buying, the U.S. kept out of the market during the week. There was also not much support from Argentina. It was, however, thought, these two countries would again enter the market for substantial quantities. Meanwhile, the U.S.S.R. availed the opportunity to cover some of its requirements. There has so far been no settlement of the labour troubles in Dundee and production there continues to be low. British buyers will need to make up for the loss of production in Dundee by lifting more goods from India and Pakistan. Fibre consumption in Dundee has evidently fallen, and that explains the diminution of British interest in Pakistan fibre.

Although the strike by labourers in the jute trade ended a week ago and the congestion of wagons loaded with jute in Cossipore eased, the transport situation for movement of fibre has not improved. In view of the congestion at Cossipore all bookings to that station had to be cancelled and this in the face of the keenness of cultivators to dispose of the remaining portion of their produce led to larger discounts. It is difficult to see how prices in the mofussil can be maintained without the railways being able to allot wagons promptly. It is apparent that the railways are finding it difficult to cope with the bumper crop. Movement by motor transport is costly and will increase costs of mills. Trade circles think that electrification of the Sealdah division of the Eastern Railway, the work in respect of which is in progress, will go a long way towards easing the transport problem. However, electrification is not expected to be completed before the 1964 jute season. Until such time it is suggested that the Government of India should be able to reduce the various taxes on motor transport. If the cost of motor transport can be reduced, this will also ease the coal situation, thus removing the obstacle for increased production of coal and helping industries to get over the existing power shortage.

Selling pressure in the futures market led to easier conditions in ready goods on Tuesday last. B. twills lost from Rs. 124.75 to Rs. 122.75 and hessian 40" 10 oz. from Rs. 55.25 to Rs. 54.75. There was some covering business done in hessian, but the volume was inadequate to maintain prices. Interest from overseas countries was also paltry. The news of Russian order for heavy goods led B. twills to recover to Rs. 123 on Wednesday, while, despite some due date covering, hessian 40" 10 oz. declined to Rs. 54. It was thought that U.S. buyers were biding for time. On Thursday, however, short-covering in hessian led to drive away dullness, pushing up hessian 40" 10 oz. to Rs. 54.50. However, there was no business in sacking, and that accounted for the fall in B. twills to Rs. 121.

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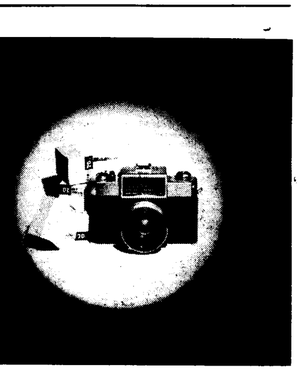

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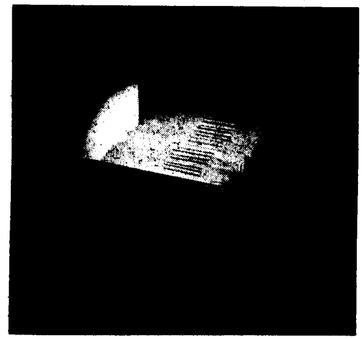

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At this stage, interest was shown in B. twills on Government account for March delivery, but, apart from this, there was nothing doing on Friday, when B. twills lost to Rs. 120.50. Hessian 40" 10 oz. was unchanged at Rs. 54.50. Over the week-end, these prices were maintained. Although there were more inquiries from overseas countries yesterday, prices did not improve. Hessian 40" 10 oz. was quoted at Rs. 52.35, while, following some business in Liverpool twills and grainsacks, B. twills improved to Rs. 121.50.

Fibre prices were unchanged. Since arrivals were less than the weekly purchase quota of mills, prices in the interior firmed up. The accumulation of wagons in Cossipore following labour strike had entirely stopped further bookings from agencies. With the end of the strike, pressure on wagons has increased. The mills are now more interested in forward fibre than quick shipment jute. The quotations ruling in Calcutta are: February-March delivery—Assam bottoms Rs. 30 a maund, Daissee bottoms Rs. 32 and northern bottoms Rs. 29.50. Despite lower arrivals in the Narayanganj market, the resistance of overseas buyers to accept offers at E.P.C. rates continued. The gap between E.P.C. rates and buyers' offers has naturally widened.

COPPER AND TIN HARDEN

(From Our Own Correspondent)

CALCUTTA, *6th February*

Following higher advices from overseas markets and pressure on supplies, copper scrap and tin hardened during the week under review. The indication following the meeting in Washington last week of the Aid India Consortium that it was likely the promised aid for the forthcoming financial year would be increased was cheerfully noted in the hope that imports of base metals would be increased. Accordingly, the further meeting of the Consortium fixed for May is looked forward with interest. Trade circles appreciated the view that, without a substantial increase to this allocation, the import programme for industrial raw materials, including non-ferrous metals and spares, could not be maintained and the realisation of installed capacity for many an industry depending on imports would not be possible.

During the week, tin on the London Metal Exchange rose to as high as £951 a ton (spot) from the opening of £943. It would thus be seen that the London price, after remaining static at around £940 in the last two to three weeks following the raising by the International Tin Council of the floor and ceiling prices from £730 and £880 a ton to £790 and £965, respectively, was now well on the way to reach the new ceiling. At first, it appeared as though the L.M.E. quotation would not reach the ceiling. However, this presumption is now in the process of being negatived following the indication that the U.S. Government would not permit releases from its strategic stockpiles at a price lower than £1,000 a ton. As these reserves had been built at prices averaging above £1,000, it was not expected of the Congress to grant the Government permission to release simply to prevent the world price from rising further. Further, it was feared that, although Malayan production was expected to rise in this year, such a rise would not offset the expected increase in world consumption. The steady rise in the world price in 1961 followed acute shortage. Subsequently, the International Tin Council realised that production could not be increased without raising the Buffer Stock Manager's prices. The new price range has been considered to be below their anticipation by Malayan producers. Tin in Calcutta gained by a few points. Demand was good, and the metal was in short supply.

Copper scrap remained fully steady. Spot copper on the L.M.E. opened at £234 a ton and, after being higher at £236½, closed at £234½. Three months opened at £232 and rose to £233½ before closing at £233½. The firmness in both the delivery positions followed renewed fears of threats to production in Chile and the remote possibility of an immediate change in the political situation in the Congo. Also, stocks in London stood depleted following heavier despatches abroad for refining. Having regard to the comfortable world supply position in copper, the L.M.E. quotation was not expected to move up.

The London trend in zinc, on the other hand, was easy. The spot price opened at £68½ a ton and closed lower at £68¼. The three months' position eased from £70 to £69½. Lead in London opened at £58¼ a ton for spot and £59½ for three months and eased to £58 and £59¼, respectively. The quotation here was unchanged at Rs. 124.

FOODGRAINS EASY

(From Our Own Correspondent)

HAPUR, *5th February*

Quiet to easy conditions were witnessed in foodgrains prices during the week ended 5th February. The easiness was attributed to last rains which has very much brightened *rabi* crop prospects. Business during the week was poor due to *Ashtagrah*. Wheat prices sought lower levels at Rs. 17 a maund, for *dara* quality and upto Rs. 18.50 for better farm produce. Daily arrivals of wheat in open market were poor but consumer demand was being met through sales of wheat at Rs. 15.25 a maund at fair-price shops in ration, the quantity of which has been recently increased by State Government in all the big cities of U.P. Local wheat stock with trade is placed around 12,000 maunds, but Central Government stocks of wheat here were reported heavy due to storage facilities in silo-*cum*-elevator and other masonary godowns.

Rice prices also drifted lower on increased arrivals of *Mainpuri* quality and slack seasonal demand. Arrivals during the week aggregated about

2,000 maunds and week-end prices were: *nanapari sela* Rs. 19.50; *gadda kutcha* Rs. 19; *ramajwayan sela* Rs. 20.50; *raimania sela* Rs. 22; *basmati sela* Rs. 26 to Rs. 28; superior Rs. 30 to Rs. 34 a maund. Gram prices declined fractionally to Rs. 16 a maund as crop prospects were fairly good here as well as in Punjab due to last rains. Stocks were, however, fast declining thanks to good demand. Barley and *bejhar*, prices hovered around Rs. 13 and Rs. 13 to Rs. 13.50 a maund, respectively. Maize arrivals were still heavy and stocks too were high. As stockists were anxious to sell prices drifted lower to Rs. 12 to Rs. 13.25 a maund. *Bajra* was quoted lower around Rs. 14.75. Prices of other grains were steady: *Methi* was quoted at Rs. 27, *juwar* at Rs. 13.25, *guwar* at Rs. 14.25 and oats at Rs. 12 a maund.

In pulses, peas and *arhar* prices were subdued, thanks to improved crop prospects. It was, however, reported that, although losses in peas standing crop would be made good, damage to *arhar* was irreparable. New *urd* and *moong* that reached here from outside the State were lifted at higher prices by consumers. Week-end prices (in rupees per maund) were: peas *dara* 13.25, farm 14.25, peas *dal* 14.75, *arhar* 15.50, *arhar dal* 19, *urd* 22 to 24.25, *moong* 18 to 21, *massoor* 15.50 to 17.50, *urd dal* 25 to 28, *moong dal* 21 to 24, *massoor dal* 19.25, *moth* 16, *moth dal* 19. Stocks were approximately: peas 10,000; *arhar* 15,000 maunds.

SUGAR PRICES DECLINE

(From Our Own Correspondent)

HAPUR, *5th February*

Sugar mill delivery prices of inferior small crystal drifted further lower on poor buying support in face of increasing stock positions. The factories were reported to be in the midst of crisis due to accumulation of stocks and slack demand. This crisis was more acute in case of factories manufacturing inferior crystal. Factories in east U.P. had also urged the Government to delay releases so that these stocks might be lifted. Week-end prices here were: whole sale Rs. 106.50 per bag; mill delivery per maund Simbhauli D29 Rs. 37.75; Amroha Rs. 36; Bijnore Rs. 35.25; Meerut Rs. 37.25; Dhampur C29 Rs. 37.12; Shamli B29 Rs. 39.50.

Sugar prices were bearish during the week in the Muzaffarnagar market, thanks to absence of demand from Punjab, Gujarat and Saurashtra. Crushing during the week was in full swing and mills were anxious to liquidate their stocks. Some of them offered more discounts, but buyers were reluctant to commit themselves as offtake in the spot section was discouraging. It was further expected that February quota might be delayed by a fortnight or that the quantity will be reduced so that prices may recover and mills find time to sell off their stocks. Since September after decontrol 9 lakh tons of sugar has been released and this accounted for the comfortable supply position. Only inferior quality sugar was not in demand but superior crystal was still commanding premia from 19 to 75 nP a maund above former controlled prices. Week-end prices were: A29 Mansurpur Rs. 40.22; Lhaksar Rs. 39.48; B29 Khatauli Rs 39.59; Shamli Rs. 39.50; Buland Rs. 39.37; Rohana Rs. 38.97; C29 Deoband Rs. 38.97; Dhampur Rs. 37.12; Bazpur Rs. 36.25; D29 Sharanpur Rs. 37.25; Seohara Rs. 36.44; Sakoti Rs. 36.75.

Khandsari prices hardened as arrivals were poor due to inclement weather and demand of the commodity was good from Punjab and Rajasthan. East U.P., Gujarat and M.P. also attracted some demand. Prices were: *khandsari* moist Rs. 25 to Rs. 29; dry Rs. 30 to Rs. 32.50; crystal Rs. 30 to Rs. 32.75.

After ruling quiet, *gur* prices improved. Arrivals dropped to an average of 1,000 maunds daily due partly to adverse weather and also due to *Ashtagraha*. Loading by railway was not available except on Sunday when ten wagons loads was despatched to Gujarat. Total arrivals here during the current season aggregated 3.65 lakh maunds, as against 4.05 lakh maunds in the corresponding period of last year. *Gur* arrivals are likely to mount now, thanks to clear sunny weather. New cane sowings too have commenced. Week-end prices were: *pansera* best Rs. 14.50; *dara* Rs. 14.12; *balti* Rs. 14.12; *shakker* Rs. 17 a maund.

Gur futures were bearish during the week. *Gur fagun* after having opened at Rs. 14.35 last Monday, touched the highest of the week at Rs. 14.40 the same day and then eased, in subsequent sessions, to Rs. 13.82. It declined to Rs. 14.04 due to profit-taking.

LINSEED FIRM

(Messrs. A. Bradley and Co.)

CALCUTTA, *5th February*

Generally firmer tendency has prevailed and there has been an all-round advance in the prices of seeds and oil; arrivals from supply centres have slowed down and the prices quoted by them are somewhat higher than local prices. Crushers are in the market daily but very small business has been reported during the week.

The oil market has firmed up again; local buyers are showing interest due to the steadiness in seeds and other vegetable oil markets; sellers, however, are reserved.

The oilcake market is steady; local demand is better and stocks are limited. The latest quotation is as follows: Ready/February Rs. 32.75 per maund.

Notices

THE PHALTAN SUGAR WORKS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirtieth Annual General Meeting of THE PHALTAN SUGAR WORKS LIMITED will be held on Friday the 2nd day of March, 1962, at 4-30 p.m. (S.T.), at the Registered Office of the Company, Sangli Bank Building, 296, Bazargate Street, Fort, Bombay-1, to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 30th September, 1961.
2. To declare a Dividend.
3. To appoint a Director in place of Shri M. L. Apte who retires by rotation, but being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Himatlal Kantilal who retires by rotation, but being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri Rasesh N. Mafatlal who retires by rotation, but being eligible, offers himself for re-election.
6. To appoint Auditors for the current year and fix their remuneration.

A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

By Order of the Board of Directors,
A. Y. JOSHI,
Secretary.

Registered Office:
296, BAZARGATE STREET,
BOMBAY-1.
Dated, 19th January, 1962.

Notes: (1) The Transfer books of the Company were closed from the 18th day of December, 1961 to the 16th day of January, 1962, both days inclusive.

(2) Dividend when declared, will be payable through the United Commercial Bank Ltd., Fort, Bombay, on and after the 9th day of March, 1962, to those shareholders whose names stand on the Register of Members on the 18th day of December, 1961, to whom Dividend Warrants will be posted.

EASTERN INVESTMENTS LIMITED

THE BOARD OF DIRECTORS HAS DECIDED to recommend to the forthcoming Annual General Meeting of the members the following dividends for the year ended 31st December, 1961, subject to deduction of tax at source—

On the taxable Cumulative Preference Shares a Final Dividend @ 2.22% (being dividend at the stipulated rate of 5% per annum increased by 11% thereof and after deducting therefrom Income Tax at Company's rate of 20% i.e. @ 4.44% per annum less Interim Dividend @ 2.22% already paid.

On the issued Ordinary Shares @ 14% per annum.

By Order of the Board.
BIRD & CO. (PRIVATE) LTD.,
Secretaries.

CHARTERED BANK BUILDINGS,
CALCUTTA. *31st January*, 1962.

MADURA MILLS COMPANY LIMITED

Registered Office:
NEW JAIL ROAD, MADURAI

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company will be held in Pandyan Building, West Veli Street, Madurai, on Wednesday, the 28th March, 1962, at 3.45 p.m. The Share Transfer Books will be closed from 1st March to 28th March, 1962, both days inclusive. It is recommended that:

1. All persons holding shares on blank transfers should immediately arrange to have the shares registered in their own names, as the Company will pay any dividend declared only to the person(s) in whose name the share stands on the date of declaration of dividend.
2. Shareholders desiring dividends to be paid to Banks or other Mandatees should register the mandates with the Company before 1st March 1962.
3. Intimation of any change of address should be given to the Company immediately.

A. & F. HARVEY LIMITED,
Managing Agents.
MADURAI, *1st February*, 1962.

ASHOK LEYLAND LIMITED
ENNORE, MADRAS

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirteenth Annual General Meeting of the Company will be held at the Registered Office of the Company at Ennore, near Madras, on Monday the 12th March 1962, at 10.30 a.m., to transact the business, particulars of which have been given in the Notice along with the explanatory statement, being posted individually to the Shareholders of the Company.

The Share Transfer Books of the Company will be closed from 16th February 1962 to 12th March 1962, both days inclusive.

By Order of the Board.
FOR ASHOK LEYLAND LIMITED,
A. E. L. COLLINS,
Managing Director.
ENNORE, MADRAS,
29th January 1962.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

STATE BANK OF BIKANER

(Subsidiary of the State Bank of India)

Head Office: BIKANER

OPEN YOUR SAVINGS BANK ACCOUNT
at any of our 72 branches
and earn interest at 3% per annum.

SAFE DEPOSIT LOCKERS
available at most branches.

Foreign Exchange Business
undertaken.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 2nd Feb., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	68,09,87,000
(2) Other Governments	17,28,56,000
(b) Banks	75,61,06,000
(c) Others	149,03,37,000
Bills Payable	26,80,50,000
Other Liabilities	53,32,23,000
Rupees	531,15,64,000

ASSETS	Rs.
Notes	11,08,80,000
Rupee Coin	3,07,000
Subsidiary Coin	3,02,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	20,20,80,000
Balances held abroad*	11,15,69,000
Loans and Advances to Governments†	60,75,86,000
Other Loans and Advances	158,85,95,000
Investments	241,91,60,000
Other Assets	27,10,85,000
Rupees	531,15,64,000

* Includes Cash & Short-term Securities.
† Includes 'Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 17,85,50,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	11,08,80,000	
Notes in circulation	1993,67,65,000	
Total Notes issued		2004,76,45,000
Total Liabilities		2004,76,45,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	126,86,07,000	
Total of A		244,62,10,000
B. Rupee Coin		120,94,29,000
Government of India Rupee Securities		1639,20,06,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2004,76,45,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	26-1-62	19-1-62	27-1-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	47,99	48,31	42,65
(ii) From others	740,05	737,40	693,43
(b) Borrowings from banks	23,18	26,99	20,98
(c) Others	55,11	55,88	51,89
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	19,98	18,88	15,15
(ii) From others	1,110,77	1,105,71	1,048,37
(b) Borrowings from banks	15,36	16,72	9,56
(c) Others	24,67	24,68	22,10
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,850,82	1,848,11	1,741,86
4. Aggregate liabilities [1 (a) (ii)+1 (c)+2 (a) (ii)+2 (c)]	1,930,59	1,923,12	1,815,79
5. Borrowings from Reserve Bank	18,75	17,66	44,49
(a) Against usance bills and/or promissory notes	10,38	9,52	18,81
(b) Others	8,37	8,15	25,68
6. Borrowings from State Bank and/or a notified Bank	13,17	11,92	15,07
7. Cash	46,74	46,63	48,05
8. Balances with Reserve Bank	79,87	76,55	74,96
9. Cash and balances with Reserve Bank	126,61	123,18	123,02
10. 9 as per cent of 4	6.56	6.41	6.77
11. Balance with other banks in current account	16,98	17,58	14,50
12. Money at call and short notice	44,89	45,45	28,18
13. Investments in Government securities	596,01	588,14	609,76
14. 13 as per cent of 4	30.87	30.58	33.58
15. Advances—			
(a) Loans, cash credits and overdrafts	1,117,29	1,109,50	1,039,43
(b) Due from banks	7,18	6,91	13,59
16. Inland bills purchased and discounted	151,29	152,10	127,18
17. Foreign bills purchased and discounted	46,87	47,40	47,82
18. Total Bank Credit [15 (a)+16+17]	1,315,45	1,309,90	1,213,92
19. 18 as per cent of 4	68.14	68.07	66.85

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	16th Jan., 1958	4.50	4.25
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	3
Canada†	..	3.88	3.32
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	3.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	5.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	..	2
South Africa	7th Dec., 1961	5	4.50
Spain	11th April, 1960	5.25	5.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	..	7
Turkey	6th June, 1958	4.50	6
United Kingdom	2nd Nov., 1961	5.50	6
U.S.S.R.	1st July, 1938	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 2nd Feb., 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		8,20,00,000
Borrowings from Other Banking Companies, Agents, etc.		548,72,58,000
Bills Payable		3,24,50,000
Bills for Collection being Bills receivable as per contra		9,00,22,000
Acceptances, Endorsements and Other Obligations per contra		2,35,65,000
Other Liabilities (including Inter-Office Adjustments)		97,61,000
Total .. Rs.		1,84,60,000
		580,07,75,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		20,63,92,000
Balances with other Banks		2,37,52,000
Money at Call and Short Notice		73,33,000
INVESTMENTS—		
Government and other Trustee Securities	242,03,37,000	
Other Authorised Investments	9,24,75,000	
		251,28,12,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	256,22,54,000	
Bills Discounted and Purchased	18,62,12,000	
		274,84,66,000
Bills Receivable being Bills for Collection as per contra		2,35,65,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		97,61,000
Premises less Depreciation		1,88,65,000
Furniture and Fixtures less Depreciation		1,46,33,000
Other Assets (including Inter-Office Adjustments).		23,51,96,000
Total .. Rs.		580,07,75,000

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1960-61	1959-60*	Nov., 1961	Nov., 1960
Central Government Securities:				
(a) 3% conversion loan 1986 or later†	2.85	2.84	2.93	2.83
(b) Others†	2.68	2.59	2.73	2.74
Debentures	4.11	3.97	4.13	4.14
Preference Shares‡	5.32	5.44	5.69	5.26
Variable Dividend Industrial Securities	4.88	5.27	4.59	4.95
Agriculture and Allied Activities	5.80	6.09	5.56	5.98
(a) Tea Plantations	6.01	6.17	5.72	6.24
(b) Coffee Plantations	5.12	6.06	4.55	5.43
(c) Rubber Plantations	6.33	7.60	6.58	6.06
Mining and Quarrying	5.31	6.19	5.12	....
(a) Coal	4.56	5.82	4.44	4.13
(b) Other Mining	5.82	6.44	5.60	6.18
Processing and Manufacturing	4.35	4.70	4.19	4.45
Foodstuffs, Textiles, etc.‡ ††	4.26	4.68	4.11	4.39
(a) Sugar	5.80	6.63	5.61	5.66
(b) Cotton Textiles	3.47	3.97	3.56	3.63
(c) Jute Textiles	6.15	5.60	5.16	6.46
(d) Silk and Woollen	3.17	3.98	2.77	3.16
Metals and Chemicals‡	4.18	4.19	4.24	4.36
(a) Iron and Steel	4.25	3.89	4.80	4.66
(b) Transport Equipment	3.38	3.48	3.72	3.16
(c) Electrical Machinery	5.03	5.09	4.44	5.20
(d) Other Machinery	4.07	4.55	3.43	4.06
(e) Basic Ind. Chemicals	3.59	4.14	3.53	3.48
Others	4.90	5.69	4.32	4.76
(a) Cement	5.31	6.07	4.85	4.90
(b) Paper	4.76	5.02	4.41	4.97
Other Industries	6.05	6.49	5.12	5.99
(a) Electricity Generation and Supply	6.28	6.86	5.24	5.88
(b) Trading	8.88	8.88	6.57	8.81
(c) Shipping and Other Transport	5.17	5.25	4.16	5.54
(d) Construction	4.49	4.12	3.82	4.52
Financial	6.31	6.64	5.83	6.30
(a) Banks	5.98	6.46	5.42	5.82
(b) Insurance	7.56	7.56	7.05	7.86
(c) Investment Trusts	6.85	6.28	6.59	7.34

* Average of 9 months. † Running yield. Average of four loans (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous'. †† Including 'Edible and Vegetable Oils.'

State Bank of Pakistan

Statement of Affairs for the week ended 26th Jan., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits:—	
(a) Central Government	16,62,93,000
(b) Provincial Governments	66,52,000
(c) Banks	18,55,35,000
(d) Others	112,78,05,000
Bills Payable	15,49,000
Other Liabilities	13,04,10,000
Rupees	171,47,47,000

ASSETS	Rs.
Notes	13,47,27,000
Rupee Coin	19,000
Subsidiary Coin	37,000
Bills Purchased and Discounted:—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	25,54,19,000
Loans and Advances to Governments	4,03,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	72,36,05,000
Investments	45,22,05,000
Other Assets	10,84,35,000
Rupees	171,47,47,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,47,27,000	
Notes in circulation	387,50,25,000	
Total Notes issued		400,97,52,000
Total Liabilities	....	400,97,52,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	65,00,59,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	132,96,23,000
B. Rupee Coin	2,77,18,000	
Government of Pakistan Securities	259,34,05,000	
Internal bills of exchange and other commercial paper	....	262,11,23,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	400,97,52,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued: 34.56 per cent.

EXCHANGE RATES

	7th February 1962	31st January 1962
Bombay on London—		
Sellers T.T. D.D. Spot. s.	1-5⅛	1-5⅛
Sellers T.T. D.D. upto six months s.	1-5⅛	1-5⅛
Buyers T.T. spot to nine months s.	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months s.	1-6⅛	1-6⅛
Bombay on New York—		
Sellers T.T. D.D. Rs.	475.75	476.00
Buyers T.T. Rs.	472.25	472.50
London on New York s.	2.8139—2.8141	2.8130—2.8133
London on Paris Fcs.	13.7890—13.7910	13.7840—13.7960
London on Berne. Sw. Fcs.	12.1715—12.1735	12.1400—12.1420
New York on London s.	281.370—281.400	281.240—281.270

CLEARING HOUSE RETURNS

Centre	Week ended 2nd Feb., 1962		Week ended 25th Jan., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,42,111	106,20,94,000	3,80,016	79,54,34,000
Calcutta	2,29,000	108,53,00,000	1,54,000	66,37,00,000
Madras	1,09,174	15,56,38,882	84,078	12,32,47,080
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,88,05,00,000
1960-61	..	..	54,472,000	125,13,12,00,000
Nov., 1960	..	..	4,718,000	1,080,69,00,000
Sept., 1961	..	..	4,973,000	1,128,89,00,000
Oct., ,,	..	..	4,783,000	1,046,09,00,000
Nov., ,,	..	..	4,979,000	1,094,48,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	6th Jan., 1962	30th Dec., 1961	7th Jan., 1961	November 1961	November 1960	Percentage of Increase (+) or Decrease (—) in Nov., 1961 as compared with Nov., 1960	Annual Average 1961	Annual Average 1960
Food Articles	504	117.3	117.2 R	116.2	120.3 R	120.1	+ 0.2	119.5	120.2 R
Cereals	102	101.0	100.7	99.0	102.7	103.5	— 0.8	101.6	106.3
Pulses	43	94.7	93.1	94.8	93.1 R	94.2	— 1.2	91.3	92.6
Fruits and Vegetables	23	134.1	132.7 R	104.1	149.4	111.2	+34.4	131.2	121.1 R
Milk and Ghee	84	111.2	113.7	109.8	116.5	113.0	+ 3.1	115.1	115.5
Edible Oils	47	152.0	152.2	157.5	152.2	153.1	— 0.6	158.2	148.8
Fish, Eggs and Meat	17	140.1	142.5 R	124.6	134.7 R	124.3	+ 8.4	131.0	121.1
Sugar and *Gur*	48	112.8	112.8	122.7	120.6	135.6	—11.1	120.7	138.6
Others	50	166.1	165.6 R	160.6	168.3 R	174.1	— 3.3	172.9	168.4 R
Liquor and Tobacco	21	97.1	95.6	116.9	96.2	116.8	—17.6	103.8	106.6
Tobacco	..	93.4	91.8	109.5	94.7	115.8	—18.2	100.6	104.8
Fuel, Power, Light and Lubricants	36	121.6	121.6	121.2	121.6 R	119.8	+ 2.2	121.8	118.2 R
Industrial Raw Materials	155	138.7	138.2	132.7	137.1 R	148.0	— 7.5	137.7	138.2
Fibres	61	126.1	125.6	161.1	126.2	159.1	—20.7	150.0	139.3
Oilseeds	60	158.2	161.9	158.4	153.7	149.3	+ 2.9	157.8	144.9
Minerals	2	94.8*	94.8*	95.9*	94.9	98.1	— 3.3	95.1	97.5
Others	32	128.9	129.4*	129.8*	129.3 R	127.7	+ 0.5	127.9	129.0
Manufactures	280	128.0	128.8	126.8	128.4	125.6	+ 0.8	127.0	129.8
Intermediate Products	41	138.6	139.4	133.4	140.1 R	131.6	+ 6.5	138.4	137.1
Finished Products	240	123.9	124.0	125.8	124.8 R	126.7	— 1.4	125.2	119.8
Textiles	147	124.0	122.2	..	130.1	124.3 R	128.8	— 3.5	127.7	121.2
Cotton	..	127.8*	127.8*	126.5*	138.2	129.1	— 0.7	127.5	127.5
Jute	..	115.7	114.5	148.0	116.4	141.7	—18.0	133.9	115.2
Woollen	..	128.1*	128.1*	110.1*	128.1	110.1	+11.8	119.0	107.6
Silk and RaYon	..	121.6*	119.6*	102.4*	120.6 R	101.8	+18.5	116.4	102.6
Metal Products	12	147.1	147.1	146.9	..	146.8	+ 0.2	147.1	147.0
Chemicals	20	111.4	111.2	109.9	111.6 R	104.4	+ 6.8	108.7	104.7
Oil Cakes	10	154.6	153.7	150.9*	148.3	142.5	+ 4.1	140.2	140.2
Machinery and Transport Equipment	31	115.8	115.8	112.6	116.2	112.1	+ 3.7	113.6	110.7
Others	80	121.4	124.5	116.7	123.4	116.5	+ 5.9	120.2	115.0
All Commodities	1,000	122.5	122.6	120.0	124.3 R	125.9	— 1.4	125.8	122.9 R

Note:— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 27th Jan. 1962	20th Jan. 1962	30th Dec. 1961§	28th Jan. 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.7	100.7	100.7	100.7
2. Government of India	100.5	100.6	100.6	100.7
3. State Government	101.9	101.9	101.9	101.4
4. Municipal, Port Trust, etc.	99.2	99.2	99.2	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.2	101.2	101.2	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.2	82.1	82.2	85.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	166.7	168.3	184.8	166.9
8. *Agriculture and Allied Activities : Total**	160.3	160.7	163.3	158.5
9. Tea Plantations	153.7	154.2	165.4	151.3
10. Coffee Plantations	150.7	152.6	162.6	158.6
11. Rubber Plantations	168.6	169.5	168.8	168.7
12. *Mining and Quarrying : Total*	155.5	156.6	158.3	153.3
13. Coal	119.0	119.3	121.0	117.7
14. Other Mining	180.5	182.2	184.0	177.7
15. *Processing and Manufacturing : Total*	202.2	204.4	199.6	179.0
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	215.8	218.4	211.1	178.9
17. Sugar	146.7	149.6	150.5	172.5
18. Cotton Textiles	193.0	194.3	186.3	146.3
19. Jute Textiles	91.6	92.4	91.2	84.0
20. Silk and Woollen	1222.6	1250.6	1183.7	1024.7
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	199.4	202.1	199.9	191.4
22. Iron and Steel	154.9	158.4	156.7	158.3
23. Transport Equipment	403.3	407.9	415.3	385.5
24. Electrical Machinery	160.5	161.8	161.1	142.3
25. Machinery other than Transport and Electrical	218.2	218.7	214.5	201.4
26. Basic Industrial Chemicals	212.6	214.7	209.4	205.4
27. *Processing and Mfg. (Others): Total**	185.7	186.2	183.9	158.3
28. Cement	152.6	152.0	149.2	137.4
29. Paper	210.8	213.2	211.6	214.0
30. *Other Industries : Total**	112.0	112.2	111.5	108.3
31. Electricity Generation and Supply	85.6	85.4	84.7	79.4
32. Trading	124.2	124.8	122.4	116.1
33. Shipping and Other Transport	93.5	93.1	93.2	100.5
34. Construction	288.9	295.1	284.8	274.5
35. *Financial : Total*	223.3	225.4	219.1	181.5
36. Banks	260.1	262.2	251.2	203.9
37. Insurance	152.1	152.4	153.4	135.5
38. Investment Trusts	89.9	89.5	90.4	91.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	194.3	196.8	—	172.0
40. Calcutta	173.0	173.9	172.1	154.6
41. Madras	200.2	201.0	—	184.6
42. Delhi	252.1	254.0	254.1	221.4

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. § Bombay and Madras Stock Exchanges remained closed during the week.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Six months ended September 1961-62	Six months ended September 1960-61	Twelve months ended March 1961	Twelve months ended March 1960
Exports	326.46	289.81	632.89	629.90
Re-exports	2.24	5.09	9.90	9.76
Total Exports	328.70	295.90	642.79	639.66
Imports	479.44	578.75	1070.16	960.77
Overall Balance of Trade	−150.74	−282.85	−427.37	−321.11

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
14th November	2.00	2.00	2.00	2.520	99.370
15th to 18th Nov.*	0.15	—	0.15	—	99.386
21st November	2.00	2.00	2.00	2.500	99.375
22nd to 25th Nov.,*	0.22	—	0.22	—	99.391
28th November	2.00	2.00	2.00	2.500	99.375
29th Nov. to 2nd December*	1.46	—	1.46	—	99.391
5th December	2.00	2.00	2.00	2.500	99.375
6th to 9th Dec.*	1.38	—	1.38	—	99.391
12th December	2.00	2.00	2.00	2.500	99.375
13th to 16th Dec.,*	0.16	—	0.16	—	99.391
19th Dec.,	2.00	2.00	2.00	2.500	99.375
20th to 23rd Dec.*	0.07	—	0.07	—	99.391
1962					
2nd January	2.00	2.00	2.00	2.520	99.370
3rd to 6th Jan.*	0.15	—	0.15	—	99.386
9th January	2.00	2.03	2.00	2.520	99.375
10th to 13th Jan.,*	0.10	—	0.10	—	99.386
16th January	2.00	2.00	2.00	2.520	99.370
17th to 20th Jan.*	0.47	—	0.47	—	99.386
23rd January	2.00	2.00	2.00	2.520	99.370
24th to 27th Jan.*	0.05	—	0.05	—	99.386
30th January	2.00	2.00	2.00	2.525	99.365
31st Jan. to 3rd Feb.*	0.13	—	0.13	—	99.386
6th February	2.00	2.00	2.00	2.540	99.365
Total amount outstanding	28.34	..	28.34	..	..

* Intermediate Treasury Bills sold.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad	Sholapur	Kanpur	Nagpur	Calcutta†	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Banglore
1958 Average	116	395	110	313	98	120	387	124	113	105	103	123	109	121
1959 "	120	412	125	340	98	132	387	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	398	143	120	107	103	120	109	148
Sept. "	125	418	122	364	101	138	405	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	400	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	395	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	387	151	121	110	102	121	108	146
January 1961	122	419	119	358	100	131	387	146	122	111	103	120	109	146
February "	123	420	119	350	102	130	392	147	123	111	103	119	109	146
March "	124	423	119	349	101	129	395	148	124	111	105	121	109	146
April "	124	428	119	348	99	130	392	149	125	111	104	120	109	150
May "	124	431	119	345	97	130	392	148	126	112	106	120	110	150
June "	125	433	122	349	99	132	392	148	127	112	104	121	110	150
July "	127	437	122	357	101	132	408	148	130	113	106	122	110	151
August "	128	433	122	359	103	133	416	149	130	115	107	124	112	151
Sept. "	128	436	122	355	103	132	416	148	128	114	108	124	112	151
Oct. "	128P	434	122	354	104	133	..	149	127	113	110	128	114	151
Nov. "	128P	434	..	341	..	..	..	..	129	..	..	..	..	..
Dec. "	..	435	..	355	..	..	..	..	..	..	..	..	..	..

*June 1934=100. †Jan. 1928=100. §1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C		15-Year Annuity Certificates G		Total	
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Receipts	Outstandings Rs.
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,09	83,24	221,68	210,40	260,68	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	772,98
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3 38	329,98	770,86
Nov. 1960	1,37	2,70	87,64	6,21	262,79	17,90	275,00	19,12	—41,74	1,17	68	41,02	1,49	31,73	5	3,25	25,81	726,47
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,86	1,40	80	40,90	1,04	34,15	5	3,32	25,83	740,90
Feb. "	1,28	2,52	82,71	5,43	279,70	18,03	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,36	25,53	747,86
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	1,77	37,34	4	3,88	46,05	770,86
Apr. "	1,20	2,40	80,18	5,59	290,56	20,37	295,84	18,17	—42,05	1,88	1,01	37,46	2,28	39,43	4	3,40	28,47	771,47
May "	1,16	2,34	78,90	5,53	294,43	19,03	294,94	18,09	—42,08	1,99	1,08	36,49	1,32	40,92	4	3,43	26,19	772,44
June "	1,13	2,29	77,64	6,57	299,52	19,27	294,48	18,01	—42,13	2,18	—1,15	35,45	1,89	42,43	3	3,48	28,12	773,46
July "	1,10	2,24	76,31	6,66	304,96	20,79	298,78	17,91	—42,16	2,34	1,23	34,15	1,59	44,33	5	3,46	29,84	786,81
Aug. "	1,08	2,20	74,81	6,73	310,39	19,28	302,35	17,85	—42,20	2,50	1,31	33,19	1,25	45,66	5	3,48	27,55	794,32
Sept. "	1,06	2,16	73,00	6,38	315,47	17,84	304,29	17,77	—42,24	2,68	1,39	32,12	1,62	47,04	5	3,51	29,16	800,42
Oct. "	1,02	2,12	72,30	5,30	319,62	17,83	305,79	17,67	—42,28	2,86	1,47	33,28	1,07	48,10	4	3,53	24,51	805,76
Nov. "	..	..	..	..	..	..	..	..	..	..	..	30,24	1,14	49,21	4	3,55	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of Sept., 1961 amount to 17.39 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS		Rs.		
2½% Loan	1938-39	116,17,46,000	1948-65	98.65
2½% Loan	1950	80,38,10,000	1964	96.65
2½% Fg. Loan	1943	1,10,11,78,000	1966-68	96.15
2½% Dev. Loan	1945	1,15,05,83,000	1970-75	98.95
2½% Loan	1946	14,77,48,000	1976	83.50
2½% Loan	1947	75,86,72,000	1962	99.20
2½% N.F. Loan	1954	1,58,17,94,000	1964	99.85
2½% P.N. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.65
2½% Loan	1956	1,07,27,85,000	1966	99.90
2½% N.F. Bonds	1956	1,08,51,88,000	1967	98.90
2½% Loan	1956	86,53,53,000	1974	99.45
2½% N.F. Bonds (4th Series)	1957	55,99,80,000	1967	100.00
4% Loan	1957	49,17,27,000	1972	100.20
2½% Loan	1958	58,05,92,000	1968	99.95
2½% Loan	1958	70,00,00,000	1968	98.70
2½% Loan N.F.B.	1958	64,32,90,000	1968	100.00
4% Loan	1958	49,51,44,000	1973	100.10
2½% Loan	1959	1,47,90,98,000	1966	99.30
2½% Loan	1959	81,06,39,000	1979	99.20
4% Loan	1960	98,03,48,000	1960	99.25
3½% Bonds	1960	82,65,41,000	1964	96.50
4% Loan	1961	55,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3% Loan	1896-97	3,03,23,000	M.	71.25
3% Loan	1948	2,48,91,33,000	K.	71.00
STATE LOANS				
4% Andhra	1955	5,00,15,000	1st Sept. 1967	98.25
4% Andhra	1956	6,56,15,000	3rd Sept. 1968	98.00
4½% Andhra	1958	5,48,92,000	15th Aug. 1970	98.25
4% Andhra	1958	6,57,75,000	19th Aug. 1970	97.75
4% Andhra	1959	15,55,35,000	29th Aug. 1969	97.80
4% Andhra	1961	11,00,00,000	Sept. 1972	98.00
3% Maharastra	1949	5,20,97,000	1st Aug. 1962	99.50
3½% Maharastra	1951	4,78,41,000	15th July 1963	100.00
3½% Maharastra	1953	3,02,55,000	15th July 1963	100.00
4% Maharastra	1953	3,34,83,000	1st Aug. 1964	100.00
4% Maharastra	1954	9,41,85,000	1st Sept. 1967	98.25
4% Maharastra	1955	7,70,11,000	3rd Sept. 1970	99.10
4% Maharastra	1957	6,47,27,000	16th Sept. 1969	101.50
4½% Maharastra	1958	6,48,63,000	15th July 1970	98.50
4½% Maharastra	1958	4,31,45,000	15th July 1970	100.50
4% Maharastra	1959	6,58,14,000	19th Aug. 1971	99.25
4% Maharastra	1960	10,98,86,000	29th Aug. 1969	98.50
4½% Maharastra	1961	10,77,00,000	Sept. 1972	99.90
4% Bihar	1955	1,54,02,000	1st Sept. 1967	98.00
4% Bihar	1956	2,13,41,000	3rd Sept. 1968	98.00
4½% Bihar	1958	2,76,71,000	15th Oct. 1970	98.00
4% Bihar	1959	3,33,22,000	19th Aug. 1971	97.75
4% Bihar	1960	3,33,22,000	29th Aug. 1969	97.75
4½% Bihar	1961	3,30,00,000	Sept. 1972	98.00
4% Gujarat	1960	5,42,22,000	29th Aug. 1969	98.00
4½% Gujarat	1961	6,07,00,000	Sept. 1972	99.90
3½% Howrah Bridge (New)	1936-37	1,95,86,700	1956-66	94.50
4% Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4% Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
4½% Madras	1951	1,01,37,500	3rd Sept. 1968	99.75
4½% Madras	1953	10,83,71,000	15th July 1969	100.00
4% Madras	1955	5,24,81,200	1st Aug. 1964	99.75
4% Madras	1955	10,47,17,000	1st Sept. 1967	98.25
4% Madras	1956	13,85,56,000	3rd Sept. 1968	98.10
4% Madras	1958	5,55,57,000	15th July 1970	98.25
4% Madras	1959	8,72,72,000	19th Aug. 1971	97.90
4% Madras	1960	12,50,42,000	29th Aug. 1969	98.10
4½% Madras	1961	10,36,00,000	Sept. 1972	98.10
4% Mysore(J)	1953	2,95,88,200	1st Dec. 1953-68	100.50
4% Mysore	1953	2,33,47,000	16th July 1968	100.00
4% Mysore	1955	3,54,94,000	1st Sept. 1967	98.25
4% Mysore	1956	4,11,11,000	3rd Sept. 1968	98.25
4% Mysore	1957	3,54,56,000	15th Sept. 1969	98.50
4½% Mysore	1958	5,51,62,000	15th July 1970	98.25
4½% Mysore	1958	5,48,46,000	19th Aug. 1971	97.85
4% Mysore	1959	6,47,73,000	29th Aug. 1969	97.75
4% Mysore	1960	7,48,00,000	Sept. 1972	98.10
4% M.P.	1954	2,02,29,000	15th Sept. 1964	99.60
4% M.P.	1955	1,05,18,000	1st Sept. 1967	98.00
4% M.P.	1956	1,10,18,000	15th July 1968	99.75
4% M.P.	1957	1,63,12,000	1st Sept. 1967	98.00
4% M.P.	1958	1,58,42,000	3rd Sept. 1968	98.00
4½% M.P.	1958	2,21,35,000	15th July 1970	98.25
4½% M.P.	1959	5,28,25,000	19th Aug. 1971	97.75
4% M.P.	1960	6,16,23,000	29th Aug. 1969	97.75
4% M.P.	1961	5,04,00,000	Sept. 1972	98.00
4% Maharashtra	1953	5,45,39,000	1st Sept. 1967	98.15
4% Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.10
4% Kerala	1957	3,25,81,000	15th July 1970	98.15
4% Kerala	1958	2,52,06,000	3rd Sept. 1968	98.00
4% Kerala	1958	3,27,10,000	15th July, 1970	100.00
4½% Kerala	1958	4,47,05,000	19th Aug. 1971	97.75
4% Kerala	1959	4,00,00,000	29th Aug. 1969	98.00
4% Kerala	1960	4,04,00,000	Sept. 1972	98.00
4% Kerala	1961	44,56,96,000		98.00
4% U.P.E.A.	1953	1,54,30,000	15th Sept. 1961-66	99.75
4% U.P.	1953	1,82,99,000	17th Sept. 1962	100.00
4% U.P.	1953	5,89,14,000	1st Aug. 1964	99.90
4% U.P.	1953	5,53,22,000	15th July 1968	100.00
4% U.P.	1953	9,10,71,000	1st Sept. 1967	98.25
4% U.P.	1956	8,48,26,000	3rd Sept. 1968	98.10

(J) Income-tax free. * Loans held entirely by the Trustees.

ABBREVIATIONS. N—Nominal. C—Held by Commissioners. ‡ Bombay State Treasurer.
A—Held by Government of India. B—Taken up by State Bank of India. D—Domestic Loan not marketable.
†† Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April 1956.
Interest free for first 15 years. §—Interest free for first 7 years. Z—Rs nine instalments Rs1 inclusive of normal interest.
M—At the option of the Government after three months' notice. K—On September 1966 or later at the option of the Government after three months' notice.
T—Liability taken over by Madhya Pradesh.

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				
85,50,000	4	1904	1964	
85,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.90
40,00,000	4	1909	1969	
56,00,000	4	1910	1971	
50,00,000	4	1911	1973	
1,00,00,000	4	1912	1973	
50,00,000	4	1913*	1960	D
50,00,000	4	1914	1974	95.90
65,00,000	5	1915	1975	95.00
50,00,000	5	1915*	1969	
25,00,000	4	1915*	1971	
10,00,000	4	1916*	1976	
75,00,000	5	1917	1981	
50,00,000	5½	1922*	1982	
75,00,000	5½	1923*	1983	
50,00,000	5½	1924*	1984	
1,00,00,000	5½	1925*	1985	
1,00,00,000	4	1926*	1976	
1,00,00,000	4	1960	1970	98.50
STERLING LOANS				
£892,600	5	1922	1952-82	£65
£901,500	5	1922	1954-84	£65
£256,100	5½	1923	1962	£64½
MADRAS				
Rs.				Rs.
28,42,875	3½	1947	1977	
9,58,000†	3	1947	1977	A
3,00,000†	3	1949	1979	
45,00,000†‡	4½	1954	1984	

CALCUTTA LOANS

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,05,59,000	15th July 1970	98.25
4% U.P.	1959	8,58,56,000	19th Aug. 1971	97.90
4% U.P.	1960	7,79,16,000	29th Aug. 1969	98.00
4½% U.P.	1961	6,60,00,000	Sept. 1972	97.90
4% Rajasthan	1953	3,14,19,000	3rd Sept. 1968	98.20
4½% Rajasthan	1958	2,78,85,000	15th July 1970	98.00
4% Rajasthan	1958	3,84,19,000	19th Aug. 1971	97.90
4% Rajasthan	1960	5,08,74,000	29th Aug. 1969	98.00
4½% Rajasthan	1961	4,46,00,000	Sept. 1972	98.00
4% Orissa	1956	3,09,34,000	3rd Sept. 1968	98.00
4½% Orissa	1958	3,58,58,000	15th July 1970	98.00
4% Orissa	1958	3,82,82,000	19th Aug. 1971	97.90
4% Orissa	1960	4,80,60,000	29th Aug. 1969	98.00
4½% Orissa	1961	5,50,00,000	Sept. 1972	98.00
4% M. Bharat†	1958	1,04,77,000	15th July 1970	98.00
4% M. Bharat†	1958	1,11,15,000	19th Aug. 1971	97.90
4% W. Bengal	1953	1,75,00,000	3rd Sept. 1968	98.00
4% W. Bengal	1953	2,00,03,000	15th July 1968	98.00
4% W. Bengal	1953	3,62,22,000	1st Sept. 1967	98.00
4% W. Bengal	1955	7,58,73,000	1st Sept. 1967	98.00
4% W. Bengal	1956	7,11,46,000	3rd Sept. 1968	98.00
4½% W. Bengal	1958	6,18,50,000	15th July 1970	98.00
4% W. Bengal	1958	7,75,45,000	15th July 1970	98.00
4% W. Bengal	1960	7,01,32,000	29th Aug. 1969	98.00
4½% W. Bengal	1961	7,81,00,000	Sept. 1972	98.00
4% Assam	1959	3,74,42,000	19th Aug. 1971	97.90
4% Punjab	1959	3,18,87,000	19th Aug. 1971	97.90
4½% Punjab	1961	3,18,00,000	Sept. 1972	98.10

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
Rs.		**BOMBAY**		Rs.
50,00,000	4	1902	1962	
50,00,000	4	1903	1963	
50,00,000	4	1904	1964	
50,00,000	4	1905	1965	
50,00,000	4	1906	1966	
50,00,000	4	1907	1967	
50,00,000	4	1908	1968	
50,00,000	4	1909	1969	
50,00,000	4	1910	1970	
50,00,000	4	1911	1971	
50,00,000	4	1912	1972	
50,00,000	4	1913	1973	
50,00,000	4	1914	1974	
50,00,000	4	1915	1975	
50,00,000	4	1916	1976	
50,00,000	4	1917	1977	
50,00,000	4	1918	1978	
50,00,000	4	1919	1979	
50,00,000	4	1920	1980	
50,00,000	4	1921	1981	
50,00,000	4	1922	1982	
50,00,000	4	1923	1983	
50,00,000	4	1924	1984	
50,00,000	4	1925	1985	
50,00,000	4	1926	1986	
50,00,000	4	1927	1987	
50,00,000	4	1928	1988	
50,00,000	4	1929	1989	
50,00,000	4	1930	1990	
50,00,000	4	1931	1991	
50,00,000	4	1932	1992	
50,00,000	4	1933	1993	
50,00,000	4	1934	1994	
50,00,000	4	1935	1995	
50,00,000	4	1936	1996	
50,00,000	4	1937	1997	
50,00,000	4	1938	1998	
50,00,000	4	1939	1999	
50,00,000	4	1940	2000	
50,00,000	4	1941	2001	
50,00,000	4	1942	2002	
50,00,000	4	1943	2003	
50,00,000	4	1944	2004	
50,00,000	4	1945	2005	
50,00,000	4	1946	2006	
50,00,000	4	1947	2007	
50,00,000	4	1948	2008	
50,00,000	4	1949	2009	
50,00,000	4	1950	2010	
50,00,000	4	1951	2011	
50,00,000	4	1952	2012	
50,00,000	4	1953	2013	
50,00,000	4	1954	2014	
50,00,000	4	1955	2015	
50,00,000	4	1956	2016	
50,00,000	4	1957	2017	
50,00,000	4	1958	2018	
50,00,000	4	1959	2019	
50,00,000	4	1960	2020	
50,00,000	4	1961	2021	
50,00,000	4	1962	2022	
50,00,000	4	1963	2023	
50,00,000	4	1964	2024	
50,00,000	4	1965	2025	
50,00,000	4	1966	2026	
50,00,000	4	1967	2027	
50,00,000	4	1968	2028	
50,00,000	4	1969	2029	
50,00,000	4	1970	2030	
50,00,000	4	1971	2031	
50,00,000	4	1972	2032	
50,00,000	4	1973	2033	
50,00,000	4	1974	2034	
50,00,000	4	1975	2035	
50,00,000	4	1976	2036	
50,00,000	4	1977	2037	
50,00,000	4	1978	2038	
50,00,000	4	1979	2039	
50,00,000	4	1980	2040	
50,00,000	4	1981	2041	
50,00,000	4	1982	2042	
50,00,000	4	1983	2043	
50,00,000	4	1984	2044	
50,00,000	4	1985	2045	
50,00,000	4	1986	2046	
50,00,000	4	1987	2047	
50,00,000	4	1988	2048	
50,00,000	4	1989	2049	
50,00,000	4	1990	2050	
50,00,000	4	1991	2051	
50,00,000	4	1992	2052	
50,00,000

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	No. of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
90,00,000	55,16,166	1,52,12,754	55,66,142	20,726	B. N. Elias & Co. Private Ltd.	870	Agarpara	10 10	10	0 25	0 50	1 00	0.25	3	Y.P.T.
6,00,000	16,40,000	77,47,320	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	262 00	100	10.00	15.00	44.00		3	Y.P.T.
30,00,000	6,06,850	1,44,87,735	1,04,88,923	—1,17,976	McLeod & Co., Ltd.	1,264	Alliance	93 00	100	Nil	Nil	6.00	Nil	12	Y.P.T.
49,20,700	95,71,000	2,80,85,747	1,84,94,034	3,74,363	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	202 00	100	10.00	12.50	20.00	7.50	3	Y.P.
49,00,000	25,14,827	1,46,86,173	88,52,153	45,381	Birla Brothers Private Ltd.	910	Auckland	162 00	100	5.00	20.00	27.00	12.00	3	Y.P.
28,00,000	24,84,417	1,47,00,374	8[illegible],664	1,00,757	Birla Brothers Private Ltd.	959	Bally	277.00	100	6.00	10.00	25.00	25.00	3	Y.P.T.
£275,000	£842,869	£3,372,653	£997,103	£95,080	Sir John H. Burder (Chairman)	1,889	Barnagore	133 00	£5	Nil	10sh.	£1.10sh	10 Sh.	3	Y.P.
45,00,000	25,91,700	70,48,057	40,86,208	1,33,355	Soorajmull Nagarmull	600	Bengal	9 00	10	0.50	0.50	0.50		3	Y.P.
91,25,000	3,08,27,813	8,17,03,760	2,90,00,714	1,58,905	Birla Brothers Private Ltd.	1,373	Birla	30 25	10	1.00	1.00	1.50	1.50	3	Y.P.T.
86,00,000	27,72,236	1,36,96,070	70,84,725	24,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	127 00	100	5.00	15.00	10.00		3	Y.P.
7,43,880	4,000	45,02,280	36,10,242	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	Nil			12	Y.P.
18,00,000	29,05,059	92,72,856	5,12,612	4,22,941	M.	616	Caledonian	145.00	100	15.00	12.00	12.00		12	Y.P.T.
59,16,400	82,28,226	2,14,54,087	1,21,65,795	1,57,286	James Finlay & Co., Ltd.	600	Champdany	125.00	100	Nil	7.00	10.00	5.00	11	Y.P.T.
25,56,250	46,86,344	1,22,29,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	16 56	10	0.50	1.25	Nil		12	Y.
39,15,000	39,53,900	1,20,98,261	76,66,975	29,326	McLeod & Co., Ltd.	500	Chitavalsah	11 00	10	1.25	1.50	0.50		3	Y.P.
24,00,000	9,00,000	82,12,030	41,31,208	—3,09,256	M.	969	Clive	9.85	10	Nil	Nil	Nil		3	Y.P.
31,40,200	14,68,891	1,10,14,699	69,67,313	9,802	Bird & Co. Private Ltd.	766	Dalhousie	121 00	100	Nil	Nil	1.00	1.00	3	Y.P.T.
38,00,000	41,85,474	97,98,897	51,23,570	15,632	Andrew Yule & Co., Ltd.	779	Delta	162 00	100	6.00	14.00	7.50		3	Y.P.T.
15,00,000	38,62,000	1,14,03,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	16 75	10	1.00	1.25	1.25		11	Y.P.
66,60,000	61,72,389	2,52,82,387	1,90,43,987	72,385	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	385.00	100 Old	20.00	20.00	25.00	10.00	7	Y.P.T.
21,00,000	19,81,948	1,32,23,393	76,17,723	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	23.19	10	1.50	1.50	2.25		3	Y.P.T.
84,32,100	5,16,893	2,24,66,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Gangess Manufacturing Co., Ltd.	12.84	10	Nil	Nil	1.00		3	Y.P.T.
10,80,000	34,36,266	98,03,727	53,00,178	14,067	M.	607	General Ind. Society Ltd.	35.00	10	2.00	4.00	4.00		3	Y.P.
24,00,000	24,36,266	1,74,15,455	1,01,06,760	82,035	Macneill & Barry Ltd.	1,394	Gourepore	458 00	100	20.00	25.00	30.00	25.00	12	Y.P.
40,00,000	71,85,723	1,33,64,148	78,47,196	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	115.00N	100	5.00	6.00	8.00		3	Y.P.
16,80,000	31,69,633	83,48,980	55,07,778	38,329	J. & R. Hutchison Private Ltd.	720	Hooghly	15.00	10	Nil	0.60	1.00		3	Y.P.
65,62,500	12,02,842	2,25,18,376	1,45,23,467	97,720	Jardine Henderson Ltd.	1,940	Howrah	20.75	10	Nil	1.00	1.25	1.00	3	Y.P.
52,50,000	12,43,697	92,21,254	1,88,19,274	1,62,975	Ramdutt Ramkissendas	1,131	Hukumchand	15.00	7	1.00	1.50	2.15	2.15	3	Y.P.T.
87,30,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	15.00	12.50	1.50	1.24	1.75	1.50	3	Y.P.
24,00,000 }	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	144.00	100	5.00	20.00	5.00		3	Y.
B'19 20,000 }								143.00	B'100	5.00	20.00	5.00		12	Y.P.T.
80,00,000 }								77.50	100	Nil	Nil	Nil			
B'24,00,000 }		1,78,03,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankinarrah	77.00	B'100	Nil	Nil	Nil		12	
28,50,000	57,46,000	1,59,67,730	1,08,91,650	2,61,295	McLeod & Co., Ltd.	703	Kelvin	173 00Sd	100	12.50	14.00C'	15.00	15.00	5	Y.P.T.
54,00,000	23,98,564	2,18,73,550	1,39,90,173	1,300	Anderson Wright Ltd.	1,530	Khardah	16 12	10	0.80	2.00	2.00	0.50	3	Y.P.
59,85,600	47,39,756	2,07,21,456	1,33,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	157.00	100	5.00	10.00	20.00	7.00	3	Y.P.
24,48,000	6,04,572	1,08,23,825	71,08,446	—8,54,448	Bird & Co. Private Ltd.	931	Laundowne	120.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
18,00,000	14,15,230	65,77,236	42,23,242	54,044	Bird & Co. Private Ltd.	840	Lawrence	160.00	100	Nil	2.00	15.00	15.00	3	Y.P.
81,65,200	44,95,037	2,88,24,106	1,66,72,214	84,805	M.	1,294	Megna	11.81	10	1.75	1.00	1.20	1.25	3	Y.P.
29,98,900	34,86,892	1,64,53,185	94,33,206	—11,60,635	M.	815	Naihati	81.00	100	Nil	Nil			3	Y.
20,00,000	11,82,460	38,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.375	0.60		3	Y.P.T.
35,00,000	52,63,706	1,03,02,939	25,02,498	41,329	M.	852	National	22.87	10	0.75	1.00	0.75		10	Y.P.
90,25,000	32,36,172	68,66,663	32,12,580	43,020	McLeod & Co., Ltd.	316	Nellimarla Jute	10 25	10	1.00	1.40	0.30		10	Y.P.
2,53,63,370	2,61,72,920	9,66,76,531	1,71,73,801	Nil	Sahu Jain Ltd.	1,765	New Central	16 50	10	1.50	1.50'C'	1.50	1.50	7	Y.P.T.
16,72,888	51,03,617	1,30,21,848	77,50,582	32,274	Bird & Co. Private Ltd.	567	Northbrook	32 75	10	Nil	1.25	2.00	2.00	3	Y.P.T.
66,79,500	41,28,236	2,75,60,331	1,19,31,974	1,06,322	Macneill & Barry Ltd.	1,092	Nuddea	66.50	50	2.50	3.00	4.00	5.00	3	Y.P.T.
24,00,000	11,41,170	1,06,08,633	75,92,215	25,417	McLeod & Co., Ltd.	400	Presidency	4.97	5	0.37½	0.50	0.40	0.00	3	Y.
20,00,000	73,604	36,55,345	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	395	Rameshwara	7.06	10	Nil	Nil	Nil	Nil	3	Y.P.
49,50,000	....	1,24,88,157	67,33,074	—26,32,381	Jardine Henderson Ltd.	1,276	Reliance	4.87	10	Nil	Nil	Nil	Nil	3	Y.T.
£400,000	£490,065	£1,495,648	£850,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	5%†	10%†	6%†		3	Y.P.T.
99,00,000	19,67,200	1,24,50,559	91,45,488	69,510	Bagaria More & Co., Ltd.	911	Shree Ambica	22.00	10	0.50	0.60	0.75		3	Y.P.
14,80,000	13,85,050	75,14,528	54,32,384	21,730	Hindustan Investment Corpn. Ltd.	401	Soorah	21.56	10	1.50	2.50	2.50	2.50	3	Y.P.
£600,000	£420,865	£1,276,168	£743,619	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	3%†	10%†	6%†		12	Y.P.
85,80,000	57,94,656	99,18,767	55,10,623	8,800	Bird & Co. Private Ltd.	1,326	Union	170.00	100	15.00	20.00	25.00	6.00	12	Y.P.
£400,000	£279,822	£1,283,223	£611,723	£17,816	Thomas Duff & Co. (India) Pvt. Ltd.	1,321	Victoria	9.50N	£1	5%†	10%†	6%†		3	Y.P.T.
2,50,000	7,20,000	82,36,786	45,97,547	96,614	McLeod & Co., Ltd.	447	Waverley	3.90	1	Nil	0.25	0.30	0.30	12	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
10,98,990	4,88,641	17,73,941	3,77,863	16,618	Young India Agencies Private Ltd.	579	Balanoor Tea and Rubber	14.00	10	1.75	1.50	1.50	1.20	3	
83,92,542	23,76,747	84,13,561	15,18,278	78,105	Kothari & Sons (Agra.) Pvt. Ltd.	3,523	Blue Mountain	2.68	2	0.25	0.25	0.25	0.20	3	Y.P.
5,000	5,000	18,46,408	5,40,184	18,537	K. Ananthraman, Esq. (Mg. Director).	848	Chandramalai Estates Ltd.	6 64xd	2	0.24	0.24	0.24		3	Y.P.
14,00,100	14,42,552	27,59,005	9,36,841	48,653	Peirce, Leslie & Co., Ltd.	1,714	Chembra Peak Estates	3.40	2	0.20	0.30	0.40		3	Y.P.
3,66,420	12,26,975	23,20,475	1,95,657	32,885	Matheson Bosanquet & Co. Pvt. Ltd.	302	Coonoor Tea	26.00	10	2.00	2.00	1.75	0.40	3	Y.
4,80,000	5,19,389	13,74,821	2,42,244	2,310	Srinivas Agencies	661	Coorg Tea	5.40	2	0.40	0.40	0.40		3	Y.P.
6,00,000	4,81,815	12,81,028	3,69,201	656	P. G. Krishna Iyer, Esq. (Mg. Director)	352	Devashola (Nilgiri) Tea	30.30xd cr.	10	2.50	2.50	2.50		3	Y.P.
6,74,850	3,31,040	11,60,946	2,46,302	13,226	Young India Agencies Private Ltd.	465	Devon Tea	13.76	10	1.75	1.50	1.50	1.00‡	12	Y.P.
3,80,000	1,26,500	6,50,255	1,30,167	2,027	Parkins Private Ltd.	198	Emerald Valley Estates	5.67	5	0.30	0.40		1.20	3	Y.P.
25,00,000	18,55,500	56,71,656	10,31,863	77,135	Parkins Private Ltd.	1,506	Hallebyuria	13.75	10	2.25	1.25 CC'	1.50		3	Y.P.
6,00,000	8,86,159	15,77,488	3,94,129	59,573	Peirce, Leslie & Co., Ltd.	469	Kalasa Tea	3.25	2	0.25	0.30	0.40		12	Y.
17,17,076	12,12,245	33,15,743	5,71,179	15,609	Peirce, Leslie & Co., Ltd.	1,375	Kil Kotagiri Tea	4.95	2	0.30	0.70	0.50	0.50	3	Y.P.
5,00,000	2,14,272	12,61,070	1,15,811	579	Ipe Oommen & Co. Pvt. Ltd.	302	Kurcherumala Plant. Ltd.	5.15	10	0.625	0.80	Nil		10	Y.P.
5,00,000	1,20,556	9,61,424	78,029	87,130	Matheson Bosanquet & Co. Pvt. Ltd.	267	Lucky Valley	10.75	10	1.00	1.00	1.00	0.40	10	Y.P.
3,50,000	7,000	3,48,587	18,739	....	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	2.10	2	0.24	0.10	0.20		12	Y.P.
30,00,000	6,18,564	14,43,867	3,15,782	1,740	Ikapon Thomas, Esq. (Mg. Director)	560	Mammaley	30.00	25	3.75	5.00	3.75	3.50	3	Y.
36,00,000	23,87,384	85,03,880	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	3.86	5	0.37	0.37	0.37	0.37	3	Y.P.
12,00,000	7,04,337	28,03,725	6,12,258	27,990	A. V. Thomas & Co., Ltd.	1,484	Nellampathy	2.43	2	0.30	0.20	0.30	0.30	3	Y.P.
14,06,250	7,45,344	39,87,156	8,39,351	26,790	A. V. George & Co., Ltd.	1,528	Nilgiri Tea	8.40	10	0.60	0.60	0.80	0.80	3	Y.P.
23,40,000	5,77,357	35,77,509	13,58,272	22,735	Harrisons & Crosfield Ltd.	856	Nonsuch Tea	23.62	10	2.50	2.00	2.00		3	Y.P.
14,88,960	16,87,314	33,02,719	6,08,115	40,696	P. S. M. Molyneux, Esq. (Chairman)	579	Parkside	25.00	10	2.50	2.75	2.75	2.00	3	Y.P.T.
6,00,000	3,06,284	8,47,698	63,188	54,227	S. Sivaramakrishna Aiyar, Esq.	500	Peninsular Plantations Ltd.	23.50cd	10	1.50	2.00	2.75	2.25	3	Y.
17,00,000	11,01,847	43,24,475	15,91,844	37,065	Aspinwall & Co. (Travancore) Ltd.	1,584	Peermade	22.00	10	1.50‡	2.25	2.25		3	Y.
57,94,880	30,24,711	1,13,81,238	39,12,903	45,407	Peirce, Leslie & Co., Ltd.	3,718	Periakaramalai	3.45	2	0.20 CC'	0.25	0.37	0.75‡	12	Y.P.
13,50,000	2,06,500	11,58,569	1,44,292	3,047	A. V. Thomas & Co. (India) Ltd.	865	Sheveroy Estates Ltd.	1.44	2	0.15	0.125	0.18	0.40	3	Y.P.
8,00,000	12,43,697	92,21,254	1,88,19,274	1,62,975	T. Stanes & Co., Ltd.	1,131	Stanes Amalgamated	15.92	10	0.80	0.60	1.70	0.15	6	Y.P.
1,25,000	15,000	1,98,241	7,968	4,289	M.	216	Swinton Estates	2.82	2	0.15	0.15	0.25		3	Y.P.
12,50,000	11,78,243	32,25,233	4,11,990	1,854	Srinivas Agencies	1,061	Talayar Tea	1.76	2	0.12	0.10	0.25		3	Y.T.
15,75,000	16,60,500	32,54,509	8,47,947	42,163	Parkins Private Ltd.	1,208	Twyford	10.75	10	1.50	1.00 CC'	1.00	0.20	3	Y.P.
81,92,280	14,52,765	49,06,418	19,93,195	30,106	T. Stanes & Co., Ltd.	1,771	United Nilgiri	22.50cd	10	1.50	1.95	2.10		12	Y.P.
47,25,000	12,42,745	63,68,910	8,97,362	1,94,353	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall	2.41	2	0.25	0.25	0.35	2.20	3	Y.
1,00,000	52,516	3,09,872	1,01,735	—29,543	Goodall & Co.	93	Woodcote Estates Ltd.	1.65	1	0.06	Nil	INil	Nil	6—12	Y.P. Y.P.T.

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
6,30,000	5,52,435	16,85,453	4,57,025	80,365	Ramani & Co. Pvt. Ltd.	878	Alageswar Estates Ltd.	2.95	2	0.20	0.15	0.15	0.30	3	
6,75,000	2,35,527	19,88,033	3,50,665	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60	0.75	1.00	1.00	3	Y.
2,50,000	5,92,985	14,26,924	1,56,520	20,096	A. V. George & Co., Ltd.	639	Anandam Rubber Co., Ltd.	13.22	10	1.00	1.50	1.00	1.00	3	
12,07,838	2,28,040	21,62,921	2,74,016	9,563	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	3.15cd	2	0.70	0.50	0.40	0.30	3	Y.P.T.
4,25,000	4,50,000	8,61,807	1,11,093	23,299	Badra Coffee Estates Pvt. Ltd.	610	Badra Coffee Estates Ltd.	3.39	2	0.35	0.35	0.30	0.30	12	Y.P.
4,00,000	1,63,748	7,34,867	1,10,833	2,438	A. V. Thomas & Co. (Mysore)	576	Bababndin Coffee & Produce	7.72	5	1.25	0.85	0.80	0.30	3	Y.P.
3,00,000	2,25,000	4,68,688	62,711	4,903	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	1.87	2	0.25	0.15	0.40		3	Y.P.
6,66,115	13,50,384	13,50,384	13,874	474	T. K. Govindan, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd.	9 00	5	0.25	0.25	0.15	0.10	3	Y.P.
26,91,279	20,33,511	55,26,015	9,62,337	10,145	Peirce, Leslie & Co., Ltd.	6,203	Cochin Malabar	7 23	3	0.30 CC'	0.45	0.525	0.60	3	Y.P.
22,50,000	32,61,494	55,51,333	15,14,347	1,86,793	Cons. Coffee Estates (Secretaries)	2,794	Coffee Lands and Industries	14 25	10	2.00	2.50	2.50	2.50	3	Y.P.
71,35,000	70,70,102	1,65,00,964	45,79,313	2,26,719	C. I. Machin, Esq. (Mg. Director)	3,232	Consolidated Coffee	16.75	10	2.00	2.50	2.00	1.20	3	Y.P.
6,00,000	5,09,725	14,95,390	98,093	2,116	Associated Planters Private Ltd.	1,439	Cottanad Plantations	10.10	10	1.50	1.50	1.50	2.00	3	Y.P.
4,08,560	2,25,000	3,31,891	94,852	34,416	Peirce, Leslie & Co., Ltd.	605	Cowcoody Estates (Coffee)	3.95	2	1.30	1.50	1.00	1.00	3	Y.P.
16,00,000	11,10,000	32,96,821	7,46,403	37,599	A. V. Thomas & Co., Ltd.	1,221	Highland Produce	13.75	10	1.50	1.50	0.80	0.50	3	Y.P.
1,20,000	49,000	1,64,450	5,148	2,033	Young India Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd.	2.78	2	0.15	0.15	0.15		12	Y.
11,25,700	11,77,795	31,18,425	3,48,844	31,973	A. V. George & Co., Ltd.	1,548	Kallas Rubber Co., Ltd.	5.12xd	2	0.50	0.50	0.50		3	Y.P.
6,00,000	3,63,604	19,45,289	3,96,051	3,912	A. V. Thomas & Co., Ltd.	1,870	Kaipetta Estates	12.10	10	1.00 CC'	1.25	0.40	0.50	3	Y.P.
4,00,000	3,75,000	8,82,417	1,85,014	14,000	Peirce, Leslie & Co., Ltd.	674	Kumergode Estates Ltd.	4.30	2	0.40 CC'	0.40	0.40	1.25	3	Y.
13,50,000	8,41,456	22,23,838	4,40,673	47	K. T. Thomas Kathanar, Esq.	2,143	Malankara Rubber	16.00	10	1.70 CC'	1.50	1.60		3	Y.P.
3,25,000	2,50,000	8,43,098	81,358	3,394	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	9.00cd	5	1.00	1.00	1.50	1.60*	10	Y.P.
40,50,000	14,33,242	87,24,197	12,48,980	8,116	A. V. Thomas & Co., Ltd.	4,470	Midland Rubber	10.80	10	1.00 CC'	1.00	1.00	1.00	3	Y.
3,25,000	4,12,807	16,86,692	3,02,979	79,805	A. V. George & Co., Ltd.	1,331	Nenmeny Rubber	24.85	10	0.75	1.00	1.25	1.25	3	Y.
3,80,000	4,74,543	8,94,232	55,672	2,314	Associated Planters Private Ltd.	1,056	Nilambur Rubber Co.	14.12	10	1.50	1.50	1.50		3	Y.P.
19,45,980	*3,89,219	52,58,400	16,70,387	7,007	Peirce, Leslie & Co., Ltd.	4,395	Ouchterlony Valley Estates	3.73	2	0.20	0.30	0.50		12	Y.P.
6,50,000	5,71,404	7,97,732	83,078	46,714	Peirce, Leslie & Co., Ltd.	532	Oxoor Estates Ltd.	2.70	2	0.26	0.30	0.26		12	Y.P.T.
16,50,000	2,39,315	23,27,018	7,37,890	797	Aspinwall & Co., Ltd.	2,017	Pullangode Rubber	1.78	2	0.08	0.08	0.30	0.30	10	Y.P.T.
13,50,000	9,28,404	49,71,627	5,09,879	2,730	A. V. Thomas & Co., Ltd.	2,363	Rajagiri Rubber	19.05	10	2.00	2.10	0.10	0.12	3	Y.P.
2,00,000	1,64,963	3,80,760	47,874	16,875	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	11.12	5	2.00	2.50	2.00	2.00	3	Y.P.
5,50,178	8,23,000	9,35,802	1,44,033	21,694	Peirce, Leslie & Co., Ltd.	500	Savamalai Estates Ltd.	2.75	2	0.25 CC'	0.30	0.28	1.25	3	Y.P.
12,00,000	2,35,000	19,78,850	1,58,066	4,075	Patco Agencies	1,162	Sangameshwar Coffee Estates	1.82	2	0.16	0.18	0.28		3	Y.P.
10,00,000	2,03,130	22,50,803	1,88,357	4,584	East India Agencies Private Ltd.	1,454	Teekoy Rubber (India) Ltd.	5.20	10	0.60	0.60	0.12	0.12	11	Y.P.
2,50,000	2,75,000	4,29,005	51,999	2,806	A. V. George & Co., Ltd.	525	Thamaraikudy	16.90	10	2.00	2.00	2.00		3	Y.P.T.
9,15,200	6,05,000	24,54,542	2,19,470	14,829	Peirce, Leslie & Co., Ltd.	2,261	Thirumbadi Rubber Co., Ltd.	1.65	1	0.10	0.07	0.06		3	Y.P.T.
6,00,000	46,742	8,26,449	1,80,536	4,480	Espen Thomas, Esq. (Mg. Director)	1,241	Travancore Rubber & Tea	18.12	10	1.00	1.00	0.07		12	Y.P.T.
41,80,000	15,07,631	89,25,758	20,79,944	11,367	Aspinwall & Co. (Travancore) Ltd.	4,071	Travancore Rubber & Tea	10.62	10	0.50	0.75	1.50		3	Y.P.
20,00,000	1,91,000	33,48,191	9,99,484	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	10.00	25	1.50	2.00	2.00	0.40‡	12	Y.P.
6,00,000	4,96,000	17,68,416	1,27,422	10,655	P. I. J. Joseph, Esq. (Chairman)	1,360	Vellimalai Rubber & Co.	5.45	5	1.00	2.00	2.00		12	Y.
2,30,000	4,29,600	10,39,260	1,18,701	7,581	A. V. George & Co., Ltd.	508	Udayagiri Rubber Co., Ltd.	19.00	10	0.75	0.50	2.00		12	Y.
3,80,610	4,13,451	9,63,441	40,238	903	M.	738	Valkundam Rubber Co., Ltd.	22.75	10	3.00	1.50	2.00		12	Y.P.T.
12,50,000	12,40,987	16,15,277	1,52,156	1,12,012	Peirce, Leslie & Co., Ltd.	1,080	Wartyhully Estates Ltd.	2.90	2	0.20	0.30	0.30	0.30	12	Y.P.
6,95,000	97,309	12,65,464	1,02,251	23,313	M.	898	Woodland Estates	7.35	10	0.50	0.50	1.00	1.00	3	Y.P.T.

V—Includes 60 nP for 30-6-1954. 'C'—On increased capital. * Includes bonus. M—Managed by Board of Directors. Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	14,06,731	23,91,108	9,41,163	....	McLeod & Co., Ltd.	325	Amaekie	21.25	10	1.50	1.50	Nil		12	Y.P.
2,76,500	11,53,772	14,63,926	5,81,758	5,928	M.	456	Ananda (Assam) Tea	23.00	10	2.00	2.50	3.00		12	Y.
7,03,250	8,07,224	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd.	481	Ananda Bag	28.00	10	1.00	1.75	3.00		12	Y.
5,50,000	14,40,641	26,54,042	10,92,353	44,138	McLeod & Co., Ltd.	573	Bashmari	40.51

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
						CERAMIC; MINING AND QUARRYING								
80,00,000	....	37,43,382	16,26,068	82,615	United Provinces Commercial Cor. Ltd.	Assam Silliimanite Ltd.	10.81	10	*Nil*	*Nil*	0.60		3	Y.
26,50,000	11,82,441	14,00,854	7,95,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.24	10	3.50	2.00	2.00		8	Y.
35,25,146	19,77,396	1,51,24,989	63,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.00	2½	0.25	0.356	0.375		9	Y.P.
10,00,000	52,26,517	92,22,366	45,37,866	59,450	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	26.00N	10	1.75	1.87	3.00	3.00	12	Y.
14,17,800	10,55,247	33,58,584	16,31,858	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	160.50	100	10.00	12.86	12.86		8	Y.
29,80,700	14,50,359	1,25,49,403	27,84,861	—5,54,462	Saraf Bior & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	161.00	100	*Nil*	*Nil*	8.00		9	Y.P.
£1,371,800	£2,444,266	£3,614,146	£2,661,103	£118,760	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	4.92	Sh. 2	0.24	0.36	0.36		12	Y.P.
₹5,00,000 } 0,15,00,000 }	26,84,000	45,04,655	18,23,598	2,55,462	Bird & Co. Private Ltd..	Karanpura Development	16.60	10	*Nil*	1.50	1.50		12	Y.
80,00,000	....	1,14,21,419	5,78,268	3,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	113.00	100	*Nil*	*Nil*	*Nil*		12	Y
30,00,000	40,95,322	1,28,10,947	66,20,738	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.80	1.80		12	Y.P.
50,00,000	10,48,852	1,16,80,536	59,85,620	14,41,622	M.	Metal Corporation of India Ltd. ..	11.25	10	*Nil*	*Nil*	*Nil*		12	Y.P.T.
6,00,000	5,26,433	13,40,693	7,43,285	7,276	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	13.50	10	1.00*	1.00*	1.428		8	Y.P.T.
20,00,000	64,15,280	71,67,023	30,76,350	1,16,009	Bird & Co. Private Ltd.	Orissa Minerals	46.62	10	2.50	3.60	3.60	2.80	8	Y.
8,50,000	17,29,249	92,49,001	49,43,489	37,499	A. V. Gharpure, Esq. (Chairman) ..	Parshuram Pottery Works Co. Ltd. ..	67.00	25	3.75	3.75	5.36	5.36	6	Y.
10,46,390	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	44.00	10	8.00*	5.00	8.00*		7	Y.P.
													11	Y.
						CHEMICAL								
24,00,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	90.00	100	....	....	....			
85,00,000	68,58,600	2,37,87,674	78,28,566	1,17,073	Bhailal Amin & Sons (Private) Ltd. ..	Alembic Chemical Works Co.	241.25	100	12.00	16.00	14.00		12	Y.P
8,10,00,000	1,57,00,278	6,04,78,062	1,23,50,512	1,88,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	43.94	10	0.80	0.95	1.20		12	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,730	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	352.50	100	*Nil*	12.00	12.00		9	Y.P
29,89,400	84,11,676	1,63,91,567	58,70,391	42,183	Rasturlhai Lalbhai & Co.	Anil Starch Products Ltd.	530.00	100	20.00*	28.00*	30.00*		12	Y.P.
224,93,775	77,68,862	4,08,77,204	1,25,84,166	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	518.00	100	10.00	12.00	12.00		12	Y.P.
50,98,000	68,84,606	1,50,85,851	77,12,638	1,30,717	Dr. B. N. Ghose (Managing Director) .	Bengal Chemical and Phar.	104.00	100	6.00	7.00	7.00		12	Y.
1,00,00,000	28,71,461	1,96,12,335	15,44,929	30 077	Ramniwas R. Ruia, Esq. (Chairman) .	Colour-Chem Ltd.	500.00	100	*Nil*	*Nil*	7.00	10.00	8	Y.P.T.
9,99,937	2,01,899	14,14,355	6,62,598	3,860	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	25.25	25	2.00	2.50	2.50	3.00	8	Y.
26,78,500	43,92,903	87,05,339	42,37,414	83,977	Dhanraj Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	180.00	50	6.00	10.00	*Nil*		12	Y.
1,07,37,000	64,32,516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	180.00	100	6.00	4.00(e)	*Nil*		12	Y.
3,46,06,075	38,17,000	6,56,28,587	3,05,85,610	26,18,166	M. K. K. Nayar, Esq. (Mg. Director) .	F. A. C. T.	8.40	10	0.40	0.60	0.60		12	Y.P.
1,49,46,250	89,44,101	43,84,456	17,56,571	75,293	Manilal Gazalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	563.75	100	*Nil*	*Nil*	6.00		12	Y.
12,00,000	6,50,911	27,89,148	14,86,985	55,617	Jal H. Mehta	Kemp & Co.	315.00	200	15.00	20.00	25.00	25.00	8	Y.P.
80,00,000	24,37,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	14.70	10	0.87½	0.88	1.50	2.00	8	Y.P.
24,31,220	10,47,788	58,45,879	48,58,267	8,513	T. Shanmanna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	10.35	10	0.50	0.50	1.00	1.25	8	Y.
8,00,000	4,55,261	11,57,557	6,70,822	1,46,072	D. Ramanathan, Esq. (Mg. Director) .	Mysore Chemical Mfg.	22.15	10	2.00	2.00	2.00*C'	2.00	8	Y.
40,00,000	36,38,816	65,05,379	16,83,684	1,54,703	Ramdas Kilachand, Esq. (Chairman) .	Polychem. Ltd.	227.50	50	*Nil*	3.00	5.50	7.50	8	Y.
15,00,000	11,17,980	34,89,082	21,90,713	2,10,028	Bangur Brothers Ltd.	Phosphate Co., Ltd.	298.00	100	25.00	45.00	35.00	25.00	8	Y.P.
19,90,908	15,32,251	26,75,181	16,16,600	1,22,545	C. A. Buxton	Smith Stanistreet & Co.	5.00	5	0.80'C'	1.25	1.25	1.25	6	Y.
4,50,00,000	....	1,41,20,622	31,717	3,87,250	Tulsidas Kilachand, Esq. (Chairman) .	Synthetics & Chemicals Ltd.	235.00	100	....	....	....	1.25	6	Y.P.
2,51,96,000	59,67,561	7,09,65,786	2,29,10,386	3,571	Tata Industries Private Ltd.	Tata Chemicals	19.04xR	100Id	0.75	0.625	0.60	0.65	6	Y.P.
18,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	18.25	10	0.70	1.00	1.50	2.00	8	Y.P.T.
						ELECTRIC (Bombay State)								
8,74,78,395	1,47,38,524	16,04,61,688	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	96.30	100	6.50	6.75	7.00	7.00	8	
61,56,250	26,20,222	2,58,75,933	68,34,925	13,52,334	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.40	10	0.85	0.90	1.00*	0.90	8	Y.T.
3,02,77,000	1,01,95,442	11,78,06,745	2,80,17,570	80,842	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,030.00	1,000	80.00*	80.00*	85.00*	80.00*	8	Y.P.
2,75,00,000	99,08,640	461,03,740	1,11,97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	103.50xd	100	7.00	7.50	8.00*	8.50	8	Y.P.
7,07,820	1,03,967	16,97,285	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developments.	6.76	10	0.50	0.60	0.66		8	Y.P.T.
48,80,000	12,56,813	1,57,72,704	61,58,509	9,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	100.00	100	7.50	8.00	9.50		8	Y.T.
70,00,000	31,26,526	1,72,01,519	56,35,377	1,914	Killick Industries Ltd.	Surat Electricity	100.00	100	7.00	7.00	8.00		8	Y.P.
3,99,99,875	1,23,03,557	8,51,68,079	2,08,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	111.75	100	8.00*	8.00*	8.50*	8.00	8	Y.P.T.
3,15,26,000	3,10,84,482	20,78,53,061	4,31,56,686	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,140.00	1,000	80.00*	80.00*	85.00*	80.00*	8	Y.P.
													8	Y.
						West Bengal and Other Centres								
19,99,600	49,57,883	1,79,22,370	42,63,062	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.† ..	126.00	100	10.00	10.00	11.00	11.00	8	
8,00,000	15,46,067	65,82,610	24,21,315	24,157	Martin Burn Ltd.	Bareilly Electric Supply	12.25	10	1.00	1.00	1.10	1.10	8	Y.T.
17,00,000	48,76,409	1,78,08,355	51,62,251	46,844	Martin Burn Ltd.	Benaras Electric Light & Power Co. ..	12.00	10	1.00	1.00	1.10	1.10	8	Y.T.
5,01,485	6,92,659	24,08,757	12,04,489	39,820	Octavius Steel & Co., Ltd.	Bhavnagar Electric Supply	9.40	5	0.40	0.40	0.64	1.10	8	Y.T.
£4,262,646	£9,457,172	£35,950,954	£14,225,963	£124,585	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	14.94xd	£1	7%	7%	7½%	7½%	8	Y.T.
8,80,096	7,55,076	37,78,204	11,86,451	42,983	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	8.31	10	0.65	0.65	0.75	1.00	8	Y.T.
43,20,000	27,18,498	1,05,87,589	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Darjeeling Electric Supply	97.00	100	7.00	7.50	10.00	10.00	8	Y.P.T.
5,84,640	1,42,426	39,19,424	15,91,894	42,694	Meenaa Lall & Sons	Jhansi Electric Supply	6.06	10	0.50	0.50	0.66	0.66	8	Y.
22,49,700	28,00,194	1,12,04,249	42,98,573	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	10.75	10	0.92	0.92	0.76	*Nil*	8	Y.
5,82,300	4,52,535	37,46,515	13,93,792	40,204	Octavius Steel & Co., Ltd.	Mouriprore Electric Supply	11.75	10	1.00	1.00	1.00	1.00	8	Y.
85,07,380	40,44,800	1441,84,880	58,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.87	10	1.00	1.00	1.25		8	Y.
9,10,000	2,58,304	15,86,883	6,29,467	5,242	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.75	10	0.50	0.50			8	Y.
16,80,000	14,98,612	80,57,155	46,54,951	11,629	Bird & Co. Private Ltd.	Sijuah (Jherriah) Elec. Supply Co. ..	8.87	10	0.65	0.75	0.625	0.625	8	Y.
99,99,960	22,97,866	2,22,90,594	74,27,824	11,885	Seshasayee Brothers Private Ltd. ..	South Madras Electric Supply Corpn. ..	10.12	10	0.87	0.90	1.00	0.90	8	Y.
5,00,000	12,50,896	57,76,615	18,66,448	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	14.65	10	1.25	1.25	1.35	1.35	8	Y.T.
56,00,000	78,01,913	4,29,48,755	1,54,85,172	89,174	Martin Burn Ltd.	U. P. Electric Supply Co.	115.00	00	10.00	10.00	11.00	11.00	8	Y.P.T.
8,00,000	11,41,474	46,63,814	18,15,572	8,84,013	Chandrie & Co. Private Ltd.	Vellore Electric Corporation†	14.00	10	1.00	1.00	1.50	1.428	8	Y.P.
						ENGINEERING (Bombay)								
42,47,000	50,83,626	75,37,402	31,01,373	46,100	Turner Morrison & Co. Private Ltd. ..	AlcockAshdown &Co., Ltd.	345.00	100	12.50	17.00	17.00		12	Y.
19,99,060	3,10,174	21,70,025	9,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering&Co., Ltd.	101.00	80	5.00	4.00	5.00		12	Y.
45,20,000	52,93,268	1,40,18,591	....	75,198	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	182.50	100	10.00*	13.00*	15.00*C'		8	Y.
66,00,000	6,90,109	58,51,172	22,34,229	88,756	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	185.00	100	7.00	10.00	*Nil*		8	Y.T.
60,00,000	1,06,98,455	2,46,93,330	1,46,51,549	39,845	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	178.50	100	9.00	13.00	13.00		8	Y.
6,00,000	4,67,222	2,05,518	1,38,658	4,607	T. V. Baddeley, Esq. (Chairman) ..	Jost's Engineering	96.50	50	5.00	5.00	4.00	5.00	8	Y.P.T.
40,00,000	14,71,874	66,38,880	22,18,255	15,090	Adnem Services	Jyoti Ltd..	196.50	100	12.00	12.00	15.00		8	Y.
44,96,250	31,67,591	68,03,723	31,66,348	3,381	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	16.24	10	0.50	0.775	0.80		12	
53,31,818	94,93,324	1,36,58,367	75,91,595	11,174	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	58.00	25	2.50	3.00	3.50		8	Y.
48,72,400	40,84,021	1,11,74,204	49,95,960	1,709	Kirloskar Associates	Kirloskar Electric Co. Ltd.	18.25xd	10	0.75	1.00	2.50	2.50	7	Y.P.
87,20,447	49,67,710	1,14,26,096	58,15,988	88,460	Kirloskar Associates	Kirloskar Oil Engines, Ltd.	46.00	10	1.00	1.00	1.10		8	Y.
15,00,000	4,58,946	25,18,944	6,77,094	5,683	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	311.25	100			1.43		8	Y.
1,10,00,000	36,76,765	1,21,61,582	37,48,210	98,848	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	44.00	10	1.25	1.25	*Nil*	12.50	8	Y.
52,81,207 } 18,19,187 }	1,23,086	1,08,47,668	22,98,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	2.80	10	*Nil*	*Nil*	1.80*C'	1.80	8	Y.P.
14,15,040 } 22,92,480 }	....	15,94,175	....	....	B. L. Kucheria, Esq. (Secretary ..	Lynx Machinery	....	5	*Nil*	*Nil*	*Nil*		9	Y.P.
1,23,00,000	42,57,063	1,59,29,923	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	8.52	10	....	....	....			
25,50,000	78,422	46,82,025	16,78,677	40,424	Prithivraj Sons	Man Industrial Corporation Ltd. ..	19.60	10	2.20	1.25	1.25		8	Y.
11,00,000	1,72,712	41,60,471	25,65,495	2,771	P. Jhunjhunwala, Esq. (Mg. Director) .	McKenzies	125.00	100	*Nil*	*Nil*	*Nil*		10	Y.P.
61,42,910	57,00,000	1,38,14,415	50,43,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	148.75	100	*Nil*	*Nil*	10.00		8	Y.P.
57,50,000	42,31,615	1,28,07,888	60,90,019	3,724	Kirloskar Associates	Mysore Kirloskar Ltd.	28.76	10	1.20	1.00*	1.20		8	Y.P.
15,55,000	11,14,847	32,80,008	12,76,236	21,532	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	175.00xd	100	7.50	12.00	12.00	12.00	8	Y.P.
22,57,780 } 27,72,800 }	9,89,198	92,30,855	20,78,762	17,933	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	125.00	50	6.00	6.00	6.00	6.00	8	Y.
22,50,000	1,46,32,085	9,86,056	1,76,939	12,889	Walchand & Co. Private Ltd.	Premier Construction	224.00	50	4.50	4.50	6.00	6.00	8	Y.
30,00,000	42,07,875	1,09,85,938	46,88,395	9,319	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	196.00	50	6.00	9.00	12.00	9.00 }	8	Y.
27,55,42,580	27,66,24,572	1,85,51,78,192	68,78,78,212	34,084	Tata Industries Private Ltd.	Tata Iron and Steel	165.00xd	100	18.00	17.00	18.00	18.00	12	Y.P.
7,99,97,300	2,38,57,403	24,60,95,291	11,17,31,117	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	142.25	75 Old	8.25	6.50	9.72'C'	10.36*	8	Y.P.
10,00,000	8,85,000	52,97,720	8,10,644	17,016	T. Manekial Mfg., Co.	T. Manekial Mfg., Co.	861.00	100	10.00	14.00	13.50	14.00	8	Y.P.
12,00,000	18,88,174	17,41,004	9,54,180	16,37,276	M. T. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	880.00	100	10.00	14.00	18.50		8	Y.T.
2,55,00,000	80,22,811	1,29,75,902	30,04,169	3,78,955	S. K. Handoo, Esq. (Mg. Director) ..	Voltas Ltd.	305.50	100	2.25	3.00	3.00	3.25	8	Y.
70,00,000	....	10,49,952	4,291	23,584	R. H. Toprani, Esq. (Secretary) ..	Zenith Steel Pipes Ltd.	13.60	10	1.00	1.00	1.00	14.00	8	Y.
													6	Y.
						West Bengal and Other Centres								
6,00,000	1,06,470	26,89,661	18,48,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*				
56,00,000	80,54,321	1,01,45,489	65,62,025	496	M.	Bhartia Electric Steel	10.12	10	1.25	1.50	1.00		10	Y.P.T.
56,59,790	77,67,825	88,29,182	16,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	42.12	10	1.25	2.25	2.50		12	Y.
12,00,000	35,52,764	53,37,611	54,73,698	1,87,999	Balmer Lawrie & Co., Ltd.	Britzje & Roof Co. (India) Ltd.	52.25	10	2.00'B'	3.00	3.00		12	Y.
12,84,870	7,04,341	39,97,540	14,93,685	32,996	Holmes Wilson & Co., Ltd.	Britannia Building and Iron	23.15	10	0.80	0.80	1.50		12	Y.
50,00,000	44,88,965	1,81,00,880	55,16,684	1,88,852	McLeod & Co., Ltd.	Britannia Engineering	12.62	10	0.80	1.00	1.00		12	Y.P.
5,00,000	13,27,357	26,62,140	16,10,602	81,788	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	38.00	10	2.00	2.50	2.50		12	Y.P.
84,00,000	2,55,35,839	6,55,70,950	2,25,20,946	1,21,244	Martin Burn Ltd.	Burn & Co.	534.00	100	20.00	28.50	28.50		12	Y.T.
1,00,00,000	11,86,252	50,39,086	6,68,924	1,68,056	M.	Calcutta Steel Co., Ltd.	15.56	10			0.80	28.50	12	Y.
1,00,00,000	12,33,028	1,89,66,744	10,15,906	2,17,174	R. L. Malharia, Esq.	Central India Machinery Mfg. Co. Ltd.	10.00N	10	*Nil*	*Nil*	*Nil*	1.50	4	Y.
80,00,000	16,00,000	1,25,47,313	27,93,668	1,64,773	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	12.06	10	*Nil*	*Nil*	*Nil*		8	Y.
4,00,00,000	6,53,05,809	3,39,30,521	2,53,46,302	....	H. M. L. Williams (Mg. Director) ..	Guest, Keen, Williams Ltd.	41.25	5	2.00	2.40	1.60'C'	1.00	8	Y.T.
12,50,000	22,59,648	61,88,962	41,87,127	....	Martin Burn Ltd.	Hooghly Docking	105.00	50	5.00	6.00	6.00		12	Y.T.
12,44,08,990	24,26,87,682	81,16,86,664	17,84,44,848	16,41,911	Martin Burn Ltd.	Indian Iron and Steel	25.25	10	1.00	1.00	1.50		12	Y.T.
99,66,075	67,97,984	1,51,14,077	76,22,093	58,466	Martin Burn Ltd.	Indian Standard Wagon	150.00	25	5.00	5.00	7.50	1.60	12	Y.P.
99,58,160 } 26,580 }	2,52,04,628	2,22,95,589	1,52,64,925	10,98,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	47.12	0.10	4.00	1.82½	2.80	7.125	8	Y.P.
48,82,732	8,71,641	36,01,297	18,94,884	10,662	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	13.50	0. 1	0.40	0.162	0.28		8	Y.P.
1,07,48,783	90,64,293	4,34,86,950	1,69,45,698	7,173	Madan Mohanlall Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	11.55	10	0.70	0.70	....	1.25	8	Y.
28,00,000	49,31,000	81,62,663	25,40,754	96,487	J. K. Industries Private Ltd.	J. K. Steel Ltd.	27.75	10	1.20	1.20	1.715		8	Y.P.
2,03,97,000	1,47,08,416	3,18,81,991	1,02,58,799	57,411	B. P. Singh Roy, Esq. (Chairman) ..	Jessop & Co.	19.75	10	1.25	1.25	2.00	1.715	8	Y.P.T.
27,64,800	42,28,268	95,25,077	38,24,562	37,543	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	23.31	10	0.60	0.858	0.858*C'	2.00	8	Y.P.
10,50,000	10,86,336	19,41,579	15,38,707	—8,56,589	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India), Ltd. ..	7.75	5	0.80	0.80'C'	0.80		8	Y.P.
40,90,000	13,58,286	1,44,84,142	57,32,003	—7,03,289	M.	National Iron and Steel Co., Ltd. ..	3.44	2	0.40	0.20	*Nil*		10	Y.P.
60,00,000	24,06,943	76,55,140	24,16,818	4,85,188	S. S. Ind. Development Co., Ltd. ..	The British India Corpn. Ltd.	5.31	10	0.62	0.75	*Nil*		8	Y.T.
6,00,000	15,56,099	31,20,671	20,16,012	15,608	Martin Burn Ltd.	Saran Engineering Co.	7 25N	10	*Nil*	*Nil*			8	Y.P.T.
1,50,00,000	55,57,153	4,58,37,471	2,13,31,161	58,787	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	9.75	4	0.40	0.25	0.35	0.40	8	Y.T.
39,84,400	14,51,916	77,82,900	30,25,484	17,127	Martin Burn Ltd.	Textool Co., Ltd.	20.45	10	1.50	2.00	1.00		8	Y.
							189.50	100	12.00	15.00	15.00	15.00	12	Y.
						INSURANCE (X)							4	Y.
13,50,000	45,63,970	1,75,12,227	....	57,338	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	10.87	5	1.00	1.00	1.00			
16,00,000	11,05,196	28,43,030	....	66,390	M.	Devkaran Nanjee Insurance	28.00	50	3.00	2.00	3.00		12	Y.
24,00,000	74,63,333	1,64,42,160	....	3,75,255	K. K. Srinivasan, Esq. (Mg. Director)	Hercules Insurance	24.12	10	2.00	2.00	2.25		12	Y.
16,02,240	42,46,147	98,45,602	....	4,21,318†	K. M. D. Thackersey, Esq. (Chairman).	Indian Mercantile Insurance	55.00	40	3.75	5.35	6.00		12	Y.
20,00,000	71,07,781	1,89,36,350	....	36,786	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	21.12	20	2.00	2.50	2.50		12	Y.
1,06,81,590 } 26,50,535 }	8,97,62,307	16,93,26,628	....	30,99,455	B. K. Shah, Esq. (Mg. Director) ..	New India Assurance Co., Ltd.	58.80	15	4.00	5.70*	5.70		12	Y.
15,99,270	40,70,895	1,05,96,078

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
68,36,000	2,17,59,602	4,00,13,820	1,14,17,317	1,33,167	J. K. Industries Private Ltd. ..	*Aluminium Corporation of India Ltd.* ..	17.62	10	0.90	1.00	1.20	1.20	3	Y.P.Y.
1,00,00,000	47,93,750	1,51,27,464	66,45,037	3,01,680	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.50xd	10	1.25	1.25	1.50	0.90	3	Y.
80,00,000	37,89,088	40,22,855	27,01,150	2,09,443	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	23.06	10	1.50	2.00	2.50*	2.25	3	Y.
3,96,87,870	86,35,471	2,85,25,287	85,85,256	12,525	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	8.80	5	0.30	0.40	0.40		12	Y.
80,00,000	27,88,863	41,62,859	23,29,465	1,42,995	Mr. A. Hydari and Mr. S. Goldberg ..	Assam Match Co., Ltd.	25.25	10	1.25*	1.80	1.80		12	Y.
1,18,00,000	88,01,435	1,02,55,165	50,36,439	8,24,384	E. R. Grezson, Esq. (Mg. Director) ..	Associated Battery Makers (E) Ltd. A. ..	34.25	10	2.40	4.00	2.50	1.50	3	Y.
2,50,00,000	89,40,021	1,09,70,998	44,66,384	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	5.00N	10	0.60	*Nil*	*Nil*		3	Y.P.Y.
80,21,400	96,40,909	79,91,395	41,74,554	5,75,403	G. D. Wilson, Esq. (Chairman). ..	Balmer Lawrie & Co., Ltd.	251.50	100	20.00	25.00	25.00		12	Y.
12,50,000	25,38,976	37,24,157	21,81,357	1,58,199	Balmer Lawrie & Co., Ltd. ..	Bengal Fleur Mills Co., Ltd.	38.72	10	2.50	4.50	4.00		12	Y.
20,00,000	7,81,558	64,37,324‡‡		56,711	Lurelock & Lewis	Birds Investment Ltd.	13.12	10	0.70	1.10	0.95		9	Y.P.
49,97,620	72,69,286	1,48,96,874	60,07,477	2,84,279	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	41.87NB	5	1.20	1.40	2.50	3.00*	3	Y.P.Y.
3,25,00,000	1,95,44,212	3,00,84,669	2,33,94,496	2,34,066	H. S. Chaturvedi, Esq. (Mg. Director).	British India Corporation Ltd.	11.36	5	*Nil*	*Nil*	0.20		12	Y.
23,86,540	36,98,629	42,37,817	22,12,135	90,721	A. V. Niblett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	26.12	10	1.00	1.00	1.25		12	Y.P.
1,25,00,000	14,76,849	1,58,75,787‡‡		2,52,457	Andrew Yule & Co., Ltd. ..	Clive Row Investment	8.56	10	0.75	0.83*/	0.80		12	Y.
5,25,000	10,00,000	40,04,009	28,47,106	8,600	M.	Delhi Fleur Mills Co., Ltd.	15.00	10	1.00	1.00	1.00		10	Y.P.Y.
3,00,00,000	5,08,87,500	10,39,79,436	4,01,20,176	25,12,555	John Luckham, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd.	41.81	10	1.62	2.15	2.15		12	Y.P.Y.
90,00,000	1,12,82,000	81,00,893	2,03,32,100‡‡	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	153.00	100	10.00	14.00	14.00		12	Y.
27,56,355	1,76,30,094	85,99,851	27,71,678	12,605	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	41.00	5	0.75	0.80	1.25	1.50	3	Y.
51,26,008	89,19,702	1,68,50,495‡‡	..	3,49,092	Bird & Co. Private Ltd. ..	Eastern Investment Ltd.	144.00	100	9.00	14.00	14.00		12	Y.P.
12,49,250	....	4,92,055	6,366	33,611	M.	East Anglia Plastics (India) Ltd. ..	25.50	10	..	..	..	*Nil*	3	Y.
44,95,240	4,87,249	59,44,059	12,38,911	4,116	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	12.40	10	*Nil*	0.50	0.50		12	Y.
66,00,000	22,27,652	49,26,966	9,79,186	2,477	Harparshad & Co. Pvt. Ltd. ..	Escorts Ltd.	18.25	10	..	2.50	1.50		12	Y.P.
48,00,117	77,72,250	85,25,774	3,62,250	4,07,338	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	24.00	12.50	1.50	1.50			9	Y.P.
14,00,000	15,80,821	38,09,892	23,58,830	70,027	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	231.00	100	15.00	17.00	17.50	20.00	3	Y.
7,50,000	4,20,000	1,21,085	48,831	5,551	Gany & Co.	General Papers Ltd.	10.32	10	1.25	1.25	1.25		3	Y.
39,97,575	....	2,41,908	1,338	—1,05,933	National Rubber Mfrs. Ltd. ..	General Tyres (India) Ltd.	6.75	5	..	..	..	*Nil*	3	Y.
66,00,000	86,24,200	89,67,734	15,91,567	1,71,222	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	13.81	10	1.00	1.00	1.00		3	Y.
40,00,000	5,08,550	78,33,840	44,34,526	13,37,710	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	31.00	10	2.00	2.50	4.00		12	Y.P.
50,00,000	18,10,650	88,65,486	43,28,959	21,282	R. B. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	22.50		3	Y.
4,06,12,350	1,45,51,950	8,89,47,867	8,84,91,947	2,75,652	Birla Brothers Private Ltd. ..	Hindustan Motors	20.80	10	*Nil*	0.50	0.90	1.20	3	Y.P.
58,00,000	16,64,622	99,48,437	33,67,174	1,81,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	30.75	10	0.60	1.20	..		10	Y.
11,40,000 } 14,30,000 }	....	1,00,469	....	....	Ramparsad Murlidhar & Co. ..	Hindustan Twyfords Ltd.	{ 16.37	{ 5 } 10	..	..	..	*Nil*	3	Y.
15,16,00,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	12.50	10	0.70	0.60	0.80	0.90	3	Y.
2,66,59,480	2,49,78,620	9,79,93,586	3,53,95,785	49,90,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	36.12	10	0.70	1.20	1.50		12	Y.P.Y.
3,86,17,700	2,29,18,801	5,17,93,618	1,54,14,858	45,72,642	Sir John Brown, C.A. (Chairman) ..	Indian Cables	39.25	10	1.50*	1.50*	2.25	2.25	3	Y.P.Y.
5,00,00,000	2,11,58,409	6,83,83,195	2,91,21,939	18,06,872	Amiya Kumar Sen, Esq. (Mg. Director)	*Indian Oxygen* Ltd.	10.50	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
29,93,375	1,06,104	54,89,157	21,21,520	3,633	M.	Indian Plastics Ltd.	20.00	10	1.00	1.50	2.00		3	Y.
8,27,970	7,54,870	19,61,878	11,91,842	1,32,965	M.	Indian Rubber Manufacturers	18.12	10	..	..	*Nil*		3	Y.
49,98,525	....	58,01,513	1,37,698	—6,92,700	Duncan Brothers & Co. ..	Isaac Holdens (India) Ltd.	77.00	100	2.50	5.00	7.00		12	Y.
2,00,00,000	74,12,017	43,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman) ..	Jardine Henderson	10.69	10	3.50	2.00	1.00	7.00	3	Y.P.
10,00,000	12,02,095	18,79,279	13,27,977	17,262	J. K. Agents Private Ltd. ..	Madhya Pradesh Industries Ltd. ..	31.50	10	2.12*	2.75	2.75		3	Y.P.
1,45,95,250	11,12,52,546	22,41,470	13,38,274	2,90,309	T. Leslie Martin, Esq. (Mg. Director)	Martin Burn Ltd.	27.25	10	2.00	2.00	3.00		12	Y.P.
16,00,000	8,60,000	23,46,291	3,49,181	14,953	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	215.00	O. 10	12.50	15.00	15.00		12	Y.
40,00,000 } 3,00,000 }	78,79,891	31,96,009	13,65,508	2,18,917	M.	McLeod & Co.	—	D.O.10	0.75	1.00	1.00		12	Y.P.
1,91,00,000	1,82,75,151	3,61,57,826	1,40,28,040	28,85,978	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	58.62	10	1.75	1.75	2.50	2.50	3	Y.P.
20,00,000	7,90,891	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electrical Industries Ltd. ..	218.05XR	100	10.00	15.00	24.00	20.00	3	Y.P.
6,58,250	9,18,696	12,19,354	6,85,655	3,471	Mr. L. D'Sa (Chairman)	Mysore Lamp Works	32.75	10	1.50	1.50	2.00		3	Y.
10,00,000	3,33,080	20,39,182	12,41,906	11,453	N. V. Siddalingappa, Esq. (Chairman) ..	Mysore Tobacco	9.40	10	1.25	1.25	1.00	*Nil*	3	Y.
90,00,000	1,60,09,310	1,39,45,356	57,73,861	50,820	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	29.37	10	2.00	2.00	2.50	2.50	3	Y.P.
80,00,000	33,51,660	50,44,501	25,96,233	43,860	Do.	National Pipes & Tubes Co., Ltd. ..	29.50	10	1.25	1.50	2.00		3	Y.P.
40,00,000	98,76,100	41,69,908	41,41,324	39,258	Do.	National Rolling & Steel Ropes	19.75	10	1.00	1.00	1.50	1.50	3	Y.
40,99,057	12,28,074	1,05,93,558	39,58,256	46,685	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	12.50	10	0.60	0.85	*Nil*		12	Y.
79,97,000	1,17,55,035	1,60,40,984	81,18,295	9,85,725	B. N. Elias & Co. Private Ltd. ..	National Tarpaulin Cloth Co.	17.12	10	1.10	1.50	1.50		12	Y.
23,32,100	11,02,391	40,65,244‡‡	..	45,497	Ramniklal Ramkishandas	New India Investment Corpn. Ltd. ..	44.00	75	3.75	6.50	1.50		12	Y.P.Y.
15,00,000	7,02,000	9,17,555	7,24,601	1,81,361	Parry & Co. Ltd.	Parrys Confectionery Ltd.	4.31	1	0.20	0.20	0.30	0.20	12	Y.
2,20,00,000	56,08,956	2,16,94,776	66,69,601	68,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	36.25	10	0.85	1.20	1.20		12	Y.
62,50,000	....	4,88,081	....	—1,76,940	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	22.50	5	..	..	..	*Nil*	3	Y.
15,00,000	1,09,431	8,39,781	2,90,184	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	4.00	5	0.375	0.375	*Nil*		3	Y.
36,52,540	7,27,450	38,37,051	21,69,505	21,649	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	25.25	10	1.00	1.50	2.50		3	Y.
2,25,00,000	3,15,42,305	71,06,305	50,01,860	6,35,553	Sadrudas Goenka, Esq. (Chairman) ..	Ralli India Ltd.	153.50	100	*Nil*	*Nil*	*Nil*		3	Y.P.
6,98,94,760	2,54,60,015	15,98,24,741	6,76,06,625	5,96,527	Sahu Jain Ltd.	Rohtas Industries	16.44	10	2.00	1.50	2.00	1.00	3	Y.P.
75,00,000	55,67,726	2,75,12,629	72,19,861	1,17,247	K. D. Gangull, Esq.	Sen-Raleigh Industries	22.56	10	0.80	0.80	0.80		9	Y.P.Y.
75,00,000	55,68,000	1,87,90,319	87,68,411	5,18,608	S. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	21.69	10	1.00	1.50	1.50		12	Y.P.
40,00,000	91,02,371	1,59,18,510	81,50,439	9,57,362	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	23.66xd	10	1.50	1.80	1.80	1.80	12	Y.P.
47,00,000	24,40,000	1,35,84,329	39,73,778	2,974	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	16.69	10	0.75	0.90	0.90		12	Y.P.
18,00,000	95,24,802	1,18,49,118	28,52,182	58,451	J. K. Agents Private Ltd.	Straw Products Ltd. S.	9.31	10	1.25	1.50			12	Y.P.
9,98,980	30,000	16,98,410	7,47,338	8,286	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.10	10	0.40	0.60	0.60		12	Y.
11,56,700	16,45,853	14,00,718	7,70,662	91,515	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	81.56	10	2.00	2.75	3.25*	1.50	12	Y.
2,50,00,000	1,56,61,814	3,97,55,030	93,05,416	12,08,286	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	282.00	100	10.00	10.00	10.00	10.00	9	Y.P.
20,58,950	29,686	68,68,988	17,58,338	56,308	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	8.75	10	*Nil*	1.40	1.80		7	Y.P.
5,00,00,000	1,67,65,505	4,04,41,004	1,15,58,337		J. B. Galloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	50.87	10	1.40	1.80	1.80		12	Y.P.
20,00,000	60,00,000	58,86,994	19,50,050	53,224	Vittal Mallya, Esq. (Chairman).. ..	United Breweries	82.50XR	10	6.00	6.00	6.00	6.00	12	Y.P.
2,00,000	4,60,191	9,85,222	5,93,831	52,594	Shaw Wallace & Co. Ltd.	United Flour Mills Ltd.	32.50	10	2.50	5.00	3.50		3	Y.
81,46,200	27,60,484	1,02,78,923	35,59,149	6,964	A. K. Kaderbutty' Esq. (Mg. Director).	Western India Plywoods Ltd.	210.00	100	10.00	10.00	10.00	12.00	3	Y.P.
TRANSPORT														
20,00,000	25,17,650	1,23,16,209	21,49,792	28,028	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	118.00	100	6.00	8.00	7.50		10	
1,50,00,000	61,32,793	4,25,99,781	2,35,57,012	—28,10,589	Dinshaw (Private) Ltd.	Bharat Line	4.40	10	1.20*	*Nil*	*Nil*		12	Y.P.
60,00,000 } 30,00,000 }	2,08,62,445	8,16,52,906	2,55,75,629	1,85,750	A. B. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	{ 6.12xd	5(New)	0.90	0.525	0.50	0.38	6	Y.
4655,880	£1,342,443	£5,811,271	£3,538,891	—£3,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	71.00	£10	*Nil*	*Nil*			6	Y.P.
2,47,50,000	2,46,51,885	28,76,87,961	5,76,03,817	—41,04,584	Lionel Edwards (Private) Ltd.	India Steamship Co.	7.16	10	1.00	1.00	1.00	*Nil*	12	Y.P.
11,25,19,293	11,18,95,184	$8,12,01,740	11,55,58,414	2,82,887	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	12.92xd	20	1.25	1.50	0.60	0.60	3	Y.P.
0.3,40,800 } P.O.2,10,200 }	24,07,622	13,35,807	9,61,870	1,50,989	K. R. Aiyer Esq. (Manager)	Walford Transport Ltd.	{ 3.50 2.81	O. 1 P.O. 1	0.14 0.12	0.20 0.15	0.30 0.20		6 12	Y.P. Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,50,000	39,20,726	1,39,22,812	85,35,843	28,149	Shaw Wallace & Co., Ltd. ..	Amalgamated Coalfields	22.00	10	1.25	1.50	1.00	1.25	3	Y.
15,00,000	6,09,272	41,29,674	34,78,442	—2,59,124	Jardine Henderson Ltd.	Barraree Coke	16.00	10	0.80	*Nil*	*Nil*	*Nil*	3	Y.
4,49,850	1,39,132	11,60,126	6,76,085	4,967	Kalyanji Mavji & Co.	Bengal-Bhatdee	9.25	10	0.75	*Nil*			3	Y.
1,00,00,000	2,06,23,467	7,45,29,664	4,86,40,486	10,50,239	Andrew Yule & Co., Ltd. ..	Bengal Coal	349.00	100	17.50	25.00	25.00		3	Y.
2,50,000	5,17,314	23,13,560	20,49,181	4,184	M.	Bengal-Nagpur	19.80	10	*Nil*	*Nil*	1.00		10	Y.P.
60,00,000	61,200	1,48,74,215	80,25,554	2,80,479	Sahu Jain Ltd.	Bharat Collieries	3.60	10	0.60	*Nil*	*Nil*		12	Y.
7,15,000	14,93,844	57,66,846	36,78,787	—6,96,032	M.	Bhuiabarasree	6.00N	10	*Nil*	*Nil*			3	Y.P.Y.
7,50,000	21,72,444	48,42,643	29,03,008	31,361	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	23.31	10	0.75	1.00	1.50		12	Y.P.
90,92,480	1,43,70,787	4,58,50,649	2,38,26,119	58,154	Bird & Co. Private Ltd.	Burrakur	17.62	10	0.875	1.50	1.50	1.50	12	Y.P.
49,97,750	6,32,979	82,38,293	31,00,814	1,11,870	Hindustan Investment Corpn. Ltd. ..	Central India	12.25	10	0.50	0.50	0.50		3	Y.P.Y.
5,00,000	12,99,490	53,54,287	34,01,864	7,605	Jain Industries	Central Kurkend	7.00N	10	0.50	*Nil*		1.00	3	Y.P.
6,00,000	1,55,159	5,98,750(k)	..	7,043	F. W. Heilgers & Co. (Private) Ltd. ..	Churila	5.00	4	0.20	0.12	0.12		12	Y.
16,00,000	....	57,61,927	25,65,625	—1,06,901	M.	Dhemo Main	6.94	10	*Nil*	*Nil*			12	Y.
£240,000	£429,207	£1,464,191	£857,983	£16,220	Jardine Henderson Ltd.	East Indian	33.12	£1	1.00	1.25	1.00	2.00	4	Y.
29,63,740	1,16,22,107	4,94,12,898	3,48,03,389	1,10,574	Macneill & Barry Ltd.	Equitable	27.50	10	1.50	0.75	1.50		12	Y.
10,00,000	40,000	27,58,595	8,45,300	—5,80,078	Bhatter's Agency Ltd.	Ghusick and Mudla	14.00	10	*Nil*	*Nil*	*Nil*		12	Y.P.Y.
12,00,000	2,08,371	44,46,519	29,14,342	797	Kilnck Industries Ltd.	Hingir-Rampur	35.00	50	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
5,00,000	....	24,79,228	20,12,906	—3,47,957	M.	Hurriladih	14.37	10	*Nil*	..	..		6	Y.P.
30,00,000	7,64,717	45,86,822	12,99,682	40,019	Bird & Co. Private Ltd.	Karanpura Collieries	19.04	10	5.00	5.00	7.50	10.00	12	Y.
14,88,460	16,10,178	59,54,622	41,77,254	1,38,677	Andrew Yule & Co., Ltd.	Katras Jherriah	49.00	10	0.50	0.75	0.50	4.00	3	Y.P.
9,00,000	10,22,762	6,16,870		59,060	H. V. Low & Co. (Private) Ltd. ..	Lakurka	13.75N	10	1.00	0.75			3	Y.
2,48,740	2,50,000	15,68,875	10,12,852	17,140	Tantia Brothers Private Ltd.	Naxira	6.50	10	0.75	1.00			4	Y.
31,37,210	27,39,686	1,02,48,878	1,06,23,096	76,788	Andrew Yule & Co., Ltd.	New Beerbhoom	21.00	10	1.00	1.50	1.00		12	Y.P.
6,00,000	3,90,206	12,37,138	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	13.62	10	0.50	0.50	0.50	0.90	3	Y.
1,15,000 } 1,57,500 }	3,84,525	12,96,398	9,60,464	23,053	M.	North West	{ 22.00 17.87N	10 { 7.50	1.50 1.12	1.50 1.12	2.00 1.50		3	Y.
7,50,000	13,20,908	2,92,538	22,84,209(k)	85,296	P. Prashad, Esq. (Chairman) ..	Ondal	14.40	10	0.70	0.70	0.60		12	Y.P.
2,84,000	1,37,202	15,04,745	13,15,337	1,617	Sheperdand Kishenlall	Parasea	17.88	10	0.50	0.62	0.125		12	Y.P.
25,75,000	23,34,500	83,62,260	51,27,399	62,139	Shaw Wallace & Co., Ltd.	Pench Valley	16.12	10	2.00	1.00	1.00	1.00	12	Y.P.
22,99,500	29,45,121	1,59,19,235	1,10,16,981	50,804	M.	Ranegunge	14.94	10	1.00	1.00	1.50	1.70	3	Y.
18,39,000	11,81,590	52,62,257	35,97,266	29,587	Shaw Wallace & Co., Ltd.	Rewa	30.00	10	1.00	1.00	0.75N		12	Y.
37,50,000	58,38,570	1,17,25,741	58,46,579	34,993	M.	Samla Collieries	8.87	10	0.50	0.70	1.00		12	Y.
10,00,000	3,86,010	£4 65,093	2,62,414	2,494	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries.	123.00	100	12.50	16.00	16.00	8.00	3	Y.
2,80,000	11,14,420	20,94,527	9,37,227	87,532	Andrew Yule & Co., Ltd.	Seebpore	47.00	7	1.75	2.00	2.00		12	Y.
5,00,000	4,89,842	8,39,781	2,90,184	1,111	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	6.44	10	*Nil*	0.25	0.50		12	Y.
5,00,00,000	78,62,511	3,26,23,180	3,52,39,469	10,622	P. M. Nayak, Esq. (Chairman) ..	Singareni	10.50	10	0.75	0.75	0.70		12	Y.
17,50,000	7,71,506	48,97,038	22,47,469	—1,54,124	Bird & Co. Private Ltd.	South Karanpura	7.87	10	0.75	0.90	0.25	*Nil*	3	Y.P.
3,00,000	15,49,019	1,85,707	$8,08,230(k)	20,718	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	18.81	10	0.25	*Nil*	1.00		12	Y.
3,50,000	2,81,000	20,49,979	15,40,997	28,484	B. M. Varma, Esq. (Mg. Director) ..	Union	10.00xd	10	*Nil*	*Nil*			12	Y.
49,35,000	5,00,557	90,20,910	35,51,831	16,622	Hindustan Investment Corpn. Ltd. ..	Western Bengal	9.31	10	0.40	0.40	0.60	0.75	12	Y.
7,50,000	....	60,41,420	30,66,510	—2,48,486	M.	West Jamuria	10.37	10	*Nil*	*Nil*			12	Y.

§.—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 63,49,854 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

N.—Ctive New Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors.

N.B.—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 112 lakhs, whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 80 lakhs only. X. B. Ex-Bonus.

‡‡ Investment at cost.

• Excludes bonus.

(k) Investments.

MARKET GOSSIP

(*Concluded from page 227*)

year from exporting member-countries. The present price range is $1.50 to $1.90 a bushel. It is a moot point whether the Agreement has functioned well during the last three years. The fact remains, however, that, since 1959, supply and demand position of wheat has changed for the better. This may be partly because of smaller output in major wheat producing countries and partly to larger imports from countries like China.

Three years ago, the volume of *surplus stocks* held by the leading exporters (the U.S., Canada, Australia and Argentina) was increasing, while import demand was lagging behind, partly because of larger domestic production in Western Europe and partly due to *per capita* decline in bread consumption in the highly industrialised countries. Today, conditions are somewhat different. Stocks of the four *leading exporters*, according to the latest review of the world wheat situation by the Wheat Council, went down by 10 million tons to 53 million tons during 1960-61, the first substantial reduction since 1956. This decline was the result of lower production in both exporting and importing countries, following bad weather. During 1961, world wheat crop (outside Russia and China) declined by 14 million tons, with a sharp drop of 10 million tons in North America alone. At the same time, world trade in wheat and flour reached a record level of 42 million tons in 1960-61 (an increase of 10 per cent over the previous year), thanks mainly to larger imports from China. The Wheat Council forecasts that, in 1961-62, the volume of trade will increase further, with a still further decline in stocks.

It may be because of the better prospects for the demand for wheat that exporting countries are now pleading for an increase in the floor and ceiling. Canada, for instance, is said to be asking for a price range of $2 to $2.10, as against the

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	95.50	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Garew & Co. T.F.R.C. ..	8,00,000	1875	6.00	Mar.	Sep.	80.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C...	7,00,000	1920	7.00	July	Apr.	16.66xd	£1
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	100.00	100
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.) ..	5,00,000	1940	7.00	Dec.	..	62.00	100
Parbatpore Co. C.	1,00,000	1922	10.00	Oct.	..	11.00	10
Rannagger Cane T.F.C.	4,00,000	1933-36	6.00	Aug.	..	85.00	100
Ravaigaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	80.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	6.95	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	120.50	100
COAL							
Berrea T.F.C.	14,00,000	1896-97	5.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	90.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.25	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C.	9,89,500	1946	5.50	..	..	54.00xd	10
††Khas Kajora C.	1,93,750	1931	8.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	71.00	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	106.63xd	100
Basanti Cotton T.F.	1,00,000	1926	6.25	Nov.	..	7.50	10
Bawreah 'A' T.F.	6,00,000	1900	8.00	Feb.	Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1918	7.00	June	Dec.	49.50	50
Buckingham & Carnatic C.T.F. ..	21,80,200	1920	7.50	Jan.	July	118.00	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr.	..	90.00	100
Central India T.F.	50,00,000	1912	5.00	Apr.	Oct.	427.50	500
Century Spg. & Mfg. Co. T.F.R.C. ..	1,22,00,000	1858	6.00	Dec.	..	108.00	100
Coimbatore Pioneer C.T.F. ..	1,00,000	1925	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1912	8.00	May	..	105.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July	..	6.75	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	71.00	100
Kesoram T.F.C.	20,00,000	1919	7.00	June	Dec.	105.00	100
Khatau Makanji (2nd) T.F. ..	29,92,500	1947	4.00	Nov.	..	77.00	100
Kothari C.T.F.	18,00,000	1927	6.00	Dec.	..	8.80	10
Kothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	..	..	8.76	10
Lakshmi Cotton (Bombay) C. ..	16,00,000	1896	5.00	..	..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	69.00	100
Myson Spg. C.	7,45,050	1944	4.50	..	..	20.00	50
National Rayon C.	1,74,64,700	1947	5.00	..	..	72.50	100
New Great	6,00,000	1913	5.50	Mar.	..	107.00	100
Pedar Mills T.F.C.	10,00,000	1943	4.00	Feb.	..	66.00	100
Rajalakshmi C.T.F.	2,00,000	1882	6.50	Apr.	..	44.50	50
Shree Niwas Cotton T.F.C.R. ..	4,80,000	1944	4.00	..	..	69.50	100
Swadeshi T.F.C.	15,00,000	1918	5.00	Apr.	Oct.	86.00	100
Swadeshi (Kanpur) T.F.C.	25,00,000	1927	6.00	June	..	69.00	100
Travancore Rayon C.T.F.	50,00,000	....	6.00	May	..	7.80	10
Vasanta (1st) C.T.F.	4,50,000	1931	6.50	Apr.	Oct.	95.00	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.00	100
Vishnu C.	15,66,500	1908	7.00	Apr.	..	385.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,84,000	1917	7.00	May	Nov.	985.00xd	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	5.50	..	..	71.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00(t)	June	Dec.	8.81	10
Poona Electric C.	4,50,000	1935	7.00	Jans	Dec.	103.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept.	Dec.	7.80	100
Do. (2nd) C.T.F.	5,00,000	1940	5.50			7.70	10
Surat Electric Co. C.T.F.	4,00,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	89,28,000	1907	7.00	May	Nov.	100.00	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,016.25	1,000
Vellore C.	1,25,000	1928	6.00	Dec.	..	5.81	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1895-98	7.00	Feb.	Aug.	109.00	100
Do. (2nd) T.F.C.	15,00,000	1902	6.00	Feb.	Aug.	99.00	101
Indian Iron and Steel Co. Ltd. T.F.C.	2,99,90,400	1950	5.00	Dec.	..	89.00	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May	Nov.	78.00	100
Kamani Engineering C.R.	16,00,000	1945	5.50	July	..	51.50	100
†††Kumardhubi Engineering T.F.C.	12,00,000	1915	4.00	June	Dec.	72.00xdN	100
Larsen and Toubro Ltd. T.F.R. ..	18,00,000	1946-47-51	5.00	..	..	89.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	96.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	51.00	100
Premier-Construction (1st) ..	10,00,000	....	6.25	..	..	78.00	100
Do. do. (2nd) C. ..	15,00,000	1936	6.25	..	..	69.50	100
Do. do. (3rd) C. ..	56,25,000	1947	4.50	..	..	5.12	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	134.50	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May	..	103.00	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	92.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb.	Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	65.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	91.00	100
Auckland C.	10,00,000	1909	6.50	May	Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	57.00xd	100
Bally T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	93.00	100
Barnagore C.	£200,000	1896	5.00	May	Nov.	38.00	25
Belvedere T.F.C.	7,00,000	1906	7.00	Jan.	July	87.00	100
Birla C.	28,64,200	1919	7.50	June	Dec.	85.00	100
Budge-Budge T.F.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	6.50	Jan.	July	45.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	84.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June	Dec.	86.00	100
Chitavalsah T.F.C.	5,00,000	1928	7.00	Mar.	Sept.	88.50	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May	Nov.	65.00	100
Do. (A) (2nd Pref.) T.F.C. ..	8,00,000	1905	7.00	May	Nov.	73.00	100
Dalhousie T.F.C.	15,00,000	1908-13	7.00	May	Nov.	90.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	69.50	100
Empire T.F.C.	10,00,000	1912	7.00	Feb.	Aug.	90.00	100
Fort Gloster T.F.C.	14,00,000	1890-96	7.00	May	Nov.	98.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1945	5.00	..	..	85.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	90.00xd	100
Ganges T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00xd	100
Gourepore T.F.C.	25,50,000	1895-04	6.00	May	Nov.	77.00xd	100
Hastings J.I.C.	25,00,000	1885	6.00	Mar.	Sept.	78.00xd	100
Hooghly T.F.	11,76,000	1918	10.00	May	Nov.	10.50	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	91.00	100
Do. T.F.C. (f)	17,50,000	1905-06	7.00	May	Nov.	90.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	90.00	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankanarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	76.00	100
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	81.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov	88.00xd	100
Lanadowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00xd	100
Naihati T.F.C.	7,50,000	1905	7.00	May	Nov.	112.00	100
Do. (2nd) (j) T.F.C.R.	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	87.00	100
Nellimarla T.F.C.	5,00,000	1930	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan.	July	92.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	69.00xd	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May	Nov.	88.00	100
Sammuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	89.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	0,00,000	1901-02	7.00	May	Nov.	88.00xd	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	5.00	Mar.	Sept.	88.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov.	..	47.00	50
Calcutta Tramways C.	£250,000	1906	5.00	Apr.	Oct.	7.25	£1
Indian Central Nav. & Ry. C. ..	£240,000	1899	6.00	Mar.	Nov.	77.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	5.00	..	..	65.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-08	7.00	May	Nov.	29.25	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	93.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	98.00	100
Chounabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	93.00	100
Gisilie C.	2,00,000	1894	6.00	Sept.	..	93.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	59.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Mar.	..	96.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec.	..	89.00	100
Moheema T.F.C.	3,20,000	1929	6.00	May	Nov.	83.00	100
New Dooars T.F.C.	2,00,000	1907	6.50	Jan.	July	5.85	10
New Samanbagh T.F.C.	1,00,000	1908	8.00	Nov.	..	93.00	100
†††Okayti T.F.R.C.	50,000	1888	7.00	Dec.	..	90.00	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan.	..	84.00	100
Salon River T.F.C.	1,00,000	1906	8.00	May	..	90.00	100
***Terpore C.	2,00,000	1928	8.00	Jan.	..	80.00	100
Tirribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	10.00	10
						12.81	10
PLANTING							
Be Be Rubber C.	1,45,005	1944	6.25	..	..	1.07	5
Do. R.O.	2,85,570	1944	6.25	..	..	5.18	10
Cochin Malabar C.T.F.	1,13,300	1952	7.00	June	..	48.50	50
Coffee Lands C.T.F.	10,40,600		5.00			68.00	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.,	..	80.25	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.	..	8.82	10
Darjeeling Tea C.T.F.	2,00,000	1936	7.50	July	..	92.00	100
Highland Produce C.T.F.	3,00,000	....	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1942	5.00	Jan.	July	5.72xd	10
Nilgiri Tea C.T.F.	2,81,200	1942	6.50	July	..	8.70	5
Pollangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.57	10
Teakoy Rubber C.T.F.	6,00,000	..	6.00	Mar.	Sept.	6.80	10
T. R. & C. T.F.	16,00,000	..	6.00	June	Dec.	8.85	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov	..	7.91	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	70.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	6.00	June	..	80.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr.	..	87.00	100
Aluminium Corpn. (1st) C.	20,00,000	1936	7.00(f)	..	..	99.00	100
Andhra Cement C.T.F.	2,48,800	1937	6.00	Feb.	June	92.74	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	54.00	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug.	..	11.75	10
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar.	Sept.	48.50	50
Do. "A" T.F.C.	4,00,000	1922	7.00	Mar.	Sept.	100.00	50
Do. "B" T.R.C.	20,00,000	1948	6.00	..	..	7.00	10
Bengal Timber Trading T.F.C. ..	3,00,000	1896	8.00	Aug.	..	62.00	100
Britannia Biscuit T.C.C.	15,450	1921	8.00	Feb.	Aug.	7.50	100
British Ceylon Corporation C. ..	17,50,000	1913	8.00	Feb.	Aug.	14.50	10
British India Corporation T.F.C. ..	11,00,000	1920	8.00	Feb.	Aug.	6.00N	5
Dalmia Cement (Bharat) C.T.F. ..	61,50,210	1937	8.00	Feb.	..	108.00	100
Dhrangadhra Chemicals T.F.C.R. ..	31,91,900	1956	6.00(f)	Sept.	..	8.10	10
Shree Digvijay Cement T.F.R.C. ..	79,93,875	1944	7.00	Mar.	Sept.	86.00	10
Dunlop Rubber Co. (1st) T.F.C. ..	30,00,000	1928	5.00	Dec.	..	77.50	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	6.00‡	June	Dec.	107.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	6.00	Apr.	..	57.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	56.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	6.00	Feb.	Aug.	48.00	100
Hindustan Motors T.F.R.C.	1,60,87,250	1956	8.00	Apr.	Oct.	79.00	100
Humayun Properties T.F.C.	12,00,000	1933	6.00	Mar.	..	207.00	100
India Cements C.	29,35,000	1948	7.50	Oct.	..	6.75	10
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June	..	81.00	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	Jan.	July	69.00	100
Indian Cable (m) C.	12,87,750	1923	6.00	June	Dec.	82.00	100
India Rubber Mfrs. (o) T.F.C.R. ..	8,28,000	..	5.00	Apr.	..	88.00	10
Jardine Henderson C.	50,00,000	1946	5.00	Dec.	..	86.00	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May	..	56.50	100
Do. do. (2nd) T.F.C. ..	10,00,000	..	4.00	May	..	55.00	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	7.00	June	Dec.	58.00	100
Martin Burn (x) T.F.C.R.	30,00,000	1946	5.00	Apr.	Oct.	61.00N	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July	..	86.00	100
Do. (2nd) F.C.	40,00,000	1936	5.00	Jan.	..	46.00	100
Metal Box Co. C.R.	30,00,000	..	5.00	July	Jan.	61.00	100
Metlur Chemicals (Old) C.T.F. ..	20,00,000	1908-18	6.00	..	..	84.00	100
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	Feb.	Sept.	9.70	10
Mysore Lamps R.C.T.F.	2,50,000	..	6.00	June	..	7.88	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	4.00	Aug.	..	5.82xd	10
Do. do. (New) (q) T.F.C.R.	25,00,000	..	5.00	Sept.	..	84.00	100
Orient Paper T.F.C.R.	20,00,000	1936	4.50	Mar.	Sept.	69.00	100
Do. (2nd) (t) C.R.	60,00,000	..	5.50	Jan.	..	92.00	100
Rohtas Industries (Old) T.F.C. ..	30,00,000	1936	5.50	Apr.	Oct.	83.50	100
Do. do. (New) T.F.C. ..	85,04,700	..	7.00-9.00	Apr.	..	85.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	4.25	Apr.	..	107.00	100
Spencer & Co. "A" C.	28,20,000	1898	10.00	Feb.	..	84.00	100
Do. "B" C.	28,80,000	1923	6.50	Jan.	Aug.	65.00	100
Standard-Vacuum C.	75,00,000	1955	8.50	Jan.	July	7.38xd	10
Star Paper T.F.C.	10,00,000	..	6.00	June	Dec.	10.25xd	10
Tata Chemicals T.F.C.	59,97,000	..	5.00	June	Sept.	86.00	100
Tata Oil Mills C.	29,88,800	1946	5.00	June	..	74.00	100
Titagur Paper Mills T.F.C.	11,50,000	1899	4.50	July	..	84.50	100
Do. do. (2nd) T.F.C. ..	15,00,000	1934	5.00	Jan.	June	118.00	100
			4.50	Jan.	July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank pari passu with ordinary shares after 6 months' notice. (n) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 20th December 1954. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participating to 9 per cent. (t) Free of Income-tax upto 6 nP. in the £. (u) Redeemable at par on 3 months' notice. (v) Redeemable at par on various dates. (w) Redeemable at any time 5 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. (y) Partly paid.

COMMERCE

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

VOL. CIV. No. 2653 BOMBAY, 17th FEBRUARY 1962 PRICE Rs. 2

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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Half-yearly rate ,,	35	Half-yearly rate ,,	40

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Back numbers, if available, from Rs. 4 onwards.

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RUPEE COUNTERPART FUNDS

METHODS of utilisation of rupee counterpart funds now accumulating under American aid programmes have long needed a review and it is likely that the current discussions between Mr. McGovern, Director of the U.S. Food-for-Peace Programme, and the Government of India will provide an opportunity for a reappraisal of the policies which have been pursued all along. Some time ago, when Mr. Douglas Dillon, Secretary of the U.S. Treasury, appeared before the Senate Foreign Relations Committee, he advocated a change in the system of loans repayable in local currency granted by the Development Loan Fund and proposed that, in future, they should be repaid exclusively in dollars. He then observed:

"An important reason for this change is that the United States is rapidly acquiring large accruals of local currencies from various programmes, most importantly from the sale of agricultural surpluses under Public Law 480. There is danger that continued large accruals of local currency

to solve the problem, though this year the prospects for the success of the President's farm programme are not bright.

Besides the philanthropic part of the surplus disposal for school children and relief schemes, India has recently been buying more under the barter pact, in exchange for manganese ore; this accounts for some stability in the amount of counterpart funds accruing to the U.S. and kept by the Government. This may have some effect on the Budget, because these funds are now directly taken to reduce the deficit on capital account, instead of through Treasury Bills as before when the State Bank of India was investing in them. The change is, however, one of nomenclature and does not affect the basic character of the accounting.

FERRO-ALLOYS

THE third Plan had originally laid down a target of 200,000 tons, in terms of annual capacity and production, for alloy, tool and special steels, excluding electrical and spring steels. Such steels are usually categorised as "alloy steel" which, in addition to the common constituents of steel, contains other elements (such as chromium or nickel, molybdenum, tungsten or vanadium) added to it with the object of achieving particular physical characteristics. *In view of the growing requirements* for these steels (which are almost entirely imported now) in the context of expanding and diversified industrial production, the authorities are stated to have revised the target capacity therefor to 375,000 tons per year and actually licensed an aggregate capacity of 300,000 tons so far. But, according to the expert opinion of some scientists in the National Metallurgical Laboratory (Jamshedpur), even the revised target capacity may not be quite sufficient. It is stated that, if the capacity for such steels is to be proportional to the third Plan's targeted capacity for steel ingots, it would have to be as much as 500,000 tons. The relevant point here is that, with greater production of ordinary steel, the demand for alloy steel will also correspondingly increase.

If thus the demand for alloy steel increases, so will the demand for ferro-alloys which feed the alloy, tool and special steel industry. Hence the need for establishing a ferro-alloy industry which can produce different grades of ferro-alloys required in alloy steel production. But, at present, only ferro-silicon and standard high-carbon grade of ferro-manganese are being commercially produced in the country. Although there are substantial indigenous resources for the industrial-scale production of ferro-chromium, ferro-titanium, ferro-vanadium, ferro-phosphorus, etc., they are yet to be exploited. It is, therefore, good to know that the National Metallurgical Laboratory at Jamshedpur is setting up a heavy pilot plant, with a capacity of one ton per day, for studying indigenous raw materials and their suitability for the production of standard grades of ferro-alloys. The significance of this development could be seen from the following observations of Mr. Jehangir Ghandy, Director-in-charge, T.I.S.Co., at a four-day international symposium on ferro-alloys, inaugurated on the 12th instant, at the National Metallurgical Laboratory:

"The growth of the ferro-alloy industry in India has been slow and quite disproportionate in relation to the projected development in alloy, tool, special and stainless steel industry. . . . It is noteworthy that the laboratory is commissioning a heavy pilot plant for the production of ferro-alloys based on the use of indigenous raw materials. This submerged arc ferro-alloy furnace is the first of its kind in the East and will be extremely useful to the ferro-alloy industry in evolving suitable smelting techniques, assessment of power consumption and other economies of production for industrial installations. . . . The tempo of research has to be maintained to ensure progress in the ever-changing pattern of smelting technology not only of ferro-alloys but also of specialised alloy steels in which the former find application."

Already, the Laboratory, it is gratifying to know, has achieved some substantial results in the field of research pertaining to ferro-alloys which are indispensable in steel-making generally. The alloys and metals which have been produced in the Laboratory's successful experiments so far are ferro-titanium, carbon-free ferro-chrome, chromium metal, manganese metal and chromium-manganese alloy. The Laboratory has also undertaken studies for the production of ferro-vanadium from vanadium pentoxide which is itself produced at another pilot plant. The experience gained in the production of different ferro-alloys on a small scale, it is said, has helped the Laboratory in setting up the unit for pilot smelting of ferro-alloys.

As for three other ferro-alloys, namely, ferro-silicon, ferro-manganese and ferro-tungsten, the Laboratory is in the picture only in respect of the last two. Ferro-silicon is already produced chiefly at the Mysore Iron and Steel Works which will soon have an expanded capacity of 20,000 tons per year. But it is estimated that the total requirements of this ferro-alloy by the end of the third Plan will be 40,000 tons per year. Ferro-manganese is now produced by a number of units. It is expected that, by the end of the third Plan, there will be an aggregate installed capacity of 225,000 tons of this ferro-alloy to cater to domestic and foreign markets. The National Metallurgical Laboratory is in the picture in respect of ferro-manganese through its research on the utilisation of low-grade manganese ores and through its work relating to the possible production, in future, of ferro-manganese in a low-shaft furnace pilot plant. As for ferro-tungsten, the Laboratory has already initiated a project for its production from the tungsten ore deposits of Degana in Rajasthan.

It would appear from the foregoing review of research achievements that the National Metallurgical Laboratory, unlike some other national laboratories, has fully justified its existence. Its success todate seems to be the result not only of the dedicated work of its scientific workers but also of the abiding and practical interest taken in its activities by the T.I.S.Co. But all its good work will not find extensive commercial application, if cheap electric power is not made available to any future ferro-alloy plant. The reason is simple. It is that the electric smelting techniques being evolved by the Laboratory will mean high power requirements. Since electric arc smelting will considerably ease the production of high quality ferro-alloys, their large-scale manufacture will necessarily have to be based on it. The ready availability of cheap power on the scale required is, therefore, vital for the success of ferro-alloy industry.

WORLD REFINERY EXPANSION

THE tremendous growth in oil demand since 1950 in the free world has been reflected in a corresponding growth in crude oil production as well as in refining capacity. The free world's crude oil supply in 1961 was of the order of 950 million metric tons, including imports from the Communist world, and may well exceed 1,000 million tons this year. The aggregate annual crude refining capacity has also simultaneously expanded; as at the beginning of the current year, this is more than 1,100 million tons, as compared with about 500 million tons in 1950 (*vide* Table 1). There are firm projects on hand in 51 countries, excluding the United States and Canada, for providing an additional refining capacity of about 185 million tons a year, of which 50 million tons will represent the capacity for completion in 1962. These projects, both for new plants and for the expansion of existing ones, number 105 in all, calling for an estimated investment of the order of £1,300 million in the next two or three years. Even with the addition of this capacity, there will be no overall over-capacity as such, for refineries are built to cater to needs for some years ahead and oil demand is expected to rise by about 50 million tons annually in the near future.

A noteworthy change that has come about in the free world's refining capacity is that North America (U.S.A. and Canada) now accounts for rather less than half of the free world's capacity, as compared with its two-thirds share in 1950. A major expansion, as will be seen from Table 2, is now taking place in the Eastern Hemisphere and, to a lesser extent, in Latin American countries. When the 105 firm projects (73 new refineries and 32 expansion projects) are completed within the next two or three years, they will raise the capacity in the free world outside North America by about one-third of the capacity now in existence. The present scale of expansion, according to the *Petroleum Press Service* of February 1962, is by far the biggest that has so far occurred. A remarkable feature of this expansion is that as many as 18 countries, where there are as yet no full-scale refining facilities, will have them for the first time. These countries are Switzerland, Malaya, Thailand, South Korea, New Zealand, Algeria, Tunisia, Libya, Kenya, Ethiopia, Ghana, Nigeria, Southern Rhodesia, Panama, El Salvador, Costa Rica, Nicaragua and Jamaica. With the completion of the projects on hand, there will scarcely be, it is stated, a country in the world with annual oil sales of the order of one million tons or more without oil refining facilities.

Another change that has come about in the last decade is the trend towards building refineries in oil consuming areas. The fact to be noted here is that, whereas, in 1950, oil producing/exporting areas accounted for nearly two-thirds of the refining capacity in the free world outside North America, their share in the rising total is now reduced to 36 per cent and, according to the *Petroleum Press Service*, will decline further as time goes on. This decline is being caused by the rapid expansion that is taking place in refineries in Europe (particularly in Italy and West Germany) and in Japan.

Perhaps the most striking feature of the expansion under way is that State oil enterprises are in the picture on a big scale in a number of countries. As much as 42 million tons of the projected additional refining capacity of 185 million tons are to be provided by these State enterprises. In Italy, for instance, the State-owned E.N.I. has on hand two new projects for a total refining capacity of 7 million tons. Spain will have one more project in the public sector, with a capacity of 1.1 million tons, Yugoslavia one of 1.2 million tons and Iraq one of 1.3 million tons. The public sector in India will have three new projects (Nunmati, Barauni and Gujarat) with an aggregate capacity of 4.5 million tons. Three new projects in Tunisia, Morocco and Ghana will be joint Government-E.N.I. enterprises, responsible for an aggregate capacity of 3.25 million tons. Wholly State-owned new projects in other countries are: Mexico (one of 2.5 million tons capacity), Colombia (one of 2.25 million tons), Brazil (two of an aggregate capacity of 2.5 million tons), Chile (one of 2 million tons), Iran (one of 5 million tons). Thus, wholly State-owned new refinery projects in several countries will account for an aggregate capacity of about 30 million tons. To this may be added the figure of 12 million tons by way of additional capacity projected by the already existing State oil enterprises in Finland, Yugoslavia, Egypt, Mexico and Argentina.

In spite of this increasing importance of State enterprise in the field of oil refining, private enterprise will continue to account for the larger part of expansion. It may be noted here that the major oil companies will be providing 63 million tons of additional capacity under their new and expansion projects and the smaller private oil concerns of various nationalities as much as 77 million tons. If the cost of refinery construction is taken, on an average, to be £7 for every ton of new annual throughput capacity, it will be found that the projects of State enterprises account for only £320 million, whereas those of private enterprise account for as much as £980 million of the entire planned investment on expansion. There can, however, be no gainsaying the fact that the leading international oil groups are being increasingly challenged by State enterprise in several non-Communist countries outside North America.

TABLE 1: *Free World's Refining Capacity*
(Million metric tons annually, at beginning of years shown)

Areas	Absolute capacity		Per cent of total	
	1950	1962	1950	1962
North America:				
U.S.A.	335	505	63.6	45.0
Canada	16	51	3.0	4.6
Outside North America:				
Producing/Exporting—				
Areas (*a*)	112	203	21.3	18.1
Europe (*b*)	44	225	8.5	20.0
Others	20	140	3.8	12.4
Total Free World	527	1,124	100.0	100.0

(*a*) Persian Gulf, Iraq, Indonesia, British Borneo, Venezuela and N.W.I., Colombia, Trinidad, Mexico, Peru.
(*b*) Including Turkey.

TABLE 2: *Additional Refining Capacity under Construction in the Free World outside North America*
(In million metric tons per annum)

Areas	Capacity for completion in 1962	Capacity for later completion	Total capacity	Number of projects
Europe (including Turkey)	20.2	73.8	94.0	50
Middle East	1.0	10.8	11.8	7
Japan	13.7	9.8	23.5	9
Other Asia/Australasia	1.3	18.8	20.1	14
Africa (excluding Egypt)	3.3	10.7	13.0	10
Latin America	11.8	11.5	23.3	15
Total ..	50.3	134.9	185.2	105

MARKET GOSSIP

Equities Subdued

EQUITIES are gradually losing ground for want of fresh buying. In the past few weeks, several scrips in the cash list have shot into prominence by staging impressive gains, thereby imparting a buoyant look to the share markets. But this appearance is deceptive, because almost all the counters in the forward list have tended to move down. The advance made in the cash section is due to encouraging reports about the performance and programmes of individual companies. Some have gone up in expectation of bonus issues or right issues at attractive rates. Some others have marched forward on reports of better profits for 1961 and possibility of enhanced dividends. There is a growing feeling that companies with substantial reserves may be tempted to capitalise a part of them and issue bonus shares while the going is good, in view of the widespread fear that the new Government to be formed at the Centre after the elections might either enhance the tax on capital gifts to shareholders or make such issues unattractive through other means. The fear that the next Central Government might be more anti-rich and anti-private sector than the present Government has been is responsible for the lack of support to the leading speculative counters at the current price levels. The fear, however, has not become so dominant as to encourage bears to depress the market.

Every one of those who are interested in the share markets is now waiting to see the character of the next Central Government. No one doubts that the Congress Party will be returned with sufficient majority to form a strong Government in the Centre and all the States. There are many who think that even Mr. Krishna Menon would win the contest, despite the united opposition to him, spear-headed by the distinguished and highly respected leader Acharya Kripalani. The movement of share markets after the elections will be determined by the appointments to the Union Cabinet. Presently, there is a general misgiving that the next Government will be more leftist than the present one has been since the exit of T.T.K. towards the close of 1958. But the crucial questions, the answers to which will shape the post-elections trend of share markets, are: "Who will be the next Finance Minister? If T.T.K. is not, what will he be in the Cabinet? Will he be given a position from which he can influence the vital elements of India's economic policies?"

T.T.K. Amuses

Meanwhile, many are amused at the tone and manner of T.T.K.'s speeches and statements. The one general comment that this writer has heard is on these lines: "T.T.K. talks as though he is certain of being appointed again as the Finance Minister, or as one who will be the chief architect of the next 'socialist' Government. He also talks as if he would have served the cause of socialism better than his successor had he continued to be in charge of Finance. Surely, this amounts to casting aspersions on the ability, wisdom and strategy of Mr. Morarji Desai, in particular, and his Cabinet colleagues, in general. No one else in the Congress Party seeking re-election to the Lok Sabha has made such damaging statements on the economic policies of the Government as T.T.K. has done. Does the fact that he chose to refrain himself from discharging his responsibilities as a member of the Lok Sabha for four long years entitle him to speak in a vein that amounts to a condemnation of his ex-Cabinet colleagues? Does not such a performance amount to a breach of party discipline? Even Prime Minister Nehru has not castigated any of his colleagues as this ex-Minister has done."

A question that one is provoked to address to T.T.K. is as to why he kept himself aloof all these days, despite the irresistible call of duty to the country and his party. If he felt that his successor was not following the right fiscal policies, he ought to have said so either in Parliament or in the meetings of his party. He did nothing of the sort. It is an unfair practice, unfair to his ex-Cabinet colleagues and to his party, to talk the way he has done on the eve of elections, when Mr. Morarji Desai or his supporters cannot reply in the interest of unity of the party.

Inter-bank Agreement

The inter-bank agreement on interest rates is in the melting pot at the time of writing (Thursday evening). Whether it will be allowed to lapse or sustained after 28th February 1962 will have been known by the time this issue of *Commerce* is in the hands of readers. The six months' notice given by five medium-sized banks for freedom to quote their own rates for term deposits, if their demand for a ½ per cent lead over the present ceiling rates cannot be conceded, expires at the end of this month. A meeting of chairmen and general managers of leading banks is scheduled for Friday the 16th inst., to take a final decision on this request of medium-sized banks and its outcome will be known early on the next day. Informal talks behind the scenes have not produced any agreed solution, as there are sharp differences of opinion. It would not, therefore, be a surprise to us, if the voluntary agreement were to yield place to a rate-war among banks. The only factor that might keep the members of the agreement together is the fear of more controls by the Reserve Bank, with the ultimate possibility of nationalisation in the third tranche of socialism in India.

The case of medium-sized banks for special treatment is already well known. To recapitulate it briefly. They say that uniform rates of interest under the agreement have worked against them, as the bigger banks had a greater pull over depositors. If a concession of ¼ per cent could be shown to small banks on the basis of their deposit resources, nothing would be lost by making another categorisation, namely, medium banks and big banks, on the same basis and allowing the former to offer ¼ per cent more than the existing ceilings. This, of course, implies that the small banks should be allowed to quote ¼ per cent higher than the big banks. It would appear that the small banks are not unhappy at this prospect, because their rates of interest on deposits would then be quite competitive not only with those offered by the other banks but also by other institutions.

The big banks are mightily opposed to the demand of the medium-sized banks for a variety of reasons. An uncharitable motive attributed by some cynics is that, as one or two of the big banks themselves want to see this agreement ended, the initiative taken by the said banks gives them an opportunity to get their objective fulfilled without having to take the blame for it. All that they have to do is to refuse a compromise. Among the other reasons mention may be made of the following:

1. Interest rates on deposits are already high; any further increase would make the cost of money uneconomic and reduce the profit-margin of banks which is none too high, having regard to the need for (*a*) building up their reserves and (*b*) opening more branches.

2. It is unnecessary to increase the rate of interest on deposits in order to attract them, because interest is only a marginal source of income for depositors. Deposits in banks are not investments but only funds kept for a temporary period, pending availability of more lucrative outlets.

3. Efforts should be made to obtain more deposits by spreading banking habit. This will require opening of more branches, offer of efficient services of both banking and non-banking, such as investment advice, arrangements to make periodical payments and safe deposit vaults. Since all this will add to the working expenses of banks, no excessive price for deposits should be paid.

4. If the cost of deposits goes up further, the banks will be compelled to raise their rates of interest on advances. This, in turn, will raise the cost of production in the country and aggravate price inflation. The organisations representing trade and industry will raise a hue and cry, asking the Government to interfere. Thus, the politicians will be given a very good excuse to get more controls imposed on banks.

5. An increase in the rates of interest on deposits will, in course of time, compel the Government also to pay higher rates of interest on its borrowings. In order to finance this addition to its cost, the Government will find it necessary to raise the rates of taxation also.

6. The argument that banks will have to pay more on their deposits in order to compete with joint-stock companies and other institutions that need money is not tenable. On the contrary, it will only lead to a vicious circle. Since the industrial and trading companies will have to pay higher rates of interest on their borrowings from banks, they will be tempted to offer still higher rates of interest to those who are willing to leave their savings with them. In any case, the quantum of money seeking such sources of high interest rates cannot be very large; at best, it will only be a fraction of deposits now being held by banks.

7. Higher deposit rates will be injurious to small banks themselves, because they will have to pay more than the big banks and, in order to do so, they will have to carry bigger risk-bearing advances. Such a position will place them, in great difficulties and even lead to the failure of some, when steps are taken from time to time to rectify imbalances in the economy which are inevitable in countries like India trying to make rapid progress in industrialisation.

8. There will soon come a time when higher interest rates paid by small and medium-sized banks will act as a drag on their growth, for that practice will be regarded as stigma of inferiority status. It is possible that a subtle propaganda will be carried on by their competitors among the depositors to the effect that, if a bank were to offer higher interest rates, something must surely be wrong with its stability. When this impression comes to prevail, depositors will get scared about keeping their funds in banks offering attractively high interest rates, and readily forgo the differential, in order to ensure the safety of their funds by keeping them with big banks.

9. There may be some justification for the existing ¼ per cent differential in favour of small banks, but none whatever in favour of medium-sized banks which are operating all over India and which have registered a rapid rate of growth in deposits in recent years. In addition, they have the benefit of regional loyalties of depositors in their principal area of operation. If their present demand were to be conceded, it would amount to giving them an excessive advantage over the big banks. Further, the associates of the State Bank, who are already canvassing custom by pointing to the mighty backing of the invincible State Bank of India, will steal a march over even the big banks, not to mention the medium-sized banks.

10. The introduction of deposit insurance has placed a handicap on big banks but given an advantage to small- and medium-sized banks. To give them another weightage in the form of higher interest rates would be too much.

Despite all these overwhelming arguments against an increase in interest rates on the lines suggested by the five medium-sized banks, there are, however, some among the big and bigger medium-sized banks who are in favour of a compromise. They feel that a quarrel among banks will only be an invitation to the Government and the Reserve Bank to intervene and fix the ceiling on interest rates. They further feel that, if the inter-bank agreement were to collapse, there would be unhealthy competition for deposits and the principal beneficiaries will be the foreign banks operating in India. Since these banks have to pay pretty high rates of interest on funds brought from abroad and since they have a bigger margin of profit in view of the large volume of foreign bills handled by them, they would not hesitate, it is contended, to pay 4½ to 5 per cent for six months' to 24 months' deposits. The compromise-minded bankers would, therefore, prefer to settle the dispute by permitting the medium banks to pay ¼ per cent more than the present ceilings.

India Has To Beg For Cotton

The prospects for getting P.L. 480 cotton from the United States still remain uncertain. Representation made by India that a quantity of not less than 700,000 bales (of 400 lbs. each), should be supplied to India to tide over the crisis that has developed from the sharp drop in internal production of cotton is yet to bear fruit. Obviously, the U.S. Government has not made up its mind and is still assessing the quantity of cotton it can export under P.L. 480 and the size of the allotment to India.

In the meantime, the domestic crop position has deteriorated since December last when this country had indicated the size of its requirement of U.S. cotton. The crop is currently estimated at no more than 4.4 million bales, as against 4.8 million bales estimated in December and the last season's outturn of 5.4 million bales. There has thus been a drop of one million bales in production this season. This setback to production has rendered the anticipated requirement of foreign cotton an underestimate. The total requirement of foreign cotton for the current season was estimated at 1.2 million bales, of which 700,000 bales were expected to be supplied by the U.S. It was therefore thought that only 500,000 bales of cotton would have to be imported from the sterling area countries either under special rupee payment agreements or by payment in pound sterling. All this calculation has to be revised now.

Reports suggesting the likelihood of the U.S. not being able to supply the quantity asked for by India are, therefore, disturbing to a degree. For, if the U.S. cotton is not available in adequate quantities, this country will be faced with the problem of having to find alternative source of supplies. It is, of course, suggested in some quarters that, should it prove difficult to get P.L. 480 cotton, U.S. cotton may be imported in exchange for manganese ore. It is not known whether this suggestion is acceptable to the U.S. If it is not, the only alternative is to look for other sources. This, however, is not going to be easy, in view of the acute shortage of foreign exchange and the difficulty of concluding special payment agreements or barter deals with the suppliers.

Some of the countries mentioned as possible sources of imports are Russia, Sudan, Egypt, East Africa and Pakistan. Mill interests do not seem to favour importing cotton from Russia, because the mills in India are not familiar with spinning and weaving Russian cotton. Samples of Russian cotton received for trial purposes in the past are said to have been found to be irregular in staple and sub-standard in quality. It is also felt that Russia cannot be depended upon to ensure continuity of supplies, as it might cut off supplies at any moment should China or other Communist countries require cotton any time. This speculation apart, India's favourable balance of trade with the Soviet bloc has yielded place to an adverse balance. Accordingly, the question of finding the wherewithal to pay for Russian cotton also has become a difficult one.

The sharp reduction in production in Egypt and East Africa has reduced the chances of increasing imports from these two countries also. Output of cotton during the current (1961-62) season in Egypt has declined from the last season's level of 10.6 million kantars to as low as 6.5 million kantars. East African cotton crop has also suffered a sharp setback and private estimates at present place it at no more than 200,000 bales (of 400 lbs. each), one of the lowest crops on record for many years.

Sudan, on the other hand, is considered to be a promising source of supplies. With a bumper crop estimated at nearly one million bales (of 420 lbs. each) as against a mere 385,442 bales in the previous season, that country is in an ideal position to supply cotton to India. But, unlike in the case of Egypt and Pakistan, with which India has rupee payment agreements, Sudan has got to be paid for in pound sterling, unless of course, cotton is imported in exchange for specific commodities such as textiles and tea. There is no

(Continued on page 307)

HESITANT TREND IN SHARES

SUPPORT SELECTIVE

(From Our Own Correspondents)

BOMBAY, *15th February*

THE buoyancy noted on the Stock Exchange last week has proved a short-lived affair. Although nothing has happened to change the sentiment for the worse, from the trend of the market during the past three days it appears as though operators regarded last week's rise in equity values as overdone. The peak levels reached on Thursday last attracted profit-taking with the result that prices staged a decline on the very first day of the week under review, namely, Friday the 9th inst. Subsequent sessions witnessed the emergence of fresh selling and a certain amount of bear pressure which accelerated the downward trend. Short-covering and scattered buying forthcoming at lower levels, however, prevented a further fall in prices. Nevertheless, today's closing quotations were generally lower than those a week ago. Although the general picture was thus one of easiness, there were quite a few bright spots in both the cash and forward lists. This was because selected scrips attracted support prompted by either news of bonus issues or anticipation thereof.

Two shares, namely, India United (Ordinary and Deferred) and Poly-Chem attracted interim margins on Friday the 9th inst. as their quotations had gone up by more than 10 per cent of their previous clearing rate. Tata Oils attracted margin on Saturday the 10th inst. for the same reason. Four more shares, namely, Elphinstone, Dawn, Phoenix and Amar-Dye came under margin on Monday, as their prices had gone up by more than 10 per cent over the previous settlement rate. India United (Deferred) attracted margin for the second time in the week on Monday as their price had risen by more than 5 per cent over the previous interim margin *havala* rates. One more share, namely, Alcock Ashdown, attracted margin on Tuesday because its quotation rose by more than 10 per cent over the last settlement rate. This, however, could not halt the upward trend of the scrip which rose yesterday by more than 5 per cent over the interim rate of Rs. 362 fixed on Tuesday and attracted a further margin of Rs. 11.50 for the second day in succession. Two other shares, B. R. Cotton and Maharashtra Sugars, attracted margin yesterday, the former because its quotation rose by more than 10 per cent over its last clearing rate and the latter because its price declined by more than 10 per cent as compared with its last clearing rate.

Steel shares, in sharp contrast to last week's firmness, encountered selling. Tata Steels opened at Rs. 142.50, as against the previous close of Rs. 142.75, and, after rising to Rs. 142.75 again, receded to Rs. 140.25 at close today, a net loss of Rs. 2.50 over the week. After opening lower than the previous close at Rs. 25.35, Indian Irons receded to Rs. 25 today, before finishing at Rs. 25.05. The net loss over the week was 40 nP. Mukand Irons commenced the week's trading at Rs. 28.10 and, after improving to Rs. 28.25, eased to Rs. 27.75 today, a loss of 75 nP over the week.

Textile shares generally experienced a fall in demand, though selected shares found buyers. Speculative favourites like Standard Mills, Centurys and Kohinoors came under selling pressure. Standard Mills were marked down by Rs. 28 to Rs. 1,141. Centurys opened at Rs. 616, Rs. 2 lower than the previous close, and steadily declined thereafter to touch Rs. 602 today before winding up at Rs. 606.50. The net loss over the week was Rs. 11.50. Kohinoors were subdued early in the week but attracted support later, although they again relapsed towards the close. From Rs. 317.50 early in the week, this scrip rose to Rs. 327.50 on Monday but eased to Rs. 317 at close today. Khataus eased by Rs. 7.50 to Rs. 475. Podars were marked down by Rs. 6 to Rs. 153. Gokaks lost a like amount to Rs. 223. Simplex, after having commenced the week at Rs. 176.50, succumbed to selling, declining to Rs. 171 today, before closing Re. 1.50 higher at Rs. 172.50. The net loss over the week was Rs. 5. Finlays were quoted Rs. 4 lower at Rs. 366. Central Indias shed Rs. 4.50 to Rs. 149.50. Swans weakened by Rs. 2.50 to Rs. 437.50. Morarjees, B. R. Cottons and Elphinstones shed a rupee each to Rs. 410, Rs. 86 and Rs. 126, respectively. Bombay Dyeings, however, attracted good support and improved from Rs. 69.30 to Rs. 70.30 today, before finishing at Rs. 69.70, a net gain of 30 nP over the week. A few other textile scrips too found buyers. Prominent among them were Phoenix and Dawn of the Ruia group of mills, which firmed up by Rs. 10 and Rs. 6 to Rs. 258 and Rs. 165, respectively. Modern Mills spurted by Rs. 17 to Rs. 84. Tata Mills, too, gained 80 nP over the week to Rs. 82. The most conspicuous feature of the textile section was the sharp rise over the week of Rs. 62.50 in Mafatlals to Rs. 1,050. On Saturday, the 10th inst. the quotation for the scrip was as high as Rs. 1,100, as against Rs. 987 two days earlier. This rise was due to rumours that the Company would soon issue bonus shares.

Sugar shares were subdued. Belapurs, after rising from Rs. 250 early in the week, to Rs. 251, slumped to Rs. 247.50 at close today, as against the last week-end rate of Rs. 249.50, a net decline of Rs. 2 over the week. Maharashtra Sugars encountered heavy selling on news that the Directors had decided to postpone the bonus issue and reacted by Rs. 12 to Rs. 164. Phaltan Sugars eased by Rs. 3 to Rs. 113.5. Walchandnagars shed Rs. 4.50 to Rs. 152.

Cement shares depicted a divergent trend. A.C.Cs and Dalmia Cements were subdued, while others attracted buyers and firmed up. A.C.Cs declined by Re. 1.75 over the week to Rs. 152.25, as against last week's closing rate of Rs. 154. Dalmia Cements eased by 8 nP to Rs. 13.16. Digvijays, on the other hand, rose, on good support, by Rs. 3 to Rs. 201. Orissa Cements gained 92 nP to Rs. 19.28. Bagalkots and Jaipur Udyogs put on 12 nP each to Rs. 8.12 and Rs. 13.12 respectively.

Scindias, in the shipping group, eased by 40 nP to Rs. 12.60. Great Easterns were neglected at Rs. 12.68, same as last week. Among automobile shares, Premier Automobiles encountered selling and receded by Rs. 2.25 to Rs. 140.25. Hindustan Motors shed 48 nP to Rs. 20.48.

Rayon shares drifted lower. National Rayons were subjected to bear pressure and slumped from the week's opening rate of Rs. 560 to Rs. 544.50 today. The close was, however, a shade higher at Rs. 547. Nevertheless, the net loss over the week was Rs. 16.50. Baroda Rayons encountered selling and eased by Rs. 10.50 to Rs. 150.50. Gwalior Rayons shed Re. 1.30 to Rs. 53.70. South India Viscose lost a rupee at Rs. 192. Indian Rayons, however, attracted special support and firmed up by Rs. 5.50 to Rs. 99.

Chemical shares, barring a few, were quoted lower. Indian Dyestuffs were marked down by Rs. 7.50 to Rs. 547.50. Poly-Chems eased by Rs. 5 to Rs. 230. Colour-Chems suffered a sharp setback, declining by Rs. 20 to Rs. 485. Synthetics eased by Rs. 17 to Rs. 216. Tata Chemicals lost 40 nP to Rs. 18.80. Alembic Chemicals, however, spurted by Rs. 32 to Rs. 275 on news of a bonus issue to be followed by a right issue. Amar Dyes, too, firmed up by Rs. 5 to Rs. 367.50.

Engineering shares presented a mixed pattern. Telcos came in for some selling and declined from Rs. 364 last week-end to Rs. 354.50 today, before closing at Rs. 355, a net loss of Rs. 9. Cooper Engineerings and Larsen and Toubros shed Re. 1 each to Rs. 182 and Rs. 43, respectively. Texmacos were quiet at Rs. 20.36. Premier Constructions were marked down by Rs. 5.25 to Rs. 191. New Standard Engineerings declined by Rs. 2 to Rs. 220. News of right issue, in the ratio of one equity right share at a premium of Rs. 2.50 for every two held, imparted strength to Mahindras which firmed up by Re. 1.48 to Rs. 21.24. T. Maneklals spurted by as much as Rs. 80 to Rs. 980, thanks to speculative buying based on reports of a right issue. Alcock Ashdowns evoked sustained support on rumours of a bonus issue by the Company and firmed up by Rs. 8 to Rs. 363.

Among miscellaneous industrials, Bombay Burmahs evoked selling. After opening at Rs. 660, as against the previous close of Rs. 662.50, the scrip steadily lost ground, receding to Rs. 651.50 at close. The net loss over the week was Rs. 11. Hindustan Levers, after last week's firmness induced by the announcement of the bonus issue, eased by Rs. 2.50 to Rs. 67.50. Voltas slumped by Rs. 7 to Rs. 302. West Coast Papers came down by Rs. 2.50 to Rs. 178. Wimcos shed Rs. 4 to Rs. 310. Shivrajpur Syndicates eased by Re. 1 to Rs. 43. Anil Hard Boards receded by Rs. 3.75 to Rs. 236.25. A rise of Rs. 5.50 to Rs. 155 distinguished Premier Tyres from the rest.

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Calcutta Stock Exchange

CALCUTTA, *14th February*

The reported belief of Mr. T. T. Krishnamachari that direct taxation need not be raised further, coupled with improved prospects for foreign aid, accelerated the steady recovery on the Calcutta Stock Exchange during the week under review. The postponement of the Security Council meeting on the Kashmir question, which was soon followed by a deterioration of the political situation in Pakistan, encouraged the hope that the Kashmir question would not stand in the way of India's request for larger foreign aid. Good corporate news such as higher dividend for Elgins in the textile group and the proposed rights issue by Hindustan Lever in the miscellaneous group encouraged optimism. Those who had kept away from the market earlier impelled by the evil forebodings from the confluence of the planets staged a come-back, and long-term investments were a feature of this week's trading. All this led to an impressive recovery, and it is to be seen whether this would be sustained. The remote possibility of official action to push up raw jute prices lent more support for jute shares, as the opinion that prices for the inferior fibre were above costs appeared gaining ground. Jute mills are determined to increase production commensurate with demand and the hope that they would be able to recoup their earlier losses is becoming brighter and brighter. The uncertainty as to a uniform rise in the retention prices for steel continued to keep down speculation in Indian Irons, while other engineerings benefited from replacement buying. Coals and sugars continued their sluggishness, as a solution to the accumulating stocks with producers, though entirely for different reasons, was still not in sight. Teas responded to selective inquiries as auction results continued to be encouraging. Replacement buying forced up several miscellaneous industrials.

Very few transactions were recorded in coals, where Burrakurs hoovered around Rs. 17.50. Ranigunges were quiet at Rs. 15, while Western Bengals at Rs. 9.56 recorded a very small gain. Borreas maintained Rs. 23.31, but Standards shed from Rs. 13.81 to Rs. 13.31, and Pench Valleys from Rs. 16.12 to Rs. 15.62.

Among textiles, following the higher dividend of 17½ per cent as against 11¼ per cent previously, Elgins met with sustained buying interest to lift the rate from Rs. 24.44 to Rs. 25.75. Bowreahs were a strong feature and at Rs. 40 recorded the handsome gain of Rs. 2.50. Dunbars also met with investment buying, and the rate gained from Rs. 34.62 to Rs. 35.37 but closed at Rs. 35.10. Cawnpores improved from Rs. 9.81 to Rs. 10.31 while Bharat Commerce, after being higher at Rs. 28.37, skidded to Rs. 28.25 which was, however, 25 nP higher on balance.

Jutes were prominent, following optimism in regard to working results for the current accounting period. Fort Glosters were one of the strong features, and rose to as high a rate as Rs. 407 cord the handsome gain of Rs. 6.50 at Rs. 209. Kinnisons at Rs. 168 recorded an eleven-point rise. Champdanies picked up Rs. 6 at Rs. 131, with Kanknarrahs advancing from Rs. 83 to Rs. 93.50. Fort Williams had buyers at Rs. 24.25, as against Rs. 23.19 a week ago. Kelvins firmed up by Rs. 18 to Rs. 195. Dalhousies finished Rs. 3 higher at Rs. 127, with Unions recording as high a rate as Rs. 192 as against Rs. 170 previously. Ballys put on Rs. 19 at Rs. 273, and Kamarhatties spurted from Rs. 144 to Rs. 155. Deltas changed hands at Rs. 171, as against Rs. 162 a week ago. Hukumchands were marked higher at Rs. 30.

Among engineerings, Burns were a strong feature and rose from Rs. 537 to Rs. 546. Guest, Keen, Williams were higher at Rs. 42.50, Britannia Engineerings strengthened from Rs. 12.62 to Rs. 13.44. Kumardhubis were better at Rs. 8.12. Indian Irons closed lower on balance at Rs. 25.20, after being higher at Rs. 25.44. Likewise, Texmacos eased from Rs. 20.65 to Rs. 20.45, but at one time the rate was higher at Rs. 20.80.

Several features were recorded in miscellaneous industrials on interested buying. Electric Constructions, in respect of which dividend has been maintained, were Re. 1.25 higher at Rs. 15.75. Sustained interest stemming from the news of the investment rights issue saw East Anglica Plastics rise to as high a rate as Rs. 34.37 after opening at Rs. 25.75. Kesoram Industries were steady at Rs. 25. At Rs. 37.62, National Insulated Cables put on a fractional gain. Martin Burns were steady at Rs. 32.75 as were Metal Boxes at Rs. 62.25. Indian Aluminiums were unchanged at Rs. 37.75.

Among paper mills, Titaghurs met with keen support and the rate at Rs. 42.75 recorded the very impressive gain of Rs. 7.31. Ballarpores were fractionally better at Rs. 37.50. Bengals were maintained at Rs. 109. India Pulps were firm at Rs. 17.12, while Seshasayees were quiet at Rs. 8.75.

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Madras Stock Exchange

MADRAS, *15th February*

Firmness noted on the Stock Exchange last week gained further momentum during the major part of the week under review, thanks to selective support extended by both investors and professional operators. Textiles ruled distinctly steady in anticipation of better working results of textile mills. Teas were well fancied on encouraging advices from auction centres. It may be noted here that, for the first time since the introduction of automatic margin scheme on the Exchange, an interim margin was made applicable to Blue Mountain tea shares, when the

(Continued on page 307)

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NEWS IN BRIEF

THE Import and Export Promotion Advisory Councils, for the first time since their constitution, will have joint sittings at New Delhi, commencing from 5th March next, for a customary review of the export and import policies.

A solvent extraction plant, with a capacity of 100 tons a day, built at a cost of Rs. 25 lakhs, has been inaugurated at Calcutta by Dr. B. C. Roy, Chief Minister of West Bengal. This private sector plant, besides extracting oil from rice bran, is also suited for extracting oil from oilcakes.

The Bhilai Steel plant has just reached its rated capacity of steel production. The production during January last was 85,300 tons, which is the highest monthly production figure so far and is above the average rated capacity of the plant of one million tons of steel ingots per year.

The Indo-Pakistan trade agreement, which is to expire on 31st March next, has been extended to 31st March 1963, with additions to the list of commodities to be traded between the two countries. The additions include the export of gypsum, guava seeds and coal from Pakistan while coffee and coffee beans are to be imported from India.

The Government of Madras proposes to carry out a district-wise survey of the village leather industry with a view to formulating a comprehensive programme of development of this industry. As a preliminary step, questionnaires are being issued to the various blocks in the districts for collecting relevant data pertaining to the present condition of the industry and the scope for its future development.

The Government of India, on the recommendation of the Forward Markets Commission, has granted recognition to the Indian Exchange Ltd., Amritsar, in respect of forward trading in *gur* for a period of three years ending 10th November 1964. It is the sixth forward market in *gur* recognised under the Forward Contracts (Regulation) Act, 1952, the other five centres being Hapur, Meerut, Muzaffarnagar, Agra and Delhi.

An agreement has been signed by the representatives of the Kerala plantation labour and the management on the question of gratuity. According to the agreement, gratuity at the rate of 15 days' wages for every year of service, subject to a maximum of 12 months' wages, will be paid to employees in plantations in Kerala State, who have completed ten years or more of continuous service. The agreement will remain in force till statutory provision for payment of gratuity is made.

Five railway tank wagons of petrol and four tank wagons of light diesel oil produced by India's first State-owned Gauhati (Nunmati) refinery were despatched to Nepal on the 9th inst. The refinery, which was commissioned on 1st January last, has so far produced 19 lakh litres of petroleum and 1,850 tons of light diesel oil. This is the first time that petroleum products refined in India from Indian crude oil are sent outside the country.

Two hundred rural industrial estates are expected to be established throughout the country during the third Plan period, according to Mr. Shriman Narayan, Member, Planning Commission. The outlay in each of these rural estates will be Rs. 3 lakhs and each estate will try to manufacture articles mostly consumed in the rural areas. These estates will be located in smaller towns and villages in order to provide employment as well as opportunities for technical training to the rural people.

The 740-foot-high Bhakra Dam—the main component of Bhakra-Nangal project in the Punjab—is nearing completion, and only one per cent of the total quantity of 5.4 million cubic yards of concrete remains to be placed in the dam, and appurtenant works. The concreting of the central spillway section will be completed by the middle of March next. Civil works for the left bank power house have been completed and all the generating units, with an installed capacity of 450,000 kw., have been commissioned.

The Oil and Natural Gas Commission has begun commercial production of Ankleshwar oil with effect from 15th inst. Sixty tank wagons carrying 1,200 tons of crude oil, to be refined at the Burmah-Shell and Stanvac Oil Refineries in Trombay, have been despatched. An oil special will leave every alternate day carrying Ankleshwar crude oil. The production from the Ankleshwar well will be stepped up gradually at the rate of 100 tons a day every month until it reaches a total of 1,500 tons per day by the end of this year. The trial production will save the country an annual foreign exchange of about Rs. 3.5 crores.

The Central Warehousing Corporation will be opening warehouses at Raipur, Jabalpur, Nagpur, Burdwan, Rajkot and Vijayawada during the course of this month. With these the Corporation will have a total of 58 warehouses spread all over the country, as against 27 at the end of 1959-60. All the Corporation's warehouses were started in hired accommodation to begin with and the Corporation is now accelerating its construction programme so that the warehouses may function in new godowns specially constructed for storage of agricultural commodities. Construction has already been approved at 42 centres in the country with a total storage capacity of 185,000 tons. In addition the Corporation is constructing two cold storages and acquiring existing well-constructed warehouses at two centres.

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From Abroad

An official Bill which seeks to double Government guarantees on exports from £15 million to £30 million has been introduced in the Norwegian Parliament, the Storting, in a fresh bid to promote exports.

In the event of completion of an American refinery unit at the Sodom Plant of the Dead Sea Works, production of bromine in Israel is expected to go up from the hitherto 4,000 tons to 9,000 tons annually.

Poland reported an adverse trade balance of 731 million Zlotys (about £66 million) in 1961. Exports during the year aggregated 6,018 million Zlotys (£547 million), while imports accounted for 6,749 million Zlotys (£613 million).

The name of the Technical Co-operation Mission to India (T.C.M.) has been changed to the United States Agency for International Development Mission to India (U.S.A.I.D.). The mission remains a part of the American Embassy.

The State-owned Petroleum Corporation of Ceylon entered into an agreement with Petrol Export of Rumania on the 7th inst. to buy Rumanian petroleum products worth Rs. 3.5 million (£262,500). Rumania will use the money to buy raw materials from Ceylon.

The World Bank has given a loan of $47 million towards the Volta river dam project in Ghana. The loan will help finance construction of a dam and hydro-electric power project on the river at Akosombo, *plus* a transmission system to supply power to Southern Ghana.

Consumption of refined tin in the U.K. during 1961 was 21,623 tons as against 22,787 tons in 1960, according to the British Bureau of Non-ferrous Metal Statistics. Exports during the same year accounted for 9,848 tons while the stocks at the end of the period aggregated 6,378 tons.

Steel production in France has gone up by 1.7 per cent from 17.28 million tons in 1960 to 17.58 million tons in 1961, while the investment accounted for a rise of 40 per cent, from NF 1,255 million to NF 1,750 million. The iron and steel exports went up from 5.05 million tons to 5.36 million tons in the same period.

The British Leyland Motors has secured an order for Leyland trucks worth about £70,000 from Poland. The order has been signed by officials of Motoimport, a Polish Government buying agency, in London. Negotiations for the order, which is for specially designed long-distance Albion lorries, began at the 1961 Poznan Fair.

Under a new five-year trade agreement between Austria and Czechoslovakia, an increase of £2.25 million in each direction of their trade is envisaged for 1962. Trade exchanges will increase by 20 per cent to over £22 million this year, with Austria exporting mainly steel, machinery and chemicals in exchange for fuel, instruments and cars.

Economic and trade officials from 22 Japanese diplomatic establishments in Western and Eastern Europe are expected to hold a four-day conference in Rome with effect from 13th inst., according to the Japanese Foreign Ministry announcement. The main subject of the Conference is to centre round the measures that Japan has to take to cope up with the fast expansion of the European Common Market.

A team of Pakistani officials is expected to visit Europe in the near future to report on the possibility of making alternative shipping arrangements to those of the Conference Lines. The need for such a step has arisen as the Conference Lines rejected Pakistan's request not to increase the freight rates. It will be recalled that during September last they decided to increase the freight rates on East-bound and West-bound trades by 12½ and 10 per cent, respectively.

Income-tax reductions amounting to Sch. 1,000 million (£14 million) have been announced by the Finance Minister of Austria. The reductions will not, however, take effect before 1st July 1962. The partial reform of direct taxation will involve various concessions to the lower and medium-income groups with annual incomes not exceeding Sch. 150,000 (£2,000). Tax reliefs will also be granted to the lower income groups in the form of higher basic allowances, as also families and children's allowances.

Pakistan has extended invitation to French interests to undertake oil prospecting. A Pakistani official team headed by Mr. Musarrat Hussain Zuberi, which had been abroad for six weeks, has returned with an assurance from the French Institute of Petroleum that the latter would enter into an agreement for oil exploration subject to a favourable report by consultants. Oil prospecting has so far been undertaken by British and American interests during the last three decades. Recently work has also been entrusted to Russians who have initiated efforts in some areas of West Pakistan.

PERSONAL

MR. O. Akenfosile, Communications Minister of the Federation of Nigeria, arrived in New Delhi on the 13th inst. on a week's visit to India.

Dr. Robert C. Swain, Vice-President of the American Cyanamid Company and Director-General of Cyanamid International, arrived in Bombay last week, specially to attend the inauguration of Lederle's antibiotic fermentation plant at Bulsar.

Mr. M. A. Qadeer has been appointed Additional Member (Staff) in the Railway Board, *vice* Mr. B. Majumdar who retired recently. Mr. B. D. Gaur, till recently Engineer-in-charge, Brahmaputra Bridge Project, has taken over charge from Mr. Qadeer as Director of Establishment, Railway Board.

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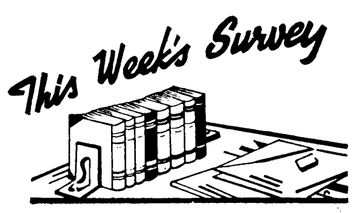

AN IMPORTANT JUDGMENT

THE Supreme Court has delivered a judgment of some importance holding that the State is as much liable for the wrongs committed by its employees in the course of their work as any private employer. There has been some ambiguity in the legal position hitherto, because the Indian Constitution (in Article 300) and all other constitutional laws before it had, in effect, laid down that the State's liability was the same as that of the East India Company before 1858, except that certain acts of State were exempted from its scope. Over a century, however, the courts, in applying the law to specific cases, have differed in some respects and thus introduced some uncertainty in the law. In view of this, the President of India took the initiative and referred the question to the Law Commission which in its first report, in 1956, drew up proposals for an enactment defining the liability as in all respects equal to a private employer's, except in the matter of political, defence and police functions. But no action has been taken so far on the report: the present ruling arose in a case from Rajasthan where a Government-employed driver had caused the death of a pedestrian. The Supreme Court was merely reaffirming the law as recognised in India, but it has done so with the judicial authority at its command and in an unequivocal manner, pointing out that the doctrine that "the king can do no wrong" had never been applied in this country and that it is inappropriate to a Republican India and in the context of expanding activities of the Government keen on promoting a socialistic welfare State.

In this case, the question did not arise as what cases will be governed by exemptions, if any, for acts of State. This may prove a source of conflict in future court decisions. Moreover, several existing laws lay down that all actions done in good faith in implementing their provisions cannot be called in question in any court of law; negligence in performance is not considered to be lack of good faith. To provide for these matters, the Law Commission had suggested a law on the model of the Crown Proceedings Act of 1948 enacted in Britain. Such a law has now become even more necessary, as a result of this latest pronouncement by the Supreme Court. Meanwhile, there is reason for satisfaction that the State has not been given a privileged position by the highest tribunal in the land. Public opinion must make itself felt and demand reform of the laws which give entrenched positions to officials, to save them from the consequences of their delays or other kinds of injuries caused to citizens whose lives and activities are being increasingly regulated.

PROPOSED GUJARAT REFINERY

The third Plan has made a provision of Rs. 30 crores (with a foreign exchange component of Rs. 15 crores) for a two-million-ton public sector oil refinery in Gujarat. This unit, with its location near Koyali north of Baroda, is to refine the crude oil produced in Cambay/Ankleshwar regions of that State and will be the third to be set up in the public sector. It has been assured of external credit and technical assistance to a large extent, thanks to the allocation of Rs. 10 crores out of the Soviet credits already promised for the third Plan. Things have, therefore, got going pretty quickly now and an Indo-Soviet contract for the preparation of a project report and working drawings for the proposed refinery has been concluded this week between the Oil and Natural Gas Commission and the Tjazhpromexport of the U.S.S.R. Under this contract, the Soviet organisation is to supply the project report within a period of 8½ months. It is envisaged that the refinery will be built in two stages, each of one million ton capacity, and that the first stage will be completed during the second half of 1964 and the second stage in the first or the second half of 1965. The Soviet organisation is expected to deliver during 1963-64 equipment and material for the first stage of construction.

The Government Press note, which has briefly described the special features of this contract, seems to convey the idea that they are of particular benefit to the Indian side. One such feature is that the Indian side has been made responsible for the designing of a number of units within the refinery and that it will also, in due course, be responsible for preparing the working drawings for some of the units initially designed by the Soviet organisation. There is also a provision in the contract for the association of a team of Indian engineers—civil, electrical, mechanical and chemical—with the design to be prepared in the U.S.S.R. And the third special provision is that Indian equipment and material should be used to the maximum extent possible, so as to enable Indian engineers to undertake increasing responsibility for the designing and execution of refinery projects in the future. These provisions are *prima facie* commendable in that they are calculated to enhance the technical competence and knowledge of Indian engineers.

But the Press note under reference does not throw any light on the type of management contemplated for the refinery. If the implication is that the Oil and Natural Gas Commission itself will manage it, it will be a departure from the type of company management represented by the Indian Refineries Limited which has been constituted as a wholly Government-owned company to construct and operate the Nunmati Refinery and the Barauni Refinery in the public sector. In that case, it will also represent an addition to the purely oil exploration and exploitation functions which the Commission has been hitherto discharging. It will, then, mean that the Commission, for the first time, will be combining in itself three stages of the oil industry—prospecting, commercial production of crude petroleum and refining of that crude. Such a thing does not obtain in East India where Oil India Private Limited (which is jointly owned by the Government of India and the Burmah Oil Company/Assam Oil Company) discharges the exploration and production functions and will supply crude to the Nunmati and Barauni refineries. Since there is no mention about the Indian Refineries Limited in the present Indo-Soviet contract covering the proposed Koyali refinery, it may be presumed that the Oil and Natural Gas Commission itself will construct and operate that refinery. If this presumption is not correct, the Government should clarify the position.

CONCEPT OF MIXED ECONOMY

Mr. Arthur M. Schlesinger, Jr., Special Assistant to President Kennedy, who is currently on a study tour of India, is one of the leading liberal thinkers of the United States. He has already published three volumes of his projected four-volume history of the Roosevelt "New Deal" Administration under the general title: *The Age of Roosevelt*. Some of his observations, based on his research into and analysis of the New Deal programme of the Roosevelt Administration, have some relevance to the Indian context too. This is what he said at the Bombay University last week:

"The great tradition of American liberalism has been empirical rather than ideological, concrete rather than abstract, experimental rather than dogmatic... The great triumph of American liberal pragmatism was the invention of the mixed society (economy)... A generation ago... the dogmatists of the right and the dogmatists of the left shared the belief that society had to choose either *laissez faire* or communism; that there was no middle way. But Franklin Roosevelt and the New Dealers rejected dogma, spurned ideology and did what the absolutists had said was impossible; they created a mixed society (economy), in which the State had power enough to bring about economic stability without having the power to abolish individual freedom."

Here is some food for thought to India's socialist planners as well as votaries of free enterprise. While both claim to subscribe to the concept of mixed economy, they are by no means agreed on what the relative roles of private enterprise and public enterprise should be. Perhaps, they could usefully accept the solution offered by Mr. Schlesinger, in his inaugural address at the Seminar on Public Enterprise at the Osmania University on the 9th instant, as it has been generalised from historical experience. Said the distinguished American visitor:

"When the creation of social overhead capital is the issue, then the public sector is going to play a critical role. But, when the maximisation of production and innovation is the issue, then the private sector must play the dominant role... When economy becomes the issue, then the public sector acquires new importance."

Since India is not yet a *fully* developed economy in which the public sector can be expected to direct a greater share of resources into things like education, medical care and social welfare, the immediately relevant issue here is in what proportion public enterprise and private enterprise can be mingled so that society will not be dominated by either sector to an *excessive* degree and, what is more important, the optimum rate of economic development can be ensured. If these objectives are to be realised in a harmonious and expeditious manner, social inventiveness and political astuteness will be required to a greater extent than has been the case so far in this country. But such social and economic maturity can come about only if dogma is rejected and ideology spurned by either side.

COAL TRANSPORT BY SEA

The Federation of Indian Chambers of Commerce and Industry has submitted a note to the Neogy Committee on Transport Policy on the question of diversion of coal movement from the all-rail route to the rail-cum-sea route. In this note, the Federation has taken the line that the expediency of diverting movement of coal through the sea route has arisen primarily because of inadequate transport capacity by rail and that this must obviously last until the railways are able to reinforce their capacity adequately to meet the demand. It has expressed the further view that, on the long-term basis, the quantum of traffic carried by any method of transport should be determined by relative freight rates and service characteristics. Even from the short-term point of view, the Federation does not favour the shifting of the incidence of any subsidy for coastal shipping to consumers of coal. The implication of all this seems to be that the Federation has all but rejected the idea of any permanent dependence on coastal shipping for transporting coal to consumers in southern and western India.

If this is the implication, it is quite regrettable, for it does not recognise the need for assigning, on a long-term basis, some substantial bulk cargo to coastal shipping. It has always been the demand of coastal shipping that, for its bare survival, it should have sufficient bulk cargoes. Thanks to the coal transport crisis, coastal shipping, though not fully prepared for the emergency movement of coal, has come into its own. It can add to its fleet and prosper only if this coal cargo and some other kinds of bulk cargo are assured to it on a long-term basis. If the Federation is not happy over the element of subsidy involved in coal movement by sea, it should not have, on that account, suggested, by implication or otherwise, that coastal shipping would have to be ruled out as a permanent means of coal transport to any extent. It should have, on the other hand, taken note of the fact that coasting trade even in Britain is subsidised in different ways and, on that basis, pleaded for continued encouragement to coastal shipping in India.

When the Federation says that even the present subsidy granted to coastal shipping should come out of the General Exchequer, it seems to be against the small cess on all coal levied mostly for the purpose of that subsidy, although it does not say it in so many words. To subsidise coastal shipping rates is to subsidise the consumers of sea-borne coal. Likewise, there is a case for the logical extension of this subsidy facility to consumers of coal obtaining their supplies by road transport which, like transport by coastal shipping, is costlier than rail transport. Both these kinds of subsidy can be met from the proceeds of the additional cess on coal. The incidence of this cess on the entire quantity of coal consumed is very little and cannot, therefore, be said to add substantially to manufacturing costs in all the consuming industries. If the Federation wants even this relatively small subsidy to be paid out of the General Exchequer, how will it react to a possible upward adjustment of the coal freight rates in general on the railways? There is no need to wait for an answer, for the Federation has already, in its memorandum to the Neogy Committee, taken the stand that no such enhancement in freight rates is called for. That this is an unrealistic stand is brought out on page 294 of this issue. Representative organisations of industry should not forget that the costliest ton of coal is not the one which has to be transported at a slightly higher cost but the one which cannot be had in time and on a regular basis on account of transport bottlenecks. But this does not mean that efforts need not be made to reduce the dependence on costlier means of transporting coal. The aim should be to do away with the movement of coal by road transport as early as possible by increasing the capacity of railways, so that coal-based industries situated in the coal belts of India may not be deprived of locational advantages.

TRAINED WORKERS FOR TEXTILE INDUSTRY

A study of the educational and training requirements of workers in the textile industry, made by the National Employment Service of the Union Ministry of Labour, has underlined the need to organise a systematic programme for providing training to workers directly recruited in the various production processes. This arrangement, according to the study, will not only ensure proper manning of machines and occupations but will also contribute substantially to an improvement in efficiency of production. The study is based on a survey made by the National Employment Service, with the co-operation of five leading textile mills in the country, three from Delhi (the Delhi Cloth and General Mills, Birla Cotton Spinning and Weaving Mills and the Swatantra Bharat Mills), one from Bombay (Century Cotton Spinning and Weaving Mills), and one from Madras (Buckingham and Carnatic Mills) and financed by funds made available by the Ford Foundation through the Directorate of Manpower, Ministry of Home Affairs.

The study estimates that, assuming that the present pattern of employment in the industry will not undergo any drastic change in the near future and that, on the basis of the normal turnover, the intake will be 10 per cent of the existing labour force, the textile industry will require about 46,500 production process workers every year to replace natural wastages and retiring workers. There are 130 textile occupations connected with processing, accounting for about 56.8 per cent of the total employment in the industry. Of this, 66 occupations are available to those who can just read and write, 45 to those who have read upto the primary standard, 14 to those who have passed the middle standard and 5 to matriculates. Of the 130 occupations, 60 are open for direct recruitment while the rest are to be promoted from lower jobs. Of the 60 occupations where direct recruitment takes place, in-plant training is considered necessary for 52, while institutional training is required for 17 occupations out of the 60. The following table shows the position at a glance:

Duration of training	No. of occupations	% of total employment
In-plant training :		
No in-plant training required ..	8	0.45
1—3 months	19	6.67
3—6 ,, ...	20	31.03
6—12 ,, ...	13	0.55
Total ..	60	38.70

As regards educational requirements of workers in production processes, there is general agreement among employers that literates are to be preferred, although illiterates could be tolerated, even for occupations requiring relatively low skill or no previous experience. Generally speaking, all machine operatives, including their helpers and auxiliary workers, are required to be literates, preference being given to those possessing primary, middle or even matriculation standards in some cases.

A survey of the training facilities available in the five mills referred to at the outset shows that, in two of them, there are regular apprenticeship courses of about three months' duration in which middle and matriculate workers directly recruited are given practical training. In the other three units also, there is some sort of apprenticeship scheme, but the in-plant training in them is not standardised. An analysis of (1) the different types of workmen employed in the industry, (2) the operations performed by them, (3) the sources of recruitment and the channels of promotion, (4) the educational level considered necessary and desirable and (5) the minimum technical training required for each occupation suggests that, in future, illiterate persons are not likely to be employed in the textile industry. Taking a long-term point of view, the authors of the study are of the view that employers should take advantage of the progress being made in the educational field and encourage the entry into the industry of educated persons in increasing numbers, so that the prospects for improving efficiency and productivity would be better. This is best done by creating adequate training facilities for young persons who could be absorbed in the industry after training. The existing facilities should be expanded by organising, on an individual or co-operative basis, appropriate training schemes.

Mention may be made, in this connection, of a model training scheme initiated by the Advance Mills of Ahmedabad recently. The objects of the scheme are to train systematically and scientifically young persons in the art and method of weaving fault-free cloth, to make future weavers quality, production and safety-conscious and to inculcate in them team spirit. The training school of the mill was opened at Ahmedabad last week, by Mr. S. R. Vasavada, the well-known I.N.T.U.C. leader. The period of training will be of six months, during which the youngsters will be given training in all aspects of weaving, in addition to cleaning, oiling and maintenance of looms and their mechanism, in actual loom-shed conditions. If this example of the Advance Mills is emulated by other mills, the textile industry will be able to solve the problem of shortage of skilled workers in a short period, provide an opportunity for moderately-educated unemployed youths and better the chances of enhancing the productivity per worker.

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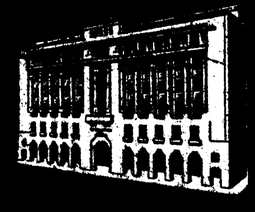


THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Applications are invited on the basis of a Prospectus copies of which are available from the Registered Office of the Company, and from the brokers and bankers hereunder named. A copy of the Prospectus, having attached to it the documents required by Section 60 of the Companies Act, 1956, has been delivered for registration to the Registrar of Companies, Delhi.

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

A Licence has been obtained from the Central Government for establishing a new industrial undertaking at Ranchi (Bihar State) of which a copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in granting this licence the Government of India do not take any responsibility for the financial soundness of this Undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

Certificate for Commencement of Business No. T. 3362 dated 27th July 1961 has been issued by the Registrar of Companies, Delhi. (The Company is incorporated under the Companies Act, 1956.)

Applications have been made to the Delhi and Calcutta Stock Exchanges for permission to deal in Preference and Equity shares of the Company.

The Subscription List will open at the commencement of banking hours on 26th February 1962 and will close at the close of the banking hours on 7th March 1962 or sooner as the Directors may decide, but in no case will the list close before the close of the banking hours on 28th February 1962.

BHARAT BALL BEARING COMPANY LIMITED

SHARE CAPITAL

	No. of shares No.	Nominal value Rs.
AUTHORISED		
Preference	50,000	50,00,000
Equity	15,00,000	1,50,00,000
		2,00,00,000
ISSUED AND SUBSCRIBED		
Equity	2,40,000	24,00,000
PAID-UP		
Equity	2,40,000	12,00,000
PRESENT ISSUE		
Reserved for promoters, friends, etc.—		
Preference	5,000	5,00,000
Equity	40,500	4,05,000
Now offered for public subscription—		
Preference	15,000	15,00,000
Equity	2,69,500	26,95,000
		51,00,000

Face value of Preference shares is Rs. 100 each, and of Equity shares Rs. 10 each. Preference shares carry a fixed cumulative preferential dividend of 9.3 per cent. free of Company's Income Tax but subject to deduction of tax at the prescribed rate. The Preference shares shall be liable to be redeemed at par at the option of the Company wholly or in part at any time or times, after the expiry of 12 years but not exceeding 15 years, from the date of issue, at six months' notice. Shares are being offered at par. No shares will be issued for consideration other than cash.

TERMS OF PAYMENT

The amounts payable in respect of each share comprising the present issue are as follows:—

	Preference Rs.	Equity Rs.
On application	50	5
On allotment	50	5
	100	10

APPLICATION AND ALLOTMENT OF SHARES

Applications must be for 50 Equity shares or multiples thereof, or for 5 Preference shares or multiples thereof, and in all cases must be accompanied by a remittance of the amount payable on application.

Applications for shares should be made on the printed form accompanying the prospectus and must be completed in accordance with the directions contained therein and delivered before the closing of the Subscription List to any branch of the Bankers to this issue, mentioned in the Application Form.

BOARD OF DIRECTORS

Shri Bharat Ram (Chairman), 14, Kitchener Road, New Delhi. Director, *inter alia* of, Shri Ram Associates Private Ltd., Air India International, Bharat Ram Charat Ram Private Ltd., Baroda Rayon Corporation Ltd., Cotton Textile Export Promotion Council, Delhi Cloth & General Mills Co. Ltd., Federation of Indian Chamber of Commerce & Industry, India Refrigeration Industries Ltd., State Bank of India.

Shri Charat Ram, 15, Kitchener Road, New Delhi, Director, *inter alia* of, Shri Ram Associates Private Ltd., Amar Dye-Chem. Ltd., Bharat Ram Charat Ram Private Ltd., Delhi Cloth and General Mills Co. Ltd., India Refrigeration Industries Ltd., International Ore and Fertilisers (India) Private Ltd., Jay Engineering Works Ltd., Sterling General Insurance Co. Ltd.

Shri Bishan Sarup Agarwal, 65, Southern Avenue, Calcutta. Director, *inter alia* of, B. S. Agarwal & Sons Private Ltd., Bengal Potteries Ltd., India Refrigeration Industries Ltd., India Hard Metals Private Ltd., India Capacitors Private Ltd., Industrial and Management Consultancy Services Private Ltd., Parsea Collieries Ltd.

Maharaja Chintamani Saran Nath Shah Deo, M.L.A. (Bihar), Ratu, Ranchi. Director, *inter alia* of, Mahumilan Karanpura Coal Mines Ltd., National Cement Mines and Industries Ltd., Santi Karanpura Coal Mines Ltd., Siram Karanpura Coal Mines Ltd., Tourisot Karanpura Coal Mines Ltd., Waxpol Industries Ltd.

Shri Tikka Ram Gupta, 1, Ballygunge Park Road, Calcutta. Director, *inter alia* of, Gupta Collective Farms Private Ltd., India Hard Metals Private Ltd., India Capacitors Private Ltd., India Refrigeration Industries Ltd. Industrial and Management Consultancy Services Private Ltd., Kishore Gupta Private Ltd., National Instruments Ltd., Orissa Textile Mills Ltd.

Shri Dayanand Chandulal Kothari, Kothari House, Kothari Road, Nungambakkam, Madras-31. Director, *inter alia* of, Adoni Spinning and Weaving Co. Ltd., Blue Mountain Estates Ltd., Enfield India Ltd., Kothari Sugar and Chemicals Ltd., Kothari Textiles Ltd., Madras Aluminium Co. Ltd., Madras Industrial Investment Corporation Ltd., Madras Rubber Factory Ltd., South India Viscose Ltd., Waterfall Estates Ltd.

Shri Pratap Bhogilal, 26, Ridge Road, Bombay, Director, *inter alia* of, Amar Dye-Chem. Ltd., Bajaj Electricals Ltd., Bhoglial Leherchand Private Ltd., Central India Spinning, Weaving, Manufacturing Co. Ltd., Gokak Mills Ltd., Mysore Kirloskar Ltd., Poddar Mills Ltd., Scindia Steam Navigation Co. Ltd., Shri Ram Mills Ltd.

Shri Shri Dhar, 22, Curzon Road, New Delhi. Director *inter alia* of, Shri Ram Associates Private Ltd., Bharat Ram Charat Ram Private Ltd., Bengal Potteries Ltd., India Hard Metals Private Ltd., India Capacitors Private Ltd., India Refrigeration Industries Ltd., Usha Sales Private Ltd.

MANAGING AGENTS

THE ASSOCIATED INDUSTRIES CORPORATION (*a firm in Sir Shri Ram group of industries*) DCM Premises, Bara Hindu Rao, Delhi-6.

TECHNICAL COLLABORATORS

FAFNIR BEARING COMPANY, New Britain, Connecticut (U.S.A.)

BANKERS TO THE ISSUE

STATE BANK OF INDIA, Parliament Street, New Delhi.

BANK OF INDIA LTD., Chandni Chowk, Delhi.

PUNJAB NATIONAL BANK LTD., Chandni Chowk, Delhi.

UNDERWRITERS

The issue of Preference shares is underwritten as follows:—

	Rs.
Industrial Finance Corporation of India, New Delhi	5,00,000
Life Insurance Corporation of India, Bombay	10,00,000

BROKERS TO THE ISSUE

Delhi

HARBANS SINGH MEHTA & CO., 33, Regal Building, Parliament Street, New Delhi-1.

P. ROY COMPANY, 3/8, M. M. Road, Jn. of Puchkuin Road, New Delhi-1.

Calcutta

PLACE, SIDDONS & GOUGH PRIVATE LTD., 6, Lyons Range, Calcutta-1.

G. M. PYNE, Allahabad Bank Buildings, 14, India Exchange Place, Calcutta-1.

Bombay

BATLIVALA & KARANI, Dalal Street, Union Bank Building, Fort, Bombay-1.

LEWIS & JONES, Bank of Baroda Building, Apollo Street, Bombay-1.

DHIRALAL MAGANLAL PURSHOTAMDAS, Stock Exchange Building, Bombay-1.

Madras

PATERSON & CO., 22, Errabalu Chetty Street, Madras-1.

AUDITORS

SINGHI & CO., Chartered Accountants, 1/B, Old Post Office Street, Calcutta-1.

SOLICITORS TO THE ISSUE

FOX & MANDAL, 12, Old Post Office Street, Calcutta-1.

REGISTERED OFFICE

DCM PREMISES, BARA HINDU RAO, DELHI-6.

OBJECTS

The Company was incorporated on the 28th December, 1960 with the objects mentioned in its Memorandum of Association, and particularly to undertake the manufacture, *inter alia*, of Ball Bearings, Roller Bearings and Tapered Bearings and to deal in the same.

PROSPECTS

Ball and Roller Bearings have extensive use in industrial field. They are used to overcome friction and as such are essential components of all moving machinery and appliances. India's annual demand for Bearings at the end of third Five-year Plan is estimated at fifteen million. The Company has obtained a Licence from Central Government under the Industries (Development & Regulation) Act, 1951 for manufacture of 2.5 million Ball and Roller Bearings per year. It will concentrate on precision Bearings required for Electric Fans, Fractional Horse-power Motors, Machine Tools etc.

The plant is expected to be installed during 1962, and full capacity is expected to be attained by 1964. Orders for major part of the plant have been placed.

Bearings are a high priority item for industrial purposes. The Company will, therefore, make substantial contribution of foreign exchange to the country by way of saving on import of Bearings and, depending upon domestic requirement, by exporting its products.

High Carbon Chromium alloy steels which form the main raw material for Bearings are currently imported but their manufacture is expected to commence in the country.

Government of India have issued an Import Licence of the value of Rs. 50 lacs to the Company for import of equipment from U.S.A. under D.L.F. credit No. 157 and has agreed to issue another Import Licence of the value of Rs. 15 lacs on the same basis. With modern equipment and proposed technical collaboration with the Fafnir Bearing Company of U.S.A. the Directors expect that the Company's products will be of a premium quality.

TECHNICAL COLLABORATION

The Company has negotiated with the Fafnir Bearing Company of New Britain, Connecticut (U.S.A.) for obtaining technical know-how and the right of use of their patents etc. Fafnir is one of the leading manufacturers of Balls and Bearings in U.S.A. and its collaboration with the Company will be of great help in achieving high quality and efficiency standards.

It is envisaged that Fafnir will assist in installation of the plant, and will supply know-how for manufacturing and quality control etc. during the course of the collaboration. It will also train Company's personnel and will send its experts to the Company's facilities when needed. The Agreement will in the first instance be for ten years.

It is contemplated to pay to Fafnir a royalty of 4% of net sales and initial engineering fee of Rs. 4 lacs. Government of India has approved the payment terms.

LOCATION OF THE FACTORY

The factory will be located at Ranchi in Bihar. The Company has purchased about 28 acres of land in village Ratu, at a distance of about seven miles from Ranchi on Ranchi-Daltonganj Highway. Power and water will be available at the site. The site has been selected having particular regard to climatic requirements for a Bearings factory.

MINIMUM SUBSCRIPTION

The minimum subscription on which the Directors will proceed to allot shares is Rs. 41,95,000, being the full amount of the public issue.

FINANCIAL REQUIREMENT

The requirement of funds is estimated to be approximately as follows:—

	Rs.
Cost of land, buildings, plant etc.	1,19,30,000
Preliminary and Issue expenses, underwriting commission, brokerage, financing expenses, etc.	3,30,000
Working Capital	64,00,000
Provision for contingencies ...	5,00,000
Total ...	1,91,60,000

SOURCES OF FINANCE

The financial requirements are proposed to be met as follows:—

	Rs.
Share Capital—	
Already subscribed	24,00,000
Present issue	51,00,000
	75,00,000
Loan from Industrial Finance Corporation	60,00,000
Cash credits, etc. from Banks ...	32,00,000
From current earnings	25,00,000
Total ...	1,92,00,000

The Industrial Finance Corporation of India has sanctioned a long-term loan of Rs. 60 lacs secured by mortgage of fixed assets of the Company, on its usual terms.

The amount represented by 'current earnings' comprises of part of the provision for Depreciation and Development Rebate, and the surplus for the initial years over which the capital outlay will be spread.

PROFITS

On the basis of costs and realisations as far as they can be estimated at present, the Directors are of the opinion that in the absence of any adverse circumstances, the Company should have sufficient earnings after providing for Depreciation, Development Rebate and the dividend on Preference shares, to pay reasonable dividend on Equity shares and to build reserves for future development.

TAX BENEFITS

According to present tax laws the Company shall be entitled to benefits in respect of Development Rebate, and shall enjoy tax holiday for five years in respect of profits upto 6 per cent on the capital employed under Section 84 of the Income Tax Act, 1961.

The shareholders shall also be exempt from tax on dividend paid from the Company's profit exempt under Section 84 and from Wealth Tax on their holdings for five years under Section 5(1)(xx) of the Wealth Tax Act, 1957.

Shareholders which are companies shall also be exempt under Section 99(1)(iv) of the Income Tax Act, 1961 from payment of super tax on dividends received from the Company.

INTEREST OF THE DIRECTORS, PROMOTERS

Shri Bharat Ram, Shri Charat Ram, Shri Shri Dhar, Shri B. S. Agarwal and Shri T. R. Gupta are Directors and members in one or the other of the constituent companies in the Managing Agency firm. Shri Bharat Ram is a member and Shri Charat Ram, Shri B. S. Agarwal, Shri T. R. Gupta and Shri Shri Dhar are members and Directors of India Hard Metals Private Ltd., who had incurred expenditure on the formation of the Company and on other matters and have been reimbursed by the Company. The Company has purchased about 28 acres of land at Ratu (Ranchi) from Maharaja Chintamani Saran Nath Shah Deo, a director of the Company. The aforesaid Directors are thus interested to the extent indicated.

UNDERWRITING COMMISSION AND BROKERAGE

A commission of 2½ per cent of the face value will be paid to the Underwriters in respect of the Preference shares underwritten by them.

Brokerage will be paid to recognised brokers, and to Banks in respect of applications bearing their stamps at the rate of 1 per cent of the face value of Equity and Preference shares offered to the public and allotted. Brokerage at the same rate will be paid to the underwriters in respect of such Preference shares as they may be required to subscribe for in terms of the underwriting arrangements.

(*Concluded from column 3*)

peg for hanging the railways' claim for a leading role in opening up the economic life of areas hitherto inaccessible. A still smaller project in the far south, linking Manamadurai with Virudhunagar was, fittingly enough, launched at the same time, with the Madras Chief Minister being present to take his share of the credit. In both cases, preliminary surveys had begun more than half a century ago. Also a few days ago, the Deputy Minister for Railways inaugurated in his own constituency the Salem-Bangalore line. It may be that the railways are now in earnest and will not drop these schemes after the elections as they have done before; Mr. S. V. Ramaswamy has even given an assurance of completion of the Virudhunagar line in 18 months. He also went on to talk about master plans for the future, which are deferred for want of funds (not presumably for lack of capacity for executing them). This, he said by way of apology for constructing mere metre-gauge lines when broad-gauge was considered more economical; Mr. Ramaswamy is reported to have declared that, as and when the need arose, M.G. will be converted into B.G. and he did not omit to mention that the Salem-Bangalore line will be due for review on this score in the fifth Plan period. After such demonstration of concern for the convenience of the public, it would be pointless and even churlish to inquire whether industry is being well served by the railways.

U NYUN'S ENTHUSIASM FOR ASIAN COMMON MARKET

RAILWAYS VIGILANT WHERE POLITICALLY EXPEDIENT

From Our Special Correspondent

NEW DELHI, 13*th February*

DELHI LETTER

PRELIMINARY moves by the E.C.A.F.E. to commit its Asian member-countries to the pursuit of closer economic relations, with a view to establishing eventually an Asian Common Market, are likely to create a dilemma for most of them. They have already done so at least for the Government of India. It appears that, following the report of the working group headed by K. B. Lall, the Executive Secretary of the E.C.A.F.E., U Nyun, has circulated a draft declaration on regional economic collaboration, suggesting that it should be accepted by the countries before the end of this month to facilitate further steps being taken. According to reports, the proposed declaration contains a provision for the setting up of permanent machinery to work out the details of future economic collaboration; for this, however, it is necessary that at least ten countries should agree to the draft. Apparently, the Lall Committee's inquiries had elicited a good response to encourage U Nyun to pursue the matter further; his personal enthusiasm for the idea could not have been wholly responsible for the present move. It is, therefore, reasonable to assume that a sufficient number of Governments will be willing to explore the possibilities further by creating separate machinery, working in close co-operation with E.C.A.F.E., for drawing up a specific programme.

The idea is bound to receive considerable support and encouragement from Western countries for two major reasons. They have little to fear from a regional bloc of this kind, since it can hardly be inward-looking; dependence on Western countries for markets, capital aid and supply of machinery and capital goods is sufficient guarantee of their adopting a constructive approach to problems of inter-regional trade. At the same time, if closer relations lead to expansion of intra-regional trade and mutual assistance for development, there will be less pressure on the industrialised countries for opening their markets for exports of the underdeveloped areas and there will be fewer complaints about adverse terms of trade or decline in commodity prices. The present mood of fear of Western integration moves can give place to confidence in these countries in their ability to organise self-help. Similar moves in Latin America have received much sympathy, though African moves have created some scepticism, partly because of the greater backwardness of the economies of the countries, the divergence of political interests between the Casablanca and Monrovia powers and the split created among them by the association of some of the African countries with the European Common Market. In the E.C.A.F.E. region, on the other hand, Japan and, to a lesser extent, India can provide assistance to the others for development in various ways, introducing an element of complementary relationships.

India is still undecided and hesitant in its attitude to the present moves. This is partly due to the lack of dynamic leadership in economic affairs which has affected decisions on internal policies also; but it is understandable that there should be some reluctance in agreeing to proposals which may add to embarrassments in dealing with India's neighbours. Unfriendly critics in Pakistan, and now in Nepal, are only too ready to seize upon any pretext for sowing seeds of distrust; in economic arrangements which do not sacrifice India's essential national interests, they may find more to criticise and mislead public opinion in their own and other countries. Co-ordination of planning policies as discussed by the Asian Planners' Conference in New Delhi last year may mean, for example, that some projects are distributed in the region; when there are rivalries and sometimes conflicts even among several States for the location of industrial projects within their respective areas and there are not enough to go round, it may be difficult for India to forgo any of them in favour of other countries who may be less favourably placed in the matter of technical personnel and in the capacity to put them to the best use. Other questions also arise; for instance, there may be demands for pooling of foreign exchange earnings and of external aid and for their equitable distribution among the member-countries. These arrangements, which are now bilateral, in spite of co-operation under the Colombo Plan, have at least the merit of making the givers responsible for the choice of projects and recipients.

In any concrete proposal for the establishment of a regional trading bloc, the need for a common currency cannot be overlooked. Obviously, the rupee with its equivalent counterparts in the neighbouring countries, has a pre-eminent position which must be recognised by the latter. The difficulties are obvious if one goes a little beyond the generalities of co-operation and co-ordination and faces the actual issues involved.

There will be a natural preference in India for conserving the existing goodwill in Burma, Ceylon, Malaya and Indonesia rather than for new measures which may create differences. But this cautious approach has to be balanced against the possibility of inviting reproach for not showing enough enthusiasm for regional relations. Undoubtedly, more can be done to promote larger trade within the region and India has been quite willing to consider its implications. The trouble is that there has been no one at the helm who can show an imaginative grasp of the problems and inspire confidence abroad in India's determination to adopt a helpful and sympathetic attitude to the expectations held by our Asian neighbours. The image of Nehru has no economic counterpart and this is as much a regional as a domestic problem.

On the immediate issue of committing this country to the draft declaration circulated by the E.C.A.F.E., the general elections may be an inhibiting factor just now. But, in principle, India is already morally committed to closer Asian collaboration and, if the initiative for a start is taken by other countries, there will be no doubts about the need for a favourable response. If and when proposals are made for a common currency, single market or customs union, the problems can be faced and solved according to the circumstances then prevailing. Other developments like Britain's entry into the European Common Market will determine some future trade patterns; for example, if any of the Asian nations agree to the "associated status" offered for some developing countries, cleavages will widen as in Africa and collaboration in planning become more difficult because of the preferential position accorded to the manufactured goods of the European countries *vis-a-vis* exports from Asian neighbours. That there are many imponderables is no argument for withholding a bold declaration of support for any moves for closer relations, with, of course, the minimum reservations dictated by the prevailing circumstances.

Railway Celebrations

It is a moot point whether the railways are doing all they can to move all the coal offered to its proper destinations; it is arguable that the authorities are not bestowing the attention required on these matters though emergency measures after an alarm was sounded staved off a crisis in Ahmedabad. But they have been quite prompt on their contribution to the General Elections; within four weeks of the polling dates, commencement of work on many new railway lines has been celebrated with a fanfare of trumpets. The importance of the particular projects is not in question but the timing of the inauguration and the sounds accompanying it show that, where it is politically expedient, the railway authorities can be quite vigilant. The small rupees four-crore project linking north Konkan with Bombay provided Mr. Jagivan Ram a

(*Continued in column 1*)

AMERICAN LETTER

ECONOMIC TRENDS ENCOURAGING

SOME IMPROVEMENT IN BALANCE OF PAYMENTS

From Our Special Correspondent

NEW YORK, 10th February

THE outlook for business in the United States in the immediate future is still very good indeed. Most indicators are pointing upward. There are only two major questions—what price upturn and how long will it last?

The price can be measured in terms of higher Government spending which comes out of taxation or deficit financing. The duration depends on monetary as well as psychological factors, such as how secure individuals and businesses feel under prevailing circumstances. That is a chief determinant factor in spending plans.

People borrow when they feel their future income is secure. There has been an advance in the demand for loans recently which denotes confidence. Consumers are spending more freely and are borrowing more freely.

Commercial and industrial loans by banks have been rising substantially since mid-1961. The business loan total at the year-end was about $1,000 million higher than 12 months previously. It has been rising since, and all the recession losses have been recouped.

Wages Rise

The factory work week rose recently to the highest in the past two years and so did average hourly earnings. Weekly earnings of production workers were boosted to $95.82 and the universal $100-a-week level has become a near-reality.

This gain in earnings was accompanied by only an infinitesimal rise in prices which accounts for the greater spending power and greater spending by consumers. For the immediate future, this trend is likely to continue.

Employment has held up fairly well, despite the lag which always occurs after the holiday season and the layoffs which take place when harvesting is concluded in the northern part of the country. The rate of unemployment in relation to the labour force, which was more than 6 per cent at the end of 1961, has now declined below that level.

Business spending for plant and equipment is likely to rise to an annual rate of close to $37,000 million in the first quarter of this year. This would be higher than in the past four years. Being one of the sustaining factors of overall business activity, outside of Government spending, it suggests continued improvement in overall conditions in the near future.

The Usual Enigma

Agricultural policy in the U.S. represents the usual enigma. The year 1961 produced a record for crop yields. Despite lower acreages planted and drought in some areas, the output of all crops planted was just 2 per cent lower than the previous high of 1960. This showing was achieved in the face of the lowest number of acres harvested since the Department of Agriculture began keeping records in 1909.

The troublesome surplus problem is still there. It will continue to be so. Production methods have become so efficient in this country that surpluses seem to be inevitable, while millions of people in the developing countries are on a starvation diet.

The U.S. balance of payments is still a cause for grave concern. Commercial exports *per se* show a healthy favourable balance. But, if overseas defence expenditures are added, as also the invisible tourist spending and several other factors, such as a transfer of funds to countries where deposits are dawing higher interest rates than here, the U.S. is losing on balance—in prestige, in gold and in bank deposits.

There has been an improvement in the U.S. balance of payments. Last year, the deficit was less than $2,000 million, as compared with between $3,000 and $4,000 million in the three prior years. Some factors in this picture are uncontrollable such as foreign purchases of U.S. securities. At the latest count, non-Americans have invested about $7,000 million here. This is just about double the figure for 1950. Continental European investors now hold the largest share of the total, accounting for some 35.6 per cent. The United Kingdom's share has slipped to 32.5 per cent. Previously, the U.K. represented the largest group. Canada accounts for 28 per cent.

While foreign investments here have doubled in the last decade, U.S. investments overseas have trebled and they are nearly five times as large as the stake of overseas investors here.

Aid to India

A fifth meeting was held under the chairmanship of the International Bank for Reconstruction and Development by the Consortium of Governments and Institutions interested in development assistance to India. The meeting was attended by representatives of the Governments of Canada, France, West Germany, Japan, the U.K., the U.S. as well as by representatives of the International Development Association. Observers were present from the International Monetary Fund and of Austria. The purpose of the meeting was to review the action taken by members in June 1961 for commitments of $1,295 million in support of activities for the first year of India's third Five-year Plan covering the period from April 1961 to March 1962.

While some delays had been experienced in the early part of this year, it now appears that the total allocation of funds for agreed purposes during the year would come close to the figure indicated in June last. Due note was taken at the Washington meeting of the encouraging expansion of India's economy and the economic progress which has been made.

Moreover, the Consortium recognised that further assistance would be required in 1962-63, beyond that already committed, if the momentum of India's expansion were to be maintained. To that end, the Consortium will meet again in May 1962. At the suggestion of members of the group, representatives of the World Bank agreed to "continue to seek to interest other nations in the financing of India's development."

As a practical matter, the meetings offset and overcame some of the antagonism of members in the U.S. Congress caused by India's recent action against Goa and by statements made by some leaders of India which were not considered "neutral" by some Washingtonians in the East-West struggle.

United Nations News

In addition to all the political difficulties facing the member-nations of the U.N., in addition to all the divergencies of view in economic matters, the greatest shadow overhanging the world organisation is financial insolvency. The Soviet bloc members have refused to pay their dues. Other countries have not the funds to pay their full share. Special expeditions such as in the Congo, where troops from India are prominent, have turned out to be costly. Nations which did not agree failed to pay their special assessments for these ventures in what looks like a deliberate attempt to wreck the U.N. The word "wreck" perhaps overstates the case, since the U.N. is a useful sounding board and can be used for propaganda purposes.

The latest proposal is for a bond issue to make up the U.N. operating deficit. There is nothing in the charter to back up such an issue. There cannot possibly be any reassurances for repayment. Yet, President Kennedy said at his Press conference this week that the U.S. would carry the major burden just because it does not want to see the U.N. die, as the League of Nations died.—*All Rights Reserved.*

ISRAEL ε DEVALUED

The Government of Israel has consulted the International Monetary Fund on a major reform of its foreign exchange system which became effective from 9th inst. It includes a change in the par value of the Israel pound, in which the Fund has concurred, from I£1.80 to I£3.00 per United States dollar. The previous par value was established on 13th March 1957, but even at that time the exchange system contained several multiple currency practices and it became increasingly complicated by subsequent adjustments. Beginning from 9th February, however, all Israeli multiple currency practices are eliminated, with the exception that a free market may be retained for certain capital transactions.

The Israeli exchange reform is intended to strengthen the country's basic balance of payments position and eliminate internal price distortions. The new par value expressed in terms of gold and in terms of the U.S. dollar of the weight and fineness in effect on 1st July, 1944, is as follows:

.296 224 grams of fine gold per Israel pound; 105.000 Israel pounds per troy ounce of fine gold; 3.000 00 Israel pounds per U.S. dollar; 33.333 3 U.S. cents per Israel pound.

LONDON LETTER

FORECASTING THE ECONOMY

PLANNING COUNCIL FORMED

(From Our Own Correspondent)

LONDON, 10th February

THE composition of the National Economic Development Council has now been announced. It is headed by three Ministers: the Chancellor of the Exchequer, the President of the Board of Trade and the Minister of Labour. There are two representatives of the nationalised industries—the head of the Railways and the head of the Coal Mines—six industrialists, all of whom have been selected personally without formal reference to their Trade Associations and there are six Trade Union representatives who have yet to be named by the T.U.C. The retiring Chairman of Lloyds Bank, Sir Oliver Franks, inevitably reappears here together with the economists of the Council on Prices, Productivity and Incomes (which is obviously going to die as the new N.E.D. Council goes into action)—both of these are independent members. Presumably, one can also count as independent the economist pulled out of the steel industry who is the official Director of the Planning Office of the Council. We shall thus have a full Council of twenty members, with a strong conservative bias, but, at the same time, a bias weighted in favour of practical industry and not academic economics.

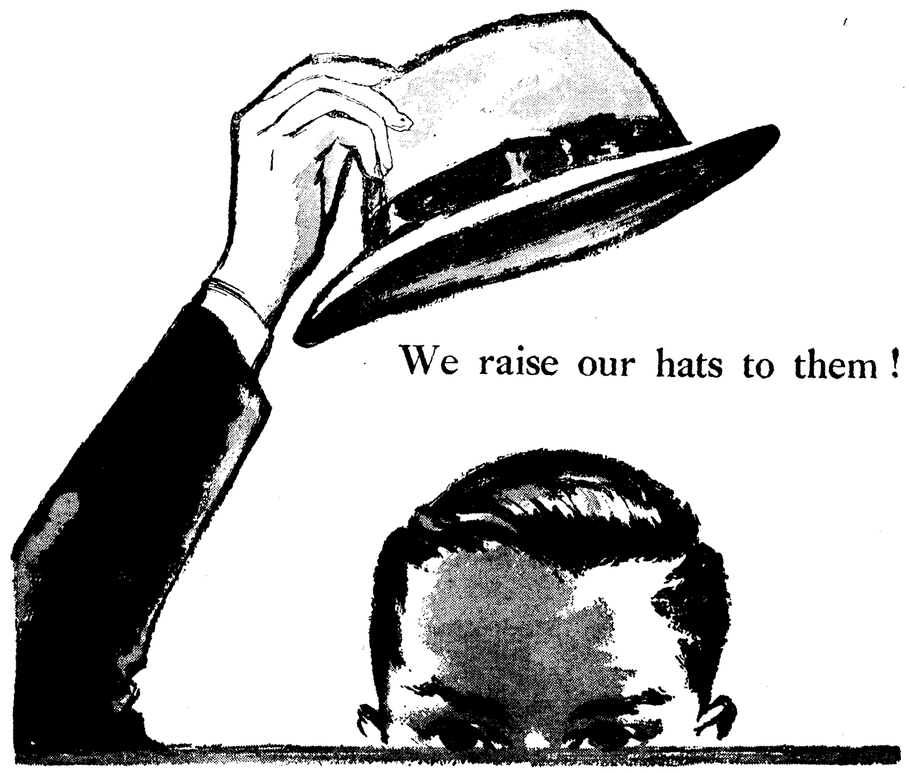
One of its first tasks will undoubtedly be to forecast the economy and it will almost certainly tackle, either directly or by implication, the Government's White Paper on income policy, because this economic document was proposing to gear the National Economy to an estimated productivity rise of 2 to 2½ per cent. In other words, the Government, through the Chancellor, was saying that the national wealth and income will rise by this amount and that every measure which can possibly affect it must be dominated by the magic figures of 2 to 2½ per cent. Now, Dr. Beeching, who is charged with running the Railways, has already offered the railway workers a 3 per cent rise and the workers are standing out for something more. Dr. Beeching is well aware of the strength of their case, taken on its individual merits, and he is going to find the N.E.D. Council a magnificent forum for pushing his view that, if the railways are to be more efficient, the wage bill per head—though not necessarily in total in the long run—must go up. This is quite contrary to the Chancellor's policy. The railway chief will be strongly supported by Lord Robens, the Labour head of the Coal Board. Both these men are tackling industries which are facing strong competition and know that serious rationalisation is the necessary cure and yet both are expected to hold together the industries on their present ramshackle structures, without rationalising them and at the same time running them more efficiently! Both want to pay more money to less men to do a smaller and better job.

Optimistic Forecasts

The first assessment of the economy which the Council will be able to publish will be read with especial interest, but it is already thought likely that it will also present a more optimistic picture to the country than the Government has so far done. Of course, in the back rooms of the Labour Party, there is a conviction that the Government are playing a deep game in maintaining such strict reins on the economy at present. The Government want, it is muttered, to hold the economy back, in order to let it have a brief exciting forward spring neatly timed to coincide with Britain's entry into the Common Market and a General Election. Fought under those conditions, the Government would hope to stride back comfortably into office and it would not matter if there was a recession very soon after that.

But the National Institute of Economic and Social Research, which may also find its work redundant if the N.E.D.C. proves to be a lively body, is already forecasting a much higher rise in national income than the Government have done. Their report, which contemplates a rise of over 3 per cent will be good ammunition to those industries who want to get higher pay rises than the Chancellor would approve. The background to this more optimistic forecast is as follows: first of all, exports would seem to be improving strongly, if not spectacularly, and are

(Continued on page 308)



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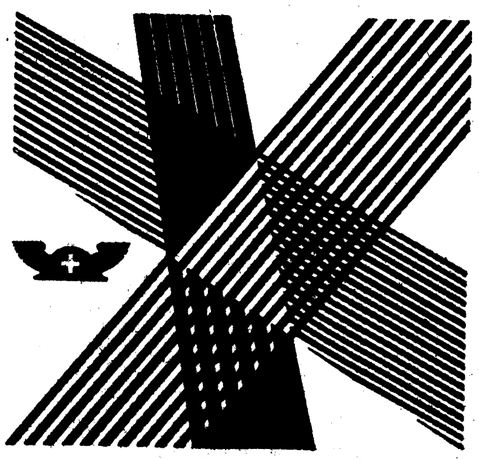

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SOME THOUGHTS ON BANKING DEVELOPMENT

PLACE OF SMALL BANKS IMPORTANT

By B. K. Dutt

MANAGING DIRECTOR, UNITED BANK OF INDIA, LTD.

I HAVE chosen this subject because I feel that the matter of organising the banking system on proper lines has assumed the greatest possible significance. When planning guides every aspect of economic life, the banking system cannot remain out of it. For, it must lubricate and cater to all sorts of economic activities, and what is most important, must stimulate, or at least indicate, the directions in which it can contribute to progress.

We all possibly know that almost all over the free economy there are central banks, whose functions, in addition to their primary duty of maintaining the value of money, are in consonance with the Government policy, to assist improving the level of employment and living standard of the people. From this, it essentially follows that, if the institution of banking has to have a purpose for existing and expanding, the constituent units, of which the commercial banks are the most important, must strive to bring about the fulfilment of the objectives enjoined upon the banking system through and under the lead of the Central Bank.

Inertia Still Rules

Insofar as we, in this country, have missed this basic thought in the past and insofar as we have failed to adjust ourselves to the requirements of the nation, the banks have not succeeded in living up to the purpose. In saying so, I do not, in any way, minimise the performance of our banking system. I would rather say that, in various spheres, banks can claim to have done a lot. Hurdles notwithstanding, they have done very well in very many directions. What I want to emphasise is that, in view of the voids that the society has to contend with, a reappraisal of the entire outlook is imperatively called for. But, when we come to think of it, we are, more often than not, carried away by what we have seen being practised very close to us, I mean the system of banking pursued in the U.K. That upto 1947 we did so and tried to transplant the British model in India need not be much regretted; but to the extent that inertia rules our thought even today is something that has to be reckoned with.

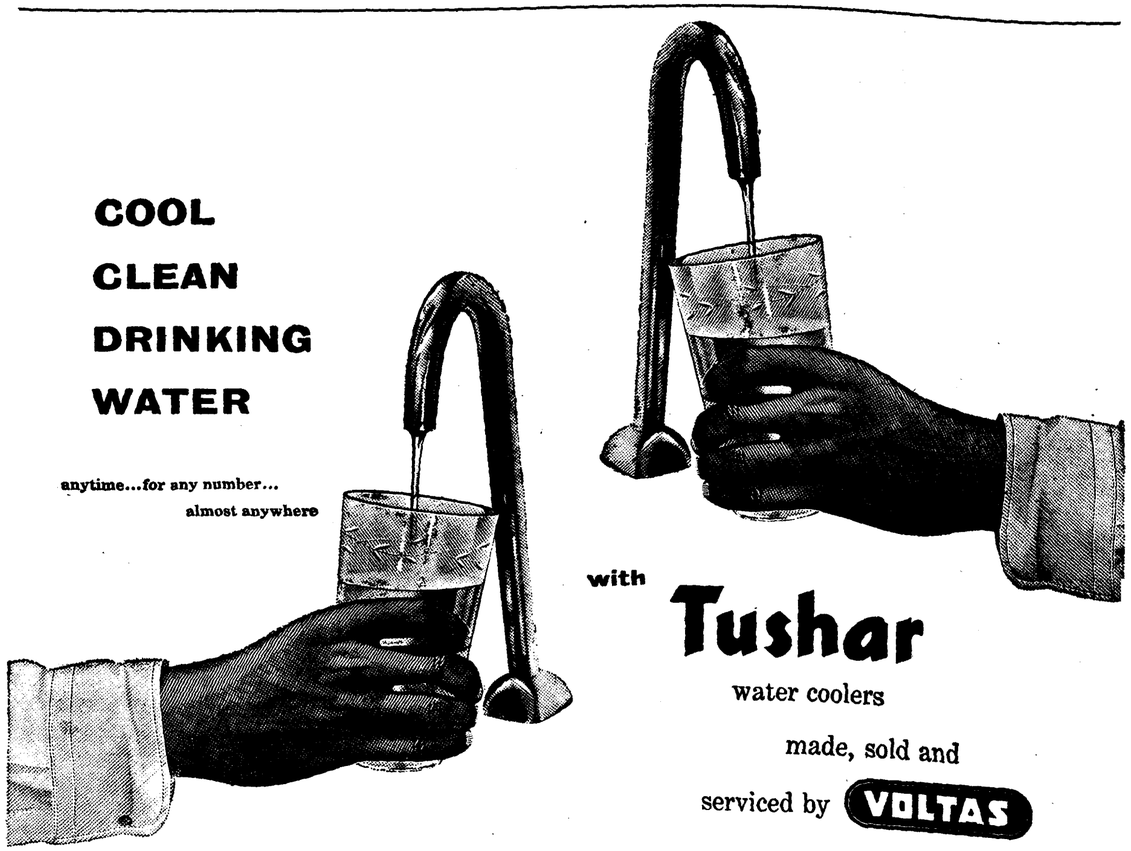
Despite her ancient heritage, India is still a new nation, politically speaking, making the most precious experiment in regard to social order in an economy that did not have the opportunity of seeking its own goal during the past centuries. For such a nation, the essential security would lie in the degree of her achievement in the material field *vis-a-vis* the masses. Her ancient heritage and her way of life cannot afford to suffer a tremendous shift in favour of an altogether materialistic outlook. An important aspect of economic consolidation in the Indian context is that, along with the bigger industries, which are essential for achieving economic salvation and maintaining national integrity, a strong base with a vast proportion of self-employed members of the community must be built up. It is, indeed, recognised in all quarters that a strong and large base of the self-employed is essential for successful functioning of democracy.

The ideal of spreading economic benefits of development as widely as possible can only be achieved by activising the largest number of people in one or other spheres of productive enterprises, in every little community and locality throughout the country. Naturally, therefore, it is necessary that banking facility should not only be distributed and scattered to fit into this pattern, but should also be varied and diversified.

The important question then is: what should be the pattern of banking development? Whether we should have only a few big banks or whether there shall be banks of various sizes —big, medium and small. It is often said that smaller banks can hardly render any effective service to the economy but, on the other hand, tend to become a drag on the banking system as well as on the economy as a whole. I have always been advocating the cause of the smaller banks and am convinced about the need in our economy for good smaller banks which are capable of rendering useful service towards economic development. If an objective assessment is made of the past peformance of the small banks, it will be found that, in certain respects, they have creditably served the needs of the small man and can claim the credit of having established quite a number of businessmen and industrialists who, but for such assistance, would, perhaps, have not been there as active units in our economy today. It is true that a number of smaller banks have failed owing to mismanagement or misadventure. But such features are common in every walk of life and in every sphere of activity in every country and in every age. If there has been a malady, the approach should be to treat the malady rather than to kill the patient.

While, therefore, there is a need for the bigger banks to expand their service to big business in different areas through branch offices, there is also a need, from the social point of view, for trengthening the existing smaller banks and encouraging establishment of new banks in different areas with a view to reaching banking facility to the small man, endeavouring to self-employ themselves through economic enterprises and help initiating them to the idea of self-employment.

The small enterprise is quite often deficient in financial management. Their banking requirement, therefore, is not only a quantum of finance, but also includes appropriate financial guidance and advice. Each case has to be weighed and assesed individually according to its own condition. The bigger banks, as they are organised, cannot satisfy in full the needs of the small business which can hardly be categorised into set patterns.



The most important aspect in this regard, I feel, is that of enthusing the people towards finding means of self-employment rather than clamouring for fixed-pay jobs. This can only be done through constantly propagating the idea of self-employment and assisting the newcomers with prompt and adequate financial assistance and guidance.

You are all aware that this year a Deposit Insurance Corporation has been established to insure deposits of every bank upto the specified limit. Although the scheme does not fully meet the requirement, it is to be hoped that, before long, it will be reviewed and its functional inadequacy removed. If that is done, the most serious deficiency in the banking system—that is, latent absence of an atmosphere of confidence and trust—will be removed and a climate will be brought about where banking habit will be stimulated and banking development fostered. In such a climate, the smaller banks will have an opportunity of making further progress and occupying their rightful position in the pattern of banking development.

Bank Profits

There would yet remain an important question to be tackled. I refer to the profitability of banking business. Bank profits are somewhat different from the profits of the ordinary business or industrial undertakings. Profit in a bank serves as a cushion against which losses arising from taking risks of newer types of business have to be absorbed. It thus becomes essential that the spread between operating cost and operating earning of banks is made wide enough to leave them a reasonable margin as cushion. The present-day margin, which, before tax, is nearly 0.6 per cent of the total resources, is rather too low for this purpose. As I have already pointed out, the banks will have to take more calculated risks than they have done so far. In order that they may do so, there is an urgent need that this margin should be extended.

This suggestion might appear rather queer, inasmuch as it is common knowledge that, during the last year, all the banks have made good profits. It must, however, be remembered that, although quantitatively the profit was much better last year than during the previous year, it was mostly the result of double-shift working of the advances. On an average, the bank advances veered around 70 per cent of the deposit which is rather on the high side. But such may not be the case for ever. If not during the third Plan period, it may be soon after, this ratio will have to come down. The basic requirement for wider spread of the profit-margin, therefore, cannot be overemphasised.

Cost of Deposits

The rates of charge on certain services rendered by the banks will have to be reviewed and revised. I shall not go into a detailed discussion on that aspect here. I would, however, mention one important point which requires urgent consideration. Recently, there has been an upward trend of interest rates on bank deposits. This is an item which takes up the largest quantum of bank earnings. I am of the firm conviction that there is, today, ample scope for reducing bank cost under this item. Bank deposit is not an investment; it is money temporarily held pending future investment or spending. Interest, therefore, is not a major consideration in attracting bank deposit. Interest is only a marginal inducement. Deposit is not as sensitive to the rate of interest as it is to the availability of banking facility and the quality of service. There is ample truth in the saying that the safety of bank deposits and the rate of interest vary inversely. Personally, I am of the view that the rates of interest on bank deposits have reached a stage where they must receive urgent consideration. The whole matter deserves proper assessment from the perspective of the basic function and attributes of bank deposits.

The State Bank of Bikaner has transferred to the reserve fund from its profit for 1961 the sum of Rs. 2.25 lakhs and not Rs. 2.35 lakhs as was stated in the review of the Banks' results for the past year published in *Commerce* dated 10th February, 1962. The difference of Rs. 10,000 represents the amount credited to the staff welfare fund.

The net profit of the Indian Overseas Bank Ltd. for 1961 is Rs. 43.81 lakhs, as compared with Rs. 44.66 lakhs for 1960. The figure of Rs. 46.42 lakhs shown as net profit for 1960 in *Commerce* dated 10th February 1962 includes the 1959 undistributed surplus of Rs. 1.76 lakh and is, therefore, not comparable with the net profit for 1961.

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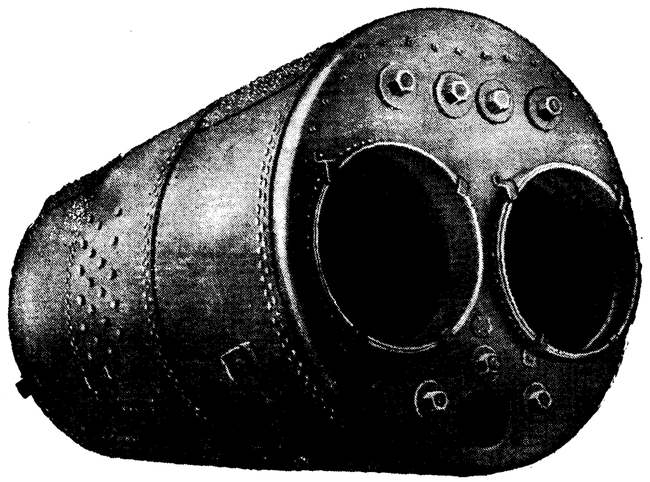

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The Board of Directors of The East India Distilleries and Sugar Factories Limited, at a Meeting held in Madras on 6th February 1962, recorded their profound regret at the death of Mr. C. R. Srinivasan, Chairman of the Board, and appointed Mr. G. N. Noel-Tod, O.B.E., previously Vice-Chairman and Managing Director, to be Chairman and Managing Director, until the approach of the time of his retirement from service in India will necessitate another appointment.

Mr. Noel-Tod's service with the Group extends to nearly thirty years. He is a Director of a number of other companies in India, including Kirloskar Oil Engines Ltd., Kirloskar Electric Co. Ltd., Hercules Insurance Co. Ltd., W. J. Bush Products (Private) Ltd. and the various companies in the E. I. D./Parry Group.

LANCASHIRE AND GENEVA CONFERENCE

BRITISH DELEGATION'S STAND CRITICISED

From Our Special Correspondent

MANCHESTER, *6th February*

MANCHESTER LETTER

AN easy way to earn popularity has always been to criticise the Government of the day and nowhere is this more evident than in the industrial sphere. The Lancashire cotton trade has increasingly exemplified this mood during the controversy over imports—not without considerable justification. According to the latest information received from Geneva, where international talks on world trade in textiles are taking place, it is even more obvious to Lancashire traders how the British Government lags behind its counterpart in the United States, although it remains to be seen how far words will be eventually translated into deeds. The American Administration in the current negotiations has put forward a strong case on exactly the lines which Lancashire traders would unhesitatingly support, but this attitude is being opposed by representatives of the Eastern producing countries.

The American Under Secretary of Labour has put on record his Government's belief that the expansion of world trade in cotton goods depends, first, on the establishment of safeguards against particular market disruptions and, secondly, on an equity of open markets to prevent the flooding of some as a consequence of undue restrictions in others. On broad terms, this policy echoes the more definite proposal submitted by the British cotton industry to the Government delegation urging that an undertaking should be secured that, by 1970, every "Western" country or economic community should take at least 10 per cent but not more than 20 per cent of its domestic requirements of cotton products from low-wage countries.

No Brief Submitted

This proposal, first disclosed at last October's Cotton Board conference, was, however, not included in the brief submitted to the earlier conference by the British Government delegation, according to the latest quarterly report issued by Sir Alfred Roberts, Secretary of the Cardroom Workers' Amalgamation, one of the three major Lancashire cotton trade unions. In view of the reasonable nature of this plan for greater equalisation of imports between the more highly industrialised countries, it is not surprising that Lancashire traders are exceedingly disappointed with the apparent ineffectiveness of the Government's efforts on their behalf. "It would appear, in fact, that the United Kingdom delegation did little more than attempt to secure a safeguard that we should not have to increase our imports under any future arrangements that might be made," comments Sir Alfred. Hitting the nail on the head, he goes on:

"This negative attitude towards our fundamental problem becomes understandable when it is pointed out that the British delegation was attempting to represent the interests of this country and of Hong Kong—interests which are quite incompatible on this issue."

Cloth Price Variations

Rising prices can normally be expected to accompany accelerating demand; such was the case two years ago when the industry in Lancashire was passing through the hectic phase of reorganisation and widespread machinery scrapping. At that time, there was a regular upward movement in selling rates, which producers were able to justify, owing to the exceptionally heavy purchasing by distributors. Looking back, it can be seen that this represented abnormal overbuying with subsequent depressing results.

The peak in recent values can now be observed in retrospect as having been reached in the first quarter of last year. Subsequent movements have been steadily towards lower quotations and, by the end of 1961, the price of cotton cloth had been adjusted to the level ruling some 18 months earlier. The only reliable index covering cloth quotations is that published by the Board of Trade, the basis being the annual average of 1954, which is established at 100. Variations in the index number for both cotton and rayon cloth since the beginning of the reorganisation scheme are shown in the following table:

1959	Cotton cloth	Rayon cloth	1961	Cotton cloth	Rayon cloth
January ..	91.8	100.6	January ..	108.4	122.0
April	87.0	100.6	February ..	108.7	122.0
July	87.3	100.6	March ..	108.7	124.4
October ..	93.0	101.0	April	108.2	124.4
December ..	96.8	108.0	May	108.0	124.4
			June	107.8	124.4
1960			July	107.2	124.4
			August ..	106.7	124.4
April	102.6	118.9	September ..	105.6	124.4
July	104.0	114.2	October ..	104.2	124.4
October ..	108.5	119.3	November ..	102.0	124.4
December ..	108.0	122.0	December ..	102.9	124.4

The absence of change in the index number given for rayon fabric is a notable factor, particularly in comparison with the steady decline in cotton cloth rates which have, of course, suffered from the pressure of imports. On the same basis (with 100 representing the 1954 average), the change in the index number for raw cotton has been 73.6 at the end of 1959; 75.9 a year later and 74.5 in December 1961.

On the other hand, the quotation for cotton yarn in December 1959 was 93.8 in relation to the 1954 level; 101.9 twelve months later and 94.0 in December 1961. Spun rayon yarns also showed a reduction last year, the index being 95.0 in December, as compared with 100.5 at the end of 1960 and 97.8 twelve months previously.

New Ventures

Installation of new machinery within the past few months at Mutual (Filaments Division) Ltd., a subsidiary of Mutual Mills Ltd., Heywood, Lancashire, one of the foremost spinners of man-made fibres, has made the Company one of the biggest producers of false twist for outerwear, in Great Britain. Among other new ventures which the group is undertaking is the provision of specialised yarn for weaving and in particular for jersey wear. About a dozen weaving firms are now sampling these yarns and experiments are proving their worth to users. "The success of Amatalon yarn has ben tremendous," a spokesman of Mutual (Filaments Division) Ltd., said and added: "Output has already been raised substantially by the introduction of the new machines and we are hoping for further gains later in the year."

Specialised filament yarns are in sustained demand and Mutual products are sold for several months ahead. Also breaking new ground is the English Knitting Co. Ltd., another subsidiary of Mutual Mills Ltd., which produces ladies" knitwear. This Company is pushing the sale of nylon knitted goods. Its products are being extensively distributed through mail order houses and chain stores.

Technicians for Nigeria

Key posts in a new Nigerian cotton mill being built at Kaduna by a £1,000,000 company backed by the Nigerian Government are to be filled by technicians from Lancashire. Mr. Edward Seroussi, Managing Director of Nortex (Nigeria) Limited, which is erecting the 13,000-spindle, 300-loom mill, has made arrangements in Manchester with officials of Ashley Associates Ltd., the executive selection firm retained to advise on the appointment of ten senior staff men at the mill. Stating that: "Lancashire men have the right background to start our venture," he said: "They have the cotton trade in their blood and their ability has been proved through the years. Once we had decided to recruit our management from Lancashire, it seemed obvious to secure advice from selection experts operating in Manchester, in the heart of the cotton trade."—*All Rights Reserved.*

COURTAULDS NEGOTIATE AN EXPORT DEAL

A report from London states that meetings have been taking place in Rome between Mr. Frank Hearton, a Director of Courtaulds, the man-made fibres organisation for which the Imperial Chemical Industries Company have made a take-over bid, and Mr. Vlas Kentsov, head of a Russian State-controlled buying agency. Courtaulds hope that the talks will result in their securing what is believed to be a £7 million contract to provide plant and machinery for a man-made fibres factory in Latvia.

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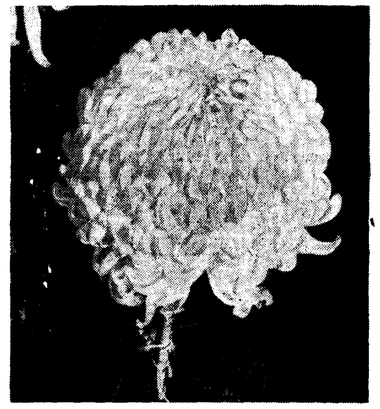

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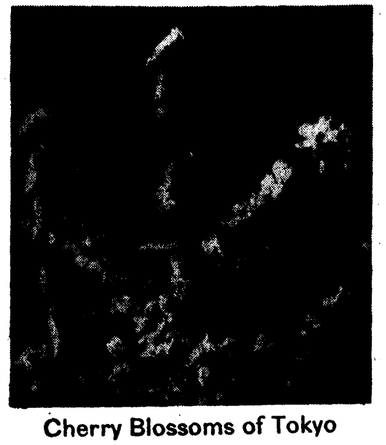

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DEVELOPMENT OF HYBRID COTTON

LET IT NOT GO THE WAY OF SEA-ISLAND

THE failure of the Sea-Island cotton development scheme, which was initiated with much fanfare and publicity, to yield the desired results has imparted special significance and urgency to the efforts now being made by the Indian Central Cotton Committee to step up the production of hybrid cotton. For it is the second of the two ways in which the Committee seeks to bring about self-sufficiency in cotton of the staple length range 1.3/16" and above, the other being development of Sea-Island cotton. Imports of cotton into India in a normal year can be broadly divided into two categories: (1) cotton of staple length 1.1/16" and above but below 1.3/16" and (2) cotton of staple length 1.3/16" and above. There are many suitable strains of Indian cottons which could replace foreign cotton of the first category. Cambodia cotton grown in Madras and Indo-American 170-CO2 and 134 CO2M grown in Gujarat and Maharashtra are instances of such cotton. The development of suitable strains to replace the second category of imported cotton has been engaging the attention of the Indian Central Cotton Committee for quite some time now. The Committee has sought to do this by (1) development of Sea-Island cotton and the expansion of the area under this cotton and (2) evolution of suitable hybrid strains, having a staple length of 1.1/4". Since the first scheme has not met with success, as noted at the outset, it is worth examining the progress of the other scheme. It may be noted, in this connection, that the Sea-Island cotton development scheme has not been a success not because of any inherent defects in it but because of faulty implementation. Delay in the appointment of an adequate number of supervisory and advisory staff and lack of proper promotional effort resulted in the cotton being sown in a negligible area, although adequate quantity of seed was available to cover a bigger area. Further, thanks to lack of proper publicity and educative effort, the crop came to be regarded as a waste land crop, whereas, in fact, it requires the best land and utmost care for the protection of the plants from pests and diseases.

In order to promote the development of hybrid cotton, the Indian Central Cotton Committee initiated in July 1959 a pilot scheme in Mehsana, Sabarkantha, Kaira and Ahmedabad districts of Gujarat. The object of this scheme is to explore the possibility of cultivating, on a commercial scale, the first generation of hybrid of a cross between an Indo-American cotton, B.C. 68, and the fine, long-staple Sea-Island variety S.I.V. 135. During the first year of the scheme, the two parent types were raised on Government farms and about 108 lbs. of hybrid seed were produced by crossing them. These seeds were distributed to farmers in the above districts which were sown over an area of 101 acres during the 1960-61 season. Climatic conditions were quite favourable in all the four districts and the hybrid crop was consequently good. Yields averaging about 1,163 lbs. of seed cotton (*kapas*) per acre were obtained. In the districts of Kaira and Mehsana, where sufficient care was bestowed on the crop by farmers, the yield was exceptionally good, having been as high as 1,656 lbs. and 1,382 lbs. of seed cotton, respectively. The crop yielded 77 bales of lint in all.

Technological evaluation of the samples from this cotton carried out at the Technological Laboratory of the Committee, the Laboratory of the Ahmedabad Textile Industries Research Association and by two textile mills indicated that the cotton had outstanding qualities. It had a fibre length of 1.24" and a spinning capacity of 80s to 100s. It was adjudged as comparable to Sudan G.2S cotton in length, fineness and strength. It fetched a price of Rs. 2,000 per candy (784 lbs.). It was, however, found that, despite its length and fineness, this cotton needed improvement in maturity and appearance. In spinning, it was found to be too wasty in the blow room and during carding and combing processes. It was also excessively neppy. While these defects could be rectified to some extent by exercising better care at the time of picking and ginning the *kapas*, the maturity of cotton still needed improvement to reduce neppiness. It is expected that, through suitable agronomic treatments, the maturity could be improved so as to raise the cotton to the level of imported Sudan cotton in spinning performance and yarn characteristics.

While phenomenal progress has been made in the commercial exploitation of hybrid vigour in crops like maize, very little has been done in this direction in the case of cotton due mainly to the difficulty in producing hybrid seed. To overcome this, two methods, which would facilitate mass production of hybrid cotton seed, are adopted. The first method is to locate male sterile lines which combine other requisite characters to impart hybrid vigour to the offspring when crossed and the second is to explore the possibility of inducing male sterility through suitable chemicals which possess gametocidal properties. Both these methods are being tried and positive results are yet to be obtained, although there are indications that certain chemicals like F.W. 450 might prove useful in inducing male sterility in cotton.

Until positive results are achieved from the above methods, recourse has to be taken to the conventional method of hand pollination for production of hybrid cotton seed. To ascertain how far this method is workable in practice, the economics of producing hybrid seed were worked out under the Committee's scheme during 1960-61. The results indicate that the average cost of production of one lb. of hybrid seed varied from Rs. 25 to Rs. 45. Making due allowance for the fact that, during the year, there was excessive shedding of crossed flowers and bolls due to the prevalence of stormy and cloudy weather at the peak period of crossing and very low temperature during January, the cost is likely to be less in a normal year. Even at the higher rate, the cultivation of hybrid cotton is a profitable proposition. Steps are, however, being taken to reduce the cost of production of hybrid seed.

It is evident from the foregoing account that the scheme of hybrid cotton development has made a promising start. But initial triumphs and enthusiasm are not enough, if the scheme is to succeed ultimately, as has been so conclusively proved in the case of the Sea-Island cotton. Past experience should enable the Central Cotton Committee and Departments of Agriculture of State Governments to avoid the mistakes made while implementing the Sea-Island cotton experiment. If its lessons have not been well learnt by the administrators concerned, the hybrid cotton development scheme will prove to be one more instance of wasted effort and infructuous expenditure.

NEW CROP COTTON

If the trend of arrivals of new crop is any indication, the Indian cotton crop during the current (1961-62) season will be not only very much smaller than in the previous season but also a late one. A leading firm of cotton merchants estimates the current season's crop at no more than 4.4 million bales (of 400 lbs. each), as compared with the last season's 5.4 million bales. Arrivals till the end of January aggregated 1.9 million bales, which are equal to only 43 per cent of the total crop, as against 2.82 million bales or 52 per cent of the crop, during the corresponding period of last season. The following table gives the area-wise breakdown of new crop arrivals.

(In '000 bales)

Area	1961-62		1960-61	
	Crop	Arrivals per 31-1-62	Crop	Arrivals per 31-1-61
Punjab/U.P./Rajasthan ..	980	892	762	666
Oomras	1,358	917	2,271	1,626
Gujarat/Saurashtra ..	1,805	54	1,484	488
Western/Kumpta/Southern ..	739	42	871	40
Assam/Comilla	18	..	20	..
Total ..	4,400	1,905 (43%)	5,408	2,822 (52%)

Adverse weather has been chiefly responsible for the sharp decline in production. Upto the end of December 1961, one could justifiably hope that the late crop, which had been developing very well, would, to some extent, make up for the quantitative gap left by the crop failure in Berar. But, unfortunately, the weather in January played havoc. Prolonged cold spells damaged the maturing crops in Andhra and Gujarat, while it completely killed the cotton plants, in Madhya Bharat areas, where they were already sub-standard. In Madras, prolonged drought has hampered the development of young plants.

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THE AMERICAN ECONOMY: PROSPECTS FOR GROWTH THROUGH 1975

PART III: THE GROWTH POTENTIAL OF PRODUCERS' GOODS INDUSTRIES

By Dr. Dexter M. Keezer

ECONOMIC ADVISOR, McGRAW-HILL PUBLISHING CO., INC., NEW YORK

THE many changes in technology developing in the United States will create higher demand for capital goods. Capital spending will be greater than in an economy that was simply producing the same goods by the same methods—even in increasing quantity. In addition to increasing capacity, the rapid pace of technical improvements will call for continuous modernisation of plants and equipment.

To keep pace with the growth, we have indicated, in previous articles for population and gross national product, that manufacturing capacity will need to increase 85 per cent by 1975. Electric power companies must triple their generating capacity. Railroads, aircargo lines and truck operators will need equipment to handle about 90 per cent more freight.

All this means a substantial growth in future requirements for plant and equipment.

But, in addition, there will be the tremendous demands for modernisation of existing plants to keep up with research developments.

Businessmen answering a recent McGraw-Hill survey revealed that it would cost $95,000 million to replace all obsolete facilities with the best plant and equipment. So, over the long run, replacement and modernisation expenditures may account for half of all capital expenditures.

As Chart III shows, needs for new capacity and needs for modernisation may result in as much as $48,000 million per year of business capital expenditures in 1965, $58,000 million in 1970 and $70,000 million by 1975, as compared with about $36,000 million for 1960.

Machinery

Machinery production, measured by the *American Machinist/Metalworking Manufacturing* magazine's index (1957 equals 100), may reach 130 by 1965 and 215 by 1975, compared with 102 in 1960. Electrical machinery output may rise, according to this magazine's index, to 155 in 1965 and 255 in 1975 from 114 in 1960. By 1975 in one special field—electrical distribution equipment—manufacturers will be selling three times the dollar volume they achieved in 1960, according to the latest estimate by *Electrical World* magazine.

There is also a great potential growth in the field of industrial instruments and controls. Production may increase 140 per cent by 1975, with electronic controls leading the group.

Another field with especially strong growth prospects is office machinery. Sales of office machines are likely to more than triple by 1975. Two factors promise continued rapid growth in this field, where sales have doubled every ten years: (i) more complex research problems will call for widespread use of electronic computers in Government and industry, and (2) clerical workers will be replaced by machines in many dull, routine jobs.

Chemicals

Bright growth prospects for the chemical industry indicate a large demand for chemical process equipment. Makers of such equipment will also benefit from the trend toward greater utilisation of by-products and chemical wastes in such industries as steel, petroleum, pulp and paper.

And the need for chemical processes to utilise low-grade mineral ores and improve the qualities of other natural materials such as lumber and textile fibres, will add to the market for equipment of this type.

For these reasons, production of chemical process machinery may triple by 1975.

Replacement Demand

A high rate of obsolescence promises to create large demand for new types of metal-working machinery. About 60 per cent of our present machines are at least ten years old. A large number of these tools are obsolete by today's high speed standards, and an equally great modernisation job lies ahead for foundries and metal-forming plants. Similarly, with textile machinery, big changes are expected during the next 15 years that will obsolete much of the equipment in spinning and weaving mills.

The high cost of labour for the mining industries seems bound to add to the demand for highly automatic mining machinery. For example, there will be a substantial increase in underground installations of continuous mining equipment.

Manufacturing, mining and construction all provide for a rapid increase in sales of materials handling equipment—to move things any distance from a few feet (metres) to several miles (kilometres)—without human muscle. Output of materials handling equipment will more than double by 1975.

Transportation

Faster distribution of goods will require more transportation equipment. Since the trend is toward moving a greater share of freight by highway or by air, we may expect substantially higher output of trucks, trailers and air cargo planes.

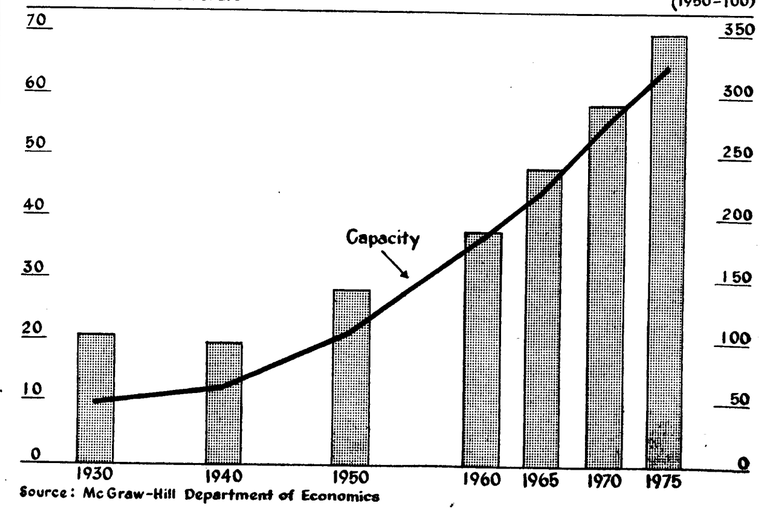
Railroads' chief need is for modernisation. A combination of new freight cars and modern freight yard equipment can reduce operating costs up to 50 per cent. Therefore, we may expect railroads to spend large sums for better freight cars, centralised traffic control systems and automatic retarder yards.

Need for Highways

In addition to a large private demand for capital goods, we may expect increased spending on public works. The growing population will require us to increase our elementary and high school capacity by about 75 per cent by 1975 and to more than double our hospital facilities. Greatest of all is the need for highways. To accommodate the more than 100 million vehicles on our roads in 1975, expenditures on streets and highways must more than double during the next 15 years.

CHART III

CAPITAL SPENDING AND INDUSTRIAL CAPACITY TO NEARLY DOUBLE BY 1975



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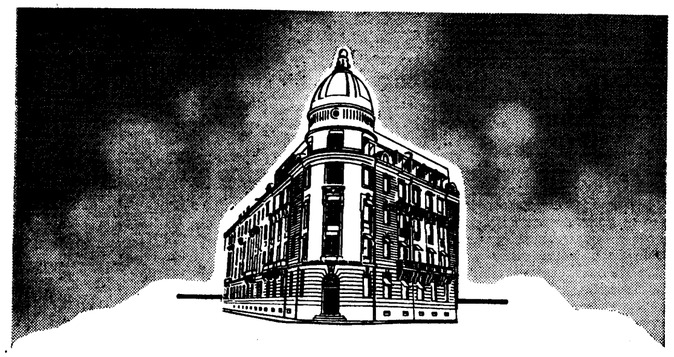

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SOME LATEST DEVELOPMENTS

ONE of the important decisions taken by the Development Council for Sugar Industry at its recent meeting at New Delhi is that appropriate steps be taken for undertaking a review of the industry's installed capacity as at the end of the current season (1961-62). The decision is in accordance with the recommendation made by the Special Committee. This committee, it will be recalled, was set up at the twelfth meeting of the Council held at Mandya (Mysore) on 21st July 1961. It was presided over by Mr. L. G. Rajwade, Chairman of the Council, and consisted of Mr. K. P. Jain (Chief Director, Sugar), Mr. S. S. Puri (Department of Co-operation), Mr. K. Vyasulu (Planning Commission), Mr. R. P. Nivetia, Mr. M. J. Edwards, Prof. J. M. Saha and Mr. P. K. Ray (Secretary of the Council).

The findings of the proposed review of the industry's capacity will be of special significance in that they will form the basis for the future expansion and development of the sugar industry. As readers are aware, the Government has suspended since early last year the issue of licences for any additional capacity against the third Plan target, in view of the problem arising from the surplus stocks. The target of installed capacity was originally fixed as 3.5 million tons, representing a rise of 1.3 million tons as compared with the capacity of 2.2 million tons (calculated on the basis of 120 working days and an average recovery of 10 per cent) in actual operation at the end of the second Plan. Out of this additional capacity, licences covering a total capacity of 450,000 tons only have so far been approved. In terms of daily cane crushing capacity, the licences approved cover 35,953 tons—18,400 tons through the establishment of 19 new sugar mills and 17,553 tons through the expansion of 49 existing units. Of the new units, as many as 15 are co-operative mills. The State-wise distribution of the additional capacity licensed against the third Plan target as well as against the first and second Plan targets and the progress made in implementation are given in the table at the bottom of the page.

Study Suggested

The Committee appointed to consider the quantum of reassessing the installed capacity of the sugar industry held its first meeting on 25th January 1962. The consensus of opinion was that, in the context of the present situation where licensing of additional capacity had been suspended, a reassessment of capacity was not easy, nor, perhaps, capable of yielding useful results immediately. The Committee, however, considered it desirable that a study should be made of the installed capacity on the basis of three years' average cane crushing capacity, duration and recovery, commencing from the close of the 1961-62 season and including this season.

Wide Variations

It is common knowledge that the capacity of a sugar factory is usually expressed in terms of the quantity of cane it can crush in a day. Since, however, the requirements of sugar have to be taken for purposes of formulating development programmes, it becomes necessary to convert the daily cane crushing capacities of factories into annual sugar production capacities. Such an assessment will naturally have to take into account, in addition to the cane crushing capacity, two other relevant factors, namely, (a) number of days a factory works in a year, as sugarcane is a seasonal crop, and (b) the recovery per cent of sugar from cane. While the daily cane crushing capacity is fixed, the duration and sugar recovery are subject to fluctuations not merely from season to season but also from factory to factory. The targets of installed and production capacities are, therefore, only approximate and not precise. The targets of installed and production capacities fixed in the first two Plans, were on the basis of an average duration of just 120 days and 10 per cent recovery for the country as a whole. But, actually, the average all-India duration of the season during the second Plan period was much higher than 120 days, varying from region to region. Similarly, in the case of recovery, different States showed different levels. The extent of variations during the past ten years will be evident from the table below:

		Northern Region	Western Region	Southern Region
1.	*Duration*			
	(i) Maximum	164	164	189
	(ii) Season	1960-61	1960-61	1960-61
	(iii) Minimum	83	112	84
	(iv) Season	1953-54	1953-54	1953-54
2.	*Sugar Recovery*			
	(i) Maximum	9.88	11.70	9.92
	(ii) Season	1957-58	1953-54	1952-53
	(iii) Minimum	9.41	11.12	9.16
	(iv) Season	1960-61	1951-52	1956-57

Apart from weather which influences the size and quality of sugarcane crop, the fluctuations in the industry's performance was also determined by the incentives given by the Government to sugarcane growers and the millowners. It will be remembered that even as the second Plan was in progress quick steps were taken to increase the crushing capacity as well. It is not surprising, therefore, that sugar production in 1960-61 was as high as 2.98 million tons, though the production target was only 2.25 million tons.

The question of computing sugar production capacity for the purpose of determining the third Plan target was examined in detail by a special committee of the Development Council in October-November 1959. The Committee made two suggestions. One, the averages of duration and recovery for the seasons 1957-58 and 1958-59 should be accepted as providing a fair basis. Two, the sugar mills in different States must be grouped into three broad regions (Northern, Western and Southern) in accordance with similarity of climate and other considerations. The suggestions were approved by the Council and finally intimated to the Planning Commission which accepted the same and incorporated it in its development programme for the third Plan.

Even the assessment of capacity on the revised basis is, however, considered in some sugar circles to be not correct, inasmuch as the number of working days is on the low side *vis-a-vis* the actual results. In support of this view, the wide gap between target and actual output in the 1960-61 season is mentioned. It is, therefore, urged that the capacity of the industry should be reassessed in the light of increased durations in more recent years, that is, 1959-60 and 1960-61. Apropos this plea, a special note prepared by the Development Council says that it will not at all be correct to accept the figures of these two years for assessing the sugar production capacity of the industry on the ground that the seasons under reference reflect peak performance, induced mainly by the liberal incentives provided by the Government for maximising output. A rational approach, according to this note, will be to take the average performance over a period, say, during the second Plan period which included three very good years (1956-57, 1959-60 and 1960-61) and two lean years (1957-58 and 1958-59). Although it can be argued that the average gives a slightly higher figure, it should be acceptable, says the note, for a slightly higher figure will take care, to some extent, of the increased cane supplies likely to be available in factory zones as a result of development schemes in progress. It is further pointed out that the average figure of sugar recovery for the second Plan period as a whole should be taken into account. The position in regard to the duration and recovery on the basis mentioned earlier and the basis taken by the Development Council is as follows:

	Duration (No. of days)		Recovery (per cent.)	
	Average of second Plan	Figure taken previously	Average of second Plan	Figure taken previously
Northern Region	138	116	9.6	9.7
Western Region	143	130	11.5	11.3
Southern Region	145	130	9.5	9.5

The cane crushing capacity is specified in terms of cane crushed in a day, that is, per 22-24 hours' operation. For computing the annual sugar production capacity, therefore, the following formula is suggested:

Sugar Production=Duration×Sugar Recovery×Capacity×22/24.

The annual production capacity of the sugar industry, calculated on this basis, as also on the basis recommended by the Development Council earlier for the third Plan, works out as under:

	Capacity in operation during 1960-61	Total capacity still to be established
No. of factories	174	209
Total daily cane-crushing capacity specified in Industries Act licences (000 tons)	186	255
Capacity as assessed on earlier basis (000 tons)	2,208	3,088
Reassessed capacity on the basis of 1958-61 average with capacity to 22 hours working (000 tons)	2,345	3,229

TABLE I—*Additional Capacity Licensed in First and Second Plans*

(Crushing tons of cane per day)

States	New factories				Expansion of existing mills			
	Licensed		Gone into production by 1960-61		Licensed		Completed by 1960-61	
	Number	Capacity	Number	Capacity	Number	Capacity	Number	Capacity
Andhra Pradesh	8 (5)	7,300	2	1,800	7	4,400	3	1,500
Assam	1 (1)	800	1	800	..	..	..	..
Bihar	1 (1)	800	..	..	7	2,155	3	1,050
Gujarat	3 (3)	2,800	2	1,800	..	..	..	..
Maharashtra	15 (13)	14,800	14	14,000	9	4,525	7	3,525
Madhya Pradesh	..	..	..	..	2	800	..	..
Madras	6 (3)	5,500	5	4,700	1	200	1	200
Mysore	4 (3)	3,850	4	3,850	3	1,580	3	1,180
Orissa	1 (1)	1,200	..	..	1	350	..	..
Punjab	6 (5)	6,500	4	4,250	2	2,600	1	2,250
Rajasthan	..	..	..	..	2	900	..	..
Uttar Pradesh	5 (3)	6,200	2	2,200	36	19,220	22	9,720
West Bengal	1 (—)	600	1	600	1	400	..	..
Pondicherry	1 (—)	1,200	1	1,200	..	..	..	..
Total	52 (38)	51,550	36	35,200	71	37,130	40	19,441

Figures in bracket relate to the number of co-operative mills.

TABLE II—*Additional Capacity Licensed in Third Plan*

(Crushing tons of cane per day)

States	Expansion		New factories				Total additional capacity
	No. of mills	Additional capacity licensed	No. of private or joint stock mills	No. of co-operative mills	Total	Additional capacity licensed	
Maharashtra	9	2,600	..	6	6	6,000	8,600
Andhra Pradesh	4	1,300	..	2	2	1,500	2,800
Bihar	8	2,441	..	..	..	..	2,441
Kerala	..	..	..	2	2	2,000	2,000
Madhya Pradesh	1	500	..	..	..	..	500
Madras	2	450	4	3	7	7,500	7,950
Mysore	1	400	..	..	..	..	400
Punjab	..	..	..	1	1	400	400
Uttar Pradesh	24	9,862	..	1	1	1,000	10,862
Total	49	17,553	4	15	19	18,400	35,953

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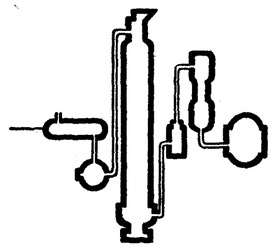

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LEVELS OF WAGES AND COMPETITIVE CAPACITY

IS JAPAN A LOW-WAGE COUNTRY?

DIFFERENCES in national wage levels are not merely of academic interest. In so far as such differences affect the competitive capacity and international trade patterns, they influence national tariff policies and figure prominently in discussions of international trade problems. Although the myth of cheap labour has been exploded as having no substance from the economic or ethical point of view, the argument of "unfair competition," based on the allegedly low level of wages, is still being advanced by manufacturers in some advanced countries in support of the demand for tariff protection against import of goods from less developed countries. What the advocates of tariff protection against goods of "low-wage countries" ignore is that the general level of wages in a particular country is usually determined by the level of productivity in that country. Countries that enjoy high productivity per worker tend to have high wages, while, conversely, countries where the average worker's output is low tend to be low-wage countries. The wide divergence between wages in different countries broadly reflects the differences in productivity levels. That it is not wage levels *per se* that determine success in international competition is proved by the fact that, generally speaking, the industries that effectively compete in foreign markets are also the ones that pay relatively high wages.

What is it then that constitutes an international competitive advantage? It is, according to Prof. Irving B. Kravis of the Pennsylvania University, "low labour costs," which is the resultant of a combination of wage and productivity factors and which reflects an industry's ability to produce more goods at cheaper prices. The efficiency and natural advantages of some industries in some countries permit them to achieve labour costs that are lower than those in comparable industries in other countries. The great value of international trade lies in the fact that certain industries in certain countries are able to produce certain goods at relatively cheaper cost because of inherent natural or cultural advantages. The plea for the equalisation of such competitive advantages by the erection of tariff barriers is economically unsound and morally indefensible. In the words of Prof. Kravis, "no sound policy can be based on the principle of eradicating all foreign economic advantages and reducing economic competition to a sports contest in which appropriate handicaps are assigned to all entrants. By this criterion, laws should be passed to exclude beautiful women from the stage and screen and intelligent men from the professions. In each case, those favoured by nature have an 'unfair' advantage over others who are eager for an equal chance of success."

Unfair Advantage?

Japan is one of the countries most frequently cited as having an unfair advantage over other countries in international competition by virtue of the comparatively low level of wages in that country. In fact, this was one of the key points raised at a recent conference of the U.S.-Japan Joint Committee on Trade and Economic Problems. Is there any truth in the statement that Japan is a low-wage country? An article in the latest issue of the *Oriental Economist*, a Japanese economic monthly, sets out to answer this question by a comparison of wage levels in Japan and some of the industrially advanced countries of the West.

In international comparison of wage levels, according to the authors of the article, the foremost consideration to be borne in mind is that wages, as a whole, are generally determined by productivity. It is, therefore, only natural that the average wage in the U.S., with its higher productivity, should be higher than that in Japan. The real question, therefore, is whether the wage level in a country is unreasonably low or not in relation to the levels of productivity and national income in that country. A comparison of the *per capita* national income and wages in Japan with those in the leading industrialised countries of the West shows that *per capita* national income and wages are higher by 8 and 9 times, respectively in the U.S., 2.9 and 3.8 times in the U.K., 2.4 and 3 times in W. Germany, 1.6 and 3.2 times in France and 1.4 and 1.7 times in Italy. Table I on this page illustrates this position.

The apparent low level of wages in Japan illustrated by the above cable is explained by the fact that labour productivity in Japan, despite its swift increase in recent years, has not yet reached the level that obtains in Western countries, except in specific sectors of the economy such as iron and steel and textiles. The extremely low level of productivity in a large section of agriculture and small industries also partly accounts for the low level of wages. The authors of the study, however, claim that the Japanese wage level, low though it is low, as compared with that of advanced Western countries, is still reasonably high in relation to the level of national income and productivity.

Composition of Wages

A pertinent point that should be taken into account when comparing wages is the composition of wages. In Japan, it is pointed out, workers generally receive big, year-end bonuses in addition to monthly cash pays and are also entitled to many fringe benefits (sub-wage) such as housing, welfare services, retirement allowance, etc., which make real wages higher than that suggested by money wages. Table II on this page gives the percentage ratios of fringe benefits to the cash pay in Japan with comparisons for other countries.

The differences in such fringe benefits is partly attributable to the differences in social structures. For instance, the social security system in Japan is not so complete, nor so developed, as in major Western countries. At the same time, in Japan, the family allowance is included in cash pay and is not classified as "subwage," as is the case in certain European countries, France and Italy, for example. Generally speaking, more than 20.0 per cent of the cash pays in Japan's textile and coal industries are earmarked for welfare facilities but the percentage of such welfare facilities, in money term, is lower as the scale of industries becomes smaller. Taking such differences into account, it can be reasonably concluded, according to the authors of the study, that, in real terms, wages in Japan are not so low as is suggested by wage statistics, thanks to the large outlay on welfare facilities in Japan, though this may be smaller than in W. European countries. Even here, however, in real terms, the wages of Japanese workers, when they are in service, are actually higher than wages in Western European countries, if account is taken of the fact that old age compensation and allowances to bereaved families are the most important obligatory social security allowances paid by employers in Western Europe.

TABLE I: *International Comparison of Wages and Per Capita National Income*

Countries	Wages (1960)		*Per capita* G.N.P. (1958)	
	In U.S. cents	Comparison (Japan = 100)	In U.S. dollars	Comparison (Japan = 100)
Japan	25.9	100.0	258	100.0
U.S.	229.0	884.2	2,095	812.4
U.K.	74.8	288.8	680	263.6
W. Germany ..	62.1	239.8	775	302.7
France	42.3	163.3	819	319.9
Italy	37.0	142.9	432	168.8

Notes:—Wages in the manufacturing sector in all countries per hour. The wage in the United Kingdom in October, in Italy the average of March, June and September.

TABLE II: *Ratios of Sub-wage to Cash Wage* (1955-57)

Countries	Pays in kind	Obligatory security aid	Housing and social insurance aid	Direct pays	Welfare facilities	Total of sub-wages
	%	%	%	%	%	%
Japan ..	0.4	5.6	2.7	8.7	4.7	18.8
U.S. ..	..	3.7	6.2	..	..	9.9
U.K. ..	0.1	2.6	1.6	0.4	0.8	5.6
W. Germany ..	..	10.7	5.1	0.8	2.0	18.6
France ..	0.1	23.7	0.6	0.1	2.0	26.6
Italy ..	1.4	34.2	0.1	3.0	1.5	40.8

TABLE III: *Food Wage Ratios in Major Countries* (1959)

Countries	Wage per hour in manufacturing sector (in yen)	Food price ratio (Japan = 100)	Food wages	
			In yen	Ratio (Japan = 1)
Japan	86.5	100	86	1.0
United States ..	709.2	169	473	5.5
United Kingdom..	248.7	125	199	2.3
W. Germany ..	202.3	137	148	1.7
France	140.3	125	112	1.3
Italy	128.2	165	78	0.9
India	40.8	58	70	0.8

Money Wage and Real Wage

Again, the actual purchasing power of wages is of crucial importance in a comparison of the level of wages. Money wages, simply calculated on the basis of the official exchange rate, does not provide a correct basis for such comparison. For a study of the actual purchasing power of wages, it is necessary to take into account the fluctuations in food prices as the actual purchasing power of wages increases or decreases as food prices decline or rise. Food wage, calculated by dividing wage per hour by food prices, gives a better comparison of real wages. A comparison of food-wage ratios in some major countries with that in Japan (*vide* Table III) shows that the differences in the level of real wages in these countries and Japan are not so sharp as suggested by money wages.

Differences in the methods of determining wages and the wage structure should also be taken into account in making international comparisons of wages. What is particularly noteworthy in the Japanese wage system is the vague definition of the average wages in Japan, as compared with the average wages in Western countries. Actual wages in Japan differ widely according to the kind and scale of industry as well as the job. These differences between Japan and other countries are not so conspicuous in coal mining and electric power generation and distribution as they are in carpentry, printing and furniture making. Wages also vary according to the scale of enterprises, although the type of occupation, the age and sex of workers may be the same.

Japanese wages are based on the age-grade (long-service) wage system. As a result, workers generally get larger pay, regardless of the type of occupation as they stay longer in service. Such being the case, the Japanese wage level is found to be lower by international comparison for the lower age-group, but the gap is narrowed when the comparison is made between the wages of older workers. In Japan, workers in the age-group 40-60 are getting wages which are 1.8 times those received by workers in the age-group 20-30. There is almost no such difference, in W. Germany, for instance, among Western countries.

Competition in Textiles

Japanese competition in foreign markets is most severe in textiles. Japan's competitors point out that the low level of wages in Japan is one of the principal reasons for the high competitive capacity of Japanese textiles. Dealing with this question, the authors of the study under review points out that, although the average standard wage level in Japan's textile industry undeniably falls in the lowest-bracket group, it is necessary to bear in mind that the welfare and security facilities in Japanese textile industry are liberal and that the labour force consists mostly of young female workers. Hence the actual wages in Japanese textile industry are not so low as is indicated by the average wage figures. Two outstanding reasons that explain the present wage level in Japanese textile industry are (1) excessive competition in production and sales by small factories and (2) slow pace of modernisation and rationalisation. The rate of wage increases in the textile industry and the share of value added to production distributed to workers as wages have, however, been high as compared with other key industries such as machinery, electric machinery, and transportation equipment.

In conclusion, while admitting that the wage level in Japan is comparatively low considering the high level of industrial progress in the country, the authors of the study points out that Japanese wage level may be considered reasonable, having regard to the specific characteristics of its economy such as overpopulation, excessive dependence on agriculture and the existence of numerous small industries of low productivity.

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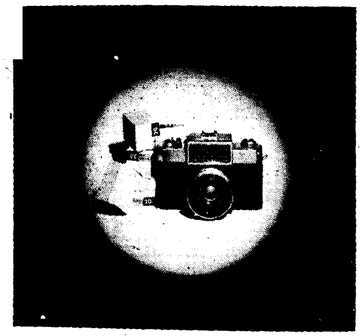

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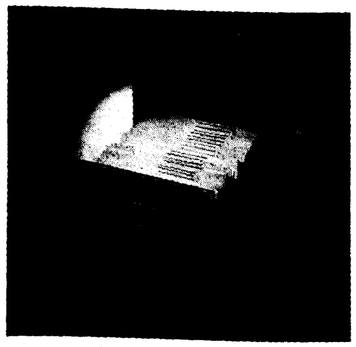

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TRANSPORT POLICY ISSUES

F.I.C.C.I.'S MEMORANDUM TO NEOGY COMMITTEE

THE Committee on Transport Policy and Co-ordination, otherwise known as the Neogy Committee, was appointed in July 1959. It was asked to recommend a long-term transport policy having regard to the various economic and other relevant factors, to define the role of the various means of transport in the next five to ten years and to suggest a suitable mechanism for co-ordinat on of the various means of transport. The preliminary report of this Committee, it may be remembered, was submitted in February 1961; it confined its attention to the problem of rail-road co-ordination only and did not touch the problems of coastal shipping, inland water transport and other means of transport. The questions posed and the issues raised in that report are still being answered by sections of the public. The latest memorandum is the one submitted by the Federat on of Indian Chambers of Commerce and Industry. At this rate, it looks as though the Committee will take another year or two for completing its labours and drawing up the final report. Both the Committee and the interested sections of the public do not seem to have been moved by a sense of urgency in regard to the transport question. If the Committee has received all the expected memoranda by now, it should avoid further time-consuming oral inquiries and complete its labours with expedition so that a more coherent transport policy might come into force during the remaining four years of the third Plan.

Any such transport policy cannot possibly ignore the need for *freer* road transport which can effectively *supplement* rail transport. How this need can be fulfilled has been realistically answered by the Federation. According to it, regulatory measures for achieving rail-road co-ordination should be viewed with great caution and circumspection. Although in some tracts, where the roads are exactly parallel to the railway routes, traffic may tend to divert to road services for reasons of economy of time or money, or both, it would not be advisable to boost one form of transport at the cost of the other by regulatory methods which place needless restrictions on an individual consumer's choice of transport. Logically, therefore, the Federation has ruled out the alternative of possible integration of rail-road services into one single unit. This is what its memorandum says emphatically in this connection:

"Integration of the two services is not a practical proposition, and it will lead to endless complications. The rating policies of the two systems of transport basically differ. There are inherent advantages of services in both forms—rail and road—and in order that their integrity may be preserved and taken advantage of by the users according to their choice, the two organisations should be kept separate and distinct and not integrated. Both forms of transport should retain their initiative and financial structure for the development of their individual transportation characteristics."

It is against this background that the Federation has answered the various questions posed by the preliminary report of the Neogy Committee. At the outset, the Federation has answered the question whether railways, road transport and all other means of transport can be treated as commercial undertakings and enabled to compete with each other on equal terms. The Federation's reply is quoted *in extenso* below:

"Railways are a nationalised undertaking and a public utility service and cannot, therefore, be classed as a purely commercial enterprise. They are, however, to be kept economically and financially fit and sound to be able to discharge their various statutory obligations, namely, (i) maintenance of unremunerative lines; (ii) maintenance of strategic and defence communications; (iii) financial obligation to contribute to Central Revenues; and (iv) maintaining economically cheap and efficient services throughout the country. They have a financial obligation towards Central Revenues, and to that extent, therefore, railways, though not conventionally a commercial organisation, are a quasi-commercial organisation in essence.... The road transport organisations, except where they are nationalised in respect of passenger traffic, are essentially commercial concerns freely competing with each other, with or without detriment to the railways. Railways have their own rating structure based generally on the principal of 'what the traffic can bear'. This is because of the monopoly position enjoyed by the railways. On the other hand, road transport operators require to base their rates to suit their individual economy and meet the competition from each other and from the railways. The conditions of service are different, and it is obvious, therefore, that railways cannot jump into the field of free competition against the other forms of transport. All other forms of transport may run on purely commercial lines."

The Federation has taken the line that the railways cannot be relieved of their statutory obligation to provide certain essential services, even if they be uneconomic. At the same time, it has recognised their obligation to contribute to Central Revenues. In the light of this stand, it should have logically recognised the need for some enhancement in the rate of railway freight on low-rated commodities, such as coal, foodgrains and raw materials, in the event of a possible diversion of high-rated traffic to road. Since the railways have their obligation to contribute to the Central Revenues, some upward adjustment of freight rates on bulk commodities might become inevitable. The Federation's stand that no enhancement in such freight rates is called for seems to be neither realistic nor fair to the railways which are expected to forgo some high-rated traffic in favour of road transport.

The Federation, however, has rightly rejected the idea of possible nationalisation of long-distance road transport services on selected routes for the purpose of securing co-ordination between rail and road services on these routes. It has likewise rightly rejected the idea of entrusting the railways, in any circumstances, with the operation of road transport services as an integral part of railway operation. There is much to be said in favour of the Federation's plea that the road services should first be developed to their fullest capacity in view of the increasing needs for transport facilities. But it has also recognised that any such development would depend on the improvement and expansion of roads, provision of bridges and, above all, availability of particular types of vehicles, trailers, spare parts, etc. Its idea that a long-term policy for transport should wait till both road and rail services reach the stage of "full and final" development is, however, not quite comprehensible. If anything, the need is already felt for the evolution, here and now, of a long-term transport policy which will provide for the fullest development of road transport, without any fear of nationalisation of goods transport services.

NEW BRITISH LOW-POWER ATOMIC REACTOR

The Atomic Energy Authority of Britain has just brought into operation a low-power experimental atomic reactor, called "Hero," to complement the work of the prototype advanced gas-cooled reactor (A.G.R.). Built in 27 months, "Hero" has cost £1,250 000. It is a graphite-moderated reactor in which the core assembly can readily be dismantled and rearranged, thus permitting a variety of different core geometrics or arrangements of fuel and graphite to be studied. The fuel material is the same enriched uranium oxide as in A.G.R. but half is canned in stainless steel and half in beryllium.

The overall size of the reactor core is the same as the core of the A.G.R. but since "Hero" operates at very low power, experimental work can be carried out unhindered by problems of residual radioactivity. Electric heating circuits will enable its core to be heated to 500° C., thus reproducing the conditions of temperature at which the advanced gas-cooled reactor will operate. This will enable accurate estimates to be made of the operating characteristics, at full working temperatures of A.G.R. power stations.

"Hero" will be used initially to obtain the information on physics required to check designs and to get the best performance out of the A.G.R. Later, it will be used to study the nuclear physics of A.G.R. power stations, to enable them to be designed for operation to produce electric power at the lowest cost.

The Atomic Energy Authority has also announced that the A.G.R. will begin its engineering trials soon. It will be tested under conditions of full gas flow and at working pressure and temperature, before the introduction of its nuclear fuel.

DECISIONS ON SACHDEV COMMITTEE'S REPORT

The Government of India has just taken decisions on some of the recommendations of the Sachdev Committee which reported last year on the power requirements of Bihar and West Bengal, including the D.V.C. area, during the third Plan. One of the decisions is to set up a team of officers of the Union Ministry of Irrigation and Power, Planning Commission and the Central Water and Power Commission for assessing power requirements during the fourth Plan period. This team is expected to suggest the preliminary steps which would have to be completed well in time before the fourth Plan is launched.

As for the more immediate power requirements of Bihar and West Bengal during the third Plan period itself, the Government's decisions on some of the appropriate recommendations of the Sachdev Committee are as follows:

(i) For South Bengal, the installation of an additional 75 M.W. unit in the Durgapur coke-oven power station has been approved. In addition, six 1.5 M.W. packaged generating sets will be procured and installed in the State.

(ii) The Calcutta Electric Supply Corporation has been permitted to install an additional 50 M.W. generating set in Calcutta. The possibility of further augmenting the installed boiler capacity of C.E.S.C. is also being explored.

(iii) The shortage of power towards 1965-66 in the North Bengal region will be met by the proposed installation of an additional unit of 9 M.W. at the Jaldhaka Project, undertaken by the West Bengal Government.

(iv) For North Bihar, the Government has approved of installation of two 50 M.W. thermal units at Barauni, in place of the 30 M.W. units originally included in the third Plan.

(v) For the South Bihar region, the Committee has recommended that against the third Plan scheme of extension of Pathratu Thermal station by 5 units of 50 M.W. each, the possibility of installing three numbers of 100 M.W. units should be explored. This suggestion is being pursued with the Russian authorities who are to supply the plant for this powerstation.

The Government of India has also accepted the priorities laid down by the Committee for allotment of power in the event of unforeseen breakdowns, necessitating load-shedding in the West Bengal, Bihar, and D.V.C. systems. The high priority consumers, which will get power before other industries, are: railway traction, coal production, iron and steel production, including alloy steel, aluminium smelting and electro-metallurgical industries, fertilisers, electro-chemical industries, defence equipment, cement, food products, water works, hospitals, broadcasting and street lighting. The next priority has been accorded to copper smelting, rolling etc., mica-mining and processing, steel re-rolling, steel fabrication, paper mills and chemicals, jute mills, and all domestic and commercial services. Other primary and secondary industries have been given third priority for allotment of power in case of shortages due to breakdowns in the power systems.

AUTOMOBILE AND ANCILLARY INDUSTRIES

The illustrated loose brochure, recently brought out by the All-India Automobile and Ancillary Industries Association (Brabourne Stadium, 87, Veer Nariman Road, Bombay-1), is as informative as it is attractive. It consists of about 200 pages, most of which are occupied by the advertisements of automobile and ancillary industries. The story told in this publication pertains to the development of the automobile ancillary industries which, as of 1960, have been responsible for an aggregate component production of Rs. 9 crores in the organised sector and Rs. 5 crores in the small-scale sector. These figures do not include the value of tyres, tubes, batteries and ball bearings produced in that year. There are, at present, as many as 57 automobile ancillary manufacturers in the organised sector alone. The present state of the ancillary industries, as described in the brochure, shows that they are widening their horizons and that they are poised for dynamic expansion.

VC-10, BIGGEST JET AIRLINER

The biggest jet airliner to be built in Europe, the Vickers VC-10, was shown in its pre-flight stage to journalists at the Vickers plant at Weybridge, near London, on 7th February, 1962. The airline has a wing span on 140 ft and a length of 158 ft. It is due to make its first flight in May, and is now in the stage of having flight test equipment installed.

The VC-10 is powered by four Roll's-Royce Conway turbo-jets, each giving a thrust of 21,000 lb. The Super version will have even more powerful engines. The power units are arranged in pairs on each side of the fuselage at the rear, completely separate from the tail, and the swept-back wing is set well back along the fuselage. The advantages of the design are that the wing is "clean" in aerodynamic terms and can lift the aircraft off the ground on comparatively short runways.

In the standard VC-10 for BOAC, there will be seating for 135 passengers, and in the Super version for 163. The plane will cruise at 600 m.p.h., with a range of over 4,000 miles.

NUCLEAR ENGINEER TEAM TO BRITAIN

An eight-man team of Indian nuclear engineers is now in Britain studying the procedure for evaluating tenders for atomic power plant. The team is from the Atomic Energy Establishment at Trombay, and their training in Britain has been arranged under the Colombo Plan. Since their arrival in November, they have been studying with the Central Electricity Generating Board in London, attached to the design branch. The team consists of three electrical engineers, three mechanical engineers, one civil engineer, and one chemical engineer. They are studying the tender papers for the Dungeness and Sizewell reactors in Britain. They learn by preparing their own tender assessment and then comparing it with the Board's evaluation.

CENTRAL RAILWAY

The latest issue of the Central Railway's regular publication, *Facts and Figures*, seeks to bring out the salient aspects of that railway's working in the year 1960-61. It was a record year for passenger as well as goods earnings, the former aggregating Rs. 25.17 crores (as against Rs. 23.13 crores in the previous year) and the latter Rs. 54.4 crores (as against Rs. 48.88 crores). And it was also a record year for net earnings which came to Rs. 29.78 crores. The booklet is notable for its description of the Central Railway's schemes and projects under the third Plan.

NEW PRODUCTS AND PROCESSES

Floating Blanket

A SCREEN which is claimed to reduce evaporation losses of petroleum products from a fixed roof storage tank has been developed by Nayler (Petroseals) Ltd., England. Known as the "Nayflex/Girco" floating blanket, it will be shown resting on a liquid in a small cone roof storage tank at the forthcoming Chemical and Petroleum Engineering Exhibition, Olympia, London, from 20th to 30th June next. The blanket membrane, woven from specially treated nylon fabric, is attached to an aluminium periphery, fitted with buoyancy chambers. A specially treated nylon edge seal, which is fitted on the outer edge of the periphery, is said to maintain a perfect fit against the tank shell as the blanket rises and falls with the movement of the liquid. The blanket is assembled inside the tank; the aluminium periphery is erected first, after being passed through the bottom manhole in separate units, followed by the membrane. Erection is very easy and can be done without any specialised help. The blanket is fully antistatic and is a conductor of electricity. It is claimed that the use of the blanket greatly reduces the fire hazard, particularly when used on tanks containing jet fuel.

Lining-up Table

A new lining-up table for formes up to 30 x 40 inches (76.2 x 101,6 cm) is now being marketed by Stephenson, Blake and Co., England. It has a flat cast-iron imposing surface, measuring 43 inches deep by 58 inches wide (109 cm x 147,3 cm) on which the forme is arranged for locking in the chase. On either side of the imposing surface there are parallel geared bearers which move on teeth running alongside two side rule scales, each marked with inches and cms. The left-hand scale is fixed and the right hand one is adjustable for various chase thicknesses. A beam, housed in the bearers, runs on a geared track which carries a squaring mechanism for traversing across the width of the table. The bearers and the square all incorporate adjusting screws and locking devices. The cross beam and the surface of the table are scored with datum lines so that the forme can be centred correctly before being locked to the back stops by adjusting the screws threaded through two locking plates at the front of the table. There are three back-stops; two are for use with standard chases and the other is specially designed for Heidleberg chases.

Anisotropic Reinforced Plastics

A plastic material reinforced with glass fibre which can be tailor-made to suit the direction of maximum stress in the components into which it is fabricated is now in production. Its manufacture is based on a new method of producing the basic glass fibre, claimed to offer considerable simplifications over systems currently in use. Fibres are drawn directly from a moving furnace through draw-plate holes in its base. They are wound on "fishing reel" drums whose axes are parallel to the motion of the furnace. The fibre is wound on to the drum as the furnace moves back and forth and its density depends on the speed of this motion. During the drawing operation, the fibre is coated with a binding resin and when the drum is full, a ribbon of fibre in which all the threads run in the same direction is cut off and is ready for manufacture into components. An even stronger material can be made by winding on to a metal sheet which is rotated through 90 degrees at intervals to give a criss-cross grain. The bonded glass fibre is used to produce plastics piping which is, for instance, twice as strong and rigid in transverse section as longitudinally. The product is corrosion- and moisture-proof and has good insulating properties.

Pure Zinc from Vapour

A method of obtaining pure zinc from contaminating cadmium vapours, given off when zinc ores are reduced and volatised in a smelting blast furnace, has been evolved by the National Smelting Company, London. The vapours are first condensed in a stream of molten lead and the "amalgamated" lead resulting is distilled under vacuum to produce cadmium-bearing zinc vapour which is then led to a vessel containing cooled metallic zinc. The vapour becomes partly condensed by contract with the solid and liquid zinc runs off to be collected in another vessel. The liquid is heated, cadmium-rich vapour is given off, and becoming impoverished in cadmium, the liquid is converted to pure zinc.

Quick Soda

If powdered sodium bicarbonate is injected into a stream of carbon dioxide at 500 to 700 degrees Centigrade it is converted into sodium carbonate and this is the basis of a new process from Rumania for producing cheap soda and, as a by-product, pure carbon dioxide gas. A vertical reactor is used, and the transporting carbon dioxide gas is heated to about 650 degrees Centigrade. Sodium bicarbonate is introduced into it, and the gas is given enough velocity to carry the soda crystals then formed upwards against gravity to be collected and separated in a cyclone. Claimed to reduce capital costs by 50 per cent, another advantage is that the plant becomes operational 30 minutes after start-up, compared with the 35 hours of the traditional process.

Typist's Cover-up

An aid for the harassed typist is an American coating which can be applied over a mis-struck letter to save erasing. The coating is a liquid applied by a tiny brush. It dries immediately, so that the proper letter can be struck in place of the wrong one. The principle is similar to that of erasing paper which also covers the letter, but the liquid is said to be cheaper. It, however, works on white paper only.

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CENTRAL AND WESTERN RAILWAYS

TRADE PROBLEMS OF ASIA

E.C.A.F.E. COMMITTEE MEETING REVIEWED

AT the fifth session of the E.C.A.F.E. Trade Committee, held at Bangkok in the closing days of January last, representatives of the Asian countries expressed unanimous concern over the widening gap between their export earnings and their growing import requirements. They affirmed their conviction that in spite of the usefulness of loans and grants, the foreign exchange cost of development must ultimately be paid out of increased export earnings. But, while in the region as a whole the total value of exports had increased, plans for economic development and industrialisation had necessitated an even greater outlay of foreign reserves for the import of capital goods, raw materials and machinery. The result was a further deterioration in the region's already unfavourable balance of payments position, and an ever-widening gap between the industrial economies of Europe and America, on the one hand, and the primary producing countries of this region, on the other. The situation was further aggravated, according to a number of delegations, by a general decline in the prices of such commodities as tea and rubber, rising freight rates, tariff barriers and agricultural protectionism in the developed countries and a strong competition in the sale of manufactured and semi-manufactured goods from the region.

Alluding to the joint "declaration on promotion of the trade of less-developed countries," adopted by the ministerial meeting of the G.A.T.T. at Geneva in November last, the E.C.A.F.E. Committee reminded all industrialised countries of the imperative need for taking early and concrete action for reducing and progressively eliminating trade barriers. The G.A.T.T. declaration, it may be recalled, laid down that aid was not a substitute for the trade of the less-developed countries and that, in the final analysis, economic development would have to be paid for from the export earnings of those countries. The Governments of the major industrial countries, therefore, had a particular responsibility to help them find export markets and should take early and concrete action to remove trade barriers. There was a general feeling among the members of the Trade Committee that, despite the plea by the G.A.T.T. and other international bodies, "little had been done by the advanced countries to open their markets to products from the region." Representatives of the industrially advanced countries, who participated in the deliberations of the Committee, however, assured them that their Governments were taking steps to implement the G.A.T.T. declaration, thus contributing to a long-term solution of the trade problems of the E.C.A.F.E. region.

Regional Trade Blocs

The impact of regional trade arrangements on the trade of the less-developed countries was another important subject that came up for discussion at the session. Several speakers observed that they were not opposed in principle to such regional groupings, provided they were outward-looking and duly safeguarded the interests of third parties. It was, however, pointed out that the many products of the associated territories of the European Common Market in Africa, which were largely the same as those produced by the E.C.A.F.E. countries, enjoyed duty-free access to C.M. countries, "so that, in effect, non-member States in Asia were discriminated against." These handicaps would be most keenly felt in Commonwealth countries, for which the U.K. had been the major export market and one in which they had traditionally enjoyed preferential treatment. The growing tendency in Europe to attain self-sufficiency, as evidenced by the protective agricultural policy of the Common Market would, it was held, inevitably have ill-effects on the trade of other regions, their contributing not only to their economic unviability, but also to their political instability, jeopardising still further the balance of world trade. The solution to these problems, according to the majority of speakers, would be "a broad-based, liberal policy involving a minimum of preferences and tariff discrimination and the extension of most-favoured-nation treatment to the products of all primary-producing countries." It was suggested in this connection that the E.C.A.F.E. should undertake an expert study of the problem and also appoint a representative to the European Common Market for consultation on matters of concern to this region.

The tone of replies by the representatives of the U.K. and the Common Market countries to the foregoing representations was, indeed, conciliatory. The member for the United Kingdom, for instance, assured the Committee that his country was fully conscious of its responsibilities to the rest of the world. And he urged the countries of the region to bear in mind not only the difficulties, but also the real opportunities which the Common Market offered. There were liberal influences at work in the world, he said, and, if their potential was developed, the future would not be gloomy. Speaking on behalf of the European Economic Community, the French delegate declared that regional economic integration could help promote the development of not only the participating countries but also international trade as a whole. It was too early to predict the outcome of the current tariff negotiations, he said, but the tendency was to reduce and not to increase the common tariff. He sought to reassure the Committee that the Common Market had no intention of pursuing a policy of self-sufficiency in agriculture, and reiterated its concern for the interests of non-member States and its constant readiness to discuss, in a spirit of mutual co-operation, any outstanding issues which might arise.

U.S. Trade Policy

The U.S. spokesman, Mr. Clarence I. Blau, expressed the view that satisfactory levels of trade could be achieved "by developing a world trading community based on liberal trade policies, and by recourse to multilateral action to solve outstanding problems." Referring to the Trade Expansion Bill presented to the Congress by President Kennedy, Mr. Blau stressed that there was no desire to orient the U.S. trade exclusively towards Europe and that "the benefits of this action (tariff reduction) would be extended to all countries in a position to export the items concerned." He added that reduction of tariff barriers between the U.S. and the Common Market would lead, in course of time, to the evolution of the two greatest markets in the world and bring them "into areas of liberal trade," a development that would have "great benefits for the countries of the E.C.A.F.E. region." On the question of commodity problems, the U.S., he observed, would actively try to ensure price stability for raw materials and was ready to co-operate in a case-by-case study of commodity market problems, in addition to examining the possibility of providing finance to compensate for short-term fluctuations in commodity prices.

The Committee also considered several other related trade problems, including shipping and freights. Recognising the need for increased shipping facilities and reduced freight rates, the Committee felt that progress in the right direction had been made over the past three years by the development of consultative machinery in the countries of the region between the conference lines and the ship users. It recommended that such negotiations be expanded, on the lines of the shippers' councils in European countries, and that freight study units be set up to examine the problems raised by recent increases in freight rates. It also noted that several countries of the region were adopting measures to improve and expand their port facilities as a further means of developing trade.

Commercial Arbitration

The report of the recent E.C.A.F.E. Working Party on Commercial Arbitration was also adopted and the Committee endorsed the experts' suggestion that a centre for promotion of commercial arbitration be established within E.C.A.F.E. to disseminate information on arbitration, and to help the countries of the region to develop their own arbitral facilities. The Committee also endorsed a proposal for the organisation of a third Regional Seminar and Training Centre in Trade Promotion in 1964, as a regional project under the United Nations Expanded Programme of Technical Assistance. It was felt that the first two centres in trade promotion had been of practical benefit not only to the seminar participants but also to their respective countries. More countries of the region were urged to avail themselves of these facilities. Finally, the Committee requested the Executive Secretary of E.C.A.F.E. to continue to exchange information on trade activities with the other United Nations regional economic commissions in Europe, Africa and Latin America.

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Undaunted by the various disadvantages confronting them, the E.C.A.F.E. countries have been making earnest efforts to step up their exports. Almost all the speakers representing the countries of this region noted that their countries had taken several measures last year to meet the needs of the world's markets by improving the quality of their products, providing a wider range of goods for export as well as by standardising and simplifying export procedures. Although some Governments had to resort to import controls to reduce the drain on foreign exchange, the general tendency had been to liberalise import policies. Steps were also being taken to strengthen regional co-operation in matters of trade.

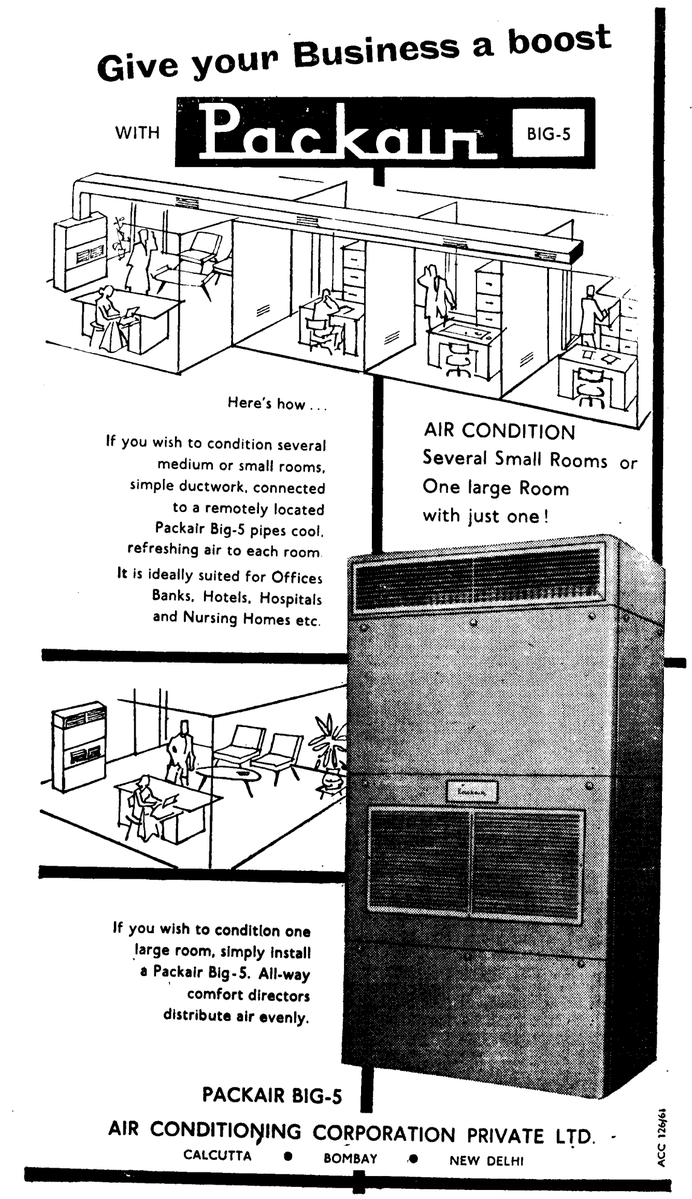
Trends in Trade

The E.C.A.F.E. Secretariat, it may be noted here, has prepared a review of trade developments during 1960 and the first half of 1961, the latest period for which data from all the countries are available. According to this review, the total value of exports in the E.C.A.F.E. region in 1960 (U.S. $11,676 million) increased 10 per cent, as compared with the previous year, thus continuing the upward trend in the value of these exports evident since 1959. All countries of the region recorded increases in their exports, with the exception of Burma, Laos, Indonesia and British Borneo. The value of exports during the first half of 1961 (U.S. $5,560 million) declined by 2 per cent, as compared with the corresponding period of 1960, and the majority of countries experienced a decline in their export earnings. During 1960, the total value of imports of the region was U.S. $13,609 million. This represented a rate of expansion of 16 per cent over the previous year and considerably outstripped the rate of expansion of exports during the period, namely, 10 per cent. Imports during the first half of 1961 amounted to U.S. $7,494 million and, as compared with the corresponding period of 1960, increased by 11 per cent, a rate of expansion that was less rapid than that for the whole of 1960.

The adverse balance of trade of the region increased from U.S. $1,057 million in 1959 to U.S. $1,933 million in 1960, a deterioration of 83 per cent. This deterioration continued in the first half of 1961 when the adverse trade balance at U.S. $1,934 million exceeded that of the corresponding period of 1960 by U.S.$902 million, a deterioration of 87 per cent. The total gold and foreign exchange assets of 14 countries of the region rose from U.S. $5,253 million in 1959 to U.S.$5,877 million in 1960, an increase of 12 per cent. By June 1961, however, the total reserves of these countries suffered a decline of U.S.$67 million from their level at the end of the previous year.

Total earnings of the region's eight major primary commodities rose from U.S.$2,606 million in 1958 to U.S.$2,972 million in 1959. They rose very slightly to U.S.$2,993 million in 1960. The factors responsible for this were a one per cent decline in the receipts from rubber and a 6 per cent decline in the receipts from rice. The average prices of rice, tea, tin and copra declined in 1960, as compared with 1959. In the early part of 1961, the price of jute rose sharply. The price of tin rose considerably in the second quarter of 1961. The prices of cotton and rice showed a modest improvement in the early part of 1961, as compared with the price level of the previous year. Copra prices continued to be depressed. Rubber suffered the sharpest decline. During the first eight months of 1961, the decline was 21 per cent. Terms of trade of the primary producing countries of the region, as a whole, however, improved appreciably in 1960 as compared with 1959, and this improvement was maintained during the first quarter of 1961, but there were noteworthy variations within this general picture.

The Indo-Yugoslav Trade Agreement has been extended upto 1964 and a fresh schedule of goods available for trade has been added, under a protocol signed at New Delhi last week, between a visiting Yugoslav delegation and representatives of the Government of India. The protocol seeks to raise the total value of trade between the two countries to Rs. 26 crores in 1962—double that of last year.



RECENT TRENDS IN CORPORATE DIVIDENDS

AN ANALYTICAL STUDY

By Dr. Raj K. Nigam and N. D. Joshi

USUALLY, the various studies on financial trends pertaining to the indigenous joint-stock companies available in our country have given greater attention to corporate savings and reserves than to corporate dividends; in this way, forces responsible for internal growth and strength of corporate bodies have been studied in great detail, whereas the trends in the rate of return on capital in different industrial channels and the flow of capital into alternative channels of investments remained less marked out. In fact, there is at present no exclusive study on corporate dividends for recent years in the country. The present paper provides a macro-analytical study of equity dividends and of the interplay of the forces which shaped the dividend policies of the joint-stock corporate bodies in the country during the period 1947-57.

In a wider sense, the importance of the study of dividend trends lies in the assessment of the impact of equity dividend distribution and profit retention policies on the growth of companies and industries and on the dispersal of ownership of industries, and in the appraisal of the influence of dividend declarations on the course of security prices on the stock markets. While these appraisals could be made with relative ease, a probe into the real intentions and motivations underlying the dividend rates announced by company managements is a pretty difficult task. It is not possible to undertake such an investigation with the help of financial data available in the published annual accounts of companies. For this, one has to be well equipped with factual information relating to financial, managerial and family interconnections between the persons who constitute the policy-making elite of the corporate world and their decisions and doings at various points of time over a long period which made deep impacts and impressions upon the corporate and business fields. This knowledge is necessary for a really deep study of dividend trends, as the decisions relating to dividends, reserves and other financial policy-oriented matters are often taken by company directors of big corporate groups for certain reasons or in the light of certain future plans, glimmerings of which are difficult to be seen. The present paper does not aim at making such readings. Its scope is limited to bring out only broad, interesting and instructive trends from a baffling mass of dividend data collected for over 300 representative companies for a period of 11 years, viz. 1947-57. The authors of this paper have recently studied the following important aspects of the corporate dividend policies adopted by company managements in the country and, of these, the attention of the readers is particularly focussed on the second item, viz., the relative attractiveness and stability in dividend returns noticeable in the nine major industries of the country:

(i) The pattern of equity dividends in the case of representative companies belonging to major industrial groups which, through the mechanism of stock exchanges, exercise a wholesome influence over the investment climate in the country;

(ii) the relative attractiveness and stability in dividend returns noticeable in the nine major industries covered in this study;

(iii) the changes in the relative positions of dividend leaders and the laggards; and

(iv) the relative degree of influence of the various financial criteria normally taken into account in the formulation of dividend policies over the levels of dividend rates by certain representative companies.

Share of Dividend

However, before coming to the main stream of the subject of this paper, it may be mentioned, in passing, that, in a relatively underdeveloped industrial economy like ours, dividends form only a small proportion of the total payments made to various factors of production in the national economy. It is very naturally so, as the expanse and scope of corporate activities in the country is yet limited and the country still continues to be predominantly agricultural. But, notwithstanding the smallness of the quantum of dividends distributed by the companies, their importance is steadily increasing, what with the increase in the number of industrial security holders or investors. Apart from this widening circle of investors drawn not only from the rich sections of the society but also from the middle classes, the corporate dividends, even with their small and apparently inconsequential size, can sometimes become a crucial factor in creating such an adverse investment climate that the expansion and growth of industries may be halted and the processes of industrial development brought dangerously close to the brink of a complete standstill and breakdown.

It is estimated that, during the two years 1956 and 1957, on an average, about Rs. 88 crores were paid to the investors and entrepreneurs in our country annually on their contributions to the share capital of the companies, which averaged around Rs. 1,192 crores. The average total annual net earnings of the companies during the same period came to Rs. 133 crores, out of which, after payment of Rs. 88 crores as dividends, Rs. 45 crores were the built-in savings of the companies. It is estimated that, out of the total amount of dividend distributed, about two-thirds of it was received by 'individual' income-tax assessees and the institutional or corporate bodies assessed to tax received one-third, namely, Rs. 23 crores out of the Rs. 70 crores. These figures give only a broad pattern of the distribution of dividend; the full implications of dividend distribution can be brought out with a detailed breakdown of block shareholdings by persons.

Five Ratios

Table 1 in this article gives the estimates of global national income, national income pertaining to the private sector and the corporate sector, total dividends paid, total corporate savings and paid-up capital during the period 1951-57.

As regards the coverage and selection of sample of companies for this paper, it may be mentioned here that the selection of companies for our study has been made bearing in mind three main considerations. First, all those companies, the ownership of whose shares was widely distributed and which were well known for their operations, were to be included. Secondly, the companies for which data were available for the entire period under review in the foregoing two sources were to be selected. Thirdly, to the extent possible an attempt was to be made to strike a regional balance among the companies selected for the study. For the sake of convenience, the optimum size of the sample for the study was fixed at 336 companies. Excepting coal, sugar, tea, cotton, iron and steel industries in which case the paid-up capital of the selected companies worked out to nearly one-third of the paid-up capital of all companies at work belonging to these groups, in the other four industries, namely, jute, cement, paper and coffee and rubber plantations, the coverage works out to above 50 per cent and more. The coverage of the selected companies is still better on the basis of the ratio of their paid-up capital to the paid-up capital of those public companies which are quoted on the stock exchanges.

The analytical study in this paper relates to the following five dividend ratios and financial indicators: (i) the average percentage dividend returns on paid-up capital; (ii) the average yield; (iii) the coefficient of variations of return on capital employed; (iv) the growth of free reserves (excluding taxation and depreciation), and (v) profits before tax as ratio of turnover.

Dividends on Paid-up Capital

To take the average dividend returns on the paid-up capital first. A study of these ratios for the entire 11 years period under study shows that the plantation companies—tea and coffee and rubber—gave the highest returns among the nine industrial groups covered in this study. The average dividend return on paid-up capital for the whole period for the tea industry, represented by 108 tea companies, worked out as 16.3 per cent and for the coffee and rubber plantations, represented by 26 companies, as 12.7 per cent. In the case of cotton textile companies, this ratio, on the average, worked out as 10.4 per cent, as against 9.9 per cent for the jute companies. The sugar companies gave a return of 9.5 per cent on the paid-up capital followed by the coal companies giving an average return of 8.7 per cent, the iron and steel (including engineering) companies yielding 8.6 per cent, the paper companies 7.3 per cent and the cement companies 6.9 per cent. As against the foregoing average returns on the equity capital, which show the gains of the investors, though by no means the entire gain as a part of it accrues in the form of appreciation in the value of shares, a study of the average dividend during the last three years, namely 1955-57, can provide some broad indicators to the probable future course of dividends. The short-term analysis discloses that the plantation companies continued to be the most attractive field for investments for the investors, giving a ratio of 15.1 per cent (tea) and 15.7 per cent (coffee and rubber) on the paid-up capital. During this short three-year period, the average return for sugar companies worked out to 11.6 per cent and for cotton 11.1 per cent. For iron and steel (including engineering) companies and paper companies, the returns averaged 10.9 per cent and 10 per cent respectively, followed by 8.6 per cent recorded by the coal companies, 8.1 per cent by the cement companies and 5.4 per cent by the jute companies. It may be mentioned here that dividend rates for the jute companies worked out to a lower figure, as, in 1956, the jute industry as a whole experienced a very critical time. During this year, despite the managements' endeavour to hold the dividend line, the rates of dividend distribution had to be drastically cut down due to the low levels of net profits or due to losses. Table 2 gives the average percentage returns on paid-up capital for 1947-57 and 1955-57. It also gives average dividend returns for the first Plan period 1951-55 and for the first two years of the second Plan, namely, 1956 and 1957.

Average Dividend Yields

An inter-industry comparison of the average dividend yields for the entire period of the study, namely, 1947-57, discloses that coffee and rubber gave the highest average yield of 9 per cent, followed by 6.5 per cent observed in the case of tea companies. It may be recalled here that the average dividend on paid-up capital for the same period worked out higher in the case of tea companies (16.3 per cent) than that for coffee and rubber plantation companies (12.7 per cent). The gap between the dividend yields of the companies belonging to the two plantation groups is wider than that seen in the dividend returns. This wide gap in the average yields is due to the wide fluctuations in the prices of shares of tea companies and to the steady tone in the prices of shares of other plantations. From the yield point of view, after the two groups of plantation companies, sugar companies come next (6.4 per cent), followed by paper companies (6 per cent) and by cotton textile companies (5.9 per cent). In the case of the other four of the nine industrial groups studied in this paper—jute, coal, iron and steel and cement companies—the average yields during the period 1947-57, came to between 4.0 per cent and 4.6 per cent.

The foregoing order of industries, according to average dividend yields for the entire period, is somewhat changed during the last three years of the period under study, namely, 1955 to 1957. The order of industries, during the 1955-57 period, was as follows:

Coffee and rubber (9.2 per cent), sugar (7.7 per cent), paper (6.4 per cent), cotton (5.8 per cent), tea (5 per cent), iron and steel (4.9 per cent), cement (4.1 per cent), coal (3.9 per cent) and jute (3.3 per cent). Table 3 shows, apart from giving the average dividend yields for the periods 1947-57 and 1955-57, the average yields for the full span of the first Five-year Plan and the first two years of the second Five-year Plan.

It may be mentioned here that the figures of yield compiled in this study are not strictly comparable to those published by the Reserve Bank of India in their monthly bulletins for several reasons. First, the coverage of industrial securities is different in the two studies. Secondly, the figures of yield compiled by the Reserve Bank of India are weighted proportionally to the market value of the share capital of the companies, whereas figures in this study are the unweighted averages. Thirdly, the Reserve Bank of India figures of yields are calculated on the monthly average market quotations while in our study they are calculated on the basis of the average of the highest and lowest market prices of the industrial shares during the calendar year. Lastly, the average yields in our study have been calculated from the frequency distribution tables relating to dividend yields and hence some extra weightage has gone to the class intervals at the extremes, particularly the top stratum. This treatment is likely to raise the average level of yields.

Return on Capital Employed

A comparative position of profitability and stability of the nine industries based on the return on capital employed is depicted in Table 4. For this, the data have been taken from the Reserve Bank's studies on company finance which however are not available for the first four years of our study, namely, 1947-50. The computation of these ratios in respect of the companies covered in this study would have required a reference to the primary sources, namely, annual company accounts which were not readily available. Notwithstanding the incomparability of the data relating to returns on capital employed given here, some idea of the inter-industry profitabilities on the basis of capital employed *vis-a-vis* dividend returns and dividend yields can be had.

In Table 4, gross profits as percentages of sales and of capital employed have been given which bring out the comparative profitabilities of the principal industries. The coefficient of variation for return on capital employed brings out the relative stability of profits in the various industries. In this respect, the high coefficients reveal a greater degree of unstability, whereas the lower ones show a state of stable conditions.

Growth of Reserves

The influence of reserves over a period of time indicates the extent to which investors could expect cash and stock dividends from the companies. In the years of smaller profits, a portion of money from these reserves is pumped out into the dividend pipelines, whereas, in other years, when the reserves swell up out of proportion to the paid-up capital, stock dividends or bonus shares are issued to the investors. In Table 5, the growth of reserves during the period 1950-55 and 1955-57 has been calculated on the basis of the Reserve Bank data relating to 750/1,001 companies. The table shows a stronger reserves position in the cement, iron and steel, coffee and rubber, tea and paper industries than that in the other industries. Over the three-year period 1955-57, the percentage increase is observed to have been substantially higher in the iron and steel and cement industries as compared to the other industrial groups.

Table 6 gives indices of capital formation at the beginning and end of the first Five-year Plan and in 1957. The index represents the movement in the quantum of paid-up capital and free reserves and surplus of the companies.

Regularity in Dividend Payments

Apart from the study of the average dividend returns and yields, we have also attempted to show the extent of regularity in dividend payments by the companies covered in this paper. This has been studied from two angles. First, an attempt has been made to show the number of companies under the various industrial groups which paid dividends for a majority of the years to which the study relates. Secondly, it shows the number of companies which paid dividends towards the closing phase of the period that is, during 1955-57. In columns 5 and 6 of Table 7 relevant figures in this regard are shown.

Dividend Payment During the Two Plan Periods

With the advent of the planning era all the economic variables are bound to reflect the impact of the deliberate directions of economic activities towards attainment of the targets chalked out in the two Plans. Table 8 gives dividend payments as percentages of paid-up capital, average market values, net profits and net worth at the beginning of the first Plan and during the first two years of the second Plan for various industries. Iron and steel, cement, paper, sugar and coffee and rubber plantation industries seem to have stepped up dividends over the two Plan periods. Excepting the last industry all the other industries show a higher rate of return on the market value of the shares during the said period.

Note: This paper is an adaptation from the forthcoming publication entitled *Corporate Dividend Trends during the period of Industrial Growth and Planned Economic Development in India*—1947-57 by the authors of this paper. The views expressed in this paper are the personal views of the authors and the Department of Company Law Administration is in no manner committed to them. The responsibility for the accuracy of the data is also that of the authors. The authors were assisted, in the preparation of this paper, by their colleague Mr. N. Natarajan, Investigating Officer attached to the Research and Statistics Division of the Department.

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TABLE 1: *Estimate of National Income—Dividends and Corporate Savings* 1951-57

(In crores of rupees)

Year	Total national income	National income pertaining to private sector	National income pertaining to corporate sector	Total net corporate earnings	Dividends	Savings	Paid-up capital of companies
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1951	99,70	92,20	584	120	63	57	8,56
1952	98,20	90,60	811	72	57	15	8,98
1953	104,80	96,70	847	90	61	29	9,41
1954	96,10	87,30	921	107	68	39	9,70
1955	99,80	89,90	1,042	138	75	63	10,24
1956	113,10	102,10	1,179	150	88	62	10,78
1957	113,90	102,80	1,198	116	88	28	13,06

Notes:—(*a*) Figures in columns (2) and (3) are taken from White Paper on National Income brought out in March 1961.

(*b*) Figures in columns (4) to (7) are estimates made on the basis of paid-up capital coverage from the analysis results of 750/1001 companies published by R.B.I. in its *Bulletins* (September 1957 and August 1959).

(*c*) Figures in column (8) are taken from the *Corporate Sector in India* (page 108).

TABLE 4: *Profitability and Stability of Return in Various Industries*

Name of industry	Gross profits as % of sales			Gross profits as % of capital employed			Coefficient of variation for return on capital employed 1951-57
	1951-55	1956-57	1958-59	1951-55	1956-57	1958-59	
Cotton	6.5	5.8	5.0	8.2	6.6	6.4	25.9
Sugar	10.4	9.1	8.2	9.8	9.3	9.7	7.8
Tea	26.8	17.9	17.9	16.9	11.2	11.3	69.7
Coffee and rubber ..	39.8	35.5	27.8	15.9	15.8	12.4	12.6
Paper	18.3	13.5	15.3	12.2	9.9	12.1	13.2
Jute	5.7	*	7.6	9.1	*	9.8	54.4
Coal	9.0	8.4	9.1	8.3	7.4	8.4	14.1
Iron and steel ..	20.6	25.0	15.4	15.1	9.6	7.0	22.3
Cement	20.3	16.9	11.7	13.8	9.4	7.7	16.3
	9.2	9.0	9.4	9.2	8.5	8.9	13.0

* Means ratio cannot be calculated because of —ve numerator or denominator.

TABLE 8: *Dividend Distribution† at the Beginning of the First Plan and in the First Two Years of the Second Plan*

(Percentages)

	Dividend as % of paid-up capital			Dividend as % of average market value			Dividend as % of net profits			Dividend as % of net worth		
	1950	1956 & 1957	1958-59	1950	1956 & 1957	1958-59	1950	1956 & 1957	1958-59	1950	1956 & 1957	1958-59
Cotton	10.6	10.5	3.7	5.9	5.4	5.3	39.9	47.3	799.0	7.9	6.6	5.0
Sugar	9.6	12.5	10.1	5.1	8.6	6.3	45.0	53.6	73.0	6.8	6.8	7.3
Tea	18.5	12.9	8.2	10.0	5.2	6.6	49.4	49.2	74.5	6.0	7.6	5.9
Coffee and rubber ..	12.5	13.7	8.6	9.5	8.7	6.9	50.2	65.9	95.0	8.9	9.5	8.1
Paper	10.2	12.6	11.5	4.7	6.1	5.9	34.2	73.3	56.0	6.7	5.5	6.5
Jute	15.5	3.9	10.2	5.8	3.2	5.7	38.0	26.4	60.5	10.0	2.4	6.1
Coal	11.8	7.1	6.4	4.6	3.8	6.2	46.0	45.6	80.5	6.0	4.4	5.2
Iron and steel ..	7.8	10.8	13.0	3.9	4.6	9.1	28.2	30.4	36.0	4.9	4.9	4.7
Cement	4.1	6.8	6.7	3.0	4.1	6.0	66.6	56.6	93.0	4.1	4.5	6.2

† Averages calculated from frequency distribution data, i.e., weighted with companies.

TABLE 2: *Average* Percentage Returns on Paid-up Capital*

Name of industry	Average for				Average for 1958-59 from R.B.I. study
	1947-57	1955-57	1951-55	1956-57	
Cotton	10.4	11.1	10.5	10.5	3.7
Sugar	9.5	11.6	10.2	11.7	10.1
Tea	16.3	15.1	16.2	15.3	8.2
Coffee and rubber ..	12.7	15.7	15.0	15.2	8.6
Paper	7.3	10.0	8.4	10.9	11.5
Jute	9.9	5.4	9.1	4.7	10.2
Coal	8.7	8.6	8.0	8.6	6.4
Iron and steel ..	8.6	10.9	10.1	10.4	13.0
Cement	6.9	8.1	7.9	8.0	6.7

* Average based on the totals of dividends and paid-up capital.

TABLE 3: *Average* Dividend Yield*

(Percentages)

Name of industry	Average for				Average for 1958 and 1959 (based on R.B.I. figure)
	1947-57	1955-57	1951-55	1956-57	
Cotton	5.0	5.8	7.6	5.4	5.8
Sugar	6.4	7.7	6.2	8.7	6.8
Tea	6.5	5.0	6.6	5.2	6.6
Coffee and rubber ..	9.0	9.2	10.6	8.7	5.9
Paper	6.0	6.4	6.9	6.1	5.9
Jute	4.2	3.3	4.4	3.2	5.7
Coal	4.2	3.9	4.0	3.8	6.2
Iron and steel ..	4.6	4.9	5.2	4.6	4.1
Cement	4.0	4.1	5.0	4.1	6.0

* Average computed from the frequency distribution data, i.e., weighted with companies.

TABLE 5: *Growth of Reserves*

(Percentage yearly increase)

Name of industry	1951-55	1956-57	1958-59
Cotton	4.9	2.5	*
Sugar	10.8	9.7	8.4
Tea	14.5	2.1	6.9
Coffee and rubber	22.5	6.7	3.2
Paper	19.8	7.8	11.0
Jute	3.2	*	14.5
Coal	8.1	5.4	4.7
Iron and steel ..	25.0	33.5	10.6
Cement	55.5	15.2	9.4

* Means ratio cannot be calculated because of —ve numerator.

TABLE 6: *Index of Capital Formation*

(Base: 1950=100)

Industry	1951	1955	1957	1959
Cotton	106.8	114.2	119.8	120.8
Sugar	107.6	126.1	144.4	129.8
Tea	101.9	129.3	132.9	142.9
Coffee and rubber ..	110.8	132.0	139.0	143.7
Paper	110.5	167.2	187.2	219.2
Jute	106.7	110.7	101.2	111.1
Coal	103.1	113.1	118.8	123.8
Iron and steel ..	106.8	149.3	249.1	275.1
Cement	104.6	136.6	172.0	206.1

TABLE 7: *Regularity in Dividend Payments*

Name of industry	No. of companies covered	No. of companies paying dividends during 6 of the 11 years studied	No. of companies paying dividends during 1955-57	(3) as % of (2)	(4) as % of (2)
(1)	(2)	(3)	(4)	(5)	(6)
Cotton	65	52	62	80	95
Jute	41	29	36	70	90
Coal	42	30	38	71	90
Iron and steel ..	15	13	14	87	94
Cement	7	4	6	57	71
Sugar	23	15	20	65	87
Paper	9	8	9	89	100
Tea	108	99	97	92	90
Coffee and rubber..	26	24	26	92	100

ELGIN MILLS' DIVIDEND BETTER

RESERVES, TOO, CONSIDERABLY STRENGTHENED

HIGHLY impressive working results have been achieved by the Elgin Mills Company Ltd. (Secretaries and Treasurers: Messrs. The British India Corporation Ltd., Kanpur) in respect of the year ended 30th September 1961. Over and above the increase of Rs. 44.16 lakhs effected during 1959-60 and of Rs. 57.32 lakhs in the year immediately preceding, the Company has been able, in the course of the year under review, to push up the sales further by no less than Rs. 181.78 lakhs to Rs. 581.54 lakhs thus virtually doubling its turnover within a short span of just three years. Other income, on the other hand, has declined slightly by Rs. 2.87 lakhs to Rs. 15.24 lakhs, due mainly to the decrease in the incentives received under the export promotion scheme. Even then, the total income from all sources shows a handsome gain of Rs. 178.92 lakhs to Rs. 596.78 lakhs or 42.8 per cent over the previous year. A major portion of this rise has, however, been neutralised by an increase in the various expense items. Cost of raw materials and stores consumed has gone up from Rs. 225.50 lakhs to Rs. 352.38 lakhs and that of services and employee benefits from Rs. 97.63 lakhs to Rs. 133.78 lakhs owing to the increase in the number of employees from 6,670 to 8,030 and the implementation of the recommendations of the Wage Board for the cotton textile industry. Other expenses also show a significant rise from Rs. 37.67 lakhs to Rs. 51.22 lakhs. Though the gross profit has improved by Rs. 23.19 lakhs to Rs. 86.68 lakhs, it has actually been earned at a somewhat lower rate, being 14.9 per cent of the sales as against 15.8 per cent previously. It is needless to add that the disproportionate rise in expenditure has been instrumental in lowering the profit-margin.

As regards appropriations, the provision for depreciation is higher by Rs. 3.92 lakhs at Rs. 9.57 lakhs and that for taxation by Rs. 7.25 lakhs to Rs. 31.75 lakhs. Despite these heavier essential provisions, the net profit has improved quite substantially by Rs. 12.18 lakhs to Rs. 41.25 lakhs or over 41 per cent. Out of this profit and together with the balance of Rs. 0.89 lakh brought forward from the previous year and Rs. 6.06 lakhs written back from past provisions, the Directors have credited Rs. 4.93 lakhs (Rs. 1.24 lakh) to the development rebate reserve, Rs. 10.00 lakhs (Rs. 18.00 lakhs) to the rehabilitation reserve and Rs. 20.00 lakhs (*nil*) have been transferred to the general reserve. The total amount ploughed back out of the profit for the year under review thus amounts to Rs. 34.93 lakhs, as against Rs. 20.04 lakhs during the previous year. Even then, there are left enough funds to enable the Directors to recommend a higher dividend on both the ordinary and vendors shares at the rate of Re. 1.75 per share of Rs. 10 each, as against Re. 1.15 per share, subject to deduction of tax in both the cases.

The rapid strides made by the Company during the past four years to re-establish its reputation as one of the leading cotton textile units in Northern India are fully presented by the following comparative table:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sales	581.54	399.76	355.60	298.28
Other income	15.24	18.11	6.31	3.79
Closing stocks	84.87	57.59	51.18	69.91
Raw materials and stores consumed	352.38	225.50	176.06	184.79
Salaries, wages and benefits	133.78	97.63	86.21	72.90
Other expenses	51.22	37.67	32.28	32.97
Gross profit	86.68	63.49	48.53	28.95
Remuneration to Secretaries and Treasurers	4.12	4.27	3.30	1.77
Provision for—				
Depreciation	9.57	5.65	4.50	6.75
Taxation	31.75	24.50	19.00	11.00
Net profit	41.25	29.07	21.73	9.43
Provisions written back	6.06	..	..	..
Transfer to reserves and provisions	34.93	20.04	12.99	3.72
Dividends on—				
Preference shares	1.14*	2.29†	‡	0.88
'B' preference shares	0.27*	0.55†	‡	0.21
Ordinary and vendors shares	11.03 (17.5%)*	14.49† (23%)†	‡	4.72 (7.5%)
Carry forward	0.81	0.89	9.39	0.85
Net income per ordinary and vendors share	7.28	4.23	3.22	1.13
Dividend per ordinary and vendors share	1.75	1.15	1.15	0.75
Net worth per share	24.53	18.06	15.92	13.79
No. of employees	8,030	6,670	5,285	5,062

* Subject to deduction of tax.
† Subject to tax—dividends declared for two years ended September 1959-60.
‡ Proposed but not declared.

The substantial improvement in operating results for the year was possible, primarily because of the satisfactory working of both the units of the Company and the higher standard of efficiency achieved during the year. In order to attain a still greater efficiency and a better trading position, a programme of renovation and modernisation of both the mills has been planned and already implemented to some extent. The total expenditure on new buildings, plant and machinery, etc., during the next five years is estimated at Rs. 1.35 crore and for this purpose a long-term credit has been arranged with the Company's bankers. Commitments for capital expenditure subsequent to the close of the financial year under review approximately amount to Rs. 26.50 lakhs. It is expected that, with the installation of new plant and machinery, the Company would be able to produce even better quality of cloth which should further improve its position with regard to the export of cloth to the various countries where its products already enjoy an established market. In addition to this scheme for renovation and modernisation, the Company has plans for setting up an entirely new spinning unit and its application to the Central Government for allotment of additional capacity, has been supported by the State Government, with a recommendation for an allotment of 12,000 spindles over and above the 10,348 spindles recommended for balancing purposes.

Though total sales have shown a vast improvement over the previous year, the Company's performance on the export front has been less satisfactory. Export earnings which had amounted to Rs. 1.25 crore a year ago have now declined to a little over a crore of rupees. This was due primarily to the quota restrictions imposed in the U.K., which happens to be the principal export market for the Company's products, and the keen competition from Japan, Hong Kong, Pakistan and some European countries.

With the heavy plough back of profits and the recovery, with the accrued interest thereon, of the secured loan advanced to the subsidiary Shree Madhav Mills Ltd., now under liquidation, the Company's financial position, as at 30th September 1961, has no doubt vastly improved, but it has yet to clear some of the entanglements into which it was drawn a few years ago by Mr. Haridas Mundhra. Out of the issued share capital of Rs. 78.20 lakhs, consisting of Rs. 11.00 lakhs in 8 per cent cumulative preference shares of Rs. 100 each, Rs. 4.20 lakhs in 5 per cent 'B' preference shares, and Rs. 63.00 lakhs in ordinary and vendors shares of Rs. 10 each, more than 76 per cent, Rs. 59.84 lakhs to be precise, is held by the ultimate holding company, the British India Corporation, and its subsidiaries. The share capital is supplemented by reserves and surplus amounting to Rs. 176.56 lakhs. Secured and unsecured loans, reduced by Rs. 24.62 lakhs during the course of the year, stand at Rs. 52.93 lakhs, while current liabilities and provisions aggregate Rs. 107.46 lakhs.

On the assets side, the gross block, with a book value of Rs. 236.09 lakhs, has been well written down to Rs. 67.96 lakhs and, with the inclusion of Rs. 4.16 lakhs as the cost of buildings and machinery in the course of construction and erection, gives a net block of Rs. 72.12 lakhs. Though investments are worth in the Company's books Rs. 86.28 lakhs, it is to be noted that a large portion of them, namely, Rs. 61.16 lakhs, are in the shares of a subsidiary company (Shree Madhav Mills Ltd.) now under liquidation. Of the balance, Rs. 23.77 lakhs are in the shares of Calico Processors Ltd., the financial position of which is also none too happy, with part of its funds invested in Shree Madhav Mills in liquidation. Excluding these investments, current assets, loans and advances are Rs. 256.75 lakhs in the aggregate, exceeding the liabilities to outsiders by Rs. 96.36 lakhs.

The present market quotation for the Rs. 10 paid-up ordinary shares of the Company is Rs. 25.62 *cum-div.* On an *ex-div.* basis, the net return on the investment works out to 5 per cent per annum.

HINDUSTAN LEVER

DIVIDEND SAME—BONUS ISSUE PROPOSED

IN just four days, Monday to Thursday, in the week ended 10th February, Hindustan Levers soared on the Bombay Stock Exchange from Rs. 59 to a new peak so far of Rs. 72. Last year, this scrip had touched a low of Rs. 37, then advanced steadily to Rs. 60.50 to round off the year at Rs. 59. Thus, in one year, the shares have appreciated by almost 100 per cent. Indeed, it is a big leap for a Rs. 10 fully paid share. What is more amusing is that these shares are being fancied by investors even at the current high levels, though, at the highest level made so far, they offer a yield of only 2.6 per cent per annum, free of tax, which is far too low in comparison with 5 per cent that one can obtain on long-term deposits with banks or 6.5 to 7 per cent available on preference shares of first rate companies.

The question may be asked whether dividend is the only consideration for investment in equities. Obviously not. Dividend is only one of the various considerations that an investor weighs before locking up his funds in an ordinary share. Indeed, unlike in the past, it has not been the primary consideration for some time now and that is why we find that new issues are oversubscribed at present a number of times the amount asked for, even as many as 116 times, as was the case recently with Indian Carbon. The history of economic development of the industrialised nations of the world gives ample proof of the fact that, in a growing economy, growth prospects, which ultimately result in a substantial capital appreciation, are more important than all other considerations for an investor in selecting his investments. A steadily increasing block account, a healthy and expanding reserves position, growing profitability, a reasonable return and a sound management are the other considerations that one must bear in mind before buying such equities. The fancy for Hindustan Levers, recognised now as a "blue chip," is explained by the fact that they meet all these demands of the investor.

During the year ended 31st December 1961, the Company has, however, earned a lower net profit of Rs. 225 lakhs, as compared with Rs. 250 lakhs in the previous year, after providing Rs. 193 lakhs as against Rs. 208 lakhs a year ago for taxation. This setback in profit is presumably due to the continuing cost inflation which was quite a conspicuous feature of the results for 1960. If anything, the increase in excise duty on toilet goods and *vanaspati* in the last budget must have aggravated the cost inflation during 1961. Nonetheless, the Directors have confidently recommended that the dividend be maintained at Rs. 2.60 per share, subject to tax, to which level it was raised in the previous year from Rs. 2.40 for 1959.

The chief reason for the sudden rise in the market value of the Company's share is the proposal of the Directors to capitalise a part of the Company's reserves and issue bonus shares in the ratio of 12 new shares of Rs. 10 each for every 25 of the existing shares, subject to the consent of the Controller of Capital Issues. This move has been made, in order to bring the issued and paid-up capital of the Company, currently at Rs. 5.57 crores (of which Rs. 3.29 crores was raised by way of capitalisation of reserves in the past), into closer relationship with the capital employed in business, which, as at the end of 1960, stood at Rs. 10.06 crores. The proposed capitalisation will raise the paid-up capital to Rs. 8.24 crores. This means that the authorised capital itself will have to be increased, as all of it has been issued. It may be noted here that 90 per cent of the capital is being held by Unilever Ltd., London. The Company's total reserves and surplus, as at the end of 1960, stood at Rs. 4.49 crores, of which Rs. 2.31 crores were accounted for by development and development rebate reserve. For 1961, the profit available for appropriation, including the surplus brought forward from the previous year, amounts to Rs. 2.49 crores. The dividend will absorb Rs. 1.45 crore, leaving more than Rs. 1 crore to be retained in the business.

The new ordinary shares will rank *pari passu* with the present issued ordinary shares, except that they will not rank for dividend in respect of the year ended 31st December 1961. The aggregate fractions arising from allotment will be sold and the net proceeds distributed amongst the ordinary shareholders entitled to them.

At the time of writing, the ruling market quotation for the Company's share is Rs. 68.50. At this rate, the ex-dividend and ex-right quotation is Rs. 47 approximately. If it is assumed

(*Continued on next page*)

FINANCIAL POSITION OF ANGELO BROS. STRONG

RETURN TO SHAREHOLDERS SLIGHTLY LOWER

A SHARP drop in the sales turnover and yet maintenance of the gross profit at the previous year's high level are the highlights of the working of Angelo Bros. Ltd. (Managing Agents: Messrs. Turner Morrison and Co. Ltd., Calcutta) during the year ended 31st August 1961. Net proceeds from sales have come down with a bang from the previous year's peak level of Rs. 201.13 lakhs to Rs. 161.51 lakhs, the lowest level recorded in the past six years. The gross profit of Rs. 18.81 lakhs, on the other hand, has been fully maintained at the previous year's level. This sounds a rather strange phenomenon. But what has done the trick is a decline in factory costs, almost of the same magnitude as in the sales turnover, from Rs. 174.29 lakhs to Rs. 134.47 lakhs. The wage bill of Rs. 7.63 lakhs and other expenses of Rs. 3.49 lakhs are almost the same as in the preceding year. Among essential provisions, taxation gets Rs. 1.30 lakh more at Rs. 8.60 lakhs, while depreciation is allowed at Rs. 0.99 lakh against Rs. 1.03 lakh previously. After allowing for Managing Agents' commission of Rs. 1.79 lakh (Rs. 1.83 lakh previously), the net profit works out lower at Rs. 7.43 lakhs, as compared with Rs. 8.64 lakhs a year before. A direct consequence of these reduced net earnings is the lower total distribution per share to the investor of 22.5 per cent, as against 25 per cent in the previous year, which reflects the cut in the bonus from 12.5 per cent to 10 per cent. Reserves have received a paltry sum of Rs. 0.81 lakh, as against Rs. 1.17 lakh in the previous year. The carry forward is Rs. 2.09 lakhs against Rs. 2.23 lakhs brought in.

The following table compares the Company's working in the past four years:—

(In lakhs of rupees)

	For the year ended 31st August			
	1961	1960	1959	1958
Sale proceeds (net)	161.51	201.13	171.90	177.91
Other income	2.90	3.88	1.93	1.78
Factory costs and other charges	134.47	174.29	149.35	157.25
Salaries	7.63	7.49	7.19	6.66
Other expenses	3.49	3.93	3.39	3.29
Gross profit	18.81	18.80	10.89	12.47
Depreciation	0.99	1.03	0.97	1.05
Taxation	8.60	7.80	5.40	6.85
Managing Agents' commission	1.79	1.83	1.25	1.20
Net profit	7.43	8.64	3.16	3.37
To reserves	0.81	1.17	0.33	0.08
Dividend	3.75	3.75	3.75	3.75
	(12½%)*	(12½%)*	(12½%)*	(12½%)
Bonus	3.00	3.75	2.35	0.70
	(10%)*	(12½%)*	(7½%)*	(2½%)
Carry forward	2.09	2.23	2.25	2.89

* Subject to deduction of tax.

The Directors attribute the fall in turnover to lack of demand. Although it was officially estimated to be one-third smaller than what it was in the preceding year, the 1961 Bysaki lac crop caused supply to exceed demand, which was reduced by the absence of Chinese buyers, to such an extent that the gap between internal prices and the minimum export selling rates imposed by the Indian Lac Exporters Association could not be effectively bridged by the Association's levies and buffer-stock operations. Consequently, the minimum price scheme came under ever-growing strain, which, to some extent, inhibited buying interest in other major overseas trading centres. The Association's remedy was to introduce early in August a flexible price control, but the Government refused to permit its operation. These disturbances of the normal trading pattern were reflected in a poorer volume of exports and, although the Company fully retained its share

(*Concluded from previous page*)

that the Company will be able to maintain the dividend on a paid-up capital raised by 48 per cent, the yield at the current market price is 3.9 per cent, tax-free. The assumption is, of course, valid, for even the current year's profit is sufficient to provide more than full cover. With the Company's activities steadily expanding, its net profit, too, should grow, other things remaining the same. A net yield of 4 per cent—it will be slightly more for those small investors whose rate of taxation is less than 30 nP in a rupee—is, of course, in keeping with current ideas for blue chips. But it leaves little room for covering unforeseen risks. Further, it will be quite a long time before another bonus issue comes along and that, too, provided the tax on bonus shares is not raised to the level that was obtaining under T.T.K.'s dispensation or to its neighbourhood.

of the market, the year's sales were the smallest since the 1954-55 season. Reduced consumption of the Company's products was common to all overseas markets, with the notable exception of the U.S.A. which bought 10 per cent more than in the preceding season, in the face of growing competition from synthetic shellac made in West Germany. That competition, undoubtedly deriving advantage from the weaknesses in Calcutta, was resisted by the Company successfully. The situation obtaining during the year was, therefore, materially different from what it had been in the previous season, when the Indian Lac Exporters' Association maintained export prices at the preceding year's level and, except for a short period prior to the arrival of the Bysaki crop, overseas buyers were able to obtain their requirements at this level.

The Directors point out in their report that competition from shellac made in West Germany is being met again this season, though the Company is still handicapped to some extent by minimum export prices set at about 8 per cent lower than the old ones and to a greater extent by an export duty imposed by the Government. The Directors anticipate, however, that the operational efficiency of the Company and the merits of its products, well known all over the world, would counteract these adverse factors substantially. Till the middle of January this year, trading results were reasonably satisfactory, but, as the situation is still fluid and liable to change, the Directors have not forecast the volume of final trading profits for the current year. The policy of effecting improvements in production lines and techniques, without interfering with output, was followed during the year under review and is being pursued this year.

Out of its authorised capital of Rs. 50 lakhs in equity shares of Rs. 10 each, the Company has issued Rs. 30 lakhs, two-thirds of which represents capitalisation of profits. Moreover, 79,930 shares were allotted as fully paid up pursuant to a contract without payment being received in cash. As against this, reserves and surplus stand at the impressive level of Rs. 43.49 lakhs, of which general reserve alone amounts to Rs. 26.37 lakhs. Current liabilities and provisions amount to Rs. 38 lakhs, and are very comfortably covered by current assets, loans and advances of Rs. 92.80 lakhs, which include cash and bank balances of Rs. 7.51 lakhs. Investments have come down from Rs. 7.45 lakhs to Rs. 5.48 lakhs, but include 5,000 shares of £1 each fully paid-up in the subsidiary company, Angelo Bros. (England) Ltd., which are shown at a nominal value of only one rupee. The gross block increased during the year from Rs. 37.09 lakhs to Rs. 40.23 lakhs, and is very conservatively written down to Rs. 13.22 lakhs. Thus, the financial position of the Company is considerably strong.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted in Calcutta at Rs. 23.19 *cum-div.*, and, at this rate, offer, on *ex-div.* basis, a yield of nearly 3.9 per cent per annum, free of tax, only on the dividend of 12.5 per cent, subject to deduction of tax, and of nearly 7.3 per cent per annum, free of tax, on the total distribution of 22.5 per cent, inclusive of the bonus of 10 per cent, subject to deduction of tax.

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DISTRIBUTORS IN BOMBAY

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BARODA RAYON CORPORATION

Satisfactory progress is reported to have been made by the Baroda Rayon Corporation (Managing Agents: Messrs. Gaekwad Chinai and Company Pvt. Ltd., Surat) during the year ended 31st December 1961 in the construction of factory buildings and the erection of machinery. In addition to 277 acres of land already purchased, the Company has acquired, during the year under report, further 42 acres bringing the total acreage of its lands to 319. Though delayed slightly, due to natural causes, the construction of buildings continued satisfactorily and is now nearing completion. The buildings have been so constructed as to provide accommodation for the additional machinery which will be installed under the Company's expansion programme. So far as the erection of machinery is concerned, the entire plant and equipment has reached the factory site and erection work is in full swing under the supervision of Japanese technicians. Judging from the speed at which work is progressing, it can confidently be expected that the factory would go into production by the end of the second quarter of the current year.

During the course of the year, the Company issued further 1.40 lakh ordinary shares of Rs. 100 each at a premium of Rs. 5 per share. Of this, 1,26,000 shares were subscribed for by the existing shareholders, while 10,720 new equity shares have been reserved for allotment to the Japanese collaborators against the supply of machinery required for the expansion plan referred to later in this review. As regards the 3,239 shares remaining unapplied for, the Directors have obtained permission to dispose them of in small lots in the open market. The amount received in excess of the face value is to be credited to the share premium account.

Following the above equity issue, the share capital, as at 31st December, 1961, stands at Rs. 475.46 lakhs after accounting for allotment and instalment money in arrears. This is backed by Rs. 6.30 lakhs in the share premium account and Rs. 4.11 lakhs as surplus. The amount withdrawn against the long-term loan of Rs. 2.43 crores, sanctioned by the Industrial Finance Corporation, stands at Rs. 158.00 lakhs while current liabilities amount to Rs. 5.59 lakhs. Fixed assets at cost are placed at Rs. 594.49 lakhs, while current assets, loans and advances aggregate Rs. 26.03 lakhs. A balance of Rs. 23.17 lakhs stands to the debit of the expenditure during construction account and will be adjusted, on completion of the factory, to the cost of the various assets. Miscellaneous expenditure yet to be recouped amounts to Rs. 5.77 lakhs.

The Company has already secured a licence for the expansion of its capacity from 5 million pounds to 6 million pounds per annum and is awaiting the relevant licences for the import of plant and machinery. Looking to the shortage of raw materials, it has been thought advisable to put up a plant for the manufacture of rayon grade *caustic soda* also. Necessary applications have been made and a favourable reply from the Government is awaited.

Notice

ORIENT PAPER MILLS LIMITED

Registered Office:
Brajrajnagar, Dist. Sambalpur (Orissa)
Managing Agents:
BIRLA BROTHERS PRIVATE LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the ORIENT PAPER MILLS LIMITED will be held at Brajrajnagar in the District of Sambalpur (Orissa), the Registered Office of the Company, on Tuesday, the 13th day of March, 1962 at 3 p.m., to consider and if thought fit, to pass, with or without modification the following ordinary resolution:—

"Resolved that Consent of the Company be and is hereby accorded to Directors for mortgaging and/or hypothecating the assets appertaining to the undertakings of the Company or any portion or parts thereof in favour of the Central Bank of India Limited or any other bank or institution as may be necessary and in the event of such mortgage and/or hypothecation being created before the date of this resolution, the same is hereby approved and confirmed."

By Order of the Board,
Per Pro BIRLA BROTHERS PRIVATE LTD.,
G. D. MAKHARIA,
Managing Agents.

15, INDIA EXCHANGE PLACE,
CALCUTTA, *the 7th February*, 1962.

N.B.—A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

2. The Explanatory Statement as required under Section 173 of the Companies Act, 1956 has been forwarded to the members of the Company along with the Notice of the meeting.

SYNOPSES OF COMPANY REPORTS

Electric Construction and Equipment Co., Ltd.

(Secretaries & Treasurers: Messrs. Birla Brothers Private Ltd., Calcutta).

Sixteenth Annual General Meeting—28th February 1962.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1961	1960
Sales (gross)	1,67,94	1,19,20
Closing stock and works-in-progress	1,06,56	84,13
Gross profit	19,75	14,18
Transfer to Secretaries' and Treasurers' remuneration	1,17	Nil
" " depreciation	3,05	2,48
" " development rebate reserve ..	1,84	99
" " provision for taxation	6,75	4,00
Net profit	7,34	5,71
Adjustments	33*	61†
Appropriations:		
Total available balance	7,67	6,32
Transfer to general reserve	1,50	3,00
Proposed dividend (taxable) equity	6,09	3,05
	(10%)‡	(10%)‡
Carried forward	8	27

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

* This includes Rs. 6,437 being credit adjustments relating to previous year.

† This includes Rs. 23,050 being excess provisions for bonus and free maintenance on completed orders written back and credit adjustments relating to the previous year of Rs. 15,818.

‡ Dividend on the increased ordinary (equity) capital of Rs. 60,93,400.

§ Dividend for 1960 was on a paid-up ordinary capital of Rs. 30,46,700.

Extracts from the Directors' report: The directors consider that the results of working of the Company for the year under review are satisfactory. The results could have been still better if the Company had been able to overcome the acute shortage of basic raw materials, which it has been experiencing for some time now. ... In order to reduce the foreign exchange requirements for essential raw materials a plant to manufacture paper covered and cotton covered copper wires with a capacity of 240 tons/annum was installed and is now working satisfactorily.

The Company's products continued to enjoy the popularity and demand created by continuous efforts to produce goods of the highest quality. The Company's 1960-61 sales totalled Rs. 186.97 lakhs net, an increase of about 41 per cent over the 1959-60 sales figure of Rs. 118.69 lakhs. The year was one of significance not only in record sales and improved earnings but also in developments undertaken to strengthen and broaden the base of the Company's business. A separate Unit to manufacture *Distribution Transformers* was set up at Vizagapatnam (Andhra). Land has also been purchased to set up a separate Unit to manufacture a wider range of *Switchgears* and *Lifts* at Budge Budge in the suburbs of Calcutta. Negotiation for setting up a factory to manufacture *poly-phase* and *single-phase house-service meters* in technical collaboration with VEB Electro Apparate Werke, of East Germany was also finalised. The factory will be located in Hyderabad. While making virtually no contributions to 1960-61 earnings, these developments are of potential significance to the Company's business for the years ahead, and as a result of which, it may confidently look forward to continuing improvement in profits and the Company's sustained growth in new fields as well as established markets.

Transformers: At present this Company has the distinction of being one of the largest manufacturers of *Power* and *Distribution Transformers* in India. During 1960-61 the production recorded an increase of about 47 per cent from the previous year's figure. During the same period, production in the country rose by about 36 per cent. Apart from the increase in production, the Company has successfully produced *Transformers* rating upto 5,000 KVA. 66KV. In order to meet the increasing demand for high capacity transformers, necessary arrangements are now being made to increase the capacity of the works to produce transformers upto 15,000 KVA, 132 KV.

A separate Unit to manufacture *Distribution Transformers* has been set up in the Industrial Estates, at Vizagapatnam, Andhra Pradesh, under the name and style of Andhra Pradesh Electrical Equipment Corporation. Due to shortage of raw materials this unit could not be put into operation during November-December, 1961 as had been previously contemplated. The unit is now expected to go into full production by March, 1962.

Switchgears: The production in this section during the year rose by about 53 per cent. In accordance with the decision taken last year, a suitable site has been selected in the Budge Budge area, a suburb of Calcutta, to set up a separate unit for the manufacture of *Switchgears* and *Lifts*, with foreign Technical Collaboration. Construction work has already started and production in the new factory is expected to commence during the latter part of 1962.

As a result of heavy competition, especially, from the small scale sector, demand for motors continued to be unsatisfactory. To offer a wider range of motors to the market the manufacture of slipring and totally enclosed motors has been taken up in technical collaboration with Tokyo Shibaura Electric Co. Ltd., of Japan. A scheme to manufacture Fractional Horse Power Motors is also engaging the attention of the Directors.

Lifts, Hoists and Cranes: The phased manufacturing programme of Lifts under the technical collaboration of Messrs. Schindler & Co. Ltd., Lucerne, Switzerland, is progressing satisfactorily. The number of lifts installed during the year under review was 57 as compared to 45 during the previous year. The demand for lifts is good, and the Company expects an increase in lift installations during the current year. An Industrial Licence to manufacture *Cranes* and *Hoists* has also been obtained and negotiations to extend the existing Technical Collaboration Agreement with Schindler & Co. Ltd., to cover these items are in an advanced stage.

Future Prospects: It is encouraging to note the targets fixed by the Government for Electricity Generation and the production of Electric goods during the third Five-year Plan. The target for electricity generation by 1965-66 has been fixed at 12.7 million k.v., almost double the 5.7 million kw. fixed for 1960-61, 1965-66 targets for Motors and Transformers upto 33 KV. are 2.5 million h.p. and 4.0 million KVA respectively against 800,000 h.p. and 1.35 million KVA for 1960-61. These targets, as will be seen, hold a very promising future for the Electrical Engineering Industry. This Company has in the past tried to keep pace with this expansion and it is with a stronger determination that it looks forward to a challenging future.

Accounts in brief as at 31st October 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	61,10,300	Gross block	46,46,941
Reserves and surplus..	15,25,374	—Depreciation ..	15,86,138
Other liabilities ..	1,23,13,983	Net block	30,60,803
		Block-in-progress ..	4,69,197
		Current assets ..	1,63,41,160
		Investments	24,651
		Cash	48,971
		Miscellaneous expenditure ..	4,875
	Rs. 1,99,49,657		Rs. 1,99,49,657

* Paid-up capital consists of 6,09,340 equity shares of Rs. 10 each fully paid up in cash. This also includes Rs. 10,900 being amount paid up on shares forfeited.

South Karanpura Coal Co., Ltd.

(Secretaries & Treasurers: Messrs. Bird & Co. (Private) Ltd., Calcutta.)

Annual General Meeting—28th February 1962.

Working Results:

	For the year ended 31st August (In thousand rupees)	
	1961	1960
Sales	37,77	37,73
Closing stock	1,06	10
Gross profit (+) or loss (—)	1,74* +	3,22
Transfer to Managing Agents' commission ..	Nil	19
" " Secretarys' and Treasurers' commission	Nil	1
" " depreciation	1,63	1,34
" " provision for taxation	Nil	56
" " statutory development rebate reserve	Nil	53
" " reserve for bad and doubtful debts.	Nil	15
Net profit (+) or loss (—) .. .. .. —	1,74 +	44
Adjustments	20	20
Appropriations:		
Total available balance	20	64
To adjustment of loss brought forward ..	20	Nil
To payment of dividend (taxable) ordinary..	Nil	44
	(Nil)	(21½)
Carried forward .. .. —	1,54 +	20

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

* Loss after providing for depreciation.

Extracts from the Directors' report.—Raisings and Despatches: 192,666 tonnes of coal were raised and 187,082 tonnes despatched compared with 192,482 tonnes raised and 191,226 tonnes despatched during the previous year.

Results during this period have been very poor due to difficult geological conditions underground, the extreme shortage of explosives, irregular transport and power shortages.

In addition there were 4 statutory increases in wages during this period which were not compensated adequately by an increase in the selling price.

Accounts in brief as at 31st August 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	17,50,000	Gross block	48,97,038
Reserves† ..	7,71,506	—Depreciation ..	22,47,469
Other liabilities ..	19,31,619	Net block	26,49,569
		Block in progress ..	30,684
		Current assets ..	17,32,870
		Investments	32,307
		Cash	7,895
	Rs. 44,53,125		Rs. 44,53,125

* Paid-up capital consists of 1,75,000 ordinary shares of Rs. 10 each fully called up in cash.

† Reserves are shown after deducting the debit balance of Rs. 1,54,124 as per Profit and Loss Account.

Ultramarine and Pigments Ltd.

(Chairman: Mr. N. S. Iyengar, Bombay.)

Registered Office: Kamer Building, Cawasji Patel Street, Bombay-1.

First Annual General Meeting—23rd March 1962.

Extracts from the Directors' report for the period from 25th October 1960 to 31st December 1961.

Incorporation of the Company: The Company was incorporated on 25th October, 1960 with the object of carrying on the business as manufacturers of and dealers in Ultramarine Blue and Ultramarine Colours.

Capital: The issued capital of the Company is Rs. 15 lakhs divided into 15,000 equity shares of Rs. 100 each. Out of this, the Industrial Credit and Investment Corporation of India Limited, Bombay, were allotted 1,500 equity shares of Rs. 100 each. The balance, after deducting the amount subscribed by the signatories to the Memorandum, subscribed by the Directors and friends, was offered for public subscription. The issue was oversubscribed just over three times. The shares are now fully paid-up and are listed on the Bombay Stock Exchange.

The Industrial Credit and Investment Corporation of India Limited have granted to the Company a foreign exchange loan of about Rs. 4.70 lakhs to meet the cost of capital equipment to be imported from abroad and a Rupee loan of Rs. 2.30 lakhs to cover a portion of the indigenous equipment. Out of the foreign exchange loan, a sum of Rs. 2.14 lakhs (approximately) has been withdrawn.

Land: The Company have bought a piece of land admeasuring about 4.34 acres in Ambattur Village, Saidapet Taluq, near Madras City, for construction of factory and administrative buildings. The Government of Madras have passed necessary orders for the acquisition of an adjoining piece of land admeasuring about 4.25 acres, which will be very useful for further expansion.

Services: The Madras State Electricity Board, Madras, has sanctioned power to the factory at Ambattur upto a load of 200 KVA. The quantity of water available from the well in the factory premises will be sufficient to meet the requirements of the factory. There is ample facility for the discharge of effluents.

Factory: The construction work of the factory is in advanced stage and the main factory sheds are expected to be ready within the next few weeks.

Machinery: A major portion required for the first phase of production has been already shipped and some of the consignments have been cleared and transported to site. It is expected that shipment of the remaining items will be completed during the first quarter of 1962. Erection of machinery will commence shortly. Most of the indigenous equipment has been ordered and are either ready or under fabrication.

Raw Materials: Necessary licences for the import of raw materials have been obtained and consignments are under clearance or afloat. Large quantities of indigenous raw materials have been sent to the Overseas Collaborators and bulk trials are at present being conducted in Germany.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	14,81,250	Gross block —Depreciation ..	5,72,958
Reserves and surplus..	2,159		1,306
Other liabilities ..	3,19,386	Net block ..	5,71,652
		Current assets ..	6,19,000
		Investments	1,000
		Cash	3,978
		Expenditure during construction ..	7,48,413
		Miscellaneous expenditure ..	1,06,618
	Rs. 18,02,795		Rs. 18,02,795

* Paid-up capital consists of 15,000 equity shares of Rs. 100 each. Calls unpaid amount to Rs. 18,750.

COMPANY MEETINGS AND DIVIDENDS

ELECTRIC CONSTRUCTION AND EQUIPMENT CO., LTD. Annual General Meeting, Calcutta, 26th February 1962. Dividend: 10 per cent or Re. 1.00 per ordinary share, on the increased capital. Transfer books remain closed from 12th to 26th February 1962, both days inclusive.

PHALTAN SUGAR WORKS LTD. Thirtieth Annual General Meeting, Bombay, 2nd March 1962. Dividend: Rs. 9.00 per ordinary share, subject to deduction of tax, payable on and after 9th March 1962.

ARUNA SUGARS LTD. First Annual General Meeting, Madras, 7th March 1962. Transfer books will remain closed from 1st to 10th March 1962, both days inclusive.

ASHOK LEYLAND LTD. Thirteenth Annual General Meeting, Ennore, Madras, 12th March 1962. Dividend: 6 per cent or Re. 0.30 per ordinary share, for the period nine months ended 30th September 1961. The Company has changed the accounting year from December to September. Transfer books remain closed from 12th to 16th March 1962, both days inclusive.

ULTRAMARINE AND PIGMENTS LTD. First Annual General Meeting, Bombay, 23rd March 1962. Dividend: *Nil*. Transfer books will remain closed from 26th February to 23rd March 1962, both days inclusive.

MADURA MILLS CO., LTD. Annual General Meeting, Madurai, 28th March 1962. Dividend: 15 per cent or Rs. 2.25 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 1st to 28th March 1962, both days inclusive.

RAVALGAON SUGAR FARM LTD. Taxable dividends of 10 per cent or Rs. 5.00 per share, on ordinary shares and 7 per cent or Rs. 3.50 per share, on deferred shares.

BELSUND SUGAR CO., LTD. Taxable ordinary dividend of Re. 0.75 per share, on the increased ordinary capital, for the year ended 30th September 1961.

KIL KOTAGIRI TEA AND COFFEE ESTATES CO. LTD. Taxable dividend of 25 per cent or Re. 0.50 per ordinary share (Dividend for 1960 was also 25 per cent taxable), for the year ended 31st October 1961.

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD. Taxable dividend of 6.50 per cent or Rs. 6.50 per ordinary share (Dividend for 1960 was Rs. 5.75 per share, taxable), for the year ended 31st December 1961.

KUMERGODE ESTATES LTD. Taxable ordinary dividend of 17½ per cent or Re. 0.35 per share, for the year ended 31st October 1961. The dividend for 1960 was 20 per cent or Re. 0.40 per share, taxable.

EAST INDIA DISTILLERIES AND SUGAR FACTORIES LTD. Taxable final dividend of 14 2/7 per cent along with the interim dividend of 7 per cent taxable, the total dividend for the year ended 30th September 1961, amounts to 21 3/7 per cent which is the same as that of the previous year.

MORE STRINGENCY IN MONEY

(From Our Own Correspondent)

BOMBAY, 14th *February*

The much-feared *Ashtagraha* having passed off without any adverse effects on the economy, there has been a revival of activity in the markets all over the country by merchants who had suspended their business as a matter of caution. Consequently, the demand for credit from banks has picked up and this in turn has led to a sizable improvement in turnover in the short-term money market. The stringency in the market noted last week became even more perceptible this week. The inter-bank call money rate moved up to 4¾ per cent today, after remaining unchanged at 4½ per cent during the preceding days of the week. Almost all the big banks in the private sector are said to be in the Reserve Bank. Only, their borrowings from the lender of last resort have not yet reached levels where the rate of interest is six per cent. They are still within the limits which attract the basic bank rate of 4 per cent or the next slab of 5 per cent per annum. If, however, the present pace of demand for funds is maintained, it will not be long before the inter-bank rate crosses the 5 per cent level.

Indicative of the growing tightness of the money market is the further rise in the average rate of 91-days' Government of India Treasury Bills sold under the weekly tender system. This rate was 2.545 per cent per annum, as against 2.540 per cent in the previous week and 2.525 per cent a fortnight before. In other respects, the Treasury Bill results showed nothing new. The amount invited, offered and accepted was the same, namely, Rs. 2 crores. The sale is being continued and so also that of 91-days' Intermediate Treasury Bills which yielded Rs. 15 lakhs this week, as against Rs. 12.75 lakhs in the past week.

A big rise of Rs. 41.12 crores in notes in circulation is disclosed by the Reserve Bank's statement for the week ended 9th February 1962. Since notes held in the Banking Department have also gone up by Rs. 6.68 crores, the total notes issued have registered a rise of Rs. 47.80 crores to stand at Rs. 2,052.56 crores. As there has been a fall of Rs. 2.02 crores in rupee coin, the expansion in total notes issued has been balanced by an addition of Rs. 50 crores to rupee securities. There is no change in foreign securities held in the Issue Department, but balances held abroad have gone down by Rs. 1.55 crore, with the result that the total of foreign assets is lower by that amount at Rs. 136.45 crores.

The significant variations in the Banking Department of the Reserve Bank in the week under reference are: a decline of Rs. 18.16 crores in the deposits of the Central Government, practically no change in the deposits of banks, a reduction of Rs. 45.24 crores in investments, and an increase of Rs. 9.77 crores in other loans and advances. Of this increase, Rs. 7.90 crores have occurred under advances to scheduled banks against usance bills which have now reached a total of Rs. 25.75 crores, an increase over Rs. 1.5 crore as compared with the position in the corresponding week of 1961.

The scheduled banks' statement for the week ended 2nd February 1962 discloses a marked rise of Rs. 18.55 crores in bank credit, bringing the total to Rs. 1,334 crores, an increase of Rs. 108 crores as compared with that (Rs. 1,226 crores) a year before. There has only been a fractional increase of Rs. 80 lakhs in deposits and a decline of Rs. 74 lakhs in inter-bank borrowings. Borrowings from the Reserve Bank show an addition of Rs. 11.22 crores, the total being Rs. 30 crores. This figure is, however, still some Rs. 29 crores less than that a year before. Investments are practically unchanged, but total cash has contracted by Rs. 5.82 crores. Money at call and short notice has also declined by Rs. 2.10 crores.

The statement of the State Bank of India for the week ended 2nd February 1962 reveals an increase of Rs. 1.71 crore in deposits, a rise of Rs. 5.22 crores in advances, a decline of Rs. 2.82 crores in cash and a modest rise of Rs. 98 lakhs in investments.

The Gilt-edged market has been ruling quiet, with hardly any turnover. Almost all the securities are unchanged in value over the week.

In the foreign exchange market, there has been a slight improvement in the value of the rupee *vis-a-vis* the U.S. dollar. The banks' selling rate for ready T.T. on New York has been lowered by 25 nP over the week to Rs. 475.50 per 100 dollars. Their buying rate, however, remains unchanged at Rs. 472.25 per 100 dollars. Abroad, there has been a slight improvement in £ sterling in terms of the U.S. dollar, with the rate. New York on London rising by 0.160 cent in spot and 0.100 cent in three months' forward. At the time of writing, the spot rate is quoted at 281.530-281.560 cents and three months' forward at a discount of 1.850 cent.

SUGAR PRICES QUIET

(From Our Own Correspondent)

HAPUR, 12th *February*

Sugar prices ruled quiet with inferior crystal prices declining in absence of buying support. Factories in West U.P. were attracting good cane supplies and week-end prices were: wholesale Rs. 106.50 per bag; retail 97 nP to Re. 1 per seer; mill delivery per maund E29 Simbhauli Rs. 37.75, D29 Amroha Rs. 36, Bijnore Rs. 35, Dhampur Rs. 36.12.

Divergent trends were witnessed in sugar prices in Muzaffarnagar market during the past week and, while bold quality prices improved by about 19 nP a maund on brisk demand from Gujarat and Saurashtra, inferior quality prices drifted lower in the absence of buyers to make bulk purchases. Reports that releases this month would be delayed also pushed up bold crystal prices. Inquiries from Punjab were lacking as markets in that State had accumulated heavy stocks and week-end prices were: A29 Mansurpur Rs. 40.22; Lakhsar Rs. 39.60; B29 Khatauli Rs. 39.66; Shamli Rs. 39.70; C29 Deoband Rs. 39.03; Lhaksar Rs. 37.22; Mansurpur Rs. 38.66; D29 Deoband Rs. 38.41; Amroha Rs. 36; Modinagar Rs. 37.44; Kashipur Rs. 35.37; E29 Kashipur Rs. 35.87; Shamli Rs. 37.40; Mansurpur Rs. 37.66.

Sugar prices improved slightly in the Kanpur market during the week following inquiries from Bengal, Assam and Saurashtra. Approach of the festival *Holi season* also induced optimism and prices tended to stabilise at lower levels. Latest prices were: D29 Rs. 102 to Rs. 103.50 per bag.

Khandsari prices stayed steady as arrivals were lower due to inclement weather and demand from Punjab and Rajasthan was fair. Latest prices are: inferior Rs. 25 to Rs. 29; superior Rs. 30 to Rs. 32.50; crystal Rs. 30 to Rs. 32.75.

Despite poor arrivals at an average of 1,000 maunds due to cloudy weather, *gur* prices ruled quiet as loading was restricted and demand too was slack. Offtake during the week was ten wagon-loads to Gujarat. Arrivals would now mount, thanks to better sunny weather, and were 2,500 today. Local stock has mounted to 5,000 maunds and week-end prices were: *pansera* best Rs. 14.62; *dara* Rs. 14.25; *balti* Rs. 14.37. *Shakkar* prices improved to Rs. 17 a maund as arrivals were poor in face of good demand from Rajasthan.

After early steadiness *gur chaku* prices declined 25 nP a maund in the Muzaffarnagar market during the week owing to booking restrictions. Prices ranged from Rs. 14.50 to Rs. 15.75. *Pansera* was in demand from Punjab and quoted at Rs. 14.25 to Rs. 14.75 a maund while *rusket khurpa* prices fell 50 nP a maund.

Gur futures ran down sharply on bear pressure and *gur laguns* was on Monday quoted at Rs. 13.80 and *baisakh* Rs. 14.60, as against last week's opening at Rs. 14.04 and Rs. 14.94, respectively and lowest touched in mid-session at Rs. 13.78 and Rs. 14.53, respectively. Sowings of new cane crop have begun and unless some Government measures were adopted to check increase in area, cane sowings would further increase.

SHORTLIVED SPURT IN GOLD

(From Our Own Correspondent)

BOMBAY, 14th *February*

Barring some excitement in the gold section on Monday this week following the seizure of some 16,000 tolas of contraband gold by the police in a modern flat at Colaba (Bombay city), the bullion market has been listless, with only a fractional gain in prices over the week. This raid on smuggled gold caused a shortlived furore and the price of the yellow metal jumped up by a little over a rupee in both forward and spot positions. Subsequently, however, a good part of this improvement was wiped out, due to profit-taking. It was soon realised by the operators that the seizure of a sizable quantity was actually an index of heavy arrivals of contraband metal and that stocks of such metal awaiting disposal must be pretty heavy. This inference, it is needless to add, is drawn from the assumption that what is seized by the customs authorities is only a fraction of the gold illegally brought into this country.

Another factor that had a bullish effect on the market was the report, as yet unconfirmed, that the Sea Customs Act would soon be amended in such a way that the sale of smuggled gold would become extremely difficult. If, however, this is all that is contemplated, it should not have any significant effect on smuggling, because, even now, no foreign gold is being sold in the form in which it is brought into this country. Such gold is actually remelted and converted into pieces that are not distinguishable from those already in circulation.

In the first three days of the week arrivals of gold more or less balanced with those of the offtake, but, subsequently, they tended to exceed the offtake. In silver, however, the arrivals were far in excess of the offtake throughout the week. The daily average arrivals were 9,500 tolas of gold and 29 bars of silver, while the offtake was 7,000 tolas and 13 bars, respectively.

The following table shows the trend of prices during the week under review:

	14-2-62 (closing)	High	Low	7-2-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	119.90	121.35	119.85	119.65
Forward: *Paguna**	120.65	121.80	120.40	120.40
Sovereign	96.50	96.50	96.25	96.50
SILVER				
Ready (.996 fine)	212.85	213.00	211.20	212.60
Forward: *Paguna†*	213.25	214.80	212.40	213.90
London—				
Silver Ready	85½d.	86d.	85½d.	86½d.
Silver Forward	86d.	86½d.	86d.	87¼d.
Gold	249s. 8d.	249s. 10½d.	249s. 8d.	249s. 11¾d.
New York—				
Silver	103.00 cents	103.50 cents	103.00 cents	103.75 cents

* 22nd March settlement. † 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES LISTLESS

(From Our Own Correspondent)

BOMBAY, 14th *February*

Trading conditions in the cotton futures market during the week remained practically unchanged from last week. Turnover was small and price movements narrow. Inspite of fairly large arrival of new crop from Gujerat area and reports of the likelihood of an import quota for U.S. cotton, the Jarilla March 1962 contract ruled steady at around Rs. 690 per three quintals. As the March contract has almost finished its active career (the delivery period will start in a fortnight's time) traders' attention has naturally turned to the prospects for trading in the next settlement. With the supply position of cotton being what it is, it remains to be seen whether the Forward Markets Commission will give permission for commencement of trading in the August 1962 contract. Meanwhile, the East India Cotton Association is reported to have decided to make certain changes in the terms of the hedge contract for the August 1962 settlement and has circulated among members certain amendments to its bye-laws to give effect to these changes. The amendments pertain to tendering differences invoicing back rate and penalty. The amended by-laws are to be made applicable to the August 1962 contract only.

In the spot market at Sewri, spinner interest centred round good quality Co2, L.147, Laxmi, Vijay, Digvijay and Kalyan. Prices ruled firm. Mill interest in Bombay are reported to have decided to use the good offices of the Millowners' Association for exchange of cotton between themselves. Some mills might wish to exchange cotton, which they secured under the variety-wise distribution of cotton but which they are not in a position to use, with other mills who could use them. Such exchanges, it is pointed out, will help both the parties to the exchange.

The Textile Commissioner is reported to have decided to appoint nominees through whom mills can take delivery of cotton. Mills will, of course, be allowed to make purchases from the usual sellers but delivery can only be effected through one of the nominees not connected with the mills so that a more effective check could be exercised on cotton prices. The functions of the Committee will be:

(i) To ensure that the cotton is delivered within the variety-wise quota of the mill, (ii) to see that the cotton conforms to its description mentioned in the purchase contract and (iii) the price paid is within the ceiling.

There was moderate demand for Bengal *Deshi*. Exporters were expecting a fresh quota for 50,000 bales of Bengal *Deshi*.

Among foreign cotton, Sudan cotton was in the limelight. Bombay, Ahmedabad and Southern mills evinced keen interest in this cotton. Shippers were offering Sudan cotton freely, thanks to the bumper crop in that country during the current season. Prices consequently tended to recede. Usual interest was reported in East African, American and Pakistan cotton. No official announcement regarding import of U.S. cotton under P.L. 480 has been made till the time of writing. Obviously, the Government has not yet succeeded in securing the requisite allocation from the U.S.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 680; Khamgaon 860; Digvijay 1,130; Laxmi 1,120; L.147 1,170; Sudan P.4L 1,300; G4S 1,480; American 1,351.

Further rise in future values was recorded in the Karachi cotton market during the week, thanks to buying induced by firm domestic demand and export enquiries. The N.T.R.G. March contract rose from Rs. 32.65 last week-end to Rs. 33.85. The May contract firmed up from Rs. 30.10 to Rs. 30.40.

A plea for raising cotton production in Pakistan to 2.3 million bales (of 400 lbs. each) by 1964-65, as compared with the 1960-61 output of 1.62 million bales, was made by Mr. Hamid Dawood Habib, Chairman of the Karachi Cotton Association, in his speech at the twenty-ninth annual meeting of the Association held at Karachi recently. According to Mr. Habib, 2.3 million bales of cotton was necessary by 1964-65 to meet the requirements of the domestic textile industry and also to retain Pakistan's "traditional share" of world market in cotton.

Analysing the trend of exports of Pakistan cottons, the Karachi Cotton Association, in its latest annual report, points out that the loss of foreign export markets for Pakistan cotton had been due mainly to reduced export availability of cotton and the inability of the country to assure continuity of supplies to buyers. In recent years, Japan and Hong Kong, two of the major traditional buyers of Pakistan cotton in the Far East, had been progressively reducing their imports of Pakistan cotton, despite strong trading interests between these countries and Pakistan. The Communist countries had also slackened their interest in Pakistan cotton during the past year and imported only 48,213 bales, compared with 130,233 bales in the previous season. It is significant, adds the report, that not only has the volume of cotton exports been declining from year to year but the number of foreign countries importing Pakistan cotton, which stood at over 20 only a few years ago, has fallen to about half that number.

Barring the March 1962 contracts, which receded on commission house selling and switchover of purchases from the near to the distant positions, the Liverpool cotton futures market ruled steady during the week. A limited volume of hedge selling and liquidation was absorbed in short-covering. Outside interest was lacking. Sudan contracts were subdued. Values were unchanged. The following

are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: March 24.45. May 24.85; July 24.95; October 24.50.

American cotton mixed growth contract: March 24.85; May 25.25; July 25.35; October 24.90.

Sudan cotton contracts: March, May, July 31.75.

Cotton futures in New York suffered a setback during the week. Slow dealings in the spot market and uninspiring news from the export front imparted weakness to the market. Uncertainty about the export subsidy rate adversely effected turnover.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	13-2-62	6-2-62	30-1-62
New York spot	35.55	35.55	35.55
March	33.51	34.05	34.00
May	34.24	34.65	34.67
July	34.60	34.88	34.81

ART SILK YARNS STEADY

(From Our Own Correspondent)

BOMBAY, 14*th February*

The yarn market ruled steady during the week under review, barring staple fibre yarns, which encountered some selling. There was sustained support for art silk yarns, following reports of larger demand for rayons, both in the domestic and export markets. Export of art silk and synthetic fabrics during the month of January was substantially higher at 4.13 million metres (valued at Rs. 40.19 lakhs), as against 2.99 million metres (Rs. 28.43 lakhs) in the previous month. Amilan, however, turned subdued towards the close on profit-taking. Cotton yarns were well maintained.

Among foreign art silk yarns, 150 Japan firmed up by Rs. 28 to Rs. 1,984. *120 Japan rose by* Rs. 2 to Rs. 1,874. 120 Italy too gained a like amount to Rs. 1,874. 150 Italy was steady at Rs. 1,763. Among indigenous yarns, National Rayons 150 Bt. cones, however, shed 27 nP to Rs. 12.03.

Staple fibre yarn (40 x 1) February settlement eased by Rs. 9 to Rs. 734. April settlement lost Rs. 7 to Rs 746. But spot Kohinoors were maintained at Rs. 8.93.

In the cotton yarn section, ten counts Moderns were steady at Rs. 18.25, 20 counts Centurys at Rs. 21.50 and 60 counts Finlays at Rs. 84.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	14-2-1962	7-2-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
February	3,820.00	3,812.00
April	3,827.00	3,407.00
120 Japan (per 100 kg.)	1,874.00	1,872.00
150 Japan (per 100 kg.)	1,984.00	1,956.00
120 Italy (per 100 kg.)	1,874.00	1,872.00
150 Italy	1,763.00	1,763.00
Nat. Ray. 150 Bt. 1	12.03	12.30
Staple fibre yarn (40 x 2)—		
February	734.00	743.00
April	746.00	753.00
Kohinoor (per kg.)	8.93	8.93
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	18.25	18.25
20s Century	21.50	21.50
40s T. T. Corlin	32.37	32.37
60s Finlay	66.00	66.00
80s Finlay	84.00	84.00

OILSEEDS FIRM

(From Our Own Correspondent)

BOMBAY, 14*th February*

The hope of the trade for a fresh quota for H.P.S. groundnut has materialised. The Government of India released, on Thursday last, a quota of 18,500 tons of H.P.S. groundnut kernels for export during 1962. This is in addition to the export quota of 20,000 tons released in the beginning of last month, which had already been exhausted. Exports under the present quota will be allowed by all shippers, including established shippers and co-operative societies, against registration of contracts in the form of cable offer and cable acceptance on 'first-come-first-served,' basis. It is, however, stipulated that contracts entered into earlier than 13th February 1962 will not be eligible for consideration under the quota. Shippers have also been asked to furnish a bank guarantee upto 10 per cent of the f.o.b. value of the contracts. Despite these rather stringent conditions, the trade has welcomed the new quota. Although the current world prices for H.P.S. are out of parity with domestic prices, shippers appeared to be confident of utilising the entire quota within the next two months.

Another important development of the week has been the permission granted by the Forward Markets Commission to commence hedge trading in groundnut oil in May delivery, with effect from Friday the 9th inst. While granting permission, the Commission has stipulated that the maximum increase in a price should not exceed 50 nP per 10 kgs. per week and that no member should have net long or short outstanding position of more than 1,250 metric tons at the end of any trading day. Business in cottonseeds of July delivery has also been permitted with effect from Friday on the condition that trading will be prohibited on any day when the increase in price is Rs. 2 higher than the closing price of the previous day.

Meanwhile, the Bombay City Civil Court has refused interim injunction asked for by some traders operating in the local exchange, in order to restrain the Bombay Oilseeds and Oil Exchange Ltd. from enforcing penalties imposed in respect of January 1962 contract. It may be recalled that a penalty of Rs. 5 per 250 kgs. was imposed on seller-members of the Exchange, who failed to fulfil their contracts in respect of January 1962 groundnut contract. The issue will, however, come up for hearing on 2nd April 1962. The Court, in the meantime, has directed issue of a notice to the Attorney-General of India since the plaintiffs have challenged some of the by-laws of the Exchange having statutory force.

The oilseeds market ruled distinctly firm during the week under review. Groundnuts were buoyant on speculative support. Castorseeds staged a smart rally, reflecting the operator's optimism regarding export prospects for castor oil. Linseed and cottonseeds looked up in sympathy.

Groundnut May 1962 contract spurted from Rs. 237 to Rs. 239.87 by Friday; at this level, trading was suspended, the quotation having gone up above Rs. 5.50 over a week. Trading in the contract was, however, resumed on Monday, at Rs. 240 and rose subsequently to close today at Rs. 243. Nizam bold put on Re. 1.25 to Rs. 48.50. Oil ex-*mill* rose *from* Rs. 19.75 to Rs. 20, before closing at Rs. 19.80. Oil May contract, however, were quoted slightly lower at Rs. 20.45, as against Rs. 20.50 on the opening day (Friday).

Castorseed March 1962 contract firmed up by Rs. 3.25 to Rs. 176. June 1962 contract closed at Rs. 174.25, as against Rs. 172. Madras small improved by 25 nP to Rs. 35.50. Oil commercial rose from Rs. 14.90 to Rs. 14.95, after fluctuating between Rs. 14.80 and Rs. 15.

Linseed March 1962 contract forged ahead from Rs. 39.25 to Rs. 40.37. June 1962 contract picked up 19 nP to Rs. 39.06. Bold ready hardened by 50 nP to Rs. 44 and Linseed oil by 10 nP to Rs. 19.

In the cottonseed section, April 1962 contract moved up by 25 nP to Rs. 109.50. Whites picked up 5 nP *to* Rs. 20.25. Both Berars and non-whites, however, shed 15 nP to Rs. 20.75.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 14th February as compared with those of the two previous weeks:

	14-2-1962	7-2-1962	31-1-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	243.00	237.00	219.50
Nizam bold	48.50	47.25	46.00
Khandesh quality	48.50	47.62	46.37
Oil ex-mill ready*	19.80	19.75	19.40
Railway receipts*	19.60	19.45	19.15
Oil May 1962	20.45	—	—
Castorseed			
March 1962	176.00	172.75	172.87
Ready Madras	35.50	35.25	34.75
Ready Kanpur	34.25	34.00	33.50
Oil B.S.S.†	15.40	15.40	15.00
Oil commercial†	14.95	14.90	14.80
Linseed			
March 1962	40.37	39.25	39.41
Bold ready	44.00	43.50	43.87
Oil ready†	19.00	18.90	18.90
Cottonseed			
April 1962	109.50	109.25	109.25
Niger seed	36.00	36.00	33.00
Kardi seed	25.00	25.00	24.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

MALABAR PEPPER STEADIER

(Messrs. Parekh and Co.)

BOMBAY, 14*th February*

Malabar black pepper during the week ruled steadier in wake of *vague rumours* that Russia was in the market. However, nothing definite is known so far. New York is reported to have bought stray lots at $0.35. Whenever prices were improving there were sizable arrivals. Conversely, arrivals proved poor when prices were lower. As such, poor arrival is no criterion as to the size of the production. Bulls, however, are now talking of lower crop. But the knowledgeable sources put the production of Malabar black for the year 1961-62 at 28,000 tons. Some of the New York bulls are said to be buying in the expectation that the freight rate from India to New York may be increased in the near future. But, New Delhi is reported to be against any increase in the freight rate on the exportable commodity as it means higher cost and lesser export.

Holders of Spot in New York are revising their prices according to the change in the asked price from India. Spot moved from $0.35 to $0.37 to close at $0.36½.

Singapore is out of the picture as the prices there are higher.

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The important event of the week is the news of the signing of the contract between Indonesia and Russia establishing commercial shipping relation between the two countries. Under the contract, eight Russian ships would call at the Indonesian ports monthly. This is likely to encourage more direct export of Lampong pepper to Russia. This may adversely affect the export of Malabar black to U.S.S.R.

Ready ungarbled improved from Rs. 295 to Rs. 305 while garbled is quoted higher from Rs. 304 to Rs. 312½. February delivery is quoted at Rs. 320 while March at Rs. 326. Calicut is quoting round about Rs. 300.

Unless America continues to buy regularly and aggressively the present rise in the prices may prove a passing phase as, with the withdrawal of foreign buyers, the holders and the growers are likely to get panicky and may come out to press sales, if not now, after a month or so in view of the proximity of the new season in Sarawak.

Ready pepper in Bombay is nominally quoted at Rs. 170 per 50 kilos.

HIGHGROWN TEAS FARE WELL

(Messrs. Forbes, Ewart and Figgis (Private) Ltd.)

COCHIN, 6*th February*

348,000 kgs. were offered in sale No. 6 held today. Quality of low medium and medium teas, in some cases, showed a slight decline over last week, whilst teas from the Nilgiri district were fully maintained. The market met with a selective demand. Low medium and medium brokens were in less demand and sold at much easier rates, whilst similar fannings were better supported, though these sold at irregularly easier rates. There was less inquiry for good mediums also which were easier, particularly their broken grades. There was good demand for highgrowns, the best liquoring kinds under this category often selling at higher rates than last. The lesser sorts, however, were irregular and tended easier. C.T.C. types and legg-cut types met with weak inquiry and sold at much lower rates than last. Whole leaf grades met with irregular support. A small selection of tippy teas on offer, however, met with good support and sold well.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.85-4.05	4.80-5.05
Mediums	4.10-4.65	5.10-5.35
Good mediums	4.85-5.50	5.40-6.20
Nilgiri B.O.P.	5.60	10.90

The average price realised in sale No. 6 was Rs. 5.13 per kilo, as compared with Rs. 5.11 a week ago and Rs. 5.35 in the corresponding sale last year.

275,000 kgs. were offered in dust sale No. 6 held on 8th inst. A useful selection of dusts was on offer. The market met with a good demand. Plain and low medium descriptions met with fair support and were easier by 10 to 20 nP. Milled descriptions and Wynaad types met with less *inquiry and* were easier. Mediums and good mediums, particularly those with clean leaf appearance, were well supported and are quoted steady. There was useful demand for highgrowns which sold at around last rates. Clean black leaf descriptions suitable for export met with good inquiry and were a strong feature of the sale. C.T.C. types and legg-cut types were irregularly easier whilst there was better support for C.T.Cs which were steady.

The average price realised in dust sale No. 6 was Rs. 4.02 per kilo, as against Rs. 4.16 a week ago and Rs. 5.18 in the corresponding sale last year.

Colombo: There was a strong demand. Improved teas from Western districts met with active demand and were considerably dearer. Uvas and better mediums were substantially dearer. Lowgrowns and "price teas" met with less support and were easier. Gulf types declined by 15 to 20 cents. At the offgrade sale brighter liquoring offgrades and dusts came to a dearer market whilst others were irregular and lower.

London: *North Indian and other growths*: There was no sale on Monday. On Wednesday the market met with fair general demand. Except the plainest descriptions, others generally sold at dearer rates.

Ceylon and South Indians: In Tuesday's sale 28,078 packages were offered of which 10,042 packages originated from South India. The market met with good demand. Ceylons were dearer with the exceptions of thin and plain liquoring kinds. There was selective demand for South Indian teas with the better liquoring kinds selling at firm rates. The poorer descriptions met with less support and were neglected.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No.* 7: 376,000 kgs. offered. Strong general demand. Prices fully firm to dearer except for plain and medium brokens which are irregularly easier."

TEA IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 13*th February*

The increased interest shown in yesterday's export auctions was due to the fall in shipments for direct participation in U.K. auctions, a usual feature heralding the eve of the end of the season. However, shipments from Calcutta auctions would continue to be heavy for a few weeks more. In the last week's auctions held in London, a feature which attracted attention here was the good demand for African teas. The steadiness in London in quality teas in the offerings of North Indian, South Indian and Ceylon teas was attributed to the need of bidders to build up their stocks. Good demand was also in evidence in the internal sales held here in the last week.

With increased competition in export markets and higher production, the industry has been urging Government to resume internal propaganda to increase consumption. Government has, however, been pointing out that as much tea as possible should be exported even at the cost of domestic consumption. There is no paucity of overseas demand for quality teas, but inferior teas can only be mostly consumed within the country, and indications are that there is a sizable surplus of the latter. Viewed against this background, the proposed formation of a new company by Messrs. Tata Sons Ltd. and Messrs. James Finlay Ltd. to package and market tea in India is a timely and praiseworthy effort. The first tea packaging plant of the new company will be located in South India. The Tatas enjoy a pre-eminent position in the marketing of consumer goods such as soaps, hair oils and other toilets, and cooking medium, while James Finlays are the largest producers of tea in India. It is to be hoped that a combination of these experiences would result in increasing internal consumption of tea.

The trade would very much desire that some effort is made to make instant tea in India. Ceylon has already proposed to set up, with W. German help a plant to produce instant tea which is likely to prove popular in foreign markets. Tatas can also make an effort in this direction. India's promotional campaigns in foreign countries should be stepped up and time-saving devices being in constant demand in this atomic age, instant tea is likely to have good prospects. Reports from the United States indicate that instant tea is assured of good patronage there.

Another happy development, which is of more importance than efforts to increase internal consumption, is the willingness of U.S. business *men* to increase their offtake of tea from India, provided prices and quality are satisfactory. This reflects the intention of tea retailers in the U.S.A. to start an intensive promotional campaign among the young for drinking more tea. However, India's share in U.S. imports of tea has been falling in recent years and the vacuum has been filled in by more enterprising producing countries, which have been able to offer tea to the U.S.A. at lesser prices than India. Such being the case Indian tea should be made attractive price-wise so to enable U.S. businessmen to buy more tea from India. The trade here points out that, if only the export duty is abolished, India can capture several markets abroad, and the increased foreign exchange which the tea industry can offer to India's development would be a sufficient compensation to the exchequer for its loss of revenue.

The need for a sympathetic hearing of the industry's demand for lessening the tax burdens on it was once again stressed by Mr. I. F. Morriss, Chairman of the Indian Tea Association, in his speech at the meeting of the Surma Valley branch of the Association at Silchar. Stating that Cachar gardens lacked incentives to improve their properties, he drew attention to the distressing fact that the survey being conducted by the I.T.A. had already shown that, in three out of the last five years, the Cachar district as a whole had worked at a loss. If one of the biggest companies in Cachar had been compelled to discontinue its membership of the I.T.A. for economic reasons, the general state of the affairs of the tea industry in the district can easily be imagined. The least that was called for of the Government, declared the I.T.A. Chairman, was to leave the industry alone for, say, five years, meaning a tax holiday for a limited period in order to give time for the industry to rehabilitate itself.

The doubling of the excise duty in Cachar a year ago served as the last straw on the proverbial camel's back. This was done after a year in which the crop had declined by one-fourth. The State Government also contributed its own share to the distress of the industry by increasing the district's wages, unilaterally when the wage board was examining the question. Considering all these Mr. Morriss could not help concluding that Government could be moved only when irreparable damage was done to the industry and a list of casualties of gardens could be produced to the satisfaction of Government.

In the internal sales held last week, dusts on offer aggregated 27,130 packages. There was a good general demand. Demand for orthodox teas strengthened as the sale progressed; these had, however, opened 10 nP lower. Legg-cut teas were in strong demand and the bright liquoring teas recorded a modest addition to prices. C.T.Cs were irregular, but the small and bright liquoring teas received greater attention to push up prices. The quotations per 1 kg., inclusive of excise duty, were: good Assam C.T.C. dust Rs. 6.50 to Rs. 7.00, medium Assam C.T.C. dust Rs. 5.50 to Rs. 6.10, legg-cut dust Rs. 4.60 to Rs. 5.30, medium Assam dust Rs. 4.40 to Rs. 5.30, plain orthdox dust Rs. 4.00 to Rs. 4.80.

Leaf on offer, amounting to 690 chests, was irregular.

Export offerings during yesterday's export sales, amounting to 73,761 chests, met with good demand. A strong feature was the best C.T.C. broken teas, prices of which gained. However, similar fannings lost by 15 nP with the exception of a few selected autumnals which hardened. Medium C.T.Cs eased by 15 to 20 nP, with secondary grades selling well at 10 nP below last week's rates. Medium B.O.Ps were supported at higher rates. Good orthodox Assam fannings eased by 20 nP and, in some cases, more. Legg-cut teas met with good support. Darjeelings were subjected to a number of withdrawals. Whole leaf grades were in better demand, with cheaper varieties recording a gain. Tippy teas were steady. Plain brokens gave way by 19 nP. While similar fannings were irregular. Cleanly sorted grades were firm, but the poorer sorts eased. The quotations per 1 kg., inclusive of excise duty were: best Assam C.T.C. fannings Rs. 5.70 to Rs. 6.30; best Assam C.T.C. B.P. Rs. 5.80 to Rs. 6.40; medium Assam C.T.C. B.P. Rs. 5.20 to Rs. 5.40; medium Assam C.T.C. fannings Rs. 5.10 to Rs. 5.40; clean plain pekoe Rs. 4.10 to Rs. 4.30; plain fannings Rs. 3.90 to Rs. 4.40; and plain B.P. Rs. 3.60 to Rs. 3.90.

JUTE GOODS LOOK UP

(From Our Own Correspondent)

CALCUTTA, 13*th February*

Although business in jute goods during the week under review was just normal only, prices of sacking constructions recorded a modest recovery. Hessian was just firm. Fibre prices in Calcutta were maintained at the minimum level, but offers of inferior varieties from stockists at below these levels were on the increase. Subsequently, however, quotations recovered to quote higher than the lowest rates. The firmness in heavy goods followed the announcement of stock figures with mill's as at the end of January, according to which these constructions increased by 1,600 tons. The market was apparently anticipating a larger increase. Hessian at 16,600 tons showed the insignificant rise of 500 tons, but miscellaneous constructions at 13,200 tons accounted for the biggest increase of 2,500 tons. In all, stocks totalled 60,200 tons showing a net increase of 4,600 tons. Considering the increased tempo of production, such a small increase showed that demand for goods in January was satisfactory. Note was taken of the possibility of Dundee mills resuming working overtime very shortly. Workers had refused to work overtime in order to press their demand for higher wage packets. They had demanded an increase in their wages by 10s. a week per head, and the possibility of the industry accepting this demand has been hinted. In other words, the cost of production in Dundee is likely to increase, and this is a favourable point for the Calcutta industry as prices of goods here are likely to be maintained at the current levels.

Current levels of prices for goods and fibre admit of reasonable profits for mills. However, if there is a glut in supply of goods, it is natural that prices would fall, thus placing mills in a difficult position especially because they are straining too hard to make good the earlier losses incurred when fibre prices were very high. Although cultivators have nearly completed marketing of their produce and are busy with work connected on the eve of sowing for the forthcoming season, stockists have yet plenty to offer. They are keen for business even at prices lower than the minimum levels, and this keenness shows that they are desirous to sell as much as they can before prices fall further. Such a background explains the plea put forward by the Bengal Jute Dealers' Association in an effort to get mills to unseal all the remaining sealed looms. Demand of jute goods for overseas and internal consumption has no doubt happily increased, but any imbalance between supply and demand should be avoided. The increased stocks of goods with mills as at the end of January shows that mills are over-producing compared to the propensity to consume. Considering that mills have been permitted by the Indian Jute Mills Association to unseal as many of the unsealed looms as they can and keep them in operation up to the end of March, production would be higher in this month as well as in March.

For the week ended 10th February, the purchase quota *issued to mills was 750,000* maunds. Arrivals were much lower than this quantity, and that explains for the subsequent improvement in prices by about Re. 1 per maund. It is now about three weeks since arrivals have started falling. The maintenance of this trend only goes to confirm the earlier belief that cultivators have nearly exhausted marketing of their produce. Such a position leads to the poser as to who would benefit from any measure to support prices. Good quality jute such as *tossa* is hardly available, and most offers are for *mesta*. Since mills have considerable stocks of the latter, they are more interested to buy forward than responding to ready offers. This has led to difficulties for stockists, and that explains for their offers at below minimum prices despite efforts by Government to maintain prices at Rs. 30 per maund basis *Assam bottoms*. However, current stocks in the market are not affected by forward deals of mills, since sellers are disinclined to cover now in the agencies in the anticipation of making a profit subsequently. Bare contracts claim some short-covering, but the quantity is insignificant considering the stocks in the market. This position has led to the large increase in offers of ready fibre at below minimum prices.

The elections will be over within the next three weeks. It has been allowed to be let known widely that Government is committed to take measures in order to maintain prices at not lower than the minimum prices. However, there is the apprehension that such a policy is a result of election strategy rather than born of economic realism. Considering that most of what is left with stockists is of poor quality fibre, nothing can prevent their prices from falling further. It is apprehended by stockists that the falling trend in prices would receive further momentum immediately the elections are over. That explains their anxiety to dispose of as much of their holdings as possible even at lower rates before the tide of the falling trend reaches its climax. It is realised that maintenance of the minimum prices cannot be justified if cost of production is taken into consideration. However, Government in its exuberance to ensure that cultivators make a reasonable profit is committed to Rs. 30 a maund as being a fair price. The play of actual economic realities has seriously questioned Government's assertion, to its discomfiture, as Rs. 30 is rather high a price for the poor quality fibre.

The fibre market in Calcutta and the agencies remained weak during the week under review. Mills showed a greater preference for middles and other higher qualities, which commanded a premium above the minimum prices. *However, sellers were willing* to offer these against acceptances of *mesta* even at below the minimum price. The recurrence of rain so soon after the recent showers has raised optimism in regard to the forthcoming crop being much earlier than usual. That accounts for the anxiety of sellers to do as much business as possible now. Mills, which have plenty of *mesta*, can afford to slow down their purchases; in which event, sellers' anticipations of prices would receive a further setback. The shortage of goood quality fibre can be corrected only with the new season's jute. Quotations in Calcutta were: Assam bottoms Rs. 30 a maund, Daissee Rs. 32, and northern bottoms Rs. 29.50, all against February-March delivery. In Pakistan, market conditions continue to be weak. Buyers anticipated a further reduction in E.P.C. prices. The financial position of balers has been strained and they are reluctant to add to their stocks. This accounts for the drop in loose jute prices, despite lower arrivals. Since work in connection with preparation of the ground had started, it is apprehended that, if current dullness continues, a lesser area would be sown. However, now that Dundee mills are likely to work overtime, chances of revival of overseas interests are considered bright. Despite the hint by the Pakistani Jute Association, the Government has shown no desire to cut down E.P.C. rates further. If demand revives, a quick rise in prices is anticipated now that arrivals are lower.

In the goods market here on Tuesday last, business passing was so little as to bring down prices Ready hessian 40" 10 oz. was pushed down from Rs. 52.35 to Rs. 52.00 and B. twills from Rs. 121.50 to Rs. 121. On the following day, with B. twills at Rs. 123 and hessian 40" 10 oz. at Rs. 52.50, prices recovered as the increase in stocks at the end of January, details in respect of which were announced on that day, fell below market anticipations. Despite increased production, stocks rose only marginally, and that shows that demand for goods had been satisfactory. Such a reasoning led to revival of activity in the futures market, on Thursday. Overseas inquiries showed that demand was keen in the immediate delivery position leading to the belief that buyers in overseas countries were delaying to enter into commitments against replacement of stocks on the belief that prices would be more favourable very shortly. Such a position, it was thought, bodes well for the future. For, increased interest from overseas countries is in store. On Thursday last, ready B. twills gained to Rs. 124.75 and hessian 40" 10 oz. to Rs. 52.25. Friday was a holiday here on account of *Sri Panchami*. Over the week-end, conditions were steady. There was keen activity in the futures market and this led ready B. twills to record a handsome gain at Rs. 126.50. Ready hessian 40" 10 oz. was firm at Rs. 52.25. Prices for heavy goods eased during yesterday as, although there were several overseas inquiries, business passing was small. B. twills closed lower at Rs. 125, but following more interest in the futures market hessian 40" 10 oz. was unchanged but firm at Rs. 52.25.

FIRM UNDERTONE IN SEEDS

(Messrs. A. Bradley and Co.)

CALCUTTA, 12*th February*

Owing to continued scarcity of supplies the undertone of the seeds market has been firm throughout the week under review; only small business has been reported, with buyers and sellers reserved.

The oil market remains steady due to local buyers, in sympathy with groundnut and mustard oils. Sellers are reserved as stocks are limited.

The oilcake market is unchanged, local demand is good, but stocks in the hands of millers are limited.

The latest quotation is ready/February Rs. 32.00 per maund.

A Correction—Due to a typing mistake the quotation for linseed in our report of the 5th February is shown as Rs. 32.75 whereas it should read as Rs. 31.75 per maund.

METALS STEADY

(From Our Own Correspondent)

CALCUTTA, 13*th February*

Prices of copper scrap and other base metals were well maintained during the week under review. The shortage of copper scrap became more acute, and there was hardly anything available. Unless more virgin imports against actual user licences are received in the near future, present working in the manufacturing industries will be affected. There is no doubt that supply of copper, both from imports and indigenous production, is running short of consumption. It will be remembered that, although in the last year, imports of copper increased by 10,950 long tons to 63,650 tons, there were instances of manufacturing industries consuming non-ferrous metals

(*Continued on page* 308)

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 9th Feb., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		19,04,63,000
(2) Other Governments		21,52,40,000
(b) Banks		75,54,21,000
(c) Others		147,13,68,000
Bills Payable		23,82,74,000
Other Liabilities		52,90,27,000
	Rupees	511,86,35,000

ASSETS	Rs.
Notes	17,76,80,000
Rupee Coin	2,19,000
Subsidiary Coin	3,01,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	31,05,88,000
Balances held abroad*	9,59,34,000
Loans and Advances to Governments†	58,18,13,000
Other Loans and Advances	168,63,51,000
Investments	196,67,82,000
Other Assets	20,29,67,000
Rupees	511,86,35,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 25,75,50,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	17,76,80,000	
Notes in circulation	2034,79,30,000	
Total Notes issued		2052,56,10,000
Total Liabilities		2052,56,10,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	126,86,07,000	
Total of A		244,62,10,000
B. Rupee Coin		118,71,00,000
Government of India Rupee Securities		1689,20,00,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2052,56,10,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	2-2-62	26-1-62	3-2-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	47,58	47,99	43,07
(ii) From others	737,53	740,05	647,59
(b) Borrowings from banks	23,20	23,18	16,83
(c) Others	54,80	55,11	49,49
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	18,63	19,98	14,17
(ii) From others	1,116,45	1,110,77	1,050,23
(b) Borrowings from banks	15,36	15,36	7,60
(c) Others	24,59	24,67	21,61
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,853,98	1,850,82	1,741,82
4. Aggregate liabilities [1 (a) (ii)+1 (c)+2 (a) (ii)+2 (c)]	1,933,17	1,930,59	1,812,92
5. Borrowings from Reserve Bank	29,97	18,75	58,72
(a) Against usance bills and/or promissory notes	17,86	10,38	22,35
(b) Others	12,12	8,37	36,37
6. Borrowings from State Bank and/or a notified Bank	14,09	13,17	14,29
7. Cash	44,97	46,74	45,48
8. Balances with Reserve Bank	75,82	79,37	73,77
9. Cash and balances with Reserve Bank	120,79	126,61	119,26
10. 9 as per cent of 4	6,25	6,66	6,68
11. Balance with other banks in current account	17,08	16,98	14,79
12. Money at call and short notice	42,68	44,69	24,61
13. Investments in Government securities	596,75	596,01	606,14
14. 13 as per cent of 4	30,87	30,87	33,43
15. Advances—			
(a) Loans, cash credits and overdrafts	1,131,72	1,117,29	1,052,79
(b) Due from banks	8,03	7,18	12,36
16. Inland bills purchased and discounted	155,80	151,29	130,50
17. Foreign bills purchased and discounted	46,49	46,87	47,82
18. Total Bank Credit [15 (a)+16+17]	1,334,00	1,315,45	1,231,11
19. 18 as per cent of 4	69,01	68,14	67,91

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	5
Austria	17th Mar., 1960	4.50	5
Belgium	18th Jan., 1962	4.50	4.25
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	3	3
Canada †	..	3.32	3.26
Ceylon	18th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1960	4	5.50
Finland	Mar., 1960	5.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.31
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1948	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	..	2
South Africa	7th Dec., 1961	4	4.50
Spain	11th April, 1960	6.25	5.75
Sweden	15th Jan., 1960	4.50	5
Switzerland	29th Feb., 1959	2.50	3
Thailand	Feb., 1945	..	7
Turkey	6th June, 1956	4.50	6
United Kingdom	2nd Nov., 1961	6	5.50
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for preceding week.

State Bank of India

Statement of Affairs for the week ended 9th Feb., 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		543,30,31,000
Borrowings from Other Banking Companies, Agents, etc.		2,66,50,000
Bills Payable		8,64,05,000
Bills for Collection being Bills receivable as per contra		2,39,42,000
Acceptances, Endorsements and Other Obligations as per contra		1,05,74,000
Other Liabilities (including Inter-Office Adjustments)		1,03,17,000
Total	Rs.	574,31,69,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		17,58,33,000
Balances with other Banks		4,81,68,000
Money at Call and Short Notice		1,00,00,000
INVESTMENTS—		
Government and other Trustee Securities	235,13,46,000	
Other Authorised Investments	9,22,73,000	
		244,36,19,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	263,24,35,000	
Bills Discounted and Purchased	18,76,34,000	
		282,01,19,000
Bills Receivable being Bills for Collection as per contra		2,39,42,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,05,74,000
Premises less Depreciation		1,88,61,000
Furniture and Fixtures less Depreciation		1,46,35,000
Other Assets (including Inter-Office Adjustments)		17,74,18,000
Total	Rs.	574,31,69,000

FOREIGN TRADE OF INDIA *(Country-wise)*

(Value in crores of rupees)

	Whole of		First 7 months	
	1960-61	1959-60	1961-62	1960-61
EXPORTS				
Australia	22.28	18.50	9.31	13.62
Burma	6.52	12.34	3.50	3.76
Canada	17.63	15.29	9.35	9.48
Ceylon	18.39	22.18	10.30	10.48
China	5.26	7.70	0.07	4.96
Egypt	13.41	10.31	6.60	6.87
France	7.62	8.08	4.73	3.75
West Germany	18.96	20.65	12.12	9.98
Italy	9.17	5.95	5.05	4.60
Japan	34.84	34.87	24.63	18.77
Kuwait	3.33	3.61	1.95	1.56
Federation of Malaya	5.66	4.82	4.14	2.52
New Zealand	7.41	5.30	5.15	4.83
Netherlands	8.45	8.88	4.34	3.56
Nigeria	5.76	6.94	3.30	3.07
Pakistan—East	5.16	3.82	4.31	2.66
Pakistan—West	4.35	3.40	1.65	2.56
Singapore	7.12	6.84	5.25	3.73
Sudan	9.53	15.33	5.04	4.12
United Kingdom	170.82	171.68	91.51	91.16
U.S.A.	100.23	95.77	70.64	56.18
*Exports to all countries	632.89	629.61	383.02	344.39
IMPORTS				
Australia	17.51	19.54	8.91	12.42
Burma	12.79	20.48	4.51	11.60
Canada	15.70	27.76	10.03	9.45
Ceylon	4.13	5.30	2.52	2.62
China	2.57	4.31	1.01	1.76
Egypt	16.42	13.75	6.13	12.98
France	19.90	21.30	9.61	13.68
West Germany	124.10	116.49	68.55	74.52
Italy	25.54	22.99	14.91	15.48
Japan	59.39	38.50	39.80	24.44
Kuwait	0.07	3.13	0.23	0.03
Federation of Malaya	13.51	10.83	7.42	8.53
New Zealand	1.50	1.12	0.87	0.90
Netherlands	10.49	15.73	7.14	6.82
Nigeria	0.50	0.26	0.63	0.43
Pakistan—East	12.12	7.53	4.99	6.66
Pakistan—West	1.89	1.07	0.89	1.59
Singapore	10.42	10.45	5.62	7.13
Sudan	9.40	10.31	6.46	7.96
United Kingdom	211.61	194.30	111.11	125.74
U.S.A.	290.50	208.97	114.80	188.70
Imports from all countries	1,070.16	960.77	558.60	665.50

* Excluding re-exports

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	20th Jan., 1962	13th Jan., 1962	21st Jan., 1961	December 1961	December 1960	Percentage of Increase (+) or Decrease (−) in Dec., 1961 as compared with Dec., 1960	Annual Average 1961	Annual Average 1960
Food Articles	504	119 4	117 6 R	116 5	117 8	117 0	+ 0 7	119 5	120.2 R
Cereals	192	102 1	101 5	99.0	100 8	100 4	+ 0 4	101.6	106.3
Pulses	43	98 1	96.2 R	95 3	93 5	93 6	− 0 1	91.2	93.6
Fruits and Vegetables	23	135 7	134.9 R	108 1	127 7	104 4	+31 9	131.2	121.1 R
Milk and Ghee	84	113 9	114 5	109.1	115 4	111 1	+ 3 9	115.1	115.5
Edible Oils	47	155 5	153.5	160 1	153 1	154 0	− 0 6	158.2	143.8
Fish, Eggs and Meat	17	140 3	139 0 R	122 5	138 0	125 0	+10 4	131.0	121.1
Sugar and Gur	48	113 8	112 7	125 5	114 4	128 8	− 9 6	120.7	138.6
Others	50	170 1	157 9	168 9	161 9	170 0	− 4 6	131.7	106.4 R
Liquor and Tobacco	21	97 3	97.3	111 2	98 3	112 1	−12 3	123.9	104.6
Tobacco	..	93.7	93 6	106 8	91 4	110 8	−17 5	103.8	106.2 R
Fuel, Power, Light and Lubricants	30	122 3	122 3	121 3	121 5	119 8	+ 1 4	100.6	104.6
Industrial Raw Materials	155	137 5	137 1	154 2	136 6	149 5	− 8 6	150.0	139.2
Fibres	61	125 1	125 6	167 7	125 5	157 0	− 20 1	121 8	134.7 R
Oilseeds	60	156.5	154 8	161 5	153 5	193 6	− 20 8	147 7	138.8
Minerals	2	94 8*	94 8*	95 0	94 8	97 7	− 3 0	150.9	139.2
Others	32	198 4	198 7*	128 3*	129 4	131 3	− 1 4	157.0	144.5
Manufactures	290	125 7	125 4 R	127 5	125 6	125 0	+ 0 5	95.1	97.5
Intermediate Products	41	137 4	138 0	135 0	138 4	132 3	+ 4 6	127 0	129.0
Finished Products	249	123 7	124 5 R	124 6	124 4	125 0	− 0 5	138.4	139.8
Textiles	147	123 5	124 8 R	124 7	124 6	129 2	− 3 6	146.2	148.1
Cotton	..	..	128.2*	126 2*	128 0	129 3	− 1 0	139.8	139.8
Jute	..	..	112 4	118 1	155 3	117 7	+31 9	127.7	127.3
Woollen	..	..	123 1*	123 1*	123 1	110 1	+11 8	127.5	127.5
Silk and Rayon	..	..	122 6*	121 6*	105 1*	120 4	−12 7	119.9	119.2
Metal Products	..	12	147 1	147 1	146 9	147 1	+18 8	119.0	107.6
Chemicals	..	20	111 4	111 6	104 6	111 2	+ 0 2	116.4	102.6
Oil Cakes	..	10	156 6	155 2	151 5*	152 6	+ 7 7	147.7	104.6
Machinery and Transport Equipment	..	31	115 8	115 8	112 6	115 8	+ 4 0	108.7	104.6
Others	..	80	121 4	121 5 R	116 7	123 8	− 5 4	130.2	130.2
All Commodities	1,000	122 7	122 9 R	125 9	122 5	124 6	− 1 4	118.6	116.6
								122.8	122.9

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-groups to arrive at the group index.

R—Revised. * Estimated.

State Bank of Pakistan

Statement of Affairs for the week ended 26th Jan., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,65,00,000
Rural Credit Fund		2,00,00,000
Deposits—		
(a) Central Government		
(b) Provincial Governments		16,62,93,000
(c) Banks		66,52,000
(d) Others		18,55,38,000
Bills Payable		112,78,05,000
Other Liabilities		15,49,000
		13,04,10,000
	Rupees	171,47,47,000

ASSETS	Rs.	Rs.
Notes		13,47,27,000
Rupee Coin		19,000
Subsidiary Coin		37,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		....
Balances held outside Pakistan*		25,54,19,000
Loans and Advances to Governments		4,08,00,000
Provincial Governments' Debtor Balances		....
Other Loans and Advances		72,36,05,000
Investments		45,32,05,000
Other Assets		10,84,85,000
	Rupees	171,47,47,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,47,27,000	
Notes in circulation	887,50,25,000	
Total Notes issued		400,97,52,000
Total Liabilities		400,97,52,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	2,77,18,000	132,96,23,000
Government of Pakistan Securities	259,34,05,000	
Internal bills of exchange and other commercial paper	....	
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		262,11,23,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
Total Assets		5,90,06,000
		400,97,52,000

Ratio of gold coin and bullion, silver bullion and foreign exchange to total notes issued : 34.55 per cent.

EXCHANGE RATES

	14th February 1962	7th February 1962
Bombay on London—		
Sellers T.T. D.D. Spot	1-5 ⅛	1-5 ⅛
Sellers T.T. D.D. upto six months	1-5 ⅛	1-5 ⅛
Buyers T.T. spot to nine months	1-5 ⅛	1-5 ⅛
Buyers T.T. 10 to 12 months	1-6 ⅛	1-6 ⅛
Bombay on New York—		
Sellers T.T. D.D.	475.50	475.75
Buyers T.T.	472.25	472.25
London on New York	2 8151- 2.8153	2.8139- 2.8141
London on Paris	13.7930-13.7950	13.7890-13.7910
London on Berne. Sw. Fcs.	12.1750-12.1770	12.1715-12.1735
New York on London	281.530-281.560	281.370-281.400

CLEARING HOUSE RETURNS

Centre	Week ended 9th Feb., 1962		Week ended 2nd Feb., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,12,195	91,72,39,000	4,42,111	106,20,94,000
Calcutta	1,73,000	72,08,00,000	2,29,000	105,55,00,000
Madras	1,05,613	14,43,40,603	1,09,174	15,58,35,852
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,88,00,00,000
1960-61	..	..	54,472,000	122,13,15,00,000
Dec., 1960	..	..	4,867,000	1,125,77,00,000
Oct., 1961	..	..	4,770,000	1,047,02,00,000
Nov., „	..	..	4,986,000	1,095,59,00,000
Dec., „	..	..	4,940,000	1,173,93,00,000

MARKET GOSSIP

(Concluded from page 275)

reason why a special payment arrangement should not be negotiated with Sudan. Knowledgeable circles are of the view that efforts in this direction are worth making, because Sudan cotton is popular with Indian mills.

Natural Vs. *Synthetic Fibre*

In spite of the steady inroads made by man-made fibres in recent years, natural fibres still continue to be the premier textile fibre in the world. Their share of the world fibre consumption has, however, been steadily declining. Last year, according to the F.A.O., cotton and wool accounted for 76 per cent of the fibres used in apparel manufacture. Four years ago, that is, in 1958, they accounted for 80 per cent. The share of man-made fibres in world fibre consumption has correspondingly increased, from 20 to 24 per cent, during the same period. The success of man-made fibre in the field traditionally held by natural fibres has been most marked in industrialised countries where there has been a marked increase in the *per capita* consumption of man-made fibres, while the *per capita* consumption of natural fibres has declined. World *per capita* consumption of synthetic fibres has gone up from 0.16 kilogram per head in 1958 to 0.27 kilogram in 1961. *Per capita* consumption of cotton and wool has also increased during the same period, but less than proportionately, from 3.31 kilograms to 3.38 kilograms in the case of cotton and from 0.46 kilogram to 0.47 kilogram in the case of wool.

The F.A.O. estimates that world consumption of cotton, wool and man-made fibres in 1961 rose by a little over 1.6 per cent, as compared with the previous year, to 15.4 million tons. Consumption of cotton increased marginally by 9,000 tons, whereas that of wool declined by 11,000 tons. The consumption of natural fibre thus recorded a net drop of 2,000 tons in 1961. In contrast to these small variations, there was an impressive increase of 267,000 tons in the consumption of rayon and other synthetic fibres, so that the aggregate fibre consumption during 1961 was higher, as noted above, by 265,000 tons, over the previous year.

Consumption of natural and synthetic fibres in India also reveals an identical trend. The *per capita* consumption of cotton, the F.A.O. estimates, declined from 2.2 kilograms in 1958 to 2.1 kilograms in 1959, and of wool from 2.1 kilograms to 2.0 kilograms. The *per capita* consumption of rayon and other synthetic fibres, on the other hand, was unchanged at 0.04 kilogram and 0.1 kilogram, respectively, in 1959, the same as in the previous year.

Although *per capita* consumption of cotton, wool, rayon and other man-made fibres has not been worked out separately, according to the F.A.O., *per capita* consumption of all fibres in India recorded a slight decline in 1960. It was 2 kilograms in 1960, as against 2.1 kilograms in 1959 and 2.2 kilograms in 1958. The fall in *per capita* consumption, in spite of a rise in total consumption of all fibres *from 866,500* metric tons in 1959 and 891,000 metric tons in 1960, was due to the increase in population which had risen from 397.5 million in 1958 to 402.7 million in 1959 and 438 million in 1960.

Will the natural fibres be able to hold their own against synthetics? They possibly might. But it is a stiff fight that they will have to put up. For new and better synthetic fibres are being successfully developed in countries like Japan, Britain, Italy and the U.S. One of the latest synthetic fibres, called B.H.S., produced by Courtaulds of Britain, the world's largest man-made fibre manufacturers, is said to be flame-resistant, easily washable, anti-crease and cheaper than nylon and terylene—the two leading synthetic fibres. The same group put on the market three years ago the first British acrylic fibre called Courtelle, which has proved a remarkable success in Britain and has captured a good market on the Continent of Europe. Courtelle's popularity is growing and, according to Mr. C. F. Kearton, Deputy Chairman of Courtaulds, "it is going to make the sheep useful for mutton and nothing else." This is, of course, rhetoric and need not be taken to be literally correct. But it does indicate that the natural fibre wool will in future be faced with keener competition from its synthetic counterpart.

ROUND THE EXCHANGES

(Concluded from page 276)

quotation touched Rs. 2.80 (on Thursday the 8th inst.), which was higher by 10 per cent over the last settlement rate. There was sustained improvement in coffees and rubbers as well. Sugars, which had been neglected for several weeks, elecited some support during this week. In the miscellaneous section, cements and engineerings put on a cheerful appearance. On Wednesday, however, almost the entire list of shares in the forward section languished for want of enquiries. *Short selling*, however, was conspicuous by its absence.

Among textiles, Coimbatore Spinnings advanced by Rs. 6 to Rs. 81. Coimbatore Cottons rose by Rs. 3 to Rs. 224. Lakshmis moved up by a rupee to Rs. 167. Bangalore Woollens too gained a like amount to Rs. 242. South India Viscose spurted from Rs. 190.50 to Rs. 194 before closing at Rs. 191.50. Buckinghams strengthened by 50 nP to Rs. 259.50. Rayalaseemas were fully steady at Rs. 163 *cum-div.*, following the news that the Directors of the Company have maintained the dividend for 1961 at the previous year's level of 15 per cent, taxable. The Company, it may be noted here, has secured Government sanction for the issue of 7,446 equity shares of Rs. 100 each as bonus in the proportion of one for three shares held as on 14th March 1962. Travancore Rayons rose initially from Rs. 43.50 to Rs. 44, but declined to previous week's closing subsequently. Cannanores were maintained at Rs. 176, as also Coimbatore Pioneers at Rs. 292 and Dhanalakshmis at Rs. 261. But Madurais, which had improved from Rs. 41.25 to Rs. 41.37, fell to Rs. 40.62, with a net loss of 62 nP.

In the tea section, Kil Kotagiris put on 15 nP to Rs. 5.10 *cum-div.* The Company has announced a dividend of 25 per cent, taxable, for the year ended October 1961, which is the same as that distributed in the previous year. Chembras scored a gain of 12 nP to Rs. 3.60. Periakaramalais were held firm at Rs. 3.60. Highlands were unchanged at Rs. 13.75. Parksides at Rs. 25 and Peermades at Rs. 22. Blue Mountains went up from Rs. 2.72 to Rs. 2.80 earlier in the week, but gave way to Rs. 2.67, *following the operation of* the interim margin on the scrip.

Among coffees, Consolidateds came in for good support, with the quotation increasing by Re. 1.45 to Rs. 18.20. Coffee Lands moved up by Re. 1.25 to Rs. 15.50. Ouchterlony Valleys improved from Rs. 3.75 to Rs. 3.93, but declined later on to close at Rs. 3.92, albeit with a net gain of 17 nP. *Kumergodes were steady* at Rs. 4.30, although the dividend has been scaled down from 20 per cent, taxable, for the year ended October 1960 to 17.50 per cent, taxable, for 1960-61.

In the rubber group, Midlands hardened by 10 nP to Rs. 10.90. Cochin Malabars picked up 3 nP to Rs. 7.30 ; the scrip was still higher at Rs. 7.32 earlier during the week. Malankaras changed hands at Rs. 16.90 and T.R. and Ts at Rs. 10.75.

A feature of trading in the sugar section was the improvement in Cauverys from Rs. 104 to Rs. 107. East India Distilleries rose by 38 nP to Rs. 36 *cum-div.* The Directors of the Company have declared a final dividend of 14-2/7 per cent, making a total of 21-3/7 per cent for the year ended September 1961, same as in the previous year. Deccans, however, were featureless at Rs. 10, as also Mysores at Rs. 55.50 and United Breweries at Rs. 82.25.

BHARAT BALL BEARING CO., LTD.

One of the more important new projects that have been sponsored this week is the ball bearing project by the Shri Ram Group. It will be undertaken by a new company, the Bharat Ball Bearing Company Ltd., which will set up a plant for manufacture of ball, roller and tapered bearings at Ranchi in Bihar.

The Bharat Ball Bearing Company Ltd., has an authorised capital of Rs. 2 crores. Paid-up capital for the project will be Rs. 75 lakhs, consisting of Rs. 55 lakhs in equity and Rs. 20 lakhs in preference shares. The latter will carry a fixed cumulative dividend of 9.3 per cent per annum, subject to statutory deduction of tax. The public issue consists of all of the preference shares and of Rs. 26,95,000 worth of equity shares. The remaining equity shares have already been subscribed or committed for privately. The Company has obtained a licence under the Industries (D. & R.) Act 1951 for manufacturing 2.5 million bearings annually.

Bearings are an essential component of all moving machinery and their use has been increasing considerably of late. The requirement of bearings at the end of the third Five-year Plan is estimated to be 15 million per year, against the existing production of not more than 2.5 million by a single unit in the country. Some more manufacturing units have been licensed and the Company is one of the leading producers. It proposes to specialise in precision type bearings for fans, fractional horse-power motors, machine tools, etc., which offer an expanding field.

The gross outlay on the project will be Rs. 2 crores, out of which land, buildings and plant will account for about Rs. 1.2 crore. Imported equipment will amount to Rs. 65 lakhs for which the Company has been given import licences under the United States D.L.F. Credit. Orders for bulk of the equipment have been placed. Equipment is expected to arrive by April 1962 and the Company is hopeful of commencing the plant by July 1962. The work of development of land and *construction of buildings is already* in hand. The Company expects to start profitable operations from the very first year and to commence payment of dividends from 1964.

The financial plan of the Company consists of Rs. 75 lakhs in share capital, Rs. 60 lakhs in long-term loan, Rs. 35 lakhs in cash credits from banks, etc., and the balance from current earn*ings, consisting* of the provision for depreciation, development rebates and retained profits. The Industrial Finance Corporation of India has sanctioned a loan of Rs. 60 lakhs for the project, repayable in 15 years.

The Company's shares will be listed on Delhi and Calcutta Stock Exchanges.

Shri Ram Group possesses the necessary experience for undertaking a project of the type proposed. Their success with development of sewing machines and electric fans (without any foreign technical collaboration) has given them adequate production engineering know-how for the manufacture of intricate articles calling for high precision and endurance qualities. Nevertheless, the Company has negotiated for technical collaboration with the Fafnir Bearing Company of New Britain, U.S.A., who are one of the largest integrated manufacturers of ball bearings in the United States. The Government of India has already approved the terms of collaboration. Fafnir have agreed to supply technical know-how, allow the use of their patents for a fee, and train Bharat Ball Bearing's technical personnel. The Company will also have the benefit of Fafnir's *continuing research during the period* of collaboration.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 15th February 1962.

	Closing quotations 8-2-1962	High	Low	Closing quotations 15-2-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	205.50	212.50	205.50	210.00
Apollo (2)	2.82	2.90	2.72	2.74
Baroda Rayon (100)	161.00	162.00	150.00	150.50
Bombay Dyeing (25)	69.30	70.30	68.90	69.60
Bradbury (50)	175.00	205.00	180.00	185.00
Central India (100)	154.00	154.00	149.00	149.50
Century Mills (100)	618.00	616.50	601.00	606.50
Coorla Sp. (100)	151.25	151.25	150.00	151.25
Dawn (50)	159.00	178.00	158.00	165.00
Edward Textile (200)	380.00	383.00	380.00	383.00
Elphinstone (50)	127.00	131.00	124.00	126.00
Finlay (100)	370.00	371.00	360.00	366.00
Gokak (100)	229.00	229.50	223.00	223.00
Gold Mohur (100)	287.00	....	....	205.00
Gwalior Rayon (10)	55.00	55.80	53.70	53.70
Ind. Untd. Defd. (1)	3.06	3.54	3.06	3.22
Ind. Untd. Ord. (10)	20.36	21.72	20.40	21.00
Indian Rayon (87.50)	93.50	101.00	91.00	99.00
Indore Malwa (100)	181.00	182.00	179.00	180.00
Khatau (100)	482.50	483.75	471.25	475.00
Kohinoor (100)	318.00	327.50	315.00	317.00
Mafatlal (100)	987.50	1,125.00	985.00	1,050.00
Minerva Mills (100)	86.00	87.50	85.00	86.00
Model Nagpur (250)	161.25	176.00	161.25	167.50
Morarji (100)	411.00	426.50	407.00	410.00
Mysore (60)	69.50	69.50	68.00	68.00
National Rayons (100)	563.50	563.50	544.50	547.00
New City (100)	185.00	187.50	184.00	185.00
New Great (100)	255.25	275.00	255.25	266.00
Phoenix (100)	248.00	268.00	247.50	258.00
Podar Mills (100)	159.00	161.00	163.00	163.00
Raymond Woollen (100)	132.00	148.00	132.00	144.50
Sassoon Silk (10)	13.00	—	—	13.00
Sassoon Spg. (10)	65.00	73.00	65.00	73.00
Shrinivas (100)	297.00	310.00	296.00	301.00
Simplex (50)	177.50	177.00	171.00	172.50
Standard (100)	1,169.00	1,171.00	1,130.00	1,141.00
Swadeshi (100)	295.50	304.00	293.00	295.00
Swan (100)	440.00	452.50	437.50	437.50
S. I. Viscose (100)	191.00	196.50	191.00	192.00
Tata Mills (25)	81.20	84.00	80.50	82.00
Vishnu (100)	153.75	156.25	155.00	156.25
Western India (1,000)	6,475.00	—	—

MARKET REPORTS

(Concluded from page 305)

reporting idle capacity due to shortage of raw materials. This was not surprising since the 1961 requirements of copper had been estimated at 85,000 tons. Domestic production in 1961 was 8,300 tons and, as such, supplies fell short of demand by 13,050 tons. Imports during this year have so far been poor, and it is to be hoped that much larger imports will be made. Recent trends in world markets have indicated that there is no shortage as such in copper. The tightening of the supply position on the London Metal Exchange recently was attributed to shipments abroad for refining. The London quotation opened at £234½ a ton during the week and, after being higher at £234¾, receded to £234½.

Spot tin opened at £954 a ton in London and gradually declined to £947½, thanks to profit-taking. It will be noticed that the new ceiling of £965 has not been reached. Every time the price moved up, it had been followed by a reaction. Considering that the ceiling has been fixed below the anticipated levels, it is expected that shortage would continue as before. Increased production in Thailand and Malaya is anticipated, but world consumption is also expected to rise. It would be remembered that the price pierced the ceiling in 1961 as demand was good and the Buffer Stock Manager had nothing to sell. If demand for this metal continues as steady as at present—and there is every chance that it will—and the U.S.A. were to refrain from releasing its stockpiles, chances are that, later in this year, the new ceiling would be pierced as in the past. In which case, the International Tin Council would be compelled to consider the demand of producers to raise the ceiling to £1,000 a ton. If India imports a higher quantity now, it will stand to gain. The price in Calcutta was firm around the previous rate. Spot lead in London eased from £57¾ to £57 a ton and spot zinc from £68¼ to £68 a ton.

WHEAT FIRM, RICE QUIET

(From Our Own Correspondent)

HAPUR, 12th *February*

Steady to firm conditions were witnessed in foodgrain prices during the week under review and, although *rabi* crop prospects were bright, dwindling stock position was the main influencing factor as there is still about two months for new wheat crop to reach the market. Wheat prices here recorded gains of about 75 nP a maund during the week to be quoted on Monday at Rs. 17.50 a maund for average quality and upto Rs. 19.50 for better farm produce. Daily arrivals in open market were nominal and as stock with trade has run down to about 8,000 maunds, sales of imported wheat through fair-price shops in ration has checked further rising trend in prices but quality offered through such shops was reported poor. But as sales on such shops has been liberalised, petty consumers are not in difficulty to meet their demands. Wheat crop prospects were bright thanks to last month's rains.

Rice prices, however, ruled quiet as arrivals of *mainpuri* quality were good and demand was slack. The week-end prices were:—*mainpuri sela* Rs. 19.75; *gadda kutcha* Rs. 19; *ramajwayansela* Rs. 22; *raimuniasela* Rs. 23; *basmatisela* Rs. 26 to Rs. 28; superior Rs. 30 to Rs. 34 a maund. Gram prices improved fractionally to Rs. 16.25 a maund for Punjab variety. Demand was fairly good and consequently local stock declined to 5,000 maunds. Crop prospects, however, were bright here as well as in Punjab. Barley continued unchanged at Rs. 13 and *bejhar* Rs. 13 a maund for inferior and Rs. 13.50 for *moongia* superior quality. With small stocks left with trade, demand of these coarse-grains was slack and crop prospects were good. Maize was still much in demand and as arrivals were now poor local stocks have declined to 20,000 maunds and prices were steadier at Rs. 13 to Rs. 13.50 a maund according to quality. *Bajra* prices drifted lower to Rs. 14.75 in the absence of buying support and other sections were quiet at *methi* Rs. 27, *juwar* Rs. 13.25, *guwar* Rs. 14.25, oats Rs. 11.62 a maund.

TANNED SKINS IMPROVE

(From Our Own Correspondent)

MADRAS, 12th *February*

Arrivals of stocks, from the tanneries, of E.I. tanned hides and calf were of moderate volume, and offtake by shippers and local dealers was satisfactory at unchanged prices. There was insistent demand for lower ends in cow hides, both for shipment and for inland trade and prices ruled firm, especially for light and medium weights. A small quantity of heavy weight cow hides run selection seems to have been sold to Iron Curtain countries. Shipment business with U.K. remained pretty difficult on account of price. Some importers have been reported to have lightened their holdings by making sales at lower prices cutting into their commission, which is no doubt unsatisfactory. Demand for cow calf and buff hides was good and for buff calf poor.

There was some improvement in the tanned skins market. U.S.A. buyers were keenly interested in secondary marks of goat skins in heavier averages and the Continental buyers in top marks medium and heavy weights. There were several inquiries for middle class sheep skins from the Continental importers, though the demand for Prime and Semi-prime sheep skins was dormant. Prices in the raw centres do not show signs of easing and E.I. tanners have been following the market to keep their tanneries running.

In the German Tanned Skins Public Sales which commence today, about 90,000 goat skins and 50,000 sheep skins will be available for sale.

Notices

EASTERN INVESTMENTS LIMITED

NOTICE IS HEREBY GIVEN TO THE MEMbers of the abovenamed Company that an Annual General Meeting of the Company will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 4-00 p.m., on Monday, the 12th March, 1962, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the year ended 31st December, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint Directors in the place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from 5th March, 1962, to 12th March, 1962, both days the inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries.

CHARTERED BANK BUILDINGS,
CALCUTTA, 31*st January*, 1962.

Notes:—(*a*) A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after 26th March, 1962, to those shareholders so entitled whose names appear in the Company's books on the 12th March, 1962, or to their mandatees. No application for Dividend Warrants will be necessary.

MADURA MILLS COMPANY LIMITED

Registered Office:
NEW JAIL ROAD, MADURAI

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company will be held in Pandyan Building, West Veli Street, Madurai, on Wednesday, the 28th March, 1962, at 3.45 p.m. The Share Transfer Books will be closed from 1st March to 28th March, 1962, both days inclusive. It is recommended that:

1. All persons holding shares on blank transfers should immediately arrange to have the shares registered in their own names, as the Company will pay any dividend declared only to the person(s) in whose name the share stands on the date of declaration of dividend.
2. Shareholders desiring dividends to be paid to Banks or other Mandatees should register the mandates with the Company before 1st March 1962.
3. Intimation of any change of address should be given to the Company immediately.

A. & F. HARVEY LIMITED,
Managing Agents.

MADURAI, 1*st February*, 1962.

NATIONAL PIPES AND TUBES COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the Shareholders of National Pipes and Tubes Co. Ltd., will be held at the Registered Office of the Company, NICCO HOUSE, Hare Street, Calcutta, on Monday the 12th March, 1962 at 3-30 p.m., to transact the following business:—

(1) To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 30th September, 1961.

(2) To declare Dividends on the Preference and Ordinary Shares.

(3) To appoint a Director in place of Shri M. L. Shah, who retires by rotation and is eligible for re-appointment subject to compliance with the provisions of Section 281 of the Companies Act, 1956 and to consider and if thought fit, to pass the following Resolution of which a Special Notice as required by Section 281 of the Companies Act has been received by the Company:

"RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956, Shri M. L. Shah, who has attained the age of 67 years and who retires by rotation be and is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act shall not apply to him."

(4) To appoint a Director in place of Shri S. C. Roy, who retires by rotation and is eligible for re-appointment subject to compliance with the provisions of Section 261 of the Companies Act, 1956 and to consider and if thought fit to pass the following Resolution as a Special Resolution of which a Special Notice as required by Section 261 of the Companies Act, 1956, has been received by the Company.

"RESOLVED that pursuant to the provisions of Section 261 of the Companies Act, 1956, Shri S. C. Roy, a Director of the Company who is also a Director of Messrs. Associated Industrial Development Co. (Private) Ltd., the Managing Agents of the Company and thereby an associate of the Managing Agents and who retires by rotation be and is hereby re-appointed a Director of the Company.

(5) To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will remain closed from 27th February, 1962 to 12th March, 1962, both days inclusive.

By Order of the Board,
FOR NATIONAL PIPES & TUBES COMPANY LIMITED,
FOR ASSOCIATED INDUSTRIAL DEV. CO (PRIVATE) LIMITED,
K. M. NAIK,
Director,
Managing Agents.

NICCO HOUSE,
HARE STREET,
CALCUTTA-1,
The 29th January, 1962.

N.B.—A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Member.

The Dividend, if declared, will be paid to those shareholders whose names appear in the Register of the Company on 27th February, 1962 or their mandatees and the dividend warrants will be posted from 26th March, 1962 onwards.

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 3 and 4 has been appended to the Notice of the Meeting which is being forwarded to the Shareholders.

TO ALL SHAREHOLDERS:

And in particular to:

R. R. Bhandary, Esq., Mr. Cali Shawakshaw Dinshaw and Mrs. Louise Cali Shawakshaw Dinshaw, Mrs. Chandi Devi, Lt.-Genl. Shanker Shum Shere J. B. R. and Rani Jagadamba Kurmari Debi.

LONDON LETTER

(Concluded from page 282)

reckoned on being 6 per cent up on this year as compared with last. Imports, on the other hand, will probably not rise anything like as much because of a lag in building up stocks (which will, of course, be helped by a maintenance of the Banks' tight credit policy). If these two trends are realised, there will be a surplus on the current balance of payments.

At home, the boom in fixed investment can be expected to ease off, again because of the continuance of tight credit. There will be some rise in domestic consumption but not to the full extent of the total rise in incomes, so that the whole structure of the economy will be what is traditionally known as "sound." If it is true that there will be more money about waiting to be spent and the goods are there to spend it on, the economy will qualify for being "buoyant." The next phase would be a much steeper rise in consumer spending as wage increases are pushed into circulation but that will be a problem for 1963. On the forecast to date, 1962 is going to be a healthy year, with the prospect of economic conditions steadily improving and it is too soon to worry about what inevitably happens a year later!—*All Rights Reserved.*

COMMERCE

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

VOL. CIV. No. 2654 BOMBAY, 24th FEBRUARY 1962 PRICE Rs. 2

NIGHT AIR MAIL SERVICE

IN the course of a recent conversation with the Press, the General Manager of Indian Airlines Corporation outlined some of the Corporation's plans for modernisation and expansion of services. He indicated, amongst other matters, his intention to alter, with effect from October of this year, the present pattern of the Night Air Mail Service, with a view to increasing both capacity and the speed of travel. The proposal is, it appears, to operate direct services between the four major cities now served by the Night Air Mail. In that event, Nagpur, presumably, would be omitted from any future plan. At first glance, this seems to be good news. One may even exclaim it to be excellent! No more tedious delays or transhipment at Nagpur at dead of night and a much faster service too! A little reflection, however, leads to certain doubts: will it, we wonder, be economic and will it, for that matter, be so advantageous as we first imagined? It may be useful to examine I.A.C.'s proposal more closely.

The Night Air Mail—N.A.M. for short—it will be generally agreed, has served a most useful purpose for a considerable number of years. It was devised to provide a cheap and comprehensive air mail service between the Capital and the three other major cities of India. The original licence for its operation was granted by the then Air Transport Licensing Board to Indian Overseas Airways. This Company soon ran into financial difficulties and the licence passed to Himalayan Airways. On the recommendation of the Rajadyaksha Committee—which, it will be remembered, made a thorough examination of India's air transport system—the licence changed hands again. The new licensee—Deccan Airways—retained control, until the passing of the Air Corporations Act in 1953.

The main feature of the N.A.M is that, in one composite but simple operation, and with the maximum possible economy, it connects the four major cities of India. By using the natural focal point of Nagpur as a redistribution centre for passengers, mails, and freight, these can be transported from any one of those cities to any other with a minimum use of aircraft and flying time.

In any 'omnibus' solution of this kind, there are bound to be some disadvantages. In the case of N.A.M., these are: firstly, the non-arrival, or even the late arrival, of any one of the four aircraft at Nagpur can dislocate the smooth running of the service; secondly, all passengers are obliged to disembark at Nagpur and await the redistribution of the freight and mails; finally, passengers from Delhi to Bombay or Calcutta—and, of course, *vice versa*—have to fly two sides of a triangle instead of a direct line. The same thing applies to passengers between Madras and Calcutta. These disadvantages, one suggests, are not very material. Provided the service is run efficiently, dislocation at Nagpur should be a very occasional event. Passengers, who have to fly a longer distance to reach their destinations, receive compensation by way of a reduced fare. The wait at Nagpur is inevitable, but passengers are made as comfortable as circumstances permit. In any event, passengers, presumably, use the N.A.M. by choice. There are direct services available at a higher fare.

The Corporation complains that the N.A.M. is uneconomic. The revenue does not cover the cost of operation. The service, therefore, constitutes a continuous drain on the surplus revenue derived from the trunk routes. That certainly is a point, but the cause, one suggests, is not the nature of the N.A.M.—which is an ingenious and economical method of serving the four cities—so much as the equipment and the way it is used. The service requires five aircraft—four in use, one in reserve. If these are exclusively retained for the N.A.M.—as are I.A.C.'s five Skymasters—then the utilisation achieved is low. Moreover, the Skymasters are becoming increasingly more costly to maintain. The assumption is that discontinuation of the N.A.M. would enable I.A.C. to dispose of these aircraft.

The advantages of the N.A.M., however, deserve the fullest consideration. Its operation involves a nightly route mileage of 4,400 miles, contrasted with 10,000 miles of operation required to link the four cities by direct services. Admittedly, the importance of this factor varies and is governed by a number of other considerations—the equipment available, for instance, the total volume of traffic between the four cities and the number of frequencies which, consequently, have to be operated. Demand on the trunk routes—particularly the triangle of routes linking Delhi, Bombay, and Calcutta—has exceeded the capacity I.A.C. can provide. The Corporation computes that traffic on the triangle amounts to 100 passengers each way daily in the case of Delhi-Bombay, and about 60 passengers each way on each of the other two routes. At a rough estimate, this calls for three daily frequencies between Delhi and Bombay and two frequencies on each of the other routes. This the Corporation has, heretofore, been unable continuously to provide. With the acquisition of four more Viscounts, however, that difficulty, one assumes, has—temporarily, at least—been surmounted. But what of the N.A.M. traffic? Will not additional frequencies be required and, if so, will the load factor remain economic?

A study of the traffic records of the N.A.M. reveals a curious and interesting fact. In the first six months of 1957—five years ago, that is to say—the service carried 27,886 passengers, 954,504 kilos of mail, and 702,505 kilos of freight. The latest period for which figures are available is the first half of 1961. For those six months, the relevant figures are: 26,479 passengers, 952,878 kilos of mail, and 747,937 kilos of freight. In other words, during a four-year period, in the course of which I.A.C.'s passenger traffic, as a *whole*, has risen by some 70 per cent from 242,624 passengers in the first half of 1957 to 416,009 passengers in the first half of 1961, N.A.M. traffic in all categories has remained virtually unchanged.

This is very remarkable. Is it that the N.A.M. habitually operates so near capacity that there is no room for expansion? Or is it that such expansion of traffic as would normally have affected the N.A.M. has been syphoned off on the direct day services of the trunk routes? This is an interesting question, but only I.A.C. can supply the answer. But here we are concerned with the actual volume of traffic, because, in any *new route pattern*, the traffic now borne by the N.A.M. has to be accommodated.

From the figures mentioned above, we find that the average nightly traffic carried on the N.A.M. amounts to 160 passengers, 5,304 kilos of mail, and 4,155 kilos of freight. The average load of each aircraft works out at 40 passengers, 1,326 kilos of mail, and 1,038 kilos of freight. In practice, of course, the loads do not average out so conveniently, but let that pass. The point one wants to make is that, generally speaking, each aircraft carries a good economic load. Split three ways for three direct services, the loads, however, look like being extremely poor. The Corporation may, of course, merely substitute a *night frequency* for one of the present day frequencies. That provides an easy way out for the Corporation, but it is hard to see how the public would benefit.

In any event, these direct night services will operate, one assumes, at times most convenient to the post office. The present hour of 11 p.m., or thereabouts, is indicated. Assuming such a departure time from Delhi, arrivals at Bombay and Calcutta would be about 1.40 a.m. and 2.15 a.m. respectively. Such times of arrival are the antithesis of convenience. An alternative would be to adjust departures for arrivals at about 6 a.m., but that would mean departures from Delhi for Bombay and Calcutta at, or about, 9.15 a.m.—*entailing*, for the passenger, a rendezvous at the Corporation's coach terminus at about 1.30 a.m. One finds it difficult to be very enthusiastic about that, too.

It can be argued that the N.A.M. entails considerable inconvenience such as disembarkation and wait at Nagpur. There is, however, some compensation in the lesser fare. Will that benefit be passed on to the user of direct night mail services? It remains to be seen. Indeed, final conclusions must await the Corporation's plan in detail. Perhaps it is just innate conservatism; perhaps it is because the N.A.M. has served us so well for such a long time; at this stage, however, one cannot but view the decision to *discontinue it with considerable* suspicion.

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EMPLOYMENT GOALS OF PLANNING

PLANNING today in the less developed, non-communist economies is generally growth-oriented rather than employment-oriented. In practically all the plans and programmes that have been announced by a number of countries in Asia, Africa and Latin America, employment creation is looked on only as a by-product of general economic development. Employment creation, in other words, is regarded principally as a consequence of the general process of output expansion to be brought about by the investment programmes provided under a country's plan. Most of these investment programmes are guided by considerations, such as the strengthening of the infrastructure, the development of basic capital goods industries, import-saving and export industries, and so on. If the emphasis in most plans is on such growth-oriented investment, it is because unemployment and underemployment are regarded *primarily* as symptoms of economic underdevelopment and the employment problem is thought of as too stubborn to be solved except over a long period.

That employment problems will not be solved without more rapid economic develop-

ment is, of course, recognised in a report* released by the International Labour Office, a few days ago. But—and it is a very important 'but'—it does *not* follow, the report adds, that measures to promote economic development will of themselves suffice to provide enough jobs for the impoverished masses within an *acceptable* period of time. It is obvious that the 'time' factor is crucial here, for many underdeveloped countries are engaged in a race against time, so that Communism may not overtake them. Since a "revolution of rising expectations" has been caused in these countries by the general proclamation that the purpose of economic development is to raise levels of living, the following emphatic observations of the I.L.O. team of experts (of whom Dr. K. N. Raj of the Delhi School of Economics is one) would need to be seriously pondered by planners in the less developed countries:

"The rate of population growth is such that, unless hundreds of millions of new jobs are provided in the next decades, hundreds of millions of people will be deprived of the opportunities for productive work. There are alternative paths of development, and along some of these more new jobs will be created more quickly than along others. If paths of development are chosen that provide relatively few new jobs in the early stages, those who need and seek work or more work will scarcely share in the benefits of progress.... The main purpose of insisting that employment objectives should be given weight in the choice of alternative paths of economic development is that this is the surest, if not the only, way of making certain that the improvements in levels of living that come about as economic development proceeds will be widely shared. Unemployment and underemployment are major causes of poverty, and the objective of providing more and more productive employment is a major element in the broader objective of promoting higher levels of living."

If the I.L.O. experts have thus emphasised the need for a more positive employment-orientation to planning, it is because the plans of several underdeveloped countries aim only at absorbing all or most of the new entrants to the labour force arising from growth of population over the period covered, *leaving the existing number of unemployed and underemployed unchanged or increasing.* For instance, in India, the first Plan had estimated the *increase* in labour force during 1951-56 at 5.5 million and it actually created employment only for that number. The second Plan had estimated the *increase* in labour force during 1956-61 at 10 million, but it is claimed to have created employment for only 8 million. The third Plan has estimated the labour force to increase during 1961-66 by 14 million, but, again, there will be a shortfall in actual employment-creation, unless, of course, more labour-intensive projects are energetically executed in the countryside where the new entrants to the labour force will swell the ranks of the already unemployed and underemployed. In Ceylon, the ten-year (1959-68) Plan has estimated the *increase* in labour force during the Plan period at 1.3 million and is expected to create employment only for about that number. Another example is provided by Egypt, where the Plan currently under implementation has estimated the *increase* in labour force during the 1960-65 period at 0.8 million and is expected to create employment only for that number.

These examples serve to underline the need for raising the employment targets of Plans in the less-developed countries, so as to absorb not only the *additions* to the labour force during the Plan period but also some part of the already unemployed and underemployed segment of the labour force. Here the I.L.O. experts themselves have recognised that there are certainly possibilities of conflict between the objectives of "more employment" and "more rapid economic growth." But, according to them, the conflicts are not always or everywhere operative and, where they exist, they can often be eased by appropriate policies. It is their considered opinion that, as a rule, the employment of more labour will increase total output and that, given appropriate measures to raise the level and improve the pattern of investment, more employment can also lead to a higher rate of economic growth. And a higher rate of growth, if so achieved, will in turn facilitate the absorption of more labour at higher levels of productivity. Thus, they contend that not only is an expansion of employment compatible with economic growth but the two can reinforce each other. The I.L.O. experts believe that there are opportunities for exploiting more energetically the possibilities of a mutually reinforcing increase of both employment and the rate of economic growth.

But such possibilities as exist in agriculture and traditional industry will call for *more* investment, even though additional employment opportunities can be created with a minimum complement of scarce resources. How much more investment will be required for the purpose? The I.L.O. experts almost take one's breath away when they say that "countries now in process of development are likely to need higher investment rates—probably of the order of 20 per cent or more of national income—and higher rates of increase of national product than did countries which developed in the eighteenth and nineteenth centuries." That 20 per cent is an impossibly high rate of investment could be easily seen from the experience of India where, even after the completion of two Plans, the aggregate investment (a substantial part of which is to be financed through external assistance) will represent a rate of no more than 14 per cent of national income during the third Plan period. It is an impossibly high rate for several underdeveloped countries, including India, because the attempt to achieve it would necessitate adoption of some very drastic and controversial steps of the following kinds, suggested by the I.L.O. experts themselves:

(1) Measures to restrain consumers' demand will be needed, if a substantial proportion of increasing output is to be reserved for investment.... Bold and effective fiscal and administrative measures and an appropriate wage policy will be needed to bring about such a redistribution of consumption. They will encounter political and administrative difficulties but will be eased by the fact that those who previously supported the unemployed will now have fewer dependents, so that it will be possible for them to consume a smaller proportion of their incomes without reducing their own consumption. Much of the redistribution, indeed, will take place within households.

(2) The instruments of development policy should be designed to reduce non-essential spending. They may include tariffs and import control, high corporate and personal income taxes, high indirect taxes, and possibly a general expenditure tax. Tax concessions can be designed to encourage appropriate investments.

(3) Wage and price policies will be needed to ensure that wages in the modern sector rise no faster than is consistent with a satisfactory rate of increase of employment. Excessive wage increases would encourage capital-intensity and an increase of consumption.... Wage increases can be moderated only if prices are kept reasonably stable and if high incomes from profits, rents, interest and salaries are restrained. Wage incomes can, on the other hand, contribute to capital formation to the extent that they are saved through contributory social insurance schemes, deferred pay schemes or encouragement of voluntary savings by tax concessions. Public savings may be increased directly through taxation on personal incomes or indirectly through a reduction of subsidies to public services or utilities. Governments should seek the support of employers' organisations and of trade unions for wage and price policies designed to achieve higher levels of employment.

One wonders whether all these measures will be politically feasible. The authors themselves have anticipated "political and administrative difficulties" in this connection. But some of these measures can be rendered less drastic and thus more acceptable to the groups concerned (as has been done in India), if the rate of investment is not pitched at the suggested high level of 20 per cent or more of national income. By adopting some of these measures, in a mild and cautious manner, by changing, to some extent, the pattern of investment so as to include more employment-oriented and production-oriented projects, especially in the related fields of agriculture, irrigation, afforestation and soil conservation by using more fully the existing capacity of industrial plants and by mobilising more small savings in rural areas, it may be possible for planners in the less developed countries to step up their planned rates of investment (which are generally less than 15 per cent) by an additional 2 per cent or so. Anything more than this cannot be easily achieved under the current plans (some of which extend to 1969) of such of those underdeveloped countries as are democratically governed. Democratic planners, if they are practical, would have to balance somehow the conflicting considerations involved in saving, investment, growth and employment if Draconian measures are to be avoided. It is in vain that one looks for light in the I.L.O. report on how this balancing feat is to be performed in a democratic polity.

**Employment Objectives in Economic Development*—Report of a Meeting of Experts. Published by the International Labour Office, Geneva (Switzerland).

PROTECTION FOR CONSUMERS

THE formation of another consumers' association, called the National Federation of Consumers, at a convention held at New Delhi this week, is a clear indication of the growing awareness among consumers that their case will go by default if they do not organise themselves and raise their voice against the tyranny of rising prices, adulteration of foodstuffs and several other malpractices in the distribution of essential goods. Although in many foreign countries, notably the U.K., consumers have, through voluntary organisation, become effective social groups, influencing policy-making and the price and quality of goods, in India they have hitherto remained an amorphous mass of infinitely patient, normally meek and generally silent, long-suffering people on whom have been inflicted the wounds of trade union battles, Government failures and management intransigence. But rising prices, inadequate supply of essential goods and many other hardships seem to be slowly transforming these apparently placid philosophers into malcontents.

The sufferings and grievances of consumers in this country found their first clear-cut expression at a seminar organised by the Consumers' Association of India in New Delhi in October last year. Experts who participated in the seminar underlined the need for vigorous enforcement of anti-adulteration laws, and strict adherence to quality standards by manufacturers. It was also urged that representatives of consumers should be associated with the Government's policy decisions affecting cost of living and that they should be represented on Wage Boards, Bonus Commissions, and Export and Import Advisory Councils. The argument for representation is unexceptionable in principle, because it is the consumers who will ultimately bear the brunt of the decisions of these bodies. But, as consumers have so far been unorganised, the Government was looked upon as the guardian of their interests. The moves towards organisation of consumers to fight for their interests show that they have realised the folly of leaving the vital matter of protection of their interests entirely to the Government.

In a young democracy like India, it is all the more necessary that consumers should organise themselves so that pressures and pulls exerted by other groups would not work to their detriment. India is a closed market for most consumer goods and will be so for a long time to come. Due to foreign exchange scarcity and import restrictions, no competition from imported goods is possible. Nor are the prospects of competition among domestic manufacturers bright, because productive capacity is subject to regulated growth for a variety of reasons, of which shortage of capital is only one. Meanwhile, the demand for many consumer goods will continue to grow, in view of rising population and money incomes. With such assured prospects for a sellers' market in consumer goods, consumers will find themselves at the mercy of suppliers, not all of whom are, unfortunately, entirely honest. There is thus a strong case for organising consumers' associations into effective bodies in every town, city, State capital and the Union capital. An organisation here and another there will not suffice. There should be consumer councils all over the country, affiliated to a chief organisation in each State which, in turn, can have an all-India Federation at Delhi or in one of the principal cities of India. The success of these organisations will depend on the calibre and character of leaders. They must be independent and impartial in their judgment. Besides, politics should not be imported into such bodies. If the right type of persons get together to safeguard the interests of consumers, they could render really useful service to the nation as a whole, because, in the ultimate analysis, their activities would be directed towards improving the quality of consumer and durable goods produced in the country, or, in other words, national efficiency.

MARKET GOSSIP

Inter-bank Agreement

IT is common practice in this country, especially with Governments, to appoint a committee to deal with any irksome problem the solution for which is either inconvenient or not readily available. The chairmen and chief executives of members of the inter-bank agreement on rates of interest on deposits resorted to this well-known method of "putting off the evil day" when they met in Bombay on Friday the 16th inst. to consider the notice given by the five medium banks (namely, Union Bank, Canara Bank, Dena Bank, Indian Bank and Indian Overseas Bank). As readers are aware, these banks wanted the ceiling rates of interest payable by them to be higher by ½ per cent, instead of the present uniform rates for all banks other than small banks. For this purpose, small banks are defined as those the deposits of which are less than Rs. 25 crores according to their latest balance-sheet. Alternatively, they wanted freedom from the agreement.

The meeting of bankers could not come to any agreed solution. The big banks, however, persuaded the medium banks to give them more time, and the latter consented to wait till the end of April 1962. A special committee consisting of nine members—three each representing the big, medium and small banks—was appointed to consider a revision of the agreement and report well before the end of April. The big banks, however, conceded that, "in view of the changed circumstances since the formation of the agreement, some revision is called for." Pending further study and examination by the Committee, the *status quo* will continue. In other words, the justification for the demand of medium banks has been recognised in principle; the issues that remain to be decided are: the extent of differential to be allowed in favour of the medium banks; the manner in which it should be done; the definition of medium banks; and its application to Exchange banks.

It is not understandable as to why a decision could not be taken on these issues at last week's meeting itself. It is now nearly a year since the medium banks had first raised the issue. Obviously, it is only after seeing that their request had failed to get a satisfactory response from the other members of the agreement that they must have given the six months' notice necessary to break away from it. If six months were not sufficient for an understanding to be reached, would two more months be adequate? It looks as though brinkmanship tactics were adopted by those banks which did not want to concede the medium banks' demand, only to find that they did not work.

It is now quite evident that all banks realise that the inter-bank agreement is worth preserving. This is particularly true of the big banks. If the latter did not want the agreement to continue, they could have simply refused to entertain the medium banks' request at last week's meeting. The attitude of big banks is reflected in the annual statement of the Chairman of the Bank of India Ltd., circulated to shareholders this week. Says Mr. Cowasjee Jehangir, Chairman:

"A large measure of unity in the ranks of commercial banks is essential. It is a matter of regret that some banks desire to break away from the inter-bank agreement on deposit interest rates. This agreement was brought about after much labour and deliberation. It will be unfortunate if it is discontinued. Instead of bringing the agreement to an end, there is a good case for an extended agreement between the Indian and foreign banks in the private sector and the State Bank of India (in the public sector) not only on deposit interest rates but also on rates of interest for advances."

The task of reaching an understanding on deposit rates and sustaining it has itself been a trying one. It will be too much to bring the rates of interest chargeable on advances, loans and bills purchased and discounted also within a voluntary agreement. The considerations to be borne in mind in this case are many and varied. To give one instance. There is no consideration of quality so far as deposits are concerned, but it is a very important one in the case of bank credit. In the interest of healthy and orderly growth of banking, however, all that one can lay down so far as advances are concerned is the minimum rate of interest that a bank should charge. But such a floor has already been prescribed by the Reserve Bank of India. Besides, if banks themselves get together and prescribe agreed rates of interest to be paid on deposits and to be levied on advances, bills, etc., as well as adopt uniform service charges, they will lay themselves open to the charge of indulging in restrictive practices through collusion. Such a situation may do them no harm so long as there is a Government which appreciates the necessity for it. In the prevailing state of affairs in this country, however, none can afford to take this condition for granted. A certain amount of clean and vigorous competition is necessary to vindicate the superiority of private enterprise over the public sector and State monopoly and such competition should cover both the cost and price of money. Besides, the question of interest rates is linked with the larger issue of monetary policy and, as such, it would be better to leave it to be determined by the authors of that policy. If, however, there is a consensus of opinion among bankers that they should have a convention among them on interest rates, then their arrangement should be a sufficiently flexible one to withstand the stress and strain of fundamental changes in the state of the capital market.

Life Insurance in 1961

Preliminary figures relating to new business done by the Life Insurance Corporation of India in 1961, just announced, indicate that the Corporation has had another highly successful year. Completed new business last year crossed the Rs. 600-crore mark and stood at Rs. 608 crores, as against Rs. 497.54 crores in 1960 and Rs. 429.17 crores in 1959. Thus, new business in 1961 registered an increase of 22.3 per cent as compared with 1960 when the increase was only 15.9 per cent over the 1959 figure. This remarkable increase in business was achieved, in spite of the fact that 1961 was a difficult year for the Corporation, inasmuch as floods and other natural calamities, which occurred in many parts of the country, were not conducive to selling insurance.

Although the 1961 business was 22.3 per cent higher than in the previous year, it still fell short of the Corporation's five-year plan target of Rs. 655 crores for the year by about Rs. 46 crores. This shortfall is greater than that in the previous year when it was Rs. 27.50 crores; only in one year, namely, 1959, which was the first year of the plan, was the Corporation able to exceed the target. The new business done in that year was Rs. 429.17 crores, as against the target of Rs. 415 crores. It is thus evident that the gap between target and performance has widened for the second year in succession. The Corporation, however, would have been able to reach the target for 1961 had it succeeded in completing a larger percentage of the introduced business. Such business was as high as Rs. 703 crores, that is, some Rs. 95 crores more than the completed business.

Although a detailed analysis of the 1961 business has not yet been prepared, it is seen that, out of the 823,470 policies issued till 30th November 1961, 578,897 policies, or 70 per cent of total policies, were first insurances, that is, policies issued to persons who took up life insurance for the first time in their life. This indicates that the benefit of life insurance is spreading to a wider section of the people. The maximum percentage of first insurances was secured by Madurai Division and Cuttack Division (88 per cent of total policies issued by the Divisions) followed closely by Coimbatore (84 per cent), Trivandrum (80 per cent) and Lucknow (80 per cent) Divisions. Policies issued under the non-medical schemes introduced throughout the country during the year aggregated 284,000 upto the end of November 1961, or 34.6 per cent of the total policies issued during the period; this experience suggests that non-medical schemes are extremely popular. Zone-wise, the Southern Zone topped the list, the number of policies issued under non-medical schemes being 42.7 per cent of total policies issued. The Central Zone ranked second, with 39.8 per cent of the total policies issued being under non-medical schemes.

Along with the increase in new business, there has also been a rise in the premium income, which rose from Rs. 97 crores in 1960 to about Rs. 110 crores last year. The renewal expense ratio had registered a welcome decline from 15.87 in 1957 to 15.46 in 1958 and still further to 12.92 in 1959, but had stayed unchanged at that level in 1960. The authorities of the Corporation are now confident that this ratio has fallen under 12 per cent in 1961. The lapse ratio for 1961 has not been worked out yet, and it could not, therefore, be said whether the upward trend, which was noted in 1959 and had gathered momentum in the following year, persisted last year too. But the probability is of an increase in the lapse ratio, considering the presence of continued inflationary pressures and natural calamities which must surely have affected the economic position of policyholders.

While the 1961 new business figure is thus encouraging, it is still a far cry from the five-year plan target of Rs. 1,000 crores which the Corporation is expected to reach next year. The Chairman of the Corporation, Mr. P. A. Gopalkrishnan, who will shortly be relinquishing this office, is, however, optimistic that the target will be achieved, though he is cautious enough to qualify his optimism by adding the words "with some difficulty." This optimism is based on certain encouraging trends in the business of the Corporation, more especially the progress made in respect of rural insurance, non-medical schemes and on-the-spot policies. The Corporation's business in rural areas is showing a steady increase. It is encouraging to find that the rural business accounted for 36.3 per cent of the policies issued and 29.3 per cent of the sum assured during the period 1st January 1961 to 30th September 1961. The Corporation has succeeded in persuading the Post and Telegraph Department to permit post offices to collect premium on behalf of the Corporation. The facility of paying premiums at post offices is expected to give an additional stimulus to rural business. The *Janata* scheme, on the other hand, has not proved a success, except in certain areas, and the Corporation has, therefore, rightly decided to go slow with the extension of the scheme to other areas.

Seminar on U.S. Food for India

At a seminar in the Institute of Economic Growth at New Delhi in which the U.S. Director of Food-for-Peace, Mr. McGovern, participated, some of the ideas regarding the use of food as part of wages for using unemployed manpower in India were discussed. Mr. McGovern then made it clear that the intention was not to make food a substitute for wages but only to make it a part of them; but the problem is not solved thereby, because the question arises next whether the other goods to be purchased with the money part of the wages will be available in sufficient quantities so as to prevent an inflationary situation. In the context of the non-availability of cotton under P.L. 480, the situation becomes a little more complex, since essential wage-goods may be lacking.

Some of the participants felt unduly disturbed by the difficulties of paying labour with foodgrains obtained under P.L. 480. For example, it was pointed out that wheat could be used only in North India and that meant restriction of such schemes to this part of the country. This conclusion need not follow, especially after the experience of both Bombay and Madras under total rationing (in force prior to 1952), when people took several kinds of grains as part of their rations and slowly got used to them. Another objection about the feasibility of distribution of grains was also not warranted after the experience in running fair price shops. Anyhow, these ideas may influence thinking on this programme and perhaps limit it to special areas and types of projects. Mr. McGovern indicated that the real scope for expansion lay in the school lunch programmes and in the supply of feedgrains for livestock and poultry farming which can help to diversify occupations in agriculture and provide more employment.

There was consensus of opinion at the seminar that imports of food surpluses have not created disincentives for Indian agriculture and that prices have not been depressed to uneconomic levels so far. American officials are not hopeful that the surpluses will end in the near future: the chances of President Kennedy's proposals being accepted by Congress are considered remote and past experience has shown that there are loopholes for evasion by farmers in any programme enacted by Congress.

Whither World Coffee?

The attention of all coffee growers, exporters and importers the world over is now focussed on the forthcoming meeting of the International Study Group on Coffee scheduled to be held at Washington in a few days. The one question that is uppermost in the minds of every one is whether this meeting would succeed in evolving a new long-term agreement for world coffee trade, in place of the *ad hoc* agreement which has been in force since 1st October 1959. The answer will depend on how far and to what extent the conflicting interests will be reconciled not merely between the exporting and importing countries but also as between the producing nations themselves. Happily, we are told that there is a consensus of opinion among all coffee interests that the new agreement, if it is to be effective in bringing about an orderly development of world coffee trade, should be more comprehensive in approach than the present agreement which is essentially based on an adjustment of supply-demand position through establishment of export quotas for each country. The principal foundations on which such an agreement could be built are: (*a*) equilibrium between supply and demand as well as fair prices; (*b*) participation of the largest number of exporting and importing countries; (*c*) reduction in the standing stocks to a reasonable level and adjustment of production to the exact potentialities of utilisation in each country; (*d*) fixation of revisable export quotas; (*e*) limiting of coffee imports into member-countries from non-member countries; and (*f*) removal of barriers to consumption.

There are two chief difficulties which will have to be encountered before a general, global agreement is reached on coffee. They pertain to export quotas and standing stocks. The African coffee producers, who have entered the world market lately, are regularly developing their production and, therefore, any basis of mean output during the past few years does not suit them; they are urging another method of reckoning that makes allowance for future increase. On the other hand, the Latin American countries desire that such an increasing competitive production be arrested by maintaining African production at present levels. The agreement concerning the existing stocks also involves certain sacrifices to be made by the producing countries. The total of these stocks is put at as high as four million tons. May be, world coffee consumption will increase faster than output in the next three years, the crop in 1964-65 being placed higher by only 300,000 tons at 5.0 million tons as compared with 1959-60, whereas the estimated consumption is put higher by 700,000 tons at 3.9 million tons. Even so, the stocks will continue to be heavy, exerting an increasingly heavy pressure on prices every succeeding year. It is this factor which invests the need for stabilising prices of coffee and securing new sources of demand with urgency, rather than solutions through restrictive regional mechanisms.

Independent of the long-term world agreement for stabilising the coffee market currently under study, Mexico and five Central American countries have presented to the U.S. Government a scheme for a special regional agreement to stabilise earnings derived from coffee exports. The scheme envisages the setting up of a $20-million Seasonal Fund, of which half will be contributed by the U.S., the other half being shared jointly by Mexico, Costa Rica, El Salvador, Nicaragua, Honduras and Guatemala. It also envisages the establishment of minimum prices to govern quota shipments: that is, whenever coffee does not fetch a previously agreed upon minimum price in the world market, the countries named will be committed to export only less-than-quota quantities and the unsold portions of the quotas will be absorbed by the Seasonal Fund which will be able to place its stocks on the market in the following quarter (at the minimum price or higher). Under these conditions, the member-countries will voluntarily reduce their own quotas, in order to make room in the market for the coffee accumulated by the Fund during the previous three months. The other eight countries

(*Continued on next page*)

EQUITIES MOVE UP

UNDERTONE STEADY

(From Our Own Correspondents)

BOMBAY, *22nd February*

THE share market commenced the week on a subdued note induced by settlement considerations, but picked up strength after the new account opened on Monday. There was selective buying in textiles induced by the proximity of dividend announcements for 1961 and hopes of bonus issues. Steel shares elicited fresh support in anticipation of higher retention prices. The lower *budla* charges at the last settlement, indicating a somewhat oversold position of the market, also helped sentiment. The firmness gathered momentum on Tuesday, following fresh support and covering by bears. Both cash and forward scrips recorded sizable gains. A part of the gains was, however, erased in yesterday's trading, thanks to profit-taking at higher levels and nervous selling by some parties prompted by the Prime Minister's election speeches, emphasising the socialist content and goals of the Congress Party's Programme. His critical observations about private enterprise and disparaging remarks about the place of stock exchanges in the Indian economy were particularly regarded as disturbing symptoms of the future that awaits the objects of his attack. Nevertheless, the undertone of the market remained steady and the closing prices of most scrips were well above the last week-end quotations. Although the market was officially open today, traders refrained from doing business as a mark of respect to the memory of Dr. I. C. Patel, honorary doctor of the Stock Exchange Badge-holders Association, who passed away on Thursday morning.

Two shares, *namely*, Edward Textiles and Apollo Mills, attracted margins in the course of the week's trading but for opposite reasons. The first attracted margin at the rate of Rs. 33.50 per share on Tuesday, because of the rise in price of more than 10 per cent over the previous clearing rate, while, in the case of Apollo Mills, the decline in the price by more than 10 per cent over the previous clearing rate, resulted in a margin of 15 nP per share being imposed on bears payable by Saturday next.

Steel shares presented a distinctly steady trend. Tata Steels began the week at Rs. 140.75, as against the previous close of Rs. 140.25, gradually improved to touch Rs. 140.85 yesterday before receding to Rs. 141.25 at close, showing a net gain of Re. 1 over the week. Indian Irons opened higher at Rs. 25.15, as against the previous close of Rs. 25.05 and firmed up, on good support, to Rs. 25.60 yesterday before winding up at Rs. 25.40. The net gain over the week is 35 nP. Mukand Irons, too, followed the same pattern. After opening at Rs. 25.75, same as the previous close, the scrip spurted to Rs. 28 on Monday and remained steady at that level till the close, registering a net gain of 25 nP over the week.

Textile shares met with selective support. Bombay Dyeings and Edward Textiles were a firm feature. The strength of the former was due to speculative support induced by rumours of a higher dividend for 1961 and a bonus issue. Opening at Rs. 69.70, as against Rs. 69.60 last week-end, the scrip advanced to Rs. 72.20 on Tuesday. Profit-taking led to a decline in the quotation to Rs. 70.50 at the close yesterday. The net gain over the week is 90 nP. Edward Textiles too attracted influential buying and jumped up by as much as Rs. 69.50 to Rs. 452.50. Mafatlal Fine continued the strident advance witnessed last week and firmed up by Rs. 70 over the week to Rs. 1,120. Centurys met with good support and improved from the opening level of Rs. 610 to Rs. 621 yesterday. The finish was, however, a shade lower at Rs. 616, the net loss over the week being Rs. 9.50. Finlays firmed up by Rs. 24 to Rs. 390. Swans put on Rs. 12.50 to Rs. 450. New Greats were marked up by Rs. 20 to Rs. 286 and Phoenix by Rs. 16 to Rs. 274. Gokaks gained Rs. 5 to Rs. 228. Bradburys put on Rs. 10 to Rs. 195. Podars picked up Rs. 5 to Rs. 158. Shreenivas strengthened by Rs. 11 to Rs. 312. Svadeshis were quoted Rs. 5 higher at Rs. 301. Khataus also found buyers Rs. 5 higher at Rs. 480. Morarjees too appreciated by a like amount to Rs. 415. Simplex gained Re. 1.50 to Rs. 174. Kohinoors fluctuated narrowly and closed unchanged at Rs. 317. Standard Mills, however, met with selling and eased by Rs. 6 to Rs. 1,135. Apollo Mills receded by 34 nP to Rs. 2.40.

Sugar shares attracted some support. Belapurs were quoted Rs. 235 *ex-div.*, as against Rs. 247.50 *cum-div.* last week-end, a net rise of Rs. 5 over the week if account is taken of the dividend of Rs. 17.50 net. Phaltans put on a rupee to Rs. 114.50. Walchandnagars hardened by Re. 1.50 to Rs. 153.50. Maharashtra Sugars were neglected at Rs. 165.50.

Among cement shares, A.C.Cs moved in a narrow groove and closed at Rs. 152.75, as against Rs. 152.25 last week-end. Digvijays met with support and improved by Rs. 3 to Rs. 204. Orissa Cements edged forward by 24 nP to Rs. 19.52.

Shipping shares were subdued. Scindias were neglected, with the quotation remaining nominally unchanged at Rs. 12.60. Great Easterns softened by 4 nP to Rs. 12.64. Among automobile shares, Premier Automobiles were quoted 50 nP higher at Rs. 140.75. Hindustan Motors put on 24 nP to Rs. 20.72.

Rayon shares depicted a divergent trend. National Rayons lacked buyers and eased from Rs. 547 last week-end to Rs. 545 yesterday, a net loss of Rs. 2 over the week. Indian Rayons eased by Re. 1 to Rs. 98. Baroda Rayons, which had gone down in the past week from Rs. 161 to Rs. 154, declined further on consistent selling to Rs. 149.50, but looked up towards the close to Rs. 153.50 due to some fresh buying. Gwalior Rayons were better by 30 nP at Rs. 55. South India Viscoses finished unchanged at Rs. 192, after being irregular in the course of the week.

Chemical shares met with good support. Indian Dyestuffs advanced by Rs. 13.75 to Rs. 561.25, Poly-Chems hardened by Rs. 5 to Rs. 235. Colour Chems shot up by Rs. 17.50 to Rs. 502.50. Synthetics strengthened by Rs. 5 to Rs. 221. Alembic Chemicals, after last week's spurt, were unchanged at Rs. 275. The directors of the Company have decided to issue one bonus shares for every 10 shares held and four equity rigat shares of Rs. 100 each at a premium of Rs. 30 for every equity and preference share held.

Engineering shares ruled firm. T.E.L.Cos. opened at Rs. 356.50, as against the previous close of Rs. 355, and firmed up to Rs. 363 yesterday before finishing lower at Rs. 361. The net gain over the week was Rs. 6. Alcock Ashdowns advanced by Rs. 5 to Rs. 368. Larsen and Toubros strengthened by 25 nP to Rs. 43.25. Jost's Engineerings hardened by Rs. 3.50 to Rs. 100. New Standard Engineerings rallied by a like amount to Rs. 223.50. Mahindra and Mahindras improved by 64 nP to Rs. 21.88.

Miscellaneous industrials presented a mixed nattern. Bombay Burmahs met with selling and receded from Rs. 651.50 last week-end to Rs. 647.50 on Monday but finished higher at Rs. 650.50 today, showing a net loss over the week of one rupee. West Coast Papers eased by Rs. 2.50 to Rs. 175.50. Premier Tyres lost a like amount to Rs. 152.50. Shivrajpur Syndicates softened by 50 nP to Rs. 42.50. Wimcos, on the other hand, attracted buyers and hardened by Rs. 3 to Rs. 313. Likewise, Anil Hardboards strengthened by Rs. 3.75 to Rs. 240. Hindustan Levers were fully steady at about Rs. 68. Voltas wound up the week Rs. 2 higher at Rs. 304.

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Calcutta Stock Exchange

CALCUTTA, *21st February*

Thanks to a number of bonus and rights issues and to indications of better working of companies resulting from expansion and diversification, activity on the Stock Exchange enlivened during the week under review, though the country-wide elections and the emphasis on socialism in election speeches imparted caution leading to intermittent profit-taking and reducing overall gains. Shortage of funds was acutely felt, and such a phase was expected to continue, as the number of new issues would absorb a good portion of floating funds also. The possibility of increased taxation restrained long-term commitments, and it was apprehended that bonus issues would be a target in the forthcoming budget. That explained for quite a few bonus issues at the present time. Speculation in the newly-listed forward counters led to gains, but Indian Irons tended bearish, in view of the delay in announcing the new retention prices. Cotton mills were in the forefront, in view of better working. Gardens producing quality teas were thought to be working well and that accounted for the selective interest in this section. Miscellaneous industrials advanced and, though institutional support was meagre, shortage of scrips lent support to the steadying influence. Jutes consolidated recent gains, as the view that mills are doing well is widely shared. Coals did not participate in this week's steadiness, thanks to the difficulties facing the industry.

Among cottons, J.Ks, benefiting from replacement buying, hardened from Rs. 20.37 to Rs. 21.37. Elgins, after being fractionally higher at Rs. 26.06, eased to close at Rs. 25.50, that is, 31 nP lower than the opening. Bowreahs eased from Rs. 40 to Rs. 39.62 and Dunbars from Rs. 35.81 to Rs. 35.62.

Coals were neglected. Burrakurs were unchanged at Rs. 17.50, while South Karanpuras hardened from Rs. 7.64 to Rs. 7.69. Pench Valleys recovered from Rs. 15.62 to Rs. 15.94, but Raneegunges at Rs. 15 were fractionally lower.

Jutes mustered support at advancing prices. Anglo-Indias at Rs. 221 recorded a further gain of Rs. 6, while Barnagores after slipping by one point were firm at Rs. 139. Northbrooks were better at Rs. 32.75. Kanknarrahs, after adding two points to Rs. 94, closed at Rs. 93. Ballys forged ahead from Rs. 237 to Rs. 264. Keen interest pushed up New Centrals by Re. 1.12 to Rs. 19.12. A reaction reduced Birlas from Rs. 35 Rs. 34.69. Lansdownes at Rs. 136 recorded a ten-point rise. Aucklands at Rs. 169 scoring Rs. 4.

Among engineerings, sellers of Guest, Keen, Williams turned to their advantage the rumour of a bonus issue which was reflected in the quotation impressively rising to as high as Rs. 45.94 from Rs. 42.56 earlier. Indian Irons opened at Rs. 25.16 and rose to Rs. 25.56. Texmacos, under speculative impetus, put on a handsome gain at Rs. 21.30. Burns were better at Rs. 560. Considered interest picked Jessops from Rs. 23.22 to Rs. 23.69, but profit-taking soon reduced the gain to Rs. 23.94.

Paper mills received better attention. Titaghurs were fully steady at Rs. 43.31, following the proposal to issue to existing shareholders one bonus share for every two held and two right shares for every three shares at a premium of Rs. 5 per share. Orients, after rising from Rs. 41.30 to Rs. 42.50, closed firm at Rs. 42.15.

Among teas, Huldibaris, following the news of official sanction for a bonus issue, were firm at Rs. 32. New Dooars were unchanged at Rs. 286. Bagamaris were pushed up from Rs. 20.87 to Rs. 21.12 and Hasimaras from Rs. 32.12 to Rs. 32.94. Jutlibaris, however, were lowered from Rs. 34.06 to Rs. 32.

Among miscellaneous shares, keen interest pushed up Orissa Cements which were taken at Rs. 19.62, as against Rs. 18.56 earlier, while Kesoram Industries shed from Rs. 35.56 to Rs. 34.87, on profit-taking. Following dividend of Rs. 2.75 a share, Martin Burns were as high as Rs. 34.75, as against Rs. 32.75 earlier, while profit-taking in East Anglia Plastics reduced the recent gain and brought the rate down to Rs. 30.87. Dunlop Rubbers were steady at Rs. 43.44, as the proposed rights issue was thought to be on the heralding. Interested buying lifted National Insulated Cables from Rs. 38 to Rs. 44.50. The company has sought official permission for capitalising Rs. 45 lakhs from the general reserve of Rs. 90 lakhs and issuing bonus shares to existing shareholders in the ratio of one new share for every two shares.

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Madras Stock Exchange

MADRAS, *21st February*

Barring textiles which tended to move up on investment support, equities on the Stock Exchange ruled dull during the week under review. Operators were not inclined to extend their commitments either way, in view of the General Elections. There were no encouraging developments of import to the market this week. The Prime Minister's caustic observations regarding expansion of public sector and the role of stock exchanges adversely affected the sentiment of the market. Tea shares lacked support, notwithstanding reports of higher prices at auction centres. In sympathy, rubbers and coffees were quite. Sugars encountered selling, in view of the persistently low level of sugar prices. Activities in the miscellaneous section was considerably restricted, only shares of well-known companies eliciting some enquiries.

Textiles, as stated at the outset tended to move up on hopes that the financial results of many mills for the year 1961 would show an improvement. Vasants spurted by Rs. 13 to Rs. 310. Vijaylakshmis picked up Rs. 3 to Rs. 110. Lakshmis gathered a like amount to Rs. 117. Buckinghams were done at Rs. 262, as against Rs. 259, and Cannanores at Rs. 172, as against Rs. 168. Rayalaseemas hardened by Rs. 2 to Rs. 165. Coimbatore Spinnings rose by a like amount to Rs. 83. Loyals gained 60 nP to Rs. 49, Pankajas 50 nP to Rs. 93.50 and Cauvery Spinnings 25 nP to Rs. 16.75.

Among sugars, Jaypurs declined by 45 nP to Rs. 14.50. Deccans and Indias shed 10 nP each to Rs. 9.90 and Rs. 10.40, respectively. Andhras were dull at Rs. 22.90, as also Kirlampudis at Rs. 71, K.C.Ps at Rs. 22.95 *ex-div.*, Travancores at Rs. 8 and Kotharis at Rs. 7.90.

In the planting section, Highlands dropped 35 nP to Rs. 13.40. Parksides fell by a rupee to Rs. 24. United Nilgiris receded by 88 nP to Rs. 21.62. Coonoors were done at Rs. 25, as against Rs. 26 last week-end. Kallas lost 5 nP to Rs. 5.30. Waterfalls shed a like amount to Rs. 2.45. Valkundams were neglected at Rs. 13.12, Rajagiris at Rs. 18.94, Nonsuchs at Rs. 23.50, Malankaras at Rs. 16.90, Kalpettas at Rs. 12.10 and Devasholas at Rs. 30.30. Balanoors, however, met with special support and rose by Re. 1.25 to Rs. 13.75. Kumergodes were also well fancied and improved by 20 nP to Rs. 4.50. Midlands put on 10 nP to Rs. 11 and Twyfords 5 nP to Rs. 10.80.

In the miscellaneous section, Hindustan Levers attracted good attention of operators and strengthened by Rs. 8.75 to Rs. 68. Western India Plywoods spurted by Rs. 5 to Rs. 215. Orissa Chemicals rose by 85 nP to Rs. 19.10. Travancores gathered 25 nP to Rs. 18.50. Andhra Cements picked up 10 nP to Rs. 9.50. Mysore Papers came in for selling and declined by 75 nP to Rs. 14.25. Loyals eased by 30 nP to Rs. 30.87. Spencers dropped 15 nP to Rs. 23.25. Rallis were dull at Re. 1.52, as were Standard Motors at Rs. 16.60, Textools at Rs. 189, Tube Investments at Rs. 282, Madras Cements at Rs. 91, F.A.C.Ts at Rs. 8.35 and Binnys at Rs. 310.

(Concluded from previous page)

in the Coffee Federation of America (that is, all the Latin American coffee-producing nations with the exception of Brazil and Colombia), it is said, will be at liberty to join the scheme at a later date. It may be noted here that the Federation members export approximately eight million bags of coffee annually, of which Mexico and the other five Central American countries account for 70 per cent.

The U.S. Government officials, however, do not appear to be optimistic regarding the operation of the regional coffee plan, for it is felt that the effectiveness of the Seasonal Fund will be limited by the fact that its support of the market will be only for short periods. In their opinion, a more lasting stability in the world coffee market cannot be achieved except through a long-term agreement. At any rate, the U.S. officials maintain that it is necessary to fulfil certain other requisites and that the Federation countries should agree to (1) try to obviate production surpluses by abstaining from planting new coffee trees, (2) make every effort to persuade exporters to observe the export quotas assigned to them, and (3) levy production taxes as a means of discouraging expansion of coffee output.

So far as India is concerned, the benefits that will accrue from its joining the International Coffee Agreement are not obvious. The country, however, must keep a close watch over the developments in the world and make sure that no new discriminatory arrangements are concluded in the name of stabilising the price of this beverage. After all, it must be remembered that India has to depend on commodities like coffee for earning the badly needed foreign exchange. While India cannot be a party to any move which tends to encroach upon its right to regulate its coffee production which, by world standards, is still small, it will doubtless be ready to co-operate in efforts designed to bring about higher world consumption of coffee.

NEWS IN BRIEF

THE "lame duck" session, the last and concluding session of the present Lok Sabha, will commence from 12th March next.

The State Bank of India opened its second branch in Goa on the 14th inst. at Vasco da Gama, the first one having been opened at Panjim in January last.

Owing to the constructional defects of the Bhakra-Nangal project a loss of Rs. 188.12 lakhs has been incurred since its inception, according to the latest work audit report on the project.

The Union Government has reconstituted the Development Council for Art Silk Industry, with Mr. A. R. Ramanathan, Chairman, Travancore Rayons Ltd., Madras, as the Chairman. The tenure of the Council is for a period of two years.

The State Government of Punjab has decided to set up a modern co-operative tea factory at a cost of Rs. 5 lakhs, near Baijnath, Kanga district, during the next financial year. Tenders for the purchase of plant and erection of the factory have already been invited.

Tools manufactured by the State-owned Hindustan Machine Tools are expected to be exported to the U.S., according to Mr. K. C. Reddy, Union Minister for Commerce and Industry. A sales agency is being established in the U.S. for this purpose.

A 7-mile, 14.33-million-ton graphite belt has been located by the Geological Survey of India at Uritehsil, Kashmir. The graphite is likely to provide raw material for the manufacture of paint, varnishes and pencils. The reserves have been calculated upto a depth of 100 feet with an average fixed carbon content of 10.06 per cent.

The total area under rubber in India at the end of 1960 is placed at 321,002 acres. Of this, Kerala accounts for 95 per cent, that is, 303,021 acres, Madras 13,610 acres, Mysore 3,949 acres and the territory of Andamans 422 acres. The production of natural rubber has increased from 17,422 tonnes in 1951 to 25,192 tonnes in 1960.

The Eagle Vacuum Bottle Manufacturing Company will be setting up a glass plant, in the near future, at a cost of Rs. 5 lakhs in Thana, in collaboration with the Eagle Company of Japan. The factory will manufacture glass shells for refills for vacuum flasks as well as pressed, blown and decorated glassware. The plant is expected to go into production towards the end of this year.

A survey of paint industry, for ascertaining the unit production cost of each class of manufacture is to be undertaken by the Government of India. Such a survey, it is claimed, will be useful to those whose unit production cost is higher to regulate the cost of production and to eliminate wastage. The survey is expected to be undertaken either by Technical Co-operation Mission (T.C.M.) experts or by the personnel of the National Productivity Council.

The Government of India has decided to offer some export incentives from April next. Accordingly, in a circular to trade bodies, it has advised the exporters to enrol themselves under the incentives scheme. Those exporters who are not entitled under the scheme before 31st March will not be entitled to the incentives. The circular does not, however, specify the nature of incentives to be offered.

The Maharashtra State Warehousing Corporation is expected to open 10 warehouses during the next financial year. The Corporation at present has 40 warehouses. All the warehouses have been opened in hired accommodation to begin with, but the Corporation has also undertaken construction of new buildings to replace the hired accommodation. New warehouses have already been completed at Dhulia, Dondaiche, Amalner and Karad. The new warehouse at Karad also provides for storage of *gur*. Construction is now under way at Vijapur, Nandurbar, Barsi and Nanded.

With the increase in the total employment offered by foreign firms between 1954 and 1961, the number of Indian officers, as also their percentage, has been increasing every year. Their number rose from 3,455 in 1954 to 10,229 in 1961, while the percentage of officers increased from 33.0 to 70.1 in the same period. In contrast to this increase, the number of non-Indians has been on the decline since 1954 and stood at 4,364 in 1961 as against 7,008 in 1954, their percentage in the total employment being reduced from 67.0 to 29.90.

Twenty-four tank wagons of Ankleshwar crude, the first shipment of indigenous crude to Stanvac refinery, have arrived at the refinery site. With the unloading of the cargo from Ankleshwar, Stanvac refinery commissioned into service its newly installed facilities to discharge the crude from the tank wagons, to pump it into the storage tanks, and to feed it into the processing unit. When the full quota of Ankleshwar crude starts coming, the Stanvac refinery will be processing approximately 5,000 tons of Persian Gulf crude and 600 tons of Ankleshwar crude every day. The total saving of foreign exchange on account of processing Ankleshwar crude at the Stanvac refinery will be Rs. 1.35 crore per year, as the crude imports from the Persian Gulf will be reduced to that extent. The present agreement for processing Ankleshwar crude will be in effect for 2½ years from 16th February 1962.

An industrial licence for manufacturing 19,800 tons per annum of all types of silico-manganese alloy steels has been granted to Messrs. Gangadhar Baijnath of Kanpur who control the Bagla Group of industries. The factory will be located at Kanpur where a suitable land is under acquisition. The U.P. Government has agreed to meet the requirements of electric energy estimated to be 10,000 K.V.A. Negotiations for financial and technical collaboration with a leading alloy steel manufacturer on the Continent are nearing the final stages. The collaborators will supply the plant and machinery, erect the plant, supply technical know-how for the next five years including training of Indian technicians in their works. The project is estimated to cost Rs. 2½ crores and will be the largest alloy steel plant in northern India in the private sector. A public limited company will be floated to undertake the project and shares will be offered to the public in the near future.

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From Abroad

The Government of Jordan has lifted all restrictions on imports of cars, radios and gramophone pick-ups, recorders, refrigerators, cheese, canned foods and certain other goods.

The uranium and radium mines at Urgeirica in Northern Portugal, which have been exploited by an all-British company since 1950, will be handed over to the Portuguese Nuclear Energy Board next month.

An official decree issued by the Government of Poland provides for a tighter wage policy, including cuts in overtime and factory bonuses for some 7.5 million workers. Further, with effect from April next, the wage increases will be linked directly to higher output.

The European Investment Bank has announced its second public issue, the first having been issued in the Netherlands market in July last. The issue amounts to 15,000 million Italian lire, in the form of 15-year 5 per cent bonds for public subscription at par, redeemable at par in 1977. Coupons and bonds due will be payable in Italian lire, or at the request of the member-banks of the syndicate for account bearers, in currencies of other member-countries at the official middle rate of exchange.

The Government of South Korea has approved for the first time of private foreign investment in the development of gold, silver and copper fields. The International Consolidated Mining Company of New York will invest one million dollars through a Korean Mining Company this year primarily to mine gold. The Government has stipulated a condition that the refining must be done within South Korea and that only Koreans must hold the mining rights.

PERSONAL

MR. M. P. Mathur, India's Ambassador to Czechoslovakia, has presented his credentials to President Novotny.

Lord Bicester, Mr. Geoffrey C. R. Eley and Sir Alfred Roberts have been reappointed Directors of the Bank of England for four years with effect from 1st March next.

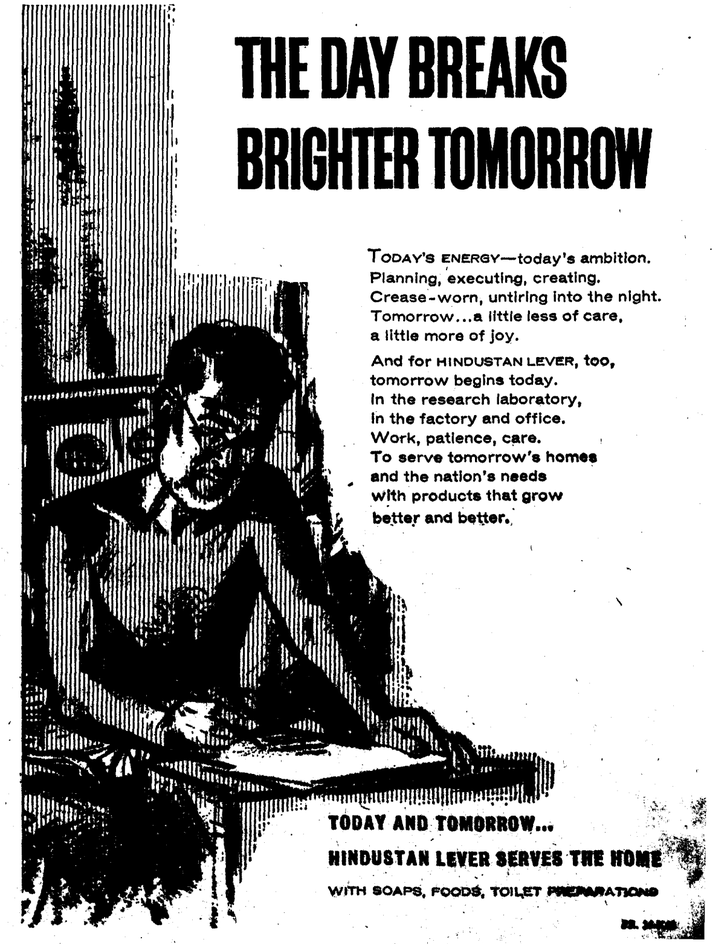
Mr. William H. Weathersby, Director of the U.S. Information Service in India, arrived in Bombay on the 18th inst. from New Delhi for a three-day visit.

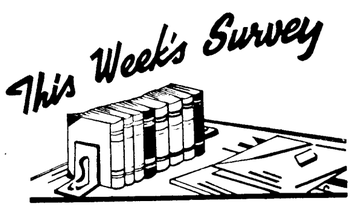
Mr. P. J. Engineer and Mr. G. D. Modi have been elected President and Vice-President, respectively, of the Association of Merchants and Manufacturers of Textile Stores and Machinery, India, for the year 1962.

Messrs. H. R. Nevatia, Vithaldas Rathi and B. P. Maheshwari, have been elected President, Senior Vice-President and Junior Vice-President, respectively, of the Nag-Vidarbha Chamber of Commerce, Nagpur, for the year 1962.

Mr. H. Mackay Tallack and Mr. A. R. Foster have been elected President and Vice-President, respectively, of the Bengal Chamber of Commerce and Industry for the year 1962-63. Messrs. F. A. Collett, J. W. Easson, J. V. Jardine Patterson, H. K. S. Lindsay, A. I. Murison, A. D. Ogilvie, D. C. B. Pilkington, S. M. Smith and I. G. Thomson have been elected as members to the Committee of the Chamber.

Kuwait will soon have a petro-chemicals industry. A new company, known as the Kuwait Petrochemical Company, has been established with a capital of £16 million, of which 40 per cent has been subscribed by the Kuwait Government, 40 per cent by de Nora Associates, and the balance of 20 per cent by the Kuwait National Petroleum Company, and the public. It is proposed to install at Shaiber, near the oil port of Ahmadi, a plant which will use such basic raw materials as natural gas and salt. The main products to be manufactured are urea, polyvinylchloride, caustic soda and chlorine derivatives. In future, it has plans to produce methanol, ammonium nitrate, acetic acid, carbon black, formaldehyde and chloroparaffins. As Kuwait will absorb only a small quantity of these products, the bulk of the production will be exported, the main market being in the Far East and Africa.





EASTERN INDIA'S PRESSING NEEDS

THERE is a growing doubt whether Eastern India will be able to maintain the rate of industrial growth which it has been able to record in the last decade. In raising this doubt in his presidential speech at the annual general meeting of the Bengal Chamber of Commerce held at Calcutta on the 16th inst., Mr. N. Stenhouse had before him a picture of bottlenecks pertaining to power, coal, transport and raw materials. The picture presented by him was by no means overdrawn, for these bottlenecks have persisted for more than a year now and threaten to continue into the immediate future. In the first place, according to Mr. Stenhouse, the existing supplies of electric power are uncertain in West Bengal and Bihar, in general, and in the Calcutta industrial area, in particular. Even now, mills and factories in the Calcutta area have to work staggered holidays—a form of rationing. More stringent rationing of power might again become inevitable in the current year as well as in the next, for demand from both existing and new customers for power would be continuously in excess of supplies and it would be some years before the proposed increases in the D.V.C.'s generating capacity and in that of other power stations in the area flowed along the power lines to industry.

There is, next, the acute problem of transport in respect of coal movement in the area. Here it is not only a question of physical difficulties faced by local consumers who have to take coal by bad and overcrowded roads upto 150 miles. But it is also a question of increased cost by way of the additional cess levied on all coal leaving the collieries for the purpose of subsidising the transport of coal by sea to Southern and Western India and by way of the higher road haulage charges which are often 2½ to 3 times the rail freight rates. Mr. Stenhouse is wholly justified in the case he has advanced for a subsidy for road-borne coal. But it is doubtful whether his plea for freeing such coal from the payment of the freight subsidy levy has equal justification. By far the fairest compromise would be to subsidise road transport of coal too, till such time as the railways are in a position to move more coal.

Mr. Stenhouse's reference to the difficult problem of obtaining wagon space in any reasonable period of time for the movement of other commodities into and from the Calcutta industrial area is quite pertinent. Here, too, the official tendency is to sacrifice the vital interests of industries in this area "at the altar of administrative emergency." How shortsighted such an approach is will be evident from the following passage from Mr. Stenhouse's speech:

"In a situation such as we find ourselves, there is a strong tendency for the interests of the 'haves' to be sacrificed for the sake of the 'have-nots.' Egalitarianism may have its place in politics and social economy but, in my view, it is fatal to try to ignore differential regional, natural and physical advantages. That is probably accepted by all as good long-term economics, but the danger of the present situation is that stop-gap short-term remedies are being imposed which will, in the long-term, seriously harm the interests of Eastern India, particularly of Greater Calcutta. For, in the long-term, to try to maintain high-cost producers in areas where industry is not naturally favoured merely means, in national terms, less efficient utilisation of our natural resources than could be otherwise achieved."

The locational advantages of industries in Eastern India would need to be fully used for another reason too. This is the need for maintaining, and even expanding, the *relatively* low-cost exports from Eastern India through the Calcutta port which has traditionally been the largest Indian exporting centre. But here, again, there is a serious bottleneck. This pertains to the deteriorating conditions in the river Hooghly which is Calcutta port's outlet to the sea. While generous financial assistance has been promised for the investigation of the river's capricious points and for the planning of the subsidiary port at Haldia, implementation of all the related projects, including the **Farakka** barrage, does not seem to be quite fast and energetic. There is still insufficient recognition of the fact that Calcutta and its outlets to the sea are a national heritage and that the works required to maintain and improve them should be regarded as such. A sense of urgency is called for, in this connection, if Calcutta is not to be regarded by shipping lines as one of the most expensive ports in this part of the world and if more exports of jute goods, tea and engineering goods are to be effected and more coal is to be transported by sea to Southern and Western India. There can, therefore, be no two opinions on the strong plea made by Mr. Stenhouse for greatly increasing the efficiency and serviceability of the Calcutta port as a matter of high priority.

JAYANTI SHIPPING COMPANY

Registered in February 1961 as a private limited company, the Jayanti Shipping Company has made its debut in the private sector of Indian shipping in a daring and enterprising manner. Its purchase of a 20,000-ton Norwegian tanker and its initial order with a Japanese shipbuilding company for the construction of two ships on deferred payment terms have come in for a lot of critical attention and scrutiny in recent months in shipping circles. The negotiations of this Company with the statutory Shipping Development Fund Committee for a big loan have also been reported in the Press off and on and followed with not a little anxiety by the spokesmen of some older shipping concerns in the private sector. But there is no longer any need for speculation over the so-called "mysterious" doings of the controversial newcomer in the shipping field, for the Government has just published all the relevant provisions of a loan agreement, signed on the 18th instant, between the Shipping Development Fund Committee and the Company.

Under this agreement, the Shipping Development Fund Committee has agreed to advance a loan of Rs. 20.25 crores to the Jayanti Shipping Company for the acquisition, before the end of 1964, of about 13 new cargo ships aggregating 200,000 g.r.t. The loan is equivalent to 90 per cent of the cost of acquisition of the 13 ships on deferred payment terms. The terms and conditions laid down in the loan agreement are as follows:

(1) The Company should raise its paid-up equity capital to Rs. 1.5 crore before it can become eligible for any portion of the loan. Thereafter, the Company will have to build up its equity capital progressively upto Rs. 5 crores as further instalments of the loan fall due. A debt-equity ratio of 4 : 1 is to be always maintained by the Company.

(2) The Company should convert itself into a public limited company within a period of one year from the date of the signing of the loan agreement or immediately before the first instalment of the loan is due for payment, whichever is earlier.

(3) The entire loan amount will be secured by first mortgage of all the ships to be built and will be repayable in 18 years commencing from the date of receipt of the first instalment of the loan. The State Bank of India will issue a guarantee to the shipyards concerned in respect of the payment of 90 per cent of the price of the ships in eight annual instalments.

(4) The effective rate of interest for the entire loan of Rs. 20.25 crores will be at the rate of 3 per cent per annum.

(5) A nominee of the Committee will function on the Board of Directors of the Company for the entire duration of the loan. The Company is to comply with Section 21 of the Indian Merchant Shipping Act 1958 in regard to the quantum of foreign participation in equity capital and the composition of the Board of Directors. In addition, the Chairman or the Managing Director is to be a resident Indian national.

(6) All the ships should be manned by Indian crew from the beginning.

The above terms and conditions governing the loan are *prima facie* strict, if not very stringent, in every respect. The debt-equity ratio of 4 : 1 may seem to be unduly generous to the Company. But this is neither unusual nor unreasonable for a shipping company of a country which has still a lot of leeway to make up to attain its rightful place in world shipping. Further, it must be remembered here that the lending agency's position is fully safeguarded by the provision that it will have the first charge on all the 13 ships to be acquired by the Company. In view of the provision for the State Bank's guarantee to the shipyards concerned, there is no question of the latter having the first charge on the ships. Incidentally, a noteworthy feature of the order for eight bulk carriers placed by the Company on the Mitsubishi Shipyard in Japan is that no payment in respect of a ship is to be made to the Shipyard until the ship is delivered; the first payment is 10 per cent of the price of the ship and, when this payment is made, the ship will be in a position to earn or save foreign exchange to the country.

The concessional rate of interest is no different from what the Government has fixed in respect of all loans granted by the Shipping Development Fund Committee for acquisition of ships by any company. The condition that the Company should convert itself into a public limited company within a specified period is most salutary. If, in the context of the massive State support given to the Company, it attracts more equity capital, it will not be surprising. The debt-equity ratio may then be actually more favourable from the point of view of the lending agency. The foreign participation visualised by the Company will be subject to the regulatory provisions of the Indian Merchant Shipping Act. It may, therefore, be validly presumed that it will not be repugnant to the national character of the Company; if anything, it may do good by bringing in some fresh enterprise and technical knowledge in the field of tramping in which the Company, with its proposed fleet of five tramp ships, will be partly operating. The provision regarding employment of Indian crew is also good, for as many as 700 seamen of various ranks will be absorbed by the Company. Since the Government has laid down the terms in a pretty strict manner and the statutory Shipping Development Fund Committee is within its rights in granting the loan without consulting any other body or agency, it may be a wise thing for the private sector of shipping to welcome the new company at least on the ground that, by adding eight bulk carriers and five tramp ships, it will be making a significant contribution to the growth of Indian mercantile marine, besides imparting a certain amount of balance to the fleet. It is, indeed, gratifying to find that, instead of entrusting more responsibilities to its own Shipping Corporation, which it could have done had it so desired, the Government has given one more opportunity to the private sector. This is a welcome addition to the very few recent instances of pragmatism in the implementation of the Government's economic policies.

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WORLD RICE SITUATION

Out of every hundred tons of rice produced in the free world, the share of India alone comes to as much as 32 tons. The actual output of rice (milled) in India during 1960-61 is estimated at nearly 34 million tons, as against the aggregate free world production of 107 million tons. Indeed, India is the second largest producer of rice in the whole world, next only to Mainland China. But it consumes all the rice it produces, leaving nothing for export. In this respect, it is unlike other countries in South-East Asia, especially Burma, Thailand and South Viet Nam, the rice economy of which is predominantly export-oriented. Indeed, India has been an importer of rice in recent years, as its production has been insufficient to cope with the needs of its rapidly expanding population. Accordingly, India is not isolated from the trends in world markets and is naturally awaiting the outcome of the sixth annual meeting of the F.A.O. Consultative Sub-committee on Rice now in session at Rangoon. The deliberations of the meeting will certainly provide a clear picture regarding the current world situation, the outlook for trade in the rest of the 1960s and the methods of reducing instability in world rice trade.

Among some of the documents prepared for the Rangoon meeting by the F.A.O. Secretariat is a special study which makes certain interesting statistical projections in regard to the pattern of world rice economy in the next four years. These projections point to the possibility of a comfortable supply position. The free world production of rice by 1965 is expected to be higher by 25 per cent over the average for 1956-59, whereas actual demand is likely to increase by 21 per cent. The total output of milled rice in 1965 is estimated at 106 million tons (157 million tons in terms of paddy), as against the average annual harvest of 85 million tons (126 million tons of paddy) during the years 1957-58 and 1958-59, and consumption at 104 million tons, as against 85 million tons.

The anticipated rise in rice production, we are told, will accrue largely from an improvement (of as much as 16 per cent) in the yield per hectare and partly also from an increase (of 7 per cent) in acreage. This means a rate of rise in paddy production of 3.5 per cent per year, almost double the average rate of increase in the five years preceding 1957. Such a rate of increase, according to F.A.O., "will be well ahead of the expected world population growth of about 2 per cent annually." Within the global increase, production in the Far East is expected to rise by 25 per cent or four million tons of paddy per year, the total output by 1965 being put at 130 million tons of paddy. The percentage increase in output elsewhere is placed at 23 for Near East, 20 for Africa and 30 for Latin America.

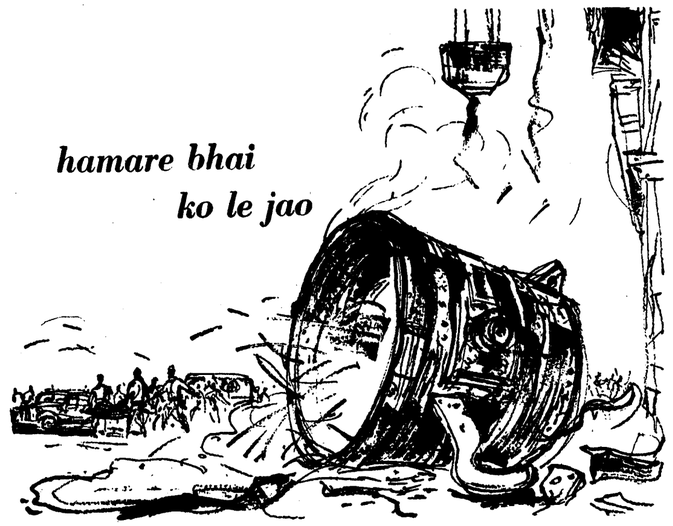
Examining the prospects from the consumption angle, the F.A.O. study refers to the several factors that affect demand, namely, population, incomes, prices, competition from other food crops, marketing and distribution arrangements, and use of rice for animal feed and such industrial purposes as making starch and beer. The population increase is assumed to be largely in accordance with the estimates made by the U.N. and its regional commissions as modified by the results of recent censuses. For instance, the actual rate of increase in recent years or as planned by individual countries has been taken into account. The retail prices in real terms and the price of rice relative to competing foods like wheat are assumed to be the same as in the base period 1957-59. The marketing policies followed by Governments and the preference of people for rice are also assumed to remain unchanged.

It is, however, somewhat doubtful whether these assumptions are justified, what with the recent changes in prices and marketing policies in some of the countries. One such change pertains to the extension of the European Common Market dispositions to agricultural products. Drawing attention to this extension, the delegates of South Asian rice producing countries to the Rangoon meeting have expressed fears that it may harm their sales of rice to the West European centres (mainly Holland and West Germany) which together buy about 5 per cent of the world total rice sales. It is apprehended that Italy may become the exclusive supplier of rice to the countries within the framework of the Common Market. Indeed, the delegates have urged that recommendations be made in the F.A.O. report to be drawn up at the meeting to avoid such a danger.

Be that as it may, the analysis of the demand potential for rice in the different regions, as made by the F.A.O., shows that the actual extent of the rise in requirements in 1965, as compared with 1957-59, will be of the order of 25 per cent in Latin America, 21 per cent in the Far East, 20 per cent in Africa and the Near East, and 10 per cent in West Europe and North America. The net increase in rice consumption in 1965 over 1957-59 is estimated at 18 million tons in terms of milled rice (computed on the basis of an average increase of 2.8 per cent per annum), the rise in population accounting for 13 million tons and rising incomes for 5 million tons. An interesting conclusion arrived at in the F.A.O. study is that rising incomes do not appear to make much difference to rice consumption in exporting countries, since the *per capita* consumption in most of these countries is already fairly high. It is not surprising that the share of these countries in the total net rise of 18 million tons in the consumption of rice is put at no more than 4 million tons, whereas the importing countries are expected to consume 14 million tons more in 1965 than in 1957-59. If these estimates turn out to be correct, the countries with a surplus of rice will be able to fare better in their plans for economic development.

COTTON PRODUCTION DILEMMA

The dominant theme of the brief but stimulating speech delivered by Mr. Madanmohan R. Ruia, President of the East India Cotton Association, at the fortieth annual meeting of the Association held in the City on Monday, was the recurring crisis of cotton shortage and the measures to deal with it. He observed that, considering the sharp fall in production during the season from 5.4 million bales last year to as low as 4.3 million bales and the upward trend of consumption, estimated to aggregate 5.5 to 5.7 million bales



It happened some years ago in the steel melting shops at the Jamshedpur works. A large ladle, carrying 75 tons of molten iron, suddenly crashed to the ground with a deafening noise from an overhead crane. The spattering sparks and red-hot metal seriously injured a number of brick-layers working at what seemed to be a safe distance. The air was rent with the frenzied shouts of the men and the hissing of steam.

The first ambulance could remove only five of the injured to the hospital. General Manager Keenan could take only three more in his car. He chose the three who had a better chance of survival than the rest. One of these men, a Hindu worker, however, refused to go. "Do not take me away", he said. Disregarding his own agony, he feebly nodded towards a half-burnt Muslim colleague, and said: "*Hamare bhai ko le jao.*" As Keenan recalls, "The Hindu who was in pain and danger of death remembered, not that the Mohammedan was of a different faith, but that he was his brother."

This feeling of comradeship, born of the common bond of labour, is the spirit that characterises Jamshedpur, where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR
THE STEEL CITY

The Tata Iron and Steel Company Limited

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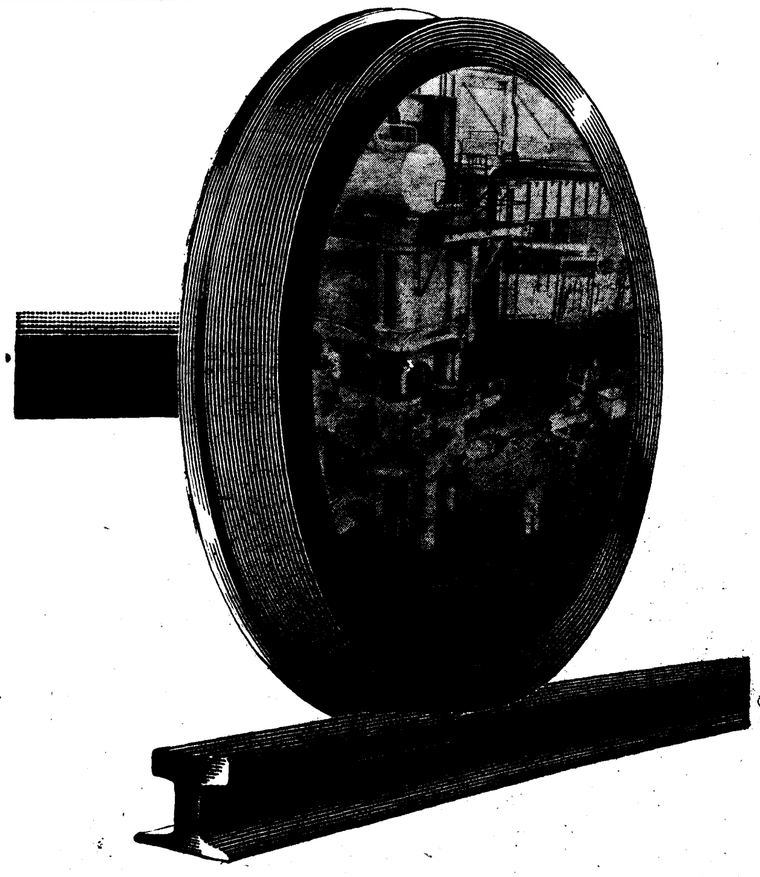
during the season, heavy inroads would be made into the carryover stocks to a level which would be precariously small at the end of the season. More imports of foreign cotton than has been bargained for are obviously the best solution in the present circumstances. But Mr. Ruia recognised the difficulties in the way of imports, including scarcity of foreign exchange. This state of affairs inevitably led him to the conclusion that the country was in the midst of a crisis and the position, to quote Mr. Ruia, was "alarming." He, however, appealed to the trade and cotton textile industry to co-operate with the authorities who were doing their best to ensure an equitable distribution of the available supplies in a manner that would not lead to an increase in the price of cloth.

The long-term solution to the problem of cotton shortage, as also to all the ills of the cotton trade, also figured in Mr. Ruia's speech. He said the solution lay in stepping up the domestic production of cotton. None can disagree with both Mr. Ruia's diagnosis and prescription. But how to bring about the increase in production is the real problem. This could be done, according to Mr. Ruia, (1) by giving farmers a price incentive and (2) by helping them to increase the yield per acre. While we agree with what he said on the yield per acre, it is the way in which he seeks to apply the solution that is open to objection. He continues to maintain that it is the lack of price incentives that has been responsible for cotton production not keeping pace with demand. We do not think that failure of cotton production to come up to expectation is due to any defects in the ceiling prices of cotton; it is, on the other hand due to adverse weather and the failure of the Government, Central or State, to place the wherewithal of production such as better seed, irrigation, more fertilisers, etc., in adequate quantities, at the disposal of farmers. Unless, therefore, energies are bent more vigorously in this direction, price incentives, however attractive, will not produce the desired result. That price is not the decisive factor in cotton production is evident from the fact, which Mr. Ruia himself recognises, that, in spite of wide fluctuations in prices, the acreage sown to cotton has remained practically unchanged for many years. This indicates that every year the farmer has been sowing more or less the same area to cotton, irrespective of price. This, however, does not necessarily mean that prices in a particular season do not influence the acreage devoted to the crop in the following year. But far more than price, it is the other factors that influence production and price adjustments should not, therefore, be given priority over other measures as a means of increasing production. A straight increase in the maximum price of cotton will only bring more area under this crop to the detriment of other crops. Surely, India has far more acreage under cotton than it can afford. To aggravate this evil would be foolish.

The more urgent need is to increase the yield per acre which, as Mr. Ruia rightly pointed out, is one of the lowest in the world, being only 93 lbs. per acre (on an average for the country as a whole), as against 231 lbs. in Pakistan, 267 lbs. in Sudan, 446 lbs. in the U.S., 542 lbs. in Egypt and 604 lbs. in the U.S.S.R. Mr. Ruia put forward three suggestions to increase production: (1) Government should put in some extra effort to help farmers to increase production; (2) cotton should be included in the "package plan" for agriculture, so that supplies of fertilisers, pesticides, etc., could be adequately provided; and (3) priority should be given to production of cotton in new areas brought under irrigation. While wholeheartedly supporting these suggestions of Mr. Ruia, we would like to throw one of our own. Neither Mr. Ruia's Association, which is the premier organisation of cotton traders in the country, nor the Cotton Buyers' Association, of which also Mr. Ruia is the President, or even the Indian Cotton Mills' Federation representing the millowners, whose fortunes are intimately bound up with that of cotton, has, to our knowledge, taken the initiative to demonstrate to the farmers and to the Government that yield per acre of cotton could be improved if better seeds, more fertilisers, and better cultural practices were adopted. The Indian Jute Mills' Association proposes to do this in respect of jute. Why not cotton interests too do likewise? Surely, example is better than precept.



Wheels for the Railways

The Wheel and Axle Plant at the Durgapur Steelworks is now ready to go into operation. Initially, the plant will manufacture a total of 45,000 wheel sets per year, including broad and metre gauge, for the Indian Railways. The ultimate rated capacity of the plant is 75,000 wheel sets and 8,000 spare axles per year.

With the erection of the Wheel and Axle Plant, the Durgapur Steel Works Project is now complete and stands as a lasting tribute to Indo-British collaboration.

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BRITISH COMPANIES WORKING FOR INDIA

ECONOMIC OUTLOOK FOR U.K. OPTIMISTIC

EQUILIBRIUM IN BALANCE OF PAYMENTS

(From Our Own Correspondent)

LONDON, *17th February*

LONDON LETTER

THE principal City feature these days is the strength of the pound sterling which even the poor January trade returns could not upset. A part of the strength stems from the stubbornness of the Bank of England in maintaining high interest rates and the well-known grip which the Bank and the Chancellor of the Exchequer between them have managed to impose on the banking system to keep credit tight. Even the protagonists of devaluation are obliged to conduct their propaganda in the background in the face of this strong dose of old-fashion probity.

In other circumstances, the rigidity of this financial policy would be leading the country into recession but such is the innate buoyancy of the economy that, in spite of it, the production trends are favourable. Admittedly, if one simply looks at the current industrial production figures, there is no consolation. Equally, it seems dismal to record that, in the last three months—November-January—(but eliminating seasonal variations), exports from the U.K. were 3 per cent less than in the previous three months and 2 per cent less than the 1961 average. Particularly dismal when, on the same basis, imports were only one per cent less than in the previous three months as well as than in 1961 as a whole. Yet the sentiment is towards a coming improvement.

Balance of Payments

After all, 1961 has probably finished with the balance of payments in equilibrium. The monthly average of imports (c.i.f.) was £366½ million, which, converted to (f.o.b.), is about £326½ million. Exports and re-exports were £320 million. On visible trade account, there was thus a deficit of between £5 and £10 million which could—although this is not certain—have been made up by a favourable balance on the invisibles. January 1962, however, seems to have started off badly, with imports on an f.o.b. basis (and eliminating seasonal variations) of around £338 million and exports around £312 million. But one month is too short a period on which to form a judgment.

Yet there is no doubt that industry is optimistic. The Federation of British Industries has just completed one of its quarterly inquiries. As regards the past, the experience of individual firms simply supports the overall statistics, that is, falling production, firms working below capacity, less difficulty in obtaining labour, a decline in planned investment and a running down of stocks and a rise in costs. As regards the immediate future, under the factory roofs, a new scale of values has been evolved, the scale of pessimism! Before long, we shall no doubt be having index figures taking the degree of pessimism in January as zero! For this is how the City Editor of the *The Times* analyses the position. "Although industry is on balance less optimistic than four months ago, the increase in *pessimism* appears to be rather less." If this can be regarded as a bull point, it is hardly a strong bull.

Improvement Slow

The significance of the F.B.I. inquiry lies fortunately in the assessment of a number of firms who expect, as a result of inquiries, (*a*) that total orders and output will increase, and (*b*) that current and prospective exports *are* increasing.

The improvement is not coming too soon. In the last two years, Britain's strength of balance of payments has been determined not by her exports but by her imports. In 1960, exports which began at a peak of about £300 million per month, first declined and then rose, towards the end of the year, to beat slightly the figures at the commencement. And yet 1960 showed a heavy deterioration in the balance of payments, because imports rose strongly throughout the year until the late autumn. In 1961, the trend of exports has bumped along the same level more or less throughout the year, with a slight declining tendency. And yet the balance of payments has strengthened, because imports have fallen drastically, though the trend is now beginning to rise once more. But one cannot run an economy on declining imports; the movement of exports is critical and the economic success of 1962 will depend upon whether industry's present forecasts of improvements are realised.

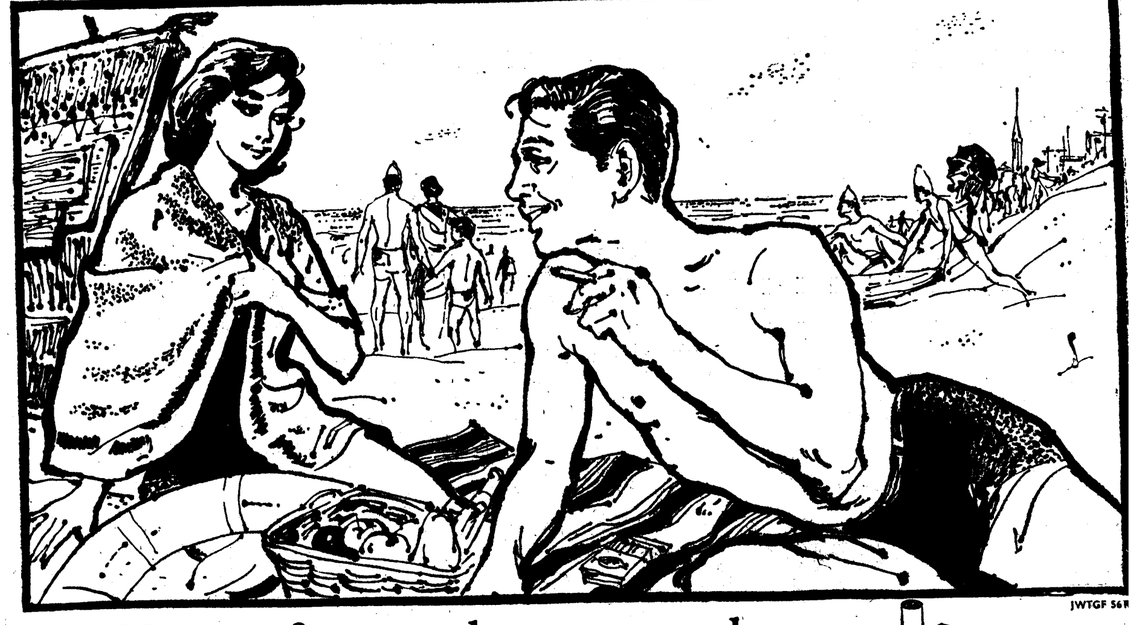
* * * *

Indian Steelmen Complete Their Training

Sixteen Indian steelmen left Britain to return home this week, following the completion of their nine-month's training with British firms. They are members of the thirteenth group of engineers and senior technicians from the Durgapur Steelworks in India who had come to Britain for training under the Technical Co-operation Scheme of the Colombo Plan. The Department of Technical Co-operation in the U.K. has so far supervised a programme of training in Britain for 400 Indian supervisors and senior technicians for Durgapur which has been in operation for just over four years. The sixteen who have just completed their training bring the number who have done so to 344.

The travel costs and maintenance grants for these trainees is met by the British Government under the Technical Co-operation Scheme of the Colombo Plan. The object of the scheme is to give the Indian trainees—most of whom are graduates in mechanical, electrical or chemical engineering—specialised training to fit them for particular posts in the organisation operating the plant at Durgapur.

The training facilities are provided free by the British steel industry and by the manufacturers of the plant installed in the new works. The British Iron and Steel Federation and the Indian Steelworks Construction Company Limited (ISCON—a consortium of thirteen British companies which was formed in 1956 to construct the steel-works) advise on the actual training programmes which provide experience in iron and steel manufacturing processes and plant maintenance.—*All Rights Reserved.*



JWTGF 56R

Having fun—wish you were here

Puri. Sea's warm, wonderfully refreshing. Lazy hours on superb beach, perfectly peaceful. Acquiring antiques—also smattering of temple architecture. Prolonging week-end by week. (And Wills' Gold Flake? As fine as ever—superbly satisfying—wherever you go they're good.)

STATE BANK OF MYSORE

Subsidiary of the State Bank of India under the State Bank of India (Subsidiary) Banks Act, 1959

THE LIABILITY OF THE MEMBERS IS LIMITED

Head Office: **AVENUE ROAD, BANGALORE-9**

BRANCHES:

1. ARSIKERE
2. BANGARAPET
3. BASAVANGUDI, BANGALORE-4
4. BAZZAR SUB-BRANCH, SHIMOGA
5. BELLARY
6. BHADRAVATI
7. BOMBAY
8. BYADGI
9. CHALLAKERE
10. CHAMARAJANAGAR
11. CHANNAPATNA
12. CHANNARAYAPATNA
13. CHICKBALLAPUR
14. CHICKMAGALUR
15. CHICKPET, BANGALORE-2
16. CHINTAMANI
17. CHITRADURGA
18. CITY BRANCH, BANGALORE-2
19. COCHIN
20. COIMBATORE
21. COONDAPUR
22. DAVANGERE
23. DODDABALLAPUR
24. FORT, BANGALORE-2
25. GULBARGA
26. HASSAN
27. HAVERI
28. HINDUPUR
29. HOLENARASIPUR
30. HOSPET
31. HUNSUR
32. KOLAR
33. KOLLEGAL
34. KRISHNARAJANAGAR
35. KUPPAM
36. LADY CURZON ROAD, BANGALORE-1
37. LINGANAMAKKI (PAY OFFICE)
38. MADANAPALLE
39. MADRAS
40. MADHUGIRI
41. MALLESWARAM, BANGALORE-3
42. MANDYA
43. MANGALORE
44. MARKET BRANCH, MYSORE
45. MYSORE
46. NANJANGUD
47. OORGAUM
48. PUTTUR
49. SAGAR
50. SAKLESPUR
51. SHIKARIPUR
52. SHIMOGA
53. SIRA
54. SOMWARPET
55. SOUTH PARADE, BANGALORE-1
56. TIPTUR
57. TUMKUR
58. TURUVEKERE (PAY OFFICE)

DIRECTORS OF THE BANK AS ON 31st DECEMBER 1961

1. SHRI P. C. BHATTACHARYYA, Chairman, State Bank of India, "Dunedin," 5, Harkness Road, Bombay-6. — Director Ex-officio under clause (a) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
2. THE DEPUTY CHIEF OFFICER, Reserve Bank of India, Department of Banking Operations, 16-A, Jayachamarajendra Road, Bangalore-2. — Director appointed by the Reserve Bank of India under clause (b) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
3. SHRI B. MUKERJI, Managing Director, State Bank of India, Bombay.
4. SHRI S. M. RAMAKRISHNA RAO, "Lakshmi Nivas," Krishnarajendra Road, Fort, Bangalore-2.
5. SHRI V. H. CHANNABASAVIAH, Cottonpet, Kolar. — Directors appointed under clause (c) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
6. SHRI A. H. ELIAS, Chief Officer, State Bank of India Subsidiary Banks Section, State Bank of India, Central Office, P. B. No. 12, Bombay-1.
7. THE AGENT, State Bank of India, Bangalore. — Directors appointed under clause (c) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
8. SHRI S. RAMANATHAN, 23, Krishnarajendra Road, Basavangudi, Bangalore-4.
9. SHRI D. M. SHANKARAPPA, Merchant, Tiptur. — Directors elected under clause (d) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.

Report of the Board of Directors to the State Bank of India and the Reserve Bank of India in terms of Section 43 (1) of the State Bank of India (Subsidiary Banks) Act, 1959

PERIOD COVERED BY THE REPORT: 1st JANUARY 1961 TO 31st DECEMBER 1961

CHANGES IN THE BOARD OF DIRECTORS

Under clause (c) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959, the State Bank of India nominated Shri A. H. Elias and Shri B. Mukerji, I.C.S., as Directors in place of Shri T. S. Ragavachary and the Secretary and Treasurer, State Bank of India, Madras (Ex-Officio), on the 22nd February, 1961, and 6th June, 1961, respectively. The tenure of office of Sarvashri S. Ramanathan and M. V. Veerappa as Directors expired on the 28th February, 1961. In pursuance of Section 25 (1) (d) of the Act (*ibid*), Sarvashri S. Ramanathan and D. M. Shankarappa were declared elected as Directors of the Bank with effect from the 1st March, 1961. The names of the Directors on the Board of the Bank on the 31st December, 1961, are listed above.

ACCOUNTS

The Balance Sheet and Profit and Loss Account for the year ended 31st December 1961 as approved by the Board of Directors are annexed.

The working of the Bank resulted in a net Profit of Rs. 20,67,023.69 and with the addition of Rs. 80,442.47 brought forward from the previous year the total amount available for appropriation is Rs. 21,47,466.16 which the Board of Directors have appropriated as under :—

Transfer to Reserve Fund	Rs.	6,60,000 00
Bonus to Staff	Rs.	4,25,000 00
Dividend at 10 per cent (subject to tax)	Rs.	10,00,000 00
Carried forward	Rs.	62,466 16
	Rs.	21,47,466 16

The Accounts of the Bank have been audited by Messrs. Fraser & Ross, Chartered Accountants, who were reappointed as Auditors by the State Bank of India in exercise of the powers conferred by Sub-section (1) of Section 41 of the State Bank of India (Subsidiary Banks) Act, 1959, with the approval of the Reserve Bank of India.

CAPITAL AND RESERVES

The Authorised Capital of the Bank at Rs. 2.00 crores and the Issued and Paid-up Capital at Rs. 1.00 crore remained unchanged. With the transfer of Rs. 6,60,000 from the Profits of the year under review, the Reserve Fund of the Bank now stands at Rs. 60,00,000.

DEPOSITS AND OTHER ACCOUNTS

The deposits and other accounts of the Bank stood at Rs. 22.99 crores at the end of the year as against Rs. 19.94 crores as on 31st December 1960 and are higher by Rs. 3.05 crores.

CASH BALANCES AND MONEY AT CALL AND SHORT NOTICE

The Bank's Cash Balances (including Balances with the Reserve Bank of India and the State Bank of India and its Subsidiaries) at the end of 1961 stood at Rs. 1.41 crores as against Rs. 1.16 crores at the end of 1960. The Balance with other Banks aggregated Rs. 0.09 crores as against Rs. 0.22 crores at the end of 1960. The ratio of Cash and Bank Balances to Demand Liabilities was 20.89 per cent.

INVESTMENTS

The Bank's Investments recorded an increase of Rs. 56.40 lacs during the year covered by the Report and as at the end of the year, the Investments at or below market value stood at Rs. 9.10 crores which was 39.58 per cent of the Deposits.

ADVANCES

Advances outstanding in the Bank's Books as on 31st December 1961 amounted to Rs. 13.15 crores as against Rs. 12.43 crores as at the end of the year 1960. The ratio of Advances to Deposits being 57.20 per cent on the 31st December 1961 as against 62.34 per cent at the end of the year 1960.

PROFIT AND LOSS

The income of the Bank for the year amounted to Rs. 1,25,76,782.90 (including Tax deducted at source Rs. 7,84,735.95) as against Rs. 1,06,10,007.51 for the 10 months period ended 31st December 1960. After making the usual and necessary provisions and providing for taxation the net profit of the Bank amounted to Rs. 20,67,023.69 for the year as against Rs. 28,05,442.47 for the 10 months ended 31st December 1960 before providing Rs. 12.5 lacs for taxation.

While making appropriations out of the net profits the Board of Directors of the Bank considered that a bonus of an amount equal to two months salary, which generally is the maximum bonus that Public Sector institutions functioning under the Central Government allow to their staff, should be ordinarily payable. However, they decided to sanction, as a special case, the payment of an additional *ad hoc* bonus of one month's salary as was done last year.

GOVERNMENT AND AGENCY BUSINESS

In pursuance of the agreement entered into with the State Bank of India in terms of Section 36 of the State Bank of India (Subsidiary Banks) Act, 1959, the Bank has been conducting Government business. During the period under review the Bank has extended its Agency business at 14 additional centres thus bringing the number of branches conducting Government business to 32.

BOARD AND EXECUTIVE COMMITTEE MEETINGS

During the year six Meetings of the Board and Twenty-four Meetings of the Executive Committee were held.

OFFICES OF THE BANK

The Bank had in all 51 offices as on 31st December 1960 including the Head Office. To these 8 offices (including 2 Pay Offices) were added during the current year at the following Centres :

1. Linganamakki (Pay Office)
2. Turuvekere (Pay Office)
3. *Holenarasipur
4. Byadgi
5. *Kollegal
6. *Madhugiri
7. Chamarajanagar
8. Puttur

* These have also commenced conducting Government Business.

DEVELOPMENTAL ACTIVITIES

(a) Expansion Programme

In addition to the 6 Branches and 2 Pay Offices opened during the year under Report, licences for opening 10 more branches have been secured from the Reserve Bank of India. Investigations of the business potentialities of 14 centres have been conducted and are under active consideration.

The subsidy expected to be received from the State Bank of India to reimburse losses incurred by the Bank on account of its Expansion Programme in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959, for the year under Report will be Rs. 1,22,878.52. This has been taken into account in the Profit and Loss Account for the year.

(b) Small Scale Industries

The Bank's advances to Small Scale Industries recorded a small increase during the current year. Assistance was afforded to 97 units accounting for a total limit of Rs. 82,76,850.00 as against 104 units with an aggregate limit of Rs. 82,37,850.00 as at the end of 1960.

(c) Warehouses

Advances against Warehouse receipts showed a considerable improvement. There are 17 Warehouses in the State of Mysore established by the Mysore State Warehousing Corporation and the Central Warehousing Corporation at centres where the Bank has branches. The total outstandings against Warehouse Receipts were Rs. 21,83,727.00 as on 31st December 1961 as against Rs. 10,57,263.00 on the same date of the previous year.

(d) Co-operative Institutions

The total amount of advances to Co-operative Institutions during the year was Rs. 43.56 lacs as against Rs. 17.94 lacs which was the figure as at 31st December 1960.

STAFF

The strength of the staff was 1,201 as on 31st December 1960. With the opening of new branches and with the increased business of the Bank the number has increased to 1,380 as on 31st December 1961.

The relationship of the staff with the management was cordial and co-operative and the Board of Directors wishes to place on record its appreciation of the services rendered by all categories of the staff during the year.

By Order of the Board,
A. KRISHNA MURTHI,
General Manager.

STATE BANK OF MYSORE — *(Continued)*

BALANCE SHEET AS AT 31st DECEMBER, 1961.

CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
1. Capital—				
AUTHORISED— 2,00,000 Shares of Rs. 100 each	2,00,00,000	00		
ISSUED, SUBSCRIBED AND PAID-UP [Pursuant to Section 7 (1) of the State Bank of India (Subsidiary Banks) Act, 1959]— 1,00,000 Shares of Rs. 100 each			1,00,00,000	00
2. Reserve Fund and Other Reserves—				
Reserve Fund as per last Balance Sheet	53,40,000	00		
ADD—Transferred during the year from the Profit and Loss Account	6,60,000	00		
			60,00,000	00
3. Deposits and Other Accounts—				
Fixed Deposits	12,13,51,794	91		
Thrift and Savings Bank Deposits	3,32,97,981	69		
Current Accounts, Contingency Accounts, etc.	7,52,54,968	36		
			22,99,04,744	96
4. Borrowings from Other Banking Companies, Agents, etc.—				
(i) In India	6,50,000	00		
(ii) Outside India				
			6,50,000	00
PARTICULARS— Rs. nP				
(i) Secured by Government Securities per contra 5,50,000 00				
(ii) Unsecured 1,00,000 00				
5. Bills Payable			26,05,356	60
6. Bills for Collection Being Bills Receivable per contra—				
(i) Payable in India	1,47,09,564	81		
(ii) Payable outside India	1,39,994	97		
			1,48,49,559	78
7. Other Liabilities—				
Staff Gratuity Fund	13,48,466	43		
Unclaimed Dividends	1,12,359	26		
Sundries Payable	6,44,638	96		
Rebate on Bills Discounted	22,303	02		
Branch Adjustments	63,32,185	03		
Final Dividend for the Year	5,50,000	00		
			90,09,852	70
8. Acceptances, Endorsements and Other Obligations per contra			41,00,120	39
9. Profit and Loss—				
Balance brought forward from last year	80,442	47		
Profit for the year	20,67,023	69		
	21,47,466	16		
LESS—Appropriated during the year as follows— Rs. nP				
Bonus to Staff 4,25,000 00				
Reserve Fund 6,60,000 00				
Dividend (including Interim Dividend of Rs. 4,50,000.00) 10,00,000 00				
	20,85,000	00		
			62,466	16
10. Contingent Liabilities— Rs. nP				
Claims against the Bank not acknowledged as debts 3,07,862 28				
Guarantee given on behalf of Directors or Officers of the Bank				
Guarantee given on behalf of others— Rs. nP				
Secured 14,83,858 67				
Unsecured 1,09,80,181 81				
	1,24,13,839	98		
On Bills of Exchange rediscounted				
On outstanding Forward Exchange Contracts				
Total .. Rs.			27,71,82,100	59

PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
1. Cash— In hand and with the Reserve Bank of India, and the State Bank of India and its Subsidiaries (including Foreign Currency Notes)			1,40,68,233	87
2. Balances in Current Accounts with Other Banks—				
(i) In India	3,70,203	54		
(ii) Outside India	4,98,963	83		
			8,69,166	37
3. Money at Call and Short Notice			1,25,00,000	00
4. Investments (at or below market value)—				
(i) The Central and State Government Bonds	7,57,24,257	07		
(ii) Other Trustee Securities	1,52,38,648	00		
			9,09,62,905	07
(Of the above, Investments of the Face Value of Rs. 6,00,000 are pledged against borrowings from other Banks per contra)				
5. Advances— (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors)				
I. Loans, Cash Credits, Overdrafts, etc.— Rs. nP				
(i) In India 11,98,02,245 15				
(ii) Outside India				
	11,98,02,245	15		
II. Bill Discounted and Purchased—				
(i) Payable in India 1,14,57,526 44				
(ii) Payable outside India 2,12,733 63				
	1,16,70,260	07		
			13,14,72,505	22
PARTICULARS OF ADVANCES—See separate Statement appended.				
6. Bills Receivable Being Bills for Collection per contra —				
(i) Payable in India	1,47,09,564	81		
(ii) Payable outside India	1,39,994	97		
			1,48,49,559	78
7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra			41,00,120	39
8. Premises Less Depreciation—				
At cost as at 31st December 1960	33,10,595	91		
Additions during the year	4,193	90		
	33,14,789	81		
LESS—Depreciation to date	12,09,211	16		
			21,05,578	65
9. Furniture and Fixtures Less Depreciation—				
At cost as at 31st December 1960	13,17,580	40		
Additions during the year	2,10,626	28		
	15,28,206	68		
LESS—Deductions during the year	3,481	83		
	15,24,724	85		
LESS—Depreciation to date	7,50,209	28		
			7,74,515	57
10. Other Assets—				
Other Properties— Rs. nP				
At cost as at 31st December 1960 91,771 75				
Additions during the year 55,570 82				
	1,47,342	57		
Balance with Mysore Government Treasuries	8,663	80		
Advance payment of Income Tax (including Tax deducted at source)	33,50,412	03		
Interest accrued on Investments and Commission accrued	11,57,989	12		
Stationery, Stamps, Suspense Accounts, etc.	8,15,408	15		
			54,79,515	67
11. Non-Banking Assets Acquired in Satisfaction of Claims			....	
Total .. Rs.			27,71,82,100	59

PARTICULARS OF ADVANCES	Rs.	nP
(i) Debts considered good in respect of which the Bank is fully secured	9,94,71,993	80
(ii) Debts considered good for which the Bank holds no other security than the Debtors' personal security	2,60,26,381	88
(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the Debtors	59,74,130	04
(iv) Debts considered doubtful or bad, not provided for	....	
Total .. Rs.	13,14,72,505	22

PARTICULARS OF ADVANCES	Rs.	nP
(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons (Fully Secured : Rs. 10,23,385.60 ; Unsecured due by Officers : Rs. 12,765.25)	10,36,150	85
(vi) Debts due by Companies or Firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	56,35,109	00
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Officers of the Bank or any of them either severally or jointly with any other persons (Fully Secured : Rs. 10,33,810.92 ; Unsecured due by Officers : Rs. 13,197.41)	10,47,008	33
(viii) Maximum total amount of advances, including temporary advances, granted during the year to the Companies or Firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	72,33,732	01
(ix) Due from Banking Companies	2,27,146	40

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

EXPENDITURE	Rs.	nP
1. Interest paid on Deposits, Borrowings, etc.	60,85,303	18
2. Salaries and Allowances, Provident Fund and Gratuity Fund Contributions (including General Manager's Salary and Allowances : Rs. 30,983.34)	31,45,741	26
3. Directors' Fees and Allowances	9,799	14
4. Rent, Taxes, Insurance, Lighting, etc.	2,20,496	75
5. Law Charges	35,381	17
6. Postages, Telegrams and Stamps	1,32,106	49
7. Auditors' Fees	5,000	00
8. Depreciation on and Repairs to the Bank's Property	2,55,267	78
9. Stationery, Printing, Advertisement, etc.	2,61,051	04
10. Loss from Sale of Investments or Dealing with Non-Banking Assets	1,78,878	49
11. Other Expenditure	1,70,733	91
12. Balance of Profit	20,67,023	69
Total .. Rs.	1,25,76,782	90

INCOME (Less provision made during the year for Bad and Doubtful Debts, Taxation and other usual or necessary provisions)	Rs.	nP
1. Interest and Discount	1,04,55,645	74
2. Commission, Exchange and Brokerage	18,51,152	98
3. Rents	1,44,914	48
4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	....	
5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	....	
6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	....	
7. Other Receipts (including Subsidy from the State Bank of India Rs. 1,22,878.52)	1,25,069	70
Total .. Rs.	1,25,76,782	90

REPORT OF THE AUDITORS

We, the undersigned Auditors of the State Bank of Mysore, appointed under Section 41 (1) of the State Bank of India (Subsidiary Banks) Act, 1959, do hereby report to the State Bank of India upon the Balance Sheet and Accounts of the Bank as at 31st December 1961.

We have examined the above Balance Sheet and the Profit and Loss Account and the Accounts relating thereto of the Central Office, and Head Office and the Returns submitted by the Branch Managers, which returns have been incorporated in the above Balance Sheet and Accounts, and report (i) that, in our opinion, the Balance Sheet is a full and fair Balance Sheet containing all the necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank ; (ii) that where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory ; (iii) that the transactions of the Bank which have come to our notice have been within the competence of the Bank ; (iv) that the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit ; (v) that the Profit and Loss Account shows a true balance of Profit for the period covered by such account ; (vi) that, in our opinion, the Balance Sheet and Profit and Loss Account are drawn up in conformity with Law and (vii) that, in our opinion, Books of Account have been kept by the Bank as required by Law.

FRASER & ROSS,
Chartered Accountants.

BANGALORE, 29th *January*, 1962.

A. H. ELIAS,
S. J. W. CHASE,
S. K. MUKHERJEA,
S. M. RAMAKRISHNA RAO,
S. RAMANATHAN,
V. H. CHANNABASAVIAH,
P. C. BHATTACHARYYA,
B. MUKERJI,
D. M. SHANKARAPPA,
Directors.

A. KRISHNA MURTHI,
General Manager.

BANGALORE, 29th *January*, 1962.

SIGNIFICANCE OF GENEVA TEXTILE TRADE PACT

BOGEY OF LOW-COST IMPORTS LAID

From Our Special Correspondent

NEW DELHI, *20th February*

DELHI LETTER

WHEN both sets of countries which are parties to the international agreement on trade in cotton textiles appear satisfied with the results and consider them the best that could be obtained in the present circumstances, there are still some who are querulous and doubtful whether the exporting countries have had a square deal. Mr. K. C. Reddy's statement in Bangalore expressing satisfaction with the outcome represents the mood of the Government; as a framework within which detailed agreements could be negotiated on a bilateral basis, the agreement appears to be a very constructive step forward. That it has been reached under G.A.T.T's auspices is not the least of its merits; it enables the emergence of a set of fair trading principles to which any aggrieved party can always refer and secure redress. While the textile interests affected in the particular importing countries continue to talk of low-wage exporters, the agreement has scrupulously eschewed such ideas; "disruption" is a less objectionable term, as it may occur even when wage and raw material costs are comparable when an importing country has an inefficient or outmoded textile industry.

No More High-pressure Lobbying

The preamble not only declares that the approach will be constructive and not restrictive but also emphasises that the main objective will be to increase the earnings and promote the development of the less developed countries possessing the necessary resources such as the raw materials and technical skills. The development of the trade in cotton textiles in an orderly and reasonable manner should be welcome even to the most enthusiastic exporting countries. What amounts to "disruption" will not in future be decided by high-pressure lobbying but by definite and determinable criteria; nor will discriminatory measures be applied, as between two countries whose exports are restricted, on political and other grounds.

Since the net effect of the agreement will be a slight expansion of the European markets for textiles when North American markets wish to restrict entry, an element of certainty has been introduced in the matter of textile exports for the next five-year period, thereby removing one of the vexed issues connected with the proposed British entry into the European Common Market from the area of controversy. It represents, in a sense, the triumph of the commodity approach, though it does not follow that this method will be adopted in other cases. In fact, there is a specific clause to the effect that the measures proposed are intended to deal only with the special problems of cotton textiles and that they are not to be considered as lending themselves to application in other fields. This may be interpreted to mean that the developing countries may not invoke this as a precedent to claim regulated entry for other manufactures in order to earn foreign exchange; on the other hand, it can also be cited to support the view that other manufactures which they wish to export are not in the category of articles which cause or are likely to cause "market disruption" to justify application of similar protectionist measures.

India Losing Ground

To what extent the emphasis placed on the needs of the less-developed countries and of those who possess the necessary raw materials will favour India and Pakistan as distinct from Japan, is not clear. Among the Asian countries, Japan has recently expanded her textile exports to the other industrial countries from $48 million in 1953 to $239 million in 1960, whereas India's exports to them have increased only from $119 million to $219 million in the same period. Japan has offered keener competition in the markets of non-industrial countries also, especially African markets, where India's sales dropped in 1960 for that reason.

Article 8 of the Agreement states that, besides the annual review of the working of the provisions, a major review will be undertaken at the end of the third year. This means that, normally, at the end of three years, the situation of disruption will be considered to have ended, as there would have been enough time for adjustments in the domestic textile industries of the importing countries to the new conditions in world trade; moreover, sufficient material will then be available regarding the alleged disruption. The bogey about low-cost imports has thus been laid and expansion of the manufactures of the developing countries, in the context of the report of Committee III of G.A.T.T., has become an accepted basis for future policy.

• • • •

A Virtue of Necessity

For several years now, the Government of India has been circulating the results of its policy of Indianisation of staff in foreign firms. How much credit it is entitled to claim for the growing proportion of Indians employed in high executive posts can be debated; while it is true that there are fewer non-Indians today (4,364) than in 1954 (when there were 7,008), the declining trend is due more to the enormous expansion of employment opportunities for skilled technical and managerial personnel in Western countries than to the pressure on foreign firms for Indianisation. These foreign companies have often been forced to recruit second-rate talent whenever they needed top executives or technicians from their own or other European countries, so that many have made a virtue of necessity and chosen to train Indians for higher posts. Perhaps, they have increasingly discovered that Indians are not inferior and that, given the opportunity, they can prove both reliable and competent. At junior levels, below a salary of Rs. 2,000 per month, the number of persons willing to come to India from their own countries where an equivalent job can be easily found (along with the amenities and consumer goods of affluent societies), is likely to be very small; even Indians abroad are able to profit by these employment opportunities and are increasingly reluctant to return home. In the matter of taxation, foreign personnel will not get any advantage; and, in relation to some other countries, there is a positive disadvantage in coming to India. But, even where tax concessions are given as in the case of foreign technicians, there has been no real rush of applications. Short-term technicians exempted from payment of income-tax on their remuneration increased from 194 at the beginning of 1960 to 215 one year later and they are mostly found in chemical and engineering firms; it cannot be said that the smallness of this number was due to the restrictive policy of the Government in permitting their employment.

While there may be no harm in keeping a watch on the trends in employment of non-Indians and deriving whatever satisfaction is justified, from the figures, it is doubtful whether it is any longer a serious issue of public policy. Because of the dearth of suitable replacements, retirements of European officers is resulting in the succession of Indians to responsible posts. In the salary range Rs. 2,000-Rs. 3,000 per month, Indians are holding 1,633 (58.2 per cent) out of 2,808 posts and the Government has expressed the hope that the percentage will rise to 70 by the end of this year. In the next higher range, the results are not very striking yet; Indians hold only 24.9 per cent of the posts, obviously because responsibility tends to be concentrated at the top and held by foreign executives. A curious feature is that the percentage of Indians is lower than the average (of 70 per cent) in the older industries like jute mills and presses, banking companies, and planting companies. In the last group, the percentage of Indian executives drawing more than Rs. 1,000 per month has increased from 30 per cent in 1959 to only 37.5 per cent in 1961. This feature is, perhaps, explained by the circumstance that foreign personnel have taken to these lines as a career, and cannot profit by opportunities nearer home. With the increasing consciousness shown by both Indian and foreign firms of the importance of management training, future trends are likely to be even more favourable than hitherto; when the Government began paying attention to this problem in 1954, it could not obviously have expected that, in the normal course, the position would change, owing to conditions abroad and the relative unattractiveness of employment in this country due to taxation, cost of living and import cuts. The Government's policy of persuasion has thus secured a favourable atmosphere and yielded good results; it shows that any other radical policy which some might have advocated would have been shortsighted and ill-advised.

PRESS NOTE

ISSUED BY THE

GOVERNMENT OF INDIA, MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMPANY LAW ADMINISTRATION
NEW DELHI

It has come to the notice of the Government of India that a Society called the "All India Society of Corporate Accountants and Auditors" has been registered in Calcutta under the Societies Registration Act reportedly for training up students in the profession of accountancy. The Government would like to make it clear that the Institute of Chartered Accountants of India constituted under the Chartered Accountants' Act, 1949 is the only statutory body the Members of which, namely Chartered Accountants, are, along with the Restricted State Auditors, entitled to be appointed as auditors of companies under Section 226 of the Companies Act, 1956. The Society referred to above is not recognised either by the Government of India or by the Institute of Chartered Accountants and its members are not eligible to be appointed as auditors of companies under the Companies Act or to undertake any other audit work required by law to be done only by chartered accountants. As this Society has no statutory backing and its members no recognised status in the eye of law, public are hereby informed that engaging any member of this Society for performing any work which is statutorily required to be performed by a Chartered Accountant would result in non-compliance with the relevant provisions of law with the penal consequences thereof.

(Inserted by the Institute of Chartered Accountants of India, New Delhi.)

STATE BANK OF SAURASHTRA

(Subsidiary of the State Bank of India)

Incorporated in India under special statute. The liability of the Members is limited

BALANCE SHEET AS AT 31st DECEMBER, 1961

CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
1. Capital—		
AUTHORISED CAPITAL—(Pursuant to Section 5 (1) of the State Bank of Saurashtra Act, 1950, as amended by Part V of the Third Schedule to the State Bank of India (Subsidiary Banks) Act, 1959)— 2,00,000 shares of Rs. 100 each	2,00,00,000.00	
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL—(Pursuant to Section 6 (1) of the State Bank of Saurashtra Act, 1950, as amended by Part V of the Third Schedule to the State Bank of India (Subsidiary Banks) Act, 1959)— 1,00,000 shares of Rs. 100 each fully paid		1,00,00,000.00
2. Reserve Fund		57,50,000.00
3. Deposits and Other Accounts		13,57,11,060.49
(i) Fixed Deposits	6,07,76,272.04	
(ii) Savings Bank Deposits	5,00,36,151.49	
(iii) Current Accounts, Contingency Accounts, etc.	2,48,98,636.96	
4. Borrowings from Other Banking Companies, Agents, etc.		82,53,370.99
(i) In India	82,53,370.99	
(ii) Outside India	....	
PARTICULARS—		
(i) Secured (by part of the Investments)	46,00,000.00	
(ii) Unsecured	36,53,370.99	
5. Bills Payable		3,26,657.05
6. Bills for Collection Being Bills Receivable per contra		54,49,668.38
(i) Payable in India	54,48,869.77	
(ii) Payable outside India	798.61	
7. Other Liabilities (Branch Adjustments)		—
8. Acceptances, Endorsements and Other Obligations per contra		3,09,935.00
9. Profit and Loss		55,320.66
Balance of profit as per last Balance Sheet	1,39,331.89	
ADD—Profit for the year brought from Profit and Loss Account	7,15,938.77	
	8,55,320.66	
LESS—Appropriations thereof— Rs. nP		
Transfer to Reserve Fund 6,00,000.00		
Bonus to Staff 2,00,000.00		
**Provision for Taxation	....		
***Transfer to Contingent Reserve (Provision for Gratuity)	....		
	8,00,000.00	
10. Contingent Liabilities—		
(i) On partly paid-shares of joint-stock companies	1,04,250.00	
(ii) Claims against the Bank not acknowledged as debts	Nil	
(iii) Money for which the Bank is contingently liable	12,90,640.26	
(iv) Liability on Bills of Exchange re-discounted	Nil	
(v) Liability on account of outstanding Forward Exchange Contracts	Nil	
Total .. Rs.		16,58,56,012.57

NOTE:—There is a deficiency of Rs. 2,26,795 in the provision for accrued retiring gratuities to staff.

PROPERTY AND ASSETS	Rs. nP	Rs. nP
1. Cash—		
In hand and with Reserve Bank and State Bank of India		1,12,96,360.10
2. Balances with Other Banks in Current Accounts		9,14,379.25
(i) In India	8,11,675.75	
(ii) Outside India	1,02,703.50	
3. Money at Call and Short Notice		15,75,000.00
4. Investments at or below Market Value		6,75,07,962.36
(i) Securities of Central and State Governments and other Trustee Securities	5,17,70,721.61	
(ii) Shares	67,39,668.25	
Fully Paid Rs. nP / Partly Paid Rs. nP		
(a) Preference .. 42,00,637.50 / 3,66,500.00		
(b) Ordinary .. 20,95,570.75 / 67,960.00		
63,05,208.25 / 4,34,460.00		
(iii) Debentures or Bonds	89,97,572.50	
(iv) Other Investments	....	
(v) Gold	....	
5. Advances—(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		7,27,91,820.06
(i) Loans, Cash Credits, Overdrafts, etc.—		
(a) In India	6,77,58,633.38	
(b) Outside India	....	
(ii) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)		
(a) Payable in India	50,33,186.68	
(b) Payable outside India	....	
PARTICULARS OF ADVANCES—		
(i) Debts considered good in respect of which the Bank is fully secured	5,90,14,342.05	
(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	51,55,145.34	
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	86,22,332.67	
(iv) Debts considered doubtful or bad not provided for	....	
	7,27,91,820.06	
(v) Debts due by the directors or officers of the Bank or any of them either severally or jointly with any other person	1,544.57	
(vi) Debts due by the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	67,39,977.56	
(vii) Maximum total amount of advances including temporary advances made at any time during the year to the directors or managers or officers of the Bank or any of them either severally or jointly with any other person	13,977.10	
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	85,25,064.14	
(ix) Due from Banking Companies	4,50,000.00	
6. Bills Receivable Being Bills for Collection per contra		54,49,668.38
(i) Payable in India	54,48,869.77	
(ii) Payable outside India	798.61	
7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		3,09,935.00
8. Premises at Cost Less Depreciation		24,98,357.13
Cost as on 31st December 1960	24,40,519.85	
Addition during the year	1,60,086.82	
	26,00,606.67	
LESS—Depreciation for the year	1,02,249.54	
9. Furniture and Fixtures at Cost Less Depreciation		9,56,523.80
Cost as on 31st December 1960	9,09,054.36	
Addition during the year	2,38,864.12	
	11,47,918.48	
LESS—Depreciation for the year	1,90,392.68	
10. Other Assets		25,54,004.69
Interest accrued on Investments (Gross)	6,92,013.50	
Stationery, Stamps, etc.	7,19,890.53	
Branch Adjustments	11,42,100.46	
11. Non-Banking Assets Acquired in Satisfaction of Claims		....
Total .. Rs.		16,58,56,012.57

** Necessary provision has been made from the income for the year 1961.

*** Gratuity liability for year 1961 is included in item 2 on the Expenditure side of the Profit and Loss Account.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

EXPENDITURE	Rs. nP	Rs. nP
1. Interest paid on Deposits, Borrowings, etc.		43,10,105.55
2. Salaries, Allowances, Provident Fund and Gratuity		20,55,223.61
(i) General Manager	20,250.00	
(ii) Other Staff	20,34,973.61	
3. Directors' Fees and Allowances		5,145.58
4. Rent, Taxes, Insurance, Lighting, etc.		91,103.87
5. Law Charges		17,005.95
6. Postage, Telegrams and Stamps		1,62,455.04
7. Auditors' Fees		8,550.00
8. Depreciation on and Repairs to Bank's Property		1,92,969.31
9. Stationery, Printing, Advertisement, etc.		1,51,362.82
10. Loss from Sale of or Dealing with Non-Banking Assets		....
11. Other Expenditure		1,28,438.46
12. Balance of Profit †		7,15,968.77
† Provision for Taxation for 1961 has been made from income.		
Total .. Rs.		78,38,998.96

INCOME (Less Provisions made during the year for bad and doubtful debts and other usual and necessary Provisions)	Rs. nP	Rs. nP
1. Interest and Discount		65,84,491.40
2. Commission, Exchange and Brokerage		9,02,649.03
3. Rents		2,63,980.53
4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)		....
5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)		....
6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets		....
7. Other Receipts (Subsidy from State Bank of India in terms of Section 43 of the State Bank of India (Subsidiary Banks) Act, 1959)		87,373.00
Total .. Rs.		78,38,998.96

M. M. PATNI,
For Chief Accountant.

R. L. SOPARIWALA,
General Manager.

Dated, 6th February, 1962.

P. C. BHATTACHARYYA, *Chairman.*
S. N. SEN GUPTA,
J. S. PARIKH,
G. B. KOTAK,
B. MUKERJI,
A. M. ELIAS,
K. NATARAJAN,
J. K. MODY,
BHOGILAL M. SHAH,
} *Directors.*

REPORT OF THE AUDITORS TO THE STATE BANK OF INDIA

We have examined the annexed Balance Sheet of the State Bank of Saurashtra as at 31st December, 1961, and also the Profit and Loss Account of the Bank for the year ended on that date, in which are incorporated returns of the Bhavnagar Branch audited by us and returns of the other Branches certified by the respective Branch Agents, and report that:

(1) in our opinion, the Balance Sheet is a full and fair one containing all the necessary particulars and is properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(2) where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory;

(3) the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(4) the returns received from the Branches of the Bank have been found adequate for the purpose of our audit; and

(5) the Profit and Loss Account shows a true balance of profit for the year covered by such account.

N. M. RAIJI & CO.,
Chartered Accountants.

Dated, 6th February, 1962.

LONG-TERM PLAN FOR WORLD COTTON TEXTILE TRADE

EXPORTS TO BE REGULATED

ALTHOUGH the text of the agreement reached at the G.A.T.T. International Cotton Textile Conference, held at Geneva from 29th January to 9th February, does not give any definite answer to the poser as to what would be the pattern of world cotton textile trade in the coming years, it nevertheless makes it quite clear that, instead of moving freely on a multilateral basis as hitherto, the trade would proceed on a regulated basis with some sort of quota restrictions. The agreement has been signed by the leaders of the official delegations of India and eighteen other G.A.T.T.-countries (Pakistan, Japan, Britain (also for Hong Kong), U.S., Canada, Germany, France, Italy, Belgium, Luxemburg, Netherlands, Austria, Denmark, Norway, Portugal, Spain, Sweden and Australia). And it is open for acceptance by any other G.A.T.T. member-countries, as well as by nations that are not parties to the G.A.T.T. or have not acceded provisionally to this body. The agreement, which is subject to ratification by the Governments concerned, will come into force on 1st October next, when the current one-year short-term arrangement worked out in Geneva in July 1961 is due to expire, and run for five years thereafter, that is, upto 30th September 1967.

Obligations

The broad purpose of the long-term agreement is described by the *communique* issued at the end of the Conference thus: "To ensure the orderly development of trade in cotton textile products so as progressively to increase export possibilities, particularly for less-developed countries, while, at the same time, avoiding disruption of markets in importing countries." This objective is sought to be achieved through the imposition of certain well-defined obligations on the part of both importing and exporting nations. The obligations are as follows:

Importing countries: All those participating countries that are still maintaining restrictions inconsistent with the G.A.T.T. provisions on cotton textile imports from other participating countries must relax those restrictions progressively each year with a view to eliminating them as soon as possible. No participating country shall introduce new import restrictions, or intensify existing import restrictions, on cotton textiles, in so far as this would be inconsistent with its obligations under the G.A.T.T. The countries at present applying import restrictions to cotton textiles imported from other countries undertake to expand access to their markets for such cotton textiles so as to reach by the end of the period of validity of the present arrangement, for the products remaining subject to restrictions at that date, taken as a whole, a level corresponding to the quotas opened in 1982, for such products, as increased by the percentage mentioned. Where bilateral arrangements exist, annual increases shall be determined within the framework of bilateral negotiations. It would, however, be desirable that each annual increase should correspond as closely as possible to one-fifth of the overall increase. The countries concerned shall administer their remaining restrictions on imports of cotton textiles from countries in an equitable manner and with due regard to the special needs and situation of the less developed countries. If, during the licensing period preceding the entry into force of this arrangement, a specific basic quota is nil or negligible, the quota for the succeeding licensing period will be established at a reasonable level by the importing country concerned in consultation with the exporting country or countries concerned. Such consultation would normally take place within the framework of the bilateral negotiations. The countries shall, as far as possible, eliminate import restrictions on the importation, under a system of temporary importation for re-export after processing, of cotton textiles originating in other countries.

Exporting countries: An exporting country should, in case of complaint by an importing country, take steps to remove or avoid market disruption in the latter as a result of excessive imports. The exporting country must restrain shipments of such products as are causing market disruption at a specific level mentioned by the importing country. It is, however, made clear that this level "shall not be lower than the one indicated in Annexure B." The procedure for seeking such a restraint lays down that the minimum level at which the exports may be pegged should be the average exports during the twelve months ending three months during the request for restraint is made. If the restraint is needed for more than twelve months, there will ordinarily be an increase of 5 per cent in the permitted exports during the next twelve-month period and a further increase of 5 per cent in the third year. Normally, at the end of three years, the situation of disruption will be considered to have ended, as there will have been time for the adjustment of the domestic industry to the new conditions in world cotton textile trade.

In order to avoid administrative difficulties in enforcing a given level of restraint on cotton textiles subject to measures taken, the countries have agreed that there should be a reasonable degree of flexibility in the administration of these measures. It is agreed that, where restraint is exercised for more than one product, the agreed level for any one product may be exceeded by 5 per cent, provided the total exports subject to restraint do not exceed the aggregate level for all products so restrained on the basis of a common unit of measurement to be determined by the countries concerned. If the countries have recourse to the measures envisaged in this article, they shall, in introducing such measures, seek to avoid damage to the production and marketing of the exporting country and shall co-operate with a view to agreeing on suitable procedures, particularly as regards goods which have been, or which are about to be, shipped.

Non-compliance of Request

The agreement also contains a special provision governing cases where an exporting country fails to comply with the request by the importing nation and there is no agreement either on the request or on any alternative solution within a period of 60 days after the request is received by the exporting country or countries. The provision is that the importing country which makes the request may decline to accept imports for retention at a level higher than that specified in Annexure B in respect of the period starting on the day when the request was received by the exporting country.

The agreement particularly lays down that the measures for restraining imports should be resorted to only sparingly and, that too, limited to the precise products or precise groups or categories of products causing or threatening to cause market disruption in the importing country. The products include yarns, piece-goods, made-up articles, garments and other textile manufactured goods in which cotton represents more than 50 per cent (by weight) of the fibre content, with the exception of handloom products of the cottage industry.

Other Measures

Further, the agreement provides for measures dealing with circumvention of arrangements by transhipment or re-routing, substitution of directly competitive textiles, and action taken by non-participants. The measures are:

Transhipment: The importing and exporting countries agree to collaborate with a view to preventing circumvention of this arrangement by transhipment or re-routing and to take appropriate administrative action to avoid such circumvention. In cases where a country has reason to believe that imports shipped to it from another country and purporting to have originated in that country did not originate there, it may request that country to consult with it with a view to assisting in the determination of the real origin of the goods.

Substitution of directly competitive textiles: It is not the intention of the countries to broaden the scope of this arrangement beyond cotton textiles, but, when there exists a situation or threat of market disruption in an importing country, to prevent the circumvention of this arrangement by the deliberate substitution for cotton of directly competitive fibres. Accordingly, if the importing country concerned has reason to believe that imports of products in which this substitution has taken place have increased abnormally, that is, that this substitution has taken place solely in order to circumvent the provision of this arrangement, that country may request the exporting country concerned to investigate the matter and to consult with it with a view to reaching agreement upon measures designed to prevent such circumvention. Such request shall be accompanied by a detailed, factual statement of the reasons and justification for the request. Failing agreement in the consultation within 60 days of such request, the importing country may decline to accept imports of the products concerned as provided for in Article 3 and, at the same time, any of the countries concerned may refer the matter to the Cotton Textile Committee which shall make such recommendations to the parties concerned as may be appropriate.

Non-participants: The countries agree that, if it proves necessary to resort to the measures envisaged in Article 3 above, the importing country or countries concerned shall take steps to ensure that the country's exports against which such measures are taken shall not be restrained more severally than the exports of any country not participating in this arrangement which are causing, or threatening to cause, market disruption. The importing country or countries concerned will give sympathetic consideration to any representations from exporting countries to the effect that the principle is not being adhered to or that the operation of this arrangement is frustrated by trade with countries not party to this arrangement. If such trade is frustrating the operation of this arrangement, the countries shall consider taking such action as may be consistent with their law to prevent such frustration.

Textiles Committee

The G.A.T.T. Cotton Textiles Committee is entrusted with the responsibility of ensuring the satisfactory working of the agreement. The Committee is required to meet from time to time to discharge its functions. It will undertake studies on trade in cotton textiles as the countries may decide. It will collect the statistical and other information necessary for the discharge of its functions and will be empowered to request the countries to furnish such information. Any case of divergence of view between the countries as to the interpretation or application of this arrangement may be referred to the Committee for discussion. The comments of this Committee will be taken into account if the matter is subsequently brought before the G.A.T.T. Contracting Parties under the procedures of Article XXIII. The Committee shall review the operation of this arrangement once a year and report to the Contracting Parties. The review during the third year shall be a major review of this arrangement in the light of its operation in the preceding years. The Committee shall meet not later than one year before the expiry of this arrangement, in order to consider whether the arrangement should be extended, modified or discontinued.

From the aforesaid details, it is apparent that the agreement represents a compromise formula incorporating the viewpoints of Japan, the U.S. and the European Common Market. "It provides," to quote a report, "an assurance to the exporting countries that they can enjoy an orderly growth in their markets. The formula is at the same time completely satisfactory to the United States, in that it provides for the restriction of imports which threaten or cause disruption of domestic markets. The Common Market and other countries which have already been imposing importing restrictions have committed themselves to a minimum liberalisation of these restrictions during the five-year period of the agreement."

Reactions of Countries

The reactions of some of the countries to the Geneva formula are summed up below:

Japan: Although Japan is not satisfied entirely with the agreement, it wants to co-operate with international efforts to stabilise the world cotton textile market. Japan can expect an expansion of orderly exports of its cotton products as a result of the Geneva Conference. Japan had made its attitude clear at the Conference that, if the U.S. were to impose the proposed equalisation fee on imports of cotton products from Japan, the country would refuse to sign the agreement. Seeing that the agreement was signed on the basis of an understanding on this point between the U.S. and Japan, Mr. K. Matsumura, Director of the Textile Bureau of the Ministry of International Trade and Industry and leader of the Japanese delegation to the Conference, says that he expects the equalisation fee issue to be settled in favour of the Japanese position. The agreement, according to him, satisfies the minimum requirements and, by bilateral arrangements with the European Common Market and other quarters, Japan will be able to enjoy exports exceeding quantities provided for in the agreement.

Hong Kong: The outcome is not unsatisfactory as far as Hong Kong is concerned.

U.S.A.: President Kennedy considers that the agreement will help the U.S. cotton textile industry to sharpen its competitive position with the confidence that foreign imports will not disrupt its activities. White House officials are reported as saying that the Inter-Agency Cotton Textile Committee or a similar body will determine whether or not textile imports from Japan, Hong Kong and other nations are disrupting the American market.

Common Market: There is general agreement that safeguard measures for domestic industries should only be invoked by importing countries when market disruption exists. But the extent to which an exporting country can be asked to cut back its exports is strictly limited under the agreement.

Britain: The agreement is generally welcomed. The Cotton Board hopes that the Government will quickly ratify the agreement and apply it so as to ensure a greater stability in the indigenous industry. The effectiveness of the agreement will depend on the extent to which the other Western markets ease the British cotton industry of the unequal burden it is now called upon to shoulder.

Australia: While deciding the question of Australia's participation, the Government will keep fully in mind the position of the domestic industry.

Canada: The Canadian Government, according to the Finance Minister, accepts the principle of orderly growth in imports of low-cost textiles. But it cannot accept automatic increases each year in its imports of such textiles, whatever the state of the domestic economy or of the industry.

So far as *India* is concerned, both official circles and textile interests feel that, con-

(Continued on page 343)

TEXTILE OUTPUT AT AN ALL-TIME LOW

CURRENT SITUATION REVIVES MEMORIES OF 1952

From Our Special Correspondent

MANCHESTER, 13th February

HISTORY has a habit of repeating itself, and little credit can be taken for predicting that the build-up of available supplies over the past year was threatening a repetition of the events of 1952 when the Lancashire textile industry was involved in its big post-war recession which caused extensive unemployment, short-term, and the closing of mills. Current circumstances, although altered by the intervening Government reorganisation programme, offer a glimpse of the same ugly situation, prefaced by the sharp reduction of output last September and December.

MANCHESTER LETTER

The danger point was, in fact, sensed early in 1961 when the output returns for the previous year could be assessed. These showed an available balance for the home trade, after imports had been added and exports deducted, of more than 2,300 million yards. The trade cycle has since maintained its movement, and had it not been for the notable curtailment of imports in the final two months of last year, the surplus would have reached a new peak. The following table shows the comparative supply situation covering both cotton and man-made fibre cloth:

(In million yards)

Year	Output (a)	Imports (b)	Total (a) and (b)	Exports	Balance for home trade
1947 ..	4,122	75	4,197	2,001	2,196
1949 ..	2,592	400	2,992	1,078	1,914
1950 ..	2,840	342	3,182	1,017	2,165
1951 ..	2,960	478	3,438	1,105	2,331
1952 ..	2,192	210	2,402	871	1,531
1953 ..	2,632	143	2,775	895	1,880
1954 ..	2,773	335	3,110	812	2,298
1955 ..	2,470	365	2,844	688	2,156
1956 ..	2,314	380	2,694	595	2,099
1957 ..	2,287	490	2,777	567	2,210
1958 ..	2,030	434	2,464	468	1,996
1959 ..	1,927	575	2,502	411	2,091
1960 ..	1,911	786	2,697	383	2,314
1961 ..	1,842	801	2,643	336	2,307

Output during 1960 from the local mills showed a relatively small decline, considering the extensive reconstruction which had taken place and the scrapping of so much machinery. For most of the subsequent year the spindles and looms were well engaged on old contracts, but the final results show a fall of nearly 70 million yards to a new low point. Yarn production in ratio was increasingly affected by direct competition from imported goods, either as yarn or as cloth. Spinners turned out 686,730,000 lbs. of yarn, a drop of nearly 65 million lbs.

At the end of 1961 some 15,000 fewer workers were on the books of spinning and weaving employers, and the total had been reduced for the first time in living memory to below 170,000. Again the spinning section was appreciably hit, its manpower declining by nearly 8 000, while in weaving the fall was little more than 4,000. Very little change occurred in the labour situation in waste spinning, but in doubling, the figure was 2,700 lower than the total of 16,080 recorded at the end of 1960.

Heavy supplies of cloth are still available on a statistical basis, although stocks have not accumulated during the year to the extent that might have been expected in the circumstances. Restrictions on credit, however, have made merchants increasingly reluctant to absorb deliveries without reasonable opportunity of disposing of them quickly. Traders all along the line of production and processing have been chary of carrying supplies due to the high cost of finance, and no immediate sign of relief on this score is apparent.

It is safe to forecast that any business which develops within the next few months will be largely on a hand-to-mouth basis, which in turn is not altogether remunerative for producers. Salesmen, in any case, are being constantly subjected to keen pressure on margins, despite the concessions made since mid-1961.

Ten Million More

A new peak for earnings from exports of textile machinery last year had already been established before the final month, and shipments during December merely added to the record figures so far achieved. During the whole year plant valued at £62,139,935 was exported, an increase of £10,000,000 on the previous year's record.

The quantity of machinery sent abroad at 76,902 tons was nearly 10,000 tons higher than in 1960, and was the largest total since 1956. In relation to past efforts, however, it should be pointed out that from 1948 to 1952 more than 100,000 tons of textile machinery was exported annually, and 40 years ago the figure exceeded 150,000 tons.

The Soviet Union retained its place as the leading consumer of British textile plant last year, absorbing 174,635 cwt. against 162,257 cwt., while India took 137,437 cwt. against 130,126 cwt. Other main markets were (in cwts. with 1960 comparisons): Pakistan 94,877 (60,589); Australia 83,907 (42,513); Italy 59,625 (50,099); Western Germany 57,450 (50,752); France 52,074 (31,570) and Israel 45,471 (31,314).

Several other countries also took more than 30,000 cwt. of British textile plant, including the Irish Republic, Belgium, Japan, the Philippine Republic, the United States and South Africa. A feature of this trade was the revival in business with the South American Republics, notably Brazil and the Argentine, whose takings increased from below 12,000 cwt. to 32,000 cwt. and 20,000 cwt. respectively. On the other hand, there was a sharp fall in shipments to Poland from 47,000 cwt. to less than 17,000 cwt.

Although trade in December was negligible, the volume of exports of textile plant for extruding man-made fibres during 1961 was double the quantity sent abroad in the previous year, the total being 89,990 cwt. Another branch where considerable progress was made was in machines for spinning and twisting cotton and stable fibre, whose shipments during the year increased from 85,504 cwt. to 124,276 cwt.

Exports of winding machines also improved from 10,816 cwt. to 18,866 cwt. while shipments of looms for weaving were substantially higher than in the previous year. Those with automatic weft replenishing accounted for 99,630 cwt. against 63,955 cwt. and other looms represented 42,090 cwt. against 26,698 cwt.

Imports of textile machinery last year increased by nearly one-third in volume as compared with 1960, and cost a good deal more. Arrivals amounted to 315,933 cwt. against 229,913 cwt., the respective values being £17,768,551 against £11,862,512 in 1960.

This was mainly due to a threefold rise in the quantity of looms for weaving bought from abroad, which amounted to 76,569 cwt. against 24,104 cwt. The cost of these machines exceeded £2,000 000 against little more than £750,000 in the previous year. Parts and accessories for these looms nearly doubled in volume and their value was correspondingly increased.

Raw Cotton Supplies

Dwindling activity in the mills invariably shows itself in the smaller quantities of raw cotton imported and the current lack of momentum within the industry is no exception. Arrivals of the raw material in the first half of the present season were distinctly lower than twelve months ago and unless there is a sudden change in the atmosphere, the full season's imports are unlikely to reach the one million bale mark, for the first time for many years and certainly this century.

As in the case of other trade activities, the major changes have been in the growths most favoured in the past. Whereas supplies of American cotton reaching British ports remained stable during the first half of the past two seasons, the quantity absorbed so far this season has been over 50,000 bales lower, but even this is still some 30,000 bales in excess of the very small quantity procured in the first half of the 1953-59 season. The following table shows the current situation, together with recent comparisons:—

(In bales)

	1st half 1961-62	1st half 1960-61	1st half 1959-60	Total 1960-61
American	164,334	220,737	220,214	450,551
Mexican	30,818	26,671	63,516	43,983
Nicaraguan	866	5,247	747	14,848
Brazilian	35,206	29,683	27,660	71,488
Argentine	10,076	2,962	1,506	13,133
Peruvian	27,338	34,122	35,956	48,617
Egyptian	5,396	3,115	9,211	9,320
Sudan	58,103	61,505	127,209	127,090
East Africa	10,719	15,750	20,257	30,127
Nigerian	25,895	36,151	40,426	86,866
Congo	7,513	2,520	10,224	2,821
Turkish	82,696	22,024	43,989	35,084
Syrian	7,000	4,624	13,146	11,689
Iranian	18,618	*	*	30,382
Pakistan	4,143	2,001	5,204	5,597
Indian	4,850	335	1,382	2,719
Russian	3,078	22,475	18,016	36,438
Others	24,627	78,866	78,168	76,555
Total ..	469 404	577,427	720,021	1,156,413

* Included in "Others."

With the exception of South American cottons and certain Middle Eastern varieties, the trend of imports remains downwards, especially those obtained from African sources. Another notable reduction is in the quantity of Russian staple imported, a tendency which was becoming evident in the second half of last season.—*All Rights Reserved.*

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T. R. KRISHNASWAMI
General Manager.

Habib Bank Limited

Head Office: **KARACHI (Pakistan)**

BALANCE SHEET AS AT 31st DECEMBER, 1961.

LIABILITIES	PAK RUPEES	PAK RUPEES
Authorised Capital :— 12,000,000 Shares of Rs. 5 each	60,000,000	
Issued, Subscribed and Paid-up Capital :— 6,000,000 Shares of Rs. 5 each		30,000,000
Reserve Funds		20,000,000
Demand, Savings and Fixed Deposits		803,230,533
Bills Payable		68,988,516
Bills for Collection as per contra		50,234,681
Banker's Liability for Acceptances and Guarantees as per contra		319,787,306
Profit and Loss Account :— As per Balance Sheet as at 31st December 1960	1,088,760	
Net profit for the year 1961	10,022,114	
	11,090,874	
Less : Payment of Interim Dividends	4,500,000	6,590,874
Total .. Pak Rupees		1,298,831,910

ASSETS	PAK RUPEES	PAK RUPEES
Cash on Hand	24,192,279	
Cash with Bankers	141,438,643	165,630,922
Investments :—		
(a) Government Securities at cost	364,617,309	
(b) Bullion below market value	14,322,239	
(c) Shares in Joint Stock Companies below market value	3,382,205	382,321,753
Interest Accrued on Investments		2,777,723
Loans, Overdrafts, Cash Credits and Other Sums	320,033,984	
Bills Discounted and Purchased	46,771,616	366,805,600
PARTICULARS REQUIRED BY ACT VII OF 1913 :—		
1. Debts considered good and in respect of which the Bank is fully secured	350,527,487	
This amount includes debts fully secured, due by Firms or Companies, in which Directors of the Bank are partners or Directors .. Pak Rs. 968,505		
2. Debts considered good, secured by the personal Liability of one or more parties in addition to the personal security of the debtors. This amount includes Bills Discounted and Purchased .. Pak Rs. 1,031,181	5,827,429	
The liability of Directors or their Firms under this head is Nil		
3. Debts considered in respect of which the Bank holds no security other than the debtors' personal security This amount includes Bills Discounted and Purchased .. Pak Rs. 694,239	10,450,684	
The liability of Directors or their Firms under this head is Nil		
4. Debts considered doubtful	Nil	
5. Debts considered bad	Nil	
6. Debts due by Officers of the Bank other than Directors (fully secured) .. Pak Rs. 15,253		
Bills Lodged for Collection as per contra		50,234,681
Customers' Liability for Acceptances and Guarantees as per contra		319,787,306
Landed Properties Below Market Value		
Additions during the year	7,411,952 172,657	7,584,609
Furniture and Fixtures :—		
Balance as per last Balance Sheet	5,355,033	
Additions during the year	1,359,903	
	6,714,936	
Less : Depreciation written off upto date	3,025,619	3,689,317
Total .. Pak Rupees		1,298,831,910

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961.

	PAK RUPEES		PAK RUPEES
Provision for Taxation	7,500,000	Interest, Discount, Commission, Exchange and Miscellaneous Receipts	34,103,561
Salaries, Allowances, Contribution to Provident Fund and Bonus to Staff	9,191,393	Transfer Fees and Splitting Charges on Shares	332
Directors' Remuneration	109,772		
Countries that are [illegible]	18,150		
Directors' Fees .. the G.A. .. charges	7,500		
Auditors' Fees	1,795		
Rent, Insurance, Lighting and Telephone charges	1,056,082		
Printing, Stationery and Advertisement Charges and Miscellaneous Expenses	3,732,196		
Postages, Telegrams, Conveyance, Travelling, Law [illegible]	641,362		
Depreciation on Furniture, Fixtures and Properties	10,002,114		
Balance (Net Profit)			
Total Pak Rupees	34,103,893	Total Pak Rupees	34,103,893

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the above Balance Sheet of Habib Bank Limited as at 31st December, 1961 and also the above Profit and Loss Account of the Company for the year ended on that date, in which are incorporated the certified returns of all the branches, and report that :

(a) We have obtained all the information and explanations we have required ; (b) in our opinion, the above Balance Sheet and Profit and Loss Account are drawn up in conformity with the law ; (c) such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company, and (d) in our opinion, books of accounts have been kept by the Company as required by Section 130 of the Companies Act, 1913.

AHMED B. KHAN & Co.
Chartered Accountants.

KARACHI, 22nd January, 1962.

RAZAK H. MAHOMED, *President.*

SALIM H. MAHOMED, *General Manager.*

AHMED HABIB — *Chairman.*
HAMID D. HABIB — *Vice-Chairman.*
YUSUF QASIM FIDAHUSEIN I. HAJI YUSUF A. HABIB — *Directors.*
HYDER M. HABIB RASHID D. HABIB — *Managing Directors.*

Habib Bank Limited

(Incorporated in Pakistan, Members Liabilities Limited)

Bombay Branch.

BALANCE SHEET AS ON 31st DECEMBER, 1961.

Previous Year 1960 Rs.	CAPITAL AND LIABILITIES	Rs nP	Rs nP
Nil	1. **Capital**	Nil	
20,30,800	Amount deposited with Reserve Bank of India in Government Securities	21,95,300 00	
Nil	2. **Reserve Fund and Other Reserves**	Nil	
	3. **Deposits and Other Accounts—**		
22,40,046	Fixed Deposits	19 61,503 33	
6,58,263	Savings Bank Deposits	7,13,292 08	
104,75,932	Current Accounts, Contingency Accounts, etc.	97,51,450 07	
133,74,241			1,24,29,255.38
	4. **Borrowings from Other Banking Companies, Agents, etc.—**		
Nil	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
Nil	PARTICULARS—		Nil
Nil	(i) Secured	Nil	
Nil	(ii) Unsecured	Nil	
Nil			Nil
4,47,892	5. **Bills Payable**		4,77,534.76
	Carried over .. Rs.		

Previous Year 1960 Rs.	PROPERTY AND ASSETS	Rs nP	Rs nP
16,31,456	1. **Cash**— In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes).		10,86,390.66
10,804	2. **Balances with Other Banks on Current Account**— (i) In India	15,950.25	
2,59,608	(ii) Outside India	1,50,260.98	
2,70,412			1,66,211.23
23,00,000	3. **Money at Call and Short Notice**		53,00,000.00
29,53,019	4. **Investments at/or below Market Value**— (i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and state Governments	29,56,643.40	
Nil	(ii) Shares— (a) Fully Paid Ordinary Shares	Nil	
Nil	(b) Fully Paid Preference Shares	Nil	
Nil	(iii) Debentures or Bonds	Nil	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
29,53,019			29,56,643.40
32,15,449	5. **Advances** (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)— (i) Loans, Cash Credits, Overdrafts, etc.— (a) In India Rs. nP 16,55,080.91 (b) Outside India 41,507.71		
Nil	(ii) Bills Discounted and Purchased— (a) Payable in India 7,65,019.46 (b) Payable outside India 15,38,238.03		
31,74,174		16,97,548.62	
11,50,257			
75,45,880		23,04,357.49	
147,00,767			40,01,906.11
	Carried over .. Rs.		135,13,051.42

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Habib Bank Limited—*Continued.*

BALANCE SHEET AS ON 31st DECEMBER, 1961.

Previous Year 1960 Rs.		Rs. nP	Rs. nP
	Brought forward .. Rs.		
	6. Bills for Collection Being Bills Receivable as per contra—		
3,77,583	(i) Payable in India	2,48,492.48	
18,34,364	(ii) Payable outside India	18,22,250.20	
22,11,947			20,70,742.68
	7. Other Liabilities—		
21,705	(i) Unexpired Discounts	1,188.70	
9,79,389	(ii) Branch Adjustments	4,72,427.56	
10,01,184			4,73,566.26
	8. Acceptances, Endorsements and Other Obligations per contra		
29,37,015			35,09,276.22
	9. Profit and Loss Account—		
3,03,618	Profit for the year 1961	4,30,910.88	
2,33,000	Less—Provision for Taxation	60,000.00	
70,618			3,60,910.88
	10. Contingent Liabilities—		
Nil	(i) Claims against the Banking Company not acknowledged as debts	Nil	
Nil	(ii) Money for which the Banking Company is contingently liable	Nil	
Nil	(iii) Liability on Bills of Exchange re-discounted	Nil	
30,20,816	(iv) Liability on account of outstanding Forward Exchange Contracts	30,58,779.13	
2,00,42,897	Total .. Rs.		1,93,21,286.18

Previous Year 1960 Rs.		Rs. nP	Rs. nP
147,00,767	Brought forward .. Rs.		135,13,051.42
	PARTICULARS OF ADVANCES—		
32,51,778	(i) Debts considered good in respect of which the banking company is fully secured		35,50,860.15
2,20,019	(ii) Debts considered good for which the banking company holds no other security than the debtor's personal security		2,87,847.55
40,74,083	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors		1,53,098.88
Nil	(iv) Debts considered doubtful or bad not provided for		Nil
75,45,880			40,01,806.11
Nil	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons		Nil
2,37,721	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members		80,770.56
1,000	(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons		4,500.00
3,40,056	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members.		2,56,932.51
Nil	(ix) Due from Banking Companies		Nil
	6. Bills Receivable Being Bills for Collection as per contra—		
3,77,583	(i) Payable in India		2,48,492.48
18,34,364	(ii) Payable outside India		18,22,250.20
22,11,947			20,70,742.68
29,37,015	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		35,09,276.22
Nil	**8. Premises, Less Depreciation**		Nil
	9. Furniture and Fixtures, Less Depreciation—		
2,85,492	At cost as at 31st December 1960		2,87,456.89
2,804	Addition during the year 1961		15,303.74
2,88,296			3,02,760.63
839	Less—Disposal during the year 1961		3,099.92
2,87,457			2,99,060.71
	Less—Depreciation— Rs. nP		
	Upto 31st December 1960 2,49,982.48		
	For the year 1961 4,207.96		
2,49,982			2,54,190.44
37,475			44,870.27
	10. Other Assets—		
37,835	(i) Advance Payments of Tax		62,286.24
25,336	(ii) Interest accrued on Investments		45,475.20
Nil	(iii) Silver		Nil
1,122	(iv) Stamps		656.99
20,370	(v) Stationery on hand		19,937.76
42,020	(vi) Suspense Account and other sum receivable		54,986.80
1,56,683			1,83,345.59
....	**11. Non-Banking Assets Acquired in Satisfaction of Claims.**		....
....	**12. Profit and Loss Account**		....
2,00,42,897	Total .. Rs.		1,93,21,286.18

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961.

Previous year Rs.	EXPENDITURE	Rs. nP
90,349	1. Interest paid on deposits, borrowings, etc.	1,29,519.22
2,49,695	2. Salaries, Allowances, Gratuity and Provident Fund, etc. (including salary and allowances of the Principal Officer Rs. 39,125.04)	2,41,285.02
Nil	3. Directors and Local Committee members fees and allowances	Nil
14,580	4. Rent, Taxes, Insurance, Lighting, etc.	14,755.80
850	5. Law Charges	3,793.54
19,901	6. Postages, Telegrams and Stamps	20,102.39
2,000	7. Auditors' fees	2,000.00
3,481	8. Depreciation on and repairs to the banking company's property	4,307.96
21,766	9. Stationery, Printing, Advertisement, etc.	27,521.90
89	10. Loss from sale of or dealing with banking assets	210.00
	11. Depreciation on Investments of Government Securities and shares of Limited Companies	4,000.00
Nil	12. Other expenditure	64,636.72
41,692	13. Balance of Profit (subject to taxation)	4,30,910.88
3,03,618		
7,47,971	Total .. Rs.	9,30,508.72

Previous year Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. nP
4,00,200	1. Interest and Discount	5,47,812.96
3,00,770	2. Commission, Exchange and Brokerage	3,15,663.78
Nil	3. Rents	Nil
	4. Net Profit on Sale of investments, gold and silver, land premises and other assets (not credited to Reserve or any particular fund or account)	29,374.00
Nil	5. Net Profit on revaluation of investments, gold and silver, premises and other assets (not credited to Reserve or any particular fund or account)	Nil
Nil	6. Income from non-banking assets, and profit from sale of or dealing with such assets	Nil
Nil	7. Other Receipts	40,656.04
37,802		
7,47,971	Total .. Rs.	9,30,508.72

REPORT OF THE AUDITORS

We have audited the foregoing Balance sheet of the Habib Bank Limited, Indian Union Branch as at 31st December, 1961 and also the above profit and loss account of the Bank for the year ended upon that date.

In accordance with the provisions of Section 29 of the Banking Companies Act 1949, read with the proviso to sub-sections (1) and (3) of Section 211 and sub-sections (5) of Section 211 and 227 of the Companies Act 1956, the Balance sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the sixth schedule to the Companies Act 1956, they are, therefore, drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act 1949.

We report that :

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to our notice, have been within the powers of the Bank ;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of these books ;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;

(e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required for Banking Companies and on such basis the said Balance-sheet gives a true and fair view of the statement of the affairs of the Bank as at 31st December, 1961 and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

B. S. BHARUCHA & CO.,
SHAH & CO. } *Chartered Accountants.*

S. G. CURRIM, *Agent.*

H. S. JAMANI, *Principal Officer.*

EFFECTS OF EURO-DOLLAR MARKET

NO NET DRAIN ON UNITED STATES

AMONG accompaniments of the general freeing of currencies in recent years has been the development of an extensive deposit-and-loan business done in U.S. dollars outside the United States. This is at once an aspect of the dollar's position as a medium of exchange with high international acceptability, which sustains a considerable world-wide demand for it, and of the chronic deficit in the U.S. balance of payments, which feeds the supply.

The core of overseas dealings in dollars is the fact that foreign banks are accepting deposits and making loans in U.S. currency. Doing so is not a new practice for them. Indeed, European banks were holding and lending external currencies, notably sterling, even before World War I, and they resumed the practice between the two world wars. The emergence of the dollar as the focus of such activity, and the proportions the activity now has assumed, however, are new.

Because European banks are particularly active in the field, the term Euro-dollars is commonly applied to the funds involved. The term is misleading in two ways. First, it sounds like a label for a wholly different kind of dollar. Actually, the dollars so used differ from ordinary ones only in the channels through which they move. Second, the term overlooks the large deposit-and-loan volume carried on in U.S. dollars by foreign banks other than European—e.g., Canadian. Their transactions also are part of the total external traffic in the dollar.

A Euro-dollar transaction is based ultimately on dollars held on deposit in a United States bank. The owner-presumably in response to the offer of a higher interest rate than he is receiving—transfers the deposit to a foreign bank. The return offered has to be sufficiently above that available in the U.S. to compensate for such risks as the chance that the country where the dollar deposit is collectible may impose exchange restrictions or otherwise impede eventual recovery of the funds.

The simple act of transfer to a foreign depositary is what makes just plain dollars into Euro-dollars. In the normal mechanics of international funds flow, the basic dollars are shifted to the account which the foreign bank accepting them maintains with a U.S. correspondent. The foreign bank's books then show the liability of the deposit it has accepted, offset by the "due from banks" asset of the dollars standing to its credit with the U.S. bank.

Since the purpose of the transaction is to make a profit, the foreign bank proceeds to lend or invest the dollars—at a rate higher than the one it as depositary is paying on them. It is the widespread demand for dollars—principally for use in connection with trade—that makes foreign banks confident of being able to find profitable uses for their dollars and thus encourages them to bid aggressively for dollar deposits.

Sources

The supply comes from dollar owners almost everywhere—Europe, the Middle and Far East, South America, even the United States. On the demand side, too, the market is truly international. Among the large takers are Canadian banks, which usually place the funds at the disposal of their New York agencies to be loaned to securities brokers and dealers in Wall Street. Foreign branches of United States banks compete for and accept Euro-dollar deposits, thus enabling their head offices to regain control over the investment of the funds. The Soviet Union and other countries behind the Iron Curtain, formerly net suppliers of Euro-dollars, are now net takers. On the other hand, Germany and Italy, formerly net takers, have become net suppliers. Since 1960, the Japanese commercial banks have become large net borrowers of Euro-dollar deposits. The most important centre of Euro-dollar transactions is London, but markets exist also in Paris, Zurich, Frankfurt, and Milan.

The Euro-dollar market is a fast-moving one. It has some of the characteristics of the domestic Federal funds market—in which banks borrow and lend balances that are on deposit with the Federal Reserve banks, using this medium to correct "underinvested" or "overinvested" positions on a day-to-day basis. Euro-dollar deposits and loans often are made, like those of Federal funds, on a very short-term basis, but they can run for longer periods.

It is not uncommon for one foreign bank to re-deposit in another the dollars it is holding. The chain of transactions may cross several international boundaries and may even include one or more "swaps" of the dollars for a foreign currency, with the exchange transaction putting the dollars in the hands of yet another owner, who presumably deposits, lends, or spends them.

Through all this, the original dollars remain on deposit in the U.S. banking system. Each transaction in the chain may very well occasion their transfer from one U.S. bank to another, but at no point are they withdrawn from the U.S. banking system—unless an owner should present them to the U.S. Treasury in purchase of gold, something only a foreign Government or central bank can do directly, or unless they are used to retire a loan made by a United States bank.

Big Young Market

There are no solid statistics on the Euro-dollar markets. Taking that term to encompass all foreign borrowing and lending of dollars, estimates as to the total amount involved range from one billion to more than two billion dollars. At two billion, the figure would equal about one-fifth of all foreign-owned dollar deposits held in U.S. banks, including those due official holders.

This impressive volume has developed within a remarkably short time—most of it within less than three years. About the end of 1958, Western European governments made their currencies convertible for non-residents and removed some other exchange restrictions, thus permitting the development of relatively free and active foreign-exchange markets. The new fluidity among currencies encouraged banks abroad to undertake dealings in dollars, which were in consistent demand and which they could readily obtain by bidding sufficiently above the interest rates offered in the U.S. Those rates were limited not only by the ceilings of the Federal Reserve Board's Regulation "Q" but also by the prevailing structure of interest rates in this country, usually lower than those abroad. The selective raising, effective from 1st January 1962, of "Q" limits gives U.S. banks greater flexibility to bid against foreign institutions for dollar deposits; the extent to which they will do so will depend largely, of course, on the prospective rates at which those deposits can be employed.

The spread between cost of money (interest paid on deposits) and price of money (interest received on loans or investments) is characteristically narrow in the Euro-dollar market. The participants regard their operations in the market as a side-line which adds little, if anything, to the cost of doing their basic business. Further, they see in them an accommodation to their clients and a source of prestige as a factor in international banking. Thus, they are willing to accept a very slender margin of profit on Euro-dollar transactions. This double standard of profitability seems also to characterise foreign banks' attitudes toward doing business in the other Euro-currencies, which presently include sterling and the leading Continental currencies although none in nearly so large volume as the dollar.

The Euro-dollar has become the most important of the Euro-currencies for two main reasons. First, the dollar has emerged as the leading international currency; during most, if not all of, the post-war period, it has been generally regarded as the most stable, and it is almost the only currency used by European central banks as a reserve currency. Second, the supply of dollars in foreign hands has grown steadily and rapidly for a decade, as a result of the chronic deficit in the U.S. balance of international payments.

Thus, far there has been only minor activity by U.S. banks in developing the obverse of the Euro-dollar market—the accepting of deposits and making of loans in Canadian dollars or in the various externally convertible European currencies. As their domestic customers increase their positions in and needs for foreign currencies, it is only natural to expect that American banks, particularly those with overseas branches, will be active in what may some day be called Amero-currencies.

Assessing the Meaning

As a phenomenon of international finance, the rapid growth of foreign traffic in dollars has not yet made its implications entirely clear. Paradoxically, it has enhanced the dollar's position as the leading international currency, while at the same time reducing, to some extent, the relative importance of the United States—more specifically New York—as a world financial centre. In effect, a substantial share of dollar financing business is eluding the U.S. banks.

Dealings in Euro-dollars do not directly affect the U.S. balance of payments, except where an American-owned deposit is transferred from a domestic to a foreign depositary or where American-owned dollars that normally would be repatriated are left instead on deposit abroad. The large volume of Euro-transactions may, in fact, have helped support the dollar's value in foreign-exchange markets by increasing the demand for dollars and their acceptability. It may have helped to limit the outflow of gold from the United States by deterring the cashing-in of externally owned dollar balances. It probably has increased the effectiveness of international liquidity by contributing an added measure of velocity to the available pool of reserves. Some authorities, however, fear that it has made financial markets more susceptible to credit disturbances.

But probably the Euro-dollar's clearest effect, and most important in the long run, has been to contribute to the closer integration in individual countries of the domestic money market and the foreign-exchange markets. Thus, it has further complicated the problems of central banking authorities in adopting and enforcing monetary controls. The easier the flow of funds between countries, the more heed the authorities in each country must pay to the financial winds that blow across national boundaries. This difficulty has been well illustrated in the United States during the past year and a half, as the monetary authorities have worked at the delicate task of keeping money easy enough to stimulate business recovery at home without making it so cheap as to occasion large-scale flows of funds abroad, where interest rates have been higher.

In foreign countries, the existence of the Euro-dollar market has at times suggested a means of evading local monetary restraint. If the authorities in a given country are restricting the money supply, banks may obtain dollar deposits and sell or "swap" the dollars for local currency. Under the country's commitment to the International Monetary Fund to maintain established exchange rates, the central bank may have to furnish local currency for the offered dollars. The result is an unwanted increase in the money supply, and means must be found for offsetting it.

Thus the evolving trend toward a world money market tends to wear away the insulation that has shielded individual monetary systems. The effect is to place even greater emphasis on the need for sound policies of money and credit—both to promote stability in individual countries and to provide a reliable financial basis for the carrying on of international trade.—*The Morgan Guaranty Survey.*

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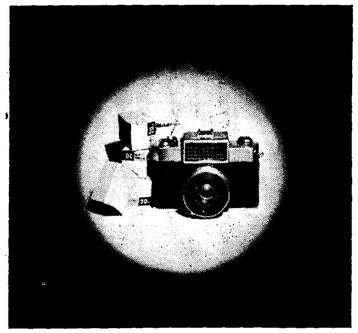

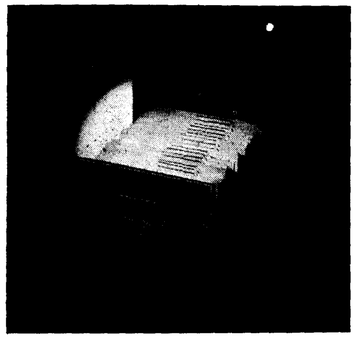

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NEW PUBLICATIONS

Effects of Land Reforms in Saurashtra. By R. R. Mishra. Published by Vora & Co., Publishers Private Ltd., 3, Round Building, Bombay-2. Pages: 240. Price: Rs. 12.

SAURASHTRA was the first State in India (before the merger with Gujarat) to complete the implementation of land reforms. Before the formation of the State there were as many as 222 princely States, several of them being small principalities; the problem was to replace the old feudalistic order by a democratic system based on the ownership of land by the tiller of the soil. Therefore, the problem had to be faced in a twofold manner; elimination of the class of parasitic middlemen and aiming at increasing the efficiency of agriculture without further fragmentation of holdings by declaring illegal the leasing of land, by scaling down the debts of the agriculturists and by other like measures. The scheme of compensation adopted differed from that of other States in so far as the basis of compensation was not rent (or net income) but assessment, and the payment was made in cash annuities; secondly, the deferred instalments carried no interest. Though this procedure resulted in more cost for the entire reform it enabled the State to achieve the objective in the quickest possible time. Amongst the principal pieces of legislation undertaken are the Saurashtra Land Reform Act of 1951, the Saurashtra Barkhali Abolition Act of 1951, the Saurashtra Estates Acquisition Act of 1952 and a few minor legislations, such as the Saurashtra Prohibition of Leases of Agricultural Lands Act of 1953, Prevention of Fragmentation and Regulation of Holdings Act, the Agricultural Debtors Relief Act and the Land Improvement Schemes Act, all of 1954. The survey of the effects of land reforms was conducted in 1955-56 and the year 1947-48 used as the base year. The survey was undertaken on behalf of the Research Programme Committee of the Planning Commission. Mr. R. R. Mishra has done a useful job in the analysis of the data and in presenting the same in a proper perspective.

With a gap of only four years between the land reforms and the period of the survey, no long-range effects could have been discernible. A reading of the survey impresses one of the undeveloped nature of the agrarian economy under the princes, the non-availability of reliable land records which in many cases were non-existent, the absence of regular land survey, the anxiety of the State to implement the reform in the face of political circumstances and law and order situation and the new role assigned to an economic agency, namely, the Land Mortgage Bank. The reforms affected 28,39,449 acres of *Girasdari* and 8,07,225 acres of *Barkhalidars* and the estates of 1,55,766 persons. The total amount of compensation paid by 1956-57 was Rs. 3.65 crores as against an estimated cost over a period of 21 years of Rs. 10.14 crores. The scheme of compensation payable consisted of two parts: (1) the amount paid by the tenant to obtain occupancy rights and (2) payment by Government for a period of years of an amount equal to the assessment on the holding. The former was to be paid out of the loan obtained by the tenant from the land mortgage bank, where he had no other source, and the latter annually out of land revenue collections by the Government.

The effects of the land reforms may be briefly summarised as—

(1) It brought into existence the Land Mortgage Bank which in the following years was able to finance land improvement. Financing of land reforms was a novel role given to a co-operative land mortgage bank and meant relaxation of several orthodox principles but had the benefit of bringing the cultivator into contact with an institutional agency and this was able to build up relationships to facilitate development and, secondly, established the bank's role as "an emblem of the national policy of planned development of the country along socialist lines." While the bank fulfilled its role "admirably well" the response as revealed by the overdues in instalments was somewhat unsatisfactory.

(2) The survey reveals the existence of a certain degree of lack of appreciation of the programme of planned development on the part of revenue officials.

(3) Though too early at the time of the survey to hazard a firm conclusion, during the post-reform period the land utilisation pattern, as well as the crop pattern, has shown desirable changes. The increase in production is noticeable in the case of cotton and groundnut and there has also been an increase in the area under irrigation.

(4) The Government has undertaken a number of development activities and the co-operatives were almost nominal in the pre-integration period. There has, therefore, been a greater prominence in the case of *takkavi* loans rather than in utilising co-operative finance. Even now the co-operatives, which have made considerable headway, are suffering from heavy overdues.

(5) During the period of review, though there were many shifts from one side group of holdings to another, they were traceable to normal courses like partition of land between coparcenaries; sales and purchases were limited. There were also indications that land values showed an upward trend over the period. On the whole, the survey concludes that the reforms did not entail any great hardships for the *Girasdars* and *Barkhalidars* in view of the fact that a majority of them were small holders. In the selected villages for survey, as against 4,828 holdings in 1947-48 there were 4,859 holdings in 1954-55, indicating a net increase of only 31.

A survey of this nature which deals with socio-economic conditions cannot be more pointed in view of the short period during which the reform was in progress. The statistical analysis had to be restrictive mainly on account of the inadequacies of the base data. All the same the publication is a useful first record.

Studies in the Economics of Welfare Maximisation. By Dr. P. R. Brahmananda, Reader in Monetary Economics, Department of Economics, University of Bombay. Published by T. V. Chidambaram, Registrar, University of Bombay. Pages: 520.

The book under review, *Studies in the Economics of Welfare Maximisation*, by Dr. P. R. Brahmananda, who needs no introduction to students of economics in this country, seeks to provide a competent and incisive analysis of the theory of welfare economics in its historical perspective. In the author's own words, "part of this work is an interpretation of the ideas of others; a part is a criticism of the interpretation of these ideas by others." Although the work is predominantly a critical examination of others' contributions, Dr. Brahmananda himself has been able to improve upon the existing theoretical framework of welfare economics, which, incidentally, is still in the process of being evolved.

The book is divided into four parts. The first part presents a self-contained account of the writings of classical economists on economic policy and economic development. The second part surveys and develops the Marshall-Pigou-Hicks approach towards welfare theory and examines the obstacles that keep an economy or its particular sectors in involuntary infra-optional situations. The analysis is carried forward a step further in the next part, which is devoted to certain problems of applications, with particular reference to immobilities, involuntary unemployment, conspicuous consumption and production, etc. The author is to be complimented for having examined some of the major issues against the background of underdeveloped economies.

Although the development of welfare economics as a distinct academic discipline is of relatively recent origin, the classical economists were no less concerned about the effects of economic policy in respect of both allocation and distribution for the welfare of the community. The author, of course, is aware of the limitations of the classical approach. For he readily admits that the classical economists failed to formulate a dependable framework of analysis by which a theory of inter-relation between allocation and welfare could be built. Marshall, however, provided the rudiments of a theoretical frame acceptable to the rational mind by pointing out the possibility of quantitative measurement of "relative worthwhileness of different economic activities." He showed that the economist could discover various possibilities of productive improvements, provided adequate organisational adjustments were made.

Dr. Brahmananda is of the opinion that it is possible for the economist to point out how various policies affect different income groups and to show how various results could be obtained through the adoption of what he calls "equivalence scales." This will necessitate the social evaluation of marginal utilities of income, which, in turn, calls for classification of different income groups composing a community. It must be pointed out here that a separate section dealing with post-war welfare studies would have enhanced the utility of the book. Notwithstanding this omission, it may be readily conceded that Dr. Brahmananda's book is a valuable addition to the none-too-abundant literature on welfare economics—a subject which still offers challenging opportunities for research workers and advanced students of economics.

The Elements of Income-tax Law. By C. N. Beattie, LL.B. Fourth Edition. Published by Stevens & Sons Limited of 11, New Fetter Lane in the City of London. Obtainable from N. M. Tripathi Private Ltd., Bombay. Pages: 221. Price: Rs. 24.

Beattie is a well-known author on taxation subjects, his distinction being clarity of thought, simple language and preciseness. He is a practising Barrister and appears in taxation matters for the Commissioners of Inland Revenue in the United Kingdom. His book on Death Duties in the U.K. is very popular in India.

This book is the fourth edition. The commentary is based on the law as it stood on 1st January 1960. It is mainly intended for students of law, who desire to practise in Income-tax law. The book does not give details of other enactments like the law of trusts and of partnership and international law, as the author assumes that those who desire to practise in Income-tax law know all these laws and the general law in the U.K. He has given explanations and illustrations wherever required. Subjects which are of everyday importance to lawyers like trusts, tax on income from property, husband and wife, etc., have been dealt with elaborately. In this edition he has rewritten the original text and brought it up to date. Certain chapters have been completely rewritten and rearranged. The author has also taken pains to give some sort of help to persons who draft bills everyday. Guidance of this nature is always welcome, as it saves time in looking up case law and the statute law.

How far are the English Income-tax law, case law and books on income-tax law useful to us in India? This query has been answered by the Supreme Court of India in the case of *Vazir Sultan vs. C.I.T.*, reported in 36 Income-tax reports. The Supreme Court says: "The Indian Income-tax Act is not *in pari materia* with the British Income-tax Statutes, it is less elaborate in many ways, subject to fewer refinements and in arrangement and in language it differs greatly from the provisions with which the courts in England have had to deal. Little help can therefore be gained by attempting to construe the Indian Income-tax Act in the light of the decisions bearing upon the meaning of the income-tax legislation in England. But on analogous provisions, fundamental concepts and general principles unaffected by the specialities of the English Income-tax Statutes, English authorities may be useful guides."

Whatever may be their usefulness according to the Supreme Court, one cannot forget the last sentence in the above passage which alone is sufficient to make a lawyer or an accountant, practising in Income-tax law or even a student studying Income-tax law, to study the English law and the commentary on the subject. For this purpose, Beattie's book is quite handy and up-to-date. One should not forget that Beattie is not Simon whose *Commentary on Income-tax Law in England* is well known and looked upon as an authority on the subject, but Simon is also not Beattie.

Britain—An Official Handbook, 1962. Prepared by the Central Office of Information, London. Published by Her Majesty's Stationery Office, London. Pages: 588. Price: 13s. 6d.

A standard official reference book on Britain, the Handbook under review is the thirteenth in the series which is the mainstay of the reference facilities provided by the British Information Services in foreign countries. It covers events up to September 1961 and, like its predecessors, gives a factual account of British administration and the economy, and is illustrated with photographs, maps and charts, which add greatly to the charm and utility of the publication. A 30-page bibliography is intended to guide the reader to further reading on subjects covered in the book. The exhaustive index makes reference easy. Some useful information for visitors to Britain are given in an appendix. The publication is, in every way, a model reference book.

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TURBO-CARS STILL A LONG WAY OFF

CHRYSLER CORPORATION'S CURRENT TESTS

NOTWITHSTANDING recent hints from the Chrysler Corporation in the United States that it may possibly decide next year to equip 50-100 of its cars with its newly developed 140 h.p. automotive gas turbine, there is still no apparent prospect for turbine power to become economically attractive for road vehicles in the near future, according to *Petroleum Press Service*, London. Should Chrysler in fact put some turbo-cars on the market fairly soon, it would solely be with a view to getting some clearer idea of the likely response of the public to a sweeping innovation in motoring. However, that decision still depends on the outcome of current tests with two turbine-powered versions of modified Chrysler Dodge and Plymouth 1962 models at present touring the United States for the evaluation of the performance and cost features of the new turbine unit. It is claimed that the latest prototype substantially surpasses its predecessors in both technical and economic efficiency. Those advances are attributed partly to the incorporation of a more effective heat regenerator, but in particular to a novel system of movable nozzle blades whose pitch is automatically varied with changing gas velocities and turbine speeds, thus improving engine acceleration and braking power as well as fuel economy.

Credited with a specific fuel consumption of only 0.51 lb. per horse-power-hour, the Chrysler turbine closely matches the thermal efficiency of a reciprocating gasoline engine, with the added advantage of accepting a wide range of less expensive fuels—from unleaded gasoline and kerosine to jet and diesel fuels. Even so, however, the Company's technical experts make no secret of the obstacles yet to be overcome on the production side, before turbine cars can be expected to appear on America's roads in significant numbers. They have always contended that if the gas turbine were ever to present a serious challenge to the automotive piston engine, it would have to be made competitive in both performance and price. And they hold that equality in first cost could only be achieved by mass production, for which the passenger car market alone offered the requisite conditions. While General Motors and Ford in the U.S., Rover and Austin in Britain, Fiat in Italy, and others likewise directed their research on automotive gas turbines initially to developing prototypes for cars rather than for larger commercial vehicles, some of these firms have in recent years concerned themselves increasingly with the prospects of smaller gas turbines in the latter field and in certain industrial applications.

The widely varying approaches made in the past decade to paving the way for gas turbine power in road transport were comprehensively discussed last month by Dr. J. H. Weaving, Chief Gas Turbine Engineer of the Austin Motor Company, at a meeting of the Institution of Mechanical Engineers in London. His survey of small gas turbines for both automotive and general industrial uses covered altogether over two dozen types of power units from 17 different firms, including twelve of America's and Europe's leading motor and aircraft manufacturers. The author's own company, which in 1949 started the design of a 120-h.p. gas turbine for exploring its potentialities in the automotive field, installed this engine experimentally five years later in a modified passenger car, but did not pursue the further development of that particular model, largely on account of its prohibitively high fuel consumption. Instead, Austin proceeded to design a 250-h.p. industrial turbine for possible use in stand-by power sets, pumping units, etc., and, in later stages of development, for use in heavy lorries, rail cars and off-road vehicles.

Especially interesting for its automotive potentialities, however, is, Austin's 30 h.p. gas turbine, a prototype of which was recently completed under a Government contract aimed at stimulating investigations into the prospects of very small gas turbines for cars. This is indeed the smallest two-shaft turbine ever built, but its fuel consumption of 0.85 lb./h.p.-hr. exceeds the design target by about eight per cent, despite the incorporation of a recuperative heat exchanger. Furthermore, it has been found that even at quantity production of, say, 1,000 units a week, units costs of manufacture would be about twice as high as those of a piston engine of comparable power. Dr. Weaving therefore discounted this model in its present form as an economic proposition for the small automobile.

Thermal Efficiency

Obviously, better thermal efficiency is easier to attain in higher-powered turbines, whose greater overall size allows more space for larger and more effective heat exchangers. As already mentioned, the specific fuel consumption of Chrysler's 140 h.p. turbine is just over half a pound per h.p.-hour, while that of Ford's latest prototype turbine of 300 h.p. is of about the same order at both quarter-load and full load, and lower still at half-load. General Motors' 225 h.p. model with two revolving heat regenerators average 0.59 lb./h.p.-hr., and so does the latest 140 h.p. unit of the Rover Company in the U.K., which made history twelve years ago by producing the world's first experimental gas turbine car; this latest Rover turbine also embodies two heat exchangers but of a different type.

While such devices for re-utilising part of the exhaust heat in the combustion cycle have evidently brought appreciable improvements in fuel economy, they have, on the other hand, inevitably superimposed more complex features upon the basic simplicity of the gas turbine as well as added to its weight and bulk. Some other firms working on automotive gas turbines—e.g., Boeing in the U.S., Fiat in Italy and Daimler-Benz in Germany—have therefore dispensed with heat exchangers and sought to achieve acceptable thermal efficiency solely by stepping up the pressure ratios and gas temperatures in the turbine cycle. But this has raised certain new problems in other directions, in design and operation as well as on the metallurgical side. As in most fields of engineering, the best solution to a particular application usually lies in a compromise between several factors, with efficiency, reliability and cost being of prime importance in the case of the automotive gas turbine, though tending to be mutually exclusive.

Summing up his review, Dr. Weaving observed that after some ten years' development the gas turbine has as yet failed to make the general conquest on land that it has done in the air, though it has proved admirably suited for certain industrial uses in selected fields. For powering road vehicles, however, the drawback of the gas turbine's inherently heavy fuel consumption, high shaft speeds, noisiness and higher production costs, still largely outweigh its equality outstanding advantages over the piston engine. The most compelling of these are, of course, the turbine's excellent torque characteristics, freedom from vibration, lightness, absence of reciprocating parts and, not least, the wide range of fuels it can use. But, evidently, there is wider scope for exploiting these virtues in large commercial vehicles than in cars.

INDIGENOUS PLANT FOR COAL WASHERIES

The third Plan, it may be recalled, has proposed the establishment of additional capacity for the washing of coal to the extent of about 12.7 million tons per year. A part of this washing capacity is to be set up by the Hindustan Steel and another part by the National Coal Development Corporation. The Hindustan Steel's programme comprises the setting up of a second unit at the existing Dugda washery with a capacity of 2.4 million tons and by expansion of the Bhojudih washery which is expected to be commissioned shortly. Of the washeries planned by the N.C.D.C., one at Kathara, with an input capacity of 3 million tons, and another at Karanpura, with a capacity of 2.8 million tons, are being financed from Russian and Polish credits, respectively.

The project reports for two other washeries, namely, one at Chalkari (0.5 million tons) which will be an extension of the present Kargali washery of the N.C.D.C., and the other at Swang (1 million tons), are expected to be ready by March and June 1962, respectively. According to a Government Press note, the placing of orders for supply of plant and equipment for these two washeries is likely to take place between July and December this year. The above two washeries, the expansion project of the Dugda washery, the N.C.D.C.'s proposed washeries at Ramgarh (1.5 million tons) and Sudamdih (2.2 million tons) and some more washeries likely to be set up by the N.C.D.C. and the private sector steel plants—all these will offer plenty of work to indigenous manufacturers of plant and equipment. The Government of India, it is gratifying to note, has decided to give preference to indigenous manufacturers of such plant and equipment over foreign suppliers, provided price and delivery terms are reasonable. But at present there is only one indigenous manufacturer of coal washery plant and equipment. The Government has clearly stated that, with the setting up of additional capacities in India for such plant and equipment, future tenders will be restricted to indigenous manufacturers. This is an encouraging development in the sector of machine-building industries.

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SISTA'S

NEW PRODUCTS AND PROCESSES

Plastic Film Cutter

A DUTCH firm is manufacturing a portable apparatus for sealing and cutting polyethylene bags and similar packaging materials. An unusual feature of the machine is that it seals and cuts in one operation. It works on the heat-impulse system; the plastic films to be sealed are first clamped tightly together and then, by depressing an arm with a sealing bar attached, sealed by momentary heating. The seal is subsequently allowed to cool until adequate strength has been regained. The entire operation takes only a few seconds. Sealing time (½ to 2½ seconds) is automatically determined by a built-in time switch. The thickness of the plastic packaging materials may vary from 0.02 to 0.25 mm. The cutter fitted to the apparatus enables the polyethylene to be cut off during sealing, which means that two operations can take place simultaneously. The machine is 36 cm. long, 11 cm. high and weighs 5.18 kgs. It can be used for sealing lengths of up to 21 cm. It uses alternating current of 220/240 Volts and its power consumption is 110 Watts.

New Stainless Steel

A new ferritic stainless steel containing 17 per cent chromium and one per cent molybdenum has been developed by a subsidiary of the United Steel Companies Ltd., Britain. Known as Silver Fox 17 MO, the addition of one per cent molybdenum to a straight 17 per cent chromium stainless steel has been found to give a marked increase in corrosion resistance without in any way adversely affecting physical properties. Of all the many qualities of stainless steel produced the 17 per cent chromium quality represents the largest tonnage. It has been recognised for some time, however, that there was a need to enlarge the scope for using this relatively cheap stainless steel by improving its properties without adding appreciable quantities of expensive alloys. This objective has now been achieved with Silver Fox 17 MO. Comparative laboratory tests have been carried out with Silver Fox 17 MO, Silver Fox 17 (straight chromium) and Silver Fox 302 (18/8 type). A wide range of tests, including those with a variety of acids and acidic foodstuffs revealed a general superiority of Silver Fox 17 MO over the straight chromium steel, and results were in some cases as good as Silver Fox 302.

Burton Hardness Tester

An instrument for measuring the 'hardness' of large diameter steel rolls, as used in steel rolling mills, flour mills, and paper mills, has been designed by a British firm J.O. Deakin and Co. Ltd. It enables measurements to be made on the machines, where previously it was almost impossible to obtain accurate measurement of the hardness value of the whole surface. The instrument—a Burton hardness tester—is fitted with magnetic contacts which secures it to the piece of metal to be measured. There is no danger of side-slip, or damage to the diamond indentor. The instrument is located in a non-ferrous block between two magnetic bases, with a machined Vee running horizontally to allow maximum contact on cylindrical surfaces. Magnetic contact is made by the push button method of permanent magnets, and the instrument is operated by gripping the twin handles on each side. This causes the top set to depress, bringing a diamond indentor in the instrument in contact with the material, and through the dial mechanism, giving a direct reading of the hardness value.

New Plant Cuts Production Costs

Amongst the latest pieces of modern production machinery to be installed in the Lancashire factories of Leyland Motors Ltd. is a gas-fired, batch type, sealed quench heat treatment plant for gas carburising, which features fully automatic control of the heat treatment cycle and carburising atmosphere. It is now being used by Leyland primarily for case hardening their heavy duty rear axle spiral bevel pinions under the most precisely controlled metallurgical conditions. Its design allows components to be automatically quenched straight after carburising, fully protected by a non-oxidising atmosphere, thus cutting out the need for reheating for hardening, and producing work free from scale. This leads to substantial economies in heat treatment and cleaning costs and also reduces the opportunity for distortion to occur. Believed to be the first of its type to be used on such heavy duty components by a manufacturer in the heavy vehicle industry, the plant was installed by British Furnaces Ltd., Chesterfield.

Baking Varnishes

A range of water-soluble resins which give excellent baking varnishes when mixed with phenolic or amino hardening agents is now available in Britain. Non-inflammable and non-toxic, the new formulation also permits spray rooms to be cleaned down by flushing with water. Excess spray can be collected and used afresh while badly sprayed articles can be washed and treated again. During stoving, nitrogen compounds in the resins volatilise or become insoluble and the finished film shows extreme hardness, elasticity and adhesion, particularly to aluminium surfaces. Thick priming coats are easy to obtain and the material flows well, so that no sanding is required to finish off. Standard spraying and stoving equipment can easily be adapted to the new formulations.

Fire-resistant Conveyor Belt

An improved fire resistant conveyor belting, particularly suitable for mining, is now available for export from a North of England firm. It is especially suitable for face work where conveyor belting must have exceptional characteristics such as a high resistance to splitting, impact and tearing. The manufacturers say that its operating efficiency should compensate for any increase in initial cost compared with other grades of P.V.C. belting. Known as "Facemaster 1445," the new P.V.C. belting has been developed by the firm who make conveyor and transmission belting and rubber hose for many purposes including lined and unlined fire hoses. By using nylon blended and woven with cotton, the firm have produced a fabric, three plies of which, it is claimed, have a tensile strength exceeding five plies of cotton to British Standard 490. Resistance to tearing and splitting has been achieved by a weft strength more than double that of cotton. To improve resistance to impact—a frequent cause of belt damage—and provide ample transverse stability, a resilient impact sheet has been provided between each carcase ply.

Timber Treatment

A British firm, Pratchitt Brothers Ltd., which has supplied timber impregnating plant to a number of countries, including India, has recently improved its equipment. Its latest vacuum pressure plants are compact and have a simplified layout. The new layout has the preservative storage tank on steel channel supports above the treating cylinder, instead of at ground level. The space between the two cylinders now houses the electrically driven pumps to create the vacuum and the hydraulic pressure in the treating cylinder. The capacity of the various pumping units has been increased. Less time is now needed to treat timber. When used for fire-proofing, a bigger storage tank is made into two separate compartments, different liquids being isolated for the preserving and fire-proofing processes.

Open-type Package Sub-station

After pioneering the package form of switchgear in Britain, South Wales Switchgear, Limited, Blackwood (Mon), has introduced a new design of open-type package sub-station. A 33-kV substation, the first of its kind, has been erected at Windsor Colliery in the South-Western Division of the National Coal Board. The completion of the installation was speeded by prefabrication, a high proportion of the assembly work being carried out at the manufacturers' works and transported to the site in units. The substation, allows for a built-in control room between the oil circuit breakers, which can be seen horizontally withdrawn on their wheels and rails. The new design, filling a need between the open orthodox open-type sub-stations requiring a large site area and ultra-compact metal clad package sub-stations, was planned to meet the needs of the colliery, where economy of space is of primary importance.

Atomic Power Plant Produces More Fuel

The United States Atomic Energy Commission has nearly completed the building of a new type of atomic reactor which will produce more nuclear fuel—plutonium—than it consumes, while at the same time generating commercial quantities of electricity. The power plant is located at the Commission's research station at Idaho Falls, Idaho, in the north-western part of the United States. Preliminary testing of the reactor has already begun, and it is expected that the reactor and power plant will go into full operation about the middle of this year. The plant's electric power output will be 20,000 kilowatts, which is enough to supply the electricity needs of a town with a population of 35,000. Its reactor is called a "breeder" reactor, because it "breeds", or creates, new fuel at the same time that it is burning up its original fuel.

Better Staple Fibre Yarn

A new process which, it is claimed, will give man-made fibres all the advantages of wool and some extra ones as well has been developed by Newhill and Earnshaw of Bingley, Yorkshire, Britain. The new process is called Airvel and it is the first time, the producers claim, that a staple spun yarn has been produced possessing the attributes of bulk and elasticity in the degree that they are present in this new yarn. Although Airvel is believed to be applicable to several fields of the textile industry, its application is at present confined to the field of knitted wear. The process allows the production of knitted wear with warmth and light weight as well as excellent shape retention during wear and wash.

Non-slip Plastic Flooring

Flooring material with a non-slip surface and claimed to offer a solution to the stiletto heel problem is being manufactured by Plastics and Resins of The Airport, Pendeford, Wolverhampton, Staffordshire, Britain. Called "Terraplex," it is described as a plastic composition which is applied cold to almost any type of floor, including concrete, wood, steel, either by brush or spray gun. One gallon is said to cover about 4 square yards. Because it hardens quickly, says the manufacturer, the plastic material can be applied in the evening and be ready for use next morning.

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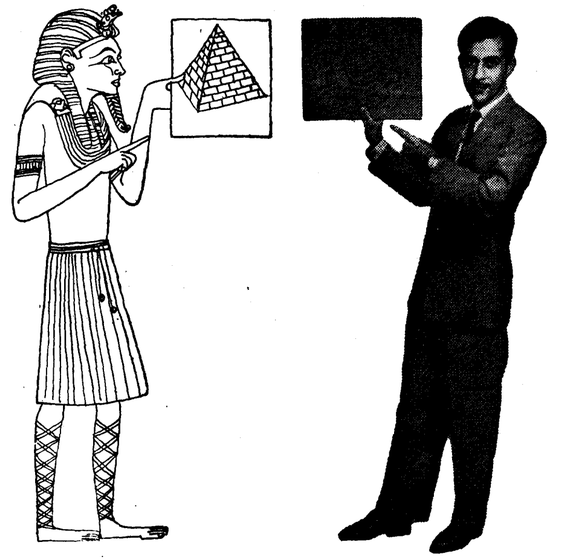

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TRENDS IN BRITISH INSURANCE

BOOM IN LIFE BUSINESS—OTHER CLASSES UNDER STRESS

A COMPREHENSIVE survey of the developments in the main branches of insurance in Britain during 1961 is presented in the thirty-fourth Annual Reinsurance Number of *The Review*, the international insurance journal published from London. For life insurance, according to *The Review*, 1961 was another successful year, whereas for other classes—namely, fire, accident and marine, it was a year of continued expansion in premium income accompanied by poor underwriting results. The year witnessed further evidence of the realisation by the insurance industry of the need for greater capacity—financial and administrative. Much of the driving force behind the recent spate of mergers has been engendered by the need for greater capacity in the face of the ever-growing size of risks. One of the biggest mergers was that between Royal Insurance and London and Lancashire Insurance which resulted in a £400 million insurance group, the largest in Britain and which handles one-third of all British insurance in the U.S. By the purchase of two old-established Canadian companies, namely, the Western Assurance and the British America, the Royal also increased very materially the stake of British insurance in Canada. Other proposed mergers were, however, not as successful as that of Royal and London and Lancashire. Negotiations between Eagle Star Insurance and London and Manchester Assurance and those between Mercantile and General Reinsurance and the Reinsurance Corporation proved abortive. In spite of the recent mergers, it is felt in British insurance circles that the amalgamation process would have to go much further for monopoly danger to arise.

Life Insurance

Life insurance scaled fresh peaks in 1961. Ordinary new life insurance business rose by 15 per cent over 1960 to £2,673 million last year. Premiums from this new business, including annuities, rose by £19 million to £160 million. In the industrial branch, new sums assured rose from £398 million in 1960 to £416 million in 1961. Total annual premium income of the life offices, excluding industrial assurance, exceeded £525 million last year, of which £160 million related to deferred annuities. Industrial assurance premium accounted for £190 million.

Alongside the boom in new business, there were also substantial increases in bonuses on with-profit policies. About 22 ordinary life offices declared new rates of reversionary bonus during 1961 consequent upon their periodic acturial evaluation made during the year. Without exception, all the 22 offices stepped up the bonus. In fact, five of them announced special bonuses of a non-recurring nature, in addition to the normal reversionary bonus. This is doubtless a reflection, in the majority of cases, of the large gains made in the equity holdings of the companies.

As a result of their ability to earn high interest on new investments, many life offices reduced the rates of premium for immediate annuities in 1961 and there were also adjustments in a downward direction in premium on with-profits policies.

A striking development in the field of life insurance underwriting in Britain was the notable increase in the number of offices quoting premium rates for policies which included a right to take out further assurance, within limits, without medical examination, if such application is made, say, 10 to 15 years from the date of the first policy. The ability to offer this type of policy depends partly on the favourable mortality experience of recent years—particularly in the middle years of life—and partly on the prospects of better health based on the progress in the medical world.

High Fire Wastage

As regards the other classes of business, a development of considerable concern to the companies is the continued deterioration in fire insurance underwriting. The cost of fire damage in the U.K. jumped up from £24 million in 1958 to £44 million in 1959, the highest total ever recorded, followed by a total of £43.7 million in 1960. For the first 10 months of 1961, the estimated fire wastage is £37 million, which indicates that, for the third year in succession, fire wastage would have exceeded £40 million. This phenomenon was, however, not confined to Britain. In both U.S. and Canada, the rate of loss by fire in 1961 exceeded that of 1960.

The granting of cover against flood damage has never been a particularly favoured risk among insurers even in the U.K. Nevertheless, the disastrous floods in the winter of last year cost the insurance companies and Lloyd's over £6 million in claims, while it was left to the Government to compensate thousands of uninsured sufferers. In the light of the heavy losses suffered by the community, the British insurance market has announced a scheme to make flood insurance cover more widely available. This has given rise to a considerable demand for the extension of policies which insure the building of houses and flats to include flood risk and, perhaps, in recognition of the advisability of associating storm and tempest cover with flood insurance, a not inconsiderable switch from "fire only" policies on buildings and contents to policies in comprehensive form.

Accident Business

Underwriters for world-wide accident risks have been spared few, if any, of the usual mixed bag of problems. In many parts of the world, motor insurance business, which constitutes more than half of the total accident business, is still unprofitable. In 1959, British companies succeeded in cutting the world-wide loss on motor insurance business from its 1958 figure of £10 million to £1½ million. In Britain itself, by exercising their right of freedom to select, refuse, and rate up individual motor business in accordance with the underwriters' judgment of the risks involved—a freedom denied to them in the U.S. but being freely exercised in India—the companies were able, in that year, to produce a meagre profit margin. This, however, virtually disappeared in 1960 under the impact of higher claims cost, and therefore, after four years of relative stability in standard motor premium rates for the U.K. business, most companies found it necessary to make certain adjustments. The Accident Offices Association, whose members transact a substantial portion of motor insurance in the U.K., announced, with effect from 1st June 1961, increases ranging from 17½ per cent to 25 per cent on the standard rates of insurance premium for vehicles used in the motor trade and on hire. For the better protection of policyholders, the limit of indemnity for damage to third-party property was increased from £10,000 to £50,000 in any one accident and made applicable to all types of commercial vehicles, including motor traders' vehicles and hire cars.

There also followed, with effect from September last, certain changes in the standard premium rates for insurance of private cars. The object of the changes was to ensure that the total of premiums required to cover total claims is more fairly and accurately apportioned among policyholders in accordance with the degree of risks to which they are exposed. The overall effect of these changes was expected to increase total private car premiums of the offices concerned by rather less than 5 per cent. As a result of the changes, a substantial number of policyholders will be charged increased premiums ranging from 10 per cent to 30 per cent, according to the district in which the car is garaged, a few will pay less and the majority will not be affected at all.

Marine insurance, which is a world-wide business in the true sense of the word, also produced a serious crop of losses last year. Most insurers found a sad deterioration in marine insurance figures. This was especially so in the case of hull insurance. The 1959 underwriting year was singularly free from major casualties, but 1960 proved to be a good deal worse than average, thanks to heavy casualties which kept up a disturbingly hot pace last year. Of course, there were factors that operated in favour of marine underwriters last year. They were (1) upward trend of premium income, (2) withdrawal of old tonnage and (3) the replacement of obsolescent vessels by modern ships. The utilisation of a greater proportion of modern vessels was not, however, an unmixed blessing, because shipowners the world over found it difficult to secure in adequate numbers experienced sea-going personnel, particularly competent, certificated engineers, to operate the highly complex machinery installed in the most modern vessels. This situation augmented claims cost.

The problem of market capacity was one of the most vital affecting the marine insurance market in 1961. This was relevant mainly to the high insured values of certain ships, not all British, brought into commission. Actually, the market managed to absorb these entirely, but real concern was expressed as to what would happen if it was asked to cover much bigger risks than normal.

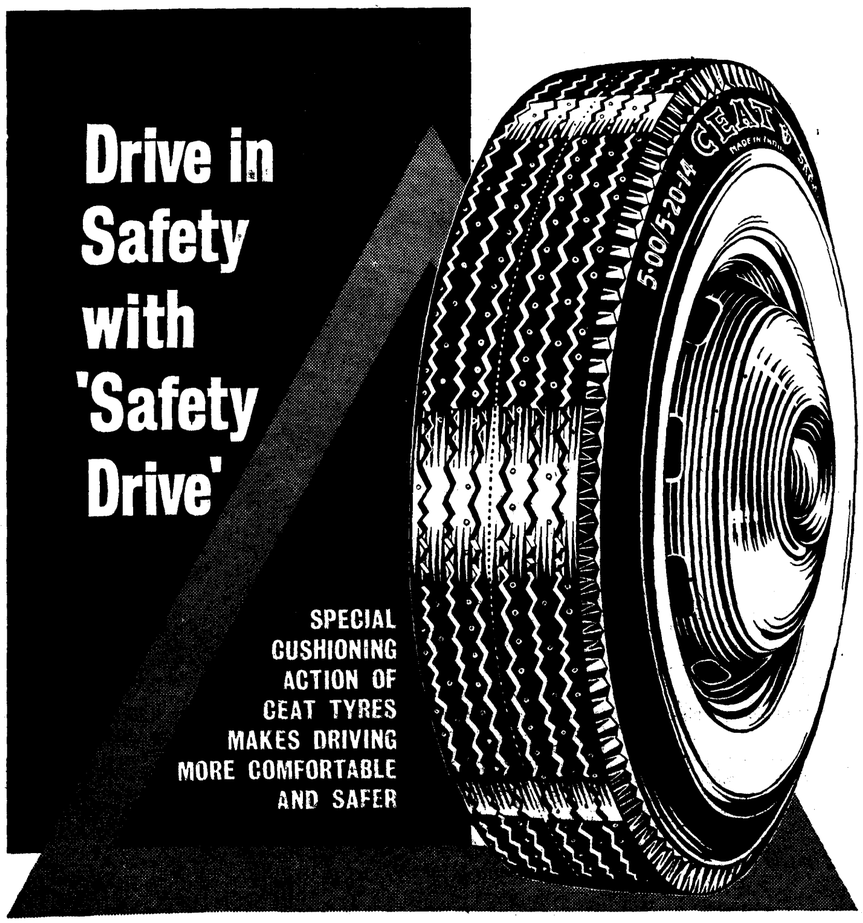
Aviation Insurance

The past year would appear to have been a record one for aviation insurance. The London market, which is one of the world centres for aviation insurance, shared in the expansion of world aviation insurance stimulated by the increase in the number of jets in service. World hull damage during the first three years of big jet operation is expected to have aggregated $100 million at the end of 1961 when about 600 jets were in service. Their number is expected to rise to 700 by the end of 1962. Studies suggest that hull losses are more closely related to flight time (or landings) than calendar time and, such is the intensity of jet operations, that 1962 may add another $100 million to the loss record, not all of which is necessarily insured. It is, therefore, too early to form any idea of the underwriting reserves which may be available to meet claims of this magnitude, particularly when it is realised that catastrophe exposure is rising with the increased density of air traffic and accumulations of jets parked at the major airports.

With international passenger fares at their present level, this increased jet activity has thrown up more airline seats than can be filled and hence the major operators continue looking for methods of reducing operating costs. The tempting economy of "self-insurance" by a single insured operator represents a concentration of risks without spread—which, normal prudence suggests, is a highly dangerous state of affairs. More fruitful economies can be effected by the careful planning of excess levels or co-insured participation by the insured. But this requires a high degree of co-operation between operators and underwriters, of which there is no sign at present, at any rate within the traditional market structure with its rigid rating formulæ.

Atomic Risks

No account of the trends in British insurance could be complete without a reference to the progress of nuclear insurance, which, though a comparatively young and highly specialised class of insurance, is assuming increasing importance on account of the rapid advance in the application of nuclear energy to industrial uses. The past year has been an important one for atomic risks insurance. The British Insurance (Atomic Energy) Committee, which manages the Pool of Companies and Lloyd's Underwriters, set up in 1956 to provide capacity for the insurance of nuclear risks, has now come to occupy considerable standing both as an insurer of and as an expert adviser on the world of nuclear risks. The Committee has, within the span of five years, won a leading position for the London market in this new and highly specialised class of business. The British Pool continued to provide substantial assistance to foreign Pools and, in the course of 1961, added Denmark, Germany, Japan, the Lebanon, and Peru to the countries where it has direct business or a share of the local insurance on nuclear installations. The importance of the Pool is bound to increase both as a direct underwriter and a reinsurer of nuclear risks as more and bigger installations are commissioned and special legislation on the liability of the operators spreads.



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THE AMERICAN ECONOMY: PROSPECTS FOR GROWTH THROUGH 1975

PART IV: GROWTH POTENTIAL OF MATERIALS AND CONSUMER GOODS

By Dr. Dexter M. Keezer

ECONOMIC ADVISOR, McGRAW-HILL PUBLISHING CO., INC., NEW YORK

IT takes materials, as well as equipment, to turn out goods; so U.S. needs for basic materials will grow, too. But we will probably turn more and more to the newer, lighter materials in the years ahead.

We can expect an average growth of 50 per cent to 60 per cent over the next 15 years in the consumption of such old standbys as copper, lead and zinc. There will be more growth in steel and, especially, alloy steel. As machines run faster, we will need more and better alloys to stand greater stress and heat. That means a more than proportionate rise in consumption of the valuable alloying elements like columbium, molybdenum and the rare earths.

Light Metals

But the really spectacular growth will be in light metals. Output of titanium—a wonderful metal for lightness and heat resistance—is expected to increase several-fold. Magnesium production may increase 300 per cent during the next 15 years. And the use of aluminum may triple by 1975.

Fifteen years from now, the building industry alone may take as much aluminum as went into all uses in 1960. It is being used increasingly for doors, window frames—even whole walls. And aluminum makers expect to see a tremendous increase in the use of the white metal by the automobile and pleasure boat industries.

Among the non-metallic minerals, needs for phosphate and potash will more than double by 1975, because of the growing need for fertilisers. This will also promote a fairly rapid growth in consumption of sulphur. Fluorspar—used in making glass and aluminum—is another mineral with expanding markets.

The *Electrical World* magazine estimates that, by 1975, we shall be using about 2½ times as much power per worker in industry and about 2½ times as much electricity in the average home. The total result: more than four times as much electric power will be consumed in 1975.

Fuel

Where will we get our fuel? Mostly from the same sources we use now—coal, oil and natural gas. But, by 1975, as much as 25 per cent of the new power installations (7.5 per cent of capacity in place) may be utilising atomic fuel. Up to 1975, the main effect of the rise in power generation on fuel demand will be to increase coal requirements of the power industry. These may go up by 100 per cent by 1975, even with improved burning techniques.

Imported fuel oil will still be used for power generation and some home heating. But most of our domestic supply will probably be converted into chemicals, gasoline and lubricants. Our total demand for petroleum products will rise about 65 per cent by 1975.

Increasing shares of the home heating and industrial fuel markets will go to natural gas. Chemical companies have already made great progress in extracting chemicals directly from coal by hydrogenation. It is quite likely that, by 1975, coal will be gassified underground and then piped directly to plants for use in steam boilers for breaking up into chemical compounds.

Total production of chemicals is expected to rise 140 per cent by 1975.

The future for plastic materials is exceedingly bright. Output should approach 25,000 million pounds (11,250 million kilograms) in 1975, as compared with nearly 6,500 million pounds (2,925 million kilograms) in 1960. Among the big uses that lie ahead are these: in homes—walls, ceilings and furniture; in industrial plants—dies and heavy bearings; in consumer goods—automobile body parts and housing for large appliances.

Synthetic fibres, like plastics, are rapidly displacing natural materials. Output may triple by 1975. The new fibres are not likely to eliminate wool and cotton in wearing apparel uses; but they will continue to take over more of the market in the form of blends for winter as well as summer wear.

Chemicals

The farm market for chemicals may double by 1975.

Most industrial chemicals will track along with the general growth in industrial production, but the sharpest growth within this group will be in synthetic organic chemicals. And, among these, the petrochemicals—those made from oil—stand out. By 1975, about three-fourths of all synthetic organics will be made from oil and gas. By 1975, output of petrochemicals may be up 240 per cent.

There are bright prospects for a number of other basic materials—particularly those used in construction. Plywood, cement, glass and gypsum are among the items that will double or nearly double in use by 1975. The growth trend is also very strong for materials used in the packaging field. Output of paper and products is likely to increase about 90 per cent by 1975.

The outlook for consumer goods industries is very bright. As our national product increases, a larger and larger proportion can go for raising the standard of living—for consumer durable goods, housing and home improvements and travel and recreation.

The average family in the years ahead will have a lot more money to spend than in 1960. It is estimated that, by 1975, family income (after taxes) may rise by 40 per cent from the 1960 level. That would amount to $8,800 in real income, measured in constant prices.

And most of the gains will occur as people from the lower income brackets move up to middle income brackets and then work up to fairly high incomes where they can greatly increase their spending. Chart IV depicts the revolution in redistribution of incomes which has taken place and which will continue to take place, although at a somewhat different pace.

More people with higher incomes means sensational growth in total consumer spending. Consumer expenditures (in 1960 prices) may increase from just under $350,000 million in 1960 to $439,000 million in 1965, $538,000 million in 1970 and $656,000 million in 1975.

Housing and Transportation

The greatest improvement in the American standard of living between now and 1975 is likely to be in housing standards. Mass production methods—whether factory prefabrication or large-scale fabrication at the site—will bring costs down. And higher incomes will lead to a demand for higher quality. Thus homes built in the future will be bigger, better designed and better furnished than those of the past decade.

Prefabrication will make it possible to turn out standard, low-cost housing, much as we now produce cars. With prefabricated sections, it will be possible to remodel, alter or add to existing homes as the family grows or its style of living changes.

New housing starts in the 1970's are likely to average two million per year. By 1975, about 40 per cent of new homes will be prefabricated.

The automobile market—largest of all for consumer durables—is still expanding, despite all talk of saturation. Domestic passenger car production in 1975 is likely to reach 9 million units, as compared with 6.7 million units (not all of which were sold) in 1960. By 1975, there may also be a substantial market for personal planes—the next major step forward in consumer transportation.

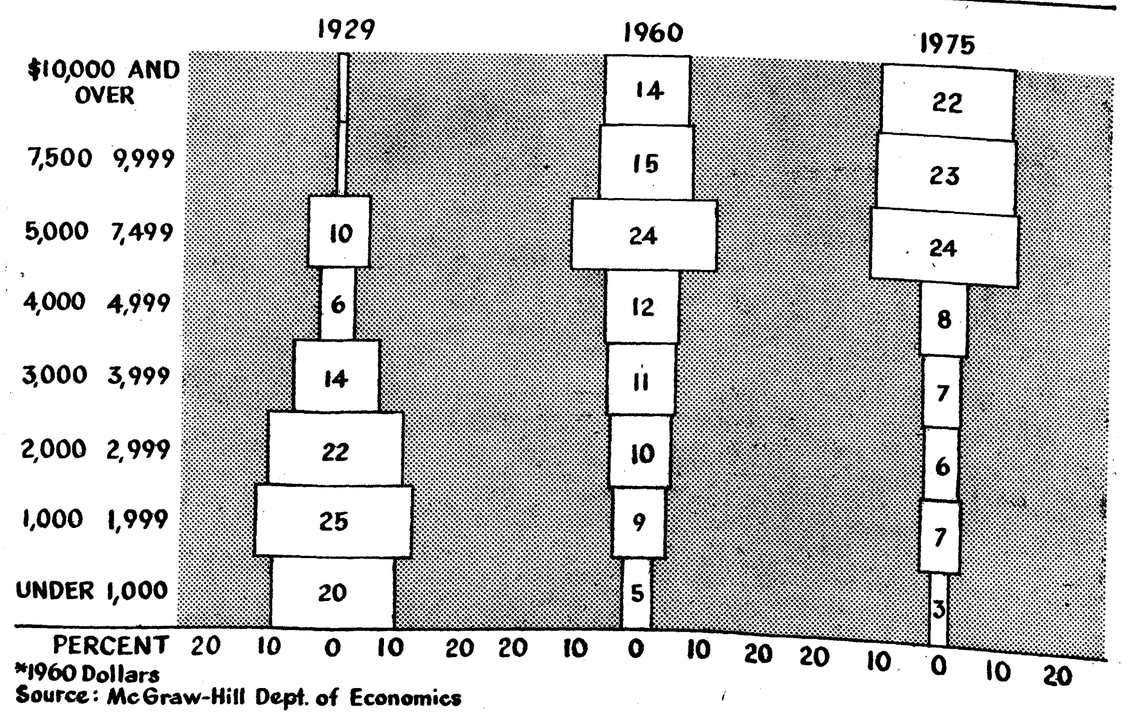
All in all, these projections add up to a portrait of a growing and successful economy.

(Concluded)

CHART IV

DISTRIBUTION OF INCOME—A REVOLUTION

Percent distribution of families and unattached individuals in income class*



*1960 Dollars

Source: McGraw-Hill Dept. of Economics

Notices

UNITED BANK OF INDIA LIMITED

Registered Office:

United Bank Buildings
4, Clive Ghat Street, Calcutta

NOTICE

NOTICE IS HEREBY GIVEN THAT THE next Annual General Meeting of the shareholders of UNITED BANK OF INDIA LIMITED will be held at the Registered Office of the Bank at the United Bank Buildings, 4, Clive Ghat Street, Calcutta, on Monday, the 26th March, 1962, at 11 a.m., to transact the following business:—

1. To receive the Directors' Report and Audited Accounts for the year ended 31st December, 1961.
2. To declare a Dividend.
3. To elect a Director in place of Dr. N. N. Law who retires but offers himself for re-election and to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "Resolved that Dr. N. N. Law who has completed 74 years of age be and is hereby elected and appointed a Director of the Company and it is specifically declared that the age limit of Directors prescribed under Section 280 of the Companies Act 1956 shall not apply to him."

   Special notice of intention to propose the foregoing resolution has been received by the Company.
4. To elect a Director in place of Sir Chunilal B. Mehta, Kt., who retires but offers himself for re-election and to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "Resolved that Sir Chunilal B. Mehta, Kt., who has completed 74 years of age be and is hereby elected and appointed a Director of the Company and it is specifically declared that the age limit of Directors prescribed under Section 280 of the Companies Act 1956 shall not apply to him."

   Special notice of intention to propose the foregoing resolution has been received by the Company.
5. To elect a Director in place of Sri T. S. Santhanam who retires but offers himself for re-election.
6. To elect a Director in place of Sri B. N. Chaturvedi who retires but offers himself for re-election.
7. To appoint Auditors and fix their remuneration.

AS ORDINARY RESOLUTIONS

The following resolutions will be moved as Ordinary Resolutions:—

8. "By virtue of the discretion vested in the General Meeting by Section 228(3) of the Companies Act, 1956 as amended in 1960, it is hereby resolved that the accounts of the branch offices of the Bank may be audited otherwise than by the Company's auditor and it is further resolved that the Directors be and are hereby authorised to appoint from time to time persons qualified for appointment as auditors under Section 226 for audit of the accounts of such of the branches of the Company in India as they may deem fit or where branch offices are situated in countries outside India by persons qualified to act as auditors of the accounts of such branch offices in accordance with the laws of those countries in consultation with the Company's Auditor and pay them such remuneration as the Directors may decide."
9. "Resolved that pursuant to the provisions of Section 293(1)(d) of the Companies Act 1956, as amended in 1960, the Board of Directors be and are hereby authorised to borrow from time to time such sum or sums of money as they may in their absolute discretion think fit up to Rs. 10 Crores notwithstanding that the amount borrowed may by this or together with any other sum or sums already borrowed and outstanding be in excess of the Company's paid-up capital and free reserves, i.e., reserves not set apart for any specific purpose."

AS SPECIAL RESOLUTIONS

The following resolutions will be moved as Special Resolutions:—

10. "Resolved that the Company consents to Sir Chunilal B. Mehta, Kt., holding appointment as Member, Local Advisory Committee of the Bank at Bombay notwithstanding his appointment as a Director of the Company."
11. "Resolved that the Company consents to Sri T. S. Santhanam holding appointment as Member, Local Advisory Committee of the Bank at Madras notwithstanding his appointment as a Director of the Company."
12. "Resolved that pursuant to provisions of Section 314 of the Companies Act as amended in 1960, consent of the Company be and is hereby accorded to the appointment of—

    (a) Each of the following officers who is a relative of the Director of the Company mentioned against his name holding and continuing to hold his employment in the grade and in the scale of pay mentioned against his name together with the usual allowances, benefits, amenities and facilities applicable to other employees occupying similar posts and the Board is hereby permitted to promote Sri Pabitra Kumar Sen to the next higher grade and scale of pay, viz. Rs. 850-50-1150-100/2-1550 and adjust his basic pay at Rs. 850 in the said scale:

	Name of the employee	*Grade and Scale of Pay*	*Related to*
1.	Sri Dhires Chandra Dutta Gupta	170-15-260-E.B.-15-305-E.B.-15-320-20-440	Sri B. K. Datta
2.	Sri Bhupendra Nath Sen Gupta	235-15-310-20-330-E.B.-20-450-25-500	Sri N. C. Datta
3.	Sri Kshiti Bhusan Dutt	295-15-310-20-450-E.B.-25-600	Dr. S. B. Dutt
4.	Sri Biswa Ranjan Das Gupta	475-25-500-30-710-40-750-50-1000 E.B.-50/2-1150	Sri K. C. Das
5.	Sri Pabitra Kumar Sen	Do.	Sri B. K. Datta

    (b) Sri Satyendra Krishna Dutta Roy, who is a relative of Sri N. C. Datta and Sri B. K. Datta, Directors, holding and continuing to hold his employment as Inspector of Tea Advances, on part-time basis, on the following terms:

    (i) Consolidated salary of Rs. 350 per mensem without allowances.

    (ii) An inspection charge of Rs. 30 per tea garden inspected.

    (iii) Actual travelling expenses as follows:

    (a) First class Railway fare in India and second class in Pakistan,

    (b) Second class Steamer fare,

    (c) Actual Air passage with prior sanction of Head Office.

    (d) Third class Rail and Steamer fare for the attendant sub-staff,

    (e) Reasonable expenses incurred while on tour for conveyance to and from station, porterage, food etc.

    (iv) Reimbursement of the expenses for a clerk and sub-staff not exceeding Rs. 50 and Rs. 20 per month respectively and actual running expenses and maintenance of a car placed at his disposal.

By Order of the Board,

A. K. ROY,
Secretary.

Dated, Calcutta, the 16th February, 1962.

Note: (i) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(ii) The Transfer Books of the Company will remain closed from Monday, the 12th March 1962 to Monday, the 26th March 1962 (both days inclusive).

(iii) The dividend, when sanctioned, will be payable on and after the 16th April, 1962 to those shareholders whose names stand on the Register on the 26th March, 1962 and who are entitled to participate in the distribution of dividend in terms of Article 149 of the Company's Articles of Association.

(iv) Dividend Warrants will be posted to shareholders at their registered addresses or in accordance with their mandates. Such mandate, if not already given, and intimation of any change of address should be given to the Bank early in time.

The Explanatory Statement required under Section 173 of the Companies Act, 1956 has been forwarded to the members of the Company.

STATE BANK OF INDIA

NOTICE

THE SEVENTH ANNUAL GENERAL MEETing of the Shareholders of the State Bank of India will be held at the Bank's Local Head Office at Apollo Street, Bombay, on Tuesday the 27th February 1962, at 4 p.m. (Standard Time), for the transaction of the following business:—

To receive the Central Board's Report, The Balance Sheet and Profit and Loss Account of the Bank made up to the 31st December 1961 and the Auditors' Report on the Balance Sheet and Accounts.

P. C. BHATTACHARYYA,
Chairman.

STATE BANK OF INDIA,
CALCUTTA, *the 19th January* 1962,
29th Paus. 1883 *(Saka).*

THE TASK OF MANPOWER ECONOMIST

PROBLEMS OF FULFILMENT EXAMINED

By Dr. K. M. Saran

IN this age of advanced technology, when mankind is trying to score a victory over nature by unfolding its innermost secrets, the unique importance that used to be attached to the acquisition of capital is fast being forgotten and it is now, perhaps more than ever, realised that skilled and trained manpower constitutes the key resource for economic development. All the resources in the world would be nought if highly skilled and/or trained manpower is not available for effectively exploiting and utilising them. That is why high-talent manpower is coming to be prized most by those underdeveloped nations which are trying to reach that stage of economic development where economic growth becomes a self-sustaining process. It is also now, more than ever, being realised that trained manpower is not a commodity that can be purchased across the sales-counter in any quantity and also that it takes a long time to develop it. Manpower requirements have, therefore, to be assessed much in advance, so that personnel could be selected, trained, developed and made available for being utilised effectively wherever and whenever required. The manpower economist has, therefore, to concern himself with "determining policies, objectives and programmes for the development of the occupational skills required to build and administer the economic and social institutions and to produce the goods and services essential to achieving economic goals."

Indispensable Function

An important and perhaps an indispensable function of the manpower economist is the assessment of the manpower requirements sufficiently well in advance, so that the ways and means of supplying the required number of requisite calibre could be explored. It is a tedious task and needs considerable skill. Manpower requirements are usually determined by the economic targets to be achieved and the pattern of development envisaged. The pattern of development envisaged has thus an important bearing on the task of the manpower economist. If the economy is to be agriculture-oriented, the pattern of manpower requirement would be different from what it would be if large-scale industrialisation is the aim. Economic targets are similarly and equally important since the number and categories of personnel would largely depend on them.

The techniques which are commonly adopted for estimating future requirements and availability of different categories of personnel may be briefly reviewed here. Manpower economists usually take the help of investment-employment and output-employment ratios for making long-term projections of investment or output targets and requirement of professional, skilled and other highly trained manpower while taking into account the various factors which affect demand for workers in each occupation such as numbers needed for replacing workers who die, retire, or give up jobs, changes in technology, changes in investment-employment ratios as a result of changes in the price-level, increase in the productivity of workers, changes in the pattern of the economy etc., the behaviour of such factors in future and their combined effect on future requirements. The use of such improved and modernised techniques as linear programming is also made in making the estimates of requirement and availability of personnel. But, while it is not impossible to arrive at global figures of requirement, it is certainly difficult to arrive at exact requirements of different categories of personnel many years in advance. The supply position is equally difficult to project. Manpower economists have to make use of such data as the intake capacity of existing institutions for training different categories of personnel, intake capacity of the new institutions that may be set up in course of time, the extent of utilisation of intake capacity, the wastages and stagnation in educational institutions, the outturn rates, etc. It may even be necessary to work out the trends in the growth of institutions for extrapolating the outturn of trained manpower in future under certain assumptions.

In order to arrive at more correct estimates of the outturn of technically or professionally trained persons from various institutions or institutions that may be set up during the period for which estimates are to be built up, the usual technique is to deflate the total intake capacity by wastage, stagnation and non-utilisation rates which might be based on a number of case studies that may be taken up in different types of educational, technical or professional and kindred institutions on census or sample basis—the presumption being that the rates thus obtained would hold good in respect of the existing and new institutions in future. In case any marked improvement in the methods of teaching, calibre of the trainees, or in the utilisation of capacities and outturn of trainees from the institutions can be foreseen, necessary adjustments can be made in these rates, or, if the estimates have already been worked out, the figures can be inflated to the extent of the improvement visualised.

For a better understanding of these techniques, it would be necessary to define these terms and the underlying distinction among them, namely, (1) wastage rates; (2) stagnation rates and (3) non-utilisation rates. Wastage rates are the rates at which the trainees abandon their studies without completing the courses to which they were admitted. Such wastages occur largely due to the students leaving the course at any stage for some reason or other. Non-utilisation rates, on the other hand, are a measure of the extent to which the seating capacities at the initial stage or at different stages of different courses in different institutions could not be utilised for reasons of non-admission. Stagnation rates, which are different from wastages and non-utilisation rates, are a measure of the extra time taken beyond the prescribed duration of the courses owing to failures or discontinuance for sometime for any other reason. They have to be worked out under certain assumptions. For example, one of the assumptions may be that the trainees do not go on taking indefinite number of chances at the examinations nor are they allowed to do so and that the number of chances is restricted to two or three; another assumption may be that any previously failed candidate has the same probability of getting through as any fresh candidate. The probability that a trainee would get through all stages of the course without failing at any stage is usually worked out by getting the multiples of all the probabilities for each stage of the course. The probability of getting through on taking more than one chance at one stage can be similarly calculated. The studies that might be conducted for ascertaining these rates would throw adequate light on the causes of wastages, non-utilisation and reasons for failure, etc. and the steps that could be taken to avoid such waste of the training facilities would automatically get suggested.

Growth and Quality

Sometimes the trends in the growth of population have also to be taken into consideration and the accuracy of the estimates of outturn have often to be examined in the light of such factors as usually affect the outturn of personnel from professional or technical institutions, for example, improvements in teaching standards, general standard of the trainees, teacher-trainee ratios, availability of better and sufficient equipment, availability of finances, likely changes in the trade-preferences, likely outturn of 'practical hands' from industrial, commercial and scientific units, etc. It would be appreciated that it is an extremely tedious task and most of the many things mentioned above are not so easy to estimate with any degree of certainty. The estimates are almost rendered as mere conjectures. Had it been possible to make absolutely correct and reliable estimates of both requirement and availability of trained manpower many years in advance in a dynamic economy, the manpower economists would come to be regarded as no ordinary mortals and the problems of striking an equilibrium between supply and demand in the short run would never crop up. Such estimates can, perhaps, be made with a slight degree of accuracy only in a planned totalitarian economy, but, certainly, not in a dynamic democracy and free and mixed economies. It has, perhaps, yet to be seen if an electronic brain can do it.

When the long-range requirements and the availability of trained manpower in the normal course have been worked out, the problem of bringing about an equilibrium between the two engages the attention of the manpower economist. If the requirement of manpower is more than the estimated supply, the manpower economist will have worked out and put forward suggestions for opening new institutions, expanding the capacity of the existing ones, introduction of apprenticeship schemes or on-the-job practical training courses or new courses, engaging personnel from foreign countries, diversion of trainees in particular directions having regard to their aptitudes, etc. He might also have to suggest periodical evaluation of the progress being made in different institutions, establishments or organisations by official or non-official bodies of experts like the Regional or State Manpower Committees that might be set up for the purpose or by experts on training. Such experts or Expert Committees could suggest ways and means of adopting new techniques of training, etc., which could be developed by associations of managers or workers engaged in particular trades or with the help of qualified consultants available in the country or abroad.

If the outturn is estimated to be more than the estimated requirements, the question of bringing about a reduction in training facilities, halting further expansion, exploring new avenues of employment in the event of some persons likely to be rendered surplus, diverting some of the new entrants to other trades where shortages may be visualised, making the passing out standards more rigid, etc., will have to be considered and the necessary recommendations made for avoiding any possible maladjustments in future. The suggestions can range from national regulation of education to even population controls, depending upon the gravity of the problem.

Unforeseen Contingencies

But, despite all the care that might be taken to ensure a perfect equilibrium, things are sometimes likely to go off the track as a result of some simple or violent deviations from the prevously outlined programmes which in their own turn might be caused by some unforeseen and compelling circumstances, mismanagement, change in basic policies or planned pattern of development due to abundance of scarcity of funds, new innovations which may bring about revolutionary changes in various spheres, acts of God or developments which could not be imagined a few years or even a few days back by any mortal. Such circumstances could create problems peculiar to them only and cause surpluses of certain categories of personnel and/or a spurt in the demand for other categories. Some of the remedies usually resorted to in such cases are diversion of personnel from particular trades to other trades by giving short-term courses or sandwich courses, appointment to higher jobs of practical hands or persons holding lesser qualifications but having experience, taking away administrative duties from technical personnel, getting the services of trained persons from abroad, etc. The nature of steps to be taken will depend on the exigencies of the situation.

It might also be necessary to make suggestions for better distribution and utilisation of manpower and the facilities for the development of manpower, so that none of the sectors of a nation's economy get unbalanced. Such suggestions would perhaps be of the nature of setting up of area or central pools or central exchanges or national registers of trained and experienced personnel on which demands can be made from time to time by the units requiring the services of such personnel. This would not only provide a sound system of locating the trained persons but would also help in better distribution and utilisation of the available talent in the country. The task of the manpower economist will be rendered considerably difficult and tiresome in the absence of accurate, authentic and reliable data. Statistics form the base on which he constructs the superstructure of future manpower requirement and availability. For any planning to be sound and feasible this base should not be shaky. In a predominantly underdeveloped country where the bias for statistics is usually conspicuous by its absence, it takes a pretty long time to build up a sound statistical system, develop the statistical sense and outlook and construct the numerous statistical series, rates and ratios so essential for proper manpower planning.

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TERMS OF TRADE OF PRIMARY PRODUCING COUNTRIES

VIEWS OF A BRITISH ECONOMIST

ON general considerations, it is clearly desirable that developing countries should be able to pay for as much of their development as possible; and they are right in laying more stress on trade than on aid. This sound approach to the question of commodity prices in relation to the terms of trade has been enunciated in a study by Sir Robert Hall, who was Economic Adviser to the British Government from 1953 until May 1961, in the January 1962 issue of *Lloyds Bank Review*. It is his considered view that the prices which developing countries get for their products are an important element in their situation and prospects and that advanced countries have more to fear from their own rising export prices than from rising import prices. Sir Robert Hall has also referred, in this context, to a growing feeling in the West that, if the incomes of underdeveloped countries fall because of low commodity prices, the need for aid to these countries will be all the greater.

If the immense and urgent problems of development in the less-developed countries are to be tackled in the light of this recognition, the relationship represented by the "terms of trade," that is, by the rate at which imports are exchanged for exports, gains an added significance. The actual position in the matter of "terms of trade" continues, however, to be unfavourable to the underdeveloped countries. This is so, because, in many cases, the countries which are most in need of additional development are the ones which produce mainly primary products. As much of the trade between advanced and underdeveloped countries has taken the form of the exchange of manufactured goods for primary products, particular interest attaches to the terms of trade between the two groups of countries. This interest is all the greater, because the prices of primary products generally fluctuate much more than prices of manufactures and the terms of trade between the advanced and underdeveloped countries are fluctuating much more than the terms of trade among industrialised countries themselves.

U.K.'s Experience

How unfavourable this trend has been in recent years to primary poducers is illustrated in the case of the terms of trade for the United Kingdom. As between 80 and 90 per cent of that country's imports is in the form of primary or semi-processed products and about the same proportion of its exports is in the form of manufactured goods, it is an outstanding example of the favourable position which industrialised countries generally have *vis-a-vis* the underdeveloped countries. The following index figures of U.K. terms of trade, taken from Sir Robert's study, are eloquent:

(1954=100)

Year	Import prices	Export prices	Terms of trade*
1957	107	111	104
1958	99	110	111
1959	98	109	111
1960	99	111	112
1961 (October) ..	96	112	117

* Export prices divided by import prices.

It will be seen from the above figures that the U.K. terms of trade are now appreciably more favourable to that country than in 1957. This favourable position is the result of the continuing circumstance that, though industrial production has been rising almost everywhere, primary product prices have remained weak. This is what Sir Robert Hall has to say on this situation by way of interpretation and comment:

"It is very convenient for us to get our essential imports so cheaply, and this is one of the reasons for the improved standards of living about which we talk so much. But should we really take too much satisfaction from this? The first thing to remember is that, while our imports are cheap, those who buy our goods are having to pay more for them. Unless their output has gone up by more than the price per unit has fallen, they will be absolutely worse off. In the past few years, although world trade in primary products has in fact expanded enough to offset the fall in price, the increase has come mostly from countries which, though themselves industrial, also produce primary products. Underdeveloped countries as a group have been actually worse off. Thus, the advantages that we have obtained from the improvement in our terms of trade have been, at least to some extent, at the expense of countries which are poorer than we are.

"Even if we could leave this out of account, an improvement in the terms of trade is not an unmixed blessing, since it could lead to a reduction in our exports (because our customers overseas have lower incomes). Given time, and the maintenance of the new prices, adjustments can be made, so that we consume at home the things we previously had to export, or at any rate other things made with the resources which have become available. This is the process by which we benefit from favourable terms of trade. But the disturbance to the pattern of trade costs us something, and may be very awkward if import prices rise again and the adjustment has to be reversed.

"More serious than this, a loss of earnings by developing countries reduces their ability to develop themselves further. Thus, it adds to the amounts which advanced countries have to find by way of grants or loans, if the same rate of advance is to be maintained. In practice, what usually happens is that development is slowed down and more help is needed. Politically, and in terms of human need, there are, therefore, real disadvantages connected with improvements in our own terms of trade, though most of us are naturally enough unaware of this.

"We have, indeed, a real interest in the stability of commodity prices and we certainly should not want to see them as low as possible."

India's Experience

That is a very fair and considerate comment by a British economist. As a developing country, India has particular reason to be gratified by this sympathetic approach, for its own terms of trade, though not wholly unfavourable, have been widely fluctuating since 1951. In the case of India, the terms of trade index figures are given below:

(1958=100)

Year	Overall import unit value index	Overall export unit value index	Terms of trade*
1951	109	152	140
1955	95	96	103
1956	99	101	103
1957	78	105	135
1958	100	100	100
1959	93	100	107
1960	98	109	111
1961 (Jan.-May) ..	101	115	113

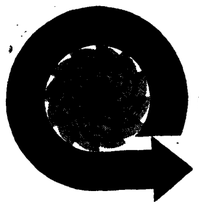
*Ratio of overall export unit value index to overall import unit value index.

As nearly two-thirds of India's exports continue to be primary products, raw materials and semi-processed goods, the export prices realised by it continue to be a matter of great importance. But here, unfortunately, the wide fluctuations, as revealed by the export unit value index, are accompanied by similar fluctuations in the country's terms of trade. It is clear that export prices are not as stable as one would like them to be, though they have been looking up in the last two years to a greater extent than import prices.

What is the outlook for commodity prices in the near future? The predictions made by Sir Robert Hall are of some interest. His approach here is cautious for the simple reason that the supplies of primary products are inclined to be much less sensitive to pice changes than those of manufactured goods and, as a consequence, their prices are much more variable. What is intriguing in the situation, according to Sir Robert Hall, is that commodity prices are still falling, in spite of the spectacular industrial expansion in Europe and of the recovery of output in the U.K. and the U.S.A. in recent years. But it is not so very intriguing when the supply position of primary commodities is considered. For instance, though the U.S. gives away large quantities of food to poorer countries, its stocks continue to pile up. The post-war disorganisation and the change in political regimes in primary producing countries have not tended to limit their output. There is at present something of a glut of copper, lead and zinc. Visible oil reserves are now larger than they have ever been. There are, according to Sir Robert Hall, very few commodities in which the supply position looks comfortable from the producers' point of view.

Outlook

The main reasons which have worsened the outlook for the primary producers are three. The first reason is the development of substitutes for raw materials, such as artificial fibres for practically the whole range of natural fibres and various forms of plastics for natural rubber. The second reason is that big changes in the productivity of some primary products have taken place. For instance, the introduction of high-yielding varieties of rubber trees has increased the yield per acre of rubber plantations by as much as four to five times. (If, however, the rubber growers have been relatively prosperous in spite of the enormous increase in synthetic rubber production, it is because the demand for rubber has risen very rapidly.) The same forces have been at work in varying degrees in the case of most agricultural products, for new strains have been developed, giving higher yields. The outlook for the future here is that, even with existing resources and state of knowledge, very big increases in supply could be obtained, if the countries with low yields could be brought up even part of the way to those with higher ones. Thirdly, in the field of minerals and oil, the mining of non-ferrous metallic ores, iron ore and bauxite in ever-increasing quantities for producing more non-ferrous metals, steel and aluminium and the exploitation of embarrassingly large supplies of mineral oil point to an abundant supply position. For these three reasons, the supply position of many primary products and raw materials is likely to be so very easy that their prices may not look up in the next few years. The broad outlook for prices, therefore, may not be quite optimistic from the point of view of producers as far as the immediate future is concerned. It is in this situation that more international commodity agreements, which are foreseen by Sir Robert Hall as quite likely before long, may be relied upon to influence the prices of the primary products concerned.



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SOME ANOMALIES OF SECTION 23A OF AMENDED INCOME-TAX ACT

By S. C. Renganathan

IN this article, I propose to discuss the provisions of Sections 104 to 109 in the new Income-tax Act, 1961, which relate to the existing provisions of Section 23A of the Act. The main changes made in the amended Act are as follows:

1. The percentage mentioned in clause (ii) of sub-section 2 of Section 23A has been increased from 5 to 10.

2. Where a re-assessment is made in the case of a company under the provisions of existing Section 34(1)(b), an opportunity, if found necessary, will be given to the assessee for making up the deficiency in distribution.

3. A time limit has been laid down for passing an order under the existing Section 23A. It has also been clearly stated that no order shall be made after the expiry of four years from the end of the assessment year relevant to the previous year or after the expiry of one year from the end of the financial year in which the assessment or re-assessment of the profits and gains of the previous year is made, whichever is later.

4. In computing the distributable income for purposes of determining the statutory percentage of dividend, the following deductions are allowed:

(i) any amount paid as donation to a charitable institution;

(ii) losses under the head "capital gains";

(iii) income arising outside India in a country the laws of which prohibit or restrict the remittance to India. If the restriction is subsequently removed, any deduction allowed under this provision shall be included in the distributable income of the previous year in which the restriction is withdrawn.

5. In addition to the above deductions contemplated in the new Section 109 which deals with the definition of "distributable income," the following items of expenditure besides the dividend paid are also allowed to be set off against the distributable income when calculating the additional super-tax under Section 104:

Any *bona fide* expenditure actually incurred for the purpose of business but not deducted in computing the business income for purpose of income-tax assessment such as (i) bonus paid to employees, (ii) legal charges, (iii) revenue expenditure which has not resulted in the creation of asset or in the enhancement in the value of the existing asset and (iv) any expenditure which results directly or indirectly in the provision of any remuneration or benefit or amenity to a Director or to a person who has a substantial interest in the company.

6. Another important change made is that, for the purpose of comparing the cost of the fixed assets of the Company with the accumulated profits and reserves, for determining the statutory percentage of dividend to be declared by a Company, only the book value of the fixed assets is to be taken into consideration. Previously, the original cost of the fixed assets was taken for this comparison. It is said that the amendment made is of a clarificatory nature.

It is true that the concessions announced in the new Act are a welcome measure and this will go a long way to help the Section 23A companies. But, on actual working, it is likely to create certain anomalies. If a company prefers to declare the statutory percentage of dividend and comply with the provisions of Section 23A, it has to declare dividend on certain *bona fide* expenditure not deducted in computing the business income (expenditure contemplated under Section 109). Whereas if a company wishes to pay 23A super-tax instead of declaring the statutory percentage of dividend, it need not pay 23A super-tax on such of those items of expenditure dealt with under Section 109. The illustration at the bottom of the first column will reveal the disparity.

It will be seen from a perusal of the above example that companies which opt for payment of 23A super-tax are allowed to set off the disallowed items of expenditure included in their total income from out of the distributable surplus while companies which declare the statutory percentage of dividend are not entitled for such deductions. As Sections 104 to 109 mainly deal with 23A companies, there cannot be a differentiation between the same class of companies irrespective of the fact whether the company distributes the statutory percentage of dividend or not. If a company were asked to declare dividend from out of the disallowed items of expenditure also included in its total income for income-tax assessment, it would only cause hardship to those companies which comply with the provisions of Section 23A by distributing the statutory percentage of dividend. In order to remove this hardship, it is necessary that the "distributable income" for the purpose of Section 109 should be computed in the same manner as is laid down under Section 104 in the case of a company which pays 23A tax instead of distributing the profit by way of dividend.

The last two decades have witnessed a continuous rise in the prices of various assets to be added out of necessity by companies. In such an inflatory period, depreciation allowance based on an antiquarian convention cannot measure the actual loss in the value of assets through constant use. Despite the frequent representations made by the business community, the Government is not willing to allow depreciation on the replacement cost. Companies are already hard-pressed for finance for replacing their old machinery on account of the withdrawal of special depreciation from the year 1959 and also due to a tightening of the provisions in regard to allowance of development rebate. Although the position is mitigated to a small extent by the liberalisation of depreciation rules, the recent amendment made to Section 23A of the Act clarifying that the book value is to be taken for purposes of comparison with reserves and surplus for determining whether a company is to declare 65 per cent or 90 per cent of the undistributed profits of a year as dividend is a bolt from the blue. This would only force companies now declaring 65 per cent of their distributable profits to declare 90 per cent of their distributable profits after meeting tax liability. Failure to distribute the statutory percentage of dividend will entail the company to pay penal super-tax at 37 per cent for the entire undistributed balance of profits in a year.

The above provisions and restrictions limit the amount of profits which could be better utilised for the successful conduct of the company in their business. To be out of the scope of the provisions of Section 23A, a company must of necessity have to convert itself into a public company in the real sense of the term and as is recognised in the Income-tax Act.

In our country, where private capital is an enigma, it is very difficult, if not impossible, for small and medium companies to raise share capital through public subscription. It is needless to add that this new measure places a serious restraint on the growth of small and medium-sized joint-stock companies and thereby runs counter to one of the avowed objectives of the Government's industrial policy.

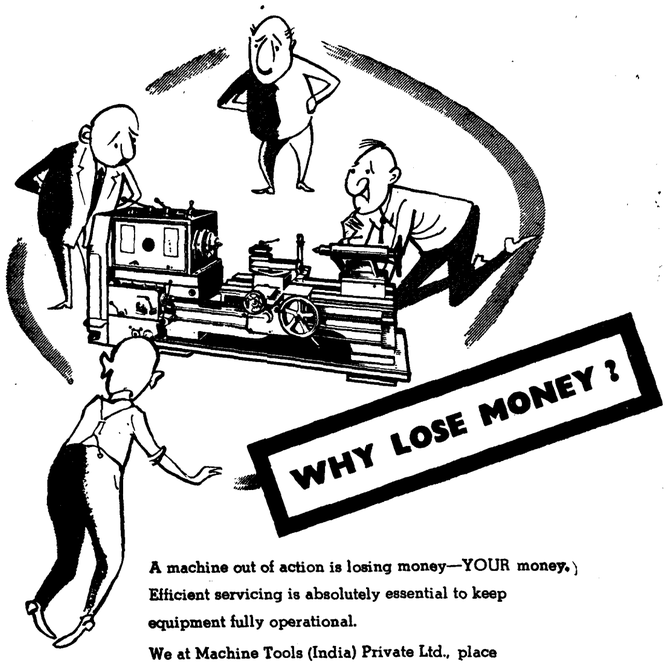
An Illustration

Working for distributable income in respect of a company declaring statutory percentage of dividend:

	Rs.
Total income (assumed)	10,00,000
Tax liability at 45% (less rebate at 20% on exempted donations—taken as Rs. 75,000)	4,35,000
	5,65,000
Less: Exempted donations	75,000
	4,90,000
Capital loss	..
Remittance of foreign profits	..
Distributable income	4,90,000
The statutory percentage of dividend will have to be declared on the distributable income of	4,90,000

If the above company pays 23A tax, instead of distributing the profit by way of dividend:

	Rs.
Distributable income as above	4,90,000
Expenditure incurred by the assessee but disallowed in assessment (included in the assumed total income figure of Rs. 10 lakhs)	
Bonus to employees .. .. Rs.	10,000
Legal charges .. .. .. ,,	5,000
Directors' remuneration .. .. ,,	4,000
	19,000
Amount on which 23A tax is leviable ..	4,71,000
Dividend declared	Nil



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Efficient servicing is absolutely essential to keep equipment fully operational.

We at Machine Tools (India) Private Ltd., place particular emphasis on our 'AFTER-SALES-SERVICE'.

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MACHINE TOOLS INDIA PRIVATE LTD.

Notices

THE BANK OF INDIA LIMITED

Registered Office:

70/80, Mahatma Gandhi Road, Bombay-1

NOTICE

THE FIFTY-SIXTH ANNUAL GENERAL Meeting of the Shareholders of The Bank of India Ltd. will be held at the Registered Office of the Company at 70/80, Mahatma Gandhi Road, Bombay-1, on Thursday the 15th day of March, 1962, at 4 o'clock in the afternoon, to transact the following business:—

(1) To receive the Report of the Directors and the audited Balance-Sheet and Profit and Loss Account for the year ended 31st December, 1961.

(2) To declare a Dividend.

(3) To elect a Director in the place of Mr. Ambalal Sarabhai, who retires by rotation, is eligible and offers himself for re-election and for that purpose to consider and if thought fit to pass the following resolution as an ordinary resolution of which special notice as required by Section 281 of the Companies Act, 1956, has been received by the Company:—

RESOLVED that Mr. Ambalal Sarabhai, who has attained the age of 72 years and who retires by rotation, be and he is hereby re-elected a Director of the Company AND it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the Companies Act, 1956, shall not apply to him.

(4) To elect a Director in the place of Mr. N. K. Petigara, who retires by rotation, is eligible and offers himself for re-election.

(5) To elect a Director in the place of Mr. Jugmohan Prasad Goenka, who retires by rotation, is eligible and offers himself for re-election.

(6) To elect a Director in the place of Mr. Jaisinh Vithaldas, who retires by rotation, is eligible and offers himself for re-election.

(7) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

(8) To consider and if thought fit to pass, with or without amendment, the following resolutions as special or ordinary resolutions as specified below:

I. **Audit of Branches**

Ordinary Resolutions

RESOLVED that:

(a) The accounts for the year 1962 of the branches of the Company at Bombay, Delhi, New Delhi, Hyderabad (Deccan), Indore, Jamshedpur, Poona, Nagpur and Sholapur (including any branches at the said places or any of them which may be opened hereafter) shall be audited by the Company's Auditors, Messrs. A. F. Ferguson & Co. and Messrs. S. B. Billimoria & Co., Chartered Accountants, in such manner as may be arranged between themselves.

(b) The accounts for the year 1962 of the branches of the Company in India at places other than those specifically provided for (including any branches at such places or any of them or at any other place in India which may be opened hereafter) shall be audited either by the Company's Auditors, Messrs. A. F. Ferguson & Co. or Messrs. S. B. Billimoria & Co., or by persons qualified for appointment as auditors of the Company under Section 226 of the Companies Act, 1956, as may be decided upon by the Board of Directors and that the Board of Directors be and they are hereby authorised from time to time to appoint one or more qualified auditors for audit of the accounts of the said branches or any one or more of them as they deem fit, in consultation with the Company's Auditors, and to fix the respective terms and conditions of appointment and the remuneration of such auditors.

(c) For the audit of the branches referred to in the foregoing resolutions Messrs. A. F. Ferguson & Co. and Messrs. S. B. Billimoria & Co., shall be respectively paid such remuneration (over and above the remuneration they may receive as the Company's Auditors) as the Board of Directors may fix.

(d) The accounts for the year 1962 of the branches of the Company outside India (including any branches which may be opened hereafter) shall be audited by persons qualified to act as auditors of the accounts of each such branch in accordance with the respective laws of the country in which such branch is situate and that the Board of Directors be and they are hereby authorised from time to time to appoint one or more qualified persons for audit of the accounts of the said branches outside India or any one or more of them as they deem fit, in consultation with the Company's Auditors, and to fix the respective terms and conditions of appointment and the the remuneration of such auditors.

(e) The Board of Directors be and they are hereby authorised to exercise all such powers and to do all such acts, deeds and things as may be deemed necessary by them for the purpose of giving effect to these resolutions.

II. **Inspection of Branches by Auditors**

Ordinary Resolution

RESOLVED that the Company's Auditors shall be entitled at such times as may be agreed upon between themselves to visit for any one of them, at least once in every calendar year, every branch in India for test inspection and that a report on such test inspection shall be submitted to the General Manager of the Company and that for such work the Auditors shall be paid all out-of-pocket expenses that they may incur for travelling, board and lodging and otherwise and that such payment shall be in addition to the remuneration fixed for the said Auditors.

III. **Alteration of Memorandum of Association**

Special Resolutions

RESOLVED that Clause 3 of the Memorandum of Association of the Company be and it is hereby altered as under:—

(a) By deleting the existing sub-clause (j) and substituting in its place the following new sub-clause (j)

"To acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on or proposing to carry on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company."

(b) By adding after the existing sub-clause (l) thereof the following new sub-clause (ll), namely.—

"To amalgamate with any other company."

IV. **Directors' Remuneration**

Special Resolutions

(a) RESOLVED that the remuneration of the Directors shall with effect from the 15th day of March, 1962, be as under:

(i) The Chairman of the Board of Directors shall be entitled to the sum of Rs. 250 and each of the other Directors shall be entitled to the sum of Rs. 200 for every meeting of the Board which he attends;

(ii) Each of the Directors (including the Chairman) shall be entitled to the sum of Rs. 125 for every meeting of any Committee or Sub-Committee of Directors which he attends.

(b) RESOLVED that Article 87(b) of the Company's Articles of Association be and it is hereby altered by substituting therein for the words and figures "Rs. 200", "Rs. 150" and "Rs. 75" the words and figures "Rs. 250", "Rs. 200" and "Rs. 125" respectively.

V. **Increase of Capital and Offer of New Ordinary Shares**

Ordinary Resolutions

(1) RESOLVED that the capital of the Company be increased to Rs. 10,00,00,000 (Rupees ten crores) by the creation of 4,50,000 New Ordinary Shares of Rs. 100 each.

(2) RESOLVED that out of the 4,50,000 New Ordinary Shares so created 2,00,000 New Ordinary Shares shall be offered in the first instance at a premium of Rs. 20 per share to the members of the Company on its Register of Members on 12th April, 1962, in the proportion of one such New Ordinary Share for every three existing shares, whether Ordinary Shares of Rs. 100 each (on which Rs. 50 are paid-up) and/or "A" Ordinary Shares of Rs. 50 each (issued as fully paid Bonus Shares) held by such members on the specified date AND so that half, namely, Rs. 50, of the full nominal amount of each such New Ordinary Share taken up plus the premium, namely, Rs. 20, in respect of each such New Ordinary Share shall be paid to the Company in cash with acceptance of the offer and before allotment.

(3) RESOLVED that the 2,00,000 New Ordinary Shares of Rs. 100 each shall be subject to the Memorandum and Articles of Association of the Company and shall, subject thereto, rank for dividend on profits and in all other respects *pari passu* with the existing 5,00,000 Ordinary Shares of Rs. 100 each (of which Rs. 50 are paid-up) and the existing 1,00,000 "A" Ordinary Shares of Rs. 50 each (which are fully paid-up) save that the 2,00,000 New Ordinary Shares shall not be entitled to participate in any interim dividend for any period prior to the 1st July, 1962.

(4) RESOLVED that such offer be made by notice as hereinafter mentioned and that any member receiving such offer shall be entitled either to take up by paying therefor all or any of the New Ordinary Shares so offered to him or to renounce (upon signing a renunciation in such form as shall be prescribed by the Board of Directors) his right to all or any of such New Ordinary Shares in favour of a nominee or nominees: Provided that such nominee or nominees shall be a member or members of the Company or be approved of by the Board of Directors and that such nominee or nominees shall sign an acceptance of the shares so renounced in such form as shall be prescribed by the Board of Directors and that any such renunciation by a member and acceptance by such nominee or nominees shall be effective only if made upon forms to be supplied by the Company and lodged duly completed with the Company within the time specified together with the sum of Rs. 70 per share in cash (being the proportionate payment of Rs. 50 per share plus the premium of Rs. 20 per share).

(5) RESOLVED that the said offer be made to such members by a notice specifying the number of New Ordinary Shares to which each such member is entitled for every such three shares, whether Ordinary Shares and/or "A" Ordinary Shares, of such member's holding on the specified date and having forms annexed to such notice for acceptance by such member, where such member accepts (whether wholly or in part), and for renunciation, where such member renounces (whether wholly or in part), in favour of such nominee or nominees and for acceptance by such nominee or nominees of any shares so renounced with any other necessary provisions in such offer and/or forms and that such notice shall limit the time within which the offer, if not accepted by payment of the said sum of Rs. 70 for proportionate payment plus premium as aforesaid in respect of each such New Ordinary Share, shall be deemed to be declined.

(6) RESOLVED that the notice making the offer to members shall, additionally, invite offers from members on the Register of Members on the specified date, namely, the 12th April, 1962, for additional shares and that forms for application for such additional shares be annexed to the notice making the offer so that any shares not taken up as rights may be allotted to members applying for additional shares on an equitable basis with reference to the shares already held by such members: Provided that members who renounce their rights wholly or partly shall not be entitled to apply for additional shares AND Provided further that the allotment of additional shares shall be at the entire discretion of the Board of Directors.

(7) RESOLVED that no fractional certificates be issued to members but that the fractions of shares remaining after the offer of one share for each three existing shares, whether Ordinary Shares and/or "A" Ordinary Shares, shall be consolidated and allotted as the Board of Directors deem fit to any person or persons, including any one or more of themselves or any one or more of the employees of the Company, for the purpose of being sold and the proceeds, less the proportionate payment of Rs. 50 plus premium of Rs. 20 per share and also less the expenses of sale and any other expenses, be divided *pro rata* amongst the members who would otherwise have been entitled to a fraction or fractions of such New Ordinary Shares.

(8) RESOLVED that when any New Ordinary Shares applied for are not allotted the amount paid on application therefor shall be refunded in due course without interest.

(9) RESOLVED that the Board of Directors be empowered not to allot or in the alternative to dispose of such of the New Ordinary Shares as are not taken up in response to the offer in such manner as they think most beneficial to the Company.

(10) RESOLVED that the Board of Directors shall have the right in their absolute discretion to reject any application for New Ordinary Shares and to refuse allotment to any person or persons (not being a member) not approved of by them without assigning any reason.

(11) RESOLVED that the Certificates in respect of the New Ordinary Shares shall be completed and ready for delivery within nine months after the last allotment thereof.

(12) RESOLVED that for the purpose of giving effect to the foregoing resolutions the Board of Directors are authorised to give such directions as may be necessary and to settle any questions or difficulties that may arise in regard to the issue and the distribution of the New Ordinary Shares as they think fit.

By Order of the Board of Directors,

T. D. KANSARA,
General Manager.
The Bank of India Ltd.

BOMBAY, *9th February*, 1962

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy and the Power of Attorney, if any, under which it is signed, should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the aforesaid Meeting as provided by Article 79 of the Company's Articles of Association.

Note:—(a) The Transfer Books of the Company will be closed from Saturday the 24th February, 1962, to Thursday the 15th March, 1962, both days inclusive.

(b) The Dividend, when sanctioned, will be payable on and from Tuesday the 20th March, 1962, to those Shareholders whose names are on the Register of Members on 15th March, 1962.

(c) Dividend Warrants will be posted to Shareholders at their registered addresses. Early intimation should be given to the Company of any change of address.

(d) The Explanatory Statement required under Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

HENLEY CABLES INDIA LIMITED

Registered Office:

Henley House, Ballard Estate, Bombay-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SECOND ANNUAL GENERAL MEETING HENLEY CABLES INDIA LIMITED will be eld at Bombay House, 24 Bruce Street, Fort, ombay, on WEDNESDAY, the 28TH MARCH 962, at 4 p.m., to transact the following usiness:—

1. To receive and consider the Balance Sheet and Profit and Loss Account of the Company and the Reports of the Board of Directors and Auditors for the year ended 31st October 1961.
2. To appoint a Director in the place of Mr. A. D. Shroff who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr. N. K. Petigara who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the current year and to fix their remuneration.

The Register of Members and the Share Transfer Books of the Company will remain closed from THURSDAY, the 15TH MARCH 1962 to WEDNESDAY, the 28TH MARCH 1962, both days inclusive.

Note:—A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT ITS ABOVE ADDRESS NOT LATER THAN 48 HOURS BEFOPE THE TIME FIXED FOR THE MEETING.

By Order of the Board,
F. R. GINWALLA,
Secretary.

Dated this 9th day of February 1962.

N.B.—CHANGE OF ADDRESS should be notified to the Company without delay.

THE RAYALASEEMA MILLS LIMITED

Registered Office and Factory:

Rayanagar, ADONI, P.O.
KURNOOL DISTRICT

NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING of the Rayalaseema Mills Ltd. will be held at the Registered Office of the Company at Rayanagar, Adoni, on Wednesday the 28th March 1962 at 2-00 p.m. (S.T.), to transact the business, details of which are contained in Notice that will be sent to each member individually in respect of the above Annual General Meeting.

The Share Transfer Books and Register of Members of the Company shall remain closed from the 14th March 1962 to 4th April 1962, both days inclusive.

By Order of the Board of Directors,
M. SOMAPPA,
Chairman.

ADONI, *9th February* 1962.

Note:—Any member entitled to attend and vote at the above meeting is entitled to appoint a proxy and a proxy need not be a member.

THE GWALIOR RAYON SILK MFG. (WVG.) CO. LTD.

NOTICE IS HEREBY GIVEN THAT THE Board of Directors of the Company at their meeting held on 16th February, 1962 have declared the dividend on Preference Shares Series 'A' and 'B' for the year ended 31st March, 1962 @ Rs. 8.57 per share subject to deduction of tax under Section 18(3D) of the Income-tax Act.

The dividends will be paid on or after 1st April, 1962 to those shareholders whose names appear on the Register of Preference Shares, Series A and B on the 1st April 1962.

Register of Members and Share Transfer Books of the Preference Shares Series 'A' and 'B' of the Company will be closed for this purpose from 16th March 1962 to 1st April 1962, both days inclusive.

By Order of the Board,
V. N. BAGRODIA,
Secretary.

Registered Office:
BIRLAGRAM, NAGDA,
17th February, 1962.

CHITAVALSAH JUTE MILLS COMPANY, LIMITED

ANNUAL GENERAL MEETING OF MEMBERS

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from the 2nd March to the 15th March, 1962, both days inclusive.

By Order of the Board,
MCLEOD & CO. LTD.,
C. HOCKLEY,
Secretary,
Managing Agents.

CALCUTTA, *14th February*, 1962.

ASHOK LEYLAND'S PROGRESS ENCOURAGING

DIVIDEND MAINTAINED ON HIGHER CAPITAL

THE statement of accounts of Ashok Leyland Ltd. (Chairman: Dr. A. Ramaswami Mudaliar, Madras) for the nine months ended 30th September 1961—the Company has now changed its accounting year to end on 30th September to be in conformity with its technical collaborators, Messrs. Leyland Motors Ltd., England—makes happy reading. With the continued popularity of the Leyland "Comet" chassis among the State transport undertakings, Government departments and, particularly, the private sector, the gross sales have maintained an upward trend and amount to Rs. 811.93 lakhs, with the inclusion of the excise duty recovered, for the nine-month period, as compared with Rs. 832.67 lakhs for the previous period covering the twelve months of 1960. Other income has also shown an improvement to Rs. 9.01 lakhs from Rs. 6.70 lakhs chiefly because of the increase in the over-riding commission. The closing stocks of vehicles have shown a very perceptible decline from Rs. 55.28 lakhs as at the beginning of the period to Rs. 4.76 lakhs as at the close, indicating a vastly improved demand for the Company's vehicles. Finished stocks of components, however, have risen in value by Rs. 36.91 lakhs, but, even then, the total value of closing stocks reflects a small, yet welcome, fall of Rs. 11.64 lakhs to Rs. 96.95 lakhs.

Although the cost of raw materials, stores and components consumed still forms a very substantial portion of the total sales proceeds, its ratio to the gross turnover has witnessed a marked decline from 82.1 per cent in respect of the previous year to 72.3 per cent for the period under review. This improvement has been instrumental in enabling the Company to earn a gross profit of Rs. 63.21 lakhs for the nine-month period, as against Rs. 71.18 lakhs for the preceding full year. The gross profit would have been higher still had it not been for the abnormal increases in the cost of services, which amounted to Rs. 44.00 lakhs as against Rs. 45.12 lakhs (for 12 months) and other expenses, which were higher at Rs. 34.87 lakhs as against Rs. 30.54 lakhs. As a result, the ratio of gross profit to total sales has declined slightly to 8.4 per cent in comparison with 8.6 per cent for the previous year.

Provision for depreciation has been pruned from Rs. 25.32 lakhs to Rs. 23.60 lakhs but that for taxation is higher by Rs. 3.60 lakhs at Rs. 14.60 lakhs. These leave a net profit of Rs. 30.01 lakhs or 3.7 per cent of the sales as against Rs. 34.86 lakhs or 4.2 per cent previously. *Transfer to the development rebate reserve* is also lower by Rs. 1.83 lakh at Rs. 8.89 lakhs. Ordinary dividends, the rate of which has again been maintained at 8 per cent per annum, subject to deduction of tax, claim Rs. 20.33 lakhs, leaving a carry forward of Rs. 0.91 lakh, as against Rs. 0.12 lakh brought in. The rate of dividend has remained unchanged for the second year in succession, but such has become payable, it is to be noted, on an increased share capital of Rs. 344.97 lakhs as against Rs. 302.88 lakhs a year ago.

The progress made by the Company during the nine-month period to 30th September 1961, as well as during the three full years immediately preceding it, is clearly brought out in the comparative table that follows:

(In lakhs of rupees)

	For nine months ended 30th Sep.	For the year ended 31st December		
	1961	1960	1959	1958
Sales (gross)	811.93*	832.67*	582.82	501.49
Other income	9.01	6.70	4.59	4.68
Closing stocks of vehicles and finished components	96.95	108.59	48.02	85.20
Excise duty	75.38	69.42	..	..
Raw materials, spare parts, stores, tools, etc., consumed	586.84	688.68	498.23	444.69
Salaries, wages and benefits	44.00	45.12	29.29	17.60
Other expenses	34.87	30.54	23.01	18.59
Gross profit	63.21	71.18	54.71	39.41
Provision for—				
Depreciation	23.60	25.32	17.95	12.66
Taxation	14.60	11.00	8.50	8.09
Net profit	30.01	34.86	28.26	18.66
Provisions written back	..	..	0.31	0.02
Development rebate reserve	8.89	10.72	8.91	8.73
Ordinary dividend	20.33	24.23	19.74	10.29
	(8%)†	(8%)†	(8%)†	(4%)
Carry forward	0.91	0.12	0.20	0.28

* Including excise duty recovered.
† Subject to deduction of tax.

Following the issue of a further 8.03 lakh ordinary shares of Rs. 5 each on which Rs. 2.50 have so far been called up, the share capital now amounts to Rs. 344.97 lakhs, with a supplement of Rs. 46.16 lakhs in the reserves, giving the total capital funds at Rs. 391.13 lakhs. Against these, the net block, inclusive of the cost of buildings under construction and plant and machinery in transit or awaiting installation, itself amounts to Rs. 312.25 lakhs. A further Rs. 20.49 lakhs has been taken away by investment, of which as much as Rs. 19.70 lakhs are in Ennore Foundries Ltd., a company belonging to the same group. Borrowings from banks, secured by a floating charge against all the movable assets of the Company, have increased by Rs. 32.69 lakhs and stand at Rs. 168.32 lakhs in addition to current liabilities and provisions aggregating Rs. 272.26 lakhs. These are more than fully covered by current assets, loans and advances amounting to Rs. 493.97 lakhs.

The period under review witnessed very good progress in the establishment of incentive bonus and material progress systems which are expected to lead to greater efficiency and increased output per man-hour in the future. The expansion programme, initiated sometime ago, is well under way with the completion of new buildings and of planning for the progressive installation of plant and machinery designed to increase output to 5,000 chassis per annum and, in addition, spare parts and heavy duty industrial type engines. At the same time, the progressive deletion of imported components continues in accordance with the phased programme of manufacture.

Ennore Foundries Ltd., in which the Company holds substantial interest, commenced production during the period and are at present producing 40 tons per week of quality castings. It is expected that, by early 1962, the full requirements of iron castings for the Company's make of vehicles will be met by this associated company.

The Rs. 5 fully paid shares of the Company are presently quoted on the Madras Stock Exchange at Rs. 8.89, exclusive of the net dividend component. At this price, the net yield works out to about 3.2 per cent per annum.

(*Concluded from next column*)

still as high as 59.9 per cent, which is undoubtedly much more than is necessary from the point of view of even a conservative banker.

The issued, subscribed and paid-up share capital has remained unchanged at Rs. 1 crore and continues to vest in the State Bank of India. With the accretion of Rs. 6.00 lakhs from the profits for the year under review, the reserve fund now stands at Rs. 57.50 lakhs or 57.5 per cent of the paid-up capital. The ratio of owned funds to deposits is as high as 11.57 per cent, that is, nearly twice as much as the ratio mentioned in the Reserve Bank's convention with commercial banks. It will not, therefore, be necessary for this Bank to raise its paid-up capital for a considerable time to come, though it will have to set apart a sizable portion of the profit for strengthening the published reserve fund at least until that fund becomes equal to the paid-up capital.

As at the close of 1960, the Bank had 24 branches and 38 pay offices. During 1961, two more branches were opened, while one pay office was upgraded into a branch. Thus, at the close of 1961 the Bank operated 27 branches and 37 pay offices. It has in hand a programme to open three more branches and one pay office and of upgrading eight pay offices into branches. The Bank's activities, it will be agreed, are steadily expanding.

I.C.I.C.I.

The net profit (after providing for depreciation and taxation) of the Industrial Credit and Investment Corporation of India Limited for the year ended 31st December 1961 amounts to Rs. 46.52 lakhs, as against Rs. 37.65 lakhs for 1960. A sum of Rs. 11.50 lakhs has been placed to special reserve in terms of Article 163 of the Articles of Association and Rs. 1.00 lakh to general reserve. Out of the balance, together with the amounts brought forward from the previous year, the Directors have decided to recommend a dividend of 6.50 per cent subject to tax (5.75 per cent subject to tax last year) on ordinary shares.

ANDHRA BANK

The profit of the Andhra Bank Ltd. for the year ended 31st December 1961 amounts to Rs. 13,54,368 (Rs. 11,57,071 for 1960). After paying one month's bonus to staff and bringing in Rs. 4,823 (Rs. 10,301) from last year's profit, the net profit available for appropriation comes to Rs. 12,05,467 subject to audit (Rs. 11,68,023).

STATE BANK OF SAURASHTRA

RESERVES STRENGTHENED

THE working of the State Bank of Saurashtra (General Manager: Mr. R. L. Sopariwala, Bhavnagar) during the year ended 31st December 1961—the first full year of its working as a subsidiary of the State Bank of India—resulted in a total income of Rs. 78.39 lakhs, of which Rs. 65.84 lakhs came by way of interest and discount, Rs. 9.03 lakhs as commission and exchange *and only the balance*, namely, Rs. 3.52 lakhs, as other income. These figures are not directly comparable with those for the previous year, because, first, the preceding accounting period relates only to eight months and, secondly, the income in respect of the year under review is reported at net, that is, after deducting the income-tax, besides the other usual essential provisions. Unfortunately, the Directors have not found it necessary to disclose the Bank's overall tax liability or the provision made therefor, thereby making it impossible to arrive at an accurate estimate of the Bank's gross earnings.

From the income earned, Rs. 43.10 lakhs have been paid as interest, and Rs. 26.20 lakhs as expenses. A sum of Rs. 1.93 lakh has been provided for depreciation on the Bank's assets. The net profit earned amounts to Rs. 7.16 lakhs, and compares with Rs. 5.01 lakhs for the eight months ended December 1960. Proportionately, the net profit is a shade lower than that for the previous year. Together with Rs. 1.39 lakh, the sum available for distribution is Rs. 8.55 lakhs. Of this, Rs. 6.00 lakhs have been transferred to the reserve fund and Rs. 2 lakhs have been earmarked for payment of bonus to staff. This leaves Rs. 0.55 lakh to be carried forward, as against the Rs. 1.39 lakh brought in. No dividend has been proposed, as priority has been given to the need for strengthening reserves.

The operating results of the Bank in respect of the past four years, as well as the balance-sheet position, are set forth in the comparative table below:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960*	1959	1958
Interest and discount	65.84	46.96	77.78	72.71
Commission and exchange	9.03	5.89	8.29	7.27
Other income	3.52	1.54	4.16	5.00
Interest paid	43.10	27.16	49.22	47.95
Expenses	26.20	16.41	21.74	19.47
Depreciation	1.93	1.16	1.80	1.28
Profit	7.16†	7.16	17.83	16.29
Provision for taxation	‡	4.75	..	..
To reserves and provisions	6.00	1.98	10.56	6.80
To bonus to staff	2.00	1.64	2.90	2.40
State Government's shares of profit	..	..	..	..
Carry forward	0.55	1.39	5.00	7.00
			0.15	0.18

	As at 31st December			
	1961	1960	1959	1958
Capital	100.00	100.00	100.00	100.00
Reserves and surplus	57.50	51.50	73.65	66.89
Deposits	1,857.11	1,388.93	1,652.42	1,645.07
Borrowings from banks	82.58	263.96	..	..
Advances	727.92	793.10	704.70	786.80
Investments	675.98	603.72	784.05	765.41
Cash	187.88	158.96	329.11	241.96
Balance-sheet total	1,658.58	1,566.97	1,822.90	1,666.79
Ratio to deposits—	%	%	%	%
Advances	39.6	49.2	42.7	47.8
Investments	36.4	39.0	47.4	44.7
Cash	10.1	11.4	19.9	17.5

* For a period of eight months only.
† After taxation for 1961, but before taxation for the previous years.
‡ Necessary provision has been made from the income for the year.

During the course of the year, there has been a marked contraction in the two main sources from which a bank generally derives the major portion of its income, namely, advances and investments. The former has gone down by Rs. 65.24 lakhs to Rs. 727.92 lakhs, and the latter from Rs. 803.72 lakhs to Rs. 673.98 lakhs. The total fall in these two items is thus of the order of Rs. 193.88 lakhs and as such it would not be unreasonable to conclude that the Bank must have had to suffer a small setback during 1961. This shrinkage in advances and investments is reflected in the resources side by a perceptible decline in borrowings from Rs. 263.96 lakhs to Rs. 82.53 lakhs. There has, however, been a slight improvement of Rs. 18.18 lakhs to Rs. 13.57 crores in deposits. As a result of the rise in deposits and the fall in advances, investments and cash, all the three principal ratios to deposits show fall as compared with the position a year before. Thus, the credit ratio has declined from 39.2 per cent to 53.6 per cent, the investment ratio from 60 per cent to 49.8 per cent and the cash ratio from 11.4 per cent to 10.1 per cent. Nevertheless, the ratio of liquid assets to deposits is

(*Continued in previous column*)

STATE BANK OF MYSORE

DIVIDEND RAISED

DURING the second year of its working as a subsidiary of the State Bank of India, which ended on 31st December 1961, the State Bank of Mysore (General Manager: Mr. A. Krishna Murthi, Bangalore) made satisfactory progress. While the results for the year referred to are not exactly comparable with those obtained in the previous year, as the period covered then was of 10 and not 12 months, the performance, nonetheless, shows a distinct improvement over recent years. The gross income of the Bank registered an improvement of Rs. 19.67 lakhs over the preceding period and reached a record figure of Rs. 125.77 lakhs. This has prompted the Directors to step up the taxable dividend from 9 per cent to 10 per cent per share of Rs. 100. The total distribution of Rs. 10 lakhs comes close to Rs. 11.50 lakhs paid for 1959, when the dividend was as high as 23 per cent, subject to deduction of tax, though on half the present capital of Rs. 1 crore. The increase in the capital was brought about in the year ended 31st December 1960.

The profit for the year under report, after meeting all expenses and providing for depreciation, has, however, declined from Rs. 28.05 lakhs to Rs. 20.67 lakhs, due to an increase in interest paid on deposits and borrowings, as well as higher expenses, both of which have wiped off the advantages scored in income by way of interest and discount, and commission, exchange and brokerage. Interest paid has been as much as Rs. 60.85 lakhs, as against Rs. 46.41 lakhs previously. The expenses have gone up sharply from Rs. 29.68 lakhs to Rs. 41.46 lakhs, with the wage bill alone increasing from Rs. 24.16 lakhs to Rs. 31.46 lakhs. Depreciation has absorbed Rs. 2.65 lakhs, as against Rs. 1.96 lakh previously. Reserves get about Rs. 3 lakhs more at Rs. 6.60 lakhs. No provision has been made for taxation, presumably because in the previous year a large sum of Rs. 12.50 lakhs was set aside.

The salient features of the Bank's working in the past four years are brought out in the table below:

(In lakhs of rupees)

	For the year ended 31st Dec. 1961	For 10 months 1-3-60 to 31-12-60	For the year ended 31st December 1959	1958
Gross income	125.77	106.10	109.25	97.25
Of which:				
Interest and discount	104.50	86.81	94.61*	84.84
Commission and exchange	13.51	17.22	12.50	10.58
Interest paid	60.85	46.41	50.51	42.45
Other expenses	41.46	29.68	33.55	30.72
Depreciation	2.65	1.96	1.54	1.50
Profit	20.67	28.05	23.65	22.58
Provision for taxation	..	12.50	4.50	3.50
To reserves	6.60	3.40	3.39	4.75
To bonus to staff	4.25	3.85	8.80	3.44
Dividend	10.00	7.50	11.50	8.00
	(Ju. 10%)†	(Ju. 9%)†	(D. 23%)†	(D. 16%)
Carry forward	0.62	0.80	5.32	4.76

	As on 31st December			
	1961	1960	1959	1958
Capital	100.00	100.00	50.00	50.00
Reserves	60.00	53.40	100.00	96.71
Deposits	2,299.06	1,994.81	1,956.59	1,672.14
Borrowings from banks	6.50	44.75	47.00	..
Advances	1,214.78	1,243.54	1,147.03	1,004.57
Investments	909.63	862.88	800.26	835.90
Cash	274.37	188.71	214.25	237.50
Balance sheet total	2,771.82	2,672.50	2,581.45	2,194.13
Ratio to deposits of—	%	%	%	%
Advances	57.5	62.8	58.6	60.1
Investments	39.5	43.2	43.9	50.8
Cash	11.9	6.9	10.9	14.1

* After deducting Rs. 6.14 lakhs being income-tax on interest earned on investments.
† Subject to deduction of tax.

The balance-sheet of the Bank as at 31st December 1961 confirms its sound financial position. The capital, which was increased in 1960 from Rs. 50 lakhs to Rs. 100 lakhs by transfer from reserves, which had stood at Rs. 100 lakhs on 31st December 1959, is now supplemented by reserves of Rs. 60 lakhs. There is a welcome decline in borrowings from banks from Rs. 44.75 lakhs to a mere Rs. 6.50 lakhs. Cash, balances with other banks and money at call and short notice make an impressive total of Rs. 274.37 lakhs, as against Rs. 138.71 lakhs in the previous year. The deposits have gone up impressively from Rs. 19.94 crores to Rs. 22.99 crores. But advances have increased only modestly from Rs. 12.43 crores to Rs. 13.15 crores. A part of the increase in deposits has been utilised to step up the investment portfolio sizably from Rs. 8.63 crores to Rs. 9.10 crores.

As a result of the sharp increase in deposits, the ratio of advances to deposits has fallen from 62.3 per cent to 57.2 per cent and of investments to deposits from 43.2 per cent to 39.5 per cent. The ratio of cash to deposits, however, has increased from 6.9 per cent to 11.9 per cent. The table above shows at a glance the trends in the Bank's deposits and the disposition of its funds over the past four years.

The Bank's advances to small-scale industries recorded a small increase during the year. Assistance was given to 97 units, accounting for a total limit of Rs. 82.77 lakhs, as against 104 units, with an aggregate limit of Rs. 82.38 lakhs as at the end of 1960. The total outstandings against warehouse receipts were Rs. 21.84 lakhs, as against Rs. 10.57 lakhs previously. Advances to co-operative institutions aggregated Rs. 43.56 lakhs, as against Rs. 17.94 lakhs at the end of the preceding year.

The subsidy expected to be received from the State Bank of India to reimburse losses incurred by the Bank on account of its expansion programme in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959, for the year under report will be Rs. 1.23 lakh, which have been accounted for in the accounts. As for the Government and agency business, the Bank extended its business to 14 additional centres, bringing the number of branches conducting Government business to 32, out of the total of 59 offices. In addition to the six branches and two pay offices opened during the year under review, licences for opening 10 more branches have been secured from the Reserve Bank of India. Investigations of the business potentialities of 14 centres have been conducted and are under active consideration.

TEXTILES

(*Concluded from page 322*)

sequent on the Geneva pact, the prospects for exports have improved greatly. Here is what Mr. K. C. Reddy, Union Minister for Commerce and Industry, says: "Cotton textile exports have now been assured that there would be no reduction in exports. On the other hand, efforts are being made to increase them. The agreement is an excellent example of what mutual discussion can do for maintaining harmony among various countries in matters of trade." A Government of India spokesman is reported to have remarked:

"The cumulative effect of the agreement will be to widen the markets for Indian cotton textiles in foreign countries, particularly France and West Germany. It is for the Indian textile industry to take full advantage of the opportunities created by the Geneva accord and step up exports to the maximum extent possible. In the case of France and West Germany, which at present restrict textile imports, the actual extent of increased access, as agreed to at the Geneva talks, will be determined by means of bilateral negotiations between these countries and India. It is to be hoped that the increase of access to these markets will correspondingly reduce the pressure on the markets like the U.S. which do not at present apply restrictions and will, to that extent, reduce the need for such markets invoking restrictions on exports to their markets by the exporting countries."

Expressing opinions more or less similar, export circles point out that the Geneva agreement on textile quota liberalisation over the next five years should prove beneficial to India. In their opinion, inasmuch as India's exploitation of most of the European markets has been at a negligible pace, the agreement will be in the larger interest of this country's textiles exports, for the European countries will not be in a position to take shelter under the second criterion in the escape clause.

How far and to what extent the aforesaid assessment of the impact of the Geneva agreement on cotton textile exports from India is correct, time alone could show. There is, however, no denying the fact that some sort of protectionism is being introduced in markets where imports have been free, though, in some other markets where restrictions have been in force, there will be some relaxation subject to successful bilateral negotiations. In other words, this means that there will be keener competition among the textile exporting countries to secure as much as possible of the available markets in the importing countries.

The Commerce and Industry Committee of the Japanese Cabinet has opposed the proposed imposition by the U.S. of a surcharge (amounting to 8.50 cents per lb.) on imported cotton textiles. According to the Committee, the surcharge, otherwise called the equalisation fee in the U.S., will not only adversely affect Japan's cotton textile exports but also constitute a threat to Japanese workers employed in the textile industry. The Committee is expected to submit a resolution to the session of the lower house of the Japanese Diet.

HABIB BANK LTD.

NOTABLE PROGRESS MADE

THE Habib Bank Ltd. (Chairman: Mr. Ahmed Habib, Karachi), the leading commercial bank in Pakistan, continues to expand its activities through the establishment of more branches, the total of which as on 31st December 1961 was 130, as against 111 a year before and 96 two years before. Reflecting such an expansion of business, the credit facilities accorded by the Bank to its clients during 1961 rose by 5.65 crores to Rs. 36.68 crores as compared with the previous year. The whole of this rise was accounted for by loans, overdrafts, cash credits, etc., which together amounted to Rs. 32.00 crores, as against Rs. 25.57 crores, while bills discounted and purchased were lower by Rs. 78 lakhs at Rs. 4.68 crores. The gross earnings of the Bank have gone up from Rs. 315.83 lakhs in 1960 to Rs. 341.04 lakhs in 1961. The increase of Rs. 25.21 lakhs is, of course, less than that (Rs. 35.48 lakhs) noted in the previous year. Moreover, practically *the entire improvement* in income has been offset by a marked rise in expenses, from Rs. 134.95 lakhs to Rs. 159.61 lakhs, so that the profit (before providing for taxation) has risen by just Rs. 79,000, as against Rs. 2.50 lakhs in 1960. Even so, the profit for 1961 is at the impressively high level of Rs. 175.02 lakhs.

Excluding the Rs. 75 lakhs provided for taxation, the net profit of the Bank comes to over Rs. 100 lakhs. The Directors have not made any allocation to the reserve fund; in the previous year, a sum of Rs. 100 lakhs had been transferred to the share capital account. Instead, they have raised the dividend from 17½ to 20 per cent, the sum required for this purpose being Rs. 60 lakhs, as against Rs. 52.50 lakhs in 1960. This leaves a large sum of Rs. 50.91 lakhs, including Rs. 10.89 lakhs brought in from the previous year, which has been carried forward.

The following comparative table indicates the progress made by the Bank in the past four years:

(In lakhs of Pak. rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	341.04	315.83	280.35	259.61
Expenses	159.61	134.95	106.87	92.88
Depreciation	6.41	6.65	2.25	2.58
Profit	175.02	174.23	171.73	164.15
Appropriations—				
To taxation	75.00	100.00	60.00	130.00
,, capital account	..	100.00	..	..
Dividend	60.00	52.50	80.00	23.12
	(20%)	(17½%)	(15%)	(14.6%)
Carry forward	50.91	10.89	89.16	7.43

	As on 31st December			
	1961	1960	1959	1958
Capital	3,00.00	3,00.00	2,00.00	2,00.00
Reserve fund	2,00.00	2,00.00	2,00.00	2,00.00
Deposits	80,32.31	77,23.66	74,04.66	70,48.16
Advances and bills discounted and purchased	36,68.06	31,03.55	29,52.80	17,45.16
Investments	38,23.22	42,57.71	46,97.84	37,27.45
Cash	16,56.31	13,54.37	11,13.15	20,31.24
Balance sheet total	129,88.82	128,64.14	121,63.62	94,68.94
Ratio to deposits of—	%	%	%	%
Advances	45.7	40.2	39.8	24.7
Investments	47.6	55.1	66.1	52.8
Cash	20.6	17.5	15.0	28.8

N.B.—The figures of interest paid is not shown separately. It is, perhaps, deducted from gross income before showing it in the profit and loss account.

The above table shows that, while advances and bills are higher by Rs. 564.51 lakhs, fresh accrual to deposits have been only Rs. 308.65 lakhs. Consequently, the ratio of advances to deposits has gone up from 40.2 per cent to 45.7 per cent. There has been a fall of Rs. 4.34 crores to Rs. 38.23 crores in investments, whereas the cash in hand and with bankers show a rise of Rs. 3.01 crores to Rs. 16.56 crores. The bulk of the investments, amounting to Rs. 36.46 crores, is accounted for by Government securities, the corresponding figure for 1960 being Rs. 40.83 crores. Investments in shares of joint-stock companies aggregate Rs. 33.82 lakhs (Rs. 31.17 lakhs a year ago) and those in bullion are of the order of Rs. 143.22 lakhs (same). Bills lodged for collection have risen by Rs. 30 lakhs to Rs. 5.02 crores, while customers' liability for acceptances and guarantees has receded by Rs. 3.51 crores to Rs. 31.98 crores. The Bank's balance-sheet total as at the end of December 1961 stands at the all-time peak level of more than Rs. 129.88 crores, as against Rs. 128.64 crores a year before and Rs. 94.69 crores on 31st December 1958.

LENDERS SCARCE

(From Our Own Correspondent)

BOMBAY, 21st *February*

Stringent conditions prevailed in the short-term money market during the week under review. Lenders were scarce in the inter-bank section, with the rate for call money ruling steady at 4½ per cent throughout the week.

A meeting of chairmen and chief executives of banks, which are members of the all-India inter-bank agreement on maximum rates of interest on deposits, was held at Bombay on Friday the 16th inst. to consider the medium-banks' notice of withdrawal from the agreement, unless their request for a ½ per cent increase in the rates payable by them was conceded. The meeting reiterated the value of inter-bank agreement as a stabilising factor in the cost of operations of banks and expressed the need for continuing it, with suitable amendments to meet the changes that had taken place in banking and monetary trends since its revision with effect from 15th March 1961. It appointed a special committee of nine bankers, representative of all the types of banks, to examine the lines on which the agreement should be revised. The five medium banks, which had given notice of termination, agreed to stay their hand till the end of April. Thus, the controversy over the inter-bank agreement still remains unresolved.

For the fourth week in succession, the average rate of 91 days' Treasury Bills sold by tenders has gone up. This week, the tenders received were Rs. 2.02 crores, as against an invitation of Rs. 2 crores, showing a rise of just Rs. 2 lakhs over the amount offered last week. Nevertheless, the average rate of accepted tenders was higher at Rs. 2.580 per cent, as compared with 2.545 per cent a week ago; four weeks ago, the rate was 2.520 per cent per annum. Sales of Intermediate Treasury Bills fetched Rs. 5 lakhs, only one-third of the amount collected in the previous week. Sales of both the types of 91 days' Bills are being continued.

The Reserve Bank's statement for the week ended 16th February 1962 discloses only minor variations, of less than Rs. 1 crore, in the Issue Department. There has been a small increase of Rs. 41 lakhs in balances held abroad shown in the Banking Department. With this increase, the foreign assets held by the Reserve Bank are at Rs. 136.86 crores. The deposits of the Central Government have gone up by Rs. 9.39 crores, but those of other Governments have come down by Rs. 6 crores. Balances held by the banks are a shade higher at Rs. 76.17 crores. Their borrowings from the Reserve Bank against usance bills have, however, declined by Rs. 3.58 crores There may have been a fall in their loans against investments also, because the item "other loans and advances" show a contraction of Rs. 6.38 crores.

A sharp rise of Rs. 14.35 crores in bank credit, met by a reduction of Rs. 8.41 crores in investment, of Rs. 6 32 crores in money at call and short notice and of Rs. 1.15 crore in total cash is the main feature of the scheduled banks' statement for the week ended 9th February 1962. There has been a decline of Rs. 9.50 crores in deposits, mainly due to a substantial fall of Rs. 12.12 crores in demand deposits. This decline has been nearly neutralised by an increase of Rs. 9 crores in borrowings from the Reserve Bank.

The State Bank of India has accounted for the bulk of the variations in the scheduled banks' position *as noted above*. Thus, its advances have gone up by Rs. 7 crores, investments have declined by Rs. 7 crores and deposits have suffered a fall of Rs. 4.93 crores.

The Gilt-edged market continued to be dull with a quiet undertone. Turnover was greatly restricted.

In the foreign exchange market, too, there have been no noteworthy features. The pound sterling ruled quite steady throughout the week, with the New York on London spot rate remaining almost unchanged at 281.510-281.540 cents per £ for spot and 279.710-279.740 cents for three months forward. Over the week, the spot rate shows a very fractional fall of 0.020 cent, while the forward rate is up by 0.030 cent. In keeping with such negligible changes in the value of sterling, the rupee-dollar rate has also remained steady. The banks' selling rate for ready T.T. on New York is Rs. 475.50 for 100 dollars, their buying rate being Rs. 472.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, 19*th February*

The kip market remained steady. Arrivals of tanned stocks met with steady clearance. Shipment business was of moderate volume in cow hides. Tanners who were holding stocks of higher selections after selling lower ends all these days, for which demand had been excellent, let go their inventory to U.K. buyers at slightly reduced prices. Inquiries for lower selections in cow hides were less brisk for inland trade and good for export. There was good demand for buff hides and for lighter averages in cow calf and for 2-pounders in buffalo calf top marks.

In the tanned goat skins section, there was good call from the U.S. and Continental importers. As exporters increased their prices in view of the strength in raw centres, export sales were small and selective. Demand for prime and semi-prime sheep skins was negligible and that for middle class was patchy.

The following are the ruling prices per lb. for all-round parcels in the local market:

	Rs.
Tanned cow hides 8/8½ lbs. average ...	2.35 to 2.45
„ buff hides 12/14 lbs. „ ...	1.90 to 2.00
„ cow calf 11/2 lbs. „ ...	3.70 to 3.80
„ buff calf 1½/2 lbs. „ ...	3.20 to 3.35

BULLION FIRM

(From Our Own Correspondent)

BOMBAY, 21*st February*

The bullion market ruled firm during the week under review. Upcountry advices were encouraging and there was also buying, especially in gold, by option dealers. Reduced arrivals, too, imparted strength. The daily average rate of arrivals was 7,400 tolas of gold and 12 bars of silver, as against 9,500 tolas and 29 bars, respectively, in the previous week. Offtake of gold was 6,400 tolas (7,000 tolas last week) and that of silver was 14 bars (13 bars). It was reported that about 350 tolas of contraband gold were confiscated at Calcutta on Saturday the 17th inst.

The adjustment rates fixed today were Rs. 121.25 per 10 grams of gold and Rs. 212.75 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 119.65 and Rs. 212.35, respectively.

The *Fagun* (22nd March) settlement in gold began the week at Rs. 120 80, as against the previous close of Rs. 120.65, and advanced to touch a high of Rs. 122.40 today. The closing was a shade lower at Rs. 122.30.

Ready gold continued to be quoted at a discount under the forward throughout the week. The actual discount increased from 75 nP last week-end to 80 nP today when the spot rate stood at Rs. 121.50, as against Rs. 119.90 on Wednesday last, ths highest touched being Rs. 121.80 on Monday the 19th inst.

In silver, the *Fagun* (23rd March) settlement was subjected to scattered selling early in the week and declined from Rs. 213.25 to Rs. 212.45 on Friday. After recovering to Rs. 213.15 on Monday, the settlement eased to Rs. 212.40 yesterday, but rallied again to Rs. 214.10 today before finishing at Rs. 213.90.

Ready silver improved from Rs. 212.35 to Rs. 212 85 on Monday and, after easing to Rs. 212 25 the same day, recovered to Rs. 212.95 today. The closing was Rs. 212.75 at which rate the discount under the forward was Re. 1.15, as against 90 nP on Wednesday last week.

The dollar price of gold in the London bullion market dropped from $35.14¼ to $35 09⅛, following fairly large offerings (on Continental account), with little buying interest in evidence. The sterling price also eased from 249s. 8d. to 249s. 3d. Silver, too, drifted downward, spot and forward shedding ¼d. each to 85¼d. and 85⅛d., respectively. The decline was in sympathy with the weakness of silver at New York where the quotation fell by one cent to 102 cents.

The following table shows the trend of prices during the week under review:

	21-2-62 (closing)	High	Low	14-2-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	121.50	121.80	119.50	119.90
Forward: *Fagun**	122.30	122.40	120.30	120.65
Sovereign	96.75	96.75	96.50	96.50
SILVER				
Ready (.996 fine)	212.75	212.95	211.65	212.35
Forward: *Fagun*†	213.90	214.10	212.40	213.25
London—				
Silver Ready	85¼*d.*	85¼*d.*	85¼*d.*	85¼*d.*
Silver Forward	85¼*d.*	86*d.*	85¼*d.*	86*d.*
Gold	249*s.*3*d.*	249*s.*7½*d.*	249*s.*3*d.*	249*s.* 8*d.*
New York—				
Silver	102.00 cents	102.50 cents	102.00 cents	103.00 cents

* 22nd March settlement. † 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

METALS RECEDE

(From Our Own Correspondent)

CALCUTTA, 20*th February*

In response to overseas advices, lead and zinc eased during the week under review. Tin ruled steady, while, following releases of virgin copper against permits, copper scrap shed a portion of the recent gains. It should, however, be noted that there was no lessening of shortage. Utensil scrap eased from Rs. 505.75 per 100 kgs. to Rs. 495.75 and berry scrap from Rs. 549.25 to Rs. 544. On the London Metal Exchange, the quotation closed at £234½ per ton, after opening at £234 and rising to £234½. The higher trend followed reports of labour troubles in some North Rhodesian mines. Lead here eased from Rs. 124 per 100 kgs. to Rs. 123, as demand was slow while the stock position was good. The recovery in London in spot lead from £57¼ a ton to £58 was attributed to increased consumer interest. Electrolytic zinc was quiet here at Rs. 234.25 per 100 kgs., while, in London, the price was around £68⅜ per ton, as against £68¼ earlier. The gain followed Continental interest. Tin in London softened to £948½ a ton, after being higher at £950¼. The rate in Calcutta was lower at Rs. 1,580.75 per 100 kgs., as against Rs. 1,586.50 earlier.

The proposal of the Lead and Zinc Development Associations, London, to set up an Information Bureau in respect of lead and zinc at Calcutta in order to make available to consumers of these metals in India details of latest technical developments leading to improved uses has been news of considerable importance. Mr. R. Lewis Stubbs, Director of the Associations, stated at Calcutta recently that the proposed Bureau would start *functioning before* the end of this year.

COTTON FUTURES RALLY

(From Our Own Correspondent)

BOMBAY, 21*st February*

After a period of listless trading, characterised by limited turnover and narrow price *movements*, the cotton futures market staged a smart rally during the week under review. The Jarilla March contract, which was hovering round Rs. 690 (per three quintals) during the past many weeks, spurted, on frantic covering, to hit the ceiling of Rs. 693 on the 14th inst. The bullish fervour of the market was fanned by the reported statement of Mr. George McGovern, Director of the U.S. Food-for-Peace Programme at New Delhi on the 16th inst. that there was little chance of India getting U.S. cotton under P.L. 480 during the current season. Bullish advices from up-country markets further helped sentiment. The Jarilla March contract consequently advanced and pierced the ceiling and was quoted, unofficially, at Rs. 701, that is, Rs. 8 above the ceiling on Monday. But the quotation for the contract declined yesterday in unofficial trading (the market was officially closed yesterday on account of the election of the new committee of the E.I.C.A.), thanks to report that legal opinion was that the ceiling rate was inclusive of the penalty. The contract ruled steady today with the quotation ruling at the ceiling of Rs. 693.

Meanwhile, the East India Cotton Association, at an extraordinary general body meeting on *Monday*, is reported to have approved the amendments to its bye-laws. The amended bye-laws will be applicable only to the August contract. The E.I.C.A. have approached the F.M.C. to give permission to commence trading in the August contract.

In the spot market, comparatively quiet conditions prevailed. The usual interest was reported in such varieties as Co2, L. 147, Khandesh, 197/3, Vijay, Digvijay and Kalyan. Prices were well maintained.

Export demand for Bengal *Deshi* was moderate. Shippers are eagerly awaiting a fresh quota for Bengal *Deshi*. Exporters point out that considering the latest crop estimate, the quota so far announced and the requirements of local mills, there is still a considerable export surplus in Bengal *Deshi*. The crop is estimated at nearly 500.000 bales. So far 200.000 bales have been allowed for export. The requirements of domestic mills are not expected to exceed 150.000. An additional quota of 100.000 bales of Bengal *Deshi* could, shippers argue, be safely released. Export circles are optimistic that a decision favourable to them would be taken by the Government after the Export Promotion Advisory Council meeting *on 5th March.*

In the foreign section, Sudan cotton continued to attract the attention of mills. Only routine interest was noted in other varieties. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 683; Co2 1,200; Digvijay 1,100; Broach 1,090; Jinga 1,300; Sudan G3S 1,575; XG3S 1,600; P5L 1,261; XG2L 1,390.

Karachi cotton futures market continued to rule distinctly firm during the week. Fresh mill buying and renewed *export* demand imparted strength to the market. The N.T.R.G. March contract firmed up from Rs. 83.35 last week-end to Rs. 89.50. The May contract rose from Rs. 80.40 to Rs. 80.95.

In contrast to the steadiness witnessed last week, cotton futures values in Liverpool receded during the week. Commission house selling and liquidation by weak holders were only partially absorbed in short-covering and some trade buying. Both the American and American type contracts consequently eased. Sudan cotton contracts at Liverpool were quietly steady. The following are the latest available *quotations*—in pence per lb. from Liverpool:

American cotton one inch staple contract: March 24.35; May 24.75; July 24.85; October 24.35.

American cotton mixed growth contract: March 24.75; May 25.15; July 25.25; October 24.75.

Sudan: March, May 31.75; July 30.50.

The downward trend witnessed in the New York cotton futures market last week gathered further momentum during the week under review. Large-scale selling prompted by the possibility of large tenders being issued against the maturing March contract resulted in a break in prices. The announcement of lower support price for 1962 for middling one inch cotton induced further weakness. Spot prices, however, ruled steady, thanks to good domestic mill and export demand.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	20-2-62	13-2-62	6-2-62
New York spot	35.55	35.55	35.55
March	33.27	33.51	34.05
May	33.96	34.24	34.65
July	34.34	34.60	34.88

SPURT IN ART SILK YARN

(From Our Own Correspondent)

BOMBAY, 21*st February*

Art silk yarns registered a handsome rise in values, while staple fibre yarns tended to look down and cotton yarns were dull. The firmness of art silk yarns was engendered principally by the rise in import licence premium on yarn from 170-180 per cent to 200-210 per cent. There was also good demand from consuming centres where the weaving mills are reported to be producing larger quantities of fabrics, in view of the prospective enlarged offtake during the forthcoming festivals and marriage season. The improvement in exports of art silk fabrics from 2.99 million metres in December 1961 to 4.10 million metres in January 1962, too, imparted strength. Staple fibre yarns lacked support. Business put through was limited and values moved narrowly. Cotton yarns were dull. Operators were buying only to meet current requirements.

The Government of India has modified the policy for licensing of art silk yarn under the export promotion scheme for the period October-March 1962. Accordingly, no manufacturer will be entitled to import art silk yarn under the scheme in excess of Rs. 10 per loom per shift. The total number of loomshifts which will be taken into consideration for determination of maximum export entitlement under the scheme for the current licensing period will be the number of loomshifts worked by a manufacturer-exporter in the art silk powerloom sector during April-September 1961. If, however, any manufacturer-exporter has no loomshift performance during the April-September 1961 period, the maximum export entitlement for the current period will be determined on the basis of one shift working, assuming 150 working days during the current period. On 9th October 1961, it will be recalled, it had been announced that maximum licence under the scheme per loom would be Rs. 3,750 for the six-monthly period.

Amilan yarn (20 x 1) February contract spurted from Rs. 3,230 to Rs. 3,320 and April delivery from Rs. 3,327 to Rs. 3,405, thanks to continued bull support. 120 Japan advanced by Rs. 55 to Rs. 1.929. 150 Japan was fully maintained at Rs. 1,984. 120 Italy rose by Rs. 26 to Rs. 1,900. 150 Italy rallied from Rs. 1,763 to Rs. 1,819. Among indigenous yarns, National Rayons 120 Bt. cones 1st grade hardened by 22 nP to Rs. 13.68. 150 Bt. cones 1st grade picked up 5 nP to Rs. 12.08.

Staple fibre yarn (40 x 1) February settlement declined by Rs. 4 to Rs. 744. Spot Kohinoors dropped 20 nP to Rs. 8.73. Centurys lost 9 nP to Rs. 8.47.

Among cotton yarns, 10 counts Podars gathered 12 nP to Rs. 17.62. Moderns were dull at Rs. 18.25. Twenty counts Gokaks were done at Rs. 22.75, same as last week. Forty counts T.T. corings were well supported and rose by 63 nP to Rs. 33.50. Eighty counts Maduras climbed up from Rs. 72.50 to Rs. 75.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	21-1-1962	14-2-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
February	3,320.00	3,230.00
April	3,405.00	3,327.00
120 Japan (per 100 kg.)	1,929.00	1,874.00
150 Japan (per 100 kg.)	1,984.00	1,984.00
120 Italy (per 100 kg.)	1,900.00	1,874.00
150 Italy	1,819.00	1,763.00
Nat. Ray. 150 Bt. 1	12.08	12.08
Staple fibre yarn (40 x 1)—		
February	730.00	734.00
April	744.00	746.00
Kohinoor (per kg.)	8.73	8.93
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	18.25	18.25
20s Modern	22.75	22.75
40s T. T. Corin	32.50	32.87
60s T. Mangal	52.00	52.00
80s Mahindra	75.00	75.50

GROUNDNUTS IMPROVE

(From Our Own Correspondent)

BOMBAY, 21*st February*

Mixed trends prevailed in the oilseeds market during the week under review. Groundnuts and cottonseeds maintained a firm front. But castorseeds suffered an initial setback, which was, of course, partly offset by some renewed bullish fervour towards the close. Their closing prices, however, were still lower than those a week ago. Linseeds ruled easy. The firmness of groundnuts was engendered mainly by the sustained support extended by a leading operator. There was also good demand from *vanaspati* producers and crushers. Another bullish factor was the offtake of groundnut extractions by some of East European countries. Arrivals, particularly from the Nizam region, were on a relatively small scale. Cottonseeds moved up in sympathy with the firmness of raw cotton. Castorseeds, which were neglected early in the week, gained considerable ground subsequently on expectations of good export enquiries for castor oil. The buoyant conditions noted in the linseed section last week, was halted early this week, following weakness of mustardseed in North Indian markets. But linseeds staged a modest rally towards the close on technical considerations.

Pursuant to notices of motion by certain private operators in a suit against the Bombay Oilseeds and Oil Exchange Ltd., the City Civil Court has granted injunction restraining the defendants from taking any action under bye-laws 262, 305 and 306 against the plaintiffs who had paid penalty in respect of groundnut January 1962 contract. The Court is expected to give a final judgment tomorrow on the question of the penalty imposed by the Exchange.

Groundnut May 1962 contract advanced from Rs. 243 to Rs. 245.50. Khandesh quality rose from Rs. 48.50 to Rs. 48.75, before closing at Rs. 48.50. Oil ex-mill gathered 30 nP to Rs. 20 10 and railway receipts 20 nP to Rs. 19.80. Oil May 1962 contract improved by 15 nP to Rs. 20.80.

Cottonseed July 1962 contract wound up the week higher at Rs. 110.25, as against Rs. 109.50 last week-end. Whites strengthened by 50 nP to Rs. 20.75. Both Non-whites and Berars put on 25 nP to Rs. 21.

Castorseed March 1962 contract fell initially from Rs. 176 to Rs. 173.75, but rallied later to close at Rs. 175.75. June 1962 contract, which had fallen from Rs. 174.25 to Rs. 172.75, improved to Rs. 173.75 today. Ready Madras finished at Rs. 35.37, as against Rs. 35.50. Oil B.S.S. eased by 15 nP to Rs. 15.25. But oil commercial hardened by 5 nP to Rs. 15.

Linseed March 1962 contract fell from Rs. 40.37 to Rs. 39.56. Thereafter, the contract moved up and finished at Rs. 37.75 today. The net loss over the week was 62 nP. Bold ready lost *Re. 1.50* to Rs. 42.50 Linseed oil shed 50 nP to Rs. 18.50.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 21st February as compared with those of the two previous weeks:

	21-2-1962	14-2-1962	7-2-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	245.50	243.00	237.00
Nizam bold	48.12	48.50	47.25
Khandesh quality	48.50	48.50	47.62
Oil ex-mill ready*	20.10	19.80	19.75
Railway receipts*	19.80	19.60	19.45
Oil May 1962	20.60	20.45	—
Castorseed			
March 1962	175.75	176.00	172.75
Ready Madras	35.37	35.50	35.25
Ready Kanpur	34.25	34.25	34.00
Oil B.S.S.†	15.25	15.40	15.40
Oil commercial†	15.00	14.95	14.90
Linseed			
March 1962	39.75	40.37	39.25
Bold ready	42.50	44.00	43.50
Oil ready†	18.50	19.00	18.90
Cottonseed			
April 1962	110.25	109.50	109.25
Niger seed	36.00	36.00	36.00
Kardi seed	24.00	25.00	25.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BLACK PEPPER QUIET

(Messrs. Parekh and Co.)

BOMBAY, 21*st February*

Malabar black pepper ruled quiet during the week, as New York refused to follow the rise and the squaring up of February contracts was lower than expected. Ungarbled, after touching the highest at Rs. 305, came down to Rs. 295, and garbled slipped from Rs. 313 to Rs. 305. Calicut was nominally quoted at Rs. 295. Rumours regarding Russian buying proved unfounded.

New York, after buying few parcels at $0.35, withdrew and was now reported giving buying indication at $0.34. Singapore was down by Str.$2½ for black. Renewed arrivals of Muntok affected the sentiment. Spot at New York was nominally quoted at $0.36, the grinders' idea being about one cent down.

The bullishly inclined traders are giving out reduced estimate of Malabar black at 24,000 tons. The reasons put out for such lower estimate are heavy rains and floods during the last monsoon. But the trade in general refuses to swallow the story, as the production of ginger is not affected and in view of the attitude of the growers who exhibit more anxiety whenever the buyers withdraw. Knowledgeable sources place the crop at 28,000 tons.

The tendency of the market is likely to remain downward unless big parcels are lifted out of the market either by the East European countries or by America. Daily arrivals at the primary centres are not fully absorbed and floating stocks, as a consequence, are increasing.

Ready pepper in Bombay is nominally quoted at Rs. 167 per 50 kilos.

QUALITY TEAS BETTER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 13*th February*

A total of 376,000 kgs. was on offer in sale No. 7 held today. Quality showed general improvement. Medium kinds were brighter, but there was not such a good selection of Nilgiris as last week. There was good general demand except for the plainer types. Best highgrowns met with selective demand, with buyers following quality closely. Highgrown B.O Ps sold well, whilst their fannings were well supported and often dearer. Good medium B.O.Ps were firm to dearer. Fannings in this category, however, were about steady and appreciated in price with improved quality. Medium and low medium B.O.Ps were irregular and sometimes easier, but medium B.O.P.Fs were about firm and dearer at times. Low medium B.O.P.Fs tended to be easier. Black leaf brokens were steady, while their fannings were also firm on last rates. Whole leaf grades were well supported at enhanced rates, but, at times, they were irregular.

The quotation per kg. were:

	1962	1961
	Rs.	Rs.
Low medium	3.85-4 05	4.75-4.95
Medium	4.10-4 75	4.95-5 25
Good medium	4.85-5 60	5 25 5.80
Nilgiri B.O.P.	5.70	11.70

The average price realised in sale No. 7 was Rs. 5.44 per kilo, as compared with Rs. 5.13 a week ago and Rs. 5.22 in the corresponding sale last year.

About 236.000 kgs. were offered in dust sale No. 7 held on Thursday, the 15th inst. There was a strong general demand. Grainy exportable kinds were again a feature of the sale and often appreciated in price. Plain and low medium descriptions shared in the upward trend of the market. There was more support than in recent weeks for milled and residual teas. Wynaad types, though meeting with better inquiry, often sold at a discount. C.T.C. types were a little easier, as also legg-cut types. Highgrown descriptions were well supported.

The average price realised in dust sale No. 7 was Rs. 4 18 per kilo, as against Rs. 4 02 a week ago and Rs. 5.02 in the corresponding sale last year.

Colombo: Just over 5 million lbs. were offered and they met with very strong general demand. Best highgrowns were steady, but the lesser kinds were substantially dearer. Mediums advanced 10-20 cents, while lowgrowns were firm. Commonest sorts were slightly easier.

London: *North Indian and other growths*: 27,007 packages were offered in Tuesday's sale, of which 10,125 packages were from South India. Demand was strong and prices were fully firm to dearer for all teas except the plainest B.O Ps. Coloury mediums were the strongest feature, particularly B.O.P. fannings. There was strong demand for South Indians, buyers emphasising more on the useful liquoring and improved quality teas which were appreciably dearer. Plainer descriptions and lowgrowns were easier and occasionally neglected.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No. 8*: 270,000 kgs. offered. Strong demand. Best liquoring highgrowns irregular and often below valuation. Mediums and good medium very strong and considerably dearer, particularly broken plain and low medium fully firm to dearer. Unorthodox irregular and sometimes dearer."

INFERIOR TEAS DECLINE

(From Our Own Correspondent)

CALCUTTA, 20*th February*

The fall in demand for inferior grades of teas that was in evidence in yesterday's export and last week's internal sales was not surprising, inasmuch as the quantity of such teas yet remaining to be marketed is so large that its absorption can only be at declining prices. On the other hand, quality teas did well yesterday, and the fall in U.K. stocks from 146 million lbs. to 143.68 million lbs. during the week ended 9th February indicated the approach of the end of the season, symptomatic of which was the marked fall in shipments during the week. In the sale held at London last week, the keen bidding for quality teas, particularly North India's bright liquoring teas, emphasised the need of stockists there for replenishment. Prices in London gained 8d. a lb. The same emphasis was in evidence at last week's auctions in Colombo where, it was reported, liquoring coloury medium brokens gained about 10 to 20 cents a lb. and plainer teas 5 to 8 cents.

There are indications that the promotional campaign of producing countries in the United States and other dollar areas has been followed with commendable success. India's capacity for competition is weakened by high costs of production, the different taxes, among other things, contributing to the same. While in an effort to raise exports, the industry has, time and again, demanded tax concessions, incentives have not been granted. Although excise duty reduction is being looked forward to in the forthcoming budget, the trade would welcome any concrete measures adopted for according incentives. For instance, it would be worth while to consider whether a garden and/or a blending firm can be given a cash subsidy if it succeeds in exporting a higher quantity than, say, the average for the past three years. The granting of rebate of excise duty on exports to areas to which shipments have been falling may also be considered. Such subsidy and rebate can be granted from the excise duty collections. The trade points out that, if some such export incentive measures are adopted, the Government does not stand to lose, as its total collections from the industry are not likely to fall. Moreover, the country would benefit from increased foreign exchange earnings.

Unless some practical measures are adopted, the possibility of achieving the 900 million lbs. production target and selling the extra tea at remunerative prices is, apprehended to be remote. Recently, the Chairman of the Indian Tea Association, Mr. I. F. Morriss, invited attention to the memorandum submitted to the Tea Board by the Consultative Committee of the Tea Producing Associations which had suggested, in the interests of larger exports, the abolition of the export duty and simplification of the internal taxes by combining the Central excise duty and the different taxes levied by the State Governments, such as tea cess, Assam carriage tax and West Bengal entry tax. He had also called for more propaganda abroad as well as revival of the campaigns inside the country. For he declared that the industry could not develop a steadily expanding export market without a broad and secure domestic market. It will be remembered that having regard to greater exports, the Tea Board has discontinued all internal propaganda.

That there is a restricted demand abroad for India's inferior teas will be readily admitted by all. Most of such teas can be consumed only within the country or exported to neighbouring countries. With the increasing standard of living and Government's emphasis on prohibition, tea stands to gain in India's new industrial areas. Some sort of propaganda in these areas, the trade feels, would lead to useful results.

In the internal sales held here last week, dusts on offer aggregated 29,106 packages which met with restricted demand. Legg-cut teas were a strong feature in an irregular trend, with the bright teas

realising higher prices and other teas in this category being firm. Orthodox teas declined by 20 nP. C.T.C. teas were generally easier, while the bright liquoring teas hardened. Powdery and secondary fibrous dusts were steady. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.40 to Rs. 7.00; medium Assam C.T.C. dust Rs. 5.50 to Rs. 6.00; legg-cut dust Rs. 4.60 to Rs. 5.30; medium Assam dust Rs. 4.30 to Rs. 5.10; and plain orthodox Rs. 3.90 to Rs. 4.60.

Leaf on offer amounting to 335 chests were irregular.

Offerings during yesterday's export sales amounted to 75,647 chests. While quality teas was in good demand, others were quiet. Fannings were a totally weak feature. Keen competition pushed up prices for the best autumnal C.T.Cs which were the strongest feature. Fannings in this category were taken up at about last week's rates. Medium and secondary sorts possessing autumnal liquors recorded a small gain in prices, with brokens showing the highest advance. Plain brokens and fannings eased by 20 nP. Well-made orthodox teas possessing bright liquors were in good demand, but other sorts eased. An irregular trend was recorded by legg-cut teas as well as whole leaf grades. The cheaper varieties of the latter were steady. Tippy teas met with good support. Darjeelings were also better according to quality. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 5.80 to Rs. 6.40; best Assam C.T.C. B.P. Rs. 6.00 to Rs. 6.50; medium Assam C.T.C. fannings Rs. 5.10 to Rs. 5.40; medium Assam C.T.C. B.P. Rs. 5.20 to Rs. 5.50; clean plain pekoe Rs. 4.20 to Rs. 4.40; plain fannings Rs. 3.70 to Rs. 4.10; plain B.P. Rs. 3.50 to Rs. 3.80.

JUTES RISE MARKEDLY

(From Our Own Correspondent)

CALCUTTA, *20th February*

Following greater support, jute goods recorded impressive gains during the week under review and the distinctly firmer trend in fibre was due partly to arrivals falling much shorter of mills' purchases and partly to the imminent entry into the market by the Buffer Stock Agency. The news that burlap consumption in the United States during January was as high as 88.2 million yards, as against 72 million yards in the previous month and 73 million yards in January 1961, cushioned sentiment in hessian and, though business passing in this construction was small, prices staged a recovery to keep pace with the gains in heavy goods noted in the last two to three weeks. The remarkable improvement in burlap consumption in a country which is India's principal customer for hessian was hailed with considerable satisfaction, as this denoted a comeback to hessian from bulk handling methods and substitutes. Burlap stocks in the U.S. at the end of January increased by 4 million yards to 241.4 million yards, but such an increase becomes insignificant considered against the background of the increase in consumption by 16.2 million yards. If the present trend in consumption was maintained in the U.S., the stocks at the end of January represented a little less than twelve weeks' consumption. At the end of January 1961, stocks were as high as 257 million yards, which represented fifteen weeks' consumption, the average monthly consumption in 1961 being 65 million yards. Such an analysis led to expectations of greater interest by buyers on behalf of the U.S.

The fact that, although output in mills in January at 96,700 tons declined by 900 tons as compared with the previous month, stocks with mills at the end of January had increased by 4,600 tons was not taken much notice of. For demand in the month was of the order of 92,100 tons, considering stocks at the end of December were 55,600 tons and those at the end of January 60,200 tons. The low level of stocks *vis-a-vis* demand was a factor which was made use of by sellers during the week. Export bookings during the week were only normal, but the trade was anticipating increased business from overseas countries. Those of such buyers overseas, who were hitherto keeping away from the market in the hope that prices of goods would decline further, should now be satisfied in that the prices, after reaching the bottom, have now started moving up. The firmness in fibre prices and the difficult supply position of the superior varieties, in no small measure point to the same conclusion. That the mills are stocked with adequate fibre, which can see them through even up to the end of June, is a happy augury, since such a position may ensure that any rise in prices of goods would be kept within a reasonable level. The low level of goods in stock with mills against the background of good demand from overseas has led to the expectation that mills would be allowed by the I.J.M.A. to keep in operation as many of the unsealed looms as possible even beyond the end of March. While note was taken of the end of the labour troubles in Dundee mills, the report of the decision by the Thailand Government to purchase one million gunny bags from Calcutta caused satisfaction and led to a rise in the prices of heavy goods.

The trade was not prepared to give credence to the rumour earlier in the week that the official estimate of the crop was now 7.2 million bales. Since this was lower than previous estimates, it imparted firmness to fibre prices, at any rate. The imminent commencement of operations by the State Bank of India on behalf of the Buffer Stock Agency also pushed up prices in areas where they had fallen below the minimum prices. Fibre arrivals during the week on an all-India basis were estimated at 500,000 maunds, whereas the purchase quota for the week ended 17th February exceeded arrivals by 200,000 maunds. The issuance of higher purchase quota compared to arrivals is in accordance with the I.J.M.A. policy to purchase as much fibre from the market as mills can, in order that the minimum prices can be maintained. Purchases by mills must have exceeded the quota. Tossa continued to be quoted at a premium, and was only available against purchase of mesta. The fibre in stock with mills is so satisfactory that it has been stated that the mills can use them to their advantage in at least two seasons in order to prevent any rise in prices. Meanwhile, the Indian Central Jute Committee *Bulletin* has warned that consequences of another jute shortage would indeed be grave for both the industry and the country. The reference is to the fall in prices below minimum levels during recent weeks. It should be realised that prices are at what levels they are due to the progressive purchasing policy of mills. There should also be the realisation that what is now available for sale to mills is low quality jute which cannot fetch the same prices as at the beginning of the season. The general feeling in the trade is that the cultivators had completed their marketing of 75 per cent of their produce before the present phase of the recession. In the season as a whole, cultivators would make more profits than last year and, considering this, it should be hoped that there would be no shrinkage to acreage for sowing for which land preparations have already commenced.

Mills accorded steady support to fibre. Ready jute could be had at minimum prices only, while forward fibre commanded a premium of 50 nP per maund. Lower arrivals in the agencies as well as in Calcutta only confirmed the earlier impression that there was not much that was to come from the producing areas. Towards the end of the week, March-April fibre quoted as follows: Assam bottoms Rs. 30.50 per maund, as against Rs. 30 earlier, northern bottoms Rs. 30, as against Rs. 29.50, and daissee bottoms Rs. 32.50 (unchanged). A steadier trend was also reported in cuttings in the Pakistan markets. Overseas buyers, however, continued to keep away from the market in anticipation that the Pakistan Government would have no alternative other than reducing the E.P.C. rates. Shortage of finance with dealers led to a further fall in arrivals.

On Tuesday last, ready B. twills were firm at Rs. 125.00. There were a good number of inquiries for both hessian and heavy goods, and short-covering in ready and near hessian was a feature. Ready hessian 40" 10 oz. hardened from Rs. 52.25 to Rs. 52.80. On the following day, the price gained to Rs. 53.15, since the demand for near delivery goods continued unabated. B. twills were firmer at Rs. 125.25, as sales with overseas buyers indicated increased interest. The announcement of lower production for January highlighted attention on the low level of stocks which presented about two weeks' demand. Activity in the futures market became keen, and prices there spurted by Re. 1 on Thursday. The increasing interest shown by overseas buyers was taken as the indication of their realisation that prices had begun to rise after touching rockbottom levels. Ready heavy goods were involved in scattered business, but that greater business was in store was indicated in that overseas inquiries were increasing. Ready B. twills advanced to Rs. 125.75 and hessian 40" 10 oz. to Rs. 53.40. Activity on Friday was on an increased scale, and the impressive gains recorded followed speculative manipulations in February delivery futures. Ready B. twills advanced to Rs. 126.50 and hessian 40" 10 oz. to Rs. 54.80. Over the week-end, these constructions rose to Rs. 127 and Rs. 56, respectively, and the news of increased U.S. consumption of burlap fanned enthusiasm. By and large, overseas interests for sacking goods has reached parity with hessian, and it is thought that, if demand at present level continues, a re-transfer of hessian looms to sacking would follow. A good amount of covering business was done during yesterday, and there were a fair number of inquiries from overseas. Hessian 40" 10 oz. was firm at Rs. 55.75 and B. twills at Rs. 126.25.

FOODGRAINS DEPRESSED

(From Our Own Correspondent)

HAPUR, *19th February*

Foodgrains ruled quietly depressed during the week under review, thanks to better *rabi* crop prospects. While coarse grains of new produce would begin reaching the market after about a month, wheat harvesting would begin early in April. Wheat here eased fractionally to Rs. 17 a maund for average quality and upto Rs. 19 for better farm produce. Wheat arrivals in the market were poor and the consumer demand was met mostly through imported wheat that was being sold through fair-price shops in ration at Rs. 15.25 a maund. Wheat crop was now in very good progress and sunny weather was the need of the hour.

Rice ruled quiet, as Mainpuri quality was reaching the market and demand was slack. Week-end prices were: *Mainpurisela* Rs. 19.50; *gadda kutcha* Rs. 19.12; *ramajwayansela* Rs. 22, *raimuniasela* Rs. 23, *basmatisela* Rs. 26 to Rs. 28, superior Rs. 30 to Rs. 34 a maund.

Gram drifted slightly lower to Rs. 16 to Rs. 16.12 a maund. Demand, however, was good and local stocks, consequently, declined to 3,000 maunds. Barley and *bejhar* were listless at Rs. 13 and Rs. 13.25 a maund, respectively. Crop prospects of all these coarse grains were bright and harvesting would begin in about a month's time. Maize drifted lower to Rs. 12 to Rs. 13 a maund according to quality, as the stockists were anxious sellers, in view of the fear that seasonal demand would soon come to an end. Arrivals of maize still continued and stock here was estimated at around 20,000 maunds. *Bajra* sought lower levels at Rs. 14.25 a maund, as demand was lacking. Prices in other sections were quiet at *methi* Rs. 27; *juwar* Rs. 13.25; *guwar* Rs. 14; and oats Rs. 11.50 a maund.

Among pulses, peas and *arhar* ruled steady, as demand for both for conversion into *dal* was good. Consequently, stocks declined with peas stock put at 5,000 maunds and *arhar* at 15,000 maunds. While *arhar* crop prospects were dim following heavy losses due to frost last month, peas late variety was progressing well. Demand for new *urd* and *moong* which were reaching in small quantities from Rajasthan side, was good and prices stayed steady. Week-end prices (in rupees per maund) were:—peas *dara* 13.25; farm 14.25; peas *dal* 14.75; gram *dal* 18.50; *arhar* 15.50; *arhar dal* 18.75; *urd* 22 to 24; *urd dal* 25 to 28; *moong* 18 to 21; *massor* 16 to 17.50; *massor dal* 19; *moong dal* 21 to 24; *moth* Rs. 16; *moth dal* Rs. 19.

SUGAR RELEASE SMALLER

(From Our Own Correspondent)

HAPUR, *19th February*

Sugar ruled quiet during the week under review. In order to help the mills to dispose of their remaining stocks of the last releases, the Government no doubt delayed this time the release of monthly quota by a few days and reduced the quantity offered from 200,000 tons to 185,000 tons. But this did not help the factories having stocks of inferior small crystal sugar, prices of which still registered sagging trend. Production in west U.P. was still being carried with vigour, as cane prices here were: wholesale Rs. 106.50 per bag; retail 97 nP to Rs. 1 per *seer*, mill delivery per maund E29 Simbhauli Rs. 37.50; D29 Bijnore Rs. 35; Dhampur Rs. 36; Amroha Rs. 36.19.

Despite delay in the release of monthly quota and reduction in quantity offered for free sale, inferior quality did not improve in the Muzaffarnagar market during the week. While inferior stocks were mounting, superior white bold crystal was much in demand from Gujarat, Delhi and Saurashtra, and good business was done for these Rs. 39.72; Iqbalpur Rs. 40.22; Mansurpur Rs. 40.41; Shamli Rs. 39.30; C29 Daurala Rs. 39.31; Dhampur Rs. 37; D29 Seohara Rs. 36.31; Modinagar Rs. 37.30.

Khandsari was steady during the week, due to good buying support from Rajasthan and east U.P., Gujarat, Madhya Pradesh and Punjab also showed buying interest. Prices sought higher levels, inferior being quoted at Rs. 25 to Rs. 30 and superior at Rs. 31 to Rs. 33 a maund.

Gur was quietly depressed during the week, as demand was reported only at lower price levels. Loading was restricted to the consuming areas of Gujarat. Small quantity, however, was sent to West Bengal. The rest of the arrivals at an average of 2,500 maunds was lifted by stockists with the result that local *gur* stock mounted to 10,000 maunds, the stocks at the corresponding period past year were heavy around 42,000 maunds. Total arrivals of *gur* here during the current season totalled 3.75 lakh maunds, as against 4.10 lakh maunds on the corresponding date of last year, and week-end prices here were: *pansera* best Rs. 14.12; *dara* Rs. 13.75; *balti* Rs. 14; *shakker* Rs. 17 a maund.

Gur futures were bullish during the week on vigorous bull support. *Fagun* and *baisakh* on Saturday closing was quoted at Rs. 14.23 and Rs. 15.07, as against the Monday's opening of Rs. 13.88 and Rs. 14.60 and highest touched in mid-session at Rs. 14.34 and Rs. 15.16, respectively, on Saturday. Futures were closed today, due to general election polling date and yesterday due to Sunday. Sowings of new cane crop have begun.

LINSEED DULL

(Messrs. A. Bradley and Co.)

CALCUTTA, *19th February*

Dull conditions prevailed in the linseed market during the week under review. Very small business was reported. Arrivals were small and millers showed more interest for forward deliveries at lower prices, in view of the new crop coming in a month's time.

Trading in the oil market was slow. Only bazar parties showed some interest for ready delivery on account of high prices ruling for other vegetable oils.

The oilcake market was steady during the week, as stocks were getting low and the demand was good.

Ready/February was quoted at Rs. 31.50 per maund.

Notice

THE ALKALI AND CHEMICAL CORPORATION OF INDIA LIMITED

ANNOUNCEMENT

THE ANNUAL GENERAL MEETING OF THE Members of the Company will be held on Thursday the 22nd March 1962 at 2.30 p.m. at the Registered Office, 34, Chowringhee, Calcutta-16.

Notice of the Meeting together with the Annual Report and Accounts has already been posted to the Shareholders direct.

The Ordinary Share Registers of the Company will remain closed from the 6th March 1962 to 22nd March 1962, both days inclusive.

By Order of the Board,

IMPERIAL CHEMICAL INDUSTRIES (INDIA) PRIVATE LIMITED,

Secretaries.

23rd February, 1962.

UNDER SECRETARY ... 26 FEB 1962 ... PUBLIC DEPAR

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 16th Feb., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	59,32,94,000
(2) Other Governments	15,52,21,000
(b) Banks	76,17,39,000
(c) Others	146,84,86,000
Bills Payable	28,75,91,000
Other Liabilities	53,60,51,000
Rupees	521,23,82,000

ASSETS	Rs.
Notes	18,46,28,000
Rupee Coin	2,22,000
Subsidiary Coin	3,21,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	43,27,40,000
Balances held abroad*	10,00,26,000
Loans and Advances to Governments†	59,10,24,000
Other Loans and Advances	162,25,72,000
Investments	197,20,02,000
Other Assets	30,87,57,000
Rupees	521,23,82,000

* Includes Cash & Short-term Securities.

† Includes Temporary Overdrafts to State Governments.

The item 'Other Loans and Advances' includes Rs. 22,17,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,46,28,000	
Notes in circulation	2034,30,94,000	
Total Notes issued		2052,77,22,000
Total Liabilities		2052,77,22,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	126,86,07,000	
Total of A		244,62,10,000
B. Rupee Coin		118,95,11,000
Government of India Rupee Securities		1689,20,01,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2052,77,22,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	9-2-62	2-2-62	10-2-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	48,50	47,58	42,54
(ii) From others	726,35	737,53	686,83
(b) Borrowings from banks	18,93	23,20	14,67
(c) Others	52,75	54,60	49,09
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	17,60	18,03	15,78
(ii) From others	1,120,15	1,116,45	1,052,19
(b) Borrowings from banks	13,26	14,61	9,52
(c) Others	24,55	24,59	21,59
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,846,49	1,853,98	1,739,02
4. Aggregate liabilities [1 (a) (ii)+1 (c)+2 (a) (ii)+2 (c)]	1,923,79	1,933,17	1,809,69
5. Borrowings from Reserve Bank	38,97	29,97	61,40
(a) Against usance bills and/or promissory notes	25,76	17,86	24,26
(b) Others	13,21	12,12	37,14
6. Borrowings from State Bank and/or a notified Bank	12,63	14,09	14,60
7. Cash	46,65	44,97	44,53
8. Balances with Reserve Bank	72,98	75,82	69,47
9. Cash and balances with Reserve Bank	119,64	120,79	114,00
10. 9 as per cent of 4	6,22	6,25	6,30
11. Balance with other banks in current account	16,10	17,06	14,82
12. Money at call and short notice	36,26	42,88	22,40
13. Investments in Government securities	588,33	596,75	596,66
14. 13 as per cent of 4	30,58	30,87	32,97
15. Advances—			
(a) Loans, cash credits and overdrafts	1,144,78	1,131,72	1,061,99
(b) Due from banks	8,42	8,03	13,86
16. Inland bills purchased and discounted	157,33	155,80	133,12
17. Foreign bills purchased and discounted	48,31	46,49	47,56
18. Total Bank Credit [15 (a)+16+17]	1,348,86	1,334,80	1,242,67
19. 18 as per cent of 4	70,09	69,01	68,67

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	13th Jan., 1962	4.50	4.25
Bolivia	20th Sept., 1950	5	6
Burma	Feb., 1948	....	3
Canada †	....	3.25	3.26
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	25th Jan., 1960	5	5.50
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	Jan., 1950	4	5.50
Finland	Mar., 1959	6.50	6
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5.50	5.51
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	5.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1956	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	Nov., 1960	5.75	5.00
Portugal	12th Jan., 1944	3	2
South Africa	7th Dec., 1961	5	4.50
Spain	11th April, 1960	6.25	5.75
Sweden	16th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Feb., 1945	....	7
Turkey	6th June, 1956	4.50	6
United Kingdom	2nd Nov., 1961	5.50	6
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 16th Feb., 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		553,11,85,000
Borrowings from Other Banking Companies, Agents, etc.		2,93,50,000
Bills Payable		9,03,23,000
Bills for Collection being Bills receivable as per contra		2,35,89,000
Acceptances, Endorsements and Other Obligations per contra		1,02,75,000
Other Liabilities (including Inter-Office Adjustments)		2,01,42,000
Total Rs.		584,31,14,000

[PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		20,70,05,000
Balances with other Banks		2,71,28,000
Money at Call and Short Notice		1,13,33,000
INVESTMENTS—		
Government and other Trustee Securities	230,17,33,000	
Other Authorised Investments	9,22,94,000	239,40,27,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	265,47,42,000	
Bills Discounted and Purchased	17,98,00,000	283,45,42,000
Bills Receivable being Bills for Collection as per contra		2,35,89,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,02,75,000
Premises less Depreciation		1,88,86,000
Furniture and Fixtures less Depreciation		1,46,56,000
Other Assets (including Inter-Office Adjustments)		30,16,93,000
Total Rs.		584,31,14,000

FOREIGN TRADE OF INDIA *(Country-wise)*

(Value in crores of rupees)

	Whole of		First 7 months	
	1960-61	1959-60	1961-62	1960-61
EXPORTS				
Australia	22.28	18.50	9.31	13.62
Burma	6.52	12.34	3.50	3.76
Canada	17.63	15.29	9.35	9.48
Ceylon	18.39	22.18	10.80	10.48
China	5.26	7.70	0.07	4.96
Egypt	13.41	10.31	6.60	6.87
France	7.62	8.08	4.73	3.75
West Germany	18.96	20.65	13.13	9.98
Italy	9.17	5.95	5.05	4.50
Japan	34.84	34.87	24.63	18.77
Kuwait	3.33	3.61	1.95	1.56
Federation of Malaya	5.66	4.82	4.14	2.52
New Zealand	7.41	5.30	5.15	4.83
Netherlands	8.45	8.88	4.34	3.56
Nigeria	5.76	3.94	5.30	3.07
Pakistan—East	5.16	3.62	4.30	2.96
Pakistan—West	4.35	3.40	1.65	2.56
Singapore	7.12	6.84	5.22	3.72
Sudan	9.53	15.33	5.04	4.12
United Kingdom	170.82	171.68	91.51	91.16
U.S.A.	100.23	95.77	70.84	56.18
*Exports to all countries	632.89	629.61	383.02	344.39
IMPORTS				
Australia	17.51	19.54	8.91	12.42
Burma	12.79	20.48	4.51	11.60
Canada	15.70	27.76	10.08	9.45
Ceylon	4.13	5.30	2.52	2.62
China	2.57	4.31	1.01	1.76
Egypt	16.42	13.75	6.13	12.98
France	19.90	21.30	9.61	18.68
West Germany	124.10	119.49	69.55	74.52
Italy	25.54	22.99	14.91	15.48
Japan	59.39	38.50	39.80	34.44
Kuwait	0.07	3.13	0.23	0.03
Federation of Malaya	13.51	10.88	7.42	8.53
New Zealand	1.50	1.12	0.87	0.90
Netherlands	10.49	15.73	7.14	6.32
Nigeria	0.50	0.26	0.63	0.43
Pakistan—East	12.12	7.52	4.98	6.66
Pakistan—West	1.89	1.07	0.89	1.59
Singapore	10.42	10.45	5.62	7.13
Sudan	9.40	10.31	6.40	7.96
United Kingdom	211.61	194.80	111.11	125.74
U.S.A.	290.50	208.97	114.80	138.70
Imports from all countries	1,070.16	960.77	558.60	665.50

* Excluding re-exports.

State Bank of Pakistan

Statement of Affairs for the week ended 26th Jan., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	16,62,93,000
(b) Provincial Governments	66,52,000
(c) Banks	18,55,38,000
(d) Others	115,78,05,000
Bills Payable	15,49,000
Other Liabilities	13,04,10,000
Rupees	171,47,47,000

ASSETS	Rs.
Notes	13,47,27,000
Rupee Coin	19,000
Subsidiary Coin	37,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	25,54,19,000
Loans and Advances to Governments	4,03,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	72,36,05,000
Investments	45,22,05,000
Other Assets	10,84,35,000
Rupees	171,47,47,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,47,27,000	
Notes in circulation	387,50,25,000	
Total Notes issued		400,97,52,000
Total Liabilities	....	400,97,52,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	65,00,59,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	132,96,23,000
B. Rupee Coin	2,77,18,000	
Government of Pakistan Securities	259,34,05,000	
Internal bills of exchange and other commercial paper	....	262,11,23,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	400,97,52,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 34.56 per cent.

EXCHANGE RATES

	21st February 1962	14th February 1962
Bombay on London—		
Sellers T.T. D.D. Spot. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months s.	1-5 15/16	1-5 15/16
Buyers T.T. spot to nine months s.	1-6 1/32	1-6 1/32
Buyers T.T. 10 to 12 months s.	1-6 1/32	1-6 1/32
Bombay on New York—		
Sellers T.T. D.D. Rs.	475.50	476.50
Buyers T.T. Rs.	472.00	472.25
London on New York s.	2.8154-2.8157	2.8151-2.8153
London on Paris Fcs.	13.7650-13.7670	13.7650-13.7660
London on Berne, Swi. Fcs.	12.1890-12.1910	12.1750-12.1770
New York on London s.	281.510-281.540	281.530-281.550

CLEARING HOUSE RETURNS

Centre	Week ended 16th Feb., 1962		Week ended 9th Feb., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,30,527	94,31,96,000	4,12,195	91,72,39,000
Calcutta	2,82,000	89,25,00,000	1,78,000	72,08,00,000
Madras	1,07,543	14,40,37,046	1,05,618	14,48,40,603
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,88,05,00,000
1960-61	..	..	54,475,000	125,13,16,00,000
Dec., 1960	..	..	4,867,000	1,122,77,00,000
Oct., 1961	..	..	4,770,000	1,047,02,00,000
Nov., ,,	..	..	4,868,000	1,095,59,00,000
Dec., ,,	..	..	4,940,000	1,173,93,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	27th Jan., 1962	20th Jan., 1962	28th Jan., 1961	December 1961	December 1960	Percentage of Increase (+) or Decrease (—) in Dec., 1961 as compared with Dec., 1960	Annual Average 1961	Annual Average 1960
Food Articles	504	118.5	118.8 R	116.6	117.8	117.0	+ 0.7	119.5	122.2 R
Cereals	192	102.8	102.8 R	99.4	100.8	100.4	+ 0.4	101.6	105.3
Pulses	48	98.1	98.1	94.9	93.5	93.6	— 0.1	91.2	92.6
Fruits and Vegetables	28	125.3	126.7	106.2	137.7	104.4	+31.9	131.2	121.1 R
Milk and Ghee	64	119.8	110.3 R	110.3	115.4	111.1	+ 3.8	116.1	115.6
Edible Oils	47	156.7	155.5	161.0	153.1	154.0	— 0.6	158.2	148.6
Fish, Eggs and Meat	17	138.9	138.8 R	120.6	138.0	125.0	+10.4	131.0	121.1
Condiments	68	114.2	113.8	113.1	114.4	125.6	— 9.8	120.7	138.6
Others	50	163.5	169.8 R	167.2*	161.9	170.0	— 4.8	172.9	168.4 R
Liquor and Tobacco	21	97.3	97.3	111.6	95.5	112.1	—15.0	103.6	106.4
Tobacco	..	93.7	93.7	91.4	110.8	133.3	—17.5	100.6	104.8
Fuel, Power, Light and Lubricants	30	122.6	122.6 R	121.3	121.6	119.9	+ 1.4	121.8	119.9 R
Industrial Raw Materials	155	138.3	137.5	156.9	136.6	149.5	— 8.6	147.7	138.8
Fibres	61	125.8	125.1	171.3	125.2	157.0	—20.3	150.0	139.8
Oilseeds	60	147.7	147.7	156.5	159.5	153.5	+ 3.9	157.8	144.9
Minerals	2	94.8*	94.8*	95.0	94.8	97.7	— 1.4	95.1	97.5
Others	32	129.7*	128.3 R	128.8*	129.4	131.3	....	127.9	129.0
Manufacture	290	128.1	128.7	122.4	128.4	126.9	+ 0.3	127.9	129.8
Intermediate Products	41	137.2	137.4	133.5	138.4	132.3	+ 4.6	138.4	127.1
Finished Products	249	124.2	123.7	117.8	124.4	125.0	— 0.5	125.2	119.8
Textiles	147	124.4	123.5	123.2	124.5	129.2	— 3.6	127.7	121.2
Cotton	..	128.2*	128.2*	129.0	129.0	133.8	— 3.6	127.5	127.5
Jute	..	115.9	112.4	105.2	117.7	142.6	—17.5	133.9	115.2
Woollen	..	122.1*	122.1*	110.1*	123.1	110.1	+11.8	119.0	107.6
Silk and Rayon	..	122.6*	122.6*	115.1*	120.4	101.6	+18.5	116.4	102.6
Metal Products	12	147.1	147.1	146.9	147.1	146.8	+ 0.2	147.1	147.0
Chemicals	20	111.4	111.4	104.6	111.2	108.8	+ 2.1	108.7	104.7
Oil Cakes	10	156.2	156.2	140.0*	152.6	161.8	— 5.6	146.3	140.2

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 16th Feb. 1962	9th Feb. 1962	13th Jan. 1962	15th Feb. 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100 7	100 7	100 7	100 7
2. Government of India	100 5	100 5	100 6	100 7
3. State Governments	101 9	101 8	101 9	101 7
4. Municipal, Port Trust, etc.	99 2	99 2	99 2	99 3
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.0	101.2	101.2	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.4	82.2	82.1	85 3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	190.1	186 8	187 5	168 5
8. *Agriculture and Allied Activities: Total**	161.6	160 2	161 4	160 3
9. Tea Plantations	154.6	153 8	153 7	153 4
10. Coffee Plantations	152 2	150 2	150 4	156 5
11. Rubber Plantations	168.0	167 1	169 5	160 5
12. *Mining and Quarrying: Total*	156 9	155 9	156 6	157 7
13. Coal	116 9	118 7	119 7	117 2
14. Other Mining	184.4	181.4	181.9	182.8
15. *Processing and Manufacturing: Total*	206 8	202 3	202.9	180 7
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	220 9	215 4	216 3	182 1
17. Sugar	145 9	145 1	151 3	171 9
18. Cotton Textiles	190 1	183 4	191 6	149 1
19. Jute Textiles	94 6	91 6	92 0	84 3
20. Silk and Woollen	1253.1	1,215.8	1229 2	1057 7
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	203 9	200 0	201 2	192 2
22. Iron and Steel	159 2	155 7	158 1	158 1
23. Transport Equipment	407 6	401 2	404 9	392 0
24. Electrical Machinery	150 9	150 9	152 2	142 5
25. Machinery other than Transport and Electrical	225 2	220 0	217 0	203 5
26. Basic Industrial Chemicals	211.5	212 0	213.5	202 4
27. *Processing and Mfg. (Others): Total**	169 3	166 5	165 1	154 9
28. Cement	153 7	157 4	150 0	135 4
29. Paper	212 1	210 7	214 2	214 0
30. *Other Industries: Total**	112.9	112.0	111.9	105.9
31. Electricity Generation and Supply	86.5	86 1	84 9	79 5
32. Trading	125 5	123.5	125 7	117 8
33. Shipping and Other Transport	94 2	93.5	93 0	99 1
34. Construction	293 7	288 9	292 7	269 5
35. *Financial: Total*	226 1	225 2	227 7	183 0
36. Banks	260 8	259 9	263 3	206 0
37. Insurance	152 8	151 7	152 7	135 5
38. Investment Trusts	90.7	90.3	89.4	91.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	199 5	194 4	194.6	174.0
40. Calcutta	175 3	173 3	174 3	155 1
41. Madras	200.8	199 0	201.6	186.9
42. Delhi	255.3	251.7	253 0	220.9

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Six months ended September 1961-62	Six months ended September 1960-61	Twelve months ended March 1961	Twelve months ended March 1960
Exports	326.46	289.81	632.89	629.90
Re-exports	2.24	6.09	9.90	9.76
Total Exports	328.70	295.90	642.79	639.66
Imports	479.44	578.75	1070.16	960.77
Overall Balance of Trade	−150.74	−282.85	−427.37	−321.11
Exports—				
Tea	53.04	46.01	123.59	129.09
Jute yarns and manufactures	76.31	70.01	135.02	119.76
Cotton yarns and manufactures	26.03	31.54	62.04	69.02
Metallic ores and metal scrap	17.77	19.17	39.00	35.35
Cotton, raw and waste	11.86	4.49	11.57	14.49
Oils—vegetable, mineral and animal	5.55	8.58	13.85	19.17
Fruits and vegetables	13.09	12.18	26.08	21.67
Tobacco	8.73	8.82	15.74	14.54
Mica	4.92	5.23	10.15	9.82
Wool and other animal hair	5.07	3.92	7.74	12.21
Gums, resins and lac	3.60	4.17	8.61	8.74
Spices	7.00	6.78	16.64	14.46
Hides and skins, raw	3.58	4.70	10.02	11.58
Imports—				
Machinery	146.06	124.72	257.46	207.96
Iron and Steel	51.07	64.01	120.30	84.29
Oils—vegetable, mineral and animal	37.91	38.03	74.02	91.87
Chemicals, drugs and medicines	44.11	45.35	85.86	92.48
Electrical goods and apparatus	32.38	28.16	56.15	53.15
Vehicles (excluding aircraft, ships and boats)	21.05	30.86	59.49	55.60
Cotton, raw and waste	42.35	52.78	81.77	41.54
Fruits and vegetables	5.00	5.20	20.39	17.68
Paper, pasteboard, etc.	6.05	6.77	11.74	11.23
Dyes and colours	6.79	6.48	12.95	10.01
Spices	77	1.02	1.83	2.35
Woollen and worsted fabrics	8	12	21	26
Cotton fabrics	21	36	70	1.15
Rice	3.70	16.89	18.88	16.34
Wheat and spelt	14.98	75.51	121.17	129.78

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1961					
28th November	2.00	2.00	2.00	2.500	99.375
29th Nov. to 2nd December*	1.46	—	1.46	—	99.391
5th December	2.00	2.00	2.00	2.500	99.375
6th to 9th Dec.*	1.38	—	1.38	—	99.391
12th December	2.00	2.00	2.00	2.500	99.375
13th to 16th Dec.*	0.16	—	0.16	—	99.391
19th Dec.	2.00	2.00	2.00	2.500	99.375
20th to 23rd Dec.*	0.07	—	0.07	—	99.391
1962					
2nd January	2.00	2.00	2.00	2.520	99.370
3rd to 6th Jan.*	0.10	—	0.15	—	99.386
9th January	2.00	2.00	2.00	2.520	99.375
10th to 13th Jan.*	0.47	—	0.10	—	99.386
16th January	2.00	2.03	2.00	2.520	99.370
17th to 20th Jan.*	0.05	—	0.47	—	99.386
23rd January	2.00	2.00	2.00	2.520	99.370
24th to 27th Jan.*	0.13	—	0.05	—	99.386
30th January	2.00	2.00	2.00	2.525	99.365
31st Jan. to 3rd Feb.*	0.15	—	0.13	—	99.386
6th February	2.00	2.00	2.00	2.540	99.365
7th to 10th Feb.*	0.47	—	0.15	—	99.381
13th February	2.00	2.00	2.00	2.545	99.360
14th to 17th Feb.*	0.05	—	0.05	—	99.381
20th February	2.00	2.02	2.00	2.580	99.350
Total amount outstanding	28.17	..	28.17	..	..

* Intermediate Treasury Bills sold.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949 = 100]

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta‡	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	116	396	110	313	98	120	387	124	113	105	103	123	109	131
1959 "	120	412	125	340	98	132	387	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	398	143	120	107	103	120	109	146
Sept. "	125	418	122	364	101	138	405	146	122	108	102	122	108	147
Oct. "	125	421	123	365	102	137	400	148	122	108	105	119	108	147
Nov. "	124	423	121	367	102	135	395	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	387	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	387	146	122	111	103	120	109	148
February "	123	420	119	359	102	130	392	147	123	111	103	119	109	148
March "	124	423	119	349	101	129	395	148	124	111	104	121	109	149
April "	124	428	119	348	99	130	392	149	125	111	104	120	109	150
May "	124	431	119	345	97	130	392	148	126	112	106	120	109	150
June "	125	433	122	355	97	132	392	148	127	112	104	121	110	150
July "	127	437	123	357	101	132	408	148	130	113	106	122	110	151
August "	128	438	122	359	103	133	416	149	130	115	107	122	110	151
Sept. "	128	436	122	355	103	132	416	148	128	114	108	124	112	151
Oct. "	128P	434	122	354	104	133	418	149	127	113	110	128	114	151
Nov. "	128P	434	122	341	106	..	..	149	129	115	109	129	..	151
Dec. "		435		355	..									

*June 1934=100. †Jan. 1928=100. ‡1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates: 5-Year A Out-standings	7-Year B Out-standings	12-Year B Out-standings	12-Year National Plan Savings Certificates C: Receipts	C: Out-standings	Post Office Savings Bank Deposits: Receipts	Deposits: Out-standings	10-Year National Plan Certificates D: Out-standings	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits: 5-Year J Out-standings	10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates: 3½% F Out-standings	4% C Out-standings	15-Year Annuity Certificates G: Receipts	G: Out-standings	Total: Receipts	Total: Out-standings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	−40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	−41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	673,99
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	−42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,86
Dec. 1960	1,33	2,63	85,25	6,75	268,27	19,04	277,86	18,97	−41,81	1,28	74	40,97	1,28	32,88	5	3,29	27,30	733,47
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,98	286,05	18,87	−41,80	1,40	89	40,90	1,04	34,15	6	3,32	25,83	740,90
Feb. "	1,28	2,52	82,71	6,43	278,76	19,05	282,82	18,44	−41,95	1,53	87	39,88	1,80	35,75	6	3,36	26,53	747,86
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	−42,00	1,70	95	38,80	1,77	37,34	4	3,38	46,06	770,80
Apr. "	1,20	2,40	80,13	6,59	290,56	20,37	295,84	18,17	−42,05	1,83	1,01	37,46	2,28	39,42	5	3,40	26,42	777,66
May "	1,16	2,34	78,90	5,33	294,43	19,28	294,64	18,09	−42,29	1,99	1,08	36,49	1,33	40,92	5	3,42	26,19	777,47
June "	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	−42,13	2,18	−1,15	35,45	1,89	40,92	3	3,43	26,19	773,44
July "	1,10	2,24	76,31	6,66	304,96	20,79	298,78	17,91	−42,16	2,34	1,23	34,15	1,59	44,33	5	3,48	28,02	777,66
Aug. "	1,08	2,20	74,31	6,73	310,39	19,28	302,57	17,85	−42,29	2,50	1,31	32,19	1,25	45,66	5	3,48	29,34	786,81
Sept. "	1,05	2,16	72,90	6,38	315,47	17,84	304,29	17,77	−42,24	2,68	1,39	32,12	1,63	21,04	5	3,48	27,55	794,32
Oct. "	1,02	2,12	72,30	5,30	319,62	17,83	305,79	17,67	−42,28	2,86	1,47	33,28	1,07	48,10	4	3,53	26,16	800,48
Nov. "	1,00	2,05	70,97	6,50	324,87	17,52	306,00	17,61	−42,34	3,07	1,56	30,24	1,14	49,21	4	3,55	24,51	805,76
Dec. "												29,54	1,15	50,17	4	3,57	25,51	810,13

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities: repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Discontinued from 1st January 1959. D—Discontinued from August 15, 1947. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included, amount to 17.60 crores of rupees. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of Oct., 1961 amount to 17.60 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
2 ½ % Loan	1938-39	116,17,46,000	1962-65	98 65
3 % Loan	1950	30,33,10,000	1964	96 65
3 % Fg. Loan	1943	1,10,11,78,000	1955-68	98 15
3 % Dev. Loan	1945	1,15,13,85,000	1970-75	89 95
3 % Loan	1946	14,77,48,000	1976	83 50
2½ % Loan	1947	75,86,72,000	1962	99 20
2½ % N. P. Loan	1954	1,58,17,94,000	1964	99 85
2½ % N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99 65
2½ % Loan	1956	1,07,27,36,000	1962	99 80
2½ % N. P. Bonds	1956	1,03,81,83,000	1967	98 85
2½ % N. P. Bonds (4th Series)	1956	86,63,53,000	1974	99 45
4 % Loan	1957	56,99,30,000	1967	99 80
2½ % Loan	1957	49,17,27,000	1972	100 20
2½ % Loan	1958	58,05,92,000	1968	99 95
2½ % Loan	1958	70,00,00,000	1968	99 70
2½ % Loan N.P.B.	1958	84,33,00,000	1968	99 80
4 % Loan	1958	49,51,44,000	1972	100 10
2½ % Loan	1959	1,47,90,93,000	1969	98 70
4 % Loan	1959	81,06,39,000	1979	99 20
4 % Loan	1960	98,03,48,000	1980	99 20
2½ % Bonds	1960	62,65,41,000	1968	99 60
4 % Loan	1961	65,63,00,000	1981	98 50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,93,33,000	M.	71 25
3 % Loan	1946	2,48,91,33,000	K.	71 00
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98 25
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	98 00
4 % Andhra	1958	5,48,92,000	15th July 1970	98 25
4 % Andhra	1959	6,57,75,000	19th Aug. 1971	97 75
4 % Andhra	1960	9,85,35,000	29th Aug. 1972	97 80
4 % Andhra	1961	11,00,00,000	Sept. 1972	98 00
4 % Maharastra	1949	5,20,97,000	1st Aug. 1962	99 50
3½ % Maharastra	1951	2,78,41,000	17th Sept. 1962	100 00
4 % Maharastra	1953	5,02,56,000	29th July 1963	100 00
4 % Maharastra	1952	3,34,83,000	1st Aug. 1964	100 00
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	99 35
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99 10
4 % Maharastra	1957	6,47,37,000	15th Sept. 1969	101 50
4 % Maharastra	1958	6,48,62,000	15th July 1970	100 50
4½ % Maharastra	1958	4,31,45,000	15th July 1970	101 50
4 % Maharastra	1959	6,56,14,000	19th Aug. 1971	99 25
4 % Maharastra	1960	10,98,86,000	29th Aug. 1960	99 25
4½ % Maharastra	1961	10,77,00,000	Sept. 1972	99 00
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98 00
4 % Bihar	1956	2,12,41,000	3rd Sept. 1968	98 00
4 % Bihar	1958	2,76,71,000	13th Oct. 1970	98 25
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	97 75
4 % Bihar	1960	3,33,22,000	29th Aug. 1960	97 75
4 % Bihar	1961	3,30,00,000	Sept. 1972	98 00
4 % Gujarat	1960	5,49,22,000	29th Aug. 1960	99 90
4½ % Gujarat	1961	6,07,00,000	Sept. 1972	99 90
3½ % Hyderab	1936-37	1,95,96,700	1956-66	94 50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98 00
4 % Hyderabad	1956	2,12,46,000	3rd Sept. 1968	98 00
4 % Kerala	1961	3,01,49,300	17th Sept. 1962	99 75
4 % Madras	1953	10,33,71,000	15th July 1963	100 00
4 % Madras	1952	5,24,81,200	1st Aug. 1964	99 75
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98 15
4½ % Madras	1956	13,83,56,000	3rd Sept. 1968	98 25
4½ % Madras	1958	5,55,57,000	15th July 1970	97 90
4 % Madras	1959	8,72,72,000	19th Aug. 1971	98 00
4 % Madras	1960	12,20,42,000	29th Aug. 1960	98 00
4½ % Madras	1961	10,36,00,000	Sept. 1972	98 00
4 % Mysore(f)	1953	2,95,85,700	1st Dec. 1953-63	100 50
4 % Mysore	1953	3,45,37,000	15th July 1963	100 00
4 % Mysore	1954	3,54,94,000	1st Sept. 1967	98 25
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98 10
4 % Mysore	1958	4,11,11,000	15th Sept. 1969	98 50
4½ % Mysore	1958	5,51,62,000	15th July 1970	98 25
4 % Mysore	1959	5,43,46,000	19th Aug. 1971	97 85
4 % Mysore	1960	4,37,74,000	29th Aug. 1960	98 00
4½ % Mysore	1961	7,48,00,000	Sept. 1972	98 10
3 % M.P.	1948	2,03,29,000	15th Sept. 1964	98 25
3½ % M.P.	1951	1,02,18,700	15th July 1962	100 00
4 % M.P.	1953	1,10,18,000	15th July 1963	99 75
4 % M.P.	1955	1,63,12,000	1st Sept. 1967	98 00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98 00
4 % M.P.	1958	2,21,35,000	15th July 1970	98 25
4 % M.P.	1959	5,28,25,000	19th Aug. 1971	97 75
4 % M.P.	1960	5,16,28,000	29th Aug. 1960	97 75
4½ % M.P.	1961	5,04,00,000	Sept. 1972	98 00
4 % Saurashtra	1955	4,45,39,000	1st Sept. 1967	98 15
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98 15
4 % Kerala	1958	3,25,61,000	15th July 1970	98 00
4 % Kerala	1956	2,22,96,000	3rd Sept. 1968	98 00
4 % Kerala	1958	3,27,10,000	15th July 1970	100 00
4½ % Kerala	1958	4,47,05,000	19th Aug. 1971	97 75
4 % Kerala	1959	4,00,00,000	29th Aug. 1960	98 00
4 % Kerala	1960	4,00,00,000	Sept. 1972	98 00
4½ % Kerala	1961	4,04,00,000	Sept. 1972	43 75‡
4 % U.P.	1952	44,36,96,000	15th Sept. 1961-66	92 75
3 % U.P.	1936	1,54,30,000	17th Sept. 1962	100 00
4 % U.P.	1951	1,82,99,000	1st Aug. 1964	99 90
4 % U.P.	1952	5,89,14,000	15th July 1963	100 00
4 % U.P.	1953	5,58,25,000	15th July 1963	98 25
4 % U.P.	1955	9,10,71,000	1st Sept. 1968	98 10
4 % U.P.	1956	8,43,26,000	3rd Sept. 1968	98 10

(f) Income-tax free.

ABBREVIATIONS. N—Nominal. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable. A—Held by Government of India. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st June 1944. † Bombay State Transport. †† Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. Z—Ex nine instalments but inclusive of accrued interest. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April 1956. —Interest free for first 12 years. t—Interest free for first 7 years. K—On September 1956 or later at the option of the Government after three months' notice. M—At the option of the Government after three months' notice. Y—Liability taken over by Madhya Pradesh.

* Loans held entirely by the Trustees.

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				Rs.
36,50,000	4	1904	1964	
20,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1909	1970	
56,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,35,876	4	1913*	1960	D
80,00,000	4	1913	1974	95.00
58,25,000	4	1914	1975	95.00
10,00,000	4	1915*	1960	
55,00,000	4	1915*	1975	
12,50,000	3½*	1921	1981	82 00
12,50,000	3½*	1921	1981	144 00N
68,02,300C	4	1921	1991	93 00
60,00,000	4½	1925	1965	99 00
40,00,000	3	1938	1963-68	92 00
50,00,000	3	1945	1975	85 00
50,00,000	3	1946	1976	84 75
50,00,000	3	1946	1976	74 00
7,00,000	2½	1947	1977	79 50
50,00,000	3	1948	1978	83 75
50,00,000C	3	1950	1980	82 00
50,00,000C	3	1951	1981	81 75
1,50,00,000	3½	1951	1961	99 75
50,00,000	4	1953	1963	100 00
50,00,000	4	1954	1964	99 50
90,00,000	4	1955	1965	97 75
77,00,000	4	1956	1986	97 25
78,00,000C	4	1956	1986	97 25
1,24,00,000	4½	1957	1987	99 00
1,30,00,000	4½	1958	1988	99 00
1,00,00,000	4	1959	1969	99 50
1,00,00,000	4	1960	1970	98 50
1,00,00,000	4	1960	1970	98 50
STERLING LOANS				
£892,600	5	1923	1953-83	£63
£901,000	5	1924	1954-84	£63
£835,100	5½	1932	1962	£95½
MADRAS				
Rs.				Rs.
28,48,275	3	1947	1977	A
9,88,000‡	3	1947	1977	
3,00,000‡	4½	1949	1979	
45,00,000‡	4½	1954	1984	

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,65,59,000	15th July 1970	98 25
4 % U.P.	1959	8,88,86,000	19th Aug. 1971	97 75
4 % U.P.	1960	7,79,16,000	29th Aug. 1960	98 00
4½ % U.P.	1961	6,60,00,000	Sept. 1972	97 75
4 % Rajasthan	1956	3,14,19,000	3rd Sept. 1968	97 80
4½ % Rajasthan	1958	2,79,86,000	15th July 1970	98 20
4 % Rajasthan	1959	3,84,19,000	19th Aug. 1971	97 75
4 % Rajasthan	1960	5,08,74,000	29th Aug. 1960	98 00
4½ % Rajasthan	1961	4,40,00,000	Sept. 1972	98 00
4 % Orissa	1956	2,09,34,000	3rd Sept. 1968	98 00
4 % Orissa	1958	2,25,00,000	15th July 1970	98 25
4 % Orissa	1959	3,82,30,000	19th Aug. 1971	97 75
4 % Orissa	1960	4,00,00,000	29th Aug. 1960	98 00
4½ % Orissa	1961	3,99,99,000	Sept. 1972	98 00
4 % M. Bharat	1953	1,04,77,000	Sept. 1973	97 75
4 % M. Bharat	1956	1,11,26,000	15th July 1963	98 00
4 % W. Bengal	1951	1,75,00,000	3rd Sept. 1968	98 00
4 % W. Bengal	1952	2,00,00,000	17th Sept. 1962	99 75
4 % W. Bengal	1953	3,60,23,000	15th July 1970	100 00
4 % W. Bengal	1955	1,58,72,000	1st Sept. 1967	98 00
4 % W. Bengal	1956	7,11,46,000	1st Sept. 1967	98 00
4 % W. Bengal	1958	5,10,50,000	3rd Sept. 1968	98 00
4 % W. Bengal	1959	7,99,62,000	15th July 1970	98 00
4 % W. Bengal	1960	7,01,32,000	19th Aug. 1971	98 00
4½ % W. Bengal	1961	7,31,00,000	29th Aug. 1960	98 00
4 % Assam	1959	2,76,40,000	Sept. 1972	98 00
4 % Punjab	1959	2,18,87,000	19th Aug. 1971	99 25
4½ % Punjab	1961	2,13,00,000	16th Aug. 1971	99 25

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
Rs.				
BOMBAY				
80,00,000	4	1902	1962	
60,00,000	4	1903	1963	
60,00,000	4	1904	1964	
20,00,000	4	1905	1965	97.75
20,00,000	4	1906	1966	N
20,00,000	4	1907	1967	
20,00,000	4	1908	1968	
25,00,000	4	1912	1972	
13,00,000	4	1913	1973	
50,00,000	4	1914	1974	97.50
25,00,000	4	1914	1974	N
40,00,000	5	1919	1967-76	118.00
66,00,000	5	1919	1968-78	
25,00,000	5	1920	1958-80	
25,00,000	5	1922	1956-86	115.00N
10,00,000	5	1923	1961-70	98.00N
STERLING LOANS				
£566,600		1909	1968	£91 50
£335,000		1910	1970	£93.50N
CALCUTTA				
Rs.				Rs.
50,

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	66,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	11.00	10	0.25	0.50	1.00	0.25	3	Y.P.T.
5,00,000	16,40,000	77,47,920	49,41,324	2,22,915	McLeod & Co., Ltd.	456	Alexandra	262.00	100	10.00	15.00	44.00		12	Y.P.T.
30,00,000	6,06,480	1,44,87,735	1,04,85,923	—1,17,975	McLeod & Co., Ltd.	1,264	Alliance	95.00	100	Nil	Nil	6.00	Nil	3	Y.
40,20,700	35,71,000	2,80,85,747	1,84,94,084	3,74,363	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	221.00	100	10.00	12.50	20.00	7.50	3	Y.P.
40,00,000	22,14,827	1,40,86,173	83,52,153	45,981	Bird & Co. Private Ltd.	810	Auckland	165.00	100	5.00	20.00	27.00	12.00	3	Y.P.
30,00,000	24,24,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd.	958	Bally	267.00	100	5.00	10.00	25.00	25.00	3	Y.P.T.
£275,000	£842,859	£1,372,853	£95,080	£967,103	Sir John H. Burder (Chairman)	1,889	Barnagore	139.00	£5	Nil	10sh.	£1.10sh	10 Sh.	3	Y.P.
45,00,000	26,91,700	70,48,067	40,86,503	1,82,155	Soorajmull Nagarmull	600	Bengal	9.75	10	0.50	0.50	0.50		6	Y.P.T.
91,24,000	2,00,27,213	3,17,98,760	2,00,09,714	1,84,905	Birla Brothers Private Ltd.	1,372	Birla	34.50	10	1.00	1.00	1.50	1.50	3	Y.P.T.
25,00,000	27,75,226	1,36,98,070	79,84,735	34,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	132.00	100	5.00	15.00	10.00		3	Y.P.
7,43,580	4,000	45,02,260	25,10,248	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	Nil			10	Y.P.
15,00,000	29,80,265	92,72,355	5,10,512	4,22,941	M.	616	Caledonian	160.00	100	15.00	12.00	12.00		12	Y.P.T.
50,16,400	82,38,226	2,14,54,087	1,21,65,705	1,87,287	James Finlay & Co., Ltd.	600	Champdany	1,100.00	100	Nil	7.00	10.00		11	Y.P.
30,66,250	46,86,544	1,22,29,034	62,15,616	6,533	Andrew Yule & Co., Ltd.	1,131	Chaviot	18.62	10	0.50	1.25	Nil	5.00	3	Y.
30,15,000	30,15,000	1,20,98,261	66,66,975	39,224	McLeod & Co., Ltd.	590	Chitavalsah	12.94	10	1.25	1.50	0.50		11	Y.P.
34,00,000	9,00,000	82,13,000	61,31,000	—3,09,556	M.	969	Clive	9.00	10	Nil	Nil	Nil		3	Y.P.T.
21,49,200	14,68,891	1,10,14,699	69,67,313	9,802	Bird & Co. Private Ltd.	766	Dalhousie	131.00	100	Nil	Nil	4.00	1.00	3	Y.P.
23,00,000	41,35,474	97,98,897	61,23,570	15,632	Andrew Yule & Co., Ltd.	779	Delta	168.00	100	6.00	14.00	7.50		3	Y.P.T.
15,00,000	36,62,000	1,14,67,494	74,72,740	79,285	McLeod & Co., Ltd.	500	Empire	19.12	10	1.00	2.50	1.25		11	Y.P.
62,00,000	81,72,289	3,52,82,387	1,80,85,987	72,385	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	405.00	100 Old	20.00	20.00	25.00	10.00	7	Y.P.T.
31,00,000	19,81,048	1,32,23,392	76,17,723	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	22.44	10	1.50	1.50	2.25			Y.P.T.
84,31,100	5,16,998	3,24,86,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	13.87	10	Nil	Nil	1.00		3	Y.P.
10,80,000	24,36,246	98,03,727	53,00,178	14,067	M.	607	General Ind. Society Ltd.	21.00	10	2.00	4.00	4.00		3	Y.P.
24,00,000	36,36,256	2,74,15,455	1,81,08,700	82,085	Macneill & Barry Ltd.	1,294	Gourepore	477.00	100	20.00	25.00	30.00	25.00	12	Y.P.
40,00,000	71,82,723	1,24,64,546	76,47,198	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	115.00N	100	6.00	6.00	6.00		3	Y.P.
15,00,000	31,69,633	83,48,980	55,07,773	38,329	J. & R. Hutchison Private Ltd.	720	Hooghly	27.00	10	Nil	0.50	4.00		3	Y.P.
65,62,500	42,62,842	2,25,18,876	1,45,23,467	97,720	Jardine Henderson Ltd.	1,940	Howrah	21.00	10	Nil	1.00	1.25	1.00	3	Y.P.
32,50,000	30,72,291	1,21,23,747	1,58,99,574	1,61,875	Ramdutt Ramkissendas	1,272	Hukumchand	27.94	7.50	1.50	1.50	2.15	2.15	3	Y.P.T.
37,30,000	36,69,965	1,80,83,015	1,09,04,160	76,164	M.	790	India	16.75	12.50	1.50	1.75	1.75	1.50	3	Y.P.
54,60,000	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	158.00	100	5.00	20.00	5.00		3	Y.
'B'10,20,000								155.00	'B'100	5.00	20.00	5.00		12	Y.P.T.
30,60,000								93.00	100	Nil	Nil	Nil			
'B'24,60,000	....	1,78,05,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankinarah	89.50	'B' 100	Nil	Nil	Nil		12	Y.P.T.
28,00,000	57,46,000	1,59,67,739	1,08,91,650	2,61,205	McLeod & Co., Ltd.	703	Kelvin	187.00	100	12.50	14.00'C'	15.00	15.00	3	Y.P.
54,00,000	33,98,554	2,13,78,504	1,39,80,178	300	Anderson Wright Ltd.	1,580	Khardah	17.12	10	0.80	2.00	2.00	0.50	3	Y.P.
30,55,800	47,39,756	2,07,21,456	1,38,78,784	62,408	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	169.00	100	5.00	10.00	7.50	2.50	3	Y.P.
24,48,000	6,04,572	1,08,23,825	71,08,446	—9,54,648	Bird & Co. Private Ltd.	931	Lansdowne	183.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
38,50,000	14,14,400	1,45,77,036	92,23,140	54,949	Bird & Co. Private Ltd.	940	Lawrence	169.00	100	Nil	2.00	15.00	15.00	3	Y.P.
31,45,200	44,95,027	2,88,24,106	1,68,72,214	84,805	M.	1,294	Megna	12.50	10	1.75	1.00	1.20	1.25	3	Y.P.
29,98,900	24,86,892	1,64,58,185	94,88,205	—11,60,635	M.	815	Naihati	84.00	100	Nil	Nil			3	Y.
30,00,000	11,82,460	36,57,072	27,65,449	8,215	Howrah Trading Co. Private Ltd.	426	Naskarpara	9.00	10	0.25	Nil	0.375	0.50	3	Y.P.T.
35,00,000	32,62,706	1,09,02,939	55,02,498	41,329	M.	852	National	23.50	10	0.75	1.00	0.75	0.50	10	Y.P.
30,25,000	32,26,172	48,66,662	32,12,586	43,920	McLeod & Co., Ltd.	316	Nellimarla Jute	11.25	10	1.00	1.40	0.30		10	Y.P.
2,56,63,276	2,60,72,020	9,56,78,351	1,71,78,801	Nil	Sahu Jain Ltd.	1,766	New Central	19.12	10	1.50	1.50'C'	1.50	1.50	7	Y.P.T.
16,79,580	51,93,617	1,20,21,748	77,30,582	32,274	Bird & Co. Private Ltd.	567	Northbrook	82.75	10	Nil	1.25	3.00	3.00	12	Y.P.T.
66,79,500	41,25,236	3,23,80,331	1,19,31,974	1,06,322	Macneill & Barry Ltd.	1,092	Nuddea	67.75	50	2.50	3.00	4.00	3.00	3	Y.
26,00,000	11,41,179	1,06,08,582	76,92,215	23,417	McLeod & Co., Ltd.	490	Presidency	5.37	5	0.37½	0.50	0.40		3	Y.
30,00,000	73,504	38,53,345	14,10,449	—9,71,448	Hindustan Investment Corpn. Ltd.	395	Rameshwara	8.06	10	Nil	Nil	Nil		3	Y.T.
45,50,000		1,24,88,157	67,33,074	—26,22,381	Jardine Henderson Ltd.	1,276	Reliance	6.69	10	Nil	Nil	Nil	Nil	3	Y.P.
£600,000	£490,065	£1,495,648	£859,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	5%†	10%†	6%†		3	Y.P.T.
90,00,000	10,87,200	1,24,50,859	91,85,688	69,519	Bagaria More & Co., Ltd.	911	Shree Ambica	22.00	10	0.50	0.50			12	Y.P.
14,00,000	19,88,000	78,14,828	54,32,384	21,780	Hindustan Investment Corpn. Ltd.	401	Soorah	22.31	10	1.50	2.50	2.50		12	Y.P.
£600,000	£480,855	£1,276,158	£743,619	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	3%†	10%†	6%†		12	Y.P.
25,93,500	37,94,858	99,15,767	55,10,622	5,800	Bird & Co. Private Ltd.	1,256	Union	183.00	100	15.00	20.00	25.00	6.00	12	Y.P.
£400,000	£279,522	£1,285,222	£611,253	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,231	Victoria	9.50N	£1	5%†	10%†	6%†		3	Y.P.T.
2,60,000	7,20,000	82,35,786	45,97,547	96,014	McLeod & Co., Ltd.	447	Waverley	4.31	1	Nil	0.25	0.30	0.30	12	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
10,98,990	4,88,841	17,78,941	3,77,863	16,618	Young India Agencies Private Ltd.	579	Balanoor Tea and Rubber	13.75	10	1.75	1.50	1.50	1.20	3	Y.P.
88,92,542	23,76,747	84,13,551	15,18,278	78,105	Kothari & Sons (Agn.) Pvt. Ltd.	3,523	Blue Mountain	2.62	2	0.25	0.25	0.25	0.20	3	Y.P.
5,00,000	8,99,991	14,40,495	3,40,184	18,687	K. Anantaraman, Esq. (Mg. Director)	948	Chandramalai Estates Ltd.	2.70	2	0.25	0.24	0.20	0.20	3	Y.
14,00,180	14,42,662	27,59,605	9,56,841	48,653	Peirce, Leslie & Co., Ltd.	1,714	Chembra Peak Estates	3.68	2	0.20	0.30	0.40	0.30	6	Y.P.
5,66,430	13,28,975	28,20,475	1,95,657	32,888	Matheson Bosanquet & Co. Pvt. Ltd.	392	Coonoor Tea	25.00cld	10	2.00	2.00	2.00	0.40	3	Y.
4,80,000	5,19,889	12,74,821	2,42,244	2,315	Srinivas Agencies	661	Geary	5.87	5	0.50	0.50	0.40		3	Y.
6,00,000	4,81,815	13,81,823	3,59,301	656	P. G. Krishna Iyer, Esq. (Mg. Director)	352	Devashola (Nilgiri) Tea	30.30cr	10	2.50	2.50	2.50		3	Y.P.
6,74,650	9,31,046	11,60,946	2,46,302	12,226	Young India Agencies Private Ltd.	465	Devon Tea	18.50	10	1.75	1.50	2.00	1.00	12	Y.P.
3,00,000	1,26,500	4,94,317	66,265	2,027	Parkins Private Ltd.	198	Emerald Valley Estates	5.87	5	0.39	0.40	0.50	1.20	3	Y.P.
55,00,000	18,15,000	84,71,466	19,31,648	77,114	Parkins Private Ltd.	1,506	Halleyburia	13.25	10	0.39	0.40			3	Y.P.
6,00,000	6,86,159	15,77,488	3,94,129	59,578	Peirce, Leslie & Co., Ltd.	466	Kalaas Tea	3.50	2	0.25	0.30	0.30	0.40	3	Y.
17,17,874	12,12,245	32,15,742	4,71,179	16,500	Peirce, Leslie & Co., Ltd.	1,275	Kil Kotagiri Tea	5.25cd	2	0.39	0.70	0.50	0.50	3	Y.T.
6,00,000	2,14,272	12,67,080	1,15,111	952	Spe Caminon & Co. Pvt. Ltd.	352	Kurchemala Plant. Ltd.	5.15	10	0.25	0.80	Nil		10	Y.P.
5,00,000	1,50,256	9,61,424	78,028	37,120	Matheson Bosanquet & Co. Pvt. Ltd.	267	Lucky Valley	10.65	10	1.00	0.80	0.40	0.40	3	Y.P.
2,50,000	7,900	4,48,587	18,789	....	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	2.10	2	0.24	0.10	0.20		12	Y.
3,00,000	6,18,504	14,43,867	3,15,782	1,799	Kapon Thomas, Esq. (Mg. Director)	560	Mannalay	30.00	25	3.75	5.00	3.75	2.50	3	Y.
35,00,000	23,87,284	85,03,886	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	3.88	5	0.37	0.50	0.37	0.50	3	Y.
12,00,000	7,04,337	28,03,725	6,12,258	27,999	A. V. Thomas & Co., Ltd.	1,134	Nellampathy	2.53	2	0.30	0.20	0.37	0.37	3	Y.P.
14,06,284	7,48,548	29,87,155	6,33,351	26,790	A. V. George & Co., Ltd.	1,025	Nilgiri Tea	8.30	10	0.60	0.50	0.25	0.80	11	Y.P.
32,10,000	5,77,357	35,77,999	13,53,272	22,735	Harrisons & Crosfield Ltd.	886	Nonsuch Tea	23.00	10	1.50	2.50	0.80		3	Y.P.
14,88,980	16,87,314	33,02,719	6,08,115	40,096	P. S. M. Molyneux, Esq. (Chairman)	579	Parkside	24.00	10	2.50	2.00	2.00	2.00	3	Y.P.T.
6,00,000	9,06,284	8,47,698	63,188	64,227	S. Sivaramakrishna Aiyar, Esq.	500	Peninsular Plantations Ltd.	22.10	10	1.50	2.00	2.75	2.25	3	Y.T.
17,00,000	11,57,787	48,52,475	15,91,846	57,095	Aspinwall & Co. (Travancore) Ltd.	1,554	Peermade	22.00	10	1.50	2.50			11	Y.P.
67,84,880	30,54,711	1,13,51,288	39,15,293	65,407	Peirce, Leslie & Co., Ltd.	3,718	Periakaramalai	3.33	2	0.22½	0.25	2.25	0.75	2	Y.
13,50,000	2,96,500	11,58,509	1,44,292	3,047	A. V. Thomas & Co. (India) Ltd.	865	Sheveroy Estates Ltd.	1.46	2	0.15	0.15	0.37	0.40	12	Y.P.
9,60,000	12,43,697	28,46,822	8,36,968	8,199	T. Stanes & Co., Ltd.	1,131	Stanes Amalgamated	15.92	10	0.80	0.80	0.18	0.15	3	Y.P.
1,25,000	15,000	1,98,241	7,948	4,289	M.	216	Swinton Estates	2.82	2	0.15	0.15	1.70		3	Y.
12,50,000	11,78,248	32,25,233	4,11,990	1,854	Srinivas Agencies	1,061	Talayar Tea	1.76	2	0.12	0.15	0.25		3	Y.T.
16,75,000	16,00,500	52,54,520	8,47,047	42,192	Parkins Private Ltd.	1,208	Tevefard	10.80	10	1.50	1.00	0.16	0.20	3	Y.
21,93,325	14,52,705	48,96,419	10,93,151	36,107	T. Stanes & Co., Ltd.	1,771	United Nilgiri	21.75cd	10	1.50	1.00'C'	1.50		3	Y.P.
47,35,000	13,42,245	68,68,910	9,97,362	1,94,858	Kothari Mahta & Co. Pvt. Ltd.	907	Waterfall	2.45	2	0.25	0.30	2.10	2.20	3	Y.
1,00,000	52,516	8,69,872	1,01,735	—29,543	Geedali & Co.	93	Woodcote Estates Ltd.	1.65	1	0.06	Nil	Nil	Nil	3	Y.P.

RUBBER AND OTHERS

5,00,000	5,52,435	16,85,453	4,57,025	30,365	Ramani & Co. Pvt. Ltd.	878	Alageswar Estates Ltd.	2.95	2	0.20	0.15	0.15	0.30	3	Y.
6,75,000	2,85,527	19,88,033	3,50,066	14,766	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60				3	Y.
2,50,000	5,92,985	14,26,924	1,56,520	36,096	A. V. George & Co., Ltd.	639	Anandam Rubber Co., Ltd.	13.22	10	1.00	0.75	1.00	1.00	3	Y.P.T.
12,07,838	2,28,040	21,02,921	2,74,016	9,563	Associated Planters Private Ltd.	1,543	Anapara Estates Ltd.	2.04	2	0.20	0.30	0.50		12	Y.P.T.
4,21,000	4,60,000	8,61,867	1,01,113	22,290	Young India Agencies Pvt. Ltd.	610	Badra Coffee Estates Ltd.	3.39	2	0.25	0.25	0.30	0.30	12	Y.T.
4,00,000	1,93,746	7,54,854	1,19,883	2,433	A. V. Thomas & Co. (Mysore)	576	Bababudin Coffee & Produce	7.72	5	0.25	0.25	0.30	0.30	6	Y.T.
5,00,000	2,25,000	4,68,668	62,711	4,963	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	1.92	2	0.25	0.15	0.40	0.50	6	Y.P.
3,66,115	2,86,253	13,50,284	13,674	374	T. K. Ommen, Esq. (Mg. Director)	1,134	Be Be Rubber Estates Ltd.	2.40	2	0.25	0.15	0.15	0.10	3	Y.P.
36,91,270	20,38,511	65,29,015	9,62,337	10,145	Peirce, Leslie & Co., Ltd.	6,203	Cochin Malabar	7.30	5	0.25	0.25			3	Y.P.
22,35,000	32,61,494	55,51,333	15,14,347	1,86,793	Cons. Coffee Estates (Secretaries)	2,784	Coffee Lands and Industries	15.50	10	0.75	0.75	0.75	0.75	3	Y.
71,25,000	70,70,102	1,65,00,964	45,70,313	2,26,719	C. I. Machia, Esq. (Mg. Director)	9,232	Consolidated Coffee	17.65	10	2.00	2.50	0.525	0.80	3	Y.P.
6,00,000	9,00,735	14,80,000	98,969	2,116	Associated Planters Private Ltd.	1,429	Cottanad Plantations	10.10	10	1.50	2.50	9.60	1.20	3	Y.P.
4,08,560	2,25,000	3,31,891	94,852	34,416	Peirce, Leslie & Co., Ltd.	605	Cowoody Estates (Coffee)	4.05	2	1.50	1.50	1.00	2.00	6	Y.P.
18,00,000	11,10,000	32,95,321	7,48,403	37,599	A. V. Thomas & Co., Ltd.	1,221	Highland Produce	13.40	10	1.50	1.50	0.80	0.80	3	Y.P.
1,20,000	49,000	1,64,498	5,148	2,033	Young India Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd.	2.78	2	0.15	0.15	0.40	0.50	3	Y.
11,85,700	11,77,795	31,18,625	8,48,644	51,078	A. V. George & Co., Ltd.	1,548	Kallaa Rubber Co., Ltd.	5.30	2	0.15	0.15	0.15		12	Y.P.
5,00,000	8,83,604	19,45,239	3,95,051	3,912	A. V. Thomas & Co., Ltd.	1,370	Kaipotia Estates	12.10	10	1.00'C'	0.50	0.40	0.80	3	Y.P.
4,00,000	3,75,000	9,82,417	1,95,014	14,090	Peirce, Leslie & Co., Ltd.	674	Kanneegode Estates Ltd.	4.45cd	2	0.40'C'	0.40	1.25	1.25	3	Y.
13,50,000	3,41,456	22,23,836	4,40,673	47	K. T. Thomas Kathanar, Esq.	2,143	Malankara Rubber	16.90	10	1.70'C'	0.40	0.40	1.25	3	Y.P.
3,25,000	2,50,000	8,43,098	81,358	8,394	Associated Planters Pvt. Ltd.	906	Mavcara Rubbers Ltd.	8.30	5	1.70'C'	1.66	1.50	1.50	10	Y.T.
46,50,000	14,32,242	87,24,197	12,48,980	8,116	A. V. Thomas & Co., Ltd.	4,470	Midland Rubber	11.00	10	1.00	1.00	1.00	1.60*	3	Y.
2,25,000	4,12,607	16,80,492	3,02,229	79,505	A. V. George & Co., Ltd.	1,331	Nenmeny Rubber	24.65	10	1.00'C'	1.00	1.00	1.00	3	Y.
3,90,000	4,74,843	8,94,232	65,472	2,314	Associated Planters Private Ltd.	1,056	Nilambur Rubber Co.	14.12	10	1.50	1.50	1.25	1.25	3	Y.P.
19,48,380	*2,89,319	52,58,400	18,70,387	7,007	Peirce, Leslie & Co., Ltd.	4,295	Oxshterloy Valley Estates	3.89	2	0.20	0.30	1.50		12	Y.P.
6,50,000	5,71,404	7,97,732	89,078	46,714	Peirce, Leslie & Co., Ltd.	532	Oxsoor Estates Ltd.	2.70	2	0.20	0.30	0.25	0.25	12	Y.P.
18,50,000	23,83,816	23,27,018	7,37,999	797	Parkinwall & Co., Ltd.	2,017	Pullangode Rubber	1.78	2	0.25	0.30	0.30		12	Y.P.T.
13,50,000	9,28,404	49,71,627	5,09,879	2,730	A. V. Thomas & Co., Ltd.	2,363	Rajagiri Rubber	18.94	10	1.00	0.80	0.10	0.80	3	Y.P.T.
2,00,000	1,64,983	3,80,760	47,874	16,875	Associated Planters Private Ltd.	500	Rajakad Coffee Ltd.	11.13	5	2.00	2.00	2.00	0.12	3	Y.
5,50,179	2,34,000	9,35,302	1,44,023	21,664	Peirce, Leslie & Co., Ltd.	1,162	Savamalai Estates Ltd.	2.85	2	0.20	0.20	2.00	2.00	3	Y.P.
18,00,000	2,35,000	19,78,850	1,58,068	4,075	Patco Agencies	1,454	Sangameshwar Coffee Estates	1.82	2	0.25'C'	0.30	0.30	1.25	3	Y.P.
16,00,000	2,08,120	22,50,803	1,83,357	4,584	East India Agencies Private Ltd.	535	Thekoy Rubber (India) Ltd.	5.30	10	0.60	0.18	0.12	0.12	11	Y.
3,60,000	3,75,000	6,28,095	51,666	28,598	A. V. George & Co., Ltd.	2,261	Thamaraspally Rubber	10.00	10	0.60	0.60	Nil		3	Y.
9,15,800	6,05,000	24,54,242	2,19,470	14,829	Peirce, Leslie & Co., Ltd.	1,841	Thirumbadi Rubber Co., Ltd.	1.68	1	0.10	0.06	0.06	0.06	3	Y.P.T.
6,00,000	46,742	8,26,449	1,80,536	4,480	Xepen Thomas, Esq. (Mg. Director)	1,241	Travancore Rubber	13.12	10	0.10	0.07	0.07		12	Y.P.
41,00,000	18,07,631	89,23,753	20,79,944	11,387	Aspinwall & Co. (Travancore) Ltd.	4,671	Travancore Rubber & Tea	10.37	10	1.00	1.00	1.00	1.00	3	Y.P.
20,00,000	1,91,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	10.25	10	0.50	0.75	1.50	0.90	3	Y.
6,00,000	4,86,000	17,68,416	1,27,428	10,653	P. I. J. Joseph, Esq. (Chairman)	1,360	Valimalai Rubber & Co.	5.45	5	1.50	2.00	2.00	1.40†	12	Y.
2,50,000	4,29,500	10,39,260	1,18,701	7,581	A. V. George & Co., Ltd.	508	Udayagiri Rubber Co., Ltd.	19.00	10	0.75	0.50	0.60		12	Y.P.
2,50,000	4,13,451	9,83,441	46,248	903	M.	738	Valkundam Rubber Co., Ltd.	32.75	10	1.00	1.50	0.10		12	Y.P.
18,00,000	13,40,982	16,15,277	1,52,156	1,12,012	Peirce, Leslie & Co., Ltd.	1,030	Wartyhully Estates Ltd.	2.90	2	0.20	0.25	2.00	1.50	3	Y.P.T.
6,95,000	97,809	13,65,464	1,02,251	23,313	M.	898	Woodland Estates	7.85	10	0.50	0.30	0.30	0.30	12	Y.P.
											0.50	0.50	1.00	3	Y.

V—Includes 60 nP for 30-6-1954. 'C'—On increased capital. * Includes bonus. M—Managed by Board of Directors. Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
4,45,700	14,06,731	23,91,108	9,41,163	....	McLeod & Co., Ltd.	325	Ammokie	25.94	10	1.50	1.50	Nil		12	Y.P.
2,76,500	11,52,772	14,63,926	5,81,758	5,628	M.	456	Ananda (Assam) Tea ..	26.00	10	2.00	2.50	3.00		12	Y.
1,03,250	8,07,224	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Jag	28.00	10	1.00	1.75	3.00		12	Y.
5,10,000	14,40,641	26,54,042	10,92,353	44,138	McLeod & Co., Ltd. ..	513	Baghmari	21.12	10	1.50	1.50	Nil		12	Y.
9,00,000	12,38,469	20,56,692	7,60,821	44,554	Andrew Yule & Co., Ltd.	377	Basmatia	26.50	0	2.00	3.00	3.50		12	Y.
4,95,900	3,14,700

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
80,00,000		37,45,382	16,26,068	82,615	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.81	10	*Nil*	*Nil*	0.60		3	Y.
26,90,000	11,82,441	14,90,854	7,95,406	6,159	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.24	10	3.50	2.00	2.00		9	Y.
55,23,140	19,77,396	1,61,24,989	62,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.06	24	0.25	0.356	0.375		9	Y.P.
10,00,000	52,26,517	92,22,366	45,37,856	59,420	Bird & Co. Private Ltd.	Bira Stone Lime Co.	26.00N	10	1.75	1.87	3.00		12	Y.
14,17,900	10,55,247	38,55,584	16,31,856	9,761	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	190 00	100	10.00	12.86	12.86	8.00	3	Y.
99,80,700	14,50,859	1,25,49,405	27,84,861	—5,54,462	Saraf Brothers & Co. Private Ltd.	Ferro Alloys Corporation, Ltd.	170 00	100	*Nil*	*Nil*	8.00		9	Y.P.
21,87,300	62,44,266	48,61,146	22,081,103	£118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	6.12	Sh. 5	0.24	0.36	0.36		12	Y.P.
₹ 5,00,000 } 0.15,00,000 £	26,84,000	45,04,655	18,28,592	2,56,462	Bird & Co. Private Ltd.	Karanpura Development	16.69	10	*Nil*	1.50	1.50		12	Y.
60,00,000		1,14,21,419	5,78,268	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	109.00	100	*Nil*	0.50	0.50		12	Y
80,00,000	40,95,322	1,28,10,947	66,20,733	35,170	Bird & Co. Private Ltd.	Kumarchubi Fireclay and Silica Works.	26 00N	10	*Nil*	*Nil*	*Nil*		12	Y.P.
60,00,000	16,48,852	1,16,80,530	59,85,620	14,41,622	M.	Metal Corporation of India Ltd.	12.37	10	*Nil*	*Nil*	1.80		12	Y.P.T.
6,00,000	5,26,453	13,40,693	7,83,285	7,216	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	13.50	10	1.00*	1.00*	*Nil*		3	Y.P.T.
20,00,000	64,15,230	71,67,923	30,76,350	1,16,000	Bird & Co. Private Ltd.	Orissa Minerals	45.37	10	2.50	3.60	1.428		3	Y.
3,50,000	17,29,249	92,49,901	49,48,489	37,499	A. V. Gharpure, Esq. (Chairman)	Parsburam Pottery Works Co. Ltd.	67.00	25	3.75	3.75	3.60	2.80	6	Y.
10,46,290	76,44,000	1,06,55,357	44,01,702	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	42.50	10	8.00*	6.00	8.00*	5.36	7	Y.P.
													11	Y.
CHEMICAL														
24,00,000					Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	89.00	100						
35,00,000	59,53,600	2,37,87,674	78,26,566	1,17,073	Bhailal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co.	275 00	100	12.00	16.00	14.00		12	Y.P.
8,10,00,000	1,57,00,273	5,04,78,092	1,28,50,612	1,38,819	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	45.12	10	0.80	0.95	1.20		12	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,780	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	870.00	100	*Nil*	12.00	12.00		9	Y.P.
29,89,400	84,11,676	1,63,91,567	58,70,391	42,188	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	880.00	100	20.00*	28.00*	12.00		12	Y.P.
224,93,775	77,58,382	4,08,77,204	1,26,34,156	4,16,428	Lalbhai Sons & Co.	Atul Products Ltd.	588.00	100	10.00	12.00	12.00		12	Y.P.
50,98,900	68,84,606	1,50,85,981	77,12,588	1,30,717	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	107.00xr	100	6.00	7.00	7.00		12	Y.
1,00,00,000	28,71,461	1,06,12,855	15,44,029	80,077	Ramniwas R. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	502.50	100	*Nil*	*Nil*	7.00	10.00	3	Y.P.T.
9,99,937	2,01,859	14,14,355	6,92,598	3,680	Radkarni & Co.	Chemo-Pharma Laboratories Ltd.	23.24	25	2.00	2.50	2.50	8.00	3	Y.
22,73,800	43,92,613	42,97,414	42,97,414	83,070	Dharamsi Morarji Chemical Co., Ltd.	Dharamsi Morarji Chemical Co., Ltd.	176.25	50	6.00	10.00	*Nil*		12	Y.
1,07,87,000	64,32,516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	180.00	100	6.00	10.00	*Nil*		12	Y.
3,46,06,075	88,17,000	6,58,28,587	3,06,86,810	26,13,156	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	8.30	10	0.40	0.60(c)	*Nil*		3	Y.
1,49,98,200	39,44,101	49,84,466	17,55,571	75,329	Maithil Gauribhai & Sons	Indian Dyestuffs Industries Ltd.	561.25	100	*Nil*	0.00	0.00		12	Y.P.
12,60,000	6,50,911	27,89,148	14,86,985	58,617	Jai H. Mehta	Kemp & Co.	315.00	100	*Nil*	*Nil*	6.00	6.00	3	Y.
80,00,000	24,37,965	1,56,17,773	61,56,950	15,829	Seshasayee Brothers Private Ltd.	Mettur Chemicals	14.75cd	10	0.875	2.50	2.50	25.00	3	Y.P.
24,81,220	10,47,778	55,45,879	43,53,267	8,514	T. Ehamanna, Esq. (Chairman)	Mysore Chemicals and Fertilisers	10.35	10	0.50	0.50	1.25C	1.25	3	Y.P.T.
6,00,000	4,66,261	12,57,887	6,70,822	1,46,072	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemical Mfg.	22.16	10	1.00	1.00	1.00	1.00	3	Y.
40,00,000	86,33,816	65,05,379	16,85,784	1,54,703	Ramdas Kilachand, Esq. (Chairman)	Polychem. Ltd.	235.00	50	*Nil*	2.00	2.00C	2.00	3	Y.
15,00,000	11,17,980	34,89,082	21,90,713	2,10,628	Bangar Brothers Ltd.	Phosphate Co., Ltd.	282.00	100	25.00	45.00	5.50	7.50	3	Y.P.
19,90,938	15,82,251	28,75,151	16,16,060	1,22,646	C. A. Buxton	Smith Stanistreet & Co.	10.44	5	0.80C	1.25	1.25	25.00	3	Y.
4,50,00,000		1,41,20,622	31,717	3,87,250	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	221.00	100			1.25	1.25	3	Y.P.
2,51,96,000	59,67,561	7,09,65,786	2,29,10,388	3,571	Tata Industries Private Ltd.	Tata Chemicals	18.72xR	100Old	0.75	0.825	0.60	0.65	6	Y.
13,00,000	2,92,249	21,76,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd.	18.50	10	0.70	1.00	1.50	2.00	3	Y.P.T.
													8	Y.P.
ELECTRIC (Bombay State)														
8,74,76,895	1,47,38,524	16,04,61,688	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	96 80	100	6.50	6.75	7.00		3	Y.
81,56,250	26,20,222	2,58,78,933	88,34,923	15,62,884	K. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	10.00	10	0.85	0.90	1.00*	7.00	3	Y.T.
5,02,77,000	1,01,99,442	11,73,06,745	2,80,17,570	80,842	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,057.50	1,000	80.00*	80.00*	85.00*	90.00	3	Y.P.
1,75,00,000	99,08,640	4,61,03,740	1,11,97,816	4,622	Killick Industries Ltd.	Bombay Suburban Electric Supply	103.00	100	7.00	7.50	8.00	80.00*	3	Y.P.T.
7,07,928	1,03,907	16,97,285	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	6 76	10	0.50	0.60	0.60	8.00	3	Y.
48,59,000	12,66,818	1,57,77,774	61,58,950	3,647	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	109 60	100	7.50	8.00	9.50	8.00	3	Y.P.
70,00,000	21,26,526	1,72,01,519	66,35,377	1,914	Killick Industries Ltd.	Surat Electricity	17.50	100	7.00	7.00	7.50	8.00	3	Y.P.T.
3,99,99,875	1,23,08,557	8,51,66,079	2,68,75,169	26,096	*Tata* Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	112.00	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
5,16,86,000	3,10,84,482	20,78,53,061	4,31,56,686	32,801	*Tata* Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,145.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
													8	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,883	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	122.00	100	10.00	10.00	11.00	11.00	3	
8,00,000	15,46,067	66,82,610	24,31,315	24,187	Martin Burn Ltd.	Bareilly Electric Supply	11.75	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	48,76,469	1,78,08,355	51,62,951	46,644	Martin Burn Ltd.	Benares Electric Light & Power Co.	12.00	10	1.00	1.00	1.10	1.10	3	Y.T.
5,91,468	6,95,659	24,08,757	12,54,439	89,820	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	6.12	5	0.40	0.40	0.64	1.10	3	Y.T.
84,202,848	29,457,172	$35,960,954	$14,225,968	$124,585	Burn, Bayne, Esq. (Chairman)	Calcutta Electric Supply	14.31	2	7%	7%	7%		3	Y.P.
6,60,090	7,55,675	37,78,204	11,66,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12.62	10	0.65	0.65	0.65	7½%	3	Y.C.T.
48,20,000	27,18,468	1,05,87,860	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Dhanbad Power Supply	97.00	100	7.00	7.50	10.00	10.00	3	Y.P.
5,84,640	3,60,126	9,10,426	15,91,004	42,694	Moonna Lall & Sons	Dhanel Electric Supply	9.06	10	0.624	0.62	0.70	*Nil*	3	Y.P.
22,49,700	28,00,194	1,12,04,249	42,93,578	82,593	Martin Burn Ltd.	Jubbulpore Electric Supply	10.50	10	0.92	0.92	1.00	1.00	3	Y.T.
5,82,390	4,62,585	37,46,515	18,96,792	40,204	Octavius Steel & Co., Ltd.	Monghyr Electric Supply	11.75	10	1.00	1.00	1.00		3	Y.T.
85,07,892	40,56,000	1,61,84,864	56,09,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.50	10	0.75	0.75	1.25		3	Y.T.
2,10,000	2,56,804	15,66,683	6,26,467	5,842	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.75	10	0.60	0.60			3	Y.T.
16,80,000	14,98,612	80,57,165	46,54,591	11,620	Bird & Co. Private Ltd.	Silpuli (Dhernaih) Elec. Supply Co.	8.87	10	0.68	0.75	0.75	0.625	3	Y.
69,99,950	23,97,866	2,22,90,594	74,27,524	13,885	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	10.12	10	0.87	0.90	0.90		3	Y.T.
5,00,000	12,50,966	57,19,465	16,24,948	36,125	Martin Burn Ltd.	Upper Assam Valley Elec. Supply	10.12	10	0.75	1.25	1.25		3	Y.T.
56,00,000	78,01,913	4,29,48,755	1,54,85,172	69,174	Martin Burn Ltd.	U. P. Electric Supply Co.	112 00	00	6.00	7.00	1.35	1.35	3	Y.P.T.
8,00,000	11,41,474	46,63,814	18,15,672	8,84,018	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.35	10	1.00	1.00	11.00	11.00	3	Y.T.
											1.50	1.429	3	Y.T.
ENGINEERING (Bombay)														
42,47,000	60,58,626	75,87,402	61,01,878	48,100	*Turner Morrison* & Co. Private Ltd.	Alcock-Ashdown & Co., Ltd.	368 00	100	12.50	17.00	17.00		12	Y.
19,99,060	8,10,174	21,70,025	8,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	106 00	80	3.00	4.00	5.50		12	Y.
45,20,000	62,98,268	1,40,18,591	....	75,198	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	183 00	100	10.00*	15.00*	15.00*	18.00	6	Y.
40,00,000	6,66,160	68,51,172	22,34,229	38,750	Dharamsingh & Co.	Hindustan Electric Corpn., Ltd.	100.00	100	6.00	7.00	10.00	*Nil*	6	Y.P.
60,00,000	1,08,98,455	2,46,93,330	1,46,61,549	39,845	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	179.00	100	9.00	13.00	15.00	4.00	6	Y.P.
6,00,000	4,57,222	2,05,518	1,88,653	4,607	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	100 00	50	5.00	5.00	5.00	15.00	6	Y.P.T.
40,00,000	14,71,574	65,58,965	22,19,555	15,060	Adarsh Services	Jyoti Ltd.	208 00	100	12.00	12.00	12.00	5.00	3	Y.
44,96,250	6,67,891	68,03,732	31,66,848	3,281	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	16.52	10	0.50	0.75	0.80		12	Y.
53,31,818	94,93,324	1,36,58,367	76,01,595	11,174	Kirloskar Bros & Co.	Kirloskar Bros. Ltd.	60.00	25	2.50	3.00	2.50		9	Y.
48,72,400	40,84,021	1,11,74,204	49,95,960	1,709	Kirloskar Associates	Kirloskar Electric Co. Ltd.	38.25cd	10	0.75	1.00	0.90	2.50	9	Y.
87,20,447	49,67,710	1,14,26,608	58,15,088	88,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	51 20	10	1.00	1.00	1.00	1.00	9	Y.
15,00,000	4,58,946	25,18,944	6,77,694	5,683	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	850.00	100			1.42	1.50	6	Y.
1,10,00,000	36,76,765	1,21,61,532	37,43,210	98,848	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	43.25	10	1.25	1.25	1.50	12.50	3	Y.
22,81,207 } 13,19,187	1,22,036	1,03,47,668	22,98,321	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	3.76	10	*Nil*	*Nil*	*Nil*	1.80	3	Y.P.
14,15,040 } 22,92,480	....	15,94,175	....	....	B. L. Kucheria, Esq (Secretary	Lynx Machinery	8.48	10	..	..	..	..	9	Y.P.
1,32,00,000	42,57,083	1,59,29,933	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	21.88	10	2.50	1.25	1.25		3	Y.
80,00,000	78,422	46,82,025	16,78,477	40,424	Prithviraj Sons	*Mon Industrial Corporation Ltd.*	125.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
11,00,000	1,72,712	41,60,471	25,65,486	2,771	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies	148.75	100	*Nil*	*Nil*	....		10	Y.P.
61,42,910	57,00,000	1,38,14,415	50,48,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	28.00	10	1.20	1.00*	1.20		3	Y.P.
67,50,000	42,31,615	1,28,07,888	60,90,019	3,724	Kirloskar Associates	Mysore Kirloskar Ltd.	175.00	100	7.50	12.00	12.00	1.20	3	Y.P.
15,55,000	11,14,847	32,30,008	12,76,286	21,632	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	125.00	50	4.50	4.50	6.00	12.00	3	Y.
25,27,745 } 27,72,360	9,89,198	92,30,855	20,78,762	17,938	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	223.00	50	6.00	9.00	6.00	6.00	3	Y.
22,50,000	1,46,32,068	9,36,956	1,76,988	12,889	Walchand & Co. Private Ltd.	Premier Construction	102 50	100	12.00	18.00	13.50		3	Y.P.
80,00,000	42,07,975	1,00,28,032	46,88,993	9,219	Bhagwan & Sons Private Ltd.	Structural Engineering Works Ltd.	73 25	100	12.00	17.00	12.00		12	Y.
27,55,42,550	27,66,24,672	1,85,51,78,192	66,75,78,212	84,084	Tata Industries Private Ltd.	Tata Iron and Steel	141.25	75 Old	6.00	6.00	6.75C	6.75	3	Y.P.
7,99,97,900	2,88,57,408	24,50,95,291	11,17,31,117	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	361.00	100	9.00	9.00	12.50	10.36*	3	Y.P.
10,00,000	3,35,000	28,97,720	8,10,644	17,016	T. Manekial & Co.	T. Manekial Mfg. Co.	720 00xr	100	10.00	14.00	18.50	14.50	3	Y.P.
12,04,980	18,28,174	17,17,004	9,54,850	16,37,977	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	10	2.50	2.00	3.00	3.00		3	Y.P.T.
2,55,00,000	80,22,811	1,29,75,902	30,64,169	3,78,955	S. K. Bandoo, Esq. (Mg. Director)	Voltas Ltd.	304 00	100	6.00	8.00	8.00	6.25	3	Y.
70,00,000	....	10,49,952	4,291	23,584	R. H. Toprani, Esq. (Secretary)	Zenith Steel Pipes Ltd.	18.76	10	..	..	12.00	14.00	3	Y.
												Nil	6	Y.
West Bengal and Other Centres														
6,00,000	1,06,470	26,89,661	18,48,876	1,80,382	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	14 08	10	*Nil*	*Nil*				
59,00,000	90,84,221	1 01 45,489	65,62,023	416	M.	Bhartia Electric Steel	11 00	10	1.25	1.25	1.00		10	Y.P.T.
56,59,790	77,67,925	68,29,182	16,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	48.00	10	1.25	2.25	2.50		12	Y.
13,00,000	35,52,754	83,27,611	54,78,693	1,87,999	Bahmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	52.25	10	2.00 B	3.00	3.00		12	Y.
18,00,678	7,04,341	99,97,199	14,03,985	97,996	Holmes Wilson & Co., Ltd.	Britannia Building and Iron	3.50	10	0.50	0.60			12	Y.P.
60,00,000	44,68,365	1,51,00,880	55,16,684	1,88,352	McLeod & Co., Ltd.	Britannia Engineering	12.69	10	0.60	1.00	1.00		12	Y.P.
6,00,000	11,27,857	26,62,140	16,10,502	81,788	Bahmer Lawrie & Co., Ltd.	*Br. I. Electric Construction*	39.00	10	2.00	2.50	4.00		12	Y.P.
24,00,000	2,58,58,890	5,20,70,240	3,25,09,346	1,21,244	Martin Burn Ltd.	Burn & Co.	560.00	100	20.00	22.50	25.00		12	Y.P.
1,00,00,000	11,58,252	80,20,989	9,09,324	1,63,036	M.	Calcutta Steel Co., Ltd.	16 00	10	..	..	0 80	25.00	12	Y.P.
1,00,00,000	12,38,026	1,89,66,744	10,15,000	8,17,174	R. L. Makharia, Esq.	Central India Machinery Mfg. Co. Ltd.	10.00N	10	*Nil*	*Nil*	*Nil*	1.80	4	Y.
80,00,000	16,00,000	1,25,47,313	27,93,088	1,64,775	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11.63	10	*Nil*	*Nil*	1.00		3	Y.P.
4,00,00,000	6,53,55,000	8,26,20,521	2,52,46,302	....	H. M. L. Williams (Mg. Director)	Guest, Keen, Williams Ltd.	45.94	10	2.00	2.40	1.00	1.00	3	Y.P.
12,50,000	23,50,548	61,38,902	41,87,127	....	Martin Burn Ltd.	Hooghly Docking	106.00	50	5.00	5.00	1.60C		3	Y.
12,44,88,990	24,26,37,632	81,16,66,664	17,84,44,848	16,41,911	Martin Burn Ltd.	Indian Iron and Steel	25.40	10	1.00C	1.00	1.00		3	Y.P.
30,00,975	67,87,984	1,21,14,677	74,23,006	58,466	Martin Burn Ltd.	Indian Standard Wagon	150.00	25	5.00	5.00	5.00	1.00	3	Y.P.
96,58,100 } 26,580	2,62,04,628	2,22,05,589	1,52,84,925	10,98,466	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	48.60	Q.10	4.00	5.00	7.125	7.125	3	Y.
68,32,732	5,7341	36,01,397	13,94,284	10 662	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	18 50	Q. 1	0.40	0.165	2.25		3	Y.
1,07,48,788	90,64,298	4,34,82,950	1,09,45,668	7,179	Madan Mohanlal Surtaan & Co. Pvt. Ltd.		12.00	10	0.70	0.70	..	1.25	3	Y.
20,00,000	49,31,000	81,62,683	25,40,754	96,487	J. K. Industries Private Ltd.	Jay Engineering Works, Ltd.	28.00	10	1.20	1.20	1.715		3	Y.P.
2,26,97,000	1,47,06,418	3,18,81,993	1,07,41,111	1,36,796	B. P. Singh Roy, Esq. (Chairman)	J. K. Steel Ltd.	20.00	10	1.25	1.25	1.25	1.715	3	Y.P.
27,64,800	42,85,268	85,25,077	38,26,562	37,542	Bird & Co. Private Ltd.	Jessop & Co.	22 94	10	0.80	0.85	0.65C	3.00	3	Y.P.
10,50,000	10,86,336	19,41,579	15,35,707	—8,26,580	Marshalls (Direction) Private Ltd.	Kumardhubi Engineering Works	7.81	2	0.40	0.50C	0.65C		3	Y.P.
49,96,000	13,58,398	1,44,54,142	56,32,008	—7,06,889	M.	Marshall Sons & Co. (India), Ltd.	3.50	2	0.40	0.50	0.60		11	Y.P.
60,00,000	23,96,943	70,56,546	24,15,813	4,85,376	S. S. Ind. Development Co., Ltd.	National Iron and Steel Co. Ltd.	5.69	10	0.25	0.25N	*Nil*		6	Y.P.
6,00,000	15,56,099	31,20,671	20,15,012	15,609	The British India Corpn. Ltd.	Richardson & Cruddas Ltd.	10.31	4	0.40	*Nil*	*Nil*	*Nil*	3	Y.P.T.
1,80,00,000	56,57,153	4,66,97,471	2,18,21,161	58,787	Birla Brothers Private Ltd.	Saran Engineering Co.	21.10	10	1.50	2.00	0.85	0.40	3	Y.P.T.
39,84,400	14,51,918	77,82,900	30,25,484	17,127	Balasundaram & Co.	Textile Machinery Corporation, Ltd.	189.00	100	12.00	15.00	12.00	15.00	3	Y.P.
						Textool Co., Ltd.					15.00		4	Y.P.
INSURANCE (X)														
18,80,000	45,68,970	1,75,12,227	....	57,833	N. M. Cole, Esq. (Mg. Director)	Concord of India	10 87	5	1.00	1.00	1.00		12	
16,00,000	11,65,196	28,48,030	....	66,390	M.	Devkaran Nanjee Insurance	28 00	50	3.00	2.00	2.00		12	
84,00,000	74,63,883	1,64,45,160	....	8,78,255	E. K. Srinivasan, Esq. (Mg. Director)	Bharatlas Insurance	24 12	10	2.00	2.00	2.00		12	
10,62,240	45,46,147	88,46,602	....	4,21,819	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	54.00	40	3.75	2.50	2.25		12	
20,80,000	71,07,781	1,59,56,850	....	86,786	M. G. Mody, Esq. (General Manager)	New Great Insurance	21 12	20	2.00	3.50	6.00		12	
1,06,31,560 } 35,00,885	8,97,62,307	16,68,26,693	....	30,99,455	B. K. Shah, Esq. (Mg. Director)	New India Assurance Co., Ltd.	59 50	15	4.00	5.75	5.50		12	
18,09,270	40,70,395	1,05,98,078	....	89,281	K. P. Modi, Esq. (Gen. Manager)	Ruby General Insurance Co., Ltd.	60.70	16Kew	4.00	5.70	5.70		12	
5,75,000	69,07,990	1,16,88,857	....	2,05,841	Sir John Brown (Mg. Director)	Triton Insurance	9 37	8	0.62	0.80	0.80		12	
32,00,000	1,10,58,561	2,41,52,099	....	1,00,078	V. C. Setalvad Esq. (Gen. Manager)	Vulcan Insurance Co., Ltd.	188 00	25	11.25	11.25	11.25		12	
							16 52	10	1.50	2.00	2.00		12	

* Includes bonus. † Subject to taxation. 'C'—On Increased Capital R.—Includes a distribution of Re. 0.75 per share for the year 1964 and Re. 1.00 for 1965.

F.B.—As dividends paid since 31st March 1959 are shown as taxable. M.—Managed by the Board of Directors. X.B.—Ex-Bonus.

Y—For these companies reserves include balances of various funds and under gross block are given the total assets.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reference
OIL														
£281,250	£201,420	£534,913		£12,832	T. Dwarkadas, Esq. (Chairman)	British Burma Petroleum Co.	1.26	Sh. 1	2%	*Nil*

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		

UNCLASSIFIED (Other Centres)

25,00,000	2,17,59,602	4,03,13,820	1,14,17,917	1,33,197	J. K. Industries Private Ltd. ..	Alumdalum Corporation of India Ltd. ..	17.81	10	0.90	1.00	1.20	1.20	3	Y.P.Y.
1,00,00,000	47,83,780	1,51,27,464	60,42,057	3,01,580	Seshasaree bros. (Trav.), Pvt. Ltd. ..	Aluminium Industries Ltd.	24.00cd	10	1.25	1.25	1.50	1.50	3	Y.
30,00,000	37,59,988	40,22,855	27,01,150	2,09,445	Turner Morrison & Co. Private Ltd. ..	Angelo Bros. Ltd.	22.81	10	1.50	2.00	2.50	2.50	3	Y.
5,62,87,870	26,35,471	2,86,28,267	86,85,256	12,525	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	9.10cd	5	0.30	0.40	0.60	2.25	12	Y.
50,00,000	27,86,852	41,62,852	13,75,455	1,42,998	Mr. A. Hydari and Mr. S. Grothberg ..	Assam Match Co., Ltd.	25.25	10	1.25*	1.80	0.40	12	Y.	
1,18,00,000	88,61,435	1,02,25,165	50,36,439	8,24,384	G. G. Greeson, Esq. (Mg. Director) ..	Associated Battery Makers (E) Ltd. A.	33.94	10	2.40	2.50	1.50	1.50	3	Y.
20,00,000	29,46,521	1,09,79,998	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India ..	5.00N	10	1.20*	Nil	Nil	12	Y.	
98,31,400	98,40,909	79,91,399	41,74,464	5,75,405	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	283.00	100	20.00	25.00	Nil	8	Y.	
13,50,000	25,39,976	37,54,157	31,84,857	1,86,199	*Balmer Lawrie & Co., Ltd.*	Bengal Flour Mills Co., Ltd. ..	58.62	10	2.50	4.50	4.00	12	Y.P.Y.	
20,00,000	7,61,688	64,37,324§§	....	56,711	*Lovelock & Lewis*	Birla Investment Ltd.	12.05	10	0.70	1.10	0.95	12	Y.	
48,37,728	72,59,286	1,48,90,874	60,07,677	2,84,279	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	43.25	10	1.20	1.40	0.95	12	Y.	
2,52,50,000	1,95,44,212	3,00,84,869	2,33,74,402	3,34,008	H. B. Chakravarti, Esq. (Mg. Director) ..	British India Corporation Ltd. ..	12.24	5	1.20	1.40	2.50	3.00*	3	Y.P.
23,56,540	30,89,609	42,37,317	22,12,126	20,721	A. V. Nibbett, Esq. (Mg. Director) ..	British Paints (India) Ltd.	20.00	10	*Nil*	*Nil*	0.30	3	Y.P.Y.	
1,56,50,000	14,76,849	1,88,75,787§§	....	2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.94	10	1.00	1.00	1.25	13	Y.P.	
2,81,000	10,00,000	12,04,009	2,41,936	8,600	M.	Delhi Flour Mills Co., Ltd.	15.00	10	0.75	0.85H	0.80	12	Y.	
3,00,00,000	3,08,87,500	10,39,79,436	4,01,39,770	25,12,653	John Luckham, Esq. (*Mg. Director*) ..	Dunlop Rubber Co. (India) Ltd. ..	43.25	10	1.00	1.00	1.00	12	Y.	
90,00,000	1,12,80,000	31,00,870	2,02,62,100§§	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	153.00	100	10.00	14.00	14.00	12	Y.P.Y.	
27,56,355	1,76,80,094	85,99,851	27,71,678	12,605	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	41.00	5	0.75	0.80	14.00	12	Y.P.Y.	
81,24,000	69,19,702	1,65,50,496§§	....	3,49,092	Bird & Co. Private Ltd.	Eastern Investment Ltd.	147.00	100	9.00	14.00	14.00	12	Y.P.	
12,49,250	....	4,92,052	6,366	23,611	M.	East Anglia Plastics (India) Ltd. ..	37.25	10	....	....	1.25	1.50	3	Y.
44,92,240	4,87,249	69,44,050	12,33,911	4,115	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	12.35	10	*Nil*	0.50	0.50	*Nil*	12	Y.P.
50,00,000	22,27,852	49,26,966	9,79,166	2,477	Harparshad & Co. Pvt. Ltd. ..	Escorts Ltd.	19.75	10	....	0.50	0.50	12	Y.	
48,90,137	77,72,310	85,23,776	52,84,250	4,07,338	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd. ..	24.00	12.50	1.50	1.50	1.50	12	Y.P.	
14,00,000	15,80,821	38,09,862	23,58,830	70,027	*Macneill & Barry Ltd.*	Ganges Rope Co. (India) Ltd. ..	231.00	100	15.00	17.00	17.50	20.00	4	Y.P.
7,50,000	4,20,000	1,21,985	43,631	5,551	*Ganz & Co.*	General Papers Ltd.	10.32	10	1.25	1.25	1.25	3	Y.P.	
39,97,875	....	2,41,958	1,336	—1,05,022	National Rubber Mfrs. Ltd. ..	General Tyres Ltd.	7.12	5	....	....	....	12	Y.	
48,00,000	86,24,200	50,57,755	15,91,887	1,71,222	F. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd.	14.37	10	1.00	1.00	*Nil*	3	Y.	
40,00,000	5,08,600	78,33,840	44,34,526	13,37,710	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	31.00	10	1.00	1.00	1.00	3	Y.	
80,00,000	18,10,650	88,65,436	43,28,959	21,282	B. P. R. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	14.00	12	Y.	
4,86,13,850	1,35,51,450	8,88,47,837	2,75,852	8,94,[illegible]	Birla Brothers Private Ltd. ..	Hindustan Motors	20.91	10	*Nil*	0.50	0.90	3	Y.	
20,00,000	10,04,522	99,48,487	53,67,174	1,31,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	32.12	10	*Nil*	0.50	0.90	1.20	3	Y.
11,40,000	....	....	....	....	....	....	....	....	....	....	....	....	....	....
14,20,000	....	1,00,469	....	....	Ramparsad Murlidhar & Co.	Hindustan Twyfords Ltd.	16.87	10	....	....	....	....	10	Y.
15,16,00,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman) ..	*Imperial Tobacco Co. of India Ltd.*	12.87	10	0.70	0.90	0.80	0.90	3	Y.P.
2,98,69,488	2,49,78,920	9,79,93,586	3,53,95,785	49,90,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	40.75	10	0.70	0.80	1.80	13	Y.	
3,58,17,700	2,29,26,561	5,17,93,616	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman) ..	Indian Cables	38.00	10	1.50*	1.50*	1.80	12	Y.P.Y.	
2,60,00,000	2,11,59,469	6,63,93,165	2,91,24,603	18,06,672	Amiya Kumar Sen, Esq. (Mg. Director) ..	Indian Explosives Ltd.	37.50	10	1.00	1.50	2.25	2.25	3	Y.P.Y.
29,25,375	1,06,104	54,89,157	21,21,620	8,638	M.	Indian Plastics Ltd.	10.75	10	*Nil*	*Nil*	1.50	1.50	3	Y.
9,27,970	7,54,870	19,61,878	11,61,643	1,32,685	M.	Indian Rubber Manufacturers	20.25	10	1.00	*Nil*	*Nil*	*Nil*	3	Y.
69,98,650	....	88,01,514	1,37,093	—6,39,709	Duncan Brothers & Co., Ltd. ..	Isaac Holdens (India) Ltd.	18.37	10	....	1.50	3.00	....	3	Y.
5,00,00,000	74,12,017	43,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman) ..	Jardine Henderson	51.00	100	2.50	5.00	7.00	12	Y.P.	
18,00,000	12,92,095	18,79,279	13,27,977	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.69	10	3.50	5.00	7.00	7.00	12	Y.
1,48,86,250	1,19,22,546	2,68,01,470	1,28,18,524	2,60,369	T. Leslie Martin, Esq. (Mg. Director) ..	Martin Burn Ltd.	33.94	10	2.12*	2.75	3.75	12	Y.P.	
15,00,000	8,60,000	23,46,201	14,953	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	27.25	10	2.00	2.00	3.00	9	Y.P.		
40,00,00000	78,79,891	31,96,009	12,68,603	2,18,917	M.	McLeod & Co.	215.00	O. 100	12.50	16.00	16.00	12	Y.	
5,00,00,000								D.O.10	0.75	1.00	1.00			
1,61,00,000	1,82,75,151	3,61,57,826	1,40,23,040	28,85,973	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	69.25	10	1.75	1.75	2.50	2.50	3	Y.P.
20,00,000	7,90,891	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (*Mg. Director*) ..	*Mysore Electrical Industries Ltd.*	218.93	100	11.00	15.00	24.00	20.00	3	Y.
6,56,250	9,18,696	12,19,354	6,85,650	9,471	Mr. J. L. D'Sa (Chairman)	*Mysore Lamp Works*	31.87	10	1.50	1.50	2.00	3	Y.	
12,00,000	3,25,085	20,39,182	12,41,906	11,458	N. V. Siddalingappa, Esq. (Chairman) ..	Mysore Tobacco	9.00	10	1.25	1.25	2.00	3	Y.	
98,00,000	1,60,09,810	1,39,45,356	57,75,561	50,852	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	14.44	10	2.00	2.00	*Nil*	3	Y.P.	
80,00,000	33,51,660	60,44,201	26,96,282	42,880	Do.	National Pipes & Tubes Co., Ltd. ..	30.50	10	1.25	1.50	2.50	2.50	3	Y.
40,00,000	36,76,100	81,69,908	41,41,925	39,258	Do.	National Rolling & Steel Ropes ..	20.25	10	1.00	1.00	2.00	3	Y.	
48,00,000	19,12,374	1,05,98,558	49,06,683	6,13,583	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd.	13.12	10	0.60	0.85	*Nil*	1.50	6	Y.
78,97,000	1,17,55,035	1,50,40,984	81,16,295	9,33,725	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	15.12	10	1.10	1.50	1.50	12	Y.	
23,32,100	11,02,391	40,65,244§§	....	45,497	Ramdutt Ramkissendas	New India Investment Corpn. Ltd.	44.00	75	3.75	3.50	1.50	12	Y.P.Y.	
15,00,000	28,86,870	16,17,555	7,24,601	1,81,361	Parry & Co., Ltd.	*Parrys Confectionery Ltd.*	4.48cd	1	0.20	0.20	0.20	12	Y.	
2,80,00,000	56,08,956	2,16,94,776	66,69,501	88,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	30.37	10	0.85	1.20	1.20	3	Y.	
62,50,000	....	4,88,081	....	—1,76,940	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	24.25	5	....	....	....	....	....	....
15,00,000	1,09,481	8,89,731	2,90,184	2,958	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	4.00	5	0.37$	0.37$	*Nil*	4	Y.	
96,52,500	2,46,51,585	28,37,051	21,50,305	21,040	T. Shanmana, Esq. (Chairman) ..	*Radio & Electricals Mfg. Co., Ltd.*	25.25cR	10	1.60	1.60	2.80	12	Y.	
2,25,00,000	3,15,42,305	71,06,305	26,01,860	4,35,553	Badrikas Goenka, Esq. (Chairman) ..	*Rallis India Ltd.*	146.00xd	100	*Nil*	*Nil*	4.00	12	Y.	
4,68,80,900	2,54,60,000	15,98,24,741	6,76,33,625	5,95,527	Sahu Jain Ltd.	*Rohtas Industries*	17.94	10	2.00	1.50	4.00	8.50	3	Y.P.
70,00,000	55,67,726	2,76,12,629	72,19,861	1,17,367	K. D. Gangull, Esq.	*Sen-Raleigh Industries*	22.50	10	0.60	0.80	2.00	1.00	3	Y.P.
75,00,000	56,68,000	1,87,90,319	8,19,008	1,11,772	S. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	24.06	10	1.00	1.50	1.50	3	Y.P.	
40,00,000	91,92,371	1,09,18,519	81,60,432	9,57,952	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	23.25	10	1.50	1.50	1.50	3	Y.P.	
47,00,000	24,40,000	1,35,84,029	39,78,778	8,974	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	16.60	10	0.75	0.90	1.80	1.80	3	Y.
13,00,000	25,24,600	1,18,49,116	28,52,182	68,681	J. K. Agents Private Ltd.	Straw Products Ltd. S.	9.50	10	1.25	1.50	1.25*	3	Y.P.	
9,98,980	80,000	16,98,410	7,77,355	5,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.10	10	0.40	0.60	0.75	12	Y.	
11,56,200	16,45,653	14,00,718	7,70,662	91,515	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	31.50cd	10	2.00	2.75	3.50	12	Y.	
2,50,00,000	1,56,81,314	8,97,55,050	98,05,418	12,08,238	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd. ..	282.00	100	10.00	10.00	10.00	1.50	3	Y.
85,58,950	29,886	17,66,988	17,66,988	58,508	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	8.75	10	*Nil*	*Nil*	*Nil*	10.00	3	Y.
2,50,00,000	1,67,65,505	6,04,41,004	1,15,68,887	....	J. R. Galloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	56.75	10	1.40	1.80	1.80	12	Y.	
30,00,000	60,00,000	53,86,994	19,50,050	55,924	Vittal Mallya, Esq. (Chairman) ..	United Breweries	82.25	10	6.00	6.00	6.00	8.00	3	Y.
5,00,000	8,85,191	1,85,322	1,85,322	58,284	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	82.50	10	3.75	6.25	8.50	3	Y.	
91,46,200	27,50,484	1,02,78,923	35,50,149	6,884	A. K. Kaderkutty Esq. (Mg. Director)	Western India Plywoods Ltd.	210.00	100	19.00	10.00	16.00	12.00	12	Y.

TRANSPORT

25,00,000	25,17,850	1,23,16,309	21,49,792	29,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	118.06	100	6.00	3.00	7.50	16	Y.P.	
1,00,00,000	61,32,793	4,85,99,781	2,33,57,012	—38,10,589	Dinshaw (Private) Ltd.	Bharat Line	4.40	10	1.20*	*Nil*	*Nil*	12	Y.	
90,00,000	2,08,62,445	8,16,62,906	2,55,75,629	1,85,750	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd. ..	Great Eastern Shipping Co.	6.12	5(New)	0.90	1.50	1.00	0.75	12	Y.
4,65,550	£1,242,443	£5,511,271	£2,858,591	—£8,666	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co.	70.25	£10	*Nil*	*Nil*	0.50	0.30	6	Y.
2,47,50,000	2,46,51,585	28,76,87,961	5,76,03,817	—41,04,334	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	7.25	10	1.00	1.00	1.00	12	Y.	
11,36,19,225	11,13,95,184	$8,15,21,740	11,55,58,414	2,62,887	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	12.00	20	1.25	1.30	0.60	0.60	3	Y.P.
0.4,40,200							4.22	*O.* 1	0.14	0.30	0.30		3	Y.P.
P.O.2,10,200	24,07,422	13,35,807	9,51,870	1,60,969	E. R. Aiyer Esq. (Manager)	Watford Transport Ltd.	2.31	P.O. 1	0.12	0.15	0.30		12	Y.Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation	Paid-up per Share	Dividend per Ordinary Share 1958	1959	1960	1961	Accounts closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	89,26,700	1,39,22,812	85,35,843	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	21.75	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,272	41,29,674	34,78,442	—2,59,124	Jardine Henderson Ltd.	Barraree Coke	16.00	10	0.50	*Nil*	*Nil*	*Nil*	3	Y.
4,48,850	1,80,132	11,60,186	6,78,085	4,967	Kalyanji Mavji & Co.	Bengal-Bhaidee	9.48N	10	0.25	*Nil*	*Nil*	1	Y.	
1,00,00,000	2,08,32,467	7,45,29,884	4,86,40,588	10,80,822	Andrew Yule & Co., Ltd.	Bengal Coal	858.00	100	17.50	25.00	25.00	12	Y.	
2,25,000	8,17,844	23,13,290	21,41,461	4,184	M.	Bengal-Nagpur	19.90	10	*Nil*	*Nil*	1.00	12	Y.	
40,00,000	61,200	1,48,74,215	80,25,554	2,80,479	Sahu Jain Ltd.	Bharat Collieries	3.56	10	0.60	*Nil*	*Nil*	12	Y.P.	
7,15,000	14,93,544	57,66,844	28,78,767	—6,98,022	M.	Bhubanbarree	5.00N	10	*Nil*	*Nil*	*Nil*	12	Y.	
7,50,000	21,72,444	48,42,643	29,81,008	21,581	Bird & Co. Private Ltd.	Borree	23.25	10	0.75	1.00	1.50	12	Y.Y.Y.	
80,92,480	1,45,70,787	4,58,50,649	2,38,26,119	68,154	Bird & Co. Private Ltd.	Burrakur	17.87	10	0.87$	1.00	1.50	12	Y.Y.Y.	
49,87,750	6,82,979	62,36,298	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	10.94	10	0.50	0.80	0.80	1.80	12	Y.
8,00,000	12,99,480	53,54,287	34,91,864	7,606	Jain Industries	Central Kurkend	7.00N	10	0.50	*Nil*	*Nil*	1.00	3	Y.Y.Y.
5,00,000	3,82,359	7,042	....	7,042	F. W. Heilgers & Co. (Private) Ltd.	Chanita	5.06	4	0.20	0.12	0.12		3	Y.Y.Y.
16,00,000	....	....	57,61,927	33,55,825	—1,06,201	M.	Dhemo Main	4.94	10	*Nil*	*Nil*	0.12	3	Y.
2,548,000	£429,207	£1,464,191	£857,948	£16,220	*Jardine Henderson Ltd.*	East Indian	34.25	£1	1.00	1.25	1.00	2.00	12	Y.
29,03,760	1,19,22,107	4,94,13,598	3,45,05,598	1,10,574	Macneill & Barry Ltd.	Equitable	27.50	10	1.50	0.75	1.50		12	Y.
10,00,000	40,000	24,58,595	5,45,900	—5,89,078	Bhatter's Agency Ltd.	Ghusick and Manlia	14.00	10	*Nil*	*Nil*	*Nil*	4	Y.	
12,00,000	2,08,371	44,46,519	29,14,342	797	Killick Industries Ltd.	Hingir-Rampur	32.00	50	*Nil*	*Nil*	*Nil*	12	Y.Y.Y.	
8,00,000	....	24,76,228	22,12,526	—6,47,957	M.	Hurriladih	14.37	10	*Nil*	*Nil*	*Nil*	3	Y.	
26,00,000	7,64,717	45,86,622	12,82,462	93,619	Bird & Co. Private Ltd.	Karampura Collieries	19.04	10	5.00	5.00	7.50	12	Y.P.	
14,88,450	15,10,178	59,54,523	41,77,254	1,36,677	Andrew Yule & Co., Ltd.	Katras Jherriah	49.06	10	6.50	6.50	7.50	10.00	12	Y.P.
9,00,000	10,22,762	6,16,979	....	39,080	N. V. Low & Co. (Private) Ltd. ..	Lakurka	18.75N	10	1.00	0.75	1.00	4.00	3	Y.
7,49,850	2,60,000	13,59,875	10,15,358	17,140	Tantia Brothers Private Ltd. ..	Madras	4.87	10	0.75	1.00	1.00		4	Y.
31,87,218	27,39,886	1,62,46,576	1,06,23,096	76,766	Andrew Yule & Co., Ltd.	New Beerbhoom	21.00	10	1.00	1.50	1.00	3	Y.	
8,00,000	3,90,206	12,37,188	5,80,199	51,230	Octavius Steel & Co., Ltd.	New Maubhoom	13.62	10	0.50	0.50	0.75	3	Y.	
1,15,000	....	....	....	25,053	M.	North West	17.87N	7.50	1.12	1.12	1.50	0.90	3	Y.
3,57,500	2,54,525	12,90,398	9,60,464	....	....	....	....	....	....	....	....	....	....	....
7,50,000	18,20,808	2,92,538	22,84,209(R)	25,268	P. Prashad, Esq. (Chairman) ..	Ondal	14.49	10	0.56	0.75	1.00		3	Y.
2,25,000	1,37,202	35,04,745	13,15,967	1,617	Deepchand Kishendass	Parasea	17.62	10	0.60	0.62	0.125		3	Y.
15,75,000	23,34,500	83,82,200	51,27,399	52,139	Shaw Wallace & Co., Ltd.	Peach Valley	15.04	10	2.00	1.00	1.00	12	Y.	
33,99,500	39,45,121	1,59,19,295	1,10,16,981	50,304	M.	Ranegunge	16.00	10	1.00	1.00	1.00	12	Y.Y.Y.	
18,56,000	11,31,599	32,02,247	25,97,256	29,437	Shaw Wallace & Co., Ltd.	Rewa	30.00	10	1.00	1.00	0.75	1.75	3	Y.
37,50,000	28,86,870	1,12,26,541	58,49,975	26,292	M.	Samla Collieries	9.50	10	0.70	1.00	1.00		3	Y.
10,50,000	3,58,910	24,65,092	9,63,414	2,484	S. D. Bethia & Co. Private Ltd. ..	Selected Saigram Collieries. ..	113.00	100	12.50	15.00	12.50		12	Y.
2,80,000	11,14,420	31,03,186	20,96,227	57,552	Andrew Yule & Co., Ltd.	Seebpore	47.00	7	1.75	3.00	16.00	8.00	12	Y.
3,00,000	4,89,848	35,749	18,04,563(R)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	6.44	10	0.60	0.75	0.80		12	Y.
2,80,00,000	73,62,511	8,26,23,180	3,52,36,409	10,022	P. M. Nayak, Esq. (Chairman) ..	Singareni	10.50	10	0.75	0.75	0.75		12	Y.
17,50,000	7,71,506	48,97,038	22,47,469	—1,54,124	Bird & Co. Private Ltd.	South Karanpara	7.69	10	0.75	0.90	0.70		12	Y.
5,00,000	15,49,019	1,53,707	16,08,229(R)	20,718	F. W. Heilgers & Co. (Private) Ltd.	Standard	13.31	10	1.25	1.50	1.25	*Nil*	12	Y.
2,50,000	2,81,000	30,49,970	15,40,887	18,022	B. M. Varma, Esq. (Mg. Director) ..	Talen	10.00xd	10	0.40	0.60	0.60		6	Y.
48,00,000	2,60,857	96,20,916	56,51,851	13,022	Hindustan Investment Corpn. Ltd.	Western Bengal	10.62	10	0.60	0.90	0.90		12	Y.
7,00,000	....	60,41,428	20,66,216	—2,48,486	M.	West Jamuria	10.37	10	*Nil*	*Nil*	*Nil*	0.75	3	Y.

S.—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 63,49,884 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

R.—Give Row Investment—Dividend for 1958 includes additional dividends of 9 nP for the year ended 31st March 1955 and 27 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors.

N.B.—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 80 lakhs only. X. B. Ex-Bonus.

(i) Investment in cash.
* Includes bonus.
(ii) Investments.

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest Available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
16,00,000	1,08,00,000	5,03,569	Allahabad Bank	336.

PREFERENCE SHARES

Company.	Amount issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	4.00	Mar.	Sept.	65.50	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec.	..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	6.00	April	..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar.	Sep.	80.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C...	7,00,000	1929	7.00	July	Apr.	4.92xd	5
East India Distilleries T.F.C. ..	£200,000	1897	7.00	Jan.	July	16.68xd	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec.	..	62.00	100
Do. (Non-redeem.) ..	9,00,000	1940	7.00	Dec.	..	62.00	100
Parlabbore Co. C.	8,00,000	1922	10.00	Oct.	..	11.00	10
Ramnagger Cane T.F.C.	4,00,000	1933-35	6.00	Aug.	..	85.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	60.00	100
Seeth Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1945	5.00	Dec.	..	6.95	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.D.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	120.50	100
COAL							
Berrea T.F.C.	14,00,000	1896-97	6.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	90.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	7.25	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries C.	9,99,500	1946	5.50	..	..	54.00xd	10
††Khas Kajora C.	1,00,000	1921	8.00	Mar.	Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
Onda) T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.F.C.	10,00,000	1939	5.00	Apr.	Oct.	71.00	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	106.66xd	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov.	..	7.50	10
Beersah 'A' T.F.	8,00,000	1900	6.00	Feb.	Aug.	110.00	100
Do 'B' T.F.	9,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	49.50	50
Buckingham & Carnatic C.T.F. ..	21,30,200	1920	7.00	Jan.	July	113.00	100
Cambodias C.T.F.	1,80,000	1928	7.00	Apr.	..	90.00	100
Central India T.F.	50,00,000	1912	5.00	Apr.	Oct.	427.50	500
Century Spg. & Mfg. Co. T.F.R.C. ..	1,25,00,000	1958	6.00	Dec.	..	108.00	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1912	5.00	May	..	105.00	100
Elgin 'B' T.F.C.	4,20,000	1942	8.00	July	..	8.75	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	71.00	100
Empress T.F.C.	20,00,000	1919	7.00	June	Dec.	105.00	100
Khatau Makanji (2nd) T.F.	29,92,500	1947	4.00	Nov.	..	77.00	100
Kothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.80	10
Kothari 'B' (Pref.) T.F.C.	8,00,000	....	0.00	..	..	8.75	10
Lakshmi Cotton (Bombay) C.	16,00,000	1888	8.00	..	..	161.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	60.00	100
Mysore Spg. C.	7,15,950	1944	4.50	..	..	20.00	50
National Rayon C.	1,74,84,700	1947	5.00	..	..	72.50	100
New Great	3,00,000	1913	8.50	Mar.	..	107.00	200
Pedar Mills T.F.C.	10,00,000	1948	6.00	Feb.	..	68.00	100
Rajlakshmi C.T.F.	2,00,000	1928	6.50	Apr.	..	44.50	50
Ramkrishna Forge C.T.F.	2,00,000	1928	6.50	..	..	42.50	100
Sholapur Spg. & Wvg. C.	15,00,000	1946	5.00	Jan.	..	60.00	100
Swadeshi (Kanpur) T.F.C.	25,00,000	1927	6.00	June	..	7.80	10
Travancore Rayon C.T.F.	40,00,000	....	6.00	Apr.	Oct.	95.00	100
Vasanta (1st) C.T.F.	3,00,000	1931	6.50	..	..	94.00	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.00	100
Vishnu C.	18,88,500	1906	7.00	Apr.	..	885.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,34,000	1917	7.00	May	Nov.	991.25	1,000
Amalgamated Electric T.F.C. ..	54,15,000	....	5.50	..	..	71.00	100
Calcutta Electric T.F.C.	10,00,000	1909-11	8.00(t)	June	Dec.	8.50	10
Poona Electric C.	4,00,000	1918	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept.	Dec.	7.80	100
Do. (2nd) C.T.F.	8,00,000	1940	5.50			7.70	10
Surat Electric Co. C.T.F.	5,00,000	1919	5.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	80,22,000	1907	7.00	May	Nov.	100.00	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,025.00	1,000
Vellore C.	1,25,000	1928	6.00	Dec.	..	5.81	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1895-96	7.00	Feb.	Aug.	109.00	100
Do. (2nd) T.F.C.	15,00,000	1902	8.00	Feb.	Aug.	99.00	100
Indian Iron and Steel Co., Ltd. T.F.C.	2,69,95,400	1939	5.00	Dec.	..	88.50	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	6.00	May	Nov.	78.00	100
Kamani Engineering C.R.	15,00,000	1945	5.50	July	..	61.50	100
†††Kumardhubi Engineering T.F.C.	12,00,000	1918	4.00	June	Dec.	72.00xdN	100
Larsen and Toubro Ltd. T.F.R. ..	18,00,000	1946-47-51	6.00	..	..	96.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	5.00	May	..	51.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	73.00	100
Premier-Construction (1st)	10,00,000	....	6.25	..	..	73.00	100
Do. do. (2nd) C. ..	15,00,000	1926	6.25	..	..	69.50	100
Do. do. (3rd) C. ..	15,25,000	1947	6.25	..	..	6.12	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	134.50	150
Do. do. (2nd) C. ..	6,92,81,900	1906	7.50	May	..	105.00	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	92.00	100
Alexandra T.F.C.	9,00,000	1905	8.00	Feb.	Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	8.00	Mar.	Sept.	65.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	91.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1915	5.50	June	Dec.	67.00xd	100
Baily T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	93.00	100
Barnagore C.	12,00,000	1896	6.00	May	Nov.	86.00	100
Belvedere T.F.C.	7,00,000	1906	7.00	Jan.	July	87.00	100
Birla C.	23,64,200	1919	7.50	June	Dec.	88.50	100
Budge-Budge T.F.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1884	8.00	Jan.	July	45.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	84.00	100
Chaviot T.F.C.	10,00,000	1919	7.00	June	Dec.	86.00	100
Chitavalsah T.F.C.	5,00,000	1928	7.00	Mar.	Sept.	86.50	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May	Nov.	65.00	100
Do. (A) (2nd Pref.) T.F.C. ..	8,00,000	1905	7.00	May	Nov.	73.00	100
Dalhousie T.F.C.	15,00,000	1908-13	7.00	May	Nov.	90.00	100
Dalta T.F.C.	5,00,000	1919	7.00	June	Dec.	89.50	100
Empire T.F.C.	10,00,000	1912	7.00	Feb.	Aug.	90.00	100
Fort Gloster T.F.C.	14,00,000	1896-96	7.00	May	Nov.	88.00	100
Do. (2nd Pref.) T.F.C.	7,00,000	1948	5.00	..	..	65.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	90.00xd	100
Ganges T.F.C.	6,00,000	1916	8.00	June	Dec.	90.00xd	100
Gourepore T.F.C.	26,50,000	1895-96	6.00	May	Nov.	77.00xd	100
Hastings T.F.C.	25,00,000	1905	8.00	Mar.	Sept.	78.00xd	100
Hooghly T.F.	11,76,000	1912	10.00	May	Nov.	10.55	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	91.00	100
Do. T.F.C. (f)	17,50,000	1908-09	7.00	May	Nov.	90.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	98.00	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankinarrah T.F.C.	10,00,000	1906	6.00	Feb.	Aug.	76.00	100
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100
Khardah T.F.C.	9,00,000	1898-09	6.00	May	Nov.	81.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	88.00xd	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00xd	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00xd	100
Naihati T.F.C.	7,50,000	1905	7.00	May	Nov.	112.00	100
Do. (2nd) (j) T.F.C.R.	10,00,000	1945	4.50	June	Dec.	83.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	87.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.F.C.R.	33,00,000	1915	7.00	Jan.	July	92.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	69.00xd	100
Reliance T.F.C.	20,00,000	1905-12	7.00	May	Nov.	88.00	100
Sampuggur C.	£150,000	1901	6.00	Feb.	Aug.	5h. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	89.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	5h. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May	Nov.	88.00xd	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	5h. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	6.00	Mar.	Sept.	88.00	100
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	5,00,000	1895	7.00	Nov	..	47.00	90
Calcutta Tramways C.	£250,000	1906	5.00	Apr.	Oct.	7.25	£1
Indian General Nav. & Rly. C. ..	£244,030	1899	6.00	Mar.	Nov.	77.00	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	6.00	..	..	85.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	29.25	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	98.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	96.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	93.00	100
Glalia C.	2,00,000	1894	6.00	Sept.	..	59.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jas.	..	90.00	100
Hasimara T.F.C.	2,00,000	1904	7.00	Mar.	..	89.00	100
Kingsley Goalghat T.F.	2,00,000	1897	6.00	Dec.	..	88.00	100
Moheema T.F.C.	5,20,000	1929	6.00	May	Nov.	88.00	100
New Dooars T.F.C.	2,00,000	1907	6.50	Jan.	July	93.00	10
New Samanbagh T.F.C.	1,00,000	1908	8.00	Dec.	..	90.00	100
†††Okayti T.F.R.C.	50,000	1888	7.00	Dec.	..	90.00	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan.	..	84.00	100
Salon River T.F.C.	1,00,000	1909	8.00	May	..	90.00	100
***Terpore C.	2,05,000	1932	8.00	Jan.	..	80.00	100
Tirribanssh T.F.C.	1,00,000	1922	10.00	May	Nov.	10.00	10
						12.81	10
PLANTING							
Be Be Rubber C.	1,43,005	1944	6.25	..	..	1.97	5
Do. R.C.	2,85,570	1944	6.25	..	..	5.18	10
Cochin Malabar C.T.F.	1,13,300	1952	7.00	June	..	49.50	50
Coffee Lands C.T.F.	10,40,600	....	6.00	..	..	68.00	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.	..	80.25	100
Cottanad C.T.F.R.	1,00,000	1937	7.50	Nov.	..	8.82	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July	..	82.00	100
Highland Produce C.T.F.	3,00,000	....	9.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	6.00	Jan.	July	8.72xd	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July	..	8.70	10
Pullangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.57	5
Teekoy Rubber C.T.F.	4,00,000	....	6.00	Mar.	Sept.	8.80	10
T. R. & T. Co. C.T.F.	16,00,000	....	6.00	June	Dec.	8.65	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Mar	Nov	7.91	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	79.00	100
Do. do. (2nd) T.F.R.C. ..	5,00,000	..	5.00	June	..	80.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr.	..	85.50	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	99.00	100
Andhra Cement C.T.F.	2,48,800	1937	6.00	Feb.	June	82.74	100
Associated Electric of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	54.00	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug.	..	11.75	10
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar.	Sept.	90.00	100
Do. "A" T.F.C.	4,00,000	1923	7.00	Mar.	Sept.	6.50	10
Do. "B" T.B.C.	20,00,000	1948	6.00	..	..	100.00	80
Bengal Timber Trading T.F.C. ..	8,00,000	1896	8.00	Aug.	..	62.00	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Feb.	Aug.	6.50	100
British Cerebos Corporation C. ..	17,50,000	1918	6.00	Feb.	Aug.	14.00	100
British India Corporation T.F.C. ..	81,00,000	1920	8.00	Feb.	..	9.00N	10
Dalmia Cement (Bharat) C.T.F. ..	61,58,210	1937	6.00(f)	Sept.	..	108.00	100
Dhrangadhra Chemicals T.F.C.R. ..	31,91,900	1956	6.00	..	..	7.00	10
Shree Digvijay Cement T.F.R.C. ..	79,93,875	1944	5.00	Dec.	..	86.00	100
Dunlop Rubber Co. (1st) T.F.C. ..	80,00,000	1926	6.00	June	Dec.	77.50	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1926	6.00	June	Dec.	107.00	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Apr.	..	76.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	86.00	100
*Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	6.00	Apr.	Oct.	48.00	100
Hindustan Motors T.F.R.C.	31,60,67,250	1954	6.00	Mar.	..	70.00	100
Humayun Properties T.F.C.	12,00,000	1923	6.00	..	..	207.00	100
India Cement C.	29,85,000	1946	7.50	Oct.	..	8.75	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June	..	81.00	10
Indo-Burma Petroleum C.	50,00,000	1921	7.00	Jan.	July	69.00	100
Indian Cable (m) C.	12,87,750	1923	6.00	June	Dec.	82.00	100
India Rubber Mfrs. (n) T.F.C.R. ..	8,58,000	..	6.00	Apr.	..	88.00	100
Jardine Henderson C.	50,00,000	1946	5.50	Dec.	..	62.00	10
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	Jan.	..	56.50	100
Do. do. (2nd) T.F.C.	10,00,000	..	4.00	May	..	55.00	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	7.00	June	Dec.	63.00	100
Martin Burn (k) T.F.C.R.	30,00,000	1946	5.00	Apr.	Oct.	61.00N	100
McLeod and Co. (1st) C.	10,00,000	1920	5.00	July	Oct.	85.00	100
Do. (2nd) F.C.	10,00,000	1936	5.00	July	Jan.	46.00	100
Metal Box Co. C.R.	50,00,000	..	6.00	..	..	61.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1903-28	6.00	Feb.	Sept.	84.00	100
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June	..	9.70	10
Mysore Lamps R.C.T.F.	2,50,000	..	6.00	Aug.	..	7.89	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Jan.	Sept.	7.62xd	10
Do. do. (New) (q) T.F.C.R. ..	19,98,000	..	4.50	Mar.	Sept.	69.00	10
Orient Paper T.F.C.R.	20,00,000	1936	5.50	Jan.	..	62.00	100
Do. (2nd) (c) C.R.	60,00,000	..	5.50	Apr.	Oct.	58.50	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr.	..	65.00	100
Do. do. (New) T.F.C.	85,04,700	..	4.25	Apr.	..	107.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	..	84.50	100
Spencer & Co. "A" C.	22,20,000	1898	6.50	Feb.	Aug.	65.00	100
Do. "B" C.	26,80,000	1922	8.50	Jan.	July	7.38xd	10
Standard-Vacuum C.	75,00,000	1955	6.00	June	Dec.	10.29xd	10
Star Paper T.F.C.R.	10,00,000	..	5.00	Jan.	Sept.	82.00	10
Tata Chemicals T.F.C.	50,97,000	..	6.00	June	..	74.00	100
Tata Oil Mills C.	20,00,000	1946	4.50	July	..	84.50	100
Titaghur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan.	June	58.00	100
Do. do. (2nd) T.F.C.	15,00,000	1924	4.50	Jan.	July	113.00	100
						75.00	100

*All preference shares are taxable unless otherwise stated.

**These shares carry the right of a preferential dividend at the rate of 5 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time[by special resolution.

§Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 6 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1959 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1958 on 6 months' notice. (m) Bank rate pears with ordinary shares upto 9 per cent. ordinary shares receive 6 per cent dividend. (n) Redeemable after 20th December 1954, with ordinary shares at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1954. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participating upto 9 per cent. (t) Free of Income-tax upto 6 nP. in the £. (u) Redeemable at par on 3 months' notice. (v) Redeemable on various dates. (w) Redeemable at any time 5 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. (y) Partly paid.

COMMERCE

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

VOL. CIV. No. 2655 BOMBAY, 3rd MARCH 1962 PRICE Rs. 2

DEVELOPMENT BANKING

THE latest annual statement of Mr. G. L. Mehta, circulated to shareholders of the Industrial Credit and Investment Corporation of India, in his capacity as their Chairman, is notable for the thoughts it contains on two subjects of considerable current importance. One is the relationship of a development bank with its clients in economies such as India where rapid industrialisation is stimulated. The other is the pattern of capital that an industry must have, if it is to face the changes in economic climate with equanimity. Both are topics on which precious little has been said in this country. Mr. Mehta, therefore, has done well to devote a good part of his statement to them. His observations on the first subject are by way of an explanation to the criticisms that the Corporation takes too long to come to a decision on the applications for assistance, that its inquiries about the merits of an industrial project is nothing short of an inquisition and that it continues to have an eye on the borrower even after the loan is sanctioned, despite the searching inquiry made prior to giving the loan. Much of this criticism will cease, if there is a proper understanding of the relationship that should exist between a development bank and the entrepreneurs taking its assistance.

The object of the Corporation asking for a variety of information from the promoters of a project who seek financial assistance from it is not to sit in judgment over them or merely to find loopholes, but to help them improve the profitability of their projects in the long run by examining them from all angles. A development bank can thus render valuable assistance for raising the quality of industrialisation. The argument that the promoter of a project knows all about his scheme and that, otherwise, he would not stake his capital and labour is true, though only up to a point, for two heads are invariably better than one. In an underdeveloped country, which is anxious to stimulate the growth of economic development to keep pace with its leaping population and which provides ample scope for private enterprise, not all those who wish to establish industries will be having adequate industrial tradition and experience. A trader, or a landlord or a technician may decide to become an industrial entrepreneur. Such businessmen can by no means be all-knowing experts. There are many like them in India today; they will find the detailed scrutiny, to which their projects are subjected by the I.C.I.C.I., to their advantage, as it will expose the drawbacks that had escaped their attention. It may be a time-consuming process, to some extent, but it will prove rewarding in the long run.

The various angles from which the I.C.I.C.I. looks at a project coming up for its assistance are explained at length by Mr. Mehta. And in the process he gives one a glimpse of the mistakes that are being made by the entrepreneurs in this country when they draw up their plans for either a new unit or expanding an existing one. In the first place, Mr. Mehta is of the view that there is no proper assessment of the size of the prospective markets. The tendency to assume that the present scarcity conditions would continue in almost all products is widespread and the possibility of the emergence of a buyers' market through increase in productive capacity is being ignored. This fault leads to the second one, namely, lack of cost-consciousness among the promoters. "Our entrepreneurs," to quote Mr. Mehta, "have become so used to conditions of artificial scarcity brought about by import and licensing restrictions that the need to produce at economic costs is not adequately recognised." Thirdly, there is a tendency to underestimate the capital cost of a project as well as the requirements of working capital. "Promoters are prone to ignore," says Mr. Mehta from experience, "a large amount of financial expenditure which is not for 'hardware.'" Elucidating this point, he adds: "Expenditure on buildings, machinery and equipment is more easily visible than pre-operative items. In fact, we have calculated that such financial expenditure often forms about 30 per cent of the expenditure on what I have called the 'hardware' of development." It is thus seen that the private sector which has been criticising the public sector for underestimating the cost of capital projects is itself guilty of this financial weakness. And, finally, many promoters tend to keep the equity base of their companies small and prefer to rely on medium-term credits and bank borrowings to a larger extent than is prudent.

It is in order to make sure that the projects which it finances are free from these defects as far as possible that the Corporation asks for detailed information on the cost of a project according to certain standard categories. In assessing the market for a product, the Corporation looks ahead, taking into account the plans of other manufacturers who are likely to compete with the entrepreneur seeking its assistance, as well as the other factors that govern the growth of demand and supply. With a view to improving its capacity to judge proposals from this aspect, the Corporation has taken steps to build up a

This rate of progress, in relation to the total second Plan outlay of Rs. 102.7 crores in the State, cannot be considered quite impressive. For instance, under the related heads "agriculture and community development" and "irrigation" the five-year (1956-61) outlay was of the order of Rs. 48.6 crores. It had been envisaged that, by the end of the Plan, the production of foodgrains would be increased to 4.21 million tons, oilseeds to 240,000 tons, sugarcane (*gur*) to 110,000 tons and cotton to 270,000 bales. These targets indicated that, by the year 1960-61, the foodgrains production would be raised by 21 per cent, oilseeds by 60 per cent, sugarcane (*gur*) by 150 per cent and cotton by 82 per cent. The actual achievements in 1960-61, as compared with 1955-56, were as follows:

Crops	1955-56 output (as originally estimated)	1960-61 output	Percentage increase in actual output in 1960-61 as compared with 1955-56	Target increase percentage
Foodgrains (lakh tons) ..	35.0	44.6	27	21
Oilseeds (lakh tons) ..	1.2	1.7	42	60
Sugarcane (*gur*) (lakh tons)	0.5	1.0	100	150
Cotton (lakh tons) ..	1.5	1.5	..	82

(One lakh = 100,000)

It may be inferred from the above figures that the target was exceeded in the case of foodgrains. Actually, however, the revised estimate for foodgrains production in 1955-56 is 4.18 million tons. If this figure is taken as the basis for calculating the percentage increase in production in 1960-61, it will be found that the actual increase is only 7 per cent. In the case of oilseeds, the revised estimate of their output in 1955-56 is 2.5 lakh tons; on this basis the 1960-61 output represents a decrease of 32 per cent. The revised estimate of cotton output in 1955-56 is 180,000 bales; on this basis the 1960-61 output represents a decrease of about 17 per cent. Only in the case of sugarcane has a big increase in output to the extent of 100 per cent taken place. It would appear from the figures, so interpreted, that the production potential for neither foodgrains nor commercial crops has increased substantially.

Considering the fact that the outlay on agriculture, community development and irrigation has accounted for 47 per cent of the entire second Plan outlay in the State, this is a pretty disappointing performance. The increase in irrigated area (net) from 3.1 million acres in 1955 to 3.6 million acres should, of course, have contributed to such increase in agricultural production as had taken place. But, at the same time, the decrease in the area irrigated more than once from 0.7 million acres in 1955 to 0.5 million acres in 1959 seems to have been responsible for slowing down the increase in production. If the availability of irrigation facilities has not led to an increase in double cropping, it is something surprising and hard to explain. It is the extension of cultivation to some 3 million acres of marginal land under the stimulus of higher agricultural prices, rather than the irrigation factor, that seems to have accounted for the larger part of the increase (whatever the percentage) in foodgrains production. In this connection, a reference may be made to the report's claim that, during the second Plan period, 42,000 wells were constructed and 30,000 wells deepened. If so much construction activity had really taken place, how is it that the area irrigated by wells came down from 2.0 million acres in 1955 to 1.9 million acres in 1959? But for the increase in the acreage irrigated by canals and tanks, the state of affairs in agriculture would have been worse.

To consider the next major head, namely, "power." Here the State's second Plan outlay has been to the tune of Rs. 15.1 crores. Thanks to this outlay, the aggregate installed capacity increased from 109,000 kw. in 1955-56 to 125,100 kw. in 1960-61 and the total power generation from 70 million kw.h. in 1955 to 105 million kw.h. in 1960. All this was reflected in an increase in the amount of electricity sold to ultimate consumers from 50 million kw.h. in 1955 to 85 million kw.h. in 1960. But in spite of this increase, industrial consumption of power in 1960 accounted only for about a third of the entire power consumption, that is, same as in 1955. This is a telling indicator of the industrial backwardness of the State, as compared with all-India where industrial consumption of power accounts for about two-thirds.

The State's industrial backwardness is clear enough even otherwise, for it has very few large-scale industries. From the point of view of growth in production, some of them do not seem to have prospered during the second Plan period, while some others have fared well. The following figures of industrial production are given in this context:

Industry	Unit	Production in 1956	Production in 1960
Mill cloth	Lakh yds.	612	527
Mill yarn	Lakh lbs.	338	308
Cement	Lakh tons	5.3	9.5
Glass	Tons	810	672
Salt	Lakh tons	2.9	2.8
Sugar	'000 tons	17.7	12.1 (1959)
Electric meters	'000 Nos	32.4	134.5

(One lakh = 100,000)

It will be seen from the above figures that, as of 1960, production in the State has actually declined in cotton textiles, glass, salt and sugar industries. That no substantial industrial expansion has taken place in the private sector except in the cement and electrical industries could also be inferred. This can only be described as unfortunate. But there is no gainsaying that the State has potentialities for large-scale industrial and mineral development. The progress report has the following to say on these potentialities:

"Rajasthan is rich in raw materials needed for industrial development, abounds in mineral resources and is well known for the superiority of its entrepreneurial ability. A large number of industrialists of the country hails from this State. About one-third of the raw wool of the country is produced in Rajasthan. It is the only producer of lead-zinc in the country. Also 92 per cent of the total production of gypsum in India is produced in Rajasthan. Among the other major minerals produced in the State mention may be made of fullers' earth, glass-sand, lignite, mica, manganese, iron ore, marble and soap stone. About 25 per cent of the mica production of the country is from Rajasthan which is also rich in beryl supplies—a strategic mineral used in atomic fission."

Even mineral production in the State during the second Plan period was more or less static from year to year. An outlay of Rs. 3.4 crores over the period for "industries and mining" has benefited only small-scale and cottage industries. Roads have accounted for an outlay of just Rs. 10 crores during the period. An increase of 2,750 miles in the State's 1955-56 road mileage of about 14,000 is relatively little. The metalled road mileage has increased by a mere 125 miles during the period. Unless roads are developed on a larger scale and more power is produced, it is difficult to see how entrepreneurs can take advantage of the raw material and mineral resources of the State.

F.B.I. ON EXPORT PROMOTION

THERE is one important lesson that India can draw from the interesting report on export promotion prepared by the working party of the Federation of British Industries, London. It is that the sorely needed tonic for exports must come not from direct incentives but from the indirect influence of appropriate domestic economic policies. Direct incentives such as export subsidies do help greatly in times of emergencies, but they do not constitute an effective solution to the problem of putting a country's export trade on a permanently secure and sound footing. The solution lies in the creation of a climate in which the industry and trade as a whole can flourish. This is a far more important condition than the grant of marginal inducements specifically directed at exports. After all, it is on the level of output, the quality of products and their prices that ultimately depends the competitive capacity of export goods in world markets. Although the Federation does not say so in as many words, it nevertheless makes the point clear that the Government should encourage exporters by creating what it calls "a sound home economy," and, in dealing specifically with exports, act within the framework of normal market processes. Proceeding, the Federation candidly remarks:

"The biggest single factor bearing on the export situation is the Government's general economic policy. Agitation for special incentives to export would lose much of its force, if trade could be carried on in a climate not subject to sudden changes. Each time the country runs into balance of payments difficulties, action is taken on the now familiar lines of protecting the £ sterling by measures designed to restrict internal investment and consumption. These measures inevitably react to the detriment of exports by curtailing the necessary base of domestic trade and increasing the cost of exports.... The time is overdue to find some alternative approach to our chronic economic problems which will strike at the basic causes giving rise to them. The primary solution to the country's problem lies in the achievement of sound and stable policies for the economy as a whole."

The aforesaid remarks, though they are addressed to the Government of a highly developed country, are of equal relevance to this country too. It is true that the official spokesmen often emphasise the urgency of stepping up export promotion efforts, but concrete shape to the various ideas implicit in such statements is yet to be given. So long as the authorities add to the strain caused by rapid economic development by importing ideological considerations into their calculations, there can be no significant nor sustained growth in India's exports in the foreseeable future.

In the sphere of taxation, in particular, there is need for a suitable revision if the export promotion drive is to be really launched on a vigorous scale. In this respect, the principle behind the suggestion made by the Federation of British Industries to the U.K. Government is pertinent for India also. A broadly based system of indirect taxation, the Federation says, affords a more widespread inducement to export than the high purchase tax imposed on a narrow range of goods. This, in turn, permits lower direct taxation and a subsequent reduction in costs. What the F.B.I. means here is that the practice of restraining domestic consumption either through heavy taxation or other forms of restriction in order to find surpluses for export does not pay the country in the long run. Unfortunately, this device is being adopted in India, too, on a wide range of goods. As businessmen in this country have been repeatedly pointing out, a broad-based domestic market is the surest foundation for building up an expanding export trade.

The F.B.I.'s report contains quite a number of other suggestions, many of which are, of course, not suitable to Indian conditions. One of them pertains to tax remission on export profits. It is stated that the disadvantages of this type of incentive heavily outweigh advantages and that none of the signatories to the main G.A.T.T. declaration or the Rome Treaty employ this method for stimulating exports. It is, however, adopted by Japan, Australia and Eire. In the case of a country like India where many industries are new and work on a high cost base, the need for some relief in taxation on export profits cannot be totally denied.

The Federation has found that there is no evidence of lack of credit availability nor of any loss of export orders for this reason. But it has urged extension of facilities for re-financing export bills with the Bank of England whenever shortage of bankers' credit for medium-term exports emerges. It also wants the Government to consider the modification of the E.C.G.D. concept of acceptance of goods by the buyer, in order to enable the E.C.G.D. bankers' policy to become available before shipment. Three other notable suggestions of the F.B.I. are: (1) In order to reduce the cost of credit to exporters, the Bank rate must be lowered and the Government should lessen its reliance on changes in the Bank rate as a means of controlling the economy; (2) the British taxes on earnings of branches and on dividends from subsidiaries abroad should not be wider in scope than those levied by other countries; (3) the Government should improve, in certain directions, the existing Governmental promotional services for export.

It will be seen from the foregoing account that, while the Federation has called upon the Government to adopt appropriate economic policies for making export promotion effective, it has not hesitated to oppose the introduction of Government-financed export incentives, even though the grant of such incentives has been strongly advocated by a section of industry and trade. In this respect, the Federation seems to be in direct conflict with the National Association of British Manufacturers which has been urging the Government for some months past to devise some positive incentives, as, for instance, tax relief to industry in respect of any profits made on export sales. May be, there is, as *The Financial Times*, London, says, nothing very startling in the F.B.I.'s report on export incentives. And may be, the report does not, as *The Economist* avers, contribute much to the wider question of what should be done to give a push to British exports now, nor, indeed, does it dispose of the question of export subsidies for general international use. Nevertheless, the report has impressively highlighted one home truth that the success of exports cannot be separated from the success of the economy as a whole. The report is also very useful for purposes of reference, as it gives a lot of information about fiscal practices and credit arrangements in a number of countries.

MARKET GOSSIP

Post-election Musings

LISTLESS conditions have come to prevail in the share market. The bulls and bears alike are hesitant. Neither side is able to make out clearly the shape of things to come after the new Cabinet is formed. Almost all the leading members of the Union Cabinet have been elected *plus* Mr. T. T. Krishnamachari. Will the third Government of the Republic be more socialist than the second? This is the question on the lips of every one who is interested in the share markets, whether he is a speculator or an investor. All of them are hoping to get a clue from the Cabinet formation. Meanwhile, the success of Mr. Morarji Desai, Union Finance Minister, in the elections for the Lok Sabha has had no perceptible impact on the market. This is rather intriguing and in striking contrast to the setback generated by T.T.K.'s dramatic return to active politics. Apparently, many must be in doubt whether the Prime Minister will let Mr. Desai be the Finance Minister for another term.

Many competent political observers feel that Mr. Nehru may try to push the country towards his socialist goals rather vigorously in the coming five years, as he cannot be sure of getting another chance, that he will interpret the success of Mr. Krishna Menon in North Bombay as a crushing defeat to his opponents who challenged his socialism and foreign policy, and that Mr. U. N. Dhebar's presence in the Lok Sabha will be a source of additional strength to him. It may be noted here that Mr. Dhebar is a great idealist and a believer in such measures as ceiling on incomes, with a view to reducing economic disparity. But the *pundits* in share markets do not seem to be attaching much importance to these interpretations. They are still optimistic enough to nurse the hope that there would be no fundamental changes in the trade, industrial and fiscal policies of the Government, at least this summer.

The Congress Party has lost some strength in the Elections, but it commands a comfortable majority in the Centre and most of the States. Excepting for the defeat of Dr. K. N. Katju, Chief Minister of Madhya Pradesh, the top leaders of the Congress Party who have been holding Ministerial posts in the Centre as well as the States have fared quite well. In contrast, many leaders of opposition parties have lost their seats. The third Lok Sabha will, therefore, be a relatively tame house. The country will very much miss Mr. Asoka Mehta and Acharya Kripalani who were alert and balanced critics of the Government's foreign policies at least and did a lot to focus the people's attention on the danger of communist China in the North and North East. It is now left to such critics as Mr. Mahavir Tyagi within the Congress Party itself to be the watchdogs of the Administration.

Go And Get More Deposits

The necessity for banks to do all they could for gathering more deposits was stressed by Mr. P. C. Bhattacharyya in his address to the shareholders of the State Bank of India as their Chairman on the eve of his joining the Reserve Bank as its Governor. This is a timely reiteration because the ratio of advances to deposits is already high—for most banks it is in the neighbourhood of 70 per cent—and the rate of growth in bank credit is outstripping that of deposits. Almost the entire increase in deposits has been devoted to meet the requirements of the private sector, leaving very little for investment in Government loans. Mr. Bhattacharyya did not exaggerate a bit when he said, in effect, that failure of bank deposits to expand at a faster pace than they did in 1961, which was a year of appreciable growth, would jeopardise the third Plan. He, however, did not say much on the ways and means to be adopted by banks for getting more deposits from the public. The reasons are understandable; as the Governor-elect of the Reserve Bank, he could not have dilated his views on a problem over which there are sharp differences of opinion among banks themselves. The Government, too, may have its own views. Nevertheless, he did make some broad observations. According to him, there is no single solution to the problem. The banks should continue the drive for promoting banking habit in new areas and make a concerted and co-operative effort to increase their deposits. Better customer service and wider coverage of depositors could also be of much help. On the crux of the issue, namely, interest rates on deposits, it is better to quote exactly what he said:

"The question as to the extent to which an increase in interest rates leads to an increase in deposits is very much before the banks at this moment. In my speech last year, I had referred to the fact that, as an experimental measure, the rate of interest on savings bank deposits had been raised by us to see whether this would assist in attracting more deposits from rural and semi-urban areas. I am glad to report that this experiment has shown some good results. The accretion to savings bank deposits during 1961 was of the order of Rs. 3 crores, compared to Rs. 5 crores in 1960, and to an average of about Rs. 2 crores in the earlier years. There is, however, a limit to which deposit rates can be raised, as they have to be in line with the overall structure of interest rates in the country and also take account of the financial position of each individual bank. It is also obvious that a continuous increase in interest rates cannot go on resulting in an increasing growth in deposits. The truth, as usual, lies somewhere in between and ... it is necessary to experiment with interest rates. ..."

By implication, Mr. Bhattacharyya means that the stage of experiment with interest rates is not yet over. It will be quite relevant to remember, in this connection, that interest rates on short-term deposits today are lower than those four years ago, though since then the demand for funds has gone up tremendously. They are also lower than in most of the developed countries where the volume of savings is not lagging behind their requirements as is the case in this country. All bankers are now looking at interest rates only from the point of view of collecting deposits. It would help them to look at the issue in a better perspective, if they attached some importance to interest rate as an instrument for ensuring the efficient use of resources, including capital. The Government, too, must consider this point carefully. It cannot expect to raise funds at a disproportionately lower rate of interest than that paid by others. If banks are to take up a sizable amount of Government loans, the return on them must be sufficiently attractive.

U.K. Repays I.M.F. Credit Further

To those who have been closely watching the fortunes of the pound sterling, the latest repayment by Britain of I.M.F. credit to the tune of £75 million (or $210 million) should cause no surprise. For the pound sterling has of late been ruling extremely steady in the foreign exchange markets of the world. Since the commencement of 1962, it has been standing well above the parity rate of $2.80 per £. In fact, the rate would have even gone above the upper limit of the parity ($2.82) had not the Bank of England been regularly supplying the market with sterling.

The main reason for the firmness of the British pound is the weakening confidence in the U.S. dollar. In fact, reports early in February said that the U.S. balance of payments deficit in the last quarter of last year would have exceeded $1,000 million. This, coupled with the continued outflow of gold from the U.S., sparked off a sharp movement out of dollar into sterling. Although this movement has subsided since then, misgivings about the dollar still persist and, consequently, sterling continues to be preferred to dollar. Other factors, too, have been responsible for the strength of sterling. One is of a seasonal nature. Another is the high level of interest rates in Britain as compared with both the U.S. and Continental countries. In view of the continued flow of funds into Britain, the Bank of England had been steadily acquiring dollars through the market, estimated at £2 million a day, throughout last month. The surplus funds thus acquired have apparently prompted the British authorities to repay a part of the loan taken from the I.M.F. in the past. This action is in keeping with their policy not to embarrass other countries, especially the U.S. But some British commentators point out that this is a very costly policy. For the cost of I.M.F. credit is cheaper than the cost of hot money finding investment in Britain. The best thing to do, according to them, would be to cut the Bank rate which would automatically dry up the flow of hot money. The prevailing Bank rate of 6 per cent is generally considered as too high and not warranted by the economic situation. But the British Government is reluctant to adopt this solution, as it fears that it might be interpreted as a "green signal" for workers to demand more wages and that a substantial part of the gains accumulated through a policy of restraint would be lost and that the efforts now being made for curtailing expenditure and increasing exports would be neutralised. In any case, with the Budget only six weeks ahead, the Chancellor is not expected to make any change in the Bank rate now.

An Abortive Bid?

Judging from the initial response from Courtaulds' shareholders to their Board's four-point counter-plan to defeat I.C.I.'s takeover bid (for details *vide* page 367 of this issue), it looks as though the bid is heading for failure. The new Board of Courtaulds, while advising shareholders to reject the I.C.I.'s share exchange offer, had thoughtfully enclosed a postcard, in each and every letter sent to its 180,000 shareholders, requesting them to return the card duly signed as an indication of their consent to the continued independent existence of the Company. Already about 20 per cent of the holders of equity capital have given their full support to the Board of Courtaulds and there is still time for others to indicate their preference. The initial closing date for the I.C.I.'s share exchange offer is 8th March and the date of the extraordinary meeting of the shareholders of Courtaulds called to approve of the proposed cash distribution to shareholders and the £40 million loan stock issue is 15th March. And there is no reason to suppose that Courtaulds had fired its final shot. In fact, as if to make amends for the ultra-conservative policy of the previous Board, the new Board of Directors, headed by Sir Alan Wilson, has promised important policy changes and has disclosed that fundamental changes were taking place in the Board. Whereas last year, according to Sir Alan, the average age of the four senior members of the Board was 66, the average would come down to 51 later this year: "We are the new men in charge," he said in London last week, and "I can assure you that we shall take a very different policy."

It is, therefore, evident that the I.C.I. could not hope to obtain the 90 per cent acceptance of its offer for it to proceed with the merger. Meanwhile, the Courtaulds Board has announced that it will go ahead with its loan stock and cash distribution plan irrespective of the level of acceptance received by the I.C.I. Knowledgeable quarters in London think that, if the I.C.I. wins a majority holding and Courtaulds Board insists on going ahead with its plan of capitalisation and cash distribution, a Court action would be inevitable. For I.C.I. would not be able to vote on the shares it might have acquired by that time, because it would not be the registered holder and there would not be sufficient time to obtain proxies from the acceptors. The only way it could prevent Courtaulds from proceeding further with its plan would be, it is said, through legal action. The whole issue thus shows signs of getting more and more complicated. Whatever be the future course of the battle, management circles in Britain have not viewed with favour this unseemly wrangle between two giants of British industry.

Barium Chemicals Ltd.

By the end of this year, a new factory at Kothagudam near Dornakal in Andhra Pradesh will begin manufacturing all types of barium compounds and inorganic chemicals, if everything goes well according to the plans drawn up by the promoters. The factory will be put up by the Barium Chemicals Ltd., a new company floated at New Delhi with an authorised capital of Rs. 1 crore, of which the Company is issuing Rs. 50 lakhs in equities. The promoters, directors and their friends have already taken up shares worth Rs. 10 lakhs, and the balance of Rs. 40 lakhs (in equity shares of Rs. 100 each at par) will be offered to the public; the list is due to open for subscription on Friday the 9th inst.

The Company's project has many attractive features. In the first place, the various barium salts, carbonate, sulphide, nitrate, etc., produced by the factory will have an assured market. It is stated that the barium salts are essential for more than 70 industries such as caustic soda, rayon, paints, textiles, x-ray screens, photographic paper, fine crackers, explosives and pyrotechnics. The margin of profit is expected to be quite handsome, considering that (*a*) the production costs will be one-third of those in the U.K., (*b*) the current selling prices in India include a premium of 150 to 400 per cent over the landed costs of imported products, and (*c*) the average costs of prime products (barium sulphide and barium carbonate) and by-product (sulphur) will be about 20-25 per cent below the landed costs. What is more, the foreign technical collaborators, the well-known U.K. firm of Messrs. L. A. Mitchell Ltd. (Manchester) have guaranteed the quality of barium chemicals to B.S.S. requirements, as well as the cost structure and performance of the plant and machinery. Further, the location of the factory commands excellent facilities from the point of view of raw material (barytes and coal) supplies, power, water and railway connection.

The proposed plant will have a capacity to produce annually 2,250 tons of blanc fixe (pigment quality), 450 tons of barium chloride (technical quality), 25 tons of barium chloride (B.P. quality), 25 tons of barium sulphate (B.P. quality), 1,100 tons of barium nitrate, 600 tons of barium carbonate and 100 tons of barium hydroxide. In addition, it is expected that 1,600 tons of barium sulphide (black ash) and 600 tons of sulphur will be recovered annually as by-products.

British Steel Prices Increased

The controversy that has been going on in the United Kingdom over the pricing formula governing steel has just been resolved, following the Iron and Steel Board's decision to increase the prices of British steel by an average of 2½ per cent or 25 shillings a ton with effect from 26th February 1962. It is estimated that, if the increase is applied to the whole trade, the extra cost could come to £21.22 million a year, of which British steel users will pay £16.17 million. The average increase of 25s. a ton conceals wide variations as between different types of steel. For instance, sheet steel, the British prices of which are still below Continental prices, has been granted a price increase of 5½ per cent or 60s. a ton. Billets, re-rolled products and hot rolled strip, on the other hand, have been accorded a price increase of one per cent or 7s. 6d. a ton. The present average increase of 2½ per cent, it is said, broadly means that the overall level of British steel prices will become very similar to those in the Common Market.

The most significant feature of the latest price increase is that it is based on the expectation of a fall in the average rate of working in the British steel industry from 90 per cent (which has hitherto been taken as the yardstick for purposes of price fixation) to 84 per cent of capacity over the period 1962-64. But it does not allow for any change in the expected profit margins of the industry. These margins are likely to be higher, if all the obsolescent capacity (2½ million tons) in the industry is withdrawn from production, for then the industry will in fact be operating at about 88 per cent of capacity. But they will be lower if the obsolescent capacity is not withdrawn, for then the industry will be working only at 81 per cent of capacity. Since the Board's assumption is that the obsolescent capacity will be withdrawn from production by 1965, the industry is expected to complete its process of modernisation. It is clear that the Board is aiming at more efficient production by forcing out obsolete plant. When this takes place, the British steel industry will be in a better position to face intensified and extended competition in the event of the U.K.'s entry into the Common Market.

For us in India, the steel price increase in Britain is of more than academic interest. Depending on the types of steel products imported or used in imported equipment, the incidence of the price increase will be felt by this country to varying extent. Both development and maintenance imports of steel from Britain will thus cost more to some extent.

EQUITIES SUBDUED

VALUES, HOWEVER, RECOVER TOWARDS CLOSE

(From Our Own Correspondents)

BOMBAY, 1st *March*

EQUITIES on the Stock Exchange were distinctly subdued during the major part of the week under review. Operators were not inclined to extend their commitments, as they preferred to await the composition of the new Union Cabinet. The load of Mr. Krishna Menon over his chief rival in the North Bombay Parliamentary constituency election had a bearish impact on the market in that Mr. Menon's victory was regarded as a triumph for the left wing in the Cabinet and it was apprehended that aggressive socialist policies would be pursued with renewed vigour. Such apprehensions led to bull liquidation and bear pressure resulting in an all-round decline in prices, with the exception of a few select counters which tended to move up on investment support. Even encouraging corporate news in the form of quite a few bonus and right issues and expectations of more was not of much avail. Some recovery was no doubt in evidence today, thanks to selective buying and a part of the earlier losses was made up. Nevertheless, the closing rates for most scrips were well below those at the end of last week; only a few scrips, especially in the cash list, showed net gains over the week.

Two shares, namely, Apollo Mills and B.B. Petroleum, attracted interim margins during the week but for opposite reasons. Thus, the former attracted a margin at the rate of 9 nP per share on account of a fall (on Monday) of more than 5 per cent in its price from its interim *havala* rate, while the latter attracted margin at the rate of 7 nP per share on Friday, following the rise of more than ten per cent in its price over the previous clearing rate.

Steel shares encountered selling. Tata Steels moved down from Rs. 141.25 to Rs. 139.75 and, after recovering to Rs. 140.50, finished at that rate The net loss over the week was 75 nP. Indian Irons began at Rs. 25.30, as against the previous close of Rs. 25.40, and eased to Rs. 24.92 yesterday. They, however, rose to Rs. 25.10 today. The net loss was 30 nP. Mukand Irons declined from Rs. 28 to Rs. 27.50 before finishing at Rs. 27.60, showing a net loss of 40 nP.

Barring a few select scrips which registered gains, textile shares, too, drifted downward. Standards fell by Rs. 10 to Rs. 1,225. Swans declined by Rs. 15 to Rs. 435. Finlays dropped Rs. 10 to Rs. 380. Gokaks eased by Rs. 7.50 to Rs. 220.50. Khataus Rs. 5 to Rs. 475 and Phœnix by Rs. 9 to Rs. 265. Minervas receded by Rs. 6 to Rs. 80. B.R. Cottons lost a like amount to Rs. 84. Central Indias were done Rs. 4 lower at Rs. 145.50. Tata Mills softened by Rs. 2.70 to Rs. 79. Dawns shed Rs. 2.50 to Rs. 161.50. Mafatlal Fines in the cash list were marked down by Rs. 45 to Rs. 1,075. Bombay Dyeings, however, attracted some support and rose from Rs. 70.50 to Rs. 71 before finishing at Rs. 70.70 today. Centurys began the week at Rs. 617, as against the previous close of Rs. 616, and firmed up to Rs. 630 on Saturday. In subsequent sessions, they came in for selling and fell to Rs. 620.50 today. Simplex were done at Rs. 175, as against Rs. 174 last week-end.

Sugar shares were depressed. Belapurs opened at Rs. 235 and, after rising to Rs. 236, receded to Rs. 232 today, showing a net loss of Rs. 3 over the week. Walchandnagars eased by Rs. 1.50 to Rs. 152. Phaltans shed 50 nP to Rs. 114. Maharashtra Sugars, however, rose from Rs. 165 to Rs. 165.50.

Cement shares ruled fully steady. A.C.Cs opened at Rs. 152.50, 25 nP lower than the previous close, and, after fluctuating between Rs. 152 and Rs. 153, finished at Rs. 153. Orissa Cements gathered 40 nP to Rs. 19.92. Digvijays were unchanged at Rs. 204.

Shipping shares lacked buyers. Scindias lost 12 nP to Rs. 12.48. Great Easterns shed 8 nP to Rs. 12.56. In the automobile section, Premier Automobiles suffered a fall of Rs. 4.75, today's closing rate being Rs. 136. Hindustan Motors, on the other hand, picked up 28 nP to Rs. 21.

Rayon shares drifted lower. National Rayons retreated from Rs. 545 to Rs. 538.50 today, though the closing rate was markedly higher at Rs. 543.50. Baroda Rayons were subjected to selling and eased by Rs. 2.50 to Rs. 151. Gwalior Rayons and Indian Rayons shed Re. 1 each to Rs. 54 and Rs. 97, respectively. South India Viscoses dropped Rs. 4 to Rs. 188.

Chemical shares were no exception to the general trend. Amar Dyes slumped by Rs. 15 to Rs. 355. Indian Dyestuffs declined by Rs. 10 to Rs. 251.25. Foly Chems eased by Rs. 7.50 to Rs. 227.50. Colour Chems reacted by Rs. 12.50 to Rs. 490. Dharamsis softened by Rs. 2.50 to Rs. 173.75.

Engineering shares presented a mixed pattern. T.E.L.Cos. opened at Rs. 359.50 and, after improving to Rs. 362, reacted to Rs. 356.50. The closing was, however, Rs. 3 higher. Alcock Ashdowns slumped by Rs. 19 to Rs. 349. The Directors of the Company have decided to issue 9,536 right shares of Rs. 100 each at par in the ratio of two shares for every nine held. Greaves Cottons eased by Rs. 3 to Rs. 204.50, Larsen and Toubros by 75 nP to Rs. 42.50 and Texmacos by 44 nP to Rs. 20.56. Premier Constructions were dull at Rs. 192.50 as also New Standard Engineerings at Rs. 223.50. Cooper Engineerings, however, were well favoured and taken up by Rs. 4.50 to Rs. 187.50. T. Manekjals also attracted some support and improved by Rs. 11 to Rs. 890. Kamanis too were better by 48 nP at Rs. 17.

Among miscellaneous industrials, Bombay Burmahs opened lower at Rs. 649, as against the previous close of Rs. 650.50, and, after rising to Rs. 659.50 in early dealings, reacted to Rs. 638 today. At this level, some covering business took place and the scrip improved to finish at Rs. 645, a net loss of Rs. 5.50 over the week. Voltas were marked down by Rs. 7 to Rs. 297. West Coast Papers eased by Rs. 5.50 to Rs. 170. Wimcos shed a rupee to Rs. 312. Premier Tyres lost Rs. 2.50 to Rs. 150 and Anil Hardboards Rs. 10 to Rs. 230. Hind Cycles softened by a rupee to Rs. 113. Hindustan Levers were neglected at Rs. 68. Ceat Tyres (Old), however, improved by Rs. 5 to Rs. 207.50, the new shares advancing by Rs. 10 to Rs. 198.25.

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Calcutta Stock Exchange

CALCUTTA, *28th February*

Good corporate news, assisted by expectations of more bonus issues before the Central Budget and hopes of Government sanction for diversification and/or expansion in some industries, led to steady trading conditions on the Stock Exchange during the week under review. Sellers of scrips in the more popular counters were difficult to be found, though it was thought that much of the recent change of hands had been motivated by speculative fervour rather than on investment account. This was evident in the profit-taking that took place in several new scrips, which had risen impressively in recent weeks. Investors preferred to proceed cautiously, since election results so far announced have shown that several constituencies which had previously returned leftist candidates have now voted the Congress by a comfortable majority. Although this cannot be interpreted as denoting public sanction for a further dose of socialism, investors have not failed to take note of the election speeches of prominent Congressmen, including Mr. Nehru, which made no mistake about the Party's views. There was also the opinion, at the same time, in market circles that the Congress would not adopt any hasty measures which might disturb the existing well-balanced economy. The special interest shown to cotton textiles was the result of hopes regarding increased exports following the Geneva recommendation that no country would add to existing restrictions on imports of cotton textiles. Jutes made further headway on revival of foreign demand for heavy goods. The dissatisfaction in the amended range of coal prices, which, it was apprehended, would not compensate collieries for the increased royalty was reflected in coals idling around previous levels. While sugars were dull, paper mills were about steady.

Among cottons, Jayshrees were a strong feature following interested buying and rose from Rs 17.12 to Rs. 18.06. J.Ks. were firmer at Rs. 21.75, with Bharat Commerce changing hands at Rs. 31, as against Rs. 29.19 previously. Both Bowreahs and Dunbars were fractionally lower at Rs. 39 and Rs. 35.37, respectively.

Coals lacked support. South Karanpuras fell from Rs. 7.69 to Rs. 7.25, while Burrakurs hardened from Rs. 17.81 to Rs. 18.12 on replacement buying. New Beerbhooms at Rs. 21.62 recorded a small gain, but Dhemo Mains were pushed down from Rs. 6.94 to Rs. 6. Equitables were quiet at Rs. 27.25, Raneegunges being unchanged at Rs. 15. Earlier in the week, East Indians met with interested support to raise the rate from Rs. 34.25 to Rs. 35.12.

Jutes met with good support. At Rs. 147 Baranagores bagged Rs. 8. Fort Glosters gained two points to Rs. 423. Cheviots rose by Rs. 2.44 to Rs. 20.81, with Deltas at Rs. 170 scoring three points. Budge Budges were pushed up five points to Rs. 137. Ballys were better at Rs. 282. Northbrooks were quoted higher at Rs. 34.50, as were Ganges at Rs. 13.87, while New Centrals at Rs. 18.19 conceded nearly a point to recover to Rs. 18.56. Lawrences were lowered by two points to Rs. 165. Megnas put on 37 nP at Rs. 12.81, while Dalhousies receded by Rs. 2 to Rs. 131. Indias were unaltered at Rs. 16.62. Nuddeas receding by 50 nP at Rs. 66.50.

Engineerings evoked increased support. Under the impetus of bonus rumours, Guest, Keen, Williams recorded a further gain to Rs. 46.12. Indian Standard Wagons recovered from Rs. 143 to Rs. 146 and scored to Rs. 169 on bonus anticipations. Jessop & Cos. were steady at Rs. 23.37, while Braithwaites eased from Rs. 50 to Rs. 48.75. Kumardhubis enjoyed good support at the improved rate of Rs. 8.44. Indian Irons opened at Rs. 25.54 and receded to Rs. 24.84 on renewed selling to close at Rs. 24.92. Texmacos were lower on balance at Rs. 20.70.

Among paper mills, Titaghurs were firm at Rs. 43. India Pulps hardened from Rs. 17.62 to Rs. 19.31 while Bengals receded from Rs. 107 to Rs. 106. Orients were maintained at Rs. 41.80, but Shree Gopals moved down from Rs. 26.19 to Rs. 25.44.

Miscellaneous industrials accounted for several features. Bonus rumours attracted attention to Indian Coppers, which steadily rose from Rs. 5 to Rs. 5.12. Rallis rallied support to recover from Rs. 145 to Rs. 154.00. National Cables were difficult to be located, in view of the imminent bonus issue and the quotation was fully steady at Rs. 44.37. Orissa Cements were unchanged at Rs. 19.50. Dunlop Rubbers were subjected to profit-taking and fell from Rs. 43.30 to Rs. 42.75. For the same reason, Kesoram Industries were lower at Rs. 34.12, but Indian Cables at Rs. 37.94 recorded a small gain to ease to Rs. 37.37. Indian Aluminiums at Rs. 39 lost Re. 1.12. Hindustan Motors were quiet at Rs. 20.56. B.I. Corporations came down from Rs. 12.44 to Rs. 11.31 on profit-taking, while Metal Corporations were better at Rs. 12.81.

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Madras Stock Exchange

MADRAS, *28th February*

The Stock Exchange ruled easy during the week under review, with the exception of textiles which met with persistent buying support and tended to move up further. The easiness was due to paucity of buyers, in view of tight money conditions. Several operators were also stated to have utilised quite a bit of the funds available to buy scrips in other markets on prospects of bonus and right issues, as well as hopes of higher profits. Plantation shares encountered selling and drifted downward. Sugars lacked support. Miscellaneous industrials ruled dull.

In the textile section, Lakshmis spurted by Rs. 3 to Rs. 170. Bangalore Woollens rose by a like amount to Rs. 245. Dhanalaxmis improved by Re. 1.50 to Rs. 262.50. The dividend for the year 1961 has been maintained at the previous year's level of 17½ per cent (subject to tax). Cannanoors picked up a rupee to Rs. 172. South India Viscose and Coimbatore Spinnings gathered 50 nP each, the former to Rs. 190 and the latter to Rs. 83.50. Buckinghams were firm at Rs. 362.50, as against Rs. 262. Maduras gathered 10 nP to Rs. 40.60 and Travancore Rayons 5 nP to Rs. 43.30.

Sugars were dull, Mysores being unchanged at Rs. 53.40, United Breweries at Rs. 82.25 and Cauverys at Rs. 106. Travancores declined by 40 nP to Rs. 7.60. East India Distilleries lost 25 nP to Rs. 36.25. Indias shed 10 nP to Rs. 10.30.

Among tea shares, Peermades and United Nilgiris eased by 50 nP each to Rs. 21.50 and Rs. 21.25 respectively. Highlands receded by 20 nP to Rs. 13.20. Kil Kotagiris lost 10 nP to Rs. 5.15. Chembras declined from Rs. 3.68 to Rs. 3.65. Blue Mountains were neglected at Rs. 2.81. In the coffees group, Coffee Lands climbed down by 75 nP to Rs. 14.75. Consolidated Coffees were lower by 13 nP to Rs. 17.62. Cowcoodys lost 10 nP to Rs. 3.95. Among rubbers, Vaikundams were neglected at Rs. 32.75. The Directors of the Company have declared a final dividend of 15 per cent making the total of 30 per cent (taxable) for the year ended 31st December 1961, same as that distributed in the previous year. Travancores were quiet at Rs. 13.12.

A drop of Rs. 7 to Rs. 208 in the quotation for Western India Plywoods was the feature of trading in the miscellaneous section. Mettur Chemicals fell by Re. 1.43 to Rs. 13.32 ex-right. Indian Standard Rollings lost 13 nP to Rs. 11.87. Tube Investments were subdued at Rs. 282. Textools, however, put on 50 nP to Rs. 189.50. Standard Motors gained a like amount to Rs. 18.70. Dalmia Cements gathered 20 nP to Rs. 13.30. Aluminium Industries were better by 25 nP at Rs. 24.25.

THE
UNITED COMMERCIAL
BANK LTD.
Head Office: CALCUTTA
G. D. BIRLA, *Chairman*
SUBSCRIBED CAPITAL Rs. 4,00,00,000
PAID-UP CAPITAL - Rs. 2,00,00,000
RESERVE FUND - Rs. 2,35,00,000
Current Accounts opened. * Fixed Deposits received for long or short periods. * Savings Bank Accounts at 3% Interest. * Recurring Deposits for accumulated Capital in convenient monthly instalments. * Foreign currency and Rupee Travellers cheques sold and encashed. * Other Banking facilities.
S. T. SADASIVAN
General Manager

INVESTORS' CHART

The Investors' Chart published by Mr. Mukund Guruji (273, Mapla Mahal, Girgaum Road, Bombay-1. Price: Rs. 6, exclusive of postage) shows the highest and lowest quotations (weekly) for 16 active scrips traded on the Bombay Stock Exchange, as well as rates for the 2 per cent Government conversion loan 1986, during the period from 1st January 1957 to 10th February 1962. The scrips included are Tata Steel, Indian Iron, Bombay Dyeing, Kohinoor, Century, A.C.C., Central Bank, Scindia, Tata Chemicals, Hindustan Motors, National Rayon, Voltas, Tata Locomotive, Bombay Burmah, Premier Construction and Belapur. The chart is well displayed by the use of different, appealing colours, with peak and bottom prices clearly recorded.

STATE BANK OF PATIALA

After providing for taxation and necessary provisions, the net profit of the State Bank of Patiala for the year 1961 amounts to Rs. 3.31 lakhs, the total income being placed at Rs. 53.71 lakhs. Together with the Rs. 50,820 brought forward from the previous year, the amount available for appropriation comes to Rs. 5.82 lakhs. A sum of Rs. 1.10 lakh has been allocated to the reserve fund and bonus to staff takes Rs. 2.04 lakhs. The proposed dividend at 6 per cent (subject to tax) absorbs Rs. 2.10 lakhs, leaving Rs. 57,720 to be carried forward.

NEWS IN BRIEF

THE military and defence taxes on certain categories of people in Goa imposed by the Portuguese regime in Goa have been abolished.

The Shipping Corporation of India has acquired a 13,460-ton Swedish-built cargo ship, bringing the total number of ships owned to 20 with an aggregate 148,600 tons.

The Bonus Commission will meet in Bombay on the 6th and 7th inst. to finalise the questionnaire to be issued for eliciting the views of industry and labour.

The Government of India has entered into an agreement with the Pakistan Industrial Development Corporation for the import of 150,000 tons of high quality gypsum required by the Sindri fertiliser plant.

The *Bharat Krishak Samaj*, a national organisation of farmers, will set up four commodity councils to study the problems of production, grading and marketing faced by cash crop growers. The Council will make recommendations on improving production of cotton, sugar, jute and fruit crops with a view to earning foreign exchange.

An official Indian delegation led by Mr. B. M. Adarkar, Joint Secretary, Ministry of Commerce and Industry, is scheduled to leave for Rangoon on the 13th inst. for discussion on trade matters with the Government of Burma. The trade agreement between India and Burma has already expired.

The cotton textile mills' production during the month of January 1962 is provisionally placed at 73 million kgs. of cotton yarn and 399 million metres of cotton cloth. At the end of the month, the composite mills held an estimated stock of 156,000 metric bales of cloth as unsold and 191,000 metric bales as sold but not lifted.

Oil India Ltd. is claimed to be capable of producing slightly over two million metric tonnes of oil per annum from the wells already drilled and tested. It expects to complete a minimum of 40 more wells by the middle of 1963 in order to meet its commitments of supplying crude to the public sector refineries at Nunmati and Barauni. So far, it has completed drilling in 122 wells in Naharkatiya and Hoogrijan and 17 in Morgan.

A socio-economic survey of Bhilai has just been completed by a committee consisting of the representatives of the Reserve Bank, Gokhale Institute of Economics, Poona, Directorate of Statistics and Economics, Madhya Pradesh, Central Ministries of Commerce and Industry, Finance and Steel, Planning Commission and experts like Dr. V. K. R. V. Rao and Mr. M. N. Shah. The report is expected to be finalised within two months.

The sixteenth annual general meeting of the Indian Confectionery Manufacturers Association, Calcutta, will be held on Friday the 23rd inst. at New Delhi. Mr. A. L. Goenka, President of the Association, will preside over the meeting. Besides a review of the important developments in the confectionery industry during the outgoing year, the meeting will also take up for consideration certain important resolutions having a vital bearing on the future development of the confectionery industry.

A contract for the supply and installation of a complete iron-ore sintering plant at Rourkela has been signed by the representatives of the Hindustan Steel and the Koppers Export of West Germany. The plant will be a German-American venture with a rated capacity of 4,000 tons of sound blast furnace quality sinter per day. The total cost, including the civil works, is estimated at Rs. 4.16 crores, of which the foreign exchange component is put at Rs. 2.58 crores. The plant is scheduled to go into operation early in 1964.

The Union Government is making a detailed study of the production capacity of workshops, both in the private and public sectors, which are supplying major items of equipment required for irrigation and power projects in the country. These items, *inter alia*, include gates, hoists, penstocks, tubing, gantry cranes and transmission line towers, some of which are at present imported. The study group will also draw up a phased programme, in the context of the needs of irrigation and power projects in the third Plan, with necessary financial implications, particularly in terms of foreign exchange, for manufacture of items, presently imported, to the extent to which indigenous capacity can replace them. It will also give recommendations on the balancing machinery to be installed in selected public works departments and irrigation and power workshops in the States, so that these might be equipped for the manufacture of items of machinery for which they are best fitted. Further, it will study what type of additional design and testing facilities should be provided for transmission towers and ancillary equipment. The report of the study group is expected to be ready in April 1962.

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From Abroad

Under a barter deal concluded at Cairo, Egypt will export £2 million worth of cotton yarn and textiles to the U.S. in exchange for 60,000 R.C.A. television sets.

Malaya has banned all imports of sugar with effect from 22nd February. Only imports against specific Government licences will be allowed. This move is a sequel to official investigation which revealed that price cutting by certain exporting countries had led to "undesirable instability" in the local sugar market.

The Governments of Japan and Soviet Russia have signed a trade agreement under which Japan will supply two liquid gas carriers, ten floating cranes, other machinery, steel products, textiles, chemicals and other goods in exchange for 2.4 million tons of crude and heavy oil, manganese, pig iron, chemicals and machinery from Russia. The total value of trade is estimated at $225 million.

Japan has agreed to grant a credit of $13 million to Pakistan for importing textile machinery. The credit is in addition to the $25 million provided through the World Bank consortium. The Pakistan Government has already sanctioned the establishment of seven textile mills in East Pakistan and three in West Pakistan. These units will be financed out of the new Japanese credit.

Sweden's total production of finished steel increased by 239,000 tons to 2,424,000 tons in 1961. Output of crude steel is placed at 3.56 million tons. While exports of finished steel rose by 109,000 tons to 640,000 tons, imports were down by 134,000 tons to 1,001,000 tons. Total supply of finished steel on the Swedish market remained practically unchanged at 2,785,000 tons. Exports of iron ore showed an increase of 469,000 tons, reaching a total of 20.3 million tons.

France has agreed to buy 1.1 million tons of petroleum products (half crude and half refined) from Soviet Russia in the current calendar year under the new protocol governing trade between the two countries. The French import quotas under this protocol also include non-ferrous metals, furs, caviar and flower seeds, while Russia will buy, among others, machinery, man-made fibres and cars from France. The value of Franco-Soviet trade during 1961 amounted to NF 450 million in each direction.

Australia has completed the sale on credit of another 600,000 tons of wheat to China which thus becomes the largest buyer of Australian wheat for the second successive year. It is Australia's third wheat transaction with China. The sale has been made at satisfactory prices on terms of 10 per cent deposit, a further 40 per cent in six months and full payment within twelve months. The sale will involve shipment of about 24 million bushels between March and May. The previous sales were reported to be worth a total of £A54 million.

An agreement to set up a £10-million oil refinery at Umrali in Rhodesia has been signed by the Federal Government of Rhodesia with six oil companies, namely, Shell, British Petroleum, Vacuum, Caltex, Total, American Independent Oil and Kuwait National Petroleum. The participating companies are committed to spend a total of about £250,000 on the construction of the refinery. A team of officials and representatives of these companies is now in Mozambique to negotiate for a pipeline concession which will enable crude oil to be carried at 785*d.* per ton.

PERSONAL

MR. B. C. Biyani has been re-elected President of the Calcutta Tea Merchants' Association for the current year.

Mr. K. Sankaran, former Chief Justice of Kerala High Court, has been appointed Chairman of the Railway Rates Tribunal at Madras.

Mr. Madanmohan R. Ruia and Mr. Ramdas Kilachand have been elected President and Vice-President, respectively, of the East India Cotton Association, for the current year.

Mr. B. K. Kaul, I.C.S., until recently Joint-Secretary in the Department of Economic Affairs, Union Ministry of Finance, has assumed charge as Chairman of the Life Insurance Corporation of India *vice* Mr. P. A. Gopalkrishnan, I.C.S.

Mr. N. K. Karanja, who has been the General Manager of the Central Bank of India Ltd. since 1955, has been appointed Managing Director of the Bank, in recognition of his long and meritorious services to the institution for over forty years.

Mr. B. Venkatappiah, Deputy Governor, Reserve Bank of India, has taken over charge as Chairman of the State Bank of India from Mr. P. C. Bhattacharyya, who has succeeded Mr. H. V. R. Iengar as Governor of the Reserve Bank of India, with effect from 1st March 1962.

Mr. Jaikrishna Harivallabhdas, a leading industrialist of Ahmedabad, has been elected Chairman of the Gujarat State Fertilisers Company Ltd. Mr. Fredrick J. Hiredia, Deputy Secretary for Industries, has been elected the Managing Director of the Company.

Mr. Michael R. Bonavia, a British expert in transport economics, has arrived in New Delhi to assist the Planning Commission's Committee on Transport Policy and Co-ordination in its work. His services have been made available by the British Government under the Colombo Plan.

Mr. Hermann J. Abs (Director, Deutsche Bank A.G., Frankfurt), The Viscount Harcourt (Managing Director, Morgan Grenfell and Company, London), Mr. Andre Meyer (Senior Partner, Lazard Freres and Company, New York), Baron Guy de Rothschild (a partner in de Rothschild Freres of Paris) and Mr. George D. Woods (Chairman of the Board of Directors of the First Boston Corporation of New York), five prominent international investment bankers, have agreed to serve as Advisers to the International Finance Corporation. These bankers will meet periodically with Mr. Eugene R. Black and officers of the Corporation to review the investments and investment policies. They will also be available for individual consultation on investment opportunities or problems. They will serve without compensation.

The following is a Statement of Ownership and other particulars about "Commerce," Bombay, as required under Rule 8 of the Registration of Newspapers (Central) Rules 1956.

FORM IV

1.	Place of Publication	"Brady House," Veer Nariman Road, Fort, Bombay
2.	Periodicity of Publication	Weekly
3.	Printer's Name	Mr. John Middleton
	Nationality	British
	Address	Brady's Flats, Block No. 6, Flat No. 6, Sohrab Bharucha Road, Fort, Bombay 1
4.	Publisher's Name	Mr. Jamshed Dinshah Kapadia, For the Proprietors "Commerce" (1935) Ltd.
	Nationality	Indian
	Address	57, New Marine Lines, Bombay
5.	Editor's Name	Mr. Subramanya Venkata Rayan
	Nationality	Indian
	Address	4, Narasingha Bhuvan, Brahmanwada Road, Matunga, Bombay 19

6. Names and addresses of shareholders holding more than one per cent. of the total capital:

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Mr. A. H. Baker, Burleigh House, Charing, Kent, England.

Calcutta General Printing Co., Ltd., 3, Wellesley Place, Calcutta.

G. Claridge & Co., Ltd., 12/14, Veer Nariman Road, Bombay.

Cowasji Jehangir & Co. Pvt. Ltd., Readymoney Mansion, Veer Nariman Road, Bombay.

Mr. Jal Dorabji Framji, Barry Villa, Owen Dunn Road, Gamdevi, Bombay.

Industrial Investment Trust Ltd., 61, Apollo Street, Bombay.

Lady Jerbai Byramjee Jeejeebhoy, Mrs. Homi J. B. Jeejeebhoy, Mr. J. B. Jeejeebhoy, Mrs. Curseibai J. R. B. Jeejeebhoy, "The Cliff," Ridge Road, Malabar Hill, Bombay.

Lady Jerbai Byramjee Jeejeebhoy, Mrs. D. N. Jeejeebhoy, Mr. N. B. Jeejeebhoy and Mrs. Curseibai J. R. B. Jeejeebhoy, "The Cliff," Ridge Road, Malabar Hill, Bombay.

Mr. Himatlal Kantilal, C/o Nahalchand Laloochand Private Ltd., Kantilal House, 14, New Queen's Road, Bombay, 4.

Lady Jerbai Byramjee Jeejeebhoy, Mrs. Dosibai Nanabhoy Jeejeebhoy, Mr. Nanabhoy Byramjee Jeejeebhoy, Mrs. Curseibai Jeejeebhoy, and Mr. Rustomjee Byramjee Jeejeebhoy, Alice Bldg., Dr. Dadabhoy Naoroji Road, Bombay.

Mr. Douglas Moir, Liroska, 3, Cunningham Crescent, Bangalore.

Nahalchand Laloochand Pvt. Ltd., Kantilal House, New Queen's Road, Bombay.

Mr. Maneklal Premchand and Mr. Kishore Maneklal Premchand, 63, Apollo Street, Bombay.

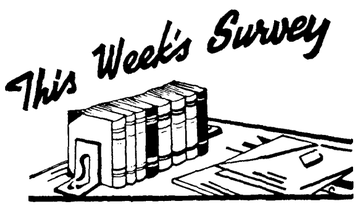
Mr. Bhogilal Kuberdas Patel, Mr. Shantilal Choonilal and Mr. Harshadkant Choonilal, C/o Chunilal Manilal & Co., Yusuf Bldg., Bombay, 1.

Patel Cotton Company Private Ltd., 6, Veer Nariman Road, Bombay.

I, JAMSHED DINSHAH KAPADIA, hereby declare that the particulars given above are true to the best of my knowledge and belief.

Date : 3rd March 1962.

(Sd.) J. D. KAPADIA,
(Signature of Publisher)



AN UNWARRANTED STRIKE

"UNWARRANTED" is the only correct term to describe the strike by the Bombay Dock and harbour flotilla crew, which has paralysed activity in the Bombay harbour for over three days now. The strike has been called by the Bombay Port Trust General Workers' Union to back the demand for weightage for night work in the form of additional payment known as "night coefficient allowance." The point at dispute is not whether night coefficient should be paid for workers on continuous work (this has been accepted in principle by the Port Trust Authority) but whether the flotilla crew is entitled to it. The B.P.T. General Workers' Union does not apparently want the flotilla crew to be considered as intermittent workers but as continuous workers. The Port Trust Authority, however, has refused to grant the demand of the Union for immediate payment of "night coefficient allowance," pending the report of the Inter-Ports Committee which is studying the question. Since flotilla crew in all ports are equally affected, the Bombay Port Trust Authority was right in postponing a decision pending the recommendation of the Committee which is expected by 21st March.

Whether the work of flotilla crew is a continuous job or an intermittent one is a technical question, best left to the Committee to decide. The B.P.T. General Workers' Union was, therefore, ill-advised to incite the workers to strike on the apprehension that the Committee's verdict might go against them. It is significant that the Union has refused to be persuaded by either Mr. Abid Ali, Union Deputy Minister for Labour, or Mr. O. Venkatachalam, Deputy Chief Labour Commissioner to the Government of India, not to take the drastic step until all other avenues of settlement have been explored. It is a sad commentary on the leadership of the Union that it has, with scant respect for the machinery for the settlement of disputes that exists both at the Centre and in the States and ignoring the restraint enjoined on all parties by the Code of Discipline, has plunged the workers headlong into a full-fledged strike, which has resulted in fifteen ships being detained in mid-stream and at least 10 ships being "shut in" at the berths.

What is more disquieting is the threat of the B.P.T. General Workers' Union to spread the strike to other categories of port workers, including those engaged in essential services, thus creating a grave situation. This is sheer intimidation. That the Union has taken an utterly irresponsible attitude is evident from the fact, testified to by Mr. Abid Ali himself, that it did not even inform the Ministry of Labour of its demand nor avail itself of the services of that Wing of the Ministry which has been specially created to help the parties to reach amicable settlement of disputes. The Union has also rejected the suggestion of Mr. Abid Ali to call off the strike, so that talks about the points at dispute could be held in a better atmosphere. Instead, it has insisted that an assurance be given that the flotilla crews' demand would be considered immediately by the Bombay Port Trust. In an issue which concerns workers in ports all over India and, especially, when it is being considered by an appropriate committee, unilateral action by one Authority is undesirable. The action of the Union in precipitating a strike with a view to coercing the Bombay Port Trust Authority into a decision in its favour, without the slightest regard to its serious repercussions on the country's economy, is highly reprehensible.

RESOURCES FOR PRIVATE SECTOR

There is some doubt in industrial circles whether the private sector would be able to mobilise adequate resources for financing its projects under the third Plan. This doubt has found expression in the presidential speech of Mr. Vallabhdas V. Mariwala at the fifty-fourth annual general meeting of the Indian Merchants' Chamber held at Bombay on the 24th February. It may be thought that any such doubt is not quite warranted, for the climate for industrial investment, as evidenced by the index number of prices of various industrial securities, has continued to be favourable. While Mr. Mariwala himself has referred to this favourable factor, he could not ignore, at the same time, the increasing need and demand for funds in the private sector for development. The reappearance of tight-money conditions can be remedied in two ways. One of these would be to make it possible for the commercial banking system and the institutional agencies set up by the Government to provide more industrial finance. And the other would be to rely more on the buoyancy in yields of existing sources of revenue than on new taxation measures. Mr. Mariwala, in this connection, has made out a good case in the following passage of his speech:

"There is a buoyancy apparent in the Government revenues and the yields from excise and customs duties and corporation taxes are much more than what have been anticipated. The Central revenues are known to have increased by Rs. 85.37 crores during the first eight months of the financial year 1961-62 over that in the corresponding period of 1960-61. The additional taxation measures introduced by the Central Government during the current financial year are expected to yield Rs. 83 crores, as compared with the budget estimate of Rs. 57 crores, showing an improvement of Rs. 26 crores. A recent study by the Finance Ministry has shown that actual receipts on account of additional taxation measures in Central excise alone is likely to be Rs. 52 crores, as against the budget estimate of Rs. 28 crores. Thus the aggregate receipts from additional measures of taxation are now placed at Rs. 83 crores. It has always been noticed that there has been a considerable underestimation of revenues from current measures of taxation and, in spite of the additional realisations over the expectations further burdens are being placed."

Mr. Mariwala's related plea is for reviewing the policy pertaining to direct taxation in such a way as to abolish those taxes which are not sufficiently productive but which have an adverse effect on the incentive to save and invest. The Union Finance Minister, Mr. Morarji Desai, has so far been reluctant to do away with the tax on bonus issues (though he saw the necessity to reduce the rate of this tax from 30 to 12½ per cent), the expenditure tax, the personal wealth tax or the gift tax. Experience to date is not quite conclusive on the productivity of some of these taxes or on their effectiveness as devices to plug loopholes in income taxation. Whether Mr. Morarji Desai, if he continues to be at the helm of the Finance Ministry after April next, will order an inquiry into the working of the integrated structure of taxation is a question that can only be posed but cannot be confidently answered now. As there is a stronger case against the proposal—as yet vague—for a ceiling on urban incomes than against the combined incidence, albeit high, of direct taxes, it will not be surprising if business opinion veers round to accepting the latter as the lesser of the two evils.

THE INDUSTRIAL SITUATION

Mr. S. P. Jain's presidential address at the third quarterly general meeting of the Indian Chamber of Commerce held at Calcutta on the 22nd ultimo is notable for its pointed analysis of the current industrial situation. The most disquieting fact of the situation is that the tempo of industrial production in 1961 has slowed down considerably, as compared with 1960. The rate of industrial growth during the first eight months of 1961, for instance, was only 8.3 per cent as against 12 per cent in the corresponding period of 1960. This slower growth trend is disquieting, because, if it is allowed to persist in the early years of the third Plan, it may cause serious shortfalls in the achievement of industrial production targets. If the growth trend is to be quickened, the factors responsible for slowing it down would need to be removed.

Some at least of these retarding factors are already well known. There is, for instance, the factor of transport inadequacy which, according to Mr. Jain, is hampering industrial production and bringing about a crisis in distribution in many regions of the country. In particular, the bottleneck in coal transport has hampered production not only in the coal industry but in other industries depending on coal. Since the second Plan's coal production target of 60 million tons will not be achieved even in the first year of the third Plan, Mr. Jain has uttered the warning that the target of 97 million tons, too, may not be achieved, unless something drastic is done to expand coal production and improve coal transportation. The authorities should heed this warning issued by one more representative organisation of industry.

Another inhibiting factor is the shortage of power. Mr. Jain has urged, in this connection, that some of the power projects should be more expeditiously executed in the earlier years of the third Plan. This will call for an immediate review of the Government's policy in the matter. Unless such a review leads to some positive measures for expanding power generating capacity in the private sector and for encouraging the private electrical industry to undertake the manufacture of some power generating machinery, the shortage in this crucial field is bound to continue. The industrial targets of the third Plan cannot then be fully achieved.

A third factor which threatens to slow down industrial production further and which has again come into the picture is the tight money conditions. As the third Plan envisages a 65 per cent increase in industrial investment, as compared with the second, the demand for funds is bound to increase at every stage of investment and expansion in production. But Mr. Jain has not indicated how the supply of rupee finance for industry can be augmented. However, his plea for revising the price policy pursued by the Tariff Commission and the Government of India is calculated, albeit indirectly, to enhance the industry's ability to accumulate more internal resources as well as to procure more funds from banks and credit institutions. Mr. Jain's observations on this subject are quoted *in extenso* below:

"The policy of the Tariff Commission now affects the growth of major consumer goods industries whose prices are regulated or controlled on the basis of the Tariff Commission formula. The purpose of the Tariff Commission now is to help the development of important consumer and producer goods industries in the country consistent with the interests of the consumer. It is a moot question whether the 'cost plus profit' basis of price fixation pursued by the Tariff Commission helps the achievement of this purpose and objective. In theory as well as in practical implementation, this formula does not help to serve the purpose of development. The policy pursued has not only affected the rate of growth of the industries but also technological progress in the industries. If technological development of our important industries is to be achieved, there needs to be a reorientation in the policy of price fixation. The policy also tends to increase the pressure on the transport facility available at present by the encouragement to concentration of industries in centres where cost of production is cheapest without taking into consideration the transport costs involved which the consumers ultimately pay. The price fixation on the basis of 'cost *plus* profit' either for individual factories or group of factories or industry seems basically unsound, as it gives no incentive for technological improvement but only penalises efficiency. The standard rate of return on capital employed that the formula provides is grossly inadequate and leaves the industry high and dry. The units are not left with enough to pay an adequate return to the investors and to meet the needs of rehabilitation, modernisation and expansion. This is the reason why some of the important industries whose prices are fixed by the Tariff Commission formula have not been able to develop in spite of large industrial licences granted in those fields to attain the targets set for them in the Plan. It is clear also that this policy is bound to affect the growth of industries in the coming years due to the absence of adequate internal resources which were largely the single factor responsible for the rapid development of the industries in the past. This impact of the Tariff Commission's price policy is further intensified by the Government's arbitrary decisions, reducing the prices either for the industry as a whole or for certain units in the industry. With the consequent

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M. J. Maclaren
General Manager

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thus affected, the industry's ability to procure funds from banks and credit institutions for capital development is also impaired."

The needs of long-term industrial development, according to Mr. Jain, require certain fixed principles of price policy. If such principles are laid down, the different industries will know more clearly where they stand in regard to the scope for expansion. At the same time, the tendency of licensing authorities to encourage the establishment of units of uneconomic size in the name of diffusion of economic power would need to be curbed for the simple reason that such units would inevitably aggravate the high-cost character of our economy.

U.K. AND COMMON MARKET

The two-day Ministerial meeting of Britain and the Common Market, held at Brussels on 22nd and 23rd February, was quite a notable one, for it was at this meeting that the agricultural problems stemming from Britain's application to join the Market received their first broad examination. Each side, we are told, fully and frankly stated its views on all the important and difficult issues at stake. No final decision did, of course, emerge, but the way was prepared for detailed discussions at official level. The discussions will proceed on the basis of a five-point programme agreed upon at the meeting. The programme, which covers all the points brought to the attention of the Common Market Ministers by Mr. Edward Heath and Mr. Christopher Soames, Britain's Lord Privy Seal and Agriculture Minister, respectively, comprise the following:

(1) A study of problems raised by extending the membership of the European Community as it affects the principles on which the Common Market and its farm regulations are based.

(2) An examination of types of guarantees which should be given to, or envisaged for, farmers —special emphasis being placed on farm income levels and on the need to harmonise U.K. agricultural support arrangements with those of the Common Market.

(3) A reappraisal of the length of the transition period over which national policies can be adjusted to the Common Market policy, in order to discover whether special provisions are either necessary or possible for the U.K.

(4) An analysis of the problems, both long and short-term, of Commonwealth producers of temperate foodstuffs.

(5) A survey of the financial arrangements built into the farm policy of the Six; these incorporate a principle of Community responsibility for its farm support programme.

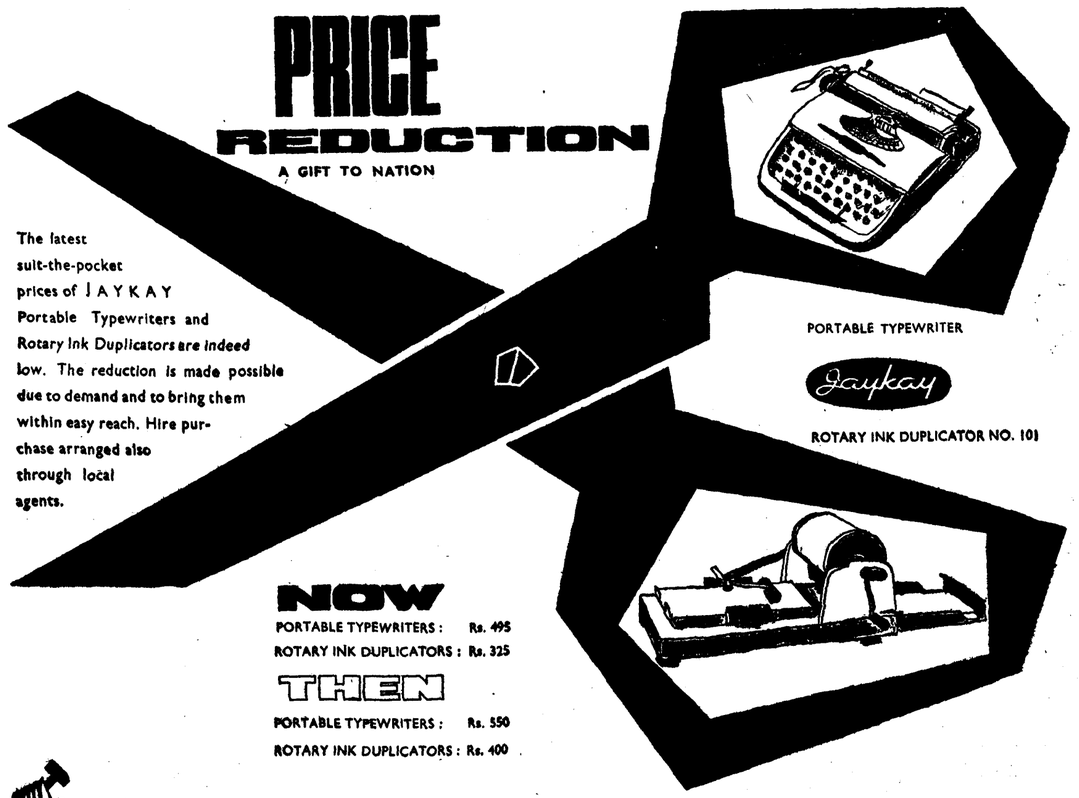
The aforesaid items are expected to be considered by the officials from Britain and the Common Market countries. On the basis of the viewpoints expressed by them, the next meeting of Ministers, convened for the 22nd of this month, will decide whether or not to set up separate working groups for further detailed study.

So far as Britain is concerned, the official approach to the whole problem of agriculture as was elucidated at the Brussels meeting by both Mr. Heath and Mr. Soames is quite clear. Briefly summed up, the position is this: Britain accepts the basic principles of the Common Market's agricultural policy, namely, common price levels and variable import levies, but it wants modifications (*a*) to take into account the expanding boundaries of the Market, (*b*) to allow the U.K. to fulfil its Commonwealth obligations and (*c*) to permit the smooth adjustment of Britain's farm economy. In particular, Britain has asked for a 12-year transitional period for its farmers (as against 7½ years for those of the Six), annual reviews to take account of farm income levels, trend of output of individual products and the transitional relationships of member-countries with the outside world. Neither Mr. Heath nor Mr. Soames spoke at length on Commonwealth problems, though Mr. Heath is stated to have reiterated a point he made at Paris in October last that Commonwealth producers should be given "considerable outlets," at least over an adequate transitional period, to those they have hitherto enjoyed in the U.K.

The approach of the Common Market to Britain's problems may be summed up thus: The main lines of the common agricultural policy must be adhered to, implying that any hint of deficiency payments will have to be forgotten by Britain. Again, there is no necessity at this stage for extending the farm transition period for Britain. Further, there is the need for limited transitional arrangements for the Commonwealth, and world-wide arrangements are the best. Annual reviews may be accepted, but they need not be the same as that currently operated by Britain.

From the point of view of Commonwealth countries and territories, four categories have been made according to the problems they present. They are: (1) The developed countries—Australia, Canada and New Zealand; (2) the countries the exports of which will be affected if the common external tariff of the E.E.C. is applied to them—India, Pakistan, Ceylon and Hong Kong; (3) countries whose exports are likely to compete with the exports of the existing designated associated overseas territories of the Six—mainly the African and Caribbean countries; (4) a miscellaneous category containing all the remaining countries and territories. It is the countries in the second category (their manufactured goods enter Britain duty-free) that need help if their domestic economies are not to suffer a serious dislocation. Besides manufactured goods, their other exports also present tariff problems. Britain has done well to reiterate that nothing should be done to damage the export trade of these countries which must maintain, nay, increase, the level of their exports in order to improve the living standards of their teeming millions. After all, it has to be remembered that the costs of industrial growth in underdeveloped countries can be met in the long run only by the money earned through exports. It is to be hoped that the developed countries of the Common Market will appreciate this point and help the less developed nations by following a commercial policy that will not hinder the growth of their export trade.

The Government of India has announced grant of export draw back of customs and central excise duties to bicycle accessories, pistons, gudgeon pins, cylinder liners, piston rings and centrifugal castings other than iron castings, hydraulic brake fluid not otherwise specified and machine tools.



PROBLEMS OF VANASPATI INDUSTRY

SHORTAGE OF OIL AND HIGH, UNSTABLE PRICES CRIPPLE GROWTH

FOR its age and size the *vanaspati* industry has had more than its due share of problems. High prices of edible oils, which account for more than three-quarters of the cost of production of *vanaspati*, unstable market for oil, excess capacity, and demand from some quarters for banning the industry or colouring *vanaspati* to prevent its being used to adulterate ghee—all these combined to make the industry one of low profitability. If, in spite of these vicissitudes, the industry has managed not only to survive but also to acquire the size and stature of the largest food processing industry in Asia, it only goes to show that the industry meets a genuine demand and its product is popular with the consumers, in spite of much adverse propaganda from a section of politicians and social workers.

A closer look at the progress of the industry will bear out this conclusion. The following table indicates the actual performance of the industry during the first and second Plans, as compared with the Plan tagets:

(In tonnes)

	Vanaspati	Hardened groundnut oil	Total	Target
1950-51	154,800	10,200	165,000	
1955-56	280,000	13,800	293,800	300,000
1960-61	338,500	19,100	357,600	400,000

It is evident from the above table that the rate of growth of production witnessed in the first Plan could not be maintained during the second Plan when production increased by only 63,600 tonnes (2,204.5 lbs. each) or 22 per cent, as against 128,800 tonnes in the first Plan. Considering that national income increased by about the same rate during the first and second Plans and industrial production in general increased by about 40 per cent during the second Plan period, the 22 per cent rise in *vanaspati* production is disappointing. With a large portion of its productive capacity of 500,000 tonnes still unutilised, the industry continued to be plagued with acute price competition and very low returns on capital.

Slow Progress

The primary reason for the slow progress of production was the insufficient supply of edible oils and their consequent high prices. As edible oils constitute nearly 75 per cent of the total cost of *vanaspati*, the rise in oil prices inevitably pushed *vanaspati* prices to a point which brought forth consumer resistance.

While the progress of the industry during the second Plan has thus not been satisfactory, its prospects for the third Plan period are also not bright. The third Plan envisages an increase in the production of *vanaspati* and industrial hardened oil to 500,000 tonnes. Considering that national income is expected to rise by 30 per cent during the Plan period, the proposed production target for *vanaspati* is not unreasonable. The industry has already the necessary capacity to produce this quantity. The only limiting factor will, therefore, be supply of edible oil. If oilseeds production continues to lag behind the rapidly increasing needs of the country and oil prices continue their upward trend, the achievement of the target will prove extremely difficult.

Output of oilseeds during 1960-61, the last year of the second Plan, aggregated only 6.53 million tonnes, as against the target of 7.60 million tonnes, a shortfall of over one million tonnes. The result of this shortfall, in the face of rising demand, has been a sharp increase in oil prices as will be noted from the following table:

(In rupees per metric tonne)

Crop year	Groundnut oil price		
	Low	High	Average
1956-57	1,420	1,645	1,527
1957-58	1,370	1,700	1,500
1958-59	1,420	1,770	1,587
1959-60	1,520	1,960	1,773
1960-61	1,946	2,349	2,135

The third Plan target for oilseeds output is 9.8 million tonnes to be reached by 1965-66, an increase of about 50 per cent over the production in 1960-61. Considering the probable fat requirements and the need to earn foreign exchange, the target is not unrealistic. But, if account is taken of the fact that actual production during the first and second Plans increased by only 600,000 tonnes and 900,000 tonnes respectively, and that too, chiefly through increases in acreage under the stimulus of higher prices, the achievement of the third Plan target presents a formidable task.

The integrated oilseeds scheme is the primary instrument for hitting the Plan target for oilseeds. Although the Planning Commission did consider the target for oilseeds as of critical importance from the standpoint of the country's needs, it did not provide for adequate finance for oilseeds development. A modest sum of Rs. 2.3 crores is all that is earmarked to achieve an increase in oilseeds production of 3.3 million tonnes worth Rs. 200 crores. As oilseeds are grown largely in rain-fed conditions on relatively poor soil, they may not come under the package plan for intensive cultivation in selected districts. With uncertain weather, farmers are generally reluctant to adopt improved cultivation methods entailing enhanced outlays on fertilisers, pesticides, etc. Some States have yet to establish the organisation for oilseeds development, while the working of the existing staff is severely limited by administrative delays and insufficient finances. Considering all these points, the prospect of an adequate supply of edible oils during the third Plan period for the industry is bleak. It is no wonder, therefore, that the *vanaspati* industry is examining the need for importing soyabean oil. It has already imported 3,021 tonnes of soyabean oil from U.S.A. for experimental purposes. Trials are said to have proved that soyabean oil could be used in significant proportion in the manufacture of *vanaspati* without any adverse effect on its quality.

Utilisation of Cottonseed Oil

The shortage of groundnut oil naturally encourages the demand for substitutes such as cottonseed oil for *vanaspati* manufacture. Apart from the relative cheapness of cottonseed oil (even this advantage is rapidly tending to disappear) and the incentive given by the Government (with effect from 1st July 1960) in the form of a rebate in excise duty on *vanaspati* containing cottonseed oil in excess of 5 per cent, have led to larger utilisation of this oil. The industry has fulfilled the undertaking to the Government that it will use 7½ per cent of cottonseed oil in 1961. In fact, the actual utilisation during 1961 is expected to have been about 7.8 per cent. The industry has promised to utilise cottonseed oil to the extent of 10 per cent during 1962, provided sufficient oil of good quality is available.

The agitation for coloration of *vanaspati* has not so far produced any concrete result. The Committee of Scientists appointed by the Union Ministry of Food and Agriculture to review the colours suggested in the past and recommend a suitable one after further investigation is still continuing its work. Meanwhile, the results of the experiments carried out at the Nutrition Research Laboratory at Hyderabad in regard to the relationship between dietary fat and incidence of coronary heart disease was announced in the Lok Sabha. The conclusions drawn on the basis of the aforesaid research are as follows:

Results of Scientific Investigation

(1) The intake of hydrogenated vegetable fats at moderate or low levels (10 to 15 per cent of total calories in the diet) is associated with no significant increase in serum cholesterol levels.

(2) If consumed in high amounts, i.e. supplying nearly 40 per cent of the total calories in the diet, hydrogenated vegetable fats tend to increase serum cholesterol concentrations significantly.

(3) If, however, 20 to 30 per cent of the total hydrogenated fat intake is replaced by unhydrogenated vegetable oils which are rich in poly-unsaturated fatty acids, the increase in serum cholesterol brought about is considerably less.

(4) Studies have shown that distribution of hydrogenated vegetable fat equally in all the meals of the day results in considerably less increase in serum cholesterol than consuming the same amount all at one sitting.

(5) There is at present no definite evidence to show that consumption of high amount of hydrogenated vegetable fats alone can produce coronary heart disease. All that can be said is that such a high intake may produce an increase in serum cholesterol.

Commenting on the above results, the *Vanaspati* Manufacturers Association says in its annual report for 1961:

"Consumption of *vanaspati* in moderation does not raise serum cholesterol which is implicated in the development of arterial diseases. Only when *vanaspati* is consumed continuously at the rate of about 4 ounces a day that serum cholesterol level rises significantly. Furthermore, if *vanaspati* is consumed at high levels in conjunction with edible oils rich in poly-unsaturated fats the blood cholesterol level does not rise significantly. In India, where the average fat consumption is less than half an ounce and the normal fat intake includes not only *vanaspati* but also oils, there is little danger of a serious rise in serum cholesterol levels. What is true of *vanaspati* applies equally to ghee and coconut oil. It is to be hoped that these scientific conclusions will remove the doubts created by the earlier unwarranted statements on the subject made by persons in authority."

Nevertheless, the announcement of the results of research in Parliament, without clearly explaining their implications, must have had some adverse effect on the consumption of *vanaspati* in 1961 which did not show any substantial improvement over that in the previous year, having been only 331,500 tonnes, as compared with 329,729 tonnes in 1960. The regional pattern of consumption of *vanaspati* is indicated below:

(In tonnes)

Region	1958	1959	1960	1961*
Andhra, Madras, Mysore, Kerala	20,462	22,174	23,082	23,500
Bombay, M.P., Rajasthan ..	82,877	96,009	98,170	94,500
U.P., Punjab, Delhi ..	110,454	123,055	128,108	130,200
W. Bengal, Bihar, Assam, Orissa	67,676	68,197	71,458	71,800
Supplies to Defence Services ..	9,195	9,577	8,981	11,500
Exports	2,983	2,793	6,438	4,200
Total ..	299,647	321,805	336,187	335,700

* Estimated.

While the past has thus been riddled with problems for the industry, what of the future? This depends as much on the present state of the industry as on the supply of raw materials and the demand for *vanaspati*. As to the state of the industry, an expert assessment of its health was made by no less a person than Mr. P. L. Tandon, Chairman of the *Vanaspati* Manufacturers' Association, in his speech at the sixteenth annual meeting held at Bombay last week. "The health of an industry," Mr. Tandon said, "is measured by two things: the goodwill it enjoys among its consumers and the efficiency with which it is run. *Vanaspati* enjoys considerable goodwill, as is evidenced by the fact that, even during periods of strong and bitter criticism, consumers of *vanaspati* have remained loyal and continued to consume *vanaspati* as before. They have left it to the scientists to judge the product and they have been assured by scientists that *vanaspati* is a wholesome product."

As regards the second test, namely, efficiency, it is, in Mr. Tandon's opinion, best measured by the return on employed capital. Judged by this yardstick, the industry's record is poor. It is doubtful, says Mr. Tandon, if the *vanaspati* industry had made a profit of more than one to two per cent during the last decade. According to a study of the Reserve Bank of India, gross profit, as a percentage of employed capital, was the lowest in the vegetable oil industry (including *vanaspati*) during 1951-55, being only 2.5 per cent, as against the average of 9.2 per cent for all industries. If out of this low figure of 2.5 per cent are deducted tax and interest, it will be seen that the return after tax is, indeed, very small. The reasons for such poor financial performance have been stated in the earlier part of this article.

Effect of Speculation

In his speech, Mr. Tandon clearly brought out the deleterious effects of excessive speculation in groundnut seeds and oils on the manufacture of *vanaspati*. The following is the relevant extract:

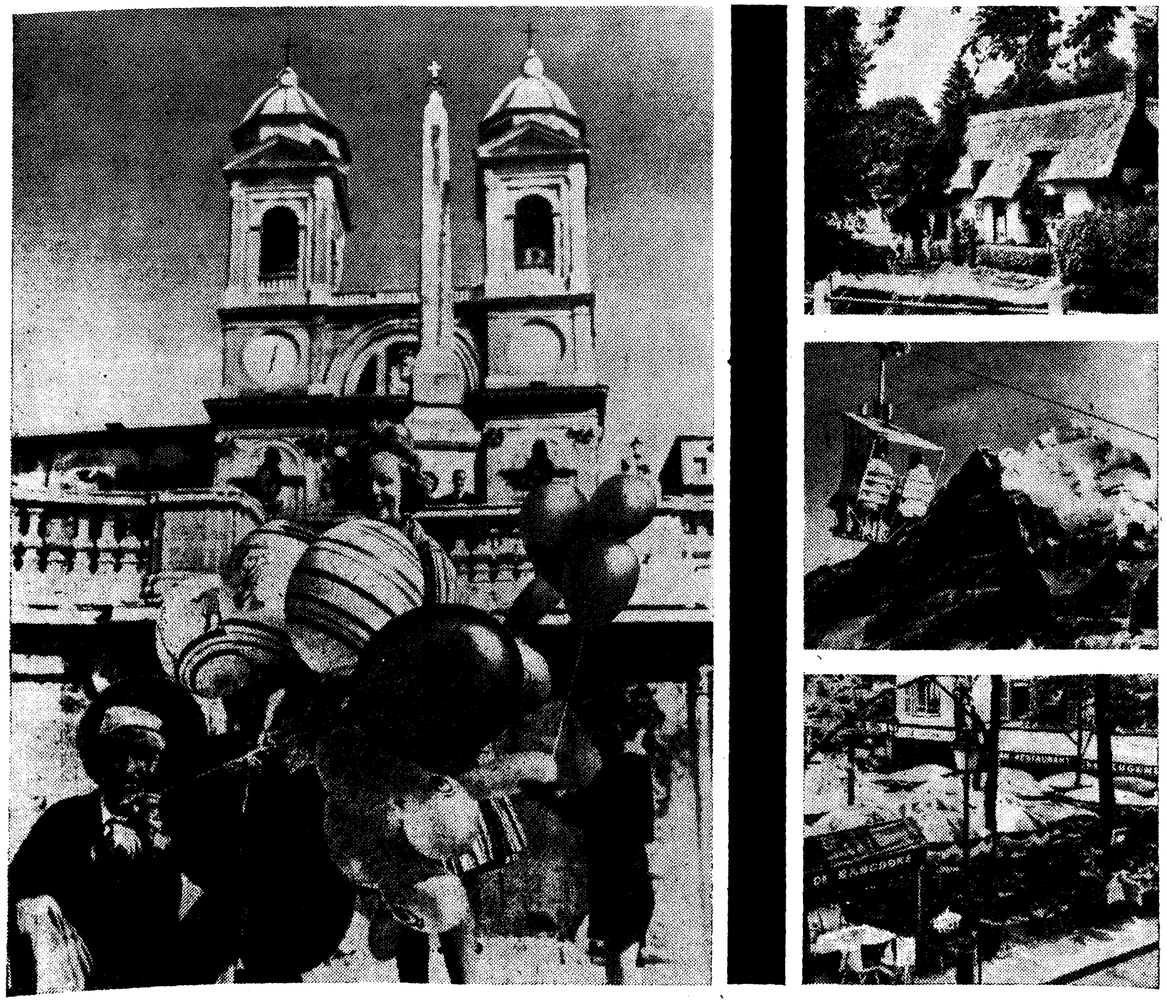
"The oil market in India is singularly unstable. A rise of 20 to 30 per cent and a fall of the same magnitude in the crop season is not uncommon. With the *vanaspati* manufacturer ready to cut prices in pursuit of extra production, this lack of stability in oil prices is conveyed with full force to *vanaspati*. It turns the *vanaspati* dealer into a speculator making a living not through his earnings on turnover but correct guessing of price variations. Forward sales by some manufacturers encourage this tendency. No wonder, 'forward markets' have sprung up in some places for dealings in *vanaspati*. It must be the only packed, branded product to be so treated. The situation benefits no one. The manufacturer fares badly. He is forced to vary his production schedules frequently, not according to the needs of the consumer but according to the influence of speculation in the groundnut oil market and dictates of those *vanaspati* dealers who speculate. There is no reason to believe that *vanaspati* consumption drops to half as much in September-October as in December-January, which is what has often happened to *vanaspati* production."

Vanaspati—A Product, not a Commodity

The major need of the industry, therefore, is, as Mr. Tandon averred, "cheaper oil and

(Continued on page 399)

SEE EUROPE AT ITS BEST



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BUOYANCY IN CENTRAL REVENUES

LARGE SAVINGS IN BUDGETED OUTLAYS EXPECTED IN 1961-62

From Our Special Correspondent

NEW DELHI, *27th February*

DELHI LETTER

IN a week which appropriately belongs to the Central Budget, either for purposes of speculation or analysis, under normal circumstances, a scrutiny of budgetary policies is not quite irrelevant; there is also an immediate provocation for it in the Finance Accounts for 1959-60 and the Audit Report 1961 which for the first time comes out not very long after the close of the year to which it relates. The compilation of these reports had fallen into arrears in the past as there was no settlement of the various cash balances and debt heads with the Pakistan Government; when it was found that no progress could be made towards a settlement, the balances were worked out on a provisional basis and the arrears accounts were presented by the previous Auditor-General in two batches in 1960, the first covering the years from 1948-49 to 1954-55 and the second from 1955-56 to 1958-59. These may now be of no more than academic interest but a striking feature of the Central Budgets of independent India is the influence of the conservatism of the Treasury which restrained the tendency, if there had been any, under democratic pressures to pursue unorthodox or unsound policies. While the restraint had been helped considerably by the presence at the helm of traditionalists like the late Dr. John Matthai and, later, Mr. C. D. Deshmukh, the Finance Ministry has been able to adjust itself to changing situations arising out of Planning, steady growth in excise revenue, large-scale sharing of revenues with the States and grant of substantial assistance to them, and, last but not least, to the conditions of expanding deficit financing.

Accounts Since 1948-49

Looking back over the period, this characteristic feature is seen in the regular surpluses which have been realised on revenue account since 1948-49; there was only one lapse from this rule in the year 1958-59 when there was an actual deficit of only Rs. 3.8 crores. If this is excluded, the cumulative total of the actual surpluses realised on revenue account in these twelve years would amount to Rs. 560 crores; there were two exceptional years, the first due to the Korean war boom in 1951-52 when the surplus amounted to Rs. 126.4 crores and 1956-57, the first year of the second Plan when the revenue was buoyant enough to produce a surplus of Rs. 93.26 crores. In all the other years the surpluses have been substantial (except in 1953-54 when it was only Rs. 8.64 crores) and were achieved by the double process of under-estimating revenue yields and over-estimating expenditure. Opinions will differ as to what extent this was deliberate or part of the normal precaution of Treasury officials or the result of unexpected circumstances like the windfall revenue from export duties during the Korean war. Audit reports and those of Public Accounts Committees have pointed out that this feature is an example of loose budgeting but when plans have to be made and several of them have to be deferred or dropped for various reasons appropriations are saved and surrendered. Only sticklers for form will quarrel with the methods even when the result is to redress an initially unsound budgetary position of deficit or small surplus; in the context of larger deficits in the capital budgets, this policy has been helpful.

The final accounts for 1959-60 shows the same trend in an accentuated form. The Budget indicated a prospective revenue deficit of Rs. 81.67 crores and taxation proposals covered only Rs. 12.59 crores, but instead of the deficit of Rs. 59.08 crores, the year closed with an actual surplus of Rs. 44.24 crores; this improvement of Rs. 103.32 crores was the result of larger revenue of Rs. 92.80 crores and lesser expenditure to the extent of Rs. 10.52 crores. A major imponderable factor in this year was the contribution of mineral oils towards customs and excise revenue under the constant proddings of Mr. K. D. Malaviya on the oil companies; besides under the new scheme of company taxation, corporation tax yielded more than anticipated. The major saving in expenditure was in respect of the Defence services and was slightly over Rs. 10 crores.

It is probable that the same trend will be revealed when the accounts of the year 1960-61 are presented along with the caretaker budget in the final session of the Second Lok Sabha before it is dissolved at the end of March 1962. The revised estimates showed a reduction of the budgeted deficit (from Rs. 60.7 crores to Rs. 33.65 crores) mainly because of a reduction in expenditure of about Rs. 23 crores; but there was scope for further cuts in actual spending, if not for a large improvement in revenue over the revised estimates. These savings are likely to occur in civil administration, both under administrative services and under social and development services, but perhaps not under Defence in view of the continuing preparations in the frontier areas.

The Budget for the current year (1961-62) showed a small surplus after the taxation proposals for nearly Rs. 60 crores. In the first eight months of the year, the yield of revenues was Rs. 85 crores more than that during the corresponding period of the last financial year. This is almost equal to the additional revenue expected in the whole year over the previous year's total, so that in the remaining four months, further additional revenue of about Rs. 50 crores may be expected.

So far as the outlay on the third Plan is concerned, it is very unlikely that there was a considerable stepping up in the first year; apart from the many uncertainties due to foreign aid and delays in project preparation, the general election has diverted the attention of the Governments both at the Centre and in the States and large savings may be normally expected. (These of course will be larger in the capital budget outside revenue account.) On the other hand, there is some doubt about the size of the Defence budget because of the Goa operation and preparations on the northern borders, but it seems improbable that this expenditure would have absorbed all the savings in the revenue budget or offset the additional revenue. A very handsome surplus on revenue account should therefore emerge.

While the yield from customs is not much in excess of the expectations (of Rs. 193 crores over the whole year), Union Excise duties may be higher by about Rs. 40 crores, Corporation Tax by about Rs. 10 crores and Income-tax by a slightly smaller amount. However, a second factor which may upset calculations of the likely surplus in the Central Budget for the current year is the effect of the recommendations of the Third Finance Commission which may reduce the net availability of excise revenue to the Centre if more has to be distributed among the States; if more liberal grants are also added to this (under Article 275 of the Constitution) to meet the special needs of particular areas, the expenditure budget will swell accordingly. But the tradition of budgeting for a surplus is, and will remain, strong; there will be time enough to speculate on how that will take shape in the May Budget after the new Government takes charge at the Centre.

A two-member technical delegation has left for Moscow towards the end of last month to finalise designs, contracts and orders for the Pathratu thermal power station in Bihar. The delegation consists of Mr. S. S. Kumar, Chairman, Central Water and Power Commission and Mr. P. R. Sundaram, Chief Engineer, Bihar State Electricity Board. A director of the Central Water and Power Commission, who has already left for Moscow for finalising designs of equipment to be procured from the U.S.S.R. for the Neyveli thermal power station expansion scheme, will also join this delegation. The Soviet authorities have agreed to supply plant and equipment for the Patratu power station which, under the third Plan, will have five additional units of 50 M.W. each. There is, however, a possibility of installing three units of 100 M.W. each, and the delegation will discuss the proposal with the Soviet authorities. The delegation is also likely to visit Belgrade in Yugoslavia for a week in order to obtain a first hand knowledge of working efficiency of the 30 M.W. sets manufactured in Yugoslavia.

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AMERICAN LETTER

INTEREST RATES ON DEPOSITS RAISED

ECONOMY STEADILY EXPANDING

From Our Special Correspondent

NEW YORK, *24th February*

LIFE in the United States came to a virtual standstill on 20th February 1962, when Lieutenant-Colonel John Glenn was shot into space and orbited the earth three times. Radio and television covered the event during the entire day to the exclusion of anything else. Vast crowds congregated around monitor screens in public places and voice communications were broadcast throughout the flight. After the recovery, it was a circus atmosphere which reflected itself in the various market places.

Otherwise, the United States economy is proceeding at a slowly expanding pace. There has been some slowdown in the acceleration as a result of steel labour-management negotiations which have already begun in order to avert a steel strike at the mid-year. Steel consumers who have been heavy buyers in recent months and weeks are now ordering smaller volumes than before. The reasoning for this is that, if there is no steel strike, inventories amply protect current manufacturing operations.

The Savings Rate Boost

Beginning 1st January, commercial banks have been authorised to pay 3½ per cent per annum interest on savings account and 4 per cent on funds on deposit for more than one year. This move by the Federal Reserve Board was designed to accomplish two major objectives.

One was to make it more attractive for foreign banks to leave time deposits here and thus help improve the current balance of payments which is unfavourable to the U.S. The other was to stem the flow of funds into the stock market. Investors who are assured of 3½ or 4 per cent presumably think twice before gambling in stocks where the return is not always at that level and where prices are subject to often severe fluctuations.

Thus, in the last few weeks, changes in the deposit structure of banks have taken place. Both corporations and individuals are thinking twice before placing funds in demand deposit accounts which draw no interest and instead increase their savings and time deposits.

Conversely, the banks have been changing their portfolio policies, since they are under pressure for income to be able to pay 3½ or 4 per cent to their depositors. There has been selling of lower-paying short-term securities in favour of higher-paying long terms. This trend has also increased the demand for tax-exempt State and Municipal securities which, in turn, has helped support the building of civic projects such as schools, water and sewer systems.

By the same token, mortgage departments of banks have become more active because of the greater return of that type of investment. It is certainly increasing the flow of funds into building and construction from the commercial banks. Depending on supply and demand conditions, it may reduce the flow of such funds from mutual savings banks and mutual savings and loan associations and building society.

Three Types of Banks

The U.S. banking structure is three-pronged. There are commercial banks which are stockholder-owned corporations. In the same category, there are private banks which are partnerships. The commercial banks may accept deposits and make loans and buy Government securities. They may not hold stocks, except those acquired in settlement of a loan or foreclosure. Most of these commercial banks are members of the Federal Reserve system. Some do not choose to be, even though it deprives them of official rediscount facilities. Others do not meet the standards of Reserve system in one way or another and cannot be members. As a whole, these banks are the mainstay of the U.S. banking system.

The second category are mutual savings banks which operate in 14 of the 50 States. They are not stockholder-owned and, in theory, each depositor owns a piece of the capital and surplus in case of liquidation. This banking system goes back to revolutionary days. Since there are very strict requirements for the establishment of mutual savings banks and no public underwriting is involved, hardly any new such banks have been established in recent years.

There are now plans afoot in Washington to have legislation enacted to make it possible to establish Federally chartered shareholder-owned savings banks. This group is essentially a mortgage bank, synonymous to the *banques fonciers* in Belgium and France. It may invest in all types of mortgages and in rapidly growing areas of the country, mortgage investments are as high as 90 per cent of assets, the balance in cash and Government securities. Traditionally, they have been paying higher interest rates than commercial banks, but they can hardly afford to pay more now.

The third group is composed of the savings and loan associations and building societies. They are advertising for "deposits" and in some of the Western States they pay as much as 4.6 per cent. Technically, funds left with these institutions represent share accounts, or a piece in the business rather than deposits which would have to be treated as a liability.

The New York savings banks, like the *commercial banks throughout the country*, pay a premium to the Federal Deposit Insurance Corporation which ensures individual deposits up to $10,000 each. The savings and loan companies have their own Federally sponsored insurance scheme, also up to $10,000 each. This group, too, is strictly interested in the building and mortgage field. Since the establishment of Federal insurance corporations, there have been very few losses. Defunct savings and loan associations have been merged with others, except in the rare cases of management misconduct.

U.S. Corporate Profits

The outlook is for better corporate earnings this year. Last year's record was somewhat disheartening. Final 1961 figures will probably show a total of $22,700 million. While it is better than in the preceding year, it compares with $23,700 million in 1959, $23,500 million in 1956 and with $23,000 million in 1955. The reasons for this situation include excess plant capacity in relation to markets and rising productivity abroad which have cut markets under highly competitive conditions. It has stymied outlays for expansion, but it has increased dividends.

The International Development Association, an affiliate of the International Bank for Reconstruction and Development, which operates as a sub-division of the United Nations, finally concluded long expected arrangements for an $18.5 million development credit to the Government of India.

Proceeds, according to statements made here, will be used for the expansion of electric power supply in the Damodar Valley. The funds are earmarked to help finance the installation of 140,000 kilowatts of new generating capacity and the expansion of transmission facilities in the system operated in that industrial area. The recipient of the credit is Damodar Valley Corporation. Since its inception, 14 years ago, Damodar has received loans from the World Bank totalling $49.2 million. The current credit is for a term of 50 years, free of interest. Repayment of principal is to begin on 1st August, 1972. There is a service charge of ¾ of one per cent on the amount withdrawn or outstanding.

(Concluded from next column)

are taking advantage of the boom in prices to sell on the market in the ordinary way and, secondly, because many market bulls will have formed the view that, since I.C.I. will not increase their offer any more and the take-over bid may fail, the bullish element has disappeared and the shares are ceasing to be interesting to them.

But the story is not quite at an end, for I.C.I. is bound to receive a number of acceptances; if it gets substantially less than half, it will be left with a major shareholding in a competitive industry in which, however, it will be unable to exercise any control. In the event, this would be a private investment worry of I.C.I., as, presumably, industrially the two giants would go very much their own ways.

LONDON LETTER

TANGLE IN MAN-MADE FIBRES

I. C. I. BID MAY FAIL

(From Our Own Correspondent)

LONDON, *23rd February*

NO struggle in the history of take-over bids has equalled that of the present one between Courtaulds and I.C.I. The issues involved and the manner in which the battle is being fought have made this bid one of far more than usual interest and, because of the world-wide distribution of these firms, of international interest.

At home, not only are three-quarters of a million investors interested but the issue has become political. Although the President of the Board of Trade refused to intervene, except to see the Directors of both firms and then to adopt a policy of masterly inactivity, on both sides of the House there has been uneasiness. There are many Government supporters who would not like to see the degree of monopoly in the man-made fibre industry which an amalgamation of these two giants would produce. On the Labour side, while there is the normal objection to the growth of capitalised monopoly, there have not been wanting those who pointed out that, in the event of a merger giving one hundred per cent monopoly in this industry, the case for eventual nationalisation would become unanswerable. Some of this fear has spread to the Government side too.

It seems that the initial discussions between the two companies envisaged only what has been euphemistically called "the strengthening of the man-made fibre industry generally." Since I.C.I. is largely a supplier of the chemical raw materials for making man-made fibres and Courtaulds is principally a user, there could have been a great deal of effective monopoly simply by even closer collaboration between the two than has been normal.

But I.C.I.—and some say that this has been with an eye on future negotiations in the Common Market—decided to go further and acquire complete control. They made an offer on the basis of three shares in I.C.I. for every four of Courtaulds. They later raised that offer to four of their shares for every five of Courtaulds and they have now made an alternative offer of 6½ per cent loan stock. I.C.I. have now declared that they will make no further offer.

Meanwhile, Courtaulds has sprung into life with fierce counter-attacks. They have said that I.C.I. future earnings prospects are declining while Courtaulds is likely to increase its profits substantially over the next three years. They have spent vast sums on advertising the case for retaining their independence and they have emphasised that on I.C.I.'s proposed take-over basis their capital and earnings have been under-valued by about 25 per cent. Finally, they have been drawn into making promises regarding dividends this year and next, so that investors can do their sums with certainty. On the basis of I.C.I.'s offer, a Courtaulds shareholder would get 10 per cent gross on his nominal capital, but, if he sticks with Courtaulds, he would get 16½ per cent. For the next financial year, I.C.I.'s offer would give 11 per cent (or just over 16 per cent on the stock loan basis), but, by staying with Courtaulds, there would be 20½ per cent. These are large differences and indicate the extent to which Courtaulds are fighting for their lives. They have been obliged to offer a 2½ per cent tax-free bonus for each of the next three years out of past profits and also to promise a free issue of loan stock through the capitalisation of reserves.

There seems little doubt that, on this basis, that is to say, on pure financial terms, they have made out the better case. The Courtaulds stockholders, for their part, will, if the bid fails, nevertheless have much for which to thank I.C.I. At one time last year before the battle began, Courtaulds £1 share were quoted at 26s. from which point they rushed up to 52s. They are certainly worth that on the basis of I.C.I.'s present offers but, oddly enough, the prices have been declining below 50s. that is, below the actual money-worth that could be realised by taking up the I.C.I. offer. This could be because, firstly, many stockholders

(Continued in previous column)

I.C.I.C.I.'S PERFORMANCE GRATIFYING

WORLD BANK GIVES ANOTHER LOAN

THE progress made by the Industrial Credit and Investment Corporation of India Ltd. (Chairman: Mr. G. L. Mehta, Bombay) in the year ended 31st December 1961 is impressive. Its income and profit are higher. It has stepped up the dividend to a level at which the net return in the hands of shareholders is better than the tax-free dividend of 4 per cent per annum paid for 1957 and 1958. The net worth of the Corporation's share has improved further. All these features naturally reflect an expansion in the Corporation's activities, depicted in the comparative table at the bottom of this page (columns 1 and 2).

The perceptible improvement in the profitability of the Corporation's operations in recent years is brought out in the following table:

(In lakhs of rupees)

	1958	1959	1960	1961
Gross income	58.33	62.46	87.84	115.56
Profits before tax	51.65	50.06	62.61	74.27
Profits after tax	25.29	28.23	37.07	49.52
Dividend per share (in Rs.)	4*	5	5.75	6.50
Net worth per Rs. 100 share	105	108	115	125
Market value as on 31st December per Rs. 100 share	78	88	71	82

* Denotes tax-free.

The Corporation has been pursuing a judicious policy of conserving a sizable part of its profits, with the result that its reserve funds have grown to a respectable level of Rs. 124.38 lakhs, which is equal to almost one-fourth of the paid-up capital of Rs. 5 crores.

There was a 50 per cent increase in the number of loan operations during 1961, as compared with that during the preceding year. The amount of loans sanctioned rose from Rs. 3.94 crores to Rs. 10.45 crores. The rise in the amount disbursed, from a mere Rs. 1.77 crore to as much as Rs. 4.46 crores, was even more marked. This suggests two things: (1) the Corporation was in a position to expedite the disposal of applications for assistance; and (2) its borrowers' projects had advanced further to be able to draw upon the credits sanctioned to them on a larger scale than in the previous year. Another feature shown by the table is that the bulk of the loans sanctioned and disbursed is in foreign exchange. This is only as it should be, considering the acute scarcity of foreign exchange.

On the underwriting side, the number of operations were fewer than in 1960, the entire reduction having been under preference shares and debentures, which only reflects the reluctance of the promoters of industries to go in for these forms of capital, in view of their unpopularity with investors. The Corporation also directly subscribes to capital of companies. Here, it agreed to take more shares than in 1960, namely, Rs. 35 lakhs against Rs. 20 lakhs. There is, however, no gainsaying the fact that the underwriting and direct subscription sides of the Corporation's activities are still of only modest proportions, though, of late, they have gradually been growing. It will be observed that out of the total business (in terms of amount sanctioned) done so far, namely, Rs. 42.71 crores, nearly 70 per cent or Rs. 29.63 crores represents loans and guarantees. Essentially, therefore, the Corporation continues to be a long-term lender to industries.

Prominent among the industries which have received financial assistance from the Corporation are paper and pulp, iron and steel fabrication, chemicals and chemical products, automobiles and cycles, machinery manufacture, and glass, pottery, etc. Fuller details are given in the table below:

Nature of industry	Net amount sanctioned (in lakhs of rupees)	Percentage of amount sanctioned to total sanctions
Automobiles and cycles	481	11.3
Cement	133	3.1
Chemicals and chemical products	539	12.6
Electrical equipment	330	7.7
Electricity, gas and steam	156	3.7
Glass, pottery, etc.	290	6.8
Iron and steel	525	12.3
Leather products	3	0.2
Metal products, ferrous and non-ferrous	190	4.4
Machinery manufacture (other than electrical)	377	8.8
Paper and pulp	572	13.4
Rubber products	74	1.7
Shipping	100	2.3
Sugar	212	5.0
Textile	119	2.8
Wood, cork and hardboard	93	2.2
Miscellaneous	72	1.7
Total	4,271	100.0

Besides its paid-up capital of Rs. 5 crores, 70 per cent of which is held by institutional investors in India, and the balance by banks and financial institutions (in the private sector) in Britain, the U.S. and W. Germany, and the reserves built up so far, the resources of the Corporation are made up of Rs. 17.50 crores by way of loans and advances by the Government of India, $40 million (about 19.04 crores) loan from the World Bank and $5 million (Rs. 2.38 crores) from the U.S. Government through its Agency for International Development (A.I.D.), formerly known as the Development Loan Fund (D.L.F.). The Corporation has already utilised in full the World Bank loan of $40 million by sanctioning foreign exchange loans to its customers. Of the A.I.D. loan, it has disbursed only a small portion, namely $190,000 (Rs. 9.23 lakhs). With a view to augmenting its foreign exchange resources, the I.C.I.C.I. had sought another loan of $20 million from the World Bank, its godfather. This application has just been granted (on Thursday 1st March 1962), so that the Corporation now has nearly $25 million. The readiness with which the World Bank has sanctioned another loan (the fourth so far, the first one was in March 1955 for $10 million, the second in 1959 for a like amount, and the third in October 1960 for $20 million) is a striking testimony to the vital role which the Corporation has been playing as a catalytic agent in the economic development of the country.

The terms of the latest World Bank loan to the Corporation are similar to those governing the one taken in 1960. Thus, interest will be applied to each part of the loan at the Bank's current rate when that part is committed for one of I.C.I.C.I's projects. At that time, the Bank and I.C.I.C.I. will agree on an amortisation schedule for repayment of that part of the loan.

As regards the rupee credit of Rs. 17.50 crores provided by the Government of India, the Corporation has drawn only Rs. 9.50 crores, leaving a balance of Rs. 8 crores. Since the total commitments in rupees to its borrowers (as at the end of 1961) are only of the order of Rs. 10.21 crores and having regard to the fact that its owned funds are about Rs. 6.25 crores, there are still sizable rupee resources at its disposal. Surely, the Corporation can afford to be a little more active and liberal in encouraging the growth of sound enterprises in the private sector which need rupee capital.

Progress of I.C.I.C.I.'s Activities

(In lakhs of rupees)

	Upto 31st December 1959			During year end 1960			During year end 1961			Total		
	No. of operations	Amount sanctioned	Amount disbursed	No. of operations	Amount sanctioned	Amount disbursed	No. of operations	Amount sanctioned	Amount disbursed	No. of operations	Amount sanctioned	Amount disbursed
LOANS AND GUARANTEES					*							
Rupees	12	3,50	3,46	19	3,05	51	16	3,66	1,64	48	10,21	5,61
Foreign exchange	22	6,74	2,28	24	5,89	1,26	50	6,79	2,82	96	19,42	6,36
Total	35	10,24	5,74	43	8,94	1,77	66	10,45	4,46	144	29,63	11,97
UNDERWRITING												
Ordinary shares	17	3,93	1,14	5	76	32	5	70	27	27	5,39	1,73
Preference shares	15	3,38	57	2	30	40	..	—15‡	57	17	3,53	1,54
Debentures	2	1,00	29	1	30	24	..	..	..	3	1,30	53
Total	34	8,31	2,00	8	1,36	96	5	55	84	47*	10,22	3,80
DIRECT SUBSCRIPTION												
Ordinary shares	22	1,70	1,00	13	20	38	9	35	65	44	2,25	2,03
Preference shares	6	66	61	..	..	..	..	—5‡	..	6	61	61
Total	28	2,36	1,61	13	20	38	9	30	65	50†	2,86	2,64
Grand Total	97	20,91	9,35	64	10,50	3,11	80	11,30	5,95	241	42,71	18,41

* 10 operations cover both ordinary and preference shares.
† 4 operations cover both ordinary and preference shares.
‡ Previous year's sanction reduced.

STATE BANK OF INDIA

PROGRESS WELL SUSTAINED

THE past year, that is, A.D. 1961, was one of sustained progress for the State Bank of India, though the pace of growth was considerably less than that in 1960, taking the year-end figures into consideration. Excluding the changes in P.L. 480 funds, the deposits of the Bank went up by Rs. 37.7 crores, as compared with Rs. 45.1 crores in 1960. (Incidentally, repayment of P.L. 480 deposits in 1961 to the Reserve Bank seems to have been of the order of Rs. 72 crores, as against a similar amount in 1960.) Advances (bank credit) show a net rise of Rs. 23.07 crores over the year, as against no less than Rs. 63.66 crores in the preceding year. The pace of growth has been smaller as compared with that registered by other scheduled banks also. Thus, in 1961, the deposits and advances of the latter had gone up by Rs. 119.75 crores and Rs. 81.16 crores, respectively. The fact that the other banks were able to make speedier progress than the State Bank in 1961 supports the conclusion that, despite all the special advantages enjoyed by this public sector undertaking, it has not inhibited the growth of commercial banks in the private sector, thereby belying the widespread fears entertained at the time the Imperial Bank of India was nationalised and made into the State Bank of India.

There is also a specific reason for the relatively smaller increase in the deposits of the Bank as compared with its own record in 1960 as well as with the progress of other scheduled banks in 1961. The failure of the Palai Central Bank had upset the confidence of depositors in some of the other commercial banks and many had preferred the State Bank to others in 1960. This fortuitous factor had ceased to operate in 1961 and the other commercial banks were naturally able to regain their momentum.

The transfer of a further large amount of P.L. 480 funds in 1961, as well as the relatively slower pace of growth of deposits and advances alike, has not adversely affected the rate of improvement in the Bank's profit; if anything, it has been greater, as will be seen from the following comparative table showing the Bank's growth since 1958:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	19,74.64	19,58.35	18,58.82	15,77.97
Of which: Interest and discount earned	14,12.24	14,86.91	14,52.94	12,21.11
Commission and exchange earned	5,99.61	4,28.68	3,60.59	3,53.80
Interest paid	6,58.72	8,05.04	7,87.90	6,24.60
Cost of staff	7,97.80	7,81.69	6,99.66	6,06.35
All other expenses	1,91.66	1,77.01	1,27.48	1,39.54
Depreciation and repairs	25.46	22.06	20.47	17.14
Profit	2,71.00	2,17.56	1,87.10	1,90.14
To reserve fund	75.00	25.00	20.00	37.50
,, pension fund	7.42	7.29	6.96	6.00
,, staff welfare fund	10.00	5.00	2.50	5.00
,, staff housing fund	10.00	10.00	5.00	15.00
,, bonus to staff	45.00	42.00	40.00	36.00
,, dividend	1,29.27 (23%)*	1,27.97 (22.75%)*	1,12.66 (20%)*	90.00 (16%)
Carry forward	50.41	58.21	55.87	55.74

	As on 31st December			
	1961	1960	1959	1958
Capital	5,62.50	5,62.50	5,62.50	5,62.50
Reserves	8,20.00	7,45.00	7,20.00	7,00.00
Integration and development fund	2,55.98	1,97.80	1,88.87	1,46.50
Deposits	581,88.18	676,82.82	561,16.94	477,58.84
Borrowings from other banks	2,05.50	9,96.50	11,05.50	20,88.82
Advances	255,81.58	232,74.97	164,99.98	178,06.19
Investments	229,89.26	230,70.76	277,12.76	264,58.14
Cash	69,81.75	69,45.94	67,50.62	47,97.77
Balance sheet total	572,10.87	620,88.69	564,56.45	486,86.96
Ratio to deposits of—	%	%	%	%
Advances	43.7	40.6	29.7	39.0
Investments	42.5	51.4	64.9	59.5
Cash	12.9	11.19	11.8	13.1

* Subject to deduction of tax.
† Including money at call and short notice.

Striking features disclosed by the profit and loss account section of the table are: a fall of nearly Rs. 74.67 lakhs in the interest and discount earned; an increase of Rs. 110.93 lakhs in commission and exchange earned; a big increase of Rs. 116.32 lakhs in interest paid; and an impressive rise of Rs. 53.41 lakhs in profit, as against only Rs. 30.49 lakhs in 1960 and a fall of about Rs. 3 lakhs in 1959. Almost the whole of the increase in profit has been tucked away into the reserves.

If the profit has increased at a greater pace than the year-end figures in regard to advances, such is mainly due to (a) the overall level of advances being much higher throughout the year than in 1960, (b) a rise in the rate of interest on advances, and (c) an apparently larger share in the financing of India's foreign trade than hitherto. The report of the Central Board of Directors clearly says that the volume of foreign exchange business handled by the Bank recorded a further increase, with the number of rupee accounts maintained by the foreign correspondent banks rising to 144. The Bank also continued to provide facilities for financing the foreign trade resulting from several barter deals and other special arrangements entered into by the Government of India and the S.T.C.

The number of branches opened by the State Bank was only 37, as against 76 in 1960, the exact number being 954, as compared with 907 at the end of 1960 and 831 a year before that. The chief reason for opening fewer branches in the year under review than in the previous year was the completion of the branch expansion programme laid down under the State Bank of India Act well ahead of the targeted date, and the recommendation of the Karve Sub-committee to slow down further branch expansion, pending consolidation of the branches already opened and the building up of necessary staff. It will be recalled that, under the Karve Committee scheme (adopted with effect from 1st July 1961), the State Bank, as distinct from its subsidiaries, has to open only 145 additional branches by 30th June 1965, as compared with 400 branches in the five years ended 30th June 1960. The target for its subsidiaries is about 155. Under this Karve Plan, the Bank had opened 25 branches by the close of 1961.

Under the State Bank of India Act, the Bank is enjoined to help certain developmental functions, such as assistance to small industries and co-operative institutions. Tracing the achievements of the Bank in these spheres, the Central Board's annual report for 1961 provides the following information:

Finance to Small-scale Industries: The number of small industrial units assisted by the Bank, the credit limits sanctioned and the outstandings rose from 2,451, Rs. 7.8 crores and Rs. 3.7 crores in 1960 to 2,811, Rs. 10.1 crores and Rs. 5.1 crores in 1961. Similarly, the number of units assisted by the Bank's subsidiaries, the credit limits sanctioned and the outstandings also rose over the year from 384, Rs. 2.7 crores and Rs. 1.1 crore to 463, Rs. 3.4 crores and Rs. 1.5 crore in 1961. The bulk (82.8 per cent) of the limits sanctioned by the State Bank at "intensive centres" was less than Rs. 50,000 each, indicating that the Bank is really assisting small-scale units.

Rural Credit: The various facilities granted by the Bank to co-operatives, such as remittance facilities, purchase/discounting of bills/cheques, holdings of debentures of land mortgage banks and loans and advances, recorded an increase during the year. Between 30th September 1960 and 30th September 1961, the total number of advances granted by the Bank to co-operatives, the limits sanctioned and the outstandings increased from 527, Rs. 22.8 crores and Rs. 5.5 crores to 550, Rs. 24.6 crores and Rs. 6.6 crores, respectively. There was also a marked increase in the advances granted against warehouse receipts. The credit limits sanctioned against such receipts rose over the year from Rs. 2.2 crores to Rs. 4.5 crores in the case of the State Bank and from Rs. 0.8 crore in December 1960. to Rs. 2.7 crores in December 1961 in the case of its subsidiaries.

Remittance facilities granted by the Bank to co-operative financial institutions under the Reserve Bank of India Remittance Facilities Scheme increased from Rs. 94.0 crores during the co-operative year ended June 1960 to Rs. 123.6 crores during the year ended June 1961 and those under the Bank's own scheme from Rs. 65.9 crores to Rs. 102.7 crores.

The credit limits sanctioned by the Bank to co-operative sugar factories alone as interim accommodation increased from Rs. 76.0 lakhs in September 1960 to Rs. 139.5 lakhs in September 1961. A clean limit of Rs. 30.0 lakhs granted during the year for working capital pending accumulation of sugar stocks was current at the end of September 1961. Pledge limits sanctioned to co-operative sugar factories on stocks rose from Rs. 273.0 lakhs to Rs. 340.0 lakhs.

While the total credit limits sanctioned by the Bank to co-operatives have been increasing gradually, the relative outstandings continued to be comparatively small, except in the case of co-operative sugar factories. This matter, we are told, has been receiving the attention of the Bank.

Medium-term Finance: Further progress was made during the year under report in the matter of providing medium-term finance and furnishing guarantees for deferred payment for plant and machinery by industries. The Bank's assistance, as at the end of 1961, covered aluminium, cement, chemical, fertiliser, hydro-electric power generation, light engineering, paper, shipping, ship-building, steel fabrication, rolling wire nails and wire rope, synthetic rubber and transport industries. The Bank did not obtain any fresh refinance facilities from the Refinance Corporation for Industry during the year. Advantage of these facilities will, however, be taken in respect of some of the loans that have already been approved, after they are disbursed on completion of the necessary formalities.

STERLING AND INTERNATIONAL TRADE—I

HISTORICAL PERSPECTIVE—POST-WAR TRENDS

By W. F. Crick, C.B.E.

MEN of my generation, or the one before it, are subject to momentary attacks of nostalgia. In the City of London, one of the recurrent experiences of this kind carries the victim back to the days when the pound sterling was the unchallenged and unchallengeable currency of world trade and finance. In the period of nearly half a century which ended with the firing of an assassin's shot in Sarajevo in 1914, the world was supposed to have been on the gold standard; the truth is more nearly stated by saying that the world was in fact on a sterling exchange standard. All other currencies were subordinate, whether formally related to sterling or not. London was the focal point of the world's monetary arrangements, and what happened in the London money market had its echoes in every monetary centre throughout the world, while the impact of shocks elsewhere was taken and absorbed in London.

Historical Dominance

It is a useful introduction to a study of the present position of the pound sterling to inquire what were the factors that had created and sustained its historical dominance. They were many and varied, and I can do no more than recall them summarily, in a series that should not be taken as implying any order of precedence in time or weight. First, then, there was the influence of political power and Empire. The contacts thus established and the constitutional relations thus maintained fostered profitable intercourse, carried the British currency round the world, introduced trade and financing arrangements and opportunities that centred upon the United Kingdom, and protected British interests right out into the remote corners of the earth.

The political factor could not have been so powerful, however, had it not been accompanied by leadership in industry—a leadership which had been undisputed until the phenomenal development of German industry, in particular, during the decades preceding the First World War. The ominous economic, as well as military, implications of this development had not gone entirely unnoticed in Britain. Political power and industrial supremacy went hand in hand, again, in that, even before the days of a protective tariff subject to "Imperial preference," and perhaps still more after that innovation in 1932, the fact that a territory was coloured pink on the map of the world made it a natural area for the sale of Britain's manufactures and gave it, in practice, a privileged position as a supplier of primary products for use or re-sale in Britain.

Basis of Financial Leadership

Turning to another point, for a long time previously the expansion of Britain's trade, outward and inward, had been fostered by the location within England—thanks in part to simple geography—of principal world markets for an almost infinite variety of primary commodities. Look at a copy of that remarkable and venerable daily news-sheet, the Public Ledger, for any business day in the early years of the century, and see the astonishing range of commodities of every kind and grade—some of them known by name only to experts—for which regular market quotations were given. Much of this vast and varied trade was concerned with providing raw materials for British industry and food and drink for Britain's people; but a substantial part of it was entrepot trade, and some of the market dealings covered supplies which moved from source to place of consumption without touching the soil of these islands. Closely integrated with this trade nexus were the ownership and management of about half the world's mercantile shipping, offering among other things, regular mail and passenger services in all directions; unrivalled cable and other communications; comprehensive insurance facilities and complete ancillary services. All this not only provided for the world a concentrated equipment of expertise, efficiency and reliability, but for Britain a revenue-earning asset adding 'invisible' to 'visible' export receipts.

So much for political, industrial and commercial factors; but so far I have said nothing of the financial and monetary factors contributing to Britain's leadership in the world's business affairs. Here, perhaps, the most important single fact was that this country generated a large supply of savings, which permitted a continuous and heavy flow of capital for investment overseas. Both Empire and foreign Governments, public bodies and enterprises had free access to the London market, where bonds and other securities found ready subscribers. The funds so raised could be used to finance capital projects in the borrowing countries, which in turn often entailed exports from the United Kingdom. Industrial leadership was thus allied with financial enterprise and resources. Then, again, Britain—perhaps one should say Scotland in particular—was a source of banking enterprise in widely scattered parts of the world, providing not only finance but also the men to run the banks.

It was natural that, with abundant capital and a sound and highly developed banking system—with, moreover, a currency that had a longer record of stability than any other—London should have become pre-eminent as a centre of finance, in a variety of forms, for both short-term and long-term purposes. The bill on London was one expression of this dominance, sustained as it was by an elaborate structure of acceptance houses, bill brokers and discount market. Moreover, as Bagehot wrote, as long ago as 1873: "At whatever place many people have to make payments, at that place those people must keep money. A large deposit of foreign money in London is now necessary for the business of the world."[1] In turn, this necessity led to the establishment of branches in London of many overseas banks. The City became more and more cosmopolitan in its financial activities. By 1914, it appears,[2] there were more than 120 banks in London whose principal trading areas were outside the United Kingdom, and about one-half of them were foreign banks in the sense of having their head offices outside Britain, the Dominions and Colonies—that, is to say, in Germany, France, the United States or other foreign countries.

Britain was fortunate, too, in that, as gold established its decisive primacy over silver as the sole metal for international monetary reserves, she was able to fortify her position as required from supplies of gold newly mined in British countries overseas and sent to London as the natural market and the centre of control over the mining companies themselves. To sum up, during the nineteenth century Britain developed a smoothly working and intricate monetary system, along with an elaborate structure of arrangements for financing both current trade and capital investment; and, so far as the pound sterling could be said to be managed, the world had complete faith in the integrity and skill of its management.

Sterling Area

Although, as I have said, London's interests and relationships were world-wide, the associations were particularly close with territories of British settlement or colonisation. Hence the development of what came to be known eventually as the sterling area. Its roots go far back into history; it took shape as a largely (but by no means wholly) voluntary association of countries closely linked in politics, trade and finance, which habitually kept their monetary reserves mostly in London and their local currencies at established parities with sterling. Later on when, in 1931, the pound sterling broke away from gold, the solidarity of the sterling bloc was demonstrated by its continuance in more readily definable and recognisable form; within this association, the members enjoyed great advantages—not least, stable exchange rates among themselves while rates with outside countries were subject to wide fluctuation. In the 'thirties, the sterling bloc included more than

[1] *Lombard Street*, 14th Edition, pp. 34-35.

[2] From Scrutiny of the *Bankers' Almanac*.

"The history is recounted in some detail in two lectures delivered by the present writer and published by the Institute of Bankers in 1948: *Origin and Development of the Sterling Area* and *The Sterling Area during and after the War*.

one-fifth of the world's population and was responsible for about one-quarter of the world's exports. The seal was set upon the sterling area, when, at the outbreak of war in 1939, it was transformed into a formal, administrative entity for purposes of exchange control; but enough has been said, I think, to show that, if exchange control were completely dismantled today, little more than the formality of the association would disappear—the sterling area itself would remain.

So much for the main factors—political, industrial, commercial and financial—which contributed to the supremacy of the pound sterling. Even by 1914, however, that supremacy was becoming a little less firmly grounded, as other countries advanced, in economic development, at a relatively rapid rate. Industry was making great strides, particularly in Germany, France and the United States. After that date, two world wars made inroads into Britain's overseas investments, and the course of affairs between the wars—especially the prolonged world depression of the 'thirties—shattered the old structure of international debts and undermined the old freedom of movement of capital in search of enterprise. Politically, great changes were taking place in the alignment of power. After the Second World War, moreover, it seemed that the United States dollar had become generally accepted as the basic currency, as good as gold for all practical purposes and in some ways much better. When new international organs were set up for reconstruction and economic stabilisation—I.M.F., I.B.R.D., E.P.U. and so on—and new arrangements were entered into for promoting development, the funds involved were expressed in dollars or a notional equivalent of dollars. In the early years, the United States was the only available source of funds for aid in rebuilding the world's economic structure, and, under U.N.R.R.A. and Marshall Aid, dollars were spread generously around the world. It almost looked as though the pound sterling had "had it," and was fated to be henceforth a subordinate currency, leaning on the dollar for support and finding its utility only within the confines of the sterling area—now chiefly an administrative organ of exchange control. Appearances, however, proved to be deceptive.

Post-war Rehabilitation

Undoubtedly the pound sterling had lost ground, in relation to the dollar in particular, through the necessity of imposing and maintaining exchange control. I have often wondered whether it lost ground before the war in the period when it had no fixtd parity with gold or the dollar. Any disadvantage it may have suffered on this account was diminished by the fact that, for part of the period, the dollar also had no effective parity with gold; no doubt, moreover, the utility of sterling was aided by the invention and skilful operation of the Exchange Equalisation Account and the development of forward exchange facilities. At all events, after the Second World War, the British Government seems to have had little hesitation, in the light of experience and under pressure of the new internationalism, about accepting membership of a post-war organ of international collaboration, the International Monetary Fund, which entailed the establishment and maintenance of fixed parities. It was a shock to the prestige of the pound when devaluation became necessary in 1949, and, however much weight may be attached to arguments in favour of a "floating exchange rate" for sterling, it can hardly be doubted that the foreigner's willingness to hold sterling in the ordinary course is strengthened by a presumption of stability in its exchange value within narrow limits of a formal parity.

Along with the maintenance of a fixed parity, it has been a consistent policy of the United Kingdom Government ever since the war to move towards the largest possible measure of freedom from exchange control. In assessing the importance of this process, we are liable to forget that, even during the period of *maximum exchange control*, the pound had retained a large measure of effective convertibility over a wide sector of international trade, namely, within the sterling area. Nevertheless, it was subject to strict exchange control in relations with the larger part of the world, and, in this respect, was in a position far different from that which had obtained with the free pound sterling of pre-war times. The control was exercised through the obligation placed on residents to hand over to the authorities all non-sterling currencies coming into their hands and the requirement to make formal application, with evidence of purpose, for any foreign currency they might wish to acquire. National reserves—and indeed most of the monetary reserves of the entire sterling area—were thus pooled, and needs were met according to an officially determined and administered order of priorities. To a large extent, currency relations with non-sterling countries were on a bilateral basis, until, in 1947—just before the short-lived return to convertibility—the "transferable account" system was established to permit dealings in sterling among residents of a number of countries whose currencies were not particularly 'hard.' Dealings between the pound and the United States dollar (and other "American Account" currencies) remained rigorously controlled. At this stage, moreover, the power to administer and enforce exchange control was put upon a permanent statutory basis (*vide* The Exchange Control Act, 1947), in place of the war-time "emergency legislation."

Big Step Taken in 1951

A big step towards re-establishing London's position as an international financial centre was taken at the end of 1951, when the exchange market was re-established with facilities for 'authorised' banks to deal, within prescribed limits, in foreign currencies. In 1953, the facilities were broadened to permit arbitrage transactions. In the following year, the gold market was reopened under limitations as to residence of the overseas buyer and mode of payment. In 1954, again, the transferable account system was broadened to include nearly all the non-dollar non-sterling currencies, and, before long, transferable sterling became subject to official market intervention so as to keep quotations in financial centres abroad generally quite close to those for the corresponding foreign currencies in the London market. Finally, the transferable account group and the American account group were merged, in December 1958, making substantially all currently-earned sterling in the hands of residents outside the sterling area virtually convertible at will. Since then, various further relaxations have been made, and, by 1959, the Chancellor of the Exchequer was able to observe that, while "in formal terms the pound is convertible only for non-residents, . . . in view of the ending of currency restrictions on travel and on most of our imports from dollar and non-dollar countries, it is in effect convertible also for residents, except for capital movements."

The exception is significant. Investment from the United Kingdom in non-sterling-area countries is still closely regulated, and the raising of capital in this country by non-residents is still subject to official permission. Moreover, one special type of sterling remains and is subject to restrictive regulation; namely, "security sterling," which comes into the hands of non-residents by the sale of foreign-owned investments and other capital assets in this country and can be used only for the acquisition of similar assets. This distinction between freedom of current sterling and regulation of capital transactions is clearly acceptable under the statutes of the International Monetary Fund: hence, the formal step, taken by Britain along with several other countries in February this year, of switching from its 'transitional' status under Article XIV to the slightly more exacting status of membership under Article VIII. This step reinforces the international position of sterling, since, thereby, it becomes acceptable, as a *de jure* convertible currency, in repayment of drawings from the Fund in any currency.

In our present context we must not overlook the process of liberating trade along with current exchange transactions. In 1946, Government departments were directly responsible for buying by far the greater part of the country's imports, and it took some time to turn this business back into the hands of private traders. Even as late as 1950, the proportion of imports for which Government departments were responsible was not far short of one-half. The reopening of commodity markets was spread over a long period, and subjected to precautionary regulation in the interests of continuing exchange control. The wool and rubber markets were reopened in 1946, but others had to wait much longer. Meanwhile, progress was made with freeing imports from quantitative control exercised by licence; the last to go were restrictions on imports from dollar countries. Now all that remains is a few quantitative controls maintained for purposes not connected with exchange requirements. Similar progress, step by step, was made in order to permit the resumption of full facilities for world-wide banking, insurance and other ancillary services.

Exports Double

On the revenue side of the balance of payments, public and private activity have been allied in a steady effort to promote a remarkable growth of exports, to a 'volume' twice as large as before the war. "Export campaigns," improved insurance cover from the official Export Credits Guarantee Department, the resumption of facilities for London credits to finance a great variety of business and the extension of these facilities into the category of "medium-term credits"—all these have helped to restore Britain's position in international trade and finance. Furthermore, while capital movements have remained largely under control, deliberate and in parts selective encouragement has been given to pioneering investment overseas, so that now Britain can once again lay claim to being a net creditor country on the balance-sheet test as well as on revenue account.[4]

We ought, I think, to notice before leaving this chapter of history that the world-wide use of sterling had been encouraged by the very fact of the 'hang-over' from the war of a large volume of externally-owned sterling balances, though these again were highly concentrated in the possession of countries then within the sterling area. For the first ten years after the war, th dollar was a "hard currency" on trading account, and it was generally supposed that dollars would thus be difficult to get for an indefinite further period except for such bounty as the United States Government might bestow through defence expenditures abroad and generous "economic aid," and except also for American private investment in non-American countries. As things have turned out, in recent years, the supply of dollars made available from these sources has outstripped the surplus on the ordinary current account of the United States balance of payments. Dollars have been, in the post-war jargon, in excess supply just as sterling was in the early post-war years and still is at times when the Un.ted Kingdom's balance of payments shows a deficit. The dollar, too, has had the attraction of unlimited convertibility—even, in effect, into gold itself —throughout the period.

Present Position and Outlook

The outcome of all these cross-currents and conflicting factors is anything but clear. I know of no measure by which one can assess the relative status of different currencies, at different points of time, as media of international trade and finance. It is said, however, with some authority but no indication of the basis of calculation,[5] that nearly one-half of the world's international trade is financed in sterling, and the disproportionate size of this share is indicated by the fact that the export trade of all sterling-area countries taken together—whether that trade be with other sterling-area countries or elsewhere—comprises less than one-quarter of the total of world exports, while just under one-quarter of the world's population is to be found within the area. What I think we can say with some assurance is that sterling finances a bigger share of world trade than in the early post-war years but probably a smaller share than in the period preceding the First World War, when its supremacy was unquestionable. As a "reserve currency," the dollar has lost ground latterly, and, in terms of the volume of externally-owned short-term funds, there is probably little to choose between the dollar and the pound. Almost certainly, however, the dollar is foremost today as a medium of investment, if only thanks to the impressive economic development programmes of the United States Government and the operations of the World Bank.

(To be continued)

[4] In each of the post-war years (according to the official balance-of-payments estimates) receipts by way of "interest, profit and dividends" have exceeded outgoings under the same heading; but, only lately, has it been estimated that the amount of British-owned assets abroad well exceeds that of external liabilities. In October 1960, the Economic Secretary to the Treasury stated that, "if a full inventory coul'd now be made of all United Kingdom external financial assets and liabilities, I have no doubt that we should be seen to be a creditor nation, despite the large post-war loans we received from the United States and Canada, and the large overseas holdings of sterling."

[5] One official publication (dated 1957) stated: "About half the world's international trade and payments is transacted in sterling." Another (dated 1961) remarked that "sterling . . . is the currency in which about two-fifths of the world's trade is conducted." Perhaps, significance is to be read into the difference between "trade" and "trade and payments."

GENEVA TEXTILE PACT WELCOMED WITH SOME RESERVATIONS

PRODUCTION AND EMPLOYMENT DOWNWARD

From Our Special Correspondent

MANCHESTER, *20th February*

THE disclosure of the terms of the agreement reached at the Geneva talks on international trade in cotton goods was welcomed with some reservations in Lancashire. Under the new arrangements, the United Kingdom cannot be called upon to increase its imports of cotton textiles from low-cost producers—but cannot reduce these imports. A country which has its market disrupted by imports of cheap cotton goods can, under the new arrangements, ask the supplying country to keep exports to a level not lower than that of its sales in the first 12 months of the preceding 15 months period.

MANCHESTER LETTER

Mr. Roger Lee, Chairman of the Lancashire Cotton Corporation, expressed the view of many Lancashire traders at the Company's annual meeting when he said that the pact could provide a more favourable climate for Lancashire's textile industry, was based solely on the proviso that the British Government would be prepared to recognise the disruption which has already occurred in the industry, and would operate the safeguards provided by the agreement "with vigour and speed." He made it abundantly clear how essential it is that Lancashire should have the full support of the Government in maintaining a powerful front towards other countries which are bound to be affected by the proposals.

Relaxation Ahead?

Five years can be a relatively short time in an industry so prone to swift reversals of fortune as is the textile business in Britain and abroad. In view of the developments which have already occurred in the past decade and the enormous increase in arrivals from foreign sources, no emphasis of this particular point is necessary. Very much depends on the interpretation of what "disruption" means to an individual market, but the new agreement should at least provide some relaxation of the burden which has lain far too heavily on our local industry for a number of years.

In the absence of bilateral action to avoid threatened disruption of the domestic market, a 60-day period is permitted for negotiations, after which it will be possible to freeze imports at the level of the first twelve-month period of the preceding 15 months. Subsequently, the freeze can be extended for a further year and any increase in imports at a later date must be limited to five per cent per annum.

Few, if any, local traders would disagree with the Cotton Board's verdict that imports into the United Kingdom are already far too high. The basic period on which the agreement is planned happened to coincide with a phase of arrivals which permitted larger inroads than have ever been allowed before or since into this country. Other nations, notably the United States, have managed to avoid such a situation and their sufferings have been correspondingly smaller.

A Rescue Operation

Amid the various disheartening influences which are at present at work in the Lancashire cotton industry there remain many traders who are prepared to make a fight of it. Most of the official information which comes to hand presents a gloomy aspect; the figures of production and employment follow a downward trail; although imports have lately been reduced, the export situation can hardly be described as encouraging; lack of enterprise among customers is attributed to fears about oversupply and the questionable rate of future consumption.

It is scarcely surprising that the psychological effect of all this "talking-down" has resulted in numerous owners of mills refusing to chance their arm by indulging in the long-term re-equipment plans which were so much to the fore up to a year ago. Many traders are inclined to blame an absence of leadership, contending that, now that the politicians have quite obviously deserted the industry, the only hope is to make communal plans to eject the invader and, if necessary, put the trade on what amounts to a war-time footing.

Historically, antecedents hardly justify much faith in the various sections of the trade joining together for such a purpose. The individuality displayed by single companies, let alone a group of firms within the same branch, may have earned the region's reputation for rugged isolation in the past, but the time has come for the sinking of differences in an attempt at a rescue operation. In the past 15 years, collaboration has become far more widespread than it ever was before the war, but there is still considerable scope for improvement in this direction.

Profitable Business?

Many and varied are the schemes which traders are now contemplating as possibilities in their efforts to secure relief from an almost untenable position. One which is gaining adherents works on the basic premise that, so long as merchants find it remunerative to obtain goods from abroad, they will continue to import substantial quantities, provided no actual quota restrictions are imposed. This has always been a fundamental factor in the long-standing controversy about imports. Outsiders can certainly point out that importers would only continue to carry out their functions as long as the business was profitable.

To offset this situation, it is being suggested that the re-introduction of the old utility cloth schedules, under specifications drawn up by the British Standards Institute, would provide a solid platform on which publicity on behalf of the industry could be effectively handled. The intention would be to encourage consumers of textiles in Britain to avoid the purchase of foreign cloth by stressing the value and quality offered by the home producer. Details of such a plan would naturally be complicated, bringing some form of control into force and thereby creating opposition in some quarters. Every yard of British goods would need to be suitably stamped on the selvedge; price margins, for the benefit of customers, would be subject to restrictions.

Promotional activities by the Cotton Board in the past have proved their worth in certain markets, but a wider campaign on such a basis would probably require additional cash and levies or the use of accumulated reserves. All these ideas are obviously open to argument, but it is widely felt that, within the industry, the drift cannot be allowed to continue.

Positive Action Needed

Some action, even if it offends in certain quarters, should be taken to make a positive move forward. This does not imply that the negotiators at Geneva did not do their best, but their task against the combined opposition from the low-cost countries who wish to export more and the developed areas which are tightly guarding their own domestic markets gave them an uphill struggle.

A big boost for British standards in textiles is one way of trying to stem the tide. There are other aspects which deserve consideration but the trade itself would welcome an active pressure group operating on its behalf. Even such ventures must have their speculative element, although the aim may be high. A recent survey undertaken by Courtaulds showed how fickle the taste of at least one important section of the consuming public can be. An attempt was made to assess the clothing habits of the female teenager—defined as unmarried women between the ages of 12 and 24. They number 3,300,000, or 13 per cent of the total female population. Their average expenditure on clothing is £1 a week, involving an annual expenditure of £146 million or 20 per cent of the total spent on women's wear. The report says that teenagers' first consideration when choosing garments is style and colour. The material is secondary; even then it may not be the fibre which is important, but the general appearance of the cloth and whether it is suitable for the occasion.

Re-equipment Plans

A substantial re-equipment programme involving expenditure of more than £3,750,000 is being drawn up by the Lancashire Cotton Corporation, the big Lancashire cotton combine. Mr. Roger Lee, the Chairman, told the annual meeting of the Company in Manchester that a close watch would be kept on the situation before finally concluding firm orders. The Corporation had already launched a modernisation scheme involving £1,250,000 by the end of October last and the new programme consisted of a £2,500,000 project.

"If we are satisfied that there are good prospects of earning an adequate return from this expenditure, we shall proceed with the schemes," Mr. Roger Lee announced. Orders must be placed by July 1963 and the work completed by July 1964 to qualify for the 25 per cent subsidy offered by the Government. An increase in sales orders in the first quarter of the new financial year suggested that the pipelines which had been choked by excessive imports were now clearing, he continued, but it might take some considerable time for the full effect to be felt.—*All Rights Reserved.*

USE OF RADIOISOTOPES IN TEXTILE INDUSTRY

Wider use of radioisotopes in the textile industry was forecast at a conference held in Manchester on 24th February 1962. The conference was sponsored by the isotope group of the Textile Institute in conjunction with the United Kingdom Atomic Energy Authority. Believed to be the first conference of its kind devoted to uses of isotopes in the textile industry, it was attended by the representatives of all sections of the trade.

Mr. H. E. Knobil, presenting a paper on some current uses of radioactive isotopes in the textile industry, said that they had a great potential application in such fields as quality control of warp knitted fabrics, the application of resin finishes (to make materials crease-resistant and give them quick-drying properties), and the measurement of threat thicknesses. Dr. J. C. Putman, of the Atomic Energy Authority's research laboratory at Wantage, in a paper on new techniques and possible future uses of isotopes in the textile industry, stated that he foresaw greater use of radioactive control devices in the processing of natural cotton and in the spinning and weaving sections.

THIS IS AN ANNOUNCEMENT AND NOT A PROSPECTUS

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

A Licence has been obtained from the Central Government for the establishment of this new Industrial Undertaking of which a copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in granting this Licence, the Government of India do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed in regard to them.

A copy of this Prospectus, having attached to it the documents required by Section 60 of the Companies' Act 1956, has been delivered for registration to the Registrar of Companies, Delhi.

Application will be made to the Stock Exchange at Bombay for permission to deal in and for an official quotation of the Equity Shares of the Company.

The subscription list will open at the commencement of Banking hours on the 12th March, 1962 and will close at the discretion of the Directors but not earlier than the close of the Banking hours on the 14th March, 1962.

Application in the Company's Printed Form should be made for a minimum of 5 shares or multiples thereof on the basis of the Prospectus copies of which along with the application forms are available from the Brokers and the Bankers to this Issue.

THE BARIUM CHEMICALS LIMITED

(INCORPORATED ON 28TH JULY 1961 UNDER THE COMPANIES ACT 1956)

SHARE CAPITAL

AUTHORISED:
1,00,000 Shares of Rs. 100 each .. .. Rs. 1,00,00,000

ISSUED:
50,000 Equity Shares of Rs. 100 each .. .. Rs. 50,00,000
Total .. Rs. 50,00,000

OUT OF THIS ISSUE:
The Promoters, Directors and their friends have subscribed for in cash, at par, and have been allotted—
7,532 Equity Shares of Rs. 100 each .. .. Rs. 7,53,200
Further, the Promoters, Directors and their friends have agreed to subscribe for in cash, at par.
2,468 Equity Shares of Rs. 100 each .. .. Rs. 2,46,800
(No underwriting commission or brokerage is payable to the above 10,000 Equity Shares)

NOW OFFERED FOR PUBLIC SUBSCRIPTION:
The balance of 40,000 Equity Shares of Rs. 100 each, at par for cash in terms of this Prospectus .. .. Rs. 40,00,000
Total .. Rs. 50,00,000

The entire issue now offered to the public is underwritten.

No shares are issued or agreed to be issued for consideration other than cash.

TERMS OF PAYMENT:

The amount payable in respect of the present issue of Equity Shares to the public is as follows :—

	Per Share
On application	Rs. 25
On allotment	Rs. 25
Balance	Rs. 50
	Rs. 100

The balance of Rs. 50 per share, on call or calls to be made not earlier than three months after allotment.

Failure to pay any amount due on the shares allotted when due, will render previous payments and the shares liable to forfeiture.

DEBENTURES:

The Company has not issued any debentures or debenture stocks.

DIRECTORS

SHRI V. P. MENON, C.S.I., C.I.E., Chairman, Board of Directors, 'Shelter,' Cooke Town, Bangalore-5.

Former Governor of Orissa and Former Secretary to the Ministry of States, Government of India.

Chairman of: Southern Structurals Ltd.

Director of: The Cochin Malabar Estates Ltd., The Peria Karamalai Tea & Produce Co., Ltd., The Kumergode Estates Ltd., The Ouchterlony Valley Estates (1938) Ltd., Spencer & Co. Ltd., etc.

Trustee of: The Palace Trusts, Mysore, H.E.H. the Nizam's Charitable Trust, Bharatpur Princesses Trusts, etc.

PADMA VIBHUSHAN SRI V. NARAHARI RAO, C.S.I., C.I.E., Director, 177, III Block, Jayanagar, Bangalore.

Retired Comptroller and Auditor-General of India. Former Executive Director of the World Bank, Washington.

Chairman of: The Chamundi Chemicals & Fertilisers Ltd., Mysore.

Director of: Hindustan Machine Tools Ltd., Bangalore. The Mandya National Paper Mills, Ltd., etc.

PADMA VIBHUSHAN SRI P. S. RAO, C.I.E., I.C.S. (Retd.), Director, 'Koh-i-noor' Jubulee Hill, Hyderabad-4.

Formerly Governor of Kerala and Adviser to the Travancore Cochin and Pepsu Governments.

Chairman of: Praga Tools Corporation Ltd.

Director of: India Refrigeration Industries Ltd., The Central Potteries Ltd., Sri Akamamba Textiles Ltd., The Chittoor Co-operative Sugars Ltd., Shama Engine Valves Ltd., etc.

SRI V. K. B. PILLAI, I.C.S. (Retd.), Director, Cotton Hills, Trivandrum 10.

Formerly Secretary, Ministry of Health, Government of India, New Delhi.

DHARMAPRADASA SRI M. V. VEERAPPA, Director, 6.1.68/6, Ravi Villa, Saifabad, Hyderabad 4.

Director of: The Mysore State Finance Corporation, The Bangalore Printing & Publishing Co., Ltd., The Hindustan Ideal Insurance Co., Ltd., The Mandya National Paper Mills Ltd., The Mysore Coffee Estates Ltd., The Mysore Fruit Products Ltd., The Mysore Chemicals Ltd., etc.

SRI S. SABHANATHAN, Director, 3, Karudapillai Street, Sirkali, Tanjore Dist.

Director of: Gannon, Dunkerley & Co. (Madras) Private Ltd., Associated Industrial and Engineering Co. Ltd., The Bhavani Mills Ltd., The Ellore Electric Supply Corporation Ltd, The Spheroidal Castings Pvt. Ltd., The Madras Eastern Ore Corporation Private Ltd., etc.

Partners of: Eastern Ore Corporation, Eastern Trading Corporation, etc.

SRI S. B BILIMORIA, Director, Union Bank Buildings, Dalal Street, Bombay-1.

Partner of: Batlivala and Karani, Stock and Share Brokers, Bombay-1.

Director of: Shama Engine Valves Ltd., Universal Electrics Ltd., etc.

SRI M. S. MEHTA, Director, 22-D, Residency Road, Bangalore-1.

Director of: Sarton Son & Co. Pvt. Ltd.

Partner of: Bapalal & Co., Madras, Industrial Diamond Tools Co., Brooklands Estate (Coffee), Yercaud, Wooklands Estate (Coffee), Yercaud, etc.

SRI P. N. BALASUBRAMANIAN, Managing Director, 186, Golf Links, New Delhi-3.

Proprietor of: Transworld Trades, Madras and Delhi.

Chairman of: The Madras Eastern Ore Corporation Private Ltd.

Director of: Gudeba Ltd., London, etc.

It is proposed to appoint, KHAN BAHADUR C. B. TARAPOREVALA, Financial Adviser to His Exalted Highness The Nizam of Hyderabad, Somajiguda, Hyderabad 4, and SRI R. N. BANERJI, I.C.S. (Retd.), 17, Friend's Colony, Mathura Road, New Delhi, also as Directors of the Company. As they have attained the age of 65, necessary resolutions as required by law are included in the agenda for the Extraordinary General Meeting convened on the 2nd March, 1962.

FOREIGN TECHNICAL COLLABORATORS

L. A. MITCHELL LIMITED, Manchester, England.

BANKERS TO THE ISSUE

THE CENTRAL BANK OF INDIA LIMITED ... } Ahmedabad, Amritsar, Bangalore, Bombay, Calcutta, New Delhi, Hyderabad, Kanpur, Madras, Vijayawada.
THE BANK OF BARODA LIMITED ... }

THE ANDHRA BANK LIMITED ... Bombay, Madras, Vijayawada, Bangalore, Hyderabad.

UNDERWRITERS

The entire issue offered to the public is underwritten.

The following institutions and firms have agreed to underwrite the shares offered for public subscription and the face value of shares so underwritten is set out against their names:

Underwriters	*Equity Shares* Rs.
ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION LTD., B-1-174, Fatch Maidan Road, Hyderabad-4.	10,00,000
BATLIVALA & KARANI, Union Bank Building, Dalal Street, Bombay-1. ...	15,00,000
A. B. PANDIT & CO., 32, Apollo Street, Bombay-1.	3,00,000
MERWANJEE BOMANJEE DALAL, Allahabad Bank Building, Apollo Street, Bombay-1.	3,00,000
CHIMANLAL J. DALAL & CO., Stock Exchange New Building, Dalal Street, Bombay-1.	3,00,000
G. M. PYNE, Allahabad Bank Buildings, 14, India Exchange Place, Calcutta-1.	2,00,000
RAJ PAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi.	2,00,000
M. NANJAPPAIAH JAHGIRDAR, 181, Cavalry Road, Bangalore-1. ...	2,00,000

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

BROKERS TO THE ISSUE

BOMBAY

BATLIVALA & KARANI, Union Bank Building, Dalal Street, Bombay 1.

A. B. PANDIT & CO., 32, Apollo Street, Bombay-1.

MERWANJEE BOMANJEE DALAL, Allahabad Bank Building, Apollo Street, Bombay-1.

CHIMANLAL J. DALAL & CO., Stock Exchange New Building, Dalal Street, Bombay-1.

CALCUTTA

G. M. PYNE, Allahabad Bank Building, 14, India Exchange Place, Calcutta-1.

NEW DELHI

RAJ PAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi.

RAJA RAM BHASIN & CO., "Ashiana" Faiz Bazar, Delhi 6.

MADRAS

PATERSON & CO., 22, Erraballu Chetty Street, Madras.

BANGALORE

M. NANJAPPAIAH JAHGIRDAR, 181, Cavalry Road, Bangalore-1.

AHMEDABAD

CHINUBHAI CHIMANLAL DALAL, Maneckchowk, Ahmedabad.

HYDERABAD

M. R. & CO., Singhee Bhuvan, Abid Road, Hyderabad.

P. B. AFZALPURKAR, 790, Sultan Bazar, Hyderabad.

LEGAL ADVISER

MR. T. RAGHAVAN, M.A., B.L., Advocate, 11-B, Mowbray's Road, Madras-18.

AUDITORS

M/s. V. SANKAR AIYAR & CO., Chartered Accountants, 4, Scindia House, New Delhi-1.

REGISTERED OFFICE

186, GOLF LINKS, NEW DELHI-3.

CONSENT:

The consents in writing of the above named bankers, underwriters, brokers, auditors and legal adviser to act in their respective capacities have been obtained and filed with the Registrar of Companies, Delhi, and none of the said consents has been withdrawn.

UNDERWRITING COMMISSION AND BROKERAGE:

In terms of the agreements arrived at between the Company on the one hand and the Underwriters on the other, the underwriters are entitled to an underwriting commission of 2½ per cent on the nominal value of the Capital underwritten by them.

Brokerage at the rate of Re. 1 per Equity Share will be paid on all allotments made in respect of applications bearing the stamp of a Bank, a recognised Broker, including the Brokers to the issue. Brokerage on the same basis is payable to the underwriters in addition to the underwriting commission on allotments in respect of applications made or procured by them and bearing their respective stamps.

OBJECTS OF THE COMPANY:

The Company has been formed generally for the purposes set out in the Memorandum of Association and, in particular to manufacture barium compounds and salts and the incidental by-products.

COMMENCEMENT OF BUSINESS:

The Company has obtained the Certificate dated 4th September 1961 to commence business, after filing a Statement in lieu of Prospectus.

The Statutory Meeting of the Company is convened on the 2nd March, 1962.

IMPORT OF MACHINERY:

The Company is in possession of a Cash Sterling Import Licence of the value of £102,000 (*vide* Import Licence No. 991626/61 dated the 27th November, 1961) for the import of Machinery and other Capital Equipment.

Firm orders for plant and machinery required for the project have already been placed with the foreign technical collaborators and the necessary advance and letters of credit for full value both in Sterling and in Rupees, have been established in favour of the collaborators. It is expected that the complete delivery, erection and putting into operation of the plant and machinery will take place from nine to twelve months from now.

TECHNICAL COLLABORATION AGREEMENT AND PLANT & MACHINERY:

The Company has entered into a Technical Collaboration and Plant Supply Agreement with L. A. Mitchell Limited, Manchester (U.K.). Under this agreement they have, *inter alia*:

Guaranteed capacity and performance of the plant and machinery.

Guaranteed the quality of the chemicals produced to B.S.S. Standards.

Agreed to provide plant management and staff training for a period of 18 months.

The Project is the first of its kind in India. The plant as envisaged is expected to produce 4,550 tons of Barium Salts and Compounds like Blanc Fixe (Pigment quality), Barium Chloride (Tech. quality), Barium Chloride (B.P. quality), Barium Sulphate (B.P. quality), Barium Nitrate, Barium Carbonate, Barium Hydroxide, etc. Further, for the first time in India, 600 tons of superior grade Sulphur will be recovered annually as by-product. The plant has additional capacity for 1,800 tons of Barium Sulphide. Production cost of Barium Sulphide, Barium Carbonate and Sulphur is expected to be amongst the cheapest in the world. Consequently, the Company is expected to be in a position to compete in the world markets for the sale of Barium Sulphide and Barium Carbonate. These products are utilised in the manufacture of Caustic Soda, Paints, Glass and Ceramics, Pharmaceuticals, Chemical Industries and a number of other industries and also in the manufacture of Ammunition and Explosives.

The production is expected to replace the present imports and the annual foreign exchange saving and earning of this project to the country will be about £300,000.

The Company will also enjoy the Tax benefits applicable to new industrial undertakings.

CAPITAL OUTLAY:

The capital required by the Company to reach the stage of production is estimated as follows:—

	Rs.	Rs.
Payment to L. A. Mitchell Limited, Manchester, for supply of Plant, Equipment, Erection, Technical Know-how, Collaboration, Plant Management and Staff Training, etc. set out in the contract dated the 12th October, 1961		24,60,000
Land, Development of Land, Buildings, other Civil Engineering Works, etc. extra equipment and and provision for increase in process, duty, transport, etc. ...		15,75,000
Pre-Incorporation and Preliminary expenses		1,50,000
Expenses of this Issue:		
Underwriting Commission	1,00,000	
Brokerage	40,000	
Other expenses ...	35,000	
		1,75,000
Working capital		10,00,000
Total ...		53,60,000
SOURCE OF FUNDS:		
Equity Shares		50,00,000
Borrowings from Banks, other sources, etc.		3,60,000
		53,60,000

MINIMUM SUBSCRIPTION:

The minimum subscription in respect of the present public issue on which the Directors will proceed to allot is Rs. 40,00,000. This is the total amount of the present issue offered to the public. Subscription of the amount is assured, as the entire public issue has been underwritten.

PRELIMINARY EXPENSES AND EXPENSES OF ISSUE:

The Preliminary Expenses incurred by the Promoter, Sri P. N. Balasubramanian, in respect of the procurement of the Industrial Licence, Import Licence, investigation of the project and registration of the Company, etc. amounted to Rs. 1,50,000 which amount has been reimbursed to him by the Company.

The estimated amount of expenses of this issue including underwriting commission and brokerage is Rs. 1,75,000, the same are payable by the Company.

AUDITORS' REPORT:

The following is a copy of the Report of the Company's Auditors, V. Sankar Aiyar & Co., Chartered Accountants. They have given their consent to the issue of the Prospectus with the statement included in the form and in the context in which it is included. They have not withdrawn such consent before the delivery of the copy of the Prospectus for Registration.

V. SANKAR AIYAR & CO. Scindia House,
Chartered Accountants. New Delhi,
D/29*th January*, 1962.

The Barium Chemicals Limited,
186, Golf Links,
New Delhi-3.

Dear Sirs,

In accordance with the provisions of Clause 24 of Part II of Schedule II of the Companies Act, 1956, we report that no accounts of the Barium Chemicals Ltd. have been made up in respect of any period since the incorporation of the Company.

Yours faithfully,
Sd/-
(V. Sankar Aiyar & Co.)

MANAGING DIRECTOR:

Sri P. N. Balasubramanian has been appointed as the Managing Director of the Company under the Articles of Association. The appointment has been approved by the Central Government by its letter dated the 5th December, 1961. The Managing Director will be entitled to a remuneration of 5 per cent of the net profits of the Company. The Central Government has stated that the proposal of paying a minimum remuneration of Rs. 50,000 per annum to him in the event of absence or inadequacy of profits, may be submitted to them after the present issue.

NATURE AND EXTENT OF DIRECTORS' INTEREST:

Sri P. N. Balasubramanian being a Promoter and Managing Director of the Company is interested in the reimbursement of preliminary expenses and the remuneration and sitting fees payable to him as Managing Director.

The Directors other than the Managing Director are interested to the extent of the commission of 3 per cent of the net profits of the Company, which will become payable to them on the special resolution being passed at the Extraordinary General Meeting and the same being approved by the Central Government. Each of the Directors is also interested to the extent of the Shares subscribed, allotted, or to be allotted to him in the Company as also in the sitting fees receivable for attending Board Meetings or Committee Meetings.

Sri S. B. Bilimoria, a Director, is a partner in the firm of Batlivala and Karani and is therefore interested in the underwriting commission and brokerage payable to them.

PAYMENT TO PROMOTERS:

No payment has been made or is proposed to be made to the promoters of the Company except reimbursement of the preliminary expenses incurred by Sri P. N. Balasubramanian. No profits or benefits have been given to any person or promoters of the Company.

STIMULATING OFFTAKE OF TEA

PROMOTION AND TAXATION NEED LOOKING INTO

By K. Ghosh

PRESIDENT, TEA PACKETERS' ASSOCIATION OF INDIA

THERE has been a complete change in the tea market since the formation of the Tea Packers Association of India in the closing months of 1960. The early months of 1961 were dominated by fears of shortage of tea, because of the serious drought affecting many parts of Northern India. These fears proved groundless but prices, including world prices, ruled high. It proved difficult to satisfy many longstanding foreign customers. From July 1961 onwards, it became increasingly obvious that the North Indian season 1961-62 was going to be marked by a bumper crop and the latest figures show an estimated increase this season of some 66 million pounds. South Indian crop also shows a small increase.

Crops in other producer countries, notably Ceylon and Pakistan, are also up and a world increase of 116 million pounds is the latest recorded figure. Prices have accordingly receded and may be estimated at around 70 nP per kg. below last year.

It was natural that this increase in crop should arouse fears, especially as the prices of some plainer tea fell very near to cost of production during December 1961. What is the point, people asked, in producing more tea if this is going to be the result? This 1961 crop is only 770 million pounds. What will happen when the third Plan target is reached—900 million pounds?

I believe that some answer to these questions may be found in the behaviour of the market since January. Support from several overseas countries—old customers like the U.K. and U.S.A. and newer ones like the U.S.S.R. and U.A.R., combined with revived confidence in the internal market, have raised prices to more economic levels.

To fail to grow more tea means to surrender India's place as the premier tea supplier in the world. Without more tea produced, how can this great industry play its part in the expanding economy of our country? We must grow more tea. But must this achievement be accompanied by low prices and poverty or ruin to the weaker gardens? Emphatically not. This unhappy threat can certainly be avoided by two measures —promotion and adjustment of taxation.

Promotion

Dealing first with promotion—we are fully alive to the need for exporting teas more and more, because tea is one of the largest earners of foreign exchange for the country. Considering the urgency of foreign exchange, the Tea Board of India have addressed themselves to the task very seriously and set up various committees to look into ways and means of promoting Indian teas by extensive and effective propaganda in foreign countries. We are glad to note that the Tea Board has already sent Tea Advisers abroad, and more such Tea Advisers are to be sent to study the possibilities of selling more teas in foreign countries. Though the Tea Board are partners in the various Tea Councils abroad, yet, considering the urgency of our need, the steps which they have taken are, in my opinion, in the right direction and we do hope that the Tea Board will send some delegations to study the disappointing consumption of our teas as compared with those of other producing countries, such as Ceylon.

At the present moment, the Tea Board has suspended its propaganda in India. This may not, however, be desirable. May I remind you of the internal demands, particularly of plain teas. When people talk about promotion, their minds almost instinctively go to Government-sponsored promotion. Good though this is, I think more thought, perhaps more credit, should be given to the selling efforts of private traders, large and small. There can be no substitute for these efforts and the trade, particularly the export trade, would collapse without them. It is, therefore, not unreasonable to ask that taxation and other forms of Government participation in the industry be so arranged as to provide the minimum interference with the trader's efforts to sell more and more tea.

These efforts have not been without result. Shipments from North India so far this season are up by some thirteen million pounds. U.A.R., U.S.A., U.S.S.R., Turkey and Australia have all shown welcome increases.

Taxation

No responsible person will deny that a right-thinking and progressive Government must levy taxes. Nor can an industry which holds so high a position in the country's economy as does the Indian tea industry, expect to do other than shoulder its fair share of the burden. But taxation of tea in India is out of line with the trading conditions of the nineteen-sixties. There has been no fundamental change in the basic system of Central taxation since 1953—how different things were then!

Central Government taxation on tea is levied in three separate places: on the garden, at the time of export from our borders and at the time of packing for internal consumption—if the tea is packed. If sold loose, it incurs no further taxation. State Governments also im-

(*Continued on page* 404)

STATE BANK OF TRAVANCORE

SUBSIDIARY OF THE STATE BANK OF INDIA

Incorporated in India under Special Statute. The Liability of the Members is Limited.

BALANCE SHEET AS AT 31st DECEMBER, 1961.

As at 31st Dec., 1960	CAPITAL AND LIABILITIES	As at 31st December 1961	
Rs. nP.		Rs. nP.	Rs. nP.
	1. Capital :		
2,00,00,000 00	Authorised Capital—2,00,000 shares of Rs. 100 each	2,00,00,000 00	
1,00,00,000 00	Issued and subscribed Capital—1,00,000 shares of Rs. 100 each fully paid up		1,00,00,000 00
31,18,000 00	**2. Reserve Fund and Other Reserves**		33,50,000 00
	3. Deposits and Other Accounts :		
3,36,82,451 38	Fixed Deposits, Thrift Deposits and Cash Certificates	8,26,85,242 85	
1,59,06,326 75	Savings Bank Deposits	5,14,81,345 34	
2,87,67,901 67*	Current Accounts, Contingency Accounts, etc.	* 3,73,26,717 95	
8,33,56,379 80			17,14,93,306 14
	4. Borrowings from other Banking Companies, Agents etc :		
48,228 37	(i) In India	13,89,064 15	
Nil	(ii) Outside India	Nil	
48,228 37			13,89,064 15
	PARTICULARS :		
48,228 37	(i) Secured by part of Investments per contra	Nil	
Nil	(ii) Unsecured	13,89,064 15	
9,10,907 54	**5. Bills Payable**		12,92,329 52
	6. Bills for Collection being Bills Receivable as per contra :		
53,87,675 25	(i) Payable in India	82,45,561 40	
3,12,874 39	(ii) Payable outside India	2,71,111 11	
57,00,549 64			85,16,672 51
	7. Other Liabilities :		
16,000 00	Staff Security Deposit	66,500 00	
4,53,483 69	Interest accrued on Deposits	13,95,958 90	
5,00,000 00	Dividend for 1961	5,00,000 00	
48,230 91	Unpaid Dividends	47,344 92	
26,90,095 60	Branch Adjustments	35,92,514 93	
70,121 98	Bonus Payable	98,934 93	
2,24,951 99	Provision towards gratuity	3,15,855 75	
19,199 77	Sundries	7,77,254 74	
40,22,083 94			67,94,364 17
1,47,39,135 53	**8. Acceptances, Endorsements and other Obligations per contra**		72,76,851 78
Nil	**8a. Chitty Liabilities to the extent of assets per contra.**		60,85,536 56
	9. Profit and Loss :		
Nil	Balance brought forward from previous year	12,242 59	
13,53,364 57	Profit for the year ended 31-12-1961 brought from Profit and Loss Account	8,35,480 14	
		8,47,722 73	
6,25,000 00	LESS: Transfer to Provision for Taxes†	Nil	
7,28,364 57	Balance of Profit	8,47,722 73	
	LESS: Appropriations to : Rs. nP.		
1,46,000 00	Reserve Fund 2,32,000.00		
70,121 98	Bonus to Staff 1,02,000.00		
5,00,000 00	Dividend at 5% (Subject to tax). 5,00,000.00		
12,242 59		8,34,000 00	13,722 73
	10. Contingent Liabilities:		
79,343 94	(a) Claims against the Bank not acknowledged as debts	4,53,911 94	
	(b) Money for which the Bank is contingently liable : Rs. nP.		
	(i) Guarantee given by the Bank on behalf of Directors or Officers .. .. Nil		
Nil	Guarantee given on behalf of others 1,41,73,007.58		
Nil	(ii) On account of gratuity to employees .. .. Nil		
88,345 05		1,41,73,007 58	
Nil	(c) Arrears of cumulative preference dividends	Nil	
Nil	(d) Liability on Bills of Exchange re-discounted	Nil	
14,51,470 95	(e) Liability on account of outstanding Forward Exchange Contracts	4,95,962 62	
16,19,159 94		1,51,22,882 14	
12,19,07,527 41	Total .. Rs.		21,62,12,147 56

N.B.—Provision for the amount of gratuity payable to Staff according to actuarial valuations has been made, except to the extent of Rs. 5,48,289.05

* Provision for Taxes has been included under Current Accounts, Contingency Accounts etc.
† Provision for Taxes for 1961 has been made from the Profit and Loss Account.

As at 31st Dec., 1960	PROPERTY AND ASSETS	As at 31st December 1961	
Rs. nP.		Rs. nP.	Rs. nP.
	1. Cash :		
1,17,38,678 08	In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes—Nil)		1,68,27,712 33
	2. Balances with other Banks :		
1,45,858 17	On Current Accounts :		
12,59,113 25	(i) In India	6,05,757 38	
	(ii) Outside India	8,67,082 40	
14,04,971 42		14,72,839 78	
	On Deposit Accounts :		
16,000 00	(i) In India (Staff Security Deposit)		
Nil	Chitty Security Deposit	68,000 00	
Nil	Others	69,000 00	
Nil	(ii) Outside India	1,45,00,000 00	
		Nil	
14,20,971 42			1,61,09,839 78
1,13,00,000 00	**3. Money at Call and Short Notice**		2,68,00,000 00
	4. *Investments at or below Market Value :		
3,44,81,021 58	(i) Securities of the Central and State Governments and other Trustee Securities (Treasury Bills of the Central and State Governments—Nil)	5,29,11,991 78	
Nil	(ii) Shares Fully Paid up :		
Nil	Redeemable Preference Shares	51,800 00	
Nil	Non-Redeemable Preference Shares	18,715 00	
Nil	Equity Shares	4,075 92	
Nil	(iii) Debentures or Bonds	94,000 00	
	(iv) Other Investments	Nil	
	(v) Gold	Nil	
3,44,81,021 58	(Securities for the face Value of Rs. 24,61,000 are encumbered)		5,80,80,582 70
	5. Advances :		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	I. Loans, Cash Credits, Overdrafts, etc. Rs. nP.		
3,64,76,826 16	(i) In India 6,76,29,088.43		
Nil	(ii) Outside India .. .. Nil		
	II. Bills Discounted and Purchased : (excluding Treasury Bills of the Central and State Governments)	6,76,29,088 43	
	(i) Payable in India .. Rs. nP.		
45,16,905 41	(ii) Payable outside India .. 51,73,536.05		
29,218 25	.. 29,048.79		
4,10,22,949 82		52,02,584 84	7,28,31,673 27
	Particulars of ADVANCES: See separate Statement appended		
	6. Bills Receivable being Bills for Collection as per contra :		
53,87,675 25	(i) Payable in India	82,45,561 40	
3,12,874 39	(ii) Payable Outside India	2,71,111 11	
57,00,549 64			85,16,672 51
1,47,39,135 53	**7. Constituents' Liabilities for Acceptances, Endorsements and other Obligations per contra**		72,76,851 78
Nil	**7a. Chitty Assets to the extent of liabilities per contra**		60,85,536 56
Nil	**8. Premises:** At cost	7,11,036 75	
	LESS: Depreciation written off to date	9,768 25	
	9. Furniture and Fixtures Less Depreciation :		7,01,268 50
3,33,341 35	At cost as at 31-12-1960	3,85,652 11	
56,218 10	Additions during the year	6,16,386 58	
3,89,559 45		10,02,038 69	
3,907 34	LESS: Sales and adjustments during the year	3,720 13	
3,85,652 11		9,98,318 56	
2,79,849 11	LESS: Depreciation written off to date	3,37,229 34	
1,05,803 00			6,61,089 22
	10. Other Assets including Silver :		
	Motor cars :		
13,626 80	At cost as at 31-12-1960	13,626 80	
Nil	Additions during the year	41,514 06	
13,626 80		55,140 86	
Nil	LESS: Sales during the year	39,912 17	
13,626 80		15,228 69	
5,604 82	LESS: Depreciation written off to date	2,062 21	
8,021 98			
1,18,048 82	Balances with Government Treasuries	13,166 48	
4,38,894 49	Interest accrued on Investments	4,562 44	
83,987 84	Books, Stationery and Stamps	7,31,829 78	
	Advance payment of Income-tax (including tax deducted at source)	4,77,236 33	
5,31,472 48	Sundries	17,84,920 85	
2,27,993 73	Chitty Assets over Liabilities	6,79,359 99	
Nil		33,31,141 87	
13,98,418 34			
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims** At or below cost		69,72,907 24
	(Estimated realisable Value Rs. 3,48,913.67)		3,48,913 67
12,19,07,527 41	Total .. Rs.		21,62,12,147 56

* Provision for Depreciation on Investments has been deducted from the book value of Investments.

PARTICULARS OF ADVANCES

As at 31-12-1960	PARTICULARS OF ADVANCES	As at 31-12-1961
Rs. nP.		Rs. nP.
3,46,59,072 48	(i) Debts considered good in respect of which the Bank is fully secured	5,87,99,118 24
59,480 84	(ii) Debts considered good for which the Bank holds no other security than the Debtors' personal security	77,10,474 19
63,04,397 00	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors.	63,22,080 84
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil
4,10,22,949 82		7,28,31,673 27

As at 31-12-1960	PARTICULARS OF ADVANCES	As at 31-12-1961
Rs. nP.		Rs. nP.
15,268 60	(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons	1,62,180 66
1,74,05,416 28	(vi) Debts due by companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of private companies as members	1,75,01,325 21
26,172 17	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Bank or any of them either severally or jointly with any other persons	2,00,052 31
1,89,56,773 88	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or in the case of private companies as members	2,18,98,409 66
5,54,346 34	(ix) Due from Banking Companies	6,11,285 04

(Continued on next page)

RAISING SUGAR INDUSTRY'S EFFICIENCY

REPLACEMENT AND MODERNISATION URGENT

IF the development of sugar industry in India is to be well balanced, it is imperative that vigorous steps must simultaneously be taken to improve conditions in both the primary stage (that is, sugarcane cultivation) and the secondary stage (that is, manufacture of white sugar in the factory). Although this aspect has been repeatedly stressed for a number of years now and well realised by the powers-that-be, the progress actually made has not been as encouraging as one would wish. Barring some improvement noted in the cane development zones, the yields per acre and the sucrose content in cane continues to be poor. It is, therefore, somewhat gratifying that the cane development schemes are being intensified under the third Five-year Plan at a total estimated outlay of Rs. 12 crores, as against the actual expenditure of Rs. 8 crores in the second Plan and Rs. 7 crores in the first Plan. No serious thought, however, seems to have been so far bestowed on the question of replacement and modernisation of equipment in sugar factories, even after the lapse of almost one year since the commencement of the third Plan. The urgency of this question will be evident from the fact that the existing plants and machinery in most sugar mills were installed nearly three decades ago and have undergone heavy wear and tear and are now due for large-scale replacement and modernisation. Moreover, with the rapid technological advancement in the world, a machine may be rendered obsolescent, long before it reaches the end of its working life, by the invention of new and improved types necessitating its replacement. These aspects have been impressively brought out by the Indian Sugar Mills Association in the course of a special note submitted to the Development Council for Sugar Industry. The note is based on a special study undertaken by the Association.

With a view to making a realistic estimate of the estimated expenditure on rehabilitation and modernisation, the Association arranged for the surveys, by reputed technologists, of 24 sugar mills in different parts of the country. The surveys related to the immediate replacement requirements for the next five years and do not provide for full replacements. Of the 24 units selected, 13 factories have undertaken expansion programmes and, in most cases, the programmes had actually been completed by the time the surveys were made. The sample is, thus, representative of the true conditions obtaining in the sugar industry and gives an accurate and realistic estimate of expenditure on rehabilitation and modernisation by the industry as a whole during the third Plan period.

It is estimated that, on an average, a sugar mill needs about Rs. 50 lakhs to rehabilitate and modernise its equipment alone. The calculation is made on the basis of 1959 prices of plants and machinery as quoted by the two consortiums of sugar mill machinery manufacturers in India. The factories selected for survey and the estimates of expenditure that will have to be incurred by them are given below:

(Rs. lakhs)

Raza 48.35; Maholi 43.18; Baheri 36.64; Rosa 33.22; Seohara 78.40; Dhampur 36.27; Bijnor 35.05; Saharanpur 40.90; Basti 59.05; Captainganj 34.05; Ramkola 61.91; Nawabganj 67.00; Burhwal 36.85; Diamond 71.35; Anandnagar 62.45; Sidhwalia 50.50; Motihari 43.15; Lauriya 53.40; Rajam 53.40; Hassanpur 58.30; Phagwara 27.45; Dabra 44.04; Jaora 44.34; and Mandya 86.55; total 11.95.50.

The above estimates do not include ancillary items and installation costs which together are put at about 25 per cent. It is necessary to provide for these costs, as well as for the subsequent rise in prices said to be of the order of approximately 12 per cent. Thus, the actual expenditure on rehabilitation and modernisation works out to about Rs. 70 lakhs per factory. In this connection, the Association has referred to the following estimates made by the Development Council:

Items of machinery	No. of units	Approximate cost (In lakhs of Rs.)	
		Per unit	Total cost
Mills, including engines, turbines, Edward accumulators, cane knife sets, etc.	Equivalent 30 milling plants	25.00	7,50
Continuous clarifiers	40	1.50	60
Vacuum filters	40	2.50	1,00
High speed automatic centrifugal machines	300	1.00	3,00
Turbo generator sets with switch board cables and other installation for semi-electrification	20×1,000 kw.	5.00	1,00
Boilers	....	6.25	2,50
Other equipment	....	..	9,40
Total	....	..	25,00

These estimates cover 30 milling units and 20 turbo-generators. The total expenditure for 40 units, according to the Association, will be Rs. 28.5 crores, or Rs. 70 lakhs per factory which almost tallies with the one calculated on the basis of the survey data.

The next question is as to how many units within the sugar industry are in need for rehabilitation and modernisation. In order to assess the same, the Association has classified the different units into three groups: (A) units that have not expanded at all; (B) units that have expanded but the actual expansion is only 30 per cent; and (C) units that have effected expansion by more than 30 per cent of their prior capacity. The total number of working mills installed before 1951 is 136, of which 67 fall in category A, 20 in B and 49 in C. The rehabilitation and modernisation outlay is said to be the same, that is, Rs. 70 lakhs per factory, in respect of category A and B mills, whereas it will be lower at Rs. 35 lakhs for C group units. On this basis, the aggregate outlay is estimated at Rs. 78.05 crores.

The foregoing account gives an idea of the magnitude of the problem of rehabilitation and modernisation of the sugar industry. As against the estimated total outlay of over Rs. 78 crores, the resources actually available with the industry are stated to be just a few crores. The problem of meeting the rehabilitation requirements has been rendered particularly difficult in the present context when sugar prices are ruling low and a large part of the money is locked up as working capital, due to the continued heavy accumulations of stocks with most mills. In the circumstances, the Government should, as the Tariff Commission had rightly urged as early as in 1959 (*vide* report on the cost structure of sugar and fair price payable to the industry), make the necessary arrangements for making available financial assistance to the units in sugar industry on lines similar to those made for cotton and jute textile industries for purposes of renovation and modernisation.

SUGAR CONSUMPTION

The Standing Research Advisory Committee of the Development Council for Sugar Industry has constituted a sub-committee to examine in great detail the question of drawing up an intensive programme of research for sugar industry. The appointment of this Committee has followed the suggestion put forward by Dr. V. Subramanyan, Director of the Central Food Technological Research Institute, Mysore, and member of the Standing Committee. In a letter addressed to the Council sometime ago, Dr. Subramanyan underlined the importance of giving "considerable thought" to the need for increasing consumption of sugar and its possible use in the manufacture of chemicals such as citric acid and stable plastic compositions. He also wanted an intensive programme for the increased use of sugar by-products, particularly manufacture of paper from bagasse and utilisation of molasses for various purposes. The relevant observations of Dr. Subramanyan are reproduced below:

"Finding increased use for sugar in various forms in the country itself. Apart from providing incentives for increased consumption of sugar in the homes and in various eating places, we should also try and find various industrial uses for sugar. This will require a good deal of thinking, because, in a fair number of cases, white sugar will have to compete with other raw materials. Thus, metal-free sugar will be a better raw material for the manufacture of citric acid than molasses. The possible use of sugar for attractive and stable plastic compositions has already been thought of and we will have to think of them not only for internal use but also for purpose of export. There is lot of scope for the creation of artistic compositions which may find buyers in other countries. There is considerable scope for

(*Continued on page* 399)

STATE BANK OF TRAVANCORE—*(Continued)*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1961

Year ended 31-12-1960	EXPENDITURE	Year ended 31-12-1961	Year ended 31-12-1960	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31-12-1961
Rs. nP.		Rs. nP.	Rs. nP.		Rs. nP.
17,75,512 50	1. Interest paid on Deposits, Borrowings, etc.	33,90,550 94	40,00,638 64	1. Interest and Discount	62,55,046 06
	2. Salaries and Allowances and Provident Fund and Gratuity (This includes Salaries, and allowances paid to the General Manager for the year ended 31-12-1961 Rs. 16,427.72)	23,67,239 22	4,83,044 81	2. Commission, Exchange and Brokerage	9,32,258 70
10,51,803 51			Nil	3. Rents	2,933 50
1,820 00	3. Directors' and Local Committee Members' Fees and allowances	2,350 00		4. Net Profit on sale of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account)	3,017 45
1,11,351 76	4. Rent, Taxes, Insurance, Lighting, etc.	2,36,103 64	570 88		
1,586 30	5. Law Charges	13,683 77		5. Net Profit on revaluation of investments, gold and silver, land, premises, and other assets (not credited to Reserves or any particular Fund or Account)	Nil
68,730 60	6. Postages, Telegrams and Stamps	1,77,081 68	Nil		
4,000 00	7. Auditors' Fees	5,000 00		6. Income from non-banking assets and profit from sale of or dealing with such assets	2,809 93
26,537 36	8. Depreciation on and repairs to the Bank's property	89,426 10	Nil		
74,303 36	9. Stationery, Printing, Advertisements, etc.	1,99,500 48		7. Other Receipts (including subsidy from the State Bank of India in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act 1959 Rs. 2,19,425.94)	2,60,779 02
Nil	10. Loss from sale of or dealing with non-banking assets	Nil			Nil
75,862 97	11. Other Expenditure	1,47,428 69	60,618 60	8. Loss (if any)	
*13,53,364 57	12. Balance of Profit	8,35,480 14	Nil		
45,44,872 93	Total .. Rs.	74,56,844 66	45,44,872 93	Total .. Rs.	74,56,844 66

* Before deducting Rs. 6,25,000 towards provision for taxes.

REPORT OF THE AUDITORS

TO THE STATE BANK OF INDIA,

We, the undersigned Auditors of the State Bank of Travancore appointed under Section 41 (1) of the State Bank of India (Subsidiary Banks) Act, 1959 do hereby report to the State Bank of India upon the Balance Sheet and Accounts of the Bank as at the 31st December, 1961.

We have examined the above Balance Sheet and the Profit and Loss Account and the Accounts relating thereto of the Head Office and the certified returns from Branches, which Returns have been incorporated in the above Balance Sheet and Accounts and report:

(i) that the chitty liabilities and a part of the chitty assets equal to the amount of such liabilities are shown as contra and the balance of "chitty assets over liabilities" is shown under "Other Assets including silver" in the Balance Sheet;

(ii) that, in our opinion, the Balance Sheet is a full and fair one, containing all the necessary particulars and is properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(iii) that where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory;

(iv) that the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(v) that the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit;

(vi) that the Profit and Loss Account shows a true balance of profit for the period covered by such account;

(vii) that, in our opinion, the Balance Sheet and Profit and Loss Account are drawn up in conformity with the law and

(viii) that, in our opinion, Books of Account have been kept by the Bank as required by law.

TRIVANDRUM, 22nd January, 1962.

VARMA & VARMA,
Chartered Accountants.

T. B. KRISHNASWAMI, *General Manager.*

P. C. BHATTACHARYYA, *Chairman.*

B. MUKERJI
A. H. ELIAS
K. VENKATACHARI
M. L. GOGTAY
S. VAIDYANATHA AIYAR
T. A. JOSEPH
K. SREENIVASA KARAYALAR
CHAKOLA LONAPPAN PALU
} *Directors.*

STATE BANK OF INDORE

(Subsidiary of the State Bank of India)

Incorporated in India under special statute. The liability of the members is limited.

BALANCE SHEET AS AT 31st DECEMBER, 1961

As at 31st December 1960 Rs.	CAPITAL AND LIABILITIES	As at 31st December 1961 Rs. nP	Rs. nP
	1. Capital—		
	AUTHORISED CAPITAL—		
1,00,00,000	1,00,000 shares of Rs. 100 each	1,00,00,000.00	
	ISSUED CAPITAL— (Pursuant to Section 7 (1) of the State Bank of India (Subsidiary Banks) Act, 1959)		
35,00,000	35,000 shares of Rs. 100 each fully paid-up		35,00,000.00
	2. Reserve Fund and Other Reserves—		
6,25,000	Reserve Fund as per last Balance Sheet	7,61,535.00	
1,36,535	Amount transferred from Profit and Loss Account	4,08,465.00	
7,61,535			11,70,000.00
	3. Deposits and Other Accounts—		
5,32,53,019	(i) Fixed Deposits	6,75,97,314.00	
1,25,07,323	(ii) Savings Bank Deposits	1,55,40,649.24	
2,23,62,982	(iii) Current Accounts, Continuency Accounts, etc.	2,54,59,333.58	
8,84,23,024			10,85,97,296.82
	4. Borrowings from Other Banking Companies, Agents, etc.—		
1,13,32,347	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
1,13,32,347			Nil
11,17,489	**5. Bills Payable**		20,07,360.74
	6. Bills for Collection Being Bills Receivable as per contra—		
43,70,477	(i) Payable in India	49,13,543.84	
3,233	(ii) Payable outside India	57,671.30	
43,73,710			49,71,215.14
	7. Other Liabilities—		
3,64,627	(i) Gratuity Fund	3,94,352.29	
19,68,805	(ii) Branch Adjustments	19,73,982.50	
29,000	(iii) Unclaimed Dividends	28,670.74	
23,62,432			23,97,005.53
	8. Acceptances, Endorsements and Other Obligations as per contra		27,90,243.00
	9. Profit and Loss—		
Nil	Balance as per last Balance Sheet	2,74,010.92	
7,12,561	Profit for the year ended 31st December, 1961	6,61,081.35	
7,12,561		9,35,092.27	
	Less—Amount transferred— Rs. nP		
1,36,535	(i) To Reserve Fund 4,08,465.00		
1,35,015	(ii) To Provision for Taxes .. Nil *		
40,000	(iii) To Gratuity Fund .. .. Nil *		
1,27,000	(iv) Bonus to Staff 1,45,000.00		
Nil	(v) Amount set aside for payment of Dividend (subject to tax) (made up of Interim Dividend Rs. 1,31,250 and Final Dividend Rs. 1,48,750) 2,80,000.00		
4,38,550			
2,74,011		8,33,465.00	1,01,627.27
	10. Contingent Liabilities—		
20,160	(i) Claims against the Banking Company not acknowledged as debts	20,160.00	
60,000	(ii) On account of partly paid Preference Shares	15,000.00	
37,76,172	(iii) Guarantees given on behalf of Customers	35,75,931.00	
11,38,85,441	Total .. Rs.		12,55,84,748.50

* Charged to the Profit and Loss Account for the year.

As at 31st December 1960 Rs	PROPERTY AND ASSETS	As at 31st December 1961 Rs. nP	Rs. nP
	1. Cash—		
63,58,323	In hand and with Reserve Bank of India and State Bank of India		2,26,78,748.62
	2. Balances with Other Banks on Current Account—		
5,72,559	(i) In India	12,79,585.02	
Nil	(ii) Outside India	Nil	
5,72,559			12,79,585.02
Nil	**3. Money at Call and Short Notice**		Nil
	4. Investments (At or below Market Value)—		
2,70,40,498	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills (Rs. Nil) of the Central and State Governments (Securities of the face value of Rs. 5 lakhs have been deposited with the Madhya Pradesh Government on account of guarantee given on behalf of customers)	2,72,23,312.72	
	(ii) Shares— Rs. nP		
1,97,500	(i) Fully Paid Preference Shares. 1,44,745.00		
60,000	Partly Paid Preference Shares. 84,000.00		
88,000	(ii) Fully Paid Ordinary Shares.. 68,000.00		
3,25,500			
32,04,092	(iii) Debentures or Bonds	2,96,745.00	
Nil	(iv) Other Investments	31,56,092.00	
Nil	(v) Gold	Nil	
3,05,70,090		Nil	
	5. Advances—		3,06,76,149.72
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	(1) Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
6,13,05,786	(i) In India .. 5,60,30,906.98		
Nil	(ii) Outside India .. Nil		
6,13,05,786		5,60,30,906.98	
	(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
60,06,208	(i) Payable in India .. 53,86,184.85		
37,974	(ii) Payable outside India .. 94,395.66		
6,84,29,968		54,80,580.51	6,15,11,487.49
	Particulars of Advances: See separate Statement appended.		
	6. Bills Receivable Being Bills for Collection as per contra—		
43,70,477	(i) Payable in India	49,13,543.84	
3,233	(ii) Payable outside India	57,671.30	
43,73,710			49,71,215.14
20,10,893	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** as per contra		27,90,243.00
	8. Premises—		
3,53,697	At cost upto 31st December 1960	3,53,697.35	
Nil	Additions during the year	Nil	
3,53,697		3,53,697.35	
1,48,950	Less—Depreciation written off to date	1,54,247.35	
2,04,747			1,99,450.00
	9. Furniture and Fixtures—		
5,68,610	At cost up to 31st December 1960	6,14,525.05	
46,081	Additions during the year	68,247.96	
6,14,691		6,82,773.91	
7,165	Less—Cost of Sales written off etc., during the year.	232.81	
6,14,526		6,82,541.10	
3,06,544	Less—Depreciation written off to date after adjustments in respect of items sold, etc.	3,57,385.80	
3,07,982			3,24,655.30
	10. Other Assets—		
3,77,010	(i) Interest accrued on Investments		
6,23,285	(ii) Advance Payment of Income-tax and Tax deducted at source	3,98,209.79	
30,988	(iii) Sundry Advances	4,01,862.18	
25,888	(iv) Subsidy Receivable	1,65,778.56	
Nil	(v) Silver	47,868.68	
10,57,169		Nil	
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims.**		11,03,219.21
			Nil
11,38,85,441	Total .. Rs.		12,55,84,748.50

PARTICULARS OF ADVANCES

As at 31st December 1960 Rs.	PARTICULARS OF ADVANCES	As at 31st December 1961 Rs. nP
6,64,46,461	(i) Debts considered good in respect of which the Bank is fully secured	6,01,77,570.48
13,67,647	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	8,98,009.55
6,15,860	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	4,35,907.46
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil
6,84,29,968		6,15,11,487.49

As at 31st December 1960 Rs.	PARTICULARS OF ADVANCES	As at 31st December 1961 Rs. nP
1,75,208	(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons	2,15,820.09
30,47,851	(vi) Debts due by Companies or Firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	27,48,768.28
1,93,192	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Bank or any of them either severally or jointly with any other persons	2,27,555.52
30,47,851	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	35,17,900.07
Nil	(ix) Due from Banking Companies	33,847.89

HANDICAPS OF TEA INDUSTRY

MR. BAM ON EXPORT DUTY

TEA prices have staged a recovery lately, though the actual extent of recovery has not been marked enough to make up for the losses suffered last year. The latest available average export price at Calcutta is Rs. 4.54 per kg. (exclusive of excise duty), as against Rs. 4.17 early in January and Rs. 4.87 a year before. Similarly, the tea (dust) offered for internal consumption stands at Rs. 4.96, as against Rs. 4.90 and Rs. 5.18, respectively. Tea at Cochin has also tended to move up as the accompanying table shows. The recovery in prices is rather significant, considering that the year 1962 began with a large carryover stock, almost equal to half of last year's record crop of 768 million lbs. It must, however, be noted that, as compared with the previous year, the prices now being realised are lower. Referring to this point, Mr. A. S. Bam, Chairman of the Tea Board, stated, in his speech at the twenty-first annual general meeting of the Calcutta Tea Merchants Association last week, that, in a year of record crop, the average prices realised were "not unreasonable." There is some force in this point, because a larger crop serves to compensate to some extent for the fall in prices. But the most relevant point here is whether this compensating factor is sufficiently strong to cover the ever-rising cost of production, thanks to the pressure of wage demands and the expenditure which the Government social policy enforces. On top of it, there is the multiplicity of local and national taxes. It was to these trends, as well as to the shortage of supplies of necessary raw materials (such as fertilisers and coal) and transport facilities that Mr. N. Stenhouse, President of the Bengal Chamber of Commerce and Industry, drew pointed attention at the last annual meeting of the Chamber.

It is somewhat unfortunate that the handicaps mentioned above are present in an industry which earns for the country considerable foreign exchange—as much as Rs. 124 crores in 1961 out of the aggregate value of all commodities exported, namely, about Rs. 625 crores. How India has been steadily losing its dominant share in world trade in tea was well brought out by Mr. B. C. Biyani, President of the Calcutta Tea Merchants Association. India's share of sales to the most traditional markets, Britain and the U.S., Mr. Biyani declared, was going down, even though offtake by these markets had remained steady or even increased. Competition from other countries like Ceylon and Indonesia, he added, was on the increase and the present operational arena of foreign markets in which India had to fight this competition was by no means an easy terrain. He, therefore, urged that "a very carefully planned export promotion policy" was imperative.

In this connection, Mr. Biyani made a specific reference to the export duty and observed:

"Tea, in spite of being the most conventional of India's export commodities, has been subjected to more than its legitimate share of taxation. The multiplicity of taxes is so designed that the exports of teas from India suffer a serious handicap as compared to the offtake of the commodity within the country. This also tends to give indirect protection to other producing countries, thus enabling them to fill the gap created by reduced exports from India. The export duty over and above the zonal excise creates a handicap of as high as 44 nP per kg. of tea in an average price structure of Rs. 4.50 to Rs. 5 per kg. and works out to approximately 10 per cent. Such a position is difficult to understand viewed against Government's endeavour to encourage exports of even non-traditional items through direct incentives even without charging any excise duty. This burden on export teas is really crippling. To say that an old tax is no tax does not apply in the present circumstances when there is need for a positive approach to export promotion. There is no reason why teas for export should not at least be at par or even better placed in comparison with teas for internal consumption, as far as taxes go, when for other commodities incentives are being offered for export. India today is far from having a monopoly of the world tea markets, which if she had, the present fiscal policy would have had some justification."

Apropos the aforesaid plea of Mr. Biyani, the Tea Board Chairman revealed that the Government was keeping a close watch on the incidence of taxes on tea in the background of adjusting the demand of the Government for more revenues with the industry's plea for relief. The Chairman admitted that grounds might exist for rationalising the taxes on tea, but he stressed that the Government also needed adequate funds for implementing the Plan. And he assured the industry that the Government would consider further relief if warranted by the situation.

It is thus clear that the authorities are still not in a mood to concede the industry's plea for a substantial reduction in export duty on tea. Perhaps the authorities feel that, when the tea industry could export a larger quantity of tea last year (452 million lbs., as against 430 million lbs. in 1960) despite the prevailing export duty, there is no reason why a similar performance cannot be had for the current year. But it must be said that the increase in exports during 1961 was at the expense of price. The average actual realisation from tea sold abroad in 1961 was no more than Rs. 2.66 per lb., as against Rs. 2.81 in 1960. There does not appear to be any wide scope for a marked recovery in export prices, what with the larger supplies from other producing countries like East Africa, Ceylon and Pakistan. By lowering the rate of export duty, the Government can certainly give a great fillip to exports of tea.

It is, however, encouraging to hear from Mr. Bam that effective quality control of tea and appreciable expansion in credit facility to foreign buyers, coupled with wider coverage by the Export Risks Insurance Corporation, have led to fewer complaints from buyers of Indian tea. It is equally encouraging to hear from him that the export outlook for Indian tea is not only not obscure but bright. Here is what Mr. Bam said:

"The export of Indian tea will not suffer by the entry of the U.K. into the European Common Market, as all the Commonwealth countries alike will suffer equally from the import duty that may eventually be levied on tea in the U.K. On the other hand, the possibility of increased intake of tea by the six original members of the E.C.M. may open fresh avenues for the export of Indian tea. Importers in these countries may be sounded in this direction right now.

"The bilateral trade agreements entered into with the U.S.S.R., East European countries, Italy, Egypt, Iraq, Tunisia, Afghanistan, Chile, Morocco and Japan have acted as new outlets for Indian tea. Besides, tea promotional activities, jointly with Ceylon and Indonesia, in the U.S., Canada and West Germany are now supplemented with separate promotional units in the U.K., Australia and Egypt to look after the interest of Indian tea. The steps are proving successful."

It is to be hoped that Mr. Bam's optimistic reading of the situation will be borne out by events. The tea planters, however, do not take such a rosy view, as will be seen from the article on this subject by Mr. K. Ghosh appearing on page 373.

While the world consumption of tea is bound to rise progressively in the coming years, world supply also is fast increasing. India itself will be producing 900 million lbs. of tea by 1966. There is, therefore, no gainsaying the fact that, if the Indian tea industry is to maintain its ability to compete in world markets and sell a progressively larger quantity, it must, as Mr. Stenhouse rightly emphasised, be sustained by an increased internal consumption, too. The consumption of tea in India is currently running at an annual rate of 300 million lbs. There is considerable force in the statement of Mr. Biyani that a big and growing domestic market for tea is a necessity, in that its acts as a cushion against unexpected vagaries of export markets.

STATE BANK OF INDORE—*(Contd.)*

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Year ended 31-12-1960 Rs.	EXPENDITURE	Year ended 31-12-1961 Rs. nP	Year ended 31-12-1960 Rs.	INCOME @@(Less Provisions made during the year for bad and doubtful debts, taxation and other usual or necessary provisions)	Year ended 31-12-1961 Rs. nP
24,91,561	1. Interest paid on Deposits, Borrowings, etc.	29,28,556.52	46,66,646	1. Interest and Discount	48,68,947.41
13,48,681	*2. Salaries and Allowances, Provident Fund and Gratuity Fund contributions (Salary and Allowances to the General Manager, Rs. 19,916.46 nP (previous year Rs. 29,900/-))	15,70,554.74	6,44,891	2. Commission, Exchange and Brokerage	6,98,610.78
1,040	3. Directors' Fees and Allowances	1,090.00	2,350	3. Rents	1,703.90
5,22,993	**4. Rent, Taxes, Insurance, Lighting, etc.	1,23,285.15		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	
1,398	5. Law Charges	2,572.70	Nil		Nil
78,296	6. Postage, Telegrams and Telephones	1,05,723.15		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	
4,000	7. Auditors' Fees	4,000.00	Nil		Nil
54,811	8. Depreciation on and Repairs to the Bank's Property	55,950.47		6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	
1,20,787	9. Stationery, Printing, Advertisements, etc.	1,03,859.36	47		Nil
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil			
81,921	11. Other Expenditure	1,14,545.43	74,196	7. Other Receipts	55,289.90
7,12,561	@12. Balance being Net Profit subject to provision for Bonus	6,61,081.85	25,889	8. Subsidy Receivable	47,868.68
54,13,519	Total .. Rs.	56,72,418.87	54,13,519	Total .. Rs.	56,72,418.87

@@ Last year did not include deduction on account of provision for Taxation.

* Previous year excludes Gratuity Fund Contribution.
** Previous year includes Income-tax on Investments deducted at source.
@ Previous year's Profit was also subject to provisions for Taxation and Gratuity Fund. The profit would stand reduced to Rs. 5,37,546/- after deducting these provisions.

P. C. BHATTACHARYYA *Chairman.*

T. A. VASWANI
K. A. CHITALE
SUGANMAL BHANDARI
B. MUKERJI
A. H. ELIAS
K. VENKATACHARI
BHANWARLAL SETHI
BALKISHAN MUCHHAL
} *Directors.*

K. G. PANDIT, *Secretary.*

G. S. SRIVASTAVA, *General Manager.*

REPORT OF THE AUDITORS TO THE STATE BANK OF INDIA

We have examined the foregoing Balance Sheet of the State Bank of Indore as at 31st December, 1961, and also Profit and Loss Account of the Bank for the year ended on that date with the Accounts and Vouchers relating thereto of Head Office and with the unaudited Returns submitted and certified by the Branch Managers, which Returns have been incorporated in the above Balance Sheet and Accounts.

We report that—

(i) in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and is properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(ii) where we have called for any explanation or information such explanation and information have been given to us and have been found satisfactory;

(iii) the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(iv) the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit; and

(v) the Profit and Loss Account shows a true balance of profit for the year covered by such Account.

A. F. FERGUSON & CO., *Chartered Accountants.*

INDORE, 19th *January*, 1962.

STATE BANK OF INDIA GROWS FROM STRENGTH TO STRENGTH

SPEECH OF THE CHAIRMAN, MR. P. C. BHATTACHARYYA

NEED FOR GATHERING MORE DEPOSITS STRESSED

THE growth of deposits has to exceed the increase in credit demands, if, as is so essential, the resources needed for financing industry, trade and commerce are not in any way to be curtailed. This point was reiterated by Mr. P. C. Bhattacharyya, Chairman of the State Bank of India, at the Seventh Annual General Meeting of the shareholders of the Bank held at Bombay on Tuesday, 27th February 1962. The following is the full text of Mr. Bhattacharyya's speech:

"GENTLEMEN,

"I have much pleasure in welcoming you all to this Seventh Annual General Meeting of the State Bank of India. The Report of the Central Board of Directors including the Bank's Profit and Loss Account for the year 1961 together with he Bank's Balance Sheet as on 31st December 1961 has already been circulated to you and has been taken as read.

"Following the improvement in 1960, the traditional business of the Bank showed further progress during the year under review. Average advances were higher by about Rs. 50 crores. In India, the advances portfolio reached a peak at Rs. 276.97 crores compared to the peak of Rs. 215.67 crores in 1960. Also, the rise in the lending rates, effected as from 1st October 1960, pursuant to the Reserve Bank's directive had its full impact during the year. Nevertheless, the income from interest and discount showed a small reduction due to the decline in the investment portfolio, cause mainly by the transfer to the Reserve Bank of a further sum of Rs. 72 crores of the U.S. P.L. 480 funds. It will be recalled that arrangements had been made for the transfer of these funds at Rs. 12 crores a month from July 1960 for one year. Simultaneously, there was also a reduction in the interest paid on deposits and the net position was in favour of the Bank.

"The net profit of the Bank, after making the usual and necessary provisions, increased from Rs 2.18 crores in 1960 to Rs. 2.71 crores in 1961. This, I am sure, would be considered satisfactory. The increase in profits has enabled us to raise the appropriation to the Reserve Fund substantially—Rs. 75 lakhs as compared to Rs. 25 lakhs in 1960—as well as to declare a final dividend which, together with the interim dividend distributed during the year, amounts to Rs. 23.00 per share. The net dividend has been completely restored and even improved slightly. The higher appropriation to the Reserved Fund was necessary in order to comply with the request made by the Reserve Bank of India to adhere to the convention which is sought to be built up for strengthening the capital structure of commercial banks. The contribution to the Staff Welfare Fund has also been raised.

Growth of Deposits

"I had stated last year that the demand for bank credit was continually rising and that there was need for making all out efforts to increase the deposits of banks. The experience of last year has confirmed this view. It gives some satisfaction to note that the stagnation which had been witnessed towards the latter part of 1960 soon disappeared and 1961 did show a rise in total deposits of all scheduled banks of about Rs. 169 crores excluding P.L. 480 deposits. This compares favourably with the previous good years. In our case too, the growth in normal deposits over the year was of the order of Rs. 38 crores, which, though somewhat less than in 1960, a year which was unusual, was better than in any of the earlier years. This rate of growth will, however, require to be considerably improved upon, if the banking system is to be geared to meet the demands made on it by the Third Five-year Plan. The Plan postulates that the banking system should not only be able to meet the increasing needs for financing trade and industry, but that it should also contribute to public borrowings to a substantial extent. This is not, however, happening in actual practice. In our case, the accretion to our normal deposits both in 1960 and 1961 had to be fully utilised for financing trade and industry. The same position, I believe, obtained with other banks. This is not wholly satisfactory. Not only might this affect the liquidity of the banking system in the future but the lack of the required support for the securities market would ultimately affect the development of the national economy adversely. It is necessary that the banking system should be able to invest a reasonable proportion of its additional deposits every year in new investments. The growth of deposits has, therefore, to exceed the increase in credit demands, if, as is so essential, the resources needed for financing industry, trade and commerce are not in any way to be curtailed. I would, therefore, emphasise again the need for the banking system to continue the drive for promoting banking habit in new areas and for generally increasing bank deposits, with all the force at its command. Perhaps, the situation demands a concerted effort to increase the deposits by all banks, in a co-operative manner. If this idea commends itself to other banks, we shall be happy to lend support to such a venture.

Effect of Interest Rates

"The question as to the extent to which an increase in interest rates leads to an increase in deposits is very much before the banks at this moment. In my speech last year, I had referred to the fact that, as an experimental measure, the rate of interest on savings bank deposits had been raised by us to see whether this would assist in attracting more deposits from rural and semi-urban areas. I am glad to report that this experiment has shown some good results. The accretion to savings bank deposits during 1961 was of the order of Rs. 8 crores, compared to Rs. 5 crores in 1960, and to an average of about Rs. 2 crores in the earlier years. There is, however, a limit to which deposit rates can be raised, as they have to be in line with the overall structure of interest rates in the country and also take account of the financial position of each individual bank. It is also obvious that a continuous increase in interest rates cannot go on resulting in an increasing growth in deposits. The truth, as usual, lies somewhere in between and just as it is necessary to experiment with interest rates, it is also necessary to try other possible measures such as, better customer service and wider coverage of depositors, if the desired growth in deposits is to be achieved.

Special Credit Transfer System

"One of the measures of customer service recently introduced by us has been referred to in the Annual Report. This is a special credit transfer system, which is intended to cater to certain personal needs of our customers in the lower and middle income groups. The scheme in its present form operates in a limited way. It would, of course, be reviewed in course of time to see how far its scope can be enlarged and whether it can be supplemented by other measures. The large branch expansion programme undertaken by us has already assisted in spreading the banking habit to some extent. We have now embarked on the Second Branch Expansion Programme. This should increase the coverage of our depositors still further. We have also, with the same end in view, made a beginning with the opening of additional suburban branches in big cities. These suburban branches would take the Bank nearer to the homes of the people and enable the Bank to cater to well-knit, compact units of community at a more personal level. The existing congestion and pressure of work at the older branches would be eased at the same time resulting in better customer service at those offices as well.

Branch Expansion

"The Annual Report refers to the recommendations of the Sub-committee appointed last year under the Chairmanship of Professor D. G. Karve for determining the future branch expansion policy of the Bank as well as our Subsidiaries and details the decisions taken in pursuance thereof. It has been decided to take up the major part of the second branch expansion programme towards the latter part of the quinquennium ending 30th June 1965. This would enable us to consolidate the results of the first expansion programme as well as to recruit and train up, sufficiently early, the staff required for the second. We hope to avoid any strain on our staff resources in this manner.

"The Annual Report also details the progress in respect of the other developmental activities of the Bank, and it is unnecessary for me to recapitulate them here. Generally speaking, steady progress is being maintained in all fields. The credit advanced to small-scale industries has increased substantially and so has the assistance given to co-operative institutions. The working results of the Subsidiary banks have also shown further improvement in 1961. Their total deposits and advances have risen and their reserves have been strengthened. The State Bank of Mysore has declared a dividend of 10 per cent as compared to 9 per cent for 1960; the State Bank of Hyderabad and the State Bank of Travancore have maintained their dividends at 6 per cent and 5 per cent respectively; while the State Bank of Bikaner, the State Bank of Indore, the State Bank of Jaipur and the State Bank of Patiala which did not declare any dividends for 1960 have declared dividends of 6 per cent, 8 per cent, 6 per cent and 6 per cent respectively. In the case of the State Bank of Saurashtra no dividend was declared, as it was decided that its internal resources should be strengthened further before it started distribution of its profits.

Staff Training

"You would have gathered from the Annual Report that we have established a Staff Training College at Hyderabad to impart training to the members of our Supervising Staff. The first course is already more than half-way through. We have designed the course in such a way that in addition to being trained in banking in the technical sense, the trainees will also receive instruction and guidance on a variety of subjects of general importance, by means of which they should in course of time turn out as bankers in the widest sense of the term. The College is at present housed in a rented building but planning for the construction of buildings of our own has been started. We have also put into operation a scheme for imparting to the new entrants in the clerical grade a short course of initiation and general training. In addition, as in the past, selected members of our staff are being sent for training at other institutions at home as well as abroad. I hope that all these steps will ultimately lead to an improvement in the quality of our staff and better service to our constituents.

"I would now refer to two important events that have occurred since the commencement of this year. First, the Deposit Insurance Scheme has started functioning from the 1st of January this year. Originally, it had been decided that the deposits of the State Bank of India and its Subsidiaries would be excluded from the purview of the Scheme but that adequate contributions would be made by these banks to the Scheme in the general interest of the banking system. Certain difficulties were encountered in implementing this decision and accordingly, the Scheme finally adopted covers our Bank as well as our Subsidiaries in the same manner as other commercial banks.

Goa

"The other event of significance is the extension of our activities to Goa. Following the taking over of the administration of these territories by the Government of India, arrangements had to be made to meet the banking requirements of the Government and the population of these territories. We accordingly opened a branch of the Bank at Panjim, the capital of Goa, on 2nd January 1962. We have since opened three more branches at Vasco-da-Gama, Margao and Mapuca and one in Daman. One of our officers has also been appointed to act as the Custodian for the purpose of taking over and administering the affairs of the branches of the Banco Nacional Ultramarino. The demand for these services came upon us all of a sudden and I am glad to say that we have been able to meet it with the utmost possible expedition.

"The staff relations in the Bank have been generally good throughout the year. Our staff has continued to be active in organising sports, social and cultural activities at the branches and the Local Head Offices. The Award of the Tribunal that had been set up to adjudicate on the staff demands is not yet out but is expected shortly.

Since Nationalisation of Imperial Bank

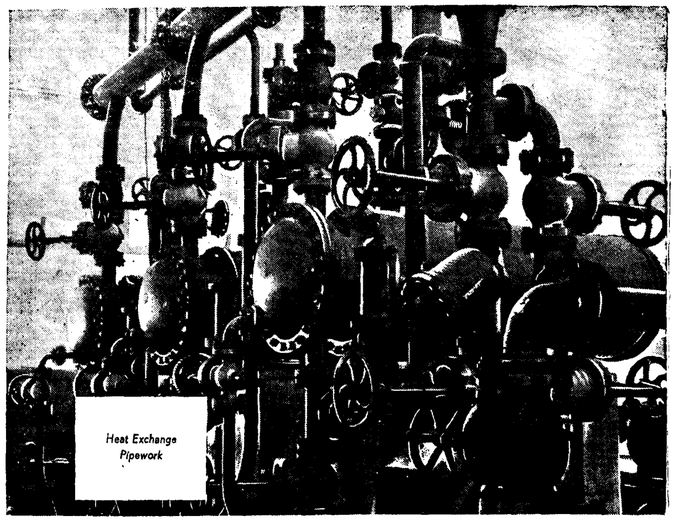
"This is the last occasion when I have the privilege of addressing the shareholders, as I shall be laying down my office and handing over charge tomorrow. I trust, therefore, that you will bear with me, if I make a brief reference to the development of the Bank during the period I have been associated with it. It was barely twenty months after the formation of the Bank on nationalisation of the erstwhile Imperial Bank of India, when I took over on the 1st of March 1957. The experience and traditions inherited from the Imperial Bank no doubt played an important part in the smooth transformation. But I owe a great deal also to the parts played by my predecessors, Dr. John Matthai, who is unfortunately no longer with us, and Shri H. V. R. Iengar, his successor. The total deposits of the Bank in India then stood at Rs. 223 crores, having risen from Rs. 188 crores as at the inception of the Bank. Total deposits exclusive of the P.L. 480 funds now stand at Rs. 361 crores. The advances portfolio has also almost doubled itself and now stands at Rs. 272 crores. The form and content of the credit portfolio has also undergone a considerable change; it is now predominantly industrial, as advances to industry now comprise as high a proportion as 71 per cent of the Bank's total advances as compared to 57 per cent in 1957. The services which the Bank is rendering to the private sector are illustrated by the fact that, of the total advances, about 92 per cent relate to this sector. The developmental activities also gathered good momentum during this period. There are now 959 offices of the Bank in India compared to 538 in December 1956 and 466 at the inception. This wide network of our offices is supplemented by 490 offices of the eight Subsidiaries which the Bank took over during the period. In addition, four minor State-associated banks were amalgamated. The Bank has thus grown from strength to strength. On the basis of deposits, the State Bank of India now ranks fifty-third, amongst the largest banks of, what is called, the free world. It is my earnest hope that the Bank would continue to grow still stronger in times to come and discharge its obligations in all spheres, playing, as it has been, a major role in the development of the national economy.

Need for Hard Work

"All this has, of course, been possible only with the support and the wise counsel I have always received from the Directors on the Central Board as well as from Members of the Local Boards, and because of the team-work of the staff at all levels. I can but express my gratitude to the Directors and Members; in particular, I would like to thank Prof. D. G. Karve, the present Vice-Chairman, who is also relinquishing his office tomorrow, and the Managing Directors, especially Shri S. P. Puri who was associated with me for over four years and has only recently proceeded on leave preparatory to retirement. I must also thank all members of the staff at all levels for their co-operation, and, at the same time, congratulate them on the *esprit de corps* displayed. In the conquest of obstacles and the realisation of objectives, there is no alternative to hard work and single-mindedness. Much more has yet to be done to vouchsafe newer and wider horizons, and the need for hard work is at no time greater than during the coming phase of development not only of the Bank but of the country itself. I am sure, our staff will continue to strive and will meet the increasing demands that will be made on them in future with ingenuity and resourcefulness to achieve the objectives of this great institution.

The New Chairman

"Shri Venkatapplah, who will be taking over from me tomorrow, is not new to the Bank, associated as he has been with us as a Director since its very inception. It gives me very great satisfaction that I shall be leaving this institution in his capable hands, and I am sure, he will receive full support and co-operation from all quarters."



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N.B.—This announcement is not an offer to sell. The offer for sale is made by the prospectus, on the terms of which alone will applications be considered.

ISSUE OF Rs. 1,00,00,000/- 4¾% 1974 BONDS AT PAR

(Principal and interest of the above issue guaranteed unconditionally by the Government of Madras—vide G. O. Ms. 895 (Industries) dated 12th February 1962.)

Copies of the prospectus and forms of application in connection with the above issue of the Madras Industrial Investment Corporation Ltd. may be obtained from the Corporation's Registered Office at 38, Whites Road, Royapettah, Madras-14.

The subscription list will open at 10 a.m. on 1st March 1962 and will close at 4 p.m. on 15th March 1962 or earlier as soon as subscriptions approximating to the amount issued to the public have been received, but not earlier than 4 p.m. on 7th March 1962.

THE STATE BANK

(SUCCESSORS TO THE IMPERIAL

Incorporated in India under the State Bank of India Act, 1955.

BALANCE SHEET OF THE STATE BANK

As at 31st December, 1960.				CAPITAL AND LIABILITIES	As at 31st December, 1961	
Rs.	nP	Rs.	nP		Rs. nP	Rs. nP
				1. Capital—		
		20,00,00,000	00	AUTHORISED CAPITAL— 20,00,000 Shares of Rs. 100 each	20,00,00,000 00	
				ISSUED, SUBSCRIBED AND PAID-UP CAPITAL— (Pursuant to Section 5 (1) of the State Bank of India Act, 1955)—		
5,62,50,000	00			5,62,500 Shares of Rs. 100 each		5,62,50,000 00
7,45,00,000	00			**2. Reserve Fund and Other Reserves**		8,20,00,000 00
1,97,79,687	00			**2A. ‡Integration and Development Fund** (maintained under Section 36 of the State Bank of India Act, 1955)		2,55,98,480 35
		312,81,16,767	56	**3. Deposits and Other Accounts**— Fixed Deposits	251,29,85,448 37	
		41,84,40,899	64	Savings Bank Deposits	49,87,41,138 57	
		221,66,74,334	90	†Current Accounts, Contingency Accounts, etc.	230,15,91,021 58	
576,32,31,802	10					531,33,17,608 52
		8,17,00,000	00	**4. Borrowings from Other Banking Companies, Agents, etc.**— § (i) *In India*	17,00,000 00	
		1,79,50,000	00	(ii) Outside India	1,88,50,000 00	
9,96,50,000	00			§ Borrowed from the Refinance Corporation for Industry Ltd. as per contra.		2,05,50,000 00
		9,96,50,000	00	PARTICULARS— (i) Secured by Investments and bills discounted in Pakistan and other securities assigned for refinance, per contra	2,05,50,000 00	
				(ii) Unsecured		
		9,96,50,000	00		2,05,50,000 00	
8,22,64,096	72			**5. Bills Payable**		8,57,28,536 42
				6. Bills for Collection Being Bills Receivable as per contra—		
		1,66,33,235	63	(i) Payable in India	1,94,26,518 09	
1,94,34,375	13	28,01,139	50	(ii) Payable outside India	32,35,514 71	2,26,62,032 80
				7. Other Liabilities—		
		71,71,875	00	*Final Dividend for the year	73,12,500 00	
		29,870	74	Unclaimed Dividends	30,546 10	
6,90,33,308	09	6,18,31,562	35	Inter-Office Adjustments (including Rs. 3,70,620.67 due to Imperial Bank of India)	9,33,45,850 56	10,06,88,996 66
1,55,77,893	37			**8. Acceptances, Endorsements and Other Obligations** per contra		91,99,759 66
				9. Profit and Loss—		
		55,87,498	79	Balance brought forward from last year	56,20,677 08	
		2,17,59,053	29	Profit for the year	2,71,00,379 91	
		2,73,46,552	08		3,27,21,056 99	
		1,27,96,875	00	Amount set aside for payment of Dividend (made up of Interim Dividend Rs. 56,25,000 and Final Dividend Rs. 73,12,500)	1,29,37,500 00	
		25,00,000	00	Amount transferred to Reserve Fund	75,00,000 00	
		7,29,000	00	Amount transferred to Pension Funds	7,42,200 00	
		42,00,000	00	Bonus to Staff	46,00,000 00	
		5,00,000	00	Amount transferred to Staff Welfare Fund	10,00,000 00	
		10,00,000	00	Amount transferred to Staff Co-operative Housing Fund	10,00,000 00	
56,20,677	08					50,41,356 99

10. Contingent Liabilities—

Rs.	nP		Rs. nP
3,31,924	52	Claims against the Bank not acknowledged as debts	1,97,866 96
		Bills of Exchange re-discounted	
20,66,45,230	79	Outstanding Forward Exchange Contracts	27,57,07,566 04
2,54,00,900	00	On partly paid-up shares	2,35,07,150 00
98,650	00	Guarantees given on behalf of Directors, Local Board Members or Officers of the Bank	3,09,250 00
131,66,88,318	83	Guarantees given on behalf of others	131,26,21,002 96

‡ In addition to the credit of Rs. 39,44,531.25 pertaining to the final dividend for 1960, a sum of Rs. 30,93,750 was credited to this Fund on account of the interim dividend declared in July 1961. A sum of Rs. 7,37,785 was appropriated from this Fund during the year, under the authority of the Reserve Bank of India, in respect of the losses for the year 1960 of the new branches established under Section 16 (5) of the State Bank of India Act, *vide* Item 7 (a) of the Profit and Loss Account. A further sum of Rs. 4,81,702.90 was appropriated from the Fund, with the approval of the Reserve Bank, in respect of the subsidies granted to the Subsidiary Banks towards loss of their new branches, in terms of Section 36(2) (*aa*) of the State Bank of India Act read with Section 48(1) (*b*) of the State Bank of India (Subsidiary Banks) Act.

† Includes Staff Welfare Fund and Staff Co-operative Housing Fund, ownership whereof vests in the Bank.

* Of which Rs. 40,21,875 is to be credited to the Integration and Development Fund (item 2A above) bringing the amount in the said Fund to Rs. 2,96,20,355.35.

620,53,41,839	49			Total .. Rs.	572,10,36,771 40

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1961

Year ended 31st December, 1960		EXPENDITURE	Year ended 31st December, 1961		Year ended 31st December, 1960		INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)		Year ended 31st December, 1961	
Rs.	nP		Rs.	nP	Rs.	nP		Rs.	nP	Rs. nP
8,05,03,580	04	1. Interest paid on Deposits, Borrowings, etc.	6,88,72,141	51	14,86,91,173	33	1. Interest and Discount			14,12,24,586 74
		2. Salaries and Allowances and Provident Fund (including Salaries and Allowances of Chairman Rs. 44,405.76 and Managing			4,28,68,496	81	2. Commission, Exchange and Brokerage			5,89,60,739 72
7,31,68,616	32	Directors (Rs. 80,473.29 for the year)	7,97,80,106	96	4,80,322	94	3. Rents			4,84,106 40
97,320	00	3. Directors' and Local Board Members' Fees and Allowances	33,940	00	....		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets			....
42,98,224	18	4. Rent, Taxes, Insurance, Lighting, etc.	47,10,120	91	....		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets			....
1,91,995	53	5. Law Charges	1,57,476	00	....		6. Income from Non-banking Assets, and Profit from Sale of or Dealing with such Assets			....
31,77,878	49	6. Postage, Telegrams and Stamps	36,72,510	68	....		7. Other Receipts :			
75,000	00	7. Auditors' Fees	1,00,000	00			(a) Recoveries from the Integration and Development Fund for the year 1960	Rs. nP. 7,37,785 00		
22,02,596	70	8. Depreciation on and Repairs to the Bank's Property	25,45,746	17			(b) Dividends on Shares in Subsidiaries received during the year 1961	10,57,040 95		
39,62,739	07	9. Stationery, Printing, Advertisement, etc.	47,02,726	64						
		10. Loss from Sale of or Dealing with Non-banking Assets					8. Loss			
58,97,643	48	11. Other Expenditure	57,29,110	64						
2,17,59,053	29	12. Balance of Profit	2,71,00,379	91	32,24,654	00				17,94,825 95
					....					....
19,53,34,647	08	Total .. Rs.	19,74,64,258	82	19,53,34,647	08	Total .. Rs.			19,74,64,258 82

REPORT OF THE AUDITORS

TO THE PRESIDENT OF INDIA,

We, the undersigned Auditors of the State Bank of India, appointed under Section 41 (1) of the State Bank of India Act, 1955, do hereby report to the Central Government upon the Balance Sheet and Accounts of the Bank as at the 31st December, 1961.

We have examined the above Balance Sheet and the Profit and Loss Account and the Accounts relating thereto of the Central Office and the Local Head Offices at Bombay and Calcutta and the Returns submitted and certified by the Secretaries and Treasurers of the Local Head Offices at Madras and New Delhi, by the Manager, Pakistan Branches and by Branch Agents, which Returns have been incorporated in the above Balance Sheet and Accounts, and report (i) that, in our opinion, the Balance Sheet is a full and fair one, containing all the necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank; (ii) that where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory; (iii) that the transactions of the Bank which have come to our notice have been within the powers of the Bank; (iv) that the Returns received from the Local Head Offices at Madras and New Delhi and from the Branches of the Bank have been found adequate for the purposes of our audit; (v) that the Profit and Loss Account shows a true balance of profit for the period covered by such account; (vi) that, in our opinion, the Balance Sheet and Profit and Loss Account are drawn up in conformity with the law; and (vii) that, in our opinion, Books of Account have been kept by the Bank as required by law.

The audit of the Books and Accounts of the Central Office has been carried out jointly by Messrs. S. B. Billimoria & Co. and Messrs. Ray and Ray. The audit of the Books and Accounts of the Local Head Offices has been carried out at Bombay by Messrs. S. B. Billimoria & Co. and at Calcutta by Messrs. Ray and Ray.

5th February, 1962.

S. B. BILLIMORIA & CO.,
RAY AND RAY,
Auditors.

OF INDIA

BANK OF INDIA)

The Liability of Members is Limited.

OF INDIA AS AT 31st DECEMBER 1961

As at 31st December 1960				PROPERTY AND ASSETS	As at 31st December, 1961			
Rs.	nP	Rs.	nP		Rs.	nP	Rs.	nP
65,19,88,908	59			**1. Cash**— In hand and with Reserve Bank (including Foreign Currency Notes)			63,92,81,207	55
				2. Balances with Other Banks—	On Current Account Rs. nP	On Deposit Rs. nP		
				(i) In India				
2,72,71,799	03	2,72,71,799	03	†(ii) Outside India	3,58,99,069 71	13,27,695 61	3,72,26,765	32
				† Including Rs. 33,77,145.26 held abroad under special arrangement.			3,72,26,765	32
1,73,33,333	33			**3. Money at Call and Short Notice**			1,66,66,666	67
				4. @ ‡Investments (Securities valued in accordance with Regulation 73; shares, debentures or bonds at or below cost)—				
		285,05,72,241	50	(i) Securities of the Central and State Governments			215,19,22,203	58
				(ii) Shares authorised under the State Bank of India Act, 1955—		Rs. nP		
		1,55,24,368	43	Fully paid-up		88,11,312 77		
				Partly paid-up		98,91,172 00		
		3,35,69,911	50	(iii) *Debentures or Bonds*			1,87,02,484	77
299,70,75,175	99	9,74,08,654	56	(iv) Other Investments—Pakistan and other Government Securities, etc.			4,10,27,879	40
							8,72,74,059	42
				‡ Of which investments of the face value of Pakistan Rs. 2,99,81,900 are pledged against borrowings from other Banking Companies, Agents, etc., per contra.			229,89,26,627	17
				5. Advances—				
				§(I) *Loans, Cash Credits, Overdrafts*, etc.—		Rs. nP		
				(i) In India		285,40,88,203 09		
		216,54,20,909	49	(ii) Outside India		3,86,61,108 15	239,27,44,311	24
				§ Include term advances amounting to Rs. 3,77,37,006.67, of which refinance has been obtained from the Refinance Corporation for Industry Ltd. to the extent of Rs. 17,00,000 as per contra.				
				¶ (II) Bills Discounted and Purchased—				
		15,70,16,024	61	(i) Payable in India		11,57,25,263 20		
282,24,86,934	10			(ii) Payable outside India		4,46,88,710 52	16,04,08,973	72
				¶ Of which bills of the value of Pakistan Rs. 1,50,00,000 are held by the State Bank of Pakistan as security against borrowings as per contra.			255,31,53,284	96
				PARTICULARS OF ADVANCES: See separate Statement appended.				
				6. Bills Receivable Being Bills for Collection as per contra—				
		1,66,33,235	63	(i) Payable in India			1,94,26,518	09
1,94,34,375	13	28,01,139	50	(ii) Payable outside India			32,35,514	71
							2,26,62,032	80
1,55,77,893	37			**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra			91,99,759	66
				8. *Premises Less Depreciation—				
		1,35,32,359	68	Total Cost up to the 31st December, 1960			1,92,06,731	94
		56,74,372	06	Additions (Rs. 17,64,619.24) less Deductions (Rs. 65,882.71) during the year			16,99,236	53
		1,92,06,731	94				2,09,05,968	47
		16,35,897	00	Depreciation written off up to the 31st December, 1961, less depreciation previously provided on property which has passed out of the Bank's possession			20,69,816	00
1,75,71,834	94						1,88,36,152	47
				9. *Furniture and Fixtures Less Depreciation—				
		1,50,81,225	00	Total Cost up to the 31st December, 1960			1,82,04,332	76
		31,23,047	76	Additions (Rs. 34,45,661.67) less Deductions (Rs. 34,059.74) during the year			34,11,601	93
		1,82,04,332	76				2,16,15,934	69
		52 22,718	78	Depreciation written off up to the 31st December, 1961, less depreciation previously provided on property which has passed out of the Bank's possession			68,26,108	78
1,29,81,613	98						1,47,89,825	91
				10. Other Assets, including Gold and Silver—				
				Bullion				
		3,10,92,142	87	Adjusting Account of Interest, Commission, etc.			2,85,30,026	08
		2,20,10,827	86	Stationery, Stamps, Suspense, Tax Recoverable, etc.			1,33,85,081	08
		7,05,68,000	80	Shares in Subsidiaries			6,88,79,371	73
12,36,70,471	03						11,02,94,448	89
....				**11. Non-Banking Assets Acquired in Satisfaction of Claims**			....	
....				**12. Profit and Loss**			....	
				@ NOTE.—Includes Rs. 16,11,176.50 of investments, acquired consequent upon the amalgamation of the Bank of Baghelkhand under a scheme sanctioned by the Government of India in terms of Section 35 of the State Bank of India Act, which are still to be transferred to the Bank, pending completion of formalities.				
				* NOTE.—Includes Rs. 1,80,705.53 being written down value of certain Pakistan assets sold, pending completion of formalities, as sale proceeds of certain properties are still to be received.				
620,53,41,839	49	Total		Total .. Rs.			572,10,36,771	40

PARTICULARS OF ADVANCES

As at 31st December, 1960			As at 31st December, 1961		As at 31st December, 1960			As at 31st December, 1961	
Rs.	nP		Rs.	nP	Rs.	nP		Rs.	nP
204,74,39,712	30	(i) Debts considered good in respect of which the Bank is fully secured	228,93,81,814	08	11,65,956	94	(v) Debts due by Directors or Local Board Members or Officers of the Bank or any of them either severally or jointly with any other persons	13,23,170	41
2,69,27,335	70	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	2,78,84,176	47			(vi) Debts due by companies or firms in which the Directors or Local Board Members of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	67,81,21,514	65
24,80,69,886	10	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	23,58,87,294	41	63,16,82,276	36			
....		(iv) Debts considered doubtful or bad, not provided for			13,15,204	01	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Local Board Members or Officers of the Bank or any of them either severally or jointly with any other persons	22,96,259	92
					63,61,88,703	70	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors or Local Board Members of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	71,65,96,786	36
232,24,86,934	10		255,31,53,284	98	9,06,99,356	30	(ix) Due from banking companies	6,65,76,749	33

P. C. BHATTACHARYYA, *Chairman*

D. G. KARVE, *Vice-Chairman*

B. MUKERJI, N. A. KRISHNAN } *Managing Directors*

PRATAPSINH MATHURADAS
M. H. HASHAM PREMJI
J. D. CHOKSI
RAMNATH A. PODAR

D. R. GADGIL
B. VENKATAPPIAH
W. H. S. MICHELMORE
K. RAMUNNI MENON
V. S. TYAGARAJA MUDALIAR
} *Directors*

THE BANK OF INDIA LIMITED

(ESTABLISHED 7TH SEPTEMBER, 1906.)

REGISTERED OFFICE—70/80, MAHATMA GANDHI ROAD, BOMBAY, 1.

CAPITAL AND RESERVES

CAPITAL AUTHORISED .. .. **Rs. 5,50,00,000**
CAPITAL ISSUED AND SUBSCRIBED .. .. **Rs. 5,50,00,000**

CAPITAL PAID-UP .. .. **Rs. 3,00,00,000**
RESERVE FUND AND OTHER RESERVES .. .. **Rs. 3,23,00,000**

BOMBAY LOCAL BRANCHES: ANDHERI, BANDRA, BULLION EXCHANGE, CUSROW BAUG, ELECTRIC HOUSE, FORT, GHATKOPAR, KALBADEVI, MALABAR HILL, MANDVI, SANTA CRUZ, SION, TARDEO, WALKESHWAR

OTHER BRANCHES: AHMEDABAD, BHADRA (MAIN OFFICE); AHMEDABAD, ELLIS BRIDGE; AHMEDABAD, GANDHI ROAD; AHMEDABAD, MANEK CHOWK; AHMEDABAD, MANINAGAR; AHMEDABAD, NAVRANGPURA; AHMEDABAD, STATION; AMRITSAR; BANGALORE; BARODA; BHAVNAGAR; CALCUTTA, NETAJI SUBHAS ROAD (MAIN OFFICE); CALCUTTA, PARK BAZAR; CALCUTTA, BROWNPUR; CALCUTTA, CHOWRINGHEE SQUARE; CALICUT; COCHIN; COIMBATORE; COONOOR; DELHI; NEW DELHI; NEW DELHI, AJMERI GATE EXTENSION; NEW DELHI, CONNAUGHT PLACE; NEW DELHI, JANPATH; NEW DELHI, KAROL BAGH; NEW DELHI, KHAN MARKET; ERNAKULAM; GANDHIDHAM; HYDERABAD; INDORE; JAMNAGAR; JAMSHEDPUR; JUNAGADH; KANPUR; MADRAS; MADRAS, ARMENIAN STREET (MAIN OFFICE); MADRAS, MOUNT ROAD; MADRAS, SOWCARPET; MADURAI; NAGPUR; NAGPUR CITY; PALANPUR; POONA; POONA CITY; RAJKOT; SHOLAPUR; SURAT; VERAVAL; VISAKHAPATNAM

LOCAL COMMITTEES:

AHMEDABAD—
MR. NAROTTAM LALUBHAI.

AMRITSAR—
LALA DEWAN CHAND MEHRA.

BANGALORE—
HIS HIGHNESS Y. R. GHORPADE, RAJASAHEB OF SANDUR.
MR. P. K. SARANGAPANY MUDALIAR.
MR. V. T. VELU.
MR. RAVI L. KIRLOSKAR.
MR. CHHOTTABHAI DEVIDOSS.
MR. VITTAL MALLYA

BARODA—
MR. BHUPATIRAI MAGANLAL GHIA.
MR. RAMANBHAI B. AMIN.

BHAVNAGAR—
MR. JASWANTRAI P. MEHTA.

CALCUTTA—
MR. N. B. ELIAS.

CALICUT—
MR. LILADHAR N. MEHTA.

ADEN—
MR. DINSHAW HORMUSJEE COWASJEE DINSHAW, O.B.E.
MR. ZAINOOL HUSSENALLY KARACHIWALA.
MR. GULABCHAND GOPALDAS SIRAJ.
MR. AMIN KASSEM MOHAMED SULTAN.

COCHIN—
MR. L. D. KILIKAR.
MR. B. V. D. MENON.
MR. S. S. KODER.
MR. JAVERILAL ANANDJEE.

COIMBATORE—
MR. R. VENKATASWAMY NAIDU.
MR. S. R. P. PONNUSWAMY CHETTIAR, M.L.C.

DELHI—
MR. SRI NARAIN ANDLEY
MR. GOBINDRAM HASSARAM MAHBUBANI
MR. PANNALAL ARORA.
LALA BANSI DHAR
SARDAR MOHAN SINGH

HYDERABAD—
MR. MUKUNDASS MOHANLAL MALANI.
MR. JAMSHID D. ITALIA.

INDORE—
MR. LALCHAND B. SETHI.
MR. CHANDANSINHA BHARATIYA.
MR. SOHANLAL G. SANGHI.

JAMSHEDPUR—
SARDAR AJAIB SINGH.
MR. DHARAMCHAND NARBHERAM KAMANI.
MR. RAMESHWARLAL AGARWALA.

JUNAGADH—
MR. CHITTARANJAN R. RAJA.
MR. ISHWARDAS NAROTTAMDAS.

KANPUR—
MR. BABULAL MISRA.
MR. RAM SINGH.
MR. BUDDHOO LAL MEHROTRA.
MR. NARENDRAJIT SINGH

MADRAS—
DEWAN BAHADUR SIR ARCOT LAKSHMANASWAMI MUDALIAR.
MR. M. S. M. M. MEYYAPPA CHETTIAR.
MR. D. C. KOTHARI.
MR. A. M. M. MURUGAPPA CHETTIAR.

MADURAI—
MR. KARUMUTTU THIAGARAJAN CHETTIAR

KARACHI—
MR. MAHOMED SULEMAN CASSUM MITHA.
MR. ABDUL KARIM HAJI ADAM.
MR. EDDIE MINOCHER DINSHAW.

NAGPUR—
SETH RAMANLAL RATHI.
MR. D. P. R. CASSAD.
MR. R. V. KALIKAR.

POONA—
KHAN BAHADUR SIR MANEKJI N. MEHTA, C.I.E., M.B.E.
MR. S. H. RATHI.

RAJKOT—
MR. RATILAL NYALCHAND CHITALIA.
MR. DULABHJEE SHAMJEE VIRANI.

SHOLAPUR—
MR. MADRAPPA BANDAPPA KADADI.
RAO SAHEB SHRIKISAN N. BHAVA.

SURAT—
MR. LALITMOHAN C. GANDHI.
MR. MOIZ S. VASI.
MR. MANSUKHLAL C. KAPADIA.

VERAVAL—
MR. HARGOVINDDAS L. SANGHVI.

VISAKHAPATNAM—
MR. A. SURYANARAYANA RAO.
MR. P. L. NARASIMHARAJU.

LONDON—
MR. B. S. SAKLATVALA.
MR. W. F. CRUICKSHANK.
MR. I. D. GREENWELL.
MR. H. C. WATERS, O.B.E.
SIR OWAIN TREVOR JENKINS, KT.

FOREIGN BRANCHES:

LONDON:—17, MOORGATE, LONDON, E.C. 2. ADEN. DAR-ES-SALAAM. HONG KONG. JINJA. KAMPALA. KARACHI. MOMBASA. NAIROBI. OSAKA. SINGAPORE. TOKYO.

AGENTS IN ALL THE PRINCIPAL COUNTRIES OF THE WORLD.

ANNUAL REPORT

To be submitted to the Shareholders at the Fifty-sixth Annual General Meeting to be held at the Registered Office of the Company at 70/80, Mahatma Gandhi Road, Bombay, 1, on Thursday, the 15th day of March, 1962, at 4 o'clock in the afternoon.

Directors' Report for the year ended 31st December, 1961

The Directors submit to the Shareholders the Balance Sheet and Profit and Loss Account for the year ended 31st December, 1961. The Auditors' Report is also annexed.

The transactions for the year after providing for Income-tax and Super-tax have resulted in a profit of Rs. 1,10,31,508.75. To this has been added the balance of Rs. 12,84,842.08 brought forward from the previous year, making a total sum of .. **1,23,16,850.83**

	Rs.	nP
An interim dividend was paid for the half-year ended 30th June, 1961, at the rate of 8.00 per cent., subject to deduction of tax at the prescribed rates, on the Paid-up Capital of Rs. 3,00,00,000, which absorbed	24,00,000	00
Transferred to the Reserve Fund	15,00,000	00
Bonus to Staff	19,00,000	00
The Directors now propose :—		
To pay a final dividend for the half-year ended 31st December, 1961, at the rate of 12.00 per cent., subject to deduction of tax at the prescribed rates, making 20 per cent. for the year, on the Paid-up Capital of Rs. 3,00,00,000, which will absorb ..	36,00,000	00
To carry forward to the next account	29,16,850	83
Total .. Rs.	1,23,16,850	83

The Company's business continued to function satisfactorily.

The Bank Rate remained stationary at 4 per cent.

Branches were opened during the year at Bhavnagar and Jamnagar in Gujarat, at Ghatkopar, Tardeo, Mandvi and Electric House in Bombay, at Janpath, Karol Bagh and Khan Market in Delhi, at Ernakulam in Kerala and at Madurai and Coonoor.

Under the provisions of Section 256 of the Companies Act, 1956, the following Directors of the Company retire by rotation, but are eligible and offer themselves for re-election :—

Mr. Ambalal Sarabhai — Mr. N. K. Petigara
Mr. Jugmohan Prasad Goenka — Mr. Jaisinh Vithaldas

The Shareholders are requested to appoint Auditors and to fix their remuneration.

COWASJEE JEHANGIR, *Chairman.*
A. D. SHROFF, *Vice-Chairman.*

Directors.
AMBALAL SARABHAI,
RAMNIWAS RAMNARAIN,
BHAGVANDAS C. MEHTA,
K. M. D. THACKERSEY,
MADANMOHAN MANGALDAS,
N. K. PETIGARA,
JUGMOHAN PRASAD GOENKA,
JAISINH VITHALDAS,
GIRDHARILAL MEHTA.

T. D. KANSARA, *General Manager.*

H. A. CURRIMBHOY, *Chief Accountant.*

BOMBAY, 9th *February*, 1962.

BALANCE-SHEET AS AT 31st DECEMBER, 1961.

CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
1. Capital—				
AUTHORISED CAPITAL—				
(a) 5,00,000 Shares of Rs. 100 each	5,00,00,000	00		
(b) 1,00,000 "A" Shares of Rs. 50 each	50,00,000	00		
	5,50,00,000	00		
ISSUED AND SUBSCRIBED CAPITAL—				
(a) 5,00,000 Shares of Rs. 100 each paid for in cash	5,00,00,000	00		
(b) 1,00,000 "A" Shares of Rs. 50 each credited as fully paid bonus shares	50,00,000	00		
	5,50,00,000	00		
AMOUNT CALLED UP on 5,00,000 Shares of Rs. 100 each at Rs. 50 per share	2,50,00,000	00		
AMOUNT FULLY PAID UP on 1,00,000 "A" Shares of Rs. 50 each	50,00,000	00		
	3,00,00,000	00		
Less—Calls unpaid	Nil			
	3,00,00,000	00		
ADD—Forfeited Shares	Nil			
			3,00,00,000	00
2. Reserve Fund and Other Reserves—				
Reserve Fund (includes Rs. 1,50,00,000 received as premiums on issues of shares in past years)	3,25,00,000	00		
Development Rebate Reserve	3,00,000	00		
			3,28,00,000	00
3. Deposits and Other Accounts—				
Fixed Deposits	60,78,99,462	54		
Savings Bank Deposits	20,48,30,097	59		
Current Accounts, Contingency Accounts, etc.	43,74,93,207	56		
			1,25,02,22,767	69
4. Borrowings from Other Banking Companies, Agents, etc.—				
(i) In India	Nil			
(ii) Outside India	Nil			
			Nil	
PARTICULARS—				
(i) Secured by part of the Bank's Investments	Nil			
(ii) Unsecured	Nil			
			24,88,998	56
5. Bills Payable				
6. Bills for Collection Being Bills Receivable as per contra—				
(i) Payable in India	57,38,118	34		
(ii) Payable outside India	96,51,378	51		
			1,53,89,496	85
7. Other Liabilities—				
(i) Unexpired Discounts	96,361	13		
(ii) Branch Adjustments	1,45,49,033	39		
(iii) Unclaimed Dividends	3,03,478	84		
			1,49,48,868	36
			11,64,57,503	21
8. Acceptances, Endorsements and Other Obligations per contra				
9. Profit and Loss—				
Balance as per Balance Sheet as at 31st December, 1960	50,34,842	08		
Less—Final Dividend at 12.50 per cent., making 20 per cent. for the year 1960, subject to deduction of tax at the prescribed rates	37,50,000	00		
	12,84,842	08		
ADD—Profit for the year ended 31st December, 1961 after providing for Income-tax and Super-tax	1,10,31,508	75		
	1,23,16,350	83		
Less—Provision for Income-tax and Super-tax for the year .. Rs. 15,00,000 00				
Transferred to the Reserve Fund .. 15,00,000 00				
Interim Dividend at 8.00 per cent. for the half-year ended 30th June, 1961, subject to deduction of tax at the prescribed rates .. 24,00,000 00				
Provision for Bonus to Staff for the year .. 19,00,000 00				
	58,00,000	00		
Carried forward ..			65,16,850	83
			1,47,18,18,980	50

PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
1. Cash—				
In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes)			9,59,46,913	44
2. Balances with Other Banks on Current Account—				
(i) In India	28,98,384	50		
(ii) Outside India	1,61,06,744	25		
			1,90,00,128	75
3. Money at Call and Short Notice			Nil	
4. Investments at below Market Value—				
(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments	18,54,67,920	72		
(ii) Shares—				
(a) Fully paid Preference Shares	49,92,232	00		
(b) Fully paid Ordinary Shares	65,33,657	49		
(c) Partly paid Preference Shares	24,900	00		
(d) Partly paid Ordinary Shares	5,45,550	00		
(iii) Debentures or Bonds	2,23,24,879	22		
(iv) Other Investments—				
Pakistan Government and Trustee Securities	25,24,248	75		
(v) Gold	Nil			
			22,24,12,868	15
5. Advances—				
(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)				
(I) Loans, Cash Credits, Overdrafts, etc.— Rs. nP				
(i) In India 77,69,96,812 04				
(ii) Outside India 5,33,17,804 44				
			83,03,14,616	48
(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—				
(i) Payable in India 9,85,54,241 30				
(ii) Payable outside India .. 5,54,93,221 68				
			15,50,47,462	98
			98,53,62,079	41
PARTICULARS OF ADVANCES—				
(i) Debts considered good in respect of which the banking company is fully secured			86,14,22,683	29
(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security			3,10,93,898	93
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors			9,27,46,052	19
(iv) Debts considered doubtful or bad, not provided for			Nil	
			98,52,62,079	41
(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons			18,64,589	20
(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members			20,91,09,427	97
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons			22,36,115	40
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members			21,49,72,817	91
(ix) Due from banking companies			Nil	
6. Bills Receivable Being Bills for Collection as per contra—				
(i) Payable in India	57,38,118	34		
(ii) Payable outside India	96,51,378	51		
			1,53,89,496	85
7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra			11,64,57,503	21
Carried forward ..			1,47,18,18,980	50

(Continued on next page)

THE BANK OF INDIA LIMITED—*(Continued)*

Balance-Sheet as at 31st December, 1961—(Continued)

CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
Brought forward			1,47,18,18,980	50
10. Contingent Liabilities ..	Rs.	nP		
(I) On partly paid Shares	18,94,050	00		
(II) Claims against the banking company not acknowledged as debts	41,036	08		
(III) Guarantees given on behalf of customers	19,82,16,036	55		
(IV) Bills of Exchange Re-discounted :— U.S. Dollar Bills Re-discounted $34,720.00, of which $6,382.40 have run off as at 9-2-1962. Sterling Bills Re-discounted £97,519-10-6 all of which have run off as at 9th February, 1962.				
(V) Outstanding Forward Exchange Contracts	24,77,78,210	38		
NOTE :—The Profit and Loss Account includes expenses of The Bank of India (U.K.) Nominees Ltd., a subsidiary company of this Bank.				
Total .. Rs.			1,47,18,18,980	50

PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
Brought forward			1,45,84,70,989	84
8. Premises, Less Depreciation—				
At cost as at 31st December, 1960	1,44,84,826	96		
Additions during the year	32,27,485	29		
	1,77,12,312	25		
Less—Written off to date	85,84,301	64		
			91,28,010	61
9. Furniture and Fixtures, Less Depreciation			Nil	
10. Other Assets—				
(I) Shares of The Bank of India (U.K.) Nominees Ltd., at cost	1,335	65		
(II) Advance Payments of Tax	20,56,252	25		
(III) Stamps	23,606	69		
(IV) Interest accrued on Investments	21,38,695	46		
(V) Silver	Nil			
			42,19,980	05
11. Non-Banking Assets Acquired in Satisfaction of Claims			Nil	
Total .. Rs.			1,47,18,18,980	50

NOTE :—The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Companies Act, 1949

Profit and Loss Account for the year ended 31st December, 1961.

EXPENDITURE	Rs.	nP
1. Interest paid on Deposits, Borrowings, etc.	2,60,10,158	89
2. Salaries and Allowances and Provident Fund (Salary and Allowances to General Manager Rs. 77,800.00*)	1,61,20,920	85
3. Directors' and Local Committee Members' Fees and Allowances	1,82,916	66
4. Rent, Taxes, Insurance, Lighting, etc.	18,65,189	78
5. Law Charges	47,726	17
6. Postage, Telegrams and Stamps	2,88,984	68
7. Auditors' Fees (includes Rs. 30,750 for Branch Audit Fees to Statutory Auditors)	75,750	00
8. Depreciation on and Repairs to the Banking Company's Property	6,00,763	41
9. Stationery, Printing, Advertisement, etc.	16,07,573	54
10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
11. Other Expenditure	27,79,615	61
12. Development Rebate Reserve	3,00,000	00
13. Balance of Profit †	1,10,31,508	75
Total .. Rs.	6,09,11,108	34

INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP
1. Interest and Discount	5,09,86,044	02
2. Commission, Exchange and Brokerage	88,98,948	88
3. Rents	3,30,485	03
4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	Nil	
7. Other Receipts	6,95,630	41
Total .. Rs.	6,09,11,108	34

* Includes allowances calculated in accordance with the Income-tax Rules.

† The balance of profit for the year has been arrived at after providing for taxation from item (1) of income. It is comparable with the figure of Rs. 78,37,098.89 being the profit for 1960 after deducting provision for taxation Rs. 25,00,000 from the figure of profit, subject to taxation, of Rs. 1,03,37,098.89.

Note :—The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Companies Act, 1949.

AUDITORS' REPORT TO THE MEMBERS

(1) We have audited the foregoing Balance Sheet of The Bank of India Ltd. as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the audited returns from all the Branches, of which 29 Branches have been audited between us and 46 Branches by other Auditors.

(2) We report that :—

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank ;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from all the Branches of the Bank ;

(d) the reports on the accounts of Branches audited by others Auditors have been forwarded to us and the same have been considered in preparing this report ;

(e) the Bank's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account and the audited returns ;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

A. F. FERGUSON & CO., *Chartered Accountants.*
S. B. BILLIMORIA & CO., *Chartered Accountants.*

BOMBAY, 9th *February*, 1962.

Statement pursuant to Section 212 of the Companies Act, 1956.

The Profit and Loss Account of The Bank of India Ltd. for the year ended 31st December, 1961, does not include any profit or loss of its subsidiary, The Bank of India (U.K.) Nominees Ltd. (a nominee company incorporated and operating in the United Kingdom), as no profit was made and no loss was sustained by that subsidiary. All expenses incurred were borne and paid by The Bank of India Ltd. The shares of the subsidiary are wholly owned by the Bank.

Having regard to the fact that no Profit and Loss Account of the said subsidiary is prepared in the circumstances aforesaid and that its Balance Sheet and the Reports of its Board of Directors and Auditors are drawn up in accordance with the law in force in the United Kingdom, an application was made to the Central Government under sub-section (8) of Section 212 of the Companies Act, 1956, and, in exercise of the powers conferred by the said sub-section (8) of Section 212 of the Companies Act, 1956, the Central Government, being satisfied that it is necessary so to do, have directed that, in relation to The Bank of India (U.K.) Nominees Ltd., a subsidiary of the Bank, the provisions of Section 212 of the said Act shall apply only to the extent that The Bank of India Ltd. shall be required to attach to its Balance Sheets copies of the Balance Sheets and of the Reports of the Board of Directors and of the Auditors of the said subsidiary made out in accordance with the provisions of the English Companies Act for the time being in force in the United Kingdom and that The Bank of India Ltd. is exempted from attaching to its Balance Sheets a copy of the Profit and Loss Account of the said subsidiary.

THE BANK OF INDIA (U.K.) NOMINEES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 1961

The Directors submit the Balance Sheet for the year ended 31st December, 1961. The Auditors' Report is also annexed.

No Profit and Loss Account is submitted as none has been prepared. No profit was made and no loss was sustained. The expenses of the Company have been paid by The Bank of India Ltd., of which the Company is a wholly-owned subsidiary.

S. C. KOTHARI,
S. H. BRADFORD, } *Directors.*

LONDON, 1st *January*, 1962.

THE BANK OF INDIA (U.K.) NOMINEES LIMITED

Balance-Sheet as at 31st December, 1961.

Capital Authorised and Fully Paid-up : 100 Ordinary Shares of £1 each ..	£100	Cash at Bankers	£100
	£100		£100

Signed on behalf of the Board,

S. C. KOTHARI,
S. H. BRADFORD, } *Directors.*

REPORT OF THE AUDITORS

We have obtained all the information and explanations which we have required and which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion proper books of account have been kept by the Company. We have examined the above Balance Sheet which is in agreement with the books of account. In our opinion such Balance Sheet gives the information required by the Companies Act, 1948, in the manner so required and is properly drawn up so as to exhibit a true, correct and fair view of the state of the Company's affairs at 31st December, 1961, according to the best of our information and the explanations given to us and as shown by the books of the Company.

No Profit and Loss Account has been prepared as the Company has no income and the expenses are paid by the Holding Company.

FERGUSON, ROWLAND & DAVIES, *Chartered Accountants, Auditors.*

LONDON, 1st *January*, 1962.

COWASJEE JEHANGIR, *Chairman.*
A. D. SHROFF, *Vice-Chairman.*

Directors.
AMBALAL SARABHAI,
RAMNIWAS RAMNARAIN,
BHAGVANDAS C. MEHTA,
K. M. D. THACKERSEY,
MADANMOHAN MANGALDAS,
N. K. PETIGARA,
JUGMOHAN PRASAD GOENKA,
JAISINH VITHALDAS,
GIRDHARILAL MEHTA.

T. D. KANSARA, *General Manager.*

H. A. CURRIMBHOY, *Chief Accountant.*

BOMBAY, 9th *February*, 1962.

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STATE BANK OF JAIPUR

(SUBSIDIARY OF THE STATE BANK OF INDIA)

Incorporated in India Under Special Statute. The Liability of the Members is Limited.

BALANCE SHEET OF THE STATE BANK OF JAIPUR AS AT 31ST DECEMBER, 1961.

As at 31st December 1960 Rs. nP	CAPITAL AND LIABILITIES	As at 31st December 1961 Rs. nP	Rs. nP
	1. Capital—		
1,00,00,000 00	AUTHORISED CAPITAL 1,00,000 Shares of Rs. 100 each	1,00,00,000 00	
25,00,000 00	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 25,000 Shares of Rs. 100 each		25,00,000 00
	2. Reserve Fund and Other Reserves—		
4,32,000 00	As per last Balance Sheet	4,57,000 00	
25,000 00	Addition during the Year	1,03,000 00	
4,57,000 00			5,60,000 00
	3. Deposits and Other Accounts—		
4,86,12,728 94	Fixed Deposits	5,84,90,933 56	
1,50,70,238 89	Savings Bank Deposits	1,83,11,331 41	
2,95,64,390 82	*Current Accounts, Contingency Accounts, etc.	2,85,74,368 40	
9,32,47,358 65			10,53,76,633 37
	4. Borrowings from Other Banking Companies, Agents, etc.—		
2,66,25,807 88	(i) In India	74,71,902 00	
1,37,219 80	(ii) Outside India	Nil	
2,67,63,027 68			74,71,902 00
	PARTICULARS—		
2,64,26,311 93	(i) Secured by Government Securities per contra	43,71,029 05	
3,36,715 75	(ii) Unsecured	31,00,872 95	
18,50,995 35	**5. Bills Payable**		14,64,689 00
	6. Bills for Collection Being Bills Receivable as per contra—		
53,88,021 51	(i) Payable in India	44,30,547 73	
1,00,056 00	(ii) Payable outside India	57,758 02	
54,88,077 51			44,88,305 75
	7. Other Liabilities—		
Nil	Dividend for the year	1,50,000 00	
51,769 69	†Sundry Creditors	47,101 58	
27,394 58	Rebate on Bills Discounted	23,732 16	
Nil	Inter-Office Adjustments	12,97,103 60	
79,104 27			15,17,937 34
	8. Acceptances, Endorsements and Other Obligations per contra—		
55,46,410 39	(Partly secured by Bank's Investments)		32,81,084 00
	9. Profit and Loss—		
Nil	Balance brought forward from last year	19,841 19	
99,841 19	Profit for the year	3,69,656 61	
99,841 19		3,89,497 80	
	LESS—Appropriations as under—		
	Transferred to Reserve Fund Rs. 1,03,000 00 nP		
25,000 00	Provision for Bonus to Staff 1,20,000 00		
55,000 00	Dividend 1,50,000 00		
Nil		3,78,000 00	
19,841 19			16,497 80
	10. Contingent Liabilities—		
2,16,491 98	Claims against the Bank not acknowledged as Debts	2,26,192 82	
Nil	Bills of Exchange rediscounted	Nil	
1,33,379 70	Outstanding Forward Exchange Contracts	3,46,836 79	
Nil	On partly paid-up Shares	Nil	
Nil	Guarantees given on behalf of others	8,24,355 56	
13,59,51,785 04	Total .. Rs.		12,66,77,049 26

As at 31st December 1960 Rs. nP	PROPERTY AND ASSETS	As at 31st December 1961 Rs. nP	Rs. nP
	1. Cash—		
1,23,55,329 81	In hand, with Reserve Bank and State Bank of India (including Foreign Currency Notes)		1,12,43,808 42
	2. Balances with Other Banks in Current Accounts—		
8,23,335 65	(i) In India	6,63,721 77	
13,577 15	(ii) Outside India	25,861 14	
8,37,412 80			6,89,582 91
1,00,000 00	**3. Money at Call and Short Notice**		Nil
	4. *Investments (at or below Market Value)—		
5,17,83,356 93	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments	4,05,92,957 71	
1,35,258 00	(ii) Shares— Rs. nP		
6,65,371 50	(a) Fully Paid-up Preference Shares. 1,35,258 00		
Nil	(b) Fully Paid-up Ordinary Shares 7,40,276 09		
1,94,000 00	(c) Partly Paid-up Ordinary Shares Nil		
Nil	(iii) Debentures or Bonds	8,75,534 09	
Nil	(iv) Other Investments	1,94,000 00	
5,27,77,986 43	(v) Gold	Nil	
		Nil	
			4,16,62,491 80
	*(i) Of which Government and other Trustee Securities and Shares of the face value of Rs. 4,02,43,000 are pledged against borrowings from Other Banks, Agents, etc., per contra.		
	(ii) Government, Trustee Securities and Shares of the face value of Rs. 30,73,737 are not quoted in the market which are taken at Book Value.		
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
3,79,39,938 78	(i) Loans, Cash Credits, Overdrafts, etc.— (a) In India	4,24,94,164 69	
Nil	(b) Outside India	Nil	
1,74,67,776 27	(ii) Bills Discounted and Purchased— (a) Payable in India	1,87,01,291 04	
6,63,497 24	(b) Payable outside India	5,00,663 02	
5,60,71,212 29			6,16,96,118 75
	6. Bills Receivable Being Bills for Collection as per contra—		
53,88,021 51	(i) Payable in India	44,30,547 73	
1,00,056 00	(ii) Payable outside India	57,758 02	
54,88,077 51			44,88,305 75
	7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		32,81,084 00
	8. Premises—		
Nil	Original Cost	4,01,884 56	
Nil	LESS—Depreciation for the year	8,750 00	
Nil			3,93,134 56
	9. Furniture and Fixtures—		
9,62,172 68	At book value upto 31st December 1960	11,82,208 07	
2,53,055 41	Additions and Transfers	1,78,347 80	
12,15,228 09		13,60,555 87	
33,020 02	LESS—Sales and Transfers	57,795 27	
11,82,208 07		13,02,760 60	
	LESS— Depreciation upto 31st December 1960 Rs. 6,55,483 32 nP		
6,55,483 32	During the year 75,148 89		
5,26,724 75		7,30,632 21	
			5,72,128 39
	10. Other Assets—		
1,120 87	Stamps		
1,07,768 18	Stationery	1,357 52	
66,405 00	Advance Payment of Tax	1,54,114 95	
6,31,877 83	Interest accrued	66,405 00	
6,98,112 60	Taxation at source	5,84,954 46	
1,40,115 16	Suspense Account	11,90,008 53	
1,08,231 42	Inter-Office Adjustments	4,28,043 58	
17,53,631 06		Nil	
			24,21,384 04
1,95,000 00	**11. Non-Banking Assets Acquired in Satisfaction of Claims** (at estimated market value)		2,29,010 64
13,59,51,785 04	Total .. Rs.		12,66,77,049 26

* Includes provisions for Gratuity, Taxation and Bonus.
† Unclaimed Dividend of the Bank of Jaipur Ltd. transferred to Sundry Creditors.

PARTICULARS OF ADVANCES

As at 31st December 1960 Rs. nP	PARTICULARS OF ADVANCES	As at 31st December 1961 Rs. nP
4,34,16,585 31	(i) Debts considered good in respect of which the Bank is fully secured (includes a debt for Rs. 6,43,600 secured against shares of a Foreign Company, not quoted in India)	4,87,31,575 93
43,69,371 25	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	61,59,811 36
92,85,255 73	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	67,54,731 46
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil
5,60,71,212 29		6,16,96,118 75

As at 31st December 1960 Rs. nP	PARTICULARS OF ADVANCES	As at 31st December 1961 Rs. nP
2,18,453 57	(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons	1,58,827 58
14,33,680 03	(vi) Debts due by companies or firms in which the Directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	32,75,946 93
3,77,719 93	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Officers of the Bank or any of them either severally or jointly with any other persons	2,68,855 03
19,55,379 75	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	34,80,078 40
4,11,559 75	(ix) Due from Banking Companies	3,48,932 37

(Continued on next page)

NEW PRODUCTS AND PROCESSES

Diesel Truck

A NEW standard diesel truck, with tandem-drive bogie for extra high traction power and intended for heavy road transport of such loads as timber, building elements or machines, is being put on the market by a Swedish firm, AB Volvo, Gothenburg. Called the Titan DD, the truck has a total weight of 22 tons and a loading capacity of 15 tons. The tandem-drive bogie has two rear driving axles. The axles are equipped with no-spin lock differentials with pneumatically operated differential locks in between, which automatically lock the two driving axles in relation to each other on slippery roads. The four-wheel drive and the lock differentials in combination with the wheel suspension are, moreover, reported to result in an unusually low wear on tyres. Tests with the new vehicle have shown that the wear on the eight tyres of the bogie was only about one-third of that on the tyres of a conventional bogie truck under identical conditions. Titan DD is equipped with Volvo's largest diesel engine, TD 96 B, of 195 h.p. The rear axle gears and the five-speed synchromesh gearbox give the truck ten forward and two reverse speeds. The truck has power steering.

Bricks From Fly Ash-clinker

New use of industrial wastes like fly ash and clinker has been developed at the Central Building Research Institute, Roorkee. Bricks suitable for buildings have been prepared from Durgapur fly ash and local clinker by admixture with cement in the ratio 3:6:1 and pressing the mixture into mould at 22 per cent moisture level and 20 tons pressure. The compressive strength and drying shrinkage of such bricks after 28 days of water curing are about 1,175 lb./sq. in. and 0.07 per cent respectively. The bricks may replace ordinary clay bricks in those parts of the country where the quality of clay bricks is poor and the cost is high.

All-purpose Plastic Sheeting

Made in a range of pastel shades and in translucent or opaque material, a new P.V.C. sheeting is being made in Sweden by the Svenska Cellulosa Aktiebolaget Company. It is said to be sufficiently rigid to require no reinforcement, and yet is flexible and can be readily bent and mounted while hot. It is claimed to be flame-proof and easy to work and to be highly resistant to chemical action. Supplied with the necessary accessories, it can be used both by professionals and "do-it-yourself" enthusiasts for the making of various types of roofs and walls, and because it is both decorative and strong it is suitable for display stands and exhibitions.

Transmission System for Tractors

The David Brown 990 Autodrive tractor, reported to be the first of its type in the world fitted with automatic transmission, it is claimed, improves efficiency and productivity by between 10 and 15 per cent. The autodrive system, a unit which is partly hydraulic but predominantly mechanised, is built into a standard 52 b.h.p. David Brown 990 tractor and given two forward speeds—one giving 4 to 16 m.p.h. for light transport and road work and the other providing speeds of 1 to 6 m.p.h. for specialist jobs such as harvesting and cultivation. In operation the tractor virtually "thinks" for itself. The driver simply sets a dial to "automatic" and then engages the selected speed range. The new system selects the lowest speed ratio on starting from rest—thereby minimising the load on the transmission—and then changes automatically and without a pause to the higest and most efficient working speed possible according to load and ground conditions.

Timber Preservation

A British firm who design and construct plants for preserving and fire-proofing timber have further improved their equipment. Their latest vacuum-pressure plants are more compact and have a simplified layout to give a centralised control point for all the process valves, indicating and recording instruments, and electric controls. The plant works at a pressure of 200 lb. per sq. inch and the initial vacuum has been raised to 27/28 in. of mercury. When used for fire-proofing the storage tank is made into two separate compartments, different liquids being isolated for the preserving and fire-proofing processes.

Protective Wrapping for Pipes

A synthetic fabric tape coated with a plasticised coal tar pitch compound has been introduced by a British firm as a protective wrapping for pipes and joints located under corrosive conditions. Known as Denso coal tar tape, it is claimed to be particularly suitable for wrapping pipes buried in very abrasive rubbles, and is highly resistant to mineral, vegetable and animal fats and oils. The metal to be protected has to be thoroughly cleansed of dirt and loose oxide and primed with Denso coal tar primer. The tape is then wrapped around the pipe with the coated side to the metal. A bond between tape and metal is created during wrapping by flame heating and the completed wrap is flame heated and wiped to seal the laps and give a smooth finish.

"Air Curtain" Dampening of Shock Waves

"Air curtain" dampening of shock waves in underwater blasting has recently been tried out in Sweden on a construction project. The equipment was supplied by Atlas Copco, leading compressed-air specialists, who claim that this technique is particularly suitable in blasting operations in the proximity of bridges, piers and other submarine structures. The method was applied in conjunction with the construction of Gotaverken's new Arendal shipyard in Gothenburg. The contractors found that it was necessary to remove a further 500 cu.m. of rock in one of the newly-built and water-filled docks, which could not be emptied, and some sort of dampening was required in order not to damage a pump house at a distance of 50 metres (165 ft.) from the detonation site. Atlas Copco, which has previously pioneered the "bubble method" of keeping shipping lanes ice-free and purifying panting lakes by means of pressing compressed-air out of perforated plastic hoses laid on the sea bottom, adopted a similar technique for creating an air curtain. Three perforated hoses were placed concentrically in a semi-circle round the pump house, a volume of 85 cu.m. (3,000 cu. ft.) of air per minute being instantaneously fed through the hoses at the moment of detonation. The millions of air bubbles rising to the surface formed a protective curtain considerably dampening the shock waves. About 350 kg. of dynamite were used in the short-delay blasting operation. Special care was taken to sink the drill holes in such a way as to minimise the effect of the original shock waves as far as possible.

Quick Casting of Metal Pipes

A quick and efficient method of making cast metal pipes by pumping molten metal straight from a ladle into a vertical, cylindrical die has been developed by Stewarts and Lloyds, 41, Oswald Street, Glasgow, C.1. One end of the die is placed in the metal and the other end is attached to a sealed chamber containing argon, which prevents the metal oxidising. Pressure is then applied to the surface of the metal until it rises in the die to a predetermined height, after which the pressure is released, and most of the metal flows back into the ladle. Because of the low temperature where the metal contacts the die, it solidifies around the inside and remains when the metal from the centre flows back into the ladle. After cooling the tube contracts, and is easily removed from the die, which can then be water cooled, or if a series is being used in rotation, allowed to cool naturally, to achieve the necessary fall in temperature before the next cast.

Coal Crusher

A machine to break coal for coking plants has been made by Fraser and Chalmers Ltd., Erith, Kent. The crusher, powered by a 175 h.p. motor made by the General Electric Co., is the largest in the 'Bradford' range. It will receive run-of-mine coal up to 12 in. in size at a rate of 600 tons an hour and give a product size of 1½ in. Coal enters at one end of the slowly rotating breaker, and is lifted on radial shelves before dropping on to the heavily perforated screen plates and breaking. Broken coal is discharged through the holes in the screen plates while the refuse passes through the machine and is rejected. The screen plates can be changed to give a different product size. Other machines in this range are designed to service smaller plants.

Disposable Syringe

A disposable syringe, moulded in plastics, which can be used once only, is being produced by Needle Industries Ltd., Studley, Redditch, Worcestershire. The firm is now selling about 500,000 a week together with needles which also they manufacture. All syringes and needles are subjected to rigid testing after sterilisation. The syringes are moulded in a plastic called "Diakon" in two sizes, 2 mms. and 10 mms., and are supplied sterile in polythene envelopes giving a doctor or anæsthetist the facility of being able to tear open the envelope and having to hand immediately the completely sterile syringe with or without needle attached for immediate use.

Paints Made With Water

Paint resins that can be thinned to working consistency with water are now being manufactured on a full commercial scale by British Resin Products Ltd., Devonshire House, Piccadilly, London, W.1. They are being used to make weather and corrosion resistant undercoats and high gloss finishing paints for industrial use. To dry, the painted articles have to be baked in a dome sort of an oven. So, at the moment, they can only be used to finish industrial products ranging from typewriters to—it is hoped—aeroplanes and motor cars. These paints release no poisonous or inflammable vapours when they are sprayed or painted. Moreover, spray guns and paint brushes can be cleaned with water and badly sprayed items quickly washed off for a second attempt.

Flexible Insulator

A heat insulating material which is claimed to function at high temperatures (up to 1,000 degrees Centigrade) as well as cork does at ordinary temperatures and yet is both flexible and strong has recently been announced by a French organisation. The material, which can be wound round pipes or shaped to fit refrigerating vessels, is made by packing together a number of thin aluminium or nickel sheets that have been covered on both sides with a fairly thick and continuous layer of oxide. The aluminium insulation is said to be particularly suitable for use in nuclear engineering.

STATE BANK OF JAIPUR—*Contd.*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Year ended 31st December 1960 Rs. nP	EXPENDITURE	Year ended 31st December 1961 Rs. nP	Year ended 31st December 1960 Rs. nP	INCOME (Less provision made during the year for bad and doubtful debts, income-tax and other usual or necessary provisions)	Year ended 31st December 1961 Rs. nP
29,17,748 58	1. Interest paid on Deposits, Borrowings, etc.	30,58,340 50	48,08,927 10	1. Interest and Discount	50,84,548 42
	2. Salaries, Allowances and Provident Fund— Rs. nP		10,12,973 43	2. Commission, Exchange and Brokerage	15,04,368 87
36,100 00	(i) General Manager 36,100 00		Nil	3. Rents	Nil
22,26,364 91	(ii) Staff 24,94,551 41			4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets	9,449 26
		25,30,651 41			
8,262 97	3. Directors' and Committee Members' Fees and Allowances	5,673 81	Nil	5. Net Profit on Revaluation of Investment, Gold and Silver, Land, Premises and Other Assets	Nil
1,48,783 25	4. Rent, Taxes, Insurance, Lighting, etc.	1,85,365 02			
6,493 99	5. Law Charges	41,359 88			
1,33,837 01	6. Postage, Telegrams and Stamps	1,62,613 53	Nil	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	Nil
4,000 00	7. Auditors' Fees	4,000 00			
88,997 02	8. Depreciation on and Repairs to the Bank's Property	94,179 23			
1,07,247 00	9. Stationery, Printing, Advertisement, etc.	1,58,431 68	Nil	7. Other Receipts (including Rs. 1,08,705.62 Subsidy from the State Bank of India in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959)	1,93,354 76
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil			
1,78,723 75	11. Other Expenditure	1,86,450 65	1,34,498 14		
99,841 19	12. Balance of Profit	3,69,656 61	Nil	8. Loss	Nil
59,56,398 67	Total .. Rs.	67,91,721 31	59,56,398 67	Total .. Rs.	67,91,721 31

REPORT OF THE AUDITORS

TO THE STATE BANK OF INDIA:

We, the undersigned Auditors of the State Bank of Jaipur, appointed under Section 41 (1) of the State Bank of India (Subsidiary Banks) Act, 1959, do hereby report to the State Bank of India upon the Balance Sheet and Accounts of the Bank as at 31st December, 1961.

We have examined the Balance Sheet of the State Bank of Jaipur as at 31st December, 1961, and the Profit and Loss Account for the year ended upon that date with the accounts relating thereto of Head Office and with the Branch Returns duly certified by the Agents, which have been incorporated in the above Balance Sheet and Profit and Loss Account and report:

(i) That, in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and properly drawn up, so as to exhibit a true and correct view of the affairs of the Bank according to the best of our information and explanations given to us and as shown by the Books of the Bank;

(ii) that, where we have called for any explanation or information such explanations and information have been given to our satisfaction;

(iii) that, the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(iv) that, the returns received from the Branches of the Bank have been found adequate for the purpose of our audit;

(v) that, the Profit and Loss Account shows a true balance of profit for the year covered by such Account.

M. L. SHARMA & CO.,
Chartered Accountants.

JAIPUR, 20th *January*, 1962.

P. C. BHATTACHARYYA, *Chairman.*
R. K. SESHADRI,
MADAN SINGH,
CHANDRAPAL SINGH,
B. D. SOMANI,
G. E. PODAR,
A. H. ELIAS,
B. MUKERJI,
S. BALAKRISHNAN,
A. R. THANAWALA, } *Directors.*

S. L. KOTHARI,
General Manager.

VOLTAS LIMITED WIDENING ITS ACTIVITIES

STATEMENT OF THE CHAIRMAN, MR. J. D. CHOKSI

VITAL ROLE OF DISTRIBUTIVE TRADE IN THE ECONOMY

THE Seventh Annual General Meeting of Voltas Limited was held at Bombay House, Bruce Street, Bombay, on Monday, 26th February 1962. In his statement to shareholders, circulated along with the annual report and audited accounts for the year ended 31st August 1961, Mr. J. D. Choksi, Chairman of Voltas Limited, gave a detailed account of the many-sided activities of the Company and the functioning of its all-India distributing organisation. Pointing out that distribution played a vital role in the economy, Mr. Choksi said that Voltas was widening its activities by adding new lines and new products to its already large distribution portfolio. Though firstly and primarily an importing and distributing concern, manufacturing was, the Chairman said, a major branch of the Company's activities.

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

"This statement on the Company's affairs rounds off a seven year span in this year of the gathering of the Constellations. Not a long period in the life of individuals, much less of corporations; but nonetheless in the ephemeral world of trade and commerce, to which we belong, where fortunes are made and lost every day, it is an innings of respectable dimension.

At this seventh milestone, I propose to describe to you the organisation of the Company, how it works, and enumerate its many-sided activities so that shareholders may have a more clearly defined image of Voltas.

What is Voltas? What do they deal in? A typical answer is: "They are airconditioning people, of course"! This is true as Voltas has become a by-word for airconditioning and refrigeration. However, the important airconditioning and refrigeration department represents only 13 per cent of our gross turnover.

I should describe our Company as firstly and primarily an importing and distributing house. We are not mere selling agents, or even sole selling agents, according to the normal understanding of that term. We purchase from manufacturers as principals and sell to clients in our own name. We normally hold ourselves responsible not only for selling a product, but also for its erection, where it is plant or machinery, and for elaborate after-sales-service. This is an important side of our activities often overlooked. For a buyer, who acquires a piece of complicated equipment, it is important to have the seller provide after-sales-service for many years. The legal restriction of a five-year tenure of distributorship, therefore, is hardly appropriate in our case and should not be made applicable to organisations like ourselves, since most plant and machinery have a longer life than five years and can best be served after sale by the manufacturers or their representatives. This is one of those instances where the Company Law ill serves the Indian importing house, which performs services such as ours, and discriminates against the Indian importing house in favour of his foreign rivals incorporated abroad.

Marketing and Distribution

Marketing and distribution, as far as we can foresee the future, must remain the most important part of our activities, because we are essentially a trading organisation. This trading organisation is divided into two main groups—one 'Engineering' and the other, for want of a better name, called the 'Marketing' group.

The Engineering group consists of six independent divisions, each of which handles a range of products which can be conveniently grouped or brought together into one division and handled as such by the staff of that division. Among these six independent divisions are the airconditioning and refrigeration division, the agricultural and construction equipment division, the mechanical division, the electrical division, the machine tool division and the textile and paper machinery division, each with its own specialists and technicians serving our nation-wide centres and our clients in the remotest parts of the country.

The Marketing group consists of two main divisions—one dealing in drugs and pharmaceuticals and the other in chemicals, vitamins and miscellaneous items of general merchandise.

Each of the divisions to which I have referred, while making use of the Company's central services, such as accounts, publicity, personnel, marketing services, liaison and warehousing, operates on an all-India basis under the control of general management. Each division is headed by a manager with wide operating authority, who is fully responsible for the business results of his division. The sales organisation of each division is tailored to satisfy the requirements of consumers. In some divisions, sales are made direct to the end-users or consumers; in others, the services of dealers, wholesalers, retailers and stockists, are utilised. The operation of some of these divisions depends on the provision of adequate personnel and facilities for continuous after-sales-service where these are required, since, in India, reliable service facilities are few or non-existent. Some divisions maintain a fully equipped all-India service organisation to serve the country-wide needs of our clients. The standing and reputation of our Company is due, in large measure, to the excellent after-sales-service provided to clients, large and small, for a wide range of equipment.

Regional Service

The central organisation, just described, with its trading divisions, is supported by widespread regional service units and stations. For a marketing and distribution organisation of our size and complexity this is essential, if we are to reach every distribution point effectively. We have, over the years, created and built up a network of such regional facilities and services which, we believe, is second to none. Its focal points are the large branches at Bombay, Calcutta, Madras, Delhi and Bangalore, which, in turn, are served by regional offices, area offices and service establishments within the territories of these branches. The branches themselves are again sub-divided into administrative units and into product-wise trading subdivisions. These operate under the control of the branch manager who is the chief representative in the area of the branch within the general framework of the policies laid down by general management and specific policies devised by the divisional managers in regard to the handling of their respective lines and products. Close co-operation is maintained in all important matters, between general management, branches and divisions to achieve speedy and quick service and smooth movement of the various complicated parts of the Voltas organisational machine.

Manufacturing Activities

I have given you a fair picture of the organisation covering our trading operations in the above paragraphs and I should now like to deal with the other major branch of our activities, namely, manufacture. I repeat what I have said on previous occasions that, in the context of our national Plans, the foreign exchange situation and the development of the Indian commonwealth of States within this continent of ours, we are firmly convinced of the necessity of promoting local manufacture. We have endeavoured to achieve this objective in one of three ways:

(i) by bringing about collaboration between foreign associates and suitable Indian manufacturers retaining for ourselves the distributorship of the locally made products in succession to the distributorship of the previously imported products;

(ii) by either ourselves, or our parent body, Tata Sons, associating with other foreign principals as partners in manufacturing ventures;

(iii) by undertaking certain lines of manufacture ourselves.

Local manufacture has made substantial progress. Many of our divisions have today achieved a position where more than 50 per cent of their business is in products of Indian manufacture as for instance, pharma division (94 per cent), machine tools (54 per cent), textile millstores (63 per cent) and airconditioning (52 per cent).

A programme for transfer and expansion of our facilities and lines of manufacture from the restricted area of Chinchpokli to the new Thana unit has been worked out.

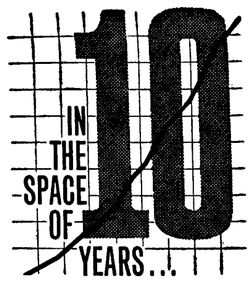
A number of obstacles lie athwart the manufacturing field. A manufacturing licence granted today by the Government does not commit the Government to import essential components and raw materials provided in the phased programme submitted in the licensee's application for manufacture. Consequently, every manufacturer today, who has to rely on even a small amount of imported components and raw materials, lives in constant dread of his requirements being cut substantially if not banned altogether. This is hardly an inducement for the starting up of new enterprises. Even while one appreciates Government's difficulties in the matter of foreign exchange, some way must be found if the country is to progress into ever widening fields of industrial activity. We, for our part, would prefer to see a stricter control over the grant of licences for new manufacturing units, which depend, to some extent, on imports of components and raw materials, rather than have these licensed in the first instance and then come to grief later for want of essential components or raw materials which can only be imported.

Widening Horizon

Your Company has made steady progress over the last few years both in the trading and manufacturing fields. In spite of severe import restrictions leading to the belief, in some quarters, that 'import houses have had it,' we are firmly convinced that there will always be room for a flexible, well balanced and well organised import organisation in India's economy. We refuse to consider our trading activities as a thing of the past or on the wane. On the contrary, we plan to consolidate and expand our position in this field. We hope to retain our pre-eminent position as importers and distributors and, at the same time, to strengthen our industrial base within the country. New fields, new products and an ever widening horizon with increasing pursuits and increasing activities—that is what sums up Voltas. We look forward to the future with well-founded confidence.

Once again, I will close, by expressing our appreciation, on behalf of the Board and all of you, of the excellent services performed by one and all within the organisation during the year."

Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*



the resources of National and Grindlays Bank Limited, which now incorporate the Eastern Branches of Lloyds Bank Limited, have increased from £130 million to £230 million. Similarly the number of offices now operating in countries overseas total 140—*100 more than existed ten years ago.*

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ELECTRICAL MACHINERY MANUFACTURE

INCREASING SCOPE FOR BOTH PRIVATE AND PUBLIC SECTORS

IT has been said that the manufacture of electrical equipment *closely* follows the planning for power generation. This is only partly true, in that, while the progress of electrical industries during the last decade has been substantial, the dependence of the country on foreign supplies of machinery and equipment has not been wholly eliminated. Still such progress as has been registered is heartening. For instance, the 28 units in the private sector manufacturing electric motors produced very nearly Rs. 10 crores worth of such motors in 1961, as compared with the production of Rs. 4.3 crores by 14 units in 1956. Secondly, power transformers for an aggregate value of Rs. 10.7 crores were manufactured by 17 units in 1961, as compared with Rs. 5.7 crores by 14 units in 1956. Thirdly, 24 units in the latest year manufactured Rs. 5 crores worth of switchgear and controlgear, as compared with just Rs. 45 lakhs by 12 units in 1956. Similarly, production of A.C.S.R. and V.I.R. and P.V.C. cables also registered big increases during the second Plan period. The value of output of A.C.S.R. cables in 1961 was Rs. 9.7 crores, as compared with Rs. 4.5 crores in 1956; the corresponding figures for V.I.R. and P.V.C. cables were Rs. 10 crores and Rs. 3.2 crores, respectively.

Some other features of this progress may be noted here. The feature pertaining to the manufacture of electric motors is that these, at present, are mostly in the small and medium ranges. In the field of transformer production, transformers upto 10,000 K.V.A. and 100 KV are now being manufactured. The demand for distribution transformers is being met almost entirely from indigenous production. In the field of switchgear and controlgear production, various types of electric motor starters are now being manufactured. In the case of low voltage switchgear, oil and air circuit breakers upto 1,200 amps. and also low-voltage iron clad switches and switch fuse units are being manufactured. As for high voltage switchgear, circuit breakers and switchboards upto 11 KV are being manufactured at present. A feature of A.C.S.R. and All-Aluminium Conductors production is that it is meeting, nearly fully, the requirements of power projects.

In the public sector, the Heavy Electricals Ltd., Bhopal, has recently commenced production. In the initial stage, it is to manufacture mainly switchgear from 11 KV to 132 KV, transformers upto 25 M.V.A., capacitors, controlgear and welding sets. Another public sector unit, namely, Hindustan Cables Ltd., Rupnarainpur, is the only firm manufacturing telephone cables now. In 1960, this unit also commenced manufacture of coaxial cables.

Notwithstanding all this progress in the private sector and in the public sector, the electrical industries have still to traverse a long distance, for the manufacture of more complex thinks like turbines, generators and heavier motors and large-size transformers, switchgear and controlgear is to be taken up only in the third Plan period. For instance, the capacity for the manufacture of large motors (higher horsepower and higher voltage motors) is yet to be established. This is being planned in the public sector unit at Bhopal. This unit will also be taking up, in stages, the manufacture of other specialised heavy electrical equipments such as turbo-alternators, hydraulic turbines and generators and large-size power transformers. As the factory at Bhopal, even when expanded for an output of Rs. 50 crores per annum, is not expected to meet the entire requirements of heavy electrical equipment needed for the fourth Plan, two more plants are proposed to be set up in the public sector. One of these would manufacture steam turbo alternators and their auxiliaries upto 25 M.W. and boilers; this is to be set up with Czech collaboration. The other plant envisaged would manufacture steam turbo alternators upto 100 M.W., hydro-electric generating sets and large-size electric motors, including heavy D.C. motors required for steel plants and other industries; this unit is to be set up with Russian collaboration.

By and large, the private sector is expected to concentrate on expansion of its capacity for the production of small and medium-range electric motors, transformers and switchgear and controlgear. Still it will have some scope for establishing capacity for heavier electrical equipment too. The Government has already announced that a few units of modest size in the private sector could be licensed for the manufacture of heavy electrical machinery and equipment. It is expected that, by 1965-66, a minimum annual production of Rs. 25 crores of heavy electrical machinery and equipment can be had from the units in the public and private sectors together. After all, the demand for such heavy machinery and equipment will be more than that target (Rs. 25 crores worth), and so the private sector, too, is expected to expand its capacity and production in the higher ranges. There is, therefore, no ground for the objection, raised by Mr. N. W. Gurjar in his presidential address at the fourteenth annual general meeting of the Indian Electrical Manufacturers' Association held at Bombay on the 24th instant, to the Government's proposals to set up two more heavy electrical factories in the public sector. Mr. Morarji Desai, Union Finance Minister, gave the following pertinent reply to this criticism at the meeting.

"Manufacturers of electrical equipment need have no apprehension about the emergence of a surplus of such products in India. In spite of the establishment of projects for manufacturing heavy electrical equipment in the public sector, growing power generation would push up the demand for electrical equipment. A shortage rather than a surplus is, therefore, likely to prevail for the next 25 years or so."

If the manufacturers are somewhat pessimistic on the score of future expansion, it is because they are currently working at below capacity in several lines. The present under-utilisation of capacity, which is a passing phase, is due to raw material shortages and transport bottlenecks and not to lack of demand. As far as raw materials are concerned, the heavy cuts in import licences for such items as ball bearings, insulation and tool and alloy steel have adversely affected production in the electrical industries. Mr. Gurjar had the following to say on this question:

"So far as raw materials are concerned, there have been heavy cuts in import licences for materials like ball bearings, insulation, tool and alloy steel etc. The supply position of copper wires, strips and bus bars has not been satisfactory and, because of this, the suppliers are not in a position to commit to any definite delivery period. Further, even essential materials like coal and coke which are available within the country could not be procured in time due to transport bottlenecks and shortage in production itself. I may mention here that there have been instances where coke had to be got by road transport over thousands of miles from the collieries in Jharia and I need hardly add how this increases the cost of production. Our accent in the third Plan period will be on the manufacture of special machines and apparatus and of larger ratings operating at still higher voltages. These items, because of their complexity and requirements of highly specialised materials and components, were not attempted during the second Plan period. Besides, by the end of the third Plan period, we have to reach production targets which are almost three times the present production rate. Development of this order will, therefore, necessitate adequate and regular supply of specialised and latest materials (such as in the insulation field) at reasonable price and of good quality. Unless these are rapidly developed in the country, imports are inevitable. Therefore, electrical industries' import needs should be liberally assessed and provided for. The Development Council for Heavy Electrical Industries, I believe, has made an assessment of the import requirements of the electrical industry and I hope the Development Wing will have no difficulty in assuring their regular supply in adequate quantities from imports and indigenous sources."

The Finance Minister, of course, could not find himself in full agreement with the above approach of the Electrical Manufacturers' Association. He emphasised the need for greater import substitution. In this connection, Mr. Desai criticised the tendency on the part of some manufacturers to prefer foreign raw materials and components on the score of their better quality and urged that indigenous substitutes, even of inferior quality, should be increasingly utilised. This advice is, of course, well meant and stems from his anxiety to conserve foreign exchange, but its feasibility can be decided only by experts. Quality of electrical products must be of a high order, if they are to serve the purpose for which they are meant. Poor quality and defective manufacture in vital products such as electrical will in turn affect the quality of production in industries in which they are used, and may lead to breakdowns and accidents that may dearly cost men and money. From the practical point of view Mr. Desai's advice seems to be of a dubious type.

Replying to another criticism by Mr. Gurjar, Mr. Morarji Desai disclosed that delays in sanctioning foreign collaboration agreements were partly deliberate, designed to spur the Indian entrepreneur to seek ways of manufacturing products entirely with indigenous resources and talent. But he also admitted that such delays were partly due to the inefficiency of the bureaucratic machinery.

In Mr. Gurjar's address there was a reference to the duplication of capacity in some lines in the Defence Department. The relevant passage is quoted below:

"In all advanced countries, the Defence Department takes full advantage of the engineering talent and research facilities available in the industries of the country and, when I visualise the spare capacity in the industries, I sometimes wonder why similar advantage is not being taken of the engineering talent and capacity in the private sector in our country also. I am particularly referring to this because a cable and an electric motors factory have been recently started by the Defence Department. I for one feel that such items should be had by the Defence Department from industries already established and, if at all the Department desires to go in for industries, they should go in for such lines as are of vital military importance and which are exclusively used for military purposes only.

"There is nothing wrong in the Department buying designs and drawings of specialised items from foreign firms but I feel it would be more advisable to get them manufactured from the established industries than by putting up separate plants for their manufacture, as, in my opinion it would, in the long run, cost lesser to the exchequer and ultimately to the tax-payer."

The Finance Minister did not refer to this criticism directly in his reply, apparently because it was a controversial issue pertaining to another Ministry of the Government of India. Presumably his general statement that there would be no surplus of electrical machinery and equipment in the foreseeable future and that, therefore, there could be further expansion in both the public and private sectors applied to this situation created by the Defence Production Organisation also.

TABLE 1—*Production of Electrical Units*

Industry	Unit	1961 production (estimated) No. of units	Quantity	Value (in lakhs of rupees)
Electric motors	'000 H.P.	28	680	900
Power transformers	'000 k.v.a.	17	1,722	1,068
Switchgear and controlgears	Rs. lakhs	24	..	500
Cables and wires—				
Bare copper conductors	'00 tons.	6	77	350
A.C.S.R.	'00 tons.	9	259	970
V.I.R. and P.V.C.	'00,000 yds.	22	2,752	1,000
Paper insulated power cables	Miles	2	875	240
Telephone cables	Miles	1	1,800	176
Winding wires	Tons	8	5,800	425

TABLE 2—*Present Capacity of Industry and Third Plan Targets*

Industry	Unit	Present installed capacity	Additional capacity licensed	Target for 1965-66
Electric motors	H.P.	1,186,040	746,420+ 60,000kw.	2.5 mill.
Power transformers	K.V.A.	1,404,000	934,800	3.5 ,,
Control and switchgear:				
H.T. switchgear	Nos.	330	2,826	2,250
L.T. ,,	,,	1,000	10,923	18,000
Motor controlgear	,,	81,700	369,344	225,000
Iron-clad switches and switch fuses.	,,	136,000	2,352,374	3,000,000
Cables and wires:				
Bare copper conductors	Tons	18,700	1,200	15,000
A.C.S.R. and A.A.C.	,,	24,300	17,600	44,000
V.I.R. and P.V.C.	M.core yds.	463.24	502.62	600
Paper insulated power cables	Miles	334	3,992	4,000
Telephone cables	,,	1,000 (armoured cables on two shifts)	300 (coaxial cables) 800 (dry core telephone cable)	..
Winding wires	Tons	6,777	6,354	24,000

PAPER MAKING MACHINERY

In a review of the progress of non-electrical machine building industries published on page 249 of *Commerce* dated 10th February 1962, there is a section dealing with paper-making machinery. It is stated therein that the Paper Mill Plant and Machinery Manufacturers Ltd., Bombay, have supplied one 5-ton plant and that another 5-ton plant is in an advanced stage of production. The review, based on an official survey submitted to the recent meeting of the Standing Committee of the Central Advisory Council of Industries, does not cover all the latest developments in the particular unit. According to information just sent to the Company, one 10-ton plant is also being delivered to a paper mill in Madras State and another 10-ton plant is under production for a client in Bombay. The 5-ton plant already delivered and the 5-ton plant in an advanced stage of production and the aforesaid two 10-ton plants are of an aggregate value of Rs. 90 lakhs.

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PAKISTAN'S SECOND PLAN

A MUCH BIGGER EFFORT THAN THE FIRST

THE primary objective of planning in both India and Pakistan is the same: to improve the economic conditions of the people by promoting balanced and speedier economic development. The problems facing the two countries are also identical. But, while India has adopted full parliamentary democracy as the political framework within which planning is done, Pakistan, under a military regime, now headed by President Ayub Khan, has chosen a different path—that of "basic democracy." The concept of this democracy, however, is vastly different from democracy as is understood and practised in the U.K., the U.S. and India, to mention only a few. It is nothing better than a base laid down by the dictator to sustain his dictatorship.

The first Five-year Plan (actual outlay Rs. 1,330 crores) which lasted from 1955-60, in spite of its many achievements such as doubling of industrial production, and trebling of electric power capacity (in the public sector), failed in its principal objective of raising the national income by at least 15 per cent and *per capita* income by 7 per cent. As population grew much faster than expected and as national income rose by only 11 per cent, *per capita* income did not rise by more than 2 to 3 per cent per annum. The principal reasons for the failure of the Plan in this respect were defects in administrative machinery, stagnation of agriculture, poor efforts to mobilise internal resources and foreign exchange difficulties.

Revised Plan

The Economic Council of the Government of Pakistan in June 1960 accorded its general approval to the objectives, principles and programmes of development in the second Five-year Plan (1960-65) prepared by the Planning Commission. The Plan, after taking into account the objectives and strategy of planning, the availability of resources and the problems of technical and administrative feasibility, proposed an outlay of Rs. 1,900 crores, of which Rs. 975 crores was to be in the public sector, Rs. 325 crores in the semi-public sector (a new classification introduced in the Plan covering Government-sponsored Corporations which draw their finances from both the public and private sectors) and Rs. 600 crores in the private sector. The above figures and the Plan itself were subsequently revised. Under the revised Plan, the total outlay proposed is Rs. 2,300 crores—Rs. 1,240 crores in the public sector, Rs. 379.4 crores in the semi-public sector and Rs. 680.5 crores in the private sector. The following table gives the allocation of expenditure in various sectors:

(In crores of rupees)

	Public sector	Semi-public sector	Private sector	Total	Percentage of total allocation
Agriculture	251.50	..	90.50	342.00	14.9
Water and power	414.00	19.00	6.00	439.00	19.1
Industry	10.00	193.50	308.50	512.00	22.3
Fuels and minerals	17.90	27.10	55.00	100.00	4.3
Transport and communications	261.20	53.30	90.50	405.00	17.6
Housing and settlement	141.00	86.50	113.50	341.00	14.8
Education and training	95.50	..	10.00	105.50	4.6
Health	37.00	..	5.00	42.00	1.8
Social services	8.50	..	1.50	10.00	0.4
Manpower and employment	3.50	..	..	3.50	0.2
Total	1,240.10	379.40	680.50	2,300.00	100

The broad objectives of the second Plan are to (1) increase gross national product by 24 per cent, (2) raise *per capita* income by 13 per cent, (3) expand foodgrain production by 21 per cent, (4) increase industrial production by about 50 per cent, (5) increase exports by 15 per cent, (6) achieve substantial progress towards the target of 3 million new jobs, (7) raise domestic savings rate from 6 per cent in 1955 to 9 per cent through a marginal rate of saving of 25 per cent, (8) bring about a better distribution of incomes between various income groups as well as different regions, (9) accelerate the economic growth of relatively less-developed areas in East and West Pakistan, (10) reorientate and expand educational, health and social welfare facilities and (11) improve housing facilities, particularly for lower-income groups.

Comparison with First Plan

A comparison of the second Plan with the first shows that not only are the allocations under the second Plan substantially higher in absolute terms but the relative share of the various sectors have changed materially. Thus, the share of agriculture has increased from 11 per cent to 15 per cent, that of water and power from 17 per cent to 19 per cent and that of education and training from 3 per cent to 5 per cent. On the other hand, the share of industry, including fuels and minerals, has declined from 31 per cent to 27 per cent and of housing from 19 per cent to 15 per cent. The relative shares of other sectors are more or less the same as in the first plan.

In absolute percentages by sectors of development, outlays in agriculture in the second Plan show an increase of 138 per cent over the first Plan expenditure, education and training 157 per cent, health 200 per cent, manpower and employment and social welfare 170 per cent. These large increases over the first Plan outlays are partly the result of shortfalls in the physical implementation of the first Plan programme. The table below illustrates this:

(In crores of rupees)

Field of development	First Plan (actual expenditure)	Revised second Plan (proposed expenditure)	Percentage increase
	(In 1960-61 prices)		
Agriculture	144.0	342.0	138
Water and power	230.0	439.0	91
Industry, fuels and minerals	410.0	612.0*	49
Transport and communications	228.0	405.0	78
Housing and settlements	258.0	341.0	32
Education and training	41.0	105.5	157
Health	14.0	42.0	200
Manpower, employment and social welfare	5.0	13.5†	170
Total	1,330.0	2,300.0	73

* Industry: Rs. 5,12 crores and fuels and minerals: Rs. 1,00 crores.
† Social services: Rs. 10 crores and manpower and employment: Rs. 3.5 crores.

As regards finances for the Plan, of the total cost of Rs. 2,300 crores Rs. 1,205 crores are to be raised from internal resources and Rs. 1,095 crores from external resources by way of foreign aid, loans and investments.

The Gross National Product is projected to increase by 24 per cent during the Plan period, (that is, 1960-65). Gross investment is projected to double from 10 per cent of the G.N.P. in 1959-60 to nearly 20 per cent by 1964-65. Gross domestic savings are expected to increase from about six per cent of G.N.P. to over nine per cent during the Plan period. The rate of marginal savings implicit in these projections is about 25 per cent. This would help mobilise internal resources of the order of Rs. 1,205 crores, as projected in the Plan. Foreign aid (in the form of grants, loans and private investments) required for the Plan is intended partly to meet the foreign exchange costs of development schemes in the Plan which are estimated at Rs. 845 crores and partly to cover balance of payments deficits of the order of Rs. 250 crores which is estimated to arise as a result of increased import of raw materials and spare parts needed for effective utilisation of industrial capacity.

Additional Taxation

The authors of the Plan do not assume that the resources required for the implementation of the Plan will be easily forthcoming. They have, therefore, proposed additional taxation of the order of Rs. 175 crores. Improving the level of savings, economies in non-development expenditure and increased foreign assistance are the other sources of resources envisaged by the planners.

The planners have laid considerable stress on financial stability. It is for this reason that the Plan seeks to rely principally on orthodox means of financing such as taxation and borrowing from the genuine savings of the people. It is noteworthy that the Plan does not envisage resort to deficit financing at all. It also advocates a decisive switch-over from direct economic controls to a policy of regulation of the economy through suitable fiscal and monetary policies and greater dependence on market mechanism. The table in column two bottom indicates the sources of resources proposed in the Plan.

Sources of Resources
(In crores of rupees)

Items	Total
Domestic savings:	
Of which:	
Revenue surplus	122
Net capital receipts	140
Additional taxation	175
Local bodies	20
Customs and commodity aid	70
P.L. 480 counterpart funds	60
Private savings (including public corporations' own resources)	618
Total	1,205
Foreign aid, loans and investments:	
Of which:	
Project aid and loans	685
Foreign private investment	600
Commodity aid	350
Total	1,095
Grand Total	2,300

The public sector is expected to mobilise Rs. 1,462 crores—Rs. 122 crores from surplus on revenue account, Rs. 140 crores from capital receipts, Rs. 20 crores from local bodies, Rs. 420 crores from sale proceeds of commodity aid and Rs. 60 crores from P.L. 480 counterpart funds, Rs. 525 crores from foreign aid and loans and Rs. 175 crores from additional taxation. Of the Rs. 1,462 crores thus raised, Rs. 1,240 crores will be needed for the public sector programme and the balance of Rs. 222 crores will be made available to the semi-public sector, total outlay for which is estimated at Rs. 379 crores. The balance of Rs. 157 crores are to come from the private sector.

Investment in Private Sector

The private sector's share in total investment under the Plan is Rs. 680 crores, in addition to the Rs. 157 crores expected from it for the semi-public sector, bringing the total investment by the private sector to Rs. 838 crores. Of this, Rs. 220 crores are expected to be available through foreign aid, loans and investments. The balance of Rs. 618 crores will be raised through self-financing, borrowings from the banking system, and issue of capital through the stock exchange. It may be noted here that provision has been made in the Plan for the private sector to borrow up to Rs. 200 crores from the banking system over the Plan period. The stock exchange is expected to mobilise Rs. 50 crores of domestic capital. Breakdown of investments in the private sector is as follows:

In crores of rupees

Agriculture	90.50
Water and power	6.00
Industry	308.50
Fuels and minerals	55.00
Transport and communications	90.50
Housing and settlement	113 50
Education and training	10.00
Health	5.00
Social service	1.50
Total	680.50

The highest priority is attached to increasing agricultural production, by 14 per cent during the Plan period. Foodgrains output alone is to be stepped up by 21 per cent. This is expected to close the gap in foodgrains and make the country self-sufficient in regard to food. The following table indicates the main physical targets of the Plan in the field of agriculture, industry, etc.

	Unit	1959-60	1964-65	Percentage increase
Agricultural production:				
Wheat	'000 tons	3,708	4,329	17
Rice (cleaned)	,,	8,341	10,164	22
Other grains	,,	1,145	1,428	24
Total foodgrains	,,	13,189	15,921	21
Jute	'000 bales	6,000	7,300	22
Cotton	,,	1,666	2,292	38
Sugarcane	'000 tons	16,430	20,800	26
Fish	,,	290	360	24
Power:				
Installed electric power capacity (net)	'000 k.w.	906	1,272	40
Industrial and mineral production:				
Cotton yarn	Mill. lbs.	380	520	36
Jute goods	'000 tons	250	380	52
Cement	,,	1,050	3,000	186
Steel	,,	..	350	..
Soda ash	,,	36	74	106
Coal	,,	723	1,500	107
Transport:				
Railway rolling stock:				
Locomotives	'000 units	135	202	..
Wagons	,,	7,253	12,708	..
Coaches, etc.	,,	628	789	..
Metalled roads	Miles	10,775	14,520	35
Buses and trucks	Units	25,000	36,000	44
Inland water transport channels	Miles	2,800	4,000	43
Communications:				
Post offices	Number	9,850	11,150	13
Telegraph offices	'000 Nos.	1,040	1,340	29
Telephones	,,	75	121	60

Foreign Exchange Gap

The foreign exchange gap in the Plan, that is, the extent by which foreign exchange earnings (Rs. 1,125 crores) during the Plan period are expected to fall short of the total foreign exchange expenditure (Rs. 2,220 crores) is estimated at Rs. 1,095 crores ($2,300 million). This gap is planned to be closed thus: Rs. 685 crores from project aid and loans, Rs. 60 crores from foreign private investment and Rs. 350 crores from commodity aid. The consortium of aid-giving countries has already promised to meet the full foreign exchange requirements of $945 million during the first (1960-61), second (1961-62) and third (1962-63) years of the Plan, leaving a balance of $1,355 million yet to be met.

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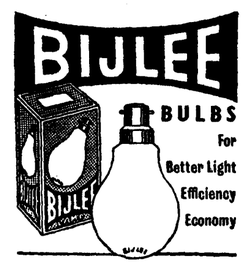

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FORECASTING BUSINESS CYCLES

NEW U.S. ECONOMIC INDICATORS

By Dr. Geoffrey H. Moore

ASSOCIATE DIRECTOR OF RESEARCH, NATIONAL BUREAU OF ECONOMIC RESEARCH, INC., NEW YORK

NEW indicators to identify upturns and downturns in U.S. business activity are described in a report recently issued by the National Bureau of Economic Research, Inc., of New York City. The National Bureau for a quarter century has devoted a sizable portion of its attention and resources to research on cyclical indicators of revivals and recessions. What has been learned is gathered together in a two-volume work, *Business Cycle Indicators*. The first contains "Contributions to the Analysis of Current Business Conditions," and the second comprises "Basic Data on Cyclical Indicators."

The results of the National Bureau's research are expected to contribute to the progress the United States has already made in reducing the chances of severe economic recessions. A part of this progress is attributable to the establishment of broad programmes for maintaining the purchasing power of those who become unemployed, for insuring deposits against bank failure, for reducing tax liabilities promptly when income declines, and for insuring home mortgages. The Government also has available a variety of fiscal and monetary policies to stimulate business activity in a recession and to control inflationary tendencies during a boom.

Effective action depends, however, on prompt and accurate diagnosis of the economic situation and its future trend, and this requires careful analysis of the systematic factors in the business cycle in the light of their past behaviour and theoretical basis. The record of experience presented in the new study by the National Bureau is designed to promote such an improvement. The study presents a newly developed list of 26 indicators that have been found to be useful as a guide to the overall trend of business. Some of these indicators "lead" (usually reach cyclical highs several months before business cycle peaks, and lows several months before the troughs), some are "roughly coincident" (reach highs or lows at about the same time as the peak or trough in the business cycle), and others "lag" (reach highs or lows a few months after business cycle peaks or troughs). An explanation of this behaviour is given in a series of chapters. Techniques for extracting useful information from the raw data also are described, and the limitations of the methods are assessed.

The new leading group consists of 12 indicators in four categories. Sensitive employment and unemployment indicators include average hours in the workweek and the hiring and layoff rates in manufacturing. New investment commitments, another group that gives early warning signals of recession or recovery, comprise new orders for durable goods, new dwelling units started, contracts for construction of new office, store, and factory buildings, and the net number of new business enterprises. Activities that measure or affect businessmen's expectations regarding the profitability of doing business are the third group, which includes stock market prices, total corporate profits, and bankruptcies. Inventory investment and sensitive raw materials prices make up the fourth category of leading indicators.

Movements in the average workweek usually precede those in the number of persons employed because hours of work can be readily adjusted when demand begins to increase or to fall. New orders for durable goods, such as machinery, since they relate to future rather than to current output, usually begin to rise or to fall several months before the corresponding changes in production or employment.

Nine indicators are classified as roughly coincident. These include broad measures of economic activity: number of persons employed, unemployment rate, industrial production, gross national product (in current and in constant prices), total payments by bank cheques, personal income, retail sales, and wholesale prices. The movements in these aggregates help to define the business cycle and roughly coincide with one another. The industrial production index and non-farm employment are illustrated in the chart. Their movements usually follow those in the leading indicators by several months.

Two of the five lagging indicators are shown: expenditures for new plant and equipment, and labour cost per unit of output. The others are manufacturers' inventories, consumer instalment debt, and bank interest rates on business loans. These types of economic factors usually do not begin to rise until a business upswing has proceeded for several months, and frequently they lag after a downturn as well. These lagging movements nevertheless help to confirm the existence of a recession or a recovery. At times, they foreshadow developments that contribute to reversals in "leading" series, as when a decline in inventories helps to bring about an increase in new orders, or when a decline in unit costs of production produces an increase in profit margins.

Recent figures for each of the 26 indicators, showing high values that reached prior to or during the recession that began in the spring of 1960, together with the lowest figures reached to date, reveal that highs in the leading group occurred mainly in the spring and summer of 1959; in the roughly coincident group, about a year later; and in the lagging group, they are scattered from late 1959 to early 1961. Nearly all the leading indicators reached lows late in 1960 and have shown some improvement since. These have been followed by modest increases in some of the coincident indicators.

This situation provides a factual basis for the conclusion, which must still be tentative, that the recession was at or near its end in the spring of 1961. By comparing the high, low and current figures one can judge the size of the declines associated with the recession as well as the extent of the recovery that has been achieved to date. The recession has proved exceptionally mild.

Numerous tests and appraisals of early warning signals of recession and recovery are described in *Business Cycle Indicators*. One such test involves a comparison of the behaviour of the same list of indicators in the United States and Canada. As a rule, factors that lead or lag behind the business cycle in the U.S. are also found to lead or lag behind the Canadian cycle. Similar tests have been carried out in Japan with broadly similar results. Although the behaviour of a particular indicator depends upon the kind of economic structure and policy of the country concerned, the results described for the United States warrant further study to determine their applicability to other countries.

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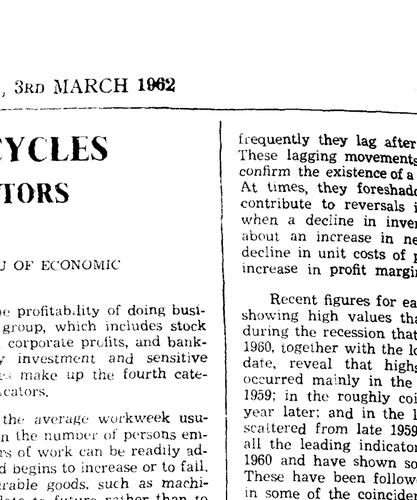

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CHAIRMAN, MR. G. L. MEHTA'S STATEMENT TO SHAREHOLDERS

POLICY OF ASSISTANCE ELUCIDATED—MORE TAX RELIEF NEEDED

THE Annual General Meeting of the shareholders of the Industrial Credit and Investment Corporation of India Ltd., will be held at the Registered Office of the Corporation, 163, Backbay Reclamation, Bombay 1, on Tuesday, 27th March 1962, at 4 p.m. The following is the statement by the Chairman, Mr. G. L. Mehta, circulated to shareholders along with the Directors' report and statement of accounts of the Corporation for the year ended 31st December 1961:

"I have great pleasure in welcoming you and placing before you the seventh annual report of the Board of Directors of the Corporation for the year ended 31st December 1961.

"On 5th January 1962, I.C.I.C.I. completed seven years of operation. During this period, we have assisted 133 industrial concerns and in the process have developed our own procedures. Industrial development is an inter-related process: no enterprise is self-sufficient. We, ourselves, come to realise this more fully as we build up our portfolio. Industrial development is a chain reaction and has a multiplier effect and we are gratified that I.C.I.C.I.'s finance has been contributing to this growth in various ways.

A Development Bank's Functions

"The business of a development bank like ours is often taken to be merely that of providing finance for industrial projects. While this is true and the need for finance is the basic factor which brings together a development bank and its clientele, I feel that finance is not the only common ground in this relationship.

"The process of development basically consists in drawing into industry a large number of people hitherto engaged in other occupations. It means that a trader or a landlord or a technician decides to become an entrepreneur, that an agriculturist or an artisan decides to become a factory worker. This is what happened in the industrially developed countries a century or two ago, and this is what has been going on in India for some decades, although the pace has been accelerated only during the last few years.

"What is this recent upsurge due to? On the one hand, import cuts and re-direction of channels of trade have closed traditional avenues of vocation for many businessmen. On the other, with sudden curbs on imports, rewards in manufacturing activity have become more attractive; for, much of the recent upsurge in industry is based on import substitution, where demand is assured.

"Recently, however, the situation has been changing. The projects planned on the basis of the 1958 foreign exchange crisis are beginning to yield results, and gradually the supplies of many goods have started to catch up with the demand. The next phase of development will have to be based on the general growth of the economy and will require a much more acute cost-consciousness on the part of the promoters. The search for worthwhile projects will have to be more painstaking, and quick and large profits more difficult to come by.

Appraisal of Applications

"It is in this context that this Corporation's policies and procedures for appraising applications should be judged. I say this because there seems to be a misunderstanding in some quarters about the manner in which we process applications and the time taken in this exercise. I shall try to explain briefly how and why we act as we do.

"What do we want to be assured about? First, about the market. Many promoters base their calculations on the prevalent shortages. However, the project planned by them may come into production two or more years later—which is the time relevant for considering the demand for the product. Moreover, others are likely to have had the same bright idea and, consequently, the market situation in the future is not likely to be the same at the time the project goes into production as it is today. Hence, in assessing the market for a product, we take into account not only the present shortages (as evidenced by high market prices or long waiting lists with manufacturers) but also the likely growth in demand, the scope for further import restrictions and the probable increase in internal supply based on licences given and likely to materialise. Recently, we have taken steps to build up a market assessment cell in our project department, which we trust will go to strengthen our appraisals on the marketing side.

Cost and Means

"Another matter we want to be assured about is the cost of the project and the means proposed to be adopted to finance it. As regards the cost of a project, we have observed that there is generally a tendency to underestimate it. Promoters are prone to ignore a large amount of financial expenditure which is not for 'hardware.' Expenditure on buildings, machinery and equipment is more easily visible than pre-operative items. In fact, we have calculated that such financial expenditure often forms about 30 per cent of the expenditure on what I have called above the 'hardware' of development. Similarly, working capital needs tend to be underestimated. It is for these reasons that we endeavour to obtain a detailed break-up of the cost of a project according to certain standard categories.

"A simple rule which too many promoters tend to ignore is the need to arrange for the total financing of the cost of the project in advance. I referred, in my last annual statement to you, to the tendency of many promoters to keep the equity base small. While we try to consider each case individually and allow for a large debt element in the capital structure where necessary, we feel that a company, particularly a new one, should have a strong equity base, for several reasons: a large equity base keeps the burden of interest low during the unproductive period of the enterprise; and by keeping the borrowing capacity unimpaired, it enables the enterprise to borrow when actual costs go above the estimates, as they normally do; moreover, in the more competitive conditions which are likely to come about, a strong equity base will strengthen the capacity of the entrepreneur to withstand competition and weather temporary adversities. Although such advice on the capital structure may not always be palatable to some promoters, in the long run, it is sure to stand them in good stead.

Stock Markets

"In this connection, I would like to refer to recent developments in the stock markets. After the spurt in 1960, the market for industrial shares has recently quietened down. For quite some time, preference shares have, owing to various factors, been almost orphaned on the market. As we seek to attract investment in industry, it will be necessary to offer investors securities which appeal to their requirements. Financial institutions whose eventual objective (even when they immediately take up shares or grant loans) is to dispose of their holdings on the market and thus to turn over their resources to be able to help newer industries, are interested in seeing that promoters offer securities acceptable to the public. In the more discriminating times ahead, it will be necessary to offer to investors securities like preference shares and debentures with varying features like participation in extra profits, option to subscribe to or convert into ordinary shares and so on. Unless our entrepreneurs are willing to offer such terms, they will find themselves more and more inhibited in their development plans by lack of finance.

"As a financial institution whose profits are dependent on the prosperity of its client, we naturally look closely into the profitability of an enterprise before deciding on our assistance. One factor which governs profitability is the prospective market for the product to which I have alluded earlier. A second factor is obviously the cost of production of the article proposed to be manufactured. Our entrepreneurs have become so used to conditions of artificial scarcity brought about by import and licensing restrictions that the need to produce at economic costs is not adequately recognised. Besides lack of cost control procedure, this is also due to a failure to spread overheads over the maximum possible output. The results are vividly reflected in our performance in the sphere of exports which has failed to keep pace with the requirements of the economy. The somewhat easier supply position in the markets for many products recently has made entrepreneurs more cost-conscious, and I trust this will help not only our exports but also the domestic consumer.

Sanction of Finance

"It is on an independent and careful assessment of all these factors that I.C.I.C.I. takes a decision for providing finance. This necessarily takes time which, in its turn, depends a good deal on the thoroughness with which requisite information and data are supplied and relevant queries answered. On an average, we find that it takes three to four months from the preliminary approach by a client to come to a decision, although in some cases it takes much less.

"But the sanction of finance by I.C.I.C.I. does not end the relationship between the Corporation and its client—rather, it is only the beginning. Legal formalities have to be gone through, agreements signed, import licences obtained, and all the procedures involved in operating an industrial enterprise in a planned and complex economy gone through. The completion of legal formalities alone takes considerable time, as the Company has to satisfy various conditions, titles have to be examined, and so on. On an average, we have found that it takes about six months, after sanction is given, to enter into the Heads of Agreement with a company. This, however, is not a net loss of time, as it is used to push ahead the project further in other respects.

"Some of the formalities which have to be fulfilled before a loan is disbursed—for example, those connected with import control which is intended to prevent imports of goods which can be locally manufactured—cannot be avoided. We ourselves try to expedite decisions where we can. What is more, we try to adjust our procedures so as not to let them come in the way of expeditious carrying out of the project.

"Disbursement of funds is a slow process. Some who look at our liquid funds, perhaps, feel that we are not using our funds fast enough. This is not so. Money, for a development banker, is his raw material and he has to keep a sufficient stock of it to enable him to continue sanctioning finance. Moreover, unlike raw materials where supply is continuous, for a development banker the funds do not ceaselessly flow in—we cannot hope to approach the market for funds every now and then and for small amounts. Hence, we have to carry a stock of funds which will last us a year or more. By now, you will find that our sanctions have more or less caught up with our resources of about Rs. 45 crores.

The Time Lag

"Even after all the legal and procedural formalities have been completed and disbursements have started, it takes quite a while to complete the utilisation of funds and bring the plant to the stage of production. Machinery and equipment are not normally readily available across the counter; delivery periods for equipment are anything from one year to three years or even more. This means that, even when disbursement starts, it has to be spread over a period of two to three years. According to our estimates, out of our sanctions we can expect to disburse about 20 per cent in the first year, about 40 per cent in the second year and about 40 per cent in the third year. But this kind of time lag is inherent in the business of development banking.

"I have spoken at length on all these aspects because the services we provide incidental to the provision of funds are no less important. We have familiarised entrepreneurs with modern practices of preparing project reports to assess the viability of projects. We help them to have a capital structure which, in our view, would stand up to difficult times ... them with their problems with the Government and we watch over the progress of project both during the construction and the operating years. We do so in a helpful and constructive spirit keeping the broad requirements of development in view. Over the years, we have found that our clients have come to understand and appreciate our procedures and the need for them. There is a growing interest among the investing public in industrial growth. The appearance of two financial dailies should help them to judge intelligently industrial prospects.

A Healthy Development

"I should say in fairness that the emphasis which we have been laying over the years on the need to have a full and detailed appraisal of each project and on the desirability of having closer understanding at all stages among the different financing institutions participating in a project is being increasingly appreciated by the various agencies concerned. This is a healthy development in the sphere of industrial finance which should pave the way particularly for financing large-sized projects which could only be carried out with the joint efforts of a number of financing institutions, including the Life Insurance Corporation, commercial banks, investment trusts as well as development banks.

"I had mentioned the total cost of the projects assisted by us in 1960, in my statement to you last year. In 1961, of the gross assistance of Rs. 13.76 crores sanctioned, Rs. 11.94 crores are in respect of new projects. The total cost of these projects would be Rs. 65.49 crores (Rs. 48.66 crores for fixed assets and Rs. 16.83 crores for working capital). This cost will be incurred over the next two or three years. When the units reach full production, the turnover of the projects would be about Rs. 54 crores. The companies will finance the cost of the project by raising ordinary share capital of Rs. 16.72 crores, preference share capital of Rs. 0.81 crore, loans of Rs. 23.07 crores, and bank borrowings and cash accruals of Rs. 24.89 crores. Of the foreign exchange cost of Rs. 10.53 crores for the projects, I.C.I.C.I. has agreed to provide Rs. 7.40 crores.

Raising Resources

"In keeping with our increasing operations, we have been making efforts to increase our resources. In the third quarter of 1960, we were able to obtain from the Kreditanstalt, of the Federal Republic of Germany, a loan of DM 5 million (about Rs. 60 lakhs); other institutions in India have also obtained loans from the Kreditanstalt. This is the first West German credit we have been able to secure and legal formalities for operating it are being worked out.

"In September 1961, when I visited the United States, I initiated discussions for a further substantial loan from the World Bank. Since then, negotiations have been going on both with the World Bank and with the Government of India on various aspects of the loan. I am glad to report that these negotiations have reached an advanced stage. I take this opportunity to express our gratitude to the World Bank for their continued confidence in I.C.I.C.I. I would also like to thank the Government of India for its co-operation and assistance in our work.

"I.C.I.C.I.'s operations have been growing steadily and, as a result, the Corporation's profits before tax increased from Rs. 62.61 lakhs in 1960 to Rs. 74.27 lakhs in 1961. After providing for tax (Rs. 27.75 lakhs), the balance carried to revenue appropriation account is Rs. 46.52 lakhs in 1961, as against Rs. 37.67 lakhs in 1960. As required by Article 163 of the Corporation's Articles of Association, we have set aside Rs. 11.50 lakhs out of this to the special reserve and Rs. 1.00 lakh to the general reserve. We have also transferred the entire amount of realised profit of investment being a sum of Rs. 24.26 lakhs (net) to capital reserve. The Directors recommend a higher dividend at the rate of 6½ per cent, as against 5.75 per cent last year.

Budgetary Relief

"In my last annual statement to you, I had referred to the need for budgetary relief to finance corporations, in view of their important role in industrial development. The Government of India, in its last budget for the year 1961-62, was good enough to give finance corporations some relief in taxation. I should like to express our thanks to the Finance Minister for providing this relief, which will strengthen to some extent the financial position of finance corporations. However, I hope that in view of the increased role envisaged for finance corporations in future, the Government will see its way to provide some suitable incentive to strengthen their financial position.

"For effective implementation of the Plan objectives, mobilisation of capital is required on a much larger scale than in the past. We who are charged with the responsibility of assisting the private sector have a heavy task in future and only through the co-operation of all concerned can we hope to accomplish it. I trust in this constructive endeavour we shall have your good wishes and support.

"Before concluding, I should like to mention that, towards the end of March, a conference is being convened, under the auspices of I.C.I.C.I., of development banks in Asia to discuss various problems of development banks operating in Asia. This conference will be the first Regional Conference of Asian Development Banks and I am sure that, besides the useful personal contacts that would be brought about, the deliberations of the Conference would help to focus attention on various important aspects of development banking in Asia and assist us in our day-to-day tasks."

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DIVIDEND RAISED—EXPANSION CONTINUING

NOTWITHSTANDING the reduction in the selling price of polythene granules and the new and increased excise duties payable on a number of its products, the sale and profit of the Alkali and Chemical Corporation of India Ltd. [Secretaries: Imperial Chemical Industries (India) Pvt. Ltd.] have maintained their upward trend during the year ended 30th September 1961. Sales, less rebates, at Rs. 662.53 lakhs are higher by Rs. 122.64 lakhs or over 22.7 per cent than the previous year's level of Rs. 539.89 lakhs. Likewise, the gross profit has increased by Rs. 19.41 lakhs to Rs. 181.84 lakhs, or a little less than 12 per cent. The disparity in the rates of increase has been mainly due to the large-scale rise in the incidence of excise duty, from Rs. 11.61 lakhs during 1959-60 to Rs. 41.02 lakhs during the year under review, only a part of which could actually be passed on to consumers. The gross profit has been arrived at after allowing the usual items of expenditure as also the cost (Rs. 89.86 lakhs) of polythene granules purchased for the first time during the year. The consideration which necessitated this extra expenditure is explained by the Directors in their report to the shareholders as follows:

"To facilitate the growth of polythene usage in the country, a substantial tonnage of polythene is being imported from Imperial Chemical Industries Ltd., U.K., as a loan over a period of two or three years; the amount of the imports will be liquidated by the export in the future of equivalent quantities of polythene produced at Rishra."

This provides an interesting highlight on the effects of foreign exchange shortage on availability of raw materials in the country and the ingenious methods adopted by manufacturers to overcome them as best as possible.

Side by side with the increase in gross profit, there has materialised a rise in essential provisions, that for depreciation having gone up from Rs. 33.12 lakhs to Rs. 40.56 lakhs and for taxation from Rs. 25.00 lakhs to Rs. 52.50 lakhs. The more than cent per cent increase in taxation is to be attributed in the first instance, to the improvement in the level of profit and, secondly, to the marked decline, from Rs. 57 lakhs to Rs. 21 lakhs, in the amount of the development rebate which the Company can adjust against its taxable profits and the relief to which it is entitled under Section 15C of the Income-tax Act. As a result of these higher prior allocations, the net profit has actually declined by Rs. 15.54 lakhs to Rs. 88.78 lakhs. Transfer to reserves has been pruned from Rs. 78.00 lakhs to Rs. 43.00 lakhs, of which Rs. 2.50 lakhs, as against Rs. 30.00 lakhs, have been credited to the development rebate reserve, Rs. 14.00 lakhs, as compared with Rs. 28.00 lakhs, to the general reserve, and Rs. 26.50 lakhs, as against Rs. 20.00 lakhs, to the dividend equalisation reserve. With a larger sum now available, the Directors have proposed a higher ordinary dividend of Re. 1.50 per share, as compared with Re. 1.20 per share a year ago, subject to deduction of tax in either case.

The following comparative table presents at glance the progress achieved by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sales less rebates	662.53	539.89	343.93	268.10
Other income	7.26	5.03	2.75	5.55
Closing stocks	175.21	79.58	56.00	66.80
Purchase of finished goods	89.86	..	..	..
Manufacturing expenses ..	375.81	292.51	193.58	172.77
Other expenses	118.41	118.55	85.12	66.40
Gross profit	181.84	162.43	57.68	47.62
Provision for—				
Depreciation	40.56	33.12	19.91	11.99
Taxation	52.50	25.00	..	22.35
Net profit	88.78	104.32	37.77	13.28
Income as percentage of net capital employed* ..	19.2%	17.9%	5.8%	11.1%
Transfer from reserves and provisions	2.55	12.83	29.20	13.70
Transfer to reserves	43.00	78.00	35.00	0.75
Dividends—				
Preference	2.01†	2.01†	2.21†	1.55
Ordinary	46.50	37.20	29.45	24.80
	(15%)†	(12%)†	(9.5%)†	(8%)
Carry forward	1.16	1.34	1.40	1.09

* Income before taxation but after depreciation as percentage of total net assets employed in business.
† Subject to deduction of tax.

The balance-sheet as at 30th September 1961 reflects a comfortable financial position. The issued and subscribed share capital has remained unaltered at Rs. 341.00 lakhs, comprising Rs. 31 lakhs in preference shares and the balance in ordinary shares of Rs. 10 each. The reserves have been augmented further by Rs. 40.34 lakhs and stand at Rs. 198.67 lakhs. Secured and unsecured loans have declined by no less than Rs. 41.30 lakhs and aggregate Rs. 84.23 lakhs. But current liabilities and provisions at Rs. 224.57 lakhs show a sharp rise of Rs. 105.81 lakhs, as compared with the position a year before.

On the assets side, the gross block, at a cost of Rs. 636.11 lakhs, has been written down to Rs. 473.01 lakhs and, with the inclusion of Rs. 53.29 lakhs as the cost of capital-work-in-progress, yields a net block of Rs. 526.30 lakhs. Current assets, loans and advances amount to Rs. 322.17 lakhs or Rs. 13.37 lakhs higher than loans and all current liabilities put together.

Contributions to the year's improved results came from practically all the departments of the Company, though the working and the profit-earning capacity of some continued to be restricted due to certain extraneous factors. The polythene unit operated substantially above the design capacity and made an important contribution to the year's turnover. Production in the paints plant was maintained at a higher level, though a shortage of raw materials, both imported and indigenous, continued. The extensions to the plant taken in hand earlier were completed. The demand for pre-treatment chemicals remained steady. The chlorine and caustic soda unit worked to optimum capacity, but the profit-margin continued to be restricted as a result of the price ceiling fixed by the Government. The "Gammexene" technical BHC unit recorded a further increase of about 25 per cent in production over the previous year. This was made possible by improvements made in the process and plant by the Company's technical staff. The production of insecticidal formulations was also maintained at a high level. The "Alfloc" briquetting plant was started during the year and production of powders increase. Construction work in the setting up of the plant for the manufacture of rubber chemicals made satisfactory progress and some of the plant and machinery was received at the site. The Company continued to seek export markets for paints and chemicals.

The Company has received a licence to increase production of polythene from 3,500 tonnes per annum to 8,500 tonnes per annum by the setting up of a new intermediate density polythene plant. The design work is well in hand, though the capital goods licence has not yet been received. Arrangements are in hand to finance the foreign exchange requirements for the plant by means of a sterling loan. A proposal for extension of a new resin plant has been submitted to the Government.

The present market quotation for the Rs. 10 paid-up share of the Company is Rs. 45.44 *cum-div.* The net yield, on an *ex-div.* basis, works out to 2.4 per cent per annum.

(Concluded from next column)

to be quite satisfactory. Physical shortage of its products, on the one hand, and a greater demand for them in a growing economy, on the other, should dispel doubts about the near-term prospects for the Company.

The issued and paid-up capital of the Company is Rs. 40 lakhs, and includes Rs. 10 lakhs in preference shares. It is supplemented by reserves and surplus of Rs. 31.11 lakhs. The previous year's bank borrowings of Rs. 4.95 lakhs have been paid off. Current liabilities and provisions amount to Rs. 36.80 lakhs, and are well covered by current assets, loans and advances aggregating Rs. 85.78 lakhs, of which cash and bank balances alone are Rs. 20.80 lakhs. Investments amount to a mere Rs. 0.08 lakh. There was an addition of about Rs. one lakh to the gross block, making a total of Rs. 51.52 lakhs and this has been written down to Rs. 22.47 lakhs. Factory building under construction is shown at cost of Rs. 0.22 lakh. The financial position of the Company is thus well balanced.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 30.50 *cum-div.* and offer, on an *ex-div.* basis, a yield of 4.8 per cent per annum, free of tax.

BETTER PROFIT EARN. BY NATIONAL PIPES

DIVIDEND UNCHANGED

NATIONAL Pipes and Tubes Company Ltd. [Managing Agents: Messrs. Associated Industrial Development Company (Private) Ltd., Calcutta] has made further all-round progress during the year ended 30th September 1961. After the two-and-a-half months' strike in the beginning of 1959 hindering the natural improvement in its working during that year, the Company regained its equipoise in the subsequent year. During the year under review, however, it scaled fresh peaks in production, sales and gross profit, and this goes to enhance the investor's confidence in its stability. All the same, the investor might not be jubilant over the Company's working, as the dividend has only been maintained at the previous year's level of 20 per cent, subject to deduction of tax, to which level it was stepped up from 15 per cent, taxable, paid for 1959.

Additional processing plants were put into operation during the year under report, as a result of which production increased. Rise in production is reflected in increased costs of raw materials and stores consumed at Rs. 60.50 lakhs, as against Rs. 56.96 lakhs a year before and larger stocks at close of Rs. 22.50 lakhs against Rs. 13.37 lakhs. Net sales have gone up by more than Rs. 14 lakhs to Rs. 116.19 lakhs. Other expenses are higher at Rs. 21.97 lakhs, as compared with Rs. 19.36 lakhs in the previous year, which only reflects the increased operations of the Company. Gross profit shows an improvement of more than Rs. 5 lakhs to Rs. 31.27 lakhs over the previous year. Among the essential provisions, taxation amounts to Rs. 12 lakhs (Rs. 9.70 lakhs a year before), depreciation to Rs. 2.09 lakhs (Rs. 1.75 lakh) and Managing Agents' remuneration to Rs. 2.68 lakhs (Rs. 2.31 lakhs). The net profit is higher by Rs. 2.30 lakhs at Rs. 14.55 lakhs. Half the distributable profit, Rs. 7.59 lakhs to be precise as against Rs. 5.82 lakhs last year, has been retained in business. Equity dividend takes up Rs. 6 lakhs and preference Rs. 0.72 lakh, leaving Rs. 0.67 lakh to be carried forward against Rs. 0.43 lakh brought in.

The following table compares the Company's working during the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
By sales (net)	116.19	102.01	93.86	62.40
Closing stocks ..	22.50	13.37	21.32	18.86
Other income	1.02	0.72	0.57	0.87
Cost of raw materials and stores consumed	60.50	56.96	44.90	46.32
Power and fuel	2.60	2.45	1.96	1.19
Other expenses	21.97	19.36	18.99	16.39
Gross profit	31.27	26.01	22.05	18.27
Provisions for—				
Depreciation	2.09	1.75	4.80	1.67
Taxation	12.00	9.70	8.82	8.43
Managing Agents' remuneration	2.68	2.31	2.03	1.66
Net profit	14.55	12.25	7.40	6.61
Short provisions provided ..	..	..	..	0.12
Transfer to reserves ..	7.59	5.82	2.64	2.06
Dividends—				
5½ per cent preference ..	0.72*	0.72*	0.55	0.55
Ordinary	6.00	6.00	4.50	3.75
	(20%)*	(20%)*	(15%)*	(12½%)
Carry forward	0.67	0.43	0.86	1.16

* Subject to deduction of tax.

For some years now, insufficient supply of raw materials has been a cause for concern for the Company. During the past year, this factor restricted full utilisation of the capacity of additional processing plants. According to the Directors, its effects are felt more at present, as production during the first few months of the current year (their report to the shareholders was signed on 29th January 1962) has not come up to expectations. The power supply has also been unsatisfactory. Adequate raw materials and uninterrupted power supply would determine the current year's production, according to the Directors. The expansion scheme for the manufacture of hollow sections could not be fully implemented during the year under review due to the difficulty in securing the import licence for the necessary equipments. To overcome this obstacle, the Company has started negotiations for securing necessary foreign exchange loan to finance the cost of the required plants, and is stated to have been successful in its attempts. In view of this, the Directors feel that it would not be difficult to secure the necessary import licence. Two of the three units licensed to manufacture non-ferrous semis are already in operation. While these would offer competition to the Company, demand for its products is believed

(Continued in previous column)

STATE BANK OF INDORE

ALL-ROUND IMPROVEMENT

THERE has been an all-round, albeit modest, improvement in the results of the State Bank of Indore (General Manager: G. S. Srivastava, Indore) for 1961. This Bank, it will be recalled, became a subsidiary of the State Bank of India from the beginning of 1960; before that, it was known as the Bank of Indore Ltd. Deposits of the Bank, as at the end of the year, are Rs. 2 crores, or 22.7 per cent, higher than those a year before. The gross income is up by a little over Rs. 2.50 lakhs and the profit after taxation at Rs. 6.61 lakhs compares favourably with Rs. 5.78 lakhs for 1960, an increase of 14 per cent. A dividend of 8 per cent, subject to deduction of tax, has been proposed, as against nothing last year. The undistributed surplus is, of course, lower at Rs. 1.02 lakh, as against Rs. 2.74 lakhs brought in, but it must be noted that the transfer to reserve fund has been stepped up from Rs. 1.37 lakh to no less than Rs. 4.08 lakhs, thereby pushing up the amount of this fund to Rs. 11.70 lakhs, a level which is equal to 33.42 per cent of the paid-up capital of Rs. 35 lakhs.

Such in brief are the salient features of the Bank's working in 1961. A more detailed picture is presented in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	50.72	54.14	51.99	50.38
Of which:				
Interest and discount ..	48.69	46.67	45.68	44.22
Commission and exchange.	6.90	6.44	5.85	5.65
Interest paid	29.29	24.92	26.03	25.30
Expenses	20.25	21.54	20.35	19.75
Depreciation	0.57	0.55	0.34	0.34
Profit**	6.61	7.13	5.27	4.95
Provision for—				
Taxation	..	1.35	..	1.15
To reserve fund	4.08	1.37	..	..
„ gratuity fund	..	0.40	..	0.30
„ bonus to staff	1.45	1.27	..	1.10
Dividend	2.80	..	..	2.45
	(8%)†			(16%)
Carry forward	1.02	2.74	..	0.47

	As on 31st December			
	1961	1960	1959	1958
Paid-up capital	35.00	35.00	15.30	15.30
Reserves	11.70	7.61	20.00	20.00
Deposits	10,85.07	8,84.23	9,04.34	8,41.77
Borrowings from banks ..	..	1,13.32	..	..
Advances	6,15.11	6,84.30	5,49.45	5,48.08
Investments	3,06.76	3,05.70	3,21.04	2,45.42
Cash	2,39.58	69.31	91.14	1,03.93
Balance-sheet total	12,55.35	11,38.85	10,27.85	9,57.66
Ratio to deposits—	%	%	%	%
Advances	56.6	77.3	60.8	65.2
Investments	28.2	21.7*	35.5	19.1
Cash	22.1	7.8	10.0	12.3

* Based on only unencumbered investments.
** Profit for 1961 is after taxation; for previous years, it is before taxation.
† Subject to deduction of tax.

It will be noted that there has been a striking improvement in the liquidity ratios (that is, ratios of investments and cash to deposits) notwithstanding the expansion in deposits. This has been due chiefly to the substantial fall in the ratio of advances to deposits. Another refreshing feature is the absence of any borrowings from other banks.

The slight fall in the volume of advances *over the year* is attributed to the late commencement of the 1961-62 cottor season and the reported damage to the crop through natural calamities. The growth in deposits is in keeping with the general trend of banking in the country and is traceable to the upward revision of the maximum rates of interest on fixed and savings bank deposits in the first quarter of 1961. The Bank has also been accepting deposits for periods longer than 12 months.

The Bank expanded its branches from 21 to 25, by opening four new offices in rural and semi-urban areas. It has plans to open nine more offices and has already obtained the necessary licence from the Reserve Bank for seven of them. It may be noted here that, under the subsisting agreement in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959, the Bank is entitled to reimbursement for the full amount of losses of new offices opened after 4th March 1959, for a period of five years and thereafter on a graduated scale. The subsidy expected to be received to the end of 1961 is Rs. 0.48 lakh, credit for which has been taken in the profit and loss account for the year, as against Rs. 0.26 lakh last year.

STATE BANK OF TRAVANCORE

TURNOVER EXPANDS

THE year 1961 was quite an eventful one for the State Bank of Travancore (General Manager: Mr. T. R. Krishnaswami), in that it witnessed a significant expansion in the balance-sheet total, which, as on 31st December 1961, stood at over Rs. 21.62 crores, as against Rs. 12.19 crores a year before and Rs. 10.37 crores two years before. Such an expansion is attributable largely to the amalgamation of three banking companies (Travancore Forward Bank from 15th May 1961 and Kottayam Orient Bank and Bank of New India from 17th June 1961) and partly to the continued developmental activities. As a result of the aforesaid amalgamations, the Bank acquired 112 branches, of which 49 were closed, under a scheme of rationalisation, by integrating them with the other offices of the Bank. For the same reason, the Bank's expansion programme had to be suspended for a few months. Since then, four new branches have been opened and investigation of business potentialities at three centres made, and the opening of branches at these centres is under consideration. The Bank now has 94 branches, with a total staff of 1,613, as against 27 branches with a staff of 431 on 31st December 1960.

Despite the unavoidable losses incurred by the offices of the amalgamated banks due to the fact that the business lost on account of the moratorium had not yet been regained, the gross income earned by the Bank during 1961 was markedly higher at Rs. 74.57 lakhs, as against Rs. 45.45 lakhs for 1960. The improvement was accounted for by both interest and discount earned and commission and exchange, the former increasing by Rs. 22.54 lakhs and the latter by Rs. 4.49 lakhs. The better working results, according to the Chairman of the Bank, are due mainly to extension of additional credit facilities to industrial undertakings, better utilisation of limits by other borrowers and the higher rates of interest charged on advances. The rise in income was, however, more than neutralised by the appreciable rise in interest paid (+Rs. 16.15 lakhs), expenses (+Rs. 17.59 lakhs) and depreciation (+Rs. 0.56 lakh). Even so, the profit after tax for the year under review stands higher at Rs. 8.35 lakhs, that for 1960 being Rs. 7.28 lakhs. The profit together with the Rs. 0.12 lakh brought in brings the total available for distribution to Rs. 8.47 lakhs. The Directors have transferred a larger sum of Rs. 2.32 lakhs (as against Rs. 1.46 lakh in 1960) to the reserve fund, thus following the convention recommended by the Governor of the Reserve Bank. Bonus to staff takes Rs. 1.02 lakh and dividend payments aggregate Rs. 5 lakhs, the rate of dividend being unchanged at the previous year's level of 5 per cent (subject to tax). The balance of Rs. 13,723 has been carried forward.

The following table compares the working results and balance-sheet of the Bank for the year 1961 with those for the three years preceding it:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959*	1958*
Gross income	74.57	45.45	41.96	40.77
Of which:				
Interest and discount earned	62.55	40.01	37.81	35.98
Commission and exchange.	0.32	4.83	4.06	4.78
Interest paid	33.01	17.76	19.71	18.89
Staff expenses	23.67	10.52	9.13	8.54
Other expenses	7.82	3.33	2.97	2.01
Depreciation	0.82	0.26	0.20	0.19
Profit	8.35†	13.53‡	9.05‡	10.24‡
Transfer from reserve ..	..	..	..	3.50
To provision for taxation ..	..	6.25	5.15	6.50
„ reserves	2.32	1.46	2.00	2.05
„ bonus to staff ..	1.02	0.70	1.54	0.05
Dividend	5.00§	5.00§	Nil	5.00‖
	(5%)	(5%)		(5%)
Carry forward	0.14	0.12	..	0.19

	As on 31st December			
	1961	1960	1959	1958
Capital	1,00.00	1,00.00	1,00.00	1,00.00
Reserves	33.50	31.18	29.72	27.72
Deposits	17,14.93	8,33.56	6,07.08	6,60.36
Borrowings from banks ..	13.80	0.48	..	..
Advances	7,28.32	4,10.23	3,56.14	3,20.05
Investments (loss depreciation)	5,30.81	3,44.81	3,24.40	3,02.26
Cash	5,97.33	2,44.60	1,79.89	1,78.85
Balance-sheet total	21,62.12	12,19.08	10,37.36	9,18.02
Ratio to deposits of—	%	%	%	%
Advances	42.4	49.5	51.0	48.6
Investments	30.9	41.1	46.4	45.8
Cash	34.8	29.5	25.8	27.1

* The figures relate to the Travancore Bank Ltd.
† After taxation. ‡ Before taxation. § Subject to tax. ‖ Free of tax. Investments—only unencumbered portion is taken into account.

It will be seen from the above figures that the credit facilities made available by the Bank during 1961 rose by Rs. 3.18 crores as compared with the previous year. A part of the increase was, of course, accounted for also by the amalgamated banks. It is significant that the Bank was able to extend its advances portfolio without resort to borrowing, as the deposits of the Bank improved to a greater extent—by Rs. 8.81 crores—the amalgamated banks accounting for a part of the increase. Consequently, the credit ratio (that is ratio of advances to deposits) declined from 49.5 per cent at the end of 1960 to 42.4 per cent as on 31st December 1961. In view of the notable increase of Rs. 3.53 crores in cash, the ratio of cash to deposits has gone up from 29.5 per cent to 34.8 per cent, while, notwithstanding an improvement of Rs. 1.86 crore in investments, the investment ratio has dropped from 41.1 per cent to 30.9 per cent.

COMPANY MEETINGS AND DIVIDENDS

RELIANCE FIREBRICK & POTTERY CO., LTD. Annual General Meeting, Calcutta, 9th March 1962. Dividend: 15 per cent or Re. 1.50 per ordinary share of Rs. 10 and Re. 0.375 per ordinary share of Rs. 2.50 per share called up. Transfer books will remain closed from 1st to 9th March 1962, both days inclusive.

NATIONAL PIPES AND TUBES CO., LTD. Annual General Meeting, Calcutta, 12th March 1962. Dividend: 20 per cent or Rs. 2.00 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 27th February to 12th March 1962, both days inclusive.

EASTERN INVESTMENES LTD. Annual General Meeting, Calcutta, 12th March 1962. Dividend: 14 per cent or Rs. 14.00 per ordinary share, subject to deduction of tax, payable on or after 26th March 1962. Transfer books will remain closed from 5th to 12th March 1962, both days inclusive.

CHITAVALSAH JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 15th March 1962. Dividend: *Nil*. Transfer books will remain closed from 2nd to 15th March 1962, both days inclusive.

BIRDS INVESTMENTS LTD. Twenty-fifth Annual General Meeting, Calcutta, 16th March 1962. Dividend: 10 per cent or Re. 1.00 per share, subject to deduction of tax. Transfer books remain closed from 2nd to 16th March 1962, both days inclusive.

ALKALI & CHEMICAL CORPORATION OF INDIA LTD. Twenty-fifth Annual General Meeting, Calcutta, 22nd March 1962. Dividend: 15 per cent or Re. 1.50 per ordinary share, subject to deduction of tax, payable on or after 22nd March 1962. Transfer books will remain closed from 6th to 22nd March 1962, both days inclusive.

BOMBAY POTTERIES AND TILES LTD. Annual General Meeting, Bombay, 26th March 1962. Dividend: Rs. 15.00 per ordinary share, subject to deduction of tax, payable on and from 12th April 1962. Transfer books will remain closed from 12th to 31st March 1962, both days inclusive.

RAVALGAON SUGAR FARM LTD. Twenty-ninth Annual General Meeting, Bombay, 26th March 1962. Transfer books were closed from 30th December 1961 to 20th January 1962, both days inclusive.

MARTIN BURN LTD. Annual General Meeting, Calcutta, 28th March 1962. Dividend: Rs. 2.75 per ordinary share, subject to deduction of tax, payable on or after 18th April 1962. Transfer books will remain closed from 14th to 28th March 1962, both days inclusive.

HENLEY CABLES INDIA LTD. Second Annual General Meeting, Bombay, 28th March 1962. Dividend: *Nil*. Transfer books will remain closed from 15th to 28th March 1962, both days inclusive.

RAYALASEEMA MILLS LTD. Sixteenth Annual General Meeting, Rayanagar, Adoni, 28th March 1962. Dividend: 15 per cent or Rs. 15.00 per share, subject to deduction of tax. Transfer books will remain closed from 14th March to 4th April 1962, both days inclusive.

HINDUSTAN LEVER LTD. Annual General Meeting, Bombay, 18th April 1962. Dividend: Rs. 2.60 per share, subject to deduction of tax. Transfer books will remain closed from 22nd to 24th March 1962, both days inclusive and again from 12th to 18th April 1962, both days inclusive.

UNION CARBIDE INDIA LTD. Twenty-seventh Annual General Meeting, Calcutta, 14th May 1962. Dividend: Re. 1.05 per share, subject to deduction of tax, payable by 25th June 1962. Transfer books will remain closed from 23rd April to 14th May 1962, both days inclusive.

INDIAN ALUMINIUM CO., LTD. Dividend of Re. 1.50 per share, subject to deduction of tax for the year ended 31st December 1961.

MAHINDRA AND MAHINDRA LTD. Dividend of Re. 1.50 per share (including a bonus of Re. 0.25 per share), subject to deduction of tax, for the year ended 31st October 1961.

AZAM JAHI MILLS LTD. Taxable dividend of Rs. 6.00 per share, subject to deduction of tax, for the year ended 30th September 1961.

DHANALAKSHMI MILLS LTD. Taxable dividend of 17½ per cent or Rs. 17.50 per ordinary share, for the year ended 31st December 1961.

KIL KOTAGIRI TEA AND COFFEE ESTATES CO., LTD. Taxable dividend of 25 per cent or Re. 0.50 per ordinary share, for the year ended 31st October 1961. Transfer books will remain closed from 16th March to 5th April 1962, both days invlusive.

INDIA CEMENTS LTD. Taxable interim dividend of 6 per cent or Re. 0.30 per ordinary share, for the year ending 31st March 1962. Transfer books will remain closed from 13th to 16th March 1962, both days inclusive.

PANDYAN BANK LTD. Taxable dividend of 7½ per cent or Re. 1.875 per share, for the year ended 31st December 1961. Transfer books will remain closed from 13th to 26th March 1962, both days inclusive.

PARRYS CONFECTIONERY LTD. Taxable interim dividend of 10 per cent or Re. 0.10 per ordinary share, for the year ending 31st March 1962. Transfer books will remain closed from 23rd March to 6th April 1962, both days inclusive.

SYNOPSES OF COMPANY REPORTS

Kirlampudi Sugar Mills Ltd.

(*Managing Agents*: Messrs. Kubera Sugar Managers Ltd., Madras.)

17*th Annual General Meeting*—28th February 1962

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales	98.71	1,03.87
Closing stock of sugar and molasses	77.03	82.30
Gross profit	5.08	12.33
Transfer to depreciation	4.00†	4.13
,, Managing Agents' remuneration	Nil*	82
Net profit	1.08	7.38
Adjustments	41	Nil
Appropriations:		
Total available balance	1.49	7.38
Transfer to reserve for development rebate	39	37
To miscellaneous expenditure and losses written off	Nil	6.60
To dividends	Nil	Nil
Carried forward	1.10	41

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

* The Managing Agents have waived their remuneration due to them for the year under audit.

† Normal depreciation only has been charged for Plant and Machinery but not for extra shifts.

Extracts from the Directors' report: During the year under report, the Factory worked for a longer period than usual and as such crushed more cane than the previous year, viz., 1,39,393 (1,18,160) tons. Recovery of sugar however was lower than the previous year due to poor sucrose contents in cane on account of adverse climatic conditions and due to the extension of working season into the hot months of May and June. This fall in recovery plus the fall in sugar prices went to reduce the profits. Sugar prices have declined by about Rs. 12 per bag of sugar which is equal to about 10 per cent. This drop has been caused by over-production of sugar in India.

There has been good improvement in the working of the Company during the current year, but in common with the others in the industry, the sugar industry is passing through a severe strain due to accumulated stocks caused by too big a production and lack of demand. The directors hope that the situation will soon improve whereby the present glut in the market will cease and Government takes a pragmatic view and takes quick decisions to save this major agro-industry of the country.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	22,96,910	Gross block	79,26,584
Debentures	12,86,287	—Depreciation	38,06,029
Reserves and surplus	7,73,555		
Other liabilities	1,08,77,710	Net block	40,30,555
		Live stock and rolling stock	3,454
		Current assets	91,42,922
		Investments	17,08,000
		Cash	3,49,531
	Rs. 1,52,34,462		Rs. 1,52,34,462

* Paid-up capital consists of 6,000—5½ per cent. tax-free cumulative preference shares of Rs. 100 each and 17,000 equity shares of Rs. 100 each. Calls in arrears amount to Rs. 3,090.

Eastern Investments Ltd.

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

Annual General Meeting—12th March 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Gross income	18.55	19.43
Gross profit	17.30	18.34
Transfer to Secretaries' remuneration	6	6
,, ,, provision for taxation	7.77	8.23
Net profit	9.47	10.05
Adjustments	8.49	3.72*
Appropriations:		
Total available balance	12.96	13.77
Transfer to general reserve	2.00	2.00
To dividends (taxable) 5% C. preference	1.11	1.11
,, ,, ordinary	7.17	7.17
	(14%)	(14%)
Carried forward	2.68	3.49

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

* This includes Rs. 20,000 transferred from provision for taxation no longer required.

Extracts from the Directors' report: *Investments*.—The Company's portfolio is representative of investments which are quoted on the Calcutta Stock Exchange with the exception of certain shares costing of Rs. 78,178 for which no quotations are available. The total of the market value of the investments for which quotations are available together with unquoted investments as valued by the directors, exceeds the book value at 31st December 1961, by Rs. 89,19,584.

Issue of Right Shares.—The Directors decided that subject to the consent of the Controller of Capital Issues, the subscribed capital of the Company be increased by the issue of 25,630 equity shares of Rs. 100 each at a premium of Rs. 10 per share for cash, to be offered to the members of the Company holding Equity Shares on the date the offer is made pursuant to Section 81(1) of the Companies Act, 1956, in the ratio of one equity share for every two existing equity shares held. Application for sanction was made to the Controller of Capital Issues and the sanction has been received.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	76,26,000	Investments	1,64,39,389
Reserves and surplus	63,87,467	Cash	2,809
Other liabilities	24,28,731		
	Rs. 1,64,42,198		Rs. 1,64,42,198

* Paid-up capital consists of 51,260 ordinary shares of Rs. 100 each fully called up and 25,000 five per cent taxable cumulative preference shares of Rs. 100 each fully called up. Of the above shares 51,250 ordinary shares 25,000 preference shares have been allotted as fully paid up pursuant to a contract without payment being receive in cash.

Reliance Firebrick and Pottery Co., Ltd.

(*Board of Directors*: Mr. R. N. Agarwala; Mr. R. K. Agarwala; Mr. D. N. Agrawal and Mr. B. N. Chaturvedi, Calcutta.)

Registered Office: 4, Lyons Range, Calcutta-1.

Annual General Meeting—9th March 1962.

Working Results:

	For the year ended 28th February (In thousand rupees)	
	1961	1960
Sales (gross)	45,91	76,08
Closing stock—		
Finished goods	5,26	1,02
Goods in process	48	49
Raw materials	47	88
Gross profit	7,26	15,02
Transfer to depreciation	1,51	1,15
,, ,, provision for taxation	2,80	6,50
Net profit	2,95	7,37
Adjustments	43	62
Appropriations:		
Total available balance	3,38	7,99
Transfer to reserves	28*	4,01†
Proposed dividend (taxable) ordinary	2,42 (15%)	3,55 (22%)
Carried forward	68	43

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

* This includes a transfer of Rs. 27,000 to provision for doubtful debts and a sum of Rs. 1,630 transferred to reserve for development rebate.

† This represents Rs. 4,00,000 transferred to reserve for replacement; Rs. 1,875 transferred to reserve being additional depreciation and a small sum of Rs. 27 for development rebate reserve.

Extracts from the Directors' report: *Production*: During the year under review on account of the go-slow tactics adopted by the labour, the production and sales were lower than last year.

Labour: Labour conditions remained strained during the period under review and there was a lockout in the factory from 21st May, 1960. Lockout was, however, lifted from 28th May, 1960; but the conditions throughout the period remained unsatisfactory resulting ultimately in the workers' strike from 15th April 1961 to 18th May 1961. Normal working has, however, been resumed from 19th May 1961.

Accounts in brief as at 28th February 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	16,12,250	Gross block	47,45,647
Reserves and surplus	21,73,926	—Depreciation	29,35,324
Other liabilities	46,61,061		
		Net block	18,10,322
		Block in progress	3,03,130
		Current assets	46,31,063
		Investments	15,83,752
		Cash	1,19,869
	Rs. 84,48,137		Rs. 84,48,137

* Paid-up capital consists of 60,000 ordinary shares of Rs. 10 each fully called up and 4,04,900 ordinary shares of Rs. 2.50 per share called up. Of the above 2,40,800 shares are held by the Holding Company—Associated Mining Industries Ltd.

Oudh Sugar Mills Ltd.

(*Managing Agents*: The Cotton Agents Private Ltd., Bombay.)

29th Annual General Meeting—Held on 30th January 1962.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1961	1960
Sales (gross)	8,40,37	7,27,42
Closing stock	2,33,73	1,41,82
Excise duty and cess	1,10,08	1,17,74
Gross profit	68,21	53,76
Transfer to Managing Agents' commission	4,44	4,54
,, ,, depreciation	8,66	7,14
,, ,, taxation	29,35	14,90
Net profit	25,76	27,18
Adjustments	24	16
Appropriations:		
Total available balance	26,00	27,34
Transfer to general reserve	9,00	5,50
,, ,, development rebate reserve	1,19	5,56
,, ,, provision for contingencies	Nil	35
To dividends (taxable) 4% preference	Nil	19*
,, ,, ordinary	15,50 (20%)	15,50 (20%)
Carried forward	31	24

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

* For the period from 1st August 1959 to 30th June 1960.

Extracts from the Directors' report: There was a record crushing of sugarcane during the year. The recovery was, however, slightly lower which was due to longer duration of the season.

During the current year, according to availability of sugarcane in the area, a crushing of about 125 lakh maunds of sugarcane is expected. The Government of India have, however, issued an Ordinance, Sugar (Regulation of Production) Ordinance, 1961, where under quota for production of sugar during the current season will be fixed for every sugar factory reducing the production by 10 per cent of the sugar produced in the previous year. The Government of India is being approached for partial exemption to the Company's factory from the provisions of the Ordinance.

The Government of India allotted a total export quota of 15,316 bags of sugar (including 7,794 bags as mentioned in the last year's report) out of the production of the season 1959-60. The export quota out of the production of the year 1960-61 is expected to be considerably more than last year. As the world prices of sugar are lower, the Company's factory has to suffer a considerable loss on the sugar exports.

The production of the Distillery shows an appreciable increase. Consequently the working results of the Distillery are better. During the current year the production is estimated to be 15 lakh gallons. The Company's Ice Factory worked satisfactorily during the year. The working results of the Oil Mills at Sitapur suffered owing to lower production. The working results of the farms were adversely affected owing to lower yield of cane per acre which was due to adverse seasonal conditions and floods. There has been improvement in the working results of the Vanaspati Factory. The solvent plant installed in the previous year worked satisfactorily. The results of the solvent plant and better realisation of Vanaspati accounted for the improvement in the working results.

The production in the different units of this Company has been as under:—

	1960-61	1959-60
	Maunds	*Maunds*
Cane crushed	1,25,00,000	1,01,50,000
Groundnut oil	20,800	22,400
Own farms cane	6,28,000	6,18,000
Ice	12,600	10,000
	Gallons	*Gallons*
Power alcohol and spirits	14,38,000	11,22,000
	Tonnes	*Tons*
Vanaspati	15,000	15,700
Sugar recovery	9.49%	10.13%

Accounts in brief as at 31st July 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	77,52,210	Gross block	2,33,19,499
Reserves and surplus	97,92,183	—Depreciation	1,58,75,556
Other liabilities	2,90,66,572		
		Net block	1,24,43,943
		Current assets	3,32,97,875
		Investments	3,02,903
		Cash	5,66,744
	Rs. 4,66,10,965		Rs. 4,66,10,965

* Paid-up capital consists of:—(a) 77,455½ ordinary shares of Rs. 100 each fully paid; (b) 92 coupons of Rs. 25 each fully paid and 52 coupons of Rs. 12.50 each fully paid. The paid-up capital includes Rs. 3,710 being amount paid up on shares forfeited.

J.K. Synthetics Ltd.

(*Chairman*: Mr. G. K. Singhania.)

Registered Office: Kamla Tower, Kanpur.

Annual General Meeting—Held on 26th February 1962.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Gross income	10,14	2,01
Gross profit (+) or loss (—)	(+) 8,00	(—) 5*
Transfer to depreciation		†
,, ,, taxation		Nil
Net profit (+) or loss (—)	3,60	5
Adjustments	(+) 4,40	(—) 36§
Appropriations:	8	
Total available balance		
To adjustment of loss (for 1960)	4,43	36
Transfer to general reserve	Nil	5
To dividends (taxation) ordinary	2,18 (8%)	Nil
Carried forward	44	¶ 8

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

* Loss after providing for depreciation.

† Rs. 74 only.

‡ Rs. 80 only.

§ This includes Rs. 35,000 transferred from general reserve.

¶ Dividend for 1960 was as follows:—Rs. 20,000 being dividend on 'A' class ordinary shares of Rs. 100 each at 8 per cent taxable and Rs. 8,415 being dividend on 'B' class ordinary shares at Re. 0.12 per share on shares of Rs. 10 each.

Extracts from the Directors' report: The dividend is payable only on those shares which existed as at the close of the year, i.e., 30th June 1961. The new shares which were offered to the public for subscription *vide* Prospectus dated 3rd June 1961, are entitled to dividend out of earnings of the year commencing from the 1st July, 1961 according to the terms of the issue.

The income as shown in the accounts is mainly from the existing business of the Company. The investments have yielded very good returns and the directors are pleased to recommend a sum of Rs. 2,17,875 as dividend to the shareholders for the year.

There were two classes of Ordinary Shares i.e., 'A' Class and 'B' Class in the previous year. During the year they were converted into one class of equity shares and as such all the shares converted from 'A' class and 'B' class ordinary shares participate in the dividend.

The Company issued 5,23,750 equity shares of Rs. 10 each to the public for subscription *vide* Prospectus dated the 3rd June 1961. There was a great response to the issue and the subscription list had to be closed at the close of the fourth day. The allotments were made in consultation with the Stock Exchange authorities in such a manner so that all the applicants to the issue got some shares. The directors have the pleasure to state that the application money received in excess was refunded to the applicants in a record time. The present issued and paid-up capital of the Company is Rs. 1,25,00,000 divided into 12,50,000 equity shares of Rs. 10 each, fully paid-up.

The aforesaid new issue was made for establishing a new industrial undertaking at Kota (Rajasthan) for the manufacture of synthetic yarn like Nylon/Perlon filament yarns and to make the name representative of the industrial activities of the Company its name was changed from "J. K. Investment Trust Ltd." to "J. K. Synthetics Ltd." The progress of the erection of the factory at Kota is quite satisfactory and a number of foreign erectors are on job. The building is almost complete and it is expected that a portion of the factory will start production shortly and the directors hope that the whole plant will be put in operation in the first quarter of 1962. Yarn produced by the Company will be named *Jaykaylon* and *Jaykaylanca*.

After the close of the financial year, this Company has further arranged for a loan of Rs. 10.00,000 from the Rajasthan Financial Corporation, Jaipur.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,25,00,000	Gross block	3,[illegible]
Share application money	1,38,31,477†	—Depreciation	1,[illegible]
Reserves and surplus	12,44,050	Net block	2,[illegible]
Other liabilities	71,55,802	Block in progress	3,[illegible]
		Current assets	83,40,[illegible]
		Investments	21,18,[illegible]
		Cash	36,80,[illegible]
			2,17,18,[illegible]
	Rs. 3,47,31,329		Rs. 3,47,31,329

* Paid-up capital consists of 12,50,000 equity (ordinary) shares of Rs. 10 each fully paid up.

† This has since been refunded to the applicants.

Notices

MARTIN BURN LIMITED

NOTICE

THE ANNUAL GENERAL MEETING (BEING the Sixteenth Ordinary General Meeting) of the Shareholders of Martin Burn Limited will be held on Wednesday, 28th March 1962, at 12 noon at the Registered Office of the Company, 12, Mission Row, Calcutta, to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended 30th September, 1961, and the Directors' and Auditors' Reports thereon.
2. To declare a Dividend.
3. To appoint Directors.
4. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

To consider the appointment of Mr. Romendra Nath Mookerjee as a whole-time Director of the Company for a period of four years with effect from the 1st March 1962, and in this connection to consider and if thought fit to pass with or without modification the following resolution which will be proposed as an ordinary resolution:

"That subject to the approval of the Central Government pursuant to Section 269 of the Companies Act, 1956, this meeting approves the appointment of Mr. Romendra Nath Mookerjee as a whole-time Director of the Company with effect from the 1st March, 1962, on the terms and conditions contained in an Agreement dated the 19th day of February, 1962, and made between the Company of the one part and Mr. Romendra Nath Mookerjee of the other part a copy of which was laid on the table and signed by the Chairman for the purpose of identification or on such other terms and conditions as may be agreed upon with the Central Government and accepted by Mr. Romendra Nath Mookerjee."

The Ordinary Share Register and Transfer Books of the Company will be closed from 14th to 28th March, 1962, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

By Order of the Board,
A. G. GIDLEY,
Secretary.

CALCUTTA,
1st March, 1962.

Note.—The Dividend, if sanctioned, will be paid on or after 18th April, 1962, to those Shareholders so entitled whose names appear in the Company's Register of Members for Ordinary Shares on the 28th March, 1962, or to their mandatees. No application for dividend warrants will be necessary.

AN EXPLANATORY STATEMENT as required under the Companies Act, 1956, has been forwarded to the members of the Company.

CALTEX OIL REFINING (INDIA) LTD.

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5½ per cent Debenture Stocks 1966-70 will be closed for transfers from 17th March 1962 to 31st March 1962, both days inclusive.

R. N. CHETTUR,
Secretary & Treasurer,
State Bank of India,
Agents for Caltex Oil Refining (India) Ltd.,
for the management of the Debenture Stocks.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY, *1st March* 1962.

MARTIN BURN LIMITED

NOTICE

THE BOARD OF DIRECTORS OF MARTIN Burn Limited has today recommended payment of dividend at the rate of Rupees Two and Seventy-five nP per share on the Ordinary Share Capital of the Company ranking for dividend for the year ended 30th September, 1961. This dividend awaits the sanction of the Shareholders at the ANNUAL GENERAL MEETING to be held on Wednesday, the 28th March, 1962, at 12 noon. The dividend if declared will be paid under deduction of tax at the prescribed rates on or after the 18th April, 1962, to the Ordinary shareholders whose names are on the Company's Register of Members on the 28th March, 1962 or to their mandatees.

The Ordinary SHARE REGISTER and TRANSFER BOOKS of the Company will be closed from the 14th to 28th March, 1962, both days inclusive.

By Order of the Board,
MARTIN BURN LIMITED,
A. G. GIDLEY,
Secretary.

Registered Office:
12, MISSION ROW,
CALCUTTA,
19th February, 1962.

BOMBAY POTTERIES & TILES LTD.

NOTICE IS HEREBY GIVEN THAT THE Twenty-eighth Annual General Meeting of the Company will be held at the Registered Office of the Company, United India Building, Sir Pherozshah Mehta Road, Fort, Bombay-1, on Monday the 26th March 1962, at 3-00 p.m. (S.T.), to receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ending 30th September 1961, declare Dividends on First and Second Preference Shares and Ordinary Shares, to elect Directors in place of those retiring by rotation and to appoint Auditors as per Notice dated 6th January 1962 which, together with the Report of the Directors and Auditors and the Audited Accounts, has been circulated to the members individually.

NOTICE is also hereby given that the Register of Members and the Share Transfer Books of the Company will remain closed from 12th March 1962 to 31st March 1962, both days inclusive.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Dated at Bombay this 6th day of January 1962.

By Order of the Board,
H. RAMAKRISHNAN,
Secretary.

Registered Office:
UNITED INDIA BUILDING,
SIR P. M. ROAD,
FORT, BOMBAY-1.

THE PULLANGODE RUBBER AND PRODUCE CO. LTD.

NOTICE IS HEREBY GIVEN THAT THIS Company will pay on the 31st March, 1962 to the Registered holders as at that date, interest due on the Preference Shares for the year ended that date at the rate of 6.131 per cent per annum calculated in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act 1960.

Preference Share Transfer Register will be closed from 28th March 1962 to 31st March 1962 both days inclusive.

By Order of the Board,
ASPINWALL & CO., LTD.,
Managing Agents.

COCHIN, 1st *March*, 1962.

PROBLEMS OF VANASPATI INDUSTRY

(*Concluded from page* 364)

more stable prices." But, in the last analysis, the industry must, Mr. Tandon took care to add, turn to its logical duty, namely, conversion of its product from a commodity to branded, consumer packs with strong consumer goodwill. Here the industry must do something to put its own house in order by adopting scientific marketing which is, perhaps, its greatest need. Dilating on this point, Mr. Tandon observed:

"*Vanaspati* is not a commodity; it is a branded product. Its every tin bears the name of the manufacturer's brand, reflecting his reputation and skill. This should be carried to the consumer's home. If the manufacturer wins consumer loyalty through assurance of quality of product, organised distribution and marketing, he will be able to lift *vanaspati* out of the state of a commodity and to its rightful place as a proprietary product. Fortunately, the quality of the product is good, but the other aspects of marketing need our urgent attention. The dealer should be helped to do his legitimate job and discouraged from speculating. The manufacturer will then be able to ensure price stability assuring him of a reasonable profit. If we have an organised distribution with distributors guided by our line of policy; if we have our brands—small consumer packs and brands with consumer goodwill—we will then be able to sell even more than today at stable prices to satisfied consumers yielding benefit to all. The industry will also earn the loyalty of the large trading and consuming public, so necessary in our battle against prejudices. I need only add that this has already been achieved in the same industry in advanced countries in the last thirty years."

SUGAR

(*Concluded from page* 375)

increasing the use of sugar by the food preservation industries and we should encourage such use while taking care that there is no risk of abuse. We should not always think of export as the only criterion for giving concessions for the use of sugar.

"There should be more intensive programme for the increased use of the by-products of the sugar industry. It is nearly 40 years since it was first shown by some Indian workers (at the Indian Institute of Science, Bangalore) that bagasse would make a good raw material for paper manufacture. It was, however, only during the last few years that practical application has actually followed. There should be several other uses for bagasse or a pulp made out of it, along with different binders and other accessories, and these lines should be intensively pursued. The use of cane molasses in some attractive form as a source of essential mineral supplements will also be a useful line. This type of use is popular in some sections in the U.S.A. We have not so far been very successful in finding new uses for molasses. This does not mean that we should slacken our efforts. We may again meet with lots of failures, but we should go on working till we can find at least a few possible uses which may develop even after a few years.

"I have repeatedly urged that there should be a drive to promote more research on sugar and by-products of the sugar industry. At the present time, there is not much fresh thinking and the industry itself cannot be expected to think of new programmes. It will be the responsibility of the scientists to think of and to initiate new lines. It is because of this that I have been pleading that the Standing Research Committee should include more scientists and technologists from other disciplines. The Committee should hold one or more sessions exclusively for discussion of new programmes. We may not achieve much in the beginning, but we will certainly make some progress in the course of a few years. The present committee has only a restricted outlook and the meetings are confined only to discussions of a few schemes which are submitted for financial assistance."

SUGAR PRODUCTION AND STOCKS

Sugar production during the month of January 1962, the third month of the current season 1961-62, was 546,000 metric tons, as against 540,000 tons produced in the same month last season. This brings the total production for the season upto 31st January 1962 to 1,138,000 tons (including 56,000 tons produced prior to November 1961 for the current season), as against 1,321,000 tons in the corresponding period last season (including 55,000 tons produced prior to November 1960).

The offtake of sugar from factories during the month of January 1962 was 184,000 metric tons, which included about 641 tons despatched for export, as against 165,000 tons (including 16,000 tons for exports) in the same period last season. The total despatches during the first three months of the 1961-62 season were 590,000 tons (including 32,000 tons for exports), as against 487,000 tons (including 37,000 tons for exports) by the same period last season.

The total closing stock of sugar with factories as on 31st January 1962 was 1,690,000 metric tons, as against 1,382,000 tons on the same date last season.

KEEN DEMAND FOR MONEY

(From Our Own Correspondent)

BOMBAY, 28th *February*

The seasonal stringency in the short-term money market is being acutely felt by banks. More and more of them are looking back on the Reserve Bank for supply of funds, as there are hardly any lenders in the inter-bank market. Nevertheless, the inter-bank call money rate remains unchanged at 4½ per cent per *annum*. One possible explanation for this feature is that most of the banks are presumably in a position to borrow from the central banking institution at 5 per cent and have not yet reached a stage in their indebtedness with the lender of the last resort which attracts the penal rate of 6 per cent. Another surmise is that the number of banks availing themselves of the facilities provided by the Refinance Corporation is greater than it was this time last year. A third explanation is that the level of deposits now is certainly substantially higher than a year ago. The banks, however, are keenly competing for additional deposits, because they know full well that, in the coming months and years, the demand for credit will continue to outstrip the growth of their resources.

Pending the study of the nine-man special committee on the maximum rates of interest on deposits under the all-India inter-bank agreement, the old rates prevail. These are as follows:

	Per cent
Notice money from public:	
3 days and more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days (inclusive)	3½
(iii) 61 to 91 days (inclusive)	3½
(iv) 91 days and over but less than 12 months	3½
(v) 12 months and over but less than 24 months	4
(vi) Two to four years	4½
(vii) Four to five years	4½
(viii) Five years and over	5

It would appear that some of the public sector undertakings are having more liquid funds than they need for the moment. This is reflected in the increase in the amount tendered for 91 days' Central Government Treasury Bills. From Rs. 2.02 crores last week, it has gone up to Rs. 2.35 crores, though the invitation was for the usual Rs. 2 crores only. The average rate of *accepted tenders* has remained unchanged at 2.580 per cent per annum, thereby staying the gradual upward trend that had persisted for four *continuous* weeks. Intermediate Treasury Bills, which, too, are of 91 days' usance, have also fetched a somewhat larger *amount* of Rs. 15 lakhs, as against only Rs. 5 lakhs in the previous week. These two types of short-term borrowing by the Central Government are being continued in the next week also.

In the week ended 23rd February 1962, notes in circulation declined by Rs. 6.89 crores. But as notes held in the Banking Department went up by Rs. 7.36 crores, the total notes issued registered a small rise of Rs. 46 lakhs. Foreign securities held in the Issue Department of the Reserve Bank were reduced by Rs. 3 crores, this withdrawal being balanced by an addition of like amount to the rupee securities. As balances held abroad improved by Rs. 1.96 crore, the total foreign assets suffered a fall of only a little over Rs. 1 crore. Other loans and advances on the assets side of the Banking Department of the Reserve Bank, including loans to scheduled banks against usance bills, declined by Rs. 1.51 crore, of which Rs. 90 lakhs were against usance bills.

The scheduled banks' statement for the week ended 16th February 1962 shows, as compared with that for the previous week, a sharp rise of Rs. 16.71 crores in deposits, the bulk of which has occurred under demand deposits. Inter-bank borrowings also have gone up by Rs. 1.91 crore. Since bank credit is higher by only Rs. 4.05 crores, the impressive rise in deposits has been utilised to reduce the borrowings from the Reserve Bank by Rs. 6.36 crores and raise the total cash position by Rs. 2.20 crores. An increase of Rs. 6.06 crores in money at call and short notice has been offset by a fall of Rs. 6.53 crores in investments.

The statement of affairs of the State Bank of India for the same week shows an increase of Rs. 9.32 crores in deposits and a rise of Rs. 12.43 crores in other assets. Its investments are lower by Rs. 4.96 crores, while its cash position is better by Rs. 1.01 crore. Its advances have gone up by a moderate amount of Rs. 1.44 crore.

The Gilt-edged market has passed another dull and quiet week. There is hardly any turnover in this market nowadays, what little buying there is being on account of provident funds.

In the foreign exchange market, the pound sterling has been fully steady. There is no change whatever in the sterling dollar rate. In the New York market, spot sterling is quoted at 281 510-281.540 cents per £, three months' forward is quoted at 279 700-279 730 cents per £. In the local market, the rupee dollar rate remains unchanged, with banks' selling ready T.T. on New York at Rs. 475.50 and buying at Rs. 472.50 per 100 dollars.

RAW GOAT FIRM

(From Our Own Correspondent)

MADRAS, 26th *February*

There was no appreciable change in the tempo of the hides and skins market during the week. Sellers were finding it difficult to place business for export, as they were unable to obtain replacement values. Raw stocks were out of tanned parity.

Arrivals of tanned cowhides were of moderate volume and clearance was fair-sized. Demand was steady and was for all selections and average weights for shipment to the U.K. and Continent. Stocks of cowcalf were meagre and there were export orders for all weights, with the result that prices ruled firmer in this section. A few sales of top class buff calf were concluded and, as the tanners have been in a well sold forward position, they were not keen to make offers freely.

In view of the high prices of raw goat skins, tanners were not able to take on large orders for exports to the U.S. and Continent, despite steady inquiries for shipment. Important shipments had been effected to East European countries last week. Demand for tanned sheep skins had not revived and the market was weak for all classes, and tanners were not happy over their inventories.

There was no change in the prices of tanned stocks sold in the local market.

RECOVERY IN BULLION

(From Our Own Correspondent)

BOMBAY, 28th *February*

The bullion market continued to present a firm trend in the first three sessions of the week under review, but developed a sagging tendency towards the close on Saturday the 24th inst. which persisted till today when there was a slight recovery. Early in the week, both gold and silver met with good support on report of better offtake and hopes of a further improvement. Consequently, prices staged a rise. The upward trend was halted just *before the market closed on* Saturday when gold encountered selling on rumours of contraband arrivals and silver was subjected to heavy liquidation from two leading professional operators. The declining tendency gathered further momentum in *the subsequent sessions, thanks to* reports that about 15,000 tolas of contraband gold had arrived in the market for disposal. Today, the market *ruled* steady with a slight rise in prices.

The adjustment rates fixed today were Rs. 121.50 per 10 grams of gold and Rs. 213.30 per kilogram of silver. The corresponding rates for Wednesday last week were Rs. 121.25 and Rs. 212.75, respectively.

Arrivals of both gold and silver during the week were smaller than in the previous week. The daily average was 5.800 tolas and 8 bars, as against 7.400 tolas and 12 bars. The daily average rate of offtake of gold was lower at 5.800 tolas, as against 6,400 tolas, while that of silver was unchanged at 14 bars.

In gold, the *Fagun* (22nd March) settlement was well supported in the earlier sessions, the quotation advancing from Rs. 122.30 on Wednesday last to Rs. 123.15 on Saturday. Thereafter, the settlement moved down and touched a low of Rs. 121.90 yesterday but recovered to Rs. 122.35 today before finishing at Rs. 122.25.

Ready gold began the week at Rs. 121.40, as against the previous close of Rs. 121.50, and spurted to Rs. 122.75 on the 24th inst. It, however, declined subsequently to Rs. 121.65 today and closed at Rs. 121.75. At this level, the discount under the forward was 50 nP, as against 80 nP on Wednesday last.

The *Fagun* (23rd March) settlement in silver, which had receded from Rs. 213.90 to Rs. 212.90 early on Thursday, recovered to Rs. 214.05 on Saturday. After easing again to Rs. 213 yesterday, the settlement improved to Rs. 213.85 before closing at Rs. 213.70.

Ready silver continued to be quoted at a discount under the forward, though the actual discount declined from Re. 1.15 last week-end to 40 nP *today*. *The ready rate* rallied from the low of Rs. 212.30 on Thursday to Rs. 213.45 on the 24th inst. After declining to Rs. 212.60 on *Monday* and yesterday, it recovered to Rs. 213.45 today, though the closing was lower at Rs. 213.30.

The dollar price of gold in the London bullion *market* receded further from $35.09½ $35.08½, which is said to be the lowest level for nearly a year. Including the fall of 5½ *cents suffered last week*, the net decline over the fortnight comes to 5½d. The decline is attributed to Russian gold sales in Europe and strength of dollar on foreign exchange markets. Ready gold in London was unchanged at 349s. 3d. Ready silver eased by ¼d. to 84⅝d. and forward by ⅝d. to 85½d. The drop followed weakness of silver in New York, the latest available quotation for which is 101.50 cents, as against 102 cents a week ago.

The following table shows the trend of prices during the week under review:

	28-2-62 (closing)	High	Low	21-2-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	121.75	122.75	121.15	121.50
Forward: *Fagun**	122.25	123.15	121.90	122.30
Sovereign	97.25	97.25	96.75	96.75
SILVER				
Ready (.999 fine)	213.30	213.45	212.30	212.75
Forward: *Fagun*†	213.70	214.05	212.90	213.90
London—				
Gold	249s. 3d.	249s. 4d.	249s. 2½d.	249s. 3d.
Silver Ready	84½d.	85¼d.	84½d.	85¼d.
Silver Forward	85½d.	85½d.	85½d.	85½d.
New York—				
Silver	101.50 cents	102.00 cents	101.00 cents	102.00 cents

* 22nd March settlement. † 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

DULL TRADING IN COTTON

(From Our Own Correspondent)

BOMBAY, 28th *February*

With the delivery period for the Jarilla March contract starting on 1st March and the contract remaining at the ceiling rate there was little scope and no incentive for fresh trading in cotton futures during the week. In fact throughout the week futures trading continued to be dull. The little business passing was largely of a jobbing nature. The March contract ruled at the ceiling rate of Rs. 693 (per three quintals). Even the tendering differences fixed by a Special Committee of the E.I.C.A. on the 22nd inst. did not affect the market. This was because the fixation of tendering differences was only of academic interest as the contract is not likely to attract any sizable tenders in view of the fact that the spot prices are ruling well above the ceiling rates.

Traders' attention has instead turned to the prospects for trading in the August contract. The stage has already been set for trading to commence. The Forward Markets Commission is reported to have approved the amendments, made by the East India Cotton Association, of its bye-laws according to which trading in the August contract are to be conducted. The F.M.C. has now only to give its formal approval which is expected at any moment.

Meanwhile, the F.M.C. has officially announced that, as per the amendments of the bye-laws of the E.I.C.A., the quantum of penalty *plus* the rate at which outstanding sales in hedge contracts have to be settled in the event of the sellers' failure to deliver cotton or in the event of the cotton tendered by the sellers being rejected in supply shall in no case exceed the maximum price of Rs. 693 per three quintals fixed under the Cotton Control Order for the basic cotton of the hedge contract.

In the ready section, since most of the mills have covered their requirements of cotton as per the issued quota, activity was subdued. Nevertheless, moderate interest was evident in such varieties as Vijay, Digvijay, Kalyan, Laxmi, Co2, L. 147, and 197/3. Fairly good business was reported in terminal markets. Prices were well maintained.

Following rumours that the Government might release a fresh quota for Bengal *Deshi*, fine and superfine quality of Bengal *Deshi* were in demand. Actual business done was, however, small. Sustained mill buying continued to be witnessed in Sudan cotton both higher and lower grades. Traders were keenly awaiting the results of the first auction of the new crop Sudan cotton held at Khartoum on the 27th inst. when the Sudan Gezira Board offered 17,500 bales. No information is available at the time of writing as to the results of the auction. Only stray interest was noted in American and Pakistan cotton. Traders noted with interest the encouraging reports about the possibility of getting U.S. cotton. According to latest communication, though P.L. 480 cotton would not be available, some American cotton would be made available to India as loan, the cost of which being repayable with interest in instalments.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal *Deshi* 675; Khamgaon 970; Laxmi 1.041; L. 147 1.170; Co2 1,640. *Sudan*: XG3L 1.331; G4L 1,300.

Cotton futures in the Karachi market suffered a setback during the week. Profit-taking induced by last week's spurt in prices and some fresh selling prompted by continued slackness of domestic and export demand led to a decline in values. N.T.R.G. March receded from Rs. 89.10 to Rs. 83.05. The May contract eased from Rs. 80.95 to Rs. 80.

Easy conditions prevailed in the Liverpool cotton futures market during the week. Both the American and American type contracts receded on selling by commission houses and local traders. Lack of domestic demand and lower advices from the yarn and piecegoods market imparted weakness to the market. Sudan cotton contracts ruled subdued. The following are the latest available quotations—in pence per lb. from Liverpool:

American cotton one inch staple contract: March 24.00; May 24.60; July 24.20. October 24.20.

American cotton mixed growth contract: March 24.40; May 24.95; July 25.05. October 24.55.

Sudan: March 31.75; May 30.25; July 29.00.

Fully steady conditions prevailed in the New York cotton futures market during the week. Short covering and commission house support led to a modest rise in values. The Spot market reported good demand for medium and lower goods of good quality cotton. Export demand centred mainly round those qualities which were needed to fill existing commitments.

The U.S. Department of Agriculture has announced a minimum support price of 32.47 cents per lb. gross weight, at average location, for Middling 1" cotton of 1962 crop. This compares with the 1961 crop Middling 1" support price of 33.04 cents per lb. The payment-in-kind (P.I.K.) programme for export of cotton, currently in effect, will be maintained in much the same form in the marketing year beginning 1st August 1962. The initial rate of export payment will be 8.5 cents per lb. for cotton shipped on or after 1st August 1962. The rate will be subject to change without prior notice.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	28-2-62	20-2-62
New York spot ...	35.55	35.55
March	33.50	33.27
May	34.00	33.90
July	34.48	34.38

NO INCREASE IN ART SILK YARN IMPORT QUOTAS

(From Our Own Correspondent)

BOMBAY, 28th *February*

Three official pronouncements of importance to the yarn market were made by Mr. Morarji Desai, Union Minister for Finance, in the course of his speech at a reception accorded to him at Surat on Saturday this week by the Central Development Council for Weaving Industry of Surat. One, the import quota for art silk yarn cannot be increased. Two, the policy adopted for importing high-grade cotton and supplying the same to mills at controlled rates cannot be adopted in the case of art silk yarn. Three, it is not possible to encourage the expansion of the art silk weaving industry owing to stringency of foreign exchange. These observations have not had any effect on the market. On the contrary, art silk yarns have tended to move down. The decline is, perhaps, due to reports that it is proposed to replace the present export promotion scheme for art silk fabrics by a new scheme which envisages, among others, restriction of exports only by export houses registered and recognised for the purpose 150 Italy has declined in the past week by Rs. 4 to Rs. 1,764. 120 Japan is dull at Rs. 1,985. 120 Italy, however has gone up on special support by Rs. 29 to Rs. 1,929. Among spot yarns, National Rayons 150 Bt. cones 1st grade has dropped 11 nP to Rs. 11.97. 120 Bt. cones 1st grade is quiet at Rs. 13.68. Amilan yarn (20 x 1) April contract is quoted at Rs. 3,430, as against Rs. 3,405 last week-end. February contract ran out at Rs. 3,350, as against Rs. 3,320. It is reported that ready stocks are short of the commitments in the forward section.

Staple fibre yarns are quiet. Arrivals are large. Sizable quantities are believed to have been sold recently by some mills. 40 x 2 April contract has dropped Rs. 9 to Rs. 735. February went off the board at Rs. 730, same as last week. Spot Kohinoors have declined by 6 nP to Rs. 8.67. Centurys have eased by 2 nP to Rs. 8.45.

Cotton yarns continue to rule dull. Business put through is restricted, with values moving narrowly. The cotton mills in India produced 162 million lbs. of yarn during the month of January, as against 169 million lbs. in December 1961 and 155 million lbs. in January 1961. The total yarn stocks with mills at the end of January 1962 were 68,600 bales (of 400 lbs. each), as against 80,300 bales a month before and 89,300 bales a year before.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	28-2-1962	21-1-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
February	3,350.00	3,320.00
April	3,430.00	3,405.00
120 Japan (per 100 kg.)	1,929.00	1,929.00
150 Japan (per 100 kg.)	1,985.00	1,934.00
120 Italy (per 100 kg.)	1,929.00	1,900.00
150 Italy	1,764.00	1,810.00
Nat. Ray. 150 Bt. 1	—	12.08
Staple fibre yarn (40 x 2)—		
February	730.00	30.00
April	735.00	44.00
Kohinoor (per kg.)	8.67	8.73
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	18.50	18.25
20s Modern	23.00	22.75
40s T. T. Corin	34.00	33.50
60s T'Mangal	52.00	52.00
80s Mahindra	75.00	75.00

OILSEEDS EASY

(From Our Own Correspondent)

BOMBAY, 28th *February*

The oilseeds market ruled distinctly easy during the week under review, as demand for both seeds from local crushers and for oil from shippers were slack. Groundnuts suffered a sharp decline in prices. The decline followed sizable offerings, while *vanaspati* manufacturers and crushers were extremely hesitant to extend support in anticipation of a further fall in prices. The declining trend was aggravated by the persistent weakness of mustard in north Indian markets. Even the imposition of special margins on sellers of mustard seed at New Delhi by the Forward Markets Commission failed to have any significant effect, inasmuch as the recovery in prices of groundnuts was negligible. On Monday, the F.M.C. imposed, as suggested by the Oils and Oilseeds Exchange, a special margin of Rs. 500 per unit on sellers in the mustard seeds May contract whenever the quotation declined below Rs. 30.75 per 40 kgs. It has also put into effect the other suggestion of the Exchange to postpone till further notice outward payments by way of profits accruing to operators on account of favourable fluctuations in prices of mustardseed May contract if the price goes below Rs. 30.75 or rises above Rs. 32.75 per 40 kgs. A revised scheme for claiming release of excise duty on *vanaspati* containing cottonseed oil has been announced by the Government. Accordingly *vanaspati* containing at least seven per cent hydrogenated cottonseed oil will be eligible for a rebate on its cottonseed oil content at the rate of Rs. 60 per tonne. Under the scheme in force at present, the quantum of the incentive for using cottonseed oil to the same extent is Rs. 65 per ton. If a manufacturer uses 10 per cent cottonseed oil under the present scheme, he receives a rebate equal to Rs. 100 per ton of oil.

Meanwhile, the case filed against the local Oilseeds Exchange by certain private parties on the penalty imposed in respect of January 1962 groundnut contract has now entered another stage. Today Mr. Justice Patel at the Maharashtra High Court refused to admit the appeal by Messrs. Mansukhlal Hathising and Co., against the order of Mr. J. R. Vimadalal, Judge, Bombay City Civil Court, rejecting the plaintiffs' notice of motion for an interim injunction to restrain the Bombay Oilseeds and Oil Exchange Limited and its Directors from taking any action against the plaintiffs under the by-laws on the basis that the plaintiffs were in default in not selling their hedge contracts. The plaintiffs' contention was that as the Board of Directors had failed to take into consideration the ready market rate in fixing the rate, the hedge contracts were wagering and that if the plaintiffs had paid any damages or penalty, it would not be recoverable.

Groundnut May 1962 fell by Rs. 4.88 to Rs. 240.62. Nizam bold eased by 62 nP to Rs. 47.50. Oil ex-mill declined by 15 nP to Rs. 19.65.

Castorseeds were subdued, with the prospects for oil exports continuing to remain bleak. March 1962 contract receded by Rs. 3.38 to Rs. 172.37. Madras small fell by 75 nP to Rs. 34.75. Oil commercial lost 65 nP to Rs. 14.35.

Linseed moved down in sympathy with other seeds. The March 1962 contract declined by Rs. 2 to Rs. 37.75. Bold ready retreated from Rs. 42.50 to Rs. 38.75 and linseed oil from Rs. 18.50 to Rs. 17.40.

Among cottonseeds, April 1962 contract closed lower at Rs. 107.75, as against Rs. 108.25 last week-end. July contract shed 50 nP to Rs. 109.75.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 28th February as compared with those of the two previous weeks:

	28-2-1962	21-2-1962	14-2-1962
	Rs.	Rs.	Rs.
Groundnut			
May 1962	240.62	245.50	243.00
Nizam bold	47.50	48.12	48.50
Khandesh quality	48.25	48.50	48.50
Oil ex-mill ready*	20.00	20.10	19.80
Railway receipts*	19.65	19.80	19.60
Oil May 1962	20.50	20.60	20.45
Castorseed			
March 1962	172.37	175.75	176.00
Ready Madras	31.75	35.37	35.50
Ready Kanpur	33.75	34.25	34.25
Oil B.S.S.†	15.15	15.25	15.40
Oil commercial†	14.35	15.00	14.95
Linseed			
March 1962	37.75	39.75	40.37
Bold ready	38.75	42.50	44.00
Oil ready†	17.40	18.50	19.00
Cottonseed			
April 1962	109.75	110.25	109.50
Niger seed	36.00	36.00	36.00
Kardi seed	24.00	24.00	25.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER STEADIER

(Messrs. Parekh and Co.)

BOMBAY, 28th *February*

Malabar black pepper ruled steadier with fluctuations rather narrow during the week. There was general lack of speculative elements in Singapore, New York and India. The present improvement in Malabar was due to reports that New York had bought several parcels at about $0.35.

Garbled improved from Rs. 305 to Rs. 310 and ungarbled from Rs. 296 to Rs. 302. March delivery showed a sympathetic improvement but was rather tardy in the absence of any notable speculative fervour. Calicut is quoted at Rs. 290 to Rs. 300.

Singapore was down during the week by Str. $2½, as import of Lampong was resumed after a lapse of several months.

The future appears to be uncertain, as New York buying is patchy and selective. New York is not likely to buy freely until the position of accumulated Lampong stock in both Singapore and Indonesia becomes more clear. Indonesia will have to come in the market, as she cannot afford to accumulate stocks from season to season. A major portion of the stocks of 1960 and 1961 seasons is still unmarketed.

Spot in New York improved from $0.35½ to $0.36¼. Replacement buying by New York was noticed during the week. Growers in India are resisting lower prices, but, if New York does not improve upon its present hand to mouth buying policy, it remains to be seen how long the growers can withhold.

Ready pepper in Bombay is nominally quoted at Rs. 167 per 50 kilos.

QUALITY TEAS RISE

(From Our Own Correspondent)

CALCUTTA, 27th *February*

Good demand for quality teas greeted yesterday's export sales. Export of tea for participation at the London auctions having practically ended, it was natural that bidders on behalf of the U.K. should show greater attention at the Calcutta auctions, which will continue for about three or four weeks more. Considering that the season's output increased by 34 million lbs. to 396 million lbs. as compared with the previous season, internal sales would take place for a longer period. Since the U.K. stocks of tea are now 80 million lbs. lower than last year, attributed to slow purchases earlier in the season in anticipation of a fall in prices, it follows that bidding in U.K. auctions should also be keen now. At last week's auctions there, keen competition was in evidence for quality teas of all origins, particularly from North India, South India, Ceylon and East Africa.

The tea gardens are faced with the problem of rising costs—taxes account for a good portion of the costs—while earnings have declined. It is true that the export duty was reduced by 9 nP per kg. a year ago. But the reduction made no difference to the industry, inasmuch as the exchequer made good this loss of revenue by changing the rate of excise duty. Against this background, it is relieving to be told by the Chairman of the Tea Board, who spoke at the annual meeting of the Calcutta Tea Merchants held here last week, that the industry's plea for relief would receive consideration. The marked fall in exports to the U.K. despite increased production, trade circles stated, has been due to increased competition by Ceylon and East Africa. They pleaded that, unless the export duty was totally abolished and prices of tea were reduced further, they could not hope for retrieving India's position in the U.K.

Although there was good general demand for dusts on offer aggregating 30,521 packages, which were offered at last week's internal sales, prices realised were easier. C.T.C. teas gave way by 20 nP, but the best varieties in this category were firm. Orthodox teas accounted for a decline of up to 20 nP. Legg-cut teas also recorded a similar trend. Quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.40 to Rs. 7.00; medium Assam C.T.C. dust Rs. 5.45 to Rs. 5.90; legg-cut dust Rs. 4.60 to Rs. 5.10; medium Assam dust Rs. 4.30 to Rs. 4.95; and plain orthodox dust Rs. 3.90 to Rs. 4.50.

Leaf on demand aggregating 735 chests were about firm.

There was good general demand for yesterday's export offerings which amounted to 74,242 chests. Orthodox teas were fully steady. B.O.Ps recording a modest addition to prices. Although irregular fannings were generally dearer, clean plain teas were absorbed at firm rates. Teas having stalk and fibre were easier. Good support was accorded to "teas for price." Whole leaf grades were irregular, although steady. Tippy teas were in good demand. In Darjeelings, the flavoury teas were fully firm. Among C.T.Cs, the better lots having good liquor were firm, but others were irregular. Legg-cut teas fell by 10 to 20 nP. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 6 to Rs. 6.50; best Assam C.T.C. B.P. Rs. 6 to Rs. 6.50; medium Assam C.T.C. fannings Rs. 5.20 to Rs. 5.60; clean plain pekoe Rs. 4.20 to Rs. 4.40; medium Assam C.T.C. B.P. Rs. 5.20 to Rs. 5.60; plain fannings Rs. 3.60 to Rs. 4.10; and plain B.P. Rs. 3.50 to Rs. 3.80.

TEAS IRREGULAR

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 20th *February*

A lesser quantity of 270,000 kgs. was offered in sale No. 8 held today. Quality in general showed little change from last week. A few invoices of mediums were brighter. There was strong but irregular demand. There was strong competition for mediums and good mediums, particularly their brokens which were substantially dearer following quality, sometimes registering advances up to 75 nP per kilo. Plain and low mediums were well supported and were fully firm and those with brighter liquors were sometimes dearer. Highgrowns met irregular support and in a number of cases sold below valuation. A few flavoury invoices however realised enhanced prices. Unorthodox descriptions met with irregular support, the cleaner types selling at dearer rates. Clean black leaf teas continued in demand and were steady and in some cases dearer. Orange pekoes were dearer, whilst flowery pekoes were steady.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low medium	3.85-4.05	4.70-4.85
Mediums	4.10-4.90	4.85-5.15
Good mediums	4.90-6.20	5.20-5.80
Nilgiri B.O.Ps	5.50-11.50	

The average price realised in sale No. 8 was Rs. 5.82 per kilo, as compared with Rs. 5.44 in the corresponding sale last year.

About 271,000 kgs. were offered in dust sale No. 8 held on the 22nd inst. There was good but irregular demand. Plainer varieties, low mediums and mediums were generally easier, but cleaner and black leaf sorts were fully firm and sometimes dearer. Good mediums sold readily, but these declined by 10 to 20 nP. There was good support for highgrowns, but these were also irregular, with quality. Stalky and milled kinds were weaker and often sold at prices below last. C.T.Cs met with irregular demand and were generally easier. C.T.C. types and legg-cut types were well supported and sold at around last rates.

The average price realised in dust sale No. 8 was Rs. 3.96 per kilo, as against Rs. 4.18 a week ago and Rs. 4.94 in the corresponding sale last year.

Colombo: The market met with good demand. Teas from Western districts and Uvas were substantially dearer. Mediums advanced by 5 to 15 cents whilst lowgrowns were dearer by 5 cents. Tippy fannings were well competed for at much dearer rates. At the offgrade sale, offgrades and dusts were in strong demand at dearer rates with the exception of the poorest kinds.

London: *North Indian and other growths*: Monday's sale met with strong demand and prices were dearer throughout the sale. Bright liquoring assams and cachars, particularly their orange fannings, were frequently dearer by 3d. to 6d. Wednesday's sale continued on Monday's trend and prices were fully firm for all descriptions.

Ceylon and South Indians: 27,358 packages were offered in Tuesday's sale of which 9,509 packages were from South India. Ceylons met

with keen competition and were generally dearer, but lowgrown B.O.Ps eased by 1d. There was good demand for South Indians, especially for B.O.P. fanning. Poorer kinds and thin liquoring sorts however met with weak inquiry.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"Sale No. 9: 332,000 kgs. offered. Irregular demand. Low medium, medium and good medium very strong and dearer. Plainest barely steady. Highgrowns very selective demand. Many withdrawals without bid."

JUTE GOODS FIRM UP

(From Our Own Correspondent)

CALCUTTA, *27th February*

Jute goods firmed up during the week under review, following modest business in various constructions on account of both foreign and internal consumption. Further, there were good inquiries for heavy goods and hessian in the near delivery position. This led to short-covering and, despite increased production, the squeeze in ready goods would continue for some time to come. Fibre continued to be quoted at minimum levels, but the feature was that the inferior varieties, particularly mesta and white jute, recovered to be quoted at the minimum levels, and the premium for tossa and middles advanced from 50 nP to Re. 1 to Re. 1.50 a maund. This was reflective of the improved conditions in goods. Although market circles were reluctant to infer too much from the abnormal increase in burlap consumption in the U.S. during January, speculators put this to good use in the expectation that increased buying by that country was imminent in order to build up depleted stocks there. The February consumption figure was keenly awaited before concluding that, in the U.S., a major shift from substitutes and bulk handling methods was evident. The month of January is a good period for burlap consumption in the U.S., but so huge an increase as 15 million yards as compared with January 1961 was a pleasant surprise.

Alarmed at the rapid increase in hessian prices and rightly viewing that such increase would affect U.S. buying, the East India Jute and Hessian Exchange prohibited fresh transactions in standard contract No. 1 pertaining to hessian cloth for February 1962 delivery. Increased consumption in the U.S. accompanied by increased buying by that country was taken as an indication that the U.S. buyers considered existing levels of prices fair and competitive. The squeeze in ready goods is not expected to last longer, in view of the fact that mills have now practically unsealed all looms. Any increase in prices should be resisted, as, otherwise, the trade apprehended that U.S. buyers would do some re-thinking before entering into further commitments. It has been apparent to foreign buyers of both hessian and heavy goods constructions that, with the Government of India's anxiety to see that fibre prices should not be allowed to fall from the minimum levels, there is no chance for a further fall in the prices of goods. The impressive increase in overseas inquiries for hessian and heavy goods that were in the market during the week has been a result of such a realisation. The anxiety of all concerned in not allowing prices of goods to rise springs from a desire that nothing should develop that would lead to a diminution of business. Granting that offtake on foreign account continues to be as satisfactory as at present, it would be necessary for mills to continue in operation the looms that had recently been sealed even beyond the end of March. Fibre stocks with mills are plentiful, and further supplies of good quality jute are restricted. In spite of the increase in the premium and the condition of sellers to part with tossa and middles against acceptances of mesta, mills are finding it difficult to meet their full requirements of the superior varieties. It is thought likely that the Government would release a further quota for import from Pakistan very shortly.

The occurrence of light rains twice during the week has been welcomed by cultivators and the fact that, although expectations of an earlier crop strengthened, the fact that such expectations did not contribute to depressing fibre prices was indicative of the current conditions in the market. This also demonstrates the desire of mills to see that prices should not fall below the minimum levels. Despite heavy stocks of fibre which have entailed mills blocking of considerable funds, mills continue to show interest in offers and actual buying by them during the week corresponding to the weekly quota of 700,000 maunds. The trend of fresh arrivals indicates the unlikelihood of any large increase in daily receipts in this season. Total arrivals in January amounted to 899,000 bales, of which only 36,000 bales were of Pakistan origin. This has brought up total arrivals in this season so far to 3,977,850 bales from India and 274,400 bales from Pakistan, accounting for an increase of 984,600 bales and a decline of 39,650 bales from Pakistan or a total increase of 944,950 bales over the corresponding previous period. Such an increase is in line with the increased crop of this season. It should, at the same time, be noted that, as compared with December 1961, arrivals during January from both Pakistan and India fell by 87,300 bales. This was indicative that the peak of the season had already been touched and the decline had set in even from the month of January. The declining trend of arrivals has been more pronounced in this month than in January. Fibre prices in the Narayanganj market (Pakistan) also firmed up during the week, and all arrivals were absorbed at fractionally rising prices. The firmness was expected to induce cultivators to release more of their holdings. Although the cut in E.P.C. levels was accompanied by increased overseas interests, balers showed greater inclination to enter into commitments.

Squeeze in ready goods induced by short-covering in mostly near delivery hessian pushed ready hessian 40" 10 oz. from Rs. 55.75 to Rs. 56.25 on Tuesday last here. In sympathy, B. twills firmed up from Rs. 126.25 to Rs. 126.75. The announcement of prohibition in February 1962 of contract hessian by the East India Jute and Hessian Exchange Ltd. as from 20th February led to depress prices on Tuesday, despite moderate business in ready goods continuing. Ready B. twills reacted to Rs. 55.25 and B. twills to Rs. 124.75. With ready hessian 40" 10 oz. at Rs. 55 and B. twills at Rs. 123.25 on Thursday, prices eased further, following the realisation that overseas interest would decline if prices hardened. The low levels led to increased short-covering, following the large number of overseas inquiries for both hessian and heavy goods. Also, Government interest in March-April B. twills was considered imminent. These factors pushed up hessian 40" 10 oz. to Rs. 57.25 and B. twills to Rs. 126.50 on Thursday. Over the week-end, there was little actual buying, though short-covering in ready goods continued unabated. Ready B. twills eased to Rs. 125.50 and hessian 40" 10 oz. to Rs. 56.50. Good buying interest was in evidence. There were, besides, good overseas inquiries. Both these factors led B. twills to firm up to Rs. 126.00 yesterday. Hessian 40" 10 oz. was also firm at Rs. 56.35.

In the fibre market, mills showed greater interest in tossa, as a result of which the premium for it gained. Sellers of the same were reserved. The likelihood of release of an import quota from Pakistan very shortly was realised by sellers. However, it was thought that, now that the peak of the season has come and gone off in Pakistan too, there was no likelihood of mills obtaining supplies from that country at current levels. Sellers of indigenous fibre offered tossa and middles in assortment with mesta. March-April quotations were unchanged as follows: northern bottoms Rs. 29.50 a maund; daisee bottoms Rs. 33; and Assam bottoms Rs. 30.

METALS DECLINE

(From Our Own Correspondent)

CALCUTTA, *27th February*

Metals declined earlier during the week under review, but, in response to steady advices from London and Singapore, local quotations, though lower on balance, were firm nevertheless. A feature of the week was the recovery in lead from Rs. 123 per 100 kgs. to Rs. 124. The recovery followed the gain in the London spot quotation from £59 to £60¼ a ton. The rise in London was attributed to heavier demand for cash metal and transactions induced by considered interest. The recovery here was only nominal, as demand was dull. Stocks were plentiful. January imports having been higher at 2,810 long tons, as against 1,350 tons in the previous month. According to London reports, though world demand has risen, the increase in production has outstripped the rise in demand.

In London, tin rose from £948½ to £954 a ton. The rise was maintained subsequently. It was realised that, this year, there would not be any visible change in the overall shortage. World production is estimated at 144,000 tons, as against 136,000 tons in 1961. The response of producers, especially in Malaya, to the increased floor and ceiling prices has been, if anything, hesitant, and as such this year's increase in production would not be more than 8,000 tons. Providing for Soviet exports to this side of the Iron Curtain, this year's total availability is placed at 149,000 tons. As against this, demand is expected to total 164,000 tons; thus shortage to the extent of 15,000 tons is inevitable. However, this shortage would be made good from expected releases from U.S. strategic stockpiles.

It has been known that the U.S. Government is desirous of releasing as much as 50,000 tons from its holdings. The six-month notice to the trade required under the statute governing releases will expire on 5th March. Releases will then depend upon Congressional sanction being accorded. Meanwhile, the U.S. Government has already explained that it is not bound by the price range under the International Tin Agreement, to which it is not a signatory. This means that, if the U.S. so chooses, it can release supplies at below the new price range and thus depress the world price. The U.S. Government's stand in this regard has caused dissatisfaction among Malayan producers. However, considering that the U.S. stockpiles had been built at a time when the price was high, it is to be expected that Washington would give due regard to the new price range. Stocks in London are now about 3,500 tons, as against 10,000 tons a year ago. The fact that the price in London has now firmed up is indicative of the difficult international supply position; it was reported likely that U.S. releases would not be earlier than in June. The stock position in India having shown a comparative improvement as a result of recent arrivals from the Far East, tin in Calcutta eased from Rs. 1,582.50 per 100 kgs. to Rs. 1,574.75.

Copper scrap prices eased after initial firmness. In view of the recent arrivals of virgin metal, scrap met with limited attention, though supplies of the latter were indeed short. Berry scrap eased from Rs. 544.25 per 100 kgs. to Rs. 541.50, but utensil scrap gained from Rs. 495.75 per 100 kgs. to Rs. 501. The State Trading Corporation was reported to be arranging import of 3,000 tons of electrolytic copper wire bars. There was also the news earlier that the Heavy Electricals Plant at Bhopal was requiring 500 tons of brass rods. It is expected that the S.T.C. would be inviting world tenders for the same. In London, copper was fully firm at £235¼ per ton, as against £234 earlier in the week. The rise was due to reports of possible strike in a big Northern Rhodesian mine.

In London, the price of zinc hardened from £69¾ a ton to £70⅜ following good Continental buying. On the other hand, the price here was as low as Rs. 200.75 per 100 kgs., as against Rs. 216 earlier in the week and Rs. 228.25 in the previous week. Demand was at a low ebb, but the stock position increased considerably.

LINSEED SUPPLIES SCARCE

(Messrs. A. Bradley and Co.)

CALCUTTA, *26th February*

Owing to continued scarcity of linseed supplies from upcountry, the undertone of the market was steady throughout the week. Very small business was reported, and mills were keen buyers daily for ready seeds, as their stocks had been exhausted.

The oil market was firm in the latter part of last week, due to small stocks in the hands of millers.

The oilcake market was quiet. Offtake during the week was small, in spite of lower prices quoted by sellers. Ready/March was quoted at Rs. 31 per maund.

FOODGRAINS EASY

(From Our Own Correspondent)

HAPUR, *26th February*

Foodgrains were easy during the week, following excellent *rabi* crop prospects. More rains on Saturday night have proved beneficial to the standing crop which were already progressing under healthy conditions, thanks to timely winter rains in mid-January. Wheat eased by over Re. 1 per maund to be quoted on Friday at Rs. 16 to Rs. 16.37 for average quality and upto Rs. 18 for best farm variety. Daily arrivals of wheat in the open market were poor, but, as most of local demand was being through fair-price shops, demand too, was slack and stockists were anxious sellers. Local stock of wheat with trade was about 4,000 maunds only.

Rice was steadier, thanks to better demand. Mainpuri quality was still reaching the market and week-end prices were: rice *mainpurisela* Rs. 20; *gadda kutcha* Rs. 19; *ramajwayansela* Rs. 23; *raimunia* Rs. 24; *basmatisela* Rs. 26 to Rs. 30 and to Rs. 34 a maund.

Gram also ran down markedly to Rs. 14.50 to Rs. 15 a maund for best Punjab variety. Punjab advices registered an easy trend and local stock was now normal and beyond 2,000 maunds, with very good crop prospects, thanks to good winter rains. Barley was quoted fractionally lower at Rs. 12.50 and *bejhar* at Rs. 12.50 to Rs. 12.75 a maund according to quality. Standing crop conditions were excellent and bumper crop expected. Maize continued to attract good consumer demand at unchanged prices of Rs. 12 to Rs. 13 per maund and, as maize was still reaching here from Rampur side, local stock was stationary around 12,000 maunds. *Bajra* was loss-Rs. 14.25 and other coarse grains were listless at: *methi* Rs. 26.75; *juwar* Rs. 13.25 to Rs. 14.50; *guwar* Rs. 14; oats Rs. 11.50.

Among pulses, peas and *arhar* drifted lower, as the stockists were anxious sellers and loading facilities were not available. *Dal* also sought lower levels in sympathy. Late peas crop prospects were fair, while *arhar* crop this side is very poor, having suffered badly due to frost early in January. New *urd* and *moong* continued to attract good consumer demand in the face of poor arrivals. Week-end prices (in rupees per maund) were: peas *dara* 12.25; farm 13; peas *dal* 13.75; to 24; *urd dal* 25 to 28; *moong* 18 to 20; *moong dal* 21 to 23; *massor* 15 to 17; *massor dal* 20; *moth* 16; *moth dal* 19.

SUGAR QUIETLY STEADY

(From Our Own Correspondent)

HAPUR, *26th February*

Sugar ruled quietly steady, thanks to better buying support. While superior bold crystal was much in demand from Gujarat, Madhya Pradesh, Delhi and Saurashtra, inferior was attracting support from Rajasthan and Delhi. After the release of 185,000 metric tons of monthly quota for sale, brisk trading was witnessed. Bold crystal was commanding a premia varying from 8 nP to Re. 1.12 per maund. Production was being continued with vigour in factories on this side and week-end prices here were: wholesale Rs. 106.50 per bag; retail 97 nP to Re. 1 per *seer*; mill delivery per maund E29 Simbhauli Rs. 37.75; D29 Amroha Rs. 36.37; seohara Rs. 36.31; Dhampur C29 Rs. 36.

Sugar was steadier in the Muzaffarnagar market. Buying support was quite good and a quintal, as C29 Deoband was quoted at Rs. 106.50 and D29 Rs. 105.50. Modinager packing of 2 maunds 30 *seers* was being lifted at Rs. 105.50 for D29 quality. Damaged Bijnore D29 quoted lower at Rs. 90 per bag. Mill delivery prices for superior stuff were fully steady.

After modest gains, *khandsari* reacted towards the close of the week, due to slack demand. Wet quality was quoted at Rs. 25 to Rs. 29.50, while dry stuff lifted at Rs. 30 to Rs. 33 a maund. New stocks at Muzaffarnagar were put at 15,000 maunds.

Gur was depressed towards the week-end, as railway loading facilities were not available. Daily arrivals did not improve beyond an average of 3,000 maunds daily, a part of which was being lifted by road and the rest went to stocks, with the result that local stock rose to 20,000 maunds. *Shakkar*, too, drifted lower in the absence of buying support. The week-end prices here were: *pansera* best Rs. 14.12; *dara* Rs. 13.75; *balti* Rs. 14; *shakker* Rs. 16.50 a maund.

Sowings of cane have begun on a large scale and increased acreage is again predicted.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 23rd Feb., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	52,69,70,000
(2) Other Governments	11,20,17,000
(b) Banks	81,00,50,000
(c) Others	147,97,35,000
Bills Payable	32,49,80,000
Other Liabilities	53,40,80,000
Rupees	519,93,32,000

ASSETS	Rs.
Notes	25,81,97,000
Rupee Coin	1,16,000
Subsidiary Coin	3,22,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	29,49,73,000
Balances held abroad*	11,96,25,000
Loans and Advances to Governments†	66,65,49,000
Other Loans and Advances	160,74,83,000
Investments	193,93,00,000
Other Assets	31,27,67,000
Rupees	519,93,32,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 21,27,69,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	25,81,97,000	
Notes in circulation	2027,41,61,000	
Total Notes issued		2053,23,58,000
Total Liabilities		2053,23,58,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	123,86,07,000	
Total of A		241,62,10,000
B. Rupee Coin		119,41,57,000
Government of India Rupee Securities		1692,19,91,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2053,23,58,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	16-2-62	9-2-62	17-2-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	47,15	48,50	42,89
(ii) From others	741,15	726,35	695,68
(b) Borrowings from banks	20,25	18,93	18,35
(c) Others	54,09	52,75	49,30
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	15,65	17,00	14,81
(ii) From others	1,124,68	1,120,15	1,041,49
(b) Borrowings from banks	13,86	13,26	10,42
(c) Others	23,83	24,55	21,46
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,565,83	1,546,49	1,737,12
4. Aggregate liabilities [1 (a) (ii)+1 (c)+2 (a) (ii)+2 (c)]	1,943,80	1,923,79	1,807,88
5. Borrowings from Reserve Bank	32,60	38,97	54,27
(a) Against usance bills and/or promissory notes	22,17	25,76	26,90
(b) Others	10,43	13,21	27,37
6. Borrowings from State Bank and/or a notified Bank	13,00	12,03	14,50
7. Cash	47,98	46,65	46,22
8. Balances with Reserve Bank	73,86	72,93	68,12
9. Cash and balances with Reserve Bank	121,84	119,64	114,35
10. 9 as per cent of 4	6,27	6,22	6,32
11. Balance with other banks in current account	16,32	16,10	14,05
12. Money at call and short notice	38,32	36,26	26,39
13. Investments in Government securities	581,80	588,33	584,73
14. Advances—	29,93	30,58	32,35
(a) Loans, cash credits and overdrafts	1,145,11	1,144,73	1,061,98
(b) Due from banks	8,55	8,42	12,87
15. Inland bills purchased and discounted	161,11	157,33	138,59
16. Foreign bills purchased and discounted	46,10	46,31	47,62
17. Total Bank Credit [15 (a)+16+17]	1,352,41	1,348,86	1,248,19
18. 18 as per cent of 4	60,56	70,09	60,04

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	18th Jan., 1962	4.50	4.25
Bolivia	30th Sept., 1956	5	6
Burma	Feb., 1948	....	3
Canada †	13th Aug., 1960	3.32	3.26
Chile	Feb., 1957	2.50	4
Denmark	25th Jan., 1960	4.50	6
Equador	9th May, 1948	5	5.50
Egypt	15th Nov., 1952	7	10
El Salvador	Jan., 1960	3.50	3
Finland	Mar., 1959	4	5.50
France	6th Oct., 1960	6.50	6
Greece	May, 1956	4	3.50
India	16th May, 1957	3	10
Indonesia	1st April, 1946	3.50	4
Ireland	2nd Nov., 1960	4	3.50
Italy	7th June, 1958	3.50	5.31
Japan	29th Sept., 1961	4	3.50
Malaya	28th July, 1961	6.00	7.50
Mexico	4th June, 1942	6	7
Netherlands	16th Nov., 1959	4	4.50
New Zealand	24th Mar., 1961	2.75	3.50
Norway	14th Feb., 1957	6	7
Pakistan	14th Jan., 1959	3.50	4.50
Peru	Nov., 1959	3	4
Philippines	Nov., 1959	6.00	9.50
Portugal	Nov., 1960	5.75	5.00
South Africa	12th Jan., 1944	3	4
Spain	7th Dec., 1961	5	4.50
Sweden	11th April, 1950	6.25	5.75
Switzerland	15th Jan., 1960	4.50	4
Thailand	26th Feb., 1959	2.50	3
Turkey	Feb., 1948	....	7
United Kingdom	6th June, 1958	4.50	6
U.S.S.R.	2nd Nov., 1961	6.50	6
U.S.A.	1st July, 1956	3	4
West Germany	2nd Dec., 1961	3	4
	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 23rd Feb., 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		556,87,60,000
Borrowings from Other Banking Companies, Agents, etc.		3,19,50,000
Bills Payable		8,86,09,000
Bills for Collection being Bills receivable as per contra		2,35,62,000
Acceptances, Endorsements and Other Obligations per contra		1,05,15,000
Other Liabilities (including Inter-Office Adjustments)		2,16,24,000
Total	Rs.	588,32,70,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,37,65,000
Balances with other Banks		2,96,17,000
Money at Call and Short Notice		1,06,67,000
INVESTMENTS—		
Government and other Trustee Securities	235,20,96,000	
Other Authorised Investments	9,22,94,000	244,43,90,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	262,96,28,000	
Bills Discounted and Purchased	17,93,63,000	280,89,91,000
Bills Receivable being Bills for Collection as per contra		2,35,62,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,05,15,000
Premises less Depreciation		1,89,97,000
Furniture and Fixtures less Depreciation		1,46,29,000
Other Assets (including Inter-Office Adjustments)		27,81,37,000
Total	Rs.	588,32,70,000

FOREIGN TRADE OF INDIA *(Country-wise)*

(Value in crores of rupees)‡

	Whole of		First 7 months	
	1960-61	1959-60	1961-62	1960-61
EXPORTS				
Australia	22.28	18.50	9.31	13.62
Burma	6.52	12.34	3.50	3.75
Canada	17.63	15.29	9.35	9.49
Ceylon	18.39	22.18	10.80	10.48
China	5.28	7.70	0.07	4.96
Egypt	13.41	10.31	6.60	6.87
France	7.62	8.08	4.73	3.75
West Germany	18.96	20.66	13.12	9.98
Italy	9.17	5.95	5.05	4.80
Japan	34.84	34.87	24.62	18.77
Kuwait	3.33	3.61	1.95	1.56
Federation of Malaya	5.66	4.82	4.14	2.52
New Zealand	7.41	5.30	5.15	4.83
Netherlands	8.45	8.88	4.84	3.56
Nigeria	5.76	3.94	5.30	3.07
Pakistan—East	5.16	3.82	4.31	2.66
Pakistan—West	4.35	3.40	1.65	2.56
Singapore	7.12	6.84	5.22	3.75
Sudan	9.53	15.33	5.04	4.12
United Kingdom	170.82	171.68	91.51	91.16
U.S.A.	100.23	95.77	70.44	56.18
*Exports to all countries	632.89	629.61	383.02	344.39
IMPORTS				
Australia	17.51	19.54	8.91	12.42
Burma	12.79	20.48	4.51	11.60
Canada	15.70	27.76	10.03	9.45
Ceylon	4.13	5.80	2.52	2.62
China	2.57	4.81	1.01	1.76
Egypt	16.42	18.75	8.13	12.98
France	19.90	21.30	9.61	13.66
West Germany	124.10	116.49	68.55	74.53
Italy	25.54	22.99	14.91	15.48
Japan	59.39	38.50	39.80	34.44
Kuwait	0.07	3.13	0.23	0.03
Federation of Malaya	18.51	10.83	7.42	8.53
New Zealand	1.50	1.12	0.87	0.99
Netherlands	10.49	15.73	7.14	6.82
Nigeria	0.50	0.26	0.63	0.43
Pakistan—East	12.12	7.53	4.98	6.66
Pakistan—West	1.89	1.07	0.89	1.59
Singapore	10.42	10.45	5.62	7.13
Sudan	9.40	10.31	6.46	7.96
United Kingdom	211.61	194.80	111.11	125.74
U.S.A.	290.50	208.97	114.80	188.70
Imports from all countries	1,070.16	960.77	558.60	665.50

* Excluding re-exports.

State Bank of Pakistan

Statement of Affairs for the week ended 16th Feb., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits:—	
(a) Central Government	12,26,86,000
(b) Provincial Governments	50,44,000
(c) Banks	10,00,77,000
(d) Others	120,92,00,000
Bills Payable	13,54,000
Other Liabilities	14,83,71,000
Rupees	177,32,32,000

ASSETS	Rs.
Notes	12,82,63,000
Rupee Coin	18,000
Subsidiary Coin	40,000
Bills Purchased and Discounted:—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	27,36,59,000
Loans and Advances to Governments	5,67,00,000
Provincial Governments' Debtor Balances	22,12,000
Other Loans and Advances	69,89,33,000
Investments	50,14,07,000
Other Assets	11,19,95,000
Rupees	177,32,32,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,82,63,000	
Notes in circulation	382,94,14,000	
Total Notes issued		395,76,77,000
Total Liabilities	....	395,76,77,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	132,96,23,000
B. Rupee Coin	2,56,43,000	
Government of Pakistan Securities	254,34,05,000	
Internal bills of exchange and other commercial paper	....	256,90,48,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	395,76,77,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued: 35.01 per cent.

EXCHANGE RATES

		28th February 1962	21st February 1962
Bombay on London—			
Sellers T.T. D.D. Spot.	s.	1-5⅛	1-5⅛
Sellers T.T. D.D. upto six months	s.	1-5⅛	1-5⅛
Buyers T.T. spot to nine months	s.	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months	s.	1-6⅛	1-6⅛
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.50	475.50
Buyers T.T.	Rs.	472.25	472.00
London on New York	s.	2.8147- 2.8149	2.8154-2.8157
London on Paris	Frs.	13.7900-13.7920	13.7950-13.7970
London on Berne	Sw. Frs.	12.1950-12.1965	12.1890-12.1910
New York on London	s.	281.510-281.540	281.510-281.540

CLEARING HOUSE RETURNS

Centre	Week ended 23rd Feb., 1962		Week ended 16th Feb., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,04,894	102,69,38,000	4,30,527	94,81,96,000
Calcutta	2,21,000	96,10,00,000	2,32,000	89,25,00,000
Madras	1,08,433	14,82,19,613	1,07,545	14,40,37,044
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,88,05,00,000
1960-61	..	..	54,472,000	125,13,15,00,000
Dec., 1960	..	..	4,567,000	1,123,77,00,000
Oct., 1961	..	..	4,770,000	1,047,09,00,000
Nov., ,,	..	..	4,986,000	1,095,59,00,000
Dec., ,,	..	..	4,940,000	1,173,93,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	10th Feb., 1962	3rd Feb., 1962	11th Feb., 1961	December 1961	December 1960	Percentage of Increase (+) or Decrease (—) in Dec., 1961 as compared with Dec., 1960	Annual Average 1961	Annual Average 1960
Food Articles	564	120.6	120.2	116.5	117.8	117.0	+ 0.7	119.5	120.2 R
Cereals	198	108.7	108.6	99.4	100.8	100.4	+ 0.4	101.6	105.3
Pulses	48	99.0	97.7	99.2	98.6	98.6	— 0.1	91.2	92.6
Fruits and Vegetables	23	127.1	124.7	103.7	107.7	104.4	+31.9	131.2	121.1 R
Milk and Ghee	84	118.8	118.7 R	111.4	115.4	111.1	+ 3.9	115.1	115.5
Edible Oils	47	156.7	155.0	160.6	158.1	154.0	— 0.6	158.2	148.8
Fish, Eggs and Meat	17	140.0	141.6	120.7	138.0	125.0	+10.4	131.0	121.1
Sugar and *Gur*	48	114.0	113.0	130.6	114.4	126.6	— 9.6	120.7	128.6
Others	80	109.5	109.9	170.7	161.9	170.0	— 4.8	172.0	166.4 R
Liquor and Tobacco	21	89.1	89.8	111.8	98.3	112.1	—12.9	103.8	104.8
Tobacco	..	95.5	95.0	110.3	91.4	110.8	—17.5	100.6	104.6
Fuel, Power, Light and Lubricants	38	132.6	132.6	121.7	121.6	119.9	+ 1.3	121.8	118.2 R
Industrial Raw Materials	135	138.5	138.5	139.2 R	139.6	148.5	— 3.8	147.7	139.8
Fibres	61	126.5	126.3	132.7	125.2	157.0	—20.5	150.0	139.8
Oilseeds	60	157.2	156.6 R	157.4	153.5	158.5	— 3.0	157.8	144.9
Minerals	2	94.8*	94.8	98.2	94.8	97.7	— 1.4	96.1	97.5
Others	32	129.0	129.1	129.3	129.4	131.3	....	127.9	129.0
Manufacture	290	128.1	128.0 R	129.7	128.4	128.0	+ 0.3	127.9	129.2
Intermediate Products	41	138.1	137.9	133.8	132.4	132.3	+ 4.8	132.4	127.1
Finished Products	249	124.0	124.1 R	125.1	124.6	125.0	— 0.8	125.2	119.2
Textiles	147	123.5	123.8 R	125.4	124.5	129.3	— 3.7	127.7	121.2
Cotton	..	123.2*	123.2*	126.2*	123.0	129.3	— 1.0	127.5	127.5
Jute	..	111.7	112.6	111.7	112.9	....	—17.5	123.9	115.2
Woollen	..	125.4*	125.4* R	123.1	123.1	123.1	+ 1.8	119.0	107.6
Silk and Rayon	..	129.0*	129.0*	129.5*	130.4	101.8	+18.8	116.4	126.6
Metal Products	12	152.0	151.6 R	151.2	147.1	146.8	+ 0.2	147.1	147.9
Chemicals	20	112.2	113.1 R	111.3	111.2	104.8	+ 7.1	108.7	104.7
Oil Cakes	10	154.7	153.9	149.7	152.0	108.8	+39.7	154.7	154.7
Machinery and Transport Equipment	31	118.9	118.9 R	118.8	118.8	114.2	+ 4.0	116.3	140.2
Others	80	131.5	131.5 R	116.6	122.8	116.4	+ 6.6	130.2	115.0
All Commodities	1,199

GEARING TEXTILE INDUSTRY FOR EXPORTS

C.I.M.M.CO.'S CONTRIBUTION

(*Contributed*)

THE Planning Commission envisaged originally a high (comparatively speaking) *per capita* consumption of cloth with the rise in the country's living standard. Although this could not be achieved, a consumption of about 14 yards is likely to have been reached during the second Plan period and has to rise a great deal during the third. Apart from consumption in the country, a more important aspect has been earning of foreign exchange by exports. The textile industry, being a very major industry in the country, should naturally take a leading role in this effort by expanding its capacity to produce not only a larger amount of cloth but also superior textiles to be able to compete in the world market.

One method for expanding capacity could be the multiplication of plant and machinery in proportion to the rise in the desired outturn. This would mean simply increasing the number of units of each type of machines, which, however, is not conducive to improving the quality of the product or incorporating any new ideas into the product designs, so important for getting the clientele in the world market. A practical approach is to switch over to modern plant and produce quality cloth. This requires a great deal of adaptation of the working methods, including a heavy capital outlay and, what is more difficult, changing the attitude of the human material and training them to suit the advanced equipment.

The policies adopted during the last decade, as far as textiles are concerned, have been to avoid automation, because in certain sectors, there was a false feeling that it may result in reduction of employment. It has, however, now been recognised that automation does not result in decrease of employment but increases the type and quality of skills involved.

In order, therefore, to adopt a workable scheme, it is best to start a cycle of improvements with modern equipment that is consistent with possibilities of improving skills and offer the best products for earning the essential foreign exchange. Internally, we have to satisfy our needs with what is left for local consumption. Taking the point of textile machinery like looms, winding machines, etc., a recent development has been adoption of automatic looms as manufactured by reputed firms in Switzerland, Japan, etc., by a number of manufacturers.

The mills in India could not put up a large number of automatic looms for reasons stated above, but, from such figures as are available, it is seen that so far, a large proportion of looms of the Japanese style has been used and installed and, what is more, successfully worked by available skills, even though there has been dearth of skilled personnel, particularly for maintenance of automatic motions.

In view of this trend, the Central India Machinery Manufacturing Company Ltd., which has been manufacturing looms since 1943 and has also produced automatic looms more or less of the Japanese style, has now entered into technical collaboration to produce the Sakamoto type automatic looms under the trade name of "Cimmco-Sakamoto."

In order to employ successfully the Japanese methods of manufacture to achieve quality, a number of machine tools has been installed and quite a few have been designed and locally erected. Japanese experts have been in the country for over a year to help laying out manufacturing details, specifications and methods, in order to ensure that the product turned out conformed to established standards. Since the Sakamoto type looms are alreay well known, and in fact, represent the largest percentage of automatic looms already in use in the country, little difficulty should be experienced by Indian labour and staff employed by the mills in operating them. These looms are not only sturdy but, in fact, exceedingly rigid and, therefore, capable of standing a certain amount of not too good maintenance attention. The looms are capable of taking all the auxiliary motions ordinarily required by the mills. Included therein are negative or positive let-off, feeler or side weft fork, fast or loose reed mechanisms. The underpick arrangement is extremely efficient and smooth working. The mechanism is suitable for attaining any number of picks desired depending upon the texture. For certain type of texture upto 300 picks have been achieved. The mechanical warp stop motion is foolproof, easily maintained and, coupled with a very efficient brake system, assures minimum over-running. The cop changing arrangement, which is battery loaded, efficiently replaces an empty bobbin without interruption or attention of the weaver.

Looms with negative let off motion are already in production and the firm recently displayed at the Indian Industries Fair a 44" and a 60" loom under actual working conditions, producing a fine shirting design and a heavy texture, respectively, entirely satisfactorily.

The C.I.M.M.CO. has also been working on adopting the high speed winding and warping machines in collaboration with a German firm of Messrs. Franz Mullers and hopes to put the machines in the market very shortly.

Although more automatic and higher precision mechanisms are available, the Company has deliberately chosen to work on not so complicated machines at this stage, and it is expected that the production of quality fabrics will find a great impetus with the type of products now taken on hand.

Manufacture of well-known brands in India, apart from the advantage of being already known to the using staff, has the great advantage of service after sales so vital to the needs of the mills. Encouragement to mills which desire to have their men trained on the work and equipment is always given and if advantage of this is taken by the mills concerned, a number of their maintenance problems would certainly become smoother.

STIMULATING OFFTAKE OF TEA

(*Concluded from page 373*)

pose heavy taxation, largely as sales tax but in addition transit taxes have been levied in Assam and West Bengal. Thus, we have a complicated picture of taxes collected at many points, involving a great deal of trouble and inviting a great deal of evasion.

Worse—this complicated pattern of taxation warps and diverts the normal flow of trade. The garden excise is often referred to as a tax on loose tea. This is quite inaccurate. It is a tax on all tea, whether exported or consumed in India. Consider, however, this:

If the tea is exported, a further tax of 44 nP per kg. is payable.

If the tea is packed and consumed in India, a further tax of 40 nP per kg. is payable.

If the tea is sold loose in India no further Central tax is payable.

I am sure that the Central Government do not wish to put the exporter at a disadvantage as compared with more than half of the internal trade, but this, in effect, is what is being done.

I am equally sure that the West Bengal Government has no wish to reduce Calcutta's importance as an international tea centre, but this is steadily taking place. As a result of the West Bengal entry tax and sales tax, tea now moves directly from the gardens to many points in Northern and Western India—may be forty million pounds a year.

The Central Government have repeatedly stated that they have no intention of stopping the development of package tea, which, besides being modern and hygienic, is an industry which creates many jobs, but the effect of the present tea excise can be seen in the very slow growth of the packet tea industry compared with other industries. I feel that taxation on tea must be brought in line with present-day conditions. If the total heavy burden cannot be lightened for the moment, at any rate it must be fairly spread so as to fall equally on all.

The present complicated tax picture could be greatly simplified, thereby reducing the cost of collection, and raising revenue by checking evasion. This equality in burden and simplicity of operation would immediately stimulate exports and go a long way to restore Calcutta's threatened position as a tea centre. In our view, the key to this admittedly complex problem lies in organising the movement of tea in bond from the gardens to warehouses specially registered for this purpose near or in the big selling centres such as Calcutta, Cochin, Amritsar and so on.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 1st March 1952:

	Closing quotations 21-2-1962	High	Low	Closing quotations 1-3-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	211.25	222.50	212.00	216.25
Apollo (2)	2.40	2.40	2.22	2.26
Baroda Rayon (100)	153.50	153.00	150.50	151.00
Bombay Dyeing (25)	70.50	71.00	70.20	70.70
Bradbury (50)	195.00	197.50	190.00	192.50
Central India (100)	149.50	148.00	144.00	145.50
Century Mills (100)	616.00	630.00	614.50	620.50
Dawn (50)	164.00	165.00	—	154.00
Edward Textile (200)	452.50	—	160.00	161.50
Elphinstone (50)	132.00	132.00	129.00	452.50
Finlay (100)	390.00	391.00	372.50	133.00
Gokak (100)	228.00	228.00	219.00	380.00
Gold Mohur (100)	295.00	—	—	220.50
Gwalior Rayon (10)	55.00	55.00	53.50	300.00
Ind. Untd. Ded. (1)	3.42	3.56	3.28	54.00
Ind. Untd. Ord. (10)	21.28	21.28	20.96	3.48
Indian Rayon (87.50)	98.00	98.50	96.50	21.12
Indore Malwa (100)	179.00	178.00	177.00	97.00
Khatau (100)	480.00	480.00	478.75	187.00
Kohinoor (100)	317.00	320.00	314.50	475.00
Mafatlal (100)	1,120.00	1,120.00	1,075.00	317.00
Minerva Mills (100)	86.00	86.00	80.00	1,075.00
Model Nagpur (250)	167.50	151.25	150.00	80.00
Morarji (100)	415.00	418.00	410.00	151.25
Myrcon (50)	69.00	68.50	66.50	415.00
National Rayons (100)	545.00	546.00	538.50	66.50
New City (100)	185.00	185.50	184.00	543.50
New Great (100)	286.00	290.50	282.00	184.00
Phoenix (100)	274.00	276.00	264.00	290.50
Podar Mills (100)	158.00	158.00	156.00	265.00
Raymond Woollen (100)	141.50	141.50	140.50	158.00
Sassoon Silk (10)	13.00	—	—	141.00
Sassoon Spg. (10)	74.00	74.50	71.50	13.00
Shrinivas (100)	312.00	318.00	309.00	71.50
Simplex (50)	174.00	175.00	170.50	316.00
Standard (100)	1,135.00	1,137.00	1,110.00	175.00
Swadeshi (100)	301.00	303.25	297.50	1,125.00
S. I. Viscose (100)	450.00	450.00	432.50	300.00
Tata Mills (25)	192.00	192.00	188.00	435.00
Vishnu (100)	81.70	82.00	78.00	188.00
Western India (250)	160.00	161.25	160.00	79.00
	802.50	—	—	161.25
BANKS				802.50
Bank of India (50)	150.50	158.00	150.00	152.00
Do. (New) (50)	158.50	154.00	158.50	154.00
Bank of Baroda (50)	120.00	122.00	120.00	122.00
Central (25)	69.80	72.00	69.80	72.00
Dena Bank (50)	70.50	73.50	70.50	73.00
Punjab National (10)	22.12	25.25	22.50	73.50
Union Bank (5)	8.25	8.88	8.25	23.00
United Com. (50)	104.50	105.00	104.00	9.56
Maharashtra (50)	79.00	—	—	104.00
ELECTRIC COS.				79.00
Ahmedabad (100)	96.80	96.70	95.80	95.80
Amalgamated (10)	10.32	—	—	10.32
Andhra Valley (1,000)	1,027.50	1,030.00	1,025.00	1,027.50
Bom. Sub. El. (100)	103.00	103.75	102.75	103.00
Surat (100)	97.50	97.50	96.50	96.50
Tata Hydro (100)	112.00	113.00	112.00	112.50
Tata Power (1,000)	1,145.00	1,160.00	1,137.50	1,142.50
INSURANCE COS.				
British India (10)	12.00	11.92	11.76	11.76
Indian Mercantile (90)	54.00	—	—	54.00
New India (15)	59.50	59.80	59.20	59.30
New India 'A' (15)	60.70	61.00	60.50	61.00
Vulcan (10)	16.52	—	—	16.52
STEEL COS.				
Ind. Iron (10)	25.40	25.40	24.92	25.10
Mukand Iron (10)	28.00	28.20	27.50	27.50
Tata Steel Ord. (75)	141.25	141.50	139.75	140.50
SUGAR COS.				
Belapur (50)	265.00xd	236.00	232.00	232.00
Bhopal (10)	23.76	—	—	23.76
Chalisgaon (13.50)	23.76	23.00	22.76	23.00
Maharashtra (50)	165.00	166.50	165.00	165.50
Phaltan (50)	114.50	115.50	114.00	114.00
Walchand Ind. (100)	153.50	153.50	152.00	152.00
CEMENT COS.				
Associated Cm. (100)	152.75	153.00	151.75	153.00
Digvijay (100)	204.00	207.00	201.00	204.00
Orissa (10)	19.52	19.92	19.24	19.92
MISCELLANEOUS				
Alcock Ashdown (100)	368.00	368.50	344.00	349.00
Amar Dye-Chem (100)	870.00	870.00	855.00	855.00
Bom. Burmah (125)	650.50	656.50	638.00	645.00
Do. (New) (50)	272.50	290.00	271.25	287.50
Br. B. Petrol (1 sh.)	1.26	1.28	1.24	1.34
Br. L. Corpo. (6)	12.84	13.24	11.52	11.52
Cooper Eng. (100)	188.00	187.50	184.00	187.50
Colour Chem. (100)	508.50	505.00	487.50	490.00
Hind Cycle (100)	114.00	114.00	113.00	113.00
Hindustan Lever (10)	68.00	68.80	67.70	68.00
I. C. & Invest. Corporation (100)	20.72	21.04	20.48	21.00
Indian Tyresind (100)	86.50	—	—	86.50
Indian Copper (2 sh.)	561.25	566.25	541.25	551.25
Ind. Tar. Pr. (100)	5.13	5.20	5.00	5.04
Kilburn (50)	74.50	77.00	74.50	77.00
Larsen & Toubro (10)	95.00	95.50	94.50	94.50
Mahindra & Mahindra (10)	43.25	43.25	42.50	42.50
New Central Jute (10)	21.88	23.00	20.00	22.24
Polychem (50)	17.00	—	—	17.00
Polson (100)	235.00	235.00	227.50	227.50
Pra. Automobile (100)	187.50	—	—	187.50
Premier Con. (50)	140.75	140.25	135.00	136.00
Scindia (50)	196.50	193.50	190.00	193.50
G. I. Shipping (10)	19.00	19.84	19.44	19.45
Shivalyar (10)	13.64	13.84	13.56	13.56
Sirpur Paper (10)	43.50	43.00	43.00	43.00
Synthetics and Chems. (100)	16.24	16.36	16.00	16.20
Tata Chemicals (10)	221.00	224.00	217.00	218.00
Tata Locomotive (100)	18.72	18.72	18.48	18.60
Tata Oil (25)	361.00	362.00	356.50	359.50
Texmaco (10)	84.50	87.00	84.50	85.50
Voltas (100)	21.00	20.56	20.48	20.56
W. I. Match (100)	304.00	304.00	296.00	297.00
W. Coast Paper (100)	318.00	318.00	311.00	312.00
	175.50	176.00	170.00	170.00

GOVERNMENT SECURITIES	21-2-1962	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	1-3-1962
	Rs.			Rs.
2½% 1966				
2½% 1975	99.20	—	3.58	99.20
2½ 1964-66	88.50	—	3.83	88.50
3 1965-66	89.05	—	3.97	88.95
3 1966-68	88.65	3.79	3.89	88.65
3 1970-72	88.15	4.05	3.98	88.20
3½% 1972 Con. Loan	92.50	4.45	3.90	92.50
3½% 1964 N. E. Bonds	99.25	—	4.32*	99.00
3½ 1965	98.25	—	3.56	98.25
3½ 1966	98.25	—	3.60	98.25
3½ 1966 N.E. Bonds	98.25	—	3.69	98.00
3½ 1967	98.00	—	3.73	98.00
3½ 1967 N.E. Bonds	98.00	—	3.80	98.00
3½ 1968 Loan	98.00	—	3.73	98.00
3½ 1968	98.00	—	3.75	98.00
3½ 1968 N.E. Bonds	98.00	—	3.76	98.00
3½ 1968 N.E. Bonds	98.00	—	3.78	98.00
3½ 1969	98.00	—	3.79	98.00
3½ 1969 Loan	98.00	—	3.79	98.00
3½ 1970	100.00	—	3.50	100.00
3½ 1970 Loan	98.00	—	3.80	98.00
3½ 1970 Bonds	98.00	—	3.80	98.00
3½ 1971 Loan	98.00	—	3.80	98.00
3½ 1971	98.00	—	3.80	98.00
3½ 1972	98.00	—	3.80	98.00

* Current Yield

COMMERCE

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

VOL. CIV. No. 2656 BOMBAY, 10th MARCH 1962 PRICE Rs. 2

SOME ASPECTS OF TEA INDUSTRY

THE tea industry's state of affairs was clearly and convincingly presented by Mr. I. F. Morriss, Chairman of the Indian Tea Association, the oldest and the most representative body of tea producers in North-East India, in his speech at its eighty-first annual general meeting held at Calcutta on the 9th inst. A refreshing feature of his treatment was that it was not a mere tale of the well-known problems of this ace foreign exchange earner of India such as heavy incidence of taxation, fear of a large surplus of tea in the coming years and the need for ensuring an expanding export market. To these he did refer, albeit in a more sober tone than some of his confreres in recent weeks; but he devoted a good part of his 34-page speech to other matters, especially labour. And much of it was appreciative of the workers' lot. He readily conceded that "the efficient worker must be made to feel contented and secure in his job." It is gratifying to hear from Mr. Morriss that the past year was a relatively peaceful one for the tea industry. It was "commendably free from industrial disputes." In the 800 separate units belonging to the membership of the I.T.A. producing more than half of India's tea, there were only 47 strikes, of which 35 were settled on the day on which they started and only two lasted for more than four days. This, as he rightly remarked, is a tribute to the plantation managers, the I.T.A.'s labour organisation, the local officials of Government and the trade unions. But, above all, the improved labour relations are a testimony to Mr. G. L. Nanda's labour policy which seems to be yielding slow but steady results.

The I.T.A. Chairman, for instance, admitted the value of the Code of Discipline as a preserver of industrial peace. The conclusion of a three-year bonus agreement covering the whole of North Indian tea gardens also helped to maintain good relations. Under this agreement, bonus is payable only when there are profits and, to take care of lean years, a portion of the bonus declared in years of profit is set aside. A healthy feature of the agreement is that payment of bonus is related to attendance. Mr. Morriss suggested that, in order to discourage illegal strikes and to improve the conduct of workers, some of whom still resort to intimidation and violence against the managerial staff—last year, there were several cases of assault—a provision should be made in future agreements whereby the bonus which normally would have gone to the offending workmen could be placed to a common fund belonging to workers as a whole. This is a good idea, worthy of consideration by the Bonus Commission, which has already circulated its questionnaire to the associations concerned for replies. The appointment of Wage Board and the improved living conditions in the plantations, including decent, modern housing accommodation, better medical facilities, and more amenities for workers in the gardens and factories have also contributed to peaceful labour relations and, what is more, to a perceptible fall in absenteeism. The one factor that is still a source of concern is that, despite improved wages, better living conditions and reduced hours of work, the productivity of workers has not recorded any significant improvement. This, of course, is a feature common to most industries in India, but that is all the more reason for complimenting Mr. Morriss on his thought for quoting the Soviet Prime Minister who recently observed that it would not be enough if wages and productivity marched hand in hand, but productivity must always be one jump ahead of wages.

There is one aspect of labour problem which must receive the attention of all employers, both collectively and individually. And that is family planning. The Indian Tea Association is the first, so far as we are aware, among the employers' organisations to have taken the initiative to spread the message of family planning to the workers of its member-gardens and provide the necessary facilities to the workers for restricting the size of their families. In plantations, in particular, the birth rate is pretty high and, unless it is effectively brought down, the estates will be faced, in the not too distant future, with unemployed adults and adolescents far in excess of the employed. When that happens, the good work that is being consistently done to raise the living standards of workers will be more than offset. Accordingly, Mr. Morriss's appeal to managers and assistants in the plantations to give their fullest support to the family planning campaign, initiated by the I.T.A. with the co-operation and assistance of the Government of India and the Tea Board, is quite pertinent. Indeed, we commend this advice to a wider audience of industrialists. The Federation of Chambers of Commerce and Industry at New Delhi and the Associated Chambers of Commerce and Industry at Calcutta should, in our opinion, lend a helping hand to the Government by emulating the I.T.A.

The I.T.A. Chairman was not pessimistic about the maintenance of supplies to the tea estates. He said that fertiliser supplies had improved, thanks to the energetic action taken by the Tea Board Chairman, Mr. A. S. Bam, whose prompt handling of the industry's requests and representations was generously acknowledged. In fact, Mr. Morriss cheerfully added: "It seems that, in 1962, we should have all that (fertilisers) we want, if we can get it to the garden in time." So transport is the chief, persisting bottleneck of tea gardens, too. But he was hopeful of improvement in this respect also in the coming years, as the Brahmaputra Bridge would be finished next year; this would save a good deal of transit time for supplies and for teas sent by rail. Only, the steamer companies have to make adequate and timely efforts to expand their carrying capacity by adding new vessels. The development of petroleum industry and the discovery of natural gas in commercial quantities in Assam are a blessing to tea gardens there. They promise to ease the fuel supply position. A full-scale experiment on the utilisation of natural gas for the running of tea factories is already taking place.

On the much discussed question of relief in indirect taxation on tea and need for promoting offtake of tea through intensified sales promotion, Mr. Morriss eloquently reiterated the well-known arguments. If, however, what he said does not move the authorities concerned, it will be a case of trying to convince one who refuses to be convinced. The question of indirect taxation on this beverage is a twofold issue. One is multiple taxation, namely, excise duty, sales tax, transit taxes and tea cess and the other is export duty. The suggestion of tea producers is that the internal duties (both Central and State) should be consolidated into one tax which will save them and the Government a lot of very costly and unprofitable accounting and a mass of reconciliation that is at present hindering the advancement of the industry. This is a very reasonable plea, but its implementation involves the co-operation of the State Governments concerned, which may not be readily forthcoming, even if the Centre is willing. But at least the State taxes could be consolidated, so that there may be no more than two levies, that is, the Central excise and sales tax. On taxation on exports, it is necessary for the Union Government to modify its policy of not looking beyond its nose. The logic of planters' demand for reducing the export duty substantially and abolishing it ultimately, as well as for refunding all internal taxes on that portion of tea that is exported, is undeniable, especially in the context of achieving the production target of 900 million lbs. per annum and the export target of 610 million lbs. per annum by the end of March 1966. The most important consideration that must be borne in mind is that taxes on exports of tea constitute an indirect subsidy to competitors of Indian tea. Failure to remove this anomaly without any further delay will only mean that the Government is unwilling to learn until it is too late, as happened in the jute industry.

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NONSENSE ABOUT COTTON

THE adoption of a resolution urging decontrol of cotton by the Indian Central Cotton Committee, at its 85th meeting held in the City last week, marks the culmination of the agitation that was being carried on for some time now by a section of traders and some self-appointed representatives of growers. It must be presumed that the sponsors of the resolution had succeeded, through vigorous lobbying, in winning over those members of the Committee representing the Government and the mill industry, for the resolution is reported to have been adopted unanimously. It is surprising that a responsible and informed body as the Central Cotton Committee, which should know more than anybody else the real and main stumbling block in the way of achieving higher production of cotton, has put its stamp of approval on a proposition of dubious value, a proposition which assumes that an upward revision of price will work wonders and transform the present shortage of cotton into a glut. No one, least of all this journal, which believes that carrots will take the donkey farther than sticks, denies that monetary incentive is a must for obtaining higher production. But we part company with the advocates of price incentive when the argument is stretched too far and production is sought to be made a function of price.

The resolution recognises that other measures such as increased availability and use of fertilisers, increased use of pesticides, adoption of improved methods of cultivation and better seed and more irrigation facilities are required for augmenting production. But these by themselves will not, according to it, be effective in raising production, unless an incentive is provided to the farmer to increase his effort and his investment for the production of more cotton per acre.

This argument, on the face of it, looks sound. But the question is whether the present ceiling

prices are so low as to inhibit production or whether other factors are responsible for the fall in production. If the present prices of cotton were so uneconomic as is made out to be, it would certainly have resulted in a sharp decline in acreage under cotton. For which farmer would cultivate cotton when he can get a better return from a competing crop? But experience is to the contrary. Acreage under cotton has remained virtually unchanged over the years at 19 to 20 million acres, which incidentally is the highest in the world. If price exerts a decisive influence on production and acreage, a season of high prices should be followed by a season of large acreage and high production. Conversely, a season of low prices should be followed by one of low acreage and low production. This is hardly the case as the trend of prices and production in this country indicates. In fact, production is largely determined by the cycle of seasons, with high production in a favourable season and low production in an unfavourable one.

The chief, perhaps the only apparently valid, argument put forward for higher ceiling prices is that the ceilings were fixed a decade ago and that they have, therefore, become unrealistic, in view of the rise in the prices of other commodities and the rise in the general price level. What the advocates of higher prices forget is that, when the ceilings were fixed, the ruling prices for cotton were much below them, whereas now the ceilings have become the ruling prices. In fact, the actual market prices are, in many cases, higher than even the ceilings. There have also been quite a few seasons in the past ten years when the prices were well above the ceilings. Further, it is not wholly correct to say that ceilings for all the varieties of cotton have remained unchanged, because they have been raised for a number of them. Is it suggested that the cost of cultivation has gone up so much that even the ceiling prices do not cover the cost of cultivation and still leave a fair margin of profit?

The argument that, since the prices of other cash crops have gone up, cotton prices also should be raised is unacceptable. The object should be not to push up cotton prices to the level of other prices but to bring the latter down, through higher production, to reasonable levels. In any case, the prices of almost all the other agricultural commodities have remained stable in the past one year. It would be a serious mistake to disturb this stability by pushing up the price of cotton and giving a new twist to the inflationary spiral. If the contention is that the cost of living of the farmer has increased with the result that he finds little savings left to invest in cotton cultivation, it is an argument for bringing down the cost of living and not for raising the price of cotton which, through its effect on cloth prices, will only defeat the very purpose which higher prices seek to achieve. Further, the rise in cloth prices, which is sure to follow a rise in the cost of cotton, will hit exports of cloth from India and wipe off any savings in foreign exchange that might accrue as a result of having to import a smaller quantity of cotton. All these disadvantages are in addition to the inflationary impact on the domestic price level of higher cotton and cloth prices. The interests of consumers of cloth should not be lost sight of. It is they who will have to bear the burden of the higher cotton prices, for the mill industry can, in a closed, sellers' market such as the one which India is having now, always pass on the higher price to consumers.

The example of sugarcane is cited in support of the contention that a rise in cotton prices will lead to higher production. Apart from the fact that, in the case of cotton, which is highly sensitive to changes in weather, the efficacy of higher prices to bring forth higher production is far less certain, it must be borne in mind that the position of sugar is far from enviable. Indian sugar, due to its high price, is unsaleable in world markets except at a heavy loss and the domestic consumer is asked to subsidise exports of sugar. In any case, it is now admitted on all hands, more especially by the very interests which now seek higher prices for cotton, that the prices paid for sugarcane are uneconomically high and should be brought down to more realistic levels. The argument that Indian cotton prices are below world parity and therefore need to be revised need not be taken seriously, because it is pointless to compare the prices of cotton in Pakistan or the U.S. where the cost of living and the cost of cultivation are much higher as compared with those in India.

The only sound and lasting solution to the cotton problem lies in securing a higher yield per acre. For doing this the cultivator must be helped with better seed, more fertilisers and better irrigation facilities, so that he will get more return per acre through higher yield rather than through a higher price per bale of cotton. If the cultivators do not have the money to acquire the requisite wherewithals of production, the Government should give them loans in cash or in kind through Agricultural Departments or through co-operatives. This is a difficult task indeed, but there is no short cut to the cotton problem. The easier and the less sure way, namely, a general increase in the price of cotton, will not only accentuate the inflationary pressures in the country, which are now being brought under control, but also prove to be self-defeating.

GROWTH TRENDS IN E.C.A.F.E. REGION

"PRODUCTION gains (in the fifties) in most countries of the E.C.A.F.E. region have been real, although modest; levels of living have risen, although they are still too low; some ground has been covered, although a long road has still to be travelled before a sustained growth and reasonable *per capita* incomes are attained, especially if the developed countries of the world are used as a standard of comparison. Thus, in spite of generous attention to economic development, both within and outside the region, only moderate progress has been achieved." These, broadly, are the conclusions reached in a survey of investment and growth covering the period 1950-59 in Asia and the Far East. The relevant survey, which forms part of the *Economic Survey of Asia and the Far East* 1961, presented this week to the eighteenth session of the U.N. Economic Commission for Asia and the Far East at Tokyo, seems to be fairly objective in its factual findings and forthright in its conclusions. If some of these findings and conclusions are heartening, there are some others which are quite disturbing. So the picture that emerges is a mixed one, with its bright patches and dark spots. And it is also a picture of uneven growth trends in the different countries of the region, as will be seen from the main economic indicators brought together in the table accompanying this article.

Growth Indicators

(1950-59)

Country	Index of Real National Product—1959 (1953=100).	Average rate of product growth (Per cent per annum of real domestic product).	Average growth rate per cent per annum of real *per capita* product.	Average rate of gross fixed domestic capital formation (per cent. per annum of gross domestic product	Incremental capital-output ratio.
Burma (a)	131	5.1	3.9	17.1	3.4
Cambodia	126	4.0	1.3	N.A.	N.A.
Ceylon	121	3.9	1.4	11.3	2.9
China: Taiwan (a) ..	148	7.9	4.2	13.1	1.7
India	116	3.1	1.1	14.9	4.8
Indonesia (a) ..	121	3.6	1.6	6.2	1.7
Japan	162	9.1	7.9	21.6	2.4
Korea, South (c) ..	134	5.1	2.1	12.3	2.2
Pakistan	113	2.6	0.4	7.8	3.0
Philippines	138	6.0	2.7	7.0	1.2
Thailand (b)	128	5.5	1.9	14.4	2.6

(a) 1951-1959. (b) 1952-1959. (c) 1953-1959.

While the figures in the table may generally speak for themselves, some interpretation would still be required in particular cases. For instance, the growth rates of *per capita* income, which are below 2 per cent per annum in Cambodia, Ceylon, India, Indonesia, Thailand and Pakistan, are quite low. It is certainly a matter for concern that the three most populous countries of the region—India, Indonesia and Pakistan—show a slow rate of growth, a declining rate of growth and stagnation, respectively. As for capital formation, only in Japan is it high, while in most other countries of the region it is moderate or low. Calculations of crude incremental capital-output ratios show a median average of around 2.5 which, according to the authors of the E.C.A.F.E. study, agrees with expectation. But, in the case of three countries—India, Burma and Pakistan—the incremental capital-output ratios are high. India's high ratio, it is interpreted, reflects partly unmatured investment and partly the country's strong preference for a highly capital-intensive form of development which, in the short run, has yielded only a slow rate of product growth, while agricultural stagnation largely explains the situation in Pakistan. In the latter country, the average annual agricultural production in the period 1957-60 has represented an increase of no more than 3 per cent over the average annual production in the period 1952-55. The corresponding figure for Burma is 5 per cent. India's agricultural performance, however, has been relatively better with an increase of about 10 per cent. Still, in view of the fact that India's 10 per cent is lower than the percentage increases in agricultural production in several other countries like Japan (29), Philippines (17), Ceylon (12) and Thailand (12), the inference is possible that better agricultural performance in this country would have made for a somewhat higher rate of product growth and a correspondingly lower incremental capital-output ratio.

By and large, the economic indicators reflect the poor performance of most countries. This feature, in the opinion of the authors of the E.C.A.F.E. study, is due to inadequate or misdirected investment. For instance, in some countries lack of attention to agriculture has held back growth, with repercussions also upon industry. But it is also true that, in many countries of the region, agriculture has received much attention not only in total investment but also in the public sector investment programme. Almost a quarter of public investment in the period 1950-59 has gone to agriculture in countries such as India, Thailand, Ceylon and the Philippines. In spite of so much investment, most countries of the region (excepting Japan, Taiwan and the Philippines, have yet to attain high levels of agricultural output commensurate with their needs for adequate food supplies and raw materials for expanding industries. If, however, all this investment in agriculture has turned out to be relatively insufficient, it may be due to the slow progress of intensive cultivation which has been handicapped by inadequate supply of irrigation, fertilisers, improved seeds and modern implements, as well as by poor administration.

As for investment in infrastructure—transport, communications and energy—it is a salutary feature of planning in the countries of the E.C.A.F.E. region that they have accorded the highest priorities to it (the infrastructure). The largest proportions of public investment, and even of national investment, have been devoted to this purpose. In the period 1950-59, investment in transport, communications and power projects has constituted 40 per cent of all public investment in India, 45 per cent in Burma, 30 per cent in Ceylon, 40 per cent in the Philippines and 51 per cent in Thailand. Such high priority accorded to infrastructure has generally been merited, although there are isolated cases of excessive investment. The marked growth in transportation facilities and the doubling of installed capacity for power (from 12,262 megawatts in 1951 to 25,845 M.W. in 1959) in the E.C.A.F.E. region as a whole are no mean achievements. But the progress in these sectors has not been uniformly good in all the countries. India is a typical instance of relatively slow growth in this respect. The E.C.A.F.E. study, however, seems to suggest that investment in infrastructure has been adequate everywhere.

The E.C.A.F.E. study's findings and observations pertaining to the industrial sector are more interesting. The first finding is that public investment in industry has, on the whole, been smaller than in agriculture in the E.C.A.F.E. region. Such industrial investment in the period 1950-59 has accounted for 16 per cent of all public investment in Burma, 13 per cent in India, 6 per cent in the Philippines, 4 per cent in Thailand and 3 per cent in Ceylon. In all these countries, barring the Philippines, public investment in manufacturing industry has been somewhat larger than private investment. This reliance on public enterprise stems in part from the fact that, in the newly industrialising countries, Government can command more financial resources and entrepreneurship than the private sector. Recently, however, countries such as Pakistan and the Philippines have come to consider that the private sector has become strong enough to lessen the need for Government action. These two countries are, therefore, turning over existing State enterprises to private operators. In Japan and other relatively advanced countries, the private sector has been given the larger share of investment in manufacturing industry. It would thus appear that the conflict between the public sector and the private sector obtains only in those countries where the former accounts for a larger share of investment in industry than the latter.

MARKET GOSSIP

Issue Evaded Again

KERB trading in markets, whether it be in shares or commodities, is not such a dire evil as to merit its total prohibition. Nor is it something that can be so eliminated, even with the best will in the world. For whenever something very important happens, there is bound to be a sudden burst of activity in markets, provided they are easily accessible. But that is no excuse why kerb trading should be permitted, as if it were a regular feature of markets. The Government spokesman was, therefore, right in suggesting to stock exchange authorities that they do something effective to minimise the opportunities for kerb trading. The issue figured at the meeting of the Standing Committee of the Stock Exchange Presidents held at New Delhi last week. But, unfortunately, no worthwhile decision was arrived at; the issue was simply left to be decided by the president of each stock exchange. In other words, the Committee has again evaded the issue.

Millions of shares of Courtaulds changed hands on the London Stock Exchange on Wednesday last week (28th February) after the market had officially closed for the day, because an unexpected new offer of I.C.I. in regard to its take-over bid reached the market at 4-30 p.m. Such dramatic developments are few and far between. Even where kerb trading has been declared illegal, breaches of law on such occasions may be justifiably ignored and winked at by the authorities. On Dalal Street, however, kerb trading is a regular and recognised, unofficial session, one hour before the market opens and three hours after it closes. The official session, on the other hand, is of only two and a half hours on week days and one and a half hour on alternate Saturdays. One simple way to keep this evil to the minimum would be to extend the official session, say, from 11 a.m. to 5 p.m., as in Calcutta, where kerb trading has practically stopped. The brokers might argue that they have then no time to enter the day's transactions and write their books. Well, nothing prevents a broker's clerk from noting down the dealings as and when the sub-broker or his authorised clerks put them through in the ring. Again, the frequent and abrupt closures of the market on some silly excuses, such as the death of the badgeholders association's doctor, provide roost to the evil. Stock exchanges are rightly claimed to be an integral part of the credit mechanism and proudly described as the barometer of the economy. If they are so, they cannot afford to go to sleep as and when they like. No bank, for instance, can shut its door on a working day before the specified hour, even if its topmost official or president dies.

All this apart, kerb trading can be reduced to the barest minimum if the stock exchange authorities are determined to do so. They can surely employ a few plain-clothed policemen around the stock market to check the open defiance of the law. They can also mercilessly refuse to ratify the kerb dealings. To do the first, the authorities have enough resources. For the second, they have sufficient authority. The question, therefore, is this: Do the authorities really mean business?

Foreign Investment Insurance

The World Bank has just published a staff study, entitled "Multilateral Investment Insurance," undertaken by it at the instance of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (O.E.C.D.). The study was aimed at ascertaining the need for, and the feasibility of, having multilateral arrangements for insuring risks of a non-commercial character which private investors have to face in investing in foreign countries. Another objective of the study was to find out whether an international investment insurance scheme would really encourage overseas investment and to ascertain the extent to which potential overseas investors are in fact deterred by non-commercial risks.

At present, Governments of the U.S., Japan and the Federal Republic of Germany insure overseas investment of their nationals against certain risks, including expropriation without adequate compensation, inability to repatriate capital or profits and war damage. In recent years, a number of private individuals and organisations have proposed that similar insurance for private foreign investments be made available on an international basis. These proposals prompted the Development Assistance Committee of the O.E.C.D. to ask the World Bank to make the study. The World Bank was chosen for the study presumably for two reasons: (1) Many of the proposals for the multilateral Investment Guarantee Scheme envisaged the World Bank as the administrator. (2) It will promote the basic objective of the World Bank itself, namely, speeding up the flow of private capital to the underdeveloped countries.

The study is based on a questionnaire prepared jointly by the Bank and the International Chamber of Commerce, which has its headquarters in Paris. Its conclusions are based on the responses received from 400 firms and associations in more than twenty countries.

The World Bank staff study has not made any recommendations for or against multilateral investment insurance programme. The explanation for this unhelpful approach is that it is not possible to estimate the amount of additional investment which might be induced by new insurance facilities and there is, therefore, no basis on which to judge whether Governmental financial commitments on the scale required would be justified. The establishment of an effective multilateral programme would, according to the report, raise a number of difficult problems. It has, therefore, sought only to identify and focus attention upon the principal issues which are inherent in the concept of a multilateral investment insurance. In other words, it does not attempt to devise in detail or in outline a specific proposal for a multilateral programme.

Among the issues discussed in the report mention may be made of the possible scope of protection, the type of investments which may be eligible for insurance, membership in the programme and its financing. The question of the administration of the scheme has also not been considered, because, according to the Bank, it is premature to do so before the Governments take a decision to establish a scheme of multilateral guarantee.

Although, as the study has pointed out, it is not possible to estimate the amount of additional investment that is likely to be forthcoming as a direct result of such a scheme, there is no doubt that insurance of the type proposed would attract more investors than would be the case otherwise. The authors of the study could surely have outlined a draft scheme on the basis of certain assumptions. The full text of the report is not yet available, yet it seems to us that the Bank has shirked its responsibility for reasons that are not quite clear and returned the ball to the other court. Governments, especially of underdeveloped countries, who might be the chief beneficiaries of the increased flow of foreign capital, should therefore take the initiative and evolve, with the cooperation of advanced countries such as the U.S.A., the U.K. and West Germany, a workable scheme of multilateral guarantee of foreign investments. The groundwork done by the World Bank in this respect will doubtless be of some help to them.

Garwares Produce Nylon

To the House of Garwares goes the distinction of being the first to manufacture nylon monofilaments and multifilament yarns in India. The multifilament plant at Pimpri near Poona has just commenced operation, a little over three years after the monofilament plant went into production. The plant is said to be completely automatised, with a capacity to produce, when in full swing, about 1.5 ton per day. Since the plant works round the clock throughout the year, the annual output will be of the order of 548 tons. The multifilament yarns are now being produced out of nylon chips imported from abroad. The Company has obtained a licence to install a polymerisation plant for manufacturing the required basic raw material within the country. This plant is expected to start working in about a year's time. The aggregate capital outlay on the entire nylon yarn and polymerisation project is estimated at Rs. 1 crore. The Chairman of the Garware group of concerns, Mr. B. D. Garware, disclosed at a Press conference this week that it was proposed to convert his concern into a public limited company in due course.

The nylon monofilaments (also called nylon bristles) are used for making consumer utility brushes, industrial brushes, fishing lines and nylon guts required by the sports goods industry. The multifilament yarn is utilised for diverse industrial applications such as fishing nets, ropes, hose, tarpaulins, belts, spindle tapes, filter cloth, ribbons, sewing thread and tyre cord. The Fisheries Departments are currently importing nylon yarn (for fish nets) worth Rs. 40 lakhs annually. The estimated demand in 1965-66 is put at Rs. 1 crore. To add to this are the vast Defence requirements. The Pimpri factory of Garwares has two separate divisions for the production of nylon mouldings and nylon rods. The former (nylon bearings, bushings, cams, lever mechanism washers, packing rings, screws and valve sets) are used by the Defence department, as well as in the automobile, textile and hardware industries. These mouldings are heat-resistant and possess outstanding toughness and tensile and flexible strength properties. The nylon rods are essential in the engineering industry for the production of noiseless gears, having impact strength and light weight.

More On I.C.I.-Courtaulds Battle

In an attempt to forestall the failure of its take-over bid for Courtaulds, I.C.I. has announced a number of major moves since we wrote on the subject last week. In a statement issued on 28th February, I.C.I. declared: (1) its share exchange offer was unconditional and any Courtaulds stock offered would be accepted; (2) it would not seek to prevent Courtaulds' promised distribution of loan stock and capital dividend; (3) if the ordinary stock offer were extended beyond 8th March, the alternative loan stock offer would also be extended; and (4) while it hoped for large response to its offer from the shareholders of Courtaulds, it would accept a minority interest in Courtaulds.

The aforesaid statement was marked by a more conciliatary tone than was the case with its previous pronouncements. There was greater emphasis on co-operation and a promise to maintain the "identity and traditions of Courtaulds." It, however, reiterated that full merger of Courtaulds with I.C.I. was by far the best way of strengthening the man-made fibre industry.

Thus, while maintaining its earlier assurance that the bid would not be raised, I.C.I. has, through its latest moves, enhanced the attraction of its offer and cleared, at the same time, the uncertainties about the terms and implications of the offer. This sparked off large-scale dealings in Courtauldas'

(*Continued on next page*)

BANK OF INDIA GOES UP

POLICY OF DYNAMISM PAYS

A SCRUTINY of the detailed statement of accounts of the Bank of India Ltd. for the year ended 31st December 1961 discloses that its performance last year was much more impressive than suggested by the preliminary results published early this year. The all-out effort made by the management, under the inspiring leadership of Mr. T. D. Kansara who became the General Manager only towards the close of 1960, to give a big push to the Bank was highly successful. Its growth rate was greater than that of scheduled banks as a whole or of scheduled banks other than the State Bank of India. Its profits were so sizable that, for the first time since 1956, the Bank could add a substantial sum to the published reserves without having to cut its generous dividend of 20 per cent per annum taxable.

The table below shows the Bank's progress in 1961 against its performance in the three preceding years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	6,09.11	5,23.21	4,55.09	4,46.30
Of which:				
Interest and discount ..	5,09.86	4,40.02	3,90.76	3,86.45
Commission and exchange	88.99	75.32	56.06	52.34
Interest paid	2,60.10	2,17.02	1,99.54	1,94.81
Expenses on staff account .	1,61.21	1,43.36	1,30.80	1,21.12
Other expenses	68.47	53.41	41.11	43.47
Depreciation and repairs ..	6.01	6.04	0.87	1.13
Provision for taxation ..	††	25.00	18.00	25.00
Net profit	113.32	78.87	64.68	60.77
Bonus to staff	19.00	18.00	17.00	16.00
To reserve fund	15.00	..	..	..
To development rebate reserve	3.00	..	..	..
Dividend	60.00	60.00	48.00	48.00
	(20%)*	(20%)*	(16%)*	(16%)‡
Carry forward	29.16	12.85	12.48	12.70

	As on 31st December			
	1961	1960	1959	1958
Capital	3,00.00	3,00.00	3,00.00	3,00.00
Reserves	3,38.00	3,10.00	3,10.00	3,10.00
Deposits	125,02.23	109,43.92	100,09.17	88,27.73
Borrowings from other banks	..	0.42	3,00.00	..
Advances	98,52.62	88,80.92	67,94.02	58,09.20
Investments	22,24.13	20,37.15	29,81.87	24,40.89
Cash	11,50.49	12,08.51	12,19.63	10,53.99
Balance-sheet total ..	147,18.19	133,34.30	118,77.06	101,98.46
Ratio to deposits of—	%	%	%	%
Advances	77.2	78.6	67.5	65.8
Investments	17.7	18.6	26.6†	27.7
Cash	9.1	11.0	12.1	11.9

* Subject to deduction of tax.
†† Not disclosed.
‡ After taking into account investments earmarked against borrowings.

In the past year, deposits of scheduled banks as a whole (excluding transfer of P.L. 480 funds by the State Bank of India to the Reserve Bank) went up by some Rs. 147 crores or 8.2 per cent. The increase in deposits of scheduled banks other than the State Bank was about Rs. 120 crores or about 10 per cent. The deposits of the Bank of India alone moved up by Rs. 15.58 crores or 13.7 per cent. Of this increase, Rs. 9.53 crores were in time deposits, Rs. 4.12 crores in savings bank deposits and only Rs. 1.93 crore in current accounts, contingency, etc. The improvement in savings deposits is striking and apparently reflects the effects of higher interest rates allowed on such funds and provision of more facilities for their holders. The savings bank depositors, for instance, were allowed to draw 100 cheques per year, instead of 50 previously. The marked expansion in deposits as a whole can be attributed to (*a*) vigorous branch expansion, (*b*) modernisation of services, including a new look to the branches and head office, (*c*) intensive advertising, and (*d*) better service to the public.

The past year was one of keen demand for bank credit. Changes over the year give only a rough indication of this trend. But even they are impressive. The advances of scheduled banks as a whole rose by Rs. 104 crores in 1961 and those of scheduled banks other than the State Bank by Rs. 81.16 crores, the percentage increase being about nine and eight, respectively. The Bank of India's advances climbed up more vigorously, the net increase over the year being Rs. 14.66 crores or 15 per cent. In keeping with the nature of the needs of trade and industry, the Bank diversified its advances by increasing its medium-term loans. The major portion of its advances is to industry, the exact share being 60.52 per cent as of 1961; commerce claimed 24.8 per cent and others 14.62 per cent. Among the industrial borrowers, cotton textiles were prominent (19.03 per cent), followed by iron, steel and engineering (15.49 per cent), chemicals, dyes, etc (5.84 per cent), other textiles (4.29 per cent) and sugar (3.85 per cent).

With the great bulk of the rise in deposits used for financing the needs of trade and industry—the credit ratio has jumped up from 76.6 per cent to 77.2 per cent—the Bank could raise its investments in gilt-edged only to a small extent, by less than Rs. 2 crores. Consequently, the ratio of investments to deposits has fallen from 18.6 per cent to 17.7 per cent. The cash ratio, too, has come down from 11 per cent to 9.1 per cent, giving an overall liquidity ratio of 26.8 per cent. The secret of the striking increase in the Bank's net profit, despite the equally sharp rise in all the costs of operation, including the cost of expansion of branch banking, lies in this intensive utilisation of its resources, which, in other words, means nothing more than this: the Bank did its best to be of maximum service to the country.

IRREGULAR TREND IN SHARES

BUYING VERY SELECTIVE

(From Our Own Correspondents)

BOMBAY, 8th March

AN irregular trend was in evidence on the stock exchanges in the country this week. Trading was largely dull, with movements narrow and two-sided. Activity was mostly in the nature of quick bargain hunting, with sellers outnumbering buyers. At the close of the week, the tone was hesitant and a little easier than in the preceding week.

Political considerations were uppermost in the minds of operators. And, from this angle the week began with a bad omen for the markets, as they were shaken, though momentarily, by the military take-over in Burma. Fears that a similar development could possibly occur in this country one day reappeared in the minds of some, but were soon dispelled by the realisation that the successful conclusion of India's third General Elections last week had established the fact that democracy in India has firm roots. The markets, however, could not easily ignore the post-election uncertainties, concerning mainly the formation of the new Union Cabinet, particularly the choice of the next Finance Minister. Their concern was not unfounded, in view of the return to the Lok Sabha of the ex-Finance Minister, Mr. T. T. Krishnamachari, whose name spells for the markets taxation and take-over.

Considering these uncertainties, the erratic performance of the markets was not surprising. Professional operators preferred to wait and watch. Investors looked to the forthcoming new issues. The field was left open to the small fry, who indulged in quick bargain-hunting, and the known bear operators who are ever ready to press sales on mild rallies. Despite this and but for once on Monday, when the rather discouraging corporate news from the Mafatlal Group induced some renewed liquidation, the markets went on plodding throughout the week. It was so because the leading counters had come down to strong support levels to break which heavy selling pressure was lacking. This also explains the markets' ability to survive the latest blow from Mr. Krishnamachari who averred at Madras on Tuesday that progressive nationalisation was inevitable in the country to prevent concentration of wealth in the hands of a few. Closing prices showed mostly small changes either way, with some select issues being conspicuously better on support based either on actual or expected good corporate news. Such bright spots, however, were few and far between.

The market in Bombay opened the new account on a steady note. But the initial steadiness yielded place to slow but steady erosion in values on renewed all-round bull liquidation, caused by selling in textiles following the general disappointment over the performance of the Mafatlal Group of mills. Although the Group's financial results provided a mixed show, with Sassoon Spinning and Weaving reporting a sharp rise in its profit and proposing a higher dividend, the market was disappointed to find that the Standard Mills had proposed to reduce per share dividend following the increase in capital. This was also the experience of New Shorrock, which barely maintained the previous year's progress. The Mafatlal Fine came out with a lower profit, the same dividend and no bonus issue. After having been marked up in Saturday's kerb deals from Rs. 1,110 to Rs. 1,140. Standards were sold down on Monday to Rs. 1,065, and thereafter moved irregularly between Rs. 1,068 and Rs. 1,085 to round off the week at Rs. 1,080 against Rs. 1,125 a week ago. Mafatlal Fine, on the other hand, slumped heavily from Rs. 1,130 to Rs. 1,070 in Saturday's kerb trading, fell further to Rs. 945 on Monday on heavy liquidation and selling pressure, rallied to Rs. 1,002.50 on the following day, but came down again on Wednesday to Rs. 980 to close Rs. 82.50 lower than the previous week at Rs. 992.50. After being done at Rs. 72 on Monday, Sassoons finished the week at Rs. 70.50, one point lower than in the preceding week. This sharp fall in the usually firm and tightly-held Mafatlal shares was a feature of the week's trading not only in the textiles section but the market as a whole.

Among other mill shares, the relatively better performance of the coarse and medium unit of Mafatlals kept Bombay Dyeings in demand at lower levels on hopes of improved results, and the shares consequently wound up the week only 20 nP lower at Rs. 70.50. Rallies in Centurys met with light but persistent pressure. At lower levels, the shares tended to be steady and at close were Rs. 2.50 lower at Rs. 618. Khataus were a bright spot and marked up at one stage from Rs. 475 to Rs. 500 on influential support. At the week-end close of Rs. 491.25, the shares were up by Rs. 16.25. Morarjees and Phoenix were among the principal gainers, the former closing higher by Rs. 6 at Rs. 421 and the latter by Rs. 19 at Rs. 284. At the same time, the favourites, Kohinoors, Svadeshis and Central Indias lacked support and closed with small losses. National Rayon were neglected.

Another factor that influenced the sentiment of the market was the lower steel output figures of T.I.S.Co. and I.I.S.Co. for February. Sellers predominated in these two shares, but were far from aggressive, owing to the current low levels, particularly of Tata Ordinaries. Indian Irons, however declined from Rs. 25.15 to Rs. 24.76 to close at Rs. 24.84 as against Rs. 25.10 last week. Tata Ordinaries moved between Rs. 140.75 and Rs. 139 and finished one rupee lower at Rs. 139.50. Mukand Irons closed with a loss of 15 nP at Rs. 27.75.

Quoted ex-rights, Alcocks, among engineering shares, attracted particular attention and closed at Rs. 349 xr, against Rs. 349 cr in the past week. Having risen by more than 10 per cent over the last clearing rate of Rs. 350 cr (Rs. 305 xr), they attracted the automatic interim margin of Rs. 18.50 per share at the margin "havala" rate of Rs. 342 xr. Barring this scrip, others in this group were dull and quiet for want of support. Telcos closed Rs. 3 lower at Rs. 356.50 and Voltas showed a small loss of Re. 1.70 on the ex-div. close of Rs. 285.50 against Rs. 297 cum-div. a week ago.

Among miscellaneous industrials, Bombay Burmahs recovered from Rs. 639 to Rs. 649 on renewed support at lower levels and closed at the last level of Rs. 645. Premier Constructions and West Coast Papers were well supported; the former showed a gain of Rs. 5 at Rs. 197.50 and the latter of as much as Rs. 14 at Rs. 184. Other issues were quiet and closed with small losses. Hindustan Motors rallied initially from Rs. 20.80 to Rs. 21 but slipped down to close 24 nP lower at Rs. 20.76.

Shippings were idle, but cements and sugars were distinctly steady, with A.C.Cs closing at Rs. 153.75, against Rs. 153 previously and Belapurs rising to Rs. 240 from Rs. 232 a week ago. Maharashtra too improved to Rs. 170 against Rs. 165.50.

In the cash list, Bank shares were steady, with Baroda responding to the fresh capital news by closing 50 nP higher at Rs. 122.50 and India scoring the same gains at Rs. 152.50, as did United Commercials at Rs. 104.50. The cash section was generally steady, though some shaded in sympathy with forward list. The bright spots were Sirdar Carbonic Gas, closing Rs. 45 higher at Rs. 675, Ultra Marine Blues, showing a gain of Rs. 15 at Rs. 190, Hindustan Electrics finishing Rs. 25 higher at Rs. 220, Adarsh Chemicals, being done five rupees higher at Rs. 95 and Synthetics Chemicals showing, on balance, a gain of Rs. 4 at Rs. 222. Rallis India were well supported on persistent rumours of Indian control over the management and finished with a gain of Rs. 6 at Rs. 163.

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The Calcutta stock market was initially steady, but gradually turned easy on bull liquidation and some bear pressure. Dunlop Rubbers and Indian Coppers were particularly active and attracted support at setbacks on hopes of fresh capital issue by the former and bonus issue by the latter. At the time of writing, Dunlops were done at Rs. 43.44 against Rs. 42.75 a week ago and Indian Coppers at Rs. 5.12 against Rs. 5.07 before. There was a large turnover in Guest Keens which finished at Rs. 45.94 against Rs. 45.75 previously. Birla Jutes were firm, improving from Rs. 34.31 to Rs. 35.25, Shree Gopal Papers, too, evoked support on ideas of better working and closed with a sizable gain at Rs. 28.12, against Rs. 26.31 previously, Indian Aluminiums, however, moved down from Rs. 39.56 to Rs. 39.25. In the cash section, the tone was firm. Philips Carbons were active, following news of fresh capital issue and looked up from Rs. 25.75 to Rs. 27.12 but eased later to Rs. 25.75. Coals were neglected, but Textiles were active, with J.K. Cottons improving from Rs. 22.69 to Rs. 23.06 and Bharat Commerce from Rs. 29.50 to Rs. 30.25. Select miscellaneous issues, jutes and tea shares were well supported.

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The Madras stock market was steady during the week under review, though at close prices displayed a mixed pattern, with small variations. Among sugars, Deccans closed unchanged at Rs. 10, but Cauverys were one point lower at Rs. 105. E.I.D. finished 50 nP better at Rs. 36.75. Barring Periakaramalais and United Nilgiris, showing gains of 3 nP and 12 nP at Rs. 3.30 and Rs. 21.37, respectively, tea shares were shaded, with Chembra Peaks finishing 5 nP easier at Rs. 3.60, Haileyburias moving down from Rs. 13.25 to Rs. 13.15 and Highlands from Rs. 13.20 to Rs. 13.10. Among coffee shares, Consolidateds were better at Rs. 17.77 against Rs. 17.62 previously and Ouchterlony Valleys at Rs. 3.93, against Rs. 3 a week before. Other shares were steady. Among rubber shares, Midlands showed a loss of 26 nP at Rs. 10.80, while the rest were mostly unchanged. Cannanores were distinctly weak among Textiles and were marked down by Rs. 13 to Rs. 160. Among others, Coimbatore Cottons were easy by Rs. 4.50 at Rs. 258 and Coimbatore Pioneers by Rs. 2 to Rs. 290. Dhanalaxmis moved down from Rs. 262.50 to Rs. 252 and Kotharis from Rs. 13.30 to Rs. 13.15. South India Viscose were done at Rs. 188 against Rs. 190 a week ago. Buckinghams were done one rupee higher at Rs. 263.50, Travancore Rayons 50 nP higher at Rs. 43.80 and Maduras 15 nP higher at Rs. 40.75.

In the miscellaneous section, cements were better, with Orissas showing a gain of 52 nP at Rs. 19.62. Dalmias of 5 nP at Rs. 13.35, Travancores of 30 nP at Rs. 8.20 and India Cements of 5 nP at Rs. 6. Ashok Leylands were done at Rs. 9.35, against Rs. 9.20 previously. Travancore Chemicals improved from Rs. 19 to Rs. 19.37 and Metturs moved up from Rs. 13.32 to Rs. 13.37. Textools were easy at Rs. 187 against Rs. 189 previously, but Tube Investments closed four points better at Rs. 286. Western India Plywoods eased from Rs. 206 to Rs. 204 and Indian Steel Rollings from Rs. 11.87 to Rs. 11.75.

ASSAM HARDBOARDS LIMITED

Assam Hardboards Limited will enter the market on 22nd March 1962 to raise Rs. 24.60 lakhs in equity shares of Rs. 10 each and Rs. 5 lakhs in 9.3 per cent, taxable, redeemable cumulative preference shares of Rs. 100 each by way of public subscription. The lists will remain open till 31st March, but may be closed earlier at the discretion of the Directors, though not before 26th March. The entire issue has been underwritten; the Life Insurance Corporation of India for Rs. 10 lakhs equity and Rs. 5 lakhs preference, the Industrial Credit and Investment Corporation of India for Rs. 9.60 lakhs equity and three share brokers together for Rs. 5 lakhs equity. Out of the public issue, the Company has agreed to the firm allotment of 50,000 equity shares to the L.I.C. against underwriting arrangement. Out of its authorised capital of Rs. one crore, comprising Rs. 75 lakhs in ordinary shares and Rs. 25 lakhs in preference shares, the Company has already issued Rs. 0.80 lakh equity to the signatories to the memorandum and articles of association and Rs. 8.20 lakhs equity to the Directors and their friends. Its present issue is for Rs. 51 lakhs (Rs. 41 lakhs equity and Rs. 10 lakhs preference). Out of this, the Government of Assam has agreed to take up Rs. 5 lakhs preference, the Directors and their friends are taking up Rs. 6.40 lakhs additional equity shares and the Columbia Hardboard Company Inc. of Seattle, Washington, U.S.A., the Company's collaborators, are subscribing to Rs. 10 lakhs in equity shares. The balance of Rs. 29.60 lakhs is offered to the public, as mentioned at the outset.

Incorporated on 25th March 1960, with the immediate object of undertaking the manufacture and sales of hardboards, the Company is now setting up, in collaboration with the American firm, a hardboard plant at Panikhaiti, 14 kilometres from Gauhati, Assam, with an annual capacity of 15,000 tons. The collaborators will supply the plant and machinery, and, for 50,000 dollars, will engineer, in association with Industrial Development Company, Inc., Tacoma, Washington, the plant as also provide the technical know-how and assistance. They have completed the specifications and designs for the main plant and machinery, the shipment of which is expected to be completed within six to eight months. The Government of India has agreed to grant import licence for the plant and machinery for Rs. 61 lakhs against the foreign exchange loan sanctioned by the Industrial Finance Corporation of India (under D.L.F.) to the Company and against the cash subscription to be made by the Columbia Hardboard, subject to the condition that the Company would export 20 per cent of its hardboard production for 10 years. Of the I.F.C. loan, Rs. 51.74 lakhs are in U.S. dollars carrying interest at 8 per cent per annum and the balance of Rs. 8.26 lakhs in rupees at 6 per cent per annum. As for raw materials, the Assam Government has assured the Company continuous supplies of suitable wood and bamboo, available in plenty from the neighbouring ranges, while the required quantity of phenolic resins will be obtained from the plants at Calcutta and that of petroleum wax from the Digboi Oil refineries in the State. The State Government has also instituted proceedings for acquiring 150 acres of land for the Company's factory. Electric power has already been sanctioned by the Assam State Electricity Board. The nearby Brahmaputra river will provide the facilities for transporting rafted wood from the upper regions of Assam and despatching manufactured goods to Calcutta and onward destinations. The plant is expected to be commissioned for production by the end of 1963.

The first project of its kind in East India, the Company is expected to have no difficulty in disposing of production. Including its licensed capacity, the total capacity permitted so far in the country is 35,000 tons, as against an estimated annual demand for 50,000 tons at the end of the third Plan. The total capital outlay on the project is estimated at Rs. 140 lakhs, of which plant and machinery account for Rs. 87.50 lakhs, land and buildings for Rs. 14 lakhs and working capital for Rs. 30 lakhs. This amount is proposed to be met by a capital issue of Rs. 60 lakhs, the I.F.C. loan of Rs. 60 lakhs and bank borrowings of Rs. 20 lakhs.

NATIONAL AND GRINDLAYS BANK LTD.

The Directors of the National and Grindlays Bank Ltd. have recommended a final dividend of 7 per cent less income-tax at 7s. 9d. in the £ for the year ended 31st December 1961. The dividend is payable on 5th April 1962.

(Concluded from previous page)

shares on the London Stock Exchange (as many as 2 million units of stocks are reported to have changed hands on Thursday the 1st inst., the day following I.C.I. announcement). Consequently, the quotation of Courtaulds' stock crossed the 50s. mark to touch 51s. 3d.

But the Board of Courtaulds has not allowed itself to be outsmarted. It has tried to beat its opponent with the latter's own stick. It has advised its stockholders, through country-wide advertisements in newspapers, to reject the offer by destroying all the papers sent to them by I.C.I. Its reasons: "(1) Out of the mass of papers which you (shareholders) have received during these past few weeks, one fact emerges quite clearly—the I.C.I. offers are not good enough. (2) The I.C.I. have such a high opinion of your company that they have progressively increased their offers in order to obtain a shareholding in it as large as you will permit them. (3) Your shares are worth more than I.C.I. are offering." And (4) as if to reassure them the Board has added: "the Company is still receiving postcards (indicating support to Courtaulds' fight against the bid) which now number 48,000 out of the total 180,000."

It is still too early to say what will be the outcome of the fight between the two giants. But it is certain that I.C.I. would not get the 90 per cent assent required to force the merger. However I.C.I.'s declaration that the bid is now unconditional and that it will accept all Courtaulds' shares offered to it is regarded by some as a *volte face* from its earlier stand, as it has brought about a fundamental change in the situation, justifying a fresh look at the issue by the Government. It is pointed out by those who hold this view that, as complete integration for the sake of industrial efficiency was the sole justification for I.C.I.'s original attempt, acquisition of Courtaulds shares by I.C.I. is no longer justifiable. In fact, a new move is reported to be afoot to bring the matter again before Parliament.

NEWS IN BRIEF

OIL is claimed to have been struck at Ghogha near Bhavnagar by the Oil and Natural Gas Commission. The oil is being tested and further drilling is likely to begin soon after the results of the test are available.

The new Maharashtra Legislative Assembly will meet in Bombay on the 15th inst. The Governor will address a joint session of the two Houses on that day. Budget estimates for the year 1962-63 will be presented to the Assembly on the 27th inst.

The Industrial Finance Corporation has sanctioned a loan of Rs. 4 crores for Fertilisers and Chemicals, Travancore (F.A.C.T.) for implementing the expansion programme which is estimated to cost about Rs. 10 crores.

About 2,000 acres of land in Trivandrum, Kottayam, Trichur, Palghat and Wynaad hills of Kozhikode district will be brought under cocoa cultivation under a scheme approved by the Union Ministry of Food and Agriculture.

A Rs. 30-lakh plant for the manufacture of stainless steel welded tubes is to be set up in Bombay by the Chokshi Tube Company. The plant, which has a capacity to produce 500 tons of stainless steel tubes per annum, is expected to go into production early next year. So far the entire requirement of about 750 tons of tubes per annum is being met through imports.

Work has just begun on India's first Rs. 20-crore deep-shaft colliery at Sudamdih near Sindri. The project is designed to exploit high quality coal in collaboration with *Cekop*, the Polish-Government-sponsored firm of consultants. An agreement has been signed with this firm for the supply of Rs. 10-crore worth of machinery, plant and components from Poland at the shortest possible time.

A short-term course in financial control and accounting will be conducted by the Small Industries Service Institute with effect from 2nd April next. The owners of small-scale industrial units or their senior representatives who have undergone training in business management course run by the Institute are eligible for admission. The last date for receipt of applications on prescribed forms is 17th March.

Production of raw rubber in India during 1961 was 26,992 tonnes, as against 25,192 tonnes in 1960, while consumption was 48,319 tonnes, as compared with 45,941 tonnes. Consumption of synthetic and reclaimed rubber was 9,600 tonnes and 5,929 tonnes, respectively, in 1961, as against 6,561 tonnes and 5,327 tonnes in 1960. Imports during 1961 were lower at 21,693 tonnes of natural rubber and 8,992 tonnes of synthetic rubber, as against 22,949 tonnes and 8,460 tonnes, respectively, in the previous year.

The National Coal Development Corporation and the Hindustan Steel Ltd. have reached an agreement over basic principles governing the fixation of prices for the washed coal supplied to the Hindustan Steel by the Kargali washery. The Hindustan Steel will pay to the N.C.D.C. the actual cost of washed coal from November 1958 to September 1961. For the period from 1st October 1961 to 31st March 1963 the price will be fixed on the basis of an average monthly output of 100,000 tonnes of washed coal.

Austria has agreed to grant special import quotas for Indian textiles, valid up to the end of this year. The quotas cover cotton fabrics, mill-made and handlooms, silk handloom fabrics, miscellaneous hand-made silk and woollen textile articles, shawls, scarves, *sarees*, and embroidered shoes, hand-made woollen carpets and Kashmir rugs. The Union Government has designated the Chief Inspecting Officer of the Cotton Textile Fund Committee, Bombay, as the authority to issue quality marking certificates. The procedure already laid down for export of mill-made cotton fabrics to the Continent will apply to the export of these fabrics to Austria.

A National Seed Corporation for organising production, distribution and marketing of improved seeds of hybrid maize, with the Vice-President of the Indian Council of Agricultural Research as Chairman, is being set up by the Union Ministry of Food and Agriculture. It will be registered as a company and will have the Central and State Governments as constituent members. To start with, the Corporation is expected to arrange production of foundation seeds at four centres in the important maize-growing areas. The nuclei of foundation seed production units have already started functioning in the Punjab, Uttar Pradesh and Andhra Pradesh. Work relating to improved seeds of hybrid *jowar* and other foodgrains and edible oilseeds will be taken up by the Corporation a little later.

A company under the name, "Self-Help Industrial Units Private Ltd.," has been formed in Madras to establish an industrial estate and give the benefit of the "Own Your Own Factory" scheme to small *entrepreneurs*. The Company will acquire the necessary land and construct *factory* buildings with the help of the financial facilities provided by Government and credit institutions at low rates of interest. The small *entrepreneurs* can get the buildings on hire purchase against an initial payment of 20 per cent of the cost of land and building in the case of co-operatives and 25 per cent in the case of companies. The balance is to be paid in easy instalments spread over a period of 15 years, with interest at 3 per cent for the first three years which will be progressively higher upto 4½ per cent later.

The U.S. Government has authorised three loans, together amounting to $145.5 million, including $8.5 million in rupees, to India. Of these, a loan of $100 million covers the financing of imports from the U.S. of industrial and agricultural commodities such as fertilisers, non-ferrous metals, synthetic rubber, tyre cord yarn, carbon black, sulphur and spare parts. Another loan of $33.6 million is for the financing of the 250,000 kw. thermal power station near Cambay in Gujarat. The third loan amounting to $3 million is given to the Premier Automobiles to enable it to increase the production capacity. All the three loans are repayable in dollars over a period of 40 years with a ten-year grace period. A credit fee of ¾ per cent per annum will be charged.

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From Abroad

A trade mission from the United Arab Republic is expected to visit China shortly to negotiate a new trade and payments agreement.

Burma is expected to export approximately 1.6 million tons of rice in 1962. Production is estimated at 6.5 million tons.

The stand-by agreement of the Peruvian Government with the International Monetary Fund has been renewed so as to enable the Peruvian Government to draw a sum of $30 million from the Fund over the next twelve months.

With a view to simplifying frontier formalities, the Common Market has decided to charge a fixed import duty of 10 per cent on all small parcels sent to individuals by post and on goods carried as the personal luggage of travellers.

The three neutral members of the European Free Trade Area, namely, Austria, Sweden and Switzerland, have defined the type of association they are seeking with the Common Market. Accordingly, they will not seek any loose agreement limited to tariffs but will be willing to participate in Europe's economic integration.

The Government of West Germany made available a total of 5,490 million deutschmarks for assistance to the developing countries during 1961. Of this amount, about DM 2,970 million were given to Asian countries, DM 1,260 million to African countries, DM 909 million to European countries and DM 345 million to South America.

PERSONAL

MR. R. P. Smith, Managing Director of the Burmah Oil Co. Ltd., London, has arrived in New Delhi on a brief visit.

Mr. Babubhai M. Chinai, a leading industrialist, has been nominated by the Union Government as a member of the Development Council for Art Silk Industry *vice* Mr. L. N. Welingker.

Mr. A. D. Shroff, Vice-Chairman of the Bank of India Ltd., has been appointed Chairman of the Bank *vice* Mr. Cowasji Jehangir who has retired.

Mr. A. Raghavachari has taken over charge as the General Manager of the State Bank of Jaipur, in place of Mr. S. L. Kothari.

Prof. A. K. Das Gupta has been appointed a Director of the Industrial Finance Corporation of India *vice* Prof. S. K. Basu who has resigned.

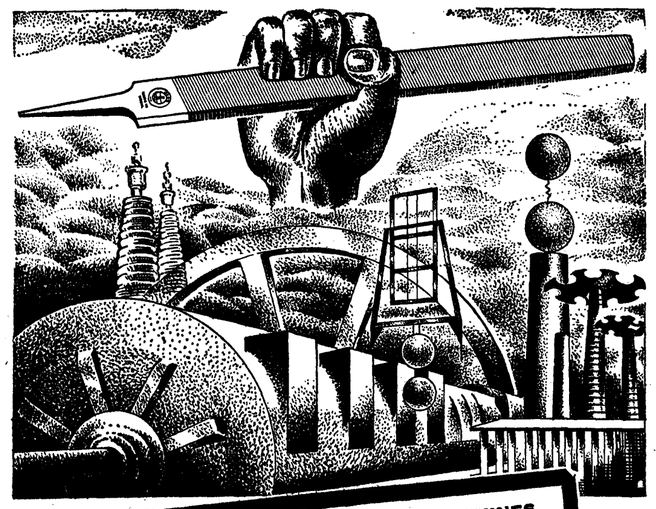
Mr. D. Sandilya, Joint Secretary to the Union Ministry of Commerce and Industry, has been appointed Director of Finance, Heavy Engineering Corporation of India, Ranchi.

Dr. M. S. Krishnan, a former Director of the Geological Survey of India, has been appointed the first Director of the National Geophysical Laboratory, Hyderabad.

Mr. K. B. Lall, Indian Ambassador in Brussels, presented his credentials to Prof. Walter Hallstein, President of the European Economic Community, on the 2nd inst.

Mr. M. V. Madane, Acting Chief Executive Officer, Maharashtra State Co-operative Union, has been appointed to serve on the South-East Asian Regional Education Centre of the International Co-operative Alliance at New Delhi.

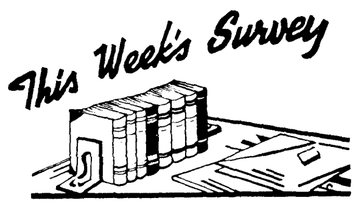
Mr. G. R. Kamath, I.C.S., who was Member-Secretary to the Third Finance Commission, assumed charge as Officer on Special Duty in the Union Ministry of Food and Agriculture, with effect from the 2nd inst. He will shortly take over the office of Special Secretary from Mr. V. Shankar who will succeed Mr. B. B. Ghosh as the Secretary of the Ministry.



The thumping of giant presses, the whine of the whirling lathe, the beat of the punch press, the rumble of the conveyor... metal and machines rolling smoothly, producing rapidly, satisfying India's industrial needs, fulfilling the nation's dynamic urge for economic progress... and behind it all, the tiny but indispensable tool, an exclusive JOHN BAKER precision product.

John Baker's
LIGHTHOUSE Brand
STEEL FILES

Assignees: Killick Industries Ltd. Killick House, Home Street, Bombay 1.



WALCHAND COMMEMORATED

"HE was one of those great men of the country who had dreamt of an industrialised India and who established, one by one, many undertakings not only in one field but in various fields of industrial development." This is the tribute paid by President Rajendra Prasad to the late Mr. Walchand Hirachand, whose bust was unveiled by Mr. G. D. Birla, another industrial pioneer of India, last Saturday at Construction House, Bombay, where the head offices of the Walchand group of concerns are housed. Mr. Walchand was the full embodiment of the philosophy of *karma*. A patriotic zealot, Mr. Walchand was an indefatigable man of will and ambition. Work was worship to him. To industrialise India was his mission, and he dedicated himself to it resolutely.

Mr. Birla, his contemporary, described Mr. Walchand as a great pioneer with an almost "fanatical craze for action and construction." His had been a creative mind, he said, adding that he always utilised the vast resources of his concealed energy for constructive work, with hardly any recreation and no hobby, "except perhaps a little music." Mr. Birla compared him with Mr. Henry Kaiser, a real American *entrepreneur* who has established several major industries in the U.S. virtually from scratch. It is said that, during the war years (1939-45) Mr. Kaiser turned out a ship every alternate day. The comparison was quite apt, for Mr. Walchand made an humble, nay, a firm, beginning of his industrial enterprise with shipping and construction engineering at a time when the odds were very heavy due to India's political subjection and very poor rate of savings in the country.

The will and determination of this pioneering industrialist are best illustrated in the way he founded the shipping industry in India. While on a rail journey, he learnt that a hospital ship called s.s. *Loyalty*, was for sale in Bombay, and he conceived there and then the entire scheme for developing national shipping. He came to Bombay, rushed to the docks to inspect the boat, and before the day was over secured promises from his business friends to join him in finding the price of the vessel. This happened on 17th February 1919. On 27th March 1919, the Scindia Steam Navigation Company Ltd. was registered. And, on 5th April in the same year, the ship, converted into a passenger ship, sailed on its maiden voyage to England carrying the Indian flag. Scindia Steam, Premier Construction, Walchandnagar Industries, Indian Hume Pipe, Hindustan Aircraft, Premier Automobiles, Cooper Engineering, Acme Manufacturing and Ravalgaon Industries are the living monuments of vivid imagination and creative mind of Mr. Walchand. His bust at Construction House will surely be a source of inspiration to the younger generation.

TOBACCO PRODUCTION

As a traditional export commodity, Indian tobacco (unmanufactured) has contributed to a steady, though not very substantial, increase in earnings in recent years. In 1959, the export earnings from this source were Rs. 12.9 crores; in 1960 they were higher at Rs. 14.6 crores. In the first eleven months (January to November) of 1961 they aggregated Rs. 14.6 crores. This steady improvement in earnings seems to have resulted from an increase in the quantum of exports rather than from any increase in the prices realised. For instance, in the fiscal year 1959-60, the exports were to the tune of 41.1 million kg. valued at Rs. 14.5 crores, whereas in the fiscal year 1960-61 they were 47.5 million kg. valued at Rs. 15.7 crores. The increase in the quantum of exports seems, in its turn, to have resulted from an increase in the production of tobacco. It may be noted here that the output of tobacco in 1960-61 aggregated 299 million kg. from an area of 390,000 hectares, as compared with 286 million kg. from an area of 370,000 hectares in 1959-60.

Incidentally, the output and acreage figures mentioned above are revealing when suitably interpreted. It will be found, on calculation, that the acreage under tobacco in 1960-61 represented an increase of 5.4 per cent over that of 1959-60. But the output in 1960-61 represented an increase of only 4.5 per cent over that of the previous year. In other words, the increase in production in 1960-61 was entirely the result of an increase in area. It was not due to any increase in yield. In fact, there was a slight decline in unit-area yield in 1960-61, as compared with the previous year, the figures of yield in the respective years being 766 kg. and 773 kg. per hectare. This decline in yield is hard to explain. It may be recalled, in this connection, that the unit-area yield steadily declined between 1953-54 and 1957-58 but registered an improvement in the next two years. The Indian Central Tobacco Committee's efforts to bring about a substantial improvement in the yield of tobacco without increasing the acreage under that crop do not seem to have succeeded to the extent desired, for the unit-area yield in 1960-61 represents a marginal increase of only about 5 per cent over that of 1953-54, that is, in a period of seven years.

Has the Committee fared any better at least in the matter of improving the quality of tobacco produced in the country? It is well known that a large part of tobacco production in India belongs to inferior varieties. Several of the Committee's research schemes have, therefore, been devoted to popularising the cultivation of superior grades of virginia tobacco required in cigarette manufacture. Here it is not only a question of better quality for certain uses but also one of better money returns to the cultivator for superior grades. To some extent the Committee's efforts in this direction seem to have borne fruit, especially in Andhra Pradesh. While the seventeenth annual meeting of the Committee held at Bombay on the 3rd instant has taken note of the increased returns from a newly-introduced cigarette tobacco variety and an improved variety of cheroot tobacco, it has not indicated whether and to what extent they have been popularised. As improvement in the quality of indigenous tobacco will have the effect of bringing down the imports of certain varieties for cigarette manufacture, it would be relevant to know whether the acreage under superior varieties is substantial now. That it is probably not substantial yet may be inferred from the threefold increase in imports of unmanufactured tobacco in the April-October 1961 period (Rs. 88 lakhs), as compared with the corresponding period of 1960.

MONETARY POLICY

In three lectures on central banking and economic development, delivered in the City last week, Prof. Lester V. Chandler, Chairman of the Faculty of Economics, Princeton University, and this year's Visiting Professor in Monetary Economics at the University of Bombay, had quite a few things to say that are sure to confound theorists in both camps—those of the makers and the critics of monetary policy in underdeveloped countries. He demolished, with simple logic and sound reasoning, some of the pet theories and notions which have been elevated to the status of fetish. Not that the distinguished professor was out on an iconoclastic spree. But if, in the course of putting across to his listeners his thoughts and views on monetary policies in underdeveloped countries, some of the cobwebs of confused thinking and wrong assumptions that had surrounded the subject had to be swept aside, he could not help it.

One of the notable casualties of his rigorous logic is the theory, which has too often misled monetary policy in underdeveloped countries, that monetary expansion for productive investment is not inflationary in the long run. In other words, according to this line of reasoning, no amount of money creation can be inflationary in the long run, if all the newly-created money is used, in the first instance, for productive investment. The proper central bank policy should, therefore, be not to limit the quantity of money created but to ensure that new money is created only for productive investment. On the face of it, this argument sounds impressive. Its crucial part is the assumption that, when the increased output flows into the market prices will fall, presumably, back to the original levels. But this theory, says Prof. Chandler, is completely erroneous. His reason is: There is no assurance that increased money expenditure for capital will increase the supply of real capital. Its results, more often than not, will be (a) competitive borrowing from banks and spending for capital, (b) little or no rise in the supply of real capital, and (c) therefore inflation. Every rise in money value of capital goods serves as a justification for more money creation. It is, indeed, a formula for an inflationary spiral, asserts Prof. Chandler. Even if it is conceded, for argument's sake, that increase in money supply will be matched by an equal increase in the supply of real capital which will permit an increase in real output, the theory is still wrong, according to Prof. Chandler, because the resulting increase in real output will almost certainly be far less than the rise in expenditure incurred to obtain that output through created money. The new money remains at the disposal of the public and will ordinarily be used to increase, by some multiple, the annual rate of expenditure for output.

Prof. Chandler would surely have disheartened those who advocate forced saving (that is, the process through which increase in money supply is used to force the community to consume less and save more) for accelerating the rate of development when he cited a series of conditions which, according to him, are crucial in determining the success or failure of such a policy—conditions which most underdeveloped countries, bent on achieving economic advance and social justice, will find it difficult to fulfil. He, however, does not deny that, under certain favourable conditions, forced saving may indeed increase significantly the rate of real capital formation. But to the extent these conditions—he mentions five—are not met, the rate of inflation will be increased and the attempt to force a higher rate of real saving would be ineffective.

Prof. Chandler does not seem to share the craze for deficit budgets. Commenting upon the decline of the qualities which are generally considered as financial virtues, he says:

"Gone is the sanctity of the annually balanced budget. Even those Governments that are fiscally most responsible feel far freer today than they did a generation ago to incur deficits and, for some of the less disciplined (Governments), deficits have become almost a way of life. More and more Governments have become willing to accept and act upon the economist's advice to use deficit spending in a period of unemployment as a means of stimulating demand and reviving business activity. Fewer have shown a comparable willingness to accept the other part of the prescription, namely, to combat inflationary pressures by running a budget surplus."

Although Finance Ministers might frown at this mild censure of their conduct, Prof. Chandler's observations about taxation and taxable capacity in underdeveloped countries are sure to bring a gleam of delight in the eyes of many of them. In his opinion, the deficiency in private saving in underdeveloped countries could be made up, to some extent, by Governments themselves saving large amounts. They could save by collecting revenues in the form of taxes and net earnings of Government enterprises far in excess of their expenditure for current consumption. At present, very few of the underdeveloped countries take more than 10 per cent of national income as taxes and many take less, whereas taxes absorb 25 to 30 per cent of the national income in the U.K. or the U.S. Prof. Chandler does not accept the contention that the level of savings and taxes are low in underdeveloped countries simply because the *per capita* income is low. He quotes the following words of Prof. W. Arthur Lewis in support of his view that poverty cannot explain the inadequacy of savings in underdeveloped countries:

"No nation is so poor that it could not save 12 per cent of its national income if it wanted to; poverty has never prevented nations from launching upon wars, or from wasting their substance in other ways. Least of all can those nations plead poverty as an excuse for not saving, in which 40 per cent or so of the national income is squandered by the top 10 per cent of income receivers, living luxuriously on rents."

Proceeding, Prof. Chandler makes the following significant point:

"Lewis and many others have pointed out that an important reason for the low ratios of private saving in these countries is the absence or underdevelopment of capitalistic institutions and attitudes. It reflects in part the much lesser importance of business corporations, which do so much of the private saving in highly-developed economies. It also reflects in part the fact that the top income classes lack the high propensity to save that is characteristic of capitalists in the developed countries."

What the Governments are unwilling to do through taxation, Prof. Chandler points out, they are forced to achieve through credit expansion. This leads to inflation. In advocating higher taxation to raise resources for investment, Prof. Chandler seems to lean heavily on the Government's ability to mop up the savings and channellise them to productive investments. His argument assumes that large-scale tax evasion, which will be engendered by high levels of direct taxation, can be successfully tackled and that, in a democracy, the public can be induced to carry a large burden of indirect taxation either through excise duties or manipulation of prices. These are big assumptions as is evident from India's experience. Further, in a mixed economy, the need for providing the incentives necessary to attract risk capital and *entrepreneurs* has to be reconciled with the proposition made by Prof. Chandler. How we wish this distinguished American economist had attempted to reconcile these conflicts and put forward a compromise! Further, inexperienced as most Governments in underdeveloped countries are, they have yet to prove that they can do the investing better than private *entrepreneurs* or can make available the savings collected by it to the most deserving *entrepreneur* in the private sector. Distribution of the investible funds, it may be noted, is not always influenced by economic considerations alone; politics, or, to be more precise, ideology, too plays an important role, with the result that resources may not always be put to the most efficient use.

ARECANUT AND COCONUT

There is so much of geographical and other natural affinity between arecanut and coconut that both are invariably grown in the same areas by the same cultivators. And the problems pertaining to the development of these two crops are to a large extent identical. But somehow the problems have not so far been approached jointly, with the result that there is duplication of effort, not to speak of wastage of funds. Viewed thus, Mr. V. Shankar, I.C.S., Special Secretary in the Union Ministry of Food and Agriculture, certainly struck a note of realism when he urged, in his speeches at the meetings of the Central Arecanut and Coconut Committees held at Bombay last weekend, the need for co-ordinated and concerted efforts to develop the two crops together on lines similar to those of the package programme for oilseeds. Such a co-ordinated approach would, as Mr. Shankar rightly said, yield much better results than those obtained under dispersed energies in respect of each individual commodity.

The demand for arecanut and coconut in the country is continuously expanding. If the rate of indigenous production fails to keep pace with that of demand, there will have to be larger imports which mean spending of more precious foreign exchange. As it is, imports have been quite sizable, valued at about Rs. 1 crore annually in the case of arecanut and Rs. 12 crores in respect of copra. Even if the third Plan production targets of 100,000 tons of arecanut and 5,275 million coconuts fixed for the two crops were fulfilled successfully, there would still be a sizable shortage of supplies. The actual shortage in regard to arecanut, for instance, is expected to be of the order of 30,000-40,000 tons by 1966.

The production performance of the arecanut and coconut industries during the second Plan was not quite encouraging, as will be seen from the following figures:

	Actual Production in 1955-56	Target Fixed for 1960-61	Estimated Production in 1960-61	Target Fixed for 1965-66
Arecanut (tons)	80,823	99,190	93,000	100,000
Coconut (million nuts) ..	4,150	5,020	4,500	5,275

In India, arecanut is one of the most widely used commodities. As Mr. Shankar characteristically described it, it "runs into millions of mouths and provides them with a means of recreation as well as leisure for thinking that is absent generally in the case of other commodities." The value of arecanut can be gauged from the fact that the annual turnover in this nut is as much as Rs. 50 crores. Considering the "large clientele" enjoyed by arecanut, particularly among the poorer classes, and the difficult foreign exchange position, it is gratifying to find that the development expenditure has been steadily growing—Rs. 11 lakhs in the first Plan, Rs. 31 lakhs in the second Plan and Rs. 59 lakhs (targeted outlay) in the third Plan. A peculiar feature of arecanut cultivation to which Mr. Shankar drew attention is the dependence of cultivators on the vagaries of monsoon. Only about 52 per cent of cultivation, we are told, is under irrigated condition and 57 per cent of the crop is subjected to satisfactory or suitable manuring conditions. Mr. Shankar was of the view that, if only the dependence on monsoon was minimised and if efforts to popularise the use of fertilisers were intensified, there would be no need for any other activity, apart from the supply of quality seedlings, etc., not merely to achieve the target but even to exceed it.

In the sphere of coconut cultivation, there have recently been three notable developments. One, the F.A.O. Technical Working Party on Coconut has constituted a small working group to co-ordinate research techniques on investigations into coconut diseases of undetermined causes. Two, statistical surveys are being conducted in the various coconut-growing States for assessing more accurately the area under and yield of coconuts. Three, under a special scheme, the cost of coconut cultivation in Kerala State is being ascertained. The data that would become available as a result of these investigations will surely help, as Mr. Shankar said, place coconut economics on a much sounder basis than at present.

A Central organisation called "the Narmada Valley Authority" similar to the Tennessee Valley Authority in the United States, is to be formed for the development of the water resources of the entire Narmada valley. This was the main suggestion which emerged at a conference of senior officers from Madhya Pradesh, Gujarat, Maharashtra and Rajasthan held at New Delhi recently. The organisation is also expected to be entrusted with the work of preparation and implementation of irrigation and power schemes in the Narmada valley. The projects on the Narmada river at Punasa and at other sites offer a power potential of nearly 1.5 million kw. for use in Madhya Pradesh, Gujarat, Maharashtra and Rajasthan States. It is also pointed out that the Punasa project will comprise four main power works. These are at Punasa having a power potential of 400,000 kw., at Burwaha 200,000 kw., at Harinpal 370,000 kw., and Navgam 500,000 kw. The total estimated cost of development of these sites is about Rs. 50 crores, excluding the transmission system, and that of all sites about Rs. 200 crores.

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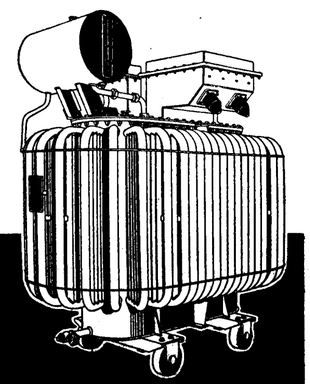

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MEANING OF ELECTION RESULTS

E.C.A.F.E.'S CURIOUS COMMENT ON INDIAN PLAN

From Our Special Correspondent

NEW DELHI, 6th *March*

DELHI LETTER

THE General Elections are over at last, falsifying prophets who predicted a possible postponement due to the planetary conjunction last month. The Congress Party's reverses in two States are not perhaps worse than those in two others at the last elections; if the position could be retrieved in Kerala and Orissa, there is no reason why Rajasthan and Madhya Pradesh should defy solutions in time, particularly since no coalition or control by another party is needed immediately in the latter two. The capital is now engaged in the pastime of analysing the political and economic implications of the electorate's verdict with a view to finding out whether it is in fact a swing of opinion to the Right or to the Left; the kaleidoscopic variety of the opposition groups (it seems inappropriate to describe them as parties) lends support for opposite views; a detached observer may be inclined to go by the results of the elections to the Lok Sabha and take them as an approval of the major role played by the Centre whether in foreign policy or in economic and social development and a mandate for the future for the continuance of the policies indicated for the future.

But some are not content to leave it there; probing further, they interpret the gains of the Swatantra Party and the Jan Sangh as warnings against further movements to the Left; with equal force, others may be justified in pointing out not only the verdict in North Bombay (which only the Right regarded as crucial to its future) but the disquieting trend in Kerala, where the Communists have maintained their support, and the success of the D.M.K. in Madras, which, divorced of its separatist demand, is no party of the *status quo* in social or economic matters notwithstanding its links with the Swatantra Party.

So far as the States are concerned, the protest represented by the vote for non-Congress groups may be interpreted as criticism of local discontents arising out of bad administration, favouritism, communal rivalries and lastly to the pressure of population and unemployment which in the educationally backward States has not led to an extremism of the Left.

Assuming that the constitution of State Ministries has little significance in this broader context but will be of importance only to the stability of the Government in those States, speculation centres only on the composition of the Union Cabinet. It is difficult to see how it can be substantially changed, except in respect of some of the major portfolios allotted to individual Ministers. Undoubtedly, fresh blood and new talent are needed in the economic ministries; the staleness which descended on many of the Ministers in recent years has been there for all to see in the coal and transport difficulties, bad record in housing and health and inadequate performance in export promotion. On the other hand, a combination of good luck and imaginative handling has helped in dealing with the food problem and holding prices during the latter half of the second Plan period; revenues are buoyant, there is less need for deficit financing and foreign aid is less uncertain than when the third Plan was first formulated. The third General Elections have had a far more unsettling effect on the minds of political leaders than either the first or the second and prevented them from concentrating on the tasks on which they were engaged; but this is excusable in any democracy.

If the past is any guide, the indications are that the changes in the Union Cabinet will not be many. Mr. Nehru has rarely made changes, except when it was inevitable, due to resignation or death. Many whose records are undistinguished have continued to stay and even age is no disqualification, in the absence of a policy of strengthening the second rank of leadership; the new team may, therefore, have the familiar faces, if we include Mr. T. T. Krishnamachari also as one of them. There seems to be little point in the question whether the new team will be more to the Left than before, since this depends almost entirely on the attitude of the Prime Minister and there is nothing to indicate that he has changed considerably, though he always reacts to a challenge by placing greater emphasis on socialism. In the last resort his views have always prevailed and they will continue to prevail; the merit of formulating a five-year Plan after elaborate consultations is that policies to be pursued are indicated therein and adherence to them is both a national and in certain respects also an international responsibility and should normally be expected. But if, by any changes, the Prime Minister is able to impart more vigour in implementation, it should be welcomed in the context of the sluggishness in the economy that seems to have set in at the commencement of the third Plan, which is in marked contrast to the tempo at the beginning of the second.

These considerations should narrow down speculation to personalities and to the question whether the formation of the Cabinet will really give any clue to, or influence in any way, the problem of succession about which many are worried. The chances are that it will not; the answer will be given only by the alignment of forces in the various States when the issue does arise for a solution.

* * * *

Criticism of Third Plan

There have been many foreign appraisals of India's Five-year Plans and, except a few extreme opinions like those of Prof. P. T. Bauer, there have not been many serious criticisms of the approach. The World Bank, which has been in close touch with planning at all stages, seemed to understand the motivations behind planning in this country; the I.M.F. was the first to begin this approach with the Bernstein report in 1953. More recently, the three bankers who gave their views on the Draft Outline of the Third Plan showed a sympathetic attitude, though Western opinion is bound to take the view that the private sector should be allowed to take up as much as it can handle so as to let the Government concentrate on the infrastructure—power, transport and even agriculture, besides social overheads like health, education and housing—which in India have assumed greater importance than before. But these differences of emphasis or of approach are well understood here and even appreciated; the World Bank's lending policies also have been based on its order of priorities and when it did not lend money to the public sector industrial projects (like steel plants) or when it declared its intention to support only the private sector coal mines with credits, these have been accepted with good grace, since they, in any case, fell within the scope of the Plan.

There is, therefore, bound to be some curiosity about the unusual vehemence with which the E.C.A.F.E. has suddenly found Indian policies in planning to be seriously at fault for various reasons. Its latest *Survey* is of the opinion that the country did not fully explore avenues which could have secured a more rapid expansion of output with relatively smaller inputs of capital or foreign exchange. As a generalisation, this sounds profound and impressive; and the E.C.A.F.E. had no obligation to indicate the alternative plan which could have found favour with it. Neither the cotton textile industry nor the sugar industry will agree that more should have been produced through handlooms or *khandsari*, in order to reduce the capital-intensity investments. The main objection seems to be against the watchword "Build Machines—Build India." It is supported by the very odd reason that technological changes might make the present investment uneconomic at a later stage and upset the present cost-benefit calculations. The *Survey* does not say when technological change will reach the point of no progress to make investments safe for all time; or it may be that it feels that, since catching up with the advanced countries may be a futile quest in view of automation and electronic computers, it should be abandoned for all time. The E.C.A.F.E., however, is willing to see the "larger social ends" behind the policy decisions of the Government of India, though it sticks to its view that a different investment strategy was desirable; its reports thus promise to be less colourless than before and soon one may expect strong criticisms of the comparative indifference of the other countries of the region to the tasks of economic development.

THE BURST MONEY-BAG

(*From Our Own Correspondent*)

LONDON, 2nd *March*

LONDON LETTER

IN the crisis days of last July, the Chancellor of the Exchequer had assured the country that he would lead the way in economy by limiting an assumed inevitable increase in Government expenditure in the year ahead to 2½ per cent *in real terms*, that is, after making allowance for price increases. By coincidence or otherwise, the same limit of 2½ per cent has been urged by the Chancellor as the maximum by which overall wages ought to be increased in 1962—with a difference that the 2½ per cent is not supposed to be in real terms; it is comprehensive.

Alas for Mr. Selwyn Lloyd's optimism! The spending departments have been stronger than he and in real terms the percentage rise is 4½. In money terms, it is about 7 per cent, the difference being the measure of price inflation over the year. This is what has happened: the new estimates of civil and military expenditure for 1962-63 are £5,611 million which is £384 million more than the estimates put up a year ago and which have, incidentally, been exceeded by over £200 million. Of course, budget estimates do have a way of being exceeded and the Chancellor's estimates for 1962-63 give no guarantee that these will not also in turn be exceeded.

However, the Chancellor, in view of all his strictures about the need for economy Government-wise and nation-wise, felt himself particularly obliged to keep to what he had said and spent many anxious hours considering how best to approach his explanation. In the end, he decided to stand before the House in "sackcloth and ashes" and say that he had done his best—which will no doubt provide an excellent model for industrialists and heads of nationalised industries who will also do their best and find they have to pay more. But Mr. Lloyd made the gap between promise and performance appear less by explaining that, first of all, rises in prices of the sort of goods on which the Government spend their money accounted for only £139 million of the increase, that the 2½ per cent increase in real terms would have permitted him to spend an extra £134 million, and that his overspending was, therefore, £111 million.

Whole Government Responsible

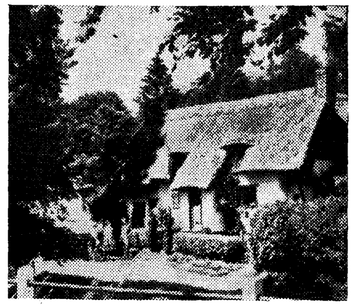
The increase making up the £384 million is, namely, £100 million on defence, £66 million on agricultural support, an extra £43 million on the railway deficit, a mere £15 million extra on roads and the rest on health and welfare. The Chancellor made great political play with the fact that he refused to touch health and welfare as if that was the only choice open to him. Admittedly, the Chancellor is not in control of defence policy, but, if the Government were serious about the overall limitation, they would have to attack not merely the increases proposed but the total budget programmes of the big spending departments. Defence is, perhaps, the Department which is most vulnerable to criticism, though, at the same time, the expenditure itself is inseparable from policy.

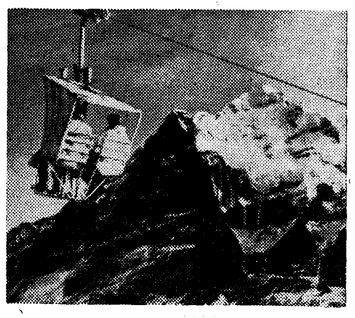
A Chancellor, however, is under pressure from all the spending departments and it is impractical to single out one at the expense of others. The onus is not, indeed, on the Chancellor; it is on the Government as a whole if it wishes to adapt its policies to fit in with the sums of money available. In short, the fault is not in the end Mr. Lloyd's but the collective responsibility of the Government. Nevertheless, because of the Chancellor's insistent pleas for economy, the exceeding of estimates of this year would have caused a furore if the House had not got other matters with which to occupy itself. The Chancellor must be grateful to Sir Roy Welensky for having acted as a lightning conductor.

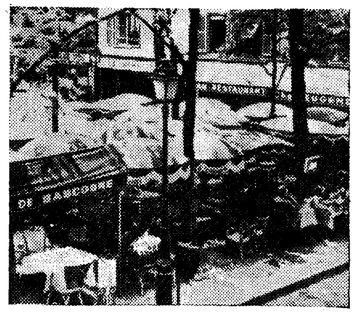
These expenditure estimates now make it unlikely that any reductions in taxation can be looked for in a month's time when the Chancellor is due to present his Budget to the country. On the other hand, the impression is growing that the Government do not feel that they need to exercise further restrictive measures on the economy and that the year ahead is accordingly likely to be one of no change in both fiscal and financial policy.

(Continued on page 435)

SEE EUROPE AT ITS BEST







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RECENT TRENDS IN WORLD SILVER

CONSUMPTION RISING MUCH FASTER THAN PRODUCTION

THE industrial, artistic and coinage uses of silver in the free world are currently running at a much faster rate than the pace at which production is expanding, so that the gap between demand and supply is quite sizable. The actual shortage during the calendar year 1961 was nearly 140 million ounces, with the aggregate free world production and consumption estimated at 211.0 million ounces and 350.7 million ounces, respectively. The deficit in supplies was considerably wider than in 1958 when it was of the order of just 64.3 million oz. (production 205.7 million oz. and consumption 270.0 million oz.). This growing gap between output and offtake need not cause any concern about the availability of sufficient silver for industry's future requirements. This at any rate is the view which Messrs. Handy and Harman of the U.S. have reiterated again in their latest (the forty-sixth) *Annual Review* covering the year 1961. "We are," they say, "still of this opinion and, in fact, feel that it is being substantiated by recent market events." They also feel that no further sharp increases in silver prices are likely in the near future, though they admit that fluctuations may be more frequent than in the past. In support of this view, they observe:

"We shall almost certainly see more frequent fluctuations (in prices) during the year 1962 than in the past, but the general trend will depend on the answers to several questions. It is not known when or at what levels speculative holdings will be sold; it is not known what Red China's future policy will be with respect to silver sales; it is not known what our (U.S.) Government's policy will be with respect to remaining free stocks; it is not known how much demonetised coin around the world will be brought out of hoarding by the new higher prices. However, we do know that there are substantial holdings of silver bullion which will ultimately be sold."

U.S. Treasury Stocks

It will be interesting to note here that the U.S. accounts for the bulk of the world's silver holdings. The total Treasury stocks as on 31st December 1961 stood at 1,862.7 million oz. to which are to be added 1,486.4 million oz. held outside the Treasury, or an aggregate of over 3,349 million oz. It will be recalled that, towards the close of November last year, the Treasury Secretary wrote to the President suggesting that, in view of the large and growing aggregate demand for silver, it would not be either wise or feasible to continue to impound a substantial holding of silver bullion in currency reserves. On his recommendation, the President announced that silver should gradually be withdrawn from the monetary reserves. And he directed the Treasury Secretary to suspend further sales of free silver to domestic industry, as well as to suspend the use of free silver held by the Treasury for coinage. He further announced his decision to ask the Congress to repeal all silver purchase legislation, including the transfer tax, thereby ensuring the establishment of a broad free market for trading in silver. Welcoming this move and describing it as "the most significant development" in world silver markets, Messrs. Handy and Harman observe: "The elimination of the United States Treasury as an active market influence has been long anticipated, but the event occurred sooner than generally expected. This action abruptly ended a period of world-wide stability which had lasted nearly three years, the longest such period on record except for war-time, when price controls were in effect."

To revert to the statistical position of silver in the free world. The total consumption of silver in the non-communist countries during 1961, was as already stated, 350.7 million oz., which represents an increase of 8 per cent as compared with the previous year's figure of 325.4 million oz. Of this increase of 25.3 million oz., industrial uses accounted for 12.0 million oz. (+5 per cent) and consumption for coinage for 13.3 million oz. (+13 per cent). The rise in coinage consumption, as Table I at the bottom shows, resulted from an improvement of almost 100 per cent in the quantity used by France and an appreciable increase also in the quantity in the U.S.

The aggregate free world silver output in 1961 amounted to 211.0 million oz., a rise of just a million oz. over 1960. A drop of 25 million oz. in Mexico's output was offset by a rise of 9 per cent in Peru. Changes in other countries were small. Details of production trends are given on Table II, while Table III summarises the uses and sources of silver in the world during 1961. In this connection, Messrs. Handy and Harman have drawn attention to two important trends in world silver economy. One, the U.S. coinage requirements, which account for nearly half of all silver used for coinage, have come from the Treasury's own stocks in the past and, under the President's directive of 23th November 1961, they will continue to come from such stocks in the future. Two, about 40 million oz. of silver represent world speculative holdings during 1961 and an equal quantity is held in inventory accumulations. Communist China sold huge quantities of silver throughout the year, but withdrew from the market when the U.S. Treasury sales were stopped and has not participated since then. No indication is available as to the future policy of China.

With the U.S. Treasury silver no longer available, the New York market has again begun to reflect business done in other centres, particularly London. Generally speaking, the New York price must be more than two cents per ounce above London's to attract silver here, the spread consisting of about 1.5 cent for freight, insurance and financing and over 0.5 cent premium for other than Chinese silver. A large part of the silver available in London, we are told, comprises speculative holdings of Chinese origin. The U.S. citizens are prohibited by law from dealing in this silver and, therefore, the metal eligible for sale in New York commands a premium in London over the published quotations.

Silver Consumption in U.S.

Commenting on silver consumption in the U.S., Messrs. Handy and Harman observe:

"The amount of silver consumed in the United States has been quite stable for the past several years, and this has tended to obscure the many significant new developments which are taking place in the uses of silver in industry. Some of the better known uses for silver have not been increasing and in fact in 1961 declined slightly. These include the use of sterling for silverware and of the types of brazing alloys used in consumer durable goods, such as automobiles, refrigerators, air conditioners and other household appliances. In other areas, however, a wider variety of alloys and more complex compositions are needed to meet the more exacting specifications of industry today. For example, the rapid progress in electronic development and the requirements of our defence programme call for many specialised applications of silver, both for electrical and metal bonding needs. These developments have not resulted in a large increase in the total amount of silver consumed in the United States, because, in many instances, new uses have replaced old ones and, in other instances, new designs have tended to reduce the amount needed for specific applications."

TABLE I—*World Silver Consumption (Partial)*

(In million ounces)

	1961	1960	1959	1958	1957
Industrial use—					
United States	105.0	100.0	101.0	45.0	95.0
Canada	4.2	4.3	4.5	4.6	5.8
Mexico	3.4	4.0	5.4	4.4	3.9
United Kingdom	20.0	16.5	17.5	14.8	11.7‡
France	14.0	13.0	16.6	14.1	17.9
W. Germany	43.5	40.2	43.3	31.1	31.5
India	1.5	1.5	2.0	3.3	13.0
Japan	21.5	21.5	13.6	8.2	8.8
Other countries	25.0	25.0	25.0	25.0	25.0
Total	238.1	226.1	214.9	190.5	212.6
Coinage—					
United States	54.2	46.0	41.4	38.2	52.0
Canada	4.2	7.5	5.7	4.7	3.4
France	53.8	12.2	5.5	..	..
Italy	7.0	7.0	5.7	7.2	..
Japan	1.4	4.5	10.2	6.5	2.4
Other countries	22.0	22.0	17.9	22.9	25.4
Total coinage	112.6	99.2	86.4	79.5	84.2
Total consumption	350.7	325.4	301.3	270.0	296.8

TABLE II—*World Silver Production (Partial)*

(In million ounces)

	1961	1960	1959	1958	1957
Mexico	42.0	44.5	44.1	47.5	47.1
United States	41.0	40.1	32.0	36.8	38.7
Canada	32.0	33.8	31.9	31.2	28.4
Peru	33.0	30.2	27.2	25.9	24.8
Bolivia	5.0	4.9	4.5	6.1	5.4
Other South and Central American Countries	8.0	8.2	7.7	7.2	6.9
Total Western Hemisphere	161.0	161.8	138.4	154.8	151.7
Outside Western Hemisphere	50.0	48.2	50.0	50.9	46.3
World production	211.0	210.0	188.4	205.7	198.0

TABLE III—*Uses and Sources of Silver*

(In million ounces)

Uses	Quantity	Sources	Quantity
Industrial—		New production	211.0
U.S.	105.0	Demonetised coin	30.0
Other countries	133.1	U.S. Treasury stocks—	
		Sales to U.S. Industry	62.6
Total	238.1	Used for coinage	54.2
		Total	116.8
Coinage—			
U.S.	54.2		
Other countries	58.4	Official stocks of other countries	24.0
Total	112.6		
Speculative holdings	40.0	Sales by China	65.0
Inventory accumulations	40.0	Miscellaneous	3.9
Grand Total	430.7	Grand Total	430.7

The commercial imports of silver into the U.S. during 1961 amounted to 50.6 million oz., as against 56.1 million oz. in 1960, 64.5 million oz. in 1959 and 73.9 million oz. in 1958. In addition, 6.0 million oz. were imported against lend-lease returns. While imports of silver (other than lend-lease) into the U.S. continued to decline during 1961 also, exports from the U.S. continued to rise; they aggregated 34.8 million oz., as against 26.6 million oz. in 1960, 9.2 million oz. in 1959 and 2.7 million oz. in 1958.

The U.S. Treasury free silver stocks declined sharply in 1961 from 123.5 million oz. to 28.5 million oz. Final figures covering Treasury operations in silver for the full year were not available at the time when the annual report of Messrs. Handy and Harman was published. During the first eleven months of the year, the Treasury acquired 12.4 million oz.; the major portion of it (10.4 million oz.) was accounted for by lend-lease silver. The newly mined domestic silver purchased amounted to 200,000 oz. and receipts from melting of uncurrent coins and other sources to 1.8 million oz. The Treasury disposed of 112.7 million oz. of silver during the January-November 1961 period.

Silver Elsewhere

Silver consumption outside the U.S. was higher than in 1961. Activity increased in all the major centres. And, in addition to normal industrial needs, considerable buying was done for speculative purposes and to accumulate inventories as hedge against future requirements. The major developments in a few important other silver markets as recorded in the report of Messrs. Handy and Harman are given below:

U.K.: Sales of Chinese silver were of great importance in the London market. The total sales to Western Europe during 1961 are estimated at 50-55 million oz., of which 5.0 million oz. are to be delivered in the current year. Silver imports into Britain during the eleven months ended November 1961 amounted to 56 million oz.; China alone supplied 38.2 million oz. As against these imports, exports were of the order of 23.2 million oz. The total speculative stocks in private hands in London are estimated at about 30 million oz., besides the 10 million oz. held in inventories as hedge against future requirements.

West Germany: Domestic production is small and the bulk of the country's requirements is imported. The actual imports in 1961 were 40.7 million oz. (excluding imports of 11 million oz. of unrefined silver). China supplied 5.6 million oz. There were also some exports, estimated at 16.9 million oz. No silver was used for coinage last year.

France: The coinage programme continued to be of significance. A total of 23.8 million oz. was used to coins the five-franc piece. Plans for two-franc coins have been cancelled. Imports: 20.1 million oz. (7.4 million oz. from China); exports: 13.8 million oz.

Italy: The coinage programme, authorised in 1958, was continued in 1961. Imports: 10-15 million oz.

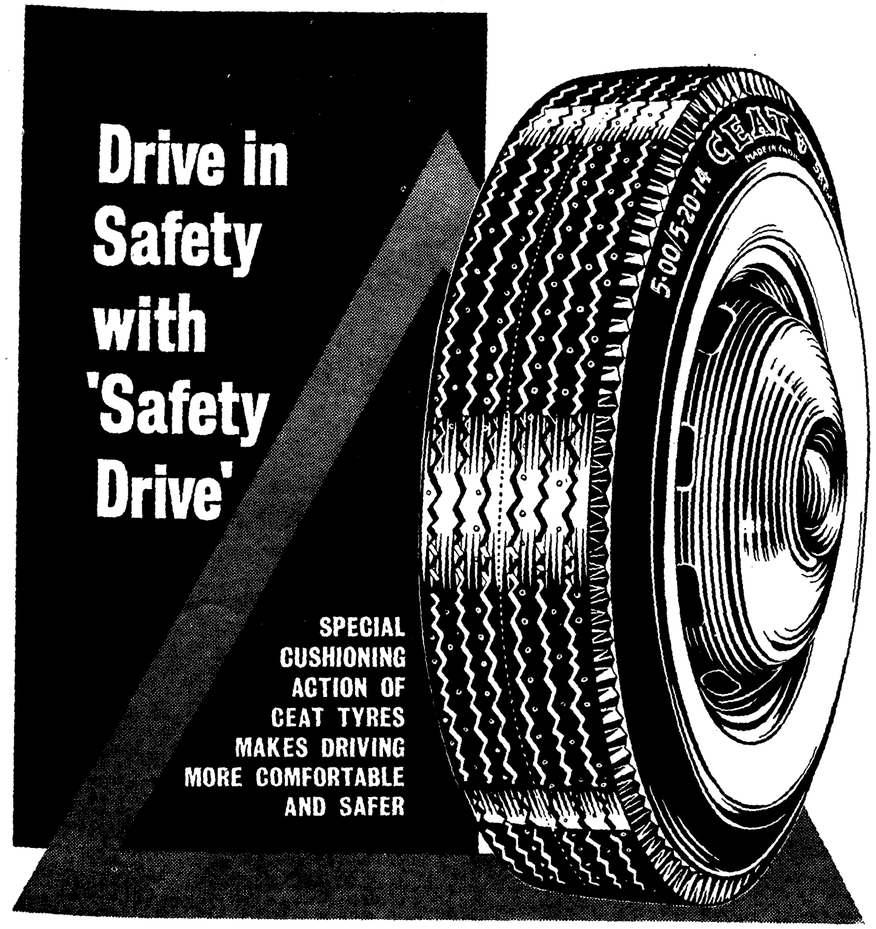
Canada: Imports: 8.6 million oz. from the U.S. The imports were in part purchases by the Royal Canadian Mint and in part silver of foreign ownership refined in the U.S. and shipped to Canada prior to sale presumably to avoid silver tax liability. Exports of Canadian silver to the U.S. were 23.1 million oz.

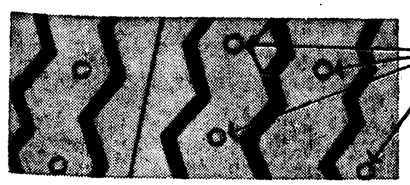
Mexico: Exports: 33.5 million oz. About 80 million oz. of silver remain with the public in the form of demonetised coin.

Japan: Imports: 4.4 million oz. Of the 64 million oz. of war-time confiscated silver, some 4.5 million oz. were scheduled to be returned to private companies; 2 million oz. have already been returned so far. The balance of 60 million oz. was transferred to the Government. A part of this stock has been used for coinage and the Government stocks at the end of 1961 are estimated at about 47 million oz.

India

The annual review of Messrs. Handy and Harman also contains a brief reference to India. There has been no relaxation of ban on silver imports into India and the market continues to be isolated from other world centres. Silver consumption continues to be low largely because of high prices; it is estimated at 1.5 million oz. for 1961, almost the same as the figure for 1960. No further imports of Tibetan silver coins have taken place. The quaternary silver rupee coins are still in the process of being withdrawn. About 330 million of such coins with an estimated total silver content of 60 million oz. are believed to be still in the hands of the public.





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INTEREST RATES IN UNDERDEVELOPED COUNTRIES

VIEWS OF PROF. CHANDLER

THE relatively low rates of interest prevailing in the organised capital market in India is a significant and striking feature of the Indian economy. It is undoubtedly true that bank credit today costs more than they used to, say, four or five years ago, that the Government, too, is paying a little more and that the average Bank rate (average of the three tiers) in the 1960-61 busy season was a little above 5 per cent, as compared with 4 per cent since May 1957. But, curiously enough, the rates of interest on deposits by banks are somewhat lower not only as compared with what they were, say, in 1957-58, but also with other interest rates. Again, the rates of interest, whether on bank credit or bank deposits or on Government borrowings, are substantially lower than the comparable rates in some of the developed countries. Since interest is a price paid for savings and therefore performs the role of a stimulator of savings, it might seem ironic that, in a country which stands very much in need of a higher rate of real savings, interest rates should be even lower than in the capital-rich countries of the West and in highly developed Japan in the East. This situation is not so much the result of natural evolution as of a deliberate policy of keeping interest rates low for budgetary and other reasons. Since Government is the largest borrower the yearly cost of servicing the debts has prompted many a Finance Minister to plump for a low rate of interest and yield to the pressure of the law of demand and supply only grudgingly and often only after much damage has been done. The desire to keep the cost of development programmes as low as possible and the prejudice against what are known as *rentier* class have provided additional justification for keeping interest rates at low levels.

Opinion among a section of bankers in this country, however, has for quite some time now been crystallising in favour of higher interest rate in the organised section of the capital market. It has been contended that interest rate should be looked upon primarily as a price for savings and that, whatever the attractions of low interest rate as a means of promoting employment and capital formation, its role as a stimulator of savings should not be lost sight of. Advocates of higher interest rates in this country will be pleased to note that no less an authority on monetary economics than Prof. Lester V. Chandler, Chairman of the Faculty of Economics, University of Princeton, shares their view.

Prof. Chandler, who is just completing a one-year assignment in India as Visiting Professor of Monetary Economics at the University of Bombay, delivered last week a series of three lectures entitled "Central Banking and Economic Development" under the auspices of the University of Bombay. In one of them he made out a very convincing case for higher interest rates in underdeveloped countries. Although the lectures encompassed the entire range of central banking policies in underdeveloped countries, this article confines itself only to that portion of his third lecture relating to interest rate policies. The object of this article is to provide a summary of his arguments for higher interest rates for the benefit of those of our readers who could not hear the brilliant exposition of Prof. Chandler.

Interest is a Price

Put in capsule form, Prof. Chandler's thesis is this: "Many underdeveloped countries pay too much attention to the behaviour of interest rates *per se*; the rates they maintain are both too low and too stable and this retards rather than promotes real saving and capital formation, encourages the waste of scarce capital; and, in these and other ways, endangers economic growth." This conclusion of Prof. Chandler is supported by sound theory and observed facts of monetary experience. In formulating their policies towards interest rates, the monetary authorities should, in Prof. Chandler's opinion, never forget that the interest rate is a price—a price paid by borrowers to lenders for the use of loan funds, or, more basically, a price paid for the use of real resources purchased with loan funds. Like other prices, the interest rate has at least three functions and effects. First, its rationing effect or its regulation of the quantities actually demanded. It functions to bring the quantity of credit actually demanded into equality with the available supply. The second is the supply effect of interest rates—that is, their effect on the quantities of saving that will be supplied. As the reward for saving and lending, higher interest rates tend to encourage saving and lower rates to discourage saving. The third is the income distribution effect. As the price paid for the use of loan funds, the interest rate represents the amount of income paid by borrowers to lenders for the use of funds.

Interest rates policies, according to Prof. Chandler, are likely to be faulty, if they are not based on a realistic appraisal of all three of these effects—namely, the rationing or demand effect, the supply effect and the income distribution effect. In country after country, observed the distinguished Professor, the monetary authorities have failed to consider these effects or have failed to appraise them realistically or have concentrated excessively on one of them to the neglect of others.

A Fallacy

Prof. Chandler does not subscribe to the widespread belief that lower rates of interest inevitably increase the rate of real investment. He no doubt concedes that, other things being equal, lower rates of interest increase the quantity of loan funds demanded for investment purposes. It is even true, he admits, that lower rates of interest will increase the actual rate of real investment, if the effective limitation on investment is lack of demand for loan funds rather than deficient supply. But is the effective limitation on the rate of real capital formation an inadequate willingness of the Government and the private sector to use all the real saving that can be made available, or is the effective limitation the supply of real savings? In most countries, in Prof. Chandler's opinion, it is the latter. It is much more so in underdeveloped, capital-hungry countries. In fact, the combined demands for loan funds by the Government and the private sector at the prevailing rates of interest are far above the available supply of voluntary savings. This is evidenced by excess demands for credit despite various controls to reduce the demand for credit. In many cases, says Prof. Chandler, interest rates would probably have to rise by several percentage points at least to lower the effective demand for credit to the level of the available supply. Within this range, a rise in the rate of interest would actually increase real investment to the extent that it raised the supply of real saving. Thus, the effect of interest rates on the proportion of national income saved becomes a crucial question. Will higher interest rates raise the proportion of national income saved and, if so, how much? In view of the fact that empirical knowledge on this subject is scarce, it is difficult to answer this question with any degree of exactitude. Prof. Chandler, however, does not accept the assumption that, since the income effect and the substitution effect of interest rates tend to cancel each other, interest rates have no effect on saving. In his opinion, real saving and, therefore, real investment can be increased by permitting interest rates to rise to a level at which the effective demand for credit will be no greater or not much greater than the supply of voluntary saving. In many underdeveloped countries, the required rise of interest rates would be not merely a fraction of a percentage, but several percentage points.

Subsidy for Waste

A policy of excessively low interest rates also militate against economic growth in another way. It subsidises wastage of capital. For interest rates so low that they do not reflect the scarcity value of capital and its productivity in alternative uses are, in Prof. Chandler's opinion, "a subsidy for the use of capital and an invitation to its waste." Conversely, higher interest rates, reflecting its scarcity value, would increase the cost of using capital and promote economy in its use.

Prof. Chandler, of course, does not contend that underdeveloped countries should rely solely on market rates of interest to ration or allocate their scarce supplies of savings and capital. There may indeed be, he concedes, sound social grounds for using direct methods, such as selective credit control or the system of licences, to prohibit or limit the use of capital for specific purposes. Such methods can be socially beneficial, if wisely conceived and well administered. They can both hold down the total demand for savings and direct the available savings towards socially useful ends. But they are not complete and adequate substitutes for a realistic level of interest rates for the purpose of promoting growth of real savings, rationing them and economising their use.

Low rate of interest leads to wastage of capital in another way also. In almost any capital project, there is some degree of substitutability of capital and labour. The same output can be produced with less capital and more labour, or more capital and less labour. Every entrepreneur tries to achieve economy in the use of factors by using that combination of capital and labour which will yield the lowest cost of production. What this lowest cost combination will be depends in part on the relative prices of the factors. If interest rates are high relative to wage rates, entrepreneurs will find it more economical to use less capital and more labour. On the other hand, if interest rates are low relative to wages, entrepreneurs are encouraged to use more capital and less labour. In other words, low interest rates give an incentive to entrepreneurs to use capital lavishly, not to economise it. A nation provides a double incentive to waste scarce capital when it simultaneously maintains the interest rate at a level far below the marginal product of capital and also encourage wage rates in the industrial sectors to rise far above the value of labour's output in alternative uses.

Not Inequitable

Prof. Chandler also disputes the argument that higher interest rates, by transferring income from the poor to the rich, accentuates inequality of income. Apart from the fact that interest accounts for only a fraction of the national income, not all interest payments, Prof. Chandler points out, are from the poorer to the richer. In fact, as an economy develops and a larger portion of loans come to be used for productive purposes, many of the interest payments are from richer entrepreneurs to less rich savers. Even if higher interest rates do bring some inequity in income distribution, the damage in this respect, according to Prof. Chandler, is likely to be far less than that which would result from monetary expansion and inflation that would be required to keep interest rates at low levels.

The case for a higher interest rate is applicable with equal force to the Gilt-edged market also. Rates on Government securities are pegged at rates so low relative to those on other securities available in the market that they are unattractive to private buyers with the result that most, if not all, of them come to be held by the Central Bank and by such Government-controlled agencies as provident fund organisations and nationalised life insurance. This clearly inhibits the achievement of one professed objective of most Governments—the creation of a broad market for Government securities. Prof. Chandler appreciates the Government's desire to hold down service charges on the national debt, but, in his view, any advantages on this score are purchased dearly when the low interest rates policy defeats the purpose of developing a broad market for Government securities.

Three Defects

Prof. Chandler points out three main defects for such a policy. First, it imparts an expansionary bias to monetary policy (when private demands for Government securities are absent, or at best very small, the Central Bank must buy more of them, thereby creating bank reserves). Secondly, it deprives the nation of what should be a useful means of promoting and channelling savings. Thirdly, the maintenance of very low rates of interest on Government securities often leads Governments to charge excessively low interest rates on their loans to Government-owned corporations and certain favoured groups in the private sector. Finally, it is inappropriate, according to Prof. Chandler, for provident funds and nationalised life insurance to be used as repositories for large amounts of Government debt whose yield is excessively low. For when the Government uses its powers over these agencies to borrow at rates below those available on comparable securities in the market, it is, in effect, taxing the beneficiaries of the programme. They are forced to subsidise the Government's borrowing. This form of taxation is likely to be erratic and inequitable in its incidence, because it gives little attention to ability to pay. Moreover, this tax may well inhibit the growth of life insurance and discourage the growth of savings in this form.

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UNION BANK OF INDIA

PROFIT HIGHER—CAPITAL TO BE RAISED

THERE has been a handsome rise of Rs. 2.46 lakhs or 12.8 per cent to Rs. 21.62 lakhs in the net profit of the Union Bank of India Ltd. (General Manager: Mr. F. K. F. Nariman, Bombay) for the year ended 31st December 1961 as compared with 1960. This improvement is significant especially because it has been achieved notwithstanding a marked increase of Rs. 9.05 lakhs in staff expenses, of Rs. 2.65 lakhs in other expenses and of Rs. 0.39 lakh in depreciation. But these increases have been made good to some extent by the decline of Rs. 4.61 lakhs in interest paid. A noteworthy feature is that the Bank's net profit has doubled in a period of three years.

Despite the improvement in profit, the Directors of the Bank have not stepped up the dividend; they have only maintained it at the previous year's level of 11.2/5 per cent subject to tax. They seem to have done so for two reasons: (1) the proposed issue of right shares amounting to Rs. 40 lakhs and (2) the need to strengthen reserves. The sum allocated out of the published profit for the year 1961 to reserves and contingency account is larger at Rs. 7.50 lakhs, as against Rs. 6.50 lakhs. Bonus to staff takes Rs. 6.25 lakhs (Rs. 5.36 lakhs in 1960) and premises account Rs. 0.50 lakh (same). The amount carried forward is also higher at Rs. 1.45 lakh, as against Rs. 0.93 lakh. Thus, nearly half of the increase in net profit has been devoted to enhance the reserves and the other half to keep the Bank's workers contented.

The following comparative table shows the progress made by the Bank in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	1,85.08	1,88.13	1,67.54	1,82.40
Of which:				
Interest and discount earned	1,32.88	1,33.42	1,26.93	1,08.14
Commission and exchange	42.79	41.03	31.31	21.34
Other income	9.46	8.68	7.30	7.92
Interest paid	58.58	63.19	67.97	64.37
Staff expenses	68.59	59.53	46.77	33.48
Other expenses	33.03	30.38	26.34	18.24
Provision for—				
Taxation	N.D.	8.00	8.00	4.00
Depreciation	3.26	2.87	2.18	1.56
Net profit	21.62	19.16	16.28	10.75
To reserves and contingencies	7.50	6.50	4.00	3.50
,, premises account	0.50	0.50	0.50	0.50
,, bonus to staff	6.25	5.36	5.11	3.15
Dividend	6.84	6.84	6.84	3.96
	(11⅛%)*	(11⅛%)*	(6⅔%)†	(6⅔%)†
Carry forward	1.45	0.93	0.97	1.16

	As on 31st December			
	1961	1960	1959	1958
Capital	60.00	60.00	60.00	60.00
Reserves	50.00	43.50	47.00	43.00
Deposits	32,63.92	28,60.19	32,17.42	24,62.29
Borrowings from other banks			10.00	70.00
Advances	18,50.08	17,41.82	20,57.78	15,77.96
Investments	8,24.97	7,47.87	7,36.60	6,96.32
Cash	7,01.13	4,70.70	5,28.59	3,47.38
Balance-sheet total	43,70.22	39,71.82	43,08.73	33,78.66
Ratio to deposits of—	%	%	%	%
Advances	56.8	60.7	64.0	64.1
Investments	25.1	26.2	22.9	25.4
Cash	21.3	16.5	16.4	14.1

N.D.—Not disclosed. * Subject to tax. † Free of tax.

The gross income earned by the Bank during the year 1961 was higher by Rs. 1.95 lakh at Rs. 185.08 lakhs, but the pace of increase was less than that in 1960 (+Rs. 15.59 lakhs) and 1959 (+Rs. 35.14 lakhs). The rise was accounted for by commission and exchange and other income, the former increasing by Rs. 1.76 lakh and the latter by Rs. 0.78 lakh. Interest and discount earned, however, declined, but by only Rs. 0.59 lakh. It must be mentioned here that the Bank's income continues to be from banking pure and simple and does not include, as in the previous year, any revenue of a capital nature such as profit on sale of investments, bullion, land, etc., revaluation of investments, and income from non-banking assets.

The business of the Bank during the year under review continued to show satisfactory progress. Nine new branches were opened, bringing the total number of branches to 61. Reflecting the continued expansion of business, the advances made by the Bank during the year 1961 rose by more than Rs. 1.18 crore to Rs. 18.50 crores. The Bank could easily meet the credit demands of its clients, as well as to strengthen its investment portfolio (from Rs. 7.48 crores in 1960 to Rs. 8.25 crores in 1961) and cash (from Rs. 4.71 crores to over Rs. 7.01 crores), without any recourse to outside borrowing. For the fresh accretion of deposits was quite sizable—Rs. 4.34 crores; the total of deposits as on 31st December 1961 stood at Rs. 32.84 crores.

The increase in deposits is in refreshing contrast to the decline of Rs. 3.67 crores suffered in 1960 and brings the level of deposits as at the end of 1961 to that witnessed towards the close of 1959. A point that needs to be made here is that the rate of growth in the deposits of the Bank has been lower than that in the case of big banks. Here is some evidence to support the demand of medium banks that they should be allowed to quote ½ per cent more than the big banks under the inter-bank agreement on interest rates on deposits.

As the increase in deposits during 1961 was more appreciable than that of advances, the credit ratio of the Union Bank has receded from 60.7 per cent in 1960 to 56.3 per cent in 1961. It is for the same reason that the ratio of investments to deposits has fallen from 26.2 per cent to 25.1 per cent, while that of cash to deposits has risen markedly from 16.5 per cent to 21.3 per cent. In view largely of the notable expansion in deposits, the balance-sheet total as at the end of 1961 stood at the impressively high level of Rs. 43.70 crores, as against Rs. 39.72 crores a year before and Rs. 43.09 crores two years before.

Following the addition of Rs. 7.50 lakhs made out of the published profit for 1961, the Bank's reserves have risen to Rs. 60 lakhs which is equal to the paid-up capital. The Directors propose, subject to the sanction of the Controller of Capital Issues, to increase the paid-up capital to Rs. 1 crore by issuing 800,000 equity shares of Rs. 5 each at par to existing shareholders in the ratio of two new shares for every three held.

CREDIT CONTROL AMENDED

The Reserve Bank of India has revised two of its directives to banks governing (1) advances against foodgrains (other than wheat on which control was abolished in May 1961) and (2) advances against groundnuts and other oilseeds. The Bank continues the framework of control on these commodities with some relaxation in ceiling limits. The output of foodgrains for 1961-62, in particular of rice, is expected to be much the same as last year and possibly slightly higher. The monthly average of the All-India Index of Rice prices ruled slightly lower during 1961 than in 1960 but in the last two months the index has been slightly higher than last year. In view of the relative stability in the supply and price situation in respect of paddy and rice, it has been decided to allow during 1962-63 (March-February) an increase of 5 per cent in the ceiling limits over the level in the corresponding period in 1961-62 (March-February).

As regards other foodgrains, the permitted levels are maintained at the same levels as in 1961-62 (March-February) and the classification of States into Madhya Pradesh, Uttar Pradesh and other States is also continued.

Although the output of groundnut during 1961-62 is estimated to be higher at about 4.9 million tons (nuts in shell), as against about 4.4 million tons in 1960-61, groundnut prices, both spot and forward, continue to maintain a firm trend. Prices of castorseed and linseed have also showed continued steadiness. Taking account of the increased output of groundnut, the ceiling limits during March 1962-February 1963 have been raised to 105 per cent of the level permitted in the corresponding period in March 1961-February 1962. The directive continues the additional limits made available in the last year's directive to exporters of H.P.S. groundnuts and groundnut oil.

"CENTRAL BANKING LEGISLATION"

A collection of central bank, monetary and banking laws entitled *Central Banking Legislation* has been published under the auspices of the International Monetary Fund. The material contained in the book has been selected and annotated by Mr. Hans Aufricht of the Fund's legal staff. It includes the complete texts in English of central banking and monetary laws of 21 countries and summaries of general banking laws and selected provisions of these laws which are of special significance in the relationship of the central bank to the banking sector. Countries covered in the book are: Australia, Burma, Canada, Ceylon, Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Hohduras, India, Indonesia, Japan, Korea, Mexico, Nicaragua, Nyasaland, Philippines, Rhodesia, Union of South Africa and United Kingdom. Copies may be ordered at $10 each from the Secretary, International Monetary Fund, 19th and H Streets N.W., Washington 25, D.C.

I.M.F. CREDIT TO CEYLON

The International Monetary Fund has authorised a drawing by the Government of Ceylon of pounds sterling equivalent to $11.25 million. The drawing is intended to support the Ceylonese authorities in efforts to overcome a balance of payments deficit which has continued for some years. An earlier drawing equivalent to $11.25 million was made in April 1961.

WOOL EXPORTS FROM INDIA DECLINE

LARGER USE WITHIN THE COUNTRY

INDIAN wool first entered world trade in 1834, when a small consignment of 70,000 lbs. was exported. Foreign demand increased rapidly until the years immediately prior to the last war when exports aggregated almost 70 million lbs. (from undivided India). Now less than half this quantity is going abroad, and this is likely to decline even further. What are the reasons?

Indian wool is commonly classified as "carpet wool," along with the wool grown in Pakistan, in most Middle East countries, much of the Chinese clip and smaller amounts from various other countries. That is not to say that it cannot be used for clothing, but, by and large, most of it is coarser and harsher to the touch than is commonly accepted for this purpose and, if processed on the worsted (as opposed to the woollen) system, gives rise to considerable quantities of waste. On the other hand, the coarseness which is considered a defect in clothing gives a very desirable toughness and springyness to carpets and floor rugs. To some extent, the coarser types of wool are also preferred for hard-wearing blankets. Even before independence, it was recognised that it would be economically advantageous for the country to grow finer types of wool also and various sheep-breeding experiments were started, but without a great deal of success at that time. And so the position was, up to a few years ago, that India used indigenous wool to make carpets and blankets, and exported the balance. Wool for clothing was mostly imported.

Manufacturers Enter Market

Now the position is changing rapidly. To safeguard the national development schemes, it has become imperative to save foreign exchange in all possible ways, and wool is one of many commodities whose import has been cut. Manufacturers are being urged to use more Indian wool in their blends, even if it does make the finished product somewhat coarser and maybe somewhat more expensive. To reinforce the appeal to patriotic feelings, there is also the basic fact that, without using more Indian wool, mills will not be able to run economically on the very limited amount of foreign wool now allotted. Thus manufacturers have entered the market for indigenous wools in a big way and, at the present time, are virtually dictating the price for the superior types of white wool (and Tibetan types too) to the exclusion of the export merchant.

In recent years competition for supplies of wool has been growing from *khadi* spinning and weaving associations also, in an important though not so spectacular way. It is difficult to quote figures because, although statistics of organised wool *khadi* production are available, no one knows what quantity the non-organised spinner or weaver is making. Indeed, it may be that the higher production under official patronage is balanced by a drop in the unofficial section, but, according to wool exporters, the fact that *khadi* production is heavily subsidised is the important factor. Buyers for *khadi* products, they say, can pay higher prices.

Russian Buying

These two factors and one more have led to a persistent fall in exports of raw wool over the past two years. This third factor has been, strangely enough, Russian buying. When, as a result of bilateral trade agreements, Russia entered a market that previously had been dominated by the U.K. and the U.S.A. buyers and supported by those from the Continent of Europe and Australia, it quickly displaced the U.S.A. from second place. But whereas competition from other countries is made up of that of numerous small buyers, Russia acts as one big, single buyer and has a disproportionate influence on the market. Furthermore, the timings and extent of its buying is seldom predictable. Some time ago Russia placed orders for more Bikaner wool than was available in the country. These orders not only forced prices up but also led to adulteration with other wools to make up the quantity required. Now Russian buying is channelled through three important suppliers (to the chagrin of those who have been excluded from the agreement) and such overbuying is not likely to occur again. Nevertheless its influence on prices is still there and often has the effect of holding the level higher than other foreign countries are inclined to pay. Russia, of course, buys in rupees.

Another factor which could become important in the future is the export of finished products made from Indian wool, as part of the drive for foreign exchange. In practice, this can only be carpets which consume some ten million lbs. of raw wool a year.

In spite of the best efforts of promotion councils, there has been no big increase in the export of the handmade article. As the Government seems disinclined to permit the installation of powerlooms to produce machine-made carpets for export (taking the view that this might injure the cottage industry), one can probably safely ignore this industry as a competitor for larger supplies of Indian wool. This is small consolation for the exporter, in view of the other powerful factors which are operating. All he can hope for is an increase in the total quantity available if he is not to be squeezed out of his traditional share. And, in fact, an increase of 20 million lbs. (up to 90 million lbs.) is the third Plan target. This would at least help to satisfy the increasing demand while still leaving a fair quantity of inferior types available for export. But will it be achieved? Maybe—but so far the increase is not fast enough and the strong demand for limited supplies is likely to continue, and with it the decline in India's raw wool exports.

WOOL EXPORTS TO RUSSIA

About 15 million lbs. of raw wool were exported from India to Soviet Russia during the year 1961. This quantity represented almost 40 per cent of the aggregate shipments of wool amounting to 37 million lbs. to all destinations, as against 30 million lbs. in 1960. The U.K. lost its traditional place of chief buyer, but took roughly the same as in the previous year, as did the U.S. and other countries. Because Indian mills increase their buying substantially in the year, the higher export figures can be reconciled only by assuming that the home production of raw wool—currently put at 72 million lbs. greasy—has also increased.

Indian wool exports to Russia since 1956, when it first entered the market, are:

(In million lbs., estimated 80-85 per cent clean)

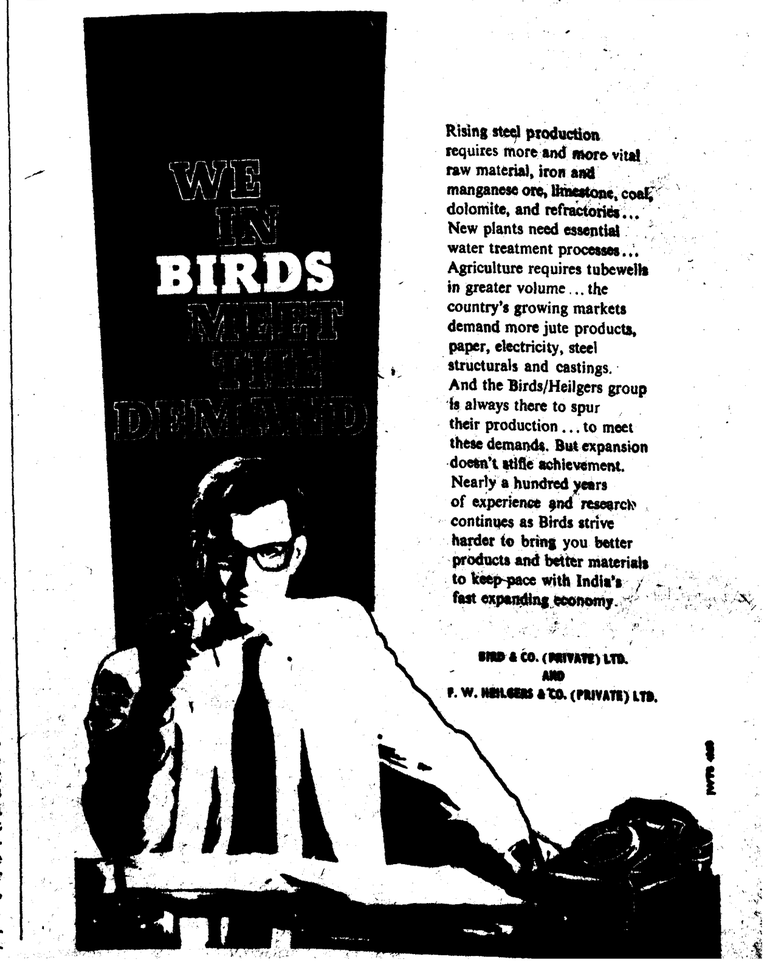
1957	5.7
1958	9.0
1959	6.3
1960	7.8
1961 (provisional estimate)	15.0

"M. 61"—A NEW FIBRE

Courtaulds of Britain have announced another new fibre, modified viscose rayon staple which they have designated "M.61." It is available only as 15 denier and it sells at 27d. a lb. which is competitive with any other fibre sold at present on the market. It is claimed that the new fibre has at least double the wear life of conventional viscose rayon and wool, because it has a better crimp and substantially better elongation. The modified cross section of the fibre is such that, since it is half round and not totally crinkled as normal viscose, it does not hold the dirt in the same way as viscose. The fibre has greatly improved resiliency which reduces the tendency towards flattening noted in the earlier types of all rayon carpeting.

It is reported that carpets are in greater demand in Russia than ever before in both domestic and communal establishments. Large mills are being established in the Soviet Union to make carpets and, by the end of 1965, it is planned to commission more factories in the various parts of the Union. This expansion requires a reliable supply of suitable raw material. The Seven-year Plan targets provide for 13½ million lbs. of carpet wool, of which 10½ million lbs. are to be white wool; this is considerably higher than the 6½ million lbs. needed in 1959. At present, raw material supplies are being met by imports of white wool from India, Afghanistan, Iraq and other Asian and African countries. The Soviet Union is also engaged in raising the production of domestic wool.

Textile fibre consumption among European countries may rise by 2.8 per cent a year over the period 1958 to 1970. This is the finding of the survey conducted by the Organisation for Economic Co-operation and Development. According to the survey the consumption per head will rise by 3 per cent a year over the same period which is less than the target figure adopted by the Organisation recently. The consumption of fibres is expected to reach 10.4 kilos a head by 1965 and 11.4 kilos by 1970. Taking into account the population increase, this will amount to a total consumption of 3,260 million tons in 1965 and 3,680 million tons in 1970.



NO DECISION YET ON WAGE RISE FOR MILL WORKERS

CLOTH IMPORTS RECEDE

From Our Special Correspondent

MANCHESTER, *27th February*

NO decision has been reached on the six-month-old claim for a 10 per cent wage increase re-submitted in Manchester to the employers on behalf of nearly 180,000 cotton spinning and weaving operatives. According to Sir Alfred Roberts, Secretary of the Cardroom Workers' Amalgamation, the union spokesman, the millowners contended at the meeting that conditions in the cotton textile industry were worse than in the 1920's and were as bad as many employers could ever remember.

MANCHESTER LETTER

Talks on the claim, which was rejected last September, were adjourned to a later date, to enable the millowners to discuss the position with their respective organisations. Sir Alfred said that the claim had been brought up to date in that subsequent adjustments in the cost of living were included, as well as details of cotton mill profits which had been announced during 1961. "We are not prepared to have our wages based on Asiatic standards," he declared, and said: "We have brought forward certain points which we think are just as important to the employers as ourselves, and which we ought to discuss jointly."

Pattern of the Pact

In the ten days which have elapsed since the terms of the agreement on international trading in cotton textiles were released, those involved in the business have been able to study the formal text, which sets out the arrangements covering the five years beginning in October—provided these are ratified by the respective Governments involved. Couched, as these documents must be, in legal phraseology, with constant reference to significant articles of the General Agreement on Tariffs and Trade, the pact is a formidable statement to absorb but there are certain aspects now unfolded which must have an important bearing on the trend of business in cotton products between the major exporting and importing nations in the future.

From Lancashire's angle, by far the most vital factor is the addendum to the agreement, which offers an escape clause to countries which can already claim to have fulfilled the conditions which qualify for "market disruption." A special codicil to the agreement provides a particular procedure for countries which have experienced "a substantial contraction" in its cotton industry in the decade preceding the establishment of the agreement and those which have been importing a substantial volume of cotton textiles from the less developed territories and Japan in relation to their own domestic output.

There can be no hesitation in declaring that the United Kingdom cotton industry comes within this category. This entitles the Government to make reservations in its acceptance of the arrangement, so that Lancashire should not be bound by certain clauses, notably those which concern the relaxation of quota restrictions and the wider access which, it is proposed, should be given to purchases from low-cost producing areas. A country wishing to make such a reservation has to submit its claim before the beginning of September. If none of the other contracting parties have raised objections in the ensuing month, this reservation would be held to be valid and protocols to the agreement would be attached accordingly. This would release such an importing country from the clause in the pact which permits a rise of five per cent in imports each year after a claim of market disruption has been substantiated.

What "Disruption" Means

Although the official designation of the important phrase "market disruption" is open to some argument, it is as well to repeat the way in which this situation is described under the earlier agreement reached in 1960 by the countries concerned in the negotiations. It is laid down as comprising a sharp and substantial increase or potential increase of imports of particular products from particular sources; the fact that these products are offered at prices substantially below those prevailing for similar goods of comparable quality in the market of the importing country; that there is serious damage to domestic producers or the threat thereof; and the price differentials do not arise from Governmental intervention in the fixing or formation of prices or from dumping practices.

The Cotton Textile Committee established by the 19 countries concerned has a man-sized job on its hands. The fact that the agreement is scheduled to last for five years obviates the frequent renewal of uncertainty about its future implementation, but the operation of the arrangement is to be reviewed each year and a report rendered to the contracting parties.

If one month's returns can establish a pattern for the year ahead, it looks as though both imports and exports of cotton goods into and from the United Kingdom in 1962 will continue the joint downward trend displayed in the second half of last year. Comparisons with the January 1961 figures, however, are particularly misleading, as, at that time, the rate of foreign arrivals had never been higher, and subsequent developments resulted in a marked reduction in purchases from abroad. At all events, cotton cloth imports last month, which aggregated 52,500,000 yards, although the biggest since August, were only slightly above the levels recorded in the intervening months, and as compared with the peak of 82,936,000 yards entering British ports in January last year. The major fall was in supplies of grey goods, which represented 38,510,000 yards, as against 65,677,000 yards.

All the countries named by the Board of Trade as suppliers of grey cloth sent smaller quantities in January this year than last, with the exception of France. Arrivals from India fell from 21,801,000 yards to 13,813,000 yards; from Hong Kong the reduction was from 7,256,000 yards to 5,207,000 yards and from Pakistan from 1,820,000 yards to 557,000 yards. China and Japan also provided lower quantities, and goods acquired from "other foreign countries" were halved at 10,276,000 yards.

Little change occurred in the volume of cotton yarn imported last month as compared with a year previously, the figure being 15,000 lbs. lower at 3,693,337 lbs. More cloth made from man-made fibres was absorbed, however, the total of 7,694,000 yards being nearly one million yards up on January 1961. Reduced sales to West African territories were mainly responsible for a fall of over 8,000,000 yards, as compared with last year in exports of cotton cloth in January 1962, to 21,069,000 yards. In line with recent trends, Australia and New Zealand also curtailed their purchases from this country.

European Millowners' Fears

A new twist has been added to the controversy which still persists about imports, despite the arrangements made to regulate the flow of trade in cotton goods between the major exporting and importing nations. This takes the form of a statement setting out the views of the French cotton trade whose leaders from the outset have been apprehensive about the effect of the United Kingdom joining the European Common Market on the future pattern of textile imports into continental countries.

For some time past, rumblings of discontent have been heard from across the channel. It seems that the Geneva pact has not fully convinced the participants in Europe that their cotton textile industries will be fully safeguarded in the event of Britain entering their economic community. It is suggested that Britain's entry should be delayed for 18 months until the situation in Europe is clearer and that the social conditions inherent in the Treaty of Rome must be accepted by this country. In particular, it is stressed that the same close consideration should be given to the textile problems involved in establishing a basis for Britain's entry as have already been the subject of minute scrutiny in the field of agriculture.—*All Rights Reserved.*

THE UNION BANK OF INDIA LIMITED

(REGISTERED 11TH NOVEMBER, 1919)

APOLLO STREET, FORT, BOMBAY 1

FORTY-SECOND REPORT

GENTLEMEN,

The Directors have pleasure in submitting to the Shareholders the audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1961.

	Rs.	nP
The net profit for the year, after providing for taxation and including the sum of Rs. 92,703. 61 nP. brought forward from the last year's account, amounts to	22,54,790	70
The following amounts have been appropriated for the undermentioned purposes:—		
Amount transferred to Reserve Fund under Section 17 of the Banking Companies Act, 1949	6,50,000	00
Amount transferred to Contingency Account	1,00,000	00
Amount written off Premises Account	50,000	00
Amount provided for Bonus to Staff	6,25,400	00
	14,25,400	00
The balance of Rs. 8,29,390. 70 nP., the Directors propose to dispose of as follows:—		
To pay a dividend of 57 nP. per share or 11.2/5 per cent per annum subject to deduction of Tax on 12,00,000 shares	6,84,000	00
To carry forward to next year's account	1,45,390	70
Total .. Rs.	22,54,790	70

The business of the Bank during the year under review continued to show satisfactory progress. The Bank opened nine new Branches—two each in Greater Bombay, Ahmedabad and Calcutta and one each in Nagpur, New Delhi and Hubli.

The Directors beg to report that the deposits which stood at Rs. 28,50,00,000 as at the end of December 1960 rose to Rs. 32,84,00,000 at the end of December 1961. Advances increased from Rs. 17,31,00,000 as at the end of December 1960 to Rs. 18,50,00,000 at the end of December 1961.

The practice hitherto followed by the Bank to provide for taxation by way of appropriations from the net profit has been changed this year and the tax liability has been deducted from the income as one of the usual or necessary provisions.

With the abovementioned transfer of Rs. 6,50,000, the Reserve Fund of the Bank has now reached parity with the Paid-up Capital.

The ratio of Capital and Reserves to Deposits of the Bank which was more than 12 per cent in 1953 went down to less than 4 per cent in 1957. The Capital of the Company was increased in the year 1958 from Rs. 40 lacs to Rs. 60 lacs and the ratio improved a little to 4.20 per cent. With further increase in the Bank's deposits this ratio has since declined to under 4 per cent. In the circumstances, your Directors have decided to increase the Paid-up Capital of the Bank from Rs. 60 lacs to Rs. 1 Crore by issue of 8 lac new shares of the face value of Rs. 5 each at par to the shareholders of the Bank in the ratio of two new shares against three old shares, subject to such conditions as may be imposed by the Controller of Capital Issues, Government of India, to whom necessary application has been made in this behalf.

Consequent upon this increase in the Paid-up Capital, the Authorised Capital of the Bank will be fully subscribed. Your Directors have, therefore, decided to recommend to you to increase the Authorised Capital from Rs. 1 Crore to Rs. 2 Crores.

Pursuant to the Resolution passed at the last Annual General Meeting of the Company, your Bank applied to the Central Government for exemption of all its Branch Offices from the provisions of Section 228 of the Companies Act, 1956, with regard to the auditing of the accounts of the Branch Offices in respect of the year ended 31st December 1961 and the Central Government has, by its Order dated 15th December 1961, granted such exemption. In order to avoid considerable delay and expenses involved in having the accounts of all the Branch Offices of the Bank audited by the Company's Auditors and considering the satisfactory arrangements made by the Bank for surprise inspection and audit of the Branches by the Bank's Statutory Auditors, other well-known firms of Chartered Accountants and by responsible and competent officers of the Bank, your Directors propose to apply for a similar exemption with regard to the auditing of the accounts of the Branch Offices for the year ending with 31st December 1962, to the extent permissible under the Rules framed by the Central Government. Resolutions in this behalf, under Item 7 of the accompanying Notice, are commended to you for approval.

Under the provisions of Section 256 of the Companies Act, 1956, three of the Directors of the Company, Shri Pallonji Shapoorji Mistry, Shri Balkrishna Harivallabhdas and Shri Gopaldass Toolsidass retire by rotation, but being eligible for re-election, offer themselves accordingly.

You will be required to appoint Auditors for the ensuing year and fix their remuneration.

By Order of the Board,
K. B. P. SHROFF
Chairman.

BOMBAY, 19th *February* 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961.

CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
1. Capital—				
AUTHORISED—				
20,00,000 Shares of Rs. 5 each	1,00,00,000	00		
ISSUED, SUBSCRIBED AND PAID-UP—				
12,00,000 Shares of Rs. 5 each Fully Paid-up			60,00,000	00
2. Reserve Fund and Other Reserves			60,00,000	00
3. Deposits and Other Accounts—				
Short, Fixed, Cumulative Deposits and 3-Year Cash Certificates ..	14,13,83,004	67		
Savings Bank Deposits	3,25,66,125	92		
Current Accounts, Contingency Accounts, etc.	15,44,42,570	69		
			32,83,91,701	28
4. Borrowings from Other Banking Companies, Agents, etc.—				
(i) In India	Nil			
(ii) Outside India	Nil			
			Nil	
PARTICULARS—				
(i) Secured	Nil			
(ii) Unsecured	Nil			
	Nil			
5. Bills Payable			19,85,406	00
6. Bills for Collection Being Bills Receivable as per contra—				
(i) Payable in India	2,37,51,300	15		
(ii) Payable outside India	1,18,73,520	67		
			3,56,24,820	82
7. Other Liabilities			43,45,256	27
8. Acceptances, Endorsements and Other Obligations per contra ..			5,38,45,446	75
9. Profit and Loss Account—				
Balance as per Balance Sheet as at 31st December, 1960			7,76,703	61
LESS—Dividend at 57 nP. per share (subject to deduction of tax) for the year ended 31st December, 1960			6,84,000	00
Balance brought forward			92,703	61
Profit for the year ended 31st December, 1961, brought from the Profit and Loss Account			21,62,087	09
			22,54,790	70
LESS—	Rs.	nP		
Amount transferred to Reserve Fund ..	6,50,000	00		
Amount transferred to Contingency Account.	1,00,000	00		
Amount written off Premises Account ..	50,000	00		
Amount set apart towards payment of Taxation (Refer to Note 2 to Profit and Loss Account)	—			
Amount provided for Bonus to Staff ..	6,25,400	00		
	14,25,400	00		
			8,29,390	70
10. Contingent Liabilities—	Rs.	nP		
(a) On Investments in Shares of Joint Stock Companies	12,500	00		
(b) Claim against the Banking Company not acknowledged as debts ..	Nil			
(c) Money for which the Banking Company is contingently liable ..	Nil			
(d) Liability on account of outstanding Forward Exchange Contracts ..	7,73,41,700	33		
(e) Liability on Bills of Exchange re-discounted—				
Sterling Bills re-discounted ..	£ Nil			
(f) Guarantees given on behalf of Customers including Rs. 29,50,852. 26 for guarantees in favour of Government and other Public Bodies which expired on 30th September 1961, but not released till the date of the Balance Sheet.	3,46,81,207	80		
Total .. Rs.			43,70,22,021	82

NOTE :—Provision to the full extent for future gratuities to staff has not been made, the liability for which has not been ascertained.

PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
1. Cash—				
In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes)			5,58,80,514	99
2. Balances with Other Banks in Current Account—				
(i) In India	8,99,800	07		
(ii) Outside India	31,30,569	12		
			40,30,369	19
3. Money at Call and Short Notice			1,62,02,404	18
4. Investments (at or under Market Value)—				
(i) Securities of the Central and State Governments and other Trustee Securities			7,88,69,778	12
(ii) Shares—	Rs.	nP		
(a) Preference Shares Fully Paid ..	13,57,800	00		
Preference Shares Partly Paid ..	38,000	00		
			13,95,800	00
(b) Ordinary Shares Fully Paid ..	11,01,752	75		
Ordinary Shares Partly Paid ..	Nil			
			11,01,752	75
(c) Deferred Shares Fully Paid	Nil			
(iii) Debentures			11,30,000	00
(iv) Other Investments			Nil	
(v) Gold			Nil	
(Part of Investments lodged with other Banks for borrowing and other arrangements)				
			8,24,97,330	87
5. Advances—				
(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)				
(I) Loans, Cash Credits, Overdrafts, etc.—	Rs.	nP		
(i) In India	13,52,65,201	13		
(ii) Outside India	33,440	70		
			13,52,98,641	83
(II) Bills Discounted and Purchased—				
(i) Payable in India	3,58,76,286	01		
(ii) Payable outside India	1,38,33,351	10		
			4,97,09,637	11
(Particulars of Advances as per separate Schedule attached)				
			18,50,08,278	94
6. Bills Receivable Being Bills for Collection as per contra—				
(i) Payable in India			2,37,51,300	15
(ii) Payable outside India			1,18,73,520	67
			3,56,24,820	82
7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra			5,38,45,446	75
8. Premises Less Depreciation—				
At Cost			24,77,591	73
Additions during the year			Nil	
			24,77,591	73
Deductions during the year			Nil	
			24,77,591	73
LESS—Total amount written off for depreciation			3,75,000	00
			21,02,591	73
9. Safe Deposit Vaults, Furniture and Fixtures Less Depreciation—				
	Rs.	nP		
SAFE DEPOSIT VAULTS	9,52,378	55		
Additions during the year	2,14,499	87		
	11,66,878	42		
Deductions during the year	Nil			
	11,66,878	42		
LESS—Total amount written off for depreciation	8,79,182	15		
OFFICE FURNITURE AND FITTINGS ..	38,36,766	41	7,87,696	27
Additions during the year	8,54,924	04		
	46,91,690	45		
Deductions during the year	16,823	54		
	46,74,866	91		
LESS—Total amount written off for depreciation	10,54,914	73		
			36,19,952	18
10. Other Assets—				
(i) Interest accrued on Investments			9,00,378	12
(ii) Tax deducted at source on Interest/Dividend on Investments.			18,63,386	88
(iii) Stock of Printing			6,28,186	57
(iv) Stamps and Library			30,664	88
(v) Silver			Nil	
			34,22,615	90
11. Non-Banking Assets Acquired in Satisfaction of Claims			Nil	
Total .. Rs.			43,70,22,021	82

This Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Companies Act, 1949.

Schedule of Particulars of Advances required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December 1961.

	Loans, Cash Credits, Overdrafts, etc. Rs.	nP	Bills Discounted and Purchased Rs.	nP	Total Advances 31-12-1961 Rs.	nP
(i) Debts considered good in respect of which the Banking Company is fully secured ..	11,29,94,036	49	2,99,21,296	27	14,29,15,324	76
(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security	1,20,50,105	27	64,05,644	83	1,84,55,750	10
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	1,02,44,498	07	1,33,83,696	01	2,36,27,194	08
(iv) Debts considered doubtful or bad, not provided for	Nil		Nil		Nil	
Total .. Rs.	13,52,88,641	83	4,97,09,637	11	18,50,08,278	94
(v) Debts due by directors or officers of the Banking Company or any of them either severally or jointly with any other persons	1,64,224	20	Nil		1,64,224	20
(vi) Debts due by companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies, as members ..	1,45,53,924	09	6,24,302	36	1,51,78,226	45
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Banking Company or any of them either severally or jointly with any other persons ..	1,67,331	58	Nil		1,67,331	58
(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies, as members	1,81,30,900	82	31,400	65	1,81,62,301	47
(ix) Due from Banking Companies	44,884	71	1,990	50	46,874	21

KIRLOSKAR BROTHERS LIMITED

EXPANSION PLAN WELL UNDER WAY

A NOTE of optimism about the long-term prospects for Kirloskar Brothers Limited was struck by the Chairman of the Company, Dr. D. S. Sardesai, in his speech at the Forty-first Annual General Meeting held at Kirloskarvadi (District Sangli) on Monday, 29th January 1962. The Company, Dr. Sardesai said, had been expanding its facilities continuously with a view to producing more and more of the existing lines of products, as also to taking up new lines of manufacture. He was confident that the Company would continue to keep its position of eminence not only in the production of pumps and agricultural implements but also machine tools and other new products. He, however, emphasised that, until the expansion schemes started paying their way, it was necessary to conserve as much resources as possible which would ultimately be to the advantage of shareholders themselves.

The following is the full text of Dr. Sardesai's speech at the meeting:

"LADIES AND GENTLEMEN,

"It gives me great pleasure to welcome you to this meeting. The annual accounts and the Directors' and Auditors' reports for 1960-61 have been in your hands for some time and I take it that you have read the same. I am sure you would like me to review last year's working, take stock of the present and to forecast the Company's future prospects.

"The most outstanding event of the year was the celebration of the golden jubilee of the factory at and the township of Kirloskarvadi on 11th May 1961 at which Shri Yeshwantrao Chavan, Chief Minister of Maharashtra, was the chief guest. The Chief Minister paid a glowing tribute to the founder, the late Shri Laxmanraoji Kirloskar, for his foresight and his daring in starting engineering industry in this part of the country, and especially at a place like Kirloskarvadi which fifty years ago was a desolate and arid wasteland where only cactus thrived and reptiles inhabited. In fifty years, the same spot has turned into a modern industrial township throbbing vigorous activity. As the Chief Minister very aptly put it, Kirloskarvadi had pioneered the industrial development of Maharashtra.

Working Results

"As regards the working results for the last year, I must at the outset point out a change made in this year's presentation of accounts. Until last year, the figures of sales of goods manufactured by the Company and those in which the Company traded used to be shown separately. Owing to amendment in Schedule VI of the Companies Act, 1956, it is now sufficient compliance with the Act if total amounts of sales are shown. These figures, therefore, have not been shown separately. Sales of goods manufactured by the Company increased last year from Rs. 1.45 crore to Rs. 1.65 crore and the trading sales from Rs. 89 lakhs to Rs. 1.50 crore. The total sales have increased by over 34 per cent, while the profits have increased by about 22 per cent. It will be obvious that the increase in profits is not commensurate with the increase in sales. Expenses have gone up largely because of increase in cost of materials, stores and expenses.

"From the accounts you must have noticed that, out of profit of Rs. 10½ lakhs, nearly Rs. 6½ lakhs have been transferred to reserves which is in keeping with the Company's policy of conserving cash resources the need for which is all the more keen today than ever before. The Company has undertaken a vast expansion programme which envisages a capital outlay of nearly Rs. 60 lakhs in the course of the current year. While a part of the resources must be generated internally, the internal resources are not adequate to finance such a huge capital outlay. As you are aware, the Company has taken a loan of Rs. 25 lakhs from the Industrial Credit and Investment Corporation of India Limited for this purpose. The bank loans and unsecured loans have gone up last year as a corollary to the programme of expansion. It is also proposed to issue redeemable cumulative participating preference shares of Rs. 15 lakhs shortly to provide resources for the current year's programme. Under such conditions, I am sure you will agree with the Directors' anxiety to avoid any temptation to increase the dividend now before the vast investments that are now being made start yielding results. I am especially referring to this here as some of you have pleaded for a higher dividend. Some shareholders have inquired why a bonus share was not given on the occasion of the factory's golden jubilee. You will recall that the Company has on the original paid-up capital of Rs. 16 lakhs so far given bonus shares of Rs. 22 lakhs, which is a very creditable achievement in the forty years' life of this Company.

Expansion Programme

"The Company's programme of expansion is making satisfactory progress. The building of the machine tool factory is nearly completed and a good part of the machinery has arrived at the factory. Most of the remaining machinery will be received during the current year and it is hoped that the first few vertical turret lathes assembled in our factory will be placed on the market during the current year. The Company's total investment in this project including current capital will be well over Rs. 1 crore.

"The construction of the factory at Dewas is also proceeding satisfactorily. The main building of the foundry is almost ready and the installation of equipment has also been undertaken. The erection of the machine shop building will start soon and I hope that the factory will start functioning in the course of the current year. While I do not expect any substantial production from this factory in the current financial year, I have every hope that, in the next year, we will have fairly satisfactory manufacturing operations at Dewas, barring, of course, any stoppages owing to scarcity of materials.

"A shareholder has asked why Press accounts are not attached to the Company's accounts. The Press is a proprietary business of the Company and not a subsidiary company. The Press accounts, though kept separate from the accounts of the Company's other manufacturing and other trading operations, are merged at the time of preparing final accounts.

Prospects

"You will now want me to say something about the future prospects. It is hazardous to make forecasts of this nature because there are so many 'buts' and 'ifs' which cannot be so easily forecast. During the last two years, we were faced with one or the other crisis, a slackening of demand due to some of the public projects not being completed according to schedule, and a crisis in transport. Even today, a solution of the transport crisis does not appear in sight. In fact, it looks as if we will have to live with the transport crisis for years to come. The supply of raw materials is not adequate and that of coke is especially critical. Assuming that the position will improve in the near future, I am optimistic of the long-term prospects of the Company, in view of the tremendous expansion of industry and agriculture that will take place during the third Five-year Plan.

"Your Company has been expanding its facilities continuously with a view to producing more and more of the existing lines of products, as also taking up new lines of production. I am sure that your Company will continue to keep its position of eminence not only in manufacturing of pumps and agricultural implements but also in the new lines such as machine tools and other new products. In the immediate future, however, until the expansion schemes start paying their way, we will have to be very cautious about resources and to conserve them as much as possible which will ultimately be to the advantage of the shareholders themselves.

"I do not wish to take your further time and would like to move for adoption the audited accounts for the year 1960-61. However, if you have any queries to make, I would invite you to make them."

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

THE UNION BANK OF INDIA LIMITED—*(Continued)*

Profit and Loss Account for the year ended 31st December, 1961

EXPENDITURE	Rs.	nP	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP
1. Interest paid on Deposits, Borrowings, etc.	58,57,558	27	1. Interest and Discount	1,32,82,861	22
2. Salaries and Allowances and Provident Fund— Rs. nP			2. Commission, Exchange and Brokerage	43,79,080	81
(i) To the General Manager 43,600 00			3. Rents on Buildings	2,94,568	01
(ii) To the Staff 66,15,989 52			4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	NIL	
3. Directors' and Local Committee Members' Fees and Allowances	68,58,589	52	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
4. Rent, Taxes, Insurance, Lighting, etc.	11,20,225	95	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	NIL	
5. Law Charges	54,038	87	7. Other Receipts	6,51,696	09
6. Postage, Telegrams and Stamps	2,62,517	80			
7. Auditors' Fees	5,500	00			
8. Depreciation on and Repairs to the Banking Company's Property	3,26,445	72			
9. Stationery, Printing, Advertisement, etc.	7,15,189	84			
10. Loss from Sale of or Dealing with Non-Banking Assets	Nil				
11. Other Expenditure	11,28,452	48			
12. Balance of Profit Carried to Balance Sheet	21,62,087	09			
Total .. Rs.	1,85,08,205	13	Total .. Rs.	1,85,08,205	13

This Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Companies Act, 1949.

Note. 1. Total remuneration to General Manager, including Salaries and Allowances (shown under item 2 of 'Expenditure') and Bonus Rs. 50,600.

The General Manager is allowed the free use of Bank's Motor Car.

2. It was the practice of the Bank to provide for taxation by way of appropriation from balance of profit. This practice has been changed this year and the amount of provision for taxation has been deducted from item (1) of 'Income.' The relative figures of the previous year have not been so altered, and as such are not comparable.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of The Union Bank of India, Ltd., as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the unaudited Returns from all the Branches not visited by us for the purposes of this Report. The Central Government have, by an order dated the 15th December, 1961, exempted all the Branches of the Bank from being audited in accordance with the provisions of Section 228 of the Companies Act, 1956, in respect of the year ended 31st December, 1961.

We report that

(a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank which have come to our notice, have been within the powers of the Bank;

(c) in our opinion, proper books of account as required by law have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Branches of the Bank;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and said returns;

(e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for Banking Companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

BOMBAY, 19th *February*, 1962.

S. B. BILLIMORIA & CO.,
Chartered Accountants.

F. K. F. NARIMAN,
General Manager.

D. A. BIJOOR,
S. D. PARDIWALA,
Deputy General Managers.

K. B. P. SHROFF,
DEVJI RATANSEY,
BALKRISHNA HARIVALLABHDAS,
JAL HORMUSJI MEHTA,
BATTLAL NATHALAL,
PALLONJI SHAPOORJI MISTRY,
GOPALDAS TOOLSIDASS,
RATANJI POLJI,
RAMJI RAMCHANDAS VISHANJI,
} *Directors.*

SOME ECONOMIC ASPECTS OF INLAND TRANSPORT

E.C.A.F.E. COMMITTEE'S RECOMMENDATIONS

THE Inland Transport and Communications Committee of the United Nations Economic Commission for Asia and the Far East held a seven-day session in Bangkok in the latter half of last month. At this session were discussed some of the economic aspects of transport. The discussions were based on the relevant working papers prepared by the E.C.A.F.E. Secretariat, first, on the relation of the State to transport in the matter of taxation, secondly, on statistical and accounting procedures for the industry, and thirdly, on freight rates.

The first paper examined the two theories—the cost-spread theory and the marginalist theory—underlying the application of taxes to road transport. The cost-spread theory seeks to establish a "fair" allocation by which Government expenditure on roads is to be financed. The marginalist theory concentrates on an allocation of taxes ensuring the most economic use of available facilities and favours, in essence, the levying of taxes according to the extent of traffic congestion, so that higher taxes are imposed on urban than on rural traffic. The E.C.A.F.E. paper suggests a compromise between the two approaches. But this compromise leans more towards the marginalist theory, the object being to promote the use of rural highways by imposing relatively higher taxes on users of urban or high-density traffic roads. One way of achieving this, according to the paper, would be to impose a higher gasoline tax in urban areas. The paper concludes that road tolls are normally not an economically desirable method of financing highway development except when levied on congested highways.

The Tax Question

The E.C.A.F.E. Committee discussed the above paper and reached some broad conclusions. According to it, motor transport should contribute its fair share to the cost of the road system. But, at the same time, it doubted whether imposition of comparatively higher taxes in urban areas and on congested roads would in effect be fair and practicable in the present state of transport in the E.C.A.F.E. region. The Committee reached the conclusion that most countries of the region would prefer to base taxation of motor vehicles on the cost involved, usually measured by the wear and tear caused by specific vehicles to the road system. The case for taxing non-mechanised slow moving vehicles would, therefore, be in line with this approach. Thus, the Committee has virtually rejected the thesis contained in the working paper.

Another conclusion reached by the Committee is that, in view of the anticipated development of traffic on international highways, it would be desirable for the countries of the region to develop a common approach to road transport taxes. Although the question of taxation is only one aspect of the relationship between public authorities and the transport industry, there are several important and complex problems involved in this relationship. The Committee, therefore, favoured further consideration of this question on the basis of a case study of a specific country.

Cost Accounting

The second E.C.A.F.E. working paper examines cost accounting systems in the trucking and inland water transport industry. It is doubtful about the practicability of introducing standard cost accounting systems for the entire industry, as experience in some countries has shown that, in practice, the rule of thumb methods of calculating freight charges work out closer to real costs than have been previously assumed. There is also a discussion on the collection of statistical data, setting out the type of information which may be obtained on highway transport. The E.C.A.F.E. Committee, after discussing this paper, has emphasised the importance of suitable cost accounting systems for the various branches of the inland transport industry as a basis for improving efficiency and as a means for implementing transport co-ordination policies. It has recommended that this subject be further reviewed by the Highways and Highway Transport Sub-committee and the Inland Waterway Sub-committee, so that some kind of standard accounting system, preferably in the form of a manual for transport operators, be developed. On the question of statistical procedures, the Committee's conclusion is that agreement should be reached on the type of statistical data to be collected and on statistical standards, keeping in view the importance of international comparability.

The third E.C.A.F.E. paper deals with the question of freight rates in trucking and inland water transport. It suggests that, if freight rate schedules are introduced by public authorities, preference should be given to maximum and minimum freight rates as the operator should have some flexibility in fixing the charge for a specific consignment in the light of economic and operational requirements. The paper points out the difficulties of ensuring the observance by small-scale operating units of an officially established freight rate schedule and notes that only in a few instances have legally binding rates been introduced for the trucking and inland water transport industry. On this question, the E.C.A.F.E. Committee is of the opinion that the introduction of rates with a margin between maximum and minimum rates is desirable in the interests of flexibility. It has also stressed the desirability of developing freight rate policies on a common basis in the countries of the region.

Other Conclusions

Among the other recommendations and conclusions of the Committee, particular mention may be made about the following:

(1) Since the E.C.A.F.E. Seminar on Road Passenger Transport held in Madras in October 1961 had served a useful purpose, a similar seminar on highway goods traffic should also be held.

(2) As almost all countries of the region are faced with the need for rapid expansion and improvement of their highway networks, the allocation of revenues from road user taxes alone would not be sufficient to finance road development programmes. It is, therefore essential to allocate funds from general revenues or other sources so that these programmes could be more adequately financed and completed.

(3) Relaxation of import restrictions on vehicles and spare parts would reduce the problem of high operating costs and low vehicle utilisation.

(4) There is still pressing need for increasing the traffic capacity of single-line railway systems. The increasing use of diesel locomotives is, of course, steadily increasing the traffic capacities of railways in the region.

(5) Greater attention to the development of inland water transport is called for. This can be done by improving natural navigable waterways, using larger vessels and developing more efficient port facilities.

(6) There is scope for regional co-operation in developing tourism. The countries of the E.C.A.F.E. region should adopt the new slogan "Visit the Orient Year After Year," so that a continuing process of tourist promotion on a concerted and regional basis could be set in motion.

The E.C.A.F.E. Committee noted with satisfaction that only 500 kilometres remain to be completed in the Asian highway network covering 50,000 kms. It has recommended that international aid be sought in the priority task of completing the missing links. In this connection, the Executive Secretary of the E.C.A.F.E. has been requested to explore the possibility of obtaining from the U.N. Special Fund $1.7 million required for two pre-investment surveys to be made in East Pakistan and Burma and $1 million for equipment in India. In the case of East Pakistan, the proposed pre-investment survey will cover the construction of nine bridges. A similar survey in the case of Burma will cover some new roadway construction, realignment of existing roads and bridge building. In the Indian section of the Asian Highway, $1 million in equipment is needed for widening and completing the route between Silchar and Imphal. The total sum ($2.7 million) now being sought is a fraction of the estimated overall cost (estimated at $128 million for only the eastern portion of the Highway) of the work to be done to complete the missing links. As for the missing links in the western portion of the Highway, the Committee recommended a preliminary reconnaissance survey in Afghanistan, Iran and part of West Pakistan.

As the missing links cover only 500 kilometres, it may be expected that the Asian Highway will be completed in the next few years. When finally completed, it will provide a through route from Teheran in the West to Saigon and Singapore in the East and will be linked by the steamer service between Singapore and Djakarta, to Indonesia. Extending westwards from Iran to Turkey, the Asian Highway will also be linked to the European road system.

FOUNDRY INDUSTRY

Under the third Plan, the foundry industry has been assigned a capacity target of 1.2 million tons of grey iron castings, 200,000 tons of steel castings and 200,000 tons of steel forgings. Included in this target is the proposed new capacity for 139,000 tons of grey iron castings, 76,000 tons of steel castings and 76,700 tons of steel forgings. The larger part of this new capacity will be in the public sector. It will cover castings and forgings in the higher tonnage range for use in heavy machinery manufacture. But a substantial part of the new capacity is expected to come up in the private sector (where there are already 2,000 big, medium and small foundries) to cater to the needs of the automobile industry and machinery manufacturing industries.

But, currently, the foundry industry in the private sector is facing difficulties in the matter of pig iron and hard coke supplies. The shortages of these basic raw materials have been aggravated by the transport bottleneck. Mr. K. Agarwalla, Chairman, Indian Foundry Association, has, therefore, appealed to the authorities for assistance in securing raw material supplies in his speech at the conference of the foundry industry held at New Delhi this week. He has also drawn pointed attention to the question of pig iron price. The recent increase of Rs. 25 per metric ton in the price of pig iron, according to him, has further added to the cost of production in the foundry industry. Hence his request to the Steel, Mines and Fuel Ministry to reconsider the question of pig iron price.

ATOMIC ENERGY PLANT AT TROMBAY

The Atomic Energy Establishment, Trombay, has just issued its report for 1961. The year under review marked an important turning point in the brief history of the development of atomic energy in India. It was early in that year that the Canada-India Reactor and India's third reactor "Zerlina" were both formally inaugurated by the Prime Minister. There was increased construction activity at Trombay during the year when six engineering halls and a building to house the 5.5 million electron volt Van de Graaff accelerator were completed. All the production units at Trombay—the Uranium Metal Plant, the Fuel Element Fabrication Plant, the Heavy Water Reconcentration Plant, the Used Fuel Reprocessing Plant and the Ore Dressing Pilot Plant—were working satisfactorily during the year. On the research and development side, the various divisions—those for nuclear physics, electronics, health physics, technical physics, chemistry, isotopes, radiochemistry, chemical engineering, metallurgy, reactor engineering, biology and health and medicine—were also active. The varied research achievements of these divisions are fully reviewed in the report.

MORE ATOMIC POWER STATIONS FOR BRITAIN

Contracts for two more British atomic power stations were announced in London on 21st February 1962. They are the eighth and ninth in the programme. The Nuclear Power Group will build one at Oldbury-on-Severn, England, where work will start in May. The station will produce 560,000 kw. of electricity. The construction of the two reactors at the other station, at Wylfa, north Wales, will be shared by the remaining two consortia—the United Power Company and the English Electric, Babcock and Wilcox, Taylor Woodrow Atomic Power Group. This station will have an output of 800,000 kw.

At Oldbury the site will be within a few miles of the Berkeley atomic power station (also being built by the same group), where the first reactor will start feeding electricity into the public supply system later this year. The Oldbury station will be the first in Britain to have the reactors and boilers enclosed together in a concrete pressure vessel. This means that radiation round the reactors will be negligible in all conditions of operation, and construction will be cheaper and quicker. Other features of the station that will contribute further to lowering the construction cost will be the incorporation of both reactors in one reactor building, and the use of only two generators (each of 320,000 kw.).

When the Oldbury station goes into service in 1967, the total of Britain's nuclear capacity will add up to nearly 4,000,000 kw.

BRITISH ENGINEERING PRODUCTION AND EXPORTS

Production and exports in the British engineering and electrical industries were higher in 1961 than a year earlier, according to provisional estimates issued by the Board of Trade in London on 27th February 1962. Production increased by 6 per cent and exports by 11 per cent. These figures, it is pointed out, show that expansion in the engineering and electrical industries was more pronounced than in the general level of industrial production. It is in these industries that the greatest volume of investment has taken place in recent years, and this is now beginning to be reflected. The estimates also reveal that while there was a fall in new orders for the home market in the fourth quarter of 1961, new export orders remained at the level of a year earlier. This illustrates the way in which Government policy, by checking home demand, is trying to clear the way for increased exports.

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TATA-JOHNSON AND THE PAPER INDUSTRY

Although the pulp and paper industry is expanding rapidly, its output barely meets demand. Many new large-scale plants are therefore necessary. Importing machinery for these plants would be a heavy drain on foreign exchange reserves. A better plan: indigenous production of the machines.

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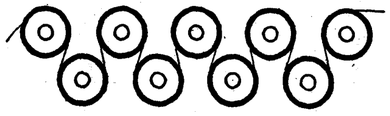

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NEW PRODUCTS AND PROCESSES

Fibreboard Packs for Bananas

THE first move in a revolutionary change in packing and marketing methods used by the banana industry in Australia occurred recently. An unlidded, corrugated fibre case holding 40 lbs. net weight of ripe bananas, packed in hands, was introduced to the Brisbane markets. Designed as a one-trip, inexpensive container for delivery from ripening rooms to city retailers, its initial appearance was greeted enthusiastically by retailers and consumers alike. Since then, its use has continued to grow in popularity. Main reasons for such quick acceptance by the trade are its ease of handling and the almost complete elimination of damage losses as compared with the old methods of marketing. Previously, bananas in the metropolitan area of Brisbane were sold ripened in bunches or in returnable, secondhand timber cases packed high after ripening. In both instances considerable bruising of the fruit usually occurred during the ripening process and subsequent transport of the ripe fruit. Losses from handling in this manner were reliably estimated to be as high as 18 per cent and seldom below 10 per cent. With the new fireboard cases the bananas are packed in hands cut fresh from the plantation, ripened in the cases and remain untouched until sold to the consumer.

Longer Life Span for Footwear

A simple chemical formula developed by an Australian company is giving new life to the soles and heels footwear, reducing the rate of replacement and generally saving customers money on his or her annual footwear bill. The formula is marketed as the Jumbo Soling Compound, a product of the Jumbo Manufacturing Company of Sydney. Basically the formula combines leather dust with a synthetic rubber and other ingredients to form a liquid which can be readily applied to the sole of any type of footwear. This liquid dries quickly to to form a tough, water-tight skin. The manufacturer claims that by applying his soling compound to the soles of new shoes, and renewing the coating as it wears, the life of the shoes is greatly prolonged. In fact the serviceability of the shoes then depends on the condition of the uppers. This continual process of coating the soles is estimated to be less than the cost of re-soling the shoes by conventional repair methods. The Jumbo Manufacturing Company also makes Jumbo Liquid Leather, another product of the same basic formula but with a higher proportion of leather dust. Liquid Leather is specially suited for heels and toe tips. It is estimated that one small tin of this liquid costs less than one new heel, and contains sufficient quantity to out-last ten new leather heels. The manufacturer claims also that the leather dust used in the compound is actually the toughest portion of the hide and thus provides the lasting qualities claimed for the compound.

Stereoscopic Projector

A stereoscopic projector, claimed to be a major advance in inspection and miniature assembly techniques, has been developed by a British firm, Vision Engineering Ltd. Known as "Stereoscope," it offers freedom from eye-piece fatigue, the position of the user's head being not critical. It can be viewed in day-light and gives a true stereoscopic image and good depth of focus. It has a large field of view 1 in. (2.54 cm.) diameter circle at seven-and-a-half times magnification, which is twice that of a good stereo microscope. Using this projector it is possible to detect surface defects, discolouration, and the presence to foreign matter in small components which are difficult to find using the conventional visual examination methods.

Hydraulic Copying Equipment

Hydraulic copying equipment for quill control of vertical milling machines has been introduced by a British engineering concern specifically for the accurate reproduction of complex three-dimensional shapes such as models and dies. Suitable for the full range of quill type vertical milling machines, the units are designed to take advantage of the higher degree of copying accuracy resulting from direct control of the machine quill. In this equipment, a low quill mass only is under tracer control and cutting takes place with a locked knee slide. The highly sensitive stylus tracing the contours of the model hydraulically controls the cutter to reproduce component forms differing from the master by no more than plus or minus 0.001 in. The equipment consists of two distinct assemblies: (1) the headstock unit, which can be attached for copy milling in a matter of minutes and can be removed with equal facility when it is desired to revert to normal machining. (2) A floor-mounted hydraulic power unit incorporating the pump, motor, relief valve and filter.

New Method of Shoe Production

Equipment new to the U.K. shoe industry and said to be the first to be installed in Europe is now in operation in K. Shoe's factories at Kendal and Askam-in-Furness, Westmorland. It is stated to have increased productivity by 58 per cent without any increase in labour costs. Designed by an American firm, each plant consists of a conveyor carrying lasts (on which the shoes are shaped from leather "blanks") and a system of moisture and heat control which enables the lasts to be used twice a day instead of once every two or three days. Leather requires to be moistened or "humidified" to make it supple enough to be stretched over the last during shoe-making, and the new plant, called Formulast, enables the amount and depth of penetration of moisture into the "uppers" to be mechanically controlled and to be quickly extracted as soon as it has served its purpose. The conveyor carries the lasts at constant speed through the moistening, lasting and making sections and passes through an infra-red heater to remove the moisture before going through another heating section to improve the cementation of the shoe soles. Adequate moistening of the "uppers" takes five minutes instead of several hours and the heat setting method enables shoes to be removed from their lasts within two or three hours instead of up to three days. Each Formulast plant has been designed to produce 5,400 pairs of shoes a week with a labour team of 19 or 20, a "reserve" operator and a foreman. Three Formulast plants (they each cost about £10,000) are now being used by K. Shoes for the production of high-quality women's shoes. A fourth plant for making men's shoes is in course of erection at the Kendal factory and two more are on order. K. Shoes has bought all six plants at cost price and pays the designers a royalty of just over a penny per pair of shoes produced.

Noiseless Riveting Machine

A semi-automatic electric "riveting" machine hsa been developed in Britain using a special composition electrode wire both as the material for the rivet and as the riveting gun. In joining sheet metal for instance, the wire is fed from a magazine to the riveting line. An arc is generated on contact with the sheet and within two seconds the upper sheet and part of the lower one are melted under the point of contact. The resulting hole is filled with material from the electrode wire. Rivets of any dimension may be made by varying current and operating time. In rupture tests of these joints, breakdown was noted in the sheet metal but not the rivets. High productivity and silent operation are claimed.

Flame Resistant Insulation Board

A new flame-retarding insulation board known as No-Flame has been put on the market by The Bowater Organisation, Bowater House, Knightsbridge, London, S.W.1. Claimed to represent a considerable advance on flame-retarding boards produced by surface coating or methods of impregnation, it is made from fibres which have previously been individually treated. As the protection goes right through the thickness of the board, bevelling and perforating do not create vulnerable spots and protection is thus consistent over the entire surface. The board can be decorated with most standard paints without priming. It is available in lengths ranging from 4 to 12 feet and widths of 2, 3 and 4 feet in ¼-inch and ¾-inch thicknesses. Sheets 8 feet by 4 feet are also being made in 1-inch thicknesses.

A New Suturing Instrument

The operation of taking out liver biopsies in experimental animals requires careful close-suturing of the longitudinal abdominal incisions. Usually a continuous stitch at 5 mm. intervals is inserted with thread mounted with either curved or straight surgical needle. The stitching of an incision, which is often 5 to 6.5 cms. in length, needs intense concentration of the part of the worker. Consequently need for an improved needle has been greatly felt. With a view to save time and energy of the worker, an improved suturing needle has been designed at the Central Food Technological Research Institute, Mysore, to release continuous thread from the holder and make stitches, on the pattern of a sewing machine. The instrument consists of a stainless steel tube, to one end of which is fixed a stainless steel groved wheel with the help of a pin. The wheel carries the thread rolled in the grove. A brass rod which holds the needle is fixed at the other end of the tube by screwing. The thread passes through the tube and a fine hole in the needle holder to the eye of the needle at the tip. The instrument can stand repeated sterilisation. Only the needles are changed as and when they get blunt. The needles can also be sharpened and used again. A prototype of the instrument has been tested by some surgeons who have been impressed by its performance. They are also of the opinion that it could be quite satisfactorily used for surgery on human beings as well. The instrument may find extensive use in experimental pathology in animals in suturing the abdominal incisions when liver biopsies are taken from time to time from the same animal. It is of particular use in studying dietary liver damages in switching over from one diet to another in animals for which biopsies are taken at every stage. The instrument may also find use in surgical operations in replacing the usual suturing surgical needle at present in use. The instrument will be of interest to manufacturers of surgical instruments. The demand after some time may be expected to be appreciable.

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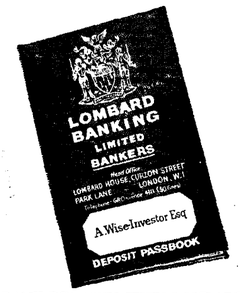

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STERLING AND INTERNATIONAL TRADE—II

THERE CAN BE NO BLUNT ANSWER TO THE QUESTION ON THE STATUS OF THE POUND

By W. F. Crick, C.B.E.

IN the first instalment of this article, I wrote about the steps taken for re-establishing the position of sterling in international trade and finance; but not with any implication that the process has been completed. It is continuing and may be expected to continue, even though setbacks may occur. It is incomplete in the sense that, as already indicated, some restraints are still imposed on the free use of sterling, though nowadays they apply mainly to residents within the sterling area, more particularly within the United Kingdom itself. If, now, we want to form an opinion as to the prospects for the future status of the pound, we have to hark back to the factors which established its former position of dominance and ask ourselves —quite apart from the practicability of further technical steps towards rehabilitation—in what direction these factors, political, industrial, commercial and financial, are operating in our own time. Let us, then, take a look at Britain and the world in the terms of my enumeration of the factors that historically made sterling unique among currencies in its universal acceptance and unquestioned reliability.

Political Alignment

First, the political alignment has altered materially and, as far as can be judged, for a long time to come. And it is still shifting; the lines of demarcation are by no means clear-cut; the world cannot be neatly split into two parts as on the old maps of the western and eastern hemispheres. The balance of power is continually being modified by changing affiliations. Within this variable pattern, the position of the United Kingdom may be put in somewhat dramatic terms which I hope will be excusable in an academic discourse: Britannia no longer rules the waves; gunboats, "reeking tubes and iron shards" can no longer be depended upon to keep "lesser breeds" within "the law" as conceived and laid down by a beneficent Albion.

Passing quickly from this political observation, we have to take note of the upsurge of nationalism as influencing and expressing itself in economic developments. The upsurge is world-wide—it is not by any means confined to newly-emergent political entities. It is to be seen in the establishment of native industries, transport and power undertakings with Government aid or the offer of special inducements to private enterprise. It is to be seen in the establishment of separate currency units—perhaps even in the trend towards decimalisation which threatens to leave £ *s. d.* confined to the British Isles—and in the accumulation by various sterling-area countries of some gold and non-sterling reserves of their own where formerly they were content to rest almost entirely upon the sterling-area pool of ultimate reserves. It is to be seen, oddly enough, in the formation of regional groups, such as the European Economic Community, with customs and trading integration or association and mutual arrangements for promoting industrial expansion at a faster rate than would be attainable by separate effort.

International Organs

Although, however, we have to take account of this trend towards independence as modified by regional grouping, equally we must not overlook the development of international organs which tend to rub down the sharp edges of separatism. I am thinking especially of organisms having practical, mechanical, treaty-promoting and/or disciplinary functions, in particular G.A.T.T., O.E.E.C., I.M.F., and I.B.R.D. Together these organisms confer generalised benefits in terms of economic steadiness and expansion in exchange for modest sacrifices of sovereignty through adherence to internationally concerted rules and regulations. Thus a system is being developed whereby less-endowed and less-advanced countries can lean upon a jointly-controlled supra-national authority and source of aid where formerly they relied upon the uncertain and 'interested' support to be drawn from the strength, goodwill and good behaviour of an individual power.

In line with this process, there have been signs recently, in the United States, the United Kingdom and elsewhere, that, in the monetary field, we may be moving towards the establishment, through transformation of the I.M.F., of a true "central bank of central banks," perhaps with its own currency unit—a system which, in return for increased reserves and liquidity, might come to impose discipline and co-ordination upon central banks very much as the establishment of a central bank in a particular country has come to impose discipline and co-ordination on an assortment of commercial banks. Meanwhile, it is within the new international structure that individual currencies have to find their places, with no one of them occupying a position of dominance at all comparable with that occupied by the pound sterling in former times and by the dollar in early post-war years. It is significant, for example, that the deutschemark, without being an international currency in the sense that sterling and the dollar can be so described, has so strongly coloured the international monetary scene in recent years.

Industrial Factor

Let us turn next to the industrial factor, which I have named as one of the contributors to the former dominance of the pound sterling. The leadership of United Kingdom industry was a feature of nineteenth-century history, but it was natural that, as manufacturing activity developed in other countries, the relative position of the United Kingdom should undergo a marked change. Measurement is difficult if only because of the radical alterations that have taken place in the composition of manufacturing output; but one thing at least is clear, namely, that the proportionate growth in the volume of industrial production in the United Kingdom has been far outstripped, during the present century, by the growth recorded for a number of other countries and for the world as a whole; in other words, Britain's share of the world's industrial output has declined. The change is illustrated by statistics of exports. In the late 'seventies of last century, Britain accounted for nearly two-fifths of the aggregate of world exports of manufactured goods; by the late 'twenties of this century, its share was not much more than one-fifth; and, by the late 'fifties, it was less than one-fifth.

Composition Changing

We shall do well to notice also, in relation to our general theme, that the composition of world trade as a whole has been changing.[1] A larger part of the total consists of processed and manufactured goods, particularly of capital goods. Trade among industrial areas has been growing more rapidly than trade between industrial countries and countries still occupied mainly in selling primary commodities. The old picture of exchange of foodstuffs and raw materials against manufactured products has become less and less truly representative of the pattern of world trade. Taken together, the disappearance of Britain's dominance as a source of manufactured products and the changes in the composition and distribution of the world's trade have tended to weaken the old currency links based upon organised commodity markets and complementary trade. This observation can, perhaps, be related to the slow decline, revealed by statistics covering the past thirty years or so but probably already taking place earlier, in the proportion of total world exports attributable to sterling-area countries.

Commercially, it remains true that a great concentration of international commodity markets is to be found in the United Kingdom—though one has the impression that a larger proportion of world trade than in former times bypasses the organised markets. In shipping, there has been a marked growth of non-British mercantile tonnage, much of it operating on subsidies and other forms of official aid; while the development of air transport has dispersed over many national airlines some of the traffic which would naturally have fallen to British undertakings in the days when everyone and everything moved by sea or land. Financial techniques, too, have been acquired by other countries. And, in general, the outstanding position of the United Kingdom in world trade could hardly have failed to suffer to some extent from the widespread intervention of Governments in trading and financing operations. In international as in domestic business the "public sector" is larger than it was before the Second World War, while Governments everywhere have openly accepted heavier, more positive—and more exacting—economic responsibilities.

The Monetary Prospects

Finally, what are we to say about the monetary and financial elements in the structure of Britain's international position? If you have read the text of President Kennedy's eagerly-awaited message to Congress, in February 1961, on the United States balance of payments and the running down of its gold stock, you will have been struck by the claim, in his expository passage, that "we (i.e. the United States) are the principal banker of the free world" and his reminder of a "special responsibility ... placed upon the United States ... that of maintaining the dollar as the principal reserve currency of the free world." As I have indicated already, I don't know just how you measure the international status of one currency against another, but the statement is one that could never have been made with any claim to realism up to the time of the Second World War. I have mentioned some of the factors contributing to the change in relative positions; and now I am concerned with factors in our own situation which seems likely to influence the direction of future movement.

One of them is the erratic behaviour of our balance of current payments and receipts. If we look no further back than 1950, the annual outturn (on the basis of estimation adopted for most of the period) has ranged between a surplus of £350 million and a deficit of £400 million, with eight years yielding a surplus and three a deficit. The average surplus, on the old basis, works out at nearly £100 million a year, but improved statistics have now shown that this figure overstates the true surplus. At least it is clear that the actual surplus, taking one year with another, has been well below official notions[2] of what is required to cover the flow of new capital investment overseas, external debt repayment and reinforcement of reserves. The United Kingdom has been persistently lending abroad, on balance, more than it could afford on the basis of an uncertain current balance of payments. Some capital has flowed in, particularly from the United States, for more or less permanent investment, but for the rest the excess of lending overseas has been met by expansion of short-term external liabilities in sterling. Thus, although Britain, as already mentioned, appears to have reinstated herself as a "creditor country," she still has to reckon with the well-known risks of "borrowing short" and "lending long." Moreover, methods have changed so radically as to justify the statement that the foreign bond market in London (in the sense of an organism for foreign borrowing by the issue of new bonds) is dead. It has been largely replaced by *ad hoc* national and international organs, wholly or partly provisioned by governmental funds, and by new facilities by way of "medium-term credits" enjoying the support of the lending country's Government.

Importance of London

Switching to another element in past leadership, London still has command, through open but limited market facilities, over a continuous inflow of newly-mined gold; it still has perhaps the most highly developed monetary system and technique in the world; it still has unrivalled skill and adaptability in financial services. But can we say, as we look back over the events of the past decade, that the pound sterling commands the same degree of unquestioned confidence as it did in earlier times?

I do not think a blunt answer to this question is to be trusted. The waxing or waning of world regard for one currency is in part the opposite reflection of fluctuating confidence in another currency, or of obstructions put in the way of the exercise of a free choice among currencies. Never was this better illustrated than in the monetary history of 1960, when the pound sterling was strong in the exchange markets despite a sharp deterioration in the balance of payments and the dollar was weak, though the United States balance of payments was improving. Looking further back, in recent years, the purchasing power of the pound sterling has stood up pretty well to comparison with the record of other currencies; but, over the longer run, depreciation, the 1949 devaluation, successive balance of payments difficulties and recurrent talk of "crisis" have been damaging to the pound as a store of value, whatever may be its proven qualities as a medium of exchange. Progressive convertibility and the stripping away of import controls, though they have gone a long way, have not completely reinstated unquestioning faith in the pound. Even attachment to the sterling-area system, and its value to the interests of the United Kingdom itself, have come under active—and inconclusive—debate in recent years.[3]

I leave you to form your own opinion, on consideration of these complex factors, as to the prospects for the pound sterling as a world currency and for London as—to plagiarise President Kennedy—the principal banker of the free world. What we can all agree upon, I believe, very decidedly is that the pound sterling will never again be what it was—but then, nothing in this world is. We must think less and less of recovering past glories and more and more of building up and consolidating an honoured and rewarding place in the developing structure and changing techniques of international trade and finance. All sorts of ideas are germinating within this field of activity—ideas as to the proper place of supra-national organs including the I.M.F., the provision of international liquidity on an adequate scale and under proper control, the part to be played by gold in monetary arrangements, the working out of joint plans of economic aid in the advancement of underdeveloped parts of the world. A number of deep-seated problems, moreover, have scarcely been approached—the irregularity of ups and downs of business in different countries; the occurrence of wide, obstinate and disturbing divergencies in levels of interest rates; and obstructions in the way of mobility of capital and short-term funds. There is urgent need of closer co-ordination of national monetary policies. We cannot see far ahead. But this at least we can see: that the influence of the United Kingdom through its pound sterling (mid-twentieth-century model) could be much stronger, and its leadership much more fruitful for all concerned, if this country could discover such techniques of monetary policy as would reconcile popular demands upon the economic system—full employment, rising standards of living and so on—with fully assured steadiness in the internal purchasing power and external security of the pound sterling. The search for means of attaining "growth with stability" is at the heart of our problems of policy and practice, alike in internal and international monetary affairs.

(Concluded)

[1] Anyone wishing to study this matter more closely should read, in particular, Chapter 10 of Professor A. J. Brown's *Introduction to the World Economy* (1959) and could study with profit the latest annual report (for 1959) of G.A.T.T., the G.A.T.T. publication (*Haberler report*). *Trends in International Trade* (1958) and the 1959 Wicksell lectures on *Patterns of Trade and Development* by the late Professor Ragnar Nurkse.

[2] For a long while the desired surplus was put at £300-350 million, but in evidence before the Radcliffe Committee the figure of £450 million was substituted.

[3] See, in particular, *Report of the Committee on the Working of the Monetary System*, paras 960-61; three broadcast talks, reproduced in *The Listener*, 21st and 28th November 1957, and 2nd January 1958; and William M. Clarke, *The City's Invisible Earnings* (Institute of Economic Affairs,

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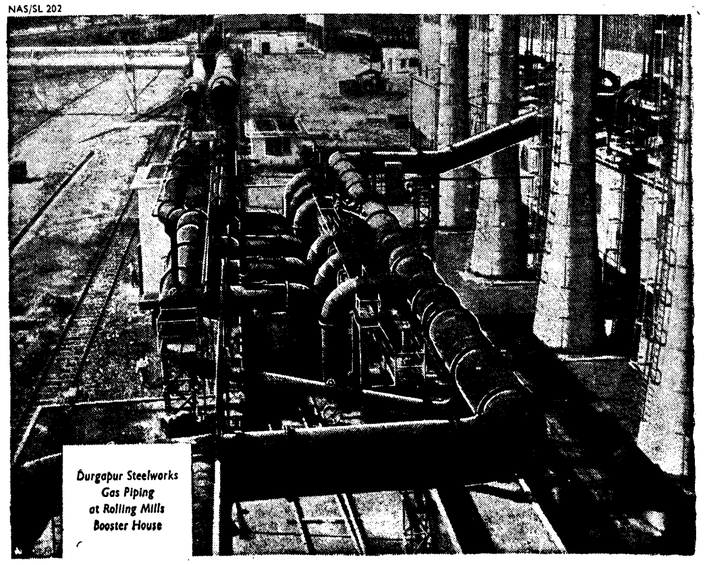

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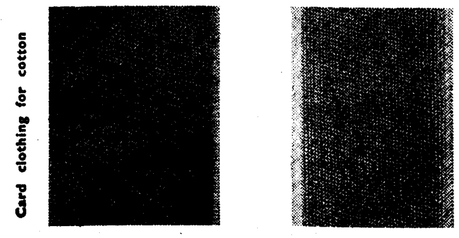

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ECONOMIC GROWTH OF WESTERN EUROPE SLOWS DOWN

AN ASSESSMENT OF LATEST TRENDS

[The major portion of India's foreign trade is with Western Europe. Accordingly, the latest assessment of economic trends in West Germany, France, Italy, Holland, Belgium and the U.K. and the outlook for them for the current year, made by the Economic Research Department of the ***Chase Manhattan Bank****, New York, and published on this page, will be of great interest to our readers in this country. It will be noted from this review, which is a regular periodical feature of the Chase Manhattan Bank under the title "Report on Western Europe," that the economic growth of Western Europe will continue, albeit at a reduced pace, and that the prospect of a fall in prices of manufactured goods, due to keen competition, is bright. In view of this, it is reasonable to draw the inference that there is not much scope for any rise in the prices of primary produce or of simple manufactures such as cotton textiles and jute goods that are exported to Western Europe. The supply position of these goods is also in favour of buyers.—*ED.]

WESTERN Europe's rapid economic growth since World War II has been interrupted three times by slowdowns in business. The first two of these interruptions (in 1952 and 1958) were followed by periods of business boom. The third is taking place now.

The question is: Will Europe's economic expansion resume in 1962-63 at a rate comparable with that of the 1950's?

Most likely answer is that business will turn up again in 1962, after several months of hesitation, and continue its expansion at a slightly slower rate. Preliminary estimates show that industrial production within the Common Market went up 6-7 per cent in 1961, against a 12 per cent increase the year before. Gross national product probably rose by about 5¼ per cent in terms of constant prices, against 7 per cent in 1960. For 1962, growth in total output is more likely to be on the order of 4 per cent to 5 per cent in the Common Market and something less than that in the United Kingdom.

The 1961 slowdown first made its presence felt late in the spring. It affected chiefly the capital goods industries—steel, in particular. A cyclical downturn in demand for new manufacturing capacity was reinforced by inventory reductions and a drop in exports to the United States. Hopes for an early upturn rest on an anticipated turn-around in inventory policy and a continuing pickup in exports to the reviving U.S. economy.

Investment is holding up well, despite the cyclical downturn in demand for more capacity. This is because the labour shortage has boosted demand for labour-saving devices and automation equipment. Meanwhile, personal consumption has gone up steadily. European consumers are earning more—through higher wages—and they are spending more.

The Common Market has become a strong underlying force for growth. Despite the slowdown, trade among the six member-countries during the first nine months of 1961 increased by 16 per cent. In the 1960's, economic integration may well take the place occupied in the 1950's by post-war recovery. Much of Europe's rapid growth during the 1950's was due to a "catching up" with the trend that had been interrupted by World War II. Knowledge and techniques gained before and during the war were applied at an accelerated rate during the period of recovery.

Today, the Common Market offers a similar opportunity. The emergence of a large mass market is making it possible for European industry to apply at an accelerated rate the techniques of mass production, distribution, and marketing that have been developed in the United States over the past 40 years.

It is too early to tell whether this will make the European economies grow as rapidly as they did during the recovery period. There are, however, several forces at work that could make Europe's future growth somewhat slower than it was in the 'fifties.

Full employment has been reached throughout most of Europe. The few remaining pockets of labour surplus—Greece, Spain, and Southern Italy—continue to shrink as local industries develop or workers emigrate. This means that output cannot be expanded so much by the simple addition of manpower. It also means that labour's bargaining position has improved, and European wages are today rising faster than productivity.

European firms are beginning to feel the squeeze on profit margins. Competition is growing keener, as tariffs fall within the Common Market and as capacity draws closer to demand. Because of the growth of competition, rising wage costs cannot always be passed on to consumers in the form of price increases. After the German and Dutch currency revaluations, many firms in the two countries were forced to absorb the increase in cost resulting from the difference in exchange rates rather than raise their export prices.

Partly as a reflection of the profit squeeze, European stock markets closed the year well below their 1961 highs. Lower profits mean that firms can do less internal financing than in the past, and must draw more heavily on the capital markets for investment funds.

Although the European economies are becoming increasingly interdependent, they still reflect different structures and different economic policies. Since 1958 trade among members of the Common Market has risen steadily—from 30 per cent of members' total trade in 1958 to about 37 per cent in the first nine months of 1961. Consultations among economic ministers and central bankers are bringing European fiscal and monetary policies closer into line with one another.

It is still true, however, that there is no "European" economy. In 1961, the dominant national trends within the Common Market ranged from a moderate slum in industrial production in Holland and West Germany to a strong rise in Italy; while the British economy followed its own course, as yet influenced only indirectly by events on the Continent.

It is, therefore, worthwhile also to look at the national economies, paying particular attention to their differences from the normal pattern of business in 1961 and the special considerations affecting the outlook for 1962.

Investment Slackens in Germany

Business activity in Germany levelled off early in 1961, and industrial production during the year fell below its March peak. Total output for the year was some 5 per cent to 6 per cent above total 1960 output, but this gain was due to the high level which had been reached at the beginning of the year more than to any new advance that took place during 1961.

In 1962, the rise is expected to resume, with real growth in output likely to run between 4 per cent and 5 per cent. But the capital goods boom which drove the German economy for two years has subsided. The rise in new orders for capital goods became progressively slower throughout 1961, and, in August and September, they were running behind the rate of a year earlier. Preliminary estimates show gross fixed investment in German industry rising by about 20 per cent last year, against 23 per cent in 1960.

Much of last year's investment spending was for modernisation and improved efficiency, rather than for expanding capacity. Average capacity of German industry is estimated to have increased by only about 7 per cent in 1961, against the 20 per cent rise in investment. The largest capacity gains were in automobiles, plastics, machinery, electrical and rubber industries.

An important reason for the heavy proportion of capital spending that went into modernisation was the acute labour shortage. By summer the number of unemployed fell below 95,000—and job vacancies remained six times as high. With the large unsatisfied demand for labour, average wages rose by nearly 13 per cent last year—almost twice as much as the gain in productivity.

This tendency has helped to put great pressure on prices. Last year, this pressure was partly offset by the revaluation of the D-mark, which reduced prices for imported goods. Nevertheless, the cost-of-living index in 1961 rose by about 3 per cent.

With growing incomes, consumers have steadily increased their spending. Although more of these expenditures now is going for imported goods and for foreign travel, the rise of consumer incomes is one of the two main causes for optimism in 1962.

The other is exports. German exporters are banking on continuing recovery from the U.S. recession, further expansion in the Common Market, and larger German participation in aid to developing nations to jack up demand for German products.

Despite a large trade surplus, the balance of payments ended last year with a slight deficit. Prepayment of war debts and payments to the International Monetary Fund account for much of the difference.

"Planned" Growth in France

The expectations of French business and Government economists concerning their country's economic future are spelled out boldly in a public document. This is the so-called *Fourth Equipment and Modernisation Plan*, covering the years 1962 through 1965.

The "Plan" is really not a plan at all, in the socialistic sense. French "planning" is largely an exchange of information between private industry and Government and between different branches of private industry. A principal benefit is that it allows corporations to plan their own investments more efficiently. It has also provided a useful forum to plead the case for wage restraint.

The Plan calls for an annual 5.5 per cent growth in real gross national product over the next four years. This rate implies annual increases of 7 per cent in fixed investment; 7.5 per cent in industrial production; 4 per cent in agricultural output; 5.2 per cent in private consumption; and 4.5 per cent in real income per person. Foreign trade is expected to grow by about 6 per cent a year, with imports rising slightly faster than exports.

Three main forces are at work to help the French economy reach these ambitious targets. First is a rise in the labour force. It is estimated that by 1965, France will have added nearly a million new workers—through a natural increase in population and through immigration.

Second, is the delayed impact of large public investments made in the 1950's in hydroelectric plants, natural gas, and inland canals. These investments have been co-ordinated with private investments in many basic industries such as steel, aluminium and oil.

Third, under the influence of the Common Market, French industry has been consolidating itself through mergers. This is helping to strengthen some of the less efficient sectors of the economy.

While the Fourth Plan provides a guide to France's economic future, the immediate outlook depends also on cyclical developments. In 1961, after a brief pause during the early months, the economy continued its upward trend. Strength in both domestic and foreign demand is expected to carry forward into most of 1962.

Nearly all of 1961's trade gains were with the Common Market. Exports to the U.S.—especially automobiles—were very weak until summer. Since then there has been a marked pick-up in U.S. demand as a result of the economic recovery, and exports are expected to keep on rising. In the whole of 1961, exports grew by some 4 per cent—about the same rate as imports.

France's 1961 trade surplus is estimated at over $600 million, a bit larger than a year earlier. Gold and foreign exchange reserves continued to soar. By end-1961, monetary reserves —after prepayment of the remainder of all Government debt abroad—approached $3 billion, about three times the level at the time President De Gaulle's monetary reforms were put into effect.

At home, both investment and consumption are mounting. Private industrial investments have shown the greatest strength, particularly in the mechanical engineering, electrical and chemical sectors. Public investments did not show much change in 1961, but are expected to mount this year. With real wages still on the increase, consumer demand is expected to rise further in 1962.

Italy Moves Ahead

Vigorous internal demand in 1961 pushed Italian industrial production up by an estimated 9 per cent. Meanwhile, the good harvest brought sharp increases in agricultural output over the previous two drought years. Gross national product advanced by about 6 per cent.

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Last year's rise in exports—estimated at 13 per cent—was only about half the increase of the year earlier. Exports to the United States have begun to pick up, however, and are expected to strengthen further in coming months. Year-end reductions in the Common Market internal tariffs and the good harvest also promise to help exports.

Imports rose by about 10 per cent last year —after a 40 per cent surge the year before—and Italy's traditional trade deficit narrowed appreciably. With exceptionally large income from services and tourism, Italy's gold and foreign exchange holdings grew by $400 million. This year is expected to bring another payments surplus.

At home, capital investments are expected to remain at a very high level, with an increasing share going for automation. More Government aid for new operations in the South will provide a further stimulus.

Consumer spending continues to expand vigorously, as wages go up and unemployment comes down. Automobile registrations for the first nine months of 1961 were almost 30 per cent higher than the corresponding months of 1960. This year, wages are certain to keep rising, with minimum wage rates probably coming up for renegotiation during the course of the year.

Western Europe's manpower squeeze has now spread to Italy. By mid-1961 unemployment had dropped to 3.5 per cent of the labour force—still the highest rate in the Common Market, but the lowest figure ever recorded in Italy.

Skilled labour is now scarce in most of the industrial North, and some areas complain of an unskilled labour shortage as well. So far, there is no evidence that this has slowed down industrial expansion, however. As in the other countries, its main effect has been to stimulate introduction of labour-saving machinery.

After a period of remarkable stability, the cost of living is creeping upwards under pressure from higher rents and services. Last September, the Government acted to reduce the prices for electricity and certain pharmaceutical items. Lower import duties and the large agricultural output should also help to maintain an equilibrium in 1962.

Investments Soar in Holland

Vigorous demand for investment and consumer goods and exports brought an estimated 4 per cent increase in Dutch G.N.P. for 1961. A high level of economic activity is expected to continue this year; but the growth rate is expected to be somewhat less. Wages and prices are beginning to inch up, after a long period of stability.

The Government's Central Planning Bureau predicts that in 1962, private consumption will rise by 4½ per cent, industrial wages by 6 per cent, and prices by 2 per cent. Last year, prices remained relatively stable, mainly because imports became cheaper as a result of the revaluation.

Industrial production turned down sharply last spring, and drifted lower through the summer and early fall. A part of the slowdown reflected a widespread reduction in the work-week, from 48 hours to 45. The reduction allowed many workers to go on a five-day rather than a six-day week, and the low level of unemployment makes it hard to replace the lost man-hours.

The key to expanding Dutch production is the continued high volume of fixed capital investment. Last year, with the labour supply fully employed, industrial production rose by only 1-2 per cent. Further production increases are now tied closely to the level of investment in more productive machinery.

The volume of investment rose by about 9 per cent in 1961, despite a Government-imposed ceiling on bank credit. Special permits must now be obtained for all new unsubsidised building starts. Nevertheless, fixed capital investment is expected to go up another 8 per cent this year.

Private consumption continues to expand, with spending on consumer durables rising most swiftly. Both higher wages and a considerable increase in instalment sales made this possible. To keep a lid on prices, the Government last August raised the minimum down payments on a wide range of items. Income-tax cuts scheduled for 1961 were postponed until 1962 or 1963. Rising wages, however, promise further vigorous growth in consumer demand this year.

Strong home demand, plus the revaluation, caused imports to grow much faster than exports in 1961. At the close of the third quarter, the trade deficit exceeded $600 million, much wider than in the year before. Income from services and other "invisibles" offset this, however, and gold and foreign exchange reserves at the end of 1961 stood at almost the same level as a year earlier.

This year recovery in the U.S. is expected to boost foreign demand substantially. Lack of spare capacity and vigorous home demand, however, will probably hold the actual increase in exports to about 4 per cent—the same as in 1961. Imports should grow faster, but the rate is not expected to match last year's increase of about 8 per cent.

Belgium Recovers

The Belgian economy enters 1962 in a better state of health than it has enjoyed for some time. The economic effects of the Congo crisis have largely been overcome. Recent domestic industrial investments are beginning to bear fruit. Unemployment is down. Demand at home and from abroad is rising. Prices have remained stable.

After a month-long strike at the start of last year, industry resumed production at a record pace. Industrial production for 1961 is estimated at 6 per cent higher than a year earlier. The number of unemployed declined by more than 25 per cent reaching a new low of under 90,000. The rate of unemployment is now less than 2 per cent of the labour force, and is rapidly ceasing to be a major problem.

Fixed capital investment continues to expand at a brisk pace, and makes up the backbone of home demand. Construction is active for commercial buildings as well as for housing. Foreign firms in Belgium are growing in number, and contribute substantially to the high level of investment.

Consumer demand is also rising, but at a much more moderate pace. Because of unemployment and the already high wage level, new wage boosts last year stayed below the Common Market average.

Prices fluctuated very little, with wholesale prices declining by about 1½ per cent under the influence of lower world prices for raw materials and semi-manufactures. The retail price index remained just below the level at which a 2.5 per cent increase in minimum wages for a number of industries becomes mandatory.

Exports rose by about 4 per cent last year, with the strongest demand coming from the Common Market, particularly Holland and France. Sales to the U.S. declined during the early months, but picked up again in autumn and are expected to expand further. Overall exports are not likely to grow much faster in coming months, however, unless there is a pickup in European demand for steel—which remains the most important export of the Belgium-Luxembourg Economic Union.

Total imports rose by about 7 per cent in 1961. The rate became progressively slower over the year, however. In spite of a much larger trade deficit, gold and foreign exchange reserves increased by more than $150 million, reflecting higher receipts from services and an inflow of foreign capital. This, plus a reduction in the external short-term debt, helped to further strengthen the Belgian franc on the foreign exchange markets.

Although Belgium's situation has already improved, further efforts are planned to put the Belgian economy on a sound foundation and enable it to compete with its strong Common Market partners. The Government's plan "for economic expansion, social progress and financial recovery" aims at a 4 per cent real growth rate over the years 1961-65. Much of the plan's success depends on the continued high level of investrent, on which last year's recovery was based.

Britain at the Crossroads

The beginning of 1962 finds the United Kingdom still grappling with two economic adversaries that have faced it since the war: chronic balance of payments deficit and a relatively slow rate of growth. This year the old problems have been given a new urgency by Britain's changing relationship with Europe.

Early in 1961, Britain's balance of payments deteriorated to a point where serious pressure developed on the pound. Last July, the Government clamped down hard on the domestic economy—to restrain demand at home and promote exports. In addition, Britain bolstered its reserves with a $1.5 billion drawing from the International Monetary Fund.

With this, the pound sterling rebounded from its weak position on the international exchange markets. A return of short-term money further strengthened British reserves. But the long-term balance of payments outlook remains uncertain; although the trade gap narrowed after July, it remained too wide to close with earnings from services and overseas investment.

The credit squeeze initiated in July also helped to check the growth of industrial production. High interest rates caused business to adopt a more cautious inventory policy, and restrictions on consumer credit helped force private consumption down.

Britain's economic future is tied closely to the negotiations with the Common Market now under way in Brussels. The outcome of these negotiations probably will become evident in 1962. If they succeed, Britain could join Europe in 1963.

Entry into the Common Market may be an important part of the answer to Britain's economic ills. British goods would gain wider entry to the fast-growing European markets. More important, home industry would be spurred toward greater efficiency by the prospect of increased competition from abroad.

Common Market membership will not solve Britain's problems automatically, however. Britain is striving to keep the rise of wages in line with productivity gains. The official policy of a "wage pause" suffered a setback in November, when Government electricity workers were granted a 5 per cent wage increase; but it has helped to hold recent advances in British wages well below the European average.

The other part of the equation—raising productivity—may be even more troublesome. The credit squeeze appears likely to continue well into 1962, in order to keep domestic demand from aggravating the balance of payments problem. There are signs that this is causing business to cut back on planned expenditures for new plant and equipment as well.

Hopes for improvement in 1962 are founded on a continuing rise in exports to the United States and Western Europe. If the balance of trade improves sufficiently, the Government will be able to relax its tight grip on the home economy, encouraging the build-up of inventories and heavier consumer expenditure, as well as more capital spending.

Meanwhile, Britain seeks to form a National Economic Development Council of management, labour, and Government to co-ordinate investment plans and reconcile them to the resources available. The goals are growth without inflation and an improvement in the balance of payments.

These goals are especially important in 1962, if Britain is to be ready for Common Market membership which may be not much more than a year away.

Notice

THE IMPERIAL TOBACCO COMPANY OF INDIA LIMITED

NOTICE IS HEREBY GIVEN THAT THE Directors have decided to declare a second Interim Dividend on 28th March 1962 (additional to the Interim Dividend of 2½%, subject to tax, declared on 2nd September 1961) in respect of the Company's financial year ending 31st March 1962, of 2½%, subject to tax, payable on or after 11th April 1962 to registered shareholders whose names appear in the Register on 28th March 1962 or to their mandatees.

Transfers received at the Company's Registered Office before close of business on 24th March 1962 will, if in order, be registered in time for the transferees to receive the Dividend.

By Order of the Board

B. GRANGER PEARSON
Secretary.

VIRGINIA HOUSE,
37 CHOWRINGHEE,
CALCUTTA.
7th March 1962.

N.B.—Shareholders should inform the Registrar of any changes in their registered addresses.

BOMBAY POTTERIES AND TILES REPORT BETTER RESULTS

BOTH RESERVES AND DIVIDEND ENHANCED

A SMART rise of Rs. 8.43 lakhs in sales proceeds to Rs. 41.75 lakhs—the highest so far in its history—and a modest increase in the taxable equity dividend from 12.86 per cent to 15 per cent, which restores the net return to the 1958 level of 10 per cent per annum, highlight the results of Bombay Potteries and Tiles Limited (Chairman: Mrs. Kusumbai Motichand Shaha) for the year ended 30th September 1961. In 1960, total production had declined from 2,075 to 1,848 metric tons. During the year under review, it increased sizably to 2,217 metric tons, with sanitarywares amounting to 686 m. tons (527 m. tons in the previous year), glazed tiles to 1,021 m. tons (940 m. tons), insulators to 81 m. tons (53 m. tons), miscellaneous products to 63 m. tons (64 m. tons), refractories to 315 m. tons (229 m. tons), and vitreous tiles to 51 m. tons (35 m. tons). Judged from the cost of raw materials consumed and the finished stocks at close of Rs. 3.82 lakhs and Rs. 1.24 lakh, respectively, against Rs. 3.59 lakhs and Rs. 1.02 lakh in the previous year per unit manufacturing costs appear to have been lower during the year. This apart, higher sales show a greater profitability. And, though the increase in gross profit of nearly Rs. 5 lakhs to Rs. 18.46 lakhs is quite reassuring, it would have reflected the improvement in sales still more impressively but for an increase of Rs. 3.50 lakhs to Rs. 20.46 lakhs in other expenses, of which Rs. 2.40 lakhs was on account of the wage bill. There is a small increase in the provision for depreciation from Rs. 1.08 lakh to Rs. 1.79 lakh, but taxation takes away as much as Rs. 7.50 lakhs against Rs. 6 lakhs in the previous year. The Directors have consolidated the reserves position by retaining more than 73 per cent or Rs. 6.64 lakhs of the distributable profit of Rs. 9.17 lakhs in business against about 61 per cent or Rs. 4.11 lakhs out of the net profit of Rs. 6.57 lakhs in the preceding year.

The following table details the Company's progress over the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sale proceeds (net)	41.75	33.32	30.03	22.42
Finished stocks at close ..	1.24	1.02	1.03	1.37
Raw materials consumed ..	3.82	3.59	4.00	2.83
Expenses	20.46	16.96	14.64	17.68
Gross profit	18.46	13.05	12.05	7.62
Provision for—				
Depreciation	1.79	1.08	0.98	1.06
Taxation	7.50	6.00	5.60	4.00
Net profit	9.17	6.57	5.47	2.56
To reserves and provisions ..	6.64	4.11	3.14	0.69
Dividends—				
6½ per cent. preference ..	0.07*	0.07*	0.07*	0.07*
4½ per cent. preference ..	0.50*	0.55*	0.55*	0.39
Ordinary	2.13 (15%)*	1.82 (12.86 %)*	1.82 (12.86 %)*	1.42 (10%)
Carry forward	0.07	0.10	0.04	0.05

* Subject to deduction of tax.

The equipments ordered in the preceding year from the U.S.A. for the Company's expansion programme have already arrived and their erection is progressing satisfactorily under the supervision of an American technician. During the course of this erection, the need for additional equipments to improve further the quality of the articles produced was realised. The suitable machinery is available not from the U.S.A. but from the U.K. and West Germany to import which the Government, however, could not grant the necessary foreign exchange. The Company approached the Industrial Credit and Investment Corporation of India for a loan of Rs. 3.60 lakhs in foreign currencies to meet the cost of the proposed imports. The Corporation has sanctioned the loan and the Company has sought the necessary import licence from the Government, which when received will enable it to complete the loan transaction.

The excise duty of 15 per cent on sanitarywares and of 10 per cent on glazed tiles and other porcelain articles, under the last Union Budget, has pushed up the prices of the Company's products. On the other hand, the Government has granted licences to expand the present capacity of the existing units and also for new units to manufacture products similar to those produced by the Company. In the circumstances, the Company would naturally face keen competition in the years to follow. This apart, following the settlement of the demands of the daily rated workmen, which were pending in the previous year, the wage bill has gone up Rs. 1.07 lakh, in addition to a recurring liability on account of gratuity. For the year under report, the labour has put up a demand for bonus of six months, which is pending before the authorities.

The Government has desired the Company to increase the production of electrical porcelain, as there is a great shortage in the country, which is partly met by imports. The Directors have considered the Government's proposal and asked the technical adviser to prepare a scheme for expansion, and, as a preliminary step, have engaged a consultant in the electrical line.

The financial position of the Company is sound. The paid-up capital is Rs. 24.54 lakhs, comprising Rs. 1.13 lakh in 6.5 per cent (taxable) cumulative first preference shares of Rs. 100 each, Rs. 8.63 lakhs in 4.5 per cent (tax-free) cumulative second preference shares of Rs. 100 each, Rs. 14.18 lakhs in equity shares of Rs. 100 each and liability of Rs. 0.60 lakh on account of forfeited shares. It is supplemented by reserves and surplus of Rs. 18.49 lakhs. The gross block increased during the year by Rs. 10.07 lakhs to Rs. 43.66 lakhs and has been written down to Rs. 26.55 lakhs. Inclusive of furnace at cost of Rs. 4.53 lakhs and dies and blocks written down from Rs. 0.34 lakh to Rs. 0.27 lakh, the net block totals Rs. 31.35 lakhs. Current liabilities and provisions amount to Rs. 18.49 lakhs and are safely covered by cash and bank balances alone of Rs. 21.34 lakhs out of the aggregate current assets, loans and advances of Rs. 29.74 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 196.25 *cum-div.* On the *ex-div.* basis, they offer a yield of 5.4 per cent per annum, free of tax.

UNITED WIRE ROPES LIMITED

United Wire Ropes Limited has made considerable progress with its steel wire rope factory at Thana, near Bombay. After the suspension of acquisition proceedings in respect of lands for companies in general due to a recent Supreme Court judgment, the Company directly purchased about 75,000 square yards of land at Panchpakhadi, Thana, which was being acquired by the Government of Maharashtra for location of its factory. The Company has already obtained possession of the land and completed contour survey, etc. Preliminary building operations such as levelling, filling, etc. are in progress. Necessary building materials like cement, etc. have already been received.

The Company obtained its import licence for a c.i.f. value of Rs. 33 lakhs in October last year. The orders for plant and machinery required from abroad were placed with manufacturers in the U.K., West Germany, France and Belgium. Shipment of the machinery will start arriving in May 1962 and will be completed within four or five months. The orders for the indigenous machinery have also been finalised, and it will be delivered in time for erection. It is expected that the construction of factcry buildings will be completed so as to start erection of plant and machinery in July 1962.

(*Concluded from next column*)

an increase of 25 per cent.

During the period under review, the Company adopted various measures to achieve greater production. These have already started to bear fruit and a production of 2,107 metric tonnes was achieved in December 1961, as against the monthly average production of 1,197 metric tonnes recorded during 1960-61. The orders on hand for towers and structures at the end of the year amounted to 24,021 metric tonnes, as against 11,272 metric tonnes at the close of the previous year.

Export orders from Canada, Thailand and West Indies were completed during the year. The extensive efforts made by the Company during the past two years met with success and export orders have been secured from New Zealand and East and West African countries as well.

In co-operation with its foreign collaborators, the Company has developed an improved model of a road roller which has successfully stood rigorous trials and is now under production.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 17.00 on a *cum-div.* basis. On reducing this price to an *ex-div.* basis, the net yield works out to about 3.9 per cent per annum.

KAMANI ENGINEERING'S RESULTS ENCOURAGING

SHAREHOLDERS GET MORE

THE latest annual report of the Kamani Engineering Corporation Ltd. (Managing Agents: Messrs. Kamani Brothers Private Ltd., Bombay) namely, that for the year ended 30th September 1961, is an encouraging document. The sales, which had suffered a rather bad jolt in 1959, pursued their upward journey and gained, during the year Rs. 31.78 lakhs over and above the rise of Rs. 69.29 lakhs achieved during the previous year. At Rs. 268.68 lakhs, the turnover is thus only Rs. 16.06 lakhs short of the all-time high of Rs. 284.76 lakhs recorded in 1958. The gross profit earned is, however, the highest reported so far and, at Rs. 24.81 lakhs, reflects an improvement of Rs. 3.92 lakhs over the previous year. Provision for Managing Agents' commission has been slightly reduced from Rs. 1.62 lakh to Rs. 1.60 lakh, but those for depreciation and taxation are higher. The former has been stepped up by Rs. 0.96 lakh to Rs. 5.85 lakhs and the latter by Rs. 0.80 lakh to Rs. 7.50 lakhs. Despite these increases, the net profit shows a gain of Rs. 2.18 lakhs to Rs. 9.86 lakhs.

Transfers to reserves and other provisions have gone up from Rs. 22,772 to Rs. 1.50 lakh. Of this, Rs. 40,000 (as against Rs. 22,772 a year ago) have been credited to the development rebate reserve, Rs. 10.000 to the provision for gratuity, as against *nil* and Rs. 1.00 lakh to the general reserve, as against *nil*. Besides, a sum of Rs. 1.81 lakh, as compared with Rs. 90,311, has been written off as expenses not relating to the period under review. Further, Rs. 1.75 lakh has been provided as additional taxation in respect of previous years. After appropriating Rs. 0.73 lakh for the payment of preferred dividends, the Directors have proposed the ordinary dividend at a slightly higher rate of 9 per cent, subject to deduction of tax, as compared with 8 per cent, subject to deduction of tax, a year ago.

The progress made by the Company during the past four years is presented in the comparative table given below:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sale proceeds	268.68	236.90	167.61	284.76
Other income	8.66	5.20	16.79	7.44
Closing stocks	29.66	27.09	46.00	17.03
	1,25.44	74.41	94.41	94.45
Raw materials and stores consumed	55.12	42.71	40.18	38.53
Salaries, wages and bonus ..	74.54	85.17	59.29	1,37.07
Other expenses	24.81	20.89	19.49	15.52
Gross profit	1.60	1.02	1.65	1.20
Managing Agents' commission..				
Provision for—				
Depreciation	5.85	4.89	4.40	7.01
Taxation	7.50	6.70	4.85	4.05
Net profit	9.86	7.68	8.59	3.26
Transfer from reserves and provisions	..	0.74	1.04	0.80
Miscellaneous write offs, provisions and expenses	3.56	3.78	4.64	0.80
To reserves and provisions ..	1.50	0.23	0.92	0.50
Dividends—				
Preference	0.73	0.80	0.66	0.56
Ordinary	4.05 (9%)*	3.60 (8%)*	3.48 (7¾%)*	2.25 (5%)
Carry forward	0.05	0.03	0.02	0.11

* Subject to deduction of tax.

The financial position of the Company, as revealed by its balance-sheet as at 30th September 1961, is moderately strong. The share capital stands at Rs. 59.98 lakhs, of which Rs. 44.98 lakhs are in ordinary shares of Rs. 10 each and the balance in 5½ per cent cumulative preference shares. This is backed by reserves totalling only Rs. 5.24 lakhs. The outstanding amount of secured loans is Rs. 96.86 lakhs, and current liabilities and provisions altogether amount to Rs. 89.92 lakhs. The book values of fixed assets is Rs. 76.96 lakhs including Rs. 9.44 lakhs worth of new assets acquired during the course of the year. On deducting Rs. 37.13 lakhs as depreciation earned to date, the net block works out to Rs. 39.83 lakhs. Current assets, investments, loans and advances aggregate Rs. 212.17 lakhs.

The working of the factory during the year was encouraging. Production of galvanised and painted steel structures continued at a higher level and the Company produced 14.360 metric tonnes during the year under review as against 13,485 metric tonnes previously. The sales value of manufactured products and erection work undertaken amounted to Rs. 235.39 lakhs, as against Rs. 187.94 lakhs, representing

(*Continued in previous column*)

MARTIN BURN REPEATS DIVIDEND

PROFIT-MARGIN, HOWEVER, SHRINKS

THE financial results of Martin Burn Limited (Chairman: Mr. T. Leslie Martin, Calcutta) for the year ended 30th September 1961 do not make satisfactory reading, for the profit-margin has suffered a setback. In refreshing contrast to the falling turnover in the preceding two years, sales no doubt increased during the year under review by as much as Rs. 108.57 lakhs to Rs. 857.88 lakhs and came close to the 1958 peak of Rs. 904.49 lakhs. But this is the only silver lining, which does not conceal the patch of dark cloud that has gathered over the Company in the form of cost inflation and a perceptible decline in its earnings by way of managing agency allowances and commissions. Thus, expenses in 1960-61 shot up by Rs. 103.76 lakhs to Rs. 879.82 lakhs, and about 60 per cent of this rise was due to the increase in the cost of raw materials and general merchandise from Rs. 677.81 lakhs to Rs. 740.90 lakhs. At the same time, allowances and commissions earned by the Company have moved down by Rs. 10.61 lakhs to Rs. 51.13 lakhs. As a result of these adverse trends, the profit-margin, that is, percentage of gross profit to sales and income by way of allowances and commissions has contracted from 10.7 to 9.2.

An investor, however, may not be particularly perturbed by this trend, as the dividend has been comfortably maintained at Rs. 2.75, subject to tax, or Re. 1.93 net on the equity share of Rs. 10. Be that as it may, the results should not come as a surprise to investors, since the Directors had forewarned the shareholders in their report for the previous year (1959-60) that "with the reduced scale of remuneration applicable to the new appointments (the previous agreements expired on 15th August 1960), the total remuneration under this head is likely to decline in future, except to the extent that the decline is offset by improved earnings of the managed companies." Apart from maintaining the dividend as just mentioned, the Directors have also kept up the level of transfer to reserves at Rs. 5 lakhs. In line with the fall in profit, the provision for tax is also somewhat less, but that for depreciation has been raised a bit.

The following table brings out in a nutshell the Company's progress during the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sales	857.88	749.31	767.50	904.49
Closing stocks and work-in-progress	197.36	197.07	159.83	126.77
Other income	105.72	113.97	101.68	106.79
Expenses	879.82	776.06	782.88	917.88
Gross profit	83.78	87.22	86.80	93.65
Provision for—Depreciation	2.76	2.85	1.81	1.86
Taxation	38.50	35.50	35.00	58.00
Net profit	47.52	49.37	49.49	39.29
Provisions written back	1.69	—	—	28.16
To reserves	5.00	5.00	5.00	28.50
Dividends—5% tax-free preference	3.90*	3.90*	4.28*	3.90
Ordinary	40.46 (D—27.5%)*	40.41 (D—27.5%)*	40.10 (D—27.5%)*	30.86 (D—17.5% +Rs.75 %)
Carry forward	2.46	2.60	2.55	2.45

* Subject to deduction of tax.

The Directors point out in their report to shareholders that the decline in profit was due to fall in earnings by way of managing agency commission, set off partially by improved results of some of the trading departments. They add that of the managed units, those in the engineering group continued to show good results, but the electricity group remained adversely affected by the onerous provisions of the Electricity (Supply) Act, 1948, and the continuous increase in works costs; the railway group showed no material change over the previous year.

Besides acting as a managing house (in the previous year, it was re-appointed as the managing agents for the statutory maximum number of 10 public companies and one private company, and appointed secretaries and treasurers for seven companies), the Company sells and processes various foreign and indigenous products, contracts for construction of buildings, medium and light structures and electrical installations, and manufactures certain electrical engineering products. In view of the declining imports, it has decided to participate in the manufacture of certain engineering products in collaboration with foreign manufacturers. Thus, in collaboration with Vaughan Crane Company Ltd., England, and Burn and Co. Ltd., it formed, in the previous year, Vaughan Burn Crane Company (P) Ltd., which commenced production in that year of cranes, pulley blocks, etc. It would have been a good thing had the Directors thrown further light on the working of this venture in their report for the year under review.

In 1960, the Directors took in Mr. N. R. Pillai, a retired civilian with creditworthy record of service, as the Managing Director for four years, with effect from 1st March 1961. They have since strengthened the Board further by appointing Mr. Romendra Nath Mookerjee, who was until recently an official of the Company, as a whole-time Director for four years from 1st March 1962, subject to the approval of the Central Government and the general body at its annual meeting on 28th inst.

During the year ended 30th September 1960, the holders of Rs. 32,000 4 per cent. Convertible Notes exercised their option to convert their holdings into ordinary shares resulting in an increase in the ordinary share capital of the Company by 1,600 shares and a reduction of Rs. 32,000 in the Convertible Notes outstanding. The total number of ordinary shares subscribed to, as on 1st October 1960, was 14,71,225 and the amount of Convertible Notes outstanding Rs. 5,75,500; the total reserve arising from the surplus on conversion being Rs. 17,12,250. The Notes have since been fully redeemed. The issued capital now stands at Rs. 207.12 lakhs (equity Rs. 147.12 lakhs and preference Rs. 60 lakhs), as against Rs. 206.96 lakhs at the end of the previous year. Reserves and surplus have increased from Rs. 118.93 lakhs to Rs. 123.94 lakhs. Secured loans from banks, with accrued interest, are lower by Rs. 37.78 lakhs at Rs. 81.65 lakhs, but other current liabilities and provisions, however, have grown by some Rs. 40 lakhs to Rs. 584.05 lakhs. The result is that the total indebtedness to outsiders is practically unchanged at Rs. 665.69 lakhs. These are more than adequately covered by current assets (excluding investments, but including book debts) etc. of Rs. 730.28 lakhs. Investments amount to Rs. 196.28 lakhs, these are practically unchanged over the year, but the quoted investments, shown at Rs. 185.34 lakhs against Rs. 184.68 lakhs previously, command a market value of Rs. 310.49 lakhs as compared with Rs. 293.78 lakhs a year before. The gross block increased during the year from Rs. 82.41 lakhs to Rs. 90.45 lakhs and has been written down to Rs. 70.20 lakhs.

The Rs. 10 fully paid ordinary shares are currently quoted at Rs. 32.12 *cum-div.*, and give a yield of 6.3 per cent per annum, free of tax, on the *ex-div.* basis.

Notice

JESSOP AND COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING of the Members of Jessop & Co. Ltd., will be held in the Committee Room No. 2 of the Bengal Chamber of Commerce and Industry at 6, Netaji Subhas Road, Calcutta-1, on Tuesday, the 10th April 1962, at 11.00 a.m., for the transaction of the following business:—

1. To receive and consider the Accounts, together with the Reports of the Board of Management and Auditors for the year ended 31st October, 1961.
2. To declare a Dividend.
3. To appoint Auditors and fix their remuneration.
4. To transact any other business of an Ordinary General Meeting.

The Ordinary Share Transfer Registers of the Company will be closed from 29th March to 10th April, 1962, both days inclusive.

By Order of the Board,
K. S. BASU,
Secretary.

63, NETAJI SUBHAS ROAD,
CALCUTTA, *5th March*, 1962.

NOTICE:—A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

PROFIT OF PHALTAN SUGAR LOWER

FOUR-FOLD CAUSES FOR THE SETBACK

BOTH sales and profit of the Phaltan Sugar Works Ltd. (Managing Agents: Messrs. Mafatlal, Apte and Kantilal Ltd., Bombay) have lost some more ground during the year ended 30th September 1961, but this feature is in conformity with the conditions prevalent in the sugar industry. Sale proceeds of sugar at Rs. 124.15 lakhs are sligthly lower than the previous year's figure by Rs. 5.06 lakhs and are the lowest on record since 1956. Gross profit has reacted even more sharply and has gone down from Rs. 24.05 lakhs to Rs. 14.28 lakhs or by 40.6 per cent. A major portion of this precipitous fall has been attributed by the Directors to four principal causes. In the first instance, the recovery of sugar has registered a fall from 12.7 per cent to 11.7 per cent during the year, owing to adverse weather conditions and "some trouble" in the factory boiling house which was "in no small measure" due to "the plant being very old." Secondly, due to the control on the sale of sugar and the absence of adequate releases, the Company had to carry forward an unreleased stock of 42.6 per cent of the year's production, as against only 22.8 per cent during the previous year. This entailed a severe drain on the Company's resources, both by way of interest and insurance charges. Thirdly, there was a considerable augmentation in the Company's export quota from 2,976 bags during 1959-60 to 16,558 bags during the year under review and this resulted in the realisation of a loss of Rs. 1.89 lakh, subject to final adjustments. And, lastly, the implementation of the recommendations of the Wage Board for the Sugar Industry was instrumental in increasing the wage bill for the year under review.

With the decline in gross profit, there has been a fall in the provision for the Managing Agents' commission, from Rs. 2.00 lakhs to Rs. 1.02 lakh, and in that for taxation, from Rs. 7.40 lakhs to Rs. 3.80 lakhs. Provision for depreciation has, however, gone up by Rs. 0.24 lakh to Rs. 4.14 lakhs. The net profit is lower at Rs. 5.32 lakhs as compared with Rs. 10.75 lakhs a year ago. In view of reduced profit, the Directors have cut the ordinary dividend to Rs. 9.00 per share, or 18 per cent from Rs. 12.00 per share, or 24 per cent for the preceding year, both subject to deduction of tax. Even to cover this reduced dividend, they have found it necessary to withdraw Rs. 3.50 lakhs from the dividend equalisation reserve. The carry forward is lightly higher at Rs. 35,221, as against Rs. 21,809 brought in.

The operating results of the Company for the past four years are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sale proceeds of sugar	124.15	129.21	178.50	169.39
Other income	3.21	3.31	3.70	2.94
Closing stocks	78.56	37.06	14.66	36.88
Excise duty	45.32	41.63	39.60	41.05
Other expenses	40.11	41.41	42.19	45.76
Gross profit	14.28	24.05	47.82	45.70
Managing Agents' commission	1.02	2.00	2.72	2.71
Provision for:—Depreciation	4.14	3.90	3.56	3.30
Taxation	3.80	7.40	0.25	14.50
Net profit	5.32	10.75	14.84	10.26
Transfers from reserves and provisions	3.83	1.06	0.26	
To reserves	0.02	0.23	1.46	0.23
Additional provision for taxation to previous years	—	—	1.00	
Dividend	9.00 (18%)†	12.00 (24%)†	13.50 (27%)†	10.00 (20%)
Carry forward	0.35	0.22	0.64	1.50

† Subject to deduction of tax.

The balance-sheet of the Company as at 30th September 1961 reflects a satisfactory financial position. The share capital of Rs. 50.00 lakhs, all in equity shares of Rs. 50 each, is supported by reserves totalling Rs. 55.53 lakhs. The loan account stands at Rs. 70.46 lakhs, while current liabilities and provisions aggregate Rs. 55.27 lakhs. The book value of fixed assets is Rs. 142.85 lakhs which has been well written down to Rs. 61.07 lakhs. The cost of uninstalled machinery and buildings in progress is Rs. 1.03 lakh, so that total net assets are worth Rs. 62.10 lakhs. Current assets, investments, and loans and advances, etc., amount to Rs. 169.16 lakhs, thereby affording enough cover to all current liabilities put together.

Currently, the Rs. 50.00 fully paid ordinary shares of the Company are quoted on the Bombay Stock Exchange at Rs. 112.70 *ex-div.* The net return on this price works out to 5.6 per cent per annum.

SYNOPSES OF COMPANY REPORTS

Saswad Mali Sugar Factory Ltd.

(*Chairman*: Mr. Shankarrao Bhaurao Raut, Poona.)

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1961	1960
Sales	1,41,54	1,49,64
Closing stock	1,18,52	66,23
Excise duty (less rebate receivable)	50,54	44,22
Gross profit	20,19	17,33
Transfer to depreciation	5,64	2,95
,, ,, development rebate	27	67
,, ,, provision for taxation	7,42	6,25
Net profit	6,86	7,46
Adjustments	2,22*	1
Appropriations: Total available balance	9,08	7,47
Transfer to general reserve	42	25
,, ,, provision for contingencies	15	10
,, ,, dividend equalisation reserve	13	2
To difference in depreciation allowance 1956-57 to 1959-60	2,29	Nil
To dividends (taxable) preference	1,00	1,00
,, ,, ordinary	5,07 (15%)	6,09 (18%)
Carry forward	2	1

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.
* This includes Rs. 2,20,920 being income-tax refund received.

Extracts from the Directors' report: During the year under report, the total quantity of sugarcane crushed was 1,62,619 tons and the total production of sugar was 1,80,658 bags (each bag weighing 2¾ mds.) The recovery of sugar for this year was 11.21.

During the year under review, the sugar production was higher than ever, and consequently rebate in excise duty amounting to Rs. 2,56,447 allowed by the Government as incentive for increase in production was earned. Inspite of this the profit for this year was lower than that of the previous year.

Accounts in brief as at 31st July 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	48,80,800	Gross block	1,01,38,322
Reserves and surplus	25,06,809	—Depreciation	45,77,801
Other liabilities	1,43,20,035	Net block	55,60,521
		Block in progress	39,034
		Current assets	1,54,55,172
		Investments	4,11,085
		Cash	2,38,182
	Rs. 2,17,07,644		Rs. 2,17,07,644

* Paid-up capital consists of 14,995 five per cent. cumulative preference shares of Rs. 100 each and 33,813 ordinary shares of Rs. 100 each.

Chitavalsah Jute Mills Co., Ltd.

(*Managing Agents*: Messrs. McLeod & Co., Ltd., Calcutta.)

Annual General Meeting—15th March 1962.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1961	1960
Sales	2,37,88	1,50,98
Closing stock	42,61	47,05
Gross profit (+) or loss (—)	(—) 8,25*	(+) 9,22
Transfer to Managing Agents' remuneration	45	45
,, ,, depreciation	7,74	6,81
,, ,, provision for taxation (in respect of previous years)	Nil	50
Net profit (+) or loss (—)	(—) 8,25	(+) 1,46
Adjustments	39	4,27
Appropriations: Total available balance	39	5,73
To development rebate reserve	Nil	2,11
,, adjustment of interest on investments	Nil	3
,, payment of bonus for 1958	Nil	1,10
,, forfeited dividends paid	Nil	3
,, additional preference dividend for 1960	Nil	10
,, preference dividend	Nil	46
,, ordinary dividend (taxable)	Nil	1,51
Carried forward	(Nil) (—) 7,86†	(5%) 39

N.B.—Adjustments include the credit balance brought forward from the previous year and other credit items.
* Loss after providing for Managing Agents' commission and depreciation.
† Loss carried forward after adjusting the credit balance brought forward from 1960.

Extracts from the Directors' report: The Mills continued to work in accordance with the working time agreement of the Indian Jute Mills Association, and by purchasing loom hours the full complement of 500 looms worked single shift up to 26th November, 1960. Thereafter looms were progressively closed down until only 420 looms were working single shift of 48 hours per week from March, 1961 to the end of July, 1961.

As we mentioned in the directors' last report, these Mills are mainly dependent on locally grown Bimli Jute and the overhead quality of this fibre was lower last year, besides being a much smaller crop than usual. For this reason and because of high and uneconomic prices and restrictions on Bank credit, it was not possible to build up adequate stocks during the short marketing period. Consequently, this Company has passed through an extremely difficult time since the latter part of 1960.

The restrictions on production had a disturbing effect on labour and although modernisation continued in the preparing and spinning departments, the Mill efficiency was far below the standard required. A Central Wage Board for the Jute Industry of India was set-up by the Government of India in August, 1960 and in January, 1961, it recommended an interim increase in wages which has been implemented by this Company. This wages increase, the restrictions in production and block closure have all adversely affected costs.

Due to the unfavourable trading conditions—the Company was operating at a loss from March, up to October, 1961 which is reflected in the

A large jute crop during the current season, available at economic rates has enabled the Mills to increase their production capacity and at the time of writing—296 looms are working 96 hours per week. The present market conditions also allow a reasonable margin of profit and the directors consider that the loss sustained for the year under review will be fully recouped and are confident that the working results for the current year will show a reasonable profit.

Accounts in brief as at 31st July 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	35,15,000	Gross block	1,26,04,229
Debentures	10,69,000	—Depreciation	74,40,619
Reserves†	31,67,621		
Other liabilities	63,52,302	Net block	51,63,610
		Block in progress	3,425
		Current assets	76,95,205
		Investments	7,94,809
		Cash	4,46,814
	Rs. 1,41,03,923		Rs. 1,41,03,923

* Paid-up capital consists of 5,000 seven per cent. cumulative preference shares of Rs. 100 each and 3,01,500 ordinary shares of Rs. 10 each fully called up. Of the above shares, 1,00,000 ordinary are allotted as fully paid up pursuant to a contract without payment being received in cash and 2,01,000 ordinary shares are allotted as fully paid up by way of bonus shares by capitalisation of reserves.
† Reserves are shown after deducting the debit balance of Rs. 7,86,279 in the profit and loss account.

Birds Investments Ltd.

(*Secretaries*: Messrs. Lovelock and Lewes, Calcutta.)

25th Annual General Meeting—16th March 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Gross income	7,53	6,63
Gross profit	4,61	3,33
Transfer to provision for taxation	85	76
Net profit	3,76	3,07
Adjustments	57	59
Appropriations: Total available balance	4,33	3,66
Transfer to capital reserve	Nil	2
,, ,, general reserve	65	Nil
Proposed dividends (taxable) preference	1,17	1,17
,, ,, ordinary	2,00 (10%)	1,90 (9½%)
Carry forward	51	57

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items if any.

Extracts from the Directors' report: *Investments*: The Company's portfolio is representative of investments which are quoted on the Calcutta and Colombo Stock Exchanges with the exception of certain shares costing Rs. 7,59,192. The total of the market value of the investments for which quotations are available together with the unquoted investments as valued by Directors exceeds the book value at 30th September 1961 by Rs. 13,28,271.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	44,00,000	Investments	66,75,796
Reserves and surplus	9,78,114	Current assets	1,62,950
Other liabilities	15,20,216	Cash	59,584
	Rs. 68,98,330		Rs. 68,98,330

* Paid-up capital consists of 2,00,000 ordinary shares of Rs. 10 each fully paid up (Rs. 7.50 per share called up in cash and Rs. 2.50 per share paid up as capital bonus by capitalisation of reserves) and 24,000—5½ per cent. cumulative preference shares of Rs. 100 each fully paid up in cash.

Coonoor Tea Estates Co., Ltd.

(*Secretaries & Treasurers*: Messrs. Matheson, Bosanquet & Co., Ltd., Belmont, Coonoor.)

35th Annual General Meeting—29th March 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Tea sales	9,81	10,05
Closing stock	1,93	1,96
Gross profit	2,01	3,07
Transfer to Secretaries' and Treasurers' remuneration	12	20
,, ,, depreciation	34	32
,, ,, provision for taxation	70	1,08
Net profit	85	1,47
Adjustments	40*	30†
Appropriations: Total available balance	1,25	1,77
Transfer to development rebate reserve	7	21
,, dividend equalisation reserve	Nil	15
To dividends (taxable) 6% C. preference	9	9
,, interim dividend (taxable) ordinary	42	57
,, final dividend (taxable) ordinary	42 (7½%)	42 (10%)
Total ordinary dividend	42 [15%]	42 [17½%]
Carry forward	25	33

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.
* This includes Rs. 7,500 being excess provision for taxation not required.
† This includes excess provision for taxation of Rs. 743 no longer required.

Extracts from Directors' report: The Company has completed the year with a crop of 3,94,039 lbs. made tea as against the previous year's record crop of 4,04,655 lbs. Unfortunately the slightly lower crop was accompanied by lower sale prices at the Cochin Auctions and this has resulted in a considerable fall in the profits of the Company compared to the previous year.

The total area of the estate is 441.25 acres distributed as follows: Tea in full bearing 384.50 acres; Tea in partial bearing 7.53 acres; Fuel clearings 15.75 acres and Buildings, roads and waste land 33.50 acres.

Cost of Production: The Estate cost of production for the year was Rs. 1.63 (Re. 1.55 for 1960) per lb. against the estimate of Re. 1 57 (Re. 1.49) per lb. Bonus paid to labourers [Rs. 21,111 (Rs. 15,926)] was not included in the estimate.

Selling Price: The net average selling price of the Company's teas for the season was Rs. 2.17 per lb. against Rs. 2.32 per lb. for the previous year. The lower average selling price is due to the easier markets prevailing at the Cochin Auctions where the Nilgiris District average for the year for leaf grades is 18 nP per lb. below 1960.

Estimates for the year 1961-62 have been approved by the Board of Directors and provide for 4,00,000 lbs. of made tea to cost 145.38 nP per lb. including 21.01 nP per lb. for manuring.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	7,16,420	Gross block	24,06,623
Reserves and surplus	13,55,670	—Depreciation	2,29,383
Other liabilities	3,47,757	Net block	21,77,240
		Current assets	2,25,597
		Investments	2,500
		Cash	15,510
	Rs. 24,19,847		Rs. 24,19,847

* Paid-up capital consists of 1,500 six per cent. cumulative preference shares of Rs. 100 each fully paid up and 56,642 ordinary shares of Rs. 10 each fully paid up. Of the above, 4,086 ordinary shares are allotted as fully paid up by way of bonus shares through capitalisation of reserves.

COMPANY MEETINGS AND DIVIDENDS

UNION BANK OF INDIA LTD. Forty-third Annual General Meeting, Bombay, 26th March 1962. Dividend: Re. 0.57 per ordinary share, subject to deduction of tax, payable on and from 28th March 1962. Transfer books remain closed from 5th to 24th March 1962, both days inclusive.

RAVALGAON SUGAR FARM LTD. Twenty-ninth Annual General Meeting, Bombay, 26th March 1962. Dividend: 10 per cent or Rs. 5.00 per ordinary share, subject to deduction of tax. Transfer books were closed from 30th December 1961 to 20th January 1962, both days inclusive.

MARTIN BURN LTD. Annual General Meeting, Calcutta, 28th March 1962. Dividend: Rs. 2.75 per ordinary share, subject to deduction of tax, payable on or after 18th April 1962. Transfer books will remain closed from 14th to 28th March 1962, both days inclusive.

RAYALASEEMA MILLS LTD. Sixteenth Annual General Meeting, Rayanagar, Adoni, 28th March 1962. Dividend: 15 per cent or Rs. 15.00 per share, subject to deduction of tax. Transfer books will remain closed from 14th March to 4th April 1962, both days inclusive.

AZAM JAHI MILLS LTD. Thirty-first Annual General Meeting, Hyderabad, 29th March 1962. Dividend: Rs. 6.00 per share, subject to deduction of tax, payable on and from 1st May 1962. Transfer books will remain closed from 15th to 30th March 1962, both days inclusive.

BANK OF BARODA LTD. Fifty-third Annual General Meeting, Baroda, 31st March 1962. Dividend: 17 per cent or Rs. 8.50 per share, subject to deduction of tax for the year 1961. Transfer books will remain closed from 12th to 31st March 1962, both days inclusive.

MYSORE CEMENTS LTD. Third Annual General Meeting, Bangalore, 31st March 1962. Transfer books will remain closed from 16th March to 1st April 1962, both days inclusive.

MYSORE CHROME TANNING CO., LTD. Twenty-first Annual General Meeting, Bangalore, 31st March 1962. Transfer books will remain closed from 20th March to 2nd April 1962, both days inclusive.

PERMANENT MAGNETS LTD. First Annual General Meeting, Alkapuri, Baroda, 2nd April 1962. Transfer books remain closed from 27th February to 7th March 1962, both days inclusive.

CHEMICAL, INDUSTRIAL AND PHARMACEUTICAL LABORATORIES LTD. Twenty-sixth Annual General Meeting, Bombay, 12th April 1962. Transfer books will remain closed from 26th March to 12th April 1962, both days inclusive.

HINDUSTAN LEVER LTD. Annual General Meeting, Bombay, 18th April 1962. Dividend: Rs. 2.60 per share, subject to deduction of tax. Transfer books will remain closed from 22nd to 24th March 1962, both days inclusive and again from 12th to 18th April 1962, both days inclusive.

UNION CARBIDE INDIA LTD. Twenty-seventh Annual General Meeting, Calcutta, 14th May 1962. Dividend: Re. 1.05 per share, subject to deduction of tax, payable by 25th June 1962. Transfer books will remain closed from 23rd April to 14th May 1962, both days inclusive.

STANDARD MILLS CO., LTD. Taxable dividend of Rs. 25.00 per ordinary share, for the year ended 31st December 1961 (Rs. 30.00 per share for 1960), payable from 7th May 1962. Transfer books will remain closed from 28th March to 19th April 1962, both days inclusive.

MAFATLAL FINE SPINNING AND MANUFACTURING CO., LTD. Taxable dividend of Rs. 30.00 per ordinary share, for the year ended 31st December 1961 (Rs. 30.00 per share for 1960), payable from 2nd May 1962. Transfer books will remain closed from 2nd to 21st April 1962, both days inclusive.

NEW SHORROCK SPINNING AND MANUFACTURING CO., LTD. Taxable dividend of Rs. 45.00 per ordinary share, for the year ended 31st December 1961 (Rs. 60.00 per share 1960), payable from 30th April 1962 to 8th May 1962. Transfer books will remain closed from 12th to 31st March 1962, both days inclusive.

SASSOON SPG. & WVG. CO., LTD. Taxable dividend of Rs. 2.00 per ordinary share (Re. 1.70 per share for 1960), for the year ended 31st December 1961.

Notices

BHARAT COLLIERIES LIMITED

NOTICE

THE SEVENTEENTH ANNUAL GENERAL Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at 11, Clive Row, Calcutta-1, on Saturday, the 31st March, 1962, at 11 a.m., to transact the following business:—

(1) To receive and adopt the Directors' Report and the Audited Accounts for the year ended 30th June, 1961.

(2) To elect a Director in place of retiring Director Sri Balabux Poddar and in this connection to consider and if thought fit to pass the following Resolution with or without modification, of which a Special Notice as required under Section 281 of the Companies Act, 1956, has been received by the Company and is hereby given by the Company to its Members:—

"Resolved that pursuant to the provisions of Section 281 and other applicable provisions, if any, of the Companies Act, 1956, Sri Balabux Poddar, who has attained the age of 68 years on 29th December 1961 and retires by rotation, be and is hereby appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

(3) To appoint Auditors for the current year and to fix their remuneration. The retiring Auditors, Messrs. K. N. Gutgutia & Co., being eligible, offer themselves for re-appointment.

Explanatory Note of Item (2):

Sri Balabux Poddar having attained the age of 65 years on 29th December 1958 was re-appointed a Director of the Company in its Annual General Meeting held on 31st March, 1959, on a Special Notice received by the Company from a Shareholder and a Resolution duly passed in the said Annual General Meeting specifically declaring that the age limit prescribed under Section 280 would not be applicable to him. He is now due to retire by rotation and a Special Notice has been received from a Shareholder. Sri Balabux Poddar has been on the Board of Directors for a number of years and it is considered advisable in the interest of the Company to avail of his services as a Director of the Company.

Neither the Managing Agents nor any of the other Directors of the Company have any interest in the said Resolution. Sri Balabux Poddar is interested as a Shareholder of the Company and also to the extent of fees and commission receivable as a Director.

The Share Transfer Books of the Company will be closed from 20th March, 1962 to 31st March, 1962, both days inclusive.

By Order of the Board of Directors,

FOR SAHU JAIN LIMITED,

A. K. JAIN,
Managing Director,
Managing Agents.

CALCUTTA
Date, 23rd February, 1962.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

THE BRITISH INDIA CORPORATION LIMITED

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Corporation will be closed from 29th March, 1962 to 28th April, 1962, both days inclusive.

By Order of the Board,

R. P. MATHUR,
Deputy Secretary.

KANPUR, *4th March,* 1962.

THE ANDHRA SUGARS LIMITED

Venkatarayapuram
Post Box No. 2
TANUKU
Andhra Pradesh

NOTICE IS HEREBY GIVEN THAT THE Fourteenth Annual General Meeting will be held on Friday the 30th March, 1962 at 3.00 p.m., at the Registered Office at Tanuku.

Notice is also hereby given that the Share Registers of the Company will be closed from 22nd March 1962 to 31st March 1962, both days inclusive.

(By Order of the Board)

FOR THE ANDHRA SUGARS LTD.,

FOR RANGA RAO & CO.,

(Sd.) M. HARISCHANDRA PRASAD,
Managing Partner,
Managing Agents.

VENKATARAYAPURAM,
TANUKU,
24th February 1962.

THE INDIA SUGARS AND REFINERIES LIMITED

Registered Office:
HOSPET—BELLARY DISTRICT

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Twenty-eighth Annual General Meeting of the Company will be held at the Registered Office of the Company at Hospet (Bellary Dist.) on Saturday, the 31st March, 1962, at 4 p.m., to transact the following business:

1. To receive and adopt the Directors' Report and audited accounts for the year ended 30th September, 1961;
2. To declare a Dividend on Preference Shares;
3. To declare a Dividend on Ordinary Shares;
4. To elect a Director in place of Sri O. V. Alagesan, who retires by rotation and is eligible for re-election;
5. To elect a Director in place of Sri Rajeshwara Patel, M.P., who retires by rotation and is eligible for re-election;
6. To appoint Auditors for the year 1961-62 and fix their remuneration.

The Register of Members of the Company will be closed from 16th March, 1962, to 31st March, 1962, both days inclusive.

(By Order of the Board),

Per Pro THE INDIA SUGAR AGENCIES PRIVATE LTD.,

C. D. CHOUDHARY,
Managing Agents.

BOMBAY, *2nd March,* 1962.

Notes: 1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.

2. The Dividends, when declared, will be payable on or after 16th April, 1962, to those shareholders whose names are on the Register of Members on 31st March, 1962, or to their mandatees.

3. Shareholders are requested to notify the Company of any change in address.

THE
UNITED COMMERCIAL BANK LTD.
Head Office: **CALCUTTA**
G. D. BIRLA, *Chairman*

SUBSCRIBED CAPITAL **Rs. 4,00,00,000**
PAID-UP CAPITAL - **Rs. 2,00,00,000**
RESERVE FUND - **Rs. 2,35,00,000**

Current Accounts opened. * Fixed Deposits received for long or short periods. * Savings Bank Accounts at 3% Interest. * Recurring Deposits for accumulated Capital in convenient monthly instalments. * Foreign currency and Rupee Travellers cheques sold and encashed. * Other Banking facilities.

S. T. SADASIVAN
General Manager

THE BELSUND SUGAR COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE BELSUND SUGAR COMPANY LTD., will be held at the Registered Office of the Company at 14, Netaji Subhas Road, Calcutta-1, on Friday, the 30th March 1962, at 12 noon, to transact the following:—

ORDINARY BUSINESS:

(1) To receive and consider the Directors' and the Auditors' Reports and to adopt the Audited Accounts of the Company for the year ended 30th September 1961.

(2) To declare Dividend.

(3) To elect a Director in place of Shri Nand Kishore Bajoria who retires by rotation and being eligible offers himself for re-election.

(4) To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS:

(5) (*As a Special Resolution*): "RESOLVED that pursuant to sub-sections (4) and (7) of Section 309 of the Companies Act, 1956, the Directors be and are hereby authorised to continue to receive a commission (to be divided among them in such manner as they shall determine from time to time and in default of determination equally) of 1 per cent of the annual net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the Act for each of the five financial years of the Company commencing from 1st October, 1961."

The Register of Members and the Share Transfer Books of the Company will be closed from 17th March to 30th March 1962, both days inclusive.

By Order of the Board,

Per Pro BANGUR BROTHERS LTD.,

N. P. PANDEY,
Managing Agents.

14, NETAJI SUBHAS ROAD,
CALCUTTA, *15th February,* 1962.

Note: A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

EXPLANATORY STATEMENT

(*Pursuant to Section* 173(2) *of the Companies Act,* 1956 *regarding item No.* 5 *of the annexed Notice*)

In terms of Article 111 of the Articles of Association of the Company, all the Directors together were entitled to receive a commission of 1 per cent on the annual net profit of the Company divisible among them in such manner as determined by them and in default of determination equally. This payment of commission was authorised by a Special Resolution passed on 18th November 1957 and duly approved by the Central Government. Such payment could be made for a period of five years from the 1st October 1956, but may be renewed from time to time in accordance with the provisions of statutory enactment in force. Having regard to the duties and responsibilities of the Directors, it is desirable that the commission of 1 per cent on net profits of the Company should continue to be paid to the Directors. A Special Resolution set out in item No. 5 of the annexed Notice authorises the continuance of payment of this commission for a further period of five years commencing from 1st October, 1961.

All the Directors of the Company may be deemed to be interested in Special Resolution referred to above to the extent of the commission receivable by them.

THE RAVALGAON SUGAR FARM LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-ninth Annual General Meeting of the Company will be held at Construction House, Ballard Estate, Fort, Bombay, on Monday the 26th March, 1962, at 4-30 p.m. (S.T.) or immediately after the Class Meeting of the holders of Deferred shares convened on the same day is over, for the purpose of transacting the following business:—

1. To consider and, if thought fit, to pass the following resolution with or without modification as a Special Resolution:—

"That Article 6 of the Articles of Association of the Company be altered in the manner following:—

Add the words:—

"without deduction of Company's tax but subject to statutory deduction at source as per Indian Income-tax Act, 1922, as from 1st October 1960."

after the words "5½% per annum" in sub-clause (*a*) of Article 6.

2. To receive and adopt the Directors' Report and the Audited Statement of Accounts for the year ended 30th September, 1961.

3. To declare Dividends on Preference, Ordinary and Deferred Shares.

4. To appoint a Director in place of Shri Lalchand Hirachand who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following resolution as a Special Resolution in respect of which a Special Notice as required by Section 261 of the Companies Act, 1956, has been received by the Company:—

"Resolved that pursuant to the provisions of Section 261 and other relevant provisions (if any) of the Companies Act, 1956, Shri Lalchand Hirachand who retires by rotation and who is a Director and Member of Messrs. Walchand & Co. Private Ltd., the Managing Agents of the Company, be and is hereby re-appointed a Director of the Company."

5. To appoint a Director in place of Shri Govindji Raoji who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following resolution as a Special Resolution in respect of which a Special Notice as required by Section 261 of the Companies Act, 1956, has been received by the Company:—

"Resolved that pursuant to the provisions of Section 261 and other relevant provisions (if any) of the Companies Act, 1956, Shri Govindji Raoji who retires by rotation and who is a Member of Messrs. Walchand & Co. Private Ltd., the Managing Agents of the Company, be and is hereby re-appointed a Director of the Company."

6. To appoint and/or approve the appointment pursuant to Section 281 of the Companies Act, 1956, of Shri Gulabchand Hirachand who is an Ex-officio Director of the Company and who has attained the age of 65 years on 23rd September, 1961, and to consider and, if thought fit, to pass the following resolution in respect of which a Special Notice as required by Section 281 of the Companies Act, 1956, has been received by the Company.

"Resolved that pursuant to Section 281 and other relevant provisions (if any) of the Companies Act, 1956, the appointment of Shri Gulabchand Hirachand, who has attained the age of 65 years on 23rd September, 1961, and who is not liable to retire by rotation being an Ex-officio Director of the Company appointed by the Managing Agents, Messrs. Walchand & Co. Private Ltd., be and is hereby made and/or approved and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

7. To appoint Auditors for the current year and to fix their remuneration.

The Transfer Books of the Company remained closed as from Saturday the 30th December, 1961, to Saturday the 20th January, 1962 (both days inclusive).

By Order of the Board.

S. S. BORKAR,
Secretary.

Registered Office:
CONSTRUCTION HOUSE,
BALLARD ESTATE, FORT,
BOMBAY, *7th February* 1962.

Note: (1) A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member.

(2) The Dividends, if sanctioned, will be paid at Devkaran Nanjee Banking Co. Ltd., Fort, Bombay, on and from Thursday the 29th March, 1962, to those Members whose names stood on the Company's Register as on Saturday the 20th January, 1962.

PRESIDENCY JUTE MILLS COMPANY, LIMITED

ANNUAL GENERAL MEETING OF MEMBERS

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from the 17th March to the 30th March, 1962, both days inclusive.

By Order of the Board,

MCLEOD & CO. LTD.,
C. HOCKLEY,
Secretary,
Secretaries & Treasurers.

CALCUTTA, *3rd March,* 1962.

NELLIMARLA JUTE MILLS COMPANY, LIMITED

ANNUAL GENERAL MEETING OF MEMBERS

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from the 17th March to the 31st March, 1962, both days inclusive.

By Order of the Board.

MCLEOD & CO. LTD.,

C. HOCKLEY,
Secretary,
Secretaries & Treasurers.

CALCUTTA, *3rd March,* 1962.

LONDON LETTER

(*Concluded from page* 412)

The Treasury has also publicised this week the criteria which the Government use to control public spending: (1) by insisting on value for money through maximum efficiency in the use of public funds; (2) by determining the relative importance of different classes of spending at different times; (3) by allowing special priority to classes of spending that will foster economic growth and improve the country's competitive power; and (4) by examining long-term public expenditure to ensure that it is planned in proper relationship to prospective resources. But, almost in the same breath, it admits that the main classes of expenditure tend to be expanding rather than declining and that public spending is tending constantly to be a growing percentage of the national income. It is far in excess of the mere budget figure and in the current year will probably be about £10,000 million (this includes local Government spending and below-the-line investment spending). Such a sum is 40 per cent of the national income. A Government which sought to be unduly ruthless in limiting overall spending would, therefore, cut at the roots of the national income but, by the same token, it is clear that the Government's influence in controlling national expenditure in relation to resources is increasingly direct and potentially effective.—

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INSTITUTE OF APPLIED MANPOWER RESEARCH
NEW DELHI

The Institute has been set up as a Society for undertaking systematic research in applied manpower problems, e.g., assessment of the requirements of trained personnel for economic development, creation of employment opportunities for new entrants to the labour market, improved utilisation and development of the employed labour force.

Applications are invited from Indian Nationals or natives of Sikkim, Nepal or of former French or Portuguese possessions in India, for the following posts:

(*a*) **2 Heads of Research Divisions** (Rs. 1,300-60-1,600). Candidates should have a degree of a recognised university with a good academic record, at least 5 years' experience of socio-economic research preferably in the manpower or related fields, e.g., economic and educational Planning, employment and training, public administration and management. Candidates will be expected to have knowledge of research methodology and application of statistical techniques to socio-economic investigations;

(*b*) **1 Statistician** (Rs. 1,100-50-1,400). Candidates should have a Master's degree or equivalent qualification in Statistics, Mathematics or Economics with Statistics and at least 5 years' experience of statistical investigation and research in recognised institutions or Government departments or commercial concerns of repute.

(*c*) **4 Research Officers** (Rs. 700-40-1,100-50/2-1,250). Candidates should have at least a second class Master's degree with a good academic record generally and at least 3 years' research experience, preferably in manpower or related fields.

(*d*) **4 Junior Research Officers** (400-400-450-30-600-35-950). Candidates should have at least a second class Master's degree with a good academic career and about two years' experience of analysis and interpretation of data in the socio-economic fields.

(*e*) **4 Research Assistants** (Rs. 325-15-475-20-575). Candidates should have a second class Master's degree or equivalent qualification with a good academic career and preferably some experience of analysis of statistical and other data in the socio-economic fields.

Allowances will be paid as admissible under Central Government rules. *Higher starting salary may be given in deserving cases.*

Candidates should give full *particulars* of age, educational career (Matriculation onwards) with details of subjects studied and division or class secured, research work done so far and publications, posts held with details as regards duration and salary, and minimum pay acceptable.

Apply to:

THE DIRECTOR, DIRECTORATE OF MANPOWER,
MINISTRY OF HOME AFFAIRS,
SOUTH BLOCK, NEW DELHI.

Last Date for Receipt of Applications
21st March, 1962.

DA—618 (4)/61

COST OF BANK CREDIT UP

(From Our Own Correspondent)

BOMBAY, *7th March*

The seasonal pressure on banks for accommodation persists unabated. Most banks are hard put to find the necessary resources and there are hardly any lenders in the inter-bank market. It is said that several banks are in the third tranche, so far as their borrowings from the Reserve Bank are concerned, which attracts the highest Bank rate of 6 per cent per annum. If still the inter-bank call money rate has not yet crossed the 5 per cent level—even today it was nominally quoted at 4¾ per cent, which is the same as last week—it is because borrowers realise that they will have to pay the enhanced rate on their earlier borrowings too. In other words, self-interest has induced the majority of banks not to pay more for call money. It, however, remains to be seen how long they will succeed in following this policy.

There is, of course, no change in the term money rates. The Committee in charge of revision of inter-bank agreement met during the week under review, but could not come to any final conclusions. The main hitch is said to pertain to the definition of a "medium bank." According to one report, the Committee has, however, decided not to include any of the Exchange banks in the definition of medium banks.

A noteworthy development of the week is the decision by one of the big banks, said to be the Bank of Baroda, to raise its rates of interest on advances by one half of one per cent, in order to cover the increase in the cost of its operations. It remains to be seen whether the other banks will follow the lead given by this Bank. Most probably they will. And, if they do, the rates of interest on deposits also will have to be stepped up.

The main features of the results of 91-days' Government of India Treasury Bills are: no increase in the amount offered which was the same as the amount invited, namely, Rs. 2 crores; a rise in the average rate of accepted tenders from 2.580 per cent per annum to 2.585 per cent per annum.

India's foreign assets have declined by Rs. 1.10 crore to stand at Rs. 134.72 crores, according to the Reserve Bank's statement for the week ended 2nd March 1962. Another feature of this statement in which readers may be interested is an increase of Rs. 6.97 crores in "other loans and advances." Of this increase, as much as Rs. 6.23 crores have occurred under loans to scheduled banks against usance bills. This item now stands at Rs. 27.50 crores. At the same time, deposits of banks with the Reserve Bank have fallen by Rs. 4.37 crores to Rs. 76.72 crores.

The Gilt-edged market is practically dead. Very little activity takes place these days. The quotations of almost all the loans are unchanged. Over the week we find that only some of the State loans have shown a slight variation. Thus, all 4½ per cent loans of Maharashtra are lower by 25 nP. A decline of 5 nP is seen in 4½ per cent 1972 issues of Madras, Andhra and Mysore, of 10 nP in 4½ per cent 1972 Punjab and of 15 nP in 4½ per cent 1972 Uttar Pradesh.

In the foreign exchange markets, the pound sterling has been ruling pretty steady throughout the week. The rate for New York on London is, in fact, a shade higher at 281.590-281.620 cents per £, an improvement of 0.080 cent over the week. Three months' forward has gone up by 0.090 cent to 279.790-279.820 cents per £. In India, there has been no change in the banks' selling rate for U.S. dollars. It is still quoted at Rs. 475.50 per 100 dollars for ready T.T. Their buying rate, however, has come down by 25 nP to Rs. 472 per 100 dollars.

READY CLEARANCE IN KIPS

(From Our Own Correspondent)

MADRAS, *5th March*

The kip market ruled steady during the week. Arrivals met with ready clearance. There was brisk trading for export in light weight cow-hides, especially higher selections, but, in the lower ends, importers were counter-offering even the bids made at reduced levels, probably finding that the offtake for inland trade had been meagre, due to the seasonal *Ramzan* holidays. There was selective export demand for cow calf. Demand for buff calf was good. Both U.K. and U.S. importers were making regular inquiries and placing orders. Arrivals of buff hides were small and met with ready buyers.

There was selective support for tanned goat skins—top marks—all averages from the Continent and the U.K., as also for secondary marks in heavy weights from the U.S. Prices ruled firm. Shippers to the Continent were active in the tanned sheep skins middle class section, in the local market, as prices appeared to be low. Demand for prime and semi-prime sheep skins for export was poor and E.I. tanners were quoting low prices to attract business and establish a market. Prices in the raw markets were unchanged.

Shipments during February were: 1,509 bales tanned cow hides, 145 cow calf, 21 buff hides, 585 buff calf, 425 goat and 284 sheep to the U.K. ports; 201 cow hides, 65 cow calf, 65 buff calf, 812 goat and 177 sheep to Continent; 128 buff hides, 334 buff calf and 387 goat to the U.S.A.; 7 goat and 256 sheep skins to Japan.

It will be noted that shipments of tanned goat skins to the Continent and the U.S. were heavy last month, a welcome feature from the point of view of export earnings.

BULLION MARGINS RELAXED

(From Our Own Correspondent)

BOMBAY, *7th March*

This week has been notable for two important developments in the bullion market. They are (*a*) relaxation of special margin restrictions and (*b*) commencement of business in *Jeth* (June) settlement in both gold and silver with effect from today. The two decisions were simultaneously announced yesterday by the Forward Markets Commission. The margin rules have been modified as follows:

Price levels: The level at which special margins are imposed has been raised from Rs. 115 to Rs. 120 per 10 grams of gold and from Rs. 195 to Rs. 215 per kilogram of silver.

Free limits: The free limits have been enhanced from 60 kg. to 120 kg. in gold and from 320 bars to 650 bars in silver.

Nature of limits: The special margins are now applicable only to the outstandings which are in excess of the free limits, whereas hitherto margins were enforced on a member's entire outstanding, including those covered under the free limits, the moment the outstanding position exceeded the stipulated level.

Margin rates: The rates of margins (payable by buyers) will continue unchanged at Rs. 2,000 per kg. of gold and Rs. 300 per bar of silver.

The relaxation in margin restrictions has been widely welcomed by bullion traders, though a section of them feels that it would have been better if the system of special margins had been done away with. The modifications now announced are more or less on the lines indicated by the Bombay Bullion Association when the three-monthly settlements, in the place of the monthly settlements, were introduced for the first time in June 1961. As a result of the modifications, it is hoped that the volume of business transacted in the local market, which has declined appreciably in recent months, will pick up to a great extent.

The bullion market depicted a firm trend in the earlier part of the week on rumours that relaxation of margin rules was imminent and the firmness gathered further momentum after the relaxation was actually announced. Encouraging advices from upcountry centres, particularly in Rajasthan, also imparted strength. Consequently, both gold and silver registered a rise in values. The rise was quite appreciable in the case of white metal—nearly Rs. 3 over the week—while it was just 15 nP in respect of gold. The improvement in prices would, perhaps, have been more marked but for rumours of large arrivals of contraband gold, profit-taking at every rise and poor offtake in the spot section. The daily average offtake during the week was no more than 4,600 tolas of gold and 12 bars of silver, as against 5,800 tolas and 14 bars, respectively, in the previous week, while arrivals were larger—6,000 tolas of gold as against 5,800 tolas, and 17 bars of silver, as against 8 bars.

The *Fagun* (22nd March) settlement in gold began the week at Rs. 122.40, as against the previous close of Rs. 122.25, and moved up to touch a high of Rs. 122.70 on Monday the 5th inst. After declining to Rs. 121.10 yesterday, the settlement rose again to Rs. 122.40 today before finishing at Rs. 122.30. The *Jeth* settlement, business in which commenced today, improved from Rs. 122.45 to Rs. 122.65, but closed lower at Rs. 122.55. The rate for transferring commitments from the *Fagun* to *Jeth* settlement was in favour of bears to the tune of 25 nP.

Ready gold continued to be quoted at a discount under the forward (*Fagun* settlement) throughout the week, though the actual discount declined from 50 nP last week-end to 35 nP today. The spot rate advanced from Rs. 121.75 on Wednesday last week to Rs. 122.40 on Monday the 5th inst. and, after easing to Rs. 121.70 yesterday, recovered to Rs. 122.05 before finishing at Rs. 121.95.

In silver, the *Fagun* (23rd March) settlement met with excellent support and climbed up from Rs. 213.70 on Wednesday last week to Rs. 216.65 today. At this level, profit-taking set in and the quotation declined to Rs. 216.50. Trading in *Jeth* settlement began today at Rs. 215.55. The settlement swiftly rallied on bull support to Rs. 216.20. Unlike the case of gold, the rate for getting the commitments transferred from the *Fagun* to *Jeth* settlement was against bears to the extent of 30 nP.

Ready silver evoked good buying enquiries and rallied from Rs. 213.30 to Rs. 216.40. The closing rate was, however, lower at Rs. 215.95 at which rate the discount under the forward (*Fagun* settlement) was 55 nP, as against 40 nP on Wednesday last week.

The following table shows the trend of prices during the week under review:

	7-3-62 (closing)	High	Low	28-2-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	121.95	122.40	121.70	121.75
Forward: *Fagun**	122.30	122.70	121.10	122.25
Sovereign	97.00	97.25	97.00	97.25
SILVER				
Ready (.996 fine)	216.25	216.40	213.80	213.80
Forward: *Fagun*†	216.50	216.65	214.15	213.70
London—				
Gold	249s.2½d.	249s.3½d.	249s.3d.	249s. 3d.
Silver Ready	84½d.	—	—	84½d.
Silver Forward	85½d.	—	—	85½d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 22nd March settlement. † 23rd March settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES LISTLESS

(From Our Own Correspondent)

BOMBAY, *7th March*

Listless conditions continued to prevail in the cotton futures market during the week under review. Even the commencement of the delivery period of the current futures contract on the 1st inst. failed to alter the pattern of trading which continued to be extremely dull. In fact, on most days there was no trading at all. Price movements were very narrow. The Jarilla March contract fluctuated bstween Rs. 692.50 and Rs. 693 per three quintals. The fact that not a single bale of cotton was tendered till date against the March contract is an indication of the supply position. Of course, with spot prices ruling, in most cases, above the ceiling, nobody expected any significant volume of tenders.

Prospects for obtaining permission from the Forward Markets Commission for trading in August contract are very bleak. Considering the raw cotton situation in the country it is considered unlikely that the F.M.C. will give assent when there is virtually no cotton to hedge. Operators noted with interest the resolution passed by the Indian Central Cotton Committee at its latest meeting urging decontrol of cotton.

In the spot market mill interest continued to centre round such popular varieties as Vijay, Digvijay, Kalyan, Co2, L.147 and 197/3. At the instance of some mills the Textile Commissioner is reported to have requisitioned substantial quantities of cotton in Gujarat areas. This news coupled with lack of quota tended to restrict mill purchases. Prices were, however, well maintained.

There were renewed inquiries for Bengal *Deshi* in anticipation of export quota. Hopes of a sizable quota have been strengthened following the vigorous plea made at the joint meeting of the Import and Export Advisory Councils by representatives of the trade that an additional quota of at least 75,000 bales of Bengal *Deshi* should be allowed. In view of the good supply of Bengal *Deshi* cotton traders are optimistic that the Government would be easily persuaded to release at least 75,000 bales for export forthwith.

Among foreign cotton, good mill demand continued to be reported for Sudan cotton. Usual interest was noted in American and Pakistan cotton. The plea for large-scale import (at least one million bales) of foreign cotton made at the meeting of the Import and Export Advisory Councils raised hopes that the Government would do something immediately to import foreign cotton.

The East India Cotton Association, with the approval of the Forward Markets Commission, has given permission for the commencement of trading in non-transferable specific delivery contract with effect from 27th February. The varieties in which such trading is permitted are Cambodia (all varieties). Laxmi, Jayadhar, Western and Karungenni grown in Andhra Pradesh, Mysore, Madras and Maharashtra States.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal *Deshi* 675; Khamgaon 29/32" 960; Hubli Co2 1,220; Laxmi 1,050; B.P. 52 1,335; Sudan XG3S 1,580; X6S 1,285.

Barring the near months of both the American and American type contracts, which attracted some buying, cotton futures in Liverpool ruled easy during the week. Values receded in selling by commission houses and local traders. Lower advices from the yarn and piecegoods market also imparted weakness to the market. Sudan cotton contracts were subdued. Values, however, remained nominally unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American Cotton One Inch Staple Contract: March 24.25; May 24.45; July 24.60; October 24.10.

American Cotton Mixed Growth Contract: March 24.65; May 24.80; July 24.95; October 24.45.

Sudan: March 31.75; May 30.00; July 29.00.

Modest gains were recorded by cotton futures in New York during the week under review. A sizable volume of Commission House buying and covering found offerings limited. Consequently, prices tended to move up. Bullish weather news from Memphis areas also imparted strength to the market.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	6-3-62	28-2-62	20-2-62
New York spot	35.65	35.55	35.55
March	33.50	33.50	33.27
May	34.15	34.05	33.96
July	34.46	34.46	34.34

IMPORT OF STAPLE FIBRE

(From Our Own Correspondent)

BOMBAY, *7th March*

The yarn market ruled distinctly easy during the week under review. Art silk yarns were subjected to bull liquidation induced by rumours regarding the abolition of the quota system for the distribution of indigenous yarn. In sympathy with art silk yarns and following reports that the Government of India had decided to import 200,000 bales of staple fibre, staple fibre yarns also drifted downward. The reported decision to import staple fibre is believed to have been prompted by shortages of cotton supplies. The fibre is expected to be distributed to the various cotton mills, so that they can mix it with cotton yarn and produce mixed fabrics. Cotton yarns continued to be dull. Business put through was limited, with values moving narrowly.

Among imported art silk yarns, 150 Japan were marked down by Rs. 55 to Rs. 1,929. 120 Italy fell by Rs. 29 to Rs. 1,900. 150 Italy dropped Rs. 14 to Rs. 1,750. 120 Japan was neglected at Rs. 1,929. Among indigenous yarns, National Rayon 150 bright cones first grade declined by 36 nP to Rs. 11.61. 120 Bright cones first grade eased by 6 nP to Rs. 13.62. Amilan yarn (20 x 1) April contract receded from Rs. 3,430 to Rs. 3,410. June contract was dull at Rs. 3,470.

In the staple fibre yarn (40 x 2) section, spot Centurys encountered selling and receded by 13 nP to Rs. 8.32. Kohinoors moved down from Rs. 8.67 to Rs. 8.38. Citys shed 4 nP to Rs. 5.56. April delivery was somewhat favoured, the quotation improving by Rs. 10 to Rs. 745.

Among cotton yarns, ten counts Moderns were quiet at Rs. 18.50, as also Podars at Rs. 17.62. Twenty counts Gokaks fell by 38 nP to Rs. 22.62. Podars were unchanged at Rs. 21.25 Forty counts T.T. Corins softened by 25 nP to Rs. 33.75. Sixty counts T'Mangals declined by 50 nP to Rs. 51.50. Eighty counts Mahendras eased by a rupee to Rs. 74, while Moderns evoked special support and rose from Rs. 75 to Rs. 76.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	7-3-1962	28-2-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
April	3,410.00	3,430.00
June	3,470.00	
120 Japan (per 100 kg.)	1,929.00	1,929.00
150 Japan (per 100 kg.)	1,929.00	1,958.00
120 Italy (per 100 kg.)	1,900.00	1,929.00
150 Italy	1,750.00	1,764.00
Nat. Ray. 150 Bt. 1	11.61	11.97
Staple fibre yarn (40 x 2)—		
April	745.00	735.00
Kohinoor (per kg.)	8.38	8.67
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	14.50	18.50
20s Modern	22.62	23.00
32s Madura	29.50	29.25
40s T. T. Corin	33.75	34.00
60s T'Mangal	51.50	52.00
80s Mahindra	76.00	75.00

PEPPER FIRM

(Messrs. Parekh and Co.)

BOMBAY, *6th March*

Malabar black pepper ruled firm during the week in the wake of inquiries from New York which is reported to have bought a sizable quantity at progressively higher prices from $0.35½ to $0.37. Indian growers raised their selling limits as soon as they saw that New York was buyer.

Ungarbled improved from Rs. 302 to Rs. 320 and garbled from Rs. 310 to Rs. 330. March delivery spurted from Rs. 326 to Rs. 340. May was sought after at Rs. 352. Calicut improved to Rs. 315.

Singapore, after touching Str.$132½, improved to Str.$135, with small business as India was underquoting by about 2 cents.

Spot in New York rallied to $0.38 under pressure of buying by grinders whose pipelines are barely covered.

The future of the market solely depends upon the attitude of New York buyers.

Ready pepper in Bombay is nominally quoted at Rs. 169 per 50 kilos.

OILSEEDS SUBDUED

(From Our Own Correspondent)

BOMBAY, *7th March*

For the second week in succession, oilseeds and oils were subdued in the absence of fresh support. A mild rally, however, was in evidence towards the close of the week on hopes of some incentives for groundnut oil exports in the light of the discussions at the meeting of the Import and Export Promotion Advisory Councils held at New Delhi this week. Nevertheless, the closing prices were well below those prevailing a week ago. Groundnuts were featureless, as the *vanaspati* manufacturers and local crushers were hesitant to extend support in anticipation of a further decline in prices. The sentiment was also adversely affected by the decline in export of groundnut oil during the month of February, the quantity actually shipped being only 397 metric tons, as against 3,000 tons in January. Castorseeds, too, ruled easy, despite reports of some offtake of castor oil by Communist countries and higher exports at 1,590 metric tons in February, as against 490 tons in the previous month. For fear of heavy tenders against the maturing contract in castorseeds acted as a damper. There was bull liquidation in linseeds, following weak advices from North Indian mustardseed markets and heavy arrivals from upcountry centres. Cottonseeds were listless.

The groundnut May 1962 contract fell from Rs. 240.62 to Rs. 238.50, before closing at Rs. 238.87. Khandesh quality, which had gone up initially from Rs. 48.25 to Rs. 48.50, moved down to Rs. 48. Oil May 1962 contract lost 50 nP to Rs. 20. Oil ex-mill shed 20 nP to Rs. 19.80 and railway receipts 15 nP to Rs. 19.50.

In the castorseed section, the March 1962 contract fluctuated between Rs. 172 and Rs. 173.50 and wound up at Rs. 172.37. Ready Madras closed lower at Rs. 34.50, as against Rs. 34.75. Oil Commercial declined by 10 nP to Rs. 14.25 and oil B.S.S. by 5 nP to Rs. 15.10.

Both linseed March and June 1962 contracts eased by 19 nP to Rs. 37.56. Bold ready lost Rs. 1.50 to Rs. 37.25. Linseed oil dropped 90 nP to Rs. 16.50.

Among cottonseeds, the April 1962 contract receded by Re. 1.50 to Rs. 106.25. July contract fell by 75 nP to Rs. 109. Bearers and non-whites suffered a loss of 15 nP to Rs. 20.65. Whites shed 5 nP to Rs. 20.65.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 6th March as compared with those of the two previous weeks:

	6-3-1962	28-2-1962	21-2-1962
	Rs.	Rs.	Rs.
Groundnut			
May 1962	238.87	240.62	245.50
Nizam bold	47.50	47.50	48.12
Khandesh quality	48.00	48.25	48.50
Oil ex-mill ready*	19.80	20.00	20.10
Railway receipts*	19.50	19.65	19.80
Oil May 1962	20.00	20.50	20.60
Castorseed			
March 1962	172.37	172.37	175.75
June 1962	171.87	171.75	173.75
Ready Madras	34.50	34.75	35.37
Ready Kanpur	33.25	33.75	34.25
Oil B.S.S.†	15.10	15.15	15.25
Oil commercial†	14.25	14.35	15.00
Linseed			
March 1962	37.56	37.75	39.75
June 1962	37.56	37.75	38.81
Bold ready	37.25	38.75	42.50
Oil ready†	16.50	17.40	18.50
Cottonseed			
April 1962	106.25	107.75	110.25
July 1962	109.00	109.75	110.25
Niger seed	36.50	36.00	36.00
Kardi seed	24.00	24.00	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEA DUSTS EASIER

(From Our Own Correspondent)

CALCUTTA, *6th March*

Quality teas continued to attract attention during the export sales held yesterday, while dusts on offer in last week's internal auctions were easier. Tea shipments during the week registered a further decline. The ample liner space available for forward booking is an index in this regard. It was noted that tea stocks in the United Kingdom increased by 2 million lbs. to 143 million lbs. in the week ended 23rd February as compared with the previous week. This increase should be considered insignificant. Now that shipments are declining, a gradual fall in the U.K. stocks is expected. That these stocks are considerably lower than a year ago is indicative of the slow purchases made by the U.K. expecting a decline in prices in view of the larger world output. That British buyers are making an all-out effort to make up for the slow purchases earlier in the season is evident in the keen demand in auctions in London where last week good Assams and Dooars were steady.

Much concern at the decline in demand for Indian tea in the United States has time and again been stressed by spokesmen on behalf of both the industry and the trade. It is thought that, although the price factor should be a cause, quality has also something to do with this trend. Against this background, the trade would desire that Indian blending firms should pay immediate attention to make instant tea. In this respect, Ceylon has stolen a march over India, and that country's first plant for instant tea, being put up by a German firm, will commence operation by the middle of this year.

The need for reducing costs of production and passing on the benefit to the foreign consumer with a view to achieving the export target of 610 million lbs. by the end of 1966 has also been stressed too often. It is not possible to reduce wages, but economic realism should make it possible that any attempt to increase wages should be put off for better times, if not resisted altogether. Against such a background, the report that the Wage Board for the Tea Industry has recommended an interim wage increase for tea garden workers in North India has been noted with alarm. This burden will increase costs of tea by as much as Rs. 30 lakhs a year. Moreover, what is in store for the tea industry in the forthcoming budget cannot be foreseen. Producing organisations have already voiced their strong opposition to the Wage Board's recommendation.

The tea industry in both parts of the country has called on the Government of India to reduce taxes with a view to enabling the industry to regain lost markets. An analysis of export figures has been cited as convincing proof in the demand for the abolition of the export duty. The industry readily admits that it should contribute to the country's resources for carrying out the third Plan, but taxes are so very high that the industry's earning power has started diminishing. At the Tea Trade Association's meeting held in Cochin last week, the Association Chairman, Mr. Watson, urged the Government to abolish the export duty and cess and sales taxes on tea, and replace these with an all-embracing zonal excise duty. He was confident that such a measure would lead to increased exports. He desired that India should intensify promotional campaigns abroad.

Dusts on offer during last week's internal sales aggregated 29,933 packages, which met with good demand at declining prices. Orthodox teas fell by 10 to 15 nP. Legg-cut teas also eased, though the bright liquoring teas registered a small increase in prices. The good C.T.Cs sold well, but a few occasional lines met with an easier trend. Medium C.T.Cs gave way by 20 nP, but the secondary grades were firm. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.30 to Rs. 7.00; medium Assam C.T.C. dust Rs. 5.40 to Rs. 5.80; legg-cut dust Rs. 4.50 to Rs. 5.80; medium Assam dust Rs. 4.30 to Rs. 4.80; and plain orthodox dust Rs. 3.90 to Rs. 4.40.

Leaf on offer amounting to 810 packages were irregular.

Export offerings during yesterday's sales amounting to 60,456 packages met with good demand. Offerings consisted mostly of end-of-season varieties. Good support was accorded to whole leaf grades, but tippy teas were lower. Plain brokens and fannings were readily absorbed, but those lots containing stalk and fibre eased by 15 nP. Among C.T.Cs, the best teas met with a dearer market and the brokens were subjected to keen competition. The balance of this category eased by 20 nP. Demand for the more fibrous secondary types was very poor. Good liquoring orthodox B.O.Ps and fannings were steady. The quotations per 1 kg. inclusive of excise duty were: best Assam C.T.C. fannings Rs. 6.00 to Rs. 6.50 (nominal), best Assam C.T.C. B.P. Rs. 6.00 to Rs. 6.50 (nominal), medium Assam C.T.C. fannings—not quotable and plain fannings not quotable.

MEDIUM TEAS STRONG

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *27th February*

A total of 332,000 kgs. was offered in sale No. 9 held today. Quality Nilgiris showed a slight decline, but mediums were useful and often brighter. Demand for medium and lowgrown teas was strong, while Nilgiri B.O.Ps met with only limited inquiry. Highgrown B.O.Ps evoked less demand and there were many withdrawals in this category. Selected fannings, however, were occasionally dearer. Good medium and medium brokens met with keen competition at rates which were generally dearer, particularly those which showed an improvement in quality. Fannings in this category ruled fully firm and often dearer. Low medium brokens were fully firm, whilst their fannings often appreciated in price. Teas of unorthodox manufacture elicited useful inquiry and in some cases were dearer on last rates. Whole leaf grades were well supported and generally dearer.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	4.00-4.20	4.70-4.80
Mediums	4.20-5.10	4.85-5.15
Good mediums	5.15-6.10	5.20-5.60
Nilgiri B.O.P.	5.50-10.20	

The average price realised in sale No. 9 was Rs. 5.48 per kilo, as against Rs. 5.82 in the previous week and Rs. 5.18 in the corresponding sale last year.

About 224,000 kgs. were offered in dust sale No. 9 on Thursday, 1st March. There was good general demand. Black, grainy and exportable kinds met with keen support and were firm to dearer. Medium Travancore and Anamallai teas with fibre inclined easier, whilst Wynaad types evoked better enquiry and sold at around last rates. Fibrous and milled residual grades were the weakest feature of the sale, with poor support, there being a number of withdrawals. Teas of unorthodox description were keenly competed for and were firm to dearer, whereas clean, black dusts continued to rule strong. Highgrown dusts met with strong demand and were dearer, particularly those with quality.

The average price realised in dust sale No. 9 was Rs. 4.06 per kilo, as compared with Rs. 3.96 a week ago and Rs. 4.75 in the corresponding sale last year.

Colombo: Just under 5½ million pounds were offered. Highgrowns were irregular and considerably easier in price, whilst best mediums were also lower. Other types remained firm, with lowgrowns also steady.

London: *North Indian and other growths*: In Monday's auction, there was a strong demand. The rates remained about the same as in last week's sale and there was no quotable change.

Ceylon and South Indians: In Tuesday's sale, 23,426 packages were offered, of which 7,578 packages came to a strong market and were considerably dearer. Lowgrowns advanced by 1d. South Indians also met with good inquiry and were generally firm to dearer.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No. 10*: 351,000 kgs. offered. Irregular and selective demand. Plain and low mediums 10 to 20 nP easier. Medium and good medium fully firm to dearer. Nilgiris neglected, but were sold sometimes dearer. Unorthodox considerably easier."

JUTES IMPROVE

(From Our Own Correspondent)

CALCUTTA, *6th March*

Following increased inquiries from overseas and larger short-covering, both hessian and heavy goods constructions improved during the week under review. The recession in hessian prices that followed the fixation of a maximum price by the East India Jute and Hessian Exchange Ltd. in respect of settlement of February contracts proved short-lived. Speculation was rife and full use was made of the option for changes in contracts for goods already sold by mills. Mills purchased fibre very liberally and, at Calcutta, the minimum levels were well maintained. The good quality fibre continued to command a premium. The tendency of fibre sellers to be reserved was reflected in mofussil prices rising to above Calcutta's parity. Hitherto,

stockists were eager to find buyers, but they now think that it would pay to hold on to as much of their existing stocks as possible. With the impressive increase in foreign orders for goods, it was anticipated that mills would maintain the increased tempo of production. Although mills are adequately stocked with fibre, which is expected to see them through at least up to the beginning of June, their need for replenishment of stock is expected to grow having regard to the existing demand for goods.

It is becoming clear now that fibre prices are susceptible to harden. It is usually towards the end of the season that prices register high levels. The last season's highest levels were touched in March 1961, when shortage was acute and it was becoming evident that mills would have no alternative other than to stagger production. That prices in certain mofussil areas have risen to above Calcutta's parity has not been a complete surprise. Growers have very little yet to be disposed of. In anticipation of an increase in prices, stockists are desirous of inducing cultivators to part with the balance of their holdings now so that the former can benefit from the expected increase in prices and thus write off a portion of the loss being incurred currently. As a result, stockists are reluctant to sell. Now that sowing time is approaching, it is expected that the steady conditions in the mofussil markets will encourage cultivators to sow as big an area as in the last season. The Buffer Stock Agency was reported to be in readiness to enter the market. However, in view of the changing conditions in the market, trade circles thought that it would be hardly necessary for the B.S.A. to commence its activities. Current course of price movement is making it clear that cultivators have not much to sell. If the B.S.A. is not thus to purchase from cultivators, the question as to from whom it will purchase would arise. Surely it is not the Government's intention to invest money in acquiring stocks in the bazar. These stocks have already been acquired from the cultivators.

If only transport facilities can be improved, much of the remaining stocks from the interior can be moved to mills' stations. As and when the Buffer Stock Agency purchases fibre in the mofussil areas, it will have to first find storage facilities. The Agency's operations, it was reported, would be put through by normal trade channels; however, these channels would be expected to store the fibre which they thus purchase from cultivators, until the Agency can finally find the ultimate buyer. In this case, the buying that can be done by normal trade channels would be limited, as fibre bought is not expected to move and storage space would offer a formidable problem. Mills are at present purchasing at the rate of 100,000 maunds a day and, if they continue at this rate of buying, it is expected that, with reduced arrivals, prices are bound to remain firm. Against such a background, the circulation of the news that the Buffer Stock Agency was ready to enter the market, it was thought, sprang from a desire to maintain prices firm without actually the Agency having to commence operations. To such a cause is also attributed the rise in mofussil prices above the minimum levels.

It is pointed out that, since the mills are utilising their maximum capacity for storage of fibre, they can add to their stocks equivalent to consumption. At this rate, all fibre in stock in the bazaar as well as the balance lying with cultivators for marketing is expected to reach mills' godowns by June. As such, there is no point in asking mills to increase their purchases further. A suggestion offered to the Buffer Stock Agency is that, now that it is ready to commence operations, it should buy jute goods from mill's rather than fibre from cultivators. The Agency lacks storage facilities for fibre as well as goods. The goods it thus buys can be continued to be kept with mills until the Agency can find ultimate buyers for the goods. Such a course would increase the demand for goods and, in turn, the demand for fibre would be maintained on an even keel.

During the week, mills showed keen interest in high quality fibre, which commanded a premium ranging from 50 nP to Re. 1 a maund over the minimum prices. While sellers offered an assortment of all varieties, mills were not interested to add to their stocks of mesta. Arrivals during the week were estimated to have fallen from 500,000 maunds to 455,000 maunds. The minimum quota issued by the I.J.M.A. exceeded this quantity. Since the stockists were interested to bring into the bazaar as much of the remaining portion of fibre with cultivators, mofussil rates firmed up and, in certain cases, rose above Calcutta's parity. Quotations in Calcutta for March-April delivery continued unchanged as follows: Northern bottoms Rs. 29.50 a maund; Daissee bottoms Rs. 33.00; and Assam bottoms Rs. 30.00.

Conditions in the Narayanganj (Pakistan) market became steadier during the week as a result of increased support from loose jute buyers as well as overseas customers. This led to an upward revision of E.P.C. prices in regard to certain varieties. At £86 a ton lightnings added £1, with outport tossa scoring to £91 from £87. Cuttings hardened by £2. Demand for cuttings showed an impressive advance. Interest from London was confined to outport tossa and export hearts, prices of which were above the E.P.C. levels.

The goods market opened firm on Tuesday last against the background of increased inquiries from overseas. Ready B. twills hardened from Rs. 126.00 to Rs. 127.50. Short-covering was keen in anticipation of orders from Indonesia and the Middle East. In sympathy, ready hessian 40" 10 oz. gained fractionally to Rs. 56.80. Although on the following day business passing was small, more overseas inquiries were received to push up B. twills to Rs. 127.75 and hessian 40" 10 oz. to Rs 57.50. Covering business was done on a greater scale. It was anticipated that goods in stock with mills as at the end of March would show an impressive decline. On Thursday, against a steady undertone, B. twills rose to Rs. 129 and hessian 40" 10 oz. to Rs. 58.75. There was only scattered business done with overseas buyers on Friday and, since it was clear that the hardening trend would be resisted by buyers, prices closed slightly easier on balance. B. twills were pushed down to Rs. 128.75 and hessian 40" 10 oz. at Rs. 58.00. Ready heavy goods met with keen demand yesterday and continued short-covering, ready B. twills spurted to Rs. 130.75. Sellers were very much reserved. Overseas business, however, was limited. Hessian 40" 10 oz. eased to Rs. 55.00.

PLEA FOR LIBERAL METAL IMPORTS

(From Our Own Correspondent)

CALCUTTA, *6th March*

In response to easier advices from overseas markets and in anticipation of liberal imports of metals in the forthcoming policy announcement, conditions in the base metal market were quiet during the week under review. Further releases of virgin copper against permits and fresh arrivals led to lesser attention for copper scrap, offerings of which were nevertheless few and far between. Utensil scrap was quiet at Rs. 501 per 100 kgs, and berry quality scrap at Rs. 541 per 100 kgs. On the London Metal Exchange, spot copper opened at £236 a ton and eased to £234½ before recovering partially to £235½. Easiness in London was attributed to lower consumer demand.

On the eve of the announcement of the import policy for the six months commencing 1st April, the trade has urged the Government of India to consider to hand back the import of non-ferrous metals to established importers from the State Trading Corporation. It has been pointed out that, now that the profit margin has been narrowed down in view of Government fixation as a result of controlled distribution of imports, much useful purpose would be served by canalising the trade through established importers, who, by virtue of their considerable experience, are in a better position to study foreign market trends and arrange import when prices are most favourable. A plea has also been made to extend the present basic period of 1952-53—1955-56 to include 1956-57 in respect of the imports that are still allowed through usual trade channels.

In view of the increased requirements of the country, the Government has been asked to increase the quota allowed to established importers in respect of copper wrought, sections, pipes and tubes from 12½ to 100 per cent. India has at present two extrusion plants in the private sector—there is also one in the public sector the production of which is, however, reserved for ordnance requirements in the first instance—producing non-ferrous semis such as tubes, pipes, rods, wires, sections of different types, including the delicate ones required by the electrical goods producing industry, angles, hinges, busbars, bushes, cored bars, flats, rolled strips, squares and hexagons. The pioneer plant near Calcutta has enough and more capacity to increase its existing production in both ranges and quantity. Further, it has undertaken considerable expansion, which could not so far be completed owing to want of foreign exchange to cover cost of machinery imports. It has, however, now been able to secure a foreign exchange loan, and it hopes to complete the expansion plan in the near future.

On the other hand, the trade's plea for increasing the quota of established importers in respect of zinc imports from 30 to 60 per cent and that in respect of tin from 40 to 50 per cent as well as for fixing a quota of 25 per cent in respect of lead ingots and pigs is on stronger grounds. As stated, shortage of base metals hampered production in many an industrial unit producing non-ferrous semis and end-use products in the last year. The withdrawal of the ban now in force on the import of German silver/nickel silver scrap and sheets has been urged, and fixation of a quota of 33⅓ per cent has been suggested.

Lead was quiet in the local market at Rs. 124 per 100 kgs. Supplies were plentiful, but demand was hesitant. In London, the quotation for lead gave way from £60¾ to £59½ a ton. Tin weakened from £954 to £951 a ton before recovering to £953½. The local quotation was around Rs. 1,574.75 per 100 kgs., same as last week. Electrolytic zinc in London closed £1⅛ lower on balance at £68¾ a ton.

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 2nd March 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	53,77,97,000
(2) Other Governments	10,28,06,000
(b) Banks	76,72,56,000
(c) Others	148,84,94,000
Bills Payable	28,37,03,000
Other Liabilities	55,02,90,000
Rupees	514,03,46,000

ASSETS	Rs.
Notes	11,49,04,000
Rupee Coin	2,66,000
Subsidiary Coin	3,35,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	30,63,88,000
Balances held abroad*	10,86,42,000
Loans and Advances to Governments†	67,91,34,000
Other Loans and Advances	167,71,94,000
Investments	193,23,35,000
Other Assets	32,11,48,000
Rupees	514,03,46,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 27,50,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	11,49,04,000	
Notes in circulation	2040,33,33,000	
Total Notes issued		2051,82,37,000
Total Liabilities		2051,82,37,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	123,86,07,000	
Total of A		241,62,10,000
B. Rupee Coin		118,00,70,000
Government of India Rupee Securities		1692,19,57,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2051,82,37,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	23-2-62	16-2-62	24-2-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	48,84	47 15	44.19
(ii) From others	744,87	741 15	700 18
(b) Borrowings from banks	20.55	20.25	20 48
(c) Others	53,80	54.09	50,73
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	15.04	15.65	14.88
(ii) From others	1,129.59	1,124.68	1,041 61
(b) Borrowings from banks	17.29	13 96	10.27
(c) Others	23.74	23.38	21 57
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,873.47	1,865,83	1,741.79
4. Aggregate liabilities [1 (a) (ii)+1 (c)+2 (a) (ii)+2 (c)]	1,951.00	1,943 80	1,814.10
5. Borrowings from Reserve Bank	32.20	32 60	62,14
(a) Against usance bills and/or promissory notes	21.27	22 17	26.15
(b) Others	10,93	10.43	25.99
6. Borrowings from State Bank and/or a notified Bank	12.84	13.00	13.81
7. Cash	48 42	47.93	45 22
8. Balances with Reserve Bank	75.11	73.96	72 96
9. Cash and balances with Reserve Bank	123,53	121,89	118.18
10. 9 as per cent of 4	6 33	6.37	6.51
11. Balance with other banks in current account	16 59	16.32	14.68
12. Money at call and short notice	38.32	33.32	28.12
13. Investments in Government securities	587 40	581 80	584.64
14. 13 as per cent of 4	30.11	29.93	32.23
15. Advances—			
(a) Loans, cash credits and overdrafts	1,145.86	1,145.11	1,065.57
(b) Due from banks	7.68	8,55	12.54
16. Inland bills purchased and discounted	164.16	161.11	139.94
17. Foreign bills purchased and discounted	45 70	46.19	48.88
18. Total Bank Credit [15 (a)+16+17]	1,355 72	1,352.41	1,254 39
19. 18 as per cent of 4	69 49	69.58	69.15

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	14th Jan., 1962	4.50	4 25
Bolivia	30th Sept., 1958	5	6
Burma	Feb., 1948	2	3
Canada †		2 22	3 26
Ceylon	13th Aug., 1960	2 50	4
Chile	Feb., 1957	4 50	6
Denmark	25th Jan., 1960	5	5 50
Ecuador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3 50	3
El Salvador	Jan., 1960	4	5 50
Finland	Mar., 1959	6 50	6
France	6th Oct., 1960	4	3 50
Greece	May, 1956	9	10
India	16th May, 1957	3 50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Nov., 1960	5 50	5 31
Italy	7th June, 1958	4	3 50
Japan	29th Sept., 1961	6 90	7 30
Malaya	25th July, 1961	6	7
Mexico	4th June, 1948	4	4 50
Netherlands	16th Nov., 1959	2 75	3 50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2 50	3 50
Pakistan	14th Jan., 1960	3	4
Peru	Nov., 1959	6 00	9 50
Philippines	Nov., 1960	5 75	5 00
Portugal	12th Jan., 1944	2	2
South Africa	7th Dec., 1961	5	4 50
Spain	11th April, 1960	4 25	5 75
Sweden	18th Jan., 1960	4 50	5
Switzerland	26th Feb., 1959	2 50	2
Thailand	Feb., 1945	1	7
Turkey	6th June, 1958	4 50	6
United Kingdom	2nd Nov., 1961	6 50	6
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3 50	5

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. Hence available rate is shown here as compared with that for preceding week.

State Bank of India

Statement of Affairs for the week ended 2nd March, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		561,09,66,000
Borrowings from Other Banking Companies, Agents, etc.		2,90,50,000
Bills Payable		8,00,22,000
Bills for Collection being Bills receivable as per contra		2,34,44,000
Acceptances, Endorsements and Other Obligations per contra		1,10,67,000
Other Liabilities (including Inter-Office Adjustments)		2,93,44,000
Total	Rs.	592,21,43,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		21,40,73,000
Balances with other Banks		2,80,00,000
Money at Call and Short Notice		1,00,00,000
INVESTMENTS—		
Government and other Trustee Securities	Rs. 246,02,89,000	
Other Authorised Investments	9,20,33,000	
		256,13,22,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 285,05,54,000	
Bills Discounted and Purchased	18,66,76,000	
		284,02,30,000
Bills Receivable being Bills for Collection as per contra		2,34,44,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,10,67,000
Premises less Depreciation		1,00,44,000
Furniture and Pictures less Depreciation		1,46,81,000
Other Assets (including Inter-Office Adjustments)		19,42,43,000
Total	Rs.	592,21,43,000

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1960-61	1959-60*	Dec., 1961	Dec., 1960
Central Government Securities:				
(a) 3% conversion loan 1986 or later†	2.85	2.84	2.90	2.83
(b) Others‡	2.68	2.59	2.74	2.72
Debentures	4.11	3.97	4.14	4.13
Preference Shares	5.32	5.44	5.74	5.24
Variable Dividend	4.88	5.27	4.66	4.99
Industrial Securities				
Agriculture and Allied Activities:	5.80	6.09	5.77	6.00
(a) Tea Plantations	6 01	6.17	6 64	6 00
(b) Coffee Plantations	5 12	6.06	5 67	3 88
(c) Rubber Plantations	6.33	7.60	6.78	6.13
Mining and Quarrying	5.31	6.19	5 22	5 2
(a) Coal	4.56	5.82	4 41	4 05
(b) Other Mining	5.82	6.44	5.77	6.13
Processing and Manufacturing	4.35	4.70	4.26	4.55
Foodstuffs, Textiles, etc.‡ ††	4.26	4.68	4 18	4.50
(a) Sugar	5.80	6.63	5 60	5 90
(b) Cotton Textiles	3.47	3.97	3 72	3 73
(c) Jute Textiles	6.15	5.60	5 43	6 53
(d) Silk and Woollen	3.17	3.98	2.84	3.31
Metals and Chemicals‡	4.18	4.19	4.35	4.45
(a) Iron and Steel	4.25	3.89	5 00	4 75
(b) Transport Equipment	3.38	3.46	3.81	3 24
(c) Electrical Machinery	5.03	5.09	4 61	6 45
(d) Other Machinery	4 07	4.55	3 43	4 19
(e) Basic Ind. Chemicals	3.59	4.14	3.54	3.50
Others	4.90	5.60	4.36	4.84
(a) Cement	5.21	6.07	4 65	5.10
(b) Paper	4.76	5.02	4.32	4.71
Other Industries	6.05	6.49	5.17	5.80
(a) Electricity Generation and Supply	6.28	6.86	5 30	5.89
(b) Trading	8.38	8.58	6.75	8.65
(c) Shipping and Other Transport	5.17	5.25	4 22	4 61
(d) Construction	4.49	4.12	3.89	4.61
Financial	6 31	6.64	5 73	6 23
(a) Banks	5 93	6 46	5 29	7.76
(b) Insurance	7.56	7.53	7 09	7 66
(c) Investment Trusts	6.85	6.28	6.49	7.15

* Average of 9 months. † Running Yield: Average of four loans (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous'. †† Including 'Edible and Vegetable Oils.'

State Bank of Pakistan

Statement of Affairs for the week ended 23rd Feb., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits:—	
(a) Central Government	11,03,72,000
(b) Provincial Governments	64,06,000
(c) Banks	18,74 13,000
(d) Others	122,36,65,000
Bills Payable	37,59,000
Other Liabilities	14,01,69,000
Rupees	177,92 24,000

ASSETS	Rs.
Notes	15,64 21,000
Rupee Coin	19 000
Subsidiary Coin	43,000
Bills Purchased and Discounted:—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	27,60,32,000
Loans and Advances to Governments	3,35,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	69,96,63,000
Investments	50,12,12,000
Other Assets	11,23,34,000
Rupees	177,92 24,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	15,64 21,000	
Notes in circulation	380,25,54,000	
Total Notes issued		395,89,75,000
Total Liabilities		395,89,75,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion		
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		132,96,23,000
B. Rupee Coin	2,69,41,000	
Government of Pakistan Securities	254,34,05,000	
Internal bills of exchange and other commercial paper	....	
		257,03,46,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	395,89,75,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.00 per cent.

EXCHANGE RATES

	7th March, 1962	28th February 1962
Bombay on London—		
Sellers T.T. D.D. Spot. s.	1-5 15/16	1-5 15/16
Sellers T.T. D.D. upto six months s.	1-5 15/16	1-5 15/16
Buyers T.T. spot to nine months s.	1-6 1/16	1-6 1/16
Buyers T.T. 10 to 12 months s.	1-6 1/16	1-6 1/16
Bombay on New York—		
Sellers T.T. D.D. Rs.	475.50	475.50
Buyers T.T. Rs.	472 00	472 25
London on New York s.	2.8157- 2.8159	2.8147-2.8149
London on Paris Frs.	13 7950-13 7970	13 7900-13 7920
London on Berne. Sw. Frs.	12 2100-12 2120	12 1965-12 1985
New York on London s.	281.590-281.620	281.510-281.540

CLEARING HOUSE RETURNS

Centre	Week ended 2nd March, 1962		Week ended 23rd Feb., 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,06,809	1,08,19,15,000	4,04,894	102,69,36,000
Calcutta			2,21,000	96,10,00,000
Madras	96,133	15,06,89,000	1,03,433	14,32,19,613
All Centres—				
1958-59			45,172,000	97,67,12,00,000
1959-60			50,064,000	109,88,05,00,000
1960-61			54,472,000	125,13,16,00,000
Dec., 1960			4,867,000	1,122,77,00,000
Oct., 1961			4,770,000	1,047,02,00,000
Nov., „			4,066,000	1,095,59,00,000
Dec., „			4,940,000	1,173,93,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	10th Feb., 1962	3rd Feb., 1962	11th Feb., 1961	December 1961	December 1960	Percentage of Increase (+) or Decrease (—) in Dec., 1961 as compared with Dec., 1960	Annual Average 1961	Annual Average 1960
Food Articles	684	120 8	120 2	116 5	117 8	117 0	+ 0 7	119 5	122 2 R
Cereals	192	103 7	103 6	99 4	100 8	100 4	+ 0 4	101 6	108 3
Pulses	43	90 0	97 7	92 2	93 6	93 6	— 0 1	91 2	92 6
Fruits and Vegetables	28	127 1	124 7	103 7	127 7	104 4	+21 9	121 2	121 1 R
Milk and Ghee	84	118 8	118.7 R	111.4	115 4	111 1	+ 3 9	115 1	115.5
Edible Oils	47	154 7	155 0	159 6	153 1	153 0	— 0 6	158 2	143 8
Fish Eggs and Meat	17	140 0	141 6	120 7	138 0	128 0	+10 4	131 0	121 1
Sugar and Gur	48	113 0	113 0	120 6	114 4	120 6	— 5 9	120 7	138 0
Others	89	169 5	170 7	161 9	170 0	—	— 4 8	172 9	168 4 R
Liquor and Tobacco	31	99 1	98 8	111 8	98 3	112 1	—15 0	103 8	106 6
Tobacco		95 5	95 0	110 3	91 4	110 8	—17 5	100 6	104 8
Fuel, Power, Light and Lubricants	39	122 6	122 6	121 7	121 5	119 9	+ 1 3	122 8	118 8 R
Industrial Raw Materials	155	138 5	138 2 R	160 6	136 6	149 5	— 8 8	147 7	138 8
Fibres	61	126 5	126 5	182 7	125 2	157 0	—20 3	150 0	139 3
Oilseeds	60	157 2	156 6 R	157 4	153 5	157 4	— 2 5	157 8	144 9
Minerals	2	94 8*	94 8	95 2	94 8	97 7	— 1.4	95 1	97 5
Others	32	129 0	129 1	128 7	129 4	131 3		127 9	129 0
Manufacture	286	128 1	128 0 R	128 7	126 4	126 0	+ 0.3	127 0	120 1
Intermediate Products	41	139 1	137 9	133 8	138 4	132 3	+ 4 6	138 4	127 1
Finished Products	218	124 0	124 1 R	129 1	124 4	126 0	— 0 6	126 2	118 8
Textiles	147	123 5	123 5 R	135 4	124 5	129 2	— 3 6	127 7	121 2
Cotton	..	128.2*	128 2*	126 2*	128 0	129 9	— 1 0	127 5	127 5
Jute	..	111 7	112 6	171 9	117 7	142 6	—17 5	133 9	115 2
Woollen	..	125 4*	125 4* R	110 1*	122 1	110 1	+11 6	119 0	107 6
Silk and Rayon	..	123 9*	123 9*	109 5*	120 4	101 8	+18 3	116 4	102 6
Metal Products	12	152 0	151 6 R	151 2	147 1	146 8	+ 0 2	147 1	147 6
Chemicals	20	112 2	112 1 R	104 3	111 2	103 8	+ 7 1	108 7	104 7
Oil Cakes	10	154 7	153 9	149 7	152 6	146 8	+ 4 0	148 3	146 2
Machinery and Transport Equipment	31	115 9	115 9 R	112 6	115 8	113 1	+ 2 4	113 6	110 7
Others	30	121 5	121 5 R	116 6	123 8	116 4	+ 6 4	120 2	115 0
All Commodities	1 100	124.6	124 3 R	127 2	122 8	124.6	— 1.4	125 8	122 9 R

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-groups to arrive at that group index. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Seven months ended October		Twelve months ended March	
	1961-62	1960-61	1961	1960
Exports	383 02	344.39	632.89	629.90
Re-exports	2,64	6,49	9,90	9,76
Total Exports	385,66	350.88	642,79	639,66
Imports	558,60	665,50	1070,16	960,77
Overall Balance of Trade	-172,94	-314,62	-427,37	-321,11
Exports—				
Tea	66,94	61,29	123,59	129,09
Jute yarns and manufactures	87,38	80,94	185,02	119,76
Cotton yarns and manufactures	30,04	36,49	62,04	69,02
Metallic ores and metal scrap	21.31	22.37	39,00	35.35
Cotton, raw and waste	12,53	4,73	11,57	14,49
Oils—vegetable, mineral and animal	6,14	9.66	13,85	19,17
Fruits and vegetables	15.25	14.77	26,08	21,67
Tobacco	9 36	9.22	15,74	14,54
Mica	5,55	6,08	10,15	9,82
Wool and other animal hair	5,79	4,46	7,74	12,21
Gums, resins and lac	3,58	4.87	8,61	8,74
Spices	8.39	8,30	16,64	14,46
Hides and skins, raw	4,25	5,46	10,02	11,58
Imports—				
Machinery	169,12	143.51	257.46	207,96
Iron and Steel	59,94	75,86	120,30	84,29
Oils—vegetable, mineral and animal	47,51	43,99	74,02	91,87
Chemicals, drugs and medicines	53,26	52,77	85,86	92,48
Electrical goods and apparatus	36,96	33,46	56,15	53,15
Vehicles (excluding aircraft, ships and boats)	23,92	35,57	59,49	55,60
Cotton, raw and waste	45,06	56,42	81,77	41,34
Fruits and vegetables	6,07	6,76	20,39	17,68
Paper, pasteboard, etc.	7,66	7,42	11,74	11,23
Dyes and colours	8,31	7,67	12,95	10,01
Spices	94	1,24	1,83	2,35
Woollen and worsted fabrics	9	13	21	26
Cotton fabrics	25	44	70	1,15
Rice	3,80	17,48	18,88	16,34
Wheat and spelt	18,43	89,23	121,17	129,78

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During Dec., 1961	96 0
	Corresponding month, 1960	90.7
	Six months ended Dec., 1961	480.1
	Corresponding period 1960	531.5
	At the end of Dec., 1961	55.0
Stocks	Corresponding month, 1960	80.2
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1959-1960	833.5
	July-June 1960-1961	730.6
	July 1961 to Dec., 1961	372.3
	Dec., 1960	62.9
	Dec., 1961	70.0
For Internal Consumption	July-June, 1959-1960	218.3
	July-June 1960-1961	274.1
	July 1961 to Dec., 1961	127.1
	Dec., 1960	29.0
	Dec., 1961	27.1
	RAW JUTE	(In 000 bales)
Consumption by Mills	Dec., 1961	558
	Corresponding month, 1960	534
	1958-59	6,014
	1959-60	6,291
	1960-61	5,782R
	July 1961 to Dec., 1961	2,746

R=Revised.

IRON AND STEEL PRODUCTION (In Metric Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300T	1,106,800T	786,900T
Do. 31st March, 1959	1,137,500T	1,149,900T	884,700T
Do. 31st March, 1960	1,584,000	1,555,000	1,237,000
Do. 31st March, 1961	1,588,000	1,623,000	1,263,000
Jan., 1961	144,200	149,300	117,600
Feb., "	125,900	126,500	94,200
Sept., "	123,900	128,300	107,000
Oct., "	130,100	137,600	112,700
Nov., "	125,500	128,800	101,800
Dec., "	142,100	148,400	117,600
Jan., 1962	155,300	148,700	119,000
Feb., "	139,400	138,300	108,000
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1958	733,946T	507,580T	412,042T
Do. 31st March, 1959	959,933T	608,393ST	497,551T
Do. 31st March, 1960	1,070,470	640,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Jan., 1961	112,649	83,787	71,540
Feb., "	96,791	72,839	70,966
Oct., "	105,823	81,969	61,921
Nov., "	103,064	81,209	69,119
Dec., "	103,038	83,171	65,031
Jan., 1962	86,754	78,574	74,121
Feb., "	97,258	75,949	53,600

T—Figures in Tons.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns§	Units Generated‡	Total Units Sold
1956-57	769	9,377.3	3,103.1
1957-58	834	11,176.9	9,011.1
1958-59	313	12,837.0	10,360.7
1959-60	850	15,029.2	12,130.8
1960-61	1,013	17,037.3	13,321.8
Oct., 1960	1,012	1,422.2	1,134.7
January 1961	1,013	1,482.3	1,216.1
February "	1,013	1,400.0	1,151.9
March "	1,013	1,598.1	1,282.7
April "	1,013	1,556.2	1,288.9
May "	1,013	1,612.8	1,329.1
June "	1,013	1,599.8	1,326.3
July "	1,013	1,616.9	1,342.2
August "	1,013	1,641.3	1,370.0
Sept., "	1,013	1,634.4	1,362.7
Oct., "	1,013	1,619.4	1,344.8

* Excluding railway, military and factory power stations. Chola Power Station being interconnected with the Tata Power System, has been included. ‡ Including purchases from non-electric utilities. § At the end of period. *Source*:—Central Water and Power Commission.

RAILWAY TRAFFIC— WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8 856	1,319	811	148	67	31	145	17	138	315	25	259	35	105
1958-59	8,835	1,468	850	143	58	21	146	16	129	206	21	279	33	66
1959-60	9,388	1,433	874	136	53	19	149	16	129	369	44	284	36	77
1960-61	9,757	1,592	837	132	51	16	116	15	128	401	56	357	32	79
Nov., 1960	6,208	1,026	579	81	28	11	69	8	83	258	35	196	26	54
Aug. 1961	4,054	706	352	48	18	6	30	4	53	161	24	146	12	38
Sept., "	4,832	852	415	54	20	8	42	5	67	195	31	207	23	51
Oct., "	5,607	993	479	61	22	9	55	6	82	228	31	177	18	44
Nov., "	6,394	1,140	543	72	26	10	67	8	91	263	35	238	27	56

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

INDUSTRIAL PRODUCTION*

Industries.	1959	1960	January to August 1961	January to August 1960	July, 1961	August, 1961	August, 1960
Major Industries—							
Coal ... million metric tons	47.80	52.61	37.74	34.32	4.16	4.37	4.20
Steel (Ingots and Metal for castings) ... thousand metric tons	2,468	3,287	2,239†	1,507†	328	—	275
Yarn ... ... million kgs.	781	788	565	518	75	75	68
Cloth ... ... million metres	4,502	4,616	3,145	3,051	407	403	398
Cement ... ... thousand metric tons	6,936	7,835	5,417	5,177	627	677	628
Jute ... ... thousand metric tons	1,068	1,085	625	729	64	78	96
Paper and paper boards ... ... thousand tons	294	345K	241K	228K	30K	31K	29K
Matches§ ... ... thousand cases	649	661	510	438	66	68	54
Sugar ... ... thousand metric tons	2,117	2,591	2,225	1,810	43	8	16
Engineering and Electrical Industries—							
Machine tools ... ... Value in lakhs of Rs.	439	601	474	360	61	71	45
Electric lamps ... ... millions	34 84	41 39	31 34	26.45	4.04	4.09	3.46
Dry cells ... ... millions	18 2	20 7	14 5	130 64	19.2	19.4	16 9
Power transformers ... ... k.v.a.	1,016,400	1,248,000	943,900†	621,00 0†	153,000	—	106,200
Electric Motors ... ... thousand H.P.	576	680	548	422	75	88	62
Electric fans ... ... Nos.	726,000	991,200	657,600†	550,000†	95,400	—	89,500
Radio receivers ... ... Nos.	213,864	266,700	209,295	160,109	28,313	31,386	22,974
Storage batteries ... ... Nos.	442,800	510,000	372,200	345,000	47,400	45,900	45,000
Copper conductors ... ... tons	6,624	10,068K	4,486K†	5,408K†	546K	—	842K
Winding wires ... ... tons	2,832	4,200K	3,131K†	2,420K†	544K	—	339K
Rubber and plastic Ins. cables and flexibles ... ... million yds.	166 08	208 32J	123 30J†	113 86J†	18 87J	—	18.26J
Insulators—H.T. ... ... Nos.	982,800	2,317,200K	1,565,000K†	1,529,200K	222,000K	—	—
Insulators—L.T. ... ... millions Nos.	6 25	3,662,400K	2,380,000K†	2,527,400K	450,000K	—	—
Diesel engines—Vehicular ... ... Nos.	8,712	9,768	6,301†	5,075†	938	—	758
Diesel engines—Stationary ... ... Nos.	30,336	41,676	28,725	26,714	3,093	3,612	3,861
Chemical Industries—							
Salt ... ... million metric tons	3.18	3.44	3.17	2.88	0.10	0.09	0.18
Caustic soda ... ... metric tons	69,876	99,144	77,101	66,355	10,197	10,492	8,200
Soda ash ... ... metric tons	95,326	145,284	112,733	91,664	13,843	12,841	12,715
Chlorine liquid ... ... metric tons	24,780	31,656	22,428	20,844	2,794	2,628	2,591
Bleaching powder ... ... metric tons	5,184	5,928	4,264	3,919	514	666	458
Bichromates ... ... metric tons	4,404	5,472	3,403	3,628	463	419	406
Sulphuric acid ... ... metric tons	296,880	350,400	272,450	246,160	37,066	37,100	31,510
Superphosphate ... ... metric tons	251,052	322,464	240,217	227,884	32,761	32,000	23,840
Non-ferrous Metals—							
Aluminium ... ... metric tons	17,526	18,467	11,698	12,403	1,450	1,560	1,586
Antimony	664	800K	348K	545K	49K	75K	92K
Copper (virgin metal) ... ... metric tons	7,764	8,992	5,703	5,984	835	730	757
Lead (virgin metal) ... ... metric tons	3,958	3,778	2,508	2,376	363	354	277
Gold ... ... ozs.	165,312	4,992Kgs	3,216 Kgs.	3,265 Kgs.	405 Kgs.	435 Kgs.	400 Kgs
Miscellaneous (Minor) Industries —							
Sewing Machines ... ... Nos.	252,612	295,788	182,258†	168,710†	28,548	—	26,822
Bicycles ... ... Nos.	990,744	1,050,744	624,328†	595,121†	85,376	—	88,899
Automobiles ... ... Nos.	36,468	51,660	38,725	33,408	4,574	4,605	4,047
Cycle tyres and tubes ... ... million Nos.	19 46	23 53	16 76	15 63	2 17	2 21	2 13
Motor tyres and tubes ... ... million Nos.	2 26	2 64	1 73	2 05	0 26	0 29	0 28
Cigarettes ... ... million Nos.	32,166	38,334	27,888	25,036	3,486	3,518	3,114
Plywood—Tea chests ... ... thousand sq. metres	9,167	9,684	6,005	6,591	812	745	807
Plywood—Commercial ... ... thousand sq. metres	5,022	5,220	3,491	3,378	546	526	242
Sheet glass ... ... thousand sq. metres	7,484	7,543	3,392†	4,652	—	—	611
§Woollen manufactures {Worsted Fabrics ... ... thousand metres	13,752	13,980	8,128	9,113	1,234	1,238	1,301
§Woollen manufactures {Worsted Yarn ... ... thousand Kgs.	12,960	12,588	9,103	8,398	1,195	1,450	1,301
Footwear—Western type (Leather) ... ... million pairs	4.14	5.41	3.95	3.58	0.52	0.55	0.43
Footwear—Indigenous type (Leather) ... ... million pairs	4.10	6.78	2.96	2.47	0.39	0.38	0.32
Alcohol—Industrial ... ... million litres	57.84	58.94M	57.82	36.40	6.76	7.09	5.17
Alcohol—Power Absolute ... ... million Bulk galls.	8 07	48.62M	35.64M	35.09M	4.86M	3.91M	4.64M
Railway Wagons ... ... Nos.	10,044	7,320	6,437†	3,790‡	975	—	645
General Index—(Base 1951 = 100 Revised)	151.9	170.3	183.5	183.6	180.0	—	170.0

* Figures are subject to revision month to month. § Includes figures for Jammu and Kashmir. —Not Available.

K—Figures in metric tons. Kgs.—Kilograms J—In million metres. † Upto July only. ‡ Upto June only. M.—In million litres.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Leaf	Raw Cotton	Raw Jute	Ground-nut	Spices and condiments	Coal	Jute manufac-tures	Cotton manufac-tures	Iron & Steel manufactures
1954-55	82	75	77	78	54	255	94	104	122	90	102	112	82	114	100	102	107	110
1955-56	78	72	67	84	49	170	94	94	88	77	97	117	79	110	101	96	103	110
1956-57	97	88	123	122	71	165	104	95	100	80	111	126	111	97	116	91	104	110
1957-58	105	85	114	126	68	164	109	110	107	92	106	133	108	98	125	98	110	131
1958-59	105	105	105	126	96	169	112	121	131	93	99	118	117	127	133	87	113	145
1959-60	106	96	119	126	75	186	116	124	161	98	106	125	120	132	135	91	117	146
1960-61	108	90	122	130	87	206	118	127	136	101	112	210	146	128	141	131	128	147
December "	102	89	119	131	93	210	111	127	126	114	110	226	144	126	141	143	129	147
January 1961	99	91	114	132	94	208	108	127	120	113	111	248	151	125	141	155	128	147
February "	100	91	110	130	92	212	108	127	116	113	110	280	153	124	141	168	126	147
March "	101	91	110	130	90	208	119	127	112	114	111	271	159	122	141	162	127	147
April "	101	88	110	130	79	218	120	127	114	111	110	243	162	123	141	142	127	147
May "	103	86	109	134	76	198	115	127	116	101	110	245	162	128	141	127	127	147
June "	106	86	113	141	81	206	114	127	122	95	110	208	167	151	141	125	126	147
July "	108	88	118	145	81	220	122	127	122	93	107	215	171	145	141	131	126	147
Augus "	110	89	113	142	82	218	117	127	123	95	105	180	167	143	141	121	128	147
Sept. "	110	87	107	128	81	190	117	127	122	95	104	155	156	143	141	114	128	147
Oct. "	108	89	110	130	82	205	118	125	118	95	107	150	143	145	141	119	128	147
Nov., "	106	92	108	128	86	180	114	125	118	93	108	143	143	143	141	118	128	147
Dec., "	102	94	109	126	88	164	114	124	109	89	109	145	144	141	141	118	128	147

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Bombay Island—		
Cotton Receipts	Week ended 1st March 1962*	5,025(J)‡
	Corresponding week 1961	8,199(J)‡
	1st Sept. to 1st March 1961–62	991,149*
	Corresponding period, 1960–61	1,191,513*
Cotton Exports	Week ended 1st March 1962	1,433‡
	Corresponding week 1961	2,083‡
	1st Sept. to 1st March 1961–62	149,814
	Corresponding period, 1960–61	115,844
Mill Consumption (Estimated)	1st Sept. to 28th Feb., 1961–62	663,137A
	Corresponding period, 1960–61	601,955
Stock (with exporters, dealers and mills) in Bombay (Estimated)	On 28th Feb., 1962	649,770
	Corresponding date, 1961	564,259

Particulars	From 1st Sept. to 5th March 1962 In Bales of 180 Kilograms	From 1st Sept. to 15th March 1961 In Bales of 180 Kilograms
From Bombay		
Cotton Shipments to—		
United Kingdom		
Continent	2,048	450
Hongkong	11,377	4,378
China	8,037	6,225
Japan		—
U.S.A.	83 064	69.117
Other countries	14,372	384
Total to all foreign countries	367	—
Coastal Ports	119,280	80,554
	35,928 (a)	45,277 (b)
Total	155,208	125,831

Consumption of Cotton—	Period	In Bales of 392 lbs nett.
Indian	November, 1961	378,170
Foreign		92,786
Indian	Three months ended Nov., 1961	1,147,075
Foreign		282,584
Indian	Same Period, 1960	931,876
Foreign		354,925
Stocks (Mills and Elsewhere)—		
Indian	As on 30th Nov., 1961	1,017,275
Foreign		394,561
Indian	As on 30th Nov., 1960	606,946
Foreign		405,840

Cotton Exports from Bombay (by sea)	Period	(In Bales of 180 Kgs.)
	During Dec., 1961	24,577
	During Oct. 1960	30,149
	1st Sept.s to 31st Dec., 1961	58,342
	1st Sept. to 31st Dec., 1960	35,231
Cotton Pressed in India † (In running bales)	Week ended 16th Feb., 1961	(Bales of 392 lbs.) 1,861
	Corresponding week 1961	118 296
	1st Sept. to 16th Feb., 1961–62	1,224,704‡
	Corresponding period, 1960–61	2,210,269
Karachi (Pakistan)— Receipts	1st Sept. to 15th Feb., 1961–62	787,437
	Corresponding period, 1960–61	683,463
Exports	1st Sept. to 15th Feb., 1961–62	287,846
	Corresponding period, 1960–61	316,108

(J) By Rail and Sea. † Incomplete * By Rail, Sea and Road. (b) From Sept. 1961 to Dec., 1961. (a) From Sept. 1960 to Feb., 1961.
— Received. A-Adjusted. ‡ For 1st March only.

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares, P.O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. D.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. /—Dividend for first half of the year.

Shares:—If a company has different classes of shares—as for example, 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up per share,'.

Accounts:—Figures in the "Accounts Closed" column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
17,35,200	9,88,622	40,70,472	25,34,396	2,383	Maganlal Bhagwandas & Co.	...	...	Ambika Silk Mills Co., Ltd.	160.00	100	12.00	12.00	15.00		12	Y.
50,00,000	...	1,15,07,428	49,16,604	—29,00,387	Rajputana Text. (Agencies) Pvt. Ltd.	45,180	903	Apollo Mills	2.28	2	*Nil*	*Nil*	*Nil*		12	Y.
40,00,000	11,54,641	1,21,07,426	85,20,253	2,99,865	Gulabchand Jain, Esq. (Chairman)	50,596	1,021	B. K. Cotton Mills	83.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
2,50,98,000	3,56,27,968	11,03,32,121	5,45,36,135	65 826	Nowrosjee Wadia & Sons (Pvt.) Ltd.	2,18,492	4,320	Bombay Dyeing & Mfg. ...	307.50	25	2.50	3.50	3.50		12	Y.
10,00,000	2,84,495	89,53,981	57,46,203	1,37,996	Ramnarain Sons Private Ltd. ...	44,784	860	Bradbury Mills	195.00	50	7.50	5.00	5.00	12.50	3	Y.D.
2,03,91,500	4,09,76,495	10,53,72,338	4,62,73,738	2,31,912	Birla Gwalior Private Ltd. ...	1,26,752	2,698	Century Spg. & Mfg. ...	618.00	100	22.00	31.50	30.00		12	Y.P.
26,00,000	35,13,005	1,36,00,429	84,16,840	34,762	Cowasjee Jehangir & Co. Pvt. Ltd. ...	31,460	680	Coorla Spg. & Wvg. ...	153.75	100	12.50*	7.50	11.00	11.00	3	Y.
28,00,000	29,03,230	1,02,39,816	68,42,312	2,08,873	Ramnarain Sons Ltd.	30,596	1,094	Dawn Mills	43.00	50	5.00	10.00	15.00	15.00	3	Y.
84,00,000	25,28,313	98,61,169	87,35,681	2,29,973	Puranmal Bubna Sons	47,356	928	Edward Textiles	452.50	200	15.00	18.00	18.00		12	Y.D.
29,98,050	41,95,692	1,61,80,826	87,15,263	1,06,104	B. L. Jaian, Esq. (Chairman)	46,700	836	Elphinstone Spg. & Wvg. ...	135 00	50	*Nil*	7.00	9.00		12	Y.
50,00,000	7,17,308	2,23,17,243	1,18,41,207	37,155	James Finlay & Co., Ltd.	93,212	784	Finlay Mills	377.00	100	16.00	23.00	23.00		12	Y.
50,00,000	60,44,319	1,05,48,015	72,22,481	10,233	Gold Mohur Mills Ltd. ...	45,768	1,020	Gold Mohur Mills Ltd. ...	300 00	100	15.00	21.50	21.50		12	Y.
11,84,000	1,19,31,192	2,16,82,316	1,42,90,523	....	K. M. D. Thackersey Esq. (Chairman)	45,448	1,120	Hindoostan Spg. & Wvg. M lls	6,350.00	1,000	350.00	350.00	500.00		3	Y.D.
16,000									992.50	250	87.50	87.50	125.00			
Q.2,00,00,000	41,70,614	5,28,11,146	4,01,32,001	9,69,881	M. D. Bhat, Esq. (Chairman)	2,46,388	6,265	India United Mills ...	21.04	0 100.	*Nil*	*Nil*	0.80		12	Y.
D. 50,00,000									3.78	0 1D.	*Nil*	*Nil*	0.1325			
18,30,000	91,23,291	1,84,94,644	1,39,55,204	10,633	K. M. D Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	3,325.00	1,000	$25.00	200.00	232.00		3	Y.P.
D. 70,000									1,050.00N	500	102.50	100.00	115.00			
59,35,000	87,09,165	3,99,58,871	2,84,82,582	98,194	Khatau Makanji & Co. (Pvt.) Ltd. ...	1,00,000	1,500	Khatau Makanji Spg. & Wvg.	491.25	100	10.00	16.00	32.00	16.00	6	Y.P.
1,00,00,000	1,09,16,719	4,18,29,168	3,03,39,130	20,794	Killick Industries Ltd.	1,20,504	1,846	Kohinoor Mills	315.00	100	10.00	9.50	15.00		12	Y.
46,47,350	43,32,220	1,51,49,443	75,23,486	32,765	N. Sirur & Co. Private Ltd.	49,200	644	Modern Mills	29.00	50	3.00	0.00	0.00		12	Y.
51,75,000	60,60,557	3,25,38,719	2,31,00,780	1,84,822	Piramal Sons Private Ltd.	71,604	1,642	Morarjee Goculdas Spg. & Wvg.	421.00	100	15.00	21.50	21.50	24.00	6	Y.P.
2,41,11,320	1,83,27,010	12,92,52,259	6,02,53,132	4,41,151	Chinai & Co. Private Ltd.	...	...	National Rayon Corporation	541.50	100	14.00	22.00	22.00		12	Y.P.T.
24,00,000	12,59,737	91,26,187	48,70,078	2,44,928	H. V. Gandhi, Esq. (Chairman) ...	45,944	480	New City of Bombay Mfg. ...	181.00	100	*Nil*	*Nil*	*Nil*		12	Y.
20,00,000	2,91,638	1,24,16,237	68,75,602	—8,27,101	Sahu S. P. Jain, Esq. (Chairman)	49,012	956	New Great Spg. & Wvg. ...	233 00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
48,00,000	55,35,221	1,39,77,617	1,29,35,901	4,01,084	Ramnarain Sons Private Ltd. ...	69,232	1,190	Phoenix Mills	284.00	100	10.00	15.00	15.00	20.00	3	Y.
45,00,000	45,06,152	87,88,076	38,37,952	2,40,742	Podar Sons Private Ltd.	32,600	930	Podar Mills	134.00	100	18.00*	12.00*	12.00*		12	Y.P.
75,00,000	26,95,000	1,84,04,714	93,31,773	1,11,811	K. (Bombay) Private Ltd.	...	...	Raymond Woollen Mills Ltd.	142.50	100	8.00	11.50	12.00		12	Y.P.
10,00,000	1,70,451	32,32,052	19,14,448	—1,07,771	R. A. Podar, Esq. (Chairman)	13 00	10	*Nil*	*Nil*	*Nil*					12	Y.
75,29,780	1,29,04,392	3,17,23,074	1,82,17,621	24,884	M. G. Investment Corp. Private Ltd.	96,488	2,127	Sassoon & Jallance Silk Mills	70 00	10	2.00	2.50	1.76		12	Y.
90,00,000	64,91,229	1,90,85,953	83,85,241	56,379	Marwar Textiles (Agency) Pvt. Ltd.	77,436	1,620	Sassoon Spg. & Wvg. ...	172.50	50	8.50	5.00	7.50		12	Y.
50,40,000	33,44,035	2,39,26,380	1,17,07,182	39,044	S. R. Damani, Esq. (Chairman) ...	49,840	1,233	Shree Niwas Cotton Mills ...	172.50	50	8.50	5.00	7.50	*Nil*	3	Y.T.
1,09,75,000	2,81,20,905	4,80,08,845	2,50,81,920	1,37,713	Mafatlal Gagalbhai & Sons	97,588	2,409	Simplex Mills	393.00	100	20.00	29.00*	30.00		12	Y.P.

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	No. of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	11.37	10	0.25	0.50	1.00	0.25	5	Y.P.T.
6,00,000	16,40,000	77,47,320	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	262.00	100	10.00	15.00	44.00	Nil	5	Y.P.T.
30,00,000	6,06,840	1,44,87,745	1,04,88,923	—1,17,976	McLeod & Co., Ltd.	1,264	Alliance	103.50	100	Nil	Nil	6.00	Nil	5	Y.P.
49,20,700	55,71,000	2,80,85,747	1,34,94,034	3,74,383	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	216.00	100	10.00	12.50	20.00	7.50	3	Y.P.
40,00,000	28,14,827	1,46,86,173	83,52,153	45,981	Bird & Co. Private Ltd.	810	Auckland	171.00	100	5.00	20.00	27.00	12.00	3	Y.
20,00,000	24,84,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd.	959	Bally	280.00	100	6.00	10.00	25.00	25.00	3	Y.P.T.
£275,000	£342,859	£1,372,855	£967,103	£95,080	Sir John H. Birdwood (Chairman)	1,889	Barnagore	157.50	£5	Nil	10sh.	£1.10sh	10 Sh.	3	Y.P.
46,00,000	26,91,700	79,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	600	Birla	9 75	10	0.50	0.50	0.50	5	6	Y.P.T.
91,25,000	3,88,27,812	8,17,03,760	2,90,00,714	1,83,995	Birla Brothers Private Ltd.	1,373	Birla	35 44	10	1.00	1.00	1.00	1.00	3	Y.P.T.
50,00,000	27,72,236	1,36,98,078	76,84,725	24,192	Andrew Yule & Co., Ltd.	991	Budge-Budge	140 00	100	5.00	15.00	10.00	1.50	3	Y.P.
7,45,200	4,000	46,05,220	25,10,242	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	1.00			10	Y.P.
18,00,000	19,06,059	92,72,855	5,10,612	4,22,941	M.	616	Caledonian	162 00	100	15.00	12.00	12.00		11	Y.P.T.
50,16,400	85,26,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	127 00	100	Nil	7.00	10.00	5.00	11	Y.P.
28,56,250	44,88,944	1,22,29,014	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	19 00	10	0.50	1.25	Nil		3	Y.
20,15,000	31,97,621	1,21,01,229	74,40,619	—7,86,279	McLeod & Co., Ltd.	500	Chitavalsah	12.37	10	1.25	1.50	0.50	Nil.	11	Y.P.
24,00,000	9,00,000	82,12,030	61,31,208	—3,09,258	M.	969	Clive	9 00	10	Nil	Nil	Nil		7	Y.P.T.
21,40,200	14,68,891	1,10,14,699	69,67,313	9,902	Bird & Co. Private Ltd.	766	Dalhousie	135.00	100	Nil	Nil	1.00	1.00	3	Y.P.
28,00,000	41,85,474	97,98,897	51,23,170	15,632	Andrew Yule & Co., Ltd.	779	Delta	181.00	100	5.00	14.00	7.50		3	Y.P.T.
15,00,000	38,62,000	1,14,03,496	74,72,740	70,285	McLeod & Co., Ltd.	500	Empire	19 06	10	1.00	1.25	10.00		11	Y.P.
48,00,000	81,72,389	3,52,82,387	1,90,83,987	72,386	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	430 00	100 Old	20.00	20.00	25.00	10.00	7	Y.P.T.
21,00,000	19,81,848	1,32,23,303	78,17,723	1,84,899	Bangur Bros., Ltd.	1,014	Fort William	24.44	10	1.50	1.50	2.25		3	Y.P.T.
84,82,195	5,16,898	2,24,56,716	1,48,60,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	14 00	10	Nil	Nil	1.00		3	Y.P.T.
10,80,000	84,86,266	98,03,727	53,00,178	14,057	M.	607	General Ind. Society Ltd.	43 00	10	2.00	4.00	4.00		3	Y.P.
24,00,000	84,38,256	2,74,15,455	1,81,06,799	82,085	Mansell & Barry Ltd.	1,394	Gourepore	520 00	100	20.00	25.00	30.00	25.00	12	Y.T.
40,00,000	71,86,723	1,33,84,148	78,47,196	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	115.00N	100	5.00	6.00	6.00		3	Y.P.
16,00,000	31,09,633	83,48,980	55,87,778	38,329	J. & B. Hutchison Private Ltd.	720	Hooghly	27 00	10	Nil	0.60	1.00		3	Y.P.
65,62,500	42,02,842	2,23,18,873	97,720	1,43,247	Andrew Yule & Co., Ltd.	1,940	Howrah	20 37	10	Nil	1.00	1.25	1.00	3	Y.P.
62,50,000	58,73,191	2,21,24,274	1,38,99,274	1,62,375	Ramdutt Ramkissendas	2,272	Hukumchand	27.94	7.50	1.50	1.50	2.15	1.00	3	Y.P.T.
87,50,000	26,63,965	1,86,83,015	1,09,04,760	76,164	M.	790	India	16 12	12.50	1.56	1.24	1.75	1.50	3	Y.P.
24,00,000	27,20,329	2,00,48,588	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	158.00	100	5.00	20.00	5.00			3	Y.
'B' 16,20,000								156 00	'B' 100	5.00	20.00	5.00		12	Y.P.T.
30,00,000		1,78,03,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankanrrah	98.50	100	Nil	Nil	Nil			
'B' 24,00,000								92 00	'B' 100	Nil	Nil	Nil			
25,00,000	57,46,000	1,59,67,739	1,08,91,650	2,61,205	McLeod & Co., Ltd.	703	Kelvin	186 00	100	12.50	14.00'C'	15.00	15.00	5	Y.P.
24,00,000	23,98,584	2,18,73,550	1,39,90,178	300	Anderson Wright Ltd.	1,530	Khardah	17 12	10	0.86	2.00	2.00	0.50	3	Y.P.
89,85,600	47,39,756	2,07,21,456	1,33,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	161.00	100	5.00	10.00	20.00	7.00	3	Y.P.
24,48,000	6,04,572	1,08,23,825	71,08,446	—5,54,448	Bird & Co. Private Ltd.	931	Lalaloowne	130 00	100	Nil	Nil	20.00	Nil	3	Y.P.
28,00,000	14,13,430	65,77,636	45,23,242	54,949	Bird & Co. Private Ltd.	840	Lawrence	162 00	100	Nil	2.00	15.00	15.00	3	Y.P.
81,25,200	44,95,037	2,88,24,106	1,66,72,214	84,805	M.	1,794	Megna	12.50	10	1.75	1.00	1.20	1.25	3	Y.P.
29,88,900	34,36,392	1,54,53,185	94,33,205	—11,60,635	M.	815	Naihati	81 75	100	Nil	Nil			3	Y.
20,00,000	11,82,460	56,57,072	37,53,449	3,215	Howrah Trading Co. Private Ltd.	426	Naskarpara	9 00	10	0.25	0.375	0.50		3	Y.P.T.
35,00,000	52,63,706	1,08,02,939	25,02,496	41,329	M.	852	National	23.19	10	0.75	1.00	0.75		10	Y.T.
26,25,000	32,96,172	68,66,663	32,15,580	48,920	McLeod & Co., Ltd.	1,745	Nellimarla Jute	12 00	10	1.00	1.40	0.80		10	Y.P.
2,25,83,370	2,60,75,020	9,66,78,531	1,71,73,801	Nil	Sahu Jain Ltd.	1,745	New Central	18 37	10	1.50	1.50'C'	1.50	1.50	3	Y.P.T.
10,79,880	51,93,617	1,30,21,348	77,30,582	32,274	Bird & Co. Private Ltd.	567	Northbrook	34.75	10	Nil	Nil	3.00	2.00	3	Y.P.T.
66,79,500	41,28,236	2,72,60,331	1,19,31,974	1,86,322	Macneill & Barry Ltd.	1,092	Nuddea	65 00	50	2.50	3.00	4.00	3.00	3	Y.P.T.
25,00,000	11,41,170	1,06,66,632	75,92,215	23,417	McLeod & Co., Ltd.	488	Presidency	5.19	5	0.37½	0.50	0.40		7	Y.
30,00,000	72,904	36,55,345	14,10,449	—9,71,482	Hindustan Investment Corpn. Ltd.	385	Rameshwara	8 12	10	Nil	Nil	Nil		3	Y.P.
49,50,000		1,24,88,157	67,33,074	—26,82,381	Jardine Henderson Ltd.	1,276	Reliance	6.69	10	Nil	Nil	Nil		3	Y.P.
£600,000	£490,065	£1,495,648	£859,162	£25,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,913	Samaguggur	9.50N	£1	5%†	10%†	6%†		12	Y.P.T.
20,00,000	19,87,390	1,24,56,549	91,45,488	66,510	Bagaria More & Co., Ltd.	911	Shree Ambica	27.50	10	1.50	0.50			12	Y.P.
15,00,000	13,85,050	75,14,520	54,32,284	21,780	Hindustan Investment Corpn. Ltd.	491	Soorah	23 50	10	1.50	2.50	2.50		3	Y.P.
£500,000	£420,865	£1,276,168	£743,019	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	3%†	10%†	6%†		12	Y.P.
55,00,000	57,94,656	93,18,767	55,10,022	2,800	Bird & Co. Private Ltd.	1,226	Union	184.00	100	15.00	20.00	25.00		12	Y.P.
£400,000	£279,822	£1,283,223	£811,723	£17,615	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	5%†	10%†	8%†	6.00	3	Y.P.T.
2,50,000	7,20,000	82,36,786	45,97,547	96,514	McLeod & Co., Ltd.	447	Waverley	5.94	1	Nil	0.25	0.30	0.30	12	Y.P.
														5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
10,36,990	4,88,641	17,78,941	8,77,863	16,618	Yenag India Agencies Private Ltd.	579	Balanoor Tea and Rubber	13 75	10	1.75	1.50	1.50	1.20	3	Y.
88,92,542	23,76,747	84,13,561	15,18,278	78,105	Kothari & Sons (Ags.) Pvt. Ltd.	3,623	Blue Mountain	2.60	2	0.25	0.25	0.25	0.25	3	Y.P.
5,50,000	6,00,232	17,63,436	3,74,494	14,168	K. Anantaraman, Esq. (Mg. Director)	385	Chandramalai Estates Ltd.	2.70	2	0.24	0.24	0.20	0.20	3	Y.
14,40,000	14,42,552	57,29,976	34,49,553	1,29,361	Lewis, Leslie & Co., Ltd.	1,714	Chamraj Tea	3.60	2	0.24	0.24	0.20	0.20	6	Y.P.
9,68,420	13,30,938	24,06,623	2,29,383	24,732	Matheson Besanquet & Co. Pvt. Ltd.	392	Cheeson Tea	23.75cd	10	2.00	2.00	1.75	1.50	3	Y.
4,80,000	5,19,389	13,74,821	2,42,244	2,130	Srinivas Agencies	661	Cleorg Tea	5.50	2	0.48	0.48	0.48	0.40	3	Y.P.
8,00,000	4,31,315	12,81,928	3,69,261	656	P. G. Krishna Iyer, Esq. (Mg. Director)	355	Devashola (Nilgiri) Tea	25.97xd xr	10	2.50	2.50	2.00	1.00‡	3	Y.P.
6,74,450	3,31,040	11,90,946	5,46,302	13,226	Young India Agencies Private Ltd.	465	Devon Tea	13 30	10	1.75	1.50	1.50		12	Y.
3,00,000	1,26,500	4,04,217	65,265	2,027	Parkins Private Ltd.	196	Emerald Valley Estates	5.67	5	0.30	0.40			3	Y.P.
25,00,000	19,55,500	84,71,856	10,31,863	77,125	Parkins Private Ltd.	1,506	Hallery Gurla	13.25	10	2.00	1.25'C'	1.50		12	Y.P.
9,00,000	8,98,170	34,77,259	9,59,573	1,00,000	Peirce, Leslie & Co., Ltd.	460	Kalaza Tea	8 50	2	0.25	0.30	0.40		3	Y.
17,17,878	12,12,245	33,15,743	5,71,179	15,600	Peirce, Leslie & Co., Ltd.	1,375	Kil Kotagiri Tea	5 15	2	0.30	0.70	0.50	0.50	3	Y.T.
6,90,000	2,14,272	12,67,080	1,15,811	579	Ipe Oommen & Co. Pvt. Ltd.	267	Kurcharmala Plant. Ltd.	4.97	10	0.625	0.80	Nil	0.40	3	Y.P.
5,00,000	1,20,856	9,61,424	78,039	37,139	Mathesons Besanquet & Co. Pvt. Ltd.	267	Lucky Valley	10.35	10	1.00	1.00	1.00		3	Y.P.
9,50,000		8,45,587	18,739		Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	2.10	2	0.24	0.10	0.20	0.10	12	Y.
3,00,000	6,18,504	14,43,867	3,15,782	1,740	Kappu Thomas, Esq. (Mg. Director)	550	Mlamallay	36.00	25	3.75	5.00	3.75	3 50	3	Y.
80,00,000	23,87,384	85,03,880	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	3.50	2	0.37	0.37	0.37	0.37	3	Y.P.
12,00,000	7,04,337	29,03,722	6,12,923	27,999	A. V. Thomas & Co., Ltd.	1,484	Nellampathy	2.56	2	0.20	0.20	0.26	0 30	3	Y.P.
14,00,356	7,45,346	39,87,155	6,33,351	26,790	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	8 50	10	0.60	0.60	0.60		3	Y.P.
23,10,000	6,77,357	35,77,599	13,53,272	22,735	Harrisons & Crosfield Ltd.	1,356	Nonsuch Tea	22.75	10	2.50	2.00	2.00		3	Y.P.T.
14,88,960	16,87,814	33,02,710	6,08,115	40,696	P. S. M. Moiyeuni, Esq. (Chairman)	579	Parkside	23.00	10	2.50	2.75	2.00	2.00	3	Y.
9,00,000	6,83,306	5,53,702	58,947	2,51,170	S. Sivaramakrishna Aiyar, Esq.	706	Peninsular Plantations Ltd.	22.10	10	1.50	2.75	2.75	2.25	6	Y.
17,00,000	11,57,787	48,52,475	15,91,846	37,065	Aspinwall & Co. (Travancore) Ltd.	1,584	Peermade	20 50	10	1.50	2.50	2.00	2.00	3	Y.
57,94,880	80,24,711	1,13,81,238	39,12,993	65,407	Peirce, Leslie & Co., Ltd.	2,718	Periakaramalai	3.30	2	0.24	0.25	0.25	0.75‡	12	Y.P.
18,50,000	2,96,500	11,58,569	1,44,292	8,047	A. V. Thomas & Co. (India) Ltd.	865	Sheverey Estates Ltd.	1.45	2	0.20'C	0.25	0.27	0.40	3	Y.P.
9,00,000	12,71,773	28,99,827	9,11,370	4,140	T. Stanes & Co., Ltd.	1,137	Stanes Amalgamated	15.75	10	0.80	0.60	0.125	0.18	15	Y.
1,25,000	15,000	2,18,302	11,369	490	M.	218	Swinton Estates	2 82	2	0.15	0.15	0.25	1.50	6	Y.
12,50,000	11,78,243	32,25,253	4,11,900	1,854	Srinivas Agencies	1,061	Talayar Tea	1 80	2	0.12	0.10	0.16	0 20	3	Y.T.
18,75,000	14,52,765	49,96,418	19,93,195	36,106	Parkins Private Ltd.	1,208	Twyford	10.85	10	1.50	1.00'C'	1.00		12	Y.
21,93,285	18,09,057	75,54,489	10,36,261	91,793	T. Stanes & Co., Ltd.	1,771	United Nilgiri	21 37	10	1.50	1.50	1.00	1.00	12	Y.
47,25,000		1,00,000	1,01,735	—29,543	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall	2.42	2	0.25	0.25	0.25	0.20	3	Y.
1,00,000	62,516	3,69,872			Goodall & Co.	93	Woodcote Estates Ltd.	1.65	1	0.06	Nil	Nil	Nil	6—12	Y.P.T.

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
6,00,000	5,52,485	16,85,453	4,57,025	20,365	Ramani & Co. Pvt. Ltd.	576	Aingaswar Estates Ltd.	2.95	2	0.20	0.15	0.15	0.30	3	Y.3
6,75,000	2,85,527	19,88,052	3,50,665	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60	0.75	1.00	1.00	3	
2,50,000	5,02,986	14,26,924	1,56,520	30,096	A. V. George & Co., Ltd.	639	Anandam Rubber Co., Ltd.	13 22	10	1.00	1.50	1.50	1.00	3	Y.P.T.
12,07,738	2,29,000	21,02,267	2,74,016	9,583	Associated Planters Private Ltd.	1,342	Anaparal Estates Ltd.	2.94	2	0.20	0.50	0.50		12	Y.T.
4,25,000	4,58,060	8,61,867	1,01,118	25 290	Young India Agencies Pvt. Ltd.	610	Badra Coffee Estates Ltd.	3.39	2	0.30	0.50	0.40	0.30	3	Y.T.
4,00,000	1,43,748	7,34,867	1,10,833	2,433	A. V. Thomas & Co. (Mysore)	378	Babahadin Coffee & Produces	7.72	5	0.25	0.25	0.30	0.30	3	Y.P.
2,00,000	2,55,000	4,63,698	62,711	4,965	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	1 62	2	0.25	0.15	0.40		3	Y.P.
3,60,118	3,86,252	13,50,384	13,674	674	T. K. Oommen, Esq. (Mg. Director)	1,135	Be Be Rubber Estates Ltd.	2 35	2	0.15	0.15	0.15	0.10	3	Y.P.
20,91,279	20,73,511	55,26,015	9,62,337	10,145	Peirce, Leslie & Co., Ltd.	2,003	Cochin Malabar	7 27	2	0.30'C'	0.25	0.25		3	Y.P.
22,50,000	32,61,494	55,51,333	15,14,347	1,86,798	Cons Coffee Estates (Secretaries)	2,784	Coffee Lands and Industries	14.75	10	1.00	1.25	0.45	0.525	6	Y.P.
71,85,000	70,70,102	1,65,00,964	45,79,313	2,56,719	C. I. Machin, Esq. (Mg. Director)	6,232	Consolidated Coffee	17 77	10	2.00	2.50	2.00	1.50	3	Y.P.
5,00,000	5,09,735	14,95,290	98,989	2,116	Associated Planters Private Ltd.	1,429	Cottanad Plantations	10.10	10	2.00	2.50	2.00	2.00	3	Y.P.
4,08,560	2,25,000	3,31,891	94,852	24,416	Peirce, Leslie & Co., Ltd.	668	Cowcaudy Estates (Coffee)	3.95	2	0.20	0.30	0.30	1.00	3	Y.P.
10,00,000	11,10,000	32,95,251	7,48,486	37,599	A. V. Thomas & Co., Ltd.	1,221	Highland Produce	13 10	10	1.50	1.50	1.00	0.50	3	Y.P.
1,20,000	49,000	1,64,456	5,145	2,933	Young India Agencies Pvt. Ltd.	226	Kadur Coffee Estates Ltd.	2.78	2	0.20	0.30	0.30		3	Y.P.
11,25,720	13,77,785	31,18,425	3,48,844	31,973	A. V. George & Co., Ltd.	1,543	Kallua Rubber Co., Ltd.	5.00	2	0.25	0.25	0.15	0.15	15	Y.P.
2,00,000	3,83,104	13,19,236	3,96,051	1,912	A. V. Thomas & Co., Ltd.	1,270	Kalpetta Estates	12 10	10	1.00	1.00	0.40	0.30	3	Y.P.
4,00,000	3,90,000	9,83,778	2,17,268	24,086	Peirce, Leslie & Co., Ltd.	674	Kumergode Estates Ltd.	4 50cd	2	0.30'C'	1.25	0.40	0.30	3	Y.P.
12,50,000	5,41,456	22,23,838	4,40,673	47	K. T. Thomas Kathanar, Esq.	2,143	Malankara Rubber	16 90	10	0.40	0.40	0.40	0.35	10	Y.T.
2,25,000	2,50,000	8,43,098	81,358	3,394	Associated Planters Pvt. Ltd.	906	Meerara Rubbers Ltd.	8 30	5	1.00	1.00	1.50	1.00*	3	Y.T.
40,50,000	14,33,542	87,54,197	12,48,980	5,116	A. V. Thomas & Co., Ltd.	4,470	Midland Rubber	10 70	10	1.00	1.00	1.00	1.00	3	Y.P.
2,35,000	4,12,607	10,80,892	2,02,929	79,605	A. V. George & Co., Ltd.	1,231	Remmeny Rubber	24 65	10	1.50	1.50	1.25	1.25	3	Y.P.
2,00,000	4,74,843	8,94,227	55,673	2,314	Associated Planters Private Ltd.	1,054	Nilambur Rubber Co.	14 12	10	2.00	1.50	1.50		12	Y.P.
10,45,990	23,93,318	42,58,426	18,70,287	7,627	Peirce, Leslie & Co., Ltd.	4,395	Ouchteriony Valley Estates	8.03	5	0.30	0.30	0.30	0.30	12	Y.P.
4,50,000	5,71,464	7,97,732	83,076	46,714	Peirce, Leslie & Co., Ltd.	532	Osscor Estates Ltd.	2.70	2	0.20	0.20	1.50	1.50	12	Y.P.T.
16,50,000	2,29,315	23,27,016	7,37,990	797	Aspinwall & Co., Ltd.	2,017	Pullangode Rubber	1 77	2	0.25	0.30	0.30	0.30	10	Y.P.T.
18,50,000	9,28,404	40,71,627	5,09,879	2,730	A. V. Thomas & Co., Ltd.	2,283	Rajagiri Rubber	18.94	10	2.00	2.00	2.00	0.10	3	Y.P.
2,00,000	1,64,983	4,67,185	93,795	1,675	Associated Planters Private Ltd.	532	Rajendra Coffee Ltd.	11 12	5	2.00	2.00	2.00	2.00	3	Y.P.
2,50,178	2,58,000	9,35,302	1,44,883	21,604	Peirce, Leslie & Co., Ltd.	560	Savamalai Estates Ltd.	2.82	2	2.00	2.50	2.00	2.00	3	Y.P.
12,00,000	2,35,000	19,78,850	1,58,086	4,975	Patco Agencies	1,102	Sangammeshwar Coffee Estates	1.82	2	0.25'C'	0.30	0.28	1.25	3	Y.P.
10,00,000	2,02,130	22,56,303	1,58,337	4,554	Kasi India Agencies Private Ltd.	1,454	Teckoy Rubber (India) Ltd.	5 30	2	0.18	0.18	0.12		11	Y.
2,50,000	2,75,000	5,25,706	51,950	22,826	A. V. George & Co., Ltd.	535	Thamaraipally Rubber	15 90	10	0.60	0.60	Nil	0.12	3	Y.P.T.
5,00,000	6,05,000	24,54,542	3,19,670	14,829	Peirce, Leslie & Co., Ltd.	2,261	Thirumbadi Rubber Co., Ltd.	1 70	1	0.10	0.10	0.10		3	Y.P.T.
9,15,000	46,742	8,26,449	1,80,536	4,480	Eapen Thomas, Esq. (Mg. Director)	1,141	Travancore Rubber	18.12	10	1.00	0.07	0.07		3	Y.P.
3,00,000	16,07,651	29,52,783	90,79,944	11,267	Aspinwall & Co. (Travancore) Ltd.	4,671	Travancore Rubber & Tea	10.87	10	1.00	1.00	1.50		12	Y.
20,00,000	4,29,800	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	19.00	10	0.50	0.75	0.50	0.401	12	Y.P.
6,00,000	4,96,000	17,66,416	1,27,423	10,653	P. L. J. Joseph, Esq. (Chairman)	1,250	Vellamalai Rubber & Co.	5.50	5	1.50	2.00	2.00		12	Y.
2,50,000	4,29,800	10,39,240	1,18,701	7,551	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd.	19 00	10	0.50	0.50	0.60		3	Y.P.T.
2,00,000	2,13,451	6,63,441	46,250	903	M.	735	Valkundam Rubber Co., Ltd.	22.75	10	1.50	2.50	0.10	0.60	12	Y.P.
5,00,010	12,40,962	16,15,277	1,52,154	1,12,012	Peirce, Leslie & Co., Ltd.	1,030	Wartyhully Estates Ltd.	2.65	2	0.20	0.30	0.30		3	Y.P.
12,00,000	97,209	13,05,464	1,02,251	23,313	M.	886	Woodland Estates	7.85	10	0.50	0.50	1.00	0.30	3	Y.
														3	Y.P.T.

V—Includes 60 nP for 30-6-1954.

N.B.—All dividends paid since 31st March 1960 are shown as taxable.

'C'—On increased capital.

* Includes bonus.

M—Managed by Board of Directors.

Less Income-tax.

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reference
4,46,700	14,06,731	23,91,108	9,41,163		McLeod & Co., Ltd.	325	Amguckie	25.94	10	1.50	1.50	Nil		12	Y.P.
2,76,500	11,53,772	14,63,926	5,81,758	5,928	M.	456	Ananda (Assam) Tea	26 00	10	2.00	2.50	3.00		12	Y.
7,03,250	8,07,224	17,30,420	5,79,959	84,181	Gillanders Arbuthnot & Co., Ltd.	481	Ananda Bag	24 00	10	1.00	1.75	3.00		12	Y.
5,50,000	14,40,641	26,54,042	10,92,353	44,138	McLeod & Co., Ltd.	573	Bachmari	21.12	10

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs	Depreciation Rs.	Carried Forward Rs	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
30,00,000	....	47,23,258	20,57,464	29,863	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.00	10	*Nil*	*Nil*	0.60	0.60	3	Y.
18,50,000	11,74,468	17,33,315	9,01,787	4,703	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21 24	10	3.50	2.00	2.00	....	9	Y.P.
56,28,146	19,77,396	1,61,24,989	63,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.05	21	0.25	0.366	0.375	....	9	Y.
10,00,000	52,26,517	92,22,866	45,37,856	59,420	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	26.00N	10	1.75	1.87	3.00	15.00	12	Y.
14,17,800	16,19,274	43,65,682	17,10,387	7,448	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	196 25	100	10.00	12.86	12.86		9	Y.
20,80,700	14,50,359	1,25,49,403	27,84,881	—5,54,452	Sarai Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	171 00	100	*Nil*	*Nil*	12.96		9	Y.P.
£1,371,360	£2,444,266	£3,614,146	£2,081,108	£118,766	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	5.20	Sh. 2	0.24	0.36	8.00		12	Y.P.
₹5,00,000 } ₹15,00,000 }	26,84,000	45,04,655	18,23,503	2,55,452	*Bird & Co. Private Ltd.*..	Karanpura Development	16 00	10	*Nil*	1.50	0.36		12	Y.
50,00,000	....	1,14,21,419	5,78,268	3,68,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	104.00	100	*Nil*	0.50	0.50		12	Y
80,00,000	40,95,322	1,22,10,847	66,20,783	85,170	Bird & Co. Private Ltd.	Kumardubi Fireclays and Silica Works.	26 00N	10	*Nil*	*Nil*	*Nil*			
79,09,100	10,83,782	1,22,10,536	72,28,302	2,10,233	Sir Indra Singh, Kt., (Chairman)	Metal Corporation of India Ltd. ..	26 00N	10	1.25	1.80	1.80		12	Y.P.
6,00,000	5,82,678	14,95,136	8,24,135	2,656	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries	12.69	10	*Nil*	*Nil*	*Nil*		12	Y.P.T.
20,00,000	16,15,274	25,16,944	6,77,994	5,683	Bird & Co. Private Ltd.	Orissa Minerals	18.50	10	1.00*	1.00*	1.428	1.20	3	Y.P.T.
3,50,000	17,29,249	92,49,901	49,48,489	37,499	A. V. Gharpure, Esq. (Chairman) ..	Parshuram Pottery Works Co. Ltd. ..	46 00	10	2.50	3.00	3.60	2.80	6	Y.
19,46,890	76,44,000	1,06,65,857	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	40.50	10	8.00*	5.00	5.36	5.36	7	Y.
											9.00*		11	Y.
CHEMICAL														
24,00,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	95.00	100	....	....	....	....	....	....
85,00,000	58,58,600	2,87,87,676	78,28,666	1,17,073	Bhullal Amir & Sons (Private) Ltd.	Alembic Chemical Works Co.	262 50	100	12.00	16.00	14.00		12	Y.P.
3,10,00,000	1,97,50,273	6,36,11,695	1,63,10,292	1,16,274	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	44.62	10	0.80	0.95	1.20	1.50	9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,780	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	355.00	100	*Nil*	12.00	12.00		12	Y.P.
29,89,400	34,11,676	1,68,91,567	58,70,591	42,183	*Kasturbhai Lalbhai & Co.*	*Anil Starch Products Ltd.*	867 50	100	*Nil*	12.00	12.00		12	Y.P.
224, 93,775	77,58,982	4,05,77,704	1,25,34,156	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	510.00	100	20.00*	28.00*	30.00*		12	Y.P.
50,98,900	68,84,606	1,50,85,951	77,12,583	1,30,717	Dr. B. N. Ghose (Managing Director) .	Bengal Chemical and Phar.	518.00	100	10.00	12.00	12.00		12	Y.
1,00,00,000	23,71,461	1,06,12,385	15,44,929	30,077	Ramniwas R. Ruia, Esq. (Chairman) .	Colour-Chem Ltd.	105 00	100	6.00	7.00	7.00		12	Y.
9,00,937	2,01,839	14,14,355	6,92,598	8,680	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	25.75	10	*Nil*	*Nil*	*Nil*	10.00	3	Y.P.T.
22,78,800	43,95,6 3	87,08,939	42,37,414	83,971	Dhanamal Morarji & Co.	Dhanamal Morarji Chemical Co., Ltd.,	173.75	50	2.00	2.50	2.50	3.00	3	Y.
1,07,87,000	64,32,516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd. .	Dhrangadhra Chemicals	130 00	100	6.00	10.00	*Nil*		12	Y.
2,45,06,075	35,17,000	6,56,28,587	3,05,35,610	26,18,166	M. K. K. Nayar, Esq. (Mg. Director) .	F. A. C. T.	8 05	10	0.40	4.00(c)	*Nil*		12	Y.
1,49,98,500	39,44,101	48,84,456	17,56,571	76,928	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	845 00	100	*Nil*	0.60	0.60		3	Y.P.
12,00,000	6,50,911	27,89,148	14,86,985	55,617	Jal H. Mehta	Kemp & Co.	315.00	100	*Nil*	*Nil*	6.00	6.00	12	Y.
80,00,000	24,37,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	13 25cd xr	10	0.874	20.00	25.00	25.00	3	Y.
24,81,220	10,47,778	55,47,979	48,53,227	8,514	T. Shanmuga, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	10.35	10	0.50	0.50	1.25	1.25	3	Y.P.T.
8,00,000	4,55,261	12,57,587	6,70,322	1,46,072	S. Ramanathan, Esq. (Mg. Director) .	Mysore Mineral Mfg.	22 15	10	2.00	2.00	1.00		3	Y.
40,00,000	86,88,816	65,05,379	16,88,684	1,64,703	Ramdas Kilachand, Esq. (Chairman) .	Polychem. Ltd.	227 50	50	*Nil*	3.00	5.50	7.50	3	Y.
15,00,000	11,17,980	34,89,082	21,90,713	2,10,023	Bangur Brothers Ltd.	Phosphate Co., Ltd.	271 00	100	25.00	45.00	85.00	25.00	3	Y.P.
19,90,908	15,32,251	26,75,181	16,16,060	1,22,645	C. A. Buxton	Smith Stanistreet & Co.	16 37	5	0.80(C)	1.25	1.25	1.25	6	Y.P.
4,50,00,000	....	1,41,20,622	31,717	5,87,260	Tulsidas Kilachand, Esq. (Chairman) .	Synthetics & Chemicals Ltd.	222.00	100	....	....	....	....	3	Y.P.
2,51,95,000	89,67,561	7,09,65,786	2,29,10,386	3,571	Tata Industries Private Ltd.	Tata Chemicals	18.60	100/d	0.75	0.625	0.60	0.65	6	Y.P.T.
18,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd. ..	19.37	10	0.70	1.00	1.50	2.00	6	Y.P.T.
25,20,000	....	5,87,362	608	—5,46,880	Mr. M. J. Vaidya (Chairman)	Travancore *Electro-chemical Ind:*	*100.00*	100	*N*	*Nil*	*Nil*	*Nil*	12	Y.P
14,81,250	....	5,72,958	1,305	2,159	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	190.00	100	....	....	....	*Nil*	12	Y.
													12	Y.
ELECTRIC (Bombay State)														
8,74,78,895	1,47,88,624	16,04,61,688	4,62,67,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	94 00	100	6.50	6.75	7.00	7.00	3	Y.T.
81,56,250	26,20,222	2,85,76,933	66,34,925	13,62,834	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.36	10	0.85	0.90	1.00*	0.90	3	Y.P.
3,02,77,000	1,01,95,442	11,78,06,745	2,60,17,570	80,342	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,027.50	1,000	80.00*	80.00*	85.00*	90.00	3	Y.P.
1,75,00,000	99,08,640	*461 03 740*	1,11,97,818	4,622	*Killick Industries Ltd.*	Bombay Suburban Electric Supply ..	103.00	100	7.00	7.50	8.00	8.50	3	Y.P.T.
7,97,920	1,03,987	16,97,265	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd. .	Broach Electric Supply Development.	7.00	10	0.50	0.50	0.66		3	Y.P.
48,80,000	12,56,813	1,67,72,704	61,69,509	3,547	Rajaputana Textiles (Agencies) Ltd. .	Poona Electric Supply	101 00	100	7.50	8.00	9.00		3	Y.T.
70,00,000	31,26,526	1,72,01,519	56,35,377	1,914	Killick Industries Ltd.	Surat Electricity	108 00	100	7.50	8.00	9.00		3	Y.P.
2,50,90,875	1,28,08,657	8,61,66,079	2,08,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	112.50	100	7.00	7.00	7.50	8.00	3	Y.P.T.
5,15,86,000	3,10,84,482	20,76,58,061	4,81,56,686	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,140.00	1,000	80.00*	80.00*	85.00*	85.00*	3	Y.P.
												80.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,888	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	122.00	100	10.00	10.00	11.00	11.00	3	Y.T.
8,00,000	15,46,067	65,82,610	24,21,818	24,137	Martin Burn Ltd.	Bareilly Electric Supply	11.75	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	48,76,469	1,78,08,855	51,02,951	46,844	Martin Burn Ltd.	Benaras Electric Light & Power Co. ..	12.12	10	1.00	1.00	1.10	1.10	3	Y.T.
1,50,00,000	49,57,888	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.	Bhagalpur Electric Supply	6 12	8	0.40	0.40	0.64		3	Y.T.
1,50,00,000	15,46,067	65,82,610	24,21,818	24,137	Martin Burn Ltd.	Calcutta Electric Supply	14 04	41	7%	7%	7%		3	Y.T.
1,50,00,000	48,76,469	1,78,08,855	51,02,951	46,844	Martin Burn Ltd.	Cuttack Electric Supply	12 62	10	1.00	1.00	1.10	1.10	3	Y.T.
49,20,000	27,18,466	1,06,57,869	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	97.00	100	7.00	7.50	8.00		3	Y.P.T.
5,34,640	1,42,426	39,19,424	15,91,894	42,694	Moonna Lall & Sons	Jhansi Electric Supply	6 00	10	0.624	0.62	0.62		3	Y.
22,49,700	28,00,194	1,12,04,249	42,98,578	32,693	Martin Burn Ltd.	Jubbulpore Electric Supply	11 31	10	0.624	0.62	*Nil*		3	Y.T.
5,82,390	4,52,105	37,46,515	13,98,702	40,204	Octavius Steel & Co., Ltd.	Mozuffernore Electric Supply	11 75	10	1.00	1.00	1.00		3	Y.T.
85,07,880	40,44,800	1441,84,880	56,08,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10 87	10	0.75	0.75	1.25		3	Y.T.
9,10,000	2,56,304	15,86,883	6,29,467	5,842	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6 75	10	0.50	0.50			3	Y.T.
16,80,000	20,31,560	54,98,512	20,57,152	46,54,591	Bird & Co. Private Ltd....	Sitapur (Dherrah) Elec. Supply Co. ..	5 87	10	0.50	0.50	0.625	0.625	3	Y.T.
69,99,960	23,97,866	2,22,90,594	74,27,384	11,868	Seshasayee Bros. Private Ltd.	Seshasayee Electric Supply Corpn. ..	10 12	10	0.75	0.75	1.25	0.90	3	Y.T.
5,00,000	12,50,396	57,75,615	18,66,443	36,126	Martin Burn Ltd.	Upper Jamna Valley Elec. Supply ..	14 62	10	0.80	0.90	0.90(C)	0.90	3	Y.P.T.
56,00,000	78,01,013	4,29,48,765	1,54,85,172	89,174	Martin Burn Ltd.	U. P. Electric Supply Co.	113 00	99	1.25	1.25	1.35	1.35	3	Y.P.
8,00,000	11,41,474	46,63,814	18,15,572	3,34,013	Chandrie & Co. Private Ltd.	Vellore Electric Corporation*	15.35	10	1.00	1.00	1.00	1.00	3	Y.P.
											1.50	1.428	3	Y.P.
ENGINEERING (Bombay)														
42,47,000	50,58,626	75,87,402	61,01,876	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock-Ashdown & Co., Ltd.	840 00	100	12.50	17.00	17.00		12	Y.
19,99,000	3,10,174	21,70,025	8,07,662	19,184	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	119 00	80	8.00	4.00	4.00		6	Y.
45,20,000	52,92,268	1,40,16,691		76,196	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	187 00	100	7.00	10.00*	13.00*C	13.00	12	Y.
40,80,000	6,60,109	58,51,172	22,34,229	38,756	Dharamshi & Co.	Hindustan Electric Co., Ltd.	100 00	90	5.00	5.00	15.00*C	18.00	6	Y.
60,00,000	,08,98,455	2,46,93,330	1,46,51,549	39,845	Walchand & Co. Private Ltd.	*Indian Burme Pipe Co., Ltd.*	180 00	100	7.00	10.00	*Nil*	4.00	6	Y.
6,00,000	4,67,225	2,05,518	1,38,68 3	4,607	V. V. Baddeley, Esq. (Chairman) ..	Jost's Engineering	100 00	90	5.00	5.00	15.00*C	18.00	6	Y.P.†
40,00,000	14,71,874	65,38,880	22,18,265	15,090	Adhem Services	Jyoti Ltd.	100 00	100	5.00	5.00	5.00	5.00	6	Y.
44,96,250	5,18,048	76,96,166	37,12,960	5,162	Kamani Engineering Corporation ..	Kamani Engineering Corporation ..	16 88	100	12.00	12.00	12.00		6	Y.
55,31,818	94,93,924	1,36,58,367	76,91,595	11,174	Kirloskar Brothers Ltd.	Kirloskar Bros. Ltd.	57.30xd	25	2.50	3.00	0.75	0.80	9	Y.
45,72,400	40,84,021	1,11,74,204	49,96,960	1,709	Kirloskar Brothers Ltd.	Kirloskar Electric Co. Ltd.	19 00	25	2.50	3.00	3.50	2.50	7	Y.P.
27,20,447	49,67,710	1,14,26,666	38,15,988	38,460	Kirloskar Brothers Ltd.	Kirloskar Oil Engines, Ltd.	51.00	10	0.75	1.00	0.90	1.10	6	Y.
15,00,000	4,58,946	25,16,944	6,77,994	5,683	Kirloskar Brothers Ltd.	Kirloskar Industries	51.00	10	1.00	1.00	1.00	1.00	3	Y.
1,10,00,000	26,76,765	1,21,61,582	37,43,210	96,248	Kirloskar Brothers Ltd.	Kirloskar Pneumatic Co., Ltd.	347.50	100			1.43	1.60	3	Y.
52,81,207 } 13,19,187 }	1,23,686	1,03,47,668	23,93,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	42.00	10	1.25	1.25	1.80*C	12.50	3	Y.P.
14,15,040 } 22,92,480 }	....	15,04,175	....	....	B. L. Kucheria, Esq. (Secretary ..	Lynx Machinery	4.50	10	*Nil*	*Nil*	*Nil*	1.80	3	Y.P.
1,32,00,000	42,57,983	1,59,29,983	46,47,975	1,10,709	M.	Mahindra & Mahindra Ltd.	8 12	10	*Nil*	*Nil*	*Nil*		9	Y.P.
26,00,000	....	76,422	46,422	40,424	Prithivraj Sons	Mysore Industrial Corporation Ltd. ..	22.24	10	2.20	1.25	1.25			
11,00 000	1,72,712	41,60,471	25,65,495	2,771	P. Jhunjhunwala, Esq. (Mg. Director) .	McKenzies	20.50	100	*Nil*	*Nil*	1.25		10	Y.P.
61,42,910	57,00,000	1,88,14,415	50,48,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	148 75	100	*Nil*	*Nil*	*Nil*		3	Y.P.
57,50,000	42,81,615	1,28,07,888	60,90,019	9,724	Kirloskar Associates	Mysore Kirloskar Ltd.	27.75	10	1.50	1.00	10.00		3	Y.P.
							175.00	100	7.50	12.00	1.20	1.20	3	Y.P.
15,55,000	11,14,847	32,30,008	12,76,236	21,532	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	118 00	50	6.00	6.00	12.00	12.00	6	Y.
22,27,740 } 27,72,260 }	9,89,198	92,80,855	20,78,762	17,988	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	86.20	50	6.50	4.50	6.00	6.50	3	Y.
22,50,000	1,46,32,085	9,86,956	1,76,039	12,889	Walchand & Co. Private Ltd.	Premier Construction	227.00	100	....	9.00	12.00	9.00	3	Y.P.
80,00,000	42,07,875	1,09,88,938	48,98,335	9,310	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	707 50	50	12.00	18.00	18.50		12	Y.P.
87,55,42,550	27,66,24,572	1,85,51,78,192	68,75,78,212	34,084	Tata Industries Private Ltd.	Tata Iron and Steel	175 00	100	12.00	18.00	18.50		12	Y.P.
7,99,07,300	2,38,57,403	24,50,95,291	11 17,31,117	2,47,859	Tata Industries Private Ltd.	Tata Locomotive	139 50	75 Old	8.25	6.80	12.00	18.00	12	Y.P.
10,00,000	3,35,000	23,37,750	8,10,644	17,018	T. Manekial & Co., ...	T. Manekial Mfg. Co.	856 50	100	9.00	9.00	9.72*C	10.80*	3	Y.P.
22,04,980	18,83,714	17,41,704	4,54,180	16,37,276	Mr. N. Dalal, Esq. (Chairman) ..	Travancore Tools (Ltd.	860 00	100	16.00	14.00	12.50	14.50	3	Y.P.T.
2,55,00,000	80,22,811	1,29,75,902	30,64,169	3,78,955	S. K. Handoo, Esq. (Mg. Director) ..	Voltas Ltd.	48 25	10	2.25	3.00	3.50	3.50	6	Y.
70,00,000	....	10,49,952	4,291	28,584	R. H. Toprani, Esq. (Secretary) ..	Zenith Steel Pipes Ltd.	286 50	100	9.00	18.00	18.00	18.00	6	Y.
							15.00	10	....	....	....	*Nil*	6	Y.
West Bengal and Other Centres														
5,00,000	1,06,470	26,89,661	18,48,876	1,80,382	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14 06	10	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.
50,00,000	80,54,221	1,01,45,489	65,62,025	406	M.	Bhartia Electric Steel	12 00	10	1.25	1.50	1.00	1.00	12	Y.
56,59,700	77,67,825	88,29,182	16,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	48 50	10	1.25	2.25	2.50		12	Y.
15,00,000	85,58,754	88,37,611	54,72,608	1,67,999	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	52.25	26	2.00*B*	2.00	2.00		12	Y.
19,88,670	7,04,341	39,97,520	14,08,385	82,996	Bolmer Wilson & Co., Ltd.	Britannia Building and Iron	8 50	10	0.50	0.60	3.00		12	Y.T.
50,00,000	44,88,365	1,31,00,880	55,16,664	1,88,852	McLeod & Co., Ltd.	Britannia Engineering	12 06	10	0.50	0.60			12	Y.T.
5,00,000	11,27,315	26,82,140	16,10,502	91,788	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	39.00	10	0.80	1.00	1.00		3	Y.P.
84,00,000	2,55,85,859	5,20,79,050	3,25,00,840	1,21,244	Martin Burn Ltd.	Burn & Co.	21.00	10	1.00	1.00	1.00		3	Y.T.
1,00,00,000	11,86,232	80,39,989	6,03,024	1,65,056	M.	Calcutta Steel Co., Ltd.	573.00	100	20.00	28.50	4.50		12	Y.T.
1,00,00,000	12,33,036	1,89,66,744	10,16,906	5,17,174	K. L. Malharia, Esq.	Central India Machinery Mfg. Co. Ltd.	10 00N	10	*Nil*	*Nil*	9.50	25.50	4	Y.T.
80,00,000	16,00,000	1,25 47 313	27,98,088	1,64,773	J. Talmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	12 12	10	*Nil*	*Nil*	*Nil*	1.50	3	Y.P.T.
60,93,400	16,17,000	46,46,941	15,56,138	8,374	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	15.00	10	1.00	2.00	2.00		6	Y.
56,00,000	22,27,652	49,26,066	9,70,166	2,477	Harparshad & Co. Private Ltd.	Escorts Ltd.	19.37	10	0.50	1.00	1.00		9	Y.
4,00,00,000	63,05,809	8,58,20,521	2,62,46,302	....	Martin Burn Ltd.	Guest, Keen, Williams (Mg. Director)	46 00	10	2.00	2.50	1.00		12	Y.
12,56,000	28,50,648	61,88,962	41,37,127	....	Martin Burn Ltd.	Hooghly Docking	108 00	50	5.00	6.00	1.50		12	Y.P.
13,44,06,990	24,26,37,632	81,16,88,664	17,34,44,848	16,41,911	Martin Burn Ltd.	*Indian Iron and Steel*	24 84	10	2.00	2.00	1.00*C*		12	Y.T.
99,68,075	67,67,396	1,51,15,577	76,52,068	58,466	Martin Burn Ltd.	Indian Standard Wagon	160.00	25	4.00	5.00	5.00		12	Y.T.
96,58,160 } 28,680 }	2,52,04,622	2,22,95,589	1,52,64,925	10,98,455	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	47 37	10	5.00	5.00	7.125	7.125	3	Y.T.
45,22,723	3,71,841	36,01,297	18,94,284	10,662	C. R. Ramaswamy, Esq. (Mg. Director).	Indian Steel Rolling Mills Ltd.	13 50	0.1	0.40	0.60	0.75		3	Y.
1,07,48,723	90,64,293	4,34,86,950	1,69,45,698	7,173	Madan Mohanlal Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	11.75	10	0.70	0.70	0.24	1.25	3	Y.P.
44,00,000	49,31,000	81,62,668	25,40,754	96,487	J. K. Industries Private Ltd.	J. K. Steel Ltd.	27 81	16	1.25	1.50	1.715	1.715	3	Y.P.T.
2,25,97,000	1,47,08,415	5,16,81,991	1,02,58,799	57,411	B. P. Singh Roy, Esq. (Chairman) ..	Jessop & Co.	19 94	10	1.25	1.25	1.25	2.00	6	Y.
27,64,800	42,28,266	95,25,077	36,24,562	37,543	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	22 81	10	0.60	0.858	0.858*C*		6	Y.P.
10,50,000	10,86,336	19,41,879	15,38,707	—8,26,589	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India), Ltd. ..	4 06	2	0.80	0.80*C*	0.80		10	Y.P.
40,00,000	15,56,068	1,44,34,142	56,32,008	—7,03,389	M.	National Iron and Steel Co. Ltd. ..	6 40	2	0.40	0.80	*Nil*		6	Y.T.
60,00,000	24,06,943	76,55,140	24,16,313	4,88,188	S. B. Ind. Development Co. Ltd. ..	Richardson & Cruddas Ltd.	5 56	10	0.62	0.80	*Nil*		6	Y.P.
6,00,000	15,56,099	31,20,671	20,15,012	15,803	The British India Corpn. Ltd.	Saran Engineering Co.	10 31	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
1,50,00,000	58,57,153	4,86,27,471	2,19,21,101	58,787	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	20 70	10	1.50	2.00	2.00		6	Y.
20,84,400	14,51,916	77,82,000	30,25,434	17,127	Balasundaram & Co.	Textool Co., Ltd.	187 00	100	12.50	15.00	15.00	15.00	6	Y.P.

* Includes bonus. † Subject to taxation. 'C'—On Increased Capital. B.—*Includes a distribution of Re. 0.75 per share for the year 1954

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
63,56,000	2,17,59,602	4,00,13,820	1,14,17,317	1,33,167	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd...	19.00	10	0.90	1.00	1.20	1.20	3	Y.F.T.
1,00,00,000	47,93,750	1,51,27,464	66,46,057	3,01,680	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	21.39cd	10	1.25	1.25	1.80	0.90	3	Y.
30,00,000	37,89,988	40,22,955	27,41,150	2,99,448	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	21.87	10	1.50	2.00	2.50*	2.25	8	Y.
3,44,97,155	45,25,000	3,76,67,956	98,83,296	50,750	M. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.25	10	1.25*	1.80	1.80	0.30	9	Y.
90,00,000	27,38,863	41,63,259	23,39,465	1,42,293	Associated Battery Makers (B) Ltd. A. ..	Associated Battery Makers (E) Ltd. A.	32.12	10	2.40	4.00	2.50	1.50	12	Y.
1,18,00,000	88,01,455	1,02,25,165	56,36,193	3,57,584	H. R. G. Gregson, Esq. (Mg. Director) ..	Associated Hotels of India	5.00N	10	0.60	4.00	2.50	1.50	8	Y.
80,00,000	82,46,521	1,09,70,999	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.F.T.
80,91,400	95,40,909	79,01,396	41,74,564	5,75,403	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	278.00	100	20.00	25.00	25.00		12	Y.
13,00,000	25,38,976	37,24,157	31,31,357	1,86,199	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co., Ltd.	38.62	10	2.50	4.50	4.00		12	Y.
20,00,000	9,27,185	66,75,796§§	59,026		Lovelock & Lewis ..	Birds Investment Ltd.	12.62	10	0.70	1.10	0.95	1.00	9	Y.F.
46,87,020	72,69,286	1,48,96,874	60,07,677	2,84,279	K. Julian Scott, Esq. (Mg. Director) ..	Britannia Biscuits	45.25	10	1.20	1.40	2.50	3.00*	3	Y.F.T.
2,25,00,000	1,95,44,212	3,00,84,668	2,33,94,496	3,34,056	H. S. Chaturvedi, Esq. (Mg. Director).	British Paints (India) Ltd.	11.44	5	Nil	Nil	0.20		13	Y.F.
28,16,548	80,39,509	42,37,817	22,12,123	20,721	A. V. Niblett, Esq. (Mg. Director) ..	Clive Row Investment	24.00	12.50	1.50	1.50	1.25		12	Y.
1,32,80,000	14,76,849	1,88,75,787§§		2,52,457	Andrew Yule & Co., Ltd.	Delhi Flour Mills Co., Ltd.	8.94	10	0.75	0.83†	0.80		12	Y.
8,95,000	10,00,000	40,04,000	28,47,106	8,600	M.	Dunlop Rubber Co. (India) Ltd. ..	15.00	10	1.00	1.00	1.00		10	Y.F.T.
9,00,00,000	5,08,87,500	10,39,79,495	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director) ..	Duncan Brothers & Co., Ltd.	43.44	10	1.62	2.15	2.15		12	Y.F.T.
90,00,000	1,12,50,000	51,00,870	2,02,62,100§§	4,22,721	K. P. Goenka, Esq. (Chairman) ..	Dyer Meakin Breweries	153.00	100	10.00	14.00	14.00		12	Y.
27,56,855	1,76,30,004	85,09,851	27,71,678	12,665	N. N. Mohan, Esq. (Mg. Director) ..	Eastern Investment Ltd.	41.75	5	0.75	0.80	1.25	1.50	3	Y.
51,26,000	61,19,702	1,04,39,353§§		2,67,765	Bird & Co. Private Ltd.	East Anglia Plastics (India) Ltd. ..	153.00	100	9.00	14.00	14.00	14.00	12	Y.F.
12,49,250		4,92,055	6,366	23,611	M.	Enfield India Ltd.	31.00	10				Nil	3	Y.
44,95,240	4,87,249	59,44,050	12,33,911	4,115	S. Sankaran, Esq. (Mg. Director) ..	Ennore Flour Mills Co., Ltd.	12.15	10	Nil	0.50	0.50		12	Y.F.
48,99,137	77,72,310	95,23,776	52,86,250	4,07,838	Satya Narain Gupta, Esq. (Chairman).	Ganges Rope Co., Ltd.	24.00	12.50	1.50	1.50	1.25		12	Y.
14,50,000	15,80,821	38,09,972	23,58,800	70,927	Macneill & Barry Ltd.	General Papers Ltd.	231.00	100	15.00	17.00	17.50	20.00	3	Y.
7,50,000	4,20,000	1,21,085	43,631	5,551	Gany & Co.	General Tyres Ltd.	10.32	10	1.25	1.25	1.25		3	Y.
39,97,875		2,41,968	1,338	—1,05,203	National Rubber Mfrs. Ltd.	Gillanders Arbuthnot & Co., Ltd. ..	5					Nil	6	Y.
63,00,000	36,24,208	30,57,102	15,91,667	1,71,222	F. E. G. Woodhine Parish, Esq. ..	Godfrey Phillips India Ltd.	14.19	10	1.00	1.00	1.00		4	Y.F.
40,00,000	5,08,500	78,33,840	44,84,526	13,87,710	D. S. Barron, Esq. (Chairman) ..	Great Eastern Hotel	31.00	10	2.00	2.00	4.00		12	Y.F.
20,00,000	18,10,650	88,65,436	43,28,959	21,282	B. P. R. Syndicate	Hindustan Motors	153.00	100	15.00	15.00	22.50		3	Y.F.
4,66,13,850	1,35,51,450	8,83,47,837	8,84,01,947	2,75,552	Birla Brothers Private Ltd.	Hindusthan Pilkington Glass	22.00XR	10	0.50	0.60	0.90	1.20	3	Y.F.
82,00,000	16,54,523	99,46,377	38,07,174	1,81,125	Lalukdar Law & Co. Private Ltd. ..	Hindustan Twyfords Ltd.		10		1.20	..	..	10	Y.
11,40,000		1,00,469		Ramparsad Muriddhar & Co. ..			16.62	5						
14,26,000														
15,15,00,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	13.00	10	0.70	0.60	0.80	0.90	3	Y.
3,99,99,420	2,49,73,620	9,79,93,586	3,55,95,785	49,90,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	39.69	10	0.70	1.20	1.50		12	Y.F.T.
3,85,77,700	2,29,18,801	8,17,93,518	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman) ..	Indian Cables	37.37	10	1.50*	1.50*	2.25	2.25	3	Y.F.T.
2,60,00,000	2,11,56,459	6,83,33,000	2,01,21,939	18,06,459	Satya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	39.12	10	1.50	1.50	1.50	1.50	3	Y.
29,93,375	1,06,104	54,89,157	21,21,520	3,633	M.	Indian Plastics Ltd.	10.37	10	Nil	Nil	Nil	Nil	3	Y.F.
9,27,975	7,54,870	19,61,878	11,01,643	1,32,065	M.	Indian Rubber Manufacturers	10.18	10	1.00	1.50	2.00		3	Y.F.
48,98,620		88,01,511	1,87,698	—6,39,700	Duncan Brothers & Co., Ltd. ..	Isaac Holdens (India) Ltd.	18.12	10	..	..	0.50		10	Y.
2,99,99,000	74,12,017	45,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman) ..	Jardine Henderson	82.00	100	2.50	5.00	7.00	7.00	3	Y.F.
15,00,000	12,02,095	18,79,279	18,27,977	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.56	10	3.50	2.00	1.00		3	Y.F.
1,47,12,250	1,21,48,546	90,45,005	20,25,254	2,45,561	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	32.37	10	1.50	2.75	2.75	2.75	9	Y.F.
16,00,000	8,00,000	23,46,291	3,49,181	14,953	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	26.00	10	2.00	3.00	3.00		12	Y.
40,00,0000	78,79,891	81 96,909	13,63,608	2,18,917	M.	McLeod & Co.	215.00	O. 100	13.50	15.00	15.00		12	Y.F.
2,00,0000							—	D.0.10	0.75	1.00	1.00			
1,01,00,000	1,68,78,151	3,61,57,826	1,40,28,040	28,85,973	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	62.25	10	1.75	1.75	2.50	2.50	3	Y.
20,00,000	7,90,891	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electrical Industries Ltd. ..	218.93	100	11.00	15.00	24.00	20.00	3	Y.
6,56,250	9,18,696	12,19,854	6,85,650	3,471	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	32.29	10	1.50	1.80	2.00		3	Y.F.
10,00,000	8,28,080	20,99,182	12,41,906	11,413	K. V. Siddalingappa, Esq. (Chairman).	Mysore Tobacco	9.00	10	1.25	1.25	1.00		3	Y.
90,00,000	1,60,09,310	1,39,45,856	57,73,861	50,820	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	42.75	10	2.00	2.00	2.50	2.50	3	Y.F.
30,00,000	31,10,865	51,52,479	29,05,655	67,385	De.	National Pipes & Tube Co., Ltd. ..	30.31	10	1.25	1.50	2.00	2.00	9	Y.F.
40,00,000	86,76,100	81,69,908	41,41,925	39,258	Do.	National Rolling & Steel Ropes	20.75	10	1.00	1.00	1.25	1.50	3	Y.
15,75,000	12,28,074	1,05,39,482	89,58,266	46,085	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	12.94	10	0.60	0.85	Nil		12	Y.
79,97,000	1,17,55,085	1,50,40,984	81,18,295	9,33,725	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co., Ltd.	10.18	10	1.10	1.60	1.60		12	Y.F.T.
23,52,100	11,02,891	40,05,244§§		45,497	Hamduti Ramkissendas	New India Investment Corpn. Ltd. ..	44.00	75	7.75	6.50			12	Y.
15,00,000	7,02,000	15,17,585	7,24,601	1,81,891	Parry & Co., Ltd.	Parrys Confectionery Ltd.	4.53cd	1	0.20	0.20	0.30	0.30	3	Y.
5,30,00,000	56,08,958	2,16,94,776	66,69,501	68,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	38.62	10	0.85	1.20	1.20		12	Y.
62,50,000		4,88,081		—1,76,940	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	25.75	5				Nil	3	Y.
18,00,000	1,09,481	8,39,781	2,90,184	2,558	V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	4.00	5	0.375	0.375	Nil		3	Y.
36,80,736	17,25,287	48,65,614	24,00,977	43,537	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd.	19.30XR	10	1.50	1.50	2.50	1.80	12	Y.
2,25,00,000	3,15,42,305	71,06,305	36,01,860	4,35,553	Badridas Goenka, Esq. (Chairman) ..	Ralli India Ltd.	166.50	100	Nil	Nil	4.00	8.50	3	Y.F.
4,96,80,000	2,54,60,000	15,98,24,741	6,76,83,925	5,96,527	Sahu Jain Ltd.	Rohtas Industries	17.62	10	2.00	1.50	2.00	1.00	3	Y.F.T.
70,00,000	58,57,726	2,76,12,629	72,19,661	1,17,247	K. D. Ganguli, Esq.	Sen-Raleigh Industries	22.56	10	0.60	0.80	0.80		10	Y.
31,60,000		56,84,012	2,06,601	—5,26,174	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	10.10	10	..	Nil	Nil		12	Y.F.
15,00,000	1,01,990	19,67,084	5,31,233	3,028	Mr. M. A. Chidambaram (Chairman) ..	Southern Ind. Corporation	9.79	10	Nil	1.50	1.30			
6,57,000							7.15	10	Nil	..	0.225	..	12	Y.
49,50,000	3,82,300	38,06,520	3,68,613	—11,26,061	Mr. N. Ranganadhan (Mg. Director) ..	Southern Structurals	11.25	10	Nil	Nil	Nil		12	Y.
75,00,000	56,68,000	1,87,90,319	37,64,411	5,18,608	S. M. Seth, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	24.00	10	1.50	1.50	1.50		12	Y.F.
40,00,000	91,92,000	1,55,18,510	61,50,432	9,57,452	W. Stephenson, Esq.	Spencer & Co., Ltd.	24.25	10	1.50	1.80	1.80	1.80	12	Y.F.
17,00,000	24,40,000	1,85,84,029	89,78,775	2,974	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	16.70	10	0.75	0.90	0.90		12	Y.F.
15,00,000	96,24,802	1,18,49,116	28,59,182	58,461	J. K. Agents Private Ltd.	Straw Products Ltd. &	9.97	10	1.25	1.50			12	Y.
9,98,980	80,006	16,58,410	7,47,194	3,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.10cd	10	0.40	0.60	0.60		12	Y.
11,58,550	14,45,553	14,00,718	7,70,662	91,515	B. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	31.50cd	10	2.00	2.75	3.25*	1.50	9	Y.F.
2,50,00,000	1,56,81,814	3,97,55,030	93,05,418	12,08,288	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	286.00	100	10.00	10.00	10.00	10.00	3	Y.
30,58,950	29,656	68,58,938	17,68,838	56,306	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	8.75	10	Nil	Nil			9	Y.
3,50,00,000	1,67,15,558	6,04,41,085	1,15,62,837		J. B. Galloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	53.37	10	1.40	1.80	1.80		12	Y.F.
80,00,000	60,00,000	58,86,994	19,50,050	56,024	Vittal Mallya, Esq. (Chairman) ..	United Breweries Ltd.	82.25	10	2.50	5.00	6.00	6.00	3	Y.
3,00,000	6,60,191	8,85,522	5,93,851	28,594	Shaw Wallace & Co. Ltd.	United Fibre Mills Ltd.	32.50	10	3.75	5.00	3.50		11	Y.
81,46,200	27,80,459	1,06,78,928	35,59,149	6,364	A. K. Kaderkutty Esq. (Mg. Director).	Western India Plywoods Ltd.	208.00	100	19.00	10.00	10.00	12.00	3	Y.F.
TRANSPORT														
20,00,000	25,17,850	1,23,16,309	21,49,792	26,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	116.00	100	6.00	8.00	7.50		10	Y.F.
1,00,00,000	61,52,703	4,85,99,781	2,33,57,012	—88,10,689	Dinshaw (Private) Ltd.	Bharat Line	120.00	100	10.00	10.00	Nil		12	Y.
60,00,000	2,08,62,445	6,16,52,906	2,55,75,629	1,86,750	A. R. Bhiwandiwalla & Co. (Bombay) Private Ltd. ..	Great Eastern Shipping Co.	6.12	5(New)	0.90	0.825	0.80	0.39	6	Y.F.
20,00,000							70.25	£10	Nil	Nil				
6,66,660	£1,242,443	£5,811,271	£3,536,891	—£3,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	7.19	10	1.00	1.00	1.00	Nil	12	Y.F.
2,47,50,000	2,46,51,885	23,76,87,961	5,76,03,817	—41,04,534	Lionel Edwards (Private) Ltd.	India Steamship Co.	12.40	20	1.25	1.50	0.60	0.60	3	Y.F.
11,28,19,295	11,19,95,184	88,12,01,740	11,55,38,414	2,82,887	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	4.60	O. 1	0.14	0.20	0.30		6	Y.T.
O.3,40,500							3.00	P.O. 1	0.12	0.15	0.30		12	Y.
P.O.2,10,200	24,07,422	18,85,807	9,51,870	1,60,869	R. R. Aiyer Esq. (Manager)	Walford Transport‖Ltd.								

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,50,000	89,20,799	1,39,22,812	85,35,843	28,149	Shaw Wallace & Co., Ltd. ..	Amalgamated Coalfields	21.75	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,977	41,29,074	34,78,442	—2,59,124	Jardine Henderson Ltd.	Bararee Coke	16.25	10	0.50	Nil	Nil	Nil	3	Y.
4,49,350	1,50,132	11,60,126	6,76,025	4,987	Kalyanji Mavji & Co.	Bengal Coal	3.48N	10	0.50	Nil	Nil		12	Y.
1,00,00,000	2,06,23,467	7,45,29,664	4,86,40,636	10,50,820	Andrew Yule & Co., Ltd.	Bengal-Nagpur	354.00	100	17.50	25.00	25.00		10	Y.F.
2,25,000	5,17,542	23,13,286	21,49,181	4,124	Sahu Jain Ltd.	Bharat Collieries	18.50	10	Nil	Nil	1.00		12	Y.
40,00,000	61,200	1,48,74,215	80,25,554	2,30,479	M.	Bhulemhararee	7.37	10	0.60	Nil	Nil		6	Y.F.T.
7,15,000	14,93,844	57,66,346	36,78,757	—6,96,932	F. W. Heligers & Co. (Private) Ltd. ..	Borrea	5.00N	10	Nil	Nil			3	Y.T.
7,50,000	21,72,444	45,42,264	29,85,008	81,581	Bird & Co. Private Ltd.	Burrakur	28.25	10	0.75	1.00	1.50		12	Y.
90,92,492	1,43,79,737	4,52,50,649	2,38,26,119	58,164	Hindustan Investment Corpn. Ltd. ..	Central Inda	13.00	10	0.875	1.30	1.30	1.30	6	Y.
49,97,750	6,88,979	82,38,293	31,00,614	1,11,570	Jain Industries	Central Kurkend	11.04	10	0.50	0.50	0.80	1.00	6	Y.F.
8,00,000	12,99,490	53,54,287	34,91,864	7,005	F. W. Heligers & Co. (Private) Ltd. ..	Churia	7.00N	10	0.50	Nil			3	Y.
5,00,000	1,50,159	5,98,756(Wk)		7,048	M.	Dhanpo Main	3.06	4	0.20	0.12	0.12		12	Y.
16,00,000		57,61,927	33,05,625	—1,06,801	Jardine Henderson Ltd.	East Indian	6.75	10	Nil	Nil			12	Y.
£240,000	£429,207	£1,464,191	£857,985	£16,250	Macneill & Barry Ltd.	Equitable	37.00	41	1.00	1.25	1.50	2.00	4	Y.
29,52,760	1,16,52,107	4,94,12,566	2,46,60,886	1,10,574	Bhatter's Agency Ltd.	Ghusick and Msalia	26.04	10	1.50	0.75	1.50		12	Y.F.T.
10,00,000	40,000	24,58,595	8,45,300	—5,50,078	Killick Industries Ltd.	Hingir-Rampur	14.00	Nil	Nil	Nil	Nil		3	Y.
12,00,000	2,08,371	44,46,519	29,14,342	797	M.	Hurriladih	32.06	50	Nil	Nil	Nil	Nil	6	Y.F.
3,00,000		24,79,528	20,13,904	—8,47,957	M.	Karanpura Collieries	14.37	10	Nil	Nil			12	Y.
20,00,000	7,64,717	45,86,822	12,93,862	40,019	Bird & Co. Private Ltd.	Katrai Jherlah	19.04	10	0.50	0.50	0.75		3	Y.
14,88,460	16,10,178	59,54,522	41,77,254	1,86,677	Andrew Yule & Co., Ltd.	Lalurka	49.00	10	1.50	5.00	7.50	10.00	3	Y.F.
9,00,000	10,25,705	6,16,729		39,093	F. V. Low & Co. (Private) Ltd.	Nasira	13.75N	10	1.00	0.50	0.50	4.00	1	Y.
7,48,240	2,80,000	13,59,978	10,13,858	17,140	Tantia Brothers Private Ltd.	New Beerbhoom	4.87	10	0.75	1.00			4	Y.
21,87,310	27,39,584	1,62,48,573	1,06,23,094	76,708	Andrew Yule & Co., Ltd.	New Mashbhoom	21.50	10	1.50	1.50	1.00		10	Y.F.
6,00,000	3,90,206	12,37,138	3,80,199	51,280	Octavius Steel & Co., Ltd.	North West	18.62	10	0.50	0.50	0.75	0.90	3	Y.
1,15,000							22.06	10	1.50	1.50	2.00			
1,87,500	8,84,525	12,96,398	9,60,464	23,053	M.		17.87N	7.50	1.12	1.12	1.50		3	Y.
7,50,000							14.49	10	0.50	0.50	1.50			
7,46,000	12,80,908	2,02,528	22,84,506(k)	35,398	P. Prashad, Esq. (Chairman)	Ondal	17.86	10	0.50	0.62	0.75		12	Y.F.
8,34,000	1,37,202	35,04,745	33,15,937	1,617	Deepchand Khaleelali	Parasea	15.04	10	1.00	1.00	1.125	1.50	12	Y.F.T.
15,75,000	22,84,500	53,62,260	51,27,380	52,139	Shaw Wallace & Co., Ltd.	Pench Valley	15.00	10	2.00	1.00	1.00	1.00	3	Y.
32,99,160	39,45,121	1,59,19,235	1,10,16,981	50,804	Do.	Ramagoonga	30.00	10	1.00	1.00	1.50	1.70	3	Y.
18,00,000	11,81,590	52,12,837	35,37,254	29,537	Shaw Wallace & Co., Ltd.	Rewa	30.00	10	1.00	1.00	0.50		12	Y.
27,00,000	80,09,870	1,12,26,241	33,46,279	24,996	M.	Samla Collieries	8.87	10	0.50	0.70	1.00		12	Y.
19,50,000	2,25,016	9- 00,005	9,63,414	2,494	S. D. Setthia & Co. Private Ltd. ..	Selected Saigram Collieries.	120.00	100	12.50	16.00	16.00	8.00‡	12	Y.
3,00,000	1,46,000	21,08,188	20,94,227	87,533	Andrew Yule & Co., Ltd.	Seebpore	47.00	7	1.75	3.00	3.00		12	Y.F.
3,00,000	11,14,429	21,03,183	13,04,548(k)	1,111	F. W. Heligers & Co. (Private) Ltd. ..	Sendra	6.44	10	Nil	0.35	0.50		12	Y.
3,00,000	4,09,548	25,749	13,04,548(k)	39,703	P. M. Nayak, Esq. (Chairman)	Singareni	10.56	10	0.75	0.75	0.70		12	Y.F.
8,00,01,000	72,63,511	8,26,23,180	3,52,39,469	10,622	Bird & Co. Private Ltd.	South Karanpara	7.19	10	0.75	0.80	0.75	Nil	9	Y.
17,50,000	7,71,506	45,97,038	22,47,469	—1,54,124	F. W. Heligers & Co. (Private) Ltd. ..	Standard	15.50	10	1.40	1.80	1.80		8	Y.
3,00,000	15,49,919	1,53,787	30,58,329(k)	20,718	F. W. Heligers & Co. (Private) Ltd. ..	Usleo	10.00xd	10	0.25	Nil	1.50		12	Y.
3,50,000	2,51,999	20,49,970	15,49,967	28,484	B. M. Varma, Esq. (Mg. Director) ..	Western Bengal	6.00	10	Nil	Nil			12	Y.
49,98,980	5,00,567	99,20,910	38,51,981	15,622	Hindustan Investment Corpn. Ltd. ..	West Jamuria	10.37	10	Nil	Nil	0.60	0.75	3	Y.
7,00,000	....	60,41,429	30,68,510	—2,48,488	M.								3	Y.

§.—The reserves of Shaw Products Ltd. include a non-distributable amount of Rs. 63,49,654 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

‡‡ Investment at cost.

* Includes bonus.

E.—Olive Raw Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 27 nP for the year ended 31st March 1956.

G‖ Investments.

M.—Managed by the Board of Directors.

N.B.—Dividends paid since 31st March 1960 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 113 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X. B. Ex-Bonus.

BANKS

| Paid-up Ordinary Capital Rs. or £ | Reserve Fund Rs. or £ | Carried Forward Rs. or £ | Name of Bank | Latest Available Quotation Rs. or £ | Paid-up per Share Rs. or £ | Dividend per Share 1958 Rs. nP | 1959 Rs. nP |

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	95.50	100
BREWERIES AND SUGAR						
Bharat Sugar M.C.	5,06,500	1931	5.00	Dec. ..	70.00	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	80.50	100
Garew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar. Sep.	118.00	100
Cawnpore Sugar Works T.F.C.	10,00,000	1905-24	8.00	Feb. Aug.	.. ..	10
Deccan Sugar & Abkhar 'A' T.F.C.	7,00,000	1920	7.00	July Apr.	4.92xd	5
East India Distilleries T.F.C.	£200,000	1897	7.00	Jan. July	16.06xd	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	62.00	100
Do. (Non-redeem.)	8,00,000	1940	7.00	Dec. ..	62.00	100
Partabpore Co. C.	8,00,000	1922	10.00	Oct. ..	11.00	10
Ramnugger Cane T.F.C.	4,00,000	1938-56	6.00	Aug. ..	45.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct. Apr.	60.00	100
Samth Bihar Sugar	5,00,000	1936	7.00	Oct. ..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec. ..	6.05	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec. ..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec. ..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April May	120.50	100
COAL						
Serres T.F.C.	14,00,000	1896-97	5.50	Oct. Apr.	82.00	100
Burrakur (1st) T.F.C.	22,00,800	1901-10	7.00	Apr. Oct.	90.00	100
Do. (2nd) C.	4,50,000	1946	6.00	.. ..	6.37	10
Equitable T.F.	4,00,000	1895	6.00	Mar. Sept.	72.00	100
Karanpura Collieries C.	9,89,500	1946	5.50	.. ..	7.00	10
††Khas Kajora C.	1,93,000	1931	5.00	Mar. Sept.	7.00	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan. July	10.50	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr. Oct.	82.00	100
COTTON						
Ahmedabad Advance T.F.C.	10,00,000	1919	5.00	Apr. Oct.	71.00	100
Bangalore C.T.F.	5,00,000	1884	6.00	Jan. July	106.63xd	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov. ..	7.50	10
Bawrah 'A' T.F.	6,00,000	1900	5.00	Feb. Aug.	110.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb. Aug.	71.00	100
Bradbury T.F.	14,75,000	1919	7.00	June Dec.	48.00	50
Buckingham & Carnatic C.T.F.	21,30,200	1920	7.50	Jan. July	118.00	100
Cambodias C.T.F.	1,00,000	1928	7.00	Apr. ..	90.00	100
Central India T.F.	50,00,000	1912	5.00	Apr. Oct.	427.50	500
Century Syg. & Mfg. Co. T.F.R.C.	1,25,00,000	1958	6.00	Dec. ..	108.00	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June ..	78.50	100
Elgin T.F.C.	11,00,000	1912	8.00	May ..	105.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July ..	6.75	10
Ephmatone C.	25,00,000	1919	7.00	May Nov.	72.00	100
Kesoram T.F.C.	20,00,000	1919	7.00	June Dec.	105.00	100
Khatau Makanji (2nd) T.F.	29,92,500	1947	4.00	Nov. ..	77.00	100
Kothari C.T.F.	18,00,000	1937	6.00	Dec. ..	8.80	10
Kothari 'B' (Pref.) T.F.C.	8,00,000	....	6.00	.. ..	8.75	10
Lakshmi Cotton (Bombay) C.	16,00,000	1936	5.00	.. ..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan. ..	70.00	100
Mysore Spg. C.	7,46,050	1944	4.50	.. ..	20.00	50
National Rayon C.	1,74,64,700	1947	5.00	.. ..	73.00	100
New Great	8,00,000	1913	5.50	Mar. ..	107.00	200
Pedar Mills T.F.C.	10,00,000	1943	4.00	Feb. ..	66.00	100
Rajalakshmi C.T.F.	2,00,000	1932	6.50	Apr. ..	44.50	50
Shree Nivas Cotton T.F.C.R.	4,80,000	1944	6.00	.. ..	63.50	100
Swadeshi T.F.C.	15,00,000	1936	5.00	Apr. Oct.	86.00	100
Swadeshi (Kanpur) T.F.C.	55,00,000	1927	6.00	June ..	69.00	100
Travancore Rayon C.T.F.	50,00,000	....	6.00	Dec. ..	7.30	10
Vasanta (1st) C.T.F.	8,00,000	1931	6.50	Apr. Oct.	94.00	100
Do. (2nd) C.T.F.	1,50,000	1933	6.00	.. ..	885.00	500
Lakshmi-Vishnu	18,68,500	1908	7.00	Apr. ..		
ELECTRICS						
Andhra Valley Power Supply C.	49,84,000	1917	7.00	May Nov.	991.25	1,000
Amalgamated Electric T.F.C.	24,15,000	....	5.50	.. ..	71.00	100
Calcutta Electric T.F.C.	19,00,000	1909-13	5.00(t)	June Dec.	8.69	61
Poona Electric C.	4,00,000	1925	7.00	June Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	6.50	Sept. Dec.	7.80	100
Do. (2nd) C.T.F.	5,00,000	1940	5.50	.. ..	7.70	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr. ..	107.00	100
Tata Hydro Electric Power C.	89,28,000	1907	7.50	May Nov.	100.00	100
Tata Power T.C.	86,87,000	1918	7.50	May Nov.	1,027.50	1,000
Vellore C.	1,25,000	1928	6.00	Dec. ..	5.81	10
ENGINEERING						
Arthur Butler (Muzaffarpore) T.F.C.	1,50,000	1919	7.00	Mar. ..	12.00	10
Burn & Co. Ltd. (1st) T.F.C.	13,00,000	1895-98	7.00	Feb. Aug.	109.00	100
Do. (2nd) T.F.C.	15,00,000	1902	6.00	Feb. Aug.	99.00	101
Indian Iron and Steel Co., Ltd. T.F.C.	2,69,95,400	1950	5.00	Dec. ..	87.50	100
Indian Standard Wagon T.F.C.	19,66,500	1918	7.00	June ..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May Nov.	78.00	100
Kamani Engineering C.B.	15,00,000	1945	5.50	July ..	45.50	100
††† Kumardhubi Engineering T.F.C.	12,00,000	1916	6.00	June Dec.	72.00xdN	100
Larsen and Toubro Ltd. T.F.R.	18,00,000	1946-47-51	5.00	.. ..	88.00	100
Mahindra & Mahindra T.F.R.C.	25,00,000	1945	6.00	May ..	96.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	.. ..	51.00	100
Premier-Construction (1st)	10,00,000	....	6.25	.. ..	76.50	100
Do. do. (2nd) C.	15,00,000	1936	6.25	.. ..	68.00	100
Do. do. (3rd) C.	56,25,000	1947	4.50	.. ..	5.08	10
Tata Iron and Steel (1st) C.	75,00,000	1908	6.00	Nov. ..	135.00	150
Do. do. (2nd) C.	6,92,81,900	1908	7.50	May ..	105.00	100
JUTE						
Agarpara T.F.C.	10,00,000	1927	7.00	Jan. July	92.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb. Aug.	88.00	100
Alliance T.F.C.	15,00,000	1895	7.00	Mar. Sept.	65.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May Nov.	91.00	100
Auckland C.	10,00,000	1909	5.50	May Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June Dec.	67.00xd	100
Baily T.F.C.	20,00,000	1918	5.00	Apr. Oct.	88.00	100
Baraagore C.	£200,000	1896	5.00	May Nov.	88.00	25
Belvedere T.F.C.	7,00,000	1906	7.00	Jan. July	87.00	100
Birla C.	25,64,200	1919	7.50	June Dec.	88.50	100
Budge-Budge T.F.C.	7,00,000	1894	7.00	May Nov.	96.00	100
Calcutta T.F.C.	6,00,000	1924	6.50	Jan. July	45.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June Dec.	84.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June Dec.	86.00	100
Chhavalah T.F.C.	5,00,000	1928	7.00	Mar. Sept.	88.50	100
Clive (1st Pref) T.F.C.	8,00,000	1906	7.00	May Nov.	65.00	100
Do. (A) (2nd Pref.) T.F.C.	8,00,000	1905	7.00	May Nov.	73.00	100
Dalhousie T.F.C.	15,00,000	1908-13	7.00	May Nov.	90.00	100
Delta T.F.C.	5,00,000	1897	5.00	June Dec.	89.50	100
Empire T.F.C.	10,00,000	1912	7.00	Feb. Aug.	90.00	100
Fort Gloster T.F.C.	14,00,000	1890-96	7.00	May Nov.	98.00	100
Do. (2nd Pref.) T.F.C.	7,00,000	1948	5.00	.. ..	68.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May Nov.	90.00xd	100
Ganges T.F.C.	6,00,000	1916	8.00	June Dec.	90.00xd	100
Gouripore T.F.C.	25,50,000	1895-04	6.00	Mar. Sept.	77.00xd	100
Hastings T.F.C.	22,50,000	1935	6.00	May Nov.	78.00xd	100
Hoogly T.F.	11,76,000	1913	10.00	May Nov.	10.87	10
Howrah T.F.C.	8,75,000	1890	7.00	May Nov.	90.00	100
Do. T.F.C. (f)	17,50,000	1903-06	7.00	May Nov.	90.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June Dec.	90.00	100
Kamarhatty T.F.C.	16,00,000	1896-04	6.00	Feb. Aug.	71.00	100
Kashmerah T.F.C.	10,00,000	1900	6.00	Feb. Aug.	76.00	100

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest Available Quotation. Rs.	Paid-up per Share. Rs.
JUTE—*Continued*						
Kelvin T.F.C.	10,00,000	1907	7.00	Mar. Sept.	91.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May Nov.	81.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May Nov.	88.00xd	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May Nov.	90.00xd	100
Do. (B) T.F.C.	10,00,000	..	5.50	Dec. ..	70.00xd	100
Naihati T.F.C.	7,50,000	1905	7.00	May Nov.	112.00	100
Do. (2nd) (j) T.F.C.B.	10,00,000	1945	4.50	June Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May Nov.	87.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr. Oct.	78.00	100
New Central T.F.C.R.	38,00,000	1915	7.00	Jan. July	92.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May Nov.	69.00xd	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May Nov.	83.00	100
Sammugur C.	£150,000	1901	6.00	Feb. Aug.	Sh. 21.50N	£1
Seorah T.F.C.	10,00,000	1920	7.00	Feb. Aug.	91.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar. Sept.	89.00	100
Titaghur C.	£150,000	1897	6.00	Feb. Aug.	Sh. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May Nov.	88.00xd	100
Victoria C.	£150,000	1898	6.00	Feb. Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	5.00	Mar. Sept.	88.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS						
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov. ..	47.00	60
Calcutta Tramways C.	£250,000	1906	5.00	Apr. Oct.	7.25	£1
Indian General Nav. & Rly. C.	£244,080	1899	6.00	Mar. Nov.	77.00	£10
India Steamship (w) T.F.C.R.	25,00,000	1928	5.00	.. ..	65.00	100
TEA						
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May Nov.	29.25	10
††† Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan. July	93.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan. ..	96.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan. July	93.00	100
Glalle C.	2,00,000	1894	6.00	Sept. ..	93.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan. ..	96.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Mar. ..	89.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec. ..	83.00	100
Mohcema T.F.C.	8,20,000	1929	6.00	May Nov.	6.85	10
New Dooars T.F.C.	2,00,000	1907	6.50	Jan. July	93.00	100
New Samanbagh T.F.C.	1,00,000	1908	8.00	Nov. ..	90.00	100
††† Okayti T.F.R.C.	50,000	1888	7.00	Dec. ..	90.00	100
Pusumbing T.F.C.	2,05,000	1916	7.00	Jan. ..	84.00	100
Salon River T.F.C.	1,00,000	1909	8.00	May ..	80.00	100
***Tezpore C.	2,05,000	1922	8.00	Jan. ..	80.00	100
Tirribannah T.F.C.	1,00,000	1922	10.00	May Nov.	12.81	10
PLANTING						
Be Be Rubber C.	1,43,008	1944	6.25	.. ..	1.97	5
Do. B.C.	2,85,570	1944	6.25	.. ..	5.18	10
Cochin Malabar C.T.F.	1,13,300	1932	7.00	June ..	48.50	50
Coffee Lands C.T.F.	10,40,600	..	5.00	.. ..	68.00	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr., ..	80.25	100
Cottanad C.T.F.R.	1,00,000	1927	7.50	Nov. ..	8.82	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July ..	82.00	100
Highland Produce C.T.F.	3,00,000	..	6.00	July Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	6.00	Jan. July	5.72xd	10
Nilgiri Tea C.T.F.	2,81,250	1942	8.00	July ..	8.70	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar. ..	7.87	10
Teekoy Rubber C.T.F.	10,00,000	..	6.00	Mar. Sept.	6.80	10
T. R. & T. Agcy. C.T.F.	16,00,000	..	6.00	June Dec.	8.85	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov ..	7.91	10
MISCELLANEOUS						
Alembic Chemicals (1st)	5,00,000	..	6.25	June ..	70.00	100
Do. do. (2nd) T.F.R.C.	5,00,000	..	5.00	June ..	80.00	100
Alkali & Chemicals T.F.C.	31,00,000	1927	6.00	Apr. ..	87.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	.. ..	99.00	100
Andhra Cement C.T.F.	2,48,800	1927	6.00	Feb. June	92.74	100
Associated Hotels of India C.	21,67,000	1916	7.00	Mar. Sept.	54.00	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug ..	11.75	10
Bengal Paper Mill T.F.C.	2,00,000	1902	7.00	Mar. Sept.	48.50	50
Do. "A" T.F.C.	4,00,000	1923	7.00	Mar. Sept.	100.00	100
Do. "B" T.R.C.	20,00,000	1948	6.00	.. ..	62.00	100
Bengal Timber Trading T.F.C.	3,00,000	1896	8.00	Aug. ..	7.50	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Feb. Aug.	14.50	100
British Ceylon Corporation C.	17,50,000	1918	8.00	Feb. Aug.	6.00N	10
British India Corporation T.F.C.	31,00,000	1920	8.00	Feb. ..	100.00	100
Dalmia Cement (Bharat) C.T.F.	81,58,210	1937	6.00(f)	Sept. ..	7.00	10
Dhanagadhra Chemicals T.F.C.R.	31,91,900	1956	6.00	.. ..	86.00	100
Shree Digvijay Cement T.F.R.C.	79,93,875	1944	5.00	Dec. ..	77.50	100
Dunlop Rubber Co. (1st) T.F.C.	30,00,000	1926	6.00§	June Dec.	107.00	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1926	6.00	Apr. ..	76.00	100
General Investment Trust (1st) T.F.C.	1,00,600	1946	5.00	Feb. Aug.	51.00	100
Do. do. (2nd)	1,00,000	..	5.00	Feb. Aug.	48.00	100
Gillanders Arbuthnot(f) R.C.	25,00,000	..	5.00	Apr. Oct.	79.00	100
Hindustan Motors T.F.R.C.	1,60,67,250	1956	5.00	Mar. ..	207.00	100
Humayan Properties T.F.C.	12,00,000	1933	6.00	.. ..	6.75	10
India C.	29,35,000	1946	7.50	Oct. ..	81.00	100
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	June ..	89.00	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	Jan. July	92.00	100
Indian Cable (m) C.	15,87,750	1928	6.00	June Dec.	88.00	10
India Rubber Mfrs. (n) T.F.C.R.	8,28,000	..	5.00	Apr. ..	52.00	100
Jardine Henderson C.	50,00,000	1946	5.50	May ..	56.50	100
Kettlewell and Bullen (1st) C.	20,00,000	..	5.50	May ..	55.00	100
Do. do. (2nd) T.F.C.	10,00,000	..	4.00	May ..	68.00	100
Kumardhubi Fireclay & Silica C.R.	2,00,000	1915	7.00	June Dec.	61.00N	100
Martin Burn (k) T.F.C.R.	80,00,000	1946	5.00	Apr. Oct.	83.00	100
McLeod and Co. (1st) C.	10,00,000	1920	5.00	July Jan.	46.00	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July Jan.	61.00	100
Metal Box Co. C.R.	30,00,000	..	6.00	.. ..	84.00	100
Mettur Chemicals (Old) C.T.F.	20,00,000	1903-18	8.00	Feb. Sept.	9.70	10
Mysore Chemicals Mfrs. C.T.F.	2,00,000	1930	6.00	June ..	7.88	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug. ..	15.62xd	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Mar. Sept.	69.00	100
Do. do. (New) (q) T.F.C.R.	19,98,000	..	4.50	Mar. Sept.	62.00	100
Orient Paper T.F.C.R.	20,00,000	1936	5.50	Jan. ..	90.00	100
Do. (2nd) (r) C.R.	90,00,000	..	5.50	Apr. Oct.	88.50	100
Rohtas Industries (Old) T.F.C.	20,00,000	1936	5.00	Apr. ..	85.00	100
Do. do. (New) T.F.C.	85,04,700	..	7.00-9.00	Apr. ..	107.00	100
††Smith Stanistreet & Co. T.F.	5,00,000	1926	4.25	Apr. ..	54.00	100
Spencer & Co. "A" C.	22,20,000	1898	10.00	Feb. Aug.	65.00	50
Do. "B" C.	36,80,000	1922	8.50	Jan. July	7.85xd	10
Standard-Vacuum C.	75,00,000	1955	6.00	Jan. July	10.32xd	10
Star Paper T.F.C.R.	10,00,000	..	5.00	June Dec.	86.00	100
Tata Chemicals T.F.C.	56,97,000	..	6.00	Mar. Sept.	74.00	100
Tata Oil Mills C.	29,88,800	..	5.00	June ..	97.00	100
Titagur Paper Mills T.F.C.	11,50,000	1944	4.50	July ..	68.00	100
Do. do. (2nd) T.F.C.	15,00,000	1960	6.00	Jan. June	118.00	100
		1964	6.50	Jan. July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 5 per cent per annum and also to participate further dividend of 5 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

§Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1956 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1958 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Each new person with ordinary shares after any time at Rs. 115 on one month's notice. (p) Redeemable at par after 17th June 1966. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Free of Income-tax upto 6 nP. in the £. (u) Redeemable at par on 3 months' notice. (v) Issued on various dates. (w) Redeemable at any time 2 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. pp—Partly paid.

COMMERCE

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

VOL. CIV. No. 2657 BOMBAY, 17th MARCH 1962 PRICE Rs. 2

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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HEAVY TAXATION INEVITABLE

A FEATURE of the Central Budget for 1962-63, presented to Parliament by Mr. Morarji Desai, Finance Minister in the outgoing Government, on Wednesday the 14th inst., is its incompleteness. Revenue and expenditure, as also resources and capital outlay have been estimated, leaving the gap uncovered. Even these estimates are provisional, for they may well be revised when the budget is finally presented to the third Parliament which has just been elected. The incomplete and provisional character of the budget is, however, a Constitutional necessity, as all that the outgoing Parliament can do is to give a vote on account to meet the expenditure of the Government until the new Parliament sanctions the budget for the next year. Nevertheless, this interim budget is not without its value. It serves at least two useful purposes. First, it provides an opportunity for the Government to take into account the criticisms and suggestions of the public on the budget estimates while presenting the final budget. Secondly, the deficit forecast for the next year prepares the public psychologically for shouldering the burden of additional taxation. The people now know fairly well how much more taxes they will have to pay in the coming twelve months; only the form and nature of taxes remain to be decided.

Surpluses on revenue account have been a regular feature of actuals and revised estimates of Government of India's finances since 1948-49. It is, therefore, no surprise to find that the deficit of Rs. 33.66 crores in the revised estimates for 1960-61 has turned out to be a surplus of Rs. 51.25 crores in the final accounts for that year. Similarly, the small deficit of Rs. 5.57 crores in the budget for 1961-62, after taking into account fresh taxation of the order of Rs. 57 crores imposed last year, has become a surplus of Rs. 33.96 crores in the revised estimates for the current year. And this surplus will be larger still when the accounts for this year are finalised and shown in the budget to be presented next year. On this score, one may be tempted to argue that no additional taxation at all need be imposed for covering the revenue deficit of Rs. 63.46 crores shown in the budget for 1962-63. But it will not be a correct argument. The crucial thing is not the revenue deficit, but the overall deficit. And this deficit has been expanding. In the budget for 1961-62, it was placed at Rs. 70 crores, but, according to the revised estimates, it is as high as Rs. 121 crores. It is higher still at Rs. 147 crores for the next year. No Government, faced with such a situation, can afford to leave the whole of this deficit uncovered, as it will mean a heavy dose of inflationary financing. Already, according to the *Economic Survey* for 1961-62, "the deficit financing by the Central and State Governments during the current year is likely to be somewhat larger than what was assumed (that is, Rs. 119.3 crores) in the budgets," as the shortfall in small savings is nearly 50 per cent and receipts from external assistance have lagged behind. This is in contrast to the experience in 1960-61, in which year the deficit financing was only Rs. 50.8 crores (revised estimate), that is, less than one-third of the budget estimate of Rs. 159.9 crores. Although the revised estimate of deficit financing for the current year is not yet available, it will be not less than Rs. 170 crores. If allowance is made for the deficit financing by State Governments in 1962-63, the total of such financing in the coming year will easily exceed Rs. 200 crores. The Government has, therefore, no choice but to find additional taxation of the order of Rs. 75 crores at least. Even then, the deficit financing will be about Rs. 125 crores, which, together with that incurred in the current year, will mean that, in the first two years alone, more than 50 per cent of the Rs. 550 crores of deficit financing budgeted for the whole third Plan period will have been covered.

The alternative to a large dose of additional taxation is to cut the Plan outlay. This is neither feasible nor desirable. Last year, almost the whole of the additional taxation was found through indirect taxes. The scope for repeating this method, without facing the serious risk of price inflation, is limited, especially in the context of the need for raising the railway fares and freights discussed in our next article. Whoever happens to be the Finance Minister will, therefore, have to perform the unpleasant task of enhancing the direct taxes, besides tightening the net to prevent tax evasion and tuning up the tax-collecting machinery. There is also one more reason why the direct taxes may be tapped this time. And it is the need to prevent a boom on the stock exchanges. If the final budget does not contain any increase in the incidence of direct taxation, equity values will shoot up like a rocket, a development which, in an economy dominated by leftists, will prove more harmful to the private sector than additional direct taxation. May be, the corporations and individuals in the annual income bracket of Rs. 12,000

mated, and that by a large amount, the receipts from small savings. The experience in the current year has been discouraging. Net collections under this head in the first nine months of 1961-62 were only Rs. 45 crores, as against Rs. 60 crores during the corresponding period of the previous year. Commenting on this trend, the *Economic Survey* says: "While a part of this decline is a correction of the abnormal increase in Post Office Savings Bank deposits in 1960-61 when confidence in commercial banking was disturbed on account of certain bank failures, the fact remains that net collections of small savings during the current year are not likely to come up to the level of Rs. 105 crores for which credit was taken in the budget estimates." And yet in the budget for 1962-63 also, credit has been taken for Rs. 105 crores from small savings. There is no prospect whatever of such a large amount being collected from this source, unless the rates of interest on these investments are raised significantly and the enhanced rates are simultaneously made applicable to the existing holders also, lest they should rush to encash them in order to buy the new certificates. Any day, higher interest rates, as an instrument for raising and obtaining more savings, are preferable to excessive taxation and/or deficit financing.

INTERIM RAILWAY BUDGET

THE Railway Budget for 1962-63, presented by Mr. Jagjivan Ram on the 13th instant to the second Lok Sabha which will be shortly dissolved, is in the nature of an interim budget. Although it incorporates the estimates for the whole year on the basis of existing passenger fares and freight rates and present costs, its main purpose is to facilitate a vote on account for the grant of proportionate supplies for the first three months of the fiscal year, pending approval, by the new Parliament which will be convoked next month, of the regular Railway Budget. The present budget, in spite of its interim nature, is still significant in more ways than one. In the first place, the revised estimates for the fiscal year 1961-62 are pretty close to the gross traffic receipts and working expenses originally estimated in the budget for that year. Secondly, the expected buoyancy in gross traffic receipts in 1962-63 on the basis of existing fares and freight rates will still not mean a substantial net surplus creditable to the Development Fund. And this is a pointer to the need for and the certainty of increases in fares and freight rates in the regular budget which will be presented probably in May next. In fact, what is in store for railway users is quite obvious from Mr. Jagjivan Ram's broad statement that, "unless the railway resources are augmented, a temporary loan from General Revenues of such magnitude as will be able to finance the Fund will be unavoidable." In the light of the Central Budget for 1962-63 referred to in the previous article, there is surely no question of General Revenues going to the rescue of Railways.

If thus the ground is now being prepared for increases in fares and freight rates, there is some justification for it in the none-too-comfortable state of railway finances, as revealed by the revised estimates for 1961-62 and the budget estimates for 1962-63 in comparison with the actuals for 1960-61. It will be seen from the consolidated table appearing as part of this article that two items, namely, appropriation to the depreciation reserve fund and dividend to the Government on the Railway capital-at-charge together account for Rs. 128.2 crores according to the revised estimates for 1961-62, whereas they accounted for only Rs. 100.9 crores in 1960-61. The difference (Rs. 27.3 crores) between the two figures virtually represents the larger part of the net surplus of Rs. 32.0 crores in 1960-61. That much surplus became possible because the allocations to the depreciation reserve fund and the dividend on capital-at-charge in that year were not governed by the relevant recommendations of the Railway Convention Committee of 1960—recommendations applicable only to the five-year period from 1961-62 to 1965-66. As far as 1961-62 is concerned, it is, of course, a heartening feature of the finances in that year that, in spite of the increase of Rs. 20 crores in contribution to the depreciation reserve fund and the higher rate (4.25 per cent) of dividend to General Revenues, the net surplus has turned out to be Rs. 16.5 crores. Considering the twin fact that there was no increase in passenger fares in 1961-62 and that freight adjustments in some lines were only of a minor and marginal character, with practically no significance from the point of view of additional revenue, it may be readily recognised that the estimated surplus of Rs. 16.5 crores is surprisingly substantial. But even this surplus, as the Railway Minister has pointed out, cannot be regarded as satisfactory in relation to an average annual expenditure in the third Plan, of about Rs. 23 crores on works chargeable to the development fund which, strictly speaking, should be built up entirely from the annual railway surpluses.

The budget estimates for 1962-63, too, do not envisage an adequate surplus for allocation to the development fund. The gross traffic receipts—estimated on the basis of a small increase in passenger traffic and an increase of 15 million originating tons in goods traffic over 1961-62—are, of course, expected to be Rs. 524.1 crores at the existing level of fares and rates. An increase of Rs. 22.9 crores in gross traffic receipts in the budget year, as compared with the current year, will, however, be swallowed up entirely by the increases in net working expenses, appropriation to the depreciation reserve fund and the dividend to General Revenues. The increase of Rs. 15.2 crores in working expenses, incidentally, is not due to any addition to wages and salaries. On the contrary, it is due mostly to the increased cost of operation corresponding to the anticipated growth in the level of passenger and goods traffic and the additional cost of repairs and maintenance of assets resulting from the year-to-year increase in the volume of assets and their use. Whatever be the factors responsible for the estimated low surplus of Rs. 13.2 crores, there can be no gainsaying that the amount itself falls very much short of the Rs. 23 crores to be charged to the development fund in the budget year.

It may be roughly figured out from the break-up of the budget allocations for the rolling stock, works and machinery programme that, with net surpluses of Rs. 16.5 crores in 1961-62 (Revised) and Rs. 13.2 crores in 1962-63 (Budget), the aggregate shortfall in allocations in the two years to the development fund will be Rs. 16.3 crores. Is this all the amount that will have to be made good by a possible upward revision in fares and rates? That does not seem to be so, for the present Rs. 1,325-crore third Plan of the railways, which has exceeded the earlier tentative size by Rs. 70 crores, is proposed to be increased further. There is indication to that effect in Mr. Jagjivan Ram's statement which has referred to the likelihood of the target of freight movement (245 million originating tons) being materially exceeded on account of movement of coal first from collieries to washeries and then from washeries to their final consumers. Surely, the additional resources that will be required for financing works on the revenue side may well be substantially more—how much more it is difficult to assess now—in the emerging circumstances. There is, therefore, a case for a judicious upward revision of fares and freights in the interest of a more or less total fulfilment of the goals of a revised Railway Plan which will be expected to remove the transport bottlenecks already in evidence.

Finances of Railways—A Summary

(Rupees in crores)

	Actuals 1960-61	Budget 1961-62	Revised 1961-62	Budget 1962-63
Gross Traffic Receipts* ..	456.80	499.02	501.24	524.10
Working Expenses Net, i.e., after taking credits or recoveries ..	313.24	332.67	330.55	345.74
Net Miscellaneous Expenditure (including cost of works charged to Revenue)	10.69	14.87	13.51	16.35
Appropriation to Depreciation Reserve Fund from Revenue ..	45.00	65.00	65.00	67.00
Tota ..	368.93	412.54	409.06	429.09
Net Railway Revenue ..	87.87	86.48	92.18	95.01
Payment to General Revenues :—				
(a) Dividend on Railway Capital-at-Charge (at 4 per cent. for 1960-61 and 4.25 per cent. for the quinquennium 1961-66) ..	55.86	65.34	63.20	69.35
(b) In lieu of passenger fare tax	..	12.50	12.50	12.50
Net Surplus ..	32.01	8.64	16.48	13.16

* The increased gross traffic receipts from 1961-62 onwards include the element of passenger fare tax merged in railway fares from 1st April 1961 against which a payment of Rs. 12.50 crores is to be made by the Railways annually to the General Exchequer, *during the quinquennium 1961-66*, for transfer to the States.

So much for the budget estimates of the railways which has exceeded the earlier tentative size by Rs. 70 crores, is proposed to be increased further. There is indication to that effect in Mr. Jagjivan Ram's statement which has referred to the likelihood of the target of freight movement (245 million originating tons) being materially exceeded on account of movement of coal first from collieries to washeries and then from washeries to their final consumers. Surely, the additional resources that will be required for financing works on the revenue side may well be substantially more—how much more it is difficult to assess now—in the emerging circumstances. There is, therefore, a case for a judicious upward revision of fares and freights in the interest of a more or less total fulfilment of the goals of a revised Railway Plan which will be expected to remove the transport bottlenecks already in evidence.

Any such case may derive added strength from the fact that the structure of fares and freights has been maintained at a relatively moderate level for the past several years. It may be recalled that the only change in the passenger fares made in the period subsequent to 1951 was in April 1955, when (a) the fares of the air-conditioned class were slightly increased, (b) the old first class was abolished, (c) the old second and inter-classes were renamed as first and second classes, respectively, and (d) some relief to long-distance passengers was given. These adjustments resulted in no appreciable increase in passenger earnings per passenger mile, and the increase in total passenger earnings in the second Plan period was almost entirely due to the increase in the number of passengers carried. In 1957-58, the passengers were, of course, called upon to pay a tax on their fares, but the benefit of this levy was exclusively for the State Governments.

As for freight rates, a complete revision was made in October 1958. The revised freight structure merged in itself the supplementary charge of 12½ per cent brought into force from 1st July 1957 on all freight traffic with exceptions in the case of grains and pulses, newsprint and books, etc. Thanks to the 1958 revision, there came about a further increase, on the average, of about 4 per cent in freight rates—an increase which, incidentally, was much less than the 13 per cent increase suggested by the Railway Freight Structure Enquiry Committee. Subsequently, in 1960-61 a 5 per cent surcharge was levied on goods traffic (excluding postal, military and railways' own traffic and export ore) to meet the increased cost of staff consequent on the acceptance of the Pay Commission's recommendations. Alongside of these increases, concessions in freight rates were also allowed to some 47 commodities to facilitate exports. As of 1960-61, the gross freight traffic receipts registered an increase of about Rs. 140.5 crores over 1955-56, out of which only about Rs. 63.6 crores represent upward adjustments in freight rates, the balance of Rs. 76.9 crores being additional earnings from the growth of traffic. The minor and marginal adjustments effected in freight rates in 1961-62, the first year of the third Plan, resulted in additional earnings of no more than Rs. 1.8 crore per annum.

An appropriate revision of both fares and freights cannot obviously be delayed any longer if the railways are to have more internal resources for their third Plan. But the question is whether the increases are to be some uniform percentages in the case of passenger classes and categories of revenue-earning goods traffic or they are to be differential in their incidence. If the canon of equity is to be applied to fare increase, a lower percentage increase in third class fares and a higher percentage increase in upper class fares would seem to be called for. But if the idea is to discourage unnecessary railway travel as much as possible and effect, at the same time, some increase in passenger earnings, a rather steep increase in third class fares alone may serve that purpose, for third class passenger kilometres represent as much as 95 per cent of all passenger kilometres. In our opinion, it is the latter consideration which is more relevant, because that will enable more rolling stock to be made available for moving goods. The criteria that will have to be applied to freight increase, if it is not to be by a uniform percentage, may present greater difficulties in view of the circumstance that the products of mines (coal, ores, etc.), which are industrial raw materials, account for about 50 per cent of all revenue-earning traffic, that is, traffic other than railway coal and materials. There are, besides, agricultural and forest raw materials for industries, and these account for about 10 per cent of all revenue-earning traffic. How to increase the rates applicable to these vital raw materials without unduly upsetting the cost structure of industries is a question of some complexity, especially in the context of the imperative need for pushing up exports. Much careful thought must, therefore, be bestowed on this problem before the authorities make up their minds.

HOUSE OF BIRLAS

A PARTICULARLY rewarding method of study of the economic history of a country is to trace the origin, growth and development of its leading business and industrial houses. Such studies have been made in the West and they have proved both fascinating and instructive. In India itself, a house worthy of study is the House of Birlas. Few houses have had a more exciting past or have been more intimately connected with national economic progress than this House. When the centenary of this House was celebrated last week (on the 10th inst.), it was certainly something of a national event. Indeed, it may even be regarded as an international event, considering that the centre [illegible]

world respects and recognises the House of Birlas as a leading institution, functioning under a democratic set-up and reflecting the national aspirations of a developing country.

A distinguishing feature of the Birla House is its sense of economic purpose and social mission, representing all that is best in Indian tradition. It is certainly not a mere accident of circumstance that the Birla House has been associated in the public mind with the movement for national freedom. The Birlas have nearly always identified themselves with our national cause and it must be remembered that it would have required a very high spirit of idealism to have been associated with the national movement in pre-independence years. After all, the familiar gibe that many people are in the Congress today for what they can get out of it can certainly not be hurled against the Birlas. They were, as they have always been, with the Congress. It is true that, occasionally, the Birlas may not see eye to eye with the Government in power, but their mental honesty and sincerity of conviction have always been above reproach.

Small wonder, then, that, when Mr. G. D. Birla, the best known member of the family, announced last week that their House would soon set up a large new technological institution near Delhi or the Himalayas to mark the centenary of their House, he was loudly cheered, but few were surprised. The move was in the best traditions of the House itself, with a well-deserved reputation for serving the national cause, in general, and the cause of national educational reconstruction, in particular. On more than one occasion, G.D., as he is affectionately known to his countrymen, has gone on record as emphasising that, though investment in education may yield no immediate return, there is no surer, nor more enduring, way of building up the nation than through education. There can be no greater tribute to the Birlas' spirit of educational idealism than the cultural complex in Pilani (Rajasthan), with its magnificent Arts College and a well-equipped Engineering College. The Birla Educational Trust, together with the Hindustan Charity Trust (which is running an Engineering College at Ranchi), has made a distinct contribution to India's educational progress.

While the Birlas' educational charities are a fine tribute to their continuing interest in national development, it must be remembered that what makes such generosity possible are their large and prosperous business and industrial enterprises. In other words, while the charities are yet another example of what enlightened free enterprise can do, and frequently does, for a country which offers it the right climate, the Birla House which has made these charities represents what Indian intelligence, talent and devotion to duty can achieve in the material sphere, once it is assured even a minimum of that climate. From small beginnings, the House has grown from strength to strength. It has certainly come a long way since the 22-year old Shivnarain Birla came to Bombay a hundred years ago to set up a small business of his own. At first, the business consisted only of trade in commodities. Bullion and *sarafi* business came later. Birla Brothers Ltd., as such, was formed only in 1918. Since then, however, many new enterprises have been added. Perhaps, there is at present no important industry, except steel, in which the Birlas do not have either one or more important units of their own. Their industrial complex includes cotton and flax, textiles, man-made fibres, jute and woollen textiles, paper, automobiles, chemicals, aluminium, heavy and light engineering, sugar mills, coal and food products. The total block capital of the Birla enterprises runs into Rs. 150 crores and their sales aggregate Rs. 200 crores. Nearly 150,000 people owe their employment directly to the Birlas. This excludes numberless people who represent Birlas' concerns or sell Birlas' products and thereby earn sufficient income to lead an independent life.

Associating itself with the innumerable messages of goodwill for the Birla House which poured in on the day of the centenary celebrations from all over the world, including those from the leaders of the countries with centralised economies, this journal expresses the hope that the Birlas will be ever privileged to serve this country with that rare distinction that has earned for them a unique place in our economy. And it may not also be too much to hope that the country will not only retain but foster the climate in which Birlas and other houses of their kind will always be able to make their effective contribution to its economic, social and cultural

MARKET GOSSIP

Centre's Borrowing Programme

ASSUMING that the budget of the new Union Government will not contain any modifications in the interim budget for 1962-63 which Mr. Morarji Desai presented to the Lok Sabha this week, the Centre's open market borrowing for the coming year will involve a total of Rs. 255 crores, exclusive of Rs. 5 crores representing the anticipated receipts from prize bonds. This amount is no doubt higher than the sum of Rs. 225 crores (excluding prize bonds worth Rs. 10 crores) budgeted for the current year (1961-62). It is also true that, in the borrowing programme for 1961-62, there was a shortfall of Rs. 22.83 crores, the actual subscriptions to Central loans aggregating only Rs. 202.17 crores. Nevertheless, the borrowing programme for 1962-63 cannot be considered as heavy and beyond fulfilment.

It is too premature to say whether the Centre will float a single, consolidated loan or more than one loan. But it can be reasonably assumed that the Government will offer the loan or loans partly for conversion of two maturing loans, namely, 2¾ per cent 1962 (issued in 1947) and 3½ per cent 1962 (issued in 1956). The outstanding amounts in respect of the two loans are Rs. 75.87 crores and Rs. 107.27 crores, respectively, or an aggregate of Rs. 183.04 crores. Since the bulk of these loans must be with the Reserve Bank and the State Bank, one can expect that a very large proportion of the maturing loans will be converted. Excluding the conversion amount of Rs. 183 crores, the balance of Rs. 72 crores represents the loan (or loans) that will be offered for cash subscription. This amount is lower by Rs. 14 crores as compared with the difference between the total borrowing planned (Rs. 225 crores) and the amount of outstanding loans (Rs. 139 crores) last year. It is less by nearly Rs. 33 crores as compared with the actual cash subscriptions of Rs. 104.9 crores in 1961.

The important point to be noted here is that the net borrowing to be carried out is smaller than last year. And it is fairly well within the capacity of the State Bank, the L.I.C., Provident Funds and the banks. Fresh accretion of deposits is currently at a much faster rate than this time last year. Between 29th December 1961 and 2nd March 1962, the total deposits of scheduled banks other than State Bank rose by Rs. 21.95 crores (to Rs. 1,393.89 crores, on top of an increase of Rs. 120 crores in 1961, whereas there was actually a fall of Rs. 46 lakhs (to Rs. 1,251.73 crores) in the corresponding period last year. It is true that, in view of the continued expansion of industrial and business activity, demand for bank credit also has gone up. The net rise in the advances of scheduled banks other than State Bank during the first two months of 1962 was Rs. 64.28 crores, as against Rs. 58.00 crores in the same period last year, the total of their advances in the week ended 2nd March 1962 being markedly higher at Rs. 1,084.26 crores, as against Rs. 996.82 crores a year before. Even so, the banks will have some surplus which will continue to be used for buying new Government securities. As at the close of 1961, it may be noted here, scheduled banks' outstanding investments were higher by Rs. 17.36 crores at Rs. 356.03 crores, which was in distinct contract to the sharp fall of Rs. 76.34 crores to Rs. 338.67 crores in the preceding year. Only, the Government will find it necessary to offer higher rates of interest on its borrowings this year (1962) than it did last year, as there has been an all-round increase in the cost of money.

Central Budget At A Glance

(In crores of rupees)

	1962-63 (Budget)	1961-62 (Revised)	1961-62 (Budget)	1960-61 (Actual)
Revenue budget :				
Revenue ..	1,305.87	1,079.11	1,017.95	971.67
Expenditure ..	1,369.35	1,045.15	1,023.52	920.42
Deficit (—) or surplus (+) ..	—63.46	+33.96	—5.57	+51.25
Overall deficit ..	—147.40	—121.00	—70.00	N.A.
Main heads of revenue :				
Customs ..	199.80	199.80	189.04	170.03
Excise duties ..	492.28	470.05	432.63	416.35
Corporation tax ..	168.00	160.00	141.00	111.05
Taxes on income ..	148.00	142.00	133.00	167.38
Debt services* ..	167.51	11.58	13.84	14.81
Main heads of expenditure :				
Civil*	1,028.66	743.22	742.60	672.87
Defence	340.67	301.98	282.92	247.65

N.A.—Not available.
* Include effect of change in accounting procedure.

New World Wheat Pact

A new International Wheat Agreement is expected to come into force from 1st August next, if the member-Governments of the International Wheat Council ratify the scheme finalised at Geneva early this week. It will supersede the present Agreement, which came into effect in 1959 and is due to expire in July next, and will probably last for a similar length of time. Under the existing Agreement, importing countries have given an undertaking to buy a certain percentage of their requirements each year from exporting member-countries. All the general provisions of the Agreement, designed to stabilise world wheat price, have been retained in the new arrangement too. The most significant feature of this arrangement is that the Council has agreed to raise the maximum and minimum prices by 12½ cents per bushel, leaving the difference between the two limits unchanged. As a result, the minimum price will be raised from 150 to 162½ U.S. cents and the maximum from 190 to 202½ U.S. cents.

Wheat exporting countries, particularly Canada, have been vociferous in their demand for an upward revision of wheat prices. Their claim is based on the recent upward trend in the wheat market. It may be recalled here that, three years ago, when the present agreement was signed, the surplus stocks held by the four leading exporters, namely, the U.S., Canada, Australia and Argentina, were heavy. At the same time, import demand was lagging behind, owing partly to larger domestic production in Western Europe and partly to a decline in *per capita* bread consumption in most of the highly industrialised countries. But, since then, the demand and supply position has improved considerably during the last one year or so. The major factor behind this improvement has been the fall in production of wheat, particularly in North America, on account of unfavourable weather conditions. According to the Wheat Council, the world output of wheat (excluding that of Russia and China) fell by 14 million tons in 1961, with a sharp drop of 10 million tons in North America alone. Large purchases by China, too, have tilted the balance in favour of sellers. Consequently, the price of wheat has been steadily moving up. During the last three years, the price has been ruling higher than the stipulated minimum. In fact, but for the limit imposed by the Agreement, the ruling market price would have been much higher than it is now. Some idea of the rise in wheat prices can be had from the fact that No. 2 Manitoba wheat in the London market is now being quoted at £28 10*s.* as compared with £27 2*s.* a year ago and £26 19*s.* three years ago.

It is encouraging to hear that Soviet Russia is in a mood to join the Agreement. Russia, it may be noted, has been the only major producer which has not joined the Agreement so far. Once Russia joins the Council, there is nothing to prevent it from gaining a dominant position in any particular market, provided its prices are competitive and it acts within the framework of the Agreement.

"The Modern Bank Rate"

Those who appreciate the mysticism that has traditionally enshrouded the central banks practically in all countries will do well to ponder the interesting observations made by Mr. Bagehot-Lowndes, acting head of the Academy for Central Bankers at Hetheringstoke, Frankfurt (W. Germany), in the course of a lecture on "The Modern Bank Rate" delivered last week-end. Mr. Bagehot-Lowndes does not, of course, suggest that the central banks should "bend" their "traditional rites" to the requirements of what he calls "tedious modern obsession," that is, economic advancement. But he forcefully emphasises that the central banks must be ready to change their form to create the impression that Central banking processes are as dynamic as those of any other aspect of contemporary life. He has illustrated his point by drawing attention to what is being done to preserve the Bank rate in its traditional role through "mystical metamorphosis" in a country in which it has given such poor service that it would otherwise be thoroughly discredited by now. Obviously, he was referring to the Bank rate in the U.K. In this connection, the distinguished banker of West Germany says:

"The subterfuge consists in portraying it as breaking through into a new financial medium—one in which it does not have to abide by the tire-some *rules of financial logic* with which we are familiar. For example, it is held to be endowed with psychological powers when moving in one direction, whereas when moving in the other it may be said to have only a technical connotation. Again, an adjustment of identical size may be held to have internal justification on one occasion but not on another, although the internal situation is officially declared to be exactly the same on both. You will see that this breaks right through the old precept that one cannot face both ways at once—as indeed I notice one financial writer neatly grasped when, after waxing lyrical about the psychological value of a 2 per cent increase in Bank rate last year, he hotly maintained that the 'excessive psychological importance' attached to this weapon should not be allowed to inhibit decreases. Think of the advantages this multilateral *terminological flexibility* confers on the diligent central banker. Since he can appear as irrational as he likes, he is free to follow any course that appeals to him without bothering about the implications. And the more bewildering by ordinary standards of logic his behaviour, the greater the respect he will command."

Baroda Rayon Production Soon

Presiding over the third annual general meeting of the Baroda Rayon Corporation Limited at Udhna, Surat, on last Saturday, in the absence of Maharaja Fatesinhrao P. Gaekwad, ex-officio Chairman, Mr. Babubhai Chinai, a Director, said that the Company would go into production within the next four months. The capacity of the rayon plant would be increased from 6½ tons to 7½ tons of yarn per day on the basis of 100 deniers, or from 7½ tons to 10 tons on the basis of 150 deniers. The licence for importing the necessary machinery was expected to be received very shortly. The imports would be made only under the yen credit, as it was found to be economical.

Referring to the Company's application for the manufacture of caustic soda, the only ancillary chemicals needed in the manufacture of rayon yarn

(Continued on next page)

SHARE MARKETS WEAK

BUDGETS CAUSE MISGIVINGS

(From Our Own Correspondents)

BOMBAY, 15th *March*

STOCK markets closed this week on a distinctly weak note on tired all-round bull liquidation, the effects of which were accentuated by some bear pressure in certain vulnerable counters and absence of support following the presentation of the Central Budget estimates for 1962-63 in the Lok Sabha on Wednesday. The tendency at close was distinctly easy, with a majority of shares showing small to moderate losses over the previous week. Turnover was good only at the fag-end of the week, when activity also tended to be broad-based, as prices sought lower levels.

During the major part of the week, the markets lacked drive either way. Political and fiscal uncertainties left bulls wary. Investors sat on the fence in the hope of a better bargain in future. Stray bull unloading, owing to the failure of the markets to edge up, did produce occasional minor setbacks in some counters. These, however, attracted short-covering, as bears were restrained because of the low levels. The relatively low surplus of Rs. 13.16 crores in the Railway Budget actually paved the way for a further decline in prices. For it induced bears to be on the offensive again and prompted bulls to unload in a declining market.

A setback on the eve of the presentation of the Central Budget estimates left the markets steady on the day they were presented. But, on the subsequent day, that is Thursday, the markets were assailed by grave doubts, as it was realised that the revenue deficit of Rs. 63.46 crores in the budget would bring in its wake large doses of fresh taxation. What will be the nature of fresh imposts is anybody's guess. But it is certain that the burden would be heavy, particularly as the ruling party, back in power with a fresh public mandate for socialism, would not hesitate to start in right earnest in mobilising the resources for the third Plan. It was this realisation that accounted for fresh setback in the markets, though their behaviour was also shaped by settlement considerations; the account ended in Calcutta on Wednesday and is due to be over in Bombay and Ahmedabad on Friday.

To speak definitely about the immediate outlook for the market, one should know precisely what the tax proposals in the budget would be. But there is still nearly a month from now for the tax proposals to be presented in the Lok Sabha. Meanwhile, it is not unlikely that the markets might regain a part of the ground they have lost recently only to make room for a decline later. If they do not, their technical position would remain oversold on the eve of the day when the tax proposals are announced. And, whatever the tax proposals, this one single factor might weigh heavily in favour of a subsequent rally.

During the week under review, steel shares were by far the weakest of all in Bombay. While Tata Ordinary continued to be depressed, Indian Iron succumbed to some heavy liquidation in the latter part of the week. Closing Re. 1.75 lower on balance, Tata Ordinary, which has a book value of Rs. 150.32, made a new low for the year of Rs. 137.75 as against Rs. 138.25 before and came dangerously close to last year's low level of Rs. 135.50, after having been done at Rs. 140.75 earlier in the week. Indian Iron kept steady around Rs. 24.80 till the mid-week, but fell at close to Rs. 24.32 to finish 40 nP lower on balance at Rs. 24.44. Mukand Iron moved down from Rs. 27.90 to Rs. 27.25 and closed with a loss of 25 nP at Rs. 27.50.

Textiles lacked support. The damper here was provided by the bare maintenance of the dividend and no bonus issue by Bombay Dyeing, which were sold down during the week from Rs. 70.50 to Rs. 69, before finishing at Rs. 69.30 against Rs. 70.50 in the previous week. Century looked well supported initially at Rs. 620 and were done up to Rs. 627.50 on Monday, but declined on Thursday to a low of Rs. 610.50 and closed Rs. 2.50 lower on balance at Rs. 615.50. Standard attracted persistent pressure and closed Rs. 17 lower at Rs. 1,063. Svadeshi were easier at Rs. 293 against Rs. 297.50 a week before and so were Kohinoor at Rs. 311.50 against Rs. 315. Despite a substantially higher dividend and encouraging results for the last year, India United Ordinary and Deferred closed 4 nP and 8 nP lower at Rs. 21 and Rs. 3.70, respectively, after having been done during the week at Rs. 21.12 and Rs. 3.80. The bare maintenance of the dividends produced a setback in Finlay from Rs. 377 to Rs. 354 and in Swan from Rs. 435 to Rs. 405. Gold Mohur were untraded after the lower dividend was announced. Shreeniwas were traded up to Rs. 318.50 after the announcement of a higher dividend and a Rights issue, but were subsequently sold down to Rs. 303, and at close were Rs. 9 lower at Rs. 307. Khatau finished Rs. 1.25 lower at Rs. 490, but attracted a margin of Rs. 26.87 against bulls. Apollo were a notable gainer at Rs. 2.60, 32 nP higher than the previous week's closing level, and Morarjee were Rs. 4 higher at Rs. 425. The belief that the burden of additional excise duty, imposed in the last general budget, would reduce the benefits of larger production kept National Rayon relatively subdued, in spite of the proximity of the dividend announcement, and the shares closed only Rs. 5.50 higher at Rs. 547.

Among engineering shares, Alcock reacted on heavy profit-taking and finished Rs. 12 lower at Rs. 328. Other popular counters were dull and neglected, with Telco closing Re. 1 lower at Rs. 355.50, Larsen Re. 1.25 lower at Rs. 40 75 and Voltas Rs. 3.50 lower at Rs. 282.

In the miscellaneous section, Amar Dye-Ghem were a weak spot at Rs. 311.25 against Rs. 355 a week before on heavy selling, which brought in its wake an interim automatic margin of Rs. 17.87 on sellers. Indian Dyestuff moved down from Rs. 545 to Rs. 533.75. Premier Construction fell sharply from Rs. 197.50 to Rs. 176.50, on heavy selling motivated by the cut in the dividend. Among others, Bombay Burmah closed on balance with a loss of Rs. 3.50 at Rs. 641.50. Poly Chem made a loss of Rs. 8.75 at Rs. 218.75. Sirpur Paper lost 32 nP to Rs. 15.64. Wimco were marked down by Rs. 11 to Rs. 391, as the dividend was only maintained. West Coast Paper were firm and attracted a margin of Rs. 8.75 on bulls, though at close there was a small loss of one rupee at Rs. 183. B.B. Petrol showed a gain of 12 nP at Re. 1.50; and came under the automatic margin on buyers at the rate of 7 nP per share.

Shippings were easy, with Scindia closing 20 nP lower at Rs. 12.20 and Great Eastern 4 nP lower at Rs. 12.52. Cements were dull but steady. Sugar shares were firm for some time on support based on rumours of some delay in the implementation of the Maharashtra Land Ceilings Act. At close, however, Belapur were distinctly lower at Rs. 238.50, Maharashtra at Rs. 167, Phaltan at Rs. 120, with losses ranging from one rupee to Rs. 3, but Walchand closed Rs. 6 higher at Rs. 164.

Cash shares showed minor variations, but losses were more widespread. Thus, while Hindustan Electric were tightly held at Rs. 275, Kirloskar Oil Engines at Rs. 54.50 on the news of bonus issue and Zenith Steel at Rs. 15.48, all the three closing with moderate gains, Bombay Burmah (P.P.) declined by Rs. 13.75 to Rs. 267.50, Chemicoat by Rs. 3 to Rs. 163, Ultramarine Blue Rs. 10 to Rs. 180, Universal Dyestuff by Re. 1 to Rs. 55, Synthetics and Chemicals by Rs. 3 to Rs. 219, United Wire Rope by Re. 1 to Rs. 45 and Pesticides by 20 nP to Rs. 4.80. Permanent Magnets were in demand on rumours that the Company had received the raw materials import licence and closed Rs. 10 higher at Rs. 185. Hindustan Lever were steady at Rs. 70, Baroda Rayon at Rs. 122 and Chase Bright Steel at Rs. 10.48.

Bank shares showed small losses; Electrics were quiet; but Insurances were steady.

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In Madras, some renewed inquiry was visible at lower levels, but the overall performance of the market remained far from satisfactory. Plantings were particularly depressed. Losses were small and scattered over the list. Thus, among tea shares, Chembra were done 8 nP lower at Rs. 3.52, Kil Kot 5 nP at Rs. 5.10 and United Nilgiri 53 nP at Rs. 20.84. Periakaramalai, on the other hand, were done 8 nP higher at Rs. 3.38, closed followed by Heileyburia at Rs. 13.25, with a gain of 10 nP. Among coffee shares, Consolidated showed small change at Rs. 17.80 against Rs. 17.77 a week ago. Strength in Travancore Rayon was a redeeming feature in textiles section, the share closing with a gain of Rs. 2.80 at Rs. 46 on support based on expectations of good corporate news. Other shares were mostly shaded, with Lakshmi closing one rupee lower at Rs. 169, Cannanore Rs. 2 lower at Rs. 158 and South India Viscose 50 nP lower at Rs. 187.50. Miscellaneous issues evoked support at setbacks, but net changes over the week were small and limited to a few shares. Aluminium Industries closed 53 nP lower at Rs. 23.77, Ashok Leyland showed losses of 7 nP at Rs. 9.28 and Mettur Chemical finished at Rs. 13.30 against Rs. 13.37 a week ago. Tube Investment finished four points higher at Rs. 290, and Indian Steel Rolling gained 15 nP to close at Rs. 11.90.

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After displaying some strength, Lyons Range (Calcutta) closed weak. Support was selective. It was more discernible in jutes on ideas of better working because of the firm advices from the raw jute and jute goods markets. Paper shares were neglected, but teas and coals evoked some selective inquiry at lower levels.

Among speculatives, Birla Jute closed at Rs. 35.31, as against Rs. 35.25 a week before, Burrakur at Rs. 17.62 against Rs. 17.87, Dunlop Rubber at Rs. 43.37 against Rs. 43.44, Guest, Keen at Rs. 45 against Rs. 45.94, Howrah at Rs. 20.37 against Rs. 20.25, Indian Aluminium at Rs. 38.94 against Rs. 39.25, Indian Cable at Rs. 36.50 against Rs. 36.75, Indian Copper at Rs. 5.08 against Rs. 5.12, Jaipur Udyog at Rs. 13.81 against Rs. 13.94, Kesoram at Rs. 33.75 against Rs. 34.19, Orissa Cement at Rs. 19.37 against Rs. 19.69, Rohtas Industries at Rs. 17 against Rs. 17.31, Orient Paper at Rs. 41.85 against Rs. 41.80, Shree Gopal at Rs. 27 against Rs. 28.12 and Texmaco at Rs. 21.35 against Rs. 20.40. Texmaco were firm on influential support, while Shree Gopal suffered on selling pressure.

In the cash section, Banks and Railways were steady. In textiles, Bharat Commerce closed a shade easy at Rs. 29.50 against Rs. 30.25 a week before, J.K. Rayon finished 44 nP higher at Rs. 23.50, but Jayshree closed 19 nP lower at Rs. 17.31 and Cawnpore 25 nP lower at Rs. 9.62. Others were unchanged. Amalgamated Coal were 25 nP better at Rs. 22, but Bengal showed losses of Rs. 2 at Rs. 352. Jute shares made a mixed show, with Bally and Anglo India losing Rs. 2 and Re. 1 respectively at Rs. 278 and Rs. 215, Delta Rs. 7 at Rs. 175, Champdany Rs. 2 at Rs. 125, Gourepore Rs. 10 at Rs. 508, Megna 32 nP at Rs. 12.12 and Fort Gloster Rs. 2 at Rs. 428, while India gaining 19 nP at Rs. 16.31, Kelvin Rs. 3 at Rs. 188, Alliance 50 nP at Rs. 104, Cheviot 37 nP at Rs. 20.37 and Chitavalsah 7 nP at Rs. 12.44.

Among sugars, Cawnpore and Raza lost 18 nP and 44 nP, respectively, at Rs. 12.69 and Rs. 9.87 but Bharat were up by Re. 1.50 at Rs. 15. Brooke Bonds, in teas, were easier by 63 nP at Rs. 14.62, but Dhelakat were better by 37 nP at Rs. 21.87, while Jutlibari were done at Rs. 32 against Rs 34.06 a week before, Methani at Rs. 19.62 against Rs. 19,37, N. Dooars at Rs. 297 against Rs. 291.50 and Tezpore at Rs. 16.37 against Rs. 16.56. Among shippings, Calcutta Steamship were marked up by 57 nP at Rs. 12.94, but India Steamship closed 19 nP lower at Rs. 6.87. Gains of 87 nP in Bellarpore featured trading in an otherwise dull paper section, where Straw Board were done 18 nP lower at Rs. 9.69. Cements, chemicals, insurances and electrics showed minor variations.

Among engineering shares, Burn were a feature at Rs. 589 against Rs. 576 a week before, with Braithwaite showing small gains at Rs. 51 against Rs. 48.37. Britannia Engineering were shaded at Rs. 12 against Rs. 12.12 a week ago, Hindustan Wire at Rs. 8.65 against Rs. 8.81 and Jessop at Rs. 22.75 against Rs. 22.81. J.K. Steel were firm at Rs. 20.25 and showed gains of 31 nP on balance.

Among miscellaneous issues, American Refrigerator closed at Rs. 7 against Rs. 8 a week ago, Associated Match at Rs. 25 against Rs. 25.25, Associated Battery at Rs. 32.37 against Rs. 32.12, Balmer Lawrie at Rs. 281 against Rs. 278, Gwalior Rayon at Rs. 54.25 against Rs. 53.50, Imperial Tobacco at Rs. 15.62 against Rs. 12.94, Hindustan Aluminium at Rs. 15.56 against Rs. 15.94, Indian Oxygen at Rs. 38.75 against Rs. 39.12, Isaac Holdens at Rs. 17.50 against Rs. 17.37, J.K. Synthetics at Rs. 15 against Rs. 14 87, Metal Box at Rs. 63.25 against Rs. 62 25, Philips Carbon at Rs. 26.50 against Rs. 25.75, Sen Raleigh at Rs. 20.06 against Rs. 22.56 and Union Carbide at Rs. 52.50 against Rs. 53.37.

WORLD COTTON PRODUCTION

World cotton production in 1961-62 is now estimated at 46.8 million bales (500 lbs. gross weight), according to the latest estimate by the U.S. Foreign Agriculture Service. This is 0.6 million bales below the estimate made last October as significant reduction in estimates from China, India, Uganda, and several other countries more than offset increases elsewhere, largely in Sudan. The 1961-62 world crop, as revised, is second in size only to last season's all-time high of 47.2 million bales, and exceeds the 1955-59 average by 3.1 million bales. World cotton acreage has increased for the third straight year, and is placed at 83.3 million acres in 1961-62. However, average yield per acre of 270 lbs. is below last year's exceptionally high figure of 280 lbs.

The U.S. per acre yield of 438 lbs. is 8 lbs. below last season and 28 lbs. lower than the record of 466 lbs. in 1958. Harvested acreage is estimated at 15.7 million acres up 2 per cent from 1960. The lower yields about offset larger acreage, so that the 1961 U.S. crop is placed at 14.3 million bales, only 32,000 bales larger than in 1960.

J.K. SYNTHETICS STARTS PRODUCTION

J.K. Synthetics Limited, Kotah, has started production of nylon 6 with its own polymerised raw materials. The plant is most modern, fully automatic and air-conditioned. It is equipped to produce monofilament and multifilament in the finest deniers. It will also produce all types of stretched and textured yarn in multi-colour. It has cost nearly Rs. 2 crores and will save the country foreign exchange to the extent of Rs. 1 crore annually.

(Concluded from previous page)

not produced by the Company's factory, Mr. Chinai said that, in due course, there would be a new chemical plant in the factory.

Mr. Chinai's reply to the criticism that the cost of the project had increased from Rs. 7 crores to Rs. 8 crores was that the estimates had to be revised for several reasons. It was observed that the local suppliers would not be able to supply structural steel materials in time. Therefore, many things were done departmentally, in order to expedite early start of the plant, which involved additional expenditure on machine tools and other machinery for the workshop and ancillary plants. Moreover, the price of the indigenous machinery also had increased particularly with the increase of 5 per cent in the import duty on machinery. Again, the Directors thought it fit to make accommodation for additional building for putting up eight spinning frames to meet the requirements of expansion programme. Civil engineering works also cost more because of the changed designs and drawings submitted by the collaborators. Due to black soft soil, the cost of the foundation work had also gone up. New constructions were raised to cover pilferage and store electrical goods.

Mr. Chinai conceded that the amount invested by the Company in the project would be a little higher than that of the other new units of the rayon industry.

But this increase was only slight, in his opinion, and was due chiefly to the Company having to put up a complete power plant and water treatment plant of larger capacities than required. As compensation for this, the supply of power would be continuous and its cost lower than that of the purchased power.

In order to meet the increase in capital outlay, the Company has applied to the Industrial Finance Corporation of India for a further accommodation of Rs. 50 lakhs. The Company has also made arrangements with its bankers for Rs. 50 lakhs to ensure timely availability of resources. It may be recalled, in this connection, that the Company has received Rs. 1.58 crore from the I.F.C. out of a total loan of Rs. 2.43 crores. The balance is expected to be received shortly. The Company had also raised its capital not long ago from Rs. 3.50 crores to Rs. 4.90 crores to meet the increase in the project estimate and to implement the programme of expanding the capacity of the sulphuric acid plant from 20 tons to 40 tons per day. This programme has been taken up in the first stage itself.

NEWS IN BRIEF

THE Century Flour Mills Ltd., Madras, has secured a licence for the establishment of a biscuit factory, with a capacity of 10 tons a day. The project, the first of its kind, will be implemented with foreign collaboration.

The U.S. Agency for International Development has approved a loan of $35 million for financing the purchase of 125 diesel locomotives by the Indian railways. This brings the U.S. assistance for the expansion and modernisation of Indian railways to $195 million.

The foundation-stone of the administrative block of the proposed antibiotics plant in the public sector near Rishikesh, U.P., was laid last week-end. The Rs. 20-crore plant will be put up by the Indian Drug and Pharmaceuticals Ltd., in collaboration with Soviet Russia.

An official delegation, headed by Mr. B. N. Adarkar, Joint Secretary, Ministry of Commerce and Industry, will leave for Rangoon next week for trade discussions with the Government of Burma. The delegation will explore the possibilities of mutual trade and conclude a new trade agreement.

The Government of India has decided in principle to set up a wage board for the coal-mining industry. The proposed wage board will be asked to review the wage structure in the coal mining industry apart from considering the question of granting gratuity to colliery workers. It is also likely to suggest interim reliefs.

The Lok Sabha has passed a Bill which seeks to enable the various State financial corporations to advance loans to the hotel and transport industries, as also for the development of industrial estates. The limit of loan assistance by the corporations has also been raised to Rs. 20 lakhs in the case of public limited companies and co-operative societies.

The Government of India has appointed a tripartite committee to examine the proposed code of efficiency and welfare in industry. The Committee consists of three representatives each of central organisations of workers and employers as well as one representative each of the Union Ministry of Labour, Ministry of Commerce and Industry and the State Government of Maharashtra. The proposed code of efficiency and welfare, drafted by a committee (Chairman: V. K. R. Menon, Director, I.L.O.—Indian Branch), it may be recalled, was submitted to the Indian Labour Conference in October 1961.

A Bill to amend the Dock Workers (Regulation of Employment) Act in such a way as to provide for the establishment of autonomous dock labour boards has been passed by the Lok Sabha. It also provides for the audit of accounts of such boards, for the issue of directions by the Government to the boards and for inquiry into their working.

The International Development Association, an associate of the International Bank for Reconstruction and Development, has granted a loan of 18.5 million dollars (Rs. 8.82 crores) to the Damodar Valley Corporation. The loan will serve to raise the total installed capacity of the Damodar Valley Corporation power system by 140,000 kw. and help in the expansion of its transmission network in West Bengal and Bihar.

A loan of Rs. 1 crore has been sanctioned by the Government of India for financing the Rs. 7-crore expansion programme of the Mysore Iron and Steel Works at Bhadravati. The Central Government will further advance Rs. 4 crores and the State Government Rs. 2 crores for the project. The expansion programme is designed to increase the capacity of the plant from 45,000 ingot tons to 100,000 ingot tons per annum.

The Central Wage Board for rubber plantation industry (Chairman: Mr. L. P. Dave) has recommended interim increases in the wages of workers with effect from 1st December, 1961. The interim increase ranges from 8 to 15 nP in rates of daily wages of plantation workers in the States of Madras and Kerala. In the case of clerical staff, the increase suggested is about Rs. 10 per month. The Board has also recommended "adequate increase" in prices of rubber taking into account these measures.

A giant Russian oil tanker, the "Bugulma," carrying over 10,000 tons of the "world's finest quality" furnace oil is expected to reach Cochin (Kerala) by this week-end. This is the first shipment of top-quality furnace oil to India from the Soviet Union. The Indian Oil Company has until now been importing from Russia only two products, namely, "Jyoti" kerosene and high speed diesel oil. The imported furnace oil will be used in South India as (1) boiler fuel in industries where adequate supplies of coal are not readily available, (2) bunker fuel for coastal and overseas shipping, and (3) fuel for glass, ceramics and chemical industries.

The Government-owned Indian Oil Company (I.O.C.) will install shortly its first consumer petrol (motor gasoline) pump at Gauhati for the Assam State Transport Corporation's fleet. The I.O.C. has already commissioned 62 high speed diesel (H.S.D.) fuel stations all over India, technically referred to as consumer pumps, which are now supplying substantial quantities of the H.S.D., imported from the Soviet Union, to Railways, State Transport Undertakings and to other major projects under the third Plan. It is learnt that the State-owned oil marketing organisation is now working on plans to commission 350 I.O.C. service-cum-fuel stations all over India within the next three months to retail H.S.D. to trucks and petrol to motorists.

From Abroad

Bolivia proposes to increase the production of tin from the second half of this year. The output of tin in Bolivia, which is world's second largest producer after Malaya, aggregated 20,100 tons in 1961.

The total production of plastics in West Germany exceeded the one-million mark in 1961, for the first time. Output rose by ten per cent over 1960 to 1.8 million tons, but the turnover moved up only by 5 per cent to DM 2,311 million.

The U.S. Supreme Court has ruled that a property-owner, forced to shift his home on account of the noise of low-lying aircraft from a nearby airport, is entitled to compensation. This decision is expected to open the way for new suits worth millions of dollars, involving many airports.

Czechoslovakia will supply plant and machinery for 22 industrial projects in Ghana, under a trade protocol signed between the two countries last week. The projects will be financed out of a £10-million sterling credit granted by Czechoslovakia.

The world output of steel rose by 4 per cent to 375 million tons in 1961, as compared with 1960. The improvement was notable in Japan, with an output of 31 million tons, representing an increase of 7 million tons or 28 per cent over the previous year. Soviet steel output continued its steady rise, reaching 78 million tons, or an 8 per cent increase. In the U.K., however, production was lower by 8 per cent at 25.1 million tons. The U.S. steel output fell by one per cent to 98 million tons.

In a bid to encourage the flow of private capital to developing countries, the West German Government has decided to permit those companies investing abroad to build up tax-free reserves against adverse contingencies which may be set off from their own taxable profits. The tax-free reserves may amount to a third of the equipment and installations required. A scaling down of this proportion is also permissible, depending upon the importance of the project concerned. Investment in holding companies, as also in plantations and other agricultural projects, however, have not been included in the scheme.

PERSONAL

MR. Mauro Calingo has been appointed Ambassador of the Philippines, in India.

Mr. David A. Morse has been re-elected Director-General of the International Labour Organisation, Geneva.

Mr. Igor J. Karassik, Manager of Planning of the Harrison Division of the Worthington Corporation, has arrived in India on a short business tour.

Mr. Krishnaraj M. D. Thackersey has been appointed *Vice*-Chairman of the Bank of India Ltd. in the place of Mr. A. D. Shroff, who has become the Chairman of the Bank.

Mr. AR. Ramanathan, Chairman of Travancore Rayons, has been nominated by the Central Government as Chairman of the reconstituted Development Council for Art Silk Industry for a period of two years. He has also been elected President of the Association of Man-Made Fibre Industry.

The Italian State-owned Oil Corporation, E.N.I., has secured an oil exploration licence in Nigeria covering an area of 5,300 square kilometres, just over 13 million acres. An Italo-Nigerian Company will be formed, with Italy holding 70 per cent and Nigeria 30 per cent. E.N.I. is also expected to build a refinery and establish a sales network. The present licence is the largest granted by Nigeria, barring that given to Shell-B.P. of Nigeria. The output of oil in Nigeria, which was 2.2 million tons in 1961, is expected to touch 3.5 million tons this year and increase further swiftly over the next few years.

The International Monetary Fund has agreed to a drawing by the United Arab Republic of the equivalent of $7.5 million, half of which will be in U.S. dollars and half in deutschemark. As in the case of a U.A.R. drawing last January equivalent to $22.4 million, the new transaction has a repurchase term of one year. The U.A.R. authorities remain in consultation with the Fund regarding the country's balance of payments difficulties. These have been intensified by a sharp decline, due to pests, in agricultural production which has particularly affected the country's cotton export prospects in the current year.

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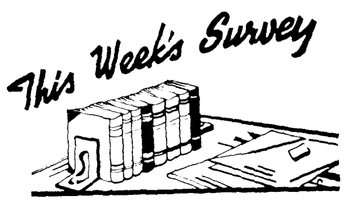

PRESIDENT'S ADDRESS

THE valedictory address of President Dr. Rajendra Prasad, to the last session of India's second Parliament on the 12th inst., was not expected to contain any important policy pronouncements. Even so, the President was expected to review, among others, the main achievements in the field of planning and development, to highlight the problems and difficulties that faced the country, and to indicate how the Government proposed to deal with them. This expectation has only been partially fulfilled for, although the President's address dealt with the progress in the field of agriculture, industry, transport and labour, it was significantly silent on such vital questions as the employment and price situation. It did not give any indication of the progress made or lack of it, in respect of employment creation and abolition of unemployment. In a country where millions are unemployed and where as many look to the Government to provide opportunities to make themselves useful to the country, the absence of any reference to this problem in the President's last address was a serious omission.

Although the President referred to the emergence of stresses and strains as a result of rapid economic advance, and categorically stated that there was no room for complacency or any slackening of effort, the overall picture of the economy painted by him was far more encouraging that the situation really is. Take, for instance, his reference to agriculture. He quoted the rise in the overall index of agricultural production from 128.7 in 1959-60 to 139.1 in 1960-61 but glossed over the critical shortage in such basic commodities as cotton and oilseeds, and the poor progress made in raising the productivity of agriculture. He gave details of some of the steps taken to increase agricultural production such as extension of irrigation to 12.8 million acres of additional land during the third Plan period, improvement of as much as 33 million acres by soil conservation and dry farming methods, establishment of a corporation to organise, on a nation-wide scale, the production, distribution and marketing of seed, setting up of more fertiliser factories and crop production campaigns. But still the fact remains that the increase in agricultural production has not been of an order sufficient to support the industrial expansion on the scale envisaged in the third Plan and to supply the needs of a population which is growing at a rate faster than was anticipated by the planners.

The President's speech refers to the considerable increase in the volume of industrial production and greater diversity in categories of projects but makes only a passing reference to the transport bottleneck and the critical coal and power shortage. In fact, judging from the experience during the first year of the third Plan, it looks as though shortages of transport, fuel and agricultural raw materials will be the major factors inhibiting the fulfilment of the Plan targets. A sense of satisfaction is expressed at the decline in the trade deficit from Rs. 364 crores to Rs. 218 crores during the past year. But this reduction was brought about more through a saving in imports than through any appreciable rise in exports. Indeed, the success of such export drives as have already been launched is not heartening. With increasing competition in foreign markets and mounting costs within the country, the strain on industries is increasing and, unless renewed efforts are made to promote exports through vigorous promotional campaigns abroad and strict control of inflationary pressures at home, the position on the foreign trade front might well deteriorate; at any rate, it will not improve to the extent necessary. These and other problems facing the country could have been put forward by the President with proper emphasis and in the perspective of the long-range growth needs of the country, so that an appropriate psychological atmosphere could be created for the sustained effort and sacrifice that are called for to realise the Plan objectives. It is to be hoped that the President's address to the third Parliament that will shortly be convened will be more objective and balanced in its review and assessment of the economic situation and problems.

COST CONTROL

Much store is being set by productivity improvement to attain higher levels of industrial efficiency. More or less the same result can be obtained through cost reduction, also. This aspect of production is, therefore, as important as, if not more important than, productivity improvement. Accordingly, there is much to be said for the suggestion put forward by Mr. Pravinchandra V. Gandhi, President of the Indian Merchants' Chamber, in his address at the Seminar On Financial Control held at Bombay under the auspices of the Western Regional Council of the Institute of Chartered Accountants, that cost reduction committees should be set up in all the industrial units in the country. Considering the level of industrial development, there is a lack of sufficient cost-consciousness in the country. This is the case in regard to goods produced for both the home and export markets. But cost reduction is all the more important in respect of export goods which have to compete in the foreign markets with goods produced by efficient, highly cost-conscious foreign firms. Cost reduction committees are being set up in the industrially advanced countries, according to Mr. Gandhi, and there is scope and need for such committees in India too. Each industrial unit in the country, the President of the Merchants' Chamber suggested, should, without being indifferent to the elements which push up costs, investigate the reasons for the rise in the prices of products and effect economies wherever and to whatever extent possible.

Another suggestion of Mr. Gandhi is that accounting experts should explore ways and means of developing cost-consciousness in industrial units through a system of financial control. Financial control implies a comprehensive and thorough study of the internal management of an enterprise from the point of view of the effective utilisation of the financial resources. In this country, financial control is still in the process of development and a technique of financial control suited to the needs and circumstances of the country has yet to be developed. While this is essentially the task of the Chartered Accountants, Cost Accountants and other financial experts, no scheme will prove effective if the powers-that-be in the industrial undertakings do not co-operate with the officers concerned and provide them with all the necessary information. In their anxiety to evade taxes, there are several industrial managements in this country who are not keen on having a proper costing system.

ENGINEERING INDUSTRIES

Metallurgical and engineering industries account for about 50 per cent of the aggregate outlay on industries and minerals in the third Plan. With the production of metals (iron and steel and non-ferrous metals) steadily increasing, there will be a larger production in the engineering industries which make use of the primary metals. Already, over the last decade, engineering industries have registered a fourfold increase in production, as compared with a 70 per cent rise in industrial production as a whole. In view of their past and potential growth, engineering industries appear to be a highly suitable candidate for export promotion. This is the considered opinion of Mr. G. L. Mehta who spoke at the annual general meeting of the Engineering Association of India (Western Region) held at Bombay on the 9th instant. As the Chairman of the Industrial Credit and Investment Corporation of India which, up to the end of 1961, had provided assistance to the tune of Rs. 14.2 crores (representing a third of all assistance sanctioned by it) to engineering industries alone, Mr. Mehta must be fully aware of the problems and potentialities of this group of industries. His emphatic view that "it should be possible to spare some part (of engineering production) for export" cannot be lightly brushed aside, for the case he has made out has a compelling logic of its own. This case, in his own words, is as follows:

"At present, with a booming home market, there is no compulsion to export. I feel that, with the stable base provided by the home market, this is the time to build up exports—however unremunerative these may appear in the immediate present. For it may become much more difficult to export when the home market itself becomes difficult. I suggest that the industries take a long view on this (issue) and not be too involved in the present."

This is pretty wholesome advice, coming as it does from one who is fully qualified to give it. But that is not all, for the engineering industries stand in need of being bluntly told that they would have to improve markedly in two directions, namely, creation of their own design facilities and quality production. Mr. G. L. Mehta has, therefore, done well to point out sharply the present shortcomings in the two lines. The lack of indigenous research and design facilities even in many of the large engineering units is something serious, according to Mr. Mehta. Borrowed designs would not do for all time, and so the producers will have to develop their own designs to suit local requirements and to keep up with changing tastes and with trends in other countries. As for the problem of quality, Mr. Mehta has not minced words in the following forthright passage of his address:

"Engineering products are not merely used in factories but many of them—sewing machines, automobiles, and so on—are durable consumer goods. . . As you will realise, every industry depends on consumers' goodwill for its survival and, while it may be possible to sell even shoddy goods in the present times of import control and internal shortages, it would be wrong to assume that such times will continue or that the consumer will be tolerant all the time. It is essential that the engineering industries set to themselves as strict standards as they seek to exact from their own suppliers."

On another question, namely, the equalisation of iron and steel prices at railheads, which has been the subject of controversy, Mr. Mehta has adopted a sound approach. By driving home to the engineering industries the point that the equalised price has helped to decentralise the growth of industries based on iron and steel, Mr. Mehta has sought to convey the idea that the development of such industries outside eastern India would not have been possible otherwise. But the assumption here is that the railways are able to move all the iron and steel and coal and coke required by the engineering industries in different parts of the country. This assumption, however, has not been fulfilled to the required extent in the last one year or so. Nor are the prospects of the railways doing it in the near future bright. Inadequate supplies of vital raw materials and insufficient transport facilities for hauling even the limited supplies have been referred to, time and again, in the proceedings of engineering associations. Mr. J. V. Patel, the outgoing Chairman of the Engineering Association of India (Western Region), also spoke on the same theme with great emphasis. It is needless to reiterate that the raw material requirements of the engineering industrial units, which are situated in regions far away from the principal centres of iron, steel and coal production, would need to be met on some priority basis, so as to remove the just grievances of the manufacturers.

U.S.—SIX TARIFF CUTS

The agreement on reciprocal tariff concessions reached between the U.S. and the European Economic Community (Common Market Six) represents one of the most eventful developments in the sphere of world trade in the post-war period. Under the agreement, which is the result of protracted negotiations held within the framework of the G.A.T.T. since the summer of 1960, the U.S. has secured a tariff concession, on an average, of about 20 per cent for a large number of its products exported to the E.E.C. countries. This concession will serve to reduce the adverse effects of the E.E.C. common tariff on U.S. goods. The U.S., of course, has also conceded reciprocal reductions in its own tariffs on a wide range. But its concessions appear to be of a smaller value than those it has been able to secure from the E.E.C. The U.S. has secured sizable tariff reduction on such goods as automobiles, chemicals and drugs, industrial and electrical machinery, textiles, canned and preserved fruits, as well as fats and oils. In return, it has reduced customs on automobiles, certain categories of machinery and electrical equipment, certain steel goods and glass products.

These concessions, it would appear, are only the beginning of a more ambitious scheme of tariff reductions between the U.S. and the Six. The official *communique* on the subject announced by the U.S. pointed out that the present negotiations were only a "first test of whether the U.S. and the E.E.C. would be able to find a mutual basis for the long-run development of their economic relations." It may be recalled, in this connection, that President Kennedy has already asked the Congress for authorisation to enable him to secure sweeping reciprocal tariff concessions from the E.E.C. The Trade Expansion Bill, now sent to the Congress, seeks to give the President special authority to reduce or eliminate all tariffs on those groups of products, where the U.S. and the Common Market together account for 80 per cent or more of world trade.

The present series of tariff concessions are not confined to the U.S. and the Six alone. They are being extended to other countries also, under the provisions of the G.A.T.T. Since the current concessions cover mainly industrial products, actual benefits will accrue to countries like the U.K., which have a sizable volume of trade in manufactures with the U.S. and the Six. Although the present move is described by some as a vindication of the efficacy of G.A.T.T. as an agency to help reduce tariff barriers, much more remains to be done in this respect. For these reciprocal concessions are of practically no value to developing countries. By their very nature, developing countries are not capable of granting reciprocal concessions to industrialised countries. It is, therefore, of the utmost importance that the G.A.T.T. should pursue with renewed vigour measures to give effect to the resolutions passed at the last Ministerial meeting at Geneva in November 1961 on the question of enlarging prospects for the exports of developing countries. Unless industrialised countries reduce unilaterally tariffs and quantitative restrictions on imports from developing countries, the growth of world trade will continue to be hampered by irksome barriers. In respect of imports of manufactured goods from developing countries, in particular, industrialised countries will have to grant liberal entry, even if this involves some readjustment in their domestic production. Otherwise, trade concessions among industrialised countries inter se will only mean further trade discrimination against less-developed countries, for the products of the latter will then have to face stiffer competition in the markets of the former.

E.C.A.F.E. ON INDIAN PLANNING

In India's first Five-year Plan, it may be remembered, private enterprise accounted for 82 per cent of the total investment in modern industry (including large and medium industry and mining). But the second Plan sharply changed the investment allocation between the private sector and the public sector, the former's share coming down to 47 per cent. This development, according to a case study of India's economic growth in 1950-59 forming part of the (U.N.) *Economic Survey of Asia and the Far East* 1961, led the Government into foreign exchange difficulties, which, to some extent, arose from the investment policy it had adopted. The Government, continues the study, then tried to restrain the private sector, which had fulfilled its allotted task before the allotted time period, in order to bring development in the public sector up to priorities already laid down, rather than change priorities in accord with experience. This is an objective finding to which no exception can justifiably be taken by planners in this country. That the authors of the study are not biased against the Government of India in their evaluation of Indian planning could be inferred from their simultaneous recognition that commitments to projects with long-gestation periods, from which the Government could not possibly withdraw, had already been made. Likewise, they have also recognised that India has gone in for capital-intensive development in the hope that external economies and availability of domestically produced capital goods would ultimately lower capital and foreign exchange coefficients and secure more rapid growth. But, of course, they have, at the same time, raised the doubt whether technological changes might not obstruct this lowering by making the products of current investment obsolescent sooner than provided for in the cost-benefit calculations.

The authors of the E.C.A.F.E. study have also made observations about the conflict between the public and private sectors in India—a conflict arising principally from the sharp change in investment allocation. These findings, which refer objectively to the difficulties faced by the private sector as well as to the advantages enjoyed by it, constitute, in our opinion, a fair and balanced assessment of the situation. This is what they have to say:

"In the period under review, foreign exchange was absorbed in large amounts by capital-intensive 'high priority' projects, all with a heavy import content. Most of these were in the public sector. The private sector, which had gathered considerable momentum for high-yielding, but 'not-so-high priority' projects, remained somewhat starved of both foreign exchange and access to domestic capital. . . . The uphill task of export promotion was left to the private sector which was handicapped by shortages of skilled labour, raw materials and capital goods, by rising costs and by import difficulties arising from the long-term strategy. As against these difficulties, the private sector in India, as in Pakistan, has enjoyed the almost complete protection offered by the licensing of imports. It has paid less than a true market price for its domestic capital. Its imports under licence have been in the nature of a continuous subsidy since the rupee is considerably overvalued."

In spite of the handicaps and thanks to the aforesaid advantages, the private sector in India has performed very well indeed in the fifties. The E.C.A.F.E. study itself has given the finding that "the private sector has also been vigorous, perhaps even more so than the public sector, judging by the fact that it has done better than the public sector in reaching investment goals." The private sector would have bettered this performance if, even within the long-term strategy of the national Plan, greater scope had been provided for investment designed to augment output rapidly, particularly in light industries. That would have meant more industrial production and a somewhat higher rate of growth of national product. The authors of the E.C.A.F.E. study cannot be accused of questioning the basic premise, that is, the heavy industry orientation, of India's Plan. They have merely stated that light industry could have been given greater encouragement, even within the overall long-term strategy for self-reliant and self-generating industrial development, for the more immediate purpose of export promotion. After all, for growth to take place, exports are as important as domestic production of capital goods. An expansion of exports would enhance import capacity (derived from merchandise exports and net services) and make for a more efficient use of domestic resources than import substitution. How deplorably India is behind some other countries in the E.C.A.F.E. region could be easily seen from the figures pertaining to growth of import capacity. This country, as of 1959-60, has increased its import capacity only by 15 per cent since 1953, whereas Ceylon has increased its by 27 per cent, Taiwan by 33 per cent, Indonesia by 32 per cent, Japan by 123 per cent and Thailand by 32 per cent. There can, therefore, be no two opinions on the balanced approach to growth suggested in the E.C.A.F.E. study, with particular reference to India.

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THIRD FINANCE COMMISSION'S REPORT

STATES GET MORE FROM CENTRE

THE report of the third Finance Commission and the Government of India's decisions thereon were presented to Parliament on Monday this week by the Union Finance Minister, Mr. Morarji Desai. The Commission, it will be recalled, was appointed on 2nd December 1960 in pursuance of the provisions of Article 280 of the Constitution and the Finance Commission (Miscellaneous Provisions) Act 1951. It was presided over by Mr. Ashok Kumar Chanda, a former Comptroller and Auditor-General of India, and consisted of Mr. P. Govinda Menon (an ex-Chief Minister of Kerala), Mr. D. N. Roy (a retired High Court Judge, Allahabad), Prof. M. V. Mathur (of the University of Rajasthan) and Mr. G. R. Kamat, I.C.S., Member-Secretary. The Commission was required to make recommendations not merely on (*a*) the allocation of income-tax, (*b*) sharing of basic Union excise duties, (*c*) distribution of additional excise duties, and (*d*) payment of grants-in-aid under Article 275(1) of the Constitution, but also on two other aspects, namely, distribution among States of estate duty on property other than agricultural land and allocation of the Rs. 12.5-crore grant payable to States in lieu of the loss suffered by them consequent on the abolition of tax on railway passenger fares. It must certainly be said to the credit of the Commission that it completed its work within the period of twelve months prescribed in the Presidential Order; the Commission held its first meeting on 15th December 1960 and signed the report exactly a year later, on 14th December 1961.

This was the third Finance Commission to be set up after the Constitution was adopted. The first one was constituted in November 1951 with Mr. K. C. Neogy as Chairman; and the second one was in June 1956, under the leadership of Mr. K. Santhanam.

The report of the Chanda Commission is unanimous but for a minute of dissent by the Member-Secretary on the payment of special purpose grant for improvement of communications and inclusion of the State Plans' revenue component in the Commission's scheme of assistance to the States. The Government of India has accepted all the unanimous recommendations, as well as the majority suggestion regarding payment of a special-purpose grant for improvement of road communications. Necessary action to implement these decisions, we are told, is being taken and legislation for the purpose will be introduced in the current session of Parliament. The Government's decisions will hold good for a period of four years from 1st April 1962 to 31st March 1966 (end of third Plan), except in regard to payment of grants in lieu of tax on railway fares which will be effective for five years, that is, since 1st April 1961 when the tax was abolished. The object in reducing the period from five to four years was to synchronise the next Commission's award with that of the fourth Five-year Plan.

Income-tax

The Finance Commission has certainly done its job well. It has sought to meet a good portion of the competing claims of States for a larger devolution of funds from the Centre without impairing the latter's financial position. The State Governments have good reasons to feel gratified at the outcome of the Commission's work. The percentage of net proceeds of taxes on income other than Corporation tax has been raised from 60 to 66⅔ for the States and from 1 to 2½ for Union territories. The Commission has also accorded greater weight to the origin of tax collection as a basis for determining the share of the States. Thus, the share of each State will be calculated on the basis of 20 per cent of collection, as against 10 per cent hitherto. The share fixed on the basis of population, as a consequence, has been reduced from 90 to 80 per cent.

Union Excise

The Commission has, of course, lowered the percentage share of States in the net proceeds of Union excise duties from 25 to 20. But any loss of income from this will be more than made good, since the number of "shareable excise duty articles" has been increased from eight (matches, tobacco, sugar, vegetable products, coffee, tea, paper and vegetable non-essential oils) to 35 by including all articles (other than motor spirit) on which excise was collected in 1960-61, excluding, however, articles (except silk fabrics) on which the yield was below Rs. 50 lakhs a year. The new items included are: kerosene, refined diesel oils and vaporising oils, diesel oil not otherwise specified, furnace oil, asphalt and bitumen, pigments (and colours, paints, enamels, varnishes, blacks and cellulose lacquers), soap, tyres and tubes, rayon and synthetic fibres and yarn, cotton fabrics, silk fabrics, woollen fabrics, rayon or artificial silk fabrics, cement, pig iron, steel ingots, aluminium, tin plate and tin sheets (including tin taggers and cuttings of such plate, sheets or taggers), internal combustion engines, electric motors and parts thereof, electric batteries and parts thereof, electric lighting bulbs and fluorescent lighting bulbs, electric fans, motor vehicles, cycles and parts of cycles other than motor cycles, footwear, and cinematograph films exposed.

It is gratifying to find that, in determining the share of each State, the Commission has, while continuing population as the major factor of distribution of excise revenue, also taken into account the relative financial weaknesses of the States, the disparity in the level of development reached, the percentage of scheduled castes, tribes and backward classes, etc.

Additional Excise Duties

But for some minor adjustments, there is practically no change in regard to the additional excise duties on mill-made textiles, sugar and tobacco which were levied in replacement of States' sales tax. Thus, the entire net proceeds of duties will continue to accrue to the States other than those attributable to Union territories, the share of which is left unchanged at one per cent; the share of Jammu and Kashmir State has, however, been raised by ¼ per cent to 1¼ per cent. The income (derived from sales tax on these commodities during the financial year 1956-57) guaranteed to the States has been increase, albeit slightly, from the present level of Rs. 32.50 crores to Rs. 32.54 crores, so as to include also the yield from silk fabrics subjected to additional excise duty in lieu of States sales tax with effect from 1st April 1961. The excess over the guaranteed amount has been recommended for distribution among the rest of the States partly on the basis of population and partly on percentage increase in their sales tax revenues since 1957-58.

Estate Duty

The Commission has also not suggested any change in the principles governing the distribution of estate duty. The percentages assigned to each State has, however, been revised on the basis of population figures as indicated in the 1961 census. The State-wise distribution of population is given below:

(In millions)

Andhra Pradesh 35.98; Assam 11.86; Bihar 46.46; Gujarat 20.62; Jammu and Kashmir 3.58; Kerala 16.88; Madhya Pradesh 32.39; Madras 33.65; Maharashtra 39.50; Mysore 23.55; Orissa 17.57; Punjab 20.30; Rajasthan 20.15; Uttar Pradesh 73.72; West Bengal 34.97. Total 431.20.

Tax in Lieu of Railway Tax

For the distribution of the Rs. 12.5-crore annual grant payable to States in lieu of their share of tax on railway passenger fares, the Commission has recommended the principle of compensation. Consequently, the States are now placed broadly on the same footing as they were prior to the removal of this tax with effect from 1st April 1961.

Grants-in-Aid

The Chanda Commission has also recommended larger grants-in-aid to States under the substantive portion of Article 275(1) of the Constitution. As against only eleven States which at present receive such grants amounting in all to Rs. 39.5 crores annually (the individual share in crores of rupees is: Assam 4.50; Bihar 4.25; Jammu and Kashmir 3.00; Kerala 1.75; Madhya Pradesh 3.00; Mysore 6.00; Orissa 3.50; Punjab 2.25; Rajasthan 2.5 and West Bengal 4.75), the Commission has recommended an annual payment of grants-in-aid to all States, except Maharashtra. The total amount involved here is Rs. 110.25 crores, made up of Rs. 52 crores for filling the revenue gap in State budgets and Rs. 58.25 crores for covering 75 per cent of the revenue component of State Plans. Mr. Kamat, the Member-Secretary, has, however, dissented from the majority opinion in regard to the second portion of the grants-in-aid. The Government of India has accepted the unanimous recommendation pertaining to the first part, namely, the grant for covering the revenue gap in the budgets. The share of individual States in this aid is as follows:

Andhra Pradesh Rs. 9.00 crores; Assam Rs. 5.25 crores; Gujarat Rs. 4.25 crores; Jammu and Kashmir Rs. 1.50 crore; Kerala Rs. 5.50 crores; Madhya Pradesh Rs. 1.25 crore; Madras Rs. 3.00 crores; Mysore Rs. 6.25 crores; Orissa Rs. 11.50 crores; and Rajasthan Rs. 4.50 crores.

As regards the Plan revenue component grant, the Government, in consultation with the Planning Commission, has come to the conclusion that there will be no real advantage to States in receiving assistance towards their Plan partly by way of statutory grants-in-aid on the basis of the Finance Commission's recommendations and partly on the basis of annual reviews made by the Planning Commission. In support of this conclusion, the Government says:

"The Central assistance is determined after a careful assessment of the overall financial and economic situation and after making such adjustments which changing situations would demand from year to year. It is, therefore, necessary not only to review the financial position of the Centre and the States annually but also to take an integrated view of the entire financial picture of each State, both on revenue and capital accounts, in relation to the State Plan as a whole. The non-acceptance of this recommendation of the Commission will not affect the total amount of Central assistance to the States. The Central assistance to the States, as envisaged in the Plan, will continue to be made available on the basis of annual reviews of the overall financial position and other relevant factors. Government also consider that annual planning and reviews are an essential means of improving performance in all sectors ensuring the fullest effort to raise resources, maintaining a satisfactory balance between differ types of projects and of observing priorities. These purposes will be better served through suitable changes in the existing procedures rather than by converting any portion of Central assistance for the State Plans into statutory grants which, by their very nature, would lack flexibility. The States already enjoy a sufficient degree of freedom in the utilisation of the Central assistance made available to them. Steps will, however, be taken further to simplify the procedures for the release of Central assistance and to make them more flexible."

In holding the above view, the Government seems to have been convinced by the arguments put forward by Mr. G. R. Kamat in his minute of dissent. Mr. Kamat considers that the inclusion of a part of the State Plans' revenue component in the scheme of assistance is open to serious objections and that it has a serious impact on the concept and mechanism of national planning. In his opinion, any grants, even if accompanied by the indication of the broad purpose for which they are made, are, in effect, untied and, therefore, virtually unconditional. The proposal to convert the Plan grants into rigid statutory grants, according to him, is harmful to the planning process and to the execution of the Plan.

Grant for Road Development

Another important aspect on which Mr. Kamat has expressed disagreement relates to the suggestion for the payment of a special purpose grant for the improvement of road communications in certain States. Although a sum of Rs. 324 crores has been provided for in the third Plan for the development of road communications, the Government has accepted the majority view of the Commission, because it appreciates that the financial position of certain States is such that, without special assistance of this kind, it may be difficult for them to make adequate provision for the purpose. Accordingly, annual grants amounting in all to Rs. 9 crores will be made to ten States (Andhra Pradesh, Assam, Bihar, Gujarat, Jammu and Kashmir, Kerala, Madhya Pradesh, Mysore, Orissa and Rajasthan).

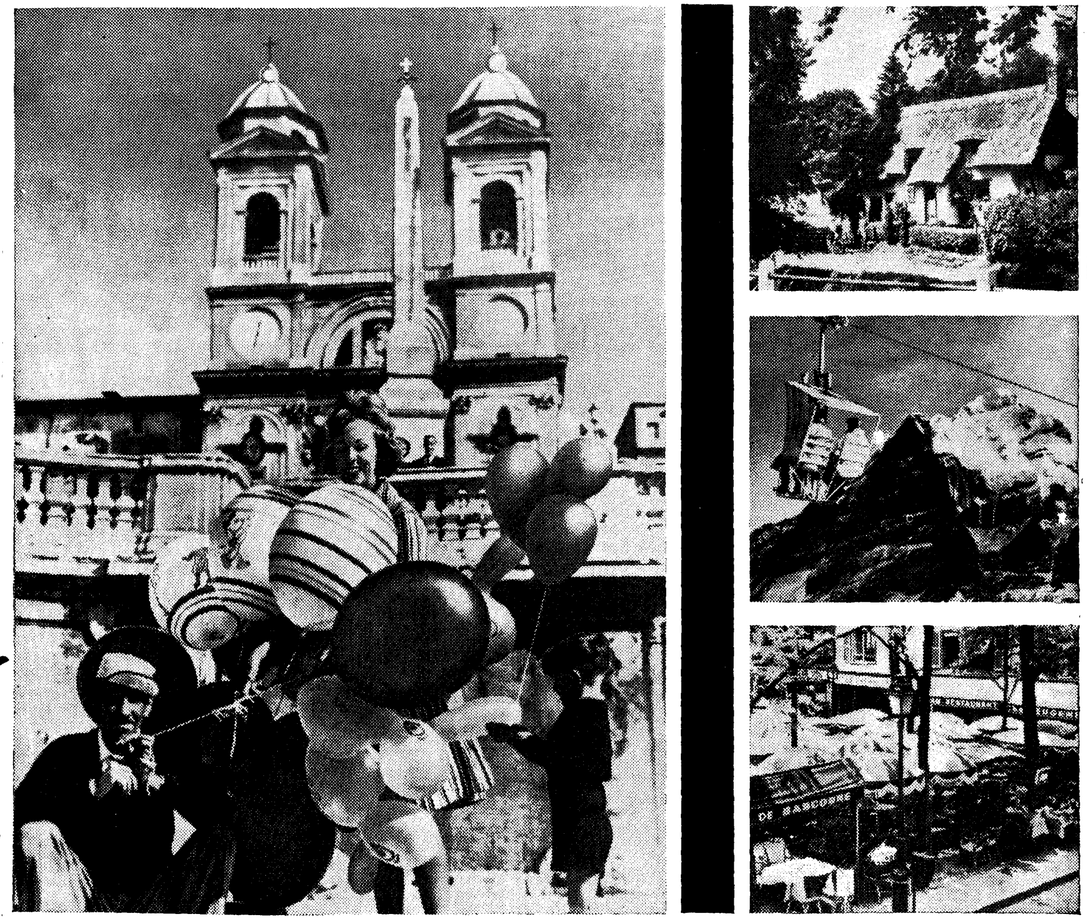
Net Effect

It is estimated that, as a result of the Government's acceptance of the Chanda Commission's recommendations, the States together will receive in the next financial year (1962-63) Rs. 35 crores more than what they would have got under the present arrangements. The States' share will definitely be very much more in the subsequent years, thanks to the increase in their share of income-tax divisible pool and the considerable widening of the number of shareable excises.

Two new ships, each of 9,069 g.r.t. which were built by the Hitachi Shipbuilding Co. of Japan for the Great Eastern Shipping Co., have arrived in Bombay. With these additions, the total strength of Indian fleet has gone up to 933,000 g.r.t.

Work on the Rs. 3.5-crore expansion programme of the Mysore Paper Mills, Bhadravati, was started last week. The entire machinery will be designed to work on 100 per cent bamboo pulp produced locally. The expansion scheme is expected to be completed by the end of 1964.

SEE EUROPE AT ITS BEST



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COMMENTS ON FINANCIAL AWARD FOR STATES

MR. KAMAT'S DISSENT SENSIBLE

From Our Special Correspondent

NEW DELHI, 13th March

DELHI LETTER

THE Third Finance Commission's award on the devolution of Central revenues and grants-in-aid to the States was placed before Parliament this week, together with the decision of the Union Government thereon. Though Articles 280 and 281 of the Constitution do not specifically lay down that the recommendations are binding, the convention has been established that they would normally be accepted, in view of the special position of the Commission in determining federal financial matters. On this occasion, however, a difference of opinion within the Commission leading to a dissenting minute by the Member-Secretary, Mr. G. R. Kamat, I.C.S., has made the Government accept the minority view in one matter; but this raises no serious issue of propriety, since the decision involves only the maintenance of the present position instead of a drastic change proposed by the majority for the conversion of the conditional revenue grants for development schemes in the States, made on the basis of periodical review of performance, into unconditional grants without any such appraisal. However much one may regret the difference of opinion which led to this step, Mr. Kamat's dissenting note is impressively lucid and well-reasoned; and, indeed, there is much support for his stand in the majority's views on the budgetary practices of the States and the unsatisfactory nature of their planning and execution.

The basic problem before the Finance Commission was how to transfer more revenues to the States for their increasing responsibilities under the third Plan consistently with the need for resources for the Centre for its own larger role. It is now stated that the additional sum that will be transferred under the Commission's recommendations will be about Rs. 35 crores more next year, as compared with the amount which they would get under the present arrangements. This is the overall position and it cannot be said that this is over-generous, though it is substantial. Much depends on the manner in which the transfer is made and the two previous Commissions made cautious beginnings in providing some elasticity to States' revenues by giving them a share of Union excise duties; it was clear that the scope lay in enlarging this pool of shared revenue. In these matters, the Finance Commission's task was clear-cut; details alone depended on the proportions to be prescribed for States' shares under each revenue head.

After relegating general observations on the problems of States' finances to the end of its report, the Commission has methodically proceeded to give its award according to the Articles of the Constitution. Under Article 269, the estate duty and the erstwhile tax on railway fares (now substituted by a fixed grant) provided little scope for larger transfers to the States. The only thing left to the Commission was to revise the percentage share of each State according to the new population figures for the distribution of the revenue from estate duty on assets other than immovable property.

A revision of the percentage of receipts of income-tax to be distributed among the States has been necessitated by the change in the system of company taxation and the assignment of the entire proceeds of corporation tax to the Centre. State Governments had suggested varying proportions up to 90 per cent; but there is much force in the view taken by the Commission (and even accepted by some of the States) that the Centre should continue to have a stake in the yields of income-tax. On this ground, the modest increase proposed by the Commission from 60 per cent at present to 66⅔ per cent of the total yield seems adequate. On the basis of the Budget estimates for the current year, the divisible pool may be enlarged only by about Rs. 8 crores though there is provisions now for compensatory payments to the States to the extent of Rs. 24.15 crores. On the vexed question whether the distribution should be made on the basis of greater weightage for source of collection or population, the Commission has restored the earlier position, which prevailed after the First Finance Commission's award, of 20 per cent on the basis of collection (instead of 10 per cent at present). Thus, industrial States like Maharashtra and West Bengal are favoured on the sound argument that they should be compensated for the administrative expenditure required for maintaining the environmental conditions for promoting trade and industrial activity.

With transfers on this scale being insufficient, the Commission had no alternative but to expand the field of shared Union excise revenues to do justice to the demands of the States. It has now thrown open almost the entire field of excises for such sharing; instead of 25 per cent on eight items as at present, the States will get 20 per cent on 35 items (except the revenue on motor spirit earmarked for another purpose). On the basis of the Budget Estimates for the current year, this means an increase in the divisible pool from about Rs. 145 crores to about Rs. 325 crores and the States' share will increase accordingly from Rs. 36.24 crores to about Rs. 65 crores. But, since this is an expanding source of revenue in future, State revenues will acquire an element of elasticity so long denied to them by the taxing powers given to them under the Constitution and the reluctance of the Centre to tap the sources mentioned in Aricle 269 except the estate duty and the (now repealed) tax on railway fares.

In distributing this additional amount, the Commission, while agreeing that population should continue to be the major consideration, has taken into account the relative financial positions of the States, the disparities in their development and the percentage of backward people in their population. States like Maharashtra, U.P., West Bengal and Madras will, therefore, be getting far less in proportion to the increase in the pool, while Orissa, which has been favoured in other respects also in the matter of grants under Article 275 and assistance for road development, will be substantially benefited. Reactions to this step remain to be seen, but there is no doubt that some States which have followed prudent fiscal policies will find themselves at a disadvantage.

When it came to the question of grants-in-aid, the Commission found itself divided. It found that it had no time or material at its disposal for the determination of the tax efforts of State Governments, the economy they have effected and efficiency they have sought to achieve. For this purpose, it has suggested the setting up of another independent high-powered Commission; meanwhile, it has recommended that grants should be determined on the basis of the budgetary gap and 75 per cent of the revenue component of their plans. Though at present Central assistance promised for the third Plan would in effect achieve this end, the majority of the Commission felt that the grants should be unconditional and not subject to reviews of performance now conducted periodically by the Planning Commission. In view of Mr. Kamat's dissenting minute, with which perhaps the Union Government was probably in broad agreement, the fixed grants under Article 275 will be restricted only to covering the budgetary gaps; this has naturally favoured those who have consistently showed the largest deficits. Orissa which gets Rs. 11.5 crores and, surprisingly enough, Andhra Pradesh (Rs. 9 crores) have secured enviable windfalls in this manner.

The Commission realised that the knowledged that the gaps will be thus covered by devolution has accentuated the reluctance to tap resources in the rural sector through more land tax, betterment and irrigation levies, that unproductive expenditure has increased and that a greater sense of responsibility in expenditure control was essential. "Under the present dispensation" it points out, "it is likely that the States which have done the least may receive more than they would have otherwise deserved."

Mr. Kamat has in addition pointed out that Economic and Social Planning is a concurrent subject and that the inducement which the Centre gives to the States for planning and executing schemes should not be automatically assured to them; he does not accept the plea of the majority that they should not be made to go before the Centre and plead before it on the strength of their ability and competence. The majority has itself pointed out that there is no planning machinery in the States. And it is well known that only the decisions of politicians determine the contents of the Plan which the Planning Commission has to accept as almost final.

There is also merit in Mr. Kamat's dissent from the recommendation regarding payment of one-fifth of the Central revenues from the excise duty on motor spirit as grants to certain States for development of communications. This also could have been based on approved plans, instead of taking the shape of varying fixed grants as suggested by the Finance Commission which has excluded some States, given more to Orissa and Madhya Pradesh and less to others with equal problems like Rajasthan or Mysore. But the Government has yielded to the majority view on this point; any resulting injustice during the next four years may, however, be overlooked if the backward States make good use of the money and develop their States in a manner that would reduce disparities.

Summary of Finance Commission's Recommendations Accepted by Government

	Share of income-tax*	Share of Union excise duties†	Grant-in-aid under Article 275 (1) (substantive portion)	Special Purpose Grant for improvement of communications	Share of estate duty	Grant-in lieu of tax on Railway fares	Additional duties of excise	
							Income to be assured	Distribution of balance
States' share	66⅔%	20%			99%			97.50%
Distribution	Per cent.	Per cent.	Lakhs of Rs.	Lakhs of Rs.	Per cent.‡	Lakhs of Rs.	Lakhs of Rs.	Per cent.
Andhra Pradesh	7.71	8.23	9,00	50	8.34	1,11	2,35.24	7.75
Assam	2.44	4.73	5,25	75	2.75	34	85.08	2.50
Bihar	9.33	11.56	..	75	10.78	1,17	1,30.16	10.00
Gujarat	4.78	6.45	4,25	1,00	4.78	68	3,23.45	5.40
Jammu and Kashmir ..	0.70	2.02	1,50	50	.83	..	..	**
Kerala	3.55	5.46	5,50	75	3.92	23	95.08	4.25
Madhya Pradesh	6.41	8.46	1,25	1,75	7.51	1,04	1,55.17	7.00
Madras	8.13	6.08	3,00	..	7.80	81	2,85.34	9.00
Maharashtra	13.41	5.73	..	..	9.18	1,35	6,37.77	10.60
Mysore	5.13	5.82	6,25	50	5.46	56	1,00.10	5.25
Orissa	3.44	7.07	11,50	1,75	4.08	22	85.10	4.50
Punjab	4.49	6.71	..	..	4.71	1,01	1,75.19	5.25
Rajasthan	3.97	5.93	4,50	75	4.67	85	90.10	4.00
Uttar Pradesh	14.42	10.68	..	..	17.10	2,34	5,75.81	15.50
West Bengal	12.09	5.07	..	..	8.11	79	2,80.41	9.00
Total ..	..	..	52,00	9,00	..	12,50	32,54.00	..

* The net proceeds of income-tax, except those attributable to Central emoluments and Union territories are divisible between the Centre and the States. The Commission has increased the share attributable to Union territories from 1 per cent. to 2½ per cent. of the net proceeds.

† Representing net proceeds of Union excise duties on 35 articles recommended by the Commission.

‡ Applies only to tax allocated to other than immovable property.

** Jammu and Kashmir will receive no compensation but 1½ per cent. of net proceeds.

AMERICAN LETTER

FEARS OF STEEL STRIKE RECEDING

OPEN MARKET OPERATIONS IN FOREIGN EXCHANGE

From Our Special Correspondent

NEW YORK, 10th March

OPTIMISM over business conditions in the months ahead is still the by-word. This cheerful note comes from bankers throughout the country who know the mood of their customers. Surveys prove it. A good part of the present psychological lift was generated by Lt.-Col. John Glenn's space flight three times around the world. It has given an unanticipated boost to morale all around. Gone are the inhibitions and sense of inferiority from the days of the first Russian Sputnik.

Fears of a steel strike and a disruption of the economy at the mid-year term, when present wage contracts expire, are subsiding. Negotiations for a peaceful settlement between management and labour have begun already under mild pressure from the Washington Government. Hoarding of steel inventory has been ceasing and market conditions have become more normal than they were a month or two ago.

Stock Exchange

The securities markets have been in the news again and unfavourably so. The Chairman of the New York Stock Exchange turned in his resignation following reports about his personal income-taxes' dispute with the U.S. Treasury Department. It follows the scandals on the American Stock Exchange where the management is now being reorganised. The amazing aspect of it is that the typical investor is not concerned over the Wall Street irregularities. Samplings of opinion show that most people regard these doings as internal institutional affairs which they do not consider to have any bearing on the inherent soundness of American industry, its securities and on the safety of their own holdings and savings.

There is, however, disappointment in some quarters that the U.S. economy is not expanding quite as fast as was expected around the year end. This feeling is shared by Government economists, who made glowing predictions two months ago, as well as by private sources who expected more than has actually taken place.

January has been particularly disappointing, although February was a little better. Figures now available show that, in the first month of the year, there was a drop in production, trade and income. It was wholly unexpected. The weather had a good deal to do with it. In many parts of the U.S., it was unusually severe. Retail sales declined because people stayed home. Included in this category were automobile sales. While they were considerably better than in the corresponding period of 1961, sales have been declining in the last few months.

Bigger Cars Unpopular

Like the railroads, the automotive industry has been imbued with the idea they had a monopoly and could do no wrong. Railroad management made no attempt, really, to adapt its service to changing conditions. Auto management thought that bigger cars with more horsepower and lots of chromium frills would attract the customers. The answer on the latter score has been "no" for several years. The city dweller cannot park such cars any more and in the congested areas and foreign manufacturers, with smaller cars, captured a good deal of the market.

But the prospects for renewed business expansion are fairly good. Government spending is increasing. And so are manufacturing orders for durable goods. Backlogs on the books are growing larger and industrial purchasing agents report better demand for their wares than in the past. Housing starts, while smaller than last autumn, continue at a satisfactory pace.

For the First Time Since the 'Twenties

In order to stem the unfavourable U.S. balance of payments, the Federal Reserve Bank of New York has begun open market operations in foreign exchange. The first purchase covered $50 million worth of French francs. It was for a 245-million francs' credit with Banque de France. Forward cover was provided by both parties and no exchange risk was involved. It was the first such operation since the 1920s.

The general purpose is to accumulate an inventory of foreign exchange which could be used to provide for future sales against dollars should U.S. currency become weak in international markets. The whole plan is for additional defence of the dollar. Heretofore, the operations in foreign currency undertaken by the Federal Reserve have been for U.S. Treasury account and chiefly through the U.S. Stabilisation Fund, a division of the Treasury.

The initial purchase in French francs was for the central bank's own account and on behalf of the 13 reserve banks acting through Federal Reserve Open Market Committee. Such operations in foreign exchange, should they reach large proportions, may be important to business and finance, generally, in the U.S., since they may either supply or take away funds from the money market, just as similar operations do in the realm of Government Securities.

The Elections in India

The Press here gave considerable coverage to the elections in India. The *New York Times* and other leading papers commented particularly on the victory of Mr. Krishna Menon, India's Defence Minister, who is regarded as not being a friend of the U.S. Otherwise, the victory of Prime Minister Nehru's Party was held to be encouraging.

Bombay Firm to Make Electrodes

Power Cables Private Ltd., Bombay, according to an announcement here, has entered into a licensing agreement with Westinghouse Electric International Company to manufacture welding electronics. Production is scheduled to begin by the end of this year, at Company's new plant at Kalyan. Initial production is estimated at 120 million feet a year. It covers all types of mild steel electrodes for manual arc welding. The plant is being equipped with the assistance of a loan from the Agency for International Development, Washington.

De Facto Devaluation of Sterling?

There is much discussion here about possible conversion of the British currency into a decimal system. Since the number of currency units, which would go into a pound sterling, would be reduced or expanded as compared with the present system, there must follow a new pricing structure on all levels of the economy and in British world trade.

Also, unless the precious metal content of the U.K. coinage is changed, a new relationship between precious metals and the decimal currency would have to be established, it is pointed out here.

All these inevitable changes, if and when the decimal system should be adopted, would most likely add up to devaluation of sterling. It may not be called that, of course, and the International Monetary Fund no doubt will keep an eagle eye on the foreign exchange markets during the transition period to see to it that nothing gets out of hand. These are the views on the subject which are being held here.—*All Rights Reserved.*

Notice

THE EMPIRE JUTE COMPANY LIMITED

ANNUAL GENERAL MEETING OF MEMBERS

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from the 17th March to the 30th March, 1962, both days inclusive.

By Order of the Board,
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C. HOCKLEY,
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Managing Agents.

CALCUTTA, 3rd March, 1962.

LONDON LETTER

THE TROUBLE ABOUT BANK RATE

BIGGER REDUCTION WARRANTED

(From Our Own Correspondent)

LONDON, 9th March

ALTHOUGH Bank Rate was cut by ½ per cent to 5½ per cent this week, it is still one of the highest in the world, only exceeded among the important commercial countries by New Zealand and Japan. The average run in Europe is 3½ per cent, while America and Germany both enjoy 3 per cent. The inevitable result is a strong flow of gold into the U.K.

In February, the gold reserve rose by £80 million. The Bank of England aimed to conceal this rise by repaying £75 million of the old I.M.F. credit, leaving a net increase of £5 million. But everyone is becoming so much more educated to the significance of these gold movements that this device does not conceal from the general public that the pound is extremely strong. Admittedly, the strength is based on hot money the flow of which could be reversed without warning but it still makes it difficult for the Chancellor's story of the continued need for anti-inflationary measures to hold weight.

Hot Money

The Chancellor's desire to restrict credit inhibited him from cutting the Bank Rate by more than ½ per cent, for the Treasury is fearful that a 1 per cent cut would have been taken as a signal for a mood of credit relaxation and a weakening of wage restraint. But the result is to maintain these excessively attractive interest rates and so cause hot money to flow in. There are some who take a cynical view of this and, in effect, the Chancellor is joining himself with them, because they are using speculative movements of hot money as part of internal monetary policy. That is, the Chancellor, by using Bank Rate so heavily in defence of his credit restriction, is inevitably obliged to make the City a magnet for international funds and this has an adverse effect on the countries from which the money is flowing which naturally include Germany and the United States, the lowest Bank Rate countries.

Nor does the device of repaying the I.M.F. help, for, as the I.M.F. still operates in individual currencies, when it buys gold from the U.K. it has to sell sterling, hence its stock of sterling for giving credit to other countries is diminished. In effect, not only is the inflow of gold into the U.K. detrimental to the countries from which it flows, but the diversion of this gold flow in turn into the I.M.F. reduces the latter's free sterling.

Domestically, a more serious disadvantage is that this country is paying high interest rates on the useless hot money which comes in and repaying, in advance of time, a cheap I.M.F. loan. Thus, the invisible balance of payments suffers another burden.

An Embarrassing Development

The gold inflow is thus doubly embarrassing; it is embarrassing because it increases the interest charges payable abroad and because it creates a false impression of the strength of sterling. The country would be much better off without it. On the other hand, the Chancellor is not prepared to relax internal credit restrictions other than gently and there is a strong case to be made out for the need for moderation in letting the curbs on borrowing go. Obviously, then, the Chancellor should be relying more on the very powerful holds which he has on the banking system, including that device—which the banks dislike so much—of the special deposits, which, by freezing a part of their cash, lower the ratios against which they can make advances. Such direct measures, as well as the strong persuasion of the Bank of England, ought to achieve everything necessary. The Bank Rate is a clumsy weapon; it needs to be used with moderation and with an eye to long-term domestic factors and very short-term external factors. At the present time, both of these point to a further cut in Bank Rate and the City hopes that the authorities will realise this before the gold flow becomes even more embarrassing.

DENA BANK REPORTS ALL-ROUND PROGRESS

APPROPRIATION POLICY CONSERVATIVE

FOR the Devkaran Nanjee Banking Company Ltd. (Managing Director: Mr. Pravinchandra V. Gandhi, Bombay) the year ended 31st December 1961 was a highly satisfactory one. It witnessed all-round progress of a substantial nature. As many as eleven new branches were opened during the year to bring the number of branches to 107. The safe deposit vault service was extended to six more branches, bringing the number of branches so served to 29. Steps were also taken to expand the activities of the existing branches. All these bold moves to popularise banking habit are fully reflected in the balance-sheet total which, as at the end of 1961, shows a smart rise to Rs. 56.13 crores from Rs. 48.71 crores a year ago. It is noteworthy that, on the liabilities side, the entire increase has been due to the striking expansion in deposits.

Expansion in banking activity has been responsible for larger income by way of interest and commission from Rs. 163.53 lakhs to Rs. 183.08 lakhs and of commission, brokerage and exchange from Rs. 27.21 lakhs to Rs. 31.44 lakhs. Other receipts have also risen modestly from Rs. 9.46 lakhs to Rs. 10.31 lakhs. In all, there has been a rise of Rs. 24.62 lakhs in the gross income. On the expenses side, the interest paid on deposits, borrowings, etc. has gone up by Rs. 5.09 lakhs to Rs. 98.14 lakhs and so have the staff and other expenses by as much as Rs. 15.35 lakhs to Rs. 96.41 lakhs. Provision for depreciation is also up by Rs. 1.59 lakh to Rs. 4.13 lakhs. But even the profit after providing for taxation as mentioned above and for bonus to employees, which unlike in the previous years, has been included in the cost of services, shows a rise of Rs. 11.60 lakhs to Rs. 26.15 lakhs over the previous year, on a comparable basis. This is a great improvement in the net profit, as it works out to 80 per cent, and is due primarily to the widening of the spread between interest received and the interest paid from 32.1 per cent of the net income during the preceding year to 37.7 per cent for the year under review. Together with Rs. 7.86 lakhs brought forward from the previous year, the sum available for appropriation amounts to Rs. 34.01 lakhs. A good part of this sum, Rs. 15 lakhs to be precise (as against only Rs. 8.00 lakhs), has been transferred to the reserve fund. The dividend has been stepped up only slightly from 8.76 per cent to 11 per cent, the increase taking away only Rs. 1.12 lakh of the rise in net profit. The undistributed surplus is higher by nearly Rs. 6 lakhs at Rs. 13.51 lakhs. It will thus be noted that the Directors have been quite conservative and cautious in distributing the profit.

The rapid improvement in the Bank's affairs during the past four years is clearly brought out by the following comparative table.

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount earned	1,83.08	1,63.53	1,26.83	1,07.60
Commission and exchange	31.44	27.21	22.01	17.71
Other receipts	10.31	9.46	7.73	7.20
Interest paid	98.14	93.05	79.44	66.85
Staff expenses	65.14	55.84	41.32	33.72
Other expenses	31.27	25.22	20.67	16.02
Depreciation	4.13	2.54	2.10	1.70
Profit	26.15*	26.20	15.30	16.02
Provision for taxation	N.D.	9.00	...	5.00
To reserves	15.00	8.00	6.00	6.00
,, bonus to staff	—	2.05	2.25	1.80
,, dividends	5.50	4.38	4.38	3.00
	(11%)†	(8.76%)†	(8.76%)†	(6%)
Carry forward	13.51	7.86	5.69	3.02

	As on 31st December			
	1961	1960	1959	1958
Capital	50.00	50.00	50.00	50.00
Reserves	73.16	60.00	52.00	46.00
Deposits	43,35.99	35,80.59	35,38.49	30,12.23
Borrowings from other banks	2,18.75	4,00.00	2,50.00	...
Advances	30,05.51	24,34.12	19,45.84	14,04.87
Investments	12,74.07	12,30.91	15,80.27	13,94.82
Cash	4,77.69	4,77.17	4,32.46	3,52.66
Balance sheet total	56,12.93	48,70.97	45,86.37	37,40.88
Ratio to deposits of—	%	%	%	%
Advances	69.3	67.9	55.0	46.7
Investments	29.4	29.7‡	37.8‡	46.8
Cash	11.0	13.3	12.2	11.7

* After providing for taxation and bonus to staff.
† Subject to deduction of tax.
‡ Only unencumbered investments are taken into account.
N.D.=Not disclosed.

The Bank's deposits, as at the close of 1961, have increased quite sharply by as much as Rs. 7.56 crores to Rs. 43.36 crores. Although there has been an all-round improvement in the deposits, the chief contribution has come from the time deposits which have advanced from Rs. 15.98 crores to Rs. 19.77 crores. Savings deposits have moved up from Rs. 8.70 crores to Rs. 10.71 crores and *current* and other accounts from Rs. 11.12 crores to Rs. 12.88 crores. Investments and cash have remained practically stationary around Rs. 12.75 crores and Rs. 4.78 crores, respectively, but advances have spurted from Rs. 24.34 crores to Rs. 30.06 crores, thereby raising the credit ratio further to 69.3 per cent from 67.9 per cent previously.

The paid-up capital of the Bank is Rs. 50 lakhs divided into one lakh ordinary shares of Rs. 50 each and is supplemented by Rs. 75.16 lakhs in the reserves. Despite the large plough back of profits during recent years, the ratio of capital and reserves to total deposits is still as low as 2.9 per cent, as against the 6 per cent limit recommended by the Reserve Bank, because of the swift growth in deposits. It is thus obvious that the Bank will have to increase its capital in the near future.

* * * *

Since this review was written, the Directors of the Bank have proposed to issue new equity capital of Rs. 50 lakhs and offer it to the existing shareholders in the proportion of one new share for one share held by them. The issue will raise the Bank's capital to Rs. 1 crore in ordinary shares of Rs. 50 each, which is the authorised capital. Mr. Pravinchandra Gandhi, Managing Director, told the annual general meeting on Wednesday that the Controller of Capital Issues, to whom the application for issuing the new capital was made, was unlikely to allow the issue to be made at par. The management was, however, trying for as low a premium as possible. The issue is expected to be made before the end of the current year.

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ALLAHABAD BANK EARNS MORE

PROFIT RISES—RESERVES STRENGTHENED

A FURTHER handsome increase in earnings despite higher operating costs, a notable improvement in net profit, a substantial expansion of deposits, and a sizable rise in liquid assets: these are the highlights of working of the Allahabad Bank Ltd. (General Manager: Mr. M. J. Maclaren, Calcutta) for the year ended December 1961. The net profit for the year, after making allowance for taxation which is not shown separately and depreciation, is Rs. 22.49 lakhs, a rise of Rs. 5.14 lakhs, or nearly 30 per cent, as compared with the profit for the previous year. This improvement has been brought about notwithstanding the sharp increase of Rs. 19.01 lakhs in interest paid, of Rs. 11.75 lakhs in staff expenses and of Rs. 4.16 lakhs in other expenses. These increases have neutralised to a great extent the growth of Rs. 40.28 lakhs in gross income which during 1961 amounted to Rs. 334.12 lakhs, as against Rs. 293.84 lakhs in 1960. Since quite a large part of the profit has been taken away by bonus to staff (Rs. 9.25 lakhs, as against Rs. 8.30 lakhs) and as the Directors have allocated a sizable amount of Rs. 4.50 lakhs to reserves (no such allocation could be made in the past few years), the return to ordinary shareholders could only be maintained at 18 per cent (made up of a dividend of 12 per cent and a bonus of 6 per cent) subject to tax. The Bank has kept up this rate for years; only, it has not been able to make the return tax-free which it was before Mr. Morarji Desai abolished the grossing up system with effect from 1959.

The improvement of over Rs. 40 lakhs in the Bank's gross income for 1960 is shared by both interest and discount earned and commission and exchange, the former rising by Rs. 35.30 lakhs to Rs. 288.23 lakhs and the latter by Rs. 5.03 lakhs to Rs. 43.78 lakhs. The rise in the Bank's earnings is generally in keeping with the trend of banking as a whole.

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	3,34.12	2,93.84	2,75.95	2,50.48
Of which:				
Interest and discount earned	2,88.23	2,52.93	2,38.66	2,16.46
Commission and exchange	43.78	38.75	35.33	32.24
Other income	2.11	2.16	1.96	1.78
Interest paid	1,54.30	1,35.29	1,20.38	1,33.54
Staff expenses	1,08.21	96.46	87.62	88.31
Other expenses	46.54	42.08	34.13	27.60
Provision for—				
Taxation	N.D.	N.D.	N.D.	N.D.
Depreciation	3.58	2.66	2.55	2.32
Net profit	22.49	17.35	16.27	13.71
To reserves and contingencies	4.50	Nil	Nil	Nil
,, staff pension fund	1.00	1.00	2.00	Nil
,, bonus to staff	9.25	8.30	7.60	7.32
Dividend—				
6 per cent. preference	1.17†	1.44*†	0.90†	0.90
Ordinary	5.49† (D. 12% +B. 6%)	5.49† (D. 12% +B. 6%)	5.49† (D. 12% +B. 6%)	5.49 (D. 12% +B. 6%)
Carry forward	6.10	5.04	3.86	3.54

	As on 31st December			
	1961	1960	1959	1958
Capital	47.06	45.50	45.50	45.50
Reserves	1,08.00	1,08.00	1,08.00	1,08.00
Deposits	57,40.83	51,95.00	50,12.66	45,32.16
Borrowings from other banks	8.50	10.82	1,27.64	2,31.39
Advances	31,63.03	31,93.25	28,36.40	25,05.63
Investments‡	17,51.55	12,58.61	14,62.86	14,66.72
Cash	9,86.45	9,09.25	10,04.12	9,46.08
Balance sheet total	64,60.82	59,84.50	59,10.74	53,45.83
Ratio to deposits of—	%	%	%	%
Advances	55.0	61.4	56.6	55.3
Investments	30.5	24.2	28.2	32.4
Cash	17.1	17.5	20.0	20.9

N.D.—Not disclosed.
* Includes Rs. 27,000 representing the arrears of dividend for the year 1959.
† Subject to deduction of tax.
‡ Only unencumbered investments.

A feature of the Bank's balance-sheet as at the end of 1961 is the absence of any rise in advances. Actually, they are a shade lower at Rs. 31.63 crores, as against Rs. 31.93 crores a year before. This, however, does not necessarily mean that, during the year as a whole, the advances of the Bank were on the low side. The net fall over the year may be due to the delay in the movement of agricultural crops of the current season.

While advances show a fall, the growth of deposits was quite sizable, as much as Rs. 5.46 crores. Even so, the Bank had to borrow from other banks, though the actual borrowings were small at Rs. 8.50 lakhs, as against Rs. 10.82 lakhs a year before and Rs. 127.64 lakhs two years before. In view of the marked increase in deposits without a corresponding rise in advances, the Bank's credit ratio has declined perceptibly from 61.4 per cent in 1960 to 55.0 per cent in 1961. The aggregate investments of the Bank, which are shown in the balance-sheet as hitherto at less than the actual market value, are higher by Rs. 4.93 crores at Rs. 17.52 crores and cash by Rs. 77 lakhs at Rs. 9.86 crores, so that the ratio of total liquid assets to deposits has risen from 41.7 per cent to as much as 47.6 per cent.

The balance-sheet total of the Allahabad Bank as on 31st December 1961 stands at the all-time peak of Rs. 64.61 crores, as against Rs. 59.84 crores on the corresponding date in 1960. As a preliminary to strengthening the capital-deposit ratio, the Directors of the Bank made a final call of Rs. 50 per share on the 29,000 contributary ordinary shares for the purpose of making such shares fully paid. The last date for payment of call money was 2nd January 1962. The calls actually paid by the end of December 1961 was just Rs. 1.56 lakh, and calls unpaid were to the tune of Rs. 12.94 lakhs. Almost the whole of this amount has since been received, so that paid-up capital will now be equal to the issued capital of Rs. 60 lakhs. The capital of the Bank as at the close of 1961 amounted to Rs. 47.06 lakhs, as compared with Rs. 45.50 lakhs a year before, while reserves continued unchanged at Rs. 108.00 lakhs. Including, however, the sum of Rs. 4.50 lakhs allocated out of the published profit for the year 1961, the reserve fund stands higher at Rs. 112.50 lakhs. The undistributed surplus is also more at Rs. 6.10 lakhs, as against Rs. 5.04 lakhs. The ratio of "own funds" to deposits (taking the paid-up capital at Rs. 60 lakhs) is 2.9 per cent, that is, just less than half of the six per cent ideal, recommended by the Reserve Bank and accepted by the banks as a whole, to be attained as early as possible in the coming years.

The Bank opened, during 1961, three new branches and upgraded seven pay offices to full branch status, in order to enable them to compete more effectively for local business. The Bank now has 83 branches and five pay offices.

"THE INDIAN BANKING AND FINANCIAL REVIEW"

This is a new monthly journal, devoted mainly to the discussion of banking and financial problems, published by Camita Publications, 10 Girdhar Nivas, Colaba Road, Bombay 1. (Price: Re. 1.50). It is edited by Mr. B. L. Panjabi, who has an intimate knowledge of both the theory and practice of banking, having been associated with it for well over twenty-five years. The first issue of the journal contains reviews of the recent trends in the different sectors of banking. There are four interesting articles entitled "Second thoughts on deposit insurance," "Should commercial banks dabble in term-lending?," "Hot money: Indian version," and "*Multani* bankers get a break." In the course of a special article, Mr. Pravinchandra V. Gandhi has highlighted the importance of trained efficient personnel at all levels for the development of banking. The journal also contains and includes graphs and statistics relating to banks.

CORRIGENDUM: STATE BANK OF INDORE

On page 377 of *Commerce* dated 3rd March, 1962, in the publication of State Bank of Indore's statement of accounts the item No. 4—rent, taxes, insurance, lighting, etc.—on the expenditure side (in the column for 1960), is to be read as Rs. 5,22,933, instead of Rs. 5,22,993, and the item No. 6—postage, telegrams and telephones—is to be read as Rs. 73,276, instead of Rs. 73,296.

(*Concluded from third column*)

been rejected and which at one time seemed likely to lead to major strike action. Admittedly, this settlement was achieved only at the cost of an agreement that the case of the rail workers will be reviewed again when economic conditions improve, which the workers are presuming to mean later this year. But it is a great gain to have avoided the setting of a pecedent of an obviously excessive immediate increment.

On the costs front, therefore, the prospect for sterling now looks a good deal more promising than many would have guessed it to be a few months back. Unless output rises faster this year than the Government yet appears to be assuring it will do, there may, indeed, still be some net rise in the average level of British costs —but all recent experience suggests that the costs of some of Britain's chief competitors, notably German competitors, may rise further still. There seems a good chance, therefore, that this year Britain will at least hold her own in export markets—and the total volume of business available should be significantly expanded. The first task for Government economic policy must be to ensure, so far as it can, that these opportunities for Britain's exporters will be fully seized.

PROSPECT FOR STERLING BETTER

NEW DEFENCES FOR U.S. DOLLAR

By W. T. C. King
EDITOR OF *THE BANKER*, LONDON

THE behaviour of sterling in the foreign exchange markets during these opening months of 1962 has been in striking contrast to the sombre predictions that were commonly heard in international banking circles in the latter part of last year. Except for a brief fluttering about mid-February, the rate against the U.S. dollar has for some weeks past been quoted at within half a cent of its upper limit—and this in spite of the fact that the British exchange equalisation account has been active in the market as a large purchaser of foreign exchange. The end-February statement of the central reserves of gold and convertible currencies showed these purchases to have been even larger than had been generally expected; after providing for the repayment to the International Monetary Fund of a further £75,000,000, the total reserves still showed a net increase during February of £5,000,000, to £1,223 million, so that the month's true accretion was, with one exception (last October), the biggest for many years. Advance repayments to the I.M.F. of the £535,000,000 drawn by Britain last August now total £225,000,000.

Exports Disappoint

This is the time of year when seasonal factors run in sterling's favour, notably because of receipts into the London pool on account of sales of primary products exported from the overseas Sterling Area. At this time, too, Britain's own current outgoings for imports and for invisible transactions, are normally much below the year's peak. But, seasonal factors apart, it seems clear that the strength of sterling is not any reflection of the state of the current account. The latest figures of Britain's visible trade, those for January, were, indeed, rather disappointing—showing a meagre increase in the seasonally corrected figure for exports to a point still somewhat below the average for 1961 and a sharp rise in imports to a point considerably above the 1961 average. It would be wrong to draw conclusions from a single month's figures, as the exchange market recognised after its monetary fluttering—but the delay in the hoped-for expansion of exports, if not yet worrying, remains disappointing.

Capital Inflow

The major source of the accretion to the reserves is beyond doubt, therefore, a continued and indeed accelerating inflow of capital. One reason for this, and perhaps the most important influence of all, has been the maintenance of the high level of money rates in London. The seven per cent Bank Rate fixed last July was reduced by two small steps last year to six per cent; but the last cut was made as far back as early November. Many City circles fully expected to see the rate come down by at least a further half per cent in the early weeks of 1962, partly because so high a rate limits the authorities' scope for manœuvre and partly because they made it clear many months ago that they did not wish the high rates to act as a magnet for any large influx of mobile foreign money. These expectations led to a sharp drop in the London Treasury Bill rate during January, carrying the average allotment rate down from five and seven-sixteenths per cent to well under five and a quarter per cent by early February. At that stage, however, a combination of factors led the market to conclude that the Bank Rate reduction would be deferred—possibly until after the introduction of the Budget (since announced for 9th April)—and thus provoked a sharp rebound in market rates. By 2nd March, the Treasury Bill rate had been levered up to almost five and nine-sixteenths per cent, thus restoring to the discount market a more normal running profit-margin over its average borrowing costs. (Since this review was despatched, the Bank Rate has been reduced to 5½ per cent, with effect from Friday the 9th inst.—ED.)

U.S. Dollar Not So Weak

According to some commentators, an important ingredient in the strength of sterling has been the continued weak undertone of the U.S. dollar. But this argument is not well supported by some other evidence. In particular, a notable feature of recent months has been the quietening of the bullion market. The London gold price has dipped to 249 shillings and three pence a fine ounce, its lowest for a considerable time, with the corresponding dollar price at no more than 35.06¼. Though it is well known that the London gold market had been subject at times to strong management by the Bank of England, acting in consultation with the United States Federal Reserve authorities, there is no reason to believe that this sharp drop in the price has been deliberately engineered; on the contrary, it appears to reflect a subsidence of the former excitements. If this experience is some measure of international sentiment towards the dollar, it accords reasonably well with other evidence of dollar prospects. Several recent announcements from Washington and New York have shown that a structure of central banking co-operation resembling that which supported sterling after the revaluation of the D-mark last year has been extended to provide important technical facilities for the support of the dollar. The U.S. authorities have made it clear, moreover, that they are prepared to defend the dollar against the pressure of short money movements not only by levering up short money rates in New York but by developing still further the technique of operating in various centres to increase the cost of obtaining forward exchange cover for funds switched out of New York.

Change in Opinion

While international bankers have perhaps not yet fully appreciated the significance of these new defences for the dollar, there is no doubt that many of them have lately been reconsidering the opinions they had formed about sterling. It is no longer fashionable to assert, as was being done in the second half of last year, that "sterling devaluation is only a question of time" or "of course, Britain will be bound to devalue before joining the European Common Market."

In recording this change in international opinion about sterling, I hasten to add I am not myself asserting that there has been any corresponding change in the underlying position of sterling, nor do I mean to imply that I think that the fundamental problem of underpinning sterling is already solved or about to be solved. The main point is that last year's pessimism about sterling on the Continent was overdone.

July Measures Yield Results

Although Britain is still far from its ultimate economic goal of ensuring, over the average run of years, an overall balance, if not an overall surplus, on its balance of payments, and of achieving at the same time a reasonably steady rate of economic growth, its recent experience has disclosed some moderately heartening portents. The measures of last July have had the effect of easing most of the inflationary strains that had been growing up in the economy. Most industries now have a margin of spare capacity, and some a substantial margin; the main limiting factor on expansion is no longer a shortage of skilled labour (even though the unemployment ratio is still no higher than two per cent). Instead, it is set by the volume of orders. The more competitive climate brought about in many trades has reinforced the administrative and other specific measures introduced by the Government with the object of putting a brake on the rise in incomes, especially in wages. Profit-margins have been falling for some time past. The policy of the "wages pause" and the new policy of restraint that is still being devised have unquestionably had the effect of keeping increases in basic rates in some major industries appreciably smaller than they would otherwise have been. The White Paper on incomes policy, published in February, emphasised afresh the need to keep the rate of increase of incomes within the long-term rate of growth of production, and pointed out that, in recent years, that rate has been about two to two-and-a-half per cent a year.

Cost Front

Whilst the Government hopes that the economy may do better than this eventually, for the present it thinks that increases in incomes should be related to this rate of growth. It does not seem likely that the general level of wage increases this year will be kept strictly down to this 'guiding light' average of two-and-a-half per cent, but it may not far surpass it. In a major series of negotiations culminating last month in direct discussions with the Prime Minister himself, the railway workers were persuaded to accept three per cent—an offer which had at first

(*Continued in first column*)

MILLS' CONCERN OVER COTTON SHORTAGE

IMMEDIATE ARRANGEMENTS FOR ADEQUATE IMPORTS URGED

LAST year (1961), it will be recalled, was quite a favourable one for the cotton mill industry, in that the year witnessed a notable rise in output —5,139 million yards of cloth and 1,899 million lbs. of yarn, as against 5,052 million yards and 1,737 million lbs., respectively, produced in 1960. Such an encouraging production performance was due, in large measure, to the comfortable raw cotton supply position, thanks to a good crop of 5.41 million bales harvested in the 1960-61 season, as compared with 3.81 million bales in the 1959-60 season. The cotton crop in the current (1961-62) season has, however, suffered a veritable setback, the latest estimate of yield being placed at as low as 4.30 million bales. It is true that the season began with a larger carryover stock of 2.17 million bales, as against 1.49 million bales in 1960-61. Even so, the total supply for the whole season 1961-62 is well below that for 1960-61, being 6.92 million bales (including 450,000 bales of foreign cotton so far permitted to be imported), as against 7.90 million bales (including the 1,000,000 bales of foreign cotton imported). If allowance is made for two million bales as reasonable running stock, the supply actually available for consumption by mills comes to less than five million bales, whereas consumption is currently running at an annual rate of 5.8 million bales.

Viewed thus, the millowners' concern and the anxiety over the problem of cotton supplies are quite understandable. The Indian Cotton Mills Federation, at its meeting held in the City on the 9th inst., declared that it would not be possible to maintain the current rate of textile production, unless speedy arrangements were made to fill the gap in cotton supplies. Drawing attention to the industry's move to step up, within the last year and a half, its output of yarn by 10 per cent in response to the call for increased production, the Federation warned that, if this tempo could not be maintained, it would, indeed, be a matter for grave concern. It, therefore, decided to request the Government to convene an urgent meeting of the Cotton Textiles Consultative Board to consider the problem.

That the current season's cotton crop would be markedly smaller as compared with the previous season was evident at the beginning of the season itself. Although nearly six months have elapsed since the season began, the Government has announced imports to the extent of only 450,000 bales. It is not as if the Government was not seized of the problem earlier. Indeed, it was. But what could the Government do when the shortage of foreign exchange has been acute all along? It has been trying its best to get more U.S. cotton under P.L. 480, but its efforts have not been fruitful because the surplus of American cotton has shrunk. The country is, therefore, in a very difficult position.

Cotton Prices

Meanwhile, cotton traders and other raw cotton interests have been crying hoarse for removal of the ceiling on cotton prices and abolition of controls. These leaders of raw cotton virtually want to exploit the helplessness in which the country finds itself. This demand, too, was examined by the Committee of the Cotton Mills Federation and a non-committal observation was made, as witness the quotation below from the Press note issued by the Federation's office:

"The Committee also gave consideration to the resolution passed by the Indian Central Cotton Committee recommending the removal of ceiling price on cotton from the next season. The cotton crop had shown wide fluctuations in the last few seasons and this year's crop of 4.3 million bales was a disheartening start to attain the third Plan target of 7.0 million bales. The Committee were anxious that no efforts should be spared to reach the target of cotton production speedily, but whether the proposed removal of ceiling price was the answer to this problem or whether any other methods could be adopted for the purpose required careful examination in the light of the repercussions of any such measures on the national economy. The Committee decided to request Government that this matter should also be discussed at the proposed meeting of the Cotton Textiles Consultative Board."

It is surprising that the Federation has no considered opinion on an issue that vitally affects not only the cotton textile industry but the economy as a whole. Does the Federation feel that an increase in the price of cotton now or the removal of price controls in the midst of acute scarcity will help produce more cotton now and lead to a big increase in the crop in the next season without detriment to other crops? This is not a complex question. Surely, the Federation can command sufficient talent to examine the issue and to come to a decision. Apparently, the members of the Committee either suffer from divided loyalties or consider that it would not be diplomatic to be candid on an issue into which a lot of politics has been imported.

To revert to the Federation's meeting, Mr. Bharat Ram, the Chairman, gave an account of the discussions at the International Cotton Textile Conference held at Geneva in February under the auspices of the G.A.T.T. As a result of the long-term arrangement drawn up there, as Mr. Bharat Ram said, the exporting countries have acquiesced in the continuance of restrictions on imports by the European Economic Community countries which are not warranted by the provisions of G.A.T.T. Further, they have also exposed themselves, in certain circumstances, to the possibility of similar restraints being imposed by other countries which are not doing so at present. But in turn, he averred, there was the promise of enlarged quotas by the E.E.C. countries and an assurance that all countries would work towards speedy elimination of the remaining barriers in international cotton textile trade. Mr. Bharat Ram hoped that, with the emphasis placed in the Geneva agreement on giving increased export opportunities to the developing countries possessing the necessary resources such as raw materials and technical skill, India should be able to secure from France and West Germany adequately enlarged quotas for exports of cotton textiles.

U.S. Restricts Hong Kong Textiles

While it remains to be seen whether the hope expressed by the Federation's Chairman will be fulfilled, the fear that the arrangements governing world trade in cotton textiles evolved by the G.A.T.T. International Textile Conference would strengthen protectionism in markets hitherto free from import restrictions has already proved correct to some extent. On the 2nd of this month, the U.S. Government, for instance, conveyed to the Government of Hong Kong, through the British Embassy at Washington, its request for "restraint" on shipments from Hong Kong of eight categories of textiles (ginghams carded yarn, sheeting carded yarn, twill and sateen carded yarn, fabrics not elsewhere specified, knitshirts other than T shirts and sweatshirts, including infants' sweaters and cardigans, raincoats three-quarter length or over, and all other coats). The request was in accordance with one of the principal provisions of the short-term agreement which lays down that

A participating country, if it finds that unrestricted imports of cotton textiles are causing or threatening to cause disruption of its domestic market, may request the exporting country concerned to restrain, at a specified level not lower than the level prevailing for the twelve-month period ended 30th June 1961, its total exports of any category of cotton textiles causing or threatening to cause such disruption...

Within twenty-four hours after the U.S. request was received by the Hong Kong Government, the Colony's Commerce and Industry Department issued a notification stopping the issue of export licences for the aforesaid eight categories of Hong Kong textiles to the U.S. with effect from the 3rd inst. The immediate action was justified by Mr. H. A. Angus, Director of the Department, as being "necessary to retain American goodwill." The textile interests of Hong Kong, however, strongly protested against such sudden action without consulting the Cotton Advisory Board which was set up in July last for the specific purpose of offering advice on important issues affecting the industry. "It is inexplicable," to quote a leading Hong Kong daily, "that the Government should choose to ignore the Board and make a 'closed door' decision on a matter which concerns the livelihood of 40 per cent of the Colony's industrial workers." Indeed, immediately after the Government's announcement, about 1,000 workers employed in a number of small mills were dismissed and several others suspended operations. The Cotton Advisory Board held an emergency meeting on Monday this week and, on the recommendations made thereat, the Hong Kong Government announced the same day its decision to issue export licences for cotton textiles in respect of all shipments made in the vessels scheduled to sail on or before the 10th inst. It has also since then forwarded to the U.S. Administration a request for further shipments as an interim measure, pending the outcome of projected consultations. These consultations, it is emphasised, should take place "at the earliest possible date."

The U.S. Administration may not, however, concede the plea of Hong Kong, in view of the mounting pressure from the domestic cotton textile industry. It would not be surprising if the Administration were to make requests for restraints on exports from other countries also, including India, under the pretext of market disruption on account of excessive imports. And it would also not be surprising if similar requests were to come from the other developed countries, too. Indeed, it looks as though the Geneva agreement will serve as an inducement for imposition of res-

(Continued on page 465)

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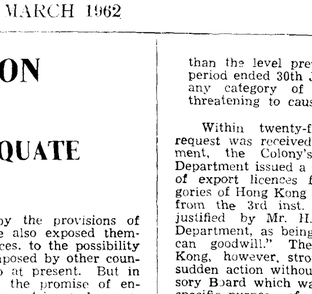

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OFFTAKE OF COTTON TEXTILES LOW

SIR CUTHBERT CLEGG ON EXPORT MARKETS

From Our Special Correspondent

MANCHESTER, 6th March

MANCHESTER LETTER

TWO economic developments, both of which had a direct and indirect bearing on textile products, coincided last week, the effect being to discourage renewed activity in the market. On a national scale, the admission by the Chancellor of the Exchequer that Government expenditure had risen well above last year's estimates offered a foretaste of how much—and how little—can be expected from the forthcoming Budget statement. Although some commentators are suggesting the likelihood of a series of neutral proposals, it seems self-confident that no relaxation in purchasing power is likely.

For retail users of many types of textiles, the price cuts, averaging about 7½ per cent, announced by Marks and Spencer Ltd., the big retail chain store group made perhaps a bigger impression. The clothing concerned represents an annual turnover of about £20 million and customers, on the basis of previous sales, would save about £1,500,000. This decision, taken at a time when severe pressure on margins is reported from practically every sector of the trade, created some alarm among producers, who feared that they were fighting a losing battle against the constant resistance of distributors when negotiations covering new orders were under discussion.

Improved Techniques

According to the Company, the cheaper prices were made possible as a result of improved techniques adopted by the manufacturers who provide the branded goods for the chain. These techniques, it was stressed, had not only reduced costs but had increased productivity, while lower prices for some raw materials had been a further governing influence in the decision to introduce cheaper retail charges.

The Government, meanwhile, has been under fire, not only from the opposition, but from its own supporters, for its apparent inability to keep the national economy in reasonable shape. Viewed from the standpoint of industrialists, moreover, the frequent changes in emphasis, from restriction to relaxation and back again, are matters of grave concern. For the moment, restriction holds sway and the immediate outlook must indicate a continued reliance on curtailment of expenditure, which scarcely encourages business operations.

Cotton's problems are numerous enough as it is, without having to contend with an economic climate in which traders cannot be blamed for acting with extreme caution. Merchants and buyers generally have had reason to keep their requirements narrow throughout the second half of 1961, and the early weeks of the current year have not provided any incentive to change this policy.

Hand to mouth purchasing which has followed makes it exceedingly difficult for producers to run their mills in an efficient manner. Bearish sentiment lately encountered in the raw material has been an additional restraining factor.

Amid these entirely restrictionist influences, only a super-optimist would expect the offtake to broaden. Local traders are only too anxious to break out of such adverse circumstances, but impetus is sadly lacking. In the mills new machinery is being installed, fresh techniques are being evolved and, order books being as they are, early delivery can be offered. One fortunate feature of the situation is that a substantial build-up of stocks has been avoided during the months of stagnation, and a sudden switch in atmosphere would soon see the industry click into forward gear again.

Promotion, The Aim

Growers of natural fibres are invariably more apprehensive about competition from rayon and synthetics than those whose job it is to turn these raw materials into finished products. In America, the cotton producer thinks in different terms to the textile manufacturer, while in this country and other processing areas the welding together of the industry into a single textile entity has made rapid strides during the past generation. This has been increasingly underlined by recent developments on a structural basis, where employers' organisations have joined forces to represent users of both natural and man-made fibres. Promotional activities in the United States, however, take on a different aspect when the need is to encourage the consumer to stipulate that the goods he buys should be cotton, as opposed to rayon or other similar products.

Quite a fuss can be caused, for example, among the cotton growing fraternity when big distributors make claims for blended towels containing both cotton and rayon, which they contend are superior to a similar item made purely from cotton. The situation is further complicated by the fact that the price of the blended article is substantially cheaper and the prominence given to it in a coast-to-coast mail order catalogue is more than double that of the cotton towel.

Production in 1961

This is the time of the year when numerous statistics covering the previous 12 months flow in from various sources. It is already known that the volume of production in the Lancashire cotton industry in 1961 dropped by 7 per cent as compared with the previous year. Yardage of cloth woven was 4 per cent down, single yarn production dropped by 9 per cent and doubled yarn output was reduced by 12 per cent.

In the textile and clothing industries as a whole, the volume of orders on hand at the end of December was 32 per cent lower than 12 months previously, but net new orders were only 12 per cent down. Deliveries in 1961 were 4 per cent lower than in 1960. In the month of December only, deliveries in 1961 dropped by 7 per cent, but net new orders were two per cent higher than in December 1960. As the Board of Trade invariably points out, when commenting on these returns, the figures for separate months are subject to wide fluctuations, with marked seasonal changes in demand.

During the individual quarters of 1961, for instance, the orders on hand declined by 24 per cent, but it is significant that, in the final quarter, the contracts available for producers were 4 per cent higher than at the basic level of April 1959, before the reorganisation scheme was launched. Net new orders in the last quarter of 1961 were actually 3 per cent higher than in the first quarter, while deliveries last year showed little change, being 4 per cent down in the final quarter compared with the first three months of 1961.

Good Export Markets in Europe

Underdeveloped countries must be allowed to develop, but other developed countries besides Great Britain should take a fair share of their products says Sir Cuthbert Clegg, Chairman of Clegg and Orr Limited, the Lancashire textile group, in his annual statement. Opportunities for the sale of British cotton products in the countries of the Common Market exist and such markets should be much more reliable than some of Lancashire's traditional outlets where political changes, high protective tariffs or payment difficulties have often made exporting difficult or impossible. "We used to be part of a great exporting industry and given fair conditions with our competitors we could do once again a great deal more than we do now," he says.

The industry had suffered in the past year because of the closing of former markets and increasing competition both at home and abroad of goods made by industries in countries where standards of living and wage rates are much lower than in the United Kingdom. In the meantime, millowners must face the fact that current year's profits are unlikely to be as good as last year's, he went on. At present the trade was depressed and fearful—"selling is difficult and prices are low," Sir Cuthbert Clegg added, but demand must increase again before long.

Referring to the reorganisation scheme, Sir Cuthbert said that he was grateful for the extension of a year which the Government has granted for the ordering of new machinery under the scheme, but it would be even better if the scheme could go on longer still. Taking into account the difficulties in finding enough money, it was impossible in the four years which the scheme allows to afford what is required even by firms which had already spent consistently high proportions of their profits on new machinery in past years.

For the future, Sir Cuthbert said that the textile industry was in a stage of great development. New man-made fibres as well as the older natural ones were being used together and fabrics were being produced on new and modern machinery specially adapted for the purpose. In a few years time, the "modernised" mill would be out of date again and its machinery would have to be renewed afresh to bring it up to date. "This is the price of progress," said Sir Cuthbert.

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33, BROADWAY, MADRAS-1

Balance Sheet of the State Bank of Patiala as at 31st December, 1961

As at 31st December 1960 Rs. nP.	CAPITAL AND LIABILITIES	As at 31st December 1961 Rs. nP	Rs. nP
	1. Capital—		
1,00,00,000.00	AUTHORISED CAPITAL— 1,00,000 shares of Rs. 100 each	1,00,00,000.00	
35,00,000.00	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL— [Pursuant to Section 7(1) of the State Bank of India (Subsidiary Banks) Act, 1959]— 35,000 shares of Rs. 100 each		35,00,000.00
22,50,000.00	**2. Reserve Fund and other Reserves**		23,70,000.00
	3. Deposits and other Accounts—		
6,24,33,500.44	*Fixed Deposits	7,06,08,920.72	
2,34,12,073.94	Savings Bank Deposits	2,68,70,704.54	
2,13,14,570.30	†*Current Accounts, Contingency Accounts, etc.	2,26,43,121.15	
10,71,60,144.68			12,01,22,746.41
	4. Borrowings from other Banking Companies, Agents, etc.—		
47,63,424.25	(i) In India	19,48,459.13	
....	(ii) Outside India	....	
47,63,424.25			19,48,459.13
	PARTICULARS—		
47,51,674.93	(i) Secured by pledge of Government Securities of the face value of Rs. 6,72,05,800.00	19,48,459.13	
11,749.32	(ii) Unsecured	....	
47,63,424.25		19,48,459.13	
6,91,348.91	**5. Bills Payable**		12,19,593.11
	6. Bills for Collection being Bills Receivable as per contra—		
21,26,771.57	(i) Payable in India	25,71,435.49	
....	(ii) Payable outside India	....	
21,26,771.57			25,71,435.49
	7. Other Liabilities—		
....	Dividend for the year	2,10,000.00	
10,23,995.22	Branch Adjustments	9,33,583.88	
28,79,894.45	Other Liabilities	31,60,904.72	
39,03,889.67			43,04,488.10
34,26,488.26	**8. Acceptances, Endorsements and Other Obligations as per contra**		16,36,220.02
	9. Profit and Loss—		
....	Balance brought forward from last year	50,819.78	
2,91,819.78	‡Profit for the year	5,30,965.50	
2,91,819.78		5,81,785.28	
....	Less Appropriations—		
60,000.00	Amount set aside for payment of dividend at 6%	2,10,000.00	
1,81,000.00	Amount transferred to Reserve Fund	1,10,000.00	
	Bonus to Staff	2,04,000.00	
50,819.78			57,785.28
	10. Contingent Liabilities—		
82,336.74	Claims against the Bank not acknowledged as debts	1,20,975.99	
....	Guarantees given on behalf of Customers	3,67,000.00	
12,78,82,887.12	Total		13,77,30,727.54

As at 31st December 1960 Rs. nP	PROPERTY AND ASSETS	As at 31st December 1961 Rs. nP	Rs. nP
	1. Cash—		
1,23,13,148.32	In hand and with Reserve Bank and State Bank of India (including foreign currency notes)		70,00,228.11
	2. Balances with other Banks—		
	On Current Account Rs. nP / On Deposits Rs. nP		
48,74,267.78	(i) In India 2,24,311.36 / 65,00,000.00	67,24,311.36	
....	(ii) Outside India	....	
48,74,267.78			67,24,311.36
....	**3. Money at Call and Short Notice**		....
	4. Investments (at or below Market Value)—		
6,69,98,507.11	(i) Securities of Central and State Governments and other Trustee Securities	7,44,27,929.05	
	(ii) Shares— Rs. nP		
8,725.00	(a) Fully paid Preference 6,701.00		
2,656.20	(b) Fully paid Ordinary 3,382.50		
....	(iii) Debentures or Bonds	12,083.50	
....	(iv) Other Investments	....	
....	(v) Gold	....	
6,70,09,888.31			7,44,40,012.55
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of auditors).		
3,05,78,168.80	(i) Loans, Cash Credits and Overdrafts, etc.— (a) In India (b) Outside India	3,48,91,812.42	
49,43,166.79	(ii) Bills Discounted and Purchased— (a) Payable in India (b) Payable outside India	67,41,764.72	
3,55,21,335.09	(PARTICULARS OF ADVANCES. See separate statement appended).		4,16,33,577.14
	6. Bills Receivable being Bills for Collection as per contra—		
21,26,771.57	(i) Payable in India	25,71,435.49	
....	(ii) Payable Outside India	....	
21,26,771.57			25,71,435.49
34,26,488.26	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra**		16,36,220.02
	8. Premises Less Depreciation—		
6,22,659.70	Total Cost upto the 31st December, 1960 ‡	6,28,852.96	
6,193.26	Additions	4,737.56	
6,28,852.96		6,33,590.52	
13,845.69	Less: Depreciation	31,805.91	
6,15,007.27			6,01,784.61
	9. Furniture and Fixtures less Depreciation—		
2,57,521.52	Total Cost upto the 31st December, 1960	2,90,971.84	
33,862.24	Additions	1,22,567.99	
2,91,383.76		4,13,539.83	
412.43	Less: Deductions	1,045.88	
2,90,971.34		4,12,493.95	
22,661.35	Less: Depreciation	65,802.83	
2,68,309.99			3,46,691.12
	10. Other Assets—		
11,10,769.42	Adjusting Account of Interest, Commission, etc.	21,62,932.89	
87,340.48	Stationery and Stamps	1,00,071.61	
1,822.50	Security Deposits	2,130.50	
3,476.56	Balance with treasuries	2,627.84	
1,71,772.09	Suspense Account	1,74,523.08	
	Motor Car and Van— Rs. nP		
49,092.99	Cost as at the 31st December, 1960 65,231.09		
14,138.11	Additions 54.00		
63,231.09		65,285.09	
9,499.47	Less: Depreciation	35,320.75	
53,731.62			
114.00	Press Machinery		
	Property not used as Bank Premises less depreciation	37,964.84	
48,962.86		109.60	
	Shares of Joint Stock Companies in liquidation (at estimated market value)	42,863.78	
4,681.00		8,251.00	
14,77,670.53			25,26,497.14
2,50,000.00	**11. Non-banking Assets Acquired in Satisfaction of Claims (at estimated market value)**		2,50,000.00
....	**12. Profit and Loss**		....
12,78,82,887.12	Total	Rs.	13,77,30,727.54

* Includes Staff Welfare Fund, ownership whereof vests in the Bank.
‡ Profit for nine months ended the 31st December, 1960.
† Includes Provision for taxation and gratuity in conformity with the revised classification.

Particulars of Advances

As at 31-12-1960 Rs. nP.		As at 31st December 1961 Rs. nP	As at 31-12-1960 Rs. nP		As at 31st December 1961 Rs. nP
3,22,40,101.00	(i) Debts considered good in respect of which the Bank is fully secured	3,75,96,007.26	36,380.50	(v) Debts due by Directors or Local Board Members or Officers of the Bank or any of them either severally or jointly with any other persons	15,290.62
23,04,967.22	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	27,38,895.76	....	(vi) Debts due by companies or firms in which the Directors or Local Board Members of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	....
10,76,376.87	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	13,08,674.12	....	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Local Board Members or Officers of the Bank or any of them either severally or jointly with any other persons	....
....	(iv) Debts considered doubtful or bad, not provided for	....	66,380.43	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors or Local Board Members of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	44,437.56
3,56,21,385.09		4,16,43,577.14	..	(ix) Due from banking companies	....
					19,481.32

COTTON REQUISITION FOR MILLS

GUJARAT TRADERS AGREE TO CO-OPERATE WITH GOVERNMENT

THE agitation for the discontinuance of compulsory requisitioning of cotton, which had been going on for some time now only in Gujarat and not in other cotton growing regions, has at least resulted in a compromise formula being evolved. At a meeting held this week at Ahmedabad, representatives of cotton traders and the Textile Commissioner agreed upon requisition by consent and co-operation. A meeting was convened by Dr. Jivraj Mehta, Chief Minister of Gujarat, following the stalemate in cotton trade consequent on the closure of scores of ginning and pressing factories. After prolonged discussion, the meeting unanimously agreed to arrange for the supply of cotton to mills at or below ceiling prices without causing hardships to the growers or dislocating normal trade channels. It was also decided to constitute five committees, one each for the five cotton zones in the State, to advise the Textile Commissioner on the quantity of cotton to be requisitioned and its allocation. The Committees will also assist the Textile Commissioner in obtaining cotton whenever requisitioning became necessary. The advisory committees to be constituted for the five zones, namely, Saurashtra, Surti, Digvijay 'A', Digvijay 'B' and Kalyan zones, will consist of a representative of cotton-growers, co-operative societies, cotton traders, the State Government and the Textile Commissioner.

Crisis Averted

This development is a pleasant surprise. For looking to the trend and tenor of the agitation, it looked as though a deadlock would develop in the marketing of cotton in Gujarat. In fact, it was even reported that some traders were preparing to question the legality of the requisitioning order of the Textile Commissioner in a court of law. According to them, the present practice of mills making a request to the Textile Commissioner for certain specific varieties of cotton and the latter compulsorily acquiring such cottons from the traders at the ceiling prices amounted to an unwarranted encroachment upon the freedom to trade of the merchants. Evidently, they had forgotten that they had lost this freedom long ago through a series of amendments to the Constitution and that similar contests in Law Courts had gone in favour of the Government.

The agitation began when the Textile Commissioner, in response to requests from mills, started requisitioning cotton in selected areas in Gujarat. The contention of the so-called representatives of growers and traders was that requisitioning was uncalled for when cotton was available in the State at or within the ceiling prices. They asserted that there was no hoarding of cotton and that the scarcity of supplies was due to the late arrival of *kapas*. It was also pointed out that most mills asked for requisition, even though they had no difficulty in obtaining cotton at the ceiling price. A perusal of the periodical returns submitted by mills to the Textile Commissioner containing information about the mills' purchase of cotton, ready and forward, the actual delivery taken, the price at which the cotton was purchased, would show, they argued, that mills had no difficulty in getting all the cotton they needed.

It was also pointed out by those who opposed requisitioning that, in several cases, requisitioning, instead of making available cotton at ceiling prices, would have the opposite effect, because traders or growers whose cotton was requisitioned would have to buy *kapas*, over which there was no price control, at whatever price it was available, to honour their commitments. Requisitioning would, therefore, result, according to these critics, in an artificial demand for *kapas* and push up prices of lint cotton.

These were the grounds on which traders and growers in Gujarat demanded abolition of the system of requisition of cotton. If this were not possible, they suggested as an alternative that the Textile Commissioner should not requisition cotton if evidence of sale of the cotton proposed to be requisitioned was produced. As a protest against requisition order and to back the demand for discontinuance of the practice, scores of ginning factories and markets in Gujarat were closed down. In effect, this meant a defiance of the Government order. This defiance was also supported by a section of the cotton trade in Bombay City also. Thus, at a meeting of the Cotton Merchants' and Muccadams' Association held in Bombay last week, the policy of requisitioning was strongly criticised.

Untenable Arguments

Many of the arguments put forward by the cotton interests of Gujarat will not stand the test of scrutiny. The truth is that several merchants, ginners and large growers had speculated in the belief that the Government of India would not have the courage to implement the controls on cotton by carrying them to their logical conclusion. They must have thought that they would have the support of the State Government in their defiance of the Cotton Control Order. When they found that this was not forthcoming, they attempted to browbeat the State Government by staging demonstrations. They have gone wrong in their assumptions. It is gratifying to find that both the State Government and the Central Government did not succumb to these pressures.

The formula adopted at Ahmedabad, according to which requisitioning of cotton will be done by the consent and co-operation of the traders and growers, represents a compromise between the points of view of the trade and the Government. It is not known whether it will be applicable only to Gujarat or to other States as well. If it is applicable to other States, too, it may be asked whether such a decision could be taken at a meeting which was attended by the representatives of growers and traders from one State only.

That is a minor point. What is important is that the cotton interests in Gujarat have at last seen the futility of opposing controls, which are meant for the benefit of the country as a whole. Requisitioning becomes inevitable, when mills are not in a position to get cotton at the ceiling prices. In fact, it is a logical corollary of the policy of price control for cotton. But requisitioning by consent is any day better than requisitioning by compulsion.

TEXTILES

(*Concluded from page 462*)

trictions on imports of cotton textiles into the developed countries. Such restrictions, however, will be a violation of the law of comparative advantage in international trade, namely, that each country should specialise in the production of those goods which it can produce relatively cheaply and import those goods in the production of which foreign countries possess a comparative advantage. The developed countries today are in a stronger position than ever before to observe this economic discipline. They have both full employment and highest living standards in their history. Few would object to any move on the part of the developed countries to withstand foreign competition through achievement of higher efficiency in textile manufacture, as well as to curb imports in case of real dumping. But any attempt to invoke the provisions of the Geneva agreement just for the sake of maintaining domestic production at any cost is bound to retard the growth of production in countries which have comparative advantages in this regard; alternatively, it may lead to surplus world production and all the market consequences thereof.

The Hong Kong Government has turned down the plea of indigenous cotton textile industry and traders for resuming issue of licences for exports to the U.S. of eight categories of textiles on which the U.S. Administration asked for restraint early this month, as is referred to in the article above. This means that the Government wants to follow the letter and spirit of the Geneva agreement. It has informed the textile interests that the U.S. authorities have agreed to hold further consultations on measures appropriate to meet the present situation and warned them against assuming that an agreement to resume shipments will be secured.

State Bank of Patiala—*Continued*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Nine months ended 31-12-1960 Rs. nP	EXPENDITURE	Year ended 31-12-1961 Rs. nP	Nine months ended 31-12-1960 Rs. nP	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31-12-1961 Rs. nP
18,23,580.19	1. Interest paid on Deposits, Borrowings, etc.	20,98,186.97	31,94,351.06	1. Interest and Discount	49,02,650.17
11,82,788.54	2. Salaries and Allowances and Provident Fund (including Rs. 39,816.58 paid to the General Manager)	16,93,283.46	4,80,309.54	2. Commission, Exchange and Brokerage	8,82,242.83
1,530.00	3. Directors' and Local Committee Members' Fees and Allowances	2,460.00			
71,340.82	4. Rent, Taxes, Insurance, and Lighting, etc.	1,21,073.58	4,646.00	3. Rents	7,461.87
10,219.15	5. Law Charges	11,075.92			
74,376.04	6. Postage, Telegrams and Stamps	1,12,550.70		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	
4,000.00	7. Auditors' Fees	7,250.00	81,000.00		....
58,788.26	8. Depreciation on and Repairs to the Bank's Property	91,813.06			
61,102.60	9. Stationery, Printing, Advertisement, etc.	79,845.16		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	....
....	10. Loss from Sale of or Dealing with Non-Banking Assets	....	....		
71,961.63	11. Other Expenditure	1,36,639.00		6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	14,622.85
1,10,636.40	12. Provision for Taxation†	5,30,965.50	14,816.05		
2,91,819.78	13. Balance of Profit			7. Other Receipts (including subsidy from the State Bank of India in terms of Section 43 of the State Bank of India (Subsidiary Banks) Act, 1959, Rs. 58,880.00)	67,685.70
			82,809.85		
37,57,482.50	Total Rs.	58,74,663.45	37,57,482.50	Total Rs.	58,74,663.45

† Provision for taxation deducted from Interest and Discount.

REPORT OF THE AUDITORS

TO THE STATE BANK OF INDIA

We, the undersigned Auditors of the State Bank of Patiala appointed under sub-section (1) of Section 42 of the State Bank of India (Subsidiary Banks) Act, 1959, do hereby report upon the Balance Sheet and Accounts of the Bank as at 31st December, 1961.

We have examined the above Balance Sheet and the Profit and Loss Account and the accounts relating thereto of the Head Office and the returns submitted and certified by the Branch Managers, which returns have been incorporated in the above Balance Sheet and accounts and report;

(i) that, in our opinion, the Balance Sheet is a full and fair one, containing all the necessary particulars and is properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by books of the Bank;

(ii) that where we have called for any explanation or information, such explanation and information have been given to us and have been satisfactory;

(iii) that the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(iv) that the returns received from the branches of the Bank have been found adequate for the purpose of our audit;

(v) that the Profit and Loss Account shows a true balance of Profit for the period covered by such account;

(vi) that, in our opinion, the Balance Sheet and the Profit and Loss Account are drawn up in conformity with the law and

(vii) that, in our opinion, books of account have been kept by the Bank as required by law.

DELHI, *3rd February*, 1962.

RAY & RAY,
Auditors.

SANTOKH SINGH,
General Manager.

P. C. KHATTACHARYYA, *Chairman.*
SITA RAM,
KUSHALPAL SINGH,
J. S. JASPAL,
RAM NARAIN,
S. MUKHERJI,
A. H. ELIAS,
B. P. GOYAL,
K. S. MALHOTRA,
} *Directors.*

MORE ON TEA INDUSTRY

EXPORT DUTY—F.A.O. REPORT—INTERNAL CONSUMPTION

SINCE the commencement of 1962, there has been an improvement in the prices of tea sold for both export and domestic consumption, despite the fact that the 1961-62 season has witnessed a significant rise in production. This fact is quoted by some against the planters' persistent plea for a substantial reduction in, if not abolition of, export duty on tea, a demand consistently supported by this journal, too. Mr. I. F. Morriss, whose speech at the last annual meeting of the Indian Tea Association, Calcutta, was briefly commented in our last issue, made a reference to this particular contention and observed:

"I would agree that a peculiar feature of the tea industry is that we always seem to be able to get rid of our tea, but the prices are often below the cost of production. We have no stocks on hand, and this has tended to obscure the real losses which we sometimes suffer. For example, we are told correctly that we have already disposed of 200,000 more chests of tea in 1961-62 on the Calcutta auctions than we did in the previous year. Therefore, it is argued, our fortunes must be good. Unfortunately, the average price per kilogram in the current season is nearly 70 nP less than the price secured in 1960-61. I have had the figures worked out and it appears that we have earned less in sale proceeds from our 1,900,000 chests this year than we did last year from our 1,700,000 chests. The economic consequences of producing more and of getting less per kilogram might be endured, but, when our production increases and our total sale proceeds decline, the position becomes difficult indeed. It is for this reason that we are apprehensive of the consequences of a target of 900 million pounds at the end of the third Five-year Plan. We may be able to sell this tea, but there is no assurance that India as a whole will receive a reasonable price in return for the extra man-power, coal, timber and transport which will be involved. One way in which we can seek to secure better prices is to increase demand, and it is for this reason that we watch with such interest the efforts made to promote the sale of our teas abroad."

Logical and Right

It is obvious from the foregoing quotation that the case for doing away with the export duty in quick stages, if not at one stroke, has to be viewed not from the immediate angle but from that of the long term. The Government spokesmen have been saying that domestic consumption of tea must be restrained in order to make sufficient surpluses available for export. One way of achieving this objective would be to make the sales for export to be more attractive than those for home consumption. From this angle also, the removal of export duty and the refund of excise duty on teas exported are logically the right measures.

A leading Government official, who has a lot to do with export promotion, once told a representative of this journal that, by abolishing the export duty on tea, the country would earn less foreign exchange per lb. of tea sent abroad and, as such, the solution would bring no net advantage. He further pointed out that there was no guarantee that a reduction in export duty would not be followed by an increase in taxes on consumption in the importing country.

To take the second point first. This is based only on a surmise which may not materialise. If it does, the Government of India will have to protest strongly to the Governments of the countries concerned. The present climate in Europe, America and rest of the developed world, however, is such as to permit the inference that the possibility of duties on consumption of tea and other soft beverages being raised are remote. If anything, the scope for a reduction in such duties is bright, in view of the growing realisation among the developed countries of the need for allowing the underdeveloped countries to expand their exports. Indeed, by reducing the taxes levied on exports, the Government of India will be strengthening its case for easier access to consumers of soft beverages in the developed countries, so that it can sell more tea to them. Since India is a heavy importer of manufactured goods, know-how and capital from these countries, it has a strong case for pressing these countries to facilitate imports of tea which does not in any way adversely affect the employment in their own countries.

As for the argument in regard to loss of foreign exchange, there is surely not much merit in it when one views it against the need for reversing India's shrinking share in the world tea trade. It is a very shortsighted consideration which ignores the clear writing on the wall. In the anxiety to safeguard the country's immediate foreign exchange requirements, one must not sacrifice the future. In the coming years, India will have to sell more tea in the world markets and not less and it must strive hard to see that it gets a progressively increasing proportion of tea consumed in the world. It is hard to believe that taxes intended to curtail consumption at home can have different effects abroad. That apart, the argument itself is not free from fault, for it proceeds on the assumption that the gains flowing from the abolition of the export duty in the shape of larger exports of tea will not be big enough to offset the loss in the value of foreign exchange realised per lb. of tea. Mr. Morriss is convinced that, "if excise duty or export duty is abolished or reduced, an increase in the off-take of Indian tea by foreign buyers can be expected." His reasons for this assertion are:

"First, there is at present no encouragement whatsoever to send out tea when each export is accompanied by the payment of an export duty over and above the excise duty already paid.

"Secondly, the producer who is asked to quote for his teas by foreign buyers is bound to quote a price which will at least cover his cost of production as well as internal taxes which he has to pay. The foreign buyer will see this price, and he will realise that, in addition, he will have to pay the export duty. Inevitably, quality for quality, the Indian producer must quote a higher price than producers who are not handicapped by the need to pay an excise duty and an export duty on teas which are exported."

Time Opportune

Reiterating the planters' arguments for relief in taxation on exports, Mr. Morriss added:

"The chances of the profitable production of 900 million pounds of tea seem to be rapidly waning and, if Indian teas are to be subsidised, Government must be prepared to accept some temporary sacrifice and to give exporters some worthwhile incentive. We are confident that this would have results, not merely in the increase of exports but also, probably even more important in the long run, in the added confidence which it would give to those already in tea in India and to those who but for taxation might be. It cannot have escaped anyone's notice that some of the confidence in the future of tea estates in other parts of the world is less robust than it was, and the present would seem to be the proper time to encourage capital to stay in tea in India, and to attract new capital to the industry."

It is reported that even the Mudaliar Committee on export promotion has laid great stress upon the need for giving fiscal incentives to the major commodity exports. Tea is surely one of them. It remains to be seen to what extent the arguments advanced on this question have convinced the authorities. Some evidence of this should be available at least in the next budget, if not earlier.

Domestic Consumption

Another aspect of tea industry on which much discussion has taken place pertains to domestic consumption. There is no identity of view on this issue also between the Government and the tea industry. "I am rather worried that the internal consumption (of tea) is going up a little too fast." This remark was made by Mr. K. C. Reddy, Union Minister of Commerce and Industry, in his speech at the joint meeting of the Import and Export Advisory Councils at New Delhi on the 5th inst. And that sums up the Government's view. The Government feels that, if domestic consumption of tea were to go up in the coming years as it has been doing in the last few years, it would (*a*) leave a lower surplus for export and (*b*) keep up the prices of tea so high that there would be little room for levying an export duty. There might have been some cause for worry about the availability of enough tea for export had not the third Plan target for tea been raised and production was not rising. But now that neither of these considerations holds good, the Government's stand on this issue is unrealistic. Even if domestic consumption goes up at a fast pace, it is not an undesirable trend. On the contrary, it is quite a welcome trend. India has the land, the know-how, and labour for producing more tea. It can produce all the tea needed by its people as well as for export. That will provide more avenues of gainful employment for its rapidly expanding work force. More consumption of tea will also provide an outlet for sugar, of which the country has plenty, and a great encouragement to milk production.

There is also another very good reason why domestic consumption of tea should not be subjected to any undue restraint. And it is that increase in consumption of tea, especially by industrial workers, white-collared workjng class and rural areas will serve as an antidote to inflation by absorbing a part of the increase in their wages. It will also help them to improve their productivity, as anyone who has some acquaintance of workers in Britain will testify. In short, the attitude of the Government towards this labour-intensive industry, which requires very little foreign exchange for expansion, is surprisingly funny. The sooner this is discarded in favour of an expansionist policy the better for the country as a whole. From this it naturally follows that the Government's policy in regard to promotion of tea consumption in the country is not well founded.

F.A.O.'s Forecast

For well-nigh two years now, planters in this country have been in the practice of quoting an F.A.O. publication, which took a pessimistic view of the prospects for tea, as though it were the Bible. None of them cared to examine critically the basis on which the authors of this report had come to their conclusions. They never bothered to explore the possibility of there being another side to the coin. On the contrary, they used to cite that report to dub the Government's third Plan target as unrealistically too high. It will be recalled that this report anticipates a substantial excess of production over consumption by 1965. It is, therefore, refreshing to find that, on this question, Mr. Morriss could make a slight departure from the stand taken by the other planters in this country. Incidentally, neither Ceylon nor Pakistan nor Indonesia has paid so much attention to this F.A.O. report as planters in this country have done. Be that as it may, Mr. Morriss's approach was rather novel, as will be seen from the following extract from his speech:

"We feel that the existence of this report unchallenged is bound in the years to come to have a depressing effect upon prices. We have, therefore, proposed to the Government of India that the United Nations should be asked specifically to examine this report in all its detail and either confirm or deny the conclusions which have been reached. If the conclusions are denied, then a load will be off our shoulders; if they are confirmed, the question of regulation of production must be taken up on an international level by all concerned. At the recent I.L.O. meeting in Geneva on work on plantations, which was attended by my Deputy Chairman, there was unanimous approval for a vigorous attempt by the United Nations to do what it could to stabilise the prices of plantation commodities, and clearly forecasts of overproduction, unless refuted, can have damaging effects. It is my hope—and my belief—that, if the United Nations accepts and agrees with the F.A.O. conclusions, other producing countries will quickly join with India in an attempt to avoid this danger through the machinery of the International Tea Agreement."

It will be seen that Mr. Morriss has neither accepted nor refuted the F.A.O.'s analysis. Does this mean that the task is beyond the competence and resources of the I.T.A., the U.P.A.S.I., and other associations of tea planters in this country? Can they not find sufficient experts in India and elsewhere in the world to x-ray this publication and give their comments? If necessary, they can seek the co-operation and assistance of the Government of India for this purpose. What will the U.N. do in this matter? The F.A.O. is a part of this world organisation, specialising in food and agriculture. The diplomatic touch of the I.T.A. in its suggestion to the Government of India is, however, quite clear. It wants to use the F.A.O.'s report as an instrument for reviving the International Tea Agreement. But the chances of success of this move are remote, if not absolutely bleak. The political barriers are insuperable and, if India takes the lead in promoting this Agreement, it will lose rather than gain. Besides, no agreement will be possible so long as the surpluses are only in the realm of forecasts. The best thing that India can do is to stop talking about the revival of International Tea Agreement and take energetic measures for winning bigger and more markets abroad for its tea, besides developing the domestic market also.

ANNOUNCEMENT REGARDING THE PROPOSED ISSUE OF CAPITAL BY

ASSAM HARDBOARDS LIMITED

(INCORPORATED ON 25TH MARCH, 1960)

Registered Office: 9, EZRA STREET, CALCUTTA-1

BOARD OF DIRECTORS

Shri G. D. SOMANI, M.P.	Kapur Mahal, Marine Drive, Bombay-1.
Shri NAGARMAL PERIWAL	Raisingnagar, Rajasthan.
Shri BENUGOPAL BANGUR	65, Sir Hariram Goenka Street, Calcutta.
Shri DALE L. SCHUBERT	2112, Crystal Springs Road, Tacoma, Washington, U.S.A.
Shri BASUDEV SOMANI	Shreeniketan, Marine Drive, Bombay-2.
Shri HEMENDRA PRASAD BAROOAH, (Proposed nominee of Assam Government)	Club Road, Jorhat, Assam.
Shri MUKUL HARKISONDASS	Sorab Minar, 5, Carmichael Road, Bombay.
Shri GOVINDNARAIN SOMANI	Kapur Mahal, Marine Drive, Bombay-1.
Shri LEKHRAM PERIWAL	5, Lake Temple Road, Calcutta.

MAIN OBJECT

The main object for which the Company has been established is to install a Hardboard manufacturing plant at Gauhati, Assam, with a licensed capacity of 15,000 Tons per annum.

FOREIGN COLLABORATOR: COLUMBIA HARDBOARD CO. INC., Seattle, Washington, U.S.A.

	No. of Shares	Nominal value of each Share	Amount
		Rs.	Rs.
AUTHORISED CAPITAL			
Preference	25,000	100	25,00,000
Equity	7,50,000	10	75,00,000
			Rs. 1,00,00,000
SUBSCRIBED CAPITAL			
By subscribers to Memorandum and Articles of Associations and Directors and their friends:			
Equity	90,000	10	9,00,000
PROPOSED ISSUE			
9.3% Free of Company's Tax but subject to deduction of taxes at source at the prescribed rates Redeemable Cumulative Preference Shares	10,000	100	10,00,000
Equity Shares	4,10,000	10	41,00,000
OUT OF THE PROPOSED ISSUE			
(1) The Government of Assam have agreed to subscribe for Preference Shares	5,000	100	5,00,000
(2) The Directors and their friends have agreed to subscribe for Equity Shares	64,000	10	6,40,000
(3) Columbia Hardboard Co. Inc., Seattle, Washington, U.S.A., has agreed to subscribe for Equity Shares	1,00,000	10	10,00,000
TO BE OFFERED AT PAR FOR PUBLIC SUBSCRIPTION			
Preference Shares	5,000	100	5,00,000
Equity Shares	2,46,000	10	24,60,000

Out of 2,46,000 Equity Shares offered for public subscription, the Company has agreed to the firm allotment of 50,000 Equity Shares of Rs. 10 each of the nominal value of Rs. 5,00,000 to Life Insurance Corporation of India.

The subscription list will open at the commencement of Banking hours on Thursday, the 22nd day of March 1962 and will close at the close of Banking hours on Saturday, the 31st day of March 1962 unless closed earlier at the discretion of the Directors but not before the close of Banking hours on Monday, the 26th day of March 1962.

Applications for Equity Shares are to be for 25 or multiples of 25 Shares. Applications for Preference Shares are to be for 5 or multiples of 5 Shares.

	On Application	On Allotment
Amount payable per Equity Share	Rs. 2.50	Rs. 2.50
Amount payable per Preference Share	„ 25.00	„ 25.00

Application forms along with copies of the prospectus setting out all relevant details relating to the proposed issue of shares as required by law can be had from the Registered Office of the Company or from any of the Bankers, Brokers or Underwriters to the proposed issue whose names and addresses are given below.

BANKERS

THE UNITED COMMERCIAL BANK LTD., 2, India Exchange Place, Calcutta and its offices at D. N. Road, Fort, Bombay; Chandni Chowk, Delhi; Parliament Street, New Delhi; Linghi Chetty Street, Madras; Bhadra; Ahmedabad; Amritsar; Cochin; Gauhati; Hyderabad; M. T. Cloth Market, Indore; Johri Bazar, Jaipur; Sitabuldi, Nagpur and Shillong.

THE CENTRAL BANK OF INDIA LTD., 33, Netaji Subhas Road, Calcutta and its offices at Burrabazar, Calcutta; Kalbadevi Road, Bombay; Ajmeri Gate Extn., Delhi; Janpath, New Delhi; Armenian Street, Madras; Avenue Road, Bangalore; Baroda; Gauhati; Mall, Kanpur; Poona City; Rajkot; Surat and Trivandrum.

THE UNITED BANK OF INDIA LTD., 4, Clive Ghat Street, Calcutta and its offices at Rode, Fort, Bombay; Chandni Chowk, Delhi; Connaught Circus, New Delhi; Broadway, Madras; Gauhati; Jorhat; Shillong and Tinsukia.

BROKERS

PLACE, SIDDONS & GOUGH PRIVATE LTD., 6, Lyons Range, Calcutta-1.

MURARKA BROTHERS, 7, Lyons Range, Calcutta-1.

G. M. PYNE, 14, India Exchange Place, Calcutta-1.

PATERSON & CO., 22, Errahalu Chetty Street, Post Box No. 48, Madras-1.

LOKKUR & CO., Kempegowda Road, Bangalore City.

UPENDRARAY JAICHANDBHAI SANDESARA, 2330/13, Stock Exchange Building, Manek Chowk, Ahmedabad.

HARKISONDASS LUKHMIDASS, 5, Hamam Street, Bombay-1.

DEVKARAN NANJEE & CO., 5, Hamam Street, Bombay-1.

MERWANJEE BOMANJEE DALAL, Allahabad Bank Building, Apollo Street, Bombay-1.

JASHWANTLAL V. BHAGAT, 5, Hamam Street, Bombay-1.

HABBANS SINGH MEHTA & CO., 33, Regal Building, Post Box No. 300, New Delhi.

RAJ PAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi.

UNDERWRITERS

LIFE INSURANCE CORPORATION OF INDIA, Jeevankendra, Jamshedji Tata Road, Bombay-1.

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD., 163, Backbay Reclamation, Bombay-1.

PLACE, SIDDONS & GOUGH PRIVATE LTD., 6, Lyons Range, Calcutta-1.

HARKISONDASS LUKHMIDASS, 5, Hamam Street, Bombay-1.

MURARKA BROTHERS, 7, Lyons Range, Calcutta-1.

DEVKARAN NANJEE BANKING COMPANY, LIMITED

Registered Office: Devkaran Nanjee Buildings, Horniman Circle, Fort, BOMBAY

AUTHORISED CAPITAL .. **Rs. 1,00,00,000** ISSUED & SUBSCRIBED CAPITAL .. **Rs. 50,00,000** RESERVE FUNDS .. **Rs. 75,00,000**

BRANCHES

MAHARASHTRA—Bombay: *Horniman Circle (Head Office), Andheri, Bhuleshwar, *Borivli, Chembur, *Colaba, *Dadar, *Ghatkopar, Gol Deval, Goregaon, Kalbadevi, Kandivli, Khar, Kharek Bazar, Kurla, *Malabar Hill, *Malad, Mandvi, *Matunga, *Mulund, *Pedder Road, Sandhurst Bridge, *Santa Cruz, *Share Bazar, Sion, Tardeo, Thakurdwar, *Vile Parle (East), *Vile Parle (West), Worli, *Zaveri Bazar, Ahmednagar, Baramati, Malegaon, Manmad, Nandurbar, Nasik: Nasik City, Nasik Road, Poona: Budhwar Peth, *Camp, *Deccan Gymkhana, *Raviwar Peth, Sholapur, Walchandnagar.

GUJARAT—Ahmedabad: *Delhi Chakla, *Ellis Bridge, *Gandhi Road, Maskati Market, Manek Chowk, *Maninagar, *Relief Road, Saraspur, *Anand, Baroda, Bardoli, Billimora, Broach, Borsad, *Bulsar, Cambay, Dharmaj, Godhra, Lunavada Mehsana, Nadiad, Navsari, Padra, Palanpur, Patan, Petlad, Sidhpur, Surat, Umreth, Udhna, Unjha, Viramgam, Visnagar, Amreli, *Bhavnagar, Botad, Damnagar, Dhorsji, Dhrangadhra, Gondal, Jamnagar, Junagadh, Keshod, Mahuva, Morvi, Porbandar, *Rajkot, Savar Kundla, Sihor, Surendranagar, Upleta, Veraval, *Wankaner.

CALCUTTA—Brabourne Road, Burra Bazar, *Bhowanipore.

NEW DELHI—Connaught Place.

DELHI—Chandni Chowk.

MADRAS—China Bazar.

BANGALORE—65, Avenue Road.

COCHIN—Mattancherry.

MANGALORE—Bunder Road.

BURHANPUR (M.P.)—Lal Baug.

* Has Safe Deposit Vault.

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER, 1961

To

THE MEMBERS OF

DEVKARAN NANJEE BANKING CO., LTD.

1. Your Directors beg to submit herewith the audited Balance Sheet and the Profit and Loss Account of the Company, hereinafter called the Bank, for the year ended 31st December 1961. The Auditors' Report is also annexed.

2. The Bank has, during the year, made generally good all-round progress. The bank's deposits, at the end of the year have increased to over Rs. 43 crores, the total working funds to over Rs. 48 crores, and the number of accounts to over 2,40,000. Eleven branches were opened during the year—at Pedder Road (Bombay) and Deccan Gymkhana (Poona) in State of Maharashtra, Relief Road and Ellis Bridge (Ahmedabad), Udhana, Petlad, Mehsana, Unjha, Visnagar, Billimora and Keshod, in State of Gujarat—bringing the total number of bank's branches to 107 at the end of 1961. Six Safe Deposit Vaults were opened—at Pedder Road (Bombay), Deccan Gymkhana (Poona), Relief Road and Ellis Bridge (Ahmedabad), Wankaner and Bulsar—bringing the total number of Safe Deposit Vaults to 29. Steps were also taken to expand the activities of the present branches. Your Directors are also happy to state that the Reserve Funds of the bank has now reached the figure of Rs. 75 lakhs.

During the year, the bank took over and merged with itself the Wankaner Bank Ltd., Wankaner, under the scheme of amalgamation sanctioned by the Government of India.

3. The bank has made a net profit, after providing for taxation and bonus to staff, of Rs. 26,15,062.66, which, together with the sum of Rs. 7,86,033.43 brought forward from last year's account, amounts to Rs. 34,01,096.09. Out of this, your Directors have made the following appropriations:

	Rs. nP
To Ad-Interim Dividend for the half-year ended 30th June 1961 at the rate of Rs. 2.00 per share	
To Reserve Fund under Section 17 of the Banking Companies Act	2,00,000.00
and propose to appropriate the balance as under:	15,00,000.00
To Pay a Final Dividend for the half-year ended 31st December 1961 at the rate of Rs. 3.50 per share (making in all 11 per cent. per annum, subject to deduction of tax)	3,50,000.00
and To Carry Forward	13,51,096.09
Total .. Rs.	34,01,096.09

4. In accordance with Article 100 of the Articles of Association, Shri Jayantilal R. Trivedi, Shri Laxmikant S. Dabholkar and Shri Dhirendra Nanjibhai Mehta retire from the Board of Directors by rotation but being eligible offer themselves for re-appointment.

5. You are requested to appoint auditors for the period commencing from the conclusion of annual general meeting until the conclusion of the next annual general meeting and to fix their remuneration.

Yours faithfully,
For the Board of Directors,
LALITCHANDRA C. D. NANJEE,
Chairman.

BOMBAY, 13th *February*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

31-12-1960 Rs.	CAPITAL AND LIABILITIES	Rs. nP	31-12-1961 Rs. nP
	1. Capital:		
1,00,00,000	**Authorised:** 2,00,000 Ordinary Shares of Rs. 50 each ..	1,00,00,000.00	
50,00,000	**Subscribed:** 1,00,000 Ordinary Shares of Rs. 50 each fully paid.		50,00,000.00
60,00,000	**2. Reserve Fund and Other Reserves:** (Including Shares Premium Account Rs. 9,00,000) ..		75,16,000.00
15,98,34,924	**3. Deposits and Other Accounts:** Fixed Deposits	19,76,99,972.51	
8,69,90,537	Savings Bank Deposits	10,71,98,758.35	
11,12,33,305	Current Accounts, Contingency Accounts, etc.	12,87,92,129.50	
35,80,58,766			43,35,98,860.36
	4. Borrowings from Other Banking Companies, Agents, etc:		
4,00,00,000	(i) In India	2,18,75,000.00	
Nil	(ii) Outside India	Nil	
4,00,00,000			2,18,75,000.00
	Particulars:		
	A. Secured:		
1,55,00,000	(i) By part of Investments as per contra ..	2,50,000.00	
2,30,00,000	(ii) By Bills Discounted	80,00,000.00	
15,00,000	(iii) Under the Refinance Scheme by part of advances as per contra	65,25,000.00	
Nil	B. Unsecured	71,00,000.00	
27,82,055	**5. Bills Payable**		39,62,860.49
1,98,17,790	**6. Bills for Collection Being Bills Receivable** as per contra (i) Payable in India	2,78,20,185.24	
1,97,410	(ii) Payable outside India	5,38,261.32	
2,00,15,200			2,83,58,446.56
33,34,363	**7. Other Liabilities:** (a) Branch Adjustments	1,00,41,235.29	
69,580	(b) Unclaimed Dividends	58,334.56	
22,238	(c) Rebate	16,312.41	
34,26,181			1,01,25,882.26
4,57,76,725	**8. Acceptances, Endorsements and Other Obligations** as per contra		4,91,54,838.68
	9. Profit and Loss:		
8,21,301	Profit as per last Balance Sheet	10,38,033.43	
2,52,000	Less—Appropriations for Dividend	2,52,000.00	
5,69,301		7,86,033.43	
23,54,732	ADD—Profit for the year as per the Profit and Loss Account	26,15,062.66	
29,24,033		34,01,096.09	
1,86,000	Less—Ad-interim dividend paid	2,00,000.00	
27,38,033		32,01,096.09	
8,00,000	Less—Transferred 1. To Reserve Fund under Section 17 ..	15,00,000.00	
9,00,000	2. To Provision for Taxation	....	
17,00,000		15,00,000.00	
10,38,033			17,01,096.09
	10. Contingent Liabilities:		
2,700	(i) Claims against the Banking Company not acknowledged as debts	2,992.16	
8,44,750	(ii) On Investments in shares of Joint Stock Companies and Banks, etc.	8,59,125.00	
1,89,18,679	(iii) On Letters of Guarantee on behalf of Constituents (including Rs. NIL on behalf of Directors) (Previous year Rs. 4,000)	2,99,83,654.74	
	(iv) On account of outstanding Forward Exchange Contracts	85,19,244.44	
42,48,536	(v) On Bills of Exchange Re-discounted	Nil	
Nil	NOTE:—Provision to the full extent for future gratuities to Staff has not been made, the liability for which has not been ascertained.		
48,70,96,960	Carried forward .. Rs.		56,12,92,984.44

31-12-1960 Rs.	PROPERTY AND ASSETS	Rs. nP	31-12-1961 Rs. nP
4,20,84,797	**1. Cash:** In hand and with Reserve Bank and State Bank of India and notified Banks (including Foreign Currency Notes)		4,46,79,364.36
	2. Balances with Other Banks:		
24,12,424	(i) In India on Current Accounts	9,06,062.25	
30,54,938	(ii) Outside India on Current Accounts ..	21,08,549.32	
1,64,606	(iii) Outside India on Deposit Account ..	74,803.00	
56,31,968			30,89,415.07
Nil	**3. Money at Call and Short Notice**		Nil
11,56,68,368	**4. Investments:** At or below Market Value (i) Securities of the Central and State Governments and other Trustee Securities	11,99,26,951.50	
13,19,307	(ii) Shares: (a) Fully paid Preference Shares ..	13,94,059.00	
12,37,020	(b) Fully paid Ordinary Shares ..	14,25,304.14	
16,300	(c) Partly paid Preference Shares ..	9,120.00	
2,19,750	(d) Partly paid Ordinary Shares ..	2,44,250.00	
46,30,447	(iii) Debentures or Bonds	44,67,705.00	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
12,30,91,092			12,74,67,889.64
	5. Advances: (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	I. **Loans, Cash Credits, Overdrafts, etc.**		
18,03,65,537	(i) In India	23,38,66,905.13	
Nil	(ii) Outside India	Nil	
18,03,65,537		23,38,66,905.13	
	II. **Bills Discounted and Purchased** (excluding Treasury Bills of the Central and State Governments)		
5,97,41,924	(i) Payable in India	6,51,37,813.38	
33,04,492	(ii) Payable outside India	25,46,540.50	
6,30,46,416		6,76,84,351.88	
24,34,11,953			30,05,51,257.01
	Particulars of Advances: (i) Debts considered good in respect of which the Banking Company is fully secured ..	36,91,97,936.79	
21,66,88,694	(ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security (the above includes Rs. 87,58,861.16 debts for which more than one person is liable on the pro-note) ..	1,99,12,972.99	
1,78,28,099	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of debtors ..	1,14,40,347.23	
93,95,160	(iv) Debts considered doubtful or bad, not provided for	Nil	
Nil		30,05,51,257.01	
24,34,11,953			
9,413	(v) Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons ..	19,866.21	
	(vi) Debts due by the companies or firms in which the Directors of the Banking Company are interested as directors, partners or Managing Agents or, in the case of private companies, as members	40,31,093.13	
1,04,33,630	(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors, or managers or officers of the Banking Company or any of them either severally or jointly with other persons ..	60,246.00	
9,786	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or firms in which the directors of the Banking Company are interested as directors, partners or Managing Agents or, in the case of private companies, as members	1,54,13,236.91	
1,26,03,630	(ix) Due from Banking Companies	1,93,879.92	
47,963			
1,96,17,790	**6. Bills Receivable Being Bills for Collection** as per contra: (i) Payable in India	2,78,20,185.24	
1,97,410	(ii) Payable outside India	5,38,261.33	
2,00,15,200			
4,57,76,725	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** as per contra		2,83,58,446.56
			4,91,54,838.68
48,00,11,735	Carried forward .. Rs.		55,33,00,711.22

DEVKARAN NANJEE BANKING COMPANY, LIMITED—*Continued.*

BALANCE SHEET AS AT 31st DECEMBER, 1961.

31-12-1960 Rs.	CAPITAL AND LIABILITIES—Contd.	Rs.	nP	31-12-1961 Rs. nP
48,70,96,960	Brought forward .. Rs.			56,12,92,984.44
	Total .. Rs.			56,12,92,984.44

31-12-1960 Rs.	PROPERTY AND ASSETS—Contd.	Rs.	nP	31-12-1961 Rs. nP
48,00,11,735	Brought forward .. Rs.			55,33,00,711.22
32,71,715	**8. Premises:** Less Depreciation— At cost as per last Balance Sheet	32,78,714.75		
7,000	Additions during the year	2,84,583.91		
32,78,715		35,63,298.66		
5,50,000	Less—Depreciation to date	7,00,000.00		28,63,298.66
27,28,715	**9. Furniture and Fixtures:** Less Depreciation:			
25,06,730	At cost as per last Balance Sheet	30,04,902.69		
5,45,025	Additions during the year	8,58,935.52		
30,51,755		38,63,838.21		
46,853	Less—Sales during the year	12,904.43		
30,04,902		38,50,933.78		
10,71,797	Less—Depreciation to date	12,87,048.12		
19,33,105				25,63,885.66
	10. Other Assets including Silver:			
11,10,978	(a) Advance Payment of Tax	10,35,965.13		
10,04,383	(b) Interest accrued on Investments	10,13,219.55		
32,356	(c) Small Silver Bars	50,061.98		
1,30,789	(d) Stamps and Stationery	1,71,036.98		
1,44,899	(e) Sundry Deposits	2,94,805.26		
24,23,405				25,65,088.90
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims.**			Nil
48,70,96,960	Total .. Rs.			55,33,00,711.22

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961.

31-12-1960 Rs.	EXPENDITURE	Rs. nP	31-12-1961 Rs. nP
93,04,985	1. Interest paid on Deposits, Borrowings, etc.	68,14,466.37	
55,84,400	2. Salaries, Allowances and Provident Fund .. .. .. (Includes salary and allowances of Managing Director Rs. 55,000*) (Previous year Rs. 50,750)	65,13,538.02	
40,075	3. Directors' and Local Committee Members' Fees and Allowances ..	42,540.00	
6,72,583	4. Rent, Taxes, Insurance, Lighting, etc.	8,96,589.85	
50,575	5. Law Charges	61,177.30	
4,51,212	6. Postage, Telegrams and Stamps	5,50,596.45	
11,100	7. Auditors' Fees	26,500.00	
2,53,601	8. Depreciation on and Repairs to Banking Company's Property ..	4,12,844.23	
7,48,560	9. Stationery, Printing, Advertisement, etc.	8,50,533.27	
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
5,53,527	11. Other Expenditure	6,98,753.42	
23,54,732	12. Balance of Profit (after providing for Taxation)	26,15,062.66	
2,00,20,350	Total .. Rs.	2,24,82,602.57	

31-12-1960 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. nP	31-12-1961 Rs. nP
1,63,52,574	1. Interest and Discount	1,83,08,145.67	
27,21,344	2. Commission, Exchange and Brokerage	31,44,195.29	
1,23,451	3. Rents	1,14,823.59	
	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves, or any particular Fund or Account)		Nil
2,248	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves, or any particular Fund or Account)		Nil
Nil	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets		Nil
8,20,733	7. Other Receipts		9,15,938.02
2,00,20,350	Total .. Rs.		2,24,82,602.57

NOTE:—

(1) Remuneration received by three Directors for their own use from other companies by virtue of nomination by the Bank on the Board of other companies amounted to Rs. 1,295 during the year.

(2) *Includes Allowances calculated in accordance with the Income Tax Rules.

(3) The Balance Sheet has been prepared in conformity with Form 'A' and the Profit and Loss Account in conformity with Form 'B' of the Third Schedule to the Banking Companies Act, 1949.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of the DEVKARAN NANJEE BANKING CO., LTD., as at 31st December 1961 and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the returns from 33 Branches audited by us, 22 Branches audited by other Auditors and unaudited returns from 51 Branches. Exemption from the provisions of Section 228 of the Companies Act, 1956, has been obtained from the Central Government for all the unaudited Branches.

We report that—

(a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) in our opinion, proper books of account as required by law have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Branches of the Bank;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns;

(e) the reports on the accounts of the Branch offices audited by other Auditors, so far as were received till the date of our audit, have been dealt with in the manner considered necessary by us; and

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

BOMBAY, 14th *February*, 1962.

K. S. AIYAR & CO. } *Chartered Accountants.*
DALAL & SHAH }

LALITCHANDRA C. D. NANJEE *Chairman.*

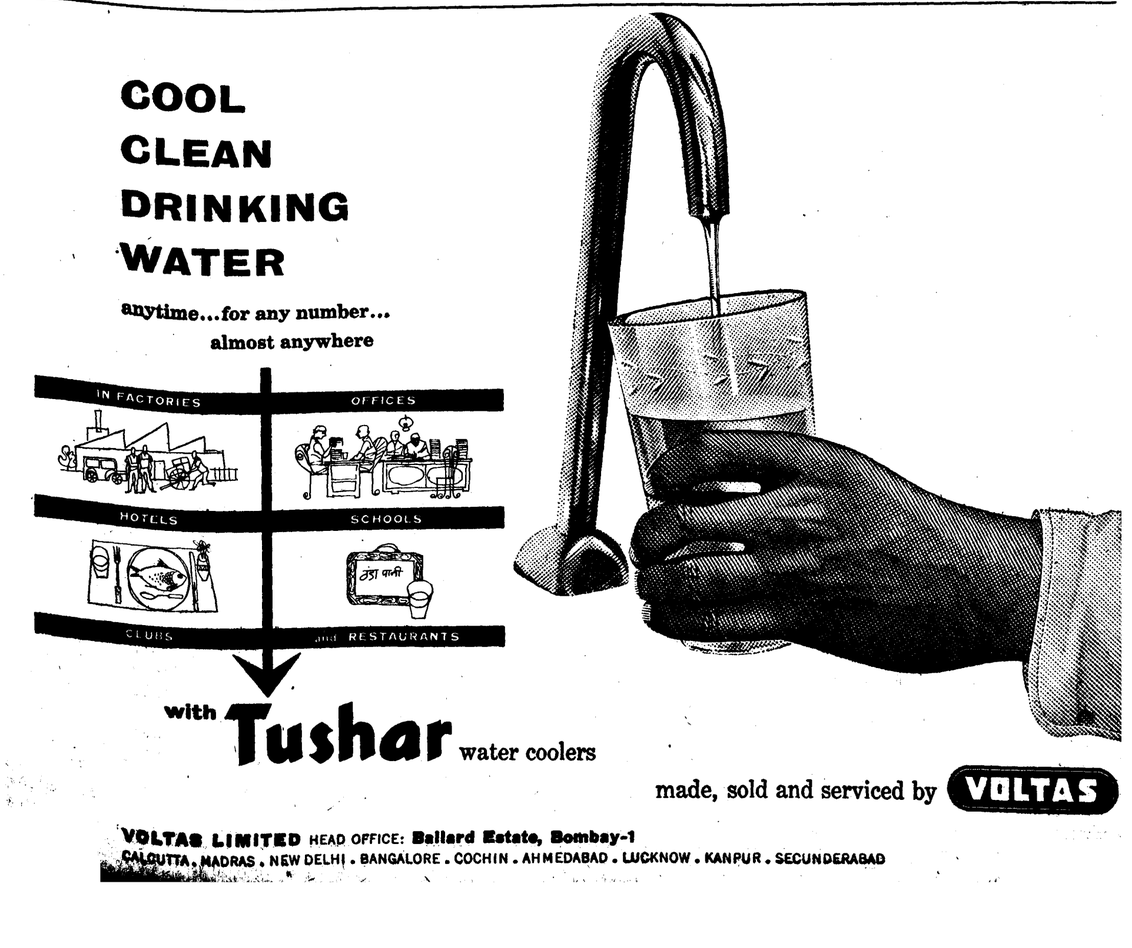
UDAYBHAN
NATVARLAL S. CHOKSEY
JAYANTILAL R. TRIVEDI
LAXMIKANT S. DABHOLKAR
M. A. MASTER
HARSHADRAI B. PAREKH
D. N. MEHTA
} *Directors.*

HARIDAS K. SWALI,
Deputy Manager.

CHANDRAKANT K. KOTHARI,
Assistant Manager.

C. V. SUBRAMANIAM,
Chief Accountant.

PRAVINCHANDRA V. GANDHI
Managing Director.



ALLAHABAD BANK, LIMITED

(AFFILIATED TO THE CHARTERED BANK)

DIRECTORS' REPORT

The Directors of the Allahabad Bank, Limited, have pleasure in submitting the Accounts, duly audited, showing the position of the Bank's affairs as at the 31st day of December, 1961, together with their report.

The result of the working for twelve months, including the balance from former Account, and after making allowance for taxation and depreciation, is a profit of 27,50,614 36

Out of this there has been paid Dividends and Bonus on the Ordinary Shares and Dividend on Preference Shares at the rates of 18 per cent and 7.80 per cent per annum respectively (both subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) for the six months ended 30th June, 1961, absorbing 3,33,000 00

Leaving an available balance of 24,17,614 36

which your Directors recommend should be disposed of as follows:

	Rs.	nP	Rs.	nP
In payment of a Dividend (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) on the Preference Shares for the six months ended 31st December, 1961, at the rate of 7.80 per cent per annum	58,500	00		
In payment of a Dividend (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) on the Ordinary Shares for the six months ended 31st December, 1961, at the rate of 12 per cent. per annum	1,33,000	00		
In payment of a Bonus (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) on the Ordinary Shares at the rate of 6 per cent. per annum for the six months ended 31st December, 1961	91,500	00		
Transfer to Staff Pension Fund	1,00,000	00		
Transfer to Reserve Fund	4,50,000	00		
Provision for bonus to Staff	9,25,000	00		
			18,08,000	00
Carry forward to next Account			6,09,614	36

The working of the Bank during the year under review continued to be satisfactory and profit has shown an improvement over the previous year's figure despite a substantial increase in operating costs. As hitherto, investments are shown in the Balance Sheet at less than the actual market value.

The Bank has been registered as an insured bank under the Deposit Insurance Corporation Act of 1961, which provides, *inter alia*, that where an order for the winding up or liquidation of an insured bank is made, the Corporation shall be liable to pay to every depositor of that bank an amount not exceeding Rs. 1,500 to rupees of the entire deposits of the Bank in India, excluding deposits of the Central and State Governments as also those of foreign Governments and inter-bank deposits, is being paid by the Bank.

Since the last report, three new branches have been opened at Jullundur Civil Lines, Shiamganj, Bareilly and Gandhibagh, Nagpur, while seven pay offices have been upgraded to full branch status in order to enable them to compete more effectively for local business.

As a preliminary to strengthening the capital/deposit ratio, the Board of Directors of the Bank made a final call of Rs. 50 per share on the 29,000 contributory ordinary shares for the purpose of making such shares fully paid. The last date for payment of call money was 2nd January, 1962.

In accordance with Section 228 of the Companies Act, 1956, as amended, each office of the Bank is required to be audited unless exemption is obtained under the provisions of the relative rules framed by Government. The Board of Directors of the Bank decided not to apply for exemption for any office in respect of the accounts for 1961, and, accordingly, as a departure from previous practice the accounts of each and every office of the Bank as at 31st December, 1961, have been audited by the Bank's Statutory Auditors, Messrs. A. F. Ferguson & Co., or by firms of Chartered Accountants appointed after consultation with them.

Under Article 115, two of the Directors, Mr. M. R. Das and Mr. H. Mackay Tallack, retire from office by rotation but are eligible for re-election.

Mr. H. Mackay Tallack was appointed a Director to fill the vacancy caused by the resignation Mr. G. D. Longhurst.

Mr. J. W. Anson was appointed as an Alternate Director for Mr. M. R. Das during his absence from India.

Auditors will have to be appointed for the year ending 31st December, 1962.

By order of the Board,

I. G. THOMSON,
Chairman.

M. J. MACLAREN,
General Manager.

CALCUTTA, *The 26th February*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

31-12-1960 Rs.	CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
	1. Capital—				
	AUTHORISED CAPITAL—	Rs.	nP		
85,00,000	85,000 Ordinary Shares of Rs. 100 each	85,00,000	00		
15,00,000	15,000 6 per cent. Cumulative Preference Shares of Rs. 100 each	15,00,000	00		
1,00,00,000				1,00,00,000	00
	ISSUED AND SUBSCRIBED CAPITAL—				
	45,000 Ordinary Shares of Rs. 100 each	45,00,000	00		
	15,000 6 per cent. Cumulative Preference Shares of Rs. 100 each fully paid in cash	15,00,000	00		
45,50,000		60,00,000	00		
Nil	LESS—Calls Unpaid (since received up to 26th February, 1962, Rs. 12,84,050)	12,94,150	00		
Nil	ADD—Forfeited Shares	Nil			
45,50,000				47,05,850	00
	2. Reserve Fund and Other Reserves—				
1,08,00,000	Reserve Fund (includes Rs. 45,50,000 as identifiable as premiums received on issues of shares in past years)			1,08,00,000	00
	3. Deposits and Other Accounts—				
34,10,27,539	Fixed Deposits	37,04,88,368	27		
6,72,72,907	Savings Bank Deposits	8,13,19,021	06		
11,11,99,159	Current Accounts, Contingency Accounts, etc.	12,22,95,137	52		
51,94,99,605				57,40,83,126	85
	4. Borrowings from Other Banking Companies, Agents, etc.—				
1,23,334	(i) In India	8,49,503	11		
9,58,437	(ii) Outside India	Nil			
10,81,771				8,49,503	11
	PARTICULARS—				
Nil	(i) Secured by part of the Bank's Investments	4,00,131	51		
9,58,437	(ii) Secured by bills negotiated under credit	Nil			
1,23,334	(iii) Unsecured	4,49,371	60		
10,81,771		8,49,503	11		
54,86,451	**5. Bills Payable**			49,21,581	94
	6. Bills for Collection Being Bills Receivable as per contra—				
2,59,39,095	(i) Payable in India	2,67,17,600	75		
13,56,122	(ii) Payable outside India	14,31,389	27	2,81,48,990	02
2,72,95,217					
	7. Other Liabilities—				
73,699	Unclaimed Dividends	74,238	74		
5,000	Deposit by Nominee Subsidiary	5,000	00		
78,699				79,238	74
2,79,51,048	**8. Acceptances, Endorsements and Other Obligations per contra**			2,00,75,929	18
	9. Profit and Loss Account—				
14,65,512	Balance as per last Balance Sheet	17,07,068	72		
	LESS—Appropriations—	Rs.	nP		
2,74,500	Paid to Shareholders, Dividend at 12 per cent. per annum and Bonus at 6 per cent. per annum on Ordinary Shares for 6 months ended 31st December, 1960 (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act)	2,74,500	00		
45,000	Dividend on Preference Shares for six months ended 31st December, 1960 (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act)	33,500	00		
Nil	Arrears of dividend on Preference Shares at the rate of 1.80% per annum for the three half years to 30th June, 1960. (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act)	40,500	00		
7,54,878	Bonus to Staff (General Manager Rs. 8,000. Last year Rs. 8,000)	8,32,380	01		
10,74,378		12,05,380	01		
3,91,134		5,01,199	71		
17,85,435	APP—Profit for the year brought from Profit and Loss Account	22,49,414	65		
31,76,948		27,50,614	36		
	Carried over ..			54,86,64,219	84
59,67,42,791				59,13,58,185	

31-12-1960 Rs.	PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
	1. Cash—				
4,12,68,820	In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)			4,58,46,636	23
	2. Balances with Other Banks—				
87,092	(i) In Current Accounts in India	3,71,778	92		
69,895	(ii) In Current Accounts outside India	4,24,987	10		
4,50,00,000	(iii) In Deposit Accounts in India	5,00,00,000	00		
4,51,56,987				5,07,96,716	02
45,00,000	**3. Money at Call and Short Notice**			20,00,000	00
	4. Investments, below Market Value—				
	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments; of which Rs. 7,00,000 (Last year Rs. 7,00,000) has been lodged as security for guarantees given to Government Departments	17,45,02,556	19		
12,53,08,955					
5,50,000	(ii) Partly paid Ordinary Shares	6,50,000	00		
2,500	(iii) Debentures or Bonds	2,000	00		
Nil	(iv) Other Investments	Nil			
Nil	(v) Gold	Nil			
12,58,61,455				17,51,54,556	19
	5. Advances—				
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)				
	(i) Loans, Cash Credits, Overdrafts, etc.—	Rs.	nP		
28,10,11,080	(i) In India	27,80,09,628	81		
Nil	(ii) Outside India	Nil			
28,10,11,080				27,80,09,628	81
	(ii) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—	Rs.	nP		
3,10,11,824	(i) Payable in India	3,15,35,420	16		
73,02,254	(ii) Payable outside India	67,58,311	16		
3,83,14,078				3,82,93,731	32
31,93,25,158	PARTICULARS OF ADVANCES—				31,63,03,360
	(i) Debts considered good in respect of which the banking company is fully secured			28,31,88,504	59
	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security			1,63,96,882	61
1,77,65,623	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors			1,67,16,022	93
1,33,23,383	(iv) Debts considered doubtful or bad, not provided for			Nil	
Nil				31,63,03,360	13
31,93,25,158	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons			Nil	
Nil	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members			1,86,98,809	26
1,35,71,730	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to the directors or managers or officers of the banking company or any of them either severally or jointly with any other persons			Nil	
Nil	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members			2,00,30,883	09
1,59,47,373	(ix) Due from banking companies			8,87,890	56
8,75,590	**6. Bills Receivable Being Bills for Collection** as per contra—				
2,59,39,095	(i) Payable in India			2,67,17,600	75
13,56,122	(ii) Payable outside India			14,31,389	27
2,72,95,217					
2,79,51,048	**7. Consolidated Liabilities for Acceptances, Endorsements and Other Obligations** per contra			2,81,48,990	02
59,13,58,185	Carried over ..			2,00,75,929	18

ALLAHABAD BANK, LIMITED—*(Contd.)*

Balance Sheet as at 31st December, 1961—(contd.)

31-12-1960 Rs.	CAPITAL AND LIABILITIES—*(contd.)*	Rs.	nP	Rs.	nP
59,67,42,791	Brought forward ..			64,36,64,219	84
21,26,569	**Profit and Loss Account**—*(contd.)*	Rs.	nP	27,50,614	36
	LESS—Appropriations—				
	Interim Dividend to Shareholders at 12 per cent. per annum and Bonus of 6 per cent. per annum on Ordinary Shares for six months ended 30th June, 1961 (subject to deduction of tax in accordance with the provisions of the Finance Act, 1961)	2,74,500	00		
2,74,500					
	Interim Dividend on Preference Shares for six months ended 30th June, 1961 (subject to deduction of tax in accordance with the provisions of the Finance Act, 1961)	58,500	00		
45,000					
	Transferred to Trustees, Staff Pension Fund				
1,00,000					
4,19,500				3,33,000	00
17,07,069				24,17,614	36
	10. Contingent Liabilities—				
1,05,526	Claims against the Bank not acknowledged as debts	92,398	75		
	Guarantees and Indemnities—				
1,00,07,140	On behalf of Customers	1,70,70,829	66		
Nil	On behalf of Directors and Officers	Nil			
	Liabilities on account of Outstanding Forward Exchange Contracts	2,52,15,446	67		
2,75,92,714					
	Uncalled Liability on Ordinary Shares	13,50,000	00		
19,50,000					
59,84,49,860	Grand Total .. Rs.			64,60,81,834	20

31-12-1960 Rs.	PROPERTY AND ASSETS—*(contd.)*	Rs.	nP	Rs.	nP
59,13,58,185	Brought forward ..			63,88,26,187	77
65,62,277	**8. Premises Less Depreciation—**				
	Total cost to 31st December, 1960			65,49,197	81
4,624	ADD—Additions for the year to 31st December, 1961			Nil	
65,66,901				65,49,197	81
17,703	LESS—Sales for the year to 31st December, 1961			Nil	
65,49,198				65,49,197	81
34,03,164	LESS—Total depreciation to 31st December, 1960			34,82,678	96
31,46,034				30,66,518	85
79,515	LESS—Depreciation for the year to 31st December, 1961			88,074	73
30,66,519					
	9. Furniture and Fixtures Less Depreciation—			29,78,444	12
32,31,532	Total cost to 31st December, 1960			35,13,940	22
2,52,776	ADD—Additions for the year to 31st December, 1961			6,45,033	45
35,34,308				41,58,973	67
20,368	LESS—Sales for the year to 31st December, 1961			77,420	76
35,13,940				40,81,552	91
17,34,265	LESS—Total depreciation to 31st December, 1960			18,65,596	12
17,79,675				22,15,956	79
1,31,331	LESS—Depreciation for the year to 31st December, 1961			1,69,179	48
16,48,344				20,46,777	31
	10. Other Assets including Silver—				
16,26,927	(i) Interest accrued on Investments but not collected			18,81,333	44
7,16,914	(ii) Stationery at cost			7,93,347	64
27,971	(iii) Stamps			25,743	92
5,000	(iv) Nominee Company			5,000	00
23,76,812				27,05,425	00
	The net assets of the Nominee Company amount to Rs. 5,000 represented by deposit with the Bank, per contra.				
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims**			25,000	00
Nil	**12. Profit and Loss**			Nil	
59,84,49,860	Grand Total .. Rs.			64,60,81,834	20

Note.—The Balance Sheet has been prepared in conformity with Form "A" of the Third Schedule to the Banking Companies Act, 1949.

Profit and Loss Account for the year ended 31st December, 1961

31-12-1960 Rs.	EXPENDITURE	Rs.	nP
1,35,28,702	1. Interest paid on Deposits, Borrowings, etc.	1,54,80,029	79
96,46,003	2. Salaries and Allowances and Provident Fund (General Manager Rs. 72,400 Last year Rs. 72,400)	1,08,20,928	55
15,000	3. Directors' and Local Committee Members' Fees and Allowances	11,000	00
23,70,625	4. Rent, Taxes, Insurance, Lighting, etc.	23,23,511	58
61,023	5. Law Charges	1,42,041	76
4,78,804	6. Postage, Telegrams and Stamps	5,57,733	85
15,000	7. Auditors' Fees (includes Rs. 34,000 for Branch Audit Fees to Statutory Auditors)	49,000	00
2,65,578	8. Depreciation on and Repairs to the Banking Company's Property	2,87,823	55
4,41,671	9. Stationery, Printing, Advertisement, etc.	5,38,021	55
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
8,26,888	11. Other Expenditure	10,06,795	44
17,85,435	12. Balance of Profit	22,49,414	65
2,93,84,464	Grand Total .. Rs.	3,34,12,280	72

31-12-1960 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP
2,52,92,841	1. Interest and Discount	2,88,22,854	34
38,75,576	2. Commission, Exchange and Brokerage	43,78,448	05
1,94,864	3. Rents	1,94,928	33
Nil	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil	
21,183	7. Other Receipts	16,000	00
Nil	8. Loss (if any)	Nil	
2,93,84,464	Grand Total .. Rs.	3,34,12,280	72

AUDITORS' REPORT TO THE MEMBERS.

1. We have audited the foregoing Balance Sheet of the Allahabad Bank, Ltd., as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Bank, for the year ended upon that date, in which are incorporated the audited returns from all the Branches of which 85 Branches have been audited by us and 53 Branches by other auditors.

2. We report that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from all the Branches of the Bank;

(d) the reports on the accounts of Branches audited by other Auditors have been forwarded to us and the same have been considered in preparing this report;

(e) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the audited returns;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

A. F. FERGUSON & CO.,
Chartered Accountants.

CALCUTTA,
Dated 26th February, 1962.

I. G. THOMSON,
U. C. MAITAB,
M. R. DAS,
H. MACKAY TALLACK,
M. J. MACLAREN,
General Manager, } *Directors.*

A. GHOSH,
Accountant.

Note.—The Profit and Loss Account has been prepared in conformity with Form "B" of the Third Schedule to the Banking Companies Act, 1949.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

The Profit and Loss Account of the Allahabad Bank, Limited, for the year ended 31st December, 1961, does not include any profit or loss of its subsidiary, the Allahabad Bank Nominees Limited, as no profit was made and no loss was sustained by that subsidiary. All expenses incurred were borne and paid by the Allahabad Bank, Limited. The shares of the subsidiary are wholly owned by the Bank.

I. G. THOMSON,
U. C. MAITAB,
M. R. DAS,
H. MACKAY TALLACK
M. J. MACLAREN,
General Manager. } *Directors.*

A. GHOSH,
Accountant.

CALCUTTA,
The 26th February, 1962.

ALLAHABAD BANK NOMINEES LIMITED

DIRECTORS' REPORT

The Directors of the Allahabad Bank Nominees Limited submit the audited Balance Sheet for the year ended 31st December, 1961, together with their report.

A Profit and Loss Account is not submitted as no profit was made nor loss sustained. The Company is a wholly owned subsidiary of the Allahabad Bank Limited by whom the entire expenses of the Company have been paid.

Under Article 55, Mr. M. J. Maclaren retires from office by rotation but is eligible for re-election.

Mr. John Ritchie, O.B.E., was appointed a Director under Article 51 with effect from the 28th September 1961. Auditors will have to be appointed for the year ending 31st December, 1962.

M. J. MACLAREN,
J. RITCHIE
W. SMITH
LOKNATH,
} *Directors.*

CALCUTTA,
The 23rd February, 1962.

ALLAHABAD BANK NOMINEES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 1961

Capital Authorised and Fully Paid up—	Rs.	nP		Rs.	nP
50 Ordinary Shares of Rs. 100 each Paid in Cash	5,000	00	Deposited with the Allahabad Bank, Ltd.	5,000	00
	5,000	00		5,000	00

We have audited the foregoing Balance Sheet as at 31st December, 1961, of the Allahabad Bank Nominees Limited. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account as required by the law in force have been kept by the Company so far as appears from our examination of those books. The Company's Balance Sheet is in agreement with the books of account and in our opinion and to the best of our information and explanations given to us the said Balance Sheet gives the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view of the state of the Company's affairs as at 31st December, 1961.

No Profit and Loss Account has been prepared as the Company has no income and the expenses are paid by the Holding Company.

Notices

THE EMPIRE DYEING AND MFG. COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Sixty-second Annual General Meeting of the Shareholders of the Empire Dyeing and Manufacturing Company, Limited, will be held at the Registered Office of the Company, Brady House, 12-14, Veer Nariman Road, Fort, Bombay, on Thursday the 12th April, 1962, at 11-30 a.m., to transact the following business:—

1. To adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1961.
2. To sanction payment of Dividend.
3. To appoint a Director in place of Mr. F. Edwards who retires by rotation in accordance with the Articles of Association of the Company and, being eligible, offers himself for re-election and to consider and if thought fit to pass the following Resolution as a Special Resolution in respect of which a Special Notice as required by Sections 190 and 261 of the Companies Act 1956 has been received by the Company:

   "RESOLVED that pursuant to Section 261 of the Companies Act, 1956, Mr. F. Edwards, an officer of Messrs. W. H. Brady & Co., Ltd., the Managing Agents of the Company (who by the Articles of Association of the Company and the Managing Agency Agreement are entitled to appoint two Directors), be and he is hereby re-appointed a Director of the Company liable to retire by rotation."

4. To appoint a Director in place of Mr. Kishore M. Premchand who retires by rotation and, being eligible, offers himself for re-election and to consider and if thought fit to pass the following Resolution as a Special Resolution in respect of which a Special Notice as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company:

   "RESOLVED that pursuant to Section 261 of the Companies Act, 1956, Mr. Kishore M. Premchand, an associate of Messrs. W. H. Brady & Co., Ltd., the Managing Agents of the Company (who by the Articles of Association of the Company and the Managing Agency Agreement are entitled to appoint two Directors), be and he is hereby re-appointed a Director of the Company liable to retire by rotation."

5. To consider and if thought fit to pass the following Resolution as a Special Resolution:

   "RESOLVED that (a) Messrs. W. H. Brady & Company, Limited, the Managing Agents of the Company, be appointed as Buying Agents of this Company for a further period of three years from the 1st April 1962, in respect of Machinery and Stores to be purchased by the Company outside India through the Manchester Branch of Messrs. W. H. Brady & Company, Limited, which is being maintained not only for the purpose of transacting business on behalf of this Company or any other company managed by Messrs. W. H. Brady & Company, Limited, but also for its own business not connected with the business of the Company and (b) that Messrs. W. H. Brady & Company, Limited, as such Buying Agents be reimbursed such part of the expenses of maintaining their Manchester Branch in any year as is reasonably attributable to the purchases made on behalf of the Company, not exceeding 2¼ per cent of the total amount of the purchases effected by that Branch for the Company in that year."

6. To consider and if thought fit to pass the following Resolution with or without modification as a Special Resolution:

   "RESOLVED that the regulations contained in the document submitted to this meeting and for the purpose of identification subscribed by the Chairman thereof be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association."

7. To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board of Directors,

For W. H. BRADY & Co., LTD.,

V. MATHALONE,
Secretary,
Managing Agents.

Registered Office:
"BRADY HOUSE,"
12-14, VEER NARIMAN ROAD,
BOMBAY, 1.
BOMBAY, *6th March*, 1962.

Notes: 1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the Special business under items 3, 4, 5, and 6 are annexed to the Notice posted to the individual Shareholders.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.

3. The inspection of Special Notices referred to in items 3 and 4 and the existing Articles as also a copy of the proposed new set of Articles may be had at the Registered Office of the Company between the hours of 2.30 p.m. and 4.30 p.m. on any working day except Public and Bank Holidays and on Saturdays between the hours of 11.00 a.m. and 1.00 p.m. Members are requested to avail themselves of the right of inspection of the two sets of Articles with a view to ascertaining the changes which are proposed to be effected.

4. The Register of Members and the Transfer Books of the Company will be closed from Friday the 23rd March, 1962 to Friday the 13th April, 1962, both days inclusive.

5. The Dividend when declared will be made payable at the Registered Office of the Company on and after Monday the 30th April, 1962. The Dividend Warrants will be posted to those Shareholders whose names stand on the Register on the 13th April, 1962.

G. CLARIDGE AND COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-second Annual General Meeting of the Shareholders of G. Claridge & Company, Limited, will be held at the Company's Registered Office, "Brady House," 12/14 Veer Nariman Road, Fort, Bombay, on Thursday the 12th April 1962, at 11.45 a.m., to transact the following business:—

1. To adopt the Directors' Report and the Audited Statement of Accounts for the year ended 31st December 1961.
2. To sanction payment of Dividend.
3. To appoint a Director in place of Mr. Kantilal Nahalchand who retires by rotation and being eligible offers himself for re-election and, if thought fit, to pass the following resolution as a Special Resolution in respect of which a Special Notice as required by Sections 190 and 261 of the Companies Act 1956 has been received by the Company:—

   "RESOLVED that pursuant to Section 261 and other applicable provisions (if any) of the Companies Act 1956, Mr. Kantilal Nahalchand who is an associate of W. H. Brady & Company, Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board), be and he is hereby appointed a Director of the Company, liable to retire by rotation."

4. To appoint a Director in place of Mr. Kishore M. Premchand who retires by rotation and being eligible offers himself for re-election and, if thought fit, to pass the following resolution as a Special Resolution in respect of which a Special Notice as required by Sections 190 and 261 of the Companies Act 1956 has been received by the Company:—

   "RESOLVED that pursuant to Section 261 and other applicable provision (if any) of the Companies Act 1956, Mr. Kishore M. Premchand who is an associate of W. H. Brady & Company Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board) be and he is hereby appointed a Director of the Company, liable to retire by rotation."

5. To appoint Auditors for the current year and fix their remuneration.
6. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

   "RESOLVED that (a) Messrs. W. H. Brady & Company, Limited, the Managing Agents of the Company, be appointed as Buying Agents of this Company for a further period of three years from the 1st April 1962, in respect of Machinery and Stores to be purchased by the Company outside India through the Manchester Branch of Messrs. W. H. Brady & Company, Limited, which is being maintained not only for the purpose of transacting business on behalf of this Company or any other company managed by Messrs. W. H. Brady & Company, Limited, but also for its own business not connected with the business of the Company or any other company managed by Messrs. W. H. Brady & Company, Limited, and (b) that Messrs. W. H. Brady & Company, Limited, as such Buying Agents be reimbursed such part of the expenses of maintaining their Manchester Branch in any year as is reasonably attributable to the purchases made on behalf of the Company, not exceeding 2¼ per cent of the total amount of the purchases effected by that Branch for and on behalf of the Company in that year."

7. To consider and, it thought fit, to pass the following Resolution with or without modification as an Ordinary Resolution:

   "RESOLVED that the Authorised Capital of the Company be increased from Rs. Eight Lacs (Rs. 8,00,000) to Fifty Lacs (Rs. 50,00,000) by the creation of 42,000 Equity Shares of Rs. 100 each and that the words "Fifty Lacs" be substituted in Clause V of the Memorandum of Association of the Company for the words "Eight Lacs" appearing therein."

8. To consider and, if thought fit, to pass the following Resolution with or without modification as a Special Resolution:

   "RESOLVED that the following Article shall be substituted for Article 4 of the Articles of Association of the Company:

   "'The Capital of the Company is Rs. Fifty Lacs (Rs. 50,00,000) divided into 50,000 Equity Shares of Rs. 100 (Rs. One Hundred) each.'"

9. To consider and, if thought fit, to pass the following Resolution with or without modification as a Special Resolution:

   "RESOLVED that the Regulations contained in the document submitted to this meeting and for the purpose of identification subscribed by the Chairman thereof be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association."

By Order of the Board of Directors,

For W. H. BRADY & COMPANY LIMITED,

V. MATHALONE,
Secretary,
Managing Agents.

Registered Office:
"BRADY HOUSE"
12/14 VEER NARIMAN ROAD,
FORT,
BOMBAY, *6th March* 1962.

Notes: (1) The relative Explanatory Statements pursuant to Section 173 of the Companies Act 1956, in respect of the Special business under items 3, 4, 6, 7, 8 & 9 are annexed to the Notice posted to the individual shareholder.

(2) The inspection of Special Notices referred to in items 3 and 4 and the existing Articles as also a copy of the proposed new set of Articles may be had at the Registered Office of the Company between the hours of 2.30 p.m. and 4.30 p.m. on any working day except Public and Bank Holidays and on Saturdays between the hours of 11.00 a.m. and 1 p.m. Members are requested to avail themselves of the right of inspection of the two sets of Articles with a view to ascertaining the changes which are proposed to be effected.

(3) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(4) The Register of Members and Transfer Books of the Company will be closed from Friday, the 23rd March 1962 to Friday the 13th April 1962, both days inclusive.

(5) The Dividend when declared will be made payable at the Registered Office of the Company on and after Monday the 30th day of April 1962. The Dividend Warrants will be posted to those Shareholders whose names stand on the Register on the 13th day of April 1962.

THE BRADY ENGINEERING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE Sixteenth Annual General Meeting of the Shareholders of the Brady Engineering Company, Limited, will be held at the Company's Registered Office, "Brady House," 12-14 Veer Nariman Road, Fort, Bombay, on Thursday the 12th day of April, 1962, at 4.30 p.m. (S.T.), to transact the following business:

1. To adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1961.
2. To sanction the declaration of a Dividend.
3. To appoint a Director in place of Mr. Kantilal Nahalchand who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following Resolution as a Special Resolution in respect of which a Special Notice, as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company:

   "RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Mr. Kantilal Nahalchand who retires by rotation and who is an Associate of Messrs. W. H. Brady & Company, Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board) be and is hereby re-appointed a Director of the Company, liable to retire by rotation."

4. To appoint a Director in place of Mr. Kishore M. Premchand who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following Resolution as a Special Resolution in respect of which a Special Notice, as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company:

   "RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Mr. Kishore M. Premchand who retires by rotation and who is an Associate of Messrs. W. H. Brady & Company, Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board) be and is hereby re-appointed a Director of the Company, liable to retire by rotation."

5. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

   "RESOLVED that (a) Messrs. W. H. Brady & Company, Limited, the Managing Agents of the Company, be appointed as Buying Agents of the Company for a further period of three years from 1st April, 1962, in respect of Machinery and Stores to be purchased by the Company outside India through the Manchester Branch of Messrs. W. H. Brady & Company, Limited, which is being maintained not only for the purpose of transacting business on behalf of the Company or any other Company managed by Messrs. W. H. Brady & Company, Limited, but also for its own business not connected with the business of the Company or any other company managed by Messrs. W. H. Brady & Company, Limited, and (b) that Messrs. W. H. Brady & Company, Limited, as such Buying Agents be reimbursed by the Company such part of the expenses of maintaining their Manchester Branch in any year as is reasonably attributable to the purchases made on behalf of the Company, not exceeding 2¼ per cent of the total amount of the purchases effected by that Branch for and on behalf of the Company in that year."

6. To consider and, if thought fit, to pass the following Resolution with or without modification as a Special Resolution:

   "RESOLVED that the regulations contained in the document submitted to this Meeting and for the purpose of identification subscribed by the Chairman thereof, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association."

7. To appoint Auditors for the current year and fix their remuneration.

By Order of the Board of Directors,

For W. H. BRADY & COMPANY, LIMITED,

V. MATHALONE,
Secretary,
Managing Agents.

Registered Office:
"BRADY HOUSE,"
12/14 VEER NARIMAN ROAD,
BOMBAY-1.
BOMBAY, *6th March*, 1962.

Notes: (1) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items (3), (4), (5) and (6) are annexed to the Notice posted to the individual shareholder.

(2) The inspection of Special Notices referred to in items (3) and (4) and the existing Articles as also a copy of the proposed new set of Articles may be had at the Registered Office of the Company between the hours of 2.30 p.m. and 4.30 p.m. on any working day except Public and Bank Holidays and on Saturdays between the hours of 11.00 a.m. and 1 p.m. Members are requested to avail themselves of the right of inspection of the two sets of Articles with a view to ascertaining the changes which are proposed to be effected.

(3) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(4) The Register of Members and the Transfer Books of the Company will be closed from Friday, the 23rd March, 1962, to Friday, the 13th April, 1962, both days inclusive.

(5) If Dividend on shares as recommended by the Directors is passed at the Meeting, payment of such Dividend will be made through the Bank of India Limited, Bombay, on and after 30th April, 1962, to those Members whose names are on the Company's Register on the 13th day of April, 1962.

THE BRITANNIA ENGINEERING COMPANY, LIMITED

ISSUE OF EQUITY CAPITAL

MEMBERS OF THE COMPANY ARE hereby informed that the last date for receipt of applications in response to the Company's Offer relating to the above Share Issue has been extended up to 15th April, 1962.

By Order of the Board,

McLEOD & Co. LTD.,

C. HOCKLEY,
Secretary,
Managing Agents.

"McLEOD HOUSE,"
3, NETAJI SUBHAS ROAD,
CALCUTTA, *9th March*, 1962.

THE TATA MILLS LIMITED

NOTICE

THE TRANSFER BOOKS OF THE TATA Mills Limited will be closed from Thursday, the 5th April to Wednesday, the 2nd May 1962, both days inclusive.

By Order of the Board of Directors,

TATA INDUSTRIES PRIVATE LTD.,
Managing Agents,

D. R. D. TATA,
Director.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, *9th March*, 1962.

THE SVADESHI MILLS COMPANY LIMITED

NOTICE

THE TRANSFER BOOKS OF THE COMPANY will be closed from Thursday, the 5th April to Wednesday, the 2nd May 1962, both days inclusive.

By Order of the Board of Directors,

TATA INDUSTRIES PRIVATE LTD.,
Managing Agents,

D. R. D. TATA,
Director.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, *9th March*, 1962.

THE AHMEDABAD ADVANCE MILLS LIMITED

NOTICE

THE TRANSFER BOOKS OF THE COMPANY will be closed from Wednesday, the 11th April to Wednesday, the 2nd May 1962, both days inclusive.

By Order of the Board of Directors,

TATA INDUSTRIES PRIVATE LTD.,
Secretaries & Treasurers,

D. R. D. TATA,
Director.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, *9th March*, 1962.

EXPORTING—AT A LOSS?

SALES ABROAD SHOULD BE AS PROFITABLE AS SALES AT HOME

(By A Special Correspondent)

TO read the final draft of the third Five-year Plan is to think that the foreign exchange problem has, for the present at any rate, ceased to exist. The Draft Outline had, rather frankly, stated that "the third Plan will have a large foreign exchange component, and this will have to be financed almost entirely from external sources." Since then, and true to expectation, the Aid India Club, the World Bank and other bodies have substantially underwritten our requirements of foreign exchange during the third Plan period. But, in view of the paucity of our export earnings and continuing pessimism in respect thereof, one would have expected rather more emphasis on the "self-help" side of the picture. Instead of this, one gets the impression that the immediate needs having been satisfactorily "disposed of," the country can sit back and devote itself to longer-term problems. Thus, for example, the chapter entitled "Approach to the third Five-year Plan" makes no mention—except perhaps by implication—of the need for export consciousness. Yet, this is a chapter which deals with an imposing array of priorities, such as agriculture, basic industries, education, price policy, phasing of projects, and even statistical intelligence and programmes of research —some of which, at least, have long-term implications.

By way of contrast, we find, in the earlier chapter on "Long-term Economic Development," the pronouncement that while it is "a basic objective in the strategy of development to create the conditions in which dependence on external assistance will disappear as early as possible" and a very large expansion in exports is essential for this purpose, "the programme for the development of exports in the third Plan aims at *laying a strong foundation for a much larger export effort in the fourth and fifth Plans.*" (Italics mine). Indeed, the tentative target of exports for the year 1970-71 is given as Rs. 1,300-1,400 crores, i.e., more than twice the present level, and about Rs. 500 crores more than that envisaged for 1965-66. Even in respect of the third Plan itself, the target of total exports has been raised from Rs. 3,450 crores in the Draft Outline to Rs. 3,700 crores, without assigning any satisfactory reason therefor.

Whether such optimism is justified in the light of the anticipated growth of the economy, only time can tell; but one is certainly entitled to entertain misgivings as to the adequacy of the export promotion programme outlined in the Plan report. These doubts are not confined to the effectiveness of the programme in actual practice: one often doubts whether, in spite of all the discussions that have taken place and all the advice that has been tendered by experts (both academic and those in the field), we have failed to reach the heart of the matter.

Export Objectives Considered

In the circumstances, the export objectives of the Plan would seem to merit some examination at our hands. These objectives have been listed as under;

(i) restriction of domestic consumption so as to create a surplus for export;

(ii) increasing the profitability of exports *vis-a-vis* sales in the home market;

(iii) increasing the competitiveness of export industries through improvement in productivity; and

(iv) the creation of export consciousness (and hence acceptance of its burdens by all sections of the people) and improvement of facilities for export.

These principles will, to a certain extent, no doubt, meet with approval. Unfortunately, they do not take us far enough. Restrictions on domestic consumption (say, through excise levies) will tend to have an inflationary effect and will react adversely on exports in general. At the same time, the drawbacks usually allowed on exports do help in increasing the profitability of external markets—other conditions (mainly price and quality) being fulfilled. The point is that these aids can help to overcome special disadvantages only and are of little utility when the cost structure itself is high. In other words, increasing the profitability of exports may come to mean little more than decreasing the profitability of sales in the home market, so that the basic difficulty still remains. How does the Plan propose to overcome it?

Here is what we find in the Plan report. "Study groups have been recently set up to consider ways of reducing costs in certain selected industries such as cement, jute, bicycles, electric motors and transformers and rayon. It is proposed to review the more important cost studies undertaken for different industries in recent years with the object of working out the lines along which programmes for cost reduction could be pursued systematically industry by industry." It is also envisaged that economies of scale (and of location) should be taken into account in the licensing of individual units in potential export industries, the level of costs receiving precedence over "certain other considerations which have normally to be kept in view in the scheme of planned development."

What these "other considerations" are has been discussed in some detail in the opening chapter. Here it is necessary to refer to Section V which shows marked preoccupation with the problem of economic power. While it is recognised that existing firms have an advantage over new ones in the matter of facilities for expanding their activities and thus reducing their costs, it is stated that "excessive economic power in relatively few hands and the uses to which it may be put, disturb the balance of power in a democracy, expose the social structure to new strains and tensions, and come in the way of diffusion of economic opportunities." These views would be consistent with what has been quoted in the preceding paragraph on one of two suppositions. Either the proposed low-cost (large-scale) plants must cater to the export market only, or they should be in the public sector. The former is not an entirely new suggestion—it has been proposed for the cotton textile industry, and, indeed, is, in a modified way, already in operation in the form of automatic looms permitted to be installed for export purposes only. (Of course, what may be applicable to a major export industry like cotton textiles when faced with a loss of markets abroad, is not necessarily an ideal solution for new industries seeking a foothold in foreign markets.)

The second alternative, i.e., "the extension of the public sector into fields requiring the establishment of large-scale units and heavy investments," may find increasing support after the success which has attended the operations of Hindustan Machine Tools. This State enterprise has not only "doubled" itself out of its own resources, but has begun exporting its products to European countries.

Short-term Policy Required

Since, however, such specialised plants are not likely to contribute anything to the expansion of exports during the third Plan period, it is necessary to introduce measures which will yield results in the short run. On this score, there is really little that the Plan has to say, though it seems to believe that the steps which have been taken in recent years should yield dividends fairly quickly. Reading between the lines, one feels that the measures in respect of *specific commodities* (like drawbacks and freight concessions) are the ones on which the Planning Commission has fixed its hopes for the present, while steps of a general nature (the formation of Export Promotion Councils and the Export Risks Insurance Corporation, the establishment of Trade Centres abroad, etc.) will strengthen the export base in time for a determined effort during the fourth and subsequent Plans.

It is, thus, not surprising that the only definite statement in connection with the four objectives mentioned above is the possibility of excise duties, which, as we have seen, act as a brake on domestic consumption while simultaneously permitting a price differential in respect of exports. In view, however, of the inadequacy of the "drawback method," even after including refunds of duty on imported raw materials, one should explore the possibility of formulating a scheme which will be simple and yet will be able to kill more than one bird with one stone. Such a scheme alone can come to our rescue in the difficult days that lie ahead.

Any worthwhile system of incentives will have two objectives in view. In case of industries are subject to special handicaps, such as excise duties or the necessity of importing raw materials, the additional burden must be counteracted by suitable drawbacks of duty. If our industries are otherwise competitive, this concession should be sufficient to enable sales in foreign markets. The second requirement is that, if, in spite of such facilities, losses will be incurred by exporting, then the manufacturer should be able to make good his losses through higher prices in the home market. Now, it is to this condition that objection is usually taken—the poor consumer should not be burdened in this fashion, even though the larger interests of the nation would be served thereby.

Incentives or Compulsion?

This conflict between sectional and national interests can, it is hoped, be resolved by giving special incentives which would coax the producer into shouldering the burden himself, instead of passing it on to his fellow countrymen. Take, for example, the system of import entitlement, that is to say, in certain industries, the foreign exchange earned by exports can be used, wholly or partially, for imports of raw materials, machinery or stores. In times of shortages, such as the present, this could be a real advantage to the producer willing to take more risks than his less enterprising competitors, for his production programme would be less likely to suffer from interruption. Unfortunately, the scheme lends itself to abuse (in the form of overinvoicing so as to inflate the entitlement figure, sales of import licences or of the raw materials imported, etc.), and, though it may succeed in raising production within the country, its impact on the foreign exchange reserves is

(Continued on page 486)

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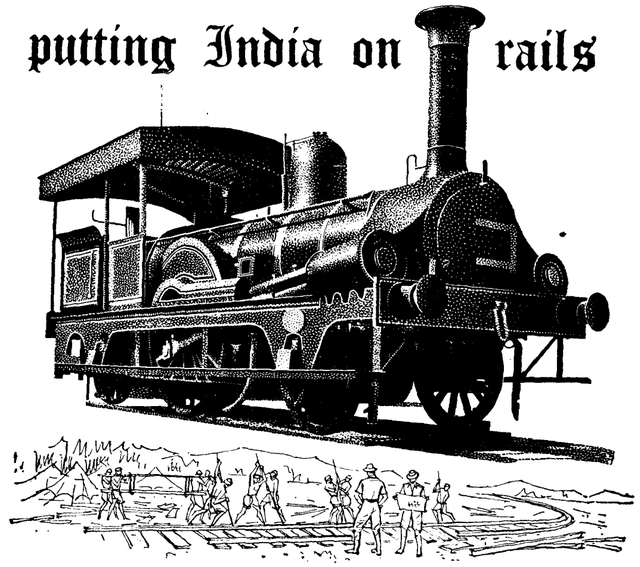

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RAISING COMPETITIVE CAPACITY OF JUTE INDUSTRY

GOVERNMENT TO SET UP SPECIAL COMMITTEE

THE Union Minister for Commerce and Industry, Mr. K. C. Reddy, disclosed, in his speech at the joint meeting of the Export Promotion and Import Advisory Council held at New Delhi last week, that he had decided to appoint a committee, under the chairmanship of an Adviser of Planning Commission (presumably Mr. N. C. Srivastava), to go into the problems of jute industry. The industry, the Minister said, apparently by way of justification for one more inquiry, would have to face a number of problems with a view to maintaining its competitive position and increasing exports. And he assured his listeners that the Government would be anxious "to do everything to promote the efficiency of the industry."

The assurance of Mr. Reddy is gratifying, but one wonders whether it is necessary to conduct another inquiry when not only the problems confronting the industry but also the solutions to them are pretty clear. What has, however, been lacking all these days is determined action on the part of the authorities, Central and State. The result is utterly disquieting performance on both production and export fronts. Thus, the actual output of jute goods in 1960-61 (last year of the second Plan) was no more than 1,006,000 tons, which is well below the target of 1,200,000 tons and even lower as compared with the actual production of 1,150,000 tons in 1955-56 (last year of the first Plan). Similarly, in regard to exports, as against the target of 900,000 tons and the actual shipment of 875,000 tons in 1955-56, the quantity exported during the financial year 1960-61 was just 790,881 tons. While the volume of exports has gone down, the value has risen, from Rs. 120 crores in 1955-56 to over Rs. 131 crores in 1960-61. In other words, the unit value of jute goods exported has remained high. The average export price per ton of jute goods in 1960-61 was as high as Rs. 1,657, as against Rs. 1,371 in 1955-56. Such a trend is highly undesirable for two important reasons. First, it will enable Pakistan, which has already successfully captured a large volume of business in India's traditional markets, to make further inroads into these markets as well as others. Secondly, the overseas buyers will turn more and more to alternative packaging media such as paper and plastic bags and bulk handling methods.

Rising Costs

The high level of jute goods prices must be attributed chiefly to the heavy incidence of raw material cost, high level of wages, and enhanced prices of other accessories and stores. Raw jute alone, it may be noted here, accounts for 60 per cent of the total cost of producing jute goods. If the jute industry is to expand its exports or even to maintain them in the face of strong foreign competition and the steady change to substitutes, the sources of raw material must be strengthened and developed, and there must be a continuance of rationalisation in manufacturing processes, as well as in the employment of labour. It is true that notable progress has already been made by the jute industry in modernisation, but there is, as Mr. N. Stenhouse very aptly stated in his presidential address at the last annual meeting of the Bengal Chamber of Commerce and Industry, a steady and relentless pressure for costs to increase which can be neutralised only by greater efficiency. To quote Mr. Stenhouse: "I do not think that official policy has yet finally accepted the hard logic of this situation; and this, I might say, applies also to other industries."

The raw jute production no doubt expanded quite appreciably during the first three years of the second Plan—from 4.10 million bales (of 400 lbs. each) in 1955-56 to 5.20 million bales in 1958-59—but suffered a sharp setback in the subsequent two seasons—4.60 million bales in 1959-60 and 4.03 million bales in 1960-61. Although the jute crop in the current season (1961-62) is estimated higher at 4.5 million bales, there is still a marked leeway which will have to be covered if the third Plan target of 6.2 million bales is to be achieved. All these figures, it may be noted, are exclusive of mesta, an inferior variety of jute, the production of which has been ranging from one million to 1.5 million bales. In 1960-61, it was about 1.15 million bales.

A distressing feature of raw jute cultivation is the low yield per acre. Fifteen years of political independence has hardly made any improvement in this respect. Despite all talk of intensive cultivation, only the surface of the problem has been scratched. The average per-acre yield of jute in 1960-61, the end of the second Plan period, was no more than 1,052 lbs., an increase of just 8 lbs. as compared with the average yield of 1,044 lbs. obtained in 1955-56. It is, however, gratifying that, under the third Plan, the Government of India, in concert with the State Governments and the Central Jute Committee, has launched a programme of intensive cultivation of jute. This programme, Mr. V. Shankar, I.C.S., Special Secretary to the Union Ministry of Food and Agriculture and Chairman of the Jute Committee, claimed when he addressed the twenty-fifth annual general meeting of the Committee held at Calcutta on the 7th inst., was making an impression on the pattern, intensity and productivity aspects of jute cultivation. The current season's jute crop, we are told, is a record one, achieved not only through increased acreage but also through a better outturn per acre.

Jute Committee's Work

Highlighting the work done by the Committee, Mr. Shankar gave the following particulars:

The Jute Agricultural Research Institute has succeeded in evolving a new variety of jute by crossing the tossa with an exotic breed. The hybrid which has all the qualities available to white jute is expected to bring about a revolutionary change in the pattern of jute cultivation in India. The Institute has also evolved a new variety of white jute which is more disease-resistant. The technological research laboratories of the Committee have developed many new uses of jute and mesta sticks, including the manufacture of box-boards, cardboards, photoframes and paper. To overcome the Australian consumers' dissatisfaction with the present woolpack due to the loose jute fibres within the pack getting mixed up with the wool content, these laboratories have evolved a new type of pack which has been sent out to Australia for experiment. The new pack is favourably reported on by users. Efforts at propagating the improved methods have been intensified in all directions. The total quantity of improved seeds distributed has risen to 14,000 maunds from 11,000 maunds in 1960. The area sown with jute has increased from 26,000 acres to 44,000 acres. The jute-growing States have excavated twice as many new retting tanks as in the previous year. There is also a significant improvement in the intake of fertilisers which is really double that of 1960.

Welcoming the entry of the Indian Jute Mills Association into the field of jute development, Mr. Shankar said:

"I think it is an experiment worth watching because, for the first time the industry has transferred its attention from its sheltered, though precarious, existence into the premises of the mills to areas far away in the cultivators' fields. It is a development which, whilst not being unprecedented, certainly constitutes a new departure in jute cultivation, and I am quite sure that the Committee will find in I.J.M.A. achievements undoubtedly an extention of its own."

Mr. Shankar's approach to the issue of raw jute prices is quite rational, as witness his remarks:

"The jute industry owes its obligation to the jute growers to provide adequate incentive within the limits set by the world price for jute manufactures. Tying the cultivator down to his cost of production will be unrealistic, as, in that case, the industry will also have to be tied down to a minimum price. As the premier export industry, jute has to earn the maximum foreign exchange possible in a highly competitive world market. The manufacture of jute will, therefore, have to strike a balance between the needs of the national economy and those of the primary producer. An assurance of a reasonable return for his investment and labour is necessary not only to persuade the grower to maintain his acreage under jute but also to improve the level of efficiency."

There is no denying that raw jute prices must be maintained at reasonable levels in the interests not merely of cultivators but of the industry itself. It has, however, to be emphasised that raw jute should not account for an unduly high proportion of the cost of jute goods production. One may ask: How then can jute be made cheaper for the industry and, at the same time, give the growers a better return for their efforts? The answer to the poser is not far to seek. As was pointed out earlier, the productivity of jute lands continues to be very low, the actual raising of fibre per acre being no more than 2.5 bales (of 400 lbs. each), as against as high as 4.0 bales in Pakistan. It has been established by research that the yield per acre could be stepped up by 50 per cent, if better seeds and fertilisers and improved agricultural methods were used. What is wanted is a major effort on the part of the Government agencies to provide these essentials to jute growers, besides a continuing campaign to drive home the rewards which follow better jute cultural practices.

JUTE MILLS TO CONTINUE WORKING TO CAPACITY

The jute mills will continue to operate the maximum possible number of looms for a further period of one month, that is, up to the end of next month. A decision to this effect was taken by the Committee of the Indian Jute Mills Association on Friday last week. In order to operate the additional looms, the mills have to work their spinning departments on the weekly closed day. Although there is expected to be a slight reduction in the availability of electric power on the weekly closed days from the beginning of April 1962, it is felt that this reduction will not materially affect the ability of mills to run the additional looms now being worked.

The I.J.M.A.'s decision has been prompted by the need to relieve, albeit as a temporary measure, the persistent shortage of ready goods as a result of the continuing unusually high offtake occasioned by the pent-up demand from overseas buyers who had restricted their purchases last year in view of the high prices. Reflecting such high offtake, the stocks of goods lying with mills have declined appreciably; they aggregated 61,400 tonnes towards the end of February 1962, as against 85,200 tonnes a year before. The decline is shared by both hessian and sacking, the stocks of the former receding from 24,400 tonnes (end of February 1961) to 17,000 tonnes (end of February 1962) and those of the latter from 48,500 to 28,800 tonnes, while stocks of "other" jute goods have risen slightly from 12,300 to 15,600 tonnes. The fall in stocks has occurred despite the significant expansion in production during the last few months. The actual output during the four months November 1961 to February 1962 was about 370,000 tonnes, as against 345,600 tonnes in the corresponding months of the previous year.

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E.N.I.'S EXPANDING ACTIVITIES

ACHIEVEMENTS OF SIGNOR MATTEI BRILLIANT

By V. S. Swaminathan

[Readers may recall that, in August last year, a deal was negotiated by the Union Ministry of Mines and Fuel with the Italian State-owned oil combine (E.N.I.) for a 12-year $120-million credit from the latter. This credit will be available to India for a variety of purposes, such as the provision of specialised services for oil exploration, the laying of two products pipelines—one connecting the public sector refinery at Barauni with Calcutta and the other connecting the same refinery with Delhi—and the putting up of a gas separation plant in Assam, a petro-chemical project and a lubricating oil plant. Further talks with the E.N.I. pertaining to the economics of products pipelines and the utilisation of the relevant credit for the stipulated purposes are reported to be now under way. In this context, our readers will be interested to know something about the expanding activities of the E.N.I. The article on this page seeks to provide this knowledge.—ED.]

ENTE Nazionale Idrocarburi, or E.N.I for short, was established by the Italian Government in 1953 as a State undertaking to bring together all its existing oil and natural gas interests. Under the astute and masterful presidency of Signor Enrico Mattei, it has grown, within a decade, into an integrated public oil and natural gas enterprise engaged in exploration, production, refining, manufacture of petrochemicals and distribution. As we write S.A.I.P.E.M., an E.N.I. subsidiary, is building, in collaboration with Mannesmann of Germany, the 720-mile long pipeline from Nahorkatiya oilfield in Upper Assam to Barauni refinery in Bihar for Oil India Limited. The E.N.I. group recently granted a credit of $120 million to the Government of India for developing the country's oil and gas industry. What is the background of E.N.I., and what are its activities and achievements to date?

Mammoth Group

The mammoth E.N.I. group carries out its many-sided and far-flung activities through five major subsidiaries, each concerned with a particular branch of the industry. The subsidiaries and their main functions are: A.G.I.P. Mineraria, engaged in oil and gas exploration and production; S.N.A.M., concerned with transportation in all its branches; A.G.I.P., dealing with marketing of petroleum products; A.N.I.C., taking in its stride refining and manufacture of petrochemicals, and A.G.I.P. Nucleare, busy with developing nuclear power. The group has three other companies engaged in ancillary operations. They comprise Nuovo Pignone, fabricating plant and equipment for oil, gas and petrochemical industries; S.N.A.M. Projetti executing design work; and S.A.I.P.E.M., which erects oil and petrochemical plants, and builds pipelines, besides carrying out drilling jobs.

E.N.I. has a 60 per cent interest in A.G.I.P. which was founded in 1926 by Signor Mussolini as a national importing processing and distributing company. It also took over the State's majority holding in A.N.I.C., set up in 1936 to operate the hydrogenation plants at Leghorn and Bari. The group, moreover, absorbed the wholly State-owned S.N.A.M., formed in 1941 to work the natural gas pipeline and distribution system in northern Italy. E.N.I. itself created in 1953 A.G.I.P. Mineraria to serve primarily as the oil and gas exploring and producing company of the group. In 1951, A.G.I.P. Nucleare was set up jointly by A.G.I.P. Mineraria and S.N.A.M. to undertake the study and production of nuclear energy. Finally, Nuovo Pignone, the group's plant manufacturing and engineering company, is owned jointly by A.G.I.P., A.G.I.P. Mineraria and S.N.A.M.

Gas Reserves

Recently A.G.I.P. Mineraria discovered large natural gas fields in southern Italy and Sicily. The natural gas reserves in E.N.I.'s exclusive area in Po Valley in northern Italy are placed at 90,000 million cu.m. In 1960, A.G.I.P. Mineraria produced 6,400 million cu.m. of methane gas, and 674,000 tons of liquid hydrocarbons from the Italian mainland. The Po Valley gas is conveyed through a system of trunk and branch lines and urban supply network covering 5,690 km. It has been decided not to raise Po Valley natural gas output appreciably above the 1960 total, and accord priority to its use for chemical and industrial purposes. In 1959 E.N.I. made a big natural gas discovery at Ferrandina in southern Italy, with reserves of the order of 10,000 million cu.m. More recently, three more gas fields were located at Vasto on the Adriatic coast, at approximately the same latitude as Rome; Pisticci in the extreme south of the Italian peninsula, and at Enna Province in central Sicily, respectively. Gas reserves at Vasto and Pisticci are stated to be of the same order of magnitude as at Ferrandina.

Abroad A.G.I.P. Mineraria is pioneering a new system under which countries owning the resources are associated in the technical and financial side of operations. Under this dispensation, exploration for oil is under way in Iran, Somalia, Sudan, Morocco, Tunisia and Libya. Two oilfields were recently found in the offshore areas in the Persian Gulf and the Gulf of Suez. C.O.P.E., a company in which E.N.I. has a 50 per cent interest, produced 1,900,000 metric tons of oil in 1960. Again, E.N.I. is partner with N.I.O.C. in Iran. And the Iranian offshore field at Bahrgan produced 80,000 tons of oil in 1960 and is scheduled to account for two million tons in 1963.

S.N.A.M. is now at work on new gas networks in southern Italy. In association with Sudpetrol, Oleodotto del Reno, it is building a big central European pipeline to carry crude oil from the port of Genoa to south Germany. This line to Ingolstadt will run from northern Italy northwards through the three cantons of Ticino, Granbunden and St. Gallen and then through the Province of Vorarlberg in west Austria and on through south Germany. A branch will also lead off to the Aigle refinery in Switzerland. On completion, this 1,000 km. long pipeline will have capacity to carry 18 million tons of crude oil a year. S.N.A.M. also owns a tanker fleet aggregating 430,000 deadweight tons, which carried 3.5 million tons of crude oil and products in 1960. In addition, it has its own rail tank wagons and motor vehicles.

In 1960, refineries operated by A.N.I.C. processed 6.5 million tons of crude oil. When new units under construction at Gela and Ferrara in Italy, and Ingoldstadt and Stuttgart in Germany, Mohammedia in Morocco, Bizerta in Tunisia and Teema in Ghana are completed, the group's total annual throughput capacity will approach 20 million tons.

Petrochemicals

A.N.I.C.'s petrochemical plants at Ravenna, based on natural gas, produced 80,000 tons of synthetic rubber and a million tons of nitrogenous fertilisers in 1960. Last year, the output of synthetic rubber was stepped up to nearly 100,000 tons to meet mounting export demands. A.N.I.C. is also building another petrochemical complex adjacent to Ferrandina gas field at an outlay of 35,000 million lire. The Italian Government recently decided to exempt this gas from taxes and royalties so as to attract industries to this underdeveloped area. Of the future production of gas, one-third will be used in A.N.I.C.'s own plant, another third in newly-established local industries, and the balance will be piped for use as town gas to Matera and Bari. The E.N.I. group will manufacture from methane gas synthetic fibres, plastics, acetylene, methanol and other chemicals. It will consume 600,000 cu.m. of gas a day. A Montecatini subsidiary is investing 15,000 million lire in a plant to produce plastics using 300,000 cu.m. of gas a day. Lastly, Societa Ceramica Pozzi of Milan is to make vinyl polymers, methanol, acetylene and caustic soda.

Crude Oil

The Gela project in the south coast of Sicily provides for the conversion of three million tons a year of local crude oil from A.G.I.P. Mineraria's concession in the area into a range of liquid and gaseous hydrocarbons for the manufacture of fuels and chemicals, and petroleum coke for power generation. This is to be executed by A.N.I.C.-Gela company at a total outlay of 150,000 lire to 170,000 million. Of this, 49,000 million lire will be spent on crude oil processing facilities; 36,000 million lire on petrochemical plants; 16,010 million lire on power generation, and the balance for port, airfield and other ancillary construction works. The Gela crude oil is highly asphaltic and sulphurous. Its winning is feasible only with the aid of gas. The justification for this novel and costly undertaking must be seen in Italy's general policy for rehabilitation of the south; the privileges accorded to E.N.I. over other oil producers in Sicily reflects the Regional Government's keen desire to promote the island's economic development. The Gela project will account for 450,000 tons of gasoline, 750,000 tons of gas oil, 170,000 tons of fuel oil, 300,000 tons of bitumen and 60,000 tons of liquefied petroleum gases (L.P.G.); 150,000 tons of ammonium sulphate, 50,000 tons of urea, and 35,000 to 40,000 tons of industrial chemicals based on ethylene and propylene gases and their derivatives. Sulphur extracted from the crude oil will be used in the manufacture of sulphuric acid. Petroleum coke production of 700,000 to 750,000 tons a year will be utilised to generate nearly 1,000 million kw.h of electricity per annum.

Prices of Products

In 1960, A.G.I.P. lowered its petroleum product prices twice, and this, coupled with tax reductions by the Italian Government, gave a stimulus to sales. The latter rose by 28 per cent for gasoline, 12.6 per cent for gas oil, 20.5 per cent for fuel oil and 20.7 per cent for lubricants. A.G.I.P. also markets motor fuels in many other European and African countries, including Austria, Switzerland, Germany, Morocco, Tunisia, Libya, Somalia, Sudan, Kenya, Tanganyika and Ghana. By its aggressive sales activities, and substantial imports of cheap Soviet oil, the group has forced down prices drastically, and is determined to establish itself as a marketer in adjacent countries, notably south Germany, Switzerland and Austria.

Turning to natural gas, its pricing at well head depends on a wide range of factors—quality, the size and duration of the contract, the content of extractable natural gas liquids, royalties and rent payable, etc. Also the Governments concerned have a say in the matter. But the fundamental factor is distance from markets. Pricing is, moreover, influenced by the prices of competing fuels than by the costs incurred in developing a gasfield and transporting the purified gas to markets.

In northern Italy the selling price of gas is normally pegged to the comparable selling price of fuel oil, both calculated on a calorific basis. Tax on fuel oil included in the selling price is 3,028 lire per ton, equivalent to 2,755 lire per 1,000 cu.m. of natural gas, while tax on natural gas is only 1,420 lire. Given E.N.I.'s virtual monopoly in the Po Valley, and its exemption from royalties and concession rents, and that the gas could be economically transported by pipelines to existing areas of potential demand, it is well placed to sell the product at competitive prices. The comparative selling prices of natural gas in north Italy and west Pakistan are given below:—

(In U.S. Cents per 1,000 cu. ft.)

	Italy	*Pakistan*
Field price	20.6	9.3
Residential users	224.0	169.0
Industrial users	59.0	34 to 51

Ardent Believer in State Enterprise

Signor Mattei is an ardent advocate of Government-to-Government dealings in oil. Late in 1960, E.N.I. signed a $200 million contract, under which it has agreed to buy 12 million tons of Russian oil during 1961-64 in exchange for 240,000 tons of steel tubing and 50,000 tons of synthetic rubber. Since the share of the group's marketing subsidiary of the Italian market is nearly 20 per cent (4 million tons a year), the quantities of imported Russian oil will be equivalent to some 75 per cent of A.G.I.P.'s domestic sales of petroleum products. Though this deal is obviously detrimental to Middle East oil producers, the bilateral trade involved was upheld by the group's spokesman, since it helped Italian exports to U.S.S.R. and the Soviet oil was offered at very attractive prices. Under the agreement signed last November, between the Egyptian Government and E.N.I., the latter will grant a credit equivalent to $50 million for oil development projects, including a marine drilling rig, terminal installations and petrochemical equipment.

Secret of Success

Much of the dynamism of E.N.I. springs from the high degree of independence it enjoys. As a State-owned organisation, it has no critical shareholders clamouring for returns to bother about. Its many advantages flow from its virtual monopoly of oil and, particularly, gas in the Po Valley. Its highly lucrative production of natural gas is a pillar of strength

(*Continued on page* 486)

SECOND PLAN ACHIEVEMENTS OF RAILWAYS

MORE PASSENGERS CARRIED THAN EXPECTED

THE Railway Board's latest report is for 1960-61, the last year of the second Plan. It has appropriately reviewed the actual performance of the railways during that Plan period as a whole. This performance, expressed in purely financial terms, has fallen short of the Plan's target to some extent. It may be recalled, in this connection, that the original Plan allotment for the railways was Rs. 1,107 crores. But the actual expenditure over the entire five-year period 1956-61 aggregated only Rs. 1,044 crores. There was thus a shortfall in outlay of Rs. 63 crores, or of about 6 per cent, as compared with the Plan provision. This shortfall, according to the Railway Board, was due, *inter alia*, to the setback in indigenous wagon production on account of the difficulties in procuring matching steel. The actual expenditure under major heads, as compared with the Plan provision, was as follows:

(In crores of rupees)

	2nd *Plan provision*	*Actual expenditure in 1956-61 period*
Rolling stock (excluding stock provided as part of electrification projects)	380	372.6
Track renewals	100	188.8
Bridge works	24	24.8
Gangs bridge	9	7.2
Traffic facilities	186	173.4
Signalling and interlocking works	25	17.3
Workshops (including machinery and plant but excluding those provided as part of electrification projects)	65	45.1
Electrification and other electrical works	65	53.7
Staff quarters and staff amenities	50	49.2
Passenger amenities	15	14.7
New lines and restoration of dismantled lines	66	77.8
Investment in road services	10	5.3
Other specified works	22	30.4
Stores suspense	90*	28.1
Decrease in manufacture suspense	..	— 3.1
Increase in miscellaneous advances	..	3.7
Credits or recoveries:		
(a) Credits for released materials	..	—34.6
(b) Other credits	..	—10.9
Total	1,107	1,043.6

* Includes Rs. 40 crores on account of extra provision for imported steel.

It will be seen from the above figures that the actual five-year expenditure on rolling stock, traffic facilities and workshops aggregated Rs. 591 crores, as compared with the Plan provision of Rs. 631 crores under these three heads. This shortfall in outlay does not seem to have adversely affected the railways' effort to achieve the second Plan's target capacities for freight and passenger traffic. It may be recalled here that the railways were set the task of developing necessary capacity for handling 164.6 million tonnes of originating traffic in 1960-61. But the originating freight traffic in 1960-61 was only 156.0 million tonnes, as compared with 115.9 million tonnes in 1955-56. The Railway Board's contention here is that the railways had, in fact, reached the capacity for coping with the rate of movement of the order of 164.6 million tonnes, as estimated by the tonnage lifted during the second half of 1960-61.

In Terms of Workload

The Railway Board has sought to prove that the railways' performance in the last year of the second Plan was actually better than what had been originally expected of them. Judged by the workload, as measured in tonne-kilometres, the railways handled, according to the Board's calculations, 87,754 million tonne-kilometres of freight during 1960-61, as against 84,743 million tonne-kilometres envisaged in the second Plan, corresponding to the target of 164.6 million tonnes of originating traffic. The increase in tonne-kilometres, in spite of the reduction in originating traffic, occurred as a result of longer average lead of movement of raw materials for the steel plants and coal for other consumers. Although, during the whole second Plan period, the freight traffic had increased by only 35 per cent in terms of originating traffic, it had increased by 47.3 per cent in terms of tonne-kilometres. The corresponding increases in the available locomotive tractive effort, wagon holdings, track kilometrage and in the capital investment were of a small order, thereby indicating, in the opinion of the Railway Board, a more efficient usage of railway assets. As regards passenger traffic, the Plan had originally provided for an increase of only 15 per cent in it. But the actual increase turned out to be about 25 per cent, from 1,275 million originating passengers in 1955-56 to 1,596 million in 1960-61. It is difficult to disagree with the Railway Board in its analysis and interpretation of the railways' performance in the second Plan period. If, still, transport bottlenecks came to the fore in the last year of the Plan, it must have been due to the fact that the traffic offering was more than what had been anticipated.

If the railways were unable to create greater additional capacity for freight traffic, it must have been partly due to the relatively large outlay on badly-needed track renewals. While the second Plan had provided only Rs. 100 crores for track renewals, the actual outlay on them was much higher at Rs. 188.8 crores. In spite of an increase of Rs. 88.8 crores in financial outlay on track renewals, there were shortfalls in physical achievements. As against the planned targets of 12,875 kilometres of rail renewals and 12,875 kilometres of sleeper renewals, only 9,959 kilometres of rails and 11,364 kilometres of sleepers were actually renewed during the Plan period. If still, the financial outlay on track renewals had exceeded the Plan provision, it must have been due to the increases in prices and wages.

Other Results

Among the other physical achievements of the railways' second Plan, the more important ones are the following:

(i) The Chittaranjan Locomotive Works produced, during the second Plan period as a whole, 831 broad-gauge steam goods locomotives.

(ii) A total of 362 route kilometres (1,031 track kilometres) of railway lines was completely electrified during the Plan period. In addition, by the end of the Plan, 528 route kilometres was in an advanced stage of electrification.

(iii) Some 653 kilometres of broad-gauge and 612 kilometres of metre-gauge lines were newly opened during the Plan period. In addition, by the end of the Plan, 1,609 kilometres of broad-gauge and 402 kilometres of metre-gauge lines were in various stages of construction.

While thus far the achievements of the railways' second Plan have been referred to in both financial and physical terms, no reference has been made to their working results over the Plan period as a whole. A consolidated picture of progress pertaining to the latter is provided in the following comparative statistics taken from the Railway Board's reports for 1955-56 (the pre-second Plan year) and 1960-61 (the end-year of the second Plan):

Items	*Unit*	1955-56	1960-61
Passengers originating	Million Nos.	1,297.4	1,615.9
Earnings from passengers	Rs. crores	108.8	132.5
Freight tonnes originating:			
(a) Revenue-earning traffic	Million tonnes	93.8	120.9
(b) Non-revenue traffic	,, ,,	23.8	36.5
Earnings from revenue-earning tonnage	Rs. crores	177.9	281.3
Net Government capital-at-charge	Rs. crores	968.1	1,520.8
Gross receipts	,,	316.3	456.8
Working expenses *	,,	258.2	368.2
Net revenue receipts †	,,	50.3	87.9
Of which dividend to general revenues	,,	36.1	55.9

* Working expenses include suspense and appropriation to depreciation reserve fund.
† Net revenue receipts represent gross receipts *minus* working expenses *minus* net miscellaneous expenditure.

The figure of Rs. 1,520.8 crores in the above table represents the capital-at-charge (Government capital) on loan account. The total investment on railways, as on 31st March 1961, is greater than this, being Rs. 1,870.7 crores. The difference of Rs. 349.9 crores between the two figures represents the investment financed from the railways' own internal resources, such as the depreciation reserve fund (Rs. 94.3 crores) for improvement of assets replaced, the development fund (Rs. 169.8 crores) and revenue surpluses (Rs. 85.7 crores).

One other striking feature of the railways' progress during the second Plan period may be finally mentioned. This pertains to their intake of indigenous equipment and stores. In 1955-56, their purchase of indigenous equipment and stores amounted to Rs. 93.6 crores representing 74.2 per cent of their entire purchase. The corresponding figures for 1956-57, 1957-58, 1958-59, 1959-60 and 1960-61 were Rs. 125.8 crores (73.4 per cent), Rs. 158.5 crores (71.4 per cent), Rs. 167.9 crores (66.1 per cent), Rs. 162.9 crores (82.5 per cent) and Rs. 151.3 crores (85.1 per cent), respectively. The increase, both absolutely and relatively, in the intake by the railways of indigenous equipment and stores in the last two years of the second Plan reflects not only the growing importance of the railways as a market for Indian industries but also the diversification that has come about in the country's structure of industrial production.

INDIAN AIRLINES

PROFIT-MAKING CAPACITY STILL LOW

THE Indian Airlines Corporation has just released its eighth annual report dealing with its activities and results of working in the fiscal year 1960-61. With a small profit for the second year in succession, the Corporation, which had continuously incurred losses from 1953-54 to 1958-59, seems to have turned the corner. But any such inference would need to be qualified by the statement that there is no ground for excessive optimism on the score of its (Corporation's) profit-making capacity. For, after all, the profit (difference between revenue and expenditure) in 1960-61 was only Rs. 4.7 lakhs, as compared with Rs. 7.8 lakhs in 1959-60 and the growth of revenue was not appreciably more than the increase in expenditure. Even this small increase would have come down to a negligible figure but for the reduction in the provision for depreciation from Rs. 100.27 lakhs for 1959-60 to Rs. 98.61 lakhs for the year under review. The following figures bring out, in a nutshell, the working results in the last three years:

(One lakh = 100,000)

Year	Revenue (Rs. lakhs)	Expenditure (Rs. lakhs)	Loss(—) or Profit (+) (Rs. lakhs)
1958-59	1,082.5	1,173.7	—91.2
1959-60	1,195.0	1,187.2	+ 7.8
1960-61	1,306.3	1,301.6	+ 4.7

It may be remembered that passenger fares were increased by the Corporation in 1958-59. This increase has had its full effect in the subsequent two years. But it has accounted only for a part of the increase in revenue. The other part is due to the increase in revenue tonne-kilometres, that is, in the actual traffic (passenger, cargo, mail, etc.) carried on which revenue is earned. It may be noted here that the revenue tonne-kilometres performed increased from 74.0 million in 1958-59 to 78.5 million in 1959-60 and 83.2 million in 1960-61. In order to improve the economics of the Corporation's working, the Government of India has already permitted an increase in fares and freights. It will be recalled that an increase of 10 per cent in the fares in trunk routes and of 5 per cent in feeder routes was brought into force from 1st September 1961. The effect of these increases on the growth of traffic is yet to be known. If the demand for air-booking is any indication, it has so far had no adverse effect on passenger traffic. So far as freight traffic is concerned, the trends are not quite favourable, for the mail carried by the Corporation has only marginally increased from 5,950 tonnes in 1959-60 to 6,107 tonnes in 1960-61 while the cargo carried by it has actually declined from 46,751 tonnes in the former year to 43,157 tonnes in the latter.

Of course, the Corporation is under compulsion to increase its revenue-earning potential somehow, for its expenditure has gone up markedly since 1958-59 and is expected to go up still further. By far the larger part of the increase in expenditure has been and will be on account of wages and salaries. In 1960-61, the wage bill was Rs. 4.0 crores as against Rs. 3.4 crores in the previous year. The increase was due chiefly to the revision of the scales of pay of pilots, radio officers and aircraft maintenance engineers. It was a redeeming feature that the increase in the wage bill was not due to any increase in the number of employees, for, as at the close of 1960-61, there are only 9,561 employees of all categories, as against 9,553 at the close of 1959-60. Even if there is no increase in the number of employees in the years to come, the wage bill is expected to increase further when the terms and conditions of service of other categories of staff are revised. The higher costs of operation and aircraft maintenance have also been there and will continue to account for a good part of the rising expenditure. So, the Corporation was justified in requesting the Government to sanction increases in fares and freight rates which were last determined on the basis of 1957 costs. But the additional revenue that will result therefrom can, at best, only keep pace wih the rising expenditure. The Corporation's expectation that increases in fares and freights will enable it to build up its own reserves so as to reduce the responsibility of Government to finance its capital expenditure is rather optimistic. It is doubtful if the Corporation's re-equipment plans can be adequately financed otherwise than by drawing further from the Government of India which, as of 1960-61, has contributed Rs. 8.48 crores of equity capital and Rs. 8.48 crores of loan capital.

NEW PRODUCTS AND PROCESSES

Measuring Moisture Content of Paper

SHORTLY available will be a meter designed to determine the moisture content of paper and board to within ½ per cent. The meter has a linear scale of measurement of moisture from 2 to 14 per cent. Fully transistorised, light, robust and portable, it gives almost instantaneous readings and is comparatively cheap. Based on the dielectric principle, the instrument which is manufactured in Britain, is less sensitvie than other types to variations in the nature of the paper such as additions of fillers or electrolytes. It uses an inductance-capacitance bridge fed from an oscillator, the bridge being so balanced that variations in the unknown capacitance unbalance it on one side or the other of the balance point. These signals are then passed through a discriminator and an amplifier. In use, the material to be tested rests between the head of the instrument and a sheet of foamed plastic, the head having the measuring electrode in its sole plate. This instrument is expected to have very widespread applications in the textile industry as well as in the manufacture of transparent plastics sheeting.

Versatile Textile Material

Versatile textile materials are being made in Britain by bonding cellulose wadding to both sides of loose webs of nylon or polyester fibre. The resulting non-woven material resists tearing and is soft to handle, while it can be dyed, printed, or made water-repellent and fire-retardant. Production rate can reach almost 600 feet per minute so costs for quantity production are low. The disposable fabrics have been used in hospitals where laundry costs are very heavy and in this application are helping to reduce cross-infection risks. Clothing for industrial workers engaged on dirty work or in areas where there is a radioactive hazard is another use, the garments being cool and comfortable to wear. Trials have been made of sleeping bags and tents made from specially treated fabrics of this type, while they have also been tried out in underwear, pillow cases, dressing gowns, etc.

Sewing Machine Castings

A highly automated shell-moulding department for producing sewing machine arms with an output of 400 castings per day, as compared with 280 from the previous two green sand lines, has been in operation for some time at Husqvarna Vapenfabriks AB, the large South-Swedish engineering industry. Experience has been so favourable that a doubling of the production is being planed. Though comparatively expensive in the initial casting stage, shell-moulding pays off in the final product, since the castings are smoother inside and out, quality is uniform and measurements are more exact. This is of particular importance at Husqvarna, where most of the further operations are automated on the sewing machine transfer line and thus require uniform castings and reference surfaces. In the shell-moulding process, precoated sand is mixed with a binder of synthetic resin, plus a special release agent and hardener. The sand is used only once. Both shell and core moulding machines are completely automatic and pouring takes place from an overhead conveyor. The total time for the complete cycle is approximately 30 minutes, the castings spending two-thirds of this time in the cooling tunnel. Cooling time is governed by the heat of the castings when reaching the semi-automatic shake-out stage.

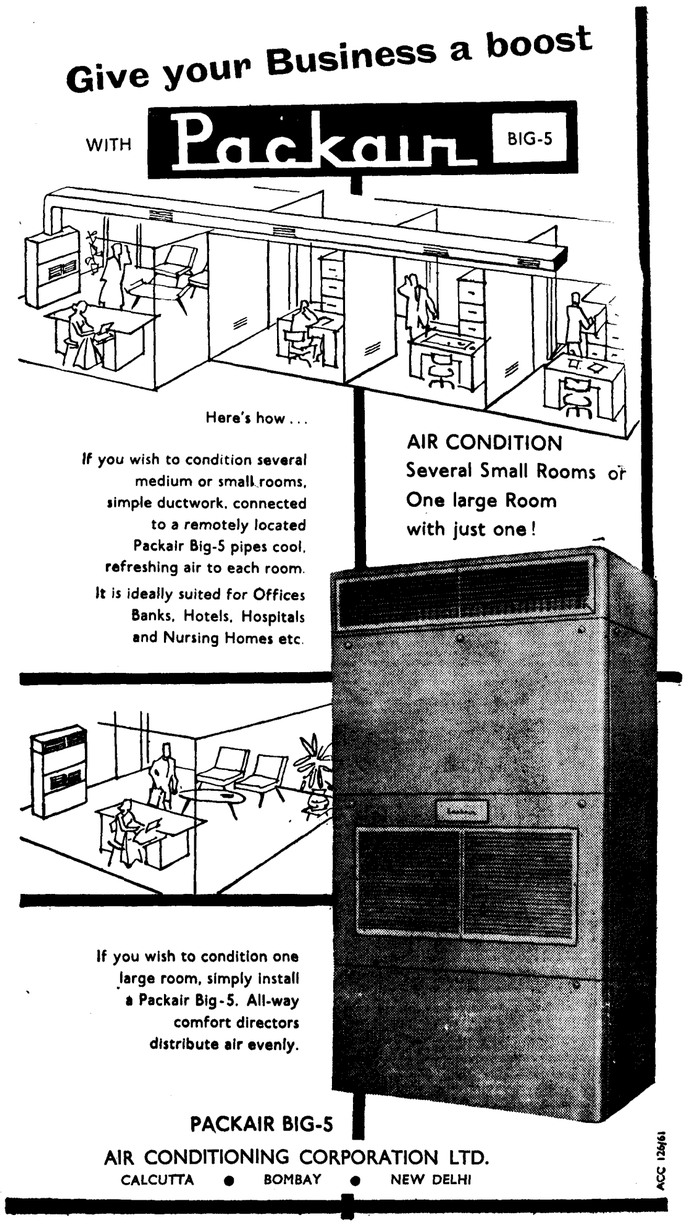
"Electric" Mattress

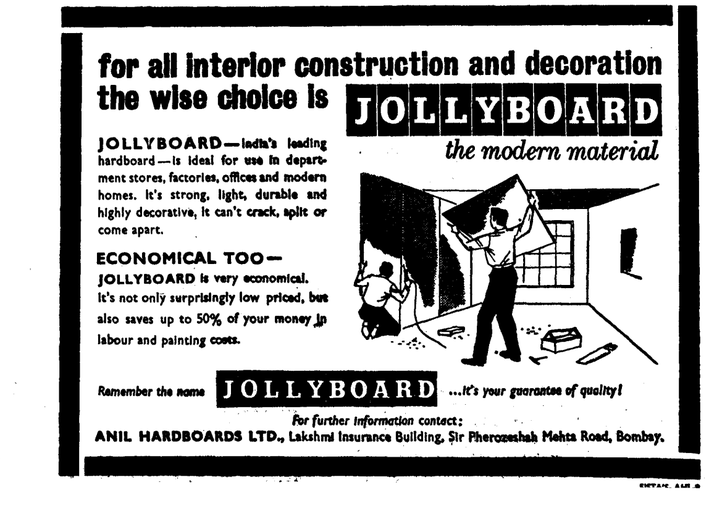
A Dutch matress factory is producing an interior-sprung mattress that can be electrically heated by a heating element fed through a transformer. The element is fitted firmly between the outside layers of the mattress so that it cannot fold or shift its position. A special plug is used for connecting the element to the transformer, which converts the mains voltage of 220 or 125 V to a tension of at most 10 V. The transformer, with separate coil windings, has a switch with three different heat settings, the highest of which gives a consumption of 33 Watts an hour. To bring the mattress to just the right heat, the element should be connected up to the mains an hour or two before bedtime. There is no limit to how long it can be left on for. The mattress is mothproof and requires little attention. The occasional brush-down is quite sufficient.

The heating element was awarded the seal of approval of N.V. tot Keuring van Electrotechnische Materialen (KEMA), (Company for the Testing of Electrotechnical Materials), Arnhem. This means that the device will be checked by KEMA at regular intervals. This electric mattress was also acclaimed by the Dutch Housewives' Association.

Egg-packing Machine

An egg-packing machine, which, at the touch of a switch, can be set to handle almost any type of egg pack and to link in with any form of carton loading system, has been introduced by a British firm, Ben-Nevis Egg-Equipment Ltd., Wiltshire. The new packer, in conjunction with the firm's standard egg grading machine will handle the majority of moulded fibre type containers, and it can also be switched to handle, with equal facility, most of the known inter-locking carboard retail packs which are becoming popular in many parts of the world. The basic function of the machine is to accept eggs in any of four grades as they leave the grader and automatically to fill each carton row by row. Full cartons are then released from the packing head and conveyed to the front of the machine for removal by the operator. At no stage can eggs ever touch each other which eliminates the possibility of breakages or hair cracks.





BONUS AND ITS FUTURE

RECOMMENDATION OF INSTITUTE OF PERSONNEL MANAGEMENT

IT is, indeed, a reflection of the complicated nature of the bonus question and an indirect indication of the task before the Bonus Commission that, even after prolonged discussion, the Indian Institute of Personnel Management, at its twelfth annual conference, which concluded at Ernakulam (Kerala) on the 10th inst., could not arrive at a conclusion on one of the principal subjects on the agenda of the conference, namely, "bonus as part of remuneration to labour and its future in the industrial relations system." A representative sub-committee was, therefore, appointed to evolve a compromise and the conference adopted a recommendation by the sub-committee accepting the position that, in the present set-up, the immediate discontinuance of the system of bonus was not feasible, though it was desirable to eliminate bonus which constituted a constant source of industrial strife. The conference, therefore, suggested that, as a short-term measure, a simple, straight formula for the payment of bonus should be evolved, so that the imponderables, which would normally give rise to industrial disputes, could be avoided. The formula should apply to industrial undertakings both in the public and private sectors. The long-term objective, in the opinion of the conference, should, however, be the payment of an adequate wage supplemented, wherever possible, by incentive schemes linked to productivity and abolition of all other forms of bonus.

Discussions that preceded the adoption of the recommendation reflected the wide range of opinion held on the subject by experts. Mr V. V. Giri, Governor of Kerala (who inaugurated the conference) and a former Labour Minister of the Government of India, pointed out that he was more in favour of ensuring a living wage to workers than in paying a profit-sharing bonus. He, however, conceded that there were practical difficulties in achieving this objective; nevertheless, it should be the goal of both management and trade union.

Presenting, presumably, the labour point of view, Mr. G. Ramanujam, Vice-President of the I.N.T.U.C., said that the system of bonus had come to stay and that the payment of bonus as additional remuneration was going to be a permanent feature in the country's structure of industrial remuneration. The system of bonus, in his view, should be a means of improving labour-management relations and productivity. As regards the future of profit-sharing bonus, Mr. Ramanujam said that a system of real profit-sharing bonus scheme had not come into force in the country. The system in force was, according to him, the deferred wage bonus, although some called it profit-sharing bonus, while some others regarded it as only an addition to wage. Profit-sharing bonus could come into existence, according to the I.N.T.U.C. leader, only when workers were assured of a living wage standard.

The most rational approach to the issue was made by Mr. L. C. Joshi, Labour Adviser to the Bombay Chamber of Commerce and Industry. Mr. Joshi said that the question to be considered was whether bonus which was a war-time legacy and originally meant as a stop-gap arrangement and which bore no relation to productivity but was mainly linked with attendance of labour, should be made a permanent feature of the wage structure. In his opinion, bonus could not be considered a healthy method of remunerating employees. A better method of remunerating employees, he felt, would be to increase the wage levels in stages wherever possible. This could be done with some measure of success in industrial undertakings which were financially stable and which had growth prospects.

Mr. Joshi, however, was realistic enough to admit that the system of bonus, which had remained part and parcel of the wage system for so long, could not be got rid of all of a sudden. If at all such change had to be brought about gradually, it was necessary to evolve a scheme for payment of bonus in fixed ratios to declare profits, subject to a ceiling of three months' basic wages.

Mr. Joshi was opposed to making any discrimination in respect of payment of bonus between employees of the private and public sectors. He considered the argument that employees in the public sector could not claim bonus as a matter of right because profits of these undertakings were to be used for national development was erroneous. The matter could not be viewed differently in the case of public sector undertakings, because labour discontentment had increased due to the wide disparity in the payment of bonus by different private sector undertakings in the same area or even in undertakings under the same management. It was also necessary, according to him, to consider whether the bonus system, if at all it was to continue, should be on a unit basis or industry basis.

As for the mode of payment of bonus, Mr. Joshi suggested that it was desirable that bonus be paid into the provident fund account of the employees, so that it was not spent off as is the case when cash is paid. He did not favour giving bonus in the form of national savings certificates, as these were usually sold by the holders at huge discounts. Mr. Joshi was against paying higher bonus by management to avoid payment of higher taxes, because, in his opinion, the loss of revenue to the exchequer resulting from the payment of higher bonus affected the public, in general, and had to be made good through more direct or indirect taxes.

It is evident from the aforesaid account of the proceedings of the meeting that there was general agreement among the participants that the bonus system was not a desirable method of remunerating labour, but that, in the circumstances obtaining in the country and considering the low level of wages, it could not be abolished forthwith unless a suitable alternative was devised. Now the question is why should a system, which is unsound in principle and which is the cause of considerable friction between management and labour, be allowed to continue on the ground that it had been in force for a long time and that it should not be abolished until the workers were assured a living wage—a concept which, according to a recent Supreme Court decision, should be regarded as continually changing with the change in the economic and social conditions. The actual wage will therefore continue to chase the living wage and this will continue to be cited in support of the plea for the continuance of the bonus system. Since it is admitted, even by some representatives of workers, that bonus payment is not a wholly desirable system, why not replace it with an alternative system of remunerating labour which will not only relate reward more directly to effort but also meet the requirements of a developing economy. What shape and form the alternative scheme should take is a question that can be left to an expert body to examine. It is to be hoped that the Bonus Commission will provide, if not a solution, at least some practical suggestions for dealing with the vexed problem of bonus.

BONUS PACT BY INDIAN OXYGEN

A unanimous agreement was reached between the management of Indian Oxygen Limited and the representatives of its employees throughout India regarding the bonus for the financial years 1960-61 and 1961-62. According to this agreement, bonus in respect of each of the years mentioned above shall be paid to the graded staff, including temporary and casual staff, at the rate of five-twelfths of basic salary/wages earned by them during the respective financial years subject to a minimum of Rs. 230 and a maximum of Rs. 2,300 for those who have earned their full salary/wages for the whole year and on *pro rata* basis for others.

The International Labour Organisation has established in Bangkok, with effect from 1st March, an office for liaison with E.C.A.F.E. The Director of this new office will be Mr. John S. Fox who, since 1959, has been Director of the I.L.O. Asian Field Office in Bangalore, India. I.L.O. has co-operated, along with other specialised agencies of the United Nations, in the work of E.C.A.F.E. since its foundation, but closer, on-the-spot liaison has been deemed necessary in view of the increasing importance in the economic development of countries in the E.C.A.F.E. region of questions in which I.L.O. has special responsibilities and experience.

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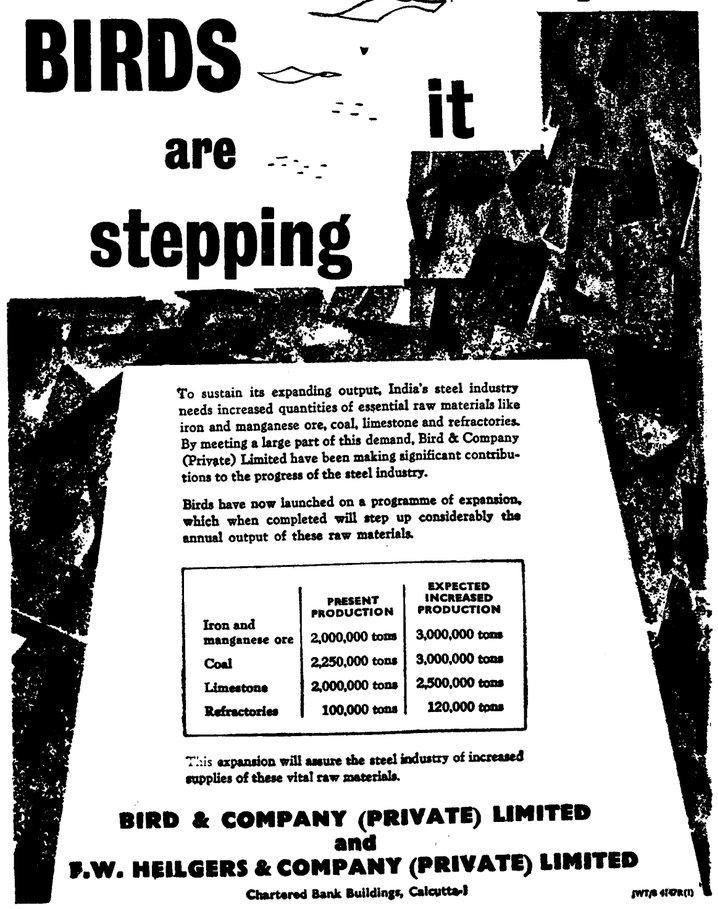
BIRDS are stepping it up



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Birds have now launched on a programme of expansion, which when completed will step up considerably the annual output of these raw materials.

	PRESENT PRODUCTION	EXPECTED INCREASED PRODUCTION
Iron and manganese ore	2,000,000 tons	3,000,000 tons
Coal	2,250,000 tons	3,000,000 tons
Limestone	2,000,000 tons	2,500,000 tons
Refractories	100,000 tons	120,000 tons

This expansion will assure the steel industry of increased supplies of these vital raw materials.

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ECONOMIC TRENDS IN ASIA

GROWTH OF POPULATION EXCEEDS EARLIER ESTIMATES

THE rapid growth of population, it is well known, has been retarding the pace of economic development in the Asian continent. There is as yet no sign of improvement in the situation. On the contrary, indications are that the population problem is assuming alarming proportions in the countries of the region. *The Economic Survey of Asia and the Far East*—1961, brought out by the U.N. Economic Commission for Asia and the Far East, reveals that the average rate of population growth, on the basis of latest censuses, is as much as 2½ per cent for the region, as against 2 per cent expected until recently on the basis of censuses taken ten years earlier. New censuses, it may be noted, have been taken in Japan, South Korea, Pakistan, the Philippines and Thailand, besides India. Only in Japan has the population growth been well within the earlier trend. In all the others, which account for two-thirds of the region's population, previous estimates, both of absolute population and rate of growth, has turned out to be underestimates. The E.C.A.F.E. Survey adds, significantly enough, that similar results may be found for the remaining countries of the region when they conduct new censuses.

The magnitude of the discrepancies in the old figures, as compared with revised estimates, in respect of both total population and the rate of growth, may be gauged from the country-wise data on population (as in mid-1960) given in the following table:

	Old estimate		Revised estimate	
	Population in mid-1960 (millions)	Growth rate per cent.	Population in mid-1960 (millions)	Growth rate per cent.
India	408.0	1.8	432.6	2.0
Japan	93.6	1.1	93.4	1.1
Korea, South	23.5	1.8	24.8	2.9
Pakistan	88.0	1.4	92.7	2.2
Philippines	22.4	2.6	27.5	3.2
Thailand	22.3	1.9	25.5	3.0

The upward revision in the rates of population growth has serious consequences for the region. It means that past achievements in regard to economic progress are considerably less significant than they appeared to be in terms of gains per head of population. It also implies that future plans for development have to reckon with a greater difficulty than had been considered hitherto, for they will have to be revised to take account of the needs created by bigger annual increases of population in regard to imports, transport requirements, power supply, schools and other social expenditures. More specifically, these new estimates of population and rate of growth have grave implications from the point of view of food supplies. It is, however, some consolation that the total agricultural production in several countries of the region has increased more rapidly than population over the period 1953-57 (average) to 1961. The output of food, in particular, has risen more rapidly. According to the E.C.A.F.E. *Survey*, there is more than the luck of good weather behind these favourable results. They reflect to some extent a real gain in agricultural efficiency, "more especially as the proportion of the working population in agriculture has been falling."

Agricultural Production

The following table shows the movement of indices of agricultural production and population (based 1953-57 average=100) during the period 1958-61.

(Base : 1953-57=100)

	1958	1959	1960	1961*
Foodgrains	99	112	116	121
Starchy roots	111	117	123	122
Sugar (raw value)	121	124	135	145
Oil crops	107	111	105	114
Fibres	109	110	98	113
Tea, tobacco, rubber	105	109	109	108
Aggregate index	102	112	114	120
Population	106	108	110	112

* Provisional.

N.B.—These indices exclude centrally planned economies of the region.

The output of foodgrains, which have a weight of 70 per cent in the total production index, went up by 8 per cent *per capita* over the period 1952-57 to 1961. Output per head of starchy roots, which had risen by 9 per cent by 1960, fell back slightly in 1961. The *per capita* production of sugar went up by about one-third over the whole period, and spectacularly increased in both 1960 and 1961. For the third year in succession, good food crops were harvested in 1960-61 in all the E.C.A.F.E. region, except South Viet Nam and Laos. Thus, a most notable rice harvest of 89.3 million tons, 6 per cent above the 1959-60 level, was accompanied by a record wheat crop of 19.7 million tons, again 6 per cent above the previous year. The total output of other cereals—maize, barley, oats, rye and millets—was also higher in 1960-61, especially millets in India and maize in Thailand. The production of pulses was slightly below the 1959-60 level, but that of oil crops was 9 per cent greater, and a small increase in potatoes almost made up for a small reduction in yams and sweet potatoes. Output of centrifugal sugar was 8 per cent more than the 6.8 million tons produced in 1959-60, big increases in India, China: Taiwan and Thailand more than counterbalancing some decline in Indonesia and the Philippines. It may be noted here that, notwithstanding increased supplies, prices of cereals rose in most Asian countries in 1961. The only important exception, it is stated, was India, where an easier supply position was reflected in lower prices for wheat and rice.

Foodgrains in China

The food production in Mainland China (which is excluded from the general indices) was an exception to the general trend in the region. According to the *Survey*, natural calamities, in both 1960 and 1961, badly affected food supplies and, indeed, appear to have severely retarded the development of the whole economy. In 1960, more than half of the total farmland was affected by severe drought, typhoons, floods, insect infestation or other damage, and there were similar disasters in 1961. Output figures have not been announced for 1960 and 1961 (although grain output in 1961 was reported to be "better" than in 1960, but it is clear that production in both years fell much below the "grain" target of 275 million tons (including potatoes, sweet potatoes, and pulses) which had been set for 1959. Although widespread famine appears to have been averted, many areas had near-famine conditions and almost all had great hardship. The severity of the situation is indicated by a progressive reduction of the grain ration from July 1960, massive imports of foodgrains and the lifting of restrictions on food parcels from abroad.

Apart from sugar, production of cash crops has hardly increased during the past two years in the region. Another disappointing feature of 1961 was the failure of exports of cash crops to increase. Following upon a mild increase in the sale of rubber and a reduction in that of copra came heavy fall in price, which reduced export receipts, particularly of British Borneo, Malaya, Indonesia and the Philippines. Pakistan's exports would also have fallen sharply if a big decrease in jute production, due to bad weather conditions, had not been counteracted by much higher prices.

Industries

Industrial production in the region has been steadily increasing since the recession of 1958, but its rate of growth was smaller in 1961. The rate of growth rose to 19 per cent in 1959, and further to 21 per cent in 1960. In the first half of 1961, the increase was at the rate of 15 per cent, that is, at a lower level than in the previous two years. Much of the increase in industrial production was confined to Japan. It is significant that industrial output in India, which has a weight of 33 per cent in the regional index, has risen only 1.6 times the 1953 level. Explaining the reasons for the wide disparity in the growth of industrial production in India and Japan, the *Survey* observes as follows:

"The disparity between these two major countries is partly explained by the very different growth rates for heavy industries and textile industries. It is the metals and machine sectors that have made the most rapid progress, especially in Japan, where they are well established. But India's recent massive investment in heavy industry has still to yield its full results, owing to an unexpectedly long "gestation period" and to difficulties connected with transport. Meanwhile, textiles, long the most important industry, has tended to decline, because of increasing local competition in the underdeveloped countries that had provided traditional markets, increasing competition by new exporters in all markets and, just recently, "voluntary" quotas placed on exports to advanced industrial countries.

"The general faltering in the rate of industrial growth during 1961—it is not serious—may be largely explained by factors specific to each country. In Japan, the fall was associated with a drastic deterioration in the balance of payments, an aggravation of the labour shortage for some industries and a serious concern, particularly by producers of coal, chemicals and non-ferrous metals, about problems of adjustment to stronger competition, following the Government's decision to hasten the liberalisation of trade. In India also, there had been a deterioration in the balance of payments which had limited capacity to import; transportation bottlenecks, moreover, and shortages of power, hampered cement, steel and other industries, while shortage of raw jute curtailed production of jute manufactures in both India and Pakistan."

Exports

The fall in industrial production was accompanied by a decline in total exports from the region. The total E.C.A.F.E. exports aggregated only $3.6 billion in the first half of 1961, as compared with $3.9 billion in the corresponding period of 1960, $7.6 billion in the whole year 1960 and $7.2 billion in 1959. The decline in exports is attributed to some extent to the slackening of industrial activity in the U.S. and Western Europe. Industrial activity in North America, to which the E.C.A.F.E. region exports one-quarter of its total exports, fell by 5 per cent in the first half of 1961. Besides, in Western Europe, to which the region sells another quarter of its exports, the annual rate of industrial growth, after reaching 7-9 per cent in the previous two years, declined to 6 per cent during the first six months of 1961. These changes, however, did not lead to any significant movement in general indices of export and import prices and also in terms of trade.

The total imports by the region, after changing little in 1958 and 1959, had risen by 16 per cent in 1960, thereby exceeding the 1957 loom level. They continued to rise in the first half of 1961, albeit at a slower rate of 11 per cent. More than two-thirds of the increase in imports is accounted for by Japan, Indonesia and Taiwan. The countries which reduced imports in the first half of 1961 include Ceylon, Burma, Singapore and South Korea. The increase in aggregate imports, it is stated, was financed by a depletion of foreign exchange, especially in Indonesia, Japan and Philippines. The *Survey* adds that problems of balance between aggregate demand and aggregate supply, acute, and a few countries even achieved a high degree of stability in 1961. Such stability was helped by greater success of Governments in raising the level of public and private saving and in avoiding recourse to the banking system for financing their rising expenditures. But Japan's investment boom created a temporary problem, more particularly on the external side, while Indonesia's difficulties with regard to production, exports and public finance have led to a continuing problem of inflation. There was demand inflation, but less severe, in some of the raw material exporting countries, and there was some cost-push inflation in India as well as in Japan. But, if the economies with grave security problems are excluded, the E.C.A.F.E. region was remarkably free from any serious inflationary pressures in 1961.

The U.S. tariff levels which were reduced substantially in the post-war years are now among the lowest of the leading trading nations, according to the Morgan Guaranty Trust Company. Only four countries, including one member of the European Common Market, have a lower average than the U.S. The U.S. weighted average for industrial tariff is 11 per cent as compared with 19 per cent for Japan and Austria, 17 per cent for the U.K. and New Zealand, 16 per cent for Italy and Canada, 15 per cent for France and 14 per cent for the Common Market. On the other hand, West Germany, Sweden and Switzerland and Denmark have lower tariff of 9 per cent, 8 per cent and 6 per cent, respectively.

FALL IN E.I.D.'S PROFIT

LOSS ON SUGAR EXPORT MAIN CAUSE

THE results of the East India Distilleries and Sugar Factories Limited [Secretaries: Parry's Holding (Private) Ltd., Madras] for the year ended 30th September 1961 show divergent trends for the first time in at least the last five years. While the achievements on the production front during the year show further progress, the financial outcome is less satisfactory than in the preceding year and underlines a setback in profitability, in terms of gross profit to sales, from nearly 8 per cent to 6.4 per cent. Thus, during the year under review, 392,151 tonnes of cane were crushed and 34,117 tonnes of sugar produced, as compared with 350,179 tonnes of cane crushed and 31,269 tonnes of sugar produced respectively in 1959-60. Total sale proceeds rose by £1,581,529 above the previous year's all-time peak of £11,168,047 to £12,749,576. But the gross profit has fallen from £890,463 to £825,613.

The decline in profit was due to two adverse factors which cropped up during the year. First, the average recovery of sugar from cane, which had improved further in the preceding year by 0.25 per cent to 8.92 per cent, shrunk to 8.70 per cent. Secondly, of the total sales of 33,910 tonnes, 5,941 tonnes were exported at a loss of £110,053 in relation to internal prices. Moreover, as a result of increased operations, costs rose sharply from £10,354,000 to £12,132,000 and wiped off the advantages scored in production and sales. The burden of excise duty on sugar, however, was somewhat smaller at £545,000, as against £639,000 in the previous year, apparently because of the rebate given on increased production. While lower profit has necessitated a lower provision for taxation at £320,000 against £381,000 in the previous year, after taking into account £15,000 transferred from the taxation equalisation reserve, depreciation has been allocated £18,000 more at £140,000. As a result, the net profit, too, is lower at £361,000 as against £393,000 for 1959-60; the share of the E.I.D. alone works out to £351,000 as against £378,000.

Notwithstanding the setback in financial results, the Directors have maintained the equity dividend at 21-3/7 per cent and that, too, on a higher capital for the whole year as against for only a part of the previous year. The total distribution to equity shareholders, therefore, absorbs £236,000, as against £196,000 last year.

It is noteworthy that the Directors have once again set aside a sizable amount to reserves, as will be observed from the following table bringing out the salient features of the Company's working during the past four years:

(In thousands of £s sterling)

	For the year ended 30th September			
	1961	1960	1959	1958
Sale proceeds	12,750	11,168	10,472	10,851
Other income	757	721	668	514
Expenses	12,132	10,354	9,744	9,986
Excise duty on sugar	545	639	524	537
Gross profit	825	890	860	888
Provision for—				
Depreciation	140	122	117	113
Taxation	324	381	407	427
Net profit	361	393	347	302
Profit of E.I.D. alone	351	378	331	291
To reserves	109	112	207	160
Dividends—				
9 per cent, taxable, preference	18*	18*	6†	14
Ordinary	236	106	106	110
	(21 3/7%)*	(21 3/7%)*	(20%)	(20%)
Carry forward	116	127	82‡	71
Quantity of cane crushed (tonnes)	392,151	350,179	326,394	350,137
Sugar produced (tonnes) ..	34,117	31,269	28,307	29,132
Average recovery	8.70%	8.92%	8.67%	8.32%

* Subject to deduction of tax.
† Interim dividend only, after deduction of tax.
‡ Subject to payment of final dividend on preference capital.
Z From 1960, when the Articles of Association was amended to change the dividend on preference shares from 7 per cent tax-free to 9 per cent, taxable.

Sales of spirit, carbonic acid gas and chemicals during the year under report remained at a satisfactory level. But, nearly three months' production of ceramics was lost, with a consequent decrease in sales and profit, due to the closure of the thrift kiln for overhaul. Excise duty on ceramics was introduced with effect from 1st April 1961 by the Indian Finance Act of 1961. Sales of fertiliser mixtures maintained an upward trend, but could have been greater had allotments of nitrogenous fertilisers been more freely made by the Government in the first half of the year. The ammonium phosphate plant at Ennore, for which fresh capital was raised in 1960, is expected to go into production in the middle of this year. In merchanting business, turnover increased, and, together with the streamlining of the marketing arrangement undertaken in the previous year, contributed to higher profit margins.

The capital of the Company stands at £1,300,000, comprising equity of £1,100,000 in £1 shares and preference of £200,000, also in £1 shares. Capital reserves include share premium account of £354,809 and total £525,019 as against £506,232, the increase having been due to a transfer of £18,787 from the profits to the development rebate reserve. The revenue reserves, excluding reserves for future taxation amounting to £79,000, have gone up from £1,481,944 to £1,560,834. Thus, reserves aggregate £2,085,853 as against £1,988,176 at the end of the preceding year. Current liabilities at £3,672,727 are practically unchanged over the year, and are comfortably covered by current assets of the order of £6,187,247 of which stocks and work-in-progress are of £2,842,298 and book debts of £3,037,354. Cash and bank balances are no more than £304,471 as against £1,003,512 a year before; the previous year's fat figure is explained by the inclusion of the share issue proceeds which have since been expended on capital assets. Investments are shown at £132,758, of which the quoted trade investments amount to £103,474 and command a market value of £327,313 and the quoted Government securities to £16,933, with a market value of £16,743. The gross block rose during the year from £1,485,222 to £2,379,427 and has been written down to £1,087,284. Inclusive of expenditure on buildings and plant and machinery in course of construction, fixed assets are shown at £1,956,669, an increase of £888,061 over the year.

The £1 fully paid ordinary shares of the Company are currently quoting at Rs. 36.75 *cum-div.* and, on the *ex-div.* basis, offer a yield of 5.8 per cent per annum, free of tax.

PERMANENT MAGNETS LTD.

During the first year of working, upto 31st December 1961, Permanent Magnets Limited (Managing Director: Mr. Kantilal M. Desai, Bombay) incurred an expense of Rs. 1,04,980 and earned an income of Rs. 25,810. Out of the total expenses, Rs. 91,184 have been capitalised under "expenses during construction account" and the balance of Rs. 13,796 is shown in the revenue account. A provision of Rs. 11,700 has been made for taxation. This leaves Rs. 314 to the credit of the profit and loss account, which is carried forward.

The Company has taken possession of 41,928 sq. yards of land at Magathane village, near Borivli. The construction work started at the end of October last. The most difficult part of the construction of the factory is over and the Directors feel that the entire construction would be completed by the end of this month. The total requirements of cement and iron for complete construction are already covered.

Nearly 30 per cent of the imported machinery has arrived in Bombay and the remainder would be on hand by this month-end. Orders for indigenous machinery have been finalised and they would be delivered in time for erection, which is expected to be completed by the end of May this year; the factory would go into production soon thereafter. Mr. Antonio Sevesi, Managing Director of the Centro Magneti Permanenti, which is collaborating in the Company's project, was in Bombay in February to check up the construction work and machinery orders and plan the production programme.

The Company has been assured of power supply from the Koyna project, which would go into commercial production in the middle of April. It is making intensive marketing research and investigations in the demand for permanent magnets. The demand has been found to be sufficiently large to warrant an almost immediate expansion in capacity after the commencement of production.

The Central Government has approved of the appointment of Mr. Kantilal M. Desai as the Managing Director of the Company for five years from 26th November 1960. His remuneration is fixed at 5 per cent commission on the annual net profit, computed according to the Companies Act, subject to a minimum of Rs. 20,000 per annum and perquisites not exceeding Rs. 12,000 annually.

(*Concluded from next column*)

Rs. 118.37 lakhs, of which cash and bank balances amount to barely Rs. 0.73 lakh. Investments are lower at Rs. 17.53 lakhs as compared with Rs. 23.28 lakhs a year before. The issued and paid-up capital of Rs. 72 lakhs, all in equity, includes Rs. 54 lakhs by way of capitalisation of reserves in the past. It is covered by reserves and surplus of Rs. 19.58 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 87 *cum-div.*, and, on the *ex-div.* basis, offer a yield of 5 per cent per annum, free of tax.

AZAM JAHI RAISES DIVIDEND

FINANCIAL POSITION FAR FROM SATISFACTORY

REFLECTING clearly the general buoyancy of the cotton textile industry in the country, despite the system of voluntary price control, the results of the Azam Jahi Mills Limited (Managing Director: Mr. C. S. Tyabjee, Hyderabad) for the year ended 30th September 1961 show a distinct improvement over those for 1959-60. The Company's gross sale proceeds have recorded an impressive rise of Rs. 39.64 lakhs to Rs. 262.68 lakhs, which, incidentally, represent a record level. The gross profit has increased nearly three-fold from Rs. 6.56 lakhs to Rs. 18.07 lakhs, with the result that the Directors have stepped up the ordinary dividend from 4 per cent, taxable, to 6 per cent, subject to tax, bringing the net return (at 4.2 per cent) close to the 5 per cent paid for 1956. Nonetheless, the market has failed to draw any particular cheer from this, as the Rs. 100 fully paid ordinary share continues to quote at a sizable discount of 13 per cent.

This is not inexplicable. For the better results for the year under review have come about not without a disturbing increase in both manufacturing and operational costs. The cost of cotton and yarn consumed rose again steeply from Rs. 118.98 lakhs to Rs. 132.04 lakhs, and other expenses went up from Rs. 104.62 lakhs to Rs. 112.77 lakhs. That there is every possibility of these costs increasing further during the current year is obvious from a significant remark of the Directors in their report. They say: "It should be noted that, in view of heavy monsoon lasting till late in 1961, cotton crop has been badly affected and prices have once again gone higher." In addition to this cost inflation, the Company has been carrying a rather heavy burden of past depreciation, which would have to be provided for from the profits in future.

As against the income-tax basis adopted until the previous year, the arrears of depreciation have now been worked out on the straight line method uniformly over the "specified period," under the option provided under Section 205 of the Companies Act, 1956. As a result of this change in the basis of determining depreciation, the arrears are estimated at Rs. 36.80 lakhs, as against Rs. 71.76 lakhs shown in the previous year's report. The depreciation for the year under review has been fully provided in compliance with Section 205 of the Companies Act, and this absorbs Rs. 16.03 lakhs, inclusive of a special provision of Rs. 9.59 lakhs under the said Section. No provision has been made again for taxation while credit has been taken for Rs. 5.03 lakhs, being the refund of income-tax and corporation tax relating to the previous years. No transfer has been made to the reserve fund, though development rebate reserve gets Rs. 2.60 lakhs against Rs. 0.55 lakh previously. The dividend absorbs Rs. 4.32 lakhs, leaving a mere Rs. 3,120 to be carried forward.

The following table compares the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sale proceeds (gross)	262.68	223.04	170.76	192.02
Other income	4.05	6.98	15.32	11.62
Closing stocks	45.25	49.09	48.95	51.24
Cotton and yarn consumed ..	132.04	118.98	88.26	98.44
Other expenses	112.77	104.62	93.50	88.63
Gross profit	18.07	6.56	1.79	0.56
Depreciation	6.44	..	..	..
Taxation	..	..	..	..
Managing Agents' remuneration	..	0.23	0.26	0.26
Net profit	11.63	6.33	1.53	0.30
Tax refund	5.03	..	0.94	..
Reserves and excess provisions written back	..	..	1.69	..
Special depreciation	9.59*	..	..	..
Development rebate reserve ..	2.60	0.55	0.31	0.30
Reserves	0.16	2.90	..	..
Dividend	4.32	2.88	2.88	..
	(6%)†	(4%)†	(4%)†	
Carry forward	0.03	0.03	0.03	..

* Provided to comply with Section 205 of the Companies Act, 1956.
† Subject to deduction of tax.

The financial position of the Company continues to be far from happy. Apart from the inadequately depreciated gross block account, which stands written down at Rs. 134.93 lakhs against the book value of Rs. 216.37 lakhs, which shows an increase of Rs. 11.83 lakhs during the year, the Company's position in regard to its short-term liability is also poor. Liabilities to outsiders make a big total of Rs. 179.24 lakhs, of which Rs. 116.78 lakhs represent bank borrowings. These are inadequately covered by current assets, loans and advances amounting to

(*Continued in previous column*)

MADURA MILLS REPORT HIGHER TURNOVER

RESERVES STRENGTHENED FURTHER

DESPITE lower ceiling prices for yarn, which have been effective throughout the year, the turnover of the Madura Mills Company Ltd. (Managing Agents: Messrs. A. and F. Harvey Ltd., Madurai) continued to expand and touched a new peak during the year ended 31st December 1961. Before making an adjustment of Rs. 209.19 lakhs which was found necessary "to meet the needs of the Company's largest customer"—the reference here is apparently to handloom weavers—gross sales amount to Rs. 1,933.58 lakhs which compare very favourably with Rs. 1,740.52 lakhs for 1960. After making the aforesaid adjustment, sale proceeds amount to only Rs. 1,724.39 lakhs, that is Rs. 16 lakhs less than the figure for 1960. Other incomes have increased by Rs. 10.42 lakhs to Rs. 42.30 lakhs, but the most welcome improvement has been in the closing stocks of yarn and waste which have gone down in value from Rs. 136.52 lakhs to Rs. 75.45 lakhs. The cost of cotton, rayon and stores consumed has declined by Rs. 206.43 lakhs to Rs. 1,043.01 lakhs, but, here again, the figure has been arrived at by reducing the actual figure by Rs. 209.19 lakhs to counterbalance the reduction in turnover referred to earlier. The actual expenditure, therefore, amounts to Rs. 1,252.20 lakhs and forms 66.9 per cent of the gross sale, as against 71.8 per cent previously. This saving in raw material expenses has, however, been quickly lost by the disproportionate rise in the cost of services by Rs. 34.70 lakhs to Rs. 371.18 lakhs and other expenses by Rs. 18.02 lakhs to Rs. 92.83 lakhs, so that the gross profit shows only a marginal improvement of Rs. 1.27 lakh to Rs. 198.61 lakhs.

Provision for Managing Agents' commission has been reduced from Rs. 14.61 lakhs to Rs. 8.00 lakhs and that for taxation from Rs. 71.71 lakhs to Rs. 69.40 lakhs. Provision for depreciation, on the other hand is higher by Rs. 7.22 lakhs at Rs. 32.94 lakhs. The resultant of these changes in essential provisions is a small rise of Rs. 2.97 lakhs to Rs. 88.27 lakhs in the net profit. Taking account of Rs. 7.21 lakhs brought forward and adding Rs. 1.50 lakh as provision for sales tax no longer required, a sum of Rs. 96.98 lakhs becomes available for appropriation. The major portion of this amount has been conserved. Thus, reserves have been strengthened further by the transfer of Rs. 58.28 lakhs (as against Rs. 53.88 lakhs last year) of which Rs. 10.78 lakhs (Rs. 6.38 lakhs) go to the development rebate reserve, Rs. 40 lakhs to the general reserve and Rs. 7.50 lakhs to the loan redemption reserve both of which received similar amounts last year. It is noteworthy that, in three years, the Company has strengthened its reserves by Rs. 132.55 lakhs. In view of the precedence given to ploughing back the profits, the Directors could only maintain the dividend at the modest level of 15 per cent, taxable, which is still far from the 20 per cent, tax-free, dividend, the Company used to pay in the first half of the fifties. That the dividend has been fully covered even after the large amounts set aside for reserves is clear from the fact that the amount carried forward is Rs. 5 lakhs more than the amount brought in.

The rapid strides made by the Company during the past three years to regain the ground lost in the debacle of 1957-58 are very well reflected in the comparative table given below:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale of yarn and waste (gross)	1,724.39	1,740.52	1,240.01	1,537.41
Other income	42.30	31.88	17.85	9.57
Closing stocks	75.45	136.52	60.85	84.67
Raw materials and stores consumed	1,043.01	1,249.44	882.02	1,027.79
Salaries, wages and bonus	371.18	336.48	271.17	340.04
Other expenses	92.83	74.81	63.09	78.88
Gross profit (+) or loss (—)	198.61	107.34	+66.24	—31.08
Managing Agents' commission	8.00	14.61	5.79	..
Provision for—				
Depreciation	32.94	25.72	19.94	22.05
Taxation	69.40	71.71	..	2.86
Net profit (+) or loss (—)	88.27	85.30	40.51	—55.99
Income in respect of previous years	..	..	8.80	..
Provisions written back	1.50	..	..	..
Transfer to reserves	58.28	53.88	20.39	—49.07*
Dividend	20.23	20.25	21.38	..
	(15%)†	(15%)†	(12½%)†	..
Carry forward	12.45	7.21	2.05	..

* After bringing in the previous years surplus of Rs. 6.02 lakhs the balance of deficit amounting to Rs. 49.07 lakhs was debited to the general reserve.

† Subject to deduction of tax.

A perusal of the Company's balance-sheet as at 31st December 1961 reveals that the financial position of the Company is strong. The share capital, consisting entirely of equity shares of Rs. 15 each stands at Rs. 175.02 lakhs with a backing of Rs. 534.18 lakhs in reserves, including Rs. 100 lakhs representing capital reserve. On the basis of some 11.67 lakh ordinary shares outstanding, the net asset value works out to Rs. 60.77 per share which compares highly favourably with the current market price of Rs. 40.65. Secured loans amount to Rs. 137.83 lakhs in addition to current liabilities and provisions at Rs. 157.80 lakhs and the total of these two together are covered twice over by current assets, investments, and loans and advances, all aggregating Rs. 685.11 lakhs. Inclusive of additions during the year amounting to Rs. 105.03 lakhs the gross block stands at Rs. 765.12 lakhs and has been substantially written down to Rs. 298.61 lakhs. Advances against machinery yet to be allocated are placed at Rs. 21.10 lakhs so as to give a net block of Rs. 319.71 lakhs.

The Company's expansion and modernisation schemes are going apace. In addition to the capital expenditure of Rs. 106.02 lakhs incurred during the year, outstanding commitments, as at 31st December 1961, amounted to Rs. 153.94 lakhs excluding the cost of installation of 450 automotive looms which are planned for the near future. Having regard to the heavy expenditure incurred on these schemes, the Directors propose to issue some debentures during the course of the current year.

At present, the Rs. 15.00 paid ordinary shares of the Company are quoted at Rs. 40.65 *cum-div.* On the *ex-div.* basis, the net yield works out to about 4.00 per cent per annum. The Company is reasonably placed at present in regard to cotton supply and the Directors are making every effort to ensure supplies so as to maintain full production throughout the year.

(*Concluded from next column*)

ly lower, at Rs. 27.62 lakhs as compared with Rs. 30.25 lakhs last year, but that for depreciation has been raised from Rs. 6.51 lakhs to Rs. 7.41 lakhs.

Despite the decline in profit, the Directors state in their report that the results for the year "were good." The expansion programme by which the existing crushing capacity of first and second mills is to be increased by 1,000 tonnes per day was completed and the expanded plants went into production in December 1960 and October 1961, respectively. In order to provide funds for the accumulation of stocks of sugar, due to restricted releases by the Government, the Company had to increase the cash credit limit with the State Bank of Hyderabad from Rs. 175 lakhs to Rs. 250 lakhs. As at the end of June last, the liability on this account was Rs. 165.46 lakhs, against Rs. 92.04 lakhs a year before. Arrangements have also been made with the State Bank of Hyderabad for obtaining a "term loan" of Rs. 1 crore to meet certain deferred payments, such as arrears of cane cess for 1960-61 and managing agency commission payable to the State Government for 1959-60, and also to cover the requirements for capital works.

The financial position of the Company is sound. Out of its issued capital of Rs. 146.40 lakhs (Rs. 110.40 lakhs in equity shares of Rs. 25 each and Rs. 12.00 lakhs in 5 per cent, tax-free, cumulative preference shares of Rs. 25 each and Rs. 24.00 lakhs in 4 per cent, tax-free, cumulative preference shares also of Rs. 25 each), Rs. 145.89 lakhs have been subscribed (Rs. 110.09 lakhs equity and Rs. 12 lakhs 5 per cent preference and Rs. 23.80 lakhs 4 per cent preference). As against this, reserves and surplus aggregate Rs. 130.50 lakhs. Liabilities to outsiders amount to Rs. 606.69 lakhs and are covered by current assets, loans and advances aggregating Rs. 729.38 lakhs. Besides, there are investments shown at Rs. 2.87 lakhs. The gross block increased during the year from Rs. 320.25 lakhs to Rs. 349.89 lakhs, and the depreciation provided so far is as much as Rs. 200.56 lakhs; accordingly the net block works out to Rs. 149.33 lakhs.

The Rs. 25 fully paid ordinary shares of the Company are currently quoted at Rs. 63 *cum-div.*, and, on the *ex-div.* basis, they offer a yield of nearly 7 per cent per annum, free of tax.

NIZAM SUGAR SHARES FATE OF OTHERS

LOWER PROFIT, BUT DIVIDEND SAME

A PERCEPTIBLE fall in both sale proceeds and gross profit, coming after a year of smart recovery when both these rose to record high levels, features the results of the Nizam Sugar Factory Limited (Managing Director: Mr. R. Vithal Rao, Hyderabad) for the year ended 30th June 1961. The fall in profit has taken place despite a rise in production to a record level, because the offtake of sugar failed to keep pace. The recovery of sugar was also lower, though even the reduced recovery per cent was well above the national average. There is nothing peculiar about the decline in the profits of the Company. It is in keeping with the general experience of the sugar industry as a whole and, therefore, casts no reflection on the management of the Company. The setback in financial results, however, leaves the investor unaffected, as the Directors have maintained the equity dividend at 23 per cent taxable, to which level it was raised in the previous year from 21.6 per cent, subject to tax, paid for 1958-59.

The table below compares the Company's working during the past four years:

(In lakhs of rupees)

	For the year ended 30th June			
	1961	1960	1959	1958
Sale of sugar and molasses	5,47.18	5,99.12	5,80.54	5,88.58
Other income	6.03	4.86	2.91	5.04
Closing stocks	3,62.11	2,24.08	2,00.64	2,01.61
Cane cess	3,01.35	2,63.53	2,01.87	2,32.04
Excise duty on sugar	31.03	24.50	22.10	26.25
Octroi on sugar	1,66.90	1,46.60	1,20.70	1,33.12
Manufacturing expenses	2.94	2.78	2.17	1.90
Profit on manufacturing account	1,13.80	94.80	82.47	96.02
Profit on agricultural account	81.99	1,12.25	57.61	86.75
Profit (+) or loss (—) on confectionery account	14.59	32.94	5.83	24.14
Total gross profit	—1.65	—1.35	—0.65	..
Provision for—	94.93	1,43.84	62.29	1,10.89
Depreciation	7.45	6.51	8.03	9.81
Taxation	27.62	30.25	17.45	29.00
Managing Agents' commission	0.90	10.52	4.01	7.99
Net profit	58.96	96.56	31.90	64.69
Additional provision for previous years' taxation	..	9.25	..	..
Development rebate reserve	0.60	0.51	0.90	1.13
To reserves	16.38	26.35	..	10.00
Dividends—				
4% cumulative preference	1.80*	1.15*	1.12*	0.96
5% cumulative preference	0.74*	0.70*	0.70*	0.60
Ordinary	25.39 (23%)*	25.39 (23%)*	23.85 (21.6%)*	19.87 (D. 18% + D. 0%)
Carry forward	0.10	0.04	0.03	1.02
Quantity of cane crushed (tonnes)	6,48,016	4,91,777	4,48,219	5,25,046
Sugar produced (tonnes)	65,219.6	51,199	44,330	55,967
Average recovery	10.06%	10.41%	10%	10.66%

*Subject to deduction of tax

As mentioned at the outset, sales have come down from Rs. 599.12 lakhs to Rs. 547.18 lakhs and gross profit from Rs. 143.84 lakhs to Rs. 94.93 lakhs. Production increased during the year from 51,199 tonnes to 65,219.6 tonnes, with the sugar recovery from cane being 10.05 per cent, as against 10.41 per cent in 1969-60. Cane crushed during the year amounted to 648,916 tonnes, as against 491,777 tonnes in the previous year. The factory's farms produced 207,354 tonnes of cane at an average of 38.27 tonnes as against 40.38 tonnes per acre in the previous year. It will thus be seen that the yield per acre was lower in the year under review.

Rise in production and a drop in sales have left higher closing stocks valued at Rs. 362.11 lakhs; a year before, they were only Rs. 224.08 lakhs. The cost of cane increased by Rs. 37.82 lakhs to Rs. 301.35 lakhs. The burden of excise duty also increased by Rs. 20.30 lakhs to Rs. 166.90 lakhs. Manufacturing expenses, too, rose from Rs. 94.80 lakhs to Rs. 113.80 lakhs. The Wage Board recommendations were implemented in respect of the factory and of plantation employees from 12th November 1960, and the Directors have decided to extend them to the office staff also. The annual running expenditure on account of this is estimated at Rs. 14.28 lakhs. The net result of all this rise in costs is reflected in a lower gross profit of Rs. 94.93 lakhs as compared with the previous year's peak of Rs. 143.84 lakhs. The profit is lower on both sugar manufacturing account at Rs. 81.99 lakhs (Rs. 112.25 lakhs in the previous year) and agricultural operations account at Rs. 14.59 lakhs (Rs. 32.94 lakhs). The loss on confectionery department was slightly higher at Rs. 1.65 lakh against Rs. 1.35 lakh for 1959-60. Owing to the decline in profit, the Directors have transferred only Rs. 16.38 lakhs, as against Rs. 26.35 lakhs a year ago, to reserves. The provision for taxation is natural-

(Continued on previous column)

COMPANY MEETINGS AND DIVIDENDS

Sirsilk Ltd.

(*Managing Agents*: Messrs. Birla Brothers Private Ltd., Calcutta.)

Registered Office: Somajiguda, Hyderabad, Andhra Pradesh.

14th Annual General Meeting—31st March 1962.

Extracts from the Directors' report: The profit and loss account, after providing Rs. 12,04,150 (Rs. 11,75,686 for 1960) towards interest on loans and Rs. 36,00,000 (Rs. 14,00,000) for depreciation, and taking into account the amount of Rs. 37,513 (loss of Rs. 3,22,740) brought forward from the previous year, shows a surplus of Rs. 47,843 (Rs. 37,513) which is proposed to be carried forward. In view of the inadequacy of the profits for the year, the full depreciation could not be provided.

The working results, during the year were better than those of the previous year. There was increase in production, as well as in turnover and the fabrics manufactured by the Company fetched better realisations. Efforts are being made to achieve still better working results during the current financial year.

Pursuant to the notification of the Central Government, the price of Alcohol was reduced from 25.08 nP to 20 nP per litre with effect from 3rd May 1961, by the State Government.

The negotiations for technical collaboration to implement the Company's expansion and modernisation programmes are in an advanced stage.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	3,02,00,781	Gross block	5,84,70,605
Reserves and surplus	47,843	—Depreciation	60,00,000
Other liabilities	4,45,59,468	Net block	5,24,70,605
		Current assets	1,67,49,284
		Investments	21,250
		Cash	55,66,953
	Rs. 7,48,08,092		Rs. 7,48,08,092

* Paid-up capital consists of 9,42,738 ordinary shares of Rs. 10 each fully paid up and 2,00,004 six per cent. tax-free cumulative redeemable preference shares of Rs. 100 each fully paid up. Forfeited shares (amount originally paid up) comes to Rs. 7,73,001.

Henley Cables India Ltd.

(*Chairman*: Mr. A. D. Shroff, Bombay.)

Second Annual General Meeting—28th March 1962.

Extract from the Directors' report for the year ended 31st October 1961: During the year ended 31st October 1961, the Company has earned a sum of Rs. 1,60,954 by way of interest on investments in Treasury bills and short-term deposits of funds which could not be immediately otherwise utilised. After making suitable provisions including expenses a loss of Rs. 10,619 has been transferred to the balance sheet. This figure has been arrived at after capitalising items amounting to Rs. 5,06,392 incurred towards the implementation of the project.

Expenditure on raw materials during the year amounted to Rs. 12,30,871. Towards this expenditure the directors arranged for a clean cash credit facility to a limit of Rs. 10,00,000 from the Company's Bankers, and the Company utilised this facility to the extent of Rs. 7,35,000 upto the 31st October 1961. After the close of the financial year the directors arranged with the Bankers to increase the limit of the clean cash credit facility to Rs. 20,00,000. The total amount of the clean cash credit facility availed of as at the date of this report is Rs. 19,11,232. In addition the directors have also arranged with the Bankers for a loan of Rs. 30,00,000 against equitable mortgage of the Company's fixed assets. The total amount borrowed against this loan account as at the date of this report is Rs. 3,00,000.

As at the end of the financial year the total available funds in U.K. principally in short-term deposits with the Company's bankers and in U.K. Treasury Bills were to the sterling equivalent of Rs. 40,69,157. Since the close of the financial year, plant shipments have reduced this balance as at the date of this report to Rs. 28,68,672.

Structural work on the main factory building has been completed and ancillary buildings are either complete or in an advanced stage of construction. Delay was occasioned by the necessity to redesign some of these buildings to cater for an anticipated paucity of both water and electric power from the supply authorities.

The directors report that the majority of the initial plant and machinery required for the commencement of production was received at the factory site prior to the end of the year.

The diesel generator sets ordered in January 1961 to cater for the anticipated non-availability of adequate electric power from public supply have also been received and are now being installed. Although the power these generators supply together with that which will be immediately available from public supply will cater for the factory's requirements in the initial stages of production, full production cannot be attained until further power is available from public supply. Full production may hence suffer if the power from public supply is not available to the factory round about the last quarter in 1962. The Government of Maharashtra and the Authorities concerned have been approached in regard to this matter.

With the approval of the Central Government the Company has purchased certain items of reconditioned plant from the Technical Collaborators in U.K. and they have guaranteed their satisfactory performance. This has resulted in a substantial saving of capital expenditure on plant.

Progress during the year, whilst not as rapid as originally anticipated, has been sufficiently swift of late for the directors to be able to forecast the commencement of production trials in March 1962.

The agreements relating to the know-how, technical aid and trade marks are being finalised. The delay has to some extent been due to the merger of the interest of W. T. Henley's Telegraph Works Co. Limited with Associated Electrical Industries Limited of the United Kingdom, one of the largest and renowned manufacturing groups of electrical equipment in the world. The directors have pleasure to state that Associated Electrical Industries Limited will fulfil the originally agreed obligations with this Company.

Accounts in brief as at 31st October 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,07,25,000	Gross block	10,12,084
P. L. a/c surplus	29,194	—Depreciation	41,887
Other liabilities	18,59,714	Net block	9,71,097
		Block in progress	51,78,197
		Current assets	15,27,139
		Investments	19,69,928
		Cash	22,04,330
		Miscellaneous expenditure	7,64,219
	Rs. 1,26,14,908		Rs. 1,26,14,908

* Paid-up capital consists of 1,07,830 equity shares of Rs. 100 each fully called up. Calls unpaid amount to Rs. 7,000.

Andhra Sugars Ltd.

(*Managing Agents*: Messrs. Ranga Rao & Co., Tanuku, Andhra Pradesh.)

14th Annual General Meeting—30th March 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Sales:		
Sugar	1,37,69	1,16,86
Molasses	1,97	73
Superphosphate	23,87	*
Other products	1,14	24
Closing stocks:		
Sugar and molasses	47,43	25,73
Superphosphate	4,18	*
Excise duty on sugar	32,13	29,83
Gross profit	26,32	19,84
Transfer to Managing Agents' remuneration	1,89	1,45
" " depreciation	8,94	4,97
" " provision for taxation	5,70	5,50
Net profit	9,92	7,92
Adjustments	1,47	43
Appropriations:		
Total available balance	11,46*	8,35†
Transfer to development rebate reserve	3,35	1,50
To expenses, donations and brokerage	74	60
Proposed dividends (taxable) 6½% T.F.C.R. preference	2,50‡	Nil
" " " equity	4,80	6,00
	(16%)	(20%)
Carry forward	7	25

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

* This includes Rs. 1,00,000 transferred from dividend equalisation reserve; Rs. 6,090 being excess bonus provision for 1959-60 credit back and Rs. 15,623 being refund of cess on sugarcane paid in prior years.

† This includes Rs. 1,750 being excess bonus provision for 1959-60 and Rs. 18,653 being refund on cess on sugarcane paid in prior years.

‡ Preference dividend is calculated at 9.3 per cent.

Extracts from the Directors' report: During the year under report the factory commenced sugarcane crushing on 28th November 1960 and stopped it on 15th May 1961. The sugarcane crushed during the season was 1,69,717 metric tons and the sugar manufactured was 1,73,430 bags with a recovery of 10.19 per cent as against 1,08,524 long tons of cane, 1,11,620 bags of sugar and 10.29 per cent recovery for the last season. The cane development schemes adopted by the Directors have yielded good results in that and there has been improvement in both the quantity and quality of the cane supplied to the Factory. The recovery has also been satisfactory in spite of the crushing season extending to the middle of May. This year's production of sugar has been the largest in the history of the Company.

The crushing season 1961-62 has started on 27th November 1961. It is progressing well with good rate of crushing. But this Company will not be able to crush as much quantity as that of the last season due to the 10 per cent cut imposed by the Central Government.

The Sulphuric Acid and Superphosphate Plants have gone into regular production from February, 1961. The Company produced 15,272 tons of superphosphate during the accounting year and sold 12,434 tons. Superphosphate has been well received in the market and the plant is now in continuous full production. This unit is expected to contribute substantially to the current years results.

The Company has made considerable progress in the setting up of the Industrial Alcohol Plant and the Acetic Acid and Acetic Anhydride Plants. All the machinery required for the plant has been received at site and erection work is nearing completion. The plant is expected to go into initial production in the next three months.

The Company is also building a Caustic Soda-Chlorine plant at Kovvur. Civil works and buildings for this plant are under construction. The plant and machinery, orders for which have been placed with the G.D.R. is ready for shipment and is expected at site in the next few months. The plant is likely to go into production about the end of 1962. The Company has also received an Industrial Licence from Government of India for expansion of the Caustic Soda-Chlorine Plant and the directors are now negotiating with foreign suppliers for plant and equipment required for expansion.

The Company has promoted a separate company (Andhra Foundry & Machine Company Ltd., Hyderabad) for establishing a workshop and Spun Pipe and Malleable Pipe Fittings Unit under the Industrial Licences issued to it by the Government of India. The directors have already obtained the sanction for the transfer of those two licences to the new Company and for an investment of Rs. 10 lakhs in its shares by this Company.

The Government of India have issued an Industrial Licence to this Company for the establishment of a Fertiliser Factory at Kothagudem for the production of 2,00,000 tons of Urea per year. This unit is expected to cost about Rs. 25 crores and the Government of India have asked the Company to promote a new Company for undertaking this big project. Considerable progress has been made in obtaining foreign collaboration for this project and necessary steps are being taken to form the new Company and establish the Fertiliser unit at Kothagudem.

The directors have already obtained the shareholders' sanction for subscription to shares of the value of Rs. 25,00,000 by this Company in the Fertiliser Project.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	60,00,000	Gross block	1,64,83,919
Reserves and surplus	30,47,000	—Depreciation	42,36,087
Other liabilities	1,47,30,604	Net block	1,22,47,832
		Current assets	1,10,55,001
		Investments	2,10,000
		Cash	2,64,771
	Rs. 2,37,77,604		Rs. 2,37,77,604

* Paid-up capital consists of 3,00,000 equity shares of Rs. 10 each fully paid and 30,000—6½ per cent. tax-free cumulative redeemable preference shares of Rs. 100 each. The preference shares are redeemable, at the option of the company, after 1st October 1970 on three months, notice.

Asian Cables Corporation Ltd.

(*Chairman*: Mr. G. B. Kotak, Bombay.)

Second Annual General Meeting—29th March 1962.

Extracts from the Directors' report for the period from 1st January to 30th September 1961. During the year under report the Management have indeed worked very hard to complete the work of construction of the factory buildings and erection of the machinery for the cable plant and to take the necessary trial runs. In the erection of the plant and putting through the necessary trial runs, the Company have had the fullest co-operation from its technical collaborators, Messrs. Enfield Cables Ltd., by way of experienced technical personnel deputed to this Company from their factory. While the Company have had its own staff and technical personnel with sufficient experience in the cable industry, the additional help rendered by Messrs. Enfield Cables Ltd. has indeed made matters easier and more expeditious.

Trial runs were commenced in the month of October 1961 and the factory was formally inaugurated on the 6th November 1961, by the Hon'ble Shri Morarjibhai Desai, Finance Minister, Government of India, in the presence of a distinguished gathering, which included Rt. Hon'ble Earl Verulam, Chairman and Managing Director of Messrs. Enfield Cables Ltd., U.K., Mr. Franc Van Kroff of Messrs. Phelps Dodge Copper Products International Corporation, U.S.A., and Mr. T. Takahashi of Messrs. Nitto Boseki Co. Ltd., Japan.

Since then steady progress has been maintained in the training of operatives on the various machines at the factory and establishing standard production schedules. The Company has now commenced production in right earnest. Quite an appreciable quantity of the cables already produced has been and is being used in the electrical installation of the factory and the officers' residential buildings.

The Company has already forwarded samples of the cables to the Alipore Test House, Calcutta, to obtain the necessary test reports from them. Also an application has been made to the Indian Standards Institution, New Delhi and the directors look forward to receiving at an early date the necessary certificates under the I.S.I. Certification Marks Scheme. The Company has already secured advance orders for about six months production through its sole distributors. As soon as the test reports and certificates are received the Company's products will be released in the market.

The accounts period ended 30th September 1961 disclose a loss of Rs. 48,331. After taking into account the credit balance of Rs. 11,765 brought forward the previous period, there is a debit balance of Rs. 36,566 which is carried forward.

It will be noticed that the capital assets of the Company have increased to Rs. 59,08,830 during the period, excluding pre-operational expenses of about Rs. 12,00,000. The directors further report that the right shares have been issued to the existing shareholders and the actual scrutiny of the applications and allotment are in hand.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	49,93,500	Block	70,95,396
Capital reserve	736	Current assets	9,54,904
Other liabilities	32,43,562	Investments	1,000
		Cash	19,537
		Miscellaneous expenditure	1,30,853
		P. L. a/c deficit	36,566
	Rs. 82,37,848		Rs. 82,37,848

* Paid-up capital consists of 50,000 equity shares of Rs. 100 each fully called up. Calls unpaid amount to Rs. 6,500.

EXPORTING—AT A LOSS?

(*Concluded from page 474*)

likely to be small. Our experience with the art silk industry a couple of years ago has revealed the shortcomings of this method and a way out of the dilemma is now being considered in the shape of compulsory exports. It is argued that an industry or firm which uses up foreign exchange is under a moral obligation to do all in its power to replenish the country's reserves and should not mind some losses in this context.

Incentive or Compulsion? Whichever way one looks at the problem, something appears to be lacking. Industry maintains that the incentives so far given are not "real" incentives. It is in favour of tax reliefs (not mere drawbacks) and cover for losses in export. Enforcement of a scheme of compulsory exports would, moreover, cut at the very root of the industrialisation programme by discouraging investment by smaller units and would also nullify the avowed objective of distribution of economic power through widening opportunities for new entrants. How do we face this new dilemma?

In all this talk about making industries competitive, sight has been lost of the fact that an industry is comprised of firms which have different cost structures and that it is only the most efficient ones that can think of exporting their products. And what is of equal importance is that it is *these firms which will make the biggest profits in the home market also.* This follows from the fact that, in conditions of relative scarcity, the price in the market will be determined by the high-cost firms and not the most efficient ones. This elementary principle of economics suggests that even an efficient firm will not like to export if its profits in the home market are substantially higher! Consequently, one must accept the position that such firms should be allowed to make *bigger* profits in the home market to compensate for smaller margins (or losses) in sales abroad. This need not amount to exploitation of the consumer, who has, in any case, to pay the price fixed by the high-cost producer. All that is necessary is to ensure that the manufacturer who is prepared to export secures some *differential advantage in the home market also.* Of course, this does not preclude the possibility of a very large firm—like Jay Engineering Works, in the field of electric fans and sewing machines—exporting at a loss because its overall profits are still considerable.

An Illustration

What emerges finally is that the second objective of our export promotion policy should be modified to read: "profits on exports should be on a par with profits in the domestic market." The exact implications of this approach would be somewhat like this. Suppose an article is sold for Rs. 110 in the home market, inclusive of excise duty (refundable on exports) of Rs. 10. The cost of the efficient producer is Rs. 90, so that he can, if he so wishes, sell in the home market at Rs. 100. He can get an import duty drawback of Rs. 5 on his raw materials and can, thus, sell abroad at Rs. 85. However, the price in the foreign market is Rs. 80 only. Hence for every unit that he sells abroad he loses Rs. 5, while for every unit sold at home he gains Rs. 10 *more* than his competitors. In the circumstances, justice demands that the *relative* loss of Rs. 15 per unit exported be made good in the home market. Since the total drawback in our particular illustration comes to Rs. 15, all that is needed is that this drawback on export should be made admissible for an equal quantity of sales in the home market. In this way, the efficient firm will be encouraged to export half its output and considerable foreign exchange could be earned. (To be accurate, if the above concession is given, *every* firm will be indifferent as between home sales and exports. Half the output of the industry will thus tend to be exported.)

Whether the Finance Ministry will look with favour upon the loss of revenue inherent in this proposal will probably depend upon the magnitudes involved. On the other hand, since there will be some gain to the exchequer from tax on the increased profits, the ultimate loss may not be very great and would be well worth the earnings in terms of foreign exchange. In the final analysis, then, the scheme may commend itself over other forms of assistance such as direct subsidy or tax relief on export profits which, too, involve some burden—perhaps a greater burden—on the exchequer.

E.N.I.'S EXPANDING ACTIVITIES

(*Concluded from page 477*)

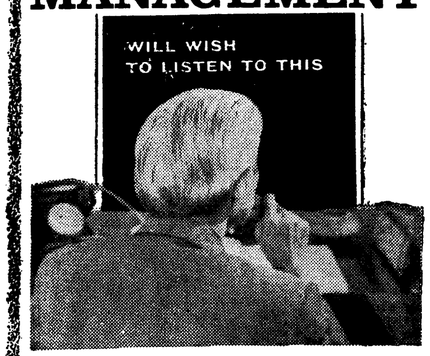
upon which the group's all other activities lean. From this has stemmed its big stake in petrochemicals.

E.N.I. submits its financial accounts annually to the Minister for State Participations, and these are laid before the Italian Parliament. And Signor Mattei's towering personality and political influence are well able to meet any criticism from this quarter. But unlike many holding companies' accounts, the E.N.I. financial data do not reveal the profitability or financial position of the separate operating companies. The group's accounts for the year ended April 1960 show that its (holding company's) net profit was 4,600 million lire. This figure was of the same order as the total dividends received by the E.N.I. from four of its five main operating subsidiaries, but coming mostly from S.N.A.M. and A.G.I.P. Mineraria. For the financial year 1960-61, the net profit of the group was 6,160 million lire Of this, in accordance with its charter, the E.N.I. handed over to the Treasury 4,004 million lire (3,002 million lire in 1959-60), and allocated 1,232 million lire (924 million lire) to ordinary reserves, and 924 million lire (693 million lire) to research, nuclear development, etc. Liabilities totalled 268,900 million lire at 30th April 1961, of which 158,100 million lire consisted of loans and bonds. Total investment in property, plant and equipment during 1960 was 94,300 million lire, bringing the total of the group's investments to 549,100 million lire.

After all, direct financial returns are not the only criteria of E.N.I.'s achievement, or its value to Italy's economy. Its domestic and foreign operations create work for its personnel, and markets for Italian manufactures. The group's subsidiaries fabricate and ship oil equipment, and undertake contract work abroad, such as drilling in Argentine, Spain and France; supply of pipeline material to Persia, Pakistan and Brazil, and refinery equipment to several foreign countries and sell synthetic rubber and nitrogenous fertilisers to China and Russia. In fine, by extending E.N.I.'s interests in a number of directions, and operations in several foreign countries, masterful Signor Mattei has brought it well on to the international oil map.

ASP/LIC-E-17

TOP MANAGEMENT



All over the world, Insurance protection for employees while in service and satisfactory benefits on retirement have become accepted features of sound business management. Life Insurance and retirement incomes are indeed being regarded as a primary need as essential as food, clothing and shelter.

Progressive employers in our country are realising that the introduction of such employee benefits results in improved employer-employee relations, higher efficiency and increased production. An ever increasing number of prudent employers are adopting the Group Insurance and Superannuation Schemes — employee insurance and retirement schemes streamlined and perfected by the Life Insurance Corporation of India.

Today top management wants to know what exactly these Schemes can do for them, what the financial implications are likely to be and what precisely is the nature and scope of the benefits offered. Broadly, the Schemes fall into two categories.

Group Insurance Scheme: offers low cost Life Insurance coverage on a Group basis to employees and gives real security to their dependants.

Superannuation Scheme: provides a source of steady and life-long pension to employees after their retirement (with or without Life Insurance cover).

Some features common to both Schemes are :

1 They can be instituted without any extra cost to the employer

2 Employers' contributions to such Schemes are allowed as normal business expenses for the purpose of income-tax

3 Most of administrative work with regard to these Schemes is done by the Life Insurance Corporation of India.

Special features of Group Schemes :

1 For groups of prescribed size, attractive reduction in premium rate is allowed

2 All the members are covered under a single Master Policy

3 Flexibility—the benefits can increase from year to year.

The Group and Superannuation Schemes create a new atmosphere of employee loyalty and a sense of gratitude. They operate like a voluntarily organised Social Security Insurance in miniature.

Please let our Group Representative come and explain the details to you without any obligation whatsoever.

There is no substitute for LIFE INSURANCE

Notices

THE UNITED COMMERCIAL BANK, LIMITED

Registered Office:

2, India Exchange Place

CALCUTTA-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING of the Members of THE UNITED COMMERCIAL BANK, LIMITED, will be held at the Registered Office of the Bank at 2, India Exchange Place, Calcutta, on Wednesday, the 11th day of April, 1962, at 4 p.m., to transact the following business:—

1. To receive and adopt the Report of the Directors and the Audited Balance Sheet as on 31st December, 1961 and Profit and Loss Account for the year ended 31st December, 1961;
2. To declare a dividend;
3. To appoint two Directors in the place of Mr. A. C. Law and Mr. T. S. Rajam who retire under Article 92 of the Articles of Association of the Bank and, being eligible, offer themselves for re-appointment;
4. To appoint a Director in place of Mr. M. L. Dahanukar who retires under Article 92 of the Articles of Association of the Bank, and to consider and, if thought fit, to pass the following resolution, of which special notice, as required by Section 281 of the Companies Act, 1956, and in accordance with Section 190 thereof, has been received by the Bank:

   "Resolved that Mr. M. L. Dahanukar, who has attained the age of 72 years, be and is hereby re-appointed a Director of the Bank and that the age limit, prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."

5. To appoint a Director in place of Mr. P. D. Himatsingka who retires under Article 92 of the Articles of Association of the Bank, and to consider and, if thought fit, to pass the following resolution, of which special notice, as required by Section 281 of the Companies Act, 1956, and in accordance with Section 190 thereof, has been received by the Bank:

   "Resolved that Mr. P. D. Himatsingka, who has attained the age of 72 years, be and is hereby re-appointed a Director of the Bank and that the age limit, prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."

6. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass, with or without modification, the following resolutions which will be proposed as Ordinary Resolutions:

   (*a*) That, subject to the consent of the Controller of Capital Issues being received, 200,000 new ordinary shares of Rs. 100 each in the authorised capital of the Company be issued at a premium of Rs. 25 per share on the footing that such new ordinary shares shall rank in all respects *pari passu* with the existing ordinary shares in the Company save and except that they shall not participate in any dividend in respect of any period ended on or prior to 31st December 1961; and that they shall be entitled in respect of the year ending 31st December 1962 to half the rate of dividend that shall be payable on the existing shares.

   (*b*) That the said 200,000 new ordinary shares be offered in the first instance, subject to the approval of the Reserve Bank of India wherever necessary, for subscription for cash to those members of the Company whose names shall appear on the Company's share register on the 11th day of April 1962 in the proportion of one new ordinary share for every two existing ordinary shares then held by such members and so that half, namely Rs. 50, of the full nominal amount of each new share taken up together with the premium, viz. Rs. 25 in respect of each new ordinary share shall be paid to the Company in cash with the acceptance of the offer and before allotment.

   (*c*) That such offer be made by notice as hereinafter mentioned and that any member receiving such offer shall be entitled either to take up by paying therefor all or any of the new ordinary shares so offered to him or to renounce (upon signing a renunciation in such form as shall be prescribed by the Board of Directors) his right to all or any of such new ordinary shares in favour of a nominee or nominees; Provided that such nominee or nominees shall be a member or members of the Company or be approved of by the Board of Directors and that such nominee or nominees shall sign an acceptance of the shares so renounced in such form as shall be prescribed by the Board of Directors and that any such renunciation by a member and acceptance of such nominee or nominees shall be effective only if made upon forms to be supplied by the Company and lodged duly completed with the Company within the time specified together with the sum of Rs. 75 per share in cash (being the proportionate payment of Rs. 50 per share plus the premium of Rs. 25 per share).

   (*d*) That, subject to the approval of the Reserve Bank of India wherever necessary, the said offer be made to the said members by notice specifying the number of shares to which they are entitled and providing that the offer if not accepted within 30 days from the date of offer shall be deemed to have been declined and specifying that the payment for such shares at the rate of Rs. 75 for each new ordinary share so offered shall be made in full with the acceptance of this offer and before allotment.

   (*e*) That any new ordinary shares not taken up by the said members in response to the above offer shall be available for subscription by the members of the Company who take up their rights in full and who desire to apply for additional shares but so that the right to apply for additional shares shall not be renounceable in favour of any other person and the allotment of any such additional shares shall be subject to any condition which may be imposed by the Controller of Capital Issues and, in the case of a non-resident member, further subject to the approval of the Reserve Bank of India.

Note: 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

2. (*a*) The transfer books of the Bank will be closed from Monday, the 26th March, 1962 to Wednesday, the 11th April, 1962, both days inclusive.

(*b*) The dividend, if sanctioned, will be payable on and after the 12th April, 1962, to those Members whose names appear on the Company's Register on the 11th April, 1962.

(*c*) Dividend Warrants will be posted to the Members at their Registered addresses or in accordance with their mandates. Members are requested to advise change in their addresses, if any.

EXPLANATORY STATEMENT REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

The item of Special Business to be transacted at the Annual General Meeting to be held on the 11th April, 1962 is to consider and pass Ordinary Resolutions for the issue of new ordinary shares.

With a view to further strengthen the capital resources of the Company and in order to increase the ratio of paid-up capital and reserves to total deposits, the Directors propose to raise the subscribed capital of the Company by the issue of 200,000 new ordinary shares of Rs. 100 each in the manner set out in the Resolution.

None of the Directors is interested in the aforesaid resolution except as shareholders of the Company. The General Manager is not in any way interested in the said resolution.

By Order of the Board,
S. T. SADASIVAN,
General Manager.

BOMBAY, *9th March* 1962.

THE UNITED COMMERCIAL BANK LIMITED

Registered Office:

2, India Exchange Place, CALCUTTA-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Transfer Books of The United Commercial Bank Limited will be closed from Monday, the 26th day of March to Wednesday, the 11th day of April, 1962, both days inclusive.

By Order of the Board,
S. T. SADASIVAN,
General Manager.

CALCUTTA, *the 9th March* 1962.

INDIAN ALUMINIUM COMPANY LIMITED

31, Chowringhee Road

CALCUTTA 16

NOTICE IS HEREBY GIVEN THAT THE share transfer registers of Indian Aluminium Company, Limited will remain closed from 6th April to 27th April 1962, both days inclusive, prior to the Annual General Meeting of the Company to be held at the registered office, 31 Chowringhee Road, Calcutta, on Friday, 27th April 1962, at 11 a.m.

By Order of the Board,
T. D. SINHA,
Secretary.

22nd February 1962.

THE METTUR CHEMICAL AND INDUSTRIAL CORPORATION LIMITED

Registered Office: **METTUR DAM R.S.**

THE BOARD OF DIRECTORS HAVE DE-clared an interim dividend of 3 per cent tax-free in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act 1960 on preference shares and 7.5 per cent (inclusive of a special dividend of 1.25 per cent for Silver Jubilee) subject to deduction of tax on Equity Shares for the year 1961-62. Both the preference and equity dividends are subject to relief under Section 15C of the Indian Income Tax Act 1922 and the Income-Tax Officer, Salem has determined under Section 18 (3F) that 48.5 per cent of the dividends is exempt from Tax. The net interim dividend will thus be 33 nP or each preference share and 63.41 nP on each equity share. The dividends are payable to the shareholders standing in the registers of the Company as on 28th March 1962.

The dividend warrants will be posted to shareholders on or after 30th March 1962.

As already announced the Register of Members will remain closed from 13th to 28th March 1962, both days inclusive.

(By Order of the Board)
SESHASAYEE BROTHERS (PRIVATE) LTD.
Managing Agents

METTUR DAM R.S.,
5th March 1962.

EXTREME STRINGENCY IN MONEY

(From Our Own Correspondent)

BOMBAY, 14*th March*

Extremely stringent conditions prevailed in the money market during the week under review. In addition to the usual seasonal demand for funds, the quarterly tax payments aggravated the position. The inter-bank call money rate, which remained unchanged at 4½ per cent until Monday, jumped up to 5 per cent on Tuesday and stayed at that level today (Wednesday) also. Even at this higher rate, lenders were scarce. In Calcutta, the rate was higher still at 5½ per cent. Almost all banks were borrowers from the Reserve Bank of the highest Bank rate, namely, 6 per cent. There was no change in the short-term deposit rates, which are as follows:

	Per cent
Notice money from public:	
3 days or more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days (inclusive) ...	3½
(iii) 61 to 90 days	3½
(iv) 91 days and over but less than 12 months	3½
(v) 12 months and over but less than 24 months	4
(vi) Two to four years	4½
(vii) Four to five years	4½
(viii) Five years and over	5

Apropos the increase in the interest rates on advances referred to in this column last week, this correspondent reliably understands that the Bank of Baroda has raised its rate by ½ per cent only on those advances which were unremunerative, that accounts covered by this increase are less than 30 per cent of its total advances and that its average lending rate is still 6½ per cent same as in the case of most banks. No other bank has so far increased its lending rates.

The results of the Government of India's 91 days' Treasury Bills for this week were colourless. The total amount offered at Rs. 2 crores was exactly the same as the amount invited and that offered last week. The average rate of accepted tenders also remained unchanged at 2.585 per cent per annum. Tenders for Rs. 2 crores of these bills have been invited for the next week. There was, however, a striking increase in the absorption of 91 days' Intermediate Treasury Bills. Sales of these bills between 7th March and 10th March 1962 amounted to Rs. 128.75 lakhs. In the corresponding period of last week, sales of these bills were no more than Rs. 3 lakhs.

The statement of affairs of the Reserve Bank of India for the week-ended 9th March 1962 reveals variations in the Issue Department which are normal for the first week of a month. There is thus a large increase of Rs. 42.55 crores in the total notes issued, of which Rs. 38.18 crores constitute the share of notes in circulation. The expansion in note issue is covered on the assets side by boosting up the rupee securities by Rs. 45 crores. A fall of Rs. 2.45 crores is disclosed in rupee coin. This only means that the rupee coin in circulation went up by that amount during the week under review. The foreign securities held in the Issue Department are unchanged at Rs. 123.86 crores, but, as balances held abroad have declined by Rs. 3.21 crores, the total foreign assets are now no more than Rs. 131.51 crores. Other loans and advances, which include the Reserve Bank's advances to the banking system, have gone up by Rs. 6.68 crores. Of this increase, Rs. 4.61 crores have occurred under advances to scheduled banks against usance bills. The total of these advances are at Rs. 32.11 crores.

There have been no developments of any significant nature in the Gilt-edged market. The tone continues to be quiet, there being more sellers than buyers.

There has been a further improvement in the strength of the £ sterling, with the result that, in the local exchange market, the rupee has improved in terms of the U.S. dollar. The Banks' selling rate for ready T.T. on New York is Rs. 475.25 per 100 dollars: this shows a decline of 25 nP over the week. There has been a corresponding fall in the Banks' buying rate for ready T.T. which is now standing at Rs. 471.75 per 100 dollars. In the New York foreign exchange market, spot sterling is quoted at 281.700-281.740 cents per £, the improvement over the week being 0.110 cent. Three months forward also has gone up by a like amount to 280.000-280.040 cents per £.

PEPPER QUIET

(Messrs. Parekh and Co.)

BOMBAY, 14*th March*

Malabar black pepper ruled quiet this week, as New York refused to follow the rise.

After touching the highest at Rs. 320, ungarbled came down to Rs. 312, while garbled slipped down from Rs. 330 to Rs. 319. Calicut, after improving to Rs. 320, dropped to Rs. 310.

New York bought a few parcels at $0.37, but withdrew later, and is now reported giving indication at $0.35½. Singapore is steady at Str.$135 for black and Str.$172½ for white. Spot at New York came down from $0.38½ to $0.38.

The outlook depends mainly on the attitude of New York, as Russia and other East European countries are at present out of the market.

Ready pepper in Bombay is nominally quoted at Rs. 170 per 50 kilos.

TURNOVER IN BULLION SMALL

(From Our Own Correspondent)

BOMBAY, 14*th March*

Despite the relaxation of special margin rules, referred to in these columns last week, turnover in the bullion market did not show any improvement during the week under review. The daily average offtake was no more than 5,200 tolas of gold (as against 4,500 tolas last week) and 12 bars of silver (unchanged). For many operators preferred to await the emergence of a clearer picture regarding demand. And several others were not inclined to extend their commitments either way on a large scale, in view of the conflicting reports on contraband arrivals. The actual arrivals of gold this week were higher than those in the previous week, the daily average being 6,600 tolas, as against 6,000 tolas last week. Arrivals of silver, however, were lower at 12 bars, as against 17 bars. Over the week, prices were slightly higher except in the case of forward gold which was a shade easy.

A feature of trading in the forward section was that the rate for transferring commitments from the *Fagun* (March) to *Jeth* (June) settlement continued to be against bulls in gold and bears in silver throughout the week. Actually, in the case of white metal, the rate widened from 30 nP on Wednesday last week to 45 nP today, whereas the *badli* in gold forward declined from 25 nP to 20 nP.

The dollar price of gold in the London bullion market improved from $35.08¾ to $35.08¾ per fine ounce. Ready gold, however, declined from 249s. 2½d. to 249s. 1½d., following the firmness of the pound sterling *vis-a-vis* the dollar. Ready and forward silver continued unaltered at 84⅝d. and 85½d., respectively, as also silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	14-3-62 (closing)	High	Low	7-3-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	122.00	122.20	121.40	121.95
Forward: *Fagun**	122.25	122.45	121.60	122.30
Jeths	122.45	122.65	121.90	122.55
Sovereign	97.00	—	—	97.00
SILVER				
Ready (.996 fine)	216.90	217.35	215.15	216.25
Forward: *Fagun*†	216.85	217.35	215.60	216.50
Jeths	216.40	216.85	215.40	216.20
London—				
Gold	249s. 1d.	249s. 2½d.	249s. 1d.	249s. 2½d.
Silver Ready	84⅛d.	—	—	84⅛d.
Silver Forward	85¼d.	—	—	85¼d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 22nd March settlement. † 23rd March settlement.
§ June settlement.
N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

FIRM TONE IN METALS

(From Our Own Correspondent)

CALCUTTA, 13*th March*

Firm conditions were in evidence in the local base metals market during the week under review. The assurance given by the Union Commerce Minister, Mr. K. C. Reddy at the joint meeting of the Export and Import Advisory Councils that no cut in essential imports was proposed in the forthcoming licensing period induced trade circles to believe that, considering the tempo of industrial activity and the establishment of new units to produce cables and non-ferrous semi-manufactures, there exists a strong case for stepping up imports of non-ferrous metals substantially.

The recent sanction of a U.S. non-project loan of $100 million to meet the shortage of industrial raw materials has been a happy development. It is stated that this loan will finance imports of U.S. non-ferrous metals, carbon black, tool steels and other raw materials to be purchased on or after 25th April 1962. Since this loan has been sanctioned specifically to ease the shortage of industrial raw materials, it is to be hoped that the quota of non-ferrous metals usually imported from the U.S. would be substantially increased as from 1st April.

In recent months, the Government of India has issued licences to new units to produce non-ferrous semi-manufactures. While existing units complain that shortage of raw materials stands in their way of realisation of the installed capacity, the policy of creating further capacity is not in line with the need to utilise capital as best as possible. If only the existing units could step-up their production on two shifts a day, the country would be able to reduce imports of semis, which cost the exchequer a considerable sum of foreign exchange. The need to review existing capacity and the difficulties against its full realisation is very urgent now, and until such a review is undertaken and conclusions are reached the issue of further licences to new entrants should be kept in abeyance.

On the London Metal Exchange, copper opened at £235¼ a ton and gave way to £234¾ on lack of consumer interest. Although locally copper scrap prices were firm and shortage continued, the possibility of increased imports of virgin metals from the U.S. prevented an upward trend. Tin, in London, after being lower at £955 a ton, recovered to £957. Locally, it was firm at Rs. 1,604.25 per 100 kgs. Electrolytic zinc was also firm, but in London the price closed at £69½ a ton as against £69⅜ earlier. Lead here was quiet at Rs. 123 per 100 kgs., but in London the price recovered to £60½ a ton from £60⅜. During mid-week there was a reaction to £60.

DULL TRADING IN COTTON

(From Our Own Correspondent)

BOMBAY, 14th March

Conditions in the cotton futures market during the week remained practically unchanged from those obtaining on the preceding seven days. Business dwindled to a trickle, with the daily turnover not exceeding a couple of hundred bales. In fact, no business was done on certain days. The Jarilla March contract was priced at Rs. 692.75 and Rs. 693 (the ceiling) per three quintals. Although there were many tender days since the delivery period commenced on the 1st inst., not a single bale was tendered against the contract to-date. This is in keeping with the general expectation for, with spot prices ruling at, and in many cases, above the ceiling, no one expected that there will be any sizeable tenders.

Traders are disappointed that, although the March contract has virtually run out, official permission has not yet been received for commencement of trading in the next settlement. And the chances of obtaining permission is also considered to be very slender. Attention of operators are currently focussed on the probable outcome of the meeting of the Cotton Advisory Board scheduled to take place on Friday the 16th inst. The Board is expected to consider, *inter alia*, the cotton supply situation, export of Bengal *Deshi*, import of foreign cotton, price control, and quota for indigenous cotton. It is also expected to review the working of the system of compulsory survey of Indian cotton. Trade quarters attach considerable importance to the meeting in view of the current agitation for lifting the controls on cotton prices.

While trading in the futures section was a dull and tame affair, there was a revival of activity in the spot market. Following reports of an accord having reached between the representatives of the trade and the Textile Commissioner (details on page 465 of this issue) many mills, which were keeping off the market, made sizable purchases. The chief varieties in demand were Vijay, Digvijay, Co2, Laxmi, Kalyan, etc. Prices continued to rule at the ceiling levels.

Some export demand was reported for selected varieties of Bengal *Deshi* cotton in anticipation of an export quota. The general expectation is that a quota of 75,000 bales would be released without much delay, possibly soon after the meeting of the Cotton Advisory Board. Interest in foreign cotton was mainly confined to Sudan cotton although East African and American cotton also attracted limited mill buying. Sudan cotton prices have of late showed a declining tendency and they are expected to fall further. Some mills, therefore, preferred to postpone purchases. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 675; Khamgaon 980; Co2 1,200-1,625; Hubli Laxmi 1,173; B.P. 52 1,315; Sudan G3S 1,485; XG2L 1,300; Menufi 1,805; Giza 45 2,150-2,175.

Cotton futures in Karachi market drifted lower during the week. Lack of export demand and slow domestic mill offtake imparted weakness to the market. N.T.R.G. March declined from Rs. 73.75 last week-end to Rs. 72.70. The May contract eased from Rs. 73.75 to Rs. 72.20.

Under an agreement, recently signed between Pakistan and Bulgaria, the former will export cotton, cotton yarn, woollen fabrics, raw jute and manufactured hides and skins to Bulgaria in return for electric motors, ball and roller bearings, iron and steel and chemicals and fertilisers. The agreement will be in force for an initial period of one year and will be automatically renewed for additional periods of one year each, unless either country gives three months prior notice of its termination.

Cotton values in Liverpool suffered a further setback during the week. Both the American and American type contracts declined on light hedging and local liquidation which found buyers reserved. Sudan cotton contracts, however, ruled quietly steady with values nominally unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch cotton: March 24.25; May 24.45; July 24.60; October 24.10.

American cotton mixed growth contract: March 24.65; May 24.80; July 24.95; October 24.45.

Sudan: March 31.75; May 30.00; July 29.

Firm conditions prevailed in the New York cotton futures market during the week. The firmness was due to the continued strength of spot prices and scarcity of sellers. Trade buying and commission house support led to a hardening of values especially of near position which were well supported.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	14-3-62	6-3-62	28-2-62
New York spot	35.65	35.65	35.55
March	33.84	33.50	33.50
May	34.44	34.15	34.05
July	34.72	34.46	34.46

OILSEEDS RETREAT

(From Our Own Correspondent)

BOMBAY, 14th March

Oilseeds suffered a sharp setback during the week under review, thanks to bearish crop reports from major producing centres and absence of encouraging export enquiries for oils. Distinctly weak advices from North Indian mustard markets, too, acted as a damper. Groundnuts were subjected to heavy bull liquidation. Demand for solvent oil was sagging, as industrial consumers are not able to get necessary import licences for chemicals required for refining this type of oil, the production of which has been fast increasing of late. Castorseeds ruled easy as a result of protracted absence of U.S. buying of Indian castor oil. Some enquiries, no doubt, emanated from the U.K., but the business put through was quite limited, since the prices offered were rather unremunerative. There were, besides, rumours that a leading operator was dehoarding a large quantity of oil in Saurashtra. Linseeds encountered heavy selling, owing to large arrivals of new crop from upcountry centres. In sympathy, cottonseeds staged a retreat.

The groundnut May 1962 contract fell by Rs. 5.12 to Rs. 233.75. Khandesh quality eased by Re. 1.25 to Rs. 46.75. Nizam bold shed a rupee to Rs. 46.50. Oil May 1962 contract declined by 45 nP to Rs. 19.55. Oil ex-mill lost 25 nP to Rs. 19.55 and railway receipts 15 nP to Rs. 19.35.

The castorseed June 1962 contract receded by Rs. 5 to Rs. 166.87. The March 1962 contract closed lower at Rs. 168.87, as against Rs. 172.37. Madras small softened by 75 nP to Rs. 33.75, oil B.S.S. by 40 nP to Rs. 14.70 and commercial by 25 nP to Rs. 14.

Among linseeds, the March 1962 contract fell by Re. 1.56 to Rs. 36. The June 1962 contract moved down from Rs. 37.56 to Rs. 36.41. Bold ready declined by Re. 1.50 to Rs. 35.75. Linseed oil sagged by 65 nP to Rs. 15.85.

The cottonseed April 1962 contract eased by Rs. 3.25 to Rs. 103. July 1962 contract went down by Rs. 2.50 to Rs. 106.50. Berars, whites and non-whites shed 5 nP each to Rs. 20.60.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 14th March as compared with those of the two previous weeks:

	14-3-1962	6-3-1962	28-2-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	233.75	238.87	240.62
Nizam bold	46.50	47.50	47.50
Khandesh quality	46.75	48.00	48.25
Oil ex-mill ready*	19.55	19.80	20.00
Railway receipts*	19.35	19.50	19.65
Oil May 1962	19.55	20.00	20.50
Castorseed			
March 1962	168.87	172.37	172.37
June 1962	166.87	171.87	171.75
Ready Madras	33.75	34.50	34.75
Ready Kanpur	32.75	33.25	33.75
Oil B.S.S.†	14.70	15.10	15.15
Oil commercial†	14.00	14.25	14.35
Linseed			
March 1962	36.00	37.56	37.75
June 1962	36.41	37.56	37.75
Bold ready	35.75	37.25	37.75
Oil ready†	15.85	16.50	17.40
Cottonseed			
April 1962	103.00	106.25	107.75
July 1962	106.00	109.00	109.75
Niger seed	35.75	36.50	36.00
Kardi seed	34.00	34.00	34.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

ART SILK YARN RECEDES

(From Our Own Correspondent)

BOMBAY, 14*th March*

Despite the increase of 1d. to 39d. per lb. (f.o.b.) in the prices of all deniers and qualities of viscose yarn effected by the world's major producers from the 6th of this month, art silk yarns in the local market suffered a decline in values during the week under review. The decline followed selling pressure induced by fears of heavy sales by indigenous spinners. These fears stemmed from reports suggesting the possibility of the present distribution scheme being ended in the not too distant future, in view of the encouraging supply position, thanks to the high rate of support estimated at nearly 1.1 million lbs. per week. National Rayons 120 Bt. cones 1st grade fell by 31 nP to Rs. 13.31 per kg. 150 Bt. cones 1st grade dropped 17 nP to Rs. 11.44. Among imported yarns, 150 deniers Italy eased by Rs. 15 to Rs. 1,735 per 100 kg. 120 Italy was quiet at Rs. 1,900. 150 Japan and 120 Japan were both unchanged at Rs. 1,929. Amilan yarn (20 x 1) April contract was subjected to nervous bull liquidation and climbed down from Rs. 3,410 to Rs. 3,333. The June contract receded by Rs. 62 to Rs. 3,408.

In sympathy with art silk yarn and following liquidation by tired bulls prompted by weak advices from consuming centres as well as by fears of enlarged supplies in view of the reported decision of the Government to import staple fibre to make good a part of raw cotton shortage, staple fibre yarns drifted downward. Even the markedly enhanced rebate of 90 nP per kg. on exports of staple fibre fabrics announced by the Government on the 3rd inst., as against only 12 nP hitherto granted, was not of any avail. 40 x 2 April contract suffered a loss of Rs. 8, today's closing rate being Rs. 737. The June contract was quoted at Rs. 747. Spot Citys dropped 9 nP to Rs. 8.25. Centurys shed 7 nP to Rs. 8.25. Kohinoors were neglected at Rs. 8.38.

Cotton yarns continued to be dull in the absence of fresh encouraging news. Business put through was limited, with values moving narrowly. The scarcity of raw cotton affecting yarn output did not have any impact. Traders noted the Indian cotton Mills Federation's plea to the Government for the setting up of modern spinning units for export of yarn in the same was as composite mills are being sanctioned for cloth exports.

About 996,207 kgs. of art silk yarn were imported into Bombay port during the month of February 1962. Other imports were 288,266 kgs. of synthetic yarn, 404 kgs. of staple fibre yarn, 2,514 kgs. of staple fibre and 6,121 kgs. of cotton yarn. During [illegible] month, exports of cotton from Bombay port aggregated 636,594 kgs. and those of cotton sewing thread were 15,281 kgs.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	14-3-1962	7-3-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilan (100 kg.)—		
April	3,333.00	3,410.00
June	3,408.00	3,470.00
120 Japan (per 100 kg.)	1,929.00	1,929.00
150 Japan (per 100 kg.)	1,929.00	1,929.00
120 Italy (per 100 kg.)	1,900.00	1,900.00
150 Italy (per 100 kg.)	1,735.00	1,750.00
Nat. Ray. 150 Bt. 1 (per kg.)	11.44	11.61
Staple fibre yarn (40 x 2)—		
April	737.00	745.00
June	747.00	—
Kohinoor (per kg.)	8.38	8.38
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	18.50	18.50
20s Modern	22.75	22.62
32s Madura	29.25	29.50
40s T. T. Corin	33.75	33.75
60s T'Mangal	51.50	51.50
80s Mahindra	74.00	74.00

SELECTIVE BUYING IN TEAS

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 6*th March*

A total of 351,000 kgs. was offered in tea sale No. 10 held today. Quality of medium and good medium teas was well maintained, while some teas from the Nilgiris showed a slight decline. The market met with an irregular demand and buyers were rather selective in their purchases. Plain and low mediums met with fair support and often declined by 10 to 20 nP. Mediums were better supported and were fully firm and those with brighter liquors and clean leaf appearance were dearer. There was strong inquiry for good mediums which were often considerably dearer following quality. Highgrowns were a weak feature and there were a number of withdrawals under this category. However, a few selected invoices which sold were sometimes dearer with quality. There was less support than of late for unorthodox descriptions and these sold at much lower rates than last. Whole leaf grades were firm and sometimes dearer.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.95-4.15	4.70-4.90
Mediums	4.15-5.10	4.90-5.20
Good mediums	5.15-6.50	5.20-5.60
Nilgiris B.O.P.	5.00-10.90	

The average price realised in sale No. 10 was Rs. 5.25 per kilo, as against Rs. 5.48 in the previous week and Rs. 5.20 in the corresponding sale last year.

Offerings in dust sale No. 10 held on 7th inst. amounted to 227,000 kgs. There was a useful selection of dusts on offer. The market met with good but irregular demand. Plain and low medium descriptions met with fair support, but these were easier wherever the leaf appearance was mixed. Mediums were firm, but, here again, inferior descriptions under this category were easier. There was strong demand for good mediums and these were dearer with quality. Highgrowns were strong and dearer, buyers following quality. Residual and fibrous descriptions were in less demand and were much easier. Powdery C.T.Cs sold at prices below last, while others in this category were firm. C.T.C. types and legg-cut types sold readily, but these were sometimes considerably easier. Black exportable types opened barely steady, though there was better demand for these types as the sale progressed and at the closing of the sale these were dearer.

The average price realised in dust sale No. 10 was Rs. 4.06 per kilo, as compared with Rs. 4.06 a week ago and Rs. 4.87 in the corresponding sale last year.

Colombo: The market met with strong demand. Best uvas, particularly liquoring fannings, were dearer. Best mediums slightly tended easier, whilst others were firm. Small leaf lowgrowns were a little easier. There was good support for Gulf types which were steady. Best liquoring offgrades and dusts were strong and dearer whilst others were about steady.

London: North Indian and other growths: On Monday, there was a strong market and prices were dearer, buyers particularly emphasising medium coloury Assams which were several pence higher. In Wednesday's sale, the market was strong and prices ruled firm on Monday's rates.

Ceylon and South Indians: 27,093 packages were offered in Tuesday's sale, of which 9,236 packages were from South India. There was good demand for Ceylons which were dearer. Teas from South India also were well competed for at dearer rates except the plainest and thin liquoring, stalky sorts. Clean black fannings were a strong feature of the sale.

As we go to press Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No.* 11: 350,000 kgs. offered. Good but irregular demand. Plain and low medium fully firm. Mediums and good mediums stronger, and dearer. Highgrowns very irregular, much easier with decline in quality."

QUALITY TEAS IN DEMAND

(From Our Own Correspondent)

CALCUTTA, 13*th March*

Foreign buyers showed keen interest in quality teas included in yesterday's export offerings here. They were evidently aiming at the creation of adequate stocks in order to get through the period between now and before the commencement of the new season. With two more auctions, the current series of export sales is coming to a close. In consonance with the increased crop, sales in this season are higher, though prices realised have been lower compared to the last season. Demand has been higher because foreign buyers had to replenish their stocks. Stocks built in 1959 in foreign countries stood depleted in 1960 in view of the lower crop in India. Tea output is likely to expand further in this year and this is in accord with the Planning Commission's production target of 900 million lbs. by 1966. There have been firm indications that the world is drinking more tea, and, although at the opening of the new season's sales the pent-up demand between April and May would lead to steady conditions, increased offtake would depend on how soon the stocks that are now being built up in overseas countries would begin to decline.

The fact that, as compared to 1959-60 season sales in 1961-62 have been lower indicates that the keen competition being offered by the other producing countries can be met only by reducing cost of production. Against such a background, the trade and industry have encouragingly noted the hope expressed by Mr. K. C. Reddy, Union Commerce Minister, at the joint meeting of the Import and Export Advisory Councils, that the Government would favourably consider the demand for reduction in or abolition of the export duty, if it were assured that, as a result of such a step, there would be an appreciable increase in tea exports. The trade's contention is that the exports would increase within a short time, if only the Government abolishes the duty.

Tea shipments during the week declined further. Tea stocks in the United Kingdom increased by 3 million lbs. to 146.6 million lbs. in the week ended 2nd March. This increase was due to heavier shipments before despatches began to decline in the last two or three weeks. Within two or three weeks, the stocks would begin to decline, and such a decline is a usual feature just on the eve of the new season. For, while weekly arrivals in London would decline, offtake would be maintained and stocks depleted. In last week's sales in London, north India's quality teas commanded good attention, and medium Assam with colourly liquors were the strongest feature. In last week's Colombo auctions, too, demand was good. Such trend in the chief auction centres of the world including Calcutta reflects the need of overseas buyers to replenish their stocks. The Hamburg news report saying that a tea importing firm advertises the reported Japanese scientific discovery that tea drinking is a protection against radio-active fall-out—tannic acid in tea has been claimed to offer resistance to Strontium-90—has been noted with considerable interest here, as, with further likely tests of nuclear weapons in space by the Big Powers, tea may find several new drinkers, willy-nilly!

The trade believes that there is considerable scope for expansion of the tea market in the United States and Canada. While in the eleven months ended November 1961 tea exports from India to Canada declined to 5.85 million kgs. from 6.45 million kgs. previously and those to the U.S.A. increased to 9.27 million kgs. from 7.66 million kgs., the trade thinks that the aptitude of the U.S.A. to drink more tea should be followed up by intensive campaigns. The trade would like the Tea Board to consider the possibility of conducting campaigns in the U.S.A. and Canada similar to those now being conducted by it in England. On 1st March, a £100,000 campaign was inaugurated in Edinburgh by the Tea Board. A notable feature of this promotional effort is the plan to have a self-contained portable kiosk in every town. The kiosk will offer ready tea to visitors. The campaign is indeed a very big effort by the Tea Board. Sir Percival Griffiths, the Advisor in London to the Indian Tea Association, has welcomed the campaign, which, he considers, is very essential in view of the trend of production surpassing consumption.

Dusts offerings during last week's internal sales amounting to 29,971 packages met with good demand. Good C.T.Cs were readily absorbed to realise firm prices. Medium C.T.Cs were in good demand, but prices were irregular. The clear better liquoring sorts, however, were fully steady. Orthodox teas declined by 10 nP to 20 nP and non-wither Dooars by 15 nP to 20 nP. The bright lines were, however, firm. The quotations in rupees per one kg., inclusive of excise duty, were: good Assam C.T.C. dust 6.30 to 7.00, medium Assam C.T.C. dust 5.40 to 5.70, legg-cut dust 4.40 to 5.00, medium Assam dust 4.20 to 4.70, and plain orthodox dust 3.80 to 4.30. Leaf offerings, amounting to 512 packages, were irregular. A quantity of 45,123 packages was offered during the export sale held yesterday. The general demand was good. In the absence of adequate quantity of representative lots, no quotations were given. Prices for the best C.T.Cs and clean bright liquoring orthodox teas recorded gains, while the rest of the market depicted an irregular trend with fahnings giving way.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, 12*th March*

Superior bold crystal sugar ruled steady during the week, thanks to buying support from Gujarat, Saurashtra and other areas of the South. Inferior small crystal sugar also tended to rise on good enquiry from east U.P. and Rajasthan side. Crushing of cane by factories continued to be in full swing, as cane supplies were well maintained and recovery of percentage of sugar from cane also improved, as cane was now fully ripe. The week-end prices here were: wholesale spot delivery Rs. 106.50 per bag; mill delivery (per maund) E29 Simbhauli Rs. 37.80; D29 Amroha Rs. 36.44; Seohara Rs. 36.50; Bijnore Rs. 35; Meerut Rs. 36.94.

Sugar continued steady during the week in the Muzaffarnagar market, thanks to good demand in

the face of dwindling stocks, the monthly release had not yet been done for free sale by the Government. Factories, however, were faced with accumulation of stocks. The week-end prices were: crystal spot delivery Mansurpur D29 Rs. 105.25; E29 Sakoti Rs. 102 to Rs. 102.50 per bag; mill delivery per maund Saharanpur D29 Rs. 37; Lhaksar A29 Rs. 39.60; C29 Rs. 37.99.

Khandsari also improved fractionally, thanks to better buying support. New production had again begun, thanks to sunny weather. Crushers, however, were facing fall in cane arrivals. Week-end prices (in rupees per maund) were: moist 26 to 30; superior 30 to 33; crystal 31 to 33.50; *boora* from *khandsari* 35.50 to 36.50 per maund.

Spot *gur* registered good gains during the week, bulls were buyers, as they wanted to rig up prices in the futures section. Loading by railway was restricted. Stockists were building up stocks to despatch as soon as loading facilities were available. Consequently, stocks increased to 26,000 maunds. On the corresponding date last year, they were around 64,000 maunds. Total arrivals of *gur* here during the current season were about 400,000 maunds, as against 450,000 maunds a year before. Week-end prices of *gur* here were: *pansera* best Rs. 16; *dara* Rs. 14.50 to Rs. 15; *balti* Rs. 14; *shakker* Rs. 16 per maund.

Gur also improved in the Muzaffarnagar market during the week on good buying support. Arrivals, however, fell to an average of 4,000 to 5,000 maunds, apart of which went to stocks. Week-end prices were: *Chaku* Rs. 15.25 to Rs. 17; *pansera* Rs. 15.50 to Rs. 16.50; *shakker dara* Rs. 16 to Rs. 17.50; *masala* Rs. 17.50 to Rs. 18.50 per maund.

Gur futures spurted to touch new high levels on vigorous bull support. The *Baisakh* delivery crossed the margin at Rs. 15.25 necessitating the imposition of special margin of Rs. 350 per unit payable by bulls on all outstanding transactions. *Fagun* and *Baisakh* were quoted at Rs. 14.50 and Rs. 15.39, respectively, on Monday, as against the week's opening of Rs. 14.31 and Rs. 14.99.

Cane sowings are now in full swing. There were indications that acreage will increase further this year.

QUIET CONDITIONS IN KIPS

(From Our Own Correspondent)

MADRAS, 12*th March*

E.I. Tanned Hides and Skins market here was quiet last week because most of the tanners were out of Madras for Ramzan holidays. Demand for inland trade also was small. It has been reported that the U.K. importers were selling their earlier purchases at a discount, with a view to cover profitably later, and were indicating lower prices for shipment business. Stocks of calf skins have been small. Inquiries for tanned skins have been patchy. Prices in the raw centres have been firm and higher than the tanned skins export parity. Importers in Japan were showing interest in heavy weight sheep skins.

The next tanned skins public sales would take place on 19th March both in the U.K. and Germany, when 125,000 goat skins and 115,000 sheep skins will be offered in London and 87,000 goat and 45,000 sheep skins in Offenbach for sale. The results are awaited with interest. The following are the nominal prices per lb. in the local market for allround lots: Tanned cow hides 8/8½ lbs. average Rs. 2.30 to Rs. 2.40; tanned cow calf 1½/2 lbs. average Rs. 3.60 to Rs. 3.75; tanned buff hides 12/14 lbs. average Re. 1.90 to Rs. 2 and tanned buff calf 1½/2 lbs. average Rs. 3.25 to Rs. 3.40.

FURTHER RISE IN JUTES

(From Our Own Correspondent)

CALCUTTA, 13*th March*

The keen interest displayed in jute goods by overseas buyers and expectations of continued U.S. support in hessian led to further smart rise in prices here during the week under review. While fibre arrivals continued to fall, the need of mills to purchase more fibre following the Indian Jute Mills Association's decision to extend maximum loomage by one month to April steadied the fibre market. The fact that, despite increased production in January and February, the squeeze in ready goods continues is indicative of the pent-up demand. Earlier in the current season, overseas buyers had restricted their offtake to immediate requirements only and put off replenishment on the hope that prices would decline. This hope, of course, materialised when the increased crop brought down fibre prices. However, now that it has been clear that the declining trend is over and gradually a recovery has set in, overseas interest has increased. The fact that February-end stocks of goods with mills showed only a small increase, despite larger production, shows that demand is surpassing production.

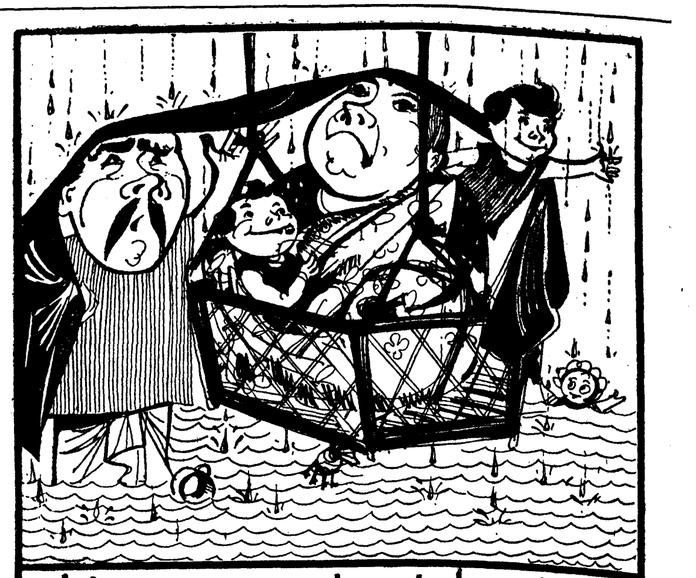
It is becoming clear that, in view of the good overseas demand, the capacity of mills to switch over from sacking to hessian is being fully put to use. Of late, demand for sacking goods has also shown a tendency to improve, and, although the increase in prices of heavy goods during this week was speculative as well as in sympathy with hessian, it should be realised that mills can no longer increase hessian output at the cost of sacking. The only alternative for mills is to keep in production as many of the looms as possible, until the squeeze in ready goods disappears. Although the I.J.M.A. has now extended unrestricted production by one more month, trade circles think that this period would have to be extended further. However, the capacity of mills to put as many looms as possible to work is restricted by their spinning capacity. With the squeeze in ready goods, mills have transferred production to those constructions in which the profit-margin is higher. This has led to an acute shortage of heavy goods and this explains the week's impressive gains in the prices of B. twills and other heavy goods constructions. D.W. flours, cornsacks and heavy Cees command a premium of Rs. 95, Rs. 60 and Rs. 30 a ton over the price of B. twills. Needless to say, hessian admits of the maximum profit, and deliveries up to June are in acute short supply. With good fibre stocks, mills are anxious to fill in their order books even beyond June, but distant demand has not been significant so far.

In order to enable mills to produce goods to their maximum capacity, mills are working their spinning departments in the weekly holiday also, and it is unfortunate that electric power available on holidays would be cut slightly from the beginning of April. However, the I.J.M.A. hopes that this cut should not materially affect the ability of mills to run the additional looms now being worked. Meanwhile, the monthly *Bulletin* of the Indian Central Jute Committee attributes the cause of mills not having been able to work all the looms to the lack of spinning capacity. Spinning departments work 23½ hours a day. This shows that no further increase in yarn output is possible. Now that it has been demonstrated that spinning capacity is below the capacity of the total loomage and that in an emergency it is not possible to keep all the looms in production, the time has come for mills to consider the possibility of increasing spinning capacity further. Trade circles are in full agreement with the view expressed in the *Bulletin* that the demand for jute goods from overseas countries has never been greater except during World War II and the stockpiling boom that followed the outbreak of the Korean war. During the week, purchases by the U.S.A. were satisfactory. The Argentine would need to purchase substantially in the coming few months since that country in 1961 had heavily consumed from stocks. Due to foreign exchange shortage, Argentina had drastically cut down hessian imports in 1961. This apart, the hessian market is being continuously supported by several other countries, notable among whom are the E.E.C. block, Africa, the U.S.S.R., the Middle East group and Central America. However, the position in respect of sacking is not so rosy as hessian. Pakistan mills have been able to undercut Indian quotations, and divert considerable overseas business from Calcutta. If, despite this, Calcutta is selling sacking to overseas buyers, this is due to the inability of Pakistan mills to cater to the increased requirements. Viewed thus, this week's increase in prices of heavy goods has been unfortunate.

Fibre arrivals during this week were estimated at 500,000 maunds, same as in the previous week. Purchases by mills exceeded this quantity. Tossa offered to mills was insignificant in quantity. It was apprehended that stocks of the higher grade fibre in the market were being kept apart in anticipation of higher prices. Even so, the fact emerges that, despite a bumper crop, the increase in the production of the superior grades has been unsatisfactory as compared to mesta and jungli.

Rumours of an imminent Burmese tender for heavy goods were one of the factors for imparting a firm tendency in the goods market on Tuesday last. Although overseas business done was small, ready B. twills were firm at Rs. 130.75. However, earlier in the day, activities in futures trading had pushed up the price. Ready hessian 40" 10 oz. was firm at Rs. 54.35. Overseas inquiries continued to come in both for heavy goods and hessian, and purchases of hessian by the U.S.A. were modest. This highlighted the shortage in ready goods, and explained the gain in B. twills to Rs. 131 and hessian 40" 10 oz. to Rs. 54.75. The market was closed on Thursday, being a public holiday, and when on Friday it was announced that mills would continue up to the end of April the extra looms unsealed recently, prices were pushed up. This information should normally have pulled down prices, but since it focussed market's attention on the need of mills to increase production in order to satisfy an-expanding overseas market, prices improved. Further, the increase in February-end stocks announced on the same day was insignificant. Thus, hessian 40" 10 oz. spurted to Rs. 56.25 and B. twills to Rs. 134. Over the week-end, there was good covering-demand and, with B. twills at Rs. 134 and hessian 40" 10 oz. at Rs. 56.35, prices were fully steady. There was modest covering business done yesterday, and prices for the above two constructions though fractionally lower at Rs. 133.75 and Rs. 56.25 were steady.

Fibre prices were steady and unchanged. The commencement of operation by the buffer stock agency was considered imminent. It has been unfortunate that the fall in prices of some inferior varieties below the minimum level is causing anxiety to the Government. While prices of jungli and mesta have fallen, those of tossa and middles are commanding a premium. While all concerned would readily agree with the official view that prices should be maintained as high as possible in order to ensure good sowing now, it is not a fact that prices have declined much below the minimum levels. Mills are purchasing as much as they can, and current prices should be considered fair considering that cultivators had obtained very high prices in the beginning of the season and in the closing months of the last season, and mills then had sustained heavy losses.



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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 9th March, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	53,20,79,000
(2) Other Governments	3,43,34,000
(b) Banks	82,73,25,000
(c) Others	151,56,91,000
Bills Payable	22,93,63,000
Other Liabilities	55,37,95,000
Rupees	510,25,87,000

ASSETS	Rs.
Notes	15,85,26,000
Rupee Coin	81,000
Subsidiary Coin	2,03,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	50,66,87,000
Balances held abroad*	7,65,20,000
Loans and Advances to Governments†	75,62,97,000
Other Loans and Advances	171,39,65,000
Investments	153,31,67,000
Other Assets	32,67,81,000
Rupees	510,25,87,000

* Includes Cash & Short-term Securities.

† Includes Temporary Overdrafts to State Governments.

The item 'Other Loans and Advances' includes Rs. 32,11,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	15,85,26,000	
Notes in circulation	2078,51,90,000	
Total Notes issued		2094,37,16,000
Total Liabilities		2094,37,16,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	123,86,07,000	
Total of A		241,62,10,000
B. Rupee Coin		115,55,79,000
Government of India Rupee Securities		1737,19,27,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2094,37,16,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	2-3-62	23-2-62	3-3-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	43,25	48,84	46,17
(ii) From others	749,41	744,87	696,86
(b) Borrowings from banks	17,03	20,55	18,30
(c) Others	53,05	53,80	49,45
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	14,51	15,04	13,55
(ii) From others	1,136,28	1,128,59	1,036,83
(b) Borrowings from banks	16,25	17,29	9,65
(c) Others	13,56	23,74	21,84
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,885,70	1,873,47	1,733,69
4. Aggregate liabilities [1 (a) (ii)+1 (c) +2 (a) (ii)+2 (c)]	1,952,29	1,951,00	1,804,98
5. Borrowings from Reserve Bank	40,11	32,20	62,40
(a) Against usance bills and/or promissory notes	27,50	21,27	27,55
(b) Others	12,61	10,93	34,91
6. Borrowings from State Bank and/or a notified Bank	12,70	12,84	15,05
7. Cash	47,50	48,42	44,88
8. Balances with Reserve Bank	75,66	75,11	69,76
9. Cash and balances with Reserve Bank as per cent of 4	6,81	6,88	6,35
10. Balances with other banks in current account	16,10	16,59	14,55
11. Money at call and short notice	36,63	35,32	25,64
12. Investments in Government securities	599,51	587,40	582,10
13. 12 as per cent of 4	30,71	30,11	32,25
14. Advances—			
(a) Loans, cash credits and overdrafts	1,157,04	1,145,86	1,071,94
(b) Due from banks	7,97	7,68	14,40
15. Inland bills purchased and discounted	165,48	164,16	142,66
16. Foreign bills purchased and discounted	46,86	45,70	49,76
17. Total Bank Credit [15 (a)+16+17]	1,368,35	1,355,72	1,264,36
18. 18 as per cent of 4	70,12	69,49	70,05

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	8.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	18th Jan., 1962	4.50	4.25
Bolivia	30th Sept., 1960	5	6
Burma	Feb., 1948	..	3
Canada†	..	3.23	3.26
Ceylon	13th Aug., 1960	3.50	4
Chile	Feb., 1957	4.50	6
Denmark	23rd May, 1961	5.5	6.5
Ecuador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	June, 1961	5.5	6
Finland	Mar., 1959	6.50	6.75
France	6th Oct., 1960	4	3.50
Germany	May, 1960	3	10
Italy	16th May, 1957	3.50	4
Japan	1st April, 1946	4	3
Mexico	28th Mar., 1961	5.50	5.50
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Mexico	26th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1960	2.75	3.50
New Zealand	24th Mar., 1961	5	6
Norway	14th Feb., 1958	3.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	8.00	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	2	3
South Africa	7th Dec., 1961	4	4.50
Spain	June, 1961	4.5	4
Sweden	18th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	3
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	8th Mar., 1962	6	5½
U.S.A.	1st July, 1960	3	4
U.S.S.R.	2nd Dec., 1961	2	4
West Germany	6th May, 1961	3.00	3

* Bank Rate. † Minimum to Bank of Canada. ‡ Discount rate. The lending rate is shown here, as compared with that for previous week.

State Bank of India

Statement of Affairs for the week ended 9th March, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		557,40,58,000
Borrowings from Other Banking Companies, Agents, etc.		2,81,50,000
Bills Payable		7,49,71,000
Bills for Collection being Bills receivable as per contra		2,38,09,000
Acceptances, Endorsements and Other Obligations per contra		1,12,62,000
Other Liabilities (including Inter-Office Adjustments)		3,18,80,000
Total	Rs.	588,23,80,000

PROPERTY AND ASSETS‡	Rs.	Rs.
Cash in hand and with Reserve Bank		26,09,58,000
Balances with other Banks		2,22,39,000
Money at Call and Short Notice		1,20,00,000
INVESTMENTS—		
Government and other Trustee Securities	237,87,25,000	
Other Authorised Investments	9,18,34,000	247,05,59,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	266,65,41,000	
Bills Discounted and Purchased	18,71,72,000	285,37,13,000
Bills Receivable being Bills for Collection as per contra		2,38,09,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,12,62,000
Premises less Depreciation		1,90,23,000
Furniture and Fixtures less Depreciation		1,46,41,000
Other Assets (including Inter-Office Adjustments)		19,41,76,000
Total	Rs.	588,23,80,000

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1960-61	1959-60*	Jan., 1962	Jan., 1961
Central Government Securities:				
(a) 3% conversion loan 1986 or later†	2.85	2.84	2.96	2.82
(b) Others‡	2.68	2.59	2.76	2.72
Debentures	4.11	3.97	4.15	4.14
Preference Shares	5.32	5.44	5.82	5.24
Variable Dividend Industrial Securities	4.88	5.27	4.62	5.04
Agriculture and Allied Activities	5.80	6.09	5.94	6.13
(a) Tea Plantations	6.01	6.17	6.04	6.51
(b) Coffee Plantations	5.12	6.06	5.87	4.04
(c) Rubber Plantations	6.33	7.60	6.95	6.34
Mining and Quarrying	5.31	5.19	5.20	
(a) Coal	4.56	5.82	4.37	3.96
(b) Other Mining	5.82	6.44	5.78	6.13
Processing and Manufacturing	4.35	4.70	4.22	4.62
Foodstuffs, Textiles, etc. ‡ ††	4.26	4.68	4.10	4.59
(a) Sugar	5.80	6.03	5.50	6.38
(b) Cotton Textiles	3.47	3.97	3.64	3.75
(c) Jute Textiles	5.15	5.60	5.26	5.60
(d) Silk and Woollen	3.17	3.98	2.86	3.38
Metals and Chemicals‡	4.18	4.19	4.33	4.49
(a) Iron and Steel	4.25	3.89	4.08	3.72
(b) Transport Equipment	3.88	3.48	3.89	3.34
(c) Electrical Machinery	5.08	5.09	4.58	5.88
(d) Other Machinery	4.07	4.55	3.35	4.27
(e) Basic Ind. Chemicals	3.59	4.14	3.60	3.91
Others	4.90	5.60	4.84	4.95
(a) Cement	5.21	6.07	4.64	5.19
(b) Paper	4.76	5.02	4.23	4.85
Other Industries	6.05	6.49	5.19	5.80
(a) Electricity Generation and Supply	6.28	6.86	5.34	5.87
(b) Trading	5.88	5.58	6.81	5.49
(c) Shipping and Other Transport	5.17	5.25	4.23	4.71
(d) Construction	4.49	4.12	3.78	4.73
Financial	6.31	6.64	5.49	6.19
(a) Banks	5.63	6.46	4.97	5.74
(b) Insurance	7.56	7.33	7.02	7.85
(c) Investment Trusts	6.85	6.28	6.50	6.87

* Average of 9 months. † Running Yield. Average of four loans (i) 3½% 1963, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous'. †† Including 'Edible and Vegetable Oils.'

State Bank of Pakistan

Statement of Affairs for the week ended 23rd Feb., 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,85,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	11,03,72,000
(b) Provincial Governments	64,06,000
(c) Banks	18,74,13,000
(d) Others	122,56,05,000
Bills Payable	37,59,000
Other Liabilities	14,01,60,000
Rupees	177,92,24,000

ASSETS	Rs.
Notes	15,04,21,000
Rupee Coin	19,000
Subsidiary Coin	49,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	27,60,32,000
Loans and Advances to Governments	5,35,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	69,96,63,000
Investments	50,12,12,000
Other Assets	11,23,34,000
Rupees	177,92,24,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	15,64,21,000	
Notes in circulation	380,25,54,000	
Total Notes issued		395,89,75,000
Total Liabilities		395,89,75,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	24,93,90,000	
Silver Bullion	....	
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	132,96,23,000
B. Rupee Coin	2,69,41,000	
Government of Pakistan Securities	254,34,05,000	
Internal bills of exchange and other commercial paper	....	257,03,46,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	395,89,75,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.00 per cent.

EXCHANGE RATES

		14th March, 1962	7th March, 1962
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅝	1-5⅝
Sellers T.T. D.D. upto six months	s.	1-5⅝	1-5⅝
Buyers T.T. spot to nine months	s.	1-5⅜	1-5⅜
Buyers T.T. 10 to 12 months	s.	1-5⅛	1-5⅛
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.25	475.50
Buyers T.T.	Rs.	471.75	472.00
London on New York	s.	2.8168—2.8171	2.8157—2.8159
London on Paris	Fcs.	13.8015—13.8035	13.7950—13.7970
London on Berne.	Sw. Fcs.	12.2200—12.2220	12.2100—12.2120
New York on London	s.	281.700—281.740	281.590—281.620

CLEARING HOUSE RETURNS

Centre	Week ended 9th March, 1962		Week ended 2nd March, 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	3,88,429	88,58,10,000	4,06,609	1,08,19,15,000
Calcutta	1,91,000	78,05,00,000	2,21,000	96,42,00,000
Madras	92,000	13,14,00,000	96,183	15,06,89,000
All Centres				
1958-59			45,172,000	97,67,12,00,000
1959-60			50,064,000	109,88,05,00,000
1960-61			$4,472,000	125,18,16,00,000
Dec., 1960			4,627,000	1,12,77,00,000
Oct., 1961			4,770,000	1,047,03,00,000
Nov., „			4,996,000	1,095,59,00,000
Dec., „			4,940,000	1,178,93,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	17th Feb., 1962	10th Feb., 1962	18th Feb., 1961	December 1961	December 1960	Percentage of Increase (+) or Decrease (—) in Dec., 1961 as compared with Dec., 1960	Annual Average 1961	Annual Average 1960
Food Articles	364	118.0	120.4 R.	116.0	117.3	117.0	+ 0.7	119.5	120.2 R
Cereals	102	103.8	103.7	99.9	100.5	100.4	+ 0.1	101.6	106.3
Pulses	43	97.4	99.2 R.	92.7	93.5	93.6	— 0.1	91.3	93.6
Fruits and Vegetables	23	130.1	136.8 R.	103.7	137.7	104.4	+31.9	131.2	131.1 R
Milk and Ghee	84	118.8	117.9 R.	117.4	115.4	111.1	+ 3.9	116.1	115.5
Edible Oils	47	157.3	156.7	160.8	158.1	164.0	— 3.6	158.8	148.8
Fish, Eggs and Meat	46	109.8	116.0 R.	139.0 R.	134.2	138.0	—12.5	131.0	121.1
Sugar and *Gur*	50	167.7	167.7	154.4	154.4	140.6	+10.4	120.7	155.6
Others	50	167.7	160.5	166.7	161.9	170.0	— 4.8	178.9	168.4 R
Liquor and Tobacco	21	99.5	98.1	118.2	96.3	113.1	—16.0	103.8	106.4
Tobacco	..	96.0	95.5	120.3	91.4	110.8	—17.5	100.6	104.5
Industrial Raw Materials	185	138.6	138.8 R.	121.7	121.5	119.9	+ 1.3	121.2	128.5 R
Fibres	61	138.1	138.8 R.	139.4	136.6	148.5	— 8.0	147.7	135.8
Oilseeds	79	138.3	137.1 R.	119.8	125.2	157.0	—20.3	150.0	130.3
Minerals	5	94.8*	94.8*	98.2	98.2	105.0	— 2.0	107.3	144.5
Others	38	129.1	129.1 R.	94.8	94.8	97.7	— 1.4	95.1	97.5
Manufacture	280	128.4	128.2 R.	128.2	129.4	131.5		137.0	129.0
Intermediate Products	61	127.6	128.4 R.	128.4	128.4	128.9	+ 0.3	127.6	126.6
Finished Products	349	134.6	136.3 R.	134.3	128.4	127.1	+ 1.0	128.4	127.1
Textiles	147	134.5	136.0 R.	128.8	132.4	135.0	— 2.5	135.2	118.8
Cotton	..	136.2*	136.2 R.	124.5	126.5	129.8	— 2.6	129.7	121.2
Jute	..	125.0*	125.0*	125.0	125.0	125.0	— 1.0	127.5	127.5
Woollen	..	111.6	111.7	107.7	117.7	143.8	—17.5	133.0	115.2
Silk and Rayon	..	135.4*	135.4*	130.1*	133.1	110.1	+21.8	119.0	107.6
Metal Products	113	136.2*	136.2*	134.8*	132.1	130.4	+ 1.3	116.4	108.6
Chemicals	80	152.2	152.0	151.2	147.1	146.8	+ 0.2	147.1	147.0
Oil Cakes	10	119.2	119.2	104.8	111.2	108.8	+ 2.1	108.7	104.7
Machinery and Transport Equipment	4	154.0*	154.7	148.6	148.6	148.6	+ 4.0	146.8	140.2
Others	30	115.9	115.9	115.6	115.6	119.1	+ 3.3	113.6	110.7
All Commodities	1,000	129.0	130.5 R.	128.7	128.8	128.0	— 1.4	128.8	122.9 R

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at the group index.

R.—Revised.

* Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

RAILWAY TRAFFIC— WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manu-factures	Raw Jute	Jute Manu-factures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manga-nese Ore
1957-58	8,856	1,319	811	148	67	31	145	17	138	315	25	259	35	108
1958-59	8,835	1,468	850	143	58	21	146	16	129	296	21	279	33	66
1959-60	9,388	1,433	874	136	53	19	149	16	129	369	44	284	36	77
1960-61	9,757	1,592	837	132	51	16	116	15	128	401	56	357	32	79
Dec., 1960	7,106	1,160	643	94	33	12	82	10	94	295	40	226	31	61
Sept., 1961	4,832	852	415	54	20	8	42	5	67	195	27	177	18	44
Oct., "	5,607	903	479	61	22	9	55	6	83	228	31	207	23	51
Nov., "	6,394	1,140	543	72	26	10	67	8	91	263	35	238	27	56
Dec., "	7,227	1,353	602	85	27	10	82	8	101	298	39	267	31	60

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

INDUSTRIAL PRODUCTION*

Industries.		1959	1960	January to October		Sept., 1961	Oct., 1961	Oct., 1962
				1961	1960			
Major Industries—								
Coal	million metric tons	47.80	52.61	46.61	43.63	4.59	4.29	5.10
Steel (Ingots and Metal for castings)	thousand metric tons	2,468	3,287	2,594†	1,782†	—	—	800
Yarn	.. million kgs.	781	788	639†	583†	74	—	64
Cloth	.. million metres	4,502	4,616	3,533†	3,439†	388	—	374
Cement	thousand metric tons	6,936	7,835	6,767	6,458	674	676	689
Jute	thousand metric tons	1,068	1,085	779	906	76	78	86
Paper and paper boards	thousand tons	299	345K	630	543	65	55	51
Matches§	thousand cases	649	661	2,257†	1,826†	17	—	16
Sugar	thousand metric tons	2,117	2,591					
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	439	601	596	478	66	57	58
Electric lamps	.. .. millions	34.84	41.39	38.79	33.29	4.11	3.38	3.66
Dry cells	.. .. millions	187.3	207.4	175.8	164.6	17.2	14.1	16.6
Power transformers	.. .. k.v.a.	1,016,400	1,248,000	1,277,700†	1,247,590†	157,300	—	130,100
Electric Motors	.. thousand H.P.	576	680	613†	485†	75	—	62
Electric fans	.. .. Nos.	726,000	991,200	839,100†	718,500†	92,800	—	76,500
Radio receivers	.. .. Nos.	213,864	266,700	265,400	208,226	30,616	25,296	23,947
Storage batteries	.. .. Nos.	442,800	510,000	445,700	421,200	39,400	34,300	38,700
Copper conductors	.. .. tons	6,624	10,068K	8,300K	8,030K	609	671	839
Winding wires	.. .. tons	2,832	4,200K	4,632K	3,420K	481	493	539
Rubber and plastic Ins. cables and flexibles ..	.. million yds.	166.08	208.32	174.4 J	166.97 J	17.21J	15.17J	17.45J
Insulators—H.T.	.. .. Nos.	982,800	2,317,200K	2,113,000K	1,726,200K	270,000K	—	183,000K
Insulators—L.T.	.. million Nos.	6.25	5,662,400K	3,108,000K	2,760,400K	390,000K	—	275,000K
Diesel engines—Vehicular	.. .. Nos.	8,712	9,708	7,769†	6,691†	747	—	897
Diesel engines—Stationary	.. .. Nos.	30,336	41,676	36,299	34,243	3,731	3,952	3,734
Chemical Industries—								
Salt	million metric tons	3.18	3.44	3.27‡	3.01‡	0.10	—	0.13
Caustic soda	.. metric tons	89,876	99,144	99,056	82,281	10,352	11,603	8,123
Soda ash	.. metric tons	95,328	145,284	144,090	117,099	14,294	17,053	12,183
Chlorine liquid	.. metric tons	24,780	31,656	28,110	25,140	2,697	2,985	2,768
Bleaching powder	.. metric tons	5,184	5,928	5,701	4,746	679	738	397
Bichromates	.. metric tons	4,464	5,472	4,285	4,542	409	434	457
Sulphuric acid	.. metric tons	296,880	359,400	340,924	299,720	34,854	34,000	24,130
Superphosphate	.. metric tons	251,652	322,464	304,259	271,252	33,142	30,100	19,512
Non-ferrous Metals—								
Aluminium	million metric tons	17,526	18,467	14,777	15,457	1,511	1,568	1,507
Antimony	.. .. tons	664	800K	404K‡	616K‡	56	—	50
Copper (virgin metal)	.. metric tons	7,764	8,992	7,060	7,511	775	582	780
Lead (virgin metal)	.. metric tons	3,958	3,778	3,143	2,907	350	285	315
Gold	.. .. ozs.	165,312	4,992Kgs.	4,029 Kgs.	4,100 Kgs.	416 Kgs.	397 Kgs.	407 Kgs.
Miscellaneous (Minor) Industries —								
Sewing Machines	.. .. Nos.	252,612	295,788	259,820	238,816	30,117	17,570	21,506
Bicycles	.. .. Nos.	990,744	1,050,744	857,267	846,368	84,728	78,468	85,048
Automobiles	.. .. Nos.	36,468	51,660	46,540	41,756	4,141	3,674	4,167
Cycle tyres and tubes	.. million Nos.	19.46	23.50	18.96‡	17.44‡	2.20	—	1.82
Motor tyres and tubes	.. million Nos.	2.28	2.64	2.53	2.13	0.28	0.20	0.19
Cigarettes	.. million Nos.	32,166	38,334	34,240	31,256	3,327	3,345	3,100
Plywood—Tea chests	thousand sq. metres	9,167	9,684	6,841‡	7,543‡	832	—	721
Plywood—Commercial	thousand sq. metres	5,022	5,220	4,714‡	3,654‡	504	—	631
Sheet glass	thousand sq. ft.	80,563	81,188	61,395	65,610	7,090	7,070	8,529
§Woollen manufactures { Worsted Fabrics	thousand metres	13,752	13,980	9,367‡	(10,358‡	1,239	—	1,252
{ Worsted Yarn ..	.. thousand Kgs.	12,960	12,588	10,478‡	9,434‡	1,376	—	1,036
Footwear—Western type (Leather) ..	.. million pairs	4.14	5.41	5.00	3.84	0.57	0.48	0.32
Footwear—Indigenous type (Leather) ..	.. million pairs	4.10	3.78	3.63	3.03	0.40	0.27	0.23
Alcohol—Industrial	.. million litres	57.84	58.04	54.79‡	44.54‡	7.26	—	5.14
Alcohol—Power Absolute	million Bulk galls.	8.07	48.52M	45.37M	41.44M	4.23M	5.50M	2.65M
Railway Wagons	.. .. Nos.	10,044	7,320	8,412‡	4,754‡	900	—	645
General Index—(Base 1951 =100 Revised)		181.9	170.3	183.5	183.6	180·0	—	170.0

* Figures are subject to revision month to month. § Includes figures for Jammu and Kashmir. —Not Available.
K, k—Figures in metric tons. Kgs.—Kilograms. J—In million metres. † Upto August only. ‡ Upto September only. M—In million litres.

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms	Particulars	From 1st Sept. to 12th March 1961–62 In Bales of 180 Kilograms	From 1st Sept. to 12th March 1960–61 In Bales of 180 Kilograms
Bombay Island—			**From Bombay**		
Cotton Receipts ..	Week ended 8th March 1962* ..	36,445(J)	Cotton Shipments to—		
	Corresponding week, 1961 ..	35,256(J)	United Kingdom ..	2,043	1,172
	1st Sept. to 8th March 1961–62 ..	1,032,593*	Continent ..	11,872	4,639
	Corresponding period, 1960–61 ..	1,167,169*	Hongkong ..	8,143	5,592
			China	—	—
Cotton Exports ..	Week ended 8th March 1962 ..	5,894	Japan	85,391	81,673
	Corresponding week, 1961 ..	16,221	U.S.A.	14,372	717
	1st Sept. to 8th March 1961–62 ..	155,208	Other countries ..	867	100
	Corresponding period, 1960–61 ..	182,065	Total to all foreign countries ..	122,188	94,893
Mill Consumption .. (Estimated)	1st Sept. to 8th Mar., 1961–62 ..	639,537A	Coastal Ports ..	61,611 (a)	45,277 (b)
	Corresponding period, 1960–61 ..	643,565	Total	183,799	140,170
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 8th Mar., 1962	560,600			(Bales of
	Corresponding date, 1961 ..	550,797	Cotton Exports from Bombay (by sea)	During Dec., 1961	180 Kgs.) 24,577
				During Dec., 1960	30,149
				1st Sept. to 31st Dec., 1961 ..	56,242
				1st Sept. to 31st Dec., 1960 ..	55,231
		In Bales of 392 lbs. nett.			(Bales of 392 lbs.)
Consumption of Cotton—			Cotton Pressed in India † (In running bales) ..	Week ended 23rd Feb., 1961 ..	64,326
Indian	November, 1961	378,170		Corresponding week, 1961 ..	137,718
Foreign		92,786		1st Sept. to 23rd Feb., 1961–62 ..	1,378,591
Indian	Three months ended Nov., 1961	1,147,076		Corresponding period, 1960–61 ..	2,347,982
Foreign		282,584			
Indian	Same Period, 1960	931,876	Karachi (Pakistan)— Receipts	1st Sept. to 22nd Feb., 1961–62 ..	820,342
Foreign		354,925		Corresponding period, 1960–61 ..	699,689
Stocks (Mills and Elsewhere)—			Exports	1st Sept. to 22nd Feb., 1961–62 ..	800,899
Indian	As on 30th Nov., 1961 ..	1,017,275		Corresponding period, 1960–61 ..	821,095
Foreign		394,561			
Indian	As on 30th Nov., 1960 ..	605,946			
Foreign		405,840			

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. (b) From Sept. 1961 to Jan., 1962. (a) From Sept. 1960 to Feb., 1961.
— Received. A-Adjusted.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Groundnut	Sydna and Gingelly Seed	Coal	Jute manufac-tures	Cotton manufac-tures	Iron & Steel manufac-tures	Iron & Steel basic materials
1954-55	82	75	77	73	84	255	94	104	122	90	102	112	82	114	100	102	107	110	
1955-56	76	73	67	64	69	170	94	94	98	77	97	117	79	110	101	98	103	110	
1956-57	97	88	123	122	71	165	104	95	100	80	111	126	111	97	116	98	116	131	
1957-58	105	88	114	126	98	164	109	110	107	92	106	133	106	98	128	98	116	131	
1958-59	105	105	106	126	98	166	116	121	121	101	99	116	122	96	128	97	118	146	
1959-60	105	96	119	128	75	186	116	124	161	96	106	125	131	122	135	91	117	146	
1960-61	108	90	122	130	87	206	118	127	136	111	112	210	146	128	141	101	133	147	
January 1961 ..	99	91	114	132	94	208	108	127	120	113	111	248	151	125	141	155	133	147	
February " ..	100	91	110	130	92	212	106	127	116	118	110	280	158	124	141	168	126	147	
March " ..	101	91	110	132	99	220	110	127	115	114	111	271	170	128	141	168	127	147	
April " ..	101	88	110	130	70	216	130	127	114	111	110	243	162	123	141	168	127	147	
May " ..	103	86	109	134	76	198	116	127	116	101	110	246	162	128	141	137	127	147	
June " ..	106	86	113	141	81	200	114	127	122	95	107	226	167	157	141	125	126	147	
July " ..	108	88	118	145	81	205	122	127	122	98	107	215	171	145	141	121	126	147	
August " ..	110	89	118	143	82	218	117	127	122	95	105	180	167	143	141	121	126	147	
Sept. " ..	110	87	107	136	81	199	117	127	122	95	104	155	156	148	141	114	126	147	
Oct. " ..	108	89	110	130	83	205	118	125	118	95	107	150	143	145	141	110	126	147	
Nov., " ..	106	92	108	128	86	180	114	125	118	93	108	149	143	143	141	116	126	147	
Dec., " ..	102	94	109	126	88	164	114	124	109	89	109	145	144	141	141	118	126	147	
January 1962 ..	101	98	118	130	91	177	112	122	108	92	110	146	145	141	148	116	128	147	

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 15th March 1962.

	Closing quotations 7-3-1962	High	Low	Closing quotations 15-3-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	218.00	218.00	216.00	217.00
Apollo (2) ..	2.28	2.42	2.26	2.50
Baroda Rayon (100) ..	150.00	151.50	148.00	149.50
Bombay Dyeing (25) ..	70.50	70.50	69.00	69.30
Bradbury (50) ..	195.00	213.75	193.75	207.50
Central India (100) ..	144.00	149.00	142.00	142.00
Century Mills (100) ..	618.00	627.50	610.50	615.50
Coorla Sp. (100) ..	153.75	157.50	152.50	157.50
Dawn (50) ..	175.50	182.00	167.00	169.00
Edward Textile (200) ..	452.50	—	—	452.50
Elphinstone (50) ..	133.00	138.00	132.00	134.00
Finlay (100) ..	377.00	377.00	350.00	354.00
Gokak (100) ..	225.00	230.00	218.00	221.00
Gold Mohur (100) ..	300.00	310.00	299.00	299.00
Gwalior Rayon (10) ..	54.00	54.50	54.00	54.00
Ind. Untd. Defd. (1) ..	3.78	3.94	3.60	3.70
Ind. Untd. Ord. (10) ..	21.04	21.12	20.80	21.00
Indian Rayon (87.50) ..	97.00	97.50	96.00	96.50
Indore Malwa (100) ..	180.00	180.00	177.00	178.00
Khatau (100) ..	491.25	528.75	483.75	490.00
Kohinoor (100) ..	815.00	817.00	810.50	811.50
Mafatlal (100) ..	992.50	1,002.50	980.00	980.00
Minerva Mills (100) ..	80.00	82.00	80.00	82.00
Model Nagpur (250) ..	151.25	—	—	151.25
Morarji (100) ..	451.00	450.00	422.00	425.00
Mysore (50) ..	67.00	67.50	66.50	66.50
National Rayons (100) ..	541.50	552.00	541.00	547.00
New City (100) ..	181.00	—	—	181.00
New Great (100) ..	293.00	300.00	293.00	300.00
Nishat (100) ..	284.00	302.00	280.00	284.00
Podar Mills (100) ..	154.00	155.00	151.00	153.00
Raymond Woollen (100) ..	142.50	146.00	142.00	145.00
Sassoon Silk (10) ..	13.00	—	—	13.00
Sassoon Spg. (10) ..	70.50	70.50	69.50	69.50
Shrinivas (100) ..	316.00	318.50	303.00	307.00
Simplex (100) ..	172.00	182.00	172.00	176.50
Standard (100) ..	1,080.00	1,091.00	1,054.00	1,063.00
Svadeshi (100) ..	297.50	300.00	291.00	293.00
Swan (100) ..	432.00	435.00	405.00	405.00
S. I. Viscose (100) ..	186.00	190.00	180.00	187.00
Tata Mills (25) ..	78.50	79.50	76.50	77.80
Vishnu (100) ..	161.25	—	—	160.00
Western India (250) ..	802.50	—	—	803.50
BANKS				
Bank of India (50) ..	152.50	153.00	152.00	153.00
Do. (New) (50) ..	154.00	154.00	153.00	153.00
Bank of Baroda (50) ..	122.50	122.50	121.50	122.00
Central (25) ..	72.00	72.00	68.00	68.00
Central 'A' (25) ..	73.00	73.00	71.00	71.00
Dena Bank (50) ..	74.00	74.00	71.20	71.20xd
Punjab National (10) ..	22.24	22.24	22.00	22.24
Union Bank (5) ..	9.52	9.52	9.00	9.32
United Com. (50) ..	104.50	104.00	102.00	102.50
Maharashtra (50) ..	79.00	80.00	79.00	80.00
ELECTRIC COS.				
Ahmedabad (100) ..	94.00xd	94.00	93.50	93.50
Amalgamated (10) ..	10.88	10.40	10.28	10.38
Andhra Valley (1,000) ..	1,027.50	1,027.50	1,022.50	1,025.00
Bom. Sub. El. (100) ..	103.75	103.00	102.75	102.75
Surat (100) ..	98.00	98.00	98.00	98.50
Tata Hydro (100) ..	112.50	112.75	112.50	112.75
Tata Power (1,000) ..	1,140.00	1,140.00	1,132.50	1,132.50
INSURANCE COS.				
British India (10) ..	11.76	—	—	11.76
Indian Mercantile (20) ..	54.00	55.00	54.00	55.00
New India (15) ..	59.50	60.00	59.00	59.00
New India 'A' (15) ..	61.00	61.00	60.50	61.00
Vulcan (10) ..	16.62	17.00	16.62	17.00
STEEL COS.				
Ind. Iron (10) ..	24.84	24.88	24.32	24.44
Mukand Iron (10) ..	27.75	27.90	27.25	27.50
Tata Steel Ord. (75) ..	189.50	140.75	137.75	137.75
SUGAR COS.				
Belapur (50) ..	240.00	253.00	238.00	238.50
Bhopal (10) ..	23.76	—	—	23.76
Chandoo (12.50) ..	23.00	—	—	23.00
Maharashtra (50) ..	170.00	180.00	166.00	167.00
Phaltan (50) ..	121.00	129.00	119.50	120.00
Walchand Ind. (100) ..	168.00	175.00	164.00	164.00
CEMENT COS.				
Associated Cts. (100) ..	158.75	167.25	158.25	158.75
Dig-vijay (100) ..	208.00	204.00	196.00	197.00
Orissa (10) ..	19.72	19.72	19.08	19.32
MISCELLANEOUS				
Alcock Ashdown (100) ..	340.00xd	342.00	323.00	328.00
Amar Dye-Chem (100) ..	355.00	357.50	321.25	331.25
Bom. Burmah (125) ..	645.00	651.00	639.00	641.50
Do. (New) (50) ..	281.25	282.50	267.50	267.50
Br. B. Petrol (1½ sh.) ..	1.38	1.58	1.38	1.50
Br. I. Corpn. (5) ..	11.44	11.44	11.24	11.24
Cooper Eng. (100) ..	187.00	186.50	182.00	184.00
Colour Chem. (100) ..	490.00	490.00	470.00	472.50
Hind Cycle (100) ..	113.00	—	—	118.00
Hindustan Lever (10) ..	68.50	70.50	68.20	70.00
Hindustan Motors (10) ..	20.76	20.80	20.28	20.36
I. C. & Invest. Corporation (100) ..	86.50	—	—	86.50
Indian Dyestuff (100) ..	545.00	552.50	531.25	535.75
Indian Copper (2 sh.) ..	5.20	5.16	5.04	5.08
Ind. Inv. Tr. (100) ..	78.00	78.00	76.00	76.00
Killicks (100) ..	94.50	94.50	93.80	94.30
Lakme & Tenduro (10) ..	42.00	42.25	40.65	40.75
Mahindra & Mahindra (10) ..	22.24	22.24	18.24	18.24 xr
New Central Jute (10) ..	17.00	—	—	17.00
Polychem (50) ..	227.50	232.50	217.50	218.75
Poison (100) ..	185.00	187.50	185.00	185.00
Pre. Auto-cables (100) ..	135.00	136.75	129.50	131.90
Premier Cm. (80) ..	197.50	198.00	174.50	176.50
Scindia (20) ..	19.40	18.48	13.20	13.20
G. E. Shipping (10) ..	12.88	12.56	12.52	12.52
Shivrajpur (10) ..	40.50	42.00	40.10	40.50
Sirpur Paper (10) ..	15.98	16.00	15.60	15.64
Synthetics and Chem. (100) ..	222.00	224.00	219.00	219.00
Tata Chemicals (10) ..	18.80	18.92	17.60	17.88
Tata Locomotive (100) ..	356.00	364.00	354.00	355.50
Tata Oil (25) ..	85.00	86.50	83.00	84.00
Tarmaco (10) ..	20.56	21.76	20.56	21.60
Tatlco (100) ..	285.00xd	288.00	280.00	282.00
W. I. Match (100) ..	312.00	315.00	300.00	301.00
W. Coast Paper (100) ..	184.00	187.50	182.50	183.00

GOVERNMENT SECURITIES	7-3-1962 Rs.	Gross Yield Earlier Redemption —	Gross Yield Later Redemption —	15-3-1962 Rs.
2½% 1962 ..		—	3.85	99.20
2½% 1963-65 ..	99.20	—	4.83	98.50
2½% 1964 ..	98.50	—	4.89	98.65
2½% 1964-66 ..	98.50	—	4.89	98.65
2½% 1965-67 ..	98.65	—	4.74	98.50
2½% 1966-68 ..	98.50	5.76	4.89	98.60
2½% 1970-75 1st Def. ..	98.80	4.04	4.89	98.65
2½% 1972 Com. Loan ..	98.80	4.46	4.74	98.50
2½% 1974 N. P. Loan ..	71.00	—	4.79	98.60
2½% 1965 N. P. Bonds ..	99.85	—	4.22*	71.00
3% 1966 ..	99.85	—	8.56	71.00
3% 1967 N.P. Bonds ..	99.90	—	5.60	99.85
3% 1974 ..	98.85	—	5.88	99.90
3% 1977 N.P. Bonds ..	99.55	—	5.78	98.85
3% 1960 Loan ..	99.80	—	5.82	99.90
3% 1962 ..	98.80	—	5.79	99.55
3% 1968 N.P. Bonds ..	98.70	—	5.77	99.80
3% 1969 N.P. Bonds ..	99.15	—	5.74	98.70
3% 1972 Loan ..	99.80	—	5.84	99.15
3% 1973 Loan ..	100.80	—	5.79	99.80
4% 1977 Loan ..	100.25	—	5.98	99.80
4% 1960 Bonds ..	99.80	—	5.99	100.25
4% 1960 Loan ..	99.80	—	4.06	100.10
4% 1961 Loan ..	99.95	—	4.06	99.80
	99.95	—	4.09	99.95
		—	4.11	99.95

* Ground Rents. xd—Ex-dividend. xr—Ex-Bonus. cum.—Cum-Right. xr.—Ex-Right.

COMMERCE

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

VOL. CIV. No. 2658 BOMBAY, 24th MARCH 1962 PRICE Rs. 2

THE COAL QUESTION

MUCH has been said and written about the coal muddle in the past one year and more, and something has doubtless been done to ease the situation of shortage caused, in the first instance, by the transport bottleneck and later by the slower tempo of coal production itself. But the requirements of coal consumers are all the time increasing, and the short-term improvisations have certainly not relieved the overall coal scarcity. The plight of some industrial consumers of coal in particular is already going from bad to worse, and this is patent from two very recent representations made to the authorities. One is by the Indian Merchants' Chamber on behalf of the soda ash manufacturing units in Gujarat, the coal quotas of which are to be drastically curtailed from May next. And the other is by the Engineering Association of India (Calcutta) on behalf of the foundry industry. Throughout 1961, it is said, this industry, not only in the southern States but also in U.P., Bihar, Punjab and Delhi, had received supplies of coke only to the extent of 25 to 40 per cent of their requirements, though the position in respect of West Bengal and Maharashtra was a little better. Since the beginning of the current year, there has been a further deterioration in the situation.

That most of the consuming industries, which had to manage with fitful and inadequate supplies of coal and coke in 1961, will have a still harder time in the current year will be apparent from the proposed allocation of quotas which are to take effect from 1st May next. For instance, the food processing industries will have a monthly quota of only 365 coal wagons, as against their present 691. The fibre industries (cotton textile, jute, etc.), which now have a monthly quota of 9,350 coal wagons, are allotted only 9,121 in the revised scheme of allocation. The steel works, which have been receiving 42,298 wagons of coal a month, will have its quota marginally increased to 42,560. As for engineering industries, the allocation to them will be increased from the present 1,433 wagons a month to 1,672. Plantations will have a monthly quota of 486 wagons, as against their present 460. Even public utilities (mainly power stations) will have no more than 24,685 wagons a month, as against their present quota of 23,512. It is only the heavy industries, which have been receiving 13,605 wagons a month, that will have a substantially bigger allocation of 17,247. Of course, fuller provision is now made for the coal requirements of export industries. Otherwise, the revised allocations, which are based on the anticipated availability of wagons in the different coalfields for loading coal in 1962 with an addition of 5 per cent cushion, do not seem, by and large, to be commensurate with the much higher level of industrial production that should be reached in the current year, if the expected inflationary pressures are to be contained, let alone neutralised (*vide* our short note entitled "Economic Survey 1961-62" on page 499 of this issue).

Why is the coal supply situation going from bad to worse? The reasons are not far to seek. In the first place, there has been a decline in coal production itself, with 13.8 million tonnes in the last quarter of 1961, as against 14.1 million tonnes in the corresponding period of 1960. Production in the whole of 1961 (56.10 million tonnes) was less than the second Plan's (1960-61) target of 60.96 million tonnes. In the first year (1961-62) of the third Plan, actual production seems to have fallen short of the year's target by about 8 to 10 million tonnes. Secondly, the availability of wagons for transporting coal in 1961-62 has also been less than the target therefor. It may be noted, in this connection, that the daily loading was 5,961 wagons during the year, as against the requirement of 7,183 wagons envisaged in the third Plan report. Both these factors—namely, slower tempo of production and inadequate transport availability—have aggravated the coal shortage so far, and they will continue to operate if a more energetic attempt is not made to step up production as well as transport capacity. Such an effort will mean that the third Plan target of 97 million tons (one ton=1.016 metric ton) has to be achieved now in four instead of five years and the daily average number of wagons has to be augmented to correspond to the targets therefor laid down in the third Plan, namely, 8,561 for 1962-63, 9,610 for 1963-64, 11,502 for 1964-65 and 12,339 for 1965-66.

If the coal production target is to be raised by a further 7 to 10 million tons in terms of the Planning Commission's reported re-assessment of demand, it will call for still greater effort on both the fronts—production and transport. According to Mr. B. P. Agarwalla, Chairman, Indian Mining Federation, who spoke at the forty-ninth annual general meeting of the Indian Mining Federation held at Calcutta on the 16th instant, an upward revision of the third Plan target to around 104 million tons is now almost a certainty. In anticipation of this, the private sector collieries have offered to raise 6.8 million tons over and above their share of the additional production of 16.8 million tons in the third Plan and the public sector is contemplating to increase its target of additional production to 23 million tons. The private sector's offer seems to have been approved by the Screening Committee set up by the Coal Controller to examine applications for utilisation of the loan from the World Bank. But the successful implementation of the private sector's target—not only the revised one but even the original one—would depend entirely on the formulation of a sound coal policy without any further loss of time.

The crucial elements of such a policy have been clearly spelt out by Mr. Agarwalla, First and foremost is the factor of transport. Since the shortfall in wagon availability in 1961-62 was largely responsible for the fall in the rate of coal production in that year, this limiting factor should cease to operate in the years to come. Besides removing this basic shortage of wagons, the railways should enlarge line capacity more speedily and also eliminate the wide fluctuations in day-to-day wagon supplies. The second factor is adequate power supply to the collieries. The coal industry now fin

per ton, representing the minimum price increase required. The industry's case for a price increase is *prima facie* worthy of examination, though it is not for us to say whether the increase asked for will be fully justified. But this much can be said. Even if the entire increase is given, it is unlikely to upset unduly the cost structure of consuming industries, for the cost of coal accounts normally for only 2 per cent or so of the cost of their products. In any case, when coal production increases rapidly thanks to the enforcement of more economic prices, other industries will be able to get more timely and adequate supplies of coal. This, in turn, will enable them to achieve their production targets in full and thereby effect some economies in cost as well.

JUTE INDUSTRY—AN IDEAL CO-OPERATOR

THE compliments showered by the Union Finance Minister on the jute industry, when he addressed the annual meeting of the Indian Jute Mills Association at Calcutta last week-end, are well deserved. The industry is certainly "alive to its manifold responsibilities and opportunities." Despite numerous handicaps, it is straining every nerve to maintain production at the highest possible level with due regard to quality. It is also earning for the country much precious foreign exchange; with export earnings of the order of Rs. 146 crores in 1961, which represented more than one-fifth of the aggregate exports amounting to Rs. 668 crores, the jute industry continued to be India's largest foreign exchange earner for the second year in succession. What is more, the industry, through the I.J.M.A., is evincing keen interest in the field of jute development. Above all, the jute industry is a fine example of co-operative endeavour. Its units co-operated together at considerable loss to many individual units to weather the crisis caused by shortage of jute. They have been acting in unison during the last six months to iron out the problems caused by a bumper jute crop, so that the grower of raw jute may receive an economic price for the fruits of his toil. They have decided to act co-operatively to operate a raw jute buffer stock scheme, though, strictly speaking, that should be done by the Government. Considering all this and the vital contribution it makes to the national economy thus, the jute industry is naturally entitled to ask for active Government assistance and encouragement. If the industry is to be "outward-looking and export-oriented," to borrow the Finance Minister's phrase, it must be in a position to compete in all respects on reasonably level terms with the Pakistan industry which is making an all-out bid to augment its production capacity with strong and sustained official support. Given similar encouragement and adequate supply of quality jute, the Indian jute industry will, there is no doubt, meet successfully the challenge posed by competition from Pakistan, what with its longer experience and higher operational efficiency.

What are the problems confronting the jute industry in India? And wherein lie the solutions? For the answers to these posers, one has only to peruse the "lucid and illuminating"—to quote Mr. Morarji Desai again—speech of Mr. D. C. B. Pilkington, the retiring President of the I.J.M.A. Mr. Pilkington dwelt at some length on the recent crisis in jute industry and the achievements of I.J.M.A. in meeting it. Since this aspect has been dealt with in detail on more than one occasion in this journal, it is unnecessary to go into this chapter again. Suffice it to say that, in the face of much ill-informed criticism and hostility, the I.J.M.A. met the jute shortage by a display of self-discipline and much benevolent unity which enabled the industry to keep production going and maintain supply to markets, though at a very heavy financial loss. During the six months from April to September 1961, the losses incurred by the industry exceeded six crores of rupees.

Against the background of two consecutive years of raw material scarcity, it is somewhat encouraging to find that the raw jute supply position is quite comfortable at present, thanks to the improvement in crop, from 4.03 million bales (exclusive of mesta) in 1960-61 to about 5.00 million bales (unofficial estimate) in 1961-62. Inclusive of mesta (a low quality jute), which yielded 1.15 million bales in 1960-61, the total crop is expected to be in the neighbourhood of 6.5 million bales of 400 lbs. each. It is equally comforting to hear that the jute mills continue to operate the maximum number of looms possible. Indeed, Mr. Pilkington claimed that the industry had now turned the corner and he could safely say that the current year would at least be a distinct improvement on 1961, with both production and volume of exports rising substantially. But there is absolutely no room for complacency. For, from the long-term point of view, what is required is, as Mr. Pilkington pertinently stressed, not merely one more large crop but a series of consistently good crops, so that the industry may be assured of a steady supply of raw material at stable and economic prices. For this, there are two essential prerequisites: one, adequate inducement for cultivators to sow sufficient jute and, two, some protection to mills against a crop failure due to adverse weather. Mr. Pilkington reiterated that both these prerequisites could be met through the operation of a buffer stock scheme.

While a buffer stock takes care of the quantitative aspect of raw jute, there remains the problem of quality. The importance of this problem is very obvious, especially for an industry like jute which sells almost 80 per cent of its products in world markets where there is keen competition not merely from our next-door neighbour, Pakistan, but also from alternative packaging media such as paper and plastic bags and adoption of bulk handling methods. Mr. Pilkington did well to focus attention on the need for improving the quality of jute crop. "It is," to quote him, "a task of great magnitude which demands all the resources of the Central and State Governments, if it is to be successfully tackled." The three basic requirements for achieving improvement in quality and greater productivity per acre are supply of improved seeds, adoption of better cultivation techniques, and use of more and balanced fertilisers.

Although the responsibility for meeting all these requirements rests on Governments, it is, indeed, creditable that the jute industry has been playing an active part in creating a climate for higher productivity in the cultivation of raw jute. Last year, it will be recalled, the I.J.M.A. set up a special jute development section. Its work was confined mainly to West Bengal where three development blocks of more than 100 acres each were established to demonstrate intensive cultivation methods to growers. But, lately, the Association has intensified its activities. Besides expanding its operations in West Bengal, it is establishing new blocks in Assam, Bihar, Orissa and Uttar Pradesh, so as to cover fully all the principal jute growing areas on a pilot basis. Further, a scheme for the multiplication and distribution of improved seeds has been drawn up. The industry is happy that the Government of India has accepted the scheme and promised a grant for subsidising sale of improved seeds to cultivators. The I.J.M.A. has also collaborated with the West Bengal Government in a series of fertiliser trials. It is needless to say that, to the extent efforts to raise productivity of jute-growing areas succeed, the competitive capacity of the industry to supply overseas customers with goods at steady, economic rates will increase and, at the same time, the agriculturists also will derive a higher reward for their labour.

The need for strengthening the raw material base of jute industry is all the more pressing, because the fibre constitutes the major element in the industry's cost structure, accounting as it does for as much as 60 per cent of the total cost of producing jute goods. In fact, it is the high cost of the fibre that has neutralised, to a great extent, the three distinct advantages enjoyed by the industry in the field of exports, namely, experience and organisational efficiency acquired over a number of years, modernisation of several mills in recent years involving heavy capital outlay, and production of modern jute machinery within the country itself.

Thus, a reduction in the heavy incidence of raw material cost is urgently required if the jute industry is to compete in foreign markets. No less urgent is the need for further modernisation and continuance of rationalisation in manufacturing processes, as well as in employment of labour. A specific reference to this issue was made by Mr. Pilkington. How rational is his, rather the industry's approach to the problem of rationalisation will be evident from the following extract from his speech:

"In the sphere of rationalisation, considerable progress has already been made; but more remains to be done, if we are to obtain the optimum efficiency in our mills. This is, of course, a matter that comes within the scope of the Wage Board, which, by its terms of reference, is specifically required to bear in mind the desirability of extending the system of payment by results. The Association has, therefore, been conducting a detailed and expert enquiry into the possibility of extending the piece-rate system, since, in the face of the competition that confronts us, it is imperative that any increase in wages should be linked with greater productivity. In the meantime, the process of rationalisation must go on and this demands a reasonable attitude on the part of all concerned. We, for our part, will adhere to the arrangement whereby all rationalisation takes place within the natural wastage of permanent labour force and, from the experience of the past year, I am hopeful that a realistic attitude will also be adopted by the labour.... In adjusting production to the availability of jute last year, we did everything possible to soften the impact on the labour force and, during the two weeks when we had to close down entirely, full lay-off compensation was, of course, paid. Nevertheless, the reduction in working hours due to jute shortage and the staggering of weekly holiday due to power shortage made life difficult for workers and the spirit of accommodation which these adjustments were generally made us, I think, for our future labour relations in the industry and for the continuance of essential rationalisation."

It is to be hoped that the problem of rationalisation in jute industry will continue to be approached by management and labour alike in a spirit of realism and mutual accommodation. Alluding to modernisation, the I.J.M.A. Chairman said:

"Since the end of the war, the industry has been modernising its machinery as fast as it can and, in the preparing and spinning sections, the process is now virtually complete. Most of this modernisation has been financed by the mills out of their own resources, with some help from the National Industrial Development Corporation. But the industry's reserves are now much depleted and, if we are to take advantage of the latest technological developments in the weaving department, we shall need more assistance in the form of loans from the N.I.D.C. and a reasonable allotment of foreign exchange for import of necessary machinery until such time as the machines are manufactured in this country."

Apropos these observations, the Union Finance Minister did admit that further modernisation in coming years was undoubtedly necessary. But he did not give any specific assurances, except to say that the "Government will do everything in its power to co-operate with the industry *in the same way* as it has done in the past" (italics ours). Since the Government is now fully aware of the jute industry's importance to the national economy as a whole and has been quite appreciative of its problems during the last four years in particular, one need not feel disappointed that Mr. Morarji Desai was not more overtly reassuring in his reply.

MR. WAGLE'S SUGGESTION TO MAHARASHTRA

IT is gratifying to find that industrialisation is making good progress in the Maharashtra State. It is good not only in terms of size but also from the point of view of diversification. While textiles and sugar are still the largest industries of the State, engineering (light, heavy, electric and mechanical), pharmaceuticals, dyes and other chemicals, cement, shipping and fishing are also forging ahead. Very soon, the State will have aluminium and newsprint industries also. All this has been possible not only because of the ready availability of infra-structure and other facilities but also because the Government of Maharashtra has been quite helpful to entrepreneurs in meeting their basic requirements. There is, however, still room for improvement in regard to the last mentioned aspect. Mr. N. M. Wagle, the retiring President of the Bombay Chamber of Commerce and Industry, performed the useful function of drawing attention to this point, in his valedictory address at the annual meeting of his Chamber last week-end, which Mr. Y. B. Chavan, Maharashtra Chief Minister, attended as the chief guest. Mr. Wagle deserves to be complimented for having resisted the temptation of dwelling in his speech upon problems of all-India importance and for giving prominence to the pressing problems of industrialists in the State, for it is only appropriate that a regional chamber should pay attention primarily to the affairs of the region concerned. Similar problems do exist in some of the other States also; accordingly, Mr. Wagle's observations will be of interest to a wider audience.

The problem which Mr. Wagle, an ex-I.C.S. official, wanted the Maharashtra Government to tackle expeditiously was to reduce, if not completely eliminate, the exasperating and time-consuming ritual of an entrepreneur having to run from pillar to post before putting up an industry. The preliminaries to be completed for securing an industrial licence are themselves numerous, involving many a trip to New Delhi. What then? Mr. Wagle simplified his task by giving the following quotation from a book. *With Malice Toward None*, by Mr. S. G. Barve, another ex-member of the I.C.S. and now the Finance Minister of the Maharashtra Government:

"Armed with the licence, the entrepreneur will return to his State of origin and will have to look out for land for locating his factory; and, thereafter, arrange for the supply of power, water and possibly a railway siding to the location. Each one of these is apt to become an issue in itself.

"If land cannot be had by private negotiation, he will have to move the State Government for acquiring the land. As regards water-supply, he will have to negotiate with the municipal authorities concerned if he wants to draw on their supplies. Power may be short, as it often is in so many parts of the country, and he will have to obtain an allocation for the requisite power. Likewise, in respect of a railway siding, a telephone connection, etc., he will have to negotiate for the provision of these facilities with the several authorities concerned."

The fulfilment of all these tasks is rendered needlessly more difficult by the behaviour of the service agencies concerned which seem to think that their "administrative mechanics" is an end in itself. What is the remedy? Mr. Wagle's answer was along these lines: First, "there must be authorities at appropriate levels to decide finally issues disputed between different public agencies and departments, for once it is known a difference will be decisively resolved, it will generally not arise in the first instance." Secondly, "a strong and adequately equipped central department" is required "to deal with all other authorities under the State Government and present the entrepreneur with a clear picture of what he can and cannot do, instead of making him go to each separate authority for land, for building permission, etc., etc. This central body should be able not only to correspond with but to issue directions to all other bodies. It should be able to ensure proper compliance with all aspects of Government's policy and regulations, but it should not ask the entrepreneur to waste months of valuable time going from one authority to another." Surely, the implementation of this simple suggestion will not make any onerous demands on the State's resources. On the contrary, it will help speed up the progress of industrialisation, the benefits of which will accrue not only to Maharashtra but to the country as a whole. As readers are aware, delays in implementing approved industrial projects are expensive to the entrepreneur and the country alike. When projects fail to fructify and yield production in time, "imports have to be allowed, until effective supplies materialise in India. Where imports cannot be allowed, several other industries which might be relying on supplies from licensed production are handicapped in their progress. The cost of servicing capital invested, but not effectively used in production, is passed on to the purchaser under present conditions of a closed economy. Finally, there is the loss of tax revenue to the State and Centre." Thus, the importance of Mr. Wagle's plea for "a very bold and thorough approach to eliminate all the delays and bottlenecks which continue to frustrate entrepreneurs willing and capable of undertaking industrial development" cannot be denied or minimised. No wonder then that Mr. Chavan's immediate response to it was helpful and encouraging. It is to be hoped that he will not allow the matter to rest there but take prompt steps to implement the suggestion and thereby earn the credit for setting a good example for other State Governments.

MARKET GOSSIP

Owing to Holi *holiday during the busiest part of our week, we have found it necessary to hold over this customary feature.*—ED.

DELHI LETTER

MUDALIAR COMMITTEE REPORT FALLS BELOW EXPECTATIONS

BUT CASE FOR TAX RELIEFS WELL ARGUED

From Our Special Correspondent

NEW DELHI, 21*st March*

IMPORT policies and export promotion measures have been so often discussed in the last few years that the scope for new ideas is not very large. Even so, the report of the Ramaswami Mudaliar Committee presented to Parliament this week falls below expectations in many respects. With the facilities at its disposal, the Committee could have gone deeper into some issues like the problem of underutilised industrial capacity; industry-wise or region-wise breakdown of data might have helped to locate the areas where import policy could have been more liberal if foreign exchange was available. On the recurring controversy over maintenance or development imports, the Committee has repeated the truism that the two are only different facets of the same problem; but was there not scope for indicating, by examples if not by exhaustive enumeration, the cases in which precedence might have been accorded to maintenance imports over capital goods for new units? The order of priority for development imports now suggested by the Committee—power and transport, export-oriented industries, raw material and components industries like alloy steel, and industries using indigenous materials and arranging their own foreign exchange for plant and machinery—is not much different from existing practice. On a number of other matters, the Committee has only recommended further investigations; data on the progress made in the substitution of imported by indigenous materials have not, it seems, been compiled by the Government or the Committee.

More serious is the omission to discuss the role of export duties in relation to export promotion though this was included in the questionnaire; this subject had special relevance to the problems of tea export and an opinion on how far the present rate of duty has affected sales would not have been superfluous. The general criticism of State Governments that they are unmindful or at least unconscious of the effect of their policies on the export drive has been followed by the suggestion that the Centre should take the entire responsibility for sales tax remission and make suitable adjustments with the States. Specific suggestions are only a few in number; decontrol of tea exports, creation of a buffer stock for coffee to stabilise exportable supplies, and income-tax relief to exporters are among the major policy matters as distinguished from the numerous procedural changes which are only of marginal importance to export promotion.

Import Policy

Import policy in recent years is a close approximation to what is feasible among competing claims, in the circumstances of declining reserves, stagnant exports and scanty untied aid to support the balance of paymets. The Committee had no power to frame a national import budget, since Defence imports lay outside its purview; it could only express the opinion that much could be done under Defence production to conserve and earn foreign exchange and that a high-powered body working *in camera* may be asked to go into this matter. Consumer goods, it says, are already severely curtailed in terms of their percentage share to total imports, but this question deserved further probe in the context of the growth of new industries and increase in their output.

"Our general hypothesis," says the report, "is that the present stringent import restrictions and rigid exchange allocations may continue in respect of production destined purely for the domestic market." Its tenability is open to doubt; such "pure" cases are difficult to find and exports in future must increase in those articles in which production for a large internal market can show a decreasing cost per unit and hence a competitive price. There is now a vicious circle of import cuts, low output and high internal prices due to the pull of the internal market. This will remain unbroken so long as the rigid allocations continue. While the Committee cannot in fairness be blamed for not being able to find a way out of this dilemma, its recommendation loses force if it is too general, as when it says "where exports can be really assured, Government should have no hesitation in making available ... raw materials and balancing equipment..." The proposed "selective approach," grant of assistance for stimulating additional exports over normal past performance and detailed technical and policy scrutiny by an inter-Ministerial sub-committee will only pass the problems back to the Development and Export Promotion Councils.

Procedural Modifications

While there are few suggestions for substantive changes in import licensing, procedural modifications suggested therein are of limited importance. Delays are attributed to the complexity of the licensing system and the inability of the staff to cope with the work. *Prima facie*, annual licensing should help simplification and ensure certainty but the conditions which the Committee has suggested to spread exchange remittance over a year, and to facilitate cuts, if needed, in the second half of the year will take away much of its value to the licensee. A longer period of validity for licences and further decentralisation of licensing work—as in newsprint, for example—may help; better public relations and opportunity for applicants to state difficulties are also good as far as they go. The Committee agrees that *ad hoc* licensing, except in an emergency, is undesirable and considers that customs and income-tax clearances could be vastly improved. After having heard the case of the established importers with sympathy, the Committee has been unable to suggest any improvement in their position.

Duly impressed by the magnitude of the problem of export promotion to reach a target of annual exports of Rs. 1,300-1,400 crores, the Committee rightly observes that all the efforts taken so far have touched only a fringe of it; the influence of the internal market is strong; there is no strong export tradition; and promises of exports extracted from new industrial ventures have been honoured only in their breach. The Committee suggests industry-wise and commodity-wise studies of the items that could be or should be released for export, as if such a study did not fall within its own province; it also calls for a strong co-ordinating machinery and a powerful organisation, but does not say whether it should be a separate Ministry as contemplated by the Prime Minister some time ago.

Adventurous Policy Needed

The transition from the present "moderate and often ineffective" export promotion to an "adventurous policy of aids and incentives" which the Committee recommends, should not prove an impossible task, if all that is needed is acceptance and implementation of its three major recommendations. The first is that the Government should underwrite in full the foreign exchange required for manufacturing goods for export; if reallocations of available foreign exchange are not enough for this purpose, friendly countries and even private sources of credit should be persuaded to take an interest in this aspect of assistance. This is, however, not new in principle, since it is implicit in the present system of importing cashew nut in kernel for processing and export and also in the system of manufacture in bonded warehouses.

A Novel Suggestion

The creation of an import-export stabilisation fund and an independent agency—the Export Stabilisation Board—to administer it would transfer the practical problems to other hands. The analogy of the I.C.I.C.I. in the field of industry has been pressed to prove the utility of such an organisation, but the wide range of powers required for its functioning may create some difficulty. The Committee says that "the arrangement would imply the matching of additional import credits with export performance so as to augment both sides of the equation and improve India's balance of payments in the process." The Government may doubt whether its problems would not at least occasionally be complicated, if the new agency is to have control over export earnings, in order to service its obligations and insure itself against default, or if it is given statutory authority to negotiate credits in any part of the world under the guarantee of the Government of India for import of raw materials. These implications require closer study; the whole scheme may be rendered superfluous, if the Government gets a little more aid by way of untied credits and is willing to set apart a portion as a revolving fund under its own direct control for use in the manner suggested by the Committee. Since by definition, the returns on the operation will be quick, there may be no need for the round-about process of dealing with a Board.

Incentives

The case for income-tax relief not only on earnings from additional exports but also on existing earnings in order to provide an incentive for maintaining current export levels in the face of odds, has been well argued by the Committee; the drawback, if any, of its triple relief formula is that the Central Board of Revenue will take a long and hard look at it for possible snags and loopholes for evasion. A 7½ per cent remission on the deemed profits of basic export turnover, plus a tax rebate (on the principle of the development rebate for industry) of about 5 per cent on profits from export to create a reserve from which to finance export promotion efforts, plus a special tax remission of about 10 per cent on the deemed income from additional exports might seem a give-away programme, but it is consistent with the Committee's stand that the mercantile community cannot be expected to be guided purely by altruistic and patriotic motives, especially when there are large profits to be had on internal sales. If compulsory exports are to be ruled out as quite impracticable (as the Committee has promptly done) on the ground that it would lead to distress sales and lower earnings, there is no alternative to an acceptance of income-tax reliefs as proposed by the Committee.

Recognising that tax remission on additional exports may lead to collusion (by an exporter sharing his exports with another to whom the benefit would accrue and then sharing it with the latter), the Committee considers that the scope for abuse will be restricted, because of the continuing interest of an exporter in the remission on

(Continued on next page)

TREND OF SHARES

TECHNICAL RALLY FROM NEW LOW LEVELS

(From Our Own Correspondents)

BOMBAY, 22nd *March*

STOCK markets staged a moderate technical rally this week, after registering generally new low levels on Monday. The rally, hinted at in these columns last week, was overdue, in view of the preceding sharp and 'uncorrected' setback. It was brought about largely by short-covering, though some selective replacement buying was also in evidence. Due to the intervening holidays, which restricted trading, its impact on the price level was, however, limited. Nevertheless, at close, values were well above the week's low levels, and some market leaders showed modest gains. A weak start came to a slightly steady close, with the prospects of the rally extending further in the course of the next week.

The fact that there was yet a month and a half to go for the tax proposals under the new Central budget to be presented influenced the sentiment. Rumours that T. T. K. may not be a member of the Cabinet also helped the recovery to some extent.

The fall on Monday could be described as an extension of the continuing trend before it could be corrected by a rally. That it came off despite normal carry-over charges in the principal markets was, therefore, not surprising. It was brought about by stale liquidation and bear pressure. But it would appear that the bears pressed sales rather to test the strength of the market and, having met with some resistance at lower levels, they thought it best to cover their short-sales. Some misgivings about the budget continued. A section of the operators, who were inclined to believe that there was little scope for direct taxes now, came forth to extend fresh support. The follow-up, however, was cautious and limited. Investment buying was restricted more because of forecasts from some prominent stock brokers of yet lower levels in April.

On Dalal Street, steels were more actively supported because of their relative 'cheapness'. Indian Iron staged a swift rally near the close to Rs. 24.76 from the week's low of Rs. 24.20 and closed on balance with a gain of 28 nP at Rs. 24.72. Tata Ordinary looked up from Rs. 138.25 to Rs. 140 to close at Rs. 139.75, that is, two points higher than last week. Mukand were better at Rs. 27.80, against Rs. 27.50 a week ago.

Close to follow were textiles, which finished with small but widespread gains. Trading here was highlighted by a spurt in Gokak which closed Rs. 14.50 higher at Rs. 235.50. Indu Ordinary recorded a gain of Re. 1.44 at Rs. 22.44 and Deferred of 16 nP at Rs. 3.86. Gokak were keenly supported on reports of better working during last year, while Indu Mills' shares were firm on excellent corporate news. Among others, Bombay Dyeing moved up from Rs. 68.70 to Rs. 70, and closed 50 nP above last week at Rs. 69.80. The oversold position in these shares reflected in no contango at the turn of the settlement induced bears to cover their positions. After having been sold down from Rs. 613.50 to Rs. 605, Century moved up to Rs. 617 to finish 50 nP lower on balance at Rs. 615. Standard rallied from Rs. 1,022 to Rs. 1,053, but, at close, were Rs. 15 lower at Rs. 1,048, as compared with the previous week. Other issues showed small changes either way.

The miscellaneous section largely lagged behind. But select issues like Bombay Burmah and Alcock showed a gain of Rs. 9.50 and Rs. 8 (at Rs. 651 and Rs. 336), respectively over the week. Hindustan Motors improved by 48 nP during the week to Rs. 19.84. Amar Dye-Chem went up by Rs. 8.75 to Rs. 340 and Voltas by Rs. 3 to Rs. 285. After rallying from Rs. 534.50 to Rs. 543.50, National Rayon still showed a loss of Rs. 3.50 over the week. Indian Dyestuff closed Rs. 13.75 lower at Rs. 520. Telco moved up from Rs. 345.50 to Rs. 351, but at close were Rs. 5.50 lower at Rs. 350. Other issues showed minor changes.

Trading in other sections was dull. Cements ruled steady; shippings were a shade better; insurances were firm, banks quiet and sugars and electrics subdued. The cash section was devoid of any particular interest. Changes were small. Camphor, however, rose from Rs. 69 to Rs. 93 on active support and Permanent Magnets closed with a gain of Rs. 8.50 at Rs. 193.50. Kesar Sugar were marked down by Rs. 23.75 to Rs. 256.25.

Jute shares dominated the scene in Calcutta and were keenly sought after on encouraging advices from the raw jute and jute goods markets. While Birla, in the forward list, closed 31 nP higher at Rs. 35.62, among cash shares, Bally gained Rs. 13 to Rs. 291, Budge Budge Rs. 7 to Rs. 142, Burnagore Rs. 5.50 to Rs. 163, Delta Rs. 9 to Rs. 184 and Champdany Rs. 5 to Rs. 130. In the forward list, Dunlop Rubber were 25 nP better at Rs. 43.62 and Texmaco 35 nP better at Rs. 21.70. Other issues showed small losses, with Kesoram closing 75 nP lower at Rs. 33, Guest Keen 25 nP lower at Rs. 44.75 and Indian Cable 38 nP easier at Rs. 36.12.

In the cash section, among textiles, Bharat Commerce were marked down from Rs. 29.50 to Rs. 28.62 and Cawnpore from Rs. 9.62 to Rs. 9.25, followed by Jayshree from Rs. 17.31 to Rs. 16.87. Coals were dull, but Bengal were Rs. 6 lower at Rs. 346 and Equitable Rs. 3 at Rs. 26.94. Engineering shares showed small variations either way, but, among chemicals, Calcutta were conspicuously steady at Rs. 17.25 against Rs. 14.94 a week ago. Miscellaneous issues lacked any drive.

Trading was devoid of any speculative interest in Madras. A generally steady tone was discernible at the close of the week. Among sugars, E.I.D. found buyers at the lower levels and closed Re. 1.50 higher at Rs. 38.50. But Deccan were easier by 10 nP at Rs. 9.95 and Cauvery by Re. 1 at Rs. 106. Among teas, Chembra eased further from Rs. 3.52 to Rs. 3.25, but Highland looked up from Rs. 13.10 to Rs. 13.25. Coffees and rubbers were neglected. In textiles, Bangalore Woollen were easier at Rs. 240 as against Rs. 243 a week back and Travancore Rayon at Rs. 42.25, against Rs. 46. But Buckingham improved from Rs. 264.50 to Rs. 267 and Cannanore from Rs 158 to Rs. 160. Coimbatore Pioneer showed a rise of Re. 1.50 to Rs. 85, while South India Viscose moved down from Rs. 187.50 to Rs. 180.50. Among cements, Andhra closed Rs. 2.60 higher at Rs. 12.10; Orissa, however, eased from Rs. 19.62 to Rs. 19.25. Ashok Leylands were easier at Rs. 9.10 against Rs. 9.28 a week ago and so were Western India Plywoods at Rs. 201 against Rs. 202.

RIGHT SHARES

Dalmia Iron and Steel Company Ltd. proposes to issue further capital of Rs. one crore in ordinary shares of Rs. 10 each. The present subscribed capital of the Company is of Rs. 80 lakhs in equity shares of Rs. 10 each. The new capital is to be raised presumably to meet the requirements for the proposed expansion of the existing spun pipe plant as also to erect a new plant in Maharashtra, for which the Company is negotiating with a French firm for providing financial and technical collaboration. Out of the Rs. one crore issue, shares worth Rs. 60 lakhs are proposed to be issued to the Company's technical collaborators. The balance of Rs. 40 lakhs will be issued to the existing shareholders in the ratio of one share for every two shares held. It may be recalled that the Company issued 400,000 equity shares of Rs. 10 each at par in October 1960.

The Directors of the **Bank of Maharashtra Ltd.**, Poona, propose to increase the Bank's capital from Rs. 50 lakhs paid-up at present, including Rs. 10 lakhs in new shares, to Rs. 2 crores, divided into 400,000 ordinary shares of Rs. 50 each. The capital is being increased following the suggestion from the Reserve Bank of India that banks should strive to maintain capital and reserves at not less than 6 per cent of the total deposits.

Eastern Investments Ltd. is to issue 25,630 rights shares of Rs. 100 each at a premium of Rs. 10 per share to the holders of equity shares as on 12th June 1962, in the ratio of one share for every two shares held. The Company's reserves stood at Rs. 63.87 lakhs, including Rs. 61.20 lakhs general reserve, as on 31st December 1961.

The **New India Assurance Company, Ltd.** proposes to issue, subject the consent of the Controller of Capital Issues, one fully paid bonus share of Rs. 15 each for every five shares held.

(Concluded from previous page)

his own basic export earnings and rebate on the reserve. One must hope that the Government will not dilute these proposals and reduce the benefits intended as incentives. Since the Committee has not favoured the currency retention scheme adopted in Germany, France, Japan and Pakistan, nor total abolition of export duties, this remains the only incentive; its other suggestion that, instead of retention of foreign exchange earnings, exporters may be permitted to import freely any items and resell unwanted goods to others may introduce more complications and lead to bypassing of import control priorities and regulations.

The Committee's other proposals are less controversial. A general rebate of 25 per cent on railway freights on all goods exported may not be selective; it may give benefits where none is needed over and above income-tax reliefs. But it may have a powerful psychological effect in counteracting the attractions of the internal market. In addition to expediting drawbacks of import and excise duties on exports, it is suggested that there should be a remission of sales tax of 2 per cent on export costs, with the Central Government making such readjustments as are necessary with the States. The total loss to the Treasury as a result of all these concessions should not be very large.

Side Issues

On some of the side issues of trade policy like the value of the rupee payments agreements and the role of the State Trading Corporation the Committee has not recorded any important findings; there is nothing to show that rupee agreements have diverted trade as some have alleged. The S.T.C.'s only sin seems to be its poor public relations; barter trading which is also often criticised is regarded as a useful method. India's participation in trade fairs abroad leaves much to be desired; sales promotion through display, not mere exhibiting, is needed but such imagination cannot be expected under official auspices.

The impression one gains is that the impact of the Committee's Report on official policy will not be considerable. The Government is expected to announce its decisions shortly and most of the routine and procedural matters will be accepted. The coming Budget will indicate the extent of income-tax relief to be granted; and, perhaps, more committees will come into being to examine several other suggestions, as, for instance, the one pertaining to the stabilisation fund.

CAPITAL MARKET NEWS

NEW ISSUES

SARDESAI Brothers Limited, Bombay, which was incorporated in 1939 as a private limited company and converted into a public limited company in March 1961, proposes to raise its subscribed capital of Rs. 10 lakhs in equity shares of Rs. 100 each to Rs. 50 lakhs which will be half its authorised capital of Rs. one crore. The Directors and their friends are taking up shares worth Rs. 22.50 lakhs, and the balance of Rs. 17.50 lakhs is being offered to the public at par. The subscription lists will open on 9th April and close on 18th April, or earlier at the discretion of the Directors, but not before 11th April. The entire public issue has been underwritten by the Investment Corporation of India Ltd.

The additional capital is being raised to cover a capital outlay of Rs. 40 lakhs on the Company's expansion programmes. The first unit in the country to manufacture carboxy methyl cellulose (popularly called c.m.c.) under a formula of the Council of Scientific and Industrial Research, adopted on a royalty basis, the Company proposes to double its present annual capacity to 1,200 tons. The product is of standard quality and is used in all the oil drilling operations in the country. Its demand from industries like detergent, insecticides, textiles, paints and others is expected to rise sufficiently to absorb the increased production. The Company also manufactures textile auxiliaries, chemicals, soaps, preservatives, surfactants, synthetic resins and penta chloro phenols. It has also a technical assistance agreement with Nopco Chemical Co., New York, for the progressive manufacture of Nopco products in India for internal consumption as well as for export to Burma and Ceylon. The factory is at Bilimora, Gujarat. Mr. M. B. Jambhekar is the Chairman of the Company.

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Having received the consent of the Controller of Capital Issues to issue equity capital of Rs. 50 lakhs in shares of Rs. 100 each out of its authorised capital of Rs. one crore of which Rs. 50 lakhs is also in unclassified shares of Rs. 100 each, **TAK Machinery Ltd.,** Bombay, will enter the market on 29th March to raise Rs. 24.50 lakhs by way of public subscription. The lists will close on 4th April, or earlier at the discretion of the Directors, but not before 31st March. A sum of Rs. 25 per share is payable on application and a like amount on allotment, and the balance of Rs. 50 in two equal instalments at an interval of not less than three months. Out of the issue of Rs. 50 lakhs, the Directors, their friends and associates have already subscribed for 7,560 shares, and propose to take up additional 17,940 shares, leaving 24,500 shares to be offered to the public.

The Company has a project for the manufacture of a wide range of lifting and conveying equipment. The production programme is as follows:

Electric overhead cranes 24 per annum, electric hoist blocks 1,600 per annum, portable floor cranes 600 per annum, chain pulley blocks 960 per annum, conveying equipment (capacity to be determined one year after the plant goes into production), steel structurals and trolleys 3,000 tons per annum and grey iron castings 2,400 tons per annum.

Messrs. Fellows Brothers Ltd., England, are collaborating with the Company for manufacturing electric cranes, electric hoists and chain blocks. For producing conveying equipment, the Company is negotiating with a prominent foreign firm for its collaboration. The Company will be the first to manufacture electric cranes in the country. The present production of chain blocks and conveyors in the country is very small. Supply is also restricted because of restricted imports. The Company proposes to widen the range of equipment to be manufactured. Mr. Yogindra N. Mafatlal is the Chairman of the Company.

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Premier Paper Mills Ltd. proposes to offer for public subscription 12,500 equity shares of Rs. 100 each. The subscription lists will open on 2nd April and close on 11th April, or earlier, but not before 4th April. The Company has an authorised capital of Rs. one crore, consisting of Rs. 75 lakhs in equity shares of Rs. 100 each and Rs. 25 lakhs in redeemable preference shares of Rs. 100 each. Its present subscribed and paid-up capital is of Rs. 12.50 lakhs all in equity shares. The Company has been licensed to manufacture 2,160 tons of pulp and a like quantity of writing, printing and wrapping paper a year. Its plant at Jogeshwari, suburban Bombay, is designed to make writing and printing paper from rice and wheat straw, waste paper and rags. It is expected to go into production in the middle of this year. The Company has purchased an imported paper mill plant with a daily capacity of five to six tons from Paper Mill Plant and Machinery Manufacturers Ltd., the licensees and concessionaires of James Bertram and Son Ltd., Scotland. The plant is an integrated pulp and paper making unit. The Company is likely to secure an import licence for wood-pulp. Mr. A. K. Patel is the Chairman of the Company.

* * * *

Hanuman Tea Co. Ltd., Calcutta, will offer equity capital of Rs. 5 lakhs in shares of Rs. 10 each to the public. The lists will open on 23rd March and close on 30th March, or earlier, but not before 26th March. A sum of Rs. 5 is to be paid on application and the balance on allotment. The Company's total capital issue is of Rs. 10 lakhs in equity, half of which the Directors and their friends have taken up.

NEWS IN BRIEF

THE Life Insurance Corporation of India has opened a main office at Panjim in Goa, with two sub-offices at Margao and Mapuca.

The Madhopur-Kathua rail-line, linking Jammu province of Kashmir State with the rest of the country, is expected to be opened to traffic by March 1964.

The Power Gas Corporation Ltd. in Britain has agreed to give a royalty to the Fertilisers and Chemicals (Travancore) Ltd., Alwaye (F.A.C.T.), on all orders executed by the Corporation for the design and supply of equipment for manufacturing ammonium sulphate from gypsum, a by-product of phosphoric acid.

The Union Government and the Government of Mysore have agreed in principle to the transfer of the Kolar and Hutti gold mines to the administrative control of the Centre, according to Mr. Morarji Desai, Union Finance Minister. The details of transfer and consequential arrangements are under consideration.

An agreement with a British firm for collaboration in the setting up of a heavy structural and vessel works in the public sector in India is being finalised. The project is for the production of 12,500 tons of pressure and other vessels required by the steel fertiliser, oil and similar industries and for 25,000 tons of heavy structural steel works.

A loan of Rs. 1.50 lakh has been granted by the Centre to the U.P. Government for financing expenditure on the construction of transmission lines and sub-stations for the railway electrification programme in the State for the current financial year. The total loans sanctioned so far to the State for this programme, including the current loan, amount to Rs. 31.30 lakhs.

A nine-man team of engineers has left for Moscow to participate in the preparation of the project report for the two-million-ton refinery to be set up at Koyali near Baroda with Soviet collaboration. The team which is led by Mr. M. S. Pathak, Senior Electrical Engineer of the Indian Refineries Ltd., is expected to stay in Moscow for about eight months to finalise the report.

A Rs. 38-lakh spinning mill, the first of its kind to be established in the public sector in India, was declared open at Balarampuram last week by the Chief Minister of Kerala, Mr. Pattom Thanu Pillai. The mill is run by a board of management appointed by the Government of Kerala, with the Director of Industries as Chairman. It has 12,000 spindles and provides employment to 300 persons. The number of spindles is expected to be raised to 12,000 by the end of the third Plan and to 36,000 ultimately.

The Government of India has decided to put into circulation one naya paisa coins in nickel-brass alloy in order to economise in foreign exchange expenditure on imports of copper for coinage purposes. These coins are being made from the metal recovered from the withdrawn nickel-brass coins of the anna-pie series. The new coins will be exactly of the same design, shape and weight as the old ones, but will be yellow in colour.

As a measure of price support for wheat during the next harvest, the Government of India has decided to guarantee a price of Rs. 13 per maund for average quality common varieties of white wheat when delivered at specified *mandis*. If need arises, the Government will buy wheat from farmers at this price. The output of wheat has gone up from 7.7 million tons in 1957-58 to 10.6 million tons in 1960-61 and is expected to have increased further during 1961-62.

The Central Wage Board for tea industry has recommended interim relief for employees of plantations in West Bengal and Assam, with retrospective effect from 1st December 1961. Regarding the daily rated labour in the plantations in these two States (excluding Darjeeling hills and Cachar district), the board has recommended an interim increase in the daily wages of men workers by 8 nP., of women workers by 7 nP and of employable child workers by 4 nP. The corresponding increases for those employed in Darjeeling hills are 10 nP, 8 nP and 5 nP. Workers in the Cachar district, it may be recalled, got a wage increase in June last. For the monthly rated clerical, educational, medical and supervisory staff and artisans in both States, including Cachar, the recommendations are for an increase of Rs. 10 a month and for the other monthly rated staff Rs. 6 a month.

The Government of India has reconstituted the Demographic Advisory Committee with Dr. V. K. R. V. Rao, Director, Institute of Economic Growth, Delhi, as Chairman. The members of the Committee are Prof. P. C. Mahalanobis (Honorary Statistical Adviser, Cabinet Secretariat), Prof. D. R. Gadgil (Director, Gokhale Institute of Politics and Economics, Poona), Dr. P. S. Lokanathan (Director General, National Council of Applied Economic Research), Dr. C. Chandrasekaran (Director, Demographic Training and Research Centre, Bombay) and three officials. The functions of the Committee are to advise on research and studies on inter-relationship between economic, social and population changes and the reproductive pattern, attitudes and motivation affecting the size of the family. The Committee will also give advice on the programme of training and research, keeping in view that it should be of use to assist the Government in taking action in the economic and social fields for developing a sound national programme of reconstruction. It will also co-ordinate demographic research schemes aided by Government, review the progress made in centres receiving financial assistance from the Government and examine and make recommendations on proposals for financial assistance for demographic research.

* * * *

From Abroad

President Kennedy denied reports that Communist China approached the U.S. Government for supply of wheat. He, however, stated that two U.S. companies had submitted requests for licences to export wheat to China.

It is understood that Soviet Russia will buy 72,000 tons of rubber from Indonesia this year, 30,000 tons from estates and the rest from small holders. Russia is also expected to buy Indonesian tin "in unlimited quantities."

Large shipments of Japanese cars and trucks are expected to be imported into Australia later this year. These imports have been approved by the Federal Government in view of the fact that Japan is purchasing Australian wool.

The West German Government plans to set up a corporation to promote private investments in developing countries. The new Government-owned corporation provides incentives for private investors who support the flow of capital to developing countries.

Nigeria will appeal for foreign loans of £300 million for its six-year development plan, under a Bill to be presented to the Federal Parliament later this month. Total expenditure of the plan is expected to be about £600 million. In 1961, the U.S. announced aid totalling £80 million for Nigeria over the next five years.

West Germany's trade with other members of the Common Market rose from 25 per cent to 33 per cent of the total West German trade between 1958 and 1961. But the share of developing countries in the total West German imports fell from 23.3 per cent to 21.5 per cent and in the total West German exports from 21 per cent to 17.9 per cent.

The Ministry of Industry in Iraq has authorised the operation of a new plant for the manufacture of razor blades by the Razor Blades and Cables Industries Company. Production will start soon. Initial output: 150,000 razor blades a day. Foreign experts are training indigenous personnel. The venture saves foreign exchange expenditure worth $500,000 a year. Production is planned to be extended later.

The European Common Market has authorised Italy to exempt certain products of the lead, zinc and silk industries from the 10 per cent acceleration in internal tariff cuts which came into effect in May 1960. Under Article 226 of the Treaty of Rome, a member-State may ask for authorisation to take measures of safeguard in special cases during the transitional period.

The New Zealand Government has approved in principle the use of privately-held "free" funds held abroad for financing imports. Such imports will not be subject to the present blanket quantitative restrictions. There are many individual holdings abroad of currency and securities, but "free" funds generally represent the finance accumulated by firms in the course of business from sources such as commissions and royalties.

PERSONAL

MR. Keshavlal R. Shah and Mr. Shantilal C. Kadakih have been elected President and Vice-President, respectively, of the Paper Traders' Association for the current year.

Mr. H. M. Seervai Advocate-General of Maharashtra, has been appointed Vice-Chairman of the State Bank of India *vice* Prof. Karve, who has assumed charge as a Deputy Governor of the Reserve Bank.

Dr. G. S. Kasbekar, until recently Deputy Director of the General Ordnance Factories and project officer of the new Explosives Factory at Bhandara, has taken over charge as the Managing Director of the Hindustan Antibiotics Ltd., Pimpri, Poona. He succeeds Mr. S. T. Raja, who has been appointed General Manager of the Hindusthan Steel Plant at Rourkela.

Mr. C. L. Bajoria, Chairman, Messrs. McLeod & Co., Ltd., has been elected Chairman of the Indian Jute Mills' Association for 1962. Mr. J. V. Jardine Paterson of Jardine Henderson Ltd. and Mr. D. C. B. Pilkington of Bird & Co. have been elected Deputy Chairman and Vice-Chairman, respectively.

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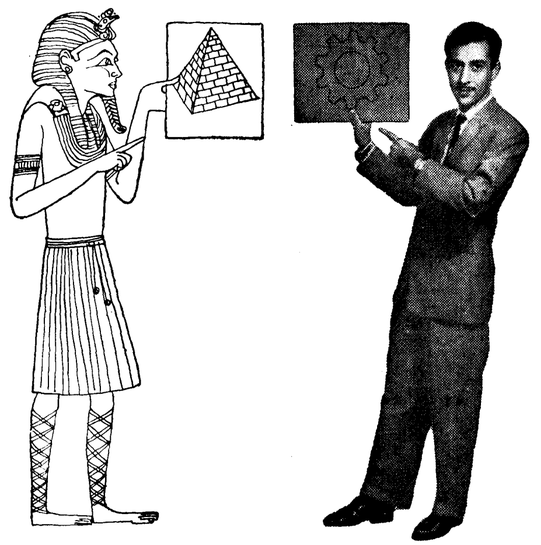

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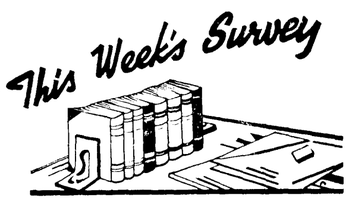


IMPORT POLICY

THE established trade in this country has been much exercised over the present import policy of the Government under which its proportionate share in total imports has fallen to just less than 10 per cent. It is in this context that the All-India Importers' Association, which held its annual meeting in Bombay on Monday this week, has called upon the Government to help the trade by assigning it a larger role than what has been done so far. A report of the meeting appears elsewhere in this issue. The established trade is apparently justified in claiming a larger share of the growing volume of imports necessitated by the rising tempo of development. But one is at a loss to know how far the Government will be able to heed the importers' plea, considering the overall exigencies of the present economic situation in the country. The candid admission made by Mr. G. L. Mehta, who presided over the aforesaid meeting, that the scope for changing the present conditions in the import trade was limited, therefore, sounds quite unexceptionable. Without mincing words, Mr. Mehta suggested that importers would have to adapt themselves to the conditions of a developing economy and the processes of industrialisation. By saying this, he was, of course, not unaware of the important role of established traders. Only, he probably wanted their eagerness to safeguard their own rights to be tempered by a sense of realism.

Examining the major trends in India's foreign trade, Mr. Mehta concluded, with characteristic objectivity, that the difficulties facing the import trade were "partly due to unavoidable reasons, and partly to factors which are a consequence of policy decisions whose validity is open to criticism." Giving an account of the changing pattern of the import trade induced by "unavoidable factors," he observed as follows:

"India is now in the process of development, and all such processes tend in some degree to dislocate normal channels of operation. Industrialisation, for instance, not only displaces the traditional artisan, but also the traditional importer. As we produce within the country one commodity after another—cement, sugar, cotton-textiles a quarter of a century ago; bicycles, sewing machines, paper and many other chemical and engineering products during the last decade—the established importer in the line loses his vocation. In India, as a result of the various exchange crises, this process has been turned the other way, also, in the sense that import restrictions have created opportunities for internal production. In the course of my association with I.C.I.C.I., many importers have come forward to take up manufacturing lines in which they earlier traded."

Although the structure and pattern of import trade is undergoing radical changes, import trade will still have to play its due role, since, as Mr. Mehta pertinently pointed out, "development leads not to self-sufficiency, but to greater interdependence and reliance on imports." Still, much will depend on the policy pursued by the Government in respect of various aspects of foreign trade. Let us take the case of actual users' licences. Increasing reliance is being made on granting import licences directly to consumers, thereby relegating to the background the services of the import trade. Mr. Mehta was against indiscriminate issue of licences to actual users. He conceded that, in some cases, such as branded goods and components of manufactured goods like automobile parts, it was essential to allow the factory which manufactured and assembled them to import these requirements. But he felt that there was scope for greater use of established channels of trade in respect of goods like dyes and metals, where no such "assembling considerations" were involved. Mr. Mehta's stand is, no doubt, reasonable. But the important question is whether the import trade itself will abide by a voluntary code of conduct and refrain from rigging up prices of imported commodities, which are in short supply in the domestic market. As is well known, past experience in this respect has not been uniformly encouraging.

Mr. Mehta, also made particular reference to the export incentives given by way of import entitlements. In this connection, he made a fervent plea to the manufacturers in this country to step up their productive efficiency commensurate with the demands of competition in world markets, and not wait for artificial incentives. The import entitlement policy, Mr. Mehta pertinently added, was only an index of the inability of Indian industry to export on a purely competitive basis. Mr. Mehta did well to emphasise this point. Import entitlements offer only a short-term palliative. The permanent cure for the export problem, as we have so often emphasised, lies in improving the operational efficiency and reducing the costs in industry and agriculture.

P. & T. DEPARTMENT'S PLANS

Posts and Telegraphs represent a public utility which, covering the entire country as it does, has to meet the needs and requirements of all sections of the public. The Government has lately recognised the need for a machinery which will indicate to it the "consumer reactions" not only in the sense of complaints pertaining to the postal service but also in that of suggestions for improvement of the service. It is this need that is sought to be fulfilled by the recent constitution of the Central Advisory Council of the P. & T. This Council, the first meeting of which was inaugurated by Prime Minister Nehru on the 17th instant at New Delhi, is a 58-member body on which there are representatives from Parliament, the Planning Commission, Commerce and Industry Ministry, those Ministries and Departments of the Central Government which are closely connected with the working of the P. & T. Department, other interests like philately, civil aviation, shipping, press and news agencies, and also the State Governments. While Regional P. & T. Advisory Committees have been functioning since 1949 and helping the administration to ascertain the needs or requirements of various interests, it is for the first time now that an organisation has come into being at the national level for establishing closer relations between the users of P. & T. services and the Administration. This is a promising development in theory—promising from the point of view of bringing about greater efficiency of service through constructive public criticism. But the Council is so unwieldy in size that it is doubtful whether, in actual practice, it will be anything more than another talking shop and whether the service it is likely to render will be commensurate with at least the expenses that will have to be incurred on its periodical meetings.

That the P. & T. service needs to be distinctly improved is quite apparent from the delays in the transmission of telegrams and express delivery letters in particular. Dr. P. Subbarayan, Union Minister for Transport and Communications, has himself admitted that "the speed and expedition with which telegrams are being handled in the Department leave much to be desired and the time interval that elapses between the booking and delivery of telegrams is very much more than what is acceptable to the public." There are also grave mistakes in the delivery of these communications. The remedial measures, recently taken and proposed to be launched, have been detailed by the Minister, and these are:

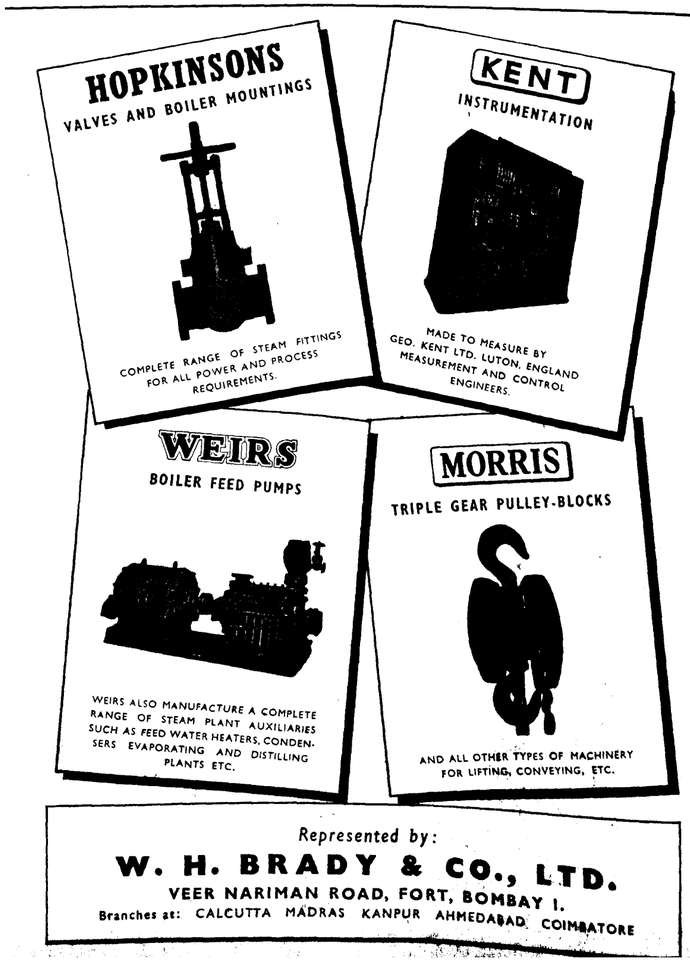
(i) The facility of booking and delivery of ordinary telegrams during the opening hours of the office, an incentive money scheme for the telegraphists to expedite the traffic and a new incentive scheme for task work messengers delivering telegrams—these measures have already been introduced.

(ii) The schemes for registered abbreviated addresses and deposit accounts have been simplified and streamlined.

(iii) Booking of telegrams is to be expedited by authorising payment for telegrams in cash rather than by affixation of stamps.

(iv) Improvement of the telegraph service through provision of Telex equipment, Tape Relay systems, Printergram service, extension of phonogram services and more telephone channels by laying co-axial cables and by installing new Voice Frequency Telegraph Equipment is being actively planned.

But these improvements will, of course, mean additional claims on resources for which



no very generous provision has been made in the third Plan. The allocation in this Plan for posts and telegraphs is just Rs. 78 crores, as compared with an expenditure of about Rs. 51 crores in the second Plan period. As the larger part (nearly Rs. 50 crores) of the proposed third Plan outlay will be absorbed by telephone services and trunk cables, the provision for expanding and improving postal and telegraph services proper is relatively small. The number of telegraph offices in the country is proposed to be increased by a mere 2,000 to 8,450 and the increase (17,000) in the number of post offices will be less than the increase (22,000) in the second Plan period. Even the apparently generous provision for telephones will mean an addition of only 250,000 telephones in the third Plan period, as against an anticipated demand of a million. The P. & T. Department's plans for raising more funds internally for providing nearly twice the quantum of facilities than would be possible with the allocation in the third Plan may well involve big increases in postal rates. Probably some increases are in the offing already and the regular budget in May next is likely to make a beginning in this respect.

ECONOMIC SURVEY 1961-62

Along with the interim budget for 1962-63, presented to Parliament last week, was circulated an economic survey of the current fiscal year. This survey, which happens to cover the first year of the third Plan, highlights the fact that the upward trend in the general level of prices during the second Plan period was arrested and even slightly reversed during 1961-62. What imparted a measure of stability to the price level were two factors—firstly, an increase of more than 8 per cent in agricultural production in the 1960-61 season as compared with the previous season and, secondly, an increase, though relatively small, of 7 to 8 per cent in industrial production in 1961 over 1960. But the happy restoration of some overall stability to the economy in the first year of the third Plan did still not mean the avoidance of imbalances in individual sectors of supply, such as power, transport, coal, steel and some agricultural raw materials like raw jute and oilseeds. These are facts which no analyst of economic trends can ignore. But the attempt of the authors of the *Economic Survey* to explain away these imbalances with the statement that "the restoration of a measure of overall stability to the economy is not inconsistent with the signs of weakness or imbalance in individual sectors," greatly diminishes the force of their admission. Their anxiety to play down the weakness in the industrial situation is quite apparent from their own observation that "these shortages in specific sectors were mainly responsible for the *somewhat* (italics ours) smaller increase in industrial production in 1961 (7 to 8 per cent) than in 1960 (12.1 per cent) or 1959 (8.7 per cent)."

Is it not a disquieting trend that the rate of increase in industrial production in 1961 was less than half of what it should normally have been in a situation of fuller utilisation of installed capacities? It is by no means clear that the "steps initiated during the year to ensure that bottlenecks in individual key sectors might not set up a vicious spiral" have met the twin test of adequacy and timeliness and ensured the prospect of, say, a 27 per cent increase in industrial production in 1962. On a broad reckoning, the capacities are indubitably there for that much increase. The assumption here is that the increase in industrial production in each successive year since 1959 should have been normally running at a rate half as much higher as in the previous year. If the tempo of production does not conform to such a rising rate, it is doubtful whether the general index of industrial production will reach the level of 329, as proposed in the third Plan, in 1965. As pressures on the price level in the coming years may be expected to arise in the wake of increased public spending, it is industrial production, as much as agricultural production, that will have to register an accelerated tempo.

The comfortable situation in the first year of the third Plan in the matter of Government outlays and money supply cannot be expected to continue in the remaining years of the Plan. For one thing, the outlays (development and non-development together) of the Central and State Governments in 1961-62 at about Rs. 2,860 crores (covering both Plan and non-Plan expenditure) have not been very much more than the aggregate outlays of Rs. 2,720 crores in 1960-61. For another, the trend towards an accelerated increase in money supply, which was in evidence in 1959 and 1960, was reversed in 1961 when credit expansion was relatively small. Neither of these factors will be operative in the coming years when Plan outlays in both the public and private sectors are stepped up to reach the investment targets. So it is of the utmost importance that production should keep in step with the expected increases in public and private spending and in money supply from 1962-63 onwards. It is a little reassuring to be told by the authors of the *Economic Survey* that there will be a distinct improvement in the vital sectors like coal, transport, power and steel in the coming year itself. But they also add that the total claims on resources during the coming year—investment outlays in the public and private sectors, requirements of larger exports and increase in consumption consequent upon the growth in population—would be significantly larger than in the first year of the Plan. Even after the growing pressure of demand is partly absorbed by the utilisation of external assistance, there will be large claims on the available resources. The prospect of the country being spared further inflationary pressures in the coming 12 months is thus not bright.

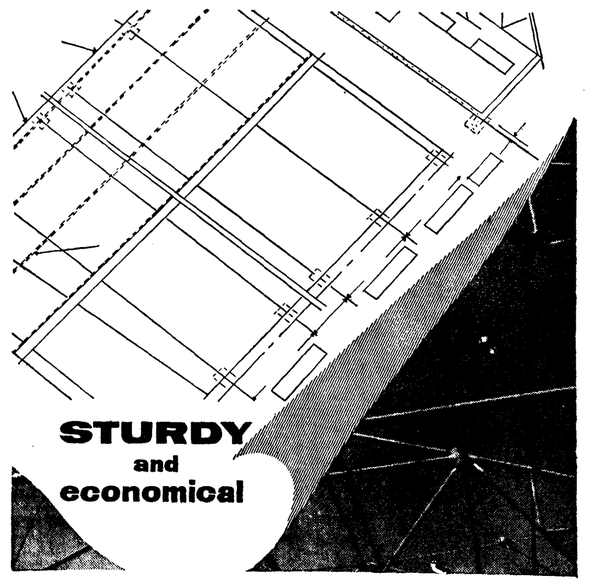
PRODUCTIVITY AND WAGES

The need for relating wage increases to improvements in productivity was emphasised this week by the spokesmen of two leading employers' organisations in the country, namely, Mr. N. M. Wagle, the retiring President of the Bombay Chamber of Commerce and Industry and Mr. E. F. G. Hunter, the outgoing Chairman of the Southern India Employers' Federation, in their speeches at the annual meetings of their respective organisations. Mr. Wagle put the proposition in the following words: "Once the basic economic and social levels applicable to a region, if not the nation, have been established, any future improvement in earnings or leisure (of workers) must be linked to productivity." Observance of this principle, Mr. Wagle contended, was vitally necessary if the competitive capacity of Indian industries in foreign markets were to be maintained. Most industries, he pointed out, were blessed with a large and growing market and if only they could achieve the maximum production of which their plant was capable, they could secure a striking improvement in their competitive capacity at home and abroad, higher profits and better earnings for workers. No impartial observer can take objection to the aforesaid statement. But the snag lies in the first part of it. What is the basic economic and social levels for a particular region? Who is to decide that they have been reached at a given time?

Mr. Wagle did not, of course, suggest that workers should be denied a fair share of the fruits of their labour; only, he wanted that the fruits had to be raised and gathered before they were shared. Like another employer at Calcutta, he too quoted the following words of Mr. N. S. Khrushchev, the Soviet Premier, to show that the importance of labour productivity is being stressed in authoritarian countries as well:

"Labour productivity must be always one jump ahead of the growth of wages... It is clear that the correlation of wages as between truck drivers and tractor drivers is wrong, but we cannot now agree to an upward levelling to wages—first for truck drivers, then for tractor drivers, and then again for truck drivers. The question of wages is a big State question. Their level depends entirely on the output of produce on the productivity of labour in a given society."

Mr. Wagle ventured to suggest that no employer of any standing questioned the moral as well as the political justification for giving workers a fair deal and bringing about an improvement in their standard of living. But he was convinced that this could not be done by legislation which hands out more and more benefits to workers regardless of the profitability and competitive position of the industry. Hitherto, Mr. Wagle observed, higher labour costs could be passed on to domestic consumers who were denied the alternative of cheap imported



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goods, but now that the industry was required to make a major contribution to export earnings, it was no longer possible to ignore cost considerations. He, therefore, deplored "the present tendency to pick on the best-run units for yet heavier burdens of wages and dearness allowance and fringe benefits like bonus, gratuity, provident funds, etc." He pleaded that this tendency must be controlled, more particularly such benefits as increases in paid holidays, earned, casual and sick leave, which reduce productivity of labour without increasing the worker's earnings.

What Mr. E. F. G. Hunter said also amounts to much the same thing. Emphasising that exports and productivity were closely linked, he pointed out that Indian labour, once regarded as cheap, had become expensive, especially when output was taken into consideration. Wage Boards and Tribunals had been generous in reviewing wage structure, mostly in an arbitrary manner, ignoring the vital factor of productivity. Employers, he maintained, had no objection to paying higher wages, provided the higher wages went hand in hand with higher productivity.

Almost identical views were expressed by both Mr. Wagle and Mr. Hunter on holidays and leave for workers. Both disapproved the too many holidays observed in this country and were agreed that this was a luxury which the country could not afford. According to Mr. Wagle's calculation, the loss of goods and services resulting from a single day's holiday in a city like Bombay is as much as Rs. 150 lakhs. The necessity for reducing the number of holidays is greater in the case of commercial establishments than in the case of Government offices, though here, too, the Government could set an example, unless the Prime Minister's dictum *Aram Haram Hai* has been peacefully laid to rest.

A related issue, to which Mr. Hunter called pointed attention, is the growing absenteeism in industry. Absenteeism, according to him, had increased to an "alarming extent" with the result that, often-times, costly machines were left idle due to lack of workers to handle them. Absenteeism was noted in a chronic form soon after the payment of bonus or arrears of wages and during the marriage season. The case with which even fit persons could obtain medical leave on proportionate wages under the Employees State Insurance Scheme also encouraged absenteeism. There were many in this country, Mr. Hunter pointed out, who preferred half wages for doing nothing to full wages for doing a day's work. What is the solution to this problem of laziness? Mr. Hunter is of the view that labour unions and honest workers themselves should co-operate, in their own interest, with the management in dealing with the question of absenteeism. This is a fair suggestion. For workers, who are regular attenders, find it difficult to get leave when they genuinely need it on account of the large number of absentees. Again, they suffer in regard to their fringe benefits, because absenteeism tells on production and profit. The trade unions must look at this problem from the larger national interest which demands that no shelter be given to laggards.

U.S. ECONOMIC AID

"Where weakness and dependence are not transformed into strength and self-reliance, we can expect only chaos, and then tyranny, to follow." It is with these thought-provoking words that President Kennedy has, once again, underlined the urgency of the U.S. continuing to carry the burden of aiding other nations in a special foreign aid message to the Congress. In this message, the President has reiterated the nation's basic interest in the development and freedom of other nations and requested the Congress to appropriate fresh funds aggregating $4,878 million for foreign assistance programmes for the next fiscal year commencing from 1st July next. This new request is in addition to the $900.4-million development lending and military aid appropriations already authorised under the Foreign Assistance Act of 1961. If sanctioned by the House, it will bring the total to $5,778.4 million. The President does recognise that some of his countrymen are weary of sustaining a continued effort to help other nations. But to such persons, he says:

"I would ask them to look at a map and recognise that many of those whom we help live on the 'front-lines' of the long twilight struggle for freedom—that others are new nations poised between order and chaos—and the rest are older nations now undergoing a turbulent transition of new expectations. Our efforts to help themselves, to demonstrate and to strengthen the vitality of free institutions, are small in cost as compared with our military outlays for the defence of freedom. Yet all of our armies and atoms combined will be of little avail, if these nations fall, unable to meet the needs of their own people and unable to stave off within their borders the rise of forces that threaten our security. This programme—and the passage of this Bill—is vital to the interests of the U.S."

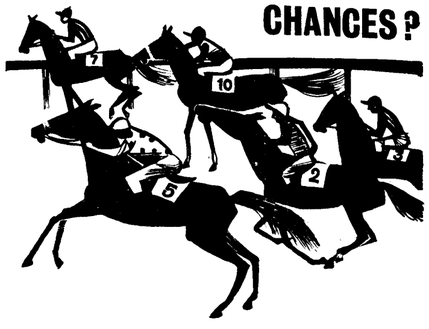
It is to be hoped that the U.S. Congress will ponder these observations and appropriate without any cut the entire funds asked for by the President. If it does, the members of the Congress will surely evoke the grateful thanks people in India, Pakistan and all other developing non-communist countries the world over which have embarked on programmes designed to improve the woefully low living standards of their teeming millions. Incidentally, the U.S. Congress will also be setting an example to other developed countries, especially those which have not been rendering economic assistance on a sizable scale. Replying to a question at his Press Conference last week, President Kennedy himself expressed the hope that other developed nations would do more in the way of helping underdeveloped countries.

Whatever be the quantum of economic aid received by the developing nations, the fact remains that these countries must also be enabled simultaneously to step up their exports of manufactured goods to the developed countries. The Western countries should reduce customs tariff on certain finished manufactures such as textiles and gradually lower the taxes on consumption of goods such as tea and coffee. Such a course of action will expand the markets in the underdeveloped countries for goods produced in the Western cuntries and also facilitate a profitable outflow of private capital (as well as technical know-how) to the developing countries. It will also provide to the developing countries the kind of help that is needed to overcome the special infant industry disadvantages attaching to industrial production for export.

Be that as it may, a brief reference to the economic assistance received by India from the U.S. since June 1951 may be made here. The total commitments of the U.S. under various agreements with the Government of India now stand at Rs. 1,961 crores ($4,118 million). Nearly a third of this total—Rs. 614.8 crores ($1,291.2 million)—represents outright grants which are not repayable at all. The loans repayable in rupees aggregate Rs. 1,056.5 crores ($2,218.6 million), or 53.9 per cent of the total. The repayments do not involve utilisation of India's foreign exchange earnings or export of goods. Only less than 15 per cent of the U.S. aid, that is, Rs. 289.6 crores ($608.2 million) involves repayments in dollars. The greater part of even this amount bears exceptionally low rates of interest and is repayable over a fairly long period. The breakdown of assistance—in crores of rupees, the figures in brackets giving the dollar equivalent in millions—is as follows:

U.S. Agency for International Development Mission's Technical Co-operation Programmes: (*a*) developmental grants (not repayable) 166.0 (348.6); (*b*) loans (repayable in rupees or dollars) 74.3 (156.1); U.S. Agency for International Development: developmental loans (repayable in dollars) 81.7 (171.6); D.L.F. credits (repayable in rupees) 244.5 (513.4); Public Law 480, Title I (grants and loans repayable in rupees) 1,113.0 (2,337.3); Public Law 480, Title II (grants—not repayable) 2.5 (5.2); Public Law 480 Title III (agricultural commodities donated through voluntary agencies—not repayable) 62.4 (143.7); Emergency flood and famine relief grants (not repayable) 2.6 (5.5); Export-Import Bank loans (repayable in dollars) 117.6 (246.9) and Wheat Loan of 1951 (repayable in dollars) 90.3 (189.7); Grand total 1,960.9 (4,118.0).

The growth rate of industrial production in Western Europe continues to show a downward trend. In the third quarter of 1961, it was only 3 per cent as compared with the corresponding period in 1960 and a 5 per cent increase in the second quarter. The overall production index of the world's manufacturing industries (excluding the Communist bloc) showed an annual growth rate of 5 per cent in the third quarter of 1961, as compared with nearly 3 per cent in the second quarter. However, this rise was primarily due to the economic recovery in the U.S.



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SOME THOUGHTS ON I.A.C.'S PERFORMANCE

MUST IT GO JET?—PROFIT MARGIN POOR, DESPITE HIGH WORK LOAD

(By Our Aviation Correspondent)

WHATEVER views we may hold on the subject matter, in the presentation of their report and statement of accounts for the financial year 1960-61, the Indian Airlines Corporation deserves to be congratulated. The report—the eighth in series—is well produced, clear, detailed, and, incidentally, rather attractively illustrated. We can certainly not complain of any lack of information. Indeed, such is the wealth of statistics that we have a positive *embarras de choix*.

Primarily, however, let us get the general picture into perspective. The salient feature, without doubt, is the fact that, for the second year in succession, the Corporation has contrived to "keep out of the red." The surplus, admittedly, is small; in fact it amounts to only Rs. 4.68 *lakhs. It would not do,* however, to minimise what is certainly quite an achievement. Only two years previously, in 1958-59, the Corporation incurred a deficit of no less than Rs. 91.19 lakhs. To have *recovered so much ground* in so short a period of time, seems to be a remarkable feat.

Trunk Routes and Rural Routes

What, in fact, has led to this transformation? There has been no major re-equipment during the period, there has been no significant change in the route network, there has been *no retrenchment—on the contrary,* due to staff increments, there has been a sharp rise in the wage bill. The load factor, it is true, has risen by 3 per cent but, in any event, this was at the very high level of 70 per cent in 1958-59. The only possible conclusion is that, apart from any possible contribution made by increased efficiency, the more favourable results are solely attributable to the growth of traffic on the trunk routes.

Unfortunately, we have no separate data for the trunk routes, but, whereas, in 1958-59, the Corporation carried a total of 653,494 passengers, in 1960-61 the figure had risen to 787,187—an increase of more than 133,000. The operating revenue, of course, showed a corresponding increase amounting to about Rs. 2 crores. Whilst one can give no precise figure, the bulk of this traffic growth occurred on the trunk routes. So much one can say with confidence.

An Important Difference

Like some other countries, and notably Australia, India's air traffic flows predominantly between its four major cities. But, between Australia and India, there is a significant difference: whereas the former's population is largely concentrated in the big cities, that is by no means the case in India. The growth of air traffic will, doubtless, conform to the same pattern as at present for some time to come. Nevertheless, although the more provincial and rural routes are now mainly unremerative, and indeed constitute a drain on the revenue earned by the trunk routes, they have a considerable potential and, consequently, are not unimportant to I.A.C.'s future economy.

Does the Corporation take that point of view, or does it tend to concentrate its efforts on the further promotion of traffic on the trunk routes? The report does not throw enough light on that subject. "The major task facing the Corporation," says the Chairman, "is still the replacement of the Dakota fleet. Traffic figures for the past three years show the greatest demand for transportation is on the long trunk routes where, on several sectors, the Viscounts need to be replaced with larger aircraft. Similarly, some of the longer regional routes now served by Dakotas can provide sufficient traffic to justify the use of Viscounts...."

Though logical enough, that is not very illuminating. How soon does the Corporation intend to resolve "the major problem of Dakota replacement"? The Corporation has acquired five Fokker Friendships; five more are on order and will be delivered towards the end of this year and the beginning of 1963. Ten Friendships should serve to replace twenty Dakotas, but that still leaves some thirty odd Dakotas—the major portion of the fleet—in operation and, so far as one can gather, with no specific replacement plan in view.

Re-equipment

What of the trunk routes, where, according to the Chairman, "on several sectors, the Viscounts need to be replaced with larger aircraft"? Definite decisions, apparently, still remain to be taken. The general impression, however, is that the Corporation has a short haul jet in view for this purpose. The Caravelle has been specifically mentioned. In "going jet," the Corporation is, of course, following the modern trend. A great many domestic carriers, both in the U.S.A. and Europe, have ordered, or are considering such short haul jets as the Boeing 727, the BAC One-Eleven, and the Caravelle. In almost all instances, however this choice is mainly influenced by competition. I.A.C. faces no competition and, although the main trunk routes, economically speaking, are probably suitable for jet operation, they are not long *enough to make the time-saving factor of more* than very slight importance.

One has the impression that what the travelling public really wants is greater frequency of service—rather, that is to say, than larger aircraft and reduced frequency. In the circumstances, one would have thought that, as an interim measure for the next few years, it might be wiser to purchase additional Viscounts in the used market. The capital outlay would be very substantially less, the aircraft would serve the same purpose—to relieve congestion on the busiest trunk routes—and, at a later date, could be used to replace Friendships and Dakotas on secondary routes.

Why Profit Low?

Leaving the question of re-equipment, let us turn again to the financial results. A point which must puzzle observers is the very high load factor—73.6 per cent—which the Corporation achieves, *vis-a-vis* the almost nominal surplus balance. Most airlines which achieved such a load factor would be very profitable concerns. I.A.C. is peculiarly situated in that respect. *The three main factors seem to be,* first, and probably of the greatest importance, the comparatively low fare and freight tariff in force; secondly, the high cost of fuel to which is added not only customs duty but also various State sales taxes. These two latter items, incidentally, added Rs. 146 lakhs to the Corporation's fuel bill for the year under review. Finally, I.A.C. *seems to operate* at a disproportionately high overhead cost. This latter item requires, perhaps, a little clarification.

According to the Corporation's own statistics, out of a total annual expenditure of Rs. 13 crores, two crores—or nearly 15 per cent—is expended on functions which, if in some degree necessary, are none the less unproductive. Let us take one or two examples. The Corporation employs a traffic staff of 1,967 employees to whom, in salaries and wages, it pays some Rs. 55 lakhs annually. It does seem to be, shall we say, gilding the lily, to pay out in addition, a sum of Rs. 33 lakhs to booking agents on account of commission. And this is to say nothing of a further sum of Rs. 41 lakhs expended under the head of "traffic and passenger services."

Lavish Administration

To take another item—"General Administration." Under this heading, the expenditure is Rs. 66.82 lakhs and the employees number 619. Nor, apparently, does this take any account of the Financial, Audit, and Statistics staff which number another 1,093. Criticism, possibly, is unjustified, but, on the face of it, the Corporation does seem, in these unproductive departments, to be somewhat lavishly staffed. One cannot help but feel that were I.A.C., on an experimental basis if necessary, and on a few selected routes, to try out a non-reservation service, to modify its ticketing system, and to simplify its system of accounts and audit, some really worthwhile economies might result.

"With the acquisition of more Viscounts and Friendships and a relatively small increase in fares (already effected), the Corporation can look forward with confidence to satisfying the demands of the travelling public and of meeting its own commitments in full." So, on an optimistic note, ends the report for 1960-61. Another year has almost elapsed. In a few months' time, another report will be due. Has public demand, during the current year, been satisfied? Will the financial results be more favourable? One will be most interested to see.

I.C.I. TROUNCED

OPTIMISM ON TRADE PROSPECTS

(From Our Own Correspondent)

LONDON, *16th March*

LONDON LETTER

THIS has not been a very exciting week although it has had its interesting points. First, there has been the failure of the world's largest take-over bid, with I.C.I. admitting defeat when they received only offers for 37½ per cent of Courtaulds' shares. But this is not the end of the story; I.C.I. could quietly buy away more shares on the market later until they got 50 per cent, but the most likely course of events is that, after tempers have cooled, there will be a return to co-operation between the two companies, with I.C.I. being brought into Courtaulds a little more closely than has been the case in the past.

On the stock market, the mildest sort of optimism prevails. The Bank Rate fall naturally boosted Gilt-edgeds and these have gone on rising gently, so that they now stand about 10 per cent higher than in the crisis days of the end of last July. Indeed, another 4 per cent rise will bring them up to the average of a year ago. Equities are also prospering mildly, prices having risen over the week between 1 per cent and 1½ per cent as a result of the feeling that the Chancellor of the Exchequer is going to be fairly neutral when he presents his Budget in three weeks' time.

Trade Figures

The February trade figures have made good apparent showing, the crude adverse balance having dropped from about £100 million in January to about £25 million. This looks well on paper, but it is more important to look at the seasonally adjusted figures. Actually, as far as exports are concerned, the crude figures show the same level as in December (the same length of month allowing for the Christmas holidays), but, on the seasonally adjusted figures, they are £10 million better. On the other hand, imports less re-exports are about £10 million worse.

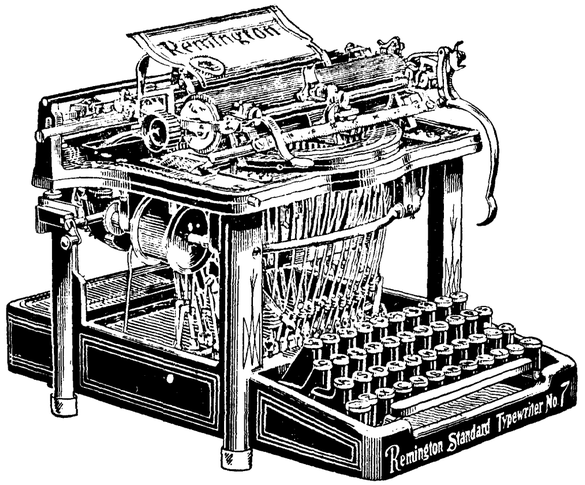
Taking a slightly longer view and again eliminating seasonal variations, exports in the last three months were actually 1 per cent less than in the preceding three months and 2 per cent less than the average for 1961. Yet, nevertheless, there is a general feeling of optimism about the future of the export trend.

Meanwhile, the improvement in the balance of payments has to be brought about by a drop in imports. The latter were ½ per cent less in the past three months, as compared with the preceding three months and also ½ per cent less than the 1961 average. The following table shows the monthly average and the trade balance:

(In million £s)

Monthly average	Exports and re-exports	Imports	Trade balance gross	With imports adjusted to f.o.b.
Dec. 1961-Feb. 1962.	315	356	41	8
Sept. 1961-Nov. 1961.	312	365	53	13
1961 average	320	366	46	6

The trade balance for the past three months thus shows a reasonable improvement as compared with both the average for the year 1961 and for the preceding three months. Indeed, it is almost in balance on visible account and, for the rest, it is a question whether the country is currently showing an invisible surplus. The official trade figures for last year which are due to appear shortly will throw light on this aspect.



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SLOWER PACE OF GROWTH IN CAPACITY OF COTTON INDUSTRY

EMPLOYMENT LEVEL SLIGHTLY HIGHER

THE pace of expansion in the size and capacity of Indian cotton mill industry slowed down somewhat during the cotton year ended August 1961, with the exception of weaving sector the capacity of which registered a notable rise. Thus, the actual increase in the number of spindles installed in that year was only 121,230, as against 329,211 in 1959-60, although the number of mills in existence was higher by four, as against three, according to the latest Mill Statement of the Millowners Association, Bombay. Similarly, the paid-up capital of the industry was higher by just Rs. 1.34 crore, as compared with Rs. 4.18 crores. On the weaving side, however, there was a fresh addition of 961 looms during the year, in contrast to the decline of 409 looms in 1959-60.

The Millowners Association, it may be said in passing, has done well to publish the Mill Statement in a book form which facilitates easy reference, unlike the loose unwieldy sheets that were being published all these years. The Statement contains the names of cotton spinning and weaving mills erected or projected in India, as also names of agents or owners, and particulars relating to share capital, spinning and weaving capacities installed and actually working, cotton consumption, workers employed and average number of days worked by each mill during the year 1960-61. It also gives statistical summaries showing the growth of the cotton mill industry in India as a whole, and in Bombay City and Island, Ahmedabad and the combined Maharashtra and Gujarat States since 1919.

Statistical Position

There were in existence at the end of August 1961 as many as 523 mills, as against 519 a year before and 516 two years before. Besides, there were 24 mills which had been registered and/or in course of erection; the corresponding figure for August 1960 was 22. The following table indicates the statistical position of the cotton mill industry in the past three years:

	Year ended 31st August		
	1961	1960	1959
No. of mills in existence†	523	519	516*
Mills remaining idle†	26	30	33
Mills registered and/or in course of erection†	24	22	24
Paid-up capital (Rs. crores)	136.22	134.88	130.70
Spindles installed	13,984,981	13,863,751	13,534,540
Spindles working (first shift only)	12,129,430	11,830,650	11,341,873
Looms installed	206,525	205,564	205,973
Looms worked (first shift only)	184,562	182,203	179,300
Cotton consumption (bales of 392 lbs.)	5,347,554	5,143,356	5,096,446
Workers employed (average number for all shifts)	778,301	766,447	747,856

* Exclusive of two units believed to have been scrapped.
† As on 31st August.

It will be seen from the above table that, in addition to the increase of four mills in the total number of mills in existence, during 1960-61, four other units which had remained idle in the preceding year resumed working. Nevertheless, twenty-six mills continued to remain closed towards the end of August 1961 and two mills were scrapped in Bombay City and Island. Almost all of them may be regarded as too old and cutmoded to be worked economically.

Consequent on the expansion in the size of cotton mill industry, there was an improvement in manpower employed. The average number of workers employed in all shifts during 1960-61 was 778,301, as against 766,447 in the previous year and 747,856 in 1958-59. The total increase in two years thus comes to 30,447 workers, which, however, still did not make up fully for the shrinkage in manpower witnessed during the two years 1957-58 and 1958-59 when the number of workers employed receded by 50,743, from 795,599 to 747,856.

More Capacity Utilised

The expansion in the size of the mill industry during the year under review, as already noted, was accounted for by both the spinning and weaving sides, the number of spindles rising from 13,863,751 to 13,954,981 and that of looms from 205,564 to 206,525. Alongside of such expansion, the year 1960-61 witnessed a more intensive utilisation of capacity than in the previous year. The ratio of spindles working (first shift only) to spindles installed increased from 85.3 per cent in 1959-60 to 86.7 per cent in 1960-61 and that of looms from 88.5 per cent to 89.3 per cent. Still the capacity lying idle was high as 13.3 per cent in the spinning sector and 10.7 per cent in the weaving sector. In view of the larger capacity utilised during 1960-61, the quantity of cotton consumed was higher at 5,347,554 bales (of 392 lbs. each), as against 5,143,356 bales in 1959-60 and 5,096,446 bales in 1958-59.

State-wise Position

The number of new mills that were added to the list of cotton mills during the cotton year ended August 1961 was six, of which three were in Madras, two in Mysore and one in Gujarat. Although the number of mills in existence is less in Maharashtra than in Gujarat, the former State occupies the predominant position on the cotton textile map of India as will be seen from the statement below:

	Existing mills	Idle mills	Spindles installed	Looms installed	Workers employed (all shifts)
Bombay City and Island	63	2	3,225,441	62,880	197,404
Other Maharashtra	37	2	940,312	18,902	61,836
Total Maharashtra	100	4	4,165,753	81,782	259,240
Ahmedabad	72	2	2,131,486	42,319	135,538
Other Gujarat	40	3	859,448	14,830	47,062
Total Gujarat	112	5	2,990,934	57,149	182,600
Rajasthan	11	2	178,324	3,253	9,833
Punjab	6	..	192,794	1,944	7,513
Delhi	7	..	191,916	3,946	18,242
Uttar Pradesh	29	7	874,052	13,884	52,389
Andhra Pradesh	15	..	220,884	1,381	12,000
Madhya Pradesh	20	1	519,432	12,699	42,753
Bihar	2	..	29,572	757	1,329
Orissa	4	..	52,848	1,264	4,861
West Bengal	40	3	623,205	10,941	44,023
Madras	139	..	3,222,700	8,049	102,087
Kerala	14	1	182,548	1,890	7,016
Mysore	21	3	515,474	5,470	27,396
Pondicherry	3	..	84,484	2,116	6,419
Total India	523*	26	13,984,981	206,525	778,301

* This number does not include 24 mills which had either been registered and/or in course of erection.

The above table shows that the Maharashtra State accounts for 19 per cent of the total number of existing mills in India, over 30.5 per cent of the aggregate spindles installed and almost 40 per cent of the total looms in place. Out of the 778,301 workers employed in the whole of the cotton mill sector (all shifts), the share of mills in the Maharashtra State alone comes to more than 33 per cent. Next to Maharashtra, Madras has the largest number of spindles, followed by Gujarat, Uttar Pradesh, Madhya Pradesh and Mysore. In the case of weaving, Gujarat takes the second place, followed by Uttar Pradesh, Madhya Pradesh, West Bengal and Madras.

EXCISE ON TEXTILES

Out of every Rs. 10 that the Government of India gets by way of revenue from excise duties, the share of cotton textiles alone comes to as much as Rs. 1.27. The estimated yield from this source as shown in the budget for the coming financial year (1962-63) at the existing rates is Rs. 62.53 crores, which represents 12.7 per cent of the gross excise duties amounting to Rs. 492.28 crores. Of the sum of Rs. 62.53 crores, basic duties account for Rs. 48.70 crores (fabrics Rs. 44.35 crores and yarn Rs. 4.35 crores) the balance of Rs. 20.38 crores being the share of additional excise duties in lieu of sales tax. The estimated yields from excise duties other than cotton textiles are Rs. 2.50 crores from artificial silk fabrics, Rs. 5.75 crores from rayon and synthetic fibres and yarn, Rs. 85 lakhs from woollen cloth, Rs. 1.30 crore from woollen yarn and Rs. 6 lakhs from silk fabrics. The following are the budget estimates for 1962-63 at the existing rates as compared with the current (1961-62) and previous (1960-61) financial year:

(In crores of rupees)

	1962-63 (Budget)	1961-62 (Revised)	1961-62 (Budget)	1960-61 (Actual)
Fabrics:				
Cotton	44.35	44.35	42.81	45.94
Art silk	2.50	2.40	2.02	2.05
Woollen	0.85	0.80	0.67	0.90
Silk	0.06	0.06	0.06	0.04
Yarn (and fibres):				
Cotton	4.35	4.35	4.72	0.13
Rayon, artificial fibres and yarn	5.75	5.45	4.39	2.82
Woollen	1.30	1.20	0.35	0.02
Additional duties (textiles)	20.38	20.33	20.11	17.01
Total all textiles	79.53	78.94	75.12	68.91
Gross excise duties—all sources	492.28	470.95	434.62	416.35

WORLD SILK

The major problem of silk industry and trade is not the sale of silk material in the world markets but the supply of raw silk to manufacturers. This was the conclusion reached at the annual conference of the International Silk Association held at Nice (France) on the 16th and 17th inst., on the basis of a study of the recent trends in the world silk economy contained in the Association's bulletin. According to this study, the past two decades have witnessed a sharp decline in the world exports of raw silk, the total of these exports in 1959 being no more than 5,624 tons—this was, of course, above the figure of 3,000 tons in 1958—as against 32,539 tons in 1938. The exports during 1960 were slightly higher than in 1959.

Japan dominates the world silk market, though its share of total production has dropped from about four-fifths in 1938 to under two-thirds in 1960, when its raw silk output amounted to 18,048 tons, as against the world total of 31,358

(*Continued on page 508*)

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From Our Special Correspondent

MANCHESTER, 13*th March*

MANCHESTER LETTER

TECHNICAL jargon sometimes tends to obscure the usefulness of gatherings such as the productivity conference held at the week-end and organised by the Cotton Board. The mere millman can be baffled by the phraseology of the experts and many shrink from betraying his ignorance of some of the theories advanced. Specialist papers too, can be a little daunting to the uninitiated, but often the spoken word clarifies an apparently difficult sentence and a suitable question elicits a more mundane way of expressing an idea. This was so at the St. Annes conference, where the discussion on the papers given enlivened what might at first sight have been regarded as a rather dull affair.

The moral of the week-end, which had obviously been apparent to the organisers in advance, was that the current setback must not crush the determination of the farseeing elements in the trade to maintain their faith in re-equipment, nor deter them from going ahead with their plans for progress. The theme, indeed, was aptly summed up in the closing stages by Mr. W. T. Winterbottom, who called for an end to the senseless internal competition which always threatens to disrupt the trade when conditions worsen. Many people in the industry have now reconciled themselves to the opinion that a further contraction in the number of active units, though not necessarily in production itself, must follow this phase. This view was repeated by Mr. Winterbottom, whose allegiance to the theme has been marked almost from the outset of the reorganisation scheme. What interested some of his listeners more, perhaps, was his oblique reference to the import situation and the attitude of the authorities. Lancashire's position, he added, was now more clearly recognised at home and abroad than it was six months ago. "I believe far more positive steps will be taken on our behalf to check the drift," he continued.

Expansionist Plans

During the conference, contributions from appropriate sources traced the expansionist plans which might be drawn up by a company seeking to extent its horizons. They ranged from the provision of a suitable labour force, through the need to ensure profit improvement and an adequate order book, to comparisons with other companies and the public image presented by a firm which adopts a "go-ahead" policy. Well to the fore in the ideas put forward by more than one speaker was the essential need for good public relations to be established between any company and its own workers, as well as the outside world. In a labour-starved market, where employees can largely pick and choose their work, and new recruits certainly can, such a view may seem unchallengeable, but bitter experience proves the reverse. There are still far too many concerns which bury their heads in the sand and look on their friends as intruders.

Inter-firm comparisons is another touchy topic, as some units appear to want to remain for ever in their ivory towers. Prejudice, however, is being broken down in numerous instances and comparative returns are being accumulated by specialists in the field, who are then able to draw conclusions from the figures obtained. So far the textile industry is concerned in three such projects. Lancashire firms are participating in an international labour productivity comparison; a pilot cost comparison is being carried out among firms weaving man-made fibres, and a management ratio comparison is nearing completion in cotton spinning. Similar schemes are proposed for the other sections of the trade, under the auspices of the Cotton Board's Productivity Centre.

About Our Neighbours

Finding out about the European Common Market countries is a favourite and vital pastime among industrialists at home and abroad when so much depends on how the project will develop if the United Kingdom joins in. Every available scrap of information is being picked up by interested managements, particularly those in trades like textiles where shipments to traditional areas have been diminishing over the years. Whether it will be possible to regain some ground by challenging our competitors across the Channel on their own territory is not yet clear, but every exporter, if the truth be known, is hopeful, to say the least.

In the latest issue of the *District Bank Review*, a start is made in studying the relative economic development of the members of the Common Market, with contributions from Continental experts surveying the respective conditions in Belgium, France and Western Germany. Later in the year, similar articles will be published on the Italian and Dutch economies and a summing-up of the prospects is promised. More direct details about the textile position are given in the survey on Belgium than in the case of the other two countries now under review. The traditional Belgium textile industries of cotton and wool, it is pointed out, have adjusted themselves remarkably well to world competition. Despite the general rise in wages and the high proportion of small family enterprises, the increase in productivity has been specially marked. On the other hand, the synthetic textile industry is less prominent in Belgium than in the other Common Market countries.

As might be expected, in a country where living standards are relatively high, the allocation of consumer expenditure in the past decade in Belgium has mainly been connected with housing, household eqiupment, recreation, holidays abroad and other matters indicating a desire for material comfort. On the other hand, expenditure on consumer products like food and clothing shows little increase. European integration has already been a distinct advantage to the Belgians, as their industries in the past have suffered from the narrowness of the available home market and the small scale of its enterprises. During recent years, there has been growing evidence of a marked expansion of capital investment, coupled with a quickening of industrial re-equipment.

Progress in France

One of the major post-war developments in relation to textiles, particularly exports, has been the progress made in the French cotton industry. Not only have shipments exceeded those from Lancashire but important gains in productivity have also been secured. The current survey deals with the general industrial situation in France, rather than any particular sector, but reference is made to the influence on the labour force of this century's two major wars. The "active" population, for example, is expected to increase by 1.5 million to 28 million between 1956 and 1966 and by a similar amount during the following ten years.

Up to 1960, the French national effort was devoted to the re-attainment of the best post-war levels of output. Since then, in the space of little more than ten years, industrial production has practically doubled. According to the contributor, French opinion remains almost unanimously hostile to a simple return to some kind of free trade. Although a large part of French opinion is said to favour British and Scandinavian membership in the European Economic Community, there is also widespread apprehension that enlarging the Community may lead to some watering down of its positive aspects and a loss of dynamism due, it is believed, to greater cohesion and integration in a "big economic space."

German Revival

From the desolation and dejection which was Germany after the end of the last war has arisen a powerful and ever-growing industrial nation. Although the progress achieved by the Federal Republic has even been regarded as an "economic miracle," the writers in the survey admit that much of the country's recovery was hastened by non-economic and especially political influences. The increase of capital investment was a notable factor, and already by 1950 the investment ratio was very high by comparison with other countries. Changes in the pattern of consumption in Western Germany underline the rise in the general standard of living. Private demand for semi-luxury consumer durables has increased many times over in the last few years.

Foreign trade became even more important to the German economy after the war, with particular reference to the European Economic Community. In the past decade, a trade surplus of exports over imports was continually attained. The greater part of Germany's external business was done with the Western industrial countries and nearly half of this trade was with other member-States in the Common Market.

Opportunities Across the Channel

Leaders of the trade in Lancashire seem convinced that the advantages of Britain joining the Common Market will far outweigh the possible disadvantages. They are perhaps looking at the prospects through agreeably tinted glasses, but, in theory at least, it should be possible to anticipate a freer offtake in cotton textiles on the Continent, and more resistance to the rival products which must be expected from competitors across the Channel.

Sir Cuthbert Clegg, whose experience in negotiating with representatives of Eastern countries and others makes him an authority on the type of competition to be expected, contends that there must be opportunities for the sale of Lancashire's products in the Common Market countries where wage rates are similar to our own, and standards of living are rising rapidly. He is certainly on sure ground when he comments, in his annual statement as Chairman of Clegg and Orr Ltd., that mutual trade in such a market should be much more reliable than selling to some of Britain's traditional outlets, where political changes, high protective tariffs or payment difficulties have lately made exporting difficult or impossible.

Continual Modernisation

Another subject on which straight talking is required to convince outsiders that local traders are not always complaining, is re-equipment. A lot of hot air has been talked about the so-called failure of Lancashire to modernise, by people whose knowledge of the topic is marginal at best.

Sir Cuthbert points out that the increasing integration of the whole textile industry does not always mean the complete interchangeability of machines. "It uses the new man-made fibres as well as the older natural ones," he says, "and produces fabrics out of them on machinery which often has to be specially adapted or even freshly designed to give the high standards of quality which are demanded." Re-equipment, he rightly observes, has, therefore, to be a continual process. "It is not, as some people seem to suppose, a question of modernising a mill once and for all. In a few years the 'modernised' mill will be out of date again, and its machinery will have to be renewed afresh."—*All Rights Reserved.*

Notice

THE ALKALI AND CHEMICAL CORPORATION OF INDIA LIMITED

PAYMENT OF DIVIDEND ON PREFERENCE SHARES

NOTICE

IN CONNECTION WITH THE PAYMENT OF the above dividend for the half-year ending 31st March 1962, the Preference Registers of the Company will be closed from the 3rd April 1962 to the 10th April 1962, both days inclusive.

By Order of the Board,

IMPERIAL CHEMICAL INDUSTRIES (INDIA) PRIVATE LTD.,

Secretaries.

CALCUTTA, 14*th March* 1962.

WHO SPEAKS FOR COTTON GROWERS?

TEXTILE COMMISSIONER DEFENDS CONTROLS

WHO speaks for cotton growers? This question has assumed importance, in view of the agitation now being carried on for the decontrol of cotton. Advocates of decontrol vehemently argue that controls have kept cotton price at an uneconomic level and that the cultivators have, therefore, no incentive to grow cotton, especially because other commercial crops such as groundnut, according to them, are far more remunerative. Curiously enough, such arguments come not from growers, who, being the wearers, surely know where the shoe pinches, but generally from traders and other middlemen. We are not aware of the existence of any association genuinely representative of cultivators which can speak with authority for the cotton growers in the country as a whole. In these circumstances, when self-appointed leaders of cultivators profess to speak for millions of growers throughout the length and breadth of the country, one is inclined to question their credentials.

One of the most vociferous champions of decontrol has been a section of the trade and certain co-operative societies in Gujarat. They have gone to the extent of closing down ginneries owned by them and suspending trading in cotton as a protest against the requisitioning order of the Textile Commissioner. Although the Textile Commissioner is reported to have succeeded in persuading these parties to discard the agitational path and to co-operate with the Government to make available cotton to mills at ceiling prices, they are still grumbling. Quite apart from the merits or demerits of the demand, the growing tendency of regional groups and sectional interests to coerce the Government into taking decisions affecting the country as a whole deserves to be severely condemned. Is it that the cotton interests in Gujarat only find the controls on prices and requisitioning irritating? Or do they think that they are more alive to the problems of cotton growers than their confreres in other States? After all, Gujarat is not the only cotton producing State in India. There are other States, too, which are equally large and important producers of cotton and it cannot, therefore, force the Government to take decisions which affect not only cotton growers in other States but also consumers, not to mention the export trade.

That the agitation and demonstration of the kind recently staged at Ahmedabad against requisitioning were unwarranted and uncalled for is evident from the facts mentioned by Mr. W. R. Natu, the Textile Commissioner, at a Press Conference held at Bombay towards the close of last week. In Gujarat, where requisitioning was vehemently opposed, hardly 3,500 bales of Vijay cotton out of a total crop of 400,000 bales have been requisitioned. In the whole country, out of a total crop of 4.3 million bales, only 15,000 bales have been requisitioned. It will thus be seen that only a negligible quantity of cotton has been subjected to requisitioning. All this hue and cry against cotton control is, therefore, of an inspired nature, apparently by interested parties who have been denied the opportunity to indulge in black-marketing.

Requisitioning Justified

Explaining the need and justification for requisitioning cotton, the Textile Commissioner stated that requisitioning had been resorted to only to ensure that the statutory ceiling prices of cotton were maintained and that mills got their supplies within the ceilings fixed by the Government. Requisitioning prevented the pipeline from drying up, as a consequence of the demand for premia by holders of cotton. It was the only weapon in the hands of the Textile Commissioner to maintain the price level within ceilings and it had to be resorted to when prices began to rise steeply.

Mr. Natu deplored—and that rightly—the agitation started by some co-operative societies in Gujarat which wanted controls on cotton to be lifted or, in the alternative, exemptions for co-operative societies from the operation of the ceiling. The Textile Commissioner stated that the Government was at one with the view that co-operative societies should be helped and encouraged as much as possible, as these societies procured *kapas* for ginning from farmers after giving them adequate returns, but emphasised that the ceiling prices fixed for cotton were applicable to the entire cotton produced in the country and must, therefore, include cotton processed by the co-operative societies as well. He could have also added that the co-operatives have been favoured with liberal credit facilities at low rates of interest which are not available to individual farmers and that this, as well as other concessions given to them at the expense of taxpayers as a whole, imposed a moral obligation, over and above the legal obligations, on them to observe the cotton control orders in spirit and letter alike. In fact, we feel that any co-operative which wants to have the cake and eat it at the same time should be firmly told that they will have to face the risk of being disqualified for special concessions.

Dealing with the plea for decontrol, the Textile Commissioner pointed out the possible repercussions of lifting of controls on the price of cloth and yarn. If cloth prices were to work properly under the voluntary price control (now in force), it was necessary, he averred, that the statutory ceiling prices were maintained on the raw materials too, as cotton formed 50 to 60 per cent of the cost of production of cloth. Any increase in the price of cotton, he warned, would adversely affect exports of cloth, because the resulting increase in the price of cloth would undermine the competitive capacity of exports which had to face severe competition in foreign markets.

Case for Decontrol Weak

The Textile Commissioner dealt at length with the arguments put forward for decontrol. He listed five reasons advanced by advocates of decontrol in support of their plea. These are: (1) ceiling prices were fixed in 1950-51; (2) their continuance even after a decade is unrealistic; (3) prices of other commercial crops are not controlled and their prices have increased in the past ten years; (4) the present prices of cotton would lead to diversion of acreage from cotton to other commercial crops; and (5) prices of cloth and *kapas* are not controlled and hence cotton should also be freed from controls.

Answering these arguments, the Textile Commissioner observed that it was not correct to say that ceiling prices were strictly the same today as they were in 1950-51. Some changes were made on various occasions after consulting the growers, the trade and the Indian Central Cotton Committee. Mr. Natu pointed out that price control had two aspects—floor prices and ceiling prices. He wondered why the critics of controls, who had been urging the abolition of ceilings, did not advocate the removal of floors also. Floor prices were in force for many years and they were raised during the current season by Rs. 105 per candy to Rs. 600 for the basic variety. Proportional revision of the floors of other varieties was also made. The Government had also given an assurance that should prices of cotton tend to go below the floors, it would step in and buy cotton at the floor prices.

Bogey of Diversion of Acreage

Answering the argument that controls on cotton prices would lead to diversion of acreage from cotton to other crops, the Textile Commissioner pointed out that, in spite of controls, acreage had progressively increased from 18 million acres to about 19.9 million acres in some years. Again, in spite of the wide disparity in prices during the past three seasons, the area under cotton had been more or less constant at about 19 million acres during these years. There had, of course, been some diversion of area from cotton to groundnut in Gujarat and Maharashtra, but, considering the size of the country, this was negligible. Acreage under cotton was not, according to Mr. Natu, governed, to any large extent, by considerations of price. It was determined by several other factors such as reluctance of farmers to switch over to any other crop and availability of fertilisers and insecticides. In view of these factors,

(*Continued on page 526*)

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ASHOK LEYLAND LIMITED, MADRAS

IMPRESSIVE RISE IN VEHICLE PRODUCTION

CHAIRMAN, DR. A. RAMASWAMI MUDALIAR'S SPEECH AT ANNUAL MEETING

ADDRESSING the Thirteenth Annual General Meeting of Ashok Leyland Ltd. held at Ennore, Madras, on 12th March 1962, the Chairman of the Company, Dr. A. Ramaswami Mudaliar, reviewed the progress of the Company during the last five years. With a plant and machinery designed to produce 1,000 vehicles per annum on single shift, the Company was able to produce 2,400 vehicles in 1961 with double-shift working and is expected to turn out 3,000 vehicles that year. Along with the rise in production, there has also been a progressive decline in imported components. Referring to rail-road controversy, the Chairman said that road and all other forms of transport must expand if only to assure the success of India's agricultural and industrial development. This expansion, he pointed out, would bring increased demand for commercial vehicles which would be equal to double the present production targets. The following is the full text of Dr. Ramaswami Mudaliar's speech:

"GENTLEMEN,

"I have great pleasure in extending to you a cordial welcome to the thirteenth annual general meeting of your Company.

"The Directors' Report, audited balance-sheet and profit and loss account for the period from 1st January to 30th September 1961 have been circulated to you and with your permission I shall take them as read.

"At the last annual general meeting I referred to the change in the financial year which the Directors decided to make. This is reflected in the balance-sheet and profit and loss account before you which cover a nine-month period only from 1st January to 30th September 1961 and the future financial years will run from 1st October to 30th September inclusive.

"As the profit and loss account shows, the sales for the nine-month period at Rs. 8,11,93,053 are a little less than the figure of Rs. 8,32,66,909 representing sales in the previous twelve months. It is gratifying to note that the value of sales in nine months this year has nearly equalled that in twelve months last year, a result which was achieved mainly by increasing the output of Comet chassis, the average output per month being 170 in 1960, as against 195 during the nine-month period in 1961, an increase of nearly 15 per cent.

"The continuous expansion of the factory is the result of the investment of funds mainly raised by additional share capital and, to some extent, by external credit. There has been only a negligible contribution of funds from the profits of the Company. In an expanding industrial unit, where plant and machinery have been added and additional buildings have been constructed to accommodate the plant and machinery and the increased activities of the Company, it must be obvious that, after providing for depreciation, development rebate and taxation reserve, there will be little left for ploughing profits into the concern. The small surplus remaining after these expenditure have been appropriated for a reasonable dividend. Your Directors are considering ways and means by which there might be a reasonable amount of profit which could be ploughed back into the concern for further expansion.

Impressive Progress

"The progress of your Company during the last five years must be recognised to have been impressive. The rapidly expanding assets have been appropriately depreciated so that the total depreciation up to 30th September 1961 exceed Rs. 98 lakhs. The development rebate stands at Rs. 37.25 lakhs. With a paid-up capital of approximately Rs. 3.45 crores, the gross block on 30th September 1961 was over Rs. 3.76 crores and the total assets on that date included stocks valued at Rs. 3.21 crores. I may mention here that the price charged by the Company for your Comets is the same today as it was in 1955, the difference in selling price being accounted for by the additional customs or excise duties imposed in successive Finance Acts. I am not aware of any other automobile company which has maintained its price at the same level during the last seven years.

"Additional buildings to a value of approximately Rs. 40 lakhs have been erected and additional plant and machinery of a value exceeding Rs. 56 lakhs have been installed during the year under review. These additions represent partly the provision of plant and machinery to carry forward the phased manufacturing programme and partly the buildings, plant and machinery required for the expansion programme to which I referred last year. Buildings required for the expansion of production are nearing completion and the installation of plant and machinery has commenced. I hope that, by the end of the current financial year, i.e. by 1st October 1962, nearly all the machine tools will have been installed and most of the jigs and tooling required for the production of components in accordance with the phased planning will have been supplied. We look forward to the production and sales continuing to increase during 1962 and I trust that in 1963 the expansion programme having been completed, our output of Comet chassis will be at the rate of 5,000 per annum with a 20 per cent excess capacity for the production of spare parts. In addition, engine output will have been increased to provide not only the Comet engines, but also the heavier '600' and '680' types required for chassis and industrial applications.

3,000 Vehicles This Year

"It will not be inappropriate if at this stage of our development I attempt to review the task we have undertaken during the last few years. As I stated, its magnitude is impressive. In 1956, at the commencement of the phased manufacturing programme, it seemed an optimistic estimate that we might within five years reach an output of 1,000 Comets per annum; and with restrictions on gross laden weights in most States, preventing the operation of our goods vehicles, it appeared a most formidable task to sell 1,000 vehicles per annum. However, by the end of 1957, it was clear that demands for our vehicles would exceed our ability to supply. Pending the practibility of a major expansion project, it was decided to introduce double-shift working with the object of increasing production to 2,000 vehicles per annum. It is no small satisfaction to the Board and myself that, with plant and machinery designed to produce 1,000 vehicles per annum with single-shift working, the factory was able to produce nearly 2,400 in 1961 and will probably produce over 3,000 in 1962 with double-shift working. Coincident with the task of increasing production with the plant and machinery currently available and with the progressive deletion of imported components, planning has been in progress since 1959 to give effect to the decision to increase production capacity to 6,000 'Comets' and in addition 1,200 Heavy Duty Engines per annum.

Progress of Foundry

"Ennore Foundries Ltd. has made good progress since your last annual general meeting. Production commenced in November 1961 and, by the end of March 1962, it will supply all the castings required by Ashok Leyland Ltd. which from April 1962 will discontinue the import of castings, including cylinder blocks and heads. From May 1962 progressively surplus capacity will be available for the supply of quality castings to users other than your Company. There are, nevertheless, certain difficulties which Ennore Foundries Ltd. have to face. Steel scrap is in short supply and is expensive, while pig iron available in the country has too high a prosphorous content. These difficulties may be overcome in due course, but while they persist the price of high quality grey iron castings will remain higher than it might otherwise be. Until these difficulties are overcome, it is unlikely that it will be possible to produce iron castings appreciably more cheaply than the landed cost of imported castings. It is hoped that before too long there may be definite plans to produce 'Sponge' iron in India as this would provide an ideal raw material, as an alternative to steel scrap, at an economic price. 'Sponge' iron is obtained by the direct reduction of iron ore by suitable carbonaceous matter; and considerable progress has been made in this new technique, particularly in Germany. Madras has iron ore available at Salem and lignite at Neyveli, which could provide an ideal combination for the production of 'Sponge' iron, which would be very useful not only to iron foundries but also to steel works.

Road Transport

"There has been from time to time discussions about the competition of road transport with rail transport and opinions have been expressed in some quarters that the railway earnings must be protected and that they ought not to be eroded by road transport earnings. A review of present conditions of traffic on rail and road and a reasonable forecast for the future must leave one under no delusion about the necessity for road traffic developing and indeed side by side with the development of rail traffic. It must be clear in the light of recent experience that road and all other forms of transport must continue to expand and that in no other way can the success of India's agricultural and industrial development be assured. This expansion will during the next ten years not only result in the demand for commercial vehicles equalling the combined output of manufacturers but also in increased demand to a figure which may well be 100 per cent more than the existing maximum production targets. The Board has, therefore, decided to go forward with the expansion project with confidence and be ready for such further developments as time and circumstances may demand.

"You will be interested to know that, following requests received from a number of shareholders, we have come to an arrangement with our bankers whereby they will charge us a concessional rate of 1/64 per cent on the total payments to shareholders who encash dividend warrants at any branch of our bank; and this charge will be paid by the Company. This will obviate shareholders having to pay bank charges of naye paise sixty-five per warrant in order to encash them at out-stations.

Visit of Leyland's Chairman

"Since your last annual general meeting, we have had several visits from senior officials of Messrs. Leyland Motors Limited. Mr. West, Deputy Chairman of Leyland, accompanied by Mr. Grimshaw, Leyland's Engineering Consultant came in November 1961; and Mr. Robinson, Leyland's Planning Controller in January 1962. In Februray 1962, we had the pleasure of welcoming Sir Henry Spurrier, Chairman of the Leyland Group, who visited us accompanied by Mr. West and Mr. Grimshaw. I must once more place on record not only our appreciation of the readiness with which our British Associates come to India to assist our efforts, but also of the invaluable advice which we receive from them. I am sure you will wish me to convey to them, and particularly to Sir Henry Spurrier our thanks for all their assistance.

"As Chairman I feel I must refer to one of my colleagues on the Board whose contribution to the progress of your Company has been out standing. I refer to the Managing Director, Mr Collins. His initiative and drive combined with his suavity—an invaluable asset to both in the factory and in relations with Governments—has been a great factor in all our progress.

"I must also record the enthusiastic help and co-operation which the officers, staff and workers of your factory have extended to your Directors. This co-operation has been readily given, indicating the interest of all employees in the development of the factory and the cordial relations which exist. I should like to convey our thanks to them all."

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

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BID-BOND GUARANTEE

RAILWAY ADMINISTRATION DISCRIMINATES AGAINST PRIVATE INSURERS

THE fear of general insurers that the directive recently issued by the Bombay Municipal Corporation to owners of buildings constructed on plots leased by it to have the fire insurance of such buildings placed with the Indian Insurance Companies Pool (75 per cent of the pool business is allotted to the insurance companies in the public sector) was only the thin end of the wedge has proved true. For a similar directive has been issued by the Railway Administration, which, if implemented, would result in depriving insurers in the private sector of yet another source of business. It is reported that the Railway Administration has decided to accept bid-bond policies insured with only the companies in the public sector doing general insurance business, namely, the Oriental Fire and General Insurance Company, Ltd., Bombay, the National Fire and General Insurance Company, Ltd., Calcutta, and the Asiatic Government Security Life and General Assurance Company, Ltd., Madras. Private sector companies have been issuing such guarantee policies for many years and the latest fiat from the Railways will hit them hard.

It is not known as to what was the immediate provocation for such a decision. Insurance circles are inclined to think that it is part of a calculated policy of strengthening the public sector in insurance at the expense of the private sector by taking away from the latter, one by one, all business that is even remotely connected with a Government or semi-Government body. They are surprised and pained to find that, while on the one hand, the Government and its chief spokesmen decry sectoral thinking, and assert that both the public and private sectors should develop and expand in the national interest, in practice it follows a policy of discrimination against the private sector. Private insurers concede that, in the larger interest of the insurance trade, the public sector companies should be fostered and strengthened, but should this be done, they ask, at the expense of the private sector in insurance, which, whatever may be its defects and shortcomings, have done a pioneering job and built up the industry from scratch to its present position? There is still scope for developing general insurance and for diversifying the scope and range of the covers provided. The public sector companies are large and experienced enough to venture into new and unexplored fields of underwriting. The fact that instead of concentrating their effort on such truly developmental activities, they should exploit any opportunity to grab the business which private insurers have been doing for years, is not regarded by private insurers as a healthy trend.

Association's Protest

Protest against the Railways' move has already been voiced by the Indian Insurance Companies Association, Bombay. In a memorandum sent to the Railway Administration, the Committee of the Association has pointed out that the decision of the Railway Administration to accept only the policies issued by the public sector companies is discriminatory and that there is no reason or justification for interference with an established practice which had benefited both the railways and its customers, not to speak of insurers themselves. The Committee of the Association points out that, to the best of its knowledge, not a single company had failed to honour its obligations as per the terms of its guarantee and it is therefore at a loss to understand the *raison d'etre* of the move. The memorandum has, therefore, requested the Railway Administration to review the position and to restore the *status quo ante*.

Some insurers are optimistic that they would succeed in persuading the Railway Administration to revoke its decision, because representation made by the Association direct and through the Indian Merchants' Chamber to the Bombay Municipal Corporation has borne fruit. The Committee of the Chamber, in a communication to the Municipal Commissioner, Bombay, had made the following plea:

"The Committee of the Chamber have given careful consideration to the representations received in this regard. It is not clear to them as to the reasons which have prompted the issue of the directive in question. Fire insurance business in respect of the buildings in question has been placed with individual insurance companies since last several years and the policies issued by these companies have been accepted by the Corporation and, as far as it is known, there has not been any case of an insurance company having failed to meet its obligations throughout this period.

"Perhaps, the proposal has been mooted in terms of the Pool Agreement providing 75 per cent participation for Government-controlled companies and 25 per cent for companies in the private sector in respect of insurance business under direct or indirect control of Government, Municipalities, Local Bodies, Universities and certain other institutions aided by Government. In the opinion of the Committee, however, insurance of properties constructed by lessees on Improvement Trust plots cannot be deemed to be coming within the purview of the Pool agreement. They, therefore, feel that there is no justification for the issue of the directive to the owners of the buildings constructed on plots leased by the Improvement Trusts that they should insure the buildings in question against the risk of fire by obtaining cover for the same from the Indian Insurance Companies Pool. Such a proposal will only deprive a number of insurance companies of a large source of revenue by precluding them from catering to the needs of the owners of such buildings as they have been doing heretofore."

In response to these representations and impressed by the logic and justice of their plea, the Bombay Municipal Corporation has rescinded its earlier directive and restored the *status quo ante*. Accordingly, lessees are again free to place fire insurance of buildings constructed on plots leased by the Improvement Trust of the Corporation with individual insurance companies of their choice.

REDUCTION IN FIRE PREMIUM RATES

At a two-day meeting which concluded at Bombay on the 16th inst., the Tariff Committee of the General Insurance Council is reported to have tentatively agreed to reduce the fire premium rates by about 15 per cent. The exact percentage of the cut and the date on which the reduced rates will come into force will be fixed at a meeting of the Tariff Committee scheduled to be held at the end of this month at New Delhi. The decision taken at this meeting will be communicated to the Controller of Insurance for approval.

The move for the cut in premium rates would appear to have been mooted by the Controller of Insurance who seemed to have wanted a reduction of as much as 40 per cent in the fire premium rates. The justification advanced for this and previous reductions in fire premium rates is that the margin of profit in the fire portfolio is comparatively on the high side and that this largely accounts for the prevalence of the evil of rebating. Reduction in premium is expected to reduce the profit of fire business and thereby make it impossible to give large rebates in the premium. The insurers' reply to this argument is that a reduction in fire premium will weaken their financial position, as a part of the profit on fire business is being utilised to subsidise the other two main economic lines of business, namely, marine and miscellaneous. They also maintain that rebates cannot be stopped in this manner. For, in spite of successive reduction in fire tariff rates in the past, illegal rebates continued to be growing. The fault, it is pointed out, lies elsewhere and should be remedied by appropriate measures.

TEXTILES

(*Concluded from page 504*)

tons. The next largest producer was China, with something in the region of 7,000 tons, and then Russia, with an estimated output of 2,900 tons. The only West European country to feature prominently on the list was Italy which came fifth with 892 tons, some 150 tons less than India. Neither China nor the Soviet Union has been placed among the leading exporters, but nevertheless theirs are the only industries to have succeeded in increasing their output as compared with 1938. In the case of Russia, the increase is about 1,000 tons and in that of China nearly 2,000 tons. No official figures are, however, available.

Commenting on the recent trends, the *Financial Times*, London, observes:

"Although international trade in silk has dropped disastrously within the last 24 years, Japanese domestic consumption has held up remarkably well. The figure of 15,414 tons for 1960 was actually slightly more than that of 1938. The only other non-Communist countries even to reach four figures were the U.S., France, and Italy. The U.K. was a relatively small importer, taking only 253 tons, though this was more than 100 tons up on 1958. The general pattern of trade undoubtedly remained much the same in 1961, but the decline seems to have been more marked in Western Europe than in the U.S. At the end of November 1961, French imports alone were standing at 27 per cent less than at the same time in the previous year. However, in all the main markets, the manufacturers are attempting to restore silk to popularity through large-scale advertising campaigns. In the advertisements, the unique quality of silk in an age of synthetic fabrics is strongly stressed. A well-known one in the U.S. simply shows a girl in a silk dress under the caption 'Only silk is silk.' It is claimed that these campaigns have already had some success in both the men's and women's fashion fields and that silk underwear may be on the way back."

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OUTLINE OF CENTRAL BUDGET

REVENUES BUOYANT—CAPITAL OUTLAY LARGE

THE gross revenue receipts of the Government of India for the ensuing financial year (commencing from 1st April next) as estimated in the interim budget presented to Lok Sabha last week stand at the all-time peak of Rs. 1,305.87 crores which represents an increase of as much Rs. 226.76 crores as compared with the revised estimate of Rs. 1,079.11 crores for the current year (1961-62) which itself was well above the budget estimate of Rs. 1,017.95 crores. A good part of this increase, as we shall presently show, reflects the effect of certain important changes in the accounting procedure covering both sides. Even so, the revenues are expected to be buoyant as they have actually been in 1961-62. Despite a marked rise in receipts, the revenue budget shows a sizable deficit of Rs. 63.46 crores in contrast to the surplus of Rs. 33.96 crores disclosed in the revised estimate for 1961-62. This is because of the continuously and rapidly expanding tempo of revenue expenditure which for the coming year is placed at Rs. 1,369.33 crores, that for the current year being Rs. 1,045.15 crores (revised) and Rs. 1,023.52 crores (budget). In addition to the revenue deficit of Rs. 63 crores, the deficit on capital account is of the order of Rs. 84 crores—receipts and expenditure being placed at Rs. 1,331 crores and Rs. 1,415 crores, respectively—so that the overall deficit for 1962-63 is pretty heavy: Rs. 147 crores, as against Rs. 121 crores (revised) and Rs. 70 crores (budget) for 1961-62. The entire deficit is, as is only to be expected, left uncovered, since the main purpose of the budget is to facilitate a vote on account to meet the expenditure of the Government until the new Parliament considers the budget again.

Revenue Estimates

As compared with the budget estimate for 1961-62, the revised estimate of revenue shows a rise of Rs. 61.16 crores. The rise was due mainly to better collections under customs, Union excise duties and corporation and income taxes. Larger imports of machinery and mineral oils as well as the imposition of countervailing duties under the latter accounted for an increase of Rs. 9.96 crores under customs. Union excises are expected to be more by Rs. 38.32 crores, following the general improvement in production and clearances, increase in duty on mineral oils, and better realisations from new excises. With the rapid growth of business and industry, the revenue from income-tax, including corporation tax, is likely to go up by Rs. 28 crores. These improvements have, however, been partly counterbalanced by the increase of Rs. 13.45 crores in the States' share of income-tax and estate duty. Civil expenditure this year is now estimated at Rs. 743.22 crores, as against the original budget of Rs. 742.60 crores, and Defence expenditure at Rs 301.93 crores, as against Rs. 282.92 crores. The increase in civil expenditure is the net effect of variations over a number of heads—debt services, subsidies on sugar exports, movement of coal by sea, States' share of excise duty and transfer of grant under P.L. 480 funds to the Special Development Fund. A part of these increases has been partly made good by a number of savings, particularly under "Social and Development Services" and in grant to States in lieu of their share of income-tax. The increase in the Defence estimates is due mainly to increase in the provision for stores, equipment, transportation and other charges.

The anticipated improvement of Rs. 226.76 crores in revenue estimates for 1962-63 as compared with 1961-62 (revised) is attributed largely to the change in the classification of interest recoveries from States and commercial departments, the amount actually involved being Rs. 149.57 crores. The balance of the increase, Rs. 77.19 crores, is spread over a number of heads, as the accompanying table at the bottom shows. Gross revenue from Union excise duties, for instance, are placed higher by Rs. 21.33 crores at Rs. 492.28 crores, corporation tax by Rs. 8.00 crores at Rs. 168.00 crores and taxes on income by Rs. 6.00 crores at Rs. 148.00 crores. Customs receipts are left unchanged at Rs. 199.60 crores. The revenue receipts from Goa, Diu and Daman are expected to amount to Rs. 5.01 crores.

Out of the gross revenue expenditure of Rs. 1,369.33 crores for 1962-63, civil heads account for Rs. 1,028.66 crores (a rise of Rs. 285.44 crores over the revised estimate of Rs. 743.22 crores for 1961-62) and defence expenditure for Rs. 340.67 crores (rise of Rs. 38.77 crores over 1961-62). Excluding Rs. 151.13 crores on account of changes in accounting classification of interest recoveries and working expenses of commercial departments, the civil expenditure next year shows an increase of Rs. 134.31 crores distributed over a number of heads. The growing volume of both internal and external public debt accounts for a rise of Rs. 12.23 crores. Social and development services will be more by Rs. 14.74 crores and transfer of P.L. 480 grant to the Special Development Fund by Rs. 27 crores. Following the acceptance of the Finance Commission's recommendations, the States' share of Union excise duties will be higher by Rs. 33.43 crores. A sum of Rs. 5.28 crores has been provided for the requirements of the territories of Goa, Daman and Diu, besides Rs. 7.5 crores for payment to the Reserve Bank for withdrawal of escudo currency in these territories. Grants to States show a net increase of Rs. 13.79 crores. Other increases are spread over a number of heads. The net rise of Rs. 38.74 crores in expenditure on Defence Services in the coming year is mainly under Army and Air Force estimates.

Capital Outlay

The current year's budget provides for a total capital outlay of Rs. 454 crores, exclusive of adjustment for transfer of capital assistance from the U.S. to the Special Development Fund. The revised estimate of outlay is Rs. 427 crores, showing a saving of Rs. 27 crores. The saving is the net result of several variations in respect of food purchases, Defence capital outlay, Oil and Natural Gas Commission, Heavy Engineering Corporation, Delhi Capital outlay, National Coal Development Corporation and the Shipping Corporation. But these shortfalls will be partly covered by the increase of Rs. 27 crores on account of Railway capital requirements, Hindustan Steel, Indian Refineries and the Neyvell Lignite Corporation.

The provision for capital outlay next year is Rs. 588 crores, representing an increase of Rs. 161 crores over the current year's revised estimate. The increase is chiefly attributable to the stepping up of Plan outlays in the second year of the Plan. Provision has been made for the requirements of Hindustan Steel, Railways, foodgrain purchases, border roads, Oil and Natural Gas Commission, national highways, Heavy Engineering Corporation, Farakka Barrage Project, Defence capital outlay and Atomic Energy research.

In addition to direct capital outlay, the estimates include Rs. 469 crores this year and Rs. 453 crores next year for loans to States, as against the original provision of Rs. 409 crores. The grant of *ad hoc* loans amounting to Rs. 30 crores to four States to clear their overdrafts with the Reserve Bank at the end of the second Plan and larger ways and means advances to cover the temporary lag in the resources of State Governments explain the larger requirements in the current year. Loans to other parties are now estimated at Rs. 152 crores this year and Rs. 147 crores next year, as compared with the original budget of Rs. 171 crores for 1961-62.

Plan Expenditure

The next year's estimates include a total provision of Rs. 1,107 crores for implementing the Plan, comprising Rs. 192 crores on revenue account and Rs. 915 crores as capital outlay including loans. In addition, the Railways are expected to provide Rs. 26 crores and Hindustan Steel Rs. 30 crores from their own resources. Assistance to States amounts to Rs. 405 crores, of which Rs. 96 crores will be in revenue budget and Rs. 309 crores in capital budget. With the resources of Rs. 283 crores which the States are expected to raise on their part, the outlay on State Plans next year is expected to aggregate Rs. 688 crores. The outlay on Central portion of the Plan is placed at Rs. 758 crores. The total Plan outlay of both Central and State Governments in the coming year will thus be of the order of Rs. 1,446 crores, which means the stepping up of the current year's budgeted outlay of Rs. 1,214 crores by 19.1 per cent. Allowing for possible shortfalls, the actual Plan outlay in the first two years is likely to cover about one third of the target of Rs. 7,500 crores envisaged in the Plan.

Overall Deficit

The overall deficit in the budget for current year had been estimated at Rs. 70 crores, of which Rs. 64 crores were expected to be met by expansion of treasury bills and the rest by drawing down of cash balance. According to the latest assessment, the overall gap is now expected to increase to Rs. 121 crores. This means that, despite the revenue deficit of Rs. 6 crores having been converted into a surplus of Rs. 34 crores and despite a saving of Rs. 27 crores in capital expenditure, the overall gap will be Rs. 51 crores more than the original estimate. This is mainly due to shortfalls in both internal and external borrowings. Net market borrowings, including small savings, will show a drop of Rs. 38 crores, while net borrowings from abroad will be less by Rs. 47 crores. P.L. 480 deposits will also show a shortfall of Rs. 36 crores.

For the next year, credit is being taken for a market borrowings aggregating Rs. 260 crores (including Prize Bonds) and Rs. 105 crores net from small savings. The budget is also assuming a credit of Rs. 455 crores from foreign loans and Rs. 90 crores from P.L. 480 deposits, inclusive of Rs. 50 crores to be transferred from the monies formerly deposited to the State Bank of India.

The overall budgetary position for the coming year is summarised thus: The revenue budget is expected to show a deficit of Rs. 63 crores. Capital outlay will amount to Rs. 588 crores, loans to States and other parties Rs. 600 crores, and debt repayments Rs. 227 crores. The total disbursement of Rs. 1,478 crores is expected to be met to the extent of Rs. 820 crores from internal and external borrowings, Rs. 218 crores from repayment of loans, Rs. 90 crores from investment of P.L. 480 funds and Rs. 203 crores from miscellaneous debt and deposit heads, leaving a gap of Rs. 147 crores.

Finances of Central Government—A Summary

(In crores of rupees)

	1960-61 (Accounts)	1961-62 (Budget)	1961-62 (Revised)	1962-63 (Budget)
Revenue				
Customs	170.03	189.64	199.60	199.60
Union excise duties	416.85	432.63	470.95	492.28
Corporation tax	111.05	141.00	160.00	168.00
Taxes on income	167.38	133.00	142.00	148.00
Estate duty	3.09	3.00	4.00	4.00
Taxes on wealth	8.15	7.00	7.50	7.00
Taxes on railway fares	15.89	..	..	..
Expenditure tax	0.91	0.80	0.80	0.80
Gift tax	0.88	0.80	0.85	0.85
Other heads	15.57	14.32	15.46	15.83
Debt services	14.81	13.84	11.58	167.51
Administrative services	0.66	0.97	1.11	0.11
Social and development services	53.11	44.70	45.55	35.29
Multi-purpose river schemes	0.03	—0.01	—0.01	0.36
Public works, etc.	3.27	3.76	3.74	4.02
Transport and communications	2.17	2.46	2.38	6.30
Currency and mint	58.10	60.63	58.15	54.53
Miscellaneous	25.35	20.99	22.92	24.56
Contributions and miscellaneous adjustments	5.22	22.12	21.68	24.41
Extraordinary items	3.72	10.00	13.00	40.00
Deduct—Share of income-tax payable to States	—87.87	—80.79	—93.27	—89.70
Deduct—Share of estate duty payable to States	—2.91	—2.91	—3.88	—3.88
Deduct—Share of taxes on railway fares payable to States	—13.79	..	..	..
Total revenue	971.67	1,017.95	1,079.11	1,305.87
Deficit on revenue account	..	5.57	..	63.46
Total	971.67	1,023.52	1,079.11	1,369.33
Expenditure				
Collection of taxes and duties	97.53	21.14	21.15	22.58
Debt services	77.09	81.90	86.10	247.90
Administrative services	58.66	58.37	60.00	70.31
Social and development services	209.79	167.78	155.72	162.25
Multi-purpose river schemes, etc.	1.11	1.25	1.33	1.57
Public works, etc.	20.46	20.62	21.92	21.88
Transport and communications	5.06	6.65	6.22	8.75
Currency and mint	10.15	11.96	11.62	20.23
Miscellaneous	140.38	73.76	81.77	100.83
Contributions and miscellaneous adjustments	48.55	287.26	283.70	330.97
Extraordinary items	4.09	10.87	13.79	41.40
Defence services (net)	247.55	282.92	301.93	340.67
Total expenditure	920.43	1,023.52	1,045.15	1,369.33
Surplus on revenue account	51.25	..	33.96	..
Total	971.67	1,023.52	1,079.11	1,369.33

Centre's Position Since 1950-51

(In crores of rupees)

	1950-51 (Accts.)	First Plan (1951-56)	Second Plan (1956-61)	1955-56 (Accts.)	1956-57 (Accts.)	1957-58 (Accts.)	1958-59 (Accts.)	1959-60 (Accts.)	1960-61 (Accts.)	1961-62 (B.E.)	1961-62 (R.E.)	1962-63 (B.E.)
Distribution of revenue and expenditure												
Gross tax revenue	353.6	2,318.3	3,705.2	485.1	573.1	695.8	715.1	812.3	908.9	924.2	1,001.2	1,036.4
Less—Cost collection	10.2	58.4	93.7	12.5	14.5	16.6	19.4	20.8	22.4	21.1	21.2	22.6
Less—State's share and transfer to C.R.F.	50.9	366.8	729.3	78.1	83.4	124.2	145.4	173.5	182.9	166.0	182.1	212.0
Net tax revenue retained	292.5	1,893.1	2,882.2	394.5	475.3	555.0	550.3	618.0	703.6	737.0	797.9	801.7
Contributions from Railways and P. and T.	10.5	47.2	50.9	9.3	12.2	10.0	12.7	10.8	5.2	22.1	21.8	21.8
Currency and mint (receipts less expenditure)	9.7	66.3	159.9	19.8	19.4	26.0	23.4	43.0	48.0	48.7	41.5	34.3
Interest receipts	2.1	231.9	502.5	55.7	71.0	86.9	99.8	113.7	131.2	150.1	143.5	167.5
Extraordinary receipts	0.7	12.8	5.1	0.1	1.1	..	0.2	3.7	10.0	13.0	13.0	40.0
Other revenue	25.2	134.6	343.8	41.0	35.1	61.5	79.6	82.2	85.4	73.8	76.6	79.2
Total net revenue	393.5	2,385.7	3,944.3	520.3	614.1	739.4	745.8	868.0	977.1	1,042.1	1,094.4	1,144.6
Interest on debt	32.4	391.8	710.8	91.0	99.4	117.8	135.1	170.1	188.5	213.6	213.0	242.9
Reduction or avoidance of debt	5.0	25.0	25.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Extraordinary items	7.0	58.5	84.1	10.4	10.4	11.5	14.1	20.7	27.4	10.9	13.8	41.4
Defence expenditure (net)	164.1	805.7	1,178.2	172.3	192.2	256.7	250.9	230.9	247.6	282.9	301.9	340.7
Other expenditure	125.6	764.9	1,726.1	201.1	217.8	306.3	346.0	398.7	457.4	585.3	526.7	578.1
Net capital outlay of commercial department met from revenue	0.1	0.4	..	..	..	..	..	..	..	..	..	..
Total expenditure	334.2	2,186.3	3,724.3	479.9	524.7	697.3	751.1	825.4	926.9	1,047.7	1,060.4	1,208.1
Surplus (+) or deficit (—)	+59.2	+249.5	+220.0	+40.5	+89.4	+42.1	—5.3	+42.8	+51.3	—5.6	+34.0	—63.5

Capital Formation

Net capital formation by Central Government												
Fixed assets	49.2	874.7	968.0	127.8	183.7	186.7	179.9	171.5	246.2	289.0	..	..
Works stores	9.9	9.8	25.6	5.1	33.0	37.2	21.0	—34.5	—21.1	—8.8	..	..
Increase in policy stocks of foodgrains	—9.3	25.9	95.2	—12.5	—9.2	21.8	16.2	8.9	57.5	42.9	..	..
Total	49.8	410.4	1,088.8	120.4	197.5	245.7	217.1	145.9	282.6	323.1	..	..
Financial assistance for net capital formation												
To State Governments	41.1	806.9	1,410.2	272.7	206.0	261.6	283.1	303.2	356.3	406.2	..	..
To non-departmental commercial enterprises	5.2	71.1	941.5	22.0	60.6	170.3	256.0	233.5	221.1	208.7	..	..
To others	2.4	106.9	168.3	33.4	32.9	48.9	31.8	25.9	34.8	38.9	..	..
Total	48.7	985.9	2,520.0	328.1	299.5	474.8	570.9	562.6	612.2	653.8	..	..
Total net capital formation out of budgetary resources of Central Government	98.5	1,396.3	3,608.8	448.5	497.0	720.5	788.0	708.5	894.8	976.9	..	..

Note—The revised estimates of capital formation for 1961-62 and budget estimate for 1962-63 are not available.

AUTOMOBILE ANCILLARY INDUSTRIES

DYNAMIC EXPANSION UNDER WAY

WITH the growth in the production of cars, jeeps and trucks in recent years, the automobile ancillary industries too have registered a proportionate growth. In 1960, for instance, the aggregate production of automobiles was 52,115, while the production of components (excluding tyres, tubes, other rubber items, batteries and ball bearings) in the organised and small-scale sectors together was valued at Rs. 14 crores in the same year. The number of automobiles produced in the first ten months of 1961 aggregated 46,540, while the output of components is estimated to have been of the order of Rs. 17 or Rs. 18 crores in the whole of that year and is currently reported to be running at an annual rate of Rs. 18/20 crores. It is expected to rise to Rs. 35 crores by the end of the third Plan, keeping itself in step with the growth of automobile production to one lakh vehicles (40,000 cars and jeeps and 60,000 trucks with an average indigenous content of 80 to 90 per cent) by the last year of that Plan.

How impressive will be the growth of automobile ancillary industries may be known from the figures of investment. In the automobile plants the current investment is Rs. 24 crores, while in the ancillary sector it is Rs. 6 crores. The additional investment in the third Plan period is expected to be Rs. 76 crores in the automobile plants and Rs. 24 crores in the ancillary sector. As a result of so much additional investment it is envisaged that the ancillary industries will attain the targeted level of production (upwards of Rs. 35 crores without including tyres and tubes, batteries and ball bearings) by the end of the third Plan and turn out the entire range of components amenable to independent manufacture. Readers may be interested to know, in this connection, the more important items which are either in production or have been covered by schemes sanctioned by the Government. These items are:

(i) Engine and engine parts like diesel engines, pistons, piston rings, cylinder liners and engine valves.

(ii) Fuel and fuel injection components like carburettors, fuel pumps, fuel injection system, fuel tank and cap, etc.

(iii) Ignition and electrical parts like spark plugs, ignition distributors, starter motors, dynamo motors, condensers, rotors, electrical bulbs and horns, head and side lamps, armature and voltage regulators.

(iv) Brake and brake system components like master cylinder, wheel cylinder, brake hose and brake shoes.

(v) Clutch and clutch parts like clutch plate, pressure plate, clutch facing and clutch bearing.

(vi) Cooling system components like radiator, radiator cap and radiator hose.

(vii) Chassis and chassis parts such as propeller shaft, axle shaft, King pins, bushings, chassis bracket, laminated springs, coil springs, etc.

(viii) Instruments like speedometers, ampsmeter, oil gauge, petrol gauge and taximeter.

(ix) Tyres, tubes and accessories like tube valve pins, valve bodies and caps.

(x) Auto chemicals like body polish, brake fluid, gasket shellac, radiator cement and soldering fluid.

(xi) Garage equipment like car washers and service station equipment, battery chargers, spanners, hand and foot pumps, screw drivers and rim wrenches.

It is noteworthy that the Government has shown a marked preference for independent ancillaries in licensing new units in the industry. Almost all components and sub-assemblies normally produced by specialised manufacturers outside automobile factories have been licensed in the ancillary sector and many of these items are in production in the country in collaboration with reputed foreign firms. As an automobile consists of four to five thousand parts and as it will be impossible for a single automobile plant to produce such a large number of components economically, the Government of India has lately shown an awareness of the need to develop ancillary capacity for the manufacture of original equipment components, so that the vehicle manufacturers can be relieved, to a considerable extent, of the necessity of continuing in such uneconomic operations of producing components which can be produced more economically by the specialised manufacturers. It is to be hoped that, when the remaining 75 units out of the total of 150 ancillary units borne on the list of the Development Wing go into production, the ancillary industries will begin supplying more original equipment components to the automobile industry, besides supplying spare parts for the replacement purposes of the vehicles on the road.

Already in 1961, according to Mr. Pranlal Patel who delivered the presidential address at the second annual general meeting of the All-India Automobile and Ancillary Industries Association held at Bombay on the 17th instant, a number of important and special components, both for original fitment and for replacement, registered significant increases in production. Among these were pistons, piston rings, gudgeon pins, cylinder liners, valves, fuel injection equipment, gaskets, spark plugs, filters, thin walled bearings, tie rod ends, propeller shafts, wheels, brake linings, clutch facings and a whole range of chassis parts. Mr. Patel also testified to the recent trend of active co-operation from the side of vehicle manufacturers. Their patronage to the products of ancillary industries has been increasing, and this hopeful trend has led Mr. Patel to think in terms of eventual integration of the ancillary industries with the automobile industry so as to fulfil the task of 80 to 90 per cent average indigenous content set for the industry in the third Plan. A factor that will operate as a great help to the ancillary industries in the years to come pertains to standardisation and uniformity, thanks to limiting the manufacture of automobiles to a few makes and models—three for passenger cars, four for trucks, one for 'people's car' (if and when it comes) and one for jeeps.

But the ancillary industries are not without their share of difficulties in common with other industries. The slowness in disposal of applications for import of capital goods and raw materials is one of them. Mr. Manubhai Shah, Union Minister for Industry, who spoke after Mr. Pranlal Patel at the meeting of the Association, admitted that there was a shortage of imported raw materials in spite of the fact that as much as 73 per cent of the country's import bill as a whole was being utilised for imports of raw materials and components. But he did not hold out any hope of further improvement in this respect to the automobile ancillary industries, for which the foreign exchange allocations had doubled in the last two years. On the contrary, he emphasised that the raw material requirements could be met more fully only by increasing exports and earning more foreign exchange. In this connection, he advised the Association to prepare a list of ancillary items that could be exported from year to year, so that some incentives could be given to the firms concerned for the purpose. That the Association itself has been engaged in consultation with the Engineering Export Promotion Council for some time over the question of exports is a hopeful sign.

WATER FROM DESERT

A Japanese has invented a simple device by which water can be obtained even from the desert. According to Mr. Kobayashi, Director of the Japan Electrical Research Institute in Kawasaki City, Kanagawa Prefecture, his invention succeeded in obtaining water from the desert area near Mt. Mihara on the island of Oshima, southeast of Tokyo. During his experiments carried out on the "Japanese Desert" on Oshima, he was able to collect one litre of water from one square meter of sand surface during a 24-hour period. On his way to the international conference on the utilisation of new energy sources held in Rome last August under the sponsorship by the United Nations, Mr. Kobayashi carried out a similar experiment at Quetta, an arid area in Pakistan, and was successful in obtaining almost the same results as the tests conducted on Oshima. Since the experiments have been conducted only in two countries so far, the inventor feels that he must carry out more tests in the deserts throughout the world in order to obtain convincing proof of the success of his invention. The invention is quite simple; the device consists of only a plate of glass within a square frame lined with adiabatic material. The glass is so placed that the solar rays hits the glass at right angle. Moisture forms on the inside surface of the glass plate and finally becomes drops of water which is then collected.

Underground water is present in any area no matter how dry the surface of the ground. This underground water gradually seeps up to the surface through capillary action, but it evaporates into the air almost instantly in arid and hot districts. However, when this device is used, the water, in the form of vapour which rises up to the surface from deep below the ground, becomes saturated in the box and forms moisture on the inside surface of the glass plate. The water obtained from this moisture is natural distilled water which is entirely free from impurities. Water can be obtained by the device even at night when the sun is down. This is because subterranean heat still exists at night due to the surface of the ground having been heated by the sun during the day time. The volume of water obtainable from low areas in a desert is the same as that from higher locations such as sand dunes. This is because the height of the sand dunes is insignificant compared with the depth where the underground water is located. This device, which was reported in a conference concerning the utilisation of solar energy held recently in Tokyo, is reported to have caused quite a sensation. It was also reported that it aroused considerable interest among the participants at the Rome conference last August.

MINERAL PRODUCTION

There was a general increase in the production of minerals, both metallic and non-metallic, during December 1961, according to the statistical summary of mineral production released by the Indian Bureau of Mines. Among the metallic minerals, the output of manganese ore during the month was 104,000 metric tons, which was higher by 1,000 metric tons over the production in November, 1961. The total production of this mineral during 1961, which was 1,204,000 metric tons, was also higher by 5,000 metric tons over that of 1960. Iron ore production during the month was 1,141,000 metric tons.

Among the non-ferrous group of minerals, the output of copper ore increased by 4,404 metric tons to 40,251 metric tons. Lead and zinc concentrates also registered a sizable increase in production during the month. There was an increase in the production of gold from 415 kg. in November to 425 kg. in December, 1961. Output of silver also improved from 440 kg. in November to 550 kg. in December. The total production of silver during the year 1961 exceeded the previous year's output by 44 per cent.

Among the non-metallic minerals, the production of crude mica recorded a sizable increase from 1,889 metric tons in November to 2,470 metric tons in December, 1961. The production of limestone increased by 111,000 metric tons, reaching 1,352,000 metric tons during the month under review. The total output of limestone during 1961 was 14.3 million metric tons, which was higher by 12 per cent as compared to the production during the year 1960.

P.A.L.'S 100,000th VEHICLE

Premier Automobiles Ltd. (Bombay) which has the distinction of having established the first automobile manufacturing factory in the country way back in 1947, celebrated on the 16th instant a proud event in its brief history. The event was the completion of the 100,000th vehicle in the Kurla factory of the Company. Press men who were taken round the different divisions of the factory could see for themselves the big strides made by the company in the manufacture of components for the Fiat cars and Dodge and Fargo trucks. It is indeed remarkable that P.A.L. is now manufacturing nearly 80 per cent of the components of its cars and trucks. These components include engines (both petrol and diesel), chassis frames, axles and transmissions. Among the few components that are still imported, the major one is the car body. There will be no need to import this item when the Company's sheet metal pressing unit goes into production by the end of this year.

As of 1961, Premier Automobiles has reached a high level of annual production, with a turnover of about Rs. 25 crores and an output of 13,000 vehicles. It is also noteworthy that P.A.L. leads the other automobile manufacturing concerns in the country in the number of vehicles so far produced. The day when the Company will turn out a completely Indian-made automobile is not far off. With its elaborate quality control system and its well-equipped laboratories, P.A.L. claims that it is ceaselessly striving to attain and maintain the highest quality at every stage of production. It will be interesting to note here that one out of every six vehicles on the road today is a Premier-built vehicle.

CLEAN AIR FROM POWER STATIONS

Two orders covering the supply and commissioning of 40 flue dust monitors are reported to have been placed with the Electronic Apparatus Division of Associated Electrical Industries Limited by Babcock and Wilcox Ltd. The equipments are to be installed at C.E.G.B. generating stations at West Thurrock and Rugeley in Britain —20 at each site. They are required for the main boiler construction programme.

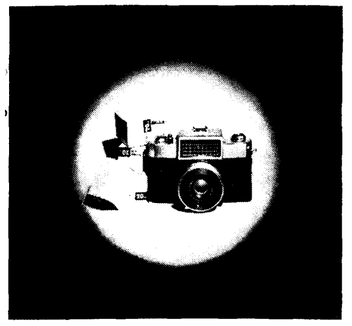
A dust monitor head will be installed in each induced-draft inlet duct and will without change in velocity measure the dust emission from the dust arresting plant before it enters the main duct and chimney stack. When the dust emitted exceeds the accepted level as determined by the Alkali Inspectorate, a warning device fitted to the equipment will operate a flashing light on the boiler control desk so that the operator can take the necessary action.

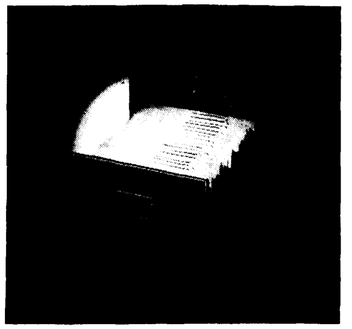
A continuous recording of the dust emission will be provided during the operational period of each boiler. The time between cleaning can be as long as or even longer than 15 months. Prolonged field trials at C.E.G.B. power stations have proved that the A.E.I. flue dust monitor requires little or no maintenance—an important feature in flue dust measurement.

BRITISH STEEL INDUSTRY

British steel production in February this year averaged 415,200 tons a week, almost 9 per cent more than in January, according to estimates issued on the 15th instant by the Iron and Steel Board in London.

Capital expenditure in the British iron and steel industry on major schemes of modernisation and expansion during 1961 was nearly £200,000,000, according to the Board's annual review of capital expenditure. This was 36 per cent more than in the previous year.





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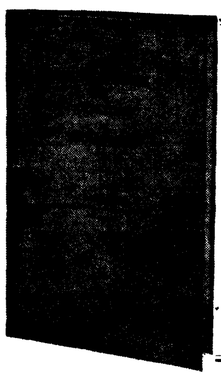

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NEW PRODUCTS AND PROCESSES

Fuel Cells as Source of Electric Power

THE fuel cell—a new type of "battery" that converts chemical compounds directly and continuously into electricity—promises to rival the revolutionary capabilities of atomic energy. The fuel cell holds particular promise for electricity-short areas that lack hydro-electric power or cannot afford steam-generating electric power plants. The ingredients of fuel cells—common chemical compounds, a catalytic agent such as bacteria, and sea-water—are plentiful world-wide. One experimental fuel cell that produces enough power to send radio signals more than 15 miles was demonstrated in Washington a few days ago. Its electricity is generated by harmless bacteria feeding on sugar in a 7-inch test tube also containing sea water. Herbert I. Sargacher of New York, President of General Scientific Corporation, recently demonstrated the micro-powered radio transmitter. Just one grain of sugar, he said, is enough to keep the organisms producing electricity for two months or more. Its minute power output is less than half a watt. The device is an outgrowth of research a year ago by Dr. Frederick D. Sisler of the U.S. Interior Department. He found that electrodes planted in ocean mud could pick up electrical energy from micro-organisms at work under the bottom slime. Scientists say that power developed from ordinary chemical compounds worked on by bacteria found in sewage, garbage, and human waste could eventually lead to: (1) Electricity to meet the needs of whole towns at costs less than power produced by conventional means and nuclear reactors. (2) Recovery of minerals; conversion of the sun's energy to power uses; conversion of salt water to drinking water; and the generation of water and oxygen for astronauts aboard spaceships. (3) Conversion of nitrogen from the atmosphere and phosphorus from the sea into useful materials such as food and fertilizer. The great promise of fuel cells lies in the almost inexhaustible store of electric energy locked in chemicals. The big engineering problem lies in efficiently converting and trapping the electrical energy. Theoretically, fuel cells can operate at 80 per cent efficiency, about twice that of conventional electric generating plants.

Asphalt Slabs for Floors in Factories

A Dutch factory is manufacturing asphalt slabs that can be used as floor-covering in factories, barracks, laboratories, stores, schools, hospitals, stations, churches, etc., and on ships. They are not suitable for use in the tropics. The slabs are rolled from asphalt of a special composition and supplied in the standard size of 50 x 50 cm. A compact, jointless floor is obtained by welding the slabs together using a gasoline or propane blow-lamp. They are secured to the floor underneath by means of molten bitumen. The weld seam created by the welding operation will disappear after two or three months' intensive use. This weld seam can also be removed from the floor immediately upon delivery by machine polishing. The slabs, which can be laid on any flat, solid, dry floor, are hard enough to withstand heavy loads and as they are also plastic they will not crack under shock loads. The actual floor that can be rapidly and easily laid with these slabs is dust-free, non-slip and sound-damping. It can be used immediately after laying and requires virtually no maintenance. Local repairs can be readily carried out. The floor affords insulation against currents of up to 30,000 Volts. The slabs are obtainable in black and maroon in three grades, namely, plain, oil-resistant and acid-resistant, and in thicknesses of 6, 8, 10, 12 and 15 millimetres. At a temperature of below 40° C. the acid-resistant grade of asphalt slab is resistant to a variety of acids, such as sulphuric (below 50 per cent), hydrochloric (below 38 per cent), nitric (below 4 per cent), phosphoric (below 25 per cent), formic (below 40 per cent), acetic (below 95 per cent), citric, benezoic, phthalic and oxalic acids; also to inorganic alkalis such as caustic lye, ammonia, soda, solutions of soap, Teepol and salts. As far as organic alkalis are concerned, they are resistant to triethanol amine and, as regards solvents, to methyl alcohol, ethyl alcohol and methylated spirits. In addition, fruit juices, lemonades, alcoholic drinks with or without CO_2 content, formaline, glycol, glycerine, sugar and syrup, urine and manure do not attack the slabs. Where the slabs are required to form a watertight seal, they can be laid two deep so that the seams do not coincide. In the construction of shops and flats they can be used to form an intermediate floor surfacing to keep out cold and damp. The slabs can also conveniently be moulded to form a skirting board.

White Cement from Felspar

White cement is presently manufactured in India using low-iron white clay which is expensive and is not abundantly available. In a process developed at the Regional Research Laboratory, Hyderabad, white clay has been substituted by felspar which is available in plenty. The process consists of sintering the raw mix containing felspar, limestone and gypsum at 900-1050°C. The sintered material is leached for recovery of potassium sulphate, a valuable fertiliser. The sludge is then burnt to obtain cement clinker. The cement produced compares favourably with the imported material. Based on the pilot plant work, the cost of production of white cement in a 50-tons-per-day capacity plant is estimated at Rs. 204.67 per ton as compared to the current market price ranging from Rs. 300 to Rs. 450 per ton. The annual return on investment works out to 23.30 per cent. White cement is used in mosaic tiles and decorative fixtures and for making coloured cements. Till recently the country's entire requirement of white cement was imported and indigenous production of white cement commenced only in 1958. Increased construction activity in the country and the expansion programmes of the existing producers indicate that the potential demand for white cement would be considerable.

Automatic Light-dipping

A simple electronic device which, it is claimed, automatically dips and raises motor vehicle headlights as oncoming vehicles approach and pass, has been developed by a British firm, Television Installation Services Ltd. Control is exercised by light-sensing heads which pick up the beam of the approaching vehicle. The unit also automatically lights and extinguishes parking lights as day-light fades or increases. The device consists of a small 5 in. x 5 in. x 1½ in. (12.7 x 12.7 x 3.81 cms.) deep control unit which fits easily under the dashboard. Five wires from this unit are inter-connected into the vehicle's lighting system. Twin light-sensing heads are attached to the windscreen by a rubber suction pad, and a ball socket joint enables the heads to be adjusted so that the left one scans oncoming traffic while the right one scans vehicles passing from the front. As the light beam from the approaching headlights is picked up by the left-hand sensing head it causes the headlights to be immediately dipped or dimmed. As the oncoming vehicle draws abreast the right-hand sensing head scans its passing lights and causes the dipped headlights to return to full beam. If further traffic is approaching the headlights will remain dipped or dimmed until this traffic has passed.

Stackable Plastic Boxes

A Dutch firm is manufacturing plastic boxes for carrying goods in the foodstuffs and preserves, chemical and metallurgical industries, etc. The dimensions of the boxes are 700 x 450 x 200 mm and they have a capacity of approximately 60 litres. The bottoms are reinforced with wearing edges. They are made of low-pressure polyethylene by injection-moulding. The advantages of this material are its light weight and unbreakableness. They are silent both when being stacked and transported. Their smooth walls and rounded corners make for simple cleaning and their resistance to chemicals is good. They can be used at temperatures from well below zero to over 100° C. The boxes are supplied in two types, i.e., with or without stacking fins attached to the corners on the outside. The boxes with these stacking fins can be stacked on top of each other, while those without fit into each other. The colour of the standard models of both types is natural white, but the boxes can also be supplied in a variety of colours if a certain number are ordered at the same time.

Carbon Stationery Machine

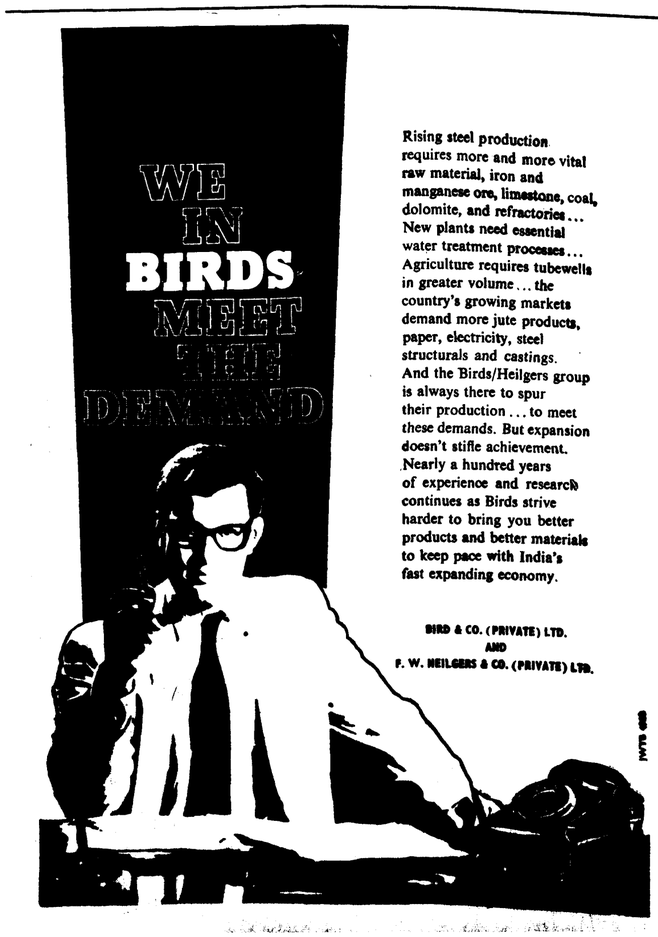
A new carbon stationery machine—a variable size rotary—is to be shown by a British firm, Timsons Ltd. at the International Printing and Paper Fair in Dusseldorf, 5th to 18th May. The machine is for printing and collating multi-part carbon-interleaved sets, either snap-out or continuous. At the Fair it will be restricted to four-part work—that is, four papers and three carbons—but buyers have the option of adding one or two more units, allowing them to produce sets of up to six papers and five carbons in one operation. The press is built on the in-line principle and will take paper webs up to 20 in. (50.7 cm) wide and reels up to 32 in. (81.2 cm) in diameter. The size range on paper length the machine can produce is from 7½ in. (19 cm) to 14 in. (35.5 cm). Printing is from flexible rubber plates using letterpress inks, and speeds are from 15,000 to 18,000 complete sets an hour.

Injector Diesels

A new type injector originally introduced by Leyland Motors Ltd. with their Power-Plus 0.400 diesel engine, is now being fitted on all other automotive diesels produced by the company. The new injector is completely interchangeable with its predecessor as an assembly. It has a number of improved features, including a more robust body, an improved spring location and a smaller, lighter needle.

New Textile Fibre

An Austrian firm, Zellwolle Lenzing A.G., has developed a new, improved viscose fibre. The quality of the so-called "Z"-fibre, production of which already amounts to 40 tons a day and will be raised to 80 tons early in 1962, is 15 per cent higher than that of rayon. It absorbs only very little moisture, has a higher tensile strength, eliminates the risk of thread breakage on spinning, and is suitable for the production of high-quality fabrics at relatively low cost. A further improvement of the quality of viscose fibres by 50-60 per cent is planned for the near future. The company developed all the machines required for the new process in its own engineering department. 70 per cent of the present output is directly exported, while another 15 per cent is sold abroad via the textile industry. The rest of the company's production is absorbed by the domestic market.



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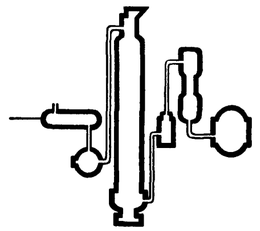

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PERFORMANCE OF RAILWAYS

TRENDS IN LAST DECADE ASSESSED

A REVIEW, assessing the performance of the railways during the second Plan period and bringing out the various improvements in railway working over 1950-51 and 1955-56, has been brought out by the Directorate of Statistics and Economic Advice Branch of the Railway Ministry. This has been circulated with the Railway Budget documents. Some of the trends in operating efficiency for part of the current year, 1961-62—the first year of the third Plan period—have also been included. The brochure makes a critical appreciation of the operating performance in the background of the prevailing economic conditions and attempts at a correlation of expenditure with the relevant units of performance, to the extent feasible. While maintaining its essential features as in previous years, the review this year includes certain new items, such as the dominant position occupied by the coal and steel plants' traffic in rail transport; an analysis of the financial results in the second Plan period in some detail; an appreciation of the trend of increasing leads of goods traffic; a clarification of the concept of wagon turnround and the limitations of a comparison of this index as between Railways; and a brief resume of the results of a special study conducted by the Railway Board on the working of the North-eastern and the North-east Frontier Railways whose level of working costs is influenced by special features.

Volume of Traffic

The volume of passenger and goods traffic handled by the Indian Government Railways established a fresh record at the end of the second Plan. The passenger traffic, in terms of passenger kilometres, increased by about 25 per cent in 1960-61, over the level of 1955-56, as against the Plan provision of 15 per cent increase in the passenger transport capacity. This increase in the passenger traffic was made up of the phenomenal growth of the suburban traffic, which went up by about 44.5 per cent during the second Plan period, while the non-suburban passenger traffic increased by 21.7 per cent. On the goods side, although there was a shortfall of 8.6 million metric tons under originating traffic, compared with the second Plan target of 164.6 million metric tons, the tonne kilometres, which reflect more appropriately the workload on the Railways, in fact, showed an increase of 3.6 per cent over the level anticipated at the end of the second Plan. This was in spite of a loss of about 3 million metric tons due to the strike of certain sections of the Central Government employees in July 1960. An important reason contributing to the overall shortfall in originating tonnage, compared with that originally planned, was that the actual distribution of commodities and pattern of movement varied considerably from what was planned, as indicated in Table 1.

The rail freight traffic continued to keep pace with the increase in the industrial and agricultural production. The index of industrial production during the last decade advanced by 70 per cent and that of agricultural production by nearly 46 per cent. The agricultural commodities carried by rail account for 15 per cent of the total originating tonnage. The increase in rail tonnage was of the order of 68 per cent, but that in tonne kilometres of 99 per cent. It would be thus evident that the increase in rail tonnage during the last decade was in consonance with the increased industrial and agricultural production. The increase in tonne kilometres was of the order of 50 per cent more than the increase in rail tonnage, or industrial and agricultural production taken together. The position may be seen in Table 2.

The review has also compared the year-to-year variations in passenger earnings and in the National Income, and has brought out that the ratio of passenger earnings to the National Income has been round about 1.1 per cent in the last decade.

Overall Operating Efficiency

A critical appraisal of the operating efficiency of the Indian Railways is made in detail, in part 'C' of the brochure, under selected indices, representing the various phases of railway working. It has been brought out that more intensive and efficient use is being made of the railway assets, namely, engines, wagons and the track. The relevant data are given in Table 3.

Further, taking 16 selected aspects of operation, with a base index of 100 for each for 1938-39 —the last pre-war year, the figures of composite operating-cum-efficiency index of railway working work out as follows:

1938-39	100.0
1950-51	98.8
1955-56	105.2
1960-61	115.0

Correlation of Expenditure with Performance

Section 'D' reviews the expenditure in relation to performance, and brings out the fact that the controllable expenditure under Demand Nos. 5, 6, 7 and 8—Repairs and Maintenance and Operation of Railways—constituting about 80 per cent of the gross working expenses—has varied generally in conformity with the relevant units of performance; in fact, the indices of performance tended generally to outpace those of the expenditure, as will be evident from Table 4.

An assessment has also been made, in the brochure, of the comparable "expenses-earnings ratio," after eliminating the various extraneous factors both in earnings and expenses. The ratio thus worked out for the year 1960-61 comes to 63.72 per cent against 65.94 per cent in 1955-56 and 67.68 per cent in 1950-51, thus indicating that the financial results for the year 1960-61 were the best—reflecting the effect of the various economies achieved and the strict financial control exercised by the railway administration.

Plan Outlay and Railways' Own Resources

The review also brings out the fact that, during the last decade, the Railways met more than 50 per cent of the total outlay during the two Plan periods from their own resources *vide* details given in Table 5.

The balance of the expenditure was financed from General Revenues, including a loan of Rs. 29.4 crores referred to in the footnote to Table 5. It may be explained here that the expenditure, particularly from out of the Depreciation Fund, was met from the current appropriations as well as from the previous accumulated balances.

Position of Reserve Funds

The review points out that the level of the fund balances at the end of the first and the second Plan periods has necessarily to be viewed in relation to the rate of increase in rates and fares over the same periods and the rate of increase in the main constituents of working expenses. The depletion in the previously accumulated balances was mainly in the depreciation Reserve Fund, which was largely unavoidable during the period of rehabilitation and expansion. This depletion was, in fact, envisaged and provided for in the second Plan, in which, against a contribution to this fund of Rs. 225 crores, a drawal of Rs. 293 crores was shown. The actual drawal was Rs. 320.41 crores. The review points out that, with the adoption of the procedure—since 1st April 1950—of contributing to this Fund an amount estimated as being actually necessary in the next five-year period, this decline in the balance in the Depreciation Reserve Fund is not a matter for serious concern. The average annual rate of contribution to the Depreciation Reserve Fund during the third Plan period from the current railway revenues would be Rs. 70 crores under the accepted recommendations of the Railway Convention Committee 1960. This average annual rate of contribution to Depreciation Reserve Fund would work out to about 2.5 per cent of the total average value of the assets in the third Plan. This corresponds to an overall life of railway assets of about 40 years; and, as many of the railway assets are known to have a life of 40 years or more, a provision for the Depreciation Reserve Fund on an overall average life of 40 years is considered reasonably adequate. There is, however, an indication of the view of the Railway Ministry about the desirability of further strengthening the Fund as railway revenues permit.

It has been brought out in the review that, at the commencement of the third Plan period, after clearance of the loan taken from the General Revenues to finance expenditure from the development fund, the effective balance in the development fund is of the order of Rs. 6.54 crores, and in the Depreciation Reserve Fund of Rs. 19.80 crores, while the Railway Revenue Reserve Fund is intact with a balance of about Rs. 53.44 crores.

The review once again emphasises the progressive increases in the quantum of low-rated traffic carried by the Indian Railways during the last decade. The percentage of tonnage originating of public coal, ores, marbles and stones (including limestone and dolomite), to the total tonnage of all revenue earning traffic has risen as follows:

1950-51	37.1
1955-56	37.4
1960-61	48.3

This percentage is likely to increase further. This factor, coupled with the declining proportion and the diversion, to some extent, of high-rated commodities to other modes of transport, necessarily entails proportionately a lesser rate of increase in the earnings than the increase in the volume of freight traffic.

So far as passenger traffic is concerned, the review brings out the gradually increasing cost of the coaching services, resulting in the expenses exceeding the earnings since 1957-58. In order to carry about 25 per cent more passengers, between 1955-56 and 1960-61, 26.4 per cent more passenger carriages, involving a 23 per cent increase in seating capacity, were provided, but the increase in earnings was of the order of 22.2 per cent only. On the other hand, the average rate charged per passenger per kilometre declined from 1.73 nP in 1955-56 to 1.71 nP in 1960-61, which is partly a reflection of the variation in the composition of the passenger traffic between different classes, leads, etc. During the same period, the cost of hauling a passenger vehicle one kilometre increased by 12.2 per cent on the broad-gauge from 40.1 nP in 1955-56 to 45.0 nP in 1960-61 and 13.7 per cent on the metre-gauge from 39.0 nP in 1955-56 to 44.4 nP in 1960-61. Barring the imposition of passenger fare tax, the proceeds of which accrued to the States, there was no change in the basic passenger fare structure during the past 11 years. Even after the merger of the element of this tax with passenger fares from 1961-62, the Railways are liable to pay to the General Revenues for distribution to the States a fixed annual sum of Rs. 12.5 crores in each of the years of the quinquennial period 1961-66, in lieu of passenger fare tax. The position has thus not changed materially so far as the Railway revenues are concerned.

The review points out that, while it is necessary to cater to the increasing traffic and to ease the overcrowding in passenger trains as far as possible, consistent with the limitations of line capacity and the over-riding needs of goods traffic, the fact that relatively more expenditure is incurred in running additional passenger trains for the purpose should not be lost sight of.

The review clearly brings out that the unavoidable increases in working costs resulting from increasing wages and prices have far outpaced the increases in rates and fares on Indian Railways, as shown in Table 6.

It has been possible to control the increase in passenger fares and freight rates in this manner because the railways have been utilising their assets more and more fully and have brought about various other improvements in operation.

Cost Analysis for Reviewing Freight Levels

In this context, it may be mentioned that it has been decided to strengthen the statistical compilation organisation on Indian Railways, so as to have not only the broad analysis of the cost of passenger services and the average cost of hauling a few important items of goods traffic as already done, but to have more refined cost studies showing the cost of moving selected commodities over varying distances, which will serve as a basis for reviewing freight levels from time to time, particularly as changes occur in the pattern of traffic moving by rail and road.

Capital-Output Ratio

The review proceeds to compare the increase in capital-at-charge with the increases in the physical output measured in terms of freight tonne kilometres or passenger kilometres. The physical output far exceeds the increase in the capital-at-charge. The comparison is even more favourable to the Railways when the capital-at-charge is adjusted for the increases in the prices of materials and wages—the two constituents of the capital-at-charge—as will be seen from the indices, with base 1938-39 equal to 100, given in Table 7.

The performance of the railways during the last 10 years, covering the two Plan periods, has been prominently brought out in a chart incorporated at the end of the review. The net tonne kilometres, which reflect appropriately the workload of the Railways, have increased during this period more than in proportion to the increases in

RAILWAY STATISTICS

TABLE 1

Volume of Traffic

	Tonnes originating (in millions)		Average lead in kilometres	
	Original plan forecast	As materialised	Original plan forecast	As materialised
Traffic for and from steel plants	34.6	22.5	273	292
Coal for other users	39.6	42.2	692	763
Cement	8.1	6.5	371	380
Miscellaneous goods	83.3	84.8	547	549
Total ..	164.6	156.0	515	563
Tonne kilometres	84,743	87,754	..	..

TABLE 4—*Indices of Comparable Expenditure and Performance* (Base 1950-51=100)

	1955-56	1959-60	1960-61	1961-62 (first 6 months)
Demand No. 5—Repairs and Maintenance :				
Locomotives workshop repairs .. { Comparable expenditure	136.7	161.3	162.7	173.3
Performance : Units repaired (weighted)	132.8	162.8	165.3	181.2
Carriage workshop repairs .. { Comparable expenditure	117.9	155.1	156.7	157.4
Performance : Units repaired (weighted)	148.9	185.8	190.7	197.6
Wagon workshop repairs .. { Comparable expenditure	138.6	176.1	159.0	151.9
Performance : Units repaired (weighted)	174.7	211.6	189.5	172.4
Rest of the repairs and maintenance expenditure .. { Comparable expenditure	127.4	155.8	158.6	167.4
Performance (gross ton miles)	125.9	162.6	171.2	182.6
Demand No. 6—Operating Staff :				
Comparable expenditure	110.2	130.0	132.3	135.6
Performance (train miles)	116.4	132.0	134.6	139.5
Demand No. 7—Operation (fuel) :				
Comparable expenditure	116.7	154.5	162.1	170.0
Performance (gross ton miles)	125.9	162.6	171.2	188.0
Demand No. 8—Operation (other than staff and fuel) :				
Comparable expenditure	100.6	124.3	124.6	130.0
Performance (train miles)	116.4	132.0	134.6	139.5

the growth of capital-at-charge and its three principal constituents, namely, engine, wagon and track, as will be seen from Table 8.

These data would clearly reflect the sustained improvement in operational efficiency of the Indian Railways and the intensive utilisation made of the physical assets.

The Pan-American World Airways has signed with the International Business Machines a $22-million contract for the establishment of a world-wide electronics reservation network. The new system, called the Panamac, will connect 114 cities on six continents with the data processing centre at the Pan-American headquarters in New York. The system, which will enable travellers to obtain bookings from Pan-American offices anywhere in the world within a few seconds, is expected to result in savings of about $2 million annually after deducting actual operating costs of about $1.7 million. It is estimated that the average cost of making each reservation will decline from $2.90 to $2.58.

The European Economic Community is expected to approve shortly a procedure for compulsory prior consultation among Common Market countries over the provision of export credits. The plan has been drawn up by a committee of experts from the Six, the E.E.C. Commission and the European Investment Bank. It will require organisations responsible for export finance to consult each other before granting credit extending over periods of more than five years, that is, beyond the limits laid down by the Berne Union. The E.E.C. will also receive a report from the committee on methods it has studied for harmonising the credit insurance policies of member-countries.

RAILWAY STATISTICS (*Continued*)

TABLE 2

	1950-51	1955-56	1960-61
Index of industrial production (Base : 1951=100)	100	122.4	170.3
Index of agricultural production (Base : Crop year ending June 1950=100) ..	95.6	116.8	139.1
Index of originating tonnage	100	124.6	167.7
Index of tonne kilometres	100	135.0	198.9
Average length of haul of a tonne of goods (Km.)	470	510	563

TABLE 3

Year	Rolling stock utilised for moving one million net tonne kilometres per day				Million tonne kilometres moved per annum per 1,000 running track kilometres	
	No. of goods locomotives (all traction)		No. of wagons (in terms of 4-wheelers)			
	B.G.	M.G.	B.G.	M.G.	B.G.	M.G.
1938-39 ..	40	87	1,742	4,100	761	244
1950-51 ..	34	92	1,408	3,289	1,232	243
1955-56 ..	28	67	1,130	3,012	1,597	356
1960-61 ..	23	59	1,002	2,469	2,189	538

TABLE 5

(Rupees in crores)

	Total outlay	Expenditure met with from Railways' own resources			
		Development Fund	Open line works revenue expenditure	Depreciation reserve fund	Total
First Plan ..	423.5	50.5	23.3	206.5	280.3
Second Plan ..	1,043.7	92.0*	52.6	320.4	465.0
	1,467.2	142.5	75.9	526.9	745.3

* Exclusive of the expenditure met from the loan of Rs. 29.4 crores taken for the Railway Development Fund from General Revenues and interest payments thereon. The whole of this loan has been repaid on April 1, 1961.

TABLE 6

	1938-39	1950-51	1955-56	1960-61
Rate per tonne kilometre (nP) ..	1.86	3.16	3.50	3.87
Rate per passenger kilometre (nP)	1.01	1.48	1.73	1.71
Per capita cost of employees (index)	100	229	268	325
Cost of coal (index)	100	357	362	497
Overall index of wholesale prices	100	409.7	360.3	475*

* Converted from the 'new series' of index numbers of wholesale prices (base : 1952=100) on the basis of 100 of the 'new series' equals 380.6 of the 'old series' year ended August 1939=100.

TABLE 7

	Capital-at-charge (actual)	Capital-at-charge (adjusted)	Tonne kilo-metres	Passenger kilo-metres	Gross earnings
1938-39 ..	100	100	100	100	100
1950-51 ..	119.8	107.9	138.9	283.9	291.0
1955-56 ..	139.5	115.8	187.6	247.6	349.4
1960-61 ..	218.9	142.2	276.3	308.7	506.2

TABLE 8

	1950-51	1955-56	1960-61
Net tonne kilometres	100	135	198.9
Capital-at-charge (as per books) ..	100	116.5	182.7
Equated capital	100	107.4	131.8
Total tractive effort of all locomotives ..	100	115.0	141.2
Wagon holdings	100	114.1	149.7
Total track length	100	102.1	109.3

All classes of structural and machinery repairs carried out to river, coastal and ocean-going vessels.

THE HOOGHLY DOCKING & ENGINEERING CO. LTD.

SALKIA, HOWRAH

Post Box No. 21 Howrah Telegrams "Hooghly Dock Howrah" Telephone—66-2001

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UNITED BANK OF INDIA LIMITED

Registered Office: **UNITED BANK BUILDINGS, 4, CLIVE GHAT STREET, CALCUTTA**

ANNUAL REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER, 1961

To be placed before the shareholders at the Annual General Meeting to be held at the Registered Office of the Bank at 4, Clive Ghat Street, Calcutta, on Monday the 26th March 1962, at 11 a. m.

The Directors beg to submit to the shareholders the Audited Balance Sheet of the Company as at 31st December, 1961 and Profit and Loss Account for the year ended 31st December, 1961 together with the Auditors' Report thereon.

	Rs.	nP
The Profit for the year after making provision for taxation and including the balance of Rs. 2,07,685.45 brought forward from the previous year's account amounts to ..	22,57,694.16	
Out of this amount the following appropriations have been made :		
To Reserve Fund under Section 17 of the Banking Companies Act	4,11,000.00	
Leaving an available balance of	18,46,694.16	
Out of the above the Directors recommend the payment of a Dividend to the shareholders at 6 per cent per annum, subject to deduction of tax at the prescribed rates in accordance with the provisions of the Income Tax Act, absorbing	16,07,000.00	
Balance to be carried forward to next year's account	2,39,694.16	

The Bank's business during the year made satisfactory progress.

During the year under report two branches—one at Behala (Calcutta) and another at Coke-Oven area in Durgapur (West Bengal) were opened.

Tezpur Industrial Bank Ltd., and Cuttack Bank Ltd., were amalgamated with the Bank on 4th September 1961 pursuant to the schemes of amalgamation prepared by the Reserve Bank of India and sanctioned by the Central Government under Section 45 of the Banking Companies Act.

Dr. N. N. Law, Sir C. B. Mehta, Sri T. S. Santhanam and Sri B. N. Chaturvedi retire by rotation and being eligible offer themselves for re-election.

The shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration.

N. N. LAW, *Chairman.*
N. C. DATTA,
C. B. MEHTA,
J. M. DUTT,
M. J. VAIDYA,
S. B. DUTT,
T. S. SANTHANAM,
B. N. CHATURVEDI,
S. GUPTA,
K. G. M. FAROQUI,
S. N. RAY,
K. C. DAS,
B. K. DATTA, *(Managing Director),* } *Directors.*

CALCUTTA, 16*th February*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

Previous Year Rs.	CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
	1. Capital—				
	AUTHORISED CAPITAL—				
	5,00,000 Shares of Rs. 20 each	1,00,00,000.00			
	30,00,000 Shares of Rs. 10 each	3,00,00,000.00			
		4,00,00,000.00			
	ISSUED CAPITAL—				
	4,94,850 Shares of Rs. 20 each	98,97,000.00			
	22,60,300 Shares of Rs. 10 each	2,26,03,000.00			
		3,25,00,000.00			
	SUBSCRIBED CAPITAL—				
	4,90,012 Shares of Rs. 20 each	98,00,240.00			
	21,98,425 Shares of Rs. 10 each	2,19,84,250.00			
		3,17,84,490.00			
	CALLED AND PAID-UP CAPITAL—				
	4,90,012 Shares of Rs. 20 each called at Rs. 10 per share	49,00,120.00			
	21,98,425 Shares of Rs. 10 each called at Rs. 10 per share	2,19,84,250.00			
2,68,84,370		2,68,84,370.00			
30,652	LESS—Calls unpaid	22,999.00			
2,68,53,718				2,68,61,371.00	
	(Reserve Liability of Shareholders Rs. 49,00,120)				
86,63,000	**2. Reserve Fund and Other Reserves**			90,74,000.00	
	3. Deposits and Other Accounts—				
15,19,04,863	Fixed Deposits and Cash Certificates	19,04,33,048.20			
8,64,102	Staff Security Deposits	8,95,461.36			
17,93,84,059	Savings Bank Deposits	20,58,15,108.62			
18,52,15,063	Current Accounts, Contingency Accounts, etc. ..	19,20,55,273.93			
51,73,68,087				58,86,98,892.11	
	4. Borrowings from Other Banking Companies, Agents, etc.—	Rs.	nP		
18,00,000	(I) In India	5,25,000.00			
1,328	(II) Outside India	1,53,987.62			
18,01,328				6,78,987.62	
	PARTICULARS—	Rs.	nP		
	(i) Secured by part of the Bank's Investments	5,25,000.00			
(18,00,000)	(ii) Unsecured	1,53,987.62			
(1,328)					
72,84,433	**5. Bills Payable**			84,56,599.97	
	6. Bills for Collection Being Bills Receivable as per contra—				
4,30,90,425	(i) Payable in India	5,27,30,304.48			
1,04,07,612	(ii) Payable outside India	1,41,08,957.05			
5,34,98,037				6,68,39,261.53	
	7. Other Liabilities—				
1,15,11,370	Branch Adjustments	1,48,51,446.99			
4,45,723	Unclaimed and Unpaid Dividends	5,03,990.97			
1,50,000	Staff Gratuity Fund	1,50,000.00			
1,43,542	Capital Redemption Fund	1,50,883.75			
4,41,573	Sundry Liabilities for Expenses and Others ..	14,96,372.49			
1,26,92,308				1,71,53,294.20	
	8. Acceptances, Endorsements and Other Obligations per contra			3,91,25,385.53	
	9. Profit and Loss—				
	Balance of Profit and Loss Account as per last Balance Sheet	13,51,685.45			
13,20,381	LESS—Appropriation for Dividend	11,44,000.00			
1,31,564		2,07,685.45			
	ADD—Profit for the year brought from the Profit and Loss Account after providing for Taxation..	20,50,008.71			
14,63,121		22,57,694.16			
16,44,685	LESS—Appropriations—				
	Transfer to Reserve Fund under Section 17 of the Banking Companies Act	4,11,000.00			
2,93,000					
13,51,685				18,46,694.16	
	10. Contingent Liabilities—	Rs.	nP		
	(i) Claims against the Banking Company not acknowledged as debts	51,93,625.40			
(48,24,771)	(ii) Money for which the Banking Company is contingently liable—				
	(a) Liability for partly paid-up shares held by the Bank in Investment Account ..	16,55,150.00			
(16,75,150)	(b) Guarantee given on behalf of Directors or Officers	5,350.00			
Nil	(c) Guarantee on behalf of others	2,64,28,579.34			
(1,37,60,428)	(iii) Liability on Bills of Exchange re-discounted	Nil			
Nil	(iv) Liability on account of outstanding Forward Exchange Contracts	8,49,32,511.42			
(2,71,28,598)		Total ..	Rs.		
67,26,83,605				75,87,33,586.12	

Previous Year Rs.	PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
5,03,35,942	**1. Cash—** In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)			5,06,48,062.54	
	2. Balances with Other Banks— In Current Accounts—				
2,33,927	(i) In India	2,04,276.02			
54,32,244	(ii) Outside India	51,72,261.90			
56,66,171				53,76,536.92	
1,44,00,000	**3. Money at Call and at Short Notice**			2,50,00,000.00	
	4. Investments (at or below Market Value)—				
	(i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments ..	Rs.	nP		
13,59,05,598	(ii) (a) Fully paid Preference Shares	24,85,018			
24,85,018	(b) Fully paid Ordinary Shares	19,71,001.37			
17,41,098	(c) Partly paid Ordinary Shares	14,91,201.66			
3,58,401		3,56,001.00			
45,84,517				15,05,28,291.05	
12,56,604	(iii) Debentures or Bonds			38,18,204.03	
	(iv) Other Investments—			12,56,608.91	
2,59,86,515	(a) Pakistan Central and Provincial Government Securities				
47,500	(b) Foreign Securities			2,12,52,520.31	
1,43,642	(c) Capital Redemption Policy			47,500.00	
Nil	(d) Gold			1,50,883.75	
16,79,24,376				Nil	
	5. Advances (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—				
	(I) Loans, Cash Credits, Overdrafts, etc.—	Rs.	nP		
26,34,33,224	(i) In India	31,15,05,047.06			
1,30,16,739	(ii) Outside India ..	1,52,55,728.31			
27,64,49,963				32,67,58,775.37	
	(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—				
3,48,22,189	(i) Payable in India ..	4,49,41,275.77			
49,49,141	(ii) Payable outside India.	44,26,321.64			
3,97,71,330				4,93,67,597.41	
31,62,21,293	(Particulars required by Act X of 1949 as per separate schedule annexed and forming part of this Balance Sheet)			37,61,26,372.78	
	6. Bills Receivable Being Bills for Collection as per contra—				
4,30,90,425	(i) Payable in India	5,27,30,304.48			
1,04,07,612	(ii) Payable outside India	1,41,08,957.05			
5,34,98,037				6,68,39,261.53	
4,31,71,009	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra			3,91,25,385.53	
	8. Premises, Less Depreciation—				
31,14,028	At cost as per last Balance Sheet	31,75,005.39			
60,980	ADD—Additions during the year	1,74,734.00			
31,75,008		33,49,739.39			
3	LESS—Sales or deductions made during the year ..	1,487.00			
31,75,005	Total cost to date	33,48,252.39			
3,33,222	LESS—Depreciation written off to date	4,07,638.58			
28,41,783				29,40,613.81	
	9. Furniture and Fixtures, Less Depreciation—				
54,33,081	At cost as per last Balance Sheet	58,22,641.33			
3,89,560	ADD—Additions less deductions during the year ..	4,08,095.91			
58,22,641	Total cost to date	62,30,737.24			
23,79,001	LESS—Depreciation written off to date	27,08,802.42			
34,43,640				35,21,934.82	
	10. Other Assets including Silver—				
20,29,456	Interest accrued on Investments	20,16,155.22			
75,34,956	Tax deposited and paid in advance or deducted at source				
6,29,547	Stores, Stationery and Printed Materials	45,97,269.02			
	Land and Buildings not used as Bank's Premises less depreciation	6,02,111.48			
10,96,103	(Cost Rs. 2,45,908.07 less depreciation Rs. 16,574.17)	2,29,333.90			
Nil	Premises under Construction	64,697.79			
	Sundries (Temporary Advances, Suspense, Security Deposits, Outstanding Rents, Stock of Stamps, Adjusting Accounts, Collection Assets, etc.) ..	42,55,942.85			
34,57,018					
1,47,47,080				1,17,65,510.26	
4,34,274	**11. Non-Banking Assets Acquired in Satisfaction of Claims.** (Immovable property at Book Value)			3,36,104.88	
	Total .. Rs.			75,87,33,586.12	

UNITED BANK OF INDIA LIMITED—*(Continued)*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Previous Year Rs.	EXPENDITURE	Rs.	nP	Previous Year Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP
79,15,068	1. Interest paid on Deposits, Borrowings, etc.	89,09,352.30		2,15,58,954	1. Interest and Discount	2,37,53,780.63	
1,35,27,251	2. Salaries and Allowances and Provident Fund	1,43,85,215.65		39,02,201	2. Commission, Exchange and Brokerage	43,18,807.63	
(45,500)	(Of which payment to Managing Director Rs. 45,500/- and Bonus paid to staff Rs. 6,10,783.32)			3,41,857	3. Rents	3,36,862.55	
(5,76,868)	3. Directors' and Local Committee Members' Fees and Allowances ..	46,724.00			4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)		
45,554	4. Rent, Taxes, Insurance, Lighting, etc.	12,34,826.42					
11,17,345	5. Law Charges	1,07,344.99		318		1,602.20	
1,00,029	6. Postage, Telegrams, Telephone and Stamps	6,17,450.82			5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)		
5,50,048	7. Auditors' Fees	35,270.00					
31,600	8. Depreciation on and Repairs to the Banking Company's Property ..	7,99,668.65		Nil		Nil	
8,31,246	9. Stationery, Printing, Advertisement, etc.	9,39,751.68			6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	6,639.44	
7,77,825	10. Loss from Sale of or Dealing with Non-Banking Assets	595.59		1,588			
Nil	11. Other Expenditure	6,60,862.04		11,75,765	7. Other Receipts	13,59,378.40	
6,21,026	12. Balance of Profit	20,50,008.71					
14,63,121	NOTE :—The above accounts have been drawn up in accordance with the provision of Section 29 of the Banking Companies Act, 1949.						
2,69,80,683	Total .. Rs.	2,97,77,070.85		2,69,80,683	Total .. Rs.	2,97,77,070.85	

Schedule of Particulars required under the Banking Companies Act, 1949, attached to and forming part of the Balance Sheet as at 31st December, 1961

Previous Year Rs.	PARTICULARS OF ADVANCES	Rs.	nP	Previous Year Rs.	PARTICULARS OF ADVANCES	Rs.	nP
28,98,10,323	(i) Debts considered good in respect of which the Banking Company is fully secured	34,42,48,433.47		59,676	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	68,518.17	
2,03,99,946	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security	2,52,54,214.59		1,60,48,136	(vi) Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in case of Private Companies, as Members	2,16,38,551.92	
60,11,024	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	66,23,724.72		4,70,383	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	87,326.41	
Nil	(iv) Debts considered doubtful or bad not provided for	Nil		2,04,45,249	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in the case of Private Companies, as Members. .	2,58,53,956.08	
31,63,21,293		37,61,26,372.78		28,642	(ix) Due from Banking Companies	78,559.05	

AUDITORS' REPORT

We have audited the annexed Balance Sheet of United Bank of India Ltd. as at 31st December 1961 and also the annexed Profit and Loss Account of the Bank for the year ended upon that date in which are incorporated the Returns from the Branches audited by other Auditors. The reports on the accounts of the branches audited by other Auditors have been dealt with in preparing our report in the manner considered necessary by us.

In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the provisos to sub-sections (1) and (2) of Section 211 and sub-section (5) of Section 211 and Section 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule to the Companies Act, 1956. The Accounts are therefore drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act, 1949.

We report that :

(a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;

(b) the transactions of the bank which have come to our notice, have been within the powers of the Bank ;

(c) in our opinion, proper books of account as required by law, have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the bank ;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;

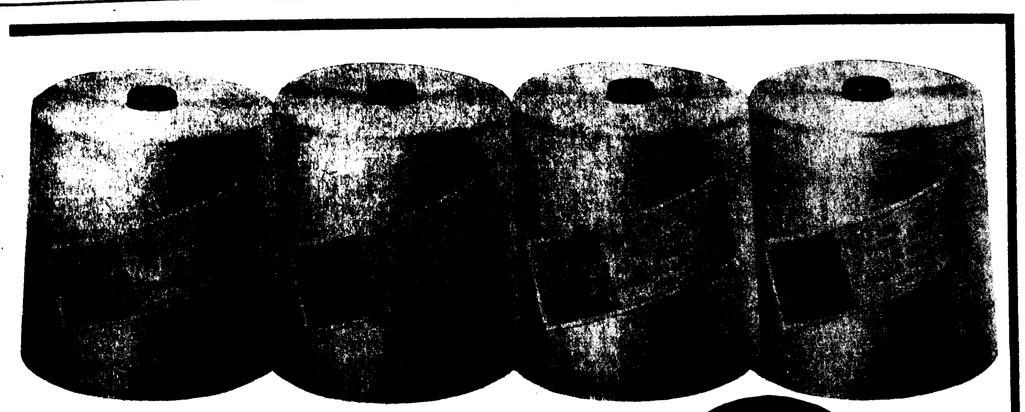
(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December 1961, and the Profit and Loss Account gives a true and fair view of the Profit for the year ended upon that date.

RAY & RAY,
Chartered Accountants.

CALCUTTA, 16*th February*, 1962.

N. N. LAW, *Chairman.*
B. K. DATTA, *Managing Director.*
A. K. ROY, *Secretary.*
M. SEN SARMA, *Deputy Secretary.*

C. B. MEHTA,
M. J. VAIDYA,
T. S. SANTHANAM,
S. B. DUTT,
B. N. CHATURVEDI,
J. M. DUTT,
K. G. M. FAROQUI,
S. GUPTA,
N. C. DATTA,
K. C. DAS,
S. N. RAY,
} *Directors.*



THREE GOLDEN HORSES....*consistency!*

Consistency is an important word in the production of yarns. A good rayon yarn offers, first and foremost, *consistency*: uniformity, dependability. The most modern of yarn-producing facilities, themselves marvels of operational consistency, produce THREE GOLDEN HORSES Rayon Yarn. And with great *consistency*, the uses for THREE GOLDEN HORSES are increasing. We think you'll agree when we suggest that *consistency* is really the healthy credo of all success, and is desirable in every department of manufacture.

KURASHIKI RAYON CO., LTD.
Head Office: Shin-Hankyu Building, 8, Umeda, Kitaku, Osaka, Japan,
Cable Address: KURARAY OSAKA

COIR EXPORTS PICK UP

COMPETITION, HOWEVER, CONTINUES TO BE SEVERE

EXPORTS of coir and coir manufactures, which fetch an average of about Rs. 10 crores foreign exchange a year, have tended to pick up of late. This has enabled the Coir Board to paint an encouraging picture of the pattern of exports of coir, in its report submitted to the Lok Sabha last week. It is a matter for gratification that the coir industry, which about a year ago was confronted with heavy stocks and fall in overseas inquiries, has turned the corner at least for the time being, despite heavy odds in world markets. The total exports of coir yarn, fibres and coir manufactures amounted to Rs. 7.27 crores during the first eight months of the fiscal year 1961-62, which compares favourably with Rs. 5.70 crores during the corresponding period of 1960-61. This shows a rate of increase of over 25 per cent. If this rate of increase has been maintained during the remaining period of 1961-62 (for which period figures are not yet available), coir exports would have exceeded the target laid down for the year by the Coir Board. It will be recalled that the Board had set a target of about Rs. 9 crores for 1961-62.

Although the overall performance of coir on the export front was thus satisfactory, there is no room for complacency. For, while exports of coir yarn rose substantially (partly due to larger quantity and partly to higher prices), there has been no perceptible improvement in the offtake of some of the coir manufactures. The reasons for this are many and varied. Several European countries, particularly Holland and West Germany, import coir yarn from India in considerable quantities and manufacture mattings from these imported yarns. These countries have the advantage of employing modernised methods of production. In fact, according to the Export Promotion Advisory Council, India has lost its markets for coir mattings not only in Holland and W. Germany but also in other countries owing to competition from costly but attractive floor coverings produced in those countries. At the same time, even in coir yarn, India is gradually losing its monopoly. Ceylon has now become a major competitor in this field, and is exporting large quantities of coir fibre, yarn and other products. Above all, coir products have to face competition from such other hard fibres as sisal, abaca (Manila), henequen, hemp, etc.

Recent Trends

A detailed analysis of the recent trends in coir exports will serve to show the extent of difficulties faced by exporters of coir manufactures. During the eight months ended November 1961, exports of coir yarns made substantial headway, having touched Rs. 493 lakhs, or an increase of over Rs. 150 lakhs, as compared with the corresponding period in 1960-61. The improvement made in other types of coir has been comparatively small. Shipment of coir mats and mattings have gone up from Rs. 172 lakhs to Rs. 185 lakhs. Export of coir fibres has been almost unchanged at Rs. 10 lakhs. Earnings from the export of coir cordage and ropes actually fell from Rs. 19 lakhs to Rs. 16 lakhs and those from rugs and carpets from Rs. 29 lakhs to Rs. 23 lakhs. The following table shows the trend in exports of coir yarn and manufactures since 1956-57:

(Value in thousand rupees)

	April-November 1961	Twelve months ended March		
		1960-61	1959-60	1956-57
Coir yarn ..	4,02,75	5,38,75	5,38,07	6,70,50
Coir fibre ..	10,29	11,96	9,10	5,61
Mats and mattings ..	1,84,78	2,57,45	2,51,91	2,17,28
Cordage and ropes ..	15,81	27,05	26,80	N.A.
Rugs and carpets ..	23,35	36,52	60,09	88,05
Total ..	7,26,98	8,66,73	8,85,97	9,81,44

N. A.—Not available

The coir industry in India is precariously dependent on exports, with well over half of its total output being sold in world markets. The industry is concentrated in the Kerala State, where backwaters on the West Coast provide natural facilities for retting coconut husks. Coir still remains a cottage industry. Efforts are, however, being made to mechanise the process of production, particularly that for the manufacture of coir goods, under the direction of the Coir Board. Thus steps are being taken for setting up defibrating plants for the manufacture of mattress and bristle fibres, as also plants for the manufacture of rubberised coir articles. These are steps in the right direction. But further investigations must be made on the additional lines along which the industry can be mechanised. Employment considerations are doubtless important; nevertheless, mechanisation to some extent is unavoidable for enabling the industry to compete with products from the modern and up-to-date factories in the highly developed countries. It is necessary to bear in mind that markets once lost cannot be easily regained. The Board will, therefore, have to expedite the process of mechanisation in the industry.

Export Promotion

Several steps are being taken by the Coir Board to promote exports, including publicity campaigns abroad and special incentives for exporters. The Board, for instance, has been participating in various foreign trade fairs and exhibitions and arranging for the display of coir goods. In 1958-59, the Board participated in 12, in 1959-60 in 11, in 1960-61 in 8 and in 1961-62 (April-December) 10 exhibitions in foreign countries. Coir products are displayed in all commercial showrooms opened by the Government of India in foreign countries. The Board has also arranged market surveys to be carried out in foreign countries, namely Holland, Sweden, Denmark, Finland and Norway. A pilot research into the market for coir mattings in the U.K. has been conducted in collaboration with the British Mats and Matting Manufacturers Association, London.

Under the scheme for enrolment of exporters, brought into force with a view to developing confidence among foreign importers about Indian goods and building up healthy and lasting trading relationship between Indian exporters and foreign importers, the Board is the enrolling authority in so far as enrolment of exporters of coir and coir products is concerned. Seventy-nine exporters have so far been enrolled under the scheme. A scheme for the grant of import licence for baling hoops to exporters of coir yarn and fibre on the basis of their exports has been brought into effect from January 1961. Applications covering 856,530 m. tonnes of baling hoops valued at Rs. 7,32,179 have been recommended till the end of December 1961. Amendments have been effected in the Customs and Central Excise Duties Export Drawback (General) Rules 1960 in order to allow drawback of import duty on sisal yarn imported and used in the manufacture of coir products exported. The question of formulating the procedure for determining the sisal yarn content in the coir products exported is being examined by the Directorate of Export Promotion of the Union Ministry of Commerce and Industry.

A special export promotion measure for coir goods, it may be noted here, has been introduced by the Government of India. Under the scheme, administered by the Coir Board, manufacturers-*cum*-exporters of coir yarn and coir products are eligible to receive import licences for raw materials such as dyes, chemicals, sisal yarn, etc., required for the manufacture of coir products, upto a certain percentage of their export earnings. It is learned, however, that the response to this scheme has been poor, owing to the complex procedure involved. It would appear that nobody has so far registered with the Board for taking advantage of the facilities offered. The Government of India will therefore do well to simplify the scheme in order to attract exporters.

GRIEVANCES OF IMPORTERS

PLEA FOR SCRUTINY OF S.T.C.'S ACTIVITIES

A PLEA to set up an expert committee to assess the working of the State Trading Corporation was made by Mr. R. C. Shah, President of the All-India Importers' Association, at the annual meeting of the Association held in Bombay on Monday this week, presided over by Mr. G. L. Mehta, Chairman of the I.C.I.C.I. He felt that it was time that an expert committee ascertained how far the S.T.C. has succeeded in fulfilling its objectives and laid down clearly its field of operation. He was of the view that the S.T.C. should confine its activities to co-ordinating, integrating and supplementing the activities of established importers, "and not supplant and eliminate them from the import trade." He, however, provided no data to show as to how many traders have been rendered unemployed or how many of them have suffered loss of business of any significant dimension as a result of the S.T.C.'s operations. It is, indeed, high time the importers and exporters supported their oft-repeated vague charges against this Corporation by concrete evidence.

Reviewing the activities of the S.T.C. at some length, Mr. Shah expressed concern over its expanding activities. S.T.C.'s imports under the rupee payment agreement, according to him, had not resulted in any saving of foreign exchange. On the contrary, the country had lost heavily by paying high prices for a number of commodities. If at all the S.T.C. could boast of any success, Mr. Shah added, this was due to "the preferential and privileged treatment" that it got from the Government and not by virtue of merits or competitive method it employed. He was, however, glad that the S.T.C. had of late been associating trade bodies with the import and distribution of essential goods. He hoped that this trend would be extended still further to more trade bodies and more commodities.

Established Importers

Mr. Shah called upon the Government to modify its policy in such a way as to raise the share of the established trade in the total import trade. Only 8 per cent of the total imports was now being granted to established importers. It was "paradoxical" that, when the total import bill of the country was rising, services of the people in import trade who had experience, talents and specialised knowledge were not being utilised. Mr. Shah was of the opinion that imports by "new-comers" would be "wasteful, uneconomical," resulting in "frittering away of our scarce foreign exchange." Making a strong case for giving established traders a larger role, he observed:

"The role of the import and distributive trade in our national economy has not been adequately recognised even in high quarters. It is believed that the established importers are static and that they do not move with the times: while some consider that they are mere pensioners. It may be respectfully submitted that this is not a correct approach and does a grave injustice to an important sector of our economy. The importer is more sinned against than sinning and he is as much an honest, straightforward and patriotic a citizen as anyone else in the country, including the politician. Out of many entrepreneurs who have started industries during the last decade, a fairly large number of them belong to the category of established importers. The present industrial edifice owes its growth and success in a large measure to the existence of vast and expanding markets for different commodities built up by the ceaseless and sustained efforts of the import and distributive trade. At the base of this industrial edifice lies the toils, tears and sacrifices of a vast number of small and big dealers and traders engaged in the import and distributive trade. This section of the community is, therefore, a vital part of the body-economic and the specialised services rendered by it are as important and useful as those of any other sector in the economic development of the country. Many small-scale units in several industries have not the necessary experience, knowledge, aptitude and finance to arrange for the importance of their requirements. Even big industrial units find great difficulty in securing essential machinery spare parts or components in emergency or sudden breakdown. It is particularly in these spheres that the services of the established importers are indispensable and can be utilised with maximum advantage. If actual users, the State Trading Corporation, consumers co-operative societies, exporters and other newcomers who are at present preferred for importation are made to recognise the inevitability, indispensability and usefulness of this category of

(*Continued in previous column*)

(*Concluded from next column*)

established importers, most of the difficulties would disappear."

While nothing should be done to deny the rightful place of established importers, it should not be forgotten that the policy of giving important licences direct to actual users has considerable merit, particularly in respect of goods which are in short supply as well as those that are allowed under export incentive schemes.

Notices

WALCHANDNAGAR INDUSTRIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-fourth Annual General Meeting of the Company will be held at Construction House, Ballard Estate, Fort, Bombay, on Tuesday the 10th April, 1962, at 4.30 p.m. (S.T.), for the purpose of transacting the following business:—

1. To receive and adopt the Directors' Report and Audited Statement of Accounts for the year ended 30th September 1961.
2. To declare dividends on Preference and Equity Shares.
3. To appoint a Director in place of Shri Maneklal Premchand who retires by rotation and who is eligible for re-appointment and to consider and, if thought fit to pass the following resolution in respect of which a Special Notice as required by Section 281 of the Companies Act, 1956, has been received by the Company.

"Resolved that pursuant to the provisions of Section 281 and other relevant provisions (if any) of the Companies Act, 1956, Shri Maneklal Premchand who has attained the age of 72 years and who retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

To appoint a Director in place of Shri Tulsidas Kilachand who retires by rotation and is eligible for re-appointment.

To appoint a Director in place of Shri Bharat G. Doshi who retires by rotation and is eligible for re-appointment.

To appoint Auditors for the current year and to fix their remuneration.

To consider and, if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:—

"Resolved that pursuant to the provisions of Section 293 and all other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby given to the Directors of the Company to sell the Plant and Machinery of the Company's (1) Oil Mill, (2) Hydrogenation Plant, (3) Tin Plant, and (4) Soap Plant at such price and on such terms and conditions as the Directors think reasonable."

To consider and, if thought fit, to pass the following Resolution with or without modification as an Ordinary Resolution:—

"Resolved that in accordance with the provisions of Section 359 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby authorises Messrs. Walchand & Co. Private Ltd., the Managing Agents of the Company, to retain all commission and other remuneration earned so far or to be earned by them at any time hereafter as Insurance Agents of the New Great Insurance Co. of India Ltd. or of any other Insurance Companies in respect of contracts of insurance or insurance policies which have been or which may at any time hereafter be entered into by the New Great Insurance Co. of India Ltd. or by any other Insurance Companies with the Company, provided the insurance premium or other charges made by such Insurance Company for insurance of the Company's property, assets and goods are at rates which are not less favourable to the Company than the market rates or which are otherwise reasonable."

To consider and, if thought fit, to pass the following resolution with or without modification as a Special Resolution:—

"Resolved that the Regulations contained in the document submitted to this Meeting and for the purpose of identification subscribed by the Chairman thereof be and are hereby approved and adopted as the Articles of Association of the Company, in substitution for and to the exclusion of the existing Articles of Association."

The Transfer Books of the Company were closed from Wednesday the 31st January, 1962, to Tuesday the 20th February, 1962 (both days inclusive).

By Order of the Board,
S. S. BORKAR,
Secretary.

Registered Office:
CONSTRUCTION HOUSE,
BALLARD ESTATE, FORT,
BOMBAY-1. *2nd March*, 1962.

Note: (1) A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a Member.

(2) The Dividends, if sanctioned, will be paid at the Bank of India Ltd., Fort, Bombay, on and from Monday the 16th April, 1962 to those Members whose names stood on the Company's Register as on Tuesday the 20th February, 1962.

(3) Explanatory Statement as required by Section 173 of the Companies Act, 1956 has been separately sent to all Members of the Company.

EASTERN INVESTMENTS LIMITED

ISSUE OF EQUITY CAPITAL

THE BOARD OF DIRECTORS OF THE Company has decided to issue 25,630 equity shares of Rs. 100 each for cash at a premium of Rs. 10 per share, ranking in all respects *pari passu* with the existing equity shares of the Company except that they will not participate in any dividend declared in respect of any period ending on or before the 31st December, 1961.

The new equity shares will be offered for subscription to the holders of the existing equity shares in the capital of the Company whose names appear in the Register of Members of the Company on 12th June, 1962, in the proportion of one new equity share for every two equity shares held by such members on the condition that the full amount of Rs. 100 per share together with the premium amount of Rs. 10 per share shall be payable on application and with a right to renounce all or any of the shares offered to them in favour of any other person and to apply for additional shares. The Letter of Rights accompanied by the appropriate forms will be issued to such members shortly after the 12th June, 1962.

The Register of Members of the Company will be closed from the 5th to 12th June, 1962, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries.

REGISTERED OFFICE,
CHARTERED BANK BUILDINGS,
CALCUTTA, *the 14th March*, 1962.

THE MILLOWNERS' ASSOCIATION BOMBAY

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING of the MEMBERS of the MILLOWNERS' ASSOCIATION, BOMBAY, will be held in the rooms of the Association, (Second Floor, Elphinstone Building, Veer Nariman Road, Fort), at 11.30 a.m. on Tuesday, the 3rd April 1962, to transact the following business:

(1) To receive and adopt the Committee's Report and Statement of Accounts for the year 1961.

(2) To appoint Auditors of the Association's Accounts for the current year and to fix their remuneration.

AND any other business that may be brought forward.

By Order of the Committee,
R. L. N VIJAYANAGAR,
Acting Secretary.

BOMBAY, 23rd *March*, 1962.

THE CENTRAL BANK OF INDIA LIMITED

Registered Office:
Central Bank Building, Mahatma Gandhi Road, Fort, Bombay-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY-FIRST ANNUAL GENERAL MEETING of the Shareholders of THE CENTRAL BANK OF INDIA, LIMITED, will be held at the Registered Office of the Company, in the Central Bank Building, Mahatma Gandhi Road, Fort, Bombay-1, on Wednesday, the 25th day of April, 1962, at 4 p.m. (S.T.), to transact the following business:—

1. To receive, consider and adopt the Report of the Directors and the Audited Accounts for the period ended 31st December, 1961.
2. To declare a dividend.
3. To appoint a Director in place of Sir Homi Mody, who retires by rotation under Article 92 of the Articles of Association read with Section 256 of the Companies Act, 1956, and is eligible and offers himself for re-appointment and for that purpose to consider, and, if thought fit, to pass the following Resolution of which special notice as required by Section 281 of the Companies Act, 1956, has been received by the Company and the relative explanatory statement concerning which is annexed hereto as required by Section 173 of the said Act:—

"RESOLVED that Sir Homi Mody, who has attained the age of 80 years and who retires by rotation be and he is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."

4. To appoint a Director in place of Mr. Chimanlal B. Parikh, who retires by rotation under Article 92 of the Company's Articles of Association read with Section 256 of the Companies Act, 1956, and is eligible and offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jaykrishna Harivallabhdas, who retires by rotation under Article 92 of the Company's Articles of Association read with Section 256 of the Companies Act, 1956, and who is eligible and offers himself for re-appointment.
6. To appoint a Director in place of Mr. Shiavax Sorabji Khambata, who retires by rotation under Article 92 of the Articles of Association read with Section 256 of the Companies Act, 1956, and is eligible and offers himself for re-appointment and for that purpose to consider, and, if thought fit, to pass the following Resolution of which special notice as required by Section 281 of the Companies Act, 1956, has been received by the Company and the relative explanatory statement concerning which is annexed hereto as required by Section 173 of the said Act:

"RESOLVED that Mr. Shiavax Sorabji Khambata, who has attained the age of 65 years and who retires by rotation, be and he is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."

7. To consider, and, if thought fit, to pass, according to the provisions of Section 258 of the Companies Act, 1956, the following resolution:

"RESOLVED that the number of Directors of the Company be increased to 11."

8. To appoint a Director in place of Mr. Nani A. Palkhivala, who was appointed a Director of the Company by the Board of Directors and who ceases to hold office according to the provisions of Article 84 of the Articles of Association, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director.
9. To appoint a Director in place of Mr. Nityanand M. Wagle, who was appointed

a Director of the Company by the Board of Directors and who ceases to hold office according to the provisions of Article 84 of the Articles of Association, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director.

10. To appoint a Director in place of Nawab Prince Mukarram Jah Bahadur, who was appointed a Director of the Company by the Board of Directors and who ceases to hold office according to the provisions of Article 84 of the Articles of Association, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director.

11. (*a*) To appoint a Director in place of Mr. Nariman K. Karanjia, who was appointed a Director and also the Managing Director of the Company by the Board of Directors with the approval of the Reserve Bank of India and who ceases to hold office as Director according to the provisions of Article 84 of the Articles of Association, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, and

(*b*) On Mr. Karanjia being appointed a Director, to consider and, if thought fit, to pass, according to the provisions of Section 309 of the Companies Act, 1956, the undermentioned Resolutions, with or without modification, as ordinary resolutions:

"RESOLVED that Mr. Nariman K. Karanjia, who is to be appointed Managing Director of the Company, be paid as such Managing Director the undermentioned remuneration, viz:

Monthly salary of Rs. 5,500 and Rs. 350 per month as car allowance with the right to participate in the Provident Fund, Gratuity and other benefits and to receive the Bonuses that may be sanctioned by the Company for its staff from time to time provided that he shall not be entitled to any further remuneration or sitting or other fees as a Director."

"Further resolved that the above-mentioned remuneration paid to Mr. Karanjia from the date of his appointment as Managing Director by the Board of Directors to the date of this Meeting be and is hereby ratified and confirmed."

12. (*a*) To appoint Auditors to audit the accounts of the Company and such of the Branch Offices of the Company as the Meeting may determine and to fix their remuneration.

(*b*) To consider and, if thought fit, to pass the following Resolution, with or without modification, as a Special Resolution:—

"RESOLVED that pursuant to Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Messrs. A. F. Ferguson & Co., a Partnership firm, one of whose Partners, viz., Mr. Naval Rustomji Mody, is a relative of Sir Homi Mody, a Director and Chairman of the Company, as Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting held in 1962 to the conclusion of the next Annual General Meeting, and for attending to such other work as may be entrusted to the said firm of Messrs. A. F. Ferguson & Co. during the period of their appointment by the Board of Directors of the Company, on remuneration higher than that paid to them at the time when the Special Resolution for their appointment was passed at the Fiftieth Annual General Meeting of the Company held on the 5th day of May, 1961, whereby the Company gave its consent to the said firm of Messrs. A. F. Ferguson & Co. continuing to act as Auditors of the Company and holding an office of profit under the Company as aforesaid, in spite of the said relationship."

(*a*) To consider and decide which Branch Offices of the Company in and outside India, including any Branch Offices which may be opened hereafter, other than those resolved to be audited by the Company's Auditors, shall be audited by persons qualified to act as Auditors, and in that connection to authorise the Board of Directors to appoint, from time to time, in consultation with the Company's Auditors, such persons as are qualified for appointment as Auditors of the Company under Section 226 of the Companies Act, 1956, on such terms and conditions and remuneration as the Board may deem fit, to audit the accounts of such Branch Offices of the Company.

(*b*) To consider and, if thought fit, to pass, with or without modification, the following Resolution for applying for exemption from audit of the accounts of the Company's Branch Offices other than those resolved to be audited respectively by the Company's Auditors and by persons qualified to act as Auditors.

"RESOLVED that the Board of Directors be and is hereby authorised to apply to the Central Government under the Companies (Branch Audit Exemption) Rules, 1961, for exemption from audit of the accounts for the year ending 31st December, 1962, of all Branch Offices, now existing and which may be opened hereafter during the said year ending 31st December, 1962, other than those resolved to be audited respectively by the Company's Auditors and by other persons qualified to act as Auditors from the provisions of Section 228 of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1960, and to agree to such terms and conditions as the Central Government may prescribe in this behalf, and in the event of such exemption being not granted in respect of any of such Branch Offices, then and in such event the Board of Directors be and is hereby authorised to appoint such persons as are qualified to act as Auditors of the Company, in consultation with the Company's Auditors and on such terms and conditions, as the Board of Directors may decide upon from time to time, for audit of the accounts of such last mentioned Branch Offices."

By Order of the Board,

N. K. KARANJIA,
Managing Director.

BOMBAY, *14th March*, 1962.

Note:—A MEMBER ENTITLED TC ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(*a*) The Transfer Books of the Company will be closed from Wednesday, the 4th day of April, 1962, to Wednesday, the 25th day of April, 1962 (both days inclusive).

(*b*) Dividend Warrants for the half-year ended 31st December, 1961, will be posted to the Shareholders at their registered address on and after the 14th day of May, 1962. Shareholders are requested to intimate to the Company their change of address, if any, immediately.

(*c*) The Explanatory Statement required under Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

HINDUSTAN LEVER LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING of the Company will be held at the INDIAN MERCHANTS' CHAMBER HALL, 76, Veer Nariman Road, Bombay 1, on Wednesday, 18th April 1962, at 4 p.m., to transact the following business:—

1. To receive and consider the Accounts and Balance Sheet, and the Reports of the Directors and Auditors.
2. To declare a dividend.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration for the year ending 31st December 1962.

SPECIAL BUSINESS

5. To consider and if thought fit to pass the following resolution which will be moved as a Special Resolution, namely,

"That the Articles of Association of the Company be amended in the manner following, that is to say,

"In clause 3 of the Articles of Association the figure 8,24,36,000 be substituted for the figure 5,57,00,000 and the figure 82,43,600 be substituted for the figure 55,70,000."

6. To consider and if thought fit to pass the following resolution as an ordinary resolution:

"The sum of Rs. 2,00,00,000 standing to the credit of Development Reserve and Rs. 67,36,000 being part of the amount standing to the credit of Profit and Loss Account, be capitalised and set free for distribution among the holders registered in the books of the Company at the close of business on 10th May 1962 of the existing issued 55,70,000 ordinary shares of Rs. 10 each, fully paid, in the capital of the Company, in the proportion of Rs. 12 for every Rs. 25 nominal amount of ordinary capital then held on the footing that the same be not paid in cash but be applied in paying up in full 26,73,600 ordinary shares of Rs. 10 each in the capital of the Company, such additional ordinary shares to be allotted and distributed, credited as fully paid-up amongst such holders in the proportion of 12 new shares for every 25 existing issued ordinary shares then held; that any of such new shares which on an exact distribution in the proportion aforesaid, would fall to be allotted in fractions be allotted in the name of a Director of the Company upon trust to sell the same and to divide the nett proceeds amongst the shareholders entitled to such fractions *pro rata* in accordance with their rights, and that such new shares as and when issued and fully paid, shall rank *pari passu* with the existing issued ordinary shares, except for any dividend declared in respect of the year ended 31st December 1961."

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.

The Transfer Books of the Company will be closed from 22nd March to 24th March 1962 (both days inclusive) and from 12th April to 18th April 1962 (both days inclusive).

By Order of the Board,

S. H. GURSAHANI,
Secretary.

INDIA HOUSE, FORT STREET, BOMBAY 1,
22nd March 1962.

Statement pursuant to Section 173 of the Companies Act, 1956 and Clause 77 of the Articles of Association of the Company in regard to items 5 and 6 of the Agenda.

Item 5: Clause 3 of the Articles has fixed the capital of the Company at Rs. 5,57,00,000 divided into 55,70,000 ordinary shares of Rs. 10 each. This clause has to be amended in the manner set out above to enable the Company to capitalise certain reserves and to issue to the members shares credited as fully paid up as proposed in the resolution in item 6 of the agenda.

Item 6: The Board of Directors consider it desirable that the issued capital of the Company should be brought into closer relationship with the capital employed in the business. For this purpose it is convenient and desirable that Rs. 2,00,00,000 standing to the credit of Development Reserve and Rs. 67,36,000 being a part of the amount standing to the credit of Profit and Loss Account be capitalised and allotted and distributed as proposed in the resolution set out above. No Director of the Company is concerned or interested in the proposed capitalisation except Mr. R. Ramaswami who holds 50 shares in the Company and whose interest or concern in the capitalisation is the same as that of any other shareholder with a similar holding.

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

SEN-RALEIGH'S TURNOVER RISES, BUT PROFIT DECLINES

FRESH CAPITAL ISSUE SOON

SEN-RALEIGH Industries of India Limited (Managing Directors: Abhiji Sen and Sanjoy Sen, Calcutta) has made a mixed show during the year ended 30th September 1961. While there has been a further handsome rise in the sales turnover of Rs. 39.86 lakhs to Rs. 398.24 lakhs, there is a small setback in gross profit from Rs. 44.50 lakhs to Rs. 44.16 lakhs. The slight decline in profit is attributed by the Directors to lower bicycle sales, after an upward trend in the preceding two years, in spite of full order books. The Directors state that the anticipated levels of production could not be reached, owing to shortfalls in supply of semi-finished components, occasioned partly by cuts in import licence ceilings and partly by the failure of indigenous suppliers to meet their commitments. They, however, add that the position in this respect has since improved.

The net profit shows a big drop from Rs. 24.04 lakhs to Rs. 11.48 lakhs due to as large a provision for taxation as Rs. 10.08 lakhs against *nil* in the previous year (the provision of Rs. 0.45 lakh then being against the past liability). Depreciation also claims a larger sum of Rs. 22.60 lakhs as against Rs. 20.01 lakhs a year before. Notwithstanding this, the Directors have proposed to maintain the equity dividend at the previous level of 8 per cent per annum, subject to tax. Only they have had to cut the transfers to reserves, which get Rs. 3.75 lakhs, being the transfer to reserve for repayment of loan, as against Rs. 15.75 lakhs (Rs. 10 lakhs to taxation equalisation reserve and Rs. 3 lakhs to general reserve) in the previous year. The carry forward is substantially lower at Rs. 0.08 lakh as compared with Rs. 1.17 lakh brought in. It is apparent that the Company's profit has now reached the stage when it has to bear the full impact of taxation. The large provision for taxation and the absence of any transfer to the reserve for taxation bear out this inference.

The table below compares the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sale proceeds	398.24	358.38	293.57	212.85
Closing stocks	86.84	66.19	43.43	34.41
Other income	6.16	1.47	0.51	0.77
Raw materials consumed	226.10	203.14	158.36	119.28
Tools, stores and spares consumed	18.01	17.57	13.07	8.76
Other expenses	136.78	117.40	98.41	70.36
Gross profit	44.16	44.50	33.27	19.57
Provision for—				
Depreciation	22.60	20.01	9.54	8.29
Taxation	10.08	0.45*		0.62
Net profit	11.48	24.04	23.73	10.66
Tax refunds and excess provision written back	..	..	0.17	0.01
Agency commission adjusted	..	..	..	..
Reserves (general)	3.75	15.75	15.63	5.20
Development rebate reserve	1.28	1.18	..	..
Dividends—				
5 per cent preference	1.95†	1.95†	1.50†	1.50
Ordinary	5.60 (8%)†	5.60 (8%)†	5.60 (8%)†	4.20 (6%)
Carry forward	0.08	1.17	1.61	0.43

* On account of 30 per cent of the preference dividend payable as prescribed by the Preference Shares (Regulation of Dividends) Act, 1960, for the year 1958-59.
† Subject to deduction of tax.

As is evident from the table above, the Company has incurred against higher costs of production. The cost of raw materials has gone up by nearly Rs. 23 lakhs to Rs. 226.10 lakhs, and represents at this level an increase of more than Rs. 67 lakhs over the year 1958-59. Tools, stores and spares consumed during the year cost the Company Rs. 18.01 lakhs, as against Rs. 17.57 lakhs a year before and Rs. 13.07 lakhs two years ago. Other expenses rose during the year from Rs. 117.40 lakhs to Rs. 136.78 lakhs. In the year 1958-59, they were quite low at Rs. 98.41 lakhs. It is clear from all this that the Company has to bear with the unwelcome feature of rapid economic growth, namely, cost inflation. It remains to be seen how successfully the Company will counter this trend through larger turnover and higher productivity. During the year under review, however, the effect of cost inflation on gross profit has been partly mitigated by a much larger income of Rs. 6.16 lakhs, as against Rs. 1.47 lakh a year before and Rs. 0.51 lakh two years ago from other sources.

In our last year's review of the Company's previous year's working, we had pointed out that there was ample scope for the Company to raise fresh equity capital to bring it in line with the assets. The Company has since obtained permission to issue 650,000 ordinary shares of Rs. 10 each at a premium of Rs. 4 per share, and the issue would be made shortly, pending the consideration of offering a part of it to Raleigh Industries Ltd., in order to meet the requirements of large foreign exchange resources for the plans for expanding bicycle production and diversification.

The financial position of the Company as at 30th September 1961 shows a surplus of Rs. 404.96 lakhs of assets over capital and reserves of Rs. 162.02 lakhs. The capital, which is fully issued, is of Rs. 100 lakhs, comprising Rs. 30 lakhs in 5 per cent cumulative preference shares of Rs. 100 each and Rs. 70 lakhs in equity shares of Rs. 10 each. Reserves and surplus total Rs. 62.02 lakhs. The liability to outsiders has increased during the year from Rs. 313.44 lakhs to Rs. 404.95 lakhs. The gross block increased from Rs. 273.09 lakhs to Rs. 288.28 lakhs, as against which depreciation provided so far is Rs. 94.52 lakhs. Inclusive of capital projects in progress of the value of Rs. 31.76 lakhs as against a mere Rs. 3.03 lakhs a year before, the net value of fixed assets is shown at Rs. 225.52 lakhs, as against Rs. 203.93 lakhs a year ago. Investments are unchanged over the last year's level of Rs. 8.54 lakhs. Current assets, loans and advances total Rs. 312.77 lakhs (including cash balances of Rs. 15.43 lakhs), as against Rs. 241.95 lakhs in the preceding year. They are thus well below the current liabilities. This feature clearly brings out the Company's heavy reliance on external finance for its development and expansion. The fresh equity issue will reduce this burden and bring about a healthier financial position.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 20.06 *cum-div.* at which rate they offer, on *ex-div.* basis, a yield of about 3 per cent per annum, free of tax.

As for the outlook, the following extracts from the Chairman's statement will enable readers to form their own judgment:

"The bicycle industry has now left the easy sellers' market to enter an era of closer competition. Your Company has been lucky that there has been no slackening in demand for its products, and particularly in its major line—bicycles, it enjoys the reputation of marketing the fastest selling brands. In specific components, there is now a tapering off of sales which can be ascribed, in the main, to the unfortunate Government decision of allowing imports of friction parts in very large quantities for small-scale assemblers. This should be a passing phase and the replacement market is expected to pick up again when the large accumulation of imported stocks is dissipated. The early entry of your Company into the components market in a large way has allowed it to enjoy the best of a limited market. . . .

"The Company's future plans envisage expansion of bicycle and chain production, development of export model bicycles, expansion of tool room and other services, and diversification into the manufacture of dynamo lamps and house service meters."

The proposed issue of additional capital to Raleigh Industries Ltd., referred to earlier, will enable the Company to meet the foreign exchange requirements of this expansion scheme.

ANNOUNCEMENT

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AT THE NATION'S SERVICE.

BRAITHWAITES TO ISSUE BONUS SHARES

The ordinary shares of Braithwaite and Company (India) Ltd. (Chairman: Sir John Douglas Keith Brown, Calcutta) have been a firm feature on the Calcutta Stock Exchange for quite some time. Last week, they improved further from Rs. 48.37 to Rs. 51. Support for these shares, in an otherwise weak market, has been forthcoming on ideas of better working and hopes of bonus issue. The market's expectations have now been fully justified. The Directors have decided to capitalise reserves to the extent of Rs 43.40 lakhs and issue of 430,021 ordinary shares of Rs. 10 each as fully paid bonus shares to the existing shareholders in the proportion of 7.6685 new ordinary shares for every 10 ordinary shares held by them. The issue is subject to the sanction of the Controller of Capital Issues, application for which is to be made soon. It will raise the paid-up share capital to Rs. 1 crore, all in equity. Since the authorised capital is of only Rs. 70 lakhs, it, too, will have to be raised to an appropriate level before the bonus issue is made.

The proposed bonus issue is intended by the Directors to bring the share capital more into line with the capital employed in business, having regard to the expansion programme on hand, and to effect a more conventional ratio between the equity capital and the proposed preference capital issue. Whether the same rate of dividend would be maintained on the increased capital would be decided by the Directors in the light of the Company's profit, commitments and requirements in respect of the expansion programme in future.

The Company has fared well during the year ended 31st December 1961. After charging depreciation at Rs. 5.73 lakhs (Rs. 4.02 lakhs in the previous year) and transferring Rs. 2.37 lakhs (Rs. 0.73 lakh) to development rebate reserve, it has earned a substantially higher profit of Rs. 68.11 lakhs as compared with Rs. 37.72 lakhs in the previous year. After providing Rs. 32.25 lakhs (Rs. 17 lakhs) for taxation and transferring Rs. 24.50 lakhs (Rs. 6 lakhs) to general reserve, and adding Rs. 2.84 lakhs brought forward from the previous year, the amount available for disposal is Rs. 14.21 lakhs (Rs. 16.99 lakhs). The Directors have proposed to maintain the dividend at Rs. 2.50 per share, subject to tax, which absorbs Rs. 14.15 lakhs and leaves some Rs. 6,000 to be carried forward.

The Company has embarked upon a Rs. 4-crore expansion programme. Fuller details of the proposed method of financing it will be given in the Directors' report and Chairman's statement, to be published together in April. Meanwhile, the Company has applied to the Controller of Capital Issues for consent to the issue of 40,000 9 per cent redeemable cumulative preference shares of Rs. 100 each. The proposed increase in authorised capital will also have to make allowance for this forthcoming new issue. The Industrial Credit and Investment Corporation of India has agreed, subject to certain terms and conditions, to provide a loan in foreign exchange of the equivalent of Rs. 45 lakhs, and application has also been made to the Commonwealth Development Finance Company Ltd., London, for a foreign exchange loan of Rs. 43 lakhs. The Directors propose to meet the balance of the cost of implementing the expansion programme from the Company's own resources and bank borrowings.

INDIA SUGARS SUFFERS SHARP SETBACK

DIVIDEND SLASHED

THE India Sugars and Refineries Limited (Managing Agents: The India Sugar Agencies (Private) Ltd., Bombay) has suffered a sharp setback during the year ended 30th September 1961. The results for the year are in striking contrast with the Company's performance in the preceding year, which was marked by a larger turnover, despite a small setback in production, and a higher dividend to the equity shareholders. While production during the year under review had improved from 16,006 tonnes to 18,890 tonnes, sales were down with a bang from Rs. 204.53 lakhs to Rs. 127.14 lakhs, the lowest level for the past four years. Consequently, the gross profit has suffered a perceptible fall to Rs. 19.09 lakhs from Rs. 22.50 lakhs in the previous year and Rs. 23.15 lakhs two years ago. The dividend on ordinary shares, which was brought in the past year close to the 1957-58 level of 10 per cent, tax-free, by declaring a taxable 14 per cent dividend (or a net return of 9.8 per cent), has been slashed for the year under review to 10 per cent, subject to tax, or a net of 7 per cent, the lowest for the last decade. It will be interesting to note that, for three years since 1950-51, the Company had paid a net dividend of 25 per cent on equity shares.

The table below clearly brings out how the Company fared in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sale proceeds	127.14	204.53	196.18	133.33
Other income	3.79	4.18	5.57	4.53
Closing stocks of finished goods	67.71	10.53	19.93	22.55
Cost of sugarcane	101.53	88.95	89.89	61.80
Excise duty and gallonage fees	29.23	51.87	53.51	36.59
Other expenses	38.19	35.99	32.58	25.58
Gross profit	19.09	22.50	23.15	10.82
Provision for—				
Depreciation	5.54	5.70	4.65	4.94
Taxation	4.70	2.92	0.50	0.35
Managing Agents' remuneration	1.21	1.51	1.68	0.58
Net profit	7.64	12.37	16.32	4.95
Transfer from reserves	..	..	..	6.75
Provisions written back	1.46	..	..	..
To reserves	0.04	5.42	0.70	4.95
Bonus to staff	..	..	1.42*	..
Dividends—				
Preference	0.73†	0.73†	0.82†	0.56†
Ordinary	6.40 (10%)†	8.96 (14%)†	8.00 (12.5%)†	6.40 (10%)
Carry forward	3.17	3.11	5.63	0.25
Cane crushed (tonnes)	206,203	153,133	185,172	136,817
Sugar produced (tonnes)	18,890	16,006	17,647	13,262
Average recovery	9.13%	10.42%	9.53%	9.69%

* For the years 1956-57 and 1957-58.
† Subject to deduction of tax.

The setback suffered by the Company only highlights the industry's sad plight caused by overproduction at exorbitant costs. During the year, the Company crushed a record quantity of 206,203 tonnes of cane (153,133 tonnes a year before) at the cost of Rs. 101.53 lakhs (Rs. 88.95 lakhs) and realised a production of 18,890 tonnes (16,006 tonnes). The average recovery, however, was lower at 9.13 per cent, as against the previous year's improved level of 10.42 per cent. A clearer idea of the rise in prime costs can be had when it is compared with what it obtained two years ago, that is, 1958-59. In that year, sugar production increased by 4,385 tonnes to 17,647 tonnes and the cost of cane crushed went up by Rs. 28.09 lakhs. Production during the year under review went up by 5,628 tonnes over 1957-58 but the cost of cane crushed is higher by as much as Rs. 39.73 lakhs.

Fall in sales has left behind excessively large stocks at the close of the year, at Rs. 67.71 lakhs as against Rs. 10.53 lakhs a year before. Despite a lower gross profit, the Directors have well maintained the essential provisions, with taxation claiming Rs. 4.70 lakhs against Rs. 2.92 lakhs in the previous year. Reserves have, however, been practically ignored. The carry forward is slightly higher at Rs. 3.17 lakhs against Rs. 3.11 lakhs brought in.

Commenting on the year's results, the Directors state:

"Sales were continued to be controlled by Government and, since the releases were very conservative, stocks were piling up and your Company, like other sugar mills in the country, had to carry forward a huge stock on hand. This has, naturally, entailed a severe strain on the Company's resources. After the removal of control on price, movement and distribution of sugar from 27th September 1961, there has been a sudden slump. These adverse factors are reflected in the working results of the year under report and it is apprehended that there would hardly be any improvement in the conditions during the current year."

During the year under report, the Company had to contribute Rs. 1.79 lakh towards the loss on export in the previous year. The loss for the last year, however, could not be determined, as the entire quantity of sugar for export has not been delivered to the Export Agency.

The distillery unit produced 81,662 gallons of spirit, as against 86,740 gallons in the previous year. The Company has obtained the licence for expanding the distillery's present capacity of 600 gallons to 3,000 gallons a day, and steps are being taken to implement the scheme. The Wage Board recommendations were implemented by the Company with retrospective effect from 1st November 1960, resulting in an increase of Rs. one lakh in the wage bill. The cane bonus, agreed to be paid as per the S.I.S.M.A. formula, has been finally worked out at Rs. 9.195 per tonne of cane against Rs. 8.005, reported in the previous report of the Directors. The increase is due to disallowance by the Government of the Company's claim for the grade differential on sugar. Its claim for refund on cane cess has become void—it was held valid in an appeal filed in the Supreme Court in the previous year—following the enactment of the Sugarcane Cess (Validation) Act, 1961.

The Salar Jung Sugar Mills Ltd., a subsidiary, earned a net profit of Rs. 4.33 lakhs during the year ended 30th June 1961, as against Rs. 1.62 lakh in the previous year. It incurred an export loss of Rs. 2.28 lakhs and earned a duty rebate as incentive of Rs. 4.26 lakhs. In the light of the prevailing situation in the industry, the Directors would pursue with caution the scheme for expanding the factory's daily capacity from 600 tonnes to 1,000 tonnes. The Company completed allotment of 320,000 equity shares of Rs. 9 each, of which 319,836 shares went to and have been subscribed for by the holding company. Manjula Confectionery Ltd., another subsidiary unit, did not show any appreciable improvement in its working during the year to 31st August 1961. Its sales organisation is being reconstituted to cover a wider market for the parent Company's products.

The financial position of India Sugars cannot be described as quite strong. For its subscribed and paid-up capital of Rs. 74.98 lakhs (Rs. 63.98 lakhs in equity shares of Rs. 10 each and Rs. 11 lakhs in preference shares of Rs. 100 each) is poorly supplemented by reserves and surplus amounting to Rs. 18.43 lakhs, even after allowing for the fact that Rs. 15.98 lakhs of the equity capital represents capitalisation of reserves. Its liability to outsiders amounts to Rs. 128.43 lakhs, as against Rs. 72.20 lakhs at the end of the preceding year, the increase being largely accounted for by a rise in bank borrowings. As against this, current assets, including book debts but excluding investments, amount to Rs. 112.13 lakhs. Investments have increased from Rs. 35.12 lakhs to Rs. 63.90 lakhs due to the issue of new shares by a subsidiary unit. All but a mere Rs. 5,000 are in subsidiary companies, the shares of which are not quoted in the market. The gross block at the year-end stood at Rs. 84.90 lakhs, as against Rs. 84.67 lakhs a year before. Against it, depreciation provided so far is Rs. 39.07 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are quoted at Rs. 10.30 *cum-div.*, and offer a net yield of about 6.8 per cent per annum, on the *ex-div.* basis.

A joint subsidiary company, formed by Royal Dutch-Shell group, Standard Oil of New Jersey and Netherlands State Mines, has secured rights for the production and sales of Holland's natural gas reserves, estimated at 5 million cubic feet, discovered in 1960. The State Gas Board, which acts as distributor of gas at present, is also expected to be merged with the new company. Most of the gas will go into a national grid to be made available for domestic and industrial uses.

(Concluded from next column)

and advances are together placed at Rs. 56.58 lakhs, some Rs. 3 lakhs below the total of indebtedness to outsiders.

The Company's ordinary shares of Rs. 100 each, fully paid, are currently quoted at Rs. 216.50 *c.d.* Reducing this price to the *x.d.* figure, the net yield works out to 5.46 per cent.

COIMBATORE COTTON'S SALES HIGHER

DIVIDEND RAISED AGAIN

THE Coimbatore Cotton Mills Ltd. (Managing Agents: Messrs. R. Bheema Naidu & Co., Singanallur) have completed, as on 31st December 1961, another trading year on an entirely happy note. For notwithstanding the lower ceiling prices of yarn operative throughout the year, the sale proceeds have gained a further Rs. 33.23 lakhs, over and above the rise of Rs. 41.89 lakhs recorded last year, to stand at the impressive figure of Rs. 188.25 lakhs which, incidentally, is the highest ever on record. Although the Directors do not make mention of it in their report—which is the sketchiest that one has ever come across—the Company must have not only fared exceedingly well in the internal market, judging from the decline of Rs. 3.73 lakhs to Rs. 10.10 lakhs in the value of closing inventories, but must have also enjoyed a satisfactory export position, if the tenfold rise, from a mere Rs. 28,851 to Rs. 2.61 lakhs, in the yarn export incentive premium is any indication.

The improvement in the turnover has naturally been followed by an increase in the cost of raw materials consumed, from Rs. 97.56 lakhs to Rs. 115.94 lakhs, as also in other expenses, from Rs. 32.64 lakhs to Rs. 38.71 lakhs. These, however, have been absorbed on a much larger production, with the result that the gross profit has risen by no less than Rs. 6.02 lakhs to Rs. 33.11 lakhs. A bulk of this increase has, however, been absorbed by larger essential provisions, that for Managing Agents' commission receiving Rs. 1.96 lakh as against Rs. 1.63 lakh, for depreciation Rs. 10.20 lakhs as against Rs. 10.12 lakhs, and for taxation Rs. 7.10 lakhs as compared with Rs. 2.30 lakhs a year ago. Consequently, the improvement in the net profit is only marginal, being of the order of Rs. 0.81 lakh, to Rs. 13.85 lakhs before allowing for donations (amounting to Rs. 81,281 as against Rs. 28,687) and bonus for workers in respect of prior years (Rs. 1.61 lakh as against Rs. 0.40 lakh). Following the withdrawal of Rs. 3.00 lakhs during the lean years 1958 and 1959, the dividend equalisation reserve was completely exhausted and the Directors have, therefore, thought it prudent to credit it with a sum of Rs. 1.65 lakh out of the current year's profit. Other reserves, which have been further strengthened, are the development rebate reserve which gets Rs. 3.25 lakhs (Rs. 7.76 lakhs last year) and the gratuity reserve which receives Rs. 0.77 lakh (Rs. 0.28 lakh). With a higher balance now available, the Directors have proposed to raise the ordinary dividend to 16 per cent, subject to deduction of tax, as compared with 12 per cent, subject to deduction of tax. This absorbs Rs. 5.76 lakhs, as compared with Rs. 4.32 lakhs during 1960.

Some of the highlights of the operation of the Company during the past four years are presented in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	188.25	155.02	113.13	82.90
Other income	3.24	0.78	0.31	0.13
Closing stocks	10.10	13.83	12.73	6.85
Raw materials consumed	115.94	97.56	82.99	57.68
Expenses	38.71	32.64	25.73	21.40
Gross profit	33.11	27.09	10.70	7.46
Managing Agents' commission	1.96	1.63	0.54	0.50
Provision for—				
Depreciation	10.20	10.12	5.46	4.50
Taxation	7.10	2.30	..	0.11
Net profit	13.85	13.04	4.70	2.46
Transfer to reserves	5.68	8.04	3.56	1.25
Dividends	5.76 (16%)*	4.32 (12%)*	2.16 (6%)*	1.13 (6%)

* Subject to deduction of tax.

As revealed by its balance-sheet as at 31st December 1961, the financial position of the Company is rapidly improving. For the first time, the reserves at Rs. 36.56 lakhs have exceeded the paid-up share capital of Rs. 36 lakhs. Secured and unsecured loans have declined perceptibly and amount to Rs. 25.75 lakhs, or Rs. 18.53 lakhs lower than the corresponding figure a year ago, but other current liabilities, including the gratuity reserve, have gone up by Rs. 11.57 lakhs to Rs. 33.26 lakhs. New assets worth Rs. 14.88 lakhs were acquired during the year and this has raised the book value of fixed assets to Rs. 136.86 lakhs. On deducting therefrom the accumulated depreciation of Rs. 61.87 lakhs, the net block works out to Rs. 74.99 lakhs. Investments, current assets, and loans

(Continued in previous column)

WALCHANDNAGAR MAINTAINS DIVIDEND

NEAR PROSPECTS UNCERTAIN

BY itself the decision of the Directors of Walchandnagar Industries Ltd. (Managing Agents: Messrs. Walchand and Company Ltd., Bombay) to maintain the ordinary dividend in respect of the year ended 30th September 1961 at the previous year's level of 15 per cent subject to deduction of tax may not be viewed as anything heartening, but the same fact, when placed against the backdrop of the poor working results reported by the majority of sugar companies with the consequent curtailment in dividends, is sure to give some satisfaction at least. Although the total dividend distribution for 1961 is to be met partially out of the amount of Rs. 5.00 lakhs withdrawn for the purpose from the general reserve, it is to be noted that the year's working as a whole has resulted in keeping the reserve position substantially unchanged at Rs. 1.35 crores.

Sales of sugar and distillery and other products have continued to decline and, at Rs. 280.23 lakhs, is short of the previous year's figure by Rs. 11.10 lakhs. Sales of sugar machinery, on the other hand, has increased from Rs. 105.22 lakhs to Rs. 128.51 lakhs, so that the value of the total turnover is slightly higher by Rs. 12.19 lakhs at Rs. 408.74 lakhs. The gross profit has increased in conformity with the trend of sales and is up by nearly Rs. 2.00 lakhs at Rs. 53.73 lakhs. By far the larger portion of this, however, has been claimed by essential provisions which altogether amount to Rs. 33.40 lakhs as compared with Rs. 21.61 lakhs last year. A major rise has been witnessed in the provision for depreciation, from Rs. 17.90 lakhs to Rs. 28.49 lakhs, due to the heavy capital expenditure incurred during the previous year. The net profit has, therefore, dwindled by Rs. 9.80 lakhs to Rs. 20.34 lakhs. Transfer to the development rebate reserve has been reduced from Rs. 10.21 lakhs to Rs. 4.00 lakhs. But, even then, the balance has fallen short of the requirements of dividend account. The preference dividend of 10 per cent, subject to deduction of tax, takes up Rs. 5.00 lakhs and the ordinary dividend at Rs. 15.00 per share (of Rs. 100 each), subject to deduction of tax, claims Rs. 15.15 lakhs. The Directors have therefore, been obliged, as mentioned earlier, to withdraw Rs. 5.00 lakhs from the general reserve to facilitate the dividend disbursement. A sum of Rs. 1.50 lakh has been carried forward, against Rs. 1.61 lakh brought in.

The working results of the Company for the past four years are set forth in the comparative table given below:

(In lakhs of rupees)

	For the year ended 30th September			
	1961	1960	1959	1958
Sales of sugar and distillery product	280.23	291.33	348.66	315.50
Sales of sugar machinery	128.51	105.22	56.39	39.41
Closing stocks of finished goods and process	183.42	111.91	64.29	70.31
Crops in progress at close	74.37	67.75	58.66	48.31
Expenses	315.75	282.81	272.59	233.11
Excise duty and cess	66.70	70.41	90.79	71.27
Gross profit	53.73	51.75	52.73	60.57
Managing Agents' commission	2.41	3.26	3.77	4.87
Provision for—				
Depreciation	28.49	17.90	13.25	11.90
Taxation	2.50	0.45	8.50	11.85
Net profit	20.34	30.14	27.21	32.45
Withdrawal from reserves and provisions	5.59	0.41	..	..
Transfer to reserves	4.00	10.21	8.20	4.84
Dividends—				
Preference	5.00 (10%)*	5.00 (10%)*	8.77 (10%)*	0.24 (7%)
Ordinary	15.15 (15%)*	15.15 (15%)*	20.20 (20%)*	21.21 (21%)
Carry forward	1.50	1.61	1.78	1.74
Quantity of sugarcane crushed (in tons)	233,554	186,018	205,509	227,487
Quantity of sugar produced (in bags)	274,899	218,422	238,861	262,509
Average recovery (%)	11.77	11.82	11.76	11.66

* Subject to deduction of tax.

It will be observed that, during the year, the Company crushed a record quantity of cane, 2.33 lakh tons as against 1.87 lakh tons during 1960, and produced 2.75 lakh bags of sugar, as compared with 2.18 lakh bags a year ago. If despite these handsome improvements in production, the sales had declined, it was because of the slackness in the releases of sugar by the Government and the sluggish demand for it. In view of this, there has been a large inflation in the value of closing stocks which has gone up by no less than Rs. 71.51 lakhs to Rs. 183.42 lakhs. The recovery of sugar has declined a little from 11.82 per cent to 11.77 per cent, but still it is near about the average for the past four years.

During the course of the year, the Company issued 50,000 equity shares of Rs. 100 each at a premium of Rs. 30 per share. This has raised the paid-up-share capital to Rs. 200.94 lakhs, of which Rs. 50.00 lakhs are in preference shares and the balance, namely, Rs. 150.94 lakhs, in equities. The reserves stand at Rs. 135.11 lakhs, including Rs. 15.15 lakhs in the share premium account. Long-term loans total Rs. one crore and bank borrowings Rs. 139.07 lakhs. Besides, there are current liabilities and provisions aggregating Rs. 230.79 lakhs. With the acquisition of new assets worth Rs. 42.31 lakhs during the year, the gross block now costs Rs. 460.82 lakhs and has been well written down to Rs. 277.21 lakhs. Investments are valued at Rs. 9.31 lakhs and current assets and loans and advances together amount to Rs. 516.79 lakhs. Miscellaneous expenditures and losses yet to be recouped are Rs. 2.60 lakhs. The current assets alone are well in excess of the indebtedness to outsiders. In fine, the financial position of the Company is strong.

As far as the current year is concerned, the prospects are not promising. At the close of the Company's financial year, the Government of India withdrew all controls on sugar, except the release of stocks for sale. Since then, sugar prices have tended to fall, but the Company's sugar being of a superior quality, no serious effect of the price fall has been experienced. In the opinion of the Directors, the quiet conditions in the sugar market are likely to continue, unless there is a substantial increase in export and internal consumption. On the machinery manufacturing side, the Directors anticipate a fall in the demand for sugar machinery due to restrictions on sugar production and the demand for sugar well below the supply. To supplement the activities of the machinery manufacturing division, the Directors have under consideration a proposal to undertake the manufacture of cement and paper plants and mechanical presses. As for the near future, the Company will suffer a substantial deflation in its profit when its sugarcane farms are taken over by the Maharashtra Government.

The Rs. 100 fully paid old equity share is currently quoted on the forward list of the Bombay Stock Exchange at Rs. 165 *cum-div.* and, on the *ex-div.* basis, fetches a net return of 6.5 per cent per annum.

EXCISE REDUCES NATIONAL RAYON'S PROFIT

The additional excise duty on rayon yarn, levied under the Central budget for 1961-62, of which the industry was obliged to bear 60 per cent, is largely to blame for a decline of Rs. 13.29 lakhs in the gross profit of the National Rayon Corporation Ltd. during the year to 31st December 1961. The excise burden shot up from Rs. 68.59 lakhs to Rs.124.32 lakhs. The Directors have, however, proposed to maintain the equity dividend at Rs. 22 per share, taxable, which absorbs Rs. 53 05 lakhs. Taxation claims Rs. 41 lakhs, after accounting for Rs. 12 lakhs drawn from taxation reserve, as against Rs. 86.50 lakhs a year before. Depreciation has been allocated Rs. 85.18 lakhs (against Rs. 79.17 lakhs a year before), managing agency commission amounts to Rs. 5.96 lakhs (Rs. 9 80 lakhs) and donations take away Rs. 3.05 lakhs (Rs. 1.38 lakh). Appropriations are: Development rebate reserve Rs. 39.25 lakhs (Rs. 4.15 lakhs) and debenture redemption fund Rs. 10 lakhs (same). After providing for the dividends, the carry forward is Rs. 0.93 lakh against Rs. 4.41 lakhs brought in.

Sales of yarn during the year rose from Rs. 671.19 lakhs to Rs. 747.52 lakhs and of chemicals from Rs. 46.12 lakhs to Rs. 62.90 lakhs. Total turnover increased from Rs. 717.31 lakhs to Rs. 810.42 lakhs. The Directors state that the diminution in the profit would have been still greater but for the increase in production and better and more efficient working of the plants during the year. Satisfactory progress has been made in regard to the expansion programme, and to provide funds for it the Directors have decided to issue 15-year debentures of the face value of Rs. 150 lakhs, carrying interest at 6 5 per cent, and ranking *pari passu* with the existing debentures, the rate of interest on which is proposed to be increased from 5.5 per cent to 6.5 per cent and whose date of redemption is to be extended by seven years.

Notice

THE UNITED COMMERCIAL BANK, LIMITED

Registered Office:

2, India Exchange Place, CALCUTTA-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING of the Members of THE UNITED COMMERCIAL BANK, LIMITED, will be held at the Registered Office of the Bank at 2, India Exchange Place, Calcutta, on Wednesday, the 11th April, 1962 at 4 p.m., to transact the following business:—

1. To receive and adopt the Report of the Directors and the Audited Balance Sheet as on 31st December, 1961 and Profit and Loss Account for the year ended 31st December, 1961;
2. To declare a dividend;
3. To appoint two Directors in the place of Mr. A. C. Law and Mr. T. S. Rajam who retire under Article 92 of the Articles of Association of the Bank and, being eligible, offer themselves for re-appointment;
4. To appoint a Director in place of Mr. M. L. Dahanukar who retires under Article 92 of the Articles of Association of the Bank, and to consider and, if thought fit, to pass the following resolution, of which special notice, as required by Section 281 of the Companies Act, 1956, and in accordance with Section 190 thereof, has been received by the Bank:

   "Resolved that Mr. M. L. Dahanukar, who has attained the age of 72 years, be and is hereby re-appointed a Director of the Bank and that the age limit, prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."
5. To appoint a Director in place of Mr. P. D. Himatsingka who retires under Article 92 of the Articles of Association of the Bank, and to consider and, if thought fit, to pass the following resolution, of which special notice, as required by Section 281 of the Companies Act, 1956, and in accordance with Section 190 thereof, has been received by the Bank:

   "Resolved that Mr. P. D. Himatsingka, who has attained the age of 72 years, be and is hereby re-appointed a Director of the Bank and that the age limit, prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."
6. To appoint Auditors for the current year and to fix their remuneration.

Note: 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

2. (a) The transfer books of the Bank will be closed from Monday, the 26th March, 1962 to Wednesday, the 11th April, 1962, both days inclusive.

(b) The dividend, if sanctioned, will be payable on and after the 12th April 1962, to those Members whose names appear on the Company's Register on the 11th April, 1962.

(c) Dividend Warrants will be posted to the Members at their registered addresses or in accordance with their mandates. Members are requested to advise change in their addresses, if any.

By Order of the Board,
S. T. SADASIVAN,
General Manager.

CALCUTTA, 17*th March*, 1962.

N.B.—*This Notice replaces the Notice published in our issue dated* 17*th March* 1962 (vide *page* 487).

UNITED BANK OF INDIA

PACE OF GROWTH SWIFTER

YET another bank to record all-round progress in the year ended 31st December 1961 is the United Bank of India Limited (Managing Director: Mr. B. K. Datta, Calcutta), now in the second year of its second decade. Its published net profit is higher by 30 per cent at Rs. 26.61 lakhs. It has stepped up the dividend from 4.3 per cent, taxable (for 1960), to a little more modest level of 6 per cent, taxable, after enhancing the transfer to published reserves from Rs. 2.93 lakhs to Rs. 4.11 lakhs. Although the dividend level is modestly modest, it takes up Rs. 16.07 lakhs or 60.5 per cent of the net profit. The explanation for this feature is to be found in the fact that it has a paid-up capital of large size, as much as Rs. 2.68 crores, which, together with a reserve fund of Rs. 90.74 lakhs, gives a ratio of "own funds" to deposits of as much as 6.1 per cent, a level that is well above the one (6 per cent) prescribed by the Reserve Bank under the Convention with the banks concluded in December last. Most banks in India, it may be noted, have ratios of 3 to 4 per cent only and will take several years to reach the specified goal. Meanwhile, the United Bank of India's ratio is the highest in India.

A synoptical view of the Bank's progress in the past four years is presented in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	297.77	269.81	246.57	219.31
Of which:				
Interest and discount earned	237.54	215.59	197.58	170.56
Commission and exchange earned	43.19	39.02	34.42	33.72
Other income	17.04	15.20	14.56	15.03
Interest paid	89.09	79.15	72.48	62.09
Cost of staff	137.74	129.50	119.07	107.53
All other expenses	36.33	32.45	30.94	28.53
Depreciation	8.00	8.31	4.33	7.01
Profit	26.61	20.40	19.75	14.15
To reserve fund	4.11	2.93	2.90	3.45
,, bonus to staff	6.11	5.77	5.46	2.83
Dividend	16.07	11.44	11.39	7.83
	(6%)*	(4.3%)*	(4.3%)*	(3%)
Carry forward	2.40	2.07	1.81	1.81

	As on 31st December			
	1961	1960	1959	1958
Capital	268.61	268.54	268.44	268.04
Reserves	90.74	86.63	83.70	80.80
Deposits	58,86.99	51,73.68	47,68.20	45,53.97
Borrowings from other banks	6.79	18.01	1.00	141.60
Advances	37,61.26	31,62.21	27,51.59	27,63.78
Investments	17,70.54	16,79.24	17,65.83	15,48.09
Cash	810.25	704.02	575.64	506.40
Balance sheet total	75,87.34	67,26.84	60,75.2	56,33.93
Ratio to deposits of—	%	%	%	%
Advances	63.8	61.1	57.7	63.5
Investments	30.09	32.1†	37.01	32.31
Cash	13.8	13.6	12.1	11.6

* Subject to deduction of taxation.
† Only the unencumbered portion is taken into account.

The favourable experience of the Bank in working results reflects a sizable growth in the Bank's resources and their utilisation. The latest year-end figures, as compared with those for 1960, suggest that the Bank progressed faster than the Scheduled banks other than the State Bank of India. Its deposits, for instance, have staged a rise of Rs. 7.13 crores, or 13.8 per cent, to Rs. 58.87 crores, as against the 10 per cent increase in those of scheduled banks other than the State Bank. Of this increase, fixed deposits share is Rs. 3.95 crores and that of savings deposits Rs. 2.59 crores. The expansion in the latter is all the more remarkable, because the Bank has been paying no more than one per cent on savings bank account as compared with 3 per cent by the vast majority of banks, including almost all the big banks and Exchange Banks in the country. It is noteworthy that the savings deposits of this Bank at Rs. 20.53 crores are actually some Rs. 5 lakhs more than those of the Bank of India, the total deposits of which are of the order of Rs. 125 crores. The secret of the Bank's success in obtaining a high proportion of savings deposits, despite the significantly lower rate of interest offered by it, is something about which its competitors will be interested to know. It will not be surprising if Dr. N. N. Law, Chairman of the Bank, who has been a strong critic of the advocates of higher rates of interest, chooses to expatiate on this point in his speech to the shareholders early next week.

The advances of the Bank also staged a striking increase of Rs. 5.99 crores, or 19 per cent, to Rs. 37.61 crores, raising the credit ratio from 61.1 per cent to 63.8 per cent. The growth in this portfolio, which is the principal source of the Bank's income, was greater than that (eight per cent) of scheduled banks *minus* the State Bank as well as that (nine per cent) of scheduled banks as a whole. The credit ratio is, however, lower than in the case of most big banks. This is the chief reason why the Bank's profit-margin is relatively lower as compared with the other big banks. Apparently, the management of the Bank prefers to follow a highly cautious policy. This is borne out further by the ratio of liquid assets to deposits which is as high as 43.8 per cent, though it is 2 points lower than that a year before. Surely, now that the Bank is firmly established and the demand for funds from trade and industry is progressively expanding, it could afford to adopt a more dynamic policy of advances without which it will not be able to raise its profits and dividend and put, at the same time, more money into the reserves.

This bank also has done its bit to serve the cause of strengthening the banking system through amalgamation of smaller banks. Thus, on 4th September 1961, the Bank took over the Tezpur Industrial Bank Ltd. and Cuttack Bank Ltd.

SYNOPSES OF COMPANY REPORTS

Dhanalakshmi Mills Ltd.

(Managing Agents: Messrs. M. Najappa Chettiar & Sons, Tirupur.)

30th Annual General Meeting—31st March 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales—		
Finished goods	1,60,73	1,44,26
Cotton seeds	3,78	3,66
Waste	2,66	2,95
Closing stock (including raw materials)	53,74	41,04
Gross profit	32,92	24,73
Transfer to Managing Agents' remuneration	2,03	1,50
,, ,, depreciation	8,40	7,49
,, ,, provision for taxation	8,50	4,70
Net profit	13,99	11,04
Adjustments	2*	2,76†
Appropriations:		
Total available balance	14,01	13,80
To *maintenance* and donations	15	61
,, bonus in respect of prior years	2,69	1,39
Transfer to development rebate reserve	1,10	3,29
,, ,, provision for contingencies	80	Nil
,, ,, provision for donation to M.N.C. Chettiar Trust	75	Nil
	8,51	8,51
Proposed dividend (taxable) equity	(17½%)	(17½%)
Carry forward	4	Nil

N.B.—Adjustments represent the balance brought forward from the previous year if any and other credit item.
* This includes Rs. 1,879 being Managing Agents' remuneration excess drawn in 1960, refunded.
† This includes Rs. 1,75,000 transferred from dividend equalisation reserve and Rs. 1,00,000 transferred from machinery replacement reserve.
‡ Only a small sum of Rs. 487.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	48,60,000	Gross block	1,39,02,006
Reserves and surplus	31,29,319	—Depreciation	76,70,006
Other liabilities	75,48,028		
		Net block	62,32,054
		Current assets	82,12,526
		Investments	10,03,340
		Cash	88,927
	Rs. 1,55,37,347		Rs. 1,55,37,347

* Paid-up capital consists of 48,600 equity shares of Rs. 100 each. Of the above shares, 16,232 shares are allotted as fully paid-up bonus shares by the capitalisation of reserves.

Belsund Sugar Co., Ltd.

(Managing Agents: Messrs. Bangur Brothers Ltd., Calcutta.)

Annual General Meeting—30th March 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Sales	1,15,56	1,11,08
Closing stock (sugar and molasses)	34,43	35,28
Excise duty	41,60	35,50
Gross profit	9,40	9,46
Transfer to Managing Agents' remuneration	53	72
,, ,, depreciation	3,15	2,15
,, ,, provision for taxation	1,65	2,80
Net profit	4,07	3,79
Adjustments	45	47
Appropriations:		
Total available balance	4,52	4,26
Transfer to development rebate reserve	1,57	61
Proposed dividend (taxable) ordinary	2,92*	3,64†
	(10%)	(18½%)
Carry forward	3	1

N.B.—Adjustments include the balance brought forward from the previous year and other credit items like transfer from general reserve and unclaimed dividends forfeited.
* The dividend for 1961 is on the increased ordinary capital of Rs. 29,23,562.
† The dividend for 1960 was on a paid-up capital of Rs. 19,49,050.

Extracts from the Directors' report: The factory commenced crushing on the 10th November, 1960 and concluded on the 24th June, 1961 with a record crush of 51,13,465 maunds of cane as compared to 35,07,990 maunds in the previous year. On account of huge supply of cane in the area, the factory had to continue crushing for a longer period in the extreme summer. This led to lower recovery at 9.14 per cent as against 9.47 per cent in the previous year and affected the working results.

The year's working has also been affected due to implementation of the Wage Board recommendations and export loss borne by the Company. The Company's share in the export loss adjusted in the accounts amounted to Rs. 3,18,586.

Previous year's large stock of sugar together with increased production during the season has created problems of finance and storage for the industry. The Government of India announced the decontrol of sugar on 28th September, 1961 and since then the prices of sugar have fallen considerably. The fall in the prices of this Company's sugar has been comparatively less on account of better quality. The different taxes on sugar by the State and the Central Governments come to the extent of about 35 per cent of the realisable value. Keeping in view the interests of cane growers and the industry the Government should take certain suitable steps by reducing the different levies so as to encourage more internal consumption to keep pace with huge stock and production.

Season 1961-62: Simultaneously with the announcement of decontrol, the Government of India also fixed targets of production at 10 per cent below the production level in 1960-61. Accordingly the crushing for the current season is expected to be about 44 lakh maunds.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	29,23,562	Gross block	57,43,044
Reserves and surplus	11,40,154	—Depreciation	32,69,880
Other liabilities	1,28,11,320		
		Net block	24,73,155
		Block in progress	56,144
		Current assets	1,33,43,123
		Investments	6,03,487
		Cash	3,09,127
	Rs. 1,68,75,036		Rs. 1,68,75,036

* Paid-up capital consists of 3,89,805 ordinary shares of Rs. 7.50 per share called up. Amount paid up on shares forfeited is Rs. 25.

Thirumbadi Rubber Co., Ltd.

(Secretaries & Treasurers: Messrs. Pierce, Leslie & Co., Ltd., Calicut, Kerala State.)

43rd Annual General Meeting—31st March 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Sales of rubber	11,74	14,13
Closing stock of rubber	90	1,52
Gross profit	1,74	2,76
Transfer to Secretaries' and Treasurers' remuneration	19	20
,, ,, depreciation	27	33
,, ,, provision for taxation	73	1,22
Net profit	55	1,01
Adjustments	5,39*	8
Appropriations:		
Total available balance	5,94	1,09
To additional taxation (for previous years)	4	Nil
Transfer to general reserve	Nil	30
,, ,, rehabilitation and development reserve	4,75	Nil
Proposed dividend (taxable) ordinary	1,10	64
	(12%)	(7%)
Carry forward	5	15

N.B.—Adjustments represent the balance brought forward from the previous year.
* This includes Rs. 5,24,001 being profit on sale of assets Calicut Estate.

Extracts from the Directors' report: Calicut *Estate*. This Estate of the Company was sold as from 1st March, 1961 for a sum of Rs. 15,50,001. The sale consideration has been received in full and the relative conveyance deeds are expected to be registered shortly.

Rubber Crops and Costs

Season	*Crop in kgs.*	*Estate cost of production per kg.*	*All-in cost per kg.*	*Average price realised per kg.*
		Rs.	Rs.	Rs.
1958-59	3,28,991	2.59	3.06	3.95
1959-60	3,23,807	2.83	3.39	4.06
1960-61	2,45,549	2.87	3.31	3.76

The crop for 1960-61 includes the crop harvested from Calicut Estate during the period 1st October, 1960 to 28th February, 1961 prior to the sale of the Estate.

As from 1st April, 1961 excise duty on Rubber would be collected from the manufacturers instead of the producers. The statutory prices of the various grades of raw rubber have been proportionately reduced by the Government excluding the duty element from the prices and this change is reflected in the average price realised during the year under review. The price of Centrifuged Latex concentrate of 60 per cent was also brought under control in September, 1960 and this resulted in a reduction of the price that the Company's product was hitherto enjoying. This factor also has contributed towards the reduction of the average price realised during the year.

The crop for 1961-62 is estimated at 1,80,000 kg. to be produced at an all-in cost of Rs. 3.19 per kg. This does not include the crop from 300 acres old seedling rubber under slaughter tapping and the crop from this area is estimated at 1,10,000 kg.

The Company has taken in hand a seven year programme of rehabilitation and development which involves the replanting of 100 acres old rubber and the planting of 50 acres virgin jungle annually from 1961-62 and it has been decided to finance this programme out of the sale proceeds of Calicut Estate.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	9,15,300	Gross block	15,06,366
Debentures	4,44,000	—Depreciation	1,90,873
Reserves and surplus	10,85,034		
Other liabilities	4,45,609	Net block	13,14,493
		Current assets	2,13,898
		Cash	13,651
	Rs. 28,89,943		Rs. 28,89,943

* Paid-up capital consists of 9,15,300 ordinary shares of Re. 1 each. Of this 1,80,100 shares are allotted as fully paid up pursuant to a contract without payments being received in cash and 3,05,100 ordinary shares are allotted as fully paid up by way of bonus shares through the capitalisation of reserves.

HEAVY DEMAND FOR MONEY

(From Our Own Correspondent)

BOMBAY, *20th March*

There have been no new developments in the short-term money market during the week under review which has been shortened due to a holiday on Wednesday for *Holi*. The demand for money was pretty high, while there was no improvement in the supply of funds. The inter-bank call money rate which had gone up from 4¾ per cent to 5 per cent a week ago moved up further to 5¼ per cent. On occasions, there were even borrowers at 5½ per cent. There has been no change in the term money rates.

It is reported that the sub-committee of nine bankers, appointed to modify the Inter-bank Agreement to accommodate the demand of medium banks, has completed its task, though no announcement has so far been issued by the Indian Banks' Association. The Committee is said to have recommended that the definition of medium banks should cover only those with deposits over Rs. 25 crores but not over Rs. 50 crores and that these banks could offer ¼ per cent more than they are doing now. The Committee is further believed to have recommended that the small banks, i.e., those with deposits of not more than Rs. 25 crores, should be permitted to pay ¼ per cent higher than the medium banks.

Reflecting the extremely stringent conditions in the money market, the 91-days' Treasury Bill rate under tender system has gone up from 2.585 per cent to 2.610 per cent per annum. The total amount offered was Rs. 2½ crores, as against an invitation of Rs. 2 crores. The total amount accepted was unchanged at Rs. 2 crores. Sales of Intermediate Treasury Bills fetched Rs. 15.50 lakhs as against Rs. 128.75 lakhs in the previous week.

MEDIUM TEAS STRONG

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *15th March*

A total of 355,000 kgs. was offered in sale No. 11 held on Tuesday, the 13th inst. Quality of mediums and good mediums was maintained but that of Nilgiris was irregular, though a few selected invoices in this category were brighter. There was strong general demand for medium descriptions at enhanced levels, while highgrowns and also the poorest kinds came to a weaker market. A few selected Nilgiri B.O.Ps sold well at slightly below last rates, but the majority were either taken up at a drop of up to Re. 1 or withdrawn from sale; fannings in these categories came to an irregular market but on average were again easier. Good medium brokens were generally about steady, but, where quality was improved they met with keen competition at much dearer rates; fannings in this category were fully firm to 10 nP dearer. Medium and low medium brokens also met with keen enquiry at 10-20 nP and sometimes more, above last rates, whilst fannings in these categories were 5-10 nP dearer. Black leaf brokens came to a fully dearer market, whereas fannings suitable for the Middle East were again fully firm. Whole leaf grades were irregular but were often dearer, particularly flowery pekoes. Plain stalky kinds met with limited inquiry at much lower rates. C.T.C. and legg-cut sorts came to a fully firm to dearer market.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	4.00/4.40	4.70/4.90
Mediums	4.40/5.15	4.90/5.20
Good mediums	5.15/6.70	5.20/5.60
Nilgiri B.O.P.	5.00/10.10	—

The average price realised in sale No. 11 was Rs. 5.48 per kilo, as against Rs. 5.25 in the previous week and Rs. 5.15 in the corresponding sale last year.

A total of 213,000 kgs. was offered in dust sale No. 11 held today. There was good demand, but rates were irregular. Black, grainy, exportable *types* were irregular but sometimes dearer. Plain and low mediums were well supported at sometimes easier rates, whilst mediums were about steady on last. Good mediums were irregular, selected invoices selling well whilst others were easier. Teas of unorthodox description sold readily at about last rates. Highgrown dusts met with keen support, particularly those with quality.

The average price realised in dust sale No. 11 was Rs. 4.11 per kilo, as compared with Rs. 4.06 a week ago and Rs. 4.83 in the corresponding sale last year.

Colombo: Just under 5½ million lbs. were offered and quality generally showed an improvement. There was strong demand particularly for the less highgrowns and mediums, which were dearer, whilst lowgrowns came to a fully firm market. Best liquoring descriptions were slightly easier.

London: North Indian and other growths: In Monday's auction there was strong demand with best C.T.C. firm but medium sorts advanced by 2*d.* to 3*d.*, whilst plainest descriptions were 3*d.* to 4*d.* dearer. Plain broken pekoe has advanced to 3/1*d.*

Ceylon and South Indians: A total quantity of 22,465 packages was offered in Tuesday's sale. Of this quantity, 8,218 packages came from South India. There was quieter demand for Ceylons this week. Low mediums were firm, whilst others sold at irregular prices. Teas from South India, particularly those with coloury, useful liquors, met with good competition and were firm. Others were slightly irregular.

BULLION FIRM

(From Our Own Correspondent)

BOMBAY, *20th March*

The bullion market depicted a firm trend during the week under review, with both gold and silver tending to move up. There were distinct signs of enlarged demand, especially in upcountry centres. The daily average offtake was 6,250 tolas of gold and 22 bars of silver, as against 5,200 tolas and 12 bars, respectively, in the previous week. Reports regarding seizure of some contraband gold in Bombay also imparted strength. The rise in prices would have been more marked but for the sale of 52 bars of silver by a leading bank on Friday the 16th inst. and increase in arrivals. The actual average daily arrivals were 8,250 tolas of gold and 22 bars of silver, the corresponding *figures for last week being 6,600 tolas and 12 bars,* respectively.

The *Fagun* (22nd March) settlement in gold began at Rs. 122.30, as against the previous close of Rs. 122.25, and rose to Rs. 122.55 today before finishing at Rs. 122.50. The *Jeth* (June) settlement advanced from Rs. 122.45 to Rs. 122.85, though it closed slightly lower at Rs. 122.80. The rate for transferring commitments from the *Fagun* to *Jeth* settlement continued to be against bulls, the actual rate today being higher at 30 nP, as against 20 nP on Wednesday last week.

Ready gold was quoted at a discount under the forward (*Fagun*) early in the week (15 nP on Thursday and 30 nP on Friday) and, after commanding a premium of 5 nP on Saturday, was quoted again at a discount of 5 nP on Monday the 19th inst. It was on a par today. The spot rate rallied from Rs. 122.00 to Rs. 122.55 today before finishing at Rs. 122.50.

In silver, the *Fagun* (23rd March) settlement was well supported and moved up from Rs. 216.85 to Rs. 217.90 on Friday. At this level, profit-taking set in and the settlement declined to Rs. 216.75. Subsequently, it recovered and touched Rs. 218.10 today. The *Jeth* settlement fluctuated between Rs. 216.35 and Rs. 217.50 and wound up the week at Rs. 217.50. The *badli* continued to be against bears, the rate actually increasing from 45 nP to 60 nP.

Ready silver elicited good support and spurted from Rs. 216.90 to Rs. 218.05 on the 16th inst. After receding to Rs. 216.95 on the same day, it rose again and touched Rs. 218.20 today. At this rate, the premium over the forward (*fagun*) was 10 nP, as against 5 nP on Wednesday last week.

The dollar price of gold in the London bullion market advanced by a fraction from $35.08¾ to $35.09⅛ per fine ounce. In sympathy with this trend and due to the continued firmness of the pound sterling *vis-a-vis* the dollar, ready gold improved by 2¼d. to 249s. 2¼d. Ready silver was firm at 84¼d., while the forward eased by ¼d. to 85d. Silver in New York continued unaltered at 101.50 cents.

The following table shows the trend of prices during the week under review:

	20-3-62 (closing)	High	Low	14-3-62 (closing)
	Rs.	Rs.	Rs.	Rs.
GOLD				
Ready (.99 fine)	122.50	122.55	121.80	122.00
Forward: *Fagun**	122.50	122.55	122.00	122.25
Jeth	122.80	122.85	122.30	122.45
Sovereign	97.00	—	—	97.00
SILVER				
Ready (.996 fine)	218.20	218.20	216.95	216.90
Forward: *Fagun†*	218.10	218.10	216.75	216.85
Jeth	217.50	217.50	216.35	216.40
London—				
Gold	249s.2¼d.	249s.2¼d.	249s.1¼d.	249s. ¼d.
Silver Ready	84¼d.	—	—	84¼d.
Silver Forward	85d.	—	—	85¼d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 22nd March settlement. † 23rd March settlement.
§ June settlement.
N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York *quotations are per ounce.*

PEPPER MOVES NARROWLY

(Messrs. Parekh and Co.)

BOMBAY, *20th March*

Malabar black pepper moved within a narrow range during the week, garbled between Rs. 230 and Rs. 317 and ungarbled between Rs. 320 and Rs. 307½. March delivery was squared up at Rs. 329. May, after touching Rs. 348, came down to Rs. 330, business being extremely thin. Calicut improved to Rs. 315 but receded later to Rs. 305.

The two notable features of the week were the reduction in freight from Singapore to the U.S.A. on pepper from $80 to $60 and the notification of the Indonesian Government allowing exporters to use 15 per cent of the exchange earned on exports of local produce either for imports or for their payments of services abroad. The latter is likely to increase the prospect of Lampong and Muntok pepper exports in the near future.

Singapore was down at Str.$2½, with activity *small. Spot at New York was also down from* $0.38 to $0.37½, as the grinders refused to follow the rise and in view of the easier advice from India where growers were reported regular sellers at every rise.

Despite sizable export, Malabar pepper seems to have no backbone of its own. As such, the future appears uncertain.

Ready pepper in Bombay is nominally quoted at Rs. 168 per 50 kilos.

COTTON FUTURES LISTLESS

(From Our Own Correspondent)

BOMBAY, *20th March*

Trading in both the futures and spot sections of the cotton market continued to be dull during the week under review. With the Jarilla March contract clinging to the ceiling rate of Rs. 693 (per three quintals) and permission for business in the new settlement yet to be given, there was no incentive for trading. As was expected not a single bale of cotton was tendered against the contract on any of the five notice days that have passed and it is unlikely that any tenders will be issued on the remaining notice days.

The most important development of the week was the meeting of the reconstituted Cotton Advisory Board in the City on the 16th inst. The Board discussed the question of supply and demand of cotton and expressed grave concern over the position of cotton supplies, with particular reference to the period from September to November, during which the available supplies will be exhausted and a new crop will not have arrived. It therefore recommended the import of about a million bales of cotton on an urgent basis so as to arrive into the country by the end of August.

As regards exports, some members of the Board estimated a surplus of Bengal *Deshi* cotton at about 100,000 bales and the Board recommended that further export may be allowed to the extent of 75,000 bales. It was also suggested that mills which wished to purchase more of Bengal *Deshi* cotton may be permitted to do so.

The timing and quantity of the next allocation of indigenous cotton to the mills was considered and the Board recommended that a further quota of 10 per cent should be released by the end of March.

The question of floor and ceiling prices for the next season 1962-63 was considered at length in the context of the increased production of cotton necessary to attain the targets laid down in the third Plan. There was general agreement that an atmosphere should be created which would enthuse the cultivator to put forward his best effort towards the attainment of these targets. The view was expressed that floors have not conferred any tangible benefits on the cultivator and that ceiling prices had operated as a restrictive force. It was suggested by some that ceiling prices should be removed and prices left free to find their natural level according to the forces of supply and demand. On the other hand, it was also argued that this might not be practicable in the context of overall planning and that an increase in the ceiling prices was, therefore, to be preferred. The idea of having a single support price fixed at near about the present ruling price in the market and at which all purchases should be made by the mills was also put forward. The repercussions of an increase in or the removal of ceilings on the prices of cotton, on the prices of cloth and on the competitive position of exports abroad were also referred to by some members. Attention was drawn to the growing need for additional incentives for export promotion of cloth and yarn and the increasing cost of incentive payments. The difficulties in ascertaining precisely the costs of cultivation of cotton were recognised. It was felt by some members that it would not be sufficient to merely provide a price incentive and that more positive steps such as the reservation of areas for cultivation of cotton and the supply of fertilisers, seeds, insecticides etc. required to be taken. The Board was unanimous in recommending that an immediate decision should be taken on the question of the price policy for cotton before the next sowings begin.

In the absence of additional quota for Indian cotton, activity in the spot market was restricted. Moderate mill demand was noted for such varieties as Co2, Laxmi, Vijay L. 147, Digvijay and Surti. Prices of Bengal *Deshi* tended to decline, thanks to the delay in the announcement of export quota. The quota is expected at any moment now. Mill demand for foreign cotton was mainly confined to Sudan cotton. Egyptian and American cotton attracted only stray buying.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri: Bengal *Deshi* 665; Khandesh 1,050; Co2 1,520; American 1,350; Sudan G3S 1,490; G5S 1,310.

Quiet conditions prevailed in the Karachi cotton futures market during the week. Values moved narrowly in routine dealings. Domestic mill demand was slow and export interest moderate. N T R G. March closed the week 20 nP lower at Rs. 72.50. The May contract, however, gained 30 nP over the week to Rs. 72.50. The following are the latest available spot quotations—in rupees per maund of 82 lbs.—for a few popular varieties of Pakistan cotton prevailing at Karachi:

Sind *Deshi* 66.25; Punjab *Deshi* 63.5; 4F Punjab Roller 76; S.G. 82; LSS Punjab Roller 77; S.G. 83; N.T. Roller 80.50; S.G. 87.50; 289F Punjab Roller 92; S.G. 98.

Cotton futures in Liverpool recorded modest gains during the week. Both the American and American type contracts moved up on buying by local traders and commission houses. Sudan cotton contracts were subdued. Values ruled nominally unchanged.

The following are the latest available quotations—in pence per lb.—from Liverpool:

American Cotton one inch Staple Contract: March 24.10; May 24.30; July 24.50. October 24.30.

American cotton mixed growths contracts: March 24.50; May 24.65; July 24.85. October 24.65.

Sudan: March 31.75; May 30.00; July 29.00.

Fully steady conditions prevailed in the New York cotton futures market. Values remained practically unchanged in slow dealings. A limited

volume of commission house selling was absorbed in trade coverings. The continued firmness of the spot prices also imparted strength to the market.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(in cents per lb.)

	19-3-62	14-3-62	6-3-62
New York spot	35.65	35.65	35.65
March	—	33.84	33.50
May	34.51	34.44	34.15
July	34.78	34.72	34.46

ART SILK YARN ALLOCATION

(From Our Own Correspondent)

BOMBAY, 20th *March*

In the report last week, a reference was made to the rumours suggesting the possibility of the present distribution scheme for indigenous art silk being ended in the near future. The rumours have, however, not been confirmed yet, nor have they been denied. At any rate, the scheme will continue to be in force for the coming half-year, that is, April-September 1962. For on Thursday the 15th inst., the Textile Commissioner issued a trade notice indicating the detailed procedure for submission of applications for allocation of indigenous art silk yarn during the aforesaid six-month period. Accordingly, all actual users of art silk yarn are to submit their applications for allocation on or before 15th April 1962 to the Joint Secretary, Distribution Committee for Indigenous Art Silk Yarn, 78, Veer Nariman Road, Resham Bhavan, Bombay 1. In the case of art silk handloom industry situated in the States of Andhra Pradesh, Madras, Maharashtra, Gujarat, Kerala, Orissa, Punjab, Uttar Pradesh and West Bengal, indigenous art silk yarn will, however, be distributed only by the respective State handloom authorities. Likewise, allocation of yarn to ancillary industries such as manufactures of hosiery and embroidery, except manufacturers of gas mantles and cotton textile mills consuming art silk yarn in *sari* borders, etc., and art silk doubling units situated in Delhi area and States of Gujarat, Kerala, Madhya Pradesh, Madras, Maharashtra, Punjab, Uttar Pradesh and West Bengal, will be made by the respective State Directors of Industries.

The continuance of the distribution scheme was interpreted to mean that sales by indigenous art silk producers would, as usual, be on a regulated basis, contrary to fears held before that there would be heavy sales. Consequently and thanks to encouraging inquiries from some consuming centres, particularly Punjab and Banaras, Amilan yarns (20×1) tended to move up. April contract spurted by Rs. 32 to Rs. 3,315 and June position by Rs. 17 to Rs. 3,425. Spot National Rayons 120 Bt. cones 1st grade advanced by 31 nP to Rs. 13.62. 150 Bt. cones 1st grade hardened by 13 nP to Rs. 13.57. Imported yarns were firm, 120 and 150 Japan being both quoted at Rs. 1.929, 120 Italy at Rs. 1,900 and 150 Italy at Rs. 1,735.

Staple fibre yarns were dull. Turnover was extremely limited and values moved narrowly. 40×2 April contract eased by Rs. 3 to Rs. 734. June delivery shed a like amount to Rs. 744. Spot Kohinoors were quiet at Rs. 8.38, as also Centurys and Citys at Rs. 8.25.

Barring a few select counts which tended to look up on special support, activity in the cotton yarn section was considerably restricted, with values practically remaining unchanged. Ten counts Moderns improved by 50 nP to Rs. 19. Twenty Gokaks gathered 10 nP to Rs. 22.87. Forty counts Pioneers put on 25 nP to Rs. 35.25.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	20-3-1962	14-3-1962
	Rs.	Rs.
Art silk yarn —		
80/1 Amilan (100 kg.)—		
April	3,305.00	3,333.00
June	3,425.00	3,408.00
120 Japan (per 100 kg.)	1,929.00	1,929.00
150 Japan (per 100 kg.)	1,929.00	1,929.00
120 Italy (per 100 kg.)	1,900.00	1,900.00
150 Italy (per 100 kg.)	1,735.00	1,735.00
Nat. Ray. 150 Bt. 1 (per kg.) ..	11.57	11.44
Staple fibre yarn (40×2)—		
April	734.00	737.00
June	744.00	747.00
Kohinoor (per kg.)	8.38	8.38
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	19.00	18.50
20s Modern	22.87	22.75
32s Madura	29.25	29.25
40s T. T. Corin	35.75	35.75
60s T'Mangal	51.00	51.50
80s Mahindra	74.00	74.00

OILSEEDS EASY

(From Our Own Correspondent)

BOMBAY, 20th *March*

Oilseeds suffered a further setback during the week under review on renewed liquidation by local bulls and heavy selling pressure from North Indian operators, following the pronounced easiness of mustard. Further, crop reports from major producing centres were distinctly bearish. And the export outlook for oils continued to be none too encouraging. Groundnuts were particularly depressed as *vanaspati* manufacturers and local crushers were reluctant to extend any support in a declining market. Castorseeds ruled subdued, due to absence of export inquiries for castor oil, and larger arrivals from upcountry centres. Linseed encountered selling induced by the persistent lull on oil export front and expectation of a bumper crop during the current season. In sympathy, cottonseeds drifted lower.

The groundnut May 1962 contract was marked down from Rs. 253.75 to Rs. 226.50. Niamm bold eased from Rs. 46.50 to Rs. 45, before closing at Rs. 45.50. Khandesh quality declined by 50 nP to Rs. 46.25. Oil May 1962 contract dropped 60 nP to Rs. 18.95. Oil ex-mill and railway receipts lost 35 nP each to Rs. 19.20 and Rs. 19, respectively.

Among castorseeds, the June 1962 contract fell by Re. 1.62 to Rs. 165.25. March 1962 receded from Rs. 168.87 to Rs. 166.50 yesterday, but recovered to Rs. 168 today. Madras small closed lower by 25 nP at Rs. 33.50. Kanpur also shed a like amount to Rs. 32.50. Oil B.S.S. and commercial lost 15 nP each, the former to Rs. 14.55 and the latter to Rs. 13.85.

Linseed June 1962 contract softened by 22 nP to Rs. 36.19. Bold ready sagged by 25 nP to Rs. 35.50. Linseed Oil moved down from Rs. 15.85 to Rs. 15.10.

Cottonseed July 1962 contract suffered a setback of Rs. 2.75, today's closing rate being Rs. 103.75. April 1962 contract eased by Rs. 2.50 to Rs. 100.50. Whites, non-whites and Berars shed 10 nP to Rs. 20.50.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 20th March as compared with those of the two previous weeks:

	20-2-1962	14-3-1962	6-3-1962
	Rs.	Rs.	Rs.
Groundnut			
May 1962	226.50	233.75	238.87
Niam bold	45.50	46.50	47.50
Khandesh quality	46.25	46.75	48.00
Oil ex-mill ready*	19.20	19.55	19.80
Railway receipts*	19.00	19.35	19.60
Oil May 1962	18.95	19.50	20.00
Castorseed			
March 1962	168.00	168.87	172.37
June 1962	165.25	166.87	171.87
Ready Madras	33.50	33.75	34.50
Ready Kanpur	32.50	32.75	33.25
Oil B.S.S.†	14.55	14.70	15.10
Oil commercial†	13.85	14.00	14.25
Linseed			
March 1962	36.19	36.00	37.56
June 1962	36.19	36.41	37.56
Bold ready	35.50	35.75	37.25
Oil ready†	15.10	15.85	16.50
Cottonseed			
April 1962	100.50	103.00	106.25
July 1962	103.75	106.00	109.00
Niger seed	35.50	35.75	‡36.50
Kardi seed	24.00	24.00	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

SUGAR STEADIER

(From Our Own Correspondent)

HAPUR, 19th *March*

Sugar ruled steadier during the week, despite the monthly quota release for free sale by the Government. Superior quality continued to attract good buying support from the South, Rajasthan and Punjab. The inferior quality small crystal was also in request from east U.P. side. Simbhauli E29 quality here registered fractional gains to Rs. 38.19 per maund. The new sugar was also in good demand and the premium increased to Re. 1.50 per maund over the former controlled rates for all A, B, and C29 grades. Even D29 sugar of few factories was being transacted at a premium of Re. 1.25 a maund.

Steady to firm conditions were witnessed in the Muzaffarnagar market during the week under review. Demand was fairly brisk from Punjab, Gujarat, Saurashtra and Rajasthan. Although the Government had not yet released the sugar from the 1961-62 season production, heavy business took place for deliveries to be effected out of the first quota release during April. The Amroha and Bijnore factories producing small inferior crystal, however, offered their new produce at some discount. In the spot section, prices were almost stationary: A29 Mansurpur Rs. 40.50; Lhaksar Rs. 39.60; B29 Daurala Rs. 40; Shamli Rs. 39.70; Lhaksar Rs. 38.97; C29 Buland Rs. 39.12; Daurala Rs. 39.25; D29 Deoband Rs. 38.47; Bijnore Rs. 35.06; Seohara Rs. 36.69; Sakoti Rs. 36.62.

Supplies of cane to factories was still being maintained and crushing was in full swing. Factories in this region were expected to continue till the end of April and, due to accumulation of stocks, they were experiencing storage difficulty.

Khandsari ruled steady on brisk demand from Rajasthan and east U.P. Inquiries were also received from Punjab, Madhya Pradesh and Gujarat. Consequently, prices improved by 25 to 50 nP per maund. Wet *khandsari* was quoted at Rs. 26 to Rs. 30 per maund, while non-crystal and crystal were quoted at Rs. 30 to Rs. 30.50 and Rs. 31 to Rs. 34 per maund.

The *khandsari* manufacturing season is coming to a close and, in order to attract supplies of cane, the manufacturers are paying upto Re. 1.50 per maund.

Gur registered sharp gains during the week on vigorous bull support. Arrivals were small at an average of 1,500 maunds daily average. Loading by rail being mostly restricted, despatches aggregated ten wagonloads, mostly to Gujarat and Bengal and local stock amounted to 30,000 maunds, as against 73,000 maunds on the corresponding date last year. Total arrivals of *gur* here during the current season were 4.12 lakh maunds, as against 4.62 lakh maunds. Cane sowing season is in full swing. The latest prices here were: *pansera* best Rs. 16 to Rs. 17.25; *dara* Rs. 15 to Rs. 16; *balti* Rs. 14.75; *shakker* Rs. 17.50 to Rs. 18.25 a maund.

Gur prices were also firm at Muzaffarnagar during the week, thanks to good buying support from Punjab and Gujarat. *Gur* and *shakker* arrivals averaged 9,000 maunds daily and local stocks were around 100,000 maunds. The latest prices were *Chaku* Rs. 17 to Rs. 19.12; *pansera* Rs. 16 to Rs. 17.25.

Future prices, after early gains, eased sharply at the week-end. Trading in *baisakh* was brisk, while in *jaistha* it was of standing up nature.

FOODGRAINS RECEDE

(From Our Own Correspondent)

HAPUR, 19th *March*

Foodgrains continued to drift lower in the Hapur market during the week, as the stockists were anxious sellers before new produce would start reaching the market by the end of this month. Crop prospects were very bright and another record production was expected this time. According to the Union Food Ministry's review, foodgrains production reached the record level of 79.3 million tons during 1960-61. The imports in that 2.69 million tons of wheat and 650,000 tons of rice. The total number of fair-price shops in the country was 49,000 from which a heavy quantity of grains was distributed either direct to retailers or through State Governments.

Wheat at Hapur registered a fractional fall during the past week to be quoted on Monday at Rs. 15.75 a maund for average quality and upto Rs. 17.25 for better farm produce. Some quantity of wheat did arrive from rural areas during the week but this was lifted by consumers and stocks with trade were estimated around 2,000 maunds. Crop prospects of wheat were reported to be bright and the harvesting of wheat will begin in mid-April or even later.

Rice was also depressed in sympathy with other grains. A small quantity of *mainpuri* quality rice was still reaching the market and stocks, despite better demand, improved slightly to 6,000 maund) were: *mainpuri sela* 19.75; *gadda kutcha mati sela* 28; superior 30 to 34.

Gram registered a fall of over Re. 1 per maund to Rs. 13.25 a maund for Punjab variety on easy advices from Punjab due to bumper crop expectations, thanks to very good timely winter rains. Barley drifted lower to Rs. 11.75 and *bejhar*, too, was quoted at Rs. 12 per maund. Maize stockists were anxious sellers with the result that stocks here declined to 5,000 maunds and prices were depressed around Rs. 11 to Rs. 13 per maund. *Bajra* was quoted lower at Rs. 13.75 a maund in the absence of seasonal demand. *Juwar*, however was steadier around Rs. 14 to Rs. 15.50 per maund on better demand in the face of poor stocks here. Other sections were listless, with *guwar* quoted at Rs. 14, *methi* at Rs. 27 and oats at Rs. 11 per maund.

Among pulses, peas and *arhar* eased during the week, as demand was slack and stockists were also anxious sellers, as new crop arrivals would soon commence. Harvesting of peas has already begun. New *urd* and *moong*, however, continued to attract good buying support and the prices of these stayed steady. Week-end prices (in Rs. per maund) were: peas *dara* 10.75; farm 11; peas *dal* 12.50; *arhar* 14; *arhar dal* 18; *urd* 22 to 24; *urd dal* 26 to 28; *moong* 18 to 21; *moong dal* 21 to 24; *massoor* 16 to 17.50; *massoor dal* 20.

COTTON

(Concluded from page 506)

it was the considered opinion of the Textile Commissioner that "decontrol or higher price does not appear to be a sure guarantee for either increased acreage for cotton or increased yield per acre." In order to increase production of cotton and the earnings of the farmer, what was needed, in Mr. Natu's view, was a rise in the yield per acre.

It will be seen from the foregoing summary of Mr. Natu's observations at the Press Conference, that the views that had been expressed by this journal on this issue from time to time are more or less fully shared by him.

Supply Position Serious

The Textile Commissioner conceded that, in view of the sharp reduction in crop estimate during the current season to 4.3 million bales (for reasons which have nothing to do with the price), as against the earlier estimate of 5.3 million bales, the supply position of cotton had shown a "dangerous deterioration." The position was aggravated by the lower imports of foreign cotton. Consequently the ratio between supply and consumption had deteriorated to an extent never before witnessed during the past many years. The carryover stocks at the end of the season were, therefore, likely to decline by half, that is, to 1.1 million bales from 2.2 million bales at the beginning of the present season.

The Textile Commissioner pointed out, in conclusion, that the Government was sparing no effort to get foreign cotton. But, as the foreign exchange position was very tight, attempts were being made to get cotton on barter basis. Such efforts, however, took more time to bear fruit and it was, therefore, most urgent that the country husbanded its internal production as carefully as possible to cope with the situation and that without disturbing the stability of prices. This is the most sensible conclusion that one could come to and it is gratifying to find that the Textile Commissioner has not allowed himself to be distracted by the high pressure propaganda that is being carried on by some very influential leaders of the cotton trade which even the spokesmen of millowners have been unable to resist.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 16th March, 1962

BANKING DEPARTMENT

LIABILITIES

	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	5,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	86,04,15,000
(2) Other Governments	5,47,06,000
(b) Banks	77,40,11,000
(c) Others	149,04,37,000
Bills Payable	29,58,42,000
Other Liabilities	58,50,24,000
Rupees	547,73,35,000

ASSETS

	Rs.
Notes	21,49,09,000
Rupee Coin	1,18,000
Subsidiary Coin	8,13,000
Bills Purchased and Discounted—	
(a) Internal	...
(b) External	...
(c) Government Treasury Bills	51,48,32,000
Balances held abroad*	10,18,71,000
Loans and Advances to Governments†	84,13,76,000
Other Loans and Advances	103,77,27,000
Investments	153,17,06,000
Other Assets	33,14,83,000
Rupees	547,73,35,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 47,84,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	21,49,09,000	
Notes in circulation	2073,06,80,000	
Total Notes issued		2094,55,98,000
Total Liabilities		2094,55,98,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	123,86,07,000	
Total of A		241,62,10,000
B. Rupee Coin		115,77,11,000
Government of India Rupee Securities		1737,16,77,000
Internal Bills of Exchange and other commercial paper		...
Total Assets		2094,55,98,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	9-3-62	2-3-62	10-3-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	44,37	48,25	45,75
(ii) From others	754,47	749,41	702,69
(b) Borrowings from banks	15,46	17,03	18,71
(c) Others	53,60	53,05	49,53
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	13,88	14,51	13,02
(ii) From others	1,135,04	1,136,28	1,039,58
(b) Borrowings from banks	16,29	16,25	9,53
(c) Others	13,45	13,55	21,78
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,889,51	1,885,70	1,742,27
4. Aggregate liabilities [1 (a) (ii) + (c) + 2 (a) (ii) + 2 (c)]	1,956,76	1,952,29	1,813 59
5. Borrowings from Reserve Bank	47,37	40,11	66,70
(a) Against usance bills and/or promissory notes	32,11	27,50	20,30
(b) Others	15,26	12,61	37,40
6. Borrowings from State Bank and/or a notified bank	14,53	12,70	14,84
7. Cash	51,21	47,50	47,22
8. Balances with Reserve Bank	77,02	75,66	70,42
9. Cash and balances with Reserve Bank	128,23	123,17	117,64
10. 9 as per cent of 4	6,55	6,31	6,49
11. Balance with other banks in current account	16,48	16,10	16,20
12. Money at call and short notice	84,37	86,03	26,12
13. Investments in Government securities	589,70	599,51	573,30
14. 13 as per cent of 4	80,14	80,71	81,01
15. Advances—			
(a) Loans, cash credits and overdrafts	1,150,96	1,157,04	1,085,10
(b) Due from banks	9,15	7,97	15,24
16. Inland bills purchased and discounted	172,36	165,48	144,55
17. Foreign bills purchased and discounted	45,33	46,36	48,44
18. Total Bank Credit [15 (a)+16+17]	1,377,65	1,368,88	1,278 09
19. 18 as per cent of 4	70,40	70,12	70,47

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	18th Jan., 1962	4.50	4.25
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	2	3
Canada †		3.23	3.26
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	23rd May, 1961	5.5	6.5
Ecuador	8th May, 1948	7	10
Egypt	15th Nov., 1951	3.50	5
El Salvador	Mar., 1961	5.5	6
Finland	Mar., 1959	6.50	6.75
France	6th Oct., 1960	4	5.50
Greece	Mar., 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	2	3
Ireland	2nd Mar., 1962	5.56	5.54
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	3.50	3.50
Pakistan	14th Jan., 1959	5	4
Peru	9th Mar., 1959	6.00	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	2	3
South Africa	7th Dec., 1961	4	4.50
Spain	June 1961	4.6	4
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1961	6	7.5
United Kingdom	8th Mar., 1962	6	5½
U.S.S.R.	1st July, 1936	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 23rd Feb., 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		557,40,58,000
Borrowings from Other Banking Companies, Agents, etc.		2,81,50,000
Bills Payable		7,49,71,000
Bills for Collection being Bills receivable as per contra		2,38,09,000
Acceptances, Endorsements and Other Obligations per contra		1,12,62,000
Other Liabilities (including Inter-Office Adjustments)		3,18,80,000
Total .. Rs.		588,23,80,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		26,09,53,000
Balances with other Banks		2,22,39,000
Money at Call and Short Notice		1,20,00,000
INVESTMENTS—		
Government and other Trustee Securities	237,47,25,000	
Other Authorised Investments	9,18,34,000	247,05,59,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	266,65,41,000	
Bills Discounted and Purchased	18,71,72,000	285,37,13,000
Bills Receivable being Bills for Collection as per contra		2,38,09,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,12,62,000
Premises less Depreciation		1,90,23,000
Furniture and Fixtures less Depreciation		1,46,11,000
Other Assets (including Inter-Office Adjustments)		19,41,76,000
Total .. Rs.		588,23,80,000

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1960-61	1959-60*	Jan., 1962	Jan., 1961
Central Government Securities:				
(a) 3% conversion loan 1986 or later†	2.85	2.84	2.96	2.82
(b) Others‡	2.66	2.59	2.76	2.72
Debentures	4.11	3.97	4.15	4.14
Preference Shares	5.32	5.44	5.82	5.24
Variable Dividend Industrial Securities	4.88	5.27	4.62	5.04
Agriculture and Allied Activities†	5.80	6.09	5.94	6.13
(a) Tea Plantations	6.01	6.17	6.04	6.51
(b) Coffee Plantations	5.12	6.06	5.87	4.04
(c) Rubber Plantations	6.33	7.50	6.95	6.34
Mining and Quarrying†	5.31	6.19	5.20	
(a) Coal	4.56	5.82	4.37	3.96
(b) Other Mining	5.82	6.44	5.78	6.13
Processing and Manufacturing	4.35	4.70	4.22	4.62
Foodstuffs, Textiles, etc. ‡ ††	4.26	4.68	4.10	4.59
(a) Suzar	5.80	6.63	5.50	6.36
(b) Cotton Textiles	3.47	3.97	3.64	3.75
(c) Jute Textiles	6.15	5.80	5.29	6.00
(d) Silk and Woollen	3.17	3.98	2.86	3.38
Metals and Chemicals†	4.18	4.19	4.33	4.49
(a) Iron and Steel	4.25	3.89	4.03	4.72
(b) Transport Equipment	3.38	3.48	3.89	3.34
(c) Electrical Machinery	5.03	5.09	4.58	5.38
(d) Other Machinery	4.07	4.55	3.35	4.27
(e) Basic Ind. Chemicals	3.59	4.14	3.60	3.91
Others	4.90	5.69	4.84	4.95
(a) Cement	5.21	6.07	4.64	5.19
(b) Paper	4.76	5.02	4.23	4.85
Other Industries	6.05	6.49	5.19	5.80
(a) Electricity Generation and Supply	6.28	6.86	5.34	5.87
(b) Trading	8.38	8.58	6.81	8.49
(c) Shipping and Other Transport	5.17	5.25	4.23	4.71
(d) Construction	4.49	4.12	3.78	4.73
Financial	6.31	6.64	5.49	6.19
(a) Banks	5.93	6.48	4.97	5.74
(b) Insurance	7.56	7.83	7.02	7.65
(c) Investment Trusts	6.85	6.28	6.60	6.87

* Average of 9 months. † Running yield. Average of four loans (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous'. †† Including 'Edible and Vegetable Oils.'

State Bank of Pakistan

Statement of Affairs for the week ended 9th March, 1962

BANKING DEPARTMENT

LIABILITIES

	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,85,00,000
Rural Credit Fund	2,00,00,000
Deposits—	
(a) Central Government	9,36,66,000
(b) Provincial Governments	50,35,000
(c) Banks	19,11,08,000
(d) Others	124,52,03,000
Bills Payable	32,69,000
Other Liabilities	15,46,07,000
Rupees	178,93,88,000

ASSETS

	Rs.
Notes	9,82,50,000
Rupee Coin	26,000
Subsidiary Coin	45,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	26,53,13,000
Balances held outside Pakistan*	6,52,00,000
Loans and Advances to Governments	1,24,48,000
Provincial Governments' Debtor Balances	80,15,50,000
Other Loans and Advances	43,11,37,000
Investments	11,54,10,000
Other Assets	
Rupees	178,93,88,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	9,82,50,000	
Notes in circulation	392,25,52,000	
Total Notes issued		402,08,11,000
Total Liabilities	....	402,08,11,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	1,31,23,000	
Government of Pakistan Securities	261,34,05,000	
Internal bills of exchange and other commercial paper	....	
		133,02,77,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	402,08,11,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 34.48 per cent.

EXCHANGE RATES

	20th March, 1962	14th March, 1962
Bombay on London—		
Sellers T.T. D.D. 3/4 mt. s.	1-5 31/64	1-5 31/64
Sellers T.T. D.D. upto six months s.	1-5 31/64	1-5 31/64
Buyers T.T. spot to nine months s.	1-5 1/4	1-5 1/4
Buyers T.T. 10 to 12 months s.	1-5 1/4	1-5 1/4
Bombay on New York—		
Sellers T.T. D.D. Rs.	475.25	475.25
Buyers T.T. Rs.	471.75	471.75
London on New York s.	2.8164 - 2.8166	2.8168-2.8171
London on Paris Fcs.	13.8000-13.8020	13.8015-13.8035
London on Berne. Sw. Fcs.	12.2290-12.2310	12.2290-12.2320
New York on London s.	281.670-281.700	281.700-281.740

CLEARING HOUSE RETURNS

Centre	Week ended 16th March, 1962		Week ended 9th March, 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,71,721	110,38,98,000	3,83,429	85,58,10,000
Calcutta	2,23,000	100,28,00,000	1,91,000	78,08,00,000
Madras	1,11,404	15,75,86,859	92,000	13,14,00,000
All Centres—				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	100,38,05,00,000
1960-61	..	..	54,472,000	125,13,15,00,000
Dec., 1960	..	..	4,867,000	1,122,77,00,000
Oct., 1961	..	..	4,770,000	1,047,22,00,000
Nov., ,,	..	..	4,986,000	1,095,59,00,000
Dec., ,,	..	..	4,940,000	1,173,93,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	24th Feb., 1962	17th Feb., 1962	25th Feb., 1961	December 1961	December 1960	Percentage of Increase (+) or Decrease (−) in Dec., 1961 as compared with Dec., 1960	Annual Average 1961	Annual Average 1960
Food Articles	204	120.3	119.0	115.8	117.8	117.0	+ 0.7	119.6	120.2
Cereals	102	103.7	103.7R	100.6	100.4	100.4	+ 0.0	101.6	103.3
Pulses	43	96.5	97.4	92.9	93.5	93.6	— 0.1	91.2	92.6
Fruits and Vegetables	23	135.9	129.0 R	103.3	137.7	104.4	+31.9	131.2	121.11
Milk and Ghee	54	118.8	118.8	115.4	111.1	111.1	+ 3.9	115.1	114.8
Edible Oils	47	157.2	157.2	161.6	153.1	154.0	— 0.6	158.2	143.8
Fish, Eggs and Meat	17	138.0	138.0	121.7	138.0	125.0	+10.4	131.0	121.1
Sugar and *Gur*	25	114.7	114.7	105.8	114.7	105.8	+ 9.6	110.7	130.6
Others	5	160.9	157.7	166.9	161.9	170.0	— 4.8	172.9	168.4 R
Liquor and Tobacco	21	98.2	98.2	99.4	98.3	112.1	—12.0	102.8	108.4
Tobacco	..	96.2	96.0	107.9	91.4	105.8	—13.6	100.5	103.6
Fuel, Power, Light and Lubricants	39	122.8	122.8R	121.8	121.8	118.9	+ 1.3	121.8	118.9R
Industrial Raw Materials	156	139.5	139.0R	150.8	138.6	148.5	— 8.8	147.7	138.8
Fibres	61	120.1	123.7R	170.7	125.2	157.0	—20.2	150.0	139.2
Oilseeds	60	154.6	146.3	163.7	158.5	158.5	— 3.0	157

MISCELLANEOUS STATISTICAL INFORMATION—*Continued.*

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 16th March 1962	3rd March 1962	10th Feb. 1962	11th March 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.7	100 7	100.7	100 9
2. Government of India	100 5	100 5	100 5	100 9
3. State Government	101 9	101 9	101 9	101 5
4. Municipal, Port Trust, etc.	99 1	99 1	99 2	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	100.9	100.9	101.0	100.5
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.4	82 5	82 4	85.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	192.8	192 6	190.1	179 1
8. *Agriculture and Allied Activities : Total**	161.4	161.6	161 6	171 9
9. Tea Plantations	154 6	154 6	154 6	165 0
10. Coffee Plantations	124 5	124 4	124 5	152 9
11. Rubber Plantations	168 3	170 0	168 0	172 7
12. *Mining and Quarrying : Total*	160 1	160 0	158 9	171 9
13. Coal	116 3	116 0	116 0	129 5
14. Other Mining	190 1	190 0	184 4	201.1
15. *Processing and Manufacturing : Total*	210 1	209.8	206 8	192 8
16. Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*	223 2	222 7	220 9	192 6
17. Sugar	146 2	146 5	144 5	124 9
18. Cotton Textiles	202 0	201.1	199 0	157 7
19. Jute Textiles	100.8	100 5	94 0	90 5
20. Silk and Woollen	1236 9	1234.8	1253.1	1131 6
21. Processing and Mfg. (Metals, Chemicals, etc.): Total*	206 0	206 5	203 9	208 2
22. Iron and Steel	156 5	157 4	159 2	168 8
23. Transport Equipment	404.1	403 6	407 6	422 6
24. Electrical Machinery	177 9	180 3	163 4	160 5
25. Machinery other than Transport and Electrical	236 6	235.8	225.2	227 4
26. Basic Industrial Chemicals	208.1	209 3	211.5	211 0
27. *Processing and Mfg. (Others): Total**	177.5	176.8	169 3	165 0
28. Cement	165.5	164 5	157 4	146 7
29. Paper	223 7	223 5	212 1	221 7
30. *Other Industries : Total**	114.4	114 3	112 9	109 9
31. Electricity Generation and Supply	86 6	86.8	86 5	80.2
32. Trading	131 4	131 2	125 5	129 4
33. Shipping and Other Transport	93 3	93 9	94 2	102 8
34. Construction	304.7	302 3	293 7	298 4
35. *Financial : Total*	227.5	227 6	228.1	187 7
36. Banks	261 2	261 4	260 8	211 3
37. Insurance	157 8	157.7	152 8	139 5
38. Investment Trusts	93 9	93.0	90.7	92.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	200.8	200.2	199 5	185.6
40. Calcutta	179.1	179 5	175 8	165.1
41. Madras	202.5	202.1	200 8	192.5
42. Delhi	259.8	259 2	255.3	243.6

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
JUTE MANUFACTURES		(In 000 tons)
Production	During Feb., 1962	90.8
	Corresponding month 1961	77.4
	Eight months ended Feb., 1962	695.1
	Corresponding period 1961	695.1
Stocks	At the end of Feb., 1962	55.0
	Corresponding month, 1961	80.2
DESPATCHES OF GUNNIES		(In 000 tons)
For Export Purpose	July-June, 1959-1960	835.5
	July-June 1960-1961	780.6
	July 1961 to Dec., 1961	372.3
	Dec., 1960	62.9
	Dec., 1961	70.0
For Internal Consumption	July-June, 1958-1960	248 3
	July-June 1960-1961	274.1
	July 1961 to Dec., 1961	127.1
	Dec., 1960	29.0
	Dec., 1961	27.1
RAW JUTE		(In 000 bales)
Consumption by Mills	February 1962	528
	Corresponding month, 1961	456
	1958-59	6,014
	1959-60	6,291
	1960-61	5,782R
	July 1961 to Feb., 1962	3,807

R—Revised.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns§	Units Generated†	Total Units Sold
1956-57	769	9,377.3	8,103.1
1957-58	834	11,176.9	9,611.1
1958-59	813	12,937.0	10,360.7
1959-60	850	15,029.2	12,180.8
1960-61	1,013	17,037.3	13,831.8
Nov., 1960	1,012	1,390.2	1,140.5
January 1961	1,013	1,482.3	1,216.1
February ,,	1,013	1,400.0	1,151.9
March ,,	1,013	1,506.1	1,282.7
April ,,	1,013	1,536.2	1,288.9
May ,,	1,013	1,612.8	1,329.1
June ,,	1,013	1,599.8	1,326.3
July ,,	1,013	1,616.9	1,342.2
August ,,	1,013	1,641.3	1,370.0
Sept., ,,	1,013	1,634.4	1,362.7
Oct., ,,	1,013	1,619.4	1,354.8
Nov., ,,	1,013	1,627.3	1,359.9

* Excluding railway, military and factory power stations. Chola Power Station being interconnected with the Tata Power System, has been included. † Including purchases from non-electric utilities. § At the end of period.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of payment in full Rs.
1962					
2nd January	2.00	2.00	2.00	2.520	99.370
3rd to 5th Jan.*	0.10	—	0.15	—	99.386
9th January	2.00	2.00	2.00	2.520	99.376
10th to 13th Jan.*	0.47	—	0.10	—	99.386
16th January	2.00	2.03	2.00	2.520	99.370
17th to 20th Jan.*	0.05	—	0.07	—	99.386
23rd January	2.00	2.00	2.00	2.520	99.370
24th to 27th Jan.*	0.13	—	0.05	—	99.386
30th January	2.00	2.00	2.00	2.525	99.366
31st Jan. to 3rd Feb.*	0.16	—	0.13	—	99.386
6th February	2.00	2.00	2.00	2.540	99.365
7th to 10th Feb.*	0.15	—	0.15	—	99.381
13th February	2.00	2.00	2.00	2.545	99.360
14th to 17th Feb.*	0.05	—	0.05	—	99.381
20th February	2.00	2.02	2.00	2.580	99.360
21st to 24th Feb*	0.15	—	0.15	—	99.371
27th February	2.00	2.35	2.00	2.580	99.355
28th Feb. to 3rd Mar.*	0.03	—	0.03	—	99.371
6th March	2.00	2.00	2.00	2.585	99.350
7th to 10th March*	1 29	—	1 29	—	99.371
13th March	2.00	2.00	2.00	2.585	99.350
14th to 17th Mar.*	0.16	—	0.16	—	99.371
20th March	2.00	2.50	2.00	2.610	99.360
Total amount outstanding	26.73	..	26.73	..	..

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	116	395	110	315	98	120	387	124	113	105	103	122	109	131
1959 ,,	120	412	125	340	98	122	377	133	120	106	98	125	108	140
1960 ,,	124	420	120	357	98	136	398	143	120	107	103	120	109	146
Sept. ,,	125	418	122	364	101	138	405	146	122	108	102	122	108	147
Oct. ,,	125	421	123	365	102	137	400	148	122	108	105	122	108	147
Nov. ,,	124	423	121	367	102	135	395	150	121	110	102	122	108	147
Dec. ,,	124	419	120	362	100	134	387	151	121	110	102	122	108	147
January 1961	123	419	119	358	100	131	387	146	122	111	103	120	109	148
February ,,	123	420	119	350	102	130	392	147	123	111	103	120	109	148
March ,,	124	423	119	349	101	129	395	148	124	111	104	121	109	148
April ,,	124	428	119	348	99	130	392	149	125	111	104	120	109	149
May ,,	124	431	119	345	97	130	392	148	126	112	106	120	109	150
June ,,	125	433	122	349	99	132	392	148	127	112	104	121	110	149
July ,,	127	437	123	357	101	132	408	148	130	113	106	122	110	150
August ,,	128	438	122	359	103	133	416	149	130	115	107	124	110	151
Sept. ,,	128	436	122	355	103	132	416	148	128	114	108	124	111	151
Oct. ,,	126P	434	122	354	104	133	418	149	127	113	110	122	112	151
Nov. ,,	124P	434	122	341	106	..	..	149	129	115	109	129	114	151
Dec. ,,	123P	435	..	355	..	..	..	..	130	115	108	129	..	151
January 1962	125P	..	..	..	..	..	..	..	129	115	103	126	..	..

*June 1934=100. †Jan. 1928=100. §1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G		Total Receipts	Outstandings H
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings		
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	—41,35	50	31	41,88	10,64	21,76	66	2,50	305,70	672,98
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3,38	329,98	770,86
Dec. 1960	1,33	2,63	85,25	6,75	268,27	19,04	277,86	18,97	—41,81	1,28	74	40,07	1,28	32,88	5	5,29	27,30	733,47
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,06	18,87	—41,81	1,49	80	40,90	1,30	34,15	6	5,32	25,83	740,90
Feb. ,,	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	5,32	25,53	747,86
Mar. ,,	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	2,72	37,34	4	5,38	46,05	770,86
Apr. ,,	1,20	2,40	80,18	5,59	290,56	20,37	298,34	18,17	—42,00	1,83	1,01	37,49	1,28	39,46	3	5,40	28,47	777,47
May ,,	1,16	2,34	78,90	5,33	294,43	19,28	294,64	18,09	—42,08	1,99	1,08	36,49	1,32	40,92	3	5,42	26,19	774,56
June ,,	1,13	2,29	77,64	6,57	299,52	19,27	294,43	18,01	—42,13	2,18	—1,15	35,45	1,89	42,43	3	5,43	28,02	772,46
July ,,	1,10	2,24	76,31	6,66	304,98	20,78	298,78	17,91	—42,16	2,34	1,23	34,15	1,97	44,33	5	5,46	29,34	772,46
August ,,	1,08	2,20	74,31	6,73	310,39	19,28	302,35	17,85	—42,20	2,50	1,31	33,19	1,25	45,66	5	5,48	27,55	786,81
Sept., ,,	1,05	2,16	73,00	6,38	315,47	17,84	304,29	17,77	—42,24	2,68	1,39	32,12	1,62	47,04	5	5,51	26,16	794,82
Oct., ,,	1,03	2,12	72,30	5,30	319,62	17,83	305,79	17,67	—42,29	2,84	1,47	31,28	1,07	48,16	4	5,53	24,51	800,48
Nov., ,,	1,00	2,05	70,37	6,50	324,87	17,52	306,00	17,61	—42,34	3,07	1,56	30,24	1,14	49,21	4	5,53	25,51	809,76
Dec. ,,												29,54	1,15	50,17	4	5,57		810,18

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from June 1, 1953. B—Discontinued from June 1, 1957. C—Issued from May 10 1954 to May 30, 1955. E—Progressively repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked E are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of Oct., 1961 amount to 17.60 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1936-39	116,17,46,000	1963-65	98.65
3 % Loan	1950	20,33,10,000	1965	96.05
2½ % Def. Loan	1948	1,10,11,78,000	1966-68	96.15
3 % Dev. Loan	1945	1,15,05,83,000	1970-75	89.85
2½% Loan	1946	14,77,48,000	1976	83.50
2½% Loan	1947	75,86,72,000	1962	99.25
2½% N. P. Loan	1954	1,58,17,94,000	1964	99.85
2½% N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.65
2½% Loan	1956	1,07,27,36,000	1962	99.90
2½% N. P. Bonds	1956	1,02,81,85,000	1967	98.60
2½% Loan	1956	86,63,53,000	1974	99.45
2½% N. P. Bonds (4th Series)	1957	66,99,30,000	1967	99.80
2½% Loan	1957	49,17,27,000	1972	100.20
2½% Loan	1958	58,05,92,000	1962	99.95
2½% Loan	1958	70,00,00,000	1963	99.80
2½% Loan N.F.B.	1958	44,33,90,000	1968	99.80
4 % Loan	1958	49,51,44,000	1973	100.10
2½% Loan	1959	1,47,00,53,000	1969	99.80
2½% Loan	1959	81,06,99,000	1979	99.20
4 % Loan	1960	96,03,48,000	1980	99.25
2½% Bonds	1960	82,65,41,000	1966	99.65
4 % Loan	1961	65,63,00,000	1982	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	3,93,33,000	M.	71.25
3 % Loan	1946	2,48,91,33,000	K.	71.00
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.25
4 % Andhra	1956	6,56,16,000	3rd Sept. 1968	98.00
4½% Andhra	1958	5,48,92,000	15th July 1970	98.25
4½% Andhra	1959	6,57,75,000	15th July 1971	97.75
4½% Andhra	1960	9,85,35,000	29th Aug. 1969	97.80
4½% Andhra	1961	11,00,00,000	Sept. 1972	98.00
4 % Maharastra	1949	4,30,97,000	1st Aug. 1962	99.60
4 % Maharastra	1951	2,78,41,000	17th Sept. 1962	100.00
4 % Maharastra	1952	5,02,55,000	15th July 1963	100.00
4 % Maharastra	1953	3,34,83,000	1st Aug. 1964	100.00
4 % Maharastra	1954	5,41,35,000	3rd Sept. 1967	99.35
4½% Maharastra	1956	7,70,11,000	3rd Sept. 1970	99.10
4½% Maharastra	1957	6,47,37,000	15th Sept. 1969	100.25
4½% Maharastra	1958	6,46,87,000	15th July 1970	100.25
4½% Maharastra	1958	4,31,45,000	15th July 1971	100.25
4½% Maharastra	1959	6,58,14,000	15th Aug. 1971	99.25
4½% Maharastra	1960	10,98,56,000	29th Aug. 1969	99.25
4½% Maharastra	1961	10,77,00,000	Sept. 1972	99.00
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.25
4 % Bihar	1956	2,15,44,000	3rd Sept. 1968	98.00
4½% Bihar	1958	2,76,71,000	15th Oct. 1970	98.25
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	97.75
4 % Bihar	1960	3,33,22,000	29th Aug. 1972	97.75
4½% Bihar	1961	3,30,00,000	Sept. 1972	98.00
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99.00
4½% Gujarat	1961	6,07,00,000	Sept. 1972	99.90
3½% Howrah Bridge (New)	1935-37	1,95,96,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.00
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.00
3½% Madras	1951	5,01,49,200	17th Sept. 1962	100.00
4 % Madras	1952	10,32,71,000	15th July 1963	100.00
4 % Madras	1952	5,24,81,200	1st Aug. 1964	99.75
4 % Madras	1954	10,47,17,000	1st Sept. 1967	98.10
4 % Madras	1956	12,83,56,000	3rd Sept. 1968	98.10
4½% Madras	1958	5,55,57,000	15th July 1970	98.25
4 % Madras	1959	8,72,72,000	19th Aug. 1971	97.90
4 % Madras	1960	12,20,42,000	29th Aug. 1969	98.10
4½% Madras	1961	10,36,00,000	Sept. 1972	98.10
4 % Mysore(f)	1932	2,95,85,200	1st Dec. 1956-66	100.50
4 % Mysore	1953	3,33,47,000	15th July 1962	100.00
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	98.25
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.10
4 % Mysore	1957	5,54,56,000	15th Sept. 1969	98.10
4½% Mysore	1958	5,51,62,000	15th July 1970	98.25
4 % Mysore	1959	5,45,46,000	19th Aug. 1971	97.85
4 % Mysore	1960	4,37,73,000	29th Aug. 1969	98.00
4½% Mysore	1961	7,48,00,000	Sept. 1972	98.05
3 % M.P.	1948	2,03,29,000	15th Sept. 1964	99.60
3½% M.P.	1951	1,05,18,100	3rd Sept. 1968	100.00
3½% M.P.	1953	1,10,18,000	15th July 1963	99.75
4 % M.P.	1955	1,63,12,000	1st Sept. 1967	98.00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.00
4½% M.P.	1958	2,21,35,000	15th July 1970	98.25
4 % M.P.	1959	5,28,25,000	19th Aug. 1971	97.75
4 % M.P.	1960	5,16,26,000	29th Aug. 1969	98.00
4½% M.P.	1961	5,04,00,000	Sept. 1972	98.00
3 % Saurashtra	1955	3,45,39,000	1st Sept. 1967	98.10
4 % Saurashtra	1956	2,82,58,000	3rd Sept. 1968	98.10
4½% Saurashtra	1958	3,25,61,000	15th July 1968	99.15
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.00
4½% Kerala	1958	3,27,10,000	15th July 1970	100.00
4½% Kerala	1959	4,47,05,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,04,00,000	29th Aug. 1969	98.00
4½% Kerala	1961	4,04,00,000	Sept. 1972	98.00
4½% U.P.Z.A.	1953	44,36,96,000		43.75Z
3 % U.P.	1936	1,54,30,000	15th Sept. 1961-66	92.75
3½% U.P.	1951	2,92,98,000	17th Sept. 1962	100.00
3½% U.P.	1951	5,89,14,000	1st Aug. 1964	99.90
4 % U.P.	1953	5,58,25,000	15th July 1963	100.00
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	98.25
4 % U.P.	1956	8,48,24,000	3rd Sept. 1968	98.10

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				Rs.
30,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
30,00,000	4	1906	1967	
30,00,000	4	1907	1968	
15,00,000	4	1908	1968	97.00
30,00,000	4	1908	1970	
15,00,000	4	1909	1969	
13,00,000	4	1911	1972	
60,00,000	4	1912	1973	
30,00,000	4	1913	1974	D 95.00
40,00,000	4	1913	1974	95.00
88,25,000	4	1914	1975	
25,00,000	4	1915*	1975	
55,00,000	4	1916*	1975	
25,00,000	3½	1921*	1961	
13,50,000	3½	1924*	1964	
24,58,000	3½	1935*	1975	
15,00,000	3½	1936*	1966	
45,04,000	3½	1938*	1968	D
10,00,000	3½	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,200	4	1914	1974	96.25
76,90,100	4	1915	1975	98.25
50,00,000C	4½	1921	1961	92.00
68,00,100C	4½	1921	1961	144.00N
60,00,000	4½	1921	1961	92.00
60,00,000	3½	1925	1965	90.00
25,00,000	3½	1928	1963-65	90.00
50,00,000	3	1945	2005	74.00
50,00,000	3	1945	1975	84.00
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74.00
40,00,000	2½	1947	1977	79.50
60,00,000	3	1948	1978	82.75
50,00,000	3	1948	1988	82.00
50,00,000	3	1951	1981	81.75
1,50,00,000	3½	1953	1961	98.75
50,00,000	4	1954	1982	100.00
60,00,000	4	1956	1986	97.25
77,00,000	4	1956	1986	97.25
75,00,000C	4	1956	1986	97.25
1,24,00,000	4½	1957	1987	98.50
1,00,00,000	4½	1958	1988	98.50
1,00,00,000	4	1959	1989	99.50
50,00,000	4½	1959	1989	98.00
1,00,00,000	4½	1960	1990	98.50
1,00,00,000	4	1960	1970	96.50
STERLING LOANS				
£892,600	5	1923	1953-83	£62⅝
£901,000	5	1924	1954-84	£63
£856,100	5½	1932	1962	£96½
MADRAS				
Rs.				Rs.
28,48,275	3½	1947	1977	
9,88,000F	3	1947	1977	A
1,67,82,000	3	1947	1977	
45,00,000H	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				
Rs.				Rs.
30,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
30,00,000	4	1906	1967	
30,00,000	4	1907	1968	
15,00,000	4	1908	1968	97.75 N
30,00,000	4	1908	1970	
15,00,000	4	1909	1969	
13,00,000	4	1911	1972	
60,00,000	4	1912	1973	
30,00,000	4	1913	1974	
40,00,000	5	1913	1974	97.50 N
25,00,000	4	1914	1974	118.00
25,00,000	4	1915	1975	
16,00,000J	4	1916	1975	115.00N
	3	1936	1966	98.00N
STERLING LOANS				
£566,600		1909	1968	£95.50
£315,000		1910	1970	£95.50N
CALCUTTA				
Rs.				Rs.
50,00,000	4	1924	1964	99.25
25,00,000	3½	1925	1965	96.00
50,00,000	3	1936	1966	96.00
30,00,000	3	1937	1967	93.50
20,00,000	3	1938	1968	92.00
80,00,000	3	1952	1968-69	92.00
2,00,00,000	4	1954	1968	100.00
75,00,000	4½	1956	1968	98.50
65,00,000	4½	1958	1974	101.00
		1959	1974	99.75

MUNICIPAL LOANS

BOMBAY				
Rs.				Rs.
8,25,00,000	3½	1947	1977	83.25
2,13,14,500	3½	1949	1979	83.25
2,13,14,500	3½	1950	1980	83.25
6,69,21,472	3½	1952	1964	96.00
2,90,57,318	3½	1952	1964	99.00
10,30,00,000	4	1952	1966	99.00
92,19,000†	4	1952	1966	99.00
86,87,000†	4	1952	1966	99.00
2,50,00,000	4	1954	1968	99.00
1,57,50,000	4	1955	1968	99.00
2,09,10,500	4	1956	1968	97.25
4,40,00,000	4½	1958	1968	98.50
5,30,00,000	4½	1958	1970	99.25
		1959	1971	98.00
CALCUTTA				
Rs.				Rs.
50,00,000	5½	1922	1962	101.75N
33,81,000	5	1922	1962	96.00
60,00,000	5	1926	1966	98.00
47,50,000	5	1928	1968	98.00
47,50,000	5	1928	1968	98.50
66,88,000	5½	1942	1972	98.00
87,36,000	4	1952	1972	96.50
72,50,000	4½	1954	1974	96.75
2,22,72,000	4	1954	1979	96.00
73,36,000	4½	1955	1985	97.25N
1,67,32,000	4½	1958	1988	100.50
			1970	101.00N
MADRAS				
Rs.				Rs.
15,00,000	3½	1951	1961	107.50N
15,00,000	3½	1952	1962	107.50N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
80,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	11.50	10	0.25	0.50	1.00	0.25	3	Y.P.T.
6,00,000	16,40,000	77,47,320	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	262.00	100	10.00	15.00	44.00		3	Y.P.T.
30,00,000	6,06,840	1,44,87,735	1,04,88,923	—1,17,975	McLeod & Co., Ltd.	1,264	Alliance	104.00	100	Nil	Nil	6.00	Nil	12	Y.P.T.
49,20,700	85,71,000	2,80,85,747	1,84,94,034	3,74,383	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	222.00	100	10.00	12.50	20.00	Nil	12	Y.P.T.
40,00,000	28,14,827	1,46,86,173	83,52,153	45,981	Bird & Co. Private Ltd.	810	Anuklund	168.00	100	5.00	20.00	27.00	7.50	3	Y.P.
20,00,000	24,84,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd.	958	Bally	291.00	100	6.00	10.00	25.00	12.00	3	Y.P.
2275,000	2842,850	21,372,653	2967,103	295,080	Sir John H. Burder (Chairman)	1,388	Barnagore	163.00	55	Nil	10.00	25.00	25.00	3	Y.P.T.
46,80,000	26,81,700	70,48,050	40,86,203	1,33,355	Soorajmull Nagarmull	600	Bengal	9.75	10	0.50	0.50	1.00	1.00	3	Y.P.
91,28,000	2,08,27,813	8,17,03,760	2,90,00,714	1,83,905	Birla Brothers Private Ltd.	1,372	Birla	35.62	10	1.00	1.00	1.50	1.50	3	Y.P.
36,00,000	10,40,000	1,26,16,150	74,88,636	—8,80,683	Andrew Yule & Co., Ltd.	991	Budge-Budge	142.00	100	5.00	10.00	1.50	1.50	6	Y.P.T.
7,48,380	4,000	45,02,280	35,10,245	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	Nil	10.00	Nil	3	Y.P.
16,00,000	29,05,059	92,72,655	5,10,612	6,22,841	M.	616	Caledonia	180.00	100	15.00	12.00	12.00	5.00	10	Y.P.
89,16,400	82,28,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	130.00	100	Nil	7.00	12.00	10.00	12	Y.P.T.
39,56,250	40,36,344	1,22,29,034	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,131	Cheviot	21.25	10	0.50	1.25	1.50	1.50	3	Y.P.
39,15,000	31,67,621	1,26,04,229	74,40,619	—7,80,279	McLeod & Co., Ltd.	590	Chitavalsah	12.44	10	1.25	1.50	0.50	Nil	11	Y.
24,00,000	9,00,000	82,12,030	51,31,208	—3,09,256	M.	969	Clive	9.00	10	Nil	1.50	0.50	Nil.	7	Y.P.
21,49,200	14,68,891	1,10,14,699	69,67,313	9,802	Bird & Co. Private Ltd.	766	Dalhousie	135.00	100	Nil	Nil	Nil		7	Y.P.T.
39,00,000	41,85,474	97,98,897	51,23,576	15,622	Andrew Yule & Co., Ltd.	779	Delta	184.00	100	6.00	14.00	1.00	1.00	3	Y.P.
15,00,000	28,81,700	1,15,14,250	79,24,556	48,572	McLeod & Co., Ltd.	500	Empire	19.06	10	1.00	1.00	7.50		3	Y.P.T.
68,00,000	81,72,389	3,52,82,387	1,90,83,987	72,385	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	427.00	100 Old	20.00	1.25	1.25	0.75	11	Y.P.
21,00,000	19,81,918	1,32,23,893	76,17,723	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	25.12	10	1.50	1.50	2.25	10.00	7	Y.P.T.
84,82,100	5,16,898	2,24,66,716	1,48,00,382	56,359	Lakshmipat Singhania, Esq. (Chairman)		Ganges Manufacturing Co., Ltd.	14.81	10	Nil	Nil	2.25		3	Y.P.T.
10,80,000	24,36,266	98,03,727	53,00,178	14,067	M.	709	General Ind. Society Ltd.	43.60	10	Nil	Nil	1.00		3	Y.
24,00,000	24,36,266	2,74,15,455	1,81,06,760	82,085	Maneselli & Barry Ltd.	607	Gouripore	508.00	100	20.00	4.00	4.00		3	Y.P.
40,00,000	71,85,723	1,33,64,146	76,47,196	2,85,696	Bangur Bros., Ltd.	1,394	Hastings	115.00N	100	5.00	25.00	30.00	25.00	12	Y.P.
14,80,000	31,69,633	83,48,980	55,07,772	28,229	J. & R. Hutchison Private Ltd.	1,078	Hooghly	27.00	10	Nil	6.00	6.00		3	Y.P.
65,62,500	42,62,842	2,25,18,876	1,45,23,467	97,720	Jardine Henderson Ltd.	720	Howrah	27.00	10	Nil	1.00	6.00		3	Y.P.
52,50,000	88,73,191	3,21,24,271	1,88,99,251	1,62,373	Kamdutt Ramkissendas	1,940	Hukumchand	21.50	10	Nil	1.00	1.00		3	Y.P.
87,30,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	2,272	India	27.94	7.50	1.50	1.50	2.15	1.00	3	Y.P.T.
24,00,000								16.12	12.50	1.50	1.50	1.75	1.50	3	Y.P.
*B 19,20,000	27,20,329	2,00,48,588	1,40,57,698	39,774	Jardine Henderson Ltd.	1,797	Kamarhatty	168.00	100	5.00	1.24	20.00	5.00	3	Y.
30,00,000								166 00	'B'100	5.00	20.00	5.00			
*B 24,00,000		1,78,03,394	1,19,38,288	—14,78,469	Jardine Henderson Ltd.	1,527	Kankanarrah	117.00	100	Nil	Nil	Nil		12	Y.P.T.
								116 00	'B' 100	Nil	Nil	Nil			
28,00,000	57,46,000	1,59,67,730	1,08,91,650	2,61,205	McLeod & Co., Ltd.	703	Kelvin	200 00	100	12.50	14.00'C'	15.00	15.00	12	Y.P.T.
54,00,000	23,98,564	2,18,73,550	1,39,90,178	300	Anderson Wright Ltd.	1,530	Kharduh	17 12	10	0.80	2.00	2.00	0.50	3	Y.
59,85,600	47,39,756	2,07,21,456	1,38,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Khinison	166 60	100	5.00	10.00	20.00	20.00	3	Y.P.
24,48,000	6,04,572	1,08,23,825	71,08,446	—8,54,448	Bird & Co. Private Ltd.	931	Lansdowne	135.00	100	Nil	Nil	Nil	7.00	3	Y.P.T.
28,00,000	14,13,430	65,77,636	42,23,242	64,949	Bird & Co. Private Ltd.	840	Lawrence	162.00	100	Nil	2.00	15.00	15.00	3	Y.P.
81,65,200	44,05,037	2,88,24,106	1,66,72,214	1,45,805	M.	1,794	Megna	12.75	10	1.75	1.00	15.00	15.00	3	Y.P.
29,98,900	24,36,892	1,64,53,185	94,38,205	—11,60,635	M.	815	Naihati	85 00	100	Nil	Nil	1.20	1.25	3	Y.P.
20,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.375	0.60		3	Y.P.T.
35,00,000	42,83,706	1,08,02,939	25,02,408	41,329	M.	852	National	24.00	10	0.75	1.00	0.75		10	Y.T.
26,25,000	33,13,272	73,06,059	37,45,740	59,869	McLeod & Co., Ltd.	516	Nellimarla Jute	12.00	10	1.00	1.00	1.50	1.50	10	Y.T.
2,58,63,370	2,60,72,029	9,66,78,331	1,71,73,801	Nil	Saho Jain Ltd.	1,765	New Central	17.75	10	1.50	1.50'C'	1.50	0.50	7	Y.P.T.
10,79,886	51,93,617	1,30,21,348	77,30,582	82,274	Bird & Co. Private Ltd.	567	Northbrook	32.25	10	Nil	1.25	3.00	1.50	3	Y.P.T.
66,79,500	41,28,236	2,23,60,331	1,19,31,974	1,06,322	Macneill & Barry Ltd.	1,092	Nuddea	60.50	50	2.50	3.00	4.00	2.00	12	Y.P.T.
25,00,000	11,44,171	1,06,51,380	78,95,872	4,940	McLeod & Co., Ltd.	600	Presidency	5.62	5	0.37½	0.50	4.00	2.00	3	Y.P.T.
20,00,000	73,604	36,55,345	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	395	Rameshwara	8.00	10	Nil	Nil	Nil	0.30	7	Y.
49,50,000		9,35,302	67,33,074	—26,32,381	Jardine Henderson Ltd.	500	Savannalai Estates Ltd.	2.82	2	0.25'C'	0.30	0.25	1.25	3	Y.T.
5600,000	4490,065	£1,495,648	£850,162	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	5%†	10%†	Nil	Nil	3	Y.P.
30,00,000	19,87,306	1,24,50,659	91,85,488	99,510	Bagaria More & Co., Ltd.	911	Shree Ambica	40 62	10	0.50	0.60	6%†		12	Y.P.T.
14,00,000	12,85,050	76,14,528	54,32,284	21,780	Hindustan Investment Corpn. Ltd.	491	Soorah	23 50	10	1.50	2.50	2.50		3	Y.P.
5600,000	£420,865	£1,276,168	£743,919	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
35,28,600	27,94,656	93,18,767	55,10,623	8,800	Bird & Co. Private Ltd.	1,326	Union	183 00	100	15.00	20.00	25.00		12	Y.P.
5460,000	£279,822	£1,283,223	£611,725	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Victoria	9.50N	£1	5%†	10%†	6%†	6.00	3	Y.P.
2,50,000	7,20,000	82,36,786	45,97,547	96,614	McLeod & Co., Ltd.	447	Waverley	5.94	1	Nil	0.25	0.30	0.30	12	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
19,85,990	4,88,841	17,73,941	3,77,863	16,618	Young India Agencies Private Ltd.	879	Balanoor Tea and Rubber	13.75	10	1.75	1.50	1.50	1.20	3	Y.P.
83,92,542	25,76,747	84,13,561	15,18,278	78,105	Kothari & Sons (Agra.) Pvt. Ltd.	3,523	Blue Mountain	2.62	2	0.25	0.25	0.25	0.25	3	Y.P.
5,50,000	8,99,232	17,63,436	3,74,494	14,168	K. Anantaraman, Esq. (Mg. Director).	848	Chandramalai Estates Ltd.	2.70	2	0.24	0.24	0.20	0.20	6	Y.
14,92,196	1,42,42,862	27,59,905	9,36,341	24,653	S. Peirce, Leslie & Co., Ltd.	1,714	Chaunara Peak Estates	2.35	2	0.20	0.30	0.40	0.40	6	Y.
5,66,420	13,30,038	24,06,623	2,29,383	24,732	Matheson Besanquet & Co. Pvt. Ltd.	392	Ceenoor Tea	23.75cd	10	2.00	2.00	2.00	0.40	3	Y.P.
4,80,000	5,19,389	13,74,821	2,42,244	2,130	Srinivas Agencies	661	Ceerg Tea	5.20	2	0.40	0.40	1.75	0.50	3	Y.
6,00,000	4,81,815	12,81,925	2,68,251	856	P. G. Krishna Iyer, Esq. (Mg. Director)	352	Devashola (Nilgiri) Tea	26.30	10	2.50	2.50	2.00	0.40	3	Y.P.
6,74,658	31,31,040	11,60,910	2,46,302	13,226	Young India Agencies Private Ltd.	465	Devon Tea	10.00	10	1.00	1.50	1.50	1.00‖	12	Y.
5,00,000	1,20,500	4,04,217	85,265	2,027	Parkins Private Ltd.	198	Emerald Valley Estates	5.67	5	0.30	0.40	1.50	1.20	12	Y.
25,00,000	18,56,500	56,71,655	16,31,665	77,125	Parkins Private Ltd.	1,506	Halleyburia	13.25	10	2.00	1.25'C'	1.50		12	Y.
5,00,000	8,86,179	15,77,488	3,94,129	59,575	Peirce, Leslie & Ltd.	1,125	Kilasa Tea	3.40	2	0.25	0.30	0.40	0.50	12	Y.
17,17,076	9,40,446	34,22,908	6,64,021	10,852	Peirce, Leslie & Co., Ltd.	1,275	Kil Kotagiri Tea	5.00	2	0.30	0.30	0.50	0.50	12	Y.
6,90,000	2,14,272	12,67,080	1,15,811	579	Ips Oommen & Co. Pvt. Ltd.	862	Kurchermala Plant. Ltd.	4.97	10	0.625	0.80	Nil	0.40	12	Y.
5,00,000	1,20,556	9,61,424	78,039	37,130	Matheson Besanquet & Co. Pvt. Ltd.	267	Lucky Valley	10.35	10	1.00	1.00	1.00	0.40	3	Y.P.
2,50,000	7,000	3,41,857	19,739		Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manor Estates Ltd.	2.10	2	0.24	0.10	0.20		12	Y.
3,00,000	6,18,504	14,43,867	3,15,782	1,740	Kapon Thomas, Esq. (Mg. Director).	550	Mlamallay	36.00	25	3.75	0.00	0.75	0.10	3	Y.
36,00,000	23,87,384	85,03,880	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	3.60	5	0.37	0.37	0.37	0.37	3	Y.P.
12,00,000	7,04,337	28,03,725	6,12,258	27,999	A. V. Thomas & Co., Ltd.	1,634	Nellampathy	2.56	2	0.30	0.20	0.26	0 30	3	Y.P.
14,06,250	7,45,346	29,87,155	6,33,351	28,790	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	8.30	10	0.60	0.60	0.60		3	Y.P.
23,10,000	5,77,357	35,77,599	13,53,272	22,735	Harrisons & Crosfield Ltd.	836	Nonsuch Tea	22 75	10	2.50	2.00	2.00	2.00	6	Y.
14,88,960	16,87,314	33,02,719	6,08,115	40,696	P. S. M. Molyneux, Esq. (Chairman)	879	Parkside	23.00	10	2.50	2.75	2.75	2.25	6	Y.P.
9,00,000	6,83,305	5,51,702	58,947	2,51,170	S. Sivaramakrishna Aiyar, Esq.	706	Peninsular Plantations Ltd.	22.10	10	1.50	2.00	2.00	2.25	6	Y.
17,00,000	11,57,787	42,52,475	15,91,846	87,065	Aspinwall & Co. (Travancore) Ltd.	1,564	Peermade	19 75	10	1.02½	1.25	2.25	0.75‡	3	Y.
57,94,880	80,24,711	1,13,81,238	89,12,993	66,407	Peirce, Leslie & Co., Ltd.	5,716	Periakaramalai	3.37	2	0.20'C'	0.25	0.27	0.75‡	12	Y.
13,50,000	2,96,500	11,58,509	1,44,292	8,047	A. V. Thomas & Co. (India) Ltd.	845	Sheverey Estates Ltd.	1.45	2	0.15	0.125	0.15	0.15	3	Y.
9,00,000	12,71,773	28,91,827	9,11,370	4,140	T. Stanes & Co., Ltd.	1,137	Stanes Amalgamated	15.75	10	0.80	0.80	1.70	1.50	3	Y.P.
1,25,000	15,000	2,18,302	11,369	490	M.	216	Swiston Estates	2.82	2	0.15	0.15	0.15	0.15	3	Y.
12,50,000	11,78,243	32,25,233	4,11,990	1,854	Srinivas Agencies	1,961	Talayar Tea	1.83	2	0.12	0.10	0.16	0 20	3	Y.
15,75,000	16,00,500	42,54,520	8,47,047	42,193	Parkins Private Ltd.	1,206	Tevlon	11.50	10	1.50	1.00'C'	1.00		12	Y.P.
21,93,280	14,52,765	49,96,418	19,98,195	30,106	T. Stanes & Co., Ltd.	1,771	United Nilgiri	20 84	10	1.50	1.50	1.00		12	Y.P.
47,25,000	18,09,057	75,54,480	10,36,261	91,793	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall	2.37	2	0.25	0.25	0.25	0.20	3	Y.
1,00,000	52,516	3,69,872	1,01,735	—29,543	Goodall & Co.	93	Woodcote Estates Ltd.	1.65	1	0.06	Nil	Nil	Nil	6—12	Y.P.T.
RUBBER AND OTHERS															
6,00,000	5,52,426	16,88,463	4,57,625	30,865	Ramani & Co. Pvt. Ltd.	378	Alagarwar Estates Ltd.	2.94	2	0.26	0.15	0.15	0.30	3	Y.S
6,75,000	2,35,527	19,88,033	3,50,665	14,790	N. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60	0.75	1.00	1.00	3	Y.
2,50,000	5,92,985	14,26,924	1,56,520	30,096	A. V. George & Co., Ltd.	639	Anandam Rubber Co. Ltd.	13.22	10	1.00	1.50	1.50		3	Y.P.T.
12,07,538	2,28,040	21,02,921	2,74,016	9,563	Associated Planters Private Ltd.	1,348	Anaparai Estates Ltd.	2.94	2	0.70	0.50	0.40	0.30	12	Y.P.
4,25,000	4,50,000	1,91,113	1,91,113	28,299	Badra Coffee Agencies Pvt. Ltd.	1,035	Badra Coffee Estates Ltd.	8.39	5	0.25	0.25	0.30	0.30	3	Y.P.
4,00,000	1,63,748	7,34,867	1,10,833	2,488	A. V. Thomas & Co. (Mysore)	576	Bababudin Coffee & Produce	7.72	5	1.25	0.625	0.30	0.30	3	Y.P.
3,00,000	2,25,000	4,68,688	62,711	4,963	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	1.90	2	0.25	0.15	0.15	0.10	3	Y.P.
9,66,115	3,35,253	13,50,384	13,674	874	T. K. Oommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd.	2 33	2	0.25	0.25	0.25	0.10	3	Y.P.
26,91,279	20,38,511	55,26,015	9,62,337	10,145	Peirce, Leslie & Co., Ltd.	6,203	Cochin Malabar	7 15	3	0.30'C'	0.45	0.525	0.60	3	Y.P.
22,50,000	32,61,494	55,51,333	15 14,347	1,86,793	Cons. Coffee Estates (Secretaries)	2,794	Coffee Lands and Industries	14.87	10	2.00	2.50	0.60	0.60	3	Y.P.
71,25,000	70,70,102	1,55,00,964	45,79,313	2,20,719	C. I. Machia, Esq. (Mg. Director)	5,232	Consolidated Coffee	17 80	10	2.00	2.50	2.00	1.20	3	Y.P.
5,00,000	5,09,735	14,55,309	98,989	2,116	Associated Planters Private Ltd.	1,439	Cottanad Plantations	10.10	10	1.50	1.50	1.00	2.00	3	Y.P.
4,08,560	2,25,000	3,31,891	94,852	34,416	Peirce, Leslie & Co., Ltd.	605	Cowcoody Estates (Coffee)	3.95	2	1.30	0.50	1.00	1.00	3	Y.P.
18,00,000	11,10,000	32,95,321	7,48,463	37,599	A. V. Thomas & Co., Ltd.	1,281	Highland Produce	13 25	10	1.50	1.50	1.50	0.50	3	Y.P.
1,20,000	5,000	5,148	5,148	2,033	Kadur Coffee Agencies Pvt. Ltd.	220	Kadur Coffee Estates Ltd.	2.70	2	0.15	0.15	0.15		12	Y.P.
11,85,700	11,77,765	31,18,425	3,48,844	31,973	A. V. George & Co., Ltd.	1,548	Kalisa Rubber Co., Ltd.	5.10	2	0.50	0.50	0.40	0.50	3	Y.P.
3,00,000	3,03,604	19,45,239	3,96,051	3,912	A. V. Thomas & Co., Ltd.	1,370	Kalpetta Estates	12.10	10	1.00'C'	1.25	0.40	0.50	3	Y.P.
4,00,000	3,00,000	9,83,702	2,17,268	24,066	Peirce, Leslie & Co., Ltd.	674	Kunsergode Estates Ltd.	4.42cd	2	0.40'C'	0.40	0.40	0.35	3	Y.P.
12,50,000	5,41,456	22,23,838	4,40,677	47	T. Thomas Mathai, Esq.	2,143	Malankara Rubber Ltd.	16.90	10	1.70'C'	1.60	1.50	1.60*	10	Y.T.
3,25,000	2,50,000	8,43,008	81,358	3,394	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	8.80	5	1.00	1.00	1.00	1.00*	6	Y.T.
48,50,000	14,33,242	87,24,197	12,48,980	8,116	A. V. Thomas & Co., Ltd.	4,470	Midland Rubber	10 80	10	1.00'C'	1.00	1.25	1.00	3	Y.P.
3,50,000	4,12,607	16,80,692	3,02,929	79,805	A. V. George & Co., Ltd.	1,331	Nenmeny Rubber	24 62	10	1.50	1.50	1.50	1.25	3	Y.P.
2,00,000	4,74 543	8,94,232	55,672	2,314	Associated Planters Private Ltd.	1,656	Nilambur Rubber Co.	14.12	10	2.00	1.50	1.50		3	Y.P.
19,45,998	23,89,219	52,58,400	18,70,387	7,007	Peirce, Leslie & Co., Ltd.	4,395	Ouchterlony Valley Estates	3.93	2	0.20	0.30	0.30	0.30	12	Y.P.
6,50,000	5,71,464	7,97,732	83,078	46,714	Peirce, Leslie & Co., Ltd.	538	Oweor Estates Ltd.	2.70	2	0.26	0.30	0.30	0.30	10	Y.P.T.
10,50,000	2,29,315	23,27,018	7,37,999	797	Aspinwall & Co., Ltd.	2,017	Pullangode Rubber	1.77	2	0.06	0.10	0.10	0.30	3	Y.P.T.
18,50,000	9,28,404	49,71,627	5,09,879	2,730	A. V. Thomas & Co., Ltd.	2,363	Rajagiri Rubber	19.00	10	2.00	2.00	2.00	0.12	3	Y.
2,00,000	1,64,963	3,80,760	47,874	16,876	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	11.12	5	2.00	2.50	1.25	2.00	6	Y.P.
3,50,000	8,25,000	9,35,302	1,44,033	21,604	Peirce, Leslie & Co., Ltd.	500	Savamalai Estates Ltd.	2.82	2	0.25'C'	0.30	0.25	1.25	3	Y.T.
12,00,000	2,35,000	19,78,850	1,58,066	4,075	Patco Agencies	1,162	Sangameshwar Coffee Estates	1.82	2	0.18	0.18	0.12		11	Y.
10,00,000	2,08,130	22,50,808	1,88,357	4,584	East India Agencies Private Ltd.	1,454	Teckoy Rubber (India) Ltd.	5.35	10	0.60	0.60	Nil	0.12	12	Y.P.T.
2,50,000	2,75,000	6,28,005	51,650	22,808	A. V. George & Co., Ltd.	535	Thamarapally Rubber	15.90	10	3.00	3.00	2.00		3	Y.P.T.
9,15,000	10,80,000	15,05,366	1,90,279	5,094	Peirce, Leslie & Co., Ltd.	2,261	Thirumbadi Rubber Co., Ltd.	1.71	1	0.10	0.10	0.07	0.12	3	Y.P.
6,00,000	45,742	8,26,449	1,80,536	4,480	Espen Thomas, Esq. (Mg. Director).	1,241	Travancore Rubber	18.12	10	1.00	1.00	0.07		12	Y.P.
41,90,000	15,67,831	89,23,753	20,79,044	11,367	Aspinwall & Co. (Travancore) Ltd.	4,671	Travancore Rubber & Tea	10.85	10	0.50	0.75	0.30	0.24	12	Y.P.
28,35,000	1,91,200	33,48,191	9,89,484	223	P. T. Thomas, Esq. (Mg. Director)	2,157	Tropical Plantations Co.	19 25	25	1.50	2.00	0.90	0.401	12	Y.
6,00,000	4,96,000	17,68,416	1,27,422	10,653	P. J. Joseph, Esq. (Chairman)	1,360	Vellmalai Rubber & Co.	5.50	5	0.50	0.50	2.00		12	Y.
2,00,000	4,29,600	10,38,260	1,18,701	7,581	A. V. George & Co.	502	Udayagiri Rubber Co., Ltd.	19.00	10	0.75	1.50	0.60		12	Y.
8,80,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabha Aiyar, Esq. (Chairman)	1,118	Valkundam Rubber Co., Ltd.	32.75	10	3.00	2.50	3.00		12	Y.P.T.
12,00,000	12,40,982	18,28,277	1,52,186	1,12,012	Peirce, Leslie & Co., Ltd.	1,030	Wartyhully Estates Ltd.	2.60	2	0.20	0.30	0.30	0.30	12	Y.
6,95,000	97,939	13,65,464	1,02,251	23,813	M.	398	Woodland Estates	7.85	10	0.80	0.80	1.00	1.00	3	Y.P.

V—Includes 60 nP for 30-6-1964. 'C'—On increased capital. * Includes bonus. M—Managed by Board of Directors. † Less Rebate-tax.

N.B.—All dividends paid since 31st March 1950 are showngin taxable;

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
ASSAM															
4,48,700	14,06,731	23,91,108	9,41,163		McLeod & Co., Ltd.	325	Amteekie	25.94	10	1.50	1.50	Nil		12	Y.P.
2,78,500	11,53,772	14,63,926	5,81,753	5,928	M.	456	Ananda (Assam) Tea	26.00	10	2.00	2.50	3.00		12	Y.
7,03,250	8,07,224	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd.	481	Ananda Bag	28.00	10	1.00	1.75	3.00		12	Y.
5,50,000	14,40,641	26,54,042	10,92,353	44,138	McLeod & Co., Ltd.	573	Bazhmari	21.62	10	1.50	1.50	N

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
30,00,000	...	47,23,258	20,57,464	29,863	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	10.00	10	*Nil*	*Nil*	0.60	0.60	3	Y.
18,60,000	11,74,468	17,33,315	9,01,787	4,703	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21·24	10	3·50	2·00	2·00		3	Y.
35,28,146	19,77,396	1,61,24,989	63,22,100	1,703	Bharat Ram Bhagat & Co.	Bengal Potteries	6·94	2½	0·25	0·356	0·375		9	Y.P.
10,00,000	52,26,617	92,22,366	45,37,856	59,420	Bird & Co. Private Ltd.	Bira Stone Lime Co.	26.00N	10	1·75	1·87	3·00		12	Y.
14,17,800	16,19,574	43,65,682	17,10,887	7,448	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	200·00	100	10·00	12·86	12·86	15.00	3	Y.
39,80,700	14,50,859	1,25,49,403	27,84,861	—5,54,452	Sarai Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd. ..	169·00	100	*Nil*	*Nil*	8.00		12	Y.P.
£1,871,300	£2,444,266	£3,614,146	£2,081,103	£118,750	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	5 20	Sh. 2	0·24	0·36	0·36		12	Y.
P.5,00,000 } O.15,00,000 }	26,84,000	45,04,655	18,23,593	2,55,462	Bird & Co. Private Ltd...	Karanpura Development	16.60	10	*Nil*	*Nil*	0.50		12	Y.
50,00,000	...	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	99.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
99,00,000	40,95,822	1,23,10,947	66,20,733	83,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26.00N	10	1·25	1·80	1·80		12	Y.P.T.
79,00,100	10,83,782	1,22,10,836	72,28,302	2,10,253	Sir Indra Singh, K.t., (Chairman)	Metal Corporation of India Ltd. ..	12.19	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
5,00,000	5,82,678	14,95,136	8,24,135	2,656	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	13.50	10	1·00•	1·00•	1·428	1.20	3	Y.
20,00,000	64,15,230	71,67,923	30,76,350	1,16,099	Bird & Co. Private Ltd.	Orissa Minerals	46.00	10	2·50	3·60	3·60	2.80	6	Y.
3,50,000	17,29,249	92,49,901	49,48,489	57,499	A. V. Gharpure, Esq. (Chairman) ..	Parshuram Pottery Works Co. Ltd. ..	67.00	10	3·75	3·75	5.36	5.36	7	Y.P.
18,46,390	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	40.75	10	8·00•	5·00	8.00•		11	Y.
CHEMICAL														
24,00,000	...	...	...	...	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	102.50	100	...	...	...		12	
85,80,000	58,58,600	2,87,87,674	78,28,566	1,17,073	Bhailal Amin & Sons (Private) Ltd. ..	Alembic Chemical Works Co.	275·00	100	12·00	16·00	14.00		12	Y.P.
3,10,00,000	1,97,50,273	6,36,11,695	1,63,10,292	1,16,274	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corps. of India ..	46.37	10	0.80	0.95	1.20	1.50	9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,780	18,054	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	332·50	100	*Nil*	12.00	12.00		12	Y.
29,89,400	34,11,676	1,63,91,567	58,70,391	42,183	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	850·00	100	20·00•	28·00•	30.00•		12	Y.P.
224,98,775	77,58,362	4,05,77,204	1,25,34,156	4,15,423	Lalbhai Sons & Co.	Atul Products Ltd.	499·50	100	10·00	12·00	12.00		12	Y.
50,06,000	66,84,606	2,50,86,951	77,12,583	1,80,717	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	104·00	100	6·00	7·00	7.00	10.00	3	Y.P.T.
1,00,00,000	28,71,461	1,06,12,335	15,44,929	30 077	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	470·00	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.P.T.
9,99,937	2,01,889	14,14,355	6,92,598	3,660	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	25.75	25	2.00	2.50	2.50		3	Y.
26,78,800	43,92,563	87,06,399	42,37,414	83,970	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	167·50	50	6·00	10·00	*Nil*		12	Y.
1,07,37,000	64,32,516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd. ..	Dhrangadhra Chemicals	122.50	100	6.00	4.00(c)	*Nil*		3	Y.
3,46,06,075	88,17,000	6,56,28,587	8,05,55,610	26,13,156	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	9.40	10	0.60	0.60	0.60		3	Y.
1,49,98,200	89,44,101	43,84,456	17,55,571	78,223	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	516.25	100	*Nil*	*Nil*	*Nil*	6.00	3	Y.P.
12,00,000	6,50,911	27,89,148	14,86,885	55,617	Jal H. Mehta	Kemp & Co.	315·00	200	15.00	20.00	25.00	25.00	3	Y.P.
30,00,000	24,87,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	13.25cd xr	10	0·87½	0·88	1.25'C'	1.25	3	Y.
24,81,220	10,47,778	55,45,879	43,55,267	8,514	T. Shanmuna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	10.35	10	0·50	0·50	1.00	1.00	3	Y.P.T.
5,00,000	4,55,261	12,57,587	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	22·15	10	2·00	2·00	2.00'C'	2.00	3	Y.
40,00,000	36,38,816	65,05,379	16,68,684	1,54,703	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	220·00	50	*Nil*	3.00	5.50	7.50	3	Y.P.
15,00,000	11,17,980	34,89,082	21,90,713	2,10,028	Bangur Brothers Ltd.	Phosphate Co., Ltd.	276·00	100	25.00	45.00	35.00	25.00	6	Y.P.
19,90,908	15,32,251	26,75,181	16,16,060	1,22,545	C. A. Buxton	Smith Stanistreet & Co.	16 37	5	0.80'C'	1.25	1.25	1.25	6	Y.
4,50,00,000	...	1,41,20,022	81,717	3,87,250	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	217·00	100	...	...	...		*Nil*	Y.
2,51,96,000	59,67,561	7,09,65,786	2,29,10,386	3,571	Tata Industries Private Ltd.	Tata Chemicals	17.88	100ld	0.75	0.525	0.60	0.65	6	
18,00,000	2,92,249	21,75,764	7,74,231	56,348	T. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd.	19.37	10	0·70	1.00	1.50	2.00	3	Y.P.T.
25,20,000	.....	8,87,362	608	—5,45,880	Mr. M. J. Vaidya (Chairman)	Travancore Electro-chemical Ind:	102.00	100	*N*	*Nil*	*Nil*		3	Y.P.
14,81,250	.....	5,72,958	1,305	2,159	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	180.00	100	..	..	..	*Nil*	12	Y.
ELECTRIC (Bombay State)														
8,74,78,895	1,47,88,524	16,04,61,688	4,52,57,884	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	93.80	100	6.50	6.75	7.00	7.00	3	Y.T.
51,56,250	26,20,222	2,56,76,933	66,34,923	13,52,884	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.36	10	0.85	0.90	1.00•	0.90	3	Y.P.
3,02,77,000	1,01,95,442	11,73,06,745	2,80,17,570	80,342	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,020·00	1,000	80.00•	80.00•	85.00•	80.00•	3	Y.P.
1,75,00,000	99,08,640	461,03,740	1,11,97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	102·75	100	7.00	7.50	8.00	8.50	3	Y.P.T.
7,97,629	1,03,987	16,97,246	8,79,206	1,536	Rajputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	71.00	10	0.50	0.60	0.66	0.72	3	Y.
68,38,000	12,56,813	1,57,72,704	61,58,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electricity Supply	101.00	100	7.50	8.00	9.50	8.25	3	Y.T.
70,00,000	31,26,526	1,72,01,519	56,35,377	1,014	Killick Industries Ltd.	Surat Electricity	96.50	100	7.00	7.50	7.50	8.00	3	Y.P.T.
3,89,99,875	1,23,03,557	8,61,68,079	2,08,76,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	113.00	100	8.00•	8.00•	8.00•	8.00•	3	Y.P.
5,15,36,000	3,10,34,482	20,78,53,061	4,51,56,686	82,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,122.50	1,000	80.00•	80.00•	85.00•	80.00•	3	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,888	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.) ..	122.00	100	10.00	10.00	11.00	11.00	3	Y.
15,00,000	15,46,067	65,82,610	24,21,312	24,137	Martin Burn Ltd.	Bareilly Electric Supply	11.75	10	1.00	1.00	1.10	1.10	3	Y.
17,00,000	48,76,469	1,78,08,855	51,62,951	46,844	Martin Burn Ltd.	Benaras Electric Light & Power Co. ..	12.12	10	1.00	1.00	1.10	1.10	3	Y.
5,91,485	6,92,659	24,08,757	12,04,489	39,820	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	15.00	5	0.40	0.40	0.84		3	Y.
44,32,648	49,457,172	435,060,954	124,225,049	2,15,055	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	12.62	10	7%	7%	7½%	7½%	3	Y.P.T.
6,60,090	7,55,075	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	97.00	100	0.85	0.65	0.75	1.00	3	
48,20,000	27,18,468	1,05,87,869	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	7.00	100	7.00	7.50	10.00	10.00	3	
5,34,640	1,42,426	39,19,424	15,01,894	42,694	Meenna Lall & Sons	Jhansi Electricity Supply	6.00	10	0.624	0.62	0.70	*Nil*	3	Y.P.
22,49,700	28,00,194	1,12,01,249	42,93,573	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	11.00	10	0.92	0.95	1.00	1.00	3	Y.
5,82,890	4,52,585	37,45,515	13,98,792	40,204	Octavius Steel & Co., Ltd.	Mozuffarpore Electric Supply	11.75	10	1.00	1.00	1.25		3	Y.
85,07,380	40,44,800	1441,84,880	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.87	10	0.75	0.75			3	Y.
9,10,000	2,56,304	15,86,888	6,29,477	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply Co. ..	6.75	10	0.50	0.50	0.625	0.625	3	Y.
16,80,513	14,98,513	80,57,155	46,54,591	11,620	Bird & Co. Private Ltd.	Sijuah (Jherriah) Elec. Supply Co. ..	8.87	10	0.68	0.75	1.00	0.90	3	Y.
69,99,960	28,97,866	2,22,90,594	74,27,824	11,885	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	10.12	10	0.87	0.90	0 90'C'	0.90	3	Y.P.T.
5,00,000	12,50,296	57,75,515	13,66,448	36,126	Martin Burn Ltd.	Upper Jamuna Valley Elec. Supply ..	14.65	10	1.00	1.25	1.25	1.35	3	Y.P.
50,00,000	78,01,013	4,29,45,755	1,54,85,172	99,174	Martin Burn Ltd.	U. P. Electric Supply Co.	122.00	00	10.00	10.00	11.00	11.00	3	Y.
8,00,000	11,41,474	46,63,814	18,15,572	3,84,013	Chandrie & Co.,Private Ltd.	Vellore Electric Corporation	15.35	10	1.00	1.00	1.50	1.429	3	Y.P.
ENGINEERING (Bombay)														
42,47,000	50,53,626	75,37,402	31,01,878	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., Ltd.	335.00	100	12.50	17.00	17.00		12	
19,99,060	4,35,000	23,00,166	9,62,243	49,445	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	114 00	80	3.00	4.00	4.00	0.00•	12	Y.
42,20,000	52,93,268	1,40,18,591		75,198	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	183 50	100	10.00•	13.00•	18.00•C'	18.00	6	Y.
40,00,000	5,60,159	58,51,172	22,34,229	88,756	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	285.00	100	7.00	10.00	*Nil*	4.00	6	Y.
60,00,000	08,98,455	2,46,93,830	1,46,51,549	39,845	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	182.00	100	9.00	10.00	18.00•C'	18.00	6	Y.P.
6,00,000	4,67,222	2,05,518	1,38,653	4,007	T. V. Sadasivan, Esq. (Chairman) ..	Jyoti Ltd.	99.00	50	5.00	5.00	4.00	5.00	3	Y.P.T.
56,00,000	14,71,874	66,55,880	22,18,525	15,090	Adnean Services	Jyoti Ltd.	206 00	100	12.00	12.00	12.00		3	Y.
44,96,250	5,18,948	76,96,166	37,12,969	5,162	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	16.76	10	0.50	0.775	0.80	0.90	12	Y.
53,31,818	94,98,324	1,36,58,367	75,91,595	11,174	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	57 30	25	2.50	3.00	3.00	2.50	9	Y.
48,72,400	40,84,021	1,11,74,204	49,95,986	1,709	Kirloskar Associates	Kirloskar Electric Co. Ltd.	19.95	10	0.75	1.00	1.00	2.50	7	Y.
87,20,400	40,84,021	1,11,74,204	38,15,988	38,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	54 00	10	1.00	1.00	1.43	1.60	6	Y.
15,00,000	4,58,946	25,18,944	6,77,694	5,683	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	345.00	50	..	..	*Nil*	12.50	3	
1,10,00,000	26,76,765	1,21,61,582	37,48,210	98,548	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	40.75	10	1.25	1.25	1.80•C'	1.80	3	Y.P.
52,31,207 } 18,19,187 } 14,15,040 } 22,22,480 }	1,23,086	1,03,47,668	28,93,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	4.28	5	*Nil*	*Nil*	*Nil*		3	Y.P.
1,32,00,000	42,57,088	1,59,29,933	46,47,975	1,10,709	B. L. Kucheria, Esq. (Secretary) ..	Lynx Machinery	7.48	10	..	..	..		3	Y.
50,00,000	78,422	46,82,025	16,78,677	40,424	M.	Mahindra & Mahindra Ltd.	18.24XR	10	2.20	1.25	1.25		3	Y.P.
11,00,000	1,72,712	41,60,471	25,65,495	2,771	Prithivraj Sons	Man Industrial Corporation Ltd. ..	125.00	*Nil*	*Nil*	*Nil*	*Nil*		3	Y.P.
61,42,910	67,00,000	1,38,14,415	50,43,402	..	P. Jhunjhunwala, Esq. (Mg. Director) ..	McKenzies	148.75	100	*Nil*	*Nil*	10.00		3	Y.P.
57,50,000	42,81,615	1,28,07,888	60,90,019	3,724	Jeewan Jyoti Private Ltd.	Mukand Iron & Steel	27.75	10	1.20	1.00•	1.20	1.20	7	Y.P.
15,55,000	11,14,847	32,30,008	12,76,236	21,582	Kirloskar Associates	Mysore Kirloskar Ltd.	176.25	100	7.50	12.00	12.00	12.00	3	
22,27,780 } 27,72,300 }	9,89,193	92,30,855	20,78,762	17,933	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	118 00	..	..	6.00	6.00	6.00	6	Y.
22,50,000	1,46,32,085	9,86,056	1,76,929	12,889	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	86.20	50	4.50	4.50	6.00	6.00	3	Y.
80,00,000	42,07,875	1,09,35,988	49,38,360	9,310	Walchand & Co. Private Ltd.	Premier Construction	221.00	100	12.00	18.00	18.50		12	
27,55,42,550	27,66,24,572	1,85,51,78,192	68,75,73,212	34,084	Bharat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	174.00	100	15.00	17.00	12.00	13.00	3	Y.P.
7,99,97,300	2,38,57,403	24,50,95,291	11,17,31,117	2,47,359	Tata Industries Private Ltd.	Tata Iron and Steel	173.75	100	18.00	17.00	12.00	13.00	3	Y.P.
10,00,000	8,36,000	28,97,720	8,10,644	17,016	T. Mankikal & Co.	Tata Locomotive	139.25	75 Old	8.25	6.80	9.72'C'	10.36•	3	Y.P.
32,04,980	18,88,714	17,41,004	6,54,186	16,37,275	M. N. Dalal, Esq. (Chairman)	T. Mankikal Mfg., Co.	340.00	100	10.00	14.00	12.50	14.50	3	Y.
2,55,00,000	80,22,811	1,29,75,902	50,64,169	3,78,955	S. K. Bandeo, Esq. (Mg. Director) ..	Tractors (India) Ltd.	46.00	10	2.25	3.00	3.00	3.25	6	Y.
70,00,000	.....	10,49,952	4,291	28,584	R. H. Toprani, Esq. (Secretary) ..	Voltas Ltd.	284 00	100	9.00	13.00	13.00	14.00	6	Y.
						Zenith Steel Pipes Ltd.	15.24	10	..	..	..	*Nil*	6	Y.
West Bengal and Other Centres														
5,00,000	1,96,470	26,89,661	18,48,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*			10	Y.P.T.
50,00,000	30,54,321	1,01,45,480	65,62,025	496	M.	Bhartia Electric Steel	10.69	10	1.25	1.50	1.00		12	Y.
56,59,790	77,67,825	88,29,182	16,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd. ..	52.12	10	1.25	2.25	2.50		12	Y.
12,00,000	85,52,754	83,27,611	54,73,693	1,87,998	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	52.25	10	2.00'B'	2.00	3.00		12	Y.
18,84,670	7,04,911	30,97,630	14,08,685	32,096	Holmes Wilson & Co., Ltd.	Britannia Building and Iron	8.50	10	0.60	0.60			3	Y.P.
50,00,000	44,88,305	1,31,00,380	46,16,684	1,88,352	McLeod & Co., Ltd.	Britannia Engineering	12.12	10	0.60	1.00	1.00		3	Y.P.
5,00,000	11,27,357	26,52,140	16,10,502	81,788	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	39.00	10	2.00	2.50	4.50	4.50	12	Y.P.
84,00,000	2,85,85,859	5,20,79,050	3,25,00,340	1,21,244	Martin Burn Ltd.	Burn & Co.	500.00	100	25.00	28.50	28.50	28.50	4	Y.
1,00,00,000	11,59,233	50,39,589	6,69,904	1,63,056	M.	Calcutta Steel Co., Ltd.	15.87	10	*Nil*	*Nil*	*Nil*	1.50	3	Y.
1,00,00,000	12,38,028	1,89,65,744	10,15,000	8,17,174	R. L. Makharia, Esq.	Central India Machinery Mfg. Co. Ltd.	10.00N	10	*Nil*	*Nil*	*Nil*		3	
80,00,000	16,00,000	1,25,47,313	27,93,088	1,64,778	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11.75	10	*Nil*	*Nil*	1.00	1.00	9	Y.P.T.
50,03,400	15,17,000	46,46,041	15,86,183	8,374	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	15.12	10	1.00	0.50	1.00	1.00	9	Y.
56,00,000	22,27,652	49,26,966	9,79,166	2,477	Harparshad & Co. Private Ltd.	Escorts Ltd.	19.75	10	..	2.60	1.60	1.00	12	Y.
4,00,00,000	6,53,05,809	8,26,20,521	2,52,46,302	..	B. M. L. Williams (Mg. Director) ..	Guest, Keen, Williams Ltd.	44 75	10	2.00	2.40	1.60'C'		12	Y.P.
12,50,000	23,59,648	61,38,962	41,37,127	..	Martin Burn Ltd.	Hooghly Docking	108.00	50	5.00	5.00	5.00		12	Y.P.
12,44,26,990	24,25,37,632	81,15,26,564	17,24,44,960	16,41,911	Martin Burn Ltd.	Indian Iron and Steel	24.80	10	1.00'C'	1.00	1.00	1.50	3	Y.P.
80,68,075	67,87,984	1,21,14,677	76,23,093	58,466	Martin Burn Ltd.	Indian Standard Wagon	160.00	25	5.00	5.00	7.125	7.125	3	Y.P.
96,55,160 } 26,580 }	2,52,04,628	2,22,95,589	1,52,64,926	10,91,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	4.50	5	0.10	0.40	1.624	2.30	3	
48,82,732	8,71,841	36,01,297	18,94,884	10,662	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	18.50	0.1	0.40	0.164	0.28		3	
1,07,48,733	90,64,293	4,84,86,950	1,69,45,698	7,173	Madan Mohanlal Shriram & Co. Pvt. Ltd.		11.90	10	0.70	0.70		1.25	3	Y.
26,00,000	49,31,000	81,62,683	25,40,754	96,487	J. K. Industries Private Ltd.	Jay Engineering Works, Ltd.	28.00	10	1.20	1.20	1.715	1.715	3	Y.P.T.
2,03,99,000	1,98,14,815	3,80,58,834	1,25,15,733	..	B. P. Singh Roy, Esq. (Chairman) ..	J. K. Steel Ltd.	20.06	10	1.25	1.25	2.00	2.00	6	Y.
27,64,800	42,28,268	95,25,077	38,24,562	37,543	Bird & Co. Private Ltd.	Jessop & Co.	22 81	10	0.50	0.858	0.858'C'	0.858	6	Y.
10,50,000	10,86,336	19,41,579	15,38,570	—6,26,586	Marshalls (Direction) Private Ltd. ..	Kumardhubi Engineering Works ..	8.06	3	0.30	0.30'C'	0.30		10	Y.P.
49,50,000	13,58,896	1,44,34,142	86,32,008	—7,06,389	M.	Marshall Sons & Co. (India) Ltd. ..	3.37	4	0.40	0.25	*Nil*		6	
60,00,000	24,06,943	76,55,140	24,16,313	4,85,188	S. B. Ind. Development Co., Ltd. ..	National Iron and Steel Co., Ltd. ..	5.69	10	0.62	0.75	*Nil*	*Nil*	6	
6,00,000	15,56,099	31,20,671	20,16,012	15,602	The British India Corpn. Ltd.	Richardson & Cruddas Ltd.	8.60	10	*Nil*	*Nil*			6	Y.P.
1,50,00,000	55,57,153	4,86,97,471	2,18,21,161	58,787	Birla Brothers Private Ltd.	Saran Engineering Co.	10.31	4	0.40	0.25	0.85	0.40	6	Y.
39,84,400	14,61,916	77,82,900	30,25,434	17,127	Balasundaram & Co.	Textool Co., Ltd.	187.00	100	12.00	15.00	15.00	15.00	12	Y.P.T.

* Includes bonus. † Subject to taxation. 'C'—On Increased Capital. B.—Includes a distribution of Re. 0.75 per share for the year 1964 and Re. 1.00 for 1965.
F.B.—All dividends paid since 31st March 1959 are shown as taxable. M.—Managed by the Board of Directors. X.R.—Ex. Right;

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reference

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
68,86,000	2,17,59,602	4,00,13,820	1,14,17,317	1,33,107	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	18.50	10	0.90	1.00	1.20	1.20		Y.F.M.
1,00,00,000	47,98,750	1,51,27,464	66,46,037	3,01,680	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	23.65xd	10	1.25	1.25	1.80	0.90	3	
30,00,000	37,89,988	40,22,855	27,01,150	2,09,448	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	21.87	10	1.50	2.00	2.50*	2.25	8	Y.
3,44,97,135	45,25,000	3,76,67,056	98,83,296	90,730	A. E. L. Chettiar, Esq. (Mg. Director)	Ashok Leyland Ltd.	9.15xd	5	0.30	0.40	0.40	0.30	9	Y.
3,00,00,000	27,58,888	41,68,899	23,39,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	25.00	10	1.25*	1.80	1.80	1.80	12	Y.
1,18,00,000	88,61,435	1,02,25,165	56,36,439	8,24,384	A. K. Erugesan, Esq. (Mg. Director)	Associated Battery Makers (E) Ltd. A.	32.25	10	2.40	4.00	2.50	1.50	3	Y.
28,60,000	39,46,631	1,09,70,998	44,86,384	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.F.Y.
98,81,400	98,40,809	79,91,396	41,74,554	5,75,402	G. D. Wilson, Esq. (Chairman). ..	Balmer Lawrie & Co., Ltd.	278.00	100	20.00	25.00	25.00		7	Y.
12,60,000	25,38,976	87,24,157	31,81,357	1,88,199	Baimer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd. ..	38.62	10	2.50	4.50	4.00		12	Y.
20,00,000	9,27,188	66,75,796§§		50,326	Lovelock & Lewis	Birds Investment Ltd.	12.62	10	0.70	1.10	0.95	1.00	9	Y.
48,77,992	72,59,226	1,48,96,874	60,07,677	2,34,279	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	45.37	10	1.20	1.60	2.50	3.00*	3	Y.
3,28,64,000	1,95,44,212	3,00,84,609	2,33,94,496	3,84,066	H. S. Chaturvedi, Esq. (Mg. Director)	British India Corporation Ltd. ..	10.88	5	Nil	Nil	0.20		12	Y.F.T.
20,26,540	20,39,609	42,37,817	22,12,125	20,721	A. V. Niblett, Esq. (Mg. Director)	British Paints (India) Ltd.	26.44	10	1.00	1.00	1.25		12	Y.
1,25,00,000	14,76,849	1,38,75,787§§		2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.85	10	0.75	0.83§§	0.80		12	Y.
8,00,000	10,00,000	40,04,009	28,47,106	8,000	M.	Delhi Flour Mills Co., Ltd.	15.00	10	1.00	1.00	1.00		12	Y.
3,00,00,000	5,08,87,500	10,39,79,455	4,01,20,270	25,12,555	John Luckham, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	43.62	10	1.62	2.15	2.15		10	Y.F.T.
90,00,000	1,12,80,000	31,00,870	2,02,62,100§§	4,25,721	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	153.00	100	10.00	14.00	14.00		12	Y.F.
27,56,355	1,76,30,094	85,09,851	27,71,078	12,605	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	41.75	5	0.75	0.80	1.25	1.50	3	Y.
51,26,000	61,19,702	1,64,72,203§§		2,67,765	Bird & Co. Private Ltd.	Eastern Investment Ltd.	153.00	100	9.00	14.00	14.00	14.00	12	Y.
12,49,250		4,92,055	6,366	33,611	M.	East Anglia Plastics (India) Ltd. ..	32.50	10				Nil	3	Y.F.
44,05,240	4,87,249	59,44,050	12,33,911	4,115	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	12.13	10	Nil	0.50	0.50		12	Y.
49,50,187	77,72,513	93,23,776	52,56,256	1,07,338	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	24.00	12.50	1.50	1.50			12	Y.F.
1,00,00,000	15,80,221	38,09,972	23,58,850	70,927	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	15.00	10	1.00	1.00	1.00	20.00	9	Y.
7,50,000	4,20,000	1,21,085	43,681	5,551	Gany & Co.	General Papers Ltd.	10.70	10	1.25	1.25	1.25		3	Y.
30,97,875		2,41,068	7,336	—1,05,203	General Tyres Ltd.	General Tyres Ltd.	6.50	5				Nil	6	Y.
68,86,000	36,24,200	30,57,755	15,91,667	1,71,222	P. E. G. Woodbine Leigh, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	14.06	10	1.00	1.00	1.00		6	Y.F.
45,80,000	5,08,500	78,33,840	44,84,526	13,37,710	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	31.00	10	2.00	2.50	4.00		3	Y.F.
92,00,000	18,10,650	88,65,436	49,28,959	21,282	B. P. R. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	22.50		12	Y.F.
4,00,25,350	1,85,51,000	8,88,47,827	8,84,01,947	2,76,662	Birla Brothers Private Ltd.	Hindustan Motors	19.00	10	Nil	0.50	0.90	1.20	3	Y.F.
58,06,500	10,04,529	69,48,327	33,07,174	1,81,125	Lalukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	21.06XR	10	0.60	1.20			10	Y.
11,40,000								10						
14,25,000		1,00,469			Ramparsad Murlidhar & Co.	Hindustan Twyfords Ltd.	16.37	5				Nil	3	Y.F.
15,15,00,000	9,75,09,562	11,57,27,807	3,27,09,953	25,96,288	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	11.75	10	0.70	0.60	0.80	0.90	3	Y.
3,00,99,480	2,49,73,620	9,79,93,586	3,53,95,735	49,90,524	K. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	38.69	10	0.70	1.20	1.50		12	Y.F.T.
2,36,17,760	2,29,16,801	3,17,93,518	1,54,14,358	48,75,642	Sir John Brown, C.A. (Chairman) ..	Indian Cables	36.12	10	1.50*	1.50*	2.25	2.25	3	Y.F.T.
2,50,00,000	2,11,58,469	6,83,93,165	2,01,21,939	18,06,872	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	37.75	10	1.00	1.00	1.50	1.50	3	Y.F.T.
39,68,375	1,06,104	54,59,157	21,21,020	3,583	M.	Indian Plastics Ltd.	10.50	10	Nil	Nil	Nil	Nil	9	Y.
5,27,970	7,54,870	19,61,878	11,61,643	1,82,665	M.	Indian Rubber Manufacturers	20.25	10	1.00	1.50	2.00		3	Y.F.
48,60,650		88,01,515	1,87,693	—6,39,700	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	17.81	10			Nil		12	Y.
2,00,00,000	74,12,017	43,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman) ..	Jardine Henderson	82.00	100	2.50	5.00	7.00	7.00	3	Y.F.
18,60,000	12,02,095	18,79,279	13,27,977	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.44	10	3.50	2.00	1.00		3	Y.F.
1,47,12,250	1,21,48,546	90,45,005	20,25,254	2,45,501	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	32.25	10	2.12*	2.75	2.75	2.75	9	Y.
10,00,000	8,60,000	23,46,291	3,49,181	14,958	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	29.00	10	2.00	3.00	3.00		12	Y.
40,00,00000.							215.00	O. 100	12.50	15.00	15.00		12	Y.
5,00,000D.	78,79,891	31,96,909	13,63,608	2,18,917	M.	McLeod & Co.	22.25	D.O.10	0.75	1.00	1.00		12	Y.F.
1,01,00,000	1,82,75,151	3,61,67,826	1,40,23,040	28,86,978	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	62.25	10	1.75	1.75	2.50	2.50	3	Y.F.
58,00,000	7,90,391	16,14,284	7,39,760	2,553	M. G. Aryangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd. ..	218.93	100	11.00	15.00	24.00	22.00	3	Y.F.
6,56,250	6,51,514	12,77,150	7,66,152	12,866	M.	Mysore Lamp Works	32.20	10	1.50	1.60	2.00	2.50	3	Y.F.
10,00,000	3,25,080	20,39,182	12,41,906	11,483	N. V. Siddalingappa, Esq. (Chairman).	Mysore Tobacco	9.00	10	1.25	1.25	1.00	Nil	3	Y.
90,00,000	1,60,09,310	1,39,46,366	57,78,861	50,826	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	43.37	10	2.00	2.00	2.50	2.50	3	Y.F.
30,00,000	31,10,575	51,52,479	29,05,555	57,385	Do.	National Pipes & Tubes Co., Ltd. ..	29.44	10	1.25	1.50	2.00	2.00	9	Y.F.
46,80,000	86,76,100	81,69,908	41,41,925	39,258	Do.	National Rolling & Steel Ropes ..	20.19	10	1.00	1.00	1.30	1.50	9	Y.F.
49,99,057	12,28,074	1,05,23,558	59,58,256	46,665	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd. ..	13.00	10	0.60	0.85	Nil		12	Y.
72,97,000	1,17,59,385	1,50,40,984	81,18,295	9,85,725	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	11.06	10	1.10	1.60	1.60		12	Y.
23,32,100	11,02,891	40,65,72,244§§		45,497	Ramdutt Ramkissendas.	New India Investment Corpn. Ltd. ..	44.00	75	3.75	3.50			12	Y.F.Y.
15,00,000	7,02,000	15,17,555	7,24,601	1,81,361	Parry & Co., Ltd.	Parrys Confectionery Ltd.	4.43xd	1	0.20	0.20	0.20	0.20	3	Y.
2,50,00,000	56,08,956	2,16,94,776	66,69,501	68,622	P. C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	55.94	10	0.85	1.20	1.20		12	Y.
62,50,000		4,88,081		—1,76,940	Duncan Brothers & Co., Ltd.	Phillips Carbon	20.25	5				Nil	3	Y.
15,00,000	1,09,431	8,89,781	2,90,184	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	4.00	5	0.375	0.375	Nil		3	Y.
86,80,738	17,25,287	48,65,614	24,00,077	42,537	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	19.30XR	10	1.60	1.60	2.20	1.80	3	Y.
2,25,00,000	3,15,42,305	71,08,305	26,01,660	4,36,553	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	157.00	100	Nil	Nil	4.00	8.50	3	Y.
4,98,80,000	2,54,60,000	15,98,24,741	6,76,33,665	5,96,527	Saha Jain Ltd.	Rohtas Industries	16.75	10	2.00	1.50	2.00	1.00	3	Y.F.
70,00,000	61,94,790	2,88,28,580	94,52,276	7,622	K. D. Gangull, Esq. (Secretary) ..	Sen-Raleigh Industries	20.06	10	0.60	0.80	0.80	0.80	9	Y.F.T.
31,60,000	....	56,84,012	2,06,601	—5,26,174	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	10.10	10		Nil	Nil		12	Y.F.
15,00,000							9.79	10	Nil	1.50	1.30		12	Y.F.
6,75,000	1,01,990	19,67,084	5,31,233	3,028	Mr. M. A. Chidambaram (Chairman).	Southern Ind. Corporation	7.15	7.50	Nil		0.225		12	Y.
49,80,000	3,82,300	38,96,520	3,68,613	—11,26,061	Mr. N. Ranganadhan (Mg. Director) ..	Southern Structurals	11.25	10	Nil	Nil	Nil		12	Y.
75,00,000	58,58,000	1,87,90,819	37,68,411	8,13,608	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	23.31	10	1.00	1.50	1.50	1.80	12	Y.
40,00,000	91,92,371	1,59,18,519	61,60,432	9,57,352	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	24.25	10	1.50	1.80	1.80	1.80	6	Y.
24,40,000	1,40,44,000	1,85,84,000	89,78,778	3,374	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	34.75	10	0.75	0.90	0.90		12	Y.
1,40,00,000	1,16,75,00,000	1,18,49,116	58,26,132	53,461	J. K. Agents Private Ltd.	Straw Products Ltd. S.	9.97	10	1.25	1.50	Nil		12	Y.
9,98,980	80,000	16,98,410	7,47,186	3,288	Ogale Bros. (Private) Ltd.	Travancore Cogate Glass	6.16xd	10	0.40	0.60	0.60	0.60	12	Y.
12,80,200	16,45,653	14,00,718	7,70,662	91,515	R. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	31.50xd	10	2.00	2.75	3.25*	1.50	3	Y.
5,50,10,000	1,58,81,174	3,97,55,070	93,05,427	12,03,235	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	291.00	100	10.00	10.00	10.00	10.00	7	Y.
26,86,950	29,88,888	68,68,988	17,85,888	56,308	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	8.75	10	Nil	Nil	Nil		3	Y.
3,00,00,000	1,67,55,505	6,04,41,004	1,15,63,887	....	J. B. Galloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	51.00	10	1.40	1.80	1.80		12	Y.
39,00,000	60,00,000	58,86,994	19,50,050	13,124	Vittal Mallya, Esq. (Chairman).. ..	United Breweries	82.25	10	6.00	6.00	6.00	6.00	3	Y.
3,00,000	4,60,191	8,85,222	4,33,851	28,594	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	32.50	10	3.75	5.25	3.50		11	Y.
81,46,200	27,60,450	1,02,78,928	35,59,149	6,864	A. K. Kaderkutty Esq. (Mg. Director).	Western India Plywoods Ltd.	201.00	100	19.00	19.00	19.00	13.00	3	Y.
TRANSPORT														
30,00,000	95,17,850	1,23,16,309	21,49,792	23,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	116.00	100	6.00	8.00	7.50		10	Y.F.
1,00,00,000	61,32,798	4,35,99,781	2,35,57,012	—84,10,589	Dinshaw (Private) Ltd.	Bharat Line	4.20	10	1.20*	Nil	Nil		12	Y.
60,00,000					A. H. Shiwandiwalla & Co. (Bombay)		12.56	10	1.50	1.50	1.80	0.75	3	
30,00,000	2,08,62,445	6,16,52,906	2,55,75,029	1,85,750	Private Ltd.	Great Eastern Shipping Co.	6.12	5(New)	0.90	0.825	0.50	0.30	6	Y.F.
5655,580	£1,242,443	£5,811,271	£3,538,891	—£3,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	70.25	£10	Nil	Nil			12	Y.F.
2,47,50,000	2,46,51,885	23,76,87,961	5,76,03,817	—41,04,584	Lionel Edwards (Private) Ltd.	India Steamship Co.	7.00	10	1.00	1.00	1.00	Nil	3	Y.F.
1,38,19,295	11,18,98,184	8,12,01,740	11,55,38,412	2,82,887	D. M. Kincaid, Esq. (Chairman) ..	Scindia Steam Navigation Co.	12.36	20	1.25	1.30	0.60	0.60	6	Y.F.
0.2,40,800							4.06	O. 1	0.14	0.20	0.30		6	Y.F.
F.0.2,10,200	24,07,422	13,58,807	9,31,870	1,60,969	R. R. Aiyer Esq. (Manager)	Walford Transport Ltd.	3.60	F.O. 1	0.12	0.15	0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Company	Latest Available Quotation	Paid-up per Share	Dividend per Ordinary Share 1958	1959	1960	1961	Accounts closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	39,20,700	1,59,22,812	85,35,642	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.00	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,272	41,29,674	24,78,442	—2,59,124	Jardine Henderson Ltd.	Ramrakhee Coke	16.37	10	0.50	Nil	Nil	Nil	3	Y.
4,45,350	1,49,218	11,60,218	6,77,054	4,997	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.48N	10	0.25	Nil			3	Y.
1,00,00,000	2,06,28,467	7,45,29,664	4,86,40,686	10,50,529	Andrew Yule & Co., Ltd.	Bengal Coal	346.00	100	17.50	25.00	25.00		12	Y.
2,25,000	5,17,844	23,13,260	21,49,161	4,184	M.	Bengal-Nagpur	19.50	10	Nil	Nil	1.00		12	Y.F.
40,00,000	61,39,203	1,48,74,215	90,35,554	2,80,479	Bharat Collieries	Bharat Collieries	4.12	10	0.90	Nil	Nil		12	Y.
7,15,000	14,93,844	57,66,246	36,78,757	—6,06,082	M.	Bhulanbararee	5.00N	10	Nil	Nil			6	Y.F.T.
7,50,000	21,72,444	48,42,643	29,83,008	31,981	F. W. Heilgers & Co. (Private) Ltd.	Borrea	23.25	10	0.75	1.00	1.50		12	Y.
80,82,480	1,48,79,727	4,58,59,640	2,38,26,119	58,154	Bird & Co. Private Ltd.	Burrakur	17.50	10	0.875	1.20	1.20	1.80	6	Y.F.
49,97,750	6,58,978	82,58,298	31,00,814	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	11.44	10	0.50	0.50	0.80	1.00	3	Y.F.T.
8,00,000	12,98,490	53,54,287	34,91,664	7,505	Jain Industries	Central Kurkend	7.00N	10	0.50	Nil			3	Y.
6,00,000	1,58,159	5,98,750(k)		7,048	F. W. Heilgers & Co. (Private) Ltd.	Churia	3.08	4	0.20	0.12	0.12		12	Y.
16,00,000		57,61,927	23,65,625	—1,06,201	M.	Dhemo Main	6.50	10	Nil	Nil			12	Y.
£240,000	£429,207	£1,464,191	£857,988	£16,220	Jardine Henderson Ltd.	East Indian	37.00	£1	1.00	1.25	1.00	2.00	12	Y.
29,63,780	1,16,22,107	4,94,12,596	3,46,60,589	1,10,574	Macneill & Barry Ltd.	Equitable	26.94	10	1.50	0.75	1.50		4	Y.
10,00,000	40,000	24,58,595	8,45,326	—8,50,078	Bhatter's Agency Ltd.	Ghusick and Mealia	14.00	10	Nil	Nil	Nil		12	Y.F.
12,00,000	2,05,371	44,46,619	29,14,142	1,33,977	Kilnick Industries Ltd.	Hingir-Rampur	32.00	50	Nil	Nil	Nil	Nil	3	Y.
5,00,000	....	24,79,228	20,12,306	—8,47,957	M.	Hurriladih	14.37	10	Nil	....	....		6	Y.F.
20,00,000	7,64,717	45,86,822	12,92,682	49,019	Bird & Co. Private Ltd.	Karanpura Collieries	19.04	10	5.00	5.00	7.50	10.00	12	Y.
14,58,450	15,10,178	59,54,523	41,77,854	1,35,977	Andrew Yule & Co., Ltd.	Kirae Jheriah	40.00	10	6.00	6.00	9.50	6.00	12	Y.
9,00,000	10,22,762	6,16,676		39,060	H. V. Low & Co. (Private) Ltd. ..	Lalurka	18.75N	10	1.00	0.75			1	Y.
7,48,240	2,50,000	13,59,875	10,13,553	17,140	Tantia Brothers Private Ltd. ..	Nazira	6.87	10	0.75	1.00			4	Y.
21,97,210	27,89,178	1,06,25,096	61,77,178	10,786	Andrew Yule & Co., Ltd.	New Beerbhoom	21.50	10	1.00	1.00	1.50	1.00	12	Y.
6,00,000	3,90,206	12,37,138	3,80,199	51,350	Octavius Steel & Co., Ltd.	New Mashkoom	13.62	10	0.80	0.80	0.75	0.90	12	Y.F.
1,15,000	3,84,525	12,96,398	9,60,464	23,053	M.	North West	22.06	10	1.50	1.50	2.00		3	Y.
1,57,500							17.87N	7.50	1.12	1.12	1.50		3	Y.
7,50,000	18,20,908	2,97,528	23,84,209(k)	35,296	P. Prashad, Esq. (Chairman)	Ondal	14.48	10	0.60	0.70	0.90		3	Y.
3,24,000	1,37,202	35,04,745	18,15,937	1,617	Deepchand Khaleniall	Parasea	17.88	10	0.50	0.62	0.125		12	Y.F.
16,75,000	23,24,500	83,62,260	51,27,399	52,139	Shaw Wallace & Co., Ltd.	Pench Valley	15.04	10	1.00	1.00	1.00	1.00	12	Y.F.T.
58,99,150	39,45,121	1,59,19,225	1,10,16,981	50,804	M.	Ramagunge	15.00	10	1.00	1.00	1.50	1.70	3	Y.
18,50,000	11,31,580	52,62,357	36,97,253	39,527	Shaw Wallace & Co., Ltd.	Rewa	30.00	10	1.00	1.00	0.781		12	Y.
27,56,000	38,60,370	1,12,26,841	58,46,379	26,998	M.	Samla Collieries	8.87	10	0.50	0.70	1.00		12	Y.
19,80,000	3,86,010	34,66,092	9,62,414	3,494	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries.	120.00	100	12.50	16.00	16.00	8.00	12	Y.
2,80,000	11,14,420	31,62,158	20,06,397	87,132	Andrew Yule & Co., Ltd.	Seebpore	47.00	7	1.75	2.00	3.00		12	Y.
3,00,000	4,09,545	25,740	19,04,563(k)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	6.44	10	Nil	0.25	0.50		12	Y.
2,00,00,000	73,62,511	3,26,23,180	3,52,89,469	10,622	P. M. Nayak, Esq. (Chairman)	Singareni	10.50	10	0.75	0.75	0.70		12	Y.F.
17,50,000	7,71,506	48,97,038	22,47,469	—1,54,124	Bird & Co. Private Ltd.	South Karanpura	6.87	10	0.75	0.90	0.25	Nil	12	Y.
3,00,000	15,49,819	1,53,727	28,46,329(k)	20,718	F. W. Heilgers & Co. (Private) Ltd.	Standard	15.31	10	1.25	1.50	1.50		3	Y.F.
3,50,000	2,31,900	20,49,976	15,40,057	22,484	B. M. Varma, Esq. (Mg. Director) ..	Union	10.00xd	10	0.25	Nil			3	Y.
40,96,000	5,90,557	96,20,910	58,51,221	15,022	Hindustan Investment Corpn. Ltd.	Western Bengal	9.06	10	0.40	0.40	0.60		12	Y.
7,50,000	....	60,41,436	30,66,310	—2,48,466	M.	West Jamuria	10.37	10	Nil	Nil		0.75	3	Y.
													12	Y.

§.—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 68,40,564 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 116 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X. B. Ex-Bonus.

§§ Investment at cost.

* Includes bonus.

(k) Investments.

N.B.—Dividends paid since 31st March 1959 are shown as taxable.

BANKS

| Paid-up Ordinary Capital | Reserve Fund | Carried Forward | Name of Bank | Latest Available Quotation | Paid-up per Share | Dividend per Share 1958 | 1959 | 1960 | 1961 | Accounts Closed

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest Available Quotation. Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.P.C.	15,00,000	1901	6.00	Mar.	Sept.	95.50	100
BREWERIES AND SUGAR							
Bharat Sugar M.C.	5,00,000	1921	5.00	Dec.	..	70.00	100
Bhopal Sugar T.P.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.P.R.C.	8,00,000	1875	6.00	Mar.	Sep.	80.50	100
Cawapore Sugar Works T.P.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.P.C...	7,00,000	1920	7.00	July	Apr.	4.92xd	5
East India Distilleries T.P.C.	£205,000	1897	7.00	Jan.	July	16.66xd	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec.	..	42.00	100
Do (Non-redeem.)	5,00,000	1940	7.00	Dec.	..	62.00	100
Partabpore Co. C.	5,00,000	1922	10.00	Oct.	..	11.00	10
Rammugger Cane T.P.C.	4,00,000	1925-36	6.00	Aug.	..	85.00	100
Ravalgaon Sugar C.	20,00,000	1945	5.50	Oct.	Apr.	80.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.P.	15,00,000	1946	5.00	Dec.	..	6.95	10
Upper Ganges T.P.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.P.C.	5,50,000	....	10.00	April	May	121.00	100
COAL							
Berree T.P.C.	14,00,000	1896-97	6.50	Oct.	Apr.	82.00	100
Burrakur (1st) T.P.C.	22,00,800	1901-10	7.00	Apr.	Oct.	93.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	6.37	10
Equitable T.P.	4,00,000	1895	6.00	Mar.	Sept.	72.00	100
Karanpura Collieries G.	9,89,500	1946	5.50	..	..	54.00xd	10
Pykhs Kajora C.	1,92,000	1901	5.00	Mar.	Sept.	7.00	10
New Beerbhoom T.P.C.	2,00,000	1920	7.00	Jan.	July	10.50	10
Sudal T.P.C.	2,00,000	1888-99	6.00	Apr.	Oct.	82.00	100
COTTON							
Ahmedabad Advance T.P.C. ..	10,00,000	1920	5.00	Apr.	Oct.	71.00	100
Bangalore C.T.P.	6,00,000	1884	6.00	Jan.	July	166.68xd	100
Bassein Cotton T.P.	5,00,000	1928	6.25	Nov.	..	7.50	10
Bowreah 'A' T.P.	6,00,000	1900	6.00	Feb.	Aug.	110.00	100
Do. 'B' T.P.	6,00,000	1900	7.00	Feb.	Aug.	71.00	100
Bradbury T.P.	14,75,000	1919	7.00	June	Dec.	48.50	50
Buckingham & Carnatic C.T.P. ..	21,89,200	1920	7.00	Jan.	July	118.00	100
Cambodias C.T.P.	1,80,000	1928	7.00	Apr.	..	90.00	100
Central India T.P.	30,00,000	1913	5.00	Apr.	Oct.	425.00	500
Century Spg. & Mfg. Co. R.C. ..	1,25,00,000	1946	6.57	Dec.	..	108.00	100
Coimbatore Pioneer C.T.P. ..	1,00,000	1931	6.00	June	..	76.50	100
Delta T.P.C.	11,00,000	1912	8.00	May	..	105.00	100
Empire T.P.C.	4,50,000	1943	5.00	July	..	6.75	10
Empress 'B' T.P.C.	4,50,000	1943	5.00	July	..	72.00	100
Fabrictone C.	25,00,000	1919	7.00	May	Nov.	98.00	100
Gossam T.P.C.	20,00,000	1919	7.00	June	Dec.	106.00	100
Khatau Makanji (2nd) T.P. ..	99,92,500	1947	4.00	Nov.	..	71.00	100
Kohinoor C.T.P.	16,00,000	1937	5.00	Dec.	..	8.80	10
Lathari 'B' (Pref.) T.P.C. ..	6,00,000	....	6.00	..	..	8.76	10
Lakshmi Cotton (Bombay) C. ..	6,00,000	1886	5.00	..	..	151.25	100
Lawrence Gocculdas Spg. & Wvg. T.P.C.	17,25,000	1947	4.50	Jan.	..	66.00	100
Lyallpur Spg. C.	7,45,050	1944	5.50	..	..	20.00	20
National Rayon C.	1,74,64,700	1947	5.55	..	..	73.00	100
New Great	8,00,000	1918	5.50	Mar.	..	107.00	200
Podar Mills	2,00,000	1923	5.75	Feb.	..	66.00	100
Rajalakshmi C. T.P.	4,50,000	1944	4.00	..	..	44.50	10
Shree Niwas Cotton T.P.C.R. ..	4,50,000	1944	4.00	..	..	65.00	100
Swadeshi T.P.C.	15,00,000	1895	5.00	Apr.	Oct.	87.00	100
Swadeshi (Kanpur) C.	25,00,000	1927	6.00	June	..	69.00	100
Travancore Rayon C.T.P.	50,00,000	....	6.00	May	..	7.80	10
Vasanta (1st) C.T.P.	5,00,000	1931	6.50	Apr.	Oct.	95.00	100
Do. (2nd) C.T.P.	1,50,000	1932	6.00	..	..	94.00	100
Lakshmi-Vishnu	15,86,500	1908	7.00	Apr.	..	385.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,54,000	1917	7.00	May	Nov.	991.25	1,000
Bhalgamanad Electric T.P.C. ..	84,15,000	....	5.50	..	..	71.00	100
Calcutta Electric T.P.C.	10,00,000	1909-11	5.00(4)	June	Dec.	8.09	51
Poona Electric C.	4,00,000	1925	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.P.	22,50,000	1940	6.50	Sept.	Dec.	7.80	10
Do. (2nd) C.T.P.	6,00,000	1940	6.50			7.70	10
Surat Electric Co. C.T.P.	5,00,000	1929	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	89,22,000	1927	7.50	May	Nov.	100.00	100
Tata Power T.C.	58,97,500	1915	7.50	May	Nov.	1,025.00	1,000
Udhna C.	1,25,000	1923	6.00	Dec.	..	5.81	10
ENGINEERING							
Arthur Butler (Manufacturers) T.P.C.	1,30,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.P.C. ..	15,00,000	1898-98	7.00	Feb.	Aug.	109.00	100
Do. (2nd) T.P.C.	15,00,000	1902	6.00	Feb.	Aug.	100.00	101
Indian Iron and Steel Co., Ltd. T.P.C.	3,09,95,400	1950	5.00	Dec.	..	87.50	100
Indian Standard Wagon T.P.C. ..	19,60,500	1918	7.00	June	..	112.00	100
Jessop T.P.C.	20,00,000	1941	5.00	May	Nov.	78.00	100
Kirloskar Engineering C.R.	15,00,000	1946	5.50	July	..	45.00	100
††† Kumardhubi Engineering T.P.C.	12,00,000	1915	6.00	June	Dec.	72.00xdN	100
Lillooa and Tenher Ltd. T.P.R. ..	18,00,000	1946-47-51	5.00	..	..	88.00	100
Mahindra & Mahindra T.P.R.C. ..	25,00,000	1945	6.00	May	..	98.00	100
Mukherjee (1st) T.P.C.	5,50,000	1907	6.50	..	..	61.00	100
Do. (2nd) C.	10,00,000	....	6.25	..	..	72.50	100
Premier-Construction (1st)	15,00,000	1939	6.25	..	..	68.00	100
Do. do. (2nd) C.	5,00,000	1939	6.50	..	..	5.08	10
Do. do. (3rd) C.	56,25,000	1947	4.50	..	..	5.08	10
Tata Iron and Steel (1st) C. ..	10,00,000	1902	6.00	Nov.	..	135.50	100
Do. do. (2nd) C.	4,92,81,900	1908	7.50	May	..	104.50	100
JUTE							
Angerpara T.P.C.	10,00,000	1927	7.00	Jan.	July	92.00	100
Alexandra T.P.C.	9,00,000	1905	7.00	Feb.	Aug.	83.00	100
Alliance T.P.C.	15,00,000	1895	6.00	Mar.	Sept.	65.00	100
Anglo-India T.P.C.	40,00,000	1917	7.00	May	Nov.	91.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	68.00xd	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	57.00xd	100
Baily T.P.C.	20,00,000	1918	7.00	Apr.	Oct.	93.00	100
Barnagore C.	£200,000	1896	5.00	May	Nov.	38.00	25
Belvedere T.P.C.	7,00,000	1900	7.00	Jan.	July	87.00	100
Birla C.	25,54,200	1919	7.00	June	Dec.	88.50	100
Budge-Budge T.P.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.P.C.	6,00,000	1934	6.50	Jan.	July	45.00N	100
Caledonian T.P.C.	10,00,000	1918	7.00	June	Dec.	84.00	100
Cheviot T.P.C.	10,00,000	1919	7.00	June	Dec.	86.00	100
Chitavalsah T.P.C.	5,00,000	1923	7.00	Mar.	Sept.	86.50	100
Clive (1st Pref.) T.P.C.	5,00,000	1908	6.00	May	Nov.	65.00	100
Do. (A) (2nd Pref.) T.P.C. ..	5,00,000	1908	7.00	May	Nov.	75.00	100
Dalhousie T.P.C.	15,00,000	1909-19	7.00	May	Nov.	90.00	100
Delta T.P.C.	5,00,000	1887	6.00	June	Dec.	69.50	100
Empire T.P.C.	10,00,000	1918	7.00	May	Nov.	86.00	100
Fort Gloster T.P.C.	14,00,000	1899-96	7.00	May	Nov.	86.00	100
Do. (2nd Pref.) T.P.C.	7,00,000	1945	6.00	..	..	68.00	100
Fort William T.P.C.	10,00,000	1911	6.00	May	Nov.	90.00xd	100
Gangra T.P.C.	6,00,000	1916	8.00	June	Dec.	98.00xd	100
Gourepore T.P.C.	26,50,000	1898-94	6.00	May	Nov.	77.00xd	100
Hastings T.P.C.	25,00,000	1895	6.00	May	Nov.	78.00xd	100
Howrah T.P.	11,75,000	1918	10.00	May	Nov.	11.12	10
Howrah T.P.C.	8,75,000	1900	7.00	May	Nov.	91.00	100
Do. T.P.C. (f)	17,50,000	1902-04	7.00	May	Nov.	90.00	100
Kamarhatty T.P.C.	40,00,000	1918	7.00	May	Nov.	91.00	100
Kamarhatty T.P.C.	16,00,000	1898-04	6.00	Feb.	Aug.	71.00	100
Kankinarah T.P.C.	10,00,000	1900	6.00	Feb.	Aug.	76.00	100
Kelvin T.P.C.	10,00,000	1907	7.00	Mar.	Sept.	91.00	100‖
Khardah T.P.C.	9,00,000	1895-09	6.00	May	Nov.	81.00	100
Kinnison T.P.C.	15,00,000	1900-13	7.00	May	Nov.	88.00xd	100
Lansdowne T.P.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.P.C.	5,00,000	1907	7.00	May	Nov.	90.00xd	100
Do. (B) T.P.C.	10,00,000	..	5.50	Dec.	..	70.00xd	100
Nalhati T.P.C.	7,50,000	1905	7.00	May	Nov.	113.00	100
Do. (2nd) (j) T.P.C.R.	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.P.C.	5,00,000	1917	7.00	May	Nov.	87.00	100
Nellimarla T.P.C.	5,00,000	1939	6.00	Apr.	Oct.	78.00	100
New Central T.P.C.R.	23,00,000	1915	7.00	Jan.	July	92.00	100
Northbrook T.P.C.	15,00,000	1900	5.50	May	Nov.	69.00xd	100
Reliance T.P.C.	20,00,000	1906-12	7.00	May	Nov.	82.00	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Socrah T.P.C.	10,00,000	1920	7.00	Feb.	Aug.	91.00	100
Shree Ambica T.P.C.	11,70,000	1927	7.50	Mar.	Sept.	89.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.P.C.	6,00,000	1901-02	7.00	May	Nov.	88.00xd	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.P.C. (f)	7,50,000	1913	7.00	Mar.	Sept.	88.00	100
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov.	..	47.00	100
Calcutta Tramways C.	£240,000	1906	6.00	Apr.	Oct.	7.25	£1
Indian General Nav. & Rly. C. ..	£244,080	1899	6.00	Mar.	Nov.	78.25	£10
India Steamship (w) T.P.C.R. ..	25,00,000	1928	5.00	..	..	65.00	100
TEA							
Amluckie Tea T.P.C.	1,75,000	1902-03	7.00	May	Nov.	29.25	10
††† Banarhat Tea T.P.C.	4,00,000	1900-02	6.50	Jan.	July	98.00	100
Birpara T.P.C.	1,00,000	1900-03	8.00	Jan.	..	98.00	100
Choonabhutti T.P.C.	2,00,000	1914	6.50	Jan.	July	98.00	100
Gielle C.	5,00,000	1894	6.00	Sept.	..	59.00	100
Hantapara T.P.C.	50,000	1901	8.00	Jan.	..	96.00	100
Hasimara T.P.C.	8,00,000	1904	7.00	Mar.	..	89.00	100
Kingsley Golaghat T.P.	2,40,000	1907	6.00	Jan.	..	88.00	100
Mohesma T.P.C.	2,20,000	1929	6.00	May	Nov.	5.85	10
New Doors T.P.C.	2,00,000	1907	6.50	Jan.	July	98.00	100
New Samaubagh T.P.C.	1,00,000	1908	8.00	Nov.	..	90.00	100
††† Okayti T.P.R.C.	50,000	1888	7.00	Dec.	..	84.00	100
Pussimbing T.P.C.	2,05,000	1916	7.00	Jan.	..	90.00	100
Salon River T.P.C.	1,00,000	1909	8.00	May	..	80.00	100
***Tarjuri T.P.C.	5,05,000	1942	8.00	Jan.	..	10.00	10
Tirribannah T.P.C.	1,00,000	1922	10.00	May	Nov.	13.81	10
PLANTING							
Be Be Rubber C.	1,42,000	1944	6.25	..	..	1 97	5
Do. R.C.	2,85,570	1944	6.25	..	..	5.18	10
Cochin Malabar C.T.P.	1,12,200	1932	7.50	June	..	48.50	50
Coffee Lands C.T.P.	10,40,000	..	5.00	..	..	68.00	100
Coonoor Tea C.	1,50,000	1928	6.00	Apr.	..	80.25	100
Cotiandad C.T.P.R.	1,00,000	1927	7.50	Nov.	..	8.82	10
Devcon Tea C.T.P.	2,00,000	1936	7.50	July	..	82.00	100
Highland Produce C.T.P.	5,00,000	..	6.00	July	Jan.	7.25	10
Neelamalai C.T.P.	18,00,000	1942	6.00	Jan.	July	5.75xd	10
Nilgiri Tea C.T.P.	2,81,250	1942	6.00	July	..	8.70	5
Pullangode C.T.P.	1,50,000	1943	6.00	Mar.	..	7.57	10
Teekoy Rubber C.T.P.	6,00,000	..	6.00	Mar.	Sept.	6.80	10
T. R. & T. Co. C.T.P.	16,00,000	..	6.00	June	Dec.	8.85	10
Waterfalls R.C.T.P.	5,00,000	1942	6.00	Nov	..	7.91	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	79.00	100
Do. do. (2nd) T.P.R.C.	5,00,000	..	6.00	June	..	80.00	100
Alkali & Chemicals T.P.C.	21,00,000	1937	6.00	Apr.	..	86.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	99.00	100
Andhra Cement C.	2,45,800	1937	8.50	Feb.	June	98.00	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	54.00	100
Bengal Chemicals T.P.C.	9,00,000	1925	7.50	Aug.	..	11.75	10
Bengal Paper Mill T.P.C.	5,00,000	1903	7.00	Mar.	Sept.	98.00	100
Do. "A" T.P.C.	4,00,000	1923	7.00	Mar.	Sept.	100.00	100
Do. "B" T.P.C.	20,00,000	1943	6.00	..	..	62.00	100
Bengal Timber Trading T.P.C. ..	5,00,000	1946	8.00	Aug.	..	7.50	10
Britannia Biscuit T.P.C.	15,450	1921	8.00	Feb.	Aug.	14.88	10
British Ceylon Corporation C. ..	17,50,000	1913	6.00	Feb.	Aug.	6.00N	10
British India Corporation T.P.C. ..	12,00,000	1920	8.00	Feb.	..	109.00	100
Dalmia Cement (Bharat) C.	61,58,210	1937	7.50	Sept.	..	10	10
Dharangadhra Chemicals T.P.C.R. ..	21,21,900	1956	6.00	..	..	86.00	10
Shree Digvijay Cement T.P.R.C. ..	79,98,875	1944	8.00	Dec.	..	77.50	100
Dunlop Rubber Co. (1st) T.P.C. ..	30,00,000	1926	6.00§	Mar.	Sept.	107.00	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1926	6.00	Apr.	..	107.00	100
General Investment Trust (1st) T.P.C.	1,00,000	1946	8.00	Feb.	Aug.	80.50	100
Do. do. (2nd)	1,00,000	..	8.00	Feb.	Aug.	66.00	100
Gillanders Arbuthnot & Co. R.C. ..	25,00,000	..	8.00	Apr.	Oct.	48.00	100
Hindustan Motors R. C.	1,60,67,250	1956	8.57	Mar.	..	79.00	100
Humayan Properties T.P.C.	12,00,000	1938	6.00	..	..	207.00	100
India Cement C.	29,85,000	1946	7.50	Oct.	..	6.75	10
Indian Aluminium (g) C.R.	40,00,000	1945	8.00	June	..	61.00	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	Jan.	July	84.00	100
Indian Cable (g) C.	12,87,750	1923	6.00	June	Dec.	83.00	100
India Rubber Mfrs. (g) T.P.C.R. ..	5,28,000	..	6.00	Apr.	..	83.00	10
Jardine Henderson C.	50,00,000	1946	5.50	Dec.	..	56.00	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	May	..	56.00	100
Do. do. (2nd) T.P.C.	10,00,000	..	4.00	May	..	58.00	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	7.00	June	Dec.	61.00N	100
Martin Burn (k) T.P.C.R.	30,00,000	1946	5.00	Apr.	Oct.	84.50	100
Meltcast and Co. (1st) C.	10,00,000	1920	5.00	July	Jan.	66.00	100
Do. (2nd) F.C.	40,00,000	1926	5.00	July	Jan.	66.00	100
Metal Box Co. C.R.	20,00,000	..	6.00	..	..	84.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	Feb.	Sept.	84.00	100
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June	..	9.70	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug.	..	5.88	10
National Tobacco (Old) (g) T.P.C.R.	10,00,000	..	6.00	Mar.	Sept.	6.87xd	10
Do. do. (New) (q) T.P.C.R. ..	19,98,000	..	4.50	Mar.	Sept.	69.00	10
Orient Paper T.P.C.R.	20,00,000	1936	5.50	Jan.	..	62.00	100
Do. (2nd) (r) C.R.	20,00,000	..	5.50	Jan.	..	63.50	100
Rohtas Industries (Old) T.P.C. ..	20,00,000	1946	7.00-8.00	Apr.	Oct.	65.00	100
Do. do. (New) T.P.C.	85,04,700	..	4.25	Apr.	..	107.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	..	68.25	100
Spencer & Co. "A" C.	22,50,000	1898	6.50	Jan.	July	65.00	100
Do. "B" C.	26,50,000	1922	8.50	Jan.	July	7.30xd	10
Standard-Vacuum C.	75,00,000	1955	8.00	June	Dec.	10.30xd	10
Star Paper T.P.C.R.	10,00,000	..	5.00	Mar.	Sept.	88.50	100
Tata Chemicals C.	59,97,000	..	7.14	..	..	74.00	100
Tata Oil Mills C.	29,85,500	1946	4.50	July	..	89.50	100
Titaghur Paper Mills T.P.C.	11,50,000	1899	8.00	Jan.	June	118.00	100
Do. do. (2nd) T.P.C.	15,50,000	1894	4.50	Jan.	July	75.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 5 per cent (of which only 5 per cent (cumulative)) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 5 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

‡Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1966 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 8 per cent. (l) Redeemable at par after 31st March 1955 on 6 months' notice. (m) Rank cum passu with ordinary shares. (n) Redeemable at par after 31st March 1955 on 6 months' notice. (o) Participating upto 9 per cent; ordinary shares receive 6 per cent dividend. (p) Redeemable after 30th December 1964. (q) Redeemable at any time at Rs. 115 on one month's notice. (r) Redeemable at par after 1st January 1964. (s) Redeemable at par after 17th June 1956. (t) Redeemable at par after 1st October 1956 on 3 months' notice. (u) Redeemable at 9 per cent. (v) Free of Income-tax upto 6 nP. in the £. (w) Redeemable at par on 3 months' notice. (x) Participating on various dates. (y) Redeemable at any time 3 years after the date of issue at a premium of Re. 10. (z) Redeemable on 3 months' notice. (a) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. (b) Fully paid.

COMMERCE

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

VOL. CIV. No. 2659 BOMBAY, 31st MARCH 1962 PRICE Rs. 2

FEDERATION'S MEMORABLE SESSION

THE three-day annual session of the Federation of Indian Chambers of Commerce and Industry, held at New Delhi from 24th to 26th March, provided three major surprises to the business community and the public at large. First and foremost was the unusually warm and pragmatic attitude displayed by Prime Minister Nehru towards private enterprise and its role in an expanding economy; this was something in refreshing contrast to his usual vehement criticism of the private sector and its failings in more recent years. The second surprise was the hard-hitting tone of the presidential address which, this time, was more critical of the Government than in the past. In fact, it was more critical of the Government than Mr. Nehru had ever been of the shortcomings of private enterprise, and so, for the first time in many years, it was the public sector that was in the dock. But the greatest surprise of the session was provided by Mr. G. L. Mehta's luncheon address. It was something of a sensation, for it not only turned the spotlight on the path to its reorientation to suit the Indian context. Thanks to these surprises, the Federation's session this year will go down in its history as one of the memorable ones.

If the Prime Minister was on the defensive and somewhat apologetic at the session, it was because there was some cogent and irrefutable criticism of the Government in Mr. Karamchand Mehra's presidential address to which Mr. Nehru's speech was in the nature of a reply. The critical tone for Mr. Thapar's address was set, at the very outset, by the following observations in it:

"The first two Plans did not reach the target of investment in the public sector and certainly fell short of the targets of production. This was not all due to the insufficiency of finance; it was due in part to the incomplete balance between different sectors of the economy. In consequence, we have shifted from one crisis to another. We witnessed the coal crisis which we have not yet outlived. We witness the power crisis which enfeebles our efforts and interrupts production. We again witness the transport crisis which threatens to live with us for some time."

This line of criticism was buttressed by the very relevant point that "the initial loss in production in any strategic sector gets multiplied through its technical relations with other sectors and affects the rest of the economy through its impact on income and demand." No wonder, therefore, that the slower tempo of development in such key industries and sectors as coal, steel, heavy chemicals, cement, power and transport has slowed down the rate of economic growth in general and that of industrial growth in particular. There is here a lesson for the country. In the words of Mr. Thapar, it is that, "while the rate of economic growth depends upon the rate of investment, the rate at which investment is rendered effectively productive depends upon the degree of economic co-ordination the Plan is able to achieve." That all this criticism was well merited could be easily seen from the Prime Minister's public admission of certain flaws in planning and his statement that the Government could be blamed for the coal, power and transport bottlenecks. Although he thought that, in a developing economy, such shortages were inevitable, he qualified his remark by admitting that they might have been foreseen and provided for. But frank admission of Government's failure to ensure greater advance in the *infrastructure* would not, by itself, mean much, if there is no reordering of priorities and if effective steps are not taken to rectify the mistakes.

The Federation's resolution on economic policy, incidentally, has done well to indicate a certain priority for public sector projects in its suggestion that "the Government must concentrate their full attention on augmenting rail transport capacity, power, and services such as telephones and telegraphs instead of dissipating its limited resources of personnel on a wider front." This suggestion seems to imply that it is the sole responsibility of the Government to provide the *infrastructure* facilities. Since the private sector, too, has been assigned a significant role in the *infrastructure*, it would have been more appropriate if simultaneous emphasis had been laid in the resolution on the need for greater encouragement to road transport and private electricity undertakings in the interests of early removal of the transport and power bottlenecks. The assurance since given by Mr. K. C. Reddy, Union Minister of Commerce and Industry, at the meeting of the Central Advisory Council of Industries, held on 27th March, would appear to suggest that the bottlenecks in the key sectors would be eliminated at an early date. While this is heartening, its value, however, would be known more precisely only if a sound coal policy is evolved here and now, the private electricity undertakings are more liberally permitted to expand and investment in the transport sector is stepped up in the coming year itself. What is urgently required is not only some readjustment of priorities at least in

and as an enlightened and forward-looking leader of business opinion, he is in a better position to call a spade a spade even at the risk of displeasing his listeners. In a way, some of the premises of Mr. Thapar's approach were questioned by Mr. Mehta who thought that "the industry has become pathologically restriction-minded, seeking a large per-unit profit on a small output rather than a small per-unit profit on a large output." In spotlighting the inadequacies and shortcomings of private enterprise, Mr. Mehta's object was probably to set the ball of discussion rolling in a field where the need for a candidly objective self-examination was patent. Farsighted businessmen would hardly demur to such a healthy debate so very necessary in the interests of private enterprise itself.

PROCRASTINATION

DRIFT, drift, drift. This seems to be the policy of the Government of India so far as sugar industry is concerned. Fresh evidence of this conclusion was made available by Mr. S. K. Patil in answer to a question in the Lok Sabha on Wednesday this week. He said that there was no scope for a reduction in the consumer price of sugar, unless there was a downward revision of excise duty. He had made this point on more than one occasion in the past one year. Our records show that he had categorically conceded the need for a reduction in excise towards the close of November last. And yet nothing has been done in this direction so far. Before the General Elections, preoccupation with them was given as an excuse for inaction. Although this explanation was not convincing to us, it was the fashion of the day. But more than a month has elapsed since the election results were announced. The delay in coming to a decision on the question is inexcusable, especially as the Government has power to vary excise duties as and when it likes. In the meantime, stocks of sugar with mills are mounting, locking up bank credit and storage space. The commodity is being bought and sold by the trade on a hand-to-mouth basis; its prices, which had sagged to some extent early this year, have looked up again. The consumer has not had any significant relief, except that he has been spared the trouble of standing in the queue. A more typical instance of incorrigible procrastination by the Government is hard to find.

Or is the delay deliberate? If that were so, Mr. Patil could have clearly told the House that the Government did not intend lowering the excise duty. In the absence of a clear statement to that effect, the only inference that one can draw is that the issue is still under consideration. This may be some consolation to sugar producers whose representative body, the I.S.M.A., has, once again, represented to the Government this week stressing the need for withdrawing the additional excise duty of Rs. 4.12 per maund imposed in May 1957 as a measure to depress domestic consumption to a level in consonance with production. It will not, however, be surprising, if the I.S.M.A. one day finds itself in the position of the parrot that continued its perch on the bough of a silk cotton tree in the fond hope of the beautiful-looking pods turning into sweet juicy fruits. This doubt stems from a significant rider in Mr. Patil's reply to members of the Lok Sabha who were anxious to see a fall in the price paid by the consumer for sugar. He is reported to have said that "he would not favour increasing the consumption of sugar rapidly, because it would seriously affect the consumption of *gur* and *khandsari*, etc.", produced in the cottage industry (the so-called decentralised) sector. This excessive concern for *gur* and *khandsari* suggests that the disadvantages to the economy as a whole of the wasteful utilisation of sugarcane, about which much has been said and written, have not yet been realised by the powers-that-be.

It is useless for sugar manufacturers to wait for the Government to do something for getting them out of the surplus muddle. The surplus gives them a wonderful chance to propagate consumption of more white sugar. They can pool their resources together to launch a country-wide campaign for this purpose and sacrifice a little in their price to stimulate the domestic offtake of sugar. In any case nearly one half of the loss will be borne by the Government, as they will be paying less income-tax and corporate tax. In return, they will gain the goodwill of consumers which they have lost for no fault of theirs in the past two decades but which is of inestimable value. Secondly, they will have paved the way for a rapidly expanding market for their manufacture in the coming years. Thirdly, with the resources released from the disposal of surplus stocks, they can produce more sugar in the next season and hope to make good the losses of this year through a larger turnover. Fourthly, they will have less profit to share with sugarcane growers which in turn will impart a certain amount of reality to the cost of sugarcane. And, fifthly, the uneconomic and inefficient units will have been eliminated, thereby leading the industry to better health. The sugar manufacturers should, therefore, wholeheartedly plump for complete decontrol of sugar, including the control on releases and movement.

Unfortunately, however, the sugar manufacturers are by no means so forward-looking as to accept the aforesaid suggestion. They have been so accustomed to making profits all these years on the basis of a closed market that the climate of keen competition will not suit their health. It is, of course, no use blaming the manufacturers alone. Nearly twenty years of controls have bred and fostered numerous vested interests, in the Central and State Governments, in the industry and among sugarcane growers. A more recent development that has strengthened the hands of the protagonists of controls is the necessity to export sugar even at a heavy loss for earning foreign exchange. Consumers have, therefore, slender hope of getting their requirements of sugar more easily and cheaply than now, even though the country is bursting with heavy stocks.

The observations of Mr. Patil and his deputy, Mr. A. M. Thomas, in Parliament this week give one the impression that they are not in a hurry to dispose of the surplus sugar. They seem to be under the impression that the fall in production of sugar in the 1961-62 season will be greater than expected earlier in the season, that the growth in domestic consumption will be bigger and that the surplus at the end of the season will be of manageable proportion, having regard for maintaining a normal stock of at least two months' consumption, if not a little more. Currently, production has been running 200,000 tons lower than the rate witnessed in the 1960-61 season. Production estimates for the whole season vary, 2.7 million tons at best and 2.5 million tons at worst, as against nearly 3 million tons (2.981 million tons to be precise) in 1960-61. It is said that, apart from the Government's directive to cut production by 10 per cent, which now looks as though it will be fully effective, there has been a pronounced fall in the quality of sugarcane resulting in a lower recovery. In many centres, crushing has already been stopped for more than one reason. At the same time, consumption is optimistically placed at between 2.2 and 2.4 million tons, as compared with 2.09 million tons in the past season. In the first four months of the current season, domestic offtake was higher by 100,000 tons and, if this rate of increase were maintained in the remaining months, domestic consumption could easily be in the neighbourhood of 2.3 million tons. Exports, it is hoped, will be 500,000 tons, as against 245,000 tons. It is, therefore, argued that, if production goes down by 200,000 tons, home consumption goes up by 250,000 tons and so also exports by a like amount, the carryover at the end of the season will be a little over one million tons, as compared with 1.19 million tons at the beginning. There is, however, a certain amount of wishful thinking in these calculations, especially in regard to exports. Even granting there is none and that all the estimates will be borne out by events, a surplus of a million tons of sugar is not a small quantity. It is sufficiently large to give severe headaches. And it would be nothing but criminal complacency if no clear, calculated steps were taken without any further delay to encourage larger domestic consumption.

The exercise in the statistical position of sugar apart, it will be a sheer waste of capital not to utilise fully the capacity that has already been created in the sugar industry and a folly to go on exporting sugar at 50 per cent below the cost of production. Is it suggested by the powers-that-be that sugar production in the 1962-63 season, too, should go down further and touch a level of 2.4 million tons? For only then will the surplus at the end of the next season be of manageable proportion. But such a prospect is unthinkable for the reason just mentioned. Surely, it is not in keeping with the ideals of a socialist government to think in terms of the restrictive practices implied in such a programme. On the contrary, the aim should be to get more white sugar produced at a price that suits the pockets of the lowest income group. India has all the facilities to fulfil this aim. The sugar manufacturers in Maharashtra having their own plantations have amply demonstrated that, given the right methods of growing sugarcane, India can raise the per-acre production of sugar to levels nearer to those in Indonesia, the Philippines, Formosa and Australia. It is only the lack of will and political courage among the leaders of the country that is the greatest impediment to the progress and prosperity of sugarcane growers, producers and consumers of sugar.

MORE HEAT THAN LIGHT

THE resolution on State Trading Corporation, moved by Mr. Pravinchandra V. Gandhi, at the annual session of the Federation of Indian Chambers of Commerce and Industry, New Delhi, contains no points which have not already been said by the trading community. It is certainly an uncompromising indictment of the S.T.C.'s activities. Mr. Gandhi, in his speech, sought to stress that the incursion of the S.T.C. in the import and export trade, as well as in internal distribution, had resulted in supplanting normal trade channels. He, therefore, urged that the S.T.C. should refrain from undertaking actual trading operations and that it should confine itself to other useful activities, such as exploration of export markets, and rendering assistance and guidance to trade in dealing with countries having State-owned trade organisations. These are constructive suggestions, indeed, for there is no reason, in theory, why trading with Communist countries should be a monopoly of a State corporation. In actual practice, however, there is a risk of Indian communists masquerading under the private sector and strengthening their financial position for promoting communism in this country more aggressively. The Communist countries themselves will prefer to buy from and sell to firms managed by fellow-travellers. It is high time our businessmen considered the political implications of this particular demand of theirs.

One of the standing criticisms against the S.T.C. is that it has deprived a large number of traders of their living. But the authors of this criticism have so far failed to provide any statistical proof of real unemployment among traders as a result of the S.T.C.'s operations. There have, of course, been wild allegations. But they are rarely substantiated by facts. One would have expected that at least the Federation, which is India's apex trade body and is equipped with sufficient research facilities, would collect and supply the relevant data showing the extent to which the private sector in trade has been supplanted by the S.T.C. Unless such a study is made and presented forcefully, the Government is not likely to revise its stand. On the contrary, repetition of apparently unsubstantiated allegations may do more harm than good, for the Government can easily turn round and say that the private sector is merely indulging in doctrinairism. We are not unaware of *The Economist* Intelligence Unit's study on the S.T.C. last year, a study now being elaborately and approvingly quoted by the trade in this country *ad nauseam*. This study is mainly of an academic nature and provides, ironically enough, sufficient material for both the protagonists and detractors of the S.T.C. to support their respective claims. At any rate, it does not enlighten one on the exact extent to which the S.T.C. has displaced private trade.

The volume of trade handled by the S.T.C. has, of course, gone up fourfold, from about Rs. 15 crores in 1956-57, the first year of its operation, to an annual average of over Rs. 60 crores in 1960-61, the latest year for which data are available. But this does not provide a clue to the question whether it has made any perceptible inroads into the established trade. For India's total foreign trade during the same period has gone up much faster, that is, from Rs. 1,469 crores to over Rs. 1,700 crores, or an increase of over Rs. 200 crores. It is, therefore, not surprising that the Import and Export Policy Committee (Chairman: Dr. A. Ramaswami Mudaliar) has pointed out, in its report released last week, that "much of the criticism against the S.T.C. stems from a misconception of its role and functions which do not seem to have been fully explained or appreciated." The critics of the S.T.C. could not have also missed the strong defence of the S.T.C. personally made by Dr. Mudaliar at the meeting of the Export-Import Advisory Councils at New Delhi early this month, when he categorically stated: "I have now overcome my initial prejudice against the S.T.C." It is all the more surprising, therefore, that the Federation meeting thought it fit to adopt a resolution on the lines it did and that the mover and the supporters of the resolution should have indulged in the relatively easy game of vitriol.

MARKET GOSSIP

Wider Share Ownership

WHO could have boldly suggested in India before independence that there was need for a movement to spread knowledge about investing in shares of industrial concerns? For not only was the saving potential of the community poor but the investment opportunities actually available were also considerably limited. Indeed, investment in equities was within the means and habits of only a very narrow section. Even as late as in the early fifties, it was fashionable to argue that, with the disappearance of princes and *zamindars*, and with the continued rise in the cost of living of the upper middle class, the stock exchanges would be thin and devoid of support. So strong was this belief that many a share-broker sold his membership card for whatever price it could fetch and took to other lines of business. But all this now seems a far cry. Conditions have changed to a marked extent in recent years, especially since economic planning took firm roots in this country. The various measures of rural reforms which have made individual moneylending to farmers unreliable and uneconomic, the rising prices of urban landed property, rent controls and other legislation in favour of tenant residents, the growing popularity of industrial equities as a source of quick capital profit and the assured markets for industries, thanks to import restrictions and expanding domestic demand, all these have brought new investors to stock exchanges. Those share-brokers who are patient, hard-working and do not mind the trouble involved in serving small, as well as medium, investors are having more business than they can cope with.

Although no reliable estimates of the number of shareholders are available, it can be safely presumed that the number today is very much higher than that, say, 10-12 years ago. To take the instance of some Tata group companies. The number of shareholders has gone up from 28,410 in 1951-52 to 70,948 in 1960-61 in the case of Tata Steel, from 7,869 to 10,732 in Tata Hydro, from 7,446 to 10,897 in Tata Power and from a few hundred to 15,139 in T.E.L.Co. In the case of Bank of Baroda, the number has gone up from 4,138 to 6,570. The total number of shareholders in the whole country is bound to increase further and further in the coming years, what with the expanding tempo of economic activity, rising trend of incomes and the growing anxiety over inflation which prompts many to prefer equities as a better store of value than even gold and houses.

Viewed thus, the importance of bringing greater knowledge and understanding of investment matters to a wider public cannot be stressed too strongly. But the issue has still not received any attention worth mentioning. It is in this context that the deliberations of the "Wider Share Ownership Conference" held at London last week are interesting and also much useful. The Conference was sponsored by the Wider Share Ownership Committee the two principal objectives of which are to popularise investment in shares and to bring pressure on the authorities concerned (stock exchange, Government and others) to make the purchase and sale of shares easier. The Committee consists of industrialists, City men, economists, research specialists and politicians.

When the Conference began, it had before it an interesting report on savings and attitudes to owning shares prepared by Dr. Mark Abrams. The report, which is based on a sample survey of share ownership in Britain during 1962, estimates the number of shareholders at anywhere between 3.20 million and 3.60 million, as compared with 1.75 million in 1962 and 1.25 million in 1948. Approximately an equal number (representing about 11 per cent of non-share owners) have more than £500 each in long-term savings, an amount considered to be the minimum accumulation of savings required before going into share investment. It is thus apparent that the untapped source of savings available for buying shares is substantial, given, of course, the right sort of inducements. The report shows further that young people are particularly interested in buying shares. As is only to be expected, the findings of the survey reveal that most share owners are in the highest social grades and that over half the upper middle class group are investors in shares. Among white-collar workers in the lowest grade earning under £1,000 a year, there are said to be as many shareholders as there are in the highest grade earning twice as much or more. Skilled manual workers earning less than £1,000 a year account for 10 per cent of all shareholders and half of the 1.7-2.0 million persons owning shares value their holdings at less than £500 each.

By 1975, the total of new personal savings in Britain are expected to be about £720 million more than in 1960. It is thought desirable that a large part of this increase should go to support investment in industries and that as large a part as possible should be invested directly, instead of indirectly through institutions. After all, it is an accepted principle that risk capital must be drawn from the widest possible section of the community. This principle, without any political or social implications whatever, is, as Lord Ritchie of Dundee, Chairman of the London Stock Exchange, emphasised in his speech at the Conference, necessary to the future prosperity of the nation. Laying special stress on encouraging small investors, Lord Ritchie said: "We welcome small investors. We welcome small new businesses. ... Something between 18 and 20 per cent of all stock exchange transactions are for amounts of £100 or less. So let us once and for all forget the idea that the small investor is not welcome. Surely, those of us in this room must feel that the form of nationalisation which we should like to see is nationalisation in the sense that everybody owns shares."

While stock exchanges should provide for adequate facilities to small investors, they cannot themselves undertake work designed to ensure wider share ownership which ought to be the function of bodies like the Wider Share Ownership Committee of London. The three aims for the Committee as listed by Mr. S. P. Chambers, Chairman of Imperial Chemical Industries, are: (1) to get public opinion and Government policy more sympathetic to the whole concept of wider share ownership and, in particular, to urge removal of the present harsh tax anomalies; (2) to press for modernisation of institutional machinery for investment to make it more appropriate for the relatively small and scattered investors; and (3) to educate potential investors in the wisdom of suitable investment in private industry.

Dwelling at some length on taxation, Mr. Chambers said: "All savings have an anti-inflationary effect and, if savings are a good thing as a bulwark against inflation and as a means of increasing the capital resources of the country, there should be no discrimination against certain forms of savings, particularly against the forms that go into private industry." This statement, though it is addressed to the British Government, is of equal relevance to India, where, as stated at the outset, more and more people with medium and small incomes are evincing interest in equity investment. This is a trend which must be fostered by suitable tax incentives in the interest of a healthy property-owning democracy.

Sales Tax on Pepper

It is surprising that the Kerala Government should have thought of enhancing the sales tax on export commodities, such as pepper, cashew nuts and ginger, at a time when active consideration is being given by the Central Government for reducing the burden of tax levies on exports in pursuance of the Mudaliar Committee's suggestions. Under the Kerala Sales Tax Amendment Bill, now referred to the Select Committee, the State Government proposes, *inter alia*, to enhance the rate of sales tax from four to five per cent on these commodities. This proposal has come as shock to the exporters. Mr. Vallabhdas V. Mariwala, President of the Pepper and Ginger Merchants' Association, Bombay, has already sent a telegram to the Chairman of the Select Committee appealing to it to drop the move. Drawing pointed attention to the severe competition in world markets for these commodities, Mr. Mariwala has suggested that, instead of imposing a fresh tax burden, there is an urgent need for reducing it. If this cannot be done, the least the Kerala Legislature can do, according to him, is to maintain the *status quo*. Alternatively, he has pleaded for grant of refund of tax on exports, "as is done in several countries and even in some States in India."

There is no exaggeration in Mr. Mariwala's plea. For, of late, spices have been experiencing severe competition in world markets. Pepper, in particular, has been hit hard. India's export of pepper last year suffered a marked setback, owing to growing pressure of supplies from Sarawak. During the nine months ended December 1961, pepper exports amounted to Rs. 435 lakhs, or an annual average of Rs. 580 lakhs, which compare unfavourably with Rs. 850 lakhs earned in the fiscal year 1960-61. Exports of other spices and cashew nuts, too, leave much to be desired. Shipment of ginger fetched Rs. 66 lakhs during April-December 1961, representing an annual rate of Rs. 88 lakhs, as against Rs. 90 lakhs in 1960-61. Export of cashew kernels also is running at a slightly lower rate than that in 1960-61, when it touched about Rs. 19 crores. These facts clearly go to show that the State Government has taken a wrong step at the wrong moment.

But, if the State Government still finds it difficult to reconsider its proposal, there are compelling reasons for granting rebate on exports. We may quote here what the Mudaliar Committee on foreign trade has to say on sales tax, for the benefit of those who have not seen its report: "It has to be recognised," says the Committee, "that most countries give full rebate of sales tax on exported goods, and, if Indian exporters are denied such a relief, our goods will be at a disadvantage in the export market. It is but meet that the State Governments in India, too, play the part." Will the Kerala Government and the Select Committee concerned heed this advice?

Cotton Quota: Belated Wisdom?

The simultaneous announcement of an export quota for 70,000 bales of Bengal *Deshi* and a global import quota of 43,000 bales of cotton stapling 1.1/16" and above but below 1.3/16", made on the 28th inst., has been generally welcomed by the trade and the mill industry. A notable feature of the announcement is that exports of cotton are linked with imports of cotton. The foreign exchange earned on the export of 70,000 bales of Bengal *Deshi*, is earmarked for importing 43,000 bales long-staple cotton. Obviously, this link-up has been necessitated by the difficult foreign exchange position in which the country finds itself today.

Trade quarters, however, point out that the purpose of earning foreign exchange with which to buy foreign cotton could have been better served if the quota had been announced earlier. For Japan, the principal customer of Bengal *Deshi* cotton, is said to have already purchased most of its requirements from Pakistan and is, therefore, now in a position to bargain with India for lower prices. The announcement, it may be noted, was delayed by about two weeks even after the Cotton Advisory Board had recommended that a further quantity of 75,000 bales of Bengal *Deshi* should be allowed for export. This delay seems to have been deliberate, the object being to give mills some more time to cover their requirements. It may be recalled that the Board had suggested that mills, which wished to purchase more Bengal *Deshi* cotton, should be permitted to do so. The Board had estimated that, after taking into account the quantity already released for export, namely, 200,000 bales, the surplus over domestic requirements of Bengal *Deshi* would be of the order of 100,000 and that hence 75,000 bales could be safely allowed to be shipped out of the country. Actually, the Government has thought it fit to be a little more cautious and, therefore, released only 70,000 bales.

Although shippers are optimistic that the export quota could be fully utilised, they doubt whether it would be exhausted as quickly as the previous quota. Current Japanese price ideas are said to be 20*d.* per lb. for superfine qualities and 16*d.* per lb. for fine qualities. At this price, it is pointed out, the earnings on 70,000 bales of Bengal *Deshi* (roughly estimated at Rs. 2.5 to Rs. 3 crores) might be insufficient to buy 43,000 bales of foreign cotton considering the prevailing prices in Sudan which is one of the few countries that are in a position to supply India's needs. Undoubtedly, 43,000 bales do not constitute a lot of cotton in the context of the storage of cotton in this country. But it appears that even this small quantity may not be available for consumption during the current season because the shipment period of Bengal *Deshi* extends upto the end of August 1962 and hence at least a part of the cotton imported out of the proceeds of the present quota would arrive in the country only after that date. Hence the present import quota is unlikely to make any significant impression on the cotton supply situation this season. The Government, according to Mr. K. C. Reddy, Union Minister for Commerce and Industry, is "alive to the problem and is making strenuous efforts to locate the sources of supply through Governmental and non-Governmental agencies." Mr. Reddy told the Central Advisory Council of Industries, at its meeting held this week at New Delhi, that, within a few weeks, the Government would announce "something definite" to relieve the cotton shortage. The trade and the mill industry are eagerly awaiting the news.

World Sulphur Position

India is dependent on imports for almost its entire requirements of sulphur. With the growth in fertiliser and chemical industries, the domestic demand for sulphur has been steadily going up. From about 100,000 tons about five years ago, the annual consumption of sulphur in this country has gone up to about 175,000 tons, with the foreign exchange now spent on imports being about Rs. 3 crores annually. In view of the further expansion of industries envisaged in the third Plan, the annual consumption is expected to go up to as much as 600,000 tons by 1965-66. No deposit of elemental sulphur has, however, been located in the country. But a scheme for the manufacture of sulphur from pyrites is under way at Amjor in Bihar. The scheme, undertaken in the public sector, is designed to produce 84,000 tons of sulphur by the end of the third Plan. It may be noted that eight million tons of pyrites, with 40 per cent sulphur content, have already been proved in the Amjor area, out of total estimated reserves of 384 million tons.

What is important to note here is that there is no possibility of India attaining self-sufficiency in this essential chemical even by the end of the third Plan. Assuming that the proposed new plant goes into full production by 1965-66, the gap between indigenous output and demand will be over 500,000 tons of sulphur; imports will, therefore, have to be continued. It is, indeed, heartening to note that, at least in world markets, there is no scarcity of this material. In fact, world sulphur production is running well ahead of consumption. The total output of sulphur in the free world rose by about 6 per cent to 20 million metric tons in 1961 (half of it being brimstone), as compared with the previous year, according to a report on the sulphur situation prepared by the British Sulphur Corporation. Free world consumption, however, moved up at a slower pace, that is, by about 2 per cent to 18.9 million tonnes, resulting in a surplus of 1.1 million tonnes. The trend was more or less similar in Communist countries as well. They produced 4.2 million tonnes of sulphur in 1961 (about 40 per cent brimstone), which represents an increase of 11 per cent, whereas consumption moved up by only 7 per cent. Stocks have also gone up. Free world brimstone stocks, says the British report, have gone up by 900,000 tonnes, shared mainly by producers in Mexico, France, Canada and the U.S. The slack in consumption is attributed to stagnation of offtake in the U.S. and Western Europe. This, however, should be viewed against the exceptionally large increase in consumption in 1960. At any rate, the importing countries cannot take much satisfaction from the present supply and demand position. For the trend of prices is still one of buoyancy. The reason for this is the prospect of higher rate of consumption growth in the U.S. and Western Europe during the current year

TREND OF SHARES

LULL BEFORE STORM

(From Our Own Correspondents)

BOMBAY, *29th March*

A DISTINCTLY quiet trend prevailed in the share markets during the past seven days. Almost every day price variations were narrower and turnover was lower than on the preceding day. Trading was listless, activity sporadic and patchy, and movements insignificant. But this lull in the markets seems to portend the storm that is in the offing. For rarely have stock markets been not stormy during the few days preceding the announcement of the tax proposals under the Central budget. Buying or selling, based on rumours, 'information' and intuition about the shape of fresh taxes, does keep the markets active on the eve of the budget.

Unexciting though the week was in terms of price movements, it was not devoid of some pre-budget (since the real budget for the market is yet to come) activity. And what is generally described as 'informed' buying did take place in steel shares and select textiles from a certain influential Delhi operator. More significant than this, however, was the small but persistent strong bull support for the pivotal issues at every minor setback due to stray realising. This support was contrasted by the absence of fresh selling. Moreover, though over the week, the markets showed minor changes, they closed at or around the week's best levels. This was partly due to some good corporate news. All this indicates that the storm to come might be in the nature of an upward march.

In Bombay, sectionwise, Steels continued to be in the forefront, with Indian Iron in the limelight. The shares picked up swiftly to Rs. 25, after reacting from Rs. 24.84 to Rs. 24.44, to close with a gain of 16 nP at Rs. 24.88. Tata Ordinary closed 50 nP lower at Rs. 139.25, but were one point above the lowest. Mukand Iron moved down from Rs. 28 to Rs. 27.40 and lost 40 nP on balance.

Textiles came next and were steady, with the 2 per cent increase in the final dividend of Kohinoor to 12 per cent, making a total of 18 per cent against 15 per cent for 1960, providing a cushion. Kohinoor improved from Rs. 311 to Rs. 315, but eased to close with a gain of 50 nP at Rs. 312.50. Minor setbacks in Century strengthened the technical position and evoked fresh support; the shares moved between Rs. 608.50 and Rs. 617 to close Re. 1.50 higher at Rs. 616.50. Standard were also actively supported at setbacks and closed unchanged at Rs. 1,048. Indu Mills' shares were firm, with the Deferred showing a gain of 8 nP at Rs. 3.94 and Ordinary of 56 nP at Rs. 23; the former attracted the automatic margin of 20 nP a share, payable by bulls. But Edward Textiles attracted a margin against bears of Rs. 25 on Saturday and Rs. 10 on Monday per share on a decline of more than 15 per cent from the last clearing rate. At close, the shares were Rs. 82.50 lower at Rs. 370. *Bombay Dyeing*, among the favourites, declined by 40 nP to Rs. 69.40. National Rayon were Rs. 3.50 lower at Rs. 540, after being done at Rs. 546.

The usual lustre was lacking in the Miscellaneous section. Much fancied, Bombay Burmah staged a late rally from Rs. 647 to Rs. 658, after losing some ground initially from Rs. 653 to Rs. 645, and closed with a gain of Rs. 5.50 at Rs. 656.50. Hindustan Motors met with good support and closed steady at Rs. 19.84. Amar Dye-Chem closed Rs. 10 better at Rs. 350. Enquiry for papers brought Sirpur into prominence, with a gain of 52 nP to Rs. 15.80. Telco plodded and so did Voltas to close with small losses. Shippings were unusually firm on rumours of a rise in freight rates, Great Eastern, attracting the automatic margin of 80 nP per share against bulls, closed Re. 1.16 higher at Rs. 13.76. *Scindia* were 60 nP better at Rs. 13. Cements were firm, with Digvijay gaining Rs. 11 to Rs. 207. Sugars were quietly steady. Among Banks, Central gained Re. 1.70 to Rs. 69.50.

The cash section was generally firm. T. Maneklal spurted by Rs. 30 to Rs. 865 on news of participation in the share issue of SLM-Maneklal Industries Ltd. New Standard Engineering gained Rs. 19 to Rs. 248, Synthetics and Chemicals Rs. 10 to Rs. 236, Chemicoat Rs. 10 to Rs. 170, Indian Rayon Rs. 9.50 to Rs. 117 and Zenith Steel Re. 1 to Rs. 16.88. The recent new issues commanded good premium.

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Handsome gains in almost all the speculative *issues* and continued strength in Jutes featured trading in Calcutta. In the Forward List, noticeable gainers were Birla Jute from Rs. 35.62 to Rs. 37.75, Orient Paper from Rs. 41.80 to Rs. 43.25, Texmaco from Rs. 21.70 to Rs. 22.95, Orissa Cement from Rs. 19.31 to Rs. 19.75, Guest Keen from Rs. 44.75 to Rs. 46.69, Indian Cable from Rs. 36.12 to Rs. 36.75 and Indian Aluminium from Rs. 38.69 to Rs. 39.25. Dunlop lost 50 nP to Rs. 43.12 due to a 1.5 per cent cut to 20 per cent in the dividend on the increased capital. Howrah Jute were shaded by 25 nP to Rs. 21.25.

Expectations of better working of mills sustained the interest in *Jutes*. Bally were marked up further from Rs. 291 to Rs. 298, Barnagore from Rs. 163 to Rs. 167, Fort Gloster from Rs. 427 to Rs. 432, Cheviot from Rs. 21.25 to Rs. 23 and Megna from Rs. 12.75 to Rs. 13.44. Coals, though steady, looked heavy in the absence of any indication in the Railway budget of any hope of an improvement in transport facilities. The Government's inclination to increase the output target failed to encourage the sentiment, as the ability of the industry to increase production has been greatly curbed by the problem of accumulating stocks. Bengal and South Karanpura, however, gained, the former by Rs. 2 to Rs. 348 and the latter by 38 nP to Rs. 7.25.

Among Engineering shares, Braithwaite and Jessop stole the limelight, with gains of Rs. 4.75 and of Rs. 2.81 to Rs. 56.87 and Rs. 25.62, respectively. Christien Mica, among Minings, rose from Rs. 11.62 to Rs. 12.25, and Dalmia, in Cements, improved from Rs. 13.37 to Rs. 13.75. Calcutta Chemical gained 25 nP further to Rs. 17.50 and Bengal Chemical Re. 1 to Rs. 105. Improvement from Rs. 10 to Rs. 20.25 highlighted the trading in the Miscellaneous section, where Hindustan Gas recovered from Rs. 23.94 to Rs. 25.25, Gwalior Rayon added Re. 1.75 to Rs. 56, Hindustan Aluminium looked up from Rs. 15.37 to Rs. 16.87 as did J.K. Synthetics from Rs. 14.81 to Rs. 16.25. Phillips India moved down from Rs. 35.94 to Rs. 33.87 and N.I. Cable from Rs. 43.37 to Rs. 42.87. Among Oils, Indo-Burmah gained 69 nP to Rs. 29.06. Paper shares were well supported, I.P. Pulp gaining Re. 1.75 to Rs. 21, Straw Products 37 nP to Rs. 10.12 and Titaghur 63 nP to Rs. 42.25. Encouraging corporate news kept Jayshree in demand in the textiles section, and the shares gained by 91 nP to Rs. 17.78. But Bharat Commerce lost 31 nP to Rs. 28.31 and Elgin 25 nP to Rs. 22.69 on realising. Rise in Dyer Meakin from Rs. 46.50 to Rs. 47.37 was the only feature in an otherwise dull section. Tea shares were generally neglected.

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A few bright spots featured trading in a steady market in Madras, where Plantings were neglected and Sugars were dull. Buckingham and Carnatic were conspicuously firm and closed with a gain of Rs. 23 at Rs. 290. Bangalore Woollen followed close, with a rise of Rs. 17 to Rs. 257. Lakshmi and Coimbatore Cotton, among other Textiles, suffered from Rs. 169 to Rs. 166 and from Rs. 216.50 to Rs. 215 on scattered selling. After initial easiness, Travancore Rayon looked up to Rs. 43.80 against Rs. 43.25 a week before and South India Viscose recovered to Rs. 182.50 against Rs. 180.50. Among Sugars, E.I.D. continued to evoke support and closed one point higher at Rs. 39.50.

CAPITAL MARKET NEWS

NEW ISSUES

Elecon Engineering Company Limited, Vallabh Vidyanagar, Gujarat, which was converted into a private limited company two years ago from a 10-year partnership firm and became a public limited company last year, will enter the market on 2nd April to raise Rs. 29.50 lakhs in equity shares of Rs. 100 each by way of public subscription. The lists close on 7th April, or earlier, but not before 4th April. Out of its authorised equity capital of Rs. 1 crore, Rs. 10 lakhs has already been issued and paid up. The Company proposes to issue additional capital of Rs. 50 lakhs, of which the Directors and their friends will take up Rs. 13.10 lakhs, the Company's foreign collaborators Rs. 2.40 lakhs, and the Life Insurance Corporation of India will be given firm allotment of Rs. 5 lakhs in consideration for having underwritten the public issue for a like amount. The entire public issue has been underwritten. In addition to the L.I.C., the Investment Corporation of India has agreed to take up Rs. 7 lakhs, the Central Bank of India Rs. 5 lakhs, the Devkaran Nanjee Banking Company Rs. 5 lakhs, the Bank of India Rs. 3 lakhs and six stockbrokers Rs. 9.50 lakhs.

Exclusively engaged in the manufacture of mechanical handling equipment such as bucket elevators, belt conveyors, screw conveyors, gravity roller conveyors, etc., the Company has its works situated in Goregaon, suburban Bombay. It has received industrial licences to manufacture conveyors and elevators worth Rs. 12 lakhs a year, 2,400 units of worm reduction gears a year and troughing idlers, return rollers, belt conveyors, etc. The manufacture of conveyors and elevators is already being done at the Bombay works, and the turnover last year was Rs. 21 lakhs. To undertake production of other items, the Company has put up another factory at Vallabh Vidyanagar, Anand. It has also been licensed to expand its gears' capacity to Rs. 25 lakhs, conveyors' capacity to Rs. 50 lakhs and troughing idlers' capacity to Rs. 25 lakhs. It has secured the collaboration of Spencer (Melksham) Ltd., England, for troughing idlers, return rollers and belt conveyors and of Alfred Wiseman and Company, Birmingham, England, for worm reduction gears up to 10½" size. The latter company is also collaborating financially as mentioned before.

The Company has installed its own diesel set for supplying 100 kw. of power at Vallabh Vidyanagar. It has also been assured of immediate supply of 200 kVA out of the sanctioned quantity of 700 kVA by the Gujarat State Electricity Board, and the balance would be available by the end of this year. Five factory sheds at Vallabh Vidyanagar have been completed and two more are expected to be ready by May this year. The factory has already commenced production of mechanical handling equipment and would manufacture reduction gears in July-August this year.

The Company's turnover at its Bombay works rose from Rs. 3.74 lakhs in 1957 to Rs. 21 lakhs last year. Along with the Anand plant, it is expected to rise to Rs. 60 lakhs this year and to Rs. 120 lakhs next year, when the new plant will work at full capacity. The Directors are hopeful of recommending the maiden dividend for 1963. The Company has secured Rs. 12-lakh foreign exchange loan and Rs. 8-lakh rupee loan from the Industrial Credit and Investment Corporation of India, and a medium-term loan of Rs. 10 lakhs from the Bank of India. The outlay on the expansion plans is estimated at Rs. 1 crore. Mr. Nanubhai B. Amin is the Chairman of the Company.

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SLM-Maneklal Industries Ltd., promoted by T. Maneklal Manufacturing Company, Ltd., Bombay, will be in the market some time in the middle of next month to raise Rs. 34.30 lakhs in equity shares of Rs. 100 each way of public subscription. The Company has an authorised capital of Rs. 1 crore, divided into 80,000 equity shares and 20,000 preference shares. It has been authorised to issue equity shares. It is reserving 10,000 shares for its foreign collaborators, Swiss Locomotive and Machine Works, Winterthur, Switzerland. It also proposes to offer 20,000 shares to those shareholders of T. Maneklal whose names appear in its register on 14th April. The allotment to those shareholders is expected to be on the basis of one share for one share held, subject to the discretion of the Directors of SLM-Maneklal. The Directors and their friends are to subscribe for 15,700 shares.

The Company will manufacture diesel engines of 163 H.P. to 655 H.P. The initial output will be 45 engines per year, to be raised to 75 units per shift progressively over three years. It will also produce blowers, watering pumps and compressors. The factory will be located at Vatva, Ahmedabad. The capital outlay on the project is estimated at Rs. 80 lakhs and will rise to Rs. 1 crore as the phased manufacturing programme is completed.

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Another company to be in the market next month is **Zenith Lamps and Electricals Ltd.**, Madras. It has an authorised capital of Rs. 1 crore, of which Rs. 80 lakhs is in equity shares of Rs. 10 each and Rs. 20 lakhs in 9.3 per cent, taxable, cumulative redeemable preference shares of Rs. 10 each. It proposes to issue equity capital of Rs. 20 lakhs and preference of Rs. 5 lakhs. The Directors and their friends will take up half the issued ordinary capital, and the balance of Rs. 10 lakhs, along with Rs. 5 lakhs preference, will be offered to the public.

The Company has a Rs. 75-lakh project for the manufacture of fluorescent tubes, GLS lamps, mercury vapour lamps, infra-red lamps and projection lamps in technical collaboration with a Hungarian firm. The plant will have a capacity of 1.2 million fluorescent lamps a year on a single-shift basis, which will be equivalent to the total production of such lamps in the country last year. Demand for these lamps is expected to rise to 6 million in 1965. The outlay on land and buildings will be Rs. 7 lakhs and on plant and machinery Rs. 37 lakhs. The Madras Industrial Investment Corporation Ltd. has assured the Company of loans and credits of the order of Rs. 28.50 lakhs.

RIGHTS ISSUES

The Directors of **Bowreah Cotton Mills Company Ltd.** have decided to issue rights shares at par in the proportion of four new equity shares of Rs. 10 each for every 10 equity shares held. This will raise the issued equity capital from Rs. 24 lakhs to Rs. 33.60 lakhs. The Company has also issued preference capital of Rs. 6 lakhs. For the year ended 31st December 1961, the Directors doubled the taxable ordinary dividend to 20 per cent. It remains to be seen whether the same dividend would be maintained on the increased capital, if the rights issue is sanctioned this year.

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The **Rohit Mills Ltd.**, Ahmedabad, proposes to issue rights shares at par in the proportion of one equity share of Rs. 100 for every five equity shares held. This will raise the issued capital to Rs. 9.75 lakhs. For the year ended 31st December 1961, the Company earned a gross profit of Rs. 34.80 lakhs, which showed an improvement of Rs. 10 lakhs over the previous year. It proposes to maintain the ordinary dividend at the previous year's level of Rs. 10, subject to tax.

NEW ISSUES SANCTIONED

The Controller of Capital Issues has authorised six companies, including one public sector company and two private limited companies, to issue capital of Rs. 2.67 crores within 12 months. Given below are the details of the capital issues by the three public limited companies:

Synthetics and Chemicals Ltd., Bombay, with a subscribed capital of Rs. 4.50 crores in equity shares of Rs. 100 each, has been granted consent to issue further capital of Rs. 1.25 crores divided into 1,25,000 equity shares of Rs. 100 each for cash at a premium of Rs. 20 per share. The proceeds of the issue amounting to Rs. 1.50 crore would be utilised for financing the expansion from 20,000 tons to 30,000 tons per annum of synthetic rubber.

New Central Jute Mills Company Ltd., Calcutta, having a paid-up capital of Rs. 288.98 lakhs, has been accorded consent to issue debentures of the value of Rs. 80 lakhs, carrying interest at 6½ per cent per annum, to be pledged as security for a loan. The proceeds of the loan will be utilised partly for repayment of loan to the U.P. Government and partly for financing improvement and ancillary additions to the chemical fertiliser plant. The debentures will be issued to the registered holders only.

Nithyakalyani Textiles Ltd., Madras, has been granted consent to issue capital of Rs. 20 lakhs, consisting of equity shares of Rs. 16 lakhs and 9.5 per cent cumulative preference shares of Rs. 4 lakhs, for establishing a spinning mill.

NEWS IN BRIEF

THE question of acceptance by India of the recently concluded International Cotton Textile Agreement is still under consideration, according to Mr. Kanungo, Minister of Commerce.

Financial assistance to the tune of Rs. 37 lakhs has been extended by the U.S. Government to the Central Food Technological Research Institute, Mysore, for extension of the project on production of protein-rich foods.

Soviet Russia will buy 25 million lbs. of tobacco from India in 1962 and larger quantities in coming years. This was stated by visiting Soviet trade representative, Mr. Grazdev Trilee, at a meeting of the Indian Tobacco Association at Guntur last week-end.

The Government of India has sanctioned a loan of Rs. 66 lakhs to the Rajasthan Government for financing the Rajasthan Canal Project during 1961-62. A total loan of Rs. 19.95 crores has so far been sanctioned to the State Government since 1957-58 for this project.

A loan of Rs. 2.11 crores has been granted by the Government of India to the Uttar Pradesh Government for financing expenditure on the Rihand Project in 1961-62. The total loans sanctioned since 1954-55 to the State Government, including the current loan, for this project amounts to Rs. 27.97 crores.

The State Trading Corporation has decided to import Rs. 9 lakhs worth of pharmaceuticals and chemicals from Poland during the current year, including Rs. 2 lakhs worth of antibiotic preparations. An agreement to that effect was recently concluded between the Polish Chemical Export Organisation and the S.T.C.

The Sikkim Mining Corporation, a joint venture of the Sikkim Durbar and the Government of India, will commence large-scale production in August next. On the basis of a project report prepared by the Indian Bureau of Mines, the Corporation has commenced work on a small-scale for the exploitation of the copper, lead and zinc deposits in Bhotang and other places in Sikkim.

The Government of India has decided that the operation of the shipyard in Goa should be resumed as early as possible. The Mazagon Dock Company, which is a Government undertaking, has been asked to run the shipyard. Meanwhile, the Goa Administration has appointed a custodian for the shipyard and the employees of the shipyard have been paid their wages for the months of December 1961 and January 1962.

The first of the five units of the thermal power station at Neyveli in Madras State will be commissioned towards the end of next month. Each unit will have a capacity to produce 50,000 kw. of power. The other four units are expected to start functioning by 1964. After meeting the requirements of the Neyveli lignite project, the surplus power available will be fed into the Madras grid.

The National Coal Development Corporation has decided to set up six coking coal washeries during the third Plan period. These are to be at Kathara, Sawang, Chalkari, Ramgarh, Sudamdih and Jhilimili and one mixed coal washery at Karanpura. The total production of washed coal at present is about four million tons per annum. The aggregate requirement of washed coal is estimated at 15 million tons.

India and the U.S. have reached a general agreement to increase the air services between the two countries. Under the agreement, Air-India will be allowed to increase its North Atlantic air services to New York from five to seven flights weekly. At the same time, the two U.S. Flag airlines serving India—Pan American and TWA—will be allowed to increase their flights to that country from a total of six per week to ten.

An Association, styled the Western India Shippers' Association, will shortly be launched in Bombay with the object of bringing together shippers in various parts in Western India for a mutual discussion of various problems affecting shippers with particular reference to exports and for securing organised action on all points of difficulties experienced by shippers in effecting exports, inter alia, bearing on shipping freight, availability of shipping space and regularity of shipping service.

The Government of Maharashtra is considering the development of petro-chemical industries in areas near Bombay. A plan for such development has already been chalked out. It is felt that such petro-chemical industries, which obviously relate to the refineries at Trombay, will establish a close contact with the refineries for their proper working more particularly with regard to the various gases and liquid hydro-carbons to be used as raw materials.

An educational allowance of Rs. 15 per child for secondary and higher secondary classes and Rs. 10 for primary classes, subject to a total of Rs. 50 per month, has been granted to every Central Government servant drawing Rs. 349 or below per month, with effect from the 1st inst. Such allowances are admissible if the child studies in any recognised school away from the station at which the employee is posted and/or is residing. This scheme is expected to cost Rs. 50 lakhs per annum.

The Oil and Natural Gas Commission had drilled 58 wells upto the end of 1961. Of these, 32 wells proved to be oil-bearing, 10 gas-bearing and only eight were dry. The remaining eight wells were still under test. In Ankleshwar, 26 wells were drilled, of which 21 yielded oil. Of the 21 wells drilled in Cambay, six were oil-bearing, eight gas bearing and four were under test. But in the Punjab, two of the four wells drilled proved dry. One well was gas-bearing while another was under test.

An agreement between the National Coal Development Corporation and 'Tjazhpromexport' of Soviet Russia for the setting up of a coal washery at Kathara in Bihar was signed at Ranchi on Monday this week. Under the agreement 'Tjazhpromexport' will prepare a detailed project report and working drawings for a coal washery at Kathara with a capacity of three million metric tons. The washery will supply washed coal to steel plants including the proposed plant at Bokaro, about 15 miles from the washery site.

Negotiations are in progress with the Soviet Union for the import of 100 megawatt power generators for installation in India, according to Mr. Jaisukhlal Hathi, Deputy Minister for Irrigation and Power. A technical team has proceeded to Russia to conduct negotiations and also ascertain whether the generators are cheap and technically suitable to Indian requirements. According to the present proposal, four units of these generators will be imported. Three of them are proposed to be installed at Pathratu in Bihar and the fourth at Neyveli in Madras.

An agreement covering a loan of Rs. 256.8 crores to India from the sale proceeds of agricultural commodities supplied to this country under the fifth U.S. Public Law 480 agreement, which was concluded in May 1960, was signed at New Delhi on the 26th inst., by Mr. L. K. Jha, Secretary to the Union Ministry of Finance, Department of Economic Affairs, and Mr. John Kenneth Galbraith, U.S. Ambassador to India. The loan will be utilised by India to meet the local currency costs of many economic development projects, including hydro-electric and thermal power stations such as Sharavathi, Cambay, Bandel, Amlai and Talcher.

Three refresher training courses for engineers of Central and State Governments, semi-Government bodies and private concerns have been organised at the Forest Research Institute, Dehra Dun, by the National Buildings Organisation of the Union Ministry of Works, Housing and Supply, in timber engineering and technology since the winter of 1959-60. A total number of 34 engineers has attended these courses, which are held annually and are of four to six weeks' duration. These courses help engineers not only to acquire a better knowledge of the properties, advantages and limitations of wood and wood products, but also to keep them fully acquainted with the latest materials and timber engineering techniques, enabling them to utilise the existing sources of timber in the country most suitably and to the best of advantage.

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From Abroad

A 16-mile-long plastic pipeline has been laid in Yugoslavia to bring milk daily from the mountain areas of Nova Gorcia in Slovania to a dairy at Tolmin.

France had a trade surplus of NF 714 million in 1961, exports aggregating NF 26,352 million and imports NF 25,638 million. Exports covered imports by 103 per cent in 1961, as against 99 per cent in 1960 and 71 per cent in 1957.

The population of Japan in October 1961 was 94.28 million (46.30 million males and 47.98 million females), representing an increase of 870,000 in one year. But the growth-rate at 0.93 per cent was lower, compared with an average annual increase of 1.17 per cent over the ten-year period from 1950 to 1960. The population density was 255 per square kilometre.

The total value of 74 items now being held in U.S. stockpiles, is estimated at $7,000 million. In terms of quantity, manganese accounts for 9.1 million tons (including surplus of 2.3 million tons), aluminium 1.9 million tons (surplus 729,000 tons), tin 349,000 tons (164,000 tons), copper 1.14 million tons (142,000 tons), rubber 1.09 million tons (342,000 tons), zinc 58 million tons (1.4 million tons) and lead 1.3 million tons (1 million tons).

The Common Market European Development Fund proposes to finance a $1.8-million rural development programme in the Casamance region of Senegal. The project will include the creation of 10 rural development centres, 14 fish processing establishments and a rice research station. Altogether, with this latest outlay, the E.D.F. will have spent about $7 million on investments in this area. Among other E.D.F. investments announced by the Commission last week is a $632,000 project for constructing a national agricultural school at Palimse in Togo and another of $1.1 million for establishing a scientific and biological research institute in the Ivory Coast.

PERSONAL

MR. Shriyans Prasad Jain, Chairman, Dhrangadhra Chemical Works, and Mr. Lala Bharat Ram, Chairman of Delhi Cloth and General Mills, have been elected President and Vice-President, respectively, of the Federation of Indian Chambers of Commerce and Industry, for the year 1962-63.

Mr. Edwin Bernet has been appointed head of Ciba of India Ltd., *vice* Mr. Enrico Arbizzoni, who is retiring at the end of this month after spending 38 years in India.

Mr. Escott Reid, a former Canadian High Commissioner to India, has been appointed a consultant on the staff of the World Bank. He will take up his duties in July 1962.

Mr. A. S. Bam, Chairman of the Central Tea Board, has left for New York. He is leading a delegation to the U.S., Canada, the U.K. and Europe for exploring possibilities of expanding tea exports.

Mr. George D. Woods, Chairman of the Board of the First Boston Corporation, New York City, and Director, Industrial Credit and Investment Corporation of India Ltd., has been elected a Director of Kaiser Industries Corporation.

Mr. A. C. Khanna, Chairman of the Britannia Biscuit Co. Ltd., Calcutta, and Mr. P. Mohanlal of the Parle Products Manufacturing Co. Pvt. Ltd., have been elected President and Vice-President, respectively, of the Federation of Biscuit Manufacturers of India for the year 1962-63.

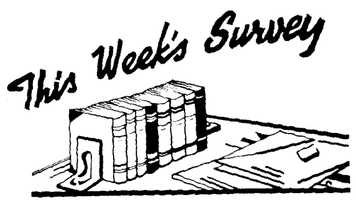
Mr. J. A. Banks and Mr. W. G. N. Geddes, consulting engineers of Babtie Shaw and Morton, Glasgow, have arrived in New Delhi for talks with Government of India officials in connection with the consultancy contract for the Cochin shipyard. Mr. Geddes was a member of the British Shipbuilding Mission which visited this country in 1957 to advise the Government of India on whether a second shipyard should be built.

Mr. John T. Connor, President of Merck and Company, Inc., of Rahway, New Jersey (U.S.), Dr. Antonie T. Knoppers, President of Merck Sharp and Dohme International and Mr. Huskel Ekairele, Chairman of the Board of Merck Sharp and Dohme of India Ltd., have arrived in Bombay in connection with the inaugural ceremony of the streptomycin plant of the Hindustan Antibiotics Ltd., Poona. Merck and Company has provided streptomycin patents and know-how for the new plant, in addition to technical assistance.

Japan's gross national product in the fiscal year 1960 amounted to Y14,664,900 million, per capita income being Y126,594. Reflecting the extraordinary business prosperity in fiscal 1960, Japan's economic growth rate that year was 16.6 per cent nominally and 13.2 per cent in real terms, after adjustments taking in the rise of commodity prices had been made. The combined economic growth rate of Japan during fiscal 1959 and 1960 was a phenomenal 41 per cent—an expansion rate unique in historical annals of the world. The major factors contributing to this economic growth rate were 41.4 per cent increase in equipment investment industries, the 11.9 per cent rise in individual consumption and the 24.1 per cent increase in the construction of private residences. On the other hand, while exports increased by 12.8 per cent, imports also rose by 20 per cent, indicating that the international payments balance a contributing factor in the nation's economic growth rate in 1960, had shrunk to one-fifth of that of the preceding year.

Approximately 400 leading textile industrialists from all over the world are expected to attend a congress organised by the International Federation of Cotton and Allied Textile Industries at Deauville in France from 17th to 23rd June next. The main theme of the Congress will be technical progress and textile marketing. The Congress will hear an address by an eminent French speaker and Dr. Dieterich, in his presidential address, will deal with more general political and economic developments in so far as they affect the cotton and allied textile industries of the world.

After nearly one year's study, including visits to the United Kingdom, Europe, the United States and Japan, the wool marketing inquiry committee in Australia has tabled its report to Parliament. In January 1961, the Australian Prime Minister (Mr. Menzies) set up the committee under Sir Roslyn Philip, a Queensland judge, to inquire into the present systems of marketing and of promoting the sale of the Australian wool clip and also to report on the merits of any other systems. The report recommends no immediate fundamental changes in the auction system of selling (which accounts for 94 per cent of the clip), but does suggest that the system might be improved. It also suggests that a permanent new body of eight people called the Wool Commission should investigate matters for further study. Three new divisions under the Wool Commission are recommended: a promotional division (to replace the present Australian Wool Bureau), a research division (to replace the present Australian Research Committee) and a new marketing division. The Committee found that the wool-growing industry lacked a central organisation for the diverse interests of wool production, marketing, promotion and research. A reserve price scheme has been rejected but the report suggests that price fluctuation could be modified by regulating supplies to meet demand, although production cannot be controlled in Australia.



COAL INDUSTRY

THE coal industry is expected to produce in the second year (1962-63) of the third Plan as much as 68 million tonnes in both the private and public sectors in accordance with the phased programme drawn up by the Coal Controller. This will mean an increase of about 13 million tonnes over the estimated production of 55 million tonnes in 1961-62, that is, the first year of the current Plan. As far as the private sector is concerned, its share of the required increase in production would be possible of achievement if a sound coal policy, broadly on the lines suggested in the recent speech of the Chairman of the Indian Mining Federation, is evolved and implemented without further loss of time, vide our leading article entitled "The Coal Question" in our last issue. The case for such a policy, it would appear, is unassailable now in the light of the speech of the Chairman (Mr. Pran Prashad) of the Indian Mining Association, another representative organisation of the coal industry, at its annual general meeting held at Calcutta on 23rd March. As the representations made on behalf of both organisations are generally alike, it may be taken that the coal industry has spoken with one voice on what needs to be done to quicken the tempo of production, especially in the private sector.

Although the points dealt with in Mr. Pran Prashad's speech and the arguments advanced are generally the same as those which figured in the speech of the Chairman of the Indian Mining Federation, there are at least three aspects which have received particular emphasis in the former's speech. One of these pertains to foreign exchange. It is gratifying to know, in this connection, that 200 expansion projects of individual collieries have already been scrutinised by the Government and that the Screening Committee set up in terms of the World Bank Loan Agreement to examine applications for import licences is expediting its work. But the import licences for coal mining machinery, equipment and spares, even if they are quickly issued, will cover only Rs. 17 crores represented by the World Bank loan to the private sector of the coal industry. While this amount will take care of the foreign exchange requirements of certain new mines for the entire third Plan period, the industry's needs for expansion, replacement and spares will be met only up to the middle of 1963. The foreign exchange needs of the industry beyond that date are estimated at Rs. 11 crores—an amount which the Government has undertaken to provide separately. But, unless steps are taken here and now to enable the industry to raise the rupee resources required for expansion, no early benefit will accrue either from the World Bank loan or from the allocation of foreign exchange by the Government. The question of coal price revision is, therefore, of immediate importance. A cognate problem here is the obstacle faced by collieries in raising funds from bankers and credit institutions because of the restrictions on transfer or mortgage of coal leases under the Mineral Concession Rules as applied to pre-1949 leases. This obstacle would also have to be removed soon, if the expansion projects of individual collieries are not to be held up for want of matching rupee finance at a time when foreign exchange resources are available for utilisation.

Another problem referred to in Mr. Pran Prashad's speech is the delay in the construction of Central Ropeways, for transporting sand to and from the river bed to the collieries for stowing purposes. It is said that there are several hundred million tonnes of coal standing in the form of pillars in the Jharia and Raniganga coalfields. Such coal could be readily extracted only with stowing, and hence the importance of the ropeways. But the Coal Board's project for constructing ropeways, it is distressing to hear, continues to lag behind the schedule laid down some years ago. It is doubtful whether the proposed ropeways will be commissioned even by the middle of 1964. If this crucial project is not expedited somehow, there is the risk that the tempo of expansion in the industry will be retarded.

The only heartening feature of the situation in the coal industry is that labour-management relations seem to be more cordial now. Mr. Pran Prashad's reference to this aspect is a significant pointer to the trend of bipartite negotiations without the necessity of State intervention. Already the conclusion of a bipartite agreement in the last year on the vexed question of contract labour—a question which had been pending since 1956 and which had excited strong feelings on either side—has paved the way for settlement of other outstanding issues on a cordial bipartite basis. If, at the same time, more expeditious steps are taken to meet all the practical requirements for expansion, the coal industry can be depended upon to deliver the goods.

THE CAUSES OF POVERTY

The poverty of national communities, as distinct from that of individual persons, continues to be a subject of anxious debate throughout the world. But enlightened opinion is by no means unanimous either on its nature and symptoms or on the causes thereof. That there is to date no generally acceptable diagnosis of poverty will be seen from the U.S. Ambassador, Mr. J. K. Galbraith's address on "The causes of poverty," delivered at the Gujarat University (Ahmedabad) on the 23rd inst. The address is brief but pregnant and comes straight to the subject with the sparkling observation that poverty has always been thought of as a "disease" but has never been diagnosed as such. In the absence of a clinical diagnosis of nation-wide poverty, there has been current all along only a variety of assumptions as to the causes of privation and stagnation. Mr. Galbraith has categorised in this connection as many as nine "assumed" causes of poverty, which are given below:

(1) The country is poor, because the people are easy-going, idle, unreliable or unambitious.

(2) The country has been kept in poverty by its colonial oppressors.

(3) Poverty is the result of class conflict and exploitation.

(4) Poverty is caused by ignorance.

(5) Poverty is the consequence of war, civil disturbances and misgovernment.

(6) Poverty is the result of insufficient capital.

(7) Overpopulation is a cause of poverty.

(8) Backwardness is a cause of poverty.

(9) People are poor because the country lacks natural resources.

There is an element of truth in each one of these assumptions and the explanations based on them, but not all of them are fashionable or wholly valid. For instance, the first explanation is highly unfashionable now. The second one continues to be somewhat fashionable, though it has increasingly to contend with the fact that in many parts of the world colonialism has come to an end. Nevertheless, if poverty continues, and promises to continue for a long while in these countries, it is because of centuries of colonial rule. The third explanation, which is more fashionable, has behind it a formidable apparatus of dialectic and analysis. But, in the opinion of Mr. Galbraith, one cannot always identify the exploiters. For instance, in India and Pakistan there are millions of small landowning peasants who are very poor and whose poverty is unrelated to enrichment of any landlord, tax-collector, usurer or other visible oppressor. The fourth explanation that poverty is caused by ignorance does not explain much, for there is still the question why some peoples have remained illiterate. As for the fifth explanation, it too does not explain much, for there are some well governed and stable countries—India is a case in point—which are also poor. The sixth explanation that poverty is the result of insufficient capital is, according to Mr. Galbraith, almost a cliche. While he concedes that capital is what rescues a poor country from poverty, there is still the question why some countries, having rich sources of oil or other revenues for investments, continue to be poor. The explanation that overpopulation is a cause of poverty is not accepted by Mr. Galbraith as quite valid, for it is replete with contradictions. For instance, the Netherlands and Belgium have a dense population and high living standard, whereas the people of the Arabian peninsula are few and poor. In regard to the eighth explanation that backwardness is a cause of poverty, Mr. Galbraith says that advanced technology cannot rescue a people from the privation associated with primitive methods of agriculture and industry in the absence of two pre-conditions, namely, education and technical training and availability of capital. The last explanation, too, is not wholly valid, for there are several regions which, though not lacking in natural resources, continue to be poor.

Although Mr. Galbraith thus comes to the conclusion that none of the commonly ascribed causes of poverty can be entirely accepted, he does concede that none can be entirely dismissed either. His own view of poverty is that its causes are extremely varied and are unlikely to be the same in any two cases. What is called for is a "clinical" diagnosis appropriate to each case. Remedies prescribed in the absence of such a specific diagnosis will have no relation to cause. The task in attacking poverty, on the other hand, is to relate the remedy to the contributing causes in the particular situation. If diagnosis is half the cure, then it must be sound and reliable. The point that Mr. Galbraith seeks to convey most emphatically is contained in these words: "We must now and promptly abandon the assumption that there is a single explanation with its fatal presumption that there is a single remedy." This is a conclusion which is at once logical and perceptive—the very opposite of a "bold generalisation" calculated to save people from thought. It is difficult to disagree with Mr. Galbraith in his objective analysis.

PLANNING AND DICTATORSHIP

What is it, economic planning or the lack of it, that leads to authoritarianism in underdeveloped countries? Answering this poser at a Press Conference at Ahmedabad this week, Prof. J. K. Galbraith, the U.S. Ambassador to India, observed that lack of planning in developing countries carried a greater risk of authoritarianism than proper planning. Expressing his views "as an economist" on the fear expressed in some quarters in this country that, with the present tempo of planning, the country was likely to slip politically into an authoritarian regime, Prof. Galbraith remarked:

"One of the remarkable things about our time is the number of things which people will tell you lead to authoritarian regimes, the number of things which are assumed to be dangerous. Planning, public ownership, agricultural price support, trade unions, and large corporations have been accused by different sections of people at different times of leading to authoritarianism. Indeed, I have the impression that whenever somebody wants to denounce something, he says that it is likely to lead to authoritarianism. My own view is that, if the spirit of democracy is deeply implanted in the minds of peoples and in their institutions, if people have a democratic instinct and are committed to constitutional government, that is the important thing. I would even go so far as to say that a country, which has the problem of lifting itself from poverty, providing a better life for its people, is probably running a greater risk of authoritarianism, stemming from discontent, without planning than with proper planning of its resources."

Recent happenings in Asia, Africa and Latin America provide ample evidence to support this conclusion. Country after country in Asia has gravitated to dictatorship of one form or another, not because of sound planning and its effective implementation but because of lack of proper planning and the consequent failure to raise the standards of living of the people and the bungling of politicians. Anyone who looks around Asia and compares the position of India's neighbours with that of India will readily admit that ten years of planned economic development in India has, despite its imperfections, strengthened the democratic forces, instead of weakening them. There is little evidence in history of a country having become authoritarian through planning; on the other hand, total planning and regimentation invariably followed the establishment of dictatorship which came as a sequel to the failure of the rulers to ameliorate the living conditions of the people. Planning, stated simply, is the application of reason in the ordering of the economic affairs of a nation and involves nothing more than the allocation of scarce resources to the most optimum use. That the Tories of Britain, who have been traditionally champions of *laissez faire*, are gradually taking to planning is testimony to the fact that planning, in a democratic framework, if properly done and efficiently implemented, could maximise economic welfare *without* endangering the fundamental freedoms.

BISCUIT INDUSTRY

The growth of biscuit industry in the post-war period has been retarded by several adverse factors like the high cost of raw materials, rather limited domestic demand and severe competition in export markets. The industry, however, appears to have just turned the corner, presumably as a result of the growth in domestic consumption of biscuits and the relative stability in the price of raw materials like wheat and hydrogenated groundnut oil. The prospects for the industry are also quite bright. As pointed out by Mr. A. C. Khanna, President of the Federation of Biscuit Manufacturers of India, at the annual meeting of the Federation held at Delhi last week-end, there is no doubt that the consumption of biscuits will substantially increase in the wake of the expected rise in the standard of living during the third Plan period and the growth in urban population. The present annual *per capita* consumption of biscuits in India is only 0.10 lb., which compares very unfavourably with over 20 lbs. each in the U.S. and the U.K. Viewed against this background, Mr. Khanna's plea to biscuit manufacturers to prepare themselves for long-term planning sounds quite timely and appropriate.

There are 40 units engaged in the manufacture of biscuits in the organised sector, with an aggregate installed capacity of about 31,000 metric tonnes on a single-shift basis. It is encouraging to find that the idle capacity in the industry has been declining quite fast on account of steadily increasing production. The total production in the organised sector is estimated to have gone up to about 26,000 tonnes in 1961, which compares well with about 22,000 tonnes in 1960 and about 15,000 tonnes five years before. Mr. Khanna observed, in this connection, that the increase in production in 1961 was achieved by working several factories on more than one shift and some others to the maximum capacity. He was of the opinion that existing units were capable of fulfilling the modest expansion target of about 10,000 additional tonnes envisaged in the third Plan. He therefore took exception to the licensing of a new major unit in Madras recently. Mr. Khanna's objection, however, does not seem to be very convincing. The licence granted to a Madras firm to set up a plant (with a capacity of about 10 tonnes per day), presumably is based on two considerations. In the first place, in the whole of South India, there is no major biscuit manufacturing unit as of today. The new unit may be able to cater to the regional demand. Secondly, since the proposed firm has secured foreign collaboration, the scheme does not involve much expenditure of foreign exchange. In fact, a unit with foreign collaboration deserves to be welcomed, in that it will be in a position to introduce efficient production techniques, which, in turn, will provide scope for exports of its products to highly competitive world markets.

If Mr. Khanna's contention is that the new unit will aggravate the shortage of certain raw materials and packing materials, etc., the industry has a right to get its grievances redressed by the Government. He mentioned, in this connection, that, from early 1961, the value of import licences for some of the industry's requirements was reduced, although the output has been increasing. He therefore appealed to the Government to grant import licences to the industry on the basis of actual consumption. The industry is, of course, much more concerned over the restriction on imports of machinery required by it for modernisation. Mr. Khanna observed that the industry would require Rs. 40 lakhs of foreign exchange for the import of machinery for the present. In order to meet this requirement, it is essential to explore the possibilities of encouraging the manufacture of machinery within the country. For the time being, however, the Government will do well to come to the aid of the industry by giving licences for imports of machinery. The industry, it may be noted, has to compete in world markets with products coming from advanced countries, which have even adopted techniques of automation in the manufacture of biscuits.

CONFECTIONERY

The third Five-year Plan contains a production target of 25,000 tons for the confectionery industry (including 5,000 tons for the unorganised sector), to be achieved by 1965-66. Although the target is nearly double the actual output of 13,000 tons in 1960 (end of second Plan), it is not beyond the reach of the industry, provided the industry can get adequate supplies of essential raw materials and wrapping paper. Indeed, given these prerequisites and other things remaining favourable, the industry, as Mr. A. L. Goenka, the retiring President of the Indian Confectionery Manufacturers Association, said in his speech at the annual meeting of the Association held at New Delhi on the 23rd inst., may well be able to achieve the target even earlier than 1965-66 as it did in the second Plan period; the actual production in the organised sector even in 1957 was higher than the target of 10,000 tons fixed for 1960-61. This assessment is based on three grounds. In the first place, the aggregate installed capacity of the 44 organised units at present, even on single-shift basis working eight hours a day, is 52,000 tons which is well above the third Plan target of 20,000 tons. Secondly, most of the existing units have expanded their capacity by the installation of modern and up-to-date plants. Finally, technical knowledge and skill have kept pace with expansion, so that the industry can be said to be in a position today to produce quality goods which stand a favourable comparison with those of any other advanced country.

While the confectionery industry has thus witnessed notable development in recent years, there is considerable idle capacity, estimated at as high a level as 70 per cent. Drawing attention to this aspect, Mr. Goenka said that the capacity of 52,000 tons included a very large portion for production of unwrapped sweets, the market for which had been captured by hand-made confectionery, in view of its cheapness. Consequently, the organised sector of the industry, he added, had now to cater mainly to the demand for wrapped goods such as toffees, soft-centred sweets and hard boiled wrapped goods, so that most of the machinery installed for the manufacture of unwrapped goods was lying idle. "This," to quote him, "pushes up overhead expenses and reflects on the cost of production, which, coupled with the high cost of various raw, packing and wrapping materials, results in the high prices of confectionery." Emphasising that the masses in India could ill-afford to purchase, with their very limited resources, quality confectionery at the present high prices, Mr. Goenka declared that a substantial increase in demand (indigenous and export) for quality goods was possible only by a drastic reduction in prices. And he indicated how such a reduction could be brought about. The specific suggestions he put forward were as follows:

Supply of sugar, the basic raw material, at subsidised prices or, in the alternative, exemption of sugar utilised in confectionery production from all internal taxes as is the practice followed in several other countries.

Import licences for printed waxed paper, high speed twist wrapping machines and such other wrapping machinery, and machinery for replacement of worn-out plants, as well as for modernisation.

Export promotional steps like concessional ocean freight rates and elimination of procedural delays through amalgamation of various concessions (rebate on tin plate, railway freight rebate, sugar subsidy and drawback of excise and import duties on raw materials, etc.

Immediate and effective enforcement of the provisions of the Food Adulteration Prevention Act.

Adequate railway booking facilities.

There is, of course, nothing new in the aforesaid suggestions which are a mere repetition of what had been stated in the presidential addresses at the annual meetings of the Confectionery Manufacturers Association for some years now. But, by highlighting them again, Mr. Goenka has only indicated that the repeated requests of the industry for relief have not been of much avail so far. There is at least one suggestion which deserves to be implemented, namely, remission of all taxes in respect of sugar consumed by the confectionery industry. The grant of such a remission does not entail much loss of revenue to the Central and State Exchequers; taking industry's requirement of sugar as 7,000 to 8,000 tons, the actual annual loss of revenue comes to no more than Rs. 22-23 lakhs in the case of excise duty and Rs. 3-4 lakhs in respect of cane cess. The Governments should not grudge this relief, considering the fact that hygienically produced quality confectionery is of great nutritional value and that the industry provides gainful employment to a large number of people.

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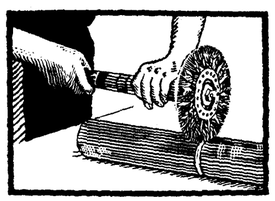

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F.I.C.C.I. COVERS FAMILIAR GROUND

TOO MUCH PREOCCUPATION WITH GOVERNMENTAL POLICIES

(From Our Special Correspondent)

NEW DELHI, *28th March*

DELHI LETTER

THE private sector's role as critic of the Government's failures in planning was the outstanding feature of the thirty-fifth annual session of the Federation of Indian Chambers of Commerce and Industry and the subsequent meeting of the Central Advisory Council of Industries this week. Over the last decade, the two sectors have come much closer together and there has been a broad understanding of their mutually complementary roles in industrial development. Just as the public sector has realised that it cannot by itself accomplish many things, the private sector has found that the Government's investment in power, transport, agriculture and irrigation and in the social overheads like health and education were all necessary to its own growth. The revised Industrial Policy Resolution of 1956 has on the whole worked well and liberal interpretation has enabled the private sector to secure a foothold into reserved fields like the fertiliser industry. Licensing policy for industry may give some headaches but no one has been able to say how it could be dispensed with altogether (though it could be speeded up considerably) under planning and rationing of foreign exchange for imports. Modification of some of the rigours of earlier taxation and provision of institutional financial and other assistance has also helped the private sector, so that the area of differences has been narrowed; and, except for variations of emphasis, the third Plan has been accepted as the best approximation to what both sectors would consider desirable and feasible.

Outspoken Criticism

Viewed in this context, the Federation's recent session may acquire some significance. There was much outspoken criticism in the outgoing President, Mr. Karamchand Thapar's address of the current shortcomings in coal and transport planning. Their details are now quite familiar to the public, having been repeated from the platform of almost every chamber of commerce and business association; that the shortcomings cannot be explained away or denied was also responsible for Mr. Nehru's ready acceptance of the charge as justified. The actual value of this victory can be known only in time. Will it lead to a re-examination of the basic assumptions behind coal and transport planning and to the entrustment of responsibility to more competent men? The next few weeks may provide a partial answer, or at least indicate the extent of the Government's earnestness about solving the problems.

Mr. Thapar was very outspoken on the subject of railway development, even to the point of exaggeration, when he said that we seem to be planning for a transport shortage; though very insufficient, the progress made by the railways cannot be wholly ignored, nor can it be said that the proposed outlay of Rs. 1,325 crores (and further additions now contemplated) could be further expanded indefinitely without affecting other sectors of the economy. Mr. Thapar, however, went on to suggest that it was always desirable to plan for "surplus capacity"!

There were other criticisms, too, from him about "conspicuous investment" when planning decisions are based on other considerations than economic and policy "gets biased or ceases to be straightforward"; he spoke of restraining the "power exercised by myriad functionaries in Government service" and of too many authorities dealing with different aspects of coal and working often at cross purposes. These remarks gradually led up to his concluding observation that it was in the "nature of Governmental activity to overstep the appropriate mark and overtake the field in which it cannot profitably function." Juxtaposed to this criticism was the list of virtues of the competitive system and Mr. Thapar was not apologetic about enumerating them. Being competitive, he said, the system was efficient and progressive; besides its record in industrial production, he claimed that the fruits have been distributed more widely, so that shareholding has broadened. Also pointing out that, while growth in size was a natural consequence of increasing efficiency in the private sector, Mr. Thapar suggested that a State monopoly (as in Russia) was bound to be wasteful and inefficient.

All these provoked no direct response from the Prime Minister who seemed in no mood for a polemical wrangle, but his answer was to reiterate the primacy of social justice under the Constitution and the mandate of the people who voted his party back to power. Warning against being carried away by cliches of either the Left or the Right, the Prime Minister remarked that a private monopoly was undemocratic and should be prevented. Such broad generalities obscured the fact that monopolies as such have not grown in this country to an extent which could justify the current obsession about curbing the size of units even at the risk of depriving them of the economies of large-scale production and competitive capacity in foreign markets. The public may well wonder whether much has been achieved by such parallel exercises in stating the respective points of view year after year at these meetings,

Inhibiting Effects

Although the discussions on the resolutions moved during the session covered current problems, they trod familiar ground since they related to coal and transport, the inhibiting effects of licensing regulations and import cuts, and, finally, to that hardy annual—the State Trading Corporation—which it seems will not be spared even after the favourable verdict of the Mudaliar Committee. By contrast, the luncheon sessions seemed more useful and impressive. Mr. G. L. Mehta tried to make businessmen turn inwards by telling them that they were on probation and had to render account and serve the consumer better. Mr. Martin Rosen of the International Finance Corporation pointed out the possibilities as well as the limitations of assistance from the Corporation to the private sector. Mr. Duckwitz, the West German Ambassador, painted a bright picture of his country's assistance to India.

Whether businessmen cannot do more to provide leadership to themselves and guidance to trade and industry might have been seriously considered. While relations with the Government will continue to be of primary interest, especially because of planning and regulation, they are not the only problems. Is there unutilised capacity which can be put to better use within the limitations of foreign exchange? Can anything more be done to substitute imported materials and components by indigenous ones? Can the cost structure be reduced at all? Is there scope for increasing the volume of employment in the short-term with available resources, so that social stability also can be strengthened? Besides incentives and tax concessions which have been demanded often, are there not many measures which the private sector can devise to increase exports and earn the foreign exchange which they need for their imports? Proper lead on these issues of economic policy would have been welcomed by public

(*Continued on page 546*)

ANNOUNCEMENT

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T. R. KRISHNASWAMI,
General Manager.

LONDON LETTER

THE GOLD POOL

(*From Our Own Correspondent*)

LONDON, *23rd March*

THE steps to strengthen the International Monetary Fund, following the Central Bankers Conference at Vienna last autumn, are now to be paralleled by the setting up of an International Gold Pool. The purpose in both cases is the same. In a world in which it is desired to leave speculators in currency and gold free, the authorities, who have a vested interest in order and stability must adopt protective devices, otherwise they become the victims of speculation. The best recent example of that speculation in gold was eighteen months ago, when the pressure from private holders on the free gold market forced the price up from around the normal $35 per ounce to over $40 per ounce. At that time, the Bank of England was not prepared to commit its own stock unsupported to kill speculation and at first the Federal Reserve System did not want to do anything. Ultimately, the U.S. authorities agreed to come in and, by freely supplying the market, the price was forced down and the speculation came to an end. But, in 1960 as a whole, out of a total world gold production, including sales by Russia in the world market of $1,350 million, as much as $1,000 million went into private holdings.

In 1961 the continued co-operation between the Bank of England and the Federal Reserve System prevented speculators from indulging in other than brief mild flutters and, out of a somewhat larger world gold production of $1,450 millions (including Russian sales), the absorption into private holdings dropped to $680 millions, the rest—rather more than half —going to swell official reserves.

Holding Market Price

The Pool is being considered between the European Central Banks, who were responsible for the Basle arrangements of last year, and the Federal Reserve Authorities with the Bank of England. The thinking is to hold the market price between the arbitrage limits of eight cents either side of the U.S. buying price, namely, $35.08 and $34.92; the American contribution would be to waive the quarter per cent handling charge which they make at present with gold movements out of the Federal Reserve vaults.

This object would be achieved by the Central Pool to which the member-banks would all contribute a quota of gold just as they contribute currency and gold quotas to the I.M.F. Gold would then be sold to meet a demand and bought if there was a surplus on offer. But it will obviously only improve on the present cooperation between London and New York if the scale is large enough. In London alone last year a sum which has been estimated at a minimum of $500 millions, and which could have been substantially more, was sold. Of course, this included sales to Central Banks although how much is not known. But presumably a fund, to do any good, would have to be in excess of this figure or assured of substantial support, should it be in danger of being used up.

However, the whole plan is by no means precisely formulated, and is still very much under discussion. One cautious thought is that the Fund would only be used—in the true spirit of liberty—to deal with exceptional and irrational movements. But, in practice, one can never tell whether the irrational will not become entirely rational if it is allowed to develop and to have its way with the market. After all, speculators could still speculate on the assumption that the fund would regard their movements as justified and rational as well as temporary, which is another qualification suggested.

If the fund is to be successful, it should surely operate to hold the price within published limits. Then speculators would know that their operations would have to be confined to arbitrage terms.

British industry will stage the largest British Exhibition ever held overseas in Stockholm from 18th May to 3rd June 1962. Some 500 firms will display a wide cross-section of the most up-to-date products which Britain has to offer Scandinavia, ranging from heavy capital equipment to light consumer goods. The exhibits include mechanical handling equipment, earth moving equipment, road-making machinery, motor vehicles, caravans, steel, aero and diesel engines, office equipment, machine tools, chemicals, plastics and electronics. In the consumer field, visitors will see clothing, radio and T.V. sets, cameras, carpets, vacuum cleaners, lawn mowers, fancy goods, gifts and groceries.

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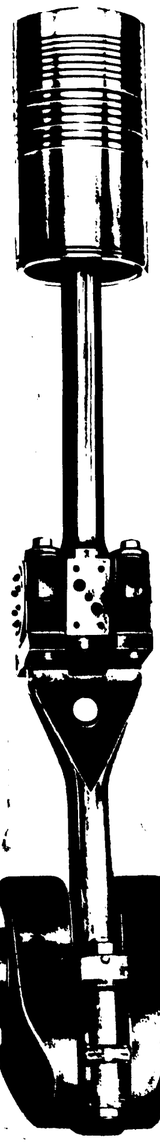

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AMERICAN LETTER

INCREASE IN ECONOMIC ACTIVITY EXPECTED

RUSSIA STILL REFUSES TO MEET U.N. COSTS

From Our Special Correspondent

NEW YORK, 24th *March*

NEARLY all indicators are rising which should mean increased future economic activity. Orders for durable goods have shown an upward trend and the backlog of manufacturers' unfilled orders continues to gain. Retail sales have been up. The Federal Reserve reported that a January poll of consumers shows more families were intending to buy new automobiles this year than since the survey began three years ago.

Applications for Federal Housing Administration mortgage insurance on new homes which are one indicator of future construction activity have been on the highest level in two years. The Veterans Administration appraisals of proposed new homes were up 17 per cent. Retail spending has been relatively stable remaining in the neighbourhood of 80 per cent of spendable income after taxes.

Figures are not yet available regarding the trend of the current balance of payments for the first quarter. The First National Bank of Chicago, among other authoritative sources, suggest that, just as the deficit may have been somewhat overstated in the last quarter of 1961, estimates for the current quarter may exaggerate the expected improvement.

President Kennedy, in one of his recent Press conferences, referred to the U.S. payments position as one of the nation's most serious and pressing economic problems. In addition to the relatively normal flow of funds across borders and oceans, the present condition is brought about by vast overseas spending for armed forces' bases and pay for personnel and their dependents who man them.

U.N. Financial Difficulties

When a loan of $200 million was proposed some time ago to cover the operating deficit of the United Nations, there seemed to be no particular problems. Since only lending by governments to the U.N. was involved, no securities underwriters were in the picture. Orders were given for printing the obligations and the U.N. was planning on handling the distribution itself.

The countries which have either bought bonds or have indicated their willingness to do so, up this writing, are Ceylon, West Germany, the Sudan, Norway, Finland, Australia, Burma, Canada, Denmark, Malaya, India, Iceland, Pakistan, Sweden, Great Britain and the U.S.

Unexpected trouble has arisen in the U.S. Congress which has to approve the transaction. Some members of the House and Senate now suggest that the U.S. loan of $100 million should be at the going rate, presumably about 4 per cent, instead of the original 2 per cent. The Congress admitted that this "worst crisis of the U.N." was brought about, because two-thirds of member-countries are behind in their payments. The small nations can ill afford their dues and additional assessments; large countries like Russia just refuse to pay and this amounts to sabotage.

Other countries refuse to pay, because they do not agree with certain U.N. activities such as the expeditionary forces to keep peace between the Israelis and Jews and to stop the fighting in the Congo—the primary causes for the U.N. deficit.

There is, however, no imminent bankruptcy in store for the World Organisation, however. At the year-end, the U.N. owed $114 million with $93 million in unpaid assessments. Another $142 million in assessments presumably will be paid in 1962. It is by no means a hopeless situation. But the situation does not help staff morale.

Before the month is over, Courts here are expected to complete legal formalities which will change the name and other details of the Standard-Vacuum Oil Company, operating in Eastern countries.

Assets and liabilities will be acquitted jointly by Standard Oil Company (New Jersey) and by Socony-Vacuum. The successor company to Standard-Vacuum will be Mobil Petroleum Company. There will be no interruption of operations. Exact details will be included in my next despatch, after the papers have been signed.

U.S. Export Insurance Programme

Just about a year ago, the groundwork was being laid to establish a joint Government-private-industry operation which would ensure American exports against credit and political risks. Although such schemes have been in operation in other countries for years, this is the first experiment along those lines in the U.S.

In its current phase, the programme here is operative only in the short-term area. This means up to 180 days or in special cases up to one year. The next step will be to expand export insurance to what Washington calls the medium-term field, or from one to five years.

The U.S. scheme resembles closely the procedure followed in the Union of South Africa, where private companies underwrite the credit risks and the Government the political risks. The latter is headed by the Export-Import Bank of Washington. Adoption of this system was made after a study of the methods pursued by the 18-nation Berne Union.

The Berne Union is a loosely organised body of Governments which provide export insurance. Annual meetings in Switzerland provide an exchange of views, differences of opinion may be aired as well as grievances such as alleged over-extension of credit by one country for political reasons to the detriment of exports from other nations.

Heretofore, the U.S. was represented by unofficial observers. Now it is a full-fledged Union-member. The group has persuasive rather than legal powers.

Credit risk coverage is provided by the Foreign Credit Insurance Association, a consortium of more than 60 insurance companies. Out of several hundred applications for export insurance, more than 20 have been processed and binders have been issued which will be followed later by regular insurance policies.

Official emphasis in this programme is being placed on helping small firms with their export business. Spokesmen define "small" as proprietorships and firms whose direct exports in the preceding twelve months were valued at less than $50,000. A special new programme will be offered in the near future by the Ex-Im Bank and the F.C.I.A. It is scheduled to include a special comprehensive guaranty. Details are not yet available. Comparing U.S. credit and political risk coverages with those offered by other countries, the statement may be made that, in some cases, American policy terms are more extensive than those prevailing abroad. In other cases, they are about the same. The country with the longest experience in this field is the United Kingdom. Over the last 40 years, it has acquired some 150,000 case histories on file.—*All Rights Reserved.*

(*Concluded from page 544*)

opinion, but Mr. Thapar briefly said "we are striving in our own way to make the problems easier."

* * * *

Defence Industries

Recently, the Ramaswamy Mudaliar Committee expressed its inability to take Defence imports into account in framing an import policy for the country as a whole and added that a great deal could be done to conserve—and earn—foreign exchange through an integrated policy for the whole economy. The report of the Defence Ministry for 1961-62 gives some details of the progress towards self-sufficiency which it says is conditioned by time and our limited resources. "If the present progress is maintained," it adds, "we may reasonably hope that, as a result of the general development of the country, we should be able, for the most part, to equip our services almost entirely by indigenous production in a few years." Fuller utilisation of machinery and manpower—Defence factories had a large surplus labour force a few years ago—has helped to reduce the cost of production. The total value of the production has gone up from Rs. 14 crores in 1956-57 to Rs. 30 crores in 1960-61 and it is expected to amount to Rs. 39 crores this year.

In a field in which too much secrecy is still observed for security reasons, all that the Ministry is able to vouchsafe is that, on a comparison with the production for the Services five years ago, Defence factories now supply nearly Rs. 18 crores more of products every year and that this represents the foreign exchange saving. Bharat Electronics turned out products worth Rs. 172 lakhs in 1960-61 (as compared with Rs. 6 lakhs five years ago); the Garden Reach Workshops at Calcutta have been taking more orders and the Mazagon Dock Bombay saved (or earned) Rs. 100.81 lakhs in foreign exchange. The indigenous content of the Shaktiman trucks is now about 48 per cent and of tractors about 33 per cent; in both a substantial increase is planned.

The rate of expansion of Defence production capacity is also fairly high, since the cost of new projects sanctioned during the year is placed at Rs. 7.56 crores; many more are under examination including an alloy and special steels plants. The deficiencies, if any, in these schemes can come to light only in the course of audit or through some intrepid questioning in the Lok Sabha when the Third Parliament meets. But this vital aspect of the public sector remains a closed book for the public and it is likely that even the proposed committee of Parliament to supervise public sector undertakings will not be permitted to scrutinise this field closely. That makes it all the more important that the Mudaliar Committee's suggestion for a high-powered inquiry *in camera* should be agreed to, not only to explore the scope for saving foreign exchange but also to assess efficiency in operation and cost control.

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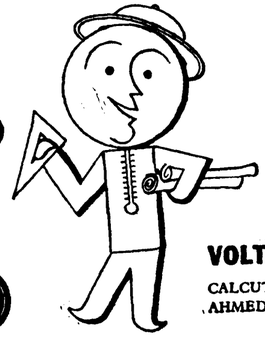

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GOLD POOL AND DOLLAR

EXCHANGE STABILITY MAIN OBJECTIVE

EVEN after the lapse of three decades since the collapse of the gold standard, gold continues to present headaches to world monetary authorities. In spite of Keynes's indictment of gold standard as "a barbaric relic" and an "outworn dogma" and the many problems and miseries it gave birth to, the yellow metal has not lost much of its pristine glory. As a store of value and as an index of financial solvency, gold still commands so much value that it often embarasses world monetary authorities and sometimes threatens to endanger their carefully devised policies.

The proposal for an international gold pool put forward by the U.S. Government last week is aimed at protecting the U.S. reserves of gold, which are now no more than $16,710 million, as compared with about $23,000 million at the end of 1957, against an upsurge in demand for gold of the kind witnessed late in 1960. This demand, it will be recalled, resulted in the free market price of gold in London skyrocketing to $40 dollars per fine ounce, as against the U.S. dollar parity and support price of $35 per fine ounce. Unlike the increase in the free market prices of gold in the early post-war years and early 'fifties, when gold used to fetch more than $50 per fine ounce, the spurt in price in October last threatened the stability of the U.S. dollar, because the major currencies of the world had regained their multilateral convertibility and what is more, the West European countries had acquired substantial dollar surpluses and the U.S. balance of payments position had consistently been weak, in the face of declining gold reserves. The situation was saved by the Bank of England and the Federal Reserve Bank acting in concert to sell large quantities of gold in the London market which brought down the price of gold to more normal levels.

The present suggestion involves the creation of a central gold pool presumably out of the gold supplied by the participating countries out of their reserves. Gold will be sold from this pool when the price of gold tends to rise above the upper point of dollar parity. Purchases will be made to replenish the pool stocks. At the moment, the trend is upward and it looks as though this will continue as long as one can foresee. The pool, therefore, must be sufficiently large, if it is to be effective. Its failure to meet the demand at the higher parity will have a more disastrous effect on the U.S. dollar and other currencies than the consequences had not the pool been formed.

Main Advantage

The main advantage of the pool is that it will distribute the burden of gold sales to stabilise the free market price of gold, now largely borne by the U.S., among the countries which contribute to the pool. Even before the latest move, many countries had tacitly agreed not to seek conversion of the surplus dollar held by them into gold through the London market when it was clear that this would generate demand for gold which could not be met without heavily drawing on the U.S. reserves. In effect, this voluntary restraint meant a near suspension of convertibility into gold of officially held dollar. Under the pool system, central banks are being asked to go a step further—"to dip into their existing gold stocks when the private demand for the metal in London is tending to out-distance supply" in order to help the Bank of England which, under the Anglo-American Plan launched towards the close of 1960, is entrusted with the task of limiting the fluctuation in the free market price of gold, to hold the price down without having to draw so heavily on U.S. stocks. In other words, "they are being asked to grant convertibility into gold of privately-owned dollars at the cost of further increasing the size of the U.S. currency element in their resources." The U.S. as its contribution would waive the quarter per cent handling charge for transactions by participating countries. The scheme is thus a further extension of the international financial co-operation between W. European countries and the U.S. to maintain the stability of the dollar and to prevent speculation in gold arising from suspicion about the strength of the dollar.

The new scheme briefly described above is still in a nebulous state. Details such as the size of the pool, the names of participating countries, the basis of fixing the quota of individual countries, etc., are not still available. Our London Correspondent, however, reports, *vide* this week's London Letter on page 546, that the thinking is that the limits of fluctuations in free market price would be fixed at $35.08 and $34.92, that is 8 cents on either side of the official price of $35. Although there is no firm indication as to the probable size of the pool, it is believed that, initially, it would not amount to more than a few hundred million dollars. Financial commentators in London, however, doubt whether the pool could be of much help if confidence outside the central banks of the U.S.'s ability to hold the official price of gold were to be seriously undermined. Expressing this fear, "Lombard," the well-known columnist of the *Financial Times*, London, observes:

"By undertaking to underwrite the dollar in respect of a limited amount of private activity in the gold market, Western European countries could make a further contribution to the work of keeping the dollar boat afloat that should give good value for money. But it is important to understand, that unless greatly extended, such a scheme would not take care of the danger in which the dollar would stand if confidence outside central banks in the ability of the U.S. to go on holding the official price of gold down to the $35 per ounce level were to be seriously undermined. What is still more important is that better arrangements for conditioning the behaviour of the open market in gold do not even begin to provide the answer to the major question mark overhanging the dollar—for how long will central banks in other countries be prepared to go on adding to their existing stocks of inconvertible dollars at a rate of several thousand millions per annum in respect of the deficit in the U.S. balance of payments."

"Lombard" also doubts whether central banks will continue to accept dollar inconvertibility as a good thing and points out the possible complications that might arise if they do not in the following words:

"Bearing in mind that, up to a few years ago, the U.S. was so insistent on all other countries adhering to the currency convertibility system that it wasn't prepared to stockpile more than the most meagre of working balances in their currencies, it has been remarkably successful in putting over the doctrine that unilateral dollar inconvertibility is a good thing for the world. But it seems not unlikely that, in due course, it will discover that other countries are prepared to go on subscribing to this system only if they are given a gold price guarantee in respect of future dollar accumulations. If that happens, Washington will have good cause to wonder whether the gold price policy it has been pursuing was as well-advised as it seems to think it is at the moment."

"Lombard's" Narrow Approach

Obviously, "Lombard" has not appreciated the reasons and motives behind the U.S. proposal. In his anxiety to score a debating point, he has also failed to view it in the larger context of the political and economic relations that exist and should exist between the U.S. and Western Euprope. He seems to resent the minor sacrifice (in the form of temporary acceptance and that for only the central banking institutions of dollar inconvertibility) which Western European countries are called upon to make to keep the dollar boat afloat and to preserve exchange stability in general. What "Lombard" conveniently forgets is that the troubles of the dollar are not of American making; in fact, they are the troubles on European account. The U.S. had been supporting the defence of Western Europe to such an extent in the post-war period that, sooner or later, it was bound to produce strain on the dollar. The fact the U.S. balance of payments on the trade account has always shown a surplus, except in one or two years, in contrast to the deficit in the overall payments position is sufficient evidence of the fact that the weakness of the dollar is due to reasons other than economic. Even today, the U.S. defence expenditure abroad is of the order of $3,000 million. Besides, there has been a large flow of capital out of the U.S. for investment abroad; the bulk of this capital flow has been to Western Europe. Again, for reasons of their domestic economy, individual countries in Western Europe have been following a policy of dearer money; this has aggravated the problem of hot money to the disadvantage of the U.S. which has scrupulously been avoiding imposition of exchange controls and maintaining a policy of free trade.

If, therefore, the main beneficiaries of the massive American military spending abroad and movement of private capital are now asked to share a minor part of the burden of strengthening the dollar, it is only fair that they should gladly do so. The alternatives to this policy of close co-operation, the benefit of which is by no means confined to the U.S., are unthinkable. These are: (1) trade and exchange restrictions by the U.S.; (2) devaluation of the U.S. dollar; (3) a sharp cut-back in the U.S. defence budget. The first and second courses will be economically disastrous to the free world as a whole and the third politically dangerous in the context of the cold war. It is gratifying to find that the Governments of Western European countries are inclined to take a more realistic view of the ramifications of the question of dollar stability than "Lombard" and like-minded commentators on international monetary problems.

The foregoing comments, provoked by "Lombard's" reaction, are only incidental. To revert to the main story, whatever be the efficacy and merits of the "gold pool," there is no doubt that the initial favourable response the proposal is reported to have evoked in free Europe is one more evidence of the readiness on the part of the monetary authorities in the Western world to co-operate with one another in the interest of exchange stability. The I.M.F. is, perhaps, the most outstanding example of such co-operation. The credit for fostering such an attitude must go largely to that pioneer institution which, under the wise guidance of Dr. Per Jaccobson, is in no small measure responsible for the sanity that now prevails in the international monetary field.

FURTHER CUT IN BRITISH BANK RATE

In a fresh bid to check the inflow of 'hot' money to London the British Bank Rate was cut on the 22nd inst. by further half per cent to 5 per cent. The previous reduction from 6 per cent to 5½ per cent was made only two weeks earlier, that is, on 8th inst. The fact that a second cut was made within a fortnight after the first reduction is an indication of the pace of inflow of speculative funds to London mainly from the Continent and, to a lesser extent, from New York. In recent weeks, the flow had been accelerated, thanks to the general belief that the 5½ per cent rate could not be maintained for long and that sooner one invested in British securities, where the yields were high, the better.

The higher interest rates prevailing in London are not the only factor that attracts short-term funds to London. The encouraging prospects for the U.K. economy and the continuing distrust of the dollar which has not been dispelled by the measures recently taken by the Federal Reserve Bank to strengthen dollar such as reciprocal arrangements with the Swiss and French authorities, the addition of $6,000 million to the resources of the I.M.F. and the proposed gold pool, have also been responsible for the influx of hot money. In addition, the transfer of holdings by investors from Canada, following the manipulation of the Canadian exchange rate, would also appear to have been responsible for the increased flow of funds into Britain.

It is doubtful, according to some observers in London, whether even the 5 per cent rate could deter the flow of foreign funds, because the difference in the interest rates prevailing in London and the Continent and American markets is still large. The consensus of opinion in London, therefore, is that hot money will continue to flow in, necessitating a further cut in Bank rate by another half per cent in the near future and also possibly another repayment to the I.M.F.

INVESTMENT CENTRE, NEW DELHI

The Indian Investment Centre at New Delhi has done a pretty good job during the brief period of thirteen months since it commenced functioning on 16th February 1961. The Centre, according to Mr. G. L. Mehta, the Chairman, has already processed and sent abroad 56 project proposals from indigenous concerns seeking foreign collaboration in either new ventures or existing enterprises wishing to expand their activities. It has also received, since the opening of its office in New York in October last, 40 specific project proposals from industrial firms in several foreign countries who desire to enter joint ventures with Indian industrialists. A few proposals have already materialised and others are expected to be finalised in the course of the next two or three months; the latter have reached an advanced stage of negotiations. Besides the project proposals, as many as 1,100 inquiries have been received so far, seeking information concerning joint ventures in India and the services which the Centre can render in bringing about collaboration of the two. These brief facts indicate that the Centre's services are being utilised in a progressively larger measure by both Indian and foreign entrepreneurs.

Some project proposals have been sent to more than one country. Of particular significance is the distinct preference shown by Indian firms for collaboration with American concerns. Thus, out of the total 58 proposa's, 38 have been sent to the U.S., 18 to West Germany and 14 to Britain. Other countries are Japan, Switzerland, France, Sweden, Belgium, Italy, Holland and East Africa.

BANK OF BARODA

PROGRESS MADE IMPRESSIVE

A SHREWD business policy of putting all the available additional resources to the most profitable use, reflected in a simultaneous increase of almost the same order in advances and deposits alike, has resulted in yet another year of further progress for the Bank of Baroda Limited (General Manager: Mr. N. M. Chokshi, Baroda). In keeping with the general trend of banking, the Bank's deposits increased during the year ended 31st December 1961 by Rs. 10.48 crores to Rs. 95.46 crores. Along with this, advances also rose by Rs. 10.19 crores to Rs. 70.37 crores. Against this, investments, the second important asset after advances for a bank, improved by only Rs. 1.77 crore to Rs. 24.90 crores. This bold business policy is also reflected in the rise in the ratio of advances to deposits from 70.8 per cent to 73.7 per cent and a decline in that of investments to deposits from 24.6 per cent to 23.8 per cent. It has pushed up the Bank's gross income after deducting the provisions for taxation, bad and doubtful debts and other contingencies by Rs. 82.18 lakhs to Rs. 513.32 lakhs, with interest and discount earned alone (at Rs. 422.19 lakhs) contributing to an increase of Rs. 66.64 lakhs. Income from commission and exchange moved up from Rs. 73.37 lakhs to Rs. 88.45 lakhs, and so did earnings from other sources from Rs. 2.22 lakhs to Rs. 3.18 lakhs. The table below brings out the Bank's progress in the past four years.

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	5,13.82*	4,31.14*	3,85.88	3,28.89
Of which:				
Interest and discount earned	4,22.19	3,55.55	3,11.54	2,78.19
Commission and exchange earned	88.45	73.37	68.79	49.97
Other income	3.18	2.22	5.55	0.73
Interest paid	2,44.54	2,22.24	2,04.00	1,85.45
Staff expenses	1,36.85	1,20.08	1,08.93	85.11
Other expenses	55.58	42.42	38.57	27.84
Depreciation	9.12	5.55	4.02	3.06
Provision for taxation			4.00	5.50
Profit (after taxation)	67.73	40.85	25.46	21.98
To reserve fund	20.00			
" development rebate	0.10	0.19	0.57	..
" bonus to staff	20.20	17.10	9.40	8.00
Dividend	25.50	22.40†	17.50	15.00
	(17%)‡	(17%)‡	(14%)‡	(12%)‡
Carry forward	3.03	1.09	1.08	3.04

	As on 31st December			
	1961	1960	1959	1958
Capital	1,50.00	1,50.00	1,25.00	1,25.00
Reserves	1,81.25	1,61.12	1,50.07	1,59.50
Deposits	95,45.58	84,98.24	80,98.73	67,10.39
Borrowings from other banks	8,55.24	2,71.98	4,96.11	2,44.79
Advances	70,36.82	60,17.78	50,87.66	49,11.24
Investments	24,59.72	23,18.23	20,98.10	25,72.75
Cash	8,19.87	8,16.78	7,84.80	6,51.88
Balance sheet total	122,83.40	109,86.81	104,48.76	84,66.52
Ratio to deposits of—	%	%	%	%
Advances	73.7	70.8	62.8	59.8
Investments	25.8§	24.6§	23.7§	39.8§
Cash	8.6	9.6	9.7	9.7

* Figures of gross income for 1960 and 1961 are worked out after providing for taxation, bad and doubtful debts and other essential provisions. For 1960, the provision for taxation was Rs. 20 lakhs. For 1961, it is not disclosed.

† Includes Rs. 2.24 lakhs for paying final dividend at the rate of 20 per cent. on the new issue of Rs. 50 lakhs.

‡ Subject to deduction of tax.

§ On the increased capital of Rs. 1.25 crores.

‖ Only the unencumbered portion is taken into account.

A careful study of the table would reveal that not only did the Bank employ its resources in the most profitable channels but these very outlets were more remunerative than in the previous year. For, as against an increase in income from interest and discount of Rs. 44.01 lakhs in the previous year, the increase under this head during the year under review, as mentioned above, was much higher. On the other hand, outward interest rose but modestly by Rs. 22.30 lakhs to Rs. 244.54 lakhs during the year as against by Rs. 18.24 lakhs to Rs. 222.25 lakhs in the preceding year. As a result, the profit during the year under report showed a sizable improvement to Rs. 67.73 lakhs over the preceding year's level of Rs. 40.85 lakhs in spite of an increase in staff expenses from Rs. 120.08 lakhs to Rs. 136.85 lakhs, in other expenses from Rs. 42.42 lakhs to Rs. 55.58 lakhs, and in the provision for depreciation from Rs. 5.55 lakhs to Rs. 9.12 lakhs.

It is good that the Directors have conserved nearly 20 per cent of the profit, Rs. 20 lakhs to be precise, through transfer to the reserve fund; this is the first credit to the published reserves in the past four years. Bonus to staff absorbs as much as Rs. 20.20 lakhs, that is Rs. 3.10 lakhs more than in the previous year. The dividend has just been maintained at last year's level of 17 per cent per annum, subject to tax; and it costs more because of the full year's dividend on the increased capital. The carry forward is higher at Rs. 3.03 lakhs, as against Rs. 1.09 lakh brought in.

Of the increase of Rs. 10.47 crores in deposits to Rs. 95.46 crores, Rs. 4.65 crores have been under fixed deposits standing at Rs. 53.12 crores, Rs. 4.49 crores under savings bank deposits at Rs. 19.71 crores and Rs. 1.34 crore under current deposits at Rs. 22.63 crores. Borrowings from other banks, which had come down in the preceding year from Rs. 496.11 lakhs to Rs. 271.98 lakhs (including Rs. 54 lakhs from the Refinance Corporation of India against Rs. 55 lakhs in 1959), increased during the year to Rs. 355.24 lakhs, the rise being largely due to borrowings from the Refinance Corporation aggregating Rs. 137.55 lakhs. Cash balances at the end of the year show an increase of more than Rs. 3 lakhs over the previous year to Rs. 8.20 crores. The paid-up equity capital of Rs. 1.50 crore is supplemented by reserves amounting to Rs. 1.81 crore, of which the reserve fund accounts for Rs. 1 crore. The ratio of "own resources" to deposits works out to 3.46 per cent, a long way behind the conventional figure of 6 per cent. The Directors have, therefore, decided to increase the paid-up capital by issuing 100,000 equity shares, the terms of which have not yet been disclosed. Simultaneously, the authorised capital is being raised from the present level of Rs. 3.50 crores to Rs. 8.00 crores. In the past 10 years, it may be noted, the paid-up capital has gone up from Rs. 100 lakhs to Rs. 150 lakhs and so also the number of shareholders from 4,138 to 6,570.

In accordance with the Reserve Bank's scheme for gradual removal of sub-standard banks with a view to strengthening the banking sector, the Bank absorbed the New Citizen Bank of India Ltd. with effect from 29th April 1961. It took over the readily realisable assets of the value of Rs. 169.19 lakhs. Under the take-over scheme, after providing in full for its outside liabilities, every depositor of that bank was, in the first instance, given credit of Rs. 250 or the balance in the account, whichever was less, and thereafter to those whose balances were above Rs. 250, the *pro rata* share calculated at Re. 0.66 nP in a rupee in respect of the balance of his account as diminished after the credit of Rs. 250 was given. As a result of this amalgamation, all the 44 offices of that bank started functioning as Bank of Baroda branches, of which three were closed down, as they were found unremunerative. Two branches in Calcutta were amalgamated because of their close proximity. During the year, eight new branches were opened in the country and one branch was opened at Suva in Fiji Islands. Branches at three other places in the country will be opened shortly. The total number of branches, as at the end of this year, including eleven outside India, is 151 as compared with only 51 a decade before. During this ten-year period, the Bank's employees have risen in number from 1,520 to 4,215.

(Concluded from next column)

previous year, whereas bills payable were less by £183,000 at £2.05 million.

It will be seen from the above figures that the balance-sheet total of the Bank (exclusive of the wholly owned subsidiaries which together account for £54.96 million) as at the end of December 1961 stood at the all-time peak of over £353.14 million, representing a rise of £36.94 million as compared with the previous year. The consolidated balance-sheet aggregate (including subsidiaries) is more than £408.09 million, which shows an increase of £45.34 million over that of 1960. The increase is quite significant in that it reflects the economic growth of the areas in which the Bank and its subsidiaries operate. Equally significant is the continued high degree of liquidity maintained by the Bank, thanks to the substantial rise of £15.71 million to £72.79 million in cash balances. This rise has more than made good the fall of £5.04 million to £69.10 million in investments.

CHARTERED BANK DOES WELL AGAIN

BALANCE SHEET TOTAL AT A NEW PEAK

THE Chartered Bank has done well again. The profit of the Bank and its subsidiaries at £990,238 for the year 1961 shows an impressive rise of £228,322 as compared with what had been earned in 1960. The level of profit would be higher still if account were taken of the tax provision (not disclosed) and allocations to inner reserves (also not disclosed). The notable improvement in profit has enabled the Directors further to strengthen the Bank's reserve portfolio, the sum actually allocated being £400,000, as against £250,000 for the previous year. Dividend to shareholders is, however, lower by a fraction at 15 per cent per annum, as against 15½ per cent per annum for 1960. But the return for 1961 is on higher capital. In October 1961, the issued capital of the Bank was increased from £5.5 million to £6.6 million by a rights issue of £1.1 million; this was on top of an increase of £500,000 in the capital a year before (October 1960). The dividend for 1961, therefore, absorbs a larger amount of £555,844, that for the previous year being £497,656. The amount carried forward is also more at £540,648, as against £506,254. This shows that the dividend was fully earned out of the profit for the year under review. It also shows that, if the Directors wanted to maintain the rate of dividend, they could have easily done so.

It is thus evident that the Directors have followed a cautious policy in making allocations out of the published profit for the year under review. Justifying the policy, Mr. Vincent Alpe Grantham, Chairman of the Bank, in his statement to shareholders, say: "Costs still show a tendency to rise and we should lack prudence, if we did not envisage a halt in the rate of profit increase we have so far enjoyed." He, however, states that the conservative policy adopted in the interests of depositors should be to the ultimate benefit of shareholders. The Chairman also points to the benefit derived by shareholders as a result of the rights issue and assures them that the total payments in the coming year on account of dividend, which the Bank hopes to maintain at 15 per cent, will show some increase.

The Bank's main items of liabilities and assets as on 31st December 1961 are compared with those at the close of the preceding three years in the following table:

(In thousand £s sterling)

	As on 31st December			
	1961	1960	1959	1958
LIABILITIES (MAIN)				
Capital	6,600	5,500	5,000	5,000
Reserve fund	7,150	5,700	5,500	5,500
Undistributed surplus	495	470	463	455
Current and other accounts	181,501	181,458	188,855	176,295
Fixed deposits	133,123	106,302	59,578	42,588
Notes in circulation	5,107	4,732	3,869	3,806
Bills payable	2,054	2,237	1,668	1,557
Acceptances (contra item)	16,757	7,524	10,396	7,365
ASSETS (MAIN)				
Cash	72,794	57,085	44,289	48,788
Investments—				
Government and other securities	63,697	69,481	63,821	57,857
Securities lodged against note issue	5,399	4,708	3,945	3,882
Advances	155,565	144,436	116,587	98,809
Bills of exchange	30,518	28,734	22,999	24,130
Bank premises	3,891	3,210	3,180	2,887
Holdings in subsidiaries	2,998	2,897	2,889	2,886
Trade investments	414	416	885	197
Balance-sheet total	358,142	316,208	270,390	243,118

As in previous years so also during 1961, the rise in profit was due to increased credit facilities made available by the Bank, in keeping with the continuing demand for finance throughout the Bank's sphere of operations. The total advances, for instance, were higher by £11.13 million at £155.57 million. Bills of exchange, too, were higher by £6.78 million at £30.51 million. Such a sharp rise in bank credit was possible by the significant expansion in the fixed deposits of the Bank by as much as £24.87 million to £133.12 million. The deposits held in current and other accounts were, however, almost unchanged at £181.50 million (as on 31st December 1961), as against £181.46 million a year before. Acceptances on account of customers show an appreciable increase of £9.23 million, in contrast to the drop of £2.87 million noted in the

(Continued in previous column)

RAW JUTE IN PARLIAMENT

BUFFER STOCK ASSOCIATION FINALISES MECHANISM OF PURCHASE

RAW jute figured prominently, once again, in the Lok Sabha last week, thanks to three Communist members who tabled a calling attention motion which described the current jute situation as being very critical and urged immediate Government action to avert the crisis. The fears expressed by these members were clearly exaggerated. It is true that the supply position of raw jute is highly encouraging, owing to the distinct improvement in the current season's crop. But prices have, by and large, been maintained around Rs. 30 per maund (basis Assam bottom). It is only in certain areas that prices have sagged below this level, but this has largely been due either to poor quality of the fibre or to lack of adequate transport facilities. Nevertheless, the calling attention motion did serve a useful purpose, in that it elicited a clear-cut statement from the Union Minister for Commerce and Industry, Mr. K. C. Reddy. In the course of this statement, Mr. Reddy declared categorically that the Government would not support prices at levels which obtained under abnormal conditions and that prices would be maintained "at reasonably economic levels," so as to give sufficient incentive to growers to maintain the present acreage under jute.

About 30 per cent of the current season's jute crop, we are told, had been sold between July and October 1961 at prices well above Rs. 30 per maund, another 20 per cent during November-December 1961 at or slightly above Rs. 30, and a further 20 per cent in January-February 1962 mostly at Rs. 30. Mr. Reddy said that, throughout this period, mofussil prices had maintained close parity with Calcutta prices and one could reasonably assume that primary producers had received corresponding prices less freight, handling charges and middlemen's commission. Indeed, the Minister averred that the relatively slow rate at which the crop had been marketed this season would reflect the increased holding power of the grower and his confidence in the assurance that jute prices would be held steady throughout the marketing season. Proceeding, he observed:

"The Government is aware of the crucial importance of assuring a good crop in 1962-63 and of preventing periodic variations in the acreage under jute and mesta on account of uncontrolled price fluctuations. This would not, however, mean that it could support prices at levels which obtained under abnormal conditions in the sowing season last year (the highest level touched was Rs. 66.50 per maund in February 1961) when there was an increase in acreage under the impetus of high prices, nor would the Government allow prices to sag to uneconomic levels as was the case during the 1958-59 season when prices touched as low a level as Rs. 20 per maund. The Government is satisfied that, on the whole, jute prices have been maintained."

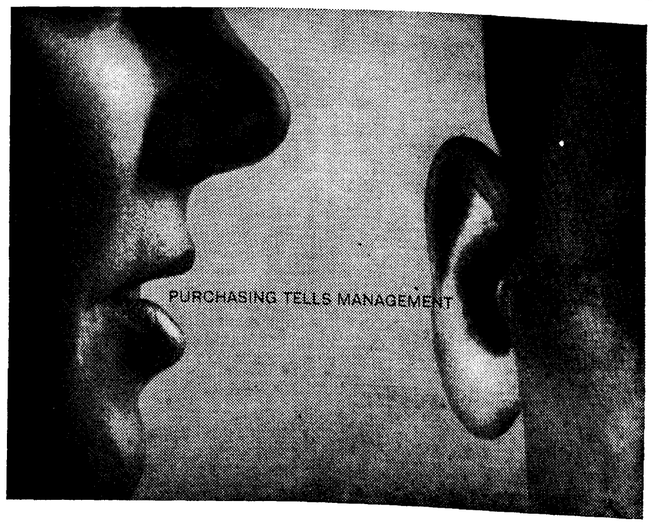
In this connection, Mr. Reddy touched on the measures adopted to sustain jute prices at reasonable levels. The measures include (1) system of minimum quotas for weekly purchases of raw jute introduced by the Indian Jute Mills Association (I.J.M.A.); (2) regulation of imports of low cost cuttings from Pakistan (the imports have been suspended since early December 1961); (3) fixation, by the Forward Markets Commission, of minimum prices for forward raw jute (all varieties) at Calcutta; (4) efforts of mills to step up output of jute goods; (5) increased wagon allotments for jute; and (6) establishment of the Jute Buffer Stock Association.

Although the decision to establish the Jute Buffer Stock Association was taken by the I.J.M.A. Committee many months ago, this body was actually constituted and registered only early this year. The delay was due to certain technical and legal difficulties. The Governing Body of the Buffer Stock Association met at Calcutta on the 23rd inst. and finalised the mechanism of purchase. Since, however, details regarding the deliberations of the meeting and the decisions taken thereat are not available at the time of writing (that is, Tuesday the 27th inst.), it is not known whether the Association will buy direct from jute growers or locally or through any intermediate agencies and whether purchases will be channelised through those mills which are already using the inferior quality fibre. Meanwhile, the financial policy of the Association has been agreed upon and the terms of loans from banks, it is claimed, will reasonably meet its requirements. The State Bank of India will give full advance comprising 85 per cent of the value of raw jute as overdraft for spot raw material and 15 per cent on the basis of Central Government guarantee.

At present, the Buffer Stock Association has members from mills representing 77 per cent of the loom capacity. More mills are expected to join soon and, ultimately, the whole industry will be covered. The Governing Body consists of six members, including the Chairman, who is the Chairman of the I.J.M.A. (Mr. C. L. Bajoria), and three other I.J.M.A. elected members. There is one non-I.J.M.A. member and an honorary member representing the Government (that is, the Jute Commissioner at Calcutta). The Association is expected to make its purchase of its first lot of about 200,000 bales of raw jute shortly.

The operations of the Jute Buffer Stock Association will, surely, be watched with considerable interest. To the extent the Association buys surplus jute which cannot be absorbed by the mills' normal purchases, it will prevent prices from falling to levels that are unremunerative to cultivators and will, at the same time, provide a reserve stock to cushion the industry against any future shortage of raw jute. The jute industry can certainly pride itself on its co-operative efforts to operate a raw jute buffer stock scheme, which, as we said only last week (*vide* editorial on page 494), is normally a function of the Government.

The industry must be under no illusions about the problems involved in operating a buffer stock. For instance, while purchases have to be arranged in such a way as to see that the price benefit goes to growers for whose benefit the scheme is intended, it is necessary to ensure, as Mr. D. C. B. Pilkington, the erstwhile Chairman of the I.J.M.A., very aptly stressed, that this scheme does not unduly encourage the production of an excessive percentage of low quality fibre. Again, care has to be taken to avoid accumulation year by year of more and more jute until the Buffer Stock reaches unmanageable dimensions. If such a trend were to emerge, it might be necessary to regulate the area under jute. This will require close co-operation and understanding between the Government and the industry. Care has also to be taken to see that the story of sugarcane is not repeated and that the price support scheme does not breed complacency among growers and officials so far as tackling the urgent problem of improving the yield per acre is concerned. There are also difficulties such as lack of storage space in mills and presshouses and frequent transport bottlenecks. If these and other problems are solved promptly and satisfactorily as and when they arise, the Buffer Stock will, there is no doubt, succeed in fulfilling its twin objectives: of ensuring regular supply of fibre and, consequently, of maintaining price stability in the jute goods market which is important to overseas customers of jute goods.



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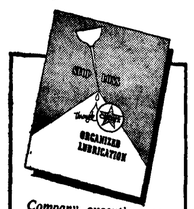

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COTTON INDUSTRY'S DISCONTENT

OFFICIAL REPLIES STRESS NEED FOR IMPORTS

From Our Special Correspondent

MANCHESTER, 20*th March*

COTTON mills outside Europe are using their machinery in a far more intensive manner than those on the Continent and in the U.K. According to figures released by the International Federation of Cotton and Allied Textile Industries, the proportion of cotton spinning spindles active in European mills as compared with the world total declined by 5 per cent during the period from 1958 to 1960 inclusive.

MANCHESTER LETTER

Spindles operating in Europe at the end of 1960 represented 43½ per cent of those throughout the world, whereas the quantity in Asia and Oceania increased from 27½ per cent of the total in 1958 to 32 per cent by 1960. In other areas only negligible changes occurred. Over the three-year period, there was a reduction of 8.5 million in the world total of installed spindles, as ring spindles accounted for 96½ per cent of the active machinery in 1960 million, however, as compared with 93 per cent in 1958, there was in fact an increase in the productive capacity of the spindles in use even before allowing for the improved efficiency of the more modern plant. The International Federation has obtained information on machinery hours from countries accounting for over 70 per cent of world capacity but excluding China and Eastern Europe.

Machinery Hours

As in the past, the average hours worked per spindle in the U.K. is well below all other countries, being 2,239 spindle hours in 1960, as compared with the peak of 6,979 spindle hours worked in Egypt, 6,971 in Hungary and 6,223 in the U.S. The total number of spinning spindles in place at the end of 1960 was 125,8 million, as against 129,4 million in 1959 and 134,3 million in 1958. The maximum number of active spindles during each calendar year showed little variation, being 119,1 million in 1960, 119,8 million in 1959 and 119,2 million in 1958. The number of looms in place at the end of 1960 was 2,5 million, as against 2,6 million twelve months previously, while the maximum number active during 1960 was 2,4 million.

Confidence—or more correctly the lack of it—remains the keynote of the Lancashire cotton industry's present discontents. In consequence, it was all to the good that the matter should once more be raised in the House of Commons, even if the topic failed to gain any noticeable support from the Government benches.

More discussion on imports did nothing to clarify the position, except to elicit the statement that the future level of arrivals from Commonwealth sources was receiving consideration. Figures of falling manpower in particular areas, the closure of mills, even the oft-repeated proportion of imports against current home production, are only reflections of a sombre picture whose outline is far too well known to cause any undue alarm in official quarters, however much it may depress the spirits of Lancashire traders.

Governmental replies, however, again evaded the issue, stressing the necessity for the country to import goods in order to facilitate the expansion of shipments abroad. Some misconception about the effect of the reorganisation scheme on the labour force also seemed apparent.

Imports "Under Control"

Pointing out that the industry lost 20,000 workers in 1961, the Parliamentary Secretary to the Board of Trade said that scrapping and modernisation was bound to result in a decline in the labour force. Should it be observed that the final date for scrapping spinning and weaving machinery was the end of March 1960?

According to the Government spokesman: "The main sources of imports are now under control." This presumably refers to the inter-industry arrangements with Hong Kong, India, Pakistan and Spain, of which those with the Asian Commonwealth countries expire at the end of this year. But Lancashire traders feel that any resurgence of demand can just as easily lead to a revival of the frantic search for goods from other suppliers outside the charmed circle of those who have voluntarily and temporarily restrained their exports.

Output Still Declining

Diminishing demand for the industry's products while distributors are so cautious in their approach to forward business cannot fail to be reflected in the output from Lancashire's mills. Although the January production totals showed an improvement on the previous month, when lengthy stoppages took place over the Christmas holidays, the fall in the comparative figures of 12 months previously was unmistakable. Even more pronounced, although perhaps it is unfair to compare the overall situation, is the comparison with January 1960, when the big rush was in progress to utilise every available spindle and loom before the completion of the scrapping programme at the end of the first quarter of that year.

The current average weekly output for single yarns is 12,370,000 lbs., as against 14,210,000 lbs. in January 1961 and 15,390,000 lbs. weekly in January 1960. Within the various categories, cotton yarn accounts for a drop of 2,000,000 lbs. weekly on the level two years back, while the output of man-made staple yarns is practically 1,000,000 lbs. down.

A similar story unfolds in the cloth section where the yardage woven in January this year averaged 33,910,000 per week, as against 37,240,000 yards in 1961 and 39,740,000 yards in January 1960. Cotton's share as compared with two years ago has fallen from 26,860,000 yards weekly to 22,000,000 yards weekly, while fabrics manufactured from man-made fibres and mixtures show a reduction of almost 1,000,000 yards per week.

The rate of manpower shrinkage in January was lower than during the final quarter of 1961, with a drop of 480 in the available labour force. The total of 169,040 early last month compares with 184,760 at the end of January 1961 and 191,000 twelve months earlier.

New Master

Mr. Frank B. Eastwood, a chartered accountant, at present in the Finance Division of British Oxygen Company, has been appointed Deputy Master of the Manchester Royal Exchange and will take up his duties on 7th May. He will succeed Mr. E. G. Speakman the present Master and Secretary of the Exchange on his retirement on 4th October after more than 20 years service. The Exchange was the subject of a £2½ million takeover bid 12 months ago when City Centre Properties Limited, the London property group, gained control.—*All Rights Reserved.*

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FREE WORLD TRADE WITH COMMUNIST BLOC

SOVIET OIL EXPORTS TO WEST EXPECTED TO INCREASE

ONE of the most controversial issues of recent years has been that of Soviet oil exports to the countries of the non-Communist world. It is sometimes overlooked that these shipments (nearly 30 million tons in 1961), though the U.S.S.R.'s biggest single source of foreign exchange, are but part of a much larger whole. In consequence of policy changes since Stalin passed off the scene in 1953 there has been a considerable extension of trading relations between the Communist bloc and the West. This trade, like all commercial exchanges freely entered into, takes place because both parties expect to benefit. It nevertheless entails certain risks which the Western participants need to keep constantly in mind.

It is not surprising that there should be plenty of scope for commercial intercourse between these two great groups of nations. The Sino-Soviet bloc has a rapidly expanding population of over a billion (thousand million) souls, and an aggregate production which, though still valued at no more than $400 billion a year, is nevertheless growing at an annual rate of 10 per cent. True, only one-quarter of the Communist countries' trade is with non-Communist nations, while their sales to the free world still represent under four per cent of the free world's imports from all sources. Nevertheless, these sales, after declining from about $2 billion in 1948 to $1.6 billion in 1953, have nearly trebled in seven years, to a total of about $4.3 billion in 1960; of this total the U.S.S.R. supplied about one-third, its satellites one-half and China one-sixth. The industrialised countries of the West accounted for $2.7 billion of these exports, and its underdeveloped countries for about $1.6 billion. Since Stalin's death, the U.S.S.R. has exported well over a billion dollars worth of gold to cover the deficits in its balance of trade.

Trading Relations

While trading relations across the iron curtain are in general mutually beneficial, they obviously cannot be judged by commercial criteria alone. In the first place, they are normally conducted within the framework of bilateral treaties—agreements in which the two Governments concerned set out certain; short-term commercial objectives. These intergovernment agreements have, however, to be implemented by commercial contracts, the parties to which are not on the same footing. On the one hand, in the case of the U.S.S.R., stands a powerful, monopolistic trading agency, charged with responsibility for procuring, among other things, essential imports needed for the successful prosecution of the current Five-year Plan, and enjoying the direct backing of the state; on the other, very frequently, stands a normal commercial undertaking, seeking a profitable outlet for its wares. That East-West commerce has steadily expanded despite the fundamental differences in attitude between the parties is evidence of the extent to which Western traders and the Communists are prepared to set their opposing doctrines aside and adapt themselves to each other's trading methods.

At this point, however, it is necessary to distinguish between Soviet dealings with the industrialised nations on the one hand and with the underdeveloped countries on the other. The motives governing the trade, the commodities concerned and the risks incurred are different for the two groups. [Incidentally, the U.S.A. plays a very minor role in East-West trade: there is an embargo on U.S. exports to Communist China, while American exports to the bloc as a whole ($89 million in 1959) represent only half of one per cent of the country's total sales abroad.]

It would be a very considerable oversimplification to say that the Communists deal with the industrialised nations for economic reasons and with the underdeveloped group for political reasons: economic and political considerations are not so neatly segregated in the Communist mind. There is, nevertheless, some truth in the contrast. For the fulfilment of their plans, the Russians in particular are anxious to obtain certain raw materials, chemical products, manufactures and particularly machinery and industrial plant from the advanced countries. From the international oil industry's point of view it is a little ironical that their purchases include large diameter line pipe (which they have been procuring in countries as far apart as Sweden, Italy and Japan), rock bits, compressors, pumps, and even petrochemical plants and tankers, much of which will serve to help increase the U.S.S.R.'s oil export capacity.

N.A.T.O. Exports

According to a recent U.S. publication*, which has provided a good deal of material for this article, N.A.T.O. exports to the Sino-Soviet bloc in 1959 were made up as follows (millions of U.S. dollars): manufactured goods 740; machinery and transport equipment 393; chemicals 243; foodstuffs and tobacco 250; raw materials and other items 248, making $1,874 million in all. What to send in exchange has been something of a problem for the Communists. Though they have tried by means of trade fairs and other forms of publicity to get Western buyers interested in their manufactures, they have had only limited success. They have managed to sell relatively small quantities of raw materials and foods; and it is oil which has provided the biggest single export item.

Free World Trade With Sino-Soviet Bloc
(Million U.S. dollars)

	European Satellites	U.S.S.R.	China	Total Bloc	% of all Trade*
Free World Exports to:					
1948	901	534	534	1,969	3.7
1953	678	424	287	1,389	1.8
1958	1,634	1,013	771	3,428	3.6
1959	1,853	1,149	670	3,691	3.6
1960	2,170	1,542	688	4,420	3.9
Free World Imports from:					
1948	1,026	494	488	2,008	3.4
1953	806	382	493	1,681	2.1
1958	1,691	1,046	756	3,510	3.5
1959	1,771	1,237	693	3,726	3.5
1960	2,103	1,595	754	4,376	3.6

Source: U.S. Department of Commerce (I.E.A.D.).
* The figures express free world exports to, or imports from, the communist bloc as percentages of total free world exports or imports.

On the Communist side, the principal incentive in trading with the industrialised nations of the West has thus been the acquisition of much-needed supplies, including where possible industrial know-how. For the Western exporters, the main incentive has been the lure of market outlets now and, it is hoped, in the future. In Continental Europe there is something of a tradition to look Eastwards for new markets. Trade with the rapidly expanding economies of the East certainly helps to ensure full employment for men and machines in the West, and manufacturers press, even in the face of discouragement from their Governments, to do this export trade. Wherever Western sellers have been prepared to consider the grant of credits, tempting offers of large orders have been held out to them—as in Mr. Khrushchev's famous letter to President Eisenhower in June 1958. Under the credit terms currently granted by private bankers in several west European countries, the Soviet buyer of industrial equipment need pay only 20 per cent of the total cost by the time the plant is tried out in the U.S.S.R., spreading the remainder over a period of five to ten years. Despite all the effort, however, the Communist bloc still takes a comparatively small proportion of the exports of Western industrial nations—the proportion is (e.g.) about 7 per cent for Germany and half that proportion for the U.K.—though it is, of course, significantly higher for particular industries.

So far as the main European nations are concerned, though they are eager to sell to the Soviet bloc, there is as yet no danger of undue dependence on Soviet zone markets. The dependence is considerably greater for a few of the smaller European countries. Iceland, for example, has lately been sending about one-third of its total exports to countries beyond the iron curtain, while the proportion is about one-fifth for Greece and one-eighth for Turkey. In Denmark, the shipbuilders and the farmers would be fairly hard hit by loss of Soviet markets.

Underdeveloped Countries

Dependence on Russian goodwill is much more marked in the underdeveloped countries of Africa, Asia and Latin America, which have been so assiduously wooed by the Kremlin in recent years. In the former colonial areas there is a natural temptation for the Communists to do all in their power to discredit the capitalist competitive system and seek to prove that Communism provides the master key to rapid economic progress. Political penetration is the aim in some countries—those which have impoverished and uneducated masses, a small wealthy class, and an unstable economy, and which therefore seem ripe for a Communist takeover.

As has been shown, total Communist bloc trade is still much smaller with the underdeveloped countries than it is with the industrialised nations. But it usually makes a much more special appeal. It is, moreover, growing rapidly, having risen by about 130 per cent since 1955, against an increase of 75 per cent for the industrialised group. In 1959 (latest figures available) Communist imports from the free countries amounted to $1,019 million, comprising $434 million imported by the European satellites, $402 million by the U.S.S.R. and $183 million by the Communist Far East. The main items imported were: industrial raw materials, including rubber, cotton, wool, hides, skins and copper, and a certain quantity of foodstuffs. The exports total of $839 million in 1959 included $402 million from the satellites, $224 million from the U.S.S.R. and $213 million from China. The biggest single group was machinery and transport equipment, followed by iron and steel, petroleum and products, and a variety of foodstuffs and other items.

For the underdeveloped countries the benefits of such trade are pretty obvious. In some cases it offers them a welcome opportunity to dispose of surplus produce and at the same time relieve their balance of payments problem. Colombia, for example, has thus found outlets for coffee, Egypt for cotton, Greece for tobacco and Iceland or fish. In exchange, they all secure much-needed imports for which payment does not have to be made in foreign currency. Often indeed the capital goods they require are supplied on credit, a typical arrangement being repayment over a 12-year period, with interest at 2½ per cent.

This is a reminder that Communist trade, and especially Russian trade, with the underdeveloped countries is frequently linked with financial and other forms of aid. The policy may be dated from the Soviet grant to Afghanistan in 1954. From then until mid-1961, according to U.S. sources, the Communist bloc had granted economic and military aid totalling $5.9 billion to 26 countries, or which $4.1 billion is classified as economic; of this the Soviet Union has provided about three-quarters. However, little more than one-fifth of the economic aid ($891 million), had been actually drawn by mid-1961, though three-quarters had been allocated to specific projects and the rate of payment was rising sharply.

There is a strong tendency for the Communists to concentrate such aid on what are regarded as key countries in the competitive co-existence rivalry. Almost two-thirds of the above aid has been allocated to four recipients—India, the United Arab Republic (U.A.R.), Indonesia and Cuba. The detailed figures are (in millions of U.S. dollars): India 945; the U.A.R. 802; Indonesia 544; Cuba 357; Afghanistan 217; Iraq 216; Ethiopia 114; Guinea 113. Indonesia, the U.A.R., Iraq and Afghanistan are also the principal recipients of $1.8 billion of military aid.

Technical Aid

Side by side with this financial assistance—which, of course, falls far below that provided by the industrialised countries of the West, and the burden of which is offset to a small extent by Western credits to Russia and her partners—is the supply of technical aid of various kinds. It is estimated that during 1961 9,750 Communist technicians were stationed for periods of one month or more in the 26 countries with which the Communist bloc has aid agreements. Of this total, which is 1,800 above the end-1960 level, 8,200 technicians are classified as economic, and the remainder as military. In the former category, the principal beneficiaries were: Afghanistan 1,910; Guinea 1,200; Yemen 1,180; U.A.R. 1,045; India 640; Cuba 500; Iraq 480. In the military category the main recipients were: U.A.R. 480; Cuba 300; Iraq 285; Afghanistan 260.

Over against the undoubted benefits which the underdeveloped countries derive from commercial intercourse with the Communist bloc, certain disadvantages must be set. A trade agreement between two Governments is only a framework within which trade will be done. In the free world country, buyers and sellers still have to be found. Consequently, countries such as Brazil, Argentina and Burma have found that their actual sales to Russia and its satellites have fallen far below the figures specified in the agreement. In other cases—e.g., Syria, Ceylon and Uruguay—there have been violent year-to-year fluctuations in Communist purchases, which have faced the sellers with the necessity of trying to re-enter markets which they had deserted in favour of the Soviet bloc.

The fear that Communist actions may result in a disruption of the commodity markets haunts many in the West. It follows naturally from the realisation that the prices at which Communist countries compete abroad are not necessarily related to costs of production or normal criteria of profitability. The fear is certainly in the mind of oil producing concerns in the West who know that, in some transactions at least, they have been sharply under-cut by the Russians. In regard to tin and aluminium also, there have been instances where heavy Soviet sales—maybe undertaken with the object of securing foreign exchange in a hurry—have brought about a steep fall in prices. However, as a general rule, the Russians seem to be as anxious as any commercial undertaking to make the best possible trading bargains. This does not, of course, alter the fact that they may, as opportunity offers, use "oil diplomacy" to sow confusion among Western suppliers and to weaken the position of the Western powers in the Middle East.

More serious for the underdeveloped countries is the possibility that the commercial relationship may be abruptly modified or completely severed for political reasons. Moscow has used the threat of trade curtailment to apply political pressure to Finland and Iceland during important election campaigns. Credits to Jugoslavia were cancelled as a mark of political displeasure, and shipments of oil to Israel were cut off at the time of the Suez emergency, despite the existence of a trade agreement. True, other countries also use the trade weapon, but as a reprisal rather than as a means of influencing day-to-day political life.

A country's vulnerability to arbitrary treatment of this kind obviously increases with every increase in the proportion of its trade which is conducted with the Communist bloc. In Africa, for instance, the bloc takes about 25 per cent of Guinea's exports and provides about 45 per cent of its imports, being virtually its sole supplier of petroleum products. Both Guinea and Ghana are heavily dependent on Communist capital for their development programmes. Similarly, about 45 per cent of Egypt's exports—largely cotton—are now sold to the Communist. Cuba has become greatly dependent on Russian and Chinese goodwill as a result of the break with the United States.

Prospects

Will the dependence increase? With the rapid expansion of production in Communist countries, their requirements of the kind of exports offered by the free world's underdeveloped countries is not expected to grow very much. The extent and direction of the trade will therefore be governed increasingly by political considerations. However, if it were to increase at much the same rate as recently, Communist trade (imports plus exports) with the underdeveloped countries could double, to reach $4 to $5 billion by 1965.

So far as the industrialised countries are concerned, the U.S. report cited here reckons that their trade with the Communist bloc may increase from $5.7 billion in 1959 to $7 to $8 billion in 1965, when it would still represent only about 5 per cent of those countries' total trade. It is expected, however, that, while the Soviet bloc's import needs will remain varied, rising demands within the bloc for goods of all kinds will make it increasingly difficult for the U.S.S.R. and its satellites to find exports acceptable to the free world. The corollary is that, because oil is a commodity which every industrial country will need to import on an increasing scale, Soviet oil exports to the West are likely to make further headway during the next few years.—*(By Special Arrangement with the Petroleum Press Service.)*

* *A New Look at Trade Policy Towards the Communist Bloc*, prepared for the Sub-committee on Foreign Economic Policy of the Joint Economic Committee. U.S. Government Printing Office, Washington, D.C., 1961.

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(Head Office: Calcutta)

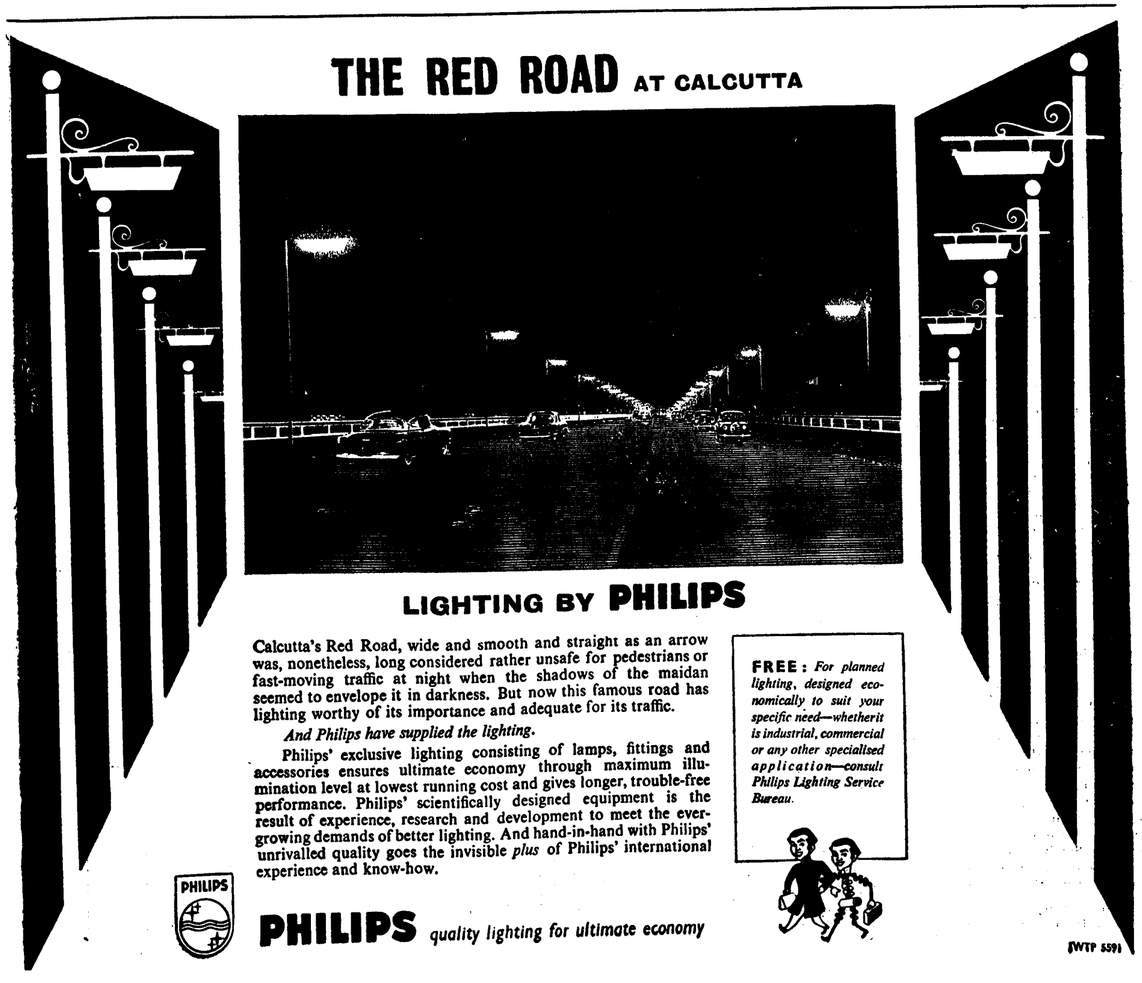
G. D. BIRLA
CHAIRMAN

CAPITAL

SUBSCRIBED	Rs. 4,00,00,000
PAID-UP	Rs. 2,00,00,000
RESERVE FUND	Rs. 2,35,00,000

- Branches throughout India
- Foreign Branches in Pakistan, Burma, Malaya, Singapore, Hongkong and United Kingdom.
- Agents in other places.
- Provides world-wide Banking Service for Business and Individuals.

S. T. SADASIVAN
General Manager



WORLD SUGAR STOCKS FALL MARKEDLY

F.A.O. STUDY ON CONSUMPTION TRENDS

DESPITE the breakdown of the world sugar quota system, the International Sugar Council continues to keep itself active in arranging for exchange of information on recent trends in sugar market and discussion on the latest statistics. This is in accordance with the understanding reached at the last World Sugar Conference whereat it was decided that the Council should hold a series of meetings during the remaining period of the present Agreement. One such meeting was held at London on Tuesday the 20th inst. At this meeting, the Council accepted its Statistical Committee's view that supplies of sugar likely to be offered on the world market in the current calendar year would do no more than provide a reasonable balance between supply and requirements, in view of the upward trend in world consumption, lower levels of production in a number of countries and other factors. The Council also adopted the estimate of the Committee that the minimum net import requirements of the free market for 1962 would aggregate 11,815,000 metric tons (raw value), which represent an increase of 530,000 tons over the estimate made in September 1961. In addition to this quantity, the U.S. import requirements are put at 4,015,000 tons. The total world market requirements thus come to 15,830,000 tons.

If the aforesaid assessment were to prove correct, there would be a marked depletion of running stocks with mills and traders the world over. In fact, a recent statement by the U.S. Department of Agriculture suggested that the current sugar season (1st September 1961-31st August 1962) would end with a carryover stock of no more than 7.9 million tons (excluding most of the Communist bloc), that is, some two million tons less than the stocks as on 31st August 1961. It is this statement, coupled with the reported sharp decline in Cuban sugar crop from 6.3 million tons in 1961-62 to 4.5 million tons in 1962-63, that has imparted considerable strength to the sugar market, leading to an appreciable recovery in prices. Sugar in London is currently quoted at £24¼ per ton, as against £22 a month ago and less than £20 prevailing in the middle of January 1962. Sugar dealers in London believe that, so far as the more immediate future is concerned, prices will "continue rising gently, with an occasional setback from time to time."

Long-term Trend Uncertain

From the long-term point of view, however, one cannot at all say as to what would be the trend of world sugar prices. Even the Commodities Division of the U.N. Food and Agriculture Organisation has not been able to provide a clear-cut assessment of the outlook for the next few years. In its latest special study entitled *Trends and Forces of World Sugar Consumption*, the F.A.O. merely says:

"The world sugar economy is far from static. Great progress was made during the past decade and further progress can be reasonably anticipated. These projections are on the basis of assumptions concerning price, income and population which are, on the whole, conservative. But it is possible that the tempo of general economic growth will develop with greater momentum; furthermore, there can be structural changes as a result of special consumption promotion efforts which could add substantially to the world demand. On the other hand, severe increases in prices or a general economic recession could not but have profound adverse effects on the world sugar economy. The situation should be kept under frequent review and the outlook should be reappraised at least every two years in the light of new developments."

The above study is mainly the work of Dr. Albert Viton, Chief of the Sugar, Beverages and Horticultural Crops Branch of the F.A.O.'s Commodities Division, assisted by Mr. Franco Pignalosa and other members of the Branch. It is the outcome of a specific project undertaken by the F.A.O. in collaboration with the International Sugar Council and is intended to meet the Council's desire for a comprehensive basic analysis that would serve as a foundation for its future work in the promotion of sugar consumption. The F.A.O. report traces the trends in sugar consumption over the last two decades, in order to examine the factors determining consumption and its rate of growth and, on the basis of this analysis, has tried to give some indications of the likely course of sugar consumption in the years ahead.

The world consumed in 1958 approximately 52.49 million tons of sugar (both centrifugal and non-centrifugal), that is, 19.66 million tons more than in 1949 and 22.79 million tons more than the average pre-war consumption. Countrywise details are given in Table I at the bottom of the page. In one decade, world consumption rose by 64 per cent. or at an annual rate of 5.5 per cent (compound). This is considered to be a "tremendous rate of growth" which is much greater than for all other foods. Exclusive of Soviet Russia, Mainland China and India, sugar (centrifugal) consumption elsewhere advanced from 20.7 million tons in pre-war to 36.3 million tons in 1958, representing an increase of 75 per cent. It is said that the increase is equally impressive, if consumption is adjusted to population growth, as will be seen from the figures given below:

TABLE II—*Sugar (Centrifugal only) Output and Per Capita Consumption*

Period	World sugar production (000 metric tons—raw value)	World population (Millions)	*Per capita* consumption (Kg.)
1898-99—1899-1900	8,130	1,470	5.5
1908-09—1909-10	12,690	1,690	7.5
1923-24—1924-25	19,120	1,870	10.2
1925-29—1929-30	24,740	1,990	12.4
1937-38—1938-39	26,350	2,190	12.0
1948-49—1949-50	28,640	2,440	11.7
1956-57—1957-58	43,020	2,800	15.4
Rate of growth per annum (1898-99—1957-58) ..	2.9	1.0	1.8

Notwithstanding the appreciable expansion in sugar consumption during the last ten years, the average *per capita* consumption for the world as a whole in 1958 was less than 16 kg., as compared with about 50 kg. in the high consuming countries. Even if China, India and Pakistan are excluded, since their extremely low consumption distorts the picture of conditions in the rest of the world, the average for 1958 was only 24 kg. It may be noted here that sugar is consumed in two forms: direct household consumption and as processed foods containing sugar (called industrial or indirect consumption). Some sugar is also used for non-food products, but the quantities have been relatively insignificant until now.

In the low consumption countries, practically all the sugar is used in the direct household form. Incomes are too low to permit large-scale intake of high-cost sugar-containing foods. The percentage of sugar consumed in indirect, industrialised forms rises progressively with rising income and increasing total sugar consumption. This is important both from the standpoint of marketing and of price policy. It is considered doubtful whether a *per capita* consumption of over 40 kg. a year can be maintained by household use alone. In all the high income countries for which data are available, consumption has increased more rapidly in recent years in indirect than in direct forms, as the following examples of some countries show:

(Per cent of total consumption

	Household		*Manufacturing*	
	1958	Pre-war	1958	Pre-war
U.S.A.	49	72	51	28
U.K.	50.6	53.7	49.4	46.3
Australia ...	45*	62	55*	38
W. Germany ...	58	N.A.	42	N.A.

* Relate to 1955.

The actual industrial utilisation of sugar amounted to about 3,685,000 metric tons in the U.S. (1957), 600,000 tons in West Germany (1956-57), 570,400 tons in France (1956-57) and 266,100 tons in Australia (1955-56).

The F.A.O. Study indicates that the general movement of trade liberalisation in the past decade has not penetrated the world sugar economy. Indeed, the trend has been in the opposite direction. The number of countries where sugar prices are administratively regulated has increased. And changes in the structure of controls has seldom been such as to facilitate imports from the world market and to lower retail prices.

The likely course of sugar consumption in the years ahead, according to the F.A.O. report, will be influenced by three important factors: (1) general world economic development which will determine the *per capita* income; (2) tempo of development of countries with a *per capita* income of less than $300 and which have, in general, an average *per capita* consumption of less than 20 kg; in 1957, about 1,250 million people outside the Communist bloc were in this low income and low sugar consumption group; and (3) price factor. Two factors, it is said, have to be examined in analysing the potential changes in the "real" price of sugar (that is, in relation to other foods). They are: one, changes in production and distribution costs and, two, legislative and administrative measures to reduce or increase the incidence of taxation, as well as other financial imposts. The F.A.O.'s finding bearing on these is as follows:

"As to the first, it is probable that the trend of the past few years will continue and sugar will become slightly cheaper relative to other foods, but not by much.

"Far greater are the potentialities for reducing prices as a result of legislative and administrative measures. In 1957, only 30 countries, which accounted for 15.7 per cent of world sugar consumption, had retail prices below 18 U.S. cents per kilogram; the 23 countries with retail prices lower than 16 cents accounted for only 8 per cent of world sugar consumption. In all other countries, financial imposts of various sorts raised prices 50 to 200 per cent above the price range that is indicated, assuming relatively efficient production and distribution costs. The depressing effect of taxation on consumption is the greater, since the highest prices are on the average in low and very low income countries, where the price elasticity is considerable. This analysis indicates that, in many of these countries, the price elasticity of demand is above unity.

"Finally, assumptions have to be made with regard to the impact of other factors. Since many of these factors do not operate in a consistently predictable manner, forecasts are based on the assumption that 'everything else (other than price and income) remains equal.' But structural changes have taken place in the past, and it can be assumed that some structural changes will take place in the future. Special campaigns to promote sugar consumption, adverse dietary publicity, changes in marketing and distribution systems so as to assure that adequate supplies are always available in all remote areas—any of these, and many other factors, could fundamentally affect the consumption pattern of a country. Some of these factors are related to, or find expression in, the trend of economic development. A continuing rise in *per capita* income, for example, is likely to be related to improvement in transportation facilities and the infrastructure of the country. But the immediate effects on sugar consumption of building a road in parts of a country which had been open only to mule tracks or human carriers is very much greater than an increase in consumption that could be anticipated as a result of the slight increase in *per capita* income in the period. Nevertheless, the impact of these factors on the consumption development of the world is not likely to be very great, although they can be of considerable importance in any one country."

Consumption Projections

It is against this background that the authors of the F.A.O. study have made certain interesting projections in regard to future trend of sugar consumption. These projections indicate that, during the next seven years, world consumption of centrifugal sugar will increase by almost 30 per cent or an average annual growth of 3.6 per cent, from 44.8 million metric tons in 1958 to 56.8 million tons in 1965. The estimate for 1970 is placed at 65.8 million tons, a rise of 50 per cent over 1965, or an average annual rate of growth of 3.6 per cent. Since sugar consumption in Communist countries follows different dynamics, the F.A.O. experts have considered it more realistic to attempt an estimate for the free world only. The estimates of sugar consumption by groups of countries at different consumption levels are given in Table III.

The greatest percentage rise in sugar (centrifugal) between 1956 and 1970 consumption is anticipated in countries which have at present a *per capita* consumption of less than 20 kg. a year, as is indicated below:

Consumption group (kg.)	*Per capita increase* (Per cent)	*Total increase* (Per cent)
Less than 5	58-80	105-132
5-10	67-82	117-135
10-20	50	89
20-30	25	56
30-44	11	50
Over 44	5	24

Sugar consumption, according to the F.A.O. study, will make an "appreciable further progress toward equal distribution" between 1956 and 1970. The consumption of the lowest 50 per cent of the world population, which increased from 10 per cent of total consumption in pre-war years to 14.5 per cent in 1957, is expected to reach 20 per cent of total consumption in 1970. At the other extreme, the consumption of the top 20 per cent of world population, which declined from 60 per cent of total to 50 per cent over the period pre-war to 1957, is likely to fall to 44 per cent in 1970.

TABLE I—*Sugar (both Centrifugal and Non-Centrifugal) Consumption in Different Countries*

	Total consumption (in 000 metric tons)				*Per capita* consumption (in kg.)			
	1958	1957	1949	Pre-war	1958	1957	1949	Pre-war
Free World:								
India	5,951.0	4,654.0	3,943.0	4,175.0	15.0	14.5	12.2	14.1
France	1,457.5	1,441.8	1,009.7	1,032.9	32.7	33.7	24.4	24.7
W. Germany	1,700.3	1,628.9	1,128.1	1,000.0	31.3	30.8	23.1	23.2
Italy	940.4	884.7	426.1	336.0	19.4	18.2	9.2	7.9
United Kingdom	2,728.0	2,985.6	2,081.0	2,308.0	52.8	55.8	41.6	49.0
Canada	802.1	739.1	655.0	458.4	47.0	44.6	45.7	40.8
United States	8,265.8	7,923.8	6,876.7	6,029.0	47.6	46.3	46.1	47.0
Mexico	1,122.4	1,151.2	764.8	340.6	34.7	36.6	30.5	18.5
Argentina	811.5	795.8	627.0	426.6	40.1	40.0	37.5	32.2
Brazil	2,720.5	2,340.5	1,801.7	1,013.1	43.3	38.2	35.5	25.7
Japan	1,328.0	1,225.0	295.0	956.7	14.5	13.5	3.6	13.6
Union of South Africa	690.7	642.8	537.1	206.6	42.6	40.3	40.8	19.4
Australia	521.4	506.0	430.0	340.0	52.7	52.2	54.1	51.1
Other Countries	13,239.0	13,731.2	8,100.4	6,631.5	..	..	..	..
Total Free World	42,278.3	40,650.2	28,675.6	25,262.4	..	..	..	..
Communist World:								
Albania	13.0	12.5	8.0	4.4	8.6	8.5	6.7	4.3
Bulgaria	135.0	120.0	55.0	26.7	17.5	15.7	7.6	4.3
Czechoslovakia	511.0	496.0	354.0	404.0	37.9	37.1	25.7	26.6
East Germany	568.0	568.0	378.0	700.0	32.7	32.4	20.0	52.2
Hungary	267.0	270.0	160.0	100.9	27.0	27.4	17.3	11.2
Poland	891.3	815.0	513.0	380.8	31.0	28.8	21.0	11.2
Rumania	220.0	190.0	85.0	111.8	12.2	10.7	6.3	5.8
U.S.S.R.	5,425.0	4,777.0	2,100.0	1,923.2	25.3	23.5	11.8	11.2
China	2,180.0	2,040.0	500.0	790.0	3.2	3.2	1.0	1.7
Total Communist World ..	10,210.3	9,288.5	4,153.0	4,441.8	25.8*	24.2*	13.7*	12.9*
Grand Total ..	52,488.6	49,938.7	32,828.6	29,704.2	20.5	19.9	15.3	16.2

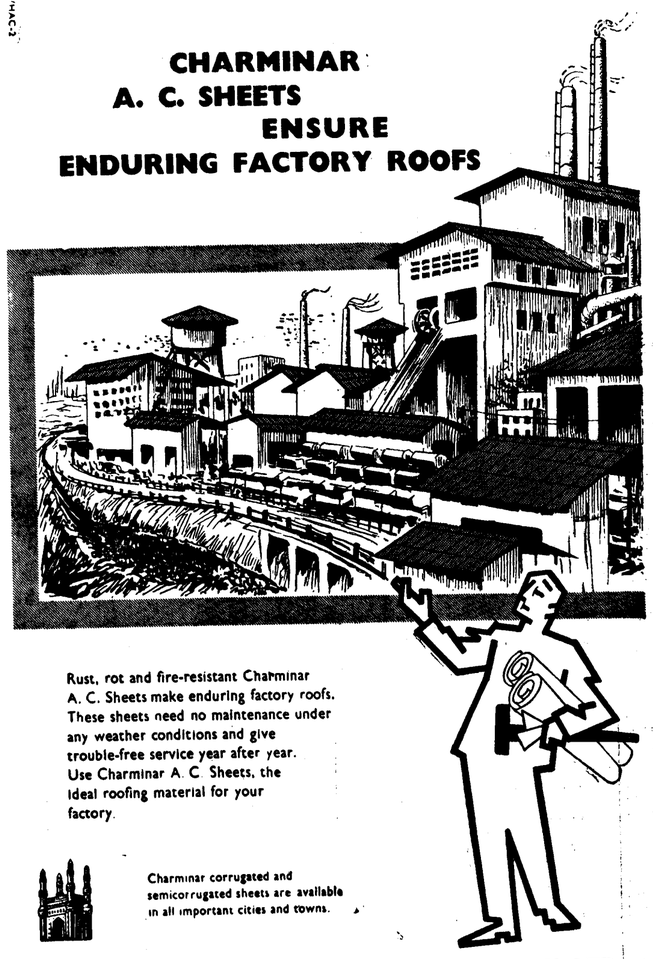
* Excludes Mainland China, Mangolia and North Korea.

TABLE III—*Estimates of World Sugar (Centrifugal only) Consumption*

Estimate of consumption	*Per capita* consumption level (in kg.)						Total	Annual rate of increase from 1956
	Less than 5	5-10	10.1-20	20.1-30	30.1-44	Over 44		
1956								
Total consumption (million metric tons)	0.78	3.22	5.17	2.39	8.26	13.82	33.63	..
Population (Millions)	318	521	371	91	235	273	1,818	..
Per capita consumption (kg.)	2.4	6.2	14.1	26.2	35.1	49.7	18.6	..
Annual compound rate of increase in *per capita* real income—1956-70 (per cent.)	2.0	3.0	3.5	3.5	2.8	2.0	..	..
1965								
Total increase in *per capita* real income—1956-65 (per cent.)	19.5	30.5	36.3	36.3	22.7	19.5	..	..
Income effect on consumption (per cent.) ..	39-65.5	45.8-61	36.8	18.2	9.1	3.9	..	..
Per capita consumption (kg.)	3.3-3.8	9-11	19.2	31.0	38.3	51.6	21.5	..
Population (Millions)	372	612	426	105	282	310	2,107	1.7
Total consumption* (million metric tons) ..	1,414	6,120	8,179	3,255	10,801	15,996	45,765	3.4
1970								
Total increase in *per capita* real income—1956-70 (per cent.)	33.0	51.2	61.9	61.9	37.5	33.0	..	..
Income effect on consumption (per cent.) ..	57.5-80	66.5-82	49.5	24.6	11.3	4.8	..	..
Per capita consumption (kg.)	3.8-4.3	10.3-11.3	28.7	39.1	39.1	54.1	22.3-23.7	..
Population (Millions)	405	676	466	114	311	329	2,304	1.4
Total consumption* (million metric tons) ..	1,754	7,689	9,583	4,728	13,160	17,141	52,856	3.1

Note:—The figures relate to centrifugal sugar only.

* Higher elasticity assumption.



NEPAL BANK LIMITED

(Incorporated under Nepal Bank Act of 1994 (Sambat))

Central Office: KATHMANDU, NEPAL

Authorised Capital .. .. .. N.C. Rs. 1 crore
Paid-up Capital .. .. .. N.C. Rs. 25 lacs
Reserves and Exchange Fluctuation Fund .. .. .. N.C. Rs. 70 lacs
(N.C. Rs. 160 = I.C. Rs. 100)

26 Branches and Sub-Offices in Nepal

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Telephone No. 253565

THE BANK OF BARODA, LIMITED

(ESTABLISHED: 20TH JULY 1908)

(*Registered Office:* **Mandvi, Baroda**)

FIFTY-THIRD ANNUAL REPORT OF THE DIRECTORS.

To be presented to the Shareholders at the Annual General Meeting to be held at the Registered Office of the Bank at Mandvi, Baroda, on Saturday, the 31st March 1962, at 11-30 a.m.

The Directors have pleasure in submitting this Fifty-third Annual Report together with the Audited Statement of Accounts for the year ended 31st December, 1961.

	This Year Rs. nP	Previous Year Rs. nP
The net profit for the year 1961, after providing for taxes, including Rs. 1,99,357.81 brought forward and after taking Rs. 3,33,143.37 towards depreciation on buildings and furniture amounts to	68,72,553.37	41,68,551.98
An ad-interim dividend at the rate of 14 per cent. per annum, subject to deduction of income-tax at the appropriate rates was paid for the half-year ended 30th June, 1961, which absorbed	10,50,000.00	8,75,000.00
Amount transferred to Reserve Fund	20,00,000.00	Nil
Provision for Bonus to Staff	20,20,000.00	17,10,000.00
	50,70,000.00	25,85,000.00
The Directors now recommend :—		
(a) Payment of a final dividend at the rate of 20 per cent. per annum per equity share (i.e., Rs. 5 per share) subject to deduction of tax at the appropriate rates for the half-year ended 31st December, 1961 making in all 17 per cent. per annum for the year amounting to ..	15,00,000.00	14,74,194.17
(b) and carry forward to the next year's account of the balance amounting to	3,02,553.37	1,00,357.81
	Rs. 68,72,553.37	41,68,551.98

2. The business of the Bank during the year under review continued to be satisfactory

3. Under the Scheme of Amalgamation sanctioned by the Government of India, the New Citizen Bank of India Ltd. was amalgamated with our Bank with effect from 29th April, 1961. As a result after due examination and valuation, our Bank took over the readily realisable assets of the New Citizen Bank of India Ltd., of the value of Rs. 1,69,19,129·11 nP. including immoveable properties situated at Patton Road, Crawford Market, Bombay, and at Kalyan (non-banking asset). As laid down in the Scheme, after providing in full for its outside liabilities, every depositor of that Bank was, in the first place given credit to the extent of Rs. 250 or the balance in the account whichever was less: and in the next place to those whose balances were above Rs. 250, the *pro rata* share calculated at Re. 0·66 nP. in a rupee in respect of the balance of his account as diminished after the credit of Rs. 250 was given. The Board wishes to record its appreciation of the co-operation and assistance received from the Reserve Bank of India in connection with the amalgamation.

4. As a result of the amalgamation of the former New Citizen Bank of India Ltd., all its 44 offices started functioning as our branches. Of these, the branches at Bruce Street (Bombay), Jalgaon (Mahaji Bazar) and Nampur were closed down as they were found to be unremunerative.

5. Because of their nearness to each other, the Bank's branches in Calcutta at Pagoyarutty and Cross Street were amalgamated and shifted to new commodious premises at Malatma Gandhi Road, Calcutta.

6. During the period under review, the Bank put up its own building in East Africa at Kampala (Uganda) at a cost of about Rs. 18,24,000 to house its branch office and a safe deposit vault. This is in addition to the Bank's own building at Nairobi (Kenya) which was put up earlier. The Bank has also started a mobile banking service under the control of its Kisumu (Kenya) branch for the benefit of six surrounding villages.

7. The Bank has applied for and has been granted an exemption from audit under Section 228 of the Companies Act, 1956, in respect of 104 branches in India for the year 1961 and the exemption orders in this regard will be read out to you hereafter. This number includes 13 branches audited by Chartered Accountants Auditors. The remaining branches in India have been either audited by the Bank's Statutory Auditors or All the Bank's branches outside India have been audited by Chartered Accountants who have been competent to act as Company Auditors under the Acts of the respective countries and who have been approved by the Bank's Statutory Auditors.

8. The Bank has opened branches during the year at Chandigarh, Indore (Siyaganj), Jullundur, Ahmedabad (Ellis Bridge), Bombay (Bandra), Calcutta (Bhowanipore), Delhi (Sadar Bazar), Baroda (Industrial Estate) and at Suva in Fiji Islands. A temporary branch was also opened on the grounds of the Indian Industries Fair held in New Delhi in November, 1961. Branches at Godhra, Dehgam and Bareilly will be opened shortly.

9. Shri Tulsidas Kilachand, the Chairman, was out of India for over three months from 16th May, 1961. In accordance with the Article 151 (1) of the Articles of Association, the Board had appointed Shri Ramdas Kilachand as an Alternate Director in place of Shri Tulsidas Kilachand. The Board appreciated and placed on record the valuable services rendered by Shri Ramdas Kilachand during the period in which he acted as an Alternate Director.

10. In accordance with Article 145, four Directors, Shri Tulsidas Kilachand, Lt.-Col. H. H. The Maharaja Fatehsinh Gackwad of Baroda, Shri K. P. Goenka, Shri Narsing Dass Bangur retire by rotation and being eligible, offer themselves for re-election.

11. Shareholders are requested to appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board,
TULSIDAS KILACHAND,
Chairman.

BOMBAY, *8th February*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961.

31-12-1960 Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
	AUTHORISED CAPITAL—		
3,50,00,000	3,50,000 Equity Shares of Rs. 100 each ..	3,50,00,000·00	
	ISSUED AND SUBSCRIBED CAPITAL—		
3,00,00,000	3,00,000 Equity Shares of Rs. 100 each ..	3,00,00,000·00	
1,50,00,000	Amount Called up at Rs. 50 per Equity Share..		1,50,00,000·00
	2. Reserve Fund and Other Reserves—		
80,75,000	Reserve Fund under Section 17 of the Banking Companies Act, 1949	1,00,75,000 00	
79,63,760	Share Premium Account	79,63,760 00	
76,100	Development Rebate	85,800 00	
1,61,14,860			1,81,24,560·00
	3. Deposits and Other Accounts—		
48,46,99,149	Fixed Deposits .. .. (including employees' security deposits Rs. 9,37,045·85)	53,12,21,143·47	
15,21,96,707	Savings Bank Deposits	19,70,56,959·31	
21,29,28,013	Current Accounts, Contingency Accounts, etc. ..	22,62,70,886·38	
84,98,23,869			95,45,57,989·16
	4. Borrowings from Other Banking Companies, Agents, etc.—		
2,64,40,331	(i) In India .. .. (Includes an amount of Rs. 1,37,55,000·00 borrowed from the Refinance Corporation for Industry Ltd.)	3,48,05,000·00	
7,57,766	(ii) Outside India	7,18,888·54	
2,71,98,097			3,55,23,888·54
	PARTICULARS—		
	(i) Secured—		
1,80,81,445	(a) By part of Investments and Bills per contra	2,00,50,000·00	
54,00,000	(b) Under the Refinance Scheme vide S.I. (i) per contra	1,37,55,000 00	
37,16,652	(ii) Unsecured	17,18,888·54	
94,87,093	**5. Bills Payable**		1,03,52,072·30
	6. Bills for Collection Being Bills Receivable as per contra—		
6,24,10,921	(i) Payable in India	7,60,14,341·49	
2,41,53,326	(ii) Payable outside India	1,90,68,947·58	
8,65,64,247			9,50,83,289·07
1,34,95,975	**7. Other Liabilities**		2,18,05,204·13
	[(a) Including Branch Adjustments .. Rs. 1,30,16,263·79 nP		
	(b) Net amount realised to date in respect of assets under collection of the former New Citizen Bank of India Ltd. .. 8,13,889·88]		
7,93,52,891	**8. Acceptances, Endorsements and Other Obligations** per contra		7,60,90,496·85
	9. Profit and Loss—		
9,77,801	Profit as per last Balance Sheet	15,83,551·98	
8,75,000	LESS—Appropriations	14,74,194 17	
1,02,801		1,09,357·81	
40,65,751	ADD—Profit for the year brought from the Profit and Loss Account	67,63,195·56	
41,68,552		68,72,553·37	
	LESS— Rs. nP		
	Ad-interim dividend paid at 14 per cent. per annum for the half-year ended 30th June, 1961 (subject to tax) .. .. .. 10,50,000·00		
8,75,000	Amount transferred to Reserve Fund 20,00,000 00		
Nil	Bonus to Staff 20,20,000 00		
17,10,000		50,70,000·00	
15,83,552			18,02,553·37
1,09,86,20,584	Carried forward .. Rs.		1,22,83,40,053·42

31-12-1960 Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
6,33,57,625	**1. Cash—** In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes) ..		6,36,83,153·91
	2. Balances with Other Banks in Current Account—		
7,68,978	(i) In India	10,86,520·88	
61,48,123	(ii) Outside India	58,83,689·18	
69,17,101			69,70,210·06
1,14,00,000	**3. Money at Call and Short Notice**		1,13,33,333·33
	4. Investments at or below Market Rate—		
20,27,19,532	(i) Securities of the Central and State Governments and other Trustee Securities ..	21,40,06,140·10	
	(ii) Shares—		
41,68,374	(a) Fully Paid Preference Shares ..	61,30,805·75	
27,31,944	(b) Fully Paid Ordinary Shares ..	31,80,308·87	
5,41,000	(c) Partly Paid Preference Shares ..	Nil	
6,41,845	(d) Partly Paid Ordinary Shares ..	7,89,024·31	
70,63,157	(iii) Debentures or Bonds	67,09,921·00	
	(iv) Other Investments—		
1,34,61,946	Foreign Government Loans and Treasury Bills	1,81,64,460·82	
Nil	(v) Gold	Nil	
23,13,27,798			24,89,72,200·85
	5. Advances— (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	I. Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
44,36,28,487	(i) In India .. .. 54,05,63,547·75 (Includes an amount of Rs. 1,67,76,608·76 relating to medium term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd., as per contra)		
	(ii) Outside India .. 4,31,98,646·35		
		58,37,62,194·10	
	II. Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
7,49,18,723	(i) Payable in India .. 8,23,84,404·23		
3,95,41,240	(ii) Payable outside India. 3,75,35,558·56		
11,44,59,963		11,99,19,962·79	
60,17,77,913			70,36,82,156·89
	PARTICULARS OF ADVANCES—		
46,76,42,153	(i) Debts considered good in respect of which the banking company is fully secured	54,78,42,574·86	
	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	8,99,60,067·60	
7,64,27,086	This includes— Rs. nP		
	Advances under joint and several promotes. 4,13,17,035·18		
	Advances to individual parties .. .. 4,56,43,032·42		
	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	6,83,79,514·43	
5,77,08,669	(iv) Debts considered doubtful or bad, not provided for	Nil	
Nil		70,36,82,156·89	
60,17,77,913			
1,62,113	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons ..	3,16,227·99	
10,43,18,376	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	11,93,05,772·58	
1,65,729	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..	3,16,334·66	
91,47,80,437	Carried forward .. Rs.		1,03,46,41,115·04

THE BANK OF BARODA, LIMITED—*(Continued)*

BALANCE SHEET AS AT 31st DECEMBER, 1961—(Continued)

31-12-1960 Rs.	CAPITAL AND LIABILITIES—(contd.)	Rs. nP	Rs. nP
1,09,86,20,584	Brought forward .. Rs.		1,22,83,40,053·42
35,48,625	**10. Contingent Liabilities—** (i) On partly paid shares of Joint Stock Companies..	20,29,837·50	
1,01,639	(ii) Claims against the banking company not acknowledged as debts ..	2,56,143·74	
13,49,82,669	(iii) Money for which the banking company is contingently liable (including Rs. 2,93,507·58 for guarantees given on behalf of the officers of the Bank)	18,18,69,125·84	
Nil	(iv) Liability on Bills of Exchange re-discounted ..	Nil	
6,08,25,573	(v) Liability on account of outstanding Forward Exchange Contracts ..	2,38,82,953·91	
	NOTE :— (1) Provision to the full extent for future gratuities to the staff has not been made—the liability for which has not been ascertained. (2) The Balance Sheet and Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Companies Act, 1949, and are not required to be and are therefore not drawn up in accordance with Schedule VI of the Companies Act, 1956.		
1,09,86,20,584	Total .. Rs.		1,22,83,40,053·42

31-12-1960 Rs.	PROPERTY AND ASSETS—(contd.)	Rs. nP	Rs. nP
91,47,80,437	Brought forward .. Rs.		1,03,46,41,115·04
12,47,71,105	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	12,53,05,362·83	
20,49,130	(ix) Due from banking companies	16,71,528·90	
	6. Bills Receivable Being Bills for Collection as per contra—		
6,24,10,931	(i) Payable in India	7,60,14,341·49	
2,41,53,326	(ii) Payable outside India	1,90,68,947·58	
8,65,64,247			9,50,83,289·07
7,93,52,891	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		7,60,90,496·85
	8. Premises Less Depreciation—		
68,71,057	Premises at cost to 31st December, 1960	92,26,363·54	
24,12,088	Additions during the year	24,97,510·86	
92,83,145		1,17,23,874·40	
56,781	LESS—Sales during the year	50,574·85	
92,26,364		1,16,73,299·55	
13,35,852	LESS—Total depreciation to date	16,76,393·80	
78,40,512			99,96,906·75
	9. Furniture and Fixtures Less Depreciation—		
53,82,312	Furniture and Fixtures at cost to 31st December, 1960	64,83,237·87	
11,33,864	Additions during the year	17,15,851·07	
65,16,176		81,99,088·94	
32,938	LESS—Sales during the year	56,402·87	
64,83,238		81,42,686·07	
17,28,212	LESS—Total depreciation to date	22,97,079·16	
47,55,026			58,45,606·91
	10. Other Assets—		
16,66,212	(i) Advance Payments of Tax	17,12,199·70	
17,51,663	(ii) Interest accrued on Investments	20,02,402·92	
13,10,866	(iii) Stamps and Stationery	17,66,781·02	
5,98,730	(iv) Advances recoverable in cash or in kind ..	11,47,255·16	
Nil	(v) Silver	Nil	
53,27,471			66,28,638·80
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims at or below cost**		54,000·00
1,09,88,20,584	Total .. Rs.		1,22,83,40,053·42

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

31-12-1960 Rs.	EXPENDITURE	Rs. nP	31-12-1960 Rs.	*INCOME (Less Provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. nP
2,22,23,590	1. Interest paid on Deposits, Borrowings, etc.	2,44,53,787·88	3,55,54,771	1. Interest and Discount	4,22,18,537·07
1,20,07,643	2. Salaries and Allowances and Provident Fund	1,36,85,333·16	73,36,664	2. Commission, Exchange and Brokerage	88,45,012·53
(67,250)	(Includes Salary and Allowance to General Manager Rs. 67,500)		2,15,890	3. Rents	3,11,132·61
62,132	3. Directors' and Local Committee Members' Fees and Allowances ..	62,370·73	Nil	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets	Nil
13,61,734	4. Rent, Taxes, Insurance, Lighting, etc.	17,36,818·39	Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets	Nil
1,07,466	5. Law Charges	1,22,535·80	Nil	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	2,366·75
6,22,762	6. Postages, Telegrams and Stamps	7,35,221·60	6,773	7. Other Receipts	5,295·25
24,000	7. Auditors' Fees (exclusive of Payments to Branch Auditors) ..	30,000·00	4,31,14,098	Total .. Rs.	5,13,82,344·21
5,54,683	8. Depreciation on and Repairs to the Banking Company's Property ..	9,12,489·36			
9,73,273	9. Stationery, Printing, Advertisement, etc.	12,83,959·57			
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	1,007·04			
10,91,589	11. Other Expenditure	15,36,025·12			
19,476	12. Development Rebate	9,700·00			
40,65,751	13. Balance of Profit	67,63,195·56			
4,31,14,098	Total .. Rs.	5,13,82,344·21			

Note :—(1) The General Manager is allowed the use of the Bank's motor car free of cost.
(2) Provision for taxation has been made out of income.*
(3) Some of the figures of the previous year have been regrouped to make them comparable with those of the current year.

CERTIFICATE PURSUANT TO RULE 6 (6) OF THE COMPANIES (BRANCH AUDIT EXEMPTION) RULES, 1961.

We hereby certify that no material change has taken place in the arrangements made for the audit of accounts of the Branch Offices exempted from audit under Rule 4 (1) (b) of the Companies (Branch Audit Exemption) Rules, 1961, enabling the Chartered Accountants employed by the Bank for the purpose of audit of the accounts of Branch Offices, to visit the Branch Offices and to have access at all times to the books, accounts and vouchers of the Bank maintained at such Branch Offices audited by them and for furnishing all such further information and explanations required by them and that such auditors have carried out the audit of the Branches assigned to them in accordance with the Internal Audit Programme drawn up by them and approved by the Bank's Statutory Auditors.

FOR THE BANK OF BARODA, LIMITED,
TULSIDAS KILACHAND, } *Directors.*
CHINUBHAI CHIMANBHAI, }
N. M. CHOKSHI, *General Manager.*

BOMBAY, *15th February*, 1962.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of The Bank of Baroda Ltd., as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the returns from 25 Branches audited by us, 25 Branches audited by Branch Auditors and unaudited returns from 104 Branches for which exemption from the provisions of Section 228 of Companies Act, 1956, has been obtained from the Central Government under Rule 4 clauses (a) and (b) of the Companies (Branch Audit Exemption) Rules, 1961.

We report that :—
(a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;
(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank ;
(c) in our opinion, proper books of account as required by law have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Branches of the Bank not visited by us ;
(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;
(e) the reports on the accounts of the Branches audited by Branch Auditors have been forwarded to us and the same have been considered by us in preparing our report ;
(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

K. S. AIYAR & CO.,
N. M. RAIJI & CO., } *Chartered Accountants.*

BOMBAY *15th, February*, 1962.

TULSIDAS KILACHAND, *Chairman.*
R. D. BIRLA,
KANTILAL NAHALCHAND,
N. H. TATA,
ANANDLAL HIRALAL,
CHINUBHAI CHIMANBHAI,
B. K. DAPHTARY,
F. P. GAEKWAD,
R. N. MAFATLAL, } *Directors.*

GOPAL CH. BASU, *Accountant.*
N. M. CHOKSHI, *General Manager.*

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PRIVATE ENTERPRISE IN A PLANNED ECONOMY

READJUSTMENT TO SOCIAL CHANGES NECESSARY FOR SURVIVAL

By G. L. Mehta

PRIVATE enterprise in India has now been working within a planned economic system for more than ten years. Although brief, this has been an eventful period in the history of the country and has also witnessed a remarkable development of the private sector. The period is sufficiently long to enable us to have a stocktaking of the past and draw lessons for the future. Such an exercise is essential, because private enterprise is no longer taken for granted as in the last century. Besides, in a planned economy, the criteria by which private enterprise is judged are not the same as in a "free" economy.

Before the advent of planning, private enterprise had an almost unrestricted field in our country. Until the Second World War, such positive steps as were taken to assist industries were few and halting (*the most important being* the policy of discriminating protection), while Government attitude to economic development seemed largely negative. During the last war, certain industries did receive a fillip, but this was largely without a consistent and long-term policy of industrial development.

Mixed Economy

After independence, all this changed. The State has come to adopt a more positive attitude in regard to economic development and has endeavoured to lay down the broad framework of a plan within which such development is to be achieved. The Indian economy is frequently referred to as a "mixed" economy and cannot, perhaps, be easily defined—mixtures can be of several kinds and the economic formulæ are no less varied than those made possible by advances in the medical field. If "mixed" economy is regarded as an "unmixed evil," all economies except, presumably, some totalitarian ones, must be characterised as evil. Indeed, almost all economies are "mixed" in the sense that several functions in a community are performed by Government and others by individual citizens, corporate bodies and voluntary associations. It is the demarcation of responsibilities between the two sectors which distinguishes "mixed" economies. "Unmixed" concentration of both political and economic power in the same hands would be detrimental to democracy as well as genuine socialism. It would be a negation of liberty. As one of the outstanding economists of our day, Prof. Arthur Lewis has observed, "both sides can appeal to history but sensible people do not get involved in any arguments about whether economic progress is due to Governmental activity or to individual initiative. They know that it is due to both and they concern themselves only with asking what is the proper contribution of each." If I were to specify the ingredients which go to constitute our economic system, I would mention three basic constituents, namely, planning, State-ownership of industry and controlled exercise of private enterprise.

Now, we need not be frightened of words any more than enamoured by them—whether it be planning, socialism, vested interests or nationalisation. The principal advantage of planning in developing countries has been, as recognised by international bodies and institutions, that it has helped to give a sense of direction to long-term policies and to enhance the flexibility of short-term programmes. Planning has also been instrumental in providing a general setting for expansion and, in enabling various sectors of the economy to work towards a number of specific objectives. In the present-day world, we can no more condemn *planning as such* because of the risk that it might be carried to extremes any more than we can extol *any kind of planning* irrespective of its content and consequences. Our problem is not one of choosing between an ideal conception of individual freedom and some kind of collectivism but of finding in each case a proper balance between the two. For, the conflict is not so much between "individual freedom" and "collectivism" as between different forms of planning or collective action and between different degrees of freedom, of open as well as concealed power.

Although the conception of a welfare State may be different in different countries and may also change from time to time, its fundamentals can no longer be disputed. The objectives embodied in the Directive Principles of the Constitution of India have to be achieved by democratic processes and without detriment to the national economy. Several years ago, Sir William Harcourt, then Chancellor of the Exchequer, observed in introducing the Death Duty Bill in Parliament, "we are all socialists now." No sensible person can support the unfettered exploitation of economic resources for private gain. No healthy adult citizen has a right to enjoy the fruits of other people's labour without contributing a fair quota of his own. In so far as socialism involves equality of social and educational opportunity, distributive justice, the supremacy of public interest above private gain and diffusion of economic power, few persons with a sense of responsibility and sensitivity would disagree with its basic principles. Priorities are essential to conserve and mobilise economic resources and see that necessities of life for the masses have a precedence over luxury for a few. We, with our cultural traditions, should surely be able to realise that mere pursuit of material gain by itself is empty and that the good society is one in which the human personality is developed to the full.

An Integral Part

That the private sector is an integral part of national economy is widely recognised. In a book entitled *Twentieth Century Socialism*, written by socialists and published a few years ago, the authors say: "the private sector of a socialist economy is not there merely on sufferance to be tolerated on grounds of political expediency with the Sword of Damocles hanging over it in perpetual threats. On the contrary, it has a legitimate and, indeed, a necessary function to perform. Within the limits of equality, there must be opportunities for people to spend as they wish, to own, to initiate and experiment; they must be able to form associations to further their economic interests. In all these areas, the individual must have a chance to act without waiting for the approval of the State." And they go on to observe that "the reason why a socialist economy requires a private sector is because socialists place a value on individual freedom." The private sector in our country has made an important contribution to economic development and is, in fact, a dynamic element in the national economy. All but doctrinaire socialists and devout communists recognise that the criterion of profitability, the price system and the urge of self-enrichment, if they are under effective social guidance and direction, can be effective means for attaining steadily rising standards of living.

Pattern Changing

The whole pattern of our economy is changing. Private enterprise is, however, no longer the private concern of the individual industrialist. It has a public character and a public image; it has to accept obligations and responsibilities both in law and in fact. Within the framework of the Plan, it has provided and can continue to provide initiative and enterprise without which the economy is likely to be stagnant and undiversified. But it is not the profit motive alone that inspires the best of industrialists—it may be the will to power, the joy of creation, a desire for prestige, a sense of rivalry, even the sheer exhilaration of the race. As Keynes said, "If human nature felt no temptation to take a chance, no satisfaction (profit apart) in constructing a factory, a railway, a mine or a farm, there might not be much investment as a result of cold calculation."

So far as State-ownership of industry is concerned, the public sector still constitutes a small part of the organised sector of secondary industry while the private sector embraces a very large part of organised and unorganised industry as well as agriculture and trade and some forms of transport. The net output of Government enterprises and Government administration in national output was 10.3 per cent in 1957-58 which is the last year for which figures are available. It has, no doubt, gone up substantially since 1948-49 but the share of the private sector is still nearly 90 per cent. Moreover, the share of private enterprise in the total industrial production is very large. It was 87.5 per cent in 1957-58, as against 12.5 per cent of the public sector. The share of the private sector—93.4 per cent in 1948-49—has come down to 85.3 per cent in 1956-57. But it is undeniable that the development of the infra-structure has helped the economy and benefited the private sector.

We do not know many things about the dynamism of an expanding economy. What the business community is entitled to ask is that policies are adopted and measures are taken after careful consideration and full public debate and in consonance with our constitutional procedures. Also, the problem is not only of priorities but of allocation of resources. Here, both kinds of enterprises—public and private—should have fair terms and no discrimination and in the sphere in which the private sector operates, it should not be "cramped, cribb'd and confined." Effective planning must seek to minimise interference and pin-pricks and devolve responsibility on industrial units and organisations, labour unions, local bodies and co-operative and voluntary organisations. The main requirement of the present situation is the maximum possible decentralisation and flexibility.

Nationalisation

Nationalisation is no longer regarded by socialists in the West as a panacea for economic ills; it is considered a means which might have to be adopted under certain conditions with proper safeguards for the consumer and the worker. The vicissitudes of democratic politics may impede the adoption of policies which are necessary. Industrialists and traders come more to rely on their capacity to influence some minister or official rather than on their ability to run their enterprise efficiently. The hierarchy of authorities and the complexity of regulations enhance the time-lag between consideration and decision as well as decision and action. The shortest distance in these circumstances is the circle where you go back to where you started! In his last testament, G. D. H. Cole, one of the most eminent socialist thinkers of our century, observed: "I am neither a Communist nor a Social Democrat, because I regard both as creeds of centralisation and bureaucracy, whereas I feel sure that a Socialist Society that is to be true to its equalitarian principles of human brotherhood must rest on the widest possible diffusion of power and responsibility, so as to enlist the active participation of as many as possible of its citizens in the tasks of democratic self-government."

How has the business community in our country responded to conditions of a planned economy? Private enterprise is, if anything, adaptable and it has tried to adjust itself to the conditions in which it has to function. By now, it has acquired the necessary expertise to fill in the various forms which have become an essential part of a regulated economy, it has obtained the necessary knowledge of the ways and by-ways of New Delhi and the labyrinths of Government offices, and it has learnt patience to wait for official decisions. Setting up an industry in India is, in many respects, a time-consuming process, but the rewards of enterprise have been generous and, notwithstanding impediments and irritants, the effort worthwhile. Despite the ups and downs, industrial production as measured by the official index has risen by 70 per cent during the last eleven years and in some industries like chemicals and general engineering, at even a faster rate. This is an achievement of which private enterprise can be reasonably proud.

Balance-sheet

The impact of a planned economy, however, is not so much on the operative aspects of setting up an enterprise as on its substantive aspects: the responsibilities cast on those operating private enterprise and the criteria by which private enterprise is judged. How has private enterprise functioned in these respects?

The balance-sheet, I regret to have to say, is not without blemish. Let me first refer to one aspect of our economic situation: the present scarcity of many goods which seems to be a by-product of planning. Scarcities which have arisen partly because of the acute shortage of foreign exchange and partly owing to the industrial licensing policy which until recently was restricted. The result is that the Indian entrepreneur has been protected not only from outside competition but also from internal competition. Surely, this situation is not a healthy one. On the one hand, prices have tended to rise and shoddy goods have not unoften been produced to take advantage of the scarcities, with the result that the Indian entrepreneur has not earned the consumer's goodwill. Moreover, the shortages have tended to induce a disregard of cost-consciousness in Indian enterprise.

Now this, I suggest, cuts at the very root of the private enterprise system. While maximisation of profits is often cited as the motive force of private enterprise, in the traditional theory this was to be the result of competition and continuous reduction in cost. Besides, the principal merit of private enterprise has been claimed to be its reponsiveness to the consumer—what has come to be called "consumer sovereignty."

Consumer Ignored

I cannot help feeling that the Indian consumer has not had a fair deal during the last twenty years. While at times and to some extent, the shortages may have been avoidable and have been due to factors beyond control, the Indian entrepreneur has not hesitated to take advantage of scarcity conditions in many industries. In many countries, when the price of a commodity rises for any reason, it is taken as a challenge to industry to meet it by increasing production and wiping out shortages. In our country, unfortunately, there has developed a tendency to make the most of such shortages and even try to make them permanent. There is no determined attempt to raise production by increasing efficiency or working more shifts or by exercising self-restraint in charging prices. It is not a question of working on a "loss motive" or of conducting business as a matter of philanthropy. But, having worked so long in difficult times, the industry has become pathologically restriction-minded, seeking a large per-unit profit on a small output rather than a small per-unit profit on a large output.

There is, I suggest, a need for an expansive mood in private enterprise, a keenness to create a market by reaching as large a number of consumers as possible rather than being satisfied with a limited market. It is true that industry itself has not only to put up with several restrictions and controls but has also to bear the burden of imposts and duties which go to enhance the cost of production. Nevertheless, Indian industry has to take a dynamic view of the market and evolve a farsighted concept of profitability. The purchasing power being so low in our country, we have a large number of consumers with small means who have to be catered for. We cannot expect an oasis of prosperity in a vast desert of poverty. After all, private enterprise has, in order to justify its existence, to earn the goodwill of the consumer. Let us not forget that, in a planned economy, private enterprise tends to be judged by criteria different from those in a free enterprise economy.

While, in the nineteenth century, private enterprise was accepted in Europe, America and elsewhere as the best possible form of the economic system, its premises have come to increasingly be questioned both on the ground of the rate of growth as well as its distributive justice. These are the questions which should not be glossed over, but demand serious consideration in the interest of the commercial community itself. So far as the private enterprise system works by decentralising processes of industrialisation and helps to elicit the maximum effort from the people, it is capable of providing a rapid growth of the economy. Moreover, the fiscal system is now sufficiently developed to reduce disparities and inequalities not justified by contribution to the economic system.

Look Around and Look Ahead

We are living today at a time when we must be wary of "the political time-bomb deep in the rapidly changing social pattern" of our nation. If the problem of social change is regarded primarily as a struggle between prosperity and poverty, we shall end up either by the establishment of a ruthless totalitarian system or a corrupt and decadent regime in which all moral values will perish. In few countries is the challenge of the "revolution of rising expectations" more serious than in ours, where we have abysmal poverty and wide disparities of wealth and income, and where we are seeking to plan for social welfare through democratic means. The success of these endeavours rests not only on Government nor will it be achieved by foreign aid, essential as it is. No longer will the mass of people believe that economic disparities are divinely ordained or are the inescapable fruits of *karma*. Two great revolutions have taken place during the last fifty years in the Soviet Union and China, and today over 800 million people are living under Communist rule. In several countries, including our own, Communist ideology is being vigorously preached. The scarcity of the bare necessities of life, the soaring cost of living and wide-spread unemployment all tend to create disaffection towards the established order of society. Who is responsible—Government or businessmen—for this juxtaposition of public penury and private ostentation is of less consequence for the masses than their own plight. The accusing finger is invariably directed towards those who have power and towards those who have the goods of the world.

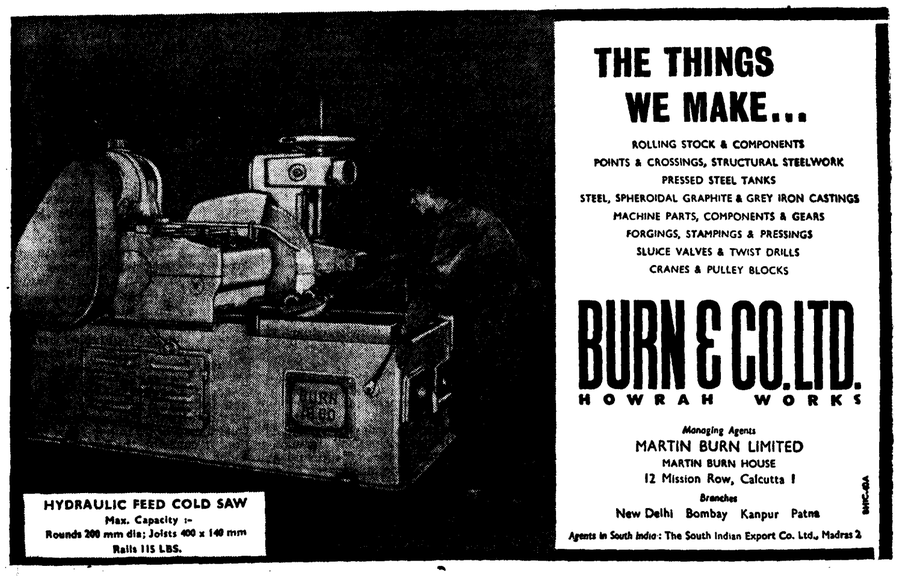
Private enterprise is, therefore, on probation more than ever; how far and in what form it survives will depend mainly on how it acquits itself in changing conditions and serves the newer demands and finer needs of the people. It will no longer be judged merely by its capacity to earn large profits quickly. It will be judged by its utility in contributing to economic growth. It will have to accept social obligations involved in a planned economy and adapt itself to its environment. Industrial concerns will have to be institutional in structure and cannot continue to be simply proprietory and hereditary. Instead of notions of privacy and maximum profit, business will have to conform to standards of administration, organisation and technical proficiency; in other words, business will have to become a profession with all its implied responsibilities. It will have to consider production in terms related to consumption. It will have to recognise that only such income is legitimate profit as is earned in return for entrepreneurship, risk, organising capacity, savings and work. Gain must bear relation to service performed and responsibility undertaken. It will have to develop a sense of partnership with workers by hand and by brain.

Think of the Country First

The American industrialist, Mr. Clarence B. Randall, once remarked that "the time is come for industry to make it clear that what is best for the country will be at the top of the agenda when a board of directors meets to make basic decisions, even though that may cut earnings in the third quarter." No institution, no organisation, will survive if it is concerned only with self-preservation. Business has and should have goals beyond its own existence and material rewards. When we pursue only success and money for their sake, we lose the deeper reasons for living, we sacrifice the end for the means. Business interests have to exercise self-restraint in taking advantage of a situation and come forward where necessary, to prevent abuses. It is the lack of integrity and sense of social responsibility that damage private enterprise far more than occasional ministrial speeches and woolly *obiter dicta* on matters of policy. Business ethics is part of social ethics, not independent of nor different from it. The private sector in the final analysis, will maintain and even improve its status and influence in so far as it shows the capacity to do a better job and conduct itself as a form of public service.

A planned economy demands adaptation and readjustment on the part of various sectors of the community. Violent upheavals are not prevented but hastened by selfishness, corruption and wilful obstruction. Democracy does not mean the acceptance of *status quo*; it only demands that social and economic changes should be achieved by peaceful and constitutional means. A heavy responsibility rests on all those who believe in democracy to help in ensuring that democratic institutions achieve economic welfare. Private enterprise which is dynamic and resilient will, I trust, not be found wanting in the challenge it faces in our developing economy.

[*Note: This article is adapted from the author's address at the Luncheon Session of the Federation of Indian Chambers of Commerce and Industry, New Delhi, on 24th March* 1962.—ED.]



NEW PUBLICATIONS

Managers for Small Industry. By Dr. Joseph E. Stepanek. Published by Asia Publishing House, Bombay. Pages: 256. Price: Rs. 15.

SMALL-SCALE industry is not an anathema to large-scale industry. The International Industrial Centre of the Stanford Research Institute in their research programme is not proceeding on the basis of "for" small industry and "against" large industry. The most suitable combination will depend on circumstances which vary from country to country and also from stage to stage in a given country's development. The S.R.I.'s Centre is also concerned with the methods of fostering "modern" small industry—that is, small factories or artisan workshops in which the best-known technique of production and management suitable for the particular environment are efficiently employed. The key to success in this respect lies in better management. The common characteristics of small industry are: (1) little or no specialisation in management; (2) close personal contact of the manager with all those involved in the business; (3) lack of access to capital through the organised securities market; (4) no dominant position in a major product market; and (5) close integration with the local community by reason of local ownership, management, raw materials sources or markets. The small industry sector has a dominant role even in such industrialised countries as the U.S.A. resorting to mass production and in countries in the process of industrialisation like India, Burma and Indonesia it forms an important sector. In the book under review, Dr. Stepanek has dealt with an important problem, drawing on his experience in developing small industry programmes in various countries like China, Malaya, Pakistan, Ceylon, Iran and India.

The main thesis has been developed on the beliefs that: (1) good management is even more important than efficient and appropriate production technologies; (2) no amount of capital equipment, Government planners and foreign consultants can compensate for a lack of individuals eager and able to seize opportunity to develop; and (3) development may come more rapidly when resources are used not merely to provide land, buildings and equipment, but also to encourage potential entrepreneurs and to prepare entrepreneurs for management.

Initially, managers for small industry become available from a variety of groups, such as artisans and merchants. Later, as the country develops, industrially skilled factory workmen may also join the band; similarly, sons and relatives of small factory owners, who may have served an apprenticeship, are likely to enter the field. Other groups are engineers who have often gained experience in large industry, civil servants with administrative experience and personnel from the armed forces. These people have a number of characteristics such as desire for independence, drive and energy, desire to diversify and innovate, willingness to take risks and technical and managerial knowledge—may be with gaps. For their success, a first must is opportunity. This would depend on social and political environment, external economies such as power system, transport facilities, educational facilities, financial facility and market opportunity. There may be several other problems, but appropriate training arrangements would enable the managers to make better use of opportunities. The major portion of the book is devoted to the management training plans. Three types of courses are envisaged. Short courses to typical managers of small factories, given by staff members of advisory services operated by Government and trade associations, advanced management courses to exceptional managers of rapidly expanding semi-modern factories given by staff members of educational institutions, development corporations and banks; preparatory courses to management candidates by foreign specialists and others; and self-education measures such as self-diagnosis, radio and correspondence courses, discussion groups, etc. Dr. Stepanek has gone into considerable details to give concrete guides for action such as the preparation for the course, selection of candidates, the contents of the course, methods of instruction course materials, course evaluation and follow-up. The arrangements existing in different countries have also been presented in some detail. As this book is the result of considerable acquaintance with the problem, it will be a useful guide to planners and administrators, not to mention small industrialists.

A Survey of Contemporary Banking Trends. By Dr. S. K. Basu, Professor of Industrial Finance and Head of the Department of Economics, Calcutta University. Published by the Book Exchange, 217, Cornwallis Street, Calcutta. Pages: 500. Price: Rs. 18.

This publication, now in its second edition, is devoted to a comparative study of the current trends in the world of banking in respect of theory, practice and legislation. Against the background of post-war developments in the Indian banking world, Dr. Basu has made a critical study of the monetary policies pursued by such underdeveloped countries as Gautemala, Paraguay, the Dominican Republic and the Philippines, besides those in the U.S. and the U.K. The book is divided into three parts. The first part deals mainly with the working of central banks and related questions, such as interest rate policy and selective credit controls. In the second part, the author has examined the recent trends in commercial banking in a number of countries. Subjects dealt with here include (1) changing role of commercial banks and diversification of their activities, (2) nationalisation of banks, and (3) insurance of bank deposits. The subject matter of the next part is the role of international financial institutions, namely, the I.M.F. and the World Bank.

Among the new features of the present edition, it may be noted, the author has examined the contemporary trends in central banking in undeveloped countries not only with reference to Latin American countries but also with reference to the recent developments in African countries like Ghana, Nigeria, Rhodesia and Nyasaland and S.E. Asian countries like Burma, Ceylon, Pakistan and Malaya. The question of non-banking financial intermediaries as a factor in the effectiveness of monetary policy, which has recently received a great deal of attention, has also been studied in some detail. The Radcliffe Doctrine, which has evoked a great deal of controversy, has also been analysed. The entry of the British banks into the field of hire-purchase finance with all its implications has been discussed and the role which Indian banks could play in this new line of business is indicated.

As an empirical study of banking developments the world over, Dr. Basu's work is undoubtedly satisfying. The purely theoretical aspects of monetary policy, however, have not been given sufficient attention. A distinct virtue of the book, however, is that it serves as a virtual compendium of information on various aspects of world banking trends, analysed in their proper perspective, which are not easily accessible to students. Dr. Basu's book, admittedly, is a reliable guide to advanced students of banking.

Community Development in India. By B. Mukerji, I.C.S. Published by Orient Longmans, Bombay. Pages: 312. Price: Rs. 10.

It is now nearly a decade since the programme of Community Development—later called National Extension—has been worked in our country. It may be variously categorised as a process of change, a method to develop themselves, a programme for accomplishing certain activities and as a movement for a progress, with a certain ideological content, for the welfare of the rural communities. A programme with an ideology and a definite objective to achieve has to reconcile theory with practical aspects. The success of a programme with a large ideological background, the practice of which should reveal concrete results particularly in the socio-economic sphere of the rural community, is difficult to achieve. The working of the programme in India had the benefit of criticisms both by international bodies and experts as also from national committees. Mr. Mukerji has attempted in his book a comprehensive analysis of the present position. His criticisms and suggestions are valuable, especially as he was intimately connected with the programme, in various capacities, since the beginning; a member of the Indian Civil Service, he was the Chief Secretary-*cum*-Development Commissioner and later Joint Secretary in the Community Development Ministry.

The Community Development programme is essentially a people's programme, though organised and directed by the administration. It, therefore, called for an orientation in the administrative set-up usual in Governments as well as co-ordination between the different agencies, both official and non-official. As pointed out by the author, in answer to the common criticism, the Government agency should have a very small part to play and that should go on diminishing until it almost ceases. If this goal is to be reached, the Government machinery must undergo changes in its organisational methods of functioning, attitude of the personnel, their equipment and training. The Balwantrai Mehta team reported that there was too much centralised control of the Central Government and suggested many reforms. The implementation of the recommendations have brought about a larger degree of flexibility.

More as a corollary of Community Development, the question of democratic decentralisation has grown up and, incidentally, thrown up many new problems which are discussed in detail in Chapter VI. As many would have observed, the dangers to the *Panchayat Raj* are: leadership, at least in the early stages, will be with people who have vested interests; party politics may enter into local authorities in an ugly shape; there is a grave risk of inefficiency in the administration of the local authorities due to lack of experience; and rivalry and tension between the various levels of local authority are very likely.

A whole chapter has been devoted to indicate the close relationship between Community Development and Co-operation. Mr. Mukerji emphasises that, in the functioning of co-operatives, the interest of the whole community must take precedence over that of a group and that the significance of co-operation lies in its being able to reconcile the interest of the individual with that of the community to some extent. Even in this role, the co-operatives can continue to function with considerable autonomy "like autonomous corporations established by the Government."

Education is a vital part of the scheme for Community Development and not only does it involve the expansion and improvement of primary education, reform and vitalisation of the entire system of general education and a mass drive for adult education, but also the education and training of the workers in the programme, official and non-official. Extension itself means a process of continuous education. In this context, the author points out the inadequate attention paid to two vital aspects, namely, "inservice" and "refresher" training.

The chapter on evaluation and research deserves some attention. The Programme Evaluation Organisation set up by the Planning Commission to do continuous evaluation has come in for criticism on many occasions and the author points out that, in the Organisation, there is a noticeable hesitation "to use at all its judgment and experience (which with passing time should get better and better) in reaching conclusions, for fear that its objectivity may then be questioned. On the part of the authorities the resistance to the Organisation can be noticed in the fact that the Organisation was not expanded appreciably since its creation in 1952. The findings of the evaluation should influence major changes in policy, or in programming or in the methods followed for its implementation, instead of being only laboured use of statistics and too many sectional conclusions.

The book is the result of the intimate association with the programme for nearly a decade. The treatment of the subject is comprehensive and the analysis critical.

Vocational Education in Germany. By Yamunabai Hirlekar. Published by K. S. Hirlekar, Vrindavan, Bombay-14. Pages: 176. Price: Rs. 6.

Germany is almost a synonym for technical excellence. Not many, however, realise that the secret of the scientific and engineering skill of German workers lies in the system of vocational education in that country which transforms raw youth into superb craftsmen. The concept and practice of vocational education in Germany are lucidly described in this little book by the author, Mrs. Yamunabai Hirlekar, who is a noted educationist and social worker of Bombay. She is not new to the subject, being the author of three books on education in West Germany dealing with pre-primary, primary and secondary and university education.

A significant fact about vocational education in Germany, stressed by the author, is the role played by employers' and workers' organisations in organising and supervising vocational education and providing training facilities for young workers. The author draws some lessons for India from Germany's experience and points out that private agencies and voluntary organisations should promote vocational education out of conviction of its vital importance, instead of leaving it to the Government to do. She calls for the formation of an efficient vocational guidance organisation independent of State control.

Income-tax Act 1961 (With short notes). By the Indian Chamber of Commerce, Calcutta. Published by the Oxford Book and Stationery Co., 17, Park Street, Calcutta. Pages: 462. Price: Rs. 18. (In Bombay, copies can be had from Messrs. Charles Lambert & Co., Mahatma Gandhi Road.)

The tax on income is one of the biggest sources of revenue to any modern State. In its effort to collect as much as possible to meet its ever-increasing capital expenditure and Welfare State activities, an underdeveloped country like India often amends the existing tax law and sometimes overhauls the entire law to suit its object. On the other hand, the tax-paying citizen tries to save as much as possible either by avoidance or by evasion. While avoidance is legal, evasion is quite illegal. The former is done by taking advantage of loopholes in the enactment and by exercising the ingenuity of the human brain.

The Indian Income-tax Act 1961 is the outcome of this constant tussle between the tax-collector and tax-payer. This new Act is based on the recommendations and the draft Bill submitted by the Law Commission as well as on the report of the Tyagi Commission. The draftsmen have tried to simplify the language and arrange the sections in a more logical order. The Act has, however, grown from 67 sections in 1922 to as many as 298 sections. Though the Government has taken steps to plug the loopholes, it is yet to be seen how far this new enactment has succeeded in that attempt and minimised avoidance and evasion. The frequency with which the State undertakes amendments to the Act is an approximate indication of its success in its battle to collect the maximum revenue.

Coming to the review of the book under reference, the Indian Chamber of Commerce, Calcutta, has been doing a signal service to the business community as well as others all over India by publishing important legislations with explanations and short notes. Although they are not meant to be treatises on the said subjects, they have been of good guidance. The very recent one is the handy publication of the Indian Income-tax Act 1961. There have been many such publications on this subject, but this book is by far the best in the opinion of this humble reviewer.

In the introductory chapter, the authors of the book have brought out the major points of departure from the Act of 1922 which number 31. Besides, the book provides short notes under various sections of the enactment which includes changes from the 1922 Act to the 1961 Act, the case law on the subject, the circulars of the Central Board of Revenue made available to the publishers and last but not least, the various clarifications provided by the Central Board of Revenue on issues raised by the Chamber from time to time. In addition, it contains the Income-tax Appellate Tribunal Rules, forms normally required by companies engaging foreign technicians, and the comparative tables of the old and new sections and *vice versa*.

One word about the price. The book is priced at Rs. 18. The paper, print and the binding are quite good, but the Chamber seems to have included an element of profit in the price which is liable in all probability to income-tax.

SEN-RALEIGH INDUSTRIES OF INDIA LIMITED

BICYCLE INDUSTRY ENTERS ERA OF CLOSER COMPETITION

CHAIRMAN, MR. ABHIJIT SEN'S STATEMENT

THE Twelfth Annual General Meeting of Sen-Raleigh Industries of India Ltd. was held at Calcutta on Thursday, 29th March 1962. The following are extracts from the statement of Mr. Abhijit Sen, Chairman of the Company:

"In the year under review the Company's overall sales increased by 11 per cent, but profits declined. Though bicycle sales dropped slightly owing to production bottlenecks, a greater production of components and accessories helped to realise the larger turnover. In the main, two factors affected bicycle production —a cut in import licence ceilings, and the failure of some indigenous manufacturers to meet commitments for supply of semi-finished components that could no longer be imported. The reduction in profit can be ascribed to:

"(*a*) The failure of individual indigenous suppliers to meet commitments, which resulted in a disbalance of stocks and in turn led to higher inventories with consequent higher financing charges.

(*b*) Poorer material utilisation, than had been anticipated, as, in many cases, as a result of changing import policies, materials had to be obtained from unknown and untested sources both within the country or abroad.

(*c*) High rectification costs where these non-standard materials had to be consumed.

(*d*) The higher cost of materials where indigenous or D.L.F. buying from America replaced buying from usual sources in Europe.

(*e*) And lastly, the impact of unabsorbed overheads on a turnover, much smaller than planned.

"Most of the factors which adversely affected our operating results in the past year were of a nature where solution was a matter of time and of adjustment to changing patterns of operation—as indeed our activities in the intervening period have tended to show. Indigenous supplies in general have improved remarkably both in respect of quality and in the honouring of commitments.

"Import problems still remain a factor to contend with as the pace of development of ancillary and feeder industries has yet to catch up with the faster developing requirements of the consuming industries. The only predictable features of import policy would seem to be a reduction in ceilings from period to period and a change in sources from which the limited imports could take place, and all production planning now has to start from these premises.

Import Licensing

"Whilst we accept this situation as unavoidable, and have taken whatever steps are within our powers to meet it, there are two aspects of import licensing which we find it difficult to face with equanimity. The first is the fact that the bicycle industry appears to be the only one to have had cuts in import licence ceilings linked with export performance. We wonder why this industry should have been singled out for this distinction. The second is that, in many cases, the policy makers too readily agree to deletion of items from the import list even when indigenous manufacture is very much in the air, leading, at a later stage, to licensing policies having to be reversed, with its consequent delays, added paper work and very often production failures—when a more careful check on the progress of the industries could have made for smoother sailing all round.

"A redeeming feature of the past few months has been the remarkable progress achieved by the steel producing industries and one can now safely assert that almost all categories of rolled or drawn steel required for the bicycle industry are being produced within the country. The bicycle industry is still however far from obtaining all its supplies of steel from local sources in such quantities as would allow utilisation of capacities to maximum advantage but the future of the bicycle industry appears to be more assured than in the immediate past.

"The bicycle industry has now left the easy sellers' market to enter an era of closer competition. Your Company has been lucky that there has been no slackening in demand for its products, and particularly in its major line —bicycles, it enjoys the reputation of marketing the fastest selling brands. In specific components, there is now a tapering off of sales which can be ascribed, in the main, to the unfortunate Government decision of allowing imports of friction parts in very large quantities for small-scale assemblers.

"A question that might arise in this context is why the Company should persist with a large production of components, when the same resources used for making more bicycles in preference to components would have fetched it better returns. The answer lies in the fact that releases of materials are very often earmarked for production of specific components, and so a smaller production of these would not necessarily lead to any increase in bicycle production. We have to accept the fact that, in the larger interests of a planned economy, operational decisions cannot always be taken on the basis of profitability alone.

Capital Issue

"A sanction has been received for a further issue of capital. The Company's future plans envisage expansion of bicycle and chain production and diversification into the manufacture of dynamo lamps and house service meters. The successful implementation of these schemes depends largely on the availability of foreign exchange for import of plant through further foreign participation in the capital of the Company. Realising this, your Directors have been active in exploring the possibility of increased capital participation in the Company by Raleigh Industries Ltd.

"At our invitation, a Raleigh Consultancy team visited our factories in November last—mainly for discussions on expansion schemes. Valuable contributions were made by it to our plans for the future. Raleigh have in the recent past developed new techniques and processes which would lead to more effective use of materials. As a result of the visit, it is proposed to incorporate a number of these new processes into our future scheme of operations.

Organisational Set-up

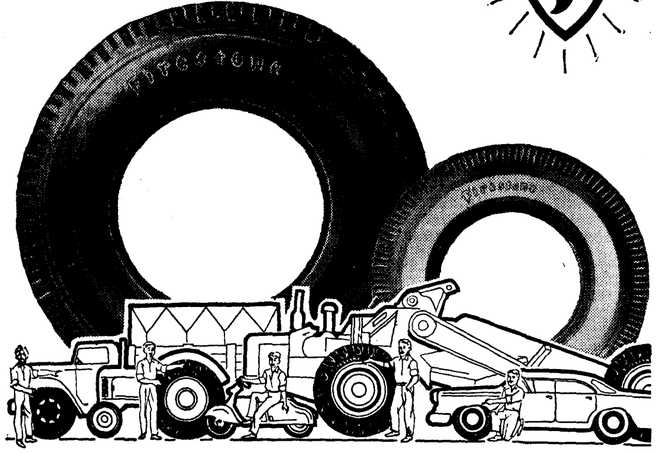
"For sometime, changes in the Company's methods of operation over the past few years had been highlighting the need for radical changes in the Company's organisational structure to improve efficiency and tighten controls. Very recently, changes in the organisational set-up were introduced to meet these changing conditions and whilst it is too early yet to comment on the long-term benefits of this move, the working of the factories in the months following the change has certainly shown marked improvement.

"If the operating results for the year have been disappointing to our shareholders, they have been disheartening for our staff and workers, whose sincere efforts have so often foundered on the rocks of frustration. I would close on a note of thanks to all staff and workers for the effort they have put in and the understanding they have extended to the Company in a year of difficult operations, and share with them the hope of better operations in the future."

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

LOOK FOR THIS

'Mark of Quality'



It is your Assurance of Extra Safety and Dependability and only Firestone Tyres have it

Whether you own a Motor Scooter, a Car, a Tractor, a Truck or whether you control a fleet of giant Earth-moving units; there is a Firestone tyre to suit your needs. Every single one bears "The Mark of Quality" —the long-established Firestone symbol of Extra Safety and Dependability.

Specify Firestone and you get—

★ **SAFETY** The exclusive Firestone tread design and tyre construction will give you MAXIMUM STOPPING POWER and resistance to road hazards.

★ **ECONOMY** The longest-wearing tread specially compounded by Firestone for Indian service conditions ensures MORE KILOMETRES PER RUPEE from the original tread.

★ **RETREADABILITY** Look after your Firestone tyres—don't overload them or otherwise maltreat them—and they will remain suitable for RETREADING OVER AND OVER AGAIN.

Firestone BEST TODAY—STILL BETTER TOMORROW

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

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

A licence has been obtained from the Central Government for the establishment of a new expanded manufacturing unit at Vallabh Vidyanagar, Gujarat, in addition to the existing manufacturing unit at Bombay, of which a copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in granting this licence the Government of India do not undertake any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinion expressed in regard to it.

A Copy of the Prospectus together with the copies of the documents specified therein as required under Section 60 (2) of the Companies Act, 1956, has been filed with the Registrar of Companies, State of Gujarat, Ahmedabad, for registration.

Application will be made to the Bombay and/or Ahmedabad Stock Exchanges for permission to deal in and for official quotations of the shares of the Company.

The Subscription List will open at the commencement of Banking hours on 2nd April, 1962 and will close at the close of Banking hours on 7th April, 1962 or earlier at the discretion of the Directors as soon as the subscription to the amount issued to the public have been received, but not earlier than the close of Banking hours on 4th April, 1962.

ELECON ENGINEERING COMPANY LIMITED

INCORPORATED AS A "PRIVATE COMPANY" ON 11TH JANUARY 1960, AND CONVERTED INTO A "PUBLIC COMPANY" BY A RESOLUTION OF THE COMPANY PASSED ON 26TH SEPTEMBER, 1961.

AUTHORISED CAPITAL:

	Rs.
1,00,000 Equity Shares of Rs. 100 each	1,00,00,000

ISSUED AND PAID-UP SHARE CAPITAL:

	Rs.
10,000 Equity shares of Rs. 100 each fully paid-up as follows :	
6,824 shares of Rs. 100 each for consideration other than cash	6,82,400
3,176 Equity shares of Rs. 100 each for cash	3,17,600
Rs.	10,00,000

PRESENT ISSUE:

50,000 Equity shares of Rs. 100 each	50,00,000

OUT OF THE PRESENT ISSUE:

	Rs.
(i) Messrs. Alfred Wiseman & Co., Ltd., London, one of the foreign collaborators, has agreed to subscribe for and will be allotted 2,400 Equity shares of Rs. 100 each	2,40,000
(ii) The Directors, their friends, associates and existing shareholders have agreed to subscribe for and will be allotted 13,100 Equity shares of Rs. 100 each ..	13,10,000
(iii) Agreed to be subscribed by Life Insurance Corporation of India 5,000 Equity shares of Rs. 100 each	5,00,000
Rs.	20,50,000

NOW OFFERED AT PAR FOR CASH FOR PUBLIC SUBSCRIPTION:

29,500 Equity shares of Rs. 100 each	29,50,000

The entire issue has been underwritten.

TERMS OF PAYMENT OF ABOVE SHARES:

	Per share
On application	Rs. 25/-
Within one month from the date of allotment	Rs. 25/-

Balance Rs. 50 per share in two calls of Rs. 25 each, as may be determined by the Board of Directors.

DIRECTORS

Shri NANUBHAI B. AMIN, Chairman, Race Course Road, Baroda— Director of the Alembic Works Ltd., The Jyoti Ltd., Jyoti Calor Emag Ltd., The Sanitex Chemical Industries Ltd., The Baroda Industries Development Corporation Ltd., The Baroda Co-operative Land Mortgage Bank Ltd., etc., Businessman.

Shri HARISHCHANDRA PRASAD, M.L.A., Tanuku, West Godavari District, Andhra Pradesh— Director of the Andhra Sugars Ltd., Sree Akkamamba Textiles Ltd., Hyderabad Chemicals and Fertilisers Limited, Andhra Pradesh Industrial Development Corporation Limited, etc., Industrialist.

Mr. ALFRED JOHN ARTHUR (Nominee of Messrs. Alfred Wiseman & Co., Ltd., one of our Foreign Collaborators), C/o. Messrs. Alfred Wiseman & Co., Ltd., Glover Street, Birmingham 9, England—Chairman of Messrs. Alfred Wiseman & Co. Limited.

Shri RANJIT VITHALDAS KANJI, 7B, Worli Seaface, Bombay, Businessman.

Shri ISHWARBHAI B. PATEL, "Sahakar," 31, 'B' Road, Churchgate Reclamation, Bombay-1, Landlord and Businessman.

Shri AMBALAL PARIKH, C/o. Messrs. Manilal Kher Ambalal & Co., 51 Mahatma Gandhi Road, Bombay-1. Director of Larsen and Toubro Limited, S. L. M. Maneklal Industries Ltd., Rajesh Textile Mills Ltd., Solicitor.

Shri RAJENDRALAL SHADILAL, Flat No. 412, Olympus Apartments, Altamount Road, Bombay-26. Director of the Upper Doab Sugar Mills Ltd., Machinery Paints and Chemicals (India) Pvt. Ltd. etc. Managing Agent of The Upper Doab Sugar Mills Ltd., Banker and Millowner.

Shri BHANUBHAI I. PATEL, 6B, Suresh Colony, Vile Parle (West), Bombay, Landlord and Businessman.

Shri CHANDRAKANT H. AMIN, Rajendra Marg. Vallabh Vidyanagar, Gujarat, Businessman. Director of Messrs. Comet Paints Private Ltd.

Shri SHANTILAL I. PATEL, "Sadhana," Law College Gardens, Ahmedabad, Businessman.

REGISTERED OFFICE

"SAURABH," MAHATMA GANDHI ROAD,
P.O. VALLABH VIDYANAGAR,
ANAND (GUJARAT).

BANKERS TO THE ISSUE

THE BANK OF INDIA LTD., Bombay.
THE CENTRAL BANK OF INDIA LTD., Bombay.
DEVKARAN NANJEE BANKING CO., LTD., Bombay.
THE UNION BANK OF INDIA LTD., Bombay.

BANKERS

THE BANK OF INDIA LTD., Mahatma Gandhi Road, Bombay-1.
THE CENTRAL BANK OF INDIA LTD., Bombay.
DEVKARAN NANJEE BANKING CO., LTD., Bombay.
THE UNION BANK OF INDIA LTD., Bombay-1.

AUDITORS

MESSRS. THAKOREBHAI & SHIRISH DESAI, Noble Chambers, Parsee Bazar Street, Bombay-1.

SOLICITORS

MESSRS. MANILAL KHER AMBALAL & CO., Jehangir Wadia Building, 51, Mahatma Gandhi Road, Bombay-1.

MANAGING DIRECTOR

(Subject to the approval of Government of India)
SHRI SHANTILAL I. PATEL, "Sadhana," Law College Gardens, Ahmedabad.

RESIDENT DIRECTOR

(Subject to the approval of Government of India)
SHRI CHANDRAKANT H. AMIN, Rajendra Marg, Vallabh Vidyanagar, Gujarat.

UNDERWRITERS

	Total amount underwritten	Shares reserved for firm allotment to underwriters	Now unconditionally offered for public subscription
	Rs.	Rs.	Rs.
Investment Corporation of India Ltd., Bombay	7,00,000	..	7,00,000
Life Insurance Corporation of India, Bombay	5,00,000	5,00,000	..
The Central Bank of India Ltd., Bombay	5,00,000	..	5,00,000
The Devkaran Nanjee Banking Co., Ltd., Bombay	5,00,000	..	5,00,000
The Bank of India Ltd., Mahatma Gandhi Road, Bombay-1 ..	3,00,000	..	3,00,000
Messrs. P. R. Subramanyam, 70A, Stock Exchange Building, Fort, Bombay-1	2,50,000	..	2,50,000
Messrs. Mahadevia Bros., Stock Exchange Building, Bombay-1.	2,00,000	..	2,00,000
Messrs. Jashwantlal V. Bhagat, 5, Hamam Street, Fort, Bombay-1	2,00,000	..	2,00,000
Messrs. Merwanjee Bomanjee Dalal, Allahabad Bank Building, Apollo Street, Bombay-1 ..	1,00,000	..	1,00,000
Messrs. Macconochie & Co., Mercantile Bank Building, Madras-1 ..	1,00,000	..	1,00,000
Messrs. Somayajulu & Co., Andhra Insurance Building, 837, Thambu Chetty Street, Madras-1	1,00,000	..	1,00,000
Total .. Rs.	34,50,000	5,00,000	29,50,000

BROKERS TO THE ISSUE

BOMBAY :

MESSRS. P. R. SUBRAMANYAM, Bombay.
MESSRS. MAHADEVIA BROTHERS, Bombay.
MESSRS. JASHWANTLAL V. BHAGAT, Bombay.
MESSRS. DEVKARAN NANJEE & CO., Bombay.
MESSRS. MERWANJI BOMANJI DALAL, Bombay.
MESSRS. BATLIVALA & KARANI, Bombay.
MESSRS. DHIRAJLAL MAGANLAL PURSHOTAMDAS, Bombay.
MESSRS. A. B. PANDIT & CO., Bombay.
MESSRS. D. S. PURBHOODAS & CO., Bombay.

CALCUTTA :

MESSRS. PLACE SIDDON & GOUGH PVT. LTD., Calcutta.
MESSRS. G. M. PYNE, Calcutta.
MESSRS. CHUNILAL T. MEHTA, Calcutta.

MADRAS :

MESSRS. MACONOCHIE & CO., Madras.
MESSRS. SOMAYAJULU & CO., Madras.
MESSRS. KOTHARI & SONS, Madras.

DELHI :

MESSRS. P. S. KHAMBETE & CO., New Delhi.
MESSRS. RAJ PAUL CHADHA & CO., New Delhi.
MESSRS. DESH BHANDU GUPTA & CO., Delhi.

AHMEDABAD :

MESSRS. CHIMANLAL LALBHAI, Ahmedabad.

PRODUCTION PLANS AND MARKET PROSPECTS

In view of the rapid industrialisation of our country and the formation of several giant projects, the demand for the mechanical handling equipments is increasing tremendously, offering good scope for the products of the Company. In these days of keen competition among the various manufacturers, the reduction of manufacturing cost is a major factor for the success of any industry. As the element of the labour cost is one of the most important factors in the cost of production, it has become very essential for all the industries in general and the larger ones in particular to reduce this element of cost as much as possible. Many new projects like steel plants, Fertiliser Projects, Chemical Plants, Oil Refineries, Coal Mines, Lignite and Ore Mines, Heavy Engineering Plants etc., must necessarily depend on the Conveyors for the handling and movement of the material while the other major industries like Jute Mills, Tea, Textile, Sugar, etc. are also changing over to Mechanical handling, so as to enable them to compete with the selling prices of the competitors from the Industrially advanced countries in the export market. It is proposed not only to increase the productive capacity of the products manufactured at present but also to expand the range of production by undertaking the manufacture of other allied lines like Reduction Gears, Troughing Idlers, etc.

FOREIGN COLLABORATION

MANUFACTURE OF WORM REDUCTION GEAR UNITS. The Company has entered into a Technical Collaboration Agreement with Messrs. Alfred Wiseman & Co. Limited of Birmingham, England, for the manufacture of "WISEMAN" Worm Reduction Gear Units upto 10½" size. The Company is licenced to use the patents of the Wiseman Company and to use the name "Wiseman" on the Reduction Gear Units manufactured by it. WISEMAN has also agreed to supply up-to-date patterns, drawings and information, to train Engineers at their works and also to send their own Engineer to help in the erection and commissioning of the plant. The Company has also been given the right to export the product to other countries. In consideration for the said technical collaboration, the Company will pay to Wiseman free of Indian taxation, a lumpsum payment of £14,000. Patterns supplied by Wiseman will have to be paid for separately at cost. Further, the Company has also entered into a financial agreement with Wiseman by which the latter has agreed to subscribe for fully paid up Equity shares of the value to Rupees 2,40,000 and pay for the same in cash.

MANUFACTURE OF TROUGHING (CONVEYOR) IDLERS. The Company has entered into an Agreement with Messrs. Spencer (Melksham) Limited of Melksham in the county of Wiltshire, England, whereby "Spencer" has agreed to sell to the Company "Spencer's goodwill" in India together with the exclusive right to use the name "Spencer." Spencer has agreed to supply up-to-date patterns, drawings and information, to train Engineers at their Works and also to send their own Engineer if necessary to help in the erection and commissioning of the plant. The Company has also been given the right to export the product to other countries. The Company has agreed to pay to Spencer as consideration money a sum of £10,000, of which a sum of £5,000 has already been paid.

MANUFACTURE OF CONVEYORS

The Company has been manufacturing since last ten years, Mechanical Handling Equipments, such as Belt Conveyors, Bucket Elevators, Slat Conveyors, Screw Conveyors, Gravity Roller Conveyors, etc. The Company will expand considerably the manufacturing capacity of Mechanical Handling Equipments.

PROFITS

Subject to unforeseen contingencies, the Directors are of the opinion that the Company should be able to pay a reasonable dividend from the financial year 1963.

INDUSTRIAL LICENCES

Industrial Licences Nos. L/8-C(2)/12/MEI/61 dated 6th March 1961 and L/8 B(2)/12/MEI/61 dated 4th March, 1961 have been issued by the Central Government for the establishment of the new expanded unit at Vallabh Vidyanagar for the manufacture of Worm Reduction Gears and Mechanical Handling Equipments respectively.

FACTORY PREMISES, CONSTRUCTION OF FACTORY, ETC.

The Company's existing factory premises are situated at I. B. Patel Estate, Goregaon, Bombay. The total area of the land comprises of about 8,540 square yards with structures and other buildings covering thereon an area of 2,040 square yards.

The Company has taken possession of land at Vallabh Vidyanagar, Anand, in the State of Gujarat comprising an area of 15 acres for the construction of the new unit.

The construction of three of the five sheds has already been completed and the production of Mechanical Handling Equipments has already commenced.

The construction of the remaining two sheds is expected to be completed by April/May 1962. The production of Reduction Gears is expected to commence by July/August, 1962. The Company has made arrangement for the purchase of an area in aggregate of 100 acres at Vallabh Vidyanagar, Anand, Gujarat, of which an area of 50 acres is to be utilised for factory buildings and the remaining 50 acres for the construction of a housing colony for the staff and labourers of the factory.

CONTRACTS AND AGREEMENTS

Shri Shantilal I. Patel and Shri Chandrakant H. Amin have been appointed as Managing Director and Resident Director respectively, subject to the approval of the Central Government and will be paid a monthly remuneration of Rs. 2,000 each or a commission equivalent to 5 per cent each of the annual net profit of the Company, whichever is higher.

MINIMUM SUBSCRIPTION AND CAPITAL OUTLAY

The total financial requirements of the Company for the expansion programme are estimated as follows:—

	Rs.
Land, plant and machinery and other assets, including the purchase of technical know-how, etc. (exclusive of the sums already spent on the new project)	44,00,000
Expenses of this issue	2,00,000
Repayment of moneys borrowed by the Company (including a sum of Rs. 7,00,000 spent approximately on the new project)	8,00 000
Buildings for Factory and Office	14,50,000
Working Capital	31,50,000
Rs.	1,00,00,000

It is proposed to meet the above Capital expenditure from the following sources:—

	Rs.
Present issue of shares	50,00,000
Loan from Industrial Credit and Investment Corporation of India Limited	20,00,000
Medium-term loan from The Bank of India Ltd. ..	10,00,000
Deposits against orders	5,00,000
From a Bank in the usual course of business on hypothecation of raw materials, work-in-process, goods, etc.	15,00,000
Rs.	1,00,00,000

SALES AND SALES PROSPECTS

The demand for the products of the Company is growing rapidly as mentioned hereinbefore and after implementing the expansion programme, it is anticipated that the sales figures on a very conservative estimate of various products will be as follows:—

Conveyors	Rs. 35 lakhs	Vallabh Vidyanagar Unit.
Troughing Idlers ..	Rs. 25 lakhs	
Worm Reduction Gears..	Rs. 35 lakhs	
Conveyors	Rs. 25 lakhs	Existing Bombay Unit.

Total .. Rs. One crore and Twenty lakhs.

The present minimum needs of the country of Conveyors and Reduction Gear Units are estimated to be very high which is bound to increase still further in direct relation to the industrial development of the country. The Company has in hand major contracts for the supply of conveying equipments of the value of Rs. 45 lakhs. Another major contract of the value of Rs. 25,00,000 is also being finalised.

Almost all the products of the Company like Conveyors, Troughing Idlers and Reduction Gears are largely being imported at present. When completed and commissioned, this will be the biggest plant in India for the manufacture of Mechanical Handling Equipments. In the light of these favourable factors, having due consideration to the demand and supply of the products, the sales prospects are very bright.

LOAN CAPITAL

The Industrial Credit and Investment Corporation of India Ltd., have agreed in principle to lend to the Company an amount in foreign currencies equivalent in the aggregate to U.S. $2,52,000 (about Rupees Twelve lakhs) as determined by the International Bank for Reconstruction and Development and a sum of Rs. 8,00,000 (Rupees Eight lakhs) to meet a part of the capital cost of setting up an industrial unit at Vallabh Vidyanagar, Anand, Gujarat State, for the production of certain mechanical handling equipment. The loan in foreign currencies will bear interest at 7¼ per cent per annum and the Rupee loan, interest at 6½ per cent per annum and is repayable in half-yearly instalments spread over a period between November, 1963, and November, 1970. The above loans will be secured by a legal mortgage *pari passu* with the mortgage in favour of The Bank of India Ltd., Bombay, who have agreed in principle to grant to the Company a loan of Rs. 10,00,000 (Rupees Ten lakhs), of all present and future moveable and immoveable properties of the Company, subject to the hypothecation of such of the moveables in favour of the Company's bankers as may be required for cash credit and overdraft facilities.

The Bank of India Ltd., Bombay, have also agreed in principle to lend to the Company a medium-term loan of Rs. 10,00,000 (Rupees Ten lakhs only) repayable in yearly instalments spread over a period between 1964 and 1970, and the loan facilities for the working capital to the tune of Rs. 15 lakhs on pledge and hypothecation of raw materials, work-in-process, goods, etc., at the unit at Vallabh Vidyanagar. The loan will carry interest at 3 per cent over Bank rate, with a minimum of 7 per cent per annum. The medium-term loan will be secured by a mortgage of assets as stated above.

The Promoters have agreed to secure for the Company, at the appropriate time and on terms acceptable to the Board of Directors, loan finance to the extent necessary to meet any shortfall between the actual capital outlay on the project on the one hand and the amount of the issue and the amount of loan from I.C.I.C.I. Ltd., and from the Bank of India Ltd., as indicated above on the other, as also to the extent of the amount required for the working capital.

UNDERWRITING COMMISSION

The Underwriters to this issue will be paid an underwriting commission of 2½ per cent on the face value of shares underwritten by them respectively.

RESERVES AND DIVIDENDS

The Company has transferred in the first year of its working a sum of Rs. 91,622 to development reserve and a sum of Rs. 441 is being carried forward to next year after declaring a dividend of 12 per cent. It can be seen from the accounting results of the first year and also the results of the firm taken over by the Company that the returns have been attractive.

BROKERAGE

Brokerage will be paid to members of recognised Stock Exchanges in India and to the Bankers at the rate of 1 per cent on the nominal value of Shares allotted in respect of applications bearing their stamps. Brokerage on the same basis will be paid to the underwriters in addition to the underwriting commission on all allotments made in respect of applications bearing their stamps.

APPLICATION FOR SHARES

Applications for Shares must be for a minimum of five shares or multiples of five shares and must be made on the form accompanying the Prospectus or printed form thereof which can be had from the Company's Bankers and Brokers to the issue.

Application forms duly completed together with the cheques or drafts at the rate of Rs. 25 per share applied for must be lodged before the closing of the subscription list with the office of the Underwriters or official Brokers or at the office of the Company or with any of the Bankers to this issue at their head office or any of their principal branches at the following places, namely AHMEDABAD, ANAND, BANGALORE, BARODA, BOMBAY, CALCUTTA, CAMBAY, COCHIN, COIMBATORE, DELHI, GWALIOR, HYDERABAD, INDORE, KANPUR, MADRAS, MADURAI, NADIAD, NAVSARI, NEW DELHI, POONA, RAJKOT, SURAT, and TRIVANDRUM.

Cheque or Draft accompanying each application must be in favour of "ELECON ENGINEERING COMPANY LTD." Cheques or Drafts must be drawn on a bank in the city in which the application is tendered. No cheques or drafts drawn on banks in other towns will be accepted and the application will be refused.

TAX BENEFITS

According to present tax laws, the Company shall be entitled to benefits in respect of Development Rebate, and shall enjoy tax holiday for five years in respect of profits upto 6 per cent on the capital employed under Section 84 of the Income Tax Act, 1961.

The Shareholders shall also be exempt from tax on dividend paid from the Company's profit exempt under Section 84 and from Wealth Tax on their holdings for five years under Section 5(1) (xx) of the Wealth Tax Act, 1957.

Shareholders which are companies shall also be exempt under Section 99(1) (iv) of the Income Tax Act, 1961 from payment of super-tax on dividends received from the Company, on the working of Vidyanagar unit.

THE CHARTERED BANK

CHAIRMAN, MR. V. A. GRANTHAM'S ANNUAL STATEMENT

INDIA HAS ACHIEVED REMARKABLE RESULTS IN ITS INDUSTRIAL REVOLUTION

"INDIA has reason to be proud of the progress made in the development of the national economy. Indebted as it is to foreign aid and investment for the success of its first and second Five-year Plans (1951-61) it has still, by its own efforts, achieved remarkable results in what it terms its industrial revolution. Mistakes have been made, as is bound to happen when so much is done so quickly, but fortunately in India, as in all democracies, mistakes can be given publicity and remedied. However, business has increased with such momentum that there is room for both public and private sectors without too much friction."

These are some of the interesting observations made by Mr. Vincent Alpe Grantham, Chairman of the Chartered Bank, in his statement to shareholders circulated along with the Directors' report and statement of accounts of the Bank for the year ended 31st December 1961, to be presented at the annual general meeting at London due on 4th April 1962. In his statement, Mr. Grantham reviews in detail the main economic trends and developments in Asia, the principal region of operation of the Bank. The following is the full text of his statement:

"During 1961 there was no relaxation of the political tension between the two major power groups in the world and the international situation was further complicated by uncertainty regarding the internal relations of one of these groups. In several of the emergent Asian countries there were political crises and crises of confidence which were, in some cases, aggravated by external factors. This pattern of Asian politics, economics and diplomacy, however confusing it may appear to be, is one with which the Bank has become only too familiar and it will be seen from the report which follows that notwithstanding many difficulties the profit-earning capacity of the Bank has been well maintained and indeed enlarged. I would draw your particular attention to the number of new branches that have been opened.

"The favourable condition of the Bank's affairs reflects much credit upon the management both at the centre and throughout the branch establishment.

Tours

"In the spring of last year I visited branches of the Bank in Burma, Thailand, Cambodia, Vietnam, Singapore and Borneo. The tour afforded many opportunities for me to study at first hand economic progress in South East Asia. I saw numerous evidences of the expansion of the Bank in those countries and of the way in which British banking technique has been adapted to serving the needs of domestic commerce and industry. I was greatly impressed by the friendly relationship that existed between our Bank and the peoples of those countries.

"Throughout South East Asia and the overseas territories generally to which the branch organisation extends the Bank is very well served by the staff at all levels and on the tours I have undertaken it has been a pleasure to meet members of the staff. Their loyalty to the institution and their concern for its progress and prosperity are inspiring.

"Mr. Pullen, the Chief General Manager, attended the annual meetings of the I.M.F. and the World Bank which were held in Vienna during the latter half of September and thereafter visited Hamburg, where the Bank has a thriving business.

"During the months of November and December Mr. Hobbs, an Assistant General Manager, visited the branches of the Bank in India and Pakistan and represented Head Office at the opening of our new branch premises in Lyallpur.

"I must record with great regret the retirement of Sir Thomas Strangman, Q.C., from the Board of our subsidiary, The Eastern Bank Ltd. Sir Thomas joined the Board of that Bank in 1928, was Deputy Chairman from 1939-47 and Chairman from 1947-50. We shall all of us greatly miss this old friend and his shrewd judgment and help.

The Irano British Bank

"Our associate in Iran completed its second full year in March, at the end of the Iranian year 1339. After examination of the balance sheet and profit and loss account it was agreed that the recommendation from Tehran that a small dividend should be declared, was justified. The accounts at the end of the last Iranian half-year indicate that trading profits have been maintained at about the level of the previous year and plans are at an advanced stage for the opening of another branch in Tehran.

"Business during the year 1961 was difficult owing to continued tightness of credit and a general lack of confidence among the merchants in the bazaar. A report on Iran is included in the overseas survey.

Allahabad Bank Ltd.

"In December last, the Governor of the Reserve Bank of India indicated to all the Indian scheduled banks that they should aim to achieve a ratio of 6 per cent of capital funds (paid-up capital and published reserves) to deposits, and that until that ratio is achieved, the banks should transfer annually to their published reserves not less than 20 per cent of their declared profits.

"In conformity therewith the Allahabad Bank Ltd. has made the required transfer to Reserve Fund from its declared profits for the year, as you will see from the balance sheet annexed to our accounts, and has taken the further step of calling up the unpaid capital of Rs. 50 per share on the partly-paid ordinary shares. This call, paid on 2nd January 1962, has increased our holding in the equity by Rs. 12,12,450 (£90,934) which will be reflected in our balance sheet for 1962.

"The Allahabad Bank is now making steady progress and it is hoped that later in the year it will be permitted to make a rights issue which will still further strengthen its capital and reserves and add to its earning capacity.

Rights Issue

"Stockholders are now receiving certificates representing the new shares created by the Rights Issue which was the subject of a letter I circulated to the stockholders of the Bank on 11th September 1961. As a preliminary to our making the Rights Issue, which amounted to 1,100,000 shares of £1 each at a price of £2 per share, an extraordinary general meeting was held on 4th October 1961 to sanction an increase in the capital of the Bank. At that meeting the authorised capital was raised to £10,000,000 and of that sum £6,600,000 has now been issued and paid up.

The Bank's Balance Sheet

"In 1960 our balance sheet total reached a record figure and I indicated in the opening remarks of my overseas survey that there was at least a possibility of some recession in world trade which might affect us but, in fact, there has been a further substantial increase in our own figures of £36,938,878, which has brought the balance sheet total to £353,142,076. The most noticeable increase on the liabilities side of the Balance Sheet is that of £24,821,028 in Fixed Deposits, continuing the expansion noticed last year. There has also been a welcome increase in our Acceptances to £16,756,707.

"On the assets side the further rise of £11,128,723 in Advances and Other Accounts to a new record figure of £155,564,528 reflects the continuing demand for bank finance throughout our sphere of operations.

"The Consolidated Balance Sheet total of £408,097,902 shows an increase of £45,338,266 over that of last year.

"I am bound to say to our stockholders that, while we may hope to see our business increase normally as we open new branches and our capital and reserves increase, we should be unwise not to be prepared for lower balance sheet totals as the result of the growth of and competition from local banks which are often able to call upon the support of their Governments and the assistance of bankers and others, British, American and Continental, not usually directly concerned with the banking of the area. We must hope, however, that increased business generally will outweigh this factor.

Consolidated Profit and Loss Account

"The profit we show in the current year of £990,238 exceeds that of last year by £228,322, a substantial increase for the second year running. We have been able to match increased costs with increased income.

"In September last we paid an interim dividend of 7½ per cent, less income-tax, absorbing £252,656 and it is now proposed that out of the balance available a final dividend of 7½ per cent, less income-tax, on a capital which has been increased during the year to £6,600,000 be now paid at a net cost of £303,188.

"The premium of £1,100,000 arising from the Rights Issue has been transferred to Reserve Funds to which we have transferred a further £400,000 from our profits, bringing the total of those funds up to £7,250,000. There remains to be carried forward a balance on Profit and Loss account of £540,648, an increase of £34,394 over that of last year.

"As the result of the new capital arising from the Rights Issue our stockholders have derived benefit and the total payments on account of dividend in the coming year, which, as I have already indicated to you, we hope to maintain at 15 per cent, will show some increase. Costs still show a tendency to rise and we should lack prudence if we did not envisage a halt in the rate of profit increase we have so far enjoyed; but the conservative policy we have adopted in the interests of our depositors should be to the ultimate benefit of our stockholders.

II

OVERSEAS SURVEY

"In Asia today the main concern of Governments is the raising of the living standards of their people and most of the countries in which the Chartered Bank Group has branches are carrying out economic development plans to this end. At first sight some of these plans appear over-ambitious in that too much is being attempted in too short a time, but the rise in population is so rapid that most Asian Governments are having to accelerate the process of development merely to maintain existing living standards, let alone improve them. On the whole progress in recent years have been satisfactory but the main difficulty has been, and will continue to be, shortage of foreign exchange. The industrialised countries of the world have recognised their responsibility in the matter and have given considerable assistance by such means as commodity aid under United States Public Law 480 and grants and loans on a country-to-country or consortium basis. So great, however, are the total requirements, that external aid, save in exceptional cases, can only be marginal and the main source of foreign exchange for economic development in Asia must necessarily be export earnings. Hence there is understandable anxiety over the tendency of the industrialised countries to apply restrictions against imports of low-cost Asian manufactures. Asian countries must be able to export if they are to survive and to deny them this is to negative the benefits of aid.

"Now, too, there is bound to be additional anxiety amongst the Commonwealth countries in Asia until the result of the United Kingdom's negotiations to join the European Economic Community is known. At the moment Commonwealth countries are far from convinced that equal trade in a wider market will be a satisfactory substitute for special privileges in a reduced market, particularly for a developing industrial country. It should, however, not be assumed that the interests of the Commonwealth and the interests of Europe necessarily conflict with one another and the British Government has been at pains to make it clear that there is no question of entering the Common Market unless Commonwealth interests can be adequately secured and it is encouraging at this stage of the negotiations that the representatives of the Community appear to be increasingly amenable to this important stipulation. Another important point to remember is that although the Treaty of Rome is basically an economic agreement it has important underlying political objectives and there is no doubt that Britain's influence in the Community will be greater than if it were to stand aloof, which should be to the ultimate advantage of the Commonwealth.

Cyprus

"Early in the year the Republic of Cyprus joined the Commonwealth and has since, understandably, taken up membership of the World Bank, the International Monetary Fund and various other international agencies, as the Government's five-year programme of economic development (1962-66) announced by the President, Archbishop Makarios, last August, relies on obtaining substantial finance from those organisations and other overseas sources. This plan, although very ambitious, wisely puts the emphasis on agricultural development and the provision of water, for, notwithstanding the importance of the mining industry which is both the largest earner of foreign exchange and the heaviest bearer of taxes, agriculture is the backbone of the Cyprus economy and the future of the Republic will largely depend upon the success of the agricultural programme.

"The immediate problem, however, is to achieve a more satisfactory balance in the country's overseas trade, for imports are increasing rapidly and were last year, double the export earnings. The trade deficit was £21 millions and was, for the greater part, covered by expenditure in connection with the British bases on the island, but the annual contributions from this source may not continue on the same scale and obviously Cyprus has to encourage the development of those local industries which will lessen the need for imported goods. To this end a Government-sponsored development bank is to be established to grant credit facilities to industrial and other development enterprises, and the intention is to create conditions which will attract investment from overseas and encourage the repatriation of the substantial funds which were remitted abroad during the period of political uncertainty before Cyprus gained independence.

"The prudent budgetary policy of the Government should induce confidence and, provided sufficient foreign aid is forthcoming, the development programme will assist the country towards building up a more self-supporting economy. Complete success however will only be achieved if the two major communities co-operate in the national interest to a much greater extent than they have done so far in this early stage of the country's independence. What is needed is more unity in public life, the elimination of unnecessary administrative expenditure and a determination by all to see that the constitution, whatever its defects, is made to work well.

Lebanon

"Twice in the course of the year a new Government took office and shortly after the second change in November the new Government had to deal with an attempted coup d'état. Against this disturbing background it is not surprising that trading conditions were less satisfactory than in the previous year and the market was depressed, in particular by failures amongst those who had taken an over-optimistic view of the building boom.

"Competition between the forty-eight recognised banks is perhaps over-keen because of the limited business available and it is a great pity that Beirut's reputation as a financial centre should have attracted in addition so many outside agents to join in the search for funds seeking an outlet through this market: the result is, of course, uneconomic rates.

"Possibly because of the country's attraction as a holiday centre of easy access from the wealthy Gulf area, the Government feels that it can look forward to an economy strong enough to ensure the success of the five-year development plan, to cost L.L. 450 millions, it has recently introduced. Expenditure will be mainly on irrigation, water supply, roads and electric power but improvements in the port of Beirut are also envisaged.

Iraq

"Iraq is dependent upon its oil production not only for the continued satisfactory state of its economy but also for the country's development, and it is to be hoped that happier relations between the Government and the oil companies will soon be established to ensure that the new five-year economic development plan be successful. Given oil production and oil revenue not less than 1961's increased figures there is every hope that the plan, which includes industrial, agricultural and public works projects, should reach its targets and raise the general standard of living, for Iraq is basically a rich country. Already the wheat and barley crops not only suffice for the people's needs but leave an exportable surplus. The export of dates is another foreign exchange earner and there is no reason why rice, tobacco and cotton should not play a more important part in the future. A wonderful opportunity exists for the Government to make full use of the rich alluvial soil and develop agriculture to an extent that would create a well-to-do peasant community, which in turn would stimulate the demand for local industries, and it would be a great pity if, by wrong emphasis, this aspect were made to take second place to the development of new industries. Industrial development has already gone steadily forward and it is of interest to note that the cement industry is already exporting in considerable quantities.

"Business generally has been quiet and the import licensing system, although not unduly restrictive, was used to keep imports to a lower level than that of 1960 but the resultant running down of stocks in the bazaar has been beneficial.

The Gulf

"*Bahrain:* His Highness Shaikh Sulman bin Hamad al Khalifa, K.C.M.G., K.C.I.E., died in November. He succeeded his father as Ruler in 1942 and under him Bahrain made substantial progress in all administrative fields, including public works, public health and education. His Highness will long be remembered by those who knew him for his courtesy and kindness and will be much missed. He has been succeeded by his eldest son, His Highness Shaikh Isa bin Sulman al Khalifa, who has our best wishes for a happy and prosperous period as Ruler.

"Trade was satisfactory but the development of other ports in the region tends to slow down the rate of expansion of Bahrain's entrepot trade.

"The local production of oil at Bahrain remained steady during 1961 and there were no new drillings worth noting. The refinery throughput, which includes crude from the mainland, reached the record figure of 10.5 million tons. Work on the deep-water jetty was delayed by storms but is now nearly finished and the jetty is expected to be in full use by May 1962. The new airport buildings and the Muharraq Bridge were completed during the year.

"*Doha:* The Qatar State had another quiet year, business again being inhibited by over-stocking in the bazaar and a shortage of cash with the merchants. Stocks however are being reduced mainly through the policy of the Government and the oil companies to make their purchases locally as far as possible. The building boom continued and progress was also made in the construction of the new water reservoir, the distillation plant, the new power station and new roads. The gas pipe line between Dukhan and Doha was completed and a contract for the construction of a new aerodrome runway was awarded.

"Exports of crude oil in 1961 totalled 8.14 million tons, slightly higher than the figure for 1960.

"*Sharjah:* There is again little change to report at Sharjah where the year was uneventful, but local merchants continue to express their pleasure at our having given them banking facilities there.

"*Abu Dhabi:* It is now generally recognised that Abu Dhabi will, within the next few years, begin to receive a very substantial revenue from resources of oil both offshore and on the mainland and it is commendable that energetic action is already being taken by the Government to ensure that the town is developed in an orderly way.

"A survey is being carried out and a town plan prepared, and this and other measures should check land speculation.

"The Eastern Bank opened its branch in Abu Dhabi on 1st October 1961 and will work in improvised accommodation until its final building site has been determined. Notwithstanding this, it will be in a position to give a full banking service to the Ruler and his subjects and to the newly established British and other merchants who have opened offices in anticipation of the transformation that must come in Abu Dhabi.

Hadhramaut

"*Mukalla:* Trade in Mukalla must necessarily remain small and unless oil is found it would be unwise to expect any spectacular change in the area in the near future. Hopes have naturally revived through the granting of a new exploration concession to an American company, but in the meantime, the Quaiti Government goes steadily ahead with a modest three-year development programme covering communications, health service, education and agriculture.

"The Eastern Bank hopes shortly to move into a new building on the sea front at Mukalla, and within a few weeks will open a new office in the Kathiri State at Seiyun.

Aden

"In the Government of Aden Colony the development of representative institutions has continued satisfactorily. Ministerial status has been granted to elected members of the legislature and there has been official encouragement for the formation of responsible political parties. The labour legislation which came into force in August 1960 has continued to work effectively and, despite some evidence of dissatisfaction in certain trade unions, there have been no strikes. Unemployment in the Colony is almost non-existent, largely due to the effect of the expenditure of service personnel and to the extensive building programmes, both civilian and military, which are in progress. Although the entrepot trade continues at a satisfactory level, it is tending to diminish as the efficiency of neighbouring ports improves. For some time to come this reduction will be offset by expenditure arising from the presence in Aden of the armed forces, but there is a danger that the economy will become over-dependent on this source of income, particularly as there is little sign of new industries being developed in the Colony either by foreign investors or by local enterprise.

"In the Western Aden Protectorate the Federation of Arab Amirates of the South, which I mentioned last year comprised ten of the eighteen states in the Protectorate, has quickly gained authority and influence since the federal Government took up residence at Al-Ittihad, the new capital, last April. Although the Government is in its infancy it appears to be operating with commendable efficiency due to some extent to the continued absence of incident on the border between the Protectorate and the Yemen. This quiet may reflect internal difficulties in the Yemen following the attempted assassination of the Imam and the evident deterioration in relations between Egypt and the Yemen, which culminated at the end of the year with the announcement of the dissolution of the association between the two states.

"For the future, there are indications that a closer association will be developed between Aden Colony and the Federation of Arab Amirates of the South, which should have a stabilising influence on the political situation in this important, strategic corner of Asia, and it is also encouraging that the eleventh member to join the Federation was the first member from the Eastern Aden Protectorate.

Iran

"Immediately after his appointment early in May the new Prime Minister, Dr. Amini, announced his intention of introducing a programme for strengthening the economic position of the country both internally and externally, and the efforts of the financial authorities throughout the second-half of the year have met with some measure of success. The mounting inflation of recent years has been arrested and the steady rise in the cost of living has been slowed down. The recently re-constituted central bank, Bank Markazi Iran, under the general directives of the Monetary and Credit Council,

has established effective control over the banking system and already many of the worst features of the recent undisciplined expansion of banking credit have been restricted.

"It has been stated by responsible authorities that this year Iran's earnings of foreign exchange from the oil industry, including sterling sold to the Government by the consortium of operating companies for their local expenditure, will amount to around £130 millions, an increase of some £10 millions over last year.

"It is on this expanded oil production that the success of the third Five-year Plan will depend. The plan is due to start towards the end of 1962 and the framework has been under examination both in Iran and abroad for some time. Its aim is to raise the national product by six per cent annually and to achieve this it is hoped that agricultural production will be increased by extending the areas under dry and irrigated cultivation and by the education of the farmers in modern techniques of pest control and the use of fertilisers. The emphasis will be on small and medium-sized irrigation projects rather than on the multi-purpose high dams, which were the feature of the second plan. Electricity, industry, transport, communications and social services also feature prominently; and in this connection it is interesting that already in 1961 various industrial projects, including a cane sugar refinery, a tyre factory and two vehicle assembly plants came into production. Finance for the plan is being discussed with the World Bank and it is hoped to form an international consortium on the lines of those set up to provide aid to India and Pakistan.

"In the last few months Iran has refunded two-thirds of its total drawings from the International Monetary Fund. Grants and loans have been received from abroad and the balance of payments and foreign exchange reserves are reported by the Bank Markazi to be satisfactory. Granted political stability, the year 1962 should see continued economic progress.

"No review of Iran can be made without mention of land reform which is an issue that may have far-reaching political effects in the country. Local attention is keenly focused on Dr. Amini's efforts in this direction and details of a pilot project in the district of Azarbayjan, planned by Government for early spring, have raised much controversial criticism.

India

"India has reason to be proud of the progress made in the development of the national economy. Indebted as it is to foreign aid and investment for the success of its first and second Five-year Plans (1951-61) it has still, by its own efforts, achieved remarkable results in what it terms its industrial revolution. Mistakes have been made, as is bound to happen when so much is done so quickly, but fortunately in India, as in all democracies, mistakes can be given publicity and remedied. The obvious and more costly mistakes can be indirectly attributed to an over socialistic way of thought and policy, and the increasingly bureaucratic involvement in industry, including state trading, appears in unfortunate juxtaposition to the achievements of the extremely capable and efficient emerging Indian business man. However, business has increased with such momentum that there is room for both public and private sectors without too much friction.

"The visible results of this revolution are the new industrial enterprises appearing in all parts of the country, but less apparent are the tremendous strides in agriculture which have raised the output of foodgrains by 50 per cent to 79 million tons in the last ten years and have helped to turn chronic food shortage and malnutrition to something approaching self-sufficiency. This achievement is all the more commendable when viewed against the background of a population showing an increase of 21.5 per cent during the same period and now reaching a figure of 438 millions.

"The cost of the plans, or the revolution, whichever it be called, is not clear: India no longer has a surplus of foreign exchange and the present level of reserves is barely sufficient for current needs. Now too, the country goes into its third Five-year Plan faced with the additional burden of servicing the substantial debt already incurred and knowing too that only the further vast sums promised by the consortium of countries in the form of aid can make it successful. Fortunately private foreign investment continues at a high level and Government's interest in attracting overseas investment, preferably in conjunction with Indian interests and for industries with export earning potential, was shown in tax concessions in the last budget. Taxation is, however, still very high by world standards.

"To provide information on investment possibilities a quasi-official body, the Investment Centre of India, was formed during the year and its offices in New Delhi and New York and its representatives in London are already doing useful work in providing potential investors with preliminary information and bringing them into touch with Indian interests. More important perhaps than the endeavours to attract foreign investment are the steps being taken to increase exports, but the Government is finding that improved living conditions and a wider diffusion of purchasing power tends to attract production to the home rather than to the overseas market: the pressure to increase wages has also made Indian products less competitive in international markets. Incentive schemes are being tried but if these are to put exporting on an uneconomic basis or necessitate involved forms of subsidies to the producer under the auspices of the State Trading Corporation, perhaps the success will be limited. Then too experience under the bilateral trade agreements with countries mainly in the Soviet bloc are open to criticism, for not always is a true export value received and in some cases rupees of depreciated value are created. The relatively stable domestic price level should make it possible for the introduction of some form of fiscal incentive which will genuinely encourage exports.

"The expanding business in India has led to continued demands for bank finance and the non or slow returns of these funds, coupled with the very large sums owing to commerce and industry by Government, has meant that the banks' ratio of advances to their own deposits continues to be very high. So that the industrial expansion will not be curtailed for lack of funds the bill market scheme has been considerably liberalised and the Reserve Bank has released the additional statutory deposits taken in the previous year. In order to retain and strengthen public confidence in the banking system the Reserve Bank has continued its realistic policy of seeing that the commercial banks are run on sound lines whilst allowing them a reasonable amount of freedom. Efforts are being made to merge some of the smaller and weaker banks with stronger units while a Deposit Insurance Act has been passed under which banking deposits of up to Rs. 1,500 in any one name must be insured from January 1962. There is no doubt that it would suit not only the banks but commerce generally if agreement could be reached on a minimum interest rate for advances and, although the State Bank of India may have particular problems, which in any case we think could be overcome, it is unfortunate that lack of complete unanimity amongst the banks should hold up the completion of a workable agreement. There is, with the acquiescence of the Reserve Bank, a voluntary arrangement by banks for the quotation of maximum rates on deposits and it will be interesting to see whether the compulsory insurance on deposits will cause any change in the present preference of depositors for the larger and sounder institutions.

"I have mentioned with some appreciation the work of the Reserve Bank and I would like to pay a tribute to the fair and open manner in which that institution has always treated foreign banks in India, and it would be a sad day if any political pressure should be allowed to develop to an extent that discrimination against the exchange banks and their operations in India is introduced.

"The political scene has been dominated by the general elections and in this the largest parliamentary democracy of the world, with voters numbering 210 millions, the interest is not in the return of Congress, which is a foregone conclusion, but in the type and strength of the opposition; at the moment there looks little chance of the emergence of an opposition well organised and virile enough to bring drive and purpose into a ruling party which has for some time now shown signs of staleness and internal dissension. Perhaps such a change would bring a much needed improvement in relations with India's neighbours and, by taking weight off the defence budget, would allow the lowering of taxation which may be necessary for continued successful expansion.

Pakistan

"Pakistan has continued to enjoy the benefits of firm but benevolent leadership and the President's already high prestige was further enhanced both at home and abroad as a result of his visit to the United States last July. In October the constitution commission completed its report but no details are to be announced until the drafting of a new constitution has been completed and approved by the President. Government has decided that elections will be held in early summer but, until the new constitution is promulgated, it is not known whether these will be for an assembly whose members will be elected through the basic democracies on their individual merits, or whether voting for candidates representing political parties is contemplated. Steps have also been taken to decentralise the administration, with emphasis on the East Wing, and to confer restricted authority at district and divisional levels.

"Last year I mentioned the improvement in the level of exchange reserves which had made it possible for the Government to permit increased imports of raw materials and consumer goods. The liberalisation of imports succeeded in the twin objectives of sustaining a further increase in industrial production, which benefited by the increased availability of raw materials and spare parts and of reducing price levels. On the other hand, the higher import bill is causing a deficit in the balance of payments. With the growth of population, which the 1961 census revealed was rising by 2.4 per cent per year, a rate higher than was estimated by the planners, there is increased domestic absorption of most commodities, and reduced exportable surpluses. This trend has been particularly evident in the cotton industry, where performance in the export field has been sufficiently disappointing for the Government to set export targets which are being allocated to individual mills according to productive capacity and which have to be fulfilled under pain of financial penalty. In other fields the Government has similarly shown itself well aware of the need to stimulate exports and the licensing of a broad range of imports has now been linked with export performance. At present raw jute and cotton and their products still account for some seventy-five per cent of the country's export earnings and it is necessary, therefore, to widen the range of manufactured goods for export, a process which will obviously take time.

"The country's inability to feed the rapidly expanding population from its own soil has been costly in terms of foreign exchange despite the assistance of the United States in supplying foodstuffs under Public Law 480. Agricultural development is now being stimulated by encouraging the use of fertilisers, improving and extending irrigation and drainage facilities with particular attention to the serious problems of salinity and water logging.

"The burden of financing the second Five-year Plan is substantially eased by foreign aid, for which the Western consortium has committed $945 millions to the first two years of the Plan, and the Government has prudently budgeted for an overall surplus in the current fiscal year. The State Bank of Pakistan has created conditions favourable to economic development and has succeeded at the same time in preserving monetary stability, but the ability of the authorities to control inflation will be further tested as expenditure gets under way on the vast works for the control of the Indus waters. The major contract for construction of the Mangla Dam, at a cost of $350 millions, has already been awarded to an American consortium and tenders for other large works are under study. It is heartening to find that throughout Pakistan there is confidence in the ability of the country to overcome present problems and to make a success of the Five-year Plan. Now that the establishment of industry is being encouraged to a far greater extent in East Pakistan and upcountry in West Pakistan, the benefits of economic development should be more evenly spread over the country at large but a more sombre note must be sounded regarding Pakistan's relations with her immediate neighbours. Hopes that the signing of the Indus waters treaty would provide the opening for a political and economic rapprochement between India and Pakistan have been disappointed, the Kashmir dispute remains unresolved, and the frontier with Afghanistan has been closed following that country's action in severing diplomatic relations.

Ceylon

"Ceylon has had a difficult year. The state of emergency declared last April as the result of a satyagraha campaign initiated by the Tamil community has remained in force, but the special powers conferred on the Government under the emergency have been used recently for dealing with labour unrest rather than communal disturbances. In the economic field the import restrictions introduced early in the year have had a favourable effect on the trade balance, which, if the trend for the first ten months of the year has been maintained, should show a surplus for the year as a whole for the first time since 1956. Unfortunately the trade surplus has evidently been insufficient to cover the payments deficit and, despite support from the International Monetary Fund, the exchange reserves have continued to run down, but at a much reduced rate.

"Ceylon's major problem is one common to many countries in Asia; namely how to support a rapidly expanding population which is increasing at a rate even faster than India's. It has been recognised that a programme of rapid economic development is necessary to meet the situation and a realistic plan has been drawn up. The difficulty is how to find the necessary finance and expertise. The comfortable cushion of foreign exchange reserves which the country possessed a few years ago has disappeared and the present level of external assets is scarcely adequate for current needs. Government expenditure on food subsidies and social services, financed to an excessive extent by budgetary deficits, has created inflationary pressure which has only been partially counteracted by the import of consumer goods on a substantial scale. Consequently, there is at present little or no capital investment to show for the valuable and possibly irreplaceable foreign exchange which has been dissipated. Increased taxation was imposed in the budget introduced last July but, to finance steadily rising Government expenditure, a further expansion of the already inflated public debt is estimated to be necessary.

"In the absence of surplus foreign exchange investment from abroad could be a valuable source of much needed capital and it presumably remains the policy of the Government to welcome such investment. Official assurances have been given that estates and plantations will enjoy freedom from nationalisation but the potential foreign investor will not be encouraged by certain recent developments, namely legislation setting up a Government petroleum corporation to compete with the foreign oil companies, with power to requisition its competitors' installations at will, and the crippling restrictions introduced in the budget discriminating against foreign banks. The high taxation rates levied on profits earned in Ceylon by companies incorporated abroad and on personal incomes is another strong deterrent.

"For some time to come, therefore, the living standards of the population will depend even more than in the past on the staple exports, tea, rubber and coconut products. It is much to the credit of the tea industry that, when final figures are available for the year, it is expected that production will have reached a record level. Unfortunately lower prices during the latter part of the year and intense competition, particularly in Middle East markets, offset the increase in available tea and the aggregate value of shipments for the first ten months of the year was only slightly higher than in 1960. Higher export earnings from coconut oil and copra were offset by reduced exports of desiccated coconut and coconut fibre. Rainfall during the year was considerably higher than normal and rubber production suffered accordingly with a steep fall in the value of exports. The overall improvement in Ceylon's overseas trade during the past year is encouraging, but it is probably too early to hope that the tide of economic deterioration has turned. Any sustained improvement in the present situation will depend on a decisive effort to curb the persistent rise in State expenditure and on a firm attitude by Government to unreasonable labour demands. Business in Colombo has recently been seriously afflicted by a series of strikes, which on 26th December spread to the commercial banks, including the State-owned Bank of Ceylon. At present the banks are managing to maintain a restricted service for their customers and I take this opportunity of expressing to those of our staff in Colombo, who are carrying on in conditions of extreme difficulty, our warm appreciation of their efforts and their loyalty to the bank.

Burma

"In Burma in August last the Minister of Finance and Revenue and National Planning presented to parliament the final version of the second four-year plan covering the years 1961-65. The plan was presented as the first of four consecutive four-year plans, which would double the *per capita* income by 1977. Other objectives were the diversification of agriculture, increased industrialisation beginning with light consumer industries and a more evenly balanced regional development over Burma as a whole. To be successful the plan required an economic growth of roughly seven per cent per annum for the next sixteen years and, viewed from the position today, there would be justification for feeling that Burma, to achieve such targets, will require considerable assistance from abroad both in the form of loans and capital investment.

"The Peoples Government of China during the year gave a loan of £30 millions and the World Bank assisted the Railway Board in its modernisation programme, but approaches by the Chairman of the Investment Committee to the United States, Canada and Britain received little encouragement. Private investment from overseas has also been disappointing although certain British and Western German firms have shown their willingness to participate in joint ventures. It was probably because of the lack of response from abroad to participation in Burma's industries that the Government has further amended the Investment Act to extend the guaranteed period against nationalisation, to eliminate distinction between foreign and Burmese enterprises and to facilitate the transmission of remittances. It is perhaps unfortunate that, coincidentally with these commendable steps, further Burmanisation of British interests should take place, and amongst other things, British firms can no longer handle imports, even from the United Kingdom.

"Any economic growth in Burma must for many years depend upon the extent to which the country's agricultural products earn sufficient foreign exchange not only to pay for necessary imports but also for the plant and machinery needed in the industrial programme and that is why, very sensibly, the Government will invest primarily in agriculture and leave industry mainly to the private sector. In 1961 rice exports, which account for seventy per cent of total export earnings, amounted to the impressive figure of 1,600,000 tons, but even so the country's foreign exchange reserves fell sharply over the year. The Government hopes to reverse this trend by increasing agricultural output and improving communications. Rice production is to be raised by means of mechanisation, extension of irrigation facilities and a wider use of fertilisers, and at the same time encouragement is to be given to the cultivation of ground-nuts, cane sugar, cotton and jute in order to achieve self-sufficiency in those commodities.

"To effect further savings in foreign exchange steps are being taken to increase oil production and a rubber re-planting programme is to be initiated. Whether or not these measures have the desired effect must depend to some extent on settled conditions in the countryside, for of late rebel activities appear to have increased and security conditions generally have deteriorated. Another factor which might materially assist the country in its ambitious programme is a reversal of the policy of state trading, for more and more firms and enterprises are falling into the hands of civil servants with not altogether favourable results.

"One other point of considerable interest is the negotiations in connection with the Japanese reparations, which were resumed in Rangoon in November prior to the goodwill visit of the Japanese Prime Minister. No settlement was reached and it seems that whereas the Japanese mission have been mainly interested in talking about joint ventures and economic co-operation, the Burma Government is holding out for an additional U.S. $200 millions in reparations. So far $75 millions is the highest offer the Japanese have been prepared to make.

Federation of Malaya

"The outstanding political event last year was the crystallisation of the previously vague concept of a confederation of Commonwealth territories in South East Asia and its acceptance by all the Governments concerned as the next logical constitutional development. The initiative was taken by the Prime Minister of the Federation, Tengku Abdul Rahman, who evidently came to the conclusion that his country ought not to remain permanently isolated and that to ensure continued economic growth closer association should be sought with Singapore, North Borneo, Brunei and Sarawak. Politically such a merger would also have obvious advantages, substituting in this important strategic area a strong unitary state for a number of relatively small political entities seriously vulnerable to subversive or external pressure threatening their independence. Together these countries have a chance of surviving and progressing but separately they might be in difficulties. Since the decision to promote the merger was taken rapid progress has been possible, for the countries concerned already have much common ground, particularly the sharing of the same currency. Mutually satisfactory discussions have taken place between the Federation and the British Government and a working party of senior civil servants from Singapore and the Federation have been considering the administrative and financial problems which would arise should the merger take place. The Federation Government has also been at pains to establish closer relations with other neighbouring States in South East Asia and has formed, together with Thailand and the Philippines, the Association of South East Asian States (A.S.A.S.).

"Industrial development in the Federation is now well under way and the number of foreign trade missions visiting the country, particularly in the early part of the year, is an indication of the country's increasing importance as a market for capital equipment and manufactured goods and as a field for investment from abroad. Ninety per cent of the four-hundred-and-fifty acre industrial site at Petaling Jaya has now been taken up and seventy-two industries are operating there, turning out a wide range of products. A new industrial estate is being developed on the northern outskirts of Ipoh, while two oil refineries are in course of construction at Port Dickson. Other manufacturing units using the most modern equipment available are opening up elsewhere and it is significant that a high proportion of the new industrial enterprises benefiting under the Pioneer Industries (Relief from Income-tax) Ordinance are joint ventures bringing in capital from abroad. Apart from the fiscal inducements, the absence of labour trouble, which owes much to sound Government policy in this important respect, is a strong attraction for the foreign investor interested in setting up a factory in the Federation.

"The increasing tempo of trade and industry in the Federation demands an expansion in banking facilities and we have, therefore, felt it necessary to enlarge our own organisation in the country. New branches of the bank have recently been opened at Kuala Trengganu, Kota Bahru and Port Dickson, and our branches in Petaling Jaya and Port Swettenham have been accommodated in new office buildings during the course of the year. We commence the building of a new main office in Kuala Lumpur this year. Deposits with the commercial banks in the Federation have increased, but this expansion has been exceeded by the rise in advances, a trend which, although it needs careful watching, is to be expected in a developing economy. As far as we know the Central Bank of Malaya has not set up any machinery which would enable it to exercise its functions as a lender of last resort.

"Business has benefited from the progress which has been made in improving road communications. The heavy cost of this work will be amply justified in years to come by making possible the development of what have hitherto been virtually unapproachable areas of the country. The steps taken during the course of the year to relieve congestion at the Port Swettenham docks have proved successful and cargoes are now flowing through the port smoothly, but work on the construction of new dock facilities at North Klang Straits has been delayed owing to difficulties in connection with piling operations.

"The overall value of the Federation's exports was lower last year than in 1960, mainly because of the reduction in the price of rubber, the average level of which was the lowest since 1958. Uncertainties over the policy of the United States Government regarding the release of rubber from the strategic stockpile have been a major factor in depressing prices, but assurances have apparently been forthcoming that no action will be taken which is likely to prejudice the position of producers in South East Asia. The high yields now to be expected from trees planted and matured under modern methods will compensate for the lower prices which must be accepted if the natural rubber industry is to compete with the synthetic product, so that last year's reduction in the price level was not as disadvantageous to the Malayan industry as it might appear. Production has

increased over the year and, to assist marketing, a rubber exchange is being established in Kuala Lumpur. International prices for tin, the other major export, have been favourable to producers and shipments increased in volume and value. Following the exhaustion of the buffer stock, the Chairman of the International Tin Council has had discussions with United States Government officials regarding releases from the strategic stockpile. The uncertainty of American intentions in this respect has had some effect on prices. With prospects for both rubber and tin reasonably good, the favourable development of the Federation's economy under the second five-year plan, which covers the period 1961-65, should continue. By adhering firmly to sound fiscal and economic policies the Government has successfully created conditions favourable to trade and industry and it is to be hoped that the imaginative initiative which has been taken in connection with the proposed merger with Singapore and the Borneo territories will be attended with success.

Singapore

"The Government of Singapore has consistently advocated closer association with the Federation of Malaya and therefore welcomed the Federation's proposals for a merger to include the Commonwealth territories in Borneo as well as Singapore and the Federation. Such a merger would obviously benefit Singapore by giving increased scope for the entrepot and other specialised commercial and financial services available in the port, and by providing wider markets for the new industries which are to be established in terms of the four-year development plan (1961-64). Unfortunately those who oppose the merger have chosen to foment labour unrest as a means of political pressure. Trade union activity has been stepped up and there have been strikes in almost every sector of Singapore's economy, including banking. A particularly disturbing feature has been the open contempt shown for law and order.

"It is greatly to the credit of the business community that in what has been, in many respects, a difficult year, overseas trade has been maintained at a satisfactory level. In value the aggregate was lower than in 1960, but only because of the reduction in the price of rubber, a commodity which accounts for a third of Singapore's imports and nearly half the exports and in which even slight fluctuations in price can have an appreciable effect on the trade figures. The overall tonnage of cargo handled by the port increased, and another encouraging feature was the improvement in trade with Indonesia. Following the successful negotiation of a trade pact, a Singapore mission has been established in Djakarta and the Indonesian state trading organisations have set up offices in Singapore so that they themselves can handle and sell their own commodities in the various Singapore markets.

"During the year two United Nations special missions completed studies on various aspects of industrialisation in Singapore and the World Bank has agreed in principle to make loan finance available for projects in the four-year plan. Schemes under consideration include the expansion of water and power supplies, which is of considerable urgency for water rationing had to be introduced last August for the first time. A number of local enterprises increased production last year and preliminary work on the Jurong industrial estate has begun with the construction of approach roads and the preparation of factory sites. If employment opportunities for the rapidly rising population are to be significantly increased it is imperative that Government's efforts to promote industrialisation be successful and local enterprise invest in manufacturing industry rather than trading concerns. This in turn might create an improvement in the labour situation sufficient to restore confidence amongst other potential local and overseas investors.

"The upward trend of commercial and industrial activity has been reflected in increased bank advances. A banking ordinance has recently been passed which, in general, follows similar legislation in the Federation, but in the absence of a central bank in Singapore, confers on the Minister of Finance many of the powers normally exercised by such an institution. The efficient functioning of the clearing house organised by the commercial banks last February has been seriously impaired by a series of labour disputes affecting the banks and the Minister of Finance has now taken advantage of his powers under the banking ordinance to open a clearing house under Government control.

"Provided that relations with Indonesia continue to improve and the negotiations for the merger of the Commonwealth territories in the area proceed favourably, the outlook for Singapore in the coming year could be reasonably bright. Much will depend however on the ability of the Government to cope effectively with the steadily deteriorating labour situation and to persuade the population as a whole of the advantages of the merger when voting takes place in the referendum which has been promised by the Prime Minister on this important subject.

"In August we extended our own organisation in Singapore by opening a new branch at Queenstown.

North Borneo

"Until recent months the people of North Borneo have evinced little interest in politics and the various racial groups have worked together in complete harmony under the present system of Government. This is partly why the proposals which were made a few years ago for a closer association between North Borneo, Brunei and Sarawak failed to make much popular impression. The Greater Malaysia concept on the other hand has stimulated considerable interest and political activity in North Borneo, but unfortunately for the first time in the recent history of the territory local opinion is tending to form on a racial basis because of this important issue. There would be obvious advantages to the individual Borneo territories of associating with others to form a larger political unit, but the main difficulty is that although North Borneo has not yet reached the stage of political development at which the people can be expected to determine their own future, a firm decision will have to be taken within a relatively short period on the merger proposals. It has been agreed by the British and Federation Governments that the views of the people of North Borneo and Sarawak should be ascertained by a commission, which under the chairmanship of Lord Cobbold will make the necessary enquiries in the two territories. Meanwhile the formation of the Borneo free trade area, which came into force in January 1962, with North Borneo and Sarawak as members but with the provision for wider membership, is a practical step towards closer co-operation between the Borneo territories.

"The latest figures available indicate that North Borneo's overseas trade last year showed an increase over 1960 when the trade turnover reached a record level. Higher imports reduced the trade surplus but notwithstanding this, of the main exports, the volume and value of timber shipments have both increased and the larger tonnage of rubber shipped is an indication of the success of the Government's replanting programme. Satisfactory export earnings have been reflected in the sound budgetary position of the Government and as a result it was possible last year to raise the revenue allocation to the development programme to $16 millions. The steady extension of the road system is opening up hitherto remote areas for cultivation and the improvement of harbour facilities is promoting more efficient handling of the Colony's overseas trade. Great hopes are entertained of the productive potential of the Labuk Valley, a survey of which is to be carried out with the assistance of the United Nations.

"Because of immigration from Indonesia and the Philippines the supply of unskilled labour on the east coast is now sufficient to meet demand, but there is still some shortage of skilled agricultural workers, such as rubber tappers, on the west coast. The Colony's economy continues to develop on satisfactory lines and prospects for the coming year seem favourable. I think that all sections of the community recognise and appreciate the full part our bank is playing in this development.

Brunei

"His Highness the Sultan has declared himself personally in favour of the Greater Malaysia concept, but the views of the people of Brunei on this important matter are to be considered before any final decision is made. Because the possible advantages of joining Malaysia have not been explained to the people there is little enthusiasm at the moment for the concept and there is much more popular interest in the elections for the district councils which have been postponed to not later than mid-October 1962. These district councils will in turn elect the sixteen unofficial members of the Legislative Council who are at present appointed by His Highness the Sultan.

"During 1961 legislation was introduced to provide for collective bargaining to improve labour conditions and to institute regulations for the control of labour disputes. This reflects the growing strength of trade unionism in Brunei, but so far there has been no serious labour unrest.

"Some progress with development schemes was made during the year, but only on a relatively small scale and the substantial financial allocation for development purposes was hardly utilised. This year, the second five-year plan is due to be put into operation and it is probable that work will begin on a number of the new development projects which are under consideration but, unlike most states, the major difficulty in Brunei is not lack of finance but shortage of skilled labour created largely by the stringent immigration regulations. As part of the programme to make Brunei self-sufficient in food production, work is due to begin on the construction of an agricultural school, the teaching staff of which is to be recruited from Malaya and elsewhere in Asia. Other development projects which it is hoped to undertake include a flood prevention scheme at Seria.

"In the absence of Government expenditure on development, the purchasing power of the population continues to be severely restricted as practically the whole of the country's earnings accrue to the Government in the form of oil revenue. Oil production is gradually falling and the search for new sources of supply has so far proved unsuccessful, but in relation to the Government's annual recurrent expenditure oil royalties are still substantial, although now exceeded by the investment income derived from surplus funds.

Sarawak

"Lower world prices for rubber, timber and pepper, the main sources of Sarawak's export earnings, have caused a reduction in the Colony's overseas trade and the small deficit in 1960 increased to about M$30 millions last year. Imports at a high level are to be expected in a developing country and, inasmuch as increased purchases abroad last year consisted of machinery and other capital equipment, they will be to the eventual advantage of the economy as a whole. On the export side, rubber shipments suffered sharp reductions in volume and value which more than accounted for the fall in the Colony's overall export earnings. On the other hand, because the tonnage of pepper exported more than doubled last year as compared with 1960 its value was substantially higher despite lower prices ruling. Demand for the Colony's timber, and particularly ramin, continued at a high level while exports of sago flour again increased and shipments of bauxite to Japan have been well maintained.

"It is much to the credit of the financial authorities that, despite lower prices for exports and higher recurrent expenditure than originally anticipated, last year's budget showed a small surplus. An estimated deficit this year is to be partially covered by additional taxation and the record sum of $54 millions is to be spent on development, an increase of almost forty per cent over development expenditure in 1960. Last June the new port at Kuching was officially opened, the old port in the centre of the town then ceasing to function. Priority has been given to the construction of roads, the intention being to extend the road system by eighty to ninety miles each year. The authorities in Sarawak hope that the Borneo free trade area, by opening up a wider market, will stimulate industrial as well as agricultural development, particularly where raw materials are available locally as in the case of fertilisers and cement. The bank has continued to assist the trade and development of the Colony.

"The Greater Malaysia merger proposals appear to have been received favourably in Sarawak and the appointment of the Commission headed by Lord Cobbold, which is to make enquiries and recommendations on this important matter, has stimulated much public discussion of the issues involved.

Indonesia

"In Indonesia an otherwise sombre and complicated scene was lightened by an event that could bring far reaching improvements in the economy provided certain other steps planned or possible for its protection are taken. The event I refer to is the generous amnesty terms offered to the insurgent forces which have virtually brought the rebellion in Sumatra to an end and have substantially restored internal security in most parts of the country. This will not only lessen the cost of the armed forces but should go a long way towards eliminating the smuggling abroad of export commodities and the serious loss of foreign exchange this has caused in recent years. Then too, if we assume, as we perhaps can, that a peaceful solution will be reached over West Irian, further reductions in the defence budget should take place and the running down of the exchange reserves largely caused by the considerable cost of buying foreign military equipment should be halted.

"Having shown that the country's recovery can be rapid I must record that by ordinary economic standards Indonesia has had a disappointing year. The reduction of the reserves was on such a scale that it was clear a drastic restriction on imports would be necessary. Import licences had been given freely in the early part of the year and remedial action came later than might have been expected but a loan from the International Monetary Fund provided some reinforcement for the exchange reserves. The balance could have been restored by good export figures but these suffered a reduction from a variety of causes. The inflationary rise in production costs tended to make the basic commodities from which the country's export earnings are derived uncompetitive in international markets although in the case of rubber the situation has been aggravated by reduced world prices. It is possible too that the state trading organisations are as yet too inflexible in their commercial operations to take full advantage of the available overseas markets. The fundamental cause of the country's economic difficulties is however chronic inflation and an inability as yet to deal with it. This is not through lack of trying on the part of the Government which, if it can carry out its intention of restricting state spending, will bring about a more satisfactory balance between budgetary revenue and expenditure and halt the rapid rise in living costs. An austerity campaign has been initiated and various projects which were to have been undertaken in terms of the eight-year development plan have been postponed for the time being. The plan was introduced in January 1961 and the country's economic potentialities are such that numerous offers of aid have been forthcoming from Governments and private interests abroad. These offers will assist towards covering the foreign exchange expenditure proposed under the plan but excessive reliance on deferred payment facilities will impose a severe burden on the national balance of payments in future years unless steps are taken meanwhile to stimulate an appreciable increase in export earnings. The normal sources of funds for domestic financing of the plan are to be supplemented by a 'guided savings' campaign in which all sections of the population are expected to take part either voluntarily or compulsorily. An important aspect of the plan is the extension of the area under paddy cultivation, for the country's dependence on imported supplies of rice is extremely costly in foreign exchange. The Asian Games which are to be held in Djakarta next August may prove an expensive undertaking but the developments necessary for their success such as new roads, building projects and in particular, hotels, will permanently assist tourism which so many other countries have found to be a useful source of foreign exchange.

"Politically the Republic is fairly quiet. There are ten authorised political parties, all of whom have to show themselves to be in complete agreement with the official beliefs on religion, nationalism and social justice in order to obtain recognition, the objective being the creation of an Indonesian socialist society. In accordance with the concept of guided democracy most of the country's international business is conducted by Government or semi-Government organisations and until expediency or policy causes a reversal of this trend, the scope for the services provided by this bank is very circumscribed. In view of the assistance we have given to Indonesia's foreign trade it is disheartening that in terms of the basic agrarian law we have without receiving compensation had to surrender ownership of our properties some of which we acquired under the present regime.

Thailand

"Under the firm guidance of Field Marshal Sarit's administration Thailand has enjoyed a quietly prosperous year. Minor subversive activity in the north-east of the country was doubtless stimulated by the situation in the neighbouring country of Laos, but the Government has wisely followed up effective repressive measures by giving priority to the economic development of the area which is suited to the production of rice, sugar and other crops. Thailand, agriculturally a land of small-holdings, is in the fortunate position of producing enough food and other commodities to support the population simply but adequately and still have a surplus available for export sufficient in value to meet normal requirements of imported goods. This gives a fundamental stability to the national economy which has enabled Thailand to be one of the few countries in Asia able to sustain over a period of years a free economy with an absence of import restrictions.

"Although as a primary producing country Thailand is vulnerable to fluctuations in crop yields, trade and foreign aid during the past years or two have strengthened the exchange reserves to the point where they are adequate to cope with any such vicissitudes over the next few years. The normal pattern of foreign payments has been a trade deficit more than covered by foreign aid and last year the picture was even brighter than usual as the trade deficit was almost eliminated, largely by substantially increased rice exports. Shipments of rubber and tin have been much the same in volume as in 1960 but export earnings from tin have benefited from the rise in the world price of this commodity, while rubber earnings have suffered a reduction. During the past few years exports of maize, tapioca, flour and jute have grown immensely in importance and jute shipments particularly benefited last year from the partial failure of the Pakistan crop. In view of the strong competition in international markets in basic commodities a Bureau of Standards has been set up for the controlling and improving of the quality of export produce. Imports are still partly covered by American aid but the most significant feature in Thailand's import market is the increasing penetration of Japan, which now accounts for almost one-third of the total figures.

"The Government's financial position is enviably strong with a balanced budget and a marked reduction in borrowing from the central bank. Roughly twenty-one per cent of Government expenditure is allotted to economic development in the current fiscal year and high priority is being given to the improvement of communications, particularly roads, as these are considered a pre-requisite for further development. Although more foreign countries are offering loans and technical assistance for specific projects, efforts to attract foreign capital from private interests have not yet met with any great success and such investment as there is has mainly emanated from interests already established in Thailand. Locally, surplus capital tends to be invested in land and other tangible assets and it is doubtful, therefore, whether local savings will ever be available on a scale sufficient to finance large scale industrial development. In these circumstances, and given the country's inherent stability, Thailand is an attractive field for foreign capital and the way in which foreign enterprises are able to conduct their business without interference or discrimination, providing they respect the laws of the country, is a clear indication of the liberal policy of the authorities towards investments from abroad.

Vietnam

"Such is its importance to the free world that Vietnam's struggle to retain its independence became better and more widely known as it made front page news throughout the world. Even so it is difficult to say how the struggle is going or what exactly is happening in a country now officially stated to be in a state of total war and where guerillas infiltrate almost to the outskirts of Saigon, the capital, and at times seemingly have control of large tracts of the country's rice producing and rubber lands. What does seem clear is that, notwithstanding a further deterioration in the situation since I wrote last year, the tremendously increased efforts by the United States and the good morale and tenacity of the local forces will ensure that the country does not come under communist domination. In some quarters it is felt that the tide has turned and what may be an improving situation could be turned to great effect by a more benevolent administration which sought, above all, to obtain the goodwill and co-operation of its people in order to rally them against the real menace threatening their country. Fortunately there are already encouraging signs in this respect for not only are more thorough measures being taken to protect the rural population but an economic programme, sponsored jointly by the Republic of Vietnam and the United States, seeks to raise their standard of living.

"The deterioration in the security situation has not been the country's only misfortune; unprecedented rains in September and October caused devastating floods, particularly in the south where many lives were lost and extensive damage caused to villages and crops. Fortunately, much of the vital rice crop appears to have been saved and to ensure that it is safely harvested it will be gathered in under military protection. To meet possible shortages additional stocks have been obtained from Thailand and Burma and have been given under Public Law 480 by the United States which will also provide other agricultural commodities.

"In many ways the country's economic performance has been much better than could be expected in these troubled times. The cessation of rice exports is a serious blow to overseas earning although offset to some extent by the United States paying for petroleum imports, but notwithstanding the attacks on plantations and the hazardous transportation risks, exports of rubber have been well maintained. This has enabled Vietnam to continue to finance a substantial part of its imports from its own resources. Rather surprisingly too, trade has not suffered as badly as might have been expected although the security situation has caused stocks to be very slow moving. Little progress has been made in industrial development but we ourselves, in co-operation with other commercial banks, have assisted, with Government encouragement, the financing of an industrial development corporation. There can, however, be little hope of real economic progress until law and order are restored.

Cambodia

"Cambodia's relations with her neighbours have continued to reflect the traditional rivalries in this part of South East Asia, and South Vietnam and Thailand, both pro-Western states, look with apprehension and disfavour on Cambodia's policy of resolute neutrality and its cordial relations with China. Relations with Thailand deteriorated to the extent that, for the second time in three years, diplomatic relations between the two countries were broken off. Relations with Vietnam also worsened, as they were bound to with the continuous accusations of the Saigon press that Cambodia was tolerating "Viet Cong" invasion bases on its side of the border. The situation in Laos has heightened the tension throughout the area and it is a great pity that Cambodia interprets the hostility of its neighbours as part of pro-Western policy, which places another barrier to better understanding between countries which, whatever their differences in outlook and policy, have in common a firm determination to maintain their independence.

"Under the popular direction of the head of state, Prince Norodom Sihanouk, the Government has continued its efforts to improve living standards and to spread the benefits of economic progress throughout the population. There are plans to provide educational facilities for everyone in the country, communications are to be improved in order to open up hitherto remote areas and care is taken to see that even the smallest farmers benefit from the imports of tractors and agricultural machinery. Nor are the cities neglected and in Phnom Penh, the capital, constant improvements are being made at a surprisingly good pace. Many new and attractive houses have been built and proper drainage and sewage is being laid.

"There is no unemployment in Cambodia, nor is there hunger for the country has more than enough rice, fish and vegetables for its small population. Economically too it is in the enviable position of having export earnings from rubber, rice and maize sufficient to cover eighty per cent of its imports with, in addition, foreign aid more than covering the balance. Industry has been reasonably expanded over the last few years and is now passing through a consolidation period before a start is made on the further enterprises such as textile, mills, planned for the new satellite town to be built near Phnom Penh. In July we ourselves opened a second branch in Phnom Penh.

The Philippines

"With the election of President Diosdado Macapagal a breath of fresh air seems to be blowing through the Philippines and not since the days of the late President Magsaysay has the nation had such a rallying point. At his inauguration the new President reaffirmed the strong line he had taken in his election campaign against graft and corruption, and there can be little doubt that much of the popular support he has gained is due to the general

wish to eliminate this insidious evil from the life of the country. The President's decision to act as Secretary of Finance himself and the re-appointment to the new cabinet of the former Secretary of Commerce and Industry indicate the importance attached by the new administration to a sound economic policy and also show an encouraging determination to rise above partisan considerations where vital national interests are at stake.

"The most urgent task confronting the new Government is to check the serious deterioration in the country's economy and to restore some measure of stability. For some time there had been apprehension about the eventual outcome of the exchange decontrol programme, which had been initiated in April 1960. At the outset it was realised that prices were likely to increase as a result of what was, in effect, a devaluation of the peso and therefore, to give the business community time to adjust itself to the inevitable changes in conditions, it was wisely decided to carry out the decontrol programme in stages. I mentioned last year that the first two stages had been successfully accomplished and last March, when the third phase of decontrol was initiated, the Republic's international reserve had risen to approximately $200 millions, so that future prospects then appeared reasonably favourable.

"Subsequently, however, the rise in the general price level gained impetus because of the gradual easing of import restrictions and the fact that most imported goods were no longer being paid for at the old preferred rate of exchange, but at the less favourable free-market rate. The situation was aggravated by a rice shortage which developed in August and September just before the new crop was harvested and, to check a rapid rise in the price of this essential foodstuff, substantial additional supplies were imported. However, realising that uncertainties about official policy were encouraging widespread speculation detrimental to the country's interests, the new Government took immediate steps to secure a stabilisation loan of $300 millions from the United States and, with the assurance of this reinforcement for the Republic's finances, a further phase of decontrol was introduced in January. All imports are now free of quota restrictions and must be paid for at prevailing free-market rates of exchange but, to restrict excessive demand, importers have to make peso deposits, rising to one-hundred-and-fifty per cent for inessential items and customs duties have been adjusted with similar discriminatory intent. These bold measures, which were planned in consultation with the International Monetary Fund, have almost completely abolished exchange control in the Philippines and, with the restoration of economic stability, will do much to create favourable conditions for the foreign investment that is badly needed in heavy industry and in mining.

"In the long run the Republic's main problem is to provide employment opportunities and a rising standard of living for a population which is increasing at the high annual rate of 3.2 per cent. With these objectives in view the President announced a five-year economic development plan under which agricultural production is to be raised in order to attain self-sufficiency in food. The plan will involve increased expenditure in the public sector of the economy, but the Government's view is that the main burden of development must be shouldered by business enterprise. If, as appears likely at present, the new phase of decontrol proves successful, prospects for trade and industry in the Philippines could be more favourable than for some years past.

Hong Kong

"The economy of Hong Kong may be finely balanced but there is no indication of this in the buoyancy of Government's budgetary revenue or in the characteristic manner in which the business community continues industrial expansion in the face of difficulties. It is those difficulties which must bring caution into my remarks after what must be considered another prosperous year although profits generally were lower. They are, in the main, the difficulties of finding and keeping overseas markets for the Colony's expanding industry. This is no new problem for Hong Kong but it is one which could be more difficult to overcome as time goes on and it is doubtful if the G.A.T.T. conference, which opened in Geneva in July last, brought much reassurance.

"At the moment the textile trade, including clothing, accounts for over fifty per cent of the total exchange earnings and the main overseas markets have all a question mark against them. The United Kingdom has given an import quota which should be maintained but there is still a vociferous element in Lancashire demanding its reduction. Over this market, too, hangs the shadow of the Common Market. In the United States the Government is considering the imposition of an import duty on cotton textiles to offset the subsidy paid to American producers of raw cotton and the Indonesian market, which gave Hong Kong considerable help last year with substantial orders, must always be a doubtful market because of its own economic difficulties. In the past the resilience of the business community has overcome such adversities but with the growing threat to its overseas markets it may be increasingly difficult for the Colony to accept Japanese piecegoods for re-export. It is possible, too, that the intensive Japanese investment in the Hong Kong textile and other industries will accentuate the normal expansion to an extent that would create further problems abroad and in local costs. This may seem surprising in view of Hong Kong's population of over three millions, a high proportion of whom are refugees, but notwithstanding the manpower surplus there is still said to be a shortage of skilled labour. The problem of finding overseas buyers does not apply to the textile industry only and the valuable exchange-earning plastic trade may find some of its markets, particularly the United States, becoming overstocked.

"The Government, as usual, has grappled manfully with the problem of housing the refuges and it has also continued its efforts to raise labour conditions in the Colony, although by any standard conditions are already good in the larger industrial units due to enlightened and far-seeing management. The Government is also improving the communications and, by reclamation and industrial planning, making land available for the new factories to be built additional to those that have recently come into operation. Private building has also gone on at a tremendous pace and includes a number of luxury hotels both on the island and on the mainland to cater for the rapidly increasing tourist trade.

"There has been a large increase in the banking system in Kowloon and the New Territories and we ourselves opened new offices in Kowloon, Shamshuipo, Hung Hom and Wong Tai Sin. New banks, too, seem to be opening up all the time on the island and on the mainland and we are relieved to hear that the Government is bringing in legislation to ensure that normal banking standards are observed. For too long now it has been possible for any concern with a small capital to open up in Hong Kong and include 'bank' or 'banking' in its name, and it is to be hoped that the new legislation will set minimum standards for such privilege that will give adequate protection to depositors, local and overseas. If, in so doing, it forces some of the smaller banks to merge it will be a service to the community for Hong Kong is overbanked to an extent that competition for funds is forcing the smaller banks to pay rates for deposits that allow no profitable scope in ordinary banking business. To obtain the high return necessary to cover expenses some of these banks then use the funds in building and other high-paying ventures and thereby lose the liquidity normally considered essential for the safety of their business. Perhaps too, governmental control will indirectly help reduce the over-generous granting of facilities usually present with over-banking, for the attendant lowering of security standards could not only redound adversely on the banks themselves but could possibly damage the good name of the Colony if unworthy enterprises are built up into suppliers and exporters.

China

"A year ago I suggested that the grain imports which China had been obliged to make, following successive bad harvests, would impose a severe strain on the country's exchange reserves and thus cause a contraction in trade with countries outside the Soviet bloc. This has proved to be the case and last year trade with Western Europe, and those Eastern European countries for which figures are available, has been substantially reduced. Nevertheless, the Chinese have lately been showing increasing interest in developing trade with countries outside the Soviet bloc, this trend being evidenced by the recent contract for the supply of British aircraft. High technical quality of the products concerned and generous credit terms would seem to be the dominant factors in obtaining orders from China but the decisive factor is of course China's inability, which it is to be hoped is only temporary, to export to the same extent as in earlier years. The present policy appears to be to balance trade with Western Europe and to earn a surplus on trade with Asia and, in particular, Hong Kong, while reinforcing the foreign exchange reserves by sales abroad of silver and gold.

"As was to be expected, the authorities are concentrating on raising agricultural production and in the industrial field the present emphasis appears to be on consolidation rather than expansion. Food is scarce, and, consistent with efforts to increase exports, consumer goods are also in short supply. There are encouraging indications however, that last year's harvest may have been rather better than originally expected, and if this is so some expansion of China's foreign trade may prove possible in the coming year.

"Our Shanghai office continues to do useful business in connection with the financing of China's overseas trade.

Japan

"In Japan in 1961 it was the economic rather than the political issues that dominated the scene. This is not surprising as the post-war industrial boom was obviously getting out of hand and the mounting bill for the tremendous industrial development in the preceding years had to be met. That bill, that is the external cost of the vast investments in new plant and machinery, was primarily responsible for forcing Japan into a balance of payments crisis. The reserves finally fell only U.S. $338 millions during the year, but at one time the downward trend was so alarming, and as usual in such circumstances internal inflationary pressure was such, that the Government had to take the usual remedial steps of a credit squeeze, high interest rates and more liberal financing for exports. Even with these measures it may be well into 1963 before the Japanese economy is on an even keel, for the country's balance of payments is even less satisfactory than might appear from published figures, which show neither the recent loans by American banks nor the large overseas borrowings of the Japanese banks. Payment of the interest on these borrowings, usually at quite high rates, will offset a substantial portion of the country's exports and make recovery that much more difficult, but with the International Monetary Fund to fall back on and the export potential of a virile and modernised industry the yen should be in no danger.

"It is indeed fortunate for the export drive that Japan's industry is so efficient, for there are signs that current prosperity, with better living conditions and the steady increasing demand for consumer goods, are exerting a strong upward pressure on wages, which otherwise might price Japanese goods out of world markets. Surprisingly too, in a country long used to the so-called burden of over-population, there is now a shortage of manpower in some localities and this too has led to higher wages.

"Perhaps it was also in the interests of its exports, with the hope of reciprocation elsewhere, that Japan has embarked on a more liberal import policy and seventy per cent of all imports are now on the free list. There is, as yet, no marked change in the sections where there is sensitive local competition, but nevertheless the Japanese market, although not an easy one, now offers real opportunities to the manufacturer prepared to spend the necessary time and effort in cultivating it. That British exporters, particularly manufacturers of machinery, are alive to this is shown by the substantial increase in Anglo-Japanese trade during the last twelve months.

"The year has been an exacting one for Premier Ikeda and the policy of his Government has come in for much criticism but there is unlikely to be a serious political clash in front of the spring elections. The budget, which was only passed after an all-night sitting, will seemingly do little to curb spending and it would be unfortunate if Mr. Ikeda's efforts further to raise the standard of living should fail through continued inflation.

New York

"Last year a trade surplus of over $5,000 millions again proved insufficient to carry the heavy burden of foreign aid and overseas military expenditure which the United States balance of payments has to bear in addition to American private investment abroad. The deficit was, however, substantially lower than in 1960 notwithstanding the transfer of large funds abroad on short-term basis in order to take advantage of the higher interest rates ruling in London and elsewhere in Europe. The basic strength of the American economy is such that there is apparently no question of reducing foreign aid commitments and the President has called for vigorous efforts to expand exports to balance foreign payments and fulfil the country's international responsibilities. To facilitate the export drive Congress has been asked to approve new legislation giving the President extensive bargaining powers to negotiate with other countries for the reduction or elimination of tariffs. Meanwhile, the recent agreement to augment the resources of the International Monetary Fund and the closer co-operation which has developed between central banking authorities should help to contain any speculative pressure against the dollar.

"Industrial production in the United States increased during the year and, with business improving, imports have been rising which should benefit producers of industrial raw materials in Asia. Some anxiety in the producing countries has been caused by the possibility that the enormous stockpiles of strategic materials held by the United States Government might be partially liquidated, but assurances have been given that no action will be taken which might disrupt prices or cause difficulty to producers in the smaller countries. Last August the New York agency of the bank was licensed to function as a branch and this had the effect of enlarging to a considerable extent the scope of the financial operations undertaken and the banking services provided by us in New York.

Hamburg

"In Western Germany an increased trade surplus for the year shows the immense basic strength of the economy, although with full employment wage rates are tending to rise and export orders are falling slightly. Whether this tendency will continue may, to a great extent, depend upon the bargaining power of the metal-workers' union, for success with their present demands might have far-reaching effects on wages and costs in almost every industry. Even so, the Institute of Economic Research is of the opinion that in 1962 the Western German economy could absorb a wage and salary increase of about eight per cent and still show a 4½ per cent increase in industrial production and a seven per cent increase in the growth of the gross national product.

"The substantial reduction in the exchange reserves since the re-valuation of the D. Mark last March was due largely to special official transactions, such as advanced repayment of Government debt to the United States and other countries, and assistance to the International Monetary Fund in connection with the Fund's measures to support sterling. Lower interest rates at home encouraged German bankers to move funds abroad and increased aid to under-developed countries also had its effect on the reserves whilst towards the end of the year uncertainty over the Berlin situation was an added factor responsible for the outflow of private funds.

"Politically the Berlin crisis overshadowed all other matters in Western Germany last year and the problem created by the sealing of the boundary between Western and Russian sectors in the city remains unresolved, although fortunately diplomatic exchanges between the two power blocs continued.

"In the general elections held in the Federal Republic in September the Christian Democratic Union, the party in power, failed to get an absolute majority but, after lengthy negotiations, a coalition with the Free Democratic Party was arranged and a new cabinet took office in November with Dr. Adenauer again Chancellor.

"Our own business in Hamburg has continued to expand since we moved into new premises just over a year ago. On January 1st advantage was taken of a change in the West German banking law to raise the status of the bank's Hamburg agency to that of a branch. As a branch the Hamburg office is enabled to conduct a much wider diversity of banking operations within Western Germany than was permitted to the former agency and this dispensation will prove to be valuable to the bank in the event of changes in the direction of trade occurring should Britain join the Common Market.

III

CONCLUSION

"The unsatisfactory state of the United Kingdom's balance of payments has caused the Government to call for a renewed export drive and, as a large part of the business of the Chartered Bank Group is the financing of international trade and as our branch system extends from the eastern Mediterranean to the Pacific Ocean, we have obviously a part to play. We have a first hand and intimate knowledge of the markets of Asia and wonder at times if their promise and potential are too little known to the exporters in this country. It would be unwise for them to take for granted what may be termed the traditional markets for British goods, such as India and Hong Kong, or to view the East as one unit forgetting that each individual market has its own features. Foreign exchange is always scarce and must be spent to the best advantage, which makes exporting to the East a highly competitive business. It is obviously worth studying in view of the fact that the greater part of the world's population lives in the area and rising living standards will stimulate demand for a widening range of products. Certainly, during my tour in the East last year I had brought home to me over and over again the aggressive efforts in salesmanship made by other countries.

"Information about particular markets can be readily obtained from the exchange banks and other organisations but this is only a start. Our manufacturers must not expect to be able to sell only what they are already making. They must find out what each market wants and put themselves in a position to meet those wants. After that the all-important factor is for the manufacturer to be able to meet price and delivery dates in a competitive market, and to arrange finance on terms acceptable to the buyers and equal to those of rival exporters abroad. At the moment much of the export trade is handled by a relatively few large organisations, and for them the Government and banks have progressively made suitable export finance terms available, but more could be done to assist medium-sized and small manufacturing concerns to develop profitable export business. I feel sure that the Export Credits Guarantee Department, which is always helpful and forward-looking, will, with the banks in this country, evolve a scheme to meet the problems of these smaller manufacturers and encourage them to sell abroad."

THE BIG HURRY IN THE WORLD OF ASTRONOMY

Suddenly, a star exploded. ■ Turning within its spiderwork of iron and steel, the 200 ft. wide saucer-shaped 'eye' of the radio telescope at Jodrell Bank looked deep into black space and recorded: the star had exploded FIVE MILLION YEARS AGO! ■ Peering so deep into space as to question time itself such radio telescopes are revealing to us the breathtaking, even frightening, dimensions of space and time, gathering astronomical data that are making space travel a fast nearing reality. ■ Into the fashioning of the 2000 ton Jodrell giant went the most advanced technique and knowledge of welding and gas cutting. ■ It is this precise knowledge of industrial gas and its diverse applications that Indian Oxygen affords Indian industry.

INDIAN OXYGEN LIMITED

IOC-9

CHAIRMAN'S SPEECH

THE ALKALI AND CHEMICAL CORPORATION OF INDIA LIMITED

A YEAR OF ACHIEVEMENT—THE PROBLEM OF EXPORTS

Speech delivered by the Chairman, Mr. A. R. Foster, at the Twenty-fifth Annual General Meeting held at Calcutta on Thursday, the 22nd March 1962.

"LADIES AND GENTLEMEN,

"The audited accounts and Directors' report have been in your hands for some time and with your permission I shall take them as read.

"An examination of the accounts will show that the year just passed has been a record one for the Company. Compared to the previous year, there has been a further substantial improvement in turnover and profits, with important contributions from polythene and paints.

Production

"You may recall that in the previous year the polythene plant achieved a production of 4,000 tons against the designed capacity of 3,500 tons. The performance of the plant in the year under review was even better and a total of about 4,700 tons was produced, the increase being due largely to enthusiasm on the part of the technical staff at the plant and continued application of work study methods. Paints production also continued to rise, and would have been even higher, were not production hampered by a shortage of raw materials, which was aggravated by a reduction of import quotas. To overcome the problem, we are increasing our efforts to obtain raw materials from indigenous and rupee sources; whilst a measure of success has been achieved, supply difficulties still hamper production from time to time.

"The other plants at Rishra have also contributed their share to the Company's prosperity and a reference to their performance has been made in the Directors' report.

Sales

"Our sales over the year have reached the record figure of Rs. 6.6 crores as against Rs. 5.4 crores in the previous year. This substantial increase in the volume of our sales would not have been possible without the strenuous efforts of our Selling Agents, Imperial Chemical Industries (India) Private Limited, and the technical services provided by them, and I wish to record our appreciation of their splendid achievement.

"Wherever possible, although the cost of wages and raw materials has risen appreciably, we have reduced our prices in order to pass on the benefits flowing from the increased scale of manufacture to customers. As an example, we reduced the selling price of polythene three times in 1961, making a total of five reductions since the plant started production in 1959.

"Our returns on caustic soda and chlorine, however, continue to be low, partly due to the price ceiling imposed by the Government and partly on account of the rise in the cost of salt, coal and power.

"During the year, excise duties were levied for the first time on polythene and caustic soda and existing excise duties on most of our paint lines were increased. The excise bill for the year shows a rise of nearly 30 lakhs over the previous year. It has not been possible for the Company to absorb all of this substantial increase in manufacturing expenses and a part has had to be passed on to customers.

Exports

"During the year goods worth several lakhs of rupees were exported to neighbouring countries. This is a beginning and we are hopeful of improving our export performance. We are fully alive to the magnitude of the country's foreign exchange problem and of the urgent need for greater exports. It is your Company's intention to do its best to help in Government's export drive. I must point out, however, that the capacity of the relatively young and small chemical industry in this country to play a major part in exports is limited. The chemical industry is essentially one in which large units are needed to achieve low-priced production. Our industry is developing well, but its units are still small by world standards, and we are a long way short of the size necessary to enable us to compete in world markets.

"India must indeed increase her exports, and it is encouraging that Government are considering experimenting with various methods of providing incentives. But we must not overlook that other countries are doing likewise, and there is a danger of a race beginning as to who can provide the best incentives. Long-term, I am convinced that it is in India's best interests to concentrate on increasing her exports of those products for which she has natural advantages, and these are the traditional ones supplemented to an increasing extent by iron ore, steel, etc. These are the industries where the biggest expansion of exports can be expected, and they must be given every encouragement to operate at maximum efficiency and productivity.

Appropriations

"As you will have seen from the accounts, our profit before tax has increased by Rs. 12 lakhs to Rs. 141 lakhs. Tax on the current year's profit is Rs. 52.5 lakhs, a considerable increase over last year's figures because in that year the Company enjoyed substantial tax relief in respect of the development rebate allowances relating to the polythene plant.

"The amount available for appropriation is Rs. 90 lakhs and in the light of these satisfactory results, your Board considers it is justified in recommending that the dividend on the ordinary shares be increased to Rs. 1.50 per share.

"In its efforts to maintain a progressive but consistent dividend policy, the Board has allocated Rs. 26.5 lakhs to dividend equalisation reserve, bringing the total on that account to Rs. 46.5 lakhs. I am sure you will agree that it is essential to safeguard in this manner the maintenance of your future dividends.

"Rs. 14 lakhs has been transferred to general reserve. This is a further provision towards retaining in the business funds with which to assist in financing the projected expansion programme of the Company, with which I shall now deal.

Major Expansion Plans

"With the increasing demands for our products both in the industrial and consumer fields, we have been giving close attention to the question of securing a fair share of the growing markets by expanding output from existing units and establishing new ones.

"Construction on the site for the Rubber Chemicals Project is proceeding at a satisfactory rate and it is expected that the plant will go into production within the next 12 months.

"The Company's Paints Plant has for some time been operating at high capacity and an application is now pending with the Government for permission to expand capacity. In view of Government's desire that expansion be achieved without sterling finances, we are investigating the possibility of obtaining raw materials and machinery from rupee sources and of getting more plant fabricated in India.

"Construction work in connection with the Intermediate Density Polythene Plant, which it is proposed to set up at Rishra to increase production of polythene, has been held up due to delay in obtaining the Capital Goods Licence from the Government. I am glad to say this licence has now been received so that arrangements for design and procurement of plant can now proceed.

"In all these projects and expansions, we are grateful for the encouragement and technical assistance provided by our associates in the U.K., Imperial Chemical Industries Limited.

Staff and Workers

"In view of the rapid progress in technology in other developed countries, it is necessary that our technicians are up-to-date in their knowledge of skills and standards elsewhere. To achieve this, selected members of our staff have been sent overseas for training with our associated companies in the United Kingdom and Australia, whose help to us in this respect has been most valuable.

"Throughout the year your Board's efforts were directed towards improving communication and consultation with our employees in order to maintain our good relations with them, and there now appears to be a greater awareness and appreciation amongst increasing numbers of our workmen that their prosperity is intimately tied up with that of the Company and that to achieve this, effective and willing co-operation is indispensable.

"Following the expiry of the last long-term agreement, we were able to reach, shortly after the end of the year under review, a five-year agreement with the recognised employees' union in conciliation proceedings before the Labour Commissioner, West Bengal. This is the first time that a five-year agreement has been reached in the area and your Board hopes that this will usher in an atmosphere of mutual confidence and understanding, which are so essential for the healthy growth of the Company.

"We are supporting the Workers' Education Scheme organised by the Government of India and our workers have for some time past been receiving training under this scheme.

"We have also continued to promote the recreational activities of our workmen and to provide them with amenities for their welfare.

Directors

"Before turning to the business on the agenda, I must refer to the sad death last year of Mr. J. M. Lall, the late Chairman of the Company. Mr. Lall had presided over the affairs of the Company for only three years, but in that short time he made his presence felt and played a commanding part in all the activities of the Company. With his untimely death, the Company, and indeed, the country sustained a very great loss.

"Another loss suffered by the Company was in the death last November of Sir B. P. Singh Roy, who had been a Director since 1949. His guidance and wise counsel will be sorely missed by his colleagues on the Board.

"Mr. F. G. Lamont, who retires by rotation at this meeting, is not seeking re-appointment. Throughout the period of five years that he has been a Director of the Company, his advice and assistance, particularly on technical matters, has been of very great value to his colleagues on the Board, and it is my pleasant duty to record our thanks for all that he has done.

"Mr. C. E. J. Crawford resigned last year from the Board after having served as a Director for nearly 15 years, and I would like to express the Board's appreciation of the valuable services he rendered during that period.

"Mr. B. R. Goodfellow and Dr. S. B. Cormack have also retired as Directors after many years on the Board and my colleagues and I wish to thank them for the great help they have given in dealing with the problems that have arisen over the years.

"Mr. C. A. Pitts and Dr. E. C. Fairhead retire by rotation and their re-appointment is recommended.

Auditors

"The Company's Auditors, Lovelock and Lewes, retire and have expressed their willingness to be re-appointed at the same remuneration as last year, namely, Rs. 16,000 plus out-of-pocket expenses.

Silver Jubilee

"The silver jubilee of the Company's incorporation will take place on 8th December 1962 and it is your Board's intention to celebrate the occasion in a fitting manner. It is interesting to recall that the Company commenced production on 4th April 1940, when its Caustic Soda/Chlorine Plant went into operation, and our profit in the following year was just over Rs. 2 lakhs.

"We have come a long way since then and we look forward to the future with confidence and resolution.

"And now, before I invite questions from you, I want to thank all of you who have found the time to be present here today."

(NOTE: This does not purport to be a record of the proceedings.)

UNITED BANK OF INDIA LIMITED

CHAIRMAN, DR. N. N. LAW'S SPEECH AT ANNUAL MEETING

NEED FOR MAINTAINING HIGH LEVEL OF LIQUIDITY STRESSED

ONCE again, Dr. N. N. Law, Chairman of the United Bank of India, has emphasised the urgency of maintaining a fairly high level of overall liquidity by the banking system. Addressing the shareholders of the Bank at their Annual General Meeting held at Calcutta on Monday, 26th March 1962, Dr. Law declared that the need for maintaining a reasonable liquidity was particularly important in a developing economy which inhered various contingencies that could not always be forecast with certainty. If the required liquidity had to be preserved, it was necessary, he said, that the income differential of banks must go up without unduly making bank money dearer to producers of goods and services.

The following are excerpts from the speech of Dr. Law:

Bank's Working

"The results for the year 1961 speak for themselves. Deposits have grown by 13.8 per cent over the last year and compares favourably with the rise of 5.2 per cent for all scheduled banks and 10.7 per cent for scheduled banks excluding the State Bank of India. The rise has been well distributed throughout the year, enabling the Bank to add to its investments portfolio and to meet the significant demand for advances without strain. In addition, as in the previous years, your Bank remained a free lender in the call money market in Calcutta almost throughout the year.

"The average ratio of advances to deposits was 68.6 per cent, as against 65.9 per cent in 1960. Of the total advances, 62 per cent was to industries and 28 per cent to trade and commerce; the comparative figures for 1960 were 66 per cent and 26 per cent, respectively. Our advances to industries include those to the small-scale industrial units, aggregating about Rs. 2 crores. You would recall that, in 1960, I informed you about our decision to establish a special section for handling such proposals from small-scale units as could not be entertained in the normal course by our advances department. I am glad to mention here that the section has since been organised and is doing good work in assisting such of the small-scale industrial units as need special attention.

"You have, no doubt, been pleased to note the change in the Bank's dividend trend, made possible by the results of our past years' working. It is recognised that you had to wait for ten years before the turn could take place. But, I hope, you will appreciate that a period of ten years is rather short even in the life of an altogether new bank. This is more so in the matter of consolidating the amalgamation of rather old banks. Amongst various factors, the weight of large overheads, with all its complications, hung on us as a dead load. It was only through extraordinary efforts that the position could be stabilised, and the Bank is thankful to its patrons for enabling it to make these efforts, which, I am happy to say, have further strengthened the Bank's position.

Rate of Interest On Deposits

"In the general sphere of banking business, the obsession of banks with rate of interest on deposits has already raised complications. Higher rates are now being offered on deposits which more rightly should be classified as 'demand.' Facilities for withdrawal on demand (or at very short notice) and a high rate of interest go ill together. There is an urgent need that the nomenclatures of different categories of deposits should be precise and adhered to.

"The unrealistic emphasis on rate of interest has brought about a situation in which the Inter-Bank Agreement, on the rate of interest on deposits, recently came under severe strain; some of the banks considered it to be inequitable for them to be bracketed with larger banks as far as the rate of interest is concerned. Fortunately, however, I am told, the impasse is now over and a settlement has been reached. What, however, is most important to remember in this connection is that, as long as the banks continue to overemphasise the importance of the rate of interest, such situations are bound to occur now and again. It is time that we realised the danger of trying to perpetuate such an unrealistic approach towards developing deposits.

"There may be stray individual cases where growth of deposits might have followed a rise in interest rate, but, if the position is thoroughly analysed, it will, I am sure, be found that such growth has been by way of diversion from other banks rather than by attracting fresh deposits from outside the banking system. When every bank is in a position to compete with another, such gain for an individual bank will ultimately be found to be of only a temporary nature. In such a scramble, however, the net result is that an avoidable additional load is added to the already high operating costs of banks, with no corresponding benefit either to the banks themselves or to the economy at large. I would, therefore, urge on the experienced bankers of the country to give this matter a closer thought.

"Interest rate has only a limited significance in the overall growth of deposits in the banking system as a whole. More important are the quality and efficiency of service and availability of banking facilities. Bank deposit is not to be equated with investment. There is hardly any real outside competition for deposit money.

Deposit Insurance

"During the past year, banking authorities have taken two very significant steps in the field of banking. A scheme for insuring bank deposits has been initiated and steps have been taken to strengthen the capital base of banks. Both these measures give us satisfaction, inasmuch as the ideas were categorically sponsored and supported by us. I dealt at some length with deposit insurance in the past and, you will recall, last year, I also emphasised the need for strengthening the capital base of banks. The measures, however, have significant limitations calling for further study.

"When the Deposit Insurance Bill was introduced in the Parliament, statements sponsoring the Bill seems to have visualised a scope much wider than what would actually result from the implementation of the Act. While the interest of the depositors has been safeguarded, no scheme appears to have been devised to ensure that the small banks in the country can develop and continue to render uninterrupted service. This is very important. Bank borrowers are engaged in genuine production of wealth in one form or another and create employment. It is thus essential in the interest of the economy that the business of these borrowers is not hampered on account of any strain that may be felt by their banks. Unless the smaller banks can be assisted to develop and to work effectively even in the days of strain, the economy will continue to suffer from uncertainty with which the borrowers of these banks will be faced.

Capital Structure

"Coming to the convention that has been established with regard to the capital base of banks in relation to their individual deposits, I welcome the stand taken by the Reserve Bank in this matter. A target has been indicated and a minimum accretion to owned funds has been ensured. I, however, feel that the scheme has been rather inadequate, not to speak of its being self-sufficient.

Liquidity

"Linked with the subject of capital structure of the banks is the question of liquidity. I raise the issue, as I did also last year, not so much to emphasise the formal liquidity as to draw attention to the need for an overall liquidity in the banking system, as well as the liquid character of the Bank's assets. The need for maintaining a reasonable liquidity becomes particularly important in a developing economy, which inheres various contingencies that cannot always be forecast with certainty.

"If the required liquidity has to be preserved—this applies both to the individual banks and to the banking system as a whole—it is necessary that the income differential of banks must go up without unduly making bank money dearer to the producers of goods and services. While maintaining a reasonably liquid position, the need for using the cushion available may arise either in consequence of depreciation of assets, namely, investments and advances, or owing to occasional sharp rises in banks' operating costs or as a result of changes in the bank rate. Further, banks are now required to explore in uncharted fields and are bound to be faced with higher overheads—all these, again, point to the need for raising the ability of banks to add to their internal strength.

Bonds Market

"Since the state of liquidity in the banks' assets, to a large measure, is dependent upon the state of the bonds market and the pattern of financial management in the corporate sector, a treatment of these two aspects is relevant at this stage. The market for Government bonds still continues to be rather limited. On many occasions, we have raised this point and a detailed discussion was made in our banking plan. We consider it necessary to formulate a scheme, under which banks could work as distributors of Government bonds. As long as subscription to the Government bonds by the public reduces bank deposits, the banks cannot be expected to take initiative in dispersing the loans far and wide. On the other hand, the object can be achieved by making specified commercial banks (and such of the co-operative banks as are not sustained by Treasury loans), the exclusive bankers to the Union and State Governments, with an arrangement that collection by way of sale of bonds or of tax money through them will remain in deposit with the concerned banks.

Corporate Financing

"Shiftability, or extinguishment in due course, of a bank credit will depend on the overall effective liquidity in the economy. Such overall liquidity, again, is dependent, amongst others, on the capital base of the corporate enterprises and their profitable functioning. The capital base of these corporations thus need be adequately broadened.

"Last year, I drew your attention to what was said by the Chairman of the I.C.I.C.I. and the then Governor of the Reserve Bank about the propensity to depend too much on borrowed capital right from the beginning of an industrial venture. Such an approach is fraught with grave dangers. Firstly, despite all plans and programmes, many contingencies do remain unobserved when a project is launched. The capital base should be adequate to take care of such contingencies, as and when they occur, so that the technological and operational expectations can smoothly be fulfilled. Too much dependence on borrowed capital, at this stage, may put the entire project out of gear. In such a state, the lender also gets involved and is put to severe strain.

"Secondly, in order to ensure profitable functioning, the industry must be able to modify or expand the project even at an early stage. Also, in view of the quick technological progress being achieved in different parts of the world, every industry must be prepared to be able to modernise their capital equipments at short intervals. With an adequate initial capital base, it should not be difficult for an industrial undertaking to seek credit facility at these stages of expansion or modernisation. But here also, the approach should be to obtain credit as a bridge-over to serve the intermediate stage only before further capital is raised from the market.

Term Financing

"This brings me to the question of term lending by banks. It is a matter of satisfaction that the age-old abhorrence to mixed

(Continued on page 583)

IRRIGATION AND POWER IN THIRD PLAN

UNION MINISTRY'S ACTIVITIES IN 1961-62

ALTHOUGH the State Governments alone are primarily responsible for the planning and execution of irrigation and power projects, the Central Government, too, discharges an important function through its Ministry of Irrigation and Power. This function pertains to the co-ordination of the activities of the State Governments for ensuring the proper development of the irrigation and power potential of the country. The Central Water and Power Commission, working under the Ministry, has been effecting the required co-ordination all these years and progressively enlarging its activities. In the year under review, namely, 1961-62, for instance, two Liaison Units—one at Bangalore and the other at Delhi—were set up to effect proper liaison between the Commission and the State Governments in the matter of the formation of Central Mechanical Units. Earlier, in 1960-61, a special unit was established in the Commission to undertake technical examination of the soil conservation schemes drawn up by the State Governments, watch the progress of the soil conservation measures in river valley catchments and ensure proper co-ordination between the States in this respect.

Power Wing

To reduce progressively the dependence on foreign consultants and minimise expenditure involving foreign exchange, a new organisation has also been set up in the Power Wing of the Commission. This organisation has been charged with the responsibility of handling specialised work relating to engineering, designs and erection of large thermal and hydro power stations. It is expected that, by 1964, the new organisation would be well established so as to be in a position to undertake actual work of erection. The expenditure incurred on the maintenance of this organisation, which will function as a commercial unit would, in due course of time, be recovered from the State Governments and other agencies availing themselves of its services. At present, it is doing specialised work relating to the Neyveli Project (Madras), the Naharkatiya Power Station (Assam) and the Pathratu Thermal Station (Bihar). Another separate unit, known as "super grid cell", has also been functioning in the Commission since July 1961 for undertaking the work in connection with planning and establishment of super-grids. It would thus appear that the Union Ministry of Irrigation and Power, through its Water and Power Commission, has enlarged its activities in recent years beyond mere co-ordination. This is the impression one gets from a perusal of the Irrigation and Power Ministry's report for 1961-62.

Utilisation of Irrigation Potential

The report is also notable for the figures given therein in regard to the creation and utilisation of the additional irrigation potential. It is claimed in the report that, thanks to the measures taken to speed up the utilisation of irrigation potential created by major and medium projects, there was a marked improvement in such utilisation towards the latter half of the second Plan period. The following table, taken from the report, throws light on the irrigation benefits accruing from the first and second Plan schemes:

End of the year	Potential at channel outlets (in million acres)	Gross area irrigated		Net area irrigated (in million acres)
		(In million acres)	Percentage of potential at outlets	
1955-56	6.5	3.1	48	2.9
1956-57	7.4	4.2	58	3.4
1957-58	8.2	5.8	71	4.9
1958-59	9.7	6.5	67	5.9
1959-60	11.5	8.3	72	7.4
1960-61 (estimated) ..	13.0	10.0	76	9.0

If the Ministry's claim is to be believed, the total irrigation potential remaining to be utilised at the end of the second Plan was only about 3 million acres. Again, if the tempo of utilisation is maintained at the same rate in the third Plan period, the additional utilisation is expected to be as much as 12.8 million acres out of the 16.2 million acres (13.8 million acres from the continuing schemes and 2.4 million acres from new schemes) of additional irrigation potential to be created during that Plan period. It may be noted, in this connection, that the third Plan programme for irrigation will involve an outlay of about Rs. 600 crores.

The installed generating capacity in the last year of the second Plan, it may be recalled, reached the level of 5.7 million kw. But this was short of the target by 1.2 million kw. Under the third Plan's power programme, which will involve an aggregate outlay of Rs. 1,040 crores in the public sector and Rs. 50 crores in the private sector for taking the aggregate installed capacity to 13.4 million kw. in the end-year of that Plan, the actual progress in 1961-62 does not seem to be quite satisfactory. According to the Ministry's report, the estimate of additional generating capacity commissioned during the first year of the Plan is only 595,000 kw. Although this achievement does not fall very much short of that year's target of 600,000 kw. by way of additional capacity, it has to be noted that even a small part of the second Plan's shortfall of 1.2 million kw. has not been made good. No wonder, therefore, that power shortage continues in an acute form in several parts of the country.

There is mention in the Ministry's report about the study team which was set up during the year under review for ensuring the implementation, according to schedule, of the power development schemes of the third Plan. This team visited the various States towards the end of 1961 and discussed with them the progress made, the difficulties being experienced in procuring materials, equipment and spares for each scheme and the action to be taken to overcome bottlenecks at various stages. It is expected that, in pursuance of the recommendations of this team, more energetic steps would be taken in the second year of the Plan to expedite the execution of power schemes. Already most of the Sachdev Committee's recommendations pertaining to the additional power requirements of the industrial areas of Bihar and West Bengal were recently accepted by the Government. Another noteworthy development is that the work of detailed load survey undertaken by the various States is being reviewed and consolidated by the Central Water and Power Commission in order to assess more accurately the power requirements of the various regions of the country. It is proposed to review periodically this load survey so as to cover the additional power demands arising from time to time.

River Boards

The constitution of river boards for a number of inter-State rivers may also be expected to deal more effectively not only with the problems of irrigation but also with those of hydel power generation. Already the Union Ministry of Irrigation and Power has addressed the State Governments concerned with such rivers as the Mahanadi, Narmada, Tapi, Mahi, Krishna-Godavari, Sutlej, Beas and Ravi, Yamuna, Cauvery and Ajoy on the subject of establishing river boards. The States concerned with the Mahanadi, Narmada, Tapi and Mahi have so far communicated their readiness to set up river boards for these basins. When the other States concerned with the remaining rivers also follow suit, a big forward step will have been taken in the direction of optimum utilisation of the rivers in question by settling amicably and expeditiously inter-State differences which would otherwise delay plan implementation and thus hold up progress.

TRANSPORT DEPARTMENT'S REPORT

The latest administrative report of the Department of Transport of the Union Ministry of Transport and Communications, namely, that for the fiscal year 1961-62, provides a review of developments and decisions pertaining to roads and road transport, major and minor ports, shipping, inland water transport and tourism.

To take road development first. It is seen from the report that the actual road programmes included in the third Plan will involve an aggregate outlay of about Rs. 324 crores, as against the present provision of Rs. 271 crores. The break-up of the former figure is as follows:

	Rs. crores
Central sector:	
National Highways	48.5
Roads in Sikkim	1.5
Central aid for State roads of inter-State or economic importance ...	30.0
State sector:	
States	218.3
Union Territories	25.7
Total ...	324.0

Efforts will be made, it is stated, to provide funds for the implementation of the above programmes according to the annual budgetary position. The development credit of Rs. 29 crores granted by the International Development Association in June 1961 for the improvement of National Highways in Bihar, West Bengal, Orissa and Maharashtra will raise the overall road programmes ceiling from Rs. 324 crores to Rs. 353 crores.

As for road transport in the public sector, a provision of Rs. 26 crores has been included in the third Plan for the expansion programme of the nationalised road transport undertakings. In addition, a provision of Rs. 10 crores has been made in the Railway Plan for contribution to the capital of Road Transport Corporations.

Central assistance for port development in 1961-62 was rather modest, though it is scheduled to increase further in 1962-63. Provision in the capital Budget (Revised) for 1961-62 for expenditure on the Kandla Ports Project, Gandhidham Township Project, capital works at Visakhapatnam and preliminary work connected with Mangalore and Tuticorin development aggregated Rs. 2.58 crores. In addition there was a provision of Rs. 3 crores for loan assistance to the port of Calcutta. The capital budget for 1962-63 contains a provision of Rs. 3.68 crores on account of Kandla, Gandhidham, Visakhapatnam, Mangalore and Tuticorin. In addition, a provision of Rs. 4.5 crores has been made for the grant of loans to the major ports of Calcutta and Cochin. As for minor ports, schemes costing Rs. 10.8 crores for their development have been included in the third Plan. The provisions in 1961-62 and 1962-63 on their account are Rs. 31 lakhs and Rs. 70 lakhs, respectively, for grant of loans to the State Governments for execution of approved schemes.

In the sphere of shipping, according to the report, the total Indian-owned tonnage as on 1st November 1961 stood at 900,000 g.r.t. as against 850,000 g.r.t. at the end of December 1960. On the allocation of Government cargoes to Indian shipping the report contains the following observation:

"The Shipping Co-ordination Committee continued its efforts to allocate considerable volume of Government-owned/controlled cargoes to Indian shipping. The Chartering Organisation which has now started functioning effectively has done useful work by chartering foreign ships at economical rates when Indian ships are not available for carriage of Government cargoes. During the calendar year 1961, out of a total quantity of 947,179 tons of cargo for which this Shipping Co-ordination Committee and the Chartering Wing have been asked to arrange shipping space, it has been possible to allocate cargoes to Indian ships to the extent of 413,551 tons. During the same period, the foreign tonnage fixed by the Chartering Wing, against the above total, comes to 295,819 tons."

In the public sector, the Shipping Corporation of India Ltd. has drawn up a substantial expansion programme. In addition to its 20 vessels aggregating 148,000 gross tons, the Corporation has under construction or on order another 11 vessels with the Hindustan Shipyard. These vessels would provide an additional gross tonnage of about 100,000. It is expected that these vessels would be delivered before the end of the third Plan and that, by that time, the total tonnage of the Corporation would be about a quarter million gross tons.

Schemes costing Rs. 6.6 crores for inland water transport have been included in the third Plan, while the financial provision is restricted to Rs. 4 crores. Tourist development has been allotted Rs. 8 crores in all in the Central and the State sectors in the third Plan period. Thanks to this outlay, the annual foreign exchange earnings from this source is expected to go up further from the 1960 level of Rs. 20.6 crores.

NEW STEELWORKS IN WALES

The new £200-million Spencer steelworks of Richard Thomas and Baldwins at Llanwern, near Newport (Wales), is expected to be commissioned in June next, although it will be formally opened by Queen Elizabeth only on 26th October 1962.

In its first stage of production, the plant will employ between 5,000 and 6,000 men and will be the only steelworks in the world to use exclusively the "L.D." process of refining iron—by top-blowing pure oxygen into vessels containing molten iron. Initially, the plant is to produce 1,400,000 tons of steel ingots annually, but its total capacity will be 4,000,000 tons a year.

CRANE FOR GENERAL DUTIES

A new mechanical mobile crane with a 7-ton capacity has been produced by K. & L. Steelfounders and Engineering Ltd., Letchworth, Hertfordshire, England, to meet the demand for a competitively priced fast operating unit for general duties.

With full-circle slewing, it is powered by a radiator-cooled diesel engine with electric self-starting and variable speed control operated from the driver's cab. Travel, winch (with engine controlled lowering), derrick and slew motions are independently operated and reversible. The crane is mounted on a self-propelled chassis with four steel restrictor wheels and pneumatic tyres, 4-wheel brakes, power-assisted automatically-corrected steering and differential drive.

A special feature is the power take-off unit which incorporates the clutches for all motions. These are uniform in size and type and readily accessible for adjustment.

NEW PRODUCTS AND PROCESSES

Natural Rubber "Phantoms"

NATURAL rubber "phantoms" to simulate the human body are the latest aid to the study of radiation. By exhibiting similar X and Gamma rays absorption characteristics to living tissue they allow practical measurement to take the place of theoretical calculation. The "phantom" technique, developed by the Natural Rubber Producers' Research Association in conjunction with the Institute of Cancer Research, is arousing considerable interest in Great Britain and is looked upon as a major medical advance, reports the Natural Rubber Bureau in its journal *Rubber Developments*. The use of radiation for medical applications such as diagnostic radiology and radiotherapy has become increasingly widespread in the post-war years. This is mainly due to the introduction of more efficient high energy radiation machines and the availability of large numbers of radioactive isotopes produced by nuclear reactors. As a result an urgent need has arisen for more accurate means of measuring dosages given. It had also become essential to examine in detail the effects of uncontrolled amounts of radiation released as a result of nuclear explosions. Excess radiation can be extremely harmful and the direct measurement of radiation absorption within the body presents a number of problems and is limited to only a few sites. Using a sectionalised rubber phantom, however, measuring instruments can be positioned at will.

A specially compounded natural rubber, the radiological equivalent of human tissue, has been developed which can be cast in a mould with little or no shrinkage, is resistant to a wide range of chemicals, is capable of withstanding repeated sterilisation, and which is unchanged by exposure to high levels of radiation. The difficulty of reproducing bones for the phantoms has been overcome by using dried human bones. When impregnated with the rubber compound these revert, radiologically speaking, to the living equivalent. In casting a body phantom containing a bone structure the impregnation of the bone can be carried out by filling the mould, with the dry bones in position, under a vacuum of around 30 in. of mercury. When the vacuum is released the bones are automatically impregnated and correctly sited in the phantom. The provision of cavities within the castings, simulating natural body cavities and providing spaces for the insertion of measuring instruments, is simply a matter of including removable inserts in the mould. Rubber phantoms will find an immediate application in the more accurate and speedy assessment of techniques for the treatment of certain diseases by radiation, therapy, and may well lead to the successful treatment of a greater number of patients in a given time. They will also yield valuable information when exposed to radiations of the same intensity as those associated with nuclear explosions—for data obtained from phantom reaction is directly translatable to the living body.

Electro-chemical Printing on Metals

A new and extremely simple process has been developed in the U.K. for surface-printing metals by means of stencils which can carry a type-written message, a drawing or even a photograph. Applicable to almost all metals including steel, stainless steel, copper, brass, aluminium. tungsten, etc., the process results in characters or drawings which remain clear even when the metal bearing them is galvanised, case-hardened or heated to 600°C. To apply the process, a stencil is typed out and then placed on a sheet of felt soaked in an electrolyte which is laid on the surface of the metal to be printed. An electric current is passed through the surface of the stencil for six seconds to produce an impression. A generator is provided for direct or alternating current up to 10 or 20 volts. Alternating current with one electrolyte gives a black impression; direct current produces white texts, etc., while if the polarity is reversed, deep etching results. The safety and simplicity of the system makes it easy of application even by semi-skilled labour.

Electronic Micro-scales

Multi-purpose scales are being marketed in Britain for gravimetric, chemical and physical research applications. A major advantage claimed for them compared with conventional mechanical scales is that all results can immediately be recorded on print-out equipment which is generally available. Operating on the basis of electrical compensation, typical applications of the scales are in the determination of weight changes during analyses of evaporation behaviour or of process residues in the petroleum and paper industries, as well as in the preparation of semi-conductor materials. Two designs are available—both with a maximum capacity of one gramme—steps ranging from 0.1 to 10 milligrammes and from 0.2 to 20. Margin of error is within ±0.5 per cent while accuracy can attain ±1 or ±2 micro-grammes, according to design.

Rotary Dryers

The wide range of rotary dryers manufactured by a British firm and successfully used in over 180 applications in the mining, chemical and allied industries, has been extended with the introduction of a fluidised bed dryer. It is not suggested that the fluid bed dryer is the answer to all drying problems, but it is possible to extend its application beyond the field to which it was restricted until fairly recent years. A large pilot plant fluidised bed dryer is in operation at the company's laboratories. This plant has been designed as a flexible unit for the development of more efficient and trouble-free dryers, and for large-scale test work on unusual or difficult-to-handle materials. If necessary the plant can be operated by recirculating and rewetting the dried product in order to make extended test work possible without the necessity for very large samples. This dryer incorporates several novel features resulting from extensive investigations. The geometry of the bed itself is such as to minimise any possibility of build-up of sticky or caked material.

Electrical Level Indicator

A new device likely to be of value to research and development workers is designed for accurate levelling indication and control. It uses as a sensing head an electrolytic cell of novel design, in which the displacement of a bubble in a conducting liquid is monitored by means of three electrodes arranged within the cell so as to constitute a potential-divider in an alternating current bridge circuit. This instrument has been developed jointly by G. V. Planer Ltd., and English Electric Aviation Ltd. It is capable of discriminating displacements from the horizontal of less than one second of arc, and it has a long-term stability of within ten seconds of arc. This device is particularly suited where remote indication is needed. Especially valuable are its simplicity and robustness, and its immunity to the shock imitations which impose themselves on pendulum devices. The equipment, which is portable, is battery-operated and has a transistorised control unit.

Automatic Sisal Cord Tying Machine

An automatic sisal cord tying machine which will place two parallel ties round a bundle in one quick operation is now available from Automatic Strapping Machines, of Ealing, London, W.5. The machine, which is claimed to be capable of tying bundles and packages of all descriptions and of almost any size or shape, uses both light and heavy sisal cord. To operate, it is only necessary to place the article to be tied against the cord and depress the foot pedal, says the maker. No adjustment has to be made for bundles of various sizes and spacing between the two ties can be varied.

Inexpensive Coating for Steel

When steel is heated in a carbon or nitrogen-containing atmosphere—to give it a hard wear-resistant outer skin—some parts, notably those that are to be machined, have to be protected and kept relatively soft. A German firm claims to have developed an inexpensive chemical coating that will do this. Prepared in the form of a thick solution, the coating can be applied by painting, spraying or dipping. When this has been done the water is evaporated, leaving an unbroken layer of protective crystals. The coating can be removed by rinsing in warm water.

Invisible Sewing Thread

Now being manufactured in the United States is an "invisible" sewing thread which is claimed to take its colour from the material. It is made from clear nylon and is said to be particularly useful with plaid and multi-coloured prints. It is also claimed to be proof against tangling and to eliminate the need for changing thread.

Submerged Turbine-generator "Package"

A submerged bulb unit carrying both turbine and generator designed by Karlstads Mekaniska Werkstad and Asea respectively has for some time been operating as an additional power unit at the Skogsforsen power plant on the Atran River, West Sweden. In terms of capital cost and efficiency this type of installation is particularly suitable for semi/fully automatic power stations. The bulb-shaped unit containing the turbine and the generator is mounted concentrically in a tubular shell which forms a conduit for the water. The KMW turbine, which has a rated output of 3,600 kw. at an effective head of 46 ft., has conical guide-vanes and a horizontal shaft runner. This arrangement gives a virtually axial flow through the turbine and is claimed to result in an appreciable improvement in efficiency compared with that of a power unit of conventional design. The generator, which is a horizontal synchronous machine with a rated output of 4,250 kVA, differs from the conventional design in several respects. It has somewhat unusual proportions, the external diameter being restricted by the requirement that the dimensions of the annular flow path should not greatly exceed the diameter of the runner. The manner of cooling the machine is also unconventional, the heat losses being partly conducted away through the stator casing to the water, partly by cooling air circulating axially through the machine and giving its heat to the upstream cone, which has been specially designed to act as a heat exchanger. Access to the interior of the unit, which has an outer diameter of 7 ft. 10 in. and an overall length of 29 ft. 6 in., is through two shafts, fore and aft of the generator. There is sufficient space in the power unit to accommodate several persons for inspection and maintenance. The entire unit is automatic and is operated by remote control from the power company's load-despatch station just south of Gothenburg, 60 miles away from the power plant.

Plastic Stamping Blocks

A Dutch firm at Holland is marketing stamping blocks made of a hard, but nevertheless slightly resilient plastic. During stamping this plastic is indented and laterally distorted, but flattens out immmediately afterwards. The blocks do not crumble or splinter. The use of these blocks ensures that the stamping cutters are subjected to less wear and do not develop the annoying tendency to spring back. Materials such as leather, paper, cardboard, fibreboard and hardboard can be cut well and cleanly on these blocks. Ragged edges are virtually eliminated.

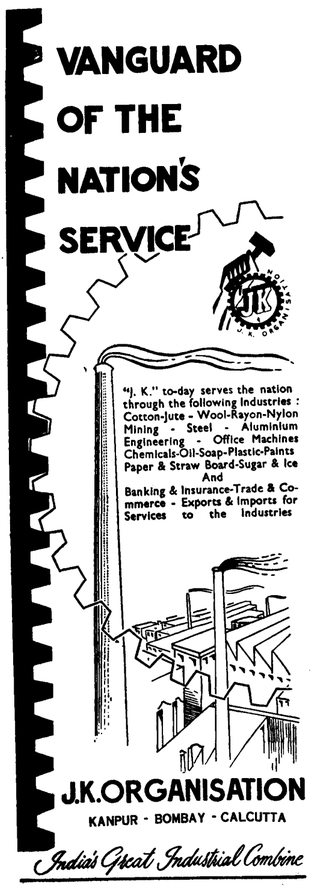
The factory manufactures blocks in all dimensions and in thicknesses of 20 and 35 mm (0.8" and 1.4"). Blocks in other thicknesses can also be supplied to order.

Cable-laying Machine

A tractor-mounted cable-laying machine which, it is claimed, overcomes many of the inherent problems of the operation, has been produced by a British firm, T.T. Boughton and Sons Ltd., Buckinghamshire. When long and heavy cable is being hauled through a pipe, its own weight may set up a damaging strain. This problem is dealt with by the incorporation into the system of a preset pressure release valve which automatically releases the pull on the cable when the strain builds up to the danger point. The valve is set against a specially calibrated gauge for the cable in use. Frequently damage is caused in cable hauling operations by sudden and uneven hauling. This is obviated by the use of a hydraulically operated two-speed, ten-ton bollard winch giving the operator fine, smooth control. Winch control is by means of a two-way valve allowing for full-torque operation variable over the entire speed range. The hydraulic pump and motor are driven by a simplex chain from the pulley position on the tractor. In use, supporting legs are lowered to the ground to carry the weight of the machine and the cable. These are folded away for travelling, when the machine can be carried at the top speed of the tractor.

Computer Control

A new computer system which from two or three relatively small "cabinets" can run an entire chemical, oil, electricity or steel plant, has been announced by a Middlesex firm, International Control System. Designed for industrial processes, the computer has a storage memory up to 130,000 words, a high total among comparative equipment. A programme for running a continuous production plant is written up and put through a small machine which converts it to punched tape. This is fed to the computer which can control several hundred points. In its two main stages, the equipment can first be installed to monitor and submit a "return" on the plant's processes and then further equipment can be brought into play which directly controls operations. At all stages the computer consistently monitors operations and can scan 128 points in 1/25 of a second. It also checks its own circuitry.



THE UNION BANK OF INDIA LIMITED

CAPITAL STRUCTURE TO BE STRENGTHENED

CHAIRMAN'S SPEECH AT THE ANNUAL MEETING

IN response to the Reserve Bank's appeal for strengthening the capital structure of banks, the Union Bank of India Ltd. has decided to increase its paid-up capital from Rs. 60 lakhs to Rs. one crore. A reference to this decision was made in the speech of the Chairman, Mr. K. R. P. Shroff, at the Forty-third Annual General Meeting of the Bank held on Monday, 26th March 1962. The Chairman's speech is notable for its detailed review of the progress registered by the Bank in the last year and observations on the Inter-bank Agreement on rates of interest on deposits.

The following is the full text of the Chairman's speech:

"GENTLEMEN:

"I have great pleasure in welcoming you at this forty-third annual general meeting of the shareholders of the Bank. The Directors' Report for the year ended 31st December 1961, and the audited balance-sheet and profit and loss account as at that date have been in your hands for some time and, with your permission, I take them as read.

New Branches

"The business of the Bank continued to show satisfactory progress. During the year the Bank opened nine new branches, two each in Greater Bombay, Ahmedabad and Calcutta and one each in Nagpur, New Delhi and Hubli, bringing the total number of branches to 61. In pursuance of the policy of widening our representation, it is proposed to open 12 more branches during the current year. The proposed new branches will be opened mainly in places in industrially developing areas. Our policy of branch expansion in keeping with the growing demand for banking facilities in the country has proved worthwhile, as will be evidenced from the all-round increase in the Bank's business. The encouraging response that we receive both at our old and new branches speaks not only for the confidence reposed in the Bank by the public but also for the efficient services rendered by us.

Deposits

"If you will recall, in my speech last year I had drawn your attention to a very disturbing feature in the growth of bank deposits in general. The deposits of banks had continued to rise for over a decade upto July 1960, but this growth was arrested from August 1960 and this agitated the minds of all concerned. I am glad to inform you that this downward trend has since been arrested and, during the year under review, the total bank deposits of all scheduled banks registered an increase of about Rs. 169 crores. Despite very severe competition, the figure of our Bank's deposits stood at Rs. 32.84 crores at the end of the year under review, as against Rs. 28.50 crores at the end of 1960 and Rs. 32.17 crores at the end of 1959.

Inter-Bank Agreement

"It is agreed on all sides that the Inter-bank Agreement on maximum rates of interest on deposits has been beneficial to the banking industry as a whole. The rate of growth in the deposits of the medium-size banks, however, has been lower than that in the case of both big banks and other banks with deposits of less than Rs. 25 crores. Medium-size banks like ours amongst 'A' class banks, i.e., banks with deposits of over Rs. 25 crores, are at a definite disadvantage inasmuch as under the Agreement they have, on the one hand, to compete on equal terms with bigger banks, both foreign and Indian, and on the other, on unequal terms with smaller banks (with deposits of less than Rs. 25 crores) including the subsidiaries of the State Bank of India, which enjoy the concession of quoting a ¼ per cent more on interest rates on deposits. I am glad to inform you that the Indian Banks' Association has realised and accepted the position that in the circumstances a revision of the Agreement is necessary and a Committee of the representatives of the big, medium and small banks, appointed to work out the details, has now announced its findings, recommending a concession of ¼ per cent to medium-size banks, i.e., with deposits of Rs. 25-50 crores. I feel this concession will put our Bank in a competitive position *vis-a-vis* the larger banks.

Total Bank Credit

"The Reserve Bank of India rate remained unchanged at 4 per cent during 1961. The year experienced a continuous pressure on bank credit, mainly from new and growing industries. The total bank credit expanded during the year by Rs. 105 crores and stood at Rs. 1,286 crores at the end of December 1961, and the credit-deposit ratio of all banks stood at 64.85 per cent. Banks in this country will be called upon to play an increasingly important role during the third Five-year Plan and, unless the increase in their deposits keeps pace with the demand for credit, the banking industry of the country will find it difficult to cope with the additional strain.

"Despite heavy and insistent demands for bank credit, your Directors considered it prudent to restrict the advances and, at the end of the year 1961, the advances of your Bank, including bills purchased, stood at Rs. 18.50 crores, maintaining the credit-deposit ratio at 56.3 per cent, which can be considered quite satisfactory.

Investments

"Cash on hand and balances with banks together with our investments in Government and other Trustee securities aggregating Rs. 15.26 crores bear a ratio of 46.48 per cent to the total deposits as against 42.77 per cent in the previous year. Investments in Central and State Governments and other Trustee securities stood at Rs. 8.25 crores at the end of the year. Out of these investments, 50 per cent of the securities mature within a period of five years and 45 per cent between five and ten years.

Foreign Exchange Business

"Our foreign exchange business has also contributed handsomely to our profits. While on this subject, I feel it is appropriate to inform you that the term of office of our Foreign Exchange Manager, Mr. R. J. S. Angus, whose services were so kindly lent to us by our London Correspondents, Westminster Bank Ltd., is due to expire next month. During his short period of service of four years with us, we have had the opportunity of his vast experience and the dynamic force of his executive ability in developing the foreign exchange business on a sound footing. He had done admirable work in the administration and development of our overseas business, and in the organising of our staff training, and has earned our sincere thanks. Wherever he goes our best wishes go with him.

Shortage of Trained Staff

"With the rapid growth of the banking industry which will further intensify during the third Five-year Plan, shortage of trained staff is greatly felt by banks in general. This is largely due to the fact that the banks never provided, in the past, adequate training facilities to their own staff. They are now being faced, all of a sudden, with the growth of banking habit in the country and find it difficult to cope with the increased economic activity in the country, with their present staff. This has, of late, led to piracy of personnel. This is an undesirable feature. I am glad to inform you that we are taking necessary steps to establish a school to train up our own personnel in order to cope with our increased activities.

Insurance of Deposits

"The Deposit Insurance Scheme came into effect from 1st January 1962. Although the cost will fall mainly on sound banks where the depositors do not require any insurance, the banking industry as a whole will materially benefit by the confidence which the scheme will engender in the minds of a large number of small depositors.

Further Capital Issue

"I am sure you are aware of the keen anxiety of the Reserve Bank of India to strengthen the capital structure of banks and its recent exhortation to all scheduled banks to make a conscientious and concerted effort to get the shareholders' money in business into a proper trading relationship to their deposits. Your Directors, who are in full agreement with these views, have decided to increase the paid-up capital of the Bank from Rs. 60 lakhs to Rs. 1 crore by issue of 8 lakh new shares of the face value of Rs. 5 each to the shareholders of the Bank in the ratio of two new shares against the three old shares. Necessary application in this behalf has been made to the Controller of Capital Issues, Government of India, and the issue will be made subject to conditions as may be imposed by the Controller of Capital Issues. Consequent upon this increase in the paid-up capital, the authorised capital of the Bank will be fully subscribed. Your Directors have, therefore, decided to recommend to you to increase the authorised capital from Rs. 1 crore to Rs. 2 crores.

"You are requested to re-elect three of the Directors of the Company, Messrs. Pallonji Shapoorji Mistry, Balkrishna Harivallabhdas and Gopaldas Toolsidas, who retire by rotation and, being eligible, offer themselves for re-election.

"You are also required to appoint Auditors for the ensuing year.

"I should like to record our appreciation of the services rendered by our Local Committees at Calcutta and Ahmedabad. Our relations with the staff have continued to be very cordial. It was perhaps a unique event in the employer-employee relationship in the banking industry in the country that your General Manager, at the request of the employees, presided at the first annual conference of the All-India Union Bank Employees' Federation. I also take this opportunity of thanking, on behalf of the Board and on your behalf, our General Manager, Mr. F. K. F. Nariman, for the very capable manner in which he has discharged his onerous responsibilities during the year. Our thanks are also due to the Deputy General Managers, Mr. D. A. Bijoor, and Mr. S. D. Pardiwala, and other officers and members of the Bank's staff at the head office and branches for the good work they have all done."

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

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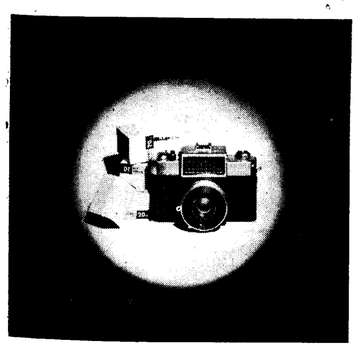
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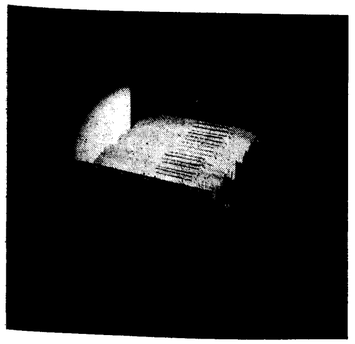

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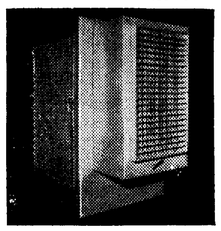
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FOOD PRESERVATION INDUSTRY

COST OF RAW MATERIALS HIGH

THE food preservation industry has been making fairly steady progress during the last few years, despite the high cost of raw materials like sugar and packing materials, such as bottles and cans. The output of fruit and vegetable products has risen from slightly less than 20,000 tons at the end of the first Plan to 40,000 tons in 1960-61; the industry has been set a production target of 100,000 tons in the third Plan. The increase in output has been sustained by larger domestic consumption of preserved foods and pickles, etc. Although the recent trends in production is satisfactory, the industry was not able to fulfil the production target of 50,000 tons laid in the second Plan. On the export front, too, its performance has been improving, but the pace has been disconcertingly slow. From about Rs. 42 lakhs in 1957, the export earnings from preserved fruits and vegetables have risen to just Rs. 96 lakhs in the fiscal year 1960-61. During the eight months ended November 1961, exports amounted to Rs. 62 lakhs. Considering the original intention of planners to expand exports of preserved fruits and vegetables by about ten times during the second Plan, the actual improvement noted above should be considered as negligible.

It is also distressing to note that the utilisation of fruits and vegetables by the preservation industry continues to be a small proportion of their total production. It is estimated that, at the end of the second Plan, the annual output of fruits alone was about seven million tons, as against six million tons five years back. On this basis, the average share of fruits used by the industry is less than 10 per cent of the total output. India's production of fruits is by no means large. Indeed, it is inadequate to meet even the minimum needs of its population. It may be interesting to note, in this connection, that the U.S., for instance, produces as much as 35 million tons annually, with at least 75 per cent being utilised for canning and preservation.

Development of Horticulture

Economic literature on production of fruits in India is scarce and scanty. We therefore quote below the following account on the position of horticulture from the third Plan report:

"A number of new schemes were introduced during the second Plan for the development of fruit production. These include provision of financial assistance for planting new orchards and rejuvenating old ones, as well as facilities for training gardeners. During the second Plan, about 166,000 acres of new orchards were planted and about 132,000 acres of old orchards were rejuvenated, and over 4,000 gardeners were trained. The total area at present under fruits and vegetables is estimated to be about 6 million acres, of which nearly one half is under fruit cultivation. In the third Plan, the total area under fruits and vegetables is expected to increase to about 7 million acres. It is proposed to bring 255,000 acres under new orchards and to rejuvenate 250,000 acres under old orchards. Besides continuing schemes already in operation, the plans of States provide for the establishment of progeny orchards with nurseries and garden colonies. The nurseries will help in the supply of planting material of reliable percentage and guaranteed performance.

"For the development of vegetable production, the plans of States provide for supply of improved varieties of seeds, plant protection measures and technical advice. Arrangements are also being made for certification of vegetable seeds."

Plans for developing horticulture will, no doubt, help the fruit preservation industry by making available its chief raw material in larger quantities. It, however, remains to be seen whether larger production will be followed by lower prices. The increase claimed in production of fruits in the second Plan period, however, has had no effect on the upward trend of prices. Considering that the stunted growth of food preservation industry was not due to inadequate supply of fruits and vegetables, it is obvious that there must be other factors responsible for this position. Pointed attention to these was drawn by Mr. K. U. Patel, President of the All-India Food Preservers' Association, in his address at the annual conference of the Association held at Calcutta last week. High in the list is the cost of sugar and containers. According to Mr. Patel, a canner in India has to pay Rs. 40 per maund of refined sugar, as against only Rs. 16 by his confrere in Australia, one of the largest exporters of preserved fruits in the world. Besides, the price of good quality bottles in this country is higher by at least 40 per cent, as compared with that in the U.K. or Australia. With particular reference to sugar, Mr. Patel called upon the Government to allocate this raw material to the industry at world market prices. He said that, if the industry were given sugar at world prices, it would be able to compete in foreign markets with fewer handicaps. This is a longstanding demand of the industry. It could not be conceded when the country was not producing enough sugar to cover its requirements. But now the position has changed considerably. There is a surfeit of sugar and the Government is encouraging exports of sugar at a heavy subsidy. In these circumstances, the food-preservers' demand can be justifiably conceded. Indeed, it would be absurd to turn it down point blank. Mr. Patel contends that, if his demand were met, the export of food products would go up at least three times the present level. The country can now afford to test his contention.

Imports of Machinery

Dearth of imported machinery and equipment needed by the industry for modernisation is also said to be another handicap of the industry. It is argued that foreign buyers of food products do not like hand peeling, hand trimming or visual grading of the material, even though the product is hygienically prepared, good and wholesome. Mr. Patel, therefore, appealed to the Government of India to grant licences for the import of machines which could improve the quality of products, expand production and, in turn, increase exports. He wanted the Government to allocate a minimum quota of Rs. 10 lakhs annually for the import of machinery required by the industry. This does not seem to be a large amount, even taking into account the country's present plight on its balance of payment account. It is worthwhile granting this request, provided Mr. Patel's Association could offer some sort of guarantee that his industry will fulfil a minimum export target.

The Government has already appreciated the industry's case for obtaining its requirements of packing materials at a reasonable price. Thus, tinplate used in making cans is subsidised, the quantum of subsidy being Rs. 500 per ton. Mr. Patel observed that this was insufficient, particularly as a result of a fresh duty of Rs. 200 per ton imposed in March 1961. He appealed to the Government to enhance the subsidy proportionately to make good the loss suffered by higher duty. Another major difficulty of the industry relates to higher sea freight rates. Mr. Patel pointed out that the sea freight charged by the Conference Lines for food products from Bombay to Jeddah, for instance, was higher than that from Japan to that place, although the latter distance is more than double. Besides, freight rate from Calcutta to London is 222 shillings per ton, whereas freight for similar goods from Australia to London, which is double the distance, is only 175 shillings per ton. Mr. Patel also complained of higher railway freights. He appealed to the Railway Board to reduce the freight rates on preserved foods. These suggestions of Mr. Patel also sound reasonable. Surely, his Association should take up the matter of freight rates with the advisory body on freights set up by the Government of India to consider complaints of this nature.

Apart from the high cost of raw materials and prohibitive freight rates, the industry has also been facing scarcity of technical personnel. Mr. Patel observed that today the situation was very "critical," so much so that the industry was not getting suitably qualified personnel, in conformity with the provisions of the Fruits Products Order. The situation could not be improved, he added, unless a larger number of students was given facilities for post-graduate study in food technology. If the position is as acute as that made out by Mr. Patel, his Association itself could do something to improve the position. It could, for instance, come forward with financial assistance to a coup'e of universities which are prepared to provide the necessary facilities for post-graduate students.

One of the largest bulk buyers of food products is Defence Services. The industry, it would appear, has been facing several difficulties in meeting the exacting procedures and specifications laid down by them. Giving a detailed account of such difficulties, Mr. Patel observed as follows:

"During the war, because of the promises made by our Government, a number of factories were established with capacity far in excess of our present demand. The purchases by the Army have been a boom to these factories to a certain extent, but, because of the existing labour laws, there is keen competition among the factories for Army supplies, and in a number of cases, these supplies are made even below cost, so that even partial overheads can be recovered. In this country, the specific varieties of fruits and vegetables suitable for canning are not grown. The outcome of this is that the factories have to fall back upon the *mandis* for their requirements of raw materials. Raw materials bought in *mandis* are grown in many different kinds of soils, from many different kinds, of seeds, from differing root stock, varying weather conditions, and under different conditions of manuring, watering, etc. Due to foreign exchange shortage, the factories are not usually allowed to import machines required to improve production. The factories have, therefore, to satisfy themselves with hand peeling, hand trimming, visual grading and so on and so forth. It is natural, therefore, that complete uniformity in size and shape cannot be maintained. The Defence specifications are very exacting and even go beyond those specifications laid down for products of this industry in some of the advanced countries abroad. If I am permitted to say, the rejections by the Army on grounds such as not of uniform size or of size slightly greater than that specified or for change of colour which occurs during processing, are not quite justified under the present conditions. In case of items like potatoes, spinach or carrots or karela for which there is no civilian demand, the rejection by the Army of completely edible and wholesome food material is a dead loss to the industry as well as in the country. I submit, therefore, that if the products are quite wholesome and perfectly edible and otherwise sound, these should be accepted by the Army even at a slight reduction and not rejected outright as is being done these days.

"In the case of the Army, they are not agreeable to refer the acceptability of the product to one of our National Laboratories, viz., the Central Food Technological Research Institute, Mysore, in case of difference of opinion. I am sure it is not the contention of the Army authorities that their technologists are better or more brilliant than those engaged by our National Laboratories. I submit, therefore, that, in case of rejections, the opinion of our National Laboratory should be taken and, if favourable, the products should be accepted by the Army organisation even at a slightly reduced price as I have suggested before. These products, as is well known, can keep in good condition if stored in a dry and cool place. I understand that this is not usually done by the Army and, in some cases, the goods are exposed to the elements. It is natural that they cannot stand the conditions of storage for which they are not suited. Under the warranty clause which is one-sided, the factories are held responsible for spoilage in such conditions for no fault of theirs, but for the inability of the Army authorities to provide satisfactory storage conditions. To my mind, this is neither fair nor just to the industry."

It is to be hoped that Mr. Patel's complaints will not go unheeded. While there is need for insisting on good quality products for use in the Army, every effort should be made by the Government to remove the legitimate difficulties of the industry. Among the other problems of the industry, mention may be made of some of the rigorous labour laws, which affect efficiency of production. While in all advanced countries like the U.S., the U.K. and Australia the industry is recognised as a seasonal one, this is not the case in India, where it is grouped along with textile mills or engineering industries. Consequently, the industry is forced to carry a load of surplus labour during the off-season, resulting in increased cost of production. Besides, Mr. Patel revealed that the factories were allowed to work only the regular working hours during the fruit growing season and no overtime is allowed. This results in loss of production. If it could be avoided, it would result in a lower cost per unit of production. There is admittedly good need for making labour laws more flexible in the case of an industry dealing with perishable seasonal produce.

FOOD AND AGRICULTURAL SITUATION

The prospects of better agricultural crops during 1961-62 have been forecast by the Union Ministry of Food and Agriculture, in its report for the fiscal year 1961-62 submitted to the Lok Sabha a few days ago. Reports on *kharif* grains of the season have been satisfactory. *Rabi* sowings have also been quite extensive and "a fairly good crop may be expected." Among the commercial crops, the current year's production of groundnut, jute, mesta and sugarcane "is expected to be more" than during last year, but cotton has suffered damage owing to excessive rains in Maharashtra and Madhya Pradesh, followed by a severe cold spell. It may be recalled that the output of foodgrains in 1960-61 touched an all-time record—79.3 million tons, of sugarcane 8.7 million tons (in terms of *gur*) and of cotton 5.4 million bales.

Reviewing the food position in the country in 1961, the report points out that increased production of foodgrains, reduced purchases by Government, steady imports and judicious distribution in the country had a "steadying influence" on the market. The easing of supply position in the open market led to a decline in the demand for foodgrains from Government stocks, which, consequently, recorded a steady improvement. Accordingly, stocks with the Central Government were higher at 2.31 million tonnes at the end of 1961, as compared with 1.94 million tonnes a year back. Following the improvement in the supply and price position, the Government removed last year various restrictions on wheat, including zonal restrictions on its movement and bank credit.

The foodgrains price position during 1961 remained generally satisfactory. The persistent upward trend in the prices of foodgrains, which had presented a serious problem two or three years ago, practically disappeared during the year under review. The average annual all-India index of wholesale prices of cereals was 102 in 1961, as against 105 in 1960, 104 in 1959 and 105 in 1958. Prices of rice throughout 1961 remained lower than those in 1960. The maximum rice price index reached during 1961 was 110, as against 115 in 1960. In the case of wheat, prices during the major part of 1961 remained lower than those in the corresponding months of the previous year; during November-December 1961, however, prices became somewhat higher than in the corresponding period of 1960.

Purchases of rice on behalf of the Central Government in 1960-61 season, according to the report, were confined to the surplus States of the Punjab and Madhya Pradesh. The State Governments also made purchases of rice and paddy, on their own account in Assam, Madhya Pradesh, Orissa, Uttar Pradesh, Jammu and Kashmir and to a small extent in the Union territory of Tripura. Total purchases of rice (including rice equivalent of paddy) in the 1960-61 season (November to October) both by the Central and State Governments amounted to 553,000 metric tons, as compared with 995,000 metric tons in the preceding season. No purchases of wheat were made out of the 1960-61 wheat crop except in the Punjab where the State Government purchased about 20,000 metric tons.

The total quantity of foodgrains imported in 1961 amounted to 3.5 million tonnes (as against about 5.2 million tonnes in 1960). This comprised wheat (3.09 million tonnes), rice 384,000 tonnes) and milo (19,000 tonnes). Of the total quantity of wheat, 396,000 tonnes were accounted for by commercial purchases, about 2.12 million tonnes under P.L. 480 Title I, 416,000 tonnes under the Manganese Barter Agreement with the U.S. and 158,000 tonnes under Colombo Plan aid.

The report, dealing with the Agricultural Department of the Ministry, reveals that intermediaries on land have almost entirely been abolished throughout the country. Out of a total compensation of Rs. 670 crores to be paid to ex-intermediaries, a sum of Rs. 164 crores has been paid so far. Legislation has been enacted in most States for security of tenure and ownership for tenants as well as for regulation of rent. During 1961-62, legislation imposing a ceiling on agricultural holdings was passed by the State Legislatures of Bihar, Gujarat, Madras, Maharashtra and Mysore. Similar legislation had been enacted earlier in other States.

On the question of fertilisers, the report makes a confession that, although demand for nitrogenous fertilisers has been increasing, it has not been able to meet it in full. The demand for 1961-62 is estimated at 2.67 million tons, whereas total availability, including internal production and imports, is only about 1.51 million tons. The production of urban compost, however, is claimed to have gone up from 2.7 million tons in 1960-61 to 2.9 million tons. In addition, it is believed that 15 million acres have been "green-manured" during 1961-62, as against only 11.5 million acres.

During the *rabi* of 1961-62, the intensive agricultural district programme covered 1.45 million acres in the first seven selected districts in Madras, Andhra Pradesh, Bihar, Rajasthan, Madhya Pradesh, Uttar Pradesh and the Punjab. This is 17 per cent of the total cultivated area in the districts. According to the report, the reaction of the farmers has been favourable and a concerted effort is now being made to reach all the farmers in the region to assist them in preparing farm and village development plans. During the *kharif* of 1961-62, about 130,000 farm plans were prepared in all the seven districts, as against 58,000 plans prepared during 1960-61. Measures are under way to extend the programme to the remaining eight States by the *kharif* of 1962.

Giving an account of developments in the field of dairy development, the report says that, for milk supply in cities, nine new dairies have started functioning in 1961-62 and equipment is being installed at nine more. Further progress has been made in construction work in 12 other dairies. Pilot milk schemes, started in previous years, are being continued at 10 centres. The total number of animals colonised in the milk schemes of Calcutta and Madras has increased to 10,000. The daily handling of milk under the Delhi Milk Scheme has increased to about 3,500 maunds and the milk is being distributed through 500 depots and six all-day milk stalls. The Milk Powder Factory at Amritsar is expected to go into production during 1962-63. Equipment is expected to be installed shortly at the second Milk Powder Factory at Rajkot. Buildings are almost ready for the rural creameries at Aligarh and Barauni and a third creamery is to be constructed at Junagadh.

Notices

THE DUNLOP RUBBER CO. (INDIA) LTD.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 36th Annual General Meeting of the Company will be held at the Registered Office, Dunlop House, 57-B, Free School Street, Calcutta, on Tuesday, the 24th day of April, 1962, at 11.00 a.m., for the following purposes:

1. To consider the Profit and Loss Account for the year ended 31st December, 1961, the Balance Sheet as at that date and the Reports of the Directors and the Auditors of the Company.
2. To declare dividends.
3. To appoint Directors in the place of those who retire by rotation.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass, with or without modification, the following resolutions of which number 5 will be proposed as a special resolution and number 6 as an ordinary resolution.

5. (*As a special resolution*): That this meeting consents to Mr. Jatish Chandra Sen Gupta who has been in the employment of the Company since 1936, a relative, namely, a brother-in-law of Mr. Phani Bhusan Sen Gupta, a Director and Deputy Managing Director (Administration) of the Company, holding and continuing to hold, with effect from 1st January, 1962 an office or place of profit, namely, as an official of the Company at a salary of Rs. 1,025 per mensem and on such terms and conditions as to dearness allowance, increment and other benefits as are applicable to the Company's officials."
6. (*As an ordinary resolution*): "That notwithstanding anything contained in the resolution passed at the General Meeting of the Company held on 24th April, 1951 and the Agreement of the same date between the Company of the one part and Angus Wallace Gillespie on behalf of the Ordinary Shareholders of the other part concerning the Bonus Issue of Ordinary Shares made by the Company in 1951, the Directors of the Company be and are hereby authorised to advertise a notice in *The Statesman*, Calcutta and Delhi, *The Times of India*, Bombay, and *The Hindu*, Madras, calling upon the holders of 375 fractional certificates representing 75 fully paid Ordinary Shares of Rs. 10 each which were issued in connection with the said Bonus Issue and are outstanding and have not been converted into fully paid Ordinary Shares in accordance with the said Agreement, to present to the Company five such certificates or such number thereof in multiples of five within 31st December, 1962 and on such presentation the Directors of the Company be and are hereby authorised to allot to such holders one fully paid Ordinary Share of Rs. 10 in the capital of the Company for five such certificates presented to the Company and that on the expiration of 31st December, 1962 all rights of holders of the said fractional certificates issued in 1951 which have not been converted into fully paid Ordinary Shares on 31st December, 1962 be extinguished and any of the 75 Ordinary Shares represented by 375 fractional certificates as aforesaid not converted on 31st December, 1962 be allotted by the Directors free to such person, company or other body corporate as they may think fit."

By Order of the Board,
P. B. SEN GUPTA,
Director & Secretary.

DUNLOP HOUSE,
57-B, FREE SCHOOL STREET,
CALCUTTA.
29*th March*, 1962.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

In terms of Article 4 of the Company's Articles of Association no Preference Shareholder as such is entitled to attend the meeting. A Debenture Stockholder as such is also not entitled to attend the meeting.

The Registers of Members in respect of the Ordinary and Second Preference Shares of the Company will be closed from 11th April to 24th April, 1962, both days inclusive. As any dividends that may be declared will be paid only to shareholders registered in the Company's Registers of Members, those holding shares on blank transfers are advised to register the transfers prior to 11th April, 1962.

An explanatory Statement pursuant to Section 173 of the Companies Act, 1956 has been annexed to the Notice issued to the members of the Company.

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT A General Meeting of the Company will be held at 12, Mission Row, Calcutta, on Wednesday, the 25th day of April, 1962 at eleven o'clock in the forenoon, for the purpose of considering and, if thought fit, passing the following resolution:—

That subject to such approval of the Central Government as is required by Section 372 of the Companies Act, 1956 being duly obtained this general meeting having taken under consideration the scheme of collaboration between the Company and The Stanton Ironworks Company Limited do sanction the investment by the Company which is thereby contemplated in the purchase or acquisition of shares in the proposed company to be known as IISCO Stanton Pipe and Foundry Company Limited notwithstanding that such investment will exceed ten per cent of the subscribed capital of that Company.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend and, on a poll, to vote in his stead.

By Order of the Board,
MARTIN BURN LIMITED,
F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1, 26*th March*, 1962.

Note: An Explanatory Statement as required under the Companies Act, 1956, has been forwarded to the members of the Company.

THE RAMNUGGER CANE & SUGAR COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-fifth Ordinary General Meeting of the Shareholders of The Ramnugger Cane and Sugar Company, Ltd. will be held at the Registered Office of the Company, 7, Wellesley Place, Calcutta, on Wednesday, the 25th April, 1962, at 12 noon, to transact the following business:—

1. To receive the Directors' Report and pass the audited Accounts for the year ended 31st August, 1961.
2. To declare a dividend on Preference Shares.
3. To declare a dividend on Ordinary Shares.
4. To elect Directors.
5. To appoint Auditors and fix their remuneration.
6. To transact any other business which may properly be brought before the Meeting.

NOTICE is also given that the Share Transfer Registers will be closed from the 9th April to 25th April, 1962 both days inclusive.

A member who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member of the Company.

By Order of the Board,
ANDERSON WRIGHT, LTD.,
Managing Agents.

CALCUTTA, 22*nd March*, 1962.

JESSOP'S BIG LEAP FORWARD

RESERVES STRENGTHENED FURTHER

A BIG leap forward was staged by Jessop and Company Limited (Secretary: Mr. K. S. Basu, Calcutta) during the year ended 31st October 1961. The highlight of its phenomenal progress was the rise in its sales turnover, which crossed for the first time in its history the Rs. 10-crore mark. The gross profit also exceeded for the first time the Rs. one-crore mark. The profit-margin, which had shrunk in the previous year from 9.8 per cent to 9.4 per cent, rose appreciably to 11.6 per cent.

From Rs. 908.24 lakhs to Rs. 1,200.85 lakhs was the rise in sales turnover, representing an increase of 32.21 per cent over the year on top of an improvement of 37.7 per cent in the previous year. Gross profit went up by Rs. 53.96 lakhs to Rs. 139.71 lakhs, or, percentagewise, by 69.9, as against 31.4 in the preceding year. The cost of raw materials consumed rose from Rs. 631.61 lakhs to Rs. 822.44 lakhs and that of stores, power and fuel from Rs. 28.43 lakhs to Rs. 35.84 lakhs; in addition, there was an increase of Rs. 67.00 lakhs in other expenses. While the higher production costs were due largely to increased operations, the improved profitability reflects the growth in turnover, which, in turn, is an index of the impressive strides India is making in industrialisation. The Company, as a producer of heavy engineering products such as cranes, wagons, coaches, gates, etc., required by the multipurpose irrigation and hydel works, and road rollers, to mention only the most important items, has been recipient of large orders; the only limitation being its own capacity, shortage of raw materials and power. The Company's results for 1960-61 are all the more remarkable, because its production was adversely affected by the power failure in Calcutta this time last year.

After providing Rs. 23.09 lakhs (Rs. 19.28 lakhs a year before) for depreciation and Rs. 48.78 lakhs (Rs. 29.17 lakhs) for taxation, the Directors have, while proposing to maintain the equity dividend at last year's level of 8.58 per cent taxable, transferred to reserves as much as Rs. 51.06 lakhs out of the year's net profit of Rs. 67.84 lakhs. Explaining their conservative appropriation policy, the Directors state that it is necessary, due (*a*) to a very large portion of the accumulated reserves being invested in unquoted shares of doubtful value, which may not be realised for years to come and which the Company is debarred from using in its day-to-day business, and (*b*) to provide more working capital for the greatly increased production potential.

The table below brings out clearly the progress of the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st October			
	1961	1960	1959	1958
Sale proceeds	1,200.85	908.24	650.10	650.78
Other income	9.60	7.10	11.24	14.67
Closing stocks and work-in-progress	662.96	607.89	541.49*	572.18
Cost of raw materials consumed	822.44	631.61	527.04	482.23
Cost of stores, power and fuel	35.84†	28.43†	24.14	15.99
Other expenses	267.13	219.53	167.28	160.95
Gross profit	139.71	85.75	65.22	69.72
Provision for—				
Depreciation	23.09	19.28	18.05	10.89
Taxation	48.78	29.17	22.85	23.10
Net profit	67.84	37.30	29.49	29.73
Provisions written back	2.86	5.71	1.86	5.00
To reserves	51.06	24.28	20.62	27.55
Dividends—				
Preference	1.80‡	1.80‡	1.48‡	1.00
Ordinary	17.50	17.50	8.75	6.12
	(8.58%)‡	(8.58%)‡	(8.58%)‡	(6%)
Carry forward	0.92	0.57	0.64	0.86

* Basis of valuation changed.
† Includes consumption towards repairs to buildings of Rs. 2.09 lakhs in 1960 and Rs. 2.11 lakhs in 1961 and towards repairs to plant and machinery of Rs. 3.91 lakhs and Rs. 5.41 lakhs respectively.
‡ Subject to deduction of tax.

The year's excellent results are due as much to improved production as to satisfactory progress in modernisation and rehabilitation of the plants. Thus, the Directors state:

"Production of box wagons showed a substantial improvement and is expected to rise further. The output of furnished metre-gauge coaches, metre-gauge motor and parcel vans and broad-gauge match trucks improved appreciably. The Company delivered a number of wharf cranes to the ports of Calcutta, Bombay and Madras. The output of electric overhead travelling cranes improved and included two cranes each of 80 tons capacity for the Heavy Electrical Project at Bhopal. The manufacture of the radial gates for the Rihand Dam was completed, and production of the 66 numbers vertical lift gates for the Kosi Barrage was taken in hand. Fabrication of the steelwork and bearings for the Brahmaputra Bridge was also taken in hand after some initial delays in the receipt of the materials. Road rollers production exceeded the target of 200 units to 229 units as against 164 units in the previous year. Manufacture of electric multiple unit coaches, however, ceased from August 1961, as, due to delay in the issue of import licences required, procurement of the special electric and mechanical traction equipment and other materials could not be arranged in time to ensure the continuity of production. It is expected that delivery on the new order of the special trailers for Bombay will commence in June 1962. In the interim period, the coach works have taken up the manufacture of all-welded broad-gauge well wagons and furnished broad-gauge motor and parcel vans. The order book is excellent, and we anticipate that the output for the current year will show an improvement.

"A two-year modernisation programme of the wagon works was taken up during the year. The main works and forge will be rebuilt and modernised to suit the requirements of the manufacture of 8-wheeler wagons in place of 4-wheeler wagons . . . . A substantial expansion of the coach works was completed by a 130-feet extension to the main building. It became necessary, because, on the next order for electric multiple unit coaches, all the bogies will be manufactured at Dum Dum, whereas, on the previous orders they were completely imported. A number of modern machine tools were also installed. A new 80-feet bay 180 feet long was added to structural works to deal with the large increase in orders for welded steelwork. A portion of the large tank in the works is now being filled to allow further expansion of two 80-feet welding bays. Necessitating the construction of piled foundations, this work is not expected to be completed before the end of next year. As regards bogie works, in addition to the installation of a number of machine tools, a new machine bay was added freeing the main bay to concentrate on the building and welding of bogies. Modernisation of the mechanical works, started 5½ years ago, is now nearing completion. The generally accepted international yardstick for obsolescence in machine tools is 10 years. A survey done seven years ago showed that over 40 per cent of the machine tools in the mechanical works were over 15 years old and only 33 per cent under 10 years old. As a result of the modernising and re-equipping of these works, the output increased between 1954 and 1961 from Rs. 28.30 lakhs to Rs. 221 lakhs; an increase of 680 per cent. The new road plant works will go into operation in June this year, freeing capacity at present utilised in the structural and mechanical works for the manufacture of road rollers for other purposes. Arrangements for the manufacture of the transmission of the G.C.S. 10 tons diesel road rollers are now well in hand, and the prototype were expected to be under test in February this year, with the target for full production set by April-May 1962. This will save valuable foreign exchange. In addition, an agreement has been reached with Aveling-Barford Ltd., Grantham, and the necessary licence obtained for the manufacture of a smaller range of diesel road rollers of the 4/6 tons range for which there is a substantial unsatisfied demand.

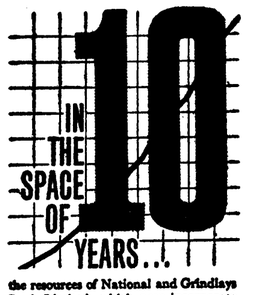
"Since the building of the new road plant works at Dum Dum and the extension of the welding bats in the structural works would take up all the available land, the Directors have decided to purchase nearly 100 bighas of land from the Titaghur Jute Factory Company Ltd. at Titaghur for the construction of a modern Meehanite iron foundry capable of producing 450 tons of finished castings a month. It has also been decided to construct a new works for making a range of modern machine tools which the Company has successfully designed and manufactured and which have given excellent service in its Dum Dum works. These are hydraulic feed cold sawing machines, saw sharpening machines, plate levellers, beam straighteners, guillotines, prees brakes and nibblers. The Directors are also negotiating with a well-known British firm to manufacture the range of their machine tools under licence. Negotiations are also going on with another well-known British firm for collaboration in the manufacture of steelworks duty cranes. This will necessitate the construction of fabricating bays capable of handling up to 80 tons in weight. A new product is also being considered, details of which will be available later."

From the foregoing account, it will be clear that the Company is set on a well-thought-out expansion programme. There are, however, some obstacles in the way, such as electric power crisis, coal and coke crisis and cement shortage, which seriously handicapped production last year and look like persisting for quite some time to come.

The Company has still not got over the legacy of the Mundhra manœuvres and manipulations which have cost it a fortune. The provisional share register prepared last year by the special officer of Richardson and Cruddas showed the holding of the Company at only 455 preference shares and 17,300 ordinary shares as against its actual investment of Rs. 65.36 lakhs in 17,900 preference and 181.000 ordinary shares. It is this loss that is a heavy drag on the Company's finances. Dealing with this issue, the Directors state that, on the basis of legal advice, the Company has filed an application for amendment of its original plaint before the Calcutta High Court and for leave to file a written statement answering the points made by Richardson and Cruddas in its submissions to the Court. The Company has also filed a written statement in the Court in regard to the suit instituted by the Life Insurance Corporation against the same company and others of the Mundhra Group including Jessop itself. None of the civil suits has come up for hearing. The Company's books also show as investments 70,000 ordinary shares of the value of Rs. 7.35 lakhs in Assam Cements Ltd., as against which provisional registration of its name in respect of only 27,500 shares has been approved. The auditors' report says that, on 19th September 1958, Assam Cements Ltd. filed a suit in the Calcutta High Court against, *inter alia*, the Company claiming that the allotment of 27,500 shares to the Company was illegal and not binding on it. The auditors also state in their report that against the dividends declared by Richardson and Cruddas on 21st June 1957, at rates which would produce a total yield of Rs. 2.33 lakhs on the holding shown in the holding company's accounts, no payment has been received by the Company. They have been told that no dividend has been declared by Richardson and Cruddas subsequent to that date. The shares are in the possession of police authorities in Calcutta and Delhi. Thus, the investments of the Company shown at Rs. 75.23 lakhs, have hardly any value.

Nonetheless, thanks to the highly conservative policy followed by the Directors in the distribution of net profit in the past two years, the financial position of the Company has improved perceptibly. The subscribed capital of Rs. 223.99 lakhs, of which Rs. 203.99 lakhs are in equity shares of Rs. 10 each and the balance in preference shares of Rs. 100 each, is supplemented by reserves and surplus of Rs. 199.06 lakhs. The Company's 6.5 per cent debenture-stock 1967 of Rs. 75 lakhs has been allotted to the State Bank of India for a loan of Rs. 15.01 lakhs. The Company has also borrowed Rs. 167.30 lakhs from the same bank under an overdraft facility with a ceiling of Rs. 225 lakhs. The Company's other liabilities and provisions amount to Rs. 570.21 lakhs. In all, its total indebtedness to outsiders is Rs. 752.52 lakhs. As against this, current assets, including book debts but excluding investments (which as already shown by us are of doubtful value), total Rs. 813.79 lakhs. The gross block increased during the year by Rs. 70.77 lakhs to Rs. 389.59 lakhs and depreciation provided for it up to 31st October 1961 works out to Rs. 125.16 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 22.00 *cum-div.*, at which rate they offer, on the *ex-div.* basis, a net yield of 2.7 per cent per annum. The net worth of the Company's shares is a little over Rs. 16 per share, taking the assets at their book value.



the resources of National and Grindlays Bank Limited, which now incorporate the Eastern Branches of Lloyds Bank Limited, have increased from £130 million to £230 million. Similarly the number of offices now operating in countries overseas total 140—100 more than existed ten years ago.

NATIONAL AND GRINDLAYS BANK LIMITED

Associated Banks:
National Bank of India Ltd., Grindlays Bank Ltd. and The Eastern Branches of Lloyds Bank Ltd.

The liability of Members is limited

Head Office: 26 Bishopsgate, London, E.C.2

London Branches:
54 Parliament Street, S.W.1
13 St. James's Square, S.W.1

Registered in London under the Companies Act of 1862 on 23rd March 1946 BA-I-C

HINDUSTAN LEVER SUFFERS DUE TO PRICE COMPETITION

TURNOVER RISES—MILK PROJECT ON HAND

SEVERE price competition, and the consequent inability to pass on the increase in prime costs and other expenses, have been responsible for the setback in the gross profit of the Hindustan Lever Limited (Chairman: Mr. P. L. Tandon, Bombay) from Rs. 515.33 lakhs to Rs. 488.86 lakhs, despite a satisfactory increase in the turnover from Rs. 46.12 crores to Rs. 49.92 crores during the year ended 31st December 1961. The price competition was felt in *vanaspati* products and toilet preparations. In the former, in addition to price competition the Company was hit by the wide fluctuations in the prices of edible oils; unduly high prices were followed by a steep decline. The quantity of *vanaspati* sold fell from 82,286 tonnes to 75,976 tonnes. In the latter, the imposition of high excise duties on skin preparations pushed up prices to a level which attracted stiff consumer resistance. Soaps and detergents turned out to be the only saving grace for the Company, for not only did their turnover increase but the quantity sold also went up from 83,027 tonnes to 87,937 tonnes.

The performance of the various products during the year is compared with that in the preceding three years in the table below:

(In lakhs of rupees)

	1961	1960	1959	1958
Soaps and detergents (Quantity in tonnes)	22,89.20 (87,937)	19,95.36 (83,027)	17,83.27 (75,073)	11,24.00 (70,894)
Vanaspati, margarine and other foods (Quantity in tonnes)	23,16.83 (75,976)	22,34.88 (82,286)	20,46.92 (82,432)	17,71.00 (74,436)
Toilet preparations	85.32	97.40	86.12	73.00
Glycerine and other by-products	182.60	167.72	149.51	122.00
Groundnut cake and animal feeding stuffs	117.87	116.50	114.19	83.00

The cost of raw materials consumed by the Company rose from Rs. 30.05 crores to Rs. 32.74 crores. Other expenses increased from Rs. 11.12 crores to Rs. 12.49 crores, with the salary bill going up by Rs. 66.17 lakhs to Rs. 334.67 lakhs largely following new wage agreements with the workers' unions. The excise burden was heavier by Rs. 22.72 lakhs at Rs. 329.44 lakhs.

With the decline in profit, the provision for taxation is lower at Rs. 192.76 lakhs, as compared with Rs. 208 lakhs in the previous year, but depreciation claims a larger amount of Rs. 39.40 lakhs as against Rs. 35.33 lakhs. The transfer to development rebate reserve at Rs. 5.30 lakhs is practically unchanged. The dividend, as readers are already aware, is maintained at 26 per cent, taxable. The profit retained in business is, however, less at Rs. 80.69 lakhs in comparison with Rs. 104.70 lakhs in the previous year. The Company exported soaps, *vanaspati* and toilet preparations of the value of Rs. 33 lakhs (Rs. 39 lakhs a year before), glycerine of Rs. 25 lakhs (Rs. 21 lakhs) and oilcake, oils and rosin of Rs. 16 lakhs (Rs. 17 lakhs).

The table below compares the Company's results for 1961 with those for the previous three years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	4,991.82	4,611.86	4,175.19	3,672.99
Other income	20.38	19.73	15.45	13.50
Cost of raw materials consumed	3,273.84	3,004.52	2,659.34	2,386.82
Other expenses	1,249.49	1,111.75	1,031.97	935.62
Of which:				
Salary bill	334.67	278.50	256.36	241.55
Excise duty	329.44	306.72	293.84	257.92
Gross profit	488.86	515.33	504.14	363.85
Provision for—				
Depreciation	39.40	35.33	42.00	34.96
Taxation	192.76	208.00	208.50	177.75
Net profit	256.70	272.00	253.64	151.14
To development rebate reserve	5.30	5.00	9.00	8.72
Provision for provident fund and gratuity	25.89	17.48	19.29	18.79
Provision for contingencies			17.00	
Dividend	144.82 (26%)*	144.82 (26%)*	133.68 (24%)*	83.55 (15%)
Retained in business	80.69	104.70	74.67	45.08

* Subject to deduction of tax.

The Company's proposed skimmed milk powder and ghee project at Etah, U.P., is now taking shape. The necessary land for the factory has been acquired and preparation of the site has begun. Meanwhile, a ghee development unit has been set up at Etah and is providing ghee for market tests from cream supplied by the Company's milk collecting centres. The milk project will require approximately Rs. 47 lakhs of foreign exchange. The Industrial Credit and Investment Corporation of India has agreed in principle to grant the Company a loan of Rs. 25 lakhs in foreign currencies and Unilever Limited has agreed in principle to supply the balance. After experimental feeding trials, the Company's cattle feed was launched in the Bombay area in July 1961, and is stated to have made satisfactory progress. The pilot plant has been replaced by one of increased capacity. The Company is planning to increase its pea output during this season. It may be recalled that the Company's Chairman, Mr. Tandon, disclosed in Bombay a month ago an expansion programme for the near future that would run into several crores of rupees. Among the new industrial projects the Company had in mind, one is the preservation of human food initially by dehydration and later by more sophisticated methods. The Company also proposes to establish research departments similar to those in the U.K. and the U.S. Meanwhile, the Company proposes to modernise its existing equipment as far as possible under the limitations imposed by foreign exchange scarcity. The Company has already made an application to the Government for licence to set up a plant for the solvent extraction of cottonseed. Modernisation of soap-making plant in the Bombay factory is on hand, and two mazzoni units have already been installed. A second glycerine still was brought into operation in the Bombay factory. The engineering building at the Calcutta factory has been completed and the expansion of the *vanaspati* factory at Ghaziabad is nearing completion. The total estimated cost of capital projects approved during the past year was Rs. 196 lakhs. All these plans and programmes suggest beyond doubt that the management is taking an optimistic view of the outlook for the Company.

The Rs. 10 fully paid equity shares of the Company are currently quoted at Rs. 70 *cum-div.* and *cum-right*. Assuming that the dividend will be maintained on the increased capital, the net yield works out to about 4 per cent per annum.

BRADY ENGINEERING MAKES GOOD PROGRESS

Encouraging results have been reported by the Brady Engineering Company Ltd. (Managing Agents: Messrs. W. H. Brady & Co. Ltd., Bombay) for the year ended 31st December 1961. There was an all-round progress in production, sales and profits. With a substantial improvement in the output of pulley blocks and other lifting equipment and the completion and delivery during the year of the first automatic bread plant, which was in progress during the preceding year, proceeds of engineering work have risen quite sharply by Rs. 11.65 lakhs to Rs. 27.90 lakhs, or nearly 70 per cent. The increased sale has been accompanied by a decline in the closing value of the work-in-progress from Rs. 3.07 lakhs to Rs. 1.31 lakhs. Higher production has naturally meant a rise in the cost of raw materials and stores consumed, but the increase in marginal being of the order of Rs. 0.73 lakh to Rs. 9.29 lakhs. Other expenses, on the other hand, have gone up markedly from Rs. 5.46 lakhs to Rs. 7.17 lakhs chiefly because of the advancement in salaries, wages and cost of employee benefits by Rs. 1.35 lakh to Rs. 5.45 lakhs. But, even then, the gross profit has more than doubled to Rs. 9.70 lakhs as compared with Rs. 4.34 lakhs previously. A major portion of this has, however, been absorbed by higher essential provisions, that for depreciation being Rs. 1.19 lakh as against Rs. 0.94 lakh and that for taxation as much as Rs. 3.70 lakhs as against Rs. 1.32 lakh a year ago. Even so, the net profit works out to Rs. 3.97 lakhs, as compared with Rs. 1.74 lakh for 1960, an increase of more than 100 per cent.

A good part of the enhanced profit has been conserved. Thus, the Directors have transferred Rs. 0.25 lakh, as against Rs. 0.13 lakh, to the development rebate reserve and Rs. 1.00 lakh, as against Rs. 15,000 previously, to the general reserve. An additional provision of Rs. 35,335 for depreciation has been found necessary "in order to bring the written-down value of fixed assets fully in conformity with not only the requirement of Section 350 of the Companies Act but also Section 205 thereof." These prior allocations leave a balance of Rs. 2.75 lakhs for the payment of ordinary dividends. In view of the larger sum thus available, the Directors have quite rightly raised the rate of ordinary dividend from Rs. 5.50 per share to Rs. 7.00 per share, subject to deduction of tax, and have, in addition, proposed a bonus of Rs. 2 per share, also subject to deduction of tax. The total disbursement to shareholders will claim Rs. 2.25 lakhs, leaving Rs. 0.49 lakh as a carry forward as against Rs. 0.19 lakh brought in.

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

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Proceeds of engineering works	27.90	16.25	10.28	10.04
Work-in-process	1.31	3.07	1.01	0.71
Raw materials and stores consumed	9.29	8.56	3.70	3.47
Other expenses	7.17	5.46	4.62	3.72
Gross profit	9.70	4.34	2.42	3.20
Managing Agents' commission	0.84	0.34	0.17	0.25
Provision for—				
Depreciation	1.19	0.94	0.75	0.67
Taxation	3.70	1.32	0.37	1.20
Net profit	3.97	1.74	1.13	1.07
Transfer from reserve	0.19	0.10	0.50	..
Items relating to prior years	0.36	..	..	..
To reserves	1.25	0.28	0.64	0.33
Dividends	2.25 (6¼% + 24¾%B)*	1.37 (6¼%)*	1.00 (5%)*	0.75 (5%)
Carry forward	0.49	0.19	0.02	0.03

* Subject to deduction of tax.

The authorised, issued and subscribed share capital of the Company consists of 25,000 equity shares of Rs. 100 each. Since Rs. 80.00 per share only have been called so far, on these, the issued and paid-up share capital as at 31st December 1961 stands at Rs. 19.99 lakhs after allowing for Rs. 940 as calls in arrears from others. This is supported by Rs. 4.84 lakhs in reserve giving total capital funds as Rs. 24.83 lakhs. Against these, the net block is worth only Rs. 13.37 lakhs, the gross block being Rs. 23.00 lakhs inclusive of the additions of Rs. 1.40 lakh during the year. The Company thus enjoys a comfortable working capital position, a situation also reflected by the fact that as against current liabilities and provisions amounting to Rs. 9.15 lakhs, current assets, loans and advances aggregate as much as Rs. 20.61 lakhs.

So far as prospects for the current year are concerned, the Directors report that it is as yet too early to give any firm indication of the trend of profits that might accrue. Nevertheless they have assured the shareholders that every effort will be exercised to maintain the results already attained, though they hasten to add that this will be governed by the availability of component parts bought out and import licences for material which is not available indigenously. They further add that no further space is available for expansion on the Company's present site.

The present market quotation for the Rs. 80 paid shares is Rs. 112.00 c.d. On an *x.d.* basis the net yield works out at 5.9 per cent per annum.

Notice

JESSOP & COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT IN compliance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960, the Board of Management has sanctioned the payment of an Interim Dividend on 5 per cent Cumulative Preference Shares for the half-year ending 30th April, 1962, at the rate of Rs. 3.25 per share subject to deduction of tax in accordance with the Finance Act currently in force.

The Preference Share Transfer Register will be closed from 27th April to 1st May, 1962, both days inclusive.

Dividends will be paid only to the Shareholders whose names are registered in the Books of the Company on the 1st May, 1962 or to their Mandatees.

By Order of the Board,

K. S. BASU,
Secretary.

63, NETAJI SUBHAS ROAD,
CALCUTTA, *23rd March* 1962.

SYNOPSES OF COMPANY REPORTS

Cawnpore Textiles Ltd.

(*Secretaries and Treasurers*: The British India Corporation Ltd., Kanpur, U.P.)

Annual General Meeting—21st April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales (manufactured goods)	1,61,88	1,45,83
Closing stock (manufactured and semi-manufactured goods)	21,27	17,10
Gross profit	26,13	24,27
Transfer to Ex-Managing Agents' remuneration,	Nil	94
" " Secretaries' and Treasurers' remuneration	1,56	57
" " depreciation	3,79	3,05
" " development rebate reserve ..	1,61	99
" " provision for taxation	9,00	6,70
Net profit	10,16	12,02
Adjustments credit (+) or debit (—)	+56	—3,29
Appropriations:		
Total available balance	10,72	8,73*
To adjustment of loss on sales of investments.	1,75	Nil
Transfer to general reserve	5,50	6,00
Proposed dividend (taxable)	3,00	2,16
	(10%)	(7.2%)
Carry forward	47	57

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

* After adjusting the debit balance of Rs. 3,29,800 brought forward from 1959 accounts.

Extracts from the Directors' report: A sum of Rs. 2.5 lakhs has been transferred from investment reserve to general reserve.

Working and Sales: The working of the Mills has been satisfactory and further improvements both in total production and efficiency have been achieved. With a view to maintain the high standard of efficient working and to keep abreast of modern production techniques, capital expenditure to the extent of Rs. 25 lakhs has been sanctioned for the next five years. Commitments for capital expenditure subsequent to the close of the financial year amount to approximately Rs. 16,000.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	95,99,284
Reserves and surplus..	49,46,857	—Depreciation ..	72,92,500
Other liabilities ..	41,59,513	Net block	23,06,784
		Expenditure on machinery under installation	1,071
		Current assets	92,65,255
		Investments	4,78,910
		Cash	54,400
	Rs. 1,21,06,370		Rs. 1,21,06,370

* Paid-up capital consists of 6,00,000 ordinary shares of Rs. 5 each fully paid up. Out of this 3,00,000 shares of Rs. 5 each are made up of Rs. 2 50 in cash and Rs. 2 50 issued as bonus shares. Further 3,00,000 shares of Rs. 5 each are issued as fully paid-up bonus shares. Out of the paid-up capital 3,10,695 ordinary shares are held by the Holding Company—The British India Corporation Ltd., and 4,360 shares by Brushware Ltd., a subsidiary of the Holding Company.

G. Claridge and Co., Ltd.

(*Managing Agents*: Messrs. W. H. Brady & Co., Ltd., Bombay.)

42nd Annual General Meeting—12th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Gross realisation on printing, binding,etc. ..	48,73	38,11
Gross profit	10,38	4,86
Transfer to Managing Agents' remuneration ..	97	37
" " provision for staff gratuity ..	59	40
" " depreciation	1,28	97
" " development rebate reserve ..	52	14
" " provision for taxation	3,67	1,58
Net profit	3,35	1,40
Adjustments	5,68*	41
Appropriations:		
Total available balance	9,03	1,81
To depreciation (being under provision for years 1957 to 1960)	23	Nil
Transfer to general reserve	6,30	15
Proposed dividend (taxable) equity	2,40	1,60
	(30%)	(20%)
Carry forward	10	6

N.B.—Adjustments include the balance brought forward from the previous year and other credit items like excess provisions for bonus and taxation; profit on sale of machinery sold and the amounts transferred from reserves.

* This includes Rs. 3,00,000 transferred from plant rehabilitation reserve; Rs. 1,23,920 transferred from reserve for taxation; Rs. 1,81,896 being depreciation reserve on the opening work-in-process written back and Rs. 3,919 transferred from depreciation reserve.

Extracts from the Directors' report: The year under review has been a successful one for the Press. The Company's turnover for the year has reached a figure of almost Rs. 50 lakhs in spite of the fact that it has used customers' paper worth more than Rs. 5 lakhs.

New machinery to the value of Rs. 3,20,000 has been installed during the year and machinery worth approximately another Rs. 4 lakhs is on the way or should be arriving during the course of the year, the necessary formalities and permission for them having been previously secured. With a view to continuing the modernisation of the plant further applications for Rs. 9 lakhs worth of machinery have been made to the Government of India and recently on that application the Director of Industries, Bombay, has given us an Essentiality Certificate for machinery worth Rs. 4.78 lakhs.

The directors now feel that the present authorised, issued and subscribed capital of the Company of Rs. 8,00,000 is inadequate as compared to the Company's block account standing in the Company's books on 31st December 1961 at Rs. 10,17,268.

The Company has been recently expanding and has also in view a further expansion programme which would require additional capital. It is, therefore, considered necessary that the authorised capital of the Company be increased from Rs. 8,00,000 to Rs. 50,00,000.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	8,00,000	Gross block	28,78,384
Reserves and surplus..	14,04,011	—Depreciation ..	18,61,116
Other liabilities ..	16,25,809	Net block	10,17,268
		Current assets	26,19,951
		Investments	500
		Cash	1,92,101
	Rs. 38,29,820		Rs. 38,29,820

* Paid-up capital consists of 8,000 equity shares of Rs. 100 each fully paid up. Of the above shares 2,000 shares were allotted as fully paid up pursuant to a contract without payments being received in cash.

Kumergode Estates Ltd.

(*Managing Agents*: Messrs. Peirce, Leslie & Co., Ltd., Mangalore.)

11th Annual General Meeting—31st March 1962.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1961	1960
Coffee sales (amount received from Coffee Board)	4,82	6,69
Gross profit	1,83	2,91
Transfer to Managing Agents' remuneration	11	20
" " depreciation	39	40
" " provision for taxation	39	75
Net profit	94	1,56
Adjustments	15	14*
Appropriations:		
Total available balance	1,09	1,70
Transfer to general reserve	15	75
Proposed dividend (taxable) ordinary ..	70	80
	(17½%)	(20%)
Carry forward	24	15

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

* This includes Rs. 1,152 being excess provision for Central Income-tax for the previous years written back.

Extracts from the Directors' report: *Coffee Crop and Costs*: These are given in the following table with corresponding figures for the previous two years.

Year	Crop (Metric tonnes)	Estate expenditure: Per acre	Estate expenditure: Per metric tonne	All-in cost per metric tonne
		Rs.	Rs.	Rs.
1958-59	172.481	607	2,138	2,679
1959-60	193.192	564	1,781	2,190
1960-61	182.801	547	1,836	2,196

The entire crop for the season was delivered to the Coffee Board and was awarded 2,60,754 points. The valuation taken is Re. 1·90 per point which is equivalent to Rs. 2,718 per metric tonne, and payments received to-date amount to Re. 1.75 per point. Final payment on the 1959-60 crop has been received making a total of Rs. 2.24 per point or Rs. 3,350 per metric tonne for that year.

Estimates—1961-62: The estimates of crop and costs for the current year are as follows:

Crop in metric tonnes	Estate expenditure: Per acre	Estate expenditure: Per metric tonne*	All-in cost per metric tonne
	Rs.	Rs.	Rs.
130.00	546	2,573	2,972

Accounts in brief as at 31st October 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	4,00,000	Gross block	9,88,778
Reserves and surplus..	4,14,066	—Depreciation ..	2,17,268
Other liabilities ..	2,24,646	Net block	7,66,510
		Current assets	1,97,916
		Investments	250
		Cash	74,036
	Rs. 10,38,712		Rs. 10,38,712

* Paid-up capital consists of 2,00,000 ordinary shares of Rs. 2 each fully paid up. Of the above, 1,00,000 shares of Rs. 2 each ar allotted as fully paid up by way of bonus shares through capitalisation of reserves.

Kil Kotagiri Tea and Coffee Estates Co., Ltd.

(*Managing Agents*: Messrs. Peirce, Leslie & Co., Ltd., Coimbatore.)

14th Annual General Meeting—5th April 1962.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1961	1960
Income from crops (1960-61) tea and coffee ..	23,87	30,42
Gross profit	7,37	13,09
Transfer to Managing Agents' remuneration ..	46	96
" " depreciation	1,02	97
" " provision for taxation	2,65	6,81
Net profit	3,24	5,45
Adjustments	4,37*	99†
Appropriations:		
Total available balance	7,61	6,44
Transfer to provision for gratuity	3,00	Nil
" " development rebate reserve ..	3	5
" " capital reserve	Nil	71
" " general reserve	Nil	1,00
To dividends (taxable) 7% C. preference ..	18	18
" additional dividend (taxable) preference..	Nil	6‡
" dividend (taxable) ordinary	4,29	4,29
	(25%)	(25%)
Carry forward	11	15

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

* This includes Rs. 1,46,531 being excess provision for taxation in previous years written back and Rs. 2,74,924 being amount transferred from general reserve.

† This includes Rs. 71,510 being profit on sale of land.

‡ This is the additional preference dividend at 7 per cent. per annum (less tax) for four months from July to October 1960.

Extracts from the Directors' report: *Tea*: A crop of 4,46,673 kgs. 1959-60—4,67,185 kgs.) was harvested at a cost of Rs. 3.60 (Rs. 3.33) per kg. The average net price realised for the year was Rs. 5.17 per kg. as compared with Rs. 5.45 per kg. for 1959-60. The tea crop for season 1961-62 is estimated at 4,55,000 kgs. at an all-in cost of Rs. 3.64 per kg.

Coffee: The crop harvested amounted to 37.379 tonnes (1959-60—165.001 tonnes). The coffee crop for 1961-62 is estimated at 104 tonnes made up of 72 tonnes Arabica and 32 tonnes Robusta.

Accounts in brief as at 31st October 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	24,77,800	Gross block	31,78,916
Reserves and surplus..	11,14,122	—Depreciation ..	12,97,461
Other liabilities ..	13,15,448	Net block	18,81,455
		Current assets	28,28,357
		Cash	1,97,058
	Rs. 49,06,870		Rs. 49,06,870

* Paid-up capital consists of 6,000 five per cent. preference shares of Rs. 100 each fully paid up and 18,778 equity shares of Rs. 100 each fully paid up.

Empire Dyeing and Manufacturing Co., Ltd.

(*Managing Agents*: Messrs. W. H. Brady & Co., Ltd., Bombay.)

Sixty-second Annual General Meeting—12th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Gross income	51,98	44,35
Gross profit	7,41	7,55
Transfer to Managing Agents' remuneration ..	97	73
" " depreciation	52	39
" " provision for staff gratuity ..	15	20
" " development rebate reserve ..	12	Nil
" " provision for taxation	3,12	3,11
Net profit	2,88	3,22
Adjustments	45	28
Appropriations:		
Total available balance	3,28	3,50
To depreciation (under provision for years 1957 to 1960)	10	Nil
To short provision for taxation on previous year	Nil	15
Proposed dividend (taxable) equity	3,00	3,00
	(33⅓%)	(33⅓%)
Carry forward	18	35

N.B.—Adjustments include the balance brought forward from the previous year and other credit items like excess provision for taxation made in previous year and unclaimed wages written back if any.

Extracts from the Directors' report: The Works have established a good reputation in the Cloth Market for processing superfine goods, mostly of power looms.

At per report of Messrs. Gherzi Eastern Ltd., Textile Technologists, who were appointed to give a report on the latest method of processing, the Company has placed an order for latest type of Stentering Machine of Farnatex make which is scheduled to be delivered to the Works by the end of April 1962.

One complete automatic and two semi-automatic new Dyeing Jiggers have been installed during the year. An order for a Backfilling Machine has been placed and the machine will be received at the Works by end of April 1962.

An application has been made to the Textile Commissioner for Essentiality Certificate to import one complete latest type of J-Box Bleaching Range, which is awaited.

Liabilities	Rs.	Assets	Rs.
Capital*	9,00,000	Gross block	23,03,930
Reserves and surplus..	7,06,676	—Depreciation ..	17,21,700
Other liabilities ..	14,75,291	Net block	5,82,230
		Current assets	13,67,150
		Investments	1,99,000
		Cash	10,23,587
	Rs. 31,71,967		Rs. 31,71,967

* Paid-up capital consists of 60,000 equity shares of Rs. 15 each fully paid up. Of the above shares 43,000 shares were allotted as fully paid up by way of bonus shares.

I.C.I.'S BID FOR COURTAULDS FAILS

The biggest takeover bid in British industrial history, namely that of I.C.I. for Courtaulds, has ended without the I.C.I. being able to achieve its object. The I.C.I. conceded defeat in its £200 million takeover battle, as only 37.4 per cent of Courtaulds' ordinary shareholders had accepted its offer. This was far short of the 51 per cent majority holding which appeared to be the I.C.I.'s more limited aim at the closing stages of the battle. Thus, I.C.I., which sought a complete takeover of Courtaulds, finds itself holding a minority interest of £29.6 million in Courtaulds' £79.1 million equity capital.

Courtaulds' Board of Directors is understandably jubilant over its victory which has prevented Britain's largest man-made fibre unit from being swallowed up by another industrial giant. But it had to pay a heavy price. Courtaulds is reported to have spent as much as £250,000 in fighting the wordy battle with the I.C.I. In addition, it had to make a loan stock distribution amounting to £40 million and pay a capital dividend of 2½ per cent tax-free, in order to induce stockholders to reject I.C.I.'s offer. The Board had also to reveal its future plans to a far greater extent "than any company had ever done," because "it was the only way it could let stockholders know of the real value of their shares."

For the I.C.I., the bid has done anything but good. Its "public image" has suffered, because the failure of the bid—a big setback by itself—is said to have exposed the vulnerable spot of the I.C.I., namely, the man-made fibre section, to strengthen which the Company made the bid for Courtaulds. In other words, the bid was not an exercise in financial empire-building, but was primarily defensive in motive.

The battle is certain to leave a long-lasting effect on the management of Courtaulds whose policy had been criticised by its shareholders as "secretive and niggardly." Observers in London feel that, henceforth, the Board is likely to take the shareholders more into confidence. In fact, some are inclined to think that the pruning of interim dividend by Courtaulds' Board last year and the gloomy predictions made by it at that time—both of which have now been admitted by the Chairman of Courtaulds, Sir John Hanbury-Williams, to have been wrong—might have led I.C.I. to believe that Courtaulds' shareholders could be attracted by short-term financial inducements.

Now that the bid has failed, the question that remains is: what of the future? Will the I.C.I. be content with a minority holding or will it try to acquire a controlling interest by slowly buying up Courtaulds' shares in the market or by yet another bid in future? Although it is difficult to answer these questions precisely at present, the statement made by Mr. Paul Chambers, Chairman of I.C.I., at the general body meeting of shareholders called to approve an increase of capital needed to give effect to the acceptances of its offer, is very significant. Mr. Chambers said that the I.C.I. had, "at present," no intention of buying or selling any Courtaulds' ordinary stock but added that its very large holding in Courtaulds "could never be regarded merely as an investment." This statement, read along with his assertion that "your Directors remain unanimously of the opinion that a full merger of the two undertakings would have been very much in the interest of both bodies of stockholders and also in the national interest," shows that the issue cannot be considered as closed. It is true that "a quiet period of reflection," as Mr. Chambers put it, has come to prevail. But it might prove to be short-lived. The following comment of the *Financial Times*, London, gives an indication of the possible complications that can arise in the future:

"If the Courtaulds stock is not to be regarded as a pure investment, does I.C.I. see it as a means of influencing Courtaulds? And, if the answer to that question is yes, will this influence be directed towards securing full integration at some future date which the I.C.I. Board still wants? For the Courtaulds Board, this is a difficult situation. It will have problems enough in meeting the high profit forecasts produced in answer to I.C.I.'s bid: this alone will almost certainly lead the Company to seek a considerable strengthening of its Board—not an easy matter in current conditions. Moreover, the Board will know that any failure to meet the forecasts, perhaps because Britain's entry to Europe turns out to be tougher than expected, will be ammunition for I.C.I.'s view that only a full merger is in the real interests of stockholders in both companies."

Thus, Britain's "biggest, longest, most bitter and most expensive bid battle" is over: but the problems of the man-made fibre industry, which sparked it off, remain.

COMPANY MEETINGS AND DIVIDENDS

BUDGE-BUDGE JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 9th April 1962. Dividend: *Nil*. Transfer books remain closed from 26th March to 9th April 1962, both days inclusive.

JESSOP AND CO., LTD. Thirtieth Annual General Meeting, Calcutta, 10th April 1962. Dividend: 8.58 per cent or Re. 0.858 per ordinary share, subject to deduction of tax. Transfer books remain closed from 29th March to 10th April 1962, both days inclusive.

WALCHANDNAGAR INDUSTRIES LTD. Annual General Meeting, Bombay, 10th April 1962. Dividend: 15 per cent or Rs. 15.00 per ordinary share, subject to deduction of tax, payable on and from 16th April 1962.

EMPIRE DYEING AND MANUFACTURING CO., LTD. Annual General Meeting, Bombay, 12th April 1962. Dividend: 33⅓ per cent or Rs. 5.00 per share, subject to deduction of tax, payable on and after 30th April 1962. Transfer books remain closed from 23rd March to 13th April 1962, both days inclusive.

G. CLARIDGE AND CO., LTD. Annual General Meeting, Bombay, 12th April 1962. Dividend: 30 per cent or Rs. 30.00 per share, subject to deduction of tax, payable on and after 30th April, 1962. Transfer books remain closed from 23rd March to 13th April 1962, both days inclusive.

BRADY ENGINEERING CO., LTD. Annual General Meeting, Bombay, 12th April 1962. Dividend: 11½ per cent or Rs. 9.00 per share (including a bonus of Rs. 2.00 per share), subject to deduction of tax, payable on and after 30th April 1962. Transfer books remain closed from 23rd March to 13th April 1962, both days inclusive.

NATIONAL RUBBER MANUFACTURES LTD. Annual General Meeting, Calcutta, 14th April 1962. Dividend: Re. 0.65 per share, subject to deduction of tax. Transfer books remain closed from 26th March to 14th April 1962, both days inclusive.

JAY SHREE TEXTILES LTD. Annual General Meeting, Rishra, District Hooghly—West Bengal, 18th April 1962. Dividend: Re. 1.00 per share, subject to deduction of tax. Transfer books will remain closed from 4th to 18th April 1962, both days inclusive.

BRUSHWARE LTD. Annual General Meeting, Kanpur, U.P., 18th April 1962. Dividend: 8 per cent or Re. 0.80 per share, subject to deduction of tax.

HINDUSTAN LEVER LTD. Annual General Meeting, Bombay, 18th April 1962. Dividend: 26 per cent or Rs. 2.60 per share, subject to deduction of tax. Transfer books will remain closed from 12th to 18th April 1962, both days inclusive.

CAWNPORE TEXTILES LTD. Annual General Meeting, Kanpur, U.P., 21st April 1962. Dividend: 10 per cent or Re. 0.50 per share, subject to deduction of tax. Transfer books will remain closed from 2nd to 21st April 1962, both days inclusive.

IMPERIAL TOBACCO CO. OF INDIA LTD. Second interim dividend of 2½ per cent, subject to deduction of tax (additional to the interim dividend of 2½ per cent subject to deduction of tax, declared on 2nd September 1961), for the year ended 31st March 1962, payable on or after 11th April 1962.

METTUR CHEMICAL AND INDUSTRIAL CORPORATION LTD. Interim dividend of 7.5 per cent (inclusive of a special dividend of 1.25 per cent for Silver Jubilee), subject to deduction of tax, on equity shares, for the year 1961-62. This dividend is subject to relief under Section 15C of the Indian Income Tax Act to the extent of 48.5 per cent. The net dividend thus works out to 63.41 nP per equity share.

CANARA INDUSTRIAL & BANKING SYNDICATE LTD. Dividend of 10 per cent on 'A', 'B' and 'C' class Equity shares, subject to deduction of tax, for the year ended 31st December 1961.

BUCKINGHAM AND CARNATIC CO., LTD. Taxable final dividend of 12 per cent (making a total of 18 per cent taxable), for the year 1961.

VASANTA MILLS LTD. Taxable ordinary dividend of 25 per cent or Rs. 25.00 per ordinary share, for the year ended 31st December 1961. Transfer books will remain closed from 16th to 30th April 1962, both days inclusive.

TRAVANCORE RAYONS LTD. Taxable ordinary dividend of 20 per cent or Rs. 2.00 per ordinary share, for the year 31st December 1961. Transfer books will remain closed from 21st April to 13th May 1962, both days inclusive.

OUCHTERLONY VALLEY ESTATES (1938) LTD. Taxable ordinary dividend of 12 per cent or Re. 0.24 per ordinary share, for the year ended 31st October 1961. Transfer books will remain closed from 17th to 30th April 1962, both days inclusive.

MODERN MILLS LTD. Taxable dividend of Rs. 6.00 per ordinary share, for the year ended 31st October 1961.

ARVIND MILLS LTD. Taxable final dividend of Rs. 30.00 per share (making a total of Rs. 45.00 per share taxable), for the year 1961.

RAIPUR MANUFACTURING CO., LTD. Taxable final dividend of Rs. 28.00 per share (making a total of Rs. 40.00 per share, taxable), for the year 1961.

UNITED BANK OF INDIA LIMITED

(*Concluded from page 573*)

banking is fast diminishing and that the banks are making a beginning in the matter of advancing loans to industries on 'term' basis. But in view of the present state of corporate financing, which I have just now discussed, I think a word of caution is necessary.

"A progressive outlook is required and is welcome. At the same time, it is also necessary that the limit is noted and the danger of overstepping the same is realised. I consider that, in allowing term loans, the commercial banks must, first of all, satisfy themselves that the concerned industrial unit has an adequate capital base. Secondly, they must not try to provide more than medium-term finance. It must be recognised that the longer-term financing agencies and the Issue (or Investment) Houses must ultimately undertake to bear the long-term risks. The basically short-term agencies can come into the field only for tiding over the period of transition.

Association Activity

"I have always held the view that it is only through co-ordinated and concerted efforts on right lines that the banks can fulfil their obligations towards development of the economy. On the threshhold of the third Plan and with the complex problems before us, I consider that the need for such actions have never been more urgently felt as now. We are in need of a strong and progressive Banks' Association. Such an association is necessary both for a co-ordinated action on the part of the banks and for generating and guiding a healthy competition amongst themselves. I, therefore, urge that the existing Association should consider formation of a strong Central Federation with residuary authority remaining with the local and sectional organisations of banks."

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

INDIA'S NATIONAL INCOME

The national income of India (at 1948-49 prices) was Rs. 12,690 crores in 1960-61 and Rs. 11,850 crores in 1959-60, as compared with Rs. 10,480 crores in 1955-56. The *per capita* income at 1948-49 prices has been placed at Rs. 292.5, Rs. 279.0 and Rs. 267.8 in the three years 1960-61, 1959-60 and 1955-56, respectively. This is revealed by the ninth issue of the annual White Paper on national income just released by the Central Statistical Organisation.

Unlike 1959-60 which, as a result of fall in agricultural output, recorded only a nominal increase in the total national income, the increase in total national income (at 1948-49 prices) during 1960-61 over the preceding year amounted to Rs. 840 crores including an increase of Rs. 360 crores in agriculture alone. The increase registered by the non-agricultural sectors works out at Rs. 480 crores during 1960-61 over the preceding year, as compared with an increase of Rs. 260 crores in 1959-60 over 1958-59. The total national income and the *per capita* income increased by 7.1 per cent and 4.8 per cent, respectively, in 1960-61 over 1959-60.

The trend of net national income since 1950-51 is indicated below:

	Net national output (in Rs. 100 crores)		*Per capita* net output (in Rs.)	
	At current prices	At 1948-49 prices	At current prices	At 1948-49 prices
1950-51	95.3	88.5	266.5	247.5
1951-52	99.7	91.0	274.2	250.3
1952-53	98.2	94.8	265.4	255.7
1953-54	104.8	100.3	278.1	266.2
1954-55	96.1	102.8	250.3	267.8
1955-56	99.8	104.8	255.0	267.8
1956-57	118.1	110.0	293.4	275.6
1957-58	113.9	108.9	279.6	267.4
1958-59	126.0	116.5	303.0	280.2
1959-60	129.4	118.5	304.7	279.0
1960-61 (preliminary) ..	142.0	126.9	327.3	292.5

After adjusting for purely statistical differences between the crop production estimates of 1955-56 and 1960-61, the increase in national income and *per capita* income in real terms amounts to 20.2 per cent and 8.4 per cent, respectively, during the second Plan period.

Expressed at current prices the national income was Rs. 14,200 crores and Rs. 12,940 crores in 1960-61 and 1959-60, respectively, as against Rs. 9,980 crores in 1955-56. The *per capita* income at current prices was Rs. 327.3, Rs. 304.7 and Rs. 255.0 in 1960-61, 1959-60 and 1955-56 respectively. The larger increase at current prices than at constant prices was due to the increase in prices.

STRINGENCY IN MONEY PERSISTS

(From Our Own Correspondent)

BOMBAY, 28*th March*

Acute stringency continues to be the story of the short-term money market. The seasonal demand for bank credit is at its peak and, although deposits with banks have gone up in recent months, the expansion in bank credit has already outpaced it. There are hardly any lenders in the inter-bank section, with almost all banks seeking accommodation from the lender of last resort at the highest bank rate, namely, 6 per cent under the three-tier system. The day-to-day call money rate is nominally quoted at 5½ per cent. In Calcutta, it is even higher, viz., 5½ per cent.

The understanding reached by the special committee of the Indian Banks Association in charge of the revision of the inter-bank agreement on deposit rates, to which a reference was made in this column last week, has not yet been officially announced. It is, however, reported that discussions are taking place with the Exchange Banks Association to get their approval to the modifications that have been decided upon. A point not mentioned in this column last week is that the Committee has proposed that the modified agreement should be firm for a period of three years and that no member can revoke it during this period even by giving six months' notice. It is further understood that, even after the three-year period, the agreement will be binding on its members, unless they give six months' notice for any change which they wish to make.

In the meantime, the rates for short-term deposits remain unchanged as follows:

		Per cent
Notice money from public:		
	3 days and more	3
Term deposits:		
(i)	3 to 30 days (inclusive)	3
(ii)	31 to 60 days (inclusive) ...	3½
(iii)	61 to 91 days (inclusive) ...	3½
(iv)	91 days and over but less than 12 months	3½
(v)	12 months and over but less than 24 months	4
(vi)	Two to four years	4½
(vii)	Four to five years	4½
(viii)	Five years and over	5

During the week under review, Rs. 2 crores of 91 days' Government of India Treasury Bills were sold at Rs. 2.610 per cent per annum which was the same as in the previous week. The total amount offered against the tender for these bills was, however, smaller by Rs. 50 lakhs at Rs. 2 crores. 91 days' intermediate Treasury Bills sold from 21st March to 24th March 1962 fetched a mere Rs. 5 lakhs, as against Rs. 15.50 lakhs in the previous week. Sales of both types of bills will be continued in the coming week also.

India's foreign assets declined during the week ended 23rd March 1962 by Rs. 28 lakhs to stand at Rs. 133.74 crores. Of this amount, Rs. 123.86 crores are held in the Issue Department of the Reserve Bank and the balance, Rs. 9.88 crores, in the banking department under balances held abroad.

There was a decline of Rs. 4.66 crores in the Reserve Bank's advances to Scheduled banks against usance bills, the amount outstanding as at 23rd March being Rs. 43.18 crores.

The latest available statement of scheduled banks is for the week ended 16th March 1962. This, as compared with that in the previous week, shows a decline of Rs. 9.91 crores in deposits and of Rs. 1.11 crore in inter-bank borrowings, followed by an increase of Rs. 13.41 crores in bank credit, the total of which is less than Rs. 1,400 crores by Rs. 9 crores only. The total borrowings from the Reserve Bank were Rs. 66.40 crores, an increase of Rs. 19.03 crores over the previous week. Borrowings from the State Bank of India aggregated about Rs. 16 crores of which some Rs. 9 crores were of demand nature. The total cash balances of the scheduled banks were down by Rs. 2.18 crores, but their investments were up by Rs. 6 crores to stand at Rs. 595.62 crores. Almost the whole of this increase in investment was on account of the State Bank of India, the deposits of which had fallen by Rs. 2.71 crores, which practically no change in advances and a decline of Rs. 4.66 crores in cash.

In the gilt-edged market, there have been no new developments. The turnover continues to be restricted and whatever change there has been in the value of Central Government loans has been in the downward direction. Conversion loan, for instance, has fallen by 15 nP to Rs. 70.85. A drop of 5 nP is seen in 3½ per cent 1974 and 3½ per cent 1969. There were, however, some inquiries for 4 per cent short-medium-dated State loans. Thus, 4 per cent 1968 of almost all State Loans have gone up by 15 to 50 nP.

In the foreign exchange markets of the world, there has been a slight fall in the value of the pound sterling, which had, in recent weeks, ruled extremely strong, with rate being very near to the upper limit of external parity. Thus, in the New York foreign exchange market, spot sterling has come down from 281.670-281.700 cents per £ to 281.150-281.190. Similarly, there has been a drop of 0.200 cent in three months' forward, which is quoted at 279.770-279.810 cents at the time of writing. The decline over the week was chiefly due to the reduction in the British Bank rate on the 22nd inst. to 5 per cent from 5½ per cent, to which level it had been cut by ½ per cent only a fortnight before. There has been a slight fall in the value of sterling in the Paris and Zurich exchange markets also. In keeping with this fall in the value of sterling, rupee also has weakened to some extent. The banks' selling rate for spot T.T. on New York has gone up by a rupee to Rs. 476.25 per 100 dollars. Their buying rate for Ready T.T. has also gone up by a like amount to Rs. 472.75. At the time of writing, there has been a slight improvement, with the banks' selling rate coming down by 25 nP to Rs. 476 per 100 dollars. Their buying rate, however, has remained unchanged.

GOLD EASY, SILVER RECOVERS

(From Our Own Correspondent)

BOMBAY, 28*th March*

The bullion market began the week (Thursday the 22nd inst.) on a distinctly firm note, but soon developed a sagging tendency which persisted till almost the close today, when silver staged a slight recovery. The initial firmness was engendered by bull support and covering by shorts, thanks to reports of good offtake in spot. On Friday, however, the market turned easy, with both gold and silver moving downward. The easy trend gathered further momentum in subsequent sessions, due to rumours of a possible resumption of silver coin imports from Tibet and fears regarding large-scale sales of contraband gold. Consequently, values suffered a setback. Even at lower levels, fresh support was lacking. Today, silver evoked scattered inquiries induced by encouraging advices from Delhi and Calcutta. Not only were the earlier losses completely recovered but closing rates were higher than those on Tuesday last week. But gold continued to rule depressed.

Arrivals of gold during the week were higher than in the previous week, the daily average being 9,000 tolas, as against 8,250 tolas. The offtake, too, was slightly higher at 6,400 tolas, as against 6,250 tolas, but still well below the arrivals. In the case of silver, both arrivals and offtake were less, the former at 13 bars (22 bars last week) and the latter at 11 bars (22 bars).

The gold mines in Kolar (Mysore) crushed 552,000 tons of ore yielding 123,000 fine ounces of gold during the first eleven months of 1961-62. The corresponding figures for the whole of 1960-61 were 582,000 tons and 140,000 ounces.

About 300 tolas of contraband gold were confiscated by the customs at Calcutta on the 22nd inst. with this quantity, the total of contraband gold confiscated since the beginning of 1962 is estimated at 22,000 tolas, in addition to several thousand tolas believed to have been smuggled from Goa.

In gold, the *Jeth* (18th June) settlement advanced from Rs. 122.80 to Rs. 123.30 on the 22nd inst. but declined thereafter and touched a low of Rs. 121.25 today before finishing at Rs. 121.30. The *Fagun* settlement went off the board at Rs. 122.45 on the 22nd inst. At this level, the rate for transferring commitments to the *Jeth* settlement was against bulls to the extent of 65 nP, as against 30 nP on Tuesday last week.

Ready gold continued to be at a discount under the forward (*Jeth*), the actual discount increasing from 30 nP last week-end to 65 nP today, when the spot rate stood at Rs. 120.65, as against Rs. 122.50 a week ago.

Forward silver was well supported early in the week, the *Jeth* (19th June) settlement spurting from Rs. 217.50 to Rs. 218.35 on Thursday and the *Fagun* (23rd March) settlement from Rs. 218.10 to Rs. 219.75. As the spread between the two settlements exceeded a rupee, the bulls were obliged to pay a margin of Rs. 300 per bar. The margin was in force on the following day also when the *Fagun* settlement ran out at Rs. 217.85, though the *badli* declined slightly from Re. 1.15 to Re. 1.05. The *Jeth* settlement finished the week at Rs. 217.70, as against Rs. 217.50 on Tuesday last week.

The premium commanded by ready silver over the forward (*Jeth* settlement) rose from 70 nP last week-end to 85 nP today, when the closing spot rate was Rs. 218.55, as against Rs. 218.20 a week ago, the highest and lowest levels touched being Rs. 219 (Thursday and Friday) and Rs. 217.25 (Monday), respectively.

The dollar price of gold in the London bullion market receded from $35.09⅜ to $35.08¼ per fine ounce. The sterling price of gold, however, firmed up further from 249*s.* 2½*d.* to 249*s.* 7½*d.* Forward silver softened by ½*d.* to 84½*d.*, while ready silver was unchanged at 94½*d.*, as also silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	22-3-62 (closing)	High	Low	20-3-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	120.65	122.50	120.60	122.50
*Jeth**	121.30	123.30	121.25	122.50
Sovereign	97.00	—	—	97.00
SILVER				
Ready (.996 fine)	218.55	219.00	217.25	218.20
Jeth†	217.70	218.35	216.40	217.50
London—				
Gold	249*s.* 7½*d.*	249*s.* 7½*d.*	249*s.* 2*d.*	249*s.* 2½*d.*
Silver Ready	84½*d.*	—	—	84½*d.*
Silver Forward	84⅞*d.*	—	—	85*d.*
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.
§ June settlement.
N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

NO FUTURES TRADING IN COTTON

(From Our Own Correspondent)

BOMBAY, 28*th March*

The Jarilla March 1962 contract went off the board on the 24 inst. at the ceiling rate of Rs. 693 per three quintals. A unique feature of the contract was that not a single bale of cotton was tendered against it. This is the first time in the history of cotton trading in this country that a contract failed to attract any tenders. The contract had a notable career. Trading commenced on 13th July 1961 on an encouraging note at Rs. 604.25 per three quintals. After a brief spell of easiness, induced by favourable crop prospects, which took the quotation down to Rs. 585.50 on 8th August 1961, the contract steadily advanced, following the sharp decline in crop estimate, to touch the ceiling of Rs. 693 by the middle of February. It even pierced the ceiling and commanded an unofficial premium of Rs. 8 above the ceiling rate in private deals. Trading was devoid of all interest towards the close and practically no business passed on many days. Squaring up transactions, after the commencement of the delivery period, involved only meagre quantities.

With the expiry of the March contract, futures trading in cotton has come to a stop in Bombay. The supply position of cotton being what it is, the trade has virtually given up all hopes of getting F.M.C.'s permission for futures trading in current crop. It is still too early to think of the 1963 crop and hence the present vacuum in futures trading is expected to persist for some time.

While the agitation for decontrol of cotton in the next season continues, the trade has noted with interest the statement of Mr. K. C. Reddy, Union Minister for Commerce and Industry that, within a few weeks, the Government would announce "something definite" for relieving the cotton shortage in the country.

In the spot section, mill activity was restricted due to lack of quota. Nevertheless, moderate interest was reported in popular varieties such as Co2, L.147, Laxmi, Kalyan, Surti, Vijay and Digvijay. Spinner demand is expected to broaden when a fresh quota for Indian cotton is released to mills.

In the export section, Bengal *Deshi* prices tended to fall steadily in the absence of export quota. In fact, even some distress selling in terminal market was reported. Among foreign cotton, Sudan is the only cotton which attracted regular and sustained mill interest. Only stray interest was noted in Egyptian cotton. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 650; Gangenagar 693; Nagar Co2 1,635; Hubli Laxmi 1,173; L.147 1,135; Sudan P4L 1,280; G2S 1,635; G4S 1,425; Jinja 1,265.

Cotton furures in the Karachi market suffered a setback during the week under review. Lack of export demand and slow domestic mill interest prompted selling which resulted in a decline in prices. N.T.R.G. May eased from Rs. 72.50 last week-end to Rs. 71.40. The July contract receded by Re. 1 to Rs. 71.50.

Easy conditions prevailed in the Liverpool cotton futures market during the week. Both the American and American type contracts came in for selling by commission houses and local traders. Slow conditions in the yarn and piecegoods market also imparted weakness to the market. Sudan cotton contracts in Liverpool, however, ruled steady, thanks to encouraging advices from Khartoum. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: March 23.95; May 24.15; July 24.35; October 24.15.

American cottoin mixed growth contract: March 24.35; May 24.50; July 24.75 October 24.50.

Sudan: March 31.75, May 30.00; July 29.00.

Modest gains were recorded by cotton futures in New York during the week under review. Renewed trade buying and short-covering in nearby positions led to a mild rally in prices. Firm advices from the spot market also helped sentiment.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	27-3-62	19-3-62	14-3-62
New York spot	35.65	35.65	35.65
March	—	—	33.84
May	34.61	34.51	34.44
July	34.88	34.78	34.72

CASH INCENTIVES FOR RAYON EXPORTS?

(From Our Own Correspondent)

BOMBAY, 28*th March*

The yarn market is thick with rumours that the present export promotion scheme for art silk piecegoods will be revised soon. The revision contemplated, it is understood, seeks to do away with import licences for art silk yarn and to provide for cash incentives on the basis of actual export business in fabrics. The cash incentives are proposed to be given partly from out of the amounts earned as margins on imported art silk which is distributed by a central pool (the establishment of this pool is envisaged in the revised scheme) and partly from the levy of a cess on indigenous art silk yarn. Evidently, the authorities have been prompted by the need to put an end to the gross misuse of the incentive scheme by some parties who sell away the import licences at fantastically high premia. In some cases, the premium collected is as high as 225 per cent of the face value of licences.

The above rumours have engendered a distinctly bullish fervour to art silk yarns which have registered a handsome rise in values. Over the past week, Amilan yarn (20×1) April delivery has shot up from Rs. 3,365 to Rs. 3,470. June settlement has advanced by Rs. 125 to Rs. 3,550. Spot National Rayons 120 bright cones first grade has spurted by 39 nP to Rs. 14.01 and 150 bright cones first grade by 24 nP to Rs. 11.81. Among imported yarns, 120 Japan has risen by Rs. 28 to Rs. 1,957. 150 Italy has improved by Rs. 21 to Rs. 1,756. 150 Japan is fully maintained at Rs. 1,929, as also 120 Italy at Rs. 1,900.

In contrast to the firmness of art silk yarns, staple fibre yarns are ruling depressed. There has been stray bull liquidation which has brought down values. This is due to the reported sales by some mills recently and poor offtake in consuming centres. 40×1 April contract has declined by Rs. 5 to Rs. 729. June delivery is lower by Rs. 3 at Rs. 741. Spot Kohinoors has eased by 20 nP to Rs. 8.18, Hinds by 15 nP to Rs. 8.10 and Centurys by 13 nP to Rs. 8.12.

Cotton yarns continued to be dull. Business put through is restricted, with values moving narrowly. Twenty counts Gokaks have shed 12 nP to Rs. 22.75. Sixty counts T'Mangals have dropped 50 nP to Rs. 50.50. Other yarns are more or less unchanged.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	23-3-1962	20-3-1962
	Rs.	Rs.
Art silk yarn—		
30/1 Amilan (100 kg.)—		
April	3,470.00	3,365.00
June	3,550.00	3,425.00
120 Japan (per 100 kg.)	1,957.00	1,929.00
150 Japan (per 100 kg.)	1,929.00	1,929.00
120 Italy (per 100 kg.)	1,900.00	1,900.00
150 Italy (per 100 kg.)	1,763.00	1,735.00
Wat. Ray. 150 Bt. 1 (per kg.) ..	11.81	11.57
Staple fibre yarn (40 × 2)—		
April	729.00	734.00
June	741.00	744.00
Kohinoor (per kg.)	8.18	8.38
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	19.00	19.00
20s Modern	22.75	22.87
32s Madura	29.50	29.25
40s T. T. Corin	33.75	33.75
60s T'Mangal	50.50	51.00
80s Mahindra	74.00	74.00

PEPPER QUIET

(Messrs. Parekh and Co.)

BOMBAY, 28*th March*

Malabar black pepper moved narrowly during the week with undertone quiet under pressure of selling by holders who wanted to sell as much as they could in export before 31st March, as, otherwise, they had to pay sales tax on holdings in godowns as on that date. A Bill to amend the Kerala Sales Tax Act was referred to a select committee of the Assembly. The enhancement of the tax from 4 to 5 per cent is envisaged on crops like pepper, ginger, cardamom and rubber. Malabar is reported to have accepted some bids from New York at the lower price of $0.34½.

Ungarbled fluctuated between Rs. 312 and Rs. 303.50 and garbled from Rs. 320 to Rs. 310. Business on the Ring was reported to be very thin. May delivery moved between Rs. 336.50 and Rs. 327 and July delivery from Rs. 346.50 to Rs. 338. Calicut was quoted at Rs. 300.

Singapore ruled quiet with very little business for export, owing to her higher cost parity than that of Malabar. Sarawak black special is nominally quoted at Str.$132½ and Sarawak white at Str.$167½.

Spot at New York was down to $0.36½, due to cheaper offerings for Malabar. Grinders are reported to have temporarily withdrawn.

Though the overall picture regarding export of Malabar black is good, inland demand is reported to be poorer than last year.

Ready pepper in Bombay is nominally quoted at Rs. 168 per 50 kilos.

OILSEEDS RALLY AFTER INITIAL FALL

(From Our Own Correspondent)

BOMBAY, 28*th March*

There was a landslide in oilseeds prices early in the week and, though a smart rally was in evidence later, the closing rates today were still below those prevailing a week ago. The initial landslide followed persistent liquidation by bulls in groundnuts, thanks to bearish advices from upcountry centres. At lower levels, there was, of course, brisk demand from vanaspati manufacturers and local crushers. This led to the subsequent recovery. Price movements in other seeds followed the pattern set by groundnuts. Castorseeds ruled easy, owing to protracted absence of encouraging overseas inquiries for castor oil. Linseed were depressed during the earlier part of the week, but strengthened later as a result of better advices from North India. Cottonseeds were featureless. The French Government has fixed the price for Franc zone groundnuts for the 1961-62 season at 105 new Francs per 100 kilos, c.i.f. metropolitan ports basis shelled groundnuts, loose, from the Senegal and the Niger Republics, with three per cent acidity and one per cent allowance for impurities.

Groundnut May 1962 contract slumped from Rs. 226.50 to Rs. 217, before finishing at Rs. 224.75. Khandesh quality declined from Rs. 46.25 to Rs. 44.25 initially, but picked up to Rs. 44.75 today. Oil ex-mill closed 20 nP lower at Rs. 19. Oil

May 1962 contract, which had fallen from Rs. 18.95 to Rs. 18.30, finished at Rs. 18.80.

Castorseed March 1962 contract fell from Rs. 168 to Rs. 161.87 on Saturday. It, however, recovered later to Rs. 165.50. June 1962 contract closed at Rs. 161.50, as against Rs. 165.25. Madras small lost 50 nP to Rs. 33. Oil B.S.S. finished at Rs. 14, after declining earlier from Rs. 14.55 to Rs. 13.85. Oil commercial shed 55 nP to Rs. 13.30.

Among linseed, March 1962 contract moved down in the beginning of the week from Rs. 36.19 to Rs. 35.81, but, on renewed support, it recovered to Rs. 37. Bold ready closed 62 nP higher at Rs. 36.12. Linseed oil, however, shed 20 nP to Rs. 14.90.

Cottonseed April 1962 contract eased by a rupee to Rs. 99.50. July 1962 contract softened by 50 nP, today's closing rate being Rs. 103.25. White, non-white and Berar all fell by 50 nP to Rs. 20.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 28th March as compared with those of the two previous weeks:

	28-3-1962	20-2-1962	14-3-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	224.75	226.50	233.75
Niam bold	45.50	45.50	46.50
Khandesh quality	45.75	46.25	46.75
Oil ex-mill ready*	19.00	19.20	19.55
Railway receipts*	18.70	19.00	19.35
Oil May 1962	18.80	18.95	19.55
Castorseed			
March 1962	165.50	168.00	168.87
June 1962	161.50	165.25	166.87
Ready Madras	33.00	33.50	33.75
Ready Kanpur	31.50	32.50	32.75
Oil B.S.S.†	14.00	14.55	14.70
Oil commercial†	13.30	13.85	14.00
Linseed			
March 1962	37.00	36.19	36.00
June 1962	37.37	36.19	36.41
Bold ready	36.12	35.50	35.75
Oil ready†	14.90	15.10	15.85
Cottonseed			
April 1962	99.50	100.50	103.00
July 1962	103.25	103.75	106.00
Niger seed	35.50	35.50	35.75
Kardi seed	24.00	24.00	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PLAIN TEAS EASY

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 20*th March*

In sale No. 12 held today, 350,000 kgs. were offered. Teas from the Nilgiri district showed a further seasonal decline in quality, whilst others showed little change from last week. The market opened with good general demand, but, towards the close, there was a slightly easier tendency. Plain and low medium met fair support and sold at around last rates. Plainest descriptions were again easier. There was keen competition for medium and good mediums, particularly those with brighter liquors and these advanced with quality. Highgrowns were again irregular and were considerably easier, buyers following quality. Clean black leaf descriptions were a strong feature of the sale and these sold at prices above list. Teas of unorthodox manufacture met with good support and were often dearer. However, poorer descriptions under this category tended easier. Whole leaf grades were strong, particularly flowery pekoes.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low	4.00-4.40	4.60-4.80
Mediums	4.40-5.20	4.80-5.05
Good mediums	5.20-5.75	5.10.5.45
Nilgiri B.O.P.	5.00-9.55	5.20-6.25

The average price realised in sale No. 12 was Rs. 5.19 per kilo as against Rs. 5.48 in the previous week and Rs. 4.99 in the corresponding sale last year.

A total of 254,000 kgs. was offered in dust sale No. 12 held on the 22nd inst. Quality was well maintained. The market met with fair general demand, but prices for all descriptions were irregular and generally easier. Mediums and good mediums were generally easier by 10 nP, but those with clean leaf appearance met with better support. At the beginning of the sale, plainest descriptions were easier, but, as the sale progressed, these were in demand and closed firm. C.T.Cs; C.T.C. types and legg-cut types were in less demand and sold at irregularly easier rates. Highgrowns sold readily, but these also shared in the downward trend of the market.

The average price realised in dust sale No. 12 was Rs. 4.13 per kilo, as compared with Rs. 4.11 a week ago and Rs. 4.87 in the corresponding sale last year.

Colombo: In the export sale, teas from Western district met with good support and were dearer. Buyers emphasised more on below best uvas which were 5 to 15 cents dearer. Lowgrowns also came to a strong market and sold at rates above last. At the offgrades sale both offgrades and dusts met with good demand. Useful liquoring sorts were dearer whilst others were irregular.

London: North India and other growths: In Monday's sale there was good general demand. With the exception of best Assam C.T.Cs, all others met with strong enquiry and were fully firm.

Ceylon and South Indians: 23,088 packages were offered in Tuesday's sale of which 7,584 packages came from South India. Best Ceylons were irregular, but others met with strong demand and were dearer. There was continued demand for South Indian teas which were firm and frequently sold at dearer rates. Thin liquoring and stalky kinds, however, did not meet the same support.

Before going to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No.* 13: 390,000 kgs. offered. Good general demand. Low medium and medium brokens firm. Similar fannings easier. Good mediums strong enquiry at dearer rates. Best highgrowns strong. Others easier with quality whole leaf in keen demand. Unorthodox fully firm."

GOOD DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, 27*th March*

This season's last export sale took place here yesterday. There was good demand for the small quantity of tea on offer. New season's tea sales should start next month, but the quantity that would be shipped would not be significant until June or July. Tea stocks in the United Kingdom in the week ended 3rd March remained unchanged at 145½ million lbs. Considering the low level of stocks in Britain, it was expected that the new season would open with satisfactory pent-up demand. At the same time, prospects for this year's crop are considered satisfactory.

In the eleven months to November 1961, India exported 180.85 million kgs. of tea, showing an increase of 12.77 million kg. over the corresponding period of the previous year. Output in 1961 was higher by 28.35 million kgs. at 348.75 million kgs. as compared to 1960. This means that less than half the increased output found an export outlet. It should also be noted that, although exports increased by 12.77 million kgs., the earnings rose by only Rs. 5.92 crores.

Exports to the U.K. and to the U.S. were higher by 4.63 and 1.61 million kgs. respectively at 108.19 and 9.27 million kgs. Increased shipments were also recorded to other destinations notably the Sudan, Turkey, the U.S.S.R., Iran, Egypt, Iraq, Afghanistan, the Netherlands and Irish Republic. However, India exported less tea to Canada at 5.88 million kgs. (as against 6.45 million kgs. in the previous year), to West Germany 1.42 million kgs. (1.54 million kgs.), to Australia 1.50 million kgs. (2.28 million kgs.), and to New Zealand 460,000 kgs. (560,000 kgs.).

Trade circles were encouraged to note that, contrary to the common belief, actual tea exports to the U.S. had increased in 1961. This shows that tea consumption in that country is picking up. The fact that the increase in exports to that destination was of only 1.66 million kgs. indicates that promotional campaign should be speeded up. With lower exports an almost parallel trend was in evidence in Canada. The F.A.O. reported that the U.K. had increased intake by 19,000 long tons last year, but the fact that the value of the imports declined by £1 million gives an idea of the extent of decline in prices. These figures speak for themselves and give considerable substance to the industry's demand for tax concessions to step up exports along with higher production.

Against this background, trade circles have noted with considerable relief the statement by the Finance Minister in the Lok Sabha, that the demands for tax relief, put forward by the Tea Association of India, were being examined by the Government. Mr. Morarjee Desai thought that the Assam carriage tax was not being extended. The main demand of the Association is the merger of all the internal taxes into one Central excise duty. Practically every producers' organisation in the country has demanded this. The abolition of, or in the alternative, a sizable reduction in the export duty has also been demanded.

Problems facing the industry in general were surveyed by Mr. T. Hardingham, President of the Darjeeling branch of the Indian Tea Association, when he recently addressed the branch. He advocated that to strengthen Indian tea in world markets both the tax structure and wages should be rationalised. He said that the fact that the total area under tea in East Africa, Formosa, Japan, Iran, Turkey, Argentina, Brazil and Peru increased from 240,000 acres in 1946 to 530,000 acres in 1961 should be sufficient to assess the competitive threat to Indian tea from other producing countries. He attributed the low intake of tea by the Continent (which is 40 million lbs. a year for a population of 170 million as compared to the intake by Britain of 520 million lbs. for a population of 52 million) to high taxation there. In West Germany, for example, the tax on tea is as high as 97 per cent *ad valorem*.

The Chairman of the I.T.A., Sir Richard Duckworth, also spoke on the occasion, and declared that the Wage Board recommendations for an interim wage increase were unjust. Any increase, he affirmed, should be based on the current principles of wage fixation depending on the rise in the cost of living on productivity.

Representations to lower the rate of interest of loans which the Tea Board will grant to gardens for replanting and increase in the sum of Rs. 5 crores placed at its disposal for this purpose by the Government of India, have been made. The Tea Board will charge interest of 7 per cent per annum, while the Government will collect from the Tea Board only 4 per cent. In other words, the Tea Board will get 3 per cent as a charge for servicing the loans. This is considered too high and beyond the capacity of the gardens. If the Tea Board were to lower the interest rate to 5 per cent, it would be fair to both the Board and the gardens. The gardens would then avail themselves of the offer.

Dusts on offer during last week's internal sales totalled 30,497 packages which met with good

general demand. Keen competition was offered to the bright liquoring C.T.Cs, prices of which were satisfactory. Fibrous C.T.Cs were easier, while medium C.T.Cs were irregular. Orthodox dusts eased by 15 nP to 20 nP. There were some withdrawals of legg-cut teas, prices of which fell by 15 nP. The quotations per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust Rs. 6.30 to Rs. 7.00, medium Assam C.T.C. dust Rs. 5.30 to Rs. 5.70, legg-cut dust Rs. 4.00 to Rs. 4.80, medium Assam dust Rs. 4.00 to Rs. 4.40, and plain orthodox dust Rs. 3.60 to Rs. 4.10. Leaf offerings amounting to 726 chests were irregular.

During yesterday's export sale, offerings totalled 51,586 packages and were mostly of an end-season character. The general demand was very strong, although prices were irregular. Whole leaf grades were taken up at hardening rates, with bright liquoring teas having clean leaf being fully steady. Since representative selections were not adequate, no quotations can be given.

JUTE GOODS RECEDE

(From Our Own Correspondent)

CALCUTTA, *27th March*

Following reduced interest shown by overseas buyers jute goods depreciated during the week under review, though movement for export was fairly satisfactory, in view of earlier commitments. In fibre, sellers were anxious for business, while mills showed little disposition to purchase the inferior fibre. Consequently, quiet conditions were in evidence. There were indications that foreign buyers were not at all happy at the gain in prices of goods in recent weeks. They did not feel that, in view of depressed conditions in fibre and availability of any amount of fibre to mills at low prices, the upward trend of recent weeks was justified. It should be recalled that bullishness had been a result of covering in ready goods in the bazar when foreign buyers began to show greater interest. At current levels of prices for goods and fibre, working of mills admit of reasonable profits, and consumers abroad have noted that mills are recovering past losses too. Against such a background, foreign buyers think that, if only they support the market staggeringly, prices would fall. This week's drop has only justified such a feeling. In fact, foreign buyers themselves are responsible for lack of stability in market. Earlier in the season, they had put off buying for replenishment of stocks in order to check the price line. When prices fell, they rushed with buying orders. On top of this came the buoying news that U.S. consumption of burlap in January touched as high as 88 million yards, as against 72 million yards in December 1961. The February figure received during this week records consumption at 78 million yards, which, though it did not maintain the improvement recorded in January, was all the same higher by 5 million yards as compared with February 1961. Considering that February is a short working month, trade circles have taken this figure as satisfactory and only confirm that, in view of the competitive nature of prices of jute goods over substitutes, burlap is gradually recovering markets lost to substitutes and bulk handling methods.

It should be a matter of satisfaction for all concerned that, in keeping with their undertaking to the Government to accord reasonable support to the fibre market in an attempt to maintain minimum levels, mills are lifting fibre. In fibre stocks, they have blocked large sums of money and, though their need is to purchase higher grades of fibre just at the present time and stockists are selling these in assortment with the inferior grades, mills have in recent weeks exceeded the maximum purchase quotas. Mills are eager that cultivators should be encouraged to sow at least as large an area under jute as previously, as, with increased demand for goods, mills need all the fibre India can produce. The support which mills are according to fibre is therefore, springing from refined self-interest. No wonder that the Union Commerce Minister, Mr. N. Kanungo, was pleased to tell Parliament on Friday last that, as a result of the adequate steps taken to ensure prices at reasonably economic levels, deliveries for June were quoting Rs. 32 a maund, that is, Rs. 2 higher than the minimum level. This has been made possible as a result of the co-operation which the Indian Jute Mills Association has been extending to Government in an endeavour to maintain the minimum levels. Mr. Kanungo rightly thought that the fact that forward rates were higher than the ready delivery quotations should give sufficient incentive to growers to maintain the present acreage.

While all concerned admit that the industry is playing fair to cultivators, the leftist demand for nationalisation of mills was advocated in the West Bengal Assembly. Dr. B. C. Roy, the Chief Minister, ably replied to this demand. He said that, if the State could spare the sum of Rs. 72 crores which he thought was the investment in mills, this sum could as well be utilised to expand the public sector by starting some new industries. None who speak in favour of nationalisation shows how such a policy would result in solving crisis such as the one being faced better than what has been attempted. State trading in fibre is also often advocated without regard to the huge demand of investment that such a step would involve. Contending that any scheme of State trading in jute would bristle with difficulties, Dr. Roy reminded the members of the Assembly that Pakistan once attempted to introduce State trading in jute and in doing so incurred a loss of Rs. 25 lakhs. The I.J.M.A. had assured the Chief Minister that mills would as far as possible buy the entire crop and store the same in their godowns.

After all that is said and done, the need to improve quality of fibre output is never greater today than before. Cultivators have noted that tossa and middles command attractive premium over jungli and mesta. This should induce them to sow as much area as possible with the former even at a loss of acreage in inferior varieties. It is unfortunate that, as sowing time is approaching, price of tossa seeds is increasing. If only cultivators could get the seeds at fair prices and increased allotments of fertilisers, the coming crop would show a marked increase in the proportion of the superior variety to the inferior grades. Arrivals during the week under review were placed at about 450,000 maunds, but mills' purchases exceeded this quantity to equal almost one week's consumption. Sellers were anxious for business, as they believed that, with plenty of stocks with mills and likelihood of a bumper crop being repeated, the mills would be in a position to prevent any undue rise in prices. Daissee bottoms for April May were quoted at Rs. 32, as against Rs. 33 earlier in the week, with Assam bottoms and Northern bottoms being maintained at Rs. 30 and Rs. 29.50, respectively. Fibre prices in Pakistan were quiet, and concerned at the recent falling trend, the Pakistan Government has drawn up a buffer stock scheme which is being discussed at the conference of jute interests including foreign representatives being held at present in Dacca. The reduction in prices of certain yarns in Dundee as a result of cheaper Pakistan fibre is significant.

The goods market reopened on Thursday last under selling pressure in futures trading springing from speculation. This coupled with the reluctance shown by consumers abroad to support the higher prices led ready hessian 40" 10 oz. to fall from Rs. 55 to Rs. 54.75 and ready B. twills from Rs. 132.50 to Rs. 132. Speculators used this opportunity to cover at lower levels in anticipation of more overseas orders and with ready B. twills at Rs. 133.25 and hessian 40" 10 oz. at Rs. 55 prices recovered. Over the week-end, the news of shipments to Argentina being delayed affected sentiment to pull hessian 40" 10 oz. down to Rs. 54.50. Heavy goods were dull, with B. twills losing almost two points to Rs. 131.50. During yesterday, buying interest developed in the futures markets, and prices recorded all-round gains. Ready B. twills regained to Rs. 133.15 with ready hessian 40" 10 oz. quoting higher at Rs. 55.35.

BASE METALS FIRM

(From Our Own Correspondent)

CALCUTTA, *27th March*

Firm conditions were in evidence in the metals market here this week. There was acute shortage of copper scrap, although demand was restricted in view of the availability of the virgin metal against permits. Berry scrap was firm at Rs. 546.50 per 100 kgs. and utensil scrap at Rs. 506.25. In London, electrolytic copper eased from £234½ to £234 a ton. Tin, in London, after touching a high of £973 a ton last week, declined to £964½ this week, but soon recovered to £967—£2 higher than the ceiling. Tin was firm at Rs. 1,643.50 per 100 kgs. on local demand. Virgin lead was quiet at Rs. 123 per 100 kgs., but electrolytic zinc ruled steady at Rs. 240.25 per 100 kgs.

KIPS QUIET

(From Our Own Correspondent)

MADRAS, *26th March*

Arrivals of E. I. tanned hides here this week were moderate, and of calf restricted. Clearance was good both for inland trade and export. Inquiries from the U.K. were patchy. Demand was mostly for cow hides inferior fifths in light weights and fourths and fifths in mediums. Importers were offering low prices for other lines, which were not accepted by the tanners. Cow calf fourth in 2 to 2½ lbs. average and top marks run in buff calf 2 lbs. were in demand, but the stocks available were small. Buffalo hides met with good offtake at steady prices.

Inquiries for tanned goat skins were erratic. There was some demand for 8 to 9 lbs. run parcels last week from the Continent, which was out of the market for this average for some time. Inferior selections in all average weights were neglected. Importers were offering low prices for other lines, probably with a view to bring down the price levels. E.I. tanners are finding the raw markets unworkable, and watching the position with caution, reducing the tannery output.

The market for tanned sheep skins ruled dull. Primes and semi-primes were not in demand. There were a few orders for middle class sheep from the Continent at lower prices than in the previous week. Importers in the U.S. were out of the market.

In the German tanned skins public sales, good parcels of goat skins were sold at 3d. less than the Madras current prices; and old lots were neglected. In the London sales, good lots fetched Madras current levels and old parcels were neglected. As regards sheep skins, clearance was poor, and lower ends were neglected and prices declined by 1*s.* to 1*s.* 6*d.*, where sold, on current nominal levels, in the U.K. auctions. In Germany also only a few oddments were cleared, leaving the bulk unsold and incurring storage charges.

GOOD DEMAND FOR SUGAR

(From Our Own Correspondent)

HAPUR, *26th March*

Sugar ruled steadier here this week. Superior bold crystal was in demand from Gujarat and M.P., and small crystal, inferior stuff, attracted Punjab and Rajasthan support. The inferior D29 registered fractional gains. The adequate supply of cane will keep the crushing season on till the end of April. Week-end prices were: Wholesale spot delivery Rs. 106.50 per bag, retail 97 nP per *seer*, mill delivery per maund E29 Simbhauli Rs. 38.19, D29 Amroha Rs. 36.62, Bijnore Rs. 35.25, Meerut Rs. 37.06 and Seohara Rs. 36.62.

The release of fresh monthly quota dampened the sentiment at Muzaffarnagar. Bold crystal eased by 12 nP to 25 nP a maund. Small crystal, however, tended to rise on Punjab and Rajasthan support. In the spot section, offtake improved on seasonal demand. Mansurpur D29 fetched Rs. 105 per bag. Ramlaxman was done lower at Rs. 102 and Sakoti E29 at Rs. 102 to Rs. 102.50 per bag. Mill delivery prices (in rupees per maund) were: A29 Iqbalpur 40.28; Lhakasar 39.60; Mansurpur 40.50; B29 Shamli 39.70; Daurala 40.12; Mawaana 39.87; C29 Deoband 39.41; Daurala 39 and Mansurpur 37.91.

Khandsari was steadier on good demand from Rajasthan and Punjab. *Khandsari* crystal prices improved by 50 nP per maund to Rs. 34.50 per maund. Moist quality *khandsari* was quoted at Rs. 26 to Rs. 31 and superior dry stuff at Rs. 31 to Rs. 33.50 per maund. *Khandsari boora* was quoted between Rs. 36 and Rs. 37 per maund.

Gur ruled quiet during the week, despite reduced daily arrivals of around 1,000 to 1,500 maunds. Demand, too, was slack, and offtake during the week was ten wagonloads by Gujarat. Local stock is now put at 33,000 maunds; the corresponding figure for the last year being 76,000 maunds. *Gur* production is coming to a close. Farmers, still retaining cane supplies, were either rushing them to factories or using them for sowings. Week-end prices of *gur* were: pansera best Rs. 16.50; *dara* Rs. 15.75; *shakker* Rs. 17.50 to Rs. 18.50. *Shakker* gained a rupee a maund due to poor arrivals.

FOODGRAINS EASY

(From Our Own Correspondent)

HAPUR, *26th March*

Foodgrains were easy this week on expectations of bumper crops. According to the Union Food and Agriculture Ministry's annual report, due to increased internal production of 80.54 million metric tons as against 75.92 metric tons in 1959-60, reduced purchases by the Government, steady imports and judicious distribution, the Government was able to stabilise prices in 1960-61. Crop prospects for 1961-62 appear to be good. Total internal purchases of paddy and rice on Government account amounted to 5.53 lakh metric tons against 9.95 lakh metric tons in the preceding year. Total are placed at 34.95 lakh metric tons.

Wheat eased further to quote at Rs. 15 a maund for average quality and Rs. 16 to Rs. 17 for better farm produce. Superior best stuff was, however, done up to Rs. 18 a maund due to meagre stocks of about 2,000 maunds with the trade. Demand was slack. Arrivals from rural areas were small because of the fag-end of the season. Harvesting of wheat would begin here in mid-April.

Rice was depressed in sympathy with other grains. Some mainpuri quality flowed into the markets. Week-end prices (in rupees per maund) were: *Mainpuri sela* 19.75, *gadda kutcha* 19.25, *ramajwayan sela* 23, *raimunia sela* 24.50, *basmati sela* 28 to 30 and superior 31 to 34 per maund.

Punjab variety of gram fell by over 50 nP per maund to Rs. 13.25 on easy advices from producing areas of Punjab and U.P. Crop prospects were reported to be excellent following timely winter rains. Barley was quoted lower at Rs. 11.50 and *bejhar* at Rs. 12 per maund with the beginning of arrivals of new grains in the markets. Maize declined to Rs. 8 to Rs. 11 per maund and *bajra* Rs. 13.25 per maund, as stockists were anxious sellers and demand was fast running out. *Juwar* was also quoted lower in the absence of buying support. Other grains were listless.

Among pulses, new peas daily arrivals averaged 100 maunds. They would soon rise. But as quality reaching the market was damp and poor, prices sought lower levels of new to Rs. 9.87 to Rs. 10.35, and of old superior to Rs. 10.75 to Rs. 11 per maund. *Arhar* also eased in sympathy with peas and on selling pressure by stockists. Prices on Monday were: *Arhar* Rs. 13.50, *arhar dal* Rs. 17.50.

New *urd* and *moong* continued to attract good demand. Prices were steady at: Urd Rs. 22 to Rs. 24, *urd dal* Rs. 25 to Rs. 28, *moong* Rs. 18 to Rs. 21, *moong dal* Rs. 21 to Rs. 24, *massor* Rs. 15.50 to Rs. 17.50, *massor dal* Rs. 26. Stocks were: Old peas 2,000, *arhar* 5,000 maunds.

Notice

STANDARD-VACUUM REFINING COMPANY OF INDIA LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼% Debentures 1964-68 will be closed for transfers from 16th April 1962 to 30th April 1962 both days inclusive.

R. N. CHETTUR,
Secretary & Treasurer,
State Bank of India,
Agents for the Standard-Vacuum Refining Company of India Ltd., for the management of the debentures.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY-1, *2nd April 1962.*

ASIAN CABLES CORPORATION LIMITED

MR. GIRDHARLAL B. KOTAK'S SPEECH AT ANNUAL MEETING

SIGNAL ACHIEVEMENT IN PRODUCTION LAST YEAR—FURTHER EXPANSION PLANNED

MR. Girdharlal B. Kotak, Chairman, Asian Cables Corporation Limited, told the Annual General Meeting in Bombay on Thursday that the optimism he had expressed about the Corporation's working in the last annual general meeting had been fully realised, inasmuch as the Corporation's first cable plant went into production according to schedule, and the first cables produced turned out to be of very good quality as had been proved by the results of the Alipore Test House. More than a million and a quarter core metres of cables had been manufactured uptil now, he said, and added that the production was progressively increasing as more and more skill was being acquired by the operative trainees working on the machines. At the present rate of progress, he expected production to be nearly Rs. 50 lakhs this year.

Dealing with further expansion, Mr. Kotak referred to Project II of the Corporation under which it would manufacture about 1,000 miles of power cables and 360 tons of enamelled copper wires (magnet wires). The most noteworthy feature of the expansion, according to Mr. Kotak, is the manufacture of power cables up to 33 kV, which no other unit in the country is manufacturing at present, as it requires very high order of technique. Kotak and Company, the promoters of Asian Cables Corporation Limited, has been granted a licence by the Government to start a rod rolling mill with a capacity of rolling 20,000 tons per annum per shift together with the other cable manufacturers in Western India.

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

"GENTLEMEN,

"I should not fail to express my happiness to have this opportunity to meet you all once again to review the progress of the Company and the prospects of the industry in which we all have a stake. I may assure you that your presence at this meeting, besides being an evidence of the keen interest that you all evince in the working of the Company, will certainly be a source of inspiration to the management to work more arduously for better achievements. I am reminded here of the assurance that I gave you last year that your confidence in the management will be fully justified by the sustained progress of the Company's undertaking which was soon expected to start yielding results. And I am very happy today to report that the optimism I expressed in the working of the Company at that time has been fully realised in the shape of solid results inasmuch as, firstly, the Company's first cable plant has gone into production according to schedule, and, secondly, the first cables that come out of the factory have turned out to be of very good quality as has been proved by the results of Alipore Test House. As stated by your Directors in their report which is with you, the Enfields' representatives who recently visited the factory were very much satisfied with the processing techniques and also with the quality of the products which according to them was as good as that of Enfield Cables in England.

Production Targets

"More than a million and a quarter core metres of cables have been manufactured uptil now and the production is progressively increasing as more and more skill is being acquired by the operative trainees working on the machines. At the present rate of progress, I expect a production of the value of Rs. 40-50 lakhs during the current year, which would be considered quite satisfactory in view of the fact that this will be the first year of production. Our present production schedule covers cables from the smallest size with 1/1.12 mm. conductor to flexible cables of largest size with 37/2.12 mm. conductor. These popular sizes include (1) braided and compounded cables, (2) tough, braided and compounded cables, (3) tough rubber sheathed cables, (4) glazed cotton braided flexible cords and (5) tough rubber sheathed flexible cords. We have also commenced production of special cables like welding cables and trailing cables; even such specialised cables are now being manufactured by men who have been wholly trained in our factory. We have complete testing facilities in our plant and have full confidence that our cable can withstand all the vigorous tests that may be called for by the various Standard Specifications and we can satisfy any clients' requirements, in regard to rubber insulated cables coming under the purview of our manufacture. Whatever we have already produced have passed the factory test and they are being despatched against orders already secured.

"I may say that this by itself constitutes a signal achievement in the first few months of production, a success which is rarely achieved by any industry in such a short span of time. If this progress is maintained, and I have no doubt about it, we should not be surprised if the Asian Cables very soon capture the confidence of the consuming public—individuals and institutions alike—by their superior quality and perfect workmanship.

"I had given to you a picture of the needs of the country for the electric power at the last annual general meeting. I had then told you that from 6 million kw. target for the second Five-year Plan the third Five-year Plan was to generate about 13.5 million kw. But the Planning Commission looks much further ahead. In the fourth Plan the target for the power generation is expected to be about 30 million kw. and within 20 years the demand for power is expected to be near 400 million kw. All these will need enormous quantity of cables to conduct the power to the consumer. With quality goods in our factory and tremendous demand outside, I feel confident of reasonably good returns on your investment in this Corporation.

Expansion Programme

"In Project II of our Corporation we shall be manufacturing about 1,000 miles of power cables and 360 tons of enamelled copper wires (magnet wires). The most noteworthy feature of our expansion is that our programme covers the manufacture of power cables upto 33 kV, which no other unit is manufacturing at present as this requires very high order of technique. At present the country has to depend for its requirements of 22 kV to 33 kV cables entirely on the imports from foreign countries.

"In this second project to manufacture power cables, we are being helped by two of the world's most well-known and reputed manufacturers viz. Messrs. Phelps Dodge Copper Products International Corporation of U.S.A. and Enfield Cables Limited of U.K., both of whom have long years of experience behind them to ensure our products a high quality. As was remarked by the Hon'ble Shri Morarjibhai Desai, the Union Finance Minister, in his inaugural speech at the factory on 6th November 1961, 'it is because of the robust optimism of your Directors in the future of this cable industry, that they have decided to put up the Company's second plant for power cables when its first plant has just gone into production.' And I am sure that your Directors' optimism about the second phase will also be fully justified by the results which will be achieved during the next few years.

"The drawings, designs and layout for Project II are now ready. The list of machinery has been received from the collaborators and we are applying to the Government for import licences for the machinery both for power cables and enamelled wires.

Rights Share Issue

"You will remember the last extraordinary general meeting held on the 14th November 1961, when it was decided to issue fresh capital of Rs. 1,50,00,000 out of which Rs. 50,00,000 were to be reserved for the foreign collaborators and the balance Rs. 1,00,00,000 was decided to be issued as right shares. At first we had thought that only one right share should be issued against one already held by the existing shareholders and that the balance capital of Rs. 50,00,000 might be offered to the public, thinking that 2 : 1 existing share will be too much of a burden for our shareholders. But prior to the above meeting and also on the day of the meeting several shareholders claimed and pressed for issuing two right shares against one. Though your Board had some apprehension as to the capacity of every shareholder to take up two right shares and thus subscribe three times his original idea of investment, the Board yielded to your wishes. Two right shares against one is a very rare demand on the shareholder and perhaps ours was the first one. But because of your generous support we have been able to achieve results beyond expectations. Rs. 85,00,000 worth of right shares have already been subscribed. Out of this amount your Directors and their friends practically underwrote the shares of the value of Rs. 40,00,000 *without any commission.* Of the balance, Rs. 60,00,000 underwritten, about Rs. 45,00,000 have been subscribed by the existing shareholders and the balance will be taken up by the banks as part of their agreement. This is an achievement for which we can take legitimate pride and we want you also to share it.

Joint Rod Rolling Mill

"I may give one more good news to you. Messrs. Kotak & Co., promoters of Asian Cables Corporation Limited, had applied in the middle of 1960 for an industrial licence to start the rod rolling mill very necessary to a cable plant, with a capacity of rolling 20,000 tons per annum per shift. Similarly two other manufacturers had also applied to the Government. Instead of granting licences to any one of the three applicants, the Government asked the three applicants to join together and start a joint rod rolling mill and in that case the Government would grant a licence. A meeting of the cable manufacturers of this part of India (Western India) was called and all of them agreed to participate in the joint rolling mill and asked Messrs. Kotak & Co. to proceed with the scheme. As a result, the licence to start the rolling mill has now been granted by the Government to Messrs. Kotak & Co. for the joint venture. Tentatively the following cable manufacturers had agreed to join hands:

1. Asian Cables Corporation Limited.
2. Wandleside-National Conductors Ltd.
3. Cable Corporation of India Limited.
4. Shamsher Sterling Cable Corporation Ltd.
5. Henley Cables India Limited.
6. Shri Shakti Trading Co.

"During the course of the short period of the Company's existence, the management did have its trials and tribulations, which it has successfully weathered. I am proud to tell you that with the steadfast devotion of a happy team of loyal staff who have stood to their post with determination, and with the undaunted energy and unwavering faith of your Managing Directors and the Technical and Commercial Manager, we are now not only in safe waters but are cruising along towards a brighter future. I, therefore, take this opportunity to express my thanks, on behalf of the Board and on my own behalf, to the two Managing Directors, the Technical and Commercial Manager, and the staff members who have all worked hard as an organised team in the best interests of the Company."

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

Modern Mills Ltd., Bombay, proposes to issue, towards the end of this year, subject to the sanction of the Controller of Capital Issues, fresh equity capital of Rs. 46.47 lakhs at par to the shareholders existing then in the proportion of one share of Rs. 50 for every one share held by them. The Company has already been authorised to capitalise reserves of Rs. 15.49 lakhs and issue bonus shares. The bonus issue will be made after the capital is increased. The Company's present paid-up capital is Rs. 46.47 lakhs in equity shares of Rs. 50 each. Its reserves at the end of 31st October 1960 stood at Rs. 49.86 lakhs, of which revenue reserves and carried forward Rs. 30.86 lakhs.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 23rd March, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	51,79,23,000
(2) Other Governments	31,21,14,000
(b) Banks	77,18,54,000
(c) Others	156,39,62,000
	20,66,69,000
Bills Payable	57,58,32,000
Other Liabilities	
Rupees	545,-3,75,000

ASSETS	Rs.
Notes	26,11,95,000
Rupee Coin	1,18,000
Subsidiary Coin	3,21,000
Bills Purchased and Discounted—	
(a) Internal	
(b) External	
(c) Government Treasury Bills	44,37,43,000
Balances held abroad*	0,88,17,000
Loans and Advances to Governments†	68,88,89,000
Other Loans and Advances	184,71,23,000
Investments	177,41,35,000
Other Assets	33,40,21,000
Rupees	545,-3,75,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 43,18,90,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	26,11,95,000	
Notes in circulation	2068,89,07,000	
Total Notes issued		2095,01,02,000
Total Liabilities		2095,01,02,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	123,86,07,000	
Total of A		241,62,10,000
B. Rupee Coin		116,22,40,000
Government of India Rupee Securities		1737,16,52,000
Internal Bills of Exchange and other commercial paper		
Total Assets		2095,01,02,000

State Bank of India

Statement of Affairs for the week ended 23rd March, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		559,95,33,000
Borrowings from Other Banking Companies, Agents, etc.		2,85,50,000
Bills Payable		7,49,23,000
Bills for Collection being Bills receivable as per contra		2,47,81,000
Acceptances, Endorsements and Other Obligations per contra		1,17,77,000
Other Liabilities (including Inter-Office Adjustments)		3,52,82,000
Total .. Rs.		591,31,02,000

PROPERTY AND ASSETS†	Rs.	Rs.
Cash in hand and with Reserve Bank		23,01,01,000
Balances with other Banks		2,09,52,000
Money at Call and Short Notice		2,00,00,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	263,71,00,000	
Bills Discounted and Purchased	19,28,58,000	
		282,99,58,000
Bills Receivable being Bills for Collection as per contra		2,47,81,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,17,77,000
Premises less Depreciation		1,01,44,000
Furniture and Fixtures less Depreciation		1,47,28,000
Other Assets (including Inter-Office Adjustments)		22,45,37,000
Total .. Rs.		591,31,02,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	16-3-62	9-3-62	17-3-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	48,54	44,37	44,80
(ii) From others	750,64	754,47	698,44
(b) Borrowings from banks	14,74	15,46	16,61
(c) Others	53,27	53,80	50,65
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	13,92	13,88	13,68
(ii) From others	1,125,30	1,135,04	1,022,28
(b) Borrowings from banks	15,90	16,29	9,80
(c) Others	13,41	13,45	21,88
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,875,94	1,889,51	1,720,72
4. Aggregate liabilities [1 (a) (ii)+1 (c)+2 (a) (ii) +2 (c)]	1,942,63	1,956,76	1,793,25
5. Borrowings from Reserve Bank	66,40	47,37	78,29
(a) Against usance bills and/or promissory notes	47,84	32,11	35,28
(b) Others	18,56	15,26	43,01
6. Borrowings from State Bank and/or a notified Bank	16,12	14,53	16,48
7. Cash	50,42	51,21	44,32
8. Balances with Reserve Bank	75,63	77,02	60,28
9. Cash and balances with Reserve Bank	126,05	128,23	110,61
10. 9 as per cent of 4	6,49	6,55	6,17
11. Balance with other banks in current account	16,88	16,48	14,77
12. Money at call and short notice	31,74	34,37	24,39
13. Investments in Government securities	595,62	589,70	558,44
14. 13 as per cent of 4	30,66	30,14	31,14
15. Advances—			
(a) Loans, cash credits and overdrafts	1,166,74	1,159,96	1,098,53
(b) Due from banks	8,95	9,15	15,62
16. Inland bills purchased and discounted	178,35	172,36	145,85
17. Foreign bills purchased and discounted	45,96	45,33	50,51
18. Total Bank Credit [15 (a)+16+17]	1,391,06	1,377,65	1,294,89
19. 18 as per cent of 4	71,61	70,40	72,21

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1960-61	1959-60*	Jan., 1962	Jan., 1961
Central Government Securities:				
(a) 3% conversion loan 1986 or later†	2.85	2.84	2.96	2.82
(b) Others‡	2.68	2.59	2.76	2.72
Debentures	4.11	3.97	4.15	4.14
Preference Shares	5.32	5.44	5.82	5.24
Variable Dividend Industrial Securities	4.88	5.27	4.62	5.04
Agriculture and Allied Activities†	5.80	6.09	5.94	6.18
(a) Tea Plantations	6.01	6.17	6.04	6.51
(b) Coffee Plantations	5.12	6.06	5.87	4.04
(c) Rubber Plantations	6.33	7.60	6.95	6.34
Mining and Quarrying	5.31	6.19	5.20	
(a) Coal	4.56	5.82	4.37	3.96
(b) Other Mining	5.82	6.44	5.78	6.13
Processing and Manufacturing	4.35	4.70	4.22	4.62
Foodstuffs, Textiles, etc.† ††	4.26	4.68	4.10	4.59
(a) Sugar	5.80	6.63	5.50	6.36
(b) Cotton Textiles	3.47	3.97	3.64	3.75
(c) Jute Textiles	6.15	5.60	5.26	6.09
(d) Silk and Woollens	3.17	3.98	2.86	3.38
Metals and Chemicals†	4.18	4.19	4.33	4.49
(a) Iron and Steel	4.25	3.89	4.08	4.72
(b) Transport Equipment	3.38	3.45	3.89	3.34
(c) Electrical Machinery	5.03	5.09	4.58	5.38
(d) Other Machinery	4.07	4.55	3.85	4.27
(e) Basic Ind. Chemicals	3.89	4.14	3.60	3.91
Others	4.90	5.60	4.34	4.95
(a) Cement	5.21	6.07	4.64	5.19
(b) Paper	4.76	5.02	4.23	4.85
Other Industries	6.05	6.49	5.19	5.80
(a) Electricity Generation and Supply	6.28	6.86	5.34	5.87
(b) Trading	8.38	8.58	6.81	8.49
(c) Shipping and Other Transport	5.17	5.25	4.23	4.71
(d) Construction	4.49	4.12	3.79	4.73
Financial	6.81	6.64	5.49	6.19
(a) Banks	5.33	5.46	4.27	5.74
(b) Insurance	7.56	7.53	7.02	7.65
(c) Investment Trusts	6.85	6.28	6.60	6.87

* Average of 9 months. † Running yield. Average of four loans (i) 3½% 1962, (ii) 2½% 1965, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1970. ‡ Including 'Miscellaneous'. †† Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	3rd Mar., 1962	24th Feb., 1962	4th Mar., 1961	December 1961	December 1960	Percentage of Increase (+) or Decrease (−) in Dec., 1961 as compared with Dec., 1960	Annual Average 1961	Annual Average 1960
Food Articles	504	119.6	120.0R	117.2	117.8	117.0	+ 0.7	119.5	120.2R
Cereals	192	108.5	107.7	100.8	100.8	100.4	+ 0.4	101.6	108.3
Pulses	43	97.6	97.2R	92.8	93.5	98.6	− 0.1	91.2	92.6
Fruits and Vegetables	23	133.0	136.0R	103.8	137.7	104.4	+31.9	131.2	121.1R
Milk and Ghee	84	118.8	116.8R	115.1	115.4	111.1	+ 3.9	116.2	115.5
Edible Oils	47	155.7	157.2	161.6	158.1	164.0	− 0.6	158.2	143.8
Fish, Eggs and Meat	17	138.1	136.1R	123.0	138.0	125.0	+10.4	131.0	121.1
Sugar and Gur	48	110.2	114.7	118.5	114.4	126.6	− 9.6	120.7	138.6
Others	50	158.1	163.9	165.7	161.9	170.0	− 4.8	172.6	166.4R
Liquor and Tobacco	21	100.9	98.8	112.2	98.3	112.1	−15.0	103.6	109.4
Tobacco		96.5	95.2	109.6	91.4	110.8	−17.5	100.6	104.8
Fuel, Power, Light and Lubricants	38	122.8	122.8	121.9	121.8	119.0	+ 1.7	121.4	118.8R
Industrial Raw Materials	155	138.2	138.4R	169.2	136.6	149.5	− 8.6	147.7	138.8
Fibres	61	130.9	125.8R	178.9	125.2	167.0	−20.3	150.0	139.8
Oilseeds	60	142.9	154.6	157.7	163.5	168.5	− 3.0	157.8	144.9
Minerals	2	94.8*	94.8*	95.2	94.8	97.7	− 1.4	95.1	97.6
Others	32	129.6	129.0	128.4	129.4	131.3		127.0	120.0
Manufactures	299	126.6	126.2	126.4	126.6	126.3	+ 0.3	127.0	126.8
Intermediate Products	41	135.9	136.7	136.1	132.4	132.3	+ 0.0	136.6	127.1
Finished Products	249	125.0	124.5	123.2	124.4	125.0	− 0.5	125.2	119.2
Textiles	147	125.4	124.5	133.8	124.5	129.2	− 3.6	127.7	121.2
Cotton		128.2*	128.2*	126.8*	128.7	129.3	− 1.0	127.5	127.5
Jute		117.8	113.4	161.4	117.7	142.8	−17.5	133.9	115.2
Woollen		125.4*	125.4*	110.1*	123.1	110.1	+11.8	119.0	107.6
Silk and Rayon		126.7*	126.7*	115.7*	120.4	101.8	+18.3	116.4	102.6
Metal Products	13	152.0	152.0	151.2	147.1	146.8	+ 0.2	147.1	147.0
Chemicals	20	113.3	104.9	111.2	111.2	103.8	+ 7.1	106.7	104.7
Oil Cakes	10	152.5*	144.6*	152.6	146.8	140.8	+ 4.0	146.8	140.2
Machinery and Transport Equipment	31	115.9	115.9	115.6	113.1	115.9	− 2.4	113.8	110.7
Others	30	121.8	126.6	122.8	116.4	116.4	+ 0.0	120.2	116.6
All Commodities	1,000	126.6	126.2R	127.3	122.7	120.0	— 1.0	125.8	122.0R

* Weight shown against the sub-groups under each of the groups has been assumed to the respective sub-group to arrive at that group index.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 29th March 1962.

	Closing quotations 22-3-1962	High	Low	Closing quotations 29-3-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	216.50	—	—	216.50
Apollo (2)	2.46	2.58	2.44	2.52
Baroda Rayon (100)	147.00	149.00	145.50	146.50
Bombay Dyeing (25)	69.80	70.00	69.20	69.40
Bradbury (50)	202.50	216.25	208.00	215.00
Central India (100)	143.00	149.00	143.00	145.50
Century Mills (100)	615.00	617.00	608.50	610.50
Coorla Sp. (100)	160.00	165.00	160.00	162.50
Dawn (50)	171.00	176.00	170.00	170.00
Edward Textile (200)	452.50	452.50	370.00	370.00
Elphinstone (50)	133.00	134.00	132.00	132.00
Finlay (100)	355.00	355.00	353.00	364.00
Gokak (100)	235.50	237.50	230.00	231.00
Gold Mohur (100)	299.00	296.25	289.00	296.25
Gwalior Rayon (10)	53.50	56.50	54.00	56.50
Ind. Untd. Defd. (1)	3.86	4.04	3.82	3.94
Ind. Untd. Ord. (10)	21.44	23.32	22.40	23.00
Indian Rayon (100)	107.50	119.00	108.00	117.00
Indore Malwa (100)	177.00	180.00	178.00	178.00
Khatau (100)	492.50	492.75	487.50	490.00
Kohinoor (100)	312.00	315.00	310.50	312.50
Mafatlal (100)	965.00	992.00	980.00	980.00
Minerva Mills (100)	86.50	91.50	85.00	91.50
Model Nagpur (250)	151.25	151.25	145.00	145.00
Morarji (100)	430.00	428.00	422.00	424.00
Mysore (50)	68.00	68.50	66.50	66.50
National Rayons (100)	543.50	546.00	538.50	540.00
New City (100)	181.00	—	—	181.00
New Great (100)	294.00	295.00	293.00	295.00
Phoenix (100)	282.00	292.00	282.00	284.50
Podar Mills (100)	158.00	163.00	151.00	161.00
Raymond Woollen (100)	144.50	144.00	142.00	142.00
Sassoon Silk (10)	13.00	13.24	13.00	13.00
Sassoon Spg. (10)	68.00	67.80	66.00	66.50
Srinivas (100)	297.00XR	297.00	291.00	292.00
Simplex (50)	177.50	177.50	175.00	175.00
Standard (100)	1,048.00	1,054.00	1,018.00	1,046.00
Swadeshi (100)	298.00	299.50	294.50	296.00
Swan (100)	390.00	—	—	390.00
S. I. Viscose (100)	180.00	183.00	179.50	182.00
Tata Mills (25)	81.00	81.75	78.50	81.20
Vishnu (100)	160.00	—	—	160.00
Western India (250)	802.50	—	—	802.50
BANKS				
Bank of India (50)	145.00xd	145.00CR	123.00XR	124.00XR
Do. (New) (50)	152.00	152.00CR	125.00XR	125.50XR
Bank of Baroda (50)	122.00	122.00	119.25	120.00
Central (25)	67.80	69.50	66.50	69.50
Central 'A' (25)	69.50	70.00	67.50	70.00
Dena Bank (50)	71.00	71.30	71.00	71.00
Punjab National (10)	22.00	22.00	21.75	21.75
Union Bank (5)	9.28	—	—	9.28
United Com. (50)	101.00	101.00	98.00	98.00
Maharashtra (50)	80.00	80.00	75.00	75.00
ELECTRIC COS.				
Ahmedabad (100)	94.00	94.00	93.00	93.50
Amalgamated (10)	10.00	10.36	10.32	10.36
Andhra Valley (1,000)	1,017.50	1,020.00	1,015.00	1,017.50
Bom. Sub. El. (100)	108.00	103.00	102.00	102.00
Surat (100)	96.00	96.50	96.00	96.00
Tata Hydro (100)	112.50	114.00	113.00	114.00
Tata Power (1,000)	1,120.00	1,125.00	1,117.50	1,120.00
INSURANCE COS.				
British India (10)	12.00	12.12	12.00	12.00
Indian Mercantile (20)	55.00	—	—	55.00
New India (15)	65.50	67.00	65.00	67.00
New India 'A' (15)	65.00	67.50	65.00	67.50
Yulan (100)	17.12	—	—	17.12
STEEL COS.				
Ind. Iron (10)	24.72	25.00	24.44	24.88
Mukand Iron (10)	27.50	28.00	27.40	27.40
Tata Steel Ord. (75)	139.75	140.00	138.25	139.25
SUGAR COS.				
Belapur (50)	235.50	237.50	232.00	237.50
Bhopal (10)	28.76	—	—	28.76
Changdeo (12.50)	23.00	—	—	23.00
Maharashtra (50)	165.50	170.00	164.50	169.00
Phaltan (50)	112.75xd	114.50	112.00	112.50
Walchand Ind. (100)	161.50	163.00	161.50	162.50
CEMENT COS.				
Associated Cts. (100)	155.50	158.50	155.50	158.50
Digvijay (100)	196.00	210.00	197.00	207.00
Orissa (10)	19.28	19.64	19.24	19.60
MISCELLANEOUS				
Alcock Ashdown (100)	336.00	339.00	334.00	335.00
Amar Dye-Chem (100)	340.00	350.00	350.00	350.00
Bom. Burmah (125)	651.00	658.00	645.00	656.50
Do. (New) (50)	263.75	270.00	266.25	270.00
Br. B. Petrol (1½ sh.)	1.50	1.50	1.38	1.44
Br. I. Corpo. (5)	11.00	11.00	10.88	11.00
Cooper Eng. (100)	184.00	184.00	181.50	183.00
Colour Chem. (100)	477.50	477.50	475.00	475.00
Hind Cycle (100)	115.00	120.00	115.00	120.00
Hindustan Lever (10)	69.50	73.00	69.00	73.00
Hindustan Motors (10)	19.84	19.92	19.52	19.84
I. C. & Invest. Corporation (100)	88.00	—	—	88.00
Indian Dyestuff (100)	520.00	526.25	507.50	517.50
Indian Copper (2 sh.)	5.12	5.16	5.08	5.08
Ind. Inv. Tr. (100)	78.30	79.00	78.30	79.00
Killicks (100)	93.50	96.00	92.50	96.00
Larsen & Toubro (10)	41.00	41.15	40.25	40.50
Mahindra & Mahindra (10)	18.52	19.24	18.48	18.76
New Central Jute (10)	17.72	—	—	18.24
Polychem (50)	220.00	223.75	213.75	215.00
Polson (100)	185.00	188.00	185.00	185.00
Pre. Automobiles (100)	131.00	132.00	129.50	130.00
Premier Con. (80)	175.00	176.00	173.00	173.50
Scindia (20)	12.40	13.04	12.40	13.00
G. I. Shipping (10)	12.60	14.00	12.60	13.76
Shivaganj (10)	41.00	43.00	41.50	41.50
Sirpur Paper (10)	15.28	15.84	15.28	15.80
Synthetics and Chem. (100)	220.00	234.00	220.50	230.00
Tata Chemicals (10)	17.02	18.00	17.72	17.76
Tata Locomotive (100)	350.00	531.00	346.00	348.00
Tata Oil (25)	82.00	82.20	80.70	81.00
Texmaco (10)	21.76	23.04	22.40	23.00
Voltas (100)	285.00	286.50	283.00	284.50
W. I. Match (100)	302.00	305.00	302.00	305.00
W. Coast Paper (100)	181.00	183.00	179.00	181.00

GOVERNMENT SECURITIES	22-3-1962	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	29-3-1962
	Rs.			Rs.
2½% 1962	99.20	—	3.88	99.20
2½% 1964	83.50	—	4.35	83.50
2½% 1964	98.65	—	3.88	98.65
2½% 1963-65	98.65	3.76	3.89	98.65
2½% 1966-68	96.20	4.04	3.74	96.20
2½% 1970-72 1st Dev.	89.80	4.46	3.90	89.80
2½% 1986 Con. Loan	70.95	—	4.23*	70.95
2½% 1964 N. P. Loan	99.85	—	3.56	99.85
2½% 1964 N. P. Bonds	99.65	—	3.60	99.65
2½% 1965	99.90	—	3.38	99.90
2½% 1967 N.P. Bonds	98.85	—	3.73	98.85
2½% 1974	99.45	—	3.83	99.15
2½% 1967 N.P. Bonds	99.90	—	3.78	99.90
2½% 1969 Loan	98.80	—	3.77	98.80
2½% 1965	98.60	—	3.75	98.60
2½% 1963 N.P. Bonds	99.95	—	3.84	99.95
2½% 1966 N.P. Bonds	99.80	—	3.79	99.80
4% 1972 Loan	100.80	—	3.96	100.80
4% 1973 Loan	100.10	—	3.99	100.10
4% 1979 Loan	99.30	—	4.06	99.30
2½% 1966 Bonds	99.60	—	3.80	99.60
4% 1960 Loan	99.25	—	4.08	99.25
4% 1961 Loan	98.50	—	4.11	98.50

* Current Income. xd—Ex-Dividend. XR—Ex-Right
C.R.—Cum-Right.

COMMERCE

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

VOL. CIV. No. 2660 BOMBAY, 7th APRIL 1962 PRICE Rs. 2

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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Yearly rate ... Rs. 65	Yearly rate ... Rs. 70
Half-yearly rate „ 33	Half-yearly rate „ 40

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Back numbers, if available, from Rs. 4 onwards.

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BANKS GETTING UNITED

A SIGNIFICANT point that emerges from the comprehensive speech of Mr. Tulsidas Kilachand, delivered in his capacity as the Chairman of the Indian Banks' Association at its fifteenth annual meeting, is that the banks in India today are more united than ever before. They are also more co-operative with the Reserve Bank and appreciative of the controls placed on their activities. They also realise that in unity lies their strength. All this is evident from the support they are giving to the Indian Banks' Association—I.B.A., for short—which covers all the large Indian scheduled banks, with the notable exception of the State Bank of India, all the medium-sized banks and a majority of the smaller Indian banks. The members of the Association account, according to Mr. Kilachand, for over 95 per cent of the deposits of the Indian scheduled banks. Incidentally, there seems to be a slip in this calculation of Mr. Kilachand, for the deposits of the State Bank of India alone constitute over a third of the Indian scheduled banks' total deposits. What he obviously had in mind was the Indian scheduled banks other than the State Bank. This, however, is only by the way. The most important point is that the State Bank co-operates with the I.B.A. wherever possible and has allowed all its associates to retain their membership of the Association. The Exchange Banks, too, have been working in co-operation with the I.B.A. Further, the Reserve Bank of India has been consulting the I.B.A. on all the important matters concerning banks.

The striking example of the importance attached, and consideration shown, to the I.B.A. by the Reserve Bank is provided by the understanding on the capital-reserve ratio arrived at in the closing months of last year. This highly controversial issue was settled across the table with the I.B.A. and, though there are still some banks which feel that the ratio of six per cent is on the high side, all have accepted it as a desirable goal and are agreed that every effort must be made to reach it as early as possible. The credit for this goes as much to Mr. Tulsidas as to Mr. H. V. R. Iengar, the then Governor of the Reserve Bank. The I.B.A. has also satisfactorily represented the points of view of all banks to the National Industrial Tribunal appointed to settle the disputes between banks and their employees. This is in refreshing contrast to the practice followed in the past when banks presented their cases individually before all the previous Tribunals. A singular feature of the I.B.A. is that, for all the riches its members command, it has only a tiny secretariat, with no research wing of its own or a public relations department. Perhaps, the bankers want to preserve the I.B.A. as an example of a character they are supposed to possess, namely, thrift, secrecy, and simplicity. There are, however, quite a few observers in this country who are inclined to feel that this is being overdone.

Does all this growing unity and understanding among banks mean that a monopolistic trend is gaining ground? Mr. Tulsidas hastened to assure the public that the I.B.A. "does not exist for creating any monopoly or even semi-monopoly for its member banks and that it realises the benefits of competition." This assurance is welcome in so far as it goes. But it must be proved in action. What has cast doubts is not their getting together to solve their common problems, to speak with one voice to the country, the Reserve Bank and the Industrial Tribunals, and to draw up uniform forms and procedure for adoption in the working of banks, functions which are normal for a trade body, but the attempts to regulate the rates of interest payable on deposits and chargeable on advances. Unhealthy competition among banks is doubtless undesirable, as it will undermine the strength of the banking system as a whole. But when does competition become unhealthy and who is to define unhealthy competition? This is the crux of the problem. Again, if almost all banks join together and come to an agreement not only on the maximum rates of interest payable on deposits and the minimum rates of interest on loans, advances and bills purchased and discounted, but also on service charges, the facilities to be provided for the savings bank depositors, etc., what scope will there be for healthy, clean, open competition? The bankers' answer to this question is well known and Mr. Tulsidas reiterated it in his speech. It is that banks should try to get more business by giving better and more varied services to the public and by spreading banking habit in small towns and new towns where there are no banking facilities or the facilities available are inadequate. There is a lot of merit in this argument, but it has its limitations and does not fully satisfy those who wish to see that the banks are not accused of indulging in restrictive practices and that they do not give room for politicians with leftist leanings to find a convenient excuse to nationalise banking. In their understandable anxiety to safeguard their profit-margins and to strengthen their "owned resources," the banks must not be unmindful of the need for eschewing policies and practices which may create a wrong image about them in the public mind.

It is true to say that the number of depositors is far larger than the number of borrowers. It is equally true that, while the borrowers are rich business concerns and businessmen, a very large number of depositors are individuals, most of whom are of modest means. It is also true that almost all banks in India are controlled by the leading industrial houses and the tendency to minimise the cost of bank credit to the extent possible is natural. An agreement seeking to limit the interest rates payable on deposits has, therefore, a greater chance of offending public opinion than the one governing the minimum interest rates on advances. Better and more efficient service to customers may be an important consideration to borrowers, as well as to those who keep current accounts or even savings bank accounts, but it cannot be a great attraction to those who maintain short-term fixed deposits. And it is term deposits that constitute the major portion of the deposits held by the banks. If interest rates on deposits are to be regulated, the agreement must be flexible and the rates fixed must be realistic, having regard to the demand and supply position. The present inter-bank agreement, or the one that has just been modified and is pending ratification, does not have these qualities in full

measure. As was pointed out by us on an earlier occasion, the interest rates on short-term deposits today are far below what they were four years ago, even though the demand for money has outpaced the supply to a much greater extent since then. The observations of Mr. Tulsidas on this question do not recognise the value of interest rates as an incentive for attracting more deposits and as an instrument for minimising waste of capital. More than one authority on capital markets, including Mr. P. C. Bhattacharyya, the new Governor of the Reserve Bank, has maintained that industrial enterprises in this country prefer to live on loan capital on a scale which is not good for their health. Mr. Tulsidas conveniently remained silent on this important issue, even though it directly stems from the defects in the interest rates policy. He was more interested in trying to show that the banks cannot afford any further increase in the rates of interest on deposits on the following grounds:

"Firstly, the establishment expenses of banks will go on increasing, as banks are expanding their activities and establishing more branches and the rapidly increasing number of their employees will have to be given reasonable emoluments. Secondly, with the increase in deposits, which has already taken place and which will take place more in the future, it is necessary for banks to increase their paid-up capital and published reserves. All the banks will have to go to the capital market at intervals in order to raise fresh capital and they cannot succeed in raising it, unless they show increasing profits. Even if the rate of dividend is not raised, increasing capital will mean the payment of larger amounts as dividends and this will need larger profits. Increase in the published reserves will also need larger profits... Finally, it would be necessary for banks to go on increasing their inner reserves. With the expansion of their activities and with the provision by them of increasing finance for industries and exports, banks would have to take greater risks. They cannot shoulder increasing risks without increasing inner reserves..."

All this is true, but what about the depositors? Are they not to have a fair deal? In an economy subjected to creeping inflation, they too must have an incentive to save and invest. Unfortunately for depositors, the Government itself is interested in borrowing at the lowest possible rate. Accordingly, it has also a stake in the inter-bank agreement on deposit rates. Mr. Tulsidas approvingly quoted the British banks' practice of building up inner reserves and the Bank of England's policy of persuading the banks through gentle hints to do what it thought was good for the country, but he seemed to have no admiration for the interest rates policy pursued in that country in recent years.

ECONOMY IN CONSTRUCTION

THE second Plan involved an aggregate outlay of about Rs. 4,700 crores in the public sector. The purely construction-cost part of this outlay was as much as Rs. 2,000 crores—Rs. 800 crores in respect of buildings and Rs. 1,200 crores relating to other construction works. A similar break-up of the proposed financial outlay of Rs. 7,500 crores in the public sector under the third Plan is, however, not available. But, if the same proportions are assumed, it may be broadly estimated that the construction-cost part of the relevant third Plan outlay would be about Rs. 3,200 crores—Rs. 1,200 crores on account of buildings and Rs. 2,000 crores pertaining to other construction works. These broad magnitudes of construction expenditure may seem to be rather excessive, although such expenditure on most of the Plan projects is absolutely necessary. There should be cheaper ways of construction and more dependable advance estimates of cost—estimates which would not have to be revised upward as in the second Plan period when the cost of several projects was put up by 25 to 30 per cent after construction had begun. The question of achieving some economy in construction cost is, therefore, of great relevance, especially in the immediate context of enormous outlays in both public and private sectors.

What the final report on the third Plan has to say on the question is contained in the chapter on "Administration and Plan Implementation." The importance of securing economies in construction is stated to have been considered in consultation with Central Ministries and State Governments and there is, according to the report, "general agreement" on the required measures which are as many as fourteen. The first six pertain to detailed project report, arrangements connected with the essential preliminaries of construction, provision of adequate workshop facilities for repairs and training, balanced use of labour and machine in construction, careful assessment of spare parts required for construction machinery and of other stores and central designing facilities for a project or a group of projects, including buildings. Such meticulous advance planning and creation of some basic facilities will ultimately make for construction according to schedule. It is common sense that, if delay in execution is avoided, there will be no addition to cost on that score. If anything, there will be scope for some positive saving on construction costs. In particular, buildings offer this scope, if they are planned and designed on the basis of functional needs, with provision for optimum space utilisation, standardisation and prefabrication. A judicious choice between the agency of construction and the system of contract can also bring about an appreciable reduction in cost. Here the planners have expressed their preference for departmental construction and construction through voluntary agencies and labour co-operatives so as to avoid unnecessary dependence on contractors. Promptness in payment of running as well as final bills and training of personnel for improving skills and productivity are two other important factors in cutting down costs. Above all, a "cost reduction unit" should form part of each major construction project. This unit should carry out work studies, continuously analyse factors affecting costs, recommend suitable adjustments from time to time in materials, techniques, procedures and organisation, and keep a watch on progress in achieving economies in construction costs.

These, then, are the general principles laid down in the third Plan report for the guidance of administrators of projects. They do not constitute a detailed scheme of cost reduction with a series of specific measures. Such a scheme has, however, been drawn up by the Committee on Plan Projects in a 51-page report just released to the public. It is the emphatic view of the Committee that innovation and improvisation should be stimulated as a necessary complement of planning, that human ingenuity should offset the "rising costs" potential of the Plan in view of huge expenditures incurred and consequent inflationary pressures generated, and that pride in the tradition of increasing levels of national productivity should be inculcated. Cost reduction is a must of planning and the Committee has underlined its importance in the following manner:

"Whether it is a factory or an irrigation scheme, higher cost of construction leads to overcapitalisation and adversely affects the overall efficiency of the scheme. In factories the additional capital expenditure and the extra recurring expenditure on maintenance would have a permanent effect on the cost of the products manufactured. Similarly, in an irrigation scheme, extra construction cost would mean either reduction in the return or increase in water tax."

The Committee has found that, in all cases, a considerable amount of expenditure gets committed at the stage of pre-planning when requirements are decided upon. A logical inquiry into the requirements is, therefore, a necessary first step in the scheme of cost reduction and it must cover the organisational structure as well as the methodology of work proposed to be carried out in the building. It is not the work of an engineer or architect alone. On the other hand, as the Committee sees it, such a study would be the combined function of a committee of experts representing all the technological disciplines connected with the particular undertaking, including work study. An integrated and comprehensive study, covering all the technical, organisational and functional aspects, is also considered necessary for the reason that defective proportioning of facilities results, quite often, in disproportionate amounts being spent on them. Multiple use of facilities and considerations regarding optimum use co-efficient are other factors having a direct bearing on requirements, and these, too, would need to be studied. As the bulk of economy would result in the first stage itself where requirements are crystallised, it is for the authorities to commission a composite study group before any project is taken up. All this, no doubt, is sound advice. But it is doubtful whether the authorities would be in a position to find suitable experts for each team when many such teams would have to be constituted simultaneously for studying the requirements of dozens of projects due to be taken up every year. Unless the Committee on Plan Projects itself develops a cadre of experts in different lines, the ready availability of a sufficient number of personnel for manning the study teams cannot be taken for granted.

The second step in the scheme of cost reduction is one of space planning in the light of certain norms laid down for ensuring economy. What is required here is a space-and-cost analysis of a selected number of constructed buildings for determining "efficiency co-efficients" for planning. The Committee on Plan Projects has evolved, in the light of its 1958 study of "multi-storeyed buildings" constructed till then in the country, certain norms for "design efficiency." These are that the "ancillaries" (such as vertical and horizontal circulation space, toilet blocks, space occupied by structural members) should occupy no more than 25 to 35 per cent of the total built-up space and that the useful area, which is called the "carpet area," should account for 65 to 75 per cent. The fact that the "carpet area" in several multi-storeyed buildings has worked out to only 50-60 per cent of the total built-up area suggests that, with better space planning, somewhat smaller buildings involving correspondingly smaller outlays would have sufficed. The crux of the problem is, therefore, to see how far the proportion of carpet area can be increased in future constructions so as to achieve some further economy in cost. Similarly, in the case of factory buildings, the economies accruing from a good layout (as opposed to a defective layout) would be "built-in ones which accumulate day by day." On the contrary, a disproportionate "spread" on ancillaries or a defective layout may lead not only to added initial cost but also to higher maintenance or operating cost which, being of a continuing nature, will have an adverse effect on the total economy of a project.

The planning of structure has also an important role in the scheme of cost reduction. The correct basis for fixing the type of structure—R.C.C., steel or timber—would be the relative cost, although sometimes the functional requirements may restrict the choice of structure within narrow limits. After selecting the least costly type of structure in the circumstances of each project, further economies in actual construction can be aimed at. For instance, in R.C.C. work further economies can result from a judicious choice of concrete mix for the various components and from several innovations to lighten the structural members. In steel construction, too, several innovations are possible, and these can effect further economies. At the same time, if realistic specifications (such as for bricks, toilet and sanitary fittings and several other items) are laid down at the initial stage itself, there will be no need for any upward revision of cost estimates on their account. A severe limit to expenditure on ornamental frills and non-functional items is equally necessary in the scheme of cost reduction, for, as the Committee on Plan Projects has found, such expenditure has amounted, in a few cases, to as much as 20 to 25 per cent of the total cost of work.

The measures suggested by the Committee for phasing and programming of project execution are particularly necessary because its studies of a number of projects have shown a wide gap between the commitment of financial expenditure and the raising of physical assets. It has also been found that, when the works of different components of a project are not synchronised, the expenditure incurred at each stage remains idle for a long time till the whole project is completed. Since the construction programmes envisaged in the Plan are not much different from any production process, a suitable approach to phasing and programming, so as to have continuity both in planning and in the flow of benefits, is called for on the lines suggested by the Committee. Much work also remains to be done in this country on the impact of various factors of site management (such as, stacking of materials and equipment, disposal of surplus materials, balanced use of labour gangs and mechanised construction activity) on the cost of construction. Sound inventory management is another fruitful source of cost reduction, if it has the twin objective of minimising idle-time caused by shortages of materials and spare parts and keeping down capital investment in inventories, inventory-carrying cost and obsolescence losses. The last, but not the least, important requirements in any scheme of cost reduction are personnel planning and an appropriate organisational and administrative set-up for construction and production agencies. These, however, have been merely highlighted, but not fully examined in relation to their cost-reduction implications, in the otherwise uniformly valuable report of the Committee on Plan Projects.

MARKET GOSSIP

Esso Replaces Stanvac

ON All Fools Day, the Standard-Vacuum Oil Company—Stanvac, for short—jointly owned by the Standard Oil Company (New Jersey) and Socony Mobil Oil Company since 1933, and operating in India and the East as a producer and distributor of petroleum products, took a new name and a new symbol. It has now come to be known as Esso Standard Eastern, Inc., and the sign of the flying red horse has yielded place to an oval insignia with the name Esso in the middle in red script letters. The new company is wholly owned by the Standard Oil Company (New Jersey), which is a public limited company in the U.S., with as many as 685,000 shareholders. No single stockholder owns as much as 3 per cent of the shares, the largest stock-holders being institutions. The changeover from Stanvac to Esso was not decided overnight, but was the result of a careful decision taken in the closing months of 1960. Esso Standard Eastern is a fully integrated enterprise, covering all facets of oil industry: exploration, extraction, refining, transportation and marketing.

Announcing the changeover at a Press conference in Bombay on Sunday last, Mr. J. W. Sinclair, General Manager of Esso Standard Eastern, Inc., claimed that the new arrangement would "not only make for speedier decisions on vital matters but also impart greater flexibility to the organisation," as the management here would have to deal with the Board of only one parent company in the U.S., instead of two as hitherto. He averred that it was the intention of his Company to invest more in this country and expand its activities in all directions. He was hopeful of an early settlement of his Company's differences with the Government of India in regard to the terms of participation. Currently, the Company has plans for establishing (1) a petrochemical industry, in a 50 : 50 partnership with the Government of India, involving an outlay of some Rs. 6.50 crores in the initial stages, and (2) a lubricating plant in which Esso will have 60 per cent interest and Indian investors 40 per cent.

World Coffee Agreement

If everything goes well, a new five-year world coffee agreement will come into force on 1st October next—that is, when the 1962-63 coffee season begins—replacing the present ad hoc agreement which has been in force since October 1959. From all available reports it appears certain that the date schedule will be adhered to. This at any rate is the conclusion one can draw from the account of the deliberations of the 48-nation Coffee Study Group's week-long series of meetings which ended at Washington on Wednesday 28th March. There was, we are told, a "substantial" measure of agreement on the new international scheme, as envisaged in the draft long-term agreement prepared by a special committee of the Study Group. The official *communique* issued at the end of the meetings states that "considerable agreement" has been reached on a number of crucial points, including the necessity for export quotas backed by strict production controls and the limitation of imports from non-participating nations. The *communique* also mentions that efforts will be made to reduce stocks in producer countries and discourage fresh plantings. Further, the hope is expressed that the consumer countries which are included in the plan for the first time would increase their intake.

There was, however, disagreement on two important questions: one, what exactly should be the form of price control and, two, whether the agreement should contain provisions leading to abolition of preferential duties, fiscal levies and other barriers to trade in coffee. The U.S. delegate urged that the latter artificial barriers, especially in the Common Market nations, must eventually be eliminated, but these nations were unwilling to make any promises. Despite this disagreement, the stage may be said to have been prepared for a full-scale world coffee conference. The United Nations is expected to convene such a conference in June next whereat the draft Agreement will be discussed threadbare by both the producing and consuming countries. The salient features of the draft Agreement are:

The Agreement will be administered by an International Coffee Council at Washington, with an Executive Board and an Executive Director.

Export quotas will be fixed for the first three years, based on the estimated total of world imports; in the second half of the third year, the situation will be re-examined to take account of changes in consumer tastes, the price policies adopted and the results of attempts to adjust production to demand.

The penalty for a producing country which in any quarter exports coffee in excess of the quota allocated will be a reduction of double the excess in the quota for the following quarter, more serious penalties being imposed in case of repeated violations.

Consuming countries will have to control imports from countries outside the Agreement.

Minimum selling prices will be fixed each year for the various types and grades of coffee.

Provision is made for setting output targets for producing countries.

An international coffee fund will be constituted out of a levy on each bag of coffee exported which will be used to serve the policy objectives of the Agreement and also to assist in replanting (with other crops) of the present acreage under coffee.

The foregoing brief outline will indicate how restrictive are the provisions of the draft long-term Agreement for coffee. It is not surprising, therefore, that the Government of India is still undecided about the value of participating in this Agreement. A recent New Delhi report averred that the Government has shelved the proposal for the present. The Coffee Board and the majority of planters, however, have strongly advocated India's participation. In support of their stand, they have drawn attention to the possible benefits of reduced tariff on coffee imported by the European countries from the producing nations which will join the Agreement. A note of warning has also been struck to the effect that, if India stays outside the Agreement, its coffee may be denied entry in several consuming countries which are given the right under the draft Agreement to control imports from non-Agreement countries. As against these arguments, there is the distinct disadvantage arising from the production controls provided for in the Agreement. Since India has to depend on commodities like coffee for earning the badly needed foreign exchange, it cannot, it must be emphasised again, be a party to any move that tends to encroach upon its right to regulate its coffee production which, by world standards, is still small. Once the country becomes a member of the World Coffee Agreement, it will have to abide by whatever restrictions that are enforced in the field of either production or export or prices. This is a very important consideration which, it is to be hoped, will be borne in mind by the Government of India when it takes up the question for examination again.

Stainless Steel

The country's requirements of stainless steel, which, like tool or alloy steel, is a high-priced but essential raw material of the utensil manufacturing and other engineering industries, are now met entirely by imports. The proposed Durgapur tool and alloy steel plant in the public sector, with a capacity of 48,000 tons and involving an outlay of Rs. 50 crores, will make available, when constructed, some 17,000 tons of stainless steel. In the private sector, the Tata Iron and Steel Company has also been granted a licence to set up, at Jamshedpur, a similar plant which, in addition to special steels, will produce 20,000 tons of stainless steel. It is not known in which year of the third Plan period both these plants will go into production. Nor is it known whether additional capacity for stainless steel in the private sector, as now proposed, will be licensed soon enough. Since the demand for stainless steel is going up all the time and is expected to reach the level of 50,000 tons in 1965, the process of establishing adequate capacity therefor would have to be speeded up.

In the meantime, may be upto 1964-65, when alone some quantity of indigenous stainless steel is likely to be available, the needs of the industries using such steel may have to be more fully assessed and provided for by imports to the extent possible. The All-India Stainless Steel Industries Association, the fifth annual general meeting of which was held at Bombay on 31st March, has estimated the current demand of the utensil industry alone at 10,000 to 12,000 tons. But the industry's requirements are being met only to the tune of 3,000 tons by way of bartered imports by the S.T.C.—a quantity which is less than the 4,500 tons that had been imported in 1956. Some relief to the industry, which seems to have a lot of unutilised capacity, should be possible partly by increasing the quota for bartered imports by the S.T.C. and partly by encouraging the Association to export the stainless steel scrap and some other commodity which may not otherwise be exported, and to import, in exchange for them, a couple of thousand tons of stainless steel from abroad. Since the principle of such direct barter by the Association has already been accepted by the Government, it only remains to enable the Association to go ahead to the extent possible.

Palm Oil

In view of the high prices of groundnut and coconut oils and the need for conserving the supply of these oils for edible purposes, India has been importing the relatively cheaper palm oil chiefly for use in the manufacture of soaps and other non-edible products. Imports of palm oil has also enabled the country to allow some exports of groundnut oil, as it has been a favourable proposition from the foreign exchange point of view. In 1960-61, India imported palm oil of the value of Rs. 3.53 crores, as against Rs. 2.44 crores in 1957. Developments in regard to palm oil is, therefore, of greater importance to India today than at any time before. The world output of palm oil, it may be noted, has been falling during the last two years. Thus, the total production in 1960-61 was only 685,000 tons, as compared with 718,000 tons in 1959-60. Indications are that the declining trend will continue in 1961-62 as well.

Although the aggregate production has been declining, prices of palm oil have not shown any tendency to harden. On the contrary, they have tended to decline. Thus, palm oil (Sumatra) is currently quoted at £80 per ton in the London market, as against £81 at the beginning of this year and £85 a year ago. The reason for the fall in prices is the smaller demand from Western Europe, following mainly direct competition from marine oils. Besides, large stocks had been accumulated by European dealers in 1960. The weakness of palm oil also reflects to some extent the generally easy conditions in edible oils, following last year's record soyabean crop in the U.S.

CENTRAL BANK FORGES AHEAD

RESERVE FUND STRENGTHENED

THE progress made by the Central Bank of India Ltd. (Managing Director: N. K. Karanjia, Bombay) during the year ended 31st December 1961 is quite impressive. Deposits, advances, gross income and net profit have all recorded a sizable expansion. Even investments and cash balance, as at the close of 1961, are higher and that despite a very marked reduction in borrowings from other banks. As the largest commercial bank in the private sector, the Central has kept up the lead over others. Its achievements in the past year provide an appropriate background to the gracious manner in which the golden jubilee was celebrated in all the principal cities in the country and solid support to the Directors' decision to promote its chief executive, Mr. N. K. Karanjia, to the status of Managing Director. The impression that the Central Bank is an old-fashioned institution is not confined only to a few of its critics, but its performance in recent years, showing a progressive growth in business, should be sufficient to confound them, besides confirming the hackneyed saying: "Old is gold." It is obvious that there must be a lot of dynamism in the Bank behind its old-fashioned facade.

The following table comparing the Bank's progress in 1961 with its performance in the previous three years speaks for itself:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	12,23.21	10,17.79	8,99.95	8,34.77
Of which:				
Interest and discount earned*	10,16.45	8,40.27	7,42.63	6,89.33
Commission and exchange earned	1,96.00	1,67.78	1,38.22	1,30.42
Other income	10.76	9.74	19.10	15.02
Interest paid	5,26.35	4,33.98	3,86.34	3,68.34
Staff expenses (excluding bonus)	4,03.17	3,65.89	3,34.38	3,06.55
All other expenses	1,03.45	78.64	75.52	55.05
Depreciation	7.49	6.24	4.28	3.41
Provision for taxation	*	60.00	N.A.	16.50
Profit (net)	1,82.75*	1,33.04	99.43	1,01.42
To reserve fund	45.00	..	1.15	1.08
,, sinking fund on property	..	8.00	..	..
,, contingency fund	..	..	..	..
,, development rebate reserve	..	..	0.75	..
,, bonus to staff	60.00	51.00	32.75	32.00
,, staff gratuity fund	10.00	10.00	10.00	10.00
,, dividend	63.00 (20%)‡	64.26 (D.18.4% + B. 2%)‡	54.18 (17.20%)‡	44.04 (14%)
Carry forward	23.37	18.61	18.82	17.32

	As at 31st December			
	1961	1960	1959	1958
Capital	3,15.00	3,15.00	3,15.00	3,14.55
Reserves	3,13.09	3,08.09	3,60.09	3,58.98
Deposits	220,19.47	199,52.09	180,25.98	161,97.67
Borrowings from other banks	6,15.33	15,76.50	2,81.24	1,43.21
Advances	160,99.54	150,78.22	119,91.51	99,87.36
Investments	58,79.94	56,60.06	54,91.98	52,92.62
Cash	23,91.09	22,69.68	22,20.23	23,52.80
Balance-sheet total	272,58.53	267,84.57	223,03.01	199,06.39
Ratio to deposits of—	%	%	%	%
Advances	73.1	75.5	66.5	61.6
Investments	25.4§	21.4§	30.0§	32.7
Cash	10.9	11.3	12.3	14.5

* After deduction of all necessary provisions, including taxation, but excluding depreciation on fixed assets and furniture.
† Tax provision for 1961 not disclosed.
‡ Subject to deduction of tax.
§ Only unencumbered securities are taken into account.
N.A.—Not available.

The deposits are the raw materials of a bank. In a rapidly expanding economy like that of India, the factor that determines the profit of a bank is deposits, for, in the absence of sufficient funds, a bank cannot avail itself fully of the opportunities for raising its advances portfolio and lending to the Governments which, too, have their own projects requiring bank finance. From this point of view, the Bank has been satisfactorily successful. Its deposits have gone up by Rs. 20.67 crores in 1961, as against Rs. 19.26 crores in 1960 and Rs. 18.28 crores in 1959. It may also be noted that deposits of all scheduled banks excluding the State Bank had gone up by approximately Rs. 120 crores or 10 per cent. The growth in Central Bank's deposit has been fully in keeping with this trend. Of the increase of Rs. 20.67 crores, the share of savings bank is only modest being Rs. 2.56 crores, while that of time deposits is as high as Rs. 13.29 crores. The rise in current accounts, call deposits, etc., has been sizable at Rs. 4.92 crores, an experience different from other banks, most of which have reported only a modest rise in this class of least expensive deposits and a substantial growth in savings and time deposits which cost more.

In view of the keen demand for funds from trade and industry during the year under review, the Bank's advances have gone up by a little over Rs. 10 crores over the year to a record level of Rs. 160.99 crores. The credit ratio, however, has shown a slight fall to 73.1 per cent, because of the larger pace of growth in deposits. It is noteworthy that borrowings from other banks have declined sharply from Rs. 15.76 crores to Rs. 6.15 crores. This chiefly accounts for the relatively modest increase in the balance-sheet total. Investments have gone up by well over Rs. 2 crores to Rs. 58.80 crores and so also cash by Rs. 1.22 crore to Rs. 23.91 crores. The market value of all investments are higher than the book value. Both because of the rise in investments and the large reduction in the secured borrowings from other banks, the ratio of investments to deposits has gone up by four points to 25.4 per cent.

(Continued on next page)

TREND OF SHARES

IRREGULARLY UPWARD

(From Our Own Correspondent)

BOMBAY, *5th April*

IRREGULAR, but firm conditions developed on the stock markets this week. The previous week's lull did give way to some active trading. Values improved initially on all-round speculative buying, good follow-up support and short-covering. Mid-week, however, saw a small reaction on some realising. But prices looked up again on renewed support, though closing levels were slightly lower than the week's best levels. The tone at the close was distinctly steady, and the tendency upward.

Several factors instilled a sense of robust confidence in the markets to face the budget uncertainties. The sentiment had already been bolstered up by some favourable observations about the private sector by Prime Minister Nehru at the annual convention of the Federation of Indian Chambers of Commerce and Industry. It was influenced further considerably by rumours, which, having been confirmed by newspaper reports, gained greater strength subsequently, that Mr. Morarji Desai was to continue as the Union Finance Minister in the new Cabinet. A dogmatist otherwise, Mr. Desai has been pragmatic and practical in his approach to the problem of public finance. The present-day preparedness of the private sector to shoulder the responsibility of developing the country industrially is due in no small measure to this approach. Under his tenure, the capital market has revived promisingly. If the revival is to extend further, it is necessary that he continues to hold the finance portfolio. With the re-entry of Mr. T. T. Krishnamachari on the political arena, there have been some misgivings about this. The markets' concern, therefore, was not misplaced. As the week progressed, however, they seemed to have concluded that Mr. Desai would continue as the Finance Minister. And, with this, they also forgot their budget worries. The announcement of the industry-biased import policy influenced the mood of the market deci-

STOCK AND SHARE QUOTATIONS

In order to help readers who have to pay wealth tax, we have purposely incorporated, in the aforesaid section appearing on pages 641 to 648 of this issue, the market quotations of shares as of 31st March 1962, or the last working day of the month for the stock exchanges—Ed.

sively. Good corporate news, a three-week settlement in the principal markets and normal carryover charges, underlying a healthy technical position, were among the other favourable factors. Lastly, as a strange coincidence, there were no unfavourable factors.

The irregular price movements were due only to covert bull operations; bulls sold at improved levels, but were there again to replace their purchases on a setback. This kept the markets on an even keel, leaving also some room for fresh short positions at higher levels. The improvement of markets near the close suggests that bulls have a firm grip now.

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Dalal Street drew much comfort from (a) the rise of Rs. 2 crores to Rs. 12.89 crores in the turnover and the improvement from Rs. 124.49 lakhs to Rs. 158.37 lakhs in the gross profit of Bombay Dyeing last year, (b) reports of the National Rayon Corporation having entered into an agreement with the Goodyear Tyre Company for the supply of 25,000 lbs. of tire cord in the initial stages at Rs. 12 a kilo, (c) a steep rise in the I.I.S.Co. output in March, with the production of saleable steel rising from 53,600 tonnes to 86,294 tonnes, and (d) a record annual outturn by T.I.S.Co. of 1,317,700 tonnes of saleable steel, with an improvement of 20,000 tonnes in March alone. It ignored the note of caution struck by the Chairman of Finlay Group about the outlook for the fine textile mills, which, however, left these specific shares depressed in an otherwise firm market.

Well supported throughout the week, Steels improved considerably, with Tata Ordinary, helped by the output figures closing with a gain of Rs. 2.25 at Rs. 141.50. Indian Iron advanced from Rs. 25.30 to Rs. 25.55, but reacted to Rs. 25.10 on realising to finish a shade higher on balance at Rs. 25.20. Mukand Iron were up by a full point at Rs. 28.40.

In Textiles, Bombay Dyeing opened with sizable improvement at Rs. 70.70, on heavy short-covering and strong support, forged ahead to Rs. 71, and closed Re. 1.20 higher over the week at Rs. 70.60. Century were marked up to Rs. 635 on active influential support, following the normal book closure carry-over. On realising the shares eased to Rs. 626.50, which seemed to be a higher bottom, but looked up smartly again to close with a gain of Rs. 14.50 at Rs. 631. Standard gained Rs. 31 to Rs. 1,079. Indu Mills' shares were up again, with Deferred done at Rs. 4.06 and Ordinary at Rs. 23.56. National Rayon attracted good support and rose by Rs. 22.50 on balance to Rs. 562.50. Minerva moved up by Rs. 5.50 to Rs. 97 and attracted a margin of Rs. 4.75 per share against bulls. Shreeniwas did not draw much comfort from the encouraging report of the Directors and closed only Rs. 2 higher at Rs. 294. Finlay lost Rs. 11 to Rs. 343 and Gold Mohur Rs. 11.25 to Rs. 285. Tata Mill eased by Re. 1.70 to Rs. 79.50 on heavy profit-taking.

In the Miscellaneous section, Bombay Burmah were actively supported and gained Rs. 6 to Rs. 662.50. Hindustan Motors improved further by 40 nP to Rs. 20.24. Telco by Rs. 4.50 to Rs. 352.50 and Tata Oil by Rs. 3 to Rs. 84. Sirpur Paper lost 28 nP to Rs. 15.52. Shippings continued in demand, with Scindia rising by 44 nP to Rs. 13.44 and Great Eastern by 36 nP to Rs. 14.12. A.C.C. moved up from Rs. 159.25 to Rs. 160.75, but Orissa Cement eased by 36 nP to Rs. 19.24. In the Cash section, Bombay Potteries rose by Rs. 15 to Rs. 215, T. Maneklal by Rs. 35 to Rs. 900, Permanent Magnets by Rs. 50 to Rs. 257.50 and Asian Cables by Rs. 6 to Rs. 116.50. Alembic lost Rs. 35 to Rs. 238.75.

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In Calcutta, because of the mid-week realising, values showed a mixed price pattern at the close. Sugars enjoyed selective support. Papers were in demand on expansion prospects, Textiles remained in favour with buyers, Coal shares were dull and Teas weak because of a further fall in prices of common tea. Among speculatives, Dunlop Rubber met with good support following the encouraging results for 1961, but G.K.W. continued to lose ground on selling pressure. Dunlop improved from Rs. 43.12 to Rs. 44.37, while GKW declined from Rs. 45.69 to Rs. 41.87, due to disappointment caused by no confirmation of rumours of an early bonus issue. Birla Jute lost 44 nP to Rs. 37.31 on corrective profit-taking, but Howrah closed 50 nP better at Rs. 21.75. Orient Paper were done higher at Rs. 43.65 against Rs. 43.25 a week before, but Shree Gopal slipped down from Rs. 27.31 to Rs. 27. Texmaco showed a loss of 65 nP at Rs. 22.30 as did Indian Cable of 38 nP at Rs. 36.37. Indian Aluminium were better at Rs. 39.50 against Rs. 39.25 a week ago.

In the Cash List, almost all the Jute shares showed further gains. Among noticeable gainers were Alexandra from Rs. 262 to Rs. 305, Alliance from Rs. 104 to Rs. 139, Bally from Rs. 298 to Rs. 306, Barnagore from Rs. 167 to Rs. 179 and Nuddea from Rs. 70.50 to Rs. 77. In Textiles, Bharat Commerce gained 25 nP to Rs. 28.56 and Victoria 81 nP to Rs. 17.81, but Elgin moved down from Rs. 22.69 to Rs. 22.12. In Coals, Bengal lost six points to Rs. 342, but E. India moved up by 50 nP to Rs. 37.50. Among Engineering issues, Burn were a feature and gained Rs. 69 to Rs. 659 on keen support. B.I. Electric looked up from Rs. 39 to Rs. 42.62. Jessop lost 88 nP to Rs. 24.74. Christien Mica, among minings, tacked on further gains from Rs. 12.25 to Rs. 13.12. Ashoka Cement improved from Rs. 8.75 to Rs. 3.91. In the miscellaneous section, Goodyear looked up from Rs. 40.06 to Rs. 40.81. Gwalior Rayon greeted the proposal to increase the output by five tons per day with a rise of Rs. 2 to Rs. 58. Among Paper shares, I.P. Pulp rose from Rs. 21 to Rs. 21.62, Star from Rs. 10.12 to Rs. 11.06 and Titaghur from Rs. 42.25 to Rs. 43.19. In Sugars, Dyer Meakin gained two points to Rs. 49.37 on reports that the Company had enjoyed an advantage of obtaining the necessary cane supplies largely from its own farm.

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Good support for E.I.D. following an encouraging speech from its Chairman was a feature of the trading in Madras. Textiles, too, attracted attention, notwithstanding the reference to cotton shortage by the Chairman of Madura Mills. The damper was discounted in the face of better working of Binny Group.

E.I.D. improved from Rs. 38.92-xd to Rs. 39.50, which was the *cum-final-div.* closing in the previous week, the final dividend being 14-2/7 per cent, taxable. Deccan also looked up in sympathy from Rs. 9.95 to Rs. 10.05. In Textiles, Premier gained Rs. 10 to Rs. 330 as did Bangalore Woollen to Rs. 267. But Buckingham lost Rs. 3 to Rs. 287. Madura moved up by 55 nP to Rs. 40.65 and Lakshmi by 50 nP to Rs. 166.50. Travancore Rayon were shaded at Rs. 43.75 on disappointing results, but S.I. Viscose were up by Rs. 2.50 to Rs. 185.50. Among Miscellaneous issues, Andhra Cement suffered from Rs. 12.10 to Rs. 9.60, but other Cement shares showed small gains. Travancore Chemicals were active and moved up from Rs. 19.50 to Rs. 20.12. Plantings were neglected. Among Tea shares, a gain of 50 nP to Rs. 13.75 in Highland was contrasted by a loss of 59 nP to Rs. 20.25 in United Nilgiri. Consolidated Coffee looked up from Rs. 17.80 to Rs. 18.12. Among Rubber shares, Travancore slipped down from Rs. 13.12 to Rs. 12.80.

CAPITAL MARKET NEWS

NEW ISSUES

Aditya Mills Limited, a new Calcutta company, is expected to be in the market around the middle of this month to raise Rs. 30 lakhs by way of public subscriptions in 5,000 redeemable cumulative preference shares of Rs. 100 each, carrying dividend at 9.285 per cent free of company's tax but subject to deduction of tax at source, and 25,000 equity shares of Rs. 10 each. Its issued capital will be of Rs. 60 lakhs, of which equity will be Rs. 50 lakhs and the balance preference. A firm allotment of preference shares of Rs. 5 lakhs and ordinary shares of Rs. 10 lakhs has been made to the Government of Rajasthan. The Directors, their friends and associates have subscribed for equity shares worth Rs. 15 lakhs. The public issue has been underwritten, among others, by the Industrial Finance Corporation, the Life Insurance Corporation and the Rajasthan Financial Corporation.

Promoted by Mr. Bhagirath Kanoria, the Company has been granted by the Government of India a licence for setting up a cotton textile mill with 2,500 spindles and 500 looms, in order to rehabilitate the economy of Kishangarh, Rajasthan. The mill is expected to provide employment to over 700 persons. At the outset, the project will involve an outlay of Rs. 148 lakhs. It will be undertaken in two stages; the spinning unit to be taken up first. In the final stage, the outlay will be roughly Rs. 3 crores. Machinery worth Rs. 9 lakhs has been purchased from the U.K. on deferred payment basis. The Industrial Finance Corporation has granted the Company a loan of Rs. 50 lakhs. Construction of the buildings has been speeded up to accommodate the machinery. The Government of Rajasthan has assured the Company of adequate supply of power from the Chambal project. Production is expected to start before the end of this year.

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Subscription lists for the public issue of Rs. 20 lakhs out of a total of Rs. 35 lakhs in equity shares of Rs. 100 each by the Electrical Instruments Manufacturing Company Ltd. will open on 16th April and close on 28th April, or 20th April. The Directors, their friends and associates have agreed to take up shares worth Rs. 15 lakhs. The public issue has been underwritten by the Industrial Credit and Investment Corporation of India, the Life Insurance Corporation of India, banks and brokers. The Company was established in 1958 for the manufacture of switch gears, which will reach its full capacity of 24,000 pieces a year by the end of this year. It has obtained an industrial licence to manufacture 60,000 A.C. single-phase meters and 24,000 polyphase meters. It also proposes to manufacture house service meters by the end of this year. It has entered into technical collaboration with Valmet Oy., Helsinki, Finland. A new factory will be put up at Naroda, Ahmedabad.

NEW ISSUES SANCTIONED

Seven companies have been authorised by the Controller of Capital Issues to raise capital aggregating Rs. 2.14 crores during the week under review. The folowing are the details of the capital issues by some of these companies.

Pyrotenax India Limited, Bombay, a new company, has been granted consent to issue capital of Rs. 55 lakhs at par. Of this, shares of the value of Rs. 27.50 lakhs will be offered for subscription to Pyrotenax Limited, U.K. The proceeds of the issue will be utilised for the manufacture of pyrotenax mineral insulated copper covered cables.

Larsen & Toubro Limited, Bombay, is to raise Rs. 55 lakhs in equity shares of Rs. 10 each for cash, to be issued at a premium of Rs. 8 per share. The proceeds will be used for financing certain subsidiaries and providing for the working capital. The consent is valid only upto 31st May, 1962.

Bennett Coleman and Company Limited, Bombay, is to issue debentures of Rs. 50 lakhs divided into five thousand 7 per cent redeemable mortgage debentures of Rs. 1,000 each for cash at par. The capital is intended to finance the modernisation and expansion of the Company's printing presses at Bombay, and New Delhi, undertaken in 1961, and for construction of the Company's own building for housing the presses and offices of New Delhi.

(Concluded from previous page)

despite the marked rise in deposits. The cash ratio is only fractionally lower and the overall liquidity ratio is 36.3 per cent, which must be regarded as quite comfortable for a bank of the size and standing of the Central.

The satisfactory utilisation of the Bank's resources is reflected in the growth of gross income (after adjustments of all essential provisions *including* taxation not shown separately for the year under review) which is of the order of Rs. 2 crores or 20 per cent. As the bulk of the increase in deposits has been in time deposits, interest paid shows a rise of about Rs. 93 lakhs. Staff expenses, *including* bonus, have gone up by Rs. 46 lakhs; in view of the excellent results for the year, the shareholders need not grudge this addition, even though they themselves are getting a little less. The most satisfactory feature of the results is that, of the increase of Rs. 49.71 lakhs or about 38 per cent in the net profit, as much as Rs. 37 lakhs have been utilised to raise the transfers to reserves. For the first time after 1948, the reserve fund has now received a credit and that for a sizable amount of Rs. 45 lakhs.

The paid-up capital of Rs. 3.15 crores is now supplemented by reserve fund and other reserves amounting to Rs. 4.13 crores, giving a total of Rs. 7.28 crores of "own funds." The ratio of these funds to deposits is 3.3 per cent, a long way behind the goal of 6 per cent prescribed by the Reserve Bank and voluntarily accepted by all the banks as the ideal to be attained as early as possible.

Under the Reserve Bank's scheme of amalgamations for strengthening the banking system, the Bank took over the Jodhpur Commercial Bank which had one branch, 9 sub-branches and 2 pay offices. In addition, the Bank expanded its own branches, by opening 4 branches, 7 sub-branches and 4 pay offices; it had to close down one of its pay offices as it was found to be unremunerative. These figures suggest that the Bank pursued a rather cautious policy in regard to branch banking, presumably because of the large number of offices it had already established. The total number of offices, as at the close of 1961, is 343, an increase of 59 branches during the second Plan period.

NEWS IN BRIEF

THE Government of India is considering the feasibility of accepting Pakistan's offer to sell 10,000 tons of brick-burning coal per month to northern parts of India.

The six-mile double rail track between Vijayawada and Rayanapad in the Vijayawada-Dornakkal section of the Central Railway was opened last week. The new track will help transport of coal from Singareni collieries to places south of Vijayawada.

The 12,300-deadweight-ton cargo ship *State of Punjab*, the 32nd ship built at the Hindustan Shipbuilding Yard, Visakhapatnam, is being delivered to the Shipping Corporation of India. This is the first ship to leave the yard complete in all respects.

About 600 marine engines costing about Rs. 30 lakhs are proposed to be imported by the State Trading Corporation from Japan under the yen credit. These engines will be allotted to the State Departments of Fisheries for being made available to fishermen's co-operative societies and others.

The Union Ministry of Commerce and Industry has decided to issue "show cause" notices to all industrial licence-holders who have not taken steps towards commissioning the projects during the last one year. Defaulters will be asked to surrender their licences.

India's exports (including re-exports) during the month of February 1962 were lower at Rs. 47.77 crores as against Rs. 51.67 crores in the corresponding month last year. Imports were also lower at Rs. 68.97 crores, as compared with Rs. 82.10 crores. The adverse balance of trade in February was Rs. 21.20 crores, the corresponding figure for February 1961 being Rs. 30.43 crores.

The all-India plastics exhibition, organised by the All-India Plastics Manufacturers' Association at Cross Maidan in Bombay, was inaugurated by Mr. Sri Prakasa, Governor of Maharashtra, on Wednesday this week. The exhibition, which will continue upto the 12th inst., is arranged with the purpose of popularising plastics and educating trade and industry as well as general public about its various applications in industry and other fields.

West German capital in India, amounting to Rs. 2.1 crores, which was frozen during the Second World War, has been released by the Union Government at the request of the Indo-German Chamber of Commerce. While amounts below Rs. 5,000 are allowed to be repatriated by the holders, larger amounts will have to be deposited in non-residents' accounts in India itself and they can be used, with the approval of the Reserve Bank, for buying Indian goods or investments or as loans to Indian firms.

The Government of India has decided to discontinue the sale of prize bonds from 1st July 1962. The Government, however, has decided as a special case to give notice of three months to allow the public a further opportunity to purchase prize bonds. Bonds sold during the three months ending 30th June 1962 will be eligible for participation in the remaining eleven quarterly prize bonds draws, commencing from 1st September 1962. Collection from the sale of prize bonds during 1960-61 amounted to Rs. 15.75 crores. During the 1961-62 fiscal year prize bonds worth only about Rs. 2.85 crores have been sold till February last.

The Inventions Promotion Board of the Ministry of Commerce and Industry gave Rs. 1.15 lakh as financial aid to Indian inventors in different States during the year 1961 to enable them to give practical shape to their ideas or effect improvements in their inventions. This was in addition to the scheme for the award of cash prizes for inventions, the practical value of which has been proved or workability demonstrated. Some of the important inventions that were assisted were Orinthopter or flying cycle (Rs. 5,000), a gadget for running internal combustion engines on kerosine and other cheaper fuel (Rs. 8,000), wet and dry grinder (Rs. 5,000), an improved cardiac monitoring apparatus called Sphygmoterbograph (Rs. 5,000), a new process to obtain photo-transparencies (Rs. 6,000), a new type of induction motor (Rs. 5,000), puncture-proof tyre (Rs. 5,000), and a device to raise water (Rs. 5,000).

A multi-storeyed office building, with a plinth area of about 2.6 lakh square feet, will be constructed at Haddows Road in Madras for housing Central Government offices, at present accommodated in leased and requisitioned buildings in various localities of the city. The building, to be completed by the end of the third Plan, will be mainly seven-storeyed and will have garages, cycle sheds and other amenities. There will also be a rest house with six suites on the top floor. The total office space in the building will be 145,000 sq. ft. which will be available to various offices entitled to accommodation in the general pool at Madras. The total cost of the building is estimated at Rs. 95 lakhs which will be found from the allocation for office buildings to be constructed during the third Plan period.

A new variety of mint plants which gives a higher yield of essential oil than Japanese and Indian mints has been produced as a result of the experiments carried out at the Regional Research Laboratory, Jammu and Kashmir. The essential oil yield of this new variety is five per cent and above, which compares with the three to four per cent yield from Japanese mint. The mint ordinarily grown in India is of poor quality and its yield of oil is not even one per cent. About Rs. 10 to Rs. 15 lakhs' worth of mint oil and about Rs. 80 lakhs' worth of natural menthol are annually consumed by the pharmaceutical, soap and cosmetic and tobacco industries in India. At present India's requirements of these oils are met by imports, mainly from the U.S., Brazil and Japan.

The Government of India has signed an agreement with the British firm, Messrs. Portals Limited, for technical collaboration in setting up a mill for the manufacture of security paper. Portals have been supplying to India for over a century the special kind of paper which is used in the printing of currency and bank notes. The mill, which will be the first of its kind in Asia, will be set up at Hoshangabad in Madhya Pradesh. It is expected to go into production by September 1964. Initially, the mill will have three machines capable of producing about 2,000 tons of paper annually. There will be provision for the installation of a fourth machine at a later date. This will add another 675 tons to the annual capacity. The three-machine mill, in full production, will provide employment to about 600 persons and effect a saving of about Rs. 1.60 crore in foreign exchange now being spent on the import of security paper. A provision of Rs. 5.5 crores has been made for this project in the third Plan, including a foreign exchange component of Rs. 2.4 crores. The mill will be managed as a departmental undertaking of the Ministry of Finance.

Under a new scheme formulated by the Union Government, industrial co-operatives and joint stock companies will be able to obtain credit facilities from the Life Insurance Corporation of India for setting up industrial estates. The L.I.C. loans will be up to 60 per cent of the total cost of an estate. The grant of the loan will, however, be subject to the condition that the co-operative or company should have raised the balance of 40 per cent by way of capital, or partly by way of capital and partly by way of State Government loans. In this respect, the Union Government has advised the State Governments on the desirability of advancing 15 to 20 year-term loans to industrial estates co-operatives and companies to meet the gap between the amount raised by them and the minimum margin stipulated. The State Governments are also required to give hundred per cent guarantee for the loan advanced. The loan will be repayable in not more than 13 annual instalments, the first instalment being payable at the end of three years from the date of loan. It is expected that, during the third Plan period, one hundred co-operative industrial estates would be set up all over the country.

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From Abroad

In a bid to promote exports, the U.S. Department of Commerce has decided to open shortly a trade centre at Frankfurt in West Germany. The centre will be run on lines similar to that in London. Similar U.S. trade centres are proposed to be set up at Tokyo, Bangkok, Lagos and Sao Paulo (Brazil).

The British Overseas Airways Corporation has decided to restrict for the time being any further growth in the number of services it operates. Instead, it will direct its efforts to increase the number of passengers, thereby making the aircrafts earn more by getting them better filled. These methods have been taken with a view to improving the profitability of the Corporation's services.

The U.S. Department of Agriculture has announced amendment of an existing agreement signed in May 1960 to permit India to purchase an additional $21.8 million worth, or 350,000 metric tons, of wheat or wheat flour from the U.S. The authorisation, as amended, provides for the purchase of a total of $49.8 million worth (or about 800,000 metric tons) of wheat from the U.S. About 170,000 tons of wheat remain to be purchased of the amount previously authorised.

The Government of British Guiana does not intend to nationalise the bauxite and sugar industries. This was stated by Dr. Cheddi Jagan, Prime Minister, at Georgetown, at a talk with a visiting trade mission from the U.K. He added that, if any private enterprise were nationalised, adequate and fair compensation would be given. The Government, he added, was committed to a mixed economy in which private and public enterprises would exist side by side, "as is the case in India."

A team of Russian experts has submitted to the Government of Ceylon a project report on the establishment of a flour mill in the Colombo port area, with Soviet collaboration. The capital outlay on the project is put at Rs. 183 lakhs, of which Rs. 100 lakhs will be spent from the Russian loan of Rs. 1,420 lakhs. The proposed plant will produce 50,000 tons of flour and 20,000 tons of bran and other by-products. Ceylon imported last year 170,000 tons of wheat flour, valued at Rs. 70 crores.

The Ceylon Petroleum Corporation proposes to buy oil from the United Arab Republic in exchange for Ceylonese tea. A U.A.R. trade delegation is currently in Colombo finalising the terms of the contract. An earlier agreement had laid down that trade between the two countries should be conducted on a bilateral barter basis. It is reported that the price of U.A.R. oil, as in the case of that paid by Ceylon for Russian oil, is 38 cents per gallon, which is about 22 per cent less than the price of oil imported by companies. The Corporation will start selling oil on the 13th inst.

The Pakistan Industrial Development Corporation has announced the setting up of four new jute mills in East Pakistan, in addition to the five already planned. The new mills will increase the number of jute factories to 23, raising total production capacity to 14,000 looms. The four new mills will be set up by private enterprise in co-operation with the P.I.D.C. Each will have 250 looms with provision for doubling its capacity. Three mills which had been planned earlier are expected to be completed by the end of this year, and the construction of the other two is likely to start shortly.

President Kennedy's proposals for a new, liberalised U.S. Trade programme and to replace the 28-year-old Reciprocal Trade Act has been endorsed by an important element of the American textile industry. The resolution adopted by the cotton manufacturers institute says: "We desire to obtain a trade expansion act which will encourage and stimulate international trade and, at the same time, will assure the continuance of the jobs of our American employees, the expansion of our domestic production and will provide for the maintenance of our national security."

The West German Government has decided to establish a development corporation designed to assist small- and medium-sized industries for investing in developing countries. The proposed Corporation, which will be financed from Government aid funds, will enter into temporary partnerships with those enterprises lacking in financial resources to face the risks of setting up subsidiaries in developing countries. Once the initial period of difficulties is over, the Corporation will part with its holding, making funds available for ventures elsewhere. It will have an initial capital of DM25 million. The Corporation is expected to start work in the second half of this year.

A wage settlement directly affecting 700,000 industrial workers, which will give trade unions just half the general wage rise they demanded, was signed last week by the Swedish Employers Confederation and the Swedish T.U.C. Wages are to go up generally by 2½ per cent this year and by a further 2½ per cent next year. In addition, a number of social benefits, including a group life insurance scheme, have been agreed on by both sides. The net effect of this central agreement is said to be an addition of about 3 per cent to the wages bill in each year. Although only 700,000 industrial workers are covered by this agreement, it sets the pattern for all industrial and farm workers in Sweden.

The U.S. Government has authorised two loans aggregating Rs. 57 crores ($120 million) to India. One of the loans, amounting to $100, will be made to the Government of India to finance imports of the critically-needed industrial and agricultural commodities. The recipient of the other credit of $20 million is the Industrial Finance Corporation. Both loans will be channelled through the U.S. Agency for International Development. It will be recalled that the U.S. indicated to the "Aid-India" consortium that it planned to extend foreign exchange loan assistance to the tune of $545 million during the first year of the third Five-year Plan. The two loans now announced bring the total of U.S. credits towards meeting this commitment and India's foreign exchange needs to $428 million. More loans to cover the remainder of the $546 million assistance currently are being processed.

PERSONAL

MR. M. Sen Gupta has been elected Chairman of the Indian Mining Federation, Dhanbad, for the year 1962-63.

Mr. T. M. Bishop and Mr. F. P. Baker have been elected President and Vice-President, respectively, of the Indian Paint Association, Calcutta, for 1962.

Mr. K. M. Campbell has been elected Chairman of the British India Steam Navigation Company Ltd. in the place of Mr. E. J. Pakes who retired at the end of March 1962.

Mr. D. C. Kothari, a prominent businessman and industrialist of Madras, has been elected as the Chairman of the Southern India Millowners' Association, Coimbatore, for the year 1962-63.

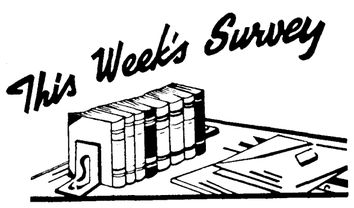
Mr. B. B. Ghosh, until recently Secretary in the Union Ministry of Food and Agriculture, has been appointed Chairman of the Commissioners for the Port of Calcutta *vice* Mr. K. Mitter.

Mr. Vishnu Sahay, I.C.S., Secretary to the Union Cabinet and the Planning Commission, has been appointed a member of the Commission. He will assume charge on the 16th inst.

Mr. Tulsidas Kilachand, Chairman of the Bank of Baroda Ltd., Mr. T. D. Kansara, General Manager of the Bank of India Ltd., and Mr. C. E. Kamath of the Canara Bank Ltd. have been elected Chairman, Deputy Chairman and Honorary Secretary, respectively, of the Indian Banks' Association for 1962-63.

MR. KARAMCHAND THAPAR

We record, with sorrow, the demise of Mr. Karamchand Thapar, the erstwhile President of the Federation of Indian Chambers of Commerce and Industry, whose address at the annual meeting of the Federation was commented upon by us in our last issue. Mr. Thapar, who was 67 at the time of his death in New Delhi on 29th March, hailed from the Punjab, where he started his business career four decades ago, and had extensive interests in industries, such as coal, paper, sugar, textile, engineering, insurance and banking. He was associated with the F.I.C.C.I. for over a quarter of a century, actively participating in its discussions. With his clear grasp of the main issues, definiteness of views and forthright expression, he always played a significant role in the shaping of business opinion.



IMPORT POLICY

BARRING a few procedural changes like the reintroduction of annual licensing, though subject to certain qualifications, the import policy for 1962-63 announced last week-end follows, by and large, the familiar pattern. The restrictive era will thus continue; if anything, the curbs have been tightened a step further. This was only to be expected, with India's total sterling balances continuing to remain at the low level of about Rs. 134 crores, as against Rs. 136 crores a year ago, even after borrowing $250 million (about Rs. 120 crores) from the I.M.F. There have, of course, been certain encouraging trends in foreign trade, but they are not sufficient to warrant any marked departure in the import policy. The adverse balance of trade in 1961 was smaller at Rs. 297 crores, as compared with Rs. 436 crores in 1960. This was mainly the result of a sharp decline in imports by Rs. 105 crores to Rs. 965 crores. Exports at Rs. 668 crores were higher, but by just about Rs. 42 crores. But for the windfall gains, such as higher prices secured for jute goods on account of scarcity of supplies, a condition which has ceased to exist, exports would not have recorded even this improvement. The slow growth in exports only highlights the need for keeping imports under strict control without which the balance of trade position will get out of hand.

A notable feature of the new policy is that it covers the whole year April 1962-March 1963 and, consequently, all applications for import licences will be made on yearly basis, subject to certain conditions. Annual licensing will be done, it is said, "to the extent possible," and will cover mainly the essential requirements of actual users both in the scheduled and non-scheduled sectors. A separate announcement is expected to be made by the Government shortly, indicating the scope of annual licensing. Annual licences, where granted, will be subject to the conditions that only half of such licences can be utilised within the first six months and the other half of the licence will, subject to such change in value and conditions as may be decided upon, be endorsed for utilisation in the second half of the validity of the licence. In other cases, licences will be issued for six-monthly entitlement or requirement as first instalment, and supplementary licences covering next half-yearly entitlement or requirement will be given, after a thorough review of the situation at the end of the first six months.

It will be remembered that annual licensing was introduced in April 1960 in respect of certain specified items. This was only of an experimental nature, but was withdrawn a year later, as it was not considered quite suitable in view of the uncertainty about availability of foreign exchange. The introduction of the present qualified annual licensing is a sequel to the recommendations made by the Mudaliar Committee on foreign trade in its report, released a fortnight ago. This step is to be welcomed to the extent that it will reduce the work of both the applicants and the staff of the Import Trade Control Organisation. Its scope, however, is limited in that annual licensing has been made applicable mainly to actual users, whereas the Committee wanted the scheme to cover all cases. Besides, the provision for a review at the end of the first six months has left unsolved the problem of uncertainty regarding periodical changes in policy. The two main factors that influence the decision on policy changes are: foreign exchange position and progressive indigenous availability of stores. Regarding the second factor, it may be noted that "changes in the pattern of production are by no means so revolutionary as to justify such frequent half-yearly revisions in the import policy," as pointed out by the Mudaliar Committee. The question of foreign exchange situation is, however, more complex, as much depends on the overall policies pursued by the Government.

The actual reduction in imports envisaged now is expected to ensure a saving of a mere one crore of rupees. This is sought to be achieved by a complete ban on ten items, including yeast, arms and ammunition, yarn spuns from silk waste excluding sewing thread, argon gas, polyvinyl acetate resin powder, polyvinyl formal and P.V.C. composition and moulding power. Sizable cuts, ranging upto 50 per cent, have also been made in respect of 55 items. It is explained by official spokesmen that these reductions have been made with due considerations to the progress made by indigenous industry. It is to be hoped that no serious shortages in these items (which include essential raw materials and drugs) will develop, resulting in high prices and black marketing.

Among the other important changes in policy, mention may be made of a provision included, for the first time, to grant actual user import licences for motor vehicle parts to co-operative societies with individual operators as members and having a fleet of 25 vehicles or above. Another new provision contained in the policy is that supplementary licences will be granted to established importers of books for the import of books in sheet form only. This step, it is said, will not only result in saving of foreign exchange but will also provide additional job work to indigenous binding industry. A provision has also been made for allotment of newsprint, "to the extent possible," to meet the requirements of additional circulation of existing newspapers and new newspapers. Besides, with a view to helping the family planning programme, the quotas for rubber contraceptives and medicinal contraceptives, namely, foam tablets, have been liberalised. In addition, the licensing work in respect of a number of items, which was hitherto centralised either at the headquarters of the Chief Controller of Imports and Exports or at post offices, has now been considerably decentralised for the convenience of the trade.

Both industry and trade appear to be generally satisfied with the new policy, which seeks to reconcile several competing claims on the scarce foreign exchange resources and also the need for conserving them as best as possible. The established trade, however, has resented further inroads made into their quotas. But this is an inevitable consequence of the pattern of overall industrial development taking place in the country.

PAINT INDUSTRY

The domestic consumption of paints and varnishes has been steadily going up during the last few years, with the growth in building construction and the development of railways, shipping and bicycles. The paint industry has risen to the occasion by expanding production, diversifying its range of products and improving quality. It has thus been able to meet a substantial part of the domestic demand, apart from sparing some quantities for export. The total output of paints has gone up from about 40,000 tons in 1955-56, the base year of the second Plan, to 52,000 tons by 1960-61. It is encouraging to note that the increase in production has been accomplished more by better utilisation of installed capacity than by mere expansion and development. The present installed capacity is over 72,000 tons, as against about 65,000 tons five years ago. In the organised sector of the industry, there are now 53 units. An important feature of development of the industry is the commencement of manufacture of several new lines, which had been imported previously. These include synthetic adhesives for layer batteries, gasoline-binding paste, synthetic iron oxide pigments, pigment dyestuffs, marine paints, anti-pest finishes, cold cured epicote finishes and paints capable of withstanding very high temperatures.

Although the trend of growth of the industry has been satisfactory, it should not be forgotten that much foreign exchange is still spent on imports of certain varieties of paints and varnishes. Imports of these goods aggregated about Rs. 184 lakhs in 1960-61, as against Rs. 175 lakhs five years before. Considering the level of imports, the exports which the domestic industry has been able to make are only negligible. Shipment of paints and varnishes, which amounted to Rs. 12 lakhs in 1957, improved to Rs. 29 lakhs during the fiscal year 1960-61. But, during the period April to December 1961, they were running at a lower rate, being only Rs. 12 lakhs, as against Rs. 22 lakhs during the corresponding period of the previous year. It is in this context that Mr. P. C. Chanda, President of the Indian Paint Association, referred to the difficulties in the way of exporting paints and varnishes at the annual meeting of the Association held at Calcutta last week. There is, according to him, very severe competition in world markets. He, therefore, expressed doubts whether it would be possible to promote exports of paints through the individual efforts of producers. Accordingly, he advocated collective endeavour for promoting exports, but did not elaborate this point.

An important handicap in the way of exports has been the scarcity and high cost of raw materials. Much work, of course, is being done to ensure adequate supply of essential raw materials. The Government of India has been encouraging the development of such of the industry's raw materials as titanium dioxide, aluminium paste, chrome colours, phthalic cyamine blue, alkyd resins and phenolic resins. The output of these materials has also been steadily increasing. Besides adequate supply of raw materials, sustained research is a prerequisite for reducing cost and ensuring good quality. Mr. Chanda did well to stress this point at the meeting. He appealed to all the paint manufacturers to join the Indian Paint Research Association set up under the ægis of the National Council of Scientific and Industrial Research. The Research Association, it may be noted, plans to put up a laboratory shortly at New Delhi and subsequently another in Bombay. Unless manufacturers join the Research Association and help it financially, it is possible that the Government may, as was hinted by Mr. Chanda, introduce some compulsory levy.

TRADE AND AID

In contrast to the regional thinking that dominates much of the current efforts at economic integration of Western Europe, American views on aid and trade policies reflect a wider perspective and a self-denying attitude which are evidence of the realisation on the part of the U.S. of its moral obligation to help the less fortunate countries and its political and economic responsibilities as the leader of the free world. A clear-cut statement of the American attitude towards trade and aid policies is contained in the address delivered by Mr. George Ball, the U.S. Under Secretary of State, before the German Foreign Policy Society at Bonn this week. Mr. Ball appealed to the member-countries of the European Common Market to join with the U.S. in helping newly-emergent nations to gain a greater share of trade in world markets. Underlining the value of international economic co-operation, the Under Secretary said that the U.S. and the European Economic Community (E.E.C.) should strive together to eliminate preferences so as to permit sound and independent economic growth of the emergent nations. Mr. Ball also emphasised the importance of trade to underdeveloped countries and pointed out that, if the U.S. and the E.E.C. together agree to open their markets to the primary products of the less developed countries on a basis of non-discrimination, they could set the direction for an evolutionary process—a process which would, in the long run, create a healthy world trading environment in which the less developed countries could develop their production for world markets. He, however, warned that the shift to non-discriminatory trade would not be an easy one, since it would require arrangements to make the necessary adjustments easy in nations now dependent on preferences. He expressed the hope that the Common Market countries would resist the temptation to become an isolated trading bloc and that it would feel a growing responsibility for the rest of the free world.

Vigorously defending the new trade legislation proposed by President Kennedy, Mr. Ball said that what the President proposed was not a customs union or a free trade area with the Common Market, but rather that the U.S. and the European countries move towards liberalisation of trade for the good of all. He pointed out that the recent increase in American tariffs on carpets and glasses was the only relief permitted under present U.S. law and that the new legislation, now before the Congress, was designed to provide other solutions for American industries damaged by imports.

The U.S. Under Secretary of State, however, made it clear that his country wholeheartedly supported the Common Market as a "co-equal force for free world security and prosperity."

In an indirect reference to the deteriorating balance of payments position of the U.S., Mr. Ball asserted that Western Europe, which was growing continually stronger and more unified, had not fully assumed that share of the burden of defending the free world and aiding underdeveloped countries which its growing strength warranted. He, therefore, called upon the Western nations to do more for collective defence of the free world and to aid underdeveloped countries. This appeal has special significance in the current context of the continuing heavy gold losses from the U.S. which aggregated $100 million during the week ended 28th March 1962, bringing the total gold losses till that date in the current year to $280 million. Financial experts are of the view that, if this trend were to continue, the outflow of gold from the U.S. this year might exceed last year's figure of $857 million. It is noteworthy that a substantial part of this year's gold outflow from U.S. has gone to Britain.

TEXTILE MACHINERY

As the supplier of a wide range of machinery and equipment to cotton mills, the textile machinery industry occupies a prominent place in all countries. In India, too, the industry, which took firm root only a decade ago, has come to play a vital role. The actual output of textile machinery (in terms of value) is currently running at an annual rate of Rs. 15-16 crores, as against less than a crore of rupees ten years before. Alongside expansion of output, continued efforts have also been made to develop new lines of manufacture and to improve quality. While all this is commendable, still greater, sustained efforts are needed if the industry is to be in a position to meet the expanding requirements of cotton mills in the years to come. An idea of these requirements can be had from the fact that the Government has recently allocated to the mill industry four million additional spindles and 25,000 automatic looms under the third Plan and that there is a heavy backlog of rehabilitation and modernisation. Indeed, it is, as Mr. Pratap Bhogilal aptly remarked while inaugurating the annual meeting of the Association of Merchants and Manufacturers of Textile Stores and Machinery held at Bombay last week, no small undertaking on the part of machinery manufacturers to keep the cotton mill industry's wheels turning.

Viewed thus, it is rather disquieting to be told that the textile machinery industry is confronted with the difficulty of procuring raw materials. The difficulty must certainly be removed forthwith. The three suggestions which Mr. Sohrab K. Khan, President of the Association, put forward, merit due consideration. One, imports of certain special types of steel (required by manufacturers of textile accessories) that are not produced on a commercial basis in the country and readily available must be permitted. Two, the import duty on some raw materials must be reduced. For instance, the raw material required for the production of all-metal reeds bears an import duty as high as 25 per cent *ad valorem* in the case of British manufacture and an additional Rs. 34.45 per ton in respect of non-British manufacture, as against the import duty of only 15 per cent *ad valorem* on finished all-metal reeds. Three, measures should be taken to limit imports, under the Export Promotion Scheme, of such textile auxiliaries as are produced in sufficient quantities in this country.

It well behoves the authorities to give due attention to the problem of securing adequate supplies of components for the textile machinery industry. On its part, the industry should spare no efforts to produce machinery and equipment which "are acceptable to mills in every way." It will do well to ponder the statement of Mr. Bhogilal that every new machinery is the product of intensive research and experiment. Accordingly, only those machinery makers who are able to supply the most up-to-date equipment can hold their own.

SMALL-SCALE INDUSTRIES

Small industries, as defined in National Income Estimates, comprise all manufacturing and processing activities undertaken by household enterprises of factories not registered under the Indian Factories Act, 1948. In other words, they cover all industrial enterprises employing less than 10 workers if using power and less than 20 workers if not using power. The handloom industry, for instance, belongs to the "small enterprises" sector. So do the modern small-scale industries which, according to the definition adopted by the Small-Scale Industries Board, are enterprises employing less than 50 workers with power or less than 100 workers without power and with a capital asset not exceeding Rs. 5 lakhs. The "small enterprises" sector thus includes both traditional and cottage industries and modern small-scale industries working on factory lines. As the estimate of income originating in this sector is still derived indirectly by working out the number of "gainfully occupied" persons in all small enterprises together and the level of average income per occupied person in them, the share of "modern small-scale industries" as such cannot be separately estimated. It is not possible, as of today, to figure out this share in the net output (Rs. 745 crores in 1955-56 and Rs. 773 crores in 1959-60, both at current prices) of the entire small enterprises sector.

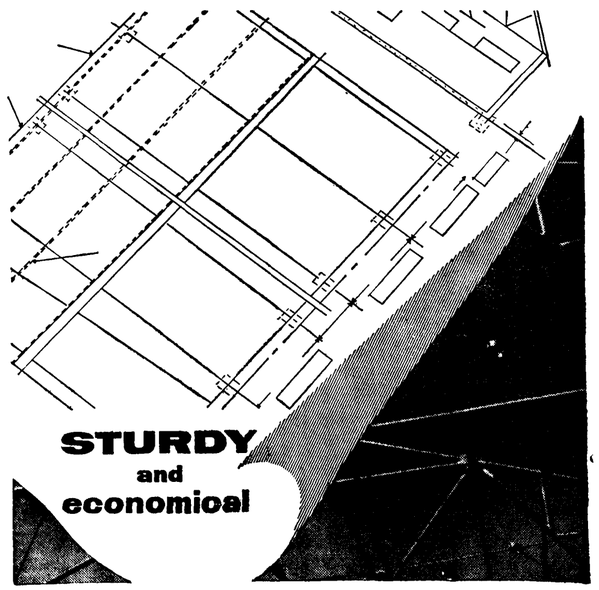
But it is certainly possible to infer from the figures that there has been some growth in "modern small-scale industries" in the second Plan period. This inference is accompanied by the assumption that "traditional small industries" have, at best, remained static during the same period, that is, have neither languished nor advanced. Even after making this assumption, such growth as has taken place in "modern small-scale industries" does not seem to have been anything spectacular. It would be worthwhile to find out through statistical surveys whether an outlay of Rs. 56 crores by the Central and State Governments, besides the estimated private investment of about Rs. 60 crores, on modern small-scale industries and industrial estates during the second Plan period has led to the expected results in terms of output. It would not be patently sufficient to give, as the final report on the third Plan has done, a few instances of growth in production in the small-scale sector, such as the following:

228,000 bicycles produced in 1960, as against 25,500 in 1956.

52,000 sewing machines in 1960, as against 23,600 in 1956.

Rs. 4 crores' worth of ungraded machine tools in 1960, as against Rs. 1.3 crore in 1956.

The third Plan has made a bigger provision for outlays on modern small-scale industries and industrial estates—Rs. 115 crores by the Central and State Governments and an estimated Rs. 135 crores by way of private investment. In view of this fairly large provision for the development of small-scale industries, there is a case for appraising carefully the progress so far made in such industries. It is, therefore, a heartening development that the Government of India has just appointed a perspective planning team for small-scale industries. According to the announcement made by Mr. Manubhai Shah, Union Minister for Industry, at the meeting of the Small-Scale Industries Board on the 3rd inst., the team consists of six foreign economists and planning experts whose services have been arranged by the Ford Foundation. A counterpart team, consisting of Indian officials and economists under the leadership of Dr. P. S. Lokanathan, will work as a part of the international team. It is expected to study and review the existing programmes of development of small-scale industries and suggest improvements on a long-term basis. As Dr. Lokanathan, who is Director-General of the National Council of Applied Economic Research, is heading the Indian part of the team, it may be supported that his organisation will, in some way, assist it in providing a complete picture of current aggregate investment, output and employment in modern small-scale industries and in critically appraising their performance. Given such a critical review, the present team would be in a position to recommend a realistic, economic and well-co-ordinated plan of development. That at least is our hope. It may be noted in passing that a similar team on small-scale industries, arranged by the Ford Foundation in 1954, had paved the way for the further development of such industries in the second Plan period.



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NAS/SL 244

THE CASE FOR CHEAP ENERGY

HEAVY TAXATION LEADS TO HIGH PRICES

FOR modern industrial societies, and for those striving to attain this status, abundant mechanical energy is indispensable. Fuel and power are needed to keep the wheels of industry and transport turning, to bring about new economic development, and to provide the people with the amenities of modern life. Thus, although climatic and other differences naturally have some influence on fuel requirements, there is a close connection between energy consumption per head and standard of living. As against a world average of just over 1,400 kg. of coal equivalent per head, energy consumption in the U.S.A. is nearly six times that figure—well over 8,000 kg. per head. The corresponding averages are 4,900 kg. for the United Kingdom, 2,400 kg. for France, and 1,160 kg. for Japan. Among the countries at the other end of the scale are Turkey with about 240 kg. per head, India with 140 kg., and Nigeria with 40 kg.

If energy is indispensable to economic growth should not cheapness and plenty be the keynotes of Government energy policies? True, cheap energy is not equally important to all industries. The big fuel users, naturally enough, are those which employ high temperature processes, the outstanding example being iron and steel. As a percentage of selling value, expenditure on fuel and power is estimated to be 17 per cent for the iron and steel industry, as much as 29 per cent for cement, where the raw materials are cheap, and 1 to 3 per cent for textiles. However, steel and cement are widely used throughout a modern economy, which is also heavily dependent on transport services. Thus the influence of low, or high, energy costs will in fact be all-pervasive.

Role of Coal

Nevertheless, Governments of Western countries do not pursue cheap energy policies with the single-mindedness that the uninitiated might expect, or the consumer desire. The main reason, in Europe at least, is to be found in the historical role of coal. The industrial revolution was made possible by abundance of coal—or, more accurately, by the proximity of abundant coal and abundant iron ore. Oil grew to maturity largely as the fuel for internal combustion engines, a field in which it competed only indirectly with solid fuel (road transport versus rail). It was not until after the last war that oil began, on any scale, to replace coal as fuel for industry in European countries. It started to do this at a time when the Governments concerned were alarmed at the prospect of a solid-fuel shortage. It succeeded so well that Governments became disturbed at the spectre of unemployment in the mining industry.

In important coal-producing countries such as the U.K. and Germany, the dilemma is reflected in Government policies. While accepting that oil will play a role of increasing importance, certain Governments have sought in recent years to restrain its growth. Import duties and other taxes are the favourite instrument, though the claim is commonly made that they are being imposed purely for revenue reasons. There is no clear line of demarcation between revenue and protective duties; and, whatever the ostensible purpose, it remains true that any tax which raises the price of one fuel will afford some protection to the others.

Taxes on motor gasoline are now almost universal. They have grown with the years and in Europe they now range from the equivalent of roughly 22 pence per imperial gallon in Switzerland to 57½ pence in France. In Japan they are equivalent to about 31 pence, while in the U.S.A. the combined federal and state taxes are of the order of 10 pence per imperial gallon. Taxes on fuel oil are generally of more recent origin. They are levied in most West European countries—Denmark is an exception—and tend to be heaviest in the main coal-producing countries. The highest rate is in West Germany—equivalent to 2.6 pence per imperial gallon, or £2 10*s.* per long ton, on *heavy* fuel oil—though Belgium and the U.K. follow close behind.

It is sometimes argued that the harm done by taxing fuel in this way is negligible: higher energy costs are simply passed on to the buyers of goods or services in the form of higher prices, and the effects are widely diffused. This, however, is a superficial view. Apart from the consideration, mentioned above, that cheap fuel is a powerful stimulant of economic growth, high energy costs may be a significant handicap to exporting industries. The point has been made several times of late in regard to the U.K., which is more dependent on export business than is any other European nation, and where the cost of energy is considerably higher than in some competing countries.

Distorting Effects

Nor is this all. Fuel taxes have distorting effects which should not be ignored. As we have seen, the cost of energy, as a proportion of total costs, varies widely from industry to industry. Hence any tax on fuel will be discriminatory in its effects, hitting some industries much harder than others. This explains why the U.K. iron and steel industry protested so strongly against the tax imposed last year on fuel oil (over £2 a ton), as well as against the Government's refusal to permit the importation of cheap U.S. coal for steelworks use.

Taxes on liquid fuels will, moreover, result in a less efficient use of fuel over-all. One of the most striking results of the post-war switch from coal- to oil-firing has been the marked improvement in fuel economy generally. Taxes on oil obviously hamper this process. To quote a specific example: recent research in North America and the U.K. has shown that the injection of fuel oil into blast furnaces results in a more-than-equivalent saving of coke, besides increasing the daily output of iron. Clearly, however, taxes on oil may rob the process of commercial justification, with the result that the potential saving of fuel is not made.

While there are thus inconsistencies in the attitude of Governments to the subject of energy and its taxation—and certainly differences of approach among the six members of the European Community—there is evidence that the claims of cheap energy are tending to prevail, at least in Western Europe. Since the publication of the far-sighted Robinson report* of 1960, there has been a growing awareness that Europe will inevitably become more and more dependent on imported oil; and that, in these circumstances, lowest costs and freedom of choice for the consumer should be the main objectives of policy. This is in effect an argument for maximum competition in the energy field. Even if coal production has to be sustained for reasons of broad policy, taxation of competing fuels is not the only way to do it. Typical of the liberal view is the plea by M. Marjolin, Vice-President of the E.E.C., to the European Assembly last February—a plea which was accepted—that the maintenance of a reasonable level of coal production in Europe should be achieved by means other than a general rise in energy prices: i.e., by direct subsidy to the relatively few high-cost mines.

WORLD ENERGY CONSUMPTION
(Million metric tons coal equivalent)

	1951	1955	1959	1960	% Increase 1951–60
Solid fuels	1,640	1,820	2,075	2,214	35
Liquid fuels	705	948	1,218	1,318	87
Natural and imported gas	318	397	666	618	94
Hydro and imported electricity	47	59	79	86	83
Total	2,710	3,224	3,038	4,236	56
*Per head**	1,075	1,202	1,345	1,405	31

*Aggregate consumption in *Kilograms per capita.*
Source: United Nations.

No Conflict

Arguments for cheap energy and maximum freedom of choice for the consumer do not apply to the industrialised countries alone. They are equally relevant to the situation of the undeveloped areas of the world. Though these at present use mechanical energy at a much lower rate than do the Western nations, they need, in the interests of economic growth, to use much more. For them, liquid (and other) fuels are an instrument for economic development, and proposals to raise fuel prices by taxes or other restrictive measures should be stoutly resisted. Ease of tax collection is no argument for denying the economy the benefits which cheap energy can bring.

But may there not be a conflict of interest in all this between the oil-consuming and oil-producing countries? Is cheap energy in (say) Western Europe compatible with reasonable prices for crude oil in the Middle East? The answer is that there is no necessary conflict. If energy is dearer than it need be, the main culprit is heavy taxation in consuming countries, certainly not high prices at the producing end. Thus the present posted price for 31° Kuwait crude ($1.59 a barrel) is roughly equivalent to 4 pence per imperial gallon. As compared with this, the wholesale price for regular grade gasoline in the U.K. is 49 pence a gallon, including 33 pence duty, besides the charges needed to cover all the costs of ocean transport, refining, marketing and various overheads. At the other end of the scale, the price for heavy fuel oil is 13.45 pence per gallon, including 2.2 pence duty, subject to substantial discounts for large quantities. A significant lowering of selling prices would thus be possible by the reduction or elimination of taxation, without bringing any pressure to bear on crude oil postings. Lower selling prices would encourage a more rapid growth of oil consumption, which is the best guarantee of larger revenues for "host" Governments.—*By Special Arrangement with Petroleum Press Service.*

**Towards a New Energy Pattern in Europe.* First Report of the Energy Advisory Commission of the O.E.E.C.

Notice

INDUSTRIAL INVESTMENT TRUST LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-ninth Annual General Meeting of Industrial Investment Trust Limited will be held at the Registered Office of the Company at 61, Apollo Street, Fort, Bombay, on Monday, the 7th day of May, 1962 at 4 p.m. (S.T.), to transact the following business:—

1. To receive and adopt the Directors' Report and the audited Statements of Accounts for the year ended 31st December, 1961.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. Maneklal Premchand, who retires by rotation and to consider, and if thought fit, to pass the following Resolution, of which special notice in writing as required by Section 281 of the Companies Act, 1956, has been received by the Company. Mr. Maneklal Premchand has signified his willingness to stand for re-election:

   "RESOLVED that pursuant to the provisions of Section 281 and other relevant provisions of the Companies Act, 1956, Mr. Maneklal Premchand, who has attained the age of 72 years, and who retires by rotation, be and is hereby re-appointed a Director of the Company, and it is hereby specifically declared that the age limit for Directors prescribed by Section 280 of the said Act shall not apply to him."
4. To appoint a Director in the place of Mr. A. D. R. Geddis, who retires by rotation and being eligible for reappointment offers himself for re-election.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTICE is also hereby given that the Transfer Books of the Company will remain closed from Monday, the 9th day of April, 1962, to Monday, the 7th day of May, 1962, both days inclusive.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company.

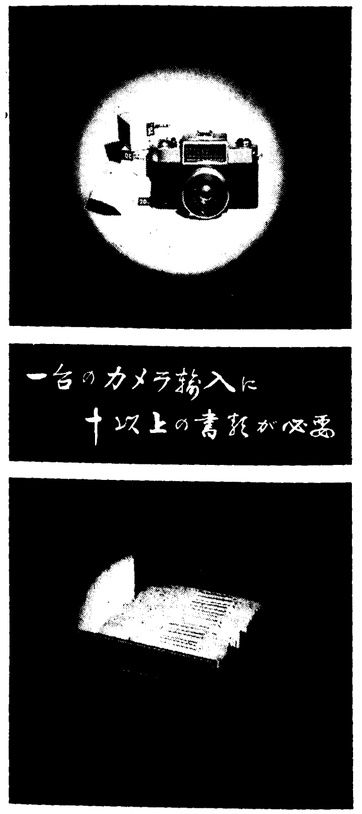
By Order of the Board,
KISHORE M. PREMCHAND,
Director.

BOMBAY, *dated 27th day of March,* 1962.

Notes:—1. The dividend when declared will be made payable at the State Bank of India, Bombay, on and after the 8th day of May, 1962. The dividend warrants will be posted to those shareholders whose names stand on the Register on the 7th day of May, 1962.

2. Change of address, if any, should be notified to the Company immediately.

A copy of this notice and the Explanatory Statement required to be annexed thereto are being circulated to the Members.



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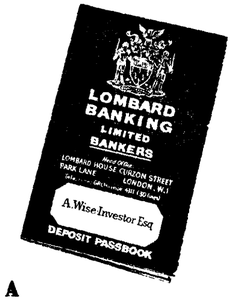

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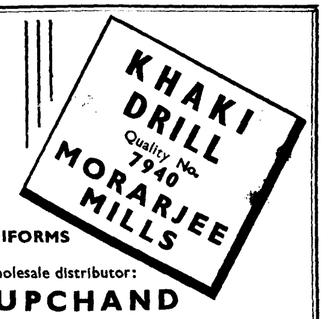

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ECONOMIC ANALYSIS OF CENTRAL BUDGET

VENKATACHALAM COMMITTEE REPORTS ON SMALL INDUSTRIES

From Our Special Correspondent

NEW DELHI, *3rd April*

DELHI LETTER

ONE of the innovations of the planning era is the Economic Classification of the Central Budget, which follows the latter's presentation every year. Budgetary policies affect incomes, capital formation and savings but the so-called Budget papers usually conceal much more than they reveal and on these larger matters they are hardly helpful. The economic classification purports to sort out, re-classify and re-group Government transactions into "*meaningful economic categories.*" (One is tempted to remark that the meaning may, however, elude all who are not conversant with the jargon of National Accounts.) So in the system of economic classification adopted by the Department of Economic Affairs, since 1957-58, distinctions are drawn between transactions in goods, services and transfers and financial transactions which affect the net claims of the Government on the rest of the economy. But here there is a snag; the Central Government and its operations are isolated from those of the State Governments, local bodies and all autonomous Central and State undertakings, the latter are treated as the "rest of the economy," along with private individuals and corporations in the private sector. Perhaps another economic classification is necessary to analyse the impact of State Government and municipal budgetary policies, which form part of and derive their inspiration from the larger Central Plan, but it may not be attempted for some time to come.

Capital Formation

The table below summarises the total expenditure, the proportion of final outlays (48 per cent in 1962-63) which represent the direct demand for goods and services for consumption and of capital formation (which includes buildings, machinery and equipment and inventories). The transfer payments are even more than final outlays (Rs. 1,133 crores next year or 52 per cent) and they include current transfers (like interest, grants to States and local authorities and subsidies and pensions) and capital transfers to the States for capital formation, non-departmental commercial undertakings like the railways, P. & T. and Government companies and compensation to displaced persons. Over and above are the investments in shares of Government concerns and others, loans for capital formation to States and local authorities and public undertakings, subscription to international bodies like the I.D.A., purchase of internal gold and other loans.

TABLE I

(Rs. in crores)

	1960-61 (Accounts)	1961-62 (Revised)	1962-63 (Budget)
Total Expenditure	1,706	1,977	2,194
1. Final Outlays	767	915	1,061
(a) *Government consumption expenditure:*			
Wages and salaries	245.6	271.6	293.5
Commodities and services	210.6	253.7	286.8
Sub-total	456.2	525.3	580.3
(b) *Gross Capital Formation:* (Building, Machinery and inventories)	311	390	481
2. **Transfer Payments to the rest of the Economy:**			
(a) *Current transfers* (Interest, Grants, Subsidies)	425	467	513
(b) *Capital transfers* (to States, Government undertakings, etc)	65	77	102
Sub-total	490	537	615
3. **Investments and Loans**	449	525	518

It will be seen that gross capital formation this year will be Rs. 91 crores higher than the revised estimates for 1961-62 and Rs. 170 crores higher than the actuals of the earlier year. Net capital formation is derived by deducting expenditure on renewals and replacements of buildings and machinery and equipment and the following are the details:

TABLE II

(Rs. in crores)

	1960-61 Accounts	1961-62 Revised	1962-63 Budget
1. Construction works	145	177	214
2. Machinery and equipment	58	84	118
3. Increase in inventories	10	28	34
Total Net capital formation by the centre.	213	289	366

The assisted net capital formation through transfers, investments and loans by the Centre to other authorities is shown below:

TABLE III

(Rs. in crores)

	1960-61 Accounts	1961-62 Revised	1962-63 Budget
1. State governments	319	394	439
2. Non-departmental commercial undertakings	211	218	259
3. Local authorities	6	14	17
4. Others	18	16	16
Total	554	642	731

There is much of overlapping here since the investment in all Central public sector undertakings (item 2) is in fact capital formation by the Centre. Anyhow, the total net capital formation adds up to Rs. 1,097 crores in 1962-63, as compared with Rs. 931 crores last year and Rs. 767 crores in the previous one, constituting between 45 and 50 per cent of total Union expenditure. When there is a deficit in the Budget, there will be no savings from current receipts for such investment; the income deficit is nearly equal to the Centre's direct investment. But precautions have to be observed in interpreting these figures because of the tendency for the actual position to vary considerably from the Budget estimates owing to the practice of underestimating revenue and overestimating expenditure (to provide a pretext for additional taxation year after year).

The overall financial position of the departmental commercial undertakings is also estimated in the classification to be as follows:

TABLE IV

(Rs. in crores)

	1960-61	1961-62	1962-63
1. Gross sale proceeds and interest receipts	555	607	634
2. Operating expenses	502	551	582
3. Net profit	53	56	52
(a) Transferred to Government	7	24	14
(b) Retained	46	32	28

The budgetary transactions of the Central Government are expected to generate a total income of Rs. 726 crores this year against Rs. 686 crores last year and Rs. 615 crores the year before.

This other method of looking at the Budget document is still of limited value. A true appraisal of the impact of Government expenditure cannot be restricted to that of the Central Government alone; distinctions now made between capital and current transfers rest on certain arbitrary assumptions such as that ordinary taxes are paid through a cut in consumption and capital taxes are paid out of savings. But it is claimed that the classification estimates the Union's income deficit, the excess of net investment over net savings, the general expansionary impact of the Government's transactions and the amount of private savings to be drawn upon for financing investment. The role of the Government in relation to the rest of the economy can thus be assessed in broad terms.

* * * *

Small Industries

Enthusiasm for small-scale industries has been increasing in official quarters because of the gratifying rate of expansion noticed in certain areas but there is a certain amount of risk in the current assumption that these successes can be multiplied very rapidly by extending small-scale manufacture to more industries and more areas which are relatively underdeveloped. In regarding small industries and their wide dispersal as the answer to the problem of uplifting backward areas and achieving regional balance, there is a danger of overlooking that technical skill and intensive training are needed to maintain high standards of quality. So far, development has been concentrated in the field of engineering industries, in which both traditional skills and new know-how in the use of machine tools and precision instruments has helped. But Mr. Manubhai Shah mentioned, while inaugurating the meeting of the All-India Small-scale Industries Board in New Delhi this week, that the small sector should make headway in chemical industries, a field in which the

(*Continued on next page*)

BRITAIN'S BALANCE OF PAYMENTS

(From Our Own Correspondent)

LONDON, *30th March*

LONDON LETTER

THE most exciting fact to emerge from the Government White Paper on the balance of payments published this week is that the country probably ended 1961 in balance, instead of with a substantial deficit hitherto assumed. The latest Treasury figures are also significant in another respect: they revise the estimates of the balance of payments for the past three years and it all comes out much more in this country's favour. All the official figures carry what is called a "balancing item" which is the amount necessary to account for the difference between the known monetary movements and the figures of trade, other overseas income and expenditure and investments. This balancing item is often uncomfortably large—uncomfortably because it suggests too big an area in which the facts of payments are not known. Indeed, the results of the latest Treasury exercise have been to pull a lot of credit items out of this limbo into the current balance of payments. Thus, even this last year, where the current balance on the official figures still shows a deficit of £70 millions, the balancing item which is a plus of £81 millions is really attributable to current account and not to capital movements, e.g., commissions. That is why, making allowance for this new piece of information, one can say that Britain's payments last year were virtually in balance.

The following table shows the new figures for each of the last three years:

	1959	1960	1961
Current account			
Visible Trade:			
Imports (f.o.b.)	3,611	4,098	3,998
Exports and re-exports (f.o.b.)	3,507	3,507	3,863
Total	—104	—391	—135
Invisibles	+219	+103	+ 65
Current balance	+115	—288	— 70
Balance of Long-term Capital Account	—499	—202	+ 8
Balance of current and long-term capital transactions	—384	—490	— 62
Balacing Item	— 21	+306	+ 81
Balance of monetary movements	+405	+184	+ 19

Between 1961 and 1960, the balance on visible trade improved by £256 millions of which £100 millions was due to reduced imports and £156 millions increased exports. This showed a very satisfactory trend. Unfortunately, invisibles did not go the same way: the Government was responsible for increasing their spending by over £50 millions. Although there were small improvements in items such as shipping, travelling and other invisibles, it only amounted to a surplus of about £15 millions. Thus, overall invisibles showed a deterioration of about £30 millions to offset against the trade improvement. Even so, there was a net improvement of £218 millions. The current deficit balance shown by these figures of £70 millions compares with £288 millions deficit for the year before, which was at one time estimated by the Treasury as £344 millions. The *surplus* for 1959 of £115 millions is less than had at one time been estimated but greater than last year's revision. All these changes are confusing, but it is worthwhile looking at the picture in the round over a number of years from time to time and the picture which emerges now is nothing like as unsatisfactory as would have been assumed six months ago.

The current balance, though, is only part of the story. In all three years, there were heavy capital exports, i.e., the traditional British investments abroad. These were offset by overseas investment in the U.K. which in 1961 reached an exceptionally high figure as a result of the American Ford take-over and repayment of Continental debts amounting to about £200 millions. It is still impossible to isolate hot money movements from permanent investment in a satisfactory manner and one can only record that, exceptionally in 1961, this country was not investing overseas what it had not got. In 1959, there was a net outflow of funds of £405 millions. This was reduced in 1960 to £184 millions, largely represented by a substantial gold inflow (hot money) and in 1961 the balance of monetary movements was actually £90 millions in this country's favour. These figures are impressive witness to the significance to the sterling area of the part which the U.K. still plays as an international banker, working, alas, on inadequate capital.

INDIAN OVERSEAS BANK

DIVIDEND MAINTAINED

THE performance of the Indian Overseas Bank Limited (General Manager: Mr. C. P. Doraikannu, Madras) during the year ended 31st December 1961 was quite encouraging. The Bank's business continued to show steady progress, the gross income earned being higher at Rs. 233.99 lakhs, as against Rs. 226.63 lakhs for 1960, or an increase of Rs. 7.36 lakhs. The entire increase was accounted for by interest and discount earned (+Rs. 7.50 lakhs), whereas income from commission and exchange was a shade lower (−Rs. 0.25 lakh). The whole of the improvement in earnings was, however, neutralised by the rise in expenditure under different heads; thus the cost of staff (excluding bonus) rose by Rs. 5.25 lakhs to Rs. 70.54 lakhs, other expenses by Rs. 1.78 lakh to Rs. 25.73 lakhs, and depreciation by Rs. 1.08 lakh to Rs. 6.79 lakhs. Surprisingly enough, interest paid was up by a mere Rs. 11,000 at Rs. 87.13 lakhs. Even so, the profit (before taxation) for 1961 is at a high level: Rs. 43.80 lakhs, as against Rs. 44.66 lakhs for the previous year.

Unlike the vast majority of banks which departed this year from the usual practice of showing the provision for taxation, the Indian Overseas has made no secret of this provision. Apparently, it believes in other methods of building up its secret reserves.

More than two-fifths of the profit of Rs. 43.80 lakhs has been set apart for taxation, the actual provision being Rs. 18.50 lakhs (same as last year). The sum allocated to reserves is Rs. 9 lakhs, which is less by Rs. 1 lakh as compared with 1960. Bonus to staff takes Rs. 5.50 lakhs (unchanged). The Directors have maintained the dividend at the previous year's level of 14 per cent subject to deduction of tax, the total dividend absorption being Rs. 10.50 lakhs. A larger sum of Rs. 2.23 lakhs has been carried forward, as against Rs. 1.92 lakh.

The following comparative table presents a synoptical view of the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	233.99	226.63	201.12	165.38
Of which:				
Interest and discount earned	167.11	159.61	141.93	112.33
Commission and exchange	65.82	66.07	58.67	52.84
Other income	1.06	0.95	0.52	0.21
Interest paid	87.13	87.02	86.31	65.89
Staff expenses	70.54	65.29	50.13	40.06
All other expenses	25.73	23.95	20.49	18.46
Depreciation	6.79	5.71	4.53	3.37
Profit	43.80	44.66	33.61	28.60
Provision for taxation	18.50	18.50	12.50	12.50
To reserves	9.00	10.00	7.00	6.00
bonus to staff	5.50	5.50	5.00	4.50
Dividends	10.50	10.50	9.38	5.89
	(14%)*	(14%)*	(14%)*	(10%)†
Carry forward	2.23	1.92	1.76	2.03

	As on 31st December			
	1961	1960	1959	1958
Capital	75.00	75.00	74.53	62.48
Reserves	78.37	69.37	59.37	52.37
Deposits	31,22.46	29,29.13	30,48.65	27,93.69
Borrowings from other banks	123.17	387.42	196.00	66.98
Advances	19,71.30	19,32.51	19,04.06	15,52.55
Investments	10,96.25	11,54.30	11,37.79	10,78.32
Cash	360.35	402.78	381.21	427.41
Balance sheet total	46,76.30	49,43.14	47,42.57	42,70.12
Ratio to deposits of—	%	%	%	%
Advances	63.1	66.0	62.4	55.5
Investments‡	31.1	26.1	31.2	36.4
Cash	11.8	13.7	12.5	15.3

* Subject to deduction of tax.
† Free of tax.
‡ Only the unencumbered portion is taken into account.

(*Concluded from previous page*)

quality is more difficult to control. Processing of plastic raw materials, dyestuffs, pesticides, paints and varnishes, etc. may provide enormous scope but the methods suggested by him for encouraging growth in these are of doubtful expediency. In plastics, it is proposed to restrict the main raw material manufacturers to convert only 25 per cent of their output while distributing the balance equally between large-scale and small-scale units so as to provide 50,000 tons of plastic materials for the latter to achieve a turnover of Rs. 35 crores. Also, it is proposed to reserve polyethylene films entirely for production in the small-scale sector. How far costs and quality can be controlled, both in the interests of the future of small-scale industries and the task of export promotion, is a point that should not be ignored in the formulation of policies for the small-scale sector in dyestuffs or other new industries like transistors, typewriters, and chemicals. For pesticides, Mr. Shah mentioned acceptance of the I.S.I. marking scheme as compulsory for approved small units; similar requirements should be obligatory for others even if they cater mainly to the domestic market.

The Venkatachalam Committee on the dispersal of industries has examined the question of the criteria to be adopted for location of small industries in backward areas; it considers that a district should be taken as a unit for this purpose and that choice of special areas should depend upon the levels of *per capita* income and consumption, ratio of population to land, incidence of unemployment, etc. It has made out a list of districts (suggested by the States or selected on the basis of information provided by them) and recommends that the State should provide the social and economic overheads and offer certain incentives to encourage small entrepreneurs in order to divert their attention to these areas. It has taken note of the measures taken in Western Europe for depressed areas to give loans, grants, tax incentives and building construction and site improvement and has recommended similar steps. On the question of tax incentives, the Committee thinks that small industries should first pay up all taxes including sales taxes, and then claim refunds. But considering the number of authorities they will have to approach for sales tax, excise, octroi and other municipal levies and customs, this seems a very dubious kind of incentive. Refund-claiming will undoubtedly be one of the small businesses that will be promoted!

The Committee has also suggested freight concessions, subsidised rates of interest for credit, a longer period of hire purchase of ten years (instead of the present seven) and suggests the establishment of special machinery for implementing the scheme. It does not favour the extension of these concessions to industries which normally spring up in new areas after development of overheads—like rice or oil milling and non-mechanised units—but only to those which have a tendency to be located in the developed areas. Since availability of skilled local labour is one of the important factors in the growth of small industry, it is doubtful if the incentives can offset the disadvantage of lack of such personnel in the really backward areas; their role is bound to be marginal. The deciding factors will be access to the market for the products of small industries, especially when they produce ancillary equipment for larger units. There are still some States where small industries have not made sufficient progress and there the question may be one promoting their growth wherever possible rather than of diverting them to the most backward areas. Ultimately this problem can be solved only by the State Governments, but their record so far has been very uneven and earnestness not uniform.

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1	1	21	23	41	44	61	65	81	87
2	2	22	24	42	45	62	66	82	88
3	3	23	25	43	46	63	68	83	89
4	4	24	26	44	47	64	69	84	90
5	5	25	27	45	48	65	70	85	91
6	6	26	28	46	49	66	71	86	92
7	8	27	29	47	50	67	72	87	93
8	9	28	30	48	51	68	73	88	94
9	10	29	31	49	53	69	74	89	95
10	11	30	32	50	54	70	75	90	96
11	12	31	33	51	55	71	76	91	98
12	13	32	34	52	56	72	77	92	99
13	14	33	35	53	57	73	78	93	100
14	15	34	36	54	58	74	79	94	101
15	16	35	38	55	59	75	80	95	102
16	17	36	39	56	60	76	81	96	103
17	18	37	40	57	61	77	83	97	104
18	19	38	41	58	62	78	84	98	105
19	20	39	42	59	63	79	85	99	106
20	21	40	43	60	64	80	86	100	107

RUPEES PER SEER TO RUPEES PER KILOGRAM

Rs/Seer	Rs/kg	Rs/Seer	Rs/kg	Rs/Seer	Rs/kg	Rs/Seer	Rs/kg	Rs/Seer	Rs/kg
1	1·07	11	11·79	21	22·51	31	33·22	41	43·94
2	2·14	12	12·86	22	23·58	32	34·29	42	45·01
3	3·22	13	13·93	23	24·65	33	35·37	43	46·08
4	4·29	14	15·00	24	25·72	34	36·44	44	47·15
5	5·36	15	16·08	25	26·79	35	37·51	45	48·23
6	6·43	16	17·15	26	27·86	36	38·58	46	49·30
7	7·50	17	18·22	27	28·94	37	39·65	47	50·37
8	8·57	18	19·29	28	30·01	38	40·72	48	51·44
9	9·65	19	20·36	29	31·08	39	41·80	49	52·51
10	10·72	20	21·43	30	32·15	40	42·87	50	53·58

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PROBLEMS OF DEVELOPMENT BANKING

FIRST ASIAN REGIONAL CONFERENCE

UNLIKE commercial banking, which has had a fairly long history, in most underdeveloped countries investment or development banking is of comparatively recent origin. Most of the development banks in Asia, or finance corporations as they are known in India, have been established with the support and co-operation of the Governments of the countries concerned, the International Bank for Reconstruction and Development and the International Finance Corporation. In India, however, the Industrial Finance Corporation and the State Financial Corporations were brought into being without the help of any of these world bodies, though the Industrial Credit and Investment Corporation of India, as well as the Refinance Corporation, owe their birth to outside help. The World Bank convened four years ago a conference of development banks in Washington to facilitate exchange of ideas and experience on problems of development banking. A similar conference, covering the Asian region, was held in Bombay last week, from 29th to 31st March 1962, to be precise. The credit for organising the conference, the first of its kind in Asia, goes to the Industrial Credit and Investment Corporation of India, which also played host to the conference. This meeting of investment bankers was attended by representatives of development banks in Asia, and observers from the World Bank, the I.F.C., the I.D.A., the Commonwealth Development Finance Company of U.K. and the Kreditanstalt of West Germany. Appropriately enough, it was inaugurated by Mr. P. C. Bhattacharyya, Governor of the Reserve Bank of India.

In his inaugural address, Mr. Bhattacharyya outlined the role played by the Governments and the central banks in establishing development banks in Asian countries and pointed out that this was much more comprehensive than was the case with development banking institutions in industrially advanced countries of the West. In addition to taking initiative in the establishment of such banks, the Governments of these countries, according to the Reserve Bank Governor, had to nurse these institutions during the early period of their growth until they attained financial viability. Governments also exercised a degree of direction, so as to ensure that the institutions channelled their funds into sectors of productive activity in accordance with accepted priorities.

Genesis of I.C.I.C.I.

Tracing the origin of the I.C.I.C.I., Mr. Bhattacharyya said that the Industrial Finance Corporation of India and the State Financial Corporations were originally designed to provide only loan capital and were thus not in a position to meet all requirements of development finance. It was, therefore, felt necessary to create an institution to develop the capital market by stimulating the supply of risk capital through subscription as well as underwriting the issues of joint-stock companies. The Industrial Credit and Investment Corporation was accordingly set up in 1955 in collaboration with the World Bank. Its ownership represented a unique collaboration between the Indian and foreign private interests, both institutions and individuals.

Mr. Bhattacharyya observed that the number of long-term lending institutions in India might give one a specious appearance of overlapping in their field of operations, whereas, in actual fact, the spheres of financial corporations were largely distinct and well co-ordinated both functionally and geographically. They were also developing techniques of participation in larger loans which should result in further co-ordination.

Referring to technical appraisal of projects before rendering assistance, which was one of the subjects for discussion on the agenda of the conference, Mr. Bhattacharyya said that such appraisal was crucial to the efficient operation of all medium and long-term lending institutions. Appraisal of term-loan applications, in his view, had many facets such as assessment of managerial competence, economic prospects of the borrowers' products, technical feasibility of the projects and financial appraisal. The relative weightage to be accorded to each of these elements was a matter for judgment of the lending institution. In a sense, he went on to say, financial appraisal was the most comprehensive of the lenders' tasks. Generally, among underdeveloped countries, the tendency of development banks was to give greater emphasis to the types and value of security available for loans than to assessment of the earnings potential of a project. An important problem in regard to appraisal, said Mr. Bhattacharyya, related to the balance to be maintained between the development criterion, on the one hand, and the criterion of commercial profitability, on the other, in the selection of projects for receipt of financial assistance. This raised the vexed question of identification of projects for receiving financial assistances from among schemes which have been accorded priority. He hoped that discussions at the conference would throw more light on this very important question.

State Assistance

Welcoming the delegates, Mr. G. L. Mehta, Chairman of the Industrial Credit and Investment Corporation of India, traced the growth of development banking in India and referred to some of the common problems faced by development banks in Asian countries. The growth of development banking, particularly in the initial stages, Mr. Mehta observed, was due largely to State assistance. The Government had rendered financial assistance and, in the case of the I.C.I.C.I., had made available, as an initial gesture of encouragement, an interest-free loan. Last year, some tax relief on portions of the profit was also provided to all development banks for building up of reserves.

Emphasising the role of development banks, Mr. Mehta said that, though there were many international institutions for supplying long-term loans for development purposes, the main burden of finding adequate resources for development and making the best use of them rested with the people of the country concerned, that is, in the ultimate analysis, on its national economy. Development banks had a useful role to play in this respect. Although the structure and functions of development banks in different countries were different, reflecting their political and economic conditions, all of them had a common objective, namely, fostering healthy industrial development and therefore they also faced common problems. The most important of these problems was, Mr. Mehta opined, to determine whether a project that seeks finance from a development banks was viable in the long run. Another point of common interest related to the terms on which finance was to be provided once a project was judged viable.

Profitability

The terms which development banks were able to offer also determined the resources they were able to raise, the profitability of their operations and the strengthening of their own position. In many countries, he pointed out, Governments had come forward to provide funds to development banks in some form or other; this arrangement had been useful, in that, while funds had been obtained by development banks at low rates of interest, the Government had the assurance that the funds would be channelled to industries which were viable and suitable for assistance. The profitability of a development bank depended, among other things, on the spread between its lending and borrowing rates. The rates that many banks were able to change depended upon the terms at which other lending institutions provided funds and the general profitability of industry. In many countries, the I.C.I.C.I. Chairman added, the absence of profitable projects had tended to keep the terms charged to the borrowers low. However, the adoption of other activities like underwriting and acquisition of shares often helped to raise the profitability of a development bank.

Another important factor on which the profitability of a development bank depended was, according to Mr. Mehta, the ratio of its owned funds to borrowed funds. Notions regarding a proper balance between owned and borrowed funds varied and the ratio appropriate to any particular country would depend upon several factors such as the risks involved in operations, the period of amortisation of borrowed funds and so on. Moreover, the ratio between owned and borrowed funds, given the share capital, also set a limit to the total operations of a development bank.

Yet another factor determining the profitability of operations of a development bank would be the tax treatment of its profits. In some countries, like Pakistan, Mr. Mehta pointed out, special tax reliefs had been given to development banks. These reliefs were justifiable on the additional ground that development banks were also an instrument to inculcate discipline in the promoters of a venture and, by insisting on standards, brought into being projects which were financially sound. By carrying out an independent examination of a project, it assured itself of the viability of an enterprise. In other words, a development bank ensured planning at the projects level. These were by-products of the operations of a development bank which were equally important to a developing economy.

The foregoing points made by Mr. Bhattacharyya and Mr. Mehta set the tone and provided the framework for the discussions at the conference which brought out some of the salient features and the major problems of development banks in the Asian region. One was the shortage of funds and trained personnel. The former was sought to be remedied by having recourse to borrowers from Government and international agencies, while the latter necessitated recruitment of experts from advanced countries. One of the important functions, which many development banks had set for themselves, was the development of local capital market. With this object in view, many development banks either directly subscribed to the share capital of companies, which sought their assistance, or underwrote their shares. Sometimes, as a condition for underwriting, they also required the companies to convert themselves from private to public limited companies or to offer shares to the public. The rates of interest charged by the development banks varied considerably, from 4 per cent to 9 per cent. As a promotional measure for developing industries, many banks offered rates of interest which were lower than those prevailing in the capital market.

Lack of Trained Personnel

A major issue raised in the course of panel discussions at the conference related to the lack of proper personnel for carrying out scientific appraisal of projects. It was said that many development banks in small countries felt that, in view of the limited scale of their operations and the small size of the countries, they could not afford to keep a large staff competent to deal with all the kinds of industries that sought assistance from them. Some banks followed the practice of keeping technical personnel on their staff, while others had advisory committees. On the question whether the development bank should make a technical appraisal of the projects before advancing loan or whether it should depend upon broad judgment, opinion was divided. Those who favoured judgment suggested that estimates of the future working was dependent on many imponderables and had to be made on assumptions which might not prove to be correct. On the other hand, representatives of a number of development banks felt that, as development banks provided funds over a long period, they had to make a scientific examination of the project, in order to assure themselves of the soundness of the project.

The conference also discussed the domestic problems of development banks, relating mostly to financial resources, the terms on which finances are supplied, and taxation. It was agreed that the ratio of owned funds to borrowed funds depended upon the conditions existing in different countries and could not, therefore, be the same for all time and for all countries. As regards foreign exchange resources, it was stated that almost all countries were faced with the problem of shortage of foreign exchange and felt the need for finance from international and foreign national lending agencies. It emerged from the discussions that the margin between the lending and borrowing rates varied widely from bank to bank. In some cases the margin was only ½ per cent, whereas in some others it was as much as 4 per cent. The consensus of opinion among the delegates was that the development banks, because of their promotional role, should offer finance on reasonable terms.

A discussion of taxation policies in respect of development banks in different countries of the region revealed that the tax treatment received by the Pakistan Industrial Credit and Investment Corporation was the most favourable and advanced. It was agreed that there was need for such and other concessions to raise the profitability of the banks and to foster their promotional importance.

CANARA BANK LTD.

IMPRESSIVE RISE IN DEPOSITS

THE year ended 31st December 1961 was one of all-round progress for the Canara Bank Limited (General Manager: Mr. P. S. Nayak, Bangalore). Much of it was due to an impressive rise in its deposits of nearly Rs. 7 crores or 21.87 per cent from Rs. 30.82 crores to Rs. 37.56 crores as against of merely Rs. 1.89 crore or 6.53 per cent in the previous year. Following a judicious disposition of these funds, assisted by the high level of demand for bank credit, its gross income increased by 14 per cent from Rs. 1.73 crore to Rs. 1.97 crore, as against by 10 per cent in the preceding year, with income from banking business alone increasing from Rs. 1.62 crore to Rs. 1.85 crore. The higher income has pushed up the profit, after tax, from Rs. 12.65 lakhs to Rs. 21.24 lakhs, in spite of substantial rise in staff expenses from Rs. 50.22 lakhs to Rs. 60.74 lakhs and in other expenses from Rs. 21.02 lakhs to Rs. 26.85 lakhs. Outward interest, too, claimed a larger amount, Rs. 85.49 lakhs as against Rs. 78.52 lakhs in the year before. The published reserves have been strengthened by a transfer of Rs. 6.70 lakhs, which works out to 31.5 per cent of the profit after tax, as against 20 per cent expected of banks. In addition, a sum of Rs. 4.50 lakhs has been transferred to the reserve for contingencies. The provision for staff bonus has absorbed Rs. 4 lakhs against Rs. 3.10 lakhs in the previous year. The dividend has been maintained at the 1960 level of 15 per cent per annum, taxable.

The table below gives a fair idea of the Bank's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount earned	148.48	129.09	119.31	91.11
Commission and exchange	36.23	32.78	28.16	24.41
Other income	12.54	10.01	8.29	6.13
Interest paid	85.49	78.52	80.83	60.63
Staff expenses	60.74	50.22	37.38	31.30
Other expenses	26.85	21.02	17.11	13.70
Depreciation	2.03	2.42	2.14	2.03
Provision for taxation	..	7.65	4.75	3.91
Profit*	21.24	12.65	13.55	10.09
To contingencies	4.50	..	..	..
,, reserves	6.70	3.50†	5.00	5.00
,, bonus to staff	4.00	3.10	2.40	2.10
Dividends—				
5% cumulative preference	0.02‡	0.02‡	0.70‡	0.52
Ordinary	5.40	5.40	5.40‡	2.55
	(15%)‡	(15%)‡	(15%)‡	(10%)
Carry forward	0.47	0.45	0.42	0.37

	As on 31st December			
	1961	1960	1959	1958
Capital	50.00	50.00	50.00	49.81
Reserves	63.00	56.30	56.30	51.24
Deposits	37,55.68	30,81.98	28,93.38	23,76.03
Advances	26,38.98	16,82.85	15,88.01	10,93.02
Investments	14,37.84	10,22.44	11,84.52	10,06.07
Cash	513.64	541.41	301.48	411.67
Balance sheet total	49,69.09	40,34.20	39,16.30	30,52.04
Ratio to deposits of—	%	%	%	%
Advances	54.2	53.9	54.9	46.0
Investments	38.2	33.1	40.9	42.4
Cash	13.6	17.5	10.4	17.3

Note :—Taxation provision for 1961 not disclosed.
* After providing for taxation.
† To inner reserves.
‡ Subject to tax.

Advances increased during the year under review by Rs. 3.76 crores, or 22.6 per cent (against a mere Rs. 75 lakhs, or 4.72 per cent in the previous year) and stood at Rs. 20.39 crores. The credit ratio consequently increased to 54.2 per cent, after having dropped by one full point to 53.9 per cent in the previous year. The Directors, however, state that it was among the lowest in the country, the average during the year for scheduled banks as a whole (excluding the State Bank) being 74 per cent. The proportion of secured advances to total advances was creditably high at 79.79 per cent as against 76.80 per cent in the previous year. Investments, too, attracted a relatively greater attention of the Bank, as 38.2 per cent of the deposits against 33.1 per cent in the previous year found an outlet in this channel, and the portfolio swelled by Rs. 4.14 crores to Rs. 14.38 crores, in contrast to a reduction of Rs. 1.62 crore in the previous year. As the Chairman, Mr. A. D. Pai, points out in his annual statement to the shareholders, this was done to maintain the traditional liquidity of the Bank. The ratio of cash to deposits has dropped from 17.5 per cent to 13.6 per cent but the overall liquidity is as high as 51.8 per cent. The upshot of this policy, however, is a reduction in the percentage of total earnings to total deposits from 5.58 per cent to 5.24 per cent.

As mentioned at the outset, the rise in deposits was the outstanding feature of the Bank's working during the year under review. It was uniform in all types of deposits; time deposits staged an increase of Rs. 3.27 crores to Rs. 17.87 crores against a fall of Rs. 1.40 crore to Rs. 14.61 crores in the previous year; savings banks deposits increased from Rs. 5.64 crores to Rs. 7.71 crores, and current deposits grew at a relatively modest rate, as was the case with almost all banks, from Rs. 10.57 crores to Rs. 11.97 crores. The ratio of the banks' "own funds" to deposits stood as low as 3 per cent at the end of the year as against the accepted conventional goal of 6 per cent which, of course, has to be reached only over a period. It may, however, be noted that a fresh issue of Rs. 25 lakhs in ordinary shares has already been made and oversubscribed. This increase will come into force in the current year.

The Canara Bank, too, has co-operated with the Reserve Bank in implementing its policy of strengthening the banking system through absorption of small sub-standard banks. Thus, it has taken over four banks, three in Kerala State, namely, the Bank of Kerala Ltd., the Seasia Midland Bank Ltd., and the Trivandrum Permanent Bank Ltd., and, one in Andhra, namely, the G. Raghunathmull Bank Ltd., according to the Chairman, the easily realisable assets were sufficient to meet the deposits liabilities fully in the case of the Seasia Midland and Trivandrum Permanent, and partially in the case of the other two. He points out that, after the takeover, considerable progress has been maintained in recovering a sizable portion of the sticky advances of the banks, and it might be possible to pay the depositors of the other two units to a larger extent than was expected initially. The takeover has resulted in an addition of 22 branches. Besides, the Bank itself has opened nine new branches. The total has thus increased from 84 to 115. The number of employees also has gone up from 2,002 to 2,706. The fact that, after the absorption of the four banks named above, there was an increase of 36 per cent in the deposits of the branches taken over within a period of four months is a testimony to the confidence of the public in the Canara Bank's management.

PUBLICATION ON EXCHANGE CONTROL

The Indian Investment Centre has published a second brochure entitled *Exchange Control*. The opening chapter deals with the introduction of exchange control during the Second World War and its subsequent development. This is followed by a chapter giving the administration of exchange control and the jurisdiction of its various offices in India. There are separate chapters on aspects of the control as applied to foreign investment, industrial ventures, foreign personnel and foreign exchange holdings of residents.

Of special importance to foreign investors is the chapter dealing with questions which have been received by the Investment Centre from foreign firms, interested in participating in Indian ventures, and their answers. These cover aspects of foreign investment in India, including definition of residents and non-residents, formalities necessary for investment in Government securities by residents abroad, requirements for approval of a foreign currency loan, repatriation of capital, remittances to India, transfer of earnings abroad by foreign personnel, and holding of foreign exchange and securities.

(Concluded from next column)

the Bank employed its funds in the more profitable outlet of the two channels, as it did in the previous year, its profit would have been still better. The ratio of cash to deposits has dropped from 9.1 per cent to 7.9 per cent, but that of liquid assets as a whole is as high as 43.5 per cent.

The transfer of a large slice of the profit to reserves is in line with the accepted policy of building up "own resources" to a level as would give the conventional ratio of 6 per cent to deposits. Nonetheless, at the end of the year, the ratio of capital and reserves to deposits works out to 4.1 per cent. It would, however, be brought nearer to the desired level with the proposed issue of fresh capital to the tune of Rs. 50 lakhs to the existing shareholders, for which the sanction of the Controller of Capital Issues has been obtained. The authorised capital has also been increased by the general body from Rs. 1 crore to Rs. 2 crores. In accordance with the Reserve Bank's scheme for gradual removal of sub-standard banks with a view to strengthening the banking sector, the Bank absorbed the Catholic Bank Ltd., Pie Money Bank Ltd., Mulki Bank Ltd. and the Peoples Bank Ltd. In the case of the first three, it paid 100 per cent of the deposits. For the last, it has paid 40 per cent of the deposits and efforts are being made to improve this figure. A number of proposals for voluntary amalgamations are before the Bank and expected to be finalised soon. The number of branches improved during the year from 141 to 159.

CANARA INDUSTRIAL AND BANKING SYNDICATE

"OWN FUNDS" STRENGTHENED

THE Canara Industrial and Banking Syndicate Limited (Managing Director: Mr. T. A. Pai, Udipi, Mysore State) has made further progress during the year ended 31st December 1961. The uptrend in aggregate business, as reflected in the balance-sheet total, continued during the year. It stood at Rs. 30.03 crores at the end of the year, showing an improvement of Rs. 7.06 crores over the preceding year and of Rs. 12.95 crores over 1958. Over the year, the gross income improved by 17 per cent from Rs. 1.34 crore to Rs. 1.57 crore. The higher level of advances in 1961 is borne out by the rise of Rs. 3.22 crores to Rs. 15.45 crores in the year-end figure of advances. There was a rise of Rs. 2.77 crores to Rs. 8.94 crores in investments. Income from interest and discount increased again considerably from Rs. 121.40 lakhs to Rs. 142.37 lakhs, on top of an increase of Rs. 21.75 lakhs in the previous year. The Bank earned Rs. 8.65 lakhs against Rs. 7.46 lakhs a year before out of commission and exchange, and Rs. 6.15 lakhs against Rs. 4.99 lakhs from non-banking and other sources. Deposits rose by 30 per cent from Rs. 18.87 crores to Rs. 24.63 crores, as against by 10.4 per cent (from Rs. 17.09 crores to Rs. 18.87 crores) in the previous year. The rise was in all categories of deposits, in fixed from Rs. 12.58 crores to Rs. 16.98 crores, in savings bank from Rs. 3.57 crores to Rs. 4.27 crores and in current and contingency accounts from Rs. 2.71 crores to Rs. 3.39 crores.

The deposits and other external resources attracted an interest charge of Rs. 60.78 lakhs, as against Rs. 52.38 lakhs in the previous year. Other expenses also rose, albeit slightly, from Rs. 14.13 lakhs to Rs. 14.68 lakhs, but staff expenses moved up perceptibly, again, from Rs. 39.93 lakhs to Rs. 46.84 lakhs. In the previous year, they had increased by more than Rs. 9 lakhs. Nonetheless, profit, after providing for depreciation (of Rs. 2.77 lakhs against Rs. 2.18 lakhs in the previous year) but before taxation, is substantially higher at Rs. 32.10 lakhs, as compared with Rs. 25.23 lakhs in the previous year. Like the Indian Overseas, this bank, too, has not hidden its provision for taxation which again claims a large slice of the profit, the actual amount being Rs. 12.25 lakhs against Rs. 9.63 lakhs a year before. Reserves come next and get Rs. 3.50 lakhs more at Rs. 11 lakhs. The provision for bonus to staff is also higher at Rs. 2.25 lakhs as compared with Rs. 1.75 lakh a year before. The investor, however, gets the same return of 20 per cent, subject to tax, half of which is dividend and half bonus.

The table below compares the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount	142.37	121.40	99.65	74.11
Commission and exchange	8.65	7.46	6.22	5.05
Other income	6.15	4.99	10.58	8.07
Interest paid	60.78	52.38	46.53	35.49
Staff expenses	46.84	39.93	30.58	25.93
Expenses	14.68	14.13	11.47	9.09
Depreciation	2.77	2.18	1.57	1.45
Profit	32.10	25.23	20.02	10.22
Provision for taxation	12.25	9.63	5.50	4.00
To reserves	11.60	7.50	7.50	2.20
,, bonus to staff	2.25	1.75	2.00	1.00
Dividends—				
Preference	1.73*	1.56*	1.70*	1.17
Ordinary	4.80	4.80	3.16	0.91
	(D. 10% +B. 10%)*	(D. 10% +B. 10%)*	(D. 10% +B. 10%)*	(D. 10% +B. 5%)
Carry forward	0.35	0.28	0.29	0.13

	As at 31st December			
	1961	1960	1959	1958
Capital	48.07	47.21	47.02	28.96
Reserves	53.50	42.50	35.00	26.50
Deposits	24,63.20	18,86.89	17,08.82	13,11.30
Borrowings from other banks	25.64	..	146.14	156.00
Advances	15,45.32	12,23.61	10,89.52	800.63
Investments	875.71	616.94	615.04	469.72
Cash	196.45	171.94	149.18	139.35
Balance sheet total	30,03.11	22,96.89	22,07.49	17,08.01
Ratio to deposits of—	%	%	%	%
Advances	62.7	64.8	63.7	61.1
Investments†	35.6	32.7	35.9	35.8
Cash	7.9	9.1	8.7	10.6

* Subject to deduction of tax.
† On unencumbered portion.

While the rise in advances from Rs. 12.24 crores to Rs. 15.45 crores was of 26 per cent, it was far less in relation to that in investments from Rs. 6.17 crores to Rs. 8.94 crores, working out to nearly 45 per cent. This is also reflected in a decline in the ratio of advances to deposits from 64.8 per cent to 62.7 per cent, and a rise in that of investments (unencumbered) to deposits from 32.7 per cent to 35.6 per cent. Had

(Continued in previous column)

RAISING COTTON MILLS' EFFICIENCY

PROPER ENCOURAGEMENT FOR RENOVATION AND MODERNISATION WANTED

FULL one year has elapsed since the third Five-year Plan began, but the progress made by the cotton mill industry in the implementation of its development programme is very poor. This is not surprising, considering that the majority of units in the industry have not been able to lay by sufficient sums of money for financing the modernisation and expansion schemes on the scale required, thanks to severe cost inflation without a corresponding rise in realisations from sales, in view of the voluntary scheme of price fixation. The financial results of some of the leading cotton mills for 1961 which have published their accounts so far no doubt show a perceptible improvement over those for 1960. But the extent of increase has fallen short of the industry's requirements. The latter under the third Plan, it will be recalled, are put at Rs. 250 crores for modernisation and Rs. 160 crores for expansion, or a total of Rs. 410 crores. This large amount, the industry contends, can be found only if certain conditions are created. What these conditions are and how they can be ensured were spelt out by Mr. Pratap Bhogilal, Chairman of the Millowners' Association, Bombay, when he addressed the annual meeting of the Association on Tuesday this week. Mr. Pratap Bhogilal made it clear that, in view of the industry's low profitability *vis-a-vis* other industries it was manifestly impossible for it either to attract equity capital or to save on an adequate scale from its own earnings. He, therefore, urged that the rates of depreciation allowances should be so fixed as to enable the mills to write off their assets, say, within a period of twelve to fifteen years.

These statements of Mr. Bhogilal will hold water only in part. It is, for instance, no longer true to say that cotton mills will not be able to raise fresh equity capital, for there is hardly any good cotton mill the ordinary shares of which are not commanding a good premium in the share markets. Even shares of companies which have not paid a dividend (Central India, for instance) are quoting well above their paid-up values. The Reserve Bank of India's index number of securities (1952-53=100) for cotton textile equities is well over 200—it was 202.1 for the week ended 24th February 1962 and 199.4 for the week ended 24th March 1962—as against 162 a year before, 142 two years before and 111 three years before. Thus, between 1959 and 1962, the market value of cotton textile equities has nearly doubled. In these circumstances and given the present conditions of capital market, there should be no difficulty for the vast majority of cotton mills to raise a good part of their capital requirements. A few of the mills that tried in the recent past have been successful.

Depreciation Allowance

This does not mean that Mr. Bhogilal's plea for a liberal depreciation allowance was unwarranted. The industry's contention is that the depreciation allowances now granted do not take into account the pace at which machinery obsolescence takes place due to the rapidity of technological developments. Further, the percentage rates of allowance in force today were fixed a long time ago on the basis of the estimated life of plant and machinery which works out to 25 years. This, as Mr. Bhogilal said, is an inordinately long period and bears no relation whatever to the computation of the useful life of an industrial asset in other countries. In the U.S., for instance, the Government has reduced, for purposes of tax concession, the useful life of textile machinery from 25 to 15 years and in certain cases even to 12 years. In Japan, the number of "legal durable years" of textile equipment is 17 for spinning, 15 for weaving, and 10 for dyeing and finishing machinery. The textile industry in West Germany also enjoys attractive concessions. The necessity for granting liberal depreciation allowance to the cotton mill industry "can hardly be over-emphasised," to quote Mr. Bhogilal, "particularly in view of the need for the industry being placed in a position to compete in world markets to earn the requisite foreign exchange expected of it for the country's developmental needs." Mr. Bhogilal hoped that "the Tariff Commission, which is presently engaged in examining the cost structure of the industry, will take into consideration the industry's enormous requirements for purposes of financing the scheme of rehabilitation and modernisation when making its recommendations on what constitute fair prices for the products of the mill sector."

Commenting on the Government's plans for raising cotton textile production in the country, particularly for exports, Mr. Bhogilal observed:

"In order to secure an annual output of 9,300 million yards of cloth by all the three sectors by the end of the current Plan, the Government has sanctioned 4 million additional spindles and 25,000 automatic looms. The cost of this extra equipment is estimated at Rs. 200 crores, besides some Rs. 50 crores for purposes of installation and maintenance. The Indian textile machinery industry has made good progress in recent years, both in the physical output and in quality. Today, India produces textile machinery worth Rs. 15-16 crores per annum. It is proposed to raise the rate to Rs. 28-30 crores a year by 1966. Even so, the machinery requirements of the textile industry in the shape of modernisation and expansion are so great that we will have to lean rather heavily on imports for some years to come.

"Looking to the fact that the cotton textile industry is one of the largest earners of foreign exchange for the country and is expected to increase these earnings, and the fact that it is charged with the responsibility of clothing the teeming millions of the country, it is imperative that a sufficiently large allocation of the available foreign credits should be made to the industry to meet its requirements of imported capital goods. Modernisation and reduction of costs are indispensable, if our textiles are to prevail in the overseas markets. While global production and consumption of textiles are on the increase, the quantity of cloth entering the world market has not increased in the same proportion. This seeming anomaly arises from the fact that a good number of former textile importing countries have set up their own textile mills. Many of them have even begun to send out their surplus output, thus contributing to the intensification of the international competition in textiles. While the traditionally exporting countries of the past like the U.K. have shown a definite tendency to reduce the size of the textile industry, iron curtain countries have not only strengthened but have also augmented the productive capacity of their textile industries. Consequently, the pressure of exports from the communist countries has become a noteworthy development."

Specific Pleas

The Millowners' Association Chairman alluded here to the Geneva agreement on world textile trade, but did not indicate how it would affect India. All that he said was this: "How the new scheme will work remains to be seen." Nevertheless, he struck a note of realism when he averred that India's success in export markets would depend mostly upon its own efforts. In particular, Mr. Bhogilal wanted the export incentive scheme to be broad-based and rendered more liberal in the light not only of the Mudaliar Committee's recommendations but also of the far-reaching concessions offered to exporters in countries like Japan and Pakistan. He, however, did well to caution that the industry could not, and should not, indefinitely rely on artificial support in the shape of incentives for promoting exports but galvanise itself by its own strength and that every effort must be made to increase production sufficient to meet the needs of both domestic and foreign markets. The specific pleas he put forward in this context may be summed up as follows:

The industry's production quotas of *dhotis, saris* and printed cloth must be raised at least in proportion to the increased volume of cloth they are required to produce under the second Plan; the production target fixed for fulfilment by 1965-66 is 5,800 million yards, as against about 5,000 million yards in 1960-61.

Top priority should be given to ensure a steady and continuous flow of coal to mills, as well as adequate supply of electricity.

Higher cotton production must be sought through better yields per acre by means of a more extensive use of superior quality seeds, fertilisers and insecticides. For every yard of increase in the *per capita* consumption of cloth, an additional 370,000 bales of cotton are required annually.

The tendency on the part of some labour unions to make extravagant demands should be deprecated. Further additions to workers' remuneration and social amenities must be sought through higher productivity.

The industry owes it to consumers, domestic and foreign, to do everything in its power to improve the quality of its products and to offer them at economic prices. It is only through newer processes and rationalised modes and methods of working that the industry can hope to realise this twofold goal.

Since the fortunes of the cotton mill industry are closely linked to the raw cotton supply position, it was but natural that Mr. Bhogilal should have dilated at some length on this aspect too. He rightly characterised cotton as the industry's bugbear and pointed out how domestic production had consistently lagged behind Plan targets. He estimated the current season's output at a bare 4.3 million bales, as against the requirements of 5.7-5.8 million bales and the third Plan target of 7.0 million bales. He, therefore, stated that the industry has had to lean heavily on imported cotton and warned: "Any serious shortfall in cotton supplies is apt to have repercussions on cotton prices, with the consequent distortion of the cost structure of the textile industry. Such a development should be avoided at all costs in the interests of stabilising the price level." Emphasising the need for raising production, Mr. Bhogilal observed:

"The question of this increase of cotton production either by intensive or extensive cultivation is undoubtedly linked to the return that the farmer gets. The farmer should have the same freedom for obtaining the maximum return on cotton as for other cash crops and, therefore, if it is generally felt that control of cotton prices is a serious deterrent to the farmer for putting in his best efforts for maximising his return from cotton cultivation, I for one would not stand in the way of decontrol of the cotton ceiling prices retaining proper floors for adequate protection of the farmer."

The case presented by Mr. Bhogilal for decontrol of cotton prices is very strange, particularly in the present context of tight supplies. If controls on cotton are removed, prices are bound to shoot up to dizzy heights. Does Mr. Bhogilal want this to happen? At any rate, his plea for decontrol with a view to enabling the farmers to obtain "maximum return" on cotton is contradicted by his own statement made immediately thereafter to the effect that shortage of cotton supplies and rise in prices threaten to aggravate the existing cost inflation.

Price Control Scheme

Mr. Bhogilal referred to the complaints against the industry's voluntary scheme for regulation of cloth and yarn prices and declared that there was no basis for the criticism that the mills had been producing new varieties of cloth with a view to circumventing the control and widening the margin of profit. The term "new variety," he pointed out, was capable of a very wide interpretation. For instance, a mere change in width, or a change from one design to another in printed cloth, or from grey cloth to processed cloth or from one process to another without any alteration in the structure of cloth, namely, counts or reeds or picks, came within the purview of this definition. Stating that these alterations were the usual features of market requirements all over the world, which did not constitute "new variety" in the real sense of expression, he added:

"In my view, a variety is new only when there is a material alteration in the structure of cloth. Judged from this point, the industry in Maharashtra has produced only one new variety a month for every 420 looms installed, as against the permissible rate of one variety for 200 looms, recommended by the Indian Cotton Mills' Federation. Even where a new variety is produced, prices fixed by the Association have been in conformity with the prices of mills' own comparative sorts and, where such comparative sorts are not available, the prices have been fixed in conformity with the prices of comparative sorts of other mills of comparative standing. This being the position, I do not understand how the question of widening the profit margin or for that matter circumventing the voluntary control arises. Moreover, we on our part have asked the trade associations more than once to bring to our notice in confidence any grievances or complaints regarding prices fixed by the Association. So far, there have been no complaints from the trade."

While, generally speaking, the cotton mill industry's voluntary price control scheme has been working successfully, it would appear that a section of mills and traders is circumventing the scheme by way of price manipulations. How else can one explain the high premium on certain varieties of cloth over and above the stamped prices collected by retailers? It was just the other day that this writer went to a shop to buy a pair of *dhotis* manufactured by a well-known group of mills. The stamped price was about Rs. 24, whereas the price actually demanded was Rs. 29. When asked about the difference, the dealer said that it was due to the premium collected by the wholesaler. Several other popular varieties of cloth are also being sold at prices above those marked. Will the Price Fixation Committee of the Millowners' Association investigate the matter and take steps to ensure the satisfactory working of the scheme?

MILL WORKERS' RENEWED CLAIM FOR HIGHER WAGES

TEXTILE EXPORTS AND IMPORTS BOTH FALL

From Our Special Correspondent

MANCHESTER, *27th March*

LEADERS of 120,000 Lancashire cotton workers are shortly expected to make a second bid to get a seven-month-old pay claim approved. Union leaders are to meet employers' representatives in Manchester to talk over the demand for a 10 per cent wage increase. The claim was first made on 11th August last year, and cotton industry chiefs turned it down. Later the employers agreed to further meetings.

MANCHESTER LETTER

Sir Alfred Roberts, Secretary of the powerful National Association of Cardroom Operatives, said: "This matter has been hanging fire long enough." The joint talks are also expected to tackle the question of redundancy payments for employees put out of work by mill closures since the end of the Government-sponsored compensation scheme in 1959.

Rebirth of Cotton Urged

The Lancashire cotton trade needs to be "born again," according to Mr. S. S. Hammersley, Chairman of Cotton and Rayon Spinners Ltd., the Royton Lancashire mill group. Shift-working, he says, is not acceptable to the bulk of Lancashire operatives, but modern machinery needs shift-working. Lancashire mills still run their machinery fewer hours than any other major textile trade in the world. The horizontal structure of the industry was based on bulk supply of staple goods for export markets. The markets have gone, but the outmoded organisation remains, he declares in his annual report.

"Thus the industry has literally to be born again—machinery, labour, organisation—and it cannot successfully be born again if, during the process, it is exposed to unrestricted imports," Hammersley adds. Successful development of a new industry requires protection, Mr. Hammersley observes. "The necessary revolutionary changes to transform the historically ancient Lancashire textile industry to meet modern conditions will be difficult to introduce without some protection."

Lower Shipments—Each Way

Exports of cotton goods are still slipping away as compared with even a year ago, but the flow of foreign arrivals is equally being curtailed. February returns do no more than substantiate the trend already evident throughout the final quarter of 1961 and in the early weeks of the current year. Earnings from cotton yarn and manufactured goods in the first two months of 1962 are already £2,350,000 down on last year's level, but the cost of imports has been reduced by well over £3,000,000.

Cloth shipments seem to have settled down at a figure just above 20,000,000 yards monthly, while yarn exports have lately managed to struggle above the 1,000,000-lb. mark. At the end of two months, cotton cloth sales abroad were 43,207,000 square yards, a drop of nearly 10,000,000 yards on last year, while cotton yarn trade was 2,348,000 lbs., a fall of nearly 850,000 lbs. The only section to make ground is man-made fibre yarn exports which, at 10,468,000 lbs. show a rise of 500,000 lbs. on 1961 and an improvement of 1,400,000 lbs. over the previous year's level.

Arrivals of foreign grey cloth are distinctly lower than in 1961, imports so far being 72,805,000 square yards, as against 113,138,000 square yards. All the leading suppliers have sent smaller quantities, notably India with 29,951,000 square yards, as against 40,949,000 square yards, Hong Kong 8,904,000 square yards, as against 10,747,000 square yards, Pakistan 2,892,000 square yards, as against 3,773,000 square yards, and Japan 4,403,000 square yards, as against 10,813,000 square yards.

Although purchases of finished cotton fabrics from abroad have diminished the decline is not so noticeable. In the two months, they aggregated 22,991,000 square yards, as against 30,554,000 square yards. In contrast, imports of man-made fibre cloth in 1962 have risen by over 2,000,000 yards at 14,036,000 square yards.

So many cross-currents are evident in the existing trade position and—more important—the future outlook, that it becomes increasingly difficult for those directly concerned to assess the prospects and make their plans accordingly. Always the industry seems to be on the brink of developments, yet even when action is taken the situation rarely becomes clearer. The full ramifications of the Geneva agreement are a case in point, as their eventual effect on individual markets cannot be gauged with any accuracy.

Perhaps more immediate, and certainly just as vital, is the attitude of the Continental textile producers towards Britain's entry into the Common Market project. On the one hand, reports indicate a reasonable approach to the complications raised by Lancashire's availability as a dumping ground for yarn and cloth from low-cost areas, but other sources suggest that spinners and weavers across the Channel may take a tougher line before agreement is reached.

Continual negotiations now proceeding at Brussels hinge on the interpretation of the much discussed phrase of "disruption of local industry." It has been reported that the countries of the European Economic Community are satisfied that the Geneva agreement, combined with the British approach, will safeguard their interests.

"Bring Imports Down"

On the other hand, Mr. Arnold Ogden, Chairman of the Townhead Mill, Rochdale, Lancashire, has openly stated that, when British spinners and manufacturers met their E.E.C. counterparts in Paris a fortnight ago, the French and West German textile industries were adamant that they would oppose British admittance to the Common Market unless the present rate of Commonwealth imports was slashed to quotas of approximately the current E.E.C. level of 5 per cent instead of 40 per cent of home production now entering the United Kingdom market.

A great deal has been written about the danger of depressing the industry by adverse comment and Mr. Ogden's picture of "chaotic conditions of mills closing down, short-time working, loss prices and threatened mass unemployment," may be a justifiable exaggeration. At the same time, no one pretends that current circumstances are at all encouraging and the failure of the Government to support the trade during the re-equipment phase is a very sore point with many people whose political allegiances have lately been badly strained.

Call for Commonsense

Another local trade leader who has just outlined the background to the existing situation in an annual report is Mr. Michael Grey, who is one of the industry's chief negotiators. Despite all the adverse circumstances of the past year, he shows some optimism in describing the "positive achievements" gained by the various inter-industry and other agreements to establish ceilings on imports, however high they may be. He also mentions "the signs of the first tentative feelers towards a revival in demand." The vital moment will occur, however, when this long-awaited improvement begins to take shape.

Holiday pay for 45,000 workers in the textile finishing industry in Yorkshire, Lancashire, Derbyshire, Cheshire and parts of Scotland will be increased at Whitsuntide as a result of an agreement between the National Union of Dyers, Bleachers and Textile Workers, and the Textile Finishing Trades Association.

The agreement provides for an extra 1s. 3d. a week to be set aside for men, and 10d. for women, for holidays. Under the industry's sliding scale arrangements, men's wages have increased by 7s. 1d. a week in the last twelve months and another rise is pending.

Why CIMMCO Sakamoto

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★ AUTOMATIC LOOM IS A MUST FOR QUALITY TEXTILES
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THE INDIAN OVERSEAS BANK LIMITED

Registered Office: **151, Mount Road, Madras-2.**

To be submitted to the shareholders of the Company at the Twenty-fifth Annual General Meeting to be held at the Registered Office of the Company, 151, Mount Road, Madras-2, on Monday the 16th April, 1962 at 3-30 p.m.

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER, 1961

The Directors have pleasure in submitting herewith the Balance Sheet and Profit and Loss Account of the Bank for the year ended 31st December, 1961 together with the Auditors' Report.

PROFITS AND THEIR DISTRIBUTION

1960 Rs. nP		1961 Rs. nP
44,66,422.74	Net Profit for the year	43,80,498.72
1,26,011.78	Brought forward from last year	1,92,434.52
45,92,434.52		45,72,933.24

Out of this sum the Directors have made the following appropriations:

18,50,000.00	Provision for Taxation	18,50,000.00
9,00,000.00	Transfer to Reserve Fund	9,00,000.00
50,000.00	Transfer to Development Rebate Reserve	
5,50,000.00	Provision for Bonus	5,50,000.00
33,50,000.00		33,00,000.00

The Directors recommend that the balance be disposed of as under:

1960 Rs. nP		1961 Rs. nP
10,50,000.00	Payment of dividend at the rate of 14 per cent. per annum subject to tax	10,50,000.00
1,92,434.52	Carry forward to next year	2,22,933.24
45,92,434.52		45,72,933.24

2. The Bank's business and profits continue to show good progress. During the year, four branches were opened at Erode, Rampankatta (Mangalore), Tiruvalla and Willingdon Island-Cochin. Subsequent to the date of the Balance Sheet, a branch has been opened at Cuddalore—Old Town.

3. In terms of Section 256 of the Companies Act, 1956, Messrs. M. Ct. Muthiah, Ar. Ramanathan and V. T. Padmanaban retire and being eligible offer themselves for re-election. Under Section 260 of the Companies Act, 1956, read with Article 82 of the Bank's Articles of Association Mr. G. K. Devarajulu, who was co-opted as a Director on the 10th June, 1961, offers himself for re-election.

4. The Shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration. Messrs. Suri & Co., the retiring Auditors are eligible for re-appointment.

By Order of the Board,
M. Ct. MUTHIAH,
Chairman.

MADRAS, 12*th March*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

Corresponding figures for 1960 Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
1,00,00,000	AUTHORISED CAPITAL—1,00,000 Shares of Rs. 100 each	1,00,00,000.00	
75,00,000	ISSUED AND SUBSCRIBED CAPITAL—75,000 Shares of Rs. 100 each	75,00,000.00	
75,00,000	AMOUNT CALLED-UP—75,000 Shares of Rs. 100 each	75,00,000.00	
Nil	Less—Calls unpaid	Nil	
75,00,000			75,00,000.00
	2. Reserve Fund and Other Reserves—		
	Reserve Fund—	Rs. nP	
50,75,000	As per last Balance Sheet	60,25,000.00	
9,50,000	Transfer from Profit and Loss Account	9,00,000.00	
60,25,000			69,25,000.00
	Share Premium—		
7,86,659	As per last Balance Sheet		7,86,659.50
	Development Rebate Reserve—	Rs. nP	
75,000	As per last Balance Sheet	1,25,000.00	
50,000	Transfer from Profit and Loss Account	Nil	
1,25,000			1,25,000.00
69,36,659			78,36,659.50
	3. Deposits and Other Accounts—		
15,63,14,535	Fixed, Time and Staff Security Deposits	16,70,61,676.98	
4,17,89,399	Savings Bank Deposits	4,38,88,664.10	
9,48,29,205	Current Accounts, Contingency Accounts, etc.	10,22,95,735.66	
29,29,13,139			31,22,46,076.72
	4. Borrowings from Other Banking Companies, Agents, etc.—		
3,58,00,000	(i) In India	35,13,417.94	
29,42,109	(ii) Outside India	88,03,753.08	
3,87,42,109			1,23,17,171.02
	PARTICULARS—		
3,13,99,337	(i) Secured by part of Investments as per contra	21,20,128.17	
73,42,772	(ii) Unsecured	1,01,97,042.85	
3,87,42,109		1,23,17,171.02	
39,58,580	**5. Bills Payable**		44,93,490.31
	6. Bills for Collection Being Bills Receivable as per contra—		
97,88,343	(i) Payable in India	1,09,00,986.89	
5,31,04,838	(ii) Payable outside India	3,75,60,281.69	
6,18,93,181			4,84,61,268.58
	7. Other Liabilities—		
8,73,991	(a) Pension and Gratuity Funds	9,15,063.12	
76,878	(b) Unclaimed Dividends	83,632.13	
1,50,518	(c) Unexpired Discounts	1,63,136.46	
8,40,272	(d) Sundries	11,55,907.34	
72,11,814	(e) Branch Adjustments	82,76,961.85	
91,53,473			1,05,94,700.90
7,19,74,201	**8. Acceptances, Endorsements and Other Obligations** per contra		6,29,07,185.47
	9. Profit and Loss Account—		
	Profit as per Balance Sheet as at 31st December 1960	12,42,434.52	
11,14,012	Less—Appropriations—		
9,88,000	Dividends declared	10,50,000.00	
1,26,012		1,92,434.52	
44,66,423	Add—Profit for the year brought from Profit and Loss Account	43,80,498.72	
45,92,435		45,72,933.24	
	Less—Appropriations—	Rs. nP	
5,50,000	Provision for Bonus to Staff (includes Rs. 6,411.82 to the General Manager)	5,50,000.00	
18,50,000	Provision for Taxation	18,50,000.00	
9,00,000	Transfer to Reserve Fund	9,00,000.00	
50,000	Transfer to Development Rebate Reserve	Nil	
33,50,000		33,00,000.00	
12,42,435			12,72,933.24
	10. Contingent Liabilities—		
1,79,705	(i) Claims against the Banking Company not acknowledged as debts	1,93,998.98	
	(ii) Money for which the Banking Company is contingently liable (Guarantees issued by the Banking Company—includes Rs. 2,750 Guarantees issued on behalf of the Directors and Officers of the Company)	2,01,81,026.88	
2,53,32,791	(iii) Liability on Bills of Exchange Re-discounted	Nil	
Nil	(iv) Liability on account of outstanding Forward Exchange Contracts	7,36,91,199.40	
7,18,59,085	(v) Liability on account of Documentary Bills for collection released on Trust Receipts	2,05,037.95	
1,18,789	(vi) Liability on account of partly paid shares	2,62,922.00	
1,76,596		9,45,34,185.21	
9,76,66,946			
49,43,13,777	Carried over .. Rs.		46,76,29,485.74

Corresponding figures for 1960 Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
1,84,85,907	In hand and with Reserve Bank of India and State Bank (including Foreign Currency Notes)		1,91,11,672.49
	2. Balances with Other Banks—		
	In Deposit Account—	Rs. nP	
Nil	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
	In Current Account—		
13,93,561	(i) In India	13,15,503.88	
1,46,93,428	(ii) Outside India	1,38,48,404.55	
1,60,86,989			1,51,63,908.43
57,00,000	**3. Money at Call and Short Notice**		26,59,500.00
	4. Investments (at or below Cost)—		
	(i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments—		
9,26,22,774	Fully paid		8,85,32,042.10
	Face Value Rs.	*Market Value* Rs.	
	Quoted .. 8,36,38,100	8,31,79,751	
	Unquoted .. 50,28,000	....	
	Partly paid		25,000.00
	(Paid-up value Rs. 25,000 not quoted)		
	(ii) (a) Shares fully paid—		
11,99,800	Equity Shares		12,33,043.00
	Face Value Rs.	*Market Value* Rs.	
	Quoted .. 13,51,300	10,98,693	
	Unquoted .. 1,34,350	....	
	(b) Shares partly paid—		
91,244	Equity Shares		1,80,966.00
	(Paid-up value Rs. 1,72,589 not quoted)		
25,00,000	(iii) Debentures or Bonds		17,00,000.00
	(Face Value Rs. 17,00,000 not quoted)		
	(iv) Other Investments—		
19,06,100	(a) Ceylon Government Securities (Face Value Rs. 19,73,000.00 Market Value Rs. 18,92,885.00)	Rs. nP 18,92,885.00	
35,46,000	(b) United Kingdom Government Securities (Face Value Rs. 40,66,667.00 Market Value Rs. 35,76,167.00)	36,54,067.54	
7,74,000	(c) Singapore Loan (Face Value Rs. 7,78,000.00 Market Value Rs. 7,45,825.00)	7,48,825.00	
	(d) Federation of Malaya Security Loan	64,09,164.00	
66,56,000	(Face Value Rs. 66,90,800.00 Market Value Rs. 64,09,164.00)		
	(e) Treasury Bills and Postal Savings Certificates of the Government of Burma	50,20,000.00	
60,20,000	(Face Value Rs. 50,20,000.00 not quoted)		
1,14,500	(f) Thailand Government Bonds (Face Value Rs. 2,29,000.00 unquoted)	2,29,000.00	
Nil	(v) Gold		1,79,53,941.54 Nil
11,54,30,418			10,96,24,992.54
	5. Advances— (Other than bad and doubtful debts for which provision has been made to the satisfaction of Auditors)		
	I. Loans, Cash Credits, Overdrafts, etc.—	Rs. nP	
6,74,28,687	(i) In India	6,65,80,939.38	
2,34,15,994	(ii) Outside India	2,77,99,679.41	
9,08,44,681			9,43,80,618.79
	II. Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
2,53,20,723	(i) Payable in India	2,59,43,090.67	
7,70,85,984	(ii) Payable outside India	7,68,06,513.91	
10,24,06,707			10,27,49,604.58
19,32,51,388	(Particulars of Advances as per separate Statement)		19,71,30,223.37
	6. Bills Receivable Being Bills for Collection (as per contra)—		
97,88,343	(i) Payable in India	1,09,00,986.89	
5,21,04,838	(ii) Payable outside India	3,75,60,281.69	
6,18,93,181			4,84,61,268.58
7,19,74,201	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		6,29,07,185.47
48,28,22,084	Carried over .. Rs.		45,50,58,750.98

THE INDIAN OVERSEAS BANK LIMITED—*Continued*

BALANCE SHEET AS AT 31st DECEMBER, 1961

Corresponding figures for 1960 Rs.	CAPITAL AND LIABILITIES—Contd.	Rs. nP	Rs. nP
49,43,13,777	Brought forward .. Rs.		46,76,29,485.74
49,43,13,777	Total .. Rs.		46,76,29,485.74

Corresponding figures for 1960 Rs.	PROPERTY AND ASSETS—Contd.	Rs. nP	Rs. nP
	Brought forward .. Rs.		45,50,58,750.98
	8. *Premises, Less Depreciation*—		
21,97,161	At cost as at 31st December, 1960	37,96,781.74	
15,99,621	Additions during the year	1,31,554.61	
37,96,782		39,28,336.35	
Nil	Less—Deductions during the year	11,986.10	
37,96,782		39,16,350.25	
3,09,413	Less—Depreciation to date	4,01,870.88	
34,87,369			35,14,479.37
	9. Furniture and Fixtures, Less Depreciation—		
37,35,958	At cost as at 31st December, 1960	43,67,888.49	
6,37,586	Additions during the year	4,97,608.13	
43,73,544		48,65,496.62	
5,656	Less—Deductions during the year	20,969.32	
43,67,888		48,44,527.30	
22,42,963	Less—Depreciation to date	27,17,973.03	
21,24,925			21,26,554.27
	10. Other Assets, including Silver—		
19,74,533	(a) Interest, Exchange, etc., Receivable on Investments, Bills and Contracts	19,07,097.89	
7,37,511	(b) Books, Stationery and Stamps	8,23,374.95	
18,90,436	(c) Income-tax Account	17,50,477.15	
5,32,472	(d) Building under Construction	15,01,145.74	
7,44,447	(e) Sundries	8,87,605.39	
58,79,399			69,29,701.12
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		Nil
Nil	**12. Profit and Loss Account**		Nil
49,43,13,777	Total .. Rs.		46,76,29,485.74

Particulars of Advances

Corresponding figures for 1960 Rs.	PARTICULARS OF ADVANCES	Rs. nP
13,13,15,239	(i) Debts considered good in respect of which the Banking Company is fully secured	13,67,44,332.70
4,12,56,205	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security	4,31,94,954.70
2,06,79,944	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	1,71,90,935.97
Nil	(iv) Debts considered doubtful or bad not provided for	Nil
19,32,51,388	Rs.	19,71,30,223.37

Corresponding figures for 1960 Rs.	PARTICULARS OF ADVANCES	Rs. nP
7,26,332	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	10,15,951.96
23,34,523	(vi) Debts due by companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as Members	58,38,826.28
7,26,332	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	10,15,951.96
82,98,636	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as Members	73,63,990.18
5,95,364	(ix) Due from Banking Companies	11,68,201.91

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Corresponding figures for 1960 Rs.	EXPENDITURE	Rs. nP	Rs. nP
87,01,719	1. Interest paid on Deposits, Borrowings, etc.	87,13,821.09	
65,29,328	2. Salaries and Allowances, Bonus and Provident Fund and Gratuity (Salaries and Allowances paid to General Manager and Officiating General Manager for period on leave Rs. 61,847.03 together with rent-free quarters and use of car to General Manager)	70,54,837.99	
24,388	3. Directors' and Local Committee Members' Fees and Allowances	28,802.00	
9,12,576	4. Rent, Taxes, Insurance, Lighting, etc.	9,13,123.43	
61,140	5. Law Charges	59,248.80	
1,33,946	6. Postages, Telegrams and Stamps	1,91,072.82	
42,466	7. Auditors' Fees and Expenses (Inclusive of Fees and Expenses to Overseas Branches Auditors)	45,771.84	
5,71,424	8. Depreciation on and Repairs to Banking Company's Properties	6,78,563.71	
5,13,763	9. Stationery, Printing, Advertisement, etc.	6,08,246.44	
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
6,56,283	11. Other Expenditure (Includes donation paid to Tamil Nad Congress Committee Rs. 12,500)	7,27,846.34	
44,66,423	12. Balance of Profit, subject to Income-tax	43,80,498.72	
2,26,63,445	Total .. Rs.	2,33,99,833.17	

Corresponding figures for 1960 Rs.	INCOME (Less Provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs. nP
1,59,61,467	1. Interest and Discount	1,67,11,427.57
66,06,775	2. Commission, Exchange and Brokerage	65,82,069.55
50,657	3. Rents	51,522.10
27,882	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	30,729.95
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	Nil
Nil	6. Income from Non-Banking Assets or Profit from Sale of or Dealing with Non-Banking Assets	Nil
16,664	7. Other Receipts	24,084.00
Nil	8. Loss, if any	Nil
2,26,63,445	Total .. Rs.	2,33,99,833.17

AUDITORS' REPORT

We have audited the annexed Balance Sheet of The Indian Overseas Bank Ltd., Madras, as at 31st December, 1961 and the Profit and Loss Account for the year ended that date in which are incorporated the returns from 24 branches audited by us and 10 branches audited by other auditors and the unaudited returns from 28 branches for which exemption from the provisions of Section 228 of Companies Act, 1956, has been obtained from the Central Government under Rule 4 of the Companies (Branch Audit Exemption) Rules, 1961.

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory.

(b) The transactions of the Bank, which have come to our notice have been within the powers of the Bank.

(c) In our opinion, proper books of account as required by Law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank not visited by us.

(d) The reports on the accounts of the foreign branches of the Bank audited by the respective qualified auditors have been taken into consideration together with such other particulars and information thereon made available at the Central Office.

(e) The Bank's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account and returns.

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank, as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended that date.

SURI & CO.,
Chartered Accountants.

MADRAS, 12*th March*, 1962.

M. Ct. MUTHIAH, *Chairman.*

O. RM. M. SP. SY. M. MEYYAPPA CHETTIAR,
V. S. NATARAJA MUDALIAR,
AR. RAMANATHAN,
M. CT. PETHACHI,
V. T. PADMANABAN,
G. K. DEVARAJULU, } *Directors.*

S. R. V. ARASU,
G. LAKSHMINARAYANAN,
A. M. KADHIRESAN,
R. ANIRUDHA RAO, } *Assistant General Managers.*

C. P. DORAIKANNU,
General Manager.

READY REFERENCER AND GUIDE TO COMPANIES ACT

1961 EDITION

By JOHN and ROW, Advocates, Madras

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EXPRESS PUBLISHERS (PRIVATE) LIMITED

33, BROADWAY, MADRAS-1

THE CANARA INDUSTRIAL & BANKING SYNDICATE, LIMITED

(INCORPORATED IN INDIAN UNION WITH LIABILITY OF SHAREHOLDERS LIMITED)

BALANCE SHEET AS AT 31st DECEMBER 1961

Corresponding figures for 1960 Rs. nP	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
	AUTHORISED—		
6,00,000.00	6,000 "A" Class Ordinary Shares of Rs. 100 each	6,00,000.00	
66,00,000.00	6,60,000 "B" Class Ordinary Shares of Rs. 10 each	66,00,000.00	
2,00,000.00	2,00,000 "C" Class Ordinary Shares of Re. 1 each	2,00,000.00	
4,00,000.00	4,000 6% Cumulative Preference Shares of Rs. 100 each	4,00,000.00	
22,00,000.00	2,20,000 5% Cumulative Preference Shares of Rs. 10 each	22,00,000.00	
1,00,00,000.00			1,00,00,000.00
	ISSUED AND SUBSCRIBED—		
6,00,000.00	6,000 "A" Class Ordinary Shares of Rs. 100 each	6,00,000.00	
16,00,000.00	1,60,000 "B" Class Ordinary Shares of Rs. 10 each	16,00,000.00	
2,00,000.00	2,00,000 "C" Class Ordinary Shares of Re. 1 each	2,00,000.00	
4,00,000.00	4,000 6% Cumulative Preference Shares of Rs. 100 each	4,00,000.00	
22,00,000.00	2,20,000 5% Cumulative Preference Shares of Rs. 10 each	22,00,000.00	
50,00,000.00			50,00,000.00
	PAID-UP—		
6,00,000.00	6,000 "A" Class Ordinary Shares called at Rs. 100 each	6,00,000.00	
260.00	LESS—Calls in arrears	160.00	
5,99,740.00		5,99,840.00	
16,00,000.00	1,60,000 "B" Class Ordinary Shares of Rs. 10 each fully paid	16,00,000.00	
2,00,000.00	2,00,000 "C" Class Ordinary Shares of Re. 1 each fully paid	2,00,000.00	
4,00,000.00	4,000 6% Cumulative Preference Shares of Rs. 100 each fully paid	4,00,000.00	
19,21,679.00	2,20,000 5% Cumulative Preference Shares out of which 12,689 Shares called at Re. 1 each, 1,693 at Rs. 2 each, 756 at Rs. 3 each, 1,512 at Rs. 4 each, 628 at Rs. 5 each, 9,955 at Rs. 6 each, 615 at Rs. 7 each, 2,832 at Rs. 8 each, 390 at Rs. 9 each, and 1,88,930 at Rs. 10 each..	20,07,032.00	
47,21,419.00			48,06,872.00
41,50,000.00	**2. Reserve Fund and Other Reserves**	52,50,000.00	
1,00,471.00	Share Premium Account	1,00,471.00	
42,50,471.00			53,50,471.00
	3. Deposits and Other Accounts—		
12,58,43,440.83	Fixed Deposits	16,97,52,100.12	
3,57,21,827.06	Savings Bank Deposits	4,27,01,418.06	
2,71,23,908.02	Current Accounts, Contingency Accounts, etc..	3,38,66,576.41	
18,86,89,175.91			24,63,20,092.59
	4. Borrowings from Other Banking Companies, Agents, etc.—		
Nil	(i) In India	25,64,013.67	
Nil	(ii) Outside India	Nil	
Nil			25,64,013.67
	PARTICULARS—		
	(i) Secured against Central and State Government Securities	15,46,436.00	
	(ii) Unsecured	10,17,577.67	
18,65,899.31	**5. Bills Payable**		24,58,290.98
	6. Bills for Collection Being Bills Receivable as per contra—		
1,58,81,468.02	(i) Payable in India	1,96,11,070.26	
23,945.38	(ii) Payable outside India	23,491.16	
1,59,05,313.40			1,96,34,561.42
	7. Other Liabilities—		
95,07,756.95	(i) Branch Adjustments	1,18,61,192.47	
97,753.34	(ii) Rebate	68,288.79	
27,685.93	(iii) Unclaimed Dividends	29,583.90	
16,947.63	(iv) Outstanding Charges	61,893.54	
21,663.46	(v) E. P. F. Adjustments	67,268.58	
1,35,031.91	(vi) Security Deposit	2,18,641.09	
Nil	(vii) Amalgamated Banks' Liabilities against Assets for Collection	12,46,879.95	
98,06,389.22			1,35,53,748.38
	8. Acceptances, Endorsements and Other Obligations as per contra		34,84,944.17
26,48,867.37			
	9. Profit and Loss—		
12,64,459.79	Profit as per last Balance Sheet	18,01,500.75	
	LESS—Appropriations—		
	Last year		
	Rs. Rs. nP		
	2,00,000 Bonus to Staff 1,75,000.00		
	5,50,000 Provision for Taxes .. 9,63,013.33		
	4,85,864 Dividends 6,35,779.18		
12,35,864.00		17,73,792.50	
28,595.79	Balance Brought Forward	27,708.25	
25,22,904.95	ADD—Profit for the year	32,09,832.28	
25,51,500.75		32,37,540.53	
7,50,000.00	LESS—Transferred to Statutory Reserve Fund..	11,00,000.00	
18,01,500.75			21,37,540.53
	10. Contingent Liabilities—		
	Last year		
	Rs. nP (i) Claims against the Syndicate not acknowledged as debts .. Rs. nP		
	13,323.23	15,831.56	
	(ii) On Investments in partly paid shares of :		
	30,000.00 Central Warehousing Corporation 25,000.00		
	(iii) Other Joint 1,00,255.00 Stock Cos. 2,84,275.00		
		3,09,275.00	
22,96,89,035.96	Total .. Rs.	30,03,10,534.74	22,96,89,035.96

Corresponding figures for 1960 Rs. nP	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
1,50,26,333.10	In hand and with Reserve Bank and State Bank of India		1,48,51,344.04
	2. Balances with Other Banks—		
	(a) In Current Accounts—		
14,42,723.42	(i) In India	33,25,041.17	
Nil	(ii) Outside India	Nil	
	(b) In Deposit Accounts (includes Rs. 3,00,000 Staff Security Deposit)—		
2,25,000.00	(i) In India	4,69,439.00	
Nil	(ii) Outside India	Nil	
16,67,723.42			37,94,480.17
5,00,000.00	**3. Money at Call and Short Notice**		10,00,000.00
6,16,93,881.42	**4. Investments at Cost**		8,94,16,818.84
	(i) Securities of Central and State Governments and other Trustee Securities. (This includes shares of Central Warehousing Corporation of the face value of Rs. 50,000 and paid-up value of Rs. 25,000)—		
	Rs. nP		
	Total Face Value .. 10,52,07,577.00		
	Approximate Market Value 8,89,40,036.77		
6,10,30,141.10		8,83,67,503.55	
	(ii) Shares of other Corporations and Companies at cost—		
	(a) Shares of Madras Industrial Investment Corporation Limited—		
	Face Value .. .. Rs. 50,000.00		
50,000.00	Market Value .. Rs. 50,000.00	50,000.00	
	(b) Shares of other Companies—		
	Face Value Market Value		
	Rs. nP Rs. nP		
	Equity fully paid .. 36,453.33 37,951.50		
	Equity partly paid .. 5,58,160.00 4,27,496.00		
	Preference fully paid .. 85,190.00 86,939.55		
	Preference partly paid. 10,000.00 4,400.00		
	Deferred fully paid .. 3,172.00 3,172.00		
2,48,740.32	6,92,975.33 5,59,650.05	4,85,715.29	
	(iii) Debentures and Bonds—		
	Face Value .. .. Rs. 5,15,000.00		
3,65,000.00	Market Value .. Rs. 5,21,500.00	5,13,600.00	
Nil	(iv) Other Investments ..	Nil	
Nil	(v) Gold	Nil	
	NOTE :—Securities of the face value of Rs. 10,16,000 are held with Government, Court and Post Office for specific contracts.		
10,08,33,331.51	**5. Advances—** (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditor)		
Nil	(i) Loans, Cash Credits, Overdrafts, etc.—		
	(a) In India	13,11,43,842.07	
2,14,86,174.79	(b) Outside India	Nil	
41,020.23	(ii) Bills Discounted and Purchased—		
	(a) Payable in India	2,33,38,991.03	
	(b) Payable outside India	49,127.82	
12,23,60,526.53	**6. Bills Receivable Being Bills for Collection** as per contra—		15,45,31,960.92
1,58,81,468.02	(a) Payable in India	1,96,11,070.26	
23,845.38	(b) Payable outside India	23,491.16	
1,59,05,313.40			1,96,34,561.42
26,48,867.37	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** as per contra ..		34,84,944.17
14,82,068.02	**8. Premises at Cost**	18,96,191.60	
4,14,123.58	Additions during the year	8,68,125.15	
18,96,191.60		27,64,316.75	
Nil	LESS—Sales during the year	Nil	
18,96,191.60		27,64,316.75	
3,06,191.60	LESS—Depreciation to date	4,16,316.75	
15,90,000.00			23,48,000.00
	9. Furniture, Fittings, etc.—		
11,31,920.73	At cost as per last Balance Sheet ..	13,49,378.98	
2,31,338.87	Additions during the year	2,34,038.90	
13,63,259.60		15,83,317.88	
13,950.62	LESS—Sales during the year	12,565.68	
13,49,278.98		15,70,752.20	
4,63,278.98	LESS—Depreciation to date	5,48,752.20	
8,86,000.00			10,22,000.00
	10. Other Assets—		
19,39,686.52	(i) Interest accrued on Investments and Advances	29,05,941.51	
4,78,614.87	(ii) Stock, Stationery and Library (less Depreciation) and Paper and Stamps	4,79,594.39	
2,18,550.18	(iii) Insurance Policies at Cost	1,91,461.86	
	(iv) Branch D.Ds, T.Ts, paid, Bills realised in transit pending adjustment		
29,42,575.71	(v) Income-tax deducted at source	42,31,797.06	
15,50,513.89	(vi) Building Constructions	6,83,489.89	
21,285.63	(vii) Sundries including Prepaid Expenses ..	2,78,602.52	
1,11,662.14	(viii) Motor Cars	2,79,700.99	
54,000.00	(ix) Assets of Amalgamated Banks for Collection	20,000.00	
Nil		10,43,845.90	
73,16,888.94			1,01,23,434.13
	11. Non-Banking Assets Acquired in Satisfaction of Claims at Book Value—		
1,25,106.82	Landed Property as per last Balance Sheet ..	93,501.78	
6,864.04	Additions during the year	11,111.97	
1,32,060.86		1,04,613.75	
38,559.08	LESS—Sales during the year and transferred to Premises	1,522.69	
93,501.78			1,02,991.06
	Approximate Market Value of the properties is Rs. 1,04,000.		
	NOTE :—One item of property is subject to charge of Rs. 4,000 and interest due thereon and another of Rs. 8,000.		
22,96,89,035.96	Total .. Rs.	22,96,89,035.96	30,03,10,534.74

Schedule of Particulars required by the Banking Companies Act, 1949 (Act X of 1949), attached to and forming part of the Balance Sheet as at 31st December, 1961

Corresponding figures for 1960 Rs. nP	PARTICULARS OF ADVANCES	Rs. nP
10,28,71,577.67	(i) Debts considered good in respect of which the Banking Company is fully secured	13,32,59,145.75
1,12,23,006.53	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security (inclusive of advances on joint and several pronotes)	1,18,43,630.45
84,65,942.83	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	94,29,184.72
Nil	(iv) Debts considered doubtful or bad not provided for	Nil
12,23,60,526.53	Total .. Rs.	15,45,31,960.92

Corresponding figures for 1960 Rs. nP	PARTICULARS OF ADVANCES	Rs. nP
3,17,713.55	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons ..	4,44,469.95
1,27,994.34	(vi) Debts due by the Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as Members	4,76,324.70
5,61,423.20	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	7,74,298.85
4,87,329.54	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of Private Companies as Members	6,31,435.33
15,45,31,960.92	(ix) Due from Banking Companies	3,06,225.35

(Continued on next page)

PLIGHT OF EAST U.P. SUGAR MILLS

RELIEF MEASURES URGED

ONLY last week, we stated in the course of an editorial that it would be nothing but criminal complacency if no clear, calculated steps were taken without any further delay to encourage larger domestic consumption of sugar. Just as those lines were being written, Mr. Noel-Tod, Chairman of the East India Distilleries and Sugar Factories Ltd., was expressing grave concern about the conditions obtaining in the sugar industry at present. Presiding over the annual meeting of the Company, Mr. Noel-Tod apprehended that a further cut in sugar production in the ensuing season (1962-63) was inevitable. That there is no exaggeration in this apprehension will be evident from the huge stocks of sugar lying undisposed with mills—over two million tons. Such huge stocks entail problems of both finance and godown space. Taking the average total works cost per ton of sugar (inclusive of cane cost) as Rs. 625, a rather conservative estimate, the aggregate amount of money locked up by way of undisposed stocks comes to as much as Rs. 125 crores, a staggering figure, indeed. Again, holding stocks involves not merely the problem of storage as such but also that of the right type of storage, for sugar is a commodity which will deteriorate rapidly, if it is not stored properly. Further, as was pointed out by Mr. Noel-Tod, since the sugar made in India is factory white, and not refined, it will not keep indefinitely, however much one may try to store it properly and scientifically.

Finances Strained

The foregoing brief account clearly indicates how severely strained are the finances of sugar mills. It is true that banks are advancing credit to hold stocks, albeit at a fairly high margin of 25 per cent. But such credit also entails a heavy burden of interest charges. Further, not all the factories are able to get adequate bank credit, so that quite a number of sugar mills are said to be finding it difficult to maintain production as well as to meet their obligations to cane growers. It would appear that the position in respect of sugar industry in the eastern part of Uttar Pradesh is particularly disquieting. It may be noted here that there are, in this region, about 33 sugar mills which account for half the total sugar output of U.P. and almost 25 per cent of all-India production. These mills have made a strong representation to the State Government with a warning that, unless substantial relief is given and that too in time, the industry will be "crippled beyond repair."

The East U.P. sugar mills have quoted figures of average annual profit as worked out by the Wage Board for Sugar Industry. The average for the region is put at Rs. 94,000 (after taxes), as against Rs. 4.82 lakhs for West U.P. and Rs. 2.92 lakhs for the Northern region as a whole. This profit, it is pointed out, is too meagre to enable a factory to pay a reasonable dividend on capital, to set aside amounts for modernisation and expansion, to give aid to cane growers for development, to share in the cost of road construction in factory areas, and to take part in various other local developmental activities. Although the Wage Board's attention was drawn to the poor profitability of mills, the Board recommended the same wages to be paid by East U.P. factories, though it suggested that the mill-owners could approach the Central and State Governments for relief to meet the higher cost of production. The position is said to have since deteriorated considerably as a result of the fall in sugar prices after decontrol and most of the East U.P. sugar mills, it is stated, are running under heavy losses. In this connection, the representation says:

"It may be argued that, now that it is a free market, it is the function of the private sector to make profits or losses and that the Government does not come into the picture. But this argument will not be correct. The bulk of the sugar price consists of cane price, excise duty, purchase tax, co-operative commission and wage recommended by the Wage Board enforced by the Government under the Industrial Disputes Act. When the Government wants a certain minimum price of cane to be paid and also certain taxes to be paid, it cannot absolve itself of the responsibility for providing the necessary wherewithal from which the above can be paid. The owners and managements of East U.P. factories are no less efficient than their counterparts in other regions and, so far as managerial skill, initiative and resourcefulness are concerned, the factories in East U.P. have been hit not by lack of managerial efficiency or ability but by factors beyond their control, such as general rural backwardness, caused by extremely low per capita holding and lack of irrigation facilities in the past which have prevented them from expanding their capacity. And they should not be penalised for serving the interests of a vast and backward region for the last 30 years or more at almost a nominal profit and in some years at a loss. The factories of East U.P. are not asking for profits which the mills in Maharashtra and South are earning, but only a reasonable margin which the Tariff Commission itself considered to be fair and for prevention of heavy losses."

Suggested Measures

The East U.P. sugar mills have accordingly urged the State Government to grant immediate "minimum relief." For purposes of relief, the mills have been divided by the spokesmen of the industry into two categories, namely, units with a production quota of less than 11,000 metric tons and those with a quota higher than this figure. In the case of the first group, it may be recalled, the Central Government has recognised the need for special consideration as witness the grant of exemption from 10 per cent cut in output. Since this exemption is not adequate in the changed circumstances of the current season, the adoption of three specific measures is urged. They are (1) remission of two-thirds of cane cess, that is, 12 nP per maund of cane; (2) programme of intensive road development in factory areas without any contribution from factories in view of their uneconomic production; and (3) increase in production quota, implying thereby that no penal excise duty is to be collected from them, if their production exceeds 11,000 tons. For mills with a production quota of more than 11,000 tons, the measures suggested are: (1) remission of cane cess—12 nP per maund on the first 11,000 tons and 6 nP on the balance; (2) intensive road development, the mills' contribution not exceeding 5.2/3 per cent of the total cost, as against 11.1/9 per cent at present; the balance, it is suggested, may be met as follows:

	(In percentages) Existing	Revised
Central Government	33⅓	33⅓
State Government	33⅓	50
Cane Growers	11.1/9	5.2/3
Development Council	11.1/9	5.2/3

The East U.P. sugar mills have also pleaded for arrangement of loans at low rates of interest from the National Industrial Development Corporation for modernisation.

Plea Reasonable

In view of the fact that several mills in East U.P. are situated at distances far away from the cane-growing areas and considering that the mills are incurring losses as a result of higher production cost and reduced realisations from sugar sales, their case for relief deserves to be considered. The peculiar difficulties facing those mills have, in fact, been recognised in the past. In the season 1949-50, for instance, the U.P. Government had exempted the mills from payment of cane cess on the quantity crushed in excess of the 1948-49 figure, the relief thus obtained amounting to over Rs. 14.33 lakhs. Besides, the State Government also distributed among these mills the cess collected from West U.P. factories towards the molasses fund amounting to Rs. 5.11 lakhs. If some such relief is not given to the sugar mills in East U.P., many of them may be closed down completely, thereby throwing out of employment several workers without any alternative means of occupation.

THE CANARA INDUSTRIAL & BANKING SYNDICATE LIMITED—*(Continued)*

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961 Cr.

Corresponding figures for 1960 Rs. nP	EXPENDITURE		Rs. nP
52,38,016.52	To	1. Interest paid on Deposits, Borrowings, etc.	60,78,144.33
	,,	2. Salaries and Allowances and Provident Fund (including Remuneration and Allowance of Rs. 43,200 against Rs. 36,000 last year paid to the Managing Director)	46,83,674.92
39,03,325.55	,,	3. Directors' and Local Committee Members' Fees and Allowances.	22,025.25
17,690.18	,,	4. Rents, Taxes, Lighting and Insurance, etc.	3,01,455.11
3,33,490.64	,,	5. Law Charges	84,623.53
9,622.68	,,	6. Postage, Telegrams and Stamps	4,02,883.05
3,50,525.13	,,	7. Auditors' Fees	6,000.00
9,000.00	,,	8. Depreciation on and Repairs to the Banking Company's Property	2,76,622.83
2,17,729.40	,,	9. Stationery, Printing and Advertisement, etc.	3,85,805.05
3,99,350.66	,,	10. Loss from Sale of or Dealing with Non-Banking Assets held	Nil
Nil	,,	11. Other Expenditure	3,15,449.41
2,93,452.32	,,	12. Balance of Profit	32,09,832.28
25,25,904.95			
		NOTES :— 1. Managing Director's Remuneration of Rs. 43,200 includes provision for leave salary payable of Rs. 12,000. 2. The Managing Director was permitted the free use of Bank's Car. 3. Audit fees of Rs. 6,000 excludes travelling expenses of the Auditor for branch audit to be voted.	
1,33,85,108.04		Total .. Rs.	1,57,16,516.66

Corresponding figures for 1960 Rs. nP	INCOME (Less provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)		Rs. nP
1,21,39,973.80	By	1. Interest and Discount	1,42,37,163.01
7,46,154.72	,,	2. Commission, Exchange and Brokerage	8,54,682.40
1,08,804.85	,,	3. Rents	1,33,777.72
	,,	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	Nil
Nil	,,	5. Profit on Re-valuation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	Nil
887.09	,,	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	2,875.03
3,89,487.58	,,	7. Other Receipts	4,73,013.50
1,33,85,108.04		Total .. Rs.	1,57,16,516.66

AUDITOR'S REPORT TO THE SHAREHOLDERS

I have audited the foregoing Balance Sheet of The Canara Industrial and Banking Syndicate, Ltd., as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the returns from 34 branches audited by me and the unaudited returns from 125 branches not visited by me for the purpose of this Report.

The Central Government have, by an Order No. 1(15)-CLVI/62, dated 22nd December, 1961, exempted 125 Branches of the Bank from being audited in accordance with the provisions of Section 228 of the Companies Act, 1956, in respect of the year ended 31st December, 1961. In addition to the 34 branches audited by me under the provisions of Section 228, I have also audited 10 exempted branches in December, 1961. I report that :—

(a) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to my notice have been within the powers of the Bank ;

(c) in my opinion, proper books of account as required by law have been kept by the Bank so far as appears from my examination of those books and proper returns adequate for the purpose of my audit have been received from the branches of the Bank ;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account and the returns ;

(e) in my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

(Sd.) A. UMANATH RAO, B.A., F.C.A., *Chartered Accountant.* } *Auditor.*

CAMP : UDIPI, *19th February,* 1962.

(Sd.) H. N. PAI, *Chief Accountant.*

(Sd.) K. V. SHENOY, *Secretary.*

(Sd.) K. K. PAI, *Superintendent of Branches.*

(Sd.) T. M. A. PAI, *Chairman*
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UDIPI, *16th February,* 1962.

CENTRE AND THE STATE PLANS—I

DEVOTEE OR DONOR?

By Prof. S. Kesava Iyengar

OBJECTIVES of planning are complementary as between the Central and State Governments, the former attaching first priority to heavy industrialisation and the latter to agricultural development. General objectives have been enumerated as in the final third Plan thus: (1) To secure an increase in national income of over five per cent per annum, the pattern of investment being designed also to sustain this rate of growth during the subsequent Plan periods; (2) to achieve self-sufficiency in foodgrains and increase agricultural production to meet the requirements of industry and export; (3) to expand basic industries like steel, chemical industries, fuel, and power and establish machine-building capacity, so that the requirements of further industrialisation can be met within a period of 10 years or so, mainly from the country's own resources; (4) to utilise to the fullest extent possible the manpower resources of the country and to ensure a substantial expansion in employment opportunities; and (5) to establish progressively greater equality of opportunity and to bring about reduction in disparities in income and wealth and a more even distribution of economic power.

The Planning Commission expects the State Governments to adopt "measures to achieve closer integration of the rural with the industrial economy." The States have been allocated substantial grants for agricultural development, depending on co-operative movement, community development, irrigation and power as much as on activities pertaining to cultivation, animal husbandry, fisheries and forests. Those declared in the third Plan of Mysore are typical of objectives and priorities set forth by the States, in general. The objectives are: to accelerate the pace of development achieved by the completion of incomplete projects and to ensure the full utilisation of assets and services already created; to step up agricultural production with a view to achieving self-sufficiency in food, as well as to develop the industries of the State, large, medium and small; to move appreciably forward towards providing minimum amenities in the rural areas such as a drinking-water well, a school-building and an approach road for every village; to undertake progressive measures like land reforms, with a view to reducing economic and social inequalities; to devise ways for the fuller utilisation of our manpower resources as well as to enlarge the areas of employment opportunities; and to provide free and compulsory primary education universally for the age group 6 to 11. The priority in the third Plan are: power, social services, agriculture, minor irrigation and allied subjects, major and medium irrigation, community development and co-operation, industries and minerals, and transport and communications.

Distribution of Outlay

Table I shows how the State Governments propose to devote their main attention to agriculture, 90.32 per cent of total outlay on the subject, and 64.09 per cent of total outlay by States (9.68 and 7.24 per cent, respectively, by the Centre). The Central Government proposes to concentrate on industries, communications and transport (85.72 per cent out of the outlay on the items, and 76.74 per cent of total outlay by the Centre). On social welfare, the outlay does not vary so widely, the respective percentages working at 39.02 and 60.98. As compared with the second Plan, the Central Government proposes to set aside for agriculture, etc. (Rs. 126.61 crores out of Rs. 1,068 crores; the second Plan total outlay was Rs. 530 crores), and irrigation and power (Rs. 137.69 crores out of Rs. 1,662 crores; the second Plan total expenditure was Rs. 860 crores). These figures definitely indicate a desire on the part of the Central Government to entrust much more responsibility than in the past to the States with regard to numerous items contributing to production and welfare like agriculture (in the broad sense), irrigation and power, education, health, electricity schemes, and rural and community development projects. But it is not rare that State Governments feel embarrassed by unreasonable and inexplicable delays by the Planning Commission in according "administrative sanction." A typical example is the complaint of the Mysore Government that, even at seven months after the commencement of the third Plan implementation, the Planning Commission had failed to communicate sanction for seven major and medium projects included in the third Plan, on the fallacious ground that 28 spillover projects from the second Plan should be attended to first, though the Mysore Government had made budget allotments for both spillover projects and seven new projects as early as April 1961.

Inadequate and Unco-ordinated Data

During the second Plan period, total expenditure by the Government of India was Rs. 7,719.34 crores, but Plan expenditure was only Rs. 2,496.84 crores, working at 32.35 per cent. The corresponding figures for the States are Rs. 6,445.10 crores, Rs. 2,103.16 crores and 32.63 per cent. To adjudge Plan progress on the basis of financial targets without reference to total expenditure would be most irrational, but that is just what is happening. So far as the third Plan period figures are concerned, we have Plan budgets with regard to resources, outlays and physical targets, but there is not even an approximate forecast of total receipts or total expenditure during the period, and there is no standard to go by for assessing the comparative size of the Plan in relation to total receipts or expenditure. Failing this, some space has been taken up in this study for examining the relative position of total Government finance and Plan finance in the public sector during the first and second Plan periods, with the hope that such figures may foreshadow trends during the third Plan period.

Figures furnished by State Governments differ from those given by the Planning Commission with regard to third Plan outlay (Rs. 4,009.89 crores and Rs. 3,847.31 crores, respectively). The latter figure is different from Rs. 3,725 crores mentioned in the text of the final third Plan. Tables with regard to transfer of funds from the Centre to States in the April and June 1961 issues of the R.B.I. *Monthly Bulletin* do not tally, although both the tables show total Central assistance (as distinguished from Central aid for State plans). The Government of India Budget (1961-62) shows the figure at Rs. 2,890.77 crores, while the Reserve Bank of India note in the June issue of the R.B.I. *Bulletin* puts the figure at Rs. 2,892.90 crores. Such differences, even if they are small, come in the way of tallying averages and percentages. The States' resources for the third Plan are given as Rs. 1,416 crores in Table VIII and at Rs. 1,462 crores in Table VII. Similarly, with regard to second Plan actual outlay by the States, Tables X and XI vary (Rs. 2,082.56 crores and Rs. 2,103.16 crores, respectively). According to State Budgets, there are Central Plan projects executed by the States. Some "non-Plan" projects are included by the States in their third Plans and, while the financial target is Rs. 7,500 crores, the physical target is put at Rs. 3,847.31 crores for the States, Rs. 174.87 crores for the Union Territories, and Rs. 4,076.35 crores for the Centre, or a total of Rs. 8,098.53 crores. How the upward difference of Rs. 598.53 crores should be made up cannot be guessed even by the most unorthodox financier.

The classification is hard to follow as between "development" and "non-development," between "Plan" and "non-Plan," and between Central total assistance to States and such assistance for Plan projects. Apparently, the significance of "social investment" has not been remembered by the authorities: "development" is directly influenced by total expenditure, including items like famines insurance and civil administration. Tables III, IV and VI reveal the empirical method by which such classification has been arrived at. In the U.S.A. "social investment" is given greater importance than capital outlay, consumption, of course, occupying the pride of place. Inconsistencies referred to here are only samples. Space is too short for amplication.

TABLE I: *Third Plan Outlay: Centre and States*
(In crores of rupees)

	Agriculture, C.D., co-operation, irrigation and power	Industries, minerals, communications and transport	Social services	Total
Centre (x)	264.30	2,803.08	585.31	3,652.69
Percentage to Central outlay	7.24	76.74	16.02	..
States (y)	2,465.70	466.92	914.69	3,847.31
Percentage to States outlay	64.09	12.14	23.77	..
Total outlay (z) ..	2,730	3,270	1,500	7,500
Percentage to (Total) Plan outlay	36.40	43.60	20.00	..
Percentage of (x) to (z) ..	9.68	85.72	39.02	..
Percentage of (y) to (z) ..	90.32	14.28	60.98	..

TABLE II: *Revenue Receipts*
(In crores of rupees)

	Total 1951-52 to 1955-56	Total 1956-57 to 1960-61	1961-62 (B.E.)
Tax Revenue:			
Taxes on income	300.97	412.96	91.63
Taxes on property and capital transactions	475.34	669.33	151.28
Land revenue	329.04	465.36	103.15
Taxes on commodities and services	826.71	1,476.80	368.65
Union excise	64.62	280.25	77.29
State excise	228.42	234.91	52.40
General sales tax ..	298.61	547.99	140.30
Sales tax on motor spirit ..	33.44	58.31	15.89
Electricity duties	22.44	46.95	13.29
Total Tax Revenue ..	1,603.02	2,559.09	611.56
Non-tax Revenue:			
Net contribution of public enterprises	137.72	207.79	54.43
Total Non-tax Revenue ..	196.78	1,453.62	409.81
Total Revenue ..	2,227.42	4,012.70	1,021.37

TABLE V: *Consolidated Budgetary Position*
(In crores of rupees)

	Total 1951-52 to 1955-56	Total 1956-57 to 1960-61	1961-62 (B.E.)
Revenue account			
(a) Revenue*	2,299.8	4,012.7	1,021.4
(b) Expenditure*	2,391.5	3,969.9	1,057.4
(c) Surplus or deficit ..	—91.7	+42.8	—36.0
Capital account			
(a) Receipts†	1,112.3	2,296.1	613.2
(b) Disbursements	1,097.3	2,475.2	643.2
(c) Surplus or deficit ..	+14.5	—179.1	—29.9
Miscellaneous (net)‡	—9.5	—21.3	—0.7
Overall surplus or deficit ..	—86.7	—157.6	—66.6
Financed by:			
Increase or decrease in cash balances§	—39.4	—108.5	—46.7
Purchase (+) or sale (—) of securities	—47.4	—51.1	—19.9

* Transfers from and to funds are excluded from revenue and expenditure, respectively.
† Excluding net purchase or sale of securities.
‡ Consists of remittances.
§ Including overdraft.

TABLE III: *Service Expenditure*
(In crores of rupees)

	Total 1951-52 to 1955-56	Total 1956-57 to 1960-61	1961-62 (B.E.)
Development expenditure: *			
Education	395.48	763.25	219.48
Medical and public health ..	181.01	314.50	92.95
Agriculture, veterinary and co-operation	160.60	275.69	83.67
Irrigation†	98.27	133.09	38.50
Electricity schemes†	28.78	35.49	6.07
Rural and community development projects	51.14	200.66	55.54
Civil works	257.67	279.94	73.80
Industries and supplies	36.15	96.73	27.68
Other development expenditure‡	62.43	171.71	58.89
Total ..	1,271.53	2,271.06	647.49
Non-development expenditure: *			
Debt services§	64.46	265.90	79.84
Famine	44.97	69.53	8.88
Total ..	1,145.88	1,698.86	409.87
Grand Total ..	2,417.41	3,969.92	1,057.36

* The classification of development and non-development expenditure has been done on the basis of broad budget heads.
† Including interest on capital outlay consequently the figures shown under debt services are under-estimates.
‡ Includes interest on scientific and miscellaneous departments, aviation and ports and pilotage.
§ Include appropriation for reduction or avoidance of debt.

TABLE IV: *Development and Non-development Expenditure*
(In crores of rupees)

Item	First Plan	Second Plan	Total for First and Second Plans	1961-62 (B.E.)
Development expenditure:				
Revenue account	1,271.53	2,271.06	3,542.59	647.49
Capital account	735.18	1,359.90	2,095.08	334.20
Total ..	2,006.71	3,630.96	5,637.67	981.69
Non-development expenditure:				
Revenue account	1,145.88	1,698.86	2,844.74	409.87
Capital account	—31.96	69.62	37.67	17.76
Total ..	1,113.93	1,768.48	2,882.41	427.63
Grand Total ..	3,120.64	5,399.44	8,520.08	1,409.32
Percentage of development expenditure to total ..	64.29	67.25	66.17	69.67

Capital account (development) includes expenditure on multi-purpose river valley schemes, irrigation and navigation, schemes of agricultural improvement and research, electricity schemes, road transport, buildings (including roads and water works), industrial development and others.

Capital account (non-development) includes State trading, compensation to landholders on the abolition of Zamindari and other financial transactions.

Note: This article was prepared before the publication of the Third Finance Commission's report and the interim budgets of State Governments.

As mentioned earlier, a bird's-eye view of revenue receipts during the first and second Plan periods is quite essential for an appreciation of the resources potential of the States, apart from Plan resources. Table II reveals the general trend during the past decade.

Taxes on income (including shares allotted by the Central Government) show little improvement from Rs. 300.97 crores in 1951-56 to Rs. 412.96 crores in 1956-61. This had to be expected because the lion's share of taxes on income goes to the Centre. Land revenue receipts were Rs. 329.04 crores in the first Plan, Rs. 465.36 crores in the second Plan and Rs. 103.15 crores in 1961-62 (B.E.). The rate of progression is very slow, and the proposed surcharge on land revenue in Mysore is solitary and light. The only possible explanation for not utilising this head of taxation adequately could be the anxiety of the ruling party to humour the land holders for support in the approaching General Elections. The States' share of Union excise jumped up from Rs. 64.62 crores to Rs. 280.25 crores as between the two Plans and promises still better elasticity in the near future. On the other hand, States' excise has been almost stationary (Rs. 228.42 crores and Rs. 234.91 crores). General sales tax has proved most elastic, springing up from Rs. 298.61 crores to Rs. 547.99 crores and on to Rs. 140.30 crores (1961-62 B.E.). This would be the most important head for additional tax receipts during 1961-66.

With regard to non-tax revenue, the rate of progression is higher than in tax revenue, though the quantum is smaller. Net contribution of public enterprises proved much better than expected, from Rs. 137.70 crores to Rs. 207.79 crores and Rs. 54.43 crores (1961-62 B.E.). Probabilities are that much more could be had for the third Plan from this head than during 1951-61. Corresponding figures with regard to the Central Government are Rs. 115.06, Rs. 210.25 and Rs. 71.54 crores, respectively (excluding railways). Total revenue receipts (from Rs. 2,227.42 to Rs. 4,012.70 and on to Rs. 1,021.37 crores) prove that the degree of elasticity in State revenues has been considerably higher than generally anticipated, and the outlook is even still better. Between the two Plans the percentage increase in revenue receipts works to 57.42 with regard to the Centre and 80.49 in the case of States. Such an improvement has to be discounted to some extent on account of accelerating inflation, but even the net improvement augurs well for the third Plan. Emphasis is being laid on consumption as the criterion for sharing excise duties. Such reforms will further strengthen State finances.

The third Plan bases its main hopes on additional taxation by the States at Rs. 610 crores, at an average of Rs. 122 crores per annum, but the budgets of States for 1961-62 contemplate an addition of only Rs. 17.33 crores. At the time the third Plan was being finalised, the States exhibited great optimism, and it was on their persistence that additional tax revenue of the States was upgraded to Rs. 610 crores. This optimism was due partly to a better consciousness of resources, a higher level of self-confidence, and a desire to look big in the eyes of voters. The anti-climax from Rs. 122 crores to Rs. 17.33 crores is definitely attributable to the complacency of State cabinets and, what is more, the fear of their losing office on account of unpopularity due to sizable additional taxation.

Expenditure

Service expenditure is analysed under "development" and "non-development" sections. Out of the former, the projects which entail "Plan" outlay and those involving "non-Plan" expenditure may perhaps be ascertainable from files in Finance Ministries, but no information is available to the public on such a break-up. It would be more enlightening to study the behaviour of development expenditure in the General budgets rather than in Plan budgets and accounts for the simple reason that the former picture is panoramic and the latter a narrow cross-section. Development expenditure (revenue) rose from Rs. 1,271.53 crores in 1951-56 to Rs. 2,271.06 crores during 1956-61 and is budgeted at Rs. 647.49 crores in 1961-62. The percentage increase between the two Plans works out to 78.68, as compared with 80.49 in revenue receipts. Non-development expenditure increased at a lower rate. Education ranks high in acceleration with Rs. 395.48 crores (first Plan), Rs. 763.25 crores (second Plan) and Rs. 219.48 crores (1961-62 B.E.). Agriculture, veterinary and co-operation started at a lower level and

(Continued on page 634)

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SPEED IN CIVIL AVIATION

SOME SUGGESTIONS FOR I. A. C.

By Our Aviation Correspondent

TO what extent is speed of flight the paramount selling factor in air transport? How far does it outweigh—if it does outweigh—the factors of price and comfort? These questions, in one form or another, are often debated in aeronautical journals. Nowadays, however, so many people habitually travel by air that questions of this kind are of more than academic interest. Unless the public, through travel associations and by other means, makes its views known, the airlines are likely to shape policies on their own interpretation of what the public wants. It may be of interest, then, to discuss, from a non-technical angle, the questions posed above.

In the first place, however, for the factors of price and comfort, one would like to substitute the more embracing term of "convenience." Within certain narrow limits, the price of air travel, for the foreseeable future, is more or less determined. Unless some enterprising manufacturer builds an aircraft specifically designed to carry the multitude at low fares—an event of which, at present, there are no signs whatever—we shall see little change in the present tariff. Much the same thing can be said of comfort. There are certain standards for first class travel, certain standards for tourist class travel. You can take your choice. You can also rest reasonably assured that those standards will be maintained. Price and comfort, in the circumstances, hardly call for individual attention. Convenience, on the other hand—which, incidentally, embraces both price and comfort—is a factor of far-reaching importance.

What Is Convenience?

Convenience, of course, is a comparative term. It can mean many things to many people. Applied to air transport, to one it might mean that the scheduled times of arrival and departure happen to suit the particular objective of his journey; to another—the tourist, for example—it might simply be the nature of the stop-over concessions and facilities allowed; to the great majority, however, it must, surely, mean the ready availability of services to take him where he wants to go, when he wants to go, in reasonable comfort, at a price he can afford, and with a minimum of fuss.

Let us, at this point, deal very briefly with the question of speed. Like convenience, this is also a comparative term. Some 25 years ago, when the then Imperial Airways introduced their flying-boats and a 3½-day schedule from the U.K. to India, that seemed a miracle of speed. We have advanced considerably since those days. By Air India's Boeing service, we can now make the journey in twelve hours. But—and this, perhaps, is the point—until the airlines embark on a supersonic travel project, we shall go no faster. We have about reached the maximum in subsonic travel.

Speed is an extremely important selling factor. It would be idle to deny this. The history of the air transport business has constantly recorded the public preference, other things being equal, for the fastest schedules. But speed in flight is only an important factor over long distances. Moreover, even over long distances, it is a selling factor only when convenience in other respects is served. If you have an urgent mission in Europe, whilst it may be physically possible to fly there in twelve hours, this will avail you nothing if there are no seats available for three days.

External and Internal

As it happens, however, so far as international services are concerned, the public is fortunate. We can, therefore, for the purposes of this discussion, disregard the question of international travel. Not, of course, because it is less important, but because such is competition on the more important routes, that convenience—in terms of availability, comfort and, within narrow limits, price—is bound to be served. This is all the more the case, because, speed having reached its present maximum, competition will find other channels of expression.

Let us concentrate instead on our domestic services where, in the absence of competition, a very different situation obtains. When, some six years ago, Viscount aircraft replaced Vikings on the trunk routes, the greater speed and, above all, the greater capacity, offered a convenience not to be ignored. Traffic soon doubled. Unfortunately, no adequate provision for an expansion of this order had been made. Instead of ready availability, seats were at a premium. From that time, the convenience of the services suffered a sharp setback. The correspondence columns of the Press saw constant expressions of public annoyance and frustration. Had this state of affairs continued much longer, the popularity of the services, one suggests, would considerably have declined.

With the purchase of four additional Viscounts, the Corporation, temporarily at least, has restored the situation. Mindful of past errors, they are now talking in terms of jet aircraft of double the Viscounts capacity. Thus—or so it is to be assumed—they aim to achieve two major objectives: to increase the speed of travel and to make seats readily available at short notice. It is a reasonable solution. It is not, however, the only solution, nor, necessarily, the best.

Saving Time

Were the Corporation, instead of jetliners, to purchase another half dozen second-hand Viscounts, not only would they conserve a very substantial amount of foreign exchange, but, by increasing frequencies on routes of the greatest traffic density, add considerably to the convience of their services. There are, naturally, objections. Firstly, whilst the convenience of the public might be served, the airlines reigning deity—SPEED—would be left unpropitiated. Should we not, they will indignantly exclaim, be moving with the times! It is a point—but is it as weighty as it appears?

Let us take an example. The flight from Bombay to Delhi averages two hours and forty minutes. The overall journey time, from city centre to city centre, on the other hand, is seldom less than six hours. If it were possible to reduce the time spent on the ground by one hour, it would be tantamount to the introduction of an aircraft twice as fast as the Viscount. Can the "ground time" be so reduced? Almost certainly, it can. The solution lies in changing, or abolishing, some of the cost and time wasting procedures which, like bad habits, have grown up with the airline business.

In the present circumstances, and so long as we have to rely on road transport between airports and city centres, the road journey time can hardly be much reduced. That is something for the future. Here, however, one aims to be severely practical. In that sense, what can be done is to clean up the whole procedure of getting a plane load of passengers and their baggage from one point on the route network to another. One has one's own ideas of how this could be done. To save a detailed explanation, however, we are fortunate enough to have available the outline of a plan which has already achieved excellent results.

An American Example

Eastern Airlines—one of America's leading domestic carriers—has introduced an "Air Shuttle" service between New York, Washington, and Boston. They have abolished reservations, the advanced purchase of tickets, the checking of baggage and waiting for its delivery. They have eliminated all the manpower and facilities involved in the standard, complicated reservations and ticketing procedure. Their system saves not only time but money.

Aircraft leave every hour on the hour. The fare is only slightly less than that on Eastern's bookable services. Arrived at the airport—in the States, the airlines provide no road transport—all that the passenger has to do is to take a boarding pass from a machine, leave his baggage at the loading gate, and embark. He purchases his ticket on the aircraft. On arrival, he obtains his baggage from a self-claim counter. There is no list checking, no queuing, no frills, and no fuss. So popular have these services become that, in the space of nine months, traffic has trebled. Incidentally, of the two-score reasons given by passengers for their preference for Air Shuttle, more than 60 per cent went to "convenience."

This plan, of course, could not be adopted wholesale. Conditions in India differ very widely and in a great many respects from those in the States. A tailor-made model would be required. Even on its busiest routes, I.A.C. could not afford to operate a large number of frequencies—nor would that be at all necessary. However, taking the Bombay/Delhi route as an example, given additional Viscounts, four frequencies a day should be a practical and not uneconomic proposition. Two of these could be bookable, two of the non-reservation variety. It would be an interesting experiment with, as its main purpose, a study of the extent to which the costly reservation and ticketing system could be modified. It is a matter of opinion, but one does suggest that it is worth consideration.

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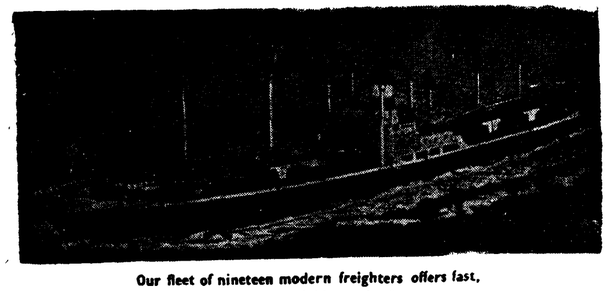

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ENCOURAGING TREND IN INDUSTRIAL RELATIONS

ANNUAL REPORT OF THE MINISTRY OF LABOUR

AN encouraging picture of industrial relations in the country is presented in the latest annual report of the Union Ministry of Labour. Barring the strike for a few days in the Hindustan Shipyard and the prolonged strife in the Heavy Electricals at Bhopal, a period of comparative calmness prevailed in the public sector during the fiscal year 1961-62 in contrast to the previous year, which witnessed the nation-wide strike of Central Government employees in July 1960. The recognition withdrawn from unions and associations of Central Government employees for participation in the strike was restored in most cases and, consequently, labour situation in the railways, defence and other Central Government departments was normal. Industrial relations in the 47 commercial undertakings in the public sector was also satisfactory, the only exceptions being the two strikes mentioned above and some minor troubles in regard to dock labour, which, fortunately, did not result in any major flare-up.

A notable step towards abolition of contract labour was taken during the year under review with the signing of an agreement between employers and workers under which all workers employed in processes directly connected with the raising, manufacture and despatch of coal and coke were to be direct employees of the principal employer, except in seven specified categories. It was also agreed that all work, except in the specified categories, should be taken over by the principal employers as early as possible but not later than 30th September 1962.

Code of Discipline

The Code of Discipline continued to exercise a restraining influence on industrial relations. The Central Implementation and Evaluation Division set up under the Code received 709 complaints about breaches of the Code in the Central sphere. Details about the sources of these complaints, that is, how many of them were from labour and how many from employers, are not available at the time of writing. However, in 58 per cent, as against 71 per cent last year, of the cases where the Division proposed action, breaches were brought home to the parties and the situation set right and the parties advised to avoid such breaches in future. 17 per cent of the complaints were not substantiated on enquiry and the remaining 25 per cent were under investigation. In a number of cases, the report points out, the central organisations of employers and workers accepted responsibility and asked their constituent members strictly to abide by the Code. The report also claims that the Division succeeded in a number of cases in preventing strikes by persuading the parties to settle their disputes peacefully. In 25 cases, where legal action had been started against employers for contravention of enactments, the breaches were set right through persuasion and the need for legal action avoided.

The screening committees of the Employers' Federation of India screened 23 cases during 1960. In two of them, the parties were persuaded not to file appeals. In the first half of 1961, out of nine cases taken up for screening, the Committees were successful only in three cases. The screening committees of the All-India Organisation of Industrial Employers considered five cases during 1960 of which only one case was not proceeded with by the party. Two more cases were screened in the first half of 1961 both of which were allowed to be taken to the higher courts. Among workers' organisations, the *Hind Mazdoor Sabha* screened five cases in 1960 and allowed all of them to be proceeded with. It took up 10 cases in the first half of 1961 of which 8 were dropped. The United Trades Union Congress was successful in persuading its members in 19 out of 20 cases not to go to higher courts.

Implementation

The Central Implementation and Evaluation Division has so far succeeded in settling 45 per cent of the cases taken up for out-of-court settlement. The implementation machinery at the State level has, however, not been so successful, the percentage of out-of-court settlement achieved by them being only 22. The Central Implementation and Evaluation Division received 30 complaints under the Code of Conduct, as against 35 in 1960 and 59 in 1959. Of these, four complaints did not require any action, eight were not established on enquiry and five referred to the respective State Governments for appropriate action. Of the rest, breaches were brought home to the concerned unions in 10 cases and the remaining three cases were under investigation.

Twenty-nine Joint Management Councils are functioning at present, 11 in the public sector and 18 in the private sector. A tripartite committee on labour management co-operation was set up during the year to review the progress of the scheme and to recommend measures for its extension. The State Governments were asked to set up a special machinery to promote the scheme. The Governments of Rajasthan, Orissa, Madras, West Bengal and the Punjab have already set up the machinery for it. Although no major enactments relating to labour were passed during the year, a number of minor laws were written into the Statute Book. These are Motor Transport Workers' Act, Maternity Benefit Act, Apprenticeship Act and Iron Ore Mines Labour Welfare Cess Act. Amendments were carried out to the Delhi Shops and Establishments Act, the Industrial Employment (Standing Orders) Act and the Minimum Wages Act.

Wage Boards

In regard to wages, a notable development during the year was the setting up of separate Wage Boards for coffee and rubber plantations, besides the wage boards for tea plantations already set up, thus bringing the wage structure in entire plantation industry under study by the Wage Boards. Considerable progress has also been made in respect of the implementation of the awards already given by the textile, cement, and sugar Wage Boards. In the case of textiles, the recommendations have been implemented by 393 (357 fully and 36 partly) out of 416 cotton textile mills. An inquiry is being conducted into the reasons for non-implementation in the remaining units. Out of the 33 cement factories, 23 have implemented the Cement Wage Board's recommendations fully and seven factories are said to have done so partly. Of the 170 sugar factories, 105 have either fully or partly implemented the recommendations of the Sugar Wage Board. Most of the remaining factories are working out the details of implementations. The Jute Wage Board's recommendations for the grant of interim relief have been implemented by all jute mills, except three in U.P., where the matter is pending before the High Court.

Much store has been set by workers' education to promote better industrial relations and healthy trade unionism. The Central Board for Workers' Education has so far set up 13 regional workers' education centres, three of which are residential. The fourteenth centre at Jamshedpur is expected to start functioning shortly. The Board has run three teacher-administrators' courses in which about 135 teacher-administrators have been trained. By the end of October 1961, 1,502 worker-teachers had been trained and another 262 were under training; also 17,089 workers had been trained and 9,254 were under training. A proposal to establish a Central Training Institute is under consideration.

The progress made in the field of social security during the past years was further extended and consolidated during the year. The Employees' State Insurance Scheme was extended to cover 22,845 additional workers, thus bringing the total coverage to 1.69 million workers in 132 centres. Medical care was also extended to about 55,700 more families bringing the total number of families covered under the scheme to 629,000, consisting of over two million beneficiaries. An additional sum of Rs. 2.83 crores was sanctioned for the construction of hospitals and annexes for 1,354 additional beds and 19 dispensaries. This brings the total amount so far sanctioned under the scheme to Rs. 6.23 crores, the total bed strength to 3,286 and the number of dispensaries to 47.

(*Continued on page* 634)

MADURA MILLS CO. LTD.

SPEECH OF CHAIRMAN, DR. RAJAH M. A. MUTHIAH CHETTIAR

POINTED attention to the serious raw cotton supply position in the country and its consequences for the mill industry was drawn by Dr. Rajah M. A. Muthiah Chettiar, Chairman of Madura Mills Company Ltd., in his speech at the Annual General Meeting of the Company held at Madurai on Wednesday, 28th March 1962. He also briefly reviewed the progress made in regard to the modernisation and diversification plans of the Company.

The following is the full text of Dr. Chettiar's speech:

"GENTLEMEN,

"I shall be referring to certain aspects of the Company's accounts for the year to 31st December 1961 which are before you, later in my speech.

"Perhaps the most important item on which I must comment is the cotton supply position. The crop for the year to 31st August 1961, was 54.08 lakh bales. Together with considerable imports of short staple cotton from America, this allowed a carry forward of 22 lakh bales into the current season. However, the consumption this year has been put at 58 lakh bales and the indigenous crop at only 43 lakh bales. You will undoubtedly realise the serious significance of these figures, and will probably be reminded of the difficult conditions which prevailed during the 1959-60 cotton season. There is every indication that these will be repeated this year.

Expansion Scheme

"Demand for our products continued to be strong throughout the year. Although yarn prices were lower, much of the reduction was offset by improved processing resulting from our modernisations. Moreover, our expansion schemes are starting to get under way, as reflected in the increased turnover during 1961. The first of these schemes, at Serampore, went into production in June, and is now running at almost full capacity. Mention was made in my speech last year of further plans. I am now glad to be able to tell you that we have obtained a licence for the installation of 450 automatic looms and ancillary machinery, as a first step in our policy of diversification.

"As in the past, we have continued to take a very active part in export markets, in particular the U.K., and in fact were able to improve on the previous year's figures. However, for the current year, the high cotton prices resulting from the low crop together with a general slackening of demand in Lancashire will make it very difficult indeed to maintain our performance. In January this year, a meeting between representatives of the Lancashire textile industry and the Indian Cotton Mills Federation took place, your Company being represented at the meeting. It was not possible to reach agreement, and the two teams decided to adjourn their meeting. Subsequently of course there has been the meeting of G.A.T.T. in Geneva and it may well be that both U.K. and India will find that the agreement reached there makes further tripartite discussions unnecessary.

"The loan from the National Industrial Development Corporation was duly finalised during the year, and as you will have noted, nearly Rs. 48 lakhs was drawn by 31st December 1961. Further drawings will be made shortly. In addition to this, and as indicated in the Directors' report, we are considering making a debenture issue during this year to meet the cost of the heavy capital expenditure now planned.

"While the net profit for the year is slightly reduced, when compared to 1960, I would draw your attention to the charges for depreciation and development rebate reserve, which have increased by Rs. 11.3 lakhs. If this is taken into consideration and, bearing in mind my earlier remarks regarding prices, I think you will agree that the results are not unsatisfactory. Nevertheless, the need to pursue a conservative dividend policy will be apparent to all so that the heavy investments in development can be met.

"The past year has on the whole been one of welcome harmony with our employees, and staff, which has undoubtedly contributed to the financial results. I would like to express appreciation for their efforts and trust that, in the eventful year to come, we can proceed together to our common goal of prosperity."

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

THE AZAM JAHI MILLS LIMITED

ANNUAL STATEMENT OF THE CHAIRMAN, MR. I. J. NAIDU

SATISFACTORY PROGRESS LAST YEAR—SPINDLEAGE TO BE EXPANDED

THE results of the Azam Jahi Mills Limited for the year ended 30th September 1961 were encouraging and indicated progress, the Chairman, Mr. I. J. Naidu, I.A.S., told the Thirty-first Annual General Meeting of the Company, held at Hyderabad on Thursday, 29th March 1962. He said that, after paying wages and providing for bonus, the Company earned a profit of Rs. 23.47 lakhs during the year as against Rs. 6.33 lakhs in the year 1959-60, despite a substantial increase in the cost of cotton, wages and salaries. The rise in the cost of cotton, he explained, was due to higher production of cloth and yarn. Wages rose because of the implementation of the Wage Board recommendations for the full year and due to an expenditure of Rs. 5.5 lakhs on rationalisation of the workload. Mr. Naidu stated that the processing equipment under the modernisation programme was erected and went into production towards the close of the year under review. He said that the Company had received the Government's permission to expand the spinning department by installing 6,000 spindles, which, together with the ancillary equipment, would cost about Rs. 24 lakhs. It would take two to three years to complete the expansion.

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

"GENTLEMEN,

"I have pleasure in welcoming you at this 31st annual general meeting.

"Before I take up the business of the day, I would like to express my appreciation of the very valuable services rendered by Shri R. S. Krishnaswamy, I.C.S., and Shri P. M. Nayak, I.C.S., during their Chairmanship of the Company and Shri I. Ramachandra Rao, I.A.S., as a Director. I have no doubt that you will join me in this.

"The report of the Directors and the accounts for the year ended 30th September 1961 have been in your hands for some time, and I shall, with your permission, take them as read.

Industry Revives

"The cotton textile industry, which was passing for some years through a slump, revived to a satisfactory extent in the year under review. The market and trading conditions were generally good and certainly better than in the previous years. Contrary to the sad experience of the past year, the cotton crop developed beyond general expectation to reach 52¼ lakhs bales in the year 1960-61. Due to strict control in regard to prices and distribution by the Government of India from the very beginning of the season, the availability of the required cotton was not difficult and the prices in general showed a downward trend.

"Although the prices of consumable stores remained high during the year, strict economy was maintained by your management in the use of stores, and therefore, the total expenses were less.

"You will have noticed that the expenses for items of cotton and wages and salaries have shown a substantial increase in the year under review. This is due to increase in the quantum of production obtained and retrenchment benefits paid to workers.

Workload Rationalised

"During this year, by an agreement with the Workers' Union, the workload was rationalised and the surplus workers were paid retrenchment compensation, gratuity and all dues amounting to Rs. 5¼ lakhs. This, you will appreciate, is not a recurring expenditure. I take this opportunity to congratulate the management for bringing the matter of rationalisation to a satisfactory conclusion with the co-operation of the Workers' Union.

"Another reason for the increased wage bill of the year under review was the payment of increased wages at Rs. 6 per worker for the whole twelve months as per the Central Textile Wage Board Award as against payment for nine months only from January 1960 in the previous year. This accounts for an increase of about Rs. 98,000 in the wage bill of the year under review.

"The realisation from cloth and yarn during the year was steady at prices under voluntary control. The total value of sales as well as production has shown a substantial improvement over the previous year. The Company's performance on the export front has, in common with the industry in general, declined. This was due primarily to the quota restrictions imposed on exports to U.K. and the competition from Far Eastern and European countries.

Modernisation

"You have previously been informed that your management had embarked on a programme of modernisation by acquiring such processing equipment as Artos finishing and drying range, tri-raising machine, felt calender, pressure kiers etc. All these machines have been erected and have gone into production towards the close of the year under review.

"In the year 1959-60, the gross trading profit earned was Rs. 6.33 lakhs after providing for workers' bonus, and increased wages as recommended by the Central Wage Board. In the year under review, the gross trading profit, after paying the increased wages and providing for bonus, was Rs. 23.47 lakhs. A further non-trading income was an amount of Rs. 5.03 lakhs received by way of refund of income-tax and corporation tax. From the total available, payments to the extent of Rs. 5.40 lakhs have been made towards retrenchment compensation, etc., to workers and provisions have been made for depreciation, development rebate, reserve for investment and dividend to the shareholders.

"The result of the working of your Company for the year under review, you will observe, is encouraging and indicates progress.

Depreciation

"For the year 1959-60 no depreciation of the block assets was provided, and my predecessor assured you that with the improved prospects of the Company, it would be possible to write off full depreciation in coming years, and today you will have observed that not only the reasonable depreciation for the year under review has been provided but also the entire amount as per Section 350 of the Companies Act amounting to Rs. 16.03 lakhs. Given three to five reasonably good years, it is hoped that the entire arrears of depreciation will be cleared from profits.

Cotton Crop Badly Affected

"It is quite appropriate to inform you here that the cotton crop for the current season of 1961-62 has been badly affected due to heavy monsoon lasting till late in the year 1961. The crop is estimated now at no more than 43 lakhs bales as against 48 lakhs bales estimated in December 1961, and the last season's outturn of 52¼ lakhs bales. This setback to production has caused a steep increase once again in the price of cotton with all its effects on the consumer mills, and their cost of production.

Levy for Exports

"In addition to this, a further levy has now been imposed on the consumption of Indian cotton. The Indian Cotton Mills Federation, in consultation with the Textile Commissioner, Government of India, in order to augment the funds for promotion of exports of cloth and yarn for enhancing foreign exchange earnings of the country, decided that all mills in India should pay to the Federation at a calculated rate per bale of Indian cotton consumed by the mills from 1st January 1962. This is an understanding between the industry and the Government of India. Your mill has to pay at the rate of Rs. 5 per bale of cotton consumed and on this account alone, the Company's earnings will be affected to the extent of about Rs. 1,25,000 per annum.

"Under the Central Textile Wage Board Award, the industry is required to pay another increase of Rs. 2 per worker per month as from 1st January of this year. This additional wage will cost the Company about Rs. 90,000 to Rs. 1,00,000 a year.

Water, Coal Shortage

"As usual your mill has been experiencing acute shortage of water during the summer months, thereby affecting the production of processed goods. Your management is trying to find a permanent solution to this problem with the help of the Warangal Municipality.

"Your Company has been finding it extremely difficult to obtain its full and quality requirement of coal and the management has been making efforts to run your mills fully and without stoppages by obtaining some supplies by road from the newly opened mines at Ramagundam at considerable extra cost.

Additional Spindles

"I am pleased to inform you that your mill has received permission from the Government of India to expand the spinning Department by 6,000 spindles, to enable the mills to spin additional quantities of market yarn. The installation of these additional spindles together with the ancillary equipment is estimated to involve a capital expenditure to the extent of about Rs. 24 lakhs. Your Directors are endeavouring to obtain the required finances for this mill expansion. Even after arranging for funds, it would take two to three years to complete the expansion as the delivery time quoted by makers for most of the machinery is 20 to 24 months. Your Directors are of the view that with this expansion, there will be a further improvement in the earning capacity of this mill.

"Before I conclude, I take this opportunity of expressing our appreciation, on behalf of the Board and all of you, of the services rendered by one and all within the organisation.

Resolution

"Gentlemen, I now propose

"That the report of the Directors and the statement of accounts for the year ended 30th September 1961 be received and adopted."

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

WAGES AND COSTS

A common theme of the presidential speeches delivered at the annual meeting of many employers' organisations and Chambers of Commerce and Industry during the past few months has been the rising costs in Indian industries. If this is an indication of the increasing cost-consciousness in industry, it is a healthy sign. In a country which is anxious to export more, industry and Government should constantly keep one eye on cost in whatever they do. In fact, even highly industrialised countries, which have established themselves in the export field for many years, do not minimise, much less ignore, the importance of cost of production, as witness the "wage pause" in the U.K.

One of the most important determinants of costs is wages. The rate of increase in wages in relation to productivity exerts a decisive influence on cost and through it the competitive capacity of a firm, industry or country. Keeping wage rises within the limits of the increase in productivity should, therefore, be an essential ingredient of any export promotion policy.

That if wages and costs are not kept within the bounds of productivity, it can create trouble even for the most industrially advanced countries, is clear further from the current predicament of W. Germany. In that country, wages rose by 11 per cent in 1961, whereas productivity increased by only 4 per cent and indications are that the relationship between these two is not expected to change much for the better this year also. This trend in W. German economy is causing growing concern in German industrial and official circles and the whole question of wages and economic policy has become the subject of a national debate. The problem was brought sharply into the focus of public attention by Dr. Erhard, the Economics Minister, who warned the nation, in a radio speech last week, that excessive wage claims and other demands on the national resources could overtax the economy and bring down the country's entire economic, political and social structure. These words, coming as they do from a confirmed optimist like Dr. Erhard, are an indication of the seriousness of the situation.

Although Dr. Erhard's warning was not directed at the trade unions alone, it is generally agreed in Germany that it is "the upward trend of wages in particular which has put an end to the period when German industry had little to fear in terms of cost from its competitors." The problem of this wage cost spiral is not easy to tackle in the political context in W. Germany, because the Constitution guarantees to labour and management the right to negotiate and fight out wage disputes in freedom.

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Registered Office : MANGALORE
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BOARD OF DIRECTORS:

MR. A. DAMODAR PAI, B.A., B.L., Bangalore (Chairman and Supervising Director).
MR. H. LAXMINARAYANA KAMATH, Merchant, Gangulli, South Kanara.
MR. C. SHRINIVASA RAO, Savkar, Nazar, Mysore State.
MR. S. PUNDLIK NAYAK, Merchant, Bombay.
MR. K. P. J. PRABHU, B.A., Mangalore.
MR. K. BHUJANGA RAO, J.P., Bombay.
MR. U. SRINIVASA MALLIAH, Member of Parliament, New Delhi.
MR. JEENABHAI DAVIDOSS, Merchant, Bangalore.
HIS HIGHNESS SAHDEVJI NARAHARDEVJI, Maharana of Dharampur.

GENERAL MANAGER :
MR. P. S. NAYAK, B.A., B.L., Fellow of the Indian Institute of Bankers.

DEPUTY GENERAL MANAGERS :
MR. A. G. PAI, B.A., C.A.I.I.B.
MR. C. G. KINI, B.A., C.A.I.I.B.
MR. B. V. BHANDARY, B.A., C.A.I.I.B.
MR. C. E. KAMATH, A.C.A.

AUDITOR
MR. A. UMANATH RAO, B.A., F.C.A. Chartered Accountant.

DIRECTORS' FIFTY-SIXTH ANNUAL REPORT

The Directors have pleasure to submit to the Shareholders the Fifty-sixth Annual Report for the year 1961. After making the usual and necessary provisions including provision for taxation, a sum of Rs. 21,69,539.52 is available for distribution, inclusive of last year's carry forward of Rs. 45 108.78.

The Directors recommend the following appropriations :—

	Rs.	nP
To Preference Dividend at 5.56 per cent. less Company's Tax at 20 per cent.	62,300	00
To Dividend on Equity Shares at 15 per cent. (subject to Tax)	5,40,000	00
To Bonus to Staff	4,00,000	00
To Transfer to Contingencies	4,50,000	00
To Reserve Fund	6,70,000	00
	21,22,300	00
Leaving a balance to be carried forward	47,239	52
	Rs. 21,69,539	52

During the year under Report, the issue of a further equity capital of Rs. 25,00,000 was made, and the Directors are glad to report that applications were well in excess of the issue.

During the year, three banks were taken over by us under Section 45 of the Banking Companies Act, and the selective transfer of assets of one other bank was effected. This has resulted in an addition of 2 branches. To deal with the problems arising in the taking over of these branches, two Regional Offices have been set up in charge of senior managers and inspection of these additional branches twice yearly by independent auditors (in addition to the normal inspection by our inspecting staff) has been arranged.

Four training courses were specially conducted for the staff of the taken over banks by our Staff Training School. In addition, executive staff of the taken over banks were from time to time brought to Administrative Office for refresher courses.

We are glad to report that subsequent to the taking over by us of the branches of the four banks, deposits in those branches increased by over 30 per cent. within an average period of 4 months. Nine new branches were opened during the year at Bagalkot and Vijayesvarapuram—Bangalore in Mysore State; Khar, Santacruz, Parel and Kurla in Bombay, Maharashtra State, and Changanacherry, Kottayam and Trichur in Kerala State. These new branches are making satisfactory progress.

Our offer to train the senior staff of smaller banks in our organisational methods was availed of by several of them who expressed their appreciation of the facilities provided by us.

One Officer of the Bank returned during the year after a refresher course in West Germany in the Deutsche Bank to whom we are thankful for the facilities given by them. Three more officers will be proceeding for Overseas Training during the current year.

The construction of the Administrative Office building is proceeding apace, and it is expected that the building will be ready for occupation before the end of the current year.

The advance/deposit ratio of our Bank during the year under report was, as in previous years, we believe one of the lowest in the Country, our highest being 60.2 per cent. and average being 55.2 per cent. The corresponding figures for Scheduled Banks as a whole (excluding the State Bank of India) were 78.9 per cent and 71.3 per cent respectively.

The Directors thank all Shareholders, Customers and Staff for their co-operation during the year.

(By Order of the Board)
A. DAMODAR PAI,
Chairman.

REGISTERED OFFICE,
MANGALORE-1,
Dated 8th February, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961.

1960 Rs. nP.	CAPITAL AND LIABILITIES	Rs. nP.	Rs. nP.	1960 Rs. nP.
	1. Capital—			
80,00,000 00	AUTHORISED CAPITAL— 1,72,000 Equity Shares of Rs. 50/- each	80,00,000 00		
14,00,000 00	28,000 5% Cumulative Preference Shares of Rs. 50 each	14,00,000 00	1,00,00,000 00	
1,00,00,000 00				
	ISSUED CAPITAL— 1,22,000 Equity Shares of Rs. 50/- each	61,00,000 00		
36,00,000 00	28,000 5% Cumulative Preference Shares Rs. 50/- each	14,00,000 00	75,00,000 00	
14,00,000 00				
50,00,000 00				
	SUBSCRIBED AND PAID-UP CAPITAL— 72,000 Equity Shares of Rs. 50/ each fully paid	36,00,000 00		
36,00,000 00	28,000 5% Cumulative Preference Shares of Rs. 50/- each fully paid	14,00,000 00		
14,00,000 00			50,00,000 00	
50,00,000 00				
Nil	APPLICATION MONEYS RECEIVED ON NEW ISSUE PENDING ALLOTMENT		9,78,817 00	
	2. Reserve Fund and Other Reserves—			
50,00,000 00	Reserve Fund	50,00,000 00		6,49,218 75
Nil	Add : Transfer from Current Year's Profits	6,70,000 00		
50,00,000 00		56,70,000 00		
6,30,000 00	Share Premium	6,30,000 00	63,00,000 00	15,16,369 78
56,30,000 00				
	3. Deposits and Other Accounts—			
14,60,52,748 00	Fixed, Short Term, Cash Certificates and Cumulative Deposits	17,87,27,996 88		4,43,694 95
5,54,41,606 88	Savings Bank Deposits	7,71,24,102 88		
10,57,03,529 56	Current Accounts, Contingency Accounts, etc.	11,97,15,710 79	37,55,67,900 55	
10,81,97,884 44			Nil	
Nil	**4. Borrowings from Other Banking Companies, Agents, etc.**			10,22,43,975 05
37,67,574 65	**5 Bills Payable**		41,78,700 61	
	6. Bills for Collection Being Bills Receivable as per contra—			
3,80,99,894 08	(i) Payable in India	4,68,23,150 00		12,15,54,781 23
33,41,545 31	(ii) Payable outside India	22,64,629 91	4,91,87,779 91	Nil
4,14,41,539 39				12,15,54,781 23
	7. Other Liabilities—			3,59,79,872 97
22,629 99	(i) Rebate on Bills	41,723 14		
32,842 14	(ii) Unclaimed Dividends	34,295 07		87,50,124 53
1,04,04,616 80	(iii) Branch Adjustments	1,79,13,620 01		4,47,29,997 50
22,04,006 59	(iv) Provision for Taxes	41,24,277 78		16,62,84,728 73
1,00,995 32	(v) Outstanding Charges and Sundries	2,90,212 40		
	(vi) Liability on account of assets taken for collection and chitty assets of merged Banks as per contra	49,49,779 22	2,73,54,512 62	3,80,99,894 08
Nil				38,41,545 31
1,23,25,090 84				4,14,41,539 39
2,48,35,462 27	**8. Acceptances, Endorsements and Other Obligations as per contra**		2,69,31,784 46	2,48,35,462 27
	9. Profit and Loss—			
	Profit as per last Balance Sheet	17,22,543 78		8,92,773 17
18,67,472 71	Less—Appropriations— Rs. nP.			3,44,061 95
	To Provision for Income-tax .. 7,65,000 00			17,36,835 12
4,75,000 00	To Bonus to Staff .. 3,10,000 00			1,13,717 42
2,40,000 00	To Dividends .. 6,02,440 00	16,77,440 00		16,23,117 70
6,10,000 00		45,103 78		17,42,931 89
42,472 71	ADD—Profit for the year brought from Profit and Loss Account	21,24,430 74		5,33,300 52
20,30,075 07		21,69,539 52		22,76,232 41
20,72,548 78		6,70,000 00		56,186 11
Nil	Less—Transfers to Reserve Fund	Nil		22,20,046 30
3,50,000 00	Transfers to Inner Reserves		14,99,539 52	6,56,590 18
17,22,548 78				15,63,456 12
	10. Contingent Liabilities—			11,44,240 48
	(i) Liability on account of Letters of Guarantee given on behalf of constituents	1,84,40,750 78		4,28,545 84
1,85,57,284 37				
	(ii) Liability on account of outstanding Forward Exchange Contracts	3,89,39,113 25		38,40,184 71
3,98,45,841 26				9,92,500 00
	(iii) Claims against the Bank not acknowledged as debts	55,956 95		9,79,408 21
16,100 17				39,01,276 93
	(iv) Liability on account of guarantees given on behalf of Directors	6,000 00		Nil
4,000 00				Nil
	(v) Liability on account of a charge on the premises taken over from Scotia Midland Bank Ltd.	22,000 00		1,12,86,156 22
Nil				[illegible] 98
	(vi) Liability for uncalled Capital on account of partly paid-up Shares acquired from G. Raghunathmull Bank Ltd.	75 00		Nil
Nil				800 00
40,24,20,099 87	Total .. Rs.	[illegible]	46,55,99,134 87	40,24,24,080 37

Rs. nP.	PROPERTY AND ASSETS	Rs. nP.	Rs. nP.
3,42,56,419 29	**1. Cash—** In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes)		3,17,98,552 34
	2. Balance with Other Banks—		
20,59,762 32	(a) In Current Account—		
18,14,432 28	(1) In India	17,10,129 04	
	(2) Outside India	14,39,925 18	
10,750 00	(b) In Deposit Account— Deposits with Banks in India .. .. (including Rs. 1,00,00,000/- falling due not later than 3-2-1962)	1,00,15,250 00	1,31,65,304 17
38,84,945 10			
1,60,00,000 00	**3. Money at Call and Short Notice—**		
Nil	(1) In India	64,00,000 00	
	(2) Outside India	Nil	64,00,000 00
1,60,00,000 00			
	4. Investments—		
9,96,84,691 57	(i) Securities of the Central and State Governments and other Trustee Securities of the Face Value of Rs. 14,15,11,157.71 at cost (approximate Market Value as on 31-12-1961 Rs. 14,05,50,207 90)	13,99,90,450 81	
	(ii) Shares of the Madras Industrial Investment Corporation Ltd., Bombay State, Gujarat State, Kerala State and Mysore State Financial Corporations (fully paid) at cost (Face Value Rs. 6,85,000.00)	6,81,187 50	
6,49,218 75	(iii) Municipal Debentures (Face Value Rs. 22,86,000) and Other Debentures (Face Value Rs. 4,94,000) at cost (Approximate total Market Value as on 31-12-1961 Rs. 25,81,509.80)	26,48,945 76	
15,16,369 78	(iv) Shares—		
	(a) Fully Paid Equity Shares .. .. Rs. 4,59,319.10		
4,43,694 95	(b) Partly Paid Equity Shares Rs. 185 40		
	(c) Fully Paid Preference Shares .. .. .. Rs. 4,250 00		
	(Approximate total Market Value as on 31—12—1961 Rs. 4,36,337.05.)	4,68,754 50	
Nil	(v) Gold	Nil	14,37,84,338 57
10,22,43,975 05			
	5. Advances— (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditor)		
12,15,54,781 23	(i) Loans, Cash Credits, Overdrafts, etc.— Rs. nP.		
Nil	(1) In India .. 15,20,23,266 77		
	(2) Outside India .. Nil	15,20,23,266 77	
3,59,79,872 97	(ii) Bills Discounted and Purchased—		
	(1) Payable in India 4,62,78,329 59		
87,50,124 53	(2) Payable outside India .. 55,90,993 66	5,18,69,323 25	20,38,97,590 02
4,47,29,997 50			
16,62,84,728 73	**6. Bills Receivable Being Bills for Collection as per contra—**		
3,80,99,894 08	(i) Payable in India	4,68,23,150 00	
38,41,545 31	(ii) Payable outside India	23,64,629 91	4,91,87,779 91
4,14,41,539 39			
2,48,35,462 27	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra**		2,69,31,784 46
8,92,773 17	**8. Premises at Cost**		
3,44,061 95	ADD—Additions during the year	17,36,835 12 4,83,225 00	
17,36,835 12		21,70,060 12	
1,13,717 42	Less—Depreciation to date	1,47,778 12	20,22,282 00
16,23,117 70			
17,42,931 89	**9. Furniture and Fixtures at Cost**		
5,33,300 52	ADD—Additions during the year	22,20,046 30 7,50,586 53	
22,76,232 41		29,50,632 83	
56,186 11	Less—Cost of articles sold or fully written off ..	4,141 05	
22,20,046 30		29,46,491 53	
6,56,590 18	Less—Depreciation to date	8,39,407 74	21,07,083 8
15,63,456 12			
11,44,240 48	**10. Other Assets—**		
4,28,545 84	(i) Interest accrued on Investments	18,20,112 87	
	(ii) Stock, Stationery and Library	8,19,424 53	
	(iii) Branch Demand Drafts Paid, Bills Realised by Agent Banks pending adjustment, Cheques pending collection and Clearing Vouchers received	53,37,698 84	
38,40,184 71	(iv) Application Money for Municipal Debentures pending delivery of Securities ..	Nil	
9,92,500 00	(v) Prepaid Expenses and Sundries	17,44,108 39	
9,79,408 21	(vi) Taxes paid in advance and Income-tax deducted at source	28,11,556 76	
39,01,276 93			
Nil	(vii) Investment in Chittles of merged banks ..	2,18,070 38	
Nil	(viii) Assets taken for collection and chitty assets of merged banks	49,49,779 22	1,77,00,750 1
1,12,86,156 22			
[illegible] 98	**11. Non-Banking Assets Acquired in Satisfaction of Claims—**		
Nil	(i) Land and Buildings at or below cost ..	Nil	
800 00	(ii) Share in Land and Buildings acquired from Scotia Midland Bank Ltd. at cost ..	3,968 37	3,568 1
[illegible]	Total .. Rs.		[illegible]

CANARA BANK LIMITED—*(Contd.)*

Schedule of Particulars required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1961.

1960 Rs. nP.	PARTICULARS OF ADVANCES	Rs. nP.	1960 Rs. nP.		Rs. nP.
13,67,61,104 17	(i) Debts considered good in respect of which the Banking Company is fully secured	16,27,43,775 72	53,008 87	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons ..	50,090 33
1,79,49,781 41	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security (inclusive of advances on joint and several promotes)	2,25,03,521 24	51,87,565 10	(vi) Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members ..	34,26,512 46
1,15,73,843 15	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	1,86,50,293 06	72,069 88	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	85,080 49
Nil	(iv) Debts considered doubtful or bad not provided for	Nil			
		20,38,97,590 02	76,77,097 72	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners, or Managing Agents, or, in the case of private companies, as members	67,84,973 05
16,62,84,728 73			1,83,371 63	(ix) Due from Banking Companies	5,16,737 42

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961.

1960 Rs. nP.	EXPENDITURE	Rs. nP.	1960 Rs. nP.	INCOME (Less provision made during the year for Bad and Doubtful Debts, Taxation and other usual or necessary provisions)	Rs. nP.
78,52,359 16	1. Interest paid on Deposits, Borrowings, etc.	85,48,795 17			
	2. Salaries and Allowances and Provident Fund (inclusive of Salary and Allowances of the General Manager Rs. 31,069.71—Last year Rs. 31,066.60)	60,74,348 82	1,29,68,740 08	1. Interest and Discount	1,48,47,668 14
50,21,502 76	3. Directors' and Local Committee Members' Fees and Allowances inclusive of remuneration to Supervising Director Rs. 30,000; (Last Year Rs. 30,000/-); Rent-free quarters Rs. 2,760; (Last Year Rs. 2,760/-); P. F. Contribution Rs. 2,499.96) (Last Year Rs. 2,499.96)	78,208 02	32,78,035 31 35,953 57	2. Commission, Exchange and Brokerage	36,22,715 57
74,260 61	4. Rent, Taxes, Insurance, Lighting, etc.	6,88,090 17	42,675 10	3. Rents	49,126 00
5,38,291 59	5. Law Charges	24,859 01		4. Net Profits on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to reserves or any particular Fund or Account)	Nil
26,571 88	6. Postage, Telegrams and Stamps	4,96,125 92	Nil	5. Net Profits on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
3,96,639 93	7. Audit Fees and Travelling Expenses	9,250 00		6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	4,700 00
5,000 00	8. Depreciation on and Repairs to the Banking Company's Property ..	2,92,610 41	Nil	7. Other Receipts	12,00,566 90
2,42,324 35	9. Stationery, Printing, Advertisements, etc.	8,12,143 34	9,19,731 42		
5,87,993 29	10. Loss from Sale of, or Dealing with Non-Banking Assets	Nil			
Nil	11. Other Expenditure	5,75,903 01			
4,73,115 84	12. Balance of Profit	21,24,430 74			
20,30,076 07	NOTE:—The Supervising Director and the General Manager are allowed the free use of the Bank's Cars.				
1,72,48,135 48	Total .. Rs.	1,97,24,764 61	1,72,48,135 48	Total .. Rs.	1,97,24,764 61

MANGALORE
Dated 8th February, 1962.

Directors:
JEENABHAI DAVIDOSS,
K. P. J. PRABHU,
C. SHRINIVASA RAO,
S. PUNDLIK NAYAK,
U. SRINIVASA MALLIAH,

A. DAMODAR PAI, *Chairman.*
P. SARVOTHUM NAYAK, *General Manager.*
A. UMANATH RAO, B.A., F.C.A., *Auditor, Chartered Accountant.*

AUDITOR'S REPORT

I have audited the foregoing Balance Sheet of the Canara Bank Limited, as at 31st December 1961, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the returns from thirty-four branches audited by me and sixty-one branches audited by other Auditors and the following twenty-six branches audited by persons otherwise qualified for appointment as Branch Auditors, who are employees of the Bank, under exemption granted under Rule 4 of the Companies (Branch Audit Exemption) Rules, 1961, Order No. 1 (7)-CL. VI/61, Government of India, Ministry of Commerce and Industry, Department of Company Law Administration, dated 30th December 1961. The branches so exempted are :—

(1) Avenue Road—Bangalore ; (2) Chamarajpet—Bangalore ; (3) Cantonment—Bangalore ; (4) Basavanagudi—Bangalore ; (5) Malleswaram—Bangalore ; (6) Narasimharaja Road—Bangalore ; (7) Chickpet—Bangalore ; (8) Vijayesvarapuram—Bangalore ; (9) Tumkur ; (10) Shimoga ; (11) Mysore ; (12) Sirsi ; (13) Chickmagalur ; (14) Mandya ; (15) Udipi ; (16) Bantwal ; (17) Coondapoor ; (18) Karkala ; (19) Gangulli ; (20) Puttur ; (21) Mulki ; (22) Thambu Chetty Street—Madras ; (23) Govindappa Naick Street—Madras ; (24) Mount Road—Madras ; (25) Foreign Department (T. C. Street)—Madras ; (26) Mercara.

The reports on the accounts of the branches audited by other Auditors have been dealt with in preparing my report in the manner considered necessary by me.

I report that :

(a) I have obtained all the information and explanations which, to the best of my knowledge and belief were necessary for the purpose of audit and have found them to be satisfactory ;

(b) The transactions of the Bank which have come to my notice have been within the powers of the Bank ;

(c) In my opinion, proper books of account, as required by Law, have been kept by the Bank so far as appears from my examination of those books, and proper returns adequate for the purpose of audit have been received from the branches of the Bank ;

(d) The foregoing Balance Sheet and Profit and Loss Account, dealt with, by this report, are in agreement with the books of account and the returns ;

(e) In my opinion, and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and, on such basis, the said Balance Sheet gives a true, and fair view of the state of affairs of the Bank as at 31st December 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

MANGALORE, *8th February* 1962

A. UMANATH RAO, B.A., F.C.A.,
Auditor, Chartered Accountant.

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THE CENTRAL BANK

SIXTY-SEVENTH REPORT OF THE

GENTLEMEN,

The Directors beg to place before the Shareholders the Balance Sheet and Profit and Loss Account for year ended 31st December, 1961.

The Net Profit for the year, including the sum of Rs. 18,61,470.96 brought forward from the previous year's account, amounts to	Rs.	2,01,36,733 88
The following appropriations have been made :—		
An ad-interim Dividend was paid for the half-year ended 30th June 1961 at the rate of Rs. 2.40 per share subject to tax on 12,60,000 shares	Rs.	30,24,000 00
Amount transferred to Reserve Fund	,,	45,00,000 00
Amount transferred to Staff Gratuity Fund	,,	10,00,000 00
Amount provided for *Bonus to Staff*	,,	60,00,000 00
	Rs.	1,45,24,000 00
The balance of Rs. 56,12,733.88 the Directors propose to recommend to the Shareholders to dispose of as follows :—		
To pay a final Dividend for the half-year ended 31st December 1961 at the rate of Rs. 2.60 per share subject to tax on 12,60,000 shares (making in all 14 per cent. net for the whole year)	Rs.	32,76,000 00
To carry forward to next year's account	,,	23,36,733 88
	Rs.	2,01,36,733 88

The Bank's business during the year under review showed very satisfactory progress. During the year 4 Branches, 7 Sub-Branches and 4 Pay Offices were opened at various centres and one Pay Office had to be closed down as it was found to be unremunerative.

In addition thereto, one Branch, 9 Sub-Branches and 2 Pay Offices were taken over from the Jodhpur Commercial Bank under the Amalgamation Scheme formulated by the Reserve Bank of India.

The Bank completed 59 years of its existence on 21st December, 1961, and celebrations were held at Bombay and at various important centres. The Directors acknowledge with thanks and place on record their appreciation for the innumerable messages of good wishes received from the shareholders, the depositors and the clientele of the Bank.

The Directors record with deep regret the death which took place on the 16th day of July, 1961, of their colleague His Highness Sir Jiwajirao Madhavrao Scindia. They place on record their appreciation of the valuable services he rendered to the Bank.

One of your Directors, Mr. C. P. Wadia, resigned his seat on the Board on 14th March, 1962. Mr. Wadia had been a Director of the Company since 1949. The Board place on record their appreciation of the very valuable services rendered by him during the time he was a Director of the Bank.

Mr. Nani A. Palkhivala and Nawab Prince Mukarram Jah Bahadur were invited to join the Board as Directors in place of the late Mr. Framroze J. Guzdar and His Highness the late Sir Jiwajirao Madhavrao Scindia respectively. Under Article 34 of the Articles of Association they hold office only upto the date of this Annual General Meeting, but are eligible and offer themselves for re-appointment.

BALANCE SHEET AS AT

Previous Year Rs.	CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
	1. CAPITAL :—				
	AUTHORISED CAPITAL—				
5,25,00,000	(a) 10,50,000 Ordinary Shares of Rs. 50 each	5,25,00,000	00		
1,05,00,000	(b) 4,20,000 Ordinary 'A' Shares of Rs. 25 each	1,05,00,000	00		
6,30,00,000		6,30,00,000	00		
	ISSUED AND SUBSCRIBED CAPITAL—	Rs.	nP		
	(a) (i) 4,72,528 Ordinary Shares* of Rs. 50 each issued as paid up to the extent of Rs. 25 without payment in cash in exchange for 9,45,056 shares of the Tata Industrial Bank Ltd.	2,36,26,400	00		
1,18,13,200	(ii) 5,77,472 Ordinary Shares of Rs. 50 each	2,88,73,600	00	1,18,13,200	00
1,44,36,800	Issued for payment in cash Rs. 25 per share paid up			1,44,36,800	00
		5,25,00,000	00		
2,62,50,000	10,50,000 Ordinary Shares of Rs. 50 each, Rs. 25 per share paid up			2,62,50,000	00
52,50,000	(b) 2,10,000 Ordinary 'A' Shares* of Rs. 25 each fully paid up issued as bonus shares for consideration other than cash	52,50,000	00	52,50,000	00
3,15,00,000		5,77,50,000	00	3,15,00,000	00
	* The above include 338 Ordinary Shares and 774 Ordinary 'A' Shares which were allotted pursuant to the Resolution passed at the Annual General Meeting held on 30th March, 1959, at premium received in cash.				
530	AMOUNT RECEIVED ON 31 SHARES FORFEITED			530	00
3,15,00,530	RESERVE LIABILITY OF SHAREHOLDERS— Rs. 25 per Share on 10,50,000 Shares	Rs. 2,62,50,000	nP 00		3,15,00,530 00
	2. RESERVE FUND AND OTHER RESERVES :—				
3,16,28,500	Reserve Fund			3,61,28,500	00
50,00,000	Contingency Fund			50,00,000	00
75,000	Development Rebate Reserve			75,000	00
1,05,135	Share Premium Account			1,05,134	65
3,68,08,635					4,13,08,634 65
	3. DEPOSITS AND OTHER ACCOUNTS :—				
1,01,33,23,006	Fixed Deposits and Cash Certificates			1,14,52,28,984	19
35,56,39,324	Savings Bank Deposits			38,12,53,894	37
62,62,46,343	Current Accounts, Call Deposits, Contingency Accounts, etc.			67,54,64,251	15
1,99,52,08,673					2,20,19,46,879 71
	4. BORROWINGS FROM OTHER BANKING COMPANIES, AGENTS, ETC. :—				
	(1) In India—	Rs.	nP		
11,39,27,213	(i) Secured by part of Investments per Contra	63,25,000	00		
1,58,25,000	(ii) Unsecured	2,61,00,000	00		
13,47,52,213				3,24,25,000	00
	(2) Outside India—				
1,94,74,360	(i) Secured by part of Investments per Contra	2,28,00,431	72		
34,23,909	(ii) Unsecured	63,08,133	33		
2,28,98,269				2,91,08,565	10
15,76,50,482					6,15,33,565 10
2,27,08,531	5. BILLS PAYABLE				2,96,47,063 42
	6. BILLS FOR COLLECTION BEING BILLS RECEIVABLE as per Contra :—				
12,79,26,552	(i) Payable in India			14,78,51,833	79
1,08,69,997	(ii) Payable outside India			92,34,183	46
13,87,96,549					15,70,86,017 25
	7. OTHER LIABILITIES :—				
6,37,66,073	Branch Adjustments			8,00,99,595	04
49,32,538	Amounts owing to Subsidiary Company			43,62,074	73
10,41,950	Unclaimed Dividends			11,33,065	77
2,50,212	Rebate on Bills Discounted and on Treasury Bills			2,20,979	07
6,99,90,773					8,58,15,714 61
22,01,51,515	8. ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS as per Contra				11,14,02,113 61
	9. PROFIT AND LOSS ACCOUNT:—				
49,06,560	Balance as per last Balance Sheet			55,41,470	96
30,24,000	*Less*—Final Dividend at the rate of Rs. 2.50 per Share subject to tax paid for the half-year ended 31st December 1960			31,50,000	00
....	Special Jubilee Bonus of 2 % p. m. per Share, subject to tax paid			6,30,000	00
18,82,560				18,61,470	96
1,33,04,911	Profit for the year ended 31st December, 1961			1,82,75,262	92
1,51,87,471				2,01,36,733	88
	Less—	Rs.	nP		
26,46,000	Ad-interim Dividend paid for the half-year ended 30th June, 1961, at the rate of Rs. 2.40 per Share subject to tax	30,24,000	00		
....	Amount transferred to Reserve Fund	45,00,000	00		
8,00,000	Amount transferred to Contingency Fund				
10,00,000	Amount transferred to Staff Gratuity Fund	10,00,000	00		
51,00,000	Amount provided for Bonus to Staff	60,00,000	00		
95,46,000		1,45,24,000	00		
56,41,471					56,12,733 88
	10. CONTINGENT LIABILITIES :—	Rs.	nP		
62,10,041	(i) Claims against the Banking Company not acknowledged as debts	62,61,645	83		
63,13,617	(ii) On Investments in shares of Joint Stock Companies and Banks	44,94,957	50		
10,80,48,298	(iii) On Letters of Guarantee on behalf of Constituents (including Rs. 30,250.00 on behalf of Directors or Officers)	18,11,36,364	94		
12,70,12,963	(iv) Liability on account of outstanding Forward Exchange Contracts	11,28,56,508	98		
	(v) Liability on Bills of Exchange Re-discounted—				
6,36,459	(i) On Inland Bills of Exchange				
....	(ii) On Foreign Bills of Exchange	$ 2,520—16—8			
	Notes :— (1) The actual amount of the liability arising from future gratuities payable to staff has not been ascertained but is greater than the amount provided. (2) In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the proviso to sub-sections (1) and (2) of Section 211 and sub-section (5) of Section 211 and Section 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The accounts are therefore drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act, 1949.				
2,67,84,57,159	Total .. Rs.				2,72,58,53,252 23

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Previous Year Rs.	EXPENDITURE	Rs.	nP	Rs.	nP
4,33,97,595	1. Interest paid on Deposits, Borrowings, etc.			5,26,35,160	65
	2. Salaries and Allowances at Head Office and Local Branches	83,57,793	09		
76,07,725	Salaries and Allowances to General Manager (now Managing Director) Rs. 70,200.00.				
(70,200)	Salaries and Allowances at Upcountry Branches	2,99,43,936	42		
2,72,19,001	Contributions to Provident Fund	20,15,451	15		
17,61,779				4,03,17,180	66
3,65,88,505	3. Directors' Fees and Allowances	82,966	00		
72,974	Committee Members' Fees and Allowances	8,565	00		
7,665				91,531	00
80,639	4. Rent, Taxes, Insurance, Lighting, etc.			54,57,614	57
26,62,501	5. Law Charges			1,23,522	25
97,198	6. Postage, Telegrams and Stamps			14,42,725	05
11,33,089	7. Auditors' Fees (including Branch Audit Fees paid to Statutory Auditors)			1,04,000	00
92,000	8. Depreciation on Banking Company's Property	1,31,019	55		
1,21,593	Repairs to Banking Company's Property	76,717	33		
64,376	Other Charges on Banking Company's Property	4,04,205	52		
3,82,919	Depreciation on Furniture, etc.	5,67,844	59		
5,01,646				12,29,787	49
10,70,584	9. Stationery, Printing and Advertisements, etc.			22,51,353	51
19,42,299	10. Loss from Sale of or Dealing with Non-Banking Assets.			3,93,467	90
....	11. Other Expenditure				
3,59,758	12. Balance Being Net Profit subject to Provision for Bonus			1,82,75,362	92
1,33,04,911					
10,17,79,029	Total .. Rs.			12,23,21,606	00

Previous Year Rs.	INCOME (Less Provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP	Rs.	nP
8,40,27,067	1. Interest and Discount			10,16,45,057	35
1,67,78,356	2. Commission, Exchange and Brokerage				
6,51,843	3. Rent on Bank's Premises (excluding Rent on Premises used by the Bank)			1,95,99,782	26
	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)			7,67,464	91
....	5. Net Profits on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)			....	
3,12,972	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets			3,00,158	80
9,291	7. Transfer Fees			9,142	66
10,17,79,029	Total .. Rs.			12,23,21,606	00

Notes :—1. "Salaries and Allowances" include Additional Golden Jubilee Bonus Rs. 10,30,000.00.
2. Total remuneration to General Manager (now Managing Director) including Salaries and Allowances (shown under item 2 of "Expenditure") and Bonus Rs. 80,456.00.
3. Taxation has been provided for out of "Interest and Discount" and the figures for the previous year have been rearranged accordingly.

OF INDIA, LIMITED

BOARD OF DIRECTORS

Mr. Nityanand M. Wagle was invited to join the Board as additional Director. Under Article 84 of the Articles of Association, he holds office only upto the date of this Annual General Meeting, but is eligible and offers himself for re-appointment.

Mr. Nariman K. Karanjia was invited to join the Board as additional Director and was also appointed as Managing Director of the Company. He holds office only upto the date of this Annual General Meeting, but is eligible and offers himself for re-appointment.

Four of your Directors, Sir Homi Mody, Mr. Chimanlal B. Parikh, Mr. Jaykrishna Harivallabhdas and Mr. Shiavax S. Khambata retire under Article 92 of the Articles of Association, read with Section 256 of the Companies Act, 1956, and are eligible and offer themselves for re-appointment.

The Shareholders are requested to appoint the Auditors for the ensuing year and to fix their remuneration.

The attention of the Shareholders is once again drawn to the Directors' Report of the previous year regarding the dissolution of the Bank's Subsidiary, the Depositors' Benefit Insurance Co., Ltd. The necessary Certificate from the Ministry of Finance, Government of India, allowing the dissolution of the Subsidiary Company has not yet been received.

H. P. MODY,
Chairman.

BOMBAY, *14th March*, 1962.

Statement Pursuant to Section 212 of the Companies Act, 1956

(*a*) The Bank's interest in its Subsidiary, The Central Bank Executor and Trustee Company, Limited, as at 31st December, 1961, comprised 2,000 shares of the face value of Rs. 1,000 on each of which Rs. 500 per share has been paid up.

(*b*) The undistributed balance of profit of the Subsidiary Company as at 31st December, 1961, after a transfer of Rs. 15,000 to General Reserve, amounted to Rs. 15,886.57 which has been carried forward in the accounts of the Subsidiary.

(*c*) The net aggregate amount of Rs. 11,76,322.50 received as dividends from the Subsidiary Company for its previous financial years, since its inception as a Subsidiary Company, have been dealt with in the Profit and Loss Account of the Bank in the relevant years.

H. P. MODY, *Chairman.*
C. H. BHABHA, *Vice-Chairman.*
D. M. KHATAU,
C. P. WADIA,
CHIMANLAL B. PARIKH,
JAMSETJEE JEJEEBHOY,
Directors
S. KHAMBATA,
N. A. PALKHIVALA,
N. M. WAGLE,
N. K. KARANJIA, *Managing Director.*

BOMBAY, *14th March*, 1962.

31st DECEMBER, 1961

Previous Year Rs.	PROPERTY AND ASSETS			Rs.	nP	Rs.	nP
21,05,01,968	1. CASH :— In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)					18,32,98,313	14
	2. BALANCES WITH OTHER BANKS :—						
21,22,757	On Current Accounts— (i) In India			24,69,780	48		
1,32,10,562	(ii) Outside India			1,25,07,614	62		
1,53,33,319						1,49,77,395	10
11,33,333	3. MONEY AT CALL AND SHORT NOTICE					4,08,33,333	33
47,10,56,499	4. INVESTMENTS (at Book Value) :— (i) Securities of the Central and State Governments and other Trustee Securities					49,09,76,212	34
(49,56,08,778)				Face Value Rs. 51,67,90,459	06		
(46,84,46,641)				Market Value Rs. 49,24,67,020	91		
....	Treasury Bills of the Central and State Governments					....	
	(ii) Shares—	Fully Paid Rs.	nP	Partly Paid Rs.	nP		
	(*a*) Preference	1,76,45,411	48	3,46,875	00		
	(*b*) Ordinary	2,56,72,079	58	23,88,755	64		
	(*c*) Other Classes	67,798	75	....			
4,16,87,326		4,33,85,289	81	27,35,630	64	4,60,20,920	45
(4,16,93,561)		Market Value Rs. 4,65,75,380		90			
1,49,95,014	(iii) Debentures or Bonds					1,44,19,396	00
(1,53,57,300)		Market Value Rs. 1,44,34,742		50			
(1,49,98,043)				Rs.	nP		
	(iv) Other Investments— (*a*) Pakistan Loans			2,39,45,864	25		
	(*b*) Foreign Securities including Treasury Bills			97,56,230	23		
	(*c*) Other Municipal Debentures			28,46,035	07		
3,82,67,542						3,65,77,129	53
(3,89,35,169)		Face Value Rs. 3,72,45,008		80			
(3,82,73,469)		Market Value Rs. 3,65,98,403		07			
....	(v) Gold					....	
56,60,06,381							58,79,98,658 32
	5. ADVANCES :— (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)						
	(I) Loans, Cash Credits, Overdrafts, etc.—	Rs.	nP				
1,23,76,43,100	(i) In India	1,30,19,14,196	95				
5,30,63,578	(ii) Outside India	5,60,29,216	37				
1,29,07,06,678						1,35,79,43,413	32
	(II) Bills Discounted and Purchased—						
19,16,26,871	(i) Payable in India	22,41,70,825	63				
2,54,87,970	(ii) Payable outside India	2,78,39,732	38				
21,71,14,841						25,20,10,558	01
1,50,78,21,519							1,60,99,53,971 33
	PARTICULARS OF ADVANCES—						
	(i) Debts considered good in respect of which the banking company is fully secured					1,38,80,63,693	65
1,26,61,42,191	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security					9,98,69,080	98
11,53,37,670	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors					12,25,21,196	70
12,63,41,758	(iv) Debts considered doubtful or bad, not provided for					....	
....				Total .. Rs.		1,60,99,53,971	33
1,50,78,21,519							
10,14,524	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons					14,09,089	74
9,93,09,763	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members					10,67,95,628	47
10,72,892	(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons					14,22,079	12
9,93,09,763	(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members					10,99,21,832	44
36,97,836	(ix) Due from banking companies					13,57,043	54
12,79,26,552	6. BILLS RECEIVABLE BEING BILLS FOR COLLECTION as per Contra :— (i) Payable in India					14,78,51,833	79
1,08,69,997	(ii) Payable outside India					92,34,183	46
13,87,96,549							15,70,86,017 25
22,01,51,515	7. CONSTITUENTS' LIABILITIES FOR ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS per Contra						11,14,02,113 61

	8. LANDS AND BUILDINGS :—	Bank Premises Rs.	nP	Investment in Properties Rs.	nP	Non-Banking Assets acquired in satisfaction of claims Rs.	nP		
	Cost as per last Balance Sheet	86,31,140	78	88,75,892	19	8,89,207	88		
	Less—Cost of Properties sold during the year	....		....		....			
		86,31,140	78	88,75,892	19	8,89,207	88		
	Add—Cost of Additions made during the year	99,909	24	....		1,523	50		
	Cost of Properties purchased or taken over during the year	79,813	28	....		....			
*41,54,918		90,10,863	30	88,75,892	19	8,90,731	38		
†11,75,392		48,56,852	54	27,00,890	00	5,98,624	98		
16,80,583	*Less*—Depreciation written off	*41,54,510	96	†11,74,502	19	16,82,106	40		60,11,119 55
60,10,893		48,56,353	34	15,74,390	19	(8,08,518)	(42)		
	The above includes properties, with a book value of Rs. 73,711.75 which are carried forward pending settlement of the consideration to be received on sale or acquisition.								
	9. FURNITURE AND FIXTURES :—								
1,03,08,390	As per last Balance Sheet							1,14,85,559	31
11,77,169	*Add*—Additions less Sales made during the year							16,41,242	12
1,14,85,559								1,31,26,801	43
61,96,387	*Less*—Amount written off to date for Depreciation							67,64,231	45
52,89,172									63,62,569 86
	10. OTHER ASSETS :—								
9,99,000	Shares of the Central Bank Executor and Trustee Co. Ltd., at Cost							10,00,000	00
38,01,456	Interest accrued on Investments							40,27,424	89
....	Silver							....	
26,12,054	Stamps, Stationery, Stock of Home Savings Safes and Safe Deposit Boxes							29,07,336	23
74,12,510									79,34,760 62
2,67,84,57,159	Total .. Rs.								2,72,58,53,252 23

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of The Central Bank of India, Ltd., as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of the 88 branches audited by us, 17 branches audited by other auditors and the unaudited returns from 288 other branches not visited by us, in respect of which the Central Government has made an order granting exemption from audit pursuant to Section 228 of the Companies Act, 1956.

We report that :—

(*a*) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;

(*b*) The transactions of the Bank which have come to our notice, have been within the powers of the Bank ;

(*c*) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank not visited by us ;

(*d*) The Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;

(*e*) The reports on the accounts of the branches audited by other auditors have been forwarded to us and the same have been considered in preparing our report ;

(*f*) In our opinion, and to the best of our information and, according to the explanations given to us, the said accounts read along with the notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the Profit, for the year ended upon that date.

A. F. FERGUSON & CO., *Chartered Accountants.*
S. B. BILLIMORIA & CO., *Chartered Accountants.*

BOMBAY, *14th March*, 1962.

F. C. COOPER, *Deputy Manager.*
V. C. PATEL, *Deputy Manager.*

H. P. MODY, *Chairman.*
C. H. BHABHA, *Vice-Chairman.*
D. M. KHATAU,
C. P. WADIA,
CHIMANLAL B. PARIKH,
JAMSETJEE JEJEEBHOY,
S. KHAMBATA,
N. A. PALKHIVALA,
N. M. WAGLE,
Directors.
N. K. KARANJIA, *Managing Director.*

THIS IS AN ANNOUNCEMENT AND NOT A PROSPECTUS

Applications are invited on the basis of Prospectus copies whereof are available at the Registered Office of the Company, Underwriters and Brokers mentioned hereunder.

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

Licences have been obtained from the Central Government for the establishment and expansion of the Industrial Undertakings, the copies of which are open to public inspection at the Head Office of the Company. It must be distinctly understood that in granting these licences the Government of India do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

A copy of the Prospectus having attached thereto the documents mentioned below has been duly delivered for registration to the Registrar of Companies, Bombay as required by Section 60 of the Companies Act, 1956.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF THE BANKING HOURS AT 10-30 A.M. ON THE 16th APRIL, 1962 AND WILL CLOSE AT 1-00 P.M. ON 21st APRIL, 1962 OR EARLIER AT THE DISCRETION OF THE DIRECTORS BUT NOT BEFORE 2-30 P.M. ON THE 19th APRIL, 1962.

Applications are being made for listing the Shares of the Company on the Bombay Stock Exchange and Ahmedabad Stock Exchange.

SARDESAI BROTHERS LIMITED

(INCORPORATED UNDER THE THEN BARODA STATE COMPANIES ACT, 1918 ON 4TH APRIL, 1939)

AUTHORISED CAPITAL	Rs.	1,00,00,000
Divided into :—		
60,000 Equity Shares of Rs. 100 each	Rs.	60,00,000
40,000 Unclassified Shares of Rs. 100 each	Rs.	40,00,000
ISSUED CAPITAL:—		
50,000 Equity Shares of Rs. 100 each	Rs.	50,00,000
(i) ALREADY SUBSCRIBED	Rs.	10,00,000
10,000 Equity Shares of Rs. 100 each of the aggregate nominal value of Rs. 10,00,000 have been already subscribed and fully paid up by the Directors and their friends.		
(ii) 22,500 Equity Shares of Rs. 100 each of the aggregate nominal value of Rs. 22,50,000 have been agreed to be subscribed by the Directors and their friends	Rs.	22,50,000
(iii) NOW OFFERED FOR PUBLIC SUBSCRIPTION	Rs.	17,50,000

The Balance of 17,500 Equity Shares of the nominal value of Rs. 100 each is now offered at par for public subscription in terms of the prospectus payable as follows :—

(a) Rs. 25 with application per share.

(b) Rs. 25 within one month from the date of allotment.

(c) Balance of Rs. 50 by two calls of Rs. 25 each, provided that the first of such calls shall not be made earlier than 2 months from the date of allotment and that there shall be an interval of at least two months between the two calls.

The shares now being issued will not confer any right to any Dividend that may be declared on the Equity Shares in respect of the Company's financial year ending 31st December, 1961, and will thereafter rank *pari passu* with the existing Equity Shares of the Company save that they will be entitled to Dividend on the capital for the time being paid thereon.

The entire public issue of Rs. 17,50,000 has been UNDERWRITTEN as hereinafter stated by the Investment Corporation of India Limited, Bombay 1.

BOARD OF DIRECTORS

1. **Rao Bahadur MAHADEO BALKRISHNA JAMBHEKAR,** (*Chairman*), Ryewoods, Lonavala. Industrialist.

   Director:—1, Kirloskar Bros. Ltd. 2, Mysore Kirloskar Ltd. 3, Kirloskar Oil Engines Ltd. 4, Ugar Sugar Works Ltd. 5, The Bank of Maharashtra Ltd. 6, Kaveri Engineers Pvt. Ltd., etc., etc.
2. **Shri SHAVAX A. LAL,** Windcliff, 50-D, Peddar Road, Bombay-26. Industrialist.

   Director:—1, Orient Paper Mills Ltd, 2, Peria Karamalai Tea & Products Co. Ltd. 3, Smith & Nephew India Ltd. 4, Kelvinator of India Ltd. 5, Motor Industries Co. Ltd. 6, Kaveri Engineers Pvt. Ltd., etc., etc.
3. **Shri VISHNU NIMBKAR,** The Amarind, 15th Road, Khar, Bombay 52. Industrialist.

   Director:—1, Bombay Potteries & Tiles Co. Ltd. 2, Fuel Injections Limited. 3, Ogale Glass Works Limited. 4, Kirloskar Oil Engines Ltd. 5, Southern Structurals Ltd. 6, New Standard Engineering Co. Ltd. 7, Standard Batteries Limited. 8, Commercial Credit Corporation (P) Ltd. 9, Acme Pig Iron & Centrifugal Pipe Works Ltd. 10, Kaveri Engineers Pvt. Ltd., etc., etc.
4. **Shri VINAYAKUMAR NARAYAN SARDESAI,** Madhav Vilas, 8, Setalvad Road, Bombay 6. Industrialist.

   Director:—1, Sardesai Industrial Agencies Private Limited. 2, Kaveri Engineers Pvt. Limited. 3, Maharashtra State Co-op. Housing Finance Society Ltd. 4, Indian Chemical Manufacturers' Association.
5. **Smt. PADMAVATI MAKARAND SARDESAI,** Lokesh Bhuvan, Gandevi Road. Bilimora. Merchant.
6. **Smt. VINAYA V. SARDESAI,** Madhav Vilas, 8, Setalvad Road, Bombay 6. Business.

   Director:—1, Shri Laxmi Starch & Chemicals Private Ltd. 2, Sardesai Industrial Agencies Private Ltd.
7. **Shri ARDESHIR BURJORJI BILIMORIA,** 17, Cuffe Parade, Colaba, Bombay 5. Company Executive.

   Director:—1, Indian Cable Co. Ltd., Calcutta. 2, Consolidated Coffee Estates (1943) Ltd., Pollibetta (Coorg). 3, Godfrey Phillips India Limited. 4, United Wire Ropes Ltd., Bombay. 5, Turner Hoare & Co. Ltd., Bombay. 6, Hackbridge-Hewittic & Easun Ltd., Madras.
8. **Shri HIRALAL N. SHROFF,** Lentin Chambers, Dalal Street, Fort, Bombay 1. Solicitors.

   Director:—Colour Carbon Pvt. Ltd., 2, Modern Packagings Pvt. Ltd. 3, Precision-Gears Pvt. Ltd. 4, The Vulcan Insurance Co. Ltd. 5, Cotton Fabrics Ltd.
9. **Shri MAKARAND NARAYAN SARDESAI,** (*Managing Director*), Lokesh Bhuvan, Sardesai Factory Compound, Bilimora. Industrialist.

   Director:—1, Shree Sadanand Textile Mills Limited. 2, Kaveri Engineers Pvt. Limited. 3, Sardesai Industrial Agencies Private Limited, etc.

REGISTERED OFFICE

14, MURZBAN ROAD, FORT, BOMBAY 1.

REGISTRARS & SHARE TRANSFER AGENTS

THE INVESTMENT CORPORATION OF INDIA LTD., Ewart House, Bruce Street, Bombay 1.

BANKERS

1. THE DEVKARAN NANJEE BANKING COMPANY LIMITED, 17, Horniman Circle, Fort, Bombay 1.
2. THE CENTRAL BANK OF INDIA LIMITED, Mahatma Gandhi Road, Fort, Bombay 1.
3. THE BANK OF INDIA LIMITED, Mahatma Gandhi Road, Fort, Bombay 1.
4. THE BANK OF MAHARASHTRA LIMITED, Hamam Street, Fort, Bombay 1.
5. THE UNITED COMMERCIAL BANK LIMITED, Dadabhai Naoroji Road, Fort, Bombay 1.

AUDITORS

MESSRS. KETKAR & CO., Lakshmi Building, Sir Phirozshah Mehta Road, Fort, Bombay 1.

SOLICITORS

MESSRS. HIRALAL SHROFF & CO., Lentin Chambers, Dalal Street, Fort, Bombay 1.

UNDERWRITERS

THE INVESTMENT CORPORATION OF INDIA LTD., Ewart House, Bruce Street, Fort, Bombay 1.

BROKERS

Bombay :

1. MESSRS. BATLIWALA & KARANI, Union Bank Building, Dalal Street, Fort, Bombay 1.
2. MESSRS. A. B. PANDIT & CO., 32, Apollo Street, Fort, Bombay 1.
3. MESSRS. R. R. NABAR & CO., 31, Dalal Street, Fort, Bombay 1.
4. MESSRS. NAVALCHAND T. SHAH & CO., Dalal Street, Fort, Bombay 1.
5. MESSRS. J. R. MOTISHAW & CO., Apollo Street, Fort, Bombay 1.
6. MESSRS. CHIMANLAL J. DALAL & COMPANY, Dalal Street, Fort, Bombay 1.

Calcutta :

1. MESSRS. PLACE, SIDDONS & GOUGH (P) LTD., 6, Lyons Range, Calcutta 1.
2. MESSRS. G. M. PYNE, Allahabad Bank Building, 14, India Exchange Place, Calcutta.

Madras :

MESSRS. KOTHARI & SONS, Orient Building, Armenian Street, Madras.

Delhi :

MESSRS. RAJ PAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi.

MESSRS. P. S. KHAMBETE & CO., M-45, Connaught Circus, New Delhi 1.

Ahmedabad :

MESSRS. CHINUBHAI CHIMANLAL DALAL, Manek Chowk, Ahmedabad.

Bangalore :

MESSRS. M. NANJAPPIAH JAHGIRDAR, 181, Cavalry Road, Bangalore 1.

The letters of consent of Auditors, Bankers, Solicitors, Underwriters and Brokers to this issue to act in their respective capacities have been filed with the Registrar of Companies, Bombay (Maharashtra) along with the copy of the prospectus as required by Sections 60(3)(b) of the Companies Act, 1956. The same have not been withdrawn.

OBJECTS OF THE COMPANY

The Company was incorporated on 4th April, 1939 as a Private Limited Company (which was converted into, and duly registered as a Public Limited Co. on 1st March, 1961) with the objects mentioned in the Memorandum of Association, a copy whereof is appended hereto and forms part of the prospectus. In particular, the main objects of the Company are to manufacture Textile Auxiliaries, Chemicals, Soaps, Preservatives, Surfactants, Synthetic Resins, Carboxy Methyl Cellulose, Penta Chloro Phenols, Nopco Products etc.

MANUFACTURING ACTIVITIES AND LICENCES

(a) Messrs. Sardesai Brothers (whose business was taken over by the Company in or about April 1939) were the manufacturers of Surfactants and Auxiliaries since 1911 and were the Pioneers in this field. The Research department of the Company has made good strides in developing new auxiliary products like—*Non-Ionic* and Anionic Wetting Agents, Synthetic Detergents, Cationic Softeners etc. The Company's products have not only replaced similar imported products in the Indian Market but are now being exported to Middle East and Far Eastern countries.

(b) Carboxy Methyl Cellulose, more commonly known as "CMC," is a universal chemical, used in various industries such as Oil Drilling, Textile, Paper, Rayon, Leather, Soap, Detergent, Rubber, Pharmaceuticals and Insecticides etc. The project of C.M.C. sponsored by the Council of Scientific and Industrial Research was developed on a laboratory scale at Shri Ram Institute for Industrial Research. The Company took up the process from the National Research Development Corporation of India (referred to as N.R.D.C.), at this stage and developed the product further at the pilot plant stage, ultimately succeeding in installing the major manufacturing plant. The Company has to pay 2½% Royalty to N.R.D.C. on the net sales of C.M.C. under the agreement dated 7th June, 1959. This is the first plant of its kind in India and in consideration of the quality product now placed in the market by this Company, the Government of India have now reduced the quota of Established Importers of C.M.C. to only 2½% of their best year imports.

(c) The process for the manufacture of Synthetic Resins and Anti-Crease Finishes has been acquired by the Company, from N.R.D.C. on the terms contained in six agreements hereinafter mentioned, under which the Company has to pay 5% Royalty to N.R.D.C. on the Company's net sales of the said products. The Government of India have now reduced the quota of established importers of these products to only 2½% of their best year imports.

(d) Penta Chloro Phenol and Sodium Penta Chloro Phenate are known as basic Chemicals for preparation of preservatives useful in industries like Textile, Leather, Paint, Wood, Timber, Agricultural Insecticides, Weed Killers etc. for which there is a large potential market. The Company's activities are at present confined to Pilot Plant stage and the fullfledged manufacturing programme will be taken up at a later stage.

(e) Nopco Products

The Company has technical assistance agreement with Nopco Chemical Company, Newark, N.J. New York, U.S.A., who are one of the largest American Manufacturers of Chemical auxiliaries for Rayon, Leather, Paper, Paint, Rubber, Plastics and other industries. This agreement with NOPCO covers the progressive manufacture of their Products by the Company in India, for internal consumption as well as for exports to Burma and Ceylon.

(f) The Company holds following licences for the manufacturing of the undermentioned products, under the Industries (Development and Regulation) Act, 1951.

		Tons
1.	R/19(12)/3 of 31-10-57 Textile Auxiliaries and Chemicals	1,000
2.	L/19(12)N-2/58 of 23-2-58 Pentachloro Phenol and Sodium Pentachloro Phenate ..	120
3.	L/19(12)N-4/59 of 13-2-59 Carboxy Methyl Cellulose	1,200
4.	L/19(12)N-5/59 of 13-2-59 Synthetic Resins —Srifirset Compounds	900
5.	L/19(12)N-16/61 of 20-2-61 Nopco Chemicals .. Quantity included in Auxiliaries.	

(g) As a result of the Capital Expenditure to be incurred from the proceeds of the present issue of shares the Company is confident of attaining its Licensed capacity for the production of Textile Auxiliaries and Chemicals and of Carboxy Methyl Cellulose, and of providing for a substantial expansion of the same for which applications have been made to the Government of India.

In spite of several competitors in the field, the Company has a very wide clientele in the Textile Industry for the Textile Auxiliaries manufactured by it, being one of the oldest manufacturers in India of superior quality products. The improved processes involved in the manufacture of superfine quality Cotton, Rayon and Silk fabrics, have created an increase in demand for the highly technical auxiliaries and the Company has a wide range of products for such processes.

The use of C.M.C. in India in various Industries has been of recent origin but the demand has increased at a rapid rate, and it is at present, estimated to be around 3,500 tons per annum. With the increasing use of this chemical and the expansion of Industries the demand for C.M.C. is expected to increase substantially and being an established producer of a quality product, this Company expects to be able to effect a substantial expansion of production in this line to meet the increased demand. Further, there is a potential export market for C.M.C. manufactured by the Company and negotations in this direction are already in progress.

RESOURCES AND DISBURSEMENTS

The total funds now being raised by the Company will be as follows:

	Rs.
Share Capital agreed to be subscribed by the Directors, and their friends ..	22,50,000
Share Capital of the issue to Public ..	17,50,000
Rs.	40,00,000

This amount of Rs. 40,00,000 will be utilised approximately as under :—

	Rs.
1. Land	60,000
2. Buildings	8,00,000
3. Machinery and Equipment (including Erection charges, Engineering and consultation fees)	17,40,000
4. Working Capital	12,75,000
5. Expenses relating to the present issue, Brokerage and underwriting commission	1,25,000
Rs.	40,00,000

SITE

The Company has a factory in Bilimora in village Devsar, about a mile away from Bilimora Railway Station on Western Railway between Bombay and Surat. The factory is situated on the State High Way and is at a distance of 8 miles from the National High Way No. 8 between Bombay and Ahmedabad. The factory is erected on a plot admeasuring approximately 11 acres of land. The Company has another plot of land admeasuring approximately 5 acres which is proposed to be utilised for construction of quarters for members of staff and for workers.

RAW MATERIALS AND MACHINERY

The major raw materials for Surfactants, Synthetic Resin Finishes, C.M.C. and Pentachloro Phenol are available from indigenous sources and for those items that have to be imported the Company regularly gets Import Licences for essential raw materials. The Company has preferred applications to the Central Government for the Import of Machinery of the value of approximately Rs. 4,50,000 required for the Company's projects.

MARKETS

The factory is situated centrally between Bombay and Ahmedabad, the leading Textile Markets for Surfactants and Resin Finishes. The major consumer for C.M.C. is the Oil and Natural Gas Commission, the drilling operations whereof are concentrated in such places of Gujarat State which are not far off from the factory of this Company. The other consumers for C.M.C. are Textiles, Soaps, Detergents, and Paint Industries which are mainly situated in Bombay, Calcutta and Ahmedabad and are efficiently served by the Regional Offices of the Distributors of the Company.

DISTRIBUTORS

The Company has appointed Sardesai Industrial Agencies Pvt. Limited, Bombay, as the distributors of the various products manufactured by the Company on principal to principal basis. The Company is also negotiating with other leading reputed concerns in the country for the sale and distribution of their products.

UNDERWRITING, BROKERAGE AND EXPENSES RELATING TO THIS ISSUE

(a) The whole of the public issue of Rs. 17,50,000 consisting of 17,500 Equity Shares of Rs. 100 each has been underwritten by the Investment Corporation of India Ltd., Ewart House, Bruce Street, Fort, Bombay-1.

(b) The underwriting commission at the rate of 2½% of the nominal value of 17,500 Equity Shares of Rs. 100 each is payable to the said Underwriters. In the opinion of the Directors the resources of the Underwriters are sufficient to discharge their underwriting obligations. The Brokerage will be paid by the Company to the Underwriters and to Member of any recognised stock exchange, at the rate of 1% of the nominal value of the aforesaid 17,500 Equity Shares on the basis of allotment made in respect of applications bearing their stamp.

(c) The expenses relating to this issue are not expected to exceed Rs. 1,25,000 which also include Underwriting commission and Brokerage.

SUMMARY OF FIVE YEARS' WORKING

(In lakhs of rupees)

	Year ended				
	31-12-56	31-12-57	31-12-58	31-12-59	31-12-60
1. Paid-up Capital..	2.50	2.50	2.63	2.63	6.19
2. Sales (Turnover)..	11.53	12.81	13.97	14.26	20.07
3. Net Profit before Taxation ..	Rs. 26,168	Rs. 29,358	Rs. 31,670	Rs. 13,672	Rs. 62,949
4. Total Dividend Paid	12,500 (5%)	12,500 (5%)	13,150 (5%)	6,575 (2½%)	19,088 (5%)

Note: During the year 1961 the paid up capital was Rs. 10 lakhs and the Sales Turnover has been Rs. 45.94 Lakhs (Approx.). The estimated profit is expected to be not less than in the previous year's proportion of profits to turnover.

APPLICATION FOR SHARES

All applications must be for a minimum of five shares or a multiple thereof. Application for shares should be made on the application form attached to the Prospectus (or on a printed copy thereof) and delivered, accompanied by requisite payment, before the close of the subscription list to any of the Company's Bankers at their Head Offices or any of their Branch Offices mentioned on the application forms between 10.30 a.m. and 2.30 p.m. on working days. Further copies of the prospectus and application forms will be available during office hours on working days from the Underwriters and Brokers to this issue. When no allotment is made, the deposit will be returned in full within two months from the date of the closing of the subscription list and where the number of shares allotted is less than the number applied for, the balance deposit will be appropriated towards the amount remaining payable on the shares allotted and any balance remaining thereafter will be returned within the period aforesaid by the Company's cheque on their Bankers at Bombay. Failure to pay any amount due on the shares allotted, when due, will render the shares and previous payments made therein liable to forfeiture. The shares when issued will be subject to the Memorandum and Articles of Association of the Company.

The Share Certificates will be issued within 3 months from the date of allotment.

THE BANK OF MAHARASHTRA LIMITED

CHAIRMAN, MR. V. P. VARDE'S SPEECH AT ANNUAL MEETING

UNHEALTHY COMPETITION AMONG BANKS DEPLORED

THE view that co-ordinated action among banks was lacking and that there was a tendency towards unhealthy competition was, once again, expressed by Mr. V. P. Varde, Chairman of the Bank of Maharashtra Limited, when he addressed the Twenty-seventh Annual Meeting of the Bank held at Poona on Tuesday, 27th March 1962. Mr. Varde regretted that the bigger banks took decisions in the individual interests of their own institutions, without keeping in mind the broader perspective of the needs of national economy, in general, and of Indian banking, in particular. He attributed this feature to the absence of a clear policy at the national level with regard to the development of banking in the country. Characterising the whole approach to the question of determining the size of banks on the basis of working funds or deposits as "entirely irrational," he commended or acceptance the suggestion to classify the banks from the viewpoint of their status and the scope of their operation into different groups such as local, regional, national and international. Mr. Varde reiterated, in this connection, the need for a broad policy statement on the part of the Reserve Bank of India and the Union Government. He also stressed the urgency of eliminating unhealthy competition between banks by the adoption of a uniform system of interest rates.

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

"LADIES AND GENTLEMEN,

"It gives me great pleasure to welcome you today to the twenty-seventh annual general meeting of the Bank. The Directors' report, balance-sheet and the profit and loss account for the year ended 31st December 1961 have been already printed and circulated to the shareholders. Following the usual practice and with your permission, I shall take them as read.

"The year 1961 was an important one not only for this Bank but for Indian banking in general. The silver jubilee celebrations of the Bank, which started in September 1960, were completed early in 1961.

Amalgamation

"As a result of the decision by the Reserve Bank of India to weed out uneconomic or unsound banks by a scheme of amalgamation with bigger and sounder banks, the Bank of Maharashtra took over in 1961 the assets and liabilities of three banks functioning in the State of Maharashtra, namely, the Bank of Nagpur, the Bank of Konkan and the Bharat Industrial Bank. The depositors of these banks, under the scheme approved by the Government of India, were paid the full amount of their deposits by the Bank of Maharashtra. Steps are being taken to recover amounts out of frozen assets of these banks to enable this Bank to make at least part payments to the former shareholders of the said banks. With the branches taken over from these banks and the three branches opened by us during the year, we are now having 79 branches.

"With the reunion of Goa with the mother country, the Directors decided to open two branches in that area and applied for permission to the Reserve Bank of India. Goa has closer contacts with Bombay and other areas in Maharashtra and it is only proper that this Bank should be allowed to serve that area. I hope that the authorities concerned will accord their permission at an early date.

Capital to be Raised

"With the ever-increasing deposits with the Bank, the Directors decided to broaden the base further by increasing the paid-up capital of the Bank by Rs. 10 lakhs to Rs. 50 lakhs. An application for permission has been made to the Controller of Capital Issues through the Reserve Bank of India. A decision is awaited.

"An unhappy incident affecting the interests of the Bank occurred in July 1961. Due to the breaches in the Panshet and Khadakwasala Dams, there was an unprecedented flood in Poona and our Deccan Gymkhana Branch was submerged under water and the records were damaged. On account of the courage, presence of mind and team work of the staff, it was possible to remove cash, securities and all important documents to a safer place and also to resume normal work within less than 20 days. During the intervening period, with a little strain, we managed to pay cash to needy account-holders. The Directors decided and announced within a week of the calamity that the Bank would advance loans to rehabilitate trade and industry on easy and liberal terms to persons (whether they were customers of the Bank or not) who were affected by the floods. As many as 860 persons have taken advantage of this facility to the extent of about Rs. 28½ lakhs. Our efforts in this respect have been appreciated both in private as well as Government circles. The Bank has contributed a sum of Rs. 5,000 to the Chief Minister's Flood Relief Fund. The Board also appreciated the work of the staff by giving them reward at a function specially arranged for the purpose.

Co-ordinated Action Lacking

"Indian banking has made further progress in 1961. In a planned economy aiming at national development and rapid industrialisation, co-ordinated action in the spirit of co-operation is greatly needed. I regret to have have to say that this is found lacking among Indian banks today and there is a tendency towards unhealthy competition. In my speech last year, I had referred to this matter and suggested that bigger banks, instead of taking unilateral action, should consider what effects their decisions would have on smaller units and that they should function in a manner as would assist younger and smaller banks in the country. What is noticed, however, is that the bigger banks take decisions in the individual interests of their own institution only and not keeping in mind the broader perspective of the needs of the national economy, in general, and of Indian banking, in particular. This is due, in my opinion, to the absence of a clear policy at the national level with regard to the development of banking in the country. Neither the Government of India nor the Reserve Bank of India has in fact made any statement on the overall policy with regard to the future structure or character of the banking sector. Nowhere in the three voluminous plans issued by the Planning Commission does one find any statement of policy on banking which would guide the Indian banker in framing his own policy. It has, for instance, to be clearly determined whether there is scope for the existence of small banks in the country or whether there should be only a few large banks, as officers of some banks which have now grown big have frequently suggested. Big and small are relative terms and, therefore, it will be necessary to determine what content these terms should have.

"The absence of any clear definition has led to a demand for creating a new special category of medium-size banks. The whole approach to the question,—based as it is, on the side of working funds or deposits—(which are liable to fluctuate), is, in my opinion, entirely irrational. It would be much more useful and logical to classify the banks from the viewpoint of their status and the scope of their operation into different groups such as local, regional, national and international. It should not be difficult to define these concepts clearly and lay down detailed criteria for the purpose. While commending this approach, I would again stress the need for a broad policy statement on the part of the Reserve Bank of India and the Government of India on this question. According to me, all those types of banks have a place in the national economy. With the introduction of the deposit insurance scheme and the strict inspection to which the Reserve Bank subjects all the banks, there is no longer any basis for questioning the stability of banks of smaller sizes. It would, therefore, be best for all banks to adopt a uniform system of interest rates; thus eliminating unhealthy competition between them.

"In his last speech as the Chairman of the State Bank of India, Shri Bhattacharya has stressed the need for concerted action on the part of banks for the development of Indian banking and has given the assurance that he is prepared to co-operate in the matter. Now that he has assumed office as Governor of the Reserve Bank, I would appeal to him to take the lead and guide Indian banking in evolving a proper banking structure for the country.

Accounts

"I now turn to the statement of accounts under consideration. You will notice an increase of Rs. 4.42 crores or 29 per cent in deposits during the year. This rise is assuredly a satisfactory one, more so, when the growth in the total of all the scheduled banks works out at about 8 per cent in 1961. Although some part of the growth in deposits was due to the amalgamation of three banks, it cannot be denied that the rise in deposits indicates the confidence of the public on this Bank. On the assets side, there is an increase of Rs. 85 lakhs in investments which are mostly in Government securities. This is in view of our practice of giving adequate security to the depositors by maintaining a high liquidity ratio, although the earnings of the bank are thereby comparatively low. Our ratio of investments to deposits is about 38 per cent. Our cash and bank balances are about 11 per cent of deposits. You will thus observe that the Bank has a liquidity ratio of more than 45 per cent, as against 27½ per cent suggested by the Reserve Bank of India. If we take into consideration the amount with other banks on our account and in call deposits, the ratio will be still better. On the advances side, the increase is to the extent of Rs. 2.93 crores. Due to the increased tempo of industrialisation in Maharashtra, we owe a special duty and responsibility to the industries which look to us for necessary help. Hence this rise was inevitable.

Development of Maharashtra

"Several new industries, big and small, have been coming up in Maharashtra. But most of them continue to be confined to the established industrial regions such as the Bombay-Poona area. The Government of Maharashtra has very rightly set its face against this concentration of industries in particular areas and is keen on developing the State in a balanced manner. It has been paying particular attention in this respect to the industrialisation of such backward areas as Marathwada, Konkan and parts of Vidarbha. The Industrial Development Board is soon to be converted into an autonomous corporation and its main function will be to develop industrial areas in industrially backward regions. The Government has also decided to set up a Small Industries Corporation and this, too, will presumably encourage the growth of small industries in areas which are now mainly agricultural. Moreover, the Government has plans to start industries in what it calls the joint sector in collaboration with private industrialists. In some of his recent speeches, the Chief Minister has referred to this sector and invited industrialists to send to the Government projects for industries to be started in the hitherto undeveloped regions.

"All these efforts are highly praiseworthy and, so far as the development of power resources is concerned, their success seems to be assured. The Bank of Maharashtra has its own part to play in this balanced development of Maharashtra. Apart from the fact that credit facilities will be available through the network of its branches, the Bank thinks that it can make special efforts to meet the financial requirements of private as well as joint sector enterprises in the new areas.

"During the year under report, there is an increase in the amount under premises and safe deposit vaults. This is because of the buildings and vaults taken over by us from the amalgamated banks. For the same reason, there is an increase in the non-banking assets.

"A glance at the profit and loss account will show you that gross income has increased by Rs. 19.16 lakhs. Out of this Rs. 15,30,000 are due to increase in interest received. In the commission and discount account, there is an increase of Rs. 3,65,000 over the previous year. From the increased income, Rs. 7,86,000 represent the increase in interest paid on deposits and Rs. 5,33,000 the increase in expenditure on establishment. Thus, out of the total income, 46.68 per cent represents payments to depositors and 30.18 per cent expenditure on establishment. You will note that this year the net profit has been arrived at after meeting the necessary provision for income-tax. A sum of Rs. 4.90 lakhs has been transferred to statutory reserve and other reserves which is 59 per cent of the profits, as against 20 per cent suggested by the Reserve Bank of India. The Directors have recommended a dividend at 9 per cent taxable—same as last year—a rate 'which you will consider satisfactory' and which I hope can be maintained in future on the capital that may be necessary to be increased from year to year to keep pace with the growth of deposits.

Directors

"During the year, the Board of Directors accepted with regret the resignation of Shri F. D. Pudumjee on grounds of health. He was on the Board of Directors from the very first year. Shri Pudumjee had always taken keen interest in the affairs of the Bank during the last 26 years and the Board of Directors have recorded their grateful appreciation of the meritorious services rendered by him.

"Shri Shantanurao Kirloskar, who was on the Board of Directors, had resigned consequent on his appointment as a Director on the Bombay Circle of State Bank of India in 1956. When the period of his nomination expired last year, we requested him to rejoin us and he was co-opted as a Director in July 1961. The Bank has ever-increasing responsibilities for rendering proper services to the growing number of industries in Maharashtra and the presence of Shri Kirloskar, who is well known as an industrialist not only in Maharashtra but all over India, will be beneficial to us. Shri Vijaysinhrao Dafale, Raja of Jath, was also co-opted at the beginning of 1962 and we are fortunate to have the benefit of his experience. Shri Dafale was a member of the State Assembly for the last five years and has now been elected a member of Parliament. You will thus observe that the Board of Directors are always keen to infuse new and younger blood from different walks of life by inviting men of experience, maturity and responsibility to join the Board. I am sure you will support this policy.

Staff Relations

"During the year under report, our relations with the staff continued to be cordial, and I am glad to report that every employee of whatever rank is inspired with the sole aim of making this institution prosperous and more useful in the service of our country. Although the staff taken over by us from the amalgamated banks is under a scheme of the Reserve Bank of India, for three years, we have granted them increments and certain facilities beyond the scope of the scheme. Rules are being finalised to give benefit to the staff members under the staff benefit fund that was started last year and to which a sum of Rs. 10,000 has been added this year.

"On behalf of the Board and on my own behalf, I convey my best thanks to the entire staff led by our able and popular General Manager, Shri C. V. Joag. But for their willing, enthusiastic co-operation, the Bank would not have made such progress during the short period of 26 years. I am also grateful to the members of the Local Advisory Committees and my colleagues on the Board whose co-operation and guidance made my task lighter and more pleasant.

"I have also to thank the large number of our depositors, clients and shareholders for their ever-increasing confidence in the Board, which has enabled it to carry out the high ideals with which this Bank was established. I have no doubt that, with the continued support of you all, the Bank will grow from strength to strength."

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KEEN COMPETITION IN EXPORT MARKETS

MR. R. H. KAMANI, CHAIRMAN, CALLS FOR HELP AND ENCOURAGEMENT FROM GOVERNMENT

IN his speech at the Sixteenth Annual Meeting of the Kamani Engineering Corporation Ltd., held at Bombay on Friday, 30th March, Mr. R. H. Kamani, Chairman of the Company, drew attention to the keen competition which specialised engineering goods had to face in foreign markets from established international manufacturers. He called for favourable consideration of the recommendations of the Mudaliar Committee to increase exports. Mr. Kamani briefly reviewed the progress made by the Company in the many facets of its activities and pointed out that the Company was one of the ten firms in the world capable of undertaking electrification of railway traction.

The following is a summary of Mr. Kamani's speech:

Accounts

Referring to the working of the Company as per the balance-sheet and profit and loss account, he said that the results for the year under review were good, with profits before providing for depreciation and Managing Agents' remuneration showing a substantial increase over the previous year. Sales increased to Rs. 2,68,68,131 from Rs. 2,36,89,673.

Enumerating the allocations, Mr. Kamani stated that the allocations included Rs. 1.60 lakhs for Managing Agents' remuneration, as against previous year's figure of Rs. 1.62 lakhs and Rs. 5.85 lakhs for depreciation, as against Rs. 4.89 lakhs for the previous year. The provision for taxation had been increased from Rs. 6.70 lakhs to Rs. 9.25 lakhs and the development reserve from Rs. 0.23 lakh to Rs. 0.40 lakh. The general reserve and gratuity absorbed Rs. 1 lakh and Rs. 0.10 lakh against no absorption in the previous year.

He announced that the Directors have recommended a dividend of 9 per cent (subject to deduction of tax at source) on ordinary shares, as against previous year's 8 per cent (subject to deduction at source). They had also recommended dividend on preference shares. After providing Rs. 4.78 lakhs for the proposed dividend, a sum of Rs. 5,162 has been carried forward against Rs. 3,381 brought in.

Production

The production tempo had further accelerated during the year under review, the production having registered a slight increase over previous year's production, he told the meeting. Remarking on the availability of steel, Mr. Kamani stated that, although the position had somewhat eased, certain lighter sections required for transmission line tower industry continued to be difficult, in spite of which, however, the production reached an all-time record of 2,107 metric tons for December 1961. The production level maintained at present was on an average 50 per cent higher over the year under review.

Mr. Kamani observed that the requirements of transmission lines during the third Five-year Plan will be about 15,000 miles. This will require, according to Mr. Kamani, about 200,000 tons of towers for the third Plan period, during which the generation of electric power will be raised from 5.8 million kilowatts to 11.8 million kilowatts. To achieve these targets, it was absolutely essential that the lighter sections required by the tower industry be made easier, Mr. Kamani added. He informed the shareholders that the Government have already appointed a Study Group to assess, among other things, the capacity in the transmission line tower industry and their development programme and to examine the difficulties experienced by them and he hoped for a good outcome.

Erection

Referring to erection activities, Mr. Kamani stated that the erection department had been further strengthened and expanded and now it was one of the largest units of its kind in the country. New tools and tackles have been designed, tested and put to operation to ensure greater efficiency. During the year under review, the Chairman said, the construction of land route of the 220 kV Koyna-Bombay Transmission Line was completed. This was the first 220 kV line in the country to use one of the largest-size conductors ever used and the terrain, namely, Western Ghats, was one of the most difficult ones. He also informed that at present construction work is going on in various parts of the country, viz., Behrampur, Burdwan, Chakradharpur, Chittaranjan, Daltangunj, Jammu, Nadiad and Villupuram.

Railway Electrification

Mr. Kamani was glad to inform the shareholders that satisfactory progress was being maintained in the execution of this pioneering work and that the most complicated operation of wiring was being carried out to the satisfaction of the authorities without the help of any foreign experts. There were only ten firms in the world today who could undertake such a complicated job and he was glad their firm was one of them.

"Tractamount" Road Roller

Mr. Kamani referred to the successful launching of the production of the completely new and improved Model Mark II "Tractamount" Roller, as a result of experience gained on earlier models already in use in the country, with the active collaboration of Messrs. E. V. Twose (Mfg.) Ltd., England.

Export

It was a matter of gratification to note that the active efforts put in by the Company since about two years had started showing some good results. However, the Company had to face severe competition in the export market from well-established, international manufacturers which was becoming increasingly difficult in the absence of adequate facilities and active support of the Government. Mr. Kamani said that the measures suggested by the Mudaliar Committee are under active consideration of the Government. He felt that it was important that these recommendations and various other progressive measures are implemented by the Government at an early date in order to encourage additional exports of specialised engineering goods like transmission line towers.

Agency Business

Mr. Kamani referred to the agency business as satisfactory and found ample scope for business with the increased tempo of the third Five-year Plan, as was evident from the fact that the Company had recently secured business for Kandla Thermal Power Station in Gujarat valued above Rs. 1 crore. He thanked all the workers and the staff for their good efforts and co-operation and the shareholders for the continued encouragement for the present achievements and bright future.

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

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MR. G. N. NOEL-TOD ON PROBLEMS OF SUGAR INDUSTRY

NEED FOR ENCOURAGING DOMESTIC CONSUMPTION

AN impressive survey of the problems confronting the sugar industry was made by Mr. G. N. Noel-Tod, Chairman of the East India Distilleries and Sugar Factories Ltd., when he addressed the shareholders at their Sixty-fourth Annual General Meeting held at Madras on Wednesday, 28th March 1962. Drawing pointed attention to the huge surplus stocks of sugar, Mr. Noel-Tod feared that a further enforced cut in production in the coming season was inevitable. He declared that, in view of the high rate of loss per tonne of sugar expected, the long-term future of the industry should not be linked to any idea of exports, unless and until there was a radical rise in world price. Until then, and for at least the next few years, he declared, there seemed to be no alternative to Government facing up to a temporary loss of revenue by reducing the basic excise duty on sugar (to the pre-1957 level of Rs. 111 per tonne, as against Rs. 222 at present) in order to stimulate internal consumption. Mr. Noel-Tod also urged the immediate introduction of a sliding-scale price for cane according to quality. Further, he referred to the Company's schemes for diversification of manufacturing activities. Before concluding his speech, he made an important announcement to the effect that Mr. H. V. R. Iengar, until recently Governor of the Reserve Bank of India, had agreed to take up the appointment of Chairman and Managing Director of the Company.

The following is the full text of Mr. Noel-Tod's speech:

"GENTLEMEN,

"I extend to you a warm welcome to this, the sixty-fourth annual general meeting of the shareholders of this Company. The accounts for the year ended 30th September 1961, together with the Directors' report thereon, have been in your hands for the statutory period and, with your permission, I will take them as read. The sad events which have led to my presiding at this meeting have been recorded in the Directors' report, and it only remains for me to place on record here our profound gratitude to the late Mr. Wonfor and the late Mr. Srinivasan for their outstanding services to the Group over a long period. Mr. Srinivasan, in his speech at last year's meeting, covered extensively the development of the Group since the war, and I am indeed glad that there exists this record of the progress that was achieved under his chairmanship and, before him, that of Mr. Wonfor.

Profit After Tax

"You will have observed from the accounts that the net profit before tax and the net profit after tax have declined slightly as compared with the figures of the previous year. This largely comes about through a sharp increase in interest paid, by reason of the loans it has been necessary to raise to finance the construction of our Compound Fertiliser Factory at Ennore, which increase was forecast in last year's speech, and a decline in profits on sugar, on which I will comment later. On the other hand, I am glad to say that the profits from general merchandising have increased substantially. We are accordingly reaping the benefits not only of the reorganisation of our merchandising business, which has been effected over the past two years, but also of your Board's consistent policy of retaining diversification in our operations, so that, if circumstances are such that one particular side of our business is adversely affected, there remains the opportunity to make good a setback in one direction by an advance in another. You will also have noted that the ratio of total dividend paid to total net profits after tax is less favourable than it was last year, arising in part from the additional amount of dividend payable by reason of the increase in the equity capital which took place in 1960.

"Considering, however, that our Fertiliser Factory at Ennore was under construction during the whole of the period under review and, therefore, no profits accrued therefrom, I do not think that there is any cause for apprehension over the long-term prospects of the Group. In the shorter term, I expect the results for 1961-62 to be generally comparable with those of the year under review, even though little income may be expected during this year from our Ennore Fertiliser Factory. We are, however, confident that this factory will be contributing in full measure to the Group's profits in 1962-63, which means, in fact, that I have confidence that our contractors, Messrs. Simon-Carves, will 'deliver the goods.'

Sugar Industry

"Let me now say something on the subject of sugar. The problems facing the sugar industry have received considerable prominence in the Press for some time now and you must all be aware of the grave situation with which the industry is faced. For the past two years, my predecessor has referred to the mounting surplus of stocks. The position today is that we are only now clearing stocks manufactured during the 1960-61 season which finished in June last year, despite having exported 9,000 tonnes to America in September last year. The whole of our production during the current season to date is lying unsold in our godowns, to a total value, at cost of Rs. 1.5 crore. You will appreciate what a heavy burden this means for the Company, especially at a time when we are engaged in commissioning our new fertiliser factory at Ennore.

"Time and time again, the attention of the authorities has been drawn to the fact, by official representations and in speeches of my predecessor, that cane is planted one year before it is crushed and it is more than desirable that both the grower and the factory should know at the time of planting what will be the amount of cane available and what price will have to be paid for it. For the current season, the Government of India have imposed a 10 per cent cut on production throughout the country, but, by reason of the exclusion of new factories and small factories from the scope of the Ordinance, only a few of the factories in Madras State will fully be affected during this sugar year. Nellikuppam's quota is 30,706 tonnes, as against 34,117 tonnes actually produced last year. We have pointed out clearly to the Government of India, with the support of the Government of Madras, that, as is our usual custom, we have entered into forward contracts with our growers. As things stand at the moment, there may be 60,000 to 70,000 tonnes of cane left standing at the end of the season for which the growers will have no means of disposal, for the manufacture of *jaggery* is practically unknown in the Nellikuppam factory area. I am, however, hopeful that some way out of this impasse will be found, which will be fair both to the growers and to the factory. The Government of India are seized of the position and early orders are awaited.

"Meanwhile, we are still await an announcement of the cane prices for the 1962-63 season and also the quantity of sugar to be produced by individual factories. I fear that a further cut in production next year is inevitable.

Huge Surplus

"As regards the all-India position, you know that the current sugar year started with stocks in hand at all factories in the country amounting to 12 lakh tonnes, rather more than half the normal yearly offtake. Despite the cut of 10 per cent, production this year is likely to amount to between 28 and 30 lakh tonnes. Again, despite the relaxation of control on internal sales of sugar, it seems unlikely that internal consumption will rise to beyond 23 to 24 lakh tonnes, unless Government decide to slash the excise duty. The prospects of exporting more than 5 lakh tonnes of sugar this year are not good. Assuming, however, that 5 lakh tonnes are exported, still the surplus stocks of sugar at the beginning of the next sugar year will be not less than they are at present, which justifies my apprehension of a further enforced cut in production.

"To export the current surplus appears to be the only alternative to dumping the sugar in the sea. The type of sugar made in India is a factory white, as opposed to a refined sugar, and it will not keep indefinitely. In view of the high rate of loss per tonne of sugar exported, I suggest that the long-term future of this industry should not be linked with any idea of exports, unless and until there is a radical rise in world price. Until then, and for at least the next few years, there seems to be no alternative to Government facing up to a temporary loss of revenue by reducing the excise duty on sugar in order to stimulate internal consumption, and so use up the present unproductive excess stock, and by reason of the higher internal consumption gradually restore the quantum of revenue to something approaching its present figure. The present *per capita* annual consumption of sugar in India is 5.5 kilos, as compared with 55 kilos in the U.K. An increase of only 1.2 kilo *per capita* in India will represent an additional consumption of 5 lakh tonnes of sugar. My suggestion in this regard is that, at least as a first step, the basic excise duty may be restored to the pre-1957 level, that is, Rs. 111 per tonne, as compared with the present rate of Rs. 222 per tonne.

Cane Price

"There are other steps which should be taken to remedy the situation. These would involve a radical change in Government's attitude to the industry. One cannot escape from the fact that conditions for the manufacture of sugar at competitive rates are vastly different in different parts of the country, and the present policy of maintaining a high minimum price for sugarcane, this price being paid per tonne dead weight, without regard to quality, is subsidising uneconomic areas at the expense of those more fortunately placed.

"Surely there can be no other agricultural commodity in the world which is paid for irrespective of quality. At last, however, there are indications that the Government of India is being converted to the view that we have propagated for so long that the cane price must be linked to quality. I hope they may go even further than this and appreciate that the best method of getting the right amount of cane grown to give the quantity of sugar the country needs will be to remove controls both from cane price and from sugar price. Factories are dependent for their profit on having adequate supplies of cane and I suggest that their judgment can be relied upon to ensure that enough, but not too much, is paid to secure this end. A natural consequence would, of course, be that, in some areas, the cultivation of the cash crop of cane would give way to the cultivation of food crops, which would be most desirable. If Government cannot, for political reasons, go as far as this, at least the immediate introduction of a sliding scale price, according to quality, will go a long way towards achieving the desired end of lowering the cost of sugar and relating production more closely to consumption.

"While Government have gone so far as to announce that no further licences will be granted for the establishment of new sugar factories or the extension of old ones, I would like to see this policy taken one step further forward by the withdrawal of licences for new factories in respect of which active steps towards their establishment have not yet been taken. Even so, production in South India is likely to rise steeply, inasmuch as six new factories will go into production in the 1962-63 season and at least an equal number appear to have taken active steps towards commissioning units within the next two years.

Refund of Cane Cess

"Although our relations with the Government of Madras have been generally most amicable, and we have received the fullest support from them in most of our difficulties, I must enter a protest against their refusing to refund the cane cess on sugar exported in the last three years. They have claimed that they see no necessity for this refund on the grounds that the Company has received a refund of excise duty. This is so, but, even so, the Company incurred a loss of Rs. 7,67,000 on sugar exported last year. Refund of cess would have amounted to Rs. 79,500. Further, there is an established precedent in that the Government of Madras did refund cane cess on sugar exported in the year 1958, and the Government of India has requested all State Governments to sanction this refund in the interests of helping to solve the superabundance of stocks with which the industry is at present burdened. I do hope, therefore, that our Government here will be able to fall in line with this policy and refund cane cess on exports, past and future.

Price Linking Formula

"Reference was made last year to a contingent liability for the Company to make some further payment on cane crushed since November 1958 under the Price Linking Formula announced by Government, but not yet implemented. Since this Price Linking Formula was first announced, there has been a complete reversal in the fortunes of the industry, and I cannot see how the industry would find it possible to find the cash to pay anything extra in respect of past seasons. It is to be hoped that Government will soon clear the air by announcing what action, if any, they propose taking on the Price Linking Scheme.

"We are still reasonably fortunately situated in the South in that we can sell whatever sugar is released without much difficulty within the period allowed for its sale. Prices, however, are still below those obtaining during the control period. Having regard to the smaller production allowed per factory and the probability that a certain part of the output will have to be exported, without any profit and possibly a loss, there can only be a contraction in the Company's profits arising from sugar. It would be wrong to gloss over the seriousness of the situation, and I can but hope that it will be possible to give you a more reassuring view of the outlook a year hence.

Fertilisers—Further Expansion

"The picture as regards fertilisers is more encouraging and the progress made during the year under review has been referred to in the Directors' report. For the future, the addition of ammonium phosphate from our Ennore factory to the range of fertilisers that we can market should result in a further substantial improvement. The confidence of your Board in the value of this side of our business is illustrated by the fact that we have already applied to the Government of India for permission to double, in due course, the capacity of our Ennore factory. Assuming we obtain the necessary permission, the actual expansion will take place after we have gained some experience in manufacture and marketing of this fertiliser, and, when that time comes, possibly in 1962-63, it will be necessary for your Board to give consideration to ways and means of raising the additional capital required.

"Last year, reference was also made to the issue of a licence by the Government of India to a consortium of two well-known American companies and this Company to erect a fertiliser factory at Visakhapatnam to produce about 350,000 tons of fertilisers per year. Progress on this project has not been quite as much as might have been hoped for, the main stumbling block having been the finding of a suitable site at Visakhapatnam. I believe, however, that, with the co-operation of the Government of India, this problem will soon be solved. The participation of this Company in the capital of the new Visakhapatnam Company will be small compared to the contribution of our two American partners, and it is they who have the major responsibility for the integration of the new factory, receiving, of course, from us all the assistance we can give by way of experience of local conditions and contacts with the Governments concerned. I would like to take this opportunity of expressing my appreciation of the vigour which our American partners are displaying in overcoming initial difficulties, and I can assure them of our continued full support. When the Visakhapatnam factory comes into production, this Company will have an even more important part to play, namely, in the distribution of the product. The distribution of fertilisers is a specialised trade, but I believe that we have the necessary organisation and experience to ensure that the very large production to be expected from Visakhapatnam moves without undue delay into the hands of farmers and so into the soil.

Ceramics—Foreign Collaboration

"As regards ceramics, you will have noted from the report that last year, owing to the necessity to overhaul the thrift kiln, which occurs from time to time, production was reduced. We are still able to sell without any difficulty our total output and during the year substantial progress has been made towards finalising a collaboration agreement with the well-known U.K. manufacturers of ceramic ware, Messrs. Doulton & Co., Ltd. This agreement places at our disposal technical advice of the highest quality from Doulton and, with this advice, we propose to install a third kiln at Ranipet and to improve the quality of our output generally. There have been protracted negotiations with the Government of India as to the exact terms of this agreement, but I am glad to say that these negotiations have now reached the final stage. I would also like to make a special reference to the fact, that, during the year under review, even though Government's final approval to the agreement was still awaited (and is still awaited), our friends, Messrs. Doulton, have without stint given us the most valuable expert advice on various problems.

"I am glad to be able to report that labour relations have, in general, continued to be satisfactory during the year under review. The Sugar Wage Board recommendations have been the subject of detailed negotiations with staff and labour, and it is hoped that we shall shortly be able to conclude a satisfactory settlement with the unions concerned. I am further glad to be able to record my sincere appreciation of the contribution to the maintenance and development of the Group's interests given by all members of the staff and the Directors of your Company. In particular, I should like to take this opportunity of placing on record your Board's gratitude to Mr. P. Hadfield, who relinquishes his appointment of Managing Director on the 31st of this month, for his services to the Group over more than 30 years. Mr. Hadfield recently left Madras to take up the appointment of Managing Director of our London subsidiary, Parry Murray & Co. Ltd. He remains a member of this Board, so that his vast experience and wise counsel will remain at our disposal.

Mr. H. V. R. Iengar

"Finally, you may have noticed in the announcement of my appointment as Chairman of this Company that I myself am nearing the end of my service in India. I am very happy to be able to tell you that Mr. H. V. R. Iengar, lately Governor of the Reserve Bank, has agreed to join the Board of this Company and, later in the year, to take up the appointment of Chairman and Managing Director. Your Directors will, therefore, co-opt him to the Board, and an announcement regarding the date of his becoming Chairman will be made in due course. On this coming about, it is the intention that I shall revert to my previous appointment of Vice-Chairman and Managing Director, until I leave India. Mr. Iengar needs no introduction to you and, for my part, I am very happy to feel that I shall be placing the direction of the Group affairs into such competent hands.

"I would also like to take this opportunity of announcing the following appointments which will be effective from 1st April 1962:

(i) Mr. M. J. Edwards will retire from the Board of Parry & Company Limited, of which he is Chairman, to take up the appointment of Deputy Managing Director of this Company,

(ii) Mr. John K. John, Vice-Chairman of Parry & Company Limited will be appointed Chairman *vice* Mr. M. J. Edwards, and

(iii) Mr. N. G. Bowen, Director of Parry & Company Limited, will be appointed Vice-Chairman *vice* Mr. John K. John.

"I now formally move the adoption of the Directors' report for the year ended 30th September 1961."

The Directors' report and the accounts for the year ended 30th September 1961 were adopted and a final dividend on the ordinary share capital of the Company at the rate of 14-2/7 per cent subject to deduction of Indian tax, was declared for the year ended 30th September 1961 payable on 29th March 1962.

Mr. V. Ramakrishna and Mr. R. Venkataswamy Naidu were re-elected to the Board and the Auditors, Messrs. Lovelock and Lewes, were re-appointed.

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

THE INDIAN BANK LIMITED

THE INDIAN BANK LTD.,

(Established in 1907)

REGD. OFFICE: INDIAN CHAMBER BUILDINGS, ESPLANADE, MADRAS-1

Offers complete Banking service of every description, backed by more than 54 years of sound experience

	Rs.
Authorised Capital	...1,00,00,000
Subscribed Capital	... 88,60,000
Called & Paid-up Capital	... 82,99,975
Reserve Fund	... 68,44,584
Share Premium	... 14,57,300
Deposits as on 31-12-61	... 40.05 Crores

Has a net work of 145 offices (24 situated in the city of Madras, 5 Overseas and 116 spread over 8 States in the Indian Union) and is fully equipped to advise and help regarding deposits, advances, remittances, collections, foreign exchange business etc.

Directors

Dr. Rajah Sir M. A. Muthiah Chettiar of Chettinad, Kt. B. A., D. Litt.,
Kumararajah Sri M. A. M. Muthiah Chettiar of Chettinad, B. A.
Dr. P. V. Rajamannar D. Litt., LL. D.
Sri K. Balasubramania Aiyar B. A., B. L., M. L. C.
Rao Bahadur T. S. Kachapikesa Mudaliar B. A.
Sri A. Nagappa Chettiar
Sri Ramdas Purushottamdas
Sri P. V. RM. Kulandayan Chettiar
Sri L. Alagusundaram Chettiar
Sri R. K. Venkatachalam
Sri O. M. SP. L. M. Meyyappa Chettiar

G. S. SUNDARAM, *Secretary.*

SISTA'S-18-2

FOUNDRY INDUSTRY IN INDIA

LESSONS TO BE LEARNT FROM FOREIGN EXPERIENCE

THERE are at present over 2,000 iron foundries in India. Of these, 450 are situated in West Bengal and nearly 400 in Maharashtra and Gujarat. Punjab has nearly 300 foundries, Uttar Pradesh 215 and Delhi 155. The other States, too, have varying numbers of foundries. The pattern of location of the industry reveals that it is largely concentrated in the two major industrial regions, that is, the Calcutta and Bombay areas. In the South, the industry is concentrated in the Madras and Coimbatore areas. The foundries in the Coimbatore area are mostly specialising in the production of castings for pumps and electric motors. In the North, most of the foundries in the Punjab and Uttar Pradesh have developed on cottage industry lines, producing castings for agricultural purposes and for the production of weights and measures, respectively. The new large-sized foundries that have come up during the last decade in India at the rate of 2 to 3 per year produce quality castings for the automotive and other engineering industries. There are about 20 *mechanised* grey iron foundries which are largely concentrated in the Eastern Zone.

Total Output

As of 1960, the industry's total production of all types of iron castings aggregated 896,000 tons. A break-up of this output figure shows that pressure pipes accounted for 225,000 tons, rain water pipes 25,000 tons and railway sleepers 250,000 tons, while the rest of the items related to commercial utility castings for the use of a number of other industries. The bulk of the production of castings came from a relatively small number of large-sized units, while the production of a large number of small-sized units distributed all over the country accounted for only 20 per cent of the total castings produced.

Besides the iron foundries mentioned above, there are now 15 steel foundries in the private sector, in addition to those in the public sector. The largest consumers of steel castings are the railways; the cement, construction and sugar industries are next in order of importance. It is said that the steel foundries in India are well equipped and comparatively well planned. As of 1960-61, the steel foundry industry produced an aggregate of 36,000 tons of steel castings. In the malleable iron field there are 10 foundries, in the field of high duty iron there are four and in that of alloy iron seven.

Problems to be Solved

The Indian foundry industry, covering both iron and steel castings, is facing today a number of problems. These, according to the Indian Productivity Team which, before going abroad to study the foundry industry in Sweden, U.S.A. and Japan, paid a series of visits to several foundries in India, are summarised below:

(1) Lack of adequate and regular supplies of essential raw materials such as foundry pig iron grade I and II, graded scrap for steel melting and low phosphorous pig iron for the malleable iron industry.

(2) Lack of adequate supply of processed raw materials like high quality silica sand, bonding materials, core oils and binders, etc.

(3) Inadequate development of auxiliary industries to supply to the foundry industry such items as chaplets, moulding boxes, pins and bushes, etc.

(4) The high ash content of coke and the difficulties experienced in getting adequate supplies of coke.

(5) Lack of adequate pattern-making capacity, especially metal patterns and core boxes for mechanised foundries.

(6) Inadequate availability of foundry equipment and machinery from indigenous sources.

(7) High inventory of foundry raw materials and spare parts due to the difficulties in getting regular supplies.

(8) Lack of trained technical hands both at supervisory and non-supervisory levels.

(9) Lack of adequate testing facilities.

(10) Lack of proper incentives based on well-planned schemes by which wages can be linked to production.

(11) The general average deficiency in application and control of process details.

(12) Lack of proper understanding between management and labour towards one single objective of increasing productivity.

With so many difficulties facing it, the foundry industry is still expected to achieve under the third Plan, the following production targets, in both the public and private sectors, together under the third Plan:

1,200,000 tons of grey iron castings,
200,000 tons of steel castings,
20,000 tons of steel forgings.

The actual requirements by the end of the third Plan are likely to be greater still, and the additional capacities proposed to be established largely in the public sector may not be quite sufficient. Whatever be the rate of progress in the industry, the various problems it is currently facing will have to be solved at an early date. Considered from this point of view, the report of the Indian Productivity Team (leader: Mr. N. G. Chakrabarti, Works Manager, Foundry Division, T.E.L.Co., Jamshedpur) on the foundry industry in Sweden, U.S.A. and Japan (published by the National Productivity Council, 38, Golf Links, New Delhi, and priced Rs. 4.50) will be of considerable value to the industry in this country. The more relevant findings and recommendations contained in the report are given in the paragraphs that follow. These pertain to productivity and are applicable to conditions in the foundry industry in India.

The Team's study of the conditions in the foundry industry of the three countries visited by it has enabled it to find out the principal factors, one or more of which have influenced the trends towards higher productivity in those countries. These factors are:

(a) rising labour costs,
(b) the need to prevent inflation,
(c) the need for higher standards of living,
(d) larger demand for castings,
(e) emphasis on quick deliveries,
(f) high degree of international competition from substitute materials, and
(g) the urge to maintain a high degree of technological progress at the national level.

Foundry Productivity

Based on the experience of its study tour, the Team has defined "foundry productivity" as an objective to expend minimum hours per ton of castings produced consistent with high quality. This definition, according to the Team's clarification, does not imply a wage-freeze. On the other hand, it lays emphasis on 'quality'. This implies not only the quality of the finished product but careful quality control at all stages of operations. If this concept of quality is accepted as one of the prime factors, operational costs at all stages will gradually diminish and losses in terms of rejections will also diminish with corresponding increases in productivity. Three steps have been indicated for reaching the objective of higher productivity. The first step is to establish man-hours for every aspect of the operation leading to the end product; these data must be well recorded and treated as the base or zero point. The second step is to ensure that in no case the man-hours for any operation are allowed to increase as a result of negligence. And the next step is to find ways and means of cutting down each of these operational hours. These steps, according to the Team, are applicable to all sizes and types of foundries.

To solve the other problems faced by the foundry industry, the Team has made certain recommendations. According to it, foundry grade pig iron should be produced in quantities which would be slightly surplus to requirements. Many more grades and qualities of foundry pig iron should be produced for the efficient development of alloy iron foundries, including malleable iron foundries. The Indian Standards Institution should formulate a specification for the size of the foundry grade pig iron, so that indigenous manufacturers can start manufacturing it in the requisite size. An adequate number of distribution depots, where adequate stocks of foundry pig iron can be kept, should be opened at the major consuming centres. Proper carbonisation techniques should be adopted to produce coke to the specifications required by the foundries.

The Team has also made some recommendations for improving foundry practices in small foundries. For instance, the existing practice of hand-mixing for the preparation of sand mixtures can be replaced by the use of small-size sand mixing units. The melting practice adopted in small foundries with the aid of indigenous cupolas would need to be improved by working out a better design for cupolas to suit Indian coke with its high ash content and by standardising cupola melting practice for the production of iron castings. The conventional practice of moulding on the foundry floor should be replaced, as far as possible, by box moulding to eliminate low productivity and to avoid high percentage of rejections.

The Team is not in favour of installing expensive automatic plant and machinery without adequate maintenance and servicing facilities. But it favours mechanical aids for handling the cupola charging materials, for manual handling leads to over- or under-charging. Low frequency induction furnaces can also be used to some extent in this country. In view of the expansion proposed in the foundry industry, the Team has emphasised the need for indigenous production of a wide range of foundry equipment, including melting furnaces.

GERMAN EXPERTS' APPRAISAL OF ROURKELA

The six-member German expert delegation, which was on a 10-day visit to India to appraise the working of the Rourkela Steelworks in the public sector, concluded its study on 24th March. The impressions of the delegation, which was led by Dr. W. Janssen of the German Iron and Steel Industries Association, were reported to the Secretary, Department of Iron and Steel, Government of India. The unanimous opinion of the German experts, who had never been connected either personally or through their organisations with the construction of the Rourkela project, was that this steel plant compared favourably with the latest developments in Germany proper. Teething troubles during the running-in period of a technically complicated large unit like the Rourkela steel plant, according to the experts, were normal. In their opinion, the running-in period for the plant must be calculated to last at least two years.

It is gratifying to know, in this connection, that the German industry has already put at the disposal of Hindustan Steel Ltd. a supervisory team of experts for the plant's operation to help bridge the gap from the time of the commissioning of the various plant installations to the time when rated capacities may be reached. These experts have been released by the German industry at short notice and at a time when there is an acute shortage of trained steel personnel in Germany itself. Although no provision had been made in the original contract for such assistance, the German supplier companies have now contributed substantially towards the cost of this team which is expected to support Hindustan Seel's efforts to bring Rourkela upto its rated capacity production.

PAN AMERICAN WORLD AIRWAYS

During the last five years, major gains in the transformation of air cargo from a limited express service to a volume freight operation have been achieved by the Pan American Airways. The Company's revenue cargo ton-miles increased from 92 million in 1956 to 160 million in 1961. For the fourth consecutive year, it carried in 1961 more than 100 million ton-miles of cargo. The growth of cargo volume has paralleled a continuing campaign by Pan American to lower air freight and to attract commodities formerly limited to surface transportation.

Important factors during the five-year period were the introduction of jet transportation, conversion of advanced piston aircraft into freighters, increased emphasis on containerisation, inauguration of preloading systems, and initiation of new marketing and distribution techniques. The jet age has not only revolutionised passenger travel but also added new high-speed cargo lift. Each Jet Clipper carries up to five tons of cargo in its holds with 125 or more passengers in the cabin. Jet Clippers now link 88 cities around the world, bringing markets and manufacturers separated by half the globe within less than a day of each other. Across the Atlantic alone, Jet Clippers this summer will provide a weekly cargo lift of 850 tons. In addition to speedy passenger transport, Jet Clippers have added new dimensions to air distribution by providing daily cargo service around the world, and to Latin America, the Orient, the South Pacific, and Alaska. By surface transportation, some of these points would be six weeks away from their markets.

ANGLO-FRENCH PROJECT FOR SUPERSONIC AIRLINER

Britain and France, according to an announcement by the British Ministry of Aviation on 26th March, have agreed on the principles to govern a possible co-operative programme, with a 50-50 basis and under a joint management structure, for developing and producing a supersonic transport aircraft. The announcement said that the work on the directive requiring the British Aircraft Corporation and Sud Aviation to co-operate on formulating a joint outline project had been completed satisfactorily. They had arrived at a preliminary design for an aircraft with a cruising speed slightly higher than Mach 2 and with a capacity of about 100 passengers.

It is stated that this aircraft could be produced in two versions, one medium-haul and one transatlantic. This would serve as the basis for the possible Anglo-French development of a supersonic airliner. The two companies have just been invited to undertake design study and other preparatory work in order to enable the two Governments to reach a decision.

NEW PRODUCTS AND PROCESSES

Filing Machine

A NEW Italian machine—the Novexor rotary file—makes the slow and expensive hand filing of metals unnecessary and could replace grinding machines for the scraping, squaring and planing of light alloy castings. The machine can be used on a wide range of materials, including steels, cast iron, copper, brass, aluminium and magnesium, wood, leather and plastics. The filing is accomplished without tearing the metal or leaving finishing marks, it is stated, and the machine can be used for smoothing gold, silver and other precious metals and for finishing cores and moulds. Novexor filing machines use filing discs which are rotated on a motor-driven horizontal shaft at speeds depending on the material to be worked. The discs are cut to provide a series of small hardened teeth on the edge or on one face, or on both edge and face. The teeth differ in type, angle and spacing to suit the material to be filed and the type of work. The discs can be sharpened many times. The machine is available in two models. One is a bench machine with a filing disc and adjustable worktable at one end of the shaft which is driven by a 0.6 h.p. motor providing two speeds. It can be fitted with 8-inch or 10-inch diameter filing discs. The other model is a pedestal machine with working positions at both ends of the shaft where there are worktables which can be adjusted in height. The shaft is driven by a 1 h.p. motor providing five speeds. This model is designed to use 10-inch diameter discs only. Filing discs are made in two grades and with a range of filing surfaces.

Annealing Steel Sheets

The annealing of mild steel sheet—removing brittleness—which is essential before sheet can be used for fabricating anything from tin cans to motor car bodies, can now be done in much less time, and at a fraction of the cost with a new plant occupying less than a quarter of the space of the existing plant. This results from a technique recently perfected by the British Iron and Steel Research Association at their Laboratories at Swansea, Wales. The process can produce a variety of sheet qualities without changing the steel formula, which has been necessary until now, and can be adapted to other processes with stainless steel and high carbon steel. It will work with all thicknesses of sheet down to four-thousandths of an inch which is much thinner than what the present plant can deal with. Licences to manufacture the new plant, developed by Birlec-Efco Ltd., of Birmingham, have been granted to a number of firms in Britain. In the new process the heating and cooling cycle is reduced from as much as 150 seconds to five seconds, followed by a 30-minute period in which rolled sheet is allowed to stand at 200 to 300°C., the temperature at which it emerges from the process. For annealing, the strip is preheated in a duct containing lead-bismuth alloy, then heated to about 700°C. by electrical heating and finally quenched to 300°C. in a second duct containing lead-bismuth alloy. High efficiency is obtained with consequent low power consumption, by transferring heat collected in the quench tank to the preheating tank. The technique could be adapted to the annealing of aluminium by using mercury in place of lead alloy.

New Colour Process

Following up the work of Australian Government scientists, a Sydney firm, Electrograph Supply Co. Pty. Ltd., has developed a unit which will print a perfect four-colour reproduction in less than ten minutes without the aid of blocks, plates, screens or cylinders. The Company is one of several in Australia and overseas who have been licensed by the Australian Government's Department of Supply to apply its new method of colour reproduction. The process, known as electrograph, is a development of the already well-established electrical reproduction method, xerography. However, whereas xerography uses a black carbon powder to make the image visible and is, therefore, suitable only for black and white reproduction. The electrograph process employs liquid developers, one for each colour, which enables full colour reproduction and a much finer reproduction of black and white. Reproduction can be made not only on paper but also on a wide variety of other materials such as metals, plastics and timber. The unit manufactured by Electrograph Supply Co. has great appeal in that it reproduces speedily and cheaply. For instance, it enables litho-offset printers to reproduce a colour print at a fraction of the cost and in much less time than is feasible with the conventional machine proving process. An important factor, also, is that whereas it has hitherto been uneconomical to do colour reproduction in runs of less than thousands, the new process enables even single reproductions to be made in several colours at low cost.

Plastic Stereo for Rotary Press

Plastic stereos are being used on rotary presses by Australian newspapers. This dramatic break-through in the printing, stereotyping and advertising fields was announced recently by David Burton Stereo Service, of Sydney, makers of the plastic stereos. The company pioneered in this field in Australia and has been supplying plastic stereos to flat bed printers for over two years, but it has taken three years of experimentation to perfect the techniques for rotary newspaper presses. The announcement that this had been achieved was made only after rigid tests, under all sorts of conditions, by the metropolitan daily newspapers of all the mainland States of Australia. The verdict of the chief stereotyper of one of Sydney's leading dailies was that the stereos were "completely free of headaches" and a major advance in stereotyping. After elaborate tests "under punishing conditions" News Limited, of Adelaide, reported: "We consider that this type of supplied material, used as a substitute for matted stereos, would give the advertiser much better value by giving him much improved reproduction in newspaper advertisements." Advantages of the plastic stereos are:—infinite fidelity of reproduction; unaffected by rough handling; exceptional durability; lower cost than electros and cheaper to transport; runs of more than half a million without appreciable wear; excellent for 4-colour and fine screen reproductions up to 150 screen. One of the largest advertising agencies in Australia is now using plastic stereo.

Coal-cutting Machine

A machine which cuts coal and is operated by remote control without a man on the coal face is now being tested by the British National Coal Board's East Midlands Division. Called the "Collins Miner" the machine was conceived by Mr. H. E. Collins, a former employee of the N.C.B. Manned by 20 men for three shifts, it is claimed that it could produce 1,000 tons of coal a day—the normal output of 300 miners. The "Collins Miner" has been developed by the Coal Board in conjunction with Crawley Industrial Products of Llanelly. It is hoped that the new method will improve the economics of extraction from thin seams which account for an increasing proportion of Britain's reserves of high-quality coal. Equipment for the machine is carried on a train of nine rail-mounted bogies, running along the central roadway, and entirely controlled by one operator. On the front vehicle a cutting unit is mounted which bores at right angles to the roadway. The unit carries its own automatically extending belt conveyor, ventilation ducting and cables for power and control. Fully extended, the cutter will excavate out of the seam a passage of 100 yards long and 6 to 7 feet wide. As each passage is cleared the unit moves forward, leaves a narrow section to support the roof, then repeats the operation. Passages are cleared on both sides of the roadway. The machine's top speed of working is 7 feet a minute, and the ultimate output aimed at is in the region of 350 tons a shift.

Controlling Tubes

A simple, but effective, accessory for the tidy control of rubber tubing in the gas welding industry has been developed and patented by an Australian company, the Commonwealth Industrial Gases Limited, of Sydney, Australia. Known as the Comweld Clip-it, the device enables multiple hoses to be easily clipped together, leading to tidyness in the workshop and a reduction in accident risks. It also enables rubber tubing to be suspended overhead or attached to walls with minimum effort. At present, it is manufactured to fit tubing of 3/16 in. bore (¼ in. outside diameter), but larger sizes will be introduced progressively.

Preserving Milk

A new process of milk treatment, which is being used in Europe, might boost Australia's milk exports to South East Asian countries. The process, called "uperisation," was among the dairy developments investigated by Mr. Roy McDonald, an executive of the Moulded Products group of companies. In Switzerland, he found that "uperised" milk is being sold to consumers up to a month after being packaged. An important "break-through" in packaging methods has been the ability to pack the milk in completely germ-free paper cartons. "Uperised" milk has been certified by dairy experts to have practically the same food value, taste and composition as pasteurised milk.

Bonding Titanium Alloys To Steel

A process for bonding titanium alloys to steel has recently been developed by I.C.I., Britain. A bar of steel is sealed inside a "container" of titanium alloy and hammer forged into plates at 1,050 degrees Centigrade. The plates are then rolled into sheets 0.050 inch thick at 900 degrees Centigrade and annealed at 700 degrees. The final product is a steel sheet completely surrounded by a thin adherent layers of titanium alloy, which for anti-corrosive purposes is said to be just as good as solid titanium. It is claimed that the bi-metal sheets are so well bounded that they can be bent through 180 degrees without the two materials separating.

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TEMPO OF ECONOMIC GROWTH IN EUROPE SLOWS DOWN

REAL INCOMES IN SOVIET BLOC HIGHER

THE strident growth in economic activity in Western Europe, which was conspicuous in 1959 and 1960, continues, but the tempo has of late declined perceptibly. This is the main impression that one gains on a perusal of the *Economic Survey of Europe for 1961*, prepared by the U.N. Economic Commission for Europe, Geneva. The volume of national output, according to the authors of the *Survey*, rose in virtually all Western European countries in 1961, with an average increase for industrialised economies of about 4.5 per cent over 1960. This, however, represents a slower pace of growth than in 1960, when the corresponding average was 6.5 per cent. The major factors that led to the decline in the rate of growth were shortage of manpower, lack of excess capacities and a slackening of total demand. But there is no reason to believe that any downturn has actually begun. For, although the rate of growth has slowed down, the *Survey* points out that the pace of advance is still vigorous. It, therefore, does not take a pessimistic view of the prospects. If anything, it reflects a guarded optimism. "There is," to quote it, "little reason to suppose that either demand or output will develop less swiftly in 1962 than in 1961."

A significant feature of 1961, according to the *Survey*, was the disappearance of overseas demand as a factor of growth in Western Europe and the smaller impulse to expansion from intra-regional trade than in the previous year. But investment demand continued to gather strength until the closing months of the year; and though its rate of increase could not fully offset the absence of expanding overseas export demand, investment supplanted exports as the driving force behind the boom. Towards the end of the year, however, a certain slackening in the rate of increase of investment began to set in. At the same time, consumers' demand was growing more buoyant, and, by early 1962, tended to replace investment as the mainstay of expansion.

Industrial Output

The aggregate industrial production in Western Europe moved up by about 4.5 per cent in 1961, as against as much as 9 per cent in the previous year. The slackening of the growth of output was much more marked in some countries than in others. In six countries of the region, industrial output increased by 7 per cent or more (and in some countries faster than in the previous year) and in four (including West Germany) by 5-7 per cent, which represented a slower pace of advance than in 1960. Belgium, and even more the Netherlands and the U.K., saw their production rise less than both the West European average and their own 1960 rates. The *Survey*, however, points out that the pause is only a temporary phase. It observes:

"There is, however, every ground for believing that this lull in the progress of western European industrial production is no more than temporary. Indeed, for all countries in which they are made, official and independent forecasts concur in anticipating a resumed expansion during 1962; and some straws in the wind could already be seen in the closing months of 1961. The pause in the summer and autumn of 1961 appears to have been due to both supply and demand factors, and to their interaction. Demand for some basic materials slackened—partly because of reduced stock-building; and shortages of labour—or, in some instances, capacity—hindered expansion. How far demand, rather than supply, has been the factor moderating, or temporarily halting, the growth of industrial output in some countries is uncertain, but in none of the industrial countries has the slower growth of demand reduced overall activity below the level of full employment, even when output has been running below capacity."

The pace of growth varied from industry to industry. Most of the industries recorded a smaller growth of output, to a greater or lesser degree, but production of building materials rose in most countries as fast as in the previous year, or faster than most other industries (especially in Austria, France, Western Germany and Norway), owing to continuing increase in construction both of dwellings and of non-residential buildings. Within the major industries, however, the experience of the various branches has been very diverse. Such has been the pattern of demand that, in the engineering industry, for example, production of machinery has fared much better than that of transport equipment, and, in all countries, 1960 was a better year for motor vehicles than 1961. Output of cars actually fell in France and the U.K. (respectively by one-tenth and one-fourth). Within the chemicals industry, the petro-chemicals branch increased its output more than others, but even so the increment in production does not seem in most countries to have exceeded 15-20 per cent, which swell below the average annual rate of 30-40 per cent during the past decade. The *Survey* devotes special attention to three industrial branches (steel, forestry products and coal) where production increased "relatively little," or even fell, in 1961 on account of either weakening demand in the consuming industries or stock movements. It concludes that the fall (for very small increase) in steel output in 1961 in all major producing countries of western Europe—except Italy—was due primarily to the swing by steel consumers and merchants from stock accumulation in 1960 and the early part of 1961 to the running down of stocks later in the year. Price expectations seem to have been at the root of the reversal of this stock movement, and the E.C.E. experts believe that the present situation —the outcome of a quite sudden increase in steel-making and finishing capacity at the same time as demand temporarily weakened—is unlikely to last for long. The major factor leading to the reversal of stock accumulation in the pulp industry in 1961 was—as in the steel industry—the exceptionally rapid expansion of capacity as a result of past investment.

During 1961, the coal industry continued the process of adjustment that has gone on for several years—endeavouring to raise productivity and lower costs in the long run, and to bring supply and demand into better balance in the short run, after large increases in pithead stocks earlier. Total demand in western Europe remained very close to the 1960 level so that any further reduction of stocks implied a corresponding cut in output also. This movement was carried farthest in the U.K. but output was also reduced to varying degrees in most E.C.S.C. countries, and notably in Belgium, where uneconomic pits were closed down and stocks further reduced.

A review of the degree of capacity utilisation in industry shows a fall in the U.K. and Western Germany, but rise in Austria and France, and the relationship between employment and labour productivity. The rise in industrial employment in 1961 was in most countries greater than the average for the fifties and there were major shifts of employment within industry. As in earlier years, changes in production and in labour productivity have been closely related. In most industrial branches where production either declined or stagnated in 1960 or 1961, productivity, too, declined.

Foreign Trade

The volume of West European trade continued to rise faster than industrial production, as in previous years. But, in contrast with 1960, the growth of trade was almost wholly due to the steady increase in exchanges within the area, as the trade barriers in the region continued to be lowered. Imports from other region (which in 1960 rose *pari passu* with intra-regional trade) changed little, and exports to them declined. By and large, exports rose in most countries, where industrial output rose most and *vice versa*. The behaviour of imports was more irregular, and having been influenced by such factors as stock movements and harvests, as well as by the growth of total domestic demand. The balance of trade improved significantly in only three countries, and, in over half the countries, the change in the trade balance was negligible. Commenting on the effect of recent developments on European trade, the *Survey* concludes that continued expansion of output and further tariff reductions in the European Economic Community and European Free Trade Association would lead to a further rise in intra-western European trade. It adds that increased import demand from the U.S. is likely to ensure both directly and indirectly—*via* purchases from primary producers—an expansion of world trade from which western Europe itself will undoubtedly gain. An observation of greater importance to countries in this part of the world is that "it is less certain that Western Europe will substantially increase its own imports from the overseas primary producing countries in 1962 and thus provide purchasing power for higher exports to them." This is surely a disturbing thought to countries like India and Pakistan.

Reviewing the latest trends in the balance of payments position of Western Europe, the *Survey* brings out the main feature of the payments situation in Western Europe during 1961: the contrast between the U.K. on the one hand—the only country which had to restrain the growth of output so as to prevent a further decline in reserves—and the rest of Western Europe, especially the E.E.C. countries, on the other. All the E.E.C. countries except the Netherlands earned a surplus on current account larger even than in 1960; and France and Italy continued to add to their exchange reserves. Apart from West Germany and Portugal, no Continental country experienced a significant decline in exchange reserves. The *Survey* examines in some detail the evolution of Western Germany's balance of payments in 1961 and finds that, while the surplus on visible account did not decline for the year as a whole, the rise in exports ceased after mid-year. The West German capital account contributed significantly after the first quarter of 1961 to easing strains in international payments, and net income from invisibles fell. Considering the future of the current balance in Western Germany, the authors of the *Survey* point to a number of influences tending in opposite directions, and they conclude that the overall balance of payments may well revert to a surplus in 1962, though a rather smaller one than in earlier years.

Prospects

Forecasting the prospects for the current year, the *Survey* says that the economic growth will continue in 1962, in most countries at a pace similar to that of last year, and with a slight lessening of pressure in the labour market. On the basis of national budgets, etc., the *Survey* expects an average growth rate of 4 per cent in 1962, and probably more in France and Italy. In the U.K., however, where the increase in output in 1961 was less than 2 per cent, the rate of expansion is unlikely to quicken. It seems that public consumption (including defence) will in most countries be at least as strong a source of expansion as in 1961, notably in Belgium, West Germany, Norway, the Netherlands and Sweden. Gross fixed investment, on the other hand, will probably be a less expansionary force than in 1961 in several countries, particularly Western Germany; but only in a few (except Norway and the United Kingdom, where hardly any increase is foreseen) will total investment demand rise no further. Rising personal income in all countries—the product of higher wages and other factor income, as well as of greater social transfers (as in France, Western Germany and Sweden) —presages a steady increase in consumers' demand. National forecasts anticipate at least as large an expansion of exports as in 1961 and in some countries (particularly the United Kingdom) even envisage a distinct improvement. All countries expect to increase their exports to the United States as a result of its resumed economic expansion and intra-Western European trade should continue to grow. Reviewing the growth of the labour force and of output in the last decade, the *Survey* notes the benefits in terms of manpower of high post-war birth rates and concludes that, in general, supply factors do not appear to be an obstacle to the maintenance of a high rate of economic expansion.

Soviet Bloc

The economic conditions in eastern Europe and Soviet Russia in 1961 were also none-too-encouraging. These economies achieved a average rate of growth (of net material product) of 7 per cent, but this was somewhat less than that foreseen by authorities in nearly all countries, though not much below that realised in 1959 and 1960 either for eastern Europe as a whole (8 and 7 per cent, respectively) and for the Soviet Union (8 per cent in both years). There were several reasons for the absence of any increase in growth rate. Thus, the rates of industrial expansion were everywhere somewhat slower than in 1960, although they were above those planned except in Czechoslovakia and East Germany. Agricultural output was far below the planned levels in all countries except Poland. In other sectors, output generally showed some increase over 1960, but were still generally below planned levels.

The generally disappointing levels of farm output in the Soviet bloc limited the possibilities of raising average living standards. Nevertheless, according to the *Survey*, output of consumers' manufactures and services rose enough to permit increases in the real incomes of wage and salary earners, varying between 2 per cent and 5 per cent from one country to another. Fixed capital formation increased everywhere, except in Hungary; and, in some countries, resources were diverted to defence preparations on a greater scale than originally planned. Foreign trade turnover for the area as a whole rose by about 7½ per cent and everywhere more slowly than in 1960. However, the pattern of development varied considerably from country to country. Poland, Rumania and Albania were the only countries in which the rate of overall economic expansion from 1960 to 1961 was higher than in the previous year. The fall in the overall growth-rate of the Hungarian and Bulgarian economies was due—almost entirely in the first country and mainly in the second—to the poor results in agriculture. In the Soviet Union, the virtual stagnation of global agricultural output has now lasted for three years and the slight declaration of the growth of national income (though to a rate still as high as 7 per cent) seems to have been attributable to some slackening in most major sectors. Virtually the same declaration—and to the same 1961 growth-rate—in Czechoslovakia seems to have reflected a similar rather general slackening and failure fully to reach plan targets, though the rate of growth of farm output fell more sharply in that country than in the Soviet Union. External political problems contributed to the special difficulties of eastern Germany and Albania in 1961.

Global output of industry rose by about 9.5 per cent in eastern Europe and only slightly less in Russia, but the vagaries of the weather —and in several countries problems of peasant incentives in the first year of virtually complete collectivisation—depressed agricultural production throughout the region. The rates of industrial expansion were everywhere somewhat slower than in 1960, but were above those planned, except in Czechoslovakia and East Germany. Industrial output per man rose rapidly in all these countries and were well above planned rates, except in Czechoslovakia and Russia. But the reduction of working hours in the latter countries led to a rise in output per man-hour (by about 11 per cent in Russia). Barring East Germany, where there were shortages of raw materials, fuels and labour during the year, industrial expansion seems to have proceeded smoothly in these communist countries.

Setback in Agriculture

Discussing the year's agricultural results, the *Survey* states that, throughout eastern Europe and in the Soviet Union, the battle for the output objectives set for agriculture in 1965 is now seriously joined; but there was virtually no net advance towards them in 1961 except in Poland, and probably in Albania. Unfavourable weather, especially for spring-sown cereals and root-crops was largely responsible. For the region as a whole, however, yields and output of bread grain (mostly sown in the autumn) seem to have been fairly satisfactory; yields of potatoes and sugar-beet were poor in areas which suffered from the drought but fruit crops in the south were reported as excellent; in general, feed crops have been most adversely affected and give rise to concern about livestock production in the current year.

In the Soviet Union, the planned "substantial increase in the gross cereals crop over that of the bumper year 1958" (141 million tons) was not achieved. But the harvest was about 2 per cent above that of 1960, entirely as a result of the increase in the area of which 1.2 million hectares was in the virgin land region. Last year's summer drought in Siberia and Kazakhstan limited production in these areas; there was apparently a more or less normal crop in the north-western region and a record harvest (35.7 million tons) in the Ukraine. The only exceptions to the general picture of stagnation or slight decline of global farm output in eastern Europe in 1961 are Poland and—on the basis of provisional data—Albania. The extraordinary rise of global output—by over 10 per cent—in the former country was the result of simultaneously favourable conditions in both the crop and the livestock sectors; but in all the other eastern European countries except Albania crop production showed a decline, particularly pronounced in Bulgaria and Hungary.

The plan for 1962 by these countries (except Bulgaria and Czechoslovakia) envisages a slower rate of growth in industrial output than in 1961—6 per cent in Albania, about 8 per cent in the Soviet Union and Hungary, 8½ per cent in Poland, 10 per cent in Bulgaria and Czechoslovakia and 13½ per cent in Rumania. No plan for East Germany has been published so far.

STREPTOMYCIN PLANT

The streptomycin plant at Pimpri, inaugurated by Prime Minister Nehru last week-end, is a major landmark in the development of India's antibiotics industry. The plant, built by the Hindustan Antibiotics Ltd., in technical collaboration with the U.S. firm, Merck and Co., Inc., of Rahway, New Jersey, which has provided expert engineering advice on the design, construction and equipment, besides training Indian technicians both locally and in its plant in the U.S., will produce annually 45 tons of streptomycin and dihydro-streptomycin. The drug, streptomycin, is an effective cure against tuberculosis, a disease that claims the lives of half a million people in this country annually. It also combats dysentery, plague, cholera and other health scourges. The new plant, first of its kind in Asia, is expected to result in a foreign exchange saving of about Rs. 1 crore annually. It is understood that plans are already afoot to double the capacity of the plant, with an additional expenditure of only Rs. 60 lakhs. It may be noted here that the new plant has been financed exclusively from profits derived by the Hindustan Antibiotics Ltd.

Prime Minister Nehru, while inaugurating the plant, made a strong defence of the role of the public sector. He was of the opinion that basic industries had essentially to be in the public sector. If the private sector, which worked for its own profits, got hold of key industries, he observed, it would throttle the national economy. He, however, felt that the private sector should have full scope to start big and small industries. He added, "We, however, cannot leave the people completely at the mercy of the private sector which works for its own good."

Paying tributes to the U.S. collaborators, Prime Minister Nehru observed that it was a happy augury to have had the assistance of the famous Merck and Co. in the establishment of the plant. The collaboration agreement with this Company, it may be noted, provides for the following:

(*a*) The latest strains for streptomycin manufacture and results of research for ten years to come.

(*b*) Complete information about the manufacture of streptomycin and use of Merck's patents for a period of ten years including further researches in the field.

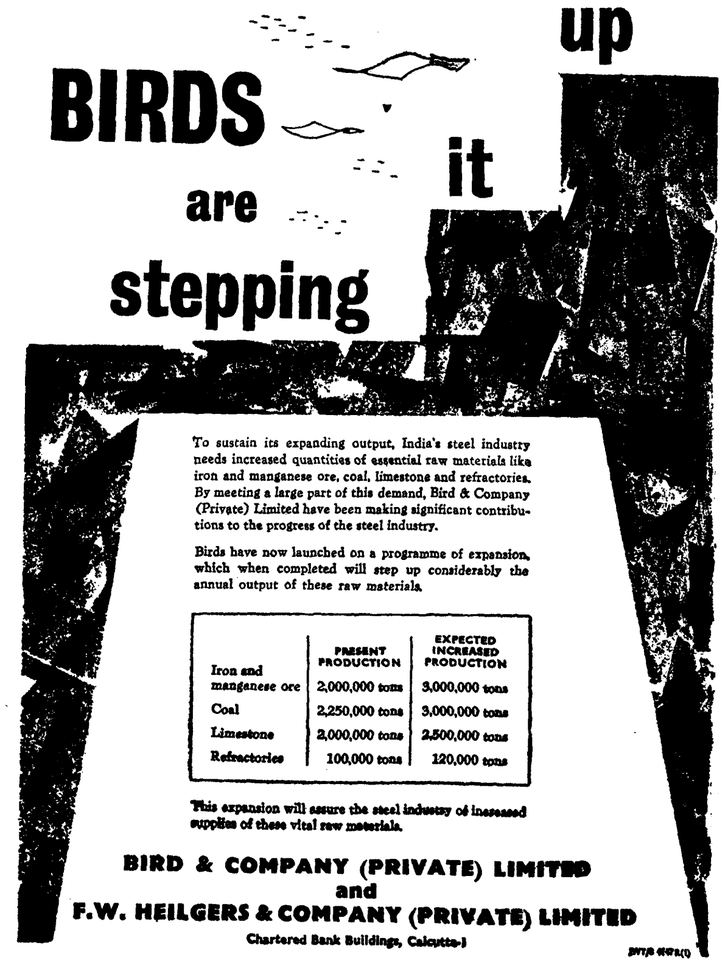
(*c*) Technical advice and assistance in the specifications for equipment and examinations of tenders and purchase of equipment; although tendering and purchase was done entirely by the Hindustan Antibiotics Limited.

(*d*) Merck's technical staff and erection engineer for constructing the plant at Pimpri.

(*e*) For all these services, Mercks were to receive a consultation fee on actual basis, subject to a ceiling of $25,000. In addition, Mercks are to receive 1½ per cent the selling price of streptomycin sold in India for a period of ten years, and 2½ per cent of the selling price of such quantities as may be exported from India.

The new plant is expected to meet half the total requirement of streptomycin in the country. New projects are also under way elsewhere, which will ensure self-sufficiency in this drug within the next few years. Another antibiotics plant, proposed to be set up in the public sector at Rishikesh (U.P.) with Soviet collaboration, is expected to add an annual capacity of 85 tons of streptomycin. A comparatively small plant, with an annual installed capacity of 15 tons, is also expected to go into production in the private sector at Baroda.

The Hindustan Antibiotics Ltd., it may be noted, has been making steady progress during the last few years. The Company, it may be recalled, commenced operations in 1955. It was originally intended to produce 9 M.M.U. of penicillin per annum. But, as a result of improvement in processing techniques and addition of new equipments, its output touched 21 M.M.U. by 1957-58 and rose still further to 40 M.M.U. by 1960-61. Its present total capacity is 45 M.M.U. even which represents only one half of the total domestic requirements of penicillin. The annual turnover of the factory, according to Mr. Manubhai Shah, Union Minister for Industry, is Rs. 345 lakhs, comprising Rs. 156 lakhs received from the sale of penicillin in vials and Rs. 189 lakhs from that sold in bulk for other units for subsequent vialling. Since the establishment of this factory, another unit at Baroda in the private sector, with a capacity of 10 M.M.U. per annum, has commenced production. It has also plans to expand its capacity to 20 M.M.U. A third unit, with a similar capacity (also in the private sector), has been installed in Calcutta and will go into production shortly. The proposed public sector project at Rishikesh will be the biggest in India when completed, with an installed capacity of 140 M.M.U. of penicillin. With all these projects in hand, the day when India will be self-sufficient in basic antibiotic drugs is not far off.



PERFORMANCE OF MAFATLAL GROUP ENCOURAGING

FINANCIAL POSITION SOUND

THE latest annual reports, namely, those for the year ended 31st December 1961, of the three City mills under the management of Messrs. Mafatlal Gagalbhai and Sons, Bombay, namely, the Standard Mills Company Ltd., the Sassoon Spinning and Weaving Company Ltd., and the Mafatlal Fine Spinning and Manufacturing Company Ltd., make encouraging reading. Despite duil trading conditions and price fixations under the industry's voluntary agreement, the turnover of all the three shows further improvement and, with the exception of Mafatlal Fine, the other two have reported a substantial increase in the profit figures. Although the Directors have preferred not to mention it in their report to the shareholders, the group must have encountered favourable trading conditions during the year under report as is evident from the increased turnover and the fact that the closing inventories have shown no material change over their opening values.

Standard Mills

The results achieved by the Standard Mills in 1961 are highly gratifying. The sale proceeds of cloth, yarn and waste have risen by 22.8 per cent, from Rs. 697.06 lakhs to Rs. 855.90 lakhs. Besides, there has been a small increase of Rs. 4.92 lakhs to Rs. 23.80 lakhs in other income. Though closing stocks of finished and processed goods have remained on par with the opening stocks, those of finished goods alone are actually lower by Rs. 7.67 lakhs at Rs. 18.76 lakhs while the goods in process have gained in value by Rs. 9.19 lakhs to Rs. 59.22 lakhs. Expenses have increased in line with higher output and sales, but no more, and the gross profit, therefore, shows an improvement of Rs. 32.86 lakhs to Rs. 176.56 lakhs. Provision for Managing Agents' commission has gone down a little by Rs. 1.65 lakh to Rs. 8.23 lakhs but those for depreciation and taxation have been raised quite substantially. The former gets Rs. 34.05 lakhs as compared with Rs. 28.09 lakhs and the latter Rs. 64.05 lakhs as against Rs. 44.30 lakhs during the preceding year. Accordingly, the net profit has increased moderately by Rs. 10.80 lakhs to Rs. 72.23 lakhs. Transfers to reserves have been stepped up rather substantially from Rs. 23.36 lakhs to Rs. 32.76 lakhs of which Rs. 5.82 lakhs (Rs. 8.52 lakhs) go to the statutory development rebate reserve, Rs. 1.94 lakh (Rs. 2.84 lakhs) to the development rebate reserve, Rs. 10 lakhs (Rs. 6.00 lakhs) to general reserve and Rs. 15 lakhs (Rs. 10 lakhs) to dividend equalisation reserve. After making these prior appropriations and setting aside, as during the previous year, Rs. 0.69 lakh towards preferred dividends in respect of the year, the Directors have proposed the payment of ordinary dividend at the rate of 25 per cent, as against 30 per cent previously, both subject to deduction of tax. Though the rate has been reduced, it has became payable on an enlarged share capital, consequent to the bonus issue during the year and the total dividend distribution therefore amounts to Rs. 38.41 lakhs as against Rs. 32.92 lakhs for 1960. The amount carried forward is higher at Rs. 1.75 lakh as against Rs. 1.38 lakh brought in.

The rapid progress made by the Company during the past four years is presented synoptically in the comparative table that follows.

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	855.90	697.06	621.08	601.31
Other income	23.80	18.88	16.63	15.25
Closing stocks	77.98	76.46	53.44	66.07
Raw materials and stores consumed	422.01	342.22	302.89	317.48
Salaries, wages and bonus	208.31	187.82	166.26	160.80
Other expenses	76.34	63.03	52.51	51.92
Gross profit	176.56	143.70	101.84	93.84
Managing Agents' commission	8.23	9.88	7.95	7.45
Provision for—				
Depreciation	34.05	28.09	21.02	17.13
Taxation	64.05	44.30	29.00	41.80
Net profit	72.23	61.43	43.87	27.46
Transfer from reserves				5.00
To reserves	32.76	27.36	10.53	11.59
Dividends—				
Preference	0.69*	0.69*	0.65*	0.48
Ordinary	38.41 (25%)*	32.92 (30%)*	31.88 (22½+4% B.)*	21.95 (20%)
Carry forward	1.75	1.38	0.91	0.02

Following the issue of bonus shares during the year under review, to which reference has already been made, the share capital of the Company has increased to Rs. 165.65 lakhs, of which Rs. 12.00 lakhs are in preference shares and the balance in equities. This is backed by Rs. 272.14 lakhs in reserves and the surplus account. Current liabilities and provisions have increased from Rs. 161.60 lakhs a year ago to Rs. 256.39 lakhs as at 31st December 1961 but these are more than fully covered by the aggregate of investments, current assets and loans and advances amounting Rs. 466.63 lakhs. The gross block is carried in the companies' books at Rs. 495.45 lakhs, including Rs. 41.42 lakhs worth of additions during 1961, and has been written down to Rs. 215.00 lakhs. Adding to this the cost of capital work in progress and machinery in transit or under erection, namely, Rs. 12.54 lakhs, the net block works out to Rs. 227.54 lakhs.

Sassoon Spinning

A still better performance has been put up by the Sassoon Spinning and Weaving Company. Though sales of cloth, yarn, waste, etc. have increased by only 11.3 per cent (as compared with the 22.8 per cent rise reported by Standard) from Rs. 576.15 lakhs to Rs. 641.14 lakhs, the gross profit has increased by over 60 per cent to Rs. 79.82 lakhs from Rs. 49.70 lakhs for 1960. This has been possible because of the rise of only Rs. 2.66 lakhs to Rs. 345.65 lakhs in the cost of raw materials and stores consumed, coupled with a fall of Rs. 10.02 lakhs to Rs. 167.29 lakhs in salaries, wages and bonus. Had it not been for a decline of Rs. 14.93 lakhs in other income, chiefly because of reduced income on account of processing charges, and an increase of Rs. 11.86 lakhs to Rs. 69.63 lakhs in other expenses, the performance of the Company would have been brighter still. As could be anticipated, a large portion of the rise in gross profit has been absorbed by heavier essential provisions, that for the Managing Agents' commission claiming Rs. 4.36 lakhs as against Rs. 3.01 lakhs, for depreciation Rs. 23.17 lakhs as against Rs. 18.40 lakhs and for taxation almost double, that is, Rs. 20.54 lakhs, as compared with Rs. 10.55 lakhs previously. Even then, the net profit shows a handsome improvement of Rs. 14.01 lakhs to Rs. 31.75 lakhs. Transfer to reserves has also been substantially stepped up from Rs. 7.68 lakhs to Rs. 16.61 lakhs. With a large sum still left over, the Directors have quite naturally proposed to raise the rate of ordinary dividend to 20 per cent, subject to deduction of tax, from 17 per cent subject to deduction of tax, a year ago, and this absorbs Rs. 15.08 lakhs.

These interesting operation statistics are presented in the following table with corresponding figures for the previous three years thrown in for the sake of comparison.

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	641.14	576.15	531.98	496.69
Other income	23.42	38.35	49.49	27.92
Closing stocks	48.68	49.85	86.20	43.26
Raw materials and stores consumed	345.65	342.99	326.24	324.89
Salaries, wages and bonus	167.29	177.31	161.11	142.74
Other expenses	69.68	57.77	52.08	46.84
Gross profit	79.82	49.70	83.57	17.73
Managing Agents' commission	4.36	3.01	1.80	0.50
Provision for—				
Depreciation	23.17	18.40	15.23	18.71
Taxation	20.54	10.55	5.14	0.32
Net profit	31.75	17.74	11.40	2.70
Transfer from reserves		3.00	5.25	7.40
To reserves	16.61	7.68	7.23	2.63
Ordinary dividends	15.08 (20%)*	12.82 (17%)*	9.42 (25%)*	7.54 (20%)
Carry forward	0.80	0.25	..	0.05

The Company's balance-sheet as at 31st December 1961 presents a healthy financial position. The share capital of Rs. 75.40 lakhs, all in equity shares of Rs. 10 each fully paid, is supported by reserves amounting to no less than Rs. 146.92 lakhs. The betterment in the cash flow position during the year has resulted in a further reduction in borrowings, the outstanding amount of which is now Rs. 48.44 lakhs. Current liabilities and provisions are placed at Rs. 139.12 lakhs. On the assets side, the net block is worth Rs. 170.01 lakhs, and has been obtained by deducting from a gross block of Rs. 373.84 lakhs, Rs. 203.83 lakhs as the depreciation provided for to date. The gross block is inclusive of Rs. 59.06 lakhs worth of new assets acquired during the year. Buildings under construction and machinery awaiting installation and in transit are collectively valued at Rs. 16.65 lakhs. Investments, current assets and loans and advances aggregate Rs. 223.22 lakhs, thus affording enough cover to loans and current liabilities put together.

Mafatlal Fine

In contrast to the encouraging results reported by Standard Mills and the still better ones by Sassoon Spinning, those achieved by Mafatlal Fine are sure to appear as downright disappointing. For not only have the sale proceeds risen by a meagre Rs. 11.79 lakhs to Rs. 284.49 lakhs but this improvement has been completely washed off by the unexplained and disproportionate rise, from Rs. 118.04 lakhs to Rs. 135.54 lakhs, in the cost of raw materials and stores consumed and a small increase of Rs. 5.11 lakhs to Rs. 31.49 lakhs in other expenses. The gross profit has, therefore, dwindled by Rs. 6.40 lakhs to Rs. 63.07 lakhs, despite an increase of Rs. 2.40 lakhs to Rs. 9.75 lakhs in other income and a rise from Rs. 21.93 lakhs to Rs. 24.46 lakhs in the value of closing inventories. The total prior claim on the gross profit on account of the essential provisions has remained by far unchanged around Rs. 37.16 lakhs, of which Rs. 5.02 lakhs (Rs. 6.01 lakhs) represent the provision for Managing Agents' commission, Rs. 15.51 lakhs (Rs. 11.77 lakhs) for depreciation and Rs. 16.63 lakhs (Rs. 20.05 lakhs) for taxation. The net profit, too, is lower at Rs. 25.91 lakhs as compared with Rs. 31.64 lakhs previously. Transfers to reserves have been halved to Rs. 6.29 lakhs from Rs. 12.55 lakhs and covers a credit of Rs. 3.96 lakhs (as against Rs. 5.67 lakhs last year) to the statutory development rebate reserve, Rs. 1.32 lakh as against Rs. 1.89 lakh to the development reserve and Rs. 1.00 lakh as against Rs. 3.00 lakhs to dividend equalisation reserve. With the increase in the rate of preference dividend from 4.5 per cent to 6.43 per cent, preferred dividends in respect of 1961 claim Rs. 1.86 lakhs as compared with Rs. 1.70 lakhs last year. Ordinary dividend has been maintained at 30 per cent, subject to deduction of tax, and absorbs Rs. 17.40 lakhs.

The progress made by the Company during the four-year period 1958-61 inclusive is set forth in the following comparative table.

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	284.49	272.70	244.91	223.60
Other income	9.75	7.35	10.11	8.81
Closing stocks	24.46	21.93	20.25	25.05
Raw materials and stores consumed	135.54	118.04	105.69	114.74
Salaries, wages and bonus	66.67	67.63	58.71	58.62
Other expenses	31.49	26.38	23.04	21.29
Gross profit	63.07	69.47	62.77	46.61
Managing Agents' commission	5.02	6.01	5.32	3.74
Provision for—				
Depreciation	15.51	11.77	8.58	8.87
Taxation	16.63	20.05	19.65	17.21
Net profit	25.91	31.64	29.22	17.39
Transfer to reserves	6.29	12.55	10.64	3.00
Dividends—				
Preference	1.86	1.70*	1.86	1.30
Ordinary	17.40 (30%)*	17.40 (30%)*	14.50 (25%+B.4%)*	10.44 (15%+B.3%)
Carry forward	0.41	0.06	0.07	0.17

* Subject to deduction of tax.

The financial position of the Company, as revealed by its balance-sheet as at 31st December 1961, has distinctly improved. The share capital is unchanged at Rs. 87.00 lakhs but reserves and surplus are higher at Rs. 163.60 lakhs. The secured loan from banks against hypothecation of stocks of raw materials and finished goods has been fully liquidated. Though current liabilities and provisions have increased to Rs. 79.02 lakhs, these are covered twice over by current assets, investments and loans and advances all aggregating Rs. 217.88 lakhs. Inclusive of the addition of Rs. 30.80 lakhs to fixed assets during the year, the gross block now costs Rs. 276.70 lakhs and has been written down to Rs. 106.14 lakhs. Adding to this Rs. 5.50 lakhs as cost of machinery awaiting installation or in transit, the net block works out to Rs. 111.73 lakhs. Investments, current assets, loans and advances together amount to Rs. 217.88 lakhs, or nearly three times the current liabilities, a fact that reveals a highly comfortable working capital position.

The Rs. 100 fully paid ordinary shares of the Standard Mills are quoted in the forward list of the Bombay Stock Exchange at Rs. 1,070 *cum-div.* and fetches, on an *ex-div.* basis, a net return of 1.7 per cent. The present market price of the Rs. 100 paid equity shares of Mafatlal Fine are Rs. 959 *ex-div.*, at which price the net yield works out to about 2.2 per cent. The Rs. 10 paid share of Sassoon is presently quoted at Rs. 68 *cum-div.* Reducing the price to an *ex-div.* basis, the net yield works out to 2.1 per cent.

MAHINDRA AND MAHINDRA BREAKS THROUGH COST INFLATION

NEW COMPANY TO MANUFACTURE TRACTORS

BREAKING through the cost inflation, which crept in perceptibly in the year 1959-60 and reduced the gross profit in spite of a magnificent improvement in the turnover, Mahindra and Mahindra Limited (Chairman: Mr. K. C. Mahindra, Bombay) has staged a smart comeback during the year ended 31st October 1961. The benefits of the larger turnover of Rs. 15.42 crores as compared with Rs. 13.64 crores in the preceding year have adequately filtered down to the level of gross profit, as it has risen from Rs. 58.07 lakhs to the highest ever so far of Rs. 95.32 lakhs. Production of jeeps and allied vehicles showed an improvement of 23 per cent over the previous year. Simultaneously, the cost of materials, stores and tools increased, but modestly, from Rs. 12.75 crores to Rs. 13.16 crores. In the preceding year, production costs had shot up by Rs. 5.30 crores. Clearly, the cost inflation seems to have been controlled during the year under review; the increase, as mentioned before, being due apparently to the greater operations. Costs other than prime costs have, however, shown a greater rise over the year. Thus, the wage bill has gone up by Rs. 19.63 lakhs to Rs. 126.78 lakhs as against Rs. 14.88 lakhs to Rs. 107.15 lakhs in the previous year and other expenses have increased by Rs. 13.13 lakhs to Rs. 106.10 lakhs as against Rs. 5.49 lakhs to Rs. 92.97 lakhs.

The rise in profit has attracted a larger provision for taxation of Rs. 36.80 lakhs as against Rs. 19.60 lakhs a year before, and depreciation claims Rs. 15.38 lakhs as against Rs. 13.06 lakhs. Ignored in the previous year, reserves have been compensated by a transfer of Rs. 10.50 lakhs. The equity dividend has been maintained at the previous year's level of 12.5 per cent, subject to tax, but with a bonus of 2.5 per cent, the actual distribution is higher. Carry forward is adequate at Rs. 2.55 lakhs against Rs. 1.11 lakh brought in.

The table below compares the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st October			
	1961	1960	1959	1958
Sale proceeds*	15,42.28	13,64.16	927.48	17,68.87
Other income and credits	45.46	42.01	40.43	50.52
Closing stocks and work-in-progress	574.29	517.96	391.10	370.85
Purchases, stores and tools consumed	13,15.87	12,74.84	744.84	14,05.81
Salaries, wages and bonus	126.78	107.15	92 27	83.48
Other expenses	106.10	92.97	87.48	103.36
Gross profit	95.32	58.07	63.57	71.37
Directors' commission	1.80	1.27	2.13	2.96
Provision for—				
Depreciation	15.38	13.06	11.15	12.05
*Taxation	36.80	19.60	17.52	31.25
Net profit	41.34	24.14	32.77	25.11
Excess provision written back	..	1.39	..	1.38
Development rebate reserve	0.60	1.58	2.12	4.01
Provision for gratuity	4.51	2.72	4.03	1.98
To reserves	10.50	..	5.00	5.50
Additional preference dividends	..	0.31	..	..
Dividends—				
Preference	4.49†	4.49†	4.93†	1.66
Ordinary	19.80 (D. 12.5 % + B. 2.5%)	16.50 (12½%)†	16.50 (12½%)†	13.61 (22%)
Carry forward	2.55	1.11	1.18	0.99

* Including cost of vehicles capitalised Rs. 2.88 lakhs (1961), Rs. 1.73 lakhs (1960), Rs. 2.07 lakhs (1959), and Rs. 1.24 lakhs (1958).

† Subject to deduction of tax.

The Directors state that sales of jeep and allied vehicles increased from 6,499 units to 8,133 units during the year and of spare parts commensurate with the greater demand for vehicles. Reduced imports kept steel sales lower as expected, but the targets for the year were achieved, with the railways taking up more than 50 per cent of the Company's imports. Further reduction in steel imports is inevitable and is, in fact, shown in the bookings for the current year, but a cushion for the shortfall is expected to be provided by an improved performance in sales from the Company's controller stockyards covering internal distribution. The machine tool division has been engaged in preliminaries for partial manufacture of some popular but specialised tools handled by it. With the assistance of the Company's associate, a new axle for jeep was engineered and its production undertaken. The basic feature of the design of this front axle is to achieve commonality between the two axles to keep manufacturing costs at a minimum. The front axles are now under production and is said to have performed satisfactorily at stable prices. The Company is purchasing 137 acres of land in Kandivli, suburban Bombay, to centralise jeep manufacturing operations.

Arrangements for tractor manufacture have been completed with International Harvester Export Company of Chicago, Illinois, U.S.A., and its subsidiary in Britain. Permission has been obtained from the Government to proceed with this project. A new company is expected to be formed to undertake the project. In addition to investment, the American associates would furnish a substantial long-term loan to cover the import of plant, equipment and tooling. The alloy steel project of the Company, a detailed survey for which was carried out by its steel division during the year, is expected to take final shape this year. Negotiations for technical collaboration for the project with *Societe D'Electro-Chimie D'Electro-Metallurgie et des Acieries Electriques D'Ugine* are stated to have proceeded very successfully. The Company is now planning for the necessary funds. The plant would be located at Madras. Funds for the Company's project to double its jeep manufacturing capacity to 10,000 units, which is already under implementation, would be provided by the Industrial Credit and Investment Corporation of India and the Life Insurance Corporation of India. In addition, the Company proposes to issue 660,000 ordinary shares of Rs. 10 each for cash at a premium of Rs. 2.50 per share as rights shares to the existing shareholders as on 20th March 1962, in the proportion of one new share for every two shares held. This capital issue is expected to provide funds not only for jeep expansion but also for the alloy steel project and the tractor project. All this underlines a promising long-term outlook for the Company. For the current year, its working so far is said to be satisfactory, with sales of jeep aggregating 1,999 units. Steel bookings are comparatively lower during the first quarter, but it is expected to recover the ground before the year is out. Some other developments are on hand and expected to contribute towards maintaining the overall sales drive.

The financial position of the Company is fairly good. Its issued and paid-up capital is Rs. 187 lakhs, of which Rs. 132 lakhs are in equity shares of Rs. 10 each. Reserves and surplus aggregate Rs. 56.22 lakhs. Bank borrowings of Rs. 568.06 lakhs show practically no change over the year. Other current liabilities, together with provisions for tax, dividend, etc., total Rs. 354.48 lakhs. The total indebtedness to outsiders thus amounts to Rs. 922.54 lakhs. As against this, current assets, loans and advances aggregate Rs. 10.01 crores. Investments have increased from Rs. 37.76 lakhs to Rs. 49.31 lakhs but these are not quoted in the market as they are in subsidiaries. The gross block has increased from Rs. 159.30 lakhs to Rs. 174.90 lakhs, and is written down to Rs. 115.29 lakhs.

Among the subsidiary units of the Company, Dr. Beck and Co. (India) Ltd. has successfully commissioned the reaction vessel and started production of synthetic resins for the electrical industry. Otis Elevator Co. (India) Ltd. has submitted expansion plans to the Government and awaits its approval. Machinery Manufacturers Corporation Ltd. fared well and produced 80 to 85 carding engines per month out of the plant originally instituted to produce 50 units. Mahindra Engineering Company Ltd., although showing a loss in the first year's operations, has set up a fine shop for the manufacture of scientific instruments like pyro-meters, flow meters and pressure gauges. Mahindra Sintered Products Ltd. has commenced production of several types of self-lubricating bearings. Mahindra Owen Ltd. has earned enough surplus profit to wipe off the losses and write off the development expenses and has had a satisfactory order book, but Turner, Hoare and Company Ltd. has suffered a loss.

The Rs. 10 fully paid ordinary shares are currently quoted at Rs. 18.24 *ex-rights, cum-div.* At this rate and on an *ex-div.* basis, they offer a net yield of a little more than 6 per cent per annum.

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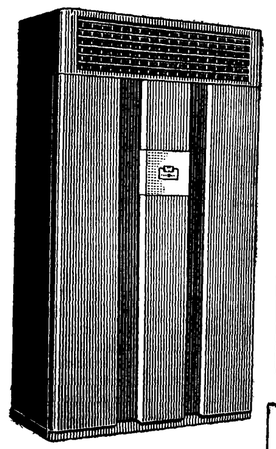

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RESULTS OF McLEOD JUTE GROUP

OUTLOOK FOR CURRENT YEAR ENCOURAGING

IN common with other jute mills in the country, three of the jute companies under the management of Messrs. McLeod and Company Limited, Calcutta, namely, Nellimarla Jute Mills Company Ltd., the Empire Jute Company Ltd., and Presidency Jute Mills Company Ltd., have produced unsatisfactory results for the year ended 31st July 1961 owing chiefly to the acute shortage of raw jute caused by two small crops in succession and sporadic labour trouble leading to petty stoppages and fall in operating efficiency. All the three companies have reported sizable improvements in the value of their turnover—not an unusual occurrence considering the then ruling high prices of jute goods—but this, save in the case of Nellimarla Jute, has not been accompanied by a corresponding rise in the profit and the gross and net profits of the other two companies, therefore, have shown a sharp decline. With reduced net earnings, the Empire Jute and Presidency Jute have been obliged to recommend lower ordinary dividends and, even if Nellimarla has managed to double the dividend to a modest level, of six per cent, subject to deduction of tax, it still stands no comparison with the tax-free dividend of nine per cent paid for 1957.

Nellimarla Jute

The rise of Rs. 71.13 lakhs to Rs. 188.44 lakhs in sale proceeds of Nellimarla Jute has been accompanied by an increase of Rs. 11.72 lakhs to Rs. 31.40 lakhs in the closing stock of gunnies valued at the market price. This has naturally resulted in a widening of the profit-margin despite overall increases in all items of expenditure and the gross profit, therefore, stands improved at Rs. 11.23 lakhs as against Rs. 6.26 lakhs for 1959-60. A large chunk of this has, nevertheless, been claimed by essential provisions which aggregate Rs. 8.33 lakhs in comparison with Rs. 5.76 lakhs during the preceding year. The main increase is reflected in the provision for taxation which gets Rs. 2.50 lakhs as against nil previously. The net profit is higher by Rs. 1.04 lakh at Rs. 3.04 lakhs. After transferring Rs. 0.77 lakh to reserves, as against Rs. 1.64 lakh, and setting aside Rs. 0.39 lakh, as against Rs. 0.48 lakh, for preferred dividend in respect of the year under report, the Directors have, in view of the larger sum available, proposed an ordinary dividend of six per cent subject to deduction of tax, as against three per cent subject to deduction of tax previously.

Empire Jute

Apart from the acute shortage of raw jute and the consequent unprecedented rise in the cost of raw material, three other factors have also contributed to the fall of Rs. 5.72 lakhs to Rs. 8.60 lakhs in the gross profit of the Empire Jute for 1960-61, notwithstanding a rise of 34.7 per cent, or Rs. 41.97 lakhs to Rs. 163.11 lakhs, in the sale proceeds. These are, first, the increase in direct costs due to the implementation, in January 1961, of the recommendations of the Wage Board for the Jute Industry. Secondly, the slight dislocation in mill working owing to the curtailment of supply of electricity. And, thirdly, the increase in overhead cost due to restricted output consequent to power shortage and the block closures effected as a means of conserving the stocks of raw jute. Although the lower gross profit has led to a reduction in the provision for the Secretaries and Treasurers' remuneration from Rs. 1.08 lakh to Rs. 0.40 lakh, and in that for taxation, by as much as Rs. 2.20 lakhs to Rs. 1.70 lakh, the net profit has gone down by more than 50 per cent, from Rs. 4.52 lakhs to Rs. 1.98 lakh only. The Directors have, therefore, been obliged to recommend a lower ordinary dividend of 7.5 per cent, subject to deduction of tax, as against 12.5 per cent, subject to deduction of tax, a year ago.

Presidency Jute

In the context of the difficult conditions experienced by the industry, the operating results of Presidency Jute Mill for 1960-61, will no doubt appear as fairly encouraging when due weight is also given to the fact that the working of the mills during 1960-61 was hampered by an illegal strike leading to closure of the mill for a period of about a month. This was on top of the fall in production consequent to block closures to meet shortage of raw jute. If, therefore, in the face of an increase of Rs. 41.80 lakhs to Rs. 146.22 lakhs in the turnover, the gross profit has gone down from Rs. 7.81 lakhs to Rs. 5.87 lakhs, it is not surprising. Indeed, the decline itself is quite moderate, being of the order of only Rs. 1.94 lakh. Essential provisions are naturally lower, that for the remuneration to Secretaries and Treasurers having declined by Rs. 0.26 lakh to Rs. 0.40 lakh, for depreciation by Rs. 0.28 lakh to Rs. 3.04 lakhs, and for taxation by Rs. 0.16 lakh to Rs. 1 lakh. The net profit, as such, shows a less marked fall from Rs. 2.67 lakhs to Rs. 1.45 lakh. Transfer to reserves has been cut down from Rs. 1.18 lakh to Rs. 0.33 lakh only, whereas transfer from reserves and provisions in excess of requirements has gone up by Rs. 0.15 lakh to Rs. 0.21 lakh. Consequently the reduction in the rate of ordinary dividend has been confined only to a fourth, from eight to six per cent subject to deduction of tax.

The vicissitudes in the fortunes of these three mills during the past four years are well brought out by the comparative table given at the foot of this page.

The financial position of the mills as revealed by their balance-sheets as at 31st July 1961 is still quite strong. The share capital of each company is adequately supported by reserves which in the case of Nellimarla Jute and the Empire Jute decisively exceed the share capital. Although the difficult trading conditions have brought about an increase in bank borrowings, the total of current assets and loans and advances are, in each case, sufficient to cover the loans and current liabilities put together. The fixed assets of the mills have been written down to less than half of their original cost.

The abundance of jute during the present season at economic rates has enabled all the three companies to increase working hours and unseal more looms for operation. It is hoped that the losses previously suffered by them will be more than covered in the remaining months of the current year.

The Rs. 10 fully paid shares of Nellimarla is quoted at Rs. 12.75 cum-dividend. The net yield on an ex-dividend basis works out to 3.4 per cent per annum. The prices of Rs. 10 paid ordinary shares of Empire Jute is Rs. 18.98 ex-dividend on which the net yield works out to about 2.8 per cent. The Rs. 5 fully paid share of Presidency is presently priced at Rs. 6 cum-dividend and fetches a net return of 3.1 per cent on an ex-dividend basis.

(In lakhs of rupees)

	Nellimarla Jute Mills				Empire Jute Company				Presidency Jute Mills			
	For the year ended 31st July				For the year ended 31st July				For the year ended 31st July			
	1961	1960	1959	1958	1961	1960	1959	1958	1961	1960	1959	1958
Sale of gunnies	188.44	117.31	116.45	132.56	163.11	121.14	129.09	133.80	146.22	104.42	114.40	142.97
Other income	1.29	1.70	9.53	9.80	1.79	1.40	1.32	1.42	0.37	0.63	0.43	1.01
Closing stocks of gunnies	31.40	19.68	7.63	9.79	10.82	13.01	5.29	9.38	12.40	7.41	7.21	8.20
Consumption of jute, stores, etc.	136.78	75.60	82.51	76.62	114.42	76.14	72.36	81.00	108.90	62.23	65.34	97.42
Salaries, wages and bonus	34.86	32.36	33.79	33.31	25.42	25.14	27.75	29.45	23.13	21.94	25.19	27.71
Other expenses	18.58	16.84	14.73	6.28	14.27	14.65	15.01	14.17	13.67	13.28	13.22	13.33
Gross profit	11.23	6.26	12.70	12.57	8.60	14.32	11.20	10.03	5.87	7.81	10.00	8.47
Secretaries' and Treasurers' remuneration	0.50	0.50	0.96	1.13	0.40	1.08	0.83	0.76	0.40	0.66	0.88	0.68
Provision for—												
Depreciation	5.33	5.26	3.52	1.56	4.52	4.82	4.17	2.92	3.04	3.32	2.57	2.16
Taxation	2.50	..	1.20	4.90	1.70	3.90	2.75	2.60	1.00	1.16	2.55	2.40
Net profit	3.04	2.00	7.11	4.98	1.98	4.52	3.45	3.75	1.45	2.67	4.09	3.21
Withdrawals from reserves and provisions	..	1.44	10.60	0.05	0.13	0.02	2.19	0.04	0.21	0.06	2.40	..
Transfer to reserves	0.77	1.64	13.13	1.63	0.29	1.78	2.39	1.37	0.33	1.18	3.43	1.30
Dividends—												
Preference	0.39*	0.48*	0.43	0.30	0.91*	1.12*	0.70	0.80	1.50	2.00	2.50	1.87
Ordinary	1.57	0.70	3.67	2.62	1.12	1.81	1.87	1.40	(6%)*	(8%)*	(10%)*	(7.5%)
	(6%)*	(3%)*	(14%)*	(10%)	(7.5%)*	(12.5%)*	(12.5%)*	(10%)	0.05	0.23	0.68	0.12
Carry forward	0.60	0.43	1.39	0.91	0.49	0.70	0.94	0.26				

* Subject to deduction of tax.

DUNLOP RUBBER FARES WELL

TURNOVER AND PROFIT AT FRESH PEAKS

AN impressive recovery in profitability features the results of the Dunlop Rubber Company (India) Limited (Managing Director: Mr. M. L. Boxon, Calcutta) for the year ended 31st December 1961. Thus, the highlight of the results is a rise in both turnover and gross profit to fresh peaks. The percentage of profit after providing for depreciation, taxation and interest to sales has improved from "the abnormally low rate" of 4.1 in 1960 to 5 in the year under review. Turnover has soared from Rs. 30.47 crores to Rs. 32.86 crores. Gross profit has staged a welcome and significant improvement from Rs. 264.64 lakhs to Rs. 348.76 lakhs. Apparently, the Company enjoyed a much bigger market for its products than in the previous year. The factor that favourably influenced the trend of the profit-margin during the year was an insignificant increase of Rs. 5.69 lakhs to Rs. 17.20 crores in the prime costs. This was due partly to increased efficiency and partly to a lower cost of imported rubber. It is in refreshing contrast to the successive increases in prime costs during the preceding seven years (1954-60) at an average annual rate of about Rs. 165 lakhs. This vicious spiral of rising costs ate away practically all the benefits of a steadily increasing turnover all these years; the percentage of profit to sales, on the basis mentioned above, was as low as 3.6 in 1955, still lower at 3.2 in 1956, and no better at 3.7 as recently as in 1958. Between 1957 and 1961, the turnover rose magnificently by 64.5 per cent, from Rs. 19.97 crores to Rs. 32.86 crores. And it was only because the costs inflation could be controlled during the year under review that the gross profit was able to rise commensurate with sales; it rose by 77.2 per cent, that is, from Rs. 194.87 lakhs to Rs. 348.76 lakhs during this period.

The table below gives a synoptical view of the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	32,85.52	30,46.56	25,87.49	22,27.76
Closing stock of work-in-progress	88.05	85.15	80.25	24.32
Other income	7.32	5.88	4.54	5.21
Cost of raw materials, finished goods, stores and spares	17,20.02	17,14.33	15,15.15	13,48.63
Staff expenses	346.40	307.06	273.74	244.26
Excise duty	603.20	527.60	355.29	253.08
Interest payable	24.43	26.89	20.85	14.74
Other expenses	252.93	226.83	189.15	175.28
Gross profit	348.76	264.64	243.79	202.03
Provision for—				
Depreciation	61.89	58.71	50.99	31.47
Taxation	122.62*	81.37	74.76	88.13
Net profit	164.75	124.56	118.03	82.43
Development rebate reserve	7.50	17.00	17.00	30.00
General reserve	62.50	37.50	30.00	..
Dividends—				
Preference : 8% guaranteed	2.86	2.34	2.57	1.80
5.5% second	2.14	2.13	2.40	1.64
Ordinary	90.00	64.50	64.50	48.75
	(20%)	(21.5%)	(21.5%)	(16.25%)
Carry forward	25.39	24.13	24.03	22.46

Note :—(1) The company issued, in 1960-61, 15 lakh equity shares of Rs. 10 each as fully paid bonus shares, which became eligible to the dividend for the year. (2) From 1959, all dividends are subject to deduction of tax.

* Does not include Rs. 18.75 lakhs being the tax on the bonus shares. It is charged to general reserve.

From the table above, it is clear that the excise burden rose sharply last year from Rs. 527.60 lakhs to Rs. 603.20 lakhs, staff expenses were higher at Rs. 346.40 lakhs as compared with Rs. 307.06 lakhs in the previous year, as were other expenses at Rs. 252.93 lakhs as compared with Rs. 226.83 lakhs. The liability by way of interest moved down from Rs. 26.89 lakhs to Rs. 24.43 lakhs largely because of a welcome decline in bank borrowings from Rs. 171.92 lakhs to Rs. 145.82 lakhs, which attracted interest of Rs. 9.00 lakhs as against Rs. 11.52 lakhs in the previous year. While taxation naturally claims a larger sum of Rs. 122.62 lakhs as compared with Rs. 81.37 lakhs a year before, depreciation also gets nearly Rs. 3 lakhs more at Rs. 61.39 lakhs. The transfer to development rebate reserve has been reduced from Rs. 17 lakhs to Rs. 7.50 lakhs, but that to general reserve has been increased from Rs. 37.50 lakhs to Rs. 62.50 lakhs, obviously to maintain a healthy capital-reserves ratio following the issue of 15 lakh equity shares of Rs. 10 each as fully paid bonus shares during the year under review. Because of the increased capital, there is a small cut in the ordinary dividend from 21.5 per cent to 20 per cent, taxable, but the amount required for this purpose is as high as Rs. 90 lakhs, against Rs. 64.50 lakhs a year before. Still the carry forward is well maintained at Rs. 25.39 lakhs against Rs. 25.13 lakhs brought in.

(*Continued on page* 634)

SYNOPSES OF COMPANY REPORTS

Cawnpore Sugar Works Ltd.

(*Secretaries & Treasurers*: The British India Corporation Ltd., Kanpur, U.P.)

69*th Annual General Meeting*—26th April 1962.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1961	1960
Sales (sugar, molasses, spirit, etc.)	4,19,03	3,56,38
Closing stock	1,28,51	86,45
Sugar excise duty	1,58,46	1,33,85
Gross profit	12,08	20,25
To Secretaries' and Treasurers' remuneration (subject to adjustment)	50	10
Transfer to depreciation	6,80	6,70
,, ,, provision for taxation (agricultural)	6	8
Net profit	22	13,37
Adjustments	2,79	1,23
Appropriations:		
Total available balance	3,01	14,65
To provision for taxation (agricultural) in respect of previous year	2	2
To expenses relating to previous years	33	34
To development rebate reserve	2,19	1,60
To adjustment of loss brought forward	47	12,68
Net debit balance carried forward	—3,70	—4,18

N.B.—Adjustments represent profit on sale of investments; fixed assets provisions no longer required and other credit items.

Extracts from the Directors' report: The crush at the Company's four factories has been appreciably larger than the previous year. The yield obtained, however, except at Padrauna Factory, has been lower, as the crushing started earlier and ended late to enable all the cane diverted to the factories being crushed. The comparative figures of the last two seasons for cane crushed and extractions obtained, are as under:—

Factory	1961		1960	
	Cane crushed Mds.	Recovery %	Cane crushed Mds.	Recovery %
Marhowrah	31,55,629	9.67	21,64,607	10.13
Gauri	34,23,671	10.16	27,41,394	10.37
Padrauna	40,42,372	9.51	40,23,926	9.11
Kathkuiyan	30,02,472	9.34	30,07,414	9.40

The trading results for the year would have been far better had not the Company suffered losses amounting to approximately Rs. 10,84,000 due to export of sugar at prices far lower than the production costs; the implementation of the Sugar Wage Board recommendations, involving the Company in a recurring expenditure of Rs. 6,47,000 per annum and the high amount of interest on overdrafts due to accumulation of heavy stocks. While Gauri and Marhowrah factories made reasonable profits, Padrauna and Kathkuiyan did not come upto expectations thereby offsetting a major part of the profits earned by the other two factories.

The Government of India has introduced control on the price of industrial alcohol and the margin of profit available on sale thereof has been reduced. The manufacture of country spirit is now the mainstay of business of the Marhowrah Distillery.

Accounts in brief as at 31st October 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
*Capital	40,00,000	Gross block	1,32,77,050
Reserves and surplus	75,02,480	—Depreciation	1,04,99,347
Other liabilities	1,79,57,586	Net block	77,77,703
		Block in progress	4,40,625
		Current assets	2,05,56,537
		Investments	2,58,346
		Cash	4,88,855
	Rs. 2,95,20,066		Rs. 2,95,20,066

* Paid-up capital consists of 10,000 eight per cent. cumulative preference shares of Rs. 100 each fully paid up in cash and 3,00,000 ordinary shares of Rs. 10 each fully paid up. Of the above 1,50,000 ordinary shares were allotted as fully paid up by way of bonus shares.

† Reserves are shown after adjusting the debit balance of Rs. 3,70,213 in the profit and loss account.

Lakshmi Sugar and Oil Mills Ltd.

(*Managing Agents*: Messrs. R. B. Bansidhar Sons and Co., Hardoi, U.P.)

31*st Annual General Meeting*—Held on 17th March 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Sales—		
Sugar	2,08,78	1,52,71
Molasses and bagasse	1,29	1,30
Grains and others	8,37	6,83
Electricity including self-consumption	4,07	3,74
Closing stock of sugar, molasses, grains, etc.	70,87	67,09
Excise duty paid	40,42	43,38
Gross profit	19,77	18,73
To Managing Agents' commission	1,37	84
Transfer to depreciation	4,40	3,54
,, ,, initial depreciation	..	Nil
,, ,, development rebate	33	1,16
,, ,, provision for taxation	6,11	6,00
Net profit	7,46	7,19
Adjustments	85	87
Appropriations:		
Total available balance	8,31	8,06
To adjustment of proference dividend	1	Nil
Transfer to plant renovation reserve	Nil	5
,, ,, charity fund	..	..
Proposed dividends (taxable) preference	31	30
,, ,, ordinary	4,05	4,86
	(15%)	(18%)
Carry forward	94	85

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

Extracts from the Directors' report: The Company is entitled to receive Rs. 5,86,700 under the two incentives granted by the Government, that is, rebate in excise duty on the excess sugar produced over the average of preceding two seasons and remission of cane cess for early start. Under the price linking formula, the Company has debited in the profit and loss account an amount of Rs. 2,76,000 as against Rs. 5,40,000 in last year towards payment of deferred additional price to cane suppliers.

The total quantity of sugarcane crushed was 58.66 lakh maunds with a recovery of 9.63 per cent, the sugarcane price remaining same as last year.

The directors are glad to report that the Lakshmi Industries and Cold Storage has earned a net profit of Rs. 37,928 and the Lakshmi Electricity Undertaking has earned a net profit of Rs. 4,753.

The Government of India have granted an Industrial licence to this Company for expanding the capacity of the mills from 1,800 to 2,100 tons crushing per day. For achieving better efficiency and to replace worn-out machinery, an order for 9-roller milling plant size 36"×72" has been placed with Messrs. Walchandnagar Industries at a cost of about Rs. 25 lakhs.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	80,61,843
Reserves and surplus	24,58,303	—Depreciation	42,70,707
Other liabilities	97,13,193	Net block	37,91,141
		Current assets	1,07,74,238
		Investments	6,75,136
		Cash	30,981
	Rs. 1,51,71,496		Rs. 1,51,71,496

* Paid-up capital consists of 2,700 ordinary shares of Rs. 1,000 each and 300—3 per cent. tax-free preference shares of Rs. 1,000 each. Of the above 1,900 ordinary and 100 preference shares were issued as fully paid-up bonus shares.

Brushware Ltd.

(*Secretaries and Treasurers*: The British India Corporation Ltd., Kanpur, U.P.)

Annual General Meeting—18th April 1962.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1961	1960
Sales	4,79	3,80
Closing stock—		
Work-in-progress	17	13
Finished goods	65	55
Gross profit	33	24
To Ex-Managing Agents' remuneration	Nil	1
,, Secretaries' and Treasurers' remuneration	2	*
Transfer to depreciation	1	Nil
,, ,, provision for taxation	14	9
Net profit	16	14
Adjustments	6	6
Appropriations:		
Total available balance	21	20
Transfer to rehabilitation reserve	10†	10
Proposed dividend (taxable) equity	8	5
	(8%)	(5%)
Carry forward	8	5

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

* Represents a sum of Rs. 467.

† This includes Rs. 500 transferred to development rebate reserve.

Extracts from the Directors' report: The depreciation provided by the Company on its fixed assets in previous years, was in excess of the statutory scale by approximately Rs. 49,000. A sum of Rs. 49,000 has, accordingly, been written back and transferred to capital reserve.

Accounts in brief as at 30th November 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,00,000	Gross block	2,46,399
Reserves and surplus	3,98,937	—Depreciation	1,94,868
Other liabilities	58,254	Net block	51,531
		Current assets	2,56,955
		Investments	1,20,309
		Cash	1,19,393
	Rs. 5,57,188		Rs. 5,57,188

* Paid-up capital consists of 10,000 equity shares of Rs. 10 each fully paid up. Of the above 1,000 equity shares of Rs. 10 each are issued as fully paid-up bonus shares. Of the subscribed capital 5,720 shares are held by the Holding Company—The British India Corporation Ltd.; 1,000 shares are held by Cawnpore Textiles Ltd. and 1,000 shares are held by The Elgin Mills Co., Ltd.

Jay Shree Textiles Ltd.

(*Secretaries and Treasurers*: Messrs. Birla Brothers Private Ltd.)

Registered Office: Rishra, Dist. Hooghly (West Bengal).

17*th Annual General Meeting*—18th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales of finished goods	1,66,17	1,21,43
Closing stock—		
Finished goods	23,56	24,58
Raw materials	17,23	14,16
Stocks-in-process	8,17	4,65
Gross profit	33,33	25,20
To Secretaries' and Treasurers' remuneration	1,70	1,37
Transfer to depreciation	3,10	3,90
,, ,, development rebate reserve	50	1,10
,, ,, provision for doubtful debts	2	Nil
,, ,, provision for taxation	11,05	8,70
Net profit	15,97	9,95
Adjustments	24*	39†
Appropriations:		
Total available balance	16,21	10,34
To items pertaining to previous year	42	21
Transfer to dividend equalisation reserve	10,00	5,00
Proposed dividend (taxable) equity	4,92	4,92
	(10%)	(10%)
Carry forward	87	21

N.B.—Adjustment represent the balance brought forward from the previous year and other credit items.

* This includes a sum of Rs. 2,680 being items pertaining to previous year.

† This includes Rs. 4,917 being items pertaining to previous years.

Extracts from the Directors' report: The directors consider that the result of the working of the current year is satisfactory. The net sales of the Company have increased by about 36 per cent from 127.70 lakhs during 1960 to 173.09 lakhs during 1961. The gross profit has also increased substantially.

New varieties of yarns and fabrics were successfully manufactured and marketed during the year. Reinforced Rubberlined Hose, which is being manufactured in collaboration with Messrs. George Angus & Co. Ltd., England, was sold in larger quantities.

It is expected that with the rapid industrialisation of the country, the demand of the goods manufactured by the Company will further increase. The directors, are therefore, examining the advisability of increasing the production by installing new machines.

New Schemes: The cotton spinning plant of 15,200 spindles is making satisfactory progress. The construction of buildings is practically complete and erection of machinery has already started. This plant is expected to go into production during the third quarter of 1962.

In the last report, mention was also made of the project to manufacture *High Tension Electric Insulators*. Provisional orders for this plant have already been placed. It is expected that the necessary agreements will be shortly signed.

Due to non-availability of import licences, following schemes have not made any progress: (*a*) Synthetic Rubber Oil Seals and (*b*) Malleable Castings, Steel Forgings and Steel Structurals.

The schemes mentioned above as also other new projects are receiving their serious attention. In fact, applications have been made under Industrial (Development and Regulations) Act for some other new projects.

New Capital Issue: New Equity Capital of Rs. 24,59,000, for which permission was received during the last year, has now been offered to the existing shareholders on the basis of one right share for every two existing Equity shares.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	50,08,500	Gross block	1,01,55,365
Debentures	26,75,213	—Depreciation	50,11,365
Reserves and surplus	25,58,766		
Other liabilities	53,24,053	Net block	51,44,000
		Block in progress	5,74,203
		Current assets	93,71,703
		Investments	18,962
		Cash	4,07,574
	Rs. 1,55,66,532		Rs. 1,55,66,532

* Paid-up capital consists of 4,91,800 equity shares of Rs. 10 each fully paid up in cash. Forfeited shares (amount originally paid up) comes to Rs. 90,500.

Bharat Vijay Mills Ltd.

(*Managing Director*: Mr. Natverlal Bhikhabhai, Bombay.)

(*Registered Office*: Kalol, North Gujarat)

31*st Annual General Meeting*—19th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales—		
Cloth, yarn and waste	1,12,80	1,09,37
Agricultural products, etc.	13	5
Closing stock—cloth, yarn and process stock	12,96	11,17
Gross profit	21,37	15,58
Transfer to depreciation	2,63	1,27
,, ,, statutory development rebate reserve	1,22	Nil
,, ,, development rebate reserve	3,02	Nil
,, ,, provision for taxation	1,00	5
Net profit	13,50	14,26
Adjustments credit (+) or debit (—)	+25	—6,51
Appropriations:	1,20,309	
Total available balance	13,75	7,75*
Transfer to general reserve	6,00	6,50
,, ,, dividend equalisation reserve	4,00	Nil
Proposed dividend (taxable) preference	30	
,, ,, ordinary	2,40	99†
	(20%)	
Carry forward	1,05	26

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

* After adjustment of loss brought forward from 1959 accounts.

† This is the proposed dividend for 1960 but it is not known how much of this is ordinary and how much preference.

Extracts from the Directors' report: The Company has placed orders for purchase of machinery and equipment amounting to Rs. 34.56 lakhs (approximately). The value of the building, plant and machinery show an increase of Rs. 2,96,140 due to additions made.

The directors are pleased to inform that the Company had a quota for installation of 33 plain looms. These looms have been purchased and put to working in the end of the year 1961.

During the year the Company made an application for additional spindles for balancing purpose and the Company got the licence to install additional 4,000 spindles, for which orders have already been placed.

The Company made an application to the National Industrial Development Corporation for grant of loan for modernisation of the existing plant and machinery. The said loan application has been recommended for the grant of Rs. 58.83 lakhs. Very soon this loan will be made available to the Company. The Company has a very ambitious scheme for completely modernising and renovating the existing plant and machinery.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	17,30,000	Gross block	28,98,023
Reserves and surplus	22,28,108	—Depreciation	9,92,137
Other liabilities	33,37,629	Net block	19,05,886
		Current assets	52,82,279
		Investments	62,194
		Cash	45,378
	Rs. 72,95,737		Rs. 72,95,737

* Paid-up capital consists of 12,000 ordinary shares of Rs. 100 each fully paid up; 3,500 five per cent. taxable-redeemable cumulative preference shares of Rs. 100 each fully paid up and 4,500 five per cent. tax-free cumulative second preference shares of Rs. 100 each fully paid up as bonus shares without payment being received and capitalised out of the general reserve. Of the ordinary capital 2,500 ordinary shares are issued as per agreement without payment being received and 1,500 ordinary shares are issued as bonus shares without payment being received and capitalised out of the general reserve.

Notices

RAZA BULAND SUGAR COMPANY LIMITED

THE TWENTY-SEVENTH ANNUAL GENERAL Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Raza Buland Office, Rampur, U.P., on Monday the 30th April, 1962, at 3-30 p.m. Notices of the meeting setting out the Agenda and Explanatory Statements on the special business to be transacted thereat have been sent by post.

The dividend when declared will be payable after 1st June, 1962, to those shareholders whose names stand in the Register of Members on 30th April, 1962. Unless Exemption Certificate is received by 30th April, 1962, statutory Income Tax will be deducted from dividends.

Notice is hereby given that the Share Transfer and Members' Registers will remain closed from 17th April, 1962 to 5th May, 1962, both days inclusive.

Persons holding shares on blank instruments should send such shares for transfer before closure of transfer books for being entitled to the dividend.

By Order of the Board,

For RAZA BULAND SUGAR CO., LTD.,

S. K. KAUL,
Secretary.

RAMPUR, U.P.,
Dated 5th April, 1962.

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Share Transfer Books for Preference Shares in the Company will remain closed from the 13th April to 17th April, 1962, both days inclusive, for the purpose of payment of Preference Dividend for the half-year ended 31st March, 1962, on or after the 1st May, 1962, to those Preference Shareholders whose names appear on the Company's Register of Members on the 17th April, 1962, or to their mandatees.

By Order of the Board,

MARTIN BURN LTD.,
F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1,
5th April, 1962.

W. H. BRADY AND COMPANY LIMITED

NOTICE

To

THE SHAREHOLDERS OF
W. H. BRADY & COMPANY LIMITED.

NOTICE IS HEREBY GIVEN THAT THE Forty-ninth Annual General Meeting of the Company will be held on Monday the 30th April 1962, at 11.30 a.m., to transact the following business:

(1) To adopt the Directors' Report and audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1961.

(2) To sanction the payment of Dividend.

(3) To appoint a Director in place of Mr. Shapoorji Pallonji Mistry who retires by rotation, and to consider and, if thought fit, to pass the following Resolution of which special notice as required by Section 281 of the Companies Act 1956, has been received by the Company:

"RESOLVED that pursuant to the provisions of Section 281 and other applicable provisions, if any, of the Companies Act 1956, Mr. Shapoorji Pallonji Mistry, who has attained the age of 74 years and retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

(4) To appoint a Director in place of Mr. Pratapsinh Mathuradas, who retires by rotation and is eligible for re-appointment.

(5) To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED that the Company hereby accords its consent under Section 314 of the Companies Act 1956, and other applicable provisions, if any, of the said Act to Mr. Jimmy Maneck Mehta who is a relative of Mr. Pallonji S. Mistry and Mr. Shapoorji P. Mistry, the Directors of the Company, holding an office or place of profit in the Company as an employee as from the 1st of May 1962, on the following terms:

	Rs.
Basic Monthly Salary	3,000
Monthly Dearness Allowance ...	600

Use of Company's Motor Car with all running expenses inclusive of Driver's wages, to be borne by the Company.
Benefits of Staff Provident Fund and
Superannuation (Pension) Fund."

(6) To consider and, if thought fit, to pass the following Resolution as a Special Resolution:
"RESOLVED that the Regulations contained in the document submitted to this meeting and for the purpose of identification subscribed by the Chairman hereof be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association."

(7) To appoint Auditors for the current year and fix their remuneration.

By Order of the Board of Directors,

V. MATHALONE,
Secretary.

Registered Office:
"BRADY HOUSE,"
12/14 VEER NARIMAN ROAD,
BOMBAY: *20th March*, 1962.

Notes: (1) The relative Explanatory Statements pursuant to Section 173 of the Companies Act 1956, in respect of the special business under items 3, 5 and 6 are annexed to the Notice forwarded to the individual Members of the Company.

(2) The inspection of the Special Notice referred to in item 3 and of the existing Articles as also a copy of the proposed new set of Articles may be had at the Registered Office of the Company between the hours of 2.30 p.m. and 4.30 p.m. on any working day and on Saturdays between the hours of 11.00 a.m. and 1.00 p.m. Members are requested to avail themselves of the right of inspection of the two sets of Articles with a view to ascertaining the changes which are proposed to be effected.

(3) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, THE PROXY NEED NOT BE A MEMBER.

(4) The Register of Members and the Transfer Books of the Company will be closed from Thursday the 12th April 1962, to Wednesday the 2nd May 1962, both days inclusive.

(5) The dividend when declared will be made payable on and after the 10th May 1962, through the Bank of India Ltd., Bombay. The Dividend Warrants will be posted to those shareholders whose names stand on the Register of Members on the 2nd day of May, 1962.

THE MAFATLAL FINE SPINNING AND MANUFACTURING COMPANY LIMITED

Registered Office:
Mafatlal House, Back Bay Reclamation, BOMBAY 1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY-FIRST ANNUAL GENERAL MEETING of the Shareholders of THE MAFATLAL FINE SPINNING AND MANUFACTURING COMPANY LIMITED, will be held at the Registered Office of the Company at "Mafatlal House," Back Bay Reclamation, Bombay 1, on Tuesday, the 24th day of April 1962, at 4-00 p.m. (S.T.), or soon after the Extraordinary General Meeting of the Company is over, to transact the business contained in the Notice dated 3rd March 1962 already posted to the members individually at their Registered Addresses with the Company.

By Order of the Board of Directors,

NAVINCHANDRA PURSHOTAMDAS & Co. LTD.,

H. B. MAFATLAL,
Director,
Managing Agents.

BOMBAY, *dated 3rd March* 1962.

N.B.—(a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.

(b) The Register of Members and the Transfer Books of the Company will remain closed from Monday, the 2nd April 1962 to Saturday, the 21st April 1962, both days inclusive.

(c) The Dividends as recommended by the Directors when declared by the shareholders will be paid at The Bank of Baroda Ltd., Reclamation Branch, Bombay 1, from Wednesday, the 2nd May 1962 to Thursday, the 30th August 1962, during business hours and thereafter at the Registered Office of the Company during office hours, excepting Saturdays and holidays, to those shareholders whose names are on the Company's Register on 21st April 1962. Shareholders are requested to intimate to the Company any change in their Registered address.

THE SASSOON SPINNING AND WEAVING COMPANY LIMITED

Registered Office:
Mafatlal House, Back Bay Reclamation, BOMBAY 1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE EIGHTY-NINTH Annual General Meeting of the Shareholders of THE SASSOON SPINNING AND WEAVING COMPANY LTD. will be held at the Registered Office of the Company, Mafatlal House, Back Bay Reclamation, Bombay 1, on Tuesday, 24th April 1962 at 4.30 p.m., to transact the ordinary business as specified in items 1 to 6 and to consider and pass the Special Resolutions contained in item Nos. 7 and 8 of the Notice dated 3rd March 1962 already posted to individual members at the registered address with the Company along with the Explanatory Statement in respect of the Special Resolutions in items Nos. 7 and 8 of the Notice as required by Section 173 of the Companies Act, 1956.

By Order of the Board of Directors,

For M. G. INVESTMENT CORPORATION LTD.,

K. K. MAHADEVIA,
Director,
Managing Agents.

BOMBAY, *dated 3rd March* 1962.

N.B.—(1) A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.

(2) The Register of Members and the Transfer Books of the Company will remain closed from Monday, 2nd April 1962 to Tuesday, 24th April 1962, both days inclusive.

(3) Dividend as recommended by the Directors, when declared at the Annual General Meeting, will be paid from Wednesday, the 2nd May 1962 to Tuesday, the 31st July 1962, at the United Commercial Bank Ltd., Reclamation Branch, Bombay 1, and thereafter at the Registered Office of the Company during office hours, excepting Saturdays, to those shareholders whose names are on the Register of Members of the Company on 24th April 1962. Shareholders are requested to intimate the Company immediately any change in their Registered address.

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

NOTICE

THE EIGHTY-THIRD ANNUAL GENERAL Meeting of The Bombay Dyeing and Manufacturing Company Limited will be held at the Registered Office of the Company, Neville House, Ballard Estate, Bombay 1, on Thursday, the 26th April 1962, at 4-30 p.m., to transact the following business:—

1. To adopt the Directors' Report and the audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1961.

2. To sanction the declaration of a Dividend.

3. To appoint a Director in the place of Sir Jamsetjee Jejeebhoy, Bart., who retires by rotation, and being eligible, offers himself for re-appointment; and to consider, and if thought fit, to pass the following Resolution as a Special Resolution in respect of which Special Notice, as required by Section 261 of the Companies Act, 1956, has been received by the Company from some Members, and is hereby given to the Members, such re-appointment being deemed to be in the interests of the Company:

"RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Sir Jamsetjee Jejeebhoy, Bart., who retires by rotation and is eligible for re-appointment, and who is an Executive and Officer of Messrs. Nowrosjee Wadia and Sons (Private) Limited, the Managing Agents of the Company, be and is hereby re-appointed a Director of the Company."

4. To appoint a Director in the place of Mr. H. R. Batlivala, who retires by rotation, and being eligible offers himself for re-appointment; and to consider, and if thought fit, to pass the following Resolution as a Special Resolution in respect of which Special Notice, as required by Section 261 of the Companies Act, 1956, has been received by the Company from some Members, and is hereby given to the Members, such re-appointment being deemed to be in the interests of the Company:

"RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Mr. H. R. Batlivala, who retires by rotation and is eligible for re-appointment, and who is a Director and Member of Messrs. Nowrosjee Wadia and Sons (Private) Limited, the Managing Agents of the Company, be and is hereby re-appointed a Director of the Company."

5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS

6. AND for the purpose of considering, and if thought fit to pass (with or without amendment as may be permissible), the Resolutions set out below as Ordinary or Special as specified below:—

(a) *Ordinary Resolution No. I.*

"RESOLVED that, as authorised by Section 258 of the Companies Act, 1956, the number of Directors of the Company be and it is hereby increased from nine to the maximum of ten permissible under Article 97 of the Company's Articles of Association."

(b) *Special Resolution No. II.*

Special notice of the following Resolution for the appointment of Mr. J. N. Guzder as a Director has been received by the Company from some members, and is hereby given to the members, the appointment being deemed to be in the interests of the Company.

"RESOLVED that pursuant to the provisions of Section 261, and other applicable provisions (if any) of the Companies Act, 1956, Mr. Jamshed Nusserwanji Guzder, who is a Director and Member of Messrs. N. S. Guzder & Company Private Limited (who have been and are shipping, clearing and forwarding the goods of the Company as well as of the Company's subsidiary, Messrs. Nowrosjee Wadia Ginning and Pressing Company Limited, and who have been and are cotton muccadams for the Company, and who also purchase cotton and *kapas* for the Company in certain areas in India on which they receive commission from the Company, and who may, therefore, be deemed to be holding an office or place of profit under the Company and its subsidiary), be and is hereby appointed a Director of the Company."

(c) *Special Resolution No. III.*

"RESOLVED that pursuant to the provisions of Section 314 and other applicable provisions (if any) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to Messrs. N. S. Guzder and Company Private Limited, holding an office of profit under the Company and under its subsidiary Messrs. Nowrosjee Wadia Ginning and Pressing Company Limited for a period of five years in respect of shipping, clearing and forwarding of goods, and as cotton muccadams and for purchasing (on a commission basis) cotton and *kapas* in certain areas in India."

(d) *Special Resolution No. IV.*

"RESOLVED that, pursuant to the provisions of Section 360 of the Companies Act, 1956, the approval of the Company be and it is hereby accorded to a contract being entered into in terms of the draft placed before the Meeting, and for the sake of identification initialled by the Chairman, purporting to be between the Company of the one part and Messrs. Eastern Cotton Company, Bombay (who are or may be deemed to be "associates" of the Managing Agents of the Company), to be operative as from the 26th day of May 1962, until determined by three months' notice given by either side to the other, in respect of purchases from them of cotton and *kapas* and such other goods in which they trade or do business or may trade or do business, as well as in respect of the sale or supply to them of any property or any article produced, dealt in or owned by the Company, subject to the conditions that the prices of such cotton and *kapas* and such other goods as aforesaid shall be such as are reasonable and/or are approved of by the Directors, and that all payments to be made to the Company by Messrs. Eastern Cotton Company shall be made within one month from the date of the sale or supply of any property or any article by the Company to Messrs. Eastern Cotton Company."

(e) *Special Resolution No. V.*

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act, 1956, and subject to the approval of the Central Government being obtained, the approval of the Company be and it is hereby accorded to a contract being entered into in terms of the draft placed before the Meeting and for the sake of identification initialled by the Chairman, purporting to be between the Company of the one part and Messrs. Shapoorji Pallonji and Company Private Limited, Bombay (who are or may be deemed to be "associates" of the Managing Agents of the Company),—(subject to any amendments as may be suggested by the Central Government and accepted by the Board and by Messrs. Shapoorji Pallonji and Company Private Limited),—to be operative as from the 26th May 1962, until determined by three months' notice given by either side to the other, in respect of any building, or construction work and any work of repairs and in respect of supply of building materials and such goods in which they trade or do business or may trade or do business, as well as in respect of sales to them by the Company of any property or any article produced, dealt in or owned by the Company and in respect of the supply or rendering of any service by either to the other, subject to the conditions that the prices or rates to be paid by the Company shall be reasonable and/or approved of by the Directors, and that all payments to be made to the Company by Messrs. Shapoorji Pallonji and Company Private Limited shall be made within one month from the date of the sale or supply of any property or any article or the supply or rendering of any service by the Company to Messrs. Shapoorji Pallonji and Company Private Limited."

The Explanatory Statement under Section 173 is annexed in respect of the above Resolutions.

The drafts of the contracts referred to in Special Resolutions Nos. IV and V are open for inspection by any member at the Registered Office of the Company on all working days from 10-30 a.m. to 1-00 p.m.

By Order of the Board,

NOWROSJEE WADIA & SONS (PRIVATE) LTD.,

NEVILLE N. WADIA,
Director,
Managing Agents.

Registered Office:
NEVILLE HOUSE,
BALLARD ESTATE,
BOMBAY, *9th March* 1962.

Note:—(a) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.

(b) The Share Transfer Books of the Company will remain closed from Saturday, the 10th March 1962, to Thursday, the 29th March 1962, both days inclusive.

(c) The Dividend when declared will be made payable at the National and Grindlays Bank Limited, Bombay, on or after the 27th April 1962, to those Members whose names stand on the Register of the Company on the 29th March 1962, and the Dividend Warrants will be duly posted to them.

(d) The Members are requested to notify immediately any change of address to the Company.

(e) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business set out above is annexed to the Notice of the Annual General Meeting posted to the Members.

THE STANDARD MILLS COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Sixty-seventh Annual General Meeting of The Standard Mills Company Limited, will be held at the Tata Auditorium, Bombay House, Bruce Street, Fort, Bombay 1, on Wednesday, the 25th April 1962, at 4-00 p.m. (S.T.), to transact the business as specified in the Notice dated 3rd March 1962 posted to the Members of the Company individually at their registered addresses with the Company, along with the Explanatory Statement required under Section 173 of the Companies Act, 1956.

By Order of the Board of Directors,

For THE STANDARD MILLS COMPANY LIMITED,

MAFATLAL GAGALBHAI & SONS,
Managing Agents.

Registered Office:
MAFATLAL HOUSE,
BACKBAY RECLAMATION,
BOMBAY, *3rd March* 1962.

N.B.—A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

THE METTUR CHEMICAL AND INDUSTRIAL CORPORATION LIMITED

Registered Office: **Mettur Dam R.S.**

ISSUE OF 6 LAKHS EQUITY SHARES OF Rs. 10/- EACH AT A PREMIUM OF nP 50 PER SHARE

WITH FURTHER REFERENCE TO THE share issue circular dated 17th March, 1962 already posted to the members of the Company, we wish to announce that in response to several requests received from members, applications for rights and additional shares and letters of renunciation with payment of application money at the rate of Rs. 5/50 per share will be received at the Registered Office of the Company at Mettur Dam R.S., till 3 p.m. on 10th April, 1962 instead of 7th April, 1962.

SESHASAYEE BROS. PRIVATE LTD.,
Managing Agents.

27th March 1962.

COMPANY AFFAIRS

(*Concluded from page 630*)

The financial position of the Company is a picture of strength and health. The issued and paid-up capital is of Rs. 52.00 lakhs, of which *Rs. 30 lakhs are in 8 per cent guaranteed cumulative* preference shares of Rs. 100 each, Rs. 40 lakhs in 5.5 per cent second cumulative preference shares also of Rs. 100 each (both being equal to the authorised preference capital); the balance of Rs. 450 lakhs is in equity shares of Rs. 10 each, including Rs. 259.99 lakhs by way of capitalisation of reserves and Rs. 19.99 lakhs for shares allotted as fully paid for consideration other than cash. As against this, reserves and surplus total Rs. 508.13 lakhs, including general reserve of Rs. 329.24 lakhs, share premium account of Rs. 70 lakhs and development rebate reserve of Rs. 71.50 lakhs. The Company has Rs. 204.55 lakhs in 6.5 per cent, debenture-stock *1968-73* secured as a floating charge upon the assets. Bank borrowings, at the end of the year stood at Rs. 145.82 lakhs, secured by hypothecation of stocks. Outstanding interest on these secured loans is shown at Rs. 0.1 lakh. The total liability of secured loans works out to Rs. 350.47 lakhs. In addition, current liabilities and provisions amount to Rs. 381.67 lakhs. The *total liability to outsiders thus aggregates* Rs. 732.14 lakhs, to cover which are available current assets, loans and advances of Rs. 10.88 crores. Debenture-stock redemption fund is shown at Rs. 36.47 lakhs against Rs. 28.47 lakhs in the previous year. Investments are shown at Rs. 4.54 lakhs; those quoted cost the Company Rs. 4.29 lakhs and command a market value of Rs. 4.09 lakhs. The gross block increased during the year from Rs. 10.40 crores to Rs. 10.92 crores, and is very conservatively written down to Rs. 6.31 crores.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 44.62 *cum-div.*, and offer, on the *ex-div.* basis, a net yield of 3.1 per cent per annum.

AZAM JAHI ELUCIDATES LAST YEAR'S RESULTS

Apropos our review of the results of the Azam Jahi Mills Limited for the year ended 30th September 1961, in the issue of 17th March 1962, the Company has elucidated the year's results as follows:

"1. The total cost of cotton increased over the cost of previous year. The Directors in their report mentioned that prices and availability of cotton during the year were satisfactory. The increase in the total cost of cotton was due only to higher production of cloth and yarn that was achieved during the year and this higher production is reflected in the higher realisation from cloth and yarn as appearing in the accounts.

"2. As for the operational expenses, the bulk of the increase is due to payment of Rs. 6 lakhs to workers retrenched during the year towards retrenchment compensation, gratuity, etc. as a result of rationalisation of workload. Rationalisation was mentioned in the report of the Directors. A further increase of about Rs. 1 lakh in wages and salaries was due to the payment of Wage Board Award increase in wages and salaries to workers and clerical staff. In the year under review, this increased wages and salaries were paid for the whole year of 12 months whereas in the previous year the increase was effective for only nine months of the Company's financial year, i.e., for the period from 1st January 1960 to September 1960. It will be observed that the bulk of the increase in operational expenses this year is non-recurring and *the Company will reap the benefit of rationalisation in future years.* It will be appreciated that the higher expenses as commented by you are not disturbing but is the result of increase in production and extraneous payment, etc.

"3. The arrears of depreciation as revealed in the accounts of the year amount to Rs. 36.8 lakhs and the Directors are of the opinion that given a few reasonably good years, the entire arrears will be cleared from the profits.

"4. The Company has been carrying forward depreciation losses in the income-tax assessment records and as such it was not necessary to provide for taxation.

"5. As for Company's position in regard to short-term liability and your comments that liabilities are not adequately covered by current assets, we cannot reconcile with this remark. In our case, current liabilities include a loan capital of Rs. 116 lakhs raised from the bank and a substantial part of it is a long-term loan specifically raised to finance the purchase of block assets such as capital machinery, etc. and we do not think there can be any valid objection to this. It is perfectly open to the borrower to invest the lender's money in fixed assets. A creditor cannot, in our opinion, say that the borrowed loan should be kept only in liquid assets. All that a creditor is concerned is whether his financial interest is fully secured and whether the Company has enough assets either in the shape of fixed or floating assets to meet his loan. Our Company fully satisfies this requirement."

CENTRE AND THE STATE PLANS—I

(*Concluded from page 609*)

the rate of progress has not been satisfactory. The hope is that, with 64.09 per cent of third Plan expenditure by States on agriculture, etc., more effective attention would be paid to this sector which caters substantially to national income. Rural and community development outlay rose from Rs. 51.14 crores in first Plan to Rs. 200.66 crores in second Plan and on to Rs. 55.54 crores (1961-62). Service expenditure on this head increased at a faster rate than education, but evaluation reports do not convey cumulative beneficial results. Under "Famine," the expenditure went down *pro rata* as between the second Plan and 1961-62, showing how the authorities do not understand the vital importance of social security. Details are given in Table III.

On the whole, service expenditure did not improve according to modern standards, though there is good room for economy accompanied by a higher level of efficiency and integrity. The third Plan outlay target of Rs. 3,847.31 crores (including revenue and capital accounts) is not accompanied by even an approximate estimate of total development expenditure (leave alone total service expenditure) during the period.

Table IV contains total development and non-development expenditure, including revenue and capital accounts at Rs. 2,006.71 crores (first Plan), Rs. 3,630.96 crores (second Plan), and is budgeted at Rs. 981.69 crores in 1961-62. As compared with the total expenditure, the percentage figures are 64.29, 67.25, 66.17, respectively, for the two Plan periods combined, and 69.67 for 1961-62 (B.E.). The distinction between "development and non-development" items is by rule of thumb and calls for immediate revision.

Table V contains the relevant data pertaining to consolidated budgetary position. While during the second Plan period the States achieved collectively a revenue surplus of Rs. 42.8 crores, the budgets for 1961-62 forecast a deficit of Rs. 36 crores for a single year. Including revenue and capital accounts, overall deficit was Rs. 86.7 crores in the first Plan period and Rs. 157.6 crores in the second Plan. It is estimated at Rs. 66.6 crores for 1961-62. Cash balances shown in the table include overdrafts, but separate figures are not given! The total deficit of Rs. 244.3 crores (1951-61) was made up by drawing on cash balances (including overdrafts) to the tune of Rs. 145.9 crores and sale of securities fetching Rs. 98.5 crores. Eleven States expected to have negative cash balances as on 31st March 1962, as compared with five States on 31st March 1961! While the progress of total expenditure as between the two Plans from Rs. 2,299.8 crores to Rs. 4,012.7 crores indicates fairly rapid development, the steep drop in cash balances and reserves should be a matter for serious concern, bearing in mind the fact that the net deficit on account of capital transactions during the decade was Rs. 164.6 crores made up from loans. At this rate, the unhealthy habit of the States implicitly looking to the Centre for assistance at any point to any extent may develop, leading to a factual suspension of the sovereignty of States. The preventive step comprises the raising of revenues (both tax and non-tax) by the States in step with the growing tempo of the national economy.

(*To be continued*)

LABOUR

(*Concluded from page 612*)

Besides this, 243 additional beds were reserved bringing the total number of beds so far reserved to 2,731. With effect from 1st April 1962, employers' contribution to the scheme has been raised from 1¼ per cent to 2½ per cent in areas where the scheme has been implemented. The employers contribution in non-implemented areas has been kept unchanged at ¾ per cent.

Membership of the Employees' Provident Fund Scheme showed a further rise and, as at the end of October 1961, the number of subscribers stood at 3.075 million workers in 16,281 establishments. Contributions collected till the end of October 1961 amounted to Rs. 302.89 crores. As against this, refunds to outgoing members and loans amounted to Rs. 84.06 crores.

The report discloses that steps have been taken to give concrete shape to the suggestion for establishing an unemployment relief fund.

hunger strikes IN BANKING HISTORY

In the 3rd Century A. D. the 'hunger strike' was a weapon used in India for the recovery of loans. The method was called "dharna". The creditor posted himself outside the debtor's house and fasted till either the debt was paid or he (the creditor) died. The debtor usually paid up, for fear of being injured by the ghost of the man. Manu the Hindu lawgiver laid down five methods for the recovery of debt: "By moral suasion, by suit of law, by artful management or by customary proceedings a creditor may recover property lent; and fifthly by force."

Today friendliness and co-operation underscore banking transactions, especially when you deal with the Union Bank. The Union Bank has made a creed of *personalised service*, under which every depositor is treated as a Very Important Person. The Union Bank believes that a depositor's savings help not only himself and his family, but also the nation.

The Union Bank Helps People

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THE UNION BANK OF INDIA LIMITED
Registered Office: Apollo Street, Fort, Bombay 1. 61 Branches all over India

ASP/UBI-3

STEWARTS AND LLOYDS OF INDIA, PRIVATE LIMITED

In order to serve the growing industries of Maharashtra and Gujarat, Stewarts and Lloyds of India have opened a Branch Office in Bombay on Monday, 2nd April, 1962. We would ask all our many customers in these States, and all those who have requirements of piping, coils, bent boiler tubes, tubular structures and scaffolding, to send their future enquiries to the address given below.

S&L

STEWARTS AND LLOYDS OF INDIA, PRIVATE LIMITED

Himalaya House, (5th floor)
Palton Road,
BOMBAY–1.

Telephone No.: 262441

STEWARTS AND LLOYDS OF INDIA, PRIVATE LIMITED

REGD. OFFICE: 41, CHOWRINGHEE ROAD, CALCUTTA–16.

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NO CHANGE IN MONEY

(From Our Own Correspondent)

BOMBAY, *4th April*

The past seven days have not witnessed any change in the state of the short-term money market. The turn of the fiscal year has not brought about any abatement in the seasonal pressure of demand for funds. The stringency is as acute as it was a week ago and it looks as though the current busy season, which had started rather late, may last a little longer than usual; it would not be surprising, if it were to continue right up to the end of May.

In the inter-bank section, the day-to-day money rate remains unaltered at 5½ per cent, with borrowers over. Almost every bank is dependent upon the lender of last resort for supplementing their resources to meet the high level of demand for credit from trade and industry. There has been no change in short-term deposit rates which are ruling at the ceilings under the inter-bank agreement.

The results of 91 days' Treasury Bills of the Government of India are also colourless. The amount invited, offered and accepted, all remained at the self-same figure of Rs. 2 crores. This was true also of the average rate of accepted tenders at 2.640 per cent per annum. The response to Intermediate Treasury Bills, which had fallen from Rs. 15 lakhs to Rs. 5 lakhs in the previous week, was much less, having yielded no more than Rs. 2 lakhs. Sales of both the types of Bills are, however, being continued.

The external assets of the Reserve Bank suffered a fall of Rs. 5.96 crores during the week-ended 30th March 1962, to stand at Rs. 129.70 crores. The only other noteworthy change in the Reserve Bank's statement for that week is a contraction of Rs. 2.45 crores in the advances to scheduled banks against usance bills, the total amount outstanding being Rs. 40.73 crores.

The gilt-edged market, too, was listless, with a few transactions stemming mostly from the Provident Fund accounts.

There was a marked improvement in the value of the pound sterling in the foreign exchange markets of the world, particularly in New York and Zurich. Thus, the spot New York on London went up by 0.390 cent to 281.540-281.580 cents per £ and three months' forward by a like amount to 280.160-280.200 cents per £. In Zurich, the spot rate was 12.2.300-12.2.320 Swiss francs to £, as against 12.2.115-12.2.135 a week before. In Bombay, the banks' selling rate for spot T.T. on New York was 50 nP lower at Rs. 475.50 and their buying rate by 75 nP at Rs. 472 per 100 U.S. dollars.

TEAS IRREGULAR

(From Our Own Correspondent)

CALCUTTA, *3rd April*

There was good demand for the dusts offered during last week's tea sales here for internal consumption totalling 29,897 packages. Prices were irregular. Thus, good C.T.C. teas evidenced keen competition and were, as a result, fully firm. Medium C.T.C. dusts possessing clean leaf were irregular, but teas of the bright liquoring type hardened. On the other hand, fibrous secondary descriptions eased. Plain orthodox teas declined, with the falling trend being pronounced in respect of the poorer lots. Although earlier in the sales, the bright liquoring Assams were fully firm, as the sales progressed, prices gave way. Fibrous legg-cut teas came in to an easier market, while the lots having clean leaf were readily absorbed. The quotations (in rupees) per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust 6.30 to 7.00, medium Assam C.T.C. dust 5.30 to 5.70, medium Assam dust 3.90 to 4.60, legg-cut dust 3.80 to 4.70, and plain orthodox dust 3.45 to 4.00. Leaf on offer totalled 494 packages. The trend was irregular.

The low level of tea stocks in London once again received attention among trade circles during the week. While the qualities fit for export from the last crop in north-east India have been exhausted, as indicated by the export auctions concluded a week ago, dusts mainly of an end-of-season character have not yet been completed. The quantity still awaiting absorption is thought to be insignificant, and the carry-over for the next season will be practically nil. In other words, the higher crop of last year has been readily absorbed. This had led to the logical inference that consumption, both in India and abroad, has increased. Such a reading is only confirmed by a recent F.A.O. study, according to which, while tea output all over the world increased by 7 per cent, consumption rose by 8 per cent. Considering that U.K. stocks are currently about 40 million lbs. lower than at this time last year, it would be no surprise, if final figures reveal a faster progress of consumption.

U.K. buyers possibly regret their slow support earlier in the season in the hope that the full weight of the higher crop would bring about a rapid decline in prices. Actually, for some time prices for exportable teas declined. But when foreign buying increased in order to make up for their earlier shortfall, prices moved up. The anxiety of the U.K. buyers to improve their stock positions is in evidence, in that they are now making keen inquiries about this season's surplus crop. In the coming two months, U.K. stocks will decline at a much faster rate, there being no shipments for replenishment. All these will ensure that the opening of the new season's sales will be marked by keen accumulated demand.

An increase in north-east Indian production is expected this year. However, the increase would not be as large as in 1961. The Indian tea industry should seize the opportunity of increased world demand and, unless replanting and extension of acreage proceed much more rapidly than at present, it is apprehended that India would not be able to derive the full benefit from increased world demand. Gardens are groaning under heavy tax burdens, which do not leave the required funds for development. The time has come for the Government to review the situation more realistically than hitherto and accord tax relief. Otherwise, other producing countries, whose cost of production and extension are cheaper, would steal a march over India. This is all the more important when it is known that, despite the Government's orders to the Tea Board to discontinue internal propaganda, internal consumption is increasing. This is not surprising, since, with rapid industrial development, industrial workers with an urban bias are increasing.

SILVER FIRM AGAIN

(From Our Own Correspondent)

BOMBAY, *4th April*

Silver continued to rule firm during the week under review, while gold suffered a further setback in value. The renewed firmness of silver was due to persistent buying by a leading operator at Calcutta. Arrivals were, of course, larger than in the previous week, the daily average being 26 bars, as against 13 bars. But stockists were holding tight and so prices moved up. It is for the same reason that actual daily average offtake was also low at 9 bars, as against 11 bars. Gold, however, encountered selling induced by heavy arrivals of contraband metal and fears that there would soon be pressure of sales by dealers who have bought large parcels of gold ornaments which are reported to have arrived in recent weeks from Goa. The actual arrivals were, on an average, about 10,500 tolas per day, the corresponding figure for last week being 9,000 tolas. Offtake was rather restricted: 5,800 tolas a day, as against 6,400 tolas.

About 2,700 tolas of contraband gold worth Rs. 3 lakhs were confiscated by the Customs at Bombay on Wednesday last week.

The *Jeth* (18th June) settlement in gold began the week at Rs. 121.20, as against the previous close of Rs. 121.30 and drifted downward to touch a low of Rs. 119.75 today. At this level, some support was forthcoming and the settlement finished at Rs. 119.90.

Ready gold continued to be quoted at a discount under the forward. In fact, the actual discount widened from 65 nP on Wednesday last week to 90 nP today. The spot rate receded in the course of the week from Rs. 120.65 to Rs. 119.

In silver, the *Jeth* (19th June) settlement was well supported, the quotation advancing from Rs. 217.70 to Rs. 219.45 on Monday the 2nd inst. After declining to Rs. 217.95 today, the settlement moved up again to Rs. 218.45 at the close.

Ready silver elicited good enquiries and rose from Rs. 218.55 to Rs. 219.90 yesterday. After easing to Rs. 218.55 today, it finished at Rs. 219.05. At this level, the spot rate commanded a premium of 60 nP over the forward, as against 85 nP last week-end.

The dollar price of gold in the London bullion market receded from $35.08¼ to $35.07¼ per fine ounce. The sterling price also declined from 249s. 7½d. to 249s. 2½d. Both spot and forward silver were quoted on a par at 84½d. Last week, there was a spread of ¼d., the spot standing at 84⅜d. and the forward at 84½d. Silver in New York continued unchanged at 101.50 cents.

The following table shows the trend of prices during the week under review:

	4-4-62 (closing)	High	Low	28-3-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	119.00	120.80	118.85	120.65
Jeth*	119.90	121.25	119.75	121.80
Sovereign	97.00	—	—	97.00
SILVER				
Ready (.996 fine)	219.05	219.00	218.55	218.55
Jeth†	218.45	219.45	217.55	217.70
London—				
Gold	249s.2¼d.	249s.5½d.	249s.2½d.	249s. 7½d.
Silver Ready	84¼d.	84¼d.	84d.	84⅝d.
Silver Forward	84¼d.	84¼d.	84¼d.	84⅝d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

LINSEED RALLIES

(Messrs. A. Bradley and Co.)

CALCUTTA, *2nd April*

The linseed market showed an upward tendency towards the latter part of the week. There was an appreciable rise in prices. A bullish sentiment prevailed in sympathy with other edible oils and arrivals of seeds from upcountry slowed down. Sellers were reserved. The oil section was firm. Business was done only in ready delivery, as sellers for forward position were not inclined to do any business at these levels.

The oilcake market was unchanged. Some business was done for export for May shipment at slightly lower prices. But sellers were not inclined to do more at these levels.

Ready-April delivery was quoted at Rs. 71 per quintal.

GOOD DEMAND FOR COTTON

(From Our Own Correspondent)

BOMBAY, *4th April*

The vacuum created by the termination of the Jarilla March 1962 contract continues to persist. It is quite unlikely that, with the supply position being what it is, the F.M.C. will permit trading in any other settlement in the current season. Trade quarters hope that the Government would soon make up its mind on the cotton policy for the next season and that permission for trading in new crop would be given early.

In the spot market, there was good demand for such popular varieties as Digjivay, Kalyan, Laxmi, Co2 and L. 147. Price of Vijay, Digvijay and Kalyan, in particular, ruled firm, thanks to mill buying and reduced arrivals. Mill buying would have been more but for the delay in the allotment of an additional 10 per cent of indigenous cotton which has yet to be made although more than three weeks have elapsed since the Cotton Advisory Board recommended it.

Export demand for Bengal *Deshi* continued to be slack, inspite of last week's quota for 70,000 bales. Consequently, purchases by shippers were also slow. Interest in foreign cotton revived, following the release last week of a global import quota for 43,000 bales. Higher grade American cotton was very much in demand. Sudan and East African growths also attracted the attention of mills.

The following are the latest available quotation—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 650; Ganganagar 700; Wagad 851; Kalyan 935; Hubli Laxmi 1,180; Digvijay 1,135, American 1-5/32 G.M. 1,257; American on Sample 1,257, East African B.P. 52, 1,355; B.P. (U.N.U.G.) 1,350-1,370. Sudan G3S 1,450; G4S 1,435.

The Textile Commissioner's requisitioning drive continues to meet with heavy opposition. In fact, official circles in Bombay are concerned at the refusal of certain co-operative societies and traders to comply with the orders of requisitioning passed by the Textile Commissioner and the agitation still being carried on by them against the requisitioning of cotton. Attention is drawn to the fact that the statutory ceiling prices for cotton have been fixed by the Government of India and are applicable to the entire cotton produced in the country, irrespective of whether it is in the possession of the mills, the trade or the co-operative societies. The Textile Commissioner has powers to requisition cotton from any of these holders and compliance with such orders is mandatory.

The co-operative societies, it is pointed out, should realise that the Textile Commissioner has also exercised his powers in the past to relieve them of embarrassing stocks in times of relative plenty. During the cotton season 1959-60, although the overall cotton production was only of the order of 3.75 million bales, there were about 40,000 bales of C.02 cotton with the societies in Gujarat which had no purchasers due to their deteriorated quality and were in danger of becoming a net loss if not sold before the rains. At that time, the Textile Commissioner took special measures to assist the societies and ensured that the entire stocks were sold in time. In order to prevent a similar situation from developing during the 1960-61 season, the Textile Commissioner required mills to purchase five per cent of their cotton quotas in C.02 cotton only, right at the beginning of the season which accounted for about a lakh of bales. As a result, while the accumulation of stocks of other varieties of Gujarat cotton created a problem of disposal, there was no accumulation of C.02 cotton. The Textile Commissioner also persuaded the mills to purchase large quantities of the other varieties of cotton and relieve the societies of their stocks, although the mills had already covered their requirements for normal running as well as for the carryover.

During the present year, official circles point out the situation is different and the Textile Commissioner has now to see that adequate stocks are made available to the mills within the statutory ceilings. It is no longer a question of finding buyers for cotton but of releasing cotton without it being hoarded. It is because cotton is not being released by the societies within the ceiling prices, that the demands for requisitioning are being made by the mills. Even so, the quantities of cotton requisitioned from the societies, as compared to their holdings, are insignificant and the societies obtain for the requisitioned cotton the maximum statutory ceiling price. It is said that the requisitioning of cotton cannot be postponed any longer as the supply position is deteriorating every day. If the co-operative societies do not co-operate, the Textile Commissioner may be compelled to pass such orders as might become necessary, including seizure of stocks of cotton from any holder who has contravened the order and banning the movement of cotton from one area to another.

Advocates of decontrol of cotton in the next season have derived considerable satisfaction from the support they have received from some unexpected quarters. Mr. C. H. Campbell, Chairman of the Finlay Group of Mills, stated, in his annual statement to shareholders of the Gold Mohur Mills, that it was necessary to give the farmer every encouragement and that removal of price control on cotton was only way of doing it. Mr. Pratap Bhogilal, Chairman of the Bombay Millowners' Association, also said much the same thing when he observed, in his address at the annual meeting of the Association held this week that, since it was generally felt that control on cotton prices was a deterrent to the farmer for putting his best effort, he would not stand in the way of removal of ceiling prices.

The easy trend witnessed in the Karachi cotton futures market last week gathered momentum during the week under review. Selling prompted by lack of buying interest by domestic mills and slow export demand led to a decline in prices. The N.T.R.G. May contract eased from Rs. 71.40 to Rs. 69. The July contract declined from Rs. 71.50 to Rs. 69.10. Spot prices, too, were a shade easy.

The following are the latest available quotation—in rupees per maund of 82 lbs.—for a few popular varieties of Pakistan cotton prevailing at Karachi:

Sind *Deshi* 62; Punjab *Deshi* 59.25; 4F Punjab Roller 75; S.G. 81; LSS Punjab Roller 77; S.G. 83; 289F Punjab Roller 90; S.G. 98.

The U.A.R. Government has announced its cotton policy for the coming season. The salient features of the policy are (1) The Egyptian Cotton Commission will receive all cotton produced in the country at the price fixed by the Government. The cotton will then be sold to the Cotton Organisation which, in turn, will sell it to the export houses for shipment abroad. (2) Upcountry merchants shall do business on behalf of the E.C.C. for a suitable commission. (3) E.C.C. selling prices shall remain unchanged. It has also been announced that the spot market at Minet El Bassel will be abolished and its staff will be absorbed in Cotton Commission or Cotton Organisation.

Barring the October deliveries of both the American and American type contracts which came in for selling, cotton futures in Liverpool attracted good buying support during the week. Better advices from the yarn and piecegoods market further aided sentiment. Sudan cotton contract were quiet and nominally unchanged. The following are the latest available quotation—in pence per lb.—from Liverpool:

American cotton one inch staple contract: May 24.15; July 24.35; October 24.20; December 24.30.

American cotton mixed growth contract: May 24.50; July 24.75; October 24.55; December 24.65.

Sudan: May 30; July 29; September 29.

Cotton futures in New York suffered a setback during the week. Value eased in slow dealings which reflected lack of trading interest in the absence of any fresh incentives. Spot prices, however, continued to be well maintained.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	3-4-62	27-3-62	19-3-62
New York spot	35.65	35.65	35.65
May	34.32	34.61	34.51
July	34.70	34.88	34.78
October	34.27	34.40	34.36

YARN TRADERS WELCOME EXPORT POLICY

(From Our Own Correspondent)

BOMBAY, *4th April*

Traders in yarn have welcomed the new import policy for three important reasons. In the first place, the policy maintains *status quo* in respect of established importers' quotas for art silk yarns, contrary to earlier fears of a possible cut in quotas, as well as in regard to export promotion scheme. Secondly, the policy covers the whole year, instead of six-monthly period as hitherto. Finally, the initial validity period of 12 months applicable to small value licences has been extended to all import licences. Traders are, however, disappointed at the continued exclusion of merchant-exporters from the incentive benefits provided by the export promotion scheme for fabrics. For the scheme as given in the Red Book is merely a reproduction of the notifications by which the scheme was introduced in October 1961 and subsequently amended in February 1962. Consequently, the scheme continues to cover only manufacturer-exporters and not merchant-exporters. Meanwhile, there are persistent rumours in the market that the scheme would soon be revised so as to provide for cash incentives on the basis of actual export business in fabrics, in the place of import entitlements.

The work of distribution of indigenous art silk yarn for primary and apex weavers' co-operative societies, weavers' associations and handloom cloth manufacturers outside the co-operative fold, etc., in Maharashtra State has been entrusted to the office of the Registrar of Co-operative Societies, Industrial Section 22, Wellesley Road, Poona 1. So far, this work was being done by the Indigenous Art Silk Yarn Distribution Committee, Bombay. In future, indigenous art silk yarn will be allotted every quarter to the weavers' co-operative societies, apex societies, weavers' Associations and handloom cloth manufacturers outside the co-operative fold by the Registrar's office on receipt of allotment of quota from the Textile Commissioner. Indigenous art silk yarn is allotted on loomage basis as per the pattern prescribed by the Textile Commissioner.

Renewed rumours regarding revision of the export promotion scheme for art silk fabrics prompted bull buying and frantic short-covering which led to a sharp rise in prices of Amilan yarn (20 x 1). The April delivery jumped up from Rs. 3,470 to Rs. 3,580 and June contract from Rs. 3,550 to Rs. 3,660. In the spot section, National Rayons 120 Bt. cones 1st grade advanced by 36 nP to Rs. 14.37. 150 Bt. cones 1st grade spurted by 29 nP to Rs. 12.10. Among imported yarns, 120 Japan rose by Rs. 27 to Rs. 1,984. 150 Japan, however, was subjected to liquidation by stockists and declined by Rs. 28 to Rs. 1,901. 120 Italy also fell by Rs. 81 to Rs. 1.879 and 150 Italy by Rs. 21 to Rs. 1,735.

Staple fibre yarns ruled dull in the absence of encouraging advices from consuming centres. 40 x 2 April settlement dropped Rs. 2 to Rs. 727. June contract was quiet at Rs. 742. Spot Centurys were neglected at Rs. 8.12, as also Kohinoors at Rs. 8.18.

Among cotton yarns, coarse counts met with good support, while others were dull. Ten counts Moderns hardened by 50 nP to Rs. 19.50. Twenty counts Gokaks picked up 12 nP to Rs. 22.87. 32 counts Madras put on 25 nP to Rs. 29.75.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	4-4-1962	28-3-1962
Art silk yarn—	Rs.	Rs.
20/1 Amilan (100 kg.)—		
April	3,580.00	3,470.00
June	3,660.00	3,550.00
120 Japan (per 100 kg.)	1,984.00	1,957.00
150 Japan (per 100 kg.)	1,901.00	1,929.00
120 Italy (per 100 kg.)	1,819.00	1,900.00
150 Italy (per 100 kg.	1,735.00	1,763.00
Nat. Ray. 150 Bt. 1 (per kg.)	12.10	11.81
Staple fibre yarn (40 x 2)—		
April	727.00	729.00
June	742.00	741.00
Kohinoor (per kg.)	8.18	8.18
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	19.50	19.00
20s Modern	22.87	22.75
32s Madura	29.75	29.50
40s T. T. Corin	33.75	33.75
60s T'Mangal	50.50	50.50
80s Mahindra	74.00	74.00

OILSEEDS RECOVER

(From Our Own Correspondent)

BOMBAY, *4th April*

Under the leadership of groundnuts, oilseeds this week staged a smart recovery from the low levels touched last week. The recovery was aided by bull support. Groundnuts ruled distinctly firm, thanks to persistent buying by local crushers and *vanaspati* manufacturers. Better advices from North Indian mustard markets, too, imparted strength. Moreover, arrivals were limited, as the farmers at upcountry centres appeared to be reluctant to part with stocks at low levels. There was brisk activity in the castorseed section too. It was reported that fairly large orders for castor oil had been received from some communist countries. Besides, the reported crop damage in certain parts of Brazil was bullishly interpreted by the trade, since this would reduce competition for castor oil from that country, especially in the U.S. market. Linseeds ruled steady, despite the large crop harvested during the season. Arrivals of new crop were meagre. In sympathy, cottonseeds were firm.

Groundnut May 1962 contract rose by Rs. 2.37 to Rs. 227.12. Nizam bold spurted by Re. 1.25 to Rs. 227.12. Oil ex-mill put on 25 nP to Rs. 19.25. Oil May 1962 contract closed higher at Rs. 19.05, as compared with Rs. 18.80 last week-end.

Castorseed June 1962 contract advanced by Rs. 3.50 to Rs. 165. September 1962 contract improved by Rs. 2.75 to Rs. 168.37. Castor March 1962, which closed last week at Rs. 165.50, went off the board at the end of the month at Rs. 169.25. Kanpur strengthened by Re. 1.50 to Rs. 33. Oil B.S.S. and Commercial hardened by 40 nP each to Rs. 14.40 and Rs. 13.70, respectively.

Linseed June 1962 contract put on 19 nP to Rs. 37.56. March 1962 contract ran out at the close of the month at Rs. 37. Bold ready gathered 13 nP to Rs. 36.25. Linseed oil picked up 10 nP at Rs. 15.

Among cottonseeds, July 1962 contract improved from Rs. 103.25 to Rs. 105.10, before closing at Rs. 103.75. April 1962, however, fell by Rs. 2 to Rs. 97.50. White, non-white and Berar all gained 50 nP each to Rs. 20.50.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 4th April, as compared with those of the two previous weeks:

	4-4-1962	28-3-1962	20-3-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	227.12	224.75	226.50
Nizam bold	46.75	45.50	45.50
Khandesh quality	47.00	45.75	46.25
Oil ex-mill ready*	19.25	19.00	19.20
Railway receipts*	19.05	18.70	19.00
Oil May 1962	19.05	18.80	18.95
Castorseed			
June 1962	165.00	161.50	165.25
Ready Madras	34.25	33.00	33.50
Ready Kanpur	33.00	31.50	32.00
Oil B.S.S.†	14.40	14.00	14.55
Oil commercial†	13.70	13.30	13.85
Linseed			
June 1962	36.87	37.37	36.19
Bold ready	36.25	36.12	35.50
Oil ready†	15.00	14.90	15.10
Cottonseed			
April 1962	97.50	99.50	100.50
July 1962	103.75	103.25	103.75
Kapas seed	36.00	35.50	35.50
Kardi seed	24.00	24.00	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 280 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 20 kilograms and oil per 10 kilograms.

PLAIN TEAS EASIER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *29th March*

A total of 390,000 kgs. was offered in sale 13 on Tuesday, the 27th inst. Nilgiri quality was generally inferior, but medium kinds were about maintained. There was good general demand for most descriptions at around last rates, but Nilgiris and plainest kinds were easier. Nilgiri B.O.Ps were up to Re. 1 lower in price except for a few selected invoices, which were firm to dearer. Fannings in this category were generally lower but there were a few exceptions. Good-medium brokens met with strong enquiry at rates which were firm to dearer, particularly where quality showed an impovement, whilst their fannings remained about steady on last rates. Medium and low medium brokens were well supported and sold at about last rates with any price changes being in buyers' favour. Fannings in these categories, however, often tended easier. Black leaf brokens came to an easier market, but their fannings met with strong demand. Whole leaf grades sold well, particularly medium flowery pekoes. The plainest kinds were irregular and lower in price. C.T.C. and legg-cut descriptions came to a fully firm market.

The quotations per kg. were:

	1962 Rs.	1961 Rs.
Low mediums	4.00-4.40	4.55-4.70
Mediums	4.40-5.25	4.70-4.90
Good mediums	5.25-6.80	4.95-5.30
Nilgiri B.O.P.	5.00-8.85	5.25-8.05

The average price realised in sale No. 13 was Rs. 5.37 per kilo, as against Rs. 5.19 in the previous week and Rs. 4.93 in the corresponding sale last year.

A total of 233,000 kgs. was offered in sale No. 13 held today. The sale opened to a good demand at around last rates, but, as it progressed, an easing was seen. Rates for Travancore and Anamallai dusts often shed up to 25 nP per kilo, but those from the Wynaad were steady. Residual descriptions also came to a firm market, but a further easing in price was seen for C.T.C. and legg-cut sorts. Nilgiri dusts sold well at often enhanced levels.

The average price realised in dust sale No. 13 was Rs. 4.09 per kilo, as compared with Rs. 4.13 a week ago and Rs. 4.73 in the corresponding sale last year.

Colombo: In this week's sale just under 5½ million lbs. were offered and met with a good general demand. Highgrowns sold readily following quality, whilst all medium descriptions came to a strong market and advanced 5-10 cents.

London: North Indian and other growths: In Monday's auction there was good demand and prices were generally firm for all descriptions. Although plain kinds were a shade easier, bright liquoring Africans came to a dearer market. Plain broken pekoe has declined to 3/0½d.

Ceylon and South Indians: 20,007 packages were offered in Tuesday's sale of which 6,744 packages were from South India. Both Ceylons and South Indians met with useful support, but prices were generally irregular and slightly easier.

As we go to press Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No.* 14: 370,000 kgs. offered. Useful demand. Low mediums and mediums barely steady. Good mediums strong and dearer. Highgrowns irregular, but generally easier with quality whole leaf strong."

FIRM TONE IN METALS

(From Our Own Correspondent)

CALCUTTA, *3rd April*

Under the impetus of higher advices from the London Metal Exchange and of increased local demand, fully firm tone was in evidence in the metal market here during the week under review. The absence of any liberalisation of base metal imports has been noted with some disappointment, as it had generally been expected that the established importers would be allowed to import and build some stocks, when world prices would be most favourable. However, the foreign exchange shortage being what it is, there is the realisation that nothing better could be attempted. While the issuance of import licences for the year as a whole, is welcomed, there is uncertainty inasmuch as in the first six months only half of the licences be utilised.

Further news of importance to the market has been the *communique* which the International Study Group issued after reviewing the world supply position and demand in regard to zinc and lead. lead. While nations representing about 70 per cent of the world trade in these two metals agreed to limit production on condition that the remaining producing areas would similarly agree to do so, the U.S.S.R. and Poland were expected to suggest and take measures in their own spheres with a view to stabilising, the international zinc market. The U.S.S.R. also undertook that its exports of lead in 1962 would not exceed last year's. The Study Group would meet later next month, when the various representatives would have returned to Geneva with firmer views about the practicability of implementing the Study Group's proposed measures aimed at market stabilisation.

It is anticipated that the new Cabinet's budget proposals would contain fresh taxation at least to the extent of covering the deficit on the revenue side, though a burden of Rs. 100 crores would not altogether be a surprise. Since it is widely believed that the Government does not see scope to increase direct taxation, the new Finance Minister's exploring eyes would fall on enhancement of the excise duties and levying new ones.

In the last year, *ad valorem* excise duty of 10 per cent was levied on copper and brass pipes and tubes. Zinc sheets and brass and copper strips and circles attracted a duty at the flat rate of Rs. 300 per metric ton.

Always eager to include as wide a range of products by stretching interpretation and in their exuberance to enhance the revenues of the exchequer, the local excise authorities ruled that plates and strips included long-length flats and square rods of any size. Since the past one year, the industry is paying excise duty on the latter products under protest. The local excise authorities have now ruled that, according to the definition, brass and copper flats and square rods attract excise duty, only if the thickness of the flats and the size of the square rods is .375" or below. The industry would point out that long-length flats and square rods cannot come within the definition of foils or strips, and would again appeal to the authorities to revise their decision. Meanwhile, it is believed that duty would continue to be paid on squares and flats of .375" and below.

On the London Metal Exchange, during the week, spot copper opened at £234 a ton and, after remaining at that level for quite long, hardened to £234¾ on consumer demand. Copper scrap ruled firm in Calcutta. However, buyers displayed less interest in anticipation of a favourable import policy. Tin, in London, eased from £963 a ton to £959½, as support at the higher level was lacking. This led to losses in the Singapore quotation also. Tin, in Calcutta, was in acute short supply, and therefore, gained further. Virgin lead was unchanged here at Rs. 123 per 100 kgs. In London, the price recovered from £60¾ a ton to £61¼ following the Study Group's proposals. Zinc in London opened at £70⅜ a ton, and gradually eased to £70⅛ following news that the world supply this year would be greater than in 1961.

RAW JUTE FIRM

(From Our Own Correspondent)

CALCUTTA, *3rd April*

Although speculative business was keen and covering business was done on a moderate scale, hessian constructions recorded a modest decline, caused by the sparse interest shown by overseas buyers, while heavy goods fluctuated widely and closed higher on balance. It was believed that business done with overseas buyers during the month of March was satisfactory. Since, however, this can be confirmed only by the level of stocks with mills at the end of March, details were keenly awaited. The importance attached to these figures is all the greater since the same would enable the mills to decide the question whether the unrestricted phase of production should be extended further. Fibre was firm at the minimum levels, but, following the announcement that the Buffer Stock Association would soon extend support, prices in the mofussil trading centres rose above Calcutta's parity. The continuance of dry weather and absence of rain should have been sources of anxiety normally, but, in view of the large offerings mostly of poorer varieties, prices did not harden. Further, the mills are heavily stocked with fibre. Late sowing and harvesting would only mean that mills can exhaust some stocks, thereby releasing godown space for the new crop. That the mills are adequately stocked with fibre would ensure a smooth transition from this season to the next and prices are unlikely to rise. Prices at this time last year, it will be recalled, had reached high levels, so that the working of mills was very uneconomic. The mills have since taken sufficient precaution to prevent repetition of such a development.

The Buffer Stock Association is to commence purchasing for buffer stocks as from this week. Purchases are likely to total 250,000 maunds, mostly of inferior varieties. The Association's Committee has instructed its members to buy at the minimum prices and to store the same in their respective godowns on behalf of the B.S.A. The purchases are to be financed by advances from the State Bank of India. Soon after a committee meeting of the B.S.A. held here last week, it was explained that the Association aimed to ensure a fair return to the grower and to build up stocks of fibre as a cushion against unforeseen failures in future due to climatic conditions. Speaking in the Lok Sabha the other day, the Union Food and Agriculture Minister, Mr. S. K. Patil, contended that the present minimum prices of Rs. 30 a maund could by no means be regarded as an impetus price. He was replying to the communist criticism that the actual cost of production was above Rs. 30. While all concerned would welcome a proper scientific investigation to determine the actual cost of fibre production, it is widely held that the present level of minimum prices will allow a reasonable margin of profit to cultivators.

Considering that mills were hit hard by fibre shortage in recent years and that high prices of fibre gave a fillip to substitutes in foreign markets, it would be illogical to demand of Government permission to export fibre. Speaking at the annual meeting of the Calcutta Hydraulic Press Association, its Chairman, Mr. J. R. Modi, thought that the time was appropriate for Government to allow export of fibre. Such a measure, he said, would be complementary to the Government scheme of stabilising and supporting fibre prices through the establishment of the Buffer Stock Association. Considering the level of prices in Pakistan, it is clear that foreign buyers cannot be found for Indian fibre even at the minimum levels. Further, export demand is mostly in superior grades, while *jungli* and mesta, of which cultivators and bazar dealers have much yet to offer, can best be consumed by mills in India to produce heavy goods. Assuming that India was able to obtain foreign markets for fibre, prices would harden and this would completely upset present balancing in the market. A good and bumper crop does not merely depend upon cultivators sowing a good acreage. Much depends upon the weather. If weather continues to be good after sowing time and floods do not destroy the standing crop, a good harvest can be expected in any year. In the recent past, following a bumper crop, the Government permitted the State Trading Corporation to export a token quantity. It entered into commitments without covering, but, when the time came for covering, prices had risen and it had to ask for extension of delivery date. Even so, the Corporation had to suffer losses. Against such a background, it is unlikely that the Government of India would consider any such hasty measure as exporting fibre.

Conditions in jute goods in recent months have shown a tendency to stabilise. Mills have been able to reduce prices of goods and thus increase exports. Speaking at the annual meeting of the Calcutta Jute Fabric Shippers' Association, Mr. Gopal Toolsidas, the Chairman, welcomed the formation of the Buffer Stock Association, as he said that the B.S.A. aimed at stability and that stability was highly essential to enable shippers to find increased markets for goods. He contended that their performance last year was as good as conditions permitted and urged that the two ways in which they could maintain the present recovery were improvement of quality of fibre and increase in yield per acreage, as well as the re-equipment of mills as rapidly as possible. Trade circles would not entirely agree with the statement made by Mr. N. Kanungo, the Union Commerce Minister, that shortage of ready goods did not affect exports. The high prices for fibre led to increased prices for goods. Foreign consumers postponed entering into commitments and only purchased so as to meet immediate requirements. Such a state of affairs affected exports and sprang from fibre as well as goods shortage. However, it should be said that, now that exports have risen, the decline in exports in a few months has not affected the overall performance of the industry.

Sellers of fibre continued to offer freely and, although mills bought fair quantities, stockists in Cossipore were prepared to dispose fibre at prices below the minimum levels. Arrivals were slightly lower than in the last week. Prices for April-May delivery were quoted at Rs. 30 a maund for Assam bottoms, Rs. 32 for Daissee bottoms, and Rs. 29.50 for northern bottoms. Closely on the heels of India, the Pakistan Government is also favouring the setting up of buffer stocks of fibre. The Government convened last week a conference of all jute interests including representatives of the Association of European Jute Industries, the London Jute Association, the Dundee Jute Importers' Association, and the Association of Jute Spinners and Manufacturers of Dundee. The conference agreed with the feasibility of the creation of buffer stocks, but, as the Pakistan Commerce Minister said at the conference, organisation and finance were problems, a solution for which would have to be found.

On Tuesday last, there was keen speculative interest shown in the futures market, and May B. twills at Rs. 127.05 scored one point with May hessian 40" 10 oz. being fractionally higher at Rs. 50.44. The higher trend hardened prices for ready goods, with B. twills quoting 85 nP higher at Rs. 134 and hessian 40" 10 oz. at Rs. 55.75 gaining 40 nP. The feature on Wednesday was Government interest for B. twills against April delivery. This was followed by covering business, which pushed up ready B. twills to Rs. 134.50. On the other hand, absence of interest led to hessian 40" 10 oz. being pushed down to Rs. 55.50. Although overseas inquiries continued, business taking place on Thursday was conspicuous by its absence. As a result, hessian 40" 10 oz. lost to Rs. 55. However, ready B. twills improved to Rs. 135.25 on modest covering and greater activity in the futures market. The acute shortage in ready goods was clearly discernible on Friday, when B. twills scored by as much as two points to Rs. 137.25. In sympathy, hessian 40" 10 oz. was better at Rs. 54.50. Due date activity in futures set in motion the reverse trend in ready goods where during the week-end, B. twills lost to Rs. 135.25 and hessian 40" 10 oz. to Rs. 53.90. Conditions were fully steady in ready goods yesterday and the continuing squeeze in B. twills forced up the rate as high as Rs. 144. In sympathy, ready hessian 40" 10 oz. picked up to Rs. 54.00.

DULL TRADING IN KIPS

(From Our Own Correspondent)

MADRAS, *2nd April*

There was no appreciable change in the tempo of the hides and skins market here this week. Export trading was selective and centred round the lower ends in cow hides, for which there was good demand from inland trade as well. Arrivals of cow calf and buff calf were small and prices ruled firm. Importers in the U.S. were probing the market and might enter again, if they find prices attractive in the buff calf section. As E.I. tanners are in a well sold forward position, and as the buying season for raw calf is nearly over, sellers are reserved and are not likely to take on large orders hereafter.

In the tanned goat section, shipment business was small, as importers were not following the prices quoted by tanners at this end. Tanners here are not able to meet the buyers' ideas because prices in the raw centres are not economical for them. There were some inquiries for 8/9 and 11/12 lbs. average goat skins and for middle class sheep skins for export account. Shippers to Japan were slowly covering their earlier sales of sheep skins, with profit, as the market tended to be easy. Prices of raw goat were steady and of sheep skins weak.

The following were the ruling prices (per lb.) in the local market for all-round parcels: Tanned cow hides 8/8½ lbs. average Rs. 2.25 to Rs. 2.35; tanned cow calf 1½/2 lbs. average Rs. 3.75 to Rs. 3.85; tanned buff hides 12/14 lbs. average Re. 1.90 to Rs. 2.00; tanned buff calf 1½/2 lbs. average Rs. 3.20 to Rs. 3.30.

FOODGRAINS QUIET

(From Our Own Correspondent)

HAPUR, *2nd April*

Foodgrains were quiet here this week. New crop arrivals in markets were still small. While the harvesting of coarse grains has continued in full swing, that of wheat would begin by the end of the current week. The overall crop prospects are considered bright, and another bumper crop is predicted.

Wheat prices here declined modestly and were quoted on Friday at Rs. 15 to Rs. 15.50 a maund for the average quality and up to Rs. 17.50 for the better farm produce. Stocks with the trade at the fag-end of the season were small. Some arrivals from the rural areas were being picked up by the consumers. Sales of imported wheat through State Government sponsored fair-price shops has all along acted as a bearish factor. Rice, however, ruled steady on better consumers' demand with the change in the season. Arrivals of superior basmati quality rice from Saharanpur district increased the local stocks. Week-end prices were:—Rice *mainpuri sela* Rs. 20, *gadda kutcha* Rs. 19.25, *ramajwayan sela* Rs. 20 to Rs. 22, *raimunia sela* Rs. 22 to Rs. 24, *basmati sela* Rs. 25 to Rs. 28, superior Rs. 30 to Rs. 36 per maund.

With trade stocks being limited, arrivals of new crop gram from Punjab were lifted at better prices by the consumers. Barley and *bejhar*, however, eased further, as new crop arrivals increased. Maize was depressed on selling pressure by stockists. Some offtake was reported by east U.P. *Bajra* declined on lack of buying support. Other grains were listless. Week-end prices (in rupees per maund) were:—Gram Punjab 14, *barley* new 10, *bejhar* 10, maize 8 to 11.50, *bajra* 13, *juwar* 14 to 15.50, *guwar* 14, *methi* 27, oats 10.50. *Juwar* arrived from Rajasthan, but prices were steady on revival of demand.

Among pulses, arrivals of new peas were fast increasing, but as old stocks have exhausted, new crop was readily lifted at higher prices for conversion into dal. *Arhar*, too, attracted good demand from east U.P. Stocks here were fast declining and, as, new arrivals would commence only after a month, prices hardened. Crop prospects, however, were poor due to heavy damage to the crop by severe frost in mid-January. New *massor* was traded lower as the quality was poor. *Urd* and *moong* continued steady on good support. Prices on Monday (in rupees per maund) were:—Peas *dara* 10 to 10.50, farm 11 to 11.50, peas *dal* 12.50, *gram dal* 17.50, *arhar* 14.25, *arhar dal* 18, *urd* 22 to 24, *urd dal* 25 to 28, *massor* new 14.25, malka quality 16.50, *dal* 19.50, *moong* 18 to 21, *moong dal* 21 to 24, *moth* 16, *moth dal* 19.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, *2nd April*

Sugar ruled steady here this week on good demand. The quality was in demand from Gujarat, M.P., Saurashtra and Delhi and inferior small crystal from east U.P. and Rajasthan. The prices of D29 quality from the Amroha and Bijnore factories improved by about 25 nP a maund. Production was uninterrupted, thanks to adequate cane supplies. The Government has conceded the cane growers' demand to prolong the crushing season and increase production quotas of mills so that the surplus cane might be crushed. Week-end prices of cane here were:—Wholesale Rs. 106.75 per bag, retail 97 nP per *seer*, mill delivery (per maund) E29 Simbhauli Rs. 38.19, D29 Amroha Rs. 36.69, Bijnore Rs. 35.50, Seohara Rs. 36.75 and Meerut Rs. 37.19.

In Muzaffarnagar, smaller and inferior crystal sugar improved by 25 nP a maund on inquiry from Punjab, Rajasthan and Bombay. Bold crystal prices were unchanged. New sugar prices eased by 6 to 12 nP per maund. Week-end prices were:—Old stuff of 1960-61 season A29 Iqbalpur Rs. 41, Lhaksar Rs. 39.72, Mansurpur Rs. 40.45, B29 Shamli Rs. 39.75, C29 Deoband Rs. 39.34, new sugar D29 Meerut Rs. 38.15, Simbhauli Rs. 38.66, Amroha Rs. 37.62, Dhampur Rs. 38.25.

Khandsari eased following discouraging inquiries. East U.P. showed no interest and demand from other consuming areas was also slack. Stocks were fast improving. Week-end prices were:—Inferior Rs. 27 to Rs. 30, superior Rs. 31 to Rs. 33.25, crystal Rs. 31 to Rs. 34, *Boora* Rs. 34 to Rs. 36 per maund.

Gur ruled quiet. Arrivals dropped to a daily average of 1,000 maunds. Crushing season is coming to a close. Offtake during the week was small at six wagon loads mostly by Gujarat. Cane sowings were still being done and a further increase in the acreage is predicted. Total arrivals of *gur* here during the current season were put at 4.18 lakh maunds as against 4.70 lakh maunds last year. Fall in production was due to poor cane crop which had suffered heavily on account of pests in earlier stages. Week-end prices were:—*Pansera* best Rs. 16.50, *dara* Rs. 14.50 to Rs. 15.25, *balti* Rs. 14.75. *Shakker* prices advanced on good demand in the face of poor arrivals, and were quoted on Monday at Rs. 18 to Rs. 18.75 a maund.

Gur prices were:—*Chaku* Rs. 16 to Rs. 17.75, *pansera* Rs. 16, rusket Rs. 9.50 to Rs. 11.50. After early sharp gains from the week's opening at Rs. 15.11 to Rs. 15.50, *gur baisakh* eased to Rs. 15.23. Trading was fairly heavy.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 30th March, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		71,29,58,000
(2) Other Governments		15,88,75,000
(b) Banks		72,73,02,000
(c) Others		152,35,92,000
Bills Payable		33,05,95,000
Other Liabilities		57,78,37,000
	Rupees	544,11,59,000

ASSETS	Rs.	Rs.
Notes		25,37,09,000
Rupee Coin		2,11,000
Subsidiary Coin		3,14,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		46,60,45,000
Balances held abroad*		15,84,06,000
Loans and Advances to Governments†		80,85,75,000
Other Loans and Advances		177,69,14,000
Investments		163,43,19,000
Other Assets		34,23,66,000
	Rupees	544,11,59,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 40,73,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	25,37,09,000	
Notes in circulation	2070,30,22,000	
Total Notes issued		2095,67,31,000
Total Liabilities		2095,67,31,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	113,86,07,000	
Total of A		231,62,10,000
B. Rupee Coin		116,91,49,000
Government of India Rupee Securities		1747,13,72,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2095,67,31,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	23-3-62	16-3-62	24-3-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	49,15	48,54	47,58
(ii) From others	762,84	750,64	706,97
(b) Borrowings from banks	16,40	14,74	15,97
(c) Others	52,88	58,27	58,05
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	15,78	13,92	14,52
(ii) From others	1,124,77	1,125,80	1,029,33
(b) Borrowings from banks	15,65	15,90	9,74
(c) Others	13,26	13,41	21,99
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,887,61	1,875,94	1,736,30
4. Aggregate liabilities [(1 (a) (ii) +1 (c)+2 (a) (ii)+2 (c)]	1,958,75	1,942,68	1,811,84
5. Borrowings from Reserve Bank	59,32	66,40	82,63
(a) Against usance bills and/or promissory notes	43,18	47,84	37,15
(b) Others	16,14	18,56	45,48
6. Borrowings from State Bank and/or a notified Bank	17,16	16,13	16,34
7. Cash	51,33	50,42	44,81
8. Balances with Reserve Bank	72,08	75,63	71,28
9. Cash and balances with Reserve Bank	123,36	126,05	116,09
10. 9 as per cent of 4	6,31	6,49	6,41
11. Balance with other banks in current account	16,95	16,88	15,35
12. Money at call and short notice	36,05	31,74	22,97
13. Investments in Government securities	591,18	595,62	558,44
14. 15 as per cent of 4	30,26	30,66	30,33
15. Advances—			
(a) Loans, cash credits and overdrafts	1,166,75	1,166,74	1,103,99
(b) Due from banks	8,72	8,95	16,45
16. Inland bills purchased and discounted	182,02	178,85	153,30
17. Foreign bills purchased and discounted	47,54	45,96	50,72
18. Total Bank Credit [15 (a)+16+17]	1,396,31	1,391,05	1,308,02
19. 18 as per cent of 4	71,47	71,61	72,21

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	22nd Mar., 1962	4.25	4
Bolivia	30th Sept., 1960	6	6
Burma	Feb., 1948	3	3
Canada †	..	3.22	3.26
Ceylon	13th Aug., 1960	3.50	4
Chile	Feb., 1957	4.50	6
Denmark	23rd May, 1961	5.5	6.5
Ecuador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	June, 1951	5.5	6
Finland	Mar., 1959	6.50	6.75
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Mar., 1962	5.56	5.34
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	3.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	3.50	3.50
Pakistan	14th Jan., 1959	5	4
Peru	Mar., 1960	6.00	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	2	2
South Africa	7th Dec., 1961	5	4.50
Spain	June 1961	4.6	4
Sweden	15th Jan., 1960	4.50	5
Switzerland	26th Feb., 1959	2.50	3
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	22nd Mar., 1962	5.5	5
U.S.S.R.	1st July, 1956	3	4
U.S.A.	2nd Dec., 1961	3	4
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for

State Bank of India

Statement of Affairs for the week ended 23rd March, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		8,20,00,000
Borrowings from Other Banking Companies, Agents, etc.		559,95,33,000
Bills Payable		2,85,50,000
Bills for Collection being Bills receivable as per contra		7,49,29,000
Acceptances, Endorsements and Other Obligations per contra		2,47,81,000
Other Liabilities (including Inter-Office Adjustments)		1,17,77,000
Total .. Rs.		3,52,82,000
		591,31,02,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		23,01,01,000
Balances with other Banks		2,09,52,000
Money at Call and Short Notice		2,00,00,000
INVESTMENTS—		
Government and other Trustee Securities	242,03,67,000	
Other Authorised Investments	9,07,59,000	
		251,71,26,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	263,71,00,000	
Bills Discounted and Purchased	19,28,58,000	
		282,99,58,000
Bills Receivable being Bills for Collection as per contra		2,47,81,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		1,17,77,000
Premises less Depreciation		1,91,44,000
Furniture and Fixtures less Depreciation		1,47,26,000
Other Assets (including Inter-Office Adjustments)		22,45,37,000
Total .. Rs.		591,31,02,000

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1960-61	1959-60*	Jan., 1962	Jan., 1961
Central Government Securities:				
(a) 3% conversion loan 1966 or later†	2.85	2.84	2.96	2.82
(b) Others‡	2.68	2.59	2.76	2.72
Debentures	4.11	3.97	4.15	4.14
Preference Shares	5.32	5.44	5.32	5.24
Variable Dividend Industrial Securities	4.88	5.27	4.62	5.04
Agriculture and Allied Activities	5.80	6.09	5.04	6.13
(a) Tea Plantations	6.01	6.17	6.04	6.51
(b) Coffee Plantations	5.12	6.06	5.87	4.04
(c) Rubber Plantations	6.33	7.60	6.95	6.34
Mining and Quarrying	5.31	6.19	5.20	
(a) Coal	4.56	5.32	4.37	3.96
(b) Other Mining	5.32	6.44	5.78	6.18
Processing and Manufacturing	4.35	4.70	4.22	4.62
Foodstuffs, Textiles, etc. ‡ ††	4.26	4.68	4.10	4.59
(a) Sugar ††	5.80	6.63	5.50	6.36
(b) Cotton Textiles	3.47	3.97	3.64	3.75
(c) Jute Textiles	6.15	5.60	5.26	6.50
(d) Silk and Woollens	3.17	3.96	3.56	3.38
Metals and Chemicals	4.18	4.10	4.33	4.49
(a) Iron and Steel	4.25	3.89	4.96	4.72
(b) Transport Equipment	3.38	3.45	3.89	3.54
(c) Electrical Machinery	5.03	5.09	4.58	5.38
(d) Other Machinery	4.07	4.55	3.95	4.27
(e) Basic Ind. Chemicals	3.59	4.14	3.60	3.91
Others	4.90	5.69	4.34	4.95
(a) Cement	5.21	6.07	4.64	5.19
(b) Paper	4.76	5.02	4.23	4.85
Other Industries	6.05	6.49	5.19	5.80
(a) Electricity Generation and Supply	6.28	6.86	5.34	5.87
(b) Trading	6.38	6.58	6.81	8.49
(c) Shipping and Other Transport	5.17	5.25	4.23	4.71
(d) Construction	4.49	4.12	3.78	4.73
Financial §	6.21	6.64	5.49	6.19
(a) Banks	5.93	6.46	4.97	5.74
(b) Insurance	7.56	7.53	7.02	7.65
(c) Investment Trusts	6.85	6.28	6.60	6.87

* Average of 9 months. † Running Yield. Average of four loans (i) 3½%, 1965/68, (ii) 3½% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous'. †† Including Edible and Vegetable Oils.

State Bank of Pakistan

Statement of Affairs for the week ended 23rd March, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,65,00,000
Rural Credit Fund		2,00,00,000
Deposits:		
(a) Central Government		23,22,25,000
(b) Provincial Governments		63,74,000
(c) Banks		23,14,24,000
(d) Others		105,94,06,000
Bills Payable		48,71,000
Other Liabilities		18,06,20,000
	Rupees	181,14,29,000

ASSETS	Rs.	Rs.
Notes		12,92,34,000
Rupee Coin		25,000
Subsidiary Coin		40,000
Bills Purchased and Discounted:—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		27,61,000
Balances held outside Pakistan*		28,27,61,000
Loans and Advances to Governments		88,00,000
Provincial Governments' Debtor Balances		....
Other Loans and Advances		77,15,69,000
Investments		50,11,49,000
Other Assets		11,78,51,000
	Rupees	181,14,29,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs
Notes held in the Banking Department	12,92,34,000	
Notes in circulation	382,48,25,000	
Total Notes issued		395,40,59,000
Total Liabilities		395,40,59,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion	....	
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	133,02,77,000
B. Rupee Coin	2,13,71,000	
Government of Pakistan Securities	254,34,05,000	
Internal bills of exchange and other commercial paper	....	256,47,76,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	395,40,59,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued: 35.06 per cent.

EXCHANGE RATES

	4th April, 1962	28th March, 1962
Bombay on London—		
Sellers T.T. D.D. Spot. s.	1-5⅛	1-5⅛
Sellers T.T. D.D. upto six months s.	1-5⅜	1-5⅜
Buyers T.T. spot to nine months s.	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months s.	1-6¼	1-6¼
Bombay on New York—		
Sellers T.T. D.D. Rs.	475.50	476.00
Buyers T.T. Rs.	472.00	472.75
London on New York s.	2.8151-2.8154	2.8117- 2.8120
London on Paris Fcs.	13.7930-13.7950	13.7750-13.7770
London on Berne. Sw. Fcs.	12.2300-12.2320	12.2115-12.2135
New York on London s.	281.150-281.190	281.150-281.190

CLEARING HOUSE RETURNS

Centre	Week ended 30th March, 1962		Week ended 23rd March, 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	4,59,11	2114,63,32,000	3,82,000	88,19,00,000
Calcutta	2,24,000	107,78,00,000	1,87,000	81,59,00,000
Madras	1,14,794	19,00,16,097	1,03,000	14,92,00,000
All Centres				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,85,05,00,000
1960-61	..	..	54,472,000	125,13,19,00,000
Jan., 1961	..	..	4,916,000	1,104,98,00,000
Oct.,	..	..	4,770,000	1,047,03,00,000
Nov.,	..	..	4,986,000	1,098,59,00,000
Dec.,	..	..	4,940,000	1,178,93,00,000
Jan., 1962	..	..	5,608,000	1,244,75,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	10th Mar., 1962	3rd Mar., 1962	11th Mar., 1961	January 1962	January 1961	Percentage of Increase (+) or Decrease (−) in Jan., 1962 as compared with Jan., 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	118.0	119.8	120.9	118.3	116.4	+ 1.6	119.5	120.2 R
Cereals	192	100.4	108.5	108.5	102.0	99.1	+ 2.9	101.6	106.3
Pulses	48	99.1	99.1	94.0	99.1	96.5	+ 2.0	91.3	98.6
Fruits and Vegetables	22	108.2	138.9R	131.6	182.5	105.8	+25.2	131.2	121.1 R
Milk and Ghee	84	118.0	118.8	118.8	118.8	109.8	— 3.6	115.1	115.5
Edible Oils	47	165.5	165.7	156.8	154.4	159.8	— 3.3	158.2	148.8
Fish, Eggs and Meat	17	130.0	138.1	138.8	139.3	121.0	+13.1	131.1	125.1
Sugar and *Gur*	48	116.9	116.2	117.3	113.8	122.4	— 7.4	120.7	138.6
Others	50	165.3	168.1	172.3	164.0	168.1	— 2.4	172.9	168.4 R
Liquor and Tobacco	31	113.5	100.9	100.0	97.3	113.6	—14.3	103.6	102.8
Tobacco	..	110.8	96.5	96.5	93.6	109.8	—14.8	100.6	104.8
Fuel, Power, Light and Lubricants	30	121.9	132.8	132.7	132.2	121.3	+ 9.7	121.8	118.9 R
Industrial Raw Materials	155	139.7	138.2	137.2	137.8	125.0	+11.3	127.7	138.8
Fibres	61	177.0	129.8	128.7	122.7	126.1	+ 4.8	150.0	189.2
Oilseeds	60	159.4	162.9	151.5	155.7	159.6	— 2.4	157.8	144.9
Minerals	2	95.2	94.8*	94.8	94.8	95.5	— 0.7	95.1	97.5
Others	32	128.8*	129.5	129.5	129.5	129.3	+ 0.2	127.9	129.0
Manufacture	290	130.7	128.6	128.5	128.3	127.5	— 0.9	127.9	129.6
Intermediate Products	41	137.2	135.9	135.7	137.8	133.9	+ 2.9	136.4	127.1
Finished Products	249	128.8	125.1R	125.0	124.4	126.8	— 1.7	125.5	119.8
Textiles	147	134.7	125.4	125.5	124.2	121.8	— 2.8	127.7	121.2
Cotton	..	..	126.8*	128.2*	128.2	127.4	+ 0.6	127.5	127.5
Jute	..	..	165.0	117.8	117.6	118.5	154.9	—25.4	138.9	115.2
Woollen	..	..	125.4*	125.4*	125.1	110.1	+11.8	119.0	107.6
Silk and RaYon	..	..	115.7*	126.7*	122.1	103.8	+17

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDEX NUMBERS OF SECURITY PRICES

(1952-53 = 100)

Group and Sub-Group	Week ended 24th March 1962	17th March 1962	24th Feb. 1962	25th March 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.6	100.7	100.7	101 0
2. Government of India	100.5	100.5	100.5	100.9
3. State Government	101.9	101.9	101.9	101.8
4. Municipal, Port Trust, etc.	99.1	99.1	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	100.9	100.9	100 9	100 7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.6	82.6	82 5	85.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	191 2	192.0	192.8	182.6
8. *Agriculture and Allied Activities : Total**	161.2	161.4	162.2	175.4
9. Tea Plantations	154.3	154.6	155.0	169.9
10. Coffee Plantations	155.0	154.6	156.5	195.0
11. Rubber Plantations	168.3	168.4	170.1	173.5
12. *Mining and Quarrying : Total*	159.8	160.0	158.9	172.9
13. Coal	114.4	115.7	118.5	129.0
14. Other Mining	190.2	190.4	188.0	203.0
15. *Processing and Manufacturing : Total*	208.2	209.2	210.1	196.8
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	221.8	223.4	223.4	198.7
17. Sugar	143.4	145.9	143.3	178.1
18. Cotton Textiles	199.4	200.6	202.1	162.2
19. Jute Textiles	102.9	101.1	99.1	95.3
20. Silk and Woollen	1233.4	1250 3	1238.9	1166.2
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	203.5	204.0	207.0	210.9
22. Iron and Steel	155.0	154 8	159.2	171.2
23. Transport Equipment	391.4	398 8	404.1	427.5
24. Electrical Machinery	175.1	175.6	180.9	165.5
25. Machinery other than Transport and Electrical	236.5	236.2	234.5	227.9
26. Basic Industrial Chemicals	203.3	206.2	210.3	219.1
27. *Processing and Mfg. (Others): Total**	175.5	175.8	175.3	164.5
28. Cement	162.3	163.4	163.6	146.2
29. Paper	223.6	222.0	219.3	214.5
30. *Other Industries : Total**	113.6	113.7	114.4	112.0
31. Electricity Generation and Supply	86.6	86.5	86.5	80.6
32. Trading	129.8	130.5	130.7	131.6
33. Shipping and Other Transport	92.9	92 8	94.5	105.6
34. Construction	294.7	297.8	303.1	313 8
35. *Financial : Total*	224.8	226 2	227.4	191.3
36. Banks	250.0	250 1	261.5	215 9
37. Insurance	163.5	159.0	156.8	142.0
38. Investment Trusts	94.0	93.8	92.5	90.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	198.4	199.8	200 8	189.4
40. Calcutta	178.1	178.3	179.5	168.3
41. Madras	202.0	202.9	202 0	197.6
42. Delhi	252.9	256.5	257.9	245.4

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

IRON AND STEEL PRODUCTION (In Metric Tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300T	1,106,800T	786,900T
Do. 31st March, 1959	1,137,500T	1,149,900T	884,700T
Do. 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,588,000	1,623,000	1,263,000
Do. 31st March, 1962	1,647,800	1,643,400	1,317,700
Jan., 1961	144,200	149,300	117,600
Feb., "	125,900	126,500	94,200
Mar., "	141,600	142,300	114,900
Dec., "	142,100	148,400	117,600
Jan., 1962	155,300	148,700	119,000
Feb., "	139,400	138,800	108,000
Mar., "	156,600	140,900	128,000
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1958	733,946T	507,580T	412,042T
Do. 31st March, 1959	959,933T	608,205T	497,551T
Do. 31st March, 1960	1,070,470	840,805	679,707
Do. 31st March, 1961	1,160,576	914,159	732,034
Do. 31st March, 1962	1,187,397	934,499	734,951
Jan., 1961	112,649	88,787	71,540
Feb., "	96,782	72,859	70,966
Mar., "	106,122	82,583	80,790
Jan., 1962	86,754	78,574	74,121
Feb., "	97,258	75,949	53,600
Mar., "	113,176	88,241	86,294

T—Figures in Tons.

ELECTRIC ENERGY GENERATED AND SOLD*

(In millions of kilo-watt-hours)

	No. of Concerns§	Units Generated†	Total Units Sold
1956-57	769	9,377.3	8,108.1
1957-58	884	11,176.9	9,011.1
1958-59	818	12,887.0	10,360.7
1959-60	860	15,029.2	12,180.8
1960-61	1,013	17,087.3	13,881.8
Nov., 1960	1,012	1,390.2	1,140.5
January 1961	1,013	1,482.3	1,216.1
February "	1,013	1,400.0	1,151.9
March "	1,013	1,593.1	1,302.7
April "	1,013	1,556.2	1,288.9
May "	1,013	1,612.8	1,329.1
June "	1,013	1,599.8	1,326.8
July "	1,013	1,613.0	1,342.2
August "	1,013	1,641.3	1,370.0
Sept., "	1,013	1,634.4	1,362.7
Oct., "	1,013	1,619.4	1,344.8
Nov., "	1,013	1,627.3	1,359.9

* Excluding railway, military and factory power stations. Chola Power Station being interconnected with the Tata Power System, has been included. † Including purchases from non-electric utilities.
§ At the end of period.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1962					
9th January	2.00	2.00	2.00	2.520	99.375
10th to 13th Jan.,*	0.47	—	0.10	—	99.386
16th January	2.00	2.03	2.00	2.520	99.370
17th to 20th Jan.,*	0.05	—	0.47	—	99.386
23rd January	2.00	2.00	2.00	2.520	99.370
24th to 27th Jan.*	0.13	—	0.05	—	99.386
30th January	2.00	2.00	2.00	2.520	99.370
31st Jan. to 3rd Feb.*	0.15	—	0.13	—	99.386
6th February	2.00	2.00	2.00	2.540	99.345
7th to 10th Feb.*	0.15	—	0.15	—	99.386
13th February	2.00	2.00	2.00	2.545	99.360
14th to 17th Feb.*	0.05	—	0.05	—	99.381
20th February	2.00	2.02	2.00	2.580	99.360
21st to 24th Feb*	0.15	—	0.15	—	99.371
27th February	2.00	2.35	2.00	2.580	99.355
28th Feb. to 3rd Mar.*	0.03	—	0.03	—	99.371
6th March	2.00	2.00	2.00	2.585	99.350
7th to 10th March*	0.29	—	0.29	—	99.371
13th March	2.00	2.00	2.00	2.585	99.350
14th to 17th Mar.*	0.16	—	0.16	—	99.371
20th March	2.00	2.50	2.00	2.610	99.350
21st to 24th Mar.*	0.15	—	0.15	—	99.366
27th March	2.00	2.00	2.00	2.640	99.340
28th to 31st Mar.*	0.02	—	0.02	—	99.356
3rd April	2.00	2.00	2.00	2.640	99.340
Total amount outstanding	28.70		28.70		

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1958 Average	116	395	110	513	98	120	387	124	113	105	103	123	109	131
1959 "	120	412	125	340	98	132	387	133	120	106	98	125	108	140
1960 "	124	420	120	357	98	136	398	143	120	107	103	120	109	146
Nov. 1960	124	423	121	357	102	135	395	150	121	110	102	122	108	147
Dec. "	124	419	120	362	100	134	387	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	387	146	122	111	103	120	109	148
February "	123	420	119	350	102	130	392	147	123	111	103	119	109	148
March "	124	423	119	349	101	129	395	148	124	111	104	121	109	149
April "	124	426	119	348	99	130	392	149	125	111	104	120	109	150
May "	124	431	119	345	97	130	392	148	126	112	106	120	110	149
June "	125	433	122	349	99	132	392	148	127	112	104	121	110	150
July "	127	437	123	357	101	132	408	148	130	113	106	122	110	151
August "	128	438	122	359	103	133	416	149	130	115	107	124	111	151
Sept. "	128	436	122	355	103	132	416	148	128	114	108	124	112	151
Oct. "	128P	434	122	354	104	133	418	149	127	113	110	128	114	151
Nov. "	128P	434	122	341	106	132	421	149	129	115	109	129	115	151
Dec. "	128P	435	122	356	104	131	413	149	130	115	108	129	115	151
January 1962	128P	436	122	357	..	..	402	..	130	115	..	126	..	151

*June 1934=100. †Jan. 1928=100. §1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G	Total
	Outstandings	Outstandings	Outstandings	Receipts / Outstandings	Receipts / Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Outstandings	Receipts / Outstandings	Receipts / Outstandings	Receipts / Outstandings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590,08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	672,99
1960-61	1,24	2,46	81,50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3 38	329,98	770,86
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,08	18,37	—41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,83	740,90
Feb. "	1,28	2,52	92,71	6,43	276,70	18,04	282,82	18,44	—41,95	1,53	87	39,98	1,80	35,75	5	3,36	26,58	747,86
Mar. "	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42,00	1,70	95	38,80	2,77	37,34	4	3,38	46,05	770,80
Apr. "	1,20	2,40	80,18	5,59	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28	39,42	4	3,38	46,05	770,80
May "	1,16	2,34	78,90	5,33	294,48	19,28	294,64	18,00	—42,08	1,99	1,08	36,49	1,32	40,92	3	3,42	28,47	771,47
June "	1,13	2,29	77,64	6,57	299,62	19,27	294,43	18,01	—42,13	2,18	—1,15	35,45	1,89	42,43	3	3,48	26,19	775,48
July "	1,10	2,24	76,31	6,66	304,96	20,79	298,78	17,91	—42,16	2,34	1,23	34,15	1,59	44,33	5	3,48	28,02	777,66
Aug. "	1,08	2,20	74,31	6,73	310,39	19,28	302,35	17,85	—42,20	2,50	1,31	33,19	1,25	45,66	5	3,45	29,34	780,51
Sept. "	1,05	2,16	73,00	6,38	315,47	17,34	304,29	17,77	—42,24	2,68	1,39	32,12	1,62	47,04	5	3,51	27,55	784,82
Oct. "	1,02	2,12	72,30	5,30	319,62	17,83	305,79	17,67	—42,28	2,86	1,47	33,28	1,67	48,10	4	3,53	24,51	805,76
Nov. "	1,00	2,05	70,97	6,50	324,87	17,52	308,00	17,61	—42,34	3,07	1,56	30,24	1,14	49,21	4	3,55	25,51	810,18
Dec. "	97	2,01	69,67	6,37	329,96	17,49	306,01	17,53	—42,35	3,25	1,65	29,54	1,15	50,17	4	3,57	25,38	815,23
Jan. 1962	..	..	..	..	..	..	..	..	..	..	..	28,78	1,17	51,38	4	3,58	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of Nov., 1961 amount to 17.81 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding	Repayable	Latest Available Quotation Rs.
		Rs.		
TERMINABLE LOANS				
3 % Loan	1938-39	116,17,46,000	1968-85	98.65
2½ % Loan	1939	80,33,10,000	1944	96.65
2½ % Fg. Loan	1943	1,10,11,78,000	1966-68	96.10
3 % Dev. Loan	1945	1,15,05,83,000	1970-75	89.70
2½ % Loan	1946	14,77,48,000	1972	88.50
2½ % Loan	1947	75,86,72,000	1962	99.25
2½ % N. P. Loan	1954	1,58,17,94,000	1964	99.40
2½ % N. P. Bonds (Second Series)	1956	1,02,81,83,000	1967	98.80
2½ % N. P. Bonds (4th Series)	1956	1,58,17,94,000	1974	98.30
2½ % N. P. Bonds (5th Series)	1957	56,99,30,000	1967	99.80
2½ % Loan	1957	49,17,27,000	1972	100.20
2½ % Loan	1958	58,05,92,000	1968	98.60
3 % Loan	1958	70,00,00,000	1968	98.60
2½ % Loan N.P.B.	1958	94,38,90,000	1968	98.80
4 % Loan	1958	49,51,44,000	1975	100.15
4 % Loan	1959	3,47,67,36,000	1969	99.25
4 % Loan	1959	81,06,39,000	1979	99.80
4 % Loan	1960	96,03,45,000	1980	99.25
4½ % Bonds	1960	82,65,41,000	1982	99.60
4 % Loan	1961	65,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	8,93,33,000	M.	70.50
3 % Loan	1946	2,48,91,35,000	"	70 85
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.25
4 % Andhra	1956	6,46,51,000	3rd Sept. 1968	98.25
4 % Andhra	1958	5,48,92,000	15th July 1970	98.25
4 % Andhra	1959	6,57,75,000	19th Aug. 1971	97.75
4 % Andhra	1960	9,35,35,000	29th Aug. 1969	97.80
4 % Andhra	1961	11,00,00,000	Sept. 1972	98.15
3 % Maharastra	1949	5,20,97,000	1st Aug. 1962	99.50
2½ % Maharastra	1951	2,78,41,000	17th Sept. 1962	100.00
4 % Maharastra	1953	5,02,55,000	15th July 1968	100.00
4 % Maharastra	1954	3,34,54,000	1st Aug. 1968	100.00
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	99.35
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99.10
4 % Maharastra	1957	6,47,37,000	19th Aug. 1969	101.25
4½ % Maharastra	1958	6,46,62,000	15th July 1970	100.25
4½ % Maharastra	1958	4,81,45,000	15th July 1971	100.25
4 % Maharastra	1959	6,58,14,000	19th Aug. 1971	98.25
4 % Maharastra	1960	10,86,56,000	29th Aug. 1969	98.25
4½ % Maharastra	1961	10,77,00,000	Sept. 1972	99.90
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.00
4 % Bihar	1956	2,15,41,000	3rd Sept. 1968	98.00
4 % Bihar	1956	2,76,71,000	15th Oct. 1970	98.25
4 % Bihar	1959	2,33,22,000	19th Aug. 1971	97.75
4 % Bihar	1960	3,33,23,000	29th Aug. 1969	97.75
4½ % Bihar	1961	3,50,00,000	Sept. 1972	98.00
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99.20
4½ % Gujarat	1961	6,07,00,000	Sept. 1972	99.90
3½ % Howrah Bridge (Jubilee) Loan	1930-37	1,95,95,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.50
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.25
4 % Madras	1951	3,01,49,000	17th Sept. 1962	98.25
4 % Madras	1953	10,23,71,000	15th July 1968	100.00
4 % Madras	1952	5,24,61,200	1st Aug. 1964	99.75
4 % Madras	1956	10,47,17,000	1st Sept. 1967	98.25
4 % Madras	1956	15,55,55,000	3rd Sept. 1968	98.30
4½ % Madras	1958	5,55,57,000	15th July 1970	98.25
4 % Madras	1959	8,72,72,000	19th Aug. 1971	97.90
4 % Madras	1960	12,50,42,000	29th Aug. 1969	98.00
4½ % Madras	1961	10,96,00,000	Sept. 1972	98.15
4 % Mysore(f)	1933	2,95,85,200	1st Dec. 1953-63	100.50
4 % Mysore	1953	3,33,47,000	15th July 1968	100.00
4 % Mysore	1955	3,54,04,000	1st Sept. 1967	98.85
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.25
4 % Mysore	1957	3,34,36,000	16th Sept. 1969	98.50
4½ % Mysore	1958	5,61,62,000	15th July 1970	98.25
4 % Mysore	1959	5,43,43,000	19th Aug. 1971	97.85
4 % Mysore	1960	4,37,75,000	29th Aug. 1969	98.00
4½ % Mysore	1961	7,48,00,000	Sept. 1972	98.15
3 % M. P.	1948	3,05,39,000	15th Sept. 1962	100.00
3½ % M.P.	1951	1,02,18,100	17th Sept. 1962	100.00
4 % M.P.	1953	1,10,16,000	15th July 1968	99.75
4 % M.P.	1955	1,68,12,000	1st Sept. 1967	98.00
4 % M.P.	1956	1,58,49,000	3rd Sept. 1968	98.00
4½ % M.P.	1958	2,21,35,000	15th July 1970	98.25
4 % M.P.	1959	5,26,25,000	19th Aug. 1971	97.75
4 % M.P.	1960	5,16,28,000	29th Aug. 1969	97.75
4½ % M.P.	1961	5,04,00,000	Sept. 1972	98.10
3 % Saurashtra	1955	3,45,39,000	1st Sept. 1967	98.50
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.25
4 % Kerala	1953	3,52,25,000	15th July 1968	98.00
4 % Kerala	1956	2,22,68,000	3rd Sept. 1968	98.00
4 % Kerala	1958	3,27,10,000	15th July 1970	98.25
4 % Kerala	1959	3,47,42,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.00
4½ % Kerala	1961	4,04,00,000	Sept. 1972	98.00
4½ % U.P.E.A.	1952	44,36,96,000		44.00‡
4 % U.P.	1956	1,54,30,000	15th Sept. 1961-66	73
4 % U.P.	1951	1,82,99,000	17th Sept. 1962	100.00
4 % U.P.	1952	5,89,14,000	1st Aug. 1964	99.90
4 % U.P.	1958	4,58,25,000	15th July 1968	100.00
4 % U.P.	1959	9,10,71,000	1st Sept. 1967	98.85
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	98.25

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
Rs.		**BOMBAY**		Rs.
26,50,000	4	1904	1964	
25,00,000	4	1905	1965	
50,00,000	4	1906	1966	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1909	1969	
50,00,000	4	1910	1970	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1972	
14,15,577	4	1913*	1964	D
80,00,000	4	1913	1974	95.00
88,25,000	4	1914	1976	
10,00,000	4	1915*	1966	
10,00,000	4	1915*	1976	
18,50,000	2½	1925*	1962	
24,58,000	3½	1925*	1975	
7,00,000	3½	1941	1971	
STERLING LOANS				
£566,600		1909	1969	£95.50
£333,900		1910	1970	£95.50
		CALCUTTA		Rs.
50,00,000	4	1924	1964	99.25
35,00,000	2½	1926	1966	98.00
30,00,000	3	1926	1966	98.00
20,00,000	4	1927	1963	98.00
20,00,000	4	1928	1968-88	98.00
40,00,000	4	1928	1968	98.00
4,00,000	4	1936	1966	101.00
45,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
2,25,00,000	2½	1947	1977	88.25
1,00,00,000	3	1949	1979	88.25
4,00,00,000	3	1950	1970	95.00
2,00,00,000	3	1952	1972	95.00
2,00,57,818	2½	1951	1966	99.00
1,00,00,000	3	1953	1968	99.00
2,00,00,000	3	1954	1969	99.00
92,19,000†	4	1954	1974	99.00
36,87,000†	4	1954	1974	99.00
2,00,00,000	3	1955	1970	98.50
1,57,50,000	4	1955	1975	97.25
2,00,16,500	4½	1957	1977	98.50
4,40,00,000	4½	1958	1978	99.00
5,50,00,000	4	1959	1979	99.25
				98.00
CALCUTTA				Rs.
1,00,00,000	2½	1932	1962	101.75N
35,91,000	3½	1925	1965	96.00
60,00,000	3	1926	1966	98.00
47,50,000	3	1941	1971	98.50
21,10,000	3½	1942	1972	98.50
66,88,000	3½	1951	1966	98.50
87,35,000	3	1952	1962	99.75
72,50,000	4½	1954	1974	100.00
27,82,000	4	1955	1985	97.00
72,25,000	4½	1958	1988	100.50
1,67,32,000	4½	1958	1978	101.00N
		MADRAS		Rs.
15,00,000	2½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.50N

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
Rs.		**BOMBAY**		Rs.
30,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	97.75 N
30,00,000	4	1906	1966	
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
25,00,000	4	1909	1969	
25,00,000	4	1910	1970	
50,00,000	4	1911	1971	
50,00,000	4	1912	1972	
50,00,000	4	1913	1973	
50,00,000	4	1914	1974	
50,00,000	4	1915	1975-79	118.90
50,00,000	4	1916	1976	N
50,00,000	4	1917	1977	
50,00,000	4	1918	1978	
50,00,000	4	1919	1979	
50,00,000	4	1920	1980	
50,00,000	4	1921	1981	
50,00,000	4	1922	1982	
50,00,000	4	1923	1983	
50,00,000	4	1924	1984	
50,00,000	4	1925	1985	
50,00,000	4	1926	1986	
50,00,000	4	1927	1987	
50,00,000	4	1928	1988	
50,00,000	4	1929	1989	
50,00,000	4	1930	1990	
50,00,000	4	1931	1991	
50,00,000	4	1932	1992	
50,00,000	4	1933	1993	
50,00,000	4	1934	1994	
50,00,000	4	1935	1995	
50,00,000	4	1936	1996	
50,00,000	4	1937	1997	
50,00,000	4	1938	1998	
50,00,000	4	1939	1999	
50,00,000	4	1940	2000	
50,00,000	4	1941	2001	
50,00,000	4	1942	2002	
50,00,000	4	1943	2003	
50,00,000	4	1944	2004	
50,00,000	4	1945	2005	
50,00,000	4	1946	2006	
50,00,000	4	1947	2007	
50,00,000	4	1948	2008	
50,00,000	4	1949	2009	
50,00,000	4	1950	2010	
50,00,000	4	1951	2011	
50,00,000	4	1952	2012	
50,00,000	4	1953	2013	
50,00,000	4	1954	2014	
50,00,000	4	1955	2015	
50,00,000	4	1956	2016	
50,00,000	4	1957	2017	
50,00,000	4	1958	2018	
50,00,000	4	1959	2019	
50,00,000	4	1960	2020	
50,00,000	4	1961	2021	
50,00,000	4	1962	2022	
50,00,000	4	1963	2023	
50,00,000	4	1964	2024	
50,00,000	4	1965	2025	
50,00,000	4	1966	2026	
50,00,000	4	1967	2027	
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JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Market Price Closing for March, 1962 Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	66,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	379	Agarpara	12.62	10	0.25	0.50	1.00	0.25	3	Y.P.T.
6,00,000	16,40,000	77,47,320	49,41,324	2,22,948	Mcleod & Co., Ltd.	456	Alexandra	262.00	100	10.00	15.00	44.00		12	Y.P.T.
30,00,000	6,06,850	1,44,87,725	1,04,88,923	—1,17,975	Mcleod & Co., Ltd.	1,284	Alliance	131.50	100	Nil	Nil	6.00	Nil	5	Y.P.
46,80,700	81,71,008	2,80,86,747	1,84,94,324	3,74,363	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	230.00	100	10.00	12.50	20.00	7.50	3	Y.P.
46,00,000	28,14,827	1,46,86,173	83,62,153	45,981	Bird & Co. Private Ltd.	810	Auckland	181.00	100	5.00	20.00	27.00	12.00	3	Y.P.
20,00,000	34,84,417	1,47,00,374	86,10,664	1,09,757	Birla Brothers Private Ltd.	958	Bally	301.00	100	6.00	10.00	25.00	25.00	3	Y.P.
2,75,000	2,842,859	21,572,653	5,967,103	595,080	Sir John H. Burder (Chairman)	1,339	Barnagore	172.00	25	Nil	10th.	£1.10sh	10 Sh.	3	Y.P.
46,80,000	26,01,708	76,46,057	40,66,202	1,82,555	scers/mull Nagarmull	600	Bengal	9.44	10	0.50	0.50	0.50		3	Y.P.T.
21,26,000	3,08,27,813	8,17,03,760	2,90,00,714	1,88,995	Birla Brothers Private Ltd.	1,372	Birla	37.00	10	1.00	1.00	1.50	1.50	3	Y.P.T.
24,00,000	10,40,030	1,26,14,150	74,88,636	—8,00,584	Andrew Yule & Co., Ltd.	991	Budge-Budge	141.00	100	5.00	15.00	19.00	Nil	10	Y.P.
7,48,300	4,900	45,07,230	35,10,543	—1,47,560	Dayaram & Sons	502	Calcutta Jute Mfg.	5.50N	10	Nil	Nil			12	Y.P.T.
14,00,000	29,95,059	92,72,655	5,10,612	6,22,941	M.	616	Caledonian	205.00	100	15.00	12.00	12.00		11	Y.P.
30,16,400	32,22,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	960	Champdany	133.00	100	Nil	7.00	10.00	5.00	3	Y.P.
28,56,250	16,86,344	1,22,89,034	62,15,516	4,233	Andrew Yule & Co., Ltd.	1,151	Chetwet	23.12	10	0.50	1.25	Nil		11	Y.P.
30,16,000	31,07,621	1,20,04,229	74,40,619	—7,86,279	Mcleod & Co., Ltd.	940	Chitavalsah	12.62	10	1.25	1.50	0.50	Nil.	7	Y.P.T.
24,80,000	9,00,000	82,13,020	61,31,208	—2,99,256	M.	969	Clive	9.00	10	Nil	Nil	Nil		3	Y.P.T.
21,40,200	14,68,891	1,10,14,699	69,07,312	9,802	Bird & Co. Private Ltd.	766	Dalhousie	135.00	100	Nil	Nil	1.00	1.00	3	Y.P.T.
20,00,000	41,35,474	97,93,897	51,23,576	18,122	Andrew Yule & Co., Ltd.	770	Delta	103.00	100	6.00	14.00	7.50		11	Y.P.
15,80,000	36,81,700	1,15,14,250	70,24,556	48,672	Mcleod & Co., Ltd.	500	Empire	19.62	10	1.00	1.25	1.25	0.75	7	Y.P.T.
66,00,000	51,72,389	2,52,82,387	1,80,82,857	72,586	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	432.00	100 Old	20.00	20.00	25.00	10.00	3	Y.P.T.
21,00,000	19,61,944	1,22,22,899	72,17,782	1,84,899	Bangur Bros., Ltd.	1,014	Fort William	26.25	10	1.50	1.50	2.25		3	Y.P.T.
94,35,100	5,14,808	2,24,66,716	1,48,80,382	54,859	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	14.81	10	Nil	Nil	1.00		3	Y.P.
19,80,000	24,86,266	98,03,727	53,00,178	14,067	M.	407	General Ind. Society Ltd.	43.60	10	2.00	4.00	4.00		12	Y.P.
24,00,000	36,86,264	2,74,15,455	1,81,66,780	38,985	Kasmalli & Barry Ltd.	1,204	Gouripore	504.00	100	20.00	25.00	30.00	25.00	3	Y.P.
48,00,000	71,36,725	1,93,12,145	78,47,194	2,85,490	Bangur Bros., Ltd.	1,078	Hastings	115.80N	100	5.00	6.00	8.00		3	Y.P.
16,80,000	31,69,883	83,48,980	55,07,778	28,829	J. & R. Hutchison Private Ltd.	720	Hooghly	27.25	10	Nil	0.60	1.00	2.00	3	Y.P.
65,62,500	42,02,842	2,25,18,876	1,45,23,467	97,720	Jardine Henderson Ltd.	1,940	Howrah	21.37	10	Nil	1.00	1.25	1.00	3	Y.P.T.
26,50,000	58,72,191	1,68,90,274	1,10,82,572	1,62,876	Kilachand Ramkissendas	2,272	Hukumchand	23.12	7.50	1.50	2.00	2.15	2.15	3	Y.P.
37,50,000	26,63,965	1,86,63,015	1,09,04,160	76,164	M.	700	India	16.87	12.50	1.50	1.24	1.75	1.50	3	Y.
24,00,000 } *B 12,00,000 }	27,20,329	2,00,48,588	1,40,57,606	39,774	Jardine Henderson Ltd.	1,787	Kamarhatty	{ 188.00 'B' 100	100	5.00	20.00	5.00		12	Y.P.T.
30,00,000 } *B 24,00,000 }	.....	1,78,03,894	1,19,28,266	—14,76,469	Jardine Henderson Ltd.	1,527	Kankinarrah	{ 188.00N 'B' 100	100	Nil	Nil	Nil		12	Y.P.T.
28,00,000	57,46,000	1,59,67,739	1,08,91,650	2,61,205	Mcleod & Co., Ltd.	702	Kelvin	214.00	100	12.50	14.00'C'	15.00	15.00	3	Y.P.
54,00,000	33,56,554	2,13,12,555	1,39,30,176	100	Khardah & Co. Ltd.	1,734	Khardah	17.31	10	0.50	2.00	2.00	0.50	3	Y.P.
20,55,600	47,39,756	2,07,21,456	1,25,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	171.00	100	5.00	10.00	20.00	7.00	3	Y.P.T.
24,42,000	6,04,572	1,08,28,625	71,06,446	—8,54,445	Bird & Co. Private Ltd.	921	Lansdowne	144.00	100	Nil	Nil	Nil	Nil	3	Y.P.
32,00,000	14,18,430	85,77,636	45,23,242	54,949	Bird & Co. Private Ltd.	810	Lawrence	170.00	100	Nil	2.00	15.00	15.00	3	Y.P.
31,66,200	44,96,027	1,88,72,748	1,04,84,206	1,84,806	M.	1,294	Magna	13.25	10	1.75	1.00	1.25	1.25	3	Y.
30,98,900	34,86,382	1,84,55,185	94,32,205	—11,60,835	M.	815	Naihati	80.00	100	Nil	Nil			3	Y.P.T.
20,00,000	11,82,460	36,57,072	27,63,446	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.375	0.50		10	Y.T.
58,80,000	42,63,705	1,06,02,937	51,02,498	61,339	M.	552	National	24.00	10	0.75	1.00	0.75		10	Y.P.
38,25,000	33,13,272	73,06,659	37,45,740	59,869	Mcleod & Co., Ltd.	316	Nellimarla Jute	12.75	10	1.00	1.40	0.90	0.60	7	Y.P.T.
2,55,63,370	2,60,72,020	9,66,76,681	1,71,78,901	NG	Sahu Jain Ltd.	1,766	New Central	18.56	10	1.50	1.50'C'	1.50	1.50	3	Y.P.T.
16,79,550	21,95,617	1,26,21,846	77,80,522	32,274	Bird & Co. Private Ltd.	1,187	Northbrook	84.87	10	Nil	1.25	3.00	3.00	3	Y.P.T.
66,79,500	41,38,286	2,23,60,381	1,19,51,974	1,06,522	Kasmalli & Barry Ltd.	1,992	Nuddea	74.50	50	2.50	3.00	3.00	3.00	3	Y.P.T.
35,00,000	11,44,471	1,06,51,380	78,95,872	4,940	Mcleod & Co., Ltd.	480	Presidency	6.12	5	0.37½	0.50	0.40	0.30	3	Y.
20,00,000	73,604	36,55,346	14,10,449	—9,71,468	Hindustan Investment Corpn. Ltd.	396	Rameshwara	8.25	10	Nil	Nil	Nil	Nil	3	Y.P.
40,50,000		1,24,98,157	67,33,074	—99,25,961	Jardine Henderson Ltd.	1,216	Reliance	1.69	10	Nil	Nil	Nil		3	Y.P.T.
£600,000	£490,665	£1,695,848	£850,102	£33,807	Thomas Duff & Co. (India) Pvt. Ltd.	2,012	Samnaggur	9.50N	£1	5%†	10%†	6%†		3	Y.P.T.
30,00,000	19,07,280	1,24,59,359	91,95,958	99,510	Bagasia More & Co., Ltd.	911	Shree Ambica	40.12	10	0.50	0.60			12	Y.P.
14,00,000	13,85,660	76,14,656	54,82,264	21,780	Hindustan Investment Corpn. Ltd.	491	Soorah	23.50	10	1.50	2.00	2.50		12	Y.P.
£600,000	£439,955	£1,576,168	£742,010	£4,140	Thomas Duff & Co. (India) Pvt. Ltd.	1,776	Titaghur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
35,00,000	37,94,658	93,13,767	55,10,622	2,800	Bird & Co. Private Ltd.	1,226	Union	189.00	100	15.00	20.00	25.00	6.00	3	Y.P.
£400,000	£278,228	£1,283,223	£611,723	£17,315	Thomas Duff & Co. (India) Pvt. Ltd.	1,521	Victoria	9.50N	£1	5%†	10%†	6%†		3	Y.P.T.
2,50,000	7,20,000	82,36,786	45,97,547	90,614	Mcleod & Co., Ltd.	447	Waverley	5.84	1	Nil	0.25	0.30	0.30	12	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Market Price Closing for March, 1962 Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
50,00,000	4,88,841	17,73,941	3,77,868	16,618	Yeung Iniis Agencies Private Ltd.	879	Balancer Tea and Rubber	13.75	10	1.75	1.50	1.50	1.50	3	
36,92,542	22,76,747	84,13,561	15,18,278	78,105	Kothari & Sons (Agn.) Pvt. Ltd.	3,522	Blue Mountain	2.68	2	0.25	0.25	0.25	0.25	3	Y.P.
5,50,000	8,99,232	17,63,436	3,74,494	14,168	K. Anantaraman, Esq. (Mg. Director).	846	Chandramalai Estates Ltd.	2.70	2	0.24	0.24	0.30	0.20	6	
24,00,190	14,43,668	27,59,606	9,86,841	48,853	Yeung Iniis & Co., Ltd.	1,714	Chembera Peak Estates	3.30	2	0.20	0.20	0.20	0.40	3	
5,00,420	13,50,038	24,06,623	2,29,388	24,732	Matheson Bosanquet & Co. Pvt. Ltd.	592	Cossmere Tea	23.75cd	10	2.00	2.00	1.75	1.50	3	Y.
4,80,000	8,19,889	13,74,821	2,42,244	3,130	Srinivas Agencies	661	Georg Tea	5.20	2	0.40	0.40	0.40	0.40	3	Y.P.
6,00,000	4,81,815	12,81,925	3,69,261	656	P. G. Krishna Iyer, Esq. (Mg. Director)	262	Devashola (Nilgiri) Tea	26.05xr	10	1.50	2.50	2.50	2.00	1.00	Y.
6,74,858	3,91,040	11,60,546	2,46,309	12,256	Yeung Iniis Agencies Private Ltd.	444	Devon Tea	13.50	10	1.75	1.50	1.50	1.50	3	Y.P.
5,00,000	1,26,500	4,04,317	65,265	2,027	Parkina Private Ltd.	195	Emerald Valley Estates	5.25	5	0.50	0.45			3	Y.P.
25,00,000	18,55,500	56,71,655	10,21,343	77,195	Parkina Private Ltd.	1,900	Halleybaria	13.50	10	2.00	1.25'C'	1.50		12	Y.P.
6,00,000	8,86,159	15,77,488	3,84,129	59,578	Petree, Leslie & Co., Ltd.	488	Kanan Tea	9.40	2	0.30	0.30	0.40	0.50	3	Y.P.
17,17,000	6,64,021	34,22,974	10,05,862	10,562	Petree, Leslie & Co., Ltd.	1,275	Kil Ketagiri Tea	5.00cd	2	0.30	0.70	0.50	0.50	3	Y.P.
6,90,000	2,14,272	12,67,080	1,15,811	579	Ipe Cammen & Co. Pvt. Ltd.	362	Kurubemala Plant. Ltd.	5.15	10	0.025	0.80	Nil	0.40	10	Y.P.
5,00,000	1,29,556	9,61,424	78,869	87,180	Matheson Bosanquet & Co. Pvt. Ltd.	387	Lucky Valley	10.12	10	1.00	1.00	1.00		3	Y.P.
3,50,000	7,600	3,45,537	15,792		Vanniha & Co. (Trich) Pvt. Ltd.	356	Manar Estates Ltd.	2.20	2	0.24	0.10	0.20	0.10	12	Y.
3,00,000	6,18,504	14,43,867	3,15,782	1,740	Hapan Thomas, Esq. (Mg. Director).	560	Mlamallay	36.00	25	2.75	5.00	3.75	2.50	3	Y.
36,00,000	23,87,384	85,03,880	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	2,000	Neelamalai	3.78	5	0.37	0.37	0.37	0.37	3	Y.P.
12,00,000	7,04,337	23,08,725	6,12,258	27,999	A. V. Thomas & Co., Ltd.	1,164	Nullakanthy	2.73	2	0.30	0.30	0.30	0.30	3	Y.P.
14,00,150	7,45,246	29,87,155	6,33,351	34,799	A. V. George & Co., Ltd.	1,028	Nilgiri Tea	3.80	10	0.00	0.50	0.50	0.50	3	Y.P.
22,10,000	5,77,357	35,77,599	13,53,272	22,735	Harrisons & Crosfield Ltd.	936	Neuvuh Tea	22.75cd	10	1.50	2.00	2.00	2.00	3	Y.P.T.
14,88,960	16,87,314	33,02,719	6,08,115	40,696	P. S. M. Molyneux, Esq. (Chairman).	578	Parkside	23.00	10	2.50	2.75	2.75	2.25	3	Y.
6,00,000	6,83,306	5,53,792	58,947	2,51,170	S. Sivaramakrishna Aiyar, Esq.	705	Peninsular Plantations Ltd.	22.12	10	1.50	2.50	3.00	2.00	3	Y.
17,00,000	11,57,787	43,53,475	15,91,848	27,068	Anginwall & Co. (Travancore) Ltd.	1,564	Peermade	19.75	10	1.62½	2.25	2.25	0.75†	12	Y.
57,94,880	30,24,711	1,13,81,238	39,12,993	66,407	Petree, Leslie & Co., Ltd.	3,718	Periakaramalai	3.32	2	0.20'C'	0.25	0.27	0.40	12	Y.P.
18,50,000	2,96,500	11,58,569	1,44,292	3,047	A. V. Thomas & Co. (India) Ltd.	982	Sheverey Estates Ltd.	1.47	2	0.15	0.125	0.18	0.15	3	Y.P.
9,00,000	12,71,773	23,99,927	9,11,370	4,140	T. Stanes & Co., Ltd.	1,137	Stanes Amalgamated	15.75	10	0.80	0.60	1.00	1.50	6	Y.
1,25,000	15,000	2,13,302	11,369	490	M.	216	Swinton Estates	2.82	2	0.15	0.15	0.25	1.50	6	Y.
12,50,000	11,76,243	32,25,288	4,11,990	1,854	Srinivas Agencies	1,801	Talayar Tea	1.78	2	0.12	0.10	0.16	0.20	3	Y.
15,75,000	16,00,500	52,54,520	8,47,047	42,196	Parkina Private Ltd.	1,228	Tevyhat	10.50	10	1.00	1.00	1.00		12	Y.
31,78,230	14,55,795	48,96,419	10,95,195	50,106	T. Stanes & Co., Ltd.	1,771	United Nilgiri	20.25	10	1.00	1.95	2.10	2.20	12	Y.
47,25,000	18,09,057	75,54,480	10,36,261	91,798	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall	2.35	2	0.25	0.25	0.25	0.20	6	Y.P.

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Market Price Closing for March, 1962 Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
5,00,000	5,53,425	16,85,455	4,67,025	30,355	Ramani & Co. Pvt. Ltd./	378	Alagarmar Estates Ltd./	3.00	2	0.20	0.15	0.15	0.30	3	Y.P.
6,75,000	2,35,527	19,88,083	3,50,665	14,796	K. N. Neelakantan, Esq. (Mg. Director).	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60	0.75	1.00	1.00		
2,50,000	5,92,985	14,26,924	1,56,520	38,096	A. V. George & Co., Ltd.	480	Anandam Rubber Co., Ltd.	13.22	10	1.00	1.50	1.50	1.50	3	Y.P.T.
12,07,833	2,28,040	21,62,921	2,74,016	9,563	Associated Planters Private Ltd.	1,245	Anapanni Estates Ltd.	2.90	2	0.20	0.50	0.40	0.50	12	Y.P.
4,85,000	4,50,000	8,61,857	1,01,113	22,290	Young Iniis Agencies Pvt. Ltd.	810	Badra Coffee Estates Ltd.	8.15	2	0.35	0.35	0.30	0.30	3	Y.P.
4,00,000	1,83,748	7,34,667	1,19,822	3,483	A. V. Thomas & Co. (Mysore)	576	Bababudin Coffee & Produce.	7.72	5	1.25	0.625	0.50	0.50	3	Y.P.
2,00,000	3,25,000	4,68,688	62,711	4,963	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	1.90	2	0.25	0.15	0.15	0.10	6	Y.P.
3,96,115	3,86,253	13,50,384	13,974	574	T. K. Gopalan, Esq. (Mg. Director).	1,125	Be Re Rubber Estates Ltd.	2.35	2	0.25	0.25	0.25	0.10	6	Y.P.
26,91,270	20,35,511	86,95,018	9,62,237	10,144	Petree, Leslie & Co., Ltd.	6,208	Cochin Malabar	7.05cd	2	0.50'C'	0.45	0.525	0.50	3	Y.P.
22,50,000	22,61,494	55,51,833	15,14,847	1,86,793	Cons. Coffee Estates (Secretaries)	2,794	Coffee Lands and Industries	14.50	10	2.00	2.50	2.00	2.00	6	Y.P.
71,85,000	70,70,102	1,65,00,964	45,79,313	2,26,710	C. I. Machia, Esq. (Mg. Director)	3,222	Consolidated Coffee	18.12	10	2.00	2.50	2.00	2.00	6	Y.P.
5,00,000	5,00,785	14,95,898	96,989	2,116	Associated Planters Private Ltd.	1,428	Cotstead Plantations	10.10	10	1.50	1.50	1.00	1.00	3	Y.P.
4,08,580	2,25,000	5,31,891	94,852	34,416	Petree, Leslie & Co., Ltd.	686	Cowcody Estates (Coffee)	3.92	2	1.50	0.50	0.50	0.50	3	Y.
18,00,000	11,10,000	32,96,821	7,48,468	37,698	A. V. Thomas & Co., Ltd.	1,281	Highland Produce	13.75	10	1.50	1.50	1.50	1.50	3	Y.
11,85,786	11,77,786	31,18,428	3,48,844	31,875	A. V. George & Co., Ltd.	1,548	Kaleth Rubber Co., Ltd.	5.10	2	0.50	0.50	0.60	0.40	12	Y.P.
8,00,000	8,83,604	19,49,220	3,56,051	2,913	A. V. Thomas & Co., Ltd.	1,070	Kalpetta Estates	4.00cd	2	0.60'C'	0.60	0.75	1.25	4	Y.P.
4,00,000	3,90,000	9,85,778	2,17,268	24,066	Petree, Leslie & Co., Ltd.	674	Kemargode Estates Ltd.	4.40cd	2	0.40'C'	0.40	0.40	0.40	3	Y.P.
12,50,000	5,41,456	22,23,888	4,40,672	47	K. T. Thomas Kathanar, Esq.	2,143	Malankara Rubber	16.90	10	1.75'C'	1.60	1.50	1.50	3	Y.
5,25,000	2,50,000	8,43,098	81,358	3,394	Associated Planters Pvt. Ltd.	998	Meenara Rubbers Ltd.	8.50	5	1.00	1.00	1.00	1.00	3	Y.
40,50,000	14,33,242	87,24,197	12,48,990	3,116	A. V. Thomas & Co., Ltd.	4,476	Midland Rubber	11.10	10	1.00'C'	1.00	1.00	1.25	3	Y.P.
3,35,000	4,12,607	16,80,692	3,02,920	19,806	A. V. George & Co., Ltd.	1,231	Nemmeny Rubber	24.65	10	1.50	1.50	1.50		12	Y.P.
2,00,000	4,74,543	8,94,222	55,472	2,814	Associated Planters Private Ltd.	1,054	Pilambazhy Rubber Co.	14.50	10	2.00	1.50	1.50		12	Y.P.
10,45,980	22,80,219	52,58,400	18,70,287	7,697	Petree, Leslie & Co., Ltd.	1,496	Ouahiatony Valley Estates	3.95cd	2	0.30	0.30	0.30	0.24	12	Y.P.T.
6,50,000	5,71,464	7,97,732	83,078	48,714	Petree, Leslie & Co., Ltd.	582	Oonoor Estates Ltd.	2.68	2	0.26	0.30	0.30	0.30	12	Y.P.T.
16,56,800	2,29,315	23,27,018	7,37,806	797	Anginwall & Co., Ltd.	2,017	Pallasgode Rubber	1.85	2	0.06	0.16	0.10	0.12	3	Y.
12,50,000	9,28,404	49,71,627	5,09,879	2,780	A. V. Thomas & Co., Ltd.	2,263	Rajagiri Rubber	19.25	10	2.00	2.00	2.00	2.00	6	Y.P.
2,00,000	1,54,451	3,89,760	46,375	16,976	Associated Planters Private Ltd.	422	Rajmalai Coffee Ltd.	11.12	5	1.50	1.50	1.50	1.25	3	Y.
5,56,178	3,25,000	9,35,302	1,44,083	21,504	Petree, Leslie & Co., Ltd.	500	Savamalai Estates Ltd.	2.85cd	2	0.25'C'	0.30	0.28		3	Y.P.
12,00,000	2,56,000	19,78,850	1,58,064	4,076	Pateo Agencies	1,102	Sangumeshwar Coffee Estates.	1.80	2	0.18	0.18	0.12	0.12	11	Y.
16,00,000	2,56,182	22,59,803	1,52,237	4,164	Young Iniis Agencies Private Ltd.	1,454	Teagay Rubber (India) Ltd.	6.45	2	0.50	0.60	Nil		3	Y.P.T.
2,50,000	2,75,000	6,28,005	81,969	22,806	A. V. George & Co., Ltd.	535	Thamarapally Rubber	15.90	10	2.00	2.00	2.00		12	Y.P.T.
9,15,300	10,80,000	15,05,366	1,90,873	5,034	Petree, Leslie & Co., Ltd.	2,261	Thirumbadi Rubber Co.	1.71cd	1	0.10	0.07	0.07	0.12	12	Y.P.
6,00,000	46,742	8,20,449	1,80,538	4,486	Hapan Thomas, Esq. (Mg. Director).	1,241	Travancore Rubber	12.80	10	1.00	1.00	1.30	0.24	3	Y.P.
41,00,000	15,07,381	80,23,758	20,79,944	11,267	Anginwall & Co. (Travancore) Ltd.	4,071	Travancore Rubber & Tea	10.87	10	1.50	1.50	1.50		12	Y.
20,00,000	1,91,000	23,48,191	9,09,464	223	P. T. Thomas, Esq. (Mg. Director)	2,157	Tropical Plantations Co.	19.25	25	1.50	2.75	2.00		12	Y.
6,00,000	4,06,000	17,68,418	1,37,428	10,662	P. I. J. Joseph, Esq. (Chairman)	1,560	Vaikundam Rubber Co.	5.50	5	0.50	0.50	0.50		12	Y.
3,50,000	4,89,000	10,39,256	1,18,701	7,561	A. V. George & Co., Ltd.	508	Udayagiri Rubber Co., Ltd.	19.50	10	0.75	1.50	0.10		3	Y.P.
3,80,000	5,47,051	10,34,166	54,782	9,228	S. Padmanabha Aiyar, Esq. (Chairman)	1,118	Vaikundam Rubber Co., Ltd.	81.70xd	10	2.00	2.50	3.00		12	Y.P.
12,00,000	13,40,962	16,15,277	1,52,154	1,12,912	Petree, Leslie & Co., Ltd.	1,020	Wartyhully Estates Ltd.	2.60	2	0.20	0.20	0.20	0.20	12	Y.
6,05,000	97,209	13,65,464	1,02,251	23,313	M.	396	Woodland Estates	7.85	10	0.50	0.50	1.00	1.00	3	Y.P.T.

V—Includes 60 nP for 30-6-1954. 'C'—On increased capital; * Includes bonus, † Less Income-tax; M—Managed by Board of Directors.

N.B.—All dividends paid since 31st March 1960 are shewnjas taxable;

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Acreage under Tea	Company	Market Price Closing for March 1962 Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
4,46,760	14,06,731	23,91,108	9,41,163	..	Mcleod & Co., Ltd.	325	Amamckie	25.94	10	1.50	1.50	Nil		12	Y.P.
2,76,500	11,53,772	14,63,926	5,81,758	5,928	M.	456	Ananda (Assam) Tea	26.00N	10	2.00	2.50	3.00		12	Y.
7,03,250	8,07,224	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd.	481	Ananda Bag	28.00	10	1.00	1.75	3.00		12	Y.
5,50,000	14,40,041	26,54,042	10,92,353	44,188	Mcleod & Co., Ltd.	573	Baghmari	21.62	10	1.50	1.50	Nil		12	Y.
5,10,000	12,36,459	20,56,592	7,60,521	44,554	Andrew Yule & Co., Ltd.	377	Baamatia	26.50	6	2.00	3.00	3.50		12	Y.
4,95,900	3,14,700	17,10,901	10,50,829	56,445	National Tea Corporation	624	Bateli	18.87	5	1.50	1.50			12

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Market Price Closing for March 1962	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
CERAMIC; MINING AND QUARRYING														
30,00,000		47,23,258	20,57,464	29,863	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	9.50	10	*Nil*	*Nil*	0.60	0.60	3	Y.
18,00,000	11,74,468	17,33,315	9,01,787	4,703	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21 24	10	3.50	2.00	2.00	..	9	Y.P.
36,23,146	19,77,396	1,61,24,989	63,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	6.87	2½	0.25	0.356	0.375	..	12	Y.
10,00,000	52,26,517	92,22,366	45,37,856	59,420	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	28.12	10	1.75	1.87	3.00	..	3	Y.
14,17,800	16,19,274	43,65,682	17,10,887	7,448	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	260.00	100	10.00	12.86	12.86	15.00	9	Y.P.
39,60,700	14,60,859	1,25,49,403	57,84,861	—5,54,462	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	168.00	100	*Nil*	*Nil*	8.00	..	12	Y.P.
£1,371,300	£2,444,266	£3,614,146	£2,081,103	£118,760	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	5.12	Sh. 2	0.24	0.36	0.36	..	12	Y.
₹5,00,000 } Rs.15,00,000 }	26,84,000	45,04,655	18,23,593	2,56,462	Bird & Co. Private Ltd.	Karanpura Development	16.69	10	*Nil*	1.50	1.50 } 1.50 }	..	12	Y.
50,00,000	..	1,14,21,419	5,73,268	3,68,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	96.00	100	*Nil*	*Nil*	*Nil*	..	12	Y.P.
30,00,000	40,95,322	1,23,10,947	66,20,738	33,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26 00N	10	1.25	1.80	1.80	..	12	Y.P.T.
79,09,100	10,88,782	1,22,10,836	72,28,302	2,10,253	Sir Indra Singh, Kt., (Chairman) ..	Metal Corporation of India Ltd. ..	12.50	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
6,00,000	5,82,678	14,95,136	8,24,135	5,656	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	13.50	10	1.00	1.00	1.428	1.20	3	Y.
20,00,000	64,15,230	71,67,923	30,76,350	1,16,099	Bird & Co. Private Ltd.	Orissa Minerals	42.60	10	2.50	3.60	3.60	2.80	6	Y.
3,50,000	17,29,240	92,49,901	49,48,489	37,499	A. V. Gharpure, Esq. (Chairman) ..	Parahuram Pottery Works Co. Ltd. ..	101.00	25	8.75	8.75	5.36	5.36	7	Y.P.
10,46,890	76,44,000	1,06,55,857	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	42.00	10	8.00*	5.00	8.00*	..	11	Y.
CHEMICAL														
24,00,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers	100.00	100	....	....	....	....	12	Y.P
85,00,000	58,58,600	2,87,87,674	78,28,566	1,17,073	Bhailal Amin & Sons (Private) Ltd. ..	Alembic Chemical Works Co.	273.75	100	12.00	16.00	14.00	..	12	Y.P.
7,10,00,000	1,97,50,273	6,36,11,695	1,63,10,292	1,16,274	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	43.75	10	0.80	0.95	1.20	1.50	9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,780	18,064	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	360.00	100	*Nil*	12.00	12.00	..	12	Y.P.
29,89,400	24,11,676	1,63,91,567	58,70,391	42,183	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	785 00	100	20.00*	28.00*	80.00*	..	12	Y.P.
£24,93,775	77,58,362	4,05,77,204	1,25,84,156	4,16,423	Lalbhai Sons & Co.	Atul Products Ltd.	497.00	100	10.00	12.00	12.00	..	12	Y.
50,28,900	68,84,606	1,50,85,951	77,12,238	1,30,717	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	165 00	100	6.00	7.00	7.00	10.00	3	Y.P.T.
1,00,00,000	28,71,461	1,06,12,335	15,44,929	30,077	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	475.00	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.
9,99,937	2,01,339	14,14,355	6,02,598	3,660	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	26.50	25	2.00	2.50	2.50	..	12	Y.
21,84,000	43,93,6 8	87,06,339	42,37,414	88,970	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	177.50	50	6.00	10.00	*Nil*	..	12	Y.
1,67,37,000	64,32,516	4,97,40,705	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	122.50	100	6.00	4.00(e)	*Nil*	..	3	Y.P.
2,46,06,075	88,17,000	6,56,28,587	3,05,85,610	26,18,156	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	8.08	10	0.40	0.60	0.60	..	12	Y.
1,49,98,200	39,44,101	43,84,456	17,55,671	75,822	Maitlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	315.00	100	*Nil*	*Nil*	*Nil*	6.00	3	Y.
12,60,000	6,50,911	27,89,148	14,36,985	55,617	Jai H. Mehta	Kemp & Co.	200	100	15.00	20.00	25.00	25.00	3	Y.P.
30,00,000	24,87,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	13.06cr	10	0.87½	0.88	1.25'C'	1.25	3	Y.P.T
24,81,220	10,47,778	55,45,879	18,53,267	8,514	T. Shanmanna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers ..	10.35	10	0.50	0.50	1.00	1.00	3	Y.
8,00,000	4,55,261	12,57,587	6,70,322	1,48,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	22.15	10	2.00	2.00	2.00'C'	2.00	3	Y.P.
40,00,000	26,33,816	65,06,379	16,58,564	1,54,703	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	213.75	50	*Nil*	8.00	5.50	7.50	3	Y.P.
15,00,000	11,17,980	84,89,082	21,90,718	2,10,028	Bangur Brothers Ltd.	Phosphate Co., Ltd.	270 00	100	25.00	45.00	35.00	25.00	6	Y.
19,90,908	15,32,251	26,75,181	16,16,060	1,22,545	C. A. Buxton	Smith Stanistreet & Co.	16 37	5	0.80'C'	1.25	1.25	1.25	6	Y.P.
4,50,00,000	....	1,41,20,622	31,717	3,87,290	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	233.00	100	..	..	..	*Nil*	3	Y.
2,51,96,000	59,67,561	7,09,65,786	2,29,10,886	3,571	Tata Industries Private Ltd.	Tata Chemicals	17.64	10Old	0.75	0.625	0.60	0.65	6	Y.P.T.
18,00,000	2,92,249	21,75,764	7,74,231	56,846	P. Krishnaswamy, Esq. (Mg. Director).	Travancore Chemical Mfg. Co., Ltd. ..	19.75	10	0.70	1.00	1.50	2.00	3	Y.P.
25,20,000	....	8,87,362	608	—5,45,880	Mr. M. J. Valdya (Chairman)	Travancore Electro-chemical Ind. ..	95.00	100	*N*	*Nil*	*Nil*	..	12	Y.
14,81,250	....	5,72,958	1,805	2,169	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	190.00	100	..	..	..	*Nil*	12	Y.
ELECTRIC (Bombay State)														
5,74,78,895	1,47,88,524	16,04,61,688	4,62,87,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	93 50	100	6.50	6.75	7.00	7.00	3	Y.T.
51,56,250	26,20,222	2,58,78,938	88,34,925	18,52,834	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.86	10	0.85	0.90	1.00*	0.90	3	Y.P.
3,92,77,000	1,01,95,442	11,78,06,745	2,80,17,570	80,842	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,017.50	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.T.
1,75,00,000	99,08,640	461,08,740	1,11,97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	102.00	100	7.00	7.50	8.00	8.50	3	Y.
7,97,928	1,03,967	16,97,265	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developments.	7.00	10	0.50	0.60	0.66	0.72	3	Y.T.
48,99,900	12,56,818	1,57,75,702	61,68,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	101.00	100	7.50	8.00	9.50	8.25	3	Y.T.
70,00,000	31,26,526	1,72,01,519	56,35,377	1,914	Killick Industries Ltd.	Surat Electricity	96.50	100	7.00	7.00	7.50	8.00	3	Y.P.
3,99,99,875	1,23,03,557	8,51,66,079	2,05,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	114.00	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
5,15,36,000	3,10,34,482	20,78,53,061	4,81,56,686	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,120.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,588	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.]	Agra Electric Supply Co., Ltd. ..	120.00	100	10.00	10.00	11.00	11.00	3	Y.
5,00,000	15,46,067	65,82,610	24,21,313	24,137	Martin Burn Ltd.	Bareilly Electric Supply	11.75	10	1.00	1.00	1.10	1.10	3	Y.
17,00,000	45,76,469	1,78,08,855	51,62,951	46,844	Martin Burn Ltd.	Benaras Electric Light & Power Co. ..	12.12	10	1.00	1.00	1.10	1.10	3	Y.
5,91,485	9,92,659	24,08,757	12,04,489	39,820	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	6.12	5	0.40	0.40	0.64	..	3	Y.
£4,262,546	£2,457,172	£25,950,954	£14,225,963	£124,585	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	14.87	£1	7½%	7½%	7½%	7½%	3	Y.P.T.
8,60,000	7,55,075	27,78,204	11,86,451	45,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12.62	10	0.85	0.85	0.75	1.00	3	Y.
43,20,000	27,18,468	1,05,87,869	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	97.00	100	7.00	7.50	10 00	10.00	3	Y.
5,34,640	1,42,426	39,19,424	15,91,894	42,694	Meenna Lall & Sons	Jhansi Electric Supply	6.00	10	0.624	0.62	0.70	*Nil*	3	Y.
22,50,000	23,00,175	1,12,04,240	42,92,575	32,599	Martin Burn Ltd.	Jubbulpore Electric Supply	11.00	10	0.92	0.93	1.00	1.00	3	Y.
5,82,390	4,52,585	37,46,515	13,93,792	40,204	Octavius Steel & Co., Ltd.	Monufergore Electric Supply	11.75	10	1.00	1.00	1.25	..	3	Y.
85,07,380	40,44,800	1,41,84,880	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.87	10	0.75	0.75	..	..	3	Y.
6,10,000	2,56,304	15,86,888	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.75	10	0.50	0.50	0.625	0.625	3	Y.
16,80,000	14,06,404	50,57,156	40,54,991	11,630	Bird & Co. Private Ltd.	Sijuah (Dhenkiah) Elec. Supply Co. ..	8.87	10	0.65	0.75	1.00	0.90	3	Y.T.
99,99,960	29,97,866	2,22,90,594	74,27,884	11,885	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn. ..	10.12	10	0.87	0.90	0.90'C'	0.90	3	Y.P.T
5,00,000	12,50,896	67,75,615	18,66,448	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	14.75	10	1.00	1.25	1.25	1.25	3	Y.
50,00,000	78,01,918	4,29,48,756	1,54,55,172	89,176	Martin Burn Ltd.	U. P. Electric Supply Co., ...	124 50	50	10.00	10.00	11.00	11.00	3	Y.T.
3,00,000	11,41,474	46,63,814	18,15,572	8,34,013	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.35	10	1.00	1.00	1.50	1.50	3	Y.
ENGINEERING (Bombay)														
42,47,000	50,53,626	75,37,402	61,01,878	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., *Ltd.*	337 00	100	12.50	17.00	17.00	..	12	Y.
10,99,060	4,35,000	23,00,166	9,02,243	49,445	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	115 50	50	5.00	4.00	4.00	9.00*	12	Y.
45,50,000	58,23,568	1,40,18,102	....	73,196	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	183.50	100	10.00*	15.00*	15.00*Cr	18.00	6	Y.
49,00,000	6,61,109	58,51,172	22,34,229	38,756	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	282.50	100	7.00	10.00	*Nil*	4.00	6	Y.P.
60,00,000	1,08,98,455	2,46,93,880	1,46,51,549	39,845	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	179.00	100	9.00	12.00	12.00Cr	12.00	6	Y.P.T
6,00,000	4,57,222	2,05,518	1,88,653	4,607	T. V. Baddeley, Esq. (Chairman) ..	Josh Engineering	99.00	50	5.00	5.00	6.00	5.00	3	Y.
50,00,000	14,71,874	65,58,860	22,18,255	10,090	Adhesa Services	Jyoti Ltd.	215 00	100	12.50	12.50	12.50	..	12	Y.
44,96,250	5,18,948	76,96,166	37,12,969	5,162	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	16.76	10	0.50	0.775	0.80	0.90	9	Y.
55,42,00,000	94 93,324	1,86,58,367	75,91,595	11,174	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	57.00	10	2.50	2.50	2.50	2.50	7	Y.
43,72,400	40,84,021	1,11,74,204	49,95,980	1,709	Kirloskar Associates	Kirloskar Electric Co. Ltd.	20.00	10	0.75	1.00	0.90	1.10	6	Y.
37,50,000	49,67,710	1,14,26,966	53,35,198	33,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	55.80	10	1.00	1.00	1.43	1.60	3	Y.
16,00,000	4,58,946	25,18,944	6,77,094	5,683	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	843.25	100	..	..	..	12.50	3	Y.
1,10,00,000	36,76,765	1,21,61,582	37,43,210	98,848	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	41.25	10	1.25	1.25	1.50'Cr	1.80	3	Y.P.
15,00,000 } 15,00,000 } 14,15,040 }	1,23,086	1,03,47,668	23,98,321	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	4 00	5	*Nil*	*Nil*	*Nil*	..	3	Y.P.
14,15,040 } 34,88,000 }	....	15,94,175	....	....	B. L. Kucheria, Esq. (Secretary) ..	Lynx Machinery	7.64	10	..	..	..	..	10	Y.
1,32,00,000	58,67,083	1,74,90,468	39,61,076	2,55,040	K. C. Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	18.24XR	10	1.00	1.25	1.25	1.50*	10	Y.P.
30,00,060	78,422	46,82,025	16,73,677	46,424	Prithivraj Sons	Man Industrial Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	*Nil*	..	3	Y.P.
11,00,000	1,72,712	41,60,471	25,65,496	2,771	F. Jhunjhunwala, Esq. (Mg. Director)..	McKenzies	147.50	100	*Nil*	*Nil*	10.00	..	3	Y.P.
61,42,910	57,00,000	1,58,14,415	50,48,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	175.25	100	7.50	12.00	12.00	12.00	3	Y.P.
57,50,000	42,31,615	1,28,07,888	60,90,019	5,724	Kirloskar Associates	Mysore Kirloskar Ltd.	118.00	50	..	6.00	6.00	6.00	6	Y.
18 55,000	11,14,847	32,80,008	12,76,236	21,533	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	20.20	50	4.50	4.50	4.50	6.50	3	Y.
50,00,000	9 89,108	62,30,865	20,78,768	17,985	J. Y. Patel, Esq. (Mg. Director) ..	New Standard Engineering	246.00	100	..	9.00	12.00	9.00	3	Y.
38,99,970	1,26,15,498	10,42,140	2,18,279	88,651	Walchand & Co. Private Ltd.	Premier Construction	174.00	50	12.50	15.00	15.50	10.00	12	Y.P.
30,00,000	42,07,875	1,09,88,988	48,88,395	9,319	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	139 50	75 Old	8.25	6.80	9.72'C'	13.00	6	Y.P.
27,50,42,550	27,86,24,572	1,85,51,78,192	66,75,78,212	84,084	Tata Iron and Steel Co. Ltd.	Tata Iron and Steel	349 00	100	9.00	9.00	12.50	14.50	3	Y.P.
1,99,97,800	2,86,87,402	24,50,95,291	11,17,16,117	2,47,859	Tata Industries Private Ltd.	Tata Locomotive	880.00	100	10.00	14.00	18.50	14.50	3	Y.P.T.
19,81,000	3,85,000	28,97,720	8,10,644	17,016	T. Manekial & Co.	T. Manekial Mfg., Co.	48.00	10	2.25	3.00	3.00	3.25	6	Y.
32,04,980	18,83,714	17,41,004	9,64,180	16,87,275	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	285 00	100	9.00	15.00	18.00	14.00	6	Y.
2,45,00,000	80,22,811	1,29,75,902	30,64,189	8,75,054	R. K. Handoo, Esq. (Mg. Director) ..	Voltas Ltd.	16.76	10	..	..	..	..	6	Y.
70,00,000	....	10,49,952	4,291	23,584	R. H. Toprani, Esq. (Secretary) ..	Zenith Steel Pipes Ltd.	..	..	..	..	..	*Nil*	6	Y.
West Bengal and Other Centres														
6,96,960	1,66,470	26,89,061	18,48,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler,& Co.]	14.06	10	*Nil*	*Nil*	..	..	10	Y.P.T.
50,00,000	30,54,321	1,01,45,489	65,62,025	496	M.	Bhartia Electric Steel	10.62	10	1.25	2.25	2.50	1.00	12	Y.
36,50,700	77,67,826	88,29,182	18,49,459	2,84,448	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	56.87	10	2.00'B'	3.00	3.00	..	12	Y.
12,50,000	28,75,754	84,57,751	41,87,599	1,04,099	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	52.25	10	2.00'B'	3.00	3.00	..	12	Y.
19,58,670	7,04,341	39,97,538	14,66,635	86,996	Heinex Wilson & Co., Ltd.	Britannia Building and Iron	13.25	10	0.50	1.00	1.00	..	3	Y.
50,00,000	44,83,365	1,31,00,880	55,16,684	1,88,352	McLeod & Co., Ltd.	Britannia Engineering	42.62	10	2.00	2.50	4.50	..	12	Y.
5,00,000	11,97,357	29,52,577	11,10,842	81,788	Balmer Lawrie & Co., Ltd.	Dr. L. Electric Construction	17.12	10	20.00	22.50	25.50	28.50	4	Y.P.T.
54,00,000	2,55,85 859	5,20,79,060	3,25,00,340	1,21,544	Martin Burn Ltd.	Burn & Co.	660.00	100	..	..	..	28.50	3	Y.
1,00,00,000	11,36,232	80,39,989	6,68,024	1,68,056	M.	Calcutta Steel Co., Ltd.	10.00N	10	*Nil*	*Nil*	*Nil*	1.50	3	Y.
1,20,00,000	12,58,028	1,89,66,744	10,15,606	4,17,174	R. L. Makharia, Esq.	Central India Machinery Mfg. Co. Ltd. ..	11.75	10	*Nil*	*Nil*	*Nil*	..	3	Y.P.T.
90,00,000	16,00,000	1,05,47,678	37,03,988	1,64,773	Y. Yelamia, Esq. (Chairman)	Daimia Iron & Steel Ltd.	11.75	10	1.00	0.50	1.00	1.00	3	Y.
60,93,400	15,17,000	46,46,941	15,86,188	3,874	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	15.25	10	1.00	0.50	1.00	1.60	10	Y.
56,00,000	22,27,652	49,26,966	9,79,166	2,477	Harparshad & Co. Private Ltd.	Escorts Ltd.	19.50	10	..	2.50	1.60	..	12	Y.P.
4,00,00,000	6,58,05,309	8,26,20,533	2,62,46,302	....	H. M. L. Williams (Mg. Director) ..	Guest, Keen, Williams Ltd.	41.31	10	2.00	2.40	1.60'Cr	..	12	Y.P.
12,50,000	23,59,648	61,38,962	41,37,127	....	Martin Burn Ltd.	Hooghly Docking	111.00	50	5.00	6.00	*Nil*	..	12	Y.P.
12,44,08,990	24,26,37,632	81,16,88,664	17,34,44,848	16,41,911	Martin Burn Ltd.	Indian Iron and Steel	25.15	10	1.00'C'	1.00	1.50	1.50	3	Y.
39,65,075	67,87,984	1,21,14,677	76,23,098	58,466	Martin Burn Ltd.	Indian Standard Wagon	160.00	25	5.00	5.00	7.25	7.125	3	Y.P.
96,58,160 } 96,58,160 }	2,52,04,626	2,22,95,589	1,62,64,925	10,91,465	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products	48.00 14.00	0.10 0.1	4.00 0.40	1.62½ 0.16½	2.50 0.23	..	3	Y.
48,82,732	3,71,841	38,01,297	18,94,384	10,662	C. R. Ramaswamy, Esq. (Mg. Director).	Indian Steel Rolling Mills Ltd.	11.85	10	0.70	0.70	..	1.25	3	Y.P.
1,07,48,752	90,64,293	4,34,89,950	1,89,45,668	7,173	Madan Mohanlall Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	28.25	10	1.25	1.20	1.25	1.75	3	Y.
28,00,000	49,31,000	81,62,688	25,40,754	96,487	J. K. Industries Private Ltd.	J. K. Steel Ltd.	20.19	10	1.25	1.25	2.00	2.00	6	Y.P.
2,08,99,000	1,98,14,815	3,89,58,884	1,25,15,738	....	B. P. Singh Roy, Esq. (Chairman) ..	B. P. Singh Roy Ltd.	25.06	10	0.50	0.556	0.556'C'	0.858	10	Y.P.
27,94,200	42,58,268	98,25,077	28,24,562	27,548	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	8.19	2	0.80	0.80'C'	0.80	..	12	Y.P.
10,00,000	13,54,315	19,47,135	15,45,088	—5,68,689	Marshalls (Directors) Private Ltd. ..	Marshall Sons & Co. (India), Ltd. ..	3.87	2	0.40	0.20	*Nil*	*Nil*	3	Y.P.T.
49,96,000	18,58,398	1,44,34,142	56,32,008	—7,05,389	M.	National Iron and Steel Co., Ltd. ..	6.19	10	0.62	0.75	*Nil*	..	3	Y.
60,00,000	24,06,943	76,55,140	24,18,212	4,88,188	B. S. Ind. Development Co., Ltd. ..	Richardson & Cruddas Ltd.	6.60	10	*Nil*	*Nil*	..	..	6	Y.P.
6,00,000	18,56,092	31,20,677	20,15,013	15,662	The British India Corpn. Ltd.	Saran Engineering Co.	10.31	4	0.40	0.25	0.25	0.40	6	Y.P.
1,20,00,000	55,57,153	4,55,97,471	2,18,21,161	58,757	Birla Brothers Private Ltd.	Textile Machinery Corpn. Ltd.	22.50	10	1.50	2.00	2.00	..	12	Y.P.
39,84,400	14,51,916	77,82,900	30,25,484	17,127	Balasundaram & Co.	Textool Co., Ltd.	185.00

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Market Price Closing for March '62	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
22,50,000	2,17,59,502	4,00,13,820	1,14,17,317	1,33,107	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd..	18.75	10	0.90	1.00	1.20	1.20	3	Y.P.T.
1,00,00,000	47,92,750	1,51,27,464	66,45,037	3,01,560	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	23.70	10	1.25	1.25	1.50	0.90	3	Y.
30,00,000	37,89,988	40,22,855	27,01,150	2,00,448	Turner Morrison & Co. Private Ltd.	Angelo Bros., Ltd.	20.81	10	1.50	2.00	2.50*	2.25	3	Y.
3,44,97,135	45,25,000	3,76,67,056	98,83,296	99,790	A. E. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	8 83/xd	5	0.30	0.40	0.40	0.30	9	Y.
22,50,000	27,58,353	41,03,889	23,39,465	1,42,995	Mr. A. Hydari and Mr. S. Gothberg	Assam Match Co., Ltd.	25.00	10	1.25*	1.80	1.80	1.80	12	Y.
1,18,00,000	88,61,435	1,02,25,165	50,36,439	8,24,584	H. R. Greeson, Esq. (Mg. Director)	Associated Battery Makers (E) Ltd. A.	32.56	10	2.40	4.00	2.50	1.50	3	Y.
20,00,000	39,46,521	1,09,70,996	44,86,384	1,55,433	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.P.T.
20,01,400	96,40,909	79,91,895	41,74,554	5,75,402	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	276.00	100	20.00	25.00	25.00		12	Y.
12,50,000	25,38,974	57,24,157	21,81,357	1,50,199	Balmer Lawrie & Co., Ltd.	Bengal Finance Mills Co., Ltd. ..	15.92	10	2.50	4.50	4.00		12	Y.
20,00,000	9,27,188	66,75,796‡‡	....	50,926	Lovelock & Lewis	Birds Investment Ltd.	12 62	10	0.70	1.10	0.95	1.00	9	Y.P.
40,97,020	72,69,286	1,48,96,874	60,07,477	2,84,279	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	45.37	10	1.20	1.40	2.50	3.00*	3	Y.P.T.
8,25,00,000	1,95,44,212	5,00,84,669	2,33,94,496	3,34,066	H. S. Chaturvedi, Esq. (Mg. Director).	British India Corporation Ltd. ..	11.12	5	Nil	Nil	0.20		12	Y.P.
22,50,540	20,39,609	45,27,317	22,12,125	20,721	A. V. Nibkett, Esq. (Mg. Director)	British Paints (India) Ltd.	25.04	10	1.00	1.00	1.25		12	Y.P.
1,25,80,000	14,76,849	1,88,75,787‡‡	....	2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.56	10	0.75	0.83/t	0.80		12	Y.
5,00,000	19,00,000	49,04,099	28,47,106	8,600	M.	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	1.00		10	Y.P.T.
4,50,00,000	4,82,74,182	10,91,58,553	4,60,35,477	25,38,694	M. L. Bexon, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd. ..	44.62	10	2.00	2.15	2.15	2.00	12	Y.P.T.
90,00,000	1,12,80,000	31,00,870	2,02,62,709‡‡	4,32,721	K. P. Geetha, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	153.00	100	10.00	14.00	14.00		12	Y.P.
27,56,355	1,76,30,094	85,99,851	27,71,678	12,605	N. N. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	47.56	5	0.75	0.80	1.25	1.50	3	Y.
51,26,000	61,19,702	1,64,39,363‡‡	....	2,67,765	Bird & Co. Private Ltd.	Eastern Investment Ltd.	153.00	100	9.00	14.00	14.00	14.00	12	Y.P.
12,49,250	....	4,92,065	3,366	$3,511	M.	East Anglia Plantation (India) Ltd.	10.00	10	....	....	....	Nil	3	Y.
44,05,240	4,87,249	59,44,050	12,33,911	4,115	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	12.05	10	Nil	0.60	0.50		12	Y.P.
46,99,137	77,72,319	95,23,776	52,36,350	4,07,338	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	24.00N	12.50	1.50	1.60	....		3	Y.P.
74,02,000	15,80,821	38,09,862	23,58,830	70,927	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	231.00	100	15.00	17.50	17.50	20.00	3	Y.
7,50,000	4,50,000	1,21,055	43,631	5,551	Gaup & Co.	General Papers Ltd.	10.70	10	1.25	1.25	1.25		12	Y.
$9,97,875	....	2,41,968	1,336	—1,05,203	National Rubber Mfrs. Ltd.	General Tyres Ltd.	6.25	5	....	....	....	Nil	6	Y.
60,00,000	38,84,200	80,57,755	15,91,667	1,71,222	P. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	14.25	10	1.00	1.00	1.00		3	Y.P.
45,00,000	5,00,000	75,33,845	44,31,000	19,377	D. S. Barwen, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	51.00	10	2.00	2.00	4.00		12	Y.P.
32,00,000	19,10,650	88,65,436	43,28,959	21,282	B. P. R. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	22.50		3	Y.
4,06,12,250	1,85,51,450	8,88,47,837	8,84,91,947	2,75,552	Birla Brothers Private Ltd.	Hindustan Motors	20.25	10	Nil	0.60	0.90	1.20	3	Y.P.
25,00,000	10,04,523	99,48,437	38,67,174	1,31,125	Lalukdar Law & Co. Private Ltd.	Hindustan Pilkington Glass	21.66	10	0.60	1 20	....		10	Y.
25,70,000	....	1,00,459	....	$3,611	Ramprasad Murlidhar & Co.	Hindustan Twyteels Ltd.	16.75	10	....	....	....	Nil	3	Y.
15,16,00,000	9,75,09,552	11,57,27,807	3,27,09,053	26,96,288	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd.	12.00	10	0.70	0.60	0.80	0.90	3	Y.P.
5,06,96,480	2,49,79,820	9,79,98,586	3,59,95,785	49,90,524	K. C. Mahindra, Esq. (Chairman)	Indian Aluminium Co., Ltd.	39.25	10	0.70	1.20	1.50		12	Y.P.T.
2,50,00,000	2,21,18,852	3,17,93,518	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman)	Indian Cables	30.50	10	1.50*	1.50	2.25	2.25	3	Y.P.T.
2,62,50,000	2,11,58,401	3,63,93,105	2,01,21,939	15,06,873	Satya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	38.00	10	1.00	1.50	1.50	1.50	3	Y.
29,88,276	1,06,104	54,89,157	21,21,520	3,633	M.	Indian Plastics Ltd.	10.50	10	Nil	Nil	Nil	Nil	3	Y.P.
6,27,870	7,54,870	19,61,878	11,61,643	1,32,665	M.	Indian Rubber Manufacturers	20.25	10	1.00	1.50	2.00		3	Y.P.
69,98,922	....	86,01,518	1,37,288	—6,99,700	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	17.94	10	....	....	....		12	Y.
3,99,96,000	74,12,017	43,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman)	Jardine Henderson	82.00	100	2.50	5.00	7.00	7.00	3	Y.
10,00,000	12,02,095	18,79,279	13,27,977	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.78	10	3.50	2.00	1.00		3	Y.P.
1,47,12,250	1,21,48,546	90,45,005	20,25,254	2,45,501	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	21.25	10	2.12*	2.75	2.75	2.75	3	Y.P.
1,00,00,000	6,50,000	23,46,291	5,49,181	14,958	Vithal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	24 12	10	2.00	3.00	3.00		12	Y.P.
40,96,0000.	78,79,891	81,96,909	13,68,508	2,18,917	M.	McLeod & Co.	{215.00 D.10	0.100	12.50	15.00	15.00		12	Y.P.
1,00,00,000D.									0.75	1.00	1.00			
1,91,00,000	1,82,78,181	3,61,57,826	1,40,23,040	22,85,972	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	59.37	10	1.75	1.75	2.50	2.50	3	Y.P.
58,00,000	7,90,891	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd. ..	225.00	100	11.00	15.00	24.00	20.00	3	Y.P.
6,56,250	9,51,514	12,77,159	7,00,152	12,866	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	32.20	10	1.50	1.60	2.00	2.50	3	Y.
18,00,000	8,23,080	29,39,182	12,41,908	11,483	N. V. Siddalingappa, Esq. (Chairman).	Mysore Tobacco	9.00	10	1.25	1.25	1.00	Nil	3	Y.
99,00,000	1,00,00,310	1,39,45,854	57,73,941	50,886	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	44.25	10	2.00	2.00	2.50	2.50	3	Y.P.
30,00,000	31,10,865	51,52,479	29,05,855	67,385	Do.	National Pipes & Tubes Co., Ltd. ..	30.31	10	1.25	1.50	2.00	2.00	6	Y.P.
44,00,000	56,76,100	81,59,908	41,41,925	39,258	Do.	National Rolling & Steel Ropes ..	19.04	10	1.00	1.00	1.50	1.50	6	Y.
22,50,000	12,38,074	1,05,93,305	39,56,256	45,685	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd.	12.25	10	0.60	Nil	Nil	Nil	12	Y.
72,97,000	1,17,55,025	1,50,40,984	51,16,295	9,25,725	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	16.19	10	1.10	1.60	1.60		12	Y.P.T.
23,25,100	11,02,291	40,65,244‡‡	....	45,497	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	42.20	75	3.75	6.50	....		12	Y.
25,00,000	7,02,000	15,17,555	7,24,601	1,81,361	Parry & Co., Ltd.	Parrys Confectionery Ltd.	4.55cd	1	0.20	0.25	0.30	0.30	3	Y.
3,30,00,000	56,08,256	2,16,04,776	66,09,501	69,622	C. Vink, Esq. (Mg. Director) ..	Phillips India Ltd.	36.50	10	0.85	1.20	1.20	Nil	3	Y.
62,50,000	....	4,88,081	....	—1,76,940	Duncan Brothers & Co., Ltd.	Phillips Carbon	25.25	5	....	....	....	....	3	Y.
13,50,000	1,09,431	8,39,731	2,90,184	2,558	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	3 90	5	0.375	0.375	Nil		12	Y.
56,80,738	17,25,287	48,65,614	24,00,977	43,537	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd.	19.30	10	1.50	1.60	2.30	1.80	3	Y.
2,59,98,000	3,15,42,505	71,08,365	36,01,866	4,85,553	Sadrikas Soonka, Esq. (Chairman)	Rallis India Ltd.	159.00	100	Nil	Nil	4.00	8.50	3	Y.P.
4,98,80,900	2,54,60,000	15,98,24,741	6,76,88,625	5,96,527	Sahu Jain Ltd.	Rohtas Industries	17.19	10	2.00	1.50	2.00	1.00	3	Y.P.T.
70,00,000	61,94,790	2,88,28,580	94,52,276	7,622	K. D. Gangull, Esq. (Secretary) ..	Sen-Raleigh Industries	20.06	10	0.60	0.90	0.80	0.80	9	Y.P.
21,50,000	....	56,84,012	2,06,581	—5,26,174	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	10.10	10	Nil	Nil	....		12	Y.P.
15,00,000 } 6,75,000 }	1,01,990	19,67,084	5,31,233	3,028	Mr. M. A. Chidambaram (Chairman) ..	Southern Ind. Corporation	9.79 7.15	10 10	Nil Nil	1.50	1.80 0.225	....	12	Y.
40,80,000	3,82,300	38,06,520	3,65,613	—11,26,061	Mr. N. Ranganadhan (Mg. Director) ..	Southern Structurals	11.25	10	Nil	Nil	Nil	Nil	12	Y.
75,00,000	38,58,000	1,37,90,319	37,59,475	5,13,008	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	23.12	10	1.00	1.50	1.50		12	Y.P.
22,50,000	31,92,371	1,69,18,519	81,60,432	9,57,352	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	24.25	10	1.50	1.80	1.80	1.80	6	Y.P.
27,00,000	24,40,000	1,86,84,029	89,73,772	2,974	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16.75	10	0.75	0.90	0.90		12	Y.P.
1,40,00,000	1,15,76,000	1,21,31,233	16,54,467	98,895	T. K. Jacob Private Ltd.	Straw Products Ltd. S.	9.94	10	1.25	1.50	Nil		12	Y.
9,96,980	30,000	16,98,410	7,47,136	3,288	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.75	10	0.40	0.60	0.60		12	Y.
12,00,000	16,45,653	14,00,718	7,70,662	91,515	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	30.03/xd	10	2.00	2.75	3.25*	1.50	9	Y.
3,50,00,000	1,56,81,314	3,97,55,030	93,05,418	12,08,328	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd. ..	290.00	100	10.00	10.00	10.00	10.00	9	Y.
22,50,000	22,66,666	66,67,788	17,65,514	56,908	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	8.75	10	Nil	Nil	....		3	Y.
3,00,00,000	1,67,65,505	6,04,41,004	1,15,63,887	....	J. R. Galloway, Esq. (Mg. Director)	Union Carbide India Ltd.	51.25	10	1.40	1.50	1.80		9	Y.P.
20,00,000	60,00,000	83,86,994	19,50,060	83,924	Vittal Mallya, Esq. (Chairman).. ..	United Breweries	82.25	10	6.00	6.00	6.00	6.00	3	Y.P.
5,00,000	4,60,781	8,85,722	1,93,331	25,594	Shaw Wallace & Co.	United Flour Mills Ltd.	32.50	10	3.75	5.25	3.50		11	Y.
31,46,200	27,60,488	1,02,78,928	35,59,149	6,364	A. K. Kaderkutty Esq. (Mg. Director).	Western India Plywoods Ltd.	208.00	100	19.00	10.00	10.00	13.00	3	Y.P.
TRANSPORT														
25,00,000	95,17,850	1,23,16,809	21,49,792	23,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	110.00	100	6.00	8.00	7.50		10	Y.P.
1,80,00,000	61,32,793	4,85,99,781	2,88,57,012	—88,10,589	Dinshaw (Private) Ltd.	Bharat Line	4.00	10	1.20*	Nil	Nil		12	Y.
90,00,000 } 30,00,000 }	2,08,62,445	8,16,52,906	2,55,75,629	1,85,750	A. H. Ehinwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	13 80 6 52	10 5(New)	1.80 0.90	1.50 0.525	1.00 0.50	0.75 0.30	6	Y.P.
2655,580	£1,242,443	£5,811,271	£3,538,891	—£3,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co.	70.25	£10	Nil	Nil	....		12	Y.P.
2,47,50,000	2,46,51,885	23,76,87,961	5,76,03,817	—41,04,534	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	7.09	10	1.00	1.00	1.00	Nil	3	Y.P.
1,35,19,795	11,13,95,184	88,12,01,740	11,55,53,414	2,82,887	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	12.96	20	1.25	1.80	0.60	0.60	6	Y.T.
0,2,40,800 } P.O.2,10,200 }	24,07,422	13,55,807	9,51,870	1,60,969	R. R. Aiyer Esq. (Manager)	Walford Transport Ltd.	{4.06 3.00	O. 1 P.O. 1	0.14 0.12	0.20 0.15	0.30 0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Company	Market Price Closing for March '62	Paid-up per Share	Dividend per Ordinary Share 1958	1959	1960	1961	Accounts closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	39,20,700	1,39,22,812	85,35,842	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.00	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,272	41,59,874	34,76,443	—2,69,124	Jardine Henderson Ltd.	Barraree Coke	16.87	10	0.50	Nil	Nil	Nil	3	Y.
4,49,133	1,39,133	11,50,136	6,76,035	4,967	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.48N	10	0.25	Nil	Nil		12	Y.
1,00,00,000	2,06,23,467	7,45,29,664	4,86,40,636	10,50,529	Andrew Yule & Co., Ltd.	Bengal Coal	348.00	100	17.50	25.00	25.00		12	Y.
2,25,000	5,17,844	23 13,260	21,49,761	1,160	M.	Bengal-Nagpur	1.60	10	Nil	Nil	1.00		12	Y.
40,00,000	66,25,225	1,26,84,544	69,95,124	—1,92,036	Sahu Jain Ltd.	Bhulanbarasee	4.12	10	0.60	Nil	Nil	Nil	6	Y.P.T.
7,15,000	14,93,844	57,66,346	36,78,757	—6,06,032	M.	Borrea	5.00N	10	Nil	Nil	Nil		12	Y.T.
7,50,000	21,72,444	48,42,642	29,83,008	31,861	F. W. Heilgers & Co. (Private) Ltd.	Burrakur	28.25	10	0.75	1.00	1.50		12	Y.P.
90,92,480	1,43,79,737	4,53,59,440	2,35,26,119	58,154	Bird & Co. Private Ltd.	Burrakur	17.62	10	0.875	1.30	1.80	1.80	6	Y.P.T.
40,97,750	6,32,979	92,36,293	51,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	11.50	10	0.50	0.50	0.80	1.00	3	Y.
5,00,000	12,98,490	53,54,287	34,91,864	7,605	Jain Industries	Central Kurkend	7.00N	10	0.50	Nil	....		12	Y.
4,00,000	1,55,159	5,98,750(k)	....	7,043	F. W. Heilgers & Co. (Private) Ltd.	Charlia	6.06	4	0.20	0.12	0.12		12	Y.
10,00,000	....	67,61,927	33,65,625	—1,06,301	M.	Dhemo Main	7.06	10	Nil	Nil	....		12	Y.
£246,000	£429,207	£1,464,191	£857,968	£16,220	Jardine Henderson Ltd.	East Indian	37.00	£1	1.00	1.25	1.00	2.00	4	Y.
29,65,760	1,16,22,107	4,94,12,596	3,48,80,839	1,10,574	Macneill & Barry Ltd.	Equitable	26.94	10	1.50	0.75	1.50		12	Y.P.T.
10,00,000	40,000	24,58,595	5,45,200	—5,80,078	Ghusick and Mualla	Ghusick and Mualla	14.00	10	Nil	Nil	Nil		12	Y.P.T.
12,50,000	2,03,371	44,46,519	29,14,342	797	Killick Industries Ltd.	Hingir-Rampur	38.00	50	Nil	Nil	Nil	Nil	6	Y.
3,08,000	....	24,79,228	20,12,306	—3,47,957	M.	Hurriladih	14.87	10	Nil	....	....		3	Y.P.
20,05,000	7,64,717	45,86,822	12,93,682	40,019	Bird & Co. Private Ltd.	Kesrapura Collieries	19.04	10	5.00	5.00	7.50	10.00	2	Y.
14,82,450	15,10,774	59,54,523	41,77,254	28,577	Andrew Yule & Co., Ltd.	Katras Jherriah	46.00	10	5.50	6.50	9.50	4.00	3	Y.P.
9,00,000	10,22,762	6,16,679	....	39,080	H. V. Low & Co. (Private) Ltd. ..	Lakurka	18.75N	10	1.00	0.75	....		4	Y.
7,48,140	2,50,000	13,59,878	10,13,353	17,140	Tantia Brothers Private Ltd. ..	Nasira	6.37	10	0.75	1.00	....		12	Y.
$1,97,218	27,39,525	1,86,48,573	1,06,29,906	79,795	Andrew Yule & Co., Ltd.	New Heerbhoom	21.50	10	1.00	1.50	1.60		10	Y.P.
6,00,000	3,90,206	12,37,138	3,80,199	51,220	Octavius Steel & Co., Ltd.	New Mashboom	18.62	10	0.50	0.50	0.75	0.90	3	Y.
1,15,000 } 1,57,500 }	3,84,625	12,96,398	9,60,464	23,053	M.	North West	22.06 13.50N	10 7.50	1.50 1.12	1.50 1.12	2.00 1.50		3	Y.
15,75,000	13,20,908	2,92,588	22,84,209(k)	35,298	P. Prashad, Esq. (Chairman) ..	Ondal	14.40	10	0.50	0.70	0.50		12	Y.P.
7,50,000	....	1,37,202	35,04,745	13,15,937	1,617	Deepchand Kishenlall	Parasea	17.88	10	0.50	0.62	0.125	12	Y.P.
8,54,000	12,16,000	33,62,260	51,27,399	52,139	Shaw Wallace & Co., Ltd.	Pench Valley	15.75	10	2.00	1.00	1.00	1.00	12	Y.P.T.
25,75,000	29,45,121	1,59,19,225	1,10,16,902	50,804	M.	Ramagoongo	14.37	10	1.00	1.00	1.50	1.70	3	Y.
22,00,000	11,81,500	92,62,257	35,97,256	29,387	Shaw Wallace & Co., Ltd.	Rewa	30.09	10	1.00	1.00	0.75		12	Y.
37,50,000	38,50,570	1,12,26,341	38,46,379	26,993	M.	Samla Collieries	8.87	10	0.50	0.70	1.00		12	Y.
19,50,000	3,86,010	34,65,093	9,02,414	3,494	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries. ..	120.00	100	12.50	16.00	16.00	8.00	12	Y.
2,80,000	11,14,420	20,06,158	20,96,227	57,533	Andrew Yule & Co., Ltd.	Seebpore	47.00	7	1.75	3.00	3.00		12	Y.
3,50,000	4,69,848	35,740	13,04,563(k)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	6.44	10	Nil	0.35	0.50		12	Y.P.
3,60,00,000	78,62,511	8,26,23,180	3,52,80,469	10,622	P. M. Nayak, Esq. (Chairman) ..	Singareni	10.50	10	0.75	0.75	0.70		12	Y.
17,50,000	7,71,506	48,97,033	22,97,469	—1,54,124	Bird & Co. Private Ltd.	South Karanpara	7.25	10	0.75	0.90	0.25	Nil	3	Y.P.
9,00,000	15,49,019	1,53,277	20,66,339(k)	20,718	F. W. Heilgers & Co. (Private) Ltd.	Standard	16.00	10	1.25	1.50	1.50		12	Y.
3,44,000	2,81,000	20,49,970	15,40,067	23,484	B. M. Varma, Esq. (Mg. Director)..	Union	9.75	10	0.25	Nil	....		12	Y.
49,96,000	5,90,557	96,20,910	38,51,821	31,624	Hindustan Investment Corpn. Ltd.	Western Bengal	8.81	10	0.40	0.40	0.60	0.75	12	Y.
7,60,000	....	60,41,429	36,08,316	—2,48,466	M.	West Jamuria	10.87	10	Nil	Nil	....		12	Y.

S.—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 63,40,554 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

‡‡ Investment at cost.

H.—Clive Row Investment.—Dividend for 1960 includes additional dividends of 9 nP for the year ended 31st March 1958 and 37 nP for the year ended 31st March 1956.

* Includes bonus.

M.—Managed by the Board of Directors.

N.B.—Dividends paid since 31st March 1960 are shown as taxable.

(t) Investments.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 138 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 80 lakhs only. E. B. Ex-Bonus.

BANKS

| Paid-up Ordinary Capital | Reserve Fund | Carried Forward | Name of Bank | Market Price Closing for March 1962 | Paid-up per Share | Dividend per Share 1958 | 1959 | 1960 | 1961 | Accounts Closed | Reference |

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Market Price Closing for March 1962 Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	98.00	100
BREWERIES AND SUGAR							
Bharat Sugar M.C.	5,00,000	1931	5.00	Dec.	..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Gerve & Co. T.F.B.C.	5,00,000	1878	6.00	Mar.	Sep.	80.00	100
Gwapore Sugar Works T.F.C. ..	10,00,000	1905-24	9.00	Feb.	Aug.	118.00	100
Hoosna Sugar & Akbar 'A' T.F.C. ..	7,00,000	1920	7.00	July	Apr.	4.92	5
East India Distilleries C.	£200,000	1897	9.00	Jan.	July	16.50	£1
Gwalior Sugar B.C.	6,75,000	1946	7.00	Dec.	..	60.00	100
Do. (Non-redeem.)	5,00,000	1948	7.00	Dec.	..	60.00	100
Partabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Ramnagger Cane T.F.C.	4,00,000	1933-56	6.00	Aug.	..	82.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	60.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	6.95	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.B.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	120.50	100
COAL							
Borrea T.F.C.	14,00,000	1896-97	6.50	Oct.	Apr.	80.00	100
Burrakur (1st) T.F.C.	22,98,800	1901-10	7.00	Apr.	Oct.	93.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	9.00	10
Equitable T.F.	6,00,000	1895	6.00	Mar.	Sept.	81.00	100
Karanpura Collieries C.	9,89,500	1946	5.50	..	..	54.00	10
†††Khas Kajora C.	1,92,000	1921	6.00	Mar.	Sept.	7.00N	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.25	10
Oudal T.F.C.	3,60,000	1896-99	6.00	Apr.	Oct.	80.00N	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr.	Oct.	71.00	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	106.62	100
Bassati Cotton T.F.	5,00,000	1938	6.25	Nov.	..	7.00	10
Bowrah 'A' T.F.	6,00,000	1899	8.00	Feb.	Aug.	105.00	100
Do. 'B' T.F.	6,00,000	1899	7.00	Feb.	Aug.	80.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	48.50	50
Buckingham & Carnatic C.T.F. ..	21,30,200	1920	7.50	Jan.	July	118.00	100
Cambodias C.T.F.	1,00,000	1922	7.00	Apr.	..	80.00	100
Central India T.F.	50,00,000	1913	5.00	Apr.	Oct.	410.00	500
Century Spg. & Mfg. Co. B. C. ..	1,25,00,000	1956	8.57	Dec.	..	108.50	100
Coimbatore Pioneer C.T.F.	1,00,000	1945	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1913	5.00	May	..	106.00	100
Elgin 'B' T.F.C.	4,20,000	1943	5.00	July	..	6.50	10
Elphinstone C.	24,00,000	1919	7.00	May	Nov.	72.00	100
Gaekwar T.F.C.	20,00,000	1919	7.00	June	Dec.	104.00	100
Khatau Makanji (2nd) T.F.	29,92,500	1947	6.00	Nov.	..	77.00	100
Kothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.60	10
Kothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	..	..	8.60	10
Lakshmi Cotton (Bombay) C. ..	6,00,000	1896	5.00	..	..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.50	Jan.	..	66.00	100
Mysore Spg. C.	7,45,050	1944	6.50	..	..	20.00	50
National Mayen C.	1,74,64,700	1947	5.55	..	..	75.00	100
New Great	2,80,000	1918	9.50	Mar.	..	107.00	200
Podar Mills .. C.	10,00,000	1943	5.75	Feb.	..	66.00	100
Rajalakshm C. T.F.	2,00,000	1932	6.50	Apr.	..	44.50	50
Shree Niwas Cotton T.F.C.S. ..	4,80,000	1944	4.00	..	..	65.00	100
Sreedhar T.F.C.	4,80,000	1906	5.00	Apr.	Oct.	87.00	100
Swadeshi (Kanpur) C.	35,00,000	1927	8.57	June	..	70.00	100
Travancore Rayon C.T.F.	50,00,000	....	8.00	May	..	7.40cd	10
Vasanta (1st) C.T.F.	3,60,000	1931	6.00	Apr.	Oct.	95.00cd	100
Do. (2nd) C.T.F.	1,50,000	1933	6.00	..	..	94.00cd	100
Lakshmi-Vishnu	15,66,500	1906	7.00	Apr.	..	885.00	500
ELECTRICS							
Andhra Valley Power Supply C. ..	49,84,000	1917	7.00	May	Nov.	985.00	1,000
Amalgamated Electric T.F.C. ..	24,18,000	....	5.50	..	..	69.50	100
Calcutta Electric T.F.C.	10,00,000	1909-11	5.00(t)	June	Dec.	8.60	5
Poona Electric C.	4,00,000	1935	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	25,00,000	1940	5.50	Sept.	Dec.	7.80	10
Do. (2nd) C.T.F.	5,00,000	1940	5.50			7.70	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	89,22,000	1937	7.00	May	Nov.	99.00	100
Tata Power C.	24,97,000	1918	7.50	May	Nov.	1,025.00	1,000
Vellore C.	1,25,000	1926	6.00	Dec.	..	5.81	10
ENGINEERING							
Arthur Butler (Manufacturers) T.F.C.	1,50,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	15,00,000	1895-96	7.00	Feb.	Aug.	109.00	100
Do. (2nd) T.F.C.	15,00,000	1902	6.00	Feb.	Aug.	100.00	101
Indian Iron and Steel Co. Ltd. T.F.C.	2,69,95,400	1950	5.00	Dec.	..	87.50	100
Indian Standard Wagon T.F.C. ..	19,56,500	1918	7.00	June	..	115.00	100
Jessop T.F.C.	20,00,000	1941	6.00	May	Nov.	76.00	100
Kamani Engineering C.B.	15,00,000	1945	5.50	July	..	45.00	100
†††Kumardhubi Engineering T.F.C.	12,00,000	1918	4.00	June	Dec.	70.00N	100
Larsen and Toubro Ltd. T.F.B. ..	15,00,000	1945-47-51	6.00	..	..	88.00	100
Mahindra & Mahindra T.F.B.C. ..	22,00,000	1945	6.00	May	..	98.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	51.00	100
Premier-Construction (1st)	10,00,000	Mar....	6.25	..	..	73.00	100
Do. do. (2nd) C.	10,00,000	1934	6.25	..	..	68.50	100
Do. do. (3rd) C.	55,25,000	1947	4.50	..	..	5.00	10
Tata Iron and Steel (1st) C. ..	75,00,000	1906	6.00	Nov.	..	155.50	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May	..	102.00	100
JUTE							
Angarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	90.00	100
Alexandra T.F.C.	9,00,000	1895	7.00	Feb.	Aug.	87.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	91.00	100
Angle-India T.F.C.	20,00,000	1917	7.00	May	Nov.	91.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	69.00	100
Do. (2nd) (j) C.	15,00,000	1946	4.50	June	Dec.	56.00	100
Baily T.F.C.	20,00,000	1918	5.00	May	Nov.	94.00	100
Barrapur C.	4,200,000	1896	5.00	May	Nov.	36.50	25
Belvedere T.F.C.	7,00,000	1908	7.00	Jan.	July	87.00	100
Birla C.	23,64,200	1919	7.50	June	Dec.	79.50	100
Bridge-Budge T.F.C.	9,00,000	1894	6.00	May	Nov.	90.00	100
Calcutta T.F.C.	6,00,000	1934	6.50	Jan.	July	50.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	88.00	100
Cheviot T.F.C.	10,00,000	1915	7.00	June	Dec.	89.00	100
Chhotavalash T.F.C.	8,00,000	1928	7.00	Mar.	Sept.	90.00	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May	Nov.	60.00	100
Do. (A) (2nd Pref.) T.F.C. ..	8,00,000	1903	7.00	May	Nov.	67.00	100
Dalhousie T.F.C.	15,00,000	1905-18	7.00	May	Nov.	88.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	70.00	100
Empire T.F.C.	10,00,000	1915	7.00	Feb.	Aug.	88.00	100
Fort Gloster T.F.C.	14,00,000	1895-96	7.00	May	Nov.	95.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1943	5.00	..	..	45.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	91.00	100
Ganges T.F.C.	6,00,000	1915	6.00	June	Dec.	102.00	100
Gouripore T.F.C.	25,50,000	1895-04	6.00	May	Nov.	82.00	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar.	Sept.	81.00	100
Hooghly T.F.	11,76,000	1918	10.00	May	Nov.	11.12	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	91.00	100
Do. T.T.C. (f)	17,50,000	1903-06	7.00	May	Nov.	90.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	91.00	100
Kamarhatty T.F.C.	16,00,000	1895-04	6.00	Feb.	Aug.	73.00	100
Kankinarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	75.00	100
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	88.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	78.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	90.00	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00	100
Do. (B) T.F.C.	10,00,000	....	5.50	Dec.	..	70.00	100
Naihati T.F.C.	7,50,000	1905	7.00	May	Nov.	108.00	100
Do. (2nd) (j) T.F.C.B.	10,00,000	1945	4.50	June	Dec.	82.00	100
National T.F.C.	5,00,000	1917	7.00	May	Nov.	89.00	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr.	Oct.	76.00	100
New Central T.F.C.B.	33,00,000	1915	7.00	Jan.	July	90.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May	Nov.	70.00	100
Rallaner T.F.C.	20,00,000	1906-12	7.00	May	Nov.	80.75	100
Samnuggur C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	93.00	100
Shree Ambica T.F.C.	11,70,000	1927	7.50	Mar.	Sept.	92.00	100
Titaghur C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Union T.F.C.	6,00,000	1901-02	7.00	May	Nov.	90.00	100
Victoria C.	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
Waverley, T.F.C. (f)	7,50,000	1913	10.00	Mar.	Sept.	40.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	£3,00,000	1895	7.00	Nov.	..	50.00	50
Calcutta Tramways C.	£250,000	1905	5.00	Apr.	Oct.	7.25	£1
Indian General Nav. & Rly. C. ..	£244,050	1899	6.00	Mar.	Nov.	7.25	£10
India Steamship (w) T.F.C.B. ..	25,00,000	1928	5.00	..	..	65.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	28.00	10
Assam Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	93.00	100
Birpara T.F.C.	1,00,000	1900-02	8.00	Jan.	..	95.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	95.00	100
Glelle C.	2,00,000	1884	6.00	Sept.	..	59.00	100
Hantapara T.F.C.	50,000	1901	8.00	Jan.	..	96.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Mar.	..	89.00	100
Kingsley Goalghat T.F.	3,40,000	1897	6.00	Dec.	..	88.00	100
Mohesma T.F.C.	3,20,000	1929	6.00	May	Nov.	5.85	10
New Dooars T.F.C.	2,00,000	1907	6.50	Jan.	July	98.00	100
New Samaruhagh T.F.C.	1,00,000	1908	8.00	Nov.	..	90.00	100
†††Okayti T.F.B.C.	50,000	1886	7.00	Dec.	..	64.00xd	100
Panalinga T.F.C.	2,05,000	1916	7.00	Jan.	..	87.00	100
Salon River T.F.C.	1,00,000	1909	8.00	May	..	80.00	100
***Terpore C.	2,00,000	1902	8.00	Jan.	..	10.00	10
Tirribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	12.00	10
PLANTING							
Ba Be Rubber C.	1,43,005	1944	6.25	..	..	1.97	5
Do. B.C.	2,85,570	1944	6.25	..	..	1.18	5
Cochin Malabar C.T.F.	1,15,300	1932	7.00	June	..	48.50	50
Coffee Lands C.T.F.	10,40,800	....	8.00	..	..	68.00	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.	..	80.25	100
Cottanad C.T.F.B.	1,00,000	1937	7.50	Nov.	..	8.52	10
Devon Tea C.T.F.	2,00,000	1936	7.50	July	..	82.00	100
Highland Produce C.T.F.	5,00,000	....	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	2,00,000	1942	6.00	Jan.	July	5.72	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July	..	3.05	5
Pullangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.57cd	10
Teakey Rubber C.T.F.	3,00,000	....	6.00	Mar.	Sept.	6.80cd	10
T. R. & T. Co. C.T.F.	16,00,000	....	6.00	June	Dec.	7.50	10
Waterfalls B.C.T.F.	5,00,000	1943	6.00	Nov.	..	7.91	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	79.00	100
Do. do. (2nd) T.F.B.C.	5,00,000	..	8.00	June	..	80.00	100
Alkali & Chemicals T.F.C.	21,00,000	1937	8.00	Apr.	..	86.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	86.00	100
Andhra Cement C.	2,45,800	1937	8.50	Feb.	June	90.00	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	Mar.	Sept.	80.00	100
Bengal Chemicals T.F.C.	2,00,000	1925	7.50	Aug.	..	11.62	10
Bengal Paper Mill T.F.C.	2,00,000	1908	7.00	Mar.	Sept.	48.00	50
Do. "A" T.F.C.	4,00,000	1923	7.00	Mar.	Sept.	97.00	100
Do. "B" T.B.C.	20,00,000	1946	7.00	..	..	61.00	100
Bengal Timber Trading T.F.C. ..	9,00,000	1906	8.00	Aug.	..	7.00	10
Britannia Biscuit T.F.C.	15,450	1921	8.00	Feb.	Aug.	11.50	100
British Ceylon Corporation C. ..	17,50,000	1918	8.00	Feb.	Aug.	7.00N	10
British India Corporation T.F.C. ..	81,00,000	1920	9.00	Sept.	..	109.00	100
Dalmia Cement (Bharat) C.	61,58,210	1937	7.80	..	..	7.75	10
Dhunseripore Chemicals T.F.C.B.	21,91,900	1956	7.80	..	..	86.00	100
Shree Digvijay Cement T.F.B.C. ..	79,98,875	1946	9.00	Dec.	..	7.50	10
Dunlop Rubber Co. (1st) C.	30,00,000	1926	8.00	June	Dec.	77.50	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	6.5	Apr.	..	106.50	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb.	Aug.	85.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb.	Aug.	85.00	100
Gillanders Arbuthnot(f) B.C. ..	25,00,000	..	6.00	Apr.	Oct.	47.00	100
Hindustan Motors B. C.	2,60,67,250	1956	8.57	Mar.	..	58.50	100
Humayan Properties T.F.C.	12,00,000	1938	6.00	..	..	205.00	100
India Cement C.	29,85,000	1946	7.50	Oct.	..	6.75	10
Indian Aluminium (g) C.B.	40,00,000	1945	6.00	June	..	80.00cd	100
Indo-Burma Petroleum C.	80,00,000	1921	7.00	Jan.	July	69.00	100
Indian Cable (m) C.	12,50,750	1923	6.00	June	Dec.	81.00	100
India Rubber Mfrs. (m) T.F.C.B. ..	3,28,000	..	5.00	Apr.	..	88.00	10
Jardine Henderson C.	80,00,000	1946	5.50	Dec.	..	88.00	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.35	May	..	58.00	100
Do. (2nd) T.F.C.	10,00,000	..	6.00	May	..	56.00	100
Kumardhubi Fireclay & Silica C.B. ..	2,00,000	1915	7.00	June	Dec.	64.00	100
Martin Burn (k) T.F.C.B.	30,00,000	1946	5.00	Apr.	Oct.	61.00N	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	July	Jan.	84.50	100
Do. (2nd) T.F.C.	40,00,000	1936	5.00	July	Jan.	47.00	100
Metal Box Co. C.B.	20,00,000	..	6.00	..	..	80.50	100
Meitur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	Feb.	Sept.	84.00	100
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June	..	10.75cdXB	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug	..	7.33	10
National Tobacco (Old) (p) T.F.C.B.	25,00,000	..	5.00	Mar.	Sept.	5.32	10
Do. do. (New) (q) T.F.C.B. ..	10,00,000	..	5.50	Mar.	Sept.	67.00	10
Oriental Paper T.F.C.B.	20,00,000	1936	5.50	Jan.	..	60.00	100
Do. (2nd) (r) C.B.	60,00,000	..	5.50	Apr.	Oct.	82.00	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr.	..	81.00	100
Do. (New) C.	85,04,700	..	4.25	Apr.	..	107.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	Aug.	54.00	100
Spencer & Co. "A" C.	22,20,000	1898	6.50	Jan.	July	66.00	50
Do. "B" C.	36,80,000	1922	6.50	Jan.	July	7.45	10
Standard-Vacuum C.	75,00,000	1955	6.00	June	Jan.	10.31	10
Star Paper T.F.C.B.	10,00,000	..	5.00	Mar.	Sept.	88.50	100
Tata Chemicals C.	59,97,000	..	7.14	June	..	70.00	100
Tata Oil C.	29,50,000	1946	4.50	June	..	89.50	100
Titagur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan.	June	98.00	100
Do. do. (2nd) T.F.C. ..	15,00,000	1924	4.50	Jan.	July	71.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent (cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

§ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 25th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. Redeemable at par after 31st March 1952 on 6 months' notice. (m) Rank pari passu with ordinary shares. ordinary shares receive 6 per cent dividend. (n) Redeemable after 20th December 1954. (o) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1954. (q) Redeemable at par after 17th June 1955. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (s) Participating upto 9 per cent. to 9 per cent. (t) Free of income-tax upto 6 nA. in the £. (u) Redeemable at par on 3 months' notice. (v) Redeemable on various dates. (w) Redeemable at any time 5 years after the date of issue at a premium of Rs. 10 per cent. on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. paid.

COMMERCE

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

VOL. CIV. No. 2661 BOMBAY, 14th APRIL 1962 PRICE Rs. 2

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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NEW CENTRAL CABINET

MR. NEHRU'S indisposition does not wholly explain the slight delay in the announcement and swearing-in of the new Union Cabinet, which is essentially a continuation of the old. Changes have been kept to the minimum, except that Sardar Swaran Singh does not go direct to the Ministry of Transport and Communications (vacated by Dr. P. Subbarayan on his appointment as Governor of Maharashtra) but takes over the Railways, moving Mr. Jagjivan Ram to the former. The Railways have certainly needed some dynamism and a fresh approach to their problems; but one may doubt whether this was the proper answer: Sardar Swaran Singh attempted only imperfectly to tackle the problems of coal and steel in his former portfolio, though he was generally practical in his approach. Now he has an opportunity of

derations is an unhealthy sign. The Cabinet has been reduced to the position of the civil service (without having the exacting recruiting tests required for the latter). Mr. Nehru has at the moment lacked the strength to resist the importunities of those whose merits do not recommend them for continuance or promotion; he may have his own ideas about making changes at the proper time, but, on the whole, he has rarely resorted to any drastic changes except when they were forced on him by circumstances. After having deprecated the growing size of State Ministries, he has increased his own Cabinet, without even having the justification of having to reconcile various groups. The North continues to have a dominating position which the D.M.K. will not fail to emphasise; U.P. alone will have four in the Cabinet against an equal number for all the four Southern States; only the Prime Minister and the Home Minister of these can be regarded as in the essential category. It is idle to say that people should avoid thinking on regional lines if there are no indications of change in the right direction. The mere entry of Mr. Subramaniam and the promotion of a few Ministers of State do not prove that youth has been encouraged; there has been no real search for new talent and the average age of the Cabinet continues to be high. Only a few Ministers of State have been dropped, as they deserved to be.

In these circumstances, some staleness, especially in the economic Ministries, seems inevitable. For example, Mr. S. K. Patil has made his policies succeed, but he cannot for ever be dealing with wheat imports and sugar. Continuity may be advantageous in the important fields of Home, Defence, External Affairs and Finance, but it is not so in others. Finally, the question of succession, which is often raised in this context, is no nearer solution than before the elections. Also left open is the issue whether the Cabinet formation indicates a shift to the Left or the Right; it stays as delicately poised as before in the uncertain middle, though it is possible to discern a slight tilt to the Left, because of Mr. Malaviya's complete control over Mines and Fuel. Thus, the General Elections have come to a tame end for the present.

FIVE YEARS OF METRIC SYSTEM

THE twin reform of decimalisation of coinage and standardisation of weights and measures in terms of the metric system has been under implementation, by stages, in India over the last five years. Much has been done during this first half of the ten-year period prescribed for completing what was known to be a complicated and arduous piece of reform, but much else remains to be done in the next five years to effect the change-over fully in all the sectors and sub-sectors of the economy. The present stage in the period of transition is verily the most appropriate one for reviewing the progress so far made and for assessing the tasks which are yet to be completed. Both this review and this assessment are contained in an authoritative publication (*Adoption of Metric System in India—Five Years of Progress*) just released by the Union Ministry of Commerce and Industry. It is a distinct merit of this official report that it does not exaggerate the achievements to-date or belittle the tasks ahead.

The decimal coinage has been in vogue for five years now, and the public has taken to it kindly after an initial period of difficulty in conversion. But the speed with which the old coins could be replaced by the new has depended on the capacity of the Mints, and so, on 30th June 1961, there were still in circulation in the country as many as 3,332 million pice and one-anna coins and 1,148 million quarter-rupee and half-rupee coins, alongside of 4,183 million new coins in denominations of 1 nP, 2 nP, 5 nP and 10 nP and 208 million in those of 25 nP and 50 nP. Judging by the pace of introduction of new coins, there seem to be more decimal coins of smaller denominations in circulation now than anna and pice coins. Moreover, the continued circulation of quarter-rupee and half-rupee coins, it is stated, does not cause any very great confusion, inasmuch as they serve as 25 nP and 50 nP coins. It looks as if the remaining old coins of all denominations are largely in circulation now in rural areas where their complete replacement by the new coins may well take some more time. In any case, in the course of the next five years, the process of progressive demonetisation of the old coins is bound to be completed and the decimal coinage, which makes for easy accounting and is consistent with the metric system of weights and measures, will be the only one in vogue throughout the country.

While the introduction of decimal coinage has been a relatively easy affair, that of the metric system of weights and measures has bristled with difficulties from the very beginning. The complete adoption of metric weights and measures for capacity and length on a specified date would have, in any case, been impracticable for several reasons. First, there was the immense problem of production and distribution of tens of millions of new weights, capacity measures and length measures. Secondly, in many States, there were no enforcement agencies. Thirdly, not all areas and fields of activity were fully receptive to new ideas. In view of these difficulties, it was considered necessary to initiate the reform only in Government departments and undertakings, organised industry and the more progressive areas like urban Bombay, Calcutta and Madras. As a matter of fact, the Government had the discretion under the Standards of Weights and Measures Act of 1956 itself to introduce the new system by convenient stages.

The progress of the reform since 1958, in spite of its gradual character, has been quite impressive and substantial. The major industries, which first voluntarily agreed to take to the new system, have now been required under law to adopt it uniformly so as to cover all the units. But this requirement, as of today, is limited to sales of materials in the case of industries like engineering, cement, salt, paper and paperboard, refractories, coffee, non-ferrous metals, raw rubber, *vanaspati*, paints, biscuits and alcohol, while it covers both purchases of materials and sales of products in the case of other industries like jute, cotton textiles, iron and steel, heavy chemicals, soap, drugs, fertilisers, woollen textiles, tea and tobacco. How the various technical and practical problems presented by the change-over from the previous inch-pound or inch-seer system have been and are being systematically tackled by the industries with the assistance of the Government is an interesting, though long, story in itself. Suffice it to say that, in all the major industries today, prices and quantities are being expressed in metric units and accounts and statistics maintained in the metric system. But at least in two respects, no significant changes have yet taken place. First, there is practically no change in the quality or design of products to conform to the metric system. And, secondly, the bulk of the productive equipment in industry continues to be on the inch-pound system.

The tasks that lie ahead in the industrial sector are, indeed, formidable. While it would be easy to express dimensions in metric units by exact conversion, the full advantages of the metric system cannot be secured by industry so long as the products and equipment are designed mainly on the basis of the inch-pound system. It will be a very complicated and time-consuming task for the industrial units to start designing their equipment and products in metric terms. Moreover, productive equipments already in position must continue to be used to the end of their lives in whatever system they may be designed. Only certain simpler types of weighing and measuring instruments have been standardised so far. There are numerous others yet to be standardised, including appliances like water meter, electric meter and taximeter. According to official opinion, it will need many more years of persistent and continuous effort to see the metric system firmly established in the field of designing in industry. Obviously, the next five years will be too short a period for this purpose.

The metric system has been found to be too slow in establishing itself in the sphere of retail trade. Although metric weights by now are in use in trade in several parts of the country, they are often used in such a way that the main advantages of the metric system are lost. Most people, as the official report states, are able to conceive weights only in terms of the pound or the seer. They continue to ask their grocers, for instance, for a pound of tea or a seer of sugar, and the grocer, using metric weights, weighs out the equivalent of a pound or a seer. The report adds that it will be much easier to both the parties if the customer asks for a kilogram of sugar or half a kilogram of tea. But the same report claims elsewhere that the public has not found it hard to use international names and that "the 'kilo' and the 'gram' have become part of the vocabulary of the man-in-the-street." Surely, this statement, which contradicts the earlier one, has an element of exaggeration in it. It would be nearer the truth to say that the 'kilo', the 'metre' and the 'litre' are catching on rather slowly, in spite of the fact that major industries, sections of trade, public undertakings like the Railways and Posts and Telegraphs, and Customs and Central Excise Departments have adopted the metric system in their dealings with the public. There is, therefore, a big task ahead in the realm of persuasion through publicity. The compulsory introduction of metric length measures all over India with effect from 1st October 1961 and of compulsory metric weights in most parts of India and metric measures of capacity in several of the major cities with effect from 1st April 1962 is bound to get the public to adjust itself to the change more quickly than it has been able to do in the stage of permissive and voluntary or limited adoption of the metric system. If greater attention is also given from now onwards to the education of the school-going population in the metric system, the process of adjustment by the public to the reform of weights and measures will be rendered easier.

COAL INDUSTRY

THE present structure of coal prices in the opinion of representative organisations of the industry, is too restrictive and rigid to permit of any neutralisation of the enhanced operating costs. No better proof is required to substantiate this than the reduction in the profits of the Bengal Coal Company Ltd. in a year (ended October 1961) in which the Company's sales of coal had increased by Rs. 61 lakhs to Rs. 7.5 crores. The problem of ever-increasing costs resulting in reduced profits is one that affects the entire coal industry. But that is not all, for the broad price policy denies to the industry something more than mere cost neutralisation. What is so denied to the industry is no less than "the ability to plough back adequate funds for capital expenditure, to attract new investment and generally to instil into its economy the vitality which is so necessary if it is to discharge the heavy responsibility for production placed upon it in the third Plan." The words within inverted commas are those of Mr. A. D. Ogilvie, Chairman of the Bengal Coal Company Ltd., whose statement to the Company's shareholders is published elsewhere in this issue. Mr. Ogilvie's hope "that a reorientation of (price) policy on more realistic lines will soon be forthcoming so as to afford some real relief" is, of course, shared not only by the entire coal industry but also by the more enlightened sections of coal-using industries which are unable to utilise their capacities more fully for want of adequate supplies of that essential fuel. But the importance and the urgency of the price question which are manifest to the parties concerned must also be rendered "manifest" to the powers-that-be. It is here that the coal industry must expect to go through a protracted ordeal in persuasion, now that Mr. K. D. Malaviya will be handling, in the new Central Government set-up, the coal industry's affairs in addition to those of oil and other mining industries.

That the coal price question may not be approached by the authorities with a sense of urgency is not a piece of unwarranted pessimism, for the snail's pace at which the World Bank loan of $35 million (made available for the use of private collieries ten months ago) is being allocated to individual units is there for all to see as an instance in point. If, even after the lapse of ten months, only 32 out of the 117 project reports submitted by individual collieries have been approved for assistance from the World Bank's line of credit and if even the approved cases have yet to receive the loan amount, the absence of energetic drive in dealing with the problems of the coal industry is all too obvious. The leisurely ways of the bureaucracy thus seem to be largely responsible for the current slow pace of development in the industry. What is required is greater drive here and now from the Government side which alone can solve the coal industry's crucial problems pertaining to prices, foreign exchange, transport and power supply.

MARKET GOSSIP

Attracting Deposits

ONCE again, Mr. G. D. Birla has urged a vigorous drive on the part of banks to increase deposits. Addressing the annual general meeting of the United Commercial Bank Ltd. held at Calcutta on Wednesday the 11th inst., Mr. Birla stated that diversion of bank credit and currency in circulation into banking channels to an extent which would increase the proportion of bank deposits in relation to currency circulation should be the objective of banks, so that they would be in a position not only to meet the demands of industry but also to play their traditional role of subscribing to Government borrowings in a substantial manner. By the "drive to increase deposits," he meant improvement in banking service and opening of more branches in big cities and rural areas. He was, however, not in favour of higher interest rates, as witness his remarks:

"It would be undesirable to permit a material departure from the structure of interest rates and permit more and more banks to quote higher rates of interest.... It must be remembered that the history of Indian banking is full of instances of small and medium-sized banks which have grown into large banks without any weightage in preferential rates of interest *inter se*. The proposed differentiation in rates of interest on deposits for three types of banks goes against the spirit and foundation of inter-bank agreement. A scramble for deposits through the offer of higher rates of interest would create stresses which might lead to the abandonment of the agreement and reduction in the profit-margin to the point of imperilling the building up of capital funds of banks to anything like the extent to which the banks are committed by the convention agreed to with the Reserve Bank of India. It is only through competitive development and extension of banking services and in the environment of stable interest rates and not in the atmosphere of a rate war that new deposits can be attracted."

The issue pertaining to interest rates is quite a controversial one. Several bankers and economic writers do admit that there should not be a rate war in attracting deposits, but they emphasise that stability in interest rates should not imply pegging of rates at a fixed level for long. The rates fixed, they argue, must be realistic, having regard to the demand and supply position. In fixing these rates, one has necessarily to bear in mind the position of medium-sized banks. It is becoming increasingly evident, as Mr. A. D. Pai, Chairman of the Canara Bank Ltd., observed in the course of his speech at the annual meeting of the Bank recently, that the offering of same rates by big banks (with deposits of Rs. 100 crores and over) and by banks with deposits of over Rs. 25 crores but less than Rs. 100 crores hinders the growth of deposits of the latter group which plays a no less vital role in the economy of the country. The deposits of the middle group have no doubt increased, but figures reveal that the increases are vastly more in the few big banks. The middle-sized banks would certainly have done well if, as Mr. Pai pointed out, they had the latitude to offer slightly higher rates.

Refinance Corporation

The move of the Refinance Corporation for Industry to reorient its activities in various directions is, indeed, commendable. The Corporation, according to the Chairman, Mr. P. C. Bhattacharyya, who spoke at the fourth annual general meeting held at Bombay on Tuesday this week, will engage in some new lines of business which will not merely enlarge the scope of its operations but also generally enhance its usefulness to the economy. The proposed expansion of activities will be widely welcomed especially in the present context of the rapidly increasing medium-term credit needs of industries. With the larger accent on industrialisation in the third Five-year Plan, the commercial banks are being called upon to cater to such needs to a greater extent than before. While the banks are in a somewhat favourable position for dispensing medium-term credit because of their continuous touch with industrial borrowers, they suffer from an inherent limitation, in that their resources consist mainly of short-term funds which cannot be locked up in long-term advances. The banks could, however, usefully undertake to play a larger part in providing medium-term credit, if their resources were supplemented for the purpose. Viewed thus, it is certainly creditable that the Refinance Corporation has decided to expand refinancing facilities to certain banks as well as State Financial Corporations against medium-term loans given by them to medium-sized industrial units in the private sector. It may be noted here that 57 banks, 15 State Financial Corporations and 3 State co-operative banks are eligible for refinancing facilities.

The pressure of demand for medium-term credit emerging from the industrial sector is so great today that the banks are turning more and more to the Refinance Corporation. This is indicated by the accelerated pace of requests for refinance now being received by the Corporation. The number of applications actually received during 1961 was 69 for a total amount of Rs. 11.27 crores, which is almost three times that in the previous year—25 applications for a total of Rs. 4.60 crores; the corresponding figures for 1959 were no more than 14 and Rs. 2.38 crores, respectively.

It is gratifying that the Corporation has agreed in principle to entertain applications for refinancing of loans given jointly by two or more banks or by a bank and a term-lending institution such as the I.F.C., I.C.I.C.I. or a State Financial Corporation. Equally gratifying is the decision of the Corporation to refinance the medium-term part (namely, instalments falling due within 7 to 10 years) of even a long-term loan. Apart from increased business that these changes may attract, they would, as Mr. Bhattacharyya said, assist in bringing about a greater degree of collaboration between medium-term and long-term lending institutions on the lines prevalent in some other countries and enable banks to sanction joint loans in participation with term-lending institutions, by taking over for themselves the earlier maturities which can be refinanced. Two other fresh moves of the Corporation are (*a*) to give such suitable refinancing facilities as the banks may require for extending term-finance to coal mining units and (*b*) to undertake refinancing of medium-term export credits—that is, for periods ranging from over six months to five years—in accordance with the recommendation made last year by the Study Group on credit facilities to exporters. All these measures, together with the extension of refinance facilities to the State financial institutions, will naturally increase the pressure on the Corporation's resources. It is to be hoped that the Central Government will concede the request of the Corporation for further allotment of funds to meet the increased demand.

The progress achieved by the Corporation during the brief period since it commenced functioning in the middle of 1958 is quite notable. As against the refinance facilities aggregating Rs. 20.07 crores sought up to the end of last year, the amount sanctioned comes to Rs. 16.49 crores covering 92 applications received from 17 financial institutions. But the total sum actually disbursed is no more than Rs. 6.97 crores, including Rs. 4.71 crores disbursed during the year 1961. This rather wide gap is attributed to two factors. In the first place, the pace at which borrowers draw on the loans sanctioned to them is somewhat slow. Secondly, in order to save on interest charges, the banks borrow from the Corporation generally when they must replenish their coffers for other uses.

Millowners Worried About Cotton

The dominant theme of the speeches delivered by the chief of the Indian Cotton Mills' Federation, the apex body of millowners, and the Chairmen of Bombay and Ahmedabad Millowners' Associations is the current shortage of cotton. All of them have expressed grave anxiety over the critical supply position which is described, even by official spokesmen, as dangerous. Mr. Bharat Ram, Chairman of the Cotton Mills' Federation, put the problem in its correct perspective when he said that all planning about expansion of spinning and loom capacity, production targets, internal supplies and exports would be illusory, if cotton supply on the scale required were not available. There was unanimity among the three spokesmen for the industry in identifying the problem as the outcome of the sharp fall of over a million bales in production in the current (1961-62) season, the estimate of output being no more than 4.3 million bales, as against 5.4 million bales in 1960-61. They were also agreed that, unless the yield per acre was improved, there was no hope of maintaining a high level of yarn and cloth output on a permanent basis. Indeed, Mr. Bharat Ram rightly described improvement of yield as the crux of the matter. India, he pointed out, had the dubious distinction of having the world's highest acreage under cotton with the lowest yield per acre, the average being a bare 90 lbs., as compared with 540 lbs. in Egypt, 450 lbs. in the U.S., 430 lbs. in Mexico, 270 lbs. in China and the world average of 275 lbs. Even in Pakistan, where conditions are similar to those in India, yield is more than double at 190 lbs. The need for augmenting the productivity of cotton tracts has to be specially stressed because a further expansion of acreage under the fibre offers no solution, inasmuch as such a course would, as Mr. Bharat Ram averred, only shift the shortage from cotton to some other commodity.

Since decontrol has been suggested as a first step for increasing cotton production, the three millowners' representatives had something to say about it, though none positively supported it. Mr. Pratap Bhogilal, Chairman of the Bombay Millowners' Association, conceded that higher production, through extensive or intensive cultivation, was linked to the return the farmer got and that the farmer should have the same freedom for obtaining the maximum return on cotton as for other crops. But he hastened to add that, if control on cotton prices was considered to be a serious deterrent to the farmer in putting his best effort, he for one would not stand in the way of decontrol. Mr. Bharat Ram's observations on this issue were more guarded. He listed some of the arguments put forward in favour of decontrol: the ceilings which were fixed ten years ago have become unrealistic; there are no ceilings on prices of other competing crops; and the farmer has to be adequately rewarded for investments in improved seeds and fertilisers, as well as extra effort. He no doubt agreed that these arguments were strong, but cautioned that, in view of the equally weighty arguments against decontrol, it was necessary to move in this direction with "great caution." Despite repeated promises to undertake an inquiry into the farmer's cost of production, the Indian Central Cotton Committee, Mr. Bharat Ram declared, had not done much and, in the absence of this vital information, it was difficult to pass any judgment as to how far the present ceiling prices had acted as a deterrent to higher production. It was also difficult, in his opinion, to foresee what repercussions decontrol would have on the price trends of cotton, yarn and cloth and what effects it would produce on consumers of cloth and on exports. Further, it was not known, he added, how far decontrol of cotton would, by itself, lead to better yields. Mr. Bharat Ram rightly emphasised that the various solutions proposed to the cotton problem must pass one acid test: would they ultimately result in increasing the yield per acre on the required scale? In this connection, he mentioned the following facts:

"Some 47 per cent of the area under cotton is rain-fed. Being a very delicate crop, cotton is most susceptible to the vagaries of nature, and the yield fluctuates widely from year to year depending almost entirely upon the disposition of the gods of weather. It has varied between 78 lbs. and 93 lbs., except in the year 1960-61 when it reached 111 lbs. And then a good bit of this improvement was due to the production of 171 lbs. per acre of the very short-staple Bengal *Deshi* variety. Among the better varieties, Broach Vijay contributed 145 lbs. per acre, followed by Surti Vijay (144 lbs.), American (128 lbs.) and Dhollera (117 lbs.). These high-yielding varieties accounted for 54 per cent of the land under cotton and gave an average of 134 lbs. per acre. But the remaining varieties, covering 47 per cent of the area under cotton, gave an average of 86 lbs. and pulled down the overall average to 111 lbs. A similar investigation of the 1958-59 crop, when the overall average had dropped to 93 lbs., reveals the interesting fact that these better yielding varieties were grown on 45 per cent of the land, and produced an average of 117 lbs., while the remaining varieties contributed a poor 73 lbs. per acre."

Mr. Bharat Ram put forward three pertinent suggestions. One, it is worthwhile examining the aforesaid aspect carefully with a view to putting more area under those varieties (except Bengal *Deshi*) which have shown consistently higher yields. Two, use of fertilisers must be encouraged. Of the present supply of about 1.1 million tons, the share of cotton is only 30,000 tons. It is necessary to increase substantially the supply of fertilisers to cotton. Three, more irrigated land should be brought under cotton cultivation.

The Chairman of the Federation did well also to urge the Indian Central Cotton Committee and the State Governments "to take far more energetic steps than they have taken so far to fulfil their responsibilities," though he recognised that, in all the schemes of cotton production, the actual execution ultimately lay in the hands of the farmer and, unless he prospered, through better productivity and profitability, nothing worthwhile could happen. "The Indian farmer," to quote him, "has shown his great adaptability to improved methods of cultivation by changing over to the Japanese method of rice cultivation and the Java method of sugarcane cultivation. If the benefits that can accrue to him by changing his traditional approach to cotton cultivation were demonstrated and explained to him by having model farms spread over all the cotton tracts of the country, I am sure a complete transformation can take place. This is another aspect requiring serious attention of the Indian Central Cotton Committee and the State Governments."

Whatever the arguments for or against decontrol of cotton, the question now is whether such a step is desirable, particularly in the present context of tight supplies and when prospects of an assured adequate supply over a reasonable period of time are highly uncertain. If controls on cotton are removed, prices, as we have ere now pointed out, are bound to shoot up. At any rate, decontrol offers no solution to the immediate problem of meeting the mills' requirements of cotton. The solution lies in arrangements for getting more foreign cotton. There is, however, some justification for the plea put forward by advocates of decontrol for the appointment of a high-power cotton commission to go into the whole issue pertaining to the achievement of the third Plan production target of 7.0 million bales.

Neither Mr. Bharat Ram nor Mr. Pratap Bhogilal referred to this plea. It was Mr. Arvind Narottam, the retiring President of the Ahmedabad Millowners' Association, who stated that the suggestion deserved serious consideration. In spite of two Five-year Plans and all the efforts of the Central Cotton Committee and the State Governments, cotton production has failed to keep in step with demand. This in itself justifies a thorough investigation of the factors that inhibit production. Such a commission should not, however, be a purely inquiry body but one which should be vested with sufficient powers to co-ordinate the activities of the various agencies connected with cotton, to demarcate areas in different States for growing specific varieties of cotton, to procure seeds and fertilisers, to make arrangements for their distribution, and to examine the feasibility of growing cotton in fallow lands and take effective steps in this direction.

Modernisation of Mills

A vigorous defence of the cotton mill industry against the strictures passed on it by the Estimates Committee of the Lok Sabha was made by Mr. Bharat Ram. He declared that, in the light of the fact that 294 mills, which together accounted for 82 per cent of the aggregate installed capacity, had invested as much as Rs. 107 crores during the four-year period 1955-59 and had, in the process, increased their borrowings by Rs. 65 crores, it was difficult to understand the Committee's criticism that the industry had not taken timely advantage of the financial assistance offered by the financing agencies like the National Industrial Development Corporation. But he fully

(*Continued on page 700*)

TREND OF SHARES

PROFIT-TAKING ON TAX FEARS

(From Our Own Correspondent)

BOMBAY, *12th April*

STOCK markets could ignore no more their tax fears. This week, they yielded a small part of the ground gained in the recent recovery phase. From the start of the week itself, they made a mixed show; in particular, Bombay wore an optimistic look, while Calcutta tended to drift lower. Near the close, there was an all-round setback on a wave of profit-taking and absence of fresh support. Bears were, however, reserved. Trading was patchy and restricted initially, but revived on the decline in prices.

Sentiment was influenced by rumours of additional taxation of Rs. 100 crores. It was particularly affected by the markets' own fears that the corporation tax might be raised by 2½ nP to 5 nP. Though these rumours seemed to be wild guesses, under the prevailing uncertainties about the size and nature of fresh taxes, they gained quick currency. There was, therefore, a natural tendency among buyers to realise profit and lighten commitments, as also to wait and watch for some time before making fresh purchases even at lower levels. Due to this tendency among operators, some good news from some leading companies fell flat on the markets. In fact, the rise incidental to such news, though small, left greater scope for realising in the shares of the companies concerned. Coming true to the earlier forecasts, the announcement of the new Cabinet, with Mr. Morarji Desai as the Finance Minister, was also discounted by the markets.

The setback being due entirely to the markets' anxiety over fresh taxation assumes no particular significance. Looking to the industrial growth and profits, the current levels of shares are quite attractive for fresh support. But in the absence of any definite clue about the nature of new taxes, trading would tend to be cautious.

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Dalal Street resisted a downward drift for quite some time in the face of persistent realising by Calcutta, particularly in Indian Iron and Hindustan Motors. In the last two days of the week, it lost ground, ignoring the encouraging results of Century Spinning and Manufacturing Company Ltd. and Kohinoor Mills Company Limited.

Steel shares eased after early firmness. Tata Ordinary receded from Rs. 142.25 to Rs. 139.75 and closed at Rs. 140 against Rs. 141.50 a week before, Indian Iron moved down from Rs. 25.45 to Rs. 24.92 and closed at Rs. 25 against Rs. 25.20 and Mukand Iron declined from Rs. 28.75 to close at Rs. 27.80 against Rs. 28.40.

Bombay Dyeing, a vulnerable spot among Textiles, lost 90 nP at Rs. 69.70. Century greeted the encouraging results for 1961, showing a substantial improvement in sales from Rs. 13.46 crores to Rs. 16.40 crores and in gross profit from Rs. 2.86 crores to Rs. 3.92 crores, as also the maintenance of the gross dividend at Rs. 30 per share on the increased capital, with a rise from Rs. 633 to Rs. 640, but reacted subsequently to Rs. 626.50 to close Rs. 2 lower on balance at Rs. 629. Kohinoor failed to draw much comfort from the rise of Rs. 45.69 lakhs in sales to Rs. 7.20 crores and in gross profit from Rs. 32.19 lakhs to Rs. 59.38 lakhs, and after being done initially at Rs. 317, eased to close Rs. 4.50 lower on balance at Rs. 309.50. The previous week's spurt induced realising in National Rayon and the shares closed eight points lower at Rs. 554.50. Standard lost Rs. 34 at Rs. 1,045, Khatau Rs. 15 at Rs. 477.50, Swan Rs. 17.50 at Rs. 357.50, Gold Mohur Rs. 10 at Rs. 275 and Phoenix Rs. 14 at Rs. 269. Tata Mill, as an exception, showed a gain of Rs. 3 at Rs. 82.50 on support based on the proximity of the results, which were expected to show much improvement. Indore Malwa closed unchanged at Rs. 176, though the dividend for 1961 was increased from Rs. 8.50 to Rs. 10 per share following a rise in sales from Rs. 3.20 crores to Rs. 3.47 crores and in gross profit from Rs. 28.19 lakhs to Rs. 32.70 lakhs.

Miscellaneous issues were featureless. Bombay Burmah eased by Rs. 6.50 to Rs. 656, Premier Construction by Rs. 2 to Rs. 173.50, Premier Automobiles by Rs. 2.50 to Rs. 129.50 and Hindustan Motors by 24 nP to Rs. 20. Amar Dye-Chem at Rs 342.50 and Indian Dyestuff at Rs. 507.50 showed a loss of Rs. 11.25. Shippings eased on selling by the erstwhile buyers. Scindia showed a loss of 44 nP at Rs. 13 and Great Eastern of 32 nP at Rs. 13.80. In the Engineering section, Alcock eased from Rs. 337 to Rs. 330, notwithstanding the rise from Rs. 108.40 lakhs to Rs. 154.78 lakhs in sales and in gross profit from Rs. 14.96 lakhs to Rs. 23.16 lakhs in 1961. Telco eased from Rs. 352.50 to Rs. 348 and Voltas from Rs. 288 to Rs. 283. Other sections showed small losses. Walchand, in Sugars, moved up from Rs. 162 to Rs. 164 on news that the Directors hoped to maintain the dividend this year. Cash shares were dull. T. Manekial lost Rs. 90 at Rs. 810 and Permanent Magnets Rs. 22.50 at Rs. 235. B.I.C. eased by 12 nP to Rs. 10.88, although the 1961 results showed a rise in profit from Rs. 90.93 lakhs to Rs. 1.05 crore. Elecon Engineering Company's Rs. 29.50 lakhs share capital issue was oversubscribed.

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In Calcutta, values showed generally small to moderate losses. In Forward List, G.K.W. continued to be weak and lost Re. 1.25 further at Rs. 40.62 despite a rise in profit before taxation from Rs. 91.52 lakhs to Rs. 102.92 lakhs in 1961. Other Forward shares showed small losses. But Kesoram suffered heavily from Rs. 33.44 to Rs. 32.19 as did J.K. Rayon from Rs. 23.12 to Rs. 21.37. Shree Gopal and Orient Paper declined respectively from Rs. 27 to Rs. 25.87 and Rs. 43.65 to Rs. 42.15. Textiles were generally easy, with Bharat Commerce coming down from Rs. 28.56 to Rs. 27.62. Bowreah from Rs. 41.87 to Rs. 41 and Dunbar from Rs. 34.87 to Rs. 34. In Coals, Bengal gained two points to Rs. 344 on optimism expressed by the Chairman about the outlook for the company. Jute shares were generally steady, with Fort Gloster gaining Rs. 18 at Rs. 454 and Champadany Rs. 7 at Rs. 140. Engineering issues were easy, with Burn moving down from Rs. 659 to Rs. 651 and Binani from Rs. 13.25 to Rs. 12.62. But quoted *ex-div.*, Jessop rose by 86 nP to Rs. 25. Cements were down, and Dalmia lost 88 nP at Rs. 13.06. Miscellaneous issues were dull. However, Dr. Paul improved from Rs. 16.12 to Rs. 19.50 and East Anglia from Rs. 16.12 to Rs. 19.25. N.I. Cable were up from Rs. 40.56 to Rs. 44.37, but Rallis eased from Rs. 159 to Rs. 155. Papers were easy, with Bengal declining by Re. 1.62 to Rs. 43 and Titaghur by 82 nP to Rs. 42.37. Among Sugars, Cawnpore showed a gain of 75 nP at Rs. 13.62, and in Teas, Marga-Hope moved up from Rs. 11.44 to Rs. 13.06, and Hantapara from Rs. 118 to Rs. 125.

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Easy upcountry advices accounted for a subdued tone in Madras. Newswise, the rise last year in Cambodia Mills' sales from Rs. 1.18 crore to Rs. 1.33 crore and profit from Rs. 7.56 lakhs to Rs. 8.17 lakhs came against a fall in Vasanta Mills' profit from Rs. 7.41 lakhs to Rs. 5.81 lakhs. However, Cambodia gained 50 nP at Rs. 14, and Vasanta closed steady at Rs. 309. Travancore Rayon and S.I. Viscose came down respectively from Rs. 43.75 to Rs. 42.80 and Rs. 185.50 to Rs. 183.50 and so did Buckingham from Rs. 287 to Rs. 284. Support for Travancore Chemicals was a redeeming feature of trading in the Miscellaneous section, the shares moved up from Rs. 20.12 to Rs. 20.75. Western India Plywoods gained four points at Rs. 207. Other issues were quiet. Among Sugars, Cauvery came down from Rs. 105 to Rs. 103.50. In a subdued Planting section, the rise of 35 nP to Rs. 13.60 in Halleyburia was the only saving grace.

CAPITAL MARKET NEWS

NEW ISSUES

ASIAN Refractories Limited, a new company promoted by the House of Rampuria, is to enter the market shortly with an issue of Rs. 40 lakhs in 7,000 9.3 per cent preference shares of Rs. 100 each and 330,000 equity shares of Rs. 10 each. This new enterprise is designed to meet the rising demand for refractories in the country due to increasing industrialisation, which is in excess of the present indigenous production. The Company is licensed to manufacture 24,000 tons of firebricks and 6,000 tons in silica bricks annually. It has plans to produce, at a later stage, magnesite bricks and chemically bonded bricks. The project is being sponsored in technical collaboration with Messrs. Cekop, a Polish State foreign trade enterprise, which is to provide machinery, plant, design, technical data and personnel as also advise on the erection of the plant. The factory will come up at Hazaribagh, Bihar. The Industrial Finance Corporation of India has sanctioned the long-term loan of Rs. 35 lakhs and agreed to underwrite Rs. 5 lakhs of equity shares. Messrs. Hoare Miller and Company Ltd. has been appointed the sole selling agents of the products of the company. Mr. R. L. Rampuria, Mr. J. L. Rampuria, Dr. S. C. Law, Mr. D. Duncan Smith and Mr. M. L. Pyne are on the company's Board.

Lists for public subscription for 16,000 equity shares of Rs. 50 each, offered by **Supreme Glass Industries Limited,** will open on 16th April and close at the discretion of the Directors but not before 23rd April. The Company is to manufacture glass and glassware such as bottles, jars, tubes, globes, tiles, tumblers, etc. The outlay on the project is estimated at Rs. 10 lakhs. The factory is proposed to be located at Kandivli. Mr. Mohamedally Allabux, Mr. Rahimbhai Rajabali, Mr. Y. N. Bhatia and Mr. Y. A. Kachwalla are the Directors of the company. Messrs. T. Bhatia and Co. is proposed to be appointed as the Managing Agents.

Globe Motors Limited, Delhi, converted into a public limited company in November last, is expected to be in the market in the middle of next month to raise a capital of Rs. 12.25 lakhs in equity shares of Rs. 100 each from the public. The Company has an authorised capital of Rs. 1 crore, of which Rs. 37.75 lakhs is already paid up. The present issue will go to finance the company's new projects. These include the manufacture of 6,000 tons of silico-manganese spring steel and 1,200 tons each of malleable castings and laminated springs for automobiles per year on a single-shift basis. The factory for this is nearing completion at Ballabgarh, near Delhi. The total capital outlay on the project is estimated at Rs. 70 lakhs. The plant is expected to go into production in the middle of this year.

The present issue will increase the paid-up capital to Rs. 50 lakhs. Out of this, Rs. 40 lakhs are proposed to be for Globe Steels, which is managing the present project, and the balance for the company's trading activities. The Punjab State Financial Corporation has granted the Company a loan of Rs. 20 lakhs, half of which it has already received. It has arranged for a loan of Rs. 10 lakhs from bankers.

Electrical Instruments Manufacturing Company Limited, Bombay, is offering for public subscription equity capital of Rs. 20 lakhs in shares of Rs. 100 each out of its total issue of Rs. 35 lakhs. The lists are to open on 16th April and close on 28th April, or earlier at the Directors' discretion, but not before 20th April. The entire public issue has been underwritten by the Industrial Credit and Investment Corporation of India for Rs. 5 lakhs, by the Life Insurance Corporation for Rs. 3.50 lakhs, by the Devkaran Nanjee Banking Company Ltd. for Rs. 5 lakhs, and by stock-brokers for Rs. 6.50 lakhs. The company is setting up a Rs. 65-lakh project at Naroda, near Ahmedabad, for the manufacture of 60,000 A.C. single-phase meters, 24,000 A.C. polyphase meters, 24,000 electric switches up to 200 amp., 1,200 distribution boards and 24,000 iron clad cutouts per year in collaboration with Valmet Oy., Helsinki, Finland. Commercial production of meters is expected to start early next year. It hopes to pay the maiden dividend in 1965. It has been granted a loan of Rs. 10 lakhs by the Industrial Credit and Investment Corporation of India and of a like amount by the Gujarat State Financial Corporation. Its Board includes Mr. Purshottam Kanji (Chairman), Mr. B. V. Mehta, Mr. Narottam Chandulal, Mr. N. M. Chauhan, Dr. Biharilal Kanaiyalal, Mr. Narsimhan Parasu Ram (Managing Director), Mr. Panalal Khemchand Modi (Managing Director), Mr. J. K. Modi and Mr. C. S. Desai.

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RIGHTS ISSUES

Fuel Injections Limited is expected to issue fresh equity capital of Rs. 5 lakhs and offer it as rights shares to the existing shareholders. It may be recalled that, for financing its expansion programme, the company issued some time ago rights shares of the value of Rs. 10 lakhs and they were fully taken up by the shareholders.

Having been authorised to issue new 250,000 equity shares of Rs. 10 each at par, the Directors of the **Automobile Products of India Limited** desire to avail themselves fully of the opportunity by issuing initially 210,000 shares as rights shares to the existing shareholders in the proportion of one new share for every two shares held by them as on 30th May 1962. The balance of 40,000 shares plus any shares not taken up by the shareholders would be allotted subsequently to those who would have applied for more shares.

Alcock, Ashdown and Co., Ltd. proposes to issue 9,536 equity shares of Rs. 100 each at par as rights shares to the existing shareholders in the ratio of two new shares for every nine old shares held by them to meet partially the cost of its Bhavnagar project and further expansion.

Following the advice from the Controller of Capital Issues to **Kirloskar Brothers Ltd.** that its preference share capital must bear to its equity capital a ratio of one to four, the Company is now issuing fresh equity capital of Rs. 10 lakhs in shares of Rs. 25 each along with the preference capital of Rs. 15 lakhs in 9 per cent redeemable cumulative shares, which has been sanctioned. The proposed issue is to be offered to the existing shareholders as also to the public.

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FRESH ISSUES SANCTIONED

Four companies are authorised by the Controller of Capital Issues to raise fresh capital aggregating Rs. 88 lakhs within 12 months. Following are the details of the share capital issue by two of the companies.

Devkaran Nanjee Banking Company Limited, Bombay, has been granted permission to issue 100,000 equity shares of Rs. 50 each, to be issued for cash at a premium of Rs. 2 per share. The paid-up capital of the Bank is Rs. 50 lakhs.

Jaipur Metals & Electricals Limited, Jaipur, is to issue fresh capital of Rs. 25 lakhs, in equity shares of Rs. 100 each for cash at a premium of Rs. 15 per share. The proceeds will be utilised for the manufacture of copper conductors, electrical meters, etc. The Company has a paid-up capital of Rs. 35 lakhs.

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BONUS SHARE ISSUE

Skipping the dividend for the year to 31st December 1961, notwithstanding an increase in profit from Rs. 22.1§ lakhs to Rs. 34.25 lakhs, the Directors of the Commercial Ahmedabad Mills Co. Ltd. have announced a bonus share issue in the proportion of one fully paid share of Rs. 250 each for every six ordinary shares held.

NEWS IN BRIEF

THE Union Ministry of Commerce and Industry has set up a public relations unit to help those who are interested in the promotion of industries under the Industries (Development and Regulation) Act, 1951.

The Government security paper mill proposed to be established at Hoshangabad is expected to go into production from 1964. The mill will have three machines capable of producing 2,000 tons of paper annually.

Following the recommendations made by the Freight Investigation Bureau in Bombay, the homeward freight conference has agreed to reduce the ocean freight in respect of H.P.S. groundnuts in shell exported to U.K.-Continent from 410*s.* to 370*s.* per 1,000 kilos.

The freight rate on mica blocks and splittings shipped from Bombay and Madras ports to Japan has been reduced from 3.25 per cent to 2.25 per cent *ad valorem* net. The revised rate is on a par with the rate obtaining for shipments from Calcutta.

The Government of Kerala has sanctioned a sum of Rs. 1.02 lakh for the experimental scheme in connection with the use of modern fertilisers for coconut cultivation. The scheme will be implemented in seven centres, one each in seven districts.

An agreement for the supply of 500,000 tons of salt per annum to Japan has been concluded by an Indian delegation led by Mr. Govind Narain, Managing Director, the State Trading Corporation, currently touring Japan. The agreement will be valid for two years.

The Rs. 18-crore State-owned Gauhati Oil Refinery produced 6.5 million litres of petrol and 6,600 tons of light diesel oil during the first quarter of 1962. Of the total production, 5.4 million litres of petrol and 3,800 tons of light diesel oil were despatched to Assam, Bihar, W. Bengal and Uttar Pradesh.

The Indian Central Sugarcane Committee has decided to establish a separate organisation to scrutinise cane development schemes. The proposed organisation will function as a standing committee at the Centre. The Central Committee has also urged the setting up of cane development councils in States where no such organisations exist at present.

The Government of India has announced its policy in regard to raw wool export during the April-September 1962 period. Accordingly, exports of raw wool will be allowed on contract and consignment basis against ceilings. In the case of consignment basis, no shipper will be permitted to export more than 100 bales from all ports taken together.

Horn and hoof meal, sterilised animal meal, blood meal, meat meal and fish manure will continue to be licensed freely for export to all permissible destinations till 31st March 1963. According to the Joint Chief Controller of Exports, the existing policy for the export of wood and timber will be continued till further orders.

The Policy (Insurance) Holders Servicing and Research Institute at Calcutta has urged the appointment of a commission consisting of independent statistical experts to find out the total new business done by the Life Insurance Corporation during the last few years and the share of business where the second premiums, particularly in respect of monthly policies, has not been paid at all.

A three-man Indian delegation led by Mr. C. M. Poonacha, Chairman of the State Trading Corporation, has left for Czechoslovakia to conclude an agreement for the supply of Indian iron ore. The agreement is expected to be valid for one year. The delegation will also visit Rumania and Yugoslavia for discussions on the quality and price at which Indian iron ore is to be supplied to these countries this year.

The all-India final estimate of groundnut for 1961-62 puts the total production at 4.68 million tons, representing an increase of 6.6 per cent over the partially revised estimate for the previous year. The area under groundnut during the year is estimated at 15.85 million acres, an increase of 2.5 per cent over the previous year's figure. The yield per acre has risen from 636 lbs. in 1960-61 to 662 lbs. in 1961-62.

Air-India International inaugurated a new jet service to Singapore from Madras with a Comet-4 airliner on the 5th inst. Two weekly jet services will be operated to Singapore and the other to Djakarta. The plane for Singapore will take off from Madras every Thursday and that for Djakarta every Saturday from Bombay. The flight time from Madras to Singapore will be 4½ hours. Another weekly jet service from Bombay to Karachi, Bahrein and Kuwait was inaugurated on the 8th inst.

A conference of the small-scale industrialists of the Western region, comprising the States of Maharashtra, Gujarat and Madhya Pradesh has been convened by the Federation of Indian Chambers of Commerce and Industry. The conference to be held in Madhya Pradesh is expected to discuss, *inter alia*, the administrative and procedural difficulties, problems of raw materials, facilities for transport and communications, credit requirements, marketing and publicity.

In order to help primary producers and small manufacturers, the State Trading Corporation has undertaken a buffer stock scheme for the lac-industry. The Corporation has fixed the floor prices of certain grades of seed lac which is itself a factory product but semi-finished. If the prices tend to fall below these rates, the Corporation is expected, as far as possible, to help stabilise the market. Two procurement centres have been opened, one at Balarampur, West Bengal and the other at Gondia, Maharashtra. Such centres are also likely to be opened in Bilaspur (Madhya Pradesh), Mirzapur (U.P.), Ranchi and Daltonganj (Bihar).

The Government of India, in consultation with the State Governments, has revised the scales of pay for the Indian Administrative Service. The scales are: Junior: Rs. 400-30-500-40-700-E.B.-30-1,000; Senior: (*a*) Time Scale: Rs. 900-50-1,000-60-1,600-50-1,800, and (b) Selection Grade: Rs. 1,800-100-2,000. For the first time, the selection grade has been introduced. Also, the span of the time scale has been reduced from 25 years to 22 years to bring it at par with other Central services. Earlier, the junior grade was from Rs. 350 to Rs. 950 and the senior from Rs. 800 to Rs. 1,800. In addition, there was the dearness allowance. Now there will be no dearness allowance on the pay drawn in the new scales. Except the selection grade, the revised scales have come into force with retrospective effect from 1st April 1960.

The Rourkela steel plant set a new output record in March 1962 by producing 44,287 tonnes of pig iron (38,256 tonnes in February), 44,638 tonnes of ingot steel (35,518 tonnes in February). The slabbing mill produced 32,868 tonnes of slabs (29,243 tonnes in February). There was a total production of 16,403 tonnes of strips, 2,686 tonnes of cold rolled sheet and 7,665 tonnes of plates (14,554 tonnes, 3,505 tonnes and 7,879 tonnes, respectively, in February). Production of pipes aggregated 5,656 tonnes (4,924 tonnes in February). Plates sent out in March aggregated 9,605 tonnes (8,275 tonnes in February). The despatches of hot rolled strips, plates and sheets were 7,559 tonnes (6,919 tonnes in February). Supplies of cold rolled sheets were 2,871 tonnes (2,190 tonnes in February). The total quantity of pipes, both A.P.I. and commercial quality, despatched was 5,041 tonnes (3,359 tonnes in February).

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From Abroad

The Guinea National Assembly has unanimously adopted a draft law guaranteeing private investment against nationalisation.

The G.A.T.T. Committee for tariff negotiations has decided to put up the closing protocols of the 1960-61 tariff conference, including all attached tariff lists, for final signing by G.A.T.T. parties on 16th July next.

Japan has secured a contract for the supply of 25,500 tons of urea fertiliser worth about $3.5 million to Pakistan in international biddings for the supply of 65,000 tons of the fertiliser called for by the U.S. Agency for International Development.

Italy has liberalised the import policy in respect of 71 items, including chemicals such as bromine and lead oxides, medical supplies, cameras worth 20 dollars or more, flax yarn and ramie yarn, various footwear, sheet-glass, refrigerators, household electrical devices, etc.

The Netherlands State Secretary of Labour Affairs has advised the Netherlands Labour Foundation that employers must raise the pay of their female employees to 85 per cent of men's wages for comparable labour. This new measure will be implemented as soon as collective labour agreements are due for renewal.

The Inter-American Development Bank of Washington has entered into an agreement with the Bank of Italy and a group of Italian banks for the issue of 15,000 million lire (£8.6 million) in bonds. The bonds will be repayable in 20 years and bear interest at 5 per cent. It is the first issue of the Bank on the international market. The Italian banks will purchase the bonds and sell them in the Italian market. The money will be used by the Inter-American banks to finance development projects in Latin American countries.

Turkey's first synthetic yarn factory, proposed to be erected at an estimated cost of £1.4 million at Bursa, is expected to go into production before the end of 1964. The output will be about 300 tons of fine denier yarns per annum. The factory is expected to take up manufacture of nylon type cord required by three vehicle tyre factories that are now being established. Half the estimated cost will be met by a local company and the Industrial Development Bank of Turkey, the other half being invested in the form of machinery and technical know-how by the German firm Badische Anyline Und Soda Fabrik.

An ambitious two-year scheme for the development of the salt industry has been undertaken by the East Pakistan Small and Cottage Industries Corporation. The scheme will involve an expenditure of Rs. 1 crore with a foreign exchange component of Rs. 16.1 lakhs. The location for the project has been selected in the coastal areas of Chittagong at Chakaria and Kutubdia. The scheme which commences operation from July next has been divided into three broad categories, namely, salt production at Chakaria, salt crushing at Chittagong for the preparation of table salt and loans to cottage workers for boosting salt production. It is expected to yield a gross profit of Rs. 15.33 lakhs and a net profit of Rs. 8.1 lakhs which will be utilised for development works.

PERSONAL

MR. Rasiklal C. Nagri has been elected President of the Ahmedabad Millowners' Association for the current year.

Mr. C. D. Wilson, Senior Managing Director and Chairman of Balmer Lawrie and Co., Ltd., has retired after 31 years of service in the Company.

Mr. E. G. Norris, British Deputy High Commissioner-designate at Calcutta, is expected to take over charge sometime in September next.

Mr. Ramanlal M. Shah and Mr. Mulji V. Narsi have been elected President and Vice-President, respectively, of the All-India Stainless Steel Industries Association for the current year.

Mr. Bhawati Prasad Agarwala, Hon. Secretary of the Merchants' Chamber of Commerce, has been elected a Commissioner of the Port of Calcutta for a period of two years.

Mr. M. C. Chagla, former Indian Ambassador in Washington, has been appointed High Commissioner of India to the United Kingdom. He is expected to assume charge next month.

Mr. R. C. Shah and Mr. B. M. Choksi have been elected President and Vice-President, respectively, of the All-India Importers' Association for the current year.

Mr. P. N. Vakil and Mr. M. D. Boovariwala, have been re-elected President and Vice-President, respectively, of the National Association of Purchasing Executives for the year 1962.

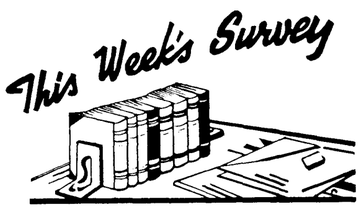
Lala Bharat Ram, Chairman of the Delhi Cloth and General Mills Ltd., has been re-elected Chairman of the Indian Cotton Mills' Federation for the year 1962-63. Mr. Ramnath A. Podar and Mr. G. K. Devarajulu have been re-elected Vice-Chairmen.

Research into machine design at the Textile Machinery Manufacturers' Research Centre at Helmshore, Lancashire, over the past 10 years has increased the rate of production from textile spinning machinery up to three times. In order to achieve this, a number of processes have been eliminated. Machine spaces have been made smaller, speeds have been increased, quantities of material handled have been raised, and automation greatly extended. Schemes that could double production in the next 10 years are now under consideration. Research at the Centre is concentrated on improvements to spinning machinery. Recent developments have included a new design of a fast carding machine, and a new ring that allows spinning speeds to go up by 20 per cent.

After 6½ years of experiments in the small town of Tiel, the Netherlands Ministry of Health officially recognised the favourable effects of adding fluorides to drinking water to reduce tooth decay. It was proved in the test town that the number of cavities among the population was reduced by an average of 40 per cent over the trial period. The Ministry has strongly advised the various municipalities to introduce the new idea. It can be expected therefore—the typical Dutch consciousness for health taken into account—that in the near future the greater part of the people in the Netherlands will get only fluorinated water from the tap. It has been suggested that drug stores stock "neutral" water. However, it would be a somewhat inconvenient and unprofitable business for shopkeepers to store large quantities of water, which costs only ten cents per 100 gallons.

The Aluminium Limited of Canada has announced the merger of its two German subsidiaries, Aluminiumwerke Nurnberg GmbH and Aluminiumwerke Gottingen GmbH, to form a single company under the name of Alcan Aluminiumwerke GmbH. The merger of the companies, which for several decades have been engaged in aluminium fabricating in Germany, has been undertaken in view of the expansion of their business activities and production facilities. In future, the Alcan Aluminiumwerke will operate three plants: Gottingen Works—fabricating aluminium sheet, strip, circles, containers, utensils, impact-extruded cans and general job shop products; Nurnberg Works—producing sand castings, permanent mould and die castings, general automotive castings, including finished pistons. Uphusen Works—making sand castings, permanent mould and die castings.

A plan to build up newspapers, news agencies, radio, educational television and films in the developing countries of Asia, Africa and Latin America has been presented to the U.N. Commission of Human Rights by Mr. Tor Gjesdal, Director of U.N.E.S.C.O.'s Department of Mass Communication. The plan is based on a three-year survey made by the U.N.E.S.C.O. at the U.N.'s request. About 2,000 million people, according to Mr. Gjesdal, lack the barest means of being informed of news at home, let alone of events abroad. No less than 70 per cent of the world's population lack adequate information media. They are without a window on the world and are thus denied effective enjoyment of one of the basic human rights—the right to know. The U.N.E.S.C.O. feels that the basic minimum of information services consists of ten copies of a daily newspaper, five radio receivers and two cinema seats for every 100 inhabitants in any country.



NEPA MILLS

NOT all the industrial undertakings in the public sector in India are uniformly well run. Some of them are not large enough to be economically viable propositions and are, therefore, not quite profitable. To this category belongs the National Newsprint and Paper Mills Ltd. (popularly known as Nepa Mills) which was floated as a private enterprise in 1947, was taken over by the Madhya Pradesh Government in 1950 and brought under the control of the Central Government in 1958. Although private investors had, as at the end of March 1961, a shareholding to the tune of about Rs. 70 lakhs in the concern, theirs was only a minority interest. The major shareholding was of the Government of India which had contributed Rs. 255 lakhs, while that of the Government of Madhya Pradesh was Rs. 170 lakhs in the total paid-up capital of Rs. 495 lakhs. Its record as a public enterprise managed by the Government of India since January 1959 is distressing. This is the unmistakable impression one gets from a perusal of the findings of the Second Lok Sabha's Estimates Committee which had examined the reports and accounts of the undertaking at great length.

The Committee has expressed surprise at the fact that the Mill had not reached its rated capacity of 30,000 tons per annum even by 1960-61, for actual production in that year was only 23,000 tons. Two principal factors were responsible for this under-utilisation of capacity. One was the difficulty in processing the raw material, particularly Salai which had not been well tried except on an experimental scale in the making of mechanical pulp for use, along with chemical pulp from bamboo, in the production of newsprint. And the other reason for the shortfall in production was the inadequate supply of power and steam year after year. Commenting on these explanations, the Committee says:

"Adequate supply of power and steam, technical know-how and suitability of raw material are problems basic and vital to any industry and should have been foreseen and provided for well in time. That they should have remained unsolved all these years is regrettable. Six years (of commercial production) is a long enough period for overcoming the teething troubles of such a concern."

But it must be said in fairness to the authorities in charge of the Nepa Mills that they have been working against odds. All the factors mentioned by the Committee were beyond their control, because the faults were committed by the initial promoters of the project. Actually they have been doing their best at the technical level to make the best of a bad job. If still the performance of the Mill continues to be disappointing in so far as the quality of newsprint and the financial results are concerned, it is something for which they can hardly be blamed. The Consultants, it must be recalled here, had not visualised at the project stage that the colour of the newsprint made from Salai, which had a reddish core, would need improvement, and so they had made no provision in the design for the bleaching of the mechanical pulp. It was only after an expert committee had pointed out the danger of discoloration of newsprint on account of the use of Salai that steps were taken in 1959 or so to install a flexible groundwood bleaching plant. If even this bleaching plant, which seems to have been installed by now, does not produce the expected result by way of whiter and better newsprint, the researchers of the Mill could usefully explore the possibilities of colouring the pulp in lighter shades of blue, yellow or rose. That could give coloured newsprint varieties such as the light rose newsprint used by the London *Financial Times* or the light blue newsprint used by some French newspapers.

That the costs of production of the Nepa newsprint with its unattractive shade and rough finish should have also gone up in recent years is the most distressing part of the story. While the production of newsprint has increased from 21,840 tons in 1958-59 to 23,030 tons in 1960-61, the average cost per ton, instead of coming down with the increase in production, has actually risen at a faster rate from Rs. 801 to Rs. 885. This factor accounts for the relatively high cost of Nepa newsprint (Rs. 1,064 per ton), as compared with the price (Rs. 900 per ton including customs duty) of imported newsprint. Thus, Nepa newsprint costs Rs. 164 per ton more than the imported newsprint which continues to meet nearly three-fourths of the country's requirements and which is far superior in quality, shade and finish. This difference in price is, however, not as large as what obtains between the prices of several other protected industrial goods and those of the corresponding varieties of goods that could be imported.

Considering the circumstances in which the Nepa Mill has been working till now, the Estimates Committee's twin hope that the Mill's present (1960-61) profit (after tax and interest) of 8 per cent of net worth could be increased through greater efficiency and that the price of newsprint could be brought down by stricter control over costs is not likely to be fulfilled in the near future. Nor do some other suggestions of the Committee seem to be realistic. For instance, there is the *implied* suggestion that the exemption now accorded to Nepa newsprint from the levy of excise duty might have to go because more newsprint mills are being set up. At present Nepa newsprint is exempted from the excise duty (Rs. 224 per ton) in respect of supplies to newspapers and printers and publishers of text books. This is some relief to the otherwise reluctant consumers of Nepa newsprint. It would be unwise to deny this relief to them and thereby make Nepa newsprint still more unpopular. The Committee's suggestion is that both the imported and Nepa newsprint could be distributed at equated prices in view of the wide disparity in their prices. This means some indirect subsidy from consumers of imported newsprint to Nepa Mills, for the equated prices, though lower than those of Nepa newsprint, would be higher than those of imported newsprint. If this is done, the Nepa Mills will not feel the compulsion to bring down its cost of production and improve its efficiency. The Committee's third suggestion that the question of utilising bagasse on a large-scale for paper and newsprint should be examined at an early date is also unrealistic in the context of the serious coal shortage from which even the normally coal-consuming industries are suffering. With the expected greater demand for coal relative to its supply throughout the third Plan period, it is doubtful whether the sugar factories would cheerfully part with their bagasse which is mostly burnt away as fuel. The basic difficulty faced by the Nepa Mills is in respect of the raw material. As even Salai, which is a rather poor type of raw material for newsprint, is not being adequately replanted and as bagasse, too, may not be released on any large-scale from the sugar factories, the wisdom of possibly doubling the capacity of the Nepa Mills may be questioned. But, at the same time, there is the question whether the Nepa Mills can ever become a more profitable and economic enterprise without such expansion. That is the dilemma facing the authorities—a dilemma which can conceivably be resolved either by producing, if technically possible, coloured newsprint with the available raw materials or by switching over the Nepa unit to the manufacture of other varieties of paper. Surely, no undertaking, however essential may be the product turned out by it, can go on working at a low profit or at a loss indefinitely.

BRITISH BUDGET

The economic background against which the British Chancellor of the Exchequer, Mr. Selwyn Lloyd, has presented the budget for the current financial year (1962-63) is very much different from that prevailing at the time the budget for 1961-62 was presented a year ago and the emergency measures introduced in the so-called "little budget" in July 1961. Britain's economy has registered a distinct improvement in the past one year. Confidence in the pound sterling, for instance, has been restored, the drain on external reserves has ceased and the exchange rate has moved again in favour of the pound sterling. The balance of payments situation is also better, with exports in 1961 being higher by £156 million as compared with the previous year and imports less by £100 million. The Bank rate, which was stepped up from 5 to 7 per cent in the last week of July 1961, has now been restored, by successive reductions, to the previous level of 5 per cent.

The markedly healthy trends in the economy of Britain thus explain the buoyancy of Government revenues. The estimated total revenue receipts for the year 1962-63 amount to as much as £6,807 million, as against the actual of £6,645 million for 1961-62 which itself was well above the budget estimate of £6,508 million. The expenditure is, of course, expected to rise appreciably, from £6,235 million in 1961-62 (budget estimate was £6,002 million) to £6,364 million in 1962-63. Even so, there will remain a sizable surplus of £443 million, as against the revised and budget figures of £410 million and £506 million, respectively.

Thanks to the improvement in the Government's budgetary position, the Chancellor has accorded some concessions in direct taxation. It is proposed to raise (*a*) the small income relief on investment income for people under 65 years from £300 to £400 a year, and (*b*) income-tax exemption level for old people from £275 to £300 annually for single persons over 65 years and from £440 to £480 for married couples over 65 years. Further, it is proposed to exempt from tax special bounties paid to soldiers who stay on for extended service. Again, the exemption limit for estate duty is to be enhanced from £3,000 to £4,000, with a graded adjustment in the rate up to £6,000. Mr. Lloyd has also promised the removal of house tax from next year onwards. As against these concessions, the Chancellor has proposed to impose, within the present income-tax machinery, a tax on speculative gains in share and property markets. This means that there will be no capital gain tax as had been hinted earlier and the arguments advanced against capital gains tax have gone home.

In the sphere of indirect taxation, the Chancellor has announced small reductions in revenue duties on sugar, cocoa and coffee. Two other important changes in indirect taxes have also been announced. One, the ten per cent surcharge on purchase tax and other duties on most consumer goods have been abolished with effect from the 10th inst. Instead, Parliament will be asked for powers of indirect taxation which would yield in 1962-63 roughly the same as that received from surcharge. Secondly, with effect from 1st May next, there will be a new tax of 15 per cent of the whole value of confectionery such as sweets, soft drinks and ice cream; the actual yield is estimated at £30 million this year and £50 million in a full year.

On the whole, the budget presented by Mr. Lloyd seems to have been welcomed by the industrial and business community, as well as by the public in general. Indeed, a London report describes the budget as a "popular appeal budget."

DEVELOPMENT AID

Addressing the Economic and Social Council of the United Nations a few days ago, Mr. Eugene R. Black, President of the World Bank, reviewed the activities of the Bank and its affiliates, namely, the International Finance Corporation (I.F.C.) and the International Development Association (I.D.A.) in the wider setting of the economic and social effort of the U.N. Apparently, Mr. Black seems to have considered the occasion appropriate for reflecting on the past, in view of the recent adoption by the U.N. General Assembly of a resolution designating the next ten years as "U.N. Development Decade."

A little over a decade ago, Mr. Black pointed out, the World Bank was the only multilateral agency concerned with development finance. Many newer institutions such as the I.F.C. and the I.D.A. have been established since then. But the Bank has maintained its position as the largest single source of development aid. Its lending, which by 1950 amounted to only $750 million (of which two-thirds were given not for development but for post-war reconstruction) now stands at $6,500 million, financing carefully planned and economically productive projects in sixty countries. A remarkable thing about this nearly nine-fold increase in lending is that it has been achieved without making calls on the Bank's member-countries beyond their original paid-up subscriptions (which have so far provided usable funds amounting to about $1,700 million) but by borrowing in the capital markets of the world. Not only has the loan operations but also the range of the Bank's technical assistance services been greatly enlarged; their emphasis being on helping member countries to make the best possible use of the resources available to them.

The Bank has been reinforced by the creation of two separate but associate institutions, namely, the I.F.C. and the I.D.A. The former was established a little over five years ago to foster private industry in developing countries and the latter was brought into existence last year to provide external development capital to countries which, for balance of payments reasons, are unable to raise sufficient finance abroad on conventional terms. The three organisations form an increasingly close-knit team and they are responsible, in no mean measure, for the rapid strides in economic development which has now made it possible for the U.N. General Assembly to set ambitious goals of development for the next ten years.

An idea of the magnitude of the contribution of the World Bank and its affiliates to industrial development can be had from an examination of their activities in one year. According to Mr. Black, during the year ended 30th June 1961, the latest year for which figures are available, the Bank made 27 loans of the total value of $610 million. The I.F.C. made 10 investments of the total value of $6.15 million. The I.D.A. signed its first development credit in May 1961 and, by the end of the following month, had committed a total of $101 million. Total new commitments of the three institutions during the year thus exceeded $717 million. So far during the current fiscal year ending 30th June 1962, the Bank has already lent a total of Rs. 664 million, the I.D.A. has extended sixteen more development credits, amounting to $101 million, and the I.F.C. has made seven investments aggregating $17 million. Many more operations are under way for all the three institutions.

Money, of course, is only one requirement of development. Technical assistance is an equally urgent need. Realising this, the World Bank has sought to match the expansion of its lending operations with an enlargement of its technical assistance activities. Two major innovations made by the Bank in this connection deserve special mention. The first is the Development Advisory Service established in November 1961 and the second rendering help to member-countries to bring promising projects to a stage which qualifies them for aid from the Bank or the I.F.C. The importance of the second service can be realised from the fact that, in the past, many good projects have never been carried out, because the countries concerned lacked the experience or the knowledge or money to hire the experience needed to carry out the engineering and other preparatory work to put the project into execution.

In order to encourage closer co-operation between the I.F.C. and the World Bank, certain amendments have been made to the Charter of the I.F.C. Accordingly, the I.F.C. is now permitted to invest in equity investment and underwrite capital issues in many countries where the capital market is still not developed. In order to make good use of these changes in its Charter, the I.F.C. has now assumed primary responsibility on behalf of itself, the Bank and the I.D.A. for maintaining relations with privately-owned and managed development banks in member-countries. Initiative taken by the I.F.C. in planning financial and technical assistance for these banks could thus lead to the grant of loans by the World Bank or I.D.A. as well as to investment by the I.F.C. itself. Mr. Black indicated that, before long, the member-Governments of the I.D.A. will have to be approached for a replenishment of its funds. The total amount of assistance committed

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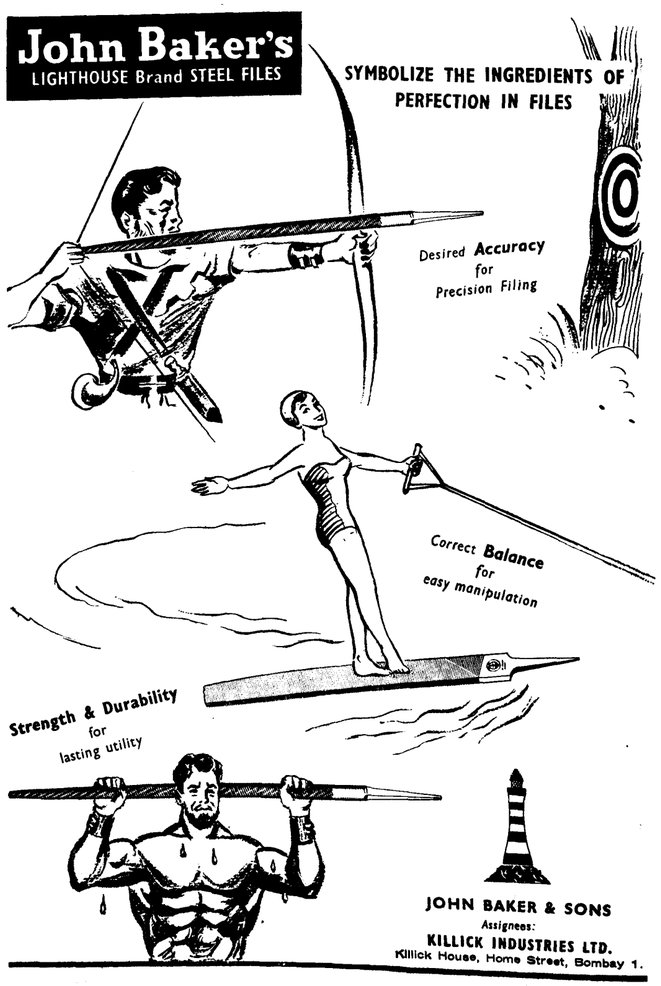

THE E.I.D./PARRY GROUP BOARD APPOINTMENTS

The East India Distilleries & Sugar Factories Limited and Parry & Co. Limited have pleasure in announcing the following appointments effective from 1st April, 1962:

Mr. H. V. R. Iengar, lately Governor of the Reserve Bank of India, has been appointed a Director of the East India Distilleries & Sugar Factories Limited and will, during May, 1962, take up the appointment of Chairman and Managing Director of the Company. The present Chairman and Managing Director, Mr. G. N. Noel-Tod, will then revert to his previous appointment of Vice-Chairman and Managing Director of the Company, until his retirement from full-time service in India.

Mr. M. J. Edwards has retired from the Board of Parry & Co. Limited, of which he was Chairman, to take up the appointment of Deputy Managing Director of the East India Distilleries & Sugar Factories Limited.

Mr. John K. John, Vice-Chairman of the Board of Directors of Parry & Co. Limited, has been appointed Chairman of Parry & Co. Limited, *vice* Mr. M. J. Edwards.

Mr. N. G. Bowen, Director of Parry & Co. Limited, has been appointed Vice-Chairman of Parry & Co. Limited, *vice* Mr. John K. John.

SLAPPING IN ONE'S OWN FACE

STATE TRADING IN DEVELOPING COUNTRIES

By Compertus

BONN, *9th April*

NATIONAL arrogance has a boomerang effect, it prohibits the desired economic achievements. Public authorities are not interested in balance-sheets. State trading organisations are not flexible enough. But particularly developing countries with a wealth of raw materials are in for the search of new lines of production. The progressing integration of the world market demands fastest reaction and own initiative, both qualities which are lacking in State trading organisations. The officials of such organisations are primarily interested in increasing their personal prestige and in achieving "show-case" successes. The whole economy has to pay for unreasonable economic operations.

State trading concerns prefer deals with other state trading organisations on the basis of traditional offers of goods. This system prohibits the extension of the pattern of goods and the winning of genuine economic independence, because it causes the developing countries to retain their one-crop economies.

Furthermore, state trading functionaries are the horror of international investment financiers. Both private investors and the taxpayers in capital exporting countries are uneasy about the use of the aid contributions they have made.

For many developing countries a state-controlled economy is a demonstration of their power and independence. It begins with the trade. The activity of European trade firms is regarded as a remnant of the colonial era in many developing countries. The nationalisation of trade firms is frequently the first step on the road towards a state-controlled economy. However, some countries have already become aware of the unfavourable consequences: deterioration in quality, higher prices and interruption of profitable business contacts.

Indonesia

In Indonesia, nine state-owned trading companies were founded in 1961. At the same time, the General Management Board, a central authority to co-ordinate and to control the companies, has been established. As regards imports, the companies are mainly engaged in buying wheat flour, textiles, cotton yarn, cotton, fertilisers and paper. The companies can control the distribution, the prices and the transport. Speculative operations of private merchants and importers, which might cause disadvantages for the consumers, are not possible. Other goods are not subject to the exclusive control of the state trading companies. Imports of raw materials, spare parts and capital goods needed by state-owned industrial enterprises are exclusively handled by state-owned trading companies. Private dealers still have a good share in the market for capital goods. In the field of exports, the state-owned trading companies have the task to promote the sales abroad of "weak" goods. About 10 per cent of the country's total exports are handled by state-owned companies.

Burma

State control of imports necessitates the establishment of new organisations: five Joint Venture Corporations (J.V.C.) are to be equipped each with a capital of 10 million Kyats. Three of the five Joint Venture Corporations are reserved for registered import firms. The other two will be available only for those firms whose registration has been rejected or withdrawn so far. About 2,500 registered import firms and about 4,700 firms which had applied for registration as importers have been notified by the Trade Ministry that they can be registered as small dealers for the five new Joint Venture Corporations, with a fixed profit-margin of 17.5 per cent.

Ghana

Ghana has established a state-owned trading company, the Ghana National Trading Corporation. It will be engaged in business operations like the other trading organisations in the country. The Corporation has reserved to itself the right to fix from time to time the kind of domestic products it is going to deal with. So far, the Corporation has taken over the stores of nine companies.

The Société Togolaise d'exportation et d'importation (SOTEXIM) has been established in Lome. The new company will promote Togo's foreign trade and will organise the domestic trade. Its capital has been fixed at 50 million CFA francs. Nine-tenths will be raised by the Togolese Government and one-tenth by the Association of the Sociétés Publiques d'Action Rurales (S.P.A.R.).

Congo

Original plans by Congo to impose state-control on the export of certain kinds of timber, mainly limba, have been abandoned. The Government has realised early enough that such a step would have involved many problems. West Germany is one of the main buyers of limba. The nationalisation would have considerably affected the German timber imports.

Pakistan

All trading companies have been ordered by the Government to "pakistanise" their workers and employees. The firms are to employ only a minimum of foreigners in the future. In the field of industry, the liberal labour market regulations will continue to exist. Trading firms, including banks and insurance companies, will need Government permission in future if they want to hire foreigners or want to prolong contracts with foreigners. Trips by ship or by air for newly hired foreigners can be booked only if the Government permission is submitted to the State Bank. An official ordinance says that foreigners who do not act in compliance with these regulations could expect "considerable difficulties" when transferring their savings to their home countries.

Guinea

The Government of Guinea has ordered the nationalisation of banks and insurance companies. The license granted to the Banque de l'Afrique Occidentale (B.A.O.) to do banking deals has been withdrawn. The Bank's assets and obligations have been transferred to the Banque Centrale de la République de Guinée, that is, the State Bank of Guinea. Private insurance companies had to end their activities in Guinea. They have been told that they had not acted in compliance with the country's laws.

Egypt

July 20th 1962, is the deadline for the nationalisation of private import firms. After that date, private firms are no longer permitted to act as agents of foreign firms.

The Government will control the country's entire economy. The formation and use of capital is to be controlled in accordance with the targets of the economic plans. 400 to 500 enterprises in all sections of the economy have been affected by State intervention. Besides, a number of special State-owned economic organisations, three large, state-owned concerns are handling the controls. These are:

Development Organisation, founded after the Suez crisis, administering 125 companies.

M.I.S.R. Organisations, controlling 95 companies.

Al Nasr Organisations, controlling 92 companies.

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interest in investments overseas. Bonn authorities are presently looking for a way which allows to bring Government investment support in line with the principles of a "free market" economy. Ideas are being sorted out and put together to a system which combines private and Government promotion of development aid. A new aspect is coming up: trade promotion abroad with a view on the domestic economic structure. Briefly: better possibilities to write off investments abroad. Removal of adverse effects of anti-double taxation laws. Tax incentives in developing countries are not to be "killed" by national taxation systems in the industrial countries. This is for instance the case in India.

The forecast: public and private development aid funds from the Federal Republic of Germany will go more than previously to reliable partners. Trustworthy addresses attract interest.

NOTES FROM W. GERMANY

LABOUR UNREST AHEAD

BUILDING WORKERS WANT MORE PRIVILEGES

(By A German Correspondent)

BONN, *6th April*

WEST Germany appears to be in for a new period of labour unrest; the Building Workers' Union has announced that it is determined to fight for a number of privileges for its 425,000 members which the employers and the building industry associations are not willing to grant, because they do not want to discriminate their non-unionised workers.

Whether the dispute will lead to regionally-limited or nation-wide strikes is still uncertain. But it is feared that it will almost certainly affect seriously the building industry and its affiliated trades employing roughly 10 per cent of all wage and salary earners in the Federal Republic of Germany.

It all started with a controversy on the draft of a scheme, parts of which optimists even hailed as the beginning of a new era of labour-management relations in West Germany. The scheme had been discussed between Georg Leber, Chairman of the Building Workers' Union, and employers' representatives, following the failure of earlier union attempts to confine wage increases negotiated by the unions to union members, or to impose a "solidarity contribution" on non-union building workers to make them pay "for the benefits the unions have brought them." Briefly, the new scheme provided for the employers to pay a levy of 0.85 per cent of their wage bill into a fund from which the organised workers, but they alone, should draw an annual sum of DM 80 per head to be used as a subsidy for their holidays. At the same time, a special building industry committee was proposed to be formed, on which representatives from the union and the employers would tackle all questions concerning the building industry, present the industry's viewpoint on proposed legislation, and handle public relations concerning common problems.

That part of the scheme which provided for the 0.85 per cent levy was rejected by both the German Employers' Organisations and the German Building Industry Associations. The main argument was that the levy would have put the employers' neutrality in question. The employers and the building industry pointed out that only one in five of West Germany's about 2.2 million building workers is unionised and that, according to West German laws, no worker can be compelled directly or indirectly, to acquire a union card. Closed or union shops do not exist in the Federal Republic.

The wage agreement in the building industry ran out on 1st April, because the Union refused to sign a new one unless the employers gave in on the holiday bonus for union members. Meanwhile, the employers have voluntarily raised the wages for all workers in the building industry—unionised or not—by six per cent, as from the date of expiration of the old wage agreement. An average increase of 5.2 per cent had been proposed in the rejected scheme.

The Union has told its members to accept the employers' offer. But it continues to insist on its claim for an additional holiday pay for its members which it has now increased from DM 80 demanded originally to DM 100. Also, the Union has urged its members to go on an all-out drive "for whatever pay increases you can get."

* * * *

Recession and Aid

The slowing down of the economic growth in the Federal Republic of Germany affects also the development policy. Pessimists doubt whether, the planned public development aid of about 3,000 million D-marks would really be available if the present trend were to continue. However, Bonn development authorities have made one firm promise: 2,500 million D-marks at least will be available annually. Another question is whether the rules fixed for development assistance will remain unchanged. Main emphasis will be laid on assisting in infra-structure projects. The system of technical aid will also be revised: payment of the training of skilled workers in privately financed institutions will be added to the public educational aid.

The effects of current economic trends in West Germany are expected to cause growing

(*Continued in previous column*)

VANGUARD OF THE NATION'S SERVICE

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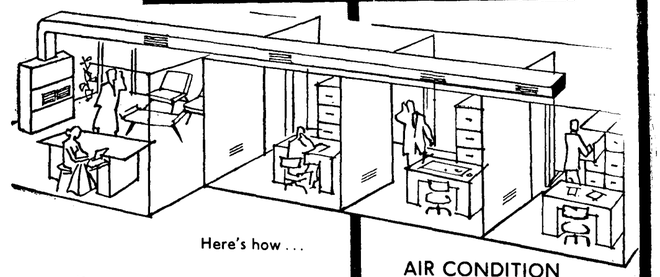

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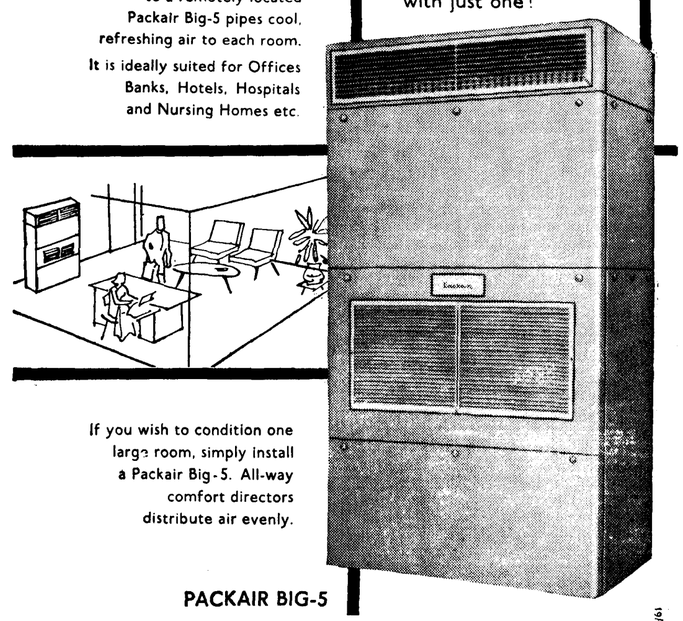

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COMPANY LAW AND THE CONCEPT OF A RESPONSIBLE COMPANY

INDUSTRY MUST UNRESERVEDLY ACKNOWLEDGE ITS SOCIAL RESPONSIBILITY

By D. L. Mazumdar, I.C.S.
SECRETARY, DEPARTMENT OF COMPANY LAW ADMINISTRATION

THE traditional view of the joint-stock company as a legal contrivance dies hard. Too many men, both in this country and abroad, who take pride in describing themselves as practical men, and their so-called practical associates, would still like to think of the joint-stock company as a convenient organisational device for the conduct of trade and industry within the framework of a law, which attempts to systematise in a formal way its structure and working methods as well as the inter-relationship between its different structural and functional elements. To the average practitioners of trade and industry, and the operators in the market places, this traditional view of the company seems to constitute the only realistic view of this institution, and yet the truth is that this view is only a projection of the past, which continues to cast its lingering shadow on current thinking and to obscure the emergence of the reality which the joint-stock enterprise represents in the present age—as a living, vital and dynamic social organism, with firm and deep-rooted affiliations with the rest of the community in which it functions, although these affiliations may not be always readily visible to those who are only anxious "to do," and not interested in the meaning or significance of what they "do." It is a tribute to modern advanced thinking in the economic, legal and sociological circles of the Western countries, that it has now been able to bring up to the surface the true character of a company as a social organism, endowed with a dynamic of its own, and with duties and obligations to the rest of the community like any other sociological institution. It is this truth about the real nature of the joint-stock company in the modern world which the new company law in this country attempted to bring home to the practitioners of trade and industry and their professional associations, a few years ago, albeit in somewhat complicated and verbose legal jargon.

Realities of Power and Authority

It is not easy to develop this theme adequately within a few minutes, but I start off by saying that the traditional view of joint-stock company to which I have referred hardly takes into account the realities of power and authority, which the modern company, or corporation as it is called in some countries, exercises in a modern society. The area affected by the decisions of trade and industry may, indeed, extend from a very limited physical area, round a factory or a shop, to the whole world. Practical businessmen may convince themselves that their decisions are taken on so-called "strictly economic" grounds; but they cannot prevent them from having far-reaching "non-economic" social consequences for the wider community. For example, the closure of a large factory in a relatively small geographical area might greatly damage, and indeed destroy, a local community which perhaps grew round it; or the manner of the production and marketing of commodities of key or basic importance might deeply affect the health and happiness of large communities of men and women living their precarious lives hundreds and thousands of miles away from the centres of production. Many examples could be cited of how business decisions have affected not merely the life of a neighbourhood but of the entire regional areas and, in the case of global and international companies or corporations, many areas outside the limits of the national boundaries of the countries concerned. However much those in charge of trade and industry might like to do so, their methods and practices could not be kept isolated from the main streams of life or fail to influence and in their turn be influenced by the nature and direction of these streams. If this broad thesis is accepted, it must follow as a corollary that business must recognise its true character as a living and dynamic social organism and must, therefore, unreservedly acknowledge its social responsibility.

It is to this aspect of the concept of a responsible company that I should like to confine myself. There are at least two other aspects to this concept to which I should have liked to refer, namely, the *legal* and *ethical* aspects of this concept, because company law in most countries particularly our new company law in this country, is primarily concerned with this *legal* aspect of the concept of the responsible company. One of the primary preoccupations of the Department of Company Law Administration is, within the limits of this law, to expound, develop and enforce the legal implications and consequences of this concept. The *ethical* aspect of this concept is deeply enshrined in the thoughts and writings of some of our great national leaders, and I believe is also widely recognised in many sections of the business community in our country, including even those which not infrequently fail to practise what perhaps they believe to be morally right. I have in mind the concept of trusteeship in relation to the working of joint-stock companies, which harks back to some of our ancient teachings and which, in more modern times, Mahatma Gandhi tried throughout his life to promote and develop not, unfortunately, with that measure of ultimate success which he and his other associates had hoped for. Those of you who are interested in the development of Gandhiji's ideas on the subject, to which, at that time, many of our leading businessmen readily subscribed, might like to go through a most edifying account of it in Pyare Lal's *Mahatma Gandhi—The Last Phase, Vol. II.*

Social Aspect

I now turn to the *social* aspect of the concept of the responsible company. What does this particular aspect of the concept of the responsible company mean in terms of market practice and market behaviour? It simply means that the management of companies must acknowledge the fact, not merely as a moral precept but as an article of their practising faith, that they are, ultimately, the servants of society and that management merely in the interest of stock-holders is not the *sole* end of their duties. Secondly, it means that, in the day-to-day conduct of their business, they must adopt and follow methods and practices which fit in with this acknowledgement of their faith and are not repugnant to the social interest. In the traditional view of a joint-stock company, the business man's outlook would usually be almost exclusively production- and profit-oriented. He would probably regard his primary responsibility to be the achievement of ever-expanding production, which calls for operating efficiency, research, incentives to workers and to productivity generally, growth of capital, aggressive sales promotion, and perhaps also low prices. And yet, al these economic efforts can have a stable and lasting base, only if they succeed in attracting the willing support and allegiance of the community which business must necessarily serve. This will be possible, only if the methods and practices adopted to reach these goals do not obscure the view of business as a social function, in which the interests of those who control or manage are deemed to be no more important than those who participate in the processes of production, consumption and the long-term growth of the productive units. In other words, the management of companies must conceive, of themselves in future, more and more, not merely as production, sales or finance managers, but as working trustees not only for workers, suppliers, consumers, but also for the immediate community round them and the wider consuming public whose interests they serve. In this view, the management of companies must in their day-to-day work function as mediators, equitably balancing the legitimate interests of the several principal beneficiaries of corporate activity. Their duty would be to see that the interest of all these groups are fully recognised and protected even as they work from day to day to reach their production targets and marketing goals.

This is no 'wishy-washy' idealistic view of management in a modern society. Many of you may be familiar with the writings of Peter F. Drucker. He was no starry-eyed dreamer but was as close to the problems of management in contemporary society as any 'dyed-in-the-wool' practical businessman could wish to be. In his standard work on *The Practice of Management*, he observed several years ago that "the new demands on the manager of tomorrow are indicated by the seven new tasks." These he listed as follows:

The manager must manage the corporations entrusted to his care by objectives, that is, the short-term as well as the long-term objectives.

He must take more risks and for a longer period ahead.

He must be able to make strategic decisions; not merely technical decisions.

He must be able to build up an integrated team, each member of which is capable of managing and of measuring his own performance and results *in relation to* the common objectives.

He must be able to motivate people. In other words, he must be able to obtain the responsible participation of other managers, of the professional specialists and of all other works in the light of the common short-term and long-term objectives.

He must be able to see the business as a whole and to integrate his function with it.

Lastly, he must be able to relate his product and industry to the total environment, to find what is significant in it and to take it into account in his decisions and actions. Increasingly, he will have to learn to see the economic, political and social developments on a world-wide scale and to integrate world-wide trends into his own decisions.

Checks and Balances

Where does our new company law come into this rough impressionistic picture of the responsible company which I have attempted to project? A little reflection will show that the checks and balances provided in our new Companies Act, through its seemingly complicated requirement of ordinary and general resolutions of shareholders and the prior approval of Government, though intended to serve many different purposes have, as one of their basic objects, the orderly transformation of the traditional joint-stock company into a responsible social organism, closely resembling the projection which I have ventured to present to you. I shall not refer to the other more practical and 'humdrum' purposes for which these checks and balances were designed in the new Companies Act. They must be already known to you. Nor do I have the time now to undertake even a quick sample case-study of those major operative provisions of the Act, which were intended to facilitate the process of transformation to which I have just referred. I shall say only a word about the nature of the instruments which the new Companies Act fashioned to help the joint-stock company to move forward to its new goal. People who are not familiar with the history of our economic development or with the different stages through which joint-stock enterprise has progressed in this country, sometime understandably ask why we rely so much on detailed regulations and try to achieve, through laws and rules, what is left in other advanced countries largely to the judgment of enlightened business leadership. The answer must be obvious. In this context, I would reproduce some extracts from a paper produced on the occasion of a recent business convention held in New Delhi in the autumn of last year, which was attended by representatives of a large number of American business houses. In that paper, the reasons for the incorporation of detailed provisions in the body of our new Companies Act, dealing with many aspects of company management which are admittedly left to the judgment of enlightened business *management in other* advanced countries of the West, are briefly explained in the following words:

First, a somewhat limited acceptance of the principle of social responsibility and social obligations of business in this country, as compared with the widespread and unreserved acknowledgment of this responsibility and the obligations which flow from it in the advanced countries of the world.

Secondly, the relatively tardy growth of the sense of fiduciary responsibility in the *average* company management in this country—I underline the word "average."

Thirdly, the absence in this country of strong and well-recognised financial institutions with long traditions of public service to their credit similar to those operating in the money and capital markets of many other advanced countries of the world, which oversee company flotation and management, thereby rendering statutory regulation of such matters largely superfluous.

Fourthly, the absence in this country of a strong and reasonably unbiassed financial and economic press, served by competent commentators of knowledge, integrity and independence.

Fifthly, the absence in this country of any strong and well-developed public opinion as regards company matters which is prepared to frown severely upon unwarranted deviations from accepted norms of company behaviour and practice.

Lastly, the comparatively slow progress so far made in this country towards professionalisation of the management of joint-stock enterprise

(*Continued on page 700*)

AMERICAN LETTER

NEW FRONTIER THRIVES ON 'INVISIBLE CRISIS'

PROPOSED MEDICAL CARE FOR THE AGED RUNNING INTO DIFFICULTIES

From Our Special Correspondent

NEW YORK, *6th April*

THE United States economy is humming along at a very satisfactory pace. Steel wage contracts have been agreed upon and there, obviously, will be no strike three months hence when the current agreements expire. Moreover, the terms of the new contract are such as to set an example for other industries in that it does not promote an inflationary spiral.

Yet, Administration spokesmen are unhappy about the state of the U.S. economy. This is strictly the state of mind of the men who run the New Frontier, which is President Kennedy's parallel to President Truman's Fair Deal and President Roosevelt's New Deal. It is a propaganda catch-phrase which thrives on crises rather than on well-being.

That's why there is constant reference to the "invisible crisis" prevailing now. If one inquires what "invisible crisis," there are vague references to workers who have been displaced by automation, to the need for retraining these unemployed, to the so-called "distressed areas" which have tabulated more than 6 per cent of the labour force as being out of work. This again is an arbitrary figure.

Such a figure means one thing in a highly industrial area which has slums and it means an entirely different thing in a small community where every worker has his patch of ground, if not a small farm of his own, where acute hardships do not prevail. The designation of distressed areas is another device to create an invisible crisis atmosphere where bold measures of the New Frontier are a primary requirement of Government, which, incidentally, may get votes.

The Resourceful Kennedys

Nearly the entire Kennedy family and their attractive spouses are in the political act and it is skilfully publicised. Films of the First Lady's visit to India and Pakistan were shown for a full hour on one of the major television networks. The warm reception she received has made her a political personality in her own right.

The trip around the world of Mr. Robert Kennedy, Attorney General and the President's brother, have led to suggestions that he might be relieved of his judicial obligations and assume ambassadorial responsibilities and eventually succeed his brother as an incumbent to the White House. The President's youngest brother is running for Senator in the State of Massachusetts to fill the seat vacated by his elder brother. The Kennedys are very active people, indeed.

All of them, directly and indirectly, are propagandising the philosophy of the New Frontier. Some of the Kennedy measures are popular. Some of the President's opponents even admit that the Peace Corps has been a relative success and the Congress is certain to vote continuation and expansion of this programme.

Medical Care for the Aged

One bone of contention which has strong economic implications is the Administration's proposals to start a Federal subsidy programme which would provide medical care for the aged. The proposals are humanitarian in concept and make sense that increasing longevity by sheer logic means greater medical expenses for low-income level senior citizens.

Official suggestions are to put such a scheme under the Social Security system which is already in the red. Twenty-seven Senators and Congressmen made private polls among their constituents if they thought that was a good idea. Only 40 per cent approved and 60 per cent said nay.

A reason for this unexpected opposition to the proposed medical care programme is that, for the past year, a Medical Care Act has been in effect. This is a law under which States may set up systems for such care with the Federal Government helping them to pay the costs. So far, 39 States have signed up for Federal financial help, New York being among them. So far, a total of about 64,700 old people are being taken care of under this arrangement.

There is a restriction under this Kerr-Mills Medical Care Act. Only those who are hard up financially are eligible. The New Frontier claims that this measure is inadequate and should be expanded by hauling all people over 65 years of age into an elaborate Medicare scheme under the Social Security system. Here again the invisible crisis is being conjured up. But, obviously, one year is not enough time to really appraise the worthiness of a scheme, decide to throw it out in the place of a wholly unknown proposal which might have severe fiscal consequences.

Balance of Payments

The U.S. unfavourable balance of payments is also being enlisted by Administration spokesmen for the furtherance of domestic political aims such are more help for the unemployed which is really not related to the problem at all. The crux is overseas spending by the U.S. for bases and their support.

Allan Sproul, retired President of the Federal Reserve Bank of New York, pointed out another side of the balance of payments problem. He referred to the present haughty behaviour of Western European countries which had no compunction of taking U.S. dollars under the Marshall Plan and which now wish consulting and veto power in the International Monetary Fund should the U.S. or any other country wish to borrow French francs, West German marks, Italian lire or other currencies.

The New Frontier spending practices, as against previous Administration theories and predictions, were brought into real focus the other day when a House-Senate committee predicted that the Federal Government would wind up this fiscal year with a deficit of between $4,000 and $5,000 million instead of the $500 million surplus foreseen earlier by President Kennedy.

United Nations News

The U.N. bond issue to stave off bankruptcy—and it probably won't come to that—is still a subject of hot debate although a surprisingly large number of nations have indicated their intent to subscribe. Mr. U Thant, Secretary General, indicated that the world body would have a crisis on its collective hands, if the matter was not going to be resolved soon.

In the meantime, major speeches on the subject have been made in the U.S. Senate. A compromise bond proposal was advanced even though the U.N. was accused of becoming increasingly "a market place for the trading of votes."

The compromise gives President Kennedy wide discretion in choosing how the U.S. may apply a special $100 million appropriation by the Congress to help the U.N. out of its difficulties. He could authorise the purchase of the special U.N. issue of 25-year 2 per cent bonds; he could make a loan as originally demanded by Republican critics repayable in three years at prevailing interest rates; or he could offer the U.N. a combination of the two.

At any rate, the U.S. is as determined as ever to maintain the financial and world integrity of the U.N. and, whatever the comprise is, the world body is certain to be bailed out, no matter how many other countries fail to perform.

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(*Concluded from next column*)

in the view of the *Survey*, "will help to stimulate industrial efficiency at home since, and ability to compete with imports is as important as competitiveness in export markets."

So that all this will not sound like all work and no play, however, the *Survey* concedes that there will be some increase in incomes and even an increase in borrowing on hire-purchase credit. If all goes well with the economy, there will be some cake for those who contribute.

LONDON LETTER

FUTURE OF THE U.K. ECONOMY

ROOM FOR OPTIMISM

(*From Our Own Correspondent*)

LONDON, *6th April*

"THE foremost aim of economic policy in 1962 must be to maintain conditions in which exporters in the United Kingdom can take advantage of the opportunities open to them to achieve a great expansion in their sales." This is the keyline of the pre-Budget Government *Economic Survey* for 1962. Indeed, the emphasis throughout this *Survey* is the importance of expanding exports and the nation can feel encouraged by the assessment which the *Survey* makes of the world background—for there is the market.

What is this world background? In the first place, the trends are that world industrial production will increase broadly at the same rate as last year. In Western Europe, labour and capital are extended and a higher rate of growth is not to be anticipated, but, in the U.S.A. an increase in the expansion in the economy is expected. But, even in Western Europe, consumer demand is rising. Furthermore, the trade of primary producing countries will benefit from the expansion in production within, and the trade between, industrial countries. So their exports and imports will probably rise. Thus, the *Survey* sees the prospects for U.K. exports good to the North American continent, to Europe and to the primary producing countries.

The great point made is that Government policy is directed towards creating the right climate for export expansion. The Government justify their policy of retrenchment last year by pointing out that, "throughout almost the whole of the post-war period, our competitive strength in export markets has been persistently impaired by the tendency for money incomes in this country to rise much faster than national production, and, consequently, for our costs and prices to rise more rapidly than those of some of our chief competitors in export markets."

Forward Looking

If the Government succeed in their incomes policy, then they consider that they will avoid the rising costs but they are aware that the rate of expansion of the U.K. economy is inadequate; they are aware that an expansion involves more imports—hence it must always be tied to more exports. Thus, we get back to the export theme and the third of the tasks set to the National Economic Development Council is: "to seek agreement upon ways of improving economic performance, competitive power and efficiency, in other words, to increase the rate of sound growth": the Government have great expectations of some outcome from the work of this Council. But, clearly, this is not something which is going to have a short-term effect—it is forward-looking beyond 1962.

For this year, the emphasis is on keeping in check the pressure of home demands. The only alarmist note is that this year's favourable opportunities for exports *may not remain*. Hence the need to make the most of them. "If this is done," says the *Survey*, "production could expand without a damaging increase in the pressure of demand upon resources, and without renewed risk to the Balance of Payments."

Stronger External Position

Actually, the forecast on the Balance of Payments indicates an improvement this year. This is based on a lag on import expansion for stock-building, as compared with an expansion in exports. However, this is a short-term asset, as, in time, imports will catch up. So far as external capital movements are concerned, 1962 is not going to be as good as last year, when there were several windfalls. However, the *Survey* concludes that, "on the whole, the prospect seems to be of a stronger external position this year than last."

There is also a threat to those who fear competition and a stimulus to widen markets in the reference to the impending reductions of tariffs, quite apart from those envisaged through joining the Common Market. Tariff reductions,

(*Continued in previous column*)

UNITED COMMERCIAL BANK REPORTS ALL-ROUND PROGRESS

NET PROFIT DOUBLED IN FOUR YEARS

THE United Commercial Bank Ltd. (General Manager: Mr. S. T. Sadasivan, since April 1955) has always had some distinguishing features about it. When the industrial and financial genius, Mr. G. D. Birla, Chairman of the Bank, launched it in January 1943, under the general managership of that banking wizard, Mr. B. T. Thakur, he distinguished his bank from the rest by having a subscribed capital of Rs. 2 crores and a paid-up capital of Rs. 1 crore. Few banks in those days were started with such a large capital structure. His idea was to start the U.Co. Bank as a big bank, so that it may enjoy the confidence of depositors in full measure. He was highly successful in realising it, for, within a few years of its coming into being, the U.Co. Bank was one of the big banks in the country. By 1950, the Bank's deposits had grown to Rs. 33.28 crores. Indeed, the Bank had made such a good beginning that, in 1945 itself, that is, two years after commencement, both the subscribed and paid-up capital were doubled, the former to Rs. 4 crores and the latter to Rs. 2 crores.

Another feature of the Bank was the adoption of a conservative policy of profit appropriation. Although profits used to be quite good, the management used to pay only a modest dividend of not more than 4 per cent and conserved the bulk of the profit. It was only after the first ten years that the dividend level was gradually raised, first to 5 per cent, then to 5½ per cent and thereafter by stages, until last year when the dividend level came to reach 12 per cent per annum, taxable. As a result of this conservative policy, the Bank was able to build up its reserve fund quickly, and take it above the paid-up capital of Rs. 2 crores last year.

A third distinguishing feature of the Bank was the importance attached by it to a high level of liquidity, though this meant a somewhat lower profit-margin. A fourth distinguishing feature is its Chairman's speech; Mr. Birla's statements to shareholders at their annual meetings have always contained more meat than those of any other bank chairman in this country. Indeed, it will be no exaggeration to say that, though a comparatively late comer in this field, Mr. Birla gave a lead to other bank chairmen by fearlessly and candidly stating his views on controversial banking and monetary problems, in particular, and economic problems, in general.

All these features still characterise the Bank's working, its statement of accounts for 1961 and the latest annual statement of the Chairman being true to their customary pattern. The Bank's progress in 1961 shows all-round improvement. Deposits, advances, investments, profit, amount of profit retained in business, number of branches, all these have gone up. The liquidity ratio is higher and borrowings from other banks have been sizably reduced. The dividend to shareholders has been kept unchanged at 12 per cent per annum, subject to deduction of tax, a level which is neither so high as to excite the envy of socialists and workers, nor so low as to be unattractive to investors. In the Chairman's statement, published elsewhere in this issue, Mr. G. D. Birla has stated his views on the pressing problems confronting the banks and the country with admirable clarity.

We give below a comparative table showing the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	5,61.46	5,28.98	4,90.61	4,23.71
Of which: Interest and discount earned	4,10.24	3,79.00	3,62.39	3,08.80
Commission and exchange earned	1,42.38	1,41.73	1,20.94	1,06.55
Other income	8.84	8.25	6.28	8.36
Interest paid	2,60.70	2,52.84	2,46.03	2,17.21
Cost of staff	1,56.35	1,40.85	1,22.96	1,09.57
All other expenses	56.44	53.23	48.84	43.65
Depreciation and repairs	15.36	15.13	11.46	7.91
Provision for taxation				9.00
Net profit	72.61	67.43	60.42	36.38
To gratuity trust fund	4.00			
,, reserve fund	30.00	30.00	27.00	14.00
,, bonus to staff	14.00	13.00	11.00	7.25
Dividend	24.00	24.00	22.00	15.00
	(12%)*	(12%)*	(11%)*	(7½%)
Carry forward	2.07	1.47	1.04	0.62

	As on 31st December			
	1961	1960	1959	1958
Capital	2,00.00	2,00.00	2,00.00	2,00.00
Reserves	2,35.00	2,05.00	1,75.00	1,48.00
Deposits	98,80.40	88,93.87	90,67.88	78,27.97
Borrowings from other banks	2,69.28	9,32.28	4,60.07	5,76.21
Advances	64,20.71	61,38.50	56,25.23	45,15.94
Investments	35,97.22	33,88.29	40,78.53	35,62.87
Cash	8,66.10	9,56.71	10,09.72	8,38.86
Balance-sheet total	145,27.50	149,35.81	145,44.58	114,15.01
Ratio to deposits of—	%	%	%	%
Advances	64.9	69.0	58.2	57.7
Investments†	33.6	27.7	37.4	38.3
Cash	8.7	10.7	10.4	10.7

* Subject to deduction of tax.
† Only the unencumbered portion is taken into account.
Note:—Provision for taxation for 1959, 1960 and 1961 not disclosed.

It will be noted that, over the year 1961, deposits have gone up by about Rs. 10 crores, in refreshing contrast to a decline of Rs. 7.74 crores suffered in 1960. With this increase the deposits are short of the Rs. 100 crore-mark by only Rs. 1.10 crore. The rate of growth in deposits, it may be noted, has been greater than that experienced by the scheduled banks as a whole. The bulk of the rise—Rs. 5.71 crores to be precise—has been under time deposits; the current accounts have risen by Rs. 2.62 crores and the savings bank deposits by Rs. 1.64 crore. Explaining the disposition of the deposits, Mr. G. D. Birla says in his statement:

"The additional deposit resources which accrued to the Bank during the year were utilised primarily to improve the liquid position of the Bank through a considerable reduction of the borrowings from the Reserve Bank of India and the addition of a little over Rs. 2 crores to our holdings of Government securities and secondarily to increase our advances by the moderate amount of Rs. 2.82 crores. As a result of this policy, our quick assets, consisting of cash on hand and with bank, money at call and short notice and free Government securities, all amounting to Rs. 43.31 crores, formed 43.78 per cent of our total deposits. The corresponding figures for the previous year were Rs. 35 crores and 39.4 per cent."

Apparently because of the reduction in borrowings, the increase in interest paid from Rs. 252.34 lakhs to Rs. 260.70 lakhs has only been modest. Again, the policy of maintaining a high level of liquid assets has accounted for a relatively smaller rate of increase in profit as compared with many other banks, the declared net profit having gone up by only Rs. 5.18 lakhs or 7.7 per cent to Rs. 72.61 lakhs. Nevertheless, as compared with the performance in 1958, the net profit has practically doubled. Over the year, the net profit per share has gone up from Rs. 16.75 to Rs. 18.25. This latest figure compares with Rs. 9.25 in 1955 and Rs. 5.75 in 1953. It was Rs. 14.25 in 1956, fell to Rs. 11.25 in 1958, after rising to Rs. 15 in 1957 to which level it returned in 1959. The dividend of Rs. 6 per share for 1961, is thus only a third of the net profit per share for that year.

For the second year in succession, a substantial amount of Rs. 30 lakhs have been added to the reserve fund, bringing the total thereof to Rs. 2.35 crores. There has not been a single year since the inception of the Bank when the Bank has not set apart significant amount to the reserves. But because of the high level of deposits, the ratio of "owned funds" (paid-up capital Rs. 2 crores+reserves Rs 2.35 crores) to deposits has declined from 9.04 per cent to 4.39 per cent. The Directors have, therefore, decided to raise additional capital by issuing 200,000 ordinary shares of Rs. 50 each at a premium of Rs. 25 per share. This will bring a sum of Rs. 1.50 crore and raise the "owned funds" to Rs. 3.85 crores. The consent of the Controller of Capital Issues for this proposal is awaited. Since there are 400,000 shares (held by 5,547 persons) now, the new issue will be in the proportion of one share for every two shares. Assuming that the dividend will be maintained at 12 per cent per annum on the increased capital—a reasonable assumption indeed—the net yield at the present market rate of Rs. 97 c.d. works out to about 5 per cent on the *ex-right* and *ex-dividend* basis.

Nine branches—one more than in 1960—were opened by the Bank during the year under review, bringing the total to 152, as against a mere 89 ten years before.

BRITISH BANK OF THE MIDDLE EAST

A handsome rise of Rs. 2.47 lakhs to Rs. 4.75 lakhs in net profit is disclosed by the statement of accounts of the British Bank of the Middle East pertaining to its operations in India during the year 1961. The rise is especially noteworthy considering that it has occurred despite the increased tax provision of Rs. 6.37 lakhs for 1961, as against Rs. 4.48 lakhs for the previous year. The profit would have been higher still but for enhanced staff expenses (+Rs. 0.65 lakh) and other expenses (+Rs. 0.71 lakh). Interest paid by the Bank to its depositors was, however, lower by almost Rs. 1 lakh, though there was a fresh accretion of more than Rs. 32 lakhs over the year; the total of deposits as at the end of December 1961 stood at Rs. 175.28 lakhs.

The improvement in the profit for the year under review followed a notable increase in the Bank's gross income which amounted to Rs. 35.87 lakhs, as against Rs. 31.25 lakhs earned in 1960. The increase was accounted for both by interest and discount (+Rs. 2.42 lakhs) and by commission and exchange (+Rs. 2.15 lakhs). Other income was also a shade higher. The rise in earnings is quite significant in that it has been achieved notwithstanding the fact that the operations of the Bank in India continue to be confined to only one office (at Bombay). The volume of advances made available by the Bank as at the close of 1961 was lower at Rs. 371.05 lakhs, as against Rs. 435.92 lakhs in 1960.

The deposits of the Bank, as already stated, registered a notable rise of over Rs. 32 lakhs. Thanks to this rise, the Bank could reduce to a marked extent its recourse to borrowings from other banks; the total of these borrowings outstanding as on 31st December 1961 was no more than Rs. 3.00 lakhs, as against Rs. 90.17 lakhs a year before. At the same time, there was a perceptible fall of Rs. 64.87 lakhs in advances.

INDIAN BANK STEADY

PROFIT AND DEPOSITS MAINTAINED

IT is common knowledge that the Indian Bank Ltd. (Secretary: Mr. G. S. Sundaram, Madras) is one of the five medium-size banks which have suggested that the inter-bank agreement on deposit rates has not been beneficial to them and that they should be permitted to quote at least ½ per cent more than the ceiling rates fixed for term deposits, when in actual practice have turned out to be the minimum rates. The Bank's results for the year ended 31st December 1961 fully justify this demand. Thus, in contrast to the sharp rise in the deposits of big banks, the deposits of the Indian Bank have staged only a minor rise from Rs. 39.87 crores to Rs. 40.05 crores. Since borrowings from other banks were more costly, the Bank has been obliged to reduce its reliance on this source. This state of affairs, coupled with the need for maintaining the liquid assets at a fair level, seems to have compelled the Bank to go slow with advances which in turn has meant lower level of profit. Its advances, as at the year-end, are lower at Rs. 25.71 crores, as against Rs. 27.27 crores a year before.

Income from banking business at Rs. 282.24 lakhs is a shade higher, comparing with Rs. 280.69 lakhs. While income from interest and discount has improved from Rs. 229.67 lakhs to Rs. 232.97 lakhs, there has been a setback in earnings out of commission and exchange from Rs. 51.02 lakhs to Rs. 49.27 lakhs. Excepting outward interest, which has come down from Rs. 114.87 lakhs to Rs. 112.74 lakhs presumably because of the decline in borrowings from other banks, expenses have been higher, with those on staff increasing from Rs. 91.83 lakhs to Rs. 94.57 lakhs and those on other heads from Rs. 35.51 lakhs to Rs. 37.18 lakhs.

Even after providing a lower depreciation of Rs. 2.57 lakhs as compared with Rs. 3.14 lakhs a year before, the profit before taxation at Rs. 40.37 lakhs is practically the same as that for the previous year, namely, Rs. 40.32 lakhs. The provision for taxation has claimed Rs. 18.25 lakhs as against Rs. 23 lakhs a year before. Transfers to reserves at Rs. 9.25 lakhs are Rs. 5.25 lakhs more, but, as in the previous year, they do not figure in the balance sheet, presumably because the published reserves already exceed the paid-up capital and the additional appropriations are being utilised to build up secret reserves. The sum of Rs. 9.25 lakhs, it may be noted, includes Rs. 5 lakhs transferred to reserves other than under Section 17 of the Banking Companies Act, 1948. Rs. 1.25 lakh to gratuity reserve and Rs. 3 lakhs to sinking fund. The return to shareholders has been maintained at the previous year's level of 15 per cent per annum (made up of a dividend of 10 per cent and a bonus of 5 per cent) subject to tax. This absorbs Rs. 12.45 lakhs, leaving the carry forward at Rs. 1.49 lakh against Rs. 1.36 lakh brought in.

The table below gives an idea of how the Bank fared in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount earned	2,32.97	2,29.67	2,15.85	1,80.36
Commission and exchange	49.27	51.02	46.91	44.16
Other income	5.19	4.98	4.22	5.64
Interest paid	1,12.74	1,14.87	1,16.48	1,07.76
Staff expenses	94.57	91.83	71.87	80.99
Other expenses	37.18	35.51	30.06	26.61
Depreciation	2.57	3.14	2.62	2.50
Profit	40.37	40.32	36.84	21.31
Provision for taxation	18.25	23.00	23.00	6.50
To reserves	9.25	4.00	1.00	7.30
To other appropriations	0.30	0.37	0.20	0.30
Dividend	12.45 (D. 10%+B. 5%)*	12.45 (D. 10%+B. 5%)*	12.45 (D. 10%+B. 5%)*	8.64 (D. 10%+B. 3%)
Carry forward	1.49	1.36	0.80	0.61

	As on 31st December			
	1961	1960	1959	1958
Capital	82.99	82.99	82.99	66.24
Reserves	98.02	88.02	84.02	98.02
Deposits	40,05.11	39,87.18	43,92.73	40,93.17
Borrowings from other banks	98.07	4,47.13	1,55.25	
Advances	25,71.10	27,26.67	28,84.67	23,14.58
Investments	13,07.88	15,01.81	14,38.93	14,19.36
Cash balances	5,18.74	4,98.90	4,99.66	6,54.92
Balance sheet total	51,37.75	54,37.89	56,83.54	50,12.20
Ratio to deposits of—	%	%	%	%
Advances	64.1	68.3	65.7	56.5
Investments	30.1†	26.4†	29.2†	34.7†
Cash	12.9	12.5	11.4	15.5

* Subject to deduction of tax.
† Unencumbered portion.

The decline in advances has brought down the credit ratio from 68.3 per cent to 64.1 per cent. Investments, too, have come down rather perceptibly from Rs. 15.02 crores to Rs. 13.07 crores. The ratio of investments to deposits, however, is higher at 30.1 per cent, as against 26.4 per cent a year before but that is because the unencumbered portion of investments has gone up during the year following a welcome decline in borrowings from other banks from Rs. 447.13 lakhs to Rs. 98.07 lakhs. The cash to deposits ratio, too, is slightly higher at 12.9 per cent, as against 12.5 per cent in the previous year. The liquidity ratio has thus gone up from 38.9 per cent to 43 per cent. The ratio of the Bank's "own funds" to deposits works out to 4.1 per cent, as against the now accepted goal of 6 per cent.

An office of the Bank was opened at Jamshedpur during the year. The Bank took over the Rayalaseema Bank Ltd. from 1st September 1961, and its branches at Anantapur and Bellary are functioning as the branches of the Bank.

NATIONAL RUBBER MANUFACTURERS LIMITED

SUPPLY POSITION OF NATURAL RUBBER UNSATISFACTORY

MR. K. N. MOOKERJEE'S STATEMENT AT ANNUAL MEETING

POINTED attention to the growing shortfall in the supply of natural rubber in the country was drawn by Mr. K. N. Mookerjee, Managing Director, National Rubber Manufacturers Ltd., in his speech at the Sixteenth Annual General Meeting of the Company held at Calcutta on Thursday, 12th April 1962. Thus, while consumption of natural rubber in India in 1961 amounted to 48,319 tonnes, production was of the order of only 26,992 tonnes. The deficit was sure to increase by 1965 when consumption of rubber (natural, synthetic and reclaimed) was expected to rise to 94,000 tonnes. Referring to the licensing policy for new units, Mr. Mookerjee said that the Government should follow a more cautious policy, because it was desirable to allow units already established to utilise their capacity fully and thereby reduce cost.

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

"LADIES AND GENTLEMEN,

"It gives me great pleasure in extending to you all a hearty welcome to the sixteenth annual general meeting of your Company. The Directors' report and audited accounts for the year ended 31st December 1961, have been in your hands for some time now and with your permission I take them as read.

Working Results

"You will have noticed from the Directors' report that not only the upward trend of sales of the Company's products was maintained during the year 1961 but also the percentage of the net profit on sales registered a substantial increase, in spite of adverse factors like some loss of production during the earlier part of the year on account of power shortage, and continued high cost of imported raw materials and indigenous natural rubber. On the basis of the improved working results, your Directors have recommended a preference dividend of 7.80 per cent and an ordinary dividend of 6.50 per cent.

Industrial Progress

"Industrial production in India maintained an upward trend during the year 1961, the general index for the first nine months of the year having reached the level of 180.0, as against 170.3 in 1960, representing an increase of 6 per cent. Against this background, the performance of the rubber manufacturing industry compares favourably, the index for the rubber production being 254.1 (during January-September 1961), as against 236.7 in 1960, representing a rise of 7.35 per cent. Quantitatively, there was a rise in the production of major items of rubber manufactures during 1961 over that of 1960. During the year under review, certain additional units were licensed for the manufacture of cycle tyres and tubes, conveyor belting, industrial Vee belts and rubber moulded goods and certain other units were permitted to effect substantial expansion of their capacity.

A Disquieting Feature

"I feel it will not be out of place here to point out a disquieting feature of the industrial licensing policy for establishment of new units or substantial expansion of capacity by existing units are being issued by the Government rather liberally with adverse effects on the ability of units already in operation or to be established to achieve full utilisation of their respective capacities. This would be clear from the following figures indicating the position regarding the production programme for bicycles and cycle tyres included in the third Plan:

(Figures in million Nos.)

Description	1960-61		1965-66	
	Capacity	Production	Capacity	Production
Bicycles	2.2	1.05	2.2	2.0
Cycle tyres	16.9	11.00	38.6	31.0

"Evidently, although there will be no increase in the manufacturing capacity for bicycles over the third Plan period that for cycle tyres is expected to rise by about two and a half times, while actual production of cycle tyres is likely to register an increase of nearly three times. The average rate of rise in the demand for cycle tyres during the second Plan period was of the order of one million numbers per annum and the overall consumption thereof in the country during 1961 was approximately 11.5 million numbers. In the circumstances, it would be far from correct to place the demand at 31 million numbers by 1965. According to our own estimate, the requirement of cycle tyres by the end of the third Plan period, including export quotas, may not exceed 20 million numbers. If, therefore, licences are issued on the basis of the production target of 31 million numbers, huge capacity will be lying idle, much to the detriment of the interest of the cycle tyre industry in general and of the new comers in particular. Cycle tube production in 1961 amounted to approximately 13.6 million numbers against an anticipated demand for 12 million numbers which resulted in so serious a glut in the market that some of the manufacturers had to curtail or stop production completely. It is, therefore, essential for the Government to follow a more cautious policy in the matter of licensing additional capacities, particularly to new units so as to enable the units already licensed to utilise their respective capacities fully and thereby effect substantial saving in cost.

Expansion Programme

"During the year under review, capital expenditure amounting to Rs. 10.21 lakhs was incurred. In spite of the initial setback due to power shortage production of almost all items increased to cope with higher sales. To render better and quicker service to consumers of the Company's products and to the trade, new sales offices were opened at Ahmedabad, Ludhiana and Hyderabad during 1961.

Export

"During the year under review, your Board of Directors actively pursued a policy of contributing to the country's export drive through progressive increase in the export of the Company's products which reached a record level, being 50 per cent higher than that of 1960. This performance compares favourably with the total export of rubber products from India which was Rs. 54.48 lakhs in 1961, as against Rs. 50.6 lakhs in 1960, representing a rise of 8 per cent. The industrial licensing policy of the Government has indeed an important bearing on export promotion. As I have mentioned earlier, a policy of restricting further expansion of capacity in respect of industrial products before the capacity already licensed is fully utilised, would go a long way in enabling manufacturers to reduce their cost of production by increase in the volume of output and thereby to improve their competitive strength in the export markets.

Raw Materials

"The cost of major raw materials continued to be high during the year under review, except imported natural rubber. The situation was particularly aggravated by the levy of the higher cess of 30 nP per kg. on indigenous rubber from the 1st of April 1961 and enhancement of the rates of customs and excise duties on other raw materials by the Finance Act, 1961.

"The supply position in respect of natural rubber continued to be unsatisfactory during 1961, consumption in India being 48,319 tonnes, against production to the extent of only 26,992 tonnes leading to a deficit of 21,327 tonnes, that is, approximately 45 per cent of consumption. This short-fall as well as the consumption of synthetic and reclaimed rubber to the extent of 9,600 tonnes and 5,929 tonnes respectively were made up by imports. According to official estimates, the aggregate consumption of natural, synthetic and reclaimed rubber is likely to be about 94,000 tonnes by 1965 against which natural rubber production is not expected to be more than 45,000 tonnes so that the deficit would rise to 49,000 tonnes, representing almost 50 per cent of the aggregate consumption. Although part of this gap would be met by indigenous production of synthetic and reclaimed rubber, as per capacities licensed or to be licensed, the deficit in respect of natural rubber will remain, resulting in substantial drainage of scarce foreign exchange resources on account of imports thereof.

"The Estimates Committee of the Lok Sabha, 1961-62, in their report submitted in December 1961, has categorically stated that the measures taken by the Government and the Rubber Board so far proved totally inadequate in making the country self-sufficient in rubber. The Committee has made certain important recommendations for improving the situation. Two of those suggestions, however, require close attention and analysis because they are of very vital significance to the rubber manufacturing industry. In the first place, the Committee has urged that stricter control should be exercised on the use of rubber for the manufacture of non-essential goods. In my opinion, this proposal, if implemented, would amount to a retrograde step unduly penalising the consumers of natural rubber on account of lapses on the part of the Rubber Board in taking effective steps for increasing the production of natural rubber. Besides, this measure is not likely to result in any real saving because the miscellaneous consumers items of rubber products account for not more than 5 per cent of the total rubber consumption. Secondly, the Committee has suggested that the Government should examine the feasibility of the Rubber Board itself importing natural rubber to meet the shortage in indigenous production. I strongly feel that the present system of importing natural rubber directly by rubber manufacturers against import licence should be allowed to continue. Rubber manufacturers have longstanding arrangements with overseas suppliers for getting correct grades of rubber at proper time and at competitive prices and any change therein at this stage would cause serious inconvenience and dislocation of work. In my opinion, before any system of importing rubber by the Rubber Board is considered, the Board should first make dependable arrangement for making available to rubber manufacturers indigenous rubber of correct grades at the controlled rates. The Board should also take all possible steps for proper utilisation of Pool Fund and other funds at its disposal to the mutual benefit of rubber growers and manufacturers. Meanwhile, it is gratifying to note that the Government of India have under consideration a proposal for arranging import of natural rubber from Malaya under rupee payment terms.

"In 1961, other raw materials like cord fabric, bead wire, tube valves, carbon black and rubber chemicals valued at Rs. 7.5 crores had to be imported. It is, however, encouraging to note that, at the end of the third Plan period, India is expected to be substantially self-sufficient in respect of these materials as a result of implementation of certain projects already licensed or proposed to be licensed for the manufacture thereof. Meanwhile, the Government of India have taken a step in the right direction by reverting, with effect from 1st April 1962, to the annual import licensing policy which was suspended after being in force for a single licensing period from April to September 1960.

Acknowledgment

"Before I conclude, I am sure, you will join me in expressing our warm appreciation of the co-operation and support from Messrs. Goodyear India Ltd., as well as the dealers, consumers and suppliers of the Company. On behalf of the Board of Directors and on my own, I have pleasure in expressing our sincere appreciation of the cordial relations maintained between the management and labour and the loyalty and devotion of the officers and staff of the Company throughout the year under review."

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

Malayan rubber production in 1961 reached a record level of 738,305 tons, nearly 4 per cent higher than in 1960. The estates produced 431,047 tons and small holders 307,258 tons. The boost in output is the direct result of post-war planting and re-planting schemes which are now bearing increased yields. Sir John Hay, Chairman of Guthries, said at Kuala Lumpur recently that Russia and other associated countries were likely to continue buying large quantities of natural rubber. He described the future as increasingly competitive rather than limited

RENEWED PLEA FOR OVERALL CEILING ON COTTON GOODS IMPORTS

DIRECT APPROACH TO PRIME MINISTER

From Our Special Correspondent

MANCHESTER, 3rd April

MANCHESTER LETTER

NOT deterred by their constant "brush-offs" from the Government, the leaders of the cotton trade in Lancashire are planning to make another assault on London citadels with the aim of gaining their objective of an overall ceiling on imports of retained cotton goods. Spurred on by the knowledge that these arrivals reached a level of nearly 40 per cent of home consumption last year, the instigators of the campaign, which is supported by the official organisations in the producing sections, as well as the trade unions, have already gone into action by approaching Members of Parliament who represent constituencies where the mill towns are situated.

A direct approach to the Prime Minister himself is the next step. Col. J. B. Whitehead, President of the British Spinners' & Doublers' Association, hinted at the annual meeting that a deputation from all sections of the trade would soon be seeking a personal interview with Mr. Macmillan to review the whole future of the industry. Commenting on the post-reorganisation phase and the subsequent deterioration in the position, Col. Whitehead said that confidence had been destroyed and investment had now almost reached a standstill. Although the industry accepted that a proportion of these imports must be taken, particularly from the Commonwealth, for political, economic and humanitarian reasons, the Government had been repeatedly asked to impose a strict overall ceiling on retained imports.

The industry does not deny the assistance given by the Government in supporting the voluntary limitation pacts with Commonwealth countries and imposing quotas and other arrangements elsewhere. It hopes that ratification of the Geneva project to promote orderly development of trade and avoid disruption of established industries will be forthcoming.

Britain's Big Imports

Meanwhile, Mr. Frederick Erroll, President of the Board of Trade, devoted the major portion of a recent speech given to the Association of Economic Representatives, to a dissertation on the Government's policy on imports generally. Britain, he said, was the second largest importing nation in the world, purchasing goods worth roughly £4,500 million a year, and accounting for 10 per cent of the world's imports. One-third of these comprised food and another third was raw materials and other essential commodities needed to support industrial activity in this country. The remaining third consisted of manufactures of one kind or another, including a substantial proportion of goods for further processing.

Dealing specifically with the importation of cotton textiles, Mr. Erroll said that the five-year Geneva agreement was the right way of tackling the problem. Giving less developed countries opportunities to sell their products, in his opinion, increased their resources to buy the capital goods they needed to develop their economies and expand their trade both inwards and outwards.

Perhaps the new campaign now in progress to secure a change of attitude by the Government may be coming at the right time. Mr. Erroll in his speech went on to say: "No one country can afford to pursue in isolation a generous policy towards international trade. There are, however, temptations to all nations to cash in on the benefits of expanding world trade and to avoid the burdens and sacrifices involved in playing a proper part in keeping the momentum going."

Co-operations and goodwill on an international level had been responsible for the great expansion in world trade since the war, he continued, the collective efforts being on a scale quite unheard of in any previous period of history. With a high level of demand and employment, all industrial countries were readier than they were to work for the broadening of international trade. "We depend," said Mr. Erroll, "upon other countries following policies that help a general and continued expansion of world trade. Similarly, other countries depend on us." Was this perhaps a hint of the mailed fist in the velvet glove, which might in due course be withdrawn and used in earnest against some of Lancashire's most obstinate rivals?

Need for Re-birth

Lancashire's now historic re-organisation in 1959 and the subsequent events must have been looked at from almost every angle during the past three years. The situation, however, is viewed in a slightly different manner by Mr. S. S. Hammersley, Chairman of the Cotton and Rayon Spinners group, which comprises the Delta, Rugby and Fernhurst Mills. It is an aspect which could conceivably give the Government an opening to provide the support the industry is seeking, if they were so minded.

"It is commonly accepted that the successful development of a new industry requires protection," says Mr. Hammersley. "It is not so commonly understood that the necessary revolutionary changes to transform the historically ancient Lancashire textile industry to meet modern conditions will be difficult to introduce without some protection." While praising the Government for its foresight in launching the redundancy and re-equipment schemes, Mr. Hammersley criticises it for failing to appreciate the gravity of the basic factors involved in the problem. Having offered to help the trade to buy modern machinery, the politicians apparently consider they have done their share, and are prepared to leave the rest to the trade.

But, as Mr. Hammersley says, modern machinery necessitates shift-working, and this is not acceptable to the bulk of Lancashire's operatives. The industry in this country still runs its textile machinery fewer hours than any other major textile trade in the world. The horizontal structure in Lancashire was based on the bulk supply of staple goods for export markets.

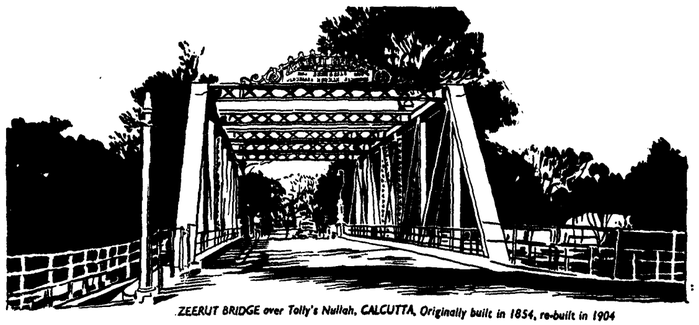
On the Common Market issue, Mr. Hammersley contends that Britain cannot afford to stay out. As far as the cotton trade is concerned, however, he believes that Lancashire takes part in the negotiations with its hands tied. The other countries involved have something to "give away" in the shape of tariffs which can be lowered. Perhaps, he suggests, the Six will propose that Great Britain creates a general tariff against imported textiles in order to protect their back door against low labour cost Asiatic imports.

Switch To The East

If confirmation were needed of the fact that cotton textiles production is shifting steadily from the traditional European centres to the developing Eastern countries, this is contained in the latest figures covering 1960, now issued by the International Cotton Federation. The year itself was one of considerable transformation, as no one in Lancashire needs to be reminded, but the statistics now available offer interesting contrasts between the situation in different regions of the world.

Not suprisingly, total spindleage in place declined sharply during the 1958-60 period from 134,371,000 to 125,867,000. The reduction of spindles in Europe alone exceeded 11,000,000 in the two years, while a rise of 3,000,000 spindles occurred in each of the three years from 1958 onwards showed practically no change. The figure in 1958 was 119,216,000, rising to 119,873,000 in 1959 and declining to 119,134,000 in the following year.

(Continued on next page)



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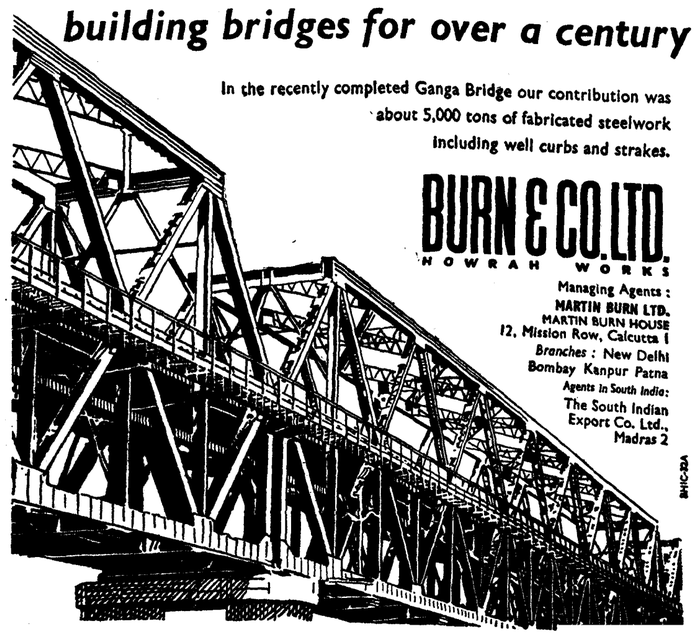

BHC-32A

TEXTILES AS EXCHANGE EARNER

RESERVE BANK'S STUDY MISLEADING

WHAT is the contribution that the cotton textile industry in India has made, and will make in the coming years, to the alleviation of the balance of payments problem? This is a question for which it is rather difficult to provide a categorical answer, in view of the paucity of data relating to imports of all raw materials, machinery, spare parts, etc., not to speak of problems like time-lag (that is, between date of import and date of actual utilisation) and valuation. A broad indication can, however, be given of the magnitude of the industry's net position as an earner or a spender of foreign exchange. Such an attempt has been made in the course of a special note on the textile industry, prepared by Mr. S. Kumarasundaram of the Reserve Bank of India and published in the March issue of the Bank's monthly *Bulletin*.

The above study pertains to the entire cotton textile industry, that is, mills and other units of production (obviously handlooms and powerlooms) and covers a period of five years from 1956 to 1960 which incidentally coincides almost with the second Five-year Plan. The position during this period is assessed by making an estimate of the industry's direct contribution to foreign exchange earnings as a result of exports (of piecegoods, yarn, hosiery and waste cotton) and its expenditure on imported inputs (raw cotton and yarn, machinery, dyes, chemicals, fuel oil and lubricants), making allowance also for the domestically produced inputs which have an import-content. The results of the calculations are summarised in the statement at the end of this article. It will be noted therefrom that the total foreign exchange earned from exports during the five years 1956 to 1960 ranged between Rs. 59.2 crores and Rs. 74.2 crores, while import payments oscillated over a wider range—from Rs. 64.7 crores in 1958 to Rs. 111.3 crores in 1960—due to fluctuations in payments for imported cotton which amounted to as much as Rs. 73.0 crores in 1960, as against Rs. 30.6 crores in 1958. Taking the quinquennium as a whole, the cotton textile industry was a net spender of foreign exchange in all the years, excepting in 1959, when it earned a small surplus. The total earnings during the five years were of the order of Rs. 340 crores which were Rs. 90 crores less than the total payments. The actual picture is said to be possibly worse because of the following two factors:

No allowance is made on the payments side for items like steel, electric equipment and electric energy used by the industry, all of which have an import-content.

Foreign exchange remittances of the textile industry for use of patent rights and royalty payments for processes such as sanforising, miniron, 'N-iron' and the like are not taken into account, as the data pertaining to them are not separately available.

The above payments may be negligible, but their inclusion will doubtless alter the payments picture of the cotton textile industry. Even on the basis of present calculations, "it is obvious," to quote the study, "that the industry cannot be considered to be a net earner of foreign exchange." Assuming that exports of cotton piecegoods will be maintained at least at the level of Rs. 60 crores per annum, the study observes: "It would appear that the crucial item in the balancing is the expenditure on imports of foreign cotton. Other items on the payments side have involved a fairly steady rate of annual expenditure and a substantial reduction in them is, perhaps, unlikely in the near future."

The Reserve Bank study then goes on to point out that the heavy imports of cotton textiles—the average annual imports during the late twenties were as much as 2,000 million yards—have now been replaced by the continued heavy imports of raw cotton (long staples) to feed the growing domestic demand for fine and superfine varieties of cloth. The study has, however, failed to point out that, if India were to import 2,000 million yards of cloth today, it would cost the country more than twice the cost of cotton, besides resulting in loss of employment now provided by the manufacture and processing of cloth and yarn that have replaced the imports. The failure to make this qualification by drawing attention to the import saving aspect is likely to give rise to wrong impressions about the textile industry.

Raw Cotton Imports

The average raw cotton imports during the five years ended 1960 were at an annual rate of nearly 700,000 bales, as against 500,000 bales during 1935-40 and 200,000 bales in 1925-30. It is true that the domestic production of longer staple raw cotton (⅞" and above) has gone up appreciably, from just 300,000 bales in 1948-49 to nearly 2.4 million bales in 1960-61: the greater part of the increase occurred prior to 1956-57 since when the rise has been only about 300,000-400,000 bales. But the pace of increase has not been in keeping with the industry's requirements of higher staple cotton, judging from the quality of yarn spun which shows a growing shift to higher counts. Yarn of 21 counts and above accounted for 57 per cent of the aggregate production of yarn in 1960-61, as against 49 per cent (average) during 1957-59, 44 per cent in 1954-56 and 41 per cent in 1951-53. The share of 31 counts and above, which are spun mostly out of cotton with staple length of 1" and above, in 1961 (Jan.-Sept.) was 24 per cent, as against 18 per cent in 1956. The changes, according to the study, reflect mainly the shift in consumer preference in India for the finer types of cloth. Additional production of such types appears to have taken place to a significant extent through the decentralised sector, the delivery of yarn 31 counts and above to this sector having increased from 40 million kg. in 1956 to an annual rate of 88 million kg. during the first nine month of 1961.

Alluding to the position in respect of cotton piecegoods, the study gives the following particulars:

"There is little evidence that the increased domestic production of better *quality* cloth has made any impact on the *quality* of cloth exported abroad. A rough breakdown of the *quality* of cloth exported in 1960 and 1961 shows that some 75-80 per cent of the total consisted of coarse and lower medium varieties of cloth, while another 15 per cent was accounted for by higher medium varieties; the balance of 5-10 per cent represented finer or superfine cloth. The coarse and lower medium varieties are manufactured wholly from domestic cotton. A very large proportion of the higher medium varieties is also in the main made out of Indian cotton. While some admixture of Indian cotton may be present even in finer varieties, it seems that not more than 10 per cent or approximately 60 million yards of cloth exported abroad may involve use of imported cotton. Expressed in terms of raw cotton, this is probably equal to 3 per cent of the average imports of raw cotton. A qualitywise breakdown of exports over a sufficiently long period is not available, but data for the period since 1957 show no significant change in either direction of the *quality* of cloth exported abroad."

The aforesaid study of the Reserve Bank's research section is only good in parts. The way in which conclusions are stated are likely to give rise to misleading inferences. We have already referred to a typical instance. The absence of intimate knowledge about the affairs of the industry in the author is reflected in the conclusion drawn from the increase in the production of fine and superfine counts. The whole of this increase does not reflect the change in consumer preference. To a considerable extent, it reflects the fact that the industry had to spin the cotton that was available. It so happened that, during the years chosen for the study, more foreign cotton had to be imported, as domestic production was insufficient to keep the capacity fully employed and to prevent unemployment in the industry. Another wrong conclusion is reflected in the use of the word "quality" in the paragraph quoted above. In order to distinguish it, we have italicised the word. Coarse and medium counts do not necessarily mean that the quality of goods exported are inferior. Conversely, fine and superfine do not represent higher quality. Apparently, the author of the article has been under the wrong impression that the higher the count the better the quality.

May Be Misunderstood

In the present context of acute shortage of foreign exchange, the purpose of the article is liable to be misunderstood. The unfriendly critics of the industry, of which there are many among the politicians, are likely to twist the conclusions of the Reserve Bank's study to run down the importance of the industry. The author of the study has not even cared to mention the point that, during the period covered by him, the mill industry was not free to buy whatever foreign cotton it wanted, that the quantum and variety of imports were determined by the availability of cotton within the country, and that they were strictly regulated by the Government.

If the cotton mill industry has not been a net earner of foreign exchange, the fault lies not in the industry but in the failure on the domestic cotton front. This fundamental point should not be ignored by those who are eager to seize the findings of the Reserve Bank's study to be quoted against the industry. Another important point to be borne in mind is that the decentralised sector—handlooms and powerlooms—which enjoys most favoured treatment from the Government is the principal consumer of fine and superfine counts of yarn. Accordingly, it will not be wrong to say that the Government's textile policy itself has contributed, to some extent, to the mills' preference for foreign cotton. The Reserve Bank study has, however, done well to stress the urgency of augmenting the domestic production of superior varieties of cotton, for a reversal of the shift in the consumption pattern will not be an easy task. The study has also done well to lay emphasis on exports of finer or more finished varieties of piecegoods, so that the foreign exchange earned per unit of export could be higher.

Foreign Exchange Earnings and Payments of Textile Industry

(In crores of rupees)

	1956	1957	1958	1959	1960	Total
Foreign exchange earnings from exports of:						
Cotton piecegoods	57.0	64.5	46.5	61.3	59.7	289.0
Cotton yarn	2.5	3.4	6.2	4.8	4.4	21.3
Cotton hosiery	0.4	0.5	0.5	0.4	0.4	2.2
Waste cotton	7.6	5.8	6.0	5.1	2.6	27.1
Total receipts	67.5	74.2	59.2	71.6	67.1	339.6
Foreign exchange outlays on:						
Raw cotton*	53.6	48.5	30.6	34.7	73.0	240.4
Twist and yarn	2.7	3.3	1.7	0.8	0.5	9.0
Textile machinery (Imports and import-content)	16.2	23.3	13.3	12.3	18.5	83.6
Dyes (Imports and content)	11.3	11.8	10.1	8.9	8.5	50.6
Chemicals (" ")	3.5	3.5	4.0	5.0	5.8	21.8
Fuel oil and lubricants	4.3	4.5	5.0	5.0	5.0	23.8
Total payments	91.6	94.9	64.7	66.7	111.3	429.2
Net position	—24.1	—20.7	—5.5	+4.9	—44.2	—89.6

* Inclusive of imports of P.L. 480 cotton.

(Concluded from previous page)

Within the Continental categories, however, the trend towards bigger industrialisation in Asia was pronounced. Spindles in 1958 numbered 32,927,000, but, by 1960, the total was 38,177,000. African spindleage increased by less than 300,000, the quantity of North American plant was virtually unchanged and only 230,000 spindles were added to the mills in South America. In Europe, however, active spindleage fell from 57,799,000 to 51,944,000.

Another way of looking at the same situation, as illustrated by the statistics, is the greater use of raw cotton in Asian mills compared with those in other parts of the world. The mills in Asia accounted for 32 per cent of the world's active spindleage in 1960, but they consumed 38 per cent of the aggregate raw material used. In contrast, Europe, which contained 43½ per cent of the active spindleage, consumed only 35 per cent of world raw cotton supplies. The North American continent had 18½ per cent of the world's spindleage and used 20½ per cent of the raw material.—*All Rights Reserved.*

PLEA FOR DECONTROL OF COTTON

TRADERS SUBMIT MEMORANDUM TO PRIME MINISTER

THE memorandum urging decontrol of cotton, just sent to the Prime Minister, in the combined name of cotton growers and traders, marks the climax of the campaign for decontrol which has been gathering considerable momentum in recent weeks. The sponsors of the memorandum are some prominent cotton traders, who claim that the move for decontrol has the support, overt and, in some cases, covert, of growers, cotton traders, co-operative cotton sales societies, gin and press factory owners and even some millowners. The memorandum carries, according to the sponsors, over 200,000 signatures of growers, traders and co-operative societies from all parts of the country; a copy of it has been forwarded to the Commerce and Industry Minister also. Apart from pleading vigorously for decontrol of cotton, the memorandum also urges the appointment of a high-power Cotton Commission with well-defined, specific functions, by special legislation, if need be, to co-ordinate the activities of the various agencies concerned with the production, marketing and distribution of cotton. The objective of the Commission, according to them, would be to ensure, by the adoption of all conceivable methods, the achievement of the third Plan target for cotton.

Origin of Price Control

Tracing the genesis of controls the memorandum points out that price controls on cotton were introduced in 1943, as a corollary to the imposition of controls on yarn and cloth prices. Controls on yarn and cloth prices have been removed since 1953 but those on cotton continues. Besides, there is no control on prices of competing cash crops or foodgrains. There has been no material change in the ceiling prices fixed for different varieties of cotton since 1951. If, after 18 years of controls, domestic production is still inadequate to meet the demand, the question that arises, according to the memorandum, is this: for whose benefit is price control maintained, especially when there is no control on prices of *kapas* (unginned cotton) and yarn and cloth? It has, according to it not benefited either the grower or the consumer of cloth. As there is no ceiling on prices of groundnut, sugarcane etc., the memorandum goes on to add, their production has increased satisfactorily and, although their prices have gone up by 100 to 200 per cent during the last decade, these increases have not been found to be unreasonable but, on the contrary, have been adjusted to the price of the finished product. Compared with this, the maintenance of the ceiling prices on cotton at the same level as in 1951, has not only not benefited the grower but resulted in considerable loss to him because he has to part with his cotton at prices lower than the ceiling whenever the crop is good and gets only the ceiling prices, fixed a decade ago, when the crop is short even though he has to spend more for cultivation. The position of the merchant or trader under the regime of controls is also unenviable as he has to face the rigours of the Cotton Control Order.

Who Has Benefited?

The consumer of the finished product, namely, cloth, for whose benefit price control is supposed to be maintained, the memorandum argues, is the worst sufferer, as he has to pay today prices which are 200 to 300 per cent higher than those prevailing ten years ago. The nation as a whole has also not benefited by the price control as cotton production has remained more or less stagnant for the last several years, with country being forced to import cotton worth crores of rupees every year. Price control, on the other hand, has led to the mixing of superior varieties of cotton with inferior varieties, thereby undoing the work done by the Central Cotton Committee for the past many years to maintain the purity of seed. It is, therefore, clear, points out the memorandum, that the cotton control policy has proved infructuous, unrealistic and therefore redundant. Hence, says its authors, price control should be removed during the coming season (1962-63) and an announcement to that effect should be made forthwith. The memorandum, however, suggests that the floor prices may be retained, so that the grower may be assured of a fair price in times of larger production. The system of distribution of cotton through quotas to individual mills may also be retained so as to ensure equitable distribution of cotton.

The alternative of an increase in ceiling prices, according to the memorandum, will never get to the root of the trouble and will in fact create more problems than it will solve, as it will set in motion a spiral of rising prices of cloth and yarn which will affect the cost of living and upset the entire wage and cost structure in the country.

The memorandum disputes the contention that decontrol will result in a sharp rise in prices which will hit export of cloth by pointing to the trend of cloth exports during the past few years. Despite a bumper crop of 5.4 million bales during 1960-61 and import of more than one million bales at "pretty cheap rates" and notwithstanding the fact that cotton prices ruled Rs. 100 to Rs. 150 per candy below the ceiling prices and that liberal incentives were given for export, exports of cloth in 1961 aggregated only 575 million yards, as against 695 million yards in 1960 and 814 million yards in 1959. This indicates, says the memorandum, that raw cotton prices are not the only nor the principal factor affecting exports. Rationalisation and modernisation of the textile industry and other devices, rather than cheap cotton, have a decisive role in promoting exports.

Cotton Commission

Removal of ceilings is only the first step, according to the memorandum. Along with it, the Government should appoint a high-power Cotton Commission, consisting of representatives of the various cotton interests with a Cotton Commissioner as its head, for a period of at least ten years. The Commission should be entrusted with the following tasks:

1. To demarcate areas in different provinces for growing different varieties of cotton, according to the soil and water facilities available.

2. To procure cottonseed, for sowing purposes, from Government farms established for the purpose and make arrangements for the distribution thereof to the farmers through *gram panchayats*.

3. To procure fertilisers and make arrangements for the distribution thereof at subsidised rates according to the needs of different areas through *gram panchayats*.

4. To examine the possibility of growing cotton in fallow lands in Mysore, Madras, Orissa and Punjab and take effective steps in that direction.

5. To inquire into the irrigation facilities available at present and the prospects of securing more irrigation facilities either by canal water or by wells so as to produce more than 50 per cent of the cotton crop by irrigation, by the end of the third Five-year Plan.

6. To procure adequate quantities of pesticides and distribute the same subsidised to the growers through Block Development officers or *gram panchayats*.

Apart from these functions, the Cotton Commission should also co-ordinate the work of the Textile Commissioner, the Forward Markets Commission, the Indian Central Cotton Committee, the Ministry of Food and Agriculture and State Agricultural Departments. The Commission should be responsible only to the Central Cabinet.

Economics of Cotton Cultivation

The memorandum contains as a supplement an analysis of the economics of cotton cultivation. It is pointed out therein that the average gross realisation by the cotton grower on irrigated land, on the basis of a yield of 200 lbs. of lint cotton or 7.29 maunds of *kapas*, at the rate of Rs. 45 per maund of *kapas* (or Rs. 1,100 per candy of 784 lbs. f.o.r. Bombay) is about Rs. 328 per acre. Gross realisation on non-irrigated land, on the basis of an yield of 77.73 lbs. per acre of lint cotton or 2.83 maunds of *kapas*, and at the rate of Rs. 40 per (or Rs. 920 per candy of 784 lbs. f.o.r. Bombay) maund of *kapas* is Rs. 113.0. The average gross realisation on irrigated and non-irrigated land, on the basis of a yield of 93 lbs. of lint cotton or 3.4 maunds of *kapas*, is Rs. 143 at the rate of Rs. 42 per maund of *kapas* (Rs. 1,020 per candy of 784 lbs.). This price realisation is near about the average basic ceiling prices of the different varieties and is not true of all seasons but only when prices are at the ceilings. It has been calculated that the minimum expenses, excluding the value of the personal labour of the cultivation and his family, amount to Rs. 160 in the case of irrigated and Rs. 80 in the case of non-irrigated land. This has been worked out as follows:

(In rupees per acre)

	Minimum expenses on	
	Irrigated lands	Non-irrigated lands
Land revenue	2.50	2.50
Ploughing and harrowing	35.00	35.00
Sowing seeds	2.00	2.00
Sowing expenses	7.00	7.00
Picking charges	35.00*	15.00†
Removal of grass and off plants thrice	12.00	12.00
Transport charges to the terminal market	8.00*	3.50†
Terminal tax, weighing charges, commission	7.00*	3.00†
Manure and fertilisers	28.00	..
Watering	24.00	..
Total	160.00	80.00

* For 7 mds. of *kapas*. † For 3 mds. of *kapas*.

The average minimum expenses on irrigated and non-irrigated land works out to Rs. 91 per acre, against a maximum gross average realisation of Rs. 143 per acre, leaving a net income of Rs. 52 per acre, assuming that cotton always fetches the ceiling prices. As 87 per cent of the acreage under cotton is non-irrigated land, the net income to the grower on non-irrigated land is lower still, at only Rs. 33 per acre. As compared with this, net income per acre to the groundnut cultivator works out to Rs. 101. This figure is arrived at as follows:

	1960-61	1959-60
Acreage	154,55,000	148,64,000
Groundnuts (shell) (*in tons*)	43,54,000	39,42,000
Yield per acre (lbs.)	629*	643
Gross realisation (per acre)	..	Rs. 171†
Expenses (per acre approximately)	..	Rs. 70
Net income (per acre)	..	Rs. 101

* Average 636 lbs. or 7.75 mds. of 82.7 lbs. each.
† At the rate of Rs. 22 per maund on 7.75 mds.

Only Solution

On the aforesaid basis, the memorandum argues that, in terms of money, the groundnut cultivator realises per acre more than three times the amount realised by the cotton cultivator. Also, the groundnut crop is completed in three months whereas cotton requires more than six months to mature. The continuance of this state of affairs, adds the memorandum, is not conducive to the maintenance of the present acreage in cotton, let alone increasing it. When prices of the bare necessities of life of the farmer have risen beyond that of cotton, it would be impossible to induce him to grow more cotton on a meagre net annual income of Rs. 33 per acre and that too only in some years when prices rule at the ceilings. The retention of the present ceilings fixed a decade ago on some *ad hoc* basis, the memorandum points out, is to deny the realities on the false assumption that the agriculturists get a decent margin of profit at the present prices and that the industry needs cheap cotton for exporting more cloth and earning foreign exchange. The only realistic and lasting solution to the cotton problem, it is asserted in the memorandum, lies in the removal of ceilings and the appointment of a Cotton Commission for the purposes indicated above.

U.S. EXPORT OF COTTON TEXTILES

The United States last year exported more cotton textiles than it imported, reversing an opposite trend that occurred in 1960. According to the U.S. Department of Agriculture, exports last year were the equivalent of 496,000 bales of cotton compared with an annual total of 486,000 bales in 1960. Imports of cotton textiles, on a raw-fibre-equivalent basis, aggregated 394,500 bales, about 131,000 bales below the record high imports of 1960, but nevertheless were "still the second highest on record." The Department estimates that the United States would carry over about 7,700,000 bales of cotton on 1st August 1962 or 500,000 bales higher than the carryover of a year earlier. It expects that U.S. exports would decline to five million bales this season, 24 per cent below the 6.60 million bales export in 1960-61.

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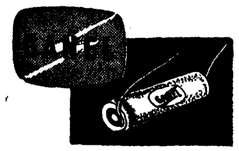

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BACKGROUND TO BRITISH BUDGET

REASONS FOR THE QUICK CUTS IN BANK RATE EXPLAINED

By W. T. C. King

EDITOR, BANKER, LONDON

THIS time my monthly letter falls to be written shortly before the introduction of Britain's budget for 1962-63, though it may not emerge from the printers until afterwards. I shall, therefore, focus on recent developments affecting Britain's economy that deserve attention, irrespective of the contents of the budget, and that may incidentally throw light on what the Chancellor of the Exchequer has decided to do.

The first of these developments is the renewed decline in interest rates. Contrary to market expectations at the time of my last letter, the Bank of England rediscount rate was reduced from 6 to 5½ per cent on 8th March, and then was brought down again to 5 per cent only a fortnight later. Not for 30 years has the interval between reductions been so short as this.

On international grounds, the case for getting the Bank Rate down from its unusually high level had, of course, been strong for many weeks; sterling had been pressing close against its upper limit in terms of the U.S. dollar in the exchange market, and funds were flowing strongly towards London. As I recorded last month, the true accretion to the central reserves in February was, with one exception, the biggest monthly increase for many years. But the fact that, in spite of the very strong pull that London was exerting on international balances, the British authorities made no move in Bank Rate in January and February (indeed, the tactics of the Bank of England in the short loan market had served to reverse a fall in Treasury bill rates), had come to be accepted as indicating that the rate would probably not come down until after the budget.

"Closed" Season

The reason for that assumption was that the City had regarded the period shortly before a budget, and even the period immediately following it, as virtually a "closed" season for the Bank Rate. To avoid giving the appearance that the Bank Rate move might be directly associated with the budget—either as a pointer or as a consequence—the authorities have generally allowed a fair interval to elapse on either side. Ten years ago, when the monetary policy was being revived again as an active instrument after almost 20 years of passivity, an increase in the Bank Rate was, indeed, virtually incorporated into the budget policy, and was announced in the budget speech. But the tactics followed since then have seemed to emphasise that this was to be regarded as an exception rather than a precedent. Only on one other occasion, until this year, had the Bank Rate been moved in March—and that was in 1958, when the 7 per cent rate fixed during the sterling crisis of 1957 had run for six months, and could not reasonably be held for the further period of six weeks or more that would have been needed to put its reduction well beyond the budget.

A somewhat similar consideration probably swayed the authorities on this occasion. Early in the year, there had seemed to be domestic reasons for not making any relaxation in monetary policy—notably the uncertainties on the labour front during the closing months of the wages "pause" (which formally ended on 31st March) and before there was any clear evidence of what manner of wage settlements might be expected in the ensuring phase. A further uncertainty, of external as well as domestic significance, concerned the reaction of public opinion to the increases disclosed in Government expenditure—the increase shown first by the large supplementary votes that had to be sought for 1961-62, and then the increase shown in the original estimates (for "supply" expenditure) for 1962-63 over the corresponding estimates tabled 12 months ago.

Government Expenditure Up

These disclosed that the Chancellor had considerably overshot the limit he had set himself last July; he had then undertaken to do his utmost to keep the rise in the 1962-63 estimates within 2½ per cent, measured at constant prices. In fact, the estimates totalled £5,612 million, representing an increase of £385,000,000, or rather more than 7 per cent in money values and one of 4½ per cent after revaluing last year's (original) estimates at this year's rates of pay and prices.

A large part of this increase (and also of the supplementary votes needed for 1961-62) reflected the sharply increased cost of the guarantees to farmers (which largely depends, in any given year, on the trend of prices and the extent of output) and the increased deficit on operation of the (nationalised) railways. The cost of defence will also rise sharply in 1962-63; the estimated total is £1,721 million, and, after allowance for related items included in civil votes, this represents an increase of nearly £100,000,000.

Fortunately, this disappointing evidence of the failure to contain the rise in Government spending (in spite of what the Chancellor called "drastic pruning" of many items of civil expenditure) did not have any discernible adverse psychological effects, either on the wages front or on the performance of sterling. The tide of foreign funds still flowed towards London. The authorities then showed that, having felt it necessary to delay the cut in money rates on these grounds, they were very anxious on international grounds to move as soon as possible. The fact that the interval between the two reductions was so unusually short, and that the second move was made, even so, little more than a fortnight before the budget, demonstrates this very clearly.

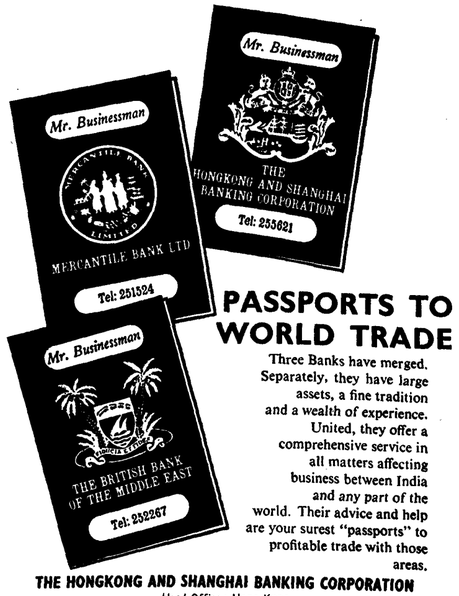
Not surprisingly, the sudden drop in official rates provoked an even sharper reaction in market rates. The Treasury bill average allotment rate, having been hoisted to almost 5.9/16 per cent at the first tender in March, dropped by fully 21/32 per cent in the two tenders following the first Bank Rate reduction, and then by 15/32 per cent in the two tenders following the second reduction, carrying the rate down to 4.13/32 per cent by end-March—the lowest point since last May.

Production and Employment

However desirable this movement might have been on external grounds, it plainly would not have taken place if the authorities had thought that there was any longer any immediate threat of inflationary pressures within the domestic economy. The City, therefore, regarded it as aligning with two other developments that were shaping the background for the budget. The first of these was the evidence that, at mid-winter, the economy had, perhaps, eased a little more than had been expected. The seasonally smoothed index of industrial production, after having fallen from its peak of 116 last summer (a point sustained for the three months June-August) to 112 for each of the three months October-December, dropped by a further point, to 111 in January. This further downturn may simply have reflected the exceptionally severe weather in January this year (which the statistical smoothing does not, of course, take into account): unemployment at the January count rose much more than seasonally, and at the ensuing count rose a little less than seasonally. But this explanation was not supported by the trend of notified vacancies remaining unfilled, which indicated an easing in the labour market extending through both these months and into March. Moreover, the quarterly statistics or fixed investment by private industry suggested that downturn that had been expected in the course of 1962 had, in fact, started in the final quarter of last year.

The seasonally corrected figures had, indeed, implied a decline of 10 per cent between the third and fourth quarters. On this evidence, some observers were arguing that, unless and until the hoped-for substantial rise in exports gets under way, the chief dynamic influences on the economy seem likely to be the rise in Government expenditure and the expected further (but moderate) rise in consumer spendings; the seasonally smoother index of retail sales had risen sharply, to a new peak of 118 (1957 equals

(Continued on page 668)



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THE BRITISH BANK OF THE MIDDLE EAST
Head Office : 7 King William Street, London EC4
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THE UNITED COMMERCIAL BANK LIMITED

MR. G. D. BIRLA'S REVIEW OF BANKING AND ECONOMIC TRENDS

SCRAMBLE FOR DEPOSITS THROUGH HIGHER INTEREST RATES UNDESIRABLE

THE proposed differentiation in interest rates on deposits for three types of banks was criticised by Mr. G. D. Birla, Chairman of the United Commercial Bank Limited, in his statement circulated to the shareholders of the Bank at their Nineteenth Annual General Meeting held at Calcutta on Wednesday, 11th April 1962. The proposed differentiation, Mr. Birla declared, went against the spirit and foundation of the inter-bank agreement. Indeed, he warned that a scramble for deposits would create stresses which might lead to the abandonment of the agreement and reduction in profit-margin "to the point of imperilling the building up of capital funds of banks to anything like the extent to which the banks are committed by the convention agreed to with the Reserve Bank of India." In his opinion, it was only through competitive development and extension of banking services and in the environment of stable interest rates, and not in the atmosphere of a rate war, that new deposits could be attracted. Mr. Birla called upon the banking sector so to conduct its affairs as to leave no room for further official control and regulation over its basic function of inculcating and spreading the banking habit and gathering the surplus funds of the public. Reviewing what he called the prospective development of the Indian economy, he pointed to certain disquieting trends and urged every incentive to Indian enterpreneurs to be a producer of industrial raw materials and to step up exports. He wanted special efforts to attract foreign private capital and energetic action to solve the problems of fuel, power and transport. Touching on resources for the third Plan, he strongly suggested stricter enforcement of tax laws and control over non-development expenditure.

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

"GENTLEMEN,

"You will notice from the Directors' report and the accounts of the Bank for the past year now before you that the all-round progress of the Bank has been maintained and our deposits have improved after the slight setback of the previous year.

Deposits

"The deposits at the end of 1961 stood at Rs. 98.90 crores and showed a rise of Rs. 9.96 crores on the previous year's figure of Rs. 88.94 crores. This increase of 11.2 per cent compares with 8.5 per cent by which, after making allowance for the transfer of Rs. 72 crores of P.L. 480 funds from the State Bank of India to the Reserve Bank of India, the deposits of the public with scheduled banks as a whole rose during the same period.

Cash and Securities

"Cash on hand and with banks and money at call and short notice were Rs. 8.66 crores and represented 8.8 per cent of the deposit liability. The additional deposit resources which accrued to the Bank during the year were utilised primarily to improve the liquid position of the Bank through a considerable reduction of the borrowings from the Reserve Bank of India and the addition of a little over Rs. 2 crores to our holdings of Government securities and secondarily to increase our advances by the moderate amount of Rs. 2.82 crores. As a result of this policy, our quick assets consisting of cash on hand and with bank, money at call and short notice and free Government securities amounting to Rs. 43.31 crores formed 43.78 per cent of our total deposits. The corresponding figures for the previous year were Rs. 35 crores and 39.4 per cent.

Profit and Loss Account

"Though the profits for the year have risen from Rs. 67.43 lakhs to Rs. 72.61 lakhs, the extent of the increase would have been greater if we had observed a lower liquidity ratio. In disposing of the profit, the Board have followed the same pattern as last year and transferred Rs. 30 lakhs to the reserve fund, raising it to Rs. 2.35 crores, and added Rs. 4 lakhs to the gratuity trust fund which was newly set up with an initial contribution of Rs. 10,000. After allocating Rs. 14 lakhs for bonus to staff, the Directors have repeated the dividend of 12 per cent less tax.

Capital Deposits Ratio

"The subject of the ratio of paid-up capital and reserves of the banks to their deposits received the attention of the Reserve Bank of India and a proposal was put forward that this ratio should be gradually increased to 7½ per cent and the views of banks were invited. After discussion with the Indian Banks' Association, the Reserve Bank of India finally agreed that the matter should be regulated by a convention rather than by legislation and banks were required to transfer substantial amounts out of profits to published reserves and to supplement this action by increase of capital so as to bring the capital-deposit ratio upto 6 per cent within a reasonable period of time.

"Our Bank has transferred every year substantial amounts to the reserve fund and you will notice from the ten-year record of the Bank's progress annexed to the balance-sheet that the reserve fund has grown from Rs. 67.50 lakhs to Rs. 235 lakhs over a period of ten years. But, in spite of such substantial transfers to the reserve fund, the ratio of paid-up capital and reserve fund to deposits has declined from 9.04 per cent to 4.39 per cent by reason of the steep increase in deposits. It was in the year 1945 that the Bank increased its subscribed capital from Rs. 2 crores to Rs. 4 crores and paid-up capital from Rs. 1 crore to Rs. 2 crores, and the Directors feel that it is now expedient further to strengthen the capital structure of the Bank. With this object in view, the Directors propose to increase the paid-up capital by the issue of 200,000 ordinary shares at a premium of Rs. 25 per share and, when the issue is completed, the capital funds of the Bank will improve by Rs. 1½ crores. This proposal can be given effect to only after obtaining the consent of the Controller of Capital Issues for which an application has already been made. You will be advised as soon as possible after the sanction of the Controller is received of the steps which the Directors propose to take to implement the scheme.

"It is a matter of gratification that deposits of the banking system have risen during the year under review, in contrast with the stagnation which characterised the previous year. The rate of growth of 8.5 per cent was, however, not the same as in the first four years of the second Plan period when deposits recorded a growth of 11.2 per cent. It is important that steps should be taken to attract more deposits to the banking system in order that the overlent position disclosed by the scheduled banks' return may be corrected and the banks may be enabled to meet the additional demands for finance that would inevitably arise with the progressive implementation of the third Plan. The introduction of the Deposit Insurance Scheme, despite the fact that the amount of individual insured deposit is only Rs. 1,500, has already infused confidence in the stability of the banking system in rural and non-metropolitan areas where it had received a setback sometime ago and the confidence will be reflected in due course in the speedy growth of deposits of individuals with the banks.

Inter-Bank Agreement on Rates of Interest on Deposits

"A stable structure of reasonable interest rates on deposits is worthy of defence against attacks. In my statements for the last two years, I had referred to the healthy influence of the inter-bank agreement on deposit rates. It is a matter of regret that some banks gave notice last year to resile from the agreement. While there may be room for a modest revision, it would be undesirable to permit a material departure from the structure of interest rates and permit more and more banks to quote higher rates of interest. Almost all banks have a large network of branches operating all over India and they have attained more or less equal status because of the Deposit Insurance Scheme, the supervision of Reserve Bank of India and the proposed capital-deposit ratio. It is not understandable how a few banks can be given preferential treatment for the purpose of quoting higher rates of interest on deposits simply because their deposits are, for the time being, less than those of some other banks. It must be remembered that the history of Indian banking is full of instances of small and medium-sized banks which have grown into large banks without any weightage in preferential rates of interest *inter se*. The proposed differentiation in rates of interest on deposits for three types of banks goes against the spirit and foundation of inter-bank agreement. A scramble for deposits through the offer of higher rates of interest would create stresses which might lead to the abandonment of the agreement and reduction in the profit margin to the point of imperilling the building up of capital funds of banks to anything like the extent to which the banks are committed by the convention agreed to with the Reserve Bank of India. It is only through competitive development and extension of banking services and in the environment of stable interest rates, and not in the atmosphere of a rate war, that new deposits can be attracted. The non-nationalised banking sector should conduct its affairs in such a manner as to leave no room for further official control and regulation over its basic function of inculcating and spreading the banking habit and gathering the surplus funds of the public.

Mobilisation of Internal Resources

"The third Five-year Plan is a challenge to the banks to meet the demands for finance which its implementation would generate. The Plan envisages a bigger programme of industrial development than its predecessor. At the end of the third Plan, industrial production is expected to increase by about 70 per cent over the level at the end of the second Plan. The general index of industrial production is expected to reach 329 (1950-51=100) in 1965-66, as against 194 estimated for 1960-61. Estimates of the additional bank credit which industrial enterprises might require vary from Rs. 650 crores to Rs. 750 crores and the mean of the two figures may be taken as the probable requirement of industries in the private sector. Currency in circulation is also bound to expand during the third Plan period and we may estimate the rise in circulation to be of the order of Rs. 1,000 crores. As the level of bank deposits at present is on a par with currency in circulation, it could be reasonably assumed that, during the third Plan period, bank deposits would also increase by Rs. 1,000 crores. In the United Kingdom, the ratio of deposits to currency in circulation is 3.1.

"To divert bank credit and currency in circulation into banking channels to an extent which would increase the proportion of bank deposits in relation to circulation should be the objective of banks, so that the banks would be in a position not only to meet the demands of industry but also to play their traditional role of subscribing to Government borrowings in substantial manner. There must, therefore, be a drive to increase deposits by increasing banking service and branches of banks both in big cities and in rural areas. The recent trend in banking is to employ accretions to deposits in financing industry and trade partly because of the increasing demand from industry and trade and partly because of absence of ready market for Government securities. The banks have to build up the portfolio of Government securities so as to improve the liquidity of the banking system. In addition, they are also nowadays called upon frequently to subscribe to capital and debenture issues of various financial institutions and providing long-term finance to industry.

"The third Five-year Plan envisages more and more borrowing by Government and public

bodies and, to make these borrowings successful, attempts should be directed towards making Government securities freely marketable and the position of Reserve Bank and Life Insurance Corporation should be used more towards making securities market really active.

Third Five-year Plan

"Turning to the prospective development in the Indian economy, the third Plan, which nominally at least has been launched, visualises an increase in the national income from Rs. 14,500 crores at the end of the second Plan to Rs. 19,000 crores at the end of the third Plan. For achieving this, the Plan visualises a total investment of Rs. 10,400 crores, of which Rs. 6,300 crores are in the public sector and Rs. 4,100 crores, in the private sector. The ratio of net investment to national income, which is 11 per cent at present, is proposed to be raised to 14 to 15 per cent at the end of the third Plan. Though the Plan is a modest one, I must confess to a feeling of diffidence about its successful fulfilment. The Plan itself appears from every test to be more like a list of programmes and projects than a properly laid out and cohesive chart for progress. What really matter, however, are the targets of agricultural and industrial production. It is not easy to make a correct estimate or, for that matter, any kind of estimate of total production, especially in the private sector. But it is possible to estimate production in some important fields and treat it as a yardstick to measure in a reasonable manner the economic credit of the nation as a whole. If, for instance, the targets for important items like food, agricultural raw materials, fertilisers, cloth, steel, petroleum, power, road and rail transport, coal and capital goods could be achieved at the end of the Plan and measured, they would give a clear idea of the measure of the increased prosperity of the people.

Preponderant Reliance on Foreign Aid

"The circumstances in which the first year of the third Plan has elapsed have been favourable enough, in that record agricultural production (buttressed by import of foodgrains from America under Public Law 480) and sustained increase in industrial production (though the rate of growth was somewhat lower than in the previous year) both ensured that the price situation was under control. But the Plan's reliance on foreign assistance is preponderant, and the experience in the first year has clearly been that the inflow has fallen short of both requirements and earlier assurances that we had obtained. We should be realistic enough to assume that we are unlikely to receive a blank foreign exchange cheque, and also that there will always be a gap between promises and performance in the matter of foreign aid. In the final analysis, it is increased export earnings which will assure the country of continued progress achieved through planning. We cannot surely, for long, sustain increase in production, if our reserves do not even permit the import of industrial raw materials for feeding already existing and involuntarily idle units of production. Every incentive should be provided to the Indian entrepreneur to be a producer of industrial raw materials. Appropriate concessions will undoubtedly pay off in the form of enlarged exports.

Need To Step Up Exports

"Foreign exchange plays an important role in the development plan because we have to import the 'know-how' and equipment for many industries. A careful assessment of the prospects of securing foreign exchange is preliminary to a correct assessment of the success of the Plan targets. Laudable efforts are being made to earn foreign exchange by exports and, although there has been some improvement in this regard, the expansion of our exports is not proceeding at such vigorous rate as to justify full reliance on them. Moreover, there is even a limit to what India can afford to export. To permit exports at the cost of the home market, that is, by starving the Indian consumer, cannot improve the prosperity of the country or the standard of the people. Increase in the exports is, however, inescapable at present. More attention should, therefore, be directed towards finding out ways and means of reducing cost of production of exportable commodities to a competitive level and the factors that account for increase in the cost of such commodities should be investigated and remedied at an early date.

Foreign Aid and Investments

"The second source of foreign exchange is loans and aids which we were receiving from friendly countries during the second Plan period and which we can hope to receive in an increasing measure for the third Plan. The third source, and the most important and durable one, is foreign investments which are coming only in dribblets.

"The total requirement of foreign exchange is likely to exceed the Plan figure and, in my view might go up to Rs. 3,700 crores in place of Rs. 3,200 crores assumed in the Plan. This is a problem of the utmost gravity and should be solved. The answer is not to cut this or that item of the Plan projects; that would cause the collapse of the Plan. In my view, it is not impossible to earn foreign exchange to the extent I estimate, provided we create an atmosphere to earn it. Aids and loans will be major contributory factors for a long time to come, but we must make a special effort to attract private foreign investment and we should also try to raise loans not merely on Government-to-Government level but also in the financial markets of the world. At present, the conditions are not favourable, but an atmosphere must be created in which it would be possible to raise loans in the course of time.

Problems of Fuel, Power and Transport

"Apart from foreign exchange, there are other hurdles to the achievement of the targets. The chief of these are, coal, power and transport, all of which are in short supply thereby hindering the growth of the economy. I feel that there should be no ceiling for power production but that more power should be produced than is adequate to meet the existing demand completely so as to leave a great surplus of supply awaiting the growth of demands from potential consumers. Every concern that needs power for its own consumption should be freely allowed to set up its own plant without any restraint and, if any party can arrange for foreign finance on suitable terms for production of power, he should be allowed to do so. Transport bottlenecks are in a way responsible for fall in production and increased inventory resulting in lock up of funds, which we can ill-afford today. Railways are not able to cope with the increased demands for transport and as such the development of road transport should be encouraged to further supplement the transport needs of the industry at reasonable rates. This alone would give impetus to progress, production and prosperity.

"Administrative delays should also be eliminated and lengthy procedures in granting industrial licences should be very much simplified.

What is the Solution?

"My diffidence also slightly increases in the matter of internal resources for the third Plan. It is no secret that the tax effort for the second Plan, as originally estimated, was, in the end, far exceeded; but not all the projects could be put through, and one of the reasons was inadequacy of internal resources. The fact is that non-Plan expenditure has been allowed steadily to rise. For obvious reasons, and in this case inevitably too, the cost of Defence services rose to Rs. 302 crores in the revised estimates for 1961-62, as against the budget expectation of Rs. 283 crores; and the figure for 1961-62, in the budget, was itself some Rs. 35 crores more than the actuals for 1960-61. It is all very well to term such non-developmental expenditure as essential to the security of this country. We have, however, to recognise the possibility of further drafts on our budgetary resources for 'contingencies' and administration charges. What, then, is the solution?

"Always, the easiest way for Government is to raise fresh taxes. But there is a limit to the forms of taxation that can be introduced and to the rates that can be fixed. As it is, there is an estimate that new taxes introduced in the first year of the third Plan constitute fully one-third of the target for the quinquennium. The caretaker budget for 1962-63 has made clear the prospect of additional imposts. No doubt, the tax targets for the third Plan will be fulfilled. But there is considerable doubt whether additional resources raised by taxes will be available for developmental projects. I strongly suggest that tax enforcement laws are made stricter, so that collections can be tightened up; and the addition to revenues should, I fancy, be surprisingly large. Secondly, greater care than ever before needs to be taken to ensure that there is strict control over non-developmental expenditure, whether it be costs of civil administration or even, if I may be permitted to suggest, defence.

"Lest I be thought unduly pessimistic, let me add that the holding of the third general elections in this country is of portentious significance. The return of Congress to power will have assured our foreign friends that India has a political stability and maturity that is comparable to conditions in countries in which democratic practices have been prevalent much longer. It is, I may remark, stability, both political and economic, which is one of the prerequisites for luring foreign participation in the industrialisation of this or any other country. At the same time, the emergence of the Swatantra Party as the largest body of opposition in the country will have brought home the truth to our foreign friends that democracy is effectively at work in India, in that there is perceptible evidence of the growth of an opposition. Thus, proof of Indian democracy as attested to by the third general elections may conceivably result in greater inflow of foreign assistance, not only on a governmental level, but I hope on the private sector level as well. The Plan must be fulfilled at all costs."

Note: *This does not purport to be a record of the proceedings at the annual general meeting.*

BACKGROUND TO BRITISH BUDGET

(*Concluded from page 666*)

100) in December, and after dropping back by one point in January, had regained the peak in February.

An Odd Outcome

The other major development—and a more surprising one—was the extent of the improvement shown by the official estimates of the balance of payments for the year 1961. Twelve months ago, it may be recalled, our flesh was made to creep by the very large "identified" deficit on current transactions that emerged for 1960 from the new basis on which the balance of payments estimates were being framed. This identified deficit was then put at £344,000,000; but now, after a good more work has been done on the figures, the deficit for that same year is put at £288,000,000. Moreover, each of the deficits estimated quarterly for the first three quarters of 1961 has been revised downwards (from an aggregate deficit of £108,000,000 to one of £61,000,000) and the deficit for the final (and seasonally difficult) quarter is estimated at only £9,000,000, making the full year's deficit £70,000,000. Nor is this the full extent of the estimated improvements. The long-term capital account, normally in large deficit, is estimated to have been shown in 1961 a small net surplus—one of £8,000,000, in contrast with the deficit of £202,000,000 that had been estimated for 1961. The whole of this massive swing was, however, attributable to special transactions; £131,000,000 accrued from the purchase by Ford Detroit of the privately held shares in Ford Dagenham, and £90,000,000 came from advance repayments of debt by West Germany and France, together with the loan from Switzerland.

A substantial part of the revisions of the earlier estimates represents a narrowing down of the balancing item in the accounts—the entry recording the difference between the "identified" deficit on current transactions and long-term capital account, on the one hand, and the net change in "monetary" movements, comprising changes in the gold and exchange reserves and short-term liabilities, on the other. The balancing item between these two "known" quantities had been strongly positive, implying that the errors and commissions may have included, *inter alia*, unrecorded earnings on current account (or overstatement of current payments) or unrecorded borrowings on long-term capital account, including unidentified repatriation of British investments overseas (such, for instance, as some of the British disinvestment that has taken place in South Africa and Rhodesia in recent years). The revisions have identified net credits under both these heads, with the result that the balancing item for 1961 has been brought down to £81,000,000 (that for 1960 was originally £377,000,000, and is still as high as £306,000,000). It is surmised, indeed, that the year's unrecorded current receipts may in themselves have exceeded this £81,000,000. If that were so, it would mean that, thanks to the large special capital receipts, Britain's external account was actually in a small "overall" surplus in 1961—certainly an odd outcome of a year that witnessed the exchange crisis.

The British Bank of the Middle East

(INCORPORATED IN ENGLAND BY ROYAL CHARTER, 1889 WITH LIMITED LIABILITY)

BALANCE SHEET OF THE INDIAN BRANCH AS AT 31st DECEMBER, 1961

31-12-1960 Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP	31-12-1960 Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Capital—				1. Cash—		
20,52,800	Deposit with Reserve Bank of India under Section 11 (2) of the Banking Companies Act, 1949 ..	20,53 039.90		15,63,852	In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes)		11,83,859.42
Nil	2. Reserve Fund and Other Reserves		Nil	1,09,026	2. Balances with Other Banks on Current Accounts— (i) In India	1,57,749.62	
				2,08,800	(ii) Outside India	6,18,134.70	
				3,17,826			7,75,884.32
46,72,213	3. Deposits and Other Accounts— Fixed Deposits	83,82,716.41		3,00,000	3. Money at Call and Short Notice		Nil
2,45,969	Savings Bank Deposits	4,14,319.39					
93,63,216	Current Accounts, Contingency Accounts, etc. ..	87,30,714.75					
1,43,01,398			1,75,27,750.55		4. Investments (At Book Value)—		
	4. Borrowings from Other Banking Companies, Agents, etc.—				(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments Market Value Rs. 35,55,289.90 (Last year Rs. 33,49,099)	34,99,998.00	
90,00,000	(i) In India	3,00,000.00		32,99,998			
17,360	(ii) Outside India	Nil			(ii) Shares— Fully Paid Ordinary Shares—Market Value Rs. 2,05,000 (Last year Rs. 1,77,500) ..	2,50,000.00	
90,17,360			3,00,000.00	2,50,000	Partly Paid Ordinary Shares (Not quoted) ..	2,60,000.00	
	PARTICULARS—			2,60,000	(iii) Debentures or Bonds	Nil	
Nil	(i) Secured	Nil		Nil	(iv) Other Investments	Nil	
90,17,260	(ii) Unsecured	3,00,000.00		Nil	(v) Gold	Nil	
4,26,985	5. Bills Payable		6,99,503.65	38,09,998			40,09,998.00
	6. Bills for Collection Being Bills Receivable (as per contra)—				5. Advances (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors)—		
44,51,014	(i) Payable in India	44,25,287.58			(i) Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
44,92,854	(ii) Payable outside India	40,12,862.08		2,52,27,042	(i) In India 1,94,84,908.14		
89,43,868			84,38,149.66	Nil	(ii) Outside India .. Nil		
				2,52,27,042		1,94,84,908.14	
	7. Other Liabilities—						
2,58,66,037	(i) Head Office and Branches outside India ..	2,45,17,361.44			(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
Nil	(ii) Inter-Branch Adjustment	Nil			(i) Payable in India ..	1,10,12,768.65	
97,631	(iii) Staff Provident Fund	99,598.11		36,64,760	(ii) Payable outside India ..	66,07,653.90	
2,59,53,668			2,46,16,959.55	97,00,713		1,76,20,422.55	
1,61,76,760	8. Acceptances, Endorsements and Other Obligations (as per contra)		62,90,347.00	4,35,92,515			3,71,05,330.69
	9. Profit and Loss—				PARTICULARS OF ADVANCES—		
	Balance of Profit brought forward	76,533.60		1,20,19,672	(i) Debts considered good in respect of which the Banking Company is fully secured ..		74,93,425.68
Nil	Profit for the year	11,11,874.74			(ii) Debts considered good for which the Banking Company holds no other security than the Debtors' personal security		1,74,22,963.70
6,76,373		11,88,408.34		1,96,05,066	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..		1,21,88,941.31
6,76,373	Less— Rs. nP				(iv) Debts considered doubtful or bad, not provided for		Nil
4,47,866	Provision for Taxation .. 6,36,880.00			1,19,67,775			3,71,05,330.69
1,51,973	Remitted to London Office .. 4,12,479.19			Nil			
5,99,839		10,49,298.19					
76,534			1,39,110.15	4,35,92,515			
	10. Contingent Liabilities in respect of—				(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons ..		36,584.43
1,79,60,513	(i) On Outstanding Forward Exchange Contracts ..	85,89,154.13			(vi) Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as members		6,49,035.17
4,000	(ii) Uncalled Liability on Partly-paid Ordinary Shares held as Investments	4,000.00		16,340			
Nil	(iii) Claims against the Bank not acknowledged as debts	Nil			(vii) Maximum total amount of Advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons		42,147.27
72,65,944	(iv) On Letters of Guarantee on behalf of Constituents	4,24,81,853.61		Nil			
Nil	(v) Liability on Bills of Exchange re-discounted ..	97,078.51		20,309	(viii) Maximum total amount of advances, including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as members		42,147.27
				Nil		10,48,855.78	
				Nil	(ix) Due from Banking Companies	Nil	
					6. Bills Receivable Being Bills for Collection as per contra—		
				44,51,014	(i) Payable in India	44,25,287.58	
				44,92,854	(ii) Payable outside India	40,12,862.08	
				89,43,868			84,38,149.66
				1,61,76,760	7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra		62,90,347.00
				Nil	8. Premises, Less Depreciation		Nil
				Nil	9. Furniture and Fixtures, Less Depreciation		Nil
					10. Other Assets—		
				62,758	Stamps, Sundry Deposits Prepaid Expenses and Charges recoverable	90,149.21	
				1,28,896	Adjusting Account	1,18,228.26	
				1,91,654			2,08,371.47
				Nil	11. Non-Banking Assets Acquired in Satisfaction of Claims.		Nil
7,48,96,473	Total .. Rs.		5,80,11,920.56	7,48,96,473	Total .. Rs.		5,80,11,920.56

PROFIT AND LOSS ACCOUNT OF THE INDIAN BRANCH FOR THE YEAR ENDED 31st DECEMBER, 1961

31-12-1960 Rs.	EXPENDITURE	Rs. nP	31-12-1960 Rs.	INCOME (Less Provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs. nP
12,06,489	1. Interest paid on Deposits, Borrowings, etc.	11,05,850.74	23,62,889	1. Interest and Discount	26,25,401.05
	2. Salaries and Allowances and Provident Fund (including Salary and Allowances to Manager of Principal Office in India Rs. 70,423.45) (Last year Rs. 58,468.74)	8,18,216.96	7,39,029	2. Commission, Exchange and Brokerage	9,44,933.15
7,53,339	3. Directors' and Local Committee Members' Fees and Allowances	Nil	Nil	3. Rents	Nil
Nil	4. Rent, Taxes, Insurance, Lighting, etc.	36,740.17		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any other particular Fund or Account)	
79,841	5. Law Charges	35,920.37	Nil		9,625.00
35,377	6. Postage, Telegrams and Stamps	10,174.56		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	
9,195	7. Auditors' Fees	1,700.00	Nil		Nil
1,700	8. Depreciation on and Repairs to Banking Company's Property	12,565.00		6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil
20,943	9. Stationary, Printing, Advertisement, etc.	56,061.00	2,675	7. Other Receipts	7,253.00
57,549	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	10,000		
Nil	11. Other Expenditure including proportion of London Office Administration Charges	3,45,008.46			
3,82,787		11,11,874.74			
6,76,373	12. Balance of Profit for the year (subject to taxation)				
	Total .. Rs.	35,57,211.30	81,35,473	Total .. Rs.	35,57,211.30
81,25,473					

We have audited the foregoing Balance Sheet of the Indian Branch of The British Bank of the Middle East, as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Indian Branch of the Bank for the year ended on that date.

In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the proviso to Sub-Sections (1) and (3) of Section 211 and Sub-Section (5) of Section 211 and Section 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The accounts are therefore drawn up in accordance with the Sixth Schedule to the Banking Companies Act, 1949, drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act, 1949.

We report that:

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Indian Branch of the Bank so far as appears from our examination of those books;

(c) the Balance Sheet and Profit and Loss Account of the Indian Branch of the Bank dealt with by this report are in agreement with the books of accounts; and

(d) in our opinion, and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Indian Branch of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the Profit of the Indian Branch for the year ended upon that date.

(Sd.) A. F. FERGUSON & CO.,
Chartered Accountants.

BOMBAY, 30th March, 1962.

P. E. H. ALEXANDER,
Manager.

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Applications are invited on the basis of the Prospectus, copies whereof are available from the Company's Bankers and Brokers mentioned herein.

A copy of the Prospectus together with the documents required to be attached thereto has been duly filed with the Registrar of Companies, Maharashtra, Bombay, for registration. Consent of the Central Government has been obtained to this issue. Industrial Licences have been obtained from the Central Government for the establishment of this new Industrial undertaking. Applications will be made to the Bombay Stock Exchange and Ahmedabad Stock Exchange for permission to deal in and for quotation of the shares of the Company.

ELECTRICAL INSTRUMENTS MANUFACTURING COMPANY LIMITED

(INCORPORATED ON 21ST APRIL 1961, UNDER THE COMPANIES ACT, 1956)

AUTHORISED CAPITAL:

	Rs.
Divided into 1,00,000 Shares of Rs. 100 each	1,00,00,000

ISSUED SHARE CAPITAL 35,00,000

(1) 13,500 Equity Shares of Rs. 100 each upon which Rs. 25 is credited paid up, payment having been received in cash from the promoters and subscribers to the Memorandum and Articles of Association of the Company and from friends and associates	Rs. 13,50,000	
(2) 1,500 Equity Shares of Rs. 100 each credited as fully paid up and allotted to Messrs. Electrical Instruments Manufacturing Co.	1,50,000	
	15,00,000	15,00,000

PRESENT ISSUE:

Now offered for cash at par for public subscription :	
20,000 Equity Shares of Rs. 100 each	20,00,000
Rs.	35,00,000

UNDERWRITING:

The entire Present Issue offered to the Public for subscription is underwritten as follows :—

	Underwriters' Name and Address	*Amount in Rupees*
1.	The Industrial Credit and Investment Corporation of India Limited, Bombay, 163, Backbay Reclamation, Bombay 1 ..	5,00,000
2.	The Life Insurance Corporation of India, Jeevan Kendra, J. Tata Road, Bombay 1	3,50,000
3.	Devkaran Nanjee Banking Co. Ltd., Horniman Circle, Bombay 1	5,00,000
4.	P. R. Subramanyam, 70-A, Stock Exchange, Apollo Street, Bombay 1	1,50,000
5.	Chandrakant Shivlal Desai, 70, Stock Exchange, Apollo Street, Bombay 1	5,00,000
	Rs.	20,00,000

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

TERMS OF PAYMENT

(a) On application .. .. Rs. 25 per Share.

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

The balance of Rs. 50 per Share in such call, or calls to be made as the Directors may from time to time determine provided that no calls shall exceed Rs. 25 per Share, and that there shall be an interval of at least three months between any two calls.

BOARD OF DIRECTORS

1. **Shri PURUSHOTTAM KANJI (KAKUBHAI),** (*Chairman*). Gilbert Building, Babulnath Cross Road, Bombay-7. Businessman. *Chairman*: Tulsidas Khimji Private Ltd. *Chairman*: Bombay State Finance Corporation. Bombay State Textiles Wage Board. Cotton Textiles Wage Board. Silk Textiles Wage Board. Sugar Wage Board. Gujarat State Cotton Wage Board. Local Board, State Bank of India, Bombay. (Member).

2. **Shri BIPINBHAI VADILAL MEHTA,** Bipin Nivas, Ellis Bridge, Ahmedabad. Industrialist and Businessman. *Director*: Sayaji Mills Ltd., Kathwada, Ahmedabad. Rohit Mills Ltd., Ahmedabad. Bipin Silk Mills Co. Pvt. Ltd., Bombay. C. Doctor & Co. Pvt. Ltd., Bombay. Rajesh Textiles Mills Ltd., Ahmedabad. Oriental Corporation Pvt. Ltd., Bombay. Spinwafin Private Ltd., Ahmedabad. Industrial Machinery Manufacturing Co. Pvt. Ltd., Bombay.

3. **Shri NAROTTAM CHANDULAL (HIRABHAI SETH),** Latif Baug, Shahibaug, Ahmedabad. Industrialist and Businessman. *Chairman*: Ahmedabad Municipal Transport. *Director*: Ahmedabad New Cotton Mills Co. Ltd., Ahmedabad. The Aruna Mills Ltd., Ahmedabad. The Rustom Jehangir Vakil Mills Co. Ltd., Ahmedabad. The Cama Hotel Ltd., Ahmedabad. Shree Bharati Pulp & Paper Products Ltd., Ahmedabad. The Amit Products Private Ltd., Ahmedabad. The Ahmedabad Shri Ramkrishna Mills Co. Ltd., Ahmedabad. Murari Engineers Pvt. Ltd., Ahmedabad.

4. **Shri NAROTTAM MOHANLAL CHAUHAN,** Thackersey House, Graham Road, Ballard Estate, Bombay 1. Industrialist and Businessman. *Managing Director*: Parle Products Mfg. Co. Pvt. Ltd., Bombay. Parle Bottling Co. Pvt. Ltd., Bombay. *Director*: Messrs. Voras and Chauhan Pvt. Ltd., Bombay. Messrs. Fit Tight Nuts & Bolts Ltd., Bombay.

5. **Dr. BIHARILAL KANAIYALAL,** B.COM. PH.D., Ellis Bridge, Ahmedabad. Industrialist and Businessman. *Director*: The Ahmedabad Kaiser-I-Hind Mills Ltd., Ahmedabad. Messrs. Ramanlal Kanaiyalal & Co., Ltd., Ahmedabad. Messrs. Rohit Mills Ltd., Kathwada, Ahmedabad. Messrs. Sayaji Mills Ltd., Ahmedabad. Messrs. Bihari Mills Ltd., Ahmedabad.

6. **Shri NARASIMHAN PARASU RAM.** *Managing Director*: 1/274, Virndavan, Sion, Bombay. Industrialist. *Managing Director*: Menco Electricals Pvt. Ltd., Palghat, Kerala.

7. **Shri PANALAL KHEMCHAND MODI.** *Managing Director*: Vasant Vilas, Benam Hall Lane, Bombay 4. Businessman.

8. **Shri JAYENDRA KHEMCHAND MODI.** Vasant Vilas, Benam Hall Lane, Bombay 4. Businessman.

9. **Shri CHADRAKANT SHIVLAL DESAI,** 70, New Stock Exchange Building, Apollo Street, Bombay 1. Industrialist. *Director*: Premier Tyres Ltd., Bombay. Indo-Orient Agencies Pvt. Ltd., Interocean Service Corporation Private Limited. *Member*: Stock Exchange, Bombay.

REGISTERED OFFICE

BOMBAY MUTUAL ANNEXE, 2nd Floor, Gunbow Street, Fort, Bombay-1.

FACTORIES

1. NARODA: AHMEDABAD. 2. HAINES ROAD, MAHALAXMI, BOMBAY.

TECHNICAL COLLABORATORS

MESSRS. VALMET OY, HELSINKI, FINLAND.

BANKERS

1. THE BANK OF INDIA LIMITED, Mahatma Gandhi Road, Bombay 1.
2. THE BANK OF BARODA LIMITED, Apollo Street, Fort, Bombay 1.
3. DEVKARAN NANJEE BANKING CO., LTD., Horniman Circle, Bombay 1.

BROKERS TO THE ISSUE

Bombay:

1. MESSRS. P. R. SUBRAMANYAM, 70-A, Stock Exchange Building, Bombay 1.
2. MESSRS. CHANDRAKANT SHIVLAL DESAI, 70, Stock Exchange Bldg., Apollo Street, Bombay 1.
3. MESSRS. CHAMPAKLAL JAMNADAS, 84, Stock Exchange New Bldg., Bombay 1.
4. MESSRS. LEWIS & JONES, Bank of Baroda Bldg., Apollo Street, Bombay 1.
5. MESSRS. NAVALCHAND T. SHAH, Union Bank Bldg., Apollo Street, Bombay 1.
6. MESSRS. CHIMANLAL J. DALAL & CO., 107, Stock Exchange, Dalal Street, Fort, Bombay 1.
7. MESSRS. KANTILAL PURTAPSHI, 97, Stock Exchange, Bldg., Bombay 1.
8. MESSRS. DEVKARAN NANJEE & CO., 5, Hamam Street, Fort, Bombay 1.
9. MESSRS. BISHESWARLAL N. KHANDELWAL, Dalal Street, Bombay 1.

Ahmedabad:

1. MESSRS. POPATLAL HARILAL KHANDWALA, Rupwala Bldg., Manek Chowk, Ahmedabad.
2. MESSRS. TRIKAMLAL DAHYABHAI, opp. Share Bazar, Manek Chowk, Ahmedabad.
3. MESSRS. FULCHANDBHAI CHHAGANLAL, Manek Chowk, Ahmedabad.
4. MESSRS. CHINUBHAI CHIMANLAL DALAL, Manek Chowk, Ahmedabad.
5. MESSRS. RAMANLAL VADILAL MEHTA, Room 17, Gujarat Cotton Hall, Manek Chowk, Ahmedabad.
6. MESSRS. KANTILAL CHANDULAL & CO., Shahi Baug, Near Rly. Crossing, Ahmedabad.

Delhi:

1. MESSRS. DESH BANDHU GUPTA & CO., 45, Stock Exchange Bldg., Asaf Ali Road, New Delhi.
2. MESSRS. RAJ PAUL CHADHA & CO., Delite Cinema Bldg., Asaf Ali Road, New Delhi.

Calcutta:

1. MESSRS. SOHANLAL PACHISIA & CO., India Exchange Place, Calcutta.
2. MESSRS. STEWART & CO., India Exchange Place, Calcutta.

Madras:

1. MESSRS. MACONOCHIE & CO., Mercantile Bank Bldg., Madras 1.
2. MESSRS. PATTERSON & CO., Erabalu Chetty Street, Madras 1.

Bangalore:

1. MESSRS. M. NANJAPPAIAH JAHGIRDAR, 181, Cavalry Road, Bangalore.

AUDITORS

1. MESSRS. BHOGILAL C. SHAH & CO., Chartered Accountants, 418, Kalbadevi Road, Bombay 2.
2. MESSRS. T. G. MAVANI & CO., Chartered Accountants, Noble Chambers, Parsi Bazar Street, Bombay 1.

SOLICITORS

1. MESSRS. KANGA & CO., Readymoney Mansion, Veer Nariman Road, Bombay 1.

OBJECTS OF THE COMPANY

The Company was incorporated on the 21st April 1961, generally for the purpose *inter alia* set forth in the Memorandum of Association of the Company, a copy of which is attached and forms part thereof and in particular to carry on business as manufacturers of Switch Gears and Electric House Service Meters.

BRIEF HISTORY AND PROSPECT OF BUSINESS

The Electrical Instruments Manufacturing Company, a Registered Partnership Firm, had been carrying on business for the past 3½ years as Manufacturers of Electric Switchgears at their factory in Bombay.

The Company will, in addition, be establishing a Factory at Ahmedabad not only for the expansion of the production of Switchgears but also for the manufacture of House Service Meters for which an Industrial Licence has been granted by the Government of India.

In accordance with Licences issued by the Government of India, the Company proposes to establish an undertaking in Gujarat State for the manufacture of House Service Meters both Single Phase and Polyphase and also Electric Switchgears, Distribution Boards and combined Switch and Fuse Units. The annual production programme of the Company is as follows:—

AC Single Phase Meters upto 10 Amps.	60,000 Nos. per year.
AC Polyphase Meters.. ..	24,000 „ „
Electric Switchgears upto 200 Amps.	24,000 „ „
Distribution Boards	1,200 „ „
Iron clad cutouts	24,000 „ „

The products of the said firm are very well known for their quality and performance and bears I. S. I. markings. The Company has made considerable progress and advancement in the sales and output and the results have been very satisfactory and encouraging year after year. AT PRESENT THE SWITCHES MANUFACTURED BY THE COMPANY ARE BEING SOLD TO VARIOUS ELECTRICITY BOARDS and there is considerable scope for the expansion of the Switch-gear Division and with the fast Industrial Developments in the country and the priority given in the third Five-year Plan for Industries, Power Generation and Housing programme, there is bound to be very high demand for domestic and Industrial type of switches.

The requirements of House Service Meters, both Single Phase and Three Phase, are directly linked to the Electricity Supply, Rural Electrification Scheme and Industrial development in various sectors all of which have been accorded high priority in the third Five-year Plan. According to the revised target in the third Plan additional installed capacity of Electrification is 13.40 million kw. of which 12.9 million kw. are expected to be in commercial production.

The present production in the Industry already falls considerably short of the country's requirements and with the impetus given to power and Industrial development in the third Five-year Plan the demand is bound to increase out of all proportions to present production.

SITE OF THE FACTORY, POWER AND WATER SUPPLY

The Company has secured land for erection of the factory at Ahmedabad and measuring about 25,000 sq. yards at Rs. 2-per square yard, the present price of which has considerably appreciated. This site is only a few yards away from Naroda Railway Station which is 4 miles from Ahmedabad proper. The Government of Gujarat has agreed to make available to the Company the necessary power required and render all assistance to the nascent Industry. Water supply is also available in sufficient quantities near the site.

PLANT AND MACHINERY

The Company has applied to the Government for an Import Licence to cover the cost of the Machinery to be imported. Pending the receipt of the Licences, orders have been placed by the Company for the Plant and Machinery with suppliers in East Germany, Hungary etc., on rupee payment basis.

Orders for the balance of the equipment will be placed after the receipt of the Import Licence to be financed out of the loan in foreign currencies from the Industrial Credit and Investment Corporation of India Limited referred to hereinafter.

TECHNICAL COLLABORATION

The Company has entered into a Technical Collaboration Agreement with Messrs. Valmet Oy, Helsinki, Finland which has been approved by the Government of India. It may be mentioned that Messrs. Valmet are a Government undertaking and enjoy considerable reputation in world markets for the quality of their products.

Under the terms of the Technical Collaboration Agreement the Collaborators will give the Technical know-how for the manufacture of these Meters, supply drawings for the parts and tooling, give practical training in production methods to Indian Engineers at their works and lend services of one of their experts to supervise the initial setting up of the Plant and the commencement of production. The Company has agreed to pay to the collaborators, a total consideration of $15,700 for all the above services. The collaboration agreement also provides for continuous technical inflow of services.

FINANCIAL OUTLAY

The total cost of the Project will be about Rs. 65,00,000 estimated as under:

		Rs.
1.	Land and Building, Plant and Machinery, including erection technical know-how, foreign training etc., Electrical Installation, Motor Car and Transport Vehicles, Furniture fittings, etc., ...	42,00,000
2.	Promotional Expenses, Brokerage, Underwriting and Expenses of Issue	2,03,000
3.	Miscellaneous expenses and contingencies	97,000
4.	Working Capital	20,00,000
		Rs. 65,00,000

The total estimated requirements of Rs. 65,00,000 will be provided as follows:

		Rs.
1.	Share Capital (35,000 Equity Shares of Rs. 100 each)	35,00,000
2.	Loan from I. C. I. C. I.	10,00,000
3.	Loan from Gujarat Finance Corporation	10,00,000
4.	Bank borrowings and Cash accruals.	10,00,000
		Rs. 65,00,000

MINIMUM SUBSCRIPTION

The minimum amount, which in the opinion of the Directors must be raised by issue in shares in order to provide the sums, required to be provided as per paragraph 5 of Schedule II of the Companies Act 1956, and upon which the Directors will proceed to allot shares offered by this Prospectus to the Public Subscription is 20,000. Equity Shares of nominal value of Rs. 20,00,000 from out of the public issue.

UNDERWRITING COMMISSION AND BROKERAGE

Underwriting commission at the rate of 2½% of the face value of the Shares underwritten is payable to underwriters.

In respect of the Shares now offered to the Public, the Company will pay brokerage at the rate of Re. 1 per Share and to Banks and to Members of Registered Stock Exchange on allotment made in respect of applications bearing the stamps of such Banks or Brokers.

Brokerage on the aforesaid basis of Re. 1 per Share, will be payable to the Underwriters in addition to the underwriting commission on allotment in respect of applications made or procured by them provided that the relative forms of applications bear their respective stamps.

INSPECTION OF DOCUMENTS

Copies of Prospectus and the necessary documents mentioned therein are open for inspection at the Registered Office of the Company during the usual business hours, until the subscription list is closed.

APPLICATION FOR SHARES

Application forms properly completed must be lodged together with the amount payable on application before the date of the subscription list with the Bankers to the issue or with their existing main branches at Bombay, Ahmedabad, Delhi, Baroda, Calcutta, Madras, Bangalore, Kanpur, Nagpur, Hyderabad, Surat and Rajkot.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON 16th APRIL 1962 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON 28th APRIL 1962 OR EARLIER AT THE DISCRETION OF THE DIRECTORS BUT NOT EARLIER THAN 20th APRIL 1962.

CENTRE AND THE STATE PLANS—II

ESTABLISHMENT OF STATE PLANNING COMMISSIONS OVERDUE

By Prof. S. Kesava Iyengar

CENTRAL assistance consists of two categories: (1) for general purposes and (2) for Plan projects. Under both these heads, such assistance comprises shared taxes, grants and loans. Table VI shows how Plan outlay was only 25.63 per cent of total expenditure in first Plan, 32.56 per cent in second Plan, and 30.21 per cent for the whole decade. The total first Plan outlay works out to 63.52 per cent of the aggregate Central assistance, the second Plan percentage being 72.75 (69.72 for the whole decade). In other words, about a third of Central assistance was on non-Plan account, after covering the entire Plan outlay. On the other hand, Central assistance specifically for Plan projects comes to 38.94 per cent in first Plan, and 49.93 per cent in second Plan. The third Plan target is 60.02 per cent.

It is interesting to compare total development expenditure with Plan outlay. During the first Plan period, Plan outlay was only 44.72 per cent of total development expenditure, the corresponding percentage for the second Plan being 57.92. Thus, the difference between Plan outlay and development expenditure is quite big, and it is hard to understand the connotation of "non-Plan development" expenditure. Figures in Table VI clearly reveal the fact that the distinction between "Plan outlay" and "development expenditure," as also the one between "total Central assistance" and "Central assistance for Plan projects" are uncalled for and warrant an immediate rethinking by the Finance Commission and the Planning Commission. As is evident from Tables VI, VII and VIII, many a reader may wonder why only a moiety of Plan outlay is shown as given by the Centre, while the actual assistance exceeds the total Plan outlay by almost 50 per cent! After all, the respective State Governments administer State development activity in entirety, and the distinction between "Plan and non-Plan" assistance actually hampers the discretion of State Cabinets.

The apportionment of Rs. 7,500 crores resources as between the Centre and States is given in Table VII. The fact that the bulk of Plan resources has to be found by the Centre is borne out by the latter having to find Rs. 6,038 crores and the States only Rs. 1,462 crores. The difference between the third Plan outlay by the States (Rs. 3,725 crores) and net resources (Rs. 1,462 crores) leaves a gap of Rs. 2,263 crores. According to Table VIII, State resources aggregate Rs. 1,416 crores, and Central assistance works out to Rs. 2,309 crores after allowing credit for Rs. 122.31 crores expected from local authorities. Central assistance which amounted to Rs. 160.1 crores in 1951-52 rose to Rs. 770.5 crores in 1960-61 and is put at Rs. 800.95 crores in 1961-62. There are slight differences in the figures given by the Planning Commission in different parts of the final third Plan, and such differences appear inevitably as among Tables VII, VIII and IX.

Collectively speaking, the States borrowed from the public Rs. 162 crores during 1951-56 and Rs. 358 crores during 1956-61, but the target is set at Rs. 325 crores for the third Plan. Obviously, the Government of India does not expect good response from the public under this head, thanks to the heavy burden of taxation. Under small savings, the States expect to play a prominent part with a target of Rs. 387 crores, the Centre's share being Rs. 213 crores. While under other heads, the States expect to make up only Rs. 826 crores out of the total Rs. 7,500 crores required, the target of Rs. 610 crores through additional taxation and bigger surpluses from public enterprises is certainly too ambitious, particularly in view of the State budgets expecting only Rs. 17.33 crores during 1961-62 under this head.

For 1961-62, the first year of the third Plan, among the fifteen States, ten State Governments made proposals for additional taxation in their budgets, the aggregate yield being estimated at Rs. 17.33 crores. State-wise, the yield expected was Rs. 5.21 crores for Uttar Pradesh, Rs. 3.0 crores for Madhya Pradesh, Rs. 2.13 crores for Kerala, Rs. 1.70 crore for Mysore, Rs. 1.35 crore for Rajasthan, Rs. 1.31 crore for Punjab, Rs. 1.0 crore for Maharashtra, Rs. 80 lakhs for Gujarat, Rs. 69 lakhs for Orissa and Rs. 14.5 lakhs for Assam. Two of these States, namely, Gujarat and Kerala, and also Madras announced some tax concessions. The concessions in the case of Kerala were estimated to cost Rs. 15 lakhs; the cost of concessions proposed by the other two States is not available.

While all the ten States proposing additional taxation resorted to stepping up the rates of existing taxation, only four States, namely, Kerala, Orissa, Gujarat and Maharashtra proposed new levies. Kerala proposed a tax on new buildings and a sales tax on foodgrains, Orissa a tax on passenger fares and freight on goods carried by public carriers, and Gujarat and Maharashtra a sales tax on kerosene. Kerala also proposed an additional land tax and Mysore a surcharge on land revenue. As regards enhancement of existing rates, increases were envisaged in sales tax, tax on passenger fares, a tax on motor spirit and entertainment duties. While most of the States proposed increases in the general sales tax, enhancement of tax on passenger fares was proposed by Gujarat, Maharashtra and Rajasthan. The States which announced an increase in sales tax on motor spirit were Assam, Gujarat and Orissa. Four States, namely, Gujarat, Madhya Pradesh, Punjab and Rajasthan proposed to raise entertainment duties. In the case of Uttar Pradesh, which accounts for nearly one-third (Rs. 5.2 crores) of the estimated additional revenue (Rs. 17.3 crores) of all States from the tax proposals, the major part was expected to be raised through the withdrawal of rebate in irrigation rates.

Even with greater vigour after the General Elections in 1962, the chances are that the States may fall far short of the target and the shortfall would have to be found through additional Central assistance. The predominant reason for such failures is that, in actual practice, incentives have been taken away by the Centre and "yes-men" are more and more filling up the ranks of Ministries in States. In States like West Bengal and the Punjab, initiative is growing up, as can be seen from Table XI according to which the Plan outlay differs widely, as approved by the Planning Commission and as adopted by the States. The respective figures are: West Bengal Rs. 250.00 crores and Rs. 346.00 crores, and the Punjab Rs. 231.00 crores and Rs. 298.99 crores.

Table VIII details the proportion of Central assistance to Plan outlay in the States individually. While the collective percentage works out to 60.02, the assistance to individual States ranges from 48.08 for Gujarat to 82.67 for Jammu and Kashmir. In Uttar Pradesh, Central assistance is set at 74.22, while the figure for Orissa is 82.50. Even after the reorganisation of States in 1956, they differ widely in area, population, potential resources and *per capita* income. As such, it would not be incorrect to adjudge the incidence of Central assistance by arithmetical percentages. Regional balance has been accepted as desirable, but the actual figures lead to the fear that personal influence operates much more effectively than socio-economic requirements.

In a brief note like this, it would be impossible to deal with all the fifteen States and observe comparisons and contrasts. But as specimens, the resources of two backward and two forward States are given in Table IX. A noteworthy feature is that U.P. is having the biggest Plan, accompanied by specially liberal Central assistance. In all the four cases, Plan resources at present rates are quite small, and the brunt of outlay is proposed to be met out of additional taxation and increased surpluses in public enterprises. The proportion of additional taxation to total Plan resources is 43.08 per cent collectively, the percentage figure for individual States being 48.48 for Assam, 44.55 for Madras, 82.14 for Orissa and 74.15 for Uttar Pradesh. Madras is strong in net contribution by public enterprises (Rs. 35.1 crores), while U.P. promises well with regard to small savings (Rs. 50 crores). Again, Madras expects to fare well in loans from the public (Rs. 52.9 crores), while, with regard to unfunded debt, U.P. leads with Rs. 17.3 crores.

Tables IX and X contain details of Plan outlay as between the Centre and the States, and as between the second and third Plans. As already mentioned, agriculture (including irrigation and power) takes away 90.32 per cent of total expenditure on the item by the States in the third Plan. As between the second and third Plans, the percentage increase in Plan outlay is 116.03 on agriculture and community development, 90.78 on irrigation and power and 86.10 on social services. The other items are to be attended to predominantly by the Central Government. On the whole, the third Plan outlay by the States will be 84.79 per cent higher than the second Plan figure. This increase will vary from 84.79 to 90.67 per cent according as the second Plan outlay is taken at Rs. 2,082.56 crores (Table X) or Rs. 2,103.16 crores (Table XI).

Table XI is a comparative statement showing the second Plan outlay target and actual outlay, and the third Plan target according to the Planning Commission, and State budget. The third Plan outlay target for the States is Rs. 3,725 crores, which will be higher at Rs. 3,847.31 crores, if the contribution of Rs. 122.31 crores by local authorities is included. In case some projects executed by the States for the Centre, and some "non-Plan projects" are included (this has been done in State budgets), the third Plan outlay by the States amounts to Rs. 4,009.89 crores. Relevant footnotes to Table XI explain the difference. As between the second and third Plans, Plan outlays vary between 136.00 per cent (Rajasthan) and 56.39 per cent (Madras). The States having more than 100 per cent increase in outlay between the second and third Plans are Rajasthan (136), Jammu and Kashmir (127.27), Assam (126.41), West Bengal (123.23) and U.P. (112.39), and then there is a steep drop to 96.05 per cent in the Punjab. As referred to earlier, there are big differences between the Planning Commission and State budget figures with regard to third Plan outlay in the case of West Bengal (+Rs. 96 crores) and the Punjab (+Rs. 67.99 crores). These additional outlays are apparently not approved by the Planning Commission, but included by the respective State Governments.

As in the case of Plan resources, Plan outlays are shown for two backward and two forward States in Table XII. Here again, even after allowing the due margin for bigger population, earlier start, richer resources and more efficient manpower, the impression cannot be brushed aside that Uttar Pradesh excels in Plan activity, and considerations of backwardness should have persuaded the authorities to allot larger outlays for States like Assam, Orissa, Madhya Pradesh and Kerala. In such matters, any mathematical formula is not conceivable, and flexibility is a virtue upheld in the third Plan.

Pious Devotee Or Suspicious Donor?

During the negotiations that preceded the final third Plan, the Governments of Maharashtra and West Bengal in particular, and other States in general, expressed a much higher level of self-confidence than while formulating the second Plan. In the allocation of outlays, the third Plan gives a more important position to States than on previous occasions. In spite of this, it cannot be denied that the general psychology of the Planning Commission is still that of suspicious donor, not of a pious devotee. Time and again, the Planning Commission assumes almost a monopoly of wisdom and it is not infrequent that concern is expressed about the inability of the States to exploit their respective resources and to utilise them economically and effectively. Provision of foreign exchange is agreed to very rarely in the case of State projects and every State Plan project is subjected to administrative sanction by the Planning Commission, resulting in effect in the Planning Commission functioning as a super-Cabinet, almost every week deepening a sense of frustration among the State Cabinets and throwing cold water on their enthusiasm and initiative. Undue delays in disposing of files is common in Yojana Bhavan.

Faith in democracy is a variety of fatalism, but magnificent, with no conceivable alternative. But this general trend has been and is being somewhat blocked by a species of brown colonialism exercised by the Planning Commission. As the Prime Minister declared again and again, if village *panchayats* commit mistakes, it does not matter. They will learn by trial and error. This argument should apply with much greater force to the functioning of State Governments as the hubs of Plan mechanisms. The establishment of State Planning Commissions is overdue, and the sooner the central Planning Commission voluntarily confines itself to advice and co-ordination, the better the auspices for Plan prosperity. Tables in this note testify to the comparative bankruptcy of State Governments, and the trend may become worse during the third and fourth Plans on account of worsening cost inflation, unless a policy of healthy devolution of powers to States is decided immediately and implemented loyally.

(Concluded)

TABLE XII—*Third Plan Outlay: Assam, Madras, Orissa and U.P.*

(In crores of Rs.)

	Assam	Madras	Orissa	U.P.
Agricultural programme ..	12.62	36.98	17.22	32.82
Community development and co-operation	11.75	25.17	20.88	66.62
Irrigation and power	34.78	127.61	68.53	165.82
Industry and mining ..	9.75	23.51	6.98	21.49
Transport and communications	10.15	11.25	8.51	30.86
Social services	39.64	65.77	34.02	124.85
Miscellaneous	1.31	0.59	3.86	4.54
Grand total ..	120.00	290.88	160.00	407.00

TABLE VI—*Plan Outlay as Percentage of Expenditure and Central Assistance*

(In crores of Rs.)

Item	First Plan	Second Plan	Total for first and second Plans	1961-62 (B.E.)
Total expenditure	3,489.3	6,445.1	9,934.4	1,700.6
Service expenditure	2,391.5	3,969.9	6,364.4	1,057.4
Development expenditure (Revenue and capital) ..	2,006.71	3,630.96	5,637.67	981.69
Plan outlay*	897.50	2,103.16	3,000.66	599.33
Transfer of funds by Centre (total)	1,412.97	2,890.77	4,303.74	800.95
Transfer of funds by Centre for plan outlay*	349.70	1,050.00	1,399.70	..
Percentage of 4 to 1	25.63	32.56	30.21	55.29
Percentage of 4 to 2	37.54	52.93	47.15	57.74
Percentage of 4 to 3	44.72	57.92	53.22	61.13
Percentage of 4 to 5	63.52	72.75	69.72	74.95
Percentage of 6 to 4*	38.94	49.93	46.64	..

*The figures for the third Plan are Rs. 3,847.31 crores, Rs. 2,309.00 crores and 60.02 per cent, respectively.

TABLE VII—*Plan Resources*

(In crores of Rs.)

Item	Centre	States	Total
Balance from current revenues at 1960-61 rates of taxation	410	140	550
Contribution of railways	100	..	100
Surpluses of other public enterprises ..	300	150	450
Loans from the public (net)	475	325	800
Small savings (net)	213	387	600
Provident funds (net)	183	82	265
Steel equalisation fund (net) ..	105	..	105
Balance of miscellaneous capital receipts over non-plan disbursements	428	—258	170
Total	2,214	826	3,040
Additional taxation including measures to increase the surpluses of public enterprises	1,100	610	1,710
Budgetary receipts corresponding to external assistance	2,200	..	2,200
Deficit financing	524	26	550
Grand total ..	6,038	1,426	7,500

TABLE VIII—*Resources: Statewise*

(In crores of Rs.)

State	State Government Resources	Central Assistance	Total Resources	Percentage of col. 3 to 4 %
Andhra Pradesh ..	105.00	200.00	305.00	65.57
Assam	33.00	87.00	120.00	72.50
Bihar	110.00	218.04	337.04	64.67
Gujarat	122.00	113.00	235.00	48.08
Jammu and Kashmir ..	13.00	62.00	75.00	82.67
Kerala	58.00	112.00	170.00	65.88
Madhya Pradesh ..	93.00	207.00	300.00	69.00
Madras	101.00	189.88	290.88	65.48
Maharashtra	220.00	170.00	390.00	43.85
Mysore	110.00	140.00	250.00	56.00
Orissa	28.00	132.00	160.00	82.50
Punjab	97.00	134.99	231.99	58.18
Rajasthan	80.00	156.00	236.00	66.10
Uttar Pradesh ..	147.00	350.00	497.00	74.22
West Bengal	90.00	160.00	250.00	64.00
Total ..	1,416.00*	2,431.31†	3,847.31‡	63.20‡ (60.02%*)

*This figure differs from Rs. 1,462 crores listed in the third Plan Final Report (page 100).

†This includes Rs. 122.31 crores contributed by local authorities. Net assistance by the Centre works at Rs. 2,309.00 crores, for the statewise break-up of which information is not available.

‡The financial provision of Rs. 7,500 crores apart, the third Plan has been put at Rs. 8,098.53 crores in physical terms, Rs. 3,847.31 crores by the States and Rs. 4,251.22 crores by the Centre.

‡According to the Planning Commission, out of Rs. 3,725 crores financial outlay by State Governments, Rs. 1,350 crores should be found by State Governments and Rs. 2,375 crores by the Central Government, the percentage of Central assistance working at 63.73. But according to the final third Plan, State resources aggregate to Rs. 1,416 crores, the upward difference being Rs. 66 crores.

TABLE IX—*Third Plan Resources (Assam, Madras, Orissa and U.P.)*

(In crores of Rs.)

	Assam	Madras	Orissa	U.P.
Balance from current revenues at 1960-61 rates of taxation ..	7.0	—30.2	—21.0	—43.5
Loans from the public (net) ..	9.0	52.9	21.0	35.0
Share of small savings	12.0	20.0	8.5	50.0
Unfunded debt (net)	2.8	5.9	1.5	17.3
Balance of miscellaneous capital receipts over non-Plan disbursements	—17.2	—33.7	—6.7	—30.6
Contribution of public enterprises	3.4	35.1	1.8	9.8
Withdrawal from cash and other reserves ..	..	6.0	..	..
Resources without taking into account additional taxation ..	17.0	56.0	5.0	38.0
Additional taxation	16.0	45.0	23.0	109.0
Total resources after taking into account additional taxation ..	33.0	101.0	28.0	147.0

TABLE X—*Plan Outlay: Subjectwise*

(In crores of Rs.)

	Second Plan outlay	Third Plan outlay	Percentage increase third Plan
Agricultural programme	259.63	561.67	116.03
Community development and co-operation	236.53	379.72	60.90
Irrigation and power	798.93	1,524.31	90.78
Industry and mining	120.93	216.61	79.02
Transport and communications ..	169.01	250.31	48.11
Social services	465.90	867.25	86.10
Miscellaneous	31.63	47.44	51.37
Grand total ..	2,082.56	3,847.31	84.79

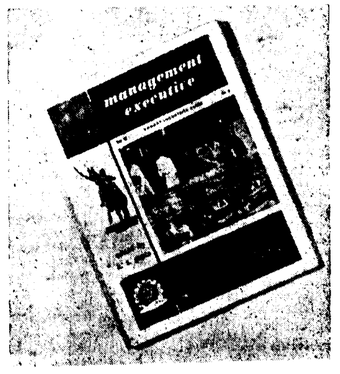
TABLE XI—*Plan Outlay: Statewise*

(In crores of Rs.)

State	Second Plan target	Second Plan actual outlay	Third Plan target	
			Including local authorities' contributions	According to State budgets
Andhra Pradesh ..	175.74	177.63	305.00	305.00
Assam	57.94	53.56	120.00	120.00
Bihar	174.00	176.01	337.04	337.00
Gujarat	350.29	363.29	235.00	235.00
Maharashtra ..			390.00	390.00
Jammu and Kashmir ..	33.90	32.76	75.00	75.00
Kerala	87.01	91.50	170.00	170.00
Madhya Pradesh ..	190.90	150.60	300.00	300.00
Madras	152.27	186.19	290.89	290.89
Mysore	145.13	142.64	250.00	250.00
Orissa	99.99	88.41	160.00	160.00
Punjab	162.68	151.67	231.00	298.99
Rajasthan	105.27	99.74	226.00	226.00
Uttar Pradesh ..	253.00	234.08	497.00	497.00
West Bengal	157.67	155.08	250.00	346.00
Total ..	2,145.79	2,103.16*	3,847.31†	4,009.89

* This figure of Rs. 2,103.16 crores differs from Rs. 2,082.56 crores given by the Planning Commission in another Table (Subjectwise).

† Actual Second Plan outlay (Rs. 2,103.16 crores) was 134 per cent higher than that of the First Plan (Rs. 898 crores), and the percentage increase between Second Plan actual outlay and the Third Plan Target (Rs. 3,847.31 crores) works at 86.9 per cent.



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THE INDIAN BANK

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DIRECTORS'

(To be submitted to the Shareholders of the Bank at the Fifty-fifth Annual General Meeting

The Directors have the pleasure to submit the Balance Sheet and the Profit and Loss Account of the Bank for the year ended 31st December 1961. The Auditors' Report is also annexed.

2. The Net Profit of the Bank for the year amounts to Rs. 40,87,400.18 and together with the sum of Rs. 1,36,236.07 carried from the previous year's account, makes a total of Rs. 41,73,636.25.

3. Out of this sum, the Directors have made the following interim appropriations :—

	Rs. nP
An ad-interim dividend at the rate of 5 per cent. and a Bonus of 2½ per cent. (subject to deduction of tax at the prescribed rates) was paid which absorbed	6,22,500.00
Transferred to Sinking Fund	3,00,000.00

The Directors now recommend that the following further appropriations may be made :

To pay a final dividend of 5 per cent. and a Bonus of 2½ per cent. (subject to deduction of tax at the prescribed rates) thereby making the dividend and bonus for the year amount to 15 per cent.	6,22,500.00
To transfer to the Reserve Fund other than under Section 17 of the Banking Companies Act, 1949	5,00,000.00
To provision for taxes	18,25,000.00
To transfer to Gratuity Fund	1,25,000.00
To transfer to buildings account	30,000.00
To carry forward	1,48,636.25
	41,73,636.25

BALANCE SHEET AS AT

Corresponding Figures 31st December 1960 Rs. nP	Rs. nP	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1,00,00,000.00	**1. Capital—** AUTHORISED CAPITAL— 1,00,000 Shares of Rs. 100 each	1,00,00,000.00	
	72,00,000.00	ISSUED AND SUBSCRIBED CAPITAL— (a) 72,000 Shares of Rs. 100 each for payment in cash	72,00,000.00	
	16,60,000.00	(b) 16,600 Shares of Rs. 100 each issued as fully paid bonus shares	16,60,000.00	
	88,60,000.00		88,60,000.00	
	44,00,000.00	AMOUNT CALLED UP— On 44,000 Shares of Rs. 100 each	44,00,000.00	
	22,40,000.00	On 28,000 Shares at Rs. 90 per share (includes call of Rs. 10 per share made during 1961)	25,20,000.00	
	66,40,000.00		69,20,000.00	
	565.00	Less—Calls unpaid (Includes Rs. 2,80,000 payable after 31st December 1961)	2,80,025.00	
	66,39,435.00		66,39,975.00	
	16,60,000.00	16,600 Shares of Rs. 100 each issued as fully paid bonus share	16,60,000.00	
	82,99,435.00		82,99,975.00	
82,99,435.00	Nil	ADD—Forfeited shares	Nil	
14,57,300.00		SHARE PREMIUM ACCOUNT		82,99,975.00
68,44,583.78		**2. Reserve Fund and Other Reserves—** Reserve Fund under Section 17 of the Banking Companies Act, 1949		14,57,300.00
		3. Deposit and Other Accounts—		68,44,583.78
	14,97,99,052.99	Fixed Deposits	14,45,63,221.85	
	4,44,52,585.90	Short-term Deposits	4,46,22,087.31	
	7,15,97,666.88	Savings Bank Deposits	7,84,61,711.59	
	13,28,68,671.94	Current Accounts, Contingency Accounts, etc.	13,28,63,910.83	
89,87,17,977.71		**4. Borrowings from Other Banking Companies, Agents, etc.—**		40,05,10,931.58
	4,47,12,986.31	(i) In India	98,06,659.67	
4,47,12,986.31	Nil	(ii) Outside India	Nil	
				98,06,659.67
		Corresponding Figures 31st December, 1960 Rs. nP — PARTICULARS— (i) Secured—		
		(a) Secured by part of investments in Central and State Governments	Rs. nP 49,33,252.20	
		Securities per contra	45,00,000.00	
		(b) Under the Refinance Scheme *Vide* 5.1 (i) per contra	3,73,407.47	
		(ii) Unsecured		
94,45,913.70		**5. Bills Payable**		1,15,13,446.88
		6. Bills for Collection Being Bills Receivable per contra—		
	2,11,53,006.31	(i) Payable in India	1,95,70,545.85	
	1,35,13,719.70	(ii) Payable outside India	1,05,60,842.75	
3,46,66,726.01				3,01,31,388.60
	21,611.86	**7. Other Liabilities—** (i) Rebate on Bills	21,115.65	
	1,08,832.75	(ii) Unclaimed Dividends	1,29,636.35	
	6,14,930.04	(iii) T. Ts. Payable	6,76,129.88	
	13,05,896.54	(iv) Sundries Payable	22,31,896.03	
	1,17,531.88	(v) Provision for Taxes	27,92,297.20	
	66,15,465.52	(vi) Branch Adjustment	84,86,248.06	
	53,469.58	(vii) Interest Realisable	1,31,127.64	
	2,20,809.71	(viii) Other Deposits	50,623.90	
	3,30,000.00	(ix) Sinking Fund	3,00,000.00	
93,88,547.88				98,11,074.21
2,59,65,893.89		**8. Acceptances, Endorsements and Other Obligations** per contra		3,21,48,960.36
	31,22,643.18	**9. Profit and Loss—** Profit as per Balance Sheet as at 31st December 1960	Rs. nP 32,89,724.07	
		Less—Appropriations— (i) Final dividend of 5 per cent. and a Bonus of 2½ per cent. (both subject to tax)	Rs. nP 6,22,500.00	
		(ii) Provision for Taxes	23,00,000.00	
		(iii) Transfer to Sinking Fund	2,00,000.00	
		(iv) Transfer to Bank's Buildings Account	80,988.00	
	30,42,500.00		31,53,488.00	
	80,143.18	ADD—Profit for the year brought from the Profit and Loss Account	1,36,236.07	
	40,32,080.89		40,87,400.18	
	41,12,224.07	Less—Interim Appropriations— Rs. nP — Ad-Interim dividend at the rate of 5 per cent. and a bonus of 2½ per cent. (both	Rs. nP	
		6,22,500.00 — subject to tax)	6,22,500.00	
		2,00,000.00 — Sinking Fund	3,00,000.00	
	8,22,500.00		9,22,500.00	
32,89,724.07				32,51,136.25
		10. Contingent Liabilities—	Rs. nP	
	16,55,675.00	(1) On partly paid-up shares of Banks and other Companies	16,55,675.00	
	3,34,507.85	(2) Claims against the Bank not acknowledged as debt	3,50,030.36	
		(3) On guarantees given on behalf of—		
	7,16,75,804.24	(a) Constituents	6,19,08,413.90	
	24,60,767.76	(b) Directors and Officers	15,54,925.92	
	10,07,81,725.46	(4) On Forward Exchange Contract	7,21,34,622.54	
		Note :—The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with Section 211 of the Companies Act, 1956. Owing to regrouping of the accounts, previous year's figures have been recast.		
1,37,89,088.35		Total .. Rs.		51,37,75,455.83

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Corresponding Figures 31st December 1960 Rs. nP	EXPENDITURE	Rs. nP	Corresponding Figures 31st December 1960 Rs. nP	INCOME (Less provisions made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs. nP
14,56,963.19	1. Interest paid on Deposits, Borrowings, etc.	1,12,73,990.07	2,29,67,387.69	1. Interest and Discount	2,23,96,806.16
91,33,041.55	2. Salaries and Allowances, Provident Fund, Bonus, etc. (Salary and Allowance, etc., to Secretary Rs. 42,000)	94,56,761.30	51,02,875.30	2. Commission, Exchange and Brokerage	49,27,492.63
1,32,238.02	3. Directors' and Local Committee Members' Fees and Allowances	1,04,079.40	1,20,313.86	3. Rents	88,615.69
8,88,593.41	4. Rent, Taxes, Insurance, Lighting, etc.	9,04,068.56		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets. (Not credited to Reserves or any particular Fund or Account)	
45,545.51	5. Law Charges	62,239.91	984.15		Nil
6,05,365.50	6. Postage, Telegrams and Stamps	6,22,596.59		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets. (Not credited to Reserves or any particular fund or account)	
22,852.75	7. Auditors' Fees	23,575.26	Nil		Nil
3,13,563.24	8. Depreciation on and Repairs to the Banking Company's Property	2,56,694.39	6,073.75	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	6,840.90
7,32,648.16	9. Stationery, Printing, Advertisement, etc.	6,43,974.24	3,99,813.86	7. Other Receipts	4,23,620.53
Nil	10a. Loss from Sale of or Dealing with Non-Banking Assets	Nil			
Nil	10b. Net Loss on Sale of Investments after adjusting Rs. 5,30,000 from Sinking Fund	2,19,217.16			
1,14,055.39	11. Other Expenditure	11,29,778.75			
2,22,080.89	12. Balance of Profit (subject to Taxation)	40,87,400.18			
5,66,946.61	Total .. Rs.	2,87,43,275.91	2,85,66,946.61	Total .. Rs.	2,87,43,275.91

LIMITED, MADRAS

1907)

BUILDINGS, ESPLANADE, MADRAS-1.

REPORT

to be held at the Registered Office of the Bank on Wednesday the 25th April, 1962, at 4 p.m.)

4. The Bank rate remained unchanged at 4 per cent.

5. An Office of the Bank was opened at Jamshedpur (Bihar) during the year.

6. By Order of the Central Government under Section 45 of the Banking Companies Act, the Rayalaseema Bank Ltd., was amalgamated with the Bank as from the 1st September, 1961. From that date, the branches of the Rayalaseema Bank Ltd., at Anantapur and Bellary are functioning as branches of the Bank.

7. In accordance with Articles 92 and 93 of the Articles of Association of the Bank read with Section 256 of the Companies Act, 1956, Directors, Dr. Rajah Sir M. A. Muthiah Chettiar of Chettinad, Sri O. M. SP. L. M. Meyyappa Chettiar, Sri Ramdoss Purushothamdoss and Sri T. Chengalvaroyan retire this year by rotation and they being eligible, offer themselves for re-election.

8. Sri T. Chengalvaroyan resigned his seat on the Board on 3rd November, 1961. In his place Dr. P. V. Rajamannar, D.Litt., LL.D., Chief Justice of Madras (Retired) was co-opted as a Director. Sri C. Ramasubban resigned his seat on the Board on 15th December, 1961. In his place Sri T. Chengalvaroyan was co-opted as a Director.

9. The Directors regret to report the sad demise of Rao Sahib E. M. Muthappa Chettiar, Director of the Bank, on 31st December, 1961. Sri A. Nagappa Chettiar, Industrialist and Exporter, was co-opted in his place.

10. The Directors desire to record their high appreciation of the valuable services rendered by Sri C. Ramasubban and Rao Sahib E. M. Muthappa Chettiar to the Bank as Directors.

31st DECEMBER, 1961

Corresponding Figures 31st December 1960 Rs. nP	Rs. nP	PROPERTY AND ASSETS	Rs. nP	Rs. nP
3,78,96,419.18		**1. Cash—** In hand and with Reserve Bank and State Bank of India (including foreign currency notes)		3,65,14,423.01
	21,78,517.50**	**2. Balances with Other Banks**—**	On Deposit Rs. Nil	In Current Account Rs. 32,45,477.06
	85,72,827.44	(i) In India	" Nil	" 59,69,569.89
1,07,51,345.06		(ii) Outside India		
12,44,000.00			32,45,477.06**	59,69,569.89
				92,15,046.95
		3. Money at Call and Short Notice		61,44,136.99
	14,44,94,915.57	**4. Investments** (at cost or book value)**— (i) Securities of the Central and State Governments (Terminable loans) and other Trustee Securities, including Treasury Bills of the Central and State Governments		12,52,36,378.21
			Face Value Rs. nP	Market Value Rs. nP
		Quoted	12,58,77,800.00	12,31,06,999.00
		Unquoted	4,25,335.00	4,25,335.00 (Nominal Value)
		(ii) Shares— Preference (other than Banking companies)— Fully paid (Quoted)		Rs. nP 66,900.00
		Ordinary (Banking and other companies)— Fully paid—	Rs. nP	
		Quoted	26,402.00	
		Unquoted	3,00,000.00	3,26,402.00
		Partly paid—		
		Quoted	1,18,019.50	
	9,11,321.50	Unquoted	4,00,000.00	5,18,019.50
				9,11,321.50
		(Quoted shares Market Value Rs. 1,54,587.00) (Unquoted shares paid-up value Rs. 7,00,000.00)		
	3,83,500.00	(iii) Debentures : Face Value (Unquoted) Rs. 2,04,000.00		2,04,000.00
	31,93,711.48	(iv) Other Investments : (Quoted)— Malayan and F.M.S. Terminable Loans Face Value St. $2,058,000 (Market Value Rs. 30,78,119.29)		31,93,711.49
	1,62,035.51	British 3% 1960-70 Loan Face Value £14,734-12-2 (Market Value Rs. 1,56,270.43)		1,62,035.51
	10,01,011.00	Ceylon Government Terminable Loan Face Value Rs. 10,01,000.00 (Market Value Rs. 9,96,012.50)		10,01,011.00
	55,000.00	Ceylon Development Finance Corporation Shares Paid-up Value Rs. 50,000.00 (Market Value Rs. 30,000.00)		30,000.00
	Nil	(v) Gold		Nil
16,01,81,495.06				13,07,38,457.71
		5. Advances— (Other than bad and doubtful debts for which provision has been made to the satisfaction of Auditors) (1) Loans, Cash Credits, Overdrafts, etc.—	Rs. nP	
	21,80,97,327.77	(i) In India	18,86,40,325.29*	
		(ii) Outside India	1,35,15,392.91	
		* Includes medium term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd. per contra.		20,21,55,718.20
		(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—	Rs. nP	
		(i) Payable in India	3,70,50,753.40	
	5,45,69,977.41	(ii) Payable outside India	1,79,03,479.99	
		Particulars of Advances : See below.		5,49,54,233.39
27,36,67,305.18				25,71,09,951.59
	2,11,53,006.31	**6. Bills Receivable Being Bills for Collection** per contra— (i) Payable in India		1,95,70,545.85
	1,35,13,719.70	(ii) Payable outside India		1,05,60,842.75
3,46,66,726.01				3,01,31,388.60
2,59,65,893.89		**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		3,21,48,960.36
		8. Premises—	Rs. nP	
	20,15,587.16	At cost as at 31st December, 1960	21,64,882.16	
	1,49,295.00	Additions during the year	1,49,347.49	
	21,64,882.16		23,14,229.65	
	7,06,010.81	Less—Deduction during the year	2,91,877.46	
		Less—Depreciation written off to date		20,22,352.19
14,56,871.35				5,00,457.13
				15,21,895.06
		9. Safes, Furniture, Fixtures, etc.—	Rs. nP	
	20,29,056.50	At cost as at 31st December, 1960	23,35,238.95	
	3,35,504.66	Additions during the year	3,87,185.11	
	23,55,561.16			
	33,412.21	Less—Deductions during the year		26,60,404.06
				1,41,181.35
	23,22,338.95			25,19,222.71
	11,72,043.37	Less—Depreciation written off to date		12,17,870.59
11,51,195.58				13,01,352.12
	10,49,761.82	**10. Other Assets, including Silver—** Books and Stationery		10,10,887.82
	33,33,536.29	Sundries Receivable (including advance Income-tax amounting to Rs. 53,33,398.86)		61,17,016.04
	16,45,180.02	Interest Accrued on Investments		10,24,958.47
	36,456.09	Stamps and Drafts		73,064.87
	Nil	Silver		Nil
66,55,235.12				83,24,926.20
1,53,601.95		**11. Non-Banking Assets Acquired in Satisfaction of Claims** (At cost—Either reserve price fixed by Court or purchase price paid at public auction)		1,24,417.24
84,37,89,088.35		** Includes investment of staff security deposits. Total .. Rs.		51,37,75,455.83

PARTICULARS OF ADVANCES referred to on the Assets side of the Balance Sheet as at 31st December, 1961.

31st December 1960 Amount Rs. nP	PARTICULARS	Amount Rs. nP	31st December 1960 Amount Rs. nP	PARTICULARS	Amount Rs. nP
23,56,45,333.82	(i) Debts considered good in respect of which the Banking Company is fully secured	22,29,18,392.31	2,77,215.93	(vi) Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons (of which Rs. 1,57,708.16 is fully secured)	2,15,478.11
3,45,27,371.64	(ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security Advances under Joint and several Promotes/ liabilities including Bills Discounted and Purchased Rs. nP 2,28,91,065.41 Advances to individual parties including Bills Discounted and Purchased 1,06,56,527.17	3,35,48,192.58	66,56,480.60	(vii) Debts due by companies or firms in which the Directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies, as Members (of which Rs. 55,02,727.77 is fully secured)	65,52,989.58
19,07,848.50	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	80,875.27	3,10,991.64	(viii) Maximum total amount of advances, including temporary advances, made at any time during the year to Directors or Managers or officers of the Banking Company or any of them either severally or jointly with any other persons (of which Rs. 2,84,962.89 is fully secured)	3,18,456.11
5,86,751.22	(iv) Debts due on temporary overdrafts and other advances	5,62,491.43		(ix) Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the Directors of the Banking Company are interested as directors, partners or Managing Agents or, in the case of private companies, as members (of which Rs. 55,85,024.00 is fully secured	69,87,401.23
Nil	(v) Debts considered doubtful or bad not provided for	Nil	2,24,12,735.00	(x) Due from Banking Companies	6,00,180.58
27,36,67,305.18	Total .. Rs.	25,71,09,951.59	5,36,656.23		

We have audited the above Balance Sheet of The Indian Bank Limited as at 31st December 1961 and also the above Profit and Loss Account of the Bank for the year ended on that date with the books of account of the Head Office and Branches other than those in Malaya, and Singapore, the accounts of which were audited by auditors qualified under the laws of those countries. We report that :—

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) Such information and explanations have been found to be satisfactory;

(c) The reports on the accounts of the branches in Malaya and Singapore audited by the other Auditor have been taken into consideration in making this report;

(d) The transactions of the Bank as have come to our notice have been, in our opinion, within the powers of the Bank;

(e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, subject to the note appended to the Balance Sheet;

(f) In our opinion,

(i) the Balance Sheet gives a true and fair view of the state of the Bank's affairs as at 31st December 1961,

(ii) the Profit and Loss Account gives a true and fair view of the Profit and Loss for the year ended that date and shows a true balance of profit for the period covered by the audit; and

(iii) proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books; and

(g) The Bank's Balance Sheet and the Profit and Loss Account dealt with by the Report are in agreement with the books of account and returns.

B. PURUSHOTTAM & CO.
SUNDARAM & SRINIVASAN
V. SOUNDARARAJAN & CO.
BHARMAYYA & CO.
KARRA DAKSHINAMURTHY
Chartered Accountants. } *Auditors.*

MADRAS, *Dated* 26th *March*, 1962.

M. A. MUTHIAH CHETTIAR
O. M. SP. L. M. MEYYAPPA CHETTIAR
RAMDOSS PURUSHOTHAMDOSS
T. CHENGALVAROYAN
T. RAGHUPATHIRAJA CHETTIAR
P. V. RAJAMANNAR, M.A., B.L., D.Litt., LL.D. } *Directors.*

K. BALASUBRAMANIA IYER
P. V. RAJAMANNAR
M. A. M. MUTHIAH CHETTIAR
R. K. VENKATACHALAM
A. NAGAPPA CHETTIAR
T. S. RAGHAPATHIRAMA MUDALIYAR

S. MUTHUSWAMI,
Chief Accountant.

T. RAMAKRISHNA RAO,
Deputy Secretary.

MADRAS, 26th March, 1962.

G. S. SUNDARAM
Secretary.

BENGAL COAL COMPANY LIMITED

REALISTIC REORIENTATION OF PRICE POLICY URGED

CHAIRMAN, MR. A. D. OGILVIE'S STATEMENT

THE coal industry's problems pertaining to transport, power supply and prices are yet to be satisfactorily solved. Unless they are tackled with a sense of urgency, it will be difficult for the industry to achieve its target of production under the third Plan. Mr. A. D. Ogilvie, Chairman of the Bengal Coal Company Limited, has, therefore, done well in dealing with them and offering some constructive suggestions for their solution. The following is the full text of Mr. Ogilvie's statement:

"I have pleasure in reporting to the members of The Bengal Coal Company, Ltd., on the operations of their Company during the year ended 31st October, 1961.

The Year's Results

"Although sales of coal have shown a substantial increase of Rs. 61 lakhs to Rs. 7½ crores, ever-increasing costs have resulted in reduced profits; and this is a problem which, of course, affects the entire coal industry. The gross profit of the Company for the year would in fact have been considerably lower had it not been for the financial assistance receivable in respect of the operation of deep, gassy and difficult mines: this assistance was sanctioned by the Government in February, 1960, to take effect as from 1st September of that year, and in the accounts under review full credit has been taken for the subsidy due for the 14-month period to 31st October, 1961. However, we are only now receiving actual payments in respect of the first quarter of 1961, and I trust that these payments will be accelerated in accordance with recent assurances received from the Government.

"The Board is recommending a final dividend of Rs. 13 per share less tax on the ordinary shares, making Rs. 21 per share less tax for the year. This represents a gross return of less than 6.6 per cent per annum on the capital employed in the Company. The total distribution now recommended on the ordinary capital as increased by last year's rights issue is approximately the same as that made in the previous two years on the smaller capital.

Production

"3,188,709 tonnes of coal were raised during the year—an increase of 92,196 tonnes; but this increase could have been much more substantial had it not been for the general shortage of power experienced in the coalfields and the insufficiency of rail transport. In addition, raisings have been hampered by the lack of essential spare parts for machinery and shortage of explosives. The difficulty arising out of the shortage of spares should be removed when the full benefit of the World Bank assistance is received; but our anxieties regarding explosives can only be lessened when import licences are issued regularly so that supplies are available in good time before the existing stocks are dangerously depleted. In regard to transport and power, the gravity of the present position is well known, and I can only stress the vital necessity of overcoming these two problems if the country is to increase its annual coal production from the current level of under 60 million tonnes to the required figure of at least 97 million tonnes by the end of the third Plan.

Transport

"Whilst our coal stocks at the end of October, 1961, had decreased to a certain extent, stocks again rose in the early months of the current year and this affected production at certain mines. Nevertheless, the position would have been far more serious had not we and consumers taken full advantage of road transport. The lorry weighbridge at Poidih colliery referred to last year has been well utilised, and consideration is being given to the necessity for installing additional weighbridges. It is, however, the contention of the industry and of consumers that planning must be on the basis of all coal being transported by rail, with road transport only supplementing the capacity during peak periods.

"The alterations and extensions to the Parbelia siding have been completed, and I would like to acknowledge the co-operation which we have received from both the Eastern and South Eastern Railways during the year in attending to such matters at our collieries.

Power Supply

"In my predecessor's review last year, considerable reference was made to the necessity for forward planning to assess and meet the demands for power supply. The serious concern which was expressed twelve months ago has unfortunately been fully substantiated by our actual experience since then.

"With generating plant in the coalfields being inadequate to meet demand, there have been during the year a number of restrictions in power supply which have affected coal production.

"I need hardly stress the critical position from the point of view of safety which might arise as a result of such restrictions when electrically operated ventilation fans and winding engines cannot be worked.

"The fact has to be faced that electrical energy is not available for the new motors and machines which we intended to install. So serious is the position that we have decided to install steam winders and fans for certain of our new shafts, even though such steam-operated plant is considered outmoded in other parts of the world: this decision has, however, been forced upon us as a practical necessity, since there is little use in our continuing to obtain large electric motors for which there is no power available.

Sandstowing

"The quantum of sand stowed at our collieries was increased still further to over 1,200,000 tonnes during the year under review. It has always been the Company's policy to give every attention to sandstowing underground, in the interests of both conservation and safety: we now have sandstowing installations at six collieries, and during the current year it is hoped to bring into use two new installations. It is, however, most disappointing that, in spite of assurances received to the effect that full reimbursement of sandstowing costs will be given as far as possible, the net loss to the Company under this heading has more than doubled from the previous year's figure of about Rs. 6 lakhs to a new level of over Rs. 13 lakhs. Since stowing is being undertaken in the interests of all, surely it is not reasonable that the Company should have to bear a loss of this magnitude.

Prices

"Representatives of the coal industry have referred in recent weeks at considerable length to the debilitating effect which the present restrictive price policy is having on the health of the industry. Detailed figures, establishing the extent to which enhanced operating costs still remain to be neutralised, have been made available to the Government. In addition to these specific claims for neutralisation, the broad price policy still denies to the industry the ability to plough back adequate funds for capital expenditure, to attract new investment, and generally to instil into its economy the vitality which is so necessary if it is to discharge the heavy responsibility for production placed upon it in the third Plan.

"Both the importance and the urgency of the price question are manifest, and it is hoped that a reorientation of policy on more realistic lines will soon be forthcoming so as to afford some real relief to the industry.

The Third Plan

"Private enterprise in the coal industry has been given the task of increasing its level of raisings by at least 17 million tonnes during the course of the third Plan. Within this framework your Company's plans have been drawn up on the basis of attaining by the end of the Plan an annual production of at least 4 million tonnes, representing an increase of more than 33 per cent over the level of raisings at the commencement of the Plan. In considering this target it must be remembered that this expansion represents the net increase after absorbing any fall in raisings at individual collieries. For instance, one of our largest mines, Banksimula 11 and 12 pits colliery, will have exhausted two of its seams during the next 12 months or so, and the resultant loss in production amounting to at least 250,000 tonnes per annum will have to be made good from other workings before we continue on the way of attaining our new targets. Our eagerness to subscribe fully to the great expansion envisaged in the third Plan is reflected in our plans to avail very substantially of the assistance being furnished initially by the World Bank for the import of plant and machinery.

"We have plans for stepping up production to a great extent at our existing collieries, particularly at Parbelia, Chinakuri and at Girimint, all of which are producing the much required selected grades of coal; and the completion of the new sandstowing ropeway at Chanch colliery will result in greater output of high grade coking coal.

New Developments

"In the Murulidih property which has been worked for many years, deep shafts are now being sunk to increase substantially the output of coal from this area. Whilst the full benefit of this new project will not be felt until after the end of the current Plan, it is anticipated that a fair level of production of coking coal will be attained by 1965. Our second new development is at Kunustoria, where some shallow workings were undertaken some years ago. Here we are sinking new shafts through which we hope to start raising coal during the course of the next year.

"Over Rs. 1 crore is being spent on these two large projects, and this is a measure of the faith we have in the future, notwithstanding the many existing problems.

Labour and Welfare

"I am glad to be able to report continued satisfactory relations with our labour. For the coal industry as a whole, however, a Wage Board has been set up and is expected to commence its deliberations shortly.

"The construction of new quarters, the installation of water-supply schemes and our programmes for welfare measures have proceeded, even though the actual rate of progress has not been quite as satisfactory as we might have wished; the various shortages of materials, particularly cement, have impeded our efforts to a great extent. However, during the year work was completed on a new sports stadium which will be of considerable value to our labour force in the Poniati area, which will be using this for athletics, football matches and other sport. In February of this year I attended the All-India Coalfields Sports which were held at our stadium in the presence of the Governor of West Bengal; it was a stimulating occasion and the large crowd of many thousands of spectators bore adequate testimony to our employees' enjoyment of these recreational activities.

"It is of interest to note that, in addition to the very large labour force employed at our collieries directly for mining and despatching coal, we also provide permanent work for about 2,400 people who are engaged in operating and maintaining the various departments covering medical, welfare, water-supply, road maintenance, etc.

Staff

"I would like to thank the staff in our coalfields organisation for their support to the Company during the past year. Quite apart from the increased complexity of mining problems, our staff at all levels have to deal with exacting matters relating to labour, legal and other affairs connected with the Company's operations. I wish to express to Mr. F. G. Massmann, our Chief Mining Engineer, and to all other members of the coalfields staff, our deep appreciation of their fine work."

CANARA BANK LIMITED

CHAIRMAN, MR. A. D. PAI'S SPEECH AT ANNUAL MEETING

BANKS NEED INCENTIVES TO BUILD UP INNER RESERVES

THE hope that, in the context of increasing costs, the banks will be provided with appropriate incentives to build up their inner reserves was expressed by Mr. A. D. Pai, Chairman of the Canara Bank Limited, when he addressed the Fifty-sixth Ordinary General Meeting of the Bank held at Mangalore on 22nd March, 1962. Mr. Pai referred to the Inter-bank Agreement on Deposit Rates and explained how the middle-sized banks were virtually sandwiched between big and small banks, the former having the advantage of their size and prestige and the latter of higher rates of interest. He pointed out that the middle-sized banks would have done better if they had the latitude to offer a slightly higher rate. In this connection, he welcomed the appointment of a committee by the Indian Banks Association for examining the question of having a middle category under the Agreement and hoped that the Committee would find a way of resolving the tangle and bringing about an equitable solution necessary for the speedy growth of banking in the country.

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

"I have great pleasure in welcoming you to this fifty-sixth annual general meeting of your Bank. The Bank's 56th annual report, balance-sheet as at 31st December 1961, and profit and loss account are already with you for sometime now. I ask your permission to take them as read.

Year of Progress

"1961 has been a year of progress in all spheres of working of your Bank. Against a 4.73 per cent increase in the aggregate deposit liabilities of all scheduled banks, deposits of your Bank have increased by 21.87 per cent, from Rs. 30.82 crores to Rs. 37.56 crores. Last year, the percentage increase was 6.53 per cent.

"Unlike 1960 when time deposits registered a fall, there is a notable increase of 22.31 per cent this year. Current deposits improved by 13.24 per cent, as against last year's 22.90 per cent. Savings bank deposits from Rs. 5.64 crores to Rs. 7.71 crores have shown a heartening increase of 36.70 per cent, as against 30.56 per cent in 1960.

"Substantial increases under savings bank deposits, which is a trend seen in the deposit composition of scheduled banks as well, is a healthy sign. It denotes growth of the banking habit, the emergence of a new class of savers who appreciate good service, simplicity and convenience in banking operations. These depositors have been the backbone of the banking industry and have an important role to play in the developmental activity in the country. Your Bank devotes particular attention to this class of depositors. Small savers, salary and wage-earners are encouraged to open savings bank accounts and attention is paid to prompt service over the counters. In addition to the free transfer facilities previously provided by your Bank to students and charitable institutions, free mail transfers up to Rs. 1,000 per day and facility of making upto 100 withdrawals in a year at the discretion and convenience of the customer are now offered to all savings bank depositors.

Advances and Investments

"Including bills purchased and discounted, advances of your Bank increased by Rs. 3.76 crores or 22.61 per cent during the year (last year 4.72 per cent) and stood at Rs. 20.39 crores. This year's growth also is marked by increased lending for industrial purposes, in keeping with the needs of the times, and a diversification in credit which is a traditional feature of your Bank's advances. A favourable ratio of advances to deposits was kept throughout the year the average, maximum and minimum percentages being 55.2, 60.2, and 49.2, respectively. The corresponding ratio for all scheduled banks ranged between 66 per cent and 79 per cent. Proportion of our secured advances to total advances continues to be high, being 79.79 per cent at this balance-sheet, as against 76.80 per cent and 82.26 per cent, respectively, at the end of 1959 and 1960. Investments which stood at Rs. 10.22 crores at the end of 1960 have increased to Rs. 14.38 crores and constitute 38 per cent of deposits (last year 33 per cent), making for a high liquidity position as usual. During the first nine months of 1960, the Gilt-edged market continued to be dull, while, with the introduction by the Reserve Bank of the three-tier rate for advances to scheduled banks, the securities market became still less active and sometimes even listless. I am happy to state that, despite these features, the market value of your Bank's holdings as on 31st December 1961 was higher than the book value by Rs. 5.60 lakhs.

Earnings, Expenditure and Net Profits

"The gross income of your Bank increased during the year from Rs. 1.73 crore to Rs. 1.97 crore, that is, by 14 per cent, as against a 10 per cent increase in 1960. The net profits of the Bank after providing for taxation amount to Rs. 21.24 lakhs, as against Rs. 12.65 lakhs last year. The percentage of total earnings to total deposits, which is 5.24 per cent (last year 5.58 per cent), is to be considered satisfactory when viewed against the sizable increase in deposits during the year and the comparatively lesser utilisation of these growing funds for advances in an endeavour to maintain our traditional liquidity.

Transfers To Reserves

"The year 1961 witnessed welcome trends in the direction of strengthening the banking structure in the country. The Deposit Insurance Corporation has come into being. It heralds greater assurance to smaller depositors who form the bulk of the depositing public. Again, the Reserve Bank, during the period under review, stressed the need for strengthening the capital funds base of banks and made a timely call to banks to aim at increasing capital funds to at least 6 per cent of total deposits by fresh issue of capital, calling up of uncalled capital and periodical transfers to reserve fund. Very rightly, the Reserve Bank has called upon banks to set up healthy conventions in this regard instead of the more drastic course of bringing about legislation.

"The Reserve Bank has also expressed approval of the general consensus that inner reserves of banks should be strengthened. It is to be hoped that, in the context of increasing costs facing the industry, banks will be provided incentives to build up their inner reserves.

"In full conformity with the Reserve Bank's advice to banks, your Bank is endeavouring to build up its capital funds-deposit ratio, which will no doubt greatly assist the increased future progress of your Bank. I may recall again, in this connection, that the fresh issue of equity capital of Rs. 25 lakhs made during the year met with subscriptions well in excess of the issue. I trust you will no doubt be pleased to note that, after the usual and necessary provisions including provision for income-tax and the proposed transfer of Rs. 6.70 lakhs to the reserve fund, your Bank's reserve fund, together with share premium, stands at Rs. 63 lakhs. Incidentally, I may mention that, as against a transfer of 20 per cent of profits after taxation expected of banks which works out to Rs. 4.25 lakhs in the case of your Bank, a transfer of Rs. 6.70 lakhs to the reserve fund has been recommended by your Board. After recommending a provision of Rs. 4 lakhs for bonus to staff and appropriation to the reserve fund referred to above, your Directors have recommended payment of equity dividend at 15 per cent subject to tax, that is, the same rate as during the last year.

Inter-Bank Agreement on Deposit Rates

"To a fair degree, the Inter-Bank Agreement on Deposit Rates has no doubt gone some way in eliminating unhealthy competition in deposit rates between banks. But it is becoming increasingly evident that the offering of the same rates by the big banks (with deposits of Rs. 100 crores and over) and by banks with deposits of over Rs. 25 crores and less than Rs. 100 crores hinders the growth of deposits of the latter group of banks who play a no less vital role in the economy of the country. These middle-sized banks are virtually sandwiched between the big and small banks.

"The big ones have the advantage of their size and prestige and the smaller banks of higher rates. The deposits of the middle group have no doubt increased, but figures reveal that the increases are vastly more in the few big banks; and middle-sized banks should have done better, if they had the latitude to offer a slightly higher rate.

"In this connection, the move by the Indian Banks' Association in setting up a committee to examine the question about setting up a middle category under the Agreement is greatly to be welcomed. We sincerely hope the Committee will find a way of resolving the tangle and of bringing about an equitable solution so necessary for the speedy growth of banking in the country.

Banks Taken Over and New Branches

"During the year 1961, your Bank took over four small banks, three in Kerala State, namely, the Bank of Kerala Ltd., Trivandrum, the Seasia Midland Bank Ltd., Alleppey, and the Trivandrum Permanent Bank Ltd., Trivandrum; and one in Andhra State, namely, the G. Raghunathmull Bank Ltd., Hyderabad.

"The easily realisable assets were sufficient to meet the deposit liabilities fully in the case of the Seasia Midland Bank Ltd. and the Trivandrum Permanent Bank Ltd., and partially in the case of the other two banks. Your Bank assiduously addressed itself immediately to the task of rehabilitating the affairs of these units.

"And it is a matter for gratification that considerable progress has attended our efforts in recovering a sizable portion of the sticky advances of the banks taken over. With this pace of progress, it may be possible to pay the depositors of the other two units to a larger extent than was expected initially.

"For training the staff absorbed from these banks, two training courses were conducted by the Staff Training School of your Bank, one at Trivandrum and another at Hyderabad. In addition, the supervisory staff in these units are deputed for training in our methods at the administrative office at Bangalore and at our other bigger offices from time to time.

Expansion of Activity

"What is specially gratifying is that your Bank has met with spontaneous response of the public at all the 22 branches of the banks taken over and the surrounding areas, and a steady increase in business has been recorded in all these centres.

"Two regional offices of your Bank, one for Kerala at Trivandrum and another for Tamilnad at Madras, have been set up with experienced senior managers in charge for more effective co-ordination and development of business in these two regions.

"Your Bank's branches, including the nine new branches opened during the year detailed in the annual report, now number 115, as against 84 at the end of 1960. This substantial increase in the number of offices, area of operation and in the number of clients, coupled with the programme of branch expansion that your Bank has in view for 1962, augurs well for the accelerated growth of the Bank during the current year and in the years ahead.

"At the close of the year under review, the personnel of your Bank number 2,706, as against 2,002 and 1,679, respectively, at the end of 1960 and 1959. In 1961, one of our Branch Managers underwent a refresher course with Deutsche Bank Ltd., A. G. Hamburg. Three more Managers have been selected for training in West Germany this year. We are deeply grateful to these foreign bank friends for affording us these facilities.

"Shri K. Narasimha Shenoy of the Bank's G. N. Street, Madras Branch, a former General Secretary of the Canara Bank Employees' Union, was accorded duty leave by your Bank and proceeded as a nominee of the *Hind Mazdur Sabha* for study of labour administration, trade union work, etc., under the Foreign Specialist Trade Union Project of the United States Government.

"We are also availing of the opportunities for training afforded by the Bankers Training College of the Reserve Bank of India at Bombay.

"I thank our shareholders, constituents and staff for the co-operation they have extended during the year."

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

THE CANARA INDUSTRIAL AND BANKING SYNDICATE LTD.

CHAIRMAN, DR. T. M. A. PAI'S STATEMENT

BANKING HAS TO EXPAND IF IT IS TO SURVIVE

IN banking, there was only one way, said Dr. T. M. A. Pai, Chairman of the Canara Industrial and Banking Syndicate Limited, in the course of his statement at the annual general meeting of the Bank held at Udipi on Saturday, 31st March 1962, and that was to go forward. Even a static condition without any growth in deposits was likely to react unfavourably on the economy of any bank in the face of mounting expenditure over establishment and other charges. The recent rise in the rates of interest on deposits was indicative of the anxiety of the banking system not to allow the surplus money in the hands of the people to flow into other sectors. This had added considerably to the cost of deposits, he stated, as this rise would ultimately affect the entire deposit structure. The fringe benefits that were now being offered to depositors every day in a competitive spirit by all the banks, he went on, showed the anxiety of banks for competition in service, which alone could help the growth of a bank in the face of agreed rates of interest on deposits.

The following is the full text of Dr. Pai's statement:

"Notable increases in deposits, loans and net earnings to new year-end high levels were the outstanding features of your Bank in the year 1961.

Deposits and Advances

"The total deposits of the Syndicate have increased from Rs. 18.87 crores to Rs. 24.63 crores, a rise of Rs. 5.76 crores, representing 30 per cent increase over the previous year's figures, as against 10.4 per cent rise last year. The number of deposit accounts have increased from 2,56,118 to 3,13,378 showing an increase of 57,260 accounts during the year. This represents an increase of 22 per cent in the number of accounts over the 1960 figures. The rise in deposits has notably been under time liabilities, the preponderance of which has continued in our deposit structure. The time deposits now form 69 per cent of our total deposits as against 67 per cent in 1960 and 68 per cent in 1959. The savings bank deposits have been steady at 17 per cent of the total deposits. Increasing efforts have been made to get a larger number of people to deal with the Bank through regular campaigns for savings bank accounts.

"The total advances including bills discounted stood on 31st December 1961 at Rs. 15.45 crores and were higher by Rs. 3.22 crores over the previous year's figures, representing a rise of 26 per cent. As in previous years, the total advances were about 60 per cent of the aggregate capital, reserves and deposits of the Bank. Secured advances formed 86 per cent of the total advances. While investments in Government Securities formed 31 per cent of the total deposits, advances formed nearly 62 per cent of the total deposits.

Earnings, Expenses and Dividends

"The gross earnings of the Bank have improved from Rs. 1.34 crores in 1960 to Rs. 1.57 crores in 1961, showing an increase of 17 per cent over the previous year's figures and reflect the higher earnings due to the improvement in advances by Rs. 3.22 crores and investments by Rs. 2.77 crores. Interest received on advances and investments and discount on bills discounted, together account for 91 per cent of the Bank's earnings as in 1960. The earnings under commission, exchange and brokerage were 16 per cent higher than in last year and constitute 6 per cent of the total gross earnings. There has been a welcome improvement under collection business handled by the Bank, as evidenced by the figures of bills receivable for collection and acceptances which amounted to Rs. 2.31 crores as on 31st December 1961, as against Rs. 1.85 crores as on 31st December 1960. The net earnings of the Bank which were at Rs. 32.10 lakhs for 1961 were higher than last year by Rs. 6.87 lakhs and amounted to 20 per cent of the gross earnings of the Bank. Interest paid on deposits and borrowings constitute 39 per cent of the gross income, the percentage being the same as in 1960. Establishment charges have taken up 30 per cent of the gross income as in 1960 and were 17 per cent higher than last year. Out of the net earnings of Rs. 32.10 lakhs for the year, 34 per cent amounting to Rs. 11 lakhs have been transferred to reserves and 20 per cent amounting to Rs. 6.53 lakhs is to be paid out as dividends to the shareholders. For payment of tax, an amount of Rs. 12.25 lakhs is set apart, which constitutes 38 per cent of the net income. The dividends payable to the shareholders as a percentage of the capital and reserves will be 6 per cent this year as against 7 per cent last year.

Capital and Reserves

"The advice of the Reserve Bank that the Banks should improve the capital and reserves structure to form at least 6 per cent of the total deposits, is timely. By transferring larger amounts to the reserves and increasing the paid-up capital of the Bank, your Directors are making every effort to improve the percentage for your Bank. From the profits of 1961, an amount of Rs. 11 lakhs has been transferred to the reserves of the Bank as against Rs. 7.5 lakhs last year. This will increase the reserves to Rs. 53,50,000 compared to the paid-up capital of Rs. 48,07,000 as on 31st December 1961. For the first time the Bank's reserves have exceeded the paid-up capital and the total of paid-up capital and reserves now exceeds Rs. 1 crore. Together with this, the capital of the Bank is also being increased and we propose shortly to come out with an issue of fresh capital of Rs. 50 lakhs which will be offered at a premium of 10 per cent to the existing shareholders. Necessary consent of the Controller of Capital Issues has been obtained for this. I am happy that the shareholders have also recently resolved to increase the authorised capital of the Bank to Rs. 2 crores from Rs. 1 crore to enable further increase in the capital structure, which it will no doubt be necessary to issue within a few years in the light of the phenomenal increase in deposits of the Bank in recent years. The various measures that are now being taken in the country to improve the structure of the banking system are to be particularly welcomed. Not only have banks been advised to transfer large amounts to their published reserves, but also build up secret reserves to provide additional strength in any time of stress and strain. Your Bank will endeavour always to do its best to build up these healthy traditions, consolidate its position and build up its strength from year to year.

"Another event which is of particular significance to depositors in the country is the formation of the Deposit Insurance Corporation, which has started functioning from 1st January 1962. Deposits of the Syndicate are covered by the insurance protection afforded by the Corporation.

New Branches

"The total number of branches of the Bank which was 141 as on 31st December 1960 has now improved to 159 with the taking over by us of some banks last year and the opening of new branches. The Bank has continued to place before itself the ideal of extension of banking facilities to towns not already served by banks, in the opening of new branches. We have opened branches at Javali, Siddapur, Ramadurga, and Gundlupet since January last year, all these being places not having any branches of scheduled banks.

Increase in Deposits

"I am glad that there is an increased awareness in the Indian banking system of the compelling need for extension of banking service not only to new areas, but larger sections of the society. Unless banks make a positive effort in reaching larger sections of the people to make them bank-minded and cover a larger sector of the unorganised money market in this country, we would not have done our duty for the country. In banking, there is only one way and that is to go forward and even a static condition without any growth in deposits is likely to react unfavourably on the economy of any bank in the face of mounting expenditure over establishment and other charges. The recent rise in the rates of interest on deposits is indicative of the anxiety of the banking system not to allow the surplus money in the hands of the people to flow into other sectors. This has added considerably to the cost of deposits, as this rise would ultimately affect the entire deposit structure. The fringe benefits that are now being offered every day in a competitive spirit by all the banks, show the anxiety of the banks for competition in service, which alone should help the growth of a bank in the face of agreed rates of interest on deposits. Your Directors have always felt that the progress of a bank should be judged not by the increase in deposits that a bank is able to have during the year, however important this factor is, but by the increasing number of accounts that a bank is able to add to itself. This attitude of ours has been able to help the Bank to increase the number of accounts both under deposits and borrowing accounts from 3,79,685 to 4,74,111 during the last year. While profits of the Indian banks as a whole have been good, the problems before each of us is to reduce the cost of service and pass on this benefit by the increased efficiency of the system to the clientele.

Staff Training

"The Staff Training College established by the Bank has continued to train young men and women joining our services, so as to equip them with the necessary banking knowledge and inculcate in them a spirit of service, for which very great attention is paid. The total number of the employees of the Bank increased during the year from 1,606 in 1960 to 1,933 in 1961. The training of officers is also receiving attention of your Directors and a special scheme of training is now in hand for training of young men for responsible positions at our offices.

Amalgamations

"During the year, under Section 45 of the Banking Companies Act, we were asked by the Reserve Bank of India to take over the Catholic Bank Ltd., Pie Money Bank Ltd., Mulki Bank Ltd. and the Peoples Bank Ltd. In the case of the first three we were able to pay back 100 per cent of the deposits. In the last case, we are sorry, it was not possible for us to offer more than 40 per cent of the total deposits back, though efforts are now being made to improve this figure. A number of proposals for voluntary amalgamations are before us and within a month or two, some of them might be finalised. We are happy, we have been able to absorb these units with ourselves with the least friction and with maximum advantage.

"We are also happy that the Indian Banks' Association proposed to have a convention early this year, where all aspects of Indian banking could be considered. There is a great deal to do together, not only to standardise ourselves, but arrive at an understanding which would help us to achieve the goal of widespread banking in this country.

Inter-Bank Agreement

"Our Bank has been a party to the Inter-bank Agreement with regard to interest rates on deposits. It is indisputable that this agreement among banks has led to healthy traditions being built up. The agreement has been working quite satisfactorily and has stopped the unhealthy practice among banks to secure each other's deposits, by offering higher rates of interest. The recent move among the Indian banks to have an agreement in the matter of rates of interest charged by them on different types of advances is again a step in the right direction, as it is but proper that people all over the country pay the same charges and interest for the money borrowed by them for their trade or industries. A well-knit and well developed banking system must be able to render its services, whether in the matter of accepting of deposits or making advances or collection of bills at fairly the same rates all over the country.

Third Plan

"The third Five-year Plan is now on the anvil and the country's economy must gear itself up to the great size and the potentials of the Plan, if the targets and expectations of the Plan are to be realised. The vast size of the Plan involving an outlay of over Rs. 10,000 crores should bring about great economic prosperity and industrial and agricultural progress during the next five years and it is upto us to see that every co-operation is given in the matter and no effort spared in the great task before us. The banking institutions in the country have to play a most essential and useful role in the financing of the large number of new small industries that are now coming up in the country as ancillary to basic industries and in providing agriculture with the necessary funds for bringing new land into cultivation, so that proper use may be made by the private sector of what the public sector provides. The schemes of the Reserve Bank in the matter of financing of small-scale industries and of the Refinance Corporation, illustrate as to how the Central Bank can assist banks in financing such industrial ventures and contributing to greater production. It is necessary that banks should come forward to avail of these facilities offered by the Reserve Bank and take greater interest in contributing to national development.

"You are no doubt aware that I have retired from the office of Managing Directorship of the Bank in November 1961 and Sri T. A. Pai who was the Deputy Chief Officer has been appointed by the Board as Managing Director in my place. With his characteristic zeal, spirit of service and great ability, I am sure the Bank will continue to make great progress under his stewardship in the years to come.

"I wish to express my sincere thanks to our valued customers for their continued patronage and to the Bank's Directors and shareholders for their enthusiastic co-operation, I am deeply appreciative of the services of Sri T. A. Pai, the Managing Director and the continued hard work and co-operation of the employees during the year. I am confident that with their enthusiasm and continued support, the Syndicate will reach yet another landmark in the coming year."

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

NEW ADVANCES IN ATOMS FOR PEACE

A special report, issued by the U.S. Atomic Energy Commission, Washington, summarises new advances in the use of the atom for peace. The 333-page report covers AEC-sponsored research work for the year ended 30th June 1961. It contains a number of previously unreported advances. "The increasing benefits," the Commission says, "cover an ever-broadening range as the versatility of the atom's inherent energy continues to amaze scientist and layman alike." Examples of advances include: (a) successful experiments in sterilising by radiation the larvæ of the cotton boll weevil that could lead to its eradication; (b) testing a form of uranium that acts as both fuel and a thermocouple in an atomic reactor to produce electricity directly; (c) development of a tiny radiation detection that is inserted into the heart to diagnose and pinpoint disorders. Other developments noted include:

New techniques that have improved surgeons' use of radioiodine to trace cancer that has spread from a thyroid cancer and so assist in removing diseased tissue. Through comparative measurements of radioactivity picked up in space by an American satellite and of radioactivity in meteorities found on earth, scientists are estimating the original size of meteors; most of a meteor is burnt up in the earth's atmosphere before striking earth.

An ultrasonic senior device that accurately determines the level of water in very "hot" nuclear reactors, a factor which has a strong bearing on safe operation of reactors using water as a coolant.

VITAMIN 'C' PROJECT

The Government of India has approved a scheme for the production of Vitamin 'C' to be undertaken by the Hindustan Antibiotics Ltd., Pimpri, a public sector undertaking. The project, which is estimated to cost Rs. 60 lakhs, of which Rs. 33 lakhs will be required for import of capital equipment, will manufacture 48 tons of Vitamin 'C' annually. A special feature of this project is that the entire cost will be met by the Hindustan Antibiotics Ltd. from its own resources.

The scheme is based on the processes and research developed in the National Chemical Laboratory, Poona. The starting material would be *sorbitol*, which will have to be imported in the initial stages. The National Chemical Laboratory is working on a process for the indigenous production of sorbitol from glucose. Experiments on laboratory scale for conversion of glucose into sorbitol have been completed at the Laboratory and it is hoped that even before the Vitamin 'C' plant is installed at Pimpri, pilot plant trials for the conversion of glucose to sorbitol would have been completed. In that case, even initial imports of sorbitol will be dispensed with and the product manufactured from the indigenous glucose.

INDIA SUGARS AND REFINERIES LTD.

SPEECH OF CHAIRMAN, MR. RAJESHWARA PATEL

MORE EXPORTS AND HIGHER INTERNAL CONSUMPTION OF SUGAR IMPERATIVE

THE view that the only solution to the problem of sugar surplus lay in the rapid development of export market was reiterated by Mr. Rajeshwara Patel, M.P., Chairman of the India Sugars and Refineries Ltd., when he addressed the shareholders of the Company at their Twenty-eighth Annual General Meeting held at Hospet on Saturday, 31st March 1962. Exports of about 600,000 tons of sugar, Mr. Rajeshwara Patel declared, would enable the industry to function satisfactorily with its present installed capacity. He also urged that, along with efforts to export more, ways and means would have to be devised for bringing about a steady increase in internal consumption also.

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

"GENTLEMEN,

"Before commencing the proceedings of the meeting, it is my melancholy duty to convey to you the news of the sad demise of our Chairman, *Rukn-ul-mulk* S. Abdul Wajid, on 27th November 1961. He had been ailing for some considerable time and, even last year, his health did not allow him to participate in the annual meeting. As mentioned in the Directors' report, he had been associated with your Company from its very inception and for the last 20 years had been the Chairman of the Board. Personally, I moved with him in close intimacy during the last five years and, with every passing year, our friendship found fresh points of contact and concord. In his death, the Company has lost the services and guidance of a mature intellect and mellowed wisdom. I would now request you all to stand up and observe two minutes' silence as a mark of respect to the deceased.

Stocks Mount Up

"It gives me pleasure to welcome you to the twenty-eighth annual general meeting of this Company. The accounts for the year ended 30th September 1961 and the report of the Directors thereon have been in your hands for the statutory period and, with your permission, I shall take them as read. The results contained therein reflect the position that was forecast in my statement at the last annual general meeting, namely, that stocks at our factory would mount up due to the increase in the all-India sugar production.

"You will agree with me that our Company has done well during the year under review. The quantity of cane crushed and sugar produced during the year constitute a record for the factory. While the achievement, by itself, is gratifying, the immediate benefit was largely offset because of smaller releases of sugar. Now that decontrol has come in the wake of overproduction, with very uncertain prospects as to the size of exports, we are entering a period marked by unstable prices and selling pressure. Already the prices have indicated a steep fall and, unless they attain stability, the sugar industry would have to face very serious consequences.

Profit Not Much

"Again, with the falling prices of sugar, the industry has been asked to implement the recommendations of the Central Wage Board for Sugar Industry. Even so, your Company has been the first to adopt and give effect to the recommendations. Added to all these, with the increased cost on labour, stores and spares and also owing to the large carryover of stocks, interest and insurance charges on the large quantity, the profits for the year under review could not be spectacular. It is feared that continuance of these difficult conditions would not permit any better results the next year either.

Sugar Export

"As I mentioned in my statement last year, the only solution of the surplus position of sugar in the country lies in the rapid development of the export market. The little quantity of sugar we are exporting at the moment will not help the country in clearing all the surplus stocks. An outlet for about six lakh tons of sugar at least in the export market would enable the industry to function satisfactorily with its present installed capacity. Along with this effort to export more, ways and means will have to be devised for a steady increase in internal consumption also.

"It is a matter of some satisfaction that the Government, after all, have realised the dangers of overproduction and have decided upon certain measures to combat it. They have, for the time being, stayed the licences for new units to install fresh capacities. They have also put a ceiling to the production of sugar for the season of the existing units. But as we all know, the prosperity of the sugar industry would ultimately depend upon the maximum utilisation of its various by-products. Your Directors' attention has been drawn to this aspect of the problem and they have taken concrete steps to increase the manufacture of by-product like spirit and explore the possibility of better utilisation of bagasse also.

"The Government of India have issued a licence to a Bangalore firm for putting up a paper mill unit in our area. We have already been approached by this firm for concluding an arrangement to supply bagasse to the proposed paper mills and the paper mills would be responsible for supplying our factory with the necessary oil-fired boilers and the requisite oil fuel. No capital expenditure will be incurred by the Company as a result of this changeover. This matter is still in the stage of negotiation and no final decision has been reached so far.

Cane Cess

"Although it was not entirely unexpected, the validation of the Sugarcane Cess Act with retrospective effect has deprived the Company of the anticipated reimbursement of a substantial sum of money consequent on the Supreme Court's declaring the imposition of cess *ultra vires*. However, as indicated in the Directors' report, the matter is now being examined by the Company's legal advisers and the Directors would certainly take appropriate steps according to such legal advice.

"I am happy to inform you that the progress registered by your subsidiary company, the Salar Jung Sugar Mills Ltd., is even more substantial than the previous year. The steady way in which this unit is marching, we feel confident of its future financial stability. And this in turn would become a substantial source of revenue to your Company.

"Two of your Directors, Sarvashri Rajeshwara Patel, M.P., and O. V. Alagesan, M.P., retire under rotation as per Article 105 of the Articles of Association of the Company.

"I take this opportunity to thank my colleagues on the Board of Directors who have all along given me their guidance, advice and support. Finally, I desire to record our warm appreciation of the efficient and devoted work our officers, staff and workers have given you during the last year.

"I now formally move the adoption of the Directors' report and the audited accounts for the year ended 30th September 1961."

The Directors' report and the accounts for the year ended 30th September 1961 were adopted and a dividend on preference shares at 7½ per cent (subject to tax) as calculated in accordance with the Preference Share (Regulation of Dividends) Act, 1960 and a dividend on the ordinary shares at 10 per cent subject to deduction of income-tax were declared for the year ended 30th September 1961, payable on or after 16th April 1962.

Sri O. V. Alagesan and Sri Rajeshwara Patel were re-elected to the Board and the Auditors, Sarvashri R. Narasimhan of Bombay and M. S. Krishnaswami and Jagannathan of Madras, were reappointed.

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

An allotment of 50,000 tons to India is made in the non-quota sugar authorised for purchase and import into the U.S. during the first six months of 1962. This follows the increase of 149,000 tons in the quantity of non-quota sugar authorised for purchase and import during the six months. An additional 25,105 tons still remain to be allocated. The 149,000 tons and the 25,105 tons represent the quantity of sugar authorised for import which was left uncommitted when the U.S. ceased sugar imports from Cuba.

THE UNITED COMMERCIAL BANK, LIMITED

(INCORPORATED ON 6TH JANUARY, 1943)

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Nineteenth Annual Report together with the Accounts of the Bank for the year ended 31st December, 1961.

The net profit for the year, after providing for taxes and for all known and anticipated charges, and including Rs. 1,46,870.98 brought forward from the previous account, amounts to .. .. Rs. 74,07,428 02

The Directors have transferred Rs. 30,00,000 to the Reserve Fund, Rs. 4,00,000 to the newly constituted Gratuity Trust Fund and provided Rs. 14,00,000 for bonus to staff. They now recommend the payment of a dividend at Rs. 6.00 per share, subject to deduction of tax, which will absorb Rs. 24,00,000, leaving an unappropriated balance of Rs. 2,07,428.02 to be carried forward.

The working of the Bank during the year was satisfactory with the deposits standing at a higher level than a year ago.

During the year branches of the Bank were opened at Dhanbad, Khairthal, Kozhikode, Ghatkopar Bombay), Dharamtalla Street (Calcutta), Kamlanagar (Delhi), Rourkela Bazar and Vikram University (Ujjain).

Having regard to the desirability of increasing the ratio of the paid-up capital and reserve fund to the deposits of the bank the Directors have decided to offer to the shareholders 200,000 shares forming part of the unissued capital of the bank for subscription in cash at a premium of Rs. 25 per share and call up in the first instance half the nominal amount of these shares together with premium. An application has been made to the Controller of Capital Issues for sanction of these proposals and necessary resolutions for giving effect to them will be submitted for your approval after receipt of his consent.

The Directors are thankful to the Shareholders and the clients of the Bank for their continued support. They also express their gratitude to the Bank's Advisers and Advisory Committees for their able help and guidance.

The Directors place on record their appreciation of the services of the General Manager and the Officers and Staff of the Bank during the year.

The Directors retiring by rotation under Article 92 of the Bank's Articles of Association are Mr. M. L. Dahanukar, Mr. P. D. Himatsingka, Mr. A. C. Law and Mr. T. S. Rajam, who offer themselves for re-appointment. Mr. M. L. Dahanukar and Mr. P. D. Himatsingka have both attained the age of 72 years and special notices of resolutions for their re-appointment have been given in terms of Sections 190 and 281 of the Companies Act, 1956.

The Shareholders are requested to appoint auditors for the current year and to fix their remuneration.

On behalf of the Board,
G. D. BIRLA,
Chairman.

BOMBAY, *17th March*, 1962.

BALANCE SHEET AS AT 31st DECEMBER 1961

December 31, 1960 Rs.	December 31, 1960 Rs.	CAPITAL AND LIABILITIES	December 31, 1961 Rs.	nP	December 31, 1961 Rs.	nP
		1. Capital—				
8,00,00,000		AUTHORISED CAPITAL— 8,00,000 shares of Rs. 100 each ..	8,00,00,000	00		
4,00,00,000		ISSUED AND SUBSCRIBED CAPITAL— 4,00,000 shares of Rs. 100 each ..	4,00,000	00		
	2,00,00,000	AMOUNT CALLED UP— 4,00,000 shares at Rs. 50 per share..			2,00,00,000	00
	2,05,00,000	**2. Reserve Fund and Other Reserves—** Reserve Fund			2,35,00,000	00
		3. Deposits and Other Accounts—				
49,23,76,842		Fixed Deposits	54,94,61,714	76		
9,25,54,088		Savings Bank Deposits	10,89,25,205	26		
		Current Accounts, Contingency				
30,44,56,523		Accounts, etc.	33,06,52,778	50		
	88,93,87,453				98,90,39,698	52
		4. Borrowings from Other Banking Companies, Agents, etc.—				
9,12,75,000		(i) In India .. .. [Includes an amount of Rs. 83,50,000 (Previous Year—Rs. 70,00,000) borrowed from Refinance Corporation for Industry Ltd. and an amount of Rs. 1,25,00,000 (Previous Year—Rs. 72,00,000) borrowed from Reserve Bank of India under Section 17 (4) (c) of The Reserve Bank of India Act.]	2,20,50,000	00		
19,53,111		(ii) Outside India	48,78,050	65	2,69,28,050	65
	9,32,28,111					
		PARTICULARS—				
9,20,14,423		(i) Secured by part of Investments and Advances per contra ..	2,65,79,864	21		
12,13,688		(ii) Unsecured	3,48,186	44		
9,32,28,111			2,69,28,050	65		
	1,23,50,998	**5. Bills Payable**			1,24,75,406	46
		6. Bills for Collection Being Bills Receivable as per contra—				
5,99,88,460		(i) Payable in India	6,42,75,274	88		
4,83,01,315		(ii) Payable outside India	3,67,92,318	98		
	10,82,89,775				10,10,67,593	86
		7 Other Liabilities—				
3,44,84,942		(i) Branch adjustments	3,97,94,942	17		
3,52,888		(ii) Unclaimed Dividends, etc. ..	4,34,468	12		
	3,48,37,830				4,02,29,410	29
		8. Acceptances, Endorsements and Other Obligations per contra			23,69,02,786	09
	31,24,40,159					
		9. Profit and Loss—				
23,04,096		Profit as per last balance-sheet ..	25,46,870	98		
22,00,000		LESS—Dividend	24,00,000	00		
1,04,096			1,46,870	98		
67,42,775		ADD—Profit for the year	72,60,557	04		
68,46,871			74,07,428	02		
		LESS—Appropriations made— Rs. nP				
30,00,000		To Reserve Fund .. 30,00,000 00				
....		To Gratuity Trust Fund .. 4,00,000 00				
13,00,000		To Bonus to Staff .. 14,00,000 00				
43,00,000			48,00,000	00		
	25,46,871				26,07,428	02
		10. Contingent Liabilities— Rs. nP				
		(i) On Partly Paid Shares .. 20,95,550 00				
		(ii) Claims against the banking company not acknowledged as debts .. 3,39,702 75				
		(iii) Guarantees given on behalf of Customers and Correspondent Banks 15,98,92,370 30				
		(iv) On Foreign Bills Re-discounted of which upto 2nd March 1962 Rs. 57,58,272.78 have run off .. 1,29,21,843 07				
		(v) Forward Exchange Contracts outstanding for the purchase and sale of Bills and Telegraphic Transfers of which upto 2nd March 1962 Rs. 13,21,24,035 .93 have been delivered .. 25,34,26,388 07				
		(vi) There is a liability for outstanding bills, not certified by the architects, in respect of the Bank's buildings.				
1,49,35,81,197		Carried forward ..			1,45,27,50,373	89

December 31, 1960 Rs.	December 31, 1960 Rs.	PROPERTY AND ASSETS	December 31, 1961 Rs.	nP	December 31, 1961 Rs.	nP
		1. Cash— In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes).				
	6,25,63,148				6,09,12,494	92
		2. Balances with Other Banks (including Foreign Government Treasuries)—				
		On Current Account— Rs. nP				
18,58,326		(i) In India .. 20,34,910 05				
2,08,69,896		(ii) Outside India .. 1,57,32,736 08				
2,27,28,222						
		On Deposit Account—				
6,80,000		In India (Staff Security)			1,77,67,646	13
	2,34,08,222				....	
	97,00,000	**3. Money at Call and Short Notice**			1,77,67,646	13
	9,56,71,370				79,30,000	00
		4. Investments (at below market value)—			8,66,10,141	05
		(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments	32,97,71,404	04		
30,92,64,551		[(ii) Shares—				
16,85,910		(a) Fully Paid Preference Shares.	35,67,962	50		
6,74,000		(b) Partly Paid Preference Shares	....			
25,57,825		(c) Fully Paid Ordinary Shares..	25,57,825	00		
13,08,472		(d) Partly Paid Ordinary Shares..	11,36,560	00		
11,96,900		(iii) Debentures or Bonds	2,76,187	50		
		(iv) Securities of the U.S.A., Burma, Malaya, Singapore and Pakistan Governments and Foreign Trustee Securities				
2,21,40,873		(v) Gold	2,24,12,106	62		
....			....			
	33,88,28,581				35,97,22,045	66
		5. Advances (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—				
		(I) Loans, Cash Credits, Overdrafts, etc.— Rs. nP				
33,62,73,756		(i) In India .. *35,65,39,440 66				
8,84,59,382		(ii) Outside India .. 6,79,40,126 13				
42,47,33,138						
			42,44,79,566	79		
		(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments—				
8,55,57,553		(i) Payable in India .. †14,98,90,813 78				
10,35,59,332		(ii) Payable outside India.. 6,77,01,092 81				
18,91,16,885			21,75,91,906	59		
	†61,38,50,023				64,20,71,473	38
		[*Includes an amount of Rs. 83,50,000 (Previous Year—Rs. 70,00,000) relating to medium-term advances in respect of which finance has been obtained from Refinance Corporation for Industry Ltd.] [†Includes an amount of Rs. 5,04,00,000 (Previous Year—Rs. 72,00,000) of Usance Promissory Notes lodged with Reserve Bank of India for advances under Section 17(4) (c) of The Reserve Bank of India Act.]				
		PARTICULARS OF ADVANCES—				
48,94,32,983		(i) Debts considered good in respect of which the banking company is fully secured	51,61,06,281	17		
		[(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	6,29,17,298	02		
6,17,99,019		(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	6,30,47,894	19		
6,26,18,021		(iv) Debts considered doubtful or bad, not provided for	Nil			
Nil						
61,38,50,023			64,20,71,473	38		
		[(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons	13,45,426	78		
12,10,224		(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	7,64,76,170	91		
5,69,53,201		[(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..	13,45,426	78		
13,65,240		(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	8,03,87,650	66		
6,44,81,458		(ix) Due from banking companies ..	54,04,133	28		
38,42,103						
5,99,88,460		**6. Bills Receivable Being Bills for Collection** as per contra—				
4,83,01,315		(i) Payable in India	5,42,75,274	88		
	10,82,89,775	(ii) Payable outside India	3,67,92,318	98		
					10,10,67,593	86
	31,24,40,159	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra			23,69,02,786	09
60,98,082		**8. Premises Less Depreciation—** Cost as per last balance-sheet ..	98,59,583	50		
37,66,501		Additions (Rs. 79,866.77) Less deductions (Rs. Nil) during the year ..	79,866	77		
98,59,583			99,39,450	27		
13,67,429		LESS—Depreciation written off to date.	17,51,588	79		
	84,92,154				81,87,861	55
	1,47,75,72,012	Carried forward ..			1,43,45,61,901	59

THE UNITED COMMERCIAL BANK LIMITED—*Continued.*

December 31, 1960 Rs.	December 31, 1960 Rs.	CAPITAL AND LIABILITIES	December 31, 1961 Rs.	nP	December 31, 1961 Rs.	nP
	1,49,35,81,197	Brought forward ..			1,45,27,50,373	89
1,49,35,81,197		Total .. Rs.			1,45,27,50,373	89

December 31, 1960 Rs.	December 31, 1960 Rs.	PROPERTY AND ASSETS	December 31, 1961 Rs.	nP	December 31, 1961 Rs.	nP
	1,47,75,72,012	Brought forward ..			1,43,45,61,901	59
		9. Furniture and Fixtures Less Depreciation (including vehicles and equipment)—				
1,01,59,321		Cost as per last balance-sheet ..	1,11,83,793	88		
10,24,473		Additions (Rs. 7,57,285.03) Less deductions (Rs. 2,89,043.69) during the year	4,48,241	34		
1,11,83,794			1,16,32,035	22		
61,54,723		LESS—Depreciation written off to date.	71,02,140	49		
	50,29,071				45,29,894	73
		10. Other Assets, including Silver—				
		(i) Land and Buildings— Rs. nP				
42,83,468		Cost as per last balance-sheet .. 35,57,001 61				
		Additions (Rs. 6,97,027 35)				
		Less deductions (Rs. 21,277.77)				
7,51,624		during the year .. 6,75,749 58				
50,35,092			42,32,751 19			
14,78,090		LESS—Transfer to Premises account.				
35,57,002			42,32,751	19		
29,12,832		(ii) Interest accrued on Investments..	29,95,416	41		
		(iii) Estimated amount of refund of Income-tax and Advance Payment of Tax	55,46,812	77		
36,15,516		(Income-tax assessment for five years 1957 to 1961 not yet completed)				
48,464		(iv) Stamps and Stationery	69,797	20		
....	1,01,33,814	(v) Silver	....		1,28,44,777	57
		11. Non-Banking Assets Acquired in Satisfaction of Claims—				
	8,46,300	Land and Buildings (at below cost) ..			8,13,800	00
	....	**12. Profit and Loss**			....	
1,49,35,81,197		Total .. Rs.			1,45,27,50,373	89

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961.

Year ended Dec. 31, 1960 Rs.	EXPENDITURE	Year ended Dec. 31, 1961 Rs.	nP	Year ended Dec. 31, 1960 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended Dec. 31, 1961 Rs.	nP
2,52,33,901	1. Interest paid on Deposits, Borrowings, etc.	2,60,69,716	43	3,79,00,092	1. Interest and Discount	4,10,24,396	51
1,40,85,125	2. Salaries and Allowances and Provident Fund .. .. (Salary and Allowances of General Manager Rs. 84,000)	1,56,34,859	52	1,41,72,722	2. Commission, Exchange and Brokerage	1,42,37,899	80
	3. Directors' (Rs. 45,200) and Local Committee Members' Fees and Allowances	57,484	00	8,08,300	3. Rents	8,56,407	88
87,638	4. Rent, Taxes, Insurance, Lighting, etc.	18,80,204	63	....	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	....	
17,44,329	5. Law Charges	1,44,182	59				
1,31,714	6. Postage, Telegrams and Stamps	9,88,968	93	....	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	....	
7,93,640	7. Auditors' Fees for Statutory and Periodical Audits ..	1,62,202	00				
1,41,704	8. Depreciation on, and Repairs to the Banking Company's Property ..	15,36,174	39	....	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with, such Assets	25,535	36
15,12,866	9. Stationery, Printing, Advertisement, etc.	12,15,312	55	15,480	7. Other Receipts	1,739	00
12,50,477	10. Loss from Sale of, or Dealing with, Non-Banking Assets	....		1,686	8. Loss	....	
....	11. Other Expenditure	11,96,215	97	....			
11,67,011	12. Balance of Profit	72,60,557	04				
67,42,775	Item 2 includes Rs. 10,000 of contribution to Gratuity Trust Fund.						
5,28,98,270	Total .. Rs.	5,61,45,978	05	5,28,98,270	Total .. Rs.	5,61,45,978	05

The above Accounts have been drawn up in accordance with the provisions of Section 29 of the Banking Companies Act, 1949.

REPORT OF THE AUDITORS TO THE MEMBERS OF THE UNITED COMMERCIAL BANK, LIMITED

We have audited the attached Balance-sheet of The United Commercial Bank, Limited, as at 31st December, 1961, and the Profit and Loss Account of the Bank for the year ended upon that date, annexed thereto, in which are incorporated the Branch returns audited by the Statutory or other Auditors. The reports on the accounts of the Branches audited by other Auditors have been forwarded to us and dealt with in preparing our report in the manner considered necessary by us.

We report that :

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank;
(c) in our opinion, proper books of account, as required by law, have been kept by the Bank so far as appears from our examination of those books, and proper returns adequate for the purpose of our audit have been received from the Branches of the Bank;
(d) the Bank's Balance-sheet and Profit and Loss Account, dealt with by this report, are in agreement with the books of account and the returns;
(e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and, on such basis, the said Balance-sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

G. P. KAPADIA & CO.,
K. N. GUTGUTIA & CO.,
RAY & RAY,
Chartered Accountants.

BOMBAY, *9th March*, 1962.

S. T. SADASIVAN,
General Manager.

As per our report annexed.

G. P. KAPADIA & CO.,
K. N. GUTGUTIA & CO.,
RAY & RAY,
Chartered Accountants.

G. D. BIRLA, *Chairman.*
I. P. GOENKA,
A. C. LAW,
G. L. BANGUR,
P. D. HIMATSINGKA,
R. L. NOLANY.
M. L. SHAH,
M. L. DAHANUKAR,
M. L. TAPERIAH,
Y. N. MAFATLAL,
G. D. KOTHARI,
T. S. RAJAM,
Directors.

V. R. DESAI,
Chief Accountant.

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M. J. Maclaren,
General Manager.

AB—21

THE NIZAM SUGAR FACTORY LIMITED

MR. I. J. NAIDU ON SUGAR CRISIS

FINANCES OF INDUSTRY HEAVILY STRAINED BY STOCK ACCUMULATION

THE "severe crisis" through which the sugar industry has been passing was highlighted by Mr. I. J. Naidu, I.A.S., Chairman of the Nizam Sugar Factory Limited, in his speech at the Twenty-fourth Annual General Meeting of shareholders held at Hyderabad on Friday, 30th March 1962. Mr. Naidu pointed out that the belated announcement of the Government's decision to cut sugar production had created a problem to many factories that had already contracted as usual for the purchase of normal quantity of cane for crushing in the 1961-62 season. He also alluded to the removal of restrictions on inter-State movement of sugar. The result of this measure, he stated, was reflected in distress selling by some factories of whatever stocks they could dispose of, bringing down the selling price of sugar when the production cost was moving up on account of the implementation of the Wage Board's recommendations and export losses. He said that the large accumulation of stocks had caused a heavy strain on the financial resources of the sugar industry.

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

"I have great pleasure in extending to you a cordial welcome to the twenty-fourth annual general meeting of the Nizam Sugar Factory Limited. The Directors' report and the audited accounts for the year 1960-61, together with the comments of the Comptroller and Auditor General of India thereon under Section 619(4) of the Companies Act, 1956, have been in your hands for some time and, with your permission, I shall consider them as read.

Trends Reviewed

"I shall now briefly review the events that have taken place in the sugar industry since the last annual general meeting. The trend of increased production continued and, in the year 1960-61, production exceeded all previous records, touching a level of 29.8 lakh tons, as against 24.2 lakh tons during 1959-60 which was also a record till that year. This record production could mainly be attributed to the continued policy of the Government of providing incentives and increasing the crushing capacity of the industry. The area under the cane during this year touched a record figure of 57,34,000 acres, as compared with 52,20,000 acres of the last season, and, in terms of cane, the production touched a figure of 8,50,45,000 tons, as against 7,52,01,000 tons, that is, about 13.1 per cent increase over the last year's production. With a carryover of 5.4 lakh tons at the beginning of the season and a record production of 29.8 lakh tons, the sugar industry in the country was saddled with an unusually large stock of 35.2 lakh tons to be disposed of internally as well as in the foreign markets by exporting. Unfortunately the internal consumption has not kept pace with the rate of increased production but remains at about 20.5 lakh tons during the year. The export of sugar has not come up to expectations and about 1.00 lakh tons of sugar only have been exported, thus leaving about a carryover of 13.7 lakh tons at the beginning of 1961-62 season which, you will all agree, is a very huge carryover.

Fears Come True

"The fears expressed by the industry of a serious situation that would arise on account of large accumulation of sugar stocks have come true. The Government of India promulgated the Sugar (Regulation of Production) Ordinance 1961 on 29th September 1961, which has now become an Act, to curtail the sugar production this season by 10 per cent of last year's production, and any excess production over the quota fixed for each factory under this Act is subject to a levy of penal excise duty. The late announcement of the above restriction on production has created a problem to many factories who had already contracted as usual for purchase of normal quantity of cane for crushing in 1961-62 season.

"Further, with a view to affording facilities to factories to sell sugar in increased quantities, restrictions on inter-State movement of sugar were lifted, but control of releases of sugar for sale was retained. The result of this was reflected in distress selling by some factories of whatever stocks they could dispose of, bringing down the selling price of sugar when the production cost of sugar is moving up on account of the incidence of implementation of the Wage Board recommendations and export losses. There has not been any relief in the shape of liquidation of huge sugar stocks. The large accumulation of stocks has caused a heavy strain on the financial resources of the sugar industry. To sum up, the cumulative effect of these factors is that the sugar industry is now passing through a severe crisis.

Working of Factory

"I shall now proceed to review the working of your factory, which has also registered a record production. During the year under review, 6,48,916 tonnes of cane were crushed producing 65,219 tonnes of sugar with a recovery of 10.05 per cent, as against 4,99,670 tonnes (4,91,777 tons) of cane crushed producing 52,021 tonnes (51,199 tons) of sugar with a recovery of 10.41 per cent of the previous year. The factory commenced crushing operations on 7th of October 1960 and the season came to a close on 3rd June 1961. The duration of the season was 251 days which is longer by 37 days than in the previous year. This prolongation is due to the record crushing of 6,48,916 tonnes of cane which is an increase of 1,49,246 tonnes over the crushing of the previous ear. The output of sugar increased from 52,021 tonnes to 65,219.6 tonnes. The recovery has slightly fallen from 10.41 per cent to 10.05 per cent which is mainly due to the prolongation of the crushing season till 3rd June 1961. The factory farms produced and supplied 2,07,354 tonnes of cane, as against 2,28,009 tonnes (2,24,407 tons) in the previous year. The slight decrease in the production of cane on the farms is due to unfavourable climatic conditions.

"Your Company has made a gross profit of Rs. 81,33,275 for the year 1960-61, as against Rs. 1,11,65,834 of the previous year. Deducting Rs. 9,03,919 towards depreciation (including development rebate of Rs. 60,000), Rs. 90,484 for Managing Agency commission and Rs. 27,62,000 for taxation, the net profit is Rs. 43,76,872 which is less by Rs. 19,34,090 when compared to the net profit of Rs. 63,10,962 in the previous year. The decrease in profit this year is mainly due to (1) restricted releases of sugar for sale leading to large accumulation of stocks resulting in heavy loans and payment of increased interest, (2) slight fall in recovery percentage of sugar from cane on account of the season being continued till 3rd June 1961, (3) losses on export of sugar allotted to your Company, (4) additional expenditure on account of implementation of the recommendations of the Central Wage Board for Sugar Industry. There is nothing peculiar about the decline in profits of your Company, as it is the general experience of many sugar factories for reasons stated above.

"The sugar sales during the year aggregated 4,66,783 bags, as against the previous year's sale of 5,00,516 bags. Your Company has incurred loss to the tune of Rs. 23.72 lakhs on the export quota of 70,621 bags allotted to it.

"The minimum price of cane continued to be Re. 1.62 per maund of cane delivered at factory gate. This year also, your Directors have made a provision of Rs. 16,89,082 for extra price for cane at about Rs. 2.58 per tonne.

Dividend

"Your Directors have recommended payment of dividend on preference shares in terms of the Preference Shares (Regulation of Dividends) Act, 1960. Your Company has an income which is exempt from income-tax and, therefore, the grossing-up will be in the same proportion as the non-agricultural profit bears to the total profits of the Company. As per this, this year, the percentage of grossing-up is 23.87. Dividends on preference shares were paid to the shareholders by 31st of December 1961.

"In the case of ordinary shares, the dividend has been recommended at Rs. 5.75 per share of Rs. 25 fully paid, subject to deduction of tax. I am glad to say that the Company has maintained the same rate of dividend as paid during the previous year despite a decrease in profit.

"I am glad to inform you that the expansion scheme of increasing the crushing capacity of both the plants by 1,000 tons launched by your Company a few years back has now been completed and the expanded plant has gone into production this season. The rated crushing capacity of both the mills after expansion is 4,200 tons per day and we are hoping to achieve it fully at the earliest.

Production Quota

"Now I shall deal with the fixation of production quota for 1961-62 season for your factory. The Central Government promulgated the Sugar (Regulation of Production) Ordinance 1961 on 29th September 1961, which has now become an Act, for the regulation of production of sugar in 1961-62 crushing season. This Act came into force on the first day of November 1961. In exercise of the powers conferred by Section 7 of the above Ordinance, the Ministry of Food and Agriculture has made Rules and in terms of which, the production quota for each factory is fixed at 90 per cent of the sugar produced by it during the year 1959-60 or 1960-61 whichever is higher. In the case of your factory which has been granted a licence under the Industries (Development and Regulation) Act 1951, for effecting substantial expansion in its working capacity, but which for any reason was not able upto the close of the year 1960-61 to effect such expansion, it is entitled to a further quantity in terms of Section 3(b) of the rules made under the said Act.

"Before the Ordinance restricting production to 90 per cent of the previous year's production was promulgated your Company had already contracted cane in the normal course to the extent of nearly 7 lakh tons, including Company's own cane of about 2.5 lakh tons. Contract advance to the tune of Rs. 44 lakhs was already paid to the ryots for obtaining supplies of cane to your mills with a view to utilising fully the expanded capacity of both the plants. The Chief Director of Sugar and Vanaspati, Ministry of Food and Agriculture, New Delhi, has, in his order dated 14th March 1962, fixed 58,124.9 tonnes of sugar as the quantity which may be produced by your factory (1st and 2nd plants) during the year 1961-62. This production target, however, falls far short of the expected production of about 65,000 tonnes and your Company is corresponding with the Chief Director of Sugar and Vanaspati in this matter and hopes that the quota now fixed will be revised to cover the expected production this season.

"I am glad to inform you that your Company was one of the first to implement the recommendations of the Central Wage Board for Sugar Industry. About 6,400 employees are benefited and the annual burden on the Company on account of implementing the above recommendations is about Rs. 14.28 lakhs.

Confectionery

"The working results of the confectionery plant show a loss of Rs. 1,64,546, as against Rs. 1,34,615 of the previous year. Competition in this line is very keen and the sales of confectionery has not reached the targeted figure of Rs. 12 lakhs. The agents appointed for pushing sales of our products failed to give the results expected of them and the Company has now taken over this work by its own sales organisation. A well planned advertisement campaign was found very essential, as, without proper publicity, it will be very difficult to push the sales against rival brands who widely advertise their goods. The management now has entrusted this work to Messrs. Bomas Ltd. who are experts having a very high reputation in this field. Further, the required number of delivery vans have also been purchased and placed at the disposal of our sales organisation. It is expected that, this year, the Company will be able to reach a target of sales of Rs. 12 lakhs.

"The position regarding the availability of new tractors has not improved. Your Company is pursuing the matter and it is hoped that a fleet of new tractors will be obtained as early as possible.

"The erection of CO_2 plant is now complete and it is expected to go into production in about a couple of months. Agreements between the Nizam Sugar Factory Limited and the Government Power Alcohol Factory for management

(*Continued on next page*)

SWITZERLAND AND INTERNATIONAL CAPITAL TRANSFERS

STORY OF A SUCCESSFUL MONETARY POLICY

FROM the monetary point of view, Switzerland has passed through uneasy times of late. As often in periods of political and monetary crisis, since the summer of 1960 she has again and again become the target of international capital movements. World political tensions and confidence crises of a monetary nature have caused the repatriation of Swiss capital from abroad and the transfer of foreign funds to Switzerland. For other countries such capital inflows might have meant a welcome strengthening of monetary reserves; for Switzerland, however, they were anything but welcome since, in view of her extremely strained economy, every increase in the volume of liquid funds available on the domestic market brought with it the danger of additional inflationary impacts.

When, therefore, in July 1960 the first wave of capital movements towards Switzerland occurred, set off by political events in Cuba and the Congo, the Swiss National Bank, as the institution responsible for the monetary and credit policy of the country, could not remain inactive. In order, in the first place, to check the inflow of foreign funds into Switzerland, the Swiss National Bank suggested to the Swiss banks the conclusion of a gentlemen's agreement designed to curb the influx of foreign funds and to decrease already existent foreign balances. Under the terms of this agreement, which came into force on 18th August 1960, the banks concerned undertook no longer to accept foreign funds at sight but only subject to a period of notice of at least three months, these conditions being applied to all sight deposits in Swiss francs received since 1st July 1960; furthermore, the banks agreed not to pay interest on such deposits. Deposits received for a period of less than six months are subject to a commission of 1 per cent per annum. In addition, the banks committed themselves to prevent, as far as possible, the use of new foreign funds for the purchase of Swiss franc investments, such as bonds, shares, property and mortgages. On the other hand, there are exceptional provisions for foreign funds serving the purpose of maintaining and cultivating traditional business relations with clients abroad and enabling the banks to carry out normal commercial operations between Switzerland and abroad. The agreement has since been prolonged for a further period of one year, that is up to 17th August 1962.

With the introduction of the gentlemen's agreement on foreign capital, nothing decisive had yet been done to check the enormous expansion of liquid resources available on the market. In order to absorb at least part of the accrued surplus funds, the Swiss National Bank, in agreement with the Federal Council, sold the banks at the beginning of October 1960 short-term Government securities to the value of 400 million francs, taking interest charges to its own account. The banks took over these securities in proportion to their liquidity. The equivalent of the funds thus withdrawn from the market was credited to the Confederation on blocked account.

A fresh and heavy inflow of foreign exchange occurred in the second half of October in connection with the international rise in gold prices, which was coupled with fears as to the future of the U.S. dollar. This time it was not so much a question of foreign funds, but of transfers originating from the liquidation of Swiss investments abroad.

Massive Inflow of Funds

In March 1961, international capital movements were again focused on Switzerland. After the revaluation of the German mark on 6th March and of the Dutch guilder on the same day, the view was widely held abroad that Switzerland would follow the example of Western Germany and the Netherlands. As a result, sizable capital transfers to Switzerland took place for speculative purposes, causing monetary reserves to grow. In a single day, that is on 6th March the Swiss National Bank had to take over dollars from the market of the value of 800 million francs. Official statements made to the general public to the effect that there was no question of revaluing the Swiss franc had a calming effect, although the rumours of a possible revaluation of the Swiss franc still remained alive for some time. However, in the spring of 1961, international pressure on the pound sterling unleashed new massive capital transfers to Switzerland. The fact that large amounts of money were withdrawn from London and transferred to Switzerland, as well as to other Continental countries, gave birth to the idea of putting part of the funds withdrawn at Great Britain's disposal again, so as to strengthen British monetary reserves and enable the Bank of England to ward off further attacks on the pound. To this effect, the Swiss National Bank opened up a dollar deposit of considerable magnitude with its British sister institution. Furthermore, it sold to the Bank of England appreciable amounts of gold against pound sterling on a forward basis by means of various swap transactions. The sterling amounts thus obtained and covered against exchange rate risks by the forward operation were made available by the central bank to the big Swiss banks for investment in British Treasury Bills.

However, there still remained to be solved the problem of the extremely heavy increase in cash resources at home. Sight deposits held with the central bank by the economy (banks, trade and industry) had grown by more than 1.4 billion francs on account of the heavy inflow of foreign exchange as a result of the DM revaluation and of the sterling crisis. In view of the inflationary dangers inherent in such an expansion of the money supply, the Swiss National Bank was faced with the urgent need to take measures to avoid any detrimental effects of the large expansion of liquid resources on the Swiss economy and, in particular, on the wage and price structure. Thanks to the understanding shown by the big banks, where by far the largest part of the money transfers had accumulated, it was possible to come to an agreement with the institutions concerned whereby the foreign funds transferred to Switzerland subsequent upon the Western German and Dutch revaluations had to be deposited with the central bank on a special blocked account. In principle, the blocking is to be maintained until such time as the funds which have flowed into Switzerland since March are withdrawn.

Surplus Skimmed Off

The Confederation, too, has actively contributed towards cutting down the volume of liquid resources available on the market. Despite large budget surpluses, it has refrained from redeeming existing debts for economic reasons and, having regard to the position of the capital market, depositing any excess funds with the central bank or employing such money for short-term investments abroad. In this way, the surplus in actual purchasing power has been skimmed off appreciably.

Finally, some of the excess funds available on the market have been re-directed abroad by way of capital exports. Foreign loan issues in Switzerland, offered to the public for subscription between summer 1960 and the end of November 1961, amounted to 1.2 billion Swiss francs, not taking into account the credits granted by Swiss banks to foreign borrowers. The Swiss National Bank has, as a matter of principle, exercised its authorisation right with regard to the issue of bonded loans and the granting of banking credits in a liberal fashion.

Thus, the Swiss National Bank has not followed a policy based solely on national considerations; it has also tried to make a contribution towards bringing about normal conditions, and easing monetary tension, on an international plane, wherever and whenever opportunity arose. The transactions concluded with the Bank of England have already been pointed out. There also exists close co-operation with the U.S. monetary authorities on matters affecting monetary policy. Besides this, the Swiss National Bank has been endeavouring for a long time to keep interest rates at a low level and as stable as possible. In order not to encourage further inflows of money and with a view to facilitating, as far as possible, the outflow of funds abroad, it has refrained from interventions in the market which might have caused interest rates to rise.

The success of these monetary endeavours is reflected in the freely disposable balances held by the banks with the central bank. At the end of October 1961, these were distinctly below the level reached at the corresponding time last year, and even somewhat lower than two years ago. Considering the fact that since the summer of 1960 Switzerland has been flooded with foreign exchange to the equivalent of more than 3.5 billion francs, this is indeed a remarkable achievement. The limitation of demand account holdings has resulted from the issue of sterilisation rescriptions, that is short-term Government securities (400 million francs), from the neutralisation of liquid resources of the big banks (1.035 million francs) and from the increase in balances held by the Confederation with the central bank (roughly 500 million francs), which amounts, all in all, to a locking up of funds to the extent of almost 2 billion francs. Apart from this, the expansion in the note circulation has also contributed to the reduction in balances held by the banks with the central bank. If it has been possible to prevent the enormous influx of capital from having serious repercussions on the money and capital market, on interest rates and on the price level, this may largely be ascribed to the abovementioned measures taken by the central bank, to the financial policy of the Confederation and to the willingness of the banks to co-operate.

NIZAM SUGAR

(*Concluded from previous page*)

of the affairs of the Government Power Alcohol Factory by the Nizam Sugar Factory Limited on an agency basis and for supply of steam and molasses are being finalised and will be entered into early. By this arrangement, the Nizam Sugar Factory Limited will supply to the Government Power Alcohol Factory the necessary steam and molasses as well as manage the affairs of the Government Power Alcohol Factory on behalf of the Government of Andhra Pradesh.

"The relations between the management and labour have been satisfactory. Construction of 260 two-room tenements for housing the workers under the Government of India Industrial Housing Scheme is nearing completion. The management is undertaking a further construction of about 130 tenements in the farms for housing the workers.

"Before I conclude, I would like to express my thanks to my colleagues on the Board of Directors for their abiding interest in the affairs of the Company and to the officers, staff and workers of all ranks for their continued co-operation, loyalty and efficiency."

N.B.—*This does not purport to be a report of the proceedings of the general body meeting held on 30th March 1962.*

BUMPER JUTE CROP

The official final estimate of the current (July 1961—June 1962) season's jute crop, issued by the West Bengal Government towards the close of last week, has surpassed all previous expectations and projections. The estimate places the output of raw jute proper, excluding mesta, at the all-time peak level of nearly 6.27 million bales of 400 lbs. each, whereas the expectations hitherto were around 5.00 to 5.25 million bales. The production of 6.27 million bales now estimated represents a significant expansion of 2.29 million bales or 60 per cent as compared with the crop of a little over 3.98 million bales actually harvested in the previous season, that is, 1960-61. Such a marked increase in production is to be attributed largely to the appreciable rise in acreage under jute and partly also to the improvement in per-acre yield. The total area sown to the crop is put at 2,259,000 acres, as against 1,512,000 acres, representing an increase of 49 per cent. The average yield of raw jute per acre is higher at 2.77 bales for the current season, that for 1960-61 being 2.63 bales. Even so, the per-acre yield is very poor as compared with the high yield of 4.00 bales obtained in Pakistan. The State-wise distribution of raw jute excluding mesta production is indicated below:

	Production (Thousand bales)		Acreage (Thousand acres)	
	1961-62	1960-61	1961-62	1960-61
West Bengal	3,352	1,987	1,144	720
Bihar	1,263	850	565	383
Assam	1,131	818	553	399
Orissa	304	199	114	64
U.P.	114	92	38	33
Tripura	105	41	35	15
Total ..	6,269	3,982	2,259	1,512

No estimate of the output of mesta has so far been published.

The record production of jute this season does not necessarily mean that there will be any burdensome surplus at the end of the season, in view of the fact that there were hardly any stocks at the beginning of the season and consumption is running at a high level.

INTERNATIONAL COFFEE SITUATION

PRICES RECOVER, BUT STOCKS STILL HIGH

WORLD coffee prices have staged a marked recovery of late. Uganda Robusta grade in London now stands at 151½s. per cwt., as against 148½s. a month ago, 137½s. early this year and the low level of 131½s. touched early in 1961. The recovery is attributed to pessimistic predictions about the African crop, the size and quality of which are both said to have been seriously damaged by bad weather during winter. It might have also been aided by high hopes that conditions in the world coffee market would be stabilised after the new, long-term Coffee Agreement comes into effect on 1st October next. It is, however, considered unlikely that the upward trend of prices would be maintained in the coming months. This view seems to be justified, what with the great weight of stocks hanging over the world market. The total of these stocks at the end of the 1960-61 coffee season (30th September 1961) amounted to as much as 76 million cwt., which represent about one-and-a-half year's world requirements. Of this quantity, about 53 million cwt. were in Brazil even after 9.5 million cwt. of low quality beans had been destroyed in that country, 7.0 million cwt. in Colombia and 1.4 million cwt. in the Ivory Coast.

Thanks to the huge carryover stocks of 1960-61 and the high level of output expected in 1961-62, the total available coffee supply during the season comes to nearly 162 million cwt. Against this quantity, the estimate of actual consumption is placed at no more than 75 million cwt., so that the excess oversupply is of the order of 87 million cwt.

Output Rises Markedly

The revised estimate of the world coffee crop in the current season (1961-62) as given in the March issue of the Commonwealth Economic Committee's *Tropical Products Quarterly* is 85.77 million cwt., as compared with the figure of 84.50 million cwt. mentioned in the December 1961 issue of the *Quarterly*. The output will be higher still by another two million cwt. at 87.77 million cwt. on the basis of the private estimates of the Brazilian crop which put the yield at 45 million cwt.—some anticipate a crop of 47 million cwt.—as against the official estimate of 43 million cwt. Brazil, it may be noted here, accounts for nearly half the total world output. The second largest producer of coffee is Colombia with an estimated production of 9.21 million cwt. in 1961-62.

The anticipated world coffee crop of 85.76 million cwt. in 1961-62 represents an increase of eight million cwt. as compared with the actual output of 77.76 million cwt. in 1960-61, though it is below the record crop of 93.25 million cwt. harvested in 1959-60. The rise in output is accounted for by Brazil (+7.26 million cwt.), Colombia (+118,000 cwt.), Mexico (+827,000 cwt.), El Salvador (+62,000 cwt.), Gautemala (+88,000 cwt.) and other Latin American countries (+927,000 cwt.). In the Commonwealth group, with the exception of Uganda which reports higher output (+177,000 cwt.), other countries show a fall in output, the actual fall being 466,000 cwt. in India, 61,000 cwt. in Kenya and 141,000 cwt. in Tanganyika. Among African countries, coffee production is estimated lower in Ivory Coast (—335,000 cwt.), Angola (—295,000 cwt.) and others (—82,000 cwt.), Table I below indicates the trend of coffee production in, and exports from, the different countries.

Exports

While the world production of coffee has gone up quite markedly in the past four years—from 68.31 million cwt. in 1958-59 to over 85.76 million cwt. in 1961-62—world exports continue to grow only at a slow pace. The total exports in the calendar year 1961 amounted to 50.11 million cwt. which represents a rise of just 8.43 million cwt. as compared with 1958. Coffee exports from Brazil during 1961 aggregated 20 million cwt., only slightly more than in 1960, while those from Colombia declined by 300,000 cwt. to 6.7 million cwt. Exports from most of the minor Latin American countries were lower. Shipments of coffee from East Africa in 1961 were nearly 5 per cent less than in 1960, consignments from Uganda (this territory accounts for two-thirds of the total) alone declining by 10 per cent. Kenya and Tanganyika, however, exported more coffee, the percentage increase being 13 and 3, respectively.

Indian Coffee Shipments

Coffee exports from India were appreciably higher, the quantity actually shipped in the eleven months ended November 1961 being twice as great as a year earlier (589,000 cwt., as against 288,000 cwt.) and well above the exports of 321,000 cwt. in the whole of 1960. The large increase in exports was due to heavier purchases made by Common Market countries, especially West Germany and Italy, as will be seen from Table II. It may be noted here that consumption of coffee in the Common Market countries has increased in recent years, a trend which is expected to gather momentum in the next few years. Here is what Mr. N. Cuttbert and Mr. W. Black say in the course of a special article published in *The Times* (London) *Review of Industry*:

"Coffee consumption in the six countries of the European Economic Community increased very rapidly during the last decade and Common Market imports now account for about a quarter of world trade. Before the signing of the Treaty of Rome, the six countries had widely different practices in relation to taxes on coffee; the Netherlands imposed no duties at all, but the sum of West German import duties and internal taxes represented more than 25 per cent of the retail price. The Treaty provided for a common external tariff of 16 per cent with the qualification that all imports from associated countries should enter duty-free. In July 1961, the E.E.C. Commission recommended that the external tariff be reduced to 8 per cent and that all internal taxes on coffee should be abolished by January 1965. The reduction in taxes is expected to lead to a large increase in coffee consumption in the Community, particularly in West Germany and Italy where the taxes are heavy. The general consensus of opinion seems to be that consumption in 1965 will be at least 20 per cent above the 1960 level."

The United States continues to be the largest buyer of coffee. Its actual imports during the year 1961 amounted to more than 26.52 million cwt., as against 26.05 million cwt. in 1960. As compared with 1959, the imports were, however, lower by 839,000 cwt. The share of Indian coffee in the U.S. market is very negligible, being less than 0.2 per cent. The quantity of Indian coffee actually imported into the U.S. was a bare 45,000 cwt. which, of course, represents a marked increase as compared with the previous year when it was just 12,000 cwt. The chief competitors for Indian coffee in the U.S. market are Brazil, Colombia, Mexico, Gautemala, as also East Africa and Angola.

Imports of coffee into the U.S. from Brazil in 1961 were 7 per cent and from Colombia 4 per cent less than in 1960. Consignments from Mexico, Gautemala and most of the other minor Latin American countries, on the other hand, showed some increase. Imports from most African countries were also significantly heavier, those from East Africa in particular at 1.5 million cwt. and from Angola at 1.2 million cwt., showing increases of 33 per cent and 28 per cent, respectively. The trend of imports of coffee into other countries is indicated in Table III.

Coffee Prices

Some of the changes in the sphere of coffee prices may now be mentioned. In Uganda, the price of unhulled Robusta (called Kiboko) has been raised by 10 cents to 60 cents per lb. since 22nd January last when the new buying season commenced. This increase is estimated to result in an effective subsidy of 20-30 cents per lb. to the grower and means a further substantial withdrawal from the Price Assistance Fund which now stands at £4.5 million. After the Fund is exhausted, the growers will have to accept the world market price. The reserve price for Robusta has also been enhanced to about 135s. per cwt., sales of off-grade Robustas suspended and the quantities of under-grades available are limited. The export duty on coffee, which is based on the average auction price in the previous month, reflects the favourable movement of prices, rising to 79.47s. per ton in January, the highest figure for any month since November 1960. In January 1960, however, the duty had amounted to 308.53s. and a year earlier to near double that figure. A new declared export price of £152 per ton as from 1st February 1962 has been announced under the Coffee Price Assistance Rules. Suitably increased prices have also been declared for Coffee Marketing Board payments to curing works and scheduled hulleries.

The Ivory Coast Stabilisation Fund has reduced the support price it will pay growers in the current season (that is from 14th December 1961) by 14 francs to 80 African francs per kilo and will no longer repay exporters for storage costs. It has fixed the minimum price for shipments to the U.S. of grade II 1961-62 crop coffee at 19 cents and for those of grade III coffee at 18.25 cents per lb. c.i.f. The Coffee Stabilisation Fund of Cameroun is reported to have borrowed 200 million C.F.A. francs from the Cocoa Fund to assist in financing the current heavy crop (estimated at 915,000 cwt—190,000 cwt. more than in 1960-61). The Togo fund has reduced the support price to producers by 14 francs to 65 C.F.A. francs per kilo.

In Brazil, the *Institute Brasileiro de Cafe* began buying unliberated 1961-62 coffee on 15th January (instead of waiting until mid-March) at the prices announced in May 1961 and will also purchase the unsold balance of the crop remaining in ports on 1st July 1962 at the same

(*Continued on page 693*)

TABLE I—*World Production and Exports of Coffee*

(In thousand cwt.)

Countries	Production				Exports			
	1961-62	1960-61	1959-60	1958-59	1961	1960	1959	1958
India	964	1,330	979	917	634	321	284	293
Uganda	2,421	2,244	2,650	2,100	2,108	2,342	1,769	1,578
Tanganyika	444	585	481	449	515	502	392	445
Kenya	600	661	468	467	629	556	517	500
Other Commonwealth	....	222	293	276	1,142*	830	765	798
Brazil	42,624	35,365	51,748	31,635	20,036	19,864	20,593	15,215
Colombia	9,212	9,094	9,448	8,789	6,674	7,013	7,575	6,426
Mexico	2,953	2,126	2,362	1,918	1,719	1,634	1,465	1,550
El Salvador	1,890	1,828	1,930	1,826	1,812*	1,762	1,633	1,596
Gautemala	1,860	1,772	1,890	1,653	1,374*	1,596	1,657	1,423
Other Latin America	8,257	7,330	7,476	6,204	3,044	3,629	3,095	3,985
Ivory Coast	3,307	3,642	2,756	3,120	2,944	2,908	2,060	2,215
Angola	2,894	3,189	2,126	1,730	2,334	1,718	1,749	1,522
Other Africa	5,505	5,587	6,080	5,433	2,096	2,585	3,184	2,328
Other Asia	2,836	2,788	2,564	1,894	3,052	1,814	1,630	1,308
Total	85,767	77,763	93,251	68,306	50,113	49,069	48,299	41,682

TABLE II—*Exports of Raw Coffee from India*

(In thousand cwt.)

Countries	January-November		Whole of 1960
	1961	1960	
W. Germany	122	60	61
Italy	76	21	28
Netherlands	48	24	31
Soviet Union	48	44	44
Eastern Germany	44	20	20
United States	41	11	15
United Kingdom	24	7	7
Yugoslavia	30	46	46
Belgium	24	11	18
France	28	10	14
Other Commonwealth	21	9	12
Sweden	15	3	3
Egypt	12	..	..
Finland	4	1	1
Bulgaria	4	..	..
Canada	4	..	..
New Zealand	3	..	..
Switzerland	2	..	1
Australia	1	1	1
Other foreign	33	18	19
Total	589	286	321

* Projected on the basis of latest available data.

Source: Commonwealth Economic Committee's *Tropical Products Quarterly.*

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS

(INDIAN BRANCHES)

(Incorporated in France with Limited Liability)

BALANCE SHEET AS AT 31st DECEMBER, 1961.

Previous Year Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. **Capital**— Deposited with Reserve Bank of India under Section 11 (2) of the Banking Companies Act, 1949, Government Securities of the face value of Rs. 21,24,900 included in investments on the opposite side		
Not applicable			Not applicable
Not applicable	2. **Reserve Fund and Other Reserves**		Not applicable
	3. **Deposits and Other Accounts**—		
2,30,43,839	Fixed Deposits	1,97,28,824.24	
Nil	Savings Bank Deposits	Nil	
1,70,95,325	Current Accounts, Contingency Accounts, etc.	1,84,97,819.82	
4,01,39,164			3,82,26,644.06
	4. **Borrowings from Other Banking Companies, Agents, etc.**—		
1,050	(i) In India	Nil	
98,528	(ii) Outside India	3,83,690.77	
99,578			3,83,690.77
	PARTICULARS—		
Nil	(i) Secured	Nil	
(99,578)	(ii) Unsecured	3,83,690.77	
2,08,659	5. **Bills Payable**		1,37,479.69
	6. **Bills for Collection Being Bills Receivable as per contra**—		
65,66,852	(i) Payable in India	93,02,753.58	
16,78,244	(ii) Payable outside India	19,59,868.82	
82,45,096			1,12,62,622.40
	7. **Other Liabilities**—		
1,14,544	(i) Branch Adjustments (in India)	2,95,679.20	
89,71,559	(ii) Head Office and Balances of Foreign Branches	86,48,910.34	
38,230	(iii) Unexpired Discounts	19,525.06	
1,32,298	(iv) Pension and Provident Funds	1,18,885.85	
1,75,000	(v) Provision for Gratuities	1,75,000.00	
94,21,640			92,58,000.45
1,70,80,191	8. **Acceptances, Endorsements and Other Obligations** per contra		87,12,763.92
	9. **Profit and Loss**—		
3,75,498	Profit for the year 1961 brought from the Profit and Loss Account	4,41,535.78	
3,75,498	LESS—Merged with Head Office and Inter-Branch Balances	4,41,535.78	
Nil			Nil
	10. **Contingent Liabilities**—		
3,500	(i) On Partly-paid Shares of a Joint Stock Company	3,500.00	
	(ii) Guarantees given on behalf of—		
76,20,821	(a) Head Office in Paris and French Correspondents	1,43,78,261.19	
6,000	(b) Officers	6,250.00	
1,40,89,920	(c) Others	69,84,951.39	
2,17,16,750		2,13,69,462.51	
	(iii) Bills of Exchange Rediscounted—		
£14,454-15-2	Sterling Bills Rediscounted	Nil	
44,58,022	(iv) Outstanding Forward Exchange Contracts (Net)	65,48,498.34	
7,51,94,328	Total .. Rs.		6,79,81,201.29

Previous Year Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
32,03,748	1. **Cash**— In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes)		31,31,245.12
40,456	2. **Balances with Other Banks on Current Accounts**— (i) In India	86,894.53	
2,32,428	(ii) Outside India	5,33,382.36	
2,72,884			6,20,276.89
28,00,000	3. **Money at Call and Short Notice**		19,00,000.00
	4. **Investments** (at cost or market value whichever is lower)—		
	(i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments	53,41,159.62	
55,24,610	(ii) Shares—Partly-paid Shares—unquoted. Written-off	Nil	
Nil	(iii) Debentures or Bonds	Nil	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
55,24,610			53,41,159.62
	(Securities of the face value of Rs. 21,24,900 deposited with Reserve Bank of India under Section 11 (2) of the Banking Companies Act, 1949, and of Rs. 4,500 deposited with Post and Telegraph Offices)		
	5. **Advances**— (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors)		
	(I) Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
2,40,43,769	(i) In India .. 1,91,16,725.51		
Nil	(ii) Outside India .. Nil		
2,40,43,769		1,91,16,725.51	
	(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
18,30,077	(i) Payable in India .. 40,12,175.54		
1,08,41,730	(ii) Payable outside India .. 1,19,32,483.16		
1,26,71,807		1,59,44,658.70	
3,67,15,576	(Particulars of Advances—as per attached schedule)		3,50,61,384.21
65,66,852	6. **Bills Receivable Being Bills for Collection** as per contra— (i) Payable in India	93,02,753.58	
16,78,244	(ii) Payable outside India	19,59,868.82	
82,45,096			1,12,62,622.40
1,70,80,191	7. **Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		87,12,763.92
Nil	8. **Premises Less Depreciation**— Transferred to Head Office Account		Nil
Nil	9. **Furniture and Fixtures Less Depreciation** (Written-off)		Nil
	10. **Other Assets**—		
8,44,218	(i) Head Office and Balances of/or with Foreign Branches	18,97,492.43	
57,831	(ii) Interest accrued on Investments	62,734.00	
29,781	(iii) Other Interest Receivable	75,195.38	
	(iv) Advance Payment of Income-tax and Tax deducted at source	2,61,111.69	
3,02,880	(v) Stamps	6,704.57	
4,974	(vi) Prepaid Expenses and Amounts Receivable	1,37,999.81	
1,00,428	(vii) Deposits	10,511.25	
6,111			19,51,749.13
13,52,223			
Nil	11. **Non-Banking Assets Acquired in Satisfaction of Claims**		Nil
7,51,94,328	Total .. Rs.		6,79,81,201.29

Schedule of Particulars of Advances required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1961.

Previous Year Rs.	PARTICULARS	Rs. nP
3,62,44,468	(i) Debts considered good in respect of which the banking company is fully secured	2,28,28,890.55
77,39,530	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	1,06,07,044.22
27,31,577	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	16,25,449.44
Nil	(iv) Debts considered doubtful or bad not provided for	Nil
3,67,15,575		3,50,61,384.21

Previous Year Rs.	PARTICULARS	Rs. nP
24,375	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons	34,111.03
Nil	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members	Nil
53,357	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons	55,223.00
Nil	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors, of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	Nil
61,725	(ix) Due from banking companies	63,983.19

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961.

Previous Year Rs.	EXPENDITURE	Rs. nP
10,13,389	1. Interest paid on Deposits, Borrowings, Head Office and Foreign Branches Accounts, etc.	9,80,055.25
11,26,824	2. Salaries and Allowances and Provident and Pension Funds (Salaries and Allowances to Manager of Principal Office in India, including Bonus Rs. 64,966.41—Previous year Rs. 73,943)*	11,45,213.35
Nil	3. Directors' and Local Committee Members' Fees and Allowances	Nil
1,82,639	4. Rent, Taxes, Insurance, Lighting, etc.	1,82,294.37
6,843	5. Law Charges	8,638.42
52,129	6. Postage, Telegrams and Stamps	43,861.64
7,500	7. Auditors' Fees	7,500.00
Nil	8. Depreciation on and Repairs to the Banking Company's Property	Nil
63,013	9. Stationery, Printing, Advertisements, etc.	55,690.73
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil
	11. Other Expenditure (including Income-tax Provision and Head Office Supervision Charges)	11,69,444.93
3,75,498	12. Balance of Profit	4,41,535.78
39,16,165	Total .. Rs.	40,34,334.47

Previous Year Rs.	INCOME (Less provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs. nP
23,99,951	1. Interest and Discount including from Head Office and Foreign Branches	25,40,495.55
12,99,448	2. Commission, Exchange and Brokerage	13,13,851.43
1,02,930	3. Rents	1,02,930.00
	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	29,553.75
125	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
7	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	Nil
Nil	7. Other Receipts (including Rs. 5,986.24 provision no longer required—Previous year Rs. 98,907)	47,503.74
1,13,704		
39,16,165	Total .. Rs.	40,34,334.47

* Includes allowances calculated in accordance with the Income-tax Rules.

J. LAMY, *Manager.*

REPORT OF THE AUDITORS

We have audited the foregoing Balance Sheet of the Indian Branches of Comptoir National D'Escompte de Paris, as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Indian Branches of the Bank for the year ended on that date in which are incorporated the returns of the Calcutta Branch of the Bank audited by other Auditors.

In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with provisions to sub-sections (1) and (2) of Section 211 and sub-section (5) of Section 211 and Section 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The accounts are, therefore, drawn up in conformity with Forms A and B of the Third Schedule of the Banking Companies Act, 1949.

We report that :—

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of these books, and proper returns adequate for the purposes of our audit have been received from the Calcutta Branch;

(c) the Balance Sheet and Profit and Loss Account of the Indian Branches of the Bank dealt with by this report are in agreement with the books of account and the audited returns;

(d) the report on the accounts of the Calcutta Branch audited by other Auditor has been forwarded to us and the same has been considered in preparing our report;

(e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Indian Branches of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit of the Indian Branches for the year ended upon that date.

A. F. FERGUSON & CO.,
Chartered Accountants.

BOMBAY, 30th March, 1962.

CENTRE'S OIL ROYALTY DISPUTE WITH ASSAM

IS STATE GOVERNMENT NOT TOO AVARICIOUS?

A DISPUTE, it may be recalled, arose early in January last between the Government of Assam and the Government of India over the new reduced prices fixed for crude oil under the June 1961 agreement between the Central Government and Oil India Private Ltd. The new prices meant, in effect, that Assam's royalty on oil would work out to Rs. 4.80 per ton as against the previous Rs. 7.20 per ton paid by Oil India Private Ltd. It was then pointed out by the Finance Minister of Assam that, if the royalty were to continue to work out to Rs. 7.20 per ton, the royalty rate of 10 per cent (of the well-head value of crude oil) which had been in vogue for the past 60 years would have to be raised. Otherwise, according to the stand taken by the Assam Government, the fall in the yield of royalty would not be compensated and the State would be losing about Rs. 75 lakhs annually on the present production of crude oil in the Nahorkatiya oilfield. The State Government did not stop with a mere protest, for it took the simultaneous step of telling Oil India Private Ltd. (jointly owned by the Burmah Oil Company and the Government of India) that it could not expect to be granted prospecting licences for new areas (1,800 sq. miles) as applied for. This step, it was claimed, was permissible under the Petroleum Concession Rules of 1938. Though these rules were revised in 1948 so as to invest the Union Government with the power to issue oil mining leases, much of the authority in this regard was later delegated to the State. The Assam Government thus claimed to retain the powers of granting new prospecting licences and use them the way it liked. Thus, the Assam Government not only misused the powers given to State Governments for purposes of administrative convenience but was indulging in the short-sighted policy of cutting the nose to spite the face. It was obvious that delays in prospecting would only postpone the benefits that could follow as a result of discovery of oil and gas.

A.O.C.'s Plea

The Assam Oil Company, too, was interested in the dispute. It advanced the plea that the reduced royalty should be applied to its case also, although the Digboi oilfields were not covered by the June 1961 agreement. That agreement, it may be recalled here, had the aim of making Oil India Private Limited a profitable enterprise by lowering the well-head values of crude oil from the Nahorkatiya oilfields from Rs. 72 per ton to Rs. 48 per ton. It was made clear in the agreement itself that its provisions did not apply to the Digboi oilfields of the Assam Oil Company which, unlike Oil India Ltd., was otherwise entitled to discounts. But the Assam Oil Company began to contend that some of its requirements came from Nahorkatiya also and that a parity in rates should be maintained in the cases of both Digboi and Nahorkatiya in view of their proximity (only 24 miles in distance). It was further contended that Digboi, in addition, was even entitled to a special concession, in view of the fact that most of the wells in Digboi had become almost dry and were involving costly methods of extraction. On these grounds, the A.O.C. made its royalty payments at the rate of Rs. 4.80 per ton with effect from June 1961 and, when the State Government served notice on it to pay the balance of Rs. 2.40 per ton by a given period, it requested the Governor of Assam early last month to look into the case and arbitrate.

The dispute between the Centre and the Assam Government took an interesting turn early last month when the Government of India took a firm stand and withdrew, by a notification, the authority it had formerly delegated to the State Government to issue petroleum mining leases. Even then the Assam Government continued to swear by its decision not to allow prospecting licences to Oil India Ltd. It seemed to think that the issue of prospecting licences would ultimately be decided either by a Supreme Court judgment on the West Bengal Government's reference regarding coal or by an amendment of the Constitution as canvassed by the Oil and Natural Gas Commission. Only when it found that the Centre meant business did Chief Minister of Assam announce that the Centre could go ahead with its plans for further oil exploration in Assam. This "gesture," as it was called, was shown by the State Government as a prelude to the further talks proposed to be held in the first week of April.

These talks were held, as scheduled, in New Delhi last week, but turned out to be inconclusive, for the Centre had not finalised its proposals for settling the dispute. The Government of India, it is now clear, is rather anxious to settle with Assam which, according to the latest calculation, will stand to "lose" as much as Rs. 1.8 crore a year in future as a result of the reduction in the well-head value of crude oil. But, at the same time, it is interested in getting the crude for the public sector refineries at an economic price. A possible way-out of this dilemma, it is reported, would be to increase the Assam Government's present nominal share in the Nunmati refinery (run by the Indian Refineries Ltd.). If this is done, it is argued, the Assam Government will get higher profits which will partly compensate for the so-called loss on account of the fall in royalty yield. But, as of today, it is not definitely known whether the dispute between Assam and the Centre will be resolved on these lines. If, however, it is assumed that the Assam Government will get itself reconciled to the reduction in royalty on account of the Nahorkatiya crude, it will not be long before the Assam Oil Company also is allowed to benefit by a lower royalty in respect of the Digboi crude.

Compensating Advantages

It may be finally noted that the so-called "loss" to the Assam Government will be more than made good by a larger absolute yield of royalty, even at the reduced rate, from an increase in the output of crude oil from the existing as well as new oilfields. If, at the same time, Assam is given a larger share in the profits of the Nunmati refinery, it will constitute an extra source of income. It is true that need for more revenue in the context of the third Plan cannot be ignored, but it must be borne in mind that the people of Assam stand to gain many advantages following the Central Government's decision to locate a refinery at Nunmati, though, economically, it would be more advantageous to the rest of the country if the refining of the entire Assam crude were done in Barauni (in Bihar) or in Calcutta. Further, the discovery of large reserves of natural gas, which is the result of search for petroleum, has greatly added to the industrial potentialities of the State and many new industries are being established there. This, in turn, will add to the revenues of the State Government and broaden employment opportunities. Surely, Assam cannot insist on having the best of both worlds.

(*Concluded from next column*)

tons) and demand (1.5 million tons) is not likely to be covered substantially in the immediate future by the private sector to which that task has been assigned. Although a number of schemes for pig iron production has been licensed for an aggregate capacity of 250,000 tons per annum, only the Kalinga's plant at Barbil has so far gone into production. It is equally disturbing to hear that electric furnaces, licensed in the private sector for supplying 200,000 tons of billets to the re-rolling industry, are also not coming up quickly. The question arises here as to why the private sector is not enthusiastically developing the capacities licensed in respect of pig iron foundries and electric furnaces. The Minister himself should have provided the answer and explained reasons for the slow pace of implementation of licensed projects. If these are difficulties in the way of foreign exchange allotment or in the way of securing foreign collaboration, the Government should be aware of them. But the Minister has chosen not to be frank about them. The Iron and Steel Advisory Council, for its part, has also not come to grips with the question. If more positive measures of encouragement are needed in this field, the Government should not hesitate to institute them, for relatively small-sized units in the iron and steel industry cannot be expected to be as economic as the large integrated steelworks.

STEEL OUTPUT IN INDIA

SUPPLY CONTINUES TO BE FAR SHORT OF DEMAND

THE total availability of finished steel in the country in 1961 was nearly 3.84 million tonnes —2.84 million tonnes of indigenous production *plus* 1.00 million tonnes of imports. This was substantially more than the quantity—2.26 million tonnes of indigenous production *plus* 1.10 million tonnes of imports—available in 1960. But the aggregate demand for steel had also gone up from about 5.0 million tonnes in 1960 to nearly 6.0 million tonnes in 1961. There might, of course, have been some inflation in these demand estimates which were based on the indents received for relaxed categories of steel and the orders placed by the various co-ordinating/sponsoring authorities for restricted categories. Even after making allowance for this element of inflation, the position still was one of acute steel shortage in relation to demand, especially in respect of sheets, tinplates and galvanised wire. The steel-using industries, which were feeling the pinch all the time, had, therefore, no relief from the quota system in respect of categories like thinner gauge sheets, wire, baling hoops and tinplates. The supply position of foundry-grade pig iron was, however, a shade better, although it, too, fell short of demand to some extent. The production of such saleable pig iron, it may be noted here, was 1.09 million tonnes in 1960 and 1.14 million tonnes in 1961.

It should be clear from the relevant figures in the foregoing paragraph that domestic production of steel and foundry-grade pig iron even in 1961—a year broadly corresponding to the first year of the third Plan—had not kept pace with the growth in demand. There must have been some justifiable and not-so-justifiable reasons for the slow growth of iron and steel production. But these have not found mention in the report for 1961-62 just released by the Department of Iron and Steel of the Union Ministry of Steel, Mines and Fuel. Even the Minister for Steel, Mines and Fuel, Sardar Swaran Singh, has not thrown much light on the situation in his address at the first meeting, held at New Delhi on 30th March, of the reconstituted Iron and Steel Advisory Council. The reference in his address to Rourkela's "ill luck" and the breakdown of its blooming and slabbing mill in December 1961 is obviously not the whole story. That the serious bottlenecks in the transport of raw materials to the steel plants, in the availability of such materials in requisite quantity and quality and in the supply of power, besides technical shortcomings in some of the public sector steel plants, were largely reponsible for the slow growth of production in the last one or two years, has not been frankly admitted by the authorities.

Immediate Future

But, as usual, they have not failed to paint a rather rosy picture of the near or immediate future. According to the Minister, all the steelworks are now striving hard to achieve production up to their rated capacities. Bhilai, for instance, has produced in January 1962 steel ingots to the tune of 85,000 tonnes against its rated capacity of 83,000 tons per month. Production is improving at Rourkela, although it is only about 40,000 tonnes of ingots now. Durgapur, with only two blast furnaces in operation now, is producing at the rate of 52,000 tonnes of ingots per month, as against the rated capacity of 83,000 tonnes which, however, is for three blast furnaces. Both the Tata Iron and Steel Company and the Indian Iron and Steel Company are going ahead, and their current monthly outputs of ingots steel are about 150,000 tonnes and 80,000 tonnes, representing 90 per cent and 95 per cent of their respective installed capacities. All this should not, however, be taken to mean that the steel supply position relative to demand will greatly improve either in the current year or in the next. It may be well to remember, in this connection, that the first blast furnace at Rourkela is undergoing major repairs and the third coke oven factory and a few tinning lines there are yet to be commissioned. Even at Durgapur the third blast furnace is yet to go into operation. Any expectation of steel production running at a rate close to rated capacity (about 6 million tonnes of ingot steel) in the existing steelworks even in the next year would be wide of the mark.

As for foundry pig iron, the current gap of about 500,000 tons between supply (1 million

(*Continued in previous column*)

NEW PRODUCTS AND PROCESSES

Sheet Metal Pressing

A NEW method of forming sheet metal blanks into complicated shapes, in which the punch and blank-holder of the conventional draw-die have been replaced by a hydraulic draw-press adapter, has been developed and patented by the Swedish Saab Aircraft Company. Known as Fluid-form, the unit can be fitted to any mechanical or hydraulic presses, single-acting or double-acting, with capacities between 100 and 3,000 tons or more, the company reports. While in conventional pressing methods much of the tooling work consists of making the punch and matching the die to fit against it, the Fluid-form flexible diaphragm punch—which also serves as blank-holder—is claimed to reduce tooling costs considerably, by two-thirds if the die is made of cast iron and by nine-tenths if made of reinforced plastics. Though applicable in the manufacture of all kinds of formed articles, the new method is said to be particularly suitable for making parts having an irregular or intricate shape. The Fluid-form unit is comprised of two main parts, the punch or press chamber and the die holder, the latter consisting of a steel ring in which the cylindrical die is centred. The press chamber contains a telescoping piston retained in its upper position by a spring. The lower end of the cylinder is closed by a rubber diaphragm, retained in an annular slot in the cylinder wall and protected from chafing and cutting by an outer wear plate. Since the diaphragm is in contact with the sheet throughout the forming process, the method is claimed to have special advantages in shaping or preforming parts with an unfavourable "contact picture" in which pointed steel blanks may cause deformation when hitting the surface. It can also be used for pressing cavity parts with undercut and for the expansion of components. In the latter case, the diaphragm is replaced by a rubber sack. Among other advantages of the new method, the company says, is that the Fluid-form attachment is easily inserted and removed, making it possible to use the same press alternately for fluid form pressing and conventional pressing. Furthermore, the flexibility of the diaphragm gives complete freedom to use varying sheet thicknesses and thus to press several versions of a part in the same tool, which is of particular importance in experimental and development work.

Self-adhesive Plastic Tape

An Amsterdam, Holland, factory is producing a self-adhesive plastic wrapping tape specially designed for finishing insulated pipelines and protecting different types of tubes against corrosion. The new product can be used in the chemical industry, shipbuilding trade, dye works, laundries, plumbing, gasworks and coal mines. The tape is very strong and slightly elastic. It is impermeable to moisture and is resistant to chemicals and climatic conditions. It must be wound round pipes or tubes in such a way that each return overlaps its predecessor by about 20 per cent. No further finishing or maintenance is necessary. The tape is supplied in thicknesses of 0.3 mm. (0 012") in black and white and 0.15 mm. (0.006") in black and grey. For each thickness there are two standard widths, namely, 5 and 10 cm. (2" and 4"). Rolls come in lengths of 10 or 25 metres (33 ft. and 82 ft). They can also be supplied in special sizes. The factory also manufactures wrapping tape for use in electrical engineering. Colours are black, grey and the phase colours red, yellow, green and blue. For these applications, it is supplied in widths of 15 to 40 mm. (0.6" to 1.56"), while the rolls of 10 or 25 metres are supplied in the form of reels. This strongly adhesive winding tape is also suitable for a wide variety of applications other than those mentioned, such as for packaging and for domestic uses.

Automatic Proof Stress Indicator

New equipment for automatically measuring the proof stress of a metal has been produced by the Boulton Paul Aircraft Ltd., England. It removes the need for the lengthy plotting of load/extension curves previously required for determining proof stress and results in cheaper and faster testing. When used with testing machines operating on a routine basis, the equipment is estimated to halve the labour cost and increase the rate of testing by saving some 25 per cent of the time involved in manual recording of stress measurements. The instrument, which may be fitted to any standard tensile testing machine, is simple to operate, and can be set to give direct readings of 0.05 per cent, 0.1 per cent or 0.2 per cent proof stress as required. The working of the instrument is based on the electronic comparison of two signals—one generated by the load being imposed on the test-piece and the other by its extension. While increasing load is applied to the test-piece, the instrument indicates on the meter when these two signals cease to increase proportionally, by a preset amount equivalent to the excess extension at the required percentage proof load.

Plastic Double Glazing

A cheap and economical device for turning ordinary windows into double windows is now in production by a Norwegian firm. It consists basically of 2 sets of plastic moulding and a sheet of plastic film. The film is high-frequency welded to one set of moulding to form the inner window. The other set of moulding is nailed round the permanent window. The inner window is pressed into the nailed moulding by means of a special tool. One set of moulding is grooved, the other set is tongued, and a completely airtight connection is established between the two mouldings. The fitting of an inner window in autumn takes only a few moments, and likewise the removal of the inner window in spring. The moulding for the permanent window can be fitted by anyone. The inner window is supplied by the producer to measurements supplied by the householder or a local representative. The plastic film, made from P.V.C., is made to special specifications to ensure a material that is particularly strong and flexible, so that it can be stretched into place to ensure a taut fit. The film used is clear as ordinary glass and does not turn yellow from sun exposure. Norsk Plastic Industri, the makers, claims that the plastic inner window can reduce heat loss by as much as 50 per cent. It also is an excellent sound insulator. Apart from domestic use, it is in demand for shop windows, because it reduces condensation and keeps the windows clear and attractive even in frosty weather.

Drying Device for Paper Factory

Manufacturers of paper and paper board may soon be able to save floor space, reduce capital cost and fuel bills and increase production rates by up to ten times. These benefits should stem from a unique application of the well-known fluidised bed technique to the drying stage of paper and board manufacture, which at present takes up most space in the process. The idea originated at the British Paper and Board Industry Research Association at Kenley, near London, and has already been developed to the pilot plant scale. The process has been working satisfactorily with a new design of paper making machine at St. Anne's Board Mills, Bristol. In the trials at Bristol, the new device has successfully dried wet board containing a higher proportion of water than normal and coming from the machine at speeds up to 500 ft. (152.4 m.) a minute. The next stage of development will be to install four more driers into the prototype machine line, with normal drying rollers, and to try to raise the production rate to 5,000 ft. (1,524 m.) a minute, or roughly twice the present maximum rate.

Shoe-making Machine

A British shoe factory, K. Shoes Ltd., Kendal, has installed a new plant which reduces the main processing stage in making women's shoes from three and a half days to three hours. The firm is installing a similar plant for streamlining production of men's shoes and improving quality and consistency of standards. Mulling—the moisturing of the leather uppers to make them pliable for stretching over the lasts—now takes 5 minutes instead of several hours. The new plant includes a paced conveyor for all stages including the final operation of sole laying. After the uppers have been stretched over the lasts they pass through an infra-red heat setting tunnel where the moisture is extracted. By this method the shoes have a better shape and longer life than shoes which have been on the last for three days in the former processes. Fewer lasts are needed, with savings in cost and floor space.

Courtesy Sign for Motorists

An illuminated car courtesy sign, which also acts as a rear window demister, is being manufactured by a motorist Wigton, U.K. The sign, 6 ins. x 3 ins. (15.2 cm. x 7.6 cm.) fits on to the rear window with suction caps and is connected to the lighting system. A switch operated by the driver lights up the wording "Thank You" to show appreciation of courtesy by a driver who has been overtaken. It is claimed not to dazzle when illuminated, and to be seen clearly in daylight or at night. A slide drops behind the worded panel to blank out the sign when desired and the bulb, which can be left burning, acts as a demister for the rear window. Heat rises through an aperture and the metal back of the slide also warms the air around it. The "Thank You" wording can be written in any language.

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Although the pulp and paper industry is expanding rapidly, its output barely meets demand. Many new large-scale plants are therefore necessary. Importing machinery for these plants would be a heavy drain on foreign exchange reserves. A better plan: indigenous production of the machines.

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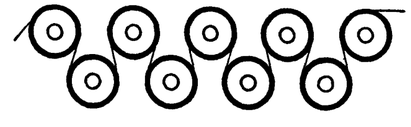

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THE RIGHT TO ORGANISE—THE OTHER SIDE OF THE MEDAL

EXPERIENCE OF SWITZERLAND

THE right to organise is recognised as a fundamental prerogative of workers in almost all democratic countries. The Philadelphia Declaration of 1944 reaffirmed it as one of the basic principles on which the International Labour Organisation was founded. But its corollary, the right not to organise or, in other words, an individual's right to remain outside an association without suffering any appreciable economic harm, has not been so readily and universally recognised. Four years ago, a sharp controversy was provoked in the U.S. by adoption in some States of what is called "right to work" laws declaring that the right of persons to work might not be dependent, as it was, and still is in fact, under many collective agreements, on membership in labour organisations. Since 1947, 18 States had enacted such laws. It was argued in favour of such laws that to oblige a person to join a trade union in order to obtain or keep a job was incompatible with the principle of individual freedom, whereas its opponents, who were mostly trade unions, disputed the argument and saw in such legislation a threat to union security and the hard-won gains of labour.

In practical terms, the issue boils down to this: whether or not collective agreements could contain clauses making the employment of workers conditional upon their membership in a union. Apart from the basic question whether freedom to join a trade union also includes freedom not to join, there are also certain practical problems arising out of the position of those employers and workers who, though not members of the organisation which are parties to a given agreement, nevertheless desire to share in the advantages which the agreement provides. The system practised in Switzerland in this regard contains some unique features. After the "closed shop clause" had been declared null and void by the Swiss Federal Court, employers organisations and trade unions developed the idea of a "solidarity levy," payable by workers and employers who are not members of the contracting organisation, if they wished to participate in a collective agreement. The Government may also extend collective agreement to outsiders.

Collective Bargaining

An interesting account of the salient features of the Swiss collective bargaining system is given in an article entitled "Union Security and the Scope of Collective Agreements in Switzerland" by Prof. Alexandre Berenstein of Geneva University and published in the latest (February 1962) issue of the *International Labour Review*. "Some very original approaches," to quote Prof. Berenstein, to the question of union security and collective bargaining had been tried in Switzerland. The resulting legal forms, which, like the collective agreements themselves, were the outcome of practical needs, were recently given legislative sanction. The first method, though not peculiar to Switzerland, is the closed shop clause, whereby the contracting parties bring pressure on outsiders to induce or even compel them to join the trade union or employers association which signed the agreement. After this clause was declared null and void by the Federal Court in 1925, and again in 1928, other ways and means were sought to extend the legal scope of collective agreements to outsiders. The result was the evolution of the system of "loyalty to the contract" and the "solidarity levy" whereby collective agreements came to be extended by means of private law, or rather industrial law, instead of by order of the authorities. The system of loyalty to the contract did not require outsiders to subscribe to the clauses of the collective agreement. Employers and workers were considered loyal to the contract, if they belonged to a contracting organisation or to an organisation which, after the conclusion of the collective agreement, had adhered to it or if, without being members of such an organisation, they had pledged themselves individually, with the consent of the contracting parties, to abide by the conditions of the agreement. Thus the scope of the collective agreement was extended through the individual adhesion of outsiders.

But this did not solve the problem. For, under it, outside workers, who were covered by the collective agreement, were in a sense better off than the organised workers because they enjoyed the benefits secured by the agreement without having to pay any trade union dues. The system of loyalty to the contract was, therefore, supplemented by a "solidarity levy" or "trade contribution" which outsiders had to pay in order to be considered loyal to the contract. In fact the whole system of loyalty to the contract was evolved in practice unfettered by any statutory regulation. Legal opinion was divided as to how far the system should be accepted. Some held that the system of "solidarity levies" and of compelling outsiders to pay a deposit could be an "indirect form of pressure on them to join one of the contracting organisations." The Federal Court, however, upheld the legality of the levy. It drew a clear distinction between the closed shop clause, which it had declared illegal earlier, and the principle of loyalty to the contract, which it endorsed.

"Solidarity Levy"

The issues which caused most controversy in the Federal Assembly when the legislation on collective agreements was amended did not involve the actual principles of "contract loyalty" or the "solidarity levy" but rather the situation brought about in Switzerland by the existence of a number of trade unions. In fact, most of the cases dealt with by the Federal Court regarding the blacklisting of a worker by a trade union organisation were concerned not so much with the individual's right to remain outside a trade union or agreement as with the special case of an individual belonging to a union other than the contracting organisation. The system of the "solidarity levy" is now firmly rooted in a number of industries in Switzerland. A number of collective agreements also provide for the payment of deposits by outsiders to ensure that they meet their obligations.

It is thus clear that, for several decades past, the contracting parties to collective agreements in Switzerland had been concerned about the problem of outsiders and had dealt with it in different ways. The union reciprocity clause, according to which the employers bound by the agreement can hire only workers belonging to the contracting trade union and the workers can only take jobs with employers belonging to the contracting employers organisation, which had some support in the early part of the century, has now lost ground for a number of reasons. In some cases, its place has been taken by the closed agreement clause and in other cases by the system of extension by order of the public authority. Each of these methods has drawbacks as well as advantages for the organisations taking part. In selecting their approach, they are governed by a whole series of considerations which reflect the relationship between employers and workers organisations, their relative strengths and the number of outsiders, and the prospects of organising the outsiders, to mention only a few.

WAGES AND COST OF LIVING

The practice of linking wages to cost of living, which is an established method of compensating workers for the rise in living cost in many countries, including India, has fallen out of favour with British employers. A study just completed by the British Employers Confederation has given the finding that wage agreements linking wages to cost of living are inflationary and that, in general, they should be abolished wherever possible. It is noteworthy that the British Government's recent White Paper on incomes had suggested that "less weight" should be given in future wage negotiations to arguments for higher pay based on the cost of living. The B.E.C. study has now gone a step further and suggested that such arguments should be given no weight at all.

This verdict is likely to have an effect on a number of industries and is sure to encourage employers in a number of them to make a determined effort to end wage agreements, many of them of long standing, under which wages are periodically adjusted according to sliding scales based on movements in the index of retail prices. Since a new series of retail price indices are to come into force in January 1963, most of the sliding scale agreements now in force will have to be renegotiated this year, so that their complex "scales" can be readjusted. This will give employers an opportunity to ask the unions to agree to the discontinuance of the system of linking wages to cost of living. If they succeed, it will ultimately affect the pay of about 2 million workers. Some of the major industries in which the "cost of living" wage agreements are in force are: iron and steel, building and civil engineering, boot and shoe manufacture, hosiery and furniture and printing.

The suggestion contained in the B.E.C. study, however, is not likely to receive hundred per cent support even from employers, let alone the workers. For, it is said that some employers, especially in the iron and steel industry, still feel that the system is useful in making minor adjustments in wages according to the cost of living and that it is, therefore, worth retaining. Some others feel that they have a moral obligation to retain the system because according to them, unions had accepted, wage cuts before the war when the cost of living was falling. Wage negotiation in the next few months are expected to indicate how far the suggestion is acceptable to both employers and workers.

The suggestion to abolish the "cost of living" wage agreements is only one of the many conclusions of the B.E.C. study. The main purpose of the study was to evolve a "set of principles" for the guidance of negotiators of individual industries during the period of wage restraint which is expected to follow the pay pause which has just ended, on 31st March 1962, to be precise. Keeping in view the "guiding light" set by the White Paper, namely that the average level of wage increases during 1962 should not exceed 2½ per cent, the study has evolved a set of principles which is a sort of rough and ready guide for wage negotiators representing employers. These principles will not be published but the chief of them, according to the Labour Correspondent of the *Financial Times*, London, are:

1. Settling claims by comparing the rates paid in one industry with those in another is an inflationary process because it leads to "leapfrogging." The practice of granting a group of workers a rise simply because another group has just secured an increase should be abandoned.

2. Wage increases must not lead to price increases. For this reason the only industries entitled to grant rises are those where productivity is expanding. Those whose productivity is static must face the cold, uncomfortable fact that they are not in a position to grant any increases at all.

3. The B.E.C. believes that the Government's "guiding light" of 2-2½ per cent is best expressed in the following general formula—industries which have achieved productivity levels equal to the national average should offer no more than 2½ per cent; those with a figure higher than the national average can offer a little more; and those with lower productivity must offer less.

4. Every effort must be made to raise productivity by fully utilising existing manpower. The drive to eliminate restrictive labour practices must continue, although there is general recognition that, in some industries, such practices can be "negotiated away" only in consultation with the unions.

The most significant point that emerges from these principles is that productivity expansion sets the limit for "safe" wage increases—a point that may well be borne in mind by those who demand and award wage increases in India, too.

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NOTICE FOR CLOSURE OF BOOKS

THE TRANSFER BOOKS AND REGISTER OF members of the Bank would remain closed from 24th April to 7th May, 1962 (both days inclusive). The final dividend, 1961, to be declared at the Annual General Meeting to be held on Friday, the 11th May, 1962 at 4.00 p.m. at the Registered Office of the Bank (The Punjab National Bank Ltd., Head Office, Parliament Street, New Delhi-1) shall be payable to such shareholders whose names appear on the register of members as on 7th May, 1962.

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General Manager.

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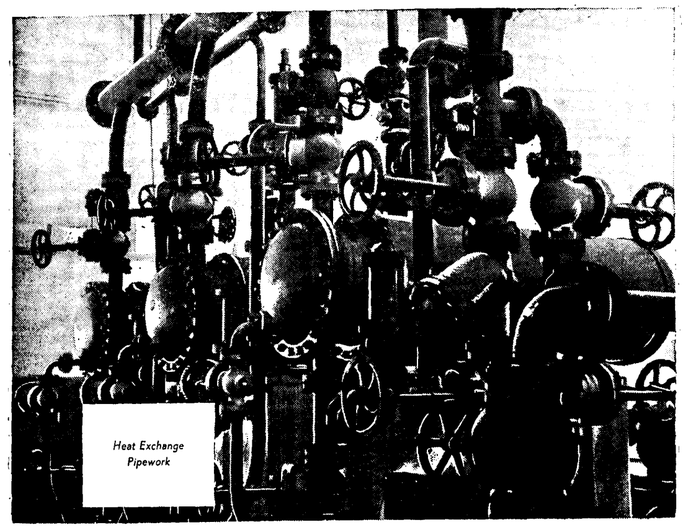

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NATIONAL RAYON SELLS MORE, BUT EARNS LESS

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A PROMISING recovery in sale proceeds, followed by a further setback in gross profit—a consolation turned into an illusion. This, in brief, sums up the results of the National Rayon Corporation Ltd. [Managing Agents: Messrs. Chinai and Company (Private) Ltd., Bombay] for the year ended 31st December 1961. It may be recalled that the Corporation had suffered its first ever setback in sale proceeds from Rs. 752.47 lakhs to Rs. 717.31 lakhs in 1960. During the year under review, it was able to stage a smart recovery to Rs. 810.42 lakhs, showing a sizable improvement over the previous year even after neutralising the decline in that year. The gross profit has, however, dropped further from Rs. 258.59 lakhs to Rs. 243.63 lakhs. For a company which never came down the hill, this must, indeed be disappointing. The setback is, however, due largely to extraneous factors which became unavoidable. The Directors say that the Company had to bear the industry's share of 60 per cent in the additional excise duty levied on rayon yarn in the 1961-62 Union budget and purchase some help under the Export Promotion Scheme by offering yarn at substantially lower price. These factors, together with a general increase in operating costs, the Directors add, largely lowered the profit margin. It is heartening to hear from them that the decline in profit was arrested by a better and more efficient working of the plants.

There was an all-round increase in costs during the year under review—of more than Rs. 3 lakhs to Rs. 127.68 lakhs in raw materials, of about Rs. 24 lakhs to Rs. 132.82 lakhs in stores, spares, power and fuel, and of a little less than Rs. 10 lakhs to Rs. 105.89 lakhs in staff expenses. On top of this, there was an increase of Rs. 55.73 lakhs to Rs. 124.32 lakhs in the excise burden. The Managing Agents' commission has been reduced from Rs. 9.80 lakhs to Rs. 8.96 lakhs. The provision for depreciation has been increased from Rs. 79.17 lakhs to Rs. 85.18 lakhs, presumably because of the addition of Rs. 336.05 lakhs to the gross block during the year under review. The tax liability, estimated at Rs. 53 lakhs, against Rs. 86.50 lakhs a year before, has been provided for at Rs. 41 lakhs, the balance having been drawn from the deferred taxation reserve. This explains the rise in the net profit from Rs. 83.12 lakhs to Rs. 108.49 lakhs. But the increase has been utilised to strengthen the reserve funds. Thus, reserves get as much as Rs. 49.25 lakhs, against Rs. 14.15 lakhs in the previous year. Reflecting the heavy addition to the block account, Rs. 39.25 lakhs, out of the transfers to reserves, go to the development rebate reserve and the balance to the debenture redemption reserve. The ordinary dividend has been maintained at the previous year's level of 22 per cent, subject to tax. The carry forward, however, is much lower at Rs. 0.93 lakh, as compared with Rs. 4.41 lakhs brought in.

The table below brings out the salient features of the Corporation's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	810.42	717.31	752.47	637.11
Closing stocks	30.43	25.13	21.61	49.71
Other income	8.17	8.52	4.04	2.25
Raw materials consumed	127.68	124.86	128.03	144.77
Stores, spares, power and fuel consumed	132.82	108.73	109.18	112.70
Excise duty	124.32	68.59	63.89	41.92
Staff expenses	105.89	96.12	82.99	77.04
Other expenses	84.55	72.95	68.39	64.85
Gross profit	243.63	258.59	275.93	209.62
Managing Agents' commission	8.96	9.80	18.97	16.01
Provision for—				
Depreciation	85.18	79.17	94.50	92.00
Taxation	41.00*	86.50	84.00	55.00
Net profit	108.49	83.12	78.46	46.61
Excess provisions written back	...	...	5.71	0.03
To reserves	49.25	14.15	16.60	13.25
To Additional provision for taxation	...	...	2.71	...
To gratuity fund	...	3.50	3.00	3.00
Dividends—				
5 per cent preference	9.67†	9.67†	8.71†	5.97
Ordinary	53.05 (22%)†	53.05 (22%)†	52.45 (22%)†	24.69 (14%)
Carry forward	0.93	4.41	1.66	0.97

* After allowing for Rs. 12 lakhs transferred from deferred taxation reserve.

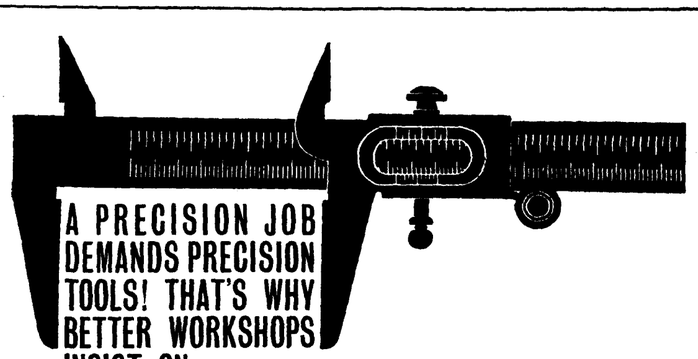
† Subject to deduction of tax.

The expenses for the year under review include a sum of Rs. 3.05 lakhs by way of donations to political parties: Rs. 1.85 lakh to the Congress party, Rs. 50,000 to Swatantra and Rs. 70,000 to others.

The Corporation has received another licence for importing equipment for further expansion of its rayon yarn capacity. Orders for machinery and equipment have already been placed, and the new equipment is likely to be in operation before the end of this year. The erection of the tire cord plant was completed during the year under report. The usual teething troubles have already been overcome, and the plant would be operating at its normal capacity shortly. The Corporation has already sold 25,000 lbs. of tire cord at Rs. 12 a kilo to the Goodyear Tyre Company in the initial stages, and expects demand from other consumers to come up, since it is the only manufacturing unit so far in the country. Arrangements for expanding the caustic soda chlorine plant have advanced considerably, and the Industrial Credit and Investment Corporation of India has agreed to advance the foreign exchange loan for financing the import of the necessary equipment, for which the import licence is expected soon. The various expansion schemes on hand require additional financial resources. The Directors have, therefore, decided to issue 15-year debentures for a sum of Rs. 150 lakhs carrying interest at 6.5 per cent and ranking *pari passu* with the existing debentures. The rights of the existing debenture-holders are also proposed to be amended by increasing the rate of interest thereon from 5.5 per cent to 6.5 per cent and by extending the date of redemption by seven years in consideration of their agreeing to the issue of the new debentures *pari passu* with them. The Corporation has already entered into an agreement with the International Paper Company of New York, U.S., for technical collaboration, and with Messrs. Brown and Root Inc., Houston, Texas, for rendering all the detailed engineering services for the rayon-grade pulp manufacturing project. Negotiations with the Government of Mysore have reached the final stage, and it is expected that the agreement for exploiting the forest resources would be entered into shortly. An approach has been made to the A.I.D. for the requisite foreign exchange for importing plant and equipment. This ambitious expansion programme is calculated to ensure a bright long-term outlook for the Corporation.

Indicating the growth of the Corporation, its gross block has progressively increased from Rs. 6.85 crores in 1955 to Rs. 16.69 crores in 1961. During the year under report itself, it rose by Rs. 3.76 crores. It has been very conservatively written down to Rs. 9.82 crores. But for the setback in 1960, sales have been higher every year, and increased from Rs. 4.22 crores to Rs. 8.10 crores between 1956 and 1961. The paid-up capital of Rs. 415.36 lakhs, of which equity is Rs. 241.12 lakhs, is supplemented by reserves of Rs. 241.46 lakhs. Secured loans comprise debentures of Rs. 150 lakhs, on which interest accrued amounts to Rs. 4.16 lakhs, and bank borrowings of Rs. 119.50 lakhs against nil in the previous year. Unsecured loans total Rs. 140.29 lakhs. Current liabilities and provisions amount to Rs. 158.26 lakhs. Excluding the debentures, its liability to outsiders aggregates Rs. 418.05 lakhs. Against this, current assets, loans and advances and investments total only Rs. 246.66 lakhs. All this means that even without the proposed debenture issue, the Corporation is heavily under-capitalised in relation to its block account. Sooner or later, the Company will have to issue fresh equity capital, if the present lopsidedness of its financial picture is to be corrected.

The Rs. 100 fully-paid ordinary shares of the Corporation are currently quoted at Rs. 564.50 *cum-div.* and offer, on an *ex-div.* basis, a net yield of 2.8 per cent per annum.



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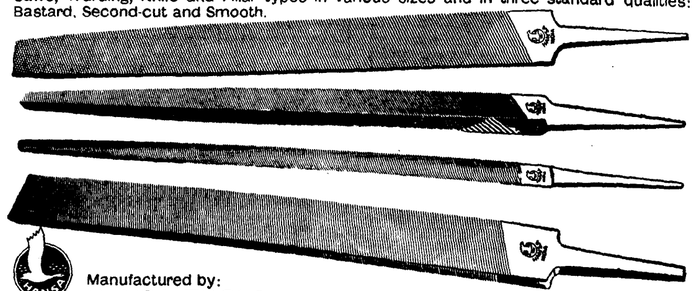

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SLIGHT IMPROVEMENT IN BOMBAY DYEING'S PROFIT-MARGIN

PROSPECTS FOR CURRENT YEAR NOT PROMISING

UNHAMPERED by the somewhat dull market conditions, price fixation and growing competition in oversea markets, the turnover and profit of the country's premier cotton textile unit, the Bombay Dyeing and Manufacturing Company Ltd. [Managing Agents: Messrs. Nowrosjee Wadia and Sons (Private) Ltd., Bombay], has shown a further substantial improvement in results for the year ended 31st December 1961. Gross sale proceeds of cloth, yarn, and waste have, by advancing by no less than Rs. 214.70 lakhs over their previous level, reached an impressive figure of Rs. 1,359.18 lakhs. This achievement has been possible in a large measure because of the increase in production of cloth, by approximately 32 lakh yards, through operation of more spindles and looms and a partial third shift run at the Company's Textile Mills. It is also due, to a certain extent, to the new lines of manufacture introduced in the market. Although fixation of prices and a rise in manufacturing cost have had their cumulative effect on profit-margin, the increased turnover has undoubtedly helped the Company to reap a higher gross profit of Rs. 158.37 lakhs as compared with Rs. 124.49 lakhs a year ago. Although such essential provisions as Managing Agents' Commission, depreciation and taxation, aggregating Rs. 100.37 lakhs as against Rs. 74.02 lakhs a year ago, have claimed the lion's share of the gross profit, an increase of Rs. 7.53 lakhs or about 16 per cent is still witnessed in the net profit which now amounts to Rs. 58.00 lakhs. Transfer to the development reserve has been curtailed from Rs. 29.50 lakhs to Rs. 24.83 lakhs but so have been the withdrawals from reserves and provisions from Rs. 14.45 lakhs a year ago to a mere Rs. 2 lakhs. Dividend has been maintained, for the second year in succession, at 14 per cent per annum, subject to deduction of tax, and absorbs Rs. 35.14 lakhs, leaving a carry forward of Rs. 69,669 as against Rs. 65,826 brought in.

The Company's record of achievement during the past four years, 1958-61 inclusive, is contained in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds (gross)	1359.18	1144.48	1080.33	957.03
Other income	28.91	26.26	18.29	14.70
Closing stocks	229.10	222.23	148.49	164.07
Expenses	1168.55	1084.59	935.03	996.06
Excise duty	68.04	35.40	44.17	49.04
Gross profit	158.37	124.49	103.84	90.70
Managing Agents' remuneration	5.65	6.27	6.00	5.03
Provisions for—				
Depreciation	80.52	63.25	54.64	51.43
Taxation	14.20	4.50	15.30	6.50
Net profit	58.00	50.47	29.90	27.74
Transfer from reserves	2.00	14.45	12.30	17.00
To reserves and provisions	24.83	29.50	7.20	30.00
Dividends	35.14 (14%)†	35.14 (14%)†	35.14 (14%)†	25.10 (10%)
Carry forward	0.70	0.66	0.37	0.50

† Subject to deduction of tax.

It will be observed that sale proceeds have consistently increased from Rs. 957.03 lakhs in 1958 to Rs. 1,359.18 lakhs during the year under report. The average rate of rise works out to 12 per cent per annum which can be considered as quite satisfactory. An interesting feature so far as the year under report is concerned is that, despite higher output, the closing inventory has risen quite nominally over the corresponding figure for the preceding year and this may be one of the reasons why the gross profit has been higher. The net profit has also increased in conformity with growing sales but the improvement has been at a much faster rate so that the ratio of net profit to gross sale proceeds shows an increase from 2.9 per cent in 1958 to 4.3 per cent for 1961. It must, however, be borne in mind that 1958 was a year of depression for the cotton textile industry as a whole. Further, even the ratio for 1961 is appreciably lower than that for many other industrial units in this country. Nevertheless, it will not be too optimistic to presume that the Company has now definitely turned the corner and that its heavy investment on modernisation and renovation has started paying dividends.

Those who have been looking forward to an improvement in the Company's financial position as a result of the rapid betterment in its cash flow will no doubt be disappointed to learn that the situation still continues to be strained. It will be recalled that the Company entered upon a large renovation and modernisation programme a few years ago, with a view to raising its competitive power and improving the operating efficiency of its mills. During the past four years alone, new assets worth over Rs. 3.20 crores were acquired, raising the value of the gross block to as high as Rs. 1,221.51 lakhs. Since the Company's share capital remained stationary during these years at Rs. 250.98 lakhs in 10,03,920 ordinary shares of Rs. 25 each and the reserve position showed but little improvement from Rs. 346.38 lakhs as at the close of 1958 to Rs. 379.80 lakhs as at 31st December 1961, practically the entire expansion scheme has had to be financed out of secured and unsecured loans the amount of which currently stands at Rs. 540.37 lakhs or nearly 90 per cent of the Company's own invested funds. Besides these, current liabilities and provisions aggregate Rs. 225.41 lakhs. The total indebtedness amounts to Rs. 765.78 lakhs, as against which there are current assets, including investments, amounting to Rs. 792.70 lakhs. The fixed assets are well written down, the net block being Rs. 603.86 lakhs. The company's net worth works out to Rs. 631 lakhs, an improvement of Rs. 23 lakhs over the year.

There was not much activity in the local cloth market during the year. Government imposed a cut of 5 per cent in prices of cloth in January 1961. The margin between the ex-mill and ceiling prices was increased from 15 per cent to 18 per cent but at the same time mills were asked to make available 25 per cent of their production in popular varieties, to be sold in India at 3 per cent less in the case of coarse and medium and 2 per cent less in the case of fine and superfine varieties.

Exports of Indian cloth showed a steep fall from 692 million yards valued at Rs. 54.4 crores in 1960 to 575 million yards valued at Rs. 46.2 crores in 1961. The chief factor that contributed to this decline was the increased competition from Japan, China, Hong Kong, Spain and Portugal. The Company's exports during 1961 amounted to 51.9 million yards valued at Rs. 5.54 crores, as compared to 59.6 million yards valued at Rs. 6.25 crores in 1960. This reduction was largely due to the Company's exports to Australia—its best overseas market—having dropped by nearly rupees one crore due to the credit squeeze in that country and the Australian Tariff Board inquiry which caused a serious setback to the Company's exports. However, sales to Europe and other export markets were developed during the year, with the result that the Company was able to maintain its position as the largest exporter of cotton textiles in the country, a position which it has enjoyed for about 20 years. It may be noted here that, this year its exports reached 12 per cent in value of the total exports of cloth from India—the largest share so far in the history of the Company.

However, the most important development in the Company's affairs during the year was the placing on the market of crease-resistant fabrics which are branded with the well-known marks "Tebilized" and "Tebilized Double Tested" of Messrs. Tootal Broadhurst Lee Co. Ltd., Manchester, U.K. New qualities manufactured from combed yarns are also now being produced, which it is anticipated will find a good demand in the local, as well as export, market. Experiments are already being conducted for the manufacture of fabrics comprising mixtures of cotton and synthetic fibres such as nylon and terylene and the first samples have already been produced.

As regards prospects for the current year, it will be pertinent to quote what the Directors themselves have to tell the shareholders. They say:

"The cotton season 1961-62 commenced with indications of an adequate supply of Indian cotton, the crop being estimated at 54 lakh bales and a carryover of about 18 lakh bales of indigenous and 4 lakh bales of foreign cotton. However, contrary to expectations, due to unseasonal rains and extensive flood damage, the crop estimate was revised downwards, and the industry requested the Government to re-introduce the compulsory system of surveys to ensure that prices were kept at a reasonable level. The cotton crop this season is now expected to be approximately 43 lakh bales only, and, with the mill demand having risen considerably, the supply position is precarious. Government have recently imposed restrictions on purchases of indigenous varieties of cotton, and mills are permitted to carry stocks equivalent to five months' consumption only. In spite of these stringent controls, the prices of most varieties of Indian cotton have pierced the ceilings.

"Imports of foreign cotton this season have so far amounted to 4.72 lakh bales and 4.43 lakh bales have been licensed for import. Government is making efforts to secure supply of short-staple foreign cotton to fill the gap, but the stringency of foreign exchange and the fact that supplies of American P.L. 480 cotton are not likely to be available till about the end of the current year have put the textile industry in a very difficult position to maintain its production. The shortage of cotton is bound to affect adversely exports to overseas markets."

The present market quotation for the Company's Rs. 25 fully paid ordinary share is Rs. 70.30 *cum-div.* final dividend of Rs. 2.50 taxable. The net yield on an *ex-div.* basis works out to about 3.6 per cent per annum.

MADRAS RUBBER FACTORY

The Madras Rubber Factory Limited [Managing Agents: Young India Agencies (Private), Madras] has got off to a promising start during the first year of its working, namely, the year ended 31st December 1961. It was engaged only in the tread rubber business in that year which it took over for Rs. 25 lakhs from the Madras Rubber Factory (Private) Ltd. with effect from 1st April 1961. The Company realised Rs. 164.48 lakhs from sales and earned a gross profit of Rs. 23.51 lakhs for the period commencing from 16th November 1960 to 31st December 1961. This is sufficient to declare a satisfactory dividend on the entire capital and also to carry forward a substantial amount to the next year. The Company spent Rs. 106.83 lakhs on raw materials and packing materials, Rs. 2.73 lakhs on stores, spares, power, fuel and electricity, Rs. 10.44 lakhs on staff and Rs. 24.91 lakhs on other heads. Managing Agents' commission amounted to Rs. 0.63 lakh; depreciation claimed Rs. 4.58 lakhs; and the provision for taxation was Rs. 9 lakhs. The net profit thus worked out to Rs. 9.30 lakhs. From this, Rs. 0.14 lakh is transferred to development rebate reserve. The dividend on the Rs. 10 fully paid ordinary shares is proposed at 6 per cent, subject to tax, which absorbs Rs. 4.60 lakhs, leaving Rs. 4.56 lakhs to be carried forward. The dividend, it must be noted, is only for the period from the date of allotment, though on the full face value.

The Directors state in their report to the shareholders that tyre production commenced in the very first year of incorporation of the Company. It was thought desirable to start the pilot plant production of Mansfield tyres even before commercial production could be started, and it was installed and commissioned into production within three months after the import licence was granted. At present, 825 x 20 size truck tyres are being produced in the pilot plant and production is being systematically stepped up. Commercial production of tyres and tubes of all varieties is expected to begin later this year. The principal engineers of the Company have already been trained in the plant of Mansfield Tire and Rubber Company, U.S., its collaborators, whose representatives are also training a large number of supervisors and workers in the pilot plant. A fresh team of engineers and rubber technicians has left for training in the U.S. The Company has been sanctioned a loan of Rs. 1 crore by the Industrial Finance Corporation of India and of Rs. 25 lakhs by the Export-Import Bank. It has been successful in competing with overseas manufacturers of tyre compounds, which are being exported to 14 countries in Asia and Africa. Rebate on duty for past exports and also on import licence for raw rubber at concessional terms also on past exports have been obtained. The export organisation is being strengthened to handle the business in tyres. The factory buildings have been completed and the erection of machinery is said to be proceeding at a fast rate. The licensed capacity of the existing factory is 300,000 tyres and tubes per annum, and an application to increase it further has been made to the Government. Preliminary expenses of Rs. 0.15 lakh, share issue expenses of Rs. 3.47 lakhs and expenses incidental to the tyre factory of Rs. 8.31 lakhs, making a total of Rs. 11.93 lakhs, are shown under miscellaneous expenditure on the assets side of the balance-sheet.

Stamco Industries Limited has been authorised to restyle itself as Killick Caribonum Limited following the approval by the Government of India of its technical and financial collaboration agreement with Caribonum Limited, Leyton, London. The British firm has provided considerable advance machinery in addition to technicians for setting up the Company's factory at the Killick Industrial Estate at Kandivli, Bombay.

Notice

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NOTICE IS HEREBY GIVEN THAT THE Registers of Members and Share Transfers will remain closed from 16th May till 31st May, 1962, both days inclusive, except for recording the share transfers received before the closure of the Registers. The dividend for the year 1961, when declared, will be payable to those Shareholders whose names would appear in the Register of Members as on 31st May, 1962.

By Order of the Board,
S. C. AGGARWAL,
Secretary.

Dated 5th April, 1962.

RESULTS OF BINNY COTTON GROUP

PROFITS AND DIVIDENDS IMPROVE

A LARGER turnover based on a satisfactory level of production has gone a long way in enabling the Buckingham and Carnatic Company Ltd., and the Bangalore Woollen, Cotton and Silk Mills Company Ltd., both belonging to the Binny Group of enterprises, to put up an inspiring show during the year ended 31st December 1961. Although the working results achieved by the two companies differ in minor respects, the ultimate result in respect of both has been the same, namely, a higher net profit and an increase in dividend to equity shareholders.

Buckingham and Carnatic

For the fourth year in succession, the sale proceeds of the Buckingham and Carnatic Company have shown substantial gains over the preceding year and, at over Rs. 12.35 crores, stand higher by Rs. 1.07 crore or 9.2 per cent, than the corresponding figure for 1960. Exports, totalling Rs. 2.02 crores as against Rs. 1.97 crore previously, have not only helped achieve a higher turnover but also have secured for the Company valuable benefits under the Export Incentive Scheme which in turn have been partially responsible in raising other incomes by Rs. 8.97 lakhs to Rs. 40.24 lakhs. A major portion of this improvement has, however, been neutralised by increased production cost which, under most heads, has been higher and is in keeping with the general trend in the country. As a result, the gross profit shows only a marginal rise of Rs. 3.77 lakhs to Rs. 154.28 lakhs. There has been a sizable saving of Rs. 7.56 lakhs in the commission payable to the Managing Agents or Directors for which a provision of Rs. 2.50 lakhs has been made but this also has been more than fully absorbed by an increase of Rs. 3.26 lakhs in the provision for depreciation, and a rise of Rs. 7.35 lakhs to Rs. 46.60 lakhs in that for taxation. Consequent on these increases, the net profit shows a rise of Rs. 1.78 lakh only to Rs. 60.00 lakhs. Out of this, the Directors have transferred Rs. 6.50 lakhs (as against Rs. 5.00 lakhs last year, to the debenture redemption fund, Rs. 6.51 lakhs (as against Rs. 8.00 lakhs) to the statutory development rebate reserve and Rs. 12.80 lakhs (as against Rs. 17.85 lakhs) to the general reserve. The total of these appropriations to reserves at Rs. 25.82 lakhs are Rs. 5 lakhs less than the sum of Rs. 30.85 lakhs conserved last year. After setting aside from this Rs. 2.08 lakhs towards the preference dividend for the year, the Directors have proposed a higher ordinary dividend of 18 per cent (including the interim of 6 per cent), subject to deduction of tax claiming Rs. 32.12 lakhs, or a net of 12.40 per cent. This rate compares favourably with the 10 per cent tax-free dividend for the previous years. The carry forward is Rs. 2.15 lakhs, as against Rs. 2.17 lakhs brought in.

The rapid progress made by the Company during the past four years is well brought out in the comparative table appearing at the foot of this page.

In common with other progressive-minded textile units in the country, the Company entered, some years back, upon an extensive programme of replacements and renovation of its productive capacities. The scheme was continued during the year under report and new assets worth Rs. 71.73 lakhs were added to the fixed assets, bringing the total expenditure on capital account during the past five years to Rs. 3.00 crores. This outlay was clearly too heavy for the Company to be met entirely out of its own resources and, though a debenture loan had already been raised for the purpose, further borrowings from banks and others became inevitable. The Company's financial position is nevertheless quite strong, as will be seen from a scrutiny of its balance-sheet as at 31st December 1961. The share capital of Rs. 199.78 lakhs consists of Rs. 21.30 lakhs in preference shares and Rs. 178.48 lakhs in equities and has a substantial backing of reserves and surplus amounting to Rs. 385.43 lakhs. Total loans, including debentures at Rs. 64.46 lakhs amount to Rs. 171.96 lakhs in addition to current liabilities of the order of Rs. 158.35 lakhs. The gross block, as heavy as Rs. 929.93 lakhs, has been very well written down, to nearly a third of its value, to Rs. 374.48 lakhs. Capital work in progress is worth Rs. 21.95 lakhs thereby giving total net block as Rs. 396.43 lakhs. Investments, current assets and loans and advances, all aggregate Rs. 519.09 lakhs, and exceed the Company's indebtedness to outsiders by a comfortable margin of Rs. 187.79 lakhs.

Currently, the Rs. 100.00 fully-paid ordinary shares of the Company are quoted at Rs. 287.00 *cum*-final dividend. Reducing the price to an *ex-div.* basis, the net yield works out to 4.5 per cent.

Bangalore Woollen

Bangalore Woollens has been more fortunate than its sister concern in that the demand for the Company's products exceeded the output and this has not only raised the sale proceeds by Rs. 45.79 lakhs to Rs. 618.88 lakhs but has also brought about a welcome reduction in closing inventories from Rs. 70.71 lakhs to Rs. 64.35 lakhs. Besides this, production of cotton cloth continued at a high level and that in the silk department was larger in view of the larger supplies of raw material being available. These two factors, supported by a prudent purchasing policy, have quite logically broadened the profit-margin and have lifted the gross profit to Rs. 75.44 lakhs from Rs. 64.51 lakhs a year ago, despite a higher production cost. With the appointment of Managing Director to take over the management of the Company with effect from 1st January 1961, the usual provision for the Managing Agents' commission has been suspended and a small provision of Rs. 0.64 lakh has been made for the commission payable to the Managing Director. Provision for depreciation has remained unchanged at Rs. 15.80 lakhs but that for taxation is substantially higher at Rs. 27.00 lakhs as against Rs. 19.80 lakhs previously. These essential provisions thus absorb an aggregate of Rs. 43.44 lakhs, leaving behind a net profit of Rs. 32.00 lakhs which is the highest the Company has earned during any of the past four years, as will be evident from the comparative table appearing at the end of this review.

This Company, too, has raised the dividend from 10 per cent tax-free to 18 per cent (including interim dividend of 6 per cent) taxable, or 12.40 per cent net. It is noteworthy that the Company could do this after raising the transfers to reserves from Rs. 5.87 lakhs to Rs. 9.90 lakhs.

The financial position of the Company, as reflected in its balance-sheet as at 31st December 1961, continues to be as strong as ever. The share capital of Rs. 127.50 lakhs, of which Rs. 6.00 lakhs are in 6 per cent cumulative preference shares and the balance in equities, is supplemented by Rs. 169.02 lakhs in reserves and surplus. Other liabilities and provisions total Rs. 120.45 lakhs and are more than adequately covered by current assets, loans and advances and investments aggregating Rs. 321.04 lakhs. New assets worth Rs. 19.26 lakhs were added to the block account this year, bringing the cost of fixed assets to Rs. 415.85 lakhs. On deducting from this Rs. 335.46 lakhs being the depreciation provided so far, the net block works out to Rs. 80.39 lakhs. Capital work in progress is valued at Rs. 15.54 lakhs, with the inclusion of which, the total net block comes to Rs. 95.93 lakhs.

The Rs. 100 fully paid shares of the Company are currently quoted at Rs. 267 *cum*-final dividend and fetch a net return of about 5 per cent on the *ex-div.* basis.

(In lakhs of rupees)

	Buckingham and Carnatic				Bangalore Woollen			
	For the year ended 31st December				For the year ended 31st December			
	1961	1960	1959	1958	1961	1960	1959	1958
Sales of cloth, yarn and waste	12,35.74	11,28.28	10,57.38	9,88.58	6,18.88	5,73.09	5,52.00	5,54.18
Other income and credits	40.24	31.27	17.81	14.53	6.39	5.26	2.89	2.05
Closing stocks	1,25.26	1,11.21	1,05.63	1,09.10	64.35	70.71	71.39	87.15
Raw materials and stores consumed	6,03.42	5,24.72	5,01.95	4,76.93	3,07.12	2,97.42	2,61.02	3,08.02
Purchases for resale	23.81	31.16	20.91	16.70	4.91			
Salaries, wages and bonus, etc.	3,14.96	2,89.16	2,46.76	2,24.30	1,41.37	1,37.19	1,16.02	1,08.47
Other expenses	1,93.56	1,69.57	1,85.60	1,68.21	90.08	78.55	83.77	80.48
Gross profit	1,54.28	1,50.51	1,16.47	99.86	75.44	64.51	77.65	78.88
Managing Agents' or Directors' commission	2.54	11.10	8.56	7.51	0.64	5.41	6.54	6.35
Provisions for—								
Depreciation	45.14	41.88	38.51	35.22	15.80	15.80	14.78	14.89
Taxation	46.60	39.25	25.75	20.50	27.00	19.80	26.50	29.50
Net profit	60.00	58.28	43.65	36.63	32.00	23.50	29.83	22.59
Transfer to reserves and provisions	25.82	30.85	16.39	11.67	9.90	5.87	3.75	7.50
Dividends—								
Preference	2.08*	2.08*	1.60	1.60	0.47*	0.47*	0.36	0.36
Ordinary	32.12 (18%)*	25.50† (10%)	26.18† (10%)	17.85 (10%)	21.87 (12%)*	17.36† (10%)	17.51† (10%)	12.15 (10%)
Carry forward	2.15	2.17	2.31	1.83	2.25	2.49	2.69	2.98

* Subject to deduction of tax.
† Ordinary dividend was proposed at 10 per cent. and the tax thereon was borne by the Company.

COMPANY MEETINGS AND DIVIDENDS

MARSHALL SONS AND CO. (INDIA) LTD. Forty-fourth Annual General Meeting, Calcutta, 23rd April 1962. Dividend: *Nil*. Transfer books remain closed from 9th to 13th April 1962, both days inclusive.

MAHINDRA AND MAHINDRA LTD. Sixteenth Annual General Meeting, Bombay, 23rd April 1962. Dividend: Re. 1.50 per share (includes a bonus of Re. 0.25 per share), subject to deduction of tax. Transfer books remain closed from 2nd to 23rd April 1962, both days inclusive.

PREMIER CONSTRUCTION CO., LTD. Forty-second Annual General Meeting, Bombay, 24th April 1962. Dividend: 33⅓ per cent or Rs. 10.00 per share, subject to deduction of tax, payable on and from 30th April 1962.

SASSOON SPINNING AND WEAVING CO., LTD. Eighty-ninth Annual General Meeting, Bombay, 24th April 1962. Dividend: Rs. 2.00 per share, subject to deduction of tax, payable from 2nd May to 31st July 1962. Transfer books remain closed from 2nd April to 24th April 1962, both days inclusive.

RAMNUGGER CANE AND SUGAR CO., LTD. Twenty-fifth Annual General Meeting, Calcutta, 25th April 1962. Dividend: 35 per cent or Rs. 3.50 per ordinary share, subject to deduction of tax. Transfer books remain closed from 9th to 25th April 1962, both days inclusive.

NEW BEERBHOOM COAL CO., LTD. Annual General Meeting, Calcutta, 26th April 1962. Dividend: Re. 1.00 per ordinary share (includes interim dividend of Re. 0.35 per share), subject to deduction of tax. Transfer books remain closed from 12th to 26th April 1962, both days inclusive.

TIDE WATER OIL CO. (INDIA) LTD. Annual General Meeting, Calcutta, 27th April 1962. Dividend: Rs. 3.50 per share (includes interim dividend of Re. 0.70 per share), subject to deduction of tax. Transfer books will remain closed from 13th to 27th April 1962, both days inclusive.

BRITISH INDIA CORPORATION LTD. Forty-second Annual General Meeting, Kanpur, U.P., 28th April 1962. Dividend: Re. 0.35 per share, subject to deduction of tax.

SHRI AMBICA MILLS LTD. Thirty-fifth Annual General Meeting, Ahmedabad, 28th April 1962. Dividend: *Nil*. Transfer books were closed from 10th to 31st March 1962, both days inclusive.

RAJGARH TEA CO., LTD. Annual General Meeting, Calcutta, 30th April 1962. Dividend: Re. 1.35 per share, subject to deduction of tax. Transfer books will remain closed from 6th to 30th April 1962, both days inclusive.

MIM TEA CO., LTD. Annual General Meeting, Calcutta, 30th April 1962. Dividend: Rs. 20.00 per share or 20 per cent, subject to deduction of tax. Transfer books will remain closed from 16th to 30th April 1962, both days inclusive.

MURPHULANI (ASSAM) TEA CO., LTD. Annual General Meeting, Calcutta, 30th April 1962. Dividend: Rs. 2.063 per share, on preferred ordinary shares and Re. 1.50 per share on ordinary shares, both subject to deduction of tax. Transfer books will remain closed from 16th to 30th April 1962, both days inclusive.

W. H. BRADY AND CO., LTD. Forty-ninth Annual General Meeting, Bombay, 30th April 1962. Dividend: Rs. 52.00 per share, subject to deduction of tax, payable on and after 10th May 1962. Transfer books remain closed from 12th April to 2nd May 1962, both days inclusive.

MADRAS RUBBER FACTORY LTD. First Annual General Meeting, Madras, 4th May 1962. Dividend: 6 per cent or Re. 0.60 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 15th April to 4th May 1962, both days inclusive.

SHREENIWAS COTTON MILLS LTD. Twenty-seventh Annual General Meeting, Bombay, 9th May 1962. Dividend: Rs. 20.00 per ordinary share, subject to deduction of tax, payable on and after 10th May 1962. Transfer books remain closed from 10th April to 2nd May 1962, both days inclusive.

RENEWED SETBACK FOR RAZA BULAND SUGAR

DIVIDEND CUT—RESERVES DEPLETED

A REVISED method of evaluating the closing stock and the well-known adverse factors common to all sugar mills in the country have brought about a renewed setback for the Raza Buland Sugar Company Ltd. (Managing Agents: Messrs. Govan Bros. [Private] Ltd., Rampur, U.P.) during the year ended 31st October 1961. The setback is conspicuous, as it has come after a year of fair recovery. Till the previous year, the closing stock of sugar was valued each year at the market or controlled rate (during the controlled period) after deduction of the excise duty and sales commission payable on it. For last year, the Directors have valued it at cost price, which is lower than the market value. And, having fared no better than did the industry as a whole, the Company has carried a much larger inventory of Rs. 91.26 lakhs as compared with Rs. 69.43 lakhs in the previous year. On top of this, there has been a drop in sale proceeds from Rs. 348.75 lakhs to Rs. 333.53 lakhs. The result is a sharp decline in gross profit from Rs. 36.79 lakhs to Rs. 8.68 lakhs. The ratio of profit to sales has fallen abruptly from 10.5 per cent to a ridiculously low level of 2.6 per cent. It would have been lower still but for an increase in income from other sources from Rs. 7.35 lakhs to Rs. 12.11 lakhs. The cost of cane has increased from Rs. 177.54 lakhs to Rs. 180.24 lakhs, staff expenses have moved up from Rs. 28.76 lakhs to Rs. 29.59 lakhs and other expenses from Rs. 77.09 lakhs to Rs. 82.17 lakhs. The higher staff expenses were because of the Wage Board recommendations which were implemented without a rise on that account in the price of sugar.

The provision for depreciation has been increased from Rs. 2.75 lakhs to Rs. 3.27 lakhs, but that for taxation is naturally much lower at Rs. 2.10 lakhs, as against Rs. 18.92 lakhs for the previous year. With a lower profit, the Managing Agents' commission has also fallen from Rs. 3.09 lakhs to Rs. 0.53 lakh. After making these allocations, the net profit works out to Rs. 2.78 lakhs, which is only a fraction of Rs. 12.03 lakhs earned in 1959-60, and is inadequate to pay the dividend, even after pruning it from 12.5 per cent to 10 per cent, subject to tax. The Directors have, therefore, withdrawn Rs. 4.50 lakhs from reserves. As against Rs. 5.78 lakhs transferred to general reserve in the preceding year, the Directors have transferred during the year under review Rs. 10 lakhs to create a gratuity reserve. This is to provide for the liability to the employees, which had been shown so far as a contingent liability and has now been estimated at that figure. The amount for this purpose has been found from the past provisions for taxation.

The table below compares the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st October			
	1961	1960	1959	1958
Sale proceeds	333.53	348.75	246.29	319.64
Other income	12.11	7.35	3.75	4.30
Closing stock	91.26	69.43	12.90	29.98
Cost of cane	180.24	177.54	85.58	114.88
Excise duty	66.79	92.45	70.67	94.80
Staff expenses	29.59	28.76	20.69	25.86
Other expenses	82.17	77.09	68.59	48.84
Gross profit	8.68	36.79	11.23	23.47
Depreciation	3.27	2.75	2.80	3.33
Taxation	2.10	18.92	3.50	31.95
Managing Agents' commission	0.53	3.09	0.84	1.98
Net profit (+) or loss (—)	+2.78	+12.03	+4.09	—13.80
Transfer from taxation provision	9.88	..	..	..
Development rebate reserve	0.97	0.27	0.48	0.14
Transfer from reserves	4.50	..	..	20.39
Transfer to reserves	10.00	5.78	..	..
Dividend—				
Ordinary	3.50 (10%)*	3.13 (12.5%)*	7.68 (12%)*	7.95 (12.5%)
Carry forward	0.35	0.65	3.91	0.07
Raza Buland Factories—				
Total cane crushed (in '000 quintals)	4,343	4,237	2,311	3,207
Quantity of sugar produced (in '000 quintals)	413	409	224	330
Average percentage recovery	9.51	9.67	9.69	10.29

* Subject to deduction of tax.

The Company's production of sugar amounted to 412,000 quintals (one quintal=100 kg. or 220.462 lbs.), showing an improvement of some 3,000 quintals over the previous year. The total cane crushed amounted to 4,343,000 quintals as against 4,237,000 quintals in the preceding year. The average recovery, however, was lower at per cent, as compared with 9.67 per cent. The cane price linking formula entitling cane growers to a deferred payment of cane price in addition to the minimum cane price remained in force, but, as the extent of the deferred cane price has not been finally announced, the liability on that account could not be ascertained and hence it has not been provided for. The basic export quota for the season for the Company's two factories was fixed at 36,451 bags, which fetched in all about Rs. 20.52 lakhs. The Company sold an additional quantity of 51,763 bags for export at the controlled price, as the quality of its sugar was considered superior and well appreciated abroad, particularly in Malaya.

There has been no progress, according to the Directors, in the income-tax assessments since the last report and assessments have been completed only up to the Company's accounting year ended 31st October 1957. Though the writ petition of the Company against the assessment of agricultural income-tax has been rejected by the Allahabad High Court, a directive has been given to the assessing authority for examining whether the lands in question are really subject to the payment of agricultural income-tax. The appeals for agricultural income-tax in respect of the accounting years 1949-50 to 1953-54 pending before the appellate authority have also been remanded back to the Collector, Rampur, for fresh assessment in the light of the High Court's directive.

The development activities of the Company for the provision of irrigation facilities to cane growers in collaboration with the Cane Department of the Government of Uttar Pradesh are continuing, and the response from the growers has been quite encouraging. Licences for increasing the crushing capacity up to 1,500 tons of sugarcane per day of the two factories have been granted. In the light of the target of 3.5 million tons of sugar production laid down in the third Plan and the Government's intention to establish a permanent export market for sugar, the Directors have thought it fit to proceed with the expansion, albeit in a phased manner. Moreover, a unit with a crushing capacity of 1,500 tons per day would be more economic.

The Company's writ application before the Allahabad High Court for the refund of two annas per maund on the price of cane purchased from Tarai area during the season 1955-56 is still pending. The Government has agreed to an increased price of Rs. 30-45 per maund for the quantity requisitioned out of the 1953-54 season's production, and the increase will figure in the current year's accounts.

The financial position of the Company is sound. The paid-up capital of Rs. 65 lakhs is backed by reserves and surplus of Rs. 34.20 lakhs, of which general reserve accounts for Rs. 16.55 lakhs. Borrowings from the State Bank of India have increased from Rs. 36.71 lakhs to Rs. 86.58 lakhs, and are secured by pledge of sugar stocks, stores, spares and gunny bags. The other current liabilities and provisions have come down from Rs. 52.62 lakhs to Rs. 46.48 lakhs. The total indebtedness to outsiders aggregates Rs. 133.06 lakhs to cover which are available current assets, loans and advances of Rs. 166.12 lakhs. Investments have increased from Rs. 12.97 lakhs to Rs. 14.09 lakhs, of which quoted are Rs. 13.29 lakhs and command a market value of Rs. 10.79 lakhs. The gross block increased during the year from Rs. 85.30 lakhs to Rs. 92.55 lakhs and has been written down to Rs. 49.63 lakhs. Expenses on construction in progress are shown at cost at Rs. 2.43 lakhs.

Rs. 10 fully paid ordinary shares of the Company are currently quoted in Delhi at Rs. 9.87 *cum-div.*, and, on an *ex-div.* basis, offer a net yield of 7.6 per cent per annum.

NO RIGHTS SHARES FROM I.I.S.CO. FOR THE PRESENT

In a circular letter issued to the shareholders last week, the Directors of the Indian Iron and Steel Company Ltd. point out that there is no need for an immediate rights share issue in connection with the setting up of the new company called I.I.S.Co.-Stanton Pipe and Foundry Co., Ltd. Giving an idea of the new project, the letter says that it is designed to meet the shortage of spun iron pipe in the country. The new company will be floated with an initial issued capital of Rs. 3 crores, which will be taken up by the I.I.S.Co. and Stanton Iron Works Company Ltd. of the U.K., which is collaborating in the project, in the proportion of two-thirds and one-third. The collaboration agreement has been generally approved by the Government. The scheme is additional to and will not interfere with I.I.S.Co. spun iron pipe making project at Kulti. The design and fabrication of the plant and buildings for the new project would take nearly two years. Hence, the Directors think that the I.I.S.Co. will not be in immediate need of funds for shares in the new company. They, therefore, add that, at an appropriate time, it would be necessary to make a rights share issue on terms and conditions agreed upon with the Controller of Capital Issues. It is not possible to specify at this stage, they say, what these terms and conditions would be. In order to get the approval of shareholders of the project, a general meeting of the Company will be held at Calcutta on 25th April 1962.

BHARAT SURYODAYA MILLS FARES WELL

The Bharat Suryodaya Mills Company Limited (Managing Agents: Chaturbhujdas Kharawala Mohatta and Co., Ahmedabad) has fared well during the year ended 31st December, 1961. Sale proceeds have improved from Rs. 160.12 lakhs to Rs. 176.66 lakhs and the profit has risen from Rs. 12.05 lakhs to Rs. 20.40 lakhs. As a corollary to these better results, the Directors have stepped up the return to ordinary shareholders from Rs. 8 to Rs. 18 per share, inclusive of a bonus of Rs. 6, subject to tax. Allocations include Rs. 4.13 to depreciation, Rs. 5 lakhs to taxation, and Rs. 3.87 lakhs to development rebate. General reserve gets Rs. 1.40 lakhs. The Company installed modern machinery worth Rs. 17.18 lakhs during the year. The block account increased from Rs. 54.27 lakhs to Rs. 76.04 lakhs. Depreciation provided till the year-end amounts to Rs. 31.64 lakhs. The Company's modernisation and renovation scheme is in progress, and orders for other machinery, as also for spinning machinery against the licence for 2,400 additional spindles already received, have been finalised.

PLANTING

(*Concluded from page* 684)

prices. The Federation of Coffee-Growers' Co-operatives has announced that it will be selling the "fine" coffee in its possession, at the rate of 10 per cent per month during the first six months of this year, to markets abroad and not to I.B.C., partly because it expects a shortage of fine coffee from the 1962-63 crop. The I.B.C. has reduced the price at which it sells green coffee to local roasters in Brazil by 25 per cent, in order to balance the rise in roasters' overhead costs. In this way a threatened rise in coffee prices to Brazilian consumers will be avoided. It has informed processors that it is prepared to sell up to a million bags (1.2 million cwt.) of "expurgation" coffee to them at a price of 100 cruzeiros per bag for the extraction of caffein and oils. Brazilian officials have denied that there was any intention to reduce or to abolish minimum prices for registration of any export sales. These prices were, on the contrary, raised at the end of January, though this rise did not affect the actual dollar prices, being merely a readjustment to the new exchange rate of 310 cruzeiros per U.S. dollar.

In Colombia, the Congress has approved a Bill to eliminate the 9 per cent export tax on coffee. A decree regulating the movement of El Salvador's 1961-62 coffee crop provides for a retention quota of 10 per cent and fixes the prices at which this retention coffee may be sold to the *Compania Salvadorena de Cafe*.

The arabica terminal market in Le Havre, which was closed at the beginning of the war, was reopened on 8th February. The robusta market in the same centre had been reopened in November 1954.

France has fixed the import quota for arabica coffee from outside the franc zone during the first half of 1962 at 492,000 cwt., the same figure as for the first half of 1961. The French authorities are reported to have reached agreement to maintain the price at which robusta coffees from their former African colonies will be sold to French importers during 1962 at the same levels as in 1961, that is, not to exceed 3.20 francs per kilo c.i.f. for courant and 3.24 francs for superior. These prices are well above those prevailing for similar coffees elsewhere and constitute a subsidy by France to the coffee producers of its former colonies.

Following the establishment of an office of I.B.C. in Hamburg, officials of Costa Rica and Gautemala have indicated that they will open an office in that city.

The *Federacion National de Cafeteros* of Colombia is planning to establish offices in several European capitals in order to expand coffee exports by means of barter deals.

TABLE III—*Main Coffee Importers*

(In thousand cwt.—raw)

Countries	1961	1960	1959
United States	26,528	26,046	27,365
W. Germany	4,009	3,224	3,673
France	3,904	3,906	3,575
Italy	2,021*	1,958	1,659
Sweden	1,536*	1,442	1,388
Belgium	1,518*	1,326	1,146
Canada	1,206*	1,175	1,190
United Kingdom	1,155	1,081	1,043
Netherlands	1,154	1,088	1,007
Denmark	859	824	756
Malaya	1,014*	780	687
Algeria	540*	596	587
Switzerland	688	585	527
Norway	528*	570	496
South Africa	226*	229	231
Australia	191*	220	166
Czechoslovakia	294*	157	124
Sudan	239*	125	157
New Zealand	42*	36	24

* Projected on the basis of latest available data.

SYNOPSES OF COMPANY REPORTS

Associated Stone Industries (Kotah) Ltd.

(*Managing Agents*: Rajputana Mining Agencies Private Ltd., Ramganjmandi (W. Rly.)

16*th Annual General Meeting*—Held on 26th March 1962.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1961	1960
Sales (rough and polished stones, paints, cements, etc.)	62,84	45,22
Closing stock	10,73	11,06
Gross profit	15,82	7,89
Transfer to Managing Agents' commission	1,41	82
,, ,, depreciation	1,74	1,06
,, ,, provision for development rebate	28	16
,, ,, provision for taxation	6,20	1,54
Net profit	6,19	4,31
Adjustments	5	6
Appropriations—		
Total available	6,24	4,37
Transfer to provision for charities and donations	Nil	25
,, ,, reserve for doubtful advances to labourers	40	20
Proposed dividends (taxable) C. preference	17	17
,, ,, ,, equity	5,55 (30%)	3,70 (20%)
Carry forward	12	5

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

Extracts from the Directors' report: The Directors have pleasure in announcing that the Company has made an application to the Central Government on 22nd December 1961 for the Licence or Permission for establishment of a Cement Factory at Ramganjmandi, under the Registration and Licensing of Industrial Undertakings Rules. 1952. The total financial commitment under this scheme may come to about Rs. 2,50,00,000.

The production of Kotah Stone uptodate, since the close of the year under report, is comparatively less due to the heavy rainfall in the quarry areas. However, the Directors are confident that their target for production of 2,00,00,000 sq. ft. of Kotah Stone during the year 1961-62 as against the actual production of 1,51,48,734 sq. ft. during the year under report will be achieved.

The Directors have decided to change the accounting year of the Company from 30th September to 31st October.

Accounts in brief as at 30th September 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	20,50,000	Gross block	20,56,614
Reserves and surplus	13,63,304	—Depreciation	10,75,787
Other liabilities	35,28,514		
		Net block	9,80,827
		Current assets	40,87,291
		Investments	4,31,232
		Cash	14,42,468
	Rs. 69,41,818		Rs. 69,41,818

Marshall, Sons and Co. (India) Ltd.

[*Managing Agents*: Marshalls (Direction) Private Ltd., Calcutta.]

44*th Annual General Meeting*—23rd April 1962.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1961	1960
Sales of machinery	2,69,30	2,27,10
Closing stock	74,88	75,98
Gross profit (+) or loss (—)	+ 3,31	—9,35*
Transfer to Managing Agent's remuneration	5	6
,, ,, depreciation	1,01	1,00
,, ,, development rebate reserve	5	10
,, ,, taxation	Nil	Nil
Net profit (+) or loss (—)	+ 2,20	—9,35*
Adjustments (credit items)	79	3,31
Appropriations:		
Total available balance	2,99	3,31
To gratuities paid to staff	24	91
,, adjustment in respect of previous years	12	22
,, adjustment of loss brought forward	2,63	1,08
Carry forward (debit balance)	—5,64	—8,27†

*Loss after providing for Managing Agents' remuneration.
†Final debit balance carried forward after taking into account adjustments and after making provisions for depreciation; development rebate reserve; payment of gratuities and adjustments relating to previous years.

Extracts from the Directors' report: The accounts show an improvement in the situation for the period ending 30th June 1961, as compared with the preceding periods. This was expected and forecast in the directors' last report which implied that further economy measures were in contemplation. The directors now report that the necessary steps have been taken and the results thereof should be evident at the conclusion of the current trading period. However, much will depend upon the ability to maintain satisfactory and efficient rates of despatch of goods from the Company's suppliers and its godowns.

In spite of the progress towards recovery which has been made, it is regretted that in the best interests of the Company, the Directors are unable to recommend the payment of a dividend for the period ended 30th June 1961.

Accounts in brief as at 30th June 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,50,000	Gross block	19,47,135
Reserves of surplus†	13,54,315	—Depreciation	15,45,088
Other liabilities	1,74,28,367		
		Net block	4,02,052
		Current assets	1,89,85,529
		Investments	1,06,582
		Cash	3,39,019
	Rs. 1,98,33,182		Rs. 1,98,33,182

*Paid up capital consists of 5,25,000 ordinary shares of Rs. 2 each fully paid up: Of the above shares 4,05,804 ordinary shares of Rs. 2 each are allotted for payment in cash and 1,19,196 ordinary shares of Rs. 2 each are alloted as fully paid up pursuant to contracts without payments being received in cash.
†Reserves are shown after deducting the debit balance of Rs. 5,63,688.84 in the profit and loss account and excludes gratuity reserve.

Murphulani (Assam) Tea Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—30th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Tea sales	10,47	7,62
Closing stock	3,58	3,08
Gross profit (+) or loss (—)	+3,26	—51*
Transfer to Managing Agents' minimum commission	Nil	8
,, ,, Secretaries' and Treasurers' commission	15	5
,, ,, depreciation	88	70
,, ,, provision for taxation	75	Nil
Net profit (+) or loss (—)	+1,48	—51
Adjustments	6	88†
Appropriations:		
Total available balance	1,54	37‡
Transfer to general reserve	50	Nil
,, ,, development rebate reserve	8	Nil
To additional dividend for 1959—Preferred ordinary	Nil	1
To proposed dividends (taxable) ordinary	26 (15%)	9 (5%)
,, ,, ,, (taxable) preferred ordinary	41 (20.63%)	21 (10.63%)
Carry forward	29	6

N.B.—Adjustment include the credit balance brought forward from the previous year and other credit items if any.
* Gross loss after providing for Managing Agents' commission; Secretaries' and Treasurers' commission and depreciation.
† This includes Rs. 45,000 transferred from general reserve and Rs. 5,000 being excess tax provision in previous years written back.
‡ After adjusting the loss of Rs. 51,000.

Extracts from the Directors' report: The preferred ordinary dividend of Rs. 2.063 per share, which it is recommended should be paid, includes the additional dividend to which these shares are entitled under the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

The results for 1961 reflect the good recovery which the garden has made from the severe droughts which so adversely affected the 1960 crop. The 1961 crop amounted to 1,829 quintals and sold at an average price of Rs. 6.01 per kg. compared with the average of Rs. 5.87 per kg. obtained for the previous year's crop of 1,223 quintals. Capital expenditure in 1961 mainly represents the cost of constructing labour and staff quarters, the purchase of oil firing equipment and an extension of the tea area. The oil firing equipment will be in use from the commencement of the current season, and a further tea extension will be planted out towards the end of 1962.

Estimates for the current season have been framed for a crop of 2,000 quintals.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	3,75,000	Gross block	22,48,531
Reserves and surplus	8,78,207	—Depreciation	8,17,038
Other liabilities	8,21,851		
		Net block	14,31,493
		Current assets	5,87,610
		Investments	3,010
		Cash	52,946
	Rs. 20,75,058		Rs. 20,75,058

* Paid-up capital consists of 20,000 preferred ordinary shares of Rs. 10 each fully paid up in cash; 5,000 ordinary shares of Rs. 10 each fully paid up in cash and 12,500 ordinary shares of Rs. 10 each fully paid, issued by way of bonus shares by capitalisation of general reserve.

Note:—10,676 preferred ordinary shares and 8,147 ordinary shares are held by the Holding Company. No shares are held by the ultimate Holding Company.

Mim Tea Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—30th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Tea sales	8,85	8,51
Closing stock	92	1,48
Gross profit	1,07	1,19
Transfer to Secretaries' and Treasurers' commission	6	3
,, ,, Managing Agents' commission	Nil	6
,, ,, depreciation	21	18
,, ,, depreciation underprovided on block assets sold/scrapped	2	*
,, ,, provision for taxation	31	32
Net profit	47	60
Adjustments	16	12
Appropriations:		
Total available balance	63	72
Transfer to reserves	16†	21‡
Proposed dividend (taxable) ordinary	32 (20%)	35 (22½%)
Carry forward	15	16

N.B.—Adjustments represent only the balance brought forward from the previous year.
* Only a sum of Rs. 489.
† This includes Rs. 830 for development rebate reserve.
‡ This includes Rs. 857 for development rebate reserve.

Extracts from the Directors' report: The 1961 crop of 1,019 quintals was the highest on record, being 25 quintals more than the 1960 record crop. The market was, however, less favourable and the crop sold at an average price of Rs. 8.21 per kg. compared with an average of Rs. 8.33 per kg. for the 1960 crop. As a result of the larger crops which are now being secured, an increase in withering area is desirable and it is hoped to carry out the necessary modifications to the factory building during the 1962-63 cold weather. Capital expenditure incurred during the 1961 season represents the cost of constructing labour and staff quarters and the purchase of factory machinery.

Estimates for the current season have been framed for a crop of 1,000 quintals.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	1,59,000	Gross block	6,02,756
Reserves and surplus	4,02,622	—Depreciation	2,59,360
Other liabilities	1,71,144		
		Net block	3,43,396
		Current assets	2,72,940
		Investments	2,076
		Cash	1,14,354
	Rs. 7,32,766		Rs. 7,32,766

Tide Water Oil Co. (India) Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—27*th April* 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	85,60	70,37
Closing stock	27,07	28,32
Gross profit	4,62	4,54
Transfer to Managing Agents' commission	Nil	34
,, ,, Secretaries' and Treasurers' commission	31	7
,, ,, depreciation	21	18
,, ,, provision for taxation	2,02	1,86
Net profit	2,08	2,09
Adjustments	1,45*	96†
Appropriations:		
Total available balance	3,53	3,05
Transfer to dividend equalisation reserve	50	Nil
Interim dividend (taxable) ordinary	42	42
Proposed final dividend (taxable) ordinary	1,68	1,38
Total dividend %	(35%)	(30%)
Carry forward	93	1,25

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.
* This includes Rs. 20,000 being excess provision for taxation in previous years written back.
† This includes a sum of Rs. 13,041 being dividends forfeited.

Extracts from the Directors' report: Sales showed a satisfactory increase over the previous year but, owing to market conditions, profit margins narrowed. Licensing restrictions continued and present indications are that the licence quota for the current year will not be as large as in the previous two years.

Accounts in brief as at 31st October 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	6,00,000	Gross block	2,46,632
Reserves and surplus	10,81,845	—Depreciation	1,67,627
Other liabilities	41,47,818		
		Net block	79,005
		Goodwill	2,00,000
		Current assets	50,40,414
		Investments	6,500
		Cash	5,03,744
	Rs. 58,29,663		Rs. 58,29,663

New Shorrock Spinning and Manufacturing Co., Ltd.

(*Managing Agents*: Messrs. Mafatlal Chandulal and Co., Ltd., Bombay.)

Registered Office: Asarwa Road, Ahmedabad-11.

50*th Annual General Meeting*—23rd April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	5,66,75	5,39,22
Closing stock—		
Cloth, yarn, process and waste	45,08	45,13
Gross profit	1,46,88	1,47,01
Transfer to Managing Agent's remuneration	7,68	11,07
,, ,, depreciation	22,72	18,51
,, ,, statutory development rebate reserve	6,01	8,00
,, ,, development rebate reserve	2,00	2,67
,, ,, provision for taxation	52,00	47,40
Net profit	56,47	59,86
Adjustments	2,26	1,68
Appropriations:		
Total available balance	58,73	60,99
Transfer to general reserve	15,00	15,00
,, ,, dividend equalisation fund	5,00	10,00
Proposed dividend (taxable) ordinary	35,42* (36%)	33,78† (46%)
Carry forward	3,31	2,36

N.B.—Adjustments represent the credit balance brought forward from the previous year.
*On the increased capital of Rs. 98,39,375 and works out to Rs. 45.00 per share of Rs. 125 subject to deduction of tax.
†The dividend for 1960 was on a paid up capital of Rs. 70,28,125 and works out to Rs. 60.00 per share of Rs. 125 subject to deduction of tax.

Extracts from the Directors' report: The Directors trust that the results of the working of the Company for the year will be considered satisfactory in light of the prevailing conditions. An addition of Rs. 1,52,813 has been made to the capital reserve account being the surplus over cost prices of the machinery sold during the year.

The transaction for the purchase of 13,496 spindles and 214 looms from Shri Digvijay Spg. and Wvg. Mills Ltd., Jamnagar, has been finalised and the Company has received an expansion licence for installing the same by increasing the capacity of the Company to that extent. The Company has also received necessary permission from the Textile Commissioner to acquire and instal 214 automatic looms against this licence subject to certain terms and conditions.

The programme of renovation and modernisation of the Company is in progress. During the year under the Report a sum of Rs. 5,52,551 was spent on construction of buildings and a sum of Rs. 37,91,004 was spent on additions of new machinery, equipments etc. This includes uninstalled of previous years installed during the year under report. The Company has placed further orders for purchase of machinery and equipments amounting to Rs. 40,000.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	98,39,375	Gross block	3,20,26,884
Reserves of surplus	2,97,76,424	—Depreciation	1,61,20,552
Other liabilities	2,37,00,804		
		Net block	1,59,06,331
		Block in progress	3,77,875
		Current assets	2,88,31,833
		Investments	67,38,666
		Cash	1,09,25,702
		Expenses for new project	5,41,196
	Rs. 6,33,16,603		Rs. 6,33,16,603

*Paid up capital consists of 78,715 ordinary shares of Rs. 100 each fully paid up of which 99,000 shares and 22,490 shares are issued as Bonus shares for consideration other than cash by capitalising from general reserve and share premium account (pursuant to special resolution of the Extraordinary General Meeting held on the 18th day of October 1961) respectively and 14,825 shares are issued for consideration other than cash pursuant to contract.

MONEY COMFORTABLE

(*From Our Own Correspondent*)

BOMBAY, 11*th April*

There has been a sudden and wholly unexpected change for the better in the short-term money market. The supply of floating funds has perceptibly improved, while the pressure of demand for credit on the banks has slightly eased. In the inter-bank section, there have been more lenders than borrowers and the rate for day-to-day money has come down to 4¼ per cent; some transactions have even been reported at 4½ per cent, albeit after clearing hours. Last week, it will be remembered, the inter-bank call money rate was as high as 5¼ per cent, which rate persisted till early Monday this week. Advices from Calcutta also suggest point to a slackening of demand for money. The inter-bank call rate there has come down from 5½ per cent to 4¼ per cent.

The improvement in the supply of funds is mainly due to large payments by the Government following the end of the fiscal year. It is just possible that money may get tighter again after a few days. It is too early to say that the busy season is on the wane.

Barring an increase of Rs. 7 lakhs in the amount offered, there is no other change in the results of the Government of India's Treasury Bills of 91-days' usance. Tenders were invited for Rs. 2 crores and the amount offered was Rs. 2.07 crores, as against just Rs. 2 crores last week. The average rate of accepted tenders remained unchanged at 2.640 per cent per annum. Sales of 91 days' Intermediate Treasury Bills from 4th April to 7th April 1962 fetched only Rs. 1 lakh as against Rs. 2 lakhs in the previous week. Sales of both the types of Bills are to be continued in the next week.

Notes in circulation, according to the Reserve Bank's statement for the week ended 6th April 1962, have shot up by Rs. 62.75 crores. Rupee coin in circulation has also gone up, by Rs. 1.85 crore. Following a decline of Rs. 4.51 crores in balances held abroad, the foreign assets held by the Reserve Bank have come down to Rs. 125.19 crores.

Deposits of banks with the Reserve Bank have gone up by Rs. 13.45 crores and that despite a large decline in their borrowings from the Bank. The item 'other loans and advances' in the Reserve Bank's statement, for instance, reveals a decline of Rs. 25.28 crores, of which Rs. 15.99 crores represent repayment of scheduled banks' borrowings against usance bills. There has been a very large rise of nearly Rs. 15 crores in the Reserve Bank's loans and advances to Governments. Notwithstanding this increase, the deposits of Central Government show a rise of only Rs. 2 crores and those of other Governments a fall of Rs. 9.08 crores.

The scheduled banks' statement for the week ended 30th March 1962 discloses a strident advance of Rs. 27.72 crores in deposits, accompanied by an increase of only Rs. 10.85 crores in bank credit. The balance of the rise in deposits has been utilised to reduce borrowings from the Reserve Bank, the State Bank and other banks.

The gilt-edged market is dull and flat, with no change at all in the rates of either the Central or State loans.

After the substantial gain noted last week in the value of the pound sterling *vis-a-vis* the American and Continental currencies, there has been a slight decline. Thus, the spot rate for sterling on the New York foreign exchange market has come down by 0.200 cent to 281.340-281.380 cents per £. The rate for three months' forward has softened by 0.070 cent, the latest rate being 280.030-280.070 cents per £. The rupee dollar rate has followed the aforesaid movement in the sterling dollar rate. Thus, the banks' selling rate for ready T.T. on New York has gone up by 25 nP to Rs. 475.75 and their buying rate by 50 nP to Rs. 472.50 per 100 dollars.

FOODGRAINS DEPRESSED

(*From Our Own Correspondent*)

HAPUR, 9*th April*

Foodgrains were depressed here this week following the start of new *rabi* crop arrivals. New wheat crop arrivals have, however, yet to flow in.

Wheat prices eased fractionally and, on Monday, were quoted at Rs. 41.54 per quintal and up to Rs. 46.90 per quintal for better farm produce. Old crop arrivals averaged 75 to 100 maunds daily, and were lifted by consumers at the above prices. New crop is likely to move in by the week-end. Stocks of wheat with trade were nominal. Rice ruled quiet, and arrivals were poor mostly of superior *basmati* quality from Saharanpur-Dehradun districts. Seasonal demand was better. Local stocks were estimated around 10,000 maunds. The week-end prices (in rupees per quintal) were: *mainpuri sela* 52.58, *gudda kutcha* 51.90, *ramajwayan sela* 61.64, *raimunia sela* 64.32, *basmati sela* 72.76 to 77.72, superior 80.38 to 96.45.

New gram started arriving from Punjab at an average of 500 maunds daily. The local produce would also arrive soon. Crop prospects are excellent. The Punjab variety traded at Rs. 38.83 per quintal. Barley and *bejhar* were depressed. Although new crop arrivals were still very small, rural demand was dormant, as it was being met at source due to the harvesting period. Maize and *bajra* stockists continued to be anxious sellers, as consumer demand was subsiding. Inferior maize was quoted as low as Rs. 14.07 per quintal. *Juwar*, however was steady, notwithstanding arrivals from Rajasthan which were taken up by a better demand. *Guwar* also attracted support.

In pulses, new peas and old *arhar* continued to attract good demand for conversion into dal, and *prices ruled steady*. New peas arrivals did not improve and were on an average of 1,000 maunds daily. Arrivals in the mofussil markets were, however, reported heavy. New *arhar* arrivals were expected after one month. New *massor* arrivals, being inferior, fetched lower prices. *Urd* and *moong* stayed steady on good support. Prices (in rupees per quintal) were: Peas *dara* 28.80, farm white 34.16, peas dal 34.16, *arhar* 38.16, *arhar dal* 48.90, *urd* 58.94 to 64.30, *urd dal* 66.93 to 75.02, *moong* 48.23 to 56.26, *moong dal* 56.26 to 64.30 and *massor* new 38.64 and old superior 44.17.

BULLION PRICES ADVANCE

(*From Our Own Correspondent*)

BOMBAY, 11*th April*

Both gold and silver recorded a handsome rise in values during the week under review. This was due to good bull support, induced by reports suggesting excellent demand in upcountry centres. The average daily actual offtake in the market was 6,000 tolas of gold and 13 bars of silver, the corresponding figures for the previous week being 5,800 tolas and 9 bars. While offtake was better, arrivals were less: 8,000 tolas of gold, as against 10,500 tolas, and 25 bars of silver, as against 26 bars. At higher levels, there was, of course, profit-taking which, together with unloading by some tired bulls and rumours of large contraband arrivals, led to a fall in prices later in the evening today. Even so, the closing rates were well above those prevailing on Wednesday last week.

In gold, the *Jeth* (18th June) settlement, which had receded from Rs. 121.30 to Rs. 119.90 last week, recovered gradually to touch a high of Rs. 121.95 today. The settlement, however, finished lower at Rs. 121.50. The net rise over the week was Re. 1.60.

Ready gold continued to be at a discount under the forward, though the actual discount declined from 90 nP to 50 nP today when the spot rate stood at Rs. 121.00, as against Rs. 119.90 a week ago. The highest level receded was Rs. 121.45 today.

The *Jeth* (19th June) settlement in silver continued to march upward, from Rs. 218.45 to Rs. 220.20 before finishing at Rs. 219.85. With the rise of Re. 1.40 this week, the net gain in price since business was commenced in this settlement on 7th March 1962 comes to Rs. 4.30.

Ready silver began the week at Rs. 219.50, as against the previous close of Rs. 219.05, and advanced to Rs. 220.95 today. After declining to Rs. 220.50, it finished at Rs. 220.60. At this level, the spot rate commanded a premium of 75 nP over the forward, as against 60 nP on Wednesday last.

The dollar price of gold in the London bullion market improved by ½*d.* to $35.07⅞ per fine ounce. In sympathy with, and following, the firmness of the sterling *vis-a-vis* the dollar, the sterling price hardened by 1⅞*d.* to 249*s.* 4*d.* Ready silver eased by ¼*d.* to 84⅜*d.* Forward silver, however, was unchanged at 84½*d.*, as also silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	11-4-62 (closing)	High	Low	4-4-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	121.00	121.45	119.80	119.00
*Jeth**	121.50	121.95	120.50	119.90
Sovereign	97.00	97.00	96.75	97.00
SILVER				
Ready (.996 fine)	220.60	220.95	219.25	219.05
Jeth†	219.85	220.20	218.75	218.45
London—				
Gold	249*s.* 5*d.*	249*s.*4*d.*	249*s.*2½*d.*	249*s.*2½*d.*
Silver Ready	84¼*d.*	84½*d.*	84⅛*d.*	84⅛*d.*
Silver Forward	84¼*d.*	84½*d.*	84⅛*d.*	84⅛*d.*
New York—				
Silver	101.50 cents	—	—	—

* 18th June settlement. † 19th June settlement.
N.B.—The quotation for gold is per 10 grams (about 0.86 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

BLACK PEPPER EASY

(*Messrs. Parekh and Co.*)

BOMBAY, 11*th April*

After moving narrowly in the earlier part of the fortnight, Malabar black pepper developed an easy tendency in sympathy with Singapore where Lampong was reported down from Str.$132½ to Str.$120. The erstwhile strong-holders of Lampong pepper are now said to be offering in competition with India. Singapore is seller of Lampong at $0.34½ per lb. c.i.f. New York without much success.

Such somersault on the part of Lampong holders made prospective buyers in the U.S. to withdraw. Most of them are now waiting for the market to stabilise at a lower level. Spot in New York has come down from $0.36½ to $0.35¼ under pressure of selling by Lampong. Malabar is now comparatively higher, as the growers in India are unwilling sellers at lower prices. They are expecting some development in the local market which was until recently disappointing. There were some stray inquiries from East European countries also.

Ungarbled moved between Rs. 310 and Rs. 297½ and garbled from Rs. 317 to Rs. 303. There was rather heavy fluctuation in May delivery which, after going down to Rs. 321, came up to Rs. 332 but went down again to Rs. 323. Calicut was nominally quoting Rs. 290.

Ready pepper in Bombay is nominally quoted at Rs. 165 per 50 kilos.

SPOT COTTON FIRM

(*From Our Own Correspondent*)

BOMBAY, 11*th April*

One more week has passed with no futures trading in Bombay. The prospects for resuming futures business remain still uncertain. However, business in the spot market was fairly good. Mills showed usual interest in such popular varieties as Vijay, Digvijay, Kalyan, Laxmi, Co2 and Surti. Prices continued to rule firm. Mill demand is expected to broaden only when the 10 per cent additional indigenous cotton quota is issued. Good export demand was reported for Bengal *Deshi*. Both Japan and Hong Kong showed keen interest in this cotton. Export sales registered till Monday, the 9th inst., amounted to 38,608 bales. Demand for foreign cotton was well maintained. There was regular enquiry for Sudan, American and Egyptian cotton. Following rumours of the possibility of an import quota for Pakistan cotton, some mills showed interest in these growths. The announcement regarding the barter agreement with the U.S. for the purchase of surplus agricultural commodities against export of Indian sugar had little effect on the market. This was because the quantity of cotton that could be obtained under this arrangement would be small—35,000 to 40,000 bales. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 668; Ganganagar 730; Khamgaon 925; Hubli Laxmi 1,170; B.P. 52 1,358; B.P. (UNUG) 1,400; Sudan GS 1,725; XPL 1,420; California 1-5/32" 1,290.

The Textile Commissioner issued a warning to co-operative societies and cotton traders in Gujarat that non-compliance with the requisitioning order would invite serious and drastic measures. He pointed out that if the merchants and societies were not co-operating with him in the requisitioning drive he would be compelled to take drastic steps such as sealing of stocks and banning movement of cotton from one area to another. Cotton traders and co-operative societies, however, took strong objection to this warning on the ground there was no defying of the order. In fact, they pointed out, they were co-operating with the Government in the requisitioning drive since the agreement reached at Ahmedabad between the representatives of the Textile Commissioner and the cotton trade and co-operative societies.

A plea for a cautious approach to the question of decontrol was made by Lala Bharat Ram, Chairman of the Indian Cotton Mills' Federation, in his speech at the Annual General Meeting of the Federation held at Bombay this week. Mr. Bharat Ram observed:

"In spite of repeated promises to undertake an enquiry into the farmer's cost of production, the Indian Central Cotton Committee has not done much in this direction and, in the absence of this vital information, it is really difficult to pass any judgment as to how far the present ceiling prices have acted as deterrent to greater production of cotton. It is also difficult to foresee what repercussions decontrol will have on the price trends of cotton, yarn and cloth and what effects that will have on the local consumer and on exports." Mr. Bharat Ram went on to add: "We also do not know how far decontrol of cotton will by itself, result, in bringing better yields; and that really is the crux of the matter. The various solutions that are proposed must pass this acid test: will they ultimately result in increasing the yield per acre on the required scale?"

Meanwhile, the cotton trade has submitted a memorandum, carrying over 200,000 signatures, to the Prime Minister urging decontrol of cotton (for details see page 664).

In contrast to the easy conditions witnessed last week, cotton futures in Karachi ruled distinctly firm during the week under review. Keen domestic mill interest and renewed export demand initiated a general buying movement which led to a smart rally in prices. The N.T.R.G. May contract firmed up from Rs. 69 last week-end to Rs. 73.10. The July contract was marked up from Rs. 69.10 to Rs. 72.80.

Cotton futures in Liverpool suffered a setback during the week. Commission House selling and liquidation by local traders found buyers reserved. Both the American and American type contracts consequently declined. Sudan cotton contracts were neglected. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: May 23.85; July 24.10; October 24.15; December 24.25.

American cotton one inch staple contract: May 24.20; July 24.50; October 24.50; December 24.60.

Sudan: May 30; July 29.00; September 29.00.

Quiet conditions prevailed in the New York cotton futures market during the week. Values tended to recede, thanks to lower advices from the spot market and lack of any fresh incentives. Export of cotton from the U.S. are expected to register a decline in the current season (1961-62). As compared with 6.6 million bales exported in 1960-61, exports are not expected to exceed 5 million bales in the current season. The trend of exports so far is taken as an indication of this. Registration for export under the payment-in-kind programme aggregated only 3.7 million bales till the middle of March last, as compared with 5.9 million bales in the corresponding period of the previous season.

The following are the latest available quota-

tions from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	10.4-62	3-4-62	27-3-62
New York spot	35.07	35.65	35.65
May	34.30	34.32	34.61
July	34.70	34.70	34.88
October	34.31	34.27	34.40

RAYON EXPORT PROMOTION SCHEME

(From Our Own Correspondent)

BOMBAY, 11*th April*

Two official announcements of import to the yarn market were made this week. They pertain to (a) licensing of art silk yarn under the export promotion scheme for fabrics, and (b) a revised schedule of international prices of art silk fabrics to which are linked the incentives under the scheme. On Friday the 6th inst., the Joint Chief Controller of Imports and Exports issued a notification to the effect that the policy for art silk yarn licensing (under the export promotion scheme) detailed in the import trade control policy book for the year 1962-63 would be effective *only* for a period of three months, that is, up to 30th June 1962, and not for the whole year as mentioned therein. This announcement is interpreted to mean that the existing scheme will be replaced by a new one after June. The revised scheme would contain two notable features, if the recommendations reported to have been made by the Textile Commissioner were accepted by the Government. In the first place, the import entitlements will be replaced by cash incentives on the basis of actual export business in art silk fabrics. Secondly, merchant-exports will also be entitled to participate in the scheme.

The new schedule of international prices of bleached or dyed art silk fabrics (to which incentives under the export promotion scheme are linked), announced by the Textile Commissioner on Monday the 9th inst., has been welcomed by traders. Excepting for changes in respect of velvets, crepes and grey staple fibre fabrics, the previous prices are left unaltered. The prices range from a high of Rs. 99 per kg. in the case of fabrics produced from synthetic yarn 30 denier crimped to a low of Rs. 5.50 for viscose rayon (120 denier and above yarn) and staple fibre mixed fabrics, as well as for fabrics manufactured out of viscose staple fibre yarn (single or double) of any count.

The yarn traders have noted with interest the plea for raising the third Plan production target for staple fibre from 30,000 tons to 100,000 tons, put forward by the Development Council for the Art Silk Industry at its meeting held at Bombay on Tuesday the 10th inst. The Council has also urged free imports of rayon grade caustic soda. Further, it has constituted an Export Promotion Committee and three other sub-committees, one for making recommendations in regard to manufacture of staple fibre, synthetic filament yarn and viscose rayon filament yarn on a priority basis, another for examining the cost structure of new units *vis-a-vis* old units and to decide whether the prices fixed by the Textile Commissioner are sufficiently remunerative particularly for new units, and the third one for considering price differentials between the various deniers of viscose rayon yarn.

The Textile Commissioner has extended the date of receipt of applications for allotment of indigenous art silk yarn to actual users for the half-year April-September 1962 from 15th to 23rd inst. The applications are to be addressed to the Indigenous Art Silk Yarn Distribution Committee, Resham Bhavan, Veer Nariman Road, Bombay.

Art silk yarns continued to rule buoyant on persistent rumours regarding grant of cash incentives for fabrics exports instead of import entitlements. Prices scored further handsome gains. Amilon yarn (20 x 1) April delivery advanced from Rs. 3,580 to Rs. 3,635 and June contract from Rs. 3,660 to Rs. 3,705. Spot 120 Japan spurted by Rs. 101 to Rs. 2,095. 150 Japan climbed up by Rs. 28 to Rs. 1,929. 120 Italy strengthened by Rs. 27 to Rs. 1,846. 150 Italy gathered a rupee to Rs. 1,736. Among indigenous yarns, 120 Bt. cones 1st grade rose by 61 nP to Rs. 14.98. 150 Bt. cones 1st grade hardened by 26 nP to Rs. 12.36.

In the staple fibre yarn section spot rates tended to move up, while forward prices drifted downward. Cotton yarns were dull. Business put through was limited and values moved narrowly.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	11-4-1962	4-4-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilon (100 kg.)—		
April	3,635.00	3,580.00
June	3,705.00	3,660.00
120 Japan (per 100 kg.)	2,095.00	1,994.00
150 Japan (per 100 kg.)	1,929.00	1,901.00
120 Italy (per 100 kg.)	1,846.00	1,819.00
150 Italy (per 100 kg.)	1,736.00	1,735.00
Nak. Ray. 150 Bt. 1 (per kg.) ...	12.36	12.10
Staple fibre yarn (40 x 2)—		
April	724.00	727.00
June	737.00	742.00
Kohinoor (per kg.)	8.25	8.18
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	18.75	19.50
20s Modern	25.87	25.87
32s Madura	29.50	29.75
40s T. T. Gorin	33.50	33.75
60s T'Mangal	50.00	50.50
80s Maheshri	74.00	74.00

OILSEEDS DECLINE

(From Our Own Correspondent)

BOMBAY, 11*th April*

After displaying considerable strength for quite some time during this week, oilseeds futures declined near the close on heavy and persistent bull liquidation and some renewed bear pressure. Closing prices were around the lowest levels, and showed small losses over the previous week. Turnover was good, and increased with the decline in prices.

The renewed setback indicates that the recent technical rally from the new low levels has petered out and the downtrend has revived. Groundnut led the rally and also the decline.

Sentiment was influenced by the much larger all-India final crop estimate for the 1961-62 season of 4.68 million tons, showing an increase of 6.6 per cent over the partially revised estimate of 4.35 million tons for the previous season. It was unsettled by reports that the share of Gujarat in the outturn showed substantial improvement over the previous year and even earlier expectations. The rejection by Mr. Manubhai Shah of the portfolio of Minister for Foreign Trade in the new Cabinet also affected the sentiment. The marketmen put off their hopes for an immediate announcement of export promotion measures.

The market resisted successfully heavy bull unloading from Calcutta in the early part of the week. It succumbed later to some nervous selling by operators from Gujarat and Saurashtra, who had supported the market before. Bears seized the opportunity and pressed fresh sales. The setback was more pronounced in groundnut futures. Sellers in castor were reserved because of hopes of some export business in oil with the U.K. Spot prices were quietly steady.

During the week, groundnut May moved between Rs. 229.25, Rs. 231 and Rs. 224.75, castor June between Rs. 165.62, Rs. 166.50 and Rs. 164.25, linseeds June between Rs. 37.12, Rs. 37.50 and Rs. 37.12, and cottonseeds July between Rs. 103.50, Rs. 104.75 and Rs. 103.

The Board of Directors of the Bombay Oilseeds and Oils Exchange Ltd. has requested the Forward Markets Commission to permit hedge trading in groundnut July and groundnut oil July contracts, with the present restriction of a weekly price rise of Rs. 5.50 and 50 nP respectively. The permission is expected to be granted early next week.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 11th April, as compared with those of the two previous weeks:

	11-4-1962	4-4-1962	28-3-1962
	Rs.	Rs.	Rs.
Groundnut			
May 1962	224.75	227.12	224.75
Nimar bold	47.00	46.75	45.50
Khandesh quality	47.50	47.00	45.75
Oil ex-mill ready*	19.50	19.25	19.00
Railway receipts*	19.20	19.05	18.70
Oil May 1962	18.95	19.05	18.80
Castorseed			
June 1962	164.25	165.00	161.50
September 1962	166.75	—	165.62
Ready Madras	88.75	84.25	88.00
Ready Kanpur	32.50	33.00	31.50
Oil B.S.S.†	14.30	14.40	14.00
Oil commercial†	13.60	13.70	13.80
Linseed			
June 1962	37.12	36.87	37.37
September 1962	38.00	37.56	37.37
Bold ready	36.75	36.25	36.12
Oil ready†	15.10	15.00	14.90
Cottonseed			
April 1962	—	97.50	99.50
July 1962	103.00	103.75	103.25
Mijor seed	36.00	36.00	35.50
Karsli seed	24.00	24.00	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

MEDIUM TEAS WELL SUPPORTED

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 5*th April*

In sale No. 14 held on the 3rd inst., 370,000 kgs. were offered. Quality of teas from Nilgiris district showed a further seasonal decline, while teas from other districts were about maintained. The market met with useful demand. Low mediums and mediums evoked useful support and these were quoted barely steady. There was strong demand for good mediums which were frequently dearer and these types sometimes advanced by 20 to 30 nP. Highgrowns continued to elicit irregular support. A few best teas on offer sold at around last rates, though the majority of them were easier with quality. Clean black leaf descriptions sold readily, but prices realised for these were lower than last. Unorthodox descriptions were irregularly easier. Whole leaf grades were a strong feature of the sale, particularly flowery pekoes.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	4.00-4.40	4.55-4.70
Mediums	4.40-5.20	4.70-4.90
Good mediums	5.25-6.80	4.95-5.30
Nilgiri B.O.P.	5.00-9.40	5.25-8.05

The average price realised in sale No. 14 was Rs. 5.32 per kilo, as against Rs. 5.37 in the previous week and Rs. 4.93 in the corresponding sale last year.

A total of 268,000 kgs. was offered in dust sale No. 14 held today. There was fair general demand, but prices were irregularly easier for most descriptions. Low mediums and mediums declined by 20 to 30 nP and in some cases more. Good mediums were also easier, although these did not register the same drop. Useful colourv liquoring teas from Wynaad, however, met with better support and was quoted steady and so were clean black leaf descriptions. Highgrowns continued irregular and these also shared in the downward trend of the market. C.T.C. descriptions sold readily at slightly easier rates. C.T.C. types and legg-cut types met with less support than of late and sold at rates below last.

The average price realised in dust sale No. 14 was Rs. 4.14 per kilo, as compared with Rs. 4.09 a week ago and Rs. 4.61 in the corresponding sale last year.

Approximately six million pounds were offered during this week. There was less competition for the best and these were substantially lower. Mediums and Uvas were dearer by 5 to 15 cents, while lowgrowns were steady.

London: North Indian and other growths: In Monday's sale there was good general demand but buying was more selective. The best were generally easier by 1*d.* to 2*d.*, while others were firm. Brown Dooars sometimes advanced by 1*d.* to 2*d.*

Ceylon and South Indians: 27,994 packages were offered in Tuesday's sale of which 8,752 packages came from South India. Teas from Ceylon met with less demand and at the close of the sale, these were easier. There was useful support for South Indians, but these were also irregular and easier.

SELECTIVE DEMAND FOR TEAS

(From Our Own Correspondent)

CALCUTTA, 10*th April*

Dusts on offer during last week's internal tea sales here totalled 28,710 packages, prices of which were irregular according to the quality. Demand was fair, but selective. Orthodox teas declined by 30 nP, and the poor teas met with little or no attention. Fibrous legg-cut teas eased noticeably in an irregular market, but the clean bright liquoring teas were fully firm and closed with small gains. C.T.C. teas, possessing clean leaf apperance, were well supported at lower rates. Fibrous teas showed the largest decline, and yet buyers were not coming forward. The quotations (in rupees) per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust 6.30 to 6.90, medium Assam C.T.C. dust 5.20 to 5.70, medium Assam dust 3.70 to 4.60, legg-cut dust 3.65 to 4.70, and plain orthodox dust 3.30 to 3.80. Leaf on offer totalled 372 chests and met with buyers at lower rates.

The season's export having been completed, inquiries for shipping space for tea were limited to forward shipment. From these inquiries, it appeared that the new season's tea would move in before the end of this month. Tea stocks, in London, in the week ended 30th March, were unchanged at 145¼ million lbs. which, together with the afloat quantity of 19¼ million lbs., totalled 165 million lbs.—31 million lbs. less than the combined stocks a year ago. Trade circles think that the *per capita* consumption in the U.K. has increased, and is reflected in the increase in imports by 45 million lbs. last year. This, together with the fall in total stocks in the U.K., works out roughly to 1½ lbs. *per capita* increase. This repudiates earlier apprehensions that the British people's tea drinking habit was being interrupted by other beverages, mainly alcoholic drinks.

The fact that India has almost disposed of all teas produced in 1961, when production increased by 74 million lbs., supports the belief that world consumption of tea has improved. According to a recent study, world consumption in 1961 increased by 8 per cent as against the increase in production of 7 per cent. It has been estimated that world consumption will improve further this year. If this estimate proves correct, prices must improve, although world production is also expected to rise. Crop reports from north-east India indicate that the continuance of the dry weather has caused anxiety, and that rains are badly wanted.

The tea industry's case for export incentives was very lucidly presented by speakers at the recent annual meeting of the Indian Tea Planters' Association held in Jalpaiguri on 7th April. In view of the increase in production, prices of common teas fell in 1961. The Association Chairman summed up the plight of the gardens producing mostly common teas, when he said that the problem now was not of an increase in production but of the disposal of the output at a reasonable margin of profit. He thought that India's position as the biggest producer and exporter of tea was being challenged inasmuch as the high price of Indian teas prevented an expansion of shipments from India commensurate with the increase in world consumption. The Chairman pleaded strongly for the abolition of the export duty, which, in 1959-60, yielded to the exchequer as much as Rs. 12.29 crores or 75 per cent of India's total export duty earnings in that year. Since there is no such duty in several other producing countries, its imposition in India is cutting her competitive efficiency. If India's production target of 900 million lbs. by 1965-66 should succeed, the producers would have no hesitation in agreeing with the I.T.P.A.'s Chairman that the Government should help the industry bring down the cost of production, which alone would enable the industry to export more as also sell more at home. The Government's decision on the fiscal relief on exports, recommended by the Mudaliar Committee, is keenly awaited.

Considering the 1961 world production trend, it is clear that all producing countries are vieing with one another to capture the maximum of the world's expanding market for tea. As already stated, the increase in world production in 1961 was fully absorbed by a significant increase in consumption. These trends are likely to be demonstrated again this year. Within a year or two, world consumption would equal production, as in their anxiety to secure greater markets, producing countries are raising output. The F.A.O. recently estimated that by 1966 world production would be 100 million lbs. more than consumption. Although a surplus as huge as this may not actually occur, it should be noted that the present trends are gradually preparing the background for the growth of a surplus. The Government of India does not, however, think that the world surplus would be such as to create a serious problem, as the standard of living in underdeveloped countries is gradually improving and these nations would by and by buy more tea. Trade circles would, however, suggest that rather than being complacent it would be proper for New Delhi to explore the possibilities to revive the International Tea Agreement in order that some sort of international control of further expansion of the tea acreage could be attempted.

JUTE GOODS FIRM

(From Our Own Correspondent)

CALCUTTA, 10*th April*

Keen activity in futures and good covering demand in near and ready delivery goods characterised trading in the jute market during the week under review. As a result, prices were fully firm. Contrary to earlier expectations, buffer stock purchases could not commence as planned, since the State Bank of India, which is financing these purchases, required additional guarantees. It was only during mid-week that a purchase quota of 50,000 bales was announced for the buffer stock. It is expected that, within a week's time, the Buffer Stock Association (B.S.A.) would be fully active. Plenty of low-quality jute continues to be on offer and the B.S.A. has insisted on its members to take up the lower grades in the first instance. However, since the B.S.A. has no storage space, its member mills are expected to store their purchases against the B.S.A. in their own godowns. Mills are already hard-pressed for godowns space and consider open air storage risky. Frequent thunder-showers are expected soon, and the quality of fibre in the open would deteriorate. There is also danger from fire. In addition to purchases on behalf of the B.S.A., mills would continue their own weekly offtake in accordance with the minimum purchase quota as issued by the Indian Jute Mills Association every week.

The delay in the commencement of purchases against buffer stock, coupled with continued large arrivals, imparted easier conditions in the fibre market. The official final estimate of the 1961-62 crop was released in the course of the week, and this was also a factor which depressed fibre prices. Although there was no surprise in the statement that this season's crop has been the biggest in India since Partition, it was believed that the release of the final estimate had been delayed so far in order to avoid any reaction in fibre prices. It was significant that the publication of the final estimate, which puts the yield at 6,269,000 bales representing a remarkable increase of 2,287,000 bales over 1960-61, had been timed for the near-commencement of buffer stock purchases. The average yearly production from 1955 to 1961 was 4,380,000 bales. As is well known, the increase in the last crop has been due to good weather conditions and the sowing of a higher acreage, 2,259,000 acres, as against 1,512,000 acres in the previous season, under the impact of the acute shortage and the very high prices at sowing time in 1961. On an all-India basis, the average production per acre increased from 2.5 bales in 1960-61 to 2.8 bales in 1961-62. Although these figures should be considered satisfactory in comparison, it would be noted that yield per acre is yet very poor. Also, most of the huge increase is claimed by the poorer grades as is only too evident in the acute scarcity now prevailing in the higher grades of middles and tossa. Such a state of affairs brings out to the forefront the need to take measures so that yield per acre as well as quality can be improved. If only cultivators use more fertilisers, the objective can be realised, and it is possible to reduce cost of production, thus paving the way to enable mills to sell goods cheaper.

In view of the increase in demand for goods for both internal consumption and export, no large surplus is expected. Mills are working up to capacity and, considering the trend of demand, it is hoped that the mills will continue to work without restriction either in working hours or looms. The fibre stocks with them will be adequate to enable them to continue the current rate of increased output up to the time when the new crop will be ready for marketing. The buffer stocks which are being built up now will draw surplus from the bazar and are meant to be released to mills in the beginning of the next season in order that fibre prices may be kept within reasonable limits. It is expected that the forthcoming crop will be as satisfactory as the last in regard to both quality and quantity. In view of the lack of rains so far, a late crop is likely in the next season, and this will be very welcome to mills, so that they can consume as much of the current season's crop as possible. It is as such that no mentionable surplus of fibre is expected to be carried over to the next season.

While the trade and industry are eagerly looking forward to the Government of India's decision on the recommendations made by the Import and Export Policy Committee (Chairman: Dr. A. Ramaswami Mudaliar) for fiscal relief as an export promotion measure and it is expected that any such general measure will also benefit and increase export of jute goods, the trade has noted that, according to an analysis in the latest issue of the *Jute Bulletin* of the Indian Central Jute Committee, the crux of the problem is the Pakistan export bonus scheme. This scheme, coupled with the availability of superior fibre at cheaper prices, has been a formidable factor which enables Pakistan mills to compete successfully in foreign markets. Pakistan is implementing a plan to raise the output of jute goods, and it is time that sufficient measures were, in the meantime, taken in order that Indian goods can meet the challenge. The *Bulletin* sums up the situation when it says that prices of goods in India should be such as to offer competition with Pakistan and also to slow down the spread of bulk handling methods and discourage substitution. The analysis welcomes Government's decision to set up a high-level committee to investigate the cost structure of the jute industry and to take suitable measures to increase its competitiveness. While few would dispute that the increased wages in recent years had hardly benefited the industry by increased productivity of labour, there is a strong case for speeding up modernisation and rationalisation of the post-spinning and weaving stages of production in mills.

On Tuesday last, ready B. twills were quoted as high as Rs. 143, following good business and keen covering demand. The April goods were steady at Rs. 133.75, as against Rs. 132 on the previous day. There was also good interest shown in hessian, as a result of which ready hessian 40" 10 oz. hardened from Rs. 54 to Rs. 54.50. There was keen speculative activity in B. twills throughout the week. Covering in ready and near delivery B. twills continued on Wednesday, April goods scoring one point to Rs. 134.75. The April delivery hessian 40" 10 oz. also improved from Rs. 52.50 to Rs. 52.75. On the following day, keen activity in the futures market was in evidence. The covering demand for ready and near delivery goods was also steady. April B. twills spurted to Rs. 135.25 and hessian 40" 10 oz. to Rs. 53. Interest in heavy Cees was also reported. Non-standard constructions, too, met with interest and, on Friday, encouraged by the rumours of imminent orders from Argentina and the U.S., covering business in ready and near delivery goods continued unabated. This forced up hessian 40" 10 oz. to Rs. 53.40, although on profit-taking April B. twills eased fractionally to Rs. 134.75. However, over the week-end, April B. twills advanced to Rs. 136.25 and hessian 40" 10 oz. to Rs. 54.25. Buying in ready goods led to the maintenance of gains. Despite the announcement of lower overall stocks at the end of March, prices eased yesterday, in view of selling pressure in the futures market. Thus, April B. twills declined to Rs. 136 and hessian 40" 10 oz. to Rs. 54. Stocks of hessian decreased by 900 tons, while those of heavy goods and miscellaneous constructions increased by 200 tons and 500 tons, respectively.

In the fibre market, sellers were keen for business. Demand was small as compared with the quantity on offer. Quotations were unchanged as follows: April-May delivery Daissee bottoms Rs. 32 a maund, northern bottoms Rs. 29.50, and Assam bottoms Rs. 30. Following the news of the quota release to buffer stock members, quotations in the mofussil were firm at above Calcutta's parity. Arrivals in Calcutta were fairly satisfactory, and sellers were anxious for business.

BASE METALS EASY

(From Our Own Correspondent)

CALCUTTA, 10*th April*

The easier London advices were reflected in the local base metals market during the week under review. Although there is no change in the import policy in regard to base metals, the stipulation that established importers of tin should charge a profit of not more than 3½ per cent of the *c.i.f.* value caused disappointment to the trade. Such a stipulation already exists in respect of copper and zinc. But, if prices of the virgin metal should correspond to those of scrap, the former would be several times the permissible limit of 3½ per cent of the *c.i.f.* value. In such situation it is clear that the 3½ per cent profit is considered an inadequate compensation for the bother of and investment in business. Moreover, the Government machinery is regarded insufficient to enforce the provision evenly on all concerned. Trade representatives have already urged the Government to reconsider the stipulation.

Another feature of the policy, concerning metal import, is the provision for issuing licences on an annual basis. Its usefulness has been reduced by the fact that only one half the value of the licence can be utilised in the first six months and the remainder in the subsequent six months after getting it endorsed by the licensing authority. Thus, a licencee can enter into irrecoverable commitments only for six months as had been the case before.

On the London Metal Exchange, spot tin opened at £955½ a ton and, after hardening to £959, closed lower on balance at £952. However, the trend was steady in Singapore. In Calcutta, tin met with profit-taking and, as a result, eased from Rs. 1,681 per 100 kgs. to Rs. 1,633.25. While there has been no further development with regard to the procedure for the proposed release of 50,000 tonnes of tin by the United States from its strategic stockpile, and the Government there has not done anything beyond giving the statutory public notice of six months, which incidentally expired on 7th March 1962. Malayan tin producers have insisted that they should be informed in advance of the basis of the U.S. releases. Accordingly, Malaya is expected to put up this demand at the forthcoming meeting of the International Tin Council. If only the terms and, more particularly, the price at which releases are proposed are announced in advance, Malayan producers can have their reactions sent to the U.S. in time. Obviously, Malaya wants to ensure that the U.S.A. does not release tin at a price lower than the present value. It is pointed out that the proposed releases of 50,000 tonnes would equal one year's consumption in the U.S., and that releases of such a magnitude would be a deterrent to Malaya's efforts to increase production as well as investment. It is reasonable to infer that this uncertainty is already restraining Malayan producers to delay further investment. Restarting abandoned mines and opening up new mines would require capital investment of an order which, it has been represented, even the present higher price does not cover.

Spot copper, in London, closed at £234½ a ton as against £234¼ earlier. Prices of copper scrap eased in Calcutta, as releases against permits decreased demand for scrap. In compliance with the Government of India's desire, more and more cable manufacturers are taking to aluminium in place of copper. The Indian Cable Company recently announced that it proposed to make cables above the size of 0.007 sq. in. with aluminium conductor. For the present, the company will continue the use of copper conductors in trailing, flexible, P.I.L.C., welding and control cables. While India is producing aluminium in sufficient quantity to meet internal demand, production of copper is insignificant and, in view of the foreign exchange security, it has not been possible to import copper to meet demand in full.

The demand for lead was poor, and stocks were comfortable. In March, India's imports of lead totalled 3,335 tonnes, representing an increase of 810 tonnes over the previous month. The metal was quiet at Rs. 124 per 100 kgs. In London, spot lead eased from £62¼ a ton to £60¾, as demand for the cash metal was conspicuous by its absence. The supply position in electrolytic zinc has also improved. Imports, in March, were higher at 4,225 tonnes as against 3,860 tonnes in February. The price eased from Rs. 244 per 100 kgs. to Rs. 232.25. In London, the spot quotation closed at £69 a ton, after opening higher at £69¾.

GOOD DEMAND FOR SUGAR

(From Our Own Correspondent)

HAPUR, 9*th April*

Sugar ruled steady here this week on good support. Even the D29 inferior quality was in demand. Stocks of superior bold crystal sugar were small, and prices, consequently, were steady. New produce sugar was quoted higher than the old stuff. Some of the factories in the south have closed their production. But cane supplies here were reported to be enough to keep the season on till the end of the current month. Factories in east U.P. and some other areas have been asked by the Government to crush all available cane. The week-end prices were: Wholesale spot delivery Simbhauli Rs. 106.50, Bulandshar Rs. 103 per bag, retail 97 nP per *seer*, mill delivery per maund E29 Simbhauli Rs. 38.06, Amroha D29 Rs. 36.21, New Rs. 37.75, Bijnore Rs. 35.85, New Rs. 37.50, Seohara Rs. 36.87, New Rs. 38 and Meerut Rs. 37.25 and New Rs. 38.20.

Crystal sugar prices were firm during the week in the Muzaffarnagar market due to good demand. Prospects of 50,000 tons of sugar export to the U.S. further cheered the sentiment. Inferior smaller crystal was in request from Rajasthan, M.P., Punjab and West Bengal, and Saurashtra showed keen interest in moist and damaged variety. Business in new season's produce was limited, as dealers expected cut in the excise duty. The week-end prices (in Rs. per maund) were: Old sugar A29 Iqbalpur 40.25. Lhaksar 39.60, Mansurpur 40.35, B29 Mawana 39.77, C29 Deoband 39.34, D29 Amroha 36.61, new sugar C29 Modinagar 39.34, Dhampur 38.40, Meerut 38.25 and Rohana A29 40.85.

Khandsari was steadier during the week on good demand from east U.P., Rajasthan, Gujarat and M.P. Prices improved fractionally to be quoted on Monday at: Inferior Rs. 27.50 to Rs. 31.50, superior Rs. 31 to Rs. 34, crystal Rs. 32 to Rs. 34 and *boora* Rs. 36 to Rs. 37 per maund.

In ready, while *gur dhaiya* quality was much in request and prices touched new heights up to Rs. 48.23 per quintal, *pansera* quality ruled quiet for lack of demand. Arrivals here declined to an average of 500 maunds, and stocks of with the trade are estimated was around 32,000 maunds. *Gur* production season has nearly ended. Arrivals were out of the stocks retained by producers. The week-end prices of other varieties were: *Pansera* superior Rs. 46.99, *dara* Rs. 42.87 and *shakker* Rs. 48.23 to Rs. 50.91 per quintal.

Prices recorded a firm trend during the week in the Muzaffarnagar market, as *chaku* was in demand from Punjab, Gujarat and M.P. and *pansera* attracted Punjab and Rajasthan support. Rusket prices also hardened and *shakker* was much in request from Rajasthan, Punjab and north Gujarat.

Gur futures ruled firm on continued bull support. *Gur Baisakh* having opened at Rs. 15.23 on last Monday, touched the lowest of Rs. 15.18 the same day, and then improved to Rs. 15.48 on Friday to quote at Rs. 15.44 today.

Cane sowings were still being done in scattered areas, and the land recently vacated from peas and other coarse grain *rabi* crops was being used.

KIPS EXPORT BUSINESS SMALL

(From Our Own Correspondent)

MADRAS, 9*th April*

Arrivals of E.I. tanned hides and calf were moderate in the local market this week. Clearance of hides was slow and of calf brisk. Export business was small, as importers were trying to buy at lower prices. The difference of a penny per lb. has stood in the way of booking business, with sellers holding firmly to their prices. There were inquiries for heavy weight cow calf and all averages in buff calf, but as stocks have been small, trading was patchy. Demand for lower grade cow hides was comparatively good, both for inland and on shipment account.

The tanned skins market was weak due to irregular inquiries for export. Demand for goat skins was sporadic and selective. Lower selections were difficult to sell, and stocks have been accumulating with tanners. Light weights and heavier better grades were in demand in small quantities. Inquiries for prime and semi-prime sheep skins were dormant, but for middle class sheep skins fair because sellers have been meeting the importers' ideas to some extent.

Shipments (in bales) during March were 1,807 of tanned cow hides, 249 of cow calf, 60 of buff hides, 749 of buff calf, 589 of goat skins, and 298 of sheep skins to the U.K., 155 of cow hides, 32 of cow calf, 36 of buff calf, 629 of goat and 223 of sheep skins to the Continental ports; 40 of buffs, 127 of buff calf and 145 of goat skins to the U.S., and eight of goat and 200 of sheep skins to Japan.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 6th April, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		5,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		73,61,17,000
(2) Other Governments		6,80,10,000
(b) Banks		86,18,29,000
(c) Others		154,80,66,000
Bills Payable		26,65,35,000
Other Liabilities		58,22,47,000
	Rupees	544,37,15,000

ASSETS		Rs.
Notes		19,47,33,000
Rupee Coin		2,11,000
Subsidiary Coin		4,32,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		63,10,26,000
Balances held abroad*		11,33,31,000
Loans and Advances to Governments†		95,53,28,000
Other Loans and Advances		152,41,29,000
Investments		167,82,51,000
Other Assets		34,62,83,000
	Rupees	544,37,15,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 24,74,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	19,47,33,000	
Notes in circulation	2133,05,22,000	
Total Notes issued		2152,52,55,000
Total Liabilities		2152,52,55,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India	....	
Foreign Securities	113,86,07,000	
Total of A		231,62,10,000
B. Rupee Coin		118,76,73,000
Government of India Rupee Securities		1802,13,72,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2152,52,55,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	30-3-62	23-3-62	31-3-62
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	52,77	49,15	55,68
(ii) From others	779,62	762,84	719,72
(b) Borrowings from banks	19,14	16,40	14,01
(c) Others	56,39	52,88	52,11
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	14,13	15,78	14,29
(ii) From others	1,129,95	1,124,77	1,026,34
(b) Borrowings from banks	13,29	15,65	11,07
(c) Others	13,53	13,26	22,45
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,909,57	1,887,61	1,704,06
4. Aggregate liabilities [(1 (a) (ii)+1 (c)+2 (a) (ii)+2 (c)]	1,979,49	1,953,75	1,820,61
5. Borrowings from Reserve Bank	53,04	59,32	94,53
(a) Against usance bills and/or promissory notes	40,73	43,18	45,39
(b) Others	12,31	16,14	49,15
6. Borrowings from State Bank and/or a notified Bank	18,84	17,16	18,52
7. Cash	49,91	51,33	45,58
8. Balances with Reserve Bank	74,32	72,03	71,02
9. Cash and balances with Reserve Bank	123,12	123,36	116,58
10. 9 as per cent of 4	6,22	6,31	6,40
11. Balance with other banks in current account	17,67	16,95	17,85
12. Money at call and short notice	37,35	36,05	20,78
13. Investments in Government securities	601,46	591,18	558,58
14. 13 as per cent of 4	30,38	30,26	30,68
15. Advances—			
(a) Loans, cash credits and overdrafts	1,177,44	1,166,75	1,110,96
(b) Due from banks	11,15	8,72	16,78
16. Inland bills purchased and discounted	181,10	182,02	159,35
17. Foreign bills purchased and discounted	48,62	47,54	49,23
18. Total Bank Credit [15 (a)+16+17]	1,407,16	1,396 31	1,319,54
19. 18 as per cent of 4	71,09	71,47	72,48

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	22nd Mar., 1962	4.25	4
Bolivia	30th Sept., 1959	6	6
Burma	Feb., 1948	3	3
Canada †	13th Aug. 1960	3.52	3.26
Ceylon		2.50	4
Chile	Feb., 1957	4.50	6
Denmark	23rd May, 1961	5.5	6.5
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	5
El Salvador	June, 1961	5.5	6
Finland	Mar., 1959	6.50	6.75
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1948	4	3
Ireland	2nd Mar., 1962	5.56	5.34
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	26th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	16th Nov., 1959	2.75	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1958	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	1	2
South Africa	7th Dec., 1961	5	4.50
Spain	June 1961	4.6	4
Sweden	6th April, 1962	4	4.50
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	22nd Mar., 1962	5.5	5
U.S.S.R.	1st July, 1936	3	4
U.S.A.	12th Aug., 1960	3.50	3
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

State Bank of India

Statement of Affairs for the week ended 6th April, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		587,23,91,000
Borrowings from Other Banking Companies, Agents, etc.		2,19,75,000
Bills Payable		11,24,25,000
Bills for Collection being Bills receivable as per contra		2,45,01,000
Acceptances, Endorsements and Other Obligations per contra		5,26,84,000
Other Liabilities (including Inter-Office Adjustments)		4,96,55,000
Total	Rs.	627,18,81,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,43,84,000
Balances with other Banks		3,11,32,000
Money at Call and Short Notice		2,83,93,000
INVESTMENTS—		
Government and other Trustee Securities	Rs. 243,30,58,000	
Other Authorised Investments	9,11,22,000	
		252,41,80,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 271,22,34,000	
Bills Discounted and Purchased	20,21,38,000	
		291,43,72,000
Bills Receivable being Bills for Collection as per contra		2,45,01,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		5,26,84,000
Premises less Depreciation		1,01,12,000
Furniture and Fixtures less Depreciation		1,47,35,000
Other Assets (including Inter-Office Adjustments)		41,74,45,000
Total	Rs.	627,18,81,000

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1960-61	1959-60*	Feb., 1962	Feb., 1961
Central Government Securities:				
(a) 3% conversion loan 1966 or later†	2.85	2.84	2.96	2.84
(b) Others‡	2.68	2.59	2.77	2.72
Debentures‡	4.11	3.97	4.17	4.15
Preference Shares	5.32	5.44	5.79	5.26
Variable Dividend Industrial Securities	4.88	5.27	4.61	4.95
Agriculture and Allied Activities†	5.80	6.09	5.89	6.08
(a) Tea Plantations	6.01	6.17	5.96	6.48
(b) Coffee Plantations	5.12	6.06	6.03	3.80
(c) Rubber Plantations	6.33	7.60	6.98	6.27
Mining and Quarrying†	5.31	6.19	5.23	5.01
(a) Coal	4.56	5.82	4.43	3.81
(b) Other Mining	5.82	6.44	5.78	5.83
Processing and Manufacturing	4.35	4.70	4.21	4.52
Foodstuffs, Textiles, etc. † ††	4.26	4.68	4.13	4.49
(a) Sugar	5.80	6.63	6.14	6.55
(b) Cotton Textiles	3.47	3.97	3.57	3.61
(c) Jute Textiles	5.15	5.60	5.04	6.44
(d) Silk and Woollen	3.17	3.98	2.88	3.21
Metals and Chemicals†	4.18	4.19	4.29	4.36
(a) Iron and Steel	4.25	3.89	5.00	4.55
(b) Transport Equipment	3.38	3.48	4.02	3.64
(c) Electrical Machinery	5.09	5.40	4.43	5.14
(d) Other Machinery	4.07	4.55	3.19	4.13
(e) Basic Ind. Chemicals	3.59	4.14	3.59	3.79
Others	4.90	5.69	4.27	4.92
(a) Cement	5.21	6.07	4.63	5.16
(b) Paper	4.76	5.02	4.07	4.81
Other Industries	6.05	6.49	5.14	5.70
(a) Electricity Generation and Supply	6.28	6.86	5.43	5.76
(b) Trading	8.38	8.58	6.34	7.90
(c) Shipping and Other Transport	5.17	5.25	4.14	4.74
(d) Construction	4.49	4.12	3.67	4.73
Financial	6.31	6.64	5.48	6.27
(a) Banks	5.93	6.46	4.97	5.85
(b) Insurance	7.56	7.53	7.00	7.63
(c) Investment Trusts	6.85	6.28	6.46	6.80

* Average of 9 months. † Running Yield. Average of four loans (I) 3½% 1962, (II) 3½% 1967, (III) 2½% First Development Loan 1970-75 and (IV) 4% 1979. ‡ Including 'Miscellaneous'. †† Including Edible and Vegetable Oils.

State Bank of Pakistan

Statement of Affairs for the week ended 30th March, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	....
(b) Provincial Governments	63,49,000
(c) Banks	21,42,45,000
(d) Others	106,89,06,000
Bills Payable	48,57,000
Other Liabilities	17,46,31,000
Rupees	182,87,26,000

ASSETS	Rs.
Notes	16,66,71,000
Rupee Coin	20,000
Subsidiary Coin	39,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	27,92,12,000
Loans and Advances to Governments	2,47,00,000
Provincial Governments' Debtor Balances	
Other Loans and Advances	
Investments	73,86,29,000
Other Assets	50,11,49,000
	11,83,06,000
Rupees	182,87,26,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs
Notes held in the Banking Department	16,66,71,000	
Notes in circulation	379,09,11,000	
Total Notes issued		395,75,82,000
Total Liabilities		395,75,82,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion	....	
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	2,48,94,000	133,02,77,000
Government of Pakistan Securities	254,34,05,000	
Internal bills of exchange and other commercial paper	....	
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		256,82,99,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,68,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	395,75,82,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.03 per cent.

EXCHANGE RATES

		11th April, 1962	4th April, 1962
Bombay on London—			
Sellers T.T. D.D. Spot	s.	1-5⅛	1-5⅛
Sellers T.T. D.D. upto six months	s.	1-5⅛	1-5⅛
Buyers T.T. spot to nine months	s.	1-6⅛	1-6⅛
Buyers T.T. 10 to 12 months	s.	1-6⅛	1-6⅛
Bombay on New York—			
Sellers T.T. D.D.	Rs.	475.75	475.50
Buyers T.T.	Rs.	472.50	472.25
London on New York	Rs.	2.8132-2.8185	2.8131-2.8180
London on Paris	Fcs.	13.7840-13.7860	2.8181- 2.8154
London on Berne. Sw. Fcs.		12.2330-12.2350	13.7930-13.7950
New York on London	s.	281.340-281.380	12.2300-12.2320
			281.540-281.580

CLEARING HOUSE RETURNS

Centre	Week ended 6th April, 1962		Week ended 30th March, 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	3,97,701	97,27,08,000	4,59,112	114,63,32,000
Calcutta	2,37,000	121,88,00,000	2,24,000	107,78,00,000
Madras	1,05,079	17,71,27,078	1,14,794	19,00,16,797
All Centres				
1958-59	..	..	45,172,000	97,67,12,00,000
1959-60	..	..	50,064,000	109,58,05,00,000
1960-61	..	..	54,472,000	125,13,16,00,000
Jan., 1961	..	..	4,916,000	1,104,98,00,000
Oct., ,,	..	..	4,770,000	1,047,03,00,000
Nov., ,,	..	..	4,986,000	1,095,98,00,000
Dec., ,,	..	..	4,946,000	1,173,93,00,000
Jan., 1962	..	..	5,008,000	1,244,75,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	10th Mar., 1962	3rd Mar., 1962	11th Mar., 1961	January 1962	January 1961	Percentage of Increase (+) or Decrease (—) in Jan., 1962 as compared with Jan., 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	118 0	119.6	120 9	118 3	118.4	+ 1.6	119.5	120.2 R
Cereals	192	100.4	103.5	103 5	102.0	99.1	+ 2.9	101.6	104.3
Pulses	48	93.1	97.7	95 1	96.8	94.9	+ 2.0	91.3	92.6
Fruits and Vegetables	23	108.2	133.9R	131 6	192.5	105.8	+22.2	131.2	121.1 R
Milk and Ghee	84	118.0	118.8	118.8	118.8	109 8	— 3.6	115.1	115.5
Edible Oils	47	165.5	155.7	155 8	154 4	159 6	— 3.3	148.3	148.8
Fish, Eggs and Meat	17	130.8	138.1	138 8	139.8	122.2	+13 0	121.0	121.1
Sugar and *Gur*	48	116 9	116.2	117 3	113 8	122 4	— 7.4	120.7	128.6
Others	50	165.3	158.1	172 8	164.0	168.1	— 2 4	172.8	168.4 R
Liquor and Tobacco	21	113.5	100.0	100 0	97.3	112.2	—12.5	102 6	106.6
Tobacco		110.8	96.5	96 5	93.6	109.8	—14.7	100.6	104.8
Fuel, Power, Light and Lubricants	36	121 8	122.8	122 7	122 2	121 3	+ 0 7	120 6	118.9 R
Industrial Raw Materials	155	139 7	138.2	137 2	137 8	125 0	+11.3	147.2	138.8
Fibres	61	177.0	129.8	128 7	125.7	166 1	—24.3	150.0	138.2
Oilseeds	60	159.4	142.9	151.5	155.7	150 6	— 2.4	157.8	144.9
Minerals	2	95.2	94.8*	94 8	94.8	95 5	— 0 7	96.1	97.5
Others	32	128 8*	129.5	129.2	128 8	129.1	— 0.2	127.9	129.0
Manufactures	296	130 1	128 8	128 5	128 3	127 5	+ 0.9	127 9	128.6
Intermediate Products	41	137.2	135.9	135 7	137 3	133 9	+ 2.9	132 9	130 2
Finished Products	249	128 9	125.1R	125 0	124 4	126 5	— 1.7	125.4	126.7
Textiles	147	134.7	125.4	124.5	124 2	131.2	— 5.3	128.2	127.1
Cotton		126.8*	128.2*	128.2*	123.2	127.4	+ 0 6	127.5	127.5
Jute		..	165.0	117.6	115.5	154.9	—25.4	127.5	127.5
Woollen		..	110.1*	125.4*	125 4*	123.1	110 1	+11.8	119.0
Silk and Rayon		..	115.7*	126.7*	126 7*	122.1	103 8	+17 6	116.4
Metal Products	12	151.2	152.0	152.0	151 6	148 9	+ 3.1	147.7	146.6
Chemicals	20	104 9	112.3	112 3	111 9	104.3	+ 7 8	108.7	107.9
Oil Cakes	10	147.1	152.5*	149.3	155.7	150.4	+ 3.5	146.3	140 2
Machinery and Transport Equipment	31	112 5	116.3R	116 3	119 9	112 6	+ 2.9	113.6	119.7
Others	30	118.7	121.8	121.8	121.5	116.7	+ 4.1	120.2	116.6
All Commodities	1,000	127.9	124.2	124.7	123.3	125.6	— 1.8	125.8	122.9 R

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta‡	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1960 Average	116	395	110	313	98	120	387	124	118	105	108	122	109	191
1961 ,,	120	412	125	340	98	132	387	133	120	106	98	125	106	140
1960 ,,	124	420	120	357	98	136	398	143	120	107	103	120	109	146
Dec. 1960	124	419	120	362	100	134	387	151	121	110	102	121	108	148
January 1961	123	419	119	358	100	131	387	146	122	111	103	120	109	148
February ,,	123	420	119	350	102	130	392	147	123	111	103	119	109	148
March ,,	124	423	119	349	101	129	395	148	124	111	104	121	109	149
April ,,	124	428	119	345	99	130	392	149	125	111	104	120	109	150
May ,,	124	428	119	345	97	130	392	148	126	112	106	120	110	149
June ,,	124	431	119	345	97	132	392	148	127	112	104	121	110	150
July ,,	125	433	122	349	99	132	408	148	130	113	106	122	110	151
August ,,	127	437	123	357	101	132	408	148	130	113	106	122	110	151
Sept. ,,	128	438	122	352	103	133	416	149	130	115	107	124	111	151
Oct. ,,	128	436	122	355	103	132	416	148	128	114	108	124	112	151
Nov. ,,	128P	434	122	354	104	133	418	149	127	113	110	128	114	151
Dec. ,,	128P	434	122	341	106	132	421	149	129	115	109	129	115	151
January 1962	128P	432	122	356	104	131	413	149	130	115	108	129	..	151
February ,,	128P	436	119	357	107	131	402	149	130	115	109	126	..	151
March ,,	..	438	..	..	..	..	..	..	..	..	..	..	..	..

*June 1934=100. †Jan. 1928=100. ‡1939=100. P=Provisional

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A		7-Year B		12-Year B		12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J		10-Year J		10-Year Treasury Savings Deposit Certificates 2½% F		4% C		15-Year Annuity Certificates G		Total	
	Out-standings		Out-standings		Out-standings		Receipts	Out-standings	Receipts	Out-standings			Out-standings		Out-standings		Out-standings		Receipts	Out-standings	Receipts	Out-standings	Receipts	Out-standings H
1958-59	1,76	3,80	119,10	87,45	152,78	191,75	234,91	21,02	—40,67	3	2	42,57	6,35	11,68	67	2,41	286,27	590.08
1959-60	1,55	3,15	98,99	83,24	221,68	210,40	260,68	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,90	305,70	672.99
1960-61	1,24	2,46	81.50	82,53	287,30	228,77	297,77	18,36	—42,00	1,70	95	38,80	16,14	37,34	69	3 38	329,98	770.80
Jan. 1961	1,31	2,57	84,04	6,47	273,48	18,08	280,08	18,87	—41,86	1,40	80	40,90	1,04	34,15	6	3,32	25,83	740.90
Feb. ,,	1,28	2,52	82,71	6,43	278,70	18,05	282,82	18,44	—41,95	1,53	87	39,88	1,80	35,75	5	3,35	25,53	747.86
Mar. ,,	1,24	2,46	81,50	11,17	287,30	32,82	297,77	18,36	—42.00	1,70	95	38,80	1,77	37,34	4	3,38	46,05	770.80
Apr. ,,	1,20	2,40	80,18	5,59	290,56	20,37	295,84	18,17	—42,05	1,83	1,01	37,46	2,28	39,42	4	3,40	28,47	771.47
May ,,	1,16	2,34	78,90	5,33	294,43	19,23	294,64	18,09	—42,08	1,99	1,08	36,49	1,32	40,92	3	3,42	26,19	773.46
June ,,	1,16	2,29	77,64	4,57	299,52	19,27	294,43	18,01	—42,13	2,18	—1,15	35,45	1,89	42,43	3	3,43	28,02	777.66
July ,,	1,10	2,24	76,31	6,66	304,96	20,79	298,78	17,91	—42,16	2,34	1,23	34,15	1,59	44,33	5	3,46	29,34	786.81
Aug. ,,	1,02	2,12	72,30	5 30	310,39	19,28	302,35	17,85	—42,20	2,50	1,31	33,19	1,25	45,66	5	3,48	27,55	794.32
Sept. ,,	1,05	2,18	73,00	6,38	315,47	17,84	304,29	17,77	—42,24	2,68	1,39	32,12	1,62	47,04	5	3,51	26,16	800.48
Oct. ,,	1,02	2,12	72,30	5 30	319,62	17,83	305,79	17,67	—42,28	2,86	1,47	33,28	1,07	48,10	4	3,53	24,51	805.76
Jan. 1962	91	1,97	68,37	7,11	335,50	19,06	308,42	17,45	—42,39	3,47	1,75	23,78	1,17	51,38	4	3,58	27,71	821,58
Feb. ,,	..	..	..	..	..	..	..	..	..	..	..	28,14	1,18	52,31	5	3,61	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Progressive net repayments at the end of period from August 15, 1947. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings at the end of Dec., 1961 amount to 18.18 crores of rupees.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
2 ½ Loan	1938-39	116,17,46,000	1963-65	98.65
2 ½ Loan	1950	89,33,10,000	1964	96.65
2 ½ Fd. Loan	1943	1,10,11,78,000	1966-68	96.10
2 ½ Dev. Loan	1945	1,15,05,83,000	1970-75	89.70
2 ½ Loan	1946	14,77,48,000	1974	85.80
2 ½ Loan	1947	75,86,72,000	1965	99 25
2 ½ N. P. Loan	1954	1,58,17,94,000	1964	99.40
2 ½ N. P. Bonds (2nd Series)	1955	1,53,67,92,000	1965	99.65
2 ½ Loan	1955	1,02,72,63,000	1962	99.90
2 ½ N. P. Bonds	1956	1,03,81,83,000	1967	98 80
2 ½ Loan	1956	86,63,53,000	1974	99.25
2 ½ N. P. Bonds (3rd Series)	1957	56,99,30,000	1967	99.80
2 ½ Loan	1957	49,17,27,000	1972	100.20
2 ½ Loan	1958	95,05,92,000	1968	99.95
2 ½ Loan	1958	84,05,52,000	1966	99.60
2 ½ Loan N.P.B.	1958	64,33,90,000	1968	99.80
2 ½ Loan	1958	49,51,44,000	1972	100.10
2 ½ Loan	1959	1,47,99,93,000	1969	98.25
2 ½ Loan	1959	84,05,83,000	1979	99 30
2 ½ Loan	1960	98,03,48,000	1980	99 25
2 ½ Bonds	1960	82,65,41,000	1966	99.60
2 ½ Loan	1961	65,63,00,000	1981	98.50

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				Rs.
Rs.				
85,50,000	4	1904	1964	
85,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	97.00
75,00,000	4	1908	1968	
40,00,000	4	1909	1970	
54,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,25,878	4	1913	1960	D
80,00,000	4	1913	1974	95.00
88,25,000	4	1914	1975	95.00
10,00,000	4	1915*	1960	
66,00,000	4	1915*	1975	
13,50,000	3½	1932*	1962	D
24,58,000	3½	1935*	1975	
18,00,000	3½	1936*	1966	
48,00,000	3½	1938*	1960	D
10,00,000	3½	1938*	1965	
7,00,000	3½	1941	1971	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotations
BOMBAY				Rs.
Rs.				
80,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
20,00,000	4	1906	1966	
15,00,000	4	1907	1967	
13,00,000	4	1913	1973	
50,00,000	4	1914	1974	97.50
25,00,000	4	1916	1976	97.75
66,00,000	5	1920	1955-80	115.00N
25,00,000	5	1926

Notices

THE WESTERN INDIA MATCH COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-ninth Annual General Meeting of the Shareholders of the abovenamed Company will be held at the Registered Office of the Company at Indian Mercantile Chambers, Nicol Road, Ballard Estate, Bombay, at 4.30 p.m. on Wednesday the 16th day of May 1962, to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31st December 1961.
2. To declare a dividend.
3. To appoint a Director in the place of Sir Chunilal V. Mehta, K.C.S.I., who retires by rotation and is eligible for re-appointment and to consider and if thought fit, to pass the following resolution, of which special notice as required by Section 281 of the Companies Act 1956 has been received by the Company:

   "RESOLVED that Sir Chunilal V. Mehta, K.C.S.I., who has attained the age of 81 years and who retires by rotation be and he is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit of 65 years prescribed by Section 280 of the Companies Act 1956 shall not apply to him."

4. To appoint a Director in the place of Mr. Dharamsey M. Khatau, who retires by rotation and is eligible for re-appointment and offers himself accordingly.
5. To appoint the Company's Auditors and also Auditors for the Branches and to fix their remuneration.
6. To consider and if thought fit to pass the following resolution as a Special Resolution:

   "RESOLVED that this Company hereby approves of an additional loan of Rs. 3 lakhs being made to Orient Match Co., Ltd., of Karachi, Pakistan, a body corporate which is under the same management as this Company, at a rate of interest of 2¾ per cent per annum against a charge on the stocks, raw materials, movable assets and book debts of the latter Company and against a guarantee for due repayment of the said loan given by the Swedish Match Company, the Managing Agents of this Company."

7. To consider and if thought fit to pass the following resolution as a Special Resolution:

   "RESOLVED that approval of the shareholders be and is hereby given to Orient Match Co. Ltd. of Karachi, Pakistan, an associate of the Swedish Match Company, the Managing Agents of this Company, using as registered users on matches manufactured and sold by them in Pakistan the *Tekka, Deer & Tiger, Id-Ka-Chand, Ghoda Mark* and *Horse Head* trade marks registered in the name of this Company with the Pakistan Trade Marks Registry on the terms and conditions as set out in the draft agreement placed before this meeting and initialled for identification by the Chairman."

The Transfer Books of the Company will be closed from the 24th day of April 1962 to the 17th day of May 1962, both days inclusive.

By Order of the Board,

A. HYDARI,
Executive Director.

4th April 1962.

INDIAN MERCANTILE CHAMBERS,
NICOL ROAD, BALLARD ESTATE,
BOMBAY.

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The dividend when sanctioned will be payable at par at all Indian offices of the Central Bank of India Ltd. on and after the 21st day of May 1962 to those shareholders whose names stand on the Register on the 17th day of May 1962 and warrants will be posted in due course to each shareholder at his registered address. Shareholders are kindly requested to notify immediately any change of address.

A copy of the Explanatory Statement issued under Section 173 of the Companies Act 1956 relative to the items of special business set out in the aforesaid Notice has been forwarded to the members of the Company along with the Notice.

THE MODERN MILLS, LIMITED

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE 28th Annual General Meeting of the above Company will be held at its Registered Office at 70, Forbes Street, Bombay-1, on Monday the 30th April 1962, at 4.30 p.m., for the purpose of transacting the following business:—

1. To receive and adopt the Directors' Report and Audited Statements of Accounts for the year ended 31st October 1961.
2. To declare a dividend.
3. To appoint Directors in place of those who retire but who are eligible for re-appointment.
4. To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board,

N. SIRUR & CO. PRIVATE LIMITED,
Managing Agents,
N. D. SIRUR,
Managing Director.

BOMBAY, *20th March*, 1962.

The Transfer Books of the Company will remain closed from 2nd April 1962 to 21st April 1962, both days inclusive.

A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a member.

The dividend when declared will be made payable at State Bank of India, Bombay, from 10th May 1962 to those Shareholders whose names stand on the Register of Members on 21st April 1962. The Dividend Warrants will be made collectable at par at State Bank of India, Bangalore. Shareholders are requested to intimate change of address, if any.

BURN AND COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE Registers of Members and Share Transfer Books for 6 per cent and 7 per cent Preference Shares in the Company will remain closed from the 24th April to the 30th April, 1962, both days inclusive for the purpose of payment of Preference Dividends for the half-year ending 30th April, 1962, on or after the 10th May, 1962, to those Preference Shareholders whose names appear on the Company's Registers of Members for 6 per cent and 7 per cent Preference Shares on the 30th April, 1962 or to their mandatees.

By Order of the Board,

MARTIN BURN LTD.,

F. G. LIVERSEDGE,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA,
14th April, 1962.

SURVEY

(*Concluded from page* 655)

by the I.D.A. so far is about $200 million and, judging from the applications for assistance under consideration, it is clear that the I.D.A. will have committed all its initial capital before the end of the five years during which these funds become available for disbursement. The main attraction of I.D.A. assistance is that the only cost to the borrower is the service charge of ¾ per cent per annum on amounts withdrawn and outstanding. This is meant for covering I.D.A.'s administrative expenses.

Reference may also be made here to Mr. Black's observations on the terms of assistance to underdeveloped countries. In his view, if the risk of financial difficulties (on account of repayment of loans and servicing them) to the borrowing countries is to be averted and if the momentum of economic development is to be maintained, it is essential that substantial development assistance be made available for long-term periods and at low rates of interest. He concedes that there has been, in recent years, a welcome increase in the number of countries offering large amounts of development aid, but few of the newcomers, in his opinion, have yet brought themselves to the extent needed, to provide at least a part of their aid on appropriately lenient terms. If this situation is not improved, Mr. Black warned, there is a real danger of a stage being reached, when the underdeveloped countries will not be able to accept foreign aid without endangering that very process of orderly economic growth towards which aid is directed.

COMPANY LAW

(*Concluded from page* 658)

which is already an established fact in the leading countries of the West and which has accounted for far-reaching changes in the character and quality of company management in those countries.

Lest there should be any misunderstanding in the minds of anyone, let me hasten to add that the factors listed above were those which accounted for the present form and structure of our Companies Act when it was passed over six years ago. Much has happened since then, and it is only fair to add that we should recognise the noticeable growth in the standards of company formation and company management during the last five years, following the enactment of the new company law, largely perhaps as a by-product of its working and the activities of the Department of Company Law Administration which administers it. Time does not permit my going into this aspect of the question further, and I would conclude with this broad observation that there is no standardised system or pattern of regulation of trade and industry uniformly applicable to all countries. Given a country's commitment to its economic and social goals, every country must fashion for itself the tools of policy most appropriate to its economic and social development. It is because I feel that the concept of the responsible company fits in well with our national commitment to the accepted goals of our economic and social policy, that I have considered it worthwhile to say a few words about it, in relation to the basic law which governs the organisation and working of our organised corporate sector. (*Note*: This article is an adaptation from the speech delivered by the author at the Rotary Club of Delhi a few days ago.)

MARKET GOSSIP

(*Concluded from page* 651)

appreciated the Committee's emphasis on the necessity to tackle the problem of modernisation and rehabilitation of the industry with urgency and seriousness. A very pertinent point he made here was that, apart from paucity of funds, the chief obstacle to modernisation was non-availability of machinery. The order books of indigenous textile machinery manufacturers, we are told, are full for the next one and a half to two years. It is, therefore, necessary to increase the capacity of the indigenous textile machinery manufacturing industry and to permit larger imports, so that the needs of the cotton mill industry could be more adequately and quickly met. The same point was made by Mr. Arvind Narottam also. He said that the mills in Ahmedabad could not maintain the tempo of modernisation because they were not able to obtain licences for importing certain types of machinery and the delivery schedules of indigenous manufacturers were far extended. He asserted that, if necessary assistance was rendered, the industry could quicken the pace of modernisation.

U. S. Silver Bill

Thanks to the overall stability of the silver market in the U.S., the Treasury does not think it necessary to press for action this year on the Bill to repeal the Silver Purchase Acts now before the Congress which has a crowded session. Nonetheless, Congressmen from silver-using States, mostly New England and the North-East, hope to get hearings on silver legislation before the Senate Banking Committee starts within the next few weeks. At the same time, it is not that the Treasury does not regard the Bill as essential. It would, however, prefer to put it off to next year and give priority to more important legislations, notably the Tax Reform Bill, still being attacked and amended in the Senate, and the Bill permitting U.S. participation in the I.M.F. borrowing scheme.

The Treasury has apparently drawn much comfort from a not-too-sensitive behaviour of the internal market. It has largely followed the lead from London. And, even when President Kennedy ordered the withdrawal of the Treasury as a seller of free silver (silver not required as backing for the currency) from the market in November last, the price rose by only 10 per cent. Besides, the U.S. Treasury still has 22 million ounces of free silver which can be used to prevent any violent fluctuations in prices.

COMMERCE

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

VOL. CIV. No. 2662 BOMBAY, 21st APRIL 1962 PRICE Rs. 2

AN ASTOUNDING CONFESSION

THE statement of Mr. K. C. Neogy, Chairman of the Committee on Transport Policy and Co-ordination, at a New Delhi Press conference last week-end, that it was not possible for him to indicate at this stage as to when the final report would be published, is astounding. Mr. Neogy was candid enough to confess that he was not sure whether the report would be ready at least before the end of the third Plan. Did anyone bargain for such an indefinite delay when the Committee was appointed in July 1959? Indeed, the Committee was expected to finish its labour quickly, so that the Planning Commission, as well as the Government, would have the benefit of its advice for determining the transport policy for the third Plan. From what Mr. Neogy said at the Press conference it seems that one cannot expect even an interim report from the Committee which could be useful to the Administration in tackling the short-term problems. Why does the Committee feel so helpless even after working on the problem for nearly three years? Who is responsible for this ridiculous situation? The explanations given in the Press conference reveal that there is a serious lack of basic information on certain aspects of the transport problem and an acute shortage of expert personnel on the subject. Surely, it need not have taken three years for the Committee to arrive at these conclusions. The note, containing the progress of the work done by the Committee and circulated to the Press at the conference, says that only two out of fifteen State Governments have so far sent in their comments on the preliminary report circulated by the Committee in February 1961. This is deplorable, because, without the views of the State Governments under whose jurisdiction road transport falls, the Committee cannot frame any useful recommendations. The shocking apathy of State Governments to road transport is, however, nothing new. Mr. Raj Bahadur, the Union Transport Minister, had referred to this drawback on a number of occasions in the past. Nevertheless, the Committee ought to have taken energetic steps to shake the State Governments out of their lethargy. It could have sought the co-operation of the Press much earlier, instead of waiting for so long a time. The fact that Mr. Neogy called a Press conference six days ahead of the final Railway Budget for 1962-63 is not without some significance.

In refreshing contrast to the indifference shown by the State Governments to the preliminary report of the Neogy Committee, the Federation of Indian Chambers of Commerce and Industry, New Delhi, and the Associated Chambers of Commerce and Industry, Calcutta, the two apex bodies representing the regional, State and local trade associations in this country, have forwarded their comments. The I.R.T.D.A., an institution specialising in roads and road transport, has also submitted a lengthy reply. So the private sector cannot be accused of having neglected the Neogy Committee. This, however, cannot be said of the Central Government. For it would appear to have failed to provide the Committee with adequate secretariat assistance. It could have arranged, but did not, the supply of outside expertise on transport economics. While it is not clear whether Mr. Neogy had asked the Government to make good these deficiencies, there is enough evidence for the conclusion that the Centre, too, was not very enthusiastic about the Neogy Committee finishing its task expeditiously. The leisurely fashion in which the Committee was handling its task in the name of comprehensiveness seems to have suited the Ministries concerned. After all, the main object in appointing the Neogy Committee was to provide a convenient excuse for not implementing the Masani Committee's recommendations in 1959, many of which were not to the liking of the Railway Ministry. Mr. S. K. Patil, who was then the Minister for Transport and Communications, did not want to do the unpleasant task of joining issue with his colleague in charge of the Railways—Mr. Jagjivan Ram—and, therefore, followed the well-known practice of Governments on such occasions, namely, of appointing another committee and referring the matter to it. If anyone is happy over the predicament of the Neogy Committee, it must be the Railway Ministry, in general, and Mr. Jagjivan Ram, in particular. As the Minister for Transport and Communications now, he has been spared, for a long time, the inconvenient task of taking decisions on suggestions which he had opposed as the Minister for Railways. In the meantime, the country is denied the benefit of development of its transport services in a co-ordinated fashion. This journal never thought that a committee headed by Mr. Neogy would fail so miserably.

The Neogy Committee itself is not free from blame for making its task more complicated than necessary and indulging in the fascinating pastime of riddling the riddle. Apparently baffled by the rival arguments of the road and rail enthusiasts, it got involved in a problem of balancing their respective handicaps, not in maximising their relative advantages and evolving a policy of complementary growth of both road and rail transport. In its marathon preliminary report, prepared after eighteen months of labour and circulated for eliciting public opinion early in 1961, it had raised so many issues on road-rail co-ordination that it is no wonder that the State Governments are taking their own time to answer them. Further, it appears as though the question of road *versus* rail transport is being fought out as in a law court; the presence of a retired financial adviser of the railways in the Committee, instead of helping progress, seems to have retarded it, because of the tendency to build up the Railways' case and demolish that of the roads with all the arguments that can be discovered for either.

In a note circulated at the aforesaid Press conference, the Neogy Committee has added to its already numerous doubts. To give one instance. Should the railway rating structure be based on the principle of cost of service or the value of service as at present? Since more high-rated traffic is being diverted to the roads under present conditions, the Committee seems to feel that the railways should be able to charge what it costs to carry such bulk goods as coal and ore, if they have to earn for their keep and find money for development. This seems an unnecessarily alarmist view, as the scope for such diversion cannot be that large so long as there are limitations to a quick expansion of the number of vehicles on the roads. Besides, there is much room for development of feeder services by agreement with the State Governments. No *radical* change in the system of carrying basic commodities like coal at low rates can be contemplated just yet; a narrow accounting approach to these questions should not disregard the political implications of a policy which may result in inflating the cost of raw materials to distant centres even before they have made beginnings in industrialisation. Only recently, the Mudaliar Committee (not to be confused with the one on export promotion) went into the whole question of freight structure of the Railways and it is doubtful whether the time has come for a wholesale review of the position. Moreover, the Government of India has not been averse to making the Railways pay their way to development by gradually raising charges closer to the cost of the services and the latest Budget, which will have been presented by the time these lines are in print, has given further proof of the intention to follow such a policy.

The desire of the Committee to effect a root-and-branch reform may not be warranted by the nature of the problem. There are many imponderables in the present situation like the future trends in the growth of traffic and the Railways' own inability to carry smalls and less essential goods. The Committee seems to think that it would be able to establish the relative importance of revised priorities, if it could determine the actual cost of the Railways of carrying each and every item of traffic and compare it with the cost of the road operator. It made a great mistake in making this ambitious approach, for it was trying to do the impossible. After embarking on the elaborate inquiry, it has found that the necessary data do not exist even for the Railways, let alone the small truck operator who hardly maintains any accounts worth the name.

The Committee does not seem to have recognised that anything like a perfect solution, or an absolutely sound long-term policy, for transport may be unattainable, because historical factors cannot be ignored in the short-term and the long-term is only a succession of many short ones. An enormous investment has gone into the Railways and more is planned for the next five years; demand estimates are tentative, but there is little doubt that there is scope for both rail and road transport. A common policy has to be evolved, so that available capacity of both is not frittered in wasteful competition but husbanded to produce the best results. Once the main issues are formulated, it should be possible to secure co-ordination through direct high-level political discussions with the States. It must be remembered that the Railways displayed a narrow outlook and deprived the States of their growing revenue from the tax on passenger fares; after that, there is no reason to expect that the States would agree to forgo their authority for regulating road traffic and securing more revenue from both goods and passenger traffic through intensive development of both. As economic development proceeds, it is likely that States and road transport operators will find it more profitable to develop feeder routes. Again, it is idle to talk, as some do, of Constitutional amendments and of more authority to the Centre after the recent controversy over coal rights and oil royalties.

The Committee overlooks the merit of flexibility which enhances the value of the service rendered by the small road operator even when his charges are higher. In its earlier

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preliminary report, the Committee went to the length of seriously considering the idea of imposing equal disabilities on road transport as though its task was to arrange a handicap event and not discover the most suitable policy for the entire economy. So it went to such absurd lengths as to inquire whether Railways could be relieved of their existing obligations to provide certain unremunerative services and road services be asked to undertake additional obligations. Nationalisation of the entire road transport system, in order to provide a perfect integration, may appear to be a logical solution, but it is as chimerical as the alternative of allowing Railways freedom to operate as a commercial undertaking merely to compete with road transport on better terms. It is not possible to re-order the whole scheme of things for achieving a notional justice which may mean nothing positive for the economy; nor is it easy to find guiding principles for all time. The country is still in need of bullock carts which play an important role in carrying goods within a range of 50 miles and motor vehicles may have to replace them progressively; the next ten years may see more changes in the development of communications in the rural areas and the problem itself may undergo a change. This may be one of the cases in which the balance of advantage may lie in letting the present situation alone, with such changes as the Transport Ministry, the new inter-State co-ordinating agencies and State Governments may favour on the basis of practical needs. One, therefore, fails to see what good the Committee can do for the country by continuing its labour, especially when it admits that even the next four years will not suffice to complete the task allotted to it.

DECISION-MAKING AND DECENTRALISATION

DEVELOPING countries, especially those emerging suddenly to self-governing status, are generally confronted with expectations which not even the most advanced nations could fulfil. The governments of these countries are expected to perform miracles and conjure up, virtually overnight, a variety of facilities which in developed countries have come into being gradually through private and local initiative over generations. But, even if the requisite resources for meeting development needs can be largely found from internal and external sources, administrative difficulties and deficiencies stand in the way of their effective utilisation. It thus happens that administrative improvement, described as the *sine qua non* in the implementation of programmes of national development, is vigorously sought in several developing countries, including India. If, however, such reform is difficult to achieve, it is, in the main, due to the excessive centralisation that is prevalent in most of the developing countries. The central problem in administrative reform is how to effect deconcentration of administrative authority, both within the ministries themselves and from headquarters to regional offices, and devolution of authority to States and local authorities, that is, how, in short, decisions essential to the rapid implementation of programmes of national development can be more expeditiously made and implemented.

The process of decision-making and its character are of fundamental importance in the context of development. Contemporary concepts and practices in this field, however, leave much to be desired, as will be seen from the relevant section of a United Nations publication* just available. An idea of the present unsatisfactory state of affairs can be had from its findings, some of which are:

(a) In every capital of the world, particularly in those of the developing countries, the congestion of work at the level of the minister's office presents one of the critical problems of public administration. "Let the minister decide" is the all too frequent response of subordinate officials, high and low, on any perplexing question. The minister's time, instead of being saved for his highest duty of taking decisions on major policies and programmes, is being wasted on individual cases.

(b) Although conditions vary greatly from country to country, it has been found that the great bulk of day-to-day decisions in public affairs can properly be taken by career officials, and, indeed, must be taken by them, if the business is to be done without being held up by red-tape.

There is here the question as to how far a minister can delegate decisions to his subordinates. In the opinion of the authors of the U.N. study, a minister would be well advised to delegate decisions to the maximum and support and defend his subordinates whenever he justifiably can. The most effective way to handle the whole problem of delegation (the transfer downwards in a hierarchy of the authority to make decisions) and clearance (the process of referral upwards to the next highest level of authority for approval of policy) would be for the minister and his career officials to meet frequently for constructive discussion, and thus to build up mutual understanding and a good working relationship. As for multiple clearances, where a proposed action or decision requires the review, comment and approval of a number of offices staffed by various types of specialists, the procedure therefor must be well defined, for, otherwise, it can degenerate into a system of multiple delay and inaction. Some of the devices, which have been found helpful in some countries in securing the benefits of multiple clearances without undue delay, would be generally useful to all countries. These are:

1. Placing responsibility for co-ordination on the department or division head and assigning one of his assistants to follow the progress of each action.

2. Defining in writing the precise duties and sphere of competence of each specialised official, so that he does not exceed his powers.

3. Encouraging informal lateral conferences between officials of specialised competence to iron out difficulties and avoid excessive exchanges of inter-office memoranda and paper work.

4. Encouraging the habit of good committee work, where major problems have to be discussed in a more formal way.

5. Devising a method of simultaneous consideration by the various officers concerned by circulating copies of the proposal in question.

6. Preparing, where necessary, a system of flow charts which will reveal the steps needed for a decision in each type of work.

One of the most important requirements in decision-making is the co-ordination of policies which affect more than one ministry. The U.N. study has emphasised, in this connection, the need for establishing, at the top of the governmental structure, a central authority responsible for determining national policies and co-ordinating the formulation of the legislative and administrative programmes relating to them, and for co-ordinating the work of the separate organs of government in the execution of the policies. What is visualised here is, perhaps, a planning body (like the Planning Commission in India) which, after eliciting the views of all ministries and agencies concerned, can match needs against resources and plans and promises for development against capacity. The ultimate objective of such a co-ordinating authority is nothing less that the taking of decisions on policy concerning national development and administration, and its task is one that the government's political leadership cannot delegate.

To go from the field of decision-making or policy-determination to that of execution. One complex aspect of administrative reform covering operations pertains to decentralisation. According to the U.N. study, area administration and decentralisation present some of the greatest complexities and difficulties in the field of public administration. The authors of the study have, therefore, not offered precise formulæ and definite solutions. They have merely suggested alternative avenues to be explored in regard to the two principal forms of decentralisation, namely, "decentralisation to area offices of administration" and "devolution to State and local authorities." Area administration, as defined, involves the deconcentration of responsibility and authority of the Central Government to regional and local units with definite geographical boundaries; this arrangement implies no transfer of final authority from the ministry, whose responsibility continues. Devolution, as defined, means a legal deposit of powers to discharge specified or residual functions with formally constituted State and local authorities; this type of arrangement has a political as well as an administrative character. There is also a form of activity which can make decentralisation more purposeful and can supplement and support both area administration and local government; this is community development—a process whereby people are encouraged to organise and contribute their effort to improve their communities without a statutory transfer of authority. It will be noticed that all these forms of decentralisation are in vogue in this country.

The authors of the U.N. study have made some suggestions in regard to each one of them. As far as area administration is concerned, it has been suggested that the area offices must be staffed by career personnel with the ability and training to give sound decisions on their own responsibility, that the powers given to area officers should be used in such a manner as to relieve the ministry of unnecessary work and that the area officers must be aware of local needs and, in so far as is consistent with ministerial policy and procedures, do what they can to meet them. As for devolution, the suggestions are that local governments should be granted significant functions and powers, and also compatible resources and that supervisory functions of the higher government should be supplemented by a system of technical services and advice to local bodies supplied by a central office. In regard to community development, the general approach suggested has three principal elements, namely, village-level workers to serve as catalysts of self-help effort, timely technical and material help to make the will to self-help effective, and institutional means (local government, co-operatives, etc.) to maintain activities initiated through self-help and extension programmes. All this does not sound strange to people in India, for community development, co-operation, *panchayat raj* are all being tried here. How effective they are would be determined as much by the adequacy of resources as by the availability of competent personnel to man them. The U.N. study, of course, has not gone into too many details. Its findings and suggestions are only of general applicability to countries in different stages of development and with varying local conditions. But, in view of the experience of the expert U.N. missions which, during the past ten years, have noticed the recurrence of similar problems in spite of the differences between the countries covered, the U.N. study under reference constitutes a notable contribution to the solution of problems pertaining to administrative decision-making and decentralisation.

* *A Handbook of Public Administration.* Published by the Department of Economic and Social Affairs, United Nations, New York, 1951. Price: $1.25.

DR. M. VISVESVARAYA

WITH the passing away of Dr. M. Visvesvaraya at Bangalore on Saturday the 14th inst., India has certainly lost a towering personality. So outstanding have been his services to the country and the people that he fully deserved all the honours paid to him both when he was alive and after his death. He lived a full hundred years—he was born on 15th September 1861—and left an indelible mark in several fields of activity, particularly engineering, industrial, economic and administrative fields. Dr. Visvesvaraya began his career as an engineer in the Public Works Department of the former Bombay State way back in 1884 and, within a few years thereafter, he proved himself to be an outstanding engineer. Standing as monuments to his ingenuity, originality and inventing abilities are the block system of irrigation in Bombay, automatic sluice gates at Lake Fife reservoir in Poona, flood control schemes in Orissa, Krishnarajasagar dam in Mysore, and water supply schemes and modern drainage systems in several cities. It was his vision and foresight that gave a powerful impetus to economic planning and industrial growth. Indeed, in planning, Dr. Visvesvaraya was ahead of even the Soviet Government. His book on *Reconstructing India* was published as early as in 1920, that is, long before Russia launched its first Five-year Plan. This book was followed by another, *Planned Economy for India*, in 1934.

Although Dr. Visvesvaraya accorded top priority to education and industrialisation, he stimulated every aspect of life and "hustled the people as never before." Here is what he wrote in 1951: "If any good is to come of independence, a speedy change has to take place in the people's habits, education, knowledge of world affairs and working capacity... India cannot afford to stand still and remain a planless underdeveloped country any longer." Surely, Dr. Visvesvaraya will go down in history as one of the distinguished nation-builders of India and as a shining example of integrity and industriousness for generations to come. The future of India in the comity of nations will be fully assured, if it is blessed with sons of his calibre and character and leaders of his ability and vision.

MARKET GOSSIP

Speculation on the Budget

MR. Morarji Desai must be busy now with the preparation of his tax proposals due to be announced in the evening of Monday next. The City markets, too, are engaged in the same game; only, they are guessing, as usual, as to how he will bridge the gap in the revenue budget, now estimated at Rs. 100 crores. They are all reconciled to heavy taxation. As a precautionary measure, the bulls in the share markets are said to have reduced their load. This has led to a modest, though all-round, recession in values. During the past one week, there has been a growing feeling that direct taxation on both corporations and individuals will go up. The absence of any heavy selling, however, suggests that there are not many with a strong conviction that Mr. Desai will make any material departure from the pattern and philosophy pursued by him in his previous budgets.

But how will the Finance Minister find Rs. 75 crores to Rs. 100 crores by way of additional taxation, if persons with this conviction are not to be disappointed? There are serious limits to exploiting the weapon of excise duties, if the malady of high cost structure in the country is not to be aggravated. Indeed, there are some commodities which are badly in need of relief in excise duties. Sugar and coffee are two typical examples where higher production has to be matched by larger consumption. Because of the continuing wide difference between the ex-mill selling price and the prevailing market price in art silk yarns, a further stiff increase in the excise duty on these may be justified, provided the Finance Minister makes it expressly clear that the mills must pass on the full burden to the buyers. This may yield a tiny sum; still, it can cover only a fraction of the budget gap. Among the customs duties, there is hardly any room to get more revenue by taxing exports. On the contrary, the Finance Minister has already been strongly advised by the Mudaliar Committee to give more incentives for promoting exports. Much imagination is called for in implementing the Committee's proposals, some of which are rather too liberal. But he will do well to concentrate on traditional exports. His aim should be not only to obtain an immediate advantage but also to ensure that, in the long run, India obtains a progressively rising share of the world markets for these goods.

So import duties are the next source to which the Finance Minister can look for a large revenue. Why not raise them by, say, 5 per cent all round? The collection will be easy and, with imports running at the Rs. 1,000 crore level, the revenue may be up by some Rs. 40 crores, if not more. This suggestion, if accepted, will also have the additional advantage of restraining imports and stimulating domestic production. Of course, the case is by no means so simple as all that, for scores of objections can and will be raised against it. But India is now in a position where it has limited choice and has to select the lesser of the two evils. The suggestion thrown here will, perhaps, have the least effect on the cost of living of the common man.

In one respect at least, namely, borrowing programme, the position is more comfortable for the Finance Minister than it was when he presented the interim budget early last month. Conditions in the money market have become perceptibly and prematurely easy. The supply of funds with banks is more than the demand, as witness the fall in the inter-bank call rate from 5¼ per cent less than a fortnight ago to as low as 4 per cent in Bombay—some business was done even at 3¾ per cent on Wednesday this week—and 2¾ to 3 per cent at Calcutta. Many banks are now of the view that, in view of the slower rate of increase in industrial production, the demand for funds in the rest of the year will not be as large as they had expected earlier. Whether this view will be borne out by events is another question. The point to be noted here is that the prevailing conditions in the money market are sufficiently conducive to the belief that the Finance Minister can bank upon a successful borrowing programme this year.

The Search for Cotton

Literally, no stone is being left unturned to get foreign cotton to augment domestic supplies. This is not surprising, because, even on official admission, the cotton supply position in the country has suffered a "dangerous deterioration" and the ratio between supply and consumption has fallen to an extent never before witnessed in the past many years. With the crop estimated at hardly 4.3 million bales, the country needs, according to Mr. Bharat Ram, Chairman of the Indian Cotton Mills Federation, 1.8 million bales of cotton to fill the gap between supply and demand which will cost as much as about Rs. 120 crores in foreign exchange. This underlines the need for resorting to devices other than normal commercial imports, such as rupee payment agreements and barter deals, under which cotton could be obtained without having to pay for it in foreign exchange. The agreement signed this week at Washington between India and the U.S., under which India would sell to that country 50,000 tons of sugar in exchange for cotton, is the fruit of the efforts made in this direction. The actual quantity of cotton that would be available under the deal is not known, but it will be in addition to what India might get under other arrangements with the U.S. But under this barter deal, cotton will have to be secured through normal trade channels. In other words, it will not be supplied from the stocks owned by the Commodity Credit Corporation. No purchase authorisation would be issued, as in respect of P.L. 480 cotton, covering the commodity concerned.

While the chances of getting U.S. cotton under other arrangements are still uncertain, a certain amount of optimism has emerged from the statement of the U.S. Ambassador, Prof. Galbraith, that "there was more than a little hope that cotton will be available to India under P.L. 480." He, however, declined to make any definite commitment as "lengthy discussion" was still going and also because "things would change quickly in Washington."

An alternative source suggested is Pakistan with which India has already entered into a special payments agreement. There are reports, as yet unconfirmed, that India might be able to get 10,000 bales of Pakistan cotton against export of chemicals. Sudan, Peru and Syria are also mentioned as possible sources of additional supplies of cotton, although the quantity and terms under which cotton could be obtained from them are uncertain.

The cotton markets at Bombay and elsewhere have, however, failed to derive any inspiration from these developments. The news of the barter deal with the U.S. has not had any perceptible effect on the trend of prices and the trading sentiment in Bombay which continue to be firm. In fact, the release of an additional 10 per cent of Indian cotton quota to mills recently and news of unwanted showers in certain tracts, where the crop is still being gathered, have imparted further strength to cotton prices.

Bullion Dull

This week was a dull one for the bullion market. With several operators away on account of holidays, business actually put through was rather small and values moved narrowly. The undertone of the market was, of course, firm. Over the week, silver gained 40 nP and gold 25 nP, the closing spot rates on Wednesday being Rs. 221 and Rs. 121.25, respectively. A feature of trading was that ready silver continued to command a premium over the forward, though the actual premium declined slightly from 85 nP to 80 nP, and, in gold, the discount under the forward receded from 50 nP to 5 nP.

Including the gain of 40 nP recorded by silver this week, the total rise since the commencement of the usual busy season for bullion, that is early in March—the season is supposed to last up to the end of June—comes to nearly Rs. 7. The rise reflects the high level of offtake due to festivals and marriages. In gold, too, offtake is high due to the same reasons, but there has not been any improvement in price. On the contrary, a fall of 50 nP is noted. This is not surprising, in view of the heavy arrivals of contraband gold especially from Goa side. One estimate puts the aggregate arrivals since the liberation of Goa in December last at 600,000 tolas.

Mixed Trend in Oilseeds

Mixed trend prevailed in oilseeds futures this week, though at the close the general tendency was subdued and the tone quiet. Groundnut futures were conspicuously and exceptionally weak. Castor and linseed futures, however, evoked support at every small setback and displayed a rallying tendency for quite long during the week, but turned distinctly easy near the close on realising induced by the sustained weakness in groundnut. Cottonseed futures were quietly steady. Over the week, groundnut May closed with sizable losses and the other sections were a shade lower. Groundnut oil futures also lost further ground in line with the trend in groundnut futures.

Sentiment in groundnut futures was adversely affected by the weakness in the spot section due to rising arrivals, lower advices from the growing centres and the approaching maturity of the current May contract. It was also influenced by fears that some tenders might be issued against the maturing contract from the floating stocks of about 4,000 tons of the inferior Kanpur variety. Bulls liquidated heavily in May and switched over to the distant July contract. Saurashtra and Gujarat operators were nervous sellers. The southern interests also apeared as sellers on prospects of a better summer crop. With no incentive in the form of an export policy for groundnut oil, buyers were difficult to find.

Castor futures had quite the opposite story to tell. Even small setbacks in the June contract met with persistent support from speculators and shippers, due to higher spot prices and rumours of a possible barter deal with the U.S. for the export of castor oil, similar to the sugar-cotton deal. The setbacks also strengthened the chances of business in oil with the U.K. which, it was said, had stopped receiving supplies from Rumania. Shippers also covered small lots in spot oil, and this gave a greater meaning to the prospects of some immediate export business. Linseed futures enjoyed support from Calcutta and Punjab, following some improvement in mustard and sarson.

Outlook for Tea

Prospects for world tea industry and trade with particular reference to India are rather confusing to a degree. The U.N. Food and Agriculture Organisation has just reiterated that the "present" trends in output and consumption are likely to upset the delicate balance of the world market with serious repercussions on prices. Not all Indian planters share this view, nor do the spokesmen of the Ministry of Commerce and Industry. Last month, the Union Minister for Commerce said in Parliament to the effect that an examination by experts in the Government revealed that the U.N. study was unduly pessimistic. Among the planters, opinion seems to be veering round to the Government's judgment of U.N. study. Speaking at the recent annual meeting of the Kil Kotagiri Tea and Coffee Estates, Mr. J. N. A. Hobbs, a well-known planter of South India, for instance, declared that the tea market had improved considerably and it might well be that the F.A.O. experts had underestimated the world's consuming capacity. Readers will recall that *Commerce* has held this view for a long time.

Estimates regarding the current rate of actual world tea consumption are not available, but indications are that it is much higher than in the past few years. The quantity of tea consumed in India, the world's largest producer, and other producing countries last year (1961), as the F.A.O. report itself admits, was well above that in 1960. Consumption in importing countries was also higher, as witness the marked increase of 8 per cent in the aggregate world exports; the quantity actually shipped by the five main producing countries (India, Pakistan, Ceylon, Indonesia and East Africa) is estimated at about 480 million kg., as against 441 million kg. in 1960. The upward trend of tea consumption may be expected to gather momentum in the current and ensuing years as well. An encouraging factor that points to such a trend is the proposed entry of Britain into the Common Market which, as Mr. Hobbs said, may lead to a substantial reduction in duties in other European countries and thus pave the way for increased consumption. For, since Britain consumes twelve times as much tea as all the other Common Market countries combined, "it is not likely," to quote him, "that Britain will allow any heavy duties on teas which it imports from the Commonwealth countries" and, at the same time, imports into other Continental countries are relatively small so that a reduction in duties will have little effect on their revenues.

The foregoing account is no doubt encouraging, but it would be dangerous to ignore the severe competition in world tea markets and the slow pace of increase in domestic offtake (just 20 million lbs. a year). Mr. Hobbs did well both to highlight these two factors and to indicate the solutions therefor. The solutions are, one, great efforts to increase overseas propaganda for sale of Indian teas, two, reduction in prices through a downward revision in tax, and, three, avoidance of multiplicity of taxes. The second measure is particularly urgent, inasmuch as the prices of tea (15s. to 20s. and more per lb, in most European countries) are inhibiting consumption. One of the reasons for Indian teas being very expensive, according to Mr. Hobbs, is the heavy incidence of taxes. The actual incidence comes to as much as 53.25 nP per lb. of package tea exported from Calcutta (export duty 20 nP, excise duty 18.18 nP, Assam carriage tax 6.82 nP, West Bengal octroi 6.25 nP and tea cess 2 nP). If the Government is unable to abolish export duty on tea, it must, as Mr. Hobbs urged, at least put tea on a par with all other excisable commodities so as to permit a drawback of duty on teas actually exported.

Taxing Speculative Gains

While a general capital gains tax militates against saving, genuine investment and economic growth, it is inequitable that those who supplement their incomes by speculative gains should escape tax on such gains. It is this consideration, and not the consideration of getting more revenue for the Government, which has prompted the British Chancellor of the Exchequer, Mr. Selwyn Lloyd, to give effect to his proposal, first unfolded in July last, to levy a tax on speculative gains. Accordingly, all short-term gains from purchase and sale of all forms of property with three exceptions will be regarded as income in the ordinary way, that is, being liable to income-tax, surtax and profits tax. The exceptions are (a) movable property such as motor cars, pictures and personal belongings, (b) owner-occupied dwellings, and (c) buildings, tools and machinery used for the vendor's trade. Issue of bonus shares by companies will not attract the tax, whereas rights issues will be treated as if recipients have acquired the rights on the same date as their original shares and tax will be levied, if the new shares are sold within six months of the original purchase. Speculative gains are defined as operations of buying or selling which take place within a period of six months in the case of stocks, shares and commodities and a period of under three years in respect of buildings and land. Even here, two notable concessions are given. In the first place, speculative losses within the specified periods can be set off against speculative profits (but not against ordinary income). Secondly, the losses can be carried forward to subsequent years. The latter concession is quite a generous one, unlike in most other countries where either the losses are not allowed to be carried forward or, where this is allowed, as, for example, in the U.S. for five years, long-term profits are also taxed at a special rate.

It is, however, not clear from the Chancellor's speech whether earned income relief can be claimed against speculative gains. It is also not clear whether the tax will cover some of the more detailed commodity operations which are already springing up on the basis that they can shift a profit earned in one time period into another. The Finance Bill will doubtless give answers to these and such other questions. But doubts are expressed whether the new tax will prove to be fair in detail and administratively practicable. "One suspects," says the London *Financial Times*, "that to tax at upto 17s. 9d. in the £ gains realised within six months and to leave entirely untaxed gains realised after six months and a day is to ask for trouble."

TREND OF SHARES

SAGGING TENDENCY

(From Our Own Correspondent)

BOMBAY, *18th April*

A SAGGING tendency on stale liquidation was discernible in share markets this week. Clipped by a series of holidays, trading was devoid of the normal enthusiasm. Caution, induced by the proximity of the tax proposals under the Central Budget for 1962-63, to be presented in Parliament on Monday, 23rd inst., yielded place to perceptible concern. Activity was mostly in the nature of squaring-up operations, as the bulls were inclined to face the tax proposals with a lighter burden of commitments. The bears, however, were not aggressive. Consequently, losses were small, though widespread. But with the growing belief that a very big dose of taxation was in the offing, sellers far exceeded buyers. One single factor that weighed much in favour of a large fresh tax burden was the anticipated rise in the revenue deficit in the Central Budget from the estimated figure of Rs. 63 crores to around Rs. 91 crores following the Government's recent decision to raise the dearness allowance for Government servants with retrospective effect from November last, which is estimated to cost the exchequer Rs. 18 crores, and the recommendations of the Mudaliar Committee on export promotion which, if accepted, would cost the Government some Rs. 10 crores. The overall deficit is, therefore, expected to rise from Rs. 147 crores to Rs. 175 crores. At the same time, it is a moot point how long and how much more burden industries and individuals could bear to finance the national Plans. Perhaps, the Finance Minister would be obliged to take recourse to some other sources of revenue. Besides, Mr. Morarji Desai has so far been careful enough not to kill the goose that lays golden eggs. It is to be hoped that he will continue to bear this point in mind in framing his new tax proposals next week.

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Despite some fresh encouraging corporate news, Dalal Street drifted lower during the two working days and closed with moderate losses, with a few exceptions. The Western India Match Co. Ltd. reported for 1961 a drop in sales from Rs. 18.34 crores to Rs. 18.04 crores, but a rise in gross profit of Rs. 13.24 lakhs to Rs. 166.31 lakhs, with the dividend maintained at Rs. 16 per share, taxable. Following a rise in sales from Rs. 2.28 crores to Rs. 2.86 crores during last year, the Victoria Mills showed an increase of Rs. 6.96 lakhs to Rs. 36.85 lakhs in gross profit and maintained the 25 per cent, taxable, dividend on the increased capital. The Tata Mills came out with a higher dividend of Rs. 5.50, as compared with Rs. 5 per share, taxable, for 1961, following improved results. The New Great Eastern Spinning and Weaving Co. Ltd. returned to the dividend list by proposing a 12 per cent, taxable, dividend for 1961, with a nearly twofold rise in gross profit from Rs. 12 lakhs to Rs. 23.93 lakhs and an increase in sales from Rs. 2.35 crores to Rs. 2.90 crores. Lastly, the Tata Oil Mills Co. Ltd. came out with a one-for-two rights share issue. While not only the market ignored this news, the shares of the companies concerned closed lower, except New Great, which recorded a gain of Rs. 11 to Rs. 305 and Victoria, which closed unchanged at Rs. 462.50.

Practically all the speculative counters showed small losses. In the Cash section also, losses predominated. Among the prime movers, Tata Ordinary declined by Re. 1 to Rs. 139, Indian Iron by 24 nP to Rs. 24.76, Bombay Dyeing by 20 nP to Rs. 69.50, Century by Rs. 8 to Rs. 621, Kohinoor by Rs. 2.50 to Rs. 307, Standard by Rs. 7 to Rs. 1,038, Swadeshi by Rs. 6 to Rs. 286.50 and National Rayon by Rs. 8.50 to Rs. 546. Swan slumped from Rs. 357.50 to Rs. 327.50. In the miscellaneous section, Bombay Burmah came down from Rs. 656 to Rs. 651 and Hindustan Motors from Rs. 20 to Rs. 19.60. Among Engineering, Telco shed Rs. 2 to Rs. 346, but Voltas were steady at Rs. 282.50. Alcock came in for heavy selling and lost Rs. 10 to Rs. 320. Shippings continued to lose ground, with Scindia declining by 32 nP to Rs. 12.68. Digvijay Cement unexpectedly eased by Rs. 7 to Rs. 200. A rise of Rs. 50 to Rs. 375 in G. Claridge following reports of a rights share issue was the only saving grace in the Cash List, where minor losses were the general feature.

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The Calcutta Stock Exchange suffered under the pressure of high carry-forward charges at the settlement last week. The erstwhile buyers were sellers all round. Although prices, wherever changed, showed mostly small losses, the speculative issues bore largely the brunt of the liquidation. Newswise, the lower profit of Rs. 4.98 lakhs as against Rs. 6.69 lakhs for the previous year and the reduced dividend of Re. 1 as against Re. 1.25 per share, taxable, from Albion Plywood for the last year dampened the sentiment. The share lost 6 nP to Rs. 10.56. The excellent report of Union Carbide for 1961, showing a rise in sales from Rs. 8.23 crores to Rs. 9.50 crores and in gross profit from Rs. 168.82 lakhs to Rs. 183.64 lakhs, produced a rise of 75 nP to Rs. 50.50 in the shares of the Company, but did not influence the general sentiment. The setback suffered by Jay Shree Tea in its gross profit from Rs. 61.23 lakhs to Rs. 53.72 lakhs last year and the reduction in the dividend from Re. 1.40 to Re. 1.25 per share, taxable, on the increased capital, weighed more heavily in the minds of the operators than the Company's proposal to issue rights shares. However, there were a few exceptions to the general trend. The decision of the jute mills to work at full capacity up to May-end kept jute shares in demand. Coals evoked support on reports of an early rise in the selling price for coal. Dyer Meakin, in Sugars, were supported on hopes of a bonus share issue, but, at the close, the shares were unchanged at Rs. 49.

Among speculative counters, Burrakur Coal gained 25 nP to Rs. 17.50 and Howrah tacked on small gains to Rs. 21.31 and Birla Jute were but fractionally easy at Rs. 36.62. G.K.W. rallied from Rs. 40.62 to Rs. 41, after a continuous decline recently, but Kesoram came down from Rs. 32.19 to Rs. 31.81. Turning quiet, Paper shares showed small losses, with Shree Gopal losing 31 nP to Rs. 25.56. In the Cash section, among Jute shares, Barnagore were shaded from Rs. 183 to Rs. 175 and Delta from Rs. 192 to Rs. 179. In Coals, E. India gained from Rs. 37.12 to Rs. 37.37 and Raneegunge from Rs. 14.62 to Rs. 15. Other sections were easy and showed small losses.

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Minor changes in dull trading were a feature of selective activity in Madras. Textiles were easy, Plantings listless and Miscellaneous issues subdued. Among active shares, Mettur Chemicals moved down from Rs. 12.95 to Rs. 12.30, Travancore Chemicals from Rs. 20.75 to Rs. 20.25, Madras Rubber from Rs. 21.50 to Rs. 21.25, F.A.C.T. from Rs. 8.10 to Rs. 8 and Andhra Cement from Rs. 9.90 to Rs. 9.80. The disappointing report of Travancore Rayon depressed the shares from Rs. 42.80 to Rs. 41.62, with S.I. Viscose also receding from Rs. 183.50 to Rs. 180. Buckingham lost two points to Rs. 282. A gain of 50 nP to Rs. 40.25 in E.I.D., in Sugars, was offset by a decline of 65 nP to Rs. 9.65 in India Sugar.

CAPITAL MARKET NEWS

NEW ISSUES

PARTICLE Boards India Ltd., is expected to enter the market next month to raise Rs. 24 lakhs in 16,000 equity shares of Rs. 100 each and 8,000 9.3 per cent tax free preference shares also of Rs. 100 each by way of public subscription for its proposed particle board project in Bombay. Out of its authorised capital of Rs. one crore, the Company is issuing at present Rs. 40 lakhs, of which Rs. 32 lakhs is equity and the balance preference. Of the equity shares, 7,500 will be allotted to the Company's foreign collaborators and 8,500 are to be taken up by the Directors and their friends.

Sponsored by Jolly Brothers (Private) Ltd., the well-known promoters of Anil Hardboards Ltd., the shares of which are very popular on the Bombay Stock Exchange, the Company is licensed to manufacture annually 6,000 tons of particle boards per shift. The factory is to be put up at Bhandup, suburban Bombay, and the construction of the buildings is to start shortly. The Company has an import licence of the value of Rs. 24.65 lakhs, mostly for plant and machinery, the shipments of which are expected to start arriving from the end of the current month. Production is scheduled to start in the first quarter of 1963. Messrs. G. Siempelkamp and Co. of West Germany are providing the necessary technical and financial collaboration for the project. The capital outlay on it is estimated at Rs. 60 lakhs and will be met from the proposed capital issue and a deferred payment loan of Rs. 20 lakhs.

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* * * *

RIGHTS ISSUES

The Directors of the **Tata Oil Mills Company Ltd.** propose to increase the share capital of the Company, subject to the Government's sanction, by the issue of rights ordinary shares of Rs. 25 each at a premium of Rs. 10 per share to the existing shareholders in the proportion of one new share for every two old shares held. They also propose additional debentures, subject to the sanction of the Controller of Capital Issues, of Rs. 50 lakhs, carrying 6.5 per cent interest, subject to tax, and repayable in 1969-74. The issued and paid-up capital of the Company is Rs. 99.96 lakhs, consisting of 29,888 4.5 per cent cumulative preference shares of Rs. 100 each and 2,80,299 ordinary shares of Rs. 25 each. With the proposed new issue, it will rise to Rs. 105.11 lakhs, and so will the share premium account from Rs. 14.93 lakhs to Rs. 28.95 lakhs. The existing debentures are worth Rs. 50 lakhs, carry 6 per cent interest and are redeemable in 1969-74. The proposed additional funds aggregate Rs. 99.05 lakhs and will be utilised towards financing the expansion schemes of the Company and reduce its borrowings, which, as at 31st March 1961, included secured loans of Rs. 295.16 lakhs as against Rs. 216.94 lakhs a year before.

* * * *

G. Claridge and Co. Ltd., Bombay, is to double its issued and paid-up capital to Rs. 16 lakhs by issuing 8,000 rights equity shares of Rs. 100 each at par to the existing shareholders in the ratio of one to one. The new issue is to finance the modernisation of the Company's existing plant and the proposed expansion in terms of larger industrial packaging as also making and printing charts for which the Directors are thinking of installing special machinery.

* * * *

FRESH ISSUES SANCTIONED

The Controller of Capital Issues has authorised four companies, including a public sector corporation, to raise fresh capital totalling Rs. 3.31 crores within a year. Given below are the details of the capital issues by three private sector companies:

The United Commercial Bank Ltd., Calcutta, has been allowed to issue further capital of Rs. 2 crores in two lakh shares of Rs. 100 each, to be issued for cash at a premium of Rs. 25 per share, the amount paid-up being Rs. 50 per share. The present paid-up capital of the Bank is Rs. 2 crores.

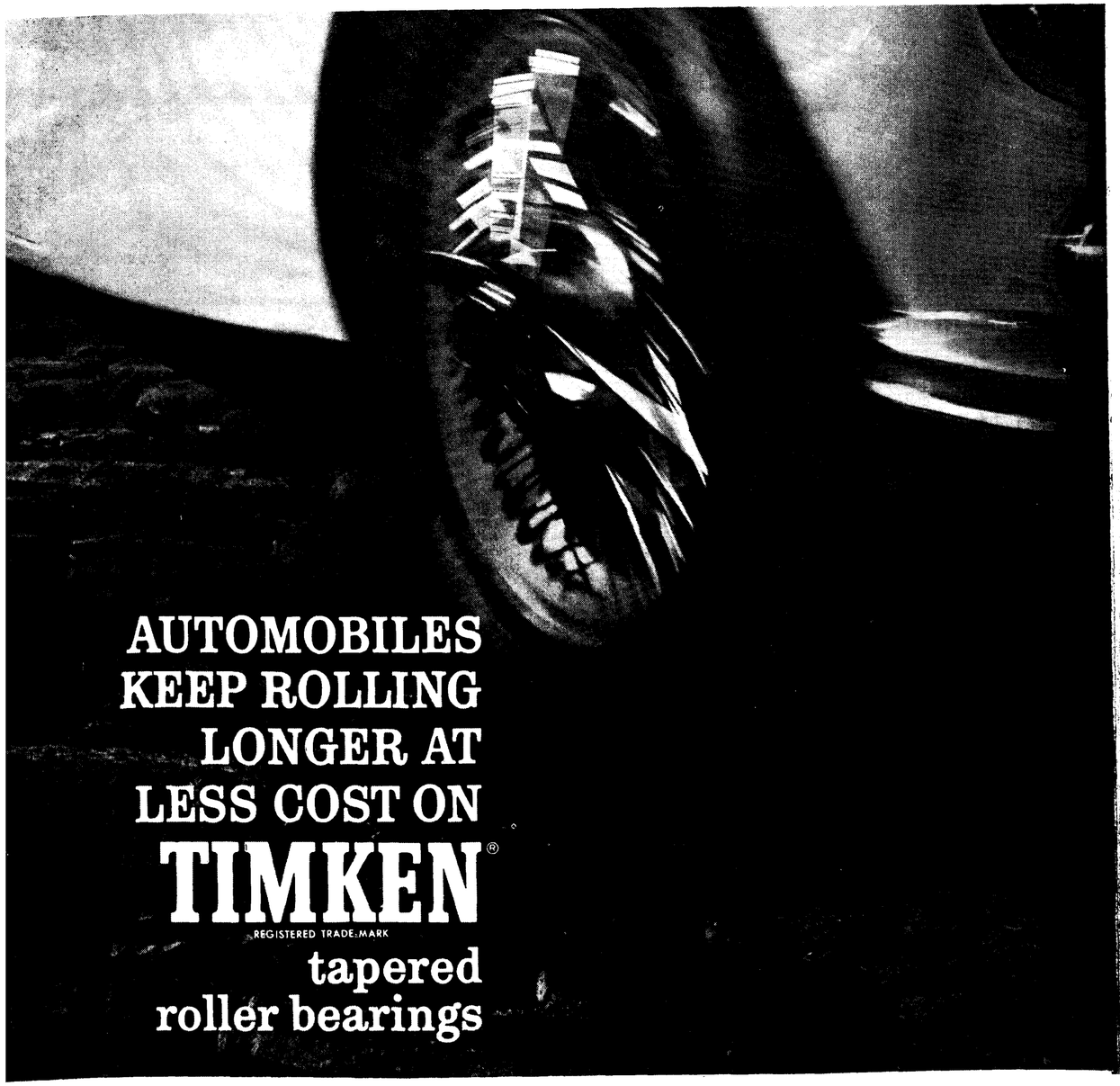
The National Insulated Cable Company of India Ltd., Calcutta, is granted the consent to issue 4,50,000 bonus shares of Rs. 10 each on capitalisation of reserves for Rs. 45 lakhs. The shares are to be offered in the ratio of one bonus share for every two shares held.

The Indian Standard Wagon Ltd., Calcutta, is authorised to issue 1,55,940 bonus shares of Rs. 25 each by capitalising reserves of Rs. 38.99 lakhs. The shares are to be offered to the existing shareholders in the ratio of one bonus share for every share held by them.

HINDUSTHAN MERCANTILE BANK

There has been a sizable improvement in the profit of the Hindusthan Mercantile Bank Limited (Manager: Mr. B. S. Mazumdar, Calcutta) for the year ended 31st December 1961, thanks to a small increase in advances in a refreshing contrast to a perceptible fall in the previous year. The rise is welcome, as it follows the preceding two disappointing years. Thus, after coming down in the previous year from Rs. 155.68 lakhs to Rs. 135.27 lakhs, advances have increased to Rs. 141.75 lakhs during the year under review. The income from interest and discount has gone up from Rs. 9.81 lakhs to Rs. 10.95 lakhs and that from commission, exchange and brokerage from Rs. 1.53 lakh to Rs. 1.64 lakh. The rise would have been more, but for the decline in investments from Rs. 68.10 lakhs to Rs. 63.13 lakhs. Deposits, too, have moved down from Rs. 189.12 lakhs to Rs. 183.83 lakhs. Borrowings from other banks are only Rs. one lakh. Interest paid is lower at Rs. 4.09 lakhs, as compared with Rs. 4.26 lakhs a year before. Other expenses, however, have been higher at Rs. 8.83 lakhs, as against Rs. 7.57 lakhs before. Staff expenses, too, have risen from Rs. 5.47 lakhs to Rs. 5.62 lakhs. Nevertheless, the profit, after depreciation, but before taxation, shows a rise of nearly Rs. one lakh to Rs. 1.68 lakh and has come close to the recent best of Rs. 1.80 lakh, earned in 1957. Notwithstanding this, the Directors have passed over the dividend again, because the bulk of the profit has been swallowed up by taxation. It will be recalled that, barring 1946, for which year the Bank paid a dividend of 4 per cent, the shareholders have had no return since the Bank's inception in 1944. The provision for taxation has been more than doubled from Rs. 50,000 to Rs. 108,000. Transfer to reserve fund has been increased from Rs. 20,000 to Rs. 35,000. These appropriations leave a carry forward of about Rs. 29,000, which compares favourably with Rs. 3,758 brought in.

Following the rise in advances, the credit ratio has expanded from 71.5 per cent to 77.1 per cent. The ratio of unencumbered investments to deposits has moved down from 35.6 per cent to 33.0 per cent and so also of cash to deposits from 19.1 per cent to 16.9 per cent, as cash balances have also slipped down from Rs. 36.16 lakhs to Rs. 31.09 lakhs. The Bank's paid-up capital has been maintained at the previous year's level of Rs. 50 lakhs. Its published reserves stand at Rs. 2.85 lakhs. The ratio of "owned funds" to deposits works out to as high a figure as 28.7 per cent, a little less than five times the accepted goal. During the year, the Bank closed down its branch at Bikaner, as it proved to be an uneconomic unit.



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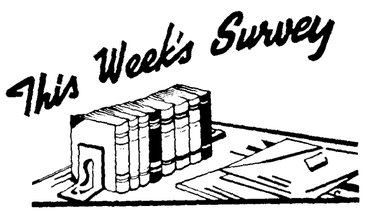

STEEL MANUFACTURE EXPORTS

WHILE it is heartening to hear from Sir John Brown, Chairman of Braithwaite and Company (India) Limited, that the Company, in co-operation with its London associates, Braithwaite and Company Engineers Ltd., had more than doubled its exports of pressed steel tank materials to South-East Asian markets last year, after making an encouraging start in the export of some of its products only in 1959, it is disturbing to hear from him that the prospects are uncertain, as further expansion in this field is dependent primarily on the availability of materials, a condition which is difficult to fulfil in the present circumstances. We are sure his concern over the supply position of materials is shared evenly by all the manufacturers of steel products in this country. The problem has become all the more acute, though naturally so, by the numerous development projects, consuming steel in our yet steel-scarce country, enjoying a high priority for the available supply. But Sir John does not despair. As a real entrepreneur, whose function it is to think of way-outs, he has ventured to suggest that some of these projects, especially those which do not have a high import-saving potential may be put back for a few months, so that sufficient steel may be available for export industries. He believes that, if steel-using industries are to be encouraged to go out and find markets for their products, they should be allowed to import as much steel as they need, provided they can show a reasonable certainty of a net gain in foreign exchange. In the circumstances, this seems to be the only alternative and the best incentive for promoting steel products.

It may be asked why this particular awareness about encouraging exports of steel manufactures. The reason, as Sir John points out, is that there undoubtedly exist markets in the neighbouring countries for these products, which will, in the course of time, turn out to be our natural markets. An even more important point made by the Chairman of Braithwaites is that, before devising incentive schemes for exports, the maximum effort should be devoted to creating conditions for the export of goods which can be exported today without too much loss and without incentives, other than relief from import and excise duties. For India is not the only country, as he rightly reminds us, faced with the problem of expanding its exports. It is common sense that, if one does not exploit the opportunities as they present themselves, one will miss the bus and may never get it again. This is particularly true of business opportunities, for someone is always waiting to displace another. If India fails to step in and establish itself in its natural markets abroad, its competitors would establish a firm hold and it would be a pretty difficult task to dislodge them later.

MANAGEMENT ACCOUNTING

A unique feature of the annual speech of the Chairman of *Hindustan Lever* is that it deals every year with a different aspect of the operation of the Company. Last year, the theme of the Chairman's speech was marketing, and the year before transport. This is in keeping with the tradition of the parent organisation, namely, Lever Brothers, United Kingdom. Although the observations of the Chairman are based on the experience of the Company and generally reflect the concept and practices followed in Hindustan Lever, they have a significance and appeal which transcend the limited circle of the Company's shareholders.

The theme of this year's speech of the Chairman, Mr. P. L. Tandon, is accounting and finance. It is difficult to think of a person better qualified to speak on the subject than Mr. Tandon, as he himself is an eminent Chartered Accountant. And it is an eloquent tribute to his talent as a writer of considerable felicity, of which his book *Punjabi Century* published last year bears ample evidence, that he was able to make such a drab subject as accounting so very inating.

"Management accounting is not a luxury; for a growing concern it is a necessity which should cost no more than a good accounting system," said Mr. Tandon emphasising the importance of management accounting. He defined it as "the provision, analysis, reporting and discussion of accounting information as a guide to management in the day-to-day running and future planning of the business as distinguished from the recording part of the accounting function for historical or statutory purposes." It is, in other words, "responsibility accounting," involving supply of all relevant information to different levels of management, which can take action or offer advice based on that information. Management accounting starts where the book-keeping duty of the accounts department ends and it, therefore, represents the next step in the accounting function. Mr. Tandon believes that management accounting is a *must* for any growing progressive concern, for, without it, the management will be deprived of basic financial data on which to make decisions, often involving the choice of one from many alternatives. He does not subscribe to the view that industry in India has not yet reached the stage where it can afford the luxury of management accounting. If it wants to introduce the latest plant and machinery and other techniques, it would be wrong, according to Mr. Tandon, not to get the best out of them by matching them with the latest ideas in accountancy. There is no merit, as he rightly emphasises, in going through the evolution in accounting techniques when it is possible to start where the best have reached. Keeping this in mind, Hindustan Lever, according to Mr. Tandon, has incorporated in its office the latest advances in the techniques and practices of accountancy.

But no system of accountancy, however modern it might be, can yield the best results, if the men who practice it are ill-equipped by knowledge and training to use it most effectively. A great deal of importance is, therefore, attached to the recruitment, training and promotion of accountants by Hindustan Lever. In addition to the observance of rigorous standards in selection of men, there is also a carefully planned development programme designed to give the young accountants experience, wherever possible, on the other sides of the organisation as well. Thus, they are given instruction and training not only in accountancy but also in general management subjects. Emphasising the quality of the personnel manning the accounting department, Mr. Tandon observes:

"We need men of quality in accounts; men who will feel active participants in our management and not just providers of a service. Professional skill is important but for our needs we look for more—for qualities of management, leadership and imagination. During their development, we expose them to the broadening influence of spells in marketing, branches and factories, so that they learn to feel part of a team. The factory accountant should feel that he is helping with the running of the operation, and one working on a project, the excitement of looking ahead. In fact, we want all our accountants to feel that they are sharing in the running and the progress of the Company."

The importance and care which Hindustan Lever devotes to its accounting staff is undoubtedly worthy of emulation by other concerns.

TRADE POLICY

The International Chamber of Commerce has taken a commendably pragmatic and far-sighted stand on the question of trade policies of developed and underdeveloped countries. In a statement on primary products and materials adopted by the Chamber, it has stressed the need for opening world markets for developing countries and has called for a complex of measures to cut across the conflict of interests between the developed and developing countries. Although the Chamber has not specified what these measures should be, it has suggested that the approach to the problem of stability and growth should be not only from the point of view of price stability but also from that of establishing highly export-conscious industries in the developing countries.

Emphasising the importance of a long-term approach to the external payments problem of primary producing countries, the Chamber has suggested that the rich, potential buyers and the developing countries should jointly evolve a solution that would help the developing countries to restore the equilibrium of their economies. It concedes that this suggestion is far from simple in the light of recent experience, but it should not be difficult, in its view, to reconcile the interests of developing countries with those of the industrialised countries.

The Chamber certainly has the interest of the developing countries at heart when it states that trade and fiscal policies in the advanced countries should promote, rather than retard, the progressive diversification of economies of the developing countries. Its reading of the current and prospective character of the world economy, which ultimately conditions the trade and aid policies, is also realistic. According to it, in the years, probably decades, to come, world economy will be characterised by the existence side by side of developed economies and developing economies, with different degrees of profitability, no longer linked by the simple fact that their productions are complementary but by a commonsense of responsibility on the part of the advanced countries to backward countries and by the desire of the latter to industrialise faster. This being so, any improvement in the conditions of operation of international commodity trade must, in the Chamber's view, be based on ever closer and more trustful co-operation between Governments and inter-governmental bodies, on the one hand, and private business circles at the different levels of production, distribution, and consumption, on the other. The Chamber has, however, wisely added that this co-operation should be based on the principle of commercial freedom which alone offers the best prospects for ensuring, in the long run, sustained expansion of economic activity. Another advice given by the Chamber is that there should be co-operation between the donors and receivers of aid, in order to reduce the cost and increase the efficiency of the measures which are bound to be of long duration.

The upshot of this statement of the Chamber, in terms of practical policy, is that developed countries should be prepared to open up their markets for the products of underdeveloped countries, instead of trying to restrict their entry on such dubious grounds as disruption of domestic markets by "low-cost" imports. Only by doing so can they help the developing countries to diversify their economies and reduce their dependence on the exports of a limited number of agricultural products and by exporting more could push through their development plans with less outside help. It is obvious that, to the extent they can stand on their own feet, the need for aid from the developed countries will be reduced.

ROURKELA STEEL STRIKE

To the Rourkela steel plant, misfortunes have been coming in battalions. But the latest one, namely, a strike on the part of workers which has forced the management to declare a lockout, with effect from the 3rd inst., is likely to result in more production losses than any of the previous ills. The daily loss of production, as a result of the Rs. 200-crore steel plant remaining idle, is estimated at Rs. 5 lakhs. Apart from this direct loss, there are also indirect losses arising out of the dislocation of operations of units depending on Rourkela steel such as the Chittaranjan Locomotive Works to which steel plates are supplied by the Rourkela plant.

Conflicting statements have been made by management and workers regarding the real cause of the trouble. The management claims that workers went on strike without giving any notice whatsoever and that the lockout was consequently forced on it. Workers, however, contend that they did not refuse to work, as had been alleged by the management, but were asked to quit the job. This assertion, however, does not sound convincing. That the workers are not blameless is also evident from their admission that some among them had refused to work at certain posts. The reason given for this is that these posts, which are rated higher than their normal jobs, were held by them for nearly three years and still the management did not confirm them in these posts, thus depriving them of the benefits of confirmation. To this contention, the management's answer is that, as a matter of policy, whenever workers are asked to work in posts of higher responsibility than the ones usually held by them, they are paid extra allowance and that confirmation in these posts cannot be demanded as a matter of right. It is, however, not clear as to why temporary adjustments of this nature should have been continued for so long. Red-tape seems to be the only convincing answer. Anyway, it appears that it was the dispute arising out of this issue that was really responsible for the present unpleasant situation in Rourkela. In normal course, it should not be difficult to resolve such a dispute. But the absence of a recognised union would appear to have made a negotiated settlement difficult. Although there are five registered unions, none has been recognised. The question of recognition is said to be still under consideration.

Both the management and workers should share the blame for the causes that precipitated a strike and lockout. The dispute appears to be a simple one. With a little more tact and understanding, it should have been possible for the management to find an acceptable solution. Apparently, it was handicapped by some rigid rules regarding confirmation and promotion. What prevented a suitable amendment of these rules and procedures? Obviously, even an autonomous corporation like the Hindustan Steel is suffering from the same bureaucratic ills of which a Government department is a chronic victim. Nevertheless, the workers were certainly not justified in adopting the course they did, for it indicates that they consider their immediate gain more important than the larger interests of the country as a whole. Industrial workers and others belonging to the working class are the greatest champions of nationalisation and advocates of extension of the public sector. Workers engaged in the public sector undertakings must, therefore, be prepared to put up with the idiosyncrasies of a Government department. They cannot surely hope to have the pleasure of working in a public sector project as well as the privileges which they are normally supposed to enjoy in the profit-making private sector. In these circumstances, their resort to such nefarious methods as go-slow tactics, resulting in lower production, and ultimately to an illegal strike, is not only deplorable but also quite unbecoming.

Now that the lockout has been lifted, it is the duty of all concerned to see that normalcy is restored and the plant is fully commissioned. The management has promised that, barring a few "bad characters," it will take back all workers who had absented from work, provided they submitted a simple letter of regret, and that their continuity of service would be ensured. It has also given an assurance that there would be no victimisation and that the letter of regret would not be used as a ground for taking disciplinary action against them in future. Further, it has promised to consider their grievances. In response to this fair and sporting offer, all but a handful of workers

(*Continued on page 735*)

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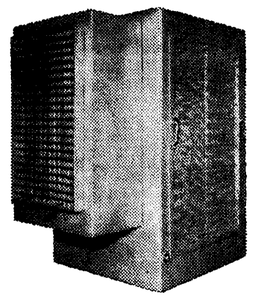

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PROTECT THE CONSUMER

THE MUDALIAR REPORT—THE REWARD FOR EXPORTS

By Prof. C. N. Vakil

THE Government of India adopted the policy of discriminating protection in 1922. It was realised after considerable agitation that the infant industries of the country could not be developed, unless they received protection. The principle was accepted that selected industries, if they fulfilled certain conditions, could receive protection after due inquiry, mainly in the form of increased tariffs on corresponding imports. This meant that the prices of the imported articles would go up, and such articles would not ordinarily be able to compete against local goods, which by hypothesis it was not possible to produce at a cheaper rate. In other words, the consumer was expected to pay in the form of higher price for articles which were to be manufactured in the country. It was realised that the consumer should not be asked to undergo this sacrifice for all time, and the industry concerned should be able to stand on its own feet in course of time. With this object in view, the protected industry had to go before the Tariff Board at certain intervals, when its progress was reviewed, and the need for continuing protection at the former or at a reduced level was reconsidered. The intention in adopting this method was to eliminate the protection altogether in course of time. The sacrifice of the consumer during the period of protection was accepted because it had certain national advantages. The national wealth of the country increased, more employment was created and an impetus was given to the establishment of modern industries. If the Tariff Commission were to make an estimate of the burden suffered by the consumer all these years for the development of industries under the protective system, it would be an interesting and useful record of the sacrifices of the silent consumer, who is not organised to make himself felt.

Rigid Protection

In recent years, we have been having an entirely different situation. We have embarked on a policy of rapid industrialisation as a part of the planning process. The protection to our growing industries, however, is not in the form of tariffs, with the result that the work of the Tariff Commission in this connection seems to have been considerably reduced. The Tariff Commission works more as a Price Commission determining the prices at which certain controlled commodities should be sold. This is so because the Government has adopted a policy of quantitative import restrictions to meet the continuing foreign exchange crisis. There is a rigid licensing system which makes it possible to import only approved quantities of certain articles. Whereas under a system of tariff protection, the prospect of the competition of the foreign product exists, there is no fear now of such competition.

Under the former system, the foreign manufacturer can compete in the Indian market, even after paying the tariff duty, and, if the local manufacturer is not able to produce quality goods at the protected price, he is likely to suffer. In other words, under such a system there is an incentive to do quality work in order to remain in business so far as the Indian manufacturer is concerned. Such an incentive has now disappeared, because the foreign product is now practically shut off, as only limited quantities of certain goods to fill the gap in local requirements are allowed to enter the country. This gives all the advantages of rigid protection to the Indian manufacturer, as he finds himself free to sell his product in the closed market in the country, without the fear of any competition. Under the system of planning, the local production is adjusted to demand, and the consumer finds that he has no alternative but to buy the product that is manufactured in the country, irrespective of quality and at a price, which he knows is definitely higher than that of corresponding goods made in other countries. The present system of rigid protection by quantitative import restrictions thus makes the consumer pay a much higher price for his requirements without the satisfaction of receiving quality goods. Whereas the organised industrialist is able to take advantage of the new system and exploit the policy of the Government to bring about rapid industrialisation, little attention is paid to the plight of the consumer who is neither organised nor vocal.

Effects on Export Trade

The situation that has been thus created is such that, in spite of the imperative necessity to develop our export markets to meet the foreign exchange requirements of the country, it is found that there is no incentive to enter that field. The Mudaliar Committee describes the situation in the following words:

> "The domestic market, ready at hand, offers more attractive, quick and easy returns. The incentives to efficiency become relatively weak; costs tend to go up, the quality goes down."

On the efforts made in recent years for export promotion, to notice the observations of the Mudaliar Committee are interesting. "The current arrangements," says the Committee, "are no more than mere 'promises' to export. Where the country's future is mortgaged, any casual acceptance of illusory export prospects at their face value is likely to lead to difficulties." These frank observations by a Committee dominated by business interests are revealing.

Rewards for Exports

It is easy to agree with the suggestion of the Mudaliar Committee that a suitable export climate should be created, that this requires willing and enthusiastic co-operation of every sector of the economy, that the State Governments will have to carry the business community with them in this connection, that the promotion of our trade depends upon the merchants and manufacturers and so on. It is, however, not equally easy to agree with the Mudaliar Committee when it lays down a principle for the acceptance of Government on which its constructive recommendations have been based. The principle is enunciated in the following words:

> "The mercantile community cannot be expected to be guided by altruistic or patriotic motives and will expect to receive for its effort in the export market *a return which stands in a reasonable relation with the profits on domestic sales. It would be the Government's responsibility to compensate the trade for its export effort* through selective concessions, fiscal reliefs and other incentives to make the export business worthwhile over the long haul."

The Mudaliar Committee has admitted that the manufacturer is able to make easy profits in the domestic market under the present conditions. It is also admitted that efficiency and quality are at a discount. In view of this admission, it would have been logical for the Committee first to emphasise the need for quality and efficiency on the part of the manufacturer with the maintenance of a reasonable level of prices for the domestic consumer, for whose continuing exploitation the Committee has little sympathy. The implication that the Government should compensate the trade in its export effort in such manner, that the trade should get rewards which stand in a reasonable relation to what it gets in the domestic market, is equal to asking the Government to legalise the existing injustice in the domestic market and to perpetuate the same in the interests of the export trade. Even as the consumer pays for the rigid protection of the Indian manufacturer, it is the consumer, in his capacity as the taxpayer, who is asked to pay more in order that the exporter may be able to receive similar rewards. In other words, the great need of the country for foreign exchange should be allowed to be exploited by the exporter at the cost of the taxpayer. The profits in domestic sales cannot be, on the Committee's own admission, the suitable criterion for calculating the rewards of the exporter, as these are obviously inflated. The exporter should have reasonable profits, but these should not be based on nor should they have relation to the 'unreasonably' high profits that are now in vogue in the domestic market.

It is obvious that the various things which the Government is asked to do will have to be financed from the taxpayer's money. Without going into details, even a brief enumeration of the various steps which the Mudaliar Committee has suggested for the development of exports will indicate the nature of the effort, including cost, that is involved. These are:

(1) revitalisation of administrative machinery, including the strengthening of the staff of the Chief Controller of Imports and Exports, of Indian Trade Missions abroad and so on; (2) increased allocation of raw materials for industry; (3) creation of an Import-Export Stabilisation Fund, with an Export Stabilisation Board to administer it; (4) generous income-tax relief of three types; (5) enlargement of the scope of export promotion by making it easy for the exporter to import without the present restrictions; (6) freight concessions; (7) specific assistance to selected commodities; (8) drawback of import and excise duties; (9) remission of sales tax; (10) help to Indian trade for participation in international fairs; (11) liaison with Indian merchants abroad; (12) Export Risk Insurance and so on.

The Burden of Export Promotion

Whereas the Mudaliar Committee should be congratulated for drawing attention to the need for a countrywide effort for export promotion and for making a variety of suggestions to implement the same, it is unfortunate that such a high-powered committee, with such an able and experienced person as its Chairman, should have failed to see that the cost of the arrangements and incentives that it has proposed would be an undeserved burden on the same unorganised class of the ordinary consumer and taxpayer, who would be called upon to compensate the exporter to the extent of the present profits enjoyed by the manufacturer in the domestic market, under conditions of rigid protection, without any incentive to quality, efficiency or reasonable price. The Mudaliar Committee has done well in referring to the attitude of the State Governments in connection with export promotion and observe that "the nation cannot afford to think and function compartmentally." In the same breath, the Mudaliar Committee should have realised that, in pursuance of a desirable policy, there should be an equitable sharing of the burden of carrying out the same. At a time when the goal is to remove inequality, suggestions which involve the creation of new inequalities cannot be accepted. The export business must be profitable in a reasonable sense of the word, but should not lead to the exploitation of the ordinary citizen in the manner the Committee has suggested.

The fact that some manufacturers or importers export certain commodities at a loss of about 30 per cent in order to earn the entitlement of an import licence for goods in which they are interested is well known. The Government will do well to ascertain the extent of this practice, because it is not likely to help in export promotion; it will merely earn a bad name for Indian products in foreign markets. In any case, this shows the extent of the margin in the local market, because the loss in exports is made good in the domestic market with a comfortable profit in addition. The Committee should have considered effective methods by which such undeserved profits of the industrialist are diverted into an Export Stabilisation Fund. Compulsory exports are not possible; but compulsory diversion of unearned gains by industry because of Government policy is both desirable and possible; and such resources which are now used by individuals in their own interests for exports at a loss, can be turned into an organised national pool to subsidise and encourage exports, in a manner by which Indian goods may have a good name in the foreign market. One of the objects of such policy and the new measures should be to see that the consumer is not asked to pay more than necessary either directly or indirectly.

NATIONALISATION OF INDUSTRIES IN INDIA

Dr. K. C. Bhandari

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BRITISH OVERSEAS AIRWAYS CORPORATION IN ASSOCIATION WITH AIR-INDIA AND QANTAS

A TIMID BUDGET

EXPANSIONISM AT A DISCOUNT

(From Our Own Correspondent)

LONDON, 13*th April*

THE general impression about the 1962 Budget is that it is one of No Change. But this is to underestimate it. It is much more than that—it is an anti-expansionist Budget and one which reflects little hope of substantial future improvement in the economy, in spite of the use of many cheerful words. It depresses where it is meant to exhilarate.

LONDON LETTER

By orthodox standards, the year 1961-62 was financially successful. The Budget revenue at £6,645 million was £137 million more than the original estimate. Ordinary expenditure at £6,235 million was £233 million above the original estimate. Nevertheless, since a substantial surplus was planned, the outturn at a surplus of £410 million, which is within £100 million of the estimate, was very satisfactory.

But the Budget nowadays copes with what is called "below-the-line" spending, that is, development spending on borrowed money which naturally affects the *Nation's* financial picture even though it is outside the strict interpretation of the *Government's* financial picture. This below-the-line spending was £620 million, so that there was a deficit in cash term of £210 million, whereas Mr. Lloyd had originally estimated only about £70 million. So the overall deficit has gone up by £140 million.

Finally, since the Government borrowed outside the market £250 million more than it needed (this includes National Savings), it was able to use this amount to reduce Treasury bills and it had no need to appear in the Gilt-edged market.

As regards the future, a great many small exercises in tidying up were arranged but the only items of significance to the public at large were that old people would be allowed to keep more of their income before being taxed and that householders owning their own houses would no longer be taxed on a notional estimate of the income value of the property.

So far as general taxation is concerned, the Chancellor made some reductions in the Purchase Tax, although, at the same time, by some increases and by some widening of the scope to include sweets, confectionery and soft drinks, he made sure he would not lose any income. If children had a vote, the Government would be out of office next year on the strength of this Budget!

It will be recalled that various surcharges were imposed last July in the economic crisis and the Chancellor has now spent some time in taking the surcharge off with one hand and putting it back with the other by declaring a new rate of tax including the original surcharge! This is supposed to be tidy although he could have got his results simply by incorporating the surcharge in the final tax.

A Psychological Tax

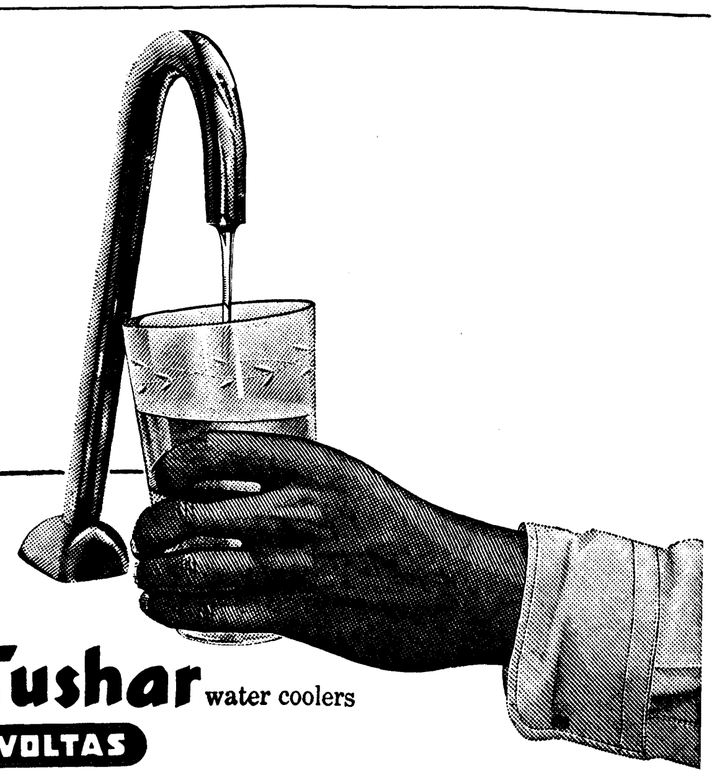
For a long time, the Government have been pressed by the Opposition to do something about business expenses which are allowed for tax and speculative capital gains. On the first one, the Chancellor is still investigating and, on the second, he has now made the first step towards a capital gains tax. The effect of this is that, if land and property on it (but not one's own personal house) has been disposed of within three years, the gain is taxable and, in the case of other property, it is taxable if sold within six months. This "other property" embraces more or less everything except personal effects and movable objects like pictures. This tax does not please even the Government's own supporters, although the Chancellor says there will be no income from it in the current financial year and that he has no idea what income he will get from it in future. It is what might be called a psychological tax, but, in its present form, it is too psychological to impress the Opposition.

In sum, the Chancellor is planning an outturn for the current financial year very much the same as the last. He hopes to have an ordinary Budget surplus of £433 million, though this will be offset by "below-the-line" expenditure of about £500 million, so that, again, he is planning for an overall deficit, including capital expenditure of around £70 million, which he reckons is "right from the general economic point of view."

The Chancellor claims that his proposals as a whole are intended to consolidate a firm base for sound expansion, but everything depends on the interpretation of those words "sound expansion." Last year, the Chancellor took powers in his Budget for what he called "regulators," that is, taxes which he could apply at his discretion in between Budgets to control demand. One of these was a proposed pay-roll tax. This was never imposed and the Chancellor has dropped it in the present Budget; he is only left with his powers to vary revenue duties by 10 per cent. By consolidating his increase of last July, he has retained the right to reimpose a further surcharge and this he is taking powers to do in this year's Budget.

Rise in Living Standard

But now we come to the crucial issue which is that, though the Chancellor is satisfied that conditions for world trade look favourable and that there should be a substantial growth of demand for the type of goods we export, he is obviously looking over his shoulder the whole time for signs of the spectre of inflation. Now he would not be doing this, if the economy was likely to move ahead faster in 1962 than the supposed speed of the spectre. The speed at which the economy will move is to be the subject of special study by the National Economic Development Council; he thinks the latter ought to decide on a reasonable figure and the economy should be planned round that. Now the Western European countries in Paris have settled their target for the decade ahead at a 4 per cent per annum increase, but Mr. Lloyd's Budget, with his estimates for expected revenue and his refusal to diminish any taxes, is clearly planned on the rate of growth of only about half the Paris estimates. In fact, he is not even as bold as the 2½ per cent per annum wage target which he thought reasonable. Although he said that the standard of living next year might be 4 per cent higher than this year in real terms, this and other phrases he used were so vague in their timing that one cannot tell whether he is talking of an increase spread over one year or two years or some period in between. So his improvement in the standard of living seems to be evaluated really in terms of 2 per cent per annum. As the *Economist* has commented, if account is to be taken of the fall in production and national income at the outset of the lifetime of the present Parliament, the Government will only be able to claim credit for about 1 per cent per annum rise in living standard during their period of office!



KIL KOTAGIRI TEA AND COFFEE ESTATES COMPANY LTD.

ANNUAL STATEMENT BY CHAIRMAN, MR. J. N. A. HOBBS

CO-ORDINATED TAX POLICY FOR TEA INDUSTRY URGED

SECRETARIAT DEPARTMENT 25 APR 1962 PUBLIC DEPARTMENT

THE tea industry has been repeatedly urging the Government to adopt some system of co-ordination of tax policies between the Central and State Governments in view of the multiplicity of the taxes now levied on the industry, and it is to be hoped that some workable arrangement will be reached before long. Thus said Mr. J. N. A. Hobbs, Chairman of the Kil Kotagiri Tea and Coffee Estates Company Limited, at the Fourteenth Annual General Meeting of the Company, held at Coimbatore on Thursday, 5th April 1962. "In particular," Mr. Hobbs stated, "we would welcome a merging of the excise duty and sales tax, as is done in the case of tobacco, sugar and other items, for this would relieve the Governments of the extra cost of collecting separate taxes, and of much tedious work involved in paying such taxes." At the same time, he added, the abolition of the sales tax would greatly facilitate active trading.

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

"I have much pleasure in welcoming you to the fourteenth annual general meeting of your Company.

"The Directors' report and the audited accounts for the year under review have been in your hands for the statutory period and, with your permission, I propose to take them as read. You will have noted that we have presented the annual accounts in revised form this year, which I hope you will consider an improvement on the form used in previous years. If you have any queries on the accounts I shall be glad to answer them later.

Profit

"Due to the small coffee crop harvested, and the lower prices realised on the sale of our teas, the profit for the year, before provision for taxation, amounts to Rs. 5,88,691 compared to Rs. 11,75,668 in the previous year, which was, of course, a record year for the Company. Despite this considerable reduction in profits your Board is recommending the payment of a dividend of 25 per cent, subject to tax, on the ordinary share capital, so as to maintain the same rate of dividend as last year.

"I enclosed with this year's annual report a Chairman's statement reviewing the Company's working during the year just passed, and briefly reporting on the Company's future prospects. Under the circumstances my address can be made much shorter than usual. I would, however, be failing in my duties as your Chairman, if I did not further comment upon the various problems which now face the plantation industry.

"The year 1961 saw record tea and coffee crops in India. The total Indian tea crop amounted to 768.4 million lbs. as compared with 700 million lbs. during 1960. Practically all the tea-producing countries have achieved large increases in crop, and during 1961 the three major exporting countries—India, Pakistan and Ceylon—alone increased output by over 110 million lbs. Early last year, the Food and Agricultural Organisation of the United Nations made a study of production and consumption trends in tea, and have reported that they expect world production to exceed consumption by some 100 million lbs. by 1965. However, we can take some encouragement from the fact that the record 1961 crops appear to have been fully absorbed—even if prices did decline somewhat towards the end of the year. Now, however, the market has improved considerably and it may well be that the F.A.O. experts have underestimated the world's consuming capacity. Let us hope so, at any rate.

Third Plan Prospects

"The third Five-year Plan came into operation during 1961, and the tea industry has been asked to increase production to 900 million lbs. by the end of the Plan period. Whether or not this target will be achieved remains to be seen, as it is not easy to obtain an increase of nearly 25 per cent in production at a time when there is not very much encouragement for new planting. However, this company has taken substantial steps in the planting of tea, and I have no doubt that we shall play our full share in contribution to increased production. In any case, I am not unduly perturbed about the prospects for this company as we make quality teas which should always find interested buyers at comparatively good prices. Nevertheless, from the general point of view of the industry, I am somewhat concerned about the finding of markets for the planned output. Indian teas are already facing very severe competition in world markets and internal consumption is increasing at only about 20 million lbs. per year. It is essential, therefore, that great efforts must be made to increase overseas propaganda for the sale of Indian teas. It is gratifying to see that active steps are at last being taken to promote tea sales in the U.K. by means of propaganda, tea vans, etc. Let us hope that such propaganda will be extended to other European countries, as this will be particularly important in case the U.K. joins the European Common Market.

"It may be that we, in the tea industry, have been unduly apprehensive about the results of such a development. Britain consumes 12 times as much tea as all the other E.C.M. countries combined, and it is not likely that Britain will allow any heavy duties on teas which she imports from the Commonwealth countries. At the same time, the imports into other Continental countries are so relatively small that it appears that a reduction in duties in these countries would have little effect on their revenues. It has been made clear that Britain realises her responsibilities to such countries as India, and can, I am sure, be relied upon not to abandon their interests. I therefore, feel that even if Britain joins the Common Market we will in fact benefit, as it may well lead to substantial reduction in duties in other European countries and thus pave the way for increased consumption. At the present time, tea costs 15s. to 20s. and more per lb. in most European countries, and it is hardly surprising that at such prices consumption should be relatively low.

"Speaking of the high price of teas in Europe, we must admit that Indian teas are by no means cheap, and this factor may have had something to do with the falling off of India's share of imports into the main consuming countries during the past few years. One of the reasons for Indian tea being so expensive is the heavy incidence of taxes and duties, and of the export duty and excise duty in particular. I would, therefore, appeal to the Government to re-examine the possibility of abolishing the export duty and affording further reliefs to the industry to help it face the severe competition which is now being met in world markets. Failing an abolition of the export duty, at least tea should be put on a par with all other excisable commodities so as to permit a drawback of the excise duty on teas actually exported.

Excise Duty—Sales Tax Merger

"The tea industry has been repeatedly urging the Government of India to adopt some system of co-ordination of tax policies between the Central and State Governments in view of the multiplicity of the taxes now levied on the industry, and I can only hope that some workable arrangement will be reached before long. In particular, we would welcome a merging of the excise duty and sales tax—as is done in the case of tobacco, sugar and other items—as this would relieve the Governments of the extra cost of collecting separate taxes, and us of much tedious work involved in paying such taxes: at the same time, the abolition of the sales tax would greatly facilitate active trading. Unfortunately, while the Central Government seems to favour the proposal, certain State Government hesitate to give their approval due to their losing control of some of their sources of revenue.

Outlook for Coffee

"The coffee industry is also passing through a very difficult period due to world overproduction. India's crop alone has increased from 42,180 tonnes in 1956-57 to 67,565 tonnes in 1960-61, and there is every possibility that within the next five years India may produce 80,000 tonnes which the Chairman, Coffee Board, states will result in an export surplus of 45,000 tonnes after making allowance for increases in internal consumption. The Coffee Board experienced difficulty in disposing of approximately one-half of the 1960-61 crop in the export market, and a large proportion of the crop offered for sale abroad was sold at less than the cost of production. The result of this is that the return to the grower for 1960-61 crop is not likely to be much above Rs. 2.00 per point compared to Rs. 2.81 per point five years ago.

"In my address last year, I appealed for a reorganisation of the Coffee Marketing System which was designed to handle about one-third the crop that is now being produced, and I am very glad to say that the Government and the Coffee Board have now accepted some of the proposals put forward from various quarters. Since the beginning of the year, sales for export are being made by open auction instead of by sealed tenders; this seems to have resulted in a noticeable increase in the interest taken by established exporters, and, moreover, a number of new potential buyers, including several foreign coffee trading houses, have appeared on the scene. This is a very healthy sign, and the progress of the new system will be watched with considerable interest. The fact is that the export prices this season have been much better than last year, but it must not be overlooked that the 1961-62 crop will be smaller than last year's, and less stocks available for export could naturally be expected to lead to increased demand and competition.

"The Coffee Board has announced plans to start a cup-tasting unit at Bangalore, and the services of a foreign cup-taster are being secured. It is hoped that this will result in the best coffees being offered for sale abroad, as I consider that the European market can still absorb a sizable quantity of good quality Indian coffee.

Plea for Relief

"I am afraid that I can see no real improvement in the world coffee situation for some years to come, and under the circumstances I feel that the Government should offer some help and encouragement to the industry. I would strongly recommend the abolition of the excise duty to maintain a fair return to the grower, until prices in the world market improve. If this is not possible, I would suggest a direct subsidy on exports and a revision of the excise duty on an *ad valorem* basis.

"In the Chairman's statement enclosed with the annual report, I stated that our 1961-62 coffee crop was estimated at 104 tonnes and our 1961-62 tea crop at 4,55,000 kilograms. I am now pleased to advise you that we have already harvested 77½ tonnes arabica and 30 tonnes robusta. We hope to pick a further 4 tonnes robusta so that our total coffee crop will now be about 111½ tonnes, made up of 77½ tonnes arabica and 34 tonnes robusta. The tea crop is also coming in well, and, at the end of March, we had harvested 25,750 kg. in excess of our estimate for that period; given favourable weather conditions it now seems likely that we will exceed our original estimate for the whole year. Sale prices have also been satisfactory and the average price realised on tea sales to end February amounts to Rs. 5.90 per kg. compared to Rs. 5.45 per kg. for the same period last year.

Current Prospects

"The prospects for the 1962-63 coffee crop are, I regret to say, very disappointing. We were hoping that this crop would be in the region of 95 tonnes, but due to heavy rain in January/February and March, the trees did not get an opportunity to 'winter,' so that we now estimate this crop at 70 tonnes, made up of 50 tonnes robusta and 20 tonnes arabica.

"I would now like to thank on your behalf the general manager, his assistants, the staff and labour for their work during the year. I would also like to thank my fellow Directors for their help and guidance, and finally the Managing Agents, Messrs. Peirce, Leslie & Co., Ltd., for their services."

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

FOREIGN ASSISTANCE FOR INDIA

FIRM AUTHORISATIONS SINCE 1951 AGGREGATE OVER RS. 2,143 CRORES

THE deliberations of the forthcoming meeting of the Aid India Consortium, due to be held at Washington sometime next month, and the decisions taken thereat are being awaited with great anxiety and utmost interest. The anxiety is because of the fact that, with sterling balances standing at no more than Rs. 125 crores and with the limited scope for earning more foreign exchange through exports, the country is faced with the grim problem of paying for import requirements to sustain and develop the economy. When the Consortium postponed its decision on further assistance for the third Plan at its previous meeting (held towards the close of January last), high hopes were expressed that, at the ensuing meeting, it would not only extend additional assistance (about $375 million) beyond that already committed ($2,225 million) for the first two years of the Plan but also vote the aid required (about $4,137 million) for the remaining three years as well. But the latest advices from abroad are not very encouraging. It is reported that, lately, there has been an increasing tendency among the West European countries to regard the membership of the Consortium as something too rigid and binding upon them. Indeed, a report suggests that many of these countries have almost accepted the idea, canvassed by Mr. George Ball, U.S. Under-Secretary of State, of channelling all Western development aid through the O.E.C.D. "Mr. Ball's new proposals," to quote a news despatch, "have come to them as an excellent way of transferring their loyalties to the Development Assistance Committee of the O.E.C.D." It is, however, unnecessary to draw pessimistic inferences from these reports, some of which appear to have been inspired by interests with perennial prejudices against India. The tentative promises of help to this country have been based not on any fleeting impressions but on solid appreciation of India's need for rapid economic progress and its pivotal position in Asia and the Far East. Nor has there been any deterioration in the economic conditions in the West to warrant the type of forecasts referred to above. On the contrary, all the nations that have come forward to assist India in implementing its third Plan are doing pretty well.

Be that as it may, the publication of the fifth annual report on *External Assistance* by the Finance Ministry of the Government of India is timely, in that it gives one a consolidated picture of the aid promised and received and provides a fitting background to the forthcoming talks at Washington. According to this comprehensive statistical brochure, the total assistance actually received since 1951 upto the end of December 1961 comes to over Rs. 2,143 crores. This assistance has been made available by the Governments of various countries, international agencies and other organisations, as will be seen from the statement at the bottom of this page. The amount of Rs. 2,143 crores is, however, less than Rs. 2,728 crores mentioned in the fourth annual report which covered authorisations upto the end of December 1960 only. But it is surprising that no explanation for this huge difference of Rs. 585 crores is given in the latest report.

The statement of external aid at a glance excludes (*a*) assistance received in the form of suppliers' credit from Japan, France and Rumania, (*b*) Rockefeller Foundation grants, (*c*) gift shipments from private voluntary agencies in the U.S., (*d*) assistance under Titles I and III of P.L. 480, (*e*) aid from the Netherlands being mostly in the nature of technical assistance, and (*f*) Swiss aid in the form of logging equipment.

Of the foreign aid authorisations aggregating Rs. 2,143.49 crores (including the offers for the third Plan upto the end of December 1961), Rs. 377.68 crores were made in the first Plan period and Rs. 1,411.91 crores in the second Plan period. The aid authorisations since the beginning of the third Plan and upto the close of 1961 amount to Rs. 353.90 crores. Just as there was a carry forward (of more than Rs. 181 crores) of commitments and aid from the first to the second Plan, so also there was a similar, but larger, carry forward of nearly Rs. 700 crores from the second to the third Plan, because the amount of aid actually utilised during the second Plan period was only Rs. 893 crores, as against the sum of Rs. 1,593 crores available for utilisation. The wide gap between promises and fulfilment is attributable partly to the continued delay in the release of funds by the donor countries and partly to the failure of the Government of India and other agencies to implement in an energetic manner the specific projects for which assistance was obtained.

U.S. Aid

Commencing with the wheat loan in June 1951, the U.S. Government has so far allocated to India aid in various forms aggregating Rs. 1,805.33 crores ($3,792 million). Nearly two-thirds of this amount, Rs. 1,144.88 crores to be precise, are accounted for by P.L. 480 and 665 assistance (sale of agricultural commodities against rupee payments), out of which a sum of Rs. 924.35 crores has been given back to the Central Government as loans and grants. Of the balance of Rs. 660.45 crores, the share of loans alone is Rs. 510.78 crores, grants accounting for Rs. 132.18 crores and technical assistance (including support costs) for Rs. 17.49 crores. Approximately 58 per cent of loans, or Rs. 296.22 crores, are repayable in rupees. Besides these, India has also received relief shipments of agricultural commodities under Titles II and III of P.L. 480, third country currency assistance, assistance from private voluntary agencies and grants from philanthropic foundations.

The U.S. aid has supported a wide range of development programmes in close co-operation with the Five-year Plans. The aid received for the first Plan was Rs. 117.31 crores as loans and Rs. 86.16 crores as grants. The allocation for the second Plan was substantially higher at Rs. 327.67 crores by way of loans and Rs. 44.11 crores by way of grants. For the first year of the third Plan, the U.S. Government has allocated (up to the end of December 1961) Rs. 65.80 crores as loans and Rs. 1.91 crore as grants.

Russian Aid

India's development projects have been receiving assistance from the U.S.S.R. since the beginning of 1955. The total authorisations so far amount to Rs. 384.93 crores. Almost the whole of this amount, Rs. 383.78 crores to be precise, is by way of credits which are fully repayable. Of the total loans, Rs. 145.67 crores are for the second Plan and Rs. 238.11 crores for projects included in the third Plan. A small sum of Rs. 1.15 crore has been received by way of grants to finance imports of materials and equipment for the mechanical farm at Suratgarh (Rs. 79 lakhs) and the Institute of Technology at Bombay (Rs. 36 lakhs). The credits bear a comparatively low interest rate of 2½ per cent. Both the payment of interest and the repayments of principal have to be made through exports of commodities to the U.S.S.R. within a relatively short period of 12 years of each credit. The specific projects for which credits have been given are: Rs. 64.71 crores for the Bhilai steel plant, Rs. 59.53 crores for industrial projects (heavy machine building plant, coal mining machinery plant, thermal power station, ophthalmic glass factory and Korba coal fields), Rs. 9.52 crores for five drug projects (antibiotics, synthetic drugs, surgical instruments, phytochemicals, and endocrines and glandular products), Rs. 11.91 crores for Barauni oil refinery and Rs. 238.11 crores for a number of projects included in the third Plan.

United Kingdom

The British Government has so far provided credits to the tune of Rs. 167.33 crores for various projects, as well as grants for supply of books and equipment valued at Rs. 86 lakhs under the Colombo Plan, besides experts and facilities for training Indians abroad. A syndicate of British banks has also advanced a credit of Rs. 15.33 crores for financing the Durgapur steel plant. The Government credits are made available under Section 3 of the U.K. Export Guarantees Act. The rate of interest is the same as that applied by the British Treasury to a loan for a comparable period from the U.K. consolidated Fund plus ¼ per cent as management charge. A welcome feature of the credits is that they are largely not tied to any particular projects. During the second Plan, all credits, excepting those given for the Durgapur steel plant (Rs. 20 crores) and Naharkatiya Pipeline project (Rs. 4 crores) were in the form of general balance of payments loans which could be utilised with flexibility and freedom to sustain the development programme as a whole.

Of the total amount of credits extended so far, Rs. 107.33 crores were made available during the second Plan period, the balance of Rs. 60 crores being counted against the aid of $250 million indicated by the British Government at the Consortium meeting held in May-June 1961 as assistance for the first two years of the third Plan. All the credits have been drawn excepting for a small portion of credit for the oil pipeline and the third Plan £30-million credit for which an agreement was signed on 1st May 1961.

Canada

The total amount of aid allocated by the Government of Canada since the beginning of the Colombo Plan upto 1960-61 was Rs. 106.36 crores. The aid is particularly valuable, inasmuch as the entire aid has been in the form of grants, with the exception of wheat worth $33 million supplied on loan basis in 1957-58 and 1958-59. Also, out of the $56 million aid indicated by Canada at the Consortium meeting, grants account for $36 million and loans for $20 million. These are in addition to wheat grants. The schemes which have received assistance are Canada India Nuclear Reactor (Rs. 4.58 crores), power projects (Rs. 14.40 crores), railways (Rs. 13.70 crores), Bombay road transport scheme (Rs. 2.07 crores), rural electrification (Rs. 1.43 crore), supply of non-ferrous metals (Rs. 23.70 crores), fertilisers (Rs. 2.40 crores) and wheat (Rs. 41.43 crores).

West Germany

Since 1958, the Government of West Germany has provided assistance for various development projects in India, mainly in the form of credits. The total amount of credits authorised so far comes to about Rs. 199.58 crores. Of this, the amount authorised during the second Plan was Rs. 140.06 crores. For the third Plan, the assistance indicated at the Consortium meeting was Rs. 202.38 crores. In addition, the country has also provided assistance in the nature of suppliers' credits. The assistance provided by Germany is the second largest among those indicated at the Consortium meeting. Of this, three credits aggregating Rs. 59.52 crores have already been signed. The first of these (Rs. 27.38 crores) is for refinancing payments under an earlier Rourkela credit. The other two for DM 100 million and DM 170 million have been given as straight balance of payments assistance. The entire amounts have been fully drawn. In the case of the last, a comparatively low interest of 3 per cent has been agreed to and there is also a grace period upto 31st January 1969, the repayment being completed by 31st January 1982. Another significant feature of these two credits as well as the two credits of DM 125.1 million each given in 1960 is that they are completely "untied" as regards both projects and source of procurement. In fact, all the four credits have been given directly as cash loans and India could utilise them in any manner it likes for maintenance of development projects. As the entire money is drawn in one lump, there are no complicated procedures for claiming reimbursement.

External Aid at a Glance

(In crores of rupees)

Source	Authorisations upto 31-3-1956	Balance of unutilised aid at the end of March 1956	Authorisations from 1-4-1956 to 31-3-1961	Total available for utilisation during Second Plan	Estimated utilisation from 1-4-1956 to 31-3-1961	Balance available at the end of March 1961	Authorisations after 31-3-1961	Total authorisations upto 31-12-1961
U.S.A.	203.47	68.87	371.18	440.65	230.67	209.98	67.71	642.96
U.S.S.R.	64.71	64.71	320.22	384.93	76.17	308.76	..	384.93
U.K.	0.39	0.36	123.08	123.44	122.27	1.17	60.05	183.52
Canada	32.34	12.64	74.02	86.66	76.01	10.65	11.90	118.26
Australia	11.08	5.88	2.20	8.08	7.44	0.64	1.03	14.31
New Zealand	1.72	1.39	1.71	3.10	2.90	0.20	0.02	3.45
W. Germany	..	..	142.15	142.15	143.25	14.61	59.52	201.67
Japan	..	..	27.62	27.62	16.01	11.61	..	65.71
Czechoslovakia	..	..	23.10	23.10	..	23.10	..	23.10
Yugoslavia	..	..	19.05	19.05	..	19.05	..	19.05
Norway	0.66	..	1.87	1.87	1.87	..	0.66	3.19
Poland	.	..	14.30	14.30	..	14.30	..	14.30
Switzerland	..	..	10.90	10.90	..	10.90	..	10.90
Italy	..	..	..	..	..	..	21.43	21.43
World Bank	57.70	23.88	265.30	289.18	222.79	66.39	50.48	373.48
	(25.70)	(20.85)	(79.28)	(100.13)	(83.23)	(16.90)	(16.67)	(121.65)
Ford Foundation	5.61	3.35	10.46	13.81	9.42	4.39	0.59	16.66
U.N. Special Fund	..	..	4.15	4.15	..	4.15	0.28	4.43
I.D.A.	..	..	..	..	..	..	42.14	42.14
Total	377.68	181.08	1,411.91	1,592.99	893.09	699.90	353.90	2,143.49

Note :—Figures in brackets indicate the assistance given to the private sector.

Japan

An agreement was signed with the Government of Japan on 4th February 1958 for a credit of Rs. 23.81 crores (18 billion yen). The credit has been made available through the Export-Import Bank of Japan for import of capital goods from Japan including equipment for railways, hydro and thermal power generation and transmission, dam construction and coal and ore mining and processing besides ships, port equipment, industrial machinery for manufacture of rayon, pulp, fertiliser and caustic soda, machine tools and such other items as might be mutually agreed upon. The credit bears interest at the normal rate of interest charged by the World Bank. At present, the rate of interest charged is 5¾ per cent. The credit is repayable in ten years, the repayment commencing after the expiry of three years from the date on which 50 per cent or more has been drawn against each separate loan agreement to be completed over the succeeding seven years. The entire amount of the credit has been allocated to various projects and programmes in both public and private sectors. Upto October 1961, 128 loan agreements of the total value of Rs. 22.79 crores had been entered into with the Export-Import Bank of Japan.

France

At the last Consortium meeting held, the Government of France agreed to make available to India credit amounting to Rs. 14.3 crores during 1961-63 to finance import of capital equipment from France. Negotiations regarding the terms and conditions of credit have just been completed. It is proposed to use the credit for import of industrial machinery, power equipment and equipment for oil exploration. A sum not exceeding Rs. 4 crores has been earmarked for the exploration development of petroleum resources. For this purpose, a project agreement was signed on 12th September 1961 between the Oil and Natural Gas Commission and the Institute Francis Du Petrole (I.F.P.) of France. During the second Plan, the French Government had extended a supplier's credit for financing import of capital goods upto about Rs. 24.1 crores, later increased to Rs. 48 crores. The terms of the credit were negotiated separately in each case between the importers and suppliers. The contracts related mostly to supply of power equipment and capital equipment for manufacture of fertilisers, sugar, paper, etc. The Government of France has assigned French experts to India in various fields such as mining, child welfare, machine tool design, bridge construction, serial ropeways, electronics, petroleum and oil and shipbuilding. So far, 27 experts have been assigned to India under the Technical Co-operation Programme. The total number of persons sent to France for training in various fields under the Indo-French Technical Co-operation Agreement upto June 1961 was 84.

Australia

The total amount of aid distributed by Australia under the Colombo Plan for the procurement and supply of commodities and equipment upto the end of June 1961 was Rs. 13 crores. The entire aid is in the form of grants. Of the total figure, approximately Rs. 5.84 crores represents gifts of commodities which have been sold in the Indian market, and the rupee counterpart funds thus generated donated towards capital development projects mutually agreed upon by the Governments of India and Australia. The Government of Australia has, in addition, provided services of technical experts and training facilities for Indians abroad.

New Zealand

The Government of New Zealand has provided capital assistance under the Colombo Plan since 1951-52 in the form of grants. The total amount of aid authorised so far for various projects in India is about Rs. 3.45 crores. A special feature of the grants is that they have been given generally in cash, though, in some cases, equipment has also been provided. Besides a grant of about Rs. 1.47 crores for the All-India Institute of Medical Sciences and £4,200 for Haringhata Seed Farm, aid has been given for a number of milk supply and dairy schemes all over the country. Further, the Government of New Zealand has provided at its own expense services of experts and training facilities abroad for Indian nationals.

Switzerland

By an agreement signed on 30th July 1960, the Government of the Swiss Confederation has agreed to facilitate the opening of transfer credits to the extent of about Rs. 10.9 crores for payments to suppliers in Switzerland for capital goods required for India's development programme. The credit will be provided by a consortium of Swiss banks. Each transfer credit is to be repaid within a period of 10 years from the date it is made use of. No repayment will be required during the first three years and the credit is to be repaid in equal half-yearly instalments over the remaining seven years. The credit is being made available in two instalments of Rs. 6.54 crores and Rs. 4.36 crores. For the first instalment, an agreement was signed on 18th November 1960 with a consortium of Swiss banks. The rate of interest is 3¾ per cent above the official discount rate of the Swiss National Bank. The second instalment of 40 million Swiss francs is yet to be negotiated.

Czechoslovakia

Under an agreement concluded in November 1959, the Government of Czechoslovakia undertook to extend a credit amounting to Rs. 23.1 crores to facilitate import of machinery and equipment for (i) the third stage of the foundry forge plant, (ii) a heavy machine tools building plant and (iii) a heavy electrical plant. The credit carries interest of 2½ per cent per annum and is repayable in eight equal yearly instalments, the first instalment being payable one year after presentation of the final invoice and other documents in respect of the last delivery of machinery for putting the plant into operation. Repayment of the credit will be effected through exports.

Yugoslavia

In order to facilitate purchase and import of capital goods and equipment required for development projects in India, the Government of Yugoslavia agreed in January 1960 to extend a credit upto Rs. 19.05 crores. The particular projects to be assisted under the credit arrangement were to be selected later by mutual consent. The agreement provides that the credit will bear interest at 3 per cent per annum. While it has also been agreed that the repayments of principal will be made in equal and consecutive semi-annual instalments, the exact period of repayment will be the subject of separate negotiation in respect of each contract for the supply of equipment and machinery. It has been agreed that the import of equipment for Yamuna Hydro-electric Project (Stage i) in Uttar Pradesh and the Periyar Hydro-electric Project in Madras will be financed from this credit.

Poland

In May 1960, the Government of Poland agreed to extend a credit of Rs. 14.30 crores for import of machinery and equipment required for industrial projects which were to be selected and mutually agreed upon. The main conditions applicable to the credit were that it would carry interest at 2½ per cent per annum and would be repayable in eight equal yearly instalments commencing one year after the last shipment of machinery required for putting the plant in operation.

The other countries which have extended aid to India are Norway (Rs. 3.19 crores), Italy (Rs. 10.90 crores), Netherlands (not known) and Rumania (credit of Rs. 5.23 crores carrying interest at 2½ per cent and repayable over a period of seven years).

U.N. Agencies

India has also received sizable assistance from the various agencies of the United Nations. The assistance is in the form of services of experts, equipment ancillary to experts and training facilities for Indian nationals in foreign countries. The U.N. Special Projects Fund had approved, upto May 1961, fifteen projects with allocations aggregating $13.74 million.

World Bank

The World Bank has given assistance to the tune of Rs. 373.48 crores, of which aid amounting to Rs. 121.65 crores is earmarked for the private sector. The loans are available for imports from all countries which are members of the Bank as well as from Switzerland. The loans sanctioned for the public sector have been mostly for development programmes in the field of transport and communications and power projects. Besides, the Agriculture Loan of 1949 ($7.20 million) provided for the acquisition of tractors and spares for the Central Tractor Organisation. Out of the total amount of $528.82 million (Rs. 251.82 crores) for the public sector, $377.80 million were for the railways, $5.60 million for Air-India International, $64.00 million for Calcutta and Madras ports, $49.22 million for D.V.C. and $25.00 million for Koyna Hydro-electric Project. Apart from the aid given by it directly, the Bank has also been making a signal contribution to India's development efforts by convening conferences of friendly countries under its auspices and invoking international co-operation with a view to ensuring an adequate and sustained flow of assistance for India's Five-year Plans. The number of countries represented at these conferences has increased since the first conference was held in August 1958. This association of friendly countries, which assumed a special significance with the launching of India's third Plan in 1961, has developed into a well recognised consortium of nations bound by a common desire to enable India to embark on a bold programme of development. The aid already committed by the members of the Consortium, including the World Bank, for the first two years of the third Plan aggregates $2,225 million ($1,295 million for the first year and $930 million for the second year). Of the total, the share of U.S. alone is $1.045 million. This country has also undertaken to make available to India surplus commodities of the value of about $1,300 million.

The International Development Association has sanctioned five credits aggregating Rs. 42.14 crores. The projects covered are national highways, tubewell irrigation (U.P.), two irrigation projects (in Orissa and Gujarat) and drainage-cum-flood-control project (Punjab).

Among the private agencies, the Ford Foundation has given grants aggregating Rs. 21.76 crores from 1951 to 15th July 1961. The total of grants, including fellowships and travel grants made by the Rockefeller Foundation upto 30th September 1961 amounts to Rs. 6.05 crores.

I.F.C. TO INVEST IN GREECE

The International Finance Corporation, Washington, made its first commitment to invest in Greece on 12th April. It will lend $600,000 to Aevol Industrial Company of Organic Fertilizers, S.A. (A.E.V.O.L.), sponsored by Greek, Italian and American interests. The Greek company will operate a plant to convert municipal refuse into a compost which will be fortified to produce an organic base fertiliser. Estimated cost of the undertaking is $1,330,000. The I.F.C. investment will be represented by unsecured dollar notes at 7½ per cent interest, repayable over 10 years. The I.F.C. will hold also a small interest in the common stock of A.E.V.O.L.

A.E.V.O.L.'s plant will be designed and engineered by Fertilia, S.P.A., and Italian company, which already operates a similar plant; Fertilia will also supervise construction. A.E.V.O.L. will use a process developed by the Earp Laboratories, Inc. of the U.S. for converting refuse into organic fertiliser by bacterial decomposition. This process is being used in similar plants in West Germany, Italy, Mexico and Switzerland.

The A.E.V.O.L. plant is expected to commence operations in the first half of 1963. It will be located on the outskirts of Salonika, a city in northern Greece which has a population of 380,000, including its suburbs. The plant is designed to produce about 40,000 metric tons of fertiliser per year, operating 24 hours each day.

Greek soils, we are told, are generally low in organic matter and the country's supply of organic fertiliser is limited. A.E.V.O.L. will expand the nation's supply of organic fertiliser while disposing of the refuse of a large municipality.

I.M.F. CREDIT TO PHILIPPINES

The International Monetary Fund has entered into a stand-by arrangement which authorises the Republic of the Philippines to draw $40.4 million over the next twelve months. The stand-by arrangement follows a drawing of the equivalent of $28.3 million by the Philippines on 23rd January 1962, and is designed to provide continuing support for a programme of exchange reform which was inaugurated at that time. The Philippine authorities have adopted policies designed to achieve and maintain domestic and external equilibrium, and will remain in consultation with the Fund regarding these policies.

IRREGULARITIES IN ART SILK INDUSTRY

ESTIMATES COMMITTEE'S REPORT ANALYSED

IF the Estimates Committee of the erstwhile Lok Sabha found it necessary to pass some severe strictures on the state of affairs prevailing in the spinning and weaving sectors of the art silk industry, the blame lies essentially with the industry. A section of the industry continues to indulge in highly undesirable practices, especially in the distribution of yarn, notwithstanding official threats and warnings. We ourselves had pointed out in these columns a year ago (*vide* page 794 of *Commerce* dated 29th April 1961) that there was something rotten somewhere in the kingdom of art silk industry and urged that a thorough investigation was necessary in order to find out the real causes for the high prices of art silk yarn. We are glad to find that the Estimates Committee of the Second Lok Sabha has suggested, in its 166th report, the full text of which was available to us only last week, that the question of production cost, price, and profit margin of art silk and staple fibre yarn be referred to the Tariff Commission for a detailed examination and report. In support of this plea, the Committee points to the prevailing high prices of art silk yarn as well as to the fact that the prices fixed for indigenous art silk yarn are themselves considerably higher (about 40 per cent) than world prices. Drawing attention to the laxity of control over distribution and prices of indigenous art silk yarn, the Committee has commended for acceptance the following two suggestions:

1. The Textile Commissioner must make surprise token purchases in the open market, in order to check if excessive prices are being charged and follow up cases so detected and established with all possible corrective measures.

2. Measures should be taken to bring to book cases, such as allottees selling away their yarn at a premium and existence of ghost looms which actually remain idle, and order deterrent action, including cancellation of yarn quota, against card-holders.

Alluding to the prices of imported yarn, the Committee regrets the undue laxity in the enforcement of regulation that allottees of imported yarn should not sell it except on the direction issued and at the price fixed by the Textile Commissioner. It feels that imposition of penalty in a few cases of proved irregularity would have gone a long way towards discouraging, and even putting an end to, such malpractices. It wants the Textile Commissioner to take steps to see that the yarn imported by manufacturers or actual users is not irregularly passed on for profit. "The Government," to quote it, "may devise steps to ensure that the imported yarn is used by the manufacturers, handloom owners and actual users and does not find its way into the 'free' market which results in the spiralling up of the prices." Further, it is suggested that regularisation of powerlooms, which has been painfully slow, should be speeded up.

Export Promotion Scheme

The Estimates Committee has also criticised the working of the Export Promotion Scheme for art silk fabrics. Here is what it says:

"The criteria for working out entitlement has undergone frequent changes and had given rise to malpractices like over-invoicing and under-invoicing as the case may be which led to the depletion of very large amount of foreign exchange which the country could ill-afford. It appears to the Committee that either there is no effective machinery to watch the working of the incentive scheme or, if there is one, it has failed in its duty completely. They are of the opinion that a detailed investigation into the circumstances under which the scheme was so manipulated by the exporters and manufacturer-exporters as to result in heavy depletion of foreign exchange may be conducted. Constant watch on the working of the present scheme should also be kept to ensure that there is no abuse of the scheme as was the case with the previous ones."

The abuse of the scheme has not been merely over-invoicing or under-invoicing as the case may be. There has also been a gross misuse of the scheme by some parties who sell away the import licences at fantastically high premia. In some cases, the premium collected is as high as 200-225 per cent of the face value of licences. It is with a view to putting an end to such misuse that the Textile Commissioner is reported to have recommended to the Government replacement of import entitlements by cash incentives on the basis of actual export business in art silk fabrics, the incentives being given partly from out of the amounts earned as margins on imported art silk yarn which is distributed by a central pool and partly from the levy of a cess on indigenous art silk yarn. The Textile Commissioner is also reported to have recommended the inclusion of merchant-exporters in the scheme. It appears that these recommendations may be accepted by the Government and implemented in a few weeks' time. It is, perhaps, for this reason that the Government has stated that the policy of art silk yarn licensing (under the Scheme) detailed in the import trade control policy book for the year 1962-63 will be effective *only* up to the end of June next.

The revision of the Export Promotion Scheme on the lines indicated above, together with the following measures as suggested by the Estimates Committee, will surely give a boost to exports of art silk fabrics:

A time-limit for inspection of art silk fabrics offered for export and for issue of the certificates must be laid down.

The time lag between inspection and issue of entitlement certificates should be reduced.

The plea for reducing the minimum yardage for pre-shipment inspection from 500 yards to 250 yards deserves to be examined.

The Textile Commissioner must evolve a satisfactory procedure for export of post parcels.

A survey of demand for ready-made rayon garments in foreign markets may be undertaken early. The rayon garment industry may also be given necessary facilities for export by the introduction of a suitable scheme of incentives, etc.

Apropos the proposal to set up a Rayon and Synthetic Textiles Development Corporation for promoting exports, the Estimates Committee rightly points out that there is no need for such a Corporation. To quote it again:

"The Committee are unable to appreciate the need for setting up a corporation with functions which are now being performed by the State Trading Corporation and the Export Promotion Council. If, as stated, it is intended to deal in the long run with exports to countries where there is State trading, they fail to see why the State Trading Corporation, which is already in the field and has gained experience in such trade, should not be entrusted with it. As for using it as an agency for importing yarn, there is no reason why the State Trading Corporation which has been handling these imports for several years should be dispensed with in favour of a new undertaking. Besides, the distribution of yarn is stated to have greatly improved since this work was taken over by the Distribution Committee of the Development Council for Art Silk Industry. In the circumstances, they are not convinced of the need to form such a corporation at this stage."

There is considerable force in these observations. It is needless to emphasise, as the Committee itself says, that duplication of machinery for discharging functions already being performed by existing organisations entails unnecessary waste of effort and resources. It should, therefore, be avoided.

Spinning Sector

The Estimates Committee has reviewed briefly the recent trends in the spinning and weaving sectors of the art silk industry. The review reveals that production of art silk yarn commenced in India in 1951. Notable progress was made during the second Plan period and the targets for third Plan are more ambitious as will be seen from the following figures:

(In million lbs.)

	Second Plan		Third Plan target
	Target	Actual production	
Rayon filament yarn	100.0*	47.6	140.0
Staple fibre	56*	18.0	75.0

* Revised targets. Original targets were 68.3 million lbs. of yarn and 32.0 million lbs. of staple fibre.

The bulk of the viscose and acetate rayon yarn production is accounted for by first quality yarn, as the following table shows:

(In thousand kg.)

Quality	Viscose rayon yarn		Acetate rayon yarn	
	Jan.-Aug. 1961	Whole of 1960	Jan.-Aug. 1961	Whole of 1960
First	8,890 (64.6)	9,938 (52.2)	1,063 (79.3)	1,253 (65.2)
Second	2,003 (18.9)	3,789 (20.0)	200 (14.9)	446 (23.1)
Third	670 (4.8)	344 (1.8)	30 (2.2)	43 (2.3)
Fourth	994 (7.2)	3,791 (20.0)	Nil	Nil
Reject	618 (4.5)	1,171 (6.0)	48 (3.6)	183 (9.4)
Total	13,775	19,033	1,341	1,925

Note: Figures in brackets relate to percentage shares.

Special attention has been drawn by the Estimates Committee to complaints from weavers that the quality of indigenous yarn is far from satisfactory in respect of evenness of denier, tensile strength, brightness and lustre, as well as freedom from knots. The Committee was surprised to find that the industry, which had been established ten years ago and which could have easily profited from developments in technique and experience of other countries, had failed, by and large, to produce yarn comparable in quality to imported yarn. It has urged that energetic steps be taken to rectify the defects in the processes of production. And it hopes that the Indian Standards Institution will finalise standards for art silk yarn early and that the mills will readily adopt them.

Weaving Mills

Art silk yarn production, as already stated, commenced in India only in 1951, that is, nearly two decades after the weaving sector started (in 1932) with imported yarn. The production of art silk and mixed fabrics at the end of the second Plan was 550 million yards (of which the share of art silk fabrics proper was 438 million yards, as against 249 million yards in 1955-58 and 190 million yards in 1950-51), whereas the target was 515 million yards. The third Plan target is 775 million yards. The number of authorised powerlooms working on art silk-staple fibre is estimated at 57,000, as against 54,101 at the end of second Plan, 37,727 at the end of first Plan and 25,801 at the commencement of first Plan. In addition, about 13,180 unauthorised non-cotton powerlooms are stated to have applied for regularisation.

The Union Ministry of Commerce and Industry has estimated that, for the existing number of powerlooms and ancillary industries, 120 million lbs. of yarn are required per year. As the current indigenous production of art silk is only 78 million lbs., it means that 42 million lbs. of yarn valued at about Rs. 13 crores have to be imported if the requirement is to be met in full. If yarn is to be issued for all powerlooms, including those which are awaiting regularisation and those which are not claiming quota at present, then the total requirements work out to 175 million lbs. If this requirement is to be met in full, 97 million lbs. of yarn valued at Rs. 30 crores would have to be imported. In view of the tight foreign exchange position, the imports of yarn had been only of the order of Rs. 10.82 crores in 1960-61 and Rs. 10.50 crores in 1959-60 and there was little change of stepping them up. Considering these circumstances, the Ministry has expressed the view that it might be advisable to shift some of the powerlooms working on art silk to cotton. It, however, points out that it might have repercussions on powerlooms and handlooms working on cotton, as the supply of cotton yarn at present is not very abundant. Alluding to this aspect, the Estimates Committee observes:

"The planned entry of powerlooms from art silk in stages into cotton textile industry may not create, in the context of increase in the cotton spinning capacity already licensed as part of the third Plan programme, any disproportionate or insurmountable difficulty of finding adequate cotton yarn for these and other powerlooms and handlooms which are presently working on cotton. The Committee recommend that this matter may be gone into early by Government in consultation with the various sectors of the industry. ... The Committee feel that it would be useful if representatives of all the diverse interests constituting the textile industry were jointly consulted periodically by the Government so as to evolve an agreed pattern of distribution of yarn and manufacture of fabrics."

Modernisation

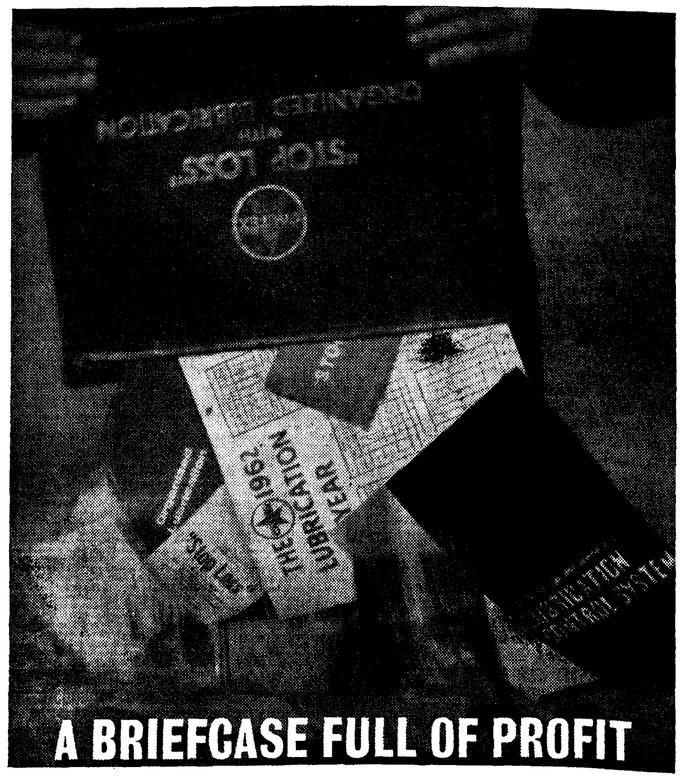
The Committee has drawn attention to the Working Group's report on rehabilitation and modernisation of the art silk industry and its estimate of outlay (Rs. 15 crores) during the third Plan period. It has urged vigorous efforts to develop manufacture within the country of up-to-date machinery for art silk and man-made fibre industry. As for finance for the rehabilitation and modernisation scheme, it observes that the Textile Commissioner's Organisation has not kept itself fully posted with the progress of the scheme and the extent of financial assistance obtained from the I.F.C. and other institutions. It has suggested that a mill-wise plan may be got prepared by the Organisation and the industry assisted by indicating the sources from which suitable machinery could be procured. Incidentally, it is rather distressing to hear from the Committee that the Silk and Art Silk Mills Research Association, which receives substantial grants from Government, has not yet undertaken any research in the field of art silk.

The Estimates Committee is, however, glad to note that attempts are being made to attain self-sufficiency in rayon grade pulp which will result in a saving of substantial foreign exchange. Under the third Plan, several schemes have been licensed for manufacture of rayon grade pulp from bamboo (and soft woods) and cotton linters to the extent of 267,000 tons and 39,300 tons, respectively. The schemes are listed below:

	Location	Capacity (tons)
From Bamboo and Soft woods:		
Gwalior Rayons	Maroor (Kerala)	45,000
Greater Mysore Rayon Grade Pulp and Paper Mills	Siddalgundi (Mysore)	30,000
Rohtas Industries	Badarpur (Assam)	60,000
West Coast Paper Mills	Dandeli (Mysore)	27,000
National Rayons	Nanjangud (Mysore)	30,000
Manjushree Industries	Cachar (Assam)	54,000
South India Viscose	Sirarmughal Village	21,600
Total		267,600
From Cotton Linters:		
Travancore Rayons	Rayonpuram (Kerala)	3,600
Indian Rayon Corporation	Veraval (Maharashtra)	3,600
Sundatta Foods and Fibres	Harihar (Mysore)	4,800
Sirsik Ltd.	Sirpur	1,800
J.K. Cotton	Kanpur (U.P.)	3,600
Mysore Sugar Factory	Mandya (Mysore)	3,300
D.C.M. Mills	Delhi	4,200
Cellulose Products	Kathwada (Gujarat)	7,200
Orient Trading Co.	Broach (Gujarat)	3,600
Purshottam Lall Jhunjhunwala	Kalyan (Maharashtra)	3,600
Total		39,300

The aggregate capital outlay on the aforesaid schemes is estimated at Rs. 50 crores, of which the foreign exchange component is put at Rs. 32 crores. At present, only 1,500 tons of cotton linters are being recovered, whereas the country is estimated to have a potential capacity of collecting as much as 40,000 tons per annum. In this context, the Estimates Committee has highlighted the importance of augmenting collection of linters from indigenous sources to keep imports to the minimum.

Following the sharp criticisms made by the Estimates Committee, the Government of India has issued a special order conferring on the Textile Commissioner wide powers to control production, distribution and price of both domestic art silk yarn and fabrics. In particular, the Textile Commissioner is empowered to fix selling prices of yarn and issue delivery permits against dealers. This move has evoked strong resentment in art silk circles. The President of the Bombay Yarn Merchants Association, Mr. Kantilal Nahalchand, for instance, points out that these powers are so wide that they will create a deadlock in the market. Indeed, he has gone to the extent of warning that business would come to an end and the remedy would prove worse than the disease.



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RAISING PRODUCTIVITY OF SUGARCANE

RATIONAL PRICE POLICY URGENT

THE Indian Central Sugarcane Committee urged, at its thirty-first annual meeting held in Patna recently, that the trend towards indiscriminate increase in the area under cane should be discouraged. This is quite a pertinent plea, but the Committee did not care to indicate as to how this desirable end could be achieved. The past ten years have witnessed a very significant expansion in the area under sugarcane, from 4.21 million acres in 1950-51 to nearly 5.58 million acres in 1960-61, according to data published by the Government. Of the rise of 1.37 million acres, the States of Uttar Pradesh and Bihar alone accounted for almost a million acres, the area actually sown to the crop in 1960-61 being 3,424,000 acres in U.P., as against 2,505,000 acres in 1950-51, and 478,000 acres in Bihar, as against 411,000 acres. These two States, it may be noted here, lie in the sub-tropical region which is not quite suitable for achieving maximum results through cane cultivation as the tropical region of the Deccan and South India are.

What is the marked increase in cane acreage due to? The answer to the poser is not far to seek. It is the defective system of paying for cane. Since the agriculturist is assured of a high minimum price for every maund of cane supplied to the sugar mills irrespective of the sugar contained in it, he is concerned only with growing as much cane as possible. In his anxiety, thus, to produce the maximum quantity of cane, he brings under cultivation of this crop whatever land that is readily available and does not bother to assess whether a particular area is really suitable for cane growing. He does not also bother to put in any efforts to improve the quality of cane. This state of affairs is bound to continue so long as the present system of payment is not replaced by a system which links the cane price to both quantity and quality and the price of sugarcane itself is more remunerative than other crops. Unless these defects are removed, the indiscriminate expansion of the area under cane cannot be avoided. The Sugarcane Committee would certainly have evoked much praise if it had boldly suggested such a step.

Progress Not Encouraging

Despite the two Five-year Plans and all the efforts of the Sugarcane Committee and the State Agriculture Departments, the progress in the sphere of cane development has not at all been encouraging. It is true that production of sugarcane has gone up appreciably—from 56.16 million tons in 1950-51 to 85.05 million tons in 1960-61—but the increase has been due to a considerable extent to the marked rise in acreage as noted earlier, so that the productivity of land under cane continues to be poor. It will be seen from Table A given at the bottom that the average yield of cane per acre during the season 1960-61 was no more than 14.83 tons. Although this is a little higher than the figure of 13.33 tons for 1950-51, it is much below the yield obtained in other countries—75 tons in Hawaii, 56 tons in Jawa, 41 tons in Peru, 28 tons in Puerto Rico and 21 tons in the U.S. This low average is largely on account of the poor conditions of cane economy in the major parts of U.P. and Bihar. How these two States compare with States like Maharashtra, Andhra Pradesh, Madras and Mysore in terms of both per-acre yield and recovery per cent is indicated in Table B. The high yield and recovery in Maharashtra State must be attributed greatly to the enormous sums of money and effort put in by the joint-stock sugar mills owning their own cane farms. With the enforcement of ceiling legislation, cane development work will definitely receive a distinct setback.

Vast Scope for Development

A rational cane price policy and a more vigorous scheme of intensive cultivation will undoubtedly result in a much larger output of cane even on a slightly smaller acreage. That there is vast scope for much development will be evident from the high yields obtained in some areas. The all-India sugarcane competition held this year revealed that a per-acre yield of as much as 128.27 tons was obtained in South India and 86.81 tons in the Northern region.

Viewed thus, the Sugarcane Committee did well to emphasise that, while attempts should continue to evolve better varieties of cane and to control pests and diseases, it must also be ensured that the results of research are properly propagated among the cultivators who should be provided the necessary wherewithal to implement the scheme. The Committee took two important decisions: (*a*) to implement schemes such as those designed to check waterlogging through proper drainage, undertake package operations, ensure larger use of pest-free seeds and control of fungi and (*b*) to set up a Standing Committee for scrutinising cane development schemes and progress thereof. Further, it suggested the establishment of cane development councils in every State and appointment of special advisers to look after the development programmes in States.

In any scheme of sugarcane development, attention needs to be focussed particularly on the evolution of those varieties of cane which give good recovery of sugar in both early crushing and late season crushing periods. This aspect was highlighted by Bihar's Chief Minister, Mr. Binodnand Jha, while inaugurating the annual meeting of the Pusa Sugarcane Institute. It is gratifying to hear that the Institute has already taken steps in this direction.

TABLE A: *Sugarcane Under Five-Year Plans*

Year	Area (000 Acres)	Production (Million tons)	Yield per acre (Tons)	Recovery (Per cent.)
1950-51	4,214	56.16	13.33	10.03
First Plan :				
1951-52	4,792	60.68	12.67	9.57
1952-53	4,376	52.60	12.02	9.98
1953-54	3,498	43.67	12.54	10.08
1954-55	3,994	56.92	14.25	9.92
1955-56	4,564	59.32	12.98	9.83
Second Plan :				
1956-57	5,057	66.99	13.24	9.73
1957-58	5,080	68.02	13.39	10.01
1958-59	4,836	70.92	14.66	9.84
1959-60	5,220	75.20	14.41	9.91
1960-61	5,734	85.06	14.83	9.74
Third Plan target ..	..	..	..	..

TABLE B: *Sugarcane in Different States*

	Yield per acre (Tons)		Recovery (Per cent.)	
	1960-61	1948-49	1960-61	1950-51
Maharashtra	28.53	31.90*	11.65	11.62
Uttar Pradesh ..	11.85	11.70	9.53	9.81
Bihar	15.17	9.80	9.22	10.26
Andhra Pradesh ..	28.62	25.00	9.47	9.66†
Madras	26.12	25.00	9.00	9.36
Mysore	25.32	18.20	10.13	11.36
Madhya Pradesh ..	10.53	N.A.	8.98	9.28
Orissa	11.70	20.90	9.12	9.75
West Bengal	20.45	16.10	9.65	11.23
Rajasthan	9.61	N.A.	9.19	8.11
Punjab	15.10	12.9	8.92	9.77

* Figure for former Bombay State.
† Relates to 1952-53. N.A.—Not available.

I.S.M.A. ON COAL SUPPLY

A note of warning that the reduction in the monthly coal and coke quota for sugar industry from 691 wagons to 365 wagons during 1962-63 will create a serious situation, leading to dislocation in the mills' uninterrupted working, has been administered by the Indian Sugar Mills Association in a memorandum submitted to the Union Government. The cut, it is stated, is absolutely unjustified, especially when the quota for the industry had already been reduced to the bare minimum and fixed on the basis of actual despatches in the 1960-61 season. According to the Association, twelve new factories are expected to go into production in the current year and some more units next year. For meeting the demands of these units, additional quotas of coal will be required. While, in the circumstances, there is a good case for increasing coal supply, the reduction in quota, the Association says, will only result in completely paralysing the working of factories in the ensuing season. Describing the decision as "discriminatory and unfair," the Association has urged the Government to restore the coal quota to sugar industry.

The U.P. Legislature has passed two important sugarcane bills, one pertaining to purchase tax and the other to regulation of supply and purchase. The Sugarcane (Purchase Tax) Amendment Bill seeks to enable the State Government to grant remission of tax to mills on the cane purchased for crushing even within a radius of ten miles from a factory with a view to saving the excess cane from wastage. It also extends the period for the renewal of licence granted to a *gur, rab* or *khandsari* manufacturing unit till November next. The Sugarcane (Regulation of Supply and Purchase) Amendment Bill seeks to raise the existing strength of the Joint Sugarcane Board for U.P. and Bihar from 24 to 25, as well as to authorise the District Magistrate to nominate an officer to serve as a member on any cane development council falling within his jurisdiction.

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THE FIRST NATIONAL CITY BANK OF NEW YORK

(INCORPORATED WITH LIMITED LIABILITY IN THE U.S.A.)

BALANCE SHEET OF INDIAN BRANCHES AS AT CLOSE OF BUSINESS, DECEMBER 29, 1961

Previous Year Rs. nP	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
20,32,575.00	1. **Capital** 3½% 1962 Government of India Bonds face value Rs. 20,25,000—market value as of date Rs. 20,22,975	20,22,975.00	
Nil	2. **Reserve Fund and Other Reserves**		Nil
6,74,45,180.51	3. **Deposits and Other Accounts**— Fixed Deposits	15,81,60,371.53	
30,23,551.24	Savings Bank Deposits	32,79,476.91	
14,50,33,852.02	Current Accounts, Contingency Accounts, etc. ..	10,59,97,703.49	
21,55,04,563.77			26,74,37,551.93
Nil	4. **Borrowings from Other Banking Companies, Agents, etc.**— (i) In India	682.84	
1,80,005.85	(ii) Outside India	Nil	682.84
1,80,005.85	PARTICULARS—		
Nil	(i) Secured	Nil	
1,80,005.85	(ii) Unsecured	682.84	
1,80,005.85			
11,93,679.71	5. **Bills Payable**		4,88,620.88
1,00,93,054.89	6. **Bills for Collection Being Bills Receivable as per contra**— (i) Payable in India	86,61,436.48	
15,15,001.32	(ii) Payable outside India	29,04,930.54	
1,16,08,056.21			1,15,66,367.02
30,774.00	7. **Other Liabilities**— (i) Development Rebate Reserve	29,555.00	
43,637.57	(ii) Unexpired Discount	75,859.85	
3,59,648.63	(iii) Reserve for Interest Payable	3,58,520.59	
15,35,739.13	(iv) Reserve for Taxes	22,44,451.26	
27,260.63	(v) Reserve for Expenses	21,362.88	
19,26,100.36	(vi) Sundry Accounts	5,76,769.18	
39,23,160.32			33,06,489.76
94,300.75	8. **Acceptances, Endorsements and Other Obligations** per contra		Nil
50,01,223.68	9. **Profit and Loss**— Profit for the year ended December 23, 1961 brought from the Profit and Loss Account (includes Rs. 15,901.09 profit for the period December 24, 1960 to December 30, 1960, shown in the last Balance Sheet)	72,55,368.00	
31,58,655.09	LESS— Rs. nP Reserve for Taxes .. 45,72,352.16		
18,42,568.59	Amount remitted to Head Office 26,83,016.84		
50,01,223.68		72,55,368.00	
Nil		Nil	
15,901.09	ADD—Profit for the period from December 24, 1961 to December 29, 1961	22,037.35	
15,901.09			22,037.35
(3,47,03,140.00)	10. **Contingent Liabilities**— (i) Outstanding Credits Unused	2,77,57,908.00	
(2,15,16,893.30)	(ii) Outstanding Forward Exchange Contracts	4,41,62,177.98	
(67,521.34)	(iii) Bills of Exchange Re-discounted ..	1,15,748.58	
(Nil)	(iv) Collection Documents released on our responsibility	Nil	
(29,800.00)	(v) Claims against the Bank not acknowledged as debts	29,800.00	
23,25,19,667.70	Total .. Rs.	28,28,21,749.78	

Previous Year Rs. nP	PROPERTY AND ASSETS	Rs. nP	Rs. nP
1,62,97,904.15	1. **Cash**— In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)		65,39,902.45
7,75,185.35	2. **Balances with Other Banks** (in Current Account)— (i) In India	12,17,457.43	
2,42,379.17	(ii) Outside India	5,45,054.36	
10,17,564.52			17,62,511.79
5,40,00,000.00	3. **Money at Call and Short Notice**		7,07,00,000.00
4,27,01,489.30	4. **Investments** at book value— (i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments	5,60,28,764.95	
Nil	(ii) Shares	Nil	
Nil	(iii) Debentures or Bonds	Nil	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold		5,60,28,764.95
4,27,01,489.30			
9,93,49,902.53	5. **Advances** (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)— (I) Loans, Cash Credits, Overdrafts, etc.— Rs. nP (i) In India .. 12,20,75,422.32		
Nil	(ii) Outside India .. Nil		
9,93,49,902.53		12,20,75,422.32	
9,30,663.84	(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)— (i) Payable in India.. 9,10,769.74		
18,28,754.58	(ii) Payable outside India 32,90,622.63		
27,59,418.42		42,01,392.37	
10,21,09,320.95			12,62,76,814.69
4,03,62,355.53	PARTICULARS OF ADVANCES— (i) Debts considered good in respect of which the banking company is fully secured ..	5,28,83,001.91	
3,98,65,224.95	(ii) Debts considered good for which the banking company holds no other security than the debtor's personal security ..	3,33,02,628.71	
2,17,14,983.55	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	3,99,24,427.15	
1,66,756.92	(iv) Debts considered doubtful or bad, not provided for	1,66,756.92	
10,21,09,320.95		12,62,76,814.69	
730.00	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons	Nil	
3,130.00	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	Nil	
Nil	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..	Nil	
Nil	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members ..	Nil	
Nil	(ix) Due from banking companies	Nil	
1,00,93,054.89	6. **Bills Receivable Being Bills for Collection** as per contra— (i) Payable in India	86,61,436.48	
15,15,001.32	(ii) Payable outside India	29,04,930.54	
1,16,08,056.21			1,15,66,367.02
94,300.75	7. **Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra ..		Nil
Nil	8. **Premises Less Depreciation**		Nil
7,92,793.26	9. **Furniture and Fixtures**— Rs. nP At Cost as of December 30, 1960 .. 8,08,092.58		
31,271.57	Additions during the year .. 17,648.31		
8,24,064.83	8,25,740.89		
15,972.25	LESS—Deductions during the year. 17,524.02		
8,08,092.58		8,08,216.87	
3,83,018.94	LESS—Depreciation written off upto December 23, 1961	4,21,491.13	
4,25,073.64			3,86,725.74
26,522.89	10. **Other Assets**— (i) Accounts Receivable	21,113.28	
4,79,425.86	(ii) Interest Earned Not Collected	4,16,880.60	
3,160.00	(iii) Clearing and Cash Items	Nil	
3,059.05	(iv) Revenue Stamps	2,858.58	
31,745.40	(v) Prepaid Expenses	83,569.76	
37,22,044.98	(vi) Due from H. O. and Branches	90,36,240.92	
42,65,958.18			95,60,663.14
Nil	11. **Non-Banking Assets Acquired in Satisfaction of Claims**		Nil
Nil	12. **Profit and Loss**		Nil
23,25,19,667.70	Total .. Rs.	28,28,21,749.78	

I, C. A. Dunham, having been appointed by the Comptroller of the Currency, and, therefore, being qualified under the Federal Reserve Act of the United States of America to examine and audit National Banks and their foreign branches, hereby certify that I have verified the attached statements to my satisfaction.

(Sd.) C. A. DUNHAM,
National Bank Examiner.

March 21, 1962.

K. S. KARANT, Accountant.

R. E. GRANT, Manager.

PROFIT AND LOSS ACCOUNT OF THE INDIAN BRANCHES FOR THE YEAR ENDED DECEMBER 23, 1961

Previous Year Rs. nP	EXPENDITURE	Rs. nP	Rs. nP
33,07,123.50	1. Interest paid on Deposits, Borrowings, etc.	40,55,256.75	
	2. Salaries and Allowances and Provident Fund (including Salaries and Allowances to Chief Executive Officer in India Rs. 95,120.26) (Previous year Rs. 93,205.73)	21,41,901.01	
20,58,470.11	3. Directors' and Local Committee Members' Fees and Allowances ..	Nil	
Nil	4. Rent, Taxes, Insurance, Lighting, etc.	1,85,274.72	
1,83,059.70	5. Law Charges	21,584.33	
9,571.00	6. Postage, Telegrams and Stamps	78,351.47	
77,850.12	7. Auditors' Fees	Nil	
Nil	8. Depreciation on and Repairs to the Banking Company's Property ..	94,625.19	
1,01,854.67	9. Stationery, Printing, Advertisement, etc.	1,06,138.96	
95,928.66	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
Nil	11. Other Expenditure	10,38,929.90	
6,78,074.37	12. Balance of Profit	72,55,368.00	
50,01,223.68	Total .. Rs.	1,49,77,430.33	

Previous Year Rs. nP	INCOME (Less Provision made during the year for Bad and Doubtful Debts and other Usual or Necessary Provisions)	Rs. nP
94,99,006.02	1. Interest and Discount	1,24,38,835.09
19,90,925.81	2. Commission, Exchange and Brokerage	19,01,244.14
Nil	3. Rents	Nil
	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	859.92
202.00	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
Nil	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil
22,821.98	7. Other Receipts	636,491.18
Nil	8. Loss	Nil
1,16,12,955.81	Total .. Rs.	1,49,77,430.33

PRICES, WAGES AND COMPETITIVE CAPACITY

SOME INTERESTING ASPECTS OF U.S. DILEMMA

PRESIDENT Kennedy's angry reaction, strongly objecting to the decision of the U.S. steel companies to raise the price of steel by an average of six dollars per ton, has forced the companies to revoke their decision. It had been estimated that the increase, had it become effective, would have raised the U.S. defence cost alone by $1,000 million, not to speak of the general rise in the price of the products of steel-based industries. Since steel is the pace-setter in the U.S. economy, all prices would have generally increased. In fact, it was the fear that the rise in steel prices would give a new impetus to the inflationary spiral and negative the real gains made by the American economy during the past four years, when price levels were held comparatively stable, that provoked the President to condemn the steel companies in the strongest terms and to initiate immediately legal measures to counter the move under the anti-trust legislation. His own reading of the consequences of the rise in steel price was that it would (1) increase the cost of industrial as well as consumer goods, (2) add to the defence costs, (3) handicap the Government's efforts to induce other industries and labour unions to adopt responsible price and wage policies, (4) undermine the efforts to prevent an inflationary spiral, (5) make it more difficult for the U.S. to compete in world markets and to withstand foreign competition in U.S. markets, and (6) cumulatively contribute to the worsening of the balance of payments position.

Effects on Developing Countries

Any increase in the price of steel would have also reduced the real value of U.S. aid to India and underdeveloped countries both directly and indirectly. The rise in prices of U.S. steel, and plant and machinery would have meant a fall in the volume of goods that could be bought with the dollars given as aid, especially under tied credits. That would be the direct effect. The indirect effect would be a possible increase in the prices of steel and steel-based goods in other parts of the world also. Another indirect effect would be a further worsening of the terms of trade between the industrial and primary producing countries which have consistently been adverse to the latter for several years now.

It was the anxiety of the U.S. administration to hold the price line that induced it to use its good offices to settle the demand of steel workers for higher wages without conceding any significant rise. On 28th March 1962, it will be recalled, the steel wage negotiators reached a tentative agreement on a two-year contract which would leave the wage rates unchanged for the first year, though subject to reopening for the second year. Employers offered fringe benefits at a calculated cost equivalent to 10 cents an hour, raising the cost of labour approximately 2.5 per cent. Commenting on this understanding, the *Monthly Letter* of the First National City Bank of New York for April 1962 says:

"Settlement on these terms will contribute stability not only to steel employment but to the economy as a whole. It sets an example of moderation which, if pursued by industry generally and supported by sound fiscal policies, will make an indispensable contribution to the correction of our worrisome balance of payments deficit and keep inflation in check."

Ill-timed Move

In this context, the action of steel companies, however much justified by their financial position and the need for funds for re-equipment, modernisation and so on, was highly and shockingly tactless, reflecting a nineteenth century *laissez faire* mentality. That the bosses of U.S. steel companies could be so very undiplomatic and had utterly failed to realise the adverse public opinion their decision would provoke is surprising. Their sense of honesty and fair-mindedness has doubtless suffered an irreparable damage, especially as they had given no inkling whatever during the negotiations with the workers of their desire, let alone the move, to increase the prices of steel. No wonder President Kennedy gave full vent to his wrath and boldly set in motion whatever power he had to defeat the decision of the steel managements. That the latter quickly capitulated to their President, however, reflects their wisdom, albeit belated, not to measure their strength against the Administration. The whole episode suggests that, even in a free enterprise system of the U.S. type, a basic industry like steel has to follow policies that will be in tune with the larger national objectives, even if it involves a certain amount of restraint on its profit-margin.

All this does not mean that the steel companies had no convincing case. There is doubtless a basic relationship between prices, costs and competitive capacity. The reason given by the steel companies for their decision was that they had to raise money for modernisation of the industry. If the additional profits resulting from higher prices were ploughed back in the industry, they argued, the inflationary impact of such a policy would be far less than that of a rise in price to meet the increased cost of wages or of raw materials, the usual grounds for raising prices. But it is the wrong timing of their decision to raise the prices of steel that has denied them the support of the public, as well as of the Government.

Wage Costs Compared

Be that as it may, while wages alone do not determine costs or prices or competitiveness, they have a decisive influence on competitive capacity. In fact, American businessmen are

Rise in Hourly Wages in U.S. and Abroad in Local Currencies
Annual rates of increase (Compounded)

	1946-51	1951-56	1956-61
	%	%	%
U.S.	7.6	4.6	3.5
Canada	10.8	5.4	3.8
Switzerland	3.8	2.6	4.1
Italy	11.4	4.8	4.5
U.K.	6.9	7.1	5.9
Japan	N.A.	8.1	5.9
Sweden	10.3	8.7	6.4
France	28.2	7.9	8.3
Germany	10.0	5.6	8.8

said to be wondering whether, in view of the rapid rise in productivity in countries that compete with the U.S. in foreign markets, and their expanding market, which enable them to avail of the economies of mass production that was so long an American monopoly, the U.S. would be able to continue to compete successfully, especially because American wages are presently very much higher than wages in other countries—seven times higher than in Japan, and six times higher than in Italy, for example. A comparison of employment costs in the U.S. and abroad, published in the aforesaid *Monthly Letter* of the First National City Bank of New York, throws some revealing light on the relative level of wages and costs in the U.S. and its competitors. This article provides a useful background to the U.S. Administration's determination to see that there was no further substantial increases in U.S. steel workers' wages. According to the authors of the *Monthly Letter*, although wages are not the whole story, they are a logical starting point for an examination of employment costs. It is risky, in their opinion, to draw conclusions about living standards from an international comparison of wages, because there are radical differences in the ways people live and spend their money. This limitation, however, does not apply to a comparison of wages as a part of the cost of production. The accompanying table, taken from the *Monthly Letter*, gives the rise in hourly wages in the U.S. and abroad during the period 1946-61.

As the table indicates, wages in each of the countries included in the study have been advancing more rapidly over the past five years than those in the U.S. Thus, while the hourly earnings of workers increased by an average of 3½ per cent a year in the U.S. from 1956 to 1961, in the six major Western European countries and Japan the annual rates of increase ranged from 4 to 9 per cent. But, surely, this cannot be of much comfort to the U.S. manufacturers. For, though the recent increase in wages in the U.S. has been slower than during the first post-war decade, its competitive disadvantage remains, and, according to the *Monthly Letter*, will remain for a long time to come.

Wage Rises in W. Europe

It will be noted from the table that the rates of increases over the 1946-51 period were unsustainable for Italy, the U.K., Sweden, France, and Germany. Against the background of the destruction and dislocation caused by the war, these countries found it necessary in 1949 to devalue their currencies. The French franc was further devalued in 1957 and 1958, but, since then, France has been able to maintain exchange stability. Germany has made such rapid strides in productivity over the period 1956-61 as not only to absorb an 8.8 per cent annual rate of increase in wages but also to upvalue the D. Mark by 5 per cent. It should also be noted that none of the wage increases have been sustainable in the sense of being consistent with internal price stability. People in all these countries have suffered some continuing erosion in the purchasing power of their money.

A comparison of the movement of wages in five European countries, namely, the U.K., France, Germany, Italy and Sweden and Japan with that in the U.S. indicates that, except for France, which was affected by devaluations, the broad picture is one of a slow narrowing of the gap in wage costs between these countries and the U.S. Relatively, the most rapid increases have been in Sweden and Germany. In 1961, wages in Germany rose by 11 per cent in terms of D. Marks and, because of the five per cent up-valuation of the mark, 15 per cent in U.S. dollar equivalent.

This is the picture based on direct wages. But one has to view it from the total cost of wages, including the fringe benefits. Studying the position from this angle, the *Monthly Letter* says that differences in total labour costs are often less than what wage comparisons might indicate. For fringe benefits and social security charges abroad add 25, 50, 75 or even 100 per cent to basic wage costs, as compared with about 20 per cent in the U.S. Recent studies by the Statistical Office of the European Economic Community have thrown further light on the extent of fringe benefits in Europe. In Italy, social charges account for nearly half the total cost in the industries studied. In Germany, Belgium and the Netherlands, the proportion is close to one-third. Fringe benefits have tended

to build up layer upon layer over the years and they are still growing. The amount which shows up as direct cost to the employer varies. In France and Italy, most of the burden is borne by the employer, in Britain and Scandinavia the costs are shared through workers' contributions and general taxation.

Determinants of Cost

Competitiveness, as mentioned earlier, does not solely depend on the cost of labour as such. The quality of labour is critically important as is freedom from labour disputes and work stoppages. Cost of raw materials, investment in plant and equipment, efficiency of management, taxes and freedom from bureaucratic red-tape are all important in determining final unit costs. The *Monthly Letter* quotes the findings of a recent study by the National Industrial Relations Board to give an idea of the comparative costs of employment in the U.S. and in competing countries. According to the study, American manufacturers with branches or subsidiaries abroad reported that labour costs abroad were lower than in the U.S. in over two-thirds of the operations surveyed. Yet 58 per cent reported that total unit costs in foreign locations were the same as or higher than in the U.S. Material and other costs more than offset the advantage of cheaper labour in many instances. In the U.K. and Common Market countries, however, total unit costs were said to be generally lower than in the U.S.

A comparison of employment cost means little, unless account is taken of productivity. Until recently, the U.S. had a wide margin of advantage in this respect. Its high wage level was offset by efficiency of production, supported by capital investments ranging from $10,000 to as much as $60,000 per man. This enabled the U.S. to compete throughout the world. In recent years, however, there has been a swift change in the position, as other countries have been able to catch up with the U.S. Thus, while West Europe and Japan have been forging ahead in productivity, the U.S. productivity has slowed down. The President's Council of Economic Advisers, for instance, has estimated that output per man-hour in the private non-farm economy in the U.S., which increased by 2.7 per cent per year in the early post-war period 1947-54, has since been advancing by only 2.2 per cent per annum. Although the rate of increase in wages has also been slower, as shown in the table on page 718, wage increases still exceed productivity gains. In short, unit labour costs continue to rise. Under the influence of foreign competition, prices have not risen proportionately, so that profit-margins have been squeezed, which, in turn, has retarded the pace of new investment. This conclusion supports the contention of steel producers that they need more profit in order to plough back and finance the productivity of their workers.

Productivity

Productivity has gone ahead faster in many leading industrialised countries other than the U.S. The Council of Economic Advisers has presented a comparison based on a somewhat cruder measure of productivity, namely, real gross national product per man-year. This measure gives a 2.2 per cent annual growth rate for the U.S. during the fifties. In contrast, Japan showed an increase of 6.1 per cent per year, Germany and Italy 4½ per cent, Sweden, Norway, the Netherlands and France between 2.8 and 3.6 per cent, while Canada, Denmark and the U.K. lagged behind the U.S. Commenting on these growth rates, the *Monthly Letter* concludes as follows:

"In many industries in Europe and Japan, replacement of war-damaged facilities, plus the rapid expansion of capacity, has resulted in a larger proportion of new and more efficient machinery and equipment. This raises a question as to the sustainability of the faster pace of advance in productivity. At the same time prosperity is tending to uptilt the curves of wage advances in the European Economic Community. Governments with swollen reserves, growing out of balance-of-payments surpluses, have not strongly opposed some degree of increase in their price levels. But we should not take comfort in the thought that our problems will be resolved by unsound fiscal and wage policies elsewhere in the free world. Tolerance of inflation breeds distrust in Government and constriction of loanable funds. Nations that make inflation a way of life can progress only with the help and by the sufferance of countries that protect their supplies of capital for investment by resisting inflationary pressures.

"We have no real alternative to keeping the lid on our wages and prices, meanwhile taking every measure, consistent with financial stability, to induce added investment for progress. The greatest need is to recognise that employment and progress, under our form of enterprise system, depend on profits and that wage restraint is the only way to protect profits, the purchasing power of our money, and the gold reserve, all at the same time."

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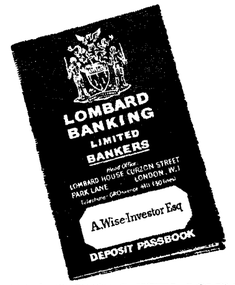

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HINDUSTHAN MERCANTILE BANK LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS, HINDUSTHAN MERCANTILE BANK LTD.

The Directors have pleasure in submitting to you the Audited Accounts of the Bank for the year ended 31st December, 1961, together with the Auditors' Report thereon.

The gross earning of the Bank during the period under review after making appropriations in respect of some irrecoverable accounts aggregating Rs. 62,748.51 nP amounted to Rs. 13,02,995.25 nP and after providing for expenses the net profit for the year comes to .. .. .. Rs. 1,68,130.74 nP

to this has to be added the amount brought forward from the previous year .. .. Rs. 3,758.16 nP

Total .. Rs. 1,71,888.90 nP

which the Directors have disposed of as follows :—

(1)	Transferred to Reserve Fund .. .. Rs.	35,000.00 nP
(2)	Towards Income-tax for 1961 .. .. Rs.	1,08,000.00 nP
(3)	Balance carried forward .. .. Rs.	28,888.90 nP
	Total .. Rs.	1,71,888.90 nP

The business of the Bank during the year 1961 and the results achieved are considered to be satisfactory.

During the period under report Sri Hariram Bubna tendered his resignation from the Board. While relieving him the Directors desire to place on record their appreciation of the sincere and valuable services rendered by him to the Bank.

In terms of provisions of Clauses 90 and 91 of the Articles of Association (1) Sri Bhagirath Kanoria, (2) Sri Promode Ranjan Sarker and (3) Sri Harilal Mehta, the Directors of the Bank, retire by rotation, but being eligible offer themselves for re-election.

During the year our branch at Bikaner which was proving to be an uneconomic unit was closed.

The Directors express their gratitude to the Bank's constituents, Shareholders and members of the Local Advisory Committee for their continued support, co-operation, able help and guidance towards the Bank's development.

The Directors also place on record their appreciation of the services rendered by the Officers and other members of the staff at Head Office and Branches.

The Shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration.

By Order of the Board,
M. L. JALAN,
Chairman.

CALCUTTA, *20th March*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

Figures as at 31-12-1960 Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
	AUTHORISED CAPITAL—		
2,00,00,000	2,00,000 Shares of Rs. 100 each		2,00,00,000.00
	ISSUED AND SUBSCRIBED CAPITAL—		
1,00,00,000	1,00,000 Shares of Rs. 100 each		1,00,00,000.00
	AMOUNT CALLED AND PAID-UP—		
50,00,000	1,00,000 Shares at Rs. 50 per Share		50,00,000.00
2,50,000	**2. Reserve Fund and Other Reserves**		2,85,000.00
	3. Deposits and Other Accounts—		
	Fixed Deposits (including Staff Security Deposits,	56,95,977.90	
37,74,688	Short Term Deposits and Cash Certificates) ..	13,32,696.67	
12,22,178	Savings Bank Deposits	1,13,54,059.24	
1,39,15,206	Current Accounts, Contingency Accounts, etc. ..		
1,89,12,072			1,83,82,733.81
	4. Borrowings from Other Banking Companies, Agents, etc.—		
	(i) In India—		
	(a) Secured by part of Investments as per contra	1,00,000.00	
59,524	(b) Unsecured	Nil	
Nil	(ii) Outside India	Nil	
Nil			1,00,000.00
77,859	**5. Bills Payable**		1,60,203.59
	6. Bills for Collection Being Bills Receivable as per contra—		
20,82,040	(i) Payable in India	22,36,577.52	
Nil	(ii) Payable outside India	Nil	
			22,36,577.52
1,32,646	**7. Other Liabilities—** Branch Adjustments		1,87,741.87
47,956	**8. Acceptances, Endorsements and Other Obligations per contra**		4,446.67
	9. Profit and Loss—		
	Balance : Profit as per last Balance Sheet	3,758.16	
5,519	ADD—Profit for the year brought from the Profit	1,68,130.74	
68,239	and Loss Account (subject to Taxation)		
73,758		1,71,888.90	
	LESS—Appropriations— Rs. nP		
20,000	(a) Reserve under Section 17 of the Banking Companies Act .. 35,000.00		
50,000	(b) Towards Income-tax 1,08,000.00		
		1,43,000.00	
3,758		28,888.90	
	Note :—Out of estimated total liabilities of Rs. 1,33,621.		
	10. Contingent Liabilities—		
	(i) Claims against the Banking Company not acknowledged as debts	1,83,875.58	
1,83,876	(ii) In respect of Guarantees issued (against part of which Bank's Investments of the Face Value of	3,65,484.59	
2,13,884	Rs. 1,11,000 are deposited)		
625	(iii) In respect of partly paid-up shares held in Investment Account	Nil	
	(iv) Provision for gratuity to staff has not been made—the liability for which has not been ascertained.		
2,65,65,855	Total .. Rs.		2,63,85,592.36

Figures as at 31-12-1960 Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
26,37,633	In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)		29,44,903.39
	2. Balances with Other Banks—		
1,77,503	(i) In India— On Current Account	1,63,755.72	
Nil	On Deposit Account	Nil	
Nil	(ii) Outside India	Nil	
			1,63,755.72
8,00,000	**3. Money at Call and Short Notice**		Nil
	4. Investments (at cost)—		
	(i) Securities of the Central and State Governments and other Trustees Securities, including Treasury		
65,76,502	Bills of the Central and State Governments .. (Face Value .. Rs. 62,02,700.00	60,56,406.40	
	Market Value .. Rs. 59,59,466.24)		
	(ii) Shares— Rs. nP		
6,873	Fully paid-up Preference Shares .. 6,872.50		
2,26,198	Fully paid-up Ordinary Shares .. 2,49,722.10		
625	Partly paid-up Ordinary Shares .. Nil		
	Market Value Book Value		
	Rs. nP Rs. nP		
	Quoted 2,37,016.50 2,56,501.35		
	Unquoted 93.25		
	2,37,016.50 2,56,594.60	2,56,594.60	
Nil	(iii) Debentures or Bonds	Nil	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
	(Total Market Value Rs. 61,96,482.74)		
68,10,198			63,13,001.99
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	I. Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
1,33,69,983	(i) In India 1,38,35,686.52		
Nil	(ii) Outside India .. Nil	1,38,35,686.52	
	II. Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
1,57,051	(i) Payable in India 3,39,038.35		
Nil	(ii) Payable outside India .. Nil	3,39,038.35	
1,35,27,034			1,41,74,724.87
	PARTICULARS OF ADVANCES—		
	(i) Debts considered good in respect of which the banking company is fully secured	1,21,29,824.93	
1,12,64,734	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	5,52,904.08	
8,59,218	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	14,91,995.91	
13,13,693	(iv) Debts considered doubtful or bad not provided for	Nil	
89,389		1,41,74,724.87	
1,35,27,034			
3,010	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons ..	Nil	
Nil	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	Nil	
3,011	(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other person ..	4,368.96	
	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	Nil	
6,78,258	(ix) Due from banking companies	2,350.02	
6,578			
	6. Bills Receivable Being Bills for Collection as per contra—		
20,82,040	(i) Payable in India	22,36,577.52	
Nil	(ii) Payable outside India	Nil	
			22,36,577.52
47,956	**7. Constituents' Liabilities for Acceptance, Endorsements and Other Obligations** per contra		4,446.67
Nil	**8. Premises Less Depreciation**		Nil
	9. Furniture and Fixtures Less Depreciation (including Vehicles)—		
3,39,540	Cost less deductions as per last Balance Sheet ..	3,40,139.37	
1,203	Additions during the year	17,911.47	
3,40,743		3,58,050.84	
604	LESS—Deductions during the year	8,205.88	
3,40,139		3,49,844.96	
2,39,114	LESS—Depreciation written off to date	2,47,165.65	
1,01,025			1,02,679.31
	10. Other Assets, including Silver—		
88,175	Interest accrued and outstanding on Investments, etc.	91,187.21	
2,18,079	Income-tax deducted at source	2,84,075.21	
66,052	Stationery and Stamps	61,064.33	
969	Library (at cost less Depreciation)	586.13	
3,73,875			4,36,912.88
8,591	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		8,591.00
Nil	**12. Profit and Loss**		Nil
2,65,65,855	Total .. Rs.		2,63,85,592.36

(Continued on next page)

COTTON TEXTILE INDUSTRY ANXIOUS ABOUT ITS FUTURE

RE-EQUIPMENT PROGRAMME HELD UP

From Our Special Correspondent

MANCHESTER, *10th April*

MANCHESTER LETTER

OLD stagers whose memory of Lancashire trade in textiles goes back to the legendary days before the First World War could be forgiven for staring aghast at a sentence in the current annual report of the British Spinners' and Doublers' Association which reads: "The state of trade in the U.K. cotton industry is dominated by the import situation." Yet this is literally true and, more to the point, is likely to remain so unless aid in the shape of Government support is quickly made available. The fact that all sections of the trade—not only spinners and weavers but merchants, finishers and the trade unions as well—are jointly seeking a top level approach to the Government is sufficient proof that the trade is unanimous in its belief that only in this way can some solution be found to the present impasse. Individuals may argue that protectionism is a defeatist policy, but safeguards are certainly required, if another huge slice is not to be lopped off the trade by economic adversity within the next few years.

All this and much more is made abundantly clear in the annual report of the newly-amalgamated trade organisation, the British Spinners' and Doublers' Association. On the credit side, the Government has assisted in establishing certain quotas and even an inter-industry agreement with at least one country outside the Commonwealth. Apparently, the Geneva pact will also receive support.

The debit sector includes additional supplementary quotas for Asian Commonwealth producers, the extent of supplies still arriving from Spain and Formosa and the fact that Western European yarn and cloth has lately been coming in at very low prices, suggesting that much of it is the surplus available from third shift working sold at below cost. "It will be seen that some of these credits are merely the obverse of the debits and it is a question of degree as to whether the balance is moving in Lancashire's favour," comments the report. "The Government must realise that what Lancashire needs more than anything else is a stable base on which to plan its re-equipment and reorganisation of machinery and labour."

Counter-dumping Measures

Hopes that moves to discourage dumping will receive more attention in the future are expressed in the report, which refers to the considerable criticism levelled against the inadequacy of the Customs Duties Act in dealing with dumping and subsidies, and the slowness with which it operates. Earlier this year, representatives of the trade associations in the industry met Board of Trade officials to discuss this thorny problem.

As a result of the talks, according to the report, it is believed that any future application to the Board of Trade under the Act will be dealt with more expeditiously. The British Spinners' and Doublers' Association declares its intention of taking every opportunity of invoking the Act where cases of unfair trading are reported and can be established. Unfortunately, the authorities are not ready to accept representations that the terms of the Act should be extended to allow for action where either a direct or indirect subsidy results from the manipulation of the price of raw materials produced in the exporting country and offered at low prices to the domestic producers there.

Declining Spindleage

After the redundancy scheme and the scrapping of 12,440,000 mule equivalent spindles, the spinning industry was left with 12,900,000 spindles. As is well known, further scrapping and closures of mills have since taken place, while re-equipment plans have been implemented. The latest official figure of machinery in the industry is 12,650,000 mule equivalent spindles. In doubling, 571,000 spindles were scrapped and 1,525,000 left. The present spindleage, says the report, owing to further scrapping or closures, is now 1,357,000.

Nearly 20,000 claims for compensation for employees declared redundant as a result of the scrapping programme were received in the spinning section and 1,400 in the doubling branch. Only 7 per cent were rejected as not meeting the requirements of the agreement and the majority of borderline cases were settled by discussion between the Association and the unions. Only 34 cases went to the Appeals Board for adjudication, of which 16 were unsettled at the end of January.

Figures given by the Association indicating the response to the modernisation scheme are described as "very disappointing indeed." They show that, by mid-February, 325 applications had been submitted for the re-equipment grant in spinning and doubling, covering the installation of machinery and plant valued at £19,750,000. The report points out that these are applications for approval in principle and not applications involving actual expenditure, as some of them may not necessarily be taken up. "The whole progress of re-equipment has been held up by anxiety as to the future of the industry," the Association repeats.

Lower Profits

News from the general industrial front of the country has been disappointing for some time past and many trades have been beset by labour troubles and the keener competition which is being widely experienced. As a result, there will be no particular surprise about the comparative profitability returns published by the *Financial Times* for the first quarter of the current year. Out of over 400 industrial companies issuing returns over this period, profits were reduced by 2 per cent as compared with 1961, while earnings fell by over 10½ per cent. Within the various categories cotton textiles apparently provided the worst record, the profits announced declining by nearly 9½ per cent as compared with the year previously. Again, this will come as no unexpected shock to those who are closely concerned with the industry, in view of the severe trials which are at present being faced and which have persisted for well over 12 months.

Without intending to stress unduly the seemingly insoluble problems which crop up in the cotton trade, the tendency in recent years certainly seems to have been either all to the good or a case of everything going wrong at the same time. Unfortunately, the adverse periods of trade have generally lasted longer than those when comparative prosperity was at hand. Uncertainty, always the bug-bear of any industry, was responsible for keeping business very narrow for at least a couple of years before the reorganisation scheme was launched. Then the price regulation pacts were under review and the inter-industry agreements were being negotiated with Eastern Commonwealth countries. The short-lived era of intense activity, which accompanied the scrapping programme in the producing sections, swung the pendulum violently the other way, but already the trade is suffering intensely from the excesses of that overbuying period.

Everything points to lower profits being earned during the current year, owing to the dual pressure of narrowing margins and fewer actual contracts. A period of extensive short-time in the mills is scarcely the moment to anticipate favourable financial results and there will have to be a pronounced change in the outlook before a silver lining is discernible in the overhanging clouds which are darkening the industry's outlook.

Raw Cotton Situation

It is not unusual for the trade to find itself in a position where everybody seems to be waiting for everyone else to take action; in consequence, something approaching stalemate ensues. This has certainly been the case among raw cotton operators both at home and abroad during the past two or three months, marketing being at a low ebb while the trade awaited news of the latest policy to be adopted by the United States Government as regards pride supports exports, imports and future legislative pro-

(*Continued on page 725*)

HINDUSTHAN MERCANTILE BANK LIMITED—*Continued*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Figures for the previous year Rs.	EXPENDITURE	Rs. nP	Figures for the previous year Rs.	INCOME (Less provisions made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. nP
4,25,848	1. Interest paid on Deposits, Borrowings, etc.	4,08,674.58	9,81,091	1. Interest and Discount	10,95,487.39
	2. Salaries and Allowances and Provident Fund (including Salaries and		1,52,910	2. Commission, Exchange and Brokerage	1,64,152.11
5,47,997	Allowances paid to Manager (Head Office) Rs. 14,461.72 nP)	5,62,032.37	Nil	3. Rents	Nil
	3. Directors' (Rs. 1,150) and Local Committee Members' Fees and			4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and	
2,243	Allowances	2,318.14	60,247	Other Assets	42,589.74
56,459	4. Rent, Taxes, Insurance, Lighting, etc.	57,919.50		5. Net Profit on Revaluation of Investments, Gold and Silver, Land,	
6,707	5. Law Charges	6,571.94	Nil	Premises and Other Assets	Nil
13,692	6. Postage, Telegrams, Stamps and Telephone	13,958.63		6. Income from Non-Banking Assets, and Profit from Sale of or Dealing	
2,500	7. Auditors' Fees	3,000.00	Nil	with such Assets	Nil
12,370	8. Depreciation on and Repairs to the Banking Company's Property ..	11,343.48	786	7. Other Receipts	766.01
37,720	9. Stationery, Printing, Advertisement, etc.	38,988.11	Nil	8. Loss	Nil
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil			
21,279	11. Other Expenditure	29,462.81			
68,339	12. Balance of Profit (subject to Taxation)	1,68,130.74			
11,95,084	Total .. Rs.	13,02,995.25	11,95,084	Total .. Rs.	13,02,995.25

The above accounts have been drawn up in accordance with the provisions of Section 29 of the Banking Companies Act, 1949

As per our Report on the Balance Sheet annexed herewith.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of Hindusthan Mercantile Bank Limited as at 31st December, 1961, and also the annexed Profit and Loss Account of the Bank for the year ended on that date, in which are incorporated the returns of the branches audited by us either jointly or severally :—

We report that :—

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

(b) The transactions of the Bank which have come to our notice, have been within the powers of the Bank;

(c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books, and proper returns adequate for the purpose of our audit have been received from the branches of the Bank;

(d) The Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns;

(e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required for banking Companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the Profit for the year ended on that date.

33, NETAJI SUBHAS ROAD,
CALCUTTA, *27th March*, 1962.

K. N. GUTGUTIA & CO.,
Chartered Accountants.
P. K. GHOSH & CO.,
Chartered Accountants.

P-39, PRINCEP STREET,
CALCUTTA, *27th March*, 1962.

B. S. MAZUMDAR,
Manager, Head Office.

M. L. JALAN, *Chairman.*
M. R. JAIPURIA,
B. KANORIA,
M. M. BHUWALKA,
KAMAL SINGH RAMPURIA,
P. R. SAREER,
HARILAL MEHTA,
Directors.

HINDUSTAN LEVER LIMITED

CHAIRMAN, MR. P. L. TANDON, EXPLAINS WORKING OF ACCOUNTS AND FINANCE DEPARTMENT

"QUALITY OF ACTIVITY IS JUDGED BY WHAT ITS MEN ARE"

HOW efficient is the accounting and financial department of Hindustan Lever Limited and how it takes an active part in running business and earning profit were highlighted by its Chairman, Mr. P. L. Tandon, when he addressed the Annual General Meeting of the Company held at Bombay on Wednesday, 18th April 1962. This department, Mr. Tandon stated, had a real contribution to make towards the profitability of the Company, the objective being approached in two ways: through an efficient bookkeeping system that maintains historical and statutory records and by providing management with an efficient information and advisory service. He said that the first task might be called maintenance accounting and the second management accounting. He described some of the main features of the whole system and reiterated that, ultimately, the quality of an activity was judged by what its men were. Making a special reference to the price aspect, Mr. Tandon pointed out that price in a competitive market depended on what the consumer was prepared to pay, what competition would permit, and not solely upon the manufacturer's cost of production. Hindustan Lever, he declared, had neither a monopoly nor a captive market, but operated in very competitive areas. Naturally, he added, the margin after variable costs of a group of products must be sufficient to cover all fixed expenses and give a reasonable return on capital employed in producing and selling the products.

The following is the full text of Mr. P. L. Tandon's speech:

"It gives me great pleasure to welcome you to this annual general meeting of the Company. I shall take as read the report and accounts for the year 1961, which have been with you for some time, and, later in the proceedings, I shall be happy to answer any question you may wish to put.

"In keeping with our practice in the past, I shall today tell you something about another side of our organisation, accounts and finance, what is our thinking behind it and how it works.

Real Contribution

"We in Hindustan Lever believe that, if the Company is to be efficient and forward-looking, one essential is that its accounts and finance department must also possess the same attributes. We firmly believe that this department has a real contribution to make towards the profitability of the Company. We approach this objective in two ways: through an efficient bookkeeping system that maintains historical and statutory records, and by providing management with an efficient information and advisory service. The first task may be called maintenance accounting, and the second, management accounting.

"In the old days, an accounts department was content with merely keeping the historical and statutory records in an efficient manner, but, important though these indeed are, a modern accounting department believes its real task to begin from there on; that it has not made its proper contribution unless it goes to the next and important stage of providing a management accounting service.

Maintenance Accounting

"Our accounting management have devoted much time in the past years to the streamlining and simplification of the day-to-day routine accounting, so that this is done with the maximum of accuracy and the minimum of senior management intervention. A system of controls and internal checks has been designed to eliminate the chances of error and fraud and to enable us to work on the principle of reporting by exception. This means that only items calling for special attention are brought to the notice of senior management and not a multitude of routine matters. The enormous volume of clerical reporting, at one time thought essential, has been reduced substantially, though without impairing the necessary degree of control.

"The basic principle which we apply to management information is one of speed balanced against accuracy, and accuracy against its cost. For instance, the approximate results for the month are ready and presented to the board within ten days. If these results were to be prepared with meticulous accuracy, they would not be ready till the end of the following month, but what is prepared in ten days is sufficiently accurate and reliable for the management to decide its course of action quickly. But at the end of each quarter, we take a few more days to prepare the results in order to turn the approximations into actuals.

"As with our management, our accountants are prompt in discharging their responsibility to the shareholders. Over the years, by careful planning and procedural improvements, they have been able to bring the process of the production of year-end accounts into an orderly and well-organised routine, which has reached the stage that the draft accounts covering the calendar year are presented to the Board of Directors in the third week of January. They are audited by the end of the month and, in the middle of February, the results and the Directors' recommendation for dividend are given to the press. By the middle of March, the printed accounts are ready for distribution to our shareholders and our annual general meeting is held in the middle of April. Within twenty-four hours of the annual general meeting, the dividend warrants to the 14,000 odd shareholders are in the post.

The Advantages

"The advantages of this exercise speedily and smoothly done are many: the shareholders receive their accounts and the dividend without delay, and they have the right to do so; management are in possession of the results within a few days of the year end; and the accounts department are free to devote their energies to the problem in hand—the work of the current year.

"Our accountants do not, however, rest on their laurels and have been trying to achieve greater clarity in the published accounts, their constant aim being to give the maximum useful information simply and quickly. In this connection, we welcome the Company Law Administration Department's decision to permit the presentation of the balance-sheet in the modern columnar form which is now favoured by many progressive companies in other countries. We have been in the forefront in advocating the adoption of this modern style of presentation, because we think it presents the significant information in a manner clearer than the old conventional form of balance-sheet. The 'capital employed' and 'employment of capital' form of presentation sets out before our shareholders clearly and precisely the capital they own in the Company and the use to which it is being put. We believe we are the first company in India to produce our accounts in this modern way. There is, however, still scope for improvement. For example, much of the detailed information concerning expenditure at present required by law to be given in connection with the profit and loss account could be simplified and made clearer. Too much detail can obscure facts; giving information in a crystallised manner helps to throw it up more clearly. An important change we would also like to see is that, when you are dealing with accounts in crores of rupees, it seems somewhat pointless to quote the figure to the nearest rupee, when the nearest thousand would still give the true and fair view but help the reader to take in the figures better.

Management Accounting

"This (management accounting) is a term that has acquired an almost mystic quality in recent years. Many people think that it is something quite new and of necessity enormously complicated, involving an expensive system capable of comprehension only by experts. This is not true. It is neither new nor particularly complex. An able and understanding accountant, even in the old days, sometimes went beyond book-keeping and discussed with his management the implication of events and trends in the business in broad financial terms. In time he developed a special advisory role where he was consulted on the moves the business had made and might make. This, in a perhaps more specialised manner, is all that management accounting boils down to. It is the role of the accountant as an adviser or helper, instead of the 'accountant' who feels his task done when the results are ready, or the 'controller' who sees his task only in curbing management within the straight and narrow path of expenditure by the rule, unconcerned whether that expenditure produces the best results.

"For modern conditions, a management accounting system has, however, to be systematised and commensurate advantages are gained only if it is viewed as a whole and carefully planned to meet a particular management's needs. But it can start from simple beginnings and it must always be tailored to the needs of a business: it cannot be taken straight from a text-book and applied to an operation. Management accounting information properly and simply prepared is as readily intelligible to the businessman as to the accountant. A few vital and constructive figures, handwritten on a sheet of paper and clearly presented, may sometimes be better 'management accounting' than an elaborate mechanical or electronic information system, which does not in reality go beyond bookkeeping. The difference, if I may emphasise, is in the approach of the accountant. Is he merely furnishing routine figures to his management, or well designed service and advice?

"It is sometimes argued that management accounting can wait in India: Indian business has not reached the stage where it can afford that luxury. With this we profoundly disagree. For one thing, it is not a luxury; for a growing business, it is a necessity, which should cost no more than any good acounting system. For another, if we are going to introduce the latest in plant and machinery and other techniques, it would be wrong not to get the best out of them by matching it with the latest in accounting thinking. There is no merit in going through the evolution in accounting techniques; we can start where the best have reached.

"I venture next to briefly describe some of the main features of our own system, in the hope that it may be of interest to you. Perhaps, I may start with a definition. By management accounting we understand the provision, analysis, reporting and discussion of accounting information as a guide to our management in the day-to-day running and future planning of the business, as distinguished from the recording part of the accounting function for historical and statutory purposes. Naturally, the recording function will often be the basis of the supply of management information.

Responsibility Accounting

"A management accounting service can best be described as responsibility accounting. It reports information, suited to their responsibilities, to different levels of management who can take action or offer advice based on that information.

"The sheet-anchor of our management accounting service is the annual estimate and budget for the coming two years. They forecast sales, production, capital expenditure, marketing, advertising and administration expenses, leading on to profits, yield on capital employed, and cash flow prediction. They are prepared initially in terms of quantity as well as value at the lowest level of responsibility, where action is taken, and built upward along functional lines. They are finally brought to the Board, at which each Director presents the affairs and plans of his departments. These are, in fact, not forecasts but plans, because there is volition behind them and not just a futurity. They set the standards for the coming year, and performance is then reported against these standards, weekly, monthly and quarterly, varying with the needs.

"Following on from this major document, and flowing naturally from it, are a number of returns prepared at varying intervals catering to the special requirements of management. There is, for instance, a monthly profit and loss report to the Board, weekly and fortnightly margins earned to marketing management, and daily raw materials yields to production management.

"For regular reporting to marketing management, I might add, we believe in the margin after variable costs concept. Variable costs are those which vary strictly with production and sales, and include raw materials and ingredients, packaging, excise duty and distribution. Other expenses like marketing and administration overheads, depreciation, repairs, direct factory labour, advertising and financial items such as interest, are only apportioned to groups of products and not to individual products. Although there are a number of methods for apportionment of fixed costs, they are invariably arbitrary and give widely differing results when taken to individual products and packs. Regular apportionment of fixed costs on an arbitrary basis is of limited value and can even be dangerous as it can mislead.

"Price in a competitive market depends on what the consumer is prepared to pay, what competition will permit, and not solely upon the manufacturers' cost of production. I need hardly add that Hindustan Lever has neither a monopoly nor a captive market, but operates in very competitive areas. Naturally, the margin after variable costs of a group of products must be sufficient to cover all the fixed expenses of the group and give a reasonable return on the capital employed in producing and selling these products; but our week-by-week reporting on movements in the margin only reflects changes in the variable costs. This gives our marketing management realism and flexibility in their pricing policy.

"We treat depreciation and direct factory labour as fixed costs in the short-term: depreciation because it will be a charge to the business for so long as we retain the assets, and direct factory labour because our policy is not to retrench staff during slack periods. However, when considering the costs involved in producing a new product or expanding capacity for an existing one, we look at the total additional or out-of-pocket' costs involved, and these will include depreciation and wages. Also, when reviewing a group of products over the long-term, we assemble all costs directly applicable to that group. Some of this may be arbitrary, but is used only at a point of time and for a specific purpose, and does not form part of the continual appraisal of margins and performance, for which, as I have mentioned before, only the variable costs are taken into account.

Development Accounting

"Apart from reporting to marketing and production management about results and performance, our accounts department offers much service in the field of development of new packs, new products and projects. Whenever our management thinks of something new, they turn to the accountants to study the financial implications. This, in short, is where the accountants and our general management together look ahead to make sure that a change or new development will produce healthy results. It should be underlined that it is not the accountants who dictate the managers' policy; managers must make their own decisions, based upon the information they receive. And they may decide for other perfectly valid reasons to go ahead with the project which has a longer pay-back period, or even has broader economic or social objectives, but they must know where they stand and what they base their decisions on. This is where the accountant can help them.

"I now turn to the organisation and other activities of our finance and accounts department.

Organisation

"The department is controlled by the Financial Director, who has reporting directly to him the chief accountant, the chief internal auditor and commercial managers in charge of our branch offices. But our accounts department is highly decentralised. The operating management of each unit, whether factory or branch, have their own accounts departments reporting directly to the unit heads. They discharge their responsibility for accounting records and also give advice on various aspects of accounts and finance when problems arise locally, and they are expected in general to be full and active members of the local management team. Head office accountants control them very little beyond ensuring that the basic principles are uniform throughout the Company, and the small amount of information they supply to head office is prepared in a manner comparable between units.

"At the head office, there is the chief accountant's department, which has no line relationship with the unit accountants. Its task is to handle general matters like consolidated budgets, annual accounts, taxation, finance, management salaries, pension and provident fund, and the maintenance of day-to-day head office accounting records. Much of the time of the chief accountant's department is spent on specialist service of one kind or another to central marketing and technical management.

Organisation and Methods

"Commonly known as O. & M., this is a specialist department within the chief accountant's department. It concerns itself principally with the improvement of office systems throughout the Company. Most clerical systems are somehow created to meet an urgent or immediate need, and the tempo of modern business is such that, once the need is over and even the situation changed, the people operating the system are so busy with day-to-day operations that they seem never to have time to review the system or to test its efficiency. Each time there is a new demand, a modification is usually made, so that, over a period, the system is encrusted with forms and routine which may have lost their original justification.

"In the circumstances, it is not surprising that O. & M. men can be welcome visitors to a lively manager. Their job is to examine the documentation and work flow from basic principles and take nothing for granted. They ask what is needed, why and when, and they devise a system tailored to meet the special needs of the department which would give the results in a simple and efficient way. Theirs is a patient job of skill in 'selling' themselves, but our management has learnt to appreciate their worth.

Audit

"The internal audit department is an important part of our finance and accounts group and the Chief Auditor reports directly to the Financial Director with unfettered powers of free and frank criticism. Its prime responsibility is to see that the systems and controls are functioning smoothly and that there is no abuse or fraud: but in fact it goes much further. Divorced from the heavy day-to-day routine of departmental responsibilities, it runs over a department's general functioning and makes objective appraisals of where systems and practices may be improved. It will not sit down and design detailed improvements but may suggest that O. & M. be called in.

"We have, of course, our statutory auditors from outside, who state whether the accounts report correctly and fairly the state of the Company's affairs. But internal auditors go further. Being part of the Company, they have responsibility for suggesting improvements that will increase earnings, increase efficiency and reduce expenditure. They in no way interfere with the rights and duties of the statutory auditors, but these are naturally helped by the assurance of a good internal system.

Finance

"As a Company, we believe in development and healthy growth. Between 1956 and 1961, the capital employed in the business increased from Rs. 755 lakhs to Rs. 1,092 lakhs, all provided from our internal resources. Today we are asking you to agree to convert part of our ploughed back profits from reserves to capital through a scrip issue. Naturally, this has been possible through a prudent policy for distribution of profits, which may not appeal to the speculator but gives the shareholders a solid, growing, long-term investment in Hindustan Lever. Normally our finance requirements are highly seasonal, at times we have to resort to short-term borrowings, but, in the long-term, we plan to accumulate our own resources to finance as much as we can ourselves.

"An active duty of the financial accountants is to keep the cash constantly on the screen as it flows through the Company's veins and arteries. They watch and report on its movements every week, and with the help of the operating management make monthly, quarterly, annual and five-yearly 'forecasts, Cash, if its flow is not carefully watched, can soon get tied up in little pockets and lie unused or not used to the best advantage. The accountants and operating management must always keep it on the move to where it is most needed.

"Equally, a watchful eye is kept on the capital employed in both fixed and current assets through quarterly estimates and actuals, and on the return upon the capital so employed. To make it more realistic, for the purpose of this exercise, the fixed assets are not taken at their net book value, as shown in the balance-sheet, but on the basis of their current replacement value with a suitable adjustment for depreciation based on this replacement value. Its realism lies in the fact that it takes into account the changes in the value of money and shows the capital employed in the business by management on present-day value. After all, the historic value of money is not of relevance and, in an economy even as mildly inflationary as ours, a management has to be alert to any depreciation of money.

Men

"As I said in my speech last year when I discussed our marketing, ultimately the quality of an activity is judged by what its men are. We, therefore, place a great deal of importance upon proper recruitment, training and promotion of accountants. Many of them are qualified, but some have been trained by us on the job. There is a carefully planned development programme designed to give the young accountants experience wherever possible on other sides of the organisation as well. We also arrange for them to attend courses both inside and outside the Company, not only on accounting but on general management subjects as well. The training task, however, does not stop here; it goes on to project the accounting services to non-accounting management, to break the mystery and fear that surrounds accounting in the eyes of non-accountants. We run special short courses at our own training centre on finance and accounts, designed to give our factory, marketing, buying and other managers an insight into accounting concepts and techniques that are likely to be of service to them.

"We need men of quality in accounts; men who will feel active participants in our management and not just providers of a service. Professional skill is important but for our needs we look for more—for qualities of management, leadership and imagination. During their development, we expose them to the broadening influence of spells in marketing, branches and factories, so that they learn to feel part of a team. The factory accountant should feel that he is helping with the running of the operation, and one working on a project, the excitement of looking ahead. In fact, we want all our accountants to feel that they are sharing in the running and the progress of the Company.

"I hope you will appreciate from what I have said today that we believe in a strong accounting and financial organisation, taking an active part in running our business and earning profits. There can be no rule about a single system, but we believe that the one we have evolved serves us well. Our accountants are, of course, ever willing to learn and are always seeking ways to improve their service to management."

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

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M. J. Maclaren,
General Manager.
AB-22

NATIONAL PROJECTS CONSTRUCTION CORPORATION

LOW LEVEL OF ACTIVITIES AND POOR RESULTS

THE first Plan's experience with the execution of major river valley projects revealed quite a few inadequacies. There was, firstly, the inadequacy of the administrative machinery in the States to undertake the construction of large works. The paucity of private contractors adequately equipped and competent to undertake the execution of such projects was also there. The Central Government, therefore, considered it necessary to establish in the public sector a corporation which would combine the advantages of departmental construction with the flexibility associated with the execution of works by private construction agencies. Such a corporation, it was thought, would solve two problems—one presented by the tendency of project authorities to purchase new machinery and equipment even when serviceable surplus machinery was available on other projects and the other pertaining to the non-utilisation of experienced technicians who became surplus on the project because of the disparity in pay and service conditions in the various States. Thus it came about that the National Projects Construction Corporation was established in January 1957 for the purpose of undertaking execution, among others, of river valley projects in the country.

The expectation at that time was that all the States would participate in this venture. But this has not been fulfilled, for, of the 15 States, as many as seven—Andhra Pradesh, Madras, Mysore, Maharashtra, Gujarat, West Bengal and Orissa—are not participating in it. This is a rather anomalous situation, for 'Irrigation' is in the State List and the capital structure of the Corporation has clearly envisaged participation by all the States. The Estimates Committee of the Second Lok Sabha, which had recently examined the report and accounts of the Corporation, and the report of which was published only a few days ago, was, therefore, constrained to observe that it would have been prudent on the part of the Centre to have moved more cautiously and ensured the participation of most, if not all the States. The Committee was wholly right in this criticism, for, after the formation of the Corporation and between 1957 and 1961, as many as 26 major irrigation and hydro-electric projects were started in the States, of which virtually none was entrusted to the Corporation. Only some portions of work relating to the Rajasthan Canal, Tawa and Kosi Projects—portions such as aqueducts, masonry structures, lining work, submersible bridge, excavation of the foundation dam and construction of barrages—have been handled by it so far. This fact would appear to suggest that the States have not been too inadequately equipped in the second Plan period to undertake major irrigation schemes and hydro-electric projects and that there is a sufficient number of construction agencies in the field.

Objectives Not Achieved

The original justification for the establishment of the Corporation is thus not very much there now. Nor has the Corporation, according to the findings of the Estimates Committee, achieved some of its avowed objectives. For instance, it has not procured and utilised, to any considerable extent, the surplus machinery and equipment from the completed projects, whereas the State Governments were able to secure, between 1956 and 1961, Rs. 6.7 crores worth of such surplus equipment. Secondly, the Corporation has been able to absorb only 26 persons, representing a meagre 0.6 per cent of the total surplus technical personnel released from the completed projects. And thirdly, its objective of combining the advantages of departmental construction with the flexibility associated with the execution of works by private construction agencies has also not been realised to any reasonable extent.

In another respect, too, the Corporation has failed. According to the original conception, the Corporation was to have operated like an ordinary contractor, competing with others in the field. But, in actual practice, it has undertaken works mostly on cost-plus basis and at negotiated rates. This is a radical departure from the system of open competitive tenders. In fact, of the contracts of the value of about Rs. 11 crores secured by it, 71 per cent has been at negotiated rates and 17 per cent on cost-plus basis. The Estimates Committee has criticised this practice strongly, and rightly in our opinion, in the following passage:

"While the Committee appreciate that the Corporation should do standard work, they do not quite see how it can only be done at negotiated rates or on a cost-plus basis. If, as the general belief goes, the private agencies quote at rates which include a high margin of profit, the Committee do not appreciate why the Corporation should not compete successfully with the private agencies and yet secure the contract and turn out standard work. The Committee at any rate feel that the National Projects Construction Corporation should not deviate from the system of competitive tenders as it goes against the basic principle of commercial practice which the Corporation is expected to observe. Any other arrangement like negotiated rates and cost-plus basis would tend to curb the entrepreneurial initiative of the Corporation and would hardly leave any incentive for economy and efficiency in the execution of works. It would also expose the Corporation to the allegation that it is getting a favourable treatment and that but for the negotiated rates it would not be a viable unit. Efforts should, therefore, be made by the Corporation to observe normal commercial practices in the line and to develop its competitive strength and capacity to execute works more economically and efficiently *vis-a-vis* the private contractors. It should not depend entirely on contracts secured on negotiated rates and cost-plus basis."

A related finding is to the effect that the rates quoted by the Corporation were higher than the estimated costs by 7 to 29 per cent whereas, in the case of private contractors, the range was between one and eight per cent. But a salutary effect, according to the Corporation's claim, is that, after its entry into the field, the tenders of private contractors, which were 40 per cent above the estimates, have dropped considerably.

The financial results of the Corporation were also critically examined by the Estimates Committee. The total capital of the Corporation during the period 1957-58 to 1960-61 *vis-a-vis* the value of work done by it is, as follows:

(Rs. in lakhs)

	1957-58	1958-59	1959-60	1960-61
Total capital	88.19	134.77	160.86	179.66
Value of work done ...	40.50	124.00	218.00	257.89
Ratio of total capital to the value of work done ...	1:0.47	1:0.91	1:1.3	1:1.4

The ratio of total capital to the value of work done in each year was not quite favourable. It is stated that, on the basis of 3:5 ratio of turnover on capital, Rs. 2 crores would cover a business of Rs. 7 crores a year. According to this basis, the turnover of the Corporation ought to have been Rs. 6.3 crores in 1960-61. But the actual turnover was much below the normal expectations. No wonder, therefore, that the Corporation's profit has been relatively low. The unsatisfactory position in this regard is clear from the following figures:

	1957-58	1958-59	1959-60	1960-61
Profit (in Rs. lakhs)	3.8	3.7	4.1	2.2
Percentage of profit in relation to total value of work done.	8.1	3.0	1.9	0.9
Dividend (free of tax—per cent.)	1.2	1.7	1.0	1.0

Although the Corporation has thus so far not functioned as profitably and well as it should have, it is claimed to have served one useful purpose. In the opinion of the Estimates Committee, its very existence has curbed the tendency of the private contractors to quote high rates. It is hard to say how far this conclusion is correct, for it suggests that there is no competition among the private contractors and that they all conveniently join together in order to extract the maximum gain they can from the Governments, an assumption which is not wholly convincing. Even if it be true, the better solution would be to encourage more competition in the private sector by creating the necessary climate for it. Even granting that it is better to keep, under the conditions prevailing in this country, a public sector corporation to frighten the private sector units and make them behave properly, it is only commonsense to say that the National Projects Construction Corporation cannot play even this negative role effectively on the basis of its performance so far. The private sector will need something more than a scare crow. Surely, there is so much construction work to be done in this country that the Corporation can play a more useful and gainful part than it has done, if an endeavour is made to execute works with greater speed, efficiency and economy and to maintain, at the same time, a high standard of quality. It is the responsibility of the Ministry in charge of the Corporation to instil these qualities in the management concerned.

4½ PER CENT

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Copies of loan prospectus and application forms are available at all the offices of the State Bank of India mentioned above and at the office of the State Electricity Board, New Capital, Bhubaneswar.

NEW PRODUCTS AND PROCESSES

Better Welding

SEMI-automatic welding by means of a magnetic flux is used in a new process introduced by the British Oxygen Company, of Bridgewater House, Cleveland Row, St. James's London, S.W.1. The magnetic flux is used in association with the usual shield of carbon dioxide gas. Mild steel wire carrying direct current is fed into the welding torch and the flux powder, metered into the gas stream, is attracted to the wire which serves as the welding metal and forms a layer around it. A metering device is joined to the wire feed rolls to ensure a constant proportion of flux to wire. It is claimed that as the flux prevents deoxidation and acts as a refiner, it transforms the cheap mild steel wire into a low-hydrogen, fine-grained weld metal with excellent mechanical properties and is said to result in a better metal deposition rate and better welding.

Versatile Thixotropic Chemical

A special form of aluminium hydroxide is said to be the most thixotropic material yet produced—thixotropy being the property which some substances possess of forming a network when in suspension in a liquid so that the mass appears to be a solid, or gel. Stirring will break up the gel, but it will form again when stirring stops. Another property of the chemical is that it is the only known inorganic thickening or suspending material which is positively charged, which means that the particles can fix themselves to the surfaces of negatively charged substances such as clay, glass and paper. A water dispersion of the chemical, dried on a surface, will form a microscopically thin film which remains stable at high temperature. It has been found effective in binding such fibres as glass, asbestos, rock wool and aluminosilicates. Heat-resistance of firebrick is also increased by treatment with it. Investigations are in progress to determine whether it will improve qualities of bonded plastics, textiles and cosmetics, to mention but a few products.

Automatic Ream Counting

An accurate, simple automatic ream counter has been developed in Britain for the paper industry for use where sheets of paper are being cut from bulk reels. It is mounted directly on the cutting machine and is operated by impulses fed to it by a microswitch attached to the fly-knife shaft. One impulse is provided for each cut. Markers, spray guns or ink rollers may be operated by the unit to provide a mark on the paper at predetermined intervals dependent on the number of sheets required per ream, along the axis of the slitter knives. This produces, after slitting, an ink mark on the edges of the cut, that is on each edge of the cut sheet. When this particular sheet is stacked at the end of the machine, the ink marks show up in the stack indicating a set number of sheets between marks.

Fused Quartz Springs

Coiled springs half the diameter of a human hair, yet stronger than steel and incredibly accurate, are being made from quartz by two Lockheed Missiles and Space Company engineers. The springs are so precise that they can measure how much bacteria gain in weight when they eat. Mr. Wolf Goodman and Mr. Don Caster, engineers on the Polaris submarine-launched missile programme, have mastered the difficult art of coiling the glass-like pure fused quartz into springs which they contend have no equal in achieving measuring accuracies. The Lockheed engineers have developed their proficiency in this scientific and highly specialised hobby in the garage of Goodman's Palo Alto home. The springs are made from fibres pulled from fused quartz—pure sand—and not to be confused with crystalline quartz. Only a few people in laboratories have mastered the skill of coiling quartz into springs because the melting temperature of quartz is around 3,300 degrees F. (steels melt at about 2,700 degrees). And at room temperatures quartz is extremely brittle. The coils are fashioned by wrapping the quartz fibre around a mandrel mounted in a lathe. As the fibre is carefully fed onto the slowly turning mandrel, heat is applied to the fibre with an acetylene torch.

Oscilloscope Pre-Amplifier

Weighing only 19 ounces, a transistorised oscilloscope pre-amplifier covering the frequency range 3 c/s to 100 kc/s is now available. It is manufactured by Marconi Instruments, St. Albans, Hertfordshire, Britain. Measuring 2¾ inches by 4½ inches by 3 inches, it comprises a low consumption 5-transistor circuit on printed boards and an internal 22½-volt battery which provides for several weeks' continuous daily operation. It has a multitude of applications. It permits the direct display of outputs from low-level industrial transducers such as strain gauges, pressure pick-ups and accelerometers; while it can also be used to study residual ripple in power supplies and analyse cross-talk, carrier suppression and noise on telephony circuits.

Dual-purpose Valve

A positive stop valve which is claimed to be completely reliable under severe conditions, and which can also be used to throttle steam flow in a reducing valve by-pass, has been introduced in Britain. Available in several sizes up to 2 in., the new valve will handle steam working pressures up to 200 lb./sq. in. and temperatures up to 500°F. Called the Bailey Bi-Seat-Two, it is designed for "over and under" flow and consists of a nickel alloy main valve and a spring-loaded parabolic plug. Sir W. H. Bailey and Co. Ltd., Albion Works, Patricroft, Manchester, are the manufacturers.

Automatic Slot Machine for Railways

An automatic railway ticket slot machine designed by a Geneva (Switzerland) firm has been tried out in a Swiss railway station. In spite of its small size—it measures just over 3 ft. 3 in. wide by 3 ft. 7 in. high—this new machine is able to print and issue tickets for 32 different destinations, for first and second class, single, double and half fares. It is designed to take coins of 1, 2 and 5 francs and 10, 20 and 50 centimes; it gives the right change, indicates the price to be paid when the passenger presses on the appropriate button, prints and dates the tickets, records and totals the receipts and the number of each sort of ticket sold. This machine, the first of its kind in Switzerland, contains 250 different apparatuses in all and nearly a mile of wiring.

Protective Coating for Steel Alloys

A new coating for special steel alloys undergoing heat treatment is being made by F. W. Berk and Co. of Britain under licence to Rolls-Royce. It is believed to be unequalled in the world, and is used to prevent the corrosion of metal at the high temperature used for stress-relieving. The coating has several variants. All are called Berkatekt. They range in price from £2 a gallon for No. 1 to about £5 a gallon for No. 500. The covering power is roughly 600 square feet to one gallon. Based on bentonite, and for some variants ceramic oxides, Berkatekt has wide uses, especially for titanium and zirconium alloys quite apart from the special steel alloys used in turbines and aircraft.

Electronic System for Checking Timber

An electronic timber measuring system, intended for use with conveyor-type timber sorting machines, is to be produced by a British firm, Honeywell Controls Ltd., Middlesex. The total area of each "parcel" of planks travelling on a conveyor can be measured and permanently recorded automatically during movement. Length and width of individual pieces can be displayed for checking. An official of the firm says: "The system is for hardwood or softwood lengths up to 25 ft. (7.62 m.) and width upto 13 in. (33.019 cms.). It will save a great many man-hours of manual stock-taking and provide a ready check of timber arriving in random lengths. It could be the basis of fully automatic control scheme for measuring and sorting timber.

Plastic Coated Netting

A British company, Rylands Brothers Ltd. is producing a new plastic-coated netting which is believed to be a significant advance on galvanised wire netting as it has a greatly increased life and a smarter finish. The plastic-coated netting combines the protection of galvanising with a coating of a specially durable and resilient plastic, the top grade galvanised core being a second line of defence against atmospheric corrosion. It is claimed that the increase in price over the conventional wire netting is more than counter-balanced by the greater life.

MANCHESTER LETTER

(*Concluded from page 721*)

grammes. The policy of the current Administration, according to reliable American observers, is to attempt to maintain prices at about the loan level. Now it is known that the support price is to be on a similar basis to last year, the way is open for a freer offtake.

Looking ahead to subsequent crops from 1963 onwards, President Kennedy is urging the adoption of plans allowing growers to exceed their acreage allotment by up to 30 per cent, with the idea that these extra supplies should be marketed under arrangements offering the farmer approximately the world market price. The Secretary for Agriculture has declared that changes in cotton price support legislation are needed to reduce Government costs, to enable the fibre to compete more effectively with the synthetics in the domestic market, and to make American cotton more competitive abroad.

No early or dramatic results are expected from the introduction of this programme but, if carried out, it would eventually bring an era of less restrictive trade policies. In the meantime, the general supply position shows no marked change, as the fall in raw cotton production this season has been offset by the increase in opening stocks. The quantity of the raw material available in the United States has declined by about 500,000 bales, owing to a reduced carryover.

Record Acreage

In other countries, a record acreage was planted and new output peaks were anticipated. Sharply curtailed yields in Egypt, India and Uganda, however, resulted in a smaller outturn, although initial stocks were responsible for supplies outside the United States establishing a new record this season. Marked increases in supply have occurred in the Middle East, Central America, Greece, and possibly Brazil, the International Cotton Advisory Committee has disclosed. Consumption in the free world is likely to remain at about the 1960-61 level. Textile production in the United States has lately continued its upward trend, but, in contrast, the mills of Western Europe and Japan have been adversely affected by the familiar stock cycle.

Local traders need not be reminded that the United Kingdom is the most seriously affected area and in the first four months of the current season had absorbed 13 per cent less cotton than in the comparable period. Consumption has also turned down on the Continent, particularly in Western Germany. Tighter production controls in Japan are likely to reduce consumption, but the use of cotton in India reached a new peak during the early months of the season.

Exports of raw cotton may well decline to under 14,000,000 bales, as against over 15,000,000 bales in each of the last two seasons, as a result of the curtailment of output in the manufacturing centres of Western Europe and Japan. The brunt of this decline in trade will be felt by the United States, the shipments of which, it is suggested, may fall to around 5,000,000 bales, a reduction of some 1,500,000 bales on last season. Other suppliers may step up their sales abroad to nearly 9,000,000 bales, an increase of some 500,000 bales.

Incidentally, an interesting development in raw cotton statistical affairs is the decision of the Soviet Union to join the International Cotton Advisory Committee. Although figures from behind the Iron Curtain have long been suspect, direct contact with those responsible may lead to more information being readily available from formerly "estimated" sources.—*All Rights Reserved.*

ANNOUNCEMENT

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AT THE NATION'S SERVICE

WORLD OUTPUT OF COPRA HIGHER

CONSUMPTION IN WESTERN EUROPE LAGS BEHIND

WORLD production of copra and coconut oil tended to move up in 1961 for the second year in succession, after the distinct setback suffered in 1958 and 1959. According to the F.A.O. world output of copra in 1961 was higher at 3.43 million metric tons, as compared with 3.27 million tonnes in 1960 and the very low figure of 2.76 tonnes in 1959. This level is, however, still below the output of 3.48 million tonnes achieved in 1956. Region-wise, Asia is the largest producer of coconuts, accounting for over 80 per cent of total production, Philippines, Indonesia, India and Ceylon being the major producers, as will be seen from Table I on this page. It may be noted here that since country-wise figures of output from all sources are not available for 1961, they are not given in the table; the period covered in the table is, therefore, only 1956-1960. The following observations on the supply and demand position of copra and coconut oil is based on a comprehensive analysis of recent trends in the development of coconuts, given in the *Coconut Situation*, a publication issued by the U.N. Food and Agriculture Organisation twice a year. The publication seeks to bring together a wealth of basic data on the production and consumption of copra and coconut oil in the different countries, which have not been readily available.

Coconut Oil

With the increase in the output of copra, the outturn of coconut oil has also gone up. Table II shows the trend in the production of coconut oil during the period 1957-61, as compared with the pattern of production of other oils and fats. It would appear that, while production has increased, demand from oil-based industries has tended to flag, particularly in Western Europe, the major market. This is the result of lower consumption of coconut oil by margarine and soap industries. Full statistics on the use of coconut oil, according to the F.A.O. study, are not available for Western Europe, but it appears from partial information that the level of utilisation was materially lower in early 1961 than in 1956-57. Margarine and soap, the two main outlets for coconut oil in Western Europe, were being produced at a somewhat slower rate, and the percentage share of coconut oil in the total ingredients used was sharply lower. The production of margarine in Western Europe expanded rapidly after the war until 1956, but since then, it has not shown any upward trend, as is shown in Table II. Margarine consumption and production tended to decline in years of heavy butter production and low butter prices and to increase when butter prices rise. The year 1961 has been one of heavy butter production in Western Europe, and margarine production in the first half-year was about 920,000 tons, as compared with 960,000 tons in January-June 1960. Production in the first half of 1961 was at an annual rate of about 1,840,000 tons, or 3 per cent less than the 1956-57 average of 1,890,000 tons.

Margarine and Soap

In 1956 and 1957, coconut oil probably accounted for around 25 per cent of the fats and oils used in margarine. Since the fat content of margarine is roughly 80 per cent, the decline of 50,000 tons in margarine production represents in itself a loss of about 10,000 tons (annual rate) in the market for coconut oil. The production of soap in Western Europe showed a downtrend during the 1950's, reflecting the competition of synthetic detergents. Production of soaps in 1960 is estimated to have touched about 1,460,000 tons, or 11 per cent less than the 1956-57 average of 1,635,000 tons and it is likely that the 1961 level has been roughly the same as in 1960. Assuming an average fat content of soap of about 60 per cent, and the presence of about 20 per cent of coconut oil in the fatty ingredients used, the decline in soap production represents a loss of a market roughly 20,000 tons (annual rate) of coconut oil.

Statistics on the use of coconut oil in margarine in the first half of 1961 are available for two of the major Western European producers, the United Kingdom and the Netherlands. In the U.K., coconut oil contributed only 11 per cent of the total fats and oils used in the first half of 1961, as compared with an average of 19 per cent in 1956 and 1957. In the Netherlands, the percentage declined to 16 from 25. If the 1956-57 percentages had been maintained, the use of coconut oil in margarine in the United Kingdom would have been at an annual rate 23,000 tons greater than it actually was, and in the Netherlands 17,000 tons greater. In the case of soap, there was, however, a slight gain in both countries in the percentage of coconut oil used. If the 1956-57 percentage had been maintained about 8,500 tons (annual rate), less coconut oil would have been used in soap in these two countries in the first half of 1961. It is thus seen that coconut oil was being used at a lower annual rate in January-June 1961 than in 1956-57 because of (1) the decline in margarine production in Western Europe (10,000 tons), (2) the decline in soap production in Western Europe (20,000 tonnes), and (3) the decline in the proportion of coconut oil in the ingredients of margarine in the United Kingdom and the Netherlands (40,000 tonnes). But this was partially offset by the increase in the proportion of coconut oil in the ingredients of soap in the United Kingdom and the Netherlands (8,500 tonnes). Thus the net decline in the consumption of coconut oil over the five-year period works out at 61,500 tonnes.

Since Western Germany produces as much margarine as the U.K. and the Netherlands put together, and since the various fats and oils in the international market compete freely with each other in W. Germany as they do in the U.K. and the Netherlands, it is likely that there has been a similar fall in W. Germany in the percentage use of coconut oil in margarine. If so, this would add another 40,000 tons (annual rate) to the result just reached. As pointed out by the F.A.O. study, there is reason to believe, therefore, that on a partial calculation, the use of coconut oil in Western Europe in margarine and soap was at an annual rate about 100,000 tons less in the first half of 1961 than in 1956-57. Table III shows country-wise production of margarine.

These calculations, it may be noted, leave out of account possible changes in the use of coconut oil in margarine in the other countries of Western Europe, which produce about one-third of the margarine in the region. It also leaves out of account a possible increase in the use of coconut oil in biscuits, ice-cream, and chocolate and sugar confectionery in the United Kingdom. This use fell from about 39,000 tons in 1957 to 26,000 tons in 1959 and may well have increased again as a result of the decline since early 1960 in the price of coconut oil. Estimates of this use are, however, not available for the period since June 1960.

Exports

Although the consumption of coconut oil showed signs of moving down in Western Europe, its intake of oil was nevertheless higher in 1961. World exports of copra and coconut oil rose by 17 per cent to 620,000 tonnes (in terms of oil) during the first six months of 1961, as compared with the corresponding period in 1960. It is expected that, during the second half, the rate of increase in exports was smaller. The increase in exports in the first half of 1961 was accounted for mainly by Ceylonese shipment of coconut oil and that of copra by Philippines and Indonesia. Malaya, too, stepped up its exports of coconut oil. Nearly half of the increase in shipments was in the form of coconut oil, mostly from Ceylon and Malaya. As in previous periods, virtually all the increase in exports was reflected in imports into Western Europe. The Netherlands, the U.K., West Germany, Italy and Belgium showed the sharpest increase. Among other countries, imports by mainland China were higher, but those into the U.S. decreased slightly. It is learnt that imports by Venezuela also declined considerably. Table IV shows the trend of exports both in terms of copra and oil.

TABLE I—*Production of Copra*

(In '000 metric tons)

Countries	1956	1958	1959	1960
Asia :				
Ceylon	259.3	167.1	224.0	190.0
Federation of Malaya	156.6	110.0	127.5	178.0
India	233.0	240.0	243.0	..
Indonesia	752.0	518.0	526.0	..
North Borneo	27.0	..	30.0	25.0
Philippines	1,375.0	1,073.0	945.0	1,340.0
Vietnam	17.8	24.3	25.5	26.0
Total (including others)	2,860.0	2,190.0	2,160.0	2,650.0
Africa :				
Comoro Islands	3.5*	3.4	3.3*	3.4*
Ghana	4.8	3.1	3.8	3.5
Mozambique	49.8	53.6	42.1	43.6
Nigeria	4.8	5.5	8.8	6.8
Seychelles	5.6	5.7	4.4	4.0*
Tanganyika	10.0	11.1	11.8	10.0
Zanzibar	13.6	15.8	10.5	9.1
Total (including others)	110.0	110.0	100.0	100.0
Latin America :				
British Guiana	5.6	4.8	3.5	5.4
Dominican Republic	..	3.2	2.5	4.5*
Mexico	151.6	170.5	171.0	180.5
Venezuela	16.6	5.5	5.0	..
W. Indies Federation	39.6	42.0	..	..
Total (including others)	230.0	240.0	230.0	250.0
Oceania :				
British Solomon Islands	22.9	21.1	22.9	23.3
Fiji	41.7	30.8	29.4	34.6
French Oceania	29.0	21.6	21.4	24.0
New Guinea (Aust. Adm.)	31.6	36.4	39.4	31.5
New Hebrides	28.3	34.9	35.1*	23.8*
Pacific Is. (U.S. Adm.)	12.7	8.5	9.7	10.2*
Papua	16.5	14.4	14.4	15.7
Tonga	19.1	16.5	16.3	17.7
Western Samoa	20.4	10.2	17.1*	14.8*
Total	280.0	260.0	270.0	270.0
World total	3,480.0	2,800.0	2,760.0	3,270.0

* Exports of copra and coconut oil in copra equivalent.

TABLE II—*World Production of Fats and Oils*

(In '000 metric tons)

Types of fats	1957	1959	1960*	1961†
World (excluding China) :				
Lauric acid oils :				
Coconut oil	2,190	1,766	2,088	2,190
Palm kernel oil	413	439	430	410
Babassu oil	45	49	49	50
Total	2,648	2,254	2,567	2,650
Liquid edible vegetable oils :				
Soyabean oil	2,108	2,685	2,333	2,865
Groundnut oil	1,760	1,974	1,742	1,970
Rapeseed oil	572	934	852	950
Cottonseed oil	1,730	1,850	1,938	1,935
Olive oil	1,227	1,179	1,218	1,420
Sesame oil	343	392	360	340
Sunflowerseed oil	1,300	1,510	1,234	1,360
Corn oil	147	169	172	180
Total	9,487	10,593	10,349	11,020
Other edible/soap fats :				
Tallow and greases	3,002	3,153	3,241	3,320
Palm oil	1,150	1,174	1,160	1,130
Whale oil‡	398	378	387	400
Total	4,550	4,705	4,788	4,850
Fish and seal oils§	290	380	394	450
Butter and ghee (fat content)	4,050	4,190	4,376	4,480
Lard	3,827	4,218	4,165	4,240
Total	24,852	26,340	26,639	27,690
Mainland China	2,585	2,756	2,813	2,600
World total	27,437	29,096	29,452	30,290

* Provisional. † Forecast. ‡ Excluding sperm oil. § Excluding fish liver oil.

TABLE IV

('000 metric tons)

	In terms of copra	*In terms of oil*
1956	2,140	1,271
1957	2,140	1,369
1958	1,640	1,049
1959	1,540	985
1960	1,830	1,172
1961	1,950-2,000	1,230-1,270

TABLE III—*World Production of Margarine*

(In '000 metric tons (product weight))

Countries	1957	1959	1960	Jan.-June 1961†
Western Europe :				
W. Germany	655	620	614	288
United Kingdom	357	364	374	173
Netherlands	230	239	238	117
Sweden	116	112	114	57†
Norway	96	92	93	51
Belgium	95	107	114†	55†
Denmark	90	86	88	43†
France	98	106†	112†	57
Italy	35	37†	45†	22†
Finland	34	29	30	11
Austria	30	34	35	18
Total (including others)	1,880	1,880	1,910	920
Eastern Europe :				
U.S.S.R.	449	452	..	..
E. Germany	178	174	181†	85†
Czechoslovakia	56	52	..	..
Poland	23	53	71	36
Hungary	4	5	5†	3†
Total	710	740	..	..
Western Hemisphere :				
U.S.A.	664	731	769	395
Canada	59	69	76	42
Total (including others)	730	810	860	440
Asia :				
India‡	306	322	338	186†
Pakistan‡	..	28†	35†	20†
Japan	40	40	43	22†
Indonesia	12	..	..	..
Philippines	3	4	..	..
Israel	16	11	14†	7†
Total (including others)	420	440	470	250
Oceania :				
Australia	38	40	43	21
New Zealand	7	7	7	..
Total	50	50	50	25
Africa (Total)	10	10	10	5
World total	3,800	3,950	4,060	..

† Provisional. ‡ Vanaspati output.

Thanks to the increase in production and smaller demand from some industries in Western Europe, the price of coconut oil has tended to sag. Prices of coconut oil tended to look down during the first nine months of 1961 and in the month of October were equal to the previous post-war low reached in August 1952. Straits coconut oil, 3½ bulk, was quoted in the London market at £79½ per ton at the end of October 1961, as against £96 a year before and as much as £139½ by the end of October 1959. The price, however, has moved up subsequently on technical considerations, the latest quotation being £87½ per ton. A major apparent reason for the continued weakness in the price of coconut oil has been the failure of demand in Western Europe to recover fully to the 1956-57 level. Imports into Western Europe in the first half of 1961 were 350,000 tons (including copra in terms of oil). This represented an annual rate of 700,000 tons, which is only 35,000 tons (5 per cent) less than the 1956-57 average. Use, however, apparently was lower by 100,000 tons or more (annual rate). As is pointed out ealier, most of the decline in use is attributable to the smaller percentage share of coconut oil in the total quantity of fats and oils used in margarine. The greater decline in the use of coconut oil than in imports, according to the F.A.O. study, implies that stocks of copra and coconut oil in Western Europe have risen in 1961.

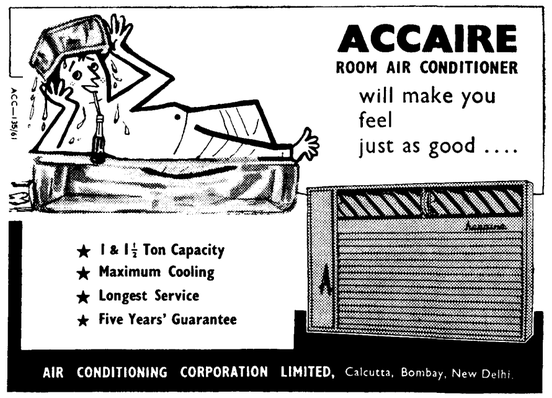
DEVELOPMENT OF FERTILISERS

The third Plan target of stepping up production of nitrogenous fertilisers to one million tons (in terms of nitrogen) is proposed to be achieved by establishing fourteen new fertiliser factories, besides expanding the capacity of the existing ones. Of the 14 new fertiliser projects, four will be in the public sector, while the remaining ten will be mainly in the private sector, although in a few cases, there will be collaboration by the State Governments concerned. When all these projects are completed, there will be at least one fertiliser factory in every State in the country, excepting Jammu and Kashmir.

The Trombay Fertiliser Project designed to produce 90,000 tons will use the oil refinery's gases and naphta; half of the available ammonia will be converted into urea by partial re-cycle process, while the other half is to be utilised for the manufacture of nitro-phosphates through nitric acid treatment of rock phosphate. The Assam Fertiliser factory will produce 325,000 tons of fertilisers using the associated gas produced from the Naharkatia oil fields. This project will be located in Namrup in Assam. The Gorakhpur Fertiliser factory will produce 80,000 tons by using petroleum naphta from the Barauni oil fields. The exact place for locating the fourth public sector project has not yet been finalised. The project, provision for which is included in the third Plan, will produce 80,000 tons of nitrogenous fertilisers. The capacity of the Fertilisers and Chemicals, Travancore (F.A.C.T.) is also proposed to be stepped up by 30,000 tons. Expansion of the steel plants in the public sector proposed to be implemented in the third Plan period will also facilitate some additional production of fertilisers by using their by-products.

The ten proposed new factories in two private sector have been distributed more or less evenly among all the States. Thus, Andhra Pradesh and Madras will have two each, while Gujarat, Mysore, Madhya Pradesh, Rajasthan, Maharashtra and West Bengal will have one each. The two factories for Andhra Pradesh are proposed to be located at Kothagudam and Visakhapatnam. The Kothagudam factory will be based on coal from Singareni and will have a capacity of 80,000 tons. The Visakhapatnam factory will also have a capacity of 80,000 tons and will use naphta as raw material. The factories for Madras State will be at Madras and Tuticorin. The capacity of the factory at Madras will be 8,250 tons. The fertiliser factory for Madhya Pradesh is likely to be located at Itarsi or in any other suitable location in the State. The capacity of this project is likely to be 50,000 tons of fertilisers. Coal from Madhya Pradesh and naphta from the petroleum refineries would form the feed-stock. The factory for Rajasthan will have a capacity of 80,000 tons using gypsum supplies of the State. The West Bengal factory will be located at Durgapur and will be operated by the private sector in partnership with the State Government. It will have a capacity of 58,000 tons. In Gujarat, the proposed factory will have a capacity of 96,000 tons and will be run by the private sector in collaboration with the State Government. For Mysore, the factory is expected to be located at Mangalore, while the factory for Maharashtra will be in the Koyna area.

An International Rice Research Institute, a world centre for research on rice, is being established in the Philippines. The programme of the Institute will include basic and applied research in the fields of varietal experiments, plant protection, agronomy, biochemistry, soil chemistry, microbiology, agricultural engineering and agricultural economics.



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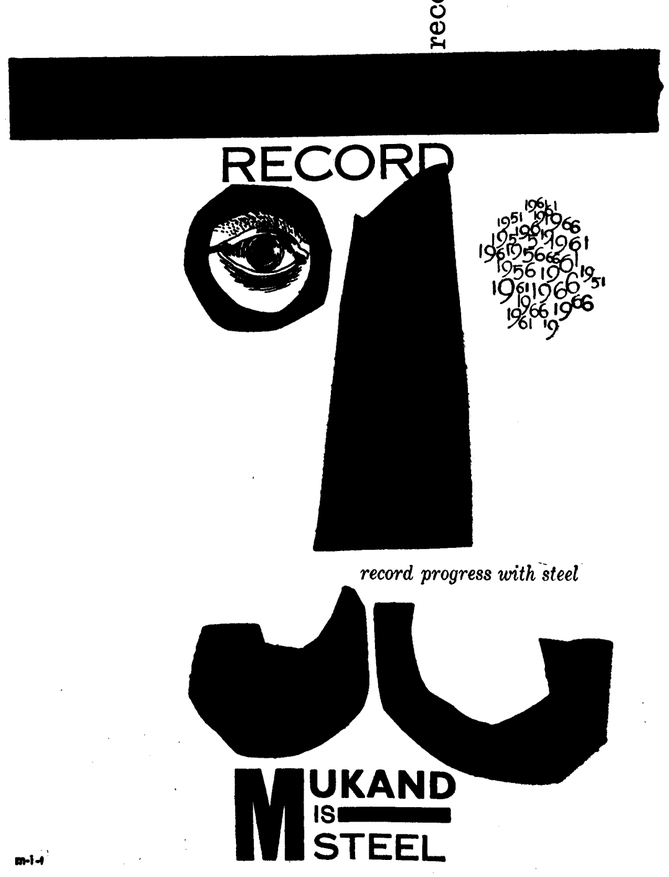

KOHINOOR MILLS OUT OF THE WOOD

SMART RECOVERY IN PROFIT-MARGIN

THE Kohinoor Mills Company Ltd. is definitely out of the wood, thanks to the curtain having been rung down, nearly a couple of years back, upon the squabbles and dissensions, which badly divided its Managing Agents, Killick Industries Ltd., Bombay, for quite long. Bearing testimony to this is the further improvement staged by the Company during the year to 31st December 1961, which is highlighted by a smart recovery in the profit-margin (ratio of gross profit to sales) from 4.7 per cent to 8.1 per cent. Coming in the face of "several handicaps," voluntarily imposed and involuntarily attracted by the industry, the improvement is due, in no small way, to the undisturbed attention of the Managing Agents to the Company's affairs.

The gross sales have increased during the year from Rs. 682.22 lakhs to Rs. 728.19 lakhs, or by 6.7 per cent as against 2.5 per cent in the previous year. Gross profit has again risen sharply by 84.5 per cent, as against more than 88 per cent in the preceding year, from Rs. 32.18 lakhs to Rs. 59.38 lakhs and has come close to the recent best of Rs. 59.98 lakhs, earned in 1956. The cost of raw materials and stores has come down from Rs. 385.54 lakhs to Rs. 371.73 lakhs as have staff expenses from Rs. 215.62 lakhs to Rs. 212 lakhs. Other expenses, however, have continued to be higher, with an increase of Rs. 7.26 lakhs to Rs. 82.31 lakhs. The provision for depreciation has been stepped up from Rs. 10.92 lakhs to Rs. 17.02 lakhs and that for taxation from Rs. 4.25 lakhs to Rs. 15.68 lakhs. The Managing Agents' commission has amounted to Rs. 3.97 lakhs, as against Rs. 2.18 lakhs in the previous year. After making these allocations, the net profit has shown a rise of nearly Rs. 8 lakhs to Rs. 22.71 lakhs, and compares quite impressively with a mere Rs. 1.97 lakh earned in 1958. The return to the shareholders has been stepped up again, from 15 per cent to 18 per cent (6 per cent interim + 12 per cent final), subject to tax, giving a net return of 12.6 per cent per annum; it is, however, still well below the tax-free 18 per cent per annum maintained in 1953 and 1957. It is gratifying to find that, unlike in the preceding four years, the Directors have not found it necessary to withdraw any amount to pay the dividend for the year under review. On the contrary, the net profit has been large enough to permit the transfer of Rs. 4.90 lakhs to development rebate reserve.

The table below compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds (gross)	728.19	682.22	665.19	634.27
Closing stocks of finished goods and materials in process	88.79	99.84	81.28	134.23
Other income	8.29	7.61	2.47	2.58
Raw materials and stores consumed	371.73	385.54	340.94	372.09
Staff expenses	212.00	215.62	187.39	184.63
Other expenses	82.31	75.05	69.28	67.41
Gross profit	59.38	32.18	17.11	10.08
Provision for—				
Depreciation	17.02	10.92	7.38	5.68
Taxation	15.68	4.25	3.50	2.00
Managing Agents' commission	3.97	2.18	1.10	0.44
Net profit	22.71	14.83	5.13	1.97
Transfer from reserves	..	7.16*	5.50	9.50
To development rebate reserve	4.90	7.06	1.53	1.32
Dividend	18.00 (18%)†	15.00 (15%)†	9.50 (9.5%)†	10.00 (10%)
Carry forward	0.02	0.21	0.28	0.68

Market value of ordinary share (in rupees):	1962	1961	1960	1959	1958
High	327.50	332.50	372.00	340.00	294.00
Low	303.50	259.50	262.75	231.00	230.50

* Includes Rs. 1.66 lakh, being refund of additional income-tax for 1952.
† Subject to deduction of tax.

The Directors say that, during the first half of the year, cloth and yarn stocks were higher than usual, owing to the price stamping scheme, increased incidence of excise duties on all varieties of fabrics and the imposition, for the first time, of an excise duty on cotton yarn, excepting certain counts in hank form. This duty was applicable to yarn consumed by the mills for weaving as well as to yarn spun for sale. The voluntary control of prices of cloth, involving sale of 25 per cent of the total production as "popular varieties" at prices 2 to 3 per cent lower as compared with similar varieties produced by the mills, as also control on staple fibre yarn up to 44s counts, had a restraining influence. Besides, there was an upward revision in duties on chemicals, dyes, machinery and spare parts. Despite these handicaps, the Directors state, cloth and yarn stocks at the end of the year were reasonably low, which, in other words, means that the Company had a better market for its products and, therefore, fared well. Raw cotton supply was easy initially, but difficult at the end of the year. While the position for the current year appears to be alarming, the Directors add that the mills' position is comparatively satisfactory.

From 1st February 1962, Nahalchand Laloochand (Private) Ltd. and V. S. Apte and Son, the Company's selling agents, relinquished their respective yarn and cloth agencies in line with the Directors' view that, "judging from the present conditions and market trends, it was essential that the mills should begin catering more directly to the consumers." This involved payment of Rs. 1 lakh to Nahalchand Laloochand (Private) Ltd. and of Rs. 1.25 lakh to V. S. Apte and Son as compensation for earlier termination of their respective yarn and cloth selling agencies. Since then, Mr. L. V. Apte, one of the partners of V. S. Apte and Son, has been appointed on the Board of Directors. It is also proposed to include on the Board Mr. Kantilal Nahalchand who became an additional Director of Killick Industries Ltd., the Managing Agents, in February 1962, subject to the approval of the Central Government.

The financial position of the Company is sound. Its paid-up capital of Rs. 100 lakhs, all in equity shares of Rs. 100 each, is backed by reserves of Rs. 107.09 lakhs. Bank borrowings have dropped during the year from Rs. 99.18 lakhs to Rs. 69.12 lakhs, but unsecured loans have increased from Rs. 17.47 lakhs to Rs. 26.73 lakhs. Other current liabilities and provisions amount to Rs. 93.27 lakhs. The total indebtedness to outsiders aggregates Rs. 189.12 lakhs, to cover which are available current assets, loans and advances of Rs. 250.45 lakhs, and investments of Rs. 7.20 lakhs. The gross block increased during the year from Rs. 418.90 lakhs to Rs. 448.96 lakhs, has been written down to Rs. 131.52 lakhs, and inclusive of work-in-progress at Rs. 7.22 lakhs, is shown in the balance-sheet at Rs. 138.52 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at about Rs. 308 *cum*-final-dividend, and, on the *ex-div.* basis, offer a net yield of 4.2 per cent per annum.

UNITED WIRE ROPES LTD.

After transferring Rs. 1.50 lakh from the profit and loss account to the expenditure prior to construction account and providing Rs. 1.541 for depreciation and Rs. 13.021 for taxation, the United Wire Ropes Ltd. [Managing Agents Messrs. C. H. Gandhi and Sons (Private) Ltd., Bombay] has made a loss of some Rs. 13.000 for the year ended 31st December 1961. The Directors state that, after the suspension of acquisition proceedings in respect of lands for companies in general due to a recent Supreme Court judgment, the Company directly purchased about 75,000 sq. yards of land at Panchpakhadi, Thana, near Bombay, which was being acquired by the Government of Maharashtra for location of its factory. Contour survey has been completed, and preliminary building operations are in progress. Necessary building materials have been covered. Power and water sanctioned by the Government are being brought to the site. Against the import licence of the c.i.f. value of Rs. 33 lakhs, the Company has placed orders for plant and machinery with manufacturers in the U.K., West Germany, France and Belgium, and the shipment would start arriving from May 1962, and would be completed by August-September 1962. Orders for indigenous machinery have also been finalised, and it would be delivered in time for erection of the plant and machinery in July this year. The plant, the Directors observe, will go into production as scheduled, that is, by the end of this year. An agreement with the Industrial Credit and Investment Corporation of India for a foreign currencies loan of 6.30 lakhs dollars, or Rs. 30 lakhs, has been executed, and funds are being drawn against this credit for payment for the import of steel wire rope plant, machinery and equipment.

NATIONAL RUBBER'S PROFIT BETTER

DIVIDEND RESUMED

WHEN National Rubber Manufacturers Ltd. (Managing Director Mr. K. N. Mookerjee, Calcutta) entered the capital market towards the close of 1957 to raise additional funds to finance an expansion programme, the Directors of the Company anticipated that the annual turnover on completion of the expansion scheme would amount to over Rs. 3.00 crores. The scheme was duly completed in the latter half of 1960 but the full effect thereof in the form of production upto the installed capacity could not be achieved during 1961, the first full year of expanded capacity. Output of almost all items, nevertheless, has shown some improvement and this has resulted in an increase in the turnover by 11 per cent, from the previous years figure of Rs. 243.01 lakhs to Rs. 270.19 lakhs during the year under report. Though this falls short of the targetted figure of Rs. 3.00 crores by no less than 10 per cent, the blame for it cannot be placed at the doors of the Company, since its production in the year was hampered by a variety of extraneous factors, not excluding power shortage during the first half of 1961.

Despite high raw material prices, the gross profit has grown in tune with the sales and has risen from Rs. 8.53 lakhs to Rs. 13.80 lakhs. Provision for depreciation has been raised slightly from Rs. 5.91 lakhs to Rs. 6.93 lakhs, while no provision has again been made for taxation. The net profit at Rs. 6.87 lakhs is, therefore, substantially higher than the sum of Rs. 2.62 lakhs earned in 1960. After transferring from this Rs. 2.72 lakhs as against Rs. 3.12 lakhs last year to reserves and appropriating Rs. 0.78 lakh, as previously, for dividends on preference shares, the Directors have found enough balance available to resume the payment of the ordinary dividend suspended temporarily a year ago. The equity dividend at 6.5 per cent, subject to deduction of tax, claims Rs. 3.25 lakhs, leaving a slightly higher carry forward of Rs. 0.58 lakh as against Rs. 0.47 lakh brought in.

The vicissitudes in the fortunes of the Company during the past four years are well brought out by the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales	270.19	243.01	200.03	163.46
Other income	1.88	1.19	2.20	1.50
Closing stocks of finished goods and work-in-progress	100.17	58.44	43.97	44.26
Raw materials and stores consumed	189.84	159.23	122.83	114.42
Salaries, wages and bonus etc.	40.66	36.41	32.06	28.51
Other expenses	69.50	54.50	36.81	32.30
Gross profit	13.80	8.53	10.14	6.86
Provision for—				
Depreciation	6.93	5.91	2.67	2.43
Taxation	..	..	1.80	0.48
Net profit	6.87	2.62	5.67	3.95
Excess provisions written back	..	1.60	0.53	..
Withdrawal from reserves	..	..	..	2.00
To reserves	2.72	3.12	1.94	3.57
Dividends—				
Preference	0.78	0.78*	0.84	0.57
Ordinary	3.25 (6.5%)*	..	4.25 (8.5%)	2.99 (6%)
Carry forward	0.58	0.47	0.14	0.97

* Subject to deduction of tax.

The strain to which the Company's financial position has been subjected by the rather too rapid expansion in its activities is fully reflected in its balance-sheet as at 31st December 1961. The Company's own invested funds of Rs. 75.65 lakhs, consisting of Rs. 10.00 lakhs in preference shares, Rs. 50.00 lakhs in equity shares and Rs. 15.65 lakhs in reserves and surplus are far exceeded by secured and unsecured loans aggregating Rs. 145.60 lakhs in addition to current liabilities of Rs. 43.39 lakhs. The total cost of fixed assets is Rs. 116.09 lakhs and has been written down to Rs. 69.57 lakhs as the net block. Current assets, including investments and loans and advances, total Rs. 193.56 lakhs while miscellaneous expenses yet to be written off are placed at Rs. 1.51 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 12.25 and fetch a net yield of 3.7 per cent per annum.

TATA MILLS PAY MORE

The Directors of the Tata Mills Ltd. have raised the dividend for the year ended 31st December, 1961, from Rs. 5 to Rs. 5.50 per share, subject to tax. The profit before taxation and development rebate reserve has gone up from Rs. 32.97 lakhs to Rs. 58.47 lakhs. The provision for taxation is Rs. 16 lakhs against *nil* in the previous year and that for development rebate reserve Rs. 4.50 lakhs against Rs. 7.25 lakhs. The dividend absorbs Rs. 14.43 lakhs against Rs. 13.12 lakhs a year before and reserves get Rs. 23.50 lakhs against Rs. 21.65 lakhs.

MODERN MILLS FARE WELL

NEW CAPITAL TO BE ISSUED FOR ACETATE FLAKE AND YARN PROJECT

MORE sales but a lower profit-margin. This has been the experience of the Modern Mills Limited [Managing Agents: Messrs. N. Sirur and Co. (Private) Ltd., Bombay] during the year ended 31st October 1961, the statement of accounts for which has just been published. In fact, from the point of view of turnover, 1960-61 has been the best in the post-war period. Sales of cloth, yarn and waste during the year improved by Rs. 40.11 lakhs to Rs. 232.40 lakhs, the percentage increase being 20.8 as against 14.8 in the previous year. This expansion, with a fall in the inventory to Rs. 81.64 lakhs from Rs. 83.80 lakhs a year before, indicates a rise in production. The gross profit, however, has increased only at a slower pace, from Rs. 29.12 lakhs to Rs. 33.98 lakhs, or by 16.6 per cent as against 67 per cent in the preceding year. Not only has the profit not moved up commensurately with the rise in sales, the profit-margin (ratio of gross profit to sales) has also moved down, albeit slightly, from 15.1 per cent to 14.6 per cent, though it is well above the 10.4 per cent in 1959. The results for the year under review are, however, more satisfying if they are viewed against those for 1958-59. The gross profit, for instance, has nearly doubled from Rs. 17.41 lakhs to Rs. 33.98 lakhs between 1959 and 1961, and that, too, without any addition to the machinery. But 1958-59 was not such a good year for the cotton textile industry. The Directors state that, apart from the relatively better trading conditions, a drastic change in the pattern and scale of production has been the major factor responsible for the improvement in profit and that strenuous efforts are being made to augment the Company's profitability further.

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

(In lakhs of rupees)

	For the year ended 31st October			
	1961	1960	1959	1958
Sales of cloth, yarn and waste	232.40	192.29	167.46	170.78
Closing stocks	81.64	83.80	67.36	60.05
Other income	13.06	11.13	9.37	4.00
Cost of cotton, stores and spares consumed	128.27	117.13	98.46	100.54
Staff expenses	55.79	55.61	51.10	48.79
Other expenses	22.26	18.00	17.17	18.38
Gross profit	33.98	29.12	17.41	5.03
Provision for—				
Depreciation	7.84	4.62	4.36	3.37
Taxation	11.80	8.25	0.36	0.43
Managing Agents' remuneration	2.48	2.13	1.29	0.44
Net profit	11.86	14.12	11.49	0.79
Excess provisions written back	..	0.85	4.27	0.12
Transfer from reserves	0.05	..	..	5.15
To reserves	4.70	4.47	8.81	2.19
To gratuity provision	1.07	3.52	1.22	1.20
Dividend	5.58 (12%)*	5.58 (12%)*	4.65 (10%)*	2.79 (6%)
Carry forward	0.30	0.33	0.29	0.32

Market value of ordinary shares (in rupees)	1962	1961	1960	1959	1958
High	84.00	94.00	106.00	60.00	48.00
Low	67.00	63.00	55.00	40.00	46.00

* Subject to deduction of tax.

From the above table, it is clear that the Company's production costs have continued to rise in the past four years. During the year under review, the cost of cotton, stores and spares rose, as compared with the previous year, from Rs. 117.13 lakhs to Rs. 128.27 lakhs, staff expenses from Rs. 55.61 lakhs to Rs. 58.79 lakhs and other expenses from Rs. 18 lakhs to Rs. 22.26 lakhs. It is because of the rise in costs that the gross profit has not kept pace with the sales and the profitability has been slightly affected. The share of premium on cotton quotas under the export incentive scheme in the income from other sources of Rs. 13.06 lakhs is Rs. 2.16 lakhs against Rs. 3.54 lakhs in the previous year. There have been larger allocations to the essential provisions. Thus, depreciation claims Rs. 7.84 lakhs as against Rs. 4.62 lakhs a year before, and taxation Rs. 11.80 lakhs against Rs. 8.25 lakhs. Remuneration to the Managing Agents is Rs. 2.48 lakhs, a few thousands more. The net profit has, therefore, actually come down from Rs. 14.12 lakhs to Rs. 11.86 lakhs. And this has tied down the hands of the Directors from proposing any increase in the return to the shareholders, which has been maintained at 12 per cent per share, subject to tax, though perhaps they would have liked to propose a modest increase, if for nothing else, at least to enhance the investors' interest in their proposal to make a big capital issue. The amount of Rs. 4.70 lakhs, transferred to reserves, is nearly the same as in the previous year.

The current year would witness a sizable increase in the capital structure of the Company, which has been necessitated by its plans for modernisation and expansion of its two mills and more particularly by its proposed acetate flake and yarn project. It may be recalled that the Company had increased the authorised capital from Rs. 1 crore to Rs. 5 crores in the previous year. It has yet to proceed with its sanctioned fresh equity capital issue of Rs. 46.47 lakhs to the existing shareholders by way of one rights share for every share held. This was delayed for certain reasons but will be proceeded with very shortly. Last year, the Directors had proposed to capitalise Rs. 23.24 lakhs and issue one bonus share for every four shares held, including the proposed rights share issue. The rules and conditions prescribed for this by the Controller of Capital Issues did not, however, permit capitalisation of the entire sum of Rs. 23.23 lakhs, and the Company, therefore, obtained consent to the issue of bonus shares up to a limit of only Rs. 15.49 lakhs, which would mean allotment of one bonus share for every six shares held by the shareholders on the increased capital of Rs. 92.95 lakhs following the rights issue.

In addition to these issues, the Company proposes to offer, towards the end of the year, subject to the consent of the Controller of Capital Issues, one new equity share for every equity share held by the shareholders at that time, which will secure nearly Rs. 1.08 crore. Subject to the approval of the shareholders, it also proposes to make a public issue of Rs. 1.5 crore in equity shares and Rs. 75 lakhs in preference shares. The new equity shares aggregating Rs. 2.58 crores are required for financing the proposed acetate flake and yarn project. A part of the proposed public issue would be reserved for foreign participants and the shareholders of Sundatta Foods and Fibres Ltd., who will be offered one new equity share of the Company for every one share, whether equity or preference. The new equity shares would, however, rank for dividend only after the new project goes into production.

It will be recalled that the Company has been licensed to manufacture five million lbs. of cuprammonium rayon yarn and four million lbs. of acetate yarn per annum at Harihar in Mysore State. The Government had approved last year direct negotiation by the Company of an American development loan of six million dollars for the cuprammonium project. Subsequently, it was found that the patents for the continuous process of manufacturing the yarn would soon be expiring in India, that is, in September 1963, and, therefore, the project had to be deferred, and the acetate project taken up immediately, which is now in the concluding stage. The Government has agreed to the Company directly negotiating with the U.S. Government Agency for International Development for a loan of $5 million to cover the chemical portion of the project, for which American collaboration has been assured. For the acetate spinning portion, negotiations are stated to have well advanced for the purchase of equipment from Europe under medium-term deferred credit combined with foreign financial participation. The industrial licence for the chemical portion of the project was originally received in favour of the sister company, Sundatta Foods and Fibres Ltd. Following discussions with the foreign collaborators and financing institutions, it was found more desirable to have an integrated project under one company. The Government's permission was, therefore, obtained to transfer the licence in the name of the Company, which has already received the licence for the acetate spinning portion. The Directors propose to strengthen the financial position of the sister company, in which the Company is to increase shortly its holding to exactly 10 per cent of its subscribed capital, by making a further trade investment of Rs. 12.5 lakhs to make that company a subsidiary unit. They have also sought the shareholders' approval for giving financial assistance to that company up to a limit of Rs. 5 lakhs, subject to the approval of the Government.

The Company's plans for modernisation and expansion of its two mills are under rapid implementation and, when fully implemented, would bring up the net block to over Rs. 1 crore and increase its output. From the current year, a third shift has been instituted in Mill No. 1 and entry made into the sewing thread market. A new large German blow-room line is also on order to replace the old lines. Increased export of yarn from the mill is contemplated to earn import entitlement for the Company. In Mill No. 2, a new Ruti sizing machine was erected during the year to increase the capacity and enable large sale of yarn on sized beams. Application has been made for 10,000 new spindles for balancing the spindleage at the mill with the existing looms. An import licence has been received for 144 automatic looms as expansion under the export promotion scheme, and a firm order will shortly be placed. To feed the automatic looms, 6,160 new spindles are also to be installed. The goal has been set for making the mill a balanced and composite unit of 38,696 spindles and 788 looms. A new Whitin comber set has also been installed to make the mill a combed counts unit. Improvements in finishing and bleaching processes are also proposed to be made.

The financial position of the Company, as at 31st October 1961, is sound. Its subscribed capital of Rs. 46.47 lakhs is supplemented by reserves and surplus of Rs. 48.27 lakhs. Its liability to outsiders aggregate Rs. 144.37 lakhs, including borrowings from banks of Rs. 96.35 lakhs. As against this, current assets, loans and advances total Rs. 156.51 lakhs. Investments of Rs. 3.05 lakhs include those quoted of Rs. 0.16 lakh. The gross block increased during the year from Rs. 151.49 lakhs to Rs. 160.48 lakhs, and has been well written down to Rs. 77.76 lakhs.

The Rs. 50 fully paid ordinary shares of the Company are currently quoted at Rs. 79 *cum-div.* and is ex-right of the proposed new share and bonus share. On the *ex-div.* basis, they offer a yield of roughly 5.6 per cent per annum, free of tax.

COMPANY LAW ADVISORY COMMISSION

The Union Government has reconstituted the Company Law Advisory Commission, following the expiry of the three-year term of office of the Chairman and members of the Second Advisory Commission Mr. K. K. Sharma, a retired judge of the Rajasthan High Court, has been reappointed as the Chairman of the Commission. The other members are: Prof. V. L. D'Souza, retired Vice-Chancellor, Mysore University; Mr. C. C. Chokshi, an ex-president of the Institute of Chartered Accountants of India; Mr. H. L. Khanna, a former president of the Upper India Chamber of Commerce, Kanpur, and Mr. Kali Mukerjee, Working President, Indian National Trade Union Congress, West Bengal Branch.

The Chairman's term of office will be until March 1963 while that of the members will extend up to the end of March 1965. All the members of the Commission, including the Chairman, will work on a part-time basis.

In accordance with Section 411 of the Companies Act, the Advisory Commission is required to inquire into and advise the Government on matters relating to the issue of notifications about the termination of managing agencies in industry and business, applications received by the Government for appointment of managing directors or managing agents, increase in the remuneration of directors, managing directors or managing agents, change in the constitution of the managing agents, variations in the terms of the managing agency agreement, etc. The Commission will also advise the Government on such other matters as may be referred to it by the Government.

During its three-year period of office, the outgoing Commission dealt with 4,725 applications and tendered advice in respect of all applications, except two, by the end of 31st March 1962. The disposal of the remaining two cases was postponed at the request of the parties concerned.

During the last three years, the Commission held 32 sittings in different centres like New Delhi, Madras, Bombay, Calcutta, Bangalore, Ahmedabad and Hyderabad. The largest number of applications considered by the Commission related to Section 326, concerning the appointment or re-appointment of managing agents. The number of such applications was 1,291. The second largest number of applications—1,000, fell under Section 269 relating to appointment of managing or whole-time directors. Section 310, which concerns increase in remuneration of directors, including managing whole-time directors and managers, attracted 892 applications and Section 346 dealing with changes in the constitution of managing agency companies or firms or corporations, attracted 687 applications. The smallest number of applications was received under Section 352 dealing with payment of additional remuneration to managing agents in excess of the limits specified in Sections 198 and 348 of the Act.

SYNOPSES OF COMPANY REPORTS

United Flour Mills Co., Ltd.

(*Managing Agents*: Messrs. Shaw Wallace & Co., Ltd., Calcutta.)

Annual General Meeting—30th April 1962.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1961	1960
Sales	93,05	1,01,21
Closing stock—		
Wheat	6,53	8,78
Flour	23	42
Gross profit	1,56	4,67
Transfer to Managing Agents' remuneration	12	45
,, ,, depreciation	29	34
,, ,, provision for taxation	81	2,31
Net profit	34	1,57
Adjustments	29	51
Appropriations:		
Total available balance	63	2,08
Transfer to development rebate reserve	2	4
To interim dividend (taxable) ordinary	Nil	75
	(Nil)	(15%)
Proposed final dividend (taxable) ordinary	50	1,00
	(10%)	(20%)
Total dividend	[10%]	[35%]
Carry forward	11	29

N.B.—Adjustments include the balance brought forward from the previous year and other credit items if any.

Extracts from the Directors' report: Trading Conditions.—During the first half of the year, the ban on the inter-State movement of wheat products was lifted, but the extraction percentages of wheat products and the maximum selling prices continued to be controlled by Government.

The market prices of *soojee* and *atta* remained fairly stable throughout the year, but the selling price of *flour* showed a downward trend and has declined further since the close of the year.

Production.—Production during the year was 2,13,412 Quintals (5,71,782 maunds) as compared with 2,28,522 Quintals (6,12,263 maunds during the year ended 30th November, 1960.

Accounts in brief as at 30th November 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	5,00,000	Gross block	9,11,153
Reserves and surplus	9,72,362	—Depreciation	6,18,898
Other liabilities	7,22,384		
		Net block	2,92,255
		Current assets	12,76,245
		Investments	22,881
		Cash	3,03,415
	Rs. 18,94,746		Rs. 18,94,746

* Paid-up capital consists of 50,000 ordinary shares of Rs. 10 each fully paid up. Of the above 25,000 shares are allotted as fully paid up by way of bonus shares.

W. H. Brady and Co., Ltd.

(*Chairman*: Mr. Pallonji Shapoorji Mistry, Bombay.)

49th Annual General Meeting—30th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales of machinery, engineering supplies, stores and general trading	1,93,90	1,52,43
Closing stock	49,97	55,55
Commission earned	9,68	9,56
Managing Agency commission (earned)	10,28	10,09
Dividend from subsidiary companies (net)	2,37	1,53
Other income	27,95	15,75
Gross profit	37,67	27,48
Transfer to depreciation	36	21
,, ,, provision for taxation (Indian income-tax)	13,34	11,69
,, ,, provision for taxation (U.K. income-tax)	16	6
,, ,, provision for gratuity	66	54
,, ,, reserve for bad and doubtful debts	Nil	3
Net profit	23,15	14,95
Adjustments	6,69	2,90
Appropriations:		
Total available balance	29,84	17,85
To additional bonus for 1959 and 1960	2,86	Nil
To superannuation (pension) scheme for officers for past services	3,30	Nil
Transfer to general reserve	5,23	Nil
Proposed dividend (taxable) equity	15,60 (34½%)	15,00 (33⅓%)
Carry forward	2,85	2,85

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: Once again the Company's trading operations were adversely affected by the import restrictions imposed by Government, resulting in a moderate decline, as compared with the previous year, in the gross trading profit and also in commissions earned relating largely to the indenting side of the business.

As some of the managed Companies, with the exception of The Belapur Co., Ltd., earned higher profits during the year there was a small increase in the overall nett managing agency commissions in the year of account.

It is to be noted that there is a sizable reduction in the amount of total dividend received as compared with the previous year. This is due mainly to the fact that the dividend from the Company's investments in The Belapur Co., Ltd., has not been included, as in previous years, since the dividend relating thereto has been declared and paid in 1962.

Reference was made in the last year's report to the fact that (*a*) the Company's property known as "Wilderness Cottage" was sold and also (*b*) that the major part of the Company's holding of shares in The New City of Bombay Manufacturing Company, Ltd., was sold. The substantial profits made in these two directions are reflected in the profit and loss account for the year under review.

It will be noted that certain extraneous expenses were incurred, the important ones being: (*a*) The Company had to pay a sum of Rs. 2,86,191 by way of additional bonus for the years 1959 and 1960 consequent upon a settlement arrived at between the Company and the staff Union and (*b*) A Superannuation (Pension) Scheme for the staff in the Officers' grade was introduced and a lumpsum contribution amounting to Rs. 3,30,060 was paid by the Company to this Scheme.

In the latter part of the year another managed Company, viz. The Brady Engineering Company, Ltd., became a subsidiary of this Company and pursuant to Section 212 of the Companies Act, 1956.

By an agreement dated 23rd November 1961 the Company was appointed Secretaries and Treasurers of Gangapur Sugar Mills Ltd., with effect from 1st July 1961. The Directors have also accepted a proposal from Special Steels Ltd. for the appointment of the Company as its Secretaries and Treasurers subject to the approval of the Central Government which is now awaited.

Since the close of the financial year under review the following commitments affecting the financial position of the Company have been made: (*a*) The Company has agreed to invest in the shares of Botanium Ltd., a Company recently floated, upto an amount of Rs. 1,85,000, and (*b*) On the understanding that the appointment of the Company as Secretaries and Treasurers of Special Steels Ltd. was completed in all respects, the Company has agreed that a sum upto the extent of Rs. 25,00,000 out of the Company's funds be invested partly in Equity Shares of Special Steels Ltd., and partly by way of a loan to be granted to that Company.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	45,00,000	Gross block	10,36,950
Reserves and surplus	80,07,816	—Depreciation	5,87,398
Other liabilities	81,60,825		
		Net block	4,49,552
		Current assets	1,40,87,453
		Investments	52,12,769
		Cash	9,18,867
	Rs. 2,06,68,641		Rs. 2,06,68,641

* Paid-up capital consists of 30,000 equity shares of Rs. 150 each fully paid up. Out of this 14,000 shares were allotted as fully paid by way of bonus shares capitalised from reserve.

The British India Corporation Ltd.

(*Chairman and Managing Director*: Mr. H. S. Chaturvedi, Kanpur, U.P.)

42nd Annual General Meeting—28th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	7,31,91	7,85,89
Closing stock—		
Works-in-progress	1,20,29	82,00
Finished products	1,14,35	1,24,45
Remuneration received from managed companies	7,73	124
Other income	13,04	9,70
Gross profit	1,15,15	98,93
Transfer to depreciation	8,50	7,40
,, ,, development rebate reserve	1,29	60
,, ,, provision for taxation	48,00	46,00
Net profit	57,36	44,93
Adjustments	5,61	8,26*
Appropriations:		
Total available balance	62,97	53,19
Transfer to obsolescence provision for stores and spare parts	7	Nil
,, ,, provision for doubtful debts	1,31	Nil
,, ,, rehabilitation reserve	26,00	20,00
Proposed dividend (taxable) 8% C. preference	8,42†	16,85
,, ,, ordinary	22,75	13,00
	(7%)	(4%)
Carry forward	3,92	3,34

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

* This includes Rs. 5,45,000 being provision for preference dividend for 1959 written back since not declared in Annual General Meeting held on 18th May 1960 and amounts written off in previous years and credit adjustments for previous years.

† Preference dividend is calculated at 10.4 per cent. (less tax).

Extracts from the Directors' report: The trading results for the year show steady improvement. Provision for Depreciation amounting to Rs. 8,50,062 has been calculated in conformity with Section 350 of the Companies Act, 1956 as amended, and as clarified by the Department of Company Law Administration.

The income-tax assessments covering the accounting years 1955 to 1959 and the wealth tax assessments for the years 1957 and 1958 have recently been completed resulting in additional demands of Rs. 16,74,412 which have been directly adjusted against "Future Taxation Reserve" previously created for that purpose. Regular appeals have been filed against the income-tax assessments.

Woollen Branches: The working results of the two Woollen Branches have been satisfactory. The total value of production during the year was greater than in 1960 although licences for the import of wool were not issued promptly resulting in a virtual closure of several weeks at the beginning of the year. Licences for the period October 1961 to September 1962 were, however, received in good time. The two Woollen Mills after extensive experiments have succeeded in introducing various blends made of Indian and imported wools which are popular in the market.

Last year the Directors reported that they had under consideration a scheme for the rehabilitation and modernisation of the two Branches. Unfortunately, due to shortage of foreign exchange, it has not been possible so far to obtain the permission of the Government of India for the import licences required. This matter is being pursued as the installation of modern machinery is vitally necessary for the efficient working of the mills.

Cooper Allen Branch: The working of this Branch does not yet show the desired improvement. This is largely due to numerous uncertain factors on which the organised leather industry is still compelled to be heavily dependent. The operational efficiency of the Branch continues to receive the active consideration of the Directors.

Begg, Sutherland & Co., Ltd.: It was reported last year that it had been decided to amalgamate Begg, Sutherland & Co., Ltd., a 100 per cent subsidiary, with the Corporation. The amalgamation scheme was approved by an Order of the Allahabad High Court dated 5th October, 1961 and, accordingly, the assets and liabilities of that company as on 5th October, 1961, were taken over at their book values against the Corporation's investment in Begg, Sutherland & Co., Ltd. The aggregate amount of the net assets so taken over being less than the Corporation's total investment in that company, a loss of Rs. 4,08,560 resulted which has been directly transferred to investment reserve.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	4,06,00,000	Gross block	3,10,21,523
Reserves and surplus	2,05,14,328	—Depreciation	2,42,53,080
Other liabilities	3,85,62,072		
		Net block	67,68,443
		Block-in-progress	5,98,920
		Current assets	7,60,50,321
		Investments	1,49,85,392
		Cash	12,72,823
	Rs. 9,96,76,400		Rs. 9,96,76,400

* Paid-up capital consists of 81,000—8 per cent. cumulative preference shares of Rs. 100 each and 65,00,000 ordinary shares of Rs. 5 each. Of the ordinary shares 35,36,327½ ordinary shares of Rs. 5 each are issued for payment as to Rs. 1.00 in cash and Rs. 4.00 as bonus shares without payment being received in cash.

Shri Ambica Mills Ltd.

Managing Agents: Harivallabhdas Kalidas & Co., Ahmedabad.)

35th Annual General Meeting—28th April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	5,73,45	5,40,32
Closing stock	86,63	84,76
Gross profit	1,53,00	1,41,65
Transfer to depreciation	14,50	14,68
,, ,, development rebate reserve	2,70	2,50
,, ,, Managing Agents' remuneration	8,34	10,85
,, ,, provision for taxation	65,30	58,00
Net profit	62,26	57,62
Adjustments	7,91	93
Appropriations:		
Total available balance	70,17	58,55
Transfer to general reserve	53,00	15,00
,, ,, investment reserve	10,00	5,00
,, ,, staff gratuity reserve	5,00	3,00
Proposed dividends (taxable) 1st C. preference	40	40
,, ,, 2nd C. preference	40	40
,, ,, ordinary	Nil	31,88
	(Nil)	(50%)
Carry forward	1,37	2,87

N.B.—Adjustments include the balance brought forward from the previous year; excess provisions and credits relating to past period.

Extracts from the Directors' report: It is proposed that a sum of Rs. 21,25,300 out of the amount standing to the credit of the general reserve account of the Company be capitalised and to issue bonus shares to persons who are the registered holders of the existing 63,759 ordinary shares of the Company on such date as may be fixed by the Directors, after obtaining the consent of the Central Government under Capital Issues (Control) Order. The requisite Resolution for such capitalisation is proposed to be passed at the annual general meeting of the Company. In view of the proposed capitalisation and issue of bonus shares, the Directors have not recommended distribution of any dividend to the holders of ordinary shares of the Company.

The accounts of Shri Arbuda Mills Ltd., a Subsidiary of the Company have shown further improvement in its working. After providing for full depreciation and development rebate reserve for the year under report, the working result shows a profit of Rs. 22,98,636 which the Directors of the said Company have thought desirable to adjust against the amount of past losses.

Bombay Steel Tubes Ltd., is a subsidiary of this Company. The shareholders are aware that as reported at the last annual general meeting, the Directors have subscribed to the entire new issue of Rs. 70 lakhs (Rupees seventy lakhs) equity shares of that Company and have subsequently taken up the remaining shares from the subscribers to the Memorandum and Articles of Association of that Company with a view to make that Company a full-scale subsidiary of our Company. The Factory of this new Company will be located at Vatva, near Ahmedabad on the Western Railway Broad Gauge line for which necessary land has been purchased and/or acquired. Orders for Machinery have been placed with Messrs. Mannesmann Meer of West Germany, with whom an agreement for Technical Collaboration has been entered into. Contracts for the building work have been entered into and the machinery shipments are expected to begin about May/June 1962.

In view of the Company's present position and likely future expansion, the Directors think it desirable to increase its authorised capital from Rs. 1,00,00,000 (Rupees one crore) to Rs. 3,00,00,000 (Rupees three crores).

Due to continuous shortage of coal supplies to the Textile Industry of Gujarat, the Directors have thought it desirable to go over to oil firing and have already converted three boilers out of four to oil burning.

There are 94,128 spindles and 1,819 looms in the Company's Mills. The Company has obtained necessary permits for addition of 9,600 spindles and 150 looms to the present equipment.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	75,35,900	Gross block	2,79,09,836
Reserves and surplus	4,27,80,925	—Depreciation	1,75,09,252
Other liabilities	1,02,80,759		
		Net block	1,04,00,074
		Current assets	2,47,54,986
		Investments	86,32,138
		Cash	1,68,29,386
	Rs. 6,06,47,584		Rs. 6,06,47,584

* Paid-up capital consists of 63,759 ordinary shares of Rs. 100 each fully paid; 5,600 five per cent. cumulative preference shares of Rs. 100 each fully paid and 7,000 four per cent. tax-free second cumulative preference shares of Rs. 100 each fully paid.

BRAITHWAITE AND CO. (INDIA) LIMITED

PLEA FOR LIBERAL IMPORTS OF STEEL TO PROMOTE EXPORT OF MANUFACTURES

ANNUAL STATEMENT BY CHAIRMAN, SIR JOHN BROWN

SIR John Brown, Chairman of Braithwaite and Company (India) Limited, has expressed the view in the course of his statement to the shareholders, circulated along with the Directors' report and statement of accounts for the year ended 31st December 1961 that, if the steel-using industries are to be encouraged to go out and find markets for their goods ("markets which undoubtedly exist"), they should be allowed to import as much steel as they wish, provided they could show a reasonable certainty of a net gain in foreign exchange. Before invoking incentive schemes for exports, Sir John wants conditions to be created for easily exportable goods. For India is not the only country faced with the problem of expanding her exports, and he feels, therefore, that there is a real urgency about establishing ourselves in our natural markets now rather than waiting for four or five years, by which time the necessary raw materials are expected to be in ample supply indigenously.

The following is the full text of Sir John's speech:

"Following the precedent established last year, I am again circulating with the Directors' report and accounts for the year ended 31st December 1961, the statement which I would otherwise make at the forthcoming thirty-second annual general meeting of the Company.

"I must unfortunately introduce my statement this year on a note of sadness. The death occurred in July last of Mr. R. J. Newman Taylor, who, although he was never employed by this Company, did so much for its development in his capacity as Vice-Chairman and earlier Joint Managing Director of its then parent, Braithwaite and Co. Engineers Limited in the United Kingdom. I had the privilege of knowing Mr. Taylor only for the last five years of his life, but in that time we were in close touch with one another in regard to the affairs of this Company and I welcome this opportunity to pay tribute to his outstanding contribution not only during those five years but, as I have reason to know, previously, which was a combination of foresight and caution based on a lifetime's experience of an industry which has had its ups and downs in the past in this country as elsewhere.

Profits, Taxation and Dividend

"The profit for the year, after providing Rs. 5,72,910 for depreciation, Rs. 32,25,000 for taxation and transferring to the development rebate reserve the sum of Rs. 2,36,690, amounted to Rs. 35,86,414. It will be seen that this represents a substantial increase of some Rs. 15.14 lakhs over the corresponding figure for 1960.

"The figure of profit constitutes a record for the Company, and that it was achieved in the face of continuing difficulties over steel and power supplies only reflect the wisdom of the policy which has been followed over a period of years of limiting the distribution of earnings and ploughing money back into the business by further investment in plant and machinery. This has enabled us to increase our output in certain directions while making the most economical use of the steel which was available. As I indicated last year, this policy of ploughing money back into the business is one which must be continued and notwithstanding the large increase in profits, your Directors, after very careful consideration of all the issues involved, have felt it advisable to recommend the same dividend as was paid in respect of 1960, viz., Rs. 2.50 nP per share, subject to deduction of tax. I shall have more to say later in this statement on the subject of future dividends, when discussing our proposals for financing our expansion programme.

Production, Development and Expansion

"*Clive Works*: As forecast in my statement a year ago, we found that we had insufficient orders to fill the available capacity in the structural shops and this situation was aggravated by delays in receipt of raw materials. The situation improved in the latter half of the year during which the shops were employed in fabrication of the Company's portion of the Brahmaputra Bridge steelwork. Production in the wagon shop was maintained throughout the year at an increasing tempo, and improved availability of materials and components permitted the gradual introduction of a second shift until, by the end of the year, we were obtaining outputs in excess of our planned production. The total number of wagons built in the wagon shop was 1,023, weighing 12,827 tons and to this must be added 124 four-wheeler wagons totalling 907 tons weight which were built in the structural shops in an endeavour to utilise spare capacity there. In the result, the total tonnage output of wagons was 13,733, the highest ever obtained. The development of wagon manufacture during the past two years reflects highly on the efforts of the production staff under the energetic direction of our chief engineer, Mr. J. E. Sawtell, and his organisation within the shops.

"Completion of the buildings and extensions, referred to in my statement, last year, was delayed by the acute shortage of cement from May until after the *Pujah* holidays in October, since when good progress has been made. Work in hand includes the extension of the general office and the development of a new steel stock yard. This has been made possible by the removal of a large amount of erection plant and tackle to the ample space which is available at Angus Works, and, when it is completed, the new stock yard will greatly facilitate handling of raw materials. The extension of the wagon works to provide for the painting of the large bogie motor and parcel vans now under construction has recently been completed and negotiations are in hand for the acquisition on lease from the Commissioners for the Port of Calcutta of an additional area adjoining Clive Works to enable us to further rationalise production of the three types of wagons now in hand.

Delay in New Projects

"I have referred above to the paucity of work in the structural shops; in this connection I must express our disappointment at the delays which have taken place in finalising the terms of the fabrication and erection contracts for the heavy forge and foundry project at Ranchi and the alloy steel plant at Durgapur, in both of which this Company is substantially interested as a constituent of the Braithwaite, Burn and Jessop Construction Company Limited. While agreement has finally been reached after much delay in regard to the terms of the first of these contracts, the second is still outstanding, with the result not only that work cannot proceed but also that capacity earmarked by us for several months which, could the delays have been foreseen, could have been profitably utilised on other work, has remained or will remain idle. There is another and broader aspect of these delays, which, I fear, is too little appreciated, and that is that projects such as these have a very high import-saving potential. Each month's delay in finalising the contracts and getting on with the job means that imports have to be continued eventually for longer than would otherwise be necessary with the result that industry as a whole and particularly that branch of the engineering industry which is dependent on imported components, is prevented from functioning as efficiently as it might otherwise do. I shall have more to say later in this statement in regard to exports: all I would say meanwhile is that energy devoted to finalising construction contracts for projects with a high import-saving potential will greatly assist in creating the atmosphere, which, I am sure, is necessary, if the country's foreign exchange problems are to be successfully tackled.

"*Angus Works*: In addressing you a year ago, I informed you that the terms of a 99-years' lease of these works had recently been agreed. This lease was signed on 13th April, 1961, and during the year a great deal of progress has been made with the rehabilitation and reorganisation of the buildings and plant under Mr. A. D. Morley. Pending finalisation of our foreign exchange loan arrangements, to which reference is made later in this statement, a number of new machine tools have been obtained against rupee payment from agents importing from Eastern European countries and this has enabled us to quote for a wide range of products to recently licensed undertakings seeking component manufacture. We have submitted our applications for import licences in respect of most of the machinery which we require and, we hope that licences will be forthcoming shortly after our foreign exchange requirements have been provided for.

"Progress so far has been most pronounced in the foundry, the output of which is now some 250 tons per month, and, we hope that this will further increase during the current year. Castings up to four tons weight are being supplied and improved techniques are permitting of a continually higher quality and complexity of work being undertaken. Notwithstanding the shortage of foreign exchange with the consequent difficulties in obtaining the necessary equipment, progress has been made with the establishment of a laboratory and, within a few months, this will be fully equipped to undertake all chemical and metallurgical investigations likely to be required in our production processes.

Licence for Cranes

"I informed you last year that the Company had submitted, or was in the process of submitting applications under the Industries (Development and Regulation) Act, 1951, for the manufacture of various types of cranes. We have now received a licence in respect of overhead electrical travelling cranes, steam loco cranes and dock-side level luffing cranes and Government approval has been obtained to the terms of our collaboration agreements with Thomas Smith and Sons (Rodley) Limited and John Smith (Keighley) Limited, both members of the Thomas W. Ward engineering group in the United Kingdom, for the manufacture of their products in India. We have been acquiring experience in the manufacture of overhead travelling cranes for use in our own works and three orders for outside customers have already been booked. We have also quoted the Railway Board for the supply of 10-ton steam loco cranes and are hopeful that an order will be forthcoming before very long.

Finance

"During the year under review, considerable progress was made in finalising the shape and content of the plans for the expansion of the Company's activities. According to present estimates, the capital expenditure involved over the years from 1961 to 1965 will total approximately Rs. 290 lakhs, of which the foreign exchange component is estimated at the equivalent of Rs. 88 lakhs. In addition, the Company's requirements of working capital will increase by some Rs. 100 lakhs, and it has, therefore, been necessary for your Directors to consider ways and means of financing a total outlay of Rs. 3.9 crores.

"So far as the foreign exchange component is concerned, the Industrial Credit and Investment Corporation of India Limited has already sanctioned a foreign exchange loan for the equivalent of Rs. 45 lakhs subject to certain terms and conditions. Application has also been made to the Commonwealth Development Finance Company Limited, London, for a loan for the equivalent of Rs. 43 lakhs, and it is hoped that the terms on which this loan may be granted will be finalised in the near future.

"We have made a careful assessment of the Company's financial requirements in rupees and as far as we can see these will be met by the issue of preference capital to the extent of Rs. 40 lakhs. The necessary application has already been made to the Controller of Capital Issues and having regard to the fact that a dividend will be payable on the preference shares from the date of their allotment and within a year thereof, it is hoped that this issue will prove acceptable to the market. The balance of our requirements of rupee finance will be found from retained earnings and depreciation provisions supplemented as necessary by temporary borrowings from our bankers.

"In order to maintain a balance between the paid-up share capital of the Company and the actual capital employed in its business and also to ensure that the ratio between the proposed preference share issue and the equity capital is established on a reasonable basis, proposals are being submitted to you for the capitalisation of reserves to the extent of

Rs. 43,40,210. This will result in an increase in the equity capital to Rs. 1 crore, but I would particularly direct your attention to the terms of the Board's announcement of this capitalisation issue. The issue is nothing more than a recognition of an existing situation and it cannot by itself in any way increase the Company's dividend-paying capacity. It should not, therefore, be taken to imply an intention on the part of the Board to recommend dividends on the increased capital at the same rate per share as has been paid in the recent past. Indeed, the question of whether, and if so to what extent, the total dividend disbursement can be increased from the present figure of Rs. 14,14,948 must depend on the level of profits from year to year and their relation to the Company's financial requirements for the maintenance and expansion of its business. The foreign exchange loans, if and when they are finalised, will impose an obligation on the Company to provide for their amortisation and similarly a preference share capital redemption reserve account will have to be created to provide for the redemption of the preference capital in due course. While, therefore, it is reasonable to expect that the increasing scale of operations will lead to an eventual increase in profits, it is clear to your Directors that for some years at least the bulk of this increase will have to be set aside for the purposes mentioned.

"The work involved in assessing our financial requirements and in producing the figures and information required in connection with our loan negotiations has thrown a heavy additional burden on our commercial and secretarial departments and I am indebted to Mr. Y. S. Tayal and his staff for the manner in which they have discharged their task.

Exports Doubled

"With the continued co-operation of our London associates, Braithwaite & Co. Engineers Limited, which in this as in other directions I would here gratefully acknowledge, we have in the past year more than doubled our exports of pressed steel tank materials to South East Asian markets and further expansion in this field is dependent primarily on the availability of materials. I have no doubt that practically all of the development projects, which consume steel in India, carry a high priority; but I venture to suggest that until it is appreciated that even some of them, if they do not have a high import-saving potential, must be put back for a few months, it will not be possible to create in the minds of those in charge of the country's industrial effort the necessary mentality which will ensure that the export problem receives all the attention which it undoubtedly demands. If I may say so, I feel that much more effort than hitherto will have to be devoted to the establishment in the immediate future of new markets in neighbouring countries for goods which will, in the years to come, command a natural market abroad without the necessity of devising complicated incentive schemes. I have no objection to incentive schemes and, indeed, they have a very useful role to play in dealing with the problem of the country's exports; but I would suggest that before they are invoked the maximum effort should be devoted to creating conditions for the export of goods which can be exported today without too much loss and without incentives, other than relief from import and excise duties. I do not underrate in any way the difficulties which face Indian exporters, but I would say that at least some of these can be removed, if the right psychological background can be created between the Government and industry. As I have already indicated, I believe that timing in this matter is of the greatest importance and, if the steel using industries are to be encouraged to go out and find markets for their goods—markets which undoubtedly exist—they should be allowed to import as much steel as they wish, provided they can show the reasonable certainty of a net gain in foreign exchange. India is not the only country which is faced with the problem of expanding her exports and that is why I feel that there is a real urgency about establishing ourselves in our natural markets now rather than waiting for four or five years, by which time the necessary raw materials will, we hope, be in more ample supply from indigenous sources.

Labour

"In general, relations with our labour force were amicable throughout the year and this has undoubtedly played a large part in the steady increase in output from the wagon shops, providing the workers with the opportunity to earn a high rate of production bonus. Based on the decision of the Supreme Court in regard to the Company's appeal against the bonus award of the Labour Tribunal in respect of 1957, settlement of the outstanding bonus issues for the years 1958, 1959 and 1960 was effected under a bipartite agreement with the workers' union.

"During the past year, the Company instituted a scheme of long service awards for those retiring or resigning on account of ill-health. The Company also played its part during the National Technical Training Week, held in September last, by organising functions embracing the Company's apprentices and senior students from the technical wings of local schools. The award of a technical scholarship in memory of the late Mr. R. J. Newman Taylor was instituted and a prize scheme for the best apprentice at Clive and Angus Works respectively has been introduced.

Management and Personnel

"Despite shortages of raw materials which in recent years have been the main hindrance to increased output, I foresee that before very long it is the shortage of skilled personnel which will impose limits on our output. I can assure you that the management of this Company has devoted a great deal of time and care to the search for talent, both within the organisation and by recruitment from outside it. Even so, they are under no illusions in regard to future needs. I am happy to say that the challenge of the opportunities presented by the expansion of the Company's business is being met by the younger members of the staff and, although I do not underrate the magnitude of the task which confronts us in the next few years, I am nevertheless confident that under the present management the inevitable difficulties of growth will be overcome.

"During the year, Mr. J. E. Bingham, our Managing Director, was reappointed to that office for a further period of three years from 1st July 1961. While Mr. Bingham is the first to acknowledge the contribution of his colleagues in the management, shareholders will, I know, join with me in an expression of our appreciation of his services during what has been an arduous year. To him, to Messrs. Tayal, Sawtell and Morley and to the senior executives working under them we are particularly obliged for their respective parts in producing the satisfactory results which are now before you. They have been well supported by the staff and workers, to whom also our thanks are due.

Order Book Satisfactory

"The Company's order book is now in a most satisfactory state. Structural capacity is fully booked with work which will not be completed until 1964, while the wagon shop should be fully occupied until the middle of 1963. The level of output will, of course, as in the past, be determined to some extent by the availability of raw materials, but as far as can be foreseen at present we should be able to work the structural shops to near capacity from the month of August 1962, onwards. An important order, recently entrusted to the Company, is for the fabrication and erection of the steelwork for the urgently required extension of the Cossipore Power Station of the Calcutta Electric Supply Corporation Limited. All raw materials for this order are being imported from British mills and much of the steel has already arrived in Calcutta. Fabrication is in hand and despatches will commence from the month of May, with completion of erection on site expected by November 1962. The tempo of work in the wagon shops is being maintained at a high level, while orders for the mechanical works are being obtained to match increasing capacity. In these circumstances, it is reasonable to expect a further increase in output in 1962.

"Looking further ahead, we believe that our record of performance to date and the needs of the country's railway system will ensure the receipt of further orders to keep our wagon works fully employed at least until the end of the third Plan period. The rapid industrialisation which is now taking place in India should result in a continually expanding demand for the products of both the structural and mechanical works in the years ahead."

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

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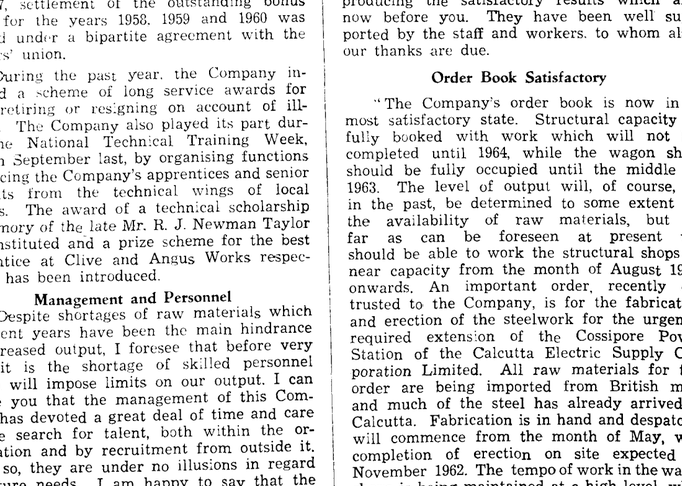

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Notices

BRAITHWAITE AND COMPANY (INDIA) LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-second Annual General Meeting of Braithwaite & Co. (India) Limited will be held at the Registered Office, 4, Clive Row, Calcutta-1, on Thursday, 10th May, 1962, at 11-00 a.m., to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31st December, 1961.
2. To declare a dividend.
3. To elect Directors in place of those retiring.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

To consider and if thought fit to pass with or without modification the following resolutions of which numbers 5 and 6 will be proposed as Ordinary resolutions and numbers 7, 8 and 9 as special resolutions.

5. (*As an ordinary resolution*)

"That the capital of the Company be increased to Rs. 1,40,00,000 by the creation of 3,00,000 Ordinary Shares of Rs. 10 each and of 40,000 Redeemable Cumulative Preference Shares of Rs. 100 each carrying the rights and privileges set out in the Articles of Association of the Company as altered by resolution No. 8 set out below."

6. (*As an ordinary resolution*)

"(a) That the sum of Rs. 43,40,210 forming part of the undivided profits of the Company standing to the credit of General Reserve be capitalised and that this amount be issued as a capital bonus which shall be applied on behalf of the persons who are on the 10th day of May, 1962 holders of the 5,65,979 issued Ordinary Shares of Rs. 10 each in payment in full for 4,34,021 Ordinary Shares of Rs. 10 each and that such 4,34,021 new Ordinary Shares credited as fully paid shall be accordingly allotted to such persons respectively in the proportion of 76,685 new Ordinary Shares for every 10 issued Ordinary Shares then held by such persons respectively and that the said new Ordinary Shares so distributed shall rank in all respects *pari passu* with the existing Ordinary Shares and shall be treated for all purposes as an increase of the nominal amount of the capital of the Company held by each such shareholder and not as income.

(b) That in satisfaction of the said capital bonus the Directors be and they are hereby directed to allot and distribute 4,34,021 new Ordinary Shares credited as fully paid up amongst the persons who are on the 10th day of May, 1962 holders of the 5,65,979 issued Ordinary Shares of the Company in proportion to the issued Ordinary Shares held by them save that where members are entitled to a fraction of a share as a result of the issue of such capital bonus, the Directors shall allot the shares represented by the total number of such fractions to a person or persons appointed by them who shall as soon as practicable sell the said shares and distribute the net proceeds to the said members in proportion to their respective entitlements.

(c) That the draft of the agreement providing for the allotment of the said new Ordinary Shares in satisfaction of the said capital bonus submitted to this meeting and signed in the margin by the Chairman thereof for the purpose of identification be and the same is hereby approved and that authority be and is hereby given to the execution thereof on behalf of the Company as and when the same shall have been signed on behalf of the members holding Ordinary Shares in the Company on the 10th day of May, 1962 by a person to be appointed by the Directors in that behalf.

Provided that no part of this resolution shall take effect except in the event of the approval of the Government of India being obtained to the issue of the said capital bonus."

7. (*As a special resolution*)

"That pursuant to section 81 of the Companies Act, 1956, the Company hereby approves of the issue to the public by a Prospectus of 40,000 Redeemable Cumulative Preference Shares of Rs. 100 each forming part of the unissued capital of the Company and carrying the rights and privileges set out in the Articles of Association of the Company as altered by resolution No. 8 set out below."

8. (*As a special resolution*)

"That the Articles of Association of the Company be altered as follows—

(1) Article No. 4 shall be deleted and the following new Articles adopted in place thereof—

"4. The capital of the Company is Rs. 1,40,00,000 divided into 40,000 Redeemable Cumulative Preference Shares of Rs. 100 each and 10,00,000 Ordinary Shares of Rs. 10 each.

4A. The following provisions shall apply to the Redeemable Cumulative Preference Shares—

(a) The said shares shall confer on the holders thereof the right to receive a fixed cumulative preferential dividend at the rate of 9 per centum per annum (without any deduction therefrom on account of income-tax payable by the Company but subject to deduction of tax under Section 194 of the Income-tax Act, 1961, or any statutory modification or re-enactment thereof) on the capital for the time being paid up thereon and the right in a winding up to repayment of capital and arrears of dividend, whether declared or not, down to the commencement of the winding up in priority to the Ordinary Shares in the capital of the Company but shall not confer any further right to participate in profits or assets.

(b) The Company may at any time after 31st December, 1974, on three months' notice to the holders thereof, out of any profits or monies of the Company which may lawfully be applied for that purpose redeem the whole or any part of the said shares at par together with a sum equal to the arrears of the fixed dividend thereon down to the due date for redemption thereof upon giving to the holders of the shares to be redeemed not less than three months' previous notice in writing.

(c) If the Company shall at any time determine to redeem a part only of the said shares for the time being outstanding the shares to be redeemed shall be determined by a drawing to be made at the office in the presence of a Notary Public of which not less than 28 days' notice shall be given to the holders of the said shares who shall be entitled to be present at such drawing."

(2) Article No. 78 shall be deleted and the following new Article adopted in place thereof—

"78. Save as hereinafter provided on a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him provided that no Company shall vote by proxy so long as a resolution of its Board under the provisions of Section 187 of the Act is in force.

A member registered in respect of a preference share shall not in respect of such share be entitled to vote at any general meeting of the Company except—

(i) on a resolution placed before the Company in general meeting at the date of which the dividend due on such share or any part thereof remains unpaid in respect of an aggregate period of not less than two years preceding the date of such meeting; or

(ii) on a resolution placed before the Company which directly affects the rights attached to the preference shares in the capital of the Company and for this purpose a resolution for the winding up of the Company or for the repayment or reduction of its share capital shall be deemed directly to affect the rights attached to such shares."

9. (*As a special resolution*)

"That Article No. 95 of the Articles of Association be altered by the addition of the following proviso at the end of the Article—

'Provided that no remuneration shall be payable to any director until the last day of the month during which the meeting or meetings to which the remuneration relates was or were held and provided further that the remuneration so payable to any director together with the remuneration payable in respect of earlier meetings during the same financial year of the Company shall not exceed the remuneration which would prior to the adoption of this Article as one of the Articles of Association of the Company have been payable to him in respect of the period from the first day of January in that financial year upto the said last day of the month.'"

The Transfer Books of the Company will be closed from the 26th April, 1962 to the 10th May, 1962, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member.

Payment of such dividend as may be declared will be made on or after the 17th May, 1962 to those members whose names are on the Company's Register on the 10th May, 1962.

By Order of the Board,

Y. S. TAYAL,
Secretary.

CALCUTTA, 15*th March*, 1962.

Note:—An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 has been forwarded to the Members of Company.

THE PUNJAB NATIONAL BANK LIMITED

Registered Office:

PARLIAMENT STREET, NEW DELHI

NOTICE IS HEREBY GIVEN THAT THE next Annual General Meeting of the Shareholders of the Punjab National Bank Limited, New Delhi, will be held at the Registered Office of the Bank, Parliament Street, New Delhi, on Thursday, the 17th May, 1962, at 4.00 p.m., to transact the ordinary and special business mentioned in the Notice dated 16th April, 1962, and the explanatory statements attached therewith, posted to the Shareholders individually at their registered addresses.

By Order of the Board of Directors,

R. L. TULI,
General Manager.

Dated 16th April, 1962.

N.B.—1. The Transfer Books and the Register of Members of the Company will remain closed from 24th April to 7th May, 1962 (both days inclusive).

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Such proxies on the form should reach the Registered Office of the Company at least 48 hours before the time fixed for the Meeting.

3. The dividend when declared will be made payable at the Registered Office of the Company on or after 18th May, 1962 to those Shareholders whose names stand on the Register of Members as on 7th May, 1962, subject to the provisions of the Articles of the Company. Shareholders are requested to intimate the change of address, if any.

GOOD DEMAND FOR TEAS

(From Our Own Correspondent)

CALCUTTA, 16th April

Good demand was in evidence during the internal consumption sale held here last week. Dusts on offer totalled 28,829 packages. Keen competition was offered to C.T.C. teas, among which the clean bright liquoring lots were a strong feature. Prices of secondary fibrous teas were steady, following improved attention. Good liquoring teas, in the legg-cut group, met with good demand, but other varieties in this category did not attract much support. Plain orthodox teas were marked down, and, even at lower prices, bidders were not responsive. However, bright liquoring Assams were in good demand. The quotations per one kg., inclusive of the excise duty, were: good Assam C.T.C. dust Rs. 6.40 to Rs. 6.90, medium Assam C.T.C. dust Rs. 5.40 to Rs. 5.80, medium Assam dust Rs. 3.70 to Rs. 4.60, legg-cut dust Rs. 3.65 to Rs. 4.70, and plain orthodox dust Rs. 3.15 to 3.70. Leaf on offer, amounting to 826 chests, enjoyed fair demand.

Forward bookings of tea showed a visible improvement during the week, and this indicated that new crop shipments would commence soon. Distressing reports of weather have been received from several tea growing areas. Dry weather continues and rains are earnestly looked forward to. The crop reports for March from the different areas suggest that the prospects in lower Assam and north Cachar are considered to be poor on account of the continuance of very hot weather. The Terai region had reported normal weather and commencement of the season. Although the weather in the Darjeeling area had been dry, immediate prospects are considered fair and the current outturn is normal. In upper Assam, rains were reported in some areas, and the production of new season's tea had commenced. The prevalence of red spider was reported from Panitola.

Commencement of production was reported from central Dooars and certain gardens in western Dooars. In the latter area, leaf prospects were poor. In eastern Cachar, the preponderance of red spider blight was causing anxiety. In the Cachar area as a whole, lack of rains so far discouraged optimism with regard to immediate prospects. Red spider and looper caterpillars were being fought in Goalghat in central Assam.

While the Central Government's taxation proposals for 1962 63 are keenly awaited, and generally a liberal increment in indirect levies is expected, the tea trade looks forward to the implementation of the Commerce Minister's recent statement, according to which the Government would consider reducing or even abolishing the export duty on tea, if it was convinced that such measure would lead to increased exports. If only India could reduce prices of tea, it is claimed, exports can rise.

At the same time, internal consumption is increasing at a rapid pace, despite the suspension of propagational measures by the Tea Board in compliance with Government's directive. Internal consumption was only 93 million lbs. in 1938, or 20 per cent of the production, in that year which was 452 million lbs. Internal consumption has risen gradually since then, and in 1961 increased to 300 million lbs., which was just over 38 per cent of the production totalling 771 million lbs. In other words, internal consumption in the period increased by 222 per cent or at an average of 9 per cent a year. If this rate is maintained—and there is every reason to believe that it would rise—it is reasonable to expect that by 1966 internal consumption would claim as much as 400 million lbs. In other words, of the expected increase of 128 million lbs. in production, internal consumption would absorb the lion's share of 100 million lbs. thus leaving only 28 million lbs. for exports.

A glance at the export figures for 1961 clearly reveals that the country's exports did not rise commensurate with the level of increased output. However, world consumption had increased remarkably. Only a reduction in export prices would lead to greater exports. The industry has to capture new markets, if it were to retain its position as the largest producer and exporter of tea.

SPECULATIVE SUPPORT FOR JUTE GOODS

(From Our Own Correspondent)

CALCUTTA, 16th April

Although business in jute goods that took place with overseas countries was small, steady conditions were in evidence, as there was keen speculative support. Overseas buyers were disinclined to follow the rise and, after last week's wide fluctuations, prices settled at lower levels during the week. As expected, the Indian Jute Mills Association announced the decision of mills to extend the unrestricted period of production upto the end of May. Despite increased production, the squeeze in ready goods continues. Production in March aggregated 97,800 tons, representing a rise of 5,600 tons over the previous month. However, stocks at the end of March were fewer by 300 tons at 16,200 tons. This shows that the high level of demand, which has been in evidence since the beginning of the year, was not only maintained in March but registered a further rise. Stocks of goods with mills at the end of February being 61,800 tons, availability in March adding that month's output was 159,600 tons. Stocks at the end of March being 61,500 tons, demand in the month was of the order of 98,100 tons or 300 tons greater than the increased output. Such a situation explains the decision of mills to continue to keep in operation as many looms as possible commensurate with the spinning capacity and availability of electric energy.

Mills outside the I.J.M.A. have also maximised production. The increasing attention which the shares of jute mills is receiving on the Calcutta Stock Exchange is an index to expectations of increased profitability. Simultaneous business in raw jute and goods continue to admit of reasonable profits, thanks to large offers of fibre. It is expected that production in April would be lower than that in March. For, with more holidays, April is a shorter working month. Further, two mills had to suspend production for more than a week earlier in this month, following a labour dispute over the introduction of night shift for a section of workers. The management had to introduce a night shift in the weaving department as a method to get over power shortage, whereupon, as a protest, workers dislocated the manufacturing process and forced the management to declare a lock-out. Trade circles said that the present low stock position in goods was not desirable. Squeeze in ready goods fans speculative enthusiasm, and fluctuations in prices of goods as have occurred recently harm the long-term interests of the industry. It is only too clear that both the I.J.M.A. member-mills and others are not able to satisfy demand in full. With rapid industrial development, internal demand for gunny has increased tremendously.

All these lead to the question whether the time has come for the Government of India to lift the virtual ban on the setting up of new mills. Cultivators complain that mills are not able to absorb the increased fibre output. They also point out that they should be encouraged with prompter lifting of their produce at reasonable prices. While the present slump in prices of inferior varieties of fibre should lead cultivators to pay greater attention to quality, it is generally believed that, at a price of Rs. 30 a maund basis Assam bottoms, cost of production for cultivators would be covered. There has also been a demand for scientific inquiry into the matter. Against such a background, the efforts of the Indian Central Jute Committee to find a solution to the problem should be commended. The economic research section of the Committee has already completed investigations in ten selected areas, and much useful information has been obtained as to the changes in the relative costs of production of jute and paddy, as well as about the relative variations in the cost ratio and the price ratio of these two competing crops over a period of time. A technical committee headed by Dr. B. P. Kedia, Vice-President of the I.C.J.C., will examine the methodology for investigations into the economics of jute growing in West Bengal, Assam and Bihar.

The fact that inquiries in goods from overseas countries have now become small has spotlighted attention on the current level of prices. It was on account of high prices that in 1961 jute goods exports were only 764,500 tons, representing a fall of 33,100 tons as compared with 1960. However, it was significant that, in 1961, export earning from jute goods increased by Rs. 21 crores to Rs. 146 crores. Although prices of goods are now much lower than last year, considering the steep fall in fibre prices, trade circles interpret the present lull in foreign inquiries to the inclination of foreign buyers to wait and see if prices fall further. In the last two to three months, overseas countries have lifted substantial quantities and, therefore, they can afford to wait for some time before entering into fresh commitments. What shipments are being made to the U.S. at present are mostly against earlier contracts and, with fairly heavy stocks, that country is not expected to purchase immediately. It will be remembered that, last year, the U.S. imported a greater quantity of hessian from India than in 1960; perhaps the U.S. desires to go slow in its purchases this year. Last year, China did not buy any heavy goods from India and exports to Australia declined. However, the lower exports of heavy goods did not affect the industry as such, since domestic consumption increased sizably to 273,800 tons. While shipments of hessian to the U.S.S.R. and the Continental European markets were maintained in 1961, there were a substantial fall in the shipments to Argentina, Canada and the U.K.

BOMBAY MARKET REPORTS

As almost all the markets in Bombay were closed on account of holidays during the major part of the week and as this issue of Commerce *has to be printed and posted a day earlier on account of Good Friday, we have not published our customary review of the local money, bullion and commodity markets. A brief account of the main trends is, however, provided under our "Market Gossip" feature*—ED.

Notice

JAY SHREE TEA AND INDUSTRIES LIMITED

NOTICE IS HEREBY GIVEN THAT THE Sixteenth Annual General Meeting of the Shareholders of this Company will be held on Friday, the 25th May 1962, at 3 p.m. at the Registered Office of the Managing Agents at 15, India Exchange Place, Calcutta 1, and its agenda has been/will be duly circulated to all the members of the Company in time along with the relevant explanatory statement thereon.

The Share Transfer Registers will remain closed from 7th May 1962 to 25th May 1962 (both days inclusive).

By Order of the Board,

B. C. BIYANI,

Secretary, Company Law.

Registered Office:

INDIA EXCHANGE,

CALCUTTA, 1.

The 7th April 1962.

METALS STEADY

(From Our Own Correspondent)

CALCUTTA, 16th April

Prices in the local metal market were unchanged during the week under review. Further releases against permits were made, but, as there was no change in the basic shortage, berry scrap was steady at Rs. 551 per 100 kgs. and utensil scrap at Rs. 511.75. On the London Metal Exchange, copper closed firm at £234 a ton, as against the opening of £234½. The decline in warehouse stocks was only expected, since lately European consumer demand from London had been substantial. Consumption of copper within India has steeply increased is too evident from the huge rise in imports. Last month, the imports totalled 10,993 metric tonnes, representing an increase of over 50 per cent compared to the previous month. In March 1961, the imports were only 1,807 tonnes.

The levy of an excise duty can do harm to the industry concerned. This has been amply demonstrated in the case of tinplate. Last year's excise duty of Rs. 200 a ton has raised the price of tinplate to about Rs. 1,500 a ton, against the overseas price of about Rs. 1,100. The high cost of tinplates has affected the tinplate fabricating industry. Speaking at the annual meeting of the Tinplate Fabricators Association here last week, Mr. B. L. Goenka, therefore, rightly urged the Government to withdraw the excise duty. He said that this duty is pushing out tinplate from the packing-materials market, and consumers are showing preference for other materials such as aluminium, paper, plastic and polythene.

In London, electrolytic zinc receded to £69 a ton, after being higher at £69½. The recession followed a decline in demand. In New York, earlier in the week, the rate declined by 1¼ cents a lb. following revision in the price by custom smelters. The price here was around Rs. 232.25 per 100 kgs. Lead was unchanged at Rs. 124 per 100 kgs. On the London Metal Exchange, spot tin, opening at £950 a ton, rose to £958 to close at £955½.

FOODGRAINS TURN EASY

(From Our Own Correspondent)

HAPUR, 16th Apr

Foodgrains in the local market turned easy over the week-end, thanks to a marked increase in arrivals of new rabi grains. Harvesting is nearly complete and, as winnowing and threshing operations are on, new rabi grains arrivals would soon rise and bring down the prices further. There were definite indications of a bumper crop, except in scattered areas, where there were losses to the standing crops due to hailstorm. While wheat old stuff stayed steady at Rs. 42.50 per quintal for the average quality, the superior farm produce was still quoted higher up to Rs. 48.24 per quintal. New wheat reaching here in small quantity was being lifted at lower prices at Rs. 38.85 to Rs. 41.53 per quintal. The quality reaching the market was reported to be poor.

Rice continued quietly steady due to better consumers' support and limited arrivals of *basmati* quality rice. Local stocks at the week-end were around 10,000 maunds. The latest prices (in Rs. per quintal) were: *basmati sela* 66.98 to 75.92, superior 80.38 to 96.43, *mainpuri sela* 51.34, *ramajwayan sela* 56.26 to 58.94, *raimunia sela* 61.62 to 64.30 and *gadda* 51.57.

New gram arrivals from Punjab averaged daily 1,000 maunds. Prices sought lower levels, as crop prospects were good and local arrivals were expected to commence. Barley and *bejhar* arrivals of new produce were still poor, but prices were unchanged during the week, as demand was also slack. Selling pressure in maize and *bajra* continued unabated and prices were, consequently, depressed during the week. *Juwar* and *guwar*, however, attracted better buying support and the stocks, too, were poor. New *methi* arrivals have not yet commenced, and the old stuff prices were almost stationary. Oats arrivals were small and prices unchanged. The prices on Monday (in Rs. per quintal) were:—gram Punjab 37.37, barley 26.80, *bejhar* 24.56 to 26.79, maize 19.09 to 26.79, *bajra* 34.16, *juwar* 37.51 to 41.53, *guwar* 37.51 to 38.18 and *methi* 72.34.

In pulses, new peas arrivals have risen to an average of 2,000 maunds. Arrivals were heavy in mofussil markets also but thanks to good buying support, mainly from Madras, prices stayed steady. The week's offtake aggregated 10 wagonloads mostly to Madras. *Arhar dal* also attracted good demand and the old stocks were fast declining. The new crop was expected after some weeks. New *massoor*, however, was lifted at lower prices due to slack demand. But *urd* and *moong* were steady on good consumer support. Week-end prices (in Rs. per quintal) were:—peas *dara* 28.80, farm 30.30 to 31.15, peas *dal* 33.50, *arhar* 38.18, *arhar dal* 49.87, *urd* 58.94 to 64.30, *urd dal* 66.98 to 75 02, *moong* 50.91 to 53 98, *moong dal* 58.94 to 61.62, *massoor* new 37.51 and *massoor dal* 50.51.

FRACTIONAL GAINS IN SUGAR

(From Our Own Correspondent)

HAPUR, 16th April

Sugar was steady to firm here during the week on good buying support and better export prospects. Prices of all varieties recorded fractional gains. Supply of cane to factories was fast declining, but was still sufficient to prolong the crushing season till the end of the current month. The season in east U.P., is likely to last till the first week of June following the directive from the State Government to the factories to crush all available cane. Week-end prices here were: spot delivery per bag Simbhauli Rs. 106.50, Bulandshar Rs. 103 per bag, retail 97 nP per seer, mill delivery per maund new Simbhauli E29 Rs. 39, D29 Amroha Rs. 38.06, Bijnore Rs. 37.75 and Meerut Rs. 38.40.

Sugar continued firm in Kanpur on support from Calcutta and South. Despite the release of the monthly quota for free sale, prices improved fractionally. Better D29 quality was quoted at Rs. 108.50.

Khandsari prices rose on brisk demand from Punjab, Rajasthan and east U.P. Local demand was also good. Production season is gradually coming to a close. Week-end prices were: moist inferior Rs. 29 to Rs. 32.50, superior Rs. 31 to Rs. 33.50, dry Rs. 32 to Rs. 36 and *boora* Rs. 37 to Rs. 38 a maund.

Superior *gur* prices touched new heights at Rs. 50.91 per quintal on brisk buying support from Punjab. Other qualities were quiet. Daily arrivals have dropped to an average of 300 to 500 maunds and, as production season has nearly ended, arrivals are out of the stocks retained by cultivators. Loading facilities were available. The week's offtake was seven wagonloads mostly to Gujarat. Local *gur* stocks were 32,000 maunds as against 76,000 maunds last year. Scattered sowings of cane were still being done and the *pansera* quality was quoted at Rs. 46.50 to Rs. 48.24 per quintal.

SELECTIVE INQUIRIES FOR KIPS

(From Our Own Correspondent)

MADRAS, 16th April

The Madras kip market ruled steady this week. Arrivals from the tanneries were moderate and the clearance was not brisk. Overseas inquiries were selective and small. Tanners seem likely to shade their ideas of prices a little to stimulate the flow of business. Demand for lower grade cowhides for inland trade was slack and the tone weak. Arrivals of cowcalf and buffcalf skins were comparatively small and demand from the Continent and U.S.A. was negligible.

In the tanned skins section, trading was on a small scale. It is expected that there would be revival of the export trade after the seasonal Easter holidays. There were a few inquiries for middle class sheep and heavy weight goat skins only; and other lines were more or less neglected.

Nominal prices per lb. (in rupees) were: Tanned cow hides (8/9½ lbs. average) 2.25 to 2.30, tanned cow calf (14/2 lbs. average) 3.75 to 3.80, tanned buff hides (12/14 lbs. average) 2.60 to 2.65, tanned buff calf (14/2 lbs. average) 3.20 to 3.30.

G. CLARIDGE AND COMPANY LIMITED

EXPANSION AND MODERNISATION PLANS UNDER WAY

CHAIRMAN, MR. PALLONJI S. MISTRY'S SPEECH AT ANNUAL MEETING

IN his speech at the Forty-second Annual General Meeting of Messrs. G. Claridge and Company Ltd., held at Bombay on Thursday the 12th inst., Mr. Pallonji S. Mistry, Chairman of the Company, briefly outlined the Company's schemes for expansion and modernisation of the printing press. He disclosed that, with a view to bring.ng the share capital into closer relationship with the employed capital, it was proposed to raise the authorised capital of the Company from Rs. 8 lakhs to Rs. 50 lakhs and to issue, no sooner than it is sanctioned, 8,000 equity shares of Rs. 100 each at par to existing shareholders. He also suggested that, in view of the importance of the printing industry, it should be declared a scheduled industry.

The following is the full text of the Chairman's speech:

"I am glad to welcome you all to our forty-second annual general meeting.

"As already stated in the Directors' report, our production figure, which has been continuously mounting, has jumped this year by about Rs. 10 lakhs to almost fifty lakhs of rupees. If we had used our paper for the major job of printing *Span*, we could have exceeded that figure considerably. Our profits have naturally increased with production and the Directors have recommended a substantial increase in the dividend.

Depreciation

"The Directors, as required by the Companies Act, provided depreciation this year of Rs. 1,27,832, as compared with Rs. 97,014 provided last year. They also recommend that from the profits a sum of Rs. 23,084 may be appropriated for depreciation to make up the shortfall between the amounts set aside during previous years and the amount as calculated under Section 350 of the Companies Amendment Act 1960. If these recommendations are accepted our reserves and surpluses will be approximately Rs. 14,04,011.

"I am happy to inform the shareholders that we have come to an amicable settlement with our workers for the payment of this year's bonus and have, in accordance with the agreement arrived at, provided for a bonus of three and a half months' pay in the accounts.

New Machinery Installed

"Additional machinery installed during the course of the year was worth Rs. 3,19,859. Further machinery on order and expected to arrive during the course of this year will be worth about Rs. 4,35,000. We have approached Government to grant us further licences for machinery worth about Rs. 9,00,000, as our intention is to further modernise our plant and to go in for industrial packaging on a larger scale.

"To show to our shareholders the quality of our work, we have, on the third page of the cover, tabulated the prizes awarded to our press during the last five years by the Government of India and the All-India Printers Conference. The copy of the American Ambassador's letter printed on the last page compliments the high quality of work done by our press.

Security Work

"Our press does considerable security work of printing cheques for banks, and, perhaps, we are the largest private printers of bank cheques in this country. Another line in which we are expanding is that of making charts for Kent and other meters. We are contemplating whether we should have special machinery for printing roll charts.

"You will no doubt realise that, with the considerable increase in our production, with such heavy purchases of machinery and with our schemes for further expansion, the Company will need larger funds. Our present authorised and subscribed capital of Rs. 8,00,000 is inadequate as compared to the Company's block account standing in the Company's books. The Company's issued share capital has also to be brought into closer relationship with the capital employed in our press.

"With these ends in view, as you must have noticed from the Directors' report and the resolutions before you, the Directors have recommended that the authorised capital of our Company may now be raised to Rs. 50,00,000. If this is sanctioned, it is the Directors' intention to immediately issue 8,000 further shares of Rs. 100 each at par to the existing shareholders according to the conditions laid down by Section 81 of the Companies Act 1956. The right will also be given to the shareholders, if they so choose, to renounce the shares offered to them in favour of any other person, subject to the approval of the Directors.

Printers' Problems

"The difficulties of our industry are being continuously put before the Government of India by the All India Printers Conference and Government has been examining their suggestions sympathetically. It, however, appears to us advisable that the Government should declare the printing industry, at least as regards the larger presses, as a scheduled industry. I believe this is so in other countries. This will facilitate the industry to take advantage of the highly technical developments that have taken place in this industry abroad. It is not possible to deal with such problems on a State-wise basis and we would strongly urge upon Government to agree to this request of the All-India Printers Conference.

"There is considerable scope for the printing industry to earn foreign exchange if imports of good quality printing materials and machinery to compete in the foreign markets are allowed. Recently, Government has approved a special export promotion scheme for paper and other allied products. Our press intends to take advantage of it and to enrol itself as an exporter under the scheme for enrolment of exporters.

"We would also urge Government to consider liberally the request for imports for the printing industries to replace old machinery and imports of high quality paper and other raw materials which are as yet not fabricated in this country. Even when they can be fabricated in this country, the quality of some of them does not compare favourably with the foreign material and the quantities produced do not suffice for our requirements.

"Lastly, I have the pleasant duty to heartily congratulate on behalf of us all, the management and the staff for a successful year of work and I am sure they will strive to better their performance this year."

SURVEY

(Concluded from page 706)

have reported for duty with effect from the 14th inst.

The Rourkela steel strike and similar work stoppages that have occurred of late should stimulate fresh thinking on the exercise of the right to strike or declare a lockout in large new undertakings involving heavy capital outlay. Just as new undertakings are given exemption for a limited period from the operation of certain labour laws, would it not be advisable to prohibit strikes and lockouts for a specified number of years in undertakings, both in the public and private sectors, in which total investments exceed, say, one crore of rupees? The right to strike or declare a lockout, however fundamental it may be, cannot be permitted to be exercised to the detriment of the national interest. (This principle, as readers are aware, has already been recognised so far as essential services are concerned.) Its curtailment for a limited period does not mean its total denial. If wars can justify the curtailment of freedoms, which are normally considered fundamental, are not the equally urgent economic development needs—our Five-year Plans have often been described as the battle against poverty—sufficient ground for restricting the right to strike or declare a lockout for limited periods?

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 13th April, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	5,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	83,26,87,000
(2) Other Governments	3,88,50,000
(b) Banks	86,38,87,000
(c) Others	155,34,28,000
Bills Payable	27,64,45,000
Other Liabilities	60,28,85,000
Rupees	555,81,92,000

ASSETS	Rs.
Notes	12,40,59,000
Rupee Coin	2,95,000
Subsidiary Coin	4,15,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	89,96,41,000
Balances held abroad*	6,16,34,000
Loans and Advances to Governments†	119,22,23,000
Other Loans and Advances	135,35,55,000
Investments	157,70,01,000
Other Assets	34,94,56,000
Rupees	555,81,92,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 14,00,50,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,40,59,000	
Notes in circulation	2149,31,73,000	
Total Notes issued		2161,72,32,000
Total Liabilities		2161,72,32,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	113,86,07,000	
Total of A		231,62,10,000
B. Rupee Coin		118,01,45,000
Government of India Rupee Securities		1812,08,77,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2161,72,32,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	30-3-62	23-3-62	31-3-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	52,77	49,15	55,68
(ii) From others	779,62	762,84	719,72
(b) Borrowings from banks	19,14	16,40	14,01
(c) Others	56,39	52,88	52,11
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	14,13	15,78	14,29
(ii) From others	1,129,95	1,124,77	1,026,34
(b) Borrowings from banks	13,29	15,65	11,07
(c) Others	13,53	13,26	22,45
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,909,57	1,887,61	1,704,06
4. Aggregate liabilities [1 (a) (ii) +1 (c) + 2 (a) (ii) +2 (c)]	1,970,49	1,953,75	1,820,61
5. Borrowings from Reserve Bank	53,04	59,32	94,53
(a) Against usance bills and/or promissory notes	40,73	43,18	45,39
(b) Others	12,31	16,14	49,15
6. Borrowings from State Bank and/or a notified Bank	18,84	17,16	18,52
7. Cash	48,80	51,33	45,56
8. Balances with Reserve Bank	74,32	72,03	71,02
9. Cash and balances with Reserve Bank	123,12	123,36	116,58
10. 9 as per cent of 4	6,22	6,31	6,40
11. Balance with other banks in current account	17,67	18,95	17,85
12. Money at call and short notice	37,35	36,05	20,78
13. Investments in Government securities	601,46	591,18	558,58
14. 13 as per cent of 4	30,38	30,26	30,68
15. Advances—			
(a) Loans, cash credits and overdrafts	1,177,44	1,166,75	1,110,96
(b) Due from banks	11,15	8,72	16,78
16. Inland bills purchased and discounted	181,10	182,02	159,35
17. Foreign bills purchased and discounted	48,62	47,54	49,23
18. Total Bank Credit [15 (a) +16+17]	1,407,16	1,396 31	1,319,54
19. 18 as per cent of 4	71,09	71,47	72,48

State Bank of India

Statement of Affairs for the week ended 6th April, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		587,23,91,000
Borrowings from Other Banking Companies, Agents, etc.		2,19,75,000
Bills Payable		11,24,25,000
Bills for Collection being Bills receivable as per contra		2,45,01,000
Acceptances, Endorsements and Other Obligations per contra		5,26,84,000
Other Liabilities (including Inter-Office Adjustments)		4,96,55,000
Total .. Rs.		627,18,81,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,43,84,000
Balances with other Banks		3,11,32,000
Money at Call and Short Notice		2,93,33,000
INVESTMENTS—		
Government and other Trustee Securities	243,30,58,000	
Other Authorised Investments	9,11,22,000	
		252,41,80,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	271,22 34,000	
Bills Discounted and Purchased	20,21,38,000	
		291,43,72,000
Bills Receivable being Bills for Collection as per contra		2,45,01,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		5,26,84,000
Premises less Depreciation		1,91,12,000
Furniture and Fixtures less Depreciation		1,47,35,000
Other Assets (including Inter-Office Adjustments)		41 74,48,000
Total .. Rs.		627,18,81,000

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	December		April to Dec. (nine months)	
	1961	1960	1961-62	1960-61
Exports	60,85	67,12	500,12	472,27
Re-exports	38	75	3,30	8,48
Total Exports	61,23	67,87	503,42	480,75
Imports	78,75	94,97	746,02	845,12
Overall Balance of Trade	—17,52	—27,10	—242,60	—364,37
Exports—				
Tea	13,31	16,56	97,65	96,80
Jute yarns and manufactures	13,69	14,09	111,53	108,25
Cotton yarns and manufactures	5,15	5,98	39,33	47,49
Metallic ores and metal scrap	3,69	3,44	27,80	28,70
Cotton, raw and waste	1,65	2,64	14,94	7,81
Oils—vegetable, mineral and animal	71	1,55	7,29	11,99
Fruits and vegetables	1,75	1,60	19,14	18,62
Tobacco	25	54	10,21	10,11
Mica	81	79	7,28	7,67
Wool and other animal hair	1,10	89	7,53	6,00
Gums, resins and lac	63	91	4,94	6,46
Spices	1,53	1,77	11,10	11,49
Hides and skins, raw	1,14	1,50	5,91	7,35
Imports—				
Machinery	25,26	19,81	219,41	186,02
Iron and Steel	7,46	10,66	76,84	96,34
Oils—vegetable, mineral and animal	6,58	8,71	69,98	59,02
Chemicals, drugs and medicines	7,32	6,47	69,13	65,59
Electrical goods and apparatus	5,90	4,03	48,84	42,01
Vehicles (excluding aircraft, ships and boats)	2,76	4,71	30,92	44,97
Cotton, raw and waste	2,63	2,10	50,09	62,55
Fruits and vegetables	2,15	4,06	10,41	12,89
Paper, pasteboard, etc.	1,55	89	10,71	9,05
Dyes and colours	1,53	88	11,36	9,63
Spices	12	9	1,15	1,51
Woollen and worsted fabrics	2	..	13	17
Cotton fabrics	3	4	33	55
Rice	38	4	7,33	18,71
Wheat and spelt	3,71	16,73	36,96	115,20

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	24th Mar., 1962	17th Mar., 1962	25th Mar., 1961	January 1962	January 1961	Percentage increase (+) or Decrease (—) in Jan., 1962 as compared with Jan., 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	117.8	119.2R	118.1	118.3	116.4	+ 1.6	119.5	120.2 R
Cereals	192	101.0	101.6	100.3	102.0	99.1	+ 2.9	101.6	103.2
Pulses	48	92.6	93.1	91.1	96.8	94.9	+ 2.0	91.3	92.6
Fruits and Vegetables	28	132.8	134.5	108.8	132.5	105.8	+25.2	131.2	121.1 R
Milk and Ghee	84	117.9	119.6	118.4	113.8	109.8	+ 3.6	115.1	115.5
Edible Oils	47	150.7	153.2	164.3	154.4	159.6	— 3.3	158.2	143.8
Fish, Eggs and Meat	17	145.0	144.4	120.0	139.2	123.2	+13.0	131.0	121.1
Sugar and *Gur*	48	123.2	122.5	117.1	113.3	122.4	— 7.4	120.7	138.6
Others	50	160.9	157.3R	138.3	164.0	188.1	— 2.4	172.9	169.4 R
Liquor and Tobacco	21	99.2	101.0	113.6	87.3	112.2	—12.5	103.6	108.4
Tobacco	..	95.7	97.5	110.9	98.6	109.8	—14.8	100.6	104.8
Fuel, Power, Light and Lubricants	36	122.9	123.0R	111.9	122.2	111.5	+ 9.7	121.8	118.9 R
Industrial Raw Materials	155	134.8	136.5R	158.5	137.5	155.0	+11.3	147.7	138.5
Fibres	61	128.4	129.5R	175.6	125.7	166.1	—24.3	150.0	139.3
Oilseeds	60	146.0	149.1R	160.0	155.7	159.6	— 2.4	157.8	144.9
Minerals	2	94.2	94.6*	95.3	94.8	95.5	— 0.7	95.1	97.5
Others	32	129.0	128.8	127.3*	128.8	129.1	— 0.2	127.9	129.4
Manufacture	280	126.1	126.5	129.1	126.3	127.5	— 0.9	127.9	126.8
Intermediate Products	41	136.4	135.3	137.4	137.8	133.9	+ 2.9	138.4	127.1
Finished Products	240	124.6	125.1	127.7	124.4	128.5	— 1.7	126.2	126.0
Textiles	147	124.7	125.6R	132.8	124.2	131.2	— 5.3	127.7	131.2
Cotton	..	128.0*	128.2*	126.8*	128.2	127.4	+ 0.6	127.5	127.5
Jute	..	115.7	119.1	156.1	115.5	154.9	—25.4	133.9	115.2
Woollen	..	125.4*	125.4*	110.1*	123.1	110.1	+11.8	119.0	127.6
Silk and Rayon	..	126.4*	126.4*R	118.4*	122.1	103.8	+17.6	116.4	102.6
Metal Products	12	152.0	152.0	146.9	151.6	146.9	+ 3.1	147.1	147.9
Chemicals	20	112.5	112.4	105.6	111.9	104.3	+ 7.3	108.7	104.7
Oil Cakes	10	148.2	147.6	144.2	155.7	150.4	+ 3.5	146.3	140.2
Machinery and Transport Equipment	31	116.3	116.3	112.6	115.9	112.6	+ 2.9	113.6	110.7
Others	30	122.3	122.1	118.6	121.5	116.7	+ 4.1	120.2	116.9
All Commodities	1,000	122.6	123.7	127.6	123.3	125.6	— 1.8	125.8	122.9 R

Note:— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.
R—Revised. * Estimated.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 18th April 1962.

	Closing quotations 12-4-1962	High	Low	Closing quotations 18-4-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	215.00	—	—	210.00
Apollo (2)	2.46	2.44	2.40	2.42
Baroda Rayon (100)	145.50	145.50	143.00	144.50
Bombay Dyeing (25)	69.70	69.80	69.20	69.50
Bradbury (50)	210.00	205.00	203.75	205.00
Central India (100)	149.00	149.00	147.00	148.00
Century Mills (100)	629.00	627.00	620.00	621.00
Coorla Sp. (100)	160.00	—	—	160.00
Dawn (50)	164.00	163.00	160.00	160.00
Edward Textile (200)	365.00	—	—	365.00
Elphinstone (50)	127.00	125.50	119.00	120.00
Finlay (100)	337.00	337.00	331.00	331.00
Gokak (100)	229.00	228.00	224.00	225.00
Gold Mohur (100)	275.00	—	—	275.00
Gwalior Rayon (10)	56.80	56.00	55.50	55.50
Ind. Untd. Defd. (1)	3.88	3.82	3.68	3.72
Ind. Untd. Ord. (10)	23.44	23.24	22.96	22.96
Indian Rayon (100)	119.00	120.00	119.00	120.00
Indore Malwa (100)	178.00	178.00	177.00	178.00
Khatau (100)	477.50	447.50	470.00	470.00
Kohinoor (100)	309.50	310.50	306.50	307.00
Mafatlal (100)	980.00	970.00	961.25	961.25
Minerva Mills (100)	96.50	—	—	96.50
Model Nagpur (250)	146.25	—	—	146.00
Morarji (100)	417.00	417.00	412.00	416.00
Mysore (50)	66.00	65.00	65.00	66.00
National Rayons (100)	554.50	753.50	554.00	546.00
New City (100)	181.00	—	—	181.00
New Great (100)	294.00	305.00	294.00	305.00
Phoenix (100)	269.00	270.00	264.00	267.00
Podar Mills (100)	149.00	149.00	147.00	147.00
Raymond Woollen (100)	141.50	142.00	140.00	140.50
Sassoon Silk (10)	14.00	—	—	14.00
Sassoon Spg. (10)	67.00	66.50	65.50	65.80
Shrinivas (100)	287.00	286.00	280.00	281.00
Simplex (50)	174.00	173.50	172.00	172.00
Standard (100)	1,045.00	1,045.00	1,032.00	1,038.00
Svadeshi (100)	292.50	290.00	285.25	286.50
Swan (100)	357.50	350.00	327.50	327.50
S. I. Viscose (100)	183.50	180.00	179.00	179.00
Tata Mills (25)	82.50	82.50	77.20	77.50
Lakshmi-Vishnu (100)	161.25	—	—	161.25
Western India (250)	802.50	—	—	802.50
BANKS				
Bank of India (50)	120.00	119.00	117.00	117.50
Do. (New) (50)	120.50	120.00	118.00	119.00
Bank of Baroda (50)	115.00	115.00	114.50	115.00
Central (25)	66.00	65.50	64.70	65.30
Central 'A' (25)	68.00	67.50	67.00	67.00
Dena Bank (50)	70.00	70.00	69.50	70.00
Punjab National (10)	22.00	—	—	22.00
Union Bank (5)	8.32	8.32	8.28	8.28
United Com. (50)	97.00	92.00	90.50	92.00xd
Maharashtra (50)	76.00xd	—	—	76.00
ELECTRIC COS.				
Ahmedabad (100)	93.80	92.80	92.00	92.50
Amalgamated (10)	10.28	—	—	10.32
Andhra Valley (1,000)	1,017.50	1,020.00	1,016.25	1,020.00
Bom. Sub. El. (100)	102.00	—	—	102.00
Surat (100)	96.00	—	—	96.00
Tata Hydro (100)	112.75	113.00	112.50	112.50
Tata Power (1,000)	1,115.00	1,117.50	1,102.50	1,105.00
INSURANCE COS.				
British India (10)	11.88	—	—	11.88
Indian Mercantile (20)	55.00	—	—	55.00
New India (15)	67.00	67.00	66.50	67.00
New India 'A' (15)	67.50	67.70	67.00	67.70
Vulcan (10)	17.12	—	—	17.12
STEEL COS.				
Ind. Iron (10)	25.00	24.92	24.72	24.76
Mukand Iron (10)	27.80	28.00	27.00	27.90
Tata Steel Ord. (75)	140.00	139.75	138.75	139.00
SUGAR COS.				
Belapur (50)	238.00	238.50	235.00	236.00
Bhopal (10)	21.24xd	—	—	21.24
Chamgdeo (12.50)	23.00	—	—	23.00
Maharashtra (50)	167.00	167.00	165.50	166.00
Phaltan (50)	109.00	110.00	107.00	108.50
Walchand Ind. (100)	164.00	164.50	163.50	164.50
CEMENT COS.				
Associated Cts. (100)	158.75	158.50	157.00	157.75
Digvijay (100)	207.00	206.00	199.00	200.00
Orissa (10)	18.36	18.48	18.36	18.36
MISCELLANEOUS				
Alcock Ashdown (100)	330.00	327.00	318.50	320.00
Atul Dye-Chem (100)	342.50	337.50	330.00	331.25
Bom. Burmah (125)	656.00	655.00	650.00	651.00
Do. (New) (50)	270.00	266.25	265.00	266.25
Br. B. Petrol (1½ sh.)	1.34	1.36	1.26	1.34
Br. I. Corpo. (5)	10.88	—	—	10.88
Cooper Eng. (100)	182.00	182.00	180.00	182.00
Colour Chem. (100)	466.00	462.50	457.50	460.00
Hind Cycle (100)	121.00	121.00	119.00	119.00
Hindustan Lever (10)	71.00	—	—	71.00
Hindustan Motors (10)	—	20.00	19.48	19.60
I. C. & Investl. Corporation (100)	88.00	—	—	88.00
Indian Dyestuff (100)	507.50	507.50	501.25	505.00
Indian Copper (2 sh.)	5.00	5.00	4.96	4.98
Ind. Iron Pr. (100)	78.50	—	—	78.50
Killicks (100)	94.00	90.00	89.00	89.00
Larsen & Toubro (10)	37.90	37.85	37.20	37.75
Mahindra & Mahindra (10)	18.24	—	—	18.24
New Central Jute (10)	18.24	—	—	18.24
Polychem (50)	210.00	210.00	201.25	203.75
Polson (100)	193.00	—	—	193.00
Pre. Automobiles (100)	129.50	129.75	129.00	129.50
Premier Con. (80)	173.50	173.00	171.50	172.50
Scindia (20)	13.00	12.92	12.64	12.68
G. E. Shipping (10)	13.80	—	—	13.80
Shivrajpur (10)	39.00	38.50	37.50	38.00
Sirpur Paper (10)	15.48	15.40	15.24	15.32
Synthetics and Chem. (100)	224.00	223.00	219.00	221.00
Tata Chemicals (10)	17.28	17.28	16.84	16.92
Tata Locomotive (100	348.00	346.75	343.50	346.00
Tata Oil (25)	84.00	84.00	78.00	79.50
Texmaco (10)	22.12	—	—	22.12
Voltas (100)	283.00	282.50	280.50	282.50
W. I. Match (100)	307.00	306.50	304.50	304.50
W. Coast Paper (100)	179.50	179.50	175.00	176.00

GOVERNMENT SECURITIES	12-4-1962	Gross Yield		18-4-1962
		Earlier Redemption	Later Redemption	
	Rs.			Rs.
2½% 1962	99.20	—	3.98	99.20
2½% 1976	83.50	—	4.33	83.50
3% 1964	98.65	—	4.33	98.65
3% 1963-65	98.65	3.76	3.89	98.65
3% 1966-68	96.10	3.96	3.97	96.10
3% 1970-75 1st Dev.	89.70	4.44	4.00	89.70
3% 1986 Con. Loan	71.00	—	4.22*	71.00
3½% 1964 N. P. Loan	99.85	—	3.54	99.90
3½% 1965 N. P. Bonds	99.65	—	3.65	99.65
3½% 1962	99.90	—	3.88	99.90
3½% 1967 N. P. Bonds	98.75	—	3.77	98.75
3½% 1974	99.40	—	3.88	99.40
3½% 1967 N.P. Bonds	99.90	—	3.78	99.90
3½% 1969 Loan	99.30	—	3.77	99.30
3½% 1968	98.60	—	3.75	98.60
3½% 1963 N.P. Bonds	99.95	—	3.54	99.95
3½% 1968 N.P. Bonds	99.80	—	3.79	99.80
4% 1972 Loan	100.30	—	3.96	100.30
4% 1973 Loan	100.10	—	3.99	100.10
4% 1979 Loan	99.30	—	4.06	99.30
3½% 1966 Bonds	99.65	—	3.95	99.65
4% 1980 Loan	99.25	—	4.06	99.25
4% 1981 Loan	98.50	—	4.11	98.50

* Current Income.
CR.—Cum-Right. xd—Ex-dividend. cd—Cum-dividend. X.R.—Ex-Right.

COMMERCE

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

VOL. CIV. No. 2663 BOMBAY, 28th APRIL 1962 PRICE Rs. 2

THOUGHTS ON TAXATION PROPOSALS

ON more than one occasion businessmen in this country have stated in public that they accept the Congress Party's goal of socialist pattern of society. Mr. Tulsidas Kilachand, for instance, reiterated their acceptance at the last annual meeting of the Federation of Chambers of Commerce and Industry held at New Delhi. They cannot, therefore, criticise Mr. Morarji Desai's new and additional taxation proposals, announced on Monday this week to narrow the budget deficit, on the ground that some of them can be justified only on socialist ideologies. The vast majority of them, with notable exceptions like Mr. H. P. Mody and Mr. B. M. Birla, have also accepted the magnitude of the third Plan, as desirable and necessary. Having done that, they have to give their moral and material support to the Finance Minister in his attempts to raise the resources required in a manner that will be politically feasible and least inflationary. Considering these practical considerations, many of the criticisms of the tax proposals voiced by the spokesmen of the business community sound unrealistic. A typical instance is provided by the contention that the proposals pertaining to direct taxation will prove to be a serious deterrent to the growth of the private sector. This is clear exaggeration. To welcome a vague and undefined socialist pattern and then to condemn a fiscal policy designed to reach that goal is patently inconsistent. In the absence of a strong and economically mature Opposition in Parliament and State Assemblies, the representatives of the business community can be of considerable service to the country if they try to act as the unofficial Opposition by putting forward concrete proposals for raising resources for the Plan and for reducing unessential and unproductive expenditure in both the sectors and by suggesting amendments to official proposals which, while ensuring for the Government the revenue it needs, will soften the harsh edges. Such co-operative Opposition would be more fruitful than mere outright condemnation or exaggeration of the possible effects. It is in this spirit we propose to examine here Mr. Morarji Desai's tax proposals.

Commenting on the interim budget for 1962-63 in our issue of 17th March last, we stated that an increase in taxation of the order of Rs. 75 crores would be necessary and that as there were limits to which indirect taxes could be used to cover the deficit and as they had been relied upon to the extent of about Rs. 55 crores last year, it would be an illusion to think that individuals and corporations would be left alone without being called upon to bear a part of the third Plan and Defence burdens. But the proposed increases in corporation and individual taxation are rather high. As all the assessees affected are not in uniformly affluent circumstances, the hardship caused by the increases will be more severe for some than for others. Among the corporations, those engaged in the production of coal, steel, cement, sugar, paper, electricity and banking, the profit-margins of which are thin, either on account of official pricing policies or the prevailing market conditions, will find a straight increase of 5 per cent in their income-taxation, (from 45 to 50 per cent) quite stiff, while others may find it less burdensome. Even cotton textiles, which are subject to voluntary price control, may feel the adverse effect of this proposal acutely, for it comes on top of a sharp rise in excise duties on the most popular varieties of cloth. The Finance Minister himself expects the textile mills to bear a part of the increase in the excise levy. It is only in the last two years that the cotton mills have been faring somewhat better and it is too soon to subject them to fresh burdens and that too in a year in which they have to pay high prices for raw materials, stores and labour. It has been an irony of India's fiscal and price control policies that the basic industries are subjected to many handicaps which make it difficult for them to attract the capital they need for their expansion, whereas the relatively less essential industries are allowed to enjoy a more favourable position in this respect. This anomaly has now been aggravated.

In his general observations on the trends in the banking system, the Finance Minister expressed concern at the disturbing finding voiced by the Chairman of the I.C.I.C.I. and the present Governor of the Reserve Bank that there was a growing tendency on the part of industrial concerns to have a high ratio of debts to equity capital. He was perfectly right in doing so. But, like the other two eminent leaders in the financial world, he too was content with exhorting the industrialists to rely less on borrowings from banks and others and more on equity capital, besides waxing eloquently on the advantages of spreading the ownership of shares over as large a number of persons as possible. He, however, does not realise that his fiscal and monetary policies alike are not conducive to the growth of these desirable ends. He is not willing to recognise the virtues of higher interest rates and wants to borrow for the Government at the cheapest possible rate. He has now gone a step further and raised the taxes on companies to 50 per cent. This means an extra inducement to companies to resort to more and more borrowings, instead of issuing equity shares, for the cost of borrowed capital is allowed as an item of expenditure for tax purposes. Further, higher corporate taxation means lower net profit and, therefore, smaller surplus for remunerating the shareholders. No management which cares for its reputation in the market would prefer equity capital to borrowed capital, if it is not sure of paying and maintaining satisfactory dividends on the higher capital or finds that the existing dividend rate will have to be cut.

The concessions given to salaried employees and others under personal taxation are negligible, while the fresh burden imposed on them is high. The individuals hit most belong to the middle and upper middle class, the very people who have to pay higher prices for the goods they need to maintain their standard of living on account of the enhanced excise duties and imposition of new ones in the budgets for 1961-62 and 1962-63. They will also be the worst sufferers of the rise in the passenger fares announced in the Railway Budget. Their saving capacity will be adversely affected and so also their enthusiasm for doing hard work. The intelligentsia and the managerial class will suffer most because of the steep increase in the total tax payable on annual incomes of Rs. 15,000 to Rs. 75,000. In the larger interest of efficient economic progress, it would have been desirable, even for a socialist State, not to have curbed the incentives for the middle class as a whole. One may say, as some economists do, that the middle class should change its concept of incentives and mode of living to suit the conditions of an underdeveloped economy with a vast unemployed population. But it is always infinitely easy to preach. The very economists who advocate this philosophy themselves do not follow it in practice.

In theory, arguments similar to those in the foregoing paragraph can be advanced against the tightening of the screw on the rich class. Thus, it can be contended that, by raising the taxes on the high income group—persons belonging to the group will have to pay more wealth tax, more capital gains tax if and when they realise the gains, and more income and super taxes—the entrepreneurial class is being penalised to such an extent that capital formation will suffer a serious setback and that there will be a perceptible slow down in the formation of new companies and expansion of existing enterprises. But, in actual practice, these theoretical assumptions have not been borne out in this country. The reasons are not far to seek. Unlike a salaried middle-class manager, or a technician, a rich man in business cannot afford to get disgusted because of high taxation. If he does, he will get nowhere and ultimately sink into oblivion. Further, a businessman has many other attractions, besides money, to stay in business and expand it wherever possible. Most important among these are power over men and money, status in society and pride of putting up an industry and providing employment opportunities to people. Again, collectively, businessmen realise that there can be no vacuum, that if they do not put up industries, the public sector will do the job and that, in a country like India, if they do not compromise and live with socialism as well as they could, the alternative will be a proletarian dictatorship. More important than all these considerations, the closed economy that India is having because of shortage of foreign exchange, the restricted scope for internal competition because of regulated growth imposed by the exigencies of planning, and a rapidly expanding market, under the stress of rapid economic development, more than compensate the high rate of taxation an entrepreneur has to pay. Again, by and large, an entrepreneur's own investment in industrial projects is relatively small, as he gets the major portion of finance from the individual and institutional investors both within and outside the country. And, fortunately for him, these sources have broadened quite considerably in the past four years. In view of all these considerations, the business community will do well not to trot out the bookish arguments against the taxes on rich individuals but to accept them with good grace. Since its future depends on (a) the growth of small and medium investors, who will be ready to participate with their savings in the enterprises of the private sector, and (b) the existence of a diligent and hard-working middle class, the business community should use its power and influence with the Government to make sure that an appropriate climate is created for strengthening the position of this key class. The working class, however, need not regard this suggestion with hostility, for, apart from the fact that it is well organised, the provision of employment opportunities for

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its growing ranks is dependent upon fulfilment of the former condition.

The abolition of the expenditure tax is a very desirable reform, for the reasons ably set out by Mr. Morarji Desai. They deserve to be quoted, if only to place them on the record of this journal:

"I propose to abolish the five-year old expenditure tax with effect from the current year. When it was introduced in 1957, it was realised that it had no backing of historical experience. It was, however, hoped that the tax would be a potent instrument for restraining ostentatious expenditure and for promoting savings. While these are very desirable objectives, experience has shown that the existence of the expenditure tax has contributed little to them. The revenue from this source has remained conspicuously small. It has been argued that the incorporation of an expenditure tax in the tax structure would make the administration of income-tax a great deal more effective and would enable the rates of income-tax to be lowered suitably. Experience has not shown this to be the case. If the working of this tax had shown some promising results, it would have been worth while to continue and even extend it; but, with the present experience, it is considered best not to continue a measure which, as a source of economic restraint, has been ineffective and as a source of revenue unattractive. The basic objectives of the tax have to be achieved in other ways."

The forthright manner in which Mr. Desai has acknowledged the failure of this fiscal innovation is typical of the Gandhian streak in him. The other ways in which he has tried to achieve the object are the increases in wealth tax, super-tax and surcharge, reduction in the entertainment expenses allowed to companies and heavy excise duty and sales tax on all luxury articles, including cigarettes and other stimulants.

The selection of goods for increasing the excise and customs revenue has been done with an eye to minimise its impact on the cost of living of the common man, to restrain domestic consumption and to stimulate exports. As these lines are being written, industries and trades affected by the tax are wailing that the burden imposed is unbearably heavy. While it is natural for them to do so, they should not overdo this act. They must look at the proposals not from their own point of view but from the needs of the country as a whole. They will do well to realise that their function is essentially that of the tax collector, which means that they must pass on the incidence of the tax to the buyer. In the case of controlled articles, the Government should readily agree to a prompt upward revision of the selling price of manufacturers to reflect the cost of additional or new excises. While the Finance Minister has done well to give a substantial relief in the taxes collected on exports of tea, he is not justified in denying the long overdue relief to sugar industry burdened with large surplus stocks and sizable loss on exports. Indeed, his stoic silence on this subject, despite the convincing case in favour of a sizable reduction in excise duty which has been fully conceded by the Minister for Food and Agriculture, is intriguing.

THE NEW RAILWAY MINISTER BEGINS WELL

SARDAR Swaran Singh has displayed both dynamism and skill in his maiden Railway Budget (for the year 1962-63) presented to the third Lok Sabha on Thursday last week. He has not only ventured to revise upwards freight rates as well as passenger fares but also effected these revisions in a judicious manner. In this respect, he has certainly scored a march over his predecessor, Mr. Jagjivan Ram, who it was that should have made the beginning in the budget for 1961-62 itself, the first year of the third Plan. At the time of the presentation of that budget (in February 1961), it was pretty clear that, on the basis of the then existing level of fares and freights, the Railways would not be able adequately to meet the steeply enhanced working costs and to embark upon the Rs. 1,325-crore third Railway Plan. But Mr. Jagjivan Ram did not have the political courage either to revise passenger fares or to bring about a more remunerative structure of freight rates. Had he been bold enough to make a beginning last year, Sardar Swaran Singh would certainly have been able to complete it in the current year, so that the internal resources of Railways for financing their third Plan would be at least 50 per cent of the total outlay.

It is quite natural that the proposals for raising fares and freights should have evoked severe criticisms, because no one likes to pay more. It is also true that these proposals will have their impact, direct and indirect, on the cost of living in due course. But what is the alternative? Staff expenses have gone up markedly in recent years, more especially since 1st November 1961, following the recent decision of the Central Government to enhance the dearness allowance payable to its low paid employees; the additional expenditure is put at Rs. 12.20 crores. There has also been an increase in the price of coal consumed by Railways. Further, the Railways continue to incur heavy losses on account of the uneconomical haulage of coal; as against the average per ton-mile cost of more than 5.79 nP on metre-gauge and 3.80 nP on broad-gauge, the actual charges levied are no more than 3.33 nP on both the gauges. And, what is worse, there is a persistent tendency towards a progressive growth in the volume of traffic in low-rated goods (like salt, oilseeds, ores and foodgrains) carried at freight rates which are less than the cost to the Railways. Alongside of rising working costs of the Railways thus, there is the imperative need even otherwise to raise additional resources for meeting the heavy capital outlay which the Railways will have to incur at present-day high costs for executing the Plan programmes, not to speak of the continued, steady demand on the Railway Development Fund for financing works such as operational requirements which cannot be assessed as being directly remunerative, amenities for Railway users and expanding welfare needs of an increasing staff strength.

If the Railways were not to recover the increase in costs and find a part of the funds required for their development from the users of their services, the taxpayers as a whole would have to foot the bill. Surely, the former course is a lesser evil. The interim budget (presented on 13th March last), it will be recalled, disclosed a net surpus of just Rs. 13.16 crores, as against the estimated expenditure of Rs. 23.04 crores (to be incurred in 1962-63) on works chargeable to the Development Fund, thereby leaving a gap of Rs. 9.88 crores to be found either from General Revenues by way of a loan or by raising the fares and freights. The loan would have gone up further to over Rs. 22 crores, after taking into account the payment of Rs. 12.20 crores due to higher dearness allowance to lower paid employees. It is obviously neither desirable nor practical, as Sardar Swaran Singh said, to take such loans year after year.

There is also some justification for higher fares and freights in the consideration that the users of railways must pay more today if their expanding requirements of railway facilities in the coming years are to be adequately and appropriately met. It is on this consideration that Railway freights have to be determined and not, as the Union Finance Minister aptly stated in his Budget speech, on the philosophy of "no-profit-and-no-loss." After all, there has not been any enhancement in passenger fares in recent years, while increases in freight rates—4 per cent from 1st October 1958, 5 per cent surcharge from 1st April 1960 and minor adjustments in coal rates, etc., since 1st July 1961—have not kept pace with the spurt in cost of transport. The two increases of 4 per cent and 5 per cent, together with the 4 per cent now levied, brings the total increase to 13 per cent, which, in fact, was the extent recommended by the Railway Freight Structure Enquiry Committee in its report of April 1957. Even with the anticipated additional revenue of Rs. 21.26 crores in 1962-63 as a result of the proposal for adjustments in fares and freights, the net surplus creditable to the Development Fund will be no more than Rs. 23.22 crores which is just sufficient to cover the expenditure on works chargeable to the Fund.

It must, indeed, be said to the credit of the new Railway Minister that he has boldly effected a general upward revision in fares and freights, instead of resorting to complicated and cumbersome selective adjustments. Indeed, he should have brought these increases into force from 1st June, instead of 1st July, so that the Railways could have the benefit, at least in part, of the seasonal increase in traffic. The details of the revisions in rates for freight traffic are given elsewhere in this issue (*vide* page 758), so that it is unnecessary to refer to them at length here. It will be evident from these details that the increase in freight rates in no case exceeds Re. 1.05 per tonne, whatever the commodity or the distance over which it is transported, and the additional yield is expected to represent no more than 4 per cent over the existing goods earnings of a whole year. The extent of the increase, thus, cannot be considered as excessive and, that, too, when it is spread over almost all commodities (except railway materials, postal traffic, military traffic and manganese ore exported) and is so designed as to avoid a large burden on any single commodity. Nor can the importance of the resulting rate structure being more telescopic, albeit slightly, than at present, be underrated. "This, in fact, is justified," to quote the Railway Minister, "since several items of cost which have increased are not affected by the lengths of haul." A flat increase in freight rates as now proposed, instead of a common percentage rise, is to be particularly welcomed for two reasons. In the first place, it will minimise the incidence of increase in the already high-rated commodities and go a long way towards narrowing down the existing difference between the lowest and highest freights as envisaged by the Committee on Transport Policy and Co-ordination. Secondly, the proposal, resulting as it will in a somewhat larger percentage rise in short-distance rail traffic, will tend to encourage its offloading to road which would be a desirable thing to happen.

There is, however, one omission on the part of Sardar Swaran Singh. He has ignored almost completely the Mudaliar Committee's explicit plea for concessional freight rates in respect of goods exported. Considering the great urgency of earning much foreign exchange through exports, the Railway Minister will do well to concede the plea. A general rebate of about 25 per cent as suggested by the Committee can be given. This concession will not weigh heavily on the Railways' finances, inasmuch as the export goods traffic forms only a small proportion of the total traffic carried by Railways.

In the case of passenger fares, too, the revisions made are quite judicious. The incidence of increase is made to fall more heavily on persons travelling First Class—about 15 per cent—while it will be just 8.65 per cent in the case of Second Class, 9.85 per cent in respect of Third Class, and 5 per cent in season tickets. Even here, it is gratifying to be told by the Railway Minister that, in notifying the proposed increases in passenger fares of different classes, opportunity will be taken to remove certain anomalies —such as the one which does not afford any relief, through telescopic charges, for long-distance passengers—which crept into the fare structure when the passenger fare tax (the benefit of this levy is exclusively for the State Governments), chargeable at varying percentages for different distances, was merged in passenger fares on 1st April 1961 without making any other adjustments. The Railway Minister could, perhaps, have avoided the rise of 5 per cent in season tickets, the incidence of which falls on a large number of office and industrial workers in cities like Bombay, Calcutta and Madras. But we are told that the incidence will be very negligible. Generally, a third class suburban season ticket holder travels only about 17 kilometres a day each way on the average. Even for 30 kilometres each way, the proposed enhancement will add to the cost of travel only about 40 nP in a whole month. Thus, the average third class suburban ticket holder will have to spend barely one naya paisa extra per day. It may be noted here that the rates for season tickets have remained unchanged since January 1948, as the passenger fares tax, imposed in 1957, did not apply to them. The suburbanites may not grudge paying this small addition, if their trains run to time and the frequency is increased.

While the Railway Minister's move to balance the expenditure and income by charging higher fares and freights is commendable, the public has a legitimate right to demand that the services rendered by the Railways are efficient and that there is no wastage of funds due to laxity in administration. It is true that the operational efficiency of Railways has registered an improvement in recent years, but there is still much leeway to make up. As compared with the modern techniques of transportation adopted in several countries, the progress achieved in India is very poor. Similarly, though passenger travel conditions have improved, there is still plenty of scope for further improvement, especially in regard to upper class passengers. In most trains, first class coaches are badly neglected and maintained. Overcrowding continues, but this is largely the result of the rapid growth of population, large influx of people to cities and towns to secure a means of living, and increase in the purchasing power in the hands of the people. An increase in fares is undoubtedly one of the methods of discouraging unnecessary travel.

DELHI LETTER

AN ANTI-INFLATIONARY BUDGET

From Our Special Correspondent

NEW DELHI, 25*th April*

MR. Morarji Desai seems to have achieved the unique distinction of being able to tax substantially and yet to enhance his reputation as a relatively safe and reliable Finance Minister from the tax payer's angle. He has not displeased many, probably because much worse was expected; but what is the magic by which the markets, which get panicky at the mere prospect of Mr. T. T. Krishnamachari's return, could take all that Mr. Desai had to offer them and still feel that they have not been hurt too badly? The additional taxation he has now imposed is worth more to the Exchequer than Rs. 72 crores in a full year estimated in the Budget; it may well be that, together with the taxation he imposed last year, this will yield about three-fourths of the Centre's target for fresh taxation (of Rs. 1,100 crores) in the third Plan. There is little doubt that this is a courageous effort. When counselling States against overambitious planning in excess of visible resources, he was challenged in the National Development Council last year to "dare and act"; after his own heroic effort in raising resources, Mr. Desai was entitled to point out that, so far, the States have taxed only to the extent of one-sixth of their Plan target of Rs. 610 crores and have yet to reveal their intentions or strategy for the rest.

A New Principle

The Centre has so far followed both in precept and in practice the fiscal virtue of balancing the revenue budget, a matter in which the States are still lagging far behind; now with the diminished prospects of raising loans from the market, the Union Government is faced with the alternatives of making up the shortfall either through more savings and taxation or by more deficit financing. Mr. Desai has virtually rejected the latter course and has now propounded, in somewhat categorical terms, the principle that sizable surpluses in the revenue budget should sustain at least a good part of the capital budget too. There will be an overall deficit of Rs. 89 crores still left uncovered but the actual position may be different and the deficit may disappear completely, proving this to be a hundred per cent anti-inflationary Budget. If the public can respond better in future to loans and small savings, it will, perhaps, be rewarded by a slightly lower burden of taxation.

Mr. Desai could have adopted a different course, if his object had been merely to take things easy. The deficit in the revenue budget of over Rs. 60 crores was largely an artificial one, created for providing the pretext for taxation. The additional dearness allowance granted to Central employees has been met by the raid on the deficit neutralisation reserve built out of profits of coinage operations to the extent of Rs. 15 crores. Concessions in direct taxation for encouraging exports have been provided by forgoing not existing revenue but the yield from the increase in company taxation. Thus, in all respects, Mr. Desai had a manageable problem of balancing the budget. He had, however, many other obligations which he has not tried to avoid; to set an example to the States in raising tax resources, to tell the Aid-India Club before it meets next month that this country is prepared for heavy sacrifices for the sake of development, to mop up inflationary pressures in the economy and restrain consumption where it affects savings or exports, and, lastly, to show that a supreme effort is being made to encourage exports to strengthen the country's capacity to service the mounting foreign debts, all these are some of the principal objectives underlying Mr. Desai's present fiscal policy. In these circumstances, it needed some bravado to declare that the "one thing that should not be taxed is people's patience."

Shrewd Political Judgment

The Finance Minister showed shrewd political judgment in deciding that the time has come to balance the continuous increases in indirect taxation, affecting prices of many articles of popular consumption, with a substantial measure of direct taxation. The most obvious choice then was the corporation tax; though the private sector had suggested, in the initial years of the recent reform a further reduction of the tax to below 45 per cent, corporate profits have been high. Foreign analogies for a lower average rate had little relevance to a situation in which a large internal market, insulated from foreign competition, provided ample scope for riskless enterprise. At an earlier stage, the Company rate of taxation was 51.5 per cent: the reduction to 45 per cent was merely the sugar-coating needed for general acceptance of the new scheme of corporation tax and the separate deduction of personal income-tax from dividends which ended the system of grossing. This phase is now complete; the States have also been pacified by the Third Finance Commission's award which compensates them partly for the diminution of the income-tax divisible pool. With the added advantages of demonstrating that the private sector was in no better or privileged position under his stewardship, Mr. Desai had no hesitation in accepting this course: at the same time, it has given him an opportunity to show some concessions to foreign investors by reducing (from 63 per cent to 50 per cent) the rate on dividends received from a non-subsidiary Indian company registered before 1st April 1959. Above all, the increase in the corporation tax has provided a method of giving incentive to exports without loss to the Treasury, though the rules to be framed by the C.B.R. will ultimately decide the actual quantum of relief. In effect, there will be a general 10 per cent rebate on incomes from exports which is not small, even if not too generous.

That corporation tax accrues entirely to the Centre was also an important consideration in selecting it for an increase. It is remarkable how little Mr. Desai has managed to give to the States (about Rs. 8 crores in a total taxation of Rs. 69 crores for the rest of this year), in spite of the widening of the divisible range of excise taxation by the Finance Commission. If the Commission had not specifically enumerated the items of excise taxes to be divided, the *new* excises estimated to yield Rs. 15 crores in a full year would also have been shared with the States. The yield from the additional excise duty on loose tea is offset by the rebate on exports; while the consumer subsidises exports, States will gain nothing. In the light of all this, it may be doubted whether there would have been an increase in the rates of income-tax in the middle brackets if the Finance Commission had awarded a higher percentage than 66⅔ as the State's share; Mr. Desai might have lost interest in this source.

Mr. Desai's comparison with foreign countries for income-tax rates in these brackets may not be quite apt, particularly after the heavy erosion in middle class and fixed incomes in the war, post-war and second Plan periods. But there has been a merciful recognition of the plight of the salaried class which has no expense accounts to show or other methods of concealing income; only, that this recognition should be restricted to the niggardly halving of the surcharge of 5 per cent is rather deplorable.

Expenditure Tax

The abolition of the expenditure tax is as symbolic as its original levy and continued retention; this is another break with the old scheme, after the abolition of the excess dividend tax, wealth tax on companies and reduction of the tax on bonus shares. On the other hand, Mr. Desai has been ready to exploit the wealth tax for more revenue (or was it only to pacify the socialist sections in the Party?) by raising the top slab rates up to 2½ per cent, a level not visualised in the Kaldor scheme. The capital gains tax has been further sanctified by the distinction drawn between short- and long-term gains, based on whether an asset is held for a year or more; the set-off for losses appears to be quite liberal. The further curb on entertainment allowances seems to be in keeping with the intentions declared in the third Plan regarding expense accounts.

Except that the separation of the short-term capital gains for a higher rate of taxation as income may discourage the practice of stagging in the markets in new issues, it is difficult to see what the Finance Minister has done to broaden equity participation. The withdrawal of the exemption for wealth tax of shares held in new industrial companies may not be a right move. Encouragement for exports seems to have stopped with the grant of rebate in corporation tax and the reduction of the tea export duty and rebate on tea excise; there is, however, an indication of consolidated refunds of excise duties paid on all materials used in the manufacture of exported goods, on the lines of the Mudaliar Committee's recommendation in respect of sales tax levied by States.

There is no innovation of any kind but much competent budgeting against inflation. Besides his general dissatisfaction with the efforts made by the States in raising resources through taxation, Mr. Desai indicated that there was need for adjusting the gains to the States from the Centre's tax effort, in keeping with the overall requirements of both the Centre and the States; that such a review should be necessitated so soon after the Third Finance Commission's report may indicate dissatisfaction with it. The Planning Commission is to take up this review soon. Some more measures for small savings are in the offing; the withdrawal of the Prize Bond scheme may be a preliminary for introducing a more attractive scheme. Mr. Desai's general observations on the importance of surpluses in public sector undertakings and a pricing policy suited to raising them have not taken concrete shape. Despite such drawbacks, it is a good Budget.

(*Concluded from next column*)

strable shortage of cotton, which makes price changes a one-way traffic, what is the use of a hedge contract? For one thing, it cannot be kept within the ceiling prices, unless it is artificially made bearish, as has been done during the past many years, and this will impair whatever efficiency it might have had as an instrument of price insurance. Past experience is that, whenever the pressure of demand had been high and supplies inadequate, the hedge contract, in spite of its pronounced bearish slant, hit the ceilings long before the delivery period started and many months passed without any trading at all. In the circumstances obtaining at present, a hedge contract could serve no useful purpose. By imparting a speculative push to price movements, its presence can cause much harm both to the grower and consumer of cotton. The only beneficiary of a futures market in cotton at the present juncture would be a handful of speculators who will get a fresh lease of life to play their old game. Of course, it will keep the Forward Markets Commission busy and powerful. In the absence of a hedge market, the Commission will find its existence difficult to justify and Parkinson's Law will become inoperative.

MARKET GOSSIP

A Practical Socialist

THE share markets have well withstood the additional tax burden of over Rs. 70 crores imposed by the Finance Minister in the final budget for 1962-63. Barring textiles, values of other scrips have gone up perceptibly, though turnover has only been of a modest nature. The setback in textiles is chiefly due to the increases in excise duties which are expected to hit particularly the more efficient units that have taken the trouble to modernise their machinery at considerable capital cost and introduced new processes to cater to consumer tastes. It is feared that, as usual, the Finance Minister has underestimated the effect of this tax on the revenue, apparently in order to sugarcoat the pill.

On the whole, the sentiment of the market is bullish. It must be said to the credit of Mr. Morarji Desai that he has succeeded in squeezing out a large sum of money without damaging market sentiment. The secret of his success lies in being pleasant to the taxpayer; he has, indeed, a sweet tongue. He does not run down the private sector. On the contrary, he tickles its vanity first before mulcting a good part of its profit and wealth for the benefit of the Exchequer. He has either removed or substantially modified the nuisance taxes and those that were patently unfair, but has not hesitated to increase the overall rate of taxation. His latest budget speech, outlining his tax proposals, is a masterpiece in persuasion and tact. It is extremely difficult to say "no" to his plea for additional taxation. Mr. Nehru has undoubtedly done well in continuing him as the Finance Minister. Mr. Desai has been quietly, but very effectively, implementing socialism, instead of merely preaching it in offensive language as is the wont of some Congressmen, not excluding the Prime Minister.

Fortunately for Mr. Desai, there have been some fortuitous developments that have enabled the share markets to gulp the doses of heavy taxation without much protest. Five of them are important. (1) There has been news of one or two good bonus issues, as, for instance, that of Indian Oxygen. (2) Mr. K. D. Malaviya's approach to coal industry has been friendly and cordial, not to say pragmatic. (3) Rumours have been rife of an imminent increase in the retention prices for the steel companies. (4) Money market has been comfortable. And (5) Reports about the progress of some of the leading new units are encouraging.

Further Cut in British Bank Rate

For the third time in seven weeks, the British Bank Rate was cut by a further half per cent to 4.5 per cent on the 26th inst. The previous two cuts, by half per cent each time, were in March last, from 6 per cent to 5.5 per cent on 8th March and from 5.5 per cent to 5 per cent on 22nd March. The latest cut was not unexpected. Financial circles in London have been anticipating for some time now a fresh reduction in the Bank Rate to stem the tide of hot money coming to London from the U.S. and Continental money markets. In fact, in spite of the previous two cuts, the flow of hot money into London has continued at an embarrassing rate. It is true that there has been some slowing down in the rate of inflow, but it is still fast enough to make heavy inroads into the reserves of other countries, especially the U.S. During the week ended 18th April, U.S. gold losses amounted to as much as $75 million, bringing total losses so far during the year to $355 million. The U.S. Treasury's stocks of gold on 18th April stood at no more than $16,535 million, the lowest since August 1939. Total gold losses during 1962 are expected to be as high as, or perhaps even more than, last year's loss of $857 million. A good part of this outflow of gold is said to have gone to London. In view of the higher interest prevailing there, it has been drawing in short-term funds from the Continental countries also. They have been using their dollar reserves to meet the flight of funds to Britain.

One more probable reason for the reduction in the Bank Rate, apart from those mentioned above, might be the desire of the British Government to forestall a possible recession in economic activity setting in later in the year. Of late, there have been some signs pointing to such a possibility.

Futures Trading in Cotton

The frantic search for foreign cotton still continues. Although Mr. Manubhai Shah, Union Minister for International Trade, struck an optimistic note regarding the cotton supply position in the country, in his statement made in the Lok Sabha this week, the fact remains that the situation has no shown any significant change for the better. According to Mr. Shah, the supplies available internally, together with imports already arranged, would be sufficient to meet the requirements of mills. The difficulty is only in respect of maintaining an adequate level of stocks at the beginning of the next season. He estimated a decline in stocks of the order of about one million bales. In other words, the cotton gap is one million bales.

Viewed against the background of tight supply position of cotton in the country, the reported move by the cotton interests in Bombay to start futures trading in the 1962-63 season cotton crop early in May is ill-advised. For, even assuming that the crop during the next season would be a bumper one, there is no justification for permitting futures trading so soon, because, in the conditions obtaining at present, there is no need whatever for a hedge market. When there is a large and demon-

(*Continued in previous column*)

TREND OF SHARES

FIRM UNDER BULL GRIP

(From Our Own Correspondent)

BOMBAY, 26th April

STOCK markets were firm under a strong bull grip this week. Mustering some courage in the session preceding the presentation of the tax proposals, the markets gathered considerable strength as the proposals were announced and rose substantially in the following days to round off the week on a distinctly firm note. Values simply rose all-round on short-covering and fresh buying. But Steels were exceptionally firm on hopes of an early announcement of an increase in retention prices and better corporate working during the current year. One must not, however, ignore the fact that these shares rose on heavy buying against options. Textiles, on the other hand, did not know which way to turn following the proposal to revise the general structure of excise duty on cotton cloth and yarn. At first, these shares rose along with others, reacted sharply later, but rallied to some extent near the close of the week. However, their overall performance was discouraging, as it was felt from the observations made by Mr. Arvind Mafatlal and Mr. C. H. Campbell that the additional excise burden on the industry might work out to nearly Rs. 30 crores and not Rs. 12.1 crores as estimated by the Finance Minister.

The share market's bullish reaction to the tax proposals contrasts with the fears of industrialists, as well as trade and industries chambers, that they would retard capital formation in the private sector. There are not a few on stock markets alone, who feel that the burden of Rs. 27.2 crores by way of direct taxation is too heavy. But the markets' behaviour can be explained as follows:

(*a*) They had discounted heavy taxation earlier, (*b*) there is no feeling of hostility towards the private sector in the Finance Minister's speech. (*c*) money market is comfortable, (*d*) inflation would persist and (*e*) reports about rights issue and bonus issues continue to be encouraging.

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In Bombay, Steel shares staged an impressive rise and sustained the improvement in other sections. The lethargic Tata Ordinary rose during the week from Rs. 139.50 to Rs. 145 and closed with a gain of Rs. 5.50 at Rs. 144.50. Indian Iron appreciated from Rs. 24.80 to Rs. 25.95 and closed at Rs. 25.80 against Rs. 24.76 a week ago. The bulk of the rise in these two shares was registered on Wednesday. After being done at Rs. 28.50, Mukand Iron improved from Rs. 28 to Rs. 28.40 to close 35 nP higher on balance at Rs. 28.25.

Miscellaneous issues came next and recorded sizable gains, with Bombay Burmah rising by Rs. 26.50 to Rs. 677.50, Indian Dyestuff by Rs. 27.50 to Rs. 532.50, Telco by Rs. 17 to Rs. 363 and Voltas by Rs. 10.50 to Rs. 293. Hindustan Motors were up by 44 nP to Rs. 20.04, Premier Automobiles by Rs. 4.50 to Rs. 134, Alcock by Rs. 15 to Rs. 335, Poly Chem by Rs. 16.25 to Rs. 220 and Premier Construction by Rs. 5 to Rs. 177.50. Even Armar Dye gained Re. 1.25 to Rs. 332.50, in the face of a cut of three points to Rs. 9 in the dividend for 1961. Among Cements, Digvijay rose from Rs. 201 to Rs. 209, A.C.C. from Rs. 157.75 to Rs. 160.25 and Orissa from Rs. 18.36 to Rs. 19.12. In Shippings, Scindia improved by 64 nP to Rs. 13.32

The only exception to the general buoyancy in the market were Textiles, which not only failed to repeat the high levels touched as soon as the tax proposals were announced, but closed much lower than those levels, with some of the issues showing losses on balance. Thus, Standard lost 21 points to Rs. 1,017, Khatau 15 points to Rs. 455, Finlay seven points to Rs. 324, Kohinoor Rs. 8.50 to Rs. 298.50, Shree Niwas Rs. 5 to Rs. 276 and Svadeshi Rs. 2.50 to Rs. 284, despite an announcement of a two-point increase in the dividend to 19 per cent for 1961. Bombay Dyeing finished 10 nP higher at Rs. 69.60 and Century Rs. 2.50 better at Rs. 623.50. In the cash section, Mafatlal lost Rs. 61.25 to Rs. 900 and Gold Mohur Rs. 25 to Rs. 250. Cash scrips in the miscellaneous section showed generally small gains. But some of them registered big profits. Thus, Permanent Magnets shot up by Rs. 32.50 to Rs. 265, Chemicoat by Rs. 62 to Rs. 235, Hindustan Wired Glass by Rs. 40 to Rs. 190, Colour Chem by Rs. 25 to Rs. 485, Kirloskar Pneumatic by Rs. 13.75 to Rs. 348.75 and Synthetics by Rs. 10 to Rs. 231. T. Maneklal, however, slumped by Rs. 95 to Rs. 715.

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The Calcutta Stock Exchange was cheerful. Selected Tea shares, Jutes and Coals were conspicuously firm; the first following the relief in the export duty, the second on expectations of better working and the possible exemption from the enhanced tax on companies on export earnings and the third on talks of an early upward revision in the selling price for coal. Cotton mill shares were neglected. Miscellaneous issues recorded small changes either way. The Forward List showed fair gains. Dunlop rose by one full point to Rs. 44.62 and Texmaco were up by Rs. 1.40 to Rs. 23.30. G.K.W. rose near the close to over Rs. 42. Noticeable gainers among Teas were Betijan from Rs. 28.44 to Rs. 30.50, Grob from Rs. 9.80 to Rs. 10.50, Methoni from Rs. 19.62 to Rs. 20.44 and Hantapara from Rs. 122 to Rs. 134.50. Among Jute shares, Bally rose by Rs. 10 to Rs. 314, Delta by Rs. 15 to Rs. 194 and Kelvin by Rs. 16 to Rs. 211. Bengal, in Coals, spurted from Rs. 341 to Rs. 362, East India appreciated by Rs. 3.25 to Rs. 40.62 and Central India from Rs. 11.47 to Rs. 12.75.

Engineering issues were generally better, with Hindustan Wire rising from Rs. 10.75 to Rs. 12.31, Calcutta Steel from Rs. 16.62 to Rs. 17.25 and Jessop from Rs. 24.37 to Rs. 25.12. A spurt from Rs. 38.12 to Rs. 44.12 in Indian Oxygen on expectations of a bonus scrip issue, which came true in the form of a 2:5 share issue proposal by the Company, featured the trading in the Miscellaneous section, where Goodyear improved further from Rs. 41.75 to Rs. 42.50, but Union Carbide slipped down from Rs. 50.50 to Rs. 49.62. Among Textiles, while Kesoram recovered from Rs. 31.81 to Rs. 32.62 and J.K. Rayon moved up from Rs. 21.37 to Rs. 22. Jayshree showed a loss of 88 nP to Rs. 16.31 and Cawnpore of 32 nP to Rs. 8.62.

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The Madras stock market showed generally a sprinkling of small gains. Most of the Forward shares were better. Select Plantings turned active. But some of the prominent Mill shares were easy. In the Forward List, S.L. Viscose recovered from Rs. 180 to Rs. 184. Madura from Rs. 38.05 to Rs. 38.25, Mettur Chemical from Rs. 12.30 to Rs. 12.75, Periakaramalai from Rs. 3.33 to Rs. 3.49, Consolidated Coffee from Rs. 18.15 to Rs. 18.25 and Ouchterlony Valley from Rs. 3.95 to Rs. 4.03, but Lakshmi eased from Rs. 166.50 to Rs. 165. Quoted *ex-div.*, Coimbatore Cotton gained by Rs. 6.20 to Rs. 193 and Coimbatore Pioneer rose from Rs. 290 to Rs. 296.50, but Bangalore Woollen fell from Rs. 267 to Rs. 262, Buckingham from Rs. 282 to Rs. 281 and Coimbatore Spinning from Rs. 87 to Rs. 82. E.I.D. eased from Rs. 40.25 to Rs. 40. In Plantings, Chembra showed a gain of 14 nP to Rs. 3.55, Peermade of 10 nP to Rs. 8.90 and Cowcody of 6 nP to Rs. 4.06.

CAPITAL MARKET NEWS

NEW ISSUES

THE East Indian Coal Company Ltd., Calcutta, proposes to issue Rs. 50 lakhs of debenture-stock 1967-1976 at par payable in full on application. It carries interest at the rate of 6.5 per cent per annum, subject to tax. Firm applications from the underwriters and their friends for Rs. 25 lakhs have been received and will be accepted in full. The offer to the public is, therefore, only Rs. 25 lakhs. The list for public subscription will open on 8th May 1962 and close on 10th May 1962, unless the Directors decide to extend the closing date. Applications must be for multiples of Rs. 1,000 of stock, with a minimum of Rs. 1,000. The entire issue has been underwritten by the Life Insurance Corporation of India and Messrs. Place, Siddons and Gough (Private) Ltd., the well-known firm of share brokers in Calcutta, for a commission of 2 per cent of its par value. The Company has no mortgages, debentures or other loan capital outstanding, but has overdraft facilities with the Hongkong and Shanghai Banking Corporation (secured by the hypothecation of its stocks of coal and present and future book debts). As at the close of business on 16th April 1962, the amount owing to the Bank on this account was Rs. 53,68,667. The share capital of the Company is £240,000 in ordinary shares of £1 each. No share capital is under option nor agreed to be put under option. The Company has not issued any redeemable preference shares nor has at present any intention to do so.

The debenture-stock will be constituted and secured by a trust deed in favour of the Mercantile Bank (Agency) (Private) Ltd. as trustees for the stockholders. Application has been made by the Company to execute the trust deed. Interest will be payable at Calcutta on 1st May and 1st November every year in respect of the half-yearly periods ending on the previous day.

The debentures will be redeemed on 30th April 1976, but the Company has the option to redeem them either in whole or in part on 30th April 1967 or any time thereafter on three calendar months' notice.

The Company will establish a sinking fund and contribute to it Rs. 5 lakhs out of the distributable profits from the year ending 30th April 1967, and every succeeding year thereafter. It will be at liberty to issue further debenture-stock, provided that it shall not in point of security rank in priority to the present issue, but may rank *pari passu* therewith on a specific approval of its trustee and sanctioned by a special resolution of its holders.

There has been a considerable improvement in the working results of the Company during the past two years. In the year ended 30th April 1960, raisings amounted to 583,111 tons and there was a net loss on the year's working of £3,196. But in the year ended 30th April 1961, raisings increased to 1,087,040 tons and the profit for the year, after providing for depreciation and taxation, amounted to £122,534. During the current year, production is expected to rise to 1,275,000 tons of coal. Profits for the 10 months ended 28th February 1962 are estimated to have exceeded the profits for the corresponding period of the preceeding year. Three years ago, the Company initiated a programme for reorganisation of the collieries requiring an outlay of Rs. 106.43 lakhs. During the two years ended 30th April 1961, it spent Rs. 53.51 lakhs. Between 1st May 1961 and 31st March 1962, it has incurred further expenditure of Rs. 14.12 lakhs. The balance of Rs. 38.80 lakhs will have been incurred by the end of 1963. The proceeds of the present debenture issue will be utilised to repay the loan taken from the Hongkong Bank. The latter has, however, agreed to provide further finance, which, together with the contemplated issue of additional share capital within the next two years, will enable the Company to complete the expansion programme. Sir John Douglas Keith Brown is the Chairman of the Company.

RIGHTS ISSUES

The Directors of the **Sirpur Paper Mills Ltd.** have decided to increase the share capital of the Company by issuing rights ordinary shares at par in the ratio of one share for every four shares held. The transfer books of the Company will be closed from 2nd to 11th May 1962. The present paid-up equity capital is Rs. 2,18,55,240 in shares of Rs. 10 each.

The **Lakshmi-Vishnu Cotton Mills Ltd.** proposes to raise its ordinary paid-up share capital of Rs. 89.60 lakhs in shares of Rs. 100 each to Rs. 112 lakhs by issuing rights shares in the proportion of one share for every four shares held. An application has been made to the Controller of Capital Issues for the necessary sanction.

4½ PER CENT

ORISSA STATE ELECTRICITY BOARD BONDS, 1972

For Rs. 150 Lakhs

(Payment of Interest and Repayment of Principal Guaranteed by the Government of Orissa)

The Bonds will be trustee securities under the Indian Trusts Act and also approved securities for the purposes of the Insurance Act and the Banking Companies Act.

ISSUE PRICE Rs. 99 PER CENT

REDEEMABLE AT PAR ON THE THIRD MAY, 1972.

SUBSCRIPTIONS will be received in cash or by cheque. Applications will be received at the branches of the State Bank of India at Calcutta, Bombay, Madras, New Delhi, Patna, Lucknow, Hyderabad, Cuttack, Berhampur and Sambalpur from the 30th April, 1962 to 2nd May, 1962, both days inclusive. Subscription may however be closed earlier without notice if the total subscription is reached.

Copies of loan prospectus and application forms are available at all the offices of the State Bank of India mentioned above and at the office of the State Electricity Board, New Capital, Bhubaneswar.

NEWS IN BRIEF

THE Central Government is considering, in consultation with the Reserve Bank, a proposal to set up an agricultural development corporation, according to Mr. Morarji R. Desai, Union Finance Minister.

An industrial licence for the installation of a cottonseed oil extraction plant at Bhopal has been granted to a Bombay firm, Messrs. B. R. Herman and Mohatta India Private Ltd. The proposed unit will have a capacity to crush 100 tons of cottonseed per day.

A large mica grinding plant has been set up at Jaipur in Rajasthan by the India Mica Grinders Ltd. The plant is claimed to be the largest in India with a capacity to grind 20 tons a day. It will go into production shortly and use all the mica waste available from mines in Rajasthan. The whole of the fine mesh mica powder produced will be exported.

The first consignment of sugar (21,000 tons), covered under the Indo-U.S. barter agreement signed last week, was shipped from Calcutta port on the 17th inst. The agreement is for the export of 50,000 tons, against the purchase of 44,000 bales of U.S. long-staple cotton. Tenders for the first consignment were invited by the Export Agency Division of the India Sugar Mills Association.

Sizable deposits of copper have been discovered in the Khasi Hills, near Cherrapunjee, Assam. The State Directorate of Geology and Mining proposes to undertake extensive prospecting with advanced methods in the area in order to determine the full potentiality and economic value of the deposits. It is reported that deposits of nickel have also been discovered in the Manipur area.

A new public sector aluminium smelter, with an annual capacity of 25,000 tons, is proposed to be set up in Madhya Pradesh with Hungarian collaboration, according to Mr. K. C. Reddy, Union Minister for Commerce and Industry. A project report for the plant is awaited from Hungary. The proposal of a private firm for another smelter in the same State has been rejected, as it is thought that there is no scope for it.

The Union Ministry of Commerce and Industry has announced a revised list of 178 industries in respect of which applications for licences under the Industries (Development and Regulation) Act, 1951, will ordinarily be rejected without reference to the Licensing Committee. Simultaneously, another list of 19 industries, in respect of which licences under the Industries Act will ordinarily be granted without reference to the Licensing Committee, has also been published. Both lists will be in force till 30th September 1962.

The Union Government has under consideration a proposal received from the Mysore Government for manufacturing 15,000 tons per annum of high grade alloy and special steel bars at the Mysore Iron and Steel Works at Bhadravati. Disclosing this in the Lok Sabha this week, the Minister for Steel and Heavy Industries, Mr. C. Subramaniam, stated that this was in addition to the steel expansion scheme already sanctioned for production of 100,000 tons per annum of steel ingots to be converted into 85,000 tons of saleable steel.

Work on the construction of the 300 mega watt thermal power station at Bandel, W. Bengal, the largest thermal power station in India, was formally inaugurated by Prof. J. K. Galbraith, U.S. Ambassador to India, on the 20th inst. The U.S. will give a long-term loan repayable in forty years (no repayment will be required in the first ten years) to cover the entire cost of Rs. 25.8 crores of the project. The loan will carry a rate of interest of ¾ per cent. per annum and will include $30 millions to cover the cost of machinery and equipment to be imported from abroad.

The provisional estimates of the 1961 livestock census, released by the Directorate of Economics and Statistics of the Union Ministry of Food and Agriculture, place the total livestock population in India at 336.53 million. This compares with 306.50 million in 1956, representing an increase of 9.8 per cent in five years. The number of cattle has gone up by 10.7 per cent, that is, from 158.65 million to 175.67 million. The number of buffaloes has risen by 13.9 per cent to 51.14 million. Sheep and goats have registered increases of 2.6 per cent (from 39.25 million to 40.26 million) and 9.8 per cent (from 55.41 million to 60.81 million), respectively. The number of horses and ponies has declined from 1.48 to 1.35 million. Poultry has recorded an increase of 23.5 per cent, that is, from 94.68 million to 116.91 million. The number of tractors has gone up from 20,980 to 34,297.

The State Trading Corporation of India has formulated a new scheme to foster exports of the products of small-scale and medium-scale industries. The scheme, which will initially be on a pilot basis, will help to establish direct business relationship between small-scale and medium-scale Indian manufacturers on the one hand and foreign importers on the other. As many as 79 products, under ten groups, namely, stationery items, hardware items, chemists' supplies, toilet products, industrial items, fancy goods, foodstuffs, domestic sundries, clothing sundries and auto spares, will initially be brought under the purview of the scheme. The type of assistance contemplated cover arrangements for designing and printing of top-class presentation material, finding of foreign customers, assistance in the field of price quotation and arrangements in regard to sampling and shipping facilities, marine insurance, export risk insurance cover, etc. In regard to credit facilities, the scheme provides for S.T.C. to take on the role of the recourse party to foreign bills. The effect of this provision will be that, subject to the creditworthiness of the overseas buyers being guaranteed, as may be required, the manufacturer-exporters will be permitted to offer to the foreign buyers credit up to 120 days. The manufacturer himself will receive payment to the extent of 95 per cent of the value of the exports, soon after the goods have been shipped.

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From Abroad

The total expenditure on scientific research and development in the U.S. rose from $500 million in 1939 to $14,000 million in the 1960-61 fiscal year.

The U.S. suffered a further loss of gold worth $75 million during the week ended 18th April, bringing the total Treasury gold stock to $16,535 million, the lowest level touched since August 1939. The total outflow since the beginning of this year amounts to $355 million.

The West German export credit bank, Ausfuhrkreditanstalt, A.G. has extended the duration of credits granted by it from three to eight years. The credit bank is formed by funds contributed mainly from 26 leading West German banks and some from the Federal Bank.

The production of wheat in Australia during the 1961-62 crop year is estimated at 246.3 million bushels, or 27 million bushels less than the record level of the previous year. The yield per acre is put at 16.8 bushels, as compared with 20.4 bushels in the previous year.

Ghana and Soviet Union have signed a new trade agreement designed to expand mutual trade in a variety of commodities. Under the agreement, Ghana will export cocoa beans, tropical timber and coconuts in exchange for Soviet cement, iron rods, flour, laundry soaps, petroleum products and also cotton fabrics.

The average annual income of a U.S. family in 1961 was $7,020, representing an increase of $180 over 1960. After allowing for the rise in cost of living, the real increase in income was $90. Since 1947, the average family income has risen by 70 per cent on an absolute basis, and by 30 per cent, after adjustment for cost of living.

The possibility of an upward trend of industrial production in the U.K. was noted in February, when the seasonally adjusted index of production for all industries was 113, as compared with 111 in January (base: 1958=100). This is the first rise in output since last June. Provisional official estimates show that the seasonally adjusted index for manufacturing industries only was also 113, as compared with 110 in January.

World production of natural rubber overtook consumption slightly, after ruling lower for the previous three years. According to the International Rubber Study Group, production reached 2.1 million tons in 1961 (as against 2 million in 1960) and consumption of 2.09 million tons. Included in the consumption figures are the estimated gross imports into the U.S.S.R. which nearly doubled in 1961 to 326,500 tons, as against 171,500 in 1960 and those into China which on the other hand fell by more than a third to 81,000 tons (as against 133.750 tons in 1960).

PERSONAL

MR. Naval H. Tata has been re-elected President of the Employers' Federation of India for the year 1962.

Mr. Mangulal T. Pari has been re-elected President of the Bombay Shroffs' Association for 1962-63. Mr. Hiralal J. Parikh has become the Vice-President.

Mr. Jayachand D. Lohade and Mr. M. A. Karim have been elected President and Senior Vice-President, respectively, of the Federation of Andhra Pradesh Chambers of Commerce for the year 1962-63.

Mr. Vallabhdas V. Mariwala has been elected President of the Pepper and Ginger Merchants Association, Bombay, for 1962-63. Mr. Javerchand P. Shah has been elected Vice-President.

Mr. Sevantilal M. Sheth, Mr. Chandulal Kanji and Mr. Jamnadas T. Talreja have been elected President, Vice-President and Honorary Secretary, respectively, of the Bombay Sugar Merchants Association for the current year.

Dr. C. Nanjundayya, Joint Director of the Bombay Textile Research Association, has been elected Vice-President of the Textile Institute of Manchester. Dr. Nanjundayya is the first Indian textile technologist to receive this honour.

Mr. S. T. Sadasivan, General Manager of the United Commercial Bank Ltd., has been elected President of the Indian Chamber of Commerce, Calcutta, for the year 1962-63. Mr. K. K. Birla and Mr. Sookamal Ghose have been elected Senior Vice-President and Vice-President, respectively.

a helping hand...

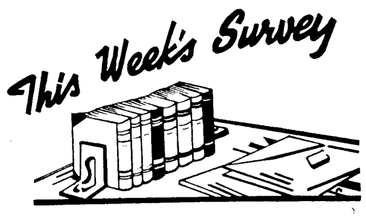
As far back as 1921, Tata Steel established a Technical Institute in Jamshedpur to develop a cadre of fully qualified technical personnel to take up positions of responsibility in India's first steel works. Subsequently, the Company instituted training courses for skilled artisans and other categories of employees.

During the last four years, the Jamshedpur Technical Institute has planned and provided special training programmes to meet the urgent needs of Hindustan Steel. Over 1,800 technicians from the Government steel plants at Rourkela, Bhilai and Durgapur have availed themselves of the accumulated training experience and facilities placed at their disposal by Jamshedpur, where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR

THE STEEL CITY

The Tata Iron and Steel Company Limited JWTTN 5463



AUTOMATIC LOOMS

ANOTHER official announcement pertaining to automatic looms has just been made. In a Press note dated 16th April, the Textile Commissioner says that the Government of India has decided to permit installation of automatic looms in cotton mills but only in replacement of their existing plain looms, unlike in the case of the previous decision (announced in December 1961) which covered the licensing of 10,000 automatic looms as part of the programme for expanding the cotton mill industry's weaving capacity during the third Plan period. While the total number of looms that will be permitted is not stipulated, the allotment of looms will be subject to the following conditions:

1. Normally the minimum number of automatic looms allotted will be 48 and the maximum 144, in a single unit.

2. All automatic looms will be of indigenous make and no automatic looms will be allowed to be imported, unless against entitlements for machinery under the Export Promotion Scheme.

3. The reed space formula currently applicable for replacement of plain looms by plain looms will also be applicable for replacement by automatic looms.

4. The allotment of these automatic looms will be governed by the principles contained in the recommendations of the 15th Session of the Indian Labour Conference in regard to modernisation and rationalisation.

5. The mills shall export 50 per cent of the production for a period of five years and shall execute a bond supported by a banker's guarantee of the equal amount. The normal rate of production will be taken as 24,000 yards per annum per loom for medium and coarse cloth and 20,000 yards per annum per loom for fine and superfine cloth. The penalty for shortfall will be calculated at 10 nP per yard (0.91 metre).

Those mills which wish to install such automatic looms are requested to write immediately to the Textile Commissioner for the prescribed application forms; applications from mills will be entertained upto 31st May next.

There are three distinct changes in the conditions governing allotment of automatic looms in replacement of existing plain looms, as compared with those pertaining to expansion. One, licences will be granted to parties irrespective of matching spinning capacity which is fixed at 25,000 spindles in respect of "expansion installation." Two, the compulsory export quota in the total cloth produced on automatic looms is fixed lower at 50 per cent, as against 75 per cent. Three, the minimum number of automatic looms that will be allotted to a single unit is fixed lower at 144, as against 500. There is, however, no change (*a*) in the minimum time limit of five years for compulsory exports, (*b*) in the penalty at 10 nP per yard for shortfall in exports, and (*c*) in the execution of a bond supported by bank guarantee for the amount of penalty calculated for five years. The conditions in regard to the indigenous make of the automatic looms, reed space formula and I.L.O. principles are entirely new.

It is thus evident that the conditions which will have to be complied with by mills that desire to replace their existing plain looms by automatic looms are stringent and onerous. The apparent twin-objective of the Government to ensure modernisation of mills and promote exports is no doubt a laudable one. But it will be futile to pin down mills to the condition of exporting one half of the cloth production on automatic looms for as long a period as five years, especially in the context of the growing competition in world textile markets. How many millowners will be prepared to give an undertaking of this nature in these days of imponderables? Not many; so it seems to us. The experience of the past few years speaks for itself. Replacement of plain looms by automatic looms was first recommended by the Kanungo Committee in September 1954. The Committee had advocated replacement at the rate of 5,000 looms a year over a period of 20 years.

It was not, however, until June 1956 that the Government of India announced its decision to permit installation of 14,600 automatic looms. Six months later, that is, in December 1956, the number was raised to a round figure of 18,000. Since the conditions attached to licences issued to mills were so hard to fulfil—one of the conditions was that the whole of the cloth produced on automatic looms should be exported—that even the mills which were regularly exporting large quantities were not able to benefit from the scheme. The Export Promotion Committee (Chairman: Mr. V. L. D'Souza) had urged the Government (in August 1957) to relax the conditions, with a view to making the scheme more attractive to mills. Again, in its report submitted in July 1958, the Joshi (Textile Enquiry) Committee drew pointed attention to the extremely inadequate response to the scheme (installation of 18,000 automatic looms) and said that the scheme might not function effectively thereafter. The Committee recommended installation of 3,000 automatic looms on condition that the entire production of such looms was exported, but added that there should be no stipulation regarding guaranteed exports in relation to past performance of mills. This recommendation was accepted by the Government. The Textile Export Promotion Scheme announced in October 1958 covered 3,000 automatic looms; the number was subsequently (in July 1959) raised to 6,000.

So far as replacement of existing plain looms were concerned, the Government announced, in December 1958, that it would permit the installation of 7,500 automatic looms over the three years 1959, 1960 and 1961—at the rate of 2,500 looms per annum—as a pilot project. The Government did not, of course, impose, as a condition for allotment, any "obligation of export" on the mills interested in its offer. Nevertheless, the progress of installation was none too encouraging. Data relating to the number of automatic looms actually installed during the three years of the pilot project period are not available at the time of writing, but, according to the International Federation of Cotton and Allied Textile Industries, the number installed in the first two years, that is, 1959 and 1960, was no more than 505 (482 in 1959 and 23 in 1960). Earlier, about 2,383 looms had been installed in 1958 and 710 looms in 1957. Including these, the total number of automatic looms installed during the four-year period from 1957 to 1960 was no more than 3,598, as compared with the 13,500 looms allowed (6,000 looms under the Export Promotion Scheme and 7,500 looms under the pilot project). The industry's progress in this sphere will appear insignificant if the comparison is made with the 18,000 automatic looms announced in the first year of the second Plan.

It is not clear whether the latest decision of the Government to permit installation of automatic looms in replacement of plain looms is only a continuation of the pilot project. If it is so, one fails to understand as to why the Government has reintroduced the element of compulsory export (50 per cent of production). It is a pity that the authorities are still not prepared to face facts squarely, facts fully supported by events in the past eight years. Even at the risk of repetition, we must say that enough damage has already been done and, unless the Government retraces its steps and follows a realistically liberal textile policy, the cotton mill industry will not be able to produce at an economic cost adequate quantities of cloth to meet the expanding domestic requirements and also for export purposes. The sensible approach would be, to reiterate our earlier stand, to allot as many automatic looms as possible to those mills which are working efficiently, are situated in ports like Bombay, Madras and Calcutta and in centres nearer to these ports, and which have been taking keen interest in export business.

A SCHEME THAT HAS FAILED

A damning indictment of the Employees' State Insurance Scheme and its working was made by Mr. K. C. Mahindra, Chairman of Mahindra and Mahindra Ltd., in his speech at the sixteenth annual general meeting of the Company held at Bombay this week. He cited the failure of the scheme to drive home the point that compulsion does not achieve anything. There was, according to Mr. Mahindra, hardly any group of industrial workers who felt benefited by, or satisfied with, the "meagre and almost callous service" provided under the scheme. Consequently, every company, in spite of its having paid the contribution due from it, had to maintain its own medical contingent to look after the workers. Mr. Mahindra, therefore, urged a complete re-examination of the various aspects of the scheme. If the criticisms were found to be true, Mr. Mahindra added, the Government should not hesitate to scrap the scheme altogether. But how to fill the vacuum? Mr. Mahindra suggested an alternative scheme, under which every company should be asked to spend compulsorily its present contribution to the scheme or more if need be for developing its own medical service. Mr. Mahindra was certain that, in this way, every company would be able to give its workers services equal to, if not better than, those purported to be rendered at present. The Government, on its part, should use the large unutilised funds of the Employees' State Insurance Scheme to build hospitals and recuperation homes in selected areas near where the workers live.

Mr. Mahindra is not the first to have expressed dissatisfaction at the working of the Employees' State Insurance Scheme. In fact, it was in response to repeated and widespread complaints about its defective working that Dr. A. L. Mudaliar was appointed as a one-man committee to inquire into the working of the scheme. What has happened to the Mudaliar report? This is a mystery which is yet to be solved. What were the conclusions and recommendations of the Committee? Instead of appointing another inquiry committee as suggested by Mr. Mahindra, it would be desirable to see whether the findings and recommendations of Dr. Lakshmanaswami Mudaliar would, if implemented, give satisfaction.

One advantage of the alternative scheme suggested by Mr. Mahindra, however, is that workers will get better service than from the present scheme under which the insured worker is one among a million to be collectively served by the scheme. If it is not considered desirable to scrap the scheme wholesale, it is worth examining if, as in the case of provident fund, a company providing medical services of a specified minimum standard to its workers could be exempted from the scheme. This would give an incentive to employers to spend more on medical services, because they will then be assured that the full benefit of whatever expenditure they incur is derived by the workers, instead of its getting lost in the general pool.

GENERAL INSURANCE

The successive encroachments by the Central and State Governments upon the traditional business of private companies have been a striking feature of general insurance business in recent years. Slowly but steadily, by subtle and ingenious methods, the Governments have been encouraging the public sector in general insurance, comprising three direct-writing companies and one re-insurance company, at the cost of the private sector. Not being satisfied with an absolute monopoly in life insurance and 75 per cent of the general insurance business of Government and semi-Government bodies, channelled through the Indian Insurance Companies' Association Pool, the public sector companies are casting their nets far and wide. In a bid to help public sector companies, the railways are insisting on the insurance of bid-bond guarantees being placed with the Indian Insurance Companies' Pool, 75 per cent of whose business now goes to the three companies in the public sector. The Central Water and Power Commission, too, seems to have followed suit, insisting that, as in the case of railways, bid-bond guarantee should be insured only with the Pool. It may be recalled that the Bombay Municipal Corporation had recently issued a directive requiring that the insurance for fire risks of buildings constructed on plots let out by the Corporation or the Improvement Trust should be placed with the Pool. As a result of representation by insurers to the State Government and the Corporation, this directive was, however, withdrawn a few days ago and the *status quo ante* was restored.

But a very recent directive of the Bombay State Financial Corporation has again caused some concern among the insurers in the State. Acting in pursuance of a resolution passed by the Industries and Labour Department of the Government of Maharashtra, the Corporation, as the agent of the Government, has advised businessmen seeking loans under the Maharashtra State Aid to Industries Rules, 1961, that they should henceforth insure the properties mortgaged against the loan with the Indian Insurance Companies' Association Pool. The directive covers only mortgages in respect of loans sanctioned by the Government and not those by the Corporation. Even so, insurers feel that it is a departure from the practice followed so far and that, quite apart from any loss of business it might entail, the action is wrong in principle. The Indian Insurance Companies' Association has itself directly and through the Indian Merchants Chamber represented to the Government of Maharashtra that the decision should be reviewed. According to it, such business was on the books of individual companies for the past several years and there is no valid reason for changing the practice. This departure, the Association feels, has, perhaps, been taken under a misconception of the scope of the Pool which was meant to cover only the business of Government, Municipalities, Universities and similar bodies. In any case, according to the Association, it was never the intention of the members of the Pool to authorise it to undertake such business.

The objection of insurers to the latest move is understandable. Their fear is that it is the thin end of the wedge and that, gradually, all their business that is even remotely connected with Government and public bodies would be taken away. The Government's freedom to insist that the properties mortgaged against loans sanctioned by it at concessional rates under the State Aid to Industries Rules should be insured with an insurer of its choice cannot be questioned if it is based on the consideration that the cover for the risk is obtained from an insurer of good standing and financial strength. It may be recalled, in this connection, that some banks have been in the habit of telling the borrowers with whom they should insure their assets. But the Government's present practice is of a different order. To insist that those who seek its assistance must insure only with the public sector general insurers is tantamount to practising discrimination against the private sector.

I.A.C. TO BUY "CARAVELLES"

The move of the Indian Airlines Corporation—I.A.C. for short—to rationalise its fleet by adding a few medium-range jet aircraft—"Caravelles," manufactured by Sud Aviation of France, a predominantly State concern, is commendable. The Corporation has already had detailed discussions with the Chairman (Mr. Hereil) and other officials of the French firm. It is reported that negotiations for the purchase of four Caravelles have almost been completed and three more are expected to be bought later. The aggregate cost of the four planes is estimated at about Rs. 6.64 crores, or approximately Rs. 1.66 crore per plane. The terms of payment are not known, though it is presumed that the deal will be partly on cash basis and partly on credit basis. The French Company generally expects 5 per cent of price being paid at the time of signing the agreement, 10 per cent at the time of delivery and the balance in eight instalments spread over a period of upto seven years.

One may argue that the capital outlay on the purchase of Caravelles is very large and that the domestic routes are not long enough to make the time-saving factor of more than slight importance. Even so, it would appear that the main trunk routes are quite suitable for jet operation. The replacement of Viscounts by Caravelles is desirable, particularly because the latter is specially designed for low-cost, high-speed operation on short and medium length routes. The cruising speed of Caravelles is over 500 miles per hour, the running time between Bombay and Calcutta, for instance, being just 2 hours and 8 minutes. From the point of view of fuel utilisation also, Caravelles are claimed to be more economical than other aircrafts with comparable power and capacity. The cost of operation, we are told, will be less by 25 per cent as compared with even the Comet 4. Again, the maintenance man-hours are very low. If all these claims are true, and taking into account the factors that the carrying capacity of Caravelles is pretty high—about 78 to 80 passengers, as against 44 in Viscounts—and that there can be greater frequency of service, the addition of Caravelles will surely enhance the earning potential of the I.A.C. Incidentally, the addition of Caravelles will help promote tourism and earn for the country valuable foreign exchange. It will be interesting to note here that, out of the total passenger revenue

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of Rs. 9.03 crores earned by the I.A.C. during the year 1960-61, a sum of Rs. 1.50 crore was earned in foreign exchange through inter-line bookings.

The age of medium-range jet passenger aircraft began in April 1959, with the simultaneous commissioning of Caravelles by Air-France and S.A.S. Since then, the Sud Aviation Company has received orders for the supply of 142 Caravelles, of which 110 have already been delivered.

Among the many factors which crews appreciate are the silence and comfort of the cockpit, the disposition of the controls and instrument panels, visibility both during climb and descent, and manœuvrability, particularly at low altitudes. Pilot training poses no problems whatsoever. The Caravelle's landing and taking off characteristics are such that it may be used on any field suitable to conventional aircraft, and it is readily adaptable to existing traffic patterns for arrivals as well as departure. Its steep rate of climb makes it easy to select the most favourable method of attaining the required altitude, while the efficiency of its air-brakes permits rapid letdowns and reduced flying speeds while waiting and during the last stages of the approach and landing. The Caravelle's auto-pilot system has been found particularly satisfactory, especially during approach manœuvres. The silence within the Caravelle aircraft astonishes passengers accustomed to conventional aircraft. The rear position of the turbojets and exceptionally efficient sound-proofing account for this pleasant feature. Once fuelled, the Caravelles can keep flying non-stop for seven hours, at an altitude of 30,000 feet.

STEARIC AND OLEIC ACIDS

Opening the sixth public inquiry into the question of continuance of protection to the stearic and oleic acids industry in Bombay on 19th April 1962, Mr. K. R. P. Aiyangar, Chairman of the Tariff Commission, disclosed that, during the fourteen years of protection, the industry had made good progress, despite difficulties connected with the import of raw materials. The facts given by Mr. Aiyangar show that production of stearic acid has increased from 69 tonnes in 1947-48 to 2,838 tonnes in 1961 and that of oleic acid from eight tonnes to 392 tonnes. Practically all the grades of these fatty acids required by the consuming industries are now indigenously manufactured and their quality has improved considerably. Lately, however, selling prices have been showing an upward trend. Mr. Aiyangar stated this trend must be curbed. He believed that, with the use of modern installations and equipment, the processing costs could be reduced.

Protection was first granted to the industry in 1948 by converting the existing revenue duty of 30 per cent *ad valorem* on stearic and oleic acids into a protective duty. The Tariff Board's second inquiry in 1950 led to the continuance of protection for four years. In the third inquiry in 1954, derivatives of stearic and oleic acids were also included in the scheme of protection. The duty was fixed at a uniform rate of 31.5 per cent *ad valorem*, or eight annas, per lb., whichever was higher. After the fourth inquiry in 1957, the protection was extended for two years, the duty remaining unchanged. On the Commission's recommendation in 1959, the Government extended the protection by three years to 31st December 1962, at the existing rate of duty of 35 per cent *ad valorem*, or 50 nP per lb. whichever be higher. Most of the producers want the protection to be continued further.

In 1959, seven units were engaged in the manufacture of either both or one of the two acids. One of them, in Kerala, had no significant production. But another small unit, Gandhi Parekh Investment Corporation (Private) Ltd., Bombay, is now producing oleic acid with a capacity of 91 tonnes per annum. Four of the existing units are producing both the fatty acids, two of them only stearic acid and the other two oleic acid. At the time of the last inquiry, the aggregate capacity of all the units was 6,598 tonnes for the manufacture of stearic acid and 1,161 tonnes of oleic acid. The present capacity, as reported by the Development Wing, amounts to 6,949 tonnes of stearic acid and 1,768 tonnes of oleic acid, as against 7,765 tonnes of the former and 1,269 tonnes of the latter, reported by the producers. According to them, the production of stearic acid went up from 1,931 tonnes in 1959 to 2,289 tonnes in 1960 and 2,838 tonnes in 1961 and that of oleic acid from 300 tonnes to 345 tonnes and 392 tonnes correspondingly. Thus, there has been a considerable under-utilisation of the existing capacity. The total capacity of the five producers of derivatives has now increased to 452 tonnes, as indicated by them, from the estimated 432 tonnes in 1959. The production comprises stearates of aluminium, zinc, magnesium, calcium and lead. It has increased from 113 tonnes in 1959 to 126 tonnes in 1960 and 166 tonnes in 1961. Here, too, the capacity is not fully utilised.

According to the Commission, the internal demand in 1959 was 1,930 tonnes for stearic acid and 254 tonnes for oleic acid. It is expected to rise to 2,743 tonnes and 610 tonnes, respectively, this year. The demand for stearates, estimated at 152 tonnes in 1959, is expected to reach 254 tonnes by the end of the current year. The apparent consumption of stearic acid, based on sales and imports, was 2,410 tonnes in 1960 and 2,716 tonnes in 1961. The corresponding figures for oleic acid are 335 tonnes and 407 tonnes. There has been no import of stearates, and the apparent consumption on the basis of internal production amounts to 126 tonnes in 1960 and 166 tonnes in 1961.

So far as raw materials for the manufacture of stearic and oleic acids are concerned, palm oil and tallow have to be imported. The imports are allowed to the existing manufacturers on the basis of their past consumption. But the producers have found the quotas inadequate and are faced with crippling under-utilisation of capacity. In the absence of tallow and palm oil, groundnut oil is the most important raw material. But its price has been ruling pretty high and it is difficult to find a convenient and cheap substitute. Among the possible substitutes, *mohuva*, *neem* and cottonseed oils are found to be in irregular supply and costly. Further, it is difficult to process them, because of the presence of other materials. Notwithstanding the fact that one manufacturer in Bombay has been given the licences under the Certification Marks Act for both the acids and another in U.P. for stearic acid and that other manufacturers are reportedly taking steps to obtain the licences, the Commission has received complaints relating to the cosmetic grade of stearic acid that the indigenous material is not up to the quality of the imported variety in regard to colour and low iodine value. As regards oleic acid, some consumers have complained about its colour, pour point and cloud point. There have been complaints also about the high selling prices of both the acids and inadequate supplies of indigenous stearic acid. There have, however, been no complaints about the quality of stearates.

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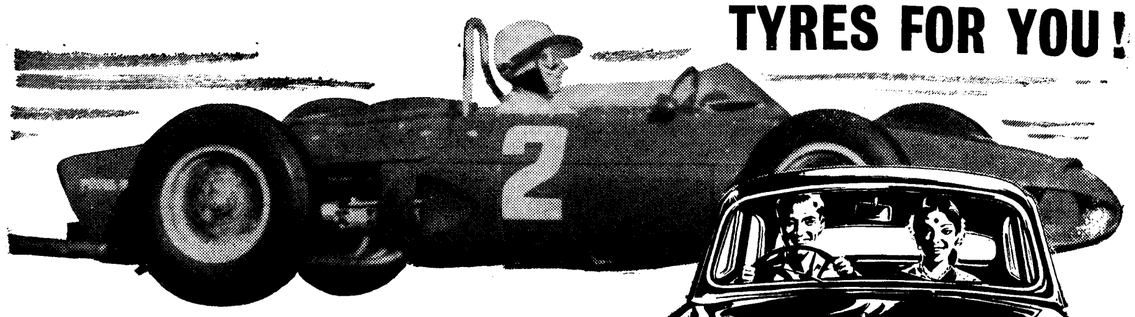

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CENTRAL GOVERNMENT'S FINAL BUDGET

REVENUE DEFICIT OF RS. 60.78 CRORES COVERED BY ADDITIONAL TAXATION

THE Union Finance Minister, Mr. Morarji Desai, presented the final budget of the Government of India for the current financial year (1962-63) to the Lok Sabha on Monday the 23rd inst. The budget discloses a smaller revenue deficit of Rs. 60.78 crores, as against Rs. 63.46 crores revealed in the interim budget. The difference is due to certain minor changes made in the estimates of revenue and expenditure. The total revenue receipts are now placed at Rs. 1,320.87 crores, as against Rs. 1,305.87 crores and expenditure at Rs. 1,381.65 crores, as against Rs. 1,369.33 crores. The increase of Rs. 15 crores in revenue estimate represents the transfer from the profits on coinage operations outstanding under a suspense account, while the rise of Rs. 12.32 crores in expenditure estimate is to be attributed to (*a*) increase in dearness allowance to Central Government employees drawing a basic pay below Rs. 400 per month (Rs. 7.39 crores), revision of pay scales of officers in the Defence Services (Rs. 2.7 crores), export promotion (Rs. 1 crore), purchase of stores and equipment required by the Survey of India (Rs. 99 lakhs) and concession in freight rates on coal (Rs. 25 lakhs).

The overall deficit in the budget is expected to be slightly wider at Rs. 150 crores, the interim estimate being Rs. 147 crores. After taking into account the net accretion of Rs. 60.80 crores resulting from fresh tax proposals, the overall deficit will be reduced to Rs. 89 crores which, it is said, will be met by expansion of Treasury Bills (that is, deficit financing).

The revenue deficit of Rs. 60.78 crores is proposed to be converted into a nominal surplus of Rs. 2 lakhs through various fresh taxation (both direct and indirect) proposals which together are estimated to yield an additional Rs. 68.88 crores in 1962-63 (and Rs. 71.70 crores in a full year). Excluding from this the States' share of Rs. 8.08 crores, the fresh yield that will accrue to the Centre is Rs. 60.80 crores. Of the estimated additional yield of Rs. 71.70 crores in a full year, direct taxes account for Rs. 27.20 crores or 37.50 per cent. and indirect taxes for Rs. 44.50 crores or 62.50 per cent.

DIRECT TAXES

The changes proposed in the sphere of direct taxation as described in the memorandum explaining the provisions in the Finance (No. 2) Bill 1962 issued by the Ministry of Finance are as follows:

Income-tax and Super-tax

Rates of Tax for the Assessment Year 1962-63 on Incomes other than Capital Gains

Assessees other than companies.—Individuals, Hindu undivided families, unregistered firms, etc.: In the rate schedule applicable to individuals, Hindu undivided families, unregistered firms, etc., the existing slab of Rs. 15,001—20,000 has been substituted by two slabs, namely, Rs. 15,001—17,500 and Rs. 17,501—20,000. For all the slabs above Rs. 5,000, the rates have been slightly increased as compared to the existing rates. The basic surcharge for purposes of the Union has been fixed at 2½ per cent for incomes from Salaries. In other respects, the existing surcharges are to continue.

The following table sets forth the total tax (income-tax, super-tax and surcharges) payable by a married individual with two children at certain levels of income at the rates applicable for the assessment year 1961-62 and the rates proposed for the assessment year 1962-63:—

Income	Income from salaries only		Wholly earned income other than salaries		Wholly unearned income	
	1961-62	1962-63	1961-62	1962-63	1961-62	1962-63
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,000	42	42	42	42	42	42
10,000	438	479	438	490	500	560
15,000	1,094	1,171	1,094	1,199	1,250	1,370
20,000	2,039	2,272	2,039	2,328	2,330	2,660
25,000	3,696	4,044	3,696	4,142	4,224	4,734
40,000	10,521	11,065	10,521	11,334	12,024	12,954
70,000	29,421	30,745	29,421	31,495	33,624	35,924
1,00,000	51,471	53,039	51,471	54,328	58,824	62,094
1,50,000	91,721	98,320	91,721	96,020	1,00,824	1,05,594
2,00,000	1,31,971	1,34,601	1,31,971	1,37,707	1,42,824	1,49,094

Registered firms: The existing tax-free slab of Rs. 1—40,000 is replaced by a tax-free slab of Rs. 1—25,000 and the slab of Rs. 25,001—40,000. The revised slabs and the rates applicable, which depend upon the number of partners in the firm, are set forth in the following table:

	Where the firm has 4 or less partners	Where the firm has 5 or more partners
	Per cent.	Per cent.
On the first Rs. 25,000 of total income	nil	nil
On the next Rs. 15,000 of total income	5	7
On the next Rs. 20,000 of total income	6	8
On the next Rs. 40,000 of total income	7	9
On the next Rs. 50,000 of total income	8	10
On the balance of total income	10	12

Companies: (*a*) The rate of income-tax applicable to all companies is proposed to be raised from 20 per cent to 25 per cent.

(*b*) The effective rates of super-tax payable by various types of companies on incomes other than capital gains and royalties of the type mentioned at (*c*) below are set forth in the following table:

Income	Rates applicable to companies which have made the prescribed arrangements for the declaration and payment of dividends within India		Rates applicable to companies which have not made the said prescribed arrangements
	Companies in which public are substantially interested and whose total income does not exceed Rs. 25,000	Other companies	
Dividends received from:			
A subsidiary Indian company formed and registered before 1-4-1961 ..	5	5	5
An Indian company not being a subsidiary, formed and registered before 1-4-1959	5	10	25
Any other Indian company formed and registered on or after 1-4-1959..	5	10	10
Other income	20	25	38

(*c*) The effective rate of tax on royalties received by a foreign company (which has not made the prescribed arrangements for the declaration and payment of dividends within India) from an Indian concern in pursuance of an agreement made with the Indian concern on or after 1-4-1961 and which has been approved by the Central Government, is proposed to be continued at 50 per cent.

(*d*) The effective rate of super-tax payable with reference to bonus shares issued is proposed to be continued at the existing rate of 12½ per cent.

Export incentive: An incentive for export promotion has been provided for all assessees other than foreign companies (which have not made the prescribed arrangements for the declaration and payment of dividends within India). A rebate of one-tenth of the income-tax and super-tax attributable to income from exports out of India will be allowed in such cases. The Central Board of Revenue will make rules for the computation of such income.

Rates for Deduction of Tax (Including Super-tax) at Source from Interest on Securities, etc.

In the case of assessees other than companies, the rates for deduction of tax at source from interest on securities, dividends, etc., remain unchanged. In the case of companies, the rates at which tax is proposed to be deducted at source are set forth in the following table

Income	Rates applicable to companies which have made the prescribed arrangements for the declaration and payment of dividends within India	Rates applicable to companies which have not made the said prescribed arrangements
Interest on any income-tax free security of the Central or a State Government	5	38
Interest on other securities ..	30	68
Dividends received from an Indian company referred to in section 90(1)(iv) of the Income-tax Act	25	25
Dividends received from any other Indian company:		
(*a*) which is a subsidiary company formed and registered before 1-4-1961 ..	30	30
(*b*) which is not a subsidiary company and is formed and registered before 1-4-1959	30	50
(*c*) which is any other company formed and registered on or after 1-4-1959.	30	35
Royalties payable by an Indian concern in pursuance of an agreement which is made on or after 1-4-1961 and which is approved by the Central Government	.....	50
Any other income	.....	68

Amendments to the Income-tax Act, 1961

Taxation of capital gains.—Assessees other than companies: For the purpose of levying tax on capital gains, it is proposed to divide them into two categories, namely, gains arising on transfer of short-term capital assets and gains arising on transfer of other capital assets.

The gains relating to the short-term capital assets are proposed to be taxed at the rate applicable to a total income comprised of the amount of such capital gains and all other income except capital gains. The gains relating to capital assets other the short-term capital assets are to be taxed either at a flat rate of 25 per cent or at a rate applicable to a total income comprised of the amount of such gains and all other incomes except capital gains, whichever is less.

The losses arising in respect of short-term capital assets can be set off against the capital gains relating to short-term capital assets as well as other capital assets and any such loss as is not fully so set off can be carried forward to the succeeding assessment year or years to be set off against the capital gains relating to short-term capital assets for those years. The carry-forward will be restricted to eight assessment years.

The losses arising in respect of capital assets other than short-term capital assets can be set off only against capital gains relating to any other similar capital asset. The net losses, if any, relating to capital assets other than short-term capital assets are not to be carried forward to any subsequent year.

In regard to losses under the head "Capital gains" which had arisen for the assessment year 1961-62 or any earlier assessment year and have not been fully set off and are available for being carried forward within the limit of eight assessment years, only such portion of the losses as relates to short-term capital assets is to be carried forward to the assessment year 1962-63 or any subsequent assessment year.

A short-term capital asset is defined as a capital asset which is held by an assessee for not more than twelve months immediately preceding the date of its transfer.

Companies: In the case of companies also, capital gains are to be considered in two parts—those relating to short-term capital assets and those relating to other capital assets. Capital gains relating to assets other than short-term assets are to be taxed at the rate of 30 per cent (25 per cent being income-tax and 5 per cent being super-tax). Capital gains relating to short-term capital assets are to be aggregated with all other incomes (except capital gains relating to assets other than short-term assets) and taxed accordingly. As regards set off and carry forward of losses, the position is to be the same as in the case of assessees other than companies.

Exemption of donations for charitable purposes: The maximum limit upto which exemption is available in respect of donations for charitable purposes is proposed to be increased to 10 per cent of the total income (as reduced by any portion thereof which is exempt from tax) or Rs. 2,00,000, whichever is less. The enhanced limits will apply to donations made during the previous years relevant to the assessment year 1963-64 or any subsequent assessment year.

Income-tax rebate on Cumulative Time Deposits: An amendment proposed to be made to section 87 of the Income-tax Act provides that deposits made in a 10-year account or a 15-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, as amended from time to time, will be entitled to a rebate of income-tax in the same manner as contributions to recognised provident funds or premia paid for life insurance.

Higher limits for life insurance premia, etc.: Another amendment to section 87 of the Income-tax Act seeks to enhance the maximum limit upto which income-tax rebate is available in respect of life insurance premia, contributions to provident funds, etc., to Rs. 10,000 in the case of individuals and Rs. 20,000 in the case of Hindu undivided families.

Minimum amount of dividend to be distributed by companies in which the public are not substantially interested: At present, a company in which the public are not substantially interested is required to distribute at least 50 per cent of the distributable income, if it is an industrial company, and 65 per cent if it is any other type of company (other than an investment company). The said percentages of 50 and 65 are proposed to be reduced to 45 and 60 respectively as a sequel to the raising of the general rate of tax on Indian companies from 45 per cent to 50 per cent.

Entertainment expenses: At present, entertainment expenses incurred by a company are allowed at a graduated scale, the maximum amount admissible being Rs. 1,00,000. This scale is proposed to be reduced, the maximum amount admissible being fixed at Rs. 60,000.

Wealth Tax

It is proposed to abolish the exemption available in respect of shares held in new industrial companies.

Part I of the Schedule to the Wealth Tax Act is proposed to be revised. The slabs have been recast and the rates of tax on the two highest slabs are proposed to be raised to 1.75 per cent and 2.5 per cent, respectively.

Expenditure Tax

It is proposed to suspend the operation of the Expenditure-tax Act for the financial year 1962-63 and the subsequent financial years.

INDIRECT TAXATION

In the sphere of indirect taxation, the rates of existing excise duties on several items have been raised and ten new items brought under the purview of excise duty. The import duties on a number of items have also been stepped up. Since the changes are too numerous, we are reproducing the Finance Minister's own summary given in Part B of his speech, rather than from explanatory memorandum:

Union Excise Duties

"Turning to indirect taxes, it is only natural that a major share should come from the Union excise duties. I propose to revise the rates of excise duty on unmanufactured tobacco and cigarettes which would yield a revenue of Rs. 5.29 crores in a full year. While the general rates are being increased by only small amounts, it is proposed to re-classify tobacco granule (rawa) in keeping with its more general use and also to re-group cigarette price slabs.

"I also propose to revise the general structure of duty on cotton cloth and yarn. The present rates of duty on yarn are 10 and 15 naye paise per kilogram. The incidence of this duty per metre of cloth is less on superfine cloth as compared to coarse cloth. This is not an equitable position. It is proposed to revise the yarn rates in such a way as to achieve a slight progression in the incidence of tax according to the quality of cloth, maintaining the present duty on coarse yarn at 10 naye paise. The differential of 10 naye paise per kilogram in favour of yarn issued in hanks will continue. It is also proposed to step up the duty on processing of cloth, keeping in view the improvement in quality and price of cloth as a result of processing. Operations like mercerising, shrink proofing and organdie processing substantially enhance the quality as compared to bleaching, dyeing and printing and should attract relatively higher rates of duty. With these two aspects in view and to secure that the common man has not to make anything more than a marginal adjustment in his cloth bill on coarse and medium cloth which he normally uses, it is proposed to reduce the duty on grey

unbleached cotton fabrics. It is also proposed to place units with 50 or more powerlooms on the same footing as composite mills. Rates of compounded levy on power-loom units with looms from 5 to 49 are also proposed to be increased so as to graduate the increase in benefit with the reduction is size and to reduce the incentive for splitting of units. Units employing 4 looms or less will be exempt. As a result of these changes, the annual revenue from cotton cloth and yarn will increase by Rs. 12.1 crores.

"It has been found by experience that match boxes of 50 sticks are being sold at 6 naye paisa a box. As local taxes and conditions vary a little, the actual price to a retail dealer so works out that in several areas he cannot sell at 5 naye paise a box without incurring a loss, whereas at 6 naye paise a box he makes an excessive profit. In view of this, it is proposed to revise the duty fixed by notification so as to wipe out this unintended margin, the statutory rates remaining unchanged. This will yield a revenue of Rs. 1.99 crore per annum.

"It is proposed to convert the duty on unprocessed woollen, rayon and art silk fabrics to a duty on yarn and processing, so as to release the powerlooms from excise control. The loss in revenue will be made good partly by an increase in duty on yarn and partly by a duty on processed fabrics. As a result of these changes, only a small number of units will need excise control in future. As a fair quantity of yarn is imported, these changes will result in a loss of Rs. 50 lakhs in the revenue from excise duty, but there will be a net increase in revenue of Rs. 1.16 crores on account of increased countervailing duty on yarn.

"The present definition of patent and proprietary medicines which followed the Drugs Act has been producing some anomalies. The Drugs Act definition, while suitable for medical purposes, excludes from the scope of patent and proprietary medicines quite a few preparations which are sold under proprietary names and marks and are priced accordingly. I have, therefore, proposed a more suitable definition. With this widening of the definition, I propose to reduce the incidence of tax from 10 to 7.5 per cent by a notification and also to exempt totally certain highly essential drugs.

"It is also proposed to alter the tariff item of asphalt and bitumen so as to include coal-tar, which is used for similar purposes. Coal-tar burnt in furnaces of plants producing it will be exempted by notification. It is also proposed to revise some of the exemptions which have either outlived their utility or have been found to be open to abuse. It is proposed to simplify the procedure for duty on copper and other alloys for convenience of smaller manufacturers. It is also proposed to increase the duty on aluminium foil by Rs. 100 per tonne in order to discourage its internal consumption which creates a demand for the import of ingots. In order to encourage export of tea, it is proposed to increase the duty on loose tea by 5 to 10 naye paise per kilogram and to give a rebate of 15 naye paise per kilogram on its export.

"These changes in the existing excise duties will give a revenue of Rs. 20.74 crores in a full year.

"I also propose to levy excise duty on some new items. It is proposed to levy a duty on jute manufactures in order to restrict their internal consumption and to encourage their exports. This will yield a revenue of Rs. 3.12 crores. It is also proposed to levy an *ad valorem* duty of 5 to 7.5 per cent on certain iron and steel products but to exempt wastages arising in the manufacture of these products from raw iron or steel. Net revenue as a result of this will be Rs. 6 crores. It is proposed to levy a duty of 5 to 15 per cent on electric cables and wires which will yield a revenue of Rs. 2.1 crores. It is proposed to impose a duty on specific acids and gases which will together yield a revenue of Rs. 1.64 crores. Other items on which I propose to levy an excise duty are plywood at the rate of 10 to 15 per cent, asbestos cement products at the rate of 10 per cent, tread rubber and latex foam sponge at the rate of 20 per cent, gramophones, gramophone parts and accessories and gramophone records at rates varying from 15 to 30 per cent. These items will yield a revenue of Rs. 2.30 crores. In the mineral oil section, I propose to add a levy at 5 per cent on mineral oils and mineral oil products not otherwise specified. On the present production this will bring in a revenue of Rs. 26 lakhs. The total revenue from the fresh levies will be Rs. 15.42 crores in a full year.

Customs Duties

"The changes in the rates of excise duties and the imposition of fresh duties I have just described will yield a revenue of Rs. 7.25 crores on the customs side from countervailing duties.

"I propose to increase import duties on certain iron and steel items and on art silk yarn by 5 per cent. This will yield a revenue of Rs. 2.16 crores. The main items affected by the increase under iron and steel are structures, fittings for pipes and tubes, tin plates, steel ingots and manufactures not otherwise specified. In the case of tin plates, the increase will, however, be only 2 per cent. I also propose to impose an import duty of 25 per cent on stainless steel plates and sheets and rods and bars. This will yield a revenue of Rs. 80 lakhs. Copra is subject to an import duty of 40 per cent standard and 30 per cent preferential but by a notification they have been reduced to 15 per cent standard and 5 per cent preferential. It is proposed to increase the notified rates to 25 per cent and 15 per cent which will still be well within the ceilings. It is found that as compared to Indian copra, there is a substantial price advantage in imported copra. It is also proposed to increase the duty on certain types of tools, excluding machine tools and agricultural implements, from 35 per cent to 50 per cent. This is in line with certain increases made last year. These two items will yield a revenue of Rs. 1.89 crore in a full year. It is also proposed to rationalise duties on a few items which will yield a small revenue of Rs. 7 lakhs only.

"It is proposed to raise the rate of import duty on cars from 100 to 150 per cent. The specific duty of Rs. 6,000 is, however, being done away with so as not to discourage import of small or used cars in genuine cases. Though there are no regular imports of cars, some cars continue to come into the country, on Customs clearance permits. As their number is small, their outside value is high and when they are sold, there are very large profits. The proposed increase in duty will reduce these profits and will make import of cars a little less attrative. The revenue from this will be about Rs. 25 lakhs.

"Having spoken so far about increases, I now refer to a substantial reduction. I propose to reduce the export duty on tea from 44 naye paise to 25 naye paise per kilogram. This will mean a loss of revenue of Rs. 4.1 crores. Taken with the proposed refund of excise duty of 15 naye paise per kilogram, this should provide a substantial incentive for export of tea.

"These proposals on indirect taxes side will bring in a revenue of Rs. 44.5 crores in a full year. During 1962-63, their effect will, however, be for 342 days that is to the extent of 93.7 per cent.

The following abstract shows the estimated additional revenue and lack of revenue in loss cases—in lakhs of rupees—as a result of the revisions effected in excise duties :

(Rs. in lakhs)

	(+)	(—)
Existing Items :		
Tea :		
(*a*) By enhancement of excise duty	3,03	
(*b*) By grant of rebate in excise duty on tea exported		3,22
Tobacco :		
(*a*) Basic	4,99	
(*b*) Additional	29	
Motor spirit	2	
Tar	50	
Vegetable product	25	
Patent or proprietary medicines	1,00	
Soap	24.5	
Paper	35	
Rayon and synthetic fibres and yarn.	1,71	
Cotton yarn	2,90	
Woollen yarn	65	
Cotton fabrics :		
(*a*) Basic	8,70	
(*b*) Additional	50	
Woollen fabrics :		
(*a*) Basic		33
(*b*) Additional		12
Artificial silk fabrics :		
(*a*) Basic		1,86
(*b*) Additional		55
Copper and copper alloys		43
Aluminium	3	
Electric batteries	2.5	
Electric lighting bulbs	7	
Matches	1,99	
Total	27,25.0	6,51
Net Rs. 20,74.0 lakhs. or Rs. 20.74 crores.		
New Items :		
All products derived from refining of crude petroleum or shall, not otherwise specified	26	
Nitric, hydrocholoric and sulphuric acids	79	
Gases	85	
Rubber products	63	
Plywood	63	
Jute manufactures	3,12	
Asbestos-cement products	75	
Iron and steel products	6,00	
Electric wires and cables	2,10	
Gramophones and gramophone records.	29	
Total	15,42	
Grand Total Existing items	20,74	
New items	15,42	
	36,16 lakhs. or Rs. 36.16 crores (for a full year)	

The respective shares of the Centre and the States in this additional revenue of Rs. 36.16 crores are shown below :

(In lakhs of Rs.)

	Existing duties		New duties	Total
	Basic	Additional		
Centre's share :				
Full year	17,45	..	15,42	32,87
1962-63	16,35	..	14,45	30,80
States' share :				
Full year	3,17	12	..	3,29
1962-63	2,97	11	..	3,08
Total				
Full year	20,62	12	15,42	36,16
1962-63	19,32	11	14,45	33,88

Apropos the issue as to the respective roles of direct and indirect taxation, the Finance Minister made the following observations :

"There seems to be a feeling in some quarters that, whereas direct taxes are progressive, indirect taxes are regressive in the sense that their incidence falls more heavily on the poor than on the rich. I am afraid this view that indirect taxes are regressive is not correct in our conditions. Whether indirect taxes hit the poor more than the rich or *vice versa* depends upon the kind of commodities that are subjected to indirect taxes and the rates at which they are taxed. No one would contend that excise duties on automobiles, refrigerators and air-conditioners, for example, hit the poor. Quite a number of items in our range of indirect taxes are such that they impinge more heavily on the upper middle and middle classes. We had this whole question analysed last year and our study shows that indirect taxes in India have been progressive in their incidence. That is to say, the higher the total expenditure of a family on an average, the higher the proportion of the total expenditure it pays in indirect taxes. Not only that, but the degree of progression also was shown to have increased, as more and more articles not entering appreciably in the common man's consumption were subjected to excise duty.

"Hon'ble members would also appreciate that, in a country like India, the income-tax cannot be a mass tax. That would be administratively impossible and indeed irksome to the vast majority of the poorer people. At the same time, we have to tax at least to some extent even those who are not covered by income-tax, for it would be equally impossible to meet all our requirements for both Plan and non-Plan expenditures without mobilising a part of the incomes that accrue to the poorer sections of the community. Undoubtedly, the richer sections must carry an increasingly larger share of taxation and the poorer sections must benefit progressively more through development. That is part of our concept of a socialist State.

"I am aware of the widespread desire in this House and outside that the imposition and enhancement of excise duties should not lead to a general increase in consumer prices. In some cases, duties are imposed, as there is a large margin of profit, and it is considered desirable to reduce that margin. In others, for example, as in the case of matches this year, the duty is meant to take away the unintended margins of middle-men. In these cases, there should be no increase in the price to the consumer. On the other hand, in a case like that of patent and proprietary medicines, where it is proposed to reduce the duty, there should be a reduction in prices. In the case of cloth, a part of the increase in the rates of duty on yarn and processed fabrics can as well be absorbed by the industry. The duty on coarse and lower medium fabrics has been particularly so adjusted that there should be no increase in the price of such cloth.

"As regards the impact of these duties on exports, I should like to mention that it is proposed to give a consolidated refund of excise duties paid on the materials and intermediates used in the process of manufacture. There is, therefore, no reason why excise duties should impinge on export costs."

SUMMARY OF FINAL BUDGET ESTIMATES

(In lakhs of Rupees)

REVENUE	Budget 1961-62	Revised 1961-62	Budget 1962-63
Customs	1,89,64	1,99,60	1,99,60 +7,80*
Union excise duties	4,32,63	4,70,95	4,92,28 +30,80*
Corporation tax	1,41,00	1,60,00	1,68,00 +10,50*
Taxes on income	52,21	48,73	58,30 +10,40*
Estate duty	9	12	12
Taxes on wealth	7,00	7,50	7,00 +2,00*
Expenditure tax	80	80	80 (—) 70*
Gift tax	80	85	85
Other heads	14,32	15,46	15,83
Debt services	13,84	11,58	1,67,51
Administrative services	97	1,11	6,11
Social and developmental services	44,70	45,55	35,29
Multipurpose river schemes, etc.	— 1	— 1	36
Public works, etc.	3,76	3,74	4,02
Transport and Communications	2,46	2,38	6,30
Currency and Mint	60,63	53,15	69,53
Miscellaneous	20,99	22,92	24,56
Contributions and miscellaneous adjustments	22,12	21,68	24,41
Extraordinary items	10,00	13,00	40,00
TOTAL REVENUE	10,17,95	10,79,11	13,20,87 +59,90*

EXPENDITURE	Budget 1961-62	Revised 1961-62	Budget 1962-63
Collection of taxes, duties and other prinoipal revenues	21,14	21,15	22,58
Debt services	81,90	86,10	2,47,90
Administrative services	58,37	60,00	70,31
Social and developmental services	1,67,78	1,55,72	1,63,24
Multipurpose river schemes, etc.	1,26	1,23	1,57
Public works, etc.	20,62	21,92	21,88
Transport and Communications	5,68	6,22	8,75
Currency and Mint	11,96	11,62	20,23
Miscellaneous :			
Pensions	10,41	10,49	10,47
Expenditure on displaced persons	11,28	11,29	9,60
Other expenditure	52,07	59,99	89,38
Contributions and miscellaneous adjustments :			
Grants to States	2,08,09	1,99,75	2,13,54
States' Shares of Union Excise Duties	76,33	80,93	1,14,36
Other expenditure	2,84	3,02	3,07
Extraordinary items	10,87	13,79	41,40
Defence services (net)	2,82,92	3,01,93	3,43,37
TOTAL EXPENDITURE	10,23,52	10,45,15	13,81,65
Deficit (—)	— 5,57	+33,96	—60,78
Surplus (+)			+60,80*

* Effect of budget proposals.

AMERICAN LETTER

TRAGEDY OF ERRORS

STEEL PRICE EPISODE RAISES FUNDAMENTAL ISSUES

From Our Special Correspondent

NEW YORK, 21*st April*

THE big story in the last week or two has been the tragedy of errors in which the President of the United States and the American steel industry were the principal actors. The matter goes far beyond matters controversial. It involves Constitutional rights, persuasion, coercion—in fact, the vitals of society. Both the steel industry and the President have been playing with dynamite.

It is dawning slowly on the public that they did. What happened was that, after the last contract settlement with the steel workers which granted higher wages and fringe benefits, the industry did not increase steel prices. This time, there was strong pressure for a contract settlement long before the current contract expires. This was brought upon by statements of President Kennedy addressed to both management and the trade unions.

Management did not say anything that they might have to increase prices and won a relatively favourable labour contract settlement which was hailed widely as non-inflationary. U.S. steel management committed the first blunder by announcing just a few days after the settlement it would increase steel prices.

President's Charge

President Kennedy committed the second blunder by charging the industry with avarice and virtual treachery at a time of national danger. There is no occasion for rejoicing at these developments. On Friday the thirteenth of April, the Administration had bent the steel industry to its will. It was inevitable. Price increases were rescinded.

A number of very disturbing questions have arisen in this chain of events. The Administration's excuse for taking an active role in the steel labour negotiations was the unfavourable U.S. balance of international payments. Yet, the executive branch of the Government had no constitutional right in interfering with the price increase which is the responsibility of company management to stockholders and labour, not to Government.

An Unconstitutional Act

Another discouraging factor in this affair is that Washington gave its approval, in one form or another, to higher wages and greater benefits for workers, then discouraged price increases and, thus, actually engaged in the unconstitutional fixing of prices beyond the realm of its powers and existing laws. It was an assumption of powers not legally granted and they can, or could, lead to further abuse of Federal power.

The theory that the trade unions should benefit and the companies should not, creates a double standard. Until the Government obtains legislation to control prices, as it had during the last war, the setting of prices remains a prerogative of management, "the wisdom or folly of which will be decided in the market place," as one commentator put it.

The pot boiled over with ill-considered charges and countercharges, because of insufficient understanding of the President's position, his sense of power, the steel companies' sense of power and their sensitivity and the current state of public opinion. It is a one-sided understanding of the profit system which condones an increase in wages and, thus, costs, and denies compensation to those who have to pay the price. It raises again fears of inflation in many minds.

At any rate, the steel wage contract settlement means that inventory hoarding for fear of a strike, has now come to a definite halt. Output which was at 80 per cent of capacity in the first quarters, is likely to decline to 70 per cent or lower for the second quarter, as a whole.

The economy continues to go along on a relatively even keel. Mixed indices rather than substantial gains have been evident in March. But everything is relative. As the editor of *Arizona Progress* put it, "never in the history of the world have so many people been so well off—yet so gloomy about it."

International Trade

The great debate on American world trade policy continues. The latest comment on this score came from Arthur H. Motley, President and publisher of Parade Publications, speaking before the British-American Chamber of Commerce.

He emphasised the necessity for freer world trade. The real problem facing the U.S., he said, "is the problem of producing what other parts of the world want at a price that is consistent." Owing to its background, the U.S., he suggested, should have no difficulty in easily accepting the facts of modern economic life and entering knowingly and intelligently into the problems which are posed by the division of the world into totalitarian and free and the further division of the free world into regional trading areas.

While not criticising the U.S. preoccupation at this time with the Common Market in Europe, Mr. Motley emphasised that "there is a persistent voice of many American people demanding U.S. participation in the commercial affairs of all of the free world, not merely Europe or the American continents."

U.S. Universities Pledge Aid to India

Nine leading universities in America have joined the U.S. Government in pledging financial and scientific aid towards the further development of an institute of technology in India. The first institution to benefit by it will be the Indian Institute of Technology at Kanpur. The universities are expected to match the U.S. Government's $3.5 million contributions which will be administered by the Educational Services, Incorporated, Watertown, Massachusetts.

The Educational Services will administer the contract, which is under the financial direction of the United States Agency for International Development. The co-operating universities are California Institute of Technology, Carnegie Institute of Technology, Case Institute of Technology, Massachusetts Institute of Technology, Ohio State University, Princeton University, Purdue University and the Universities of California and Michigan.

It is generally conceded to be an appreciable step forward in the recognition India is accorded in this country as a vital force among the peoples of Asia, economically and socially. I might say, it is an unbelievably long step forward which could not have been predicted perhaps ten short years ago.

United Nations News

The picture at the United Nations remains unchanged. As of this writing, no final decisions have been made about the bond issue which is of such urgent importance to the world organisation so far as U.S. participation is concerned and the form it may take. Again, as I said in previous despatches, the matter will, no doubt, be resolved in the current session of Congress, because not even the most violent opponents of U.N. policy want the organisation to die which was conceived under such noble auspices at San Francisco.—*All Rights Reserved.*

(*Concluded from next column*)

mon Market. It is appreciated here that the present Six do intend to form a political union, but opinion here is that this is going to take some years before it can have much significance and, under a federal structure, there would be no interference in the politics of the country; but it will, of course, ultimately be a different matter on foreign affairs where a common policy would need to be evolved. The talks on political union between the Six have, however, broken down, because France is attempting to take too individualistic a policy particularly in the matter of arms co-operation with N.A.T.O. The Dutch and Belgians accordingly do not desire to proceed with talks on political union until Britain has become a member of the Market and this suits the U.K. very well. Their negotiators did ask to be associated with the political discussions of the Six and, although France resented this, it gave the other countries who did not see eye to eye with France the opportunity to ask to have the whole of these discussions shelved until the U.K. could come in naturally.

LONDON LETTER

PROGRESS OF COMMON MARKET TALKS

HIGH TARIFF WALLS FOR AGRICULTURE

(*From Our Own Correspondent*)

LONDON, 21*st April*

THE backroom work which has been steadily going on in Brussels between the six members of the Common Market and the U.K. delegation has once again, attracted attention. The Opposition in this country, for one thing, seems to have realised that their position on these negotiations was altogether too ambiguous and that they would have to come to a clear understanding among themselves on their attitude. This is becoming urgent, since it is now clear that the Government hope before the summer recess to have their plan for entry into the Common Market ready for full Ministerial consideration and that, before the next session of Parliament, this plan should have been discussed in detail with the Commonwealth Prime Ministers. If everything goes smoothly, then it would be possible to bring in legislation for Britain's entry into the Common Market at the beginning of 1963.

The Opposition is, however, in nearly as much difficulty as the general public in coming to further conclusions, since it is not fully aware of the state of negotiations regarding the entry of Commonwealth products. British agriculture is now seen not to present the serious problem which it once did. After all, Europe is a high cost agricultural producer and if it is Government policy that food in this country should go up to the Continental level, then the British farmer will get his prices from the Market instead of through agricultural subsidies; the British farmer is not, on the whole, a higher cost producer than his opposite number on the Continent and it is only in the horticultural section that there are likely to be difficulties.

Two Aspects

The Commonwealth presents problems on two aspects. The first, on tropical products and the degree of competition which is going to arise between those produced within the British Commonwealth and those produced within the former French territories. On the temperate side, the question is competition between Commonwealth temperate products and those of Europe.

On this latter point, the ambition of France is to see Europe as agriculturally self-supporting; in other words, there is to be a definite policy of building up European agriculture to the exclusion of Commonwealth products. If this policy were persisted in to an extreme degree, it could create not only a source of possible disruption to the Commonwealth but also turn the Common Market issue into a serious political struggle in this country. But it is not yet clear what precisely the long-term objective is to be; it is clear that the proceeds of tariffs from what will become one of the world's high tariff walls all round the new Common Market are to go into a central fund for helping out agriculture in marginal areas. In the U.K., remote hill districts may get help but most of the assistance will probably go to the highest cost producers of all, such as Western Germany. If policy did work out this way, there would be a real danger of sacrificing Commonwealth interests to those of Western German farmers. It is this aspect of the problem which concerns the Opposition most and, obviously, the U.K. negotiators in Brussels are trying to get agreement on a middle position.

If this middle position can be achieved it will mean that Australia, for instance, would be shipping temperate zone products to the Common Market at a slight disadvantage with European producers at present prices, but retaining an advantage over products from outside the Commonwealth and the Common Market. The Australians have already indicated that they could agree on a position of this kind—but, even so, in the long run, the trend might well be to make it more difficult for Commonwealth products to be sold into Europe.

The other matter which has come into prominence recently is that of the political relationships between the members of the Com-

(*Continued in previous column*)

I.M.F. AND MONETARY STABILITY

"A YEAR OF EXCITING DEVELOPMENTS," SAYS PER JACOBSSON

A STIMULATING review of the main developments in the international monetary field during the year ended 31st March 1962 was made by Mr. Per Jacobsson, Managing Director of the International Monetary Fund, in his address to the U.N. Economic and Social Council early this month. Mr. Jacobsson described the twelve months covered by his address as more exciting and, at the same time, more constructive than any period in the past forty years. Mr. Jacobsson's review is not just a factual account of the happenings in the monetary field, but a critical evaluation bearing the imprint of his deep insight into world monetary problems, his unique experience and breadth of vision.

The gold rush and the consequent strain on the dollar were taken by Mr. Jacobsson as an appropriate starting point for an analysis of the events of the past year. The excitement began in the winter of 1961-62 when the dollar was suspect in the eyes of many international financiers, and led to considerable pressure on the foreign exchange market. One of the more spectacular signs of nervousness was the increased purchase of gold by the public in those markets where gold could be bought and the price paid in those markets, when converted into dollars, rose well above the official U.S. parity of $35 per fine ounce. This particular phase, if not quite brought to an end, clearly gave way to a period of less strain, following the categorical statements by President Kennedy early in 1961 that the official dollar price of gold could and would be maintained and that the U.S. authorities were determined to take whatever action was deemed necessary to correct the persisting deficit in the U.S. balance of payments. The relative calm, however, proved to be of short duration, for a new situation suddenly arose as a result of the revaluation by five per cent of the German mark and the Dutch gilder in March 1961. Whatever might be the contribution of these changes towards lasting monetary equilibrium in the long run, their immediate consequences, in Mr. Jacobsson's opinion, were highly unsettling. The financial world was plagued by rumours of further changes in the exchange rates of the Deutsche mark and the gilder and changes in those of other European currencies. These rumours were greatly damaging to confidence. Considerable movements of short-term funds took place, affecting particularly the pound sterling, a currency in which large working balances and reserves of many countries are still being held.

Constructive Action

It soon became clear, however, that there was determination in the major financial centres to defend the existing monetary structure and this determination found expression in constructive action on the part of the various monetary authorities. Mr. Jacobsson referred, in particular, to the measures taken by the British Government which, together with massive assistance from the Fund ($1,500 million in seven different currence and a further $500 million under a stand-by arrangement), led immediately to a reversal of the trend of the exchange market, especially as there was a pent-up demand for sterling held back during the period of uncertainty. But confidence is a plant of slow growth and the disquiet affecting the whole exchange situation subsided only very gradually. In fact, in many parts of the world, the balance of payments continued to be exposed to a great deal of strain and financial assistance from the Fund was requested by many countries. Mr. Jacobsson gave the following explanation for this heavy demand for assistance:

"The reasons for the continued strain varied, but there is one major economic development which goes more some way to explaining it and which is perhaps not immediately apparent. This development was what has been called 'the end of the post-war inflation' which, like the greater convertibility among currencies, has, in itself, been a great achievement, but it has also posed problems. In the post-war period, commodity prices had gone on rising, some years more, some years less; but, by 1959-60, when the major currencies were convertible and trade had been greatly liberalised, supplies of goods had generally caught up with demand. Fortunately, booming business in Europe and improving business in the United States kept up the general level of prices. Some goods and services rose, while others declined; and those countries that were largely dependent on the export of commodities, the prices of which had declined, were often adversely affected. Moreover, once the general price level had ceased rising, greater attention had to be paid to moderation both in the field of cost increases and in the field of credit expansion. Since steps were not always taken in this new situation to bring about speedily enough the necessary adjustment in policies and practices that had been maintained over a number of years, unbalanced external positions emerged. A number of countries lost reserves and many of these were obliged to turn to the Fund for financial assistance in order to gain the time needed for the corrective measures to take effect."

I.M.F.'s Assistance

Mr. Jacobsson pointed out that seventy-six countries were at present members of the Fund and that applications were under consideration from a further fifteen countries. During the twelve-month period under review, no fewer than twenty-three countries in all the continents of the world had exchange transactions with the Fund. In addition, seven countries entered into stand-by arrangements with the Fund without actually drawing on the Fund. In all, drawings on the Fund over the last twelve months amounted to a total of $2.4 billion ($2,400 million) in ten different currencies and, at the end of the period, there is, 31st March 1962, undrawn balances of outstanding stand-by arrangements with members amounted to a total $1,900 million.

General Arrangements

Explaining the reasons for the general arrangements made last year by which the Fund might borrow supplementary resources, Mr. Jacobsson said that very heavy drawings on the Fund, severe pressure on the exchange markets, and the limited holdings of gold which the Fund could prudently utilise for drawings were the considerations that prompted the negotiations undertaken last year with a view to strengthening the world's monetary defences. Under the arrangements that followed these negotiations, it may be recalled, ten of the major industrial countries will stand ready to lend upto specified maximum amounts of their currencies to the Fund, aggregating in all the equivalent of $6,000 million, whenever the Fund, together with these countries, considers that supplementary resources are needed to forestall or cope with an impairment of the international monetary system. Mr. Jacobsson claimed the following merits for the arrangements:

"It is the great merit of these borrowing arrangements that they make it possible to mobilise quickly large additional resources for the defence of the international monetary system. The need for such resources arises not from any failure of this system, but, on the contrary, from its success—from the broader convertibility of currencies and the increased freedom of the exchange markets. As so often in life, success creates its own problems. More widespread convertibility, which is so important for the growth of world trade, has, at the same time, made possible sudden and substantial shifts of funds from one country to another. Since large movements of funds are most likely to occur between the main industrial countries, it was not unnatural that it was precisely those countries, in the first place, which should want to provide adequate safeguards against the untoward effects of these movements. The resources to be provided under the borrowing arrangements will make it possible to forestall or cope with the threat of any impairment of the international monetary system created by these movements or by any other circumstances. In this way, the resilience of that system, as well as the liquidity of the Fund, will be enhanced to the benefit of all member-countries."

More Cooperation

The borrowing arrangements, according to Mr. Jacobsson, must be seen as a manifestation of a growing tendency towards international solidarity in the monetary field. These arrangements, in his view, were not the only sign of such a tendency. He cited many recent instances as evidence of increasing international monetary co-operation. Describing some of them, he said.

"I would like to mention again the credits, which I have already referred to, extended by various central banks on the Continent of Europe to the Bank of England in the spring and summer of last year.

"...the United States' representatives are now attending regularly the meetings of the Bank for International Settlements in Basle; and discussion of financial and monetary matters has become an important part of the work of the O.E.C.D. The Federal Reserve System is now in a position to undertake operations in the exchange market, and is, in fact, doing so, which certainly represents a new departure in post-war United States financial policies. The concerted steps being taken to prevent disturbing movements on the London gold market are also of interest in this context. I should add that these methods of co-operation are almost all still in the process of evolution, and none of them will, of course, replace the necessity for the authorities in the individual countries to safeguard their own position and sustain balance by pursuing appropriate policies. But these national policies have to be worked out in relation to world-wide developments. It is a healthy sign that more and more discussions are taking place either in international organisations or directly between interested countries, which contribute both to the adoption of appropriate national policies and to the harmonising of these policies in the international field."

Summing up the results of this co-operation, Mr. Jacobsson remarked:

"I think that this working together has already met with a large measure of success. For some months now, the exchange markets have been much calmer and singularly free from disturbing rumours. Sterling has recovered from the pressures of the past year and is now strong in the markets. Furthermore, the British authorities have already todate repaid almost half the $1.5 billion originally drawn from the Fund in August last year. It has probably helped a little that most of those who last year speculated in gold and currencies burned their fingers, but that, in itself, would not be sufficient to steady the market. The relative calm is, I think, rather due to a growing feeling that, in monetary matters, there is a greater measure of international co-operation and sufficient resources available both to overcome difficulties that may emerge and to ensure that public policies will not have to be determined by the impact of sudden movements of funds due to speculative attacks."

Mr. Jacobsson then referred to the devaluation of the Canadian dollar in June 1961, the introduction of a fluctuating rate for the Philippine pesos in January this year and the fixation of a new par value for the Israel pound in February last and remarked that these changes in monetary policy represented an approach to a more balanced system. The objective of the Israel and Philippine action, he said, was to establish a realistic rate of exchange, in order to provide a sound economic basis for foreign trade and better balance to the economy as a whole.

Dealing with the Fund's relation with the underdeveloped countries, Mr. Jacobsson pointed out that, over the last year, the majority of the Fund's transactions had been with the less developed countries. This was nothing new, for, since its inception, most of the Fund's transactions had been with this group of countries. He had, however, a word of advice to these countries. He asked them to establish and maintain a high degree of creditworthiness. In his view, one of the major considerations, in any judgment of a country's creditworthiness, would always be whether or not the country maintained stable monetary conditions. Monetary stability, he emphasised, was much more important for a country than simply its effect on the thinking of foreign financial centres from where development funds are drawn. Monetary stability, he averred, was one of the most important prerequisites of a healthy domestic economy and was, indeed, the only reliable foundation for sustained economic growth.

Evils of Inflation

The Managing Director of the Fund recognised that, in their anxiety to develop their economies as rapidly as possible, one of the great problems which many countries had to deal with was that of inflation. He did not agree with those who tolerated, if not welcomed, inflation as an inevitable concomitant of economic development. He described the evils of continuous inflation in the following words:

"It is true that for a time inflation can bring forth real resources, by a kind of 'forced savings,' but these savings are derived from those whose consumption is reduced by the rising prices, that is, through what amounts to exploitation, since the benefits accrue to others. This method of producing savings will not last for long, since those who are exploited will not allow their wages to lag behind, and the public will not continue to hold, for longer than they absolutely must, a currency that persistently falls in value. All kinds of distortions in the economy will ensue, quality of products will suffer, and the maintenance of capital assets already produced will be neglected. The resources that inflation has wrung out of a part of the population by 'forced savings' will often tend to be used for unproductive purposes, luxury building, etc. The new capital so obtained may even be more than outweighed by the flight of capital out of the country. So, there is a deterioration—for a time perhaps not fully noticed —which affects the more spectacular gains financed from inflation. Meanwhile, monetary reserves are steadily eroding away, the public becomes increasingly critical, and, eventually, the authorities are obliged to reverse inflationary policies if major disturbances are to be avoided."

Over-valued Currencies

Mr. Jacobsson was equally critical of overvalued currencies which resulted from inflationary financing of budget deficits or excessive private business demand for credit. In his opinion, since such credit expansion will swell the volume of demand beyond the available resources, internal prices will tend to rise and also the volume of imports, while exports will be impeded and there will, in addition, be a flight of capital in a number of ways. For a time the inflation may engender a "boomlet" or even a boom, but, if the exchange rates are kept unaltered, as is usually the case, the economy would soon be caught by the depressing effects arising from an overvalued currency.

Will a correction of overvalued currencies not add to the cost of imports, especially of capital goods, which the underdeveloped countries require? Anticipating this question, Mr. Jacobsson observed:

"But even when an overvaluation is indisputable, there is often strong opposition to any move toward establishing a more realistic exchange rate. It is feared, among other things, that the rise in the price of certain imported goods following the adjustment of the exchange rate will be politically unpalatable, but, in fact, the effect on prices generally is often slight indeed, since the new rate is sometimes little more than an adjustment to an already established price situation.

"If, after a period of inflation, a stabilisation programme is put into force, there will be a period of adjustment when monetary reserves have to be replenished and investments wait for genuine savings to become available. Usually the authorities will have to take certain more major policy decisions which will not, as a rule, be popular. Successful stabilisation requires determined effort and dogged perseverance on the part of the authorities, but, if it is successful, the results are lasting and valuable. During this intervening period of adjustment, when the necessary determination may be so difficult, the hard things, although not altogether avoided, can be mitigated by foreign assistance.

"At this point, the question is generally asked whether one can be sure that the period of adjustment will soon be transformed into a period of growth. The stabilisation programmes undertaken with Fund support have met with criticism from those who describe them as deflationary and leading to stagnation. But countries which have pursued, without wavering, the consistent policies required to make a success of stabilisation programmes have found before long that the expansionary forces inherent in the economy have been strong enough to stage an impressive revival of business once monetary stability was restored."

Stability Alone Not Enough

The I.M.F. chief readily recognised that monetary stabilisation was not enough. Monetary stability was only a firm base on which could be built a sound economy with technical knowledge and genuine financial resources. The object of the Fund was to help promote monetary stability by giving short-term assistance to member-countries to tide over temporary balance of payments difficulties. By its activities over the years, the Fund, Mr. Jacobsson claimed, had been able to contribute greatly to the stability of exchange rates and, with more resources becoming available, in case of need, it should be able, in future, to help effectively strengthen the international monetary structure and ensure sufficient liquidity for the proper working of the international monetary system.

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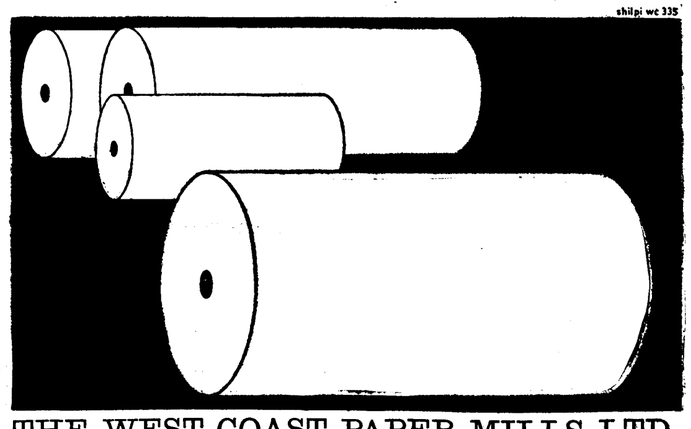

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DEVELOPMENT OF WOOLLEN INDUSTRY

OVER-LICENSING OF SPINNING CAPACITY

THE way in which the planners and powers-that-be have handled the development of woollen textile industry in India is rather depressing. Indeed, the industry provides an example of unplanned development. How else is one to explain, for instance, the overlicensing of spindles in excessive numbers, though it is a well-established fact that the woollen spinning capacity has not been fully utilised for a number of years and is surplus to requirements? The Estimates Committee of the erstwhile (second) Lok Sabha has certainly done a signal service by pinpointing, in its 164th report, this and several other defects and also by putting forward quite a number of useful suggestions designed to put the woollen textile industry on a stable footing. It is, however, surprising that the report covers only the spinning sector and does not make, except by way of casual references, any observations on the weaving sector. Nevertheless, it must be acknowledged that the report, like the several others submitted by the Estimates Committee under the inspiring chairmanship of Mr. H. C. Dasappa, is notable for the wealth of information furnished and the refreshingly frank remarks on the failures of both the Government and industry.

Before dealing with the Committee's report, it will, perhaps, be useful to distinguish as between woollen, worsted and shoddy yarns. Woollen yarn, which is spun from raw wool, is used for carpet making and for producing medium quality goods such as blankets, tweeds and suitings. Worsted yarn, which is spun out of wool top (combed wool), is used in the manufacture of superior fabrics, hosiery and handknitting wools. Shoddy yarn spun from shoddy wool is used to produce cheaper variety of blankets, melton cloth, etc.

Vast Idle Capacity

Overlicensing of spindles for shoddy yarn in excessive numbers has accentuated, as the Committee rightly points out, the problem of raw material, worsened the already low utilisation of the existing productive capacity and resulted in the locking up of capital resources, including foreign exchange outlay for machinery, etc., all of which are bound to make for higher overheads in production and higher prices for consumers. The data given in the report show that the capacity actually lying idle in the woollen spinning and shoddy spinning sectors even on the basis of two-shift working has never been less than 54.4 per cent and, in the case of worsted spinning, the idle capacity has been progressively going up from 32.4 per cent in 1956-57 to 45.9 per cent in 1960-61. The position would be worse if capacity on three-shift working is taken into account. It will be worthwhile to quote here the severe strictures passed by the Committee:

"The Committee regret that the Textile Commissioner's organisation is not in possession of complete and correct figures in respect of installed capacity of the industry, and varying figures have been given at different places. ... There was no room for issuing additional licences for worsted spindles after 1958 when the foreign exchange position was known to be difficult and supply of wool tops and raw wool could not even be assured for the existing units. ... The Committee see little justification for issuing licences for installation of 12,784 additional spindles for shoddy yarn (during the second Plan), for the same number could well have been found by allowing conversion of woollen spindles to shoddy."

The production of woollen-worsted yarn no doubt registered a rise during the second Plan period, though the actual rise was negligible, from 21.7 million lbs. in 1955-56 (end of first Plan) to 28.5 million lbs. in 1960-61. Details are given in Table A. The pace of rise in output has, of course, accelerated since the third Plan began, the quantity of yarn actually produced in the first year (1961-62) being estimated at about 35 million lbs. But the gap that still remains to be covered for the fulfilment of the third Plan production target of 52 million lbs. is pretty wide, as much as 17 million lbs. The Estimates Committee has done well to urge the Government to help the industry avoid underutilisation of installed capacity by assuring it supply of raw material. In particular, it has asked the Government to pay special attention to the development of adequate combing capacity within the country, so that foreign exchange can be utilised more gainfully through imports of raw wool rather than wool tops. For ensuring such a development, the Committee has emphasised the importance of (*a*) speeding up experiments for wool top manufacture from indigenous wool and the combination with imported wool; (*b*) raising production of the requisite quality wool through large-scale sheep-shearing, grading and marketing programme; and (*c*) allowing imports of foreign wool in adequate quantities for production of wool tops. The estimated requirements of wool tops—in million lbs.—during each year of third Plan are given below; figures in brackets relate to anticipated production:

1961-62: 22.0 (7.2); 1962-63: 24.5 (20.7, including 3.5 million lbs. of synthetic fibre tops); 1963-64: 27.0 (25.77); 1964-65; 29.0 (29.0); 1965-66: 31.5 (31.5).

Mill requirements of shoddy yarn are placed at 11.5 million lbs. per annum during the third Plan. The raw materials for shoddy yarn are old garments, wool waste, tailor cuttings and the like. The Committee considers that, in the face of internal demand which is met largely by imports, exports of these raw materials, even if small, may be banned.

Rehabilitation

While the need for assuring the woollen industry the requisite supply of raw material is urgent, there is no gainsaying that the productivity of the industry cannot be expected to improve unless steps are taken simultaneously to rehabilitate and modernise equipment. This aspect has to be specially stressed because a sizable part of the industry's equipment is so dilapidated that it requires complete replacement. It may be recalled here that the N.I.D.C. Working Group, in its report submitted in 1960, had emphatically stated that the woollen industry must be given a fair opportunity to replace its machinery, so that it would be enabled to reduce costs, improve quality and, at the same time, give better earnings to workers and better conditions of work without unduly disturbing the employment situation. The Estimates Committee fully shares the observations of the Working Group as regards the benefits that would accrue on full implementation of the programme of rehabilitation and modernisation (estimated to cost Rs. 11.25 crores with a foreign exchange component of Rs. 9.25 crores) and makes the following suggestions:

A mill-wise plan for rehabilitation and modernisation may be prepared and implemented.

Government should assist the industry by indicating the sources from which machinery could be procured.

Information regarding the availability of machinery from East European countries given in the report of the delegation which visited these countries in 1960 could be circulated to mills.

Efforts should be made to step up the manufacture of woollen textile machinery within the country.

Government may extend, if considered necessary and feasible, facilities, including loan.

Incidentally, it is gratifying to be told by the Chairman of the International Wool Secretariat, Sir William Gunn, who was in Bombay last week, that the Secretariat would give assistance in the form of expert technicians and knowledge to the Indian woollen industry in the near future.

Yarn Production Pattern

The Estimates Committee has made special mention of the woollen manufacturers' plea for revising the pattern of woollen-worsted yarn production from 47.5 to 60 per cent for weaving, and from 32.5 to 20 per cent for hosiery, the allocation for hand knitting being left unchanged at 20 per cent. It has not examined the issue at length for want of time, but feels that the Government should pay careful attention and make sure that the pattern prescribed is such as to meet equitably the requirements of all sectors. It also wants the Textile Commissioner to draw up a scheme early for the equitable distributon of yarn to hand-knitting processors.

The question of yarn supply was discussed in detail by the reconstituted Development Council for Woollen Industry at its first meeting held at Bombay on Thursday last week. Emerging from the discussions were four recommendations as follows:

(1) A limited number of woollen spindles might be allowed to spin shoddy yarn, provided they had the necessary equipment for doing so and no imports of additional machinery, accessories, etc., were involved. (2) Allocation of import quotas for raw material might be made in future on the basis of number of spindles installed subject to some adjustment in respect of worsted spindles producing a larger percentage of hosiery and knitting yarn or weaving yarn. (3) The pattern of production of different kinds of worsted yarns might be revised so as to ensure an adequate production of different all weaving yarn, hosiery yarn and knitting yarn out of the imported raw material. (4) A committee, consisting of Mr. R. K. Birla, Mr. T. N. Khaitan and Mr. Satish Chandra Mahajan, should be appointed, with powers to co-opt other members, to arrange distribution of worsted, weaving and knitting yarn on the same lines as is being done in the case of artsilk yarn.

A special reference was made by the Committee to the Export Incentive Scheme for woollen goods. Evidently, the Committee must have been provoked by the fact that, although the scheme has been in force for the past four years—it was introduced in April 1958 and revised in July 1961—the progress achieved so far is not quite encouraging as will be seen from Table B. This is due to the inordinate delays in the issue of entitlements and malpractices indulged in by some parties. The Committee has drawn attention to both these aspects. It suggests that the procedure for issue of entitlements may be reviewed and streamlined and delays eliminated. Further, it suggests the early finalising of scheme for compulsory pre-shipment inspection.

The Export Promotion Scheme was also considered by the Development Council at its last week's meeting. The Council pleaded for a suitable revision of the scheme, with at least 10 per cent of the incentives being compulsorily earmarked for machinery import. It pleaded, too, for allowing merchant-exporters the same incentives as are available to manufacture-exporters. Whatever be the justification or otherwise for these pleas, a special responsibility is cast on the industry and the trade. It is somewhat disquieting to hear frequent complaints about quality of woollen goods exported to other countries. The delegation of woollen industry which visited the East European countries in 1960, for instance, has cited in its report a number of cases of unsatisfactory supply. To quote the delegation: One Ludhiana party supplied (to Malta) woollen knit-wears which were found to be shorter in size, with colour fading and extremely poor knitting stitching. Some of the goods had even holes." The industry and trade should endeavour their best not to give room for such complaints. For once prejudice enters the mind of overseas customers, it will be very very difficult to remove it.

TABLE A: *Woollen Industry in Second Plan*

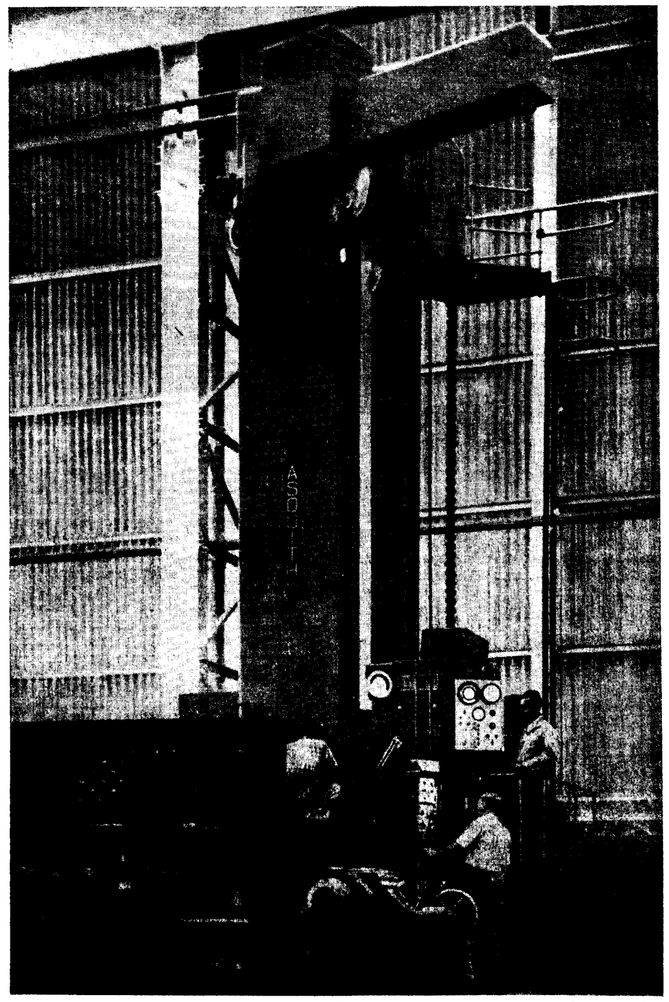
	1960-61	1959-60	1958-59	1957-58	1956-57
Spinning sector:					
No. of spindles installed	189,636	..	..	..	157,448*
Of which:					
Woollen	53,554	..	..	..	61,032
Worsted	124,664	..	..	..	96,416
Shoddy	11,418	..	..	..	..
Production capacity† (mill. lbs.).	57.98	56.02	56.03	53.75	51.21
Of which:					
Woollen and shoddy	33.05	32.39	31.81	31.01	30.51
Worsted	24.93	24.53	24.22	22.74	20.70
Actual production (mill. lbs.)	28.51	29.07	28.88	29.12	25.87
Of which:					
Woollen and shoddy	15.00	14.44	13.33	14.16	11.86
Worsted	13.51	14.63	15.55	14.96	14.01
Types of worsted yarn produced (mill. lbs.):					
Weaving yarn.	8.06	8.10	8.50	7.50	7.00
Hosiery yarn.	2.88	3.33	3.50	4.40	4.21
Knitting yarn.	2.57	3.20	3.55	3.06	3.80
	1961‡	1960	1959	1958	1957
Weaving sector (production in thousand metres)	12,889	13,308	13,572	16,800	16,141
Of which:					
Woollen	2,051	2,240	2,484	2,772	
Worsted	5,074	4,605	4,548	6,156	
Mixings	407	600	1,020	912	N.A.
Blankets and rugs	2,141	2,436	2,760	3,768	
Other items	3,214	3,300	2,724	3,012	
Shoddy cloth	2	24	36	180	

* Relates to the year 1955-56.
† Two-shift working. N.A.—Not available.
‡ Estimated on the basis of actual figures for the first eleven months.

TABLE B: *Exports of Woollen Textiles*

(In lakhs of rupees)

	April-Dec. 1961-62	1960-61	1959-60
Woollen piecegoods mixed with other materials	2.10	2.96	0.63
Woollen and worsted piecegoods	12.09	40.54	8.37
Woollen blankets	0.09	5.47	1.40
Woollen braid	0.21	0.42	0.26
Woollen carpets and runners	296.15	475.99	118.40
Woollen druggets	4.46	2.65	0.87
Woollen fabrics	0.53	1.76	0.47
Woollen outwear, knit or made of knitted fabrics	9.25	0.25	2.19
Woollen rugs	5.61	5.47	1.40
Woollen shawls and *lohis*	6.31	18.72	7.10
Woollen shoddy cloth	0.03	0.21	..
Woollen stockings	0.22	..	2.57
Woollen yarn for weaving	1.20	1.47	0.05



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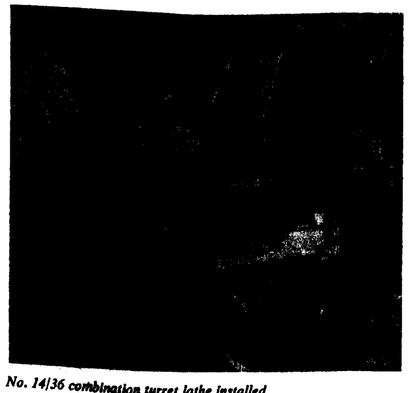

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MR. HOMI MODY ADVOCATES RECASTING OF THIRD PLAN

THE Fifty-first Annual General Meeting of the Central Bank of India Limited was held at Bombay on Wednesday, 25th April 1962. In his speech at the meeting, Mr. Homi Mody, Chairman of the Bank, said that, by and large, the year was one of general expansion of national output and that, in regard to industrial production, though there was an increase of something like 8 per cent, the rate of growth was lower than in the previous year. Conditions of acute scarcity were allowed to develop in respect of coal, power and transport, in spite of repeated warnings of businessmen and industrialists. The failure in these all-important sectors, together with an inadequacy of maintenance imports of items such as raw materials, spares and components, he added, had been chiefly responsible for the slackening in the pace of industrial production during the year.

"The second Plan had sufficiently indicated," continued Mr. Mody, "that the transport capacity was grossly inadequate for the needs of the country. The situation demanded drastic recasting of ideas with regard to targets of production and priorities.... A position has now been reached in which not only the Plan estimates are likely to be confounded, but even the existing productive capacity in the country may be seriously affected."

Transport Bottleneck

"Continuing, Mr. Mody said that the transport bottleneck had been most seriously felt in the coal industry. There was, as a result, growing shortage of coal in consuming centres, affecting all industries depending upon it for industrial or power production. He added that it was remarkable that, when the country was desperately short of wagons, a large part of the rated capacity of the railway wagon industry should be lying idle. In the face of this situation, the targets of production set for the coal industry during the third Plan period would seem to be completely unrealistic. He was of the opinion that the capital expenditure and foreign exchange involved in the projected expansion and the time required for developing new mines had apparently not been given adequate consideration. He went on to point out that, even if we could raise all the coal estimated in the third Plan, the problem of transport would remain.

Mr. Homi Mody observed that side by side with this imbalance in our economy was the acute power shortage that the country was experiencing. Under-estimation of the country's requirements, the failure of public sector undertakings to reach their targets and the disincentives to the private sector of the industry had resulted in a shortage which was being increasingly felt, particularly in regions which are far away from the coalfields. All this, argued Mr. Mody, provided growing evidence of the imperfections of the Five-year Plans. In this connection, he observed:

"Arguments about the public and the private sector, and even about the size of the Plans, are becoming irrelevant in this context. What the country needs is national planning in every sense of the word, and the policy of keeping the public and private sectors at arm's length, so to speak, from each other needs to be revised."

"There ought to be a much closer relationship between the two than is now the case, and it is a thousand pities that the knowledge, experience and enterprise of those who have built up in the past, as they are building up in the present, an imposing structure of considerable dimensions, in the face of many difficulties, should not be more adequately utilised. There has recently been a welcome awareness on the part of Government of the importance of the private sector, but there is, as yet, an imperfect understanding of the role it can play in national development. While foreign experts are greatly in demand, there is still a barrier between the Government and the Indian industrialist, arising from a certain distrust and suspicion. I have been emphasising for some years that there has been a change in the outlook of the business community, and that there are many in its ranks who are not dominated by self-interest and are anxious to co-operate in the task of national development. I hope it may be found possible for their voice to be heard more effectively in the framing and implementation of our Plans for a rapid advance in the moral and material condition of our people."

Foreign Exchange

The Chairman expressed concern over the persistent erosion in the total foreign exchange reserves which had dropped from Rs. 825 crores at the beginning of the second Plan period to Rs. 302 crores at the end of 1961, in spite of large drawings on the International Monetary Fund. He said: "In the year under review, our adverse balance of trade amounted to Rs. 283 crores. This shows a welcome decline from the figure of the previous year, but this was more due to a decrease in imports than to an increase in exports. The remedy," he continued, "lies in our ability to attract greater foreign investments and to promote larger exports." As regards the first, Mr. Mody advocated that our Government should seriously consider ways and means of doing away with the harassing procedures, delays and stiff-necked attitudes which a number of foreign investors, anxious to participate in Indian undertakings, were experiencing. As regards export promotion, he said:

"Government must realise that the measures so far undertaken have but a limited value, and that the basic fact is that our products have to be competitive in quality and price. In this connection, I would quote from a speech made by Mr. Alfred Hayes, President of the Federal Reserve Bank of New York, to the New York State Bankers' Association a few months ago, on the subject of export promotion. Whilst sounding a note of warning against the habit of looking upon import restrictions, higher tariffs and exchange controls as a panacea for their balance of payments difficulties, he said: 'We must be willing not merely to recognise foreign competition as an economic fact but also to make an aggressive effort to compete more effectively in all markets, both with new and important products and with lower costs.... This is not the job of monetary policy alone, nor even of monetary policy primarily. Wholehearted co-operation from Government, industry and labour is a necessity in this area.' I would add that giving subsidies and inducements, on the one hand, and loading costs of production with all manner of burdens, on the other, is a self-defeating process."

Interest Rates

Mr. Homi Mody then informed the shareholders that, with a view to improving their position, the banks effected, in March 1961, an upward revision in the rates laid down under the Inter-Bank Agreement. The pressure on the banking system, however, for additional credit continued to persist and the advance-deposit ratio rose in consequence from about 62 per cent in December 1960 to over 70 per cent in March 1961. The banks were, therefore, obliged, during the busy season, not only to liquidate a part of their investments in Government securities but to borrow on a larger scale from the Reserve Bank, even at penal rates of interest.

Mr. Mody then went on to recapitulate the various measures taken by the Reserve Bank during the year to strengthen the banking system and revive public confidence which had been somewhat shaken by bank failures in the preceding year. The policy of encouraging a merger of the weaker banks with the stronger ones was vigorously pursued and resulted in the reduction in the total number of scheduled banks from 94 to 83. In conformity with this policy, the Central Bank took over the Jodhpur Commercial Bank. By far the most important event that took place during the year was the passing of an Act for the establishment of a Deposit Insurance Corporation, which would fully cover about 75 per cent of the total number of deposit accounts in the country, and provide protection to all depositors to the extent of Rs. 1,500 per account.

Equity Base

"Towards the close of the year," continued Mr. Mody, "the Reserve Bank also put forward a proposal for strengthening the equity base of the banking system and exhorted all the banks to observe a convention which would lead to their achieving a ratio of 6 per cent between their paid-up capital and reserves and their deposits. This is no doubt a sound move, but, if the present pace in the growth of bank deposits is kept up, the attainment of the prescribed ratio may take a long time, even with the transfer of 20 per cent of declared profits to the published reserves of banks." He then disclosed to the shareholders that, as a step towards implementation of this proposal, the Directors had decided to increase the authorised capital of the Bank to Rs. 10 crores and to raise additional capital by the issue of 6,30,000 new shares in the ratio of one new share for every two existing shares. This would increase the paid-up capital to Rs. 4,72,50,000.

Turning to the affairs of the Central Bank itself, Mr. Mody informed the shareholders that, for the second year in succession, the Bank's deposits registered an impressive increase of Rs. 20 crores, the total moving up from Rs. 200 crores in 1960 to Rs. 220 crores in 1961, and that, in the quinquennium 1957 to 1961, the growth of the Bank's deposits had been of the order of 42 per cent.

Bank's Earnings

Over the past five years, the improvement in gross earnings had been of the order of Rs. 4.43 crores, or 57 per cent. The increase, Mr. Mody affirmed, had taken place under all heads, namely, interest and discount, commission, exchange and brokerage. The net profit during the year showed a substantial rise, and was indeed a happy culmination of the progress made by the Bank during the first half century of its working. He, however, sounded a note of warning that, while it would be their constant endeavour to keep up the rate of growth in profits, it must not be forgotten that the future would throw additional burdens on the industry. As a corollary to the growth of deposits, progressively larger amounts would be needed year after year for payment of premia to the Deposit Insurance Corporation. The implementation of the Tribunal's award was likely to impose a further burden. The Reserve Bank's proposal for strengthening the equity base and increasing the liquidity ratio of Banks would also have their effect on the availability of resources for employment in the Bank's business. It was, therefore, considered prudent and necessary to conserve the Bank's resources and, accordingly, out of this year's profit, Rs. 45 lakhs were transferred to reserves, taking the total of the Bank's owned funds to Rs. 7.28 crores. This, however, was still short of the ratio between capital and deposits as envisaged by the Reserve Bank.

Referring to the dividend, Mr. Mody stated that, this year, in view of the larger profits, it was proposed to pay a final dividend of Rs. 2.60 per share subject to tax, which, together with the interim dividend of Rs. 2.40, would amount to a total dividend of Rs. 5 per share, subject to tax, or Rs. 3.50 net for the whole year, thus restoring the dividend to the level of 14 per cent net at which it had stood prior to the cut effected as a result of the changes in the taxation system.

In conclusion, Mr. Mody made a reference to the golden jubilee of the Bank which was celebrated in a befitting manner all over the country, as well as in Pakistan, Rangoon and London. The great enthusiasm witnessed everywhere served to bring home vividly the abundance of goodwill and public confidence which the Bank enjoyed. Everyone connected with the institution had derived fresh inspiration from those celebrations. In commemoration of the occasion, it was decided, in colla-

(Continued on page 763)

PROSPECTS FOR COTTON TEXTILES

MR. WINTERBOTTOM SUMS UP CHANGES AFFECTING INDUSTRY

From Our Special Correspondent

MANCHESTER, 17th April

MANCHESTER LETTER

TAKING a more audacious line than some other trade organisations which have hesitated to discuss the implications of the Common Market in the open, the National Federation of Textile Works Managers' Association, at its conference at Blackpool, dealt with the subject widely and without restraint. It was accepted that many of the viewpoints put forward were individual opinions. Indeed, the whole vital topic is so overlaid with speculation that no hard and fast answer to the many queries involved can be given. Only experience will show, if the project materialises, how Britain, and Lancashire in particular, will be implicated.

Putting the cart before the horse, by taking the end of the last paper first, Mr. Frank S. Winterbottom's apt summing up of the changes likely to affect the British cotton industry provides the best synopsis of the general outlook. Only two of his six points could be described as offering advantages to Lancashire, but these were both fundamental changes which local traders have been advocating for some considerable time. The first was the likely disappearance of duty-free entry of cotton textiles into the United Kingdom from India, Pakistan and Hong Kong, possibly in stages. The other was the belief that increasing exports of Lancashire-made textiles should flow to European countries, not only during the transitional period as duties are reduced but also when they are finally abolished in 1970 or earlier.

Unfavourable Aspects

To the disadvantage of the local trade would be the ultimate adoption of the Common Market external tariff of 13.8 per cent, replacing the present 17½ per cent. Rising imports of textiles from Common Market producers must be expected as the existing rate of duty is reduced towards the ultimate phase of no duty at all. When the common external tariff is finally established, cloths paying the duty could be imported and processed for re-export to European countries without any rebate of duty to the disadvantage of finishers in Britain. Such dutiable cloths, added Mr. Winterbottom, could, however, be imported under customs bond and re-exported after processing to countries outside the Common Market to the continuing disadvantage of Lancashire's weaving industry.

Pin-pointing the future prospects of inter-European trade, he stressed that the Lancashire industry would at any rate know where it ultimately stood, with neither quotas nor duties. "We shall be selling to markets with a like standard of living and with similar costs of production; with tastes, styles and distribution not too far from those existing here; with buyers who operate financially in a similar way to traders in this country—and lastly, but not least, who can be visited almost as easily as customers in this country."

Structural Changes

Competition from vertical units would have to be faced, he added. It might be necessary to meet such pressure by similar developments in our own industrial structure or even by closer working and distribution arrangements. In this connection, Mr. Winterbottom referred to the psychological impact of the establishment of a European market which has already made its mark on those participating in the project. Continental businessmen have tended to adopt a European, instead of a merely national, outlook and to form co-operative links between corporations in different countries.

These, he pointed out, had frequently taken the form of agreements between firms of differing nationalities to share markets and specialise in sectors of production to obtain the advantages of long runs from manufacturing capacity. A spread of such arrangements to include British firms must be anticipated.

Better Styling Needed

Discussions on these lines frequently refer to the horizontal structure of the Lancashire cotton industry. It was, therefore, not surprising that Mr. John J. Butler, of *The Economist* Intelligence Unit, again urged, as so many outsiders do, that a more vertically integrated structure should be encouraged. The British industry, he said, could well enter a new phase of development, if the G.A.T.T. agreement on cotton textiles established regulation of supplies on a wider basis.

The industry, he suggested, should aim at better design and styling, which would not follow Europe's lead at one remove, but which would establish a modern English style in design and fashions. It should aim at more flexibility to meet changes in taste, perhaps coming faster with a rising standard of living throughout Europe and with closer exchange of ideas. Perhaps most of all, the industry must meet the challenge of a vastly enlarged domestic market of possibly 250 million people by learning how to market its products effectively across the whole of Europe.

Situation Worse—Cotton Board

Conditions in the British cotton industry deteriorated steadily during 1961 and the situation has worsened further in the last three months, according to the latest quarterly review issued by the Cotton Board. Returns published indicate that the global figure of yarn output last year was about one per cent higher than in 1960, the major increase being achieved by India. Dealing with the local trade, the Cotton Board reports that yarn output in Lancashire in February was about 14 per cent below the 1961 peak last April. Rate of cloth output per working day in January fell to 12 per cent below last year's highest reached in June.

No improvement so far in the rate of ordering can be recorded and order books have continued to shrink, the report adds. Stocks held by spinners and weavers have been increasing and great pressure on prices has brought quotations down to quite unremunerative levels. "The only immediately hopeful features of the situation are the fact that stocks beyond the weaving stage have certainly been run down substantially and the maintenance of retail sales of clothing at a high level at least up to January," the survey declares. Imports of cotton piecegoods into Britain last year declined quarter by quarter from a level of 225 million square yards in the first three months of 1961 to 143 million yards in the final quarter and 96 million yards in the first two months of 1962. Arrivals of cotton yarn in contrast declined very little since the peak reached in the first quarter of last year. India remains the largest supplier but imports from Hong Kong have expanded rapidly as those from Spain have fallen. World exports of cotton goods suffered a sharp setback last year after a notable expansion in the two previous years. Shipments were about six per cent lower than in 1960 and the only important countries to increase their trade abroad were the United States and Hong Kong.

Record Profits for Cotton Growers

Commonwealth cotton fields produced a record financial year for the British Cotton Growing Association last year. In his address to the annual meeting in Manchester, the president, the Earl of Derby, announced a net profit of £286,058, the highest in the Association's 60-year history. "The outstanding feature of the year for us has been the record crop grown in Nigeria, which totalled 293,406 bales, this being 70 per cent more than the preceding year, and 20 per cent higher than the previous record of 240,861 bales achieved in 1958," he said. Uganda crops produced 10,000 bales more than the previous year, but in Kenya the yield was down.

Total production, announced in the Association's annual report published last month, amounted to 1,581,600 bales, only 500 bales below the record annual output. Looking ahead to the results of the current year's crops, Lord Derby warned that bad weather, resulting in "disastrous conditions" in Uganda, would have a considerable effect on the next financial returns. A dividend of 7 per cent and a bonus of 2½ per cent, both tax-free, were approved.—*All Rights Reserved.*

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BALANCE SHEET OF INDIAN BRANCHES—31st DECEMBER, 1961

1960 Revised Rs.	LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
26,46,000	Amount deposited with Reserve Bank of India ..	26,81,000.00	
....	**2. Reserve Fund and Other Reserves**	....	
	3. Deposits and Other Accounts—		
9,19,00,723	Fixed Deposits	10,70,93,459.85	
49,55,520	Savings Bank Deposits	87,26,158.86	
9,34,08,779	Current Accounts, Contingency Accounts, etc. ..	7,98,97,521.92	
19,02,65,022			19,57,17,140.13
	4. Borrowings from Other Banking Companies, Agents, etc.—		
4,16,50,000	(i) In India .. .. (Includes an amount of Rs. 60,00,000 (1960 Nil) borrowed from the Refinance Corporation for Industry (Private) Limited and an amount of Rs. 1,86,00,000 (1960 Rs. 2,37,50,000) borrowed from Reserve Bank of India under Section 17 (4) (c) of the Reserve Bank of India Act)	8,91,83,333.33	
6,24,337	(ii) Outside India	10,973.61	
4,22,74,337			8,91,94,306.94
	PARTICULARS— Rs. nP: 2,37,50,000 (i) Secured .. 2,46,00,000.00; 1,85,24,337 (ii) Unsecured .. 6,45,94,306.94; 4,22,74,337 — 8,91,94,306.94		
26,16,210	**5. Bills Payable**		26,04,643.75
	6. Bills for Collection Being Bills Receivable as per contra—		
1,35,65,992	(i) Payable in India	1,37,89,908.48	
76,48,537	(ii) Payable outside India	98,60,070.96	
2,12,14,529			2,36,49,979.44
	7. Other Liabilities—		
68,618	Unexpired Discounts	74,011.12	
5,00,500	Amount due to Subsidiary Company	5,00,500.00	
	Inter-Branch Balances and Adjustments—		
1,05,178	Branches in India	21,35,382.54	
3,82,44,570	Head Office and Branches outside India	....	
3,89,18,866			27,09,893.66
7,39,182	**8. Acceptances, Endorsements and Other Obligations** per contra		7,22,024.75
	9. Profit and Loss Account—		
13,85,270	Profit for year transferred from the Profit and Loss Account	29,81,159.80	
13,85,270	Less—Remitted to Head Office	29,81,159.80	
....		....	
	10. Contingent Liabilities— Rs. nP		
1,71,16,246	Bills of Exchange re-discounted.	1,42,11,615.02	
9,75,99,575	Forward Exchange Contracts ..	11,17,26,904.00	
4,44,22,203	Confirmed Credits	4,22,37,742.49	
4,98,01,958	Guarantees given on account of Customers	4,51,60,005.42	
12,99,300	Uncalled Capital in respect of partly paid shares in Subsidiary Company and Investments in Ordinary Shares amounting to	12,99,500.00	
	NOTES ON ACCOUNTS— (i) By the Companies Act 1956 (India), the Bank is exempt from disclosing matters not required to be included by the Banking Companies Act 1949 (India) and these accounts have been prepared accordingly. (ii) In accordance with Section 212 of the Companies Act 1956 (India) the accounts of the wholly owned Subsidiary Company in India are attached to these accounts.		
29,60,28,146	Total .. Rs.		31,45,97,988.67

1960 Revised Rs.	ASSETS	Rs. nP	Rs. nP
	1. Cash—		
1,36,76,265	In Hand and with Reserve Bank and State Bank (including Foreign Currency Notes)		1,79,80,816.55
	2. Balances with Other Banks on Current Account—		
1,40,494	(i) In India	62,038.32	
19,47,624	(ii) Outside India	13,31,560.17	
20,88,118			13,93,598.49
15,98,379	**3. Money at Call and Short Notice**		4,00,000.00
	4. Investments—		
2,89,66,775	(i) Government of India Securities—at under Market Value	2,90,89,274.89	
2,12,500	(ii) Ordinary Shares— Quoted—at under Market Value 2,45,500.00		
2,00,000	Unquoted—at cost .. 2,00,000.00		
....		4,45,500.00	
....	(iii) Debentures or Bonds	....	
....	(iv) Other Investments	....	
....	(v) Gold	....	
2,93,79,275			2,95,34,774.89
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—		
17,26,56,613	(I) Loans, Cash Credits, Overdrafts, etc.— (i) In India .. 19,31,65,208.47; (ii) Outside India	19,31,65,208.47	
17,26,56,613			
2,90,41,616	(II) Bills Discounted and Purchased— (i) Payable in India .. 2,21,90,346.70		
1,79,34,581	(ii) Payable outside India. 1,57,31,893.76		
4,69,76,147		3,79,22,240.46	
21,96,32,760	(Particulars as per Schedule attached)		23,10,87,448.93
	6. Bills Receivable Being Bills for Collection as per contra—		
1,35,65,992	(i) Payable in India	1,37,89,908.48	
76,48,537	(ii) Payable outside India	98,60,070.96	
2,12,14,529			2,36,49,979.44
7,39,182	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		7,22,024.75
	8. Freehold Banking Premises and Property less Depreciation—		
95,59,068	At cost as at 31st December, 1960	96,00,321.07	
41,253	ADD—Additions during the year to 31st December, 1961	6,185.88	
96,00,321		96,06,506.95	
33,03,300	LESS—Amounts written off to 31st December, 1961	33,03,300.00	
62,97,021			63,03,206.95
	9. Furniture and Fittings, less Depreciation—		
11,70,178	At cost as at 31st December, 1960	13,33,115.04	
1,61,937	ADD—Additions during the year to 31st December, 1961	1,29,734.18	
13,32,115		14,61,849.22	
6,83,665	LESS—Amounts written off to 31st December 1961	8,48,903.19	
6,48,450			6,12,946.03
	10. Other Assets—		
22,702	Stamp Account	23,022.47	
2,30,965	Interest Accrued on Investments	2,69,746.65	
5,00,500	Shares in Subsidiary Company at Cost	5,00,500.00	
....	Inter-Branch Balances and Adjustments, Head Office and Branches outside India	21,19,923.52	
7,54,167			29,13,192.64
....	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		....
....	**12. Profit and Loss Account**		....
29,60,28,146	Total .. Rs.		31,45,97,988.67

PROFIT AND LOSS ACCOUNT OF INDIAN BRANCHES FOR THE YEAR ENDED 31st DECEMBER, 1961

1960 Rs.	EXPENDITURE	Rs. nP	1960 Rs.	INCOME	Rs. nP
57,19,129	1. Interest paid on Deposits, Borrowings, etc.	76,23,212.15	1,23,59,525	1. Interest and Discount	1,48,59,303.07
59,27,172	2. Salaries and Allowances and Provident Fund (including Salary and Allowances of Manager of Principal Office in India Rs. 1,17,276—1960 Rs. 79,912)	67,78,125.24	43,34,478	2. Commission, Exchange and Brokerage	38,51,369.29
....	3. Directors' and Local Committee Members' Fees and Allowances ..	....	6,11,283	3. Rents	7,69,945.97
22,77,191	4. Rent, Taxes, Insurance, Lighting, etc.	21,78,410.14	1,41,112	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	6,600.00
69,320	5. Law Charges	58,020.01	....	5. Net Profit on Re-valuation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	....
1,38,517	6. Postage, Telegrams and Stamps	1,70,425.31	....	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	....
....	7. Auditors' Fees	....	....	7. Other Receipts (including provision for taxation no longer required Rs. 24,75,215.52—1960 Rs. 8,13,362.78)	24,98,715.52
2,73,183	8. Depreciation on and Repairs to the Banking Company's Property ..	2,71,308.09	8,18,117	8. Loss	....
2,55,770	9. Stationery, Printing, Advertisement, etc.	2,78,072.67			
....	10. Loss from Sale of or Dealing with Non-Banking Assets	....	....		
22,18,963	11. Other Expenditure including Proportion of Head Office Expenses ..	16,48,200.94			
13,85,270	12. Balance of Profit	29,81,159.80			
1,82,64,515	Total .. Rs.	2,19,85,933.85	1,82,64,515	Total .. Rs.	2,19,85,933.85

J. B. STEWART, *Manager, Bombay.*

C. R. WARDLE, *Chief Manager, London.*

J. R. NASH, *Accountant, London.*

REPORT OF THE AUDITORS

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account as required by law have been kept by the Bank so far as appears from our examination of the records in London and proper returns adequate for the purposes of our audit have been received from the branches in India, none of which has been visited by us. We have examined the foregoing Balance Sheet and Profit and Loss Account which are in agreement with the said records and returns. In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act 1956 (India) as amended by the Indian Companies (Amendment) Act 1960 and the Banking Companies Act 1949 (India) as amended up to 24th March 1961 and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of these branches as at 31st December 1961 and the Profit and Loss Account gives a true and fair view of the profit for the year ended on that date.

COOPER BROTHERS & CO.,
W. A. BROWNE & CO.,
Chartered Accountants

LONDON, 9th *April*, 1962.

SCOPE FOR INDEPENDENT AIR OPERATORS

ATTITUDE OF BOTH PARLIAMENT AND GOVERNMENT SHORT-SIGHTED

By Our Aviation Correspondent

EVER since the nationalisation of scheduled air transport, and the formation of the two air corporations, a handful of small "independent" companies—some seven in number—have grudgingly been permitted to eke out, in the field of charter and non-scheduled operation, a scant and precarious existence. One employs these terms advisedly; in spite of some rather unctuous lip-service on the part of Ministers and other Government spokesmen, the independents have received no visible encouragement. Opposition, on the other hand, both covert and overt, has been much in evidence.

Nor, curiously enough, have these concerns ever enjoyed public support or a "good Press." It has truly been a case of everyman's hand against them. Take, for example, the recent debate on the Air Corporations (Amendment) Bill in Parliament. The hostility displayed was surprising—and almost unanimous. One member went so far as to suggest that, where the "independents" had succeeded in operating services found uneconomical by the Corporation, this was due solely to malpractices and staff exploitation in which the former indulged!

There probably have been malpractices from time to time. If you push any industrial undertaking too hard to the wall, its reactions are apt to be unethical. It is simply a matter of self-preservation. Much of the criticism, however, has its roots in suspicion and hostility. In any event, there is another side to the medal. The independents have also performed, and are performing, a valuable public service. Statistics show, for instance, that their annual carriage of freight is equal to that of the domestic Corporation.

Private Operator Fares Better

In N.E.F.A., one of the independents—the one, incidentally, which came in for most of the opprobium so lavishly broadcast during the debate—has successfully carried out supply dropping operations of considerable national importance. This form of operation is often arduous and always hazardous. One does not want to labour the point, but, when the Indian Airlines Corporation carried out similar operations, there were some very serious accidents.

All this is not to suggest that these private companies are perfect. Indeed, their shortcomings are many and obvious. They are out of tune with the times. This is not the day of the small concern operating on a shoestring budget. Such operation has long ceased to be either practical or desirable. The obvious remedy for many of their ills is to combine their resources—a course which they seem consistently to spurn. Even a measure of unity would add much to their stature and, incidentally, to their bargaining power *vis-a-vis* the Government. It is still, of course, not too late.

Prima facie, the Air Corporations (Amendment) act gives the independents a new status and fresh hope. They have now the right—subject, of course, to permission by the Government—to participate in the scheduled air transport of the country. What more, it might be asked, can the Government do for them? In the opinion of your correspondent, however, the situation thus created is by no means so favourable for the independents as might be imagined. Let us endeavour to marshall and establish the facts.

The Hard Facts

In the first place, other than those which I.A.C. now operate, there is probably no air route in the country which, within the foreseeable future, will repay the kind of development which is all these private companies can afford. In the area to the north and east of Calcutta—Assam, West Bengal, Tripura, and N.E.F.A.—there are possible exceptions to this premise. To that question, one will return later in this article. In the meantime, one repeats that, outside the abovementioned area, the possibility of finding a worthwhile route is remote. There are, of course, some which might repay development using helicopter or VTOL aircaft but that would be an extremely expensive and essentially long-term process.

One has to assume that the only equipment which any of the independent companies are likely to use is the Dakota. That, indeed, is the only cheap equipment available. On any route with sparse traffic—and, again, one has to assume that any route which an independent might obtain will have very scant traffic—the Dakota is both too large and too uneconomical. To substantiate that statement, here are a few leading figures.

Depending on the scale of the operators' overheads, the cost of operating a Dakota lies between Rs. 600 and Rs. 800 per hour. Assuming a route 250 miles in length, and one daily frequency in each direction at a block speed of 135 miles per hour—the most one would expect on a sector of this length—the daily cost of operation would be between Rs. 2,220 and Rs. 2,960 With an average of six to eight passengers each

(*Continued on page* 780)

MERCANTILE BANK LIMITED

Schedule of particulars of Advances required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1961

1960 Rs.	PARTICULARS OF ADVANCES	Rs. nP	1960 Rs.	PARTICULARS OF ADVANCES	Rs. nP
15,98,29,495	(i) Debts considered good in respect of which the Banking Company is fully secured	17,94,70,184.21	1,66,665	(v) Debts due by directors or officers of the Banking Company or any of them either severally or jointly with any other persons	2,50,181.90
3,61,84,177	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security (Provision has been made in London for certain of these debts)	2,81,64,671.64	18,57,146	(vi) Debts due by companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents, or, in the case of private companies, as members	16,55,916.66
2,36,19,088	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	2,34,52,593.08	1,83,634	(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or managers or officers of the Banking Company or any of them either severally or jointly with any other persons	2,60,396.37
....	(iv) Debts considered doubtful or bad, not provided for	....	37,03,263	(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents, or, in the case of private companies, as members ..	20,61,018.09
			5,355	(ix) Due from Banking Companies	57,755.66
21,96,32,760		23,10,87,448.93			

MERCANTILE BANK (AGENCY) PRIVATE LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 1961

1960 Rs. nP	LIABILITIES	Rs. nP	1960 Rs. nP	ASSETS	Rs. nP
	Share Capital—			**Cash and Bank Balances—**	
	AUTHORISED—			With Mercantile Bank Ltd., Calcutta—	
10,00,000.00	1,00,000 Shares of Rs. 10 each	10,00,000.00	5,00,500.00	On Deposit Account	5,00,500.00
	SUBSCRIBED— Rs. nP: 100 Shares of Rs. 10 each fully called up .. .. 1,000.00; 99,900 Shares of Rs. 10 each, Rs. 5 called up 4,99,500.00				
5,00,500.00	The whole Share Capital is owned by Mercantile Bank, Ltd.	5,00,500.00			
	Reserves and Surplus—				
....	Profit and Loss Account	....			
5,00,500.00	Total .. Rs.	5,00,500.00	5,00,500.00	Total .. Rs.	5,00,500.00

NOTE:—The transactions of the Company are incorporated with those of the parent Company and accordingly the Company makes neither profits nor losses.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company as required by Law so far as appears from our examination of those books.

We have examined the Balance Sheet of Mercantile Bank (Agency) Private Limited as at 31st December, 1961, and the above Profit and Loss Account for the year ended on that date which are in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the results for the yea ended on that date.

LOVELOCK & LEWES,
Chartered Accountants.

CALCUTTA, 4th *January*, 1962.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31st DECEMBER, 1961

GENERAL

As shown by the Balance Sheet as at 31st December, 1961, the Company's authorised capital of Rs. 10 lakhs has been fully issued out of which Rs. 5,00,500 has been paid up and is held by Mercantile Bank Ltd., Calcutta.

As in previous years, the year under review shows no profit or loss as the transactions of the Company are incorporated with those of the Parent Company, Mercantile Bank Ltd.

In view of the fact that the name of our Company has been changed and in order to comply with the Companies (Amendment) Act 1960 certain consequential changes were made in our Company's Memorandum and Articles of Association, copies of which has amended, have been reprinted.

DIRECTORATE

It is with profound regret that we record the death of Sir B. P. Singh Roy, K.C.I.E., Kt., which occurred on 24th November, 1961.

The vacancy caused by his death will be filled up as soon as possible.

Sir B. P. Singh Roy, K.C.I.E., Kt., was due to retire from the Board this year by rotation. However on account of his death and in order to comply with the requirements of Article 81, Mr. W. H. Jackson retire this year from the Board, but being eligible offers himself for re-election.

During the year Mr. W. H. Jackson was granted leave of absence for a period of three months with effec from 30th June, 1961. During this period Mr. W. K. Dargie was appointed as an alternate Director fo Mr. W. H. Jackson.

AUDITORS

Messrs. Lovelock & Lewes retire but being eligible offer themselves for re-appointment as Auditors fo the ensuing year.

For the Board of Directors,

W. H. JACKSON,
B. GILL, } *Directors.*

F. I. C. HERRIDGE,
Secretary.

CALCUTTA,
Dated the 4th January, 1962.

LABOUR PROBLEMS AND POLICIES

MR. NAVAL TATA CALLS FOR REALISM

THE thoughtful speech delivered by Mr. Naval H. Tata, President of the Employers' Federation of India, at the twenty-ninth annual general meeting of the Federation, held at Bombay on the 23rd inst., contained, in addition to a review of the main developments in the field of labour-management relations during the past year, some significant observations and comments on the problems confronting employers in the country. The appointment of the Bonus Commission, whose recommendations are likely to have far-reaching effects on employer-employee relations in the country, naturally attracted the pride of place in the catalogue of subjects dealt with by the President of the Federation. Mr. Tata welcomed the Commission. If he did not anticipate its findings, it is quite understandable, for that would not have been in order. But it is rather surprising that he did not make any suggestions or recommendations as to how the Commission should go about its job. Instead, he was content with a mere recital of the circumstances and reasons that prompted the appointment of the Commission. It must, however, be said to his credit that he performed this apparently dull business in a very interesting manner.

Genesis of the Bonus Commission

The decision to appoint a Bonus Commission, Mr. Tata recalled, was taken in pursuance of the recommendations of the Supreme Court, which, in turn, was prompted to do so by the confused thinking and equally conflicting and contradictory awards of the tribunals in dealing with bonus claims. Mr. Tata, however, hastened to add that it would be unfair to accuse the worker or the employer or the tribunals for the state of affairs which led to numerous references of disputes to the Supreme Court. Patently, in his view, the trouble was caused by the dubious meaning of the word 'bonus,' the concept and connotation of which had remained undefined for a long time. A variety of interpretations was consequently put on it to suit the situation of each case, the dice being generally loaded against the employer in the name of social justice. It was almost a case of a doctor prescribing medicine without properly diagnosing the disease. It was not surprising, therefore, according to Mr. Tata, that the Supreme Court suggested a review of the entire problem by a high-power commission.

Alluding to the controversy regarding the chairmanship of the Commission, Mr. Tata candidly reiterated that the Government's choice did not inspire confidence in the ranks of employers and, although they ultimately conceded the right of the Government to choose the Chairman, the psychological damage inflicted on employer-employee relations was not, in Mr. Tata's view, sufficiently set right by the subsequent assurances of the Labour Minister. Nevertheless, Mr. Tata fervently hoped that the deliberations of the Commission would result in a solution that would forever solve the complexities of bonus which had been responsible for a great deal of deterioration in industrial relations in the country.

An Unwise Action

Turning to wages, Mr. Tata expressed satisfaction that, on the wage front, the country was endeavouring to establish an orderly growth of wage boards to deal with the fixation of wages in a number of industries. While the controversy over the need-based wage and the various interpretations of the term "need-based wage" had contaminated the atmosphere for a while, it looked as though, according to Mr. Tata, the major industries of the country would soon settle down to the formulation of wage schedules through the machinery of the wage boards. He, however, felt it necessary to refer to a recent development which had caused a certain measure of misgivings with regard to the functioning of these boards. This was the recommendation made by the Wage Board for Tea Industry in Northern India, based on a *majority* decision of the Board, that interim relief be granted to the clerical and manual workers in the tea plantations in Northern India. "It is unfair," Mr. Tata commented, "for a wage board, whose terms of reference are clearly to survey the question of wages impartially, dispassionately and objectively, to recommend, for the sake of expediency, *ad hoc* payments without a unanimous decision. Such short-circuit methods may soon destroy the confidence of the parties to the inquiry and render the implementation of the decisions of the Wage Boards by the employers and workers extremely difficult."

The President of the Federation did well to emphasise the close connection between wages and productivity. He pointed out that, contrary to what was stated in some quarters, India was not a cheap wage-cost economy. It was true that individual earnings of the worker in this country compared less favourably with those in the more advanced countries of the West. Managerial emoluments, too, for that matter, were correspondingly lower. But, in the sphere of practical economics, it was the cost of wage per unit of production that mattered. Two factors were crucial, pointed out Mr. Tata, in determining competitiveness, namely, quality and cost. As for the former, it was primarily the responsibility of the management to be quality-conscious. As for the latter, the cost of a product depended upon the price of raw materials, which was largely controlled by the Government, and the cost of labour. It was not sufficiently appreciated by all concerned, Mr. Tata contended, that, for all practical purposes, in an era of adjudicated awards, the employer had no control over wages. It would be impossible, he declared, for the country to compete in world markets, unless it followed a rational wage policy. It was only then that costs in this country could be on a par with those prevailing in advanced countries.

Social Justice

Mr. Tata did not spell out in detail what he meant by a rational wage policy. But he seemed to imply that it was one which related wages to productivity and which was less heavily overpainted with the vague and elusive concept of social justice. Indeed, his comments on the way the Government seeks to promote social justice are worth quoting:

"It has often been stated in our country that the concept of wages has a wider significance and that it should not be related to productivity only. We do not dispute that it should include an element of what has come to be popularly known as 'social justice.' I shall not question the justification for its inclusion, provided this yardstick of social justice is applied equally energetically both to the organised as well as the unorganised non-industrial worker of the country and reasonable parity maintained between the aggregate wages of both the categories. Strangely enough, such philosophy is reduced to sheer mockery when the organised labour of the textile industry is expected to conform to such standards of social justice initiated by Government, and yet, in the powerloom sector, this yardstick is completely ignored. What is more, there is a growing tendency to enlarge this sector in preference to organised sector, as if it is the intention of Government to perpetuate such social injustice. In the ultimate analysis, wages cannot outrun industry's capacity to pay, nor can they be out of tune with productivity. I shall not say anything more at this stage, except to point out that a recent survey has shown that, between 1951 and 1957, the wage index in the organised sector rose by 24 points, but the productivity index rose only by 8.6 points."

Wide Disparity

Drawing attention to the existence of wide disparity between the different sections of the working population, particularly factory and agricultural labour, Mr. Tata said that agricultural labour received only a fraction of what industrial labour earned. Thus, the average annual earnings of a factory worker in 1958 was Rs. 1,296, and that of Class IV Central Government employees was Rs. 972 (in 1958-59) while that of agricultural labour was only Rs. 99. Mr. Tata did not suggest that wages of industrial labour should be brought down to the level of other workers. Only, he emphasised that it would be most unwise to accentuate the existing big disparities in the earnings of workers in the different sectors and that any increase in the earnings of industrial labour must be preceded by a rise in productivity.

Dealing with the other aspects of the labour situation, Mr. Tata said that, considering the experience of some of the public sector undertakings in associating labour with management, it was unwise to introduce the scheme in haste, at least not until the workers' representatives had developed a full sense of the new responsibilities they were called upon to shoulder. Experience in other countries had clearly shown that executive powers cannot be shared with the workers and must remain in the hands of the management. Mr. Tata, however, added that, where conditions were favourable and good industrial relations existed, management should take an active interest in joint consultation and should be prepared to discuss certain matters with the workers' representatives. The latter, on their part, must be knowledgeable enough to participate in such consultation and there should be no impatience in this matter. In any case, Mr. Tata was firmly of the opinion that this was one of the schemes which should not be imposed or introduced by means of pressure tactics from any quarter. In other words, the experiment ought to be conducted on a purely voluntary basis and must proceed slowly.

Code of Discipline

The President of the Federation expressed satisfaction that, during the last three years the Code of Discipline was in force, industrial strife, in terms of man-days lost, had gone down appreciably. Whether this was the direct outcome of the Code or not, the consensus of opinion, as expressed at the Seminar on the Code of Discipline held last year, was that the Code had considerable potentialities for bringing about better industrial relations.

Mr. Tata made some significant observations on the vexed question of trade union recognition. He pointed out that there was no central statute on the subject. Some States like Maharashtra had passed laws dealing with the recognition of unions on an industry-wise basis, regardless of the representative character of that union at the unit level. There were basic difficulties, according to Mr. Tata, in encouraging industry-wise union and bargaining without ensuring healthy trade union practices at the unit level. The absence of this also militated against other important matters being dealt with at the unit level. He, therefore, appealed to the State Governments, which had passed legislation covering industry-wise unions, to reconsider their views in the light of past experience and make appropriate changes with a view to building up healthy trade unions from below.

The Emerging Pattern

In conclusion, Mr. Tata dealt at length with labour relations in general. He commended the enviable record of cordial labour relations prevailing in the Scandinavian countries and observed that their experience offered some lessons for India. In this connection, he made a critical evaluation of the effect on labour-management relations in general and trade union movement of the policies followed in the past 15 years and pointed out that the pattern of industrial relations that had been evolved was far different from the one obtaining in Scandinavian countries. We may appropriately end this article by quoting below his assessment of the situation in India:

"It is nearly 15 years since our national Government was established. But the picture of industrial relations emerging from our early efforts is far from the one indicated in the Scandinavian countries. The political pattern of our trade-union movement leading to inter-union rivalries, coupled with the understandable reluctance on the part of some employers to recognise a union in the face of such rivalry, has deprived us of the benefits of collective bargaining which has proved so valuable in other countries. In the absence of collective bargaining, we have relied too much on Government interferences and adjudicated awards. There seems to be more emphasis on labour laws than on moral values of mutual accord and agreement. So long as we persist in the philosophy of the State being primarily responsible for ensuring good and healthy industrial relations, we shall never attain standards of industrial peace achieved by other countries by exposing the interests of both employers and workers to the full blast of an organised and well-established system of collective bargaining. Until both the employers and workers are ready to endure, to some extent, the inevitable suffering through a trial of strength upto a point where it does not hurt the national interest, we shall never be in a position to build up healthy and powerful trade union and employers' organisations which are so vitally needed to usher in industrial peace. It would be unfair on my part to single out any one of the three parties concerned for the lack of progress in this direction. It will need a lot of soul-searching by the worker, the employer and the Government to find out the reasons which have prevented us from attaining such industrial peace. More of bipartite agreements and less of adjudicated awards, more of voluntary codes and less of labour laws, more of self-reliance on the part of the employer and the worker and less eagerness on the part of Government to interfere, may perhaps, in course of time, put us on the path of an enduring industrial peace which we need so badly to make our best contribution to the national economy. Let us hope that, through awareness of such needs, we shall attain our goal in the not too distant future."

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RAILWAY BUDGET FOR 1962-63

BOTH FREIGHT RATES AND PASSENGER FARES RAISED

THE final Railway Budget for the current (1962-63) financial year was presented to the third Lok Sabha on Thursday, 19th April, by Sardar Swaran Singh, the new Union Minister for Railways. The interim budget, it will be recalled, was presented on 13th March by Mr. Jagjiwan Ram. The final budget places the estimate of gross traffic receipts for 1962-63 higher at Rs. 545.36 crores, as against Rs. 523.10 crores shown in the interim budget, but the whole of this increase of Rs. 21.26 crores represents the additional revenue which the Minister expects to get from his proposals for adjustments in passenger fares and freights with effect from 1st July next. The estimate of ordinary working expenses is also put higher at Rs. 356.80 crores, as against Rs. 345.60 crores, or a rise of Rs. 11.20 crores. The expansion is due mainly to the payment of increased dearness allowance to lower paid Central Government employees according to the recent decision of the Government. As a result of these changes in earnings and expenses, the net surplus in the budget (creditable to Development Fund) has turned out to be larger at Rs. 23.22 crores, the earlier tentative estimate being Rs. 13.16 crores. The surplus, according to Sardar Swaran Singh, "will just cover the estimated expenditure (Rs. 23 crores) on works chargeable to the Development Fund in 1962-63 and will, therefore, obviate the need for a loan from the General Revenue to finance the Fund." In the estimates presented in March 1962, a loan of Rs. 9.88 crores had been envisaged. The Fund is now expected to close with a nominal balance of Rs. 36 lakhs at the end of March 1963.

The important financial figures of the Railway Budget as now presented are compared with those presented in March 1962 as well as with the revised estimate for 1961-62 and the actuals for 1960-61 in Table A.

Of the anticipated additional revenue of Rs. 21.26 crores, passenger earnings account for Rs. 11.46 crores and goods earnings for Rs. 9.80 crores. Details of gross traffic receipts and working expenses are given in Table B.

The Railway Minister has proposed to revise upwards both freight traffic rates and passenger fares, with effect from 1st July next. The actual revisions are indicated below:

Freight Rates

The basic rate charged in respect of goods will be raised by 50 nP per ton or 5 naye paise per quintal for traffic (including coal) carried up to 40 kilometres and one rupee per tonne or 10 naye paise per quintal in the case of traffic carried beyond 80 kilometres, marginal adjustments being made over distances 41-80 kilometres. In the case of foodgrains, however, the increase in basic rate will be one rupee per tonne only at distances in excess of 160 kilometres, the increase in stages between 41 kilometres and 160 kilometres being evenly spread out between 50 nP and one rupee per tonne. The supplementary charge of five per cent would be levied in addition, as hitherto. These increases will not apply in the case of railway material, postal traffic, military traffic, and export manganese ore. In the case of livestock and sugarcane charged at lumpsum wagon rates, a flat increase of Rs. 5 per 4-wheeled broad-gauge wagon for traffic carried up to 40 kilometres and Rs. 10 per 4-wheeled broad-gauge wagon for traffic carried beyond 80 kilometres, with suitable adjustments for intervening distances, will be made. For livestock and sugarcane carried over metre and narrow gauges, the rates of increase will be Rs. 3.50 nP per 4-wheeled wagon for traffic up to 40 kilometres, and Rs. 7 per 4-wheeled wagon for traffic beyond 80 kilometres. These increases in rates which are charged on wagon basis represent an incidence of increase somewhat less than the charges on per tonne basis. In these cases also, the supplementary charge of five per cent will be levied, as hitherto. The increase in freight rates will in no case exceed Re. 1.05 per tonne, whatever the commodity or whatever the distance over which it is transported.

As the proposal is not for a common percentage increase but a flat increase, a material increase in the transport cost of already high-rated commodities will be avoided. On the other hand, this flat increase would narrow down the existing difference between the lowest and highest freights, as envisaged by the Committee on Transport Policy and Co-ordination. Further, the proposal, resulting as it will, in a somewhat larger percentage increase in the short distance rail traffic, would tend to encourage its offloading to road as is desirable.

Passenger Fares

The incidence of the increase proposed in the first class fares approximates to 15 per cent, while that for second and third class fares will be slightly under 10 per cent. For air-conditioned third class in de-luxe trains, the present surcharge over third class fares will be correspondingly increased, but keeping the fares for this class of travel still below the proposed second class mail fares. Increases had been made in the air-conditioned class fares on 1st April 1955; these fares will also be increased, while maintaining a reasonable relationship with the fares for corresponding journeys by air. As regards the season tickets including suburban, an increase of five per cent over the existing fares is proposed. The revised bases for passenger fares, which is proposed to be adopted from 1st July 1962, is indicated in Table C.

The aforesaid increases in freight and passenger fares have been justified on two grounds. They are: (1) increase in working costs of railways following the enhancement of dearness allowance to staff, etc., and (2) need (even otherwise) to maintain a satisfactory return on heavy additional capital outlay which the railways will have to incur, at present-day high costs, for executing the Plan programmes. Characterising the need for raising additional resources as imperative, the Railway Ministry's supplement to the Explanatory Memorandum on Budget observes:

"At a time when the railway system is greatly expanding, there is also a continued and steady demand on the Railway Development Fund for financing works such as operational requirements which cannot be assessed as being directly remunerative, amenities for railway users, and expanding welfare needs of an increasing staff strength. The surplus to be earned and credited to the Development Fund, therefore, has to be maintained at an adequate level. It would obviously be not desirable to resort to loans from General Revenues to the Development Fund year after year, as will inevitably be necessary if the railways' resources are not augmented."

In the course of his speech, Sardar Swaran Singh gave an account of the rail transport movements planned during the current year. This review shows that the railways have programmed to meet in full the demands of the steel plants and washeries, and to provide initially for a daily movement of not less than 3,646 wagons for other consumers from the Bengal and Bihar fields, as compared with 3,580 wagons in 1961-62 and 3,398 wagons in 1960-61. In the later part of the year, it will be possible to improve on this figure. No difficulties are anticipated in meeting the requirements of the outlying fields in full. The Government's objective in the third Plan is to step up production from these fields. In the result, consumers of coal in general may expect, and will receive, more supplies than during the last year. The railways' estimate of traffic in 1962-63 is an additional 15 million tons. Of this, half will be of coal and goods traffic for steel plants and the other half for others, over and above the traffic carried in 1961-62. With a view to achieving the large increase that has to be planned for coal movements in the third Plan, an appreciable proportion of the increased traffic will be carried in heavy trainloads of the new type of BOX wagons, which are being put into commission in increasing numbers.

Expansion Scheme

The Railway Minister also gave some details of the construction and expansion scheme under the third Plan. According to the review, during 1961-62 (first year of third Plan), the electrification of 528-route kilometres was completed; a further 350-route kilometres are expected to be electrified in 1962-63. Doubling of track of about 600 kilometres was completed in 1961-62; it is programmed to complete 800 kilometres more of doubling in the current year. The fleet of locomotives was augmented by the addition of 41 metre-gauge diesel locomotives in 1961-62; it is expected that 112 broad-gauge and 19 metre-gauge diesel locomotives will be received in the current year. The Chittaranjan Locomotive Works have begun turning out electric locomotives, of which 21 are expected to be delivered before the end of 1962-63, including three such locomotives already turned out, while at the same time fully maintaining the output of steam locomotives as in the past. The output in the Integral Coach Factory has been steadily increasing, and is also being diversified to cover various types of coaching stock; during the last year the factory turned out 598 coach shells, and 644 coaches are expected to be turned out during the current year. Wagon production has suffered difficulties owing to shortage of materials, but these are being steadily overcome. During 1961-62, as many as 19,100 wagons, in terms of four-wheelers, were manufactured, compared with 11,984 in the previous year. The present rate of production exceeds 2,250 per month; this rate will be improved upon in the coming years. Most of the major line capacity works needed to cope with the anticipated rise in traffic during the third Plan period and which take time for execution, have either been sanctioned already or else are ready to be taken up during the current year. The works, machinery and rolling stock programme for the year 1962-63 has been placed at Rs. 295 crores, which is the highest in recent years.

TABLE A: *Railway Finances at a Glance*

(In crores of Rs.)

	1960-61 (Actuals)	1961-62 (Revised)	1962-63 (Budget) As presented in March	1962-63 (Budget) As now proposed
Traffic Receipts—				
Gross Traffic Receipts	456.80	501.24	524.10	545.36
Working Expenses				
Ordinary working expenses	313.15	330.39	345.60	356.80
Appropriation to depreciation reserve fund	45.00	65.00	67.00	67.00
Payments to worked lines	0.09	0.16	0.14	0.14
Total working expenses	358.24	395.55	412.74	423.94
Net Traffic receipts	98.56	105.69	111.36	121.42
Miscellaneous Transactions—				
Receipts	3.62	1.69	0.19	0.19
Expenditure	14.31	15.20	16.54	16.54
Net miscellaneous expenditure	10.69	13.51	16.35	16.35
Net railway revenues	87.87	92.18	95.01	105.07
Payments to General Revenues—				
Dividend to general revenues	55.86	63.20	69.35	69.35
Payment in lieu of tax on passenger fares	..	12.50*	12.50*	12.50*
Net gain or surplus	32.01	16.48	13.16	23.22

*Contribution to General Revenues from traffic receipts to be made over to the State Governments in terms of the accepted recommendation of the Convention Committee, 1960, over and above dividend at 4.25 per cent payable by the Railways.

TABLE B: *Revenues and Expenses*

(In crores of Rs.)

	1960-61 (Actuals)	1961-62 (Revised)	1962-63 (Budget) As presented in March	1962-63 (Budget) As now proposed
Traffic Receipts:				
Passenger upper	15.18	17.22*	17.53*	19.00*
Passenger lower	116.41	136.78*	137.47*	147.46*
Other coaching earnings	27.21	29.00	29.00	29.00
Goods	286.14	305.25	327.75	337.55
Other sundry earnings	12.68	13.50	13.50	13.50
Suspense	—0.77	—0.51	—1.15	—1.15
Total	456.80	501.24	524.10	545.36
Working expenses:				
Administration	37.64	38.48	40.18	41.94
Repairs and maintenance	117.05	123.59	128.57	133.18
Operating staff	71.89	74.70	77.46	81.46
Operation (fuel)	72.16	78.61	82.63	82.69
Operation other than staff and fuel	24.74	26.30	28.47	28.68
Miscellaneous expenses	28.31	32.14	30.08	30.16
Labour welfare	9.90	11.00	11.82	12.30
Total	361.69	384.82	399.21	410.41
Credits or recoveries	—48.54	—54.43	—53.61	—53.61
Net working expenses	313.15	330.39	345.60	356.80

*Includes additional earnings resulting from the merger of passenger fares tax with the passenger fares, with effect from 1st April 1961, in lieu of which, however, an annual payment of Rs. 12.5 crores will be made to the General Revenues for distribution to the States, over and above the 4.25 per cent dividend payable by the railways.

TABLE C: *Proposed Passenger Fares*

Distance (Kilometres)	*Bases (In nP per km.)*
First Class:	
1—250	7.7
+251—500	7.0
+501—800	6.3
+Over 800	5.9
The overall average increase on existing first class fares approximates to 14.9 per cent.	
Second Class:	
Mail/Express	
1—250	4.4
+251—500	4.3
+501—800	4.0
+Over 800	3.5
Ordinary	
1—250	3.85
+251—500	3.70
+501—800	3.50
+Over 800	3.20
The overall average increase on existing second class fares approximates to 8.85 per cent.	
Third Class:	
Mail/Express	
1—50*	2.50*
1—250	2.60
+251—500	2.45
+501—800	2.10
+Over 800	1.85
Ordinary	
1—50*	1.90*
1—250	2.15
+251—500	2.05
+501—800	1.80
+Over 800	1.70
*Applicable in the case of journeys up to 50 kms. only. The overall average increase on existing third class fares approximates to 9.85 per cent.	
Air Conditioned Class:	
1—250	13.0
+251—500	13.0
+501—800	12.0
+Over 800	11.5
Surcharge in respect of III class air-conditioned.	
1—800	1.5
+Over 800	1.4

Season Tickets—Increase of 5 per cent over present fares.

NEW PRODUCTS AND PROCESSES

Flame-proof Rubber

MANY attempts have been made to render natural rubber flame-resistant by compounding with some combustion retarding materials such as chlorinated hydrocarbons, ammonium salts, borates and metallic oxides. The high loadings of these materials which are usually required, however, may have a markedly adverse effect on the elastic properties of the products and may also cause processing difficulties in latex applications. A new approach to this problem, developed at the laboratories of the Natural Rubber Producers' Research Association of Malaya, involves the chemical modification of natural rubber so that flame resistance is "built into" the rubber molecule. This also eliminates the possibility of the loss of combustion-retarding components by leaching or other physical means. The modification required is achieved by reacting rubber in the latex form with the polyhalogenated compound trichlorobromomethane (20 per cent). The loss in tensile strengths by this process may be partly made up by a technique similar to masterbatching, in which a more highly modified latex is blended with sufficient natural latex to reduce the chlorobromomethane content to the required level (e.g 12 per cent). One suggested application for these flame-resistant rubbers is in the bonding of hair pads for upholstery and packaging purposes. Another possible application of the latex is in the production of foam rubber.

Anti-shrink Treatment of Wood

A new process for anti-shrink treatment of wood, which is equally effective on coniferous and hard woods, has been developed at the U.S. Forest Products Laboratory, Wisconsin. The process can be used to stabilise rifle stocks against shrinking and swelling due to humidity variations. Reversing the traditional procedure, the stocks are first shaped and semi-inletted from fresh cut green wood. Then they are heavily treated with the stabilising chemical, polyethylene glycol 1000, and then kiln-dried. Best dimensional stability results from treatments that impart a glycol retention of 20-30 per cent (by weight of dry wood) in the thin, critical areas. Only a small portion of the chemical penetrates the thick part of the butt. The preferred treatment consists of soaking the green precarved stocks for 45-60 days in a 30 per cent solution of glycol maintained at 75°F. The glycol inhibits shrink, swell and warp by bulking the wood fibre cells where the large molecules of the stabilising chemical displace the natural moisture of the wood.

Plastics as Conductors

A convenient way of combining the light weight and corrosion resistance of plastic with the electrical conductivity of metal is to coat one with the other. A French firm claims to have found a simple way of doing this. The plastic base is immersed for a few minutes in each of several different chemical solutions that contain selected metallic compounds. These form an intermediate and partially conductive layer that sticks firmly to the base. The whole is then electroplated with a layer of nickel or other metal. The Company claims that the technique is suitable for both decorative finishes and for such items as the printed circuits of electrical apparatus.

Drilling With Sparks

A machine which will drill holes with a diameter little thicker than a human hair through very hard metals has been developed at the B.S.A. group's research centre. Production of the machine has already begun at the Kitts Green, Birmingham, factory of B.S.A. Tools. Known as the Penatron, the machine uses the spark erosion technique, in which a spark jumping between the drill bit and the workpiece wears away the latter to the shape required. This method is not new, but the Penatron differs from other machines operating on the same principle, it is stated, because of the way in which the distance between the drill (which is in effect an electrode) and the workpiece is controlled. Normally a servo mechanism is employed to advance the drill or die automatically, but in the case of deep-hole drilling with very fine bits there is a danger of breakage if the servo mechanism "overshoots" the depth of the hole. This problem has been solved, it is claimed, by making the worktable of the Penatron vibrate, so that in effect the drill electrode continually bounces against the workpiece. Because it is very light and freely suspended, the drill "bit" suffers no damage.

Electropolishing

Melting metals in stainless steel vacuum furnaces for the nucleonic, electronic and aircraft industries of today has demanded highly polished surfaces for the stainless steel to avoid unwanted gases being generated. This is particularly important where speed of production is vital, since gassing characteristics affect the time taken to pump the vacuum furnace chamber down to the required low pressures. An electropolishing process introduced by a British firm, Electropol Processing Ltd. is now being successfully used in Britain for the steel of vacuum furnaces to ensure that the most minute scratches that could harbour dirt and thereby set up gases are removed. The electropolished surface is smooth, gently undulating and easily cleaned.

Vegetable-Chrome-Vegetable Tannage

Though most village tanneries employ bag tanning, sometimes, when the hides are badly cured it is not possible to stitch them into bags. In such cases a vegetable-chrome-vegetable combination tannage process developed at the Central Leather Research Institute, Madras, is claimed to be advantageous. In this method, bag tanning pits are not necessary and the process can be carried out in a small pit or vat even in the open.

THE TRAVANCORE RAYONS LIMITED

PLEA FOR TAX RELIEF TO RAYON INDUSTRY

CHAIRMAN MR. AR. RAMANATHAN'S SPEECH AT ANNUAL MEETING

A PLEA for some relief in excise duty or, alternatively, an increase in the selling price of rayon yarn was made by Mr. AR. Ramanathan, Chairman of the Travancore Rayons Limited, in his speech at the Sixteenth Annual General Meeting of the Company held at Rayonpuram (Kerala State) on Wednesday, 25th April 1962. He also pointed out that, when final products were subjected to heavy excise duties, the levy of excise duty on basic and intermediate raw materials of rayon yarn and cellulose film such as caustic soda, soda ash, glycerine, zinc, etc., was inequitable. A liberal approach to this question, according to Mr. Ramanathan, would yield better results—both to the Government and the Industry.

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

"DEAR SHAREHOLDERS,

"It gives me great pleasure to extend to you all a cordial welcome on the occasion of this sixteenth annual general meeting of your Company. The annual report and accounts for the year ended 31st December 1961, having been circulated to you in advance, I hope I have your kind permission to take them as read.

Working Results

"The working for the year 1961 has resulted in a profit of Rs. 61.93 lakhs after providing Rs. 40.13 lakhs for depreciation, Rs. 2.75 lakhs for development rebate reserve, Rs. 1.50 lakh for gratuity reserve and after paying Rs. 32.80 lakhs towards excise duty.

"You will notice from the balance-sheet that the provision for taxation is higher by Rs. 3.30 lakhs compared to 1960, and, with the profit for the year being more or less the same as that of 1960, your Directors have maintained the dividend recommendation on the equity shares, at the same rate of 20 per cent. They have considered it also prudent to create a new reserve, known as 'dividend equalisation reserve.' As the Directors have explained in their report, the reason for this reserve is this: When the huge expansion programmes of the Company are completed, a large amount of development rebate will be allowed to us by the income-tax authorities. In order to avail of this rebate, a development rebate reserve equivalent to 75 per cent of the rebate will have to be set aside. The setting aside of such a reserve will diminish the distributable profits. The object of the dividend equalisation reserve is to help maintain dividend stability in such circumstances.

Excise Duty—Need for Relief

"The increase in profits would have been greater but for the following reasons:

"As I had mentioned in my last speech, the Central Government's 1961 budget raised the excise duty on rayon yarn steeply, by 66⅔ per cent, and, what is more the manufacturers were called upon to bear 60 per cent of the increase. This has meant a loss in profit of nearly Rs. 10 lakhs. Secondly, an equally high excise duty of 20 per cent *ad valorem*, on our cellulose film, was also levied, and, as anticipated, this proved to be a major cause of a fall in demand for the film in the latter part of 1961. Consequent upon this, the increased capacity of our cellulose film plants had to remain unutilised.

"Even during last year, I had submitted that the Government of India should take a balanced and well considered view of the position and offer the industry the relief it deserves, by way of a reduction in the excise duties on rayon yarn and cellulose film. Alternatively, in the case of rayon yarn, the manufacturing units could be allowed to increase the selling prices to some extent. While on this subject, I wish to refer to another point also. In the case of both rayon yarn and cellulose film, there are a number of basic and intermediate raw materials such as caustic soda, soda ash, glycerine, zinc, etc., which also bear excise duty, in addition to the final products. This is, obviously, inequitable, and, in my opinion, a liberal approach to these aspects is likely to yield better results—both to Government and the industry. I for one do agree that sacrifices are necessary on the part of everyone, in the interest of the Plans and the nation.

"The Indian rayon industry has achieved notable success in the short span of a decade. The annual output has increased from 5 million pounds in 1950 to 45 million pounds now. The saving in foreign exchange has been about Rs. 28 crores so far. The target for filament yarn under the third Five-year Plan has been fixed at 75 million pounds. Considering the substantial pace of progress of the economy, this target is easy of achievement, and may require an upward revision to cope with the enormous expansion in demand, which the size of the Plan is likely to generate.

Production

"The production of rayon yarn suffered some shortfall, due mainly to lower output in the older machines which had been working since 1950. There have been many cases where our applications for imports had to be drastically cut due to acute foreign exchange shortage. While I fully appreciate the uncomfortable situation in which the Government is placed, I would plead for more scientific re-arrangement of priorities in such a way that raw materials and spare parts are allowed, in due measure, to existing industries, so that unutilised capacities may be minimised in the overall national interest. The production of moisture-proof cellulose film registered an increase of about 50 per cent over the 1960 production due to the commissioning of our second MST Plant. When the market for the film improves, the increase in our MST production can also be maintained.

Exports

"With the pressing necessity to increase the country's exports, your Company is also making its contribution and striving to explore the export markets. In the case of rayon yarn, we are helping the fabric exporters by supplying them a quota of rayon yarn at subsidised prices. In the case of cellulose film, I am glad to tell you that a satisfactory beginning is being made. The quality of our film has met with good consumer acceptance. Besides the Far Eastern markets, it is also our desire to explore the Middle Eastern markets. Continuous efforts are being made to improve the factory efficiency, process and technology, and the quality of our products.

"The benefits of statistical-quality-control techniques are being availed of; and also the employees at various levels are being suitably educated and trained under courses conducted by the National Productivity Council. A work and job evaluation study is also being undertaken so that men, materials and machinery could be fully utilised.

"As you are all aware, the Company holds an industrial development licence for expansion of its rayon production capacity by another 5 tons per day, which will raise up the total rayon production to 13.6 tons per day. This expansion is expected to cost the Company about 3.5 crores of rupees, which has to be met partly by issue of right shares and partly from long-term borrowings. At the moment, I am unable to give you any indication as to the issue of capital, etc., since the entire scheme depends upon the licence situation. Immediately the licence is received, your Directors expect to consider this question.

"The erection of the cotton linter plant is going on according to schedule. And, as your Directors have stated in their report, in line with its traditional pioneering efforts, your Company will be the first rayon plant to manufacture rayon grade pulp in India. The capacity will be 10 tons per day, initially. The production is expected to start by October/November this year.

"The relations with labour were satisfactory, on the whole. The three-year agreement with the labour terminated on 4th April 1962. It is the desire of your Company to renew it for a longer term in the interest of industrial peace and stable progress. I hope the employees will give their full co-operation.

"I now propose that the Directors' report, balance-sheet and profit and loss account for 1961 be approved and adopted."

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

THE CANARA BANKING CORPORATION LIMITED

Registered Office: **UDIPI, S. India**

BOARD OF DIRECTORS

U. GOPALAKRISHNA NAYAK, ESQ., *Chairman.*

F. X. D. PINTO, ESQ.
B. ANANDA MALLYA, ESQ., M.A., B.L.
M. BALAKRISHNA KINI, ESQ., M.B. & B.S., D.G.O.
M. GOPALAKRISHNA KAMATH, ESQ.
U. RAMNATH KINI, ESQ., B.A., B.L.
M. ANNAPPA KAMATH, ESQ., B.A., B.L.
S. PANDURANGA NAYAK, ESQ.
U. VISHWANATH S. R. PAI, ESQ., M.B. & B.S.

AUDITOR
U. VARADARAJ NAYAK, ESQ., B.A., F.C.A., *Chartered Accountant.*

LEGAL ADVISER
N. V. KAMATH, ESQ., B.A., B.L., *Advocate.*

GENERAL MANAGER
V. R. KAMATH, ESQ., B.A., LL.B.

DEPUTY GENERAL MANAGER
K. S. SHENAI, ESQ., CERT. A.I.I.B.

DIRECTORS' FIFTY-SIXTH ANNUAL REPORT

The Directors have the pleasure to submit to the shareholders the Fifty-sixth Annual Report for the year 1961. The net profit of the Bank, after making the necessary provisions, is Rs. 8,22,189.96; and with a sum of Rs. 11,249.63 brought forward from previous year's account, the sum available for distribution is Rs. 8,33,439.59. After placing a sum of Rs. 1,65,000 to the Statutory Reserve Fund, the balance left over is Rs. 6,68,439.59, and the Directors recommend the following appropriations:—

		Rs.	nP
1.	To provision for Income-tax	3,90,000	00
2.	To Preference Dividends	75,490	00
3.	To Dividend on Equity Shares at 15 per cent. (Dividends are subject to deduction of Indian Income-tax)	1,87,500	00
		6,52,990	00
	Leaving balance to be carried forward	15,449	59
	Total .. Rs.	6,68,439	59

Your Directors are glad to report that there has been a satisfactory increase in deposits and that the liquidity position has been more than maintained, and this is in accordance with the general trends during the year.

In order to improve the Capital/Deposit ratio of the Bank, it is the intention of your Directors to approach you later in the current year with a proposal to increase Capital.

Shri B. Vaikunta Baliga, who was the Chairman of the Board of Directors on the date of the last Annual Report, had to relinquish his office as Director of the Bank on 27th February, 1961, consequent upon his joining the Cabinet of Ministers to the Government of Mysore. His invaluable guidance has helped not a little in building up the business of the Bank. In his place, Shri U. Gopalakrishna Nayak, a Director longest in office, having been on the Board since 1935, was unanimously elected as Chairman.

Shri V. R. Kamath, General Manager of the Bank having gone on leave from 3rd September, 1961, Shri K. S. Shenai, Deputy General Manager of the Bank is holding additional charge of the duties of the General Manager since then, for the duration of his leave, and as such is the Chief Executive Officer for the time being.

The Administrative Office of the Bank was shifted from Udipi to Mangalore on 5th April, 1961. Under the Scheme of Amalgamation notified by the Government of India, the Bank of Citizens Limited, Belgaum, was amalgamated with your Bank on 17th October, 1961. Out of the 16 branches of the said Bank taken over by your Bank, two, viz., Dharwar and Karwar were closed and amalgamated with our existing branches at those places. Two new branches were also opened, one at Ankola and the other at Kumta. This brings the total number of branches to 78. For the first time, the business of underwriting of shares of other companies was undertaken and the new issue of the shares of Mysore Paper Mills Limited for Rs. 1 crore was underwritten by your Bank to the extent of Rs. 14 lakhs and your Directors are happy to report that there was no need to fulfil any part of the underwriting obligation.

The Directors thank the shareholders, customers and staff for their unstinted co-operation without which it would not have been possible to achieve the all-round progress of the Bank during the year.

(By authority of the Board),
U. GOPALAKRISHNA NAYAK,
Chairman.

ADMINISTRATIVE OFFICE,
MANGALORE, *25th February*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

Corresponding figures 31-12-1960 Rs.	nP	CAPITAL AND LIABILITIES		Rs.	nP	Rs.	nP
50,00,000	00	**1. Capital—** AUTHORISED CAPITAL				50,00,000	00
37,50,000	00		(a) 75,000—Ordinary Shares of Rs. 50 each	37,50,000	00		
3,50,000	00		(b) 7,000—5% First Preference Shares of Rs. 50 each	3,50,000	00		
9,00,000	00		(c) 18,000—4½% First Preference Shares of Rs. 50 each	9,00,000	00		
		ISSUED, SUBSCRIBED, CALLED AND PAID-UP CAPITAL—					
12,50,000	00		(a) 25,000—Ordinary Shares of Rs. 50 each	12,50,000	00		
3,50,000	00		(b) 7,000—5% First Preference Shares of Rs. 50 each	3,50,000	00		
9,00,000	00		(c) 18,000—4½% First Preference Shares of Rs. 50 each	9,00,000	00		
25,00,000	00					25,00,000	00
19,35,000	00	**2. Reserve Fund and Other Reserves**				21,00,000	00
13,65,000	00		Reserve Fund	15,30,000	00		
5,70,000	00		Share Premium	5,70,000	00		
8,72,72,086	12	**3. Deposits and Other Accounts**				10,12,22,655	31
5,89,17,998	64		Fixed and other time deposits	6,70,12,178	96		
1,50,88,107	74		Savings Bank Deposits	1,53,98,036	86		
1,32,65,979	74		Current Accounts, Contingency Accounts, etc.	1,58,12,439	49		
9,25,030	61	**4. Borrowings from Other Banking Companies, Agents, etc.**				12,76,587	89
9,25,030	61		(i) In India	12,76,587	89		
Nil			(ii) Outside India	Nil			
9,25,030	61	PARTICULARS—					
			(i) Secured by lodging part of the Securities held under investments as per contra	2,76,587	89		
Nil			(ii) Unsecured	10,00,000	00		
				12,76,587	89		
11,29,669	95	**5. Bills Payable**				19,08,801	64
65,62,627	23	**6. Bills for Collection Being Bills Receivable as per contra**				81,78,903	52
65,40,272	32		(i) Payable in India	81,32,068	48		
22,354	91		(ii) Payable outside India	46,835	04		
70,80,006	04	**7. Other Liabilities**				1,04,77,375	27
57,73,250	21		Branch Adjustments	75,90,836	80		
78,756	09		Liability for Expenses	1,03,331	98		
12,796	37		Unclaimed Dividends	14,849	50		
31,670	91		Unexpired Discounts	25,758	52		
11,83,542	46		Sundries including interest accrued or due on deposits, etc.	14,77,107	36		
Nil			* Bank of Citizens Ltd.—collection account as per contra	12,65,496	11		
4,58,132	00	**8. Acceptances, Endorsements and Other Obligations** per contra				9,23,025	00
4,33,738	58	**9. Profit and Loss—** Profit as per last Balance Sheet				5,54,197	75
		LESS—Appropriations—		Rs.	nP		
2,10,000.00		(i) Provision for Taxation		2,80,000	00		
2,09,377.72		(ii) Dividends		2,62,948	12		
4,19,377	72			5,42,948	12		
14,360	81	Balance		11,249	63		
6,74,836	94	ADD—Profit for the year brought from Profit and Loss Account		8,22,189	96		
6,89,197	75	Total		8,33,439	59		
1,35,000	00	LESS—Placed to— Statutory Reserve Fund under Section 17 of the Banking Companies Act		1,65,000	00	6,68,439	59
5,54,197	75						
1,020	82	**10. Contingent Liabilities—** (i) Claims against the Banking Company not acknowledged as debts		1,523	91		
		(ii) Money for which the Banking Company is contingently liable—					
7,92,063	09		(a) On account of guarantees to customers— Fully secured	71,83,578	57		
4,29,426	58		On personal guarantee	4,41,012	50		
4,000	00		(b) On account of guarantees on behalf of Directors or Officers	7,000	00		
3,000	00	(iii) Uncalled Capital on Shares held under Investments		2,500	00		
Nil		(iv) Arrears of Cumulative Preference Dividends		Nil			
Nil		(v) Liability on Bills of Exchange re-discounted		Nil			
Nil		(vi) Liability on account of outstanding Forward Exchange Contracts		Nil			
		Note.—*These figures are subject to audit of Accounts of Bank of Citizens Ltd., as on the prescribed date in accordance with the scheme of amalgamation.					
10,84,16,749	70		Total .. Rs.			12,92,60,738	22

Corresponding figures 31-12-1960 Rs.	nP	PROPERTY AND ASSETS			Rs.	nP	Rs.	nP
95,33,807	98	**1. Cash** In hand and with the Reserve Bank and State Bank of India.					97,43,593	29
11,42,594	70	**2. Balances with Other Banks**					7,94,471	34
			In Current Accounts Rs.	nP	In Deposit Accounts Rs.	nP		
11,42,594	70	(i) In India	7,94,471	34	Nil		7,94,471	34
Nil		(ii) Outside India	Nil		Nil		Nil	
Nil		**3. Money at Call and Short Notice**					Nil	
3,53,26,906	56	**4. Investments** at cost (i) Securities of the Central and State Governments and other Trustee Securities of the face value of Rs. 3,86,40,855 (approximate market value Rs. 3,77,51,714.50)					3,85,30,556	21
3,52,99,906	56						3,85,01,756	21
25,000	00	(ii) Shares (unquoted)— (a) Fully paid Ordinary Shares of the Madras Industrial Investment Corporation Ltd.					25,000	00
2,000	00	(b) Partly paid Ordinary Shares of the Central Warehousing Corporation					2,500	00
Nil		(iii) Debentures or Bonds (unquoted)					300	00
Nil		(iv) Other Investments — Rangoon Municipal Corporation Loan of the face value of Rs. 1,000 (unquoted)					1,000	00
		(v) Gold					Nil	
4,88,72,114	80	**5. Advances** (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditor)—						6,15,85,989	83
3,05,35,729	98	(i) Loans, Cash Credits, Overdrafts, etc.—		Rs.	nP				
Nil		(a) In India		4,68,85,772	55				
		(b) Outside India		Nil					
3,05,35,729	98						4,68,85,772	55	
1,22,75,262	91	(ii) Bills Discounted and Purchased— (a) Payable in India		1,46,53,129	10				
61,121	91	(b) Payable outside India		47,088	18		1,47,00,217	28	
1,23,36,384	82								
65,62,627	23	**6. Bills Receivable Being Bills for Collection** as per contra						81,78,903	52
65,40,272	32	(i) Payable in India					81,32,068	48	
22,354	91	(ii) Payable outside India					46,835	04	
4,58,132	00	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra						9,23,025	00
3,67,407	67	**8. Premises at Cost**					6,70,223	09	
3,02,815	42	Additions during the year					62,246	96	
6,70,223	09						7,32,470	05	
96,223	09	LESS—Depreciation to date					1,24,470	05	
5,74,000	00							6,08,000	00
4,81,677	85	**9. (a)** Furniture and Fixtures at cost					6,51,767	34	
1,70,089	49	Additions during the year (Net)					1,06,537	44	
6,51,767	34						7,58,304	78	
1,88,767	34	LESS—Depreciation to date					2,28,304	78	
4,63,000	00							5,35,000	00
54,998	93	(b) Electric Fittings at cost					71,611	20	
16,612	27	Additions during the year (Net)					6,102	20	
71,611	20						77,713	40	
31,111	20	LESS—Depreciation to date					35,713	40	
40,500	00							42,000	00
54,43,066	48	**10. Other Assets**						80,68,772	08
8,900	00	Motor Cars and Accessories at cost (less depreciation)					21,000	00	
8,000	00	Library at cost (less depreciation)					7,500	00	
8,30,710	84	Interest accrued or due on investments and advances but not collected					10,07,429	20	
8,85,255	69	Tax deducted at source					8,80,871	20	
32,38,105	91	Bills realised by Bankers and D.D's, etc., paid pending advices					43,75,470	81	
1,84,704	73	Sundries including Prepaid Charges, Stamps, Suspense Accounts, etc.					1,68,760	52	
2,42,084	29	Books, Forms and Stationery, etc., in stock					2,71,916	73	
55,304	97	Insurance Policies Acquired in Satisfaction of Claims at book value					70,827	46	
Nil		*Collection account of Bank of Citizens Ltd., as per contra					12,65,496	11	
Nil		**11. Non-Banking Assets Acquired in Satisfaction of Claims at Book Value** (Landed Property)						2,45,477	00
10,84,16,749	70		Total .. Rs.					12,92,60,738	22

THE CANARA BANKING CORPORATION LIMITED—*Continued.*

Schedule of Particulars Required by the Banking Companies Act 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1961.

Corresponding figures 31-12-1960 Rs.	nP	PARTICULARS OF ADVANCES	Rs.	nP
3,64,48,626	81	(i) Debts considered good in respect of which the Banking Company is fully secured	4,83,39,608	44
1,24,23,487	99	(ii) Debts considered good for which the Banking Company holds no other security than debtors' personal security	1,32,46,381	39
Nil		(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	Nil	
Nil		(iv) Debts considered doubtful or bad not provided for	Nil	
4,88,72,114	80	Total .. Rs.	6,15,85,989	83

Corresponding figures 31-12-1960 Rs.	nP	PARTICULARS OF ADVANCES	Rs.	nP
2,13,173	45	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	5,33,593	25
24,043	19	(vi) Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	2,39,055	83
2,51,591	25	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	5,33,593	25
		(viii) Maximum total amount of advances, including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	10,43,184	29
7,20,451	76	(ix) Due from Banking Companies	1,30,353	18
2,73,366	02			

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961. *Cr.*

Corresponding figures 31-12-1960 Rs.	nP	EXPENDITURE		Rs.	nP
30,88,956	92	To 1. Interest paid on Deposits, Borrowings, etc.		32,70,580	52
		2. Salaries and Allowances and Provident Fund (Salary and Allowances, etc. Rs. 20,150.22 to the General Manager for the year 1961 and Rs. 5,929.07 to the Deputy General Manager for the period from 3-9-1961 to 31-12-1961 while he was Chief Executive Officer)		18,31,181	62
14,87,308	14				
12,934	20	3. Directors' and Local Committee Members' Fees and Allowances.		12,058	62
2,45,732	74	4. Rent, Taxes, Lighting, Insurance, etc.		2,45,590	62
7,974	69	5. Law Charges		12,350	24
1,61,973	41	6. Postage, Telegrams and Stamps		1,81,641	75
3,000	00	7. Auditor's Fees		5,000	00
49,729	24	8. Depreciation on and Repairs to the Banking Company's Property		86,574	90
1,35,569	00	9. Stationery, Printing, Advertisements, etc.		1,81,470	64
Nil		10. Loss from Sale of or Dealing with Non-Banking Assets		Nil	
1,27,156	17	11. Other Expenditure		1,29,686	14
6,74,836	94	12. Balance of Profit		8,22,189	96
59,95,171	45	Total .. Rs.		67,79,225	01

Corresponding figures 31-12-1960 Rs.	nP	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP
48,62,696	40	By 1. Interest and Discount	53,98,625	77
11,08,963	81	2. Commission, Exchange and Brokerage	13,62,124	57
11,747	14	3. Rents	12,173	58
Nil		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
4,315	05	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	8,063	67
7,449	05	7. Other Receipts	3,237	42
59,95,171	45	Total .. Rs.	67,79,225	01

AUDITOR'S REPORT

I have audited the foregoing Balance Sheet of The Canara Banking Corporation Limited as at 31st December, 1961, and also the Profit and Loss Account of the Bank for the year ended on that date with the books of accounts of the Head Office and Branches and report that:

(a) I have audited the accounts of all branches of the Bank;
(b) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
(c) Such information and explanations have been found to be satisfactory;
(d) The returns received from the branches have been found adequate for the purpose of my audit;
(e) The transactions of the Bank as have come to my notice have been, in my opinion, within the powers of the Bank;
(f) In my opinion, and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required;
(g) In my opinion,
(i) the Balance Sheet gives a true and fair view of the state of the Bank's affairs as at 31st December, 1961;
(ii) the Profit and Loss Account gives a true and fair view of the Profit or Loss for the year ended that date and shows a true balance of profit for the period covered by the audit; and
(iii) proper books of accounts as required by law have been kept by the Bank so far as it appears from my examination of those books; and
(h) The Bank's Balance Sheet and the Profit and Loss Account dealt with by the Report are in agreement with the books of accounts and Returns.

U. VARADARAJ NAYAK, *Chartered Accountant* } *Auditor.*

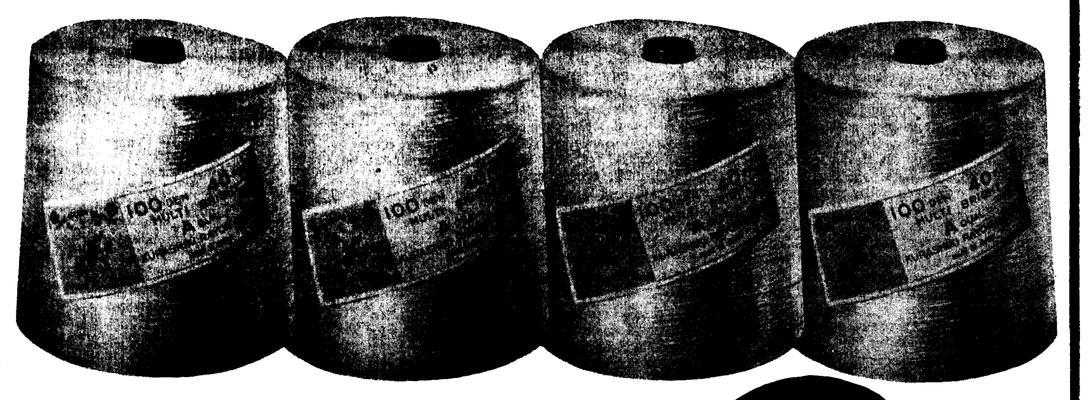
MANGALORE, *25th February*, 1962.

U. GOPALAKRISHNA NAYAK, *Chairman.*

K. S. SHENAI, *Deputy General Manager.*

F. X. D. PINTO,
B. ANANDA MALLYA,
M. BALAKRISHNA KINI,
M. GOPALAKRISHNA KAMATH,
U. RAMNATH KINI,
M. ANNAPPA KAMATH,
S. PANDURANGA NAYAK,
U. VISHWANATH PAI,
} *Directors.*

MANGALORE, *25th February*, 1962.



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Consistency is an important word in the production of yarns. A good rayon yarn offers, first and foremost, *consistency*: uniformity, dependability. The most modern of yarn-producing facilities, themselves marvels of operational consistency, produce THREE GOLDEN HORSES Rayon Yarn. And with great *consistency*, the uses for THREE GOLDEN HORSES are increasing. We think you'll agree when we suggest that *consistency* is really the healthy credo of all success, and is desirable in every department of manufacture.

KURASHIKI RAYON CO., LTD.
Head Office: Shin-Hankyu Building, 8, Umeda, Kitaku, Osaka, Japan.
Cable Address: KURARAY OSAKA

INDIA'S CORPORATE GIANTS IN WORLD FOCUS—I

By Dr. Raj K. Nigam, Ph.D (Econ.) (London)

THE phenomenal growth of the corporate sector in our country during the last fifteen years in particular has in its stride brought forth a galaxy of giant-sized joint-stock companies which has created a stir and sensation throughout the entire length and breadth of the country and has led the people to believe that the country was firmly set on the path of rapid industrial development. This luminous constellation of corporate enterprises also aroused widespread feeling in the country that, within a conceivably short time, the products of giant-sized industrial firms and mills of our country would be competing with those turned out by the gigantic industrial establishments of the U.S.A., Europe, the U.K., Canada in the West and of Japan in the East. It is, indeed, a very remarkable feature of the development of the corporate sector in our country that the emergence of the corporate giants has taken place in a big way within the short time of 15 years or so after the attainment of independence in 1947. In fact, the protovertebral development of some of the present-day corporate giants took place during the World War II period when our country's material and manpower resources were ostensibly deployed for producing a wide range of industrial and consumer goods for the effective prosecution of war efforts and for use in the actual theatres of war. The search for the sinews of industrial production needed for the war efforts started in such an intense manner that the Indian entrepreneurial spirit freed itself from the allurements of traditional investments such as in gold and land and in a few well-established and tested lines of manufactures and took to the manufacture of a whole range of altogether new industries.

A Moot Question

Following this breakaway of the entrepreneurial spirit from the traditional areas of industrial production, the real flowering of entrepreneurship in pristine form took place in the post-independence period when the niddle-noddle industrial policies of the alien Government were duly supplanted by the nationalistic policies laid down by the national Government which aimed at bringing the country nearer to the high industrial plateau on which the world's industrially advanced and rich countries were perkily seated. The Government's economic policies were also directed towards taking the country's economy to the take-off stage in a well-planned and sustained manner. Judged against this background, the emergence of the corporate giants in our country is a matter of real satisfaction and national pride. It is still a moot question whether these giants have become strong monopolies or are in the process of acquiring this notoriety. The answer to this question would depend upon one's sensitivity and approach to the phenomenon of growthmanship in the industrial sector. In fact, the search for the correct answer would require a deep study of individual corporate giants, their structures, mechanics of operation, distribution systems, etc. Truly speaking, only after conducting such a penetrative study could one form some judgment as to which of the corporate giants have attained monopolistic forms. The purpose of this article, however, is somewhat different. It merely attempts to apprise the readers of the position of the topmost corporate leaders of our country *vis-a-vis* the world's biggest corporate giants, as many of us in this country do not have a clear appreciation and understanding of this fact.

The official statistical sources only provide a long-range overall view of the growth of the corporate sector in the country and not the details regarding the development of joint-stock companies of different sizes. The comparative position of joint-stock companies stratified into various size-strata available for the earliest year is that for 1953. In that year, in the total corporate population of 29,312 companies, the number of big and giant-sized companies with a paid-up capital exceeding Rs. 50 lakhs was 307 and of these 250 were public companies and 57 private companies. According to an unpublished research work quoted in the official publication, *The Corporate Sector in India*, the number of big and giant-sized public companies totalled 54 and 82 for undivided India in 1939 and 1946 respectively. The number of such corporate units in 1928 was 62. Thus, notwithstanding the Partition of the country in 1947, over the time-span of 25 years, viz., 1928-53, the number of summit-corporate bodies with a wide public share-ownership increased more than fourfold and during the comparatively shorter period of 1946-53, the number of such companies increased threefold. Further, between 1953 and 1958, the number of private and public big and giant-sized companies increased by 75, with the total number of such companies standing at 382. The number of public companies in the total was 306 and that of private companies 76.

Riskmanship

A further splitting up of the overall total of big and giant-sized companies into companies having a paid-up capital of Rs. 50 lakhs and under Rs. 1 crore each and companies having a paid-up capital of Rs. 1 crore and more each, which are called big-sized and giant-sized companies, respectively, in this country, reveals that there were 226 big-sized and 156 giant-sized companies in the country in 1958 as against 192 and 115 companies, respectively, in 1953. In the aggregate paid-up capital of Rs. 1,306 crores for the entire corporate sector in 1958, the big and giant-sized companies together accounted for Rs. 753.5 crores, that is, about 57 per cent of the total paid-up capital. Taken separately, the paid-up capital of the big-sized companies totalled Rs. 151 crores and of the giant-sized companies Rs. 603 crores, the proportionate share of the two groups in the total capital being 11 per cent and 46 per cent respectively. In the subsequent years, the number of such companies and their paid-up capital have further increased and their share in the total paid-up capital has markedly gone up.

It is thus clear from the foregoing statistics that powerful factors favouring growth of big and giant-sized industrial and commercial ventures are at work in the country. By and large, the big and giant-sized companies which also epitomise the riskmanship of the steadily enlarging class of investors drawn from the rich to middle-income strata of the society and the entrepreneurial spirit and managerial skills of the people, are the offsprings of the first and second Five-year Plans which charged the general atmosphere in the country so intensely and powerfully that the investment potentials inside the country as well as the investible funds of foreign industrial firms appeared on the scene with an unprecedented and spectacular spontaneity.

More to Come

The deep impact of the Five-year Plans and the confidence of the investing class in the economic progress of the country in the coming years are reflected in the growing numbers of new company registrations in the country which during the last three years have averaged 1,600 companies a year. Further, in the total figures of new company formations, the number of giant flotations is in no way small; it has progressively risen during the last five years. The number of big and giant-sized companies are reported to have risen from 44 in 1956-57 to 142 in 1960-61 and the giant-sized companies incorporated with an authorised capital of Rs. 1 crore and more each taken separately increased from 28 in 1956-57 to 89 in 1960-61. It may also be noted here that some of the giant-sized companies have been formed by the Government also, the number being seven in both the years 1956-57 and 1960-61. Judging from the present tempo with which giant-sized companies are being formed in the country, one could not but hope that the number of giant-sized companies would be quite large in the coming years.

We in this country draw the line between corporate giants and companies of other sizes at the Rs. 1 crore authorised or paid-up capital mark. Outside our country in the U.S.A., the watershed line is drawn at the billion-dollar level, in the U.K. at the million-pound mark and in Japan, at the ten-billion-yen point. Principal criteria for determining the size of corporations or companies usually used is the total assets or turnover, and the paid-up capital serves as a subsidiary guide-mark. Moreover, a popular way of communicating the names of the nation's corporate leaders is to single out the first 100 biggest corporations or companies ranked in terms of either total assets or sales. The well-known *Fortune** magazine of the U.S.A. presents a list of 500 biggest industrial companies of the United States every year and, alongside, it also names the 100 largest foreign industrial corporations outside the United States. In the U.K., the list of 100 industrial toppers which was, a few years ago, for the first time, released by the National Institute of Economic and Social Research, London, is brought out by the British Board of Trade, whereas, in Japan, the top 200 largest industrial corporations are every year named by the Industrial Bank of Japan. In our country, the toppers' list is officially drawn up by the Department of Company Law Administration but it has not yet become an annual exercise, as in the case of foreign countries. The corporate toppers have recently been limelighted by some economic journals also in the country. This article carries the study of the corporate giants a stage further and sizes them up against the tall heights of the foreign corporate giants. For comparative study, information for 1959-60, which is uniformly available for various countries has been used in this article.

*Data from the August, 1961 issue of *Fortune* has been used in this article for making a comparative study of the corporate giants.

TABLE I

Industry	No. of companies
Cotton, rayon textiles	15
Engineering	10
Chemicals and fertilisers	7
Paper and paper products	6
Managing agency	5
Finance	4
Cement	4
Petroleum refining and products	4
Electricity	4
Shipping	4
Iron and steel	3
Coal mining	3
Electrical equipments	3
Medicines and chemicals	3
Sugar	3
Automobiles	2
Jute manufactures	2
Aircraft	1
Lignite mining	1
Non-ferrous metal products	1
Rubber products	1
Shipbuilding	1
Machinery	1
Machine tools	1
Telephones	1
Radio communications, etc.	1
Matches	1
Export and import trade	1
Tobacco manufacture	1
Plantations	1
Steel and wire product	1
Leather goods and shoes	1
Commercial banks	1
Paper and paper products	1
Miscellaneous products	1

TABLE II

(Amounts in lakhs of rupees)

Name of the Company	Year of registration	Total tangible assets (net of depreciation)	Paid-up capital	Net worth	Sales or main income
Hindustan Steel Company	1954	557,07 (1)	300,00 (1)	300,00 (1)	12,16 (16)
Tata Iron and Steel Company	1907	170,17 (2)	88,92 (2)	80,06 (2)	86,69 (1)
Indian Iron and Steel Company	1918	92,83 (3)	15,14 (8)	34,92 (3)	47,95 (2)
Scindia Steam Navigation	1919	45,10 (4)	11,33 (12)	21,43 (8)	16,87 (14)
Associated Cement Company	1936	43,89 (5)	19,06 (4)	28,37 (5)	25,55 (10)
National Coal Development Corporation	1956	38,53 (6)	13,84 (10)	14,58 (12)	8,55 (29)
Burmah-Shell Refineries	1952	36,39 (7)	12,82 (11)	23,50 (7)	10,91 (19)
Sindri Fertilizers and Chemicals	1951	37,01 (8)	17,00 (5)	21,08 (9)	9,46 (27)
Hindustan Aircraft	1940	31,25 (9)	14,80 (9)	17,32 (10)	8,84 (28)
Tata Engineering and Locomotive Company	1945	31,20 (10)	10,00 (14)	11,58 (14)	28,25 (6)

Note.—Subsequently, Sindri Fertilizers and Chemicals has been merged with another giant-sized company, namely, the Hindustan Chemical and Fertilizer Company, occupying the eleventh rank in the list.

TABLE III

(Amounts in lakhs of rupees)

Name of the Company	Year of registration	Total sales or main income	Total tangible assets	Paid-up capital	Net worth*
Tata Iron and Steel Company	1907	86,69 (1)	170, 17 (2)	88,92 (2)	80,06 (2)
Indian Iron and Steel Company	1918	47,95 (2)	92,83 (3)	15,14 (8)	34,92 (3)
State Trading Corporation	1956	45,32 (3)	14,50 (24)	2,00 (58)	5,80 (54)
Hindustan Steel	1954	41,96 (4)	15,18 (23)	5,57 (22)	8,96 (30)
Imperial Tobacco Company	1910	36,38 (5)	29,66 (18)	16,16 (7)	24,90 (4)
Delhi Cloth and General Mills	1889	30,08 (6)	19,85 (16)	4,11 (31)	8,05 (35)
Standard-Vacuum Refining Company	1953	29,86 (7)	21,81 (14)	5,00 (43)	9,88 (26)
Tata Engineering and Locomotive Company	1945	28,25 (8)	31,20 (10)	10,00 (14)	1,58 (74)
Dunlop Rubber Company (India)	1936	25,97 (9)	14,83 (22)	3,70 (35)	9,08 (25)
Associated Cement Company	1936	25,55 (10)	43,89 (5)	19,06 (4)	28,37 (3)

* Paid-up capital plus reserves.

To take up the case of the 100 top corporate giants of our country first, the list of such companies for 1959-60 is spearheaded by the Hindustan Steel Company, a Government company, whose total tangible assets (net of depreciation) aggregated approximately Rs. 557 crores. It is followed by the Tata Iron and Steel Company and the Indian Iron and Steel Company at the second and third places. These two companies are separated from the top-ranker by a very wide margin in the size of their total assets. As against the total assets of Rs. 557.1 crores of the Hindustan Steel Company, those of the other two aforesaid companies amounted to Rs. 170.2 crores and Rs. 92.8 crores, respectively. At the bottom of the list, at the hundredth place, figures the Investment Corporation of India, with total tangible assets to the tune of Rs. 5.2 crores. Total tangible assets of the first 100 top companies add up to Rs. 1,978.6 crores and their paid-up capital to Rs. 774.4 crores. The list includes 19 Government companies, whose total assets and paid-up capital aggregated Rs. 839 crores and Rs. 450 crores, respectively. A majority of the companies in the list are engaged in heavy capital goods and basic industries including chemicals and fertilisers; the number of such companies is 53. The relative position of different industries in the list is shown in Table I.

Age Pattern

A study of the age pattern of the top companies reveals that, of the 100 corporate giants, 29 companies came into existence in the post-independence period and, of these, 20 companies were formed during the first two Five-year Plan periods. Fifteen giant companies were formed during World War II and in the immediately following years. By sheer coincidence, the examination of the list reveals that an equal number of the present giants had come into existence during the First World War and in the years immediately following. Among the remaining 41 giants, 10 companies belong to the previous century, the oldest among them being the Bengal Coal Company formed in 1853. This company occupies the eighty-eighth place in the list. The relative position of the top ten giants based on the financial data for 1959-60 is depicted in Table II, with the rankings shown in brackets.

Note:—Subsequently, Sindri Fertilizers and Chemicals has been merged with another giant-sized company, namely, the Hindustan Chemical and Fertilizer Company, occupying the eleventh rank in the list.

On the basis of the volume of sales or main income, the companies shown in Table III occupy the first ten top positions in the country. Figures in brackets in that table indicate the rankings.

(To be concluded)

CENTRAL BANK OF INDIA LIMITED

(*Concluded from page* 752)

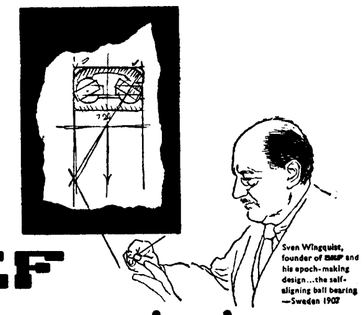
boration with the Devkaran Nanjee Banking Corporation, to set up a Staff Training College, which would be named after the founder of the institution, Sir Sorabji Pochkhanawala. Mr. Mody stated that an announcement to that effect had been made at the time of the golden jubilee and the draft outlines of the Scheme were now being examined.

Budget Proposals

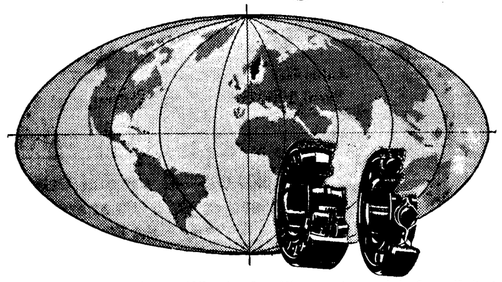
At the conclusion of his speech, Mr. Mody, referring to the Budget proposals of the Finance Minister which were announced after his speech went to press, observed:

"It is idle nowadays to expect from a budget anything but heavy burdens. The reactions of the harassed taxpayer can, therefore, only be in the nature of either a groan or a sigh of relief that it has been no worse, depending on how much has been sought to be extracted from him. He can expect nothing better so long as our Government's planning continues to be what it is. All that can be said, accordingly, about the latest Budget is that the Finance Minister has done his best in the circumstances and is to be commended for his courage in doing away with the vexatious and unproductive expenditure tax. He must not forget, however, that the additional burden he has cast on the corporate sector is unjustified and is bound to affect the pace of industrial development."

from this little sketch



grew the SKF world-wide organization



Sven Wingquist, founder of SKF and his epoch-making design...the self-aligning ball bearing —Sweden 1907

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With the passing of time SKF has grown with the industry it serves.
Today you will find SKF at work on all types of machinery in every industry, filling the intricate precision requirements of the jet aircraft, to the tough needs of huge construction units. Wherever a bearing is required, SKF will meet the requirement—with the finest bearing in the world.

THE SKF BALL BEARING CO. PRIVATE LTD.
P. O. Box 71, Sir Pherozeshah Mehta Road, Bombay. P. O. Box 588, Netaji Subhas Road, Calcutta.

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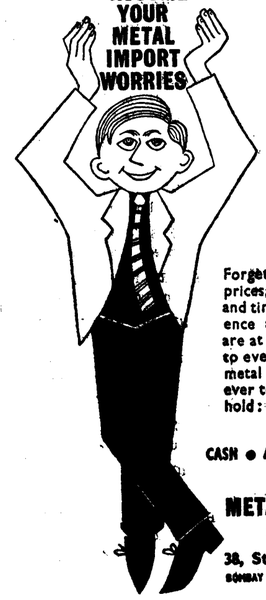

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MD. 148.

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

Consent of the United Kingdom Treasury has also been obtained to this issue in compliance with the Order made under Section 1 of the Borrowing (Control and Guarantees) Act 1946; it must be distinctly understood that in giving this consent the Treasury does not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them.

Copies of this Prospectus together with the documents specified herein have been delivered for registration to the Registrars of Companies, New Delhi, West Bengal and London respectively.

Application will be made to the Calcutta Stock Exchange for permission to deal in the Debenture Stock now being offered and for an official quotation.

The Subscription List will open at 10 a.m. on Tuesday, the eighth day of May, 1962 and will remain open until the close of banking hours on Thursday, the tenth day of May, 1962 unless the Directors decide to extend the closing date.

THE EAST INDIAN COAL COMPANY, LIMITED

(INCORPORATED IN ENGLAND WITH LIMITED LIABILITY UNDER THE COMPANIES ACTS 1862 TO 1890)

SHARE CAPITAL

Authorised		Issued and Fully paid
£240,000	in Shares of £1 each	£240,000

LOAN CAPITAL

Rs. 50,00,000—6½ per cent Debenture Stock 1967/76 (the equivalent of £375,000 at exchange 1/6d per rupee) being the Stock now offered

The Company has no mortgages, debentures or other loan capital outstanding but has overdraft facilities with the Hongkong and Shanghai Banking Corporation (secured by the hypothecation of the Company's stock of coal and present and future book debts). As at the close of business on the 16th day of April, 1962 the amount owing to the Bank on this account was Rs. 53,68,667.

ISSUE OF

Rs. 50,00,000 6½ per cent Debenture Stock 1967/76

AT PAR

PAYABLE IN FULL ON APPLICATION

Of the above issue firm applications have been received from the Underwriters and their friends for Rs. 25,00,000 of Stock and will be accepted in full. The balance of the Stock is now offered to the general public.

Applications must be for multiples of Rs. 1,000 of Stock with a minimum of Rs. 1,000.

DIRECTORS

SIR JOHN DOUGLAS KEITH BROWN (*Chairman*), 12, Asoka Road, Calcutta-27. (Merchant: Managing Director, Jardine Henderson, Limited).

NARSING DASS BANGUR, 8, St. George's Gate Road, Calcutta-20. (Landlord and Merchant: Partner in Messrs. Mugneeram Bangur & Co.).

GOVIND DAS BHATTER, 18 Netaji Subhas Road, Calcutta-1. (Colliery Owner and Merchant: Chairman, Bhatter's Agency, Limited).

THOMAS CYRIL HORNBY, 9, Mayfair, Calcutta-19. (Solicitor: Partner in Messrs. Orr, Dignam & Co.).

MAHARAJADHIRAJA BAHADUR SIR UDAY CHAND MAHATAB OF BURDWAN, K.C.I.E. 2, Judge's Court Road, Calcutta-27. (Company Director).

TRUSTEE FOR THE DEBENTURE STOCKHOLDERS

MERCANTILE BANK (AGENCY) PRIVATE LIMITED, 8, Netaji Subhas Road, Calcutta-1.

MANAGING AGENTS AND SECRETARIES

JARDINE HENDERSON, LIMITED, 4, Clive Row, Calcutta-1.

REGISTERED OFFICE

149, LEADENHALL STREET, LONDON, E.C.3.

HEAD OFFICE

4, CLIVE ROW, CALCUTTA-1.

UNDERWRITERS

PLACE, SIDDONS & GOUGH (PRIVATE) LIMITED.

LIFE INSURANCE CORPORATION OF INDIA.

BROKERS

PLACE, SIDDONS & GOUGH (PRIVATE) LIMITED, 6, Lyons Range, P.O. Box No. 592, Calcutta-1.

BATLIVALA & KARANI, Union Bank Building, Dalal Street, Fort, Bombay-1.

LEWIS & JONES, Bank of Baroda Building, Apollo Street, Fort, Bombay-1.

HARKISONDASS LUKHMIDASS, 5, Hamam Street, Fort, Bombay-1.

PATERSON & CO., Badsha Building, 22, Errabalu Chetty Street, P.O. Box No. 48, Madras-1.

HARBANS SINGH MEHTA & CO., 33, Regal Building, Parliament Street, Post Box No. 300, New Delhi.

BANKERS

THE HONGKONG AND SHANGHAI BANKING CORPORATION, 31, Dalhousie Square, Calcutta-1.

MERCANTILE BANK LIMITED, 8, Netaji Subhas Road, Calcutta-1.

BANK OF INDIA LIMITED, 70/80, Mahatma Gandhi Road, Bombay-1.

SOLICITORS

To the Company:

ORR, DIGNAM & CO., 29, Netaji Subhas Road, Calcutta-1.

COWARD CHANCE & CO., St. Swithin's House, Walbrook, London E.C. 4.

To the Trustee:

SANDERSONS & MORGANS, 5 & 7, Netaji Subhas Road, Calcutta-1.

AUDITORS

LOVELOCK & LEWES, 4, Lyons Range, Calcutta, Chartered Accountants.

The Debenture Stock now being issued was created by a resolution of the Board of Directors of the Company passed on the eighteenth day of April, 1962 and will be constituted and secured by a Trust Deed in favour of Mercantile Bank (Agency) Private Limited as Trustee for the stockholders. Interest will be payable in Calcutta on 1st May and 1st November in each year in respect of the half-yearly periods ending on the previous day. The initial payment of interest will be made on 1st November, 1962 and will amount to Rs. 30.88 nP per Rs. 1,000 of Stock (subject to deduction of Indian Income-tax at the appropriate prescribed rates); provided that if an application for subscription is received after the 10th May, 1962 and is accepted for allotment of Debenture Stock, the instalment of interest payable on 1st November, 1962 will be proportionately reduced. Application has been made by the Company for permission to execute the Trust Deed pursuant to the provisions of Rule 37 of the Mineral Concession Rules, 1960 while the Trustee has also made application for a Certificate of Approval pursuant to Rule 4(3) of those Rules.

The Trust Deed will contain *inter alia* the following provisions:—

1. SECURITY—(*a*) The Debenture Stock will be secured by a Trust Deed executed in favour of the Trustee for the Debenture Stockholders and comprising a floating charge upon all the moveable and immoveable property of the Company; subject to the condition that the Company shall be at liberty to create charges by way of a floating security in priority to or *pari passu* with the floating charge herein mentioned on its stock of coal and coke wherever situated, consumable stores, book debts, outstanding moneys receivable, claims, bills, contracts, engagements, securities, investments, rights and other moveable assets in favour of banks for securing overdraft facilities in the ordinary course of business.

(b) The Company shall be at liberty from time to time to issue further Debenture Stock provided that such further Debenture Stock shall not in point of security rank in priority to the present issue but may rank *pari passu* therewith only if such further issue so ranking in point of security is approved by the Trustee of the present issue and sanctioned by special resolution at a meeting of the holders of the Debenture Stock constituting the present issue in accordance with the provisions of the Trust Deed securing the same.

The existing hypothecation and any hypothecation supplemental thereto in favour of The Hongkong and Shanghai Banking Corporation in respect of the Company's stock of coal and present and future book debts will take priority pursuant to clause (*a*) above over the floating charge to be created by the Trust Deed.

2. REDEMPTION—(*a*) Such part of the Stock as has not been previously redeemed will mature for payment at par plus accrued interest on the 30th April, 1976. The Company may redeem the whole or any part of the Stock on the 30th April, 1967 or at any time thereafter at par plus accrued interest on giving three calendar months' notice to the Stockholders in that behalf.

(b) The Company will establish a Sinking Fund to which during the year ending 30th April, 1967 and during every succeeding year ending the 30th April, the Company will contribute out of the distributable profits (as defined in the Trust Deed) of the Company's relevant financial year a sum not exceeding Rs. 5 lacs. Commencing from 30th April, 1967, the Sinking Fund may be applied in the redemption of Stock to be selected by drawings plus accrued interest. The Fund may also be utilised in the purchase of Stock in the market at a price not exceeding par plus accrued interest or may be invested in trustee securities or deposited with a bank until required for redemption.

(c) The Company may at any time purchase Stock in the market at a price not exceeding par plus the accrued interest but exclusive of expenses. The Company may keep any Stock so purchased alive and re-issue the same or may cancel such Stock and in that event an amount equal to the nominal amount so purchased may be treated as having been transferred to the Sinking Fund in any future year.

3. ADDITIONAL PROVISIONS—(*a*) The rights of stockholders may be modified or compromised by a special resolution passed at a meeting of stockholders held in accordance with the Trust Deed, a quorum for this purpose being three stockholders present in person or by proxy. On a show of hands each stockholder present in person will have one vote and on a poll each stockholder present in person or by proxy (who need not be a stockholder) will have one vote for every Rs. 1,000 of stock held.

(b) A register of the Stock will be kept at the Head Office of the Company and a duplicate register at the Registered Office. It may be closed for any periods not exceeding a total of 30 days in any year.

(c) Stockholders will be entitled to their Stock free from equities or cross claims by the Company against the original or any intermediate holder.

(d) The Stock will be registered and transferable in amounts and multiples of Rs. 1,000.

4. TRUSTEES—Included among various provisions designed to indemnify and limit the liability of the Trustee are the following:—

(*a*) The Trustee shall not be bound to take any steps to ascertain whether any event has happened upon the happening of which the security constituted under the Trust Deed becomes enforceable or to give notice to any person of the execution thereof;

(*b*) The Trustee shall not be responsible for the money subscribed by applicants for the Stock or any part thereof or be bound to see to the application thereof;

(*c*) The Trustee shall not be bound or concerned to examine or enquire into nor be liable for any defect in or insufficiency of the Trust Deed.

Provided nevertheless that nothing in any of the foregoing shall exempt a Trustee from or indemnify him against any liability for breach of trust where such Trustee has failed to show the degree of diligence and care required of him as a Trustee having regard to the provisions of the Trust Deed conferring on him any powers, authorities or discretions.

HISTORY AND BUSINESS: The Company was incorporated in England on 20th day of April in the year 1893 as a public company with limited liability. The registered office of the Company is at 149, Leadenhall Street, London, E.C.3. By a special resolution passed on 24th April, 1950 the seat of the management and control of the Company was transferred from the United Kingdom to India from 1st May, 1950. The Head Office and the principal place of business of the Company is at 4, Clive Row, Calcutta.

The Company, which commenced business soon after its incorporation, is one of the oldest coal mining concerns operating in the State of Bihar, producing from its Jharia colleries some of the finest metallurgical coal available in India. The Company owns lands extending to 5,346 bighas or 1,767 acres in the Jharia Coalfield and some 9,093 bighas or 3,006 acres in the Mugma field. The coal reserves of the Company in these areas are estimated to be in the region of 194 million tons, comprising 150.3 million tons in the Jharia field and 43.7 million tons in the Mugma field.

The Government of India in August, 1960 pursuant to the provisions of Section 4 of the Coal Bearing Areas (Acquisition and Development) Act, 1957 notified its intention to prospect the area comprising the Company's Sutikdih Colliery (which was last worked in 1928) and a suit was filed by the Company in the Supreme Court of India to restrain the Government from taking any further action in this regard. The suit was duly heard by the Supreme Court and the decision was in favour of the Government of India. Subsequently, by an order published in the *Gazette of India* on 16th December 1961, Government has purported to acquire this valuable property and a claim for the compensation admissible has been lodged with the appropriate authority. Sutikdih Colliery comprises an area of 723 bighas, containing estimated coal reserves of 29.5 million tons of coal.

A serious outbreak of fire in 1935 in a colliery which adjoins the Company's Bararee Colliery has necessitated expensive protective measures being undertaken by the Company over a period of years, during which the financial assistance received from the Coal Board to meet the cost thereof has been negligible. With the completion during the past year of the Company's ropeway for the transport of sand for stowing at Bararee Colliery, it is hoped that it will now be possible to lay down a solid sand barrier of adequate thickness to ensure that this fire makes no further inroads into the Company's property.

Consequent upon the acquisition by Government of the Sutikdih Colliery, already referred to, a dispute has arisen between the Company and the National Coal Development Corporation Limited in regard to the sand rights in the Damodar River previously allotted to the Company by the Coal Board. The National Coal Development Corporation Limited has meanwhile offered, subject to the concurrence of the Government of India, to enter into an agreement for the collection by the Company of specified quantities of sand for a limited period not exceeding five years, which will permit of the Company making alternative arrangements for supplies of sand required for stowing purposes.

DEVELOPMENT: The Government of India's Third Five-Year Plan has fixed a target of 97 million tons of coal to be reached by 1965-66, representing an increase of 37 million tons over the Second Plan target. Of this increase, some 17 million tons is expected to be raised from the collieries in the private sector of the industry. To achieve this increased level of production with the prospect of a further increase being called for during the following five years a very substantial capital outlay is involved, including large amounts in foreign currencies, and the Government of India has arranged for facilities to be made available through the International Bank for Reconstruction and Development for acquisition of the necessary foreign exchange to cover the requirements of, for the present, the first two years of the Third Plan period. The industry's ability to achieve the Third Plan target set for it will depend to a considerable extent on the progress which is made in development of the necessary transport facilities as well as in overcoming the irregular supplies of electric power and shortage of explosives.

The Company has during the past few years been engaged in carrying out a programme of expansion of output which involves the reorganisation and modernisation of its collieries to meet the increased demand for coal, primarily from the steel industry, during the Third Five-year Plan period. It is anticipated that raisings will be increased from the present level to approximately 1.6 million tons per annum by the end of 1962.

FINANCE: The total capital expenditure incurred by the Company during the two years ended 30th April, 1961 in connection with the reorganisation of the collieries and the planned expansion of output amounted to £401,314 (Rs. 53,50,862). During the current year which commenced on 1st May, 1961, further capital expenditure actually incurred up to 31st March, 1962 amounted to £105,931 (Rs. 14.12,417). The additional expenditure contemplated to complete the present programme is £291,023 (Rs. 38,80,308) and it is anticipated that all of this will have been incurred by the end of 1963. The total capital expenditure in connection with this programme will amount therefore to £798,268 (Rs. 1,06,43,587) and to date has been financed from the Company's own resources, which have been largely supplemented by advances received from The Hongkong and Shanghai Banking Corporation secured on the Company's stocks of coal and book debts. The proceeds of the present issue will be utilised to repay The Hongkong and Shanghai Banking Corporation which has, however, undertaken to provide further finance which, together with a contemplated issue of additional share capital within the next two years, will enable the programme to be completed.

There has been a considerable improvement in the working results of the Company over the last two years. For the year ended 30th April, 1960 raisings amounted to 583,111 tons and there was a net loss on the year's working of £3,196. For the year ended 30th April, 1961 raisings increased to 1,087,040 tons and the profit for the year after providing for depreciation and taxation amounted to £122,534. While in the recent past raisings have from time to time been restricted due to irregular electric power supplies, a shortage of explosives and deficiencies in railway transport facilities, it is nevertheless anticipated that at least 1,275,000 tons of coal will be produced during the current year ending 30th April, 1962. Profits for the ten months ended 28th February, 1962 are estimated to have exceeded the profits of the corresponding period during the previous financial year.

A high proportion of the Company's output consists of high grade coking coal, the production of which was for a number of years restricted pursuant to the provisions of the Coal Mines (Conservation and Safety) Act, 1952. It was only with the emergence of the greatly increased demand for this type of coal for the purposes of the country's

expanding iron and steel industry that these restrictions ceased to operate. In these circumstances, the financial results during recent years, until it became possible to increase output to offset rising costs, do not afford a true index of the likely course of profits within the next few years but, as will be observed from the report of the Company's Auditors incorporated in this prospectus, the profit for the year ended 30th April, 1961 amounted, after providing for depreciation but before providing for taxation, to £161,352 (Rs. 21,51,360). On this basis and after making an adjustment for interest on the indebtedness to be repaid out of the proceeds of this issue, the annual interest on the Debenture Stock is covered more than seven times.

By a Notification published in the *Gazette of India* dated 29th December, 1961 the Government of India in exercise of the powers conferred by Section 30A of the Mines and Minerals (Regulation and Development) Act, 1957 have in effect provided that in respect of its leases the Company will in future be required to pay royalty at the rate of 2½ per cent on the f.o.r. price of coal despatched. Although a simultaneous increase in the controlled price of coal has been granted, this increase will not compensate the Company for the additional royalty payable and it is estimated that the net effect on future profits will be a reduction of approximately Rs. 3,50,000 *per annum*, in respect of which, however, relief from taxation will be admissible.

If the capital expenditure between 1st May, 1961 and 31st March, 1962 is added to the written-down value of the fixed assets as at 30th April, 1961 as shown by the report of the Auditors and if adjustment is made for depreciation incurred between these dates, the written-down value of the fixed assets as at the date of this prospectus is more than twice the amount of the Stock now being issued.

STATUTORY AND GENERAL INFORMATION: The main objects specified in the Company's Memorandum of Association may be summarised as consisting in carrying on the business of coal owners and colliery proprietors and with this object to implement agreements entered into with various parties at the time of the Company's incorporation; to purchase, lease or otherwise acquire concessions, lands, estates and properties for mining and for any other purpose together with any rights and privileges belonging thereto, developing the resources thereof by building, planting, clearing, mining and otherwise dealing with the same; to acquire coal, iron ore or other mines and quarries and explore mining and other rights and generally to explore mines, lands and rivers in search of coal, slates and other mineral substances of all kinds and to carry on any metallurgical operations; to cultivate and improve lands, to construct roads, railways, tramways etc., to acquire manufactories, buildings, etc. and to carry on business as miners, storekeepers, planters or any other business which may be conveniently carried on in conjunction therewith.

No share or loan capital is under option or agreed to be put under option.

The Company has not issued any redeemable preference shares nor is there any present intention to do so. No shares or debentures have within the two years preceding the date of this prospectus been issued or agreed to be issued as fully or partly paid up otherwise than for cash.

No amount or benefit has been paid or given within the two years preceding the date of this prospectus or is intended to be paid or given to any officer of the Company save as remuneration for services as a Director or employee of the Company.

Sir John Brown, a Director of the Company, is a Director, and Mr. Narsing Dass Bangur, Mr. Govind Das Bhatter and Mr. T. C. Hornby, Directors of the Company, are members of Jardine Henderson, Limited, the Company's Managing Agent and Secretaries and as such are interested in the managing agency agreement hereinafter referred to.

No property in which a Director is directly or indirectly interested has been acquired by the Company within two years of the date of this prospectus or is proposed to be acquired except for properties purchased or acquired during the ordinary course of business from bodies corporate in respect of which the interest of the Directors of the Company consists solely in their being members or Directors of such bodies corporate.

On July 11th, 1952 £120,000 of the Company's reserves were capitalised and applied in paying up in full 120,000 Ordinary Shares of £1 each which were issued to members of the Company as bonus shares.

The qualification of a Director is the holding in his own name or jointly of shares of the face value of £250.

The remuneration payable to a Director is Rs. 150 *per mensem*. The Directors are entitled to be paid reasonable travelling and hotel and other expenses incurred in the execution of their duties as Directors.

The Managing Agent is entitled to appoint one Director to the Board of Directors of the Company in terms of Article 81 of the Company's Articles of Association and such Director is not liable to retirement by rotation.

The Managing Agent has been appointed to hold office for a period of ten years from the first day of May, 1950 and thereafter from year to year until its term of office shall be terminated by six months' notice in writing given by the Company to the Managing Agent, on the following terms as to remuneration:

(a) a commission at the rate of five per cent on the net profits of the Company derived from the business of the Company carried on in India, excluding the Purchased Coal account and after deducting London expenditure, United Kingdom and all other taxes on income and depreciation;

(b) a further commission at the rate of two annas per ton on all coal and at the rate of four annas per ton on all coke despatched from the Company's collieries with a minimum commission of Rs. 24,000 per annum;

(c) a monthly allowance of Rs. 3,000 to cover salaries and passage money of supervisory staff in the Company's Calcutta office; and

(d) a monthly allowance of Rs. 500 in respect of rent-free office accommodation to be provided in Calcutta.

The Managing Agent is a public limited company. Its issued and subscribed capital is Rs. 2,50,00,000 consisting of 50,000 5 per cent Preference Shares of Rs. 100 each fully paid and 200,000 Ordinary Shares of Rs. 100 each fully paid.

The share capital of the Company is £240,000 divided into 240,000 Ordinary Shares of £1 each.

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may, subject to the provisions of the statutes, be varied or abrogated, either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders.

In a general meeting of the Company, on a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him.

The Directors may decline to register a transfer of shares upon which the Company has a lien or, in the case of shares not fully paid up, to a transferee of whom they do not approve.

The Directors may from time to time at their discretion borrow or secure the payment of any sum or sums of money for the purposes of the Company, provided that the aggregate amount at any one time owing by the Company shall not without the previous sanction of the Company in general meeting exceed twice the aggregate amount of the nominal capital of the Company for the time being issued and the reserves including undistributed profits.

Every director, managing agent, manager or officer of the Company or its auditor shall be indemnified by the Company against all liability incurred by him in such capacity in defending any proceedings in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 448 of the Companies Act, 1948 in which relief is granted to him by the Court.

CONTRACTS: (a) A contract dated 24th April, 1950 was entered into between the Company and Jardine Henderson, Limited appointing Jardine Henderson, Limited to be the Managing Agent of the Company on the terms as to remuneration hereinbefore mentioned for a period of ten years from 1st May, 1950 and thereafter from year to year until its term of office shall be terminated by six months' notice in writing given by the Company to the Managing Agent.

(b) The following contracts not being contracts in the ordinary course of business which are or may be material have been entered into by the Company within two years of the date of this prospectus:

(i) dated 18th April, 1962 between the Company and Place, Siddons & Gough (Private) Ltd. relating to the underwriting of Rs. 40,00,000 of Debenture Stock for a commission of 2 per cent of the par value thereof;

(ii) dated 18th April, 1962 between the Company and the Life Insurance Corporation of India relating to the underwriting of Rs. 10,00,000 of Debenture Stock for a commission of 2 per cent of the par value thereof.

UNDERWRITING: The entire issue in aggregate is being underwritten by Place, Siddons & Gough (Private) Ltd. and the Life Insurance Corporation of India for a commission of 2 per cent of the par value thereof. In the opinion of the Directors the resources of the Underwriters are sufficient to enable them to discharge their obligations.

BROKERS: Brokerage of one-half of one per cent will be paid by the Company on the nominal value of allotments made in respect of applications bearing the stamp of a recognised Broker.

COMMISSION: No commission has been paid by the Company within the two preceding years or is, save and except the commission to underwriters and brokerage aforementioned, payable by the Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of the Company.

EXPENSES: The expenses of the issue, including underwriting commission and brokerage, are estimated not to exceed Rs. 3,07,800 and are payable by the Company.

CONSENTS: The consents in writing of the Auditors, the Trustee, Solicitors, Brokers and Bankers to the Company to act in the capacities stated have been obtained. Messrs. Lovelock & Lewes have given and have not, up to the date of delivery of this prospectus for registration, withdrawn their written consent to its issue with the inclusion therein of their report set out above in the form and context in which it appears.

The foregoing written consents have been attached to the copy of this prospectus which has been delivered to the Registrar of Companies, New Delhi, for registration together with copies of Contracts (a), (b)(i) and (b)(ii) above and copies of such written consents together with copies of the Contracts referred to have been attached to the copy of the prospectus delivered to the Registrar of Companies, West Bengal. A copy of the consent in writing of Messrs. Lovelock & Lewes to the issue of this prospectus with the inclusion therein of their report set out above and a copy of Contracts (b)(i) and (b)(ii) above have been attached to the copy of the prospectus which has been delivered to the Registrar of Companies in London.

DOCUMENTS: Copies of the Articles of Association of the Company, draft Trust Deed constituting the Stock now being issued (subject to modification), audited accounts for the five years to 30th April, 1961, the Auditors' report contained herein, the Consent Order of the Controller of Capital Issues, the Consent Order of the United Kingdom Treasury and copies of other contracts, agreements and documents herein mentioned can be inspected between 10 a.m. and 12 noon on any business day till the expiration of fourteen days from the date of publication of this prospectus or until the subscription list closes, whichever is the earlier, at the Head Office of the Company, 4, Clive Row, Calcutta.

APPLICATIONS: Applications, which will be accepted from persons resident in India only, must be for amounts of Rs. 1,000 of Stock or multiples of Rs. 1,000 and must be made on the accompanying form. All application forms properly completed must be lodged together with the full amount payable with one of the following branches of the undermentioned Banks:

THE HONGKONG AND SHANGHAI BANKING CORPORATION

CALCUTTA—31, Dalhousie Square, Calcutta-1.

BOMBAY—16, Veer Nariman Road, Fort, Bombay-1.

MERCANTILE BANK LIMITED

CALCUTTA—8, Netaji Subhas Road, Calcutta-1.

MADRAS—16, First Line Beach, Madras-1.

NEW DELHI—"E" Block, Connaught Place, New Delhi.

BOMBAY—52/60, Mahatma Gandhi Road, Bombay-1.

BANK OF INDIA LIMITED

HYDERABAD—B4—329, Sultan Bazar, Hyderabad (Deccan).

INDORE—Pungallia Bhavan, Santha Bazar, P.O. 60, Indore City.

AHMEDABAD—Bhadra, Ahmedabad.

Payment should be made by cheque or draft drawn on a scheduled bank in Calcutta, Bombay, Madras, Delhi, Hyderabad, Indore or Ahmedabad as the case may be in favour of "The Hongkong and Shanghai Banking Corporation," "Mercantile Bank Limited" or "The Bank of India Limited" (as the case may be) "A/c. The East Indian Coal Co., Ltd. Debenture Stock" and crossed "A/c. Payee only." Cheques or bank draft drawn on banks elsewhere WILL NOT BE ACCEPTED.

No receipt will be issued in respect of moneys paid but an acknowledgment will be forwarded by post in due course by Letter of Allotment or Letter of Regret and, where allotment is not made in full, by return of any surplus application money paid, in which latter event bank commission, if any, will be payable by the applicant. Allotment Letters along with Refund Orders, if any, will be despatched within two months of the closing of the subscription list. Due intimation will be given when these Letters of Allotment should be surrendered to the Company in exchange for Debenture Stock Certificates.

Debenture Stock Certificates will be ready for despatch by registered post within four months from the date of allotment. Pending the issue of Certificates the Company will register transfers against Letters of Allotment accompanied by duly completed forms of transfer.

J. D. K. BROWN
N. D. BANGUR
G. D. BHATTER
T. C. HORNBY
U. C. MAHATAB
by his constituted attorney J. D. K. BROWN
} *Directors.*

4, CLIVE ROW,
CALCUTTA-1.
25th April, 1962.

Copies of this Prospectus and forms of application may be obtained from the Brokers and Banks named above.

UNDER SECRETARY TO GOVERNMENT
30 APR 1962
FINANCE DEPARTMENT

AUDITORS' REPORT

The following is a copy of the report which has been received from the Company's Auditors, Messrs. Lovelock & Lewes Chartered Accountants.

THE DIRECTORS,
THE EAST INDIAN COAL CO., LTD.,
4, CLIVE ROW, CALCUTTA-1.

4, LYONS RANGE,
CALCUTTA-1
16th April, 1962.

Dear Sirs,

We have examined the books and accounts of your Company as kept in Calcutta in which are incorporated the certified returns from the Collieries and which have been audited by us for the five years ended 30th April, 1961, and report that the profits and losses of the Company were as set out below.

These profits and losses have been arrived at after charging all expenses of working and management and after making such regroupings and adjustments as are, in our opinion, appropriate.

	Year ended 30th April, 1957	*Year ended 30th April*, 1958	*Year ended 30th April*, 1959	*Year ended 30th April*, 1960	*Year ended 30th April*, 1961
INCOME	£	£	£	£	£
Profits after deducting Colliery and Calcutta Expenditure.	54,055	35,103	58,016	4,211	219,178
Income from Investments	8,056	9,031	6,887	5,968	6,050
Adjustments relating to previous years	—	6,589	1,635	13,836	—
Profit on Sale of Assets	—	—	550	5,297	1,400
Miscellaneous	23	13	26	20	46
	62,134	50,736	67,114	29,332	226,674
OTHER EXPENDITURE					
London Expenses	332	322	391	343	333
Directors' Remuneration	675	675	675	675	675
Audit Fees	285	285	465	435	412
Commission payable to Staff and Managing Agents	1,081	1,368	2,704	1,575	10,960
Colliery Cesses	9,723	8,830	9,589	9,300	13,388
Adjustment of Stores	—	—	—	—	12,335
	12,096	11,480	13,824	12,328	38,103
Profit before Depreciation, Taxation and Wealth Tax	50,038	39,256	53,290	17,004	188,571
Depreciation as charged in the Accounts	13,283	12,827	17,284	17,949	27,219
Profit after charging Depreciation	36,755	26,429	36,006 (Loss)	945	161,352
Taxation	27,060	15,078	14,775	2,251	38,818
Wealth Tax	3,168	2,963	—	—	—
	30,228	18,041	14,775	2,251	38,818
Net Profit/Loss after Taxation and Wealth Tax	(Profit) 6,527	(Profit) 8,388	(Profit) 21,231 (Loss)	3,196	(Profit) 122,534
Exchange—1s. 6d. per Rupee	=Rs. 87,027	=Rs. 1,11,840	=Rs. 2,83,080	=Rs. 42,613	=Rs. 16,33,787

Notes: (1) For the years 1957 and 1958 Taxation and Wealth Tax have been charged on the basis of completed assessments and for the years 1959 to 1961 provision has been made at the rates laid down in the respective Finance Acts.

(2) The figures of "Profits after deducting Colliery and Calcutta Expenditure" as shown in the above statement are after charging Commission to the Managing Agents at -/2/- per ton of Coal and -/4/- per ton of Coke despatched from the Company's Collieries.

Commission on Profit payable to the Managing Agents has been calculated at 5% on the Net Profit of the Company after deducting Depreciation and Taxation.

We also report that the assets and liabilities of The East Indian Coal Co., Ltd., as at 30th April, 1961, which is the last date to which the Company's accounts were made up prior to the date of this report, are as set out below. These assets and liabilities have been arrived at after making such regroupings as, in our opinion, are appropriate.

	£	£	Rs.
ASSETS			
Fixed Assets—At net book value	606,223		
Expenditure on Fixed Assets in course of installation	125,792		
Investments—Quoted—At Cost—In Government Securities and in Ordinary Shares, fully paid (Market Value—£ 101,421 = Rs. 13,52,280)	135,373		
Investments—Unquoted—At Cost less amounts written off—In Shares and Debentures, fully paid	18,917	886,305	1,18,17,400
CURRENT ASSETS—			
Stock of Stores	88,167		
Stock of Coal—At Cost	119,535		
Book Debts—Considered Good—Unsecured	288,092		
Advances and Deposits	95,253		
Cash at Bank, in hand and on Deposit	15,810	606,857	80,84,760
		1,492,662	1,99,02,160
Deduct: LIABILITIES			
Bank Loan—Hongkong and Shanghai Banking Corporation—Secured	389,295		
Sundry Creditors (including Provisions)	359,188		
Dividends	37,969		
Provision for Taxation	20,783	807,235	1,07,63,133
NET ASSETS—As at 30th April, 1961		685,427	91,38,027
REPRESENTED BY			
240,000 Ordinary Shares of £1 each fully paid up	240,000		
Premium on Shares	40,000		
Capital Reserve	49,584		
Development Rebate Reserve	66,496		
Other Revenue Reserves	275,125		
Profit and Loss Account (Balance)	16,280	685,427	91,38,027

Notes: (i) Contingent Liability—Claim against the Company, as a Partner of Pandra Syndicate, not acknowledged as a debt — £ 4,500

(ii) No Depreciation has been provided on Land and Colliery Development. = Rs. 60,000

(iii) Contracts made for Capital Expenditure amount to £58,380.

(iv) Bank Loan is secured by a floating charge on the Company's Plant and Machinery, Stock of Coal, Book Debts and deposit of Title Deeds and Investments.

The Dividends paid by the Company in respect of the five years ended 30th April, 1961, were as follows:—

	Rs.
Year ended 30th April, 1957 on 240,000 Shares of £1 each @ Re. 1.50 per share (without deduction of Tax)	3,60,000
Year ended 30th April, 1958 on 240,000 Shares of £1 each @ Re. 1.00 per share (without deduction of Tax)	2,40,000
Year ended 30th April, 1959 on 240,000 Shares of £1 each @ Re. 1.25 per share (Gross—subject to deduction of Tax)	3,00,000
Year ended 30th April, 1960 on 240,000 Shares of £1 each @ Re. 1.00 per share (Gross—subject to deduction of Tax)	2,40,000
Year ended 30th April, 1961 on 240,000 Shares of £1 each @ Rs. 2.00 per share (Gross—subject to deduction of Tax)	4,80,000

Yours faithfully,
LOVELOCK & LEWES.

THE NATIONAL RAYON CORPORATION LTD.

"OUR RAYON YARN PRICES SECOND LOWEST IN WORLD"

CHAIRMAN, MR. KASTURBHAI LALBHAI'S ANNUAL SPEECH

DESCRIBING the criticism that the selling prices of rayon yarn are not comparable with the prices prevailing in other rayon producing countries in the world as incorrect, unwarranted and misleading, Mr. Kasturbhai Lalbhai, Chairman of the National Rayon Corporation Ltd., told the Annual General Meeting of the Corporation, held at Bombay on Thursday, 26th April, 1962, that "our prices are, in fact, substantially lower than the internal prices prevailing in all the other rayon yarn manufacturing countries in the whole world." He added that "these prices are even lower than the landed cost of the corresponding imported varieties."

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

"GENTLEMEN,

"I have great pleasure in extending to you a cordial welcome to this fifteenth annual general meeting and placing before you for consideration the Directors' report on the working of the Company for the year 1961 together with the statements of accounts for that period. These have been in your hands for some time now and, with your permission, I shall take them as read.

Production

"The production of the rayon yarn during the year under report has increased by Rs. 77 lakhs and that of chemical products by Rs. 17 lakhs as compared to the year 1960. There has been an all-round increase on the expense side due to the increase in excise duty and increase in other items due to higher production, both of the rayon yarn and of chemical products. It is hoped that the turnover for the year 1962 will be higher, as the Tyre Cord Plant has gone into production and the expanded rayon plant will be in production for the whole year as against only six months in the year under report.

"No allocation has been made towards gratuity reserve this year, as your Board has decided to pay the amount of gratuity, if and when it arises, and charge it to the accounts of the year in which it becomes payable.

"There will be no further payment on account of royalty to Skenandoa Rayon Corporation, as our liability to pay it has ceased with the close of the report year.

"We have now heard from the Government of India that they have approved of the Industrial Credit and Investment Corporation of India, granting our Company foreign exchange loan to the tune of Rs. 39 lakhs as applied for by us, for the expansion of the caustic soda plant. The import licence permitting import of requisite machinery is expected any moment, and it is hoped that the expanded capacity would be installed sometime early next year.

"The tyre cord and fabric manufactured by the Company at its newly set up plant has been sent to leading manufacturers of tyres for tests. One of the manufacturers of tyres being satisfied has already placed a trial order for a sizable quantity and negotiations are afoot with a few other tyre manufacturers for the supply of tyre cord.

"The ensuring of adequate and uninterrupted supply of coal and electrical energy continues to be a headache to the Company. In case of industries like ours, who have a continuous manufacturing process, the problem becomes even more acute. I only hope that in due course of time the situation will improve.

Rayon Yarn Prices

"For quite some time now, the rayon manufacturing industry is being criticised with regard to the selling prices of rayon yarn fixed by them under the plea that they are not comparable with the prices prevailing in other rayon producing countries in the world. This criticism is not only incorrect, but the actual facts are entirely different from what they are represented to be. The ex-factory prices exclusive of the excise duty, permitted to be charged by the indigenous rayon manufacturing units are, in fact, substantially lower than the internal prices prevailing in all the other rayon yarn manufacturing countries excepting one; thereby you will appreciate our prices become second lowest in the whole world. I may also state that these prices are even lower than the landed cost of corresponding imported varieties. Such criticism, to say the least, is, therefore, unwarranted.

"In this connection, I may also mention that the manufacturers of rayon yarn as a whole agreed to the absorption of 60 per cent of the additional excise duty imposed last year on the specific understanding that the consuming units in their turn will not pass on the burden of this excise duty to their customers. We regret to find that this understanding has not been honoured. In the circumstances there does not appear to be any cogent reason for asking the manufacturers to continue the absorption of the 60 per cent of the additional excise duty. Suitable representation is being made to the authorities concerned to reconsider this matter.

Licences for Pulp

"While the Company has been receiving licences for raw materials required for operating of our plant at its rated capacity, the position is somewhat different in the case of licences for pulp. The Government appears to have fixed a certain quota of foreign exchange for the import of rayon grade pulp into the country as a whole. This quota is not being increased in proportion to the increased capacity coming in operation. The available exchange is, therefore, being distributed *pro rata* amongst the operating units, resulting in curtailment of the quota of the existing units from time to time. We are thus compelled to purchase the balance of our requirement of pulp, utilising the licences made available against the export promotion scheme. These licences are made available, as you are aware, in consideration of certain quantity of yarn being sold at substantially lower rates, which, in effect, goes to increase the cost of pulp. The landed cost of sulphur has also increased consequent upon the shipping being restricted to the U.S. bottoms. These factors, combined with the overall increase in the wage rate, transport, electricity etc., have contributed to the increase of the production cost.

"I am glad to inform you that the management's relations with the labour continued to be cordial during the report year. The dispute about the quantum of bonus paid for the year 1960 was referred by the Workers' Union to the Labour Commissioner, on whose report the Government initially decided in the Company's favour. However, a letter has been recently received from the Government informing that, on reconsideration, the matter has been referred to the Labour Court for adjudication.

"A suggestion was made at the last annual meeting that a statement from the Chairman should be circulated to the shareholders along with the report and accounts of the Company. I regret this could not be done this year, but I may assure you that the suggestion will be implemented from ensuing year.

"In conclusion, I must say a word about the workers and the staff, who, by their efficient work, have contributed in a large measure to the smooth running of the plant and the satisfactory working of the organisation.

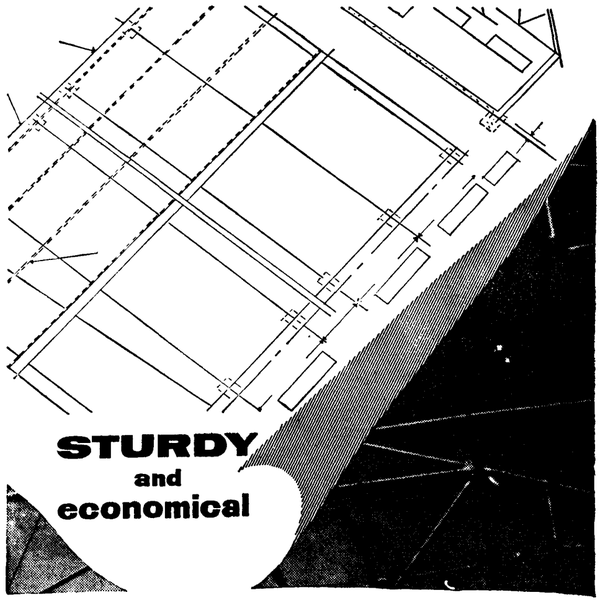
"With these observations, I commend the report and the statements of accounts for adoption and propose the following resolution:—

Resolution

"'The fifteenth annual report and the statements of accounts for the year ended 31st December, 1961, be and they are hereby adopted.'

"Thank you, gentlemen."

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



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NAS/IL 344

THE DUNLOP RUBBER COMPANY (INDIA) LTD.

ADEQUATE ROAD TRANSPORT FACILITIES WANTED

MANAGING DIRECTOR, MR. M. L. BEXON'S SPEECH

A STRONG plea for giving all possible encouragement to the development of road transport was put forward by Mr. M. L. Bexon, M.C., Managing Director of the Dunlop Rubber Company (India) Ltd., in his speech at the Thirty-sixth Annual General Meeting of the Company held at Calcutta on Tuesday, 24th April 1962. Mr. Bexon pointed to the persistent shortage of transport which affected the movement of finished products from the factory to the various sales offices and said that increasing use of road transport for long-distance routes had proved very helpful. Emphasis, he declared, should be placed on road building and maintenance as a positive contribution towards solving the existing transport difficulties.

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

"LADIES AND GENTLEMEN,

"I have much pleasure in welcoming you to the 36th annual general meeting of the Company. The Directors' report and accounts have been in your hands for some time and, with your permission, I should like to take them as read. You will have noticed that we have this year for the first time incorporated some information and photographs of the activities of your Company, and I am sure you will agree that this is a worthwhile addition to your general knowledge of the Company's affairs.

"The year under review saw both our factories at Sahaganj and Ambattur working to full capacity, the notable feature being a general increase in productivity which was most encouraging.

"During the early part of the year, the Tyre Dealer Associations continued to play a worthy role in ensuring an equitable distribution of the sizes in short supply at list prices to consumers, but, with the onset of the monsoon, retail selling prices generally began to fall: by the end of the year, the general shortage of tyres, except in a few sizes and types, was no longer felt and trading tended to return to normal.

Demand Position

"Increased supplies of our highway truck and bus tyre were made in the main sizes, but the demand for this extremely popular pattern remained unsatisfied. Similarly, our Gold Seal car tyre continued to maintain its high level of acceptance with users and remained their first preference.

"Throughout the many irrigation and industrial projects, our off-the-road tyres continued to be in keen demand and particular mention may be made of the Dunlop 'Powergrip' and 'Earthmover EM.7' patterns which found ready acceptance for their high quality and durability.

"Sales of cycle tyres and tubes in the domestic market increased, although our deliveries to the bicycle industry were below the level of 1960, as the activities of some of these concerns declined during the period. It is our view that the general trend in this industry will improve before long and the signs today already confirm this view.

"In the industrial rubber products field, our conveyor belting expansion was completed during the period and field reports on the high quality of our product continued to be most encouraging.

"The demand for industrial and other types of hoses was also satisfactory and it is true to say, I think, that, in every large project throughout the country, Dunlop hoses are being used.

"Dunlopillo sales remained at a high level and the demand for our range of products continued to exceed our manufacturing capacity. It is of interest that sales of Dunlopillo for industrial applications increased considerably.

"During the year, we were continually handicapped by the shortage of transport for the conveyance of finished products from our factory at Sahaganj to our various sales offices spread throughout the country, and this problem unfortunately still remains with us today. Increasing use of road transport where possible for long-distance routes has proved very helpful and we would strongly urge that this medium be given every encouragement to develop to the full. Emphasis, we feel, should be placed on road building and maintenance as a positive contribution towards solving the existing transport difficulties.

Exports

"Your Company has responded to Government's call for exports and we are currently exporting all types of tyres, cycle rims and accessories. We are also seeking to widen the range of products we export and negotiations are in progress to this end.

"However, I feel it would not be out of place to mention that export business is not only highly competitive but has its own special difficulties, and by its very nature cannot be built up over a short period of time.

"Nevertheless, I am glad to be able to tell you that our cycle tyre exports in 1961 were 17 per cent higher than in 1960 and, in the first quarter of this year, our overall exports were running at a level over 50 per cent higher than the same period in 1961.

Expansion Plans

"I am sorry to report that there has been a delay in implementing our expansion plans, which were mentioned at this time last year. You will probably have seen Press reports that Government are considering the question of raising the target for the automobile tyre manufacturing capacity to be established during the third Five-year Plan. It is to be hoped that their decision will be announced soon and that we shall then be able to go ahead with our full plans, because Ambattur has been designed so that economical expansion can take place quickly and efficiently.

"Meanwhile, we are implementing some small expansions at both factories for which we have licences. We also have a licence to manufacture P.V.C. belting, for which there is a good demand from the coal mines. Because of its fire-resistant properties, it is advantageous for use in underground gassy mines, and we are finalising plans to implement this project. The Directors have constantly under review the possibilities and necessity for expanding existing capacity and introducing new products.

"During 1961, the supply position of raw materials in general was reasonably satisfactory, although the foreign exchange situation and the consequent uncertainties and delays in the issue of import licences presented a constant problem. For some items, however, we had to abandon our established suppliers and find new sources in the U.S.A., with a consequent increase in our raw material bill. Despite these difficulties, production at both factories was maintained according to schedule.

"On a number of items, import duties were further increased and resulted in a substantial addition to raw material costs, thus offsetting a number of economies which we had introduced.

"Considerable progress has been made towards producing indigenously various raw materials we use, and we are already arranging comprehensive test programmes in order to ensure that these materials will be suitable for the very high quality products we make. It is gratifying to note that over half of our cycle rims are now manufactured from local rim strip and, as indigenous production increases, we are hopeful that, during 1962, our entire output of rims will be made from Indian steel, with a consequent saving in foreign exchange.

"The profit for the year after providing for depreciation, interest and taxation was Rs. 1,64,75,494, as compared with Rs. 1,24,56,228 for 1960. The profit after tax expressed as a percentage to sales was 5 per cent, and, as you will have gathered from the Directors' report, the improvement over last year's figure of 4.1 per cent arises mainly from the increased volume of business and increased efficiency.

"Excise duty now exceeds Rs. 6 crores and absorbs a substantial amount of working capital, a matter which your Directors continue to keep under constant consideration.

"It will be observed that overall salaries, wages and bonus show an increase of approximately Rs. 34 lakhs and welfare expenses are also up due mainly to improved canteen and catering expenditure at factories, depots and head office.

"Advertising expenditure has been increased to meet the ever-growing competition facing us now and in the future, and our participation in the Indian Industries Fair accounted for a substantial portion of the increase.

"The amount of bank overdraft interest has decreased as a direct result of our reduced borrowings.

"As a result of the temporary lull in capital expenditure until our next planned expansion receives approval and gets under way, the amount transferred to development rebate this year is only Rs. 7,50,000.

"The amount transferred to general reserve is Rs. 62,50,000, this being considered prudent in the light of our forward expansion plans.

"Our net profit available for disposal is higher than last year by approximately Rs. 41 lakhs. The compulsory transfer to development rebate reserve has decreased by Rs. 9,50,000 and this gives an overall increase of approximately Rs. 50,50,000 of profits available for disposal. Out of this additional amount, it is proposed that Rs. 25,50,000 are allocated to you, the shareholders, the balance of Rs. 25 lakhs remaining as retained profits within the Company.

"The Directors recommend a dividend for 1961 of 20 per cent subject to tax on the ordinary share capital as increased by the recent bonus issue. In 1960, the dividend paid on the old capital was 21.5 per cent.

"On the assets side, there have been no significant changes since last year. Inventories are higher in line with the higher level of output and sales.

"The share capital as issued and subscribed has increased by Rs. 1.5 crore, which is, of course, the bonus issue, and reserves have already been mentioned in the Directors' report and need no further comment. Our overall borrowings through bank overdrafts, etc., are lower in line with the increased profits and reduced capital expenditure. The provision for taxation is higher arising from the increased profits and the additional liability in respect of the bonus issue.

Future Prospects

"There are now several manufacturers producing tyres in the country and others are expected to come into production during 1962. Competition will, therefore, be keen, but your Company does not fear this and indeed welcomes it. We have the product, the sales organisation and the market acceptance to retain our share of the expanding market, but it is our earnest hope that, if the total manufacturing capacity of the country is in excess of demand, then free competition and consumer preference will be allowed to decide sales levels.

"It is particularly gratifying to record a further improvement in labour relations at the Sahaganj factory during 1961. Increased productivity was obtained from both our factories with correspondingly greater rewards to our workers. I should like to mention that the workers also shared in the improved results of the Company, an annual bonus being paid at the rate of 3½ months' basic salary as opposed to three months last year. The total bonus paid for the year exceeded Rs. 44 lakhs.

"The Company entered into long-term agreements with Employees' Unions at Sahaganj and Ambattur factories, and at several of our depots throughout the country. These contain increasing benefits to the employees and reflect the success that has been achieved over the years in the field of industrial relations. At head office and the depots the service conditions continue to be improved.

"You will, I am sure, wish to join the Directors in thanking the employees for the loyal service they have given and the hard work they have put in towards another year's successful results."

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

MAHINDRA AND MAHINDRA LTD.

ANNUAL STATEMENT BY CHAIRMAN, MR. K. C. MAHINDRA

STATUTORY COMMITTEE TO DEAL WITH STEEL BILLS PAYMENTS ADVOCATED

MR. K. C. Mahindra, Chairman of Mahindra and Mahindra Ltd., has proposed that a statutory committee, comprising representatives of the Ministries of Steel and Finance, Iron and Steel Control, and Steel Importers' Association, be constituted to deal with the issue of payments from Government against steel bills and that the Committee be armed with powers to decide each individual dispute on its merits. This notable suggestion is contained in his speech, delivered at the Sixteenth Annual General Meeting of the Company, held at Bombay, on Monday, 23rd April, 1962.

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

"As usual I extend genuine welcome to shareholders, who have found it convenient to attend this annual general meeting, the sixteenth in the series. That the Company's meetings deserve your personal attention is a tribute, which I willingly acknowledge, to your perspicacity and desire to learn more about this Company, its management and the prospects it holds forth for future development.

"Our efforts to present the accounts earlier than May have been speeded by the compulsory provision made in the Companies Amendment Act last year, that the annual general meeting must be held within six months of the closing of the Company's financial year. The revision of the Articles of Association is not yet completed, but I hope that this will be done at an early date.

Working

"Since the report and the accounts for the year 1960-61 have been before you, the financial press has commented upon the increase in gross profits as compared to the previous year. The issue is well taken and I would like to take this opportunity to place this matter in its proper perspective. The Company's main activity is built round the manufacture and sale of jeeps and allied vehicles. In a smooth running and well-structured organisation engaged in automobile manufacture, there is a certain minimum level of industrial workpoints, manned by skilled operators, of supervisors, inspectors and engineers, of service personnel and regional field workers and not the least important, of development technicians, accounts personnel and senior managers. Maintenance of an effective organisation requires provision of operational resources on a minimal scale. Such provision is possible, if a certain volume of vehicles are regularly produced and sold at prices, which would yield the necessary margins. Alongside are transient incidences like experimental work on complicated parts and shortages in pipelines of production, mostly raw materials, which also have to be paid for. And as I mentioned last year, there is the requirement for annual increase in wage costs of labour averaging 8 per cent to 10 per cent a year. The volume of production and sales along with proper emphasis on productivity is, therefore, the chief determinant of the profit-margin. We may now analyse the 1960-61 factors as applicable to your Company's operations. The accounts, as presented, indicate that while selling prices have remained the same, costs have been held except for increase in wages and salaries, which has perhaps been cancelled by more efficient turn-rounds and more effective utilisation of machines. Development relating to manufacture of complicated functional parts has been completed and production established on more balanced batches.

"*I may add that the surplus, as shown in* the accounts before you, is not extraordinary; while there is no element of casual gain therein, the profit ratio to capital employed or even sales to net profit ratio is still low, and the reason is simple: in conformity with the desires and directions of Government, we have held the price line, despite ample justification in increased wage-costs and raw material prices for increase in sales price. It is also to be remembered that the incidence of taxation is high, and that our allocation to reserves over the six years of the Company's operations as a public company have been very modest. The Company must accordingly depend upon an increasing volume and economy of management to yield a return on shareholders' money which is both fair and attractive for further capital formation.

"We can turn now to change and development in the jeep division in the ensuing years. The capacity is to be increased to produce, entirely indigenously, 10,000 units and more. A programme of centralisation of the Company's manufacturing activities is already under way at Kandivli, where we have purchased and taken possession of about 137 acres of land for this purpose. A complex of factory buildings, administration offices, canteens, transport maintenance shops, medical aid centre and possibly a testing track will arise in this area. A new pattern of costs will begin to emerge as we get into the stride of increased production in the course of the next two to three years. It is my hope that this grouping will lead to more efficient control over quality production and over expenditure, and that, with increasing turnover, the Company will progress from strength to strength.

Steel Division

"Operations of the steel division have been satisfactory and the backlog of unfulfilled contracts helped in maintaining the anticipated margins. As indicated in the Directors' report, the pattern of activity for this section is changing and, although imports of special sections and varieties of steel, not so far produced in the country, will continue on a diminishing scale for the next couple of years, it is to be hoped that the new steel works will have stabilised their respective production schedules and that, with assurance of supplies, the distribution of steel will be rationalised and channelled through experienced and dynamic centres. The Company's steel section has already gained such reputation in Calcutta and Bombay, and we are hoping to spread over to Madras and Delhi shortly.

"Last year, I referred to delays in the receipt of payments from the Government against steel bills. There has been no improvement whatsoever in the matter of payments, although on several occasions during the year promises were made by officials concerned for speedier settlement. The authorities do not seem to realise their contractual obligations; their apathy toward problems created by themselves, because of conflicting instructions and departmental lapses, is astounding. With the decreasing volume of subsidised imports, the burden of interest charges, unless payment is promptly received, is becoming very heavy. It is not fair that the importers, who have discharged their entire contractual obligations, should be made to suffer for reasons which do not concern them at all. An effective solution to this chronic problem has to be found at as early a date as possible, and I would suggest that a statutory committee be constituted consisting of representatives of the Ministries of Steel and Finance, Iron and Steel Control, and Steel Importers' Association with powers to decide each individual dispute on its merits. We may get somewhere.

Tractor Project

"Brief mention has been made in the Directors' report of our development activities. I am confident the shareholders will welcome the collaboration agreement with the world-renowned International Harvester Group of Chicago in respect of manufacture of tractors to their design. As announced, it is proposed to form a separate public company for the purpose, to which the International Harvester will give a substantial long-term loan as well as participate in its equity. Most of the formalities have been completed and we are now discussing with our associates as well as with the Government the pattern of capital structure and the timing of the new company's flotation. The shareholders will be interested to learn that Voltas Limited has agreed to join the International Harvester and ourselves in promoting the new company as a tripartite venture. Besides participation in the equity capital of the new company, Voltas will serve as the Company's sole distributors and thereby give to the new concern the benefit of their vast experience in the agricultural field. Steps are also in hand for installing facilities for the manufacture of agricultural implements needed for attachment to tractors. This will bring to a climax the end of the first phase in our pursuit and endeavour to establish a unit for direct assistance to agriculture.

"Mention was also made in the report of the alloy steel project. While we have concluded satisfactory agreements with the well-known Ugine Group in France, formal approvals of the Government respecting this collaboration as well as proposals for financial arrangements are pending. I should tell the shareholders that this is a major project and finance required is of the order of Rs. 6 to 7 crores, of which the foreign exchange component is approximately 45 per cent. Search for this kind of finance is going to be a laborious process, but is well under way. In the meantime, exhaustive technical studies have been made by our French collaborators; Ugine's engineers are now in India discussing with us detailed operation plans: several prospective sites in the Madras State have been examined and power supplies discussed with the electrical authorities. Tentative search for plant and equipment has begun. I am revealing no secrets when I say that the project report prepared by us in consultation with Ugine's engineers has received warm commendation from the finance institutions, whom we have approached for assistance. This is a tribute to the zeal, enthusiasm and hard work of the personnel in our steel division. I am hopeful that a conclusion will soon be reached and that, before the next annual general meeting comes round the steel alloy project will be launched.

"Certain other ancillary plans are in various stages of development, so also expansion programmes in the various units in our associated group of companies.

"The other day, our Prime Minister exhorted businessmen to consider social justice as the supreme aim of national activity. He went on to say that affluence itself is good, but alongside extreme poverty it presents a painful sight. Social justice, therefore, must become the prime motivating factor of all human activity. This exhortation, though in general terms, is meant for every man and woman in India, no matter in what activity he or she is engaged.

Social Justice

"In so far as business motivation is concerned, I am afraid profit motive will remain the prime criterion for the initial risks. Sound business analysis postulates a positive return on the moneys and skills to be invested. But once the economics of a business venture promises such return, there is no reason why business people should not engage themselves towards harmonising the profit motive with the concept of social justice. What is social justice? To business people it should mean the consideration of more than fair returns to the employees for the work they put in, inasmuch as the pressure of the unemployed and the unemployable, together with the general need to feed many mouths, require a more than the market return for labour involved. There is another impressive argument in favour. Hunger has no morals and, therefore, the minimum needs of employees in the matter of food, clothing and shelter deserve to be met, irrespective of what their toil can fetch in the market. In order, however, to distribute more than the quantum of current wages, there must be a surplus available for the purpose. Granted there may be occasions when no surpluses are available to meet such extra-normal requirements, and one can do nothing about it. Nevertheless, it should remain the endeavour of every profit-making enterprise to keep in view this narrow but practical application of social justice. Mr. G. L. Mehta, the scholar diplomat, who has served India with great distinction in several spheres and commands wide respect for his knowledge and wisdom, in an address before the International Industrial Conference, held in San Francisco in September 1961, posed before his American audience the issue of social justice in the following words:

"'The milieu within which private enterprise functions today is far different from that prevailing in the eighteenth and nineteenth centuries. Private enterprise is no longer taken for granted, and its justification is no longer sought to be measured only by the profit rate it is able to earn. Private enterprise will be judged by —and its survival depend upon—its social utility to the economy.'

"In the present context of our country's poor economic level, there can be no two arguments, for the other way would ultimately lead to chaotic conditions and revolutions of the nature which would wipe away many of the things which we today cherish.

"Motivations of social justice in the planning of an industrial complex must generate amongst the entrepreneur the aspiration of care for the poor and the lowly, but, while 'minimum needs' form the starting gun on the track, the line at the finish will not find all runners abreast at the tape. This factor of difference is a human element and should be respected as such. Richard Tawney, the noted British historian, who was born in India, described it brilliantly in this passage:

"'Equality of opportunity is not the absence of violent contrasts of income and conditions, but equal opportunities of becoming unequal.'

"This is where the responsibility of the Government begins. Spread of educational and social standards, so that every citizen has an equal opportunity to grow, is a prime concern of the State, and any moneys devoted to the development of this infra-structure of our future society are healthy and essential investments. In the limited sector of industrial operations, the State policy should inspire acknowledgment of social motivations amongst the management and the workers alike. Compulsions hardly achieve any targets—in the long run. Both management and workers need to be educated in their respective responsibilities—perhaps, so also the Government of the day. Look at the fiasco of the Compulsory Employees State Insurance Scheme, which has been in operation over the last decade. I am not exaggerating, when I state that there is hardly any group of industrial workers who feel benefited or satisfied with the meagre and almost callous service provided under the Scheme. Every company, despite the wage-percentage contribution that is levied on it, has to maintain its own medical contingent to look after the workers. May I suggest a complete re-study of various aspects of the Scheme, and if the criticism is found valid, the Government should not hesitate to scrap it altogether. I recommend instead that each company should be asked compulsorily to spend its present contribution to the Scheme or more on developing its own medical service, and I am confident that it will be able to provide for its staff equal, if not better, facilities. The Government should on its part build hospitals and recuperation homes in selected areas near where the workers live; the large unutilised funds of the Employees' State Insurance Scheme should be devoted to this purpose.

Labour's Responsibility

"We have also experienced during the past decade an attempt at codification of the rights of labour. I have expressed the conviction that mass poverty commands allegiance from businessmen to the dictates of social justice. In order that doles and charity should play no role in the practical acceptance and application of the concept, industrial workers should also appreciate their responsibility towards production and productivity standards. Even in Communist Russia, where they are aiming to evolve a classless society, emphasis is placed primarily on the produce of labour and not on fictional rights. Only recently, Mr. Nikita Khrushchev went on record as follows:—

"'Labour productivity must be always one jump ahead of the growth of wages. The level of wages depends entirely on the output of produce, on the productivity of labour in a given society.'

"There is also a larger obligation in addition to mitigation of mass poverty—the obligation to remove inertia, to eradicate listless apathy amongst millions—the obligation on the few thousands, who can intelligently plan and operate. There has arisen, however, a new political platform in the country with non-planning and *non sequitur* as its party slogans. Time does not permit the luxury of stop-and-go as a way of life. However valid the charges of a permit-licence-*raj* may be against the present Government, responsible economists generally accept that in an underdeveloped economy planning by the State has become a prerequisite, and an essential one, for economic betterment. Even Britain, the home of traditional *laissez faire*, has reluctantly admitted, after the successful experience of France over the last six years, the need for planned development. Political platforms usually adopt an extreme position, but not even the most profound advocate of non-planning will deny that 'a river is water, but a river is also banks. And without banks there is no river.'

"*It is another matter that planning may be* slipshod and unrelated to facts of a particular situation; that mistakes after mistakes have been and continue to be committed; that results so far belie the claims of the planners and the hopes of the millions. These problems should be taken up specifically and one by one in order to find the lacunæ in methods and performance.

Deficiencies

"For instance, I referred casually last year to the growing lag between planning and achievement. With diminishing resources in foreign exchange, the scarcity of industrial raw materials, which require to be imported, is being increasingly felt. For the automobile manufacturers there is still the absolute dependence on imports in their requirements of special steels and forgings, in addition to the necessity of periodic refurnishing of more progressive and, therefore, more efficient machinery and plant. To these are currently added shortages of coal and coke, of transport and of power. These deficiencies, which will, if continued, increasingly handicap proper utilisation of plant capacities, cannot just be explained away by the fact that the expansion has been too rapid and has taken even the Planning Commission by surprise. Many of these deficiencies are Government-based, in the sense that the decisive voice say, in railway development or coal production or power generation, remains solely with the Government, and it must now be acknowledged that to this extent the planning techniques were deficient and that supervision over performance too slack. In a commentary on this aspect of planning in India, Barbara Ward, the well-known British economist and a sympathetic observer, said recently that 'in army parlance, the *Q-Plans* (in India) are not balanced by *Q-OPs*,' meaning that there is need for 'a tough agency demanding a regular account of work in progress, not simply in terms of money spent, but of physical targets actually achieved and giving no quarter until every backlog is made up.'

"There is great force in this comment. The other day at a seminar organised by the National Council of Applied Economic Research in Delhi, the discussion paper was titled 'Looking Ahead.' Projections were made of the future shape of things 20 years from today and certain heartening conclusions were tentatively advanced for the world of 1981. And yet, the assumptions behind these hopeful projections were, amongst others, the following:—

"1. Existing transport and power deficiencies will be removed in the next two or three years.

"2. Transport and power facilities will be developed ahead of their actual requirements.

"3. Minerals developments policy, particularly with regard to iron ore, coal, limestone and manganese, will be geared to the short- and long-term requirements of industrial development and export trade, without undue insistence on reserving coal and iron ore mining for the public sector or non-economic considerations.

"These assumptions appear to be just wishful thinking: but, if we are to hope for a decent, deserving, justice-oriented life 20 years from today, it is time the Planning Commission and Government thought of '*Q-OPs*' and set about in earnest correcting the lag between plan and performance, particularly in the critical sectors. There are grave problems. I am confident that persons in private business will be only too glad to assist in every way they can to find solutions. These are also challenges posed by an expanding economy, which offer exciting avenues for further progress and advancement.

"Before I conclude, you will be interested to know that for the five months, ended 31st March, 1962, our operations both in the jeep and the steel divisions have been satisfactory. Sale of vehicles averaged 678 per month as against 517 during the corresponding period in 1960-61. Steel orders booked in this period amount to over 74,000 tons, as against 164,000 tons in the whole of last year. The movement of controlled stocks has averaged nearly 2,000 tons a month from Calcutta and Bombay stockyards. Negotiations, for three small units in the field of flexible insulations, gauges and tools and current limiters and regulators are nearing conclusion. We can look forward to promising year.

"On behalf of the Board and the shareholders, I would like to convey greetings to our staff and thank them for their services during the year."

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

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WIMCO'S RESULTS SATISFACTORY

FINANCIAL POSITION SOUND

A NUMBER of contradictory features are presented by the annual report of the Western India Match Company Ltd. (Managing Agents: The Swedish Match Company, Bombay) for the year ended 31st December 1961. Notwithstanding an increased demand from the rising population, sale of the Company's products has actually gone down albeit moderately, by Rs. 30.48 lakhs to Rs. 18.03.68 lakhs side by side with a fall in the value of closing inventories from Rs. 21.66 lakhs to Rs. 9.72 lakhs. These facts, coupled with the ones that there has been no further cut in the prices of goods produced by the Company and that the payment on account of excise duty has also decreased to Rs. 10,09.47 lakhs from Rs. 10,66.65 lakhs a year ago, suggest a lower total output during the year under review. Against this, however, the cost of raw materials consumed has increased from Rs. 260.91 lakhs to Rs. 272.12 lakhs. In the light of only routine information disclosed in the annual report, it has not been possible to reconcile satisfactorily the aforesaid divergent trends. It would appear that the trading results of the Company's paper mill were less satisfactory than the match section. Unfortunately, the profit and loss account does not give us enough details on this score nor is the Directors' report sufficiently elucidative. The Company would do well to give fuller details of the results of its working for the benefit of its shareholders and investors.

Due chiefly to the saving on excise duty and also in other expenses to a small extent, the gross profit has shown a rise from Rs. 150.56 lakhs to Rs. 163.08 lakhs. But this has been accompanied by a rise in the provision for the Managing Agents' commission, from Rs. 12.64 lakhs to Rs. 14.32 lakhs, and in that for taxation, from Rs. 51.15 lakhs to Rs. 57.10 lakhs. Provision for depreciation is also higher by Rs. 1.50 lakh at Rs. 20.52 lakhs. Out of the increase of Rs. 12.52 lakhs in gross profit, therefore, as much as Rs. 9.13 lakhs or nearly 75 per cent has been absorbed by the essential provisions and only the balance is reflected in the net profit; the latter has grown from Rs. 67.75 lakhs to Rs. 71.14 lakhs. Transfer to reserves is slightly higher at Rs. 11.36 lakhs as against Rs. 10.69 lakhs and that to the provision for contingencies at Rs. 15.00 lakhs, as compared with Rs. 12.73 lakhs during 1960. Ordinary dividend has been maintained, for the second year in succession, at Rs. 16.00 per share, subject to deduction of tax, and absorbs, as during the preceding year, Rs. 44.00 lakhs. A sizable sum of Rs. 5.11 lakhs is being carried forward, as against Rs. 4.54 lakhs brought in.

The working results of the Company for the past four years are presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds (gross)	18,08.68	18,34.16	17,61.21	15,65.09
Other income	13.27	13.40	13.49	12.93
Closing stocks of finished goods	9.72	21.66	26.58	30.46
Raw materials consumed	272.12	260.91	236.59	225.77
Excise duty	10,09.47	10,66.65	10,42.44	988.90
Other expenses	360.34	365.52	344.28	315.02
Gross profit	163.08	150.56	147.51	104.50
Managing Agents' remuneration	14.32	12.64	12.87	8.98
Provision for—				
Depreciation	20.52	19.02	18.06	13.73
Taxation	57.10	51.15	52.35	37.60
Net profit	71.14	67.75	64.73	44.19
Transfer to reserves	11.36	10.69	18.15	13.21
Provision for contingencies	15.00	12.73	...	...
Dividend	44.00 (D. 16%)*	44.00 (D. 16%)*	44.00 (D. 15% + B. 1%)*	30.25 (D. 10% + B. 1%)
Carry forward	5.11	4.54	4.21	1.68
Market value of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	321.00	314.00	280.00	271.00	203.50
Low	297.00	250.00	234.50	185.00	161.25

* Subject to deduction of tax.

It will be observed from the above table that, despite the mild setback suffered in production during the year under report, the upward trend in gross and net profit has continued unabated. Since the rate of dividend has been maintained at 16 per cent during the past three years, the growth in profit has naturally led to a strengthening of the Company's reserve position. During the last four years alone no less than Rs. 81.14 lakhs have been retained in the business, thereby raising the equity per share by nearly Rs. 30.00.

There was no change, during the year under review, in the Company's share capital which, as at 31st December 1961, stands at Rs. 275.00 lakhs in 2.75 lakh ordinary shares of Rs. 100 each. This is backed by Rs. 235.60 lakhs in reserves, including the provision for contingencies. Against this the net block is worth Rs. 276.97 lakhs which figure is obtained by reducing the gross block of Rs. 500.37 lakhs by Rs. 229.01 lakhs representing depreciation up-to-date and adding to it Rs. 5.61 lakhs being the cost of capital work in progress. Current liabilities and provisions aggregate Rs. 200.47 lakhs and are more than adequately covered by current assets, investments and loans and advances which together amount to Rs. 434.10 lakhs.

In order to attain a certain amount of independence in the matter of raw materials, the Company has under consideration a project for the manufacture of salt and certain other chemicals such as potassium chloride.

The Rs. 100.00 fully paid shares of the Company are currently quoted at Rs. 304 *cum-div.* to fetch a net yield of 3.8 per cent per annum on an *ex-div.* basis.

(*Concluded from next column*)

readers are aware, is in the doldrums. Its holding in Walchandnagar Industries is larger still at Rs. 95.94 lakhs and, thanks to the decision of the Maharashtra Government to take away the sugarcane farm, the earning potential of this investment has also suffered a serious setback and the Company will take a long time to recover. Both major subsidiaries, namely, the Hindustan Construction (investment Rs. 35.82 lakhs) and the Indian Hume Pipe (Rs. 35.01 lakhs), as also one of the allied companies, namely, the Copper Engineering Company Ltd. (Rs. 25.13 lakhs), have been faring well and could be expected to report encouraging results in the coming years. But, with two big lame-ducks in its investment portfolio, it will be unrealistic to expect any spectacular improvement in the results of the Company for the near future.

Certain significant changes have taken place in the Company's financial position as revealed by its balance-sheet as at 31st December 1961. The capital structure has been simplified by the conversion of the promoters' shares into equities. This has naturally increased the ordinary share capital, which had been raised earlier through the issue of bonus shares by capitalising a part of the reserves. The share capital now stands at Rs. 120.25 lakhs (as against Rs. 105.06 lakhs a year before), of which Rs. 81.25 lakhs are in three classes of preference shares and the balance in equities. Following the issue of bonus shares, the reserves have naturally declined from Rs. 146.45 lakhs as at 31st December 1960 to Rs. 127.04 lakhs. Loans have nearly trebled and total Rs. 51.33 lakhs in addition to current liabilities and provisions amounting to Rs. 24.56 lakhs. In the issue of new equity shares by the Walchandnagar Industries Ltd., and the Cooper Engineering Ltd., during the year under review, the Company was entitled to 24,831 equity shares and 11,172 equity shares of Rs. 100 each, respectively, which were duly acquired at a premium of Rs. 30 and Rs. 25 respectively. A hundred shares of the Acme Manufacturing, however, were sold off during the year. Consequent on these changes, the Company's investment portfolio has risen to Rs. 273.00 lakhs as compared with Rs. 231.91 lakhs at the close of 1960. Current assets, loans and advances together amount to Rs. 41.94 lakhs, while the written down value of fixed assets is Rs. 8.24 lakhs, as against a book value of Rs. 10.42 lakhs.

Two of the Company's subsidiaries, namely, the All-India Construction Company Ltd., and the Building Construction Company Ltd., went into voluntary liquidation towards the close of 1960. Ninety per cent of the share capital held by the Company in them has been received from the liquidator.

The Rs. 30 fully paid share is currently quoted at Rs. 166.50 *ex-div.*, and fetches a net return of 4.2 per cent per annum.

PREMIER CONSTRUCTION

PROFIT AND DIVIDEND LOWER

A TYPICAL example of a holding company in India is the Premier Construction Company Ltd. (Managing Agents: Messrs. Walchand & Co. Private Ltd., Bombay). It enjoys a majority interest in four Walchand Group companies, namely, the Indian Hume Pipe Company Ltd., the Hindustan Construction Company Ltd., the Acme Manufacturing Company Ltd., and the Hindustan Spun Pipes Ltd. In addition, it also holds a large number of shares in two more companies belonging to the same group, namely, Walchandnagar Industries Ltd. and Cooper Engineering Ltd. Another company in which the Company has a large block of shares is the Scindia Steam Company Ltd. with which the late Seth Walchand was closely associated. As a holding company, the Premier Construction's fortunes are dependent upon the dividends it earns on its investments. Although the Company received bigger dividends from its subsidiaries, there was a sharp fall in the return on other investments. Accordingly, there was a modest setback in the gross earnings for the year ended 31st December 1961 of Rs. 0.37 lakh to Rs. 22.77 lakhs. This fall is on top of the decline of Rs. 10.45 lakhs suffered in 1960. During the past two years alone, therefore, the Company has lost nearly a third of the gross earnings of Rs. 33.59 lakhs obtained in 1959 which, incidentally, are the second highest for the past ten years. Against this falling trend in income, expenses have kept mounting up and amounted, during the year under report, to Rs. 7.16 lakhs as against Rs. 4.18 lakhs in 1960. The gross profit has, therefore, declined more sharply than the earnings, that is, by Rs. 2.82 lakhs to Rs. 15.77 lakhs. The downward trend in profit has thus not only continued but has as well gathered momentum. A slight increase over the previous year in the various essential provisions has also been witnessed, having aggregated Rs. 2.56 lakhs, as against Rs. 2.21 lakhs. These leave a much reduced net profit of Rs. 13.21 lakhs, as compared with Rs. 16.38 lakhs for the previous year. With a lower sum (after meeting preferred dividends) being now available for distribution to equity shareholders, the Directors have been obliged to reduce the rate of ordinary dividend, for the second year in succession, from Rs. 13.50 per share to Rs. 10 per share, both subject to deduction of tax. Though the rate has been reduced, the gross disbursement to shareholders has, on the other hand, increased, because of the increase in the number of shares following the bonus issue effected during the year and the conversion of promoters' shares into equities. The carry forward is larger at Rs. 88,651, as against Rs. 12,839 brought in.

The following comparative table presents the Company's operating statistics for the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	22.77	23.14	33.59	33.05
Work-in-progress at close	0.49	0.33	0.72	1.91
Expenses	7.16	4.16	5.94	5.10
Gross profit	15.77	18.59	26.46	27.74
Managing Agents' remuneration	0.25	0.06	0.33	0.41
Provision for—				
Depreciation	0.41	0.36	0.31	0.31
Taxation	1.90	1.79	5.32	5.99
Net profit	13.21	16.38	20.50	17.03
Transfer from reserves and provisions	3.13	...	0.24	0.26
To reserves	...	1.67	2.11	1.76
Dividends—				
Preference shares	4.09†	4.54†	4.09†	4.09†
Ordinary shares	11.49 (33¾%)†	10.13 (45%)†	13.50 (60%)†	9.00 (40%)
Promoters' shares	...	1.27	2.03	1.52
Carry forward	0.89	0.13	1.36	2.35

† Subject to deduction of tax.

But for the increase in the dividends from the Indian Hume Pipe from Rs. 1.66 lakh to Rs. 3.18 lakhs, there would have been a bigger fall in the dividend receipts of the Company, which in 1961 were only Rs. 16.15 lakhs against Rs. 17.14 lakhs in the preceding year. The fall in the dividend from other investments from Rs. 10.61 lakhs to Rs. 7.70 lakhs is quite marked, and this must be attributed to the unfavourable trading conditions suffered by the Scindia Steam. The Company's trend of profit for the future depends to a considerable extent on the results of the Scindia Steam. Out of its total investment of Rs. 272 lakhs, the shipping company's share is of the value of about Rs. 72.80 lakhs. The shipping industry, as

(*Continued in previous column*)

PROFITS OF FINLAY COTTON GROUP LOWER

DIVIDENDS, HOWEVER, MAINTAINED

VOLUNTARY price control on cloth, which operated throughout 1961, coupled with higher prices of long-staple cotton have had a serious effect on the sales and profits of the three city mills under the management of James Finlay and Company Ltd., Bombay, namely, the Finlay Mills Ltd., the Swan Mills Ltd. and the Gold Mohur Mills Ltd., during the year ended 31st December, 1961. The extent of damage suffered by each has naturally depended upon its operating efficiency, and the popularity of its products in the market. The worst sufferer has been the Gold Mohur, while the one to escape with the least damage has been the Finlay Mills. It is interesting to note, however, that, despite the variations in individual performance, all the three companies have managed to maintain their ordinary dividends, without drawing too heavily from the reserves.

The turnover of Finlay Mills has increased by 18.7 per cent from Rs. 253.44 lakhs to Rs. 300.89 lakhs, but, against this, the rise in the cost of raw materials and stores consumed has been only 7.8 per cent, from Rs. 138.85 lakhs to Rs. 149.70 lakhs and this has resulted in lifting the gross profit marginally by Rs. 2.06 lakhs to Rs. 44.64 lakhs. Unfortunately, this increase has been more than fully absorbed by higher essential provisions which have aggregated Rs. 27.90 lakhs, as against Rs. 24.76 lakhs previously and the net profit is, therefore, slightly lower at Rs. 16.74 lakhs as compared with Rs. 17.82 lakhs for 1960. The net additions to reserves are smaller at Rs. 2.58 lakhs, as compared with Rs. 4.42 lakhs conserved last year. Consequently, it has been possible for the Company to maintain the ordinary dividend at Rs. 23.00 per share, subject to deduction of tax, claiming as before, a sum of Rs. 11.50 lakhs.

Though the sale proceeds of Swan Mills have been well maintained during the year at a little over Rs. 217.00 lakhs, an increase of nearly Rs. 10.00 lakhs in total expenses and a decline of Rs. 2.66 lakhs in the value of closing stocks have cut deeply into the margins available to the Company and have brought about a steep fall in the gross profit from Rs. 51.48 lakhs to Rs. 34.51 lakhs. Total essential provisions have no doubt decreased by Rs. 8.21 lakhs to Rs. 23.51 lakhs, but this has not helped matters much and the Company has, therefore, ended the year with a net profit of only Rs. 11.00 lakhs which is lower by nearly the same amount than the previous year's figure of Rs. 21.31 lakhs. Withdrawal from reserves has been brought down from Rs. 13.46 lakhs to Rs. 3.20 lakhs but credits to reserves even more so from Rs. 22.20 lakhs to Rs. 23.000 only. The Directors have, therefore, found no difficulty in maintaining the rate of ordinary dividend at the attractive level of 36 per cent, subject to deduction of tax. Total dividend disbursement will claim Rs. 12.96 lakhs, leaving Rs. 10,399 as a carry forward as against Rs. 26,062 brought in.

The worst sufferer in the trio has been Gold Mohur which has suffered a setback of Rs. 16.19 lakhs to Rs. 225.43 lakhs in sales. Not only has the turnover declined but there has also been, for some reason or other, an increase out of all proportion in expenses as well, from Rs. 198.30 lakhs to Rs. 207.49 lakhs, with a consequent shrinkage in gross profit of Rs. 20.57 lakhs to Rs. 20.82 lakhs. Lower essential provisions, totalling Rs. 12.69 lakhs as against Rs. 22.11 lakhs last year, have mitigated the situation somewhat and the net profit, therefore, shows a decrease of Rs. 11.15 lakhs to Rs. 8.13 lakhs. In order to maintain the dividend at 21.5 per cent, subject to deduction of tax, claiming Rs. 10.75 lakhs, the Directors have been obliged to withdraw a sum of Rs. 3.50 lakhs from the general reserve.

The relative performance of the three mills during the past four years is presented in the comparative table appearing at the foot of this review.

Despite the setback in fortunes in recent years, the financial position of the companies continues to be strong. In each case, the share capital, all in equity shares, is well supported by sizable reserves and the gross block has been written down to a third of its original cost. None of the companies has availed of any bank or other loans and the total of current assets, loans and advances, and investments afford, in each case, a more than adequate cover to current liabilities and provisions, thereby depicting a highly comfortable working capital position. One wonders in this situation whether the companies cannot diversify their activities and put their surplus resources to a more profitable use. The balance-sheets of the Companies as at 31st December 1961 are presented in summarised form in the following table:

(In lakhs of rupees)

	As at 31st December 1961		
	Finlay	Swan	Gold Mohur
LIABILITIES			
Share capital	50.00	36.00	50.00
Reserves	83.17	88.65	63.09
	133.17	124.65	113.09
Other liabilities and provisions	69.08	55.59	47.75
Total	202.25	180.24	160.84
ASSETS			
Gross block	212.84	216.66	112.19
Less depreciation	129.92	134.21	76.68
Net block	82.92	82.45	35.51
Current assets, investments, and loans and advances	119.33	97.79	125.33
Total	202.25	180.24	160.84

The renovation and modernisation programme of the Mills continued during the year. The Finlay Mills acquired new assets worth Rs. 10.23 lakhs during 1961 and has placed orders for 15 ring spinning frames in addition to 23 spinning frames ordered earlier. The delivery of these is expected to commence early in 1963. Orders for other auxiliary equipment have been placed and deliveries are anticipated to materialise soon. The Swan Mills, in a like manner, expect the delivery of the 35 ring frames ordered by it early in 1963. In the case of Gold Mohur, delivery of the 36 ring spinning frames took place in 1961 and the machines are under erection. Orders have been placed for a further lot of 15 frames, and a winding and warping unit.

The current market quotations for the Rs. 100 fully paid ordinary shares of the companies and the net yield on an *ex-div.* basis are given below:

	Price Rs.	Net yield %
Finlay	380.00 *c.d.*	5.1
Swan	390.00 *c.d.*	8.3
Gold Mohur	275.00 *c.d.*	5.4

(In lakhs of rupees)

	Finlay Mills				Swan Mills				Gold Mohur Mills			
	For the year ended 31st December				For the year ended 31st December				For the year ended 31st December			
	1961	1960	1959	1958	1961	1960	1959	1958	1961	1960	1959	1958
Sale of cloth, yarn and waste	300.89	253.44	250.03	194.80	217.12	217.31	235.95	214.80	225.43	241.62	226.36	214.59
Other income	44.23	43.71	42.75	37.07	8.84	8.12	6.23	4.16	1.69	2.26	0.83	0.29
Closing stocks of cloth, yarn and waste	46.22	63.14	41.86	46.77	32.77	35.43	30.58	40.80	54.30	58.11	57.30	62.62
Raw materials and stores consumed	149.70	138.85	115.84	107.87	79.28	76.88	84.65	98.16	82.90	76.88	68.27	88.97
Other expenses	133.86	137.00	122.43	105.94	108.51	101.92	94.41	90.78	124.59	121.92	116.52	109.88
Gross profit	44.64	42.58	50.10	19.16	34.51	51.48	52.90	26.71	20.82	41.39	36.88	18.01
Agents' remuneration	3.44	3.00	3.86	1.85	2.24	3.90	4.47	2.19	1.67	3.64	3.28	1.66
Provision for—												
Depreciation	10.11	9.00	8.17	6.78	11.92	12.52	7.51	6.40	3.95	3.77	3.65	3.60
Taxation	14.35	12.76	14.56	5.00	9.35	13.35	14.75	8.22	7.07	14.70	13.33	7.06
Net profit	16.74	17.82	23.51	6.03	11.00	21.71	26.17	9.90	8.13	19.28	16.62	6.59
Withdrawal from reserves and provisions	...	11.50	11.50	8.00	3.20	13.46	12.96	9.00	3.50	10.75	10.75	7.95
Items relating to prior years written back	1.88	0.95	9.88	...	1.16	...	2.80	...	0.88	0.44	2.04	...
Transfer to reserves	3.46	16.87	18.68	6.03	0.23	22.20	23.37	9.90	0.03	18.84	14.58	7.04
Dividend	11.50 (23%)*	11.50 (23%)*	11.50 (23%)*	8.00 (16%)	12.96 (36%)*	12.96 (36%)*	12.96 (36%)*	9.00 (25%)	10.75 (21.5%)*	10.75 (21.5%)*	10.75 (21.5%)*	7.50 (15%)
Carry forward	0.27	0.27	0.27	0.27	0.10	0.26	0.26	0.26	0.07	0.10	0.10	0.10

* Subject to deduction of tax.

BENGAL COAL

PROFIT-MARGIN SHRINKS

A FURTHER rise in production and sales to new peak levels and a small setback in the profit-margin (ratio of gross profit to sales) are the features of the results of the Bengal Coal Company Ltd. (Managing Agents: Messrs. Andrew Yule and Co., Ltd., Calcutta) for the year ended 31st October 1961. The Company, which accounts for about 30 per cent of the country's output of selected 'A' grade coal, had raised during the year under review 3,188,709 tonnes of coal and despatched 3,426,347 tonnes, as against 3,096,576 tonnes and 3,213,514 tonnes, respectively, in the previous year. Sales realisations spurted by Rs. 87 lakhs to Rs. 869.31 lakhs. But the gross profit at Rs. 123.68 lakhs shows hardly any improvement over that for the previous year, when it was Rs. 123.59 lakhs. Consequently, the profit-margin has shrunk from 15.8 per cent to 14.2 per cent. The causes for this phenomenon are a rise in costs and a relatively unremunerative selling price for coal. The freight bill went up from Rs. 93.55 lakhs to Rs. 119.53 lakhs, staff expenses from Rs. 333.23 lakhs to Rs. 370.93 lakhs and colliery and other expenses from Rs. 257.97 lakhs to Rs. 284.25 lakhs. The net profit has actually been lower at Rs. 41.39 lakhs as compared with Rs. 43.85 lakhs for the preceding year due to larger essential provisions, with depreciation claiming Rs. 24.88 lakhs as against Rs. 23 lakhs a year before and taxation Rs. 51.75 lakhs as against Rs. 49.50 lakhs. The Managing Agents have satisfied themselves with a lower remuneration of Rs. 5.66 lakhs as against Rs. 7.24 lakhs in the previous year. The return to ordinary shareholders has been reduced from 25 per cent to 21 per cent, subject to tax, though the payment is on the capital increased by the issue of 20,000 ordinary shares of Rs. 100 each issued as rights shares at a premium of Rs. 100 per share. The Company also issued during the year 6.6 per cent debentures of Rs. 60 lakhs. The new issue expenses amounting Rs. 2.64 lakhs have been adjusted against the year's profit. Besides, Rs. 4 lakhs have been transferred to the newly created debenture sinking fund. A sum of Rs. 7.55 lakhs, nearly the same as in the previous, has been transferred to development rebate reserve, but appropriations to other reserves have aggregated only Rs. 6.23 lakhs, as against Rs. 14 lakhs a year before. The carry forward is still at the substantial level of a little over Rs. 10 lakhs.

The table below brings out the salient features of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st October			
	1961	1960	1959	1958
Sale proceeds (gross)	869.31	782.31	721.69	722.38
Other income	79.33	48.95	38.09	26.97
Closing stock of coal	19.46	23.94	14.05	15.83
Coal purchases	45.78	33.14	41.93	33.99
Freight paid	119.53	93.55	85.55	95.83
Staff expenses	370.93	333.23	311.09	306.51
Colliery and other expenses	284.25	257.97	219.81	204.86
Gross profit	123.68	123.59	99.62	106.20
Provision for—				
Depreciation	24.88	23.00	19.50	17.25
Taxation and cess	51.75	49.50	40.44	58.61
Managing Agents' remuneration	5.66	7.24	6.22	6.43
Net profit	41.39	43.85	33.46	23.91
Transfer from reserves and excess provisions	4.94	3.62	6.68	2.00
Debenture issue expenses	2.64	...	...	...
To debenture sinking fund	4.00	...	...	...
To development rebate reserve	7.55	7.37	6.42	3.79
To reserves	6.23	14.00	8.10	5.00
Dividends—				
4.5 per cent. preference	0.80*	0.80*	0.90*	0.62†
Ordinary	25.20 (21%)*	25.00 (25%)*	25.00 (25%)*	17.50 (17.5%)
Carry forward	10.42	10.50	10.20	10.49
Raisings of coal (in tonnes)	3,188,709	3,096,576	2,880,896	2,862,170
Despatches (in tonnes)	3,426,347	3,213,514	3,062,662	3,119,905
Market value of ordinary share (in rupees):	1961	1960	1959	1958
High	400.00	351.00	323.00	300.00
Low	314.00	297.00	273.00	201.00

* Subject to deduction of tax.
† Less income-tax paid by the Company.

The Directors state in their report that raisings could have been higher at several of the Company's collieries but for the severe shortage of power experienced in the Raniganj coalfields, the shortage of explosives and the insufficiency of rail transport. During the year, however, it was possible to start raising coal from the Hatnal seam at Sodepore 9 and 10 pits, at which the Dishergarh seam raisings had been exhausted some two years ago. From July last, the Company resumed the working of Sanctoria colliery, which had been leased out for a number of years, and the raisings have since increased to more than 9,000 tonnes a month. The Company project reports for increased output under the third Plan have been approved by the autho-

(*Continued on next page*)

ATUL PRODUCTS' PROFIT DECLINES

COSTS MOUNT UP—COAL AND RAW MATERIALS IN SHORT SUPPLY

COST inflation hit Atul Products Ltd. (Managing Agents: Messrs. Lalbhai Sons and Co., Ahmedabad) during the year ended 31st December 1961. Sales continued their uptrend during the year and rose from Rs. 418.95 lakhs to Rs. 474.81 lakhs. But the gross profit has come down from Rs. 148.98 lakhs to Rs. 139.11 lakhs. Thus, the healthy trend of a simultaneous rise in turnover and earnings witnessed since 1953, when the Company came into prominence, has been interrupted for the first time. Nevertheless, the taxable return to shareholders has been maintained at 12 per cent per annum, and the revenue reserves strengthened further by a transfer of Rs. 40 lakhs, as against Rs. 34 lakhs in the previous year, out of the distributable surplus of Rs. 68.06 lakhs, made up of a net profit of Rs. 63.91 lakhs and the surplus brought forward from the previous year of Rs. 4.16 lakhs. Still, there is a balance of Rs. 2.38 lakhs.

During the year, the cost of raw materials rose further from Rs. 187.45 lakhs to Rs. 193.15 lakhs, staff expenses from Rs. 19.57 lakhs to Rs. 24.07 lakhs and other expenses from Rs. 118.56 lakhs to Rs. 178.49 lakhs, excluding excise of Rs. 27.61 lakhs. In fact, the cost inflation, that had crept in during the previous year, became quite apparent in the year under review. This will be clear from a comparison of the increases in turnover, gross profit and total costs, excluding excise, in 1961 over the levels in 1959. The turnover shows a rise of Rs. 121 lakhs (from Rs. 353.81 lakhs to Rs. 474.81 lakhs), gross profit of Rs. 28.49 lakhs (from Rs. 110.62 lakhs to Rs. 139.11 lakhs) and costs of Rs. 129.97 lakhs (from Rs. 265.74 lakhs to Rs. 395.71 lakhs). Expressed percentagewise, the increases work out to 34.1 in turnover, 25.7 in gross profit and 48.9 in costs. The strident increase in costs has reduced the Company's profit-margin (the ratio of gross profit to sales) to 29.2 per cent last year from 35.5 per cent in 1960 and 31.2 per cent in 1959. In other words, the benefits of a rising turnover, enjoyed by the Company in the previous year, were completely lost during the year under review.

Notwithstanding the decline in gross profit, the Directors have judiciously stepped up the provision for depreciation from Rs. 19.94 lakhs to Rs. 22.18 lakhs. Taxation claims Rs. 38.50 lakhs, as against Rs. 49 lakhs in the previous year. Managing Agents' remuneration has been curtailed from Rs. 11.17 lakhs to Rs. 7.20 lakhs. These have slightly reduced the setback in earnings at the level of net profit which works out to Rs. 63.91 lakhs, as against Rs. 68.87 lakhs in the previous year. Besides increasing the transfer to general reserve from Rs. 34 lakhs to Rs. 40 lakhs, the Directors have set aside Rs. 6 lakhs as against Rs. 4.50 lakhs a year before, for development rebate reserve. In the circumstances, the carry forward at Rs. 2.38 lakhs can be deemed to be quite satisfactory and indicative of the fact that the dividend has been fully earned.

The table below shows at a glance the Company's performance in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	474.81	418.95	353.81	289.52
Other income	52.14	42.87	25.47	9.03
Closing stocks of finished goods and goods-in-progress	62.58	27.09	14.36	17.29
Raw materials consumed	193.15	187.45	172.47	144.53
Staff expenses	24.07	19.57	16.15	12.23
Excise duty	27.61	..	..	..
Other expenses	178.49	118.56	77.12	69.22
Gross profit	139.11	148.98	110.62	57.29
Provision for—Depreciation	22.18	19.94	19.72	17.88
Taxation	38.50	49.00	45.00*	1.25†
Managing Agents' remuneration	7.20	11.17	9.10	4.00
Net profit	63.91	68.87	36.80	34.21
Excess provisions written back	..	..	0.05	..
Preliminary expenses written off	..	..	..	..
To reserves	40.00	34.00	9.50	7.50
,, development rebate reserve	6.00	4.50	3.00	7.00
Dividend	27.00 (12%)‡	26.94 (12%)‡	24.00 (12%)‡	19.92 (10%)
Carry forward	2.38	4.16	0.73	0.33
Market value of ordinary shares (In rupees):	1961	1960	1959	1958
High	620.50	602.50	510.00xr	227.75
Low	429.00	428.50	213.00xr	175.00

* Includes Rs. 7.50 lakhs in respect of 1958.
† Wealth tax.
‡ Subject to deduction of tax.

Apart from cost inflation, shortages of coal and raw materials also contributed to the setback, as they prevented the Company from maintaining a satisfactory level of production; it is estimated that they resulted in a loss of output of 300 tons of dyes. The Directors say that the supplies of coal and raw materials would be even more difficult during the current year.

The rise in sale proceeds, despite fall in production, is due partly to the imposition of excise duty and partly to the bigger sale of vat dyes of Atic Industries Ltd., distributed through the Company. Raw materials supplies are expected to be satisfactory only when the schemes adopted by the Company for the manufacture of intermediates are fully implemented. It is satisfying to find that the plant for the manufacture of sodium naphthionate, sulfanilic acid, meta phenylene diamine, etc., is now working and has made the Company self-sufficient in these intermediates. The Company has also started the manufacture of chlorohydroxyquinoline hydrochloride and 4-chloronitrophenol (sodium), intermediates required in the manufacture of quiniodochlor (vioform). The plants for the manufacture of BON acid and caustic soda are under erection. The foreign exchange components of the major schemes for the manufacture of intermediates have been partly covered by a loan from the Industrial Credit and Investment Corporation of India and partly by an agreement with the Commonwealth Development Finance Company Ltd., London. Steel structure for the plant building has been ordered as also a part of the equipment. The Directors expect the plants to be completed by the end of next year.

Among the Company's subsidiaries, CIBA-TUL Ltd. came across some delay in the progress of its schemes due to insufficient foreign exchange for the purchase of equipment. CIBA Ltd., Switzerland, was persuaded to advance a foreign exchange loan of Rs. 56 lakhs (Sw. Frs. 5 million) to the Company, and the Government's approval for this arrangement was obtained. The Company earned a profit of Rs. 1,077 after providing Rs. 2,360 for taxation. Ameer Trading Corporation Ltd., another subsidiary, earned a profit of Rs. 32,670 after providing Rs. 6,000 for income-tax. It distributed Rs. 33,600 by way of a dividend at Rs. 7 per share, of which Atul Products received Rs. 14,400. The Company also received Rs. 20 lakhs from Atic Industries Ltd. by way of dividends. Credit for these dividends has been taken in the year's accounts.

The financial position of the Company, as at the end of the year, reveals its large dependence of external funds. Out of its issued capital of Rs. 300 lakhs, Rs. 249.95 lakhs have been subscribed for and Rs. 241.35 lakhs are paid-up. Reserves amount to Rs. 125.97 lakhs. As against this, the gross block of Rs. 548.53 lakhs, showing a rise of Rs. 142.76 lakhs during the year, stands at a written down value of Rs. 402.89 lakhs. This large-scale expansion is financed by borrowings, mostly from the Government, which, inclusive of the interest accrued (Rs. 4.70 lakhs) are shown at Rs. 172.06 lakhs. By 31st March 1962, the total amount outstanding on this score had increased to Rs. 247.36 lakhs after taking into account the repayment of Rs. 37.64 lakhs made so far. The Company has applied to the Government for the final instalment of Rs. 15 lakhs from the loan. In addition to this long-term loan, the Company borrowed during the year Rs. 71.92 lakhs from its banks. In the previous year, this liability was a mere Rs. 66,416. On top of this, the Company has unsecured loans of Rs. 103.46 lakhs, of which the I.C.I.C.I. loan amounts to Rs. 15.56 lakhs (as against Rs. 80.34 lakhs a year before), the balance of Rs. 87.90 lakhs being fixed deposits. Its other current liabilities and provisions total Rs. 209.79 lakhs. Exclusive of the Government borrowings and the I.C.I.C.I. loan, which aggregate Rs. 187.62 lakhs, its total indebtedness to outsiders amounts to Rs. 369.61 lakhs, and is covered by current assets, loans and advances of Rs. 377.03 lakhs. In addition, there are investments (all unquoted) amounting to Rs. 144.62 lakhs. With further expansion programme in hand, it would be proper for the Company to raise its own funds.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 487.50 *cum-div.*, and offer a net yield of 1.7 per cent per annum, on the *ex-div.* basis. Such a low yield reflects the share market's optimistic view of the prospects for the Company.

BENGAL COAL

(Concluded from previous page)

rities and import licences will be issued shortly. The foreign aid through the World Bank loan will cover the cost of the imported plant and machinery for the Company's existing collieries as also for the new sinkings for coking coal at Murulidih in Jharia, and the reopening of the colliery at Kunustoria in Raniganj.

The financial position of the Company is highly satisfactory. Its issued and paid-up capital of Rs. 140 lakhs, including Rs. 20 lakhs in preference shares, is comfortably covered by reserves and surplus at Rs. 254.73 lakhs. With the issue of Rs. 60 lakh debentures, bank borrowings have come down from Rs. 65.47 lakhs to Rs. 1.39 lakh. Current liabilities and provisions amount to Rs. 285.05 lakhs. As against this, current assets, loans and advances aggregate Rs. 408.31 lakhs. Besides, there are investments standing at Rs. 13.40 lakhs, of which those quoted in the market amount to Rs. 9.07 lakhs, commanding a market value of Rs. 9.03 lakhs. The gross block increased during the year from Rs. 745.30 lakhs to Rs. 789.11 lakhs, and has been adequately written down to Rs. 281.49 lakhs. Capital wroks-in-progress are shown at Rs. 33.98 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 345 *cum-final-dividend*, and offer, at this rate and on *ex-div.* basis, a net yield of 4.3 per cent per annum.

ANNOUNCEMENT

THE STATE BANK OF JAIPUR

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as from the 1st May 1962,
of
SPECIAL CREDIT TRANSFER SYSTEM

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THE STATE BANK OF JAIPUR

Subsidiary of the State Bank of India

AT THE NATION'S SERVICE

SYNOPSES OF COMPANY REPORTS

New India Industries Ltd.

[*Managing Agents*: Distributors (Baroda) Private Ltd., Baroda.]

19*th Annual General Meeting*—Held on 23rd April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	1,13,00	1,13,72
Closing stock—finished goods	1,81	2,24
,, —in process	3,47	3,61
Gross profit	16,78	21,94
Transfer to Managing Agents' commission	1,30	1,81
,, ,, depreciation	3,61	3,56
,, ,, development rebate reserve	44	33
,, ,, provision for taxation	6,10	8,50
Net profit	5,33	7,74
Adjustments	1,45	1,37
Appropriations:		
Total available balance	6,78	9,11
Transfer to general reserve	5,00	1,00
,, ,, reserve for doubtful debts	4	3
,, ,, provision for taxation for past period	51	Nil
Proposed dividends (taxable) 8.57 R.C. Preference	80	..
Proposed dividends (taxable) Ordinary	Nil (Nil)	6,90 (25%)
Carry forward	43	1,18

N.B.—Adjustments represent the credit balance brought forward from the previous year and other credit items like excess provisions, etc.

Extracts from the Directors' report: As the Company has embarked on the Photographic paper project which was estimated to cost about Rs. 85 lakhs and as the bulk of the capital expenditure was financed out of refinance loan of Rs. 50 lakhs, the Directors consider it desirable and in the best interest of the Company to conserve its cash resources. The Directors therefore recommend, instead of paying a cash dividend out of the profits of last year, capitalisation of a sum of Rs. 3,63,500 from general reserve and distributing the same by way of bonus shares in proportion of one new ordinary share for every 10 ordinary shares held subject to the approval of the Controller of Capital Issues. The necessary application for the consent of the Government to the issue of bonus shares is being made.

The fall in profits is accounted for by higher cost on account of cotton, varnish and other raw materials and lower realisation on yarn and cotton healds.

Share Capital: During the year under report the Company had issued and allotted 15,000 redeemable cumulative preference shares of Rs. 100 each at par while 8,750 ordinary shares were allotted to Messrs. Agfa AG, Leverkusen at a premium of Rs. 100 per share.

Camera Factory: The working of the camera factory showed improvement during the year. Last year the company had submitted a scheme to the Government for manufacture of *Isolette Camera* but the Government of India did not approve of the same due to a large expenditure of foreign exchange required for the scheme. The Company has, therefore, submitted in December 1961 a scheme for the manufacture of *Agfa Click III* and *Agfa Clibo Flashgun* after negotiations with its collaborators Messrs. Agfa AG, Leverkusen. Foreign exchange requirement for this scheme being very small, the Company is confident that this scheme will be approved by the Government.

Photographic Paper Factory: About 80 per cent of the construction work is over. A portion of the machinery has arrived at site. The remaining machinery will be shipped very shortly. Pilot working of the factory is expected to commence in July-August, 1962. Regular production may start in another three months and full working may be established by the end of 1962.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	51,35,000	Gross block	90,21,992
Reserves and surplus	56,46,657	—Depreciation	51,00,895
Other liabilities	39,39,371	Net block	39,21,297
		Block in progress	31,15,203
		Goodwill	1,000
		Current assets	47,17,273
		Investments	2,34,985
		Cash	27,31,267
Rs.	1,47,21,028	Rs.	1,47,21,028

* Paid-up capital consists of 36,350 ordinary shares of Rs. 100 each fully paid up and 15,000 —8.57 redeemable cumulative preference shares of Rs. 100 each fully paid-up.

New Beerbhoom Coal Co., Ltd.

(*Managing Agents*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 26th April 1962.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1961	1960
Coal sales (gross)	1,74,34	1,56,22
Closing stock of coal	1,91	2,06
Gross profit	17,88	20,02
Transfer to Managing Agents' commission	1,02	1,33
,, ,, provision for depreciation	5,20	5,05
,, ,, ,, ,, cesses	1,28	1,58
,, ,, ,, ,, royalties	17	8
,, ,, ,, ,, taxation	5,45	5,40
Net profit	4,81	6,58
Adjustments	1,33	88
Appropriations:		
Total available balance	5,64	7,46
Transfer to development rebate reserve	32	1,64
,, ,, general reserve	50	2,00
To dividends (taxable) Preference	18	18
,, ,, Ordinary	3,20 (10%)*	2,84† (16%)
Carry forward	94	80

N.B.—Adjustments include the balance brought forward from the previous year; excess provisions written back and other credit items.

* On the increased ordinary capital of Rs. 31,97,210 and is made up of an interim dividend of 5% per cent. or 35 nP and a final dividend of 5% per cent. or 65 nP.

† The dividend for 1960 was on a paid-up capital of Rs. 17,76,280.

Extracts from the Directors' report: Raisings for the year were 7,90,386 tonnes compared with 7,14,376 tonnes in the previous year and 6,56,767 tonnes in the year ended 31st October, 1959. Despatches amounted to 7,86,324 tonnes compared with 7,16,944 tonnes and 6,46,381 tonnes in the two previous years.

Although the raisings for the year constitute a record in the history of the Company, there was a substantial decrease in the output of Selected "A" coking coal at Victoria Colliery. Owing to disturbances in the underground workings at this colliery, it was decided in conjunction with the Chief Inspector of Mines to suspend all mining operations for a time whilst very considerable quantities of sand were stowed underground in order to stabilise the workings. There were accordingly no raisings from the pits for almost three months as from 10th July, 1961, and during this period about 1,75,000 tonnes of sand were transported by the colliery ropeway and by road for stowing underground. This major operation has imposed a considerable burden on the Company, since a substantial proportion of the total cost is not being compensated by the Coal Board, but it has resulted in the conservation of large areas containing this high grade Ramnagar Seam coking coal. With the resumption of mining operations early in October, 1961, Victoria Colliery is now operating normally.

The output of Victoria West Colliery has shown a slight decline, mainly on account of shortage of sand resulting from one of the pumping pontoons being washed away in the Barakar river, when there was a heavy release of water from the Maithon Dam in September, 1961. The total quantity of sand stowed in this colliery and in Victoria increased to almost 8,20,000 tonnes.

The coal raisings from both Barmondia and New Kendah Collieries have shown satisfactory increases. At the latter colliery, coal is now being raised from the pits deepened to the Dobrana Seam, although it appears unlikely that any substantial raisings can be obtained from these two pits during the next two or three years as it is not possible at present to obtain the increased power required for the colliery.

The Project Reports which were submitted by the Company in respect of the increased output required for the third Plan were duly approved in respect of the foreign exchange assistance being granted to the private sector of the coal industry by the International Bank for Reconstruction and Development. Arrangements are now being finalised to obtain the import licences for plant and machinery.

Accounts in brief as at 31st October 1961 are as under:—

Liabilities	Rs.	Liabilities	Rs.
Capital*	33,97,210	Gross block	1,69,65,316
Reserves and surplus	35,40,878	—Depreciation	1,11,11,826
Other liabilities	60,30,748	Net block	58,53,490
		Block in progress	3,05,358
		Current assets	64,70,681
		Investments	12,486
		Cash	3,26,810
Rs.	1,29,68,836	Rs.	1,29,68,836

* Paid-up capital consists of 20,000 seven per cent. cumulative preference shares of Rs. 10 each fully paid up and 3,19,721 ordinary shares of Rs. 10 each fully paid-up.

National Ekco Radio and Engineering Co., Ltd.

(*Secretaries and Treasurers*: The Investment Corporation of India Ltd., Bombay.)

21*st Annual General Meeting*—Held on 23rd April 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	1,16,26	1,00,33
Gross profit	27,66	24,72
Transfer to Secretaries of Treasurers' remuneration	1,84	2,06
,, ,, depreciation	76	70
,, ,, development rebate reserve	4	22
,, ,, provision for taxation	11,60	8,15
Net profit	13,42	13,59
Adjustments	28	22
Appropriations:		
Total available balance	13,70	13,81
To income-tax for the past year	4	Nil
,, development expenditure written off	3,20	6,28
Transfer to general reserve	2,50	Nil
,, ,, reserve for contingencies	1,50	3,00
Proposed dividend (taxable) ordinary	6,00 (20%)	4,50 (15%)
Carry forward	46	8

N.B.—Adjustments include the balance brought forward from the previous year and excess provisions relating to previous years.

Extracts from the Directors' report: While the percentage of taxable profit to turnover for 1961 is more or less maintained as that of the previous year, the percentage of net profit to turnover has somewhat declined partly because of greater provision being necessitated for income-tax as also on account of the fact that the Company was obliged to reduce considerably the production of larger variety of radio receivers (which generally yield greater profit) as a result of the fall in demand for the same experienced with the introduction of Central Excise Duty of 20 per cent in March 1961. Viewed in this context, it is gratifying to note that the total turnover for the year increased by about 16 per cent. It was during the year in question that National-Ekco introduced in the market among other new models, its low-priced *JANATA* receiver—Model U756 costing Rs. 125 to the consumer (exclusive of local sales tax). This set was well received by the market and steps are being taken to increase the production of the same during the current year.

The Directors are hopeful that with the increased purchasing power of the people brought about by successive Five-year Plans, the demand for radio receivers, particularly small and low-priced ones will gradually continue to increase and to meet this anticipated increase in demand, the Directors are cautiously planning to expand production. They are further pleased to report that negotiations for the purchase of vacant lands in north of Bombay have been satisfactorily concluded and it is hoped that the new factory and administrative buildings will be constructed and be ready for occupation early in 1963.

The Plastic Division worked quite satisfactorily during the year under review and with the Company's plans to increase production of those receivers using plastic cabinets, a portion of the Company's requirements of bakelite cabinets and knobs remains unsatisfied and to remedy the situation it has been decided to obtain another moulding press.

Although mention was made in the last report regarding some proposals being considered by the Board to set up a plant to manufacture radio components, as yet, nothing has been finalised; it is hoped that the negotiations in this regard will be satisfactorily concluded shortly.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	19,10,119
Reserves and surplus	8,29,592	—Depreciation	13,48,824
Other liabilities	28,74,894	Net block	5,61,295
		Block in progress	20,000
		Current assets	46,84,429
		Cash	14,38,762
Rs.	67,04,486	Rs.	67,04,486

* Paid-up capital consists of 30,000 ordinary shares of Rs. 100 each fully paid-up.

Ramnugger Cane and Sugar Co., Ltd.

(*Managing Agents*: Messrs. Anderson Wright Ltd., Calcutta.)

25*th Annual General Meeting*—25th April 1962.

Working Results:

	For the year ended 31st August (In thousand rupees)	
	1961	1960
Sales—Sugar	1,17,30	60,27
Molasses	1,54	81
Closing stock—sugar, molasses and sugar-in-process	69,75	49,16
Excise duty	31,80	22,44
Gross profit (Factory and Agricultural Department)	29,23	24,92
Transfer to Managing Agents' commission	2,32	2,26
,, ,, depreciation	3,93	3,16
,, ,, provision for taxation	9,90	8,20
,, ,, development rebate reserve	9	50
Net profit	12,99	10,80
Adjustments	24	70
Appropriations:		
Total available balance	13,23	11,50
Transfer to general reserve	5,00	1,00
,, ,, reserve for replacements and extensions	1,50	5,00
To additional preference dividend for 1959	Nil	7
Proposed dividends (taxable) 6% C. preference	31*	31*
,, ,, ordinary	5,81 (35%)	4,98 (30%)
Carry forward	61	14

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

* Preference dividend is calculated at 7.8 per cent. subject to deduction of tax.

Extracts from the Directors' report: Milling operations started on the 9th November, 1960, and continued up to the 7th April, 1961. During this period the factory crushed a record quantity of 36,38,095 maunds of sugarcane with an average sugar recovery of 9.62 per cent, as compared with 25,58,490 mds. and 9.08 per cent during the preceding season.

The total crush was made up of 13,41,934 mds. of cane from the Company's own farms and 22,96,161 mds. from cultivators. The corresponding figures for the previous season were 16,08,761 mds. and 9,49,729 mds. respectively. The plantation of this crop was considerably delayed due to heavy floods in October, 1959, and consequently yields were low. There was, however, an overall increase in cane acreage in the area due to increase in cane price from Rs. 1.44 per maund to Rs. 1.62 per maund, effective from season 1959-60, and other development measures taken by the Company.

The scheme of payment of a rebate to the extent of 50 per cent in basic excise duty on all sugar produced by factories in excess of their average production during the previous two seasons was continued. The Company's factory was able to claim a rebate of Rs. 5,62,845 on this account. A quantity of 8,841 bags was despatched to the Export Agency under the Sugar Export Promotion Act, 1958. A further lot of 4,917 bags is yet to be delivered on this account.

The factory's total production of molasses was requisitioned by the West Bengal Government for supply to distilleries in the State at a rate of Re. 1 per maund.

The industry started the season 1961-62 with an unprecedented carry-over of 11.40 lakh tons of sugar from the previous season. With huge opening stocks, stagnant consumption and rather uncertain export prospects, the industry would appear to be facing a crisis of surplus.

The factory is running smoothly and has, up-to-date, crushed 11,64,065 quintals (31,19,694 maunds) of cane with an average sugar recovery of 10.37 per cent.

Account in brief as at 31st August 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,59,320	Gross block	81,62,698
Reserves and surplus	54,67,364	—Depreciation	46,43,344
Other liabilities	66,99,267	Net block	35,19,354
		Block-in-progress	2,87,724
		Current assets	1,06,48,005
		Cash	2,977
		Miscellaneous expenditure	68,391
Rs.	1,42,26,451	Rs.	1,42,26,451

* Paid-up capital consists of 4,000 six per cent. cumulative preference shares of Rs. 100 each fully paid up and 1,65,982 ordinary shares of Rs. 10 each fully paid up.

CANARA BANKING CORPORATION

SPURT IN ADVANCES

A SPURT in advances, in refreshing contrast to a slight setback in the preceding year, features the results of the Canara Banking Corporation Ltd. (Chairman: Mr. U. Gopalakrishna Nayak, Udipi, S. India) for the year ended 31st December 1961. Continuing their uptrend, deposits, too, have gone up sizably, but not as much as have advances. Thus, advances, which came down from Rs. 490.65 lakhs to Rs. 488.72 lakhs in 1960, have jumped up to Rs. 615.86 lakhs in 1961. Deposits have risen from Rs. 872.72 lakhs to Rs. 10,12.23 lakhs. The percentage rise over the year is 26 in advances and 15.9 in deposits. The relatively larger increase in advances is also reflected in the rise of 4.8 points to 60.8 per cent. in the credit ratio during the year under review, as against a fall of 2.1 per cent to 56 per cent in the previous year.

As a result of this healthy growth, the Corporation's working during the year has shown a distinct improvement over the steady progress it reflected in the preceding year. To illustrate, the income from interest and discount has increased from Rs. 48.63 lakhs to Rs. 53.94 lakhs and that from commission and exchange from Rs. 11.09 lakhs to Rs. 13.62 lakhs. And since the income from other sources is insignificant at Rs. 0.23 lakh, the improvement in profit from Rs. 6.75 lakhs to Rs. 8.22 lakhs underlines the favourable business conditions enjoyed by the Corporation during the year. Incidentally, the profit shows an increase of more than 100 per cent over the 1958 level of Rs. 4.02 lakhs.

The rather sharp rise in profit during the year, as can be seen from the comparative table below, has been due to only small increases in outward interest (from Rs. 30.89 lakhs to Rs. 32.71 lakhs) and in other expenses (from Rs. 6.94 lakhs to Rs. 7.69 lakhs). But staff expenses have gone up perceptibly from Rs. 14.87 lakhs to Rs. 18.31 lakhs. Taxation has taken away Rs. 3.90 lakhs, as against Rs. 2.80 lakhs a year before. The transfer to statutory reserves has been stepped up from Rs. 1.35 lakh to Rs. 1.65 lakh. The preference and equity dividends have absorbed Rs. 2.63 lakhs, with the latter maintained at 15 per cent, subject to tax.

The table below brings out the progress of the Corporation since 1958:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount earned	53.94	48.63	41.07	34.91
Commission and exchange	13.62	11.09	9.45	8.36
Other income	0.23	0.23	0.11	0.12
Interest paid	32.71	30.89	25.60	22.53
Staff expenses	18.31	14.87	13.22	5.06
Other expenses	7.69	6.94	5.40	11.41
Depreciation	0.87	0.50	0.34	0.37
Profit	8.22	6.75	6.07	4.02
Provision for taxation	3.90	2.80	2.10	1.75
To reserves	1.65	1.35	1.80	0.93
Dividends—				
(Preference and ordinary)	2.63	2.63	2.09	1.33
Rate of ordinary dividend	(15%)*	(15%)*	(15%*)	(D-9%+B-2%)
Carry forward	0.15	0.11	0.14	0.07

	As on 31st December			
	1961	1960	1959	1958
Capital	25.00	25.00	24.98	20.00
Reserves	21.00	19.35	18.00	14.40
Deposits	10,12.23	872.72	844.65	719.35
Borrowings from other banks	12.77	9.25	85.85	29.14
Advances	615.86	488.72	490.65	395.39
Investments	385.31	353.27	349.93	305.65
Cash	105.38	106.77	112.08	109.44
Balance-sheet total	12,92.61	10,84.17	10,74.88	918.94
Ratio to deposits of—	%	%	%	%
Advances	60.8	56.0	58.1	54.9
Investments†	36.8	39.4	37.1	40.6
Cash	10.4	12.2	13.2	15.2
Market value of ordinary share (In rupees):	1961	1960	1959	1958
High	80.50	75.00	77.00	80.00
Low	74.75	69.75	67.50	75.00

* Subject to deduction of tax. † Unencumbered portion.

It will be noted that the slowing down in the progress of the Corporation experienced in 1960, after a swift improvement in 1959, has turned out to be a passing phase in the history of the Corporation, as it has picked up again in 1961. During the year under review, deposits have risen all round, with fixed deposits going up from Rs. 589.18 lakhs to Rs. 670.12 lakhs, savings bank deposits from Rs. 150.88 lakhs to Rs. 183.98 lakhs and current and contingent deposits from Rs. 132.06 lakhs to Rs. 158.12 lakhs. While advances, as mentioned at the outset, have outstripped this growth in deposits, investments, the next important source of income for a bank, have failed to keep an even pace of growth, though the increase here from Rs. 353.27 lakhs to Rs. 385.31 lakhs is not too small. As a result, the ratio of investments to deposits has come down from 39.4 per cent to 36.8 per cent. Cash balances, too, show a small decline from Rs. 106.77 lakhs to Rs. 105.38 lakhs, and consequently, their ratio to deposits has also slipped down from 12.2 per cent to 10.4 per cent. The ratio of the Corporation's "own funds" to deposits works out to 4.5 per cent. To improve it, the Directors propose to issue fresh capital this year.

The Corporation absorbed the small-sized Bank of Citizens Ltd., Belgaum, on 17th October 1961. Out of the 16 branches of this bank, one at Dharwar and another at Karwar were amalgamated with the Corporation's existing branches. Two new branches were opened, one at Akola and the other at Kumta. The total number of branches is now 78. Taking up the business underwriting of shares for the first time, the Corporation underwrote for Rs. 14 lakhs the Rs. 1 crore share issue of the Mysore Paper Mills Ltd. It is interesting to find that it had not to fulfil any part of this underwriting obligation.

MR. MORARJI DESAI ON BANKING AND SAVINGS

The Finance Minister's speech on the final budget for 1962-63, delivered on 23rd April 1962, contains two references which are of importance to bankers in this country. The following is the relevant extract:

"The banking system has an important role to play in this (raising the level of savings to an adequate level). A couple of years ago, there had been signs of a lack of confidence, particularly in some of the smaller banks. I am happy to say that, as a result of various measures which we have taken, including the scheme of deposit insurance which came into force at the beginning of this year, our banking system stands greatly strengthened. The Governor of the Reserve Bank, with whom I recently discussed the matter, mentioned with special satisfaction the fact that the smaller banks will, in his judgment, continue to play a useful and important role in our economy. The State Bank has been opening branches in semi-urban and rural areas. The Reserve Bank is making special efforts to facilitate the availability of credit at low rates of interest to agriculture.

"Although considerable progress has been made in all these directions and bank deposits are steadily on the increase, the banking system does not find it too easy to meet all the demands for funds which are generated by our growing industries and rising levels of production. It seems to me desirable that industry in the private sector should exercise a greater measure of restraint in relying on bank finance. I say this not because I want to slow down the development of the private sector, which is as much a part of our Plan as the public sector, but because private industry has available to it another source of finance which has, in the recent past, become exceedingly important. I refer to finance in the shape of equity capital. There was a time when it was difficult to get a new issue subscribed and only big commercial houses could afford to set up major enterprises. This situation is fast changing. The public at large, even people with modest incomes, are now investing in shares. This is a healthy sign which we must encourage. Government have, therefore, been encouraging existing companies, which wish to branch into new lines of production, to start new companies. Further, in the flotation of new companies, there should be the maximum opportunity for public participation. It seems also desirable that new companies should aim at raising a larger proportion of the capital they need through equity shares, rather than by loans, as they did in the past. The pursuit of these policies will mean that the ownership of private industry will become more widebased and the concentration of economic power will be reduced.

"The banking system also provides finance to the public sector. Apart from the investments which it makes in Government securities, public sector undertakings draw upon the banks to meet their requirements of working capital. Life insurance, like banking, is yet another source of finance for our development. The Life Insurance Corporation is a major investor in Government securities. It also contributes to the development in the private sector. It is making special efforts to popularise insurance in the rural areas through its *Janata* scheme and is using *panchayats* and co-operative societies in order to spread insurance in the villages.

"In the effort to mobilise savings for the public sector, I attach the greatest importance to the Small Savings movement. During the second Plan period, the net collections from small savings, including Prize Bonds, amounted to nearly Rs. 415 crores, which was roughly 9 per cent. of the total outlay in the public sector in the second Plan. The third Plan target for net collections from small savings is Rs. 600 crores. We had, accordingly, budgeted last year for a net collection of Rs. 105 crores from small savings. But judging from the progress of collections during the year, the revised estimates presented last month came down to Rs. 95 crores and I would not rule out the possibility of actuals being even lower. Clearly, we shall have to redouble our efforts to make the Small Savings Scheme a success, particularly in the rural areas. I would invite the co-operation of every member of this House in this great task.

"The Government must, of course, for its part, do a great deal too. We have to improve our selling arrangements as well as service to the small grower. We must devise new schemes to suit his needs. This is engaging my urgent attention at the moment. I can make one announcement straightaway. At present, contributions to provident fund and to life insurance policies are, within certain limits, eligible for a rebate on income-tax. However, for those who are not salaried workers or wage-earners, there is no scheme of provident fund. The opportunity for life insurance is also subject to medical checks. To make available some kind of an arrangement analogous to a provident fund for people who are self-employed and not salaried workers, I propose to extend and modify the Cumulative Time Deposit Scheme run by the post offices. At present, monthly deposits can be made under the scheme for a period of 5 or 10 years. We shall now introduce, in addition, a 15-year account with a maximum monthly deposit limit of Rs. 300. The existing limit of a maximum monthly deposit in a 10-year account will also be raised from Rs. 100 to Rs. 200 per month. At the same time, the contributions made to the 10 and 15 years accounts will be allowed to earn a rebate of income-tax as in the case of life insurance premia and contributions to recognised provident funds and subject to the same limits."

MERCANTILE BANK LIMITED

The statement of accounts of the Mercantile Bank Limited (Manager: Mr. J. B. Stewart, Bombay) pertaining to the operations of its branches in India during the year 1961 makes highly encouraging reading. The gross income shows a handsome rise of Rs. 37.21 lakhs to Rs. 219.86 lakhs. The rise is accounted for chiefly by interest and discount which have gone up by Rs. 25 lakhs to over Rs. 148.59 lakhs. Other incomes also have increased by Rs. 17.04 lakhs to Rs. 32.76 lakhs. Income from commission, exchange and brokerage, however, is lower by Rs. 4.83 lakhs at Rs. 38.51 lakhs. A large part of the improvement in earnings has no doubt been neutralised by higher expenditure, interest payments on deposits, borrowings, etc., alone rising by Rs. 19.03 lakhs to Rs. 76.22 lakhs and staff expenses by Rs. 8.51 lakhs to Rs. 67.78 lakhs. Even so, the profit for the year 1961 is markedly higher at Rs. 29.81 lakhs, as against Rs. 13.85 lakhs for 1960. The whole of this profit has been remitted, as in the previous year, to the head office in London.

Over the year, the advances made available by the Indian branches of the Mercantile Bank registered a sharp rise of Rs. 1.14 crore to Rs. 23.11 crores. A drop of Rs. 91 lakhs to Rs. 3.79 crores in bill business has been more than made good by the significant expansion of Rs. 2.05 crores to Rs. 19.32 crores in loans, cash credits, overdrafts, etc. As against the net increase of Rs. 1.14 crore in bank credit, the fresh accretion of deposits was just Rs. 54 lakhs—the total as on 31st December 1961 stood at Rs. 19.57 crores—so that the Bank has had to rely, to a considerable extent, on borrowings from other banking companies, agents and the like, the total of these borrowings rising from Rs. 4.23 crores in 1960 to Rs. 8.92 crores in 1961. It is this factor which explains the marked increase of over Rs. 19 lakhs in interest payments. Nevertheless, the profitability of the Bank has recorded, as already stated, a distinct improvement. The balance-sheet total of the Bank's Indian branches as on 31st December 1961 stood at the impressively high level of Rs. 31.46 crores, as against Rs. 29.60 crores a year before.

UNITED COMMERCIAL BANK

In our review of the United Commercial Bank's working results for the year 1961, appearing on page 660 of *Commerce* dated 14th April 1962, the "owned funds" of the Bank, including the proposed new issue which will bring in Rs. 1.50 crore, were inadvertently shown at Rs. 3.85 crores, whereas the correct figure is much higher, that is, Rs. 5.85 crores. The error is regretted.

Save a

out of every Rupee

— to keep prices from going higher!

Don't say that living costs have to keep climbing. **You** can check Inflation.

One of the main causes of rising prices is **over-spending.** If each one of you save only one naya Paisa out of every rupee you earn, you will put a strong brake on inflation.

This will produce Millions of Rupees in savings—money which is badly needed to finance our FIVE YEAR PLANS.

Of course, you get a personal bonus from your extra savings—the feeling of independence and security that a growing bank balance brings . . . .

Sure, all this means a sacrifice. But isn't this worth? If this means continuing prosperity—and keeping it sound!

Thousands of depositors have made a savings account at Canara Banking Corporation Limited as a form of thrift. So, why not **You** also join them?

THE CANARA BANKING CORPORATION LIMITED

Registered Office: **UDIPI**

Administration Office: **MANGALORE**

ESTABLISHED 1906

"PYRAMID"

Notices

THE CENTURY SPINNING AND MANUFACTURING COMPANY LIMITED

Registered Office:

Industry House, 159, Churchgate Reclamation, Bombay 1.

NOTICE IS HEREBY GIVEN THAT THE Sixty-fifth Annual General Meeting of the Shareholders will be held at the above address on Tuesday the 22nd May 1962, at 4-15 p.m., for transaction of the following business:

1. To adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1961.
2. To confirm the dividend paid by the Directors on the Preference Shares for the year ended 31st December 1961.
3. To sanction the declaration of dividend on Equity Shares for the year ended 31st December 1961.
4. To appoint a Director in place of Shri Rasiklal Maneklal who retires from office by rotation but being eligible offers himself for re-election.

As a Special Resolution:

5. To appoint a Director in place of Shri Motilal Tapuriah who is an associate of the Managing Agents, Birla Gwalior Private Limited, and who retires from office by rotation and is eligible and offers himself for re-appointment; and to consider, and if thought fit, to pass the following resolution as a Special Resolution in respect of which special notice as required by Sections 190 and 261 of the Companies Act 1956 has been received by the Company.

"RESOLVED that pursuant to the provisions of Section 261 and other relevant provisions, if any, of the Companies Act 1956, Shri Motilal Tapuriah, who retires from office by rotation and is eligible for re-appointment and who is an associate of the Company's Managing Agents, Birla Gwalior Private Ltd., within the meaning of sub-clause (c) of clause (3) of Section 2 of the Companies Act 1956 (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint upto two ex-officio Directors to the Board) be and is hereby re-appointed a Director of the Company."

The reasons which make the Special Resolution necessary are more fully dealt with in the Explanatory Statement annexed hereto which for the purpose of the said Section 261 shall be deemed to be incorporated in this notice.

As a Special Resolution:

6. To appoint a Director in place of Shri J. J. Ashar, Bar-at-law, who is the Company's legal adviser and who retires by rotation and is eligible and offers himself for re-election, and to consider and if thought fit to pass the following Special Resolution of which special notice as required by Sections 190 and 261 of the Companies Act 1956 has been received by the Company.

"RESOLVED that pursuant to the provisions of Section 261 of the Companies Act 1956, Shri J. J. Ashar, Bar-at-law, who, being the Company's legal adviser, may be deemed to be holding an office of profit under the Company, be and is hereby re-appointed a Director of the Company."

The reasons which make the resolution necessary are more fully set out in the Explanatory Statement annexed hereto which for the purpose of the said Section 261 shall be deemed to be incorporated in this notice.

7. To appoint Auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting, and fix their remuneration.

Special business:

To consider and if thought fit to pass with or without modification the following resolutions as Special Resolutions:—

8. "WHEREAS the East Indian Produce Co. Ltd., an associate of M/s. Birla Gwalior Private Ltd., the Managing Agents of the Company, maintain an office at London in the United Kingdom and WHEREAS the said Company carry on business of acting as agents in the United Kingdom and the Continent for purchase and sale of goods including stores, spare parts, plant and machinery and rendering of services such as recruitment of technical personnel, etc. and also have dealings and business connections with parties all over the United Kingdom and the Continent of Europe and their operations are on a very large scale and WHEREAS their expenses of maintaining their office amount approximately to £65,000 per annum and WHEREAS expenses which can be attributed to the work expected to be done for and on behalf of the Company would depend on the value of purchases effected through and services rendered by the said company in relation to their total turnover in each year, and WHEREAS the said East Indian Produce Co. Ltd., have been acting as buying agents for and on behalf of the Company in the United Kingdom and the Continent of Europe having been appointed as such buying agents for a term of 3 years from 1st December 1959 pursuant to a special resolution of the Company passed in General Meeting in that respect on 1st December 1959, and their appointment as such buying agents is due to terminate on 30th November 1962, NOW it is hereby Resolved that the appointment of the said East Indian Produce Company Limited as such buying agents be and is hereby renewed for a period of 3 years with effect from 1st December 1962 on the following terms as to commission and expenses:—

(a) For purchasing stores, spare parts, etc. a commission of 5% of the invoice price of the goods purchased.

(b) For purchase of plant and machinery a commission of 2½% of the invoice price.

(c) For recruiting technical personnel for and on behalf of the Company and for attending to enquiries, expenses incurred by the said East Indian Produce Co. Ltd. apportionable to such work in each particular case.

(d) For rendering any other special service, such remuneration as may be agreed upon between the Directors of the Company and the said East Indian Produce Co. Ltd.

Provided that if anything to be done in pursuance of the above arrangement requires permission of the Central Government or of the Reserve Bank of India, as the case may be, the same will not be done unless such permission is obtained."

9. "WHEREAS the American East India Corporation, an associate of M/s. Birla Gwalior Private Ltd., the Managing Agents of the Company, maintain an office at New York in the United States of America and WHEREAS the said Company carry on business of acting as agents in the United States of America for purchase and sale of goods including stores, spare parts, plant and machinery and rendering of services such as recruitment of technical personnel, etc. and also have dealings and business connections with parties all over the United States of America and their operations are on a very large scale and WHEREAS their expenses of maintaining their office amount approximately to $60,000 per annum and WHEREAS expenses which can be attributed to the work expected to be done for and on behalf of the Company would depend on the value of purchases effected through and services rendered by the said Company in relation to their total turnover in each year, and WHEREAS the said American East India Corporation have been acting as buying agents for and on behalf of the Company in the United States of America having been appointed as such buying agents for a term of 3 years from 1st December 1959 pursuant to a special resolution of the Company passed in General Meeting in that respect on 1st December 1959 and their appointment as such buying agents is due to terminate on 30th November, 1962, NOW it is hereby Resolved that the appointment of the said American East India Corporation as such buying agents be and is hereby renewed for a period of 3 years with effect from 1st December 1962 on the following terms as to commission and expenses:—

(a) For purchase of stores, spare parts, etc. a commission of 5% of the invoice price of the goods purchased.

(b) For purchase of plant and machinery a commission of 2½% of the invoice price.

(c) For recruiting technical personnel for and on behalf of the Company and for attending to enquiries, expenses incurred by the said American East India Corporation apportionable to such work in each particular case.

(d) For rendering any other special service, such remuneration as may be agreed upon between the Directors of the Company and the said American East India Corporation.

Provided that if anything to be done in pursuance of the above arrangement requires permission of the Central Government or of the Reserve Bank of India, as the case may be, the same will not be done unless such permission is obtained."

10. "RESOLVED that Article 120 of the Articles of Association of the Company be deleted and the following be inserted in its place as Article 120:

"120. In addition to the remuneration payable to them in pursuance of the preceding Articles 118 and 119, Directors may be paid or reimbursed all travelling, hotel and other expenses properly incurred by them:

(a) in attending and returning from meetings of the Board of Directors or of any Committee thereof or General Meetings of the Company; or

(b) in connection with the business of the Company."

By Order of the Board,
R. S. VENKATESWARAN,
Secretary.

BOMBAY, 10*th April* 1962.

N.B.—A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

NOTICE is also given that the Register of Members and Transfer Books of both Equity and Preference Shares of the Company will be closed from Wednesday the 2nd May 1962 to Tuesday the 22nd May 1962 both days inclusive.

The dividend when sanctioned will be made payable at the United Commercial Bank Ltd., Churchgate Reclamation Branch, Bombay, from 29th May 1962 to those shareholders whose names stand on the Register on 22nd May 1962 to whom dividend warrants will be posted.

Explanatory statement as required by Section 173 of the Companies Act 1956 in respect of items 5, 6, 8, 9 and 10 is being posted to the shareholders along with the notice.

R. S. VENKATESWARAN,
Secretary.

THE BENGAL FLOUR MILLS COMPANY LIMITED

THE BOARD OF DIRECTORS OF THE Company has decided to recommend to the forthcoming Annual General Meeting, the payment of a Final Dividend of 20 per cent for the year ended 31st December, 1961.

BALMER LAWRIE & CO. LTD.,
D. MANSON,
Managing Director,
Managing Agents.

21, NETAJI SUBHAS ROAD,
CALCUTTA.
19*th April*, 1962.

INDUSTRIAL CONTAINERS LIMITED

THE BOARD OF DIRECTORS OF THE above Company has decided to recommend to the forthcoming Annual General Meeting, the payment of a Dividend of 10 per cent for the year ended 31st December, 1961.

BALMER LAWRIE & CO. LTD.,
D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA.
17*th April*, 1962.

THE TATA MILLS LIMITED

NOTICE

THE FIFTIETH ANNUAL GENERAL MEETING of THE TATA MILLS LIMITED, will be held at the Registered Office of the Company, Bombay House, 24, Bruce Street, Fort, Bombay, 1, on Monday, the 21st May 1962, at 4-30 p.m., to transact the following business:—

1. To adopt the Directors' Report and the audited Profit and Loss Account of the Company for the year ended 31st December 1961, and the audited Balance Sheet as at 31st December 1961.
2. To declare a dividend.
3. To appoint a Director in place of Mr. N. B. Vakil who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. T. V. Baddeley, C.B.E., who retires by rotation but does not offer himself for reappointment and to fill that vacancy a notice has been received by the Company from certain members under Section 257(1) of the Companies Act, 1956 proposing Mr. C. H. Campbell as a Director.
5. To appoint Auditors and to fix their remuneration.
6. To consider and, if thought fit, to pass the following resolution as a Special Resolution:—

"RESOLVED that pursuant to Section 163(1) of the Companies Act, 1956, and in supersession of Resolution No. VI passed at the Annual General Meeting of the Company held on the 22nd day of May 1957, the registers, indexes, returns, books, certificates and documents of the Company required to be maintained and kept open for inspection under Section 163 of the Companies Act, 1956, or any or more of them, may be kept at the Registered Office of the Company and/or at the Company's Record Room in the Army and Navy Building at Mahatma Gandhi Road, Fort, Bombay.

RESOLVED FURTHER that in supersession of the said Resolution No. VI passed at the aforesaid Annual General Meeting of the Company the registers, indexes, returns, books, certificates and documents of the Company required to be maintained and kept open for inspection under the several provisions of the Companies Act, 1956, and in particular under Sections 49, 118, 136, 143, 144, 150, 151, 152, 163, 193, 196, 301 to 304, 307, 356 to 360, 362, 370 and 372 and Schedule VIII of the said Act be kept open for such inspection by the persons entitled thereto to the extent, in the manner and on payment of the fees, if any, specified in the aforesaid provisions at the Registered Office of the Company and subject to the provisions of the Companies Act, 1956, at the Company's Record Room in the Army and Navy Building at Mahatma Gandhi Road, Fort, Bombay and/or at the Record Room in Tata Mills Dadar and/or at such other place in Greater Bombay as may be decided upon by the Board of Directors of the Company, as the case may be, between the hours of 10-30 a.m. and 1-00 p.m. on all working days excluding Saturdays, Sundays and public holidays except when the registers and books are closed under the provisions of the Companies Act, 1956, or the Articles of Association of the Company Provided However that the register required to be maintained under Section 307 of the said Act shall be open for inspection of the members or the holders of the debentures of the Company, if any, as aforesaid between the hours abovementioned during the period prescribed by sub-section (5)(*a*) of Section 307."

Notes:—(*a*) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items Nos. 4 and 6 set out above, is being posted to all members.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(*c*) The Transfer Books of the Company will remain closed from Thursday, the 5th April 1962 to Wednesday the 2nd May 1962, both days inclusive.

(*d*) If the dividend on shares, as recommended by the Directors, is passed at the meeting, payment will be made on and after Tuesday, the 22nd May 1962, to those members whose names are on the Register of the Company on the 2nd May 1962.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents,
N. H. TATA,
Director.

BOMBAY, 16*th April*, 1962.
Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, 1.

BHARAT NIDHI LIMITED

Registered Office:
5, Parliament Street, New Delhi

NOTICE

THE ANNUAL GENERAL MEETING OF THE shareholders of Bharat Nidhi Ltd. will be held at the Punjab National Bank Building, 5 Parliament Street, New Delhi, on Wednesday the 16th of May, 1962 at 4-00 p.m., to transact the following business.

1. To receive and adopt the Directors' Report and the audited Statements of Accounts for the year ended 31st December 1961.
2. To declare dividend on Preference and Ordinary Shares.
3. To elect a Director in place of Shri Shital Prasad Jain who retires by rotation, and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri B. P. Khaitan who retires by rotation, and being eligible, offers himself for re-election.
5. To elect a Director in place of Shri K. N. Mookerjee who was appointed additional Director and as such he holds such office upto the date of the Annual General Meeting. He is eligible for re-appointment and a notice in this connection has been received from him signifying his candidature for the office of Director and is hereby given by the Company to the members.
6. To appoint Auditors for the current year and fix their remuneration.

Messrs. Sodhbans & Co., Chartered Accountants and Messrs. Aiyar and Co., Chartered Accountants, retiring auditors being eligible, offer themselves for re-appointment.

Share Transfer Books of the Company shall remain closed from 1st May, 1962 to 16th May, 1962, both days inclusive.

A member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of himself and the proxy need not be a member.

By Order of the Board,
V. K. VERMA & CO.,
Registrars.

Dated, 16th April 1962.

THE TRAVANCORE OGALE GLASS MANUFACTURING COMPANY LIMITED

NOTICE

THE NINETEENTH ANNUAL GENERAL Meeting of the Shareholders of the Company will be held at the Registered Office at the Glass Factory Premises, Manjummel, Alwaye, on Friday, the 1st June, 1962, at 1.30 p.m., to adopt the Directors' Report and audited accounts for the year ended 31st December, 1961, to declare a dividend, to elect Directors, and appoint Auditors. Special Resolution and related explanatory statement are given in detail in the Notice posted individually to the Shareholders.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy who will attend and vote instead of himself when poll is demanded and the proxy need not be a member.

The Share Transfer Books will be closed from May 22 to June 1, 1962. both days inclusive.

A member whose total income is less than the minimum liable to income-tax will please file with the Company the Exemption Certificate issued by the Income-tax Officer on or before June 30, 1962 so that payment of the dividend amount in full can be arranged.

By order of the Board,
For OGALE BROTHERS (PRIVATE) LTD.,
Managing Agents,
N. P. OGALE,
Director.

Registered Office:
MANJUMMEL,
UDYOGAMANDAL, ALWAYE.
March, 29, 1962.

THE BRITANNIA ENGINEERING COMPANY, LIMITED

ISSUE OF EQUITY CAPITAL

MEMBERS OF THE COMPANY ARE HEREby informed that the last date for receipt of applications in response to the Company's Offer dated 12th February, 1962 relating to the above issue has been further extended up to 31st May, 1962.

By Order of the Board,
McLEOD & Co., LTD.,
C. HOCKLEY,
Secretary,
Managing Agents.

Registered Office:
"McLEOD HOUSE,"
3, NETAJI SUBHAS ROAD,
CALCUTTA, 19*th April*, 1962.

THE BOMBAY BURMAH TRADING CORPORATION LIMITED

Registered Office:
9, WALLACE STREET, FORT, BOMBAY 1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Register of Members and the Transfer Books of the Corporation will be closed from the 28th May, 1962 to the 11th June, 1962, both days inclusive.

Notice is also hereby given that the Interim dividend for the year ending 31st May, 1962, if declared, will be made payable to those shareholders whose names stand on the Share Registers of the Corporation at the close of business on 26th May, 1962 and to holders of Fractional Certificates after such Fractional Certificates have been exchanged for Bonus Shares in accordance with the prescribed procedure.

Dated at Bombay this 25th day of April 1962.

By Order of the Board of Directors,
WALLACE & COMPANY,
Secretaries & Treasurers.

DALMIA CEMENT (BHARAT) LIMITED

DALMIAPURAM

NOTICE IS HEREBY GIVEN THAT THE Registers of Members and Share Transfers will remain closed from 16th May till 31st May, 1962, both days inclusive, except for recording the share transfers received before the closure of the Registers. The dividend for the year 1961, when declared, will be payable to those Shareholders whose names would appear in the Register of Members as on 31st May, 1962.

By Order of the Board,
S. C. AGGARWAL,
Secretary.

Dated: 18*th April*, 1962.

THE SVADESHI MILLS COMPANY LIMITED

NOTICE

AN EXTRAORDINARY GENERAL MEETING OF THE SVADESHI MILLS COMPANY, LIMITED will be held at the Registered Office, Bombay House, 24, Bruce Street, Fort, Bombay, 1, on Wednesday, the 23rd May, 1962, at 4-00 p.m., to transact the following business:—

To consider and, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:—

"RESOLVED that the Articles of Association of the Company be altered in the manner following:—

Article 17 shall be substituted by the following:—

'17. If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 107 of the Act, be varied, modified, enlarged, commuted, abrogated or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class, and all the provisions contained in these Articles as to general meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting'."

Notes:—(*a*) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business set out above is being posted to all members.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents,
N. H. TATA,
Director.

BOMBAY, 19*th April*, 1962.
Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, 1.

THE SVADESHI MILLS COMPANY LIMITED

NOTICE TO HOLDERS OF ORDINARY SHARES

NOTICE IS HEREBY GIVEN THAT A SEPArate meeting of the holders of the ORDINARY SHARES of the Company will be held at the Registered Office of the Company, Bombay House, 24, Bruce Street, Fort, Bombay, 1, on Wednesday, the 23rd day of May, 1962 at 4-10 p.m., or so soon thereafter as the proceedings of the Extraordinary General Meeting of the Company, which has been convened at 4 p.m. at the same place and on the same date, shall conclude, to consider and, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:—

"This separate meeting of the holders of Ordinary Shares of the Company hereby sanctions the variation and modification of the rights attached to Ordinary Shares by the variation and modification of the rights attached to Preference Shares as follows:—

In respect of the financial year ended 31st December 1961 and for each subsequent year or other period the cumulative preferential dividend on Preference Shares shall be payable (or deemed to have been payable) at the rate of 7.14 per cent without any deduction therefrom on account of income-tax payable by the Company, but subject to such deduction of tax at source in respect of tax payable by the shareholder as is provided by Section 194 of the Income-tax Act, 1961, or any statutory modification, replacement or re-enactment thereof or any Finance Act or any other Act or Rule or Regulation for the time being in force and at such rates as may be prescribed thereby or by any competent authority.

AND the Articles of Association be altered accordingly as follows:—

In Article 4 of the Articles of Association, the following explanation shall be added at the end:

'*Explanation*.—In respect of the financial year ended 31st December 1961 and for each subsequent year or other period the fixed cumulative preferential dividend on Preference Shares shall be payable (or deemed to have been payable) at the rate of 7.14 per cent without any deduction therefrom on account of income-tax payable by the Company but subject to such deduction of tax at source in respect of tax payable by the shareholder as is provided by Section 194 of the Income-tax Act, 1961, or any statutory modification, replacement or re-enactment thereof or any Finance Act or any other Act or Rule or Regulation for the time being in force and at such rates as may be prescribed thereby or by any competent authority.'"

Notes:—(*a*) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business set out above is being posted to all members.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents,
N. H. TATA,
Director.

BOMBAY, 19*th April*, 1962.
Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, 1.

THE SVADESHI MILLS COMPANY LIMITED

NOTICE TO HOLDERS OF PREFERENCE SHARES

NOTICE IS HEREBY GIVEN THAT A separate meeting of the holders of the PREFERENCE SHARES of the Company will be held at the Registered Office of the Company, Bombay House, 24, Bruce Street, Fort, Bombay, 1, on Wednesday, the 23rd day of May, 1962 at 4-20 p.m. or so soon thereafter as the proceedings of the separate meeting of the holders of the Ordinary Shares of the Company, which has been convened at 4-10 p.m. at the same place and on the same date, shall conclude, to consider and, if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:—

"This separate meeting of the holders of Preference Shares of the Company hereby sanctions the variation and modification of the rights attached to Preference Shares as follows:—

In respect of the financial year ended 31st December, 1961 and for each subsequent year or other period the cumulative preferential dividend on Preference Shares shall be payable (or deemed to have been payable) at the rate of 7.14 per cent without any deduction therefrom on account of income-tax payable by the Company but subject to such deduction of tax at source in respect of tax payable by the shareholder as is provided by Section 194 of the Income-tax Act, 1961, or any statutory modification, replacement or re-enactment thereof or any Finance Act or any other Act or Rule or Regulation for the time being in force and at such rates as may be prescribed thereby or by any competent authority.

AND the Articles of Association be altered accordingly as follows:—

In Article 4 of the Articles of Association, the following explanation shall be added at the end:

'*Explanation*.—In respect of the financial year ended 31st December, 1961 and for each subsequent year or other period the fixed cumulative preferential dividend on Preference Shares shall be payable (or deemed to have been payable) at the rate of 7.14 per cent without any deduction therefrom on account of income-tax payable by the Company but subject to such deduction of tax at source in respect of tax payable by the shareholder as is provided by Section 194 of the Income-tax Act, 1961, or any statutory modification, replacement or re-enactment thereof or any Finance Act or any other Act or Rule or Regulation for the time being in force and at such rates as may be prescribed thereby or by any competent authority.'"

Notes:—(*a*) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business set out above is being posted to all members.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents,
N. H. TATA,
Director.

BOMBAY, 19*th April*, 1962.
Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, 1.

THE SVADESHI MILLS COMPANY LIMITED

NOTICE

THE SEVENTY-SIXTH ANNUAL GENERAL MEETING of THE SVADESHI MILLS COMPANY, LIMITED, will be held at the Registered Office of the Company, Bombay House, 24, Bruce Street, Fort, Bombay, 1, on Wednesday, the 23rd May 1962, at 4-30 p.m., or so soon thereafter as the proceedings of the separate meeting of the holders of the Preference Shares of the Company convened at 4-20 p.m. at the same place and on the same day shall conclude, to transact the following business:—

1. To consider, and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:—

"RESOLVED that the Memorandum and Articles of Association of the Company be altered in the manner following:

(*a*) At the end of clause (V) of the Memorandum of Association the following Explanation shall be added:

'*Explanation*.—In respect of the financial year ended 31st December, 1961 and for each subsequent year or other period, the cumulative preferential dividend on Preference Shares shall be payable (or deemed to have been payable) at the rate of 7.14 per cent without any deduction therefrom on account of income-tax payable by the Company, but subject to such deduction of tax at source in respect of tax payable by the shareholder as is provided by Section 194 of the Income-tax Act, 1961, or any statutory modification, replacement or re-enactment thereof or any Finance Act or any other Act or Rule or Regulation for the time being in force and at such rates as may be prescribed thereby or by any competent authority.'

(*b*) In Article 4 of the Articles of Association, the following Explanation shall be added at the end:

'*Explanation*.—In respect of the financial year ended 31st December, 1961 and for each subsequent year or other period, the fixed cumulative preferential dividend on Preference Shares shall be payable (or deemed to have been payable) at the rate of 7.14 per cent without any deduction therefrom on account of income-tax payable by the Company, but subject to such deduction of tax at source in respect of tax payable by the shareholder as is provided by Section 194 of the Income-tax Act, 1961, or any statutory modification, replacement or re-enactment thereof or any Finance Act or any other Act or Rule or Regulation for the time being in force and at such rates as may

be prescribed thereby or by any competent authority.'"

2. To adopt the Directors' Report and the audited Profit and Loss Account of the Company for the year ended 31st December, 1961, and the audited Balance Sheet as at 31st December, 1961.

3. To declare dividends on Preference and Ordinary shares.

4. To appoint a Director in place of Mr. C. H. Bhabha who retires by rotation and is eligible for reappointment.

5. To appoint a Director in place of Mr. F. H. Kemple who retires by rotation and is eligible for reappointment.

6. To appoint Auditors and to fix their remuneration.

7. To appoint a Director in place of Mr. D. D. Romer who has resigned and to fill which vacancy a special notice as required by Sections 190, 257 and 261 of the Companies Act, 1956, and other applicable provisions (if any) of the Act has been received by the Company proposing Mr. N. A. Palkhivala as a candidate for the office of Director and, if thought fit, to pass the following resolution as a Special Resolution:—

"RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Mr. N. A. Palkhivala, who is a Director, officer, member and an associate of Tata Industries Private Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board) be and is hereby appointed a Director of the Company."

The reasons which make this Special Resolution necessary are that as the Managing Agents of the Company are authorised by the Articles of Association of the Company and the Managing Agency Agreement to appoint two Directors to the Board and as Mr. N. A. Palkhivala is a Director, member, officer and an associate of the Managing Agents, his appointment as a Director liable to retire by rotation, can only be made by a Special Resolution of the Company in terms of Section 261 of the Companies Act, 1956.

8. To consider, and if thought fit, to pass the following resolution as a Special Resolution:—

"RESOLVED that pursuant to Section 163(1) of the Companies Act, 1956, and in supersession of Resolution No. VII passed at the Annual General Meeting of the Company held on the 20th day of May 1957, the registers, indexes, returns, books, certificates and documents of the Company required to be maintained and kept open for inspection under Section 163 of the Companies Act, 1956, or any one or more of them, may be kept at the Registered Office of the Company and/or at the Company's Record Room in the Army and Navy Building at Mahatma Gandhi Road, Fort, Bombay.

"RESOLVED FURTHER that in supersession of the said Resolution No. VII passed at the aforesaid Annual General Meeting of the Company the registers, indexes, returns, books, certificates and documents of the Company required to be maintained and kept open for inspection under the several provisions of the Companies Act, 1956, and in particular under Sections 49, 118, 136, 143, 144, 150, 151, 152, 163, 193, 196, 301 to 304, 307, 356 to 360, 362, 370 and 372 and Schedule VIII of the said Act be kept open for such inspection by the persons entitled thereto to the extent, in the manner and on payment of the fees, if any, specified in the aforesaid provisions at the Registered Office of the Company, and subject to the provisions of the Companies Act, 1956, at the Company's Record Room in the Army and Navy Building at Mahatma Gandhi Road, Fort, Bombay and/or at the Record Room in Tata Mills, Dadar and/or at such other place in Greater Bombay as may be decided upon by the Board of Directors of the Company, as the case may be, between the hours of 10-30 a.m. and 1-00 p.m. on all working days excluding Saturdays, Sundays and public holidays except when the registers and books are closed under the provisions of the Companies Act, 1956, or the Articles of Association of the Company Provided However that the register required to be maintained under Section 307 of the said Act shall be open for inspection of the members or the holders of the debentures of the Company, if any, as aforesaid between the times abovementioned during the period prescribed by sub-section (5)(*a*) of Section 307."

Notes:—(*a*) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items Nos. 1, 7 and 8 set out above, is being posted to all members.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(*c*) The Transfer Books of the Company will remain closed from Thursday, the 5th April, 1962 to Wednesday, the 2nd May, 1962, both days inclusive.

(*d*) If dividends on shares, as recommended by the Directors, are passed at the meeting payment will be made on and after Thursday, the 24th May, 1962, to those members whose names are on the Register of the Company on the 2nd May, 1962.

By Order of the Board of Directors,

TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents,
N. H. TATA,
Director.

BOMBAY, 19*th April*, 1962.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, 1.

LARSEN AND TOUBRO LIMITED

NOTICE OF CLOSING OF TRANSFER BOOKS

NOTICE IS HEREBY GIVEN THAT THE Register of Members and the Share Transfer Books of the Company will be closed from Monday the 7th May 1962 to Thursday the 24th May 1962, both days inclusive. for the purpose of further issue of Equity Capital of Rs. 55,00,000, at a premium of Rs. 8 on each share.

Letters of Offer of 'right' shares will be posted to the Shareholders on or about the last week of May 1962.

Shareholders are requested to notify the Company any change in their present Registered Address as early as possible.

By Order of the Board of Directors,

LARSEN & TOUBRO LIMITED,

L. & T. (MANAGEMENT) PRIVATE LIMITED,

N. M. DESAI,
Director,
Managing Agents.

Dated: 21*st April* 1962.

STEEL CONTAINERS LIMITED

THE BOARD OF DIRECTORS OF THE above Company has decided to recommend to the forthcoming Annual General Meeting, the payment of a Dividend of 20 per cent for the year ended 31st December, 1961.

BALMER LAWRIE & Co. LTD.,

D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA.
17*th April*, 1962.

THE INDIA UNITED MILLS, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the India United Mills, Limited will be closed from Monday, the 28th May, 1962 to Friday the 22nd June, 1962, both days inclusive.

By Order of the Board,

C. N. BENGALI,
Secretary.

BOMBAY, 23*rd April*, 1962.

SCOPE FOR INDEPENDENT AIR OPERATORS

(*Concluded from page* 755)

way and a single fare of Rs. 60, the daily revenue would lie between Rs. 720 and Rs. 960. On average, then, the daily loss would be Rs. 1,750, amounting to an annual loss of about Rs. 6,38,000. In practice, of course, an average of six to eight passengers each way is unlikely of attainment but freight might add something to the daily revenue.

The foregoing, needless to say, is only a rough and ready calculation. It is, however, sufficiently near the truth to demonstrate how costly the development of a route—even a single short route of this kind—can be. To be successful, the would-be operator requires three basic factors in his favour—suitable equipment, adequate financial resources, and a total operation big enough to carry his overheads. Small-scale operation, with unsuitable equipment, is inevitably doomed to failure.

As one suggested earlier in this article, there may be some scope for the independents in the Assam/West Bengal/N.E.F.A. area. It is, after all, this area which they did much to develop; it is here that the bulk of their present operations lies. They know all that there is to be known of the actual and potential traffic of this region. It is possible that they may see certain advantages in operating on a scheduled basis. It is possible, certainly. But one would still have doubts as to where the ultimate advantage lies.

Of one thing the independents must be only too well aware—any licence issued under the present Act will be for a very limited period. In the course of the debate, it was made perfectly clear that I.A.C. is to take over all routes in the country "as early as possible." That seems to argue a term of from five to ten years. If that is the case, one need be no prophet to foretell the final result; the licensee does the spadework and the Corporation steps in and reaps the harvest. That cannot be a very inviting prospect for the independents.

The British Example

The Government was at no pains to hide its intentions. There are, it seems, certain routes and areas which the Corporation finds unremunerative to operate. Therefore, says the Government, let the private companies develop these routes and the Corporation can take them over in due course. It does not seem to have occurred to anyone that, if a route, for political, strategic, or any other reason of State, has to be served by air transport, it is clearly the responsibility of the Corporation—financially assisted by the Government, if necessary—to carry out the task. The impression one gets is that nobody cares what happens to the private companies—and that, one suggests, is a very shortsighted viewpoint.

Finally, one wonders why all this reluctance to admit a very small measure of private enterprise into the business of air transport? In Britain, where they seems to be just as much wedded to the principles of State enterprise, there are a large and growing number of independent airlines. Some of these are comparatively large concerns, well organised, powerful, adequately financed, and equipped with the most modern aircraft. Yet these companies are permitted—indeed, encouraged—to seek direct competition on important routes with the two Air Corporations. Why deny to the private air companies in India the few, the very few, crumbs which fall from the rich man's table? From two points of view at least—public convenience and national air power—it might not really come amiss to give them something a bit more substantial by way of encouragement.

BRITAIN'S BIGGEST AIRLINER

Britain's biggest airliner, the four-jet Vickers VC-10, was taken out from its hangar at Weybridge, Surrey, for the first time on the 15th inst. It is to undergo a series of intensive pre-flight checks scheduled to last six weeks. The VC-10 weighs 150 tons fully loaded, and is 158 ft. long. It will carry 150 passengers at 600 miles per hous over distances exceeding 4,000 miles. A Vickers spokesman said that 54 VC-10 airliners have been ordered to date. Deliveries to B.O.A.C. will begin at the end of 1963.

An international Plant and Maintenance Engineering Conference and Exhibition is being organised to take place at the Alexandra Palace in London from 17th to 21st June 1963. A five-day symposium and exhibition on industrial process heating is also being organised to take place concurrently with the above. Both these events will be on an international scale, and speakers, delegates and exhibitors will be invited from overseas countries. Delegates to these two 1963 Conferences will have "free run" of both Exhibitions. An attendance of many more than 2,000 top engineers is confidently anticipated.

MONEY SLIGHTLY EASY

(From Our Own Correspondent)

BOMBAY, 25*th April*

Comfortable conditions continue to prevail in the short-term money market. The demand for bank credit is still sizable, but the supply of funds with the banks has been increasing at a greater pace. Consequently, there are more lenders than borrowers in the inter-bank section. The day-to-day call money rate is 3½ per cent, with business being possible even at 3½ per cent after clearing hours. Reports from Calcutta also point to the existence of similar conditions there.

There has been no change in the rates of interest for short-term deposits. They are all ruling at the ceiling prescribed under the Inter-bank Agreement. The rates are:

	Per cent
Notice money from public:	
3 days and more	3
Term deposits:	
(i) 3 to 30 days (inclusive)	3
(ii) 31 to 60 days (inclusive) ...	3½
(iii) 61 to 90 days (inclusive) ...	3½
(iv) 91 days and over but less than 12 months	3½
(v) 12 months and over but less than 24 months	4
(vi) Two to four years	4½
(vii) Four to five years	4½
(viii) Five years and over	5

No definite decision has been arrived at till the date of this report on the question of revising the aforesaid rates, following the notice given by the five medium banks. It was reported early in the week that the representatives of the medium banks on the 9-man committee in charge of revising the Agreement had offered to withdraw their demand for a ¼ per cent differential in their favour as compared with the rates payable by the big banks, provided the definition of small banks was so amended as to cover only those with deposits upto and including Rs. 5 crores, instead of Rs. 25 crores at present. It was further reported that the small banks' representatives were, however, unwilling to accept this proposal. Today, it is said that the medium banks have withdrawn their offer of this week and reverted to their earlier demand. The fate of the Agreement is thus still uncertain.

In keeping with the slightly easier money conditions, the 91-days' Treasury Bill rate has declined from 2.620 per cent per annum to 2.580 per cent per annum, although the amount offered at Rs. 2 crores was exactly equal to the amount for which tenders were invited. There was a noticeable improvement in the sales of Intermediate Treasury Bills; during 17th April to 21st April 1962, the market absorbed Rs. 57 lakhs worth of these bills, as against Rs. 10 lakhs in the previous week and a mere Rs. 1 lakh in the week before that.

Foreign Assets Pretty Low

According to the Reserve Bank's statement for the week ended 20th April 1962, there has been a further contraction by Rs. 2.13 crores in foreign assets, on top of a decline of Rs. 5.17 crores in the preceding week. The total of these assets now stand at no more than Rs. 117.89 crores, of which Rs. 108.86 crores are held in the Issue Department and the balance in the Banking Department.

Indicative of the improvement in the supply of funds in the money market, deposits of banks with the Reserve Bank have gone up by Rs. 2.12 crores and borrowings against usance bills have declined by Rs. 1.53 crore to Rs. 12.47 crores. It may be interesting to note that, as recently as of 6th April 1962, they were standing at Rs. 40.73 crores, after touching a high of Rs. 47.84 crores on 16th March 1962. Thus, in a little over a month's time, the banks have been able to reduce their borrowings from the Reserve Bank against usance bills alone by no less than Rs. 35 crores. During this period, they must have also reduced their other borrowings from the Bank. It would appear that, in all, their total borrowings from the Reserve Bank have been slashed by about Rs. 60 crores in the past one month, besides raising their deposits with the Bank by about Rs. 11 crores. These figures will give readers a good idea of the extent to which conditions in the money market have improved in favour of the banks.

The latest available statement of the Scheduled banks is for the week ended 13th April 1962. This shows, as compared with that for the previous week, an increase of Rs. 4.83 crores in deposits, followed by a rise of Rs. 5.55 crores in bank credit. Investments are slightly lower, while total cash has declined by as much as Rs. 13.43 crores, mainly because of a large repayment, amounting to Rs. 14.41 crores, of borrowings from the Reserve Bank.

There has been some improvement in the demand for Government securities, but this has had no effect on Gilt-edged values, because the Reserve Bank has been a ready supplier. It would appear from the resumption of the outright sale of some medium-dated securities by the Reserve Bank that the central banking authorities consider the improvement in the short-term money market as a passing phase and that they do not want to allow this temporary feature to engender a rise in the prices of gilt-edged securities.

In the foreign exchange markets abroad, the £ sterling has been ruling quite steady. The spot rate for sterling in the New York market, after declining from 281.540 to 281.380 cents per £ early in the week, has staged a slight improvement; the latest available rate is 281.410-281.450 cents. There has been a similar improvement in the rate for three months' forward which is currently quoting 280.210-280.250 cents per £. Locally, the banks' selling rate for ready T.T. on New York has gone up by 25 nP to Rs. 475.75 per 100 dollars. There has been a corresponding rise in their buying rate also, which is now quoted at Rs. 472.25 per 100 dollars.

SPOT BULLION FIRM

(From Our Own Correspondent)

BOMBAY, 25*th April*

The bullion market ruled distinctly easy in the first three sessions of the week but picked up strength during the post-Budget session on Monday and the firmness persisted till the close today. The earlier easiness was due to corrective long liquidation, while fresh support was lacking on fears of reduced spot offtake as well as proximity of the Central Budget. Some upcountry operators were persistently unloading their holdings. Consequently, both gold and silver drifted downward. Prices, however, staged a recovery in the post-Budget session on Monday, thanks to fresh inquiry and short-covering induced by the increase of 5 per cent in corporation tax. The recovery was also aided to some extent by Mr. B. R. Bhagat's statement in the Lok Sabha that the Government of India had decided to keep the gold produced in Kolar gold mines (to be taken over by it from the Mysore Government) in official reserves and not sell it in the open market. The recovery was, however, not marked enough to make up for the earlier losses, so that today's closing rates were lower than those prevailing a week ago, excepting ready gold which was a shade better.

Offtake of both gold and silver during the week under review was larger than in the previous week; the daily average offtake was 6,800 tolas and 15 bars, as against 5,800 tolas and 12 bars, respectively, in the previous week. The average rate of arrivals was lower in gold (9,600 tolas, as against 10,000 tolas), but higher in silver (20 bars, as against 18 bars).

The *Jeth* (18th June) settlement in gold began the week at Rs. 121.55, as against the previous close of Rs. 121.30, but gradually receded to touch a low of Rs. 120.05 on Monday. The settlement improved to Rs. 120.85 today before finishing at Rs. 120.60. The net loss during the week was 70 nP.

Ready gold receded from Rs. 121.25 to Rs. 120.05 on Saturday. Thereafter, it moved up and touched Rs. 121.60 today, though it closed lower at Rs. 121.35. At this level, the spot rate commanded a premium of 75 nP over the forward, whereas it was quoted at a discount of 5 nP on Wednesday last week. In silver, the *Jeth* (19th June) settlement encountered selling early in the week, the quotation declining from Rs. 220.20 to Rs. 216.60 on Monday. It moved up subsequently to Rs. 217.95 today before finishing at Rs. 217.70. The net loss over the week was Rs. 2.50.

Ready silver eased from Rs. 221 to Rs. 219.10 on Saturday, but rallied thereafter and touched Rs. 221.20 today. The closing was Rs. 220.95. At this level, the ready rate commanded a handsome premium of Rs. 3.75 over the forward, as against 80 nP last week-end.

The dollar price of gold in the London bullion market eased from $35.07½ to $35.07-5/8 per fine ounce, while ready gold gathered one penny to 249s. 3d. Ready and forward silver were unchanged at 84¾d. and 84½d., respectively, as also silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	25-4-62 (closing)	High	Low	18-4-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	121.35	121.60	120.05	121.25
*Jeth**	120.60	121.55	120.05	121.80
Sovereign	96.76	97.00	96.50	97.00
SILVER				
Ready (.999 fine)	220.95	221.80	219.10	221.00
Jeth†	217.70	220.80	216.60	220.20
London—				
Gold	249s. 3d.	249s. 3d.	249s. 3d.	249s. 3d.
Silver Ready	84¾d.	—	—	84¾d.
Silver Forward	84½d.	—	—	84½d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

DULL TRADING IN KIPS

(From Our Own Correspondent)

MADRAS, 23*rd April*

Trading in E. I. kips in the local market this week was slow. Small quantities of cow hides in light weight were sold for shipment. Demand was more for fifths selection in cow hides, run in cow calf and buff calf. There was good inland demand for cow hides lower ends of medium and heavy weights. Sellers were reserved in the calf section, as stocks with the tanners were small. Importers in the U.S.A. were interested in buff calf skins. They are likely to buy, if the tanners reduce their prices further, say by 5 per cent.

There was no change in the tanned skins market. Small quantities of goat skins were sold to the U.K. and Continent in 11/12 lbs. average and to the U.S.A. in 11/12 lbs. and upwards. In the tanned sheep skins section, there was very little business in prime and semi-prime classes, while mediums met with good inquiries at unchanged prices. Tanners have been trying to put up the prices, which might retard the volume of sales.

In the German tanned skins auctions, held last week, there was good clearance of tanned goat 11/12 lbs. average while other weights were neglected. Only a third of the stocks on offer were cleared and the prices realised were about 3d. to 6d. less than what Madras sought. The clearance of sheep was negligible.

STEADY DEMAND FOR COTTON

(From Our Own Correspondent)

BOMBAY, 25*th April*

As there is no futures trading in cotton at Bombay, the cotton market had little enthusiasm to greet the Budget. The additional levies on mill cloth proposed by the Finance Minister was not expected to be reflected in any significant change in the trend and pattern of mill demand for raw cotton. In the spot market, mill demand continued to be well maintained. Spinner interest was noted in almost all popular varieties such as Vijay, Digvijay, Kalyan, Laxmi, Wagad and Co2. In view of the tight supply position, prices continued to rule firm. Judging from the registration figures, export demand for Bengal *Deshi* is not as brisk as was earlier anticipated. Out of the quota of 70,000 bales announced recently, sales registered till the 19th inst., are placed at 51,750 bales. This excludes sales to communist countries. Sales to Yugoslavia aggregate about 10,000 or 11,000 bales. Since under the India-Yugoslavia trade agreement payment for this cotton is to be made in rupees it is said that this quantity cannot be included in the latest quota which is linked to import of cotton. Hence a special export quota for Yugoslavia is expected to be issued shortly.

Among foreign cotton, Sudans and East Africans were in the limelight. U.S. cotton also evoked some attention while interest in Pakistan cotton tended to subside.

While every one concerned with cotton is anxiously awaiting the announcement of the cotton policy for the new season, Mr. Manubhai Shah, Union Minister for International Trade, in a statement made in Lok Sabha this week, struck an optimistic note about the cotton supply position. He assured the House that the available cotton supplies, together with imports already arranged, would be sufficient to meet the requirements of mills not only for internal sales but also for exports. The Government, according to him, expected substantial imports under P.L. 480 and import of cotton from U.S.S.R. and East Africa under barter arrangement was also being considered.

Mr. Shah conceded that a shortage of one million bales of cotton in the carry over-stocks at the beginning of the next season, was anticipated. The requirements of cotton for consumption in mills during the current season ending August this year were estimated at 5.5 to 5.6 million bales.

The following are the latest available spot quotations—in rupees per candy of 784 lbs.

Bengal *Deshi* 680; Ganganagar (Superfine) 718; Hubli Laxmi 1,170; Khamgaon 1,115. Pakistan N.T. 985; American 1,272; Mwanza 1,176-1,118.

Generally easy conditions prevailed in the Karachi cotton futures market during the fortnight under review. Mill demand continued to be slow and export interest slack. Reflecting this, the N.T.R.G. May contract receded from Rs. 73.10 on the 10th inst., to Rs. 70.70 at close this week. The July contract eased by Rs. 1.10 to Rs. 71.70 during the same period.

The fourth and final estimate of the 1961-62 Egyptian cotton crop put production, less scarto, at 6.55 million metric cantars, as against 6.53 million metric cantars estimated in February and last season's output of 10.44 (old) cantars. The staple length-wise breakdown of the crop is as follows:

	(In metric cantars)
Cotton over 1⅛"	2,768,000
" " 1⅛"	1,660,000
" " 1⅛"	2,127,000
Scarto	258,000

Cotton futures in Liverpool receded in slow dealings characterised mainly by inter-month switchings and routine dealings. In the absence of any fresh incentives, trading interest was lacking. Both the American and American type contracts recorded small losses. Sudan cotton contracts in Liverpool ruled quietly steady, with values showing practically no change. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: May 23.65; July 24.10; October 24.10; December 24.20.

American cotton mixed growth contract: May 24.05; July 24.50; October 24.45; December 24.55.

Sudan: May 30.00; July 29.00; September 29.00.

Quiet conditions prevailed in the New York cotton futures market during the fortnight. Values moved in a narrow range in their trading. Net changes over the week were negligible.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago.

(In cents per lb.)

	24-4-62	17-4-62	10-4-62
New York spot	35.70	35.70	35.07
May	34.25	34.21	34.30
July	34.70	34.63	34.70
October	34.40	34.29	34.31

PEPPER RISES

(Messrs. Parekh and Co.)

BOMBAY, 25*th April*

Malabar black pepper moved both ways during the fortnight under review. In the earlier part, garbled sagged down to Rs. 307 in sympathy with Lampong and Sarawak which were offered to New York and Europe very much below the parity of Malabar. In the later part, however, the market improved under pressure of seasonal inland

demand and buying by exporters who sold some parcels to East European countries.

Ungarbled moved between Rs. 299.50 and Rs. 310 and garbled between Rs. 307 and Rs. 318. May delivery, after touching the lowest at Rs. 318, rallied to Rs. 327. Business in July delivery was thin, there being small interest from both buyers and sellers. London was down to 37d. for white and to 29d. for black.

New York Spot was forced down to $0.34 under pressure of selling by dealers who reduced their selling price, as they were to replace Lampong with a margin. At the time of writing, however, it improved to $0.35.

Direct business with Singapore proved poor, as foreign dealers preferred to deal direct with the origins since the quality of pepper shipment from Singapore during the year incurred recurrent claims.

Brazil is likely to emerge as a serious competitor and, in the years to come, it is expected to produce more pepper both white and black than Sarawak, as most of the pepper plantations in the country are being managed by the Japanese emigrants.

Ready pepper in Bombay is nominally quoted at Rs. 166 per 50 kilos.

FRESH TAXES ON YARNS

(From Our Own Correspondent)

BOMBAY, 25*th April*

Both the customs duty on imported art silk yarn and the excise duty on indigenous yarn have been raised in the final Budget of the Central Government presented to the Lok Sabha on Monday this week. The following are the revisions:

Customs duty: The standard rate of duty on artificial silk yarn and thread has been raised to Rs. 7.50 per kg. or 55 per cent *ad valorem* whichever is higher plus excise duty (statutory), from Rs. 6.60 or 50 per cent *ad valorem*. Similarly, the rate has been enhanced from Rs. 4.45 to Rs. 4.85 per kg. on rayon yarn below 75 deniers, from Rs. 3.15 to Rs. 3.45 on yarns of 75 deniers and above and from Rs. 2.75 to Rs. 3.00 on yarns above 100 deniers; in addition to the revised rates, there will be, as hitherto, excise duty by notification. The additional annual revenue expected is Rs. 68 lakhs as a result of change in basic customs duty and Rs. 166 lakhs by way of countervailing duty provision for which already exists.

Excise duty: The effective rates of excise duty have been revised as follows:

(In Rs. per kg.)	*Revised*	*Old*
Below 75 deniers	4.00	3.00
75 deniers and above but not above 100 deniers	3.00	2.25
Above 100 deniers	2.00	1.50
Staple fibre	1.00	0.75

The tariff rate on rayon and synthetic fibre and yarn has been increased from Rs. 3.35 to Rs. 4.50. The estimated additional revenue is put at Rs. 171 lakhs.

Explaining the proposal in respect of excise duty, the Finance Ministry's memorandum says:

"This proposal is part of a wider proposal to simplify and rationalise the existing tariff on rayon or artificial silk fabrics and yarn. Unprocessed artificial silk fabrics are being exempted from the Central excise duty by a notification as a result of which only processed fabrics falling under this item will be required to pay duty and that, too, at half the existing rates. This would remove control from a large number of powerloom units producing only unprocessed fabrics. However, to make up for the loss of revenue arising out of this step, the tariff rate as also the effective rates on rayon and synthetic fibres and yarn are being stepped up by about one-third of the existing rates."

The excise duty on cotton twist, yarn and thread has also been enhanced as is indicated below:

(Effective rates in nP per kg.)		
Count group	*Revised*	*Old*
Less than 17 counts	10	10
17-34 counts	13.5	10
35-47 counts	18	15
48 counts and over	27	15

The relief given to yarn cleared in hanks generally used in handlooms is being continued at 10 nP per kg. for each group. One effect of this is said to be that coarse yarn issued in hanks will be free of duty.

The estimated additional revenue is put at Rs. 290 lakhs.

In the case of woollen yarn, the rate of excise duty (in per cent *ad valorem*) has been increased from 10 to 15 on worsted yarn and from 5 to 7½ on others. The additional yield is expected to be of the order of Rs. 65 lakhs.

It is proposed to convert the duty on unprocessed woollen, rayon and art silk fabrics to a duty on yarn and processing so as to release the powerlooms from excise control. The loss in revenue will be made good partly by an increase in duty on yarn and partly by a duty on processed fabrics. Consequently, only a small number of units will need excise control in future. As a fair quantity of yarn is imported, these changes will result in a loss of Rs. 50 lakhs, but there will be a net increase in revenue of Rs. 1.16 crore on account of the increased countervailing duty on yarn.

Immediately after the above proposals were announced, the yarn market experienced nervous bull liquidation. It was feared that the steep increase in tax burden on art silk yarn would evoke resistance by weaving mills. There was, besides, the report that the supplies of yarn available would increase, following the release of about 20,000 cases of indigenous yarn allocated against the first quarter's quota but not actually released. Consequently, Amilan (20 x 1) April delivery climbed down from Rs. 3,805 to Rs. 3,625. Subsequently, there was a recovery. In sympathy, the prices of other yarns tended to move up.

The Government of India has decided to allocate indigenous art silk yarn during the April-June 1962 quarter to the art silk powerloom weaving units at the rate of 0.53 kg. per loom per shift on the basis of the total number of loom-shifts worked by such units on art silk/staple fibre yarn during the April-June 1962 quarter.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	25-4-1962	18-4-1962
	Rs.	Rs.
***Art silk yarn*—**		
20/1 Amilon (100 kg.)—		
April	3,740.00	3,745.00
June	3,830.00	3,830.00
120 Japan (per 100 kg.)	2,150.00	2,094.00
150 Japan (per 100 kg.)	1,950.00	1,929.00
120 Italy (per 100 kg.)	1,847.00	1,845.00
150 Italy (per 100 kg.)	1,736.00	1,736.00
Nat. Ray. 150 Bt. 1 (per kg.)	12.72	12.85
***Staple fibre yarn* (40 x 2)—**		
April	732.00	727.00
June	753.00	745.00
Kohinoor (per kg.)	8.36	8.18
***Cotton yarn* (per bundle of 10 lbs.)**		
10s Modern	18.75	18.75
20s Modern	23.00	22.87
32s Madura	30.25	30.00
40s T. T. Corin	33.75	33.50
60s T'Mangal	50.50	50.00

GROUNDNUTS RECOVER

(From Our Own Correspondent)

BOMBAY, 25*th April*

After a sharp decline in the earlier sessions, oilseeds tended to recover later in the week. But today's closing prices in general were still below those prevailing a week ago, barring linseed, which staged a smart rally following reduced arrivals of new crop. The Union Budget did not have any perceptible effect on the market as all the major oilseeds were spared from any new imposts. Copra was an exception, the import duty on which was raised sharply from 5 per cent to 15 per cent. The upward revision was fully reflected in sharp rise in coconut oil prices. Groundnuts came in for heavy selling in the beginning of the week, thanks to pressure of offerings of inferior seeds. At low levels, there was, of course, renewed buying by local crushers and *vanaspati* manufacturers. The relaxation of credit limits in respect of bank advances to expeller mills was welcomed by the trade, as it would help promote exports of deoiled cake. The Reserve Bank has relaxed the bank credit limits available to "integral" expeller mills using the solvent extraction process. Effective from the 19th inst., such expeller units—which export deoiled groundnut cake—will be entitled to additional credit limits from banks to the extent of 25 per cent of the f.o.b. value of the exports made by them in the corresponding 12 months ending February 1962. A circular to banks, announcing the relaxation, states that a sizable quantity of deoiled groundnut cake is exported annually and the relaxation will help the expeller units to increase their exports. Banks are required to maintain a minimum margin of 45 per cent on all advances against groundnut. The oil expeller units will now be able to secure a relaxation in their credit limits to the extent of 25 per cent of the f.o.b. value of their exports.

Castorseeds, which had maintained a firm front last week, turned easy. A better sentiment was, however, in evidence towards the close on reports that the world output of castorseeds were much lower in 1961 than in the previous year. The world castor bean crop in 1961 aggregated 588,000 short tons, according to an estimate by the U.S. Department of Agriculture. This was ten per cent below the previous year's record of 651,740 tons, but 17 per cent above the 1950-54 average. The decline in last year's output was due mainly to a sharp decrease in the Brazilian crop and a less significant drop in India. Brazil's crop last year was 180,000 tons, as compared with 245,000 tons in the year before, while India's crop was 109,760 tons, as against 118,270 tons in 1960. Production in Thailand was 49,600 tons in 1961 and 47,400 tons in the year before. According to the U.S. Department of Agriculture, the prospects for increase in production this year, both in Brazil and India, are good. World exports of castor bean and castor oil in 1961 seemed to have dropped considerably from the 1961 total of 162,000 tons oil equivalent basis (or 360,000 tons bean equivalent). Thailand maintained its position as the leading exporter of beans for the third year in a row. In the export of oil, India suffered a decline whereas Brazil registered a sharp increase. This was reflected in the U.S. imports of oil. The U.S. imported from India 13,787 tons of oil in 1959 and 24,960 tons in 1960, but in 1961 it did not import a single ton. At the same time the U.S. import of oil from Brazil, which had declined to 20,977 tons in 1960, from 40,797 tons in 1959, shot up to 55,407 tons in 1961. The decline in imports from India is attributed to the relatively higher prices of castor oil.

Groundnuts May 1962 contract fell from Rs. 219.12 to Rs. 214, before closing at Rs. 218.12. Nizam bold closed 25 nP higher at Rs. 46.50. Oil May 1962 contract hardened by 5 nP to Rs. 18.50.

Castorseed June 1962 contract wound up the week at Rs. 163.25, as against Rs. 164.37. Madras small, after an initial decline, recovered to Rs. 33.12. Oil commercial, however, shed 10 nP to Rs. 13.40 and B.S.S. 5 nP to Rs. 14.20.

Cottonseed July 1962 contract put on 50 nP to Rs. 102.50. Both non-whites and whites, however, lost 10 nP each to Rs. 20.90.

Linseed September 1962 contract advanced by 71 nP to Rs. 38.12 and June contract by 69 nP to Rs. 38.12. Bold ready was maintained at Rs. 37. Linseed oil, however, eased by 10 nP to Rs. 14.90.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 25th April, as compared with those of the two previous weeks:

	25-4-1962	18-4-1962	11-4-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	218.12	219.12	224.75
Nizam bold	46.50	46.25	47.00
Khandesh quality	46.75	46.50	47.50
Oil ex-mill ready*	19.15	19.00	19.50
Railway receipts*	18.95	18.90	19.20
Oil May 1962	18.50	18.45	18.95
Castorseed			
June 1962	163.25	164.37	164.25
September 1962	166.25	167.37	166.75
Ready Madras	33.12	33.00	33.75
Ready Kanpur	32.00	32.00	32.50
Oil B.S.S.†	14.20	14.25	14.30
Oil commercial†	13.40	13.50	13.60
Linseed			
June 1962	37.50	36.81	37.12
September 1962	38.12	37.41	38.00
Bold ready	37.00	37.00	36.75
Oil ready†	14.90	15.00	15.10
Cottonseed			
April 1962	—	—	—
July 1962	102.00	102.50	103.00
Niger seed	36.25	35.00	36.00
Kardi seed	23.50	25.25	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 280 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

FAIR SUPPORT FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 18*th April*

A total of 698,000 kilogrammes was offered in Sale No. 16 held on the 17th inst. Quality in general showed a further slight decline. The market opened with good general demand which slackened as the sale progressed. There was fair support for low mediums and mediums at 20-30 nP below last rates, but this slackened and, at the close, they were up to 50 nP lower. There was strong enquiry for good mediums and these were irregularly dearer with fannings under this category receiving better support. Highgrown B.O.Ps were irregular and their fannings followed a similar trend but were sometimes dearer. Black leaf descriptions sold readily at lower rates and these declined by up to 30 to 40 nP over last. Whole leaf grades met with good demand at slightly easier rates than last. There was good enquiry for unorthodox descriptions which were fully firm to dearer, particularly fannings grades.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.80-4.20	4.40-4.55
Mediums	4.30-5.00	4.55-4.70
Good mediums	5.10-6.00	4.75-5.05
Nilgiri B.O.P.	5.00-9.20	5.00-6.50

About 307,000 kilogrammes were offered in dust sale No. 16 held today. The market met with only a fair demand. There was fair enquiry for low mediums and mediums, but these declined by upto a rupee per kilo. The plainest descriptions, however, were better supported, but these also shared in the downward trend of the market. There was less enquiry for good mediums and these were considerably easier. Highgrowns, however, met better support and these are quoted steady. Grainy black leaf descriptions sold readily, but these were also much easier. Unorthodox descriptions declined by 40 nP to 50 nP. A few invoices under this category which were cleaner sold at around last rates.

Colombo: This week, the market met with less demand following a decline in quality. Best and medium brokens sold at irregularly lower rates. Lowgrowns also met with only fair support and were easier by 5 to 10 cents. Offgrades, however, met with good demand, particularly better liquoring kinds which were dearer. Stalky kinds were easier to buy. Dusts also sold at lower rates.

London: *North Indian and other growths*: In Monday's sale, 30,700 packages were offered, of which 22,008 packages were from North India. At the beginning of the sale, the market was irregular, but, towards the close, the market firmed up and there was more enquiry for plain sorts which were firm to dearer.

Ceylon and South Indians: Tuesday's sale amounted to 26,736 packages, of which 7,590 packages came from South India. Ceylons met with useful support, particularly low and medium descriptions which were strong to dearer. Highgrowns, particularly light liquoring sorts, were irregular. There was strong demand for South Indian teas which were generally rather dearer.

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TEA DUTY RELIEF WELCOMED

(From Our Own Correspondent)

CALCUTTA, 24*th April*

The tea industry and trade have welcomed the sizable reduction in the export duty on tea, from 44 nP to 25 nP per kg. Even the total abolition of the duty was justified and would have been appropriate. However, it is expected that the benefit of the duty reduction would be passed on substantially to the foreign consumer. If the Government is satisfied later that the measure has led to increased exports, it is quite possible that the remnants of the duty would be withdrawn. However, it is disappointing that the Finance Minister has proposed an increase in the excise duty on loose tea ranging from 5 nP to 10 nP per kg. This change is not expected to affect exports, since there is a provision for rebate on exports at the flat rate of 15 nP per kg. In zone I and IIIa, the increase is 5 nP to 15 nP and 30 nP respectively; in all the other zones, the increase is 10 nP, the new duty in zone II being 25 nP, IIIb 45 nP, and IIIa, excepting Darjeeling, 35 nP per kg.

It is realised that the Exchequer would lose as much as Rs. 4.1 crores a year due to the proposed reduction in the export duty, and perhaps Mr. Morarji Desai, therefore, considered that some measure was necessary to make up the revenue loss. Thus, his attention has fallen on loose tea.

There was strong demand during last week's internal sale, when dusts on offer amounted to 28,355 packages. Legg-cut teas registered a small gain, while the fibrous teas eased in an irregular trend. Keen competition was offered to C.T.C. dusts, and, as a result, the brighter teas recorded a satisfactory gain. Fibrous secondary teas were steady. Clean plain orthodox teas were firm, but the fibrous eased. Brighter liquoring Assams met with good inquiry and prices improved. The quotations per one kg., inclusive of the excise duty, were: Good Assam C.T.C. dust Rs. 6.40 to Rs. 6.90, medium Assam C.T.C. dust Rs. 5.50 to Rs. 5.90, legg-cut dust Rs. 3.75 to Rs. 4.40, medium Assam dust Rs. 3.90 to Rs. 4.30, and plain orthodox dust Rs. 3.30 to Rs. 3.60. Leaf offerings, amounting to 2,638 packages, met with fair demand at irregular prices.

Tea shipments were extremely limited in the week, and this was a blessing in disguise, as, with the cuts in the drafts of the river leading to restrictions in the transport from the port, shippers found it extremely difficult to obtain full allotment of space.

The fact that in the last week's sales in London demand was good and that cheaper offerings were much in the forefront received attention here inasmuch as British buyers were making a last-minute effort to cover their requirements in view of the poor stocks. It was significant that the U.K. warehouse and about-to-be-landed stocks declined from 157.4 million lbs. to 152.4 million lbs. in the week ended 13th April and teas afloat to the U.K. from 19.8 million lbs. to 14.3 million lbs. The price for North Indian plain teas rose between 1d. and 2d. per lb. Among South Indian offerings in London, the better mediums and high growns fell slightly, but teas showing an improvement in quality hardened. In view of the Easter holidays, there would be no sales in London during the week.

Now that the new season is to begin shortly, tea circles have been discussing the prospects. The forthcoming season will be significant in that Britain's entry in the European Common Market is expected to materialise. This will, in all probability, be heralded by a reduction in the import duty in order that Britain's trade with the Commonwealth countries might not be adversely affected. As a result, tea will be made considerably cheaper in Europe as a whole than at present. As such the European consumption of tea is expected to receive a fillip, but huge promotional efforts would be necessary in order to lead the average European consumer to take more to tea in relation to other beverages. The Tea Board is certainly alive to the developments in Europe following the expected reduction in the import duty. However, since nothing is known about the Board's intention to conduct campaigns in Europe, the trade would expect the Board to take it into its confidence and evolve suitable plans, so that India is the first to catch the bus at the right time.

The fact that in the 1961-62 season U.K. imports of Indian tea declined is naturally causing much concern. Ceylon was able to attract considerable British attention to its plain teas thanks to the lower prices. Although in the forthcoming season Indian teas of quality would continue to be bought by Britain, unless prices of plain teas are reduced, most of such teas would ultimately be consumed within the country. Internal consumption is increasing rapidly, despite official discouragement. Although the gardens producing a majority of plain teas were helped by good internal demand, prices fell. It is expected, therefore, that more and more gardens would take to C.T.C. manufacture. However, it should be pointed out that, with the rapidly increasing standard of living, the Indian consumer, so much addicted to tea, is unlikely to reduce his consumption even if sufficient plain tea is not offered to him. For nothing prevents him from taking to the superior teas.

All these factors suggest that more attention to exports to the U.K. is necessary to maintain India's position as the largest supplier of tea to that country. India's output in this year is expected to rise, but it is considered that such rise would be inadequate to maintain supplies to the U.K. as also to a rapidly growing internal market. That, despite a remarkable increase in the output in 1961, there is no carry-forward to the next season should deserve pointed attention.

The prominent tea booking firm, Messrs. Carritt Moran, analysing the prospects for the next season, says that a satisfactory market is expected, but that more C.T.C. dusts may find their way to the internal market to the detriment of orthodox types for which the Middle East would be the only markets. The firm's finding that, in spite of an expanding dusts market within the country in 1961-62 season, the average price realised fell by 35 nP per one kg. should enable the inference that one of the factors which led to an increase in the internal offtake was the lower price.

Analysing export prospects, the firm says that with the low level of stocks in the U.K., there would be no difficulty in disposing of quality teas. Therefore, it expects that the prices of good tea would be maintained at the same level as 1961-62. World output in 1962 is expected to rise by some 90 million lbs., which should not be a matter of concern in view of the slowly increasing world consumption. The review paints a less rosy picture for tippy teas, considering that the Iranian buyers would not be inclined to pay as much as hitherto. The demand for Darjeelings is generally expected to be maintained, but the broken grades would continue to restrict sales of the whole leaf grades in view of the confirmed change of interest of the Turks.

EASY TONE IN JUTE

(From Our Own Correspondent)

CALCUTTA, 24*th April*

Against the background of the Mudaliar Committee recommendations, substantial concession by way of income-tax relief on jute export earnings had been generally expected here. There is, however, a great sense of disappointment, as the Finance Minister has maintained the *status quo* in regard to income-tax on export earnings. Perhaps by way of according consolation to those concerned on export promotion, Mr. Morarji Desai has exempted export earnings from the increase on company income-tax, proposed in the budget. The inadequate attention which this subject has received at the hands of the Finance Minister has greatly disappointed the jute industry.

Similarly, the proposal to levy a duty on indigenous consumption of jute goods has come as a complete surprise. The duty has come at a time when the industry has just turned the corner from huge losses it suffered last year. Production is being maintained at a high level in mills. This is so only because there is good internal and overseas demand. The present step to restrict internal consumption, it is apprehended, would affect mills' production. This would indeed be unfortunate, as stocks of fibre for production of jute goods fit for internal consumption only are abundant. Besides, another bumper crop of fibre is expected. Prices of the inferior varieties of fibre fit for production of sacking goods have already declined, and, if production in mills falls as a result of the present controversial measure proposed by the Finance Minister, fibre prices would indeed be affected. It is necessary to ensure maximum production in mills. Exports of jute goods are free from the proposed levy. The levy of a duty on internal consumption coupled with increased freight, as proposed in the Railway budget, would mean a sure increase in the cost of production not only in the jute industry but in other industries also. This would mean that at the present levels of prices for raw jute and jute goods, the profit-margin for mills would be lower.

Although buffer stock purchases in the lower qualities of fibre, viz. *bimli* and *jungli*, took place and fresh arrivals in agencies fell, easier conditions were in evidence in the raw jute market during the week under review. Earlier in the week, the continued dry weather was attributed as the cause for the steadying influence, but as most jute districts experienced fair to moderate rains on Friday and Saturday last week and sowing operations commenced in right earnest, sellers turned anxious. As the week progressed, conditions in jute goods also became easier. Although overseas support was not entirely lacking and buyers of hessian on behalf of the United States were active in small quantities, the main support was in the nature of covering business. Ready goods also gave way. With the clear indication from overseas buyers that the current price levels were very high for buying on a large scale, there was the realisation that prices must decline. The occurrence of rains and prospects of imminent sowing drew attention to chances of a bumper crop once again. If a crop akin to the magnitude of the last one is to be harvested, either fibre exports must be permitted or prices of goods must be lowered in order to provide incentive to foreign buyers to build up a sizable stock of goods, thus paving the way for mills to continue to be in full production and consume all the indigenous fibre.

The report that the U.S. burlap stocks at the end of March were higher by 4 million yards at 258 million yards was in line with the earlier expectations. This only confirmed the view that the U.S. buyers could afford to watch the price trend before entering into fresh commitments in a big way. Burlap consumption in the U.S.A. for March totalled 75 million yards, registering a fall of 2 million yards compared to the previous month. The total for the three months to March was 240 million yards, giving the encouraging monthly average of 80 million yards, which was a new high for this period. Such satisfactory rate of consumption indicates that substitutes and bulk handling methods had met with a check in these three months. This was possible only by a fall in prices as compared to the corresponding previous period. But the fact that the U.S. interest has now gradually declined also shows that the prices of substitutes might have become competitive. Traders realised the need for passing on to the overseas buyers a little more of the benefit arising from the bumper fibre crop. At the same time, it should not be forgotten that mills had suffered considerable losses when they had to keep their plants on during the fibre shortage last year.

The low level of stocks of jute goods with mills has been the cause of the squeeze in ready goods, which whipped up speculation. Despite a decline in the interest from foreign buyers, the stocks of goods have not risen. This has been due to a striking increase in the internal consumption. It had been earlier hoped that the proposed relief in income-tax on exports would enable mills to increase exports even at the cost of internal consumption. In that case, prices are bound to receive a further boost. In the long-term interests of the industry, this should be avoided. Against this background, the Government of India's decision to license over 250 broad looms for mills is welcome. The importation of these looms is dependent upon adequate foreign exchange being available from export earnings. It is time the Government reviews the existing capacity of mills, trend of internal consumption of goods and export demand. If the past six months are any indication in this regard, the need to set up a few mills becomes clear.

During the week, support from members of the Buffer Stock Association was paltry. Due to the time required for working out details over formalities connected with financing, the State Bank of India's advances had been delayed. For this reason, the quota already issued and amounting to 250,000 maunds had not been fully covered. Ear-

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3.	CORPORATE DIVIDEND TRENDS during the period of Industrial Growth and Planned Economic Development in India (1947-57).. .. (The publication will be on sale from April 25, 1962)	C.D. 1112	—..
4.	THE PATTERN OF COMPANY DIRECTORSHIPS IN INDIA ..	C.D. 1136	1.25

DA-62/48

lier, B.S.A. members purchased *jungli* bottoms at Rs. 61.62 per 100 kgs. and *bimli* bottoms at Rs. 64.30. Although the rains during this week gave a fillip to the sowing operations, the crop would mature late. The high prices, which were prevalent at the time of sowing last year, no longer remain, but the good profits which farmers had reaped then would stand them in good stead to sow at least as large an acreage as last year's. A bumper crop is, therefore, anticipated, and, since at present good quality fibre is in short supply and commands a premium, it is expected that the cultivators would pay greater attention to quality. Much depends upon the availability of retting facilities, which were meagre last year to cope up with a large crop. More canals and tanks have since been provided, and it is expected that the proportion of the tossa and middles to *bimli* and mesta varieties would be higher. In 1961-62, the all-India yield was 2.8 bales per acre as against 2.5 bales in the previous season, and in some of the West Bengal districts it was as satisfactory as 3.5 bales per acre. The increased availability of fertiliser enhances the hope that the yield per acre would register a further increase this year, and even assuming that there is going to be no significant increase in the acreage a higher crop can be harvested. Prices were unchanged this week, with mofussil quotations being nominally above Calcutta's parity.

Due to lack of genuine support, the earlier steadiness in jute goods was not maintained. On Tuesday last, details relating to the U.S. consumption for March were available. The small fall did not influence the trend, as there was keen activity in the futures market. There was also good covering demand in ready goods. These factors were responsible for the rise in the price of ready hessian 40" 10 oz. from Rs. 53.10 to Rs. 53.70. Ready B. twills hardened from Rs. 133.25 to Rs. 135. The details in respect of despatches of jute goods from mills in March pleased the market, as they disclosed increased offtake both on account of export and consumption within the country. Thus, total despatches were higher by 8,300 tons at 98,200 tons. The increase of 8,300 tons was shared by the different constructions as follows: hessian 2,200 tons, sacking 1,600 tons, and others 4,500 tons. Of the total of 98,200 tons, exports claimed 66,400 tons or 67 per cent, the balance of 31,800 tons being for local purposes. These figures compared with 62,300 tons or 69 per cent and 27,600 tons respectively for February, 1962 and 55,800 tons or 64 per cent and 31,800 tons respectively for March, 1961. There was only small covering business on Wednesday, and the news of poor shipping business so far caused concern. As a result, B. twills eased to Rs. 133.80 and hessian 40" 10 oz. to Rs. 53.25. This was followed by speculative selling in the futures market on Thursday. As a result, prices declined. The pace was checked in respect of hessian 40" 10 oz. by the news of sales to the United States, the rate recovering to Rs. 53 after being further lower. B. twills eased to Rs. 132.70. After the Easter and week-end holidays, the market re-opened yesterday, when B twills were quoted lower at Rs. 132 and hessian 40" 10 oz. at Rs. 52.85.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, 24th April

The Union Finance Minister's proposal to levy an excise duty on electric cables and wires has not altogether surprised the local industry and trade. For, this is designed to restrict the consumption of copper in cable plants, which had developed been asked about a year ago by the Government to switch over to the production of aluminium cables and conductors. Some cable manufacturers are now gradually effecting the change India is not only self-sufficient in aluminium but has a large capacity for export also. Recently, quite a few firm proposals to set up aluminium plants have been approved by the Government.

The simplification of the excise duty on copper and copper alloys has been much welcomed. As represented by the industry, the 10 per cent *ad valorem* duty on copper and brass pipes and tubes in force from March, 1961 had meant a tremendous increase in paper work for both the excise staff and the manufacturers. It had been suggested that, if this duty were to be retained, it should be converted into a duty based on weight, similar to the one in force on copper and grass circles and sheets (i.e. Rs. 300 per metric tonne) which, it has been interpreted, also include brass and copper long-length flats and square rods up to and including ¾" thickness or width. Non-ferrous metals are a protected industry, and having regard to the Government's policy of not burdening an industry while it receives protection, it had been expected that the duty on copper and copper alloys would be withdrawn.

Fully firm conditions were in evidence in the local metal market during the week under review. Demand was good, and overseas advices were firm and encouraging. The London Metal Exchange closed for the Easter holidays, with copper being firm at £234 a ton for spot delivery. Support from industries was modest. Earlier, in London, three months' copper was quiet at £234¼ a ton, as there was some uncertainty about the maintenance of the price. However, the price recovered subsequently to £234½, and it was thought that producer support would continue for some time. In Calcutta, copper scrap supplies were scarce and berry scrap hardened from Rs. 557 per 100 kgs. to Rs. 572. Mofussil consumers have naturally strongly reacted to the proposal of the new Railway Minister to increase freight rates.

The Government of India has now clarified that the requirement of the licenceholders to get their import licences endorsed after using the first half and after the expiry of the first six months would not be applicable to the D.L.F. licences. This is because the D.L.F licences are naturally issued against the firm allocation of foreign exchange. Since a good portion of copper to be imported from the U.S.A. would be against the D.L.F. loan, this clarification means that the licences issued under this scheme would be valid for their full period. It is also stated that annual licensing to established importers of non-ferrous items would apply to the following items: (a) copper wrought in certain forms, viz. rods, sections, pipes, tubes, plates and sheets, including those cut in shape and size, (b) copper scrap, whether ingotted or otherwise; zinc or spelter unwrought, including mazak and alloys of zinc and aluminium containing not less than 94 per cent zinc dross, etc., and, (c) tin block and tin scrap; brass, bronze, and similar alloys, unwrought, etc; brass bronze and similar alloys wrought etc; copper unwrought in the form of ingots, blooms, slabs, cakes, tiles, bricks, blocks, billet cathodes, blister bars, electrolytic wire bars, and ingot bars.

Tin, in Calcutta, opened at Rs. 1,687 per 100 kgs. and eased to Rs. 1,683. The decline was due to the weak advices from Singapore and London. In London, the quotation declined from £952 to £944 per ton Overseas reports indicated that the release of the U.S. stockpile tin was imminent. After its recent meeting, the International Tin Council requested the U.S.A. to release 164,000 tonnes from its strategic stockpile amounting to 349,000 tonnes. The balance of 185,000 tonnes is the quantity required by the U.S.A. for its maximum stockpile. Although nothing is clear about the price at which the U.S.A. would release the stocks, it was expected that it would not be lower than £950 a ton, since the U.S.A. would not like to be blamed for depressing the international tin market. Malayan producers have already represented to the U.S.A. that they should be consulted on the price before the actual releases were ordered. The U.S. Senate Committee, headed by Mr. Symington, is reviewing the position, and is expected to submit its recommendations to the Senate very shortly. This had an adverse effect on the price in London as well as Singapore.

Virgin lead was unchanged here at Rs. 126 per 100 kgs. There was some definite improvement in the trend of demand, but, with a comfortable stock position, the price was unchanged. In London, the price improved from £59½ to £60 a ton, as demand was more, despite larger warehouse stocks. Zinc, in London, also showed improvement, the opening and closing quotations being £59½ and £60 a ton respectively. The gain in the price was due to greater European demand. Locally, the price improved from Rs. 247 to Rs. 250 per 100 kgs.

FOODGRAINS DECLINE

(From Our Own Correspondent)

HAPUR, 23rd April

Foodgrains prices registered a marked decline here during the week under review. New rabi grains arrivals were still poor. Trade circles expect further fall in prices in the near future, as arrivals would rise. Arrivals were reported heavy in east U.P., where an easy trend in new *rabi* grains continued. Harvesting of grains has finished and now winnowing and threshing operations have been in full swing.

Wheat indicated an easy trend. While the fall in new wheat prices was of about 67 nP per quintal, old quality prices sagged considerably to be quoted at the week-end at Rs. 37.51 to Rs. 40.19 per quintal for the average quality and Rs. 41.53 to Rs. 42.87 for the better farm produce. Old stocks were poor and traded around Rs. 42.87 to Rs. 49.57 per quintal according to quality. Locally, new wheat arrivals averaged 500 maunds daily. Consumers still preferred to use the old quality wheat, and hence its prices were higher than those of new produce. Rice ruled quietly steady on better consumer demand. Stocks here were estimated around 10,000 maunds. Week-end prices (in rupees per quintal) were:—*mainpuri* 52.56, *ramajwaqan sela* 56.26 to 61.62, *raimunia* *sela* 58.94 to 64.30, *gadda* 52.25, *basmati sela* 66.98 to 75.02 and superior 80.38 to 96.45.

Arrivals of new gram from Punjab increased to an average of 1,000 maunds a day. Arrivals of the new local produce also commenced. Prices, consequently, developed a sagging tendency. Barley and *bejhar* were listless, as arrivals were still poor. Selling pressure in maize continued throughout the week and most of the local stocks were lifted by Ahmedabad. *Bajra* attracted some demand, and was steadier. *Juwar* and *guwar* also ruled steady on good demand in the face of poor stocks. Week-end prices (in rupees per quintal) were:— gram Punjab 36.84 to 37.16, local 36.17, barley 26.80, *bejar* 27 to 28.13, maize 20.07 to 26.79, *bajra* 34.83, *methi* 72.34, *juwar* 37.51 to 41.52 and *guwar* 38.18, oats 27.

In pulses, new peas arrivals have increased to an average of 2,500 maunds daily. Arrivals were also heavy in the *mofussil* markets. While *dara* average quality eased under the pressure of arrivals, farm quality was steadier on support for conversion into dal and for stock purposes. Offtake was fair at eight wagon loads to Madras side. *Arhar* also stayed steady, as the old stocks were meagre and new arrivals had not commenced. New *massor* eased on increased arrivals and poor quality. Prices in other sections on Monday (in rupees per quintal) were:—peas *dara* 28.80 to 29.47, *farm* 30.31 to 32.82, peas *dal* 34.16, *arhar* 41.53, *arhar dal* 51.58, *urd* 58.94 to 64.30, *urd dal* 66.98 to 75.02, *moong* 50.91 to 53.56, *massor* new 37.51 to 42.87, *massor dal* 51.58, gram dal 45.55, moth 42.87 and moth *dal* 50.51.

BANK STATEMENTS

Reserve Bank of India

Statement of Affairs for the week ended 20th April, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	4,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	51,05,75,000
(2) Other Governments	6,86,00,000
(b) Banks	88,51,50,000
(c) Others	156,55,80,000
Bills Payable	31,42,31,000
Other Liabilities	62,43,11,000
Rupees	537,84,56,000

ASSETS	Rs.
Notes	21,07,42,000
Rupee Coin	2,25,000
Subsidiary Coin	4,05,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	63,00,44,000
Balances held abroad*	9,02,65,000
Loans and Advances to Governments†	125,87,49,000
Other Loans and Advances	131,56,16,000
Investments	153,11,24,000
Other Assets	35,12,90,000
Rupees	537,84,56,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 12,47,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	21,07,42,000	
Notes in circulation	2141,06,00,000	
Total Notes issued		2162,13,42,000
Total Liabilities		2162,13,42,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	108,86,07,000	
Total of A		226,62,10,000
B. Rupee Coin		118,47,50,000
Government of India Rupee Securities		1817,03,82,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2162,13,42,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	13-4-62	6-4-62	14-4-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	54.84	54.51	52.44
(ii) From others	785.84	764.41	715.01
(b) Borrowings from banks	22.79	20.05	20.15
(c) Others	60.69	58.40	55.46
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	16.99	16.00	14.00
(ii) From others	1,159.75	1,148.89	1,048.88
(b) Borrowings from banks	12.24	13.08	12.73
(c) Others	14.03	14.17	22.29
3. Aggregate deposits ((i) (a) (ii) + (i) (a) (iii))	1,945.10	1,948.80	1,765.82
4. Borrowings from Reserve Bank	17.05	31.45	56.90
(a) Against usance bills and/or promissory notes	14.01	24.74	53.20
(b) Others	3.04	6.71	23.60
5. Borrowings from State Bank and/or a notified Bank	21.76	21.44	15.71
6. Cash	50.09	52.40	47.81
7. Balances with Reserve Bank	79.98	90.93	75.10
8. Cash and balances with Reserve Bank	129.98	143.41	122.91
9. 8 as per cent of 4	5.68	7.88	6.97
10. Balance with other banks in current account	14.01	24.74	33.20
11. Money at call and short notice	17.37	13.06	16.56
12. Investments in Government securities	46.83	41.96	32.35
13. 12 as per cent of 3	238.47	239.39	220.23
14. Advances—	30.25	30.38	31.98
(a) Loans, cash credits and overdrafts	1,189.85	1,182.72	1,104.54
(b) Due from banks	6.32	9.74	10.36
15. Inland bills purchased and discounted	180.58	181.13	157.90
16. Foreign bills purchased and discounted	47.49	48.47	46.97
17. Total Bank Credit (14 (a)+15+17)	1,417.26	1,413.31	1,309.41
18. 17 as per cent of 3	72.89	72.68	74.26

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.00	5
Belgium	22nd Mar., 1962	4	5
Bolivia	30th Sept., 1960	3	4
Burma	Feb., 1945	2	3
Canada †		2.72	3.36
Ceylon	15th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	23rd May, 1961	5.5	6.5
Equador	8th May, 1958	7	10
Egypt	15th Nov., 1962	3.50	5
El Salvador	4th June, 1961	6.5	8
Finland	2nd Jan., 1959	5.50	6.75
France	6th Oct., 1960	4	5.50
Greece	May, 1953	9	10
India	16th May, 1957	4.50	6
Indonesia	1st April, 1946	4	6
Ireland	2nd Mar., 1962	5.56	6.94
Italy	7th June, 1958	4	3.50
Japan	25th Sept., 1961	6.90	7.30
Malaya	26th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	26th April, 1962	3.50	4
New Zealand	24th Mar., 1961	4	5.50
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1960	3	4
Peru	Nov., 1959	6.00	6.50
Philippines	24th Jan., 1962	3	4
Portugal	12th Jan., 1944	2	3
South Africa	7th Dec., 1961	4	4.50
Spain	6th April, 1962	4.5	4
Sweden	6th April, 1962	4	4.50
Switzerland	27th Dec., 1957	2.50	3
Thailand	Nov., 1949	7	5
Turkey	Nov., 1960	6	7.5
United Kingdom	26th April, 1962	4	4.50
U.S.S.R.	1st July, 1956	3	4
U.S.A.	13th June, 1960	3	4
West Germany	8th Dec., 1961	3.50	5

† Bank Rate in Canada fluctuates in step with Treasury Bill Rate. The latest available rate is shown here, as compared with that the preceding week.

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares. P.O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. f—Dividend for first half of the year

Shares:—If a company has different classes of shares—as for example, 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up per share

Accounts:—Figures in the "Accounts Closed" column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share: 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
17,33,200	9,88,022	40,70,472	25,34,396	2,333	Magania Bhagwandas & Co.	..	..	Ambika Silk Mills Co., Ltd.	202.50	100	12.00	12.00	15.00		12	Y.
50,00,000	....	1,15,07,428	49,16,004	—29,00,337	Bajputana Text. (Agencies) Pvt. Ltd.	45,180	903	Apollo Mills	Nil	5	Nil	Nil	Nil	Nil	3	Y.P.T.
40,00,000	11,54,041	1,21,07,426	35,20,252	2,99,855	Gulabchand Jain, Esq. (Chairman)	50,596	1,021	B. R. Cotton Mills	78.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
2,50,98,000	3,70,18,313	12,21,54,310	6,17,67,811	99,669	Nowrojee Wadia & Sons (Pvt.) Ltd.	2,18,492	4,320	Bombay Dyeing & Mfg.	89.50	25	2.50	3.50	3.50	3.50	12	Y.
10,00,000	2,84,495	89,53,981	57,46,203	1,37,996	Ramnarain Sons Private Ltd.	44,784	860	Bradbury Mills	205.00	50	7.50	5.00	5.00	12 50	3	Y.P.
2,54,90,000	4,09,76,495	10,53,72,338	4,62,73,738	2,31,912	Birla Gwalior Private Ltd.	1,25,752	2,938	Century Spg. & Mfg.	227.00	100	12.50*	7.50	11.00	11.00	3	Y.
25,00,000	25,13,905	1,36,00,429	84,16,840	34,762	Cowasjee Jehangir & Co. Pvt. Ltd.	51,460	680	Cooria Spg. & Wvg.	165.00	100	12.50	15.00	15.00	15.00	3	Y.
58,00,000	29,03,230	1,02,39,816	68,42,312	2,06,873	Ramnarain Sons Private Ltd.	47,356	922	Dawn Mills	163.00	50	5.00	10.00	15.00	15.00	12	Y.P.
24,00,000	25,28,313	98,61,168	67,85,681	2,29,973	Puranmal Bubna Sons	47,706	838	Edward Textiles	365.00	100	15.00	18.00	18.00	15.00	12	Y.
29,98,950	41,95,692	1,61,80,826	87,15,263	1,06,104	B. L. Jalan, Esq. (Chairman)	63,212	784	Elphinstone Spg. & Wvg.	124.00	50	Nil	7.00	9.00		12	Y.
1,78,47,000	74,85,035	2,12,84,043	1,29,92,207	20,884	James Finlay & Co., Ltd.	45,768	1,020	Finlay Mills	322.00	100	15.00	23.00	23.00	23.00	12	Y.
50,00,000	57,03,239	1,12,19,385	76,68,367	6,662	James Finlay & Co., Ltd.	6,250	1,000	Gold Mohur Mills Ltd.	240.00	100	15.00	21.50	21.50	21.50	12	Y.
12,00,000	1,28,44,196	2,29,95,578	1,53,60,765	21,340	K. M. D. Thackersey, Esq. (Chairman)	45,448	1,120	Hindoostan Spg. & Wvg. Mills	6,250.00	1,000	350.00	350.00	500.00	500.00	3	Y.P.
2,00,00,000	41,70,614	5,28,11,146	4,01,32,001	9,69,581	M. D. Bhat, Esq. (Chairman)	2,46,388	6,265	India United Mills	23.00 3.80	0 10O. 0 1D.	Nil	Nil	Nil	0.1825	12	Y.
50,00,000																
18,00,000	1,02,72,488	1,93,48,928	1,45,88,123	9,508	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	9,225.00	1,000	225.00	200.00	225.00	250.00	3	Y.P.
59,88,000	87,09,165	3,99,58,871	2,84,69,582	98,194	Khatau Makanji & Co. (Pvt.) Ltd.	1,20,504	1,846	Kohinoor Mills	450.00	100	10.00	9.50	15.00	18.00	12	Y.
1,00,00,000	1,07,07,211	4,48,95,974	3,17,65,589	1,555	Killick Industries Ltd.	1,20,504	1,846	Modern Mills	78.00	50	3.00	5.00	6.00	6.00	12	Y.
46,48,850	47,96,020	1,02,49,470	82,72,990	29,825	N. Sirur & Co. Private Ltd.	49,200	644	Morarjee Goculdas Spg. & Wvg.	408.00	100	15.00	21.50	21.50	24 00	6	Y.P.
81,75,000	60,60,557	3,25,38,719	2,31,00,780	1,84,822	Piramal Sons Private Ltd.	71,504	1,642	National Rayon Corporation	574.50	100	14.00	22.00	22.00	22.00	12	Y.P.T.
2,41,12,100	2,23,52,150	16,69,41,993	6,87,34,426	93,407	Chinai & Co. Private Ltd.	....	....	New City of Bombay Mfg.	181.00	100	Nil	Nil	Nil		12	Y.
24,00,000	12,53,717	91,26,187	49,70,078	2,44,928	H. V. Gandhi, Esq. (Chairman)	49,012	856	New Great Spg. & Wvg.	310.00	100	Nil	Nil	Nil		12	Y.P.
30,00,000	2,91,638	1,24,16,237	63,75,602	—8,27,101	Sahu S. P. Jain, Esq. (Chairman)	49,012	1,190	Phoenix Mills	203.00	100	10.00	10.00	15.00	20.00	3	Y.
48,00,000	55,35,221	1,89,77,617	1,29,35,901	4,01,084	Ramnarain Sons Private Ltd.	49,012	930	Podar Mills	148.00	100	18.00*	12.00*	12.00*		12	Y.P.
45,00,000	45,06,152	87,38,076	38,27,922	2,40,748	Podar Sons Private Ltd.	....	....	Raymond Woollen Mills Ltd.	142.00	100	8.00	11.50	12.00		12	Y.
75,00,000	93,95,098	1,04,04,744	98,31,773	1,11,911	J. K. (Bombay) Private Ltd.	....	....	Sassoon & Alliance Silk Mills	14.00	10	Nil	Nil	Nil		12	Y.
10,00,000	1,70,451	32,32,052	19,14,445	—1,07,771	R. A. Podar, Esq. (Chairman)	2,160	30	Shree Ambica Mills	66.30	10	2.00	2.50	1.70	2.00	12	Y.
75,40,000	1,46,61,503	3,73,54,242	2,03,32,794	30,196	M. G. Investment Corp. Private Ltd.	77,436	1,520	Shree Niwas Cotton Mills	277.00	100	10.00	15.00	18.00	20.00	12	Y.P.
90,00,000	87,99,237	2,37,58,801	93,55,714	1,06,436	Marwar Textiles (Agency) Pvt. Ltd.	49,840	1,253	Simplex Mills	171.00	50	8.50	5.00	7.50	Nil	3	Y.P.
60,48,000	33,44,035	3,39,25,300	1,17,07,132	39,044	S. R. Damani, Esq. (Chairman)	49,840	1,253	Standard Mills	1,015.00	100	20.00	20.00*	30.00	25.00	12	Y.P.
1,53,65,000	2,70,39,064	4,95,44,945	2,30,44,764	1,74,873	Mafatlal Gagalbhai & Sons	75,036	2,000	Swadeshi Mills	285.50	100	10.00	14.00	17.00		12	Y.P.
1,00,00,000	1,05,78,408	3,50,93,935	1,93,08,592	24,325	Tata Industries Private Ltd.	40,328	550	Swan Mills	330.00	100	25.00	36.00	36.00	21.60	12	Y.P.
50,00,000	58,84,487	2,10,65,521	1,34,20,892	10,399	James Finlay & Co., Ltd.	47,728	864	Tata Mills	277.00	25	1.50	2.50	5.00	5.50	12	Y.P.
65,57,875	89,75,268	3,27,28,804	1,36,44,806	30,449	Tata Industries Private Ltd.	70,340	1,770	Tata Mills	462.50	100	20.00*	20.00	25.00		12	Y.P.
22,00,000	66,01,539	1,16,62,138	71,22,479	78,725	Mangaldas Mehta & Co. Private Ltd.	50,058	944	Victoria Mills Ltd.	54,654	100	81.25	81.25	116.00	125.00	12	Y.P.
13,00,000	1,13,49,944	2,05,53,799	1,36,82,288	14,039	K. M. D. Thackersey, Esq. (Chairman)		1,262	Western India Spg. & Mfg.								
AHMEDABAD																
40,00,000	46,70,826	2,15,88,170	94,31,706	26,620	Tata Industries Private Ltd.	49,168	1,016	Ahmedabad Advance Mills†	210.00	100	5.00	4.00	16.00		12	Y.P.T.
29,63,000	1,17,06,572	1,66,77,923	1,03,38,076	87,710	Muthoosing Sons & Co.	44,220	955	Aruna Mills	739.00	100	25.00	25.00	30.00	35.00	12	Y.P.
1,00,00,000	2,89,17,047	4,39,00,937	1,81,03,201	2,784	Narottam Lalbhai & Co.	49,368	1,408	Arvind Mills	1,030.00	100	28.00	40.00	45.00	45.00	12	Y.P.
26,40,000	31,56,636	1,36,47,290	89,36,795	30,018	Mangaldas & Brother (Pvt.) Ltd.	40,368	953	Arvindra Ginning & Mfg.	505.00	200	25.00	25.00	30.00		12	Y.P.
29,60,800	1,46,03,729	2,25,33,906	94,70,571	36,671	Lalbhai Dalpatbhai & Co.	37,352	915	Asoka Mills	770.00	100	25.00	22.00	31.00	34.00§	3	Y.P.
2,06,25,000	2,03,45,308	9,86,80,261	4,70,25,866	16,05,333	Lalbhai Group	1,39,120	2,380	Calico	1,080.00	125	25.00	37.00*	36.00	50.00	3	Y.P.
71,59,250	80,56,458	1,99,03,956	1,24,49,024	80,374	Mafatlal Chandulal & Co., Ltd.	51,112	907	New Commercial Mills	1,625.00	125	35.00*	55.00*	60.00	45 00	12	Y.P.
98,39,375	2,94,45,983	3,20,28,384	1,91,20,553	3,30,561	Jagabhai Bhogilal Nanavaty & Co.	51,112	907	New Shorrock Spg. & Wvg.	535.00	100	25.00	30.00	35.00	35.00	12	Y.P.
24,72,500	75 89,714	1,13,89,485	56,84,264	7,388	Jagabhai Bhogilal Nanavaty & Co.	25,560	572	Nutan Mills	745.00	100	25.00	35.00	40.00	40.00	12	Y.P.
50,00,000	82,38,194	1,80,50,499	90,92,001	47,719	Lalbhai Dalpatbhai & Co.	35,600	660	Rajpur Mfg.	235.00	100	8.00*	10.00	10.00		12	Y.P.
45,75,000	25,73,702	1,63,80,187	94,85,502	334	Rohitbhai Chimanbhai, Esq. (Chairman)	37,840	648	Rohit Mills	1,763.00	100	80.00*	45.00	50.00	Nil	12	Y.P.
63,75,000	4,05,93,706	2,79,09,326	1,75,09,252	1,37,159	Harivallabhdas Kalidas & Co.	94,128	1,819	Shri Ambica Mills								
WEST BENGAL																
15,00,000	3,32,786	40,33,445	27,11,989	15,766	Calcutta Agency Private Ltd.	13,044	356	Basanti Cotton Mills	7.81	10	0.50	Nil	0.30		12	Y.P.T.
7,11,250																
1,30,620	3,62,600	1,03,06,007	68,71,608	—2,60,980	D. N. Bhattacharjee, Esq. (Managing Director)	35,916	935	Bengal Luxmi Cotton Mill	25.00N	40	Nil	Nil	Nil	2.00	3	Y.P.
1,70,000																
50,00,000	4,70,250	83,31,330	19,64,286	94,375	H. N. Sugla, Esq. (Mg. Director)	42,912	841	Bharat Commerce & Industr.	27.06	10	Nil	Nil	0 50		12	Y.P.
24,00,000	14,14,700	1,52,38,678	67,84,930	1,13,595	Kettlewell Bullen & Co., Ltd.	43,064	800	Bowreah Cotton Mills	41.00	10	Nil	Nil	10 00		12	Y.P.T.
25,50,000	4,10,000	1,67,83,142	98,54,887	2,16,475	Kettlewell Bullen & Co., Ltd.	43,064	800	Dunbar Mills	34.12	10	Nil	1.00	2 00		12	Y.T.
60,00,500	24,71,500	1,01,55,355	50,11,365	87,266	Birla Brothers Private Ltd.	4,553	206	Jay Shree Textiles Ltd.	16.44	10	0.65	0.80	1 00	1.00	12	Y.T.
1,60,00,000	3,98,94,557	7,99,50,461	3,14,69,936	2,44,919	Birla Brothers Private Ltd.	75,040	1,992	Keoraam Ind. & Cotton Mills	31.87	10	0.25	0.25	0.50	1.20	3	Y.P.
O. 19,47,750									11.00	10	0.50	Nil			6	Y.
D. 5,00,000	78,492	50,90,823	29,33,579	—9,91,450	Hasaramal Hemraj	23,036	795	Rampooria Cotton Mills	2.50N	1D	Nil	Nil				
SOUTH INDIA AND OTHER CENTRES																
29,99,525	9,71,634	82,71,024	24,50,179	1,71,575	Kothari & Sons*	..	..	Adoni Spg. & Wvg. Co., Ltd.	18.10cd	10	Nil	Nil	0.30	0.30	12	Y.P.T.
30,00,000	31,50,000	77,23,088	25,12,233	33,933	Best & Co. (Pondicherry) Pvt. Ltd.	42,656	1,055	Anglo-French Textiles Ltd.	147.50cd	100	6.00	11.00	16.00	16.00	12	Y.P.
11,98,600	7,40,000	55,18,246	29,39,413	338	Seina & Co.	25,984	..	Asher Textiles Ltd.	52.00	100	Nil	4.00	6.00	6 00	6	Y.
72,00,000	19,55,192	2,16,37,183	81,44,425	8,120	O. S. Tyabjee, Esq. (Mg. Director)	46,540	725	Assam Jahi Mills	88.00	100	6.00	6.00	10.00	15.00	12	Y.P.
1,81,50,000

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	85,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd. ..	870	Agarpara	12.31	10	0.25	0.50	1.00	0.25	3	Y.P.T
5,00,000	16,40,000	77,47,320	49,41,324	2,22,048	McLeod & Co., Ltd.	456	Alexandra	305.00	100	10.00	15.00	44.00		12	Y.P.T
30,00,000	6,06,850	1,44,87,735	1,04,88,023	—1,17,975	McLeod & Co., Ltd.	1,264	Alliance	111.00	100	Nil	Nil	6.00		5	Y.P.
40,20,700	85,71,000	2,80,85,747	1,84,94,034	3,74,363	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	238.00	100	10.00	12.50	20.00	7.50	3	Y.P.
40,00,800	25,14,327	1,46,86,173	93,62,153	45,981	Bird & Co. Private Ltd.	810	Auckland	181.00	100	5.00	20.00	27.00	12.00	3	Y.P.T
20,00,800	34,84,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd. ..	958	Bally	316.00	100	6.00	10.00	25.00	25.00	3	Y.P.
£276,000	£842,859	£1,372,653	£967,103	£95,080	Sir John H. Burder (Chairman)	1,389	Barnagore	179.00	£5	Nil	10sh.	£1.10sh	10 Sh.	3	Y.P.
45,00,000	26,81,780	78,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	600	Bengal	10.75	10	0.50	0.50	0.50		3	Y.P.T
24,26,000	3,86,27,813	8,17,03,760	2,90,00,714	1,83,905	Birla Brothers Private Ltd. ..	1,373	Birla	36.94	10	1.00	1.00	1.50	1.50	3	Y.P.
36,00,000	10,40,080	1,26,16,150	74,88,636	—8,90,684	Andrew Yule & Co., Ltd.	991	Budge-Budge	147.00	100	5.00	15.00	10.00	Nil	10	Y.P.
7,46,380	6,000	45,82,228	35,10,243	—1,47,546	Tayaram & Sons	502	Calcutta Jute Mfg.	6.50N	10	Nil	Nil			12	Y.P.T
30,00,000	29,96,050	92,72,655	5,10,612	6,22,841	M.	616	Caledonian	220.00	100	15.00	12.00	12.00		11	Y.P.
80,16,400	82,28,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	669	Champdany	142.00	100	Nil	7.00	10.00	5.00	3	Y.
20,16,250	44,89,344	1,22,29,634	62,15,516	6,533	Andrew Yule & Co., Ltd.	1,121	Cheviot	24.00	10	0.50	1.25	Nil		11	Y.P.
20,15,000	31,07,621	1,26,04,229	74,40,619	—7,86,279	McLeod & Co., Ltd.	500	Chhavalsah	13.00	10	1.25	1.50	0.50	Nil.	7	Y.P.T
24,00,000	0,00,000	$2,12,038	61,31,205	—3,00,256	M.	969	Clive	9.00	10	Nil	Nil	Nil		3	Y.P.
21,40,200	14,88,891	1,10,14,699	69,67,313	9,802	Bird & Co. Private Ltd.	786	Dalhousie	138.00	100	Nil	Nil	1.00	1.00	3	Y.P.T
22,00,000	44,35,474	87,88,377	51,25,578	15,832	Andrew Yule & Co., Ltd.	779	Delta	191.00	100	6.00	14.00	7.50		11	Y.P.
15,00,000	38,51,700	1,15,14,250	70,24,556	48,572	McLeod & Co., Ltd.	500	Empire	19.00	10	1.00	1.25	1.25	0.75	7	Y.P.T
62,00,000	31,72,389	3,52,82,387	1,90,83,987	72,235	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Glester Industries Ltd. ..	451.00	100 Old	20.00	20.00	25.00	10.00		Y.P.T
21,00,000	19,81,946	1,32,23,493	76,17,723	1,84,890	Bangur Bros., Ltd.	1,014	Fort William	25.94	10	1.50	1.50	2.25		3	Y.P.T
84,32,100	5,16,808	2,24,66,716	1,48,00,382	59,359	Lakshmipat Singhania, Esq. (Chairman)	1,769	Ganges Manufacturing Co., Ltd.	14.94	10	Nil	Nil	1.00		3	Y.P.
10,80,000	34,26,266	98,03,727	53,00,178	14,067	M.	407	General Ind. Society Ltd. ..	44.50	10	2.00	4.00	4.00		12	Y.T.
24,00,000	24,26,266	2,74,15,455	1,81,66,760	52,635	Macneill & Barry Ltd.	1,394	Georgepore	500.00	100	20.00	25.00	30.00	25.00	3	Y.P.
14,00,000	71,86,723	1,23,84,146	76,47,156	2,85,699	Bangur Bros., Ltd.	1,078	Hastings	115.00N	100	5.00	6.00	6.00		3	Y.P.
12,80,000	31,59,953	83,48,980	55,07,773	38,328	J. & R. Hutchison Private Ltd.	720	Hooghly	29.00	10	Nil	0.50	1.00	2.00	3	Y.P.
65,62,500	42,62,842	2,25,18,876	1,45,23,467	97,720	Jardine Henderson Ltd.	1,940	Hovrah	21.62	10	Nil	1.00	1.25	1.00	3	Y.P.T
35,50,000	23,73,191	2,31,24,274	1,52,97,275	1,58,978	Mahomed Ramkissendas	2,272	Hukumchand	27.00	7.50	1.50	1.50	2.15	2.15	3	Y.P.
27,36,000	38,63,000	1,36,93,015	1,09,04,160	76,164	M.	790	India	17.75	12.50	1.56	1.24	1.75	1.50	3	Y.
24,00,000 }	27,20,329	2,00,48,588	1,40,57,698	29,774	Jardine Henderson Ltd.	1,797	Kamarhatty	{ 170.00	100	5.00	20.00	5.00		} 12	Y.P.T.
'B' 10,20,000 }								{ 170.00	100	Nil	Nil	Nil			
30,00,000 }		1,78,93,394	1,18,38,228	—14,78,469	Jardine Henderson Ltd.	1,527	Kankinarrah	{ 170.00	100	Nil	Nil	Nil		} 12	Y.P.T.
'B' 24,00,000 }	.....							{ 170.00	'B' 100	Nil	Nil	Nil			
26,00,000	57,46,000	1,59,67,739	1,08,91,650	2,61,205	McLeod & Co., Ltd.	702	Kelvin	210.00	100	12.50	14.00 'C'	15.00	15.00	3	Y.P.
54,00,000	23,86,564	2,18,73,556	1,39,80,173	900	Anderson Wright Ltd.	1,539	Khardah	17.25	10	0.80	2.00	2.00	0.50	3	Y.P.
30,24,600	47,39,752	2,07,07,106	1,23,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	172.00	100	5.00	10.00	20.00	7.00	3	Y.P.T.
24,48,000	6,04,572	1,08,28,825	71,06,448	—3,54,448	Bird & Co. Private Ltd.	921	Lansdewne	156.00	100	Nil	Nil	Nil	Nil	3	Y.P.
30,00,000	14,18,430	85,77,636	42,23,242	54,949	Bird & Co. Private Ltd.	840	Lawrence	171.00	100	Nil	2.00	15.00	15.00	3	Y.P.
21,65,200	44,95,987	2,33,24,196	1,44,72,214	54,406	M.	1,294	Megna	113.00	10	1.75	1.00	1.25	1.25	3	Y.
20,08,000	34,36,392	1,84,58,185	94,33,285	—11,60,635	M.	815	Naihati	113.00	100	Nil	Nil			3	Y.P.T.
30,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.375	0.60		10	Y.T.
35,00,000	82,53,708	1,08,02,939	25,02,498	51,525	M.	853	National	24.00	10	0.75	1.00	0.75	0.50	10	Y.P.
20,35,000	33,15,272	78,06,059	37,45,740	59,869	McLeod & Co., Ltd.	316	Nellimarla Jute	12.75	10	1.00	1.40	0.30	0.60	7	Y.P.T.
2,86,66,270	2,60,72,020	9,66,78,851	1,71,73,261	Nil	Sahu Jain Ltd.	1,765	New Central	17.94	10	Nil	1.00	1.50/C'	1.50	3	Y.P.T.
36,79,280	81,98,617	1,30,21,848	77,96,582	32,274	Bird & Co. Private Ltd.	1,567	Northbrook	85.50	10	Nil	1.25	3.00	2.00	3	Y.P.T.
60,79,500	41,25,256	2,25,60,381	1,19,31,974	1,66,322	Mamadil & Barry Ltd.	1,992	Nuddea	77.25	50	2.50	3.00	4.00	3.00	3	Y.
25,00,000	11,44,471	1,06,51,380	78,95,872	4,940	McLeod & Co., Ltd.	400	Presidency	6.56	5	0.37½	0.50	0.40	0.30	7	Y.
20,00,000	73,604	36,55,346	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	385	Rameshwara	10.31	10	Nil	Nil	Nil	Nil	3	Y.P.
40,50,000	....	1,24,88,157	67,33,074	—20,22,381	Jardine Henderson Ltd.	1,276	Reliance	7.69	10	Nil	Nil	Nil	Nil	3	Y.P.T.
45,00,000	£499,965	£1,495,848	£859,102	£23,607	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	5%†	10%†	6%†		12	Y.P.
20,00,000	19,07,388	1,24,59,559	91,45,588	69,510	Bagasin Merc & Co. Ltd.	911	Shree Ambica	35.00	10	0.50	0.60			3	Y.P.
14,00,000	12,85,660	76,14,628	54,32,384	21,730	Hindustan Investment Corpn. Ltd.	491	Seorah	24.75	10	1.50	2.50	2.50		12	Y.P.
20,00,000	2,60,255	51,27,763	37,43,913	14,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	3%†	10%†	6%†		12	Y.P.
35,36,000	37,94,456	93,13,767	55,10,623	3,800	Bird & Co. Private Ltd.	1,226	Union	191.00	100	15.00	20.00	25.00	6.00	3	Y.P.T.
21,70,000	£279,622	£1,283,223	£611,722	£37,315	Thomas Duff & Co. (India) Pvt. Ltd.	1,231	Victoria	9.50N	£1	5%†	10%†	6%†		12	Y.P.
2,50,000	7,20,000	82,36,786	45,97,547	96,614	McLeod & Co., Ltd.	447	Waverley	7.00	1	Nil	0.25	0.30	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
16,26,900	4,88,841	17,75,941	3,77,563	16,618	Young India Agencies Private Ltd.	879	Balanoor Tea and Rubber ..	13.75	10	1.75	1.50	1.50	1.20	3	Y.P.
36,92,542	22,76,747	84,13,561	15,18,378	78,105	Kothari & Sons (Agn.) Pvt. Ltd.	3,523	Blue Mountain	2.58	2	0.25	0.25	0.25	0.20	6	Y.
5,50,000	5,99,222	17,63,436	3,74,494	14,168	K. Anantaraman, Esq. (Mg. Director)	848	Chamraj Mahal Estates Ltd. ..	5.65	2	0.25	0.25	0.25	0.25	6	Y.
14,99,160	14,42,652	27,59,606	9,86,841	48,653	Peirce, Leslie & Co., Ltd. ..	1,714	Chembra Peak Estates	28.00	10	2.00	2.00	1.75	1.50	3	Y.
5,66,420	13,50,288	24,06,623	2,29,388	24,782	Mathesen Bosanquet & Co. Pvt. Ltd.	392	Coonoor Tea	4.35	2	0.40	0.40	0.40	0.40	3	Y.P.
4,80,800	5,19,880	13,74,821	2,42,244	2,180	Srinivas Agencies	661	Devarabeta (Nilgiri) Tea ..	26.05xr	10	2.50	2.50	2.50	1.00	12	Y.
6,00,000	4,81,315	12,81,926	3,69,201	656	P. G. Krishna Iyer, Esq. (Mg. Director)	353	Devon Tea	13.50	10	1.75	1.50	1.50	1.20	12	Y.
6,74,650	3,81,080	11,09,946	2,46,302	13,226	Young India Agencies Private Ltd.	445	Emerald Valley Estates	5.30	5	0.50	0.40			5	Y.P.
5,00,000	1,25,500	4,04,317	85,265	2,027	Parkina Private Ltd.	180	Halleybuna	13.00	10	1.25	1.25/C'	1.50	1.50	12	Y.P.
25,00,000	18,55,500	56,71,656	10,81,863	77,195	Parkina Private Ltd.	1,586	Kalaa Tea	3.42	2	0.25	0.30	0.40	0.50	12	Y.P.
6,00,000	8,56,159	15,77,438	3,94,129	59,573	Peirce, Leslie & Co., Ltd. ..	465	Kil Ketagiri Tea	4.63xd	2	0.30	0.75	0.50	0.50	10	Y.P.
12,17,276	3,40,747	24,22,008	6,64,021	10,862	Peirce, Leslie & Co., Ltd. ..	1,375	Kodaganad Estates	5.15	10	0.50	0.50	Nil	0.40	3	Y.P.
6,90,360	2,14,272	12,67,080	1,15,811	579	Ipe Oommen & Co. Pvt. Ltd.	802	Kurchemana Plant. Ltd.	10.50xd	10	1.00	1.00	1.00	0.40	3	Y.P.
5,00,000	1,20,556	9,61,424	78,039	87,189	Mathesen Bosanquet & Co. Pvt. Ltd.	287	Lanky Valley	18.00	10	1.00	1.00	1.00		3	Y.P.
3,50,000	7,900	3,48,587	18,789		Vasantha & Co. (Trichy) Pvt. Ltd.	355	Manar Estates Ltd.	36.00	25	3.75	5.00	3.75	3.50	10	Y.
3,00,000	6,15,504	14,43,567	3,15,782	1,749	Rapoo Thomas, Esq. (Mg. Director)	560	Mannalay	8.33	5	0.87	0.87	0.87	0.87	3	Y.P.
36,00,000	23,87,884	85,03,880	15,12,160	16,320	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	2.87	2	0.30	0.30	0.30	0.30	3	Y.P.
12,00,000	7,04,337	28,03,725	6,12,258	27,990	A. V. Thomas & Co., Ltd.	1,034	Nellimpathy	8.40	10	0.60	0.50	0.80		6	Y.P.
14,96,250	7,45,545	39,87,155	6,33,351	26,799	A. V. George & Co. Ltd.	1,622	Nilgiri Tea	24.00	10	0.50	1.25	Nil		11	Y.P.T.
22,10,000	5,77,357	35,77,599	13,53,372	22,735	Harrisons & Crosfield Ltd. ..	2,236	Parkside	21.07xd	10	2.50	2.75	2.75	2.25	6	Y.
14,88,960	16,87,814	33,02,719	6,08,115	40,066	P. S. M. Mahyneux, Esq. (Chairman)	576	Peninsular Planatations Ltd. ..	28.00xd	10	2.50	2.50	2.50	2.50	6	Y.
5,00,000	6,83,306	5,53,792	58,047	2,51,170	S. Sivaramakrishna Aiyar, Esq.	706	Periakaramalai	22.10	10	1.50	2.00	2.00	2.00	6	Y.
17,00,000	11,57,087	47,52,475	15,91,846	97,064	Aspinwall & Co. (Travancore) Ltd.	1,564	Peermade	18.90	10	1.00	2.00	2.25	2.25	12	Y.P.
57,94,380	30,24,711	1,15,81,288	39,12,993	45,407	Peirce, Leslie & Co., Ltd. ..	3,718	Periakaramalai	1.47	2	0.15	0.25	0.27	0.40	3	Y.P.
18,50,000	2,90,500	11,58,569	1,44,292	3,047	A. V. Thomas & Co. (India) Ltd.	862	Sheyerey Estates Ltd.	15.75	10	0.80	0.60	1.70	0.15	6	Y.
9,99,200	12,71,773	29,09,227	9,11,370	4,140	T. Stanes & Co., Ltd.	1,137	Stanes Amalgamated	2.82	2	0.15	0.15	0.25	0.12	3	Y.
1,25,000	15,000	2,18,803	11,360	490	M.	216	Swinton Estates	1.80	2	0.12	0.15	0.25	0.12	3	Y.
12,50,000	11,78,543	32,25,223	4,11,990	1,854	Srinivas Agencies	1,061	Talayar Tea	10.60	10	1.50	1.00/C'	1.50	0.80	3	Y.P.
35,75,000	16,90,528	39,54,292	5,47,047	45,168	Parkina Private Ltd.	1,256	Tevlarai	20.25	10	1.00	1.25	2.10	2.20	12	Y.
21,98,726	14,52,780	49,96,418	19,98,196	32,106	T. Stanes & Co., Ltd.	1,771	United Nilgiri	2.85	2	0.25	0.25	0.25	0.20	6	Y.
47,25,000	18,09,057	75,54,488	10,86,261	91,793	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall							6	Y.P.

RUBBER AND OTHERS

6,00,000	5,52,435	16,85,453	4,57,025	20,865	Ramani & Co. Pvt. Ltd.	576	Alagewvar Estates Ltd.	8.00	2	0.30	0.15	0.15	0.30	3	Y.
6,75,000	2,35,527	19,88,033	3,50,665	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60	0.75	1.00	1.00	3	Y.P.T
2,50,000	5,02,965	14,26,024	1,56,520	38,096	A. V. George & Co., Ltd.	629	Anamalai Rubber Co. Ltd.	18.25xd	10	1.00	1.50	1.50	1.50	12	Y.P.T
12,07,236	2,28,040	21,02,221	2,74,016	9,563	Associated Planters Private Ltd.	1,242	Assegnoi Estates Ltd.	2.90	2	0.20	0.30	0.30	0.30	6	Y.T.
4,21,000	4,59,990	8,61,867	1,81,113	22,599	Young India Agencies Pvt. Ltd.	810	Badek Coffee Estates Ltd. ..	3.15	2	0.25	0.25	0.20	0.20	6	Y.P.
4,00,000	1,68,746	7,34,987	1,19,233	2,423	A. V. Thomas & Co. (Mysore)	378	Balmadies Plantations	7.72	5	1.25	0.625	0.40		6	Y.P.
2,00,000	2,25,000	4,68,686	92,711	4,962	Planting Agencies (Private) Ltd.	374	Be Be Rubber Estates Ltd. ..	1.90	2	0.25	0.15	0.15	0.15	6	Y.P.
3,66,115	3,96,285	18,60,384	18,474	674	T. K. Oommen, Esq. (Mg. Director)	1,135	Cochin Malabar	2.50	5	0.25	0.25			3	Y.P.
20,31,875	20,25,511	64,36,015	9,65,387	19,146	Peirce, Leslie & Co., Ltd. ..	4,926	Coffee Lands and Industries ..	7.10xd	2	0.50	0.45	0.50	0.325	6	Y.P.
32,50,000	32,61,404	55,51,333	15,14,347	1,86,709	Cons. Coffee Estates (Secretaries)	2,794	Consolidated Coffee	14.50	10	2.00	2.50	2.00	0.80	3	Y.P.
71,35,000	70,70,103	1,65,00,964	45,79,313	2,36,719	C. I. Mackie, Esq. (Mg. Director)	3,225	Cotamad Plantations	18.25	10	2.00	2.50	3.00	3.00	3	Y.P.
6,00,000	3,99,733	14,86,398	98,583	2,116	Associated Planters Private Ltd.	1,420	Cowcody Estates (Coffee) ..	16.10	10	1.50	1.50	1.50	1.50	3	Y.P.
4,06,540	3,50,000	3,21,991	94,258	54,416	Peirce, Leslie & Co., Ltd. ..	1,031	Highland Produce	4.06	2	1.50	0.50	0.50	0.50	3	Y.P.
12,00,000	11,10,000	32,95,251	7,48,425	37,599	A. V. Thomas & Co., Ltd. ..	1,281	Kallie Rubber Co., Ltd.	13.75	2	0.50	0.50	0.50	0.50	12	Y.P.
11,85,780	11,77,785	31,15,425	5,43,844	31,978	A. V. George & Co., Ltd. ..	1,548	Kalpetta Estates	5.00	2	0.50	0.50	0.50	0.50	12	Y.P.
3,60,000	3,65,084	10,45,230	2,96,150	5,912	Peirce, Leslie & Co., Ltd. ..	1,970	Kanagoda Estates Ltd.	11.90	10	1.00/C'	1.25	1.25	1.25	3	Y.P.
4,90,000	2,90,000	9,83,778	2,17,388	24,066	Peirce, Leslie & Co., Ltd. ..	674	Kanagoda Estates Ltd.	4.10	2	0.40/C'	0.40	0.40	0.35	3	Y.P.
12,96,000	5,41,456	22,92,326	4,46,272	47	K. T. Thomas Kaitharam, Esq.	2,142	Malankara Rubber	160.00	10	1.70/C'	1.60	1.60	1.60*	3	Y.
3,25,000	2,50,000	5,48,096	81,152	8,394	Associated Planters Pvt. Ltd.	988	Mavaara Rubbers Ltd.	8.25	5	1.00	1.00	1.00	1.00	3	Y.P.
40,50,000	14,39,542	97,34,197	12,48,980	5,118	A. V. Thomas & Co., Ltd. ..	4,479	Midland Rubber	11.20	10	1.00/C'	1.00	1.25	1.25	3	Y.P.
2,35,000	4,12,607	16,39,492	3,02,929	79,805	A. V. George & Co., Ltd. ..	1,281	Nanamoy Rubber	94.46xd	10	1.50	1.50	1.50		12	Y.P.
2,00,000	4,74,848	8,94,223	55,272	2,214	Associated Planters Private Ltd.	1,264	Nanniarkandy Rubber	14.50	10	2.00	1.50	1.50	1.50	12	Y.P.
19,45,980	25,55,583	55,11,491	20,57,731	10,383	Peirce, Leslie & Co., Ltd. ..	4,476	Quahterieny Valley Estates ..	8.98xd	2	0.20	0.30	0.26	0.24	12	Y.P.T.
5,00,000	5,71,464	7,97,732	33,078	46,714	Peirce, Leslie & Co., Ltd. ..	532	Ceaser Estates Ltd.	2.75	2	0.30	0.30	0.30	0.30	10	Y.T.
16,50,000	2,29,315	23,27,615	7,27,200	797	Aspinwall & Co. Ltd.	2,295	Rajagiri Rubber	19.25	10	2.00	2.00	2.00	0.12	3	Y.
13,50,000	9,28,404	40,71,627	5,09,970	2,720	A. V. George & Co., Ltd. ..	1,482	Rajendra Coffee Ltd.	11.13	5	2.00	2.50	1.25	0.50	3	Y.
3,00,000	1,61,966	5,83,780	1,47,781	16,275	Associated Planters Private Ltd.	1,000	Savamalai Estates Ltd.	2.85xd	2	0.25/C'	0.30	0.32	1.35	3	Y.
5,50,170	3,25,000	9,25,362	1,44,362	21,604	Peirce, Leslie & Co., Ltd. ..	500	Sangamadwar Coffee Estates ..	1.55	2	0.15	0.15	0.15		11	Y.
18,50,000	2,96,000	19,78,452	4,58,344	4,975	Patec Agencies	1,182	Teakoy Rubber (India) Ltd. ..	5.45	10	0.60	0.60	Nil	0.12	3	Y.
20,20,000	2,60,000	22,54,303	1,88,257	4,584	Kan India Agencies Private Ltd.	1,454	Thamaragaly Rubber	15.90xd	10	2.00	2.00	2.00		3	Y.
5,00,000	2,75,000	6,28,986	51,350	22,306	A. V. George & Co., Ltd. ..	555	Thirumalai Rubber Co., Ltd. ..	2.10	2	0.20	0.20	0.20	0.20	3	Y.
9,15,000	10,80,000	15,05,366	1,90,272	5,084	Peirce, Leslie & Co., Ltd. ..	1,241	Travancore Rubber	12.85xd	10	1.00	1.00	1.00	0.84	3	Y.
6,60,000	46,742	8,26,448	1,90,684	4,457	Rapoo Thomas, Esq. (Mg. Director)	1,241	Travancore Rubber & Tea	10.85	10	0.50	0.75	0.90		12	Y.
21,70,000	16,97,681	99,33,758	20,79,944	11,247	Aspinwall & Co. (Travancore) Ltd.	4,671	Tropical Plantations Co.	18.75xd	25	1.50	2.00	2.00	0.401	12	Y.
20,00,000	1,91,000	33,48,191	9,99,484	283	P. T. Thomas, Esq. (Mg. Director)	1,000	Vellanad Rubber & Co.	15.50	5	0.75	0.90	0.90		12	Y.
6,00,000	4,96,000	17,68,410	1,37,426	19,683	P. L. J. Joseph, Esq. (Chairman)	508	Udayagiri Rubber Co., Ltd. ..	19.50	10	0.75	1.50	0.10		12	Y.
2,50,000	4,59,000	10,99,269	3,18,701	7,551	A. V. George & Co., Ltd. ..	1,116	Vellakadan Rubber Co., Ltd. ..	81.70	10	2.00	2.50	3.00	3.00	12	Y.
3,50,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabha Aiyar, Esq. (Chairman)	1,180	Wartyhully Estates Ltd.	2.70	2	0.20	0.30	0.30	0.30	12	Y.
15,00,000	12,40,982	16,15,277	1,58,154	1,12,612	Peirce, Leslie & Co., Ltd. ..	388	Woodland Estates	7.85	10	0.80	0.50	1.00	1.00	3	Y.
6,25,000	97,209	13,66,464	1,02,251	23,313	M.										

V—Includes 60 nP for 30-6-1964. 'C'—On increased capital * Includes bonus, M—Managed by Board of Directors, † Less Rebates.

N.B.—All dividends paid since 31st March 1960 are shown as taxable

NORTH INDIAN TEA ESTATES

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
CERAMIC; MINING AND QUARRYING														
80,00,000		47,23,258	20,57,464	29,863	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	9.62	10	*Nil*	*Nil*	0.60	0.60	3	Y.
18,50,000	13,50,919	20,56,614	10,75,787	12,385	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.24	10	3.50	2.00	2.00	3.00	9	Y.P.
26,28,146	19,77,396	1,61,24,989	63,22,100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.00	2½	0.25	0.356	0.375		12	Y.
10,00,000	62,26,517	92,22,866	45,87,866	59,420	Bird & Co. Private Ltd. ..	Bisra Stone Lime Co.	35.00	10	1.75	1.87	3.00		3	Y.
14,17,800	16,19,274	43,65,622	17,10,887	7,448	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	217.50	100	10.00	12.86	12.86	15.00	9	Y.P.
20,80,700	14,60,259	1,25,49,403	27,84,861	—5,54,462	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	163.00	100	*Nil*	*Nil*	8.00		12	Y.P.
£1,371,300	£2,444,266	£3,614,146	£2,081,103	£118,750	Gillanders Arbuthnot & Co., Ltd. ..	Indian Copper Corporation	5.08	Sh. 2	0.24	0.36	0.36		12	Y.
₹5,00,000 } ₹5,00,000 }	26,84,000	46,04,655	18,28,593	2,55,462	Bird & Co. Private Ltd. ..	Karanpura Development	16.69	10	*Nil*	1.50	1.50 }		12	Y.
50,00,000		1,14,21,419	5,73,268	8,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	92.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
90,00,000	40,95,522	1,23,10,947	66,20,733	83,170	Bird & Co. Private Ltd. ..	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.50	1.50		12	Y.P.T.
79,09,100	10,88,782	1,22,10,836	72,28,302	2,10,253	Sir Indra Singh, Kt., (Chairman)	Metal Corporation of India Ltd. ..	12.19	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
6,00,000	5,82,678	14,95,186	8,24,135	2,656	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	18.50	10	1.00*	1.00*	1.428	1.20	3	Y.
20,00,000	64,15,230	71,67,922	30,76,350	1,16,099	Bird & Co. Private Ltd. ..	Orissa Minerals	42.37	10	2.50	3.50	3.50	2.80	6	Y.
3,50,000	17,29,249	92,49,903	49,48,489	37,499	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co. Ltd. ..	101.00	25	3.75	3.75	5.35	5.35	7	Y.P.
19,46,390	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	38.00	10	8.00*	5.00	8.00*		11	Y.
CHEMICAL														
24,00,000					Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers ..	96.00	100					12	Y.P.
55,00,000	58,58,600	2,37,87,674	78,28,566	1,17,073	Bhailal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co. ..	237.50	100	12.00	16.00	14.00		12	Y.P.
3,10,00,000	1,97,50,273	6,36,11,095	1,63,10,292	1,16,274	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	43.62	10	0.80	0.95	1.20	1.50	9	Y.P.
79,90,475	55,90,045	1,04,54,505	28,87,780	18,054	Amrital & Co. Private Ltd. ..	Amar Dye-Chem. Ltd.	320.00	100	*Nil*	12.00	12.00		12	Y.P.
29,80,400	54,11,576	1,53,91,587	68,75,891	42,188	Kasturbhai Lalbhai & Co. ..	Anil Starch Products Ltd.	785.00	100	20.00*	28.00*	80.00*		12	Y.P.
2,41,34,550	1,23,58,362	3,48,52,735	1,45,63,475	2,38,210	Lalbhai Sons & Co.	Atul Products Ltd.	500.00	100	10.00	12.00	12.00	12.00	12	Y.
50,98,900	58,84,606	1,50,85,951	77,12,533	1,80,717	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	105.00	100	6.00	7.00	7.00	10.00	3	Y.P.T.
1,00,00,000	28,71,461	1,06,12,335	15,44,929	30,077	Ramniwas R. Rula, Esq. (Chairman)	Colour-Chem Ltd.	477.50	100	*Nil*	*Nil*	*Nil*	8.00	3	Y.
9,99,987	2,01,589	14,14,355	6,92,598	3,990	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	27.25	25	2.00	2.50	2.50	..	12	Y.
31,84,000	43,98,568	87,06,339	42,37,414	88,970	Dharamsi Morarji & Co. ..	Dharamsi Morarji Chemical Co., Ltd. ..	190.00	50	6.00	10.00	*Nil*		12	Y.
1,07,37,000	64,82,516	4,87,49,592	90,18,411	2,40,310	Sahu Bros. (Saurashtra) Private Ltd. ..	Dharngadhra Chemicals	120.00	100	6.00	4.00(e)	*Nil*		3	Y.P.
2,40,00,075	39,17,000	6,56,25,387	2,05,18,156	1,61,961	M. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	8.10cd	10	0.40	0.60	0.60	0.60	3	Y.
1,49,86,200	29,44,101	43,84,456	17,55,571	75,923	Mafatlal Gagalbhai & Sons ..	Indian Dyestuffs Industries Ltd. ..	508.75	100	*Nil*	*Nil*	6.00	6.00	12	Y.
12,98,900	6,50,911	27,89,148	14,86,985	55,617	Jal H. Mehta	Kemp & Co.	320.00	200	15.00	20.00	25.00	25.00	3	Y.
30,00,000	24,87,965	1,56,17,773	81,56,950	16,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	12.30	10	0.874	0.88	1.25 CC		3	Y.P.T.
24,51,220	10,47,778	55,45,879	48,53,267	T. Shanmuga, Esq. (Chairman)	Mysore Chemicals and Fertilisers ..	10.35	10	0.50	0.50	1.00		3	Y.	
8,00,000	4,55,261	12,57,587	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	21.75	10	2.00	2.00	2.00'C'	2.00	3	Y.S.
40,00,000	26,83,816	65,05,379	16,83,684	1,54,703	Ramdas Kilachand, Esq. (Chairman) ..	Polychem, Ltd.	215.00	50	*Nil*	3.00	5.50	7.50	3	Y.P.
15,00,000	11,17,980	24,89,082	21,90,718	2,10,028	Bangur Brothers Ltd.	Phosphate Co., Ltd.	267.00	100	25.00	45.00	35.00	25.00	6	Y.
19,90,908	15,82,251	26,75,181	16,16,060	1,22,545	C. A. Buxton	Smith Stanistreet & Co.	16.37	5	0.80'C'	1.25	1.25	1.25	6	Y.P.
4,50,00,000	....	1,41,20,022	81,717	3,87,280	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	226.00	100	....	....	....	*Nil*	3	Y.
3,51,96,000	59,67,561	7,09,65,786	2,29,10,386	3,571	Tata Industries Private Ltd.	Tata Chemicals	17.00	100ld	0.75	0.525	0.60	0.65	6	Y.P.T.
12,00,000	2,92,249	21,75,764	7,74,281	56,348	▼ Krishnamoorthy, Esq. (Mg. Director).	Travancore Chemical Mfg. Co., Ltd. ..	20.25	10	0.70	1.00	1.50	2.00	3	Y.P.
25,20,000	....	8,87,362	608	—5,45,880	Mr. M. J. Valdya (Chairman)	Travancore Electro-chemical Ind. ..	95.00cr	100	*N*	*Nil*	*Nil*		12	Y.
14,81,250	....	5,72,958	1,305	2,159	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	195.00	100	..	..	..	*Nil*	12	Y.
ELECTRIC (Bombay State)														
8,74,78,895	1,47,38,524	16,04,61,688	4,52,57,864	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	93.00	100	6.50	6.75	7.00	7.00	3	Y.T.
81,56,250	26,20,222	2,58,78,933	68,34,923	18,52,884	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.36	10	0.85	0.90	1.00*	0.90	3	Y.T.
3,02,77,000	1,01,95,442	11,75,06,745	2,80,17,570	80,842	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,012.50	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.T.
1,75,00,000	99,05,540	461,03,740	1,11,97,818	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	102.50	100	7.00	7.50	8.00	8.50	3	Y.
7,97,929	1,03,967	16,97,265	8,70,206	1,636	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developments ..	7.00	10	0.50	0.60	0.66	0.72	3	Y.
48,39,600	12,56,813	1,57,75,704	61,58,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	102.00	100	7.50	8.00	9.50	8.25	3	Y.P.T.
70,00,000	31,26,526	1,72,01,519	56,35,377	1,914	Killick Industries Ltd.	Surat Electricity	96.00	100	7.00	7.50	7.50	8.00	3	Y.S.
3,89,99,875	1,28,03,357	8,51,68,079	2,05,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	112.75	100	8.00*	8.00*	8.50*	9.00*	3	Y.P.
3,15,96,000	3,10,84,482	20,78,58,061	4,81,66,686	82,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,100.00	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.
West Bengal and Other Centres														
19,99,600	49,57,883	1,79,22,370	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	120.00	100	10.00	10.00	11.00	11.00	3	Y.T.
5,00,000	15,46,067	65,32,610	24,21,813	24,137	Martin Burn Ltd.	Bareilly Electric Supply	11.75	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	49,76,489	1,78,29,355	51,93,951	46,844	Martin Burn Ltd.	Benares Electric Light & Power Co. ..	11.62	10	1.00	1.00	1.10	1.10	3	Y.T.
5,91,485	6,92,559	24,08,757	12,04,439	29,820	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	6.12	5	0.40	0.40	0.40	0.40	3	Y.
64,262,646	69,467,172	£85,950,954	£14,225,963	£124,585	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	15.03	61	7%	7%	74%	74%	3	Y.P.T.
6,60,000	7,55,075	37,78,204	11,36,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12.62	10	0.65	0.65	0.75	1.00	3	Y.T.
49,20,000	27,18,468	1,05,87,569	40,08,012	4,00,119	Andrew Yule & Co., Ltd.	Dhanbad Power Supply	97.00	100	7.00	7.50	10.00	10.00	3	Y.P.
5,34,540	1,42,426	39,19,424	15,91,894	42,694	Meenna Lall & Sons	Jhansi Electric Supply	6.00	10	0.624	0.62	0.70	*Nil*	3	Y.
22,49,700	28,00,194	1,12,04,249	42,93,578	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	11.00	10	0.92	0.93	1.00	1.00	3	Y.
5,62,890	4,52,885	37,46,513	18,08,725	40,804	Octavius Steel & Co., Ltd.	Mian Mir Electric Supply	11.75	10	1.00	1.00	1.25		3	Y.
65,07,380	40,44,600	1,41,84,880	56,56,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.87	10	0.75	0.75			3	Y.T.
9,10,000	2,56,304	15,86,888	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.75	10	0.50	0.50	0.625	0.625	3	Y.
16,80,000	14,98,612	80,57,155	46,54,591	11,620	Bird & Co. Private Ltd.	Sijuah (Jhersiah) Elec. Supply Co. ..	8.87	10	0.68	0.75	1.00	0.90	3	Y.
69,30,000	22,97,964	2,22,59,924	74,57,284	11,883	Martin Burn Ltd.	South Bihar Electric Supply Corpn. ..	10.15	10	0.87	0.90	0.90'C'	0.90	3	Y.
5,00,000	12,50,896	57,75,615	15,66,448	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	14.62	10	1.25	1.25	1.35	1.35	3	Y.P.T.
55,00,000	78,01,018	4,29,48,755	1,54,85,172	89,174	Martin Burn Ltd.	U. P. Electric Supply Co.	120.00	90	9.00	10.80	11.00	11.00	3	Y.
8,00,000	11,41,474	46,63,814	18,15,572	3,34,018	Chandrie & Co. Private Ltd. ..	Vellore Electric Corporation	15.25	10	1.00	1.00	1.50	1.429	3	Y.P.
ENGINEERING (Bombay)														
45,47,000	50,33,626	75,37,402	31,01,878	46,100	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., Ltd.	335.00	100	12.50	17.00	17.00		12	Y.
19,99,050	4,35,000	23,00,166	9,62,243	49,445	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	115.00	50	8.00	4.00	5.50	9.00*	12	Y.
45,20,000	52,93,268	1,40,18,591		75,198	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	182.50	100	10.00*	14.00*	14.00*	18.00*C'	18.00	6	Y.
60,00,000	6,60,168	58,51,172	22,34,229	35,720	Dharamsi & Co.	Hindustan Electric Co., Ltd.	285.00	100	7.00	10.00	*Nil*		3	Y.
90,00,000	1,06,96,455	2,46,98,330	1,46,54,549	89,845	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	179.00	100	9.00	13.00	18.00*C'	18.00	6	Y.P.T.
6,00,000	4,67,222	2,05,516	1,86,658	4,607	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	99.00	50	5.00	5.00	4.00	5.00	3	Y.P.T.
50,00,000	14,71,874	66,38,880	22,18,255	15,090	Adnem Services	Jyoti Ltd.	215.00	100	12.00	12.00	12.00		12	Y.
44,96,250	5,15,945	76,06,166	37,12,269	5,182	Kamani Engineering Corporation ..	Kirloskar Bros. Private Ltd.	16.52	10	0.50	0.775	0.80	0.90	9	Y.
5,42,00,000	94,93,324	1,36,58,867	75,91,595	11,174	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	56.50	25	2.50	3.00	2.50	2.50	7	Y.
43,72,400	40,84,021	1,11,74,204	49,95,960	1,709	Kirloskar Associates	Kirloskar Electric Co. Ltd.	20.00	10	0.75	1.50	0.90	1.10	6	Y.
37,50,000	49,97,710	1,14,26,696	58,15,998	58,460	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	41.25	10	1.00	1.00	1.43	1.50	3	Y.
15,00,000	4,58,946	26,19,944	9,77,494	5,663	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	350.00	100	..	..	*Nil*	12.50	3	Y.P.
1,10,00,000	36,76,765	1,21,61,582	57,43,210	98,848	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	33.50	10	1.25	1.25	1.80'C'	1.80	3	Y.P.
5,28,000 } 15,50,000 }	1,23,086	1,03,47,668	23,93,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	3.88	5	— *Nil*	— *Nil*	— *Nil*	..	9	Y.P.
14,15,040 } 45,85,000 }	....	19,57,847	....	—1,55,991	B. L. Kuchesia, Esq. (Secretary)	Lynx Machinery	7.24	10	..	..	..	*Nil*	11	Y.
1,32,00,000	53,67,083	1,74,90,463	59,61,076	2,55,040	K. C. Mahindra, Esq. (Chairman)	Mahindra & Mahindra Ltd.	18.40	10	2.20	1.25	1.25	1.50*	12	Y.P.
90,00,000	75,422	95,22,405	16,73,677	40,424	Prithivraj Sons	Man Industrial Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
11,00,980	1,72,712	41,50,471	25,65,495	2,771	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies	147.50	100	*Nil*	*Nil*	10.00	..	3	Y.P.
61,42,910	57,00,000	1,88,14,415	50,48,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	33.25	10	1.20	1.20	1.30	1.20	3	Y.P.
57,50,000	42,31,615	1,28,07,888	60,90,019	5,724	Kirloskar Associates	Mysore Kirloskar Ltd.	177.50	100	7.50	12.00	12.00	12.00	3	Y.
15,55,000	11,14,847	32,30,008	12,76,236	21,582	Sir C. B. Mehta (Chairman) ..	National Elec. Industries Ltd. ..	120.00	50	4.50	4.00	6.00	6.50	3	Y.
50,00,000	9,89,193	92,30,015	20,75,765	17,928	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	350.00	100	..	4.00	9.00	9.00	3	Y.P.
25,00,970	1,26,15,498	10,42,140	2,18,279	88,651	Walchand & Co. Private Ltd.	Premier Construction	175.00	30	12.00	18.00	18.50	10.00	12	Y.P.
30,00,000	42,07,875	1,09,88,988	48,88,395	9,319	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	172.50	100	18.00	17.00	12.00	15.00	6	Y.P.
1,56,42,550	27,66,24,572	1,85,51,78,192	68,75,78,212	84,084	Tata Industries Private Ltd.	Tata Iron and Steel	144.00	75 Old	5.25	6.30	9.72'C'	10.36*	3	Y.P.
1,99,97,500	2,38,57,403	24,50,95,291	11,17,31,117	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	362.00	100	9.00	9.00	12.50	14.50	3	Y.P.
19,51,000	3,85,000	28,97,720	8,10,644	17,016	T. Maneklal & Co.	T. Maneklal Mfg., Co.	780.00	100	10.00	14.00	18.50		3	Y.P.T.
32,04,980	18,85,714	17,41,004	9,64,186	16,87,276	M. N. Dalal, Esq. (Chairman) ..	Tractors (India) Ltd.	45.50	10	2.25	3.00	3.00	3.25	6	Y.
55,00,000	80,22,811	1,29,75,012	30,64,180	3,75,965	K. V. Bhandoo, Esq. (Mg. Director)	Voltas Ltd.	289.50	100	9.00	13.00	13.00	14.00	3	Y.
70,00,000	....	10,49,952	4,291	23,564	R. H. Topsrani, Esq. (Secretary)	Zenith Steel Pipes Ltd.	16.76	10	..	..	..	*Nil*	6	Y
West Bengal and Other Centres														
6,99,980	1,06,470	26,89,661	18,45,876	1,80,382	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	14.06	10	*Nil*	*Nil*			10	Y.
59,99,980	80,54,921	1,01,45,489	65,62,025	496	M.	Bhartia Electric Steel	11.44	10	1.25	1.50	1.60		12	Y.P.T.
56,59,790	1,04,54,515	1,20,19,358	21,80,084	5,914	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	54.75	10	1.25	2.50	2.50	2.50	12	Y.
15,00,000	88,56,754	88,27,613	84,73,993	1,87,999	Bahadur Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	52.25	10	2.00'B'	2.00	3.00		12	Y.
19,88,678	7,04,841	39,97,536	14,66,285	32,966	Heinner Wilson & Co., Ltd.	Britannia Building and Iron	3.50	10	0.50	0.80			12	Y.
50,00,000	44,88,366	1,31,00,880	56,16,664	1,88,552	McLeod & Co., Ltd.	Britannia Engineering	12.81	10	0.60	1.00	1.00		12	Y.
5,00,000	11,27,387	22,57,140	12,10,502	61,785	Bahadur Lawrie & Co., Ltd.	Fr. J. Dieterle Construction	67.00	10	2.50	2.50	4.50		12	Y.P.T.
84,00,000	2,56,55,859	5,20,79,056	3,35,00,546	1,21,244	Martin Burn Ltd.	Burn & Co.	651.00	100	20.00	22.50	28.50	28.50	4	Y.
1,00,00,000	11,36,232	50,39,969	6,83,924	1,63,056	M.	Calcutta Steel Co., Ltd.	17.00	10	..	..	0.80	1.50	3	Y.
1,00,00,000	12,58,023	1,89,66,714	10,15,999	4,17,174	R. L. Malhotra, Esq.	Central India Machinery Mfg. Co. Ltd.	10.00DN	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
1,00,00,000	16,00,000	1,25,47,313	27,93,086	1,54,775	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11.81	10	*Nil*	*Nil*	*Nil*	1.00	9	Y.
60,93,400	15,17,000	46,46,941	15,86,188	8,374	Bird & Co. Private Ltd.	Elec. Const. & Equipment Co.	15.12	10	1.00	0.50	1.00	1.00	9	Y.
56,00,000	22,27,652	49,26,966	9,70,166	2,477	Hapsarahad & Co. Private Ltd. ..	Escorts Ltd.	19.56	10	..	2.50	1.50		12	Y.
4,00,00,000	6,65,06,809	8,32,20,531	2,52,46,202	....	H. M. L. Williams (Mg. Director)	Guest, Keen, Williams Ltd.	40.62	10	2.00	2.40	1.60'C'		12	Y.
12,50,000	2,52,50,648	61,28,002	41,87,127	....	Martin Burn Ltd.	Hooghly Docking	111.00	50	5.00	6.00	*Nil*		12	Y.
2,44,06,990	24,26,87,632	31,16,88,664	17,24,44,248	16,41,011	Martin Burn Ltd.	Indian Iron and Steel	26.75	10	1.00'C'	1.00	1.50	1.50	12	Y.
90,65,076	67,57,984	1,21,14,677	76,23,093	53,466	Martin Burn Ltd.	Indian Standard Wagon	11.00	25	1.00	0.90	1.25	1.50	8	Y.
96,53,160 } 26,580 }	2,52,04,628	2,22,95,589	1,52,64,926	10,98,466	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products ..	47.75 14.00	0.1	4.00 0.40	1.42½ 0.16½	2.50 0.25	7.125	3	Y.
48,22,752	3,71,841	38,01,297	18,94,884	10,662	C. R. Ramaswamy, Esq. (Mg. Director).	Indian Steel Rolling Mills Ltd. ..	11.95	10	0.70	0.70	..	1.25	3	Y.P.
1,07,48,732	90,64,293	4,54,66,950	1,09,45,698	7,175	Madan Mohanlal Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	26.50	10	1.20	1.20	1.715	1.715	3	Y.P.T.
28,00,000	49,81,000	81,62,883	25,40,754	96,487	J. K. Industries Private Ltd.	J. K. Steel Ltd.	20.37	10	1.25	1.25	2.00	2.00	6	Y.P.
2,03,99,000	1,98,14,816	3,86,55,884	1,25,15,732	....	Sir B. P. Singh Roy, Esq. (Chairman)	Jessop & Co. Ltd.	24.75	10	0.60	0.858	0.858'C'	0.858	11	Y.P.
27,54,000	22,29,266	93,25,077	58,24,582	37,545	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	7.81	5	0.30	0.30'C'	0.30		10	Y.
10,50,000	13,54,315	19,47,135	15,45,088	—5,65,689	Macalballs (Directors) Private Ltd.	Marshall Sons & Co. (India), Ltd. ..	8.69	2	0.40	0.20	*Nil*		11	Y.P.T.
49,96,000	13,58,298	1,44,34,142	86,32,008	—7,06,389	M.	National Iron and Steel Co., Ltd. ..	5.56	10	0.62	0.75	*Nil*	*Nil*	6	Y.
60,00,000	24,06,048	76,55,140	24,16,818	4,85,188	S. R. Ind. Development Co., Ltd.	Richardson & Cruddas Ltd.	8.60	10	*Nil*	*Nil*			3	Y.P.T.
6,99,980	15,56,090	31,20,671	20,15,012	15,603	The British India Corpn. Ltd. ..	Saran Engineering Co.	10.00	4	0.40	0.25	0.35	0.40	3	Y.
1,58,00,000	55,57,158	4,86,97,471	2,16,21,161	58,787	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	22.65	10	1.50	2.00	1.00		3	Y.P.
29,84,400	14,51,916	77,82,900	30,25,434	17,127	Balasundaram & Co.	Textool Co., Ltd.	183.50	100	12.00	15.00	15.00	15.00	6	Y.P.T.

* Includes bonus. † Subject to taxation. 'C'—On Increased Capital. B.—Includes a distribution of Re. 0.75 per share for the year 1954 and Re. 1.00 for 1955. X.R.—Ex. Right.

N.B.—All dividends paid since 31st March 1959 are shown as taxable. M.—Managed by the Board of Directors.

MISCELLANEOUS COMPANIES—*Continued*

| Paid-up Ordinary Capital | Reserves | Gross Block | Depreciation | Carried Forward | Managing Agents, Secretaries, Managing Director or Secretary | Company | Latest available Quotation | Paid-up per Share | Dividend per Share 1958 | 1959 | 1960

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	References
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
60,86,000	2,17,59,602	4,00,13,820	1,14,17,317	1,33,107	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	18.12	10	0.90	1.00	1.20	1.20	3	Y.P.T.
1,00,00,000	47,93,750	1,51,27,464	66,45,037	5,01,680	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	23.50	10	1.25	1.25	1.80	0.90	3	Y.
30,00,000	37,89,088	40,22,855	27,01,150	2,09,448	Turner Morrison & Co. Private Ltd.	Angelo Bros., Ltd.	21.56	10	1.50	2.00	2.50*	2.25	3	Y.
3,44,37,135	45,25,000	3,76,67,056	98,83,206	99,790	A. E. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	8.86	5	0.30	0.40	0.50*	0.25	3	Y.
30,00,000	28,16,816	43,94,280	24,88,653	1,09,974	Mr. R. Hydari and Mr. S. Gobhzarg	Assam Match Co., Ltd.	25.00	10	1.25*	1.80	1.80	2.00*	9	Y.
1,18,00,000	88,61,435	1,02,25,165	56,36,439	8,24,384	H. R. Greason, Esq. (Mg. Director)	Associated Battery Makers (E) Ltd. A.	31.62	10	2.40	4.00	2.50	1.50	3	Y.
32,50,000	39,46,521	1,09,70,998	44,86,334	1,55,433	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	5.00N	10	0.60	Nil	Nil		3	Y.
99,91,400	96,40,909	79,91,396	41,74,564	5,75,402	G. D. Wilson, Esq. (Chairman).	Balmer Lawrie & Co., Ltd.	277.00	100	20.00	25.00	25.00		3	Y.P.T.
32,50,000	25,38,076	37,24,157	31,81,357	1,88,199	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	38.62	10	2.50	4.50	4.00		12	Y.
20,00,000	9,37,188	66,75,706‡‡	....	50,966	Lovelock & Lewis	Birds Investment Ltd.	12.62	10	0.70	1.10	0.95	1.00	9	Y.P.
69,37,070	72,69,285	1,48,05,874	60,07,677	2,84,279	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	45 81	10	1.20	1.40	2.50	3.00*	3	Y.P.
3,25,00,000	2,01,22,135	3,10,21,523	2,42,53,080	3,01,985	H. S. Chaturvedi, Esq. (Mg. Director)	British India Corporation Ltd.	10 89	5	Nil	Nil	0.20	0.35	12	Y.P.T.
30,96,540	30,39,609	42,37,317	22,12,125	20,721	A. V. Nibbett, Esq. (Mg. Director)	British Paints (India) Ltd.	25.75	10	1.00	1.00	1.25	0.55	12	Y.P.
1,86,00,000	14,76,849	1,88,75,787‡‡	....	2,52,457	Andrew Yule & Co., Ltd.	Clive Row Investment	8.50	10	0.75	0.83H	0.80		12	Y.
6,88,000	19,00,000	40,04,000	28,47,105	8,000	M.	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	1.00		12	Y.
4,50,00,000	4,82,74,162	10,91,58,553	4,60,25,577	25,38,694	M. L. Bijoor, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd.	43.75	10	1.62	2.15	2.15	2.00	12	Y.P.T.
90,00,000	1,12,80,000	31,09,870	2,02,62,100‡‡	4,26,721	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	153.00	100	10.00	14.00	14.00		12	Y.P.T.
37,50,350	1,76,34,894	85,09,851	27,71,678	12,605	S. N. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	46 37	5	0.75	0.80	1.25	1.50	12	Y.P.
51,26,000	61,10,702	1,64,39,363‡‡	....	2,67,750	Bird & Co. Private Ltd.	Eastern Investment Ltd.	153.00	100	9.00	14.00	14.00	14.00	12	Y.
12,48,250	....	4,92,055	6,366	23,611	M.	East Anglia Plastics (India) Ltd. ..	20.06	10	....	....	....	Nil	3	Y.P.
44,95,240	4,87,249	89,44,050	12,33,911	4,115	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	12.20	10	Nil	0.50	0.50	Nil	3	Y.
98,99,137	77,72,319	95,23,776	52,35,250	4,07,338	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	24.00N	12.50	1.50	1.50	....		12	Y.P.
16,00,000	16,80,821	38,09,862	23,58,830	70,027	Macneill & Barry Ltd.	Gangos Rope Co., Ltd.	231.00	100	15.00	17.00	17.50	20.00	3	Y.P.
7,50,000	4,20,000	1,21,085	43,631	6,551	Gany & Co.	General Papers Ltd.	10.70	10	1.25	1.25	1.25		3	Y.
39,97,875	....	2,41,968	1,339	—1,05,203	National Rubber Mfrs. Ltd.	General Tyres Ltd.	6.34	5	....	....	....	Nil	3	Y.
66,00,000	36,84,200	30,67,570	15,91,222	1,71,722	P. K. G. Woodbine Parish, Esq.	Gillanders Arbuthnot & Co., Ltd. ..	14 75	10	1.00	1.00	1.00		3	Y.
46,50,000	5,08,500	78,33,840	44,34,526	13,37,710	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	49.50	10	2.00	2.00	4.00		3	Y.P.
36,00,000	18,10,650	88,65,435	43,28,959	21,282	B. P. R. Syndicate	Great Eastern Hotel	241.00	250	15.00	15.00	22.50		12	Y.
4,94,12,350	1,35,51,402	8,83,47,357	8,84,91,947	2,75,652	Birla Brothers Private Ltd. ..	Hindustan Motors	19.62	10	Nil	0.50	0.90	1.20	3	Y.
50,00,000	18,16,923	1,12,52,644	40,90,009	94,191	Tallakdar Law & Co. Private Ltd.	Hindustan Pilkington Glass	21.44	10	0.60	1 20	1.20	1.20	10	Y.
25,70,000	....	1,00,469	....	....	Ramparsad Murlidhar & Co. ..	Hindustan Twyfords Ltd.	16.12	10	....	....	....	....	10	Y.
16,26,00,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	11.87	10	0.70	0.60	0.80	0.90	3	Y.P.
3,98,86,840	3,45,69,850	13,72,91,210	4,12,80,119	62,31,753	K. C. Mahindra, Esq. (Chairman)	Indian Aluminium Co., Ltd.	39.00	10	0.70	1.20	1.50	1.50	12	Y.
2,58,77,760	2,29,18,801	5,17,93,518	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman)	Indian Cables	39.00	10	1.50	1.50*	2.25	2.25	3	Y.P.T.
2,66,00,000	2,11,58,469	6,83,93,105	2,91,21,930	18,06,872	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	38.25	10	1.00	1.50	1.50	1.50	3	Y.P.T.
39,97,375	1,06,104	54,89,157	21,21,520	3,633	M.	Indian Plastics Ltd.	10.50	10	Nil	Nil	Nil	Nil	3	Y.
8,37,978	7,54,870	13,01,878	11,61,648	1,32,065	M.	Indian Rubber Manufacturers	20.00	10	1.00	1.50	2.00		3	Y.P.
43,02,020	....	88,01,515	1,37,693	—6,39,700	Duncan Brothers & Co., Ltd. ..	Isaac Holdens (India) Ltd.	17.75	Nil	....	....	....		3	Y.P.
2,00,00,000	74,12,017	43,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman)	Jardine Henderson	79.50	100	2.50	5.00	7.00	7.00	12	Y.
18,00,000	12,02,005	18,79,279	13,27,977	17,262	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	10.94	10	2.50	2.00	1.00		3	Y.P.
1,47,12,250	1,21,48,546	90,45,005	20,25,254	2,45,501	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	29.00	10	2.12*	2.75	2.75	2.75	3	Y.P.
10,00,000	8,60,000	23,46,291	3,49,181	14,953	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	24 12	10	2.00	3.00	3.00		9	Y.P.
400,00,000 D.	78,79,891	31,96,009	13,63,603	2,18,917	M.	McLeod & Co.	215.00	O. 100	12.50	15.00	15.00		12	Y.
8,00,00,000 D.							....	D.O.10	0.75	1.00	1.00			
1,01,90,000	1,82,75,151	3,01,57,826	1,40,23,040	28,85,973	K. C. Mahindra, Esq. (Chairman)	Metal Box Co. of India Ltd.	59.50	10	1.75	1.75	2.50	3.50	3	Y.P.
20,00,000	7,90,391	16,14,384	7,39,766	2,552	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd. ..	225.00	100	11.00	15.00	24.00	20.00	3	Y.P.
6,56,250	7,90,514	12,77,759	7,66,152	12,966	Mr. J. L. D'Sa (Chairman) ..	Mysore Lamp Works	32.75	10	1.50	1.50	2.00	2.50	3	Y.
10,00,000	3,28,080	20,39,182	12,41,906	11,453	N. V. Siddalingaiya, Esq. (Chairman).	Mysore Tobacco	9.00	10	1.25	1.25	1.00	Nil	3	Y.
90,00,000	1,60,09,310	1,39,45,356	57,73,861	50,820	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	44.25	10	2.00	2.00	2.00	2.50	3	Y.
80,00,000	51,10,965	61,52,479	29,05,655	67,385	Do.	National Pipes & Tubes Co., Ltd. ..	80.44	10	1.25	1.50	2.00	2.00	3	Y.P.
40,00,000	36,76,100	81,09,908	41,41,925	39,258	M.	National Rolling & Steel Ropes	21.75	10	1.00	1.00	1.80	1.50	6	Y.
50,00,000	15,06,140	1,16,09,145	46,51,743	58,466	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd. ..	12.47	10	0.60	0.85	Nil	0.65	12	Y.P.
19,97,928	1,17,85,085	1,50,40,984	81,18,295	9,33,725	B. N. Elias & Co. Private Ltd. ..	New India Investment Corpn. Ltd. ..	15.94	10	1.10	1.60	1.60		12	Y.P.
33,33,100	11,02,930	40,65,254‡‡	....	45,497	Ramdutt Ramkissendas.	Parrys Confectionary Ltd.	42.20	75	3.75	6.50	6.50		12	Y.P.T.
15,00,000	7,02,000	18,17,555	7,24,601	1,81,361	Parry & Co., Ltd.	Phillips India Ltd.	47.37	1	0.20	0.20	0.30	0.20	3	Y.
2,80,00,000	56,08,056	2,16,94,776	66,69,501	83,622	P. C. Vink, Esq. (Mg. Director)	Phillips India Ltd.	34.62	10	0.85	1.20	1.20		3	Y.
62,50,000	....	4,88,081	....	—1,76,940	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	25.62	5	....	....	....	Nil	12	Y.
18,00,000	1,09,431	8,89,781	2,90,184	2,556	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	3 90	5	0.375	0.375	Nil		3	Y.
36,80,738	17,25,287	48,65,614	24,00,977	43,537	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	20.00cd	10	1.60	1.60	1.60	1.80	12	Y.
2,25,00,000	3,15,42,805	71,06,305	36,01,260	4,35,553	Badridas Goenka, Esq. (Chairman)	Ralli India Ltd.	155.00	100	Nil	Nil	4.00	8.50	3	Y.
24,50,50,000	2,54,50,000	15,90,66,741	6,76,28,922	5,96,527	Sahu Jain Ltd.	Rohtas Industries Ltd.	16.94	10	2.00	1.50	2.00	1.00	3	Y.P.
70,00,000	61,94,790	2,88,28,580	94,52,276	7,622	K. D. Ganguli, Esq. (Secretary)	Sen-Raleigh Industries	10.50	10	0.60	0.80	0.80	0.80	9	Y.P.
31,50,000	....	56,84,012	2,06,601	—5,26,174	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	10.10	10	....	Nil	Nil		9	Y.P.
15,00,000 }	1,01,990	19,67,084	5,31,283	3,028	Mr. M. A. Chidambaram (Chairman).	Southern Ind. Corporation	9.79	10	Nil	1.50	Nil		12	Y.P.
6,75,000 }							7.15	7.50	Nil		0.225			
49,50,000	3,82,300	38,96,520	3,68,613	—11,26,061	Mr. N. Ranganadhan (Mg. Director) ..	Southern Structurals	11.25	10	Nil	Nil	Nil		12	Y.
75,00,000	56,68,000	1,37,90,319	37,53,411	5,13,608	S. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	22.69	10	1.00	1.50	1.50		12	Y.
48,00,000	91,92,371	1,59,16,519	81,50,432	9,57,352	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	23.80	10	1.50	1.50	1.80	1.80	3	Y.P.
1,40,00,000	24,40,000	1,35,18,929	30,73,723	2,974	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16.75	10	0.75	0.90	0.90		3	Y.P.
1,40,00,000	1,15,76,311	1,21,31,733	16,54,667	98,896	J. F. Jeanis Private Ltd.	Steer Products Ltd. &.	9 94	10	1.25	1.50	Nil		12	Y.P.
9,98,980	48,865	18,55,927	8,49,209	2,972	Gopala Bros. (Private) Ltd.	Travancore Ogale Glass	6.70cd	10	0.40	0.60	0.60	0.70	12	Y.
11,55,360	16,45,853	14,00,718	7,70,662	91,515	E. H. Stanes, Esq. (Mg. Director)	T. Stanes & Co., Ltd.	81.00	10	2.00	2.75	3.25*	1.50	12	Y.
2,50,00,000	1,56,51,314	3,97,56,975	93,06,418	12,08,236	Sir A. Lionel Edwards (Chairman) ..	Tube Investments of India Ltd.	200.00	100	10.00	10.00	10.00	10.00	7	Y.P.
20,82,850	29,686	68,48,988	17,68,838	56,808	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	8.75	10	Nil	Nil	....		9	Y.
2,22,00,000	1,67,55,505	6,84,41,004	1,15,68,337	....	J. R. Galloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	49.62	10	1.40	1.80	1.80		9	Y.T.
30,00,000	60,00,000	55,96,004	19,50,060	53,024	Vittal Mallya, Esq. (Chairman) ..	United Breweries	82.25	10	4.00	6.00	6.00	6.00	12	Y.T.
2,60,000	5,61,791	9,11,153	6,15,898	10,571	Shaw Wallace & Co.	United Flour Mills Ltd.	82.50	10	3.75	5.25	5.25	1.00	11	Y.
21,46,200	27,60,456	1,02,78,928	35,59,149	6,364	A. K. Kaderkutty Esq. (Mg. Director).	Western India Plywoods Ltd.	210.00	100	19.00	10.00	10.00	12.00	3	Y.P.
TRANSPORT														
32,00,000	95,17,850	1,23,16,309	21,49,792	23,023	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	110.00	100	6.00	8.00	7.50		12	Y.
1,66,66,000	61,82,793	4,35,99,781	2,33,57,012	—88,10,589	Dinshaw (Private) Ltd.	Bharat Line	8.00	10	1.20*	Nil	Nil		10	Y.P.
60,00,000 }	2,09,62,445	8,16,52,906	2,55,75,629	1,85,750	A. F. Bhiwandiwalla & Co. (Bombay)	Great Eastern Shipping Co.	13.60	10	1.50	1.50	1.50	0.75	12	Y.
30,00,000 }					Private Ltd.		6.52	5(New)	0.90	0.225	0.50	0.38	6	Y.P.
84,00,580	51,24,443	25,21,271	23,588,891	—23,866	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	64.00	£10	Nil	Nil			3	Y.
2,47,50,000	2,46,51,883	23,76,87,961	5,76,03,814	—41,12,524	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	7.12	10	1.00	1.00	1.00	Nil	12	Y.P.
1,36,19,293	11,19,95,184	38,12,01,740	11,55,38,414	2,82,887	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	12.62	20	1.25	1.50	1.50	0.60	3	Y.P.
9,2,40,800 }	24,07,422	18,85,807	9,51,870	1,66,969	R. R. Aiyer Esq. (Manager)	Walford Transport Ltd.	4.06	O. 1	0.14	0.20	0.30	0.60	6	Y.T.
9,0,10,200 }							8.00	P.O. 1	0.12	0.15	0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1958	1959	1960	1961	Accounts closed	References
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	39,20,700	1,39,22,812	85,85,848	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	21.62	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	6,09,272	41,29,674	24,78,442	—2,59,124	Jasdine Henderson Ltd.	Bazaree Coke	16.81	10	0.50	Nil	Nil	Nil	3	Y.
4,49,350	1,80,132	11,60,136	6,76,085	4,967	Kalyanji Mavji & Co.	Bengal-Bhatdee	8.48N	10	0.25	Nil			3	Y.
1,20,00,000	2,44,30,490	7,89,11,386	5,07,62,864	10,42,254	Andrew Yule & Co., Ltd.	Bengal Coal	845.00	100	17.50	25.00	25.00	21.00	12	Y.
2,25,000	5,17,844	23,13,290	21,49,134	19,501	M.	Bengal-Nagpur	19.50	10	Nil	Nil	1.00		12	Y.P.
40,00,000	64,225	1,26,84,544	69,95,124	—1,02,036	Sahu Jain Ltd.	Bharat Collieries	3.97	10	0.60	Nil	Nil	Nil	3	Y.
7,15,000	14,98,844	57,66,346	36,78,757	—6,96,032	M.	Bhulanbarasree	5.00N	10	Nil	Nil		Nil	6	Y.P.T.
7,50,000	21,72,476	45,42,643	29,88,006	81,361	F. W. Heilgers & Co. (Private) Ltd.	Borreo	23.25	10	0.75	1.00	1.50		12	Y.P.T.
90,92,480	1,48,79,737	4,53,59,649	2,38,26,119	58,154	Bird & Co. Private Ltd.	Burrakur	17.62	10	0.875	1.50	1.30	1.80	12	Y.P.
49,97,750	6,32,979	82,38,293	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	12.62	10	0.50	0.50	0.80	1.80	6	Y.P.T.
8,00,000	12,99,490	53,54,287	34,91,864	7,605	Jain Industries	Central Kurhaud	7.00N	10	0.50	Nil		1.00	3	Y.
6,00,000	1,45,159	8,98,750(k)	....	7,043	F. W. Heilgers & Co. (Private) Ltd.	Churria	3.06	4	0.20	0.12	0.12		12	Y.
16,00,000	....	57,61,927	33,65,625	—1,06,901	M.	Dhemo Main	7.06	Nil	Nil	Nil			12	Y.
£240,000	£429,207	£1,464,191	£857,968	£16,220	Jardine Henderson Ltd.	East Indian	38.50	£1	1.00	1.25	1.00	2.00	12	Y.
29,62,750	1,16,22,107	4,94,12,596	3,48,60,889	1,10,574	Macneill & Barry Ltd.	Eqc.table	27.62	10	1.50	0.75	1.50		4	Y.
10,00,000	40,000	24,56,095	8,45,826	—5,80,078	Chisnick and Mualla	Hingir-Rampur	14.00	Nil	Nil	Nil	Nil		12	Y.P.T.
12,00,000	2,03,371	44,46,519	29,14,342	797	Killick Industries Ltd.	Hurriladih	38.00	50	Nil	Nil	Nil		3	Y.
4,00,000	....	24,79,228	20,12,306	—3,47,957	M.	Kanampura Collieries	14.37	10	Nil				6	Y.P.
30,00,000	7,84,717	45,56,282	12,82,462	40,019	Bird & Co. Private Ltd.	Katras Jherriah	19.04	10	0.75	0.60	0.75	0.75	12	Y.
14,88,450	15,10,178	59,54,523	41,77,254	1,88,877	Andrew Yule & Co., Ltd.	Lakurka	49.00	10	6.50	6.50	9.50	10.00	12	Y.P.
9,00,000	10,23,762	6,16,670	....	39,080	H. V. Low & Co. (Private) Ltd. ..	Nasira	13.75N	10	1.00	0.75		4.00	1	Y.
2,48,240	2,50,000	13,59,973	10,18,353	17,140	Tantia Brothers Private Ltd. ..	New Beerbhoom	6.87	10	0.75	1.00	1.00		4	Y.
81,97,210	34,47,233	1,09,65,316	1,11,12,826	93,845	Andrew Yule & Co., Ltd.	New Beerbhoom	1.00	10	1.00	1.50	1.50	1.60	12	Y.
6,00,000	5,90,206	12,87,186	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	18.62	10	0.50	0.50	0.75	1.00	10	Y.P.
1,15,000 }	3,84,525	12,96,898	9,60,464	23,053	M.	North West	22.00	10	1.50	1.50	2.00	0.90	3	Y.
1,57,500 }							18.50N	7.50	1.12	1.12	1.50			
7,50,000	13,20,908	2,92,588	22,84,209(k)	35,298	P. Prashad, Esq. (Chairman) ..	Ondal	14.40	10	0.50	0.70	0.60		3	Y.
3,84,000	1,37,202	35,04,745	13,15,287	1,617	Deepchand Kishenlall	Parasea	17.88	10	0.50	0.62	0.125	1.00	12	Y.P.T.
12,75,000	22,54,000	89,92,260	51,27,390	52,189	Shaw Wallace & Co., Ltd.	Pench Valley	15.50	10	2.00	1.00	1.00	1.00	12	Y.P.T.
33,00,500	39,45,121	1,50,19,235	1,10,16,961	50,804	M.	Ranegunge	15.00	10	1.00	1.50	1.50	1.70	3	Y.
12,50,000	11,51,590	62,62,257	35,97,256	29,537	Shaw Wallace & Co., Ltd.	Rewa	80.00	10	1.00	1.00	0.75‡		3	Y.
97,50,000	88,56,570	1,12,26,841	38,46,379	26,993	M.	Samla Collieries	8.87	10	0.50	0.70	1.00		12	Y.
12,50,000	2,50,010	24,56,095	9,82,416	5,494	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries.	129.00	100	12.50	16.00	16.00	8.001	12	Y.
2,30,000	11,14,420	31,08,158	20,96,227	87,533	Andrew Yule & Co., Ltd.	Seebpore	47.00	7	1.75	3.00	3.00		12	Y.
2,08,800	4,99,848	35,740	19,04,563(k)	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	6.37	10	Nil	0.35	0.50		12	Y.
3,90,00,000	72,62,511	8,26,32,180	3,52,80,460	10,522	P. M. Nayak, Esq. (Chairman) ..	Singareni	10.00	10	0.75	0.75	0.70		12	Y.P.
37,50,000	7,71,506	48,97,088	22,47,459	—1,54,124	Bird & Co. Private Ltd.	South Karanpara	8.44	10	0.75	0.90	0.25	Nil	12	Y.P.
9,00,000	15,49,919	1,58,707	39,68,239(k)	20,718	F. W. Heilgers & Co. (Private) Ltd.	Standard	15.50	10	1.25	1.50	1.50		3	Y.P.
2,50,000	2,81,800	20,49,970	15,40,067	28,484	B. M. Varma, Esq. (Mg. Director).	Union	9.75	10	0.25	Nil			3	Y.
40,96,000	5,90,557	96,20,910	35,51,251	15,622	Hindustan Investment Corpn. Ltd.	Western Bengal	9.50	10	0.40	0.40	0.60	0.75	12	Y.
7,00,000	....	40,41,429	30,38,310	—2,45,466	M.	West Jamuria	10.37	10	Nil	Nil			3	Y.

§.—The reserves of Saraw Products Ltd. include a non-distributable amount of Rs. 63,40,654 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

‡‡ Investment at cost.

E.—Clive Row Investment—*Dividend for 1959* includes additional dividends of 9 nP for the year ended 31st March 1958 and 37 nP for the year ended 31st March 1956.

* Includes bonus.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1950 are shown as taxable. (k) Investments.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X. B. Ex-Bonus.

BANKS

| Paid-up Ordinary Capital | Reserve Fund | Carried Forward | Name of Bank | Latest available Quotation | Paid-up per Share | Dividend per Share 1958 | 1959 | 1960 | 1961 | Accounts Closed | Reference |
|---

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest available Quotation Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1961	6.00	Mar.	Sept.	98.00	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,08,000	1931	5.00	Dec.	..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.F.R.C.	5,00,000	1875	6.00	Mar.	Sep.	80.00	100
Ganapore Sugar Works T.F.C.	10,00,000	1908-24	6.00	Feb.	Aug.	118.00	100
Hassan Sugar & Abkhar 'A' T.F.C.	7,00,000	1929	7.00	July	Apr.	4.92	5
Hind India Distilleries C. ..	£500,000	1897	9.00	Jan.	July	16.50	£1
Gwalior Sugar R.C.	6,75,000	1940	7.00	Dec.	..	40.00	100
Do. (Non-redeem.) ..	5,00,000	1940	7.00	Dec.	..	40.00	100
Partabpore Co. C.	4,00,000	1922	10.00	Oct.	..	11.00	10
Ramnagger Cane T.F.C.	4,00,000	1922-36	6.00	Aug.	..	82.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	61.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec.	..	6.95	10
Upper Ganges T.F.C.	12,00,000	1935	5.00	Dec.	..	90.00N	100
Do. C.B.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April	May	113.50	100
COAL							
Barrea T.F.C.	14,00,000	1896-97	5.50	Oct.	Apr.	80.00	100
Barrakur (1st) T.F.C.	22,90,600	1901-10	7.00	Apr.	Oct.	98.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	9.00	10
Equitable T.F.	4,00,000	1895	6.00	Mar.	Sept.	81.00	100
Kyrasapura Collieries C.	9,50,000	1946	5.50	..	..	54.00	10
††Khas Kajora C.	1,93,000	1901	5.00	Mar.	Sept.	7.00N	10
New Beerbhoom T.F.C.	2,00,000	1928	7.00	Jan.	July	10.25	10
Sudal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	80.00N	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1919	5.00	Apr.	Oct.	71.00	100
Bakgalore C.T.F.	6,00,000	1884	6.00	Jan.	July	105.63	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov.	..	7.00	10
Bewrah 'A' T.F.	6,00,000	1899	8.00	Feb.	Aug.	105.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	80.00	100
Bradbury T.F.	14,75,000	1919	7.00	June	Dec.	48.50	50
Buckingham & Carnatic C.T.F. ..	£1,40,200	1920	7.50	Jan.	July	118.00	100
Cambodias C.T.F.	1,00,000	1922	7.00	Apr.	..	90.00	100
Central India T.F.	50,00,000	1912	5.00	Apr.	Oct.	408.75	500
Century Spg. & Mfg. Co. R.C. ..	1,25,00,000	1938	5.57	Dec.	..	107.00	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June	..	78.50	100
Elgin T.F.C.	11,00,000	1912	5.00	May	..	106.00	100
Elgin 'B' T.F.C.	4,20,000	1942	5.00	July	..	6.50	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	73.00	100
Empress T.F.C.	20,00,000	1919	7.00	June	Dec.	107.00	100
Khatau Makanji (Ind) T.F. ..	29,92,500	1947	4.00	Nov.	..	77.00	100
Kothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.60	10
Kothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	..	..	8.60	10
Lakshmi Cotton (Bombay) C. ..	6,00,000	1856	5.00	..	..	151.25	100
Macarlee Goondas Spg. & Wvg. T.F.C.	17,25,000	1947	6.50	Jan.	..	66.00	100
Mysore Spg. C.	7,45,050	1944	6.50	..	..	20.50	20
National Rayon C.	1,74,66,750	1947	5.55	..	..	73.50	100
New Great	8,00,000	1918	5.50	Mar.	..	107.00	200
Podar Mills C.	10,00,000	1948	6.75	Feb.	..	66.00	100
Rajalakshmi C. T.F.	2,00,000	1933	6.50	Apr.	..	44.50	50
Shree Niwas Cotton T.F.C.S. ..	4,80,000	1944	4.00	..	..	65.00	100
Swadeshi T.F.C.	15,00,000	1935	5.00	Apr.	Oct.	87.00	100
Swadeshi (Kanpur) C.	25,00,000	1937	5.57	June	..	70.00	100
Travancore Rayon C.T.F.	50,00,000	....	6.00	May	..	7.40ed	10
Vasanta (1st) C.T.F.	3,00,000	1931	6.50	Apr.	Oct.	95.00cd	100
Do. (2nd) C.T.F.	1,50,000	1938	6.00	..	..	94.00cd	100
Lakshmi-Vishnu	15,00,000	1905	7.00	Apr.	..	885.00	500
ELECTRICS							
Andhra Valley Power Supply C ..	49,34,000	1917	7.00	May	Nov.	985.00	1,000
Amalgamated Electric T.F.C. ..	24,15,000	....	5.50	..	..	69.50	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00(t)	June	Dec.	8.75	51
Poona Electric C.	4,00,000	1915	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept.	Dec.	{ 7.80	100
Do. (2nd) C.T.F.	5,00,000	1940	5.50			7.70	10
Surat Electric Co. C.T.F.	3,00,000	1919	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	49,28,000	1907	7.00	May	Nov.	99.00	100
Tata Power T.C.	86,97,000	1919	7.50	May	Nov.	1,022.50	1,000
Ulhas C.	1,25,000	1925	6.00	Dec.	..	5.81	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1898-99	7.00	Feb.	Aug.	109.00	100
Do. (2nd) T.F.C. ..	15,00,000	1902	6.00	Feb.	Aug.	100.00	101
Indian Iron and Steel Co., Ltd. T.F.C.	2,68,93,400	1952	6.00	Dec.	..	87.50	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May	Nov.	76.00	100
Kandoi Engineering C.R.	15,00,000	1946	5.50	July	..	45.00	100
†††Kamarahbuti Engineering T.F.C.	12,00,000	1918	6.00	June	Dec.	70.00N	100
Linsen and Teubre Ltd. T.F.R. ..	12,00,000	1946-47-51	5.50	..	..	88.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	98.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	51.00	100
Premier-Construction (1st)	10,00,000	.....	6.25	..	..	73.00	100
Do. do. (2nd) C. ..	15,00,000	1936	6.25	..	..	68.50	100
Do. do. (3rd) C. ..	55,25,000	1947	4.50	..	..	5.08	10
Tata Iron and Steel (1st) C. ..	75,00,000	1907	5.00	Nov.	..	135.50	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May	..	103.00	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	90.00	100
Alexandra T.F.C.	9,00,000	1906	7.00	Feb.	Aug.	87.00	100
Alliance T.F.C.	15,00,000	1906	6.00	Mar.	Sept.	61.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	92.50	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	69.00	100
Do. (Ind) (j) C.	15,00,000	1946	4.50	June	Dec.	56.00	100
Baby T.F.C.	20,00,000	1918	7.00	Apr.	Oct.	94.00	100
Barnagore C.	£200,000	1886	5.00	May	Nov.	86.50	£5
Belvedere T.F.C.	7,00,000	1906	7.00	Jan.	July	87.00	100
Birla C.	23,64,200	1919	7.50	June	Dec.	84.00	100
Budge-Budge T.F.C.	9,00,000	1894	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	5,00,000	1924	6.50	Jan.	July	50.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	85.00	100
Chetlat T.F.C.	10,00,000	1919	7.00	June	Dec.	68.00	100
Chitavalah T.F.C.	5,00,000	1923	7.00	Mar.	Sept.	90.00	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May	Nov.	80.00	100
Do. (A) (2nd Pref.) T.F.C. ..	5,00,000	1905	7.00	May	Nov.	67.00	100
Dalhousie T.F.C.	15,00,000	1908-13	7.00	May	Nov.	84.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	70.00	100
Empire T.F.C.	10,00,000	1918	7.00	Feb.	Aug.	68.00	100
Fort Gloster T.F.C.	14,00,000	1890-96	7.00	May	Nov.	93.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1948	5.00	..	..	65.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	91.00	100
Gourepore T.F.C.	6,00,000	1918	6.00	June	Dec.	102.00	100
Gourepore T.F.C.	26,50,000	1895-96	6.00	May	Nov.	82.00	100
Hastings T.F.C.	25,00,000	1925	6.00	Mar.	Sept.	81.00	100
Hooghly T.F.	11,75,000	1918	10.00	May	Nov.	11.12	10
Howrah T.F.C.	8,75,000	1930	7.00	May	Nov.	91.00	100
Do. T.F.C. (f)	17,50,000	1903-06	7.00	May	Nov.	90.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	91.00	100
Kamarhatty T.F.C.	14,00,000	1923-24	6.00	Feb.	Aug.	73.00	100
Kamharrah T.F.C.	10,00,000	1920	6.00	Feb.	Aug.	75.00	100

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest available Quotation Rs.	Paid-up per Share. Rs.
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	88.00	100
Khardah T.F.C.	9,00,000	1895-99	6.00	May	Nov.	75.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	90.00	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May	Nov.	90.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00	100
Do. (B) T.F.C.	10,00,000		7.00	May	Nov.	90.00	100
Naihati T.F.C.	7,50,000	1905	5.50	Dec.	..	70.00	100
Do. (2nd) (j) T.F.C.B.	10,00,000	1945	7.00	May	Nov.	108.00	100
National T.F.C.	5,00,000	1917	4.50	June	Dec.	82.00	100
Nellimarla T.F.C.	1,00,000	1939	7.00	May	Nov.	80.00	100
New Central T.F.C.B.	25,00,000	1919	6.00	Apr.	Oct.	76.00	100
Northbrook T.F.C.	15,00,000	1915	7.00	Jan.	July	90.00	100
Reliance T.F.C.	15,00,000	1900	5.50	May	Nov.	70.00	100
Samnuggur C.	20,00,000	1906-12	7.00	May	Nov.	81.00	100
Soorah T.F.C.	£150,000	1901	6.00	Feb.	Aug.	Sh. 21.80N	£1
Shree Ambica T.F.C.	10,00,000	1920	7.00	Feb.	Aug.	98.00	100
Titaghur C.	11,70,000	1927	7.50	Mar.	Sept.	89.00	100
Union T.F.C.	£150,000	1897	6.00	Feb.	Aug.	Sh. 21.50	£1
Victoria C.	£150,000	1901-02	7.00	May	Nov.	90.00	100
Waverley, T.F.C. (f)	£150,000	1898	6.00	Feb.	Aug.	Sh. 21.50	£1
	7,50,000	1913	10.00	Mar.	Sept.	40.00	40
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1885	7.00	Nov	..	50.00	50
Calcutta Tramways C.	£250,000	1906	6.00	Apr.	Oct.	7.25	£1
Indian General Nav. & Rly. C. ..	£244,080	1899	6.00	Mar.	Nov.	78.25	£10
India Steamship (w) T.F.C.R. ..	25,00,000	1928	5.00	..	..	65.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	98.00	10
†††Banarhat Tea T.F.C.	4,00,000	1900-02	6.50	Jan.	July	98.00	100
Birpara T.F.C.	1,00,000	1900-08	8.00	Jan.	..	96.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.00	Jan.	July	93.00	100
Glelle C.	2,00,000	1894	6.50	Jan.	..	59.00	100
Hantapara T.F.C.	50,000	1901	6.00	Sept.	..	90.00	100
Hasimara T.F.C.	3,00,000	1904	8.00	Jan.	..	89.00	100
Kingsley Goalghat T.F.	2,40,000	1897	7.00	Mar.	..	88.00	100
Mohcema T.F.C.	3,20,000	1929	6.00	Dec.	..	90.00	100
New Dooars T.F.C.	2,00,000	1907	6.50	May	Nov.	5.85	10
New Samanbagh T.F.C.	1,00,000	1908	8.00	Jan.	July	98.00	100
†††Okayti T.F.R.C.	50,000	1888	7.00	Nov.	..	90.00	100
Pussimbing T.F.C.	2,05,000	1914	7.00	Dec.	..	84.00xd	100
Salon River T.F.C.	1,00,000	1909	8.00	Jan.	..	97.00	100
***Terpore C.	2,05,000	1922	8.00	May	..	80.00	100
Tirribannah T.F.C.	1,00,000	1922	10.00	Jan.	..	10.00	10
			10.00	May	Nov.	12.00	10
PLANTING							
Be Be Rubber C.	1,48,005	1944	6.25	..	..	1.97	5
Do. B.C.	2,85,570	1944	6.25	..	..	5.18	10
Coelin Malabar C.T.F.	1,13,300	1932	7.00	June	..	48.50	100
Coffee Lands C.T.F.	10,40,000	..	5.00	..	..	48.50	100
Coencoor Tea C.	1,50,000	1928	6.00	Apr.	..	68.00	100
Cottanad C.T.F.R.	1,00,000	1927	7.00	Nov.	..	80.25	100
Dhevon Tea C.T.F.	2,00,000	1936	7.50	July	..	8.82	10
Highland Produce C.T.F.	3,00,000	..	6.00	July	Jan.	82.00	100
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan.	July	7.25	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.25	July	..	5.72	10
Pilkonda Estate C.T.F.	1,80,000	1943	6.00	July	..	3.65	5
Teakoy Rubber C.T.F.	6,00,000	..	6.00	Mar.	..	7.57cd	10
T. R. & T. Co. C.T.F.	16,00,000	..	6.00	Mar.	Sept.	6.80cd	10
Waterfalls R.C.T.F	5,00,000	1943	6.00	June	Dec.	8.70	10
			6.00	Nov	..	7.91	10
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	79.00	100
Do. do. (2nd) T.F.R.C.	5,00,000	..	8.00	June	..	80.00	100
Alkali & Chemicals T.F.C.	21,00,000	1937	5.00	Apr.	..	86.00	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00(f)	..	..	86.00	100
Andhra Cement C.	2,48,500	1937	8.50	Feb.	June	90.00	100
Associated Hotels of India C. ..	21,87,000	1918	7.00	Mar.	Sept.	82.74	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.00	Mar.	Sept.	50.00	100
Bengal Paper Mill T.F.C.	2,00,000	1902	7.00	..	..	11.62	10
Do. "A" T.F.C.	2,00,000	1923	7.00	Mar.	Sept.	98.00	100
Do. "B" T.R.C.	20,00,000	1948	7.00	Mar.	Sept.	97.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1896	8.00	..	..	61.00	100
Britannia Biscuit T.F.C.	15,450	1941	8.00	Aug.	..	7.00	100
British Fire Corporation C.	17,50,000	1918	8.00	Feb.	Aug.	11.40	10
British India Corporation T.F.C.	31,00,000	1920	8.00	Feb.	Aug.	7.00N	5
Dalmia Cement (Bharat) C.	61,58,210	1937	9.00	Feb.	..	109.00	100
Dhrangadhra Chemicals T.F.C.R. ..	21,91,905	1936	7.80	Sept.	..	8.00	10
Shree Digvijay Cement T.F.R.C. ..	1,00,00,875	1944	7.80	..	..	86.00	100
Dunlop Rubber Co. (1st) C.	80,00,000	1926	5.00	Dec.	..	77.50	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1936	5.5	June	Dec.	106.50	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Apr.	..	79.00	100
Do. do. (2nd)	1,00,000	..	5.00	Feb.	Aug.	55.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	5.00	Feb.	Aug.	47.00	100
Hindustan Motors R. C.	1,60,67,250	1956	8.57	Apr.	Oct.	66.75	100
Humayan Properties T.F.C.	12,00,000	1938	8.00	Mar.	..	207.00	100
India Cement C.	29,85,000	1946	9.00	..	..	6.75	10
Indian Aluminium (g) C.R.	40,00,000	1945	5.00	Oct.	..	80.00cd	100
Indo-Burma Petroleum C.	50,00,000	1921	5.00	June	..	69.00	100
Indian Cable (m) C.	12,87,750	1923	7.00	Jan.	July	81.00	100
India Rubber Mfrs. (n) T.F.C.R. ..	2,28,000	..	5.00	June	Dec.	88.00	10
Jardine Jerseys C.	50,00,000	1946	5.00	Apr.	..	58.00	100
Kettlewell and Bullen (1st) C. ..	20,00,000	..	5.50	Dec.	..	58.00	100
Do. do. (2nd) T.F.C.	10,00,000	..	5.55	May	..	56.00	100
Kumardhubi Fireclay & Silica C.R. ..	2,00,000	1915	4.00	May	..	56.00	100
Martin Burn (k) T.F.C.R.	30,00,000	1948	7.00	June	Dec.	84.00	100
McLeod and Co. (1st) C.	10,00,000	1920	5.00	Apr.	Oct.	61.00N	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July	Jan.	88.50	100
Metal Box Co. C.R.	30,00,000	..	5.00	July	Jan.	47.00	100
Mettur Chemicals (Old) C.T.F. ..	20,00,000	..	6.00	..	..	60.50	100
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1903-16	6.00	Feb.	Sept.	84.00	100
Mysore Lamps R.C.T.F.	2,50,000	1938	6.00	June	..	10.75cdXR	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	4.00	Aug.	..	7.88	10
Do. do. (New) (q) T.F.C.R. ..	25,00,000	..	5.00	Mar.	Sept.	5.52	10
Orient Paper T.F.C.R.	19,98,000	..	4.50	Mar.	Sept.	67.00	100
Do. (2nd) (r) C.R.	20,00,000	1936	5.50	Mar.	Sept.	40.00	100
Rohtas Industries (Old) T.F.C. ..	60,00,000	..	5.50	..	..	82.00	100
Do. do. (New) T.F.C.	20,00,000	1956	7.00-9.00	Apr.	Oct.	61.00	100
†Smith Stanistreet & Co. T.F. ..	85,04,700	..	4.25	Apr.	..	105.00	100
Spencer & Co. "A" C.	5,00,000	1920	10.00	Apr.	..	56.00	100
Do. "B" C.	22,20,000	1898	6.50	Jan.	Aug.	65.00	50
Standard-Vacuum C.	86,50,000	1922	8.50	Jan.	July	7.45	10
Star Paper T.F.C.R.	75,00,000	1956	8.50	Jan.	July	10.81	10
Tata Chemicals C.	10,00,000	..	6.00	June	Dec.	88.50	100
Tata Oil Mills C.	59,97,000	..	7.14	Mar.	Sept.	70.00	100
Titagur Paper Mills T.F.C.	29,88,800	1946	4.50	June	..	58.00	100
Do. do. (2nd) T.F.C.	11,50,000	1899	4.50	July	..	68.00	100
	15,00,000	1934	4.50	Jan.	June	106.00	100
			4.50	Jan.	July	71.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 5 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 5 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

‡ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.C.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1965 on 6 months' notice. (j) Redeemable after 31st March 1965 on 6 months' notice. (k) Participating upto 2 per cent. (l) Non-ordinary shares receive 6 per cent dividend. (m) Rank pari passu with ordinary shares after any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1964. (q) Redeemable at par after 19th June 1956. (r) Redeemable at par after 1st October 1966 on 3 months' notice. (s) Redeemable at to 5 per cent. (t) Free of income-tax upto 6 sh. in the £. (u) Redeemable at par on 3 months' notice. (v) Participation on various rates. (w) Redeemable at any time 5 years after the date of issue at par on 3 months' notice. (x) Redeemable on 3 months' notice. (z) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. ...paid.

COMMERCE

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

VOL. CIV. No. 2664 BOMBAY, 5th MAY 1962 PRICE Rs. 2

VICTORY FOR PROPAGANDA

PROPAGANDA and agitation pay, more so when they are made on behalf of the so-called downtrodden agriculturists. The latest instance of this statement is provided by the announcement of an increase in the ceiling prices of cotton. Those who carried on the campaign are clever people. They followed the well-known practice of pitching one's demand pretty high, so that the outcome could be at least very near one's goal. The self-appointed champions of cotton growers demanded decontrol, even when they knew that it would not be granted. In return, they got the ceiling prices pushed up. In retrospect, it looks as though this was precisely what they had in mind. The Government of India, which had so far successfully resisted the pressure from various quarters to raise the ceiling prices of cotton, has at last succumbed to it and decided to enhance the ceiling price of Jarilla fine 25/32", which is the basic variety, from Rs. 820 to Rs. 945 per candy of 784 lbs. Corresponding changes will be made in the prices of other varieties also. The revised ceiling prices are applicable only to the next season's (1962-63) crop. At the same time, the Government has not raised the floor prices. Why? Was it because the propaganda did not include this issue, or because the Government did not want to face even the remote possibility of having to buy cotton at that price? Whatever be the reason, an increase in the ceilings, unaccompanied by a corresponding rise in the floors, has led to a widening of the gap between the two, which had been reduced, quite rightly, only last year by raising the floor from Rs. 495 to Rs. 600 for the basic variety and correspondingly for the other varieties. In the result, the speculative pendulum has more amplitude to swing. The strangest part of this business is that this facility for unwarranted speculation has been provided by a Government which calls itself socialist.

It will be interesting to know the basis on which the Government decided to raise the ceiling by Rs. 125 per candy. What is the sanctity about this figure of Rs. 125? Why not Rs. 150 or Rs. 200? If an increase of Rs. 125 was considered necessary as an incentive to the grower to raise a bigger cotton crop of, say, 5.4 million bales, an increase of Rs. 200 should, *ipso facto*, result in a still bigger crop which the country can surely and comfortably absorb. The fact of the matter is that the Government has chosen the figure only arbitrarily, for, to the best of our knowledge, it has not carried out any study of the increase in the cost of cultivation of cotton since 1951-52 when the present ceiling prices were fixed. It is significant, in this connection, that, as an alternative to decontrol, some in the trade had asked for an increase of about Rs. 150 to Rs. 200 per candy. In its Press Note, the Government says that, in choosing the figure of Rs. 125, it took into account the difference between the ceiling price and the "prices (actual) paid by the industry for cotton during the past few years." This explanation is ridiculous, for it amounts to taking cognisance of the price that might have been illegally paid by the mills. To revise the statutory prices on this basis is to give the black market a dignity which it does not deserve. In any case, the Government has now openly admitted that transactions in contravention of the Cotton Control Order had been going on and that it could do nothing about them.

The implications of the admission that actual market prices were higher than the statutory ceiling could, indeed, be embarrassing to the Government. If a millowner were to point out that he had been paying only the legal price for cotton and that, since it has been raised, he should be allowed to raise the price of cloth to compensate for the rise in the price of cotton, will the Government concede the demand? This is a perfectly valid argument, valid from both the moral and economic point of view, and, if it is not accepted when the time comes (that is round about October next when the 1962-63 crop starts moving into the market), it will be tantamount to penalising the honest for his honesty. If, on the other hand, it is contended, as is being done by the Government, that the industry can well absorb the rise in the price of cotton without having to pass it on to the consumer of cloth, it means that the industry has all along been allowed to reap an abnormal profit at the cost of the farmer.

Be that as it may, higher prices could be justified in the short period if they lead to larger production which would ultimately enable prices to go down to more normal levels. This can happen only in a situation in which the price received by the farmer has been so uneconomic as to inhibit production. That this is hardly the case is evident from the wide year-to-year variation in the production of cotton irrespective of the level of prices. In any case, when once the prices are allowed to go up, they can hardly be brought down, for there will be a hue and cry by politicians on the ground that the agriculturist is being penalised for having taken the trouble to grow more cotton. This has happened on many an occasion in the past and it will happen

elapsed since the Tariff Commission made their recommendations, these selling prices have been rendered steadily more uneconomic by increases in production costs which, by reason of our fixed prices, we have been unable to pass on to our customers. Our industry has been and is being squeezed between rising production costs and fixed selling prices, and our profitability has correspondingly declined. One of the consequences is that there are indications of lack of progress in the implementation of some of the schemes for the establishment of new mills by licence-holders, a very disturbing development which endorses the industry's opinion that paper manufacturing on longer enjoys the degree of profitability to attract fresh capital to the extent required for achieving the planned increase in our production capacity. The only remedy is for Government to grant immediately a suitable *ad hoc* increase in paper prices . . . "

An upward revision in the paper industry's selling prices to cover cost increases is, thus, imperative. No less imperative is the need for providing in the prices a reasonable return on the capital employed. The need is especially great because it is on the margin between selling prices and production costs that depends, to a large extent, the capacity of the industry to expand adequately, in order to meet the rapidly rising demand for paper stemming from increase in population, improvement in literacy, development of educational facilities and growth of industrialisation. The total domestic requirements of paper by 1965-66 are expected to be of the order of 700,000 tons, as against 350,000 tons in 1960-61, and they will be much higher, according to tentative estimates, at 1.2 million tons by the end of the fourth Plan (1970-71) and 1.8 million tons five years later (1975-76). The attainment of these targets will entail heavy capital outlay. In the third Plan period alone, the investment outlay (on paper and newsprint combined) is put at Rs. 100 crores, with a foreign exchange component of Rs. 35 crores. How can such a heavy outlay be financed so long as the paper industry is not allowed to earn a fair profit that will enable ploughing back of funds for expansion and also offer sufficiently promising prospects to attract fresh capital? This is a highly relevant point, because over 80 per cent of expansion envisaged in the third Plan has to be obtained from the establishment of new units. The new units, whatever their size, inevitably require, as Mr. Egan very pertinently stated, a much heavier capital investment per ton of capacity than the long-established mills from which the bulk of present output comes.

The paper industry is required under the third Plan to step up the rated annual capacity from 410,000 tons to 820,000 tons and actual production from 350,000 tons to 700,000 tons. The quantity of paper actually produced in the first year of the Plan (1961-62) is believed to be just 360,000 tons and the estimated output in the current year (1962-63) is no more than 400,000 tons, so that the gap to be covered during the remaining three years is as wide as 300,000 tons. This gap must be filled, as, otherwise, there will be much waste of precious foreign exchange. It may be noted here that India imported paper (excluding newsprint) worth about Rs. 6 crores during the calendar year 1961.

A brief reference to the progress that is being made in regard to the implementation of the development programme for paper industry may not be out of place here. As against the additional capacity of 410,000 tons required to achieve the third Plan target of 820,000 tons, the capacity actually licensed so far comes to 804,000 tons or an excess of almost 400,000 tons. Is this action in consonance with planned development? Mr. Egan would have done well to examine it critically, instead of merely saying that the Government "has given a margin of 50 per cent as provision against non-implementation of some of the schemes." There would have been no need for this margin, if the Government had carefully examined the ability of the applicants to fulfil their undertaking. Sources of raw material for paper industry are limited. Capital is scarce; foreign collaboration is costly and difficult to be had. And so is foreign exchange. Excessive licensing will result in unhealthy competition among entrepreneurs for these scarce resources which in turn will push up the capital costs. Again, if actual implementation happens to be larger than expected, there may well be a sizable unutilised capacity. Already, the extent of capacity lying idle in the paper industry has increased from just one per cent in 1955 to 11 per cent in 1961.

Another undesirable feature of the expansion plan for paper industry is the prominence given to new units and that too to small-sized units. Of the new capacity licensed for 804,000 tons, 21 new mills account for a total capacity of 478,000 tons and 71 small units for a capacity of 181,000 tons, whereas the expansion schemes of the 13 existing mills envisage an aggregate capacity of no more than 145,000 tons. The establishment of new mills involves, as already stated, heavier capital investment than that needed for raising the capacity of existing mills. The outlay will be higher still in the case of small units. Decentralisation has no doubt certain merits, provided locational advantages have been thoroughly ascertained and carefully verified. Paper mills have to be located where raw materials are easily available and continuity of supplies is assured. But it looks as though too much importance has been attached to decentralisation ignoring the economic aspects of large-scale manufacture, as witness the substantial share allotted to as many as 71 small units.

The rising cost of production apart, the paper industry is faced with two disquieting problems, one pertaining to transport bottleneck and the other to shortage of raw materials both of which have, according to Mr. Egan, acted as serious impediments to the efficient working of the industry. Mr. Egan certainly did not cry 'wolf' when he said that, if the railways failed to bring the supplies of raw materials and fuel required by the industry and move its finished products to the markets, the development of paper industry would be jeopardised. Nor did he indulge in any exaggeration when he warned that, unless vigorous steps were taken to develop the sources of raw materials, there was bound to be a grave scarcity of raw materials. Considering the steadily increasing pressure on the country's bamboo and other forest resources not only because of the expansion of paper industry but also because of the requirements of other industries such as rayon grade pulp, Mr. Egan's plea for long-term tenure at reasonable rates of royalty merits due consideration. The three factors which, according to Mr. Egan, should be borne in mind in the fixation of royalty rates are: (1) paper prices are fixed by the Government; (2) the industry is a substantial contributor to Government revenues through excise duty; (3) unlike forests worked by contractors on an annual basis, the areas leased to the industry will be exploited in a scientific manner resulting in better yield and correspondingly increasing royalties. It may be pertinent to recall here that the Tariff Commission itself had made a specific suggestion favouring long-term leases of forests to paper mills.

Timely solutions to the three main problems of costs and prices, transport, and raw materials on the lines indicated by Mr. Egan, together with the removal of anomalies in excise duty assessment and expansion of paper mill machinery industry, will ensure an orderly and steady development of the paper industry in coming years. The paper mills, on their part, should endeavour to see that their products reach consumers at different centres in adequate quantities and in an evenly spread manner. Although the Tariff Commission had made a special mention of this aspect and urged the appointment of distributors-wholesalers at all important centres on the basis of population and other requirements, no worthwhile progress seems to have been made in giving effect to this suggestion. Similarly, it would appear that steps have not been taken to amalgamate the two associations of paper manufacturers, namely, the Indian Paper Makers Association and the Indian Paper Mills Association. Such an amalgamation is highly desirable for the simple reason that in unity lies strength.

DEVELOPMENT OF KERALA

THE National Council of Applied Economic Research, New Delhi, has just published a draft report of a techno-economic survey of Kerala undertaken by it at the instance of the Kerala Government. The report, incorporating the findings of the survey, which is, perhaps the first overall assessment of the resources of the State in relation to its development needs, has recommended a ten-year investment programme involving a total investment of Rs. 1,000 crores, Rs. 400 crores in the third Plan period and Rs. 600 crores in the fourth Plan period.

The report has suggested that the State should aim at achieving a *per capita* income of Rs. 410 by 1970-71, a level comparable with that anticipated for the country as a whole and which represents a more than hundred per cent increase (101.6 per cent to be precise) over the present *per capita* income of the State. In order to achieve this level, the national income of the State would have to increase at an annual rate of Rs. 10.7 per cent, as compared with the 6 per cent per annum envisaged in the third Plan for the country as a whole. An increase of this magnitude, according to the Council, would call for an investment of the order of Rs. 1,000 crores.

From the brief extracts of the report published in the daily Press, it is not clear whether the Council has suggested the ways and means of raising the money for investment of this magnitude. Clearly, the State Government, however much it might try, cannot, by itself, find the entire amount, nor even a substantial part of it. The Council's remark that there is need for greater awareness by the Centre of the special needs of Kerala is perhaps an indirect hint that the major portion of the burden should be borne by the Centre. Even if the Centre is willing to shoulder this burden, its resources position is such that it will have considerable difficulty in doing so, unless drastic modifications are made in the Statewise allocations under the third Plan already made. Assuming that somehow the money could be found, can the State Government (which is the most unstable of all the State Governments) implement a plan of such a magnitude? Experience of the State in respect of the utilisation of the first and second Plan allocations does not warrant optimism in this regard.

The Council has, however, done well to pinpoint the lines along which the State's development should proceed. In view of the very high man-land ratio in the State, the Council points out that industrialisation is the only way of solving the basic problems of Kerala and the industrial sector will have to be the main spearhead of growth in the future. The mainspring of the strategy of industrial growth should be technological advancement. The Council's report mentions many large-scale and medium-scale industries, agro-based, forest-based and mineral-based, which have plenty of scope for development in Kerala. Among the large-scale industries, the pride of place according to the Council must be given to engineering. The Council has also stressed the need for substantially increasing the capacity for power generation from the present level of 150 mw. to 400 mw. by 1966 and 800 mw. by 1971. This will not be difficult, as Kerala is favourably placed in respect of hydro-power resources.

In the sphere of agriculture, the Council has stressed the need for a proper system of crop priorities and for devoting more attention to the development of cash crops because of the special suitability of the State for such valuable crops as tea, coffee, rubber, coconut, arecanut, pepper, cashewnut and other spices, not to mention banana and jack fruit. It has suggested that no conversion of land from cash crops to foodgrains should be permitted and that, on the contrary, all possible extension of cultivable area should be reserved for cash crops. If, by so doing, production of foodgrains were to decline, the report recommends that the deficit should be made good by imports from other States. The State Government should, suggests the Council, get a firm declaration to this effect from the Centre.

The Council is not very optimistic about the employment position in the State which it describes as "not very promising." This is obviously an understatement, in view of the fact that, even if all the programmes outlined in the report were fully implemented, there would still be a backlog of 650,000 unemployed by 1970-71. The report has, therefore, suggested that, as long-term remedies, the Government should encourage migration of families out of Kerala and intensification of the family planning efforts, so that the impact on population growth of high birth rate and the comparatively low death rate in the State (17 per 1,000 as against the all-India death rate of 25 per 1,000) will be minimised. These are, however, long-term solutions which hold out no promise of any immediate relief to the hardship caused by unemployment. The present problems of the State are the result of years of stagnation and no programme, however large and imaginative, can solve them quickly.

MARKET GOSSIP

Pessimism Not Shared

IT is now more than ten days since Mr. Morarji Desai presented his final budget for 1962-63. During this interval, more views have been expressed by the spokesmen of the business community on his proposals for raising additional revenue for the Exchequer. Almost all of them have been extremely pessimistic of the implications of these proposals to investments in the private sector. The Federation of Indian Chambers of Commerce and Industry has asserted that the enhancement of the burden of direct taxes carried by individuals and corporations will have an adverse effect on capital formation, on corporate dividends and establishment of new companies. Similar views have been expressed by other chambers of commerce as well. There may well be a repetition of them when Mr. G. D. Birla, Mr. A. D. Shroff and Mr. N. A. Palkhiwala address select public gatherings in the next few days. The sum and substance of their song will be that the Budget for 1962-63 will retard the growth of the private sector, as it has reduced what little incentive there was for hard work, larger savings and more investments in productive enterprises.

The share markets, however, have refused to accept this interpretation. If anything, values are a little higher than they were a week ago. One cannot attribute this wholly to bear covering and bull manipulation, for there has been no sign of any selling by genuine investors and there is a scarcity of good scrips. If the Budget is so bad as is made out by the business community, why are the big investors not taking their profit? In spite of the withdrawal of the concession in wealth tax in regard to investments by individuals in new industrial projects, not one of the scrips of new companies which have been quoting at a high premium has gone down in value. Further, the bears are extremely quiet, while the bulls are able to maintain their hold over the market comfortably.

Who is wrong, the share markets or the spokesmen of the business community? Time alone can tell. Theoretically, and even logically to some extent, the businessmen, who have criticised the Budget proposals on the lines already indicated, appear to be correct. There is, of course, nothing in the budget that improves the tax-free profit-margin of industries and the net savings of individuals. But, in actual practice, the net effect on capital formation in its totality may be more favourable than appears on the surface. That apparently is the reading of the share markets. And this inference of the markets is based on recent history. For instance, when the system of grossing up dividends was abolished, it used to be contended that the Finance Minister had taken away more than he had given and that, in the ultimate result, the industries would be worse off and less profit would be available for shareholders. This reading of the position was not borne out by subsequent events. Again, every increase in taxation has been criticised by the business community. And yet it has not hesitated to invest more in shares and to establish more new companies.

The explanation for this feature is simple. The taxes collected and loans raised by the Government come back to the private sector in the form of greater opportunities. While the post-tax profit-margin may decline as a result of the increase in the tax on companies, the scope for expanding the turnover is greater as a result of the large investments' outlays envisaged in the third Plan. In other words, the loss on the swings may be more than made good on the roundabouts. Similarly, while the capacity of individuals to save has been hit by the tax proposals, the chances for an increase in the number of such individuals, as well as for quick promotion, are bright. Consequently, the volume of individual savings collectively may continue to grow in the coming years, in spite of the increase in direct taxation just proposed by the Finance Minister. In fine, one cannot but concede that the argument that a high level of taxation is not incompatible with a rapidly growing economy has been borne out by events in the past four years.

It is not merely the level of taxation that determines the scope for private investment but the attitude of the Government. Surely, a lower level of taxation will not be of much good to the private sector, if the field for its operations is narrowed down. To the credit of the Government it must be said that it now realises the value of the private sector to a greater extent than it did at the commencement of the second Plan and that it has mitigated, to a considerable extent, the hardships caused by multiple taxation.

Undoubtedly, lower levels of taxation, cheap money policy, strong protection against both internal and external competition, and unlimited scope will create a wonderful climate for the industrialisation of the country by the private sector. But, alas, such a state of affairs is not politically feasible today. In the prevailing social and political conditions, the well-to-do minority has to pay a price not only for its progress but even for preserving its very existence. It will be quite unrealistic to ignore this aspect while viewing the budget proposals. There is no doubt that, if the Finance Minister had not stepped up the direct taxes, there would have been a veritable boom in the share markets by now, a development which would be highly undesirable for the Government and the private sector alike.

Planning Boards for States

At last, the Planning Commission has decided that there should be separate planning machinery in States on the same lines as at the Centre, with the Chief Minister as Chairman of a Board and some other Ministers as members and two or three full-time members. That such Boards could be set up was conceded by Mr. Nanda some time ago when he addressed the Parliamentary Committee on the third Plan. He then mentioned that all that the Planning Commission was then doing was coordination and that, in effect, there was no real scrutiny of the States' part of the Five-year Plans (though States had been complaining of the tyranny of the Commission and the Finance Ministry at the Centre). Three Five-year Plans have thus been prepared; the need for special machinery has been felt now when the States have been asked to prepare a 15-year perspective Plan, which obviously cannot be done by the departments or Ministers, even though many States have already undertaken techno-economic surveys. Inclusion of schemes now depends upon many political considerations and it is doubtful whether they can be wholly eliminated. A major difficulty may be the lack of personnel for the secretariat work of the Planning Boards proposed to be set up; perhaps some supernumeraries from the Planning Commission can now be spared for the States to serve as a base for a proliferating bureaucracy which will in time create more work for itself; there may also be zonal organisations in course of time.

However, if these new bodies can find the right men to help them with ideas and data and work as a team, they could do much useful work. In view of the instability of State Cabinets and the consequent uncertainty and delay in work on some of the projects, there should be considerable advantages in having plans and priorities well settled in advance, so that the executive can carry on the work of implementation (as it does at the Centre when Ministers are pre-occupied with the elections). The Planning Commission found that many of the third Plan schemes were only loosely prepared, especially in minor irrigation; their capacity for additional taxation was overestimated in order to inflate their Plans. These drawbacks may be avoided or reduced to some extent in future; but the value of the Planning Boards will depend upon how they are staffed; at the Centre, the full-time members are all party men who could not be accommodated elsewhere in the Government but had to be settled anyhow. The results have been obvious. Both for training up more experts in planning at the junior level and to avoid making State plans too much of a party matter, it seems desirable that full-time members should be retired senior officials or businessmen who have functioned at the national level and can avoid a parochial approach.

NEW ISSUES AND THE BUDGET

By George Carvelho

THE Government's attitude towards the activity of the new issues market and the spread of the investment habit appears strangely ambivalent. To good socialists, the Stock Exchange and all its works are tainted with the sins of capitalism and it is difficult for them, with their ideological make-up, to appreciate the advantages of the trend towards what its supporters call people's capitalism or a shareholders' democracy. Hence the cynicism with which the Prime Minister tended to dismiss the reference to this matter in the presidential address at the last annual session of the Federation of Indian Chambers of Commerce and Industry.

Mr. Morarji Desai, however, labours under no such illusions. Introducing the Budget proposals for 1962-63 in the Lok Sabha on 23rd April, he made it clear that he appreciated the part which an active, vigorous market for new issues and an expanding investor class are playing in mobilising resources and directing them to productive investment. Referring to his desire that the private sector should exercise a greater measure of restraint in relying on bank finance, he said:

"Private industry has available to it another source of finance which has, in the recent past, become exceedingly important. I refer to finance in the shape of equity capital. There was a time when it was difficult to get a new issue subscribed and only big commercial houses could afford to set up major enterprises. This situation is fast changing. The public, at large, even people with modest incomes, are now investing in shares. This is a healthy sign which we must encourage."

What is perplexing is that, immediately after giving expression to these admirable sentiments and apparently without being aware of the contradiction involved, the Finance Minister proceeded to place before the Lok Sabha a set of tax proposals which will certainly make investment in shares less attractive and, in particular, deal a severe blow to the capacity of companies to raise new capital from the investing public.

Had these measures been introduced about two years ago, they would have had some semblance of justification on the ground that they were needed to restrain the hectic scramble for any and every new issue that had created dangerously unhealthy conditions, with heavy oversubscriptions, excessive premiums and widespread stagging. Surely those who devised the Budget proposals must be aware that such conditions no longer prevail. Investors have become increasingly discriminating in the support they extend to new issues, premiums have declined to more reasonable levels, phenomenal oversubscriptions are extremely rare and, in some cases, a large part of the issue has been left in the hands of the underwriters. While an intrinsically sound enterprise, with management that commands the confidence of the investing public can always be sure of raising the funds it requires, much of the exuberance has gone out of new issues. In fact, a position has been reached where competent observers are getting worried about the capacity of the market to sustain the tempo of industrial expansion. At such a time, the Budget measures may well tip the scales to such an extent that the market for new capital may well dry up.

The specific proposals that are particularly objectionable from the point of view of new issues are three: the increase in taxation of company profits from 45 per cent to 50 per cent, the removal of the exemption from wealth tax on shares of new companies and the changes in capital gains tax, especially the denial of the facility to carry forward losses on long-term capital transactions. Indirectly, a number of other proposals will have the same effect. The increases in personal income-tax and wealth tax will reduce savings and consequently the size of the investible resources that would be available for taking up new issues. The widespread increases in indirect taxation will have a double effect. In so far as they raise the cost of living, they too will reduce saving. To the extent to which they are borne by industry, they will reduce profitability and thus make new ventures less attractive to the investing public.

Investors have a right to ask the Finance Minister to explain how he can reconcile his words with his deeds. Does the Government really desire that the new issues market should grow in activity and range? If so, does it think that the tax changes referred to will help or hinder the realisation of that objective? Even a Finance Minister, torn between the need to placate socialist sentiment and encourage private saving and investment, should be expected to pay due respect to the virtue of consistency.

TREND OF SHARES

UPTREND ACCELERATED

(From Our Own Correspondent)

BOMBAY, *3rd May*

THE uptrend in equities was accelerated this week. The tax proposals having been announced and absorbed easily, the operators were inclined to look for the possible concessions in the measures proposed by the Union Finance Minister. And they did not seem to be hoping against hope, as Mr. Morarji Desai did express his willingness to consider "genuine" cases for relief. This and the flow of some good corporate news came in handy for the big operators, who, having got into the market at about the low levels which prevailed a little before the tax proposals were announced, collected enough strength not only to sustain their firm grip but also to extend it to the sections which were neglected in the previous week. Thus almost all of the highly speculative Textiles, particularly in Bombay, were pushed up in a matter of 48 hours. Prices rose on swift bear covering and sustained bull support. In no small way the past fortnight's bull phase on the stock markets is sustained by the belief, which curiously enough is put forward only in a rising market, that, in a fast developing economy like ours, industries have enough scope to survive increasing tax incidence.

For the immediate outlook, sentiment was influenced by the expected increase in steel retention price and selling prices for coal and cement. And one wonders, whether the proposed price increases, justified by the rise in costs, are a pointer to some sort of price inflation that may creep into the economy before long. If this were so, it would be foolhardy to expect the stock markets to act otherwise than bullishly. At the same time, the markets can ill afford to ignore the situation on the country's northern border. And the latest reports emanating from China do suggest that the inevitable might really happen. This apart, the rise in values has to be technically sound. In the past fortnight, it has been caused to a great extent by bear covering, and has been sharp enough to provoke a correction.

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Spurt in Textiles was an outstanding feature of trading on Dalal Street, where the previous week's all-round hectic buying considerably subsided and yielded place a couple of times to mild realising. But the sudden strength in Textiles sustained the general buoyancy and, at the close, several counters were fully firm, with further small gains. At higher levels, follow-up support was, however, lacking and activity tended to be professional. The market well received the news that the National Rayon Corporation might increase its capital at the appropriate time to finance its project to manufacture staple fibre. Mr. Neville Wadia's emphasis on modernisation of Bombay Dyeing, Century Mills' excellent report, Alcock Ashdown's Chairman, Mr. K. D. Ryall's encouraging statement on the outlook for the Company and the rise in Gokak Mills' sales from Rs. 3.84 crores to Rs. 4.22 crores and gross profit from Rs. 43.19 lakhs to Rs. 75.41 lakhs, enabling the Directors to propose a cash bonus of Rs. 4 per share in addition to maintaining the dividend at Rs. 14, subject to tax, for 1961. It ignored the setback in Shivrajpur Syndicate's working during the year ended 30th November 1961, resulting in a loss of Rs. 5.81 lakhs as against a profit of Rs. 28.78 lakhs in the previous year. The decline in the output of saleable steel by Tisco in April from 128,000 tonnes to 110,000 tonnes as also by I.I.S.Co. from 86,294 tonnes to 47,646 tonnes did not produce any effect on Steel shares.

In Textiles, Century spurted by Rs. 44 to Rs. 667.50, Standard by Rs. 34 to Rs. 1,051, Khatau by Rs. 17.50 to Rs. 472.50, Morarjee by Rs. 11 to Rs. 417, Phœnix by Rs. 8 to Rs. 270, Elphinstone by Rs. 11 to Rs. 136, National Rayon by Rs. 11.50 to Rs. 583.50, Kohinoor by Rs. 7 to Rs. 305.50 and Bombay Dyeing by 70 nP to Rs. 70.30. Mafatlal, in the Cash List, rose by Rs. 31 to Rs. 910 *ex-div.*

Steel shares forged ahead, with Tata Ordinary appreciating by Re. 1.50 to Rs. 146, Indian Iron by 60 nP to Rs. 26.40 and Mukand Iron by 55 nP to Rs. 28.80. In the miscellaneous section, Bombay Burmah recorded a good gain of Rs. 16 to Rs. 693.50, Indian Dyestuff rose by Rs. 15 to Rs. 547.50 and attracting a margin of Rs. 27.50 per share against bulls for it had risen as high as Rs. 560 earlier in the week. In the Engineering section, Alcock gained Rs. 10 to Rs. 345, Voltas Rs. 10.50 to Rs. 303.50 and Telco Rs. 8 to Rs. 371. Shippings were in demand, with Great Eastern advancing by Re. 1.16 to Rs. 14.76 and Scindia by 56 nP to Rs. 13.88. Cements and Electrics were steady, with A.C.C. rising by Rs. 2.50 to Rs. 162.75 and Tata Power by Rs. 7.50 to Rs. 1,107.50. Sugars were dull, but Walchand rose by five points to Rs. 161. Most of the cash scrips were better. Camphor scored a rise of Rs. 12.50 to Rs. 117.50, Selected Satgram of Rs. 20 to Rs. 145, Shah Construction of Rs. 11 to Rs. 146, Issac Holdens of Rs. 3.52 to Rs. 20.76 and Fit Tight of Rs. 22.50 to Rs. 217.50. T. Maneklal rallied from Rs. 715 to Rs. 760. But Permanent Magnets lost Rs. 15 to Rs. 250.

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Excepting Jute shares, most of which reacted on persistent profit-taking, values forged ahead in Calcutta on considerable short-covering and sizable speculative support. Scattered realising at higher levels was easily absorbed. Coal, Tea and Steel shares and select miscellaneous and Engineering issues were in the limelight. Coal shares were in demand on reports that the rise in the selling price of coal might be announced soon. Tea shares thrived on the export duty relief. Expectations of early announcement of an increase in steel retention price contributed to the rise in Steels. Other counters advanced on speculative support. The absence of export promotional measure in the budget and the belief that the proposed excise duty on manufactures would be difficult to be passed on to consumers made the erstwhile buyers turn sellers in Jute shares.

In the Forward List, GKW rose from Rs. 40.87 to Rs. 42. Indian Aluminium from Rs. 39.37 to Rs. 40.75 and Texmaco from Rs. 23.30 to Rs. 25 and others recorded further moderate gains. But Birla Jute eased from Rs. 37.37 to Rs. 36.75 and Dunlop from Rs. 44.62 to Rs. 44.12. Among Cash scrips, Coals were active, and the spurt from Rs. 362 to Rs. 381 in Bengal was a feature of the week's trading, with Amalgamated gaining Re. 1.18 to Rs. 22.87, North Beerbhoom Re. 1.87 to Rs. 22.87, East India Rs. 2.88 to Rs. 43.50, Pench Valley Rs. 2.31 to Rs. 17.81 and Raneegunj Re. 1.87 to Rs. 16.87. Tea shares were firm, with Soom rising from Rs. 45 to Rs. 48, Sungma from Rs. 13.12 to Rs. 14.69, Tezpore from Rs. 16 to Rs. 17.25 and Bhatkowa from Rs. 19.94 to Rs. 21.25. But Hantapara failed to digest the sharp rise of Rs. 12.50 in the previous week and reacted by Rs. 9.50 to Rs. 125 on heavy realising. Chemical shares evoked sustained support; Alkali advanced from Rs. 43.62 to Rs. 47.81 and Bengal from Rs. 105 to Rs. 112. Braithwaite were a bright spot in the Engineering section and rose from Rs. 54.75 to Rs. 60.25, following news that the bonus issue had been sanctioned by the authorities. Calcutta Steel gained 50 nP to Rs. 17.75, J.K. Steel 60 nP to Rs. 20.22 and Jessop 63 nP to Rs. 25.75. Miscellaneous issues enjoyed selective support. Dr. Paul were particularly in demand and rose sharply from Rs. 20.75 to Rs. 24.56, with Angelo Bros. following close on its heels with a gain of Rs. 2.56 to Rs. 23.12 as did Associated Battery with a gain of Re. 1.87 to Rs. 33.62. Goodyear stole the operators' attention from mid-week on expectations of a right issue following the announcement of the expansion plan and recorded a sharp rise of Rs. 5.75 to Rs. 48.25. Indian Oxygen's bonus issue produced a further rise of Rs. 3 to Rs. 47.12 in the scrip. Hindustan Pilkington Glass staged a smart recovery from Rs. 21.50 to Rs. 22.94. Universal Cable and Usha Martin were also in demand and tacked on some useful gains. Among Jute shares, Kelvin fell from Rs. 211 to Rs. 201 and Bally from Rs. 314 to Rs. 305 as did Union from Rs. 191 to Rs. 182. Budge Budge reacted by four points to Rs. 143 and so did Alexandra to Rs. 301.

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Values improved all-round in Madras, but some Textiles suffered a small setback. Business was good and activity broad-based, with the previous week's bright spots in Plantings and Miscellaneous issues remaining in the forefront. There was some profit-taking near the close, but the tone was firm. Consolidated Coffee spurted from Rs. 18.25 to Rs. 19.40 and highlighted trading in Cleared securities. The speculators' favourite S.I. Viscose gained as much as Rs. 7.50 to Rs. 191.50 on keen support. Madura moved up by 25 nP to Rs. 38.50, Aluminium Industries by 55 nP to Rs. 24.10 and Ashok Leyland by 17 nP to Rs. 9.12, but the gain of 20 nP to Rs. 6.20 in India Cement was partially offset by a setback of 10 nP to Rs. 13.55 in Dalmia Cement. Mettur Chemical improved further from Rs. 12.75 to Rs. 13.

In the Cash List, among Tea shares, Kil Kotagiri were up by 37 nP to Rs. 5 and Parkside by 25 nP to Rs. 23.25. Coffee Lands gained one full point to Rs. 15.50. Midland, in Rubbers, appreciated from Rs. 11.20 to Rs. 11.50 and Cochin Malabar gained 14 nP at the *ex-div.* quotation of Rs. 7.05. Cauvery Sugar eased from Rs. 103.50 to Rs. 103, but E.I.D. rallied from Rs. 40 to Rs. 40.12. In the Miscellaneous section, Travancore Rayon improved from Rs. 20.25 to Rs. 21.50, W.I. Plywoods from Rs. 210 to Rs. 217, Madras Rubber from Rs. 21.62 to Rs. 22.95 and Indian Steel Rolling from Rs. 11.95 to Rs. 12.25. In Textiles, Travancore Rayon were marked up from Rs. 42 to Rs. 43.50, but Bangalore Woollen lost three points to Rs. 250 *ex-div.*, Buckingham one point to Rs. 271.60 *ex-div.* and Kothari 95 nP to Rs. 12.20.

CAPITAL MARKET NEWS

NEW ISSUES

THE **Paper Products Ltd.**, Delhi, proposes to raise additional capital of Rs. 16 lakhs in equity shares of Rs. 100 each from the public. The subscription lists will open on 14th May 1962 and close on 22nd May 1962, or earlier, but not before 17th May. The Company has already a paid-up capital of Rs. 34 lakhs as against the authorised amount of Rs. 50 lakhs, which will be fully issued with the present issue. Apart from the flexographic and other types of printing facilities at its disposal, the Company is engaged in rotogravure printing, an important printing process for flexible packaging industry, and has recently obtained a licence of the value of Rs. 4.26 lakhs for the import of a complete plant for the manufacture of rotogravure printing cylinders. The setting up of this plant, as an auxiliary service, is expected to give the Company self-sufficiency in one of its important basic requirements, widen its activities and improve its present working. The proceeds of the present share capital issue will go towards the purchase of the equipment, provide additional working capital for the expanding business and better organise the scope for the Company's activities.

It will be recalled that the Company, incorporated on 12th June 1950, took over in August 1952 the running business of a partnership firm, Paper Products Company. Since the take-over, the turnover has progressively increased and was Rs. 118.72 lakhs in 1960-61 and so has the net profit before taxation, which amounted to Rs. 12.72 lakhs last year. It paid a taxable dividend of 24 per cent in 1961. With increasing industrialisation in the country, the market for packaging materials is expected to rise rapidly. The outlook for the Company can, therefore, be regarded as bright. It is noteworthy that the Company has entered into a technical consultation agreement with Messrs. Milprint Overseas Corporation, Milwaukee, Wisconsin, U.S.A., which is providing technical manuals in respect of standard operating procedures, technical news letters and other confidential data on the technical advances in the manufacture and sale of flexible packaging materials made from cellulose films, pilo-film, polyethylene, saran, aluminium foils, glassine and waxed papers for a maximum fee of 90,000 dollars, subject to Indian income-tax, to be paid for five years from 1st October 1960.

The Associated Bearing Company Ltd. is expected to be in the market around the middle of this month to raise from the public Rs. 80 lakhs towards its equity share capital. Its authorised capital is Rs. 7.50 crores and Rs. 10 lakhs of it is paid-up. It is now proposed to issue capital of the order of Rs. 3.90 crores, of which Rs. 2.34 crores will be taken up by the foreign collaborators and Rs. 76 lakhs by the Investment Corporation of India Ltd. and the Company's Directors and friends. The Company proposes to state clearly in its prospectus that it would take it a few years to pay a return to shareholders. It has been licensed to manufacture 900,000 tapered roller bearings, 1.5 million single row deep grooved ball bearings, 300,000 pendulum weighting arms, 360,000 centering sleeve inserts and 120,000 tape tensions pulleys per annum, all on double-shift basis. The total capital outlay on the project is estimated at Rs. 6 crores and will be met by the capital issue of Rs. 4 crores and bank borrowings of Rs. 2 crores.

RIGHT ISSUE

Another company to raise its capital is the **Ahmedabad Advance Mills Ltd.** It proposes to issue at par 10,000 new ordinary shares of Rs. 100 each as rights shares to the existing shareholders in the proportion of one new share for every four shares held by them. The new shares will be entitled to the proportionate dividend that may be declared in respect of the year to 31st December 1962. The present paid-up capital of the Company is Rs. 50 lakhs, of which Rs. 40 lakhs is in equity and Rs. 10 lakhs in preference shares.

FRESH ISSUES SANCTIONED

The Controller of Capital Issues has authorised 11 companies to issue fresh capital aggregating Rs. 4.67 crores within a year. The following are the details of the more important ones:

The General Industrial Society Limited, Calcutta, has been granted consent to the issue of capital of Rs. 44,90,000 divided into (i) 1,08,000 bonus shares of Rs. 10 each to be issued in the ratio of one bonus share for every share held, (ii) a cash issue of 2,16,000 equity shares of Rs. 10 each at a premium of Rs. 3.50 nP per share and (iii) 12,500—9.5 per cent cumulative redeemable preference shares of Rs. 100 each. The proceeds of the issue would be utilised on the establishment of a factory at Mirzapore, Uttar Pradesh, for the manufacture of aluminium foil and for taking over a textile mill near Calcutta.

Braithwaite and Company (India) Ltd., Calcutta, has been granted consent to the issue of 4,34,021 bonus shares of Rs. 10 each on capitalisation out of its reserves. The Company's existing capital is Rs. 56.59 lakhs.

The Gourepore Company Limited, Calcutta, has been given consent to the issue of 24,000 bonus shares of Rs. 100 each on capitalisation of reserves to the extent of Rs. 24 lakhs. The bonus shares will be issued in the ratio of one bonus share for every share held.

Shri Ambika Mills Limited, Ahmedabad, is to issue bonus shares of the value of Rs. 21,25,300 to be made in the ratio of one bonus share for three shares held.

Motor Industries Company Limited, Bangalore, is issuing bonus shares of the value of Rs. 15 lakhs on capitalisation of reserves. The present paid-up capital of Rs. 150 lakhs is in equity shares of Rs. 100 each.

Soom Tea Company Limited, Calcutta, is to issue 15,000 equity shares of Rs. 10 each as fully paid-up bonus shares on capitalisation of reserves to the extent of Rs. 1.50 lakhs. The bonus shares will be issued in the ratio of one bonus share for every two shares held.

Indian Oil Company Limited, Bombay, having a subscribed and paid-up capital of Rs. 226.25 lakhs is raising Rs. 90 lakhs (inclusive of Rs. 19 lakhs already raised) in equity shares of Rs. 1,000 each, for cash at par. The proceeds of the issue would be utilised for marketing and distribution of petroleum products by taking over the entire production of the public sector refineries that may be set up.

NATIONALISATION OF INDUSTRIES IN INDIA

Dr. K. C. Bhandari

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NEWS IN BRIEF

THE Madras Land Reforms (Fixation of Ceiling on Land) Act 1961 has received the assent of the President.

The ceiling fixed for export of H.P.S. groundnut-in-shell has already been reached and no further applications will be entertained, according to the Joint Chief Controller of Exports.

A Bill seeking to create a National Co-operative Development Corporation was introduced in the Lok Sabha last week. The proposed corporation will take over certain functions of the National Co-operative Development and Warehousing Board.

The Union Government has released a special quota of 50,000 metric tons of sugar for sale by factories in the open market. The regular release for May is expected to be announced on or about the 15th inst. unless the rate of consumption and other conditions justify an earlier release.

The National Coal Development Corporation has approved of a plan to work a 70-foot thick seam in an underground mine in its Kargali Colliery in Bihar. The seam is estimated to contain reserves aggregating about 26 million tons of good quality coking coal, of which 17 million tons can be extracted.

The Tea Wage Board is being asked to hear the parties again on its recommendations for the grant of an interim wage increase for Assam and West Bengal estate labour. The Government has already accepted the recommendations of the board in respect of South India and requested the employers of tea estates there to implement them.

Production of iron ore during the month of February was 1.21 million metric tons as compared with 933,000 metric tons in the corresponding month of the previous year. During the month despatches for consumption in the iron and steel plants aggregated 665,000 metric tons, while despatches for export amounted to 236,000 metric tons.

The Government of Mysore has sanctioned 13 projects for the utilisation of rural man-power, each involving an expenditure of Rs. 2 lakhs. These projects are intended to provide jobs to the unemployed and the under-employed rural areas, particularly during the non-agricultural season. It is also expected to create remunerative community assets in the areas concerned.

The Film Finance Corporation Ltd., has sanctioned a loan of Rs. 3.5 lakhs to Mr. Shahou Ramkrishna Moadak, Bombay, for the production of the picture *Amar Samadhi* produced and directed by him. The loan will be paid in instalments and bears an interest of 9 per cent per annum subject to a rebate of interest for early repayment as provided in the bye-laws and regulations of the Corporation.

A scheme of compulsory quality control for cardamom, dry chillies and pepper under Agmark grading standards, has almost been finalised by the Spices Export Promotion Council. Consequent on the introduction of the scheme, the incidence of cost in the price structure is estimated at 43 nP for every Rs. 100 worth in the case of pepper, 42 nP in respect of cardamon and Re. 1.40 for dry chillies. Meanwhile, a technical development committee headed by Dr. V. Subramaniam, Director, General Food Technological Research Institute, Mysore, as Chairman, has been constituted to develop new methods of processing research, storage, packing and use of waste spices material.

The sub-committee, appointed by the Government under the chairmanship of Mr. N. E. S. Raghavachari, Director-General of Supplies and Disposals, in July 1961 has recommended that the firms registered as approved suppliers with the Directorate General of Supplies and Disposals of the Union Ministry of Works, Housing and Supply, should be automatically accepted for registration by public undertakings and State Governments. In addition, State Governments may have separate list of firms registered. It has also recommended that, in cases where firms registered with the D.G.S. and D. have defaulted against contracts entered into by the State Governments and public undertakings, they should report such cases to the D.G.S. and D. for prompt and suitable action against them. Further, it has suggested that, as far as possible, specifications for items to be purchased should be definite and up-to-date, but not so rigid as to restrict competition. These purchases should be made on the basis of I.S.I. specification. The recommendations have been forwarded to the State Governments and public undertakings for their consideration.

* * * *

From Abroad

West Germany produced electrical equipment goods worth DM 22,200 million last year, 13.5 per cent more than in 1960.

The number of self-service stores in West Germany rose by 8,061 to 30,680 in 1961, according to the Institute of Self-Service Shops at Cologne.

Mexico, world's largest silver producer, produced 42 million ounces of silver during 1961, a drop of 2.5 million ounces from the previous year.

Norway is expected to send shortly a formal official request for opening negotiations with the European Common Market on its application for membership.

A traveller's cheque with new design is being introduced by the Westminster Bank. It will carry at the lower edge symbols in magnetic ink which can be interpreted by electronic equipment for accounting purposes.

A total sum of DM 2,668 million was spent for advertising in West Germany during 1961 as against DM 2,195 million in 1960. Newspaper advertisements formed the largest group with DM 1,356 million as compared with DM 1,188 in 1960. TV advertising rose from DM 132 million in 1960 to DM 226 million last year.

Australia's largest Trade Mission, headed by Mr. Donald Mackinnon, a former Australian Minister to Brazil, has left for South America to explore the possibility of expanding exports to this country from their present level of about £A1.5 million a year. The mission will visit Venezuela, Colombia, Ecuador, Peru, Chile, Argentina, Uruguay and Brazil.

Britain has repaid another $70 million to the International Monetary Fund bringing the total direct repayments since October last to $700 million. Britain drew $1,500 million in various currencies from the Fund early in August last. The latest repayment comprised $35 million in West German Marks, 20 million in Canadian dollars and 15 million in Belgian Francs.

It has been announced by the Government of Spain that Spanish export credits for ships and capital goods will be granted for a maximum period of five years upto 80 per cent of the value of orders. Bills covering these credits will be discounted by private banks at 4.5 per cent and the Bank of Spain will rediscount them at 3.6 per cent. The current rates are 5 per cent and 4 per cent, respectively.

The West German automobile production amounted to 590,521 units in the first quarter of this year, 2.6 per cent more than in the same period last year. The increase was, however considerably smaller than from the first quarter of 1960 to the same period of 1961 (10.5 per cent). About 268,754 automobiles were exported in the period under review, 2.8 per cent less than in the first quarter of 1961. The export quota dropped correspondingly from 48 to 45.5 per cent.

The free world's first continuous camera eye on the moon—designed to detect any lunar surface change—will be opened shortly by the Lockheed-California Company. Technique and equipment tests are under way at the Lockheed Solar Observatory in the Hollywood Hills. After the day's sun-seeing time-lapse photography is completed lunar telescope-camera surveillance takes over at night. When fully developed, this will be the first known long range and systematic lunar time-lapse photography programme. The ultimate goal is to advance scientific knowledge, specially in the areas that would affect manned moon landings.

PERSONAL

MR. J. C. Jain, General Manager, Bennett Coleman and Company, has been elected Chairman of the Advertising Council of India for the current year.

Dr. S. N. Sen, Divisional Manager of the State Trading Corporation, has retired from the Corporation. He has been associated with the Corporation since its inception.

Mr. R. L. Tuli, General Manager, The Punjab National Bank Ltd., has been elected President of the Delhi Management Association for the current year.

Mr. N. N. Wanchoo, Secretary, Department of Iron and Steel, Government of India, Mr. K. N. Subbraraman, Director, Hindustan Steel, and Mr. K. M. George, Chief Design Engineer, Hindustan Steel, have left New Delhi for West Germany to discuss details of the Rourkela plant expansion.

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PROTECTION

Flexible Packaging offers protection both in transit and in store by keeping the product moisture-proof, odour-proof, grease-proof and helps retain its hygienic state all throughout.

SALES APPEAL

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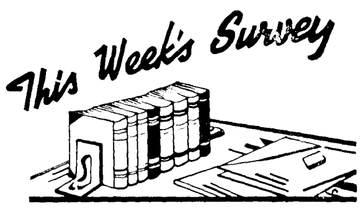

WORKERS' PARTICIPATION IN MANAGEMENT

THE Presidents of three employers' organisations, namely, Mr. Naval H. Tata, President of the Employers' Federation of India, Mr. Surottam P. Hutheesing, President of the All-India Organisation of Industrial Employers and Mr. S. Srinivasan, the retiring President of the Delhi Management Association, have expressed misgivings about the scheme of workers' participation in management which is sought to be progressively extended in the third Plan period, so that, in course of time, it would become "a normal feature of the industrial system." Citing the experience of other countries, Mr. Naval Tata pointed out that executive powers could not be shared with workers but must remain with the management. However, where conditions were favourable and good industrial relations existed, management should, in his opinion, be prepared to discuss "certain matters" with representatives of workers. In any case, he was firmly of the view that this was one of the schemes which should not be imposed or introduced by means of pressure tactics or in haste but one that had to be initiated only gradually and conducted on a purely voluntary basis.

Mr. Surottam P. Hutheesing expressed the doubt whether the concept of workers' participation in management was not in conflict with that of collective bargaining. How are the representatives of workers, he pertinently asked, to perform simultaneously the two incompatible roles of sharing responsibility for managerial decisions and leading opposition to management? In his opinion, a more satisfactory arrangement would be to proceed on the assumption that management must be responsible for the economic performance of the enterprise and that the worker should be induced to take a share in the responsibility for the 'community' life of the factory.

Mr. S. Srinivasan probed the question deeper and tried to demarcate clearly the functions of management and trade unions. According to him, the persistent attempt to question and whittle down the manager's authority and circumscribe his freedom to take decisions stem from a basic confusion between the functions of management and trade union. The trade unions, he pointed out, existed to represent its members and to protect their interest. Their job was to seek a continuous improvement in the terms and conditions of employment and to ensure that management behaved in a responsible manner and to call it to account when it did not. Obviously, they could not, therefore, run with the hare and hunt with the hounds. He, however, conceded that workers needed to know what was going on in the organisation in which they were working. They should also be given a distinct sense of participation in the affairs of the organisation. This could and should be done by joint consultation and not through co-management. But too much should not be expected of joint consultation either, for it did not bring in unanimity. It was at best, Mr. Srinivasan said, a machinery through which progress in human relations could be slowly made: it was a way to minimise suspicion and it recognised that workers were adults.

Mr. Srinivasan then proceeded to aver that, unfortunately, no systematic attempt had been made in India to define precisely the scope of joint consultation. "When the Labour Ministry swears by workers' participation in management, what is the kind of participation it is thinking of? Raising this issue, he posed the following further questions, and observed:

"Does our Union Ministry seriously believe that the management should discuss with the workers' representatives subjects such as foreign collaboration arrangements, expansion plans, alternative methods of raising finance or reorganising the capital structure of the enterprise? Is it contemplated that the union officials should be consulted and their advice heeded in matters like issue of bonus shares, proportion of profits that should be ploughed back, managerial promotions, appointments to the Board, diversification of the firm's activities, modernisation of equipment, advertising and marketing policies or formulation of the manpower budget in regard to managerial requirements for the future?

"One would rather expect the captain of the ship to assemble his crew on the quarter-deck to ascertain the best way to ride the storm. The absurdity of labour participating in all areas of industrial management becomes patent the moment the question is asked: why, in the name of industrial democracy, should not the union consult management about the wisdom of the workers going on a strike? Or, why, in the name of political democracy, should not the Union Cabinet consult the representatives of the lower division clerks in the Secretariat about the need for modifying our third Plan?"

If the scheme of labour participation in management envisaged by the Union Ministry of Labour involved only consultation and discussion in an atmosphere of co-operation and mutual trust which would lead to a feeling among workers that their representatives are participating, to some extent, in the decisions of management, it would not be different, according to Mr. Srinivasan, from the joint consultation that obtains in countries like U.K., U.S.A. or Sweden. If that was so, why not make that clear, instead of wrapping the simple, straightforward joint consultation in misleading phraseology which confounded both union and management. The former, he added, was uneasy lest participation in management should weaken collective bargaining which was a union's most precious prerogative, while the latter was equally apprehensive, because the term "participation in management" conjured up visions of the workers' representatives participating in the deliberations of the Board of Directors.

It is clear from what has been said above that there is considerable confusion and misunderstanding about the exact scope of the scheme of workers' participation in management. It is necessary to clear this confusion before the scheme is extended to other units. Full and complete participation by workers in all aspects of management is neither desirable nor practicable. Workers and their unions in the advanced countries of the West are not enamoured of sharing in management. In fact, they often display not merely apathy but barely-concealed hostility towards schemes for associating labour more closely with management. But they have, by extending the field of collective bargaining beyond the traditional questions of wages and hours of work, acquired a remarkable degree of control over those management decisions which directly affect the day-to-day life of the worker and that is all what they are interested in. This approach is due to the early realisation that the control, which they now exercise on management, depends, in the last analysis, on their remaining independent of management. In fact, they are afraid that this independence would be jeopardised if they were forced to accept responsibility for management decisions either through actual participation in management or through too close an involvement in joint consultation.

Workers' participation in management is also not looked upon in the West as a cure for the social stresses and strains which ultimately reflect themselves in industrial morale. It is recognised that enlightened personnel management, involving the "human relations" approach to personnel matters, could do much to promote better labour-management relations.

FOUNDRY INDUSTRY

The growth of the foundry industry in the country has, of late, received considerable momentum, side by side with the development of other capital goods industries in general. There are now 2,000 foundries in the country, with a large number of them located at the two principal industrial areas, namely, Bombay and Calcutta. The production of iron castings has gone up from about 2,84,000 tons in 1953 to about 900,000 tons by 1960, the full year for which data are available. The steel castings sector has also made satisfactory progress, its turnover having gone up from 11,000 tons to 36,000 tons during the same period. In the malleable castings field, however, there is still further scope for development, its total installed capacity at present estimated at only 8,000 tons. Apart from the quantitative expansion of output, the industry has also taken steps towards diversifying production lines. The castings for machine-building industry is one of the notable examples of this trend towards diversification. This is by no means a small achievement, considering the fact that until recently, the industry was only catering to the needs of such simple consumer goods as cast iron pots and pans, weights and measures, and to a certain extent, pipes.

The pace of development of the industry would have been still faster, but for the pronounced scarcity of iron and steel of requisite quality. It is estimated that the industry's demand for foundry-grade pig iron was one million tons as of 1960, but the supply fell short by as much as 400,000 tons, or a gap of 65 per cent. Besides, there have been complaints that the quality of the pig iron supplied by some of the integrated steel plants is not satisfactory. Further, it appears that the integrated steel plants may not be able to cater to the demands of the foundry industry, although such an impression generally prevails. Dr. B. R. Nijhawan, President of the Institute of Foundrymen, and the Director of the National Metallurgical Laboratory (Jamshedpur), for instance, pointed out, in his address at the annual convention of the Institute held at Calcutta last week, that the production of foundry-grade pig iron by the integrated steel plants might not be advisable on economic grounds. The unit cost of production of the foundry-grade pig iron will be higher in large-scale steel plants than in small units. The capital investment in the case of per ton of pig iron produced by the integrated steel plants was of a very high order. These units, therefore, should be permitted to go ahead with all-steel production, instead of being compelled to produce the crude semi-finished product like the foundry-grade pig iron. According to Dr. Nijhawan, in other countries, this grade of pig iron is produced by steel plants having blast furnaces, with a hearth diameter of not more than 14-15 feet. Against this, the blast furnaces of integrated plants in this country have a hearth diameter in excess of 20 feet. A possible solution suggested by Dr. Nijhawan is to utilise the small-scale iron plants for the production of foundry-grade pig iron in the third and fourth Plans. According to him, it is even possible for small-scale units to secure a greater profit per ton of pig iron than that in the case of large plants, as the former units do not come within the purview of any price control and retention price in respect of foundry-grade iron.

Another difficulty facing the industry arises from the fact that there are no adequate facilities in the country for conserving and refining the inferior types of scrap. This problem, as stated by Mr. A. N. Bannerji, the Iron and Steel Controller, is one of inadequate technological development. In this context, Mr. Bannerji emphasised the need for reserving raw materials like scrap for the needs of the domestic industry, instead of permitting their exports. He felt that it would be preferable to utilise as much scrap as possible within the country and export, if possible, the finished product, namely castings, rather than scrap. Presumably, Mr. Bannerji was justifying the present restrictions on the export of scrap. He is surely on strong grounds when he advocates this approach, for, in allocating domestically available raw materials, the claim of the domestic industry should get precedence over exports, for their conversion into finished and semi-finished products add to the value of exports, besides providing employment within the country.

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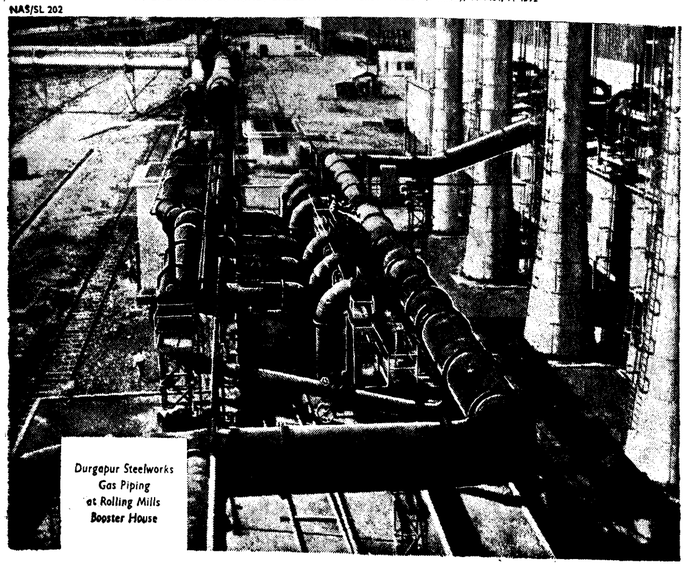

Durgapur Steelworks Gas Piping at Rolling Mills Booster House

MR. HUNTER ON TEXTILE POLICY

It is somewhat unfortunate that the planners and the powers-that-be have not cared to give any thought to the question of revising the development programme for cotton textiles under the third Five-year Plan, although attention has repeatedly been drawn to some of the serious defects in the programme. Two such defects may be mentioned once again. In the first place, the aggregate production target of 9,300 million yards fixed for cloth (mill, handloom and powerloom) is too conservative to cover adequately the expanding domestic demand (let alone export) emerging from the rise in population and increase in purchasing power. Secondly, excessive reliance is being placed on the decentralised sector's capacity to fulfil the target of 3,500 million yards assigned to it, as against the estimated actual output of no more than 2,285 million yards in 1960-61, while the mill sector's capacity is frozen at a predetermined level. The production target has been fixed at 5,800 million yards per annum to be reached in 1965-66, as against the effective capacity of about 5,000 million yards in 1960-61. We have pointed out on more than one occasion that, unless the overall target and the mills' target are revised upward and effective steps taken to reach them, the actual available supply of cloth by the end of the third Plan will be much lower than the actual requirements, domestic as well as export, resulting in an acute shortage, if not famine, of cotton piecegoods.

Viewed thus, there is no exaggeration whatever in the statement of Mr. E. F. G. Hunter, Chairman of the Buckingham and Carnatic Company, to the effect that the mill cloth target of 5,800 million yards will barely keep pace with the anticipated population increase and will leave nothing for securing the progressive rise in living standards, one of the aims of the successive Five-year Plans, and certainly no margin for increasing experts so necessary if India is to reach the stage of self-developing growth. Even the limited scheme of expansion announced by the Government last year has attached to it an obligation to export which, if not met, will involve heavy penalties. Such a condition, as Mr. Hunter pertinently remarked, will inhibit growth rather than assist it, but growth and higher productivity are essential, if India is to maintain its position in world textile markets.

This is a vital point especially in the context of the keener competition for the narrower fields open to exporters, thanks to the entry of many countries, which were formerly importing the whole of their requirements, into the field of cotton textile manufacture. Drawing attention to this development, Mr. Hunter pointed out that India was at a disadvantage *vis-a-vis* many other countries, as the latter had introduced superior equipment and secured higher productivity of labour. "Quality," he went on to add, "has now become the key to success in overseas markets, but this alone is not sufficient and, it is essential that quality is backed by higher productivity to ensure a low cost product."

Mr. Hunter also criticised the controls over production of textiles and observed: "The restriction of production effected by the control of looms and spindles installed . . . has created a condition of shortage in the textile market in India. This is neither good for the consumer nor the industry, and provides an unsatisfactory background for promoting sales in overseas markets where profits, due to intense competition, are negligible or non-existent." Few would disagree with these observations.

THE NAYA PAISA COIN

Like the proverbial pea that hurt the pretty *petite* from under a score of mattresses, the naya Paisa coin seems to be a source of some concern for the authorities. Recently, the Government put into circulation new naya Paise coins in nickel-brass alloy in place of pure copper. The reason for this switch-over is shortage of foreign exchange. Copper for coinage purposes is obtained mostly through imports. While this is the official explanation for the change-over to the yellowish coin, one also gathers that the Government was obliged to effect the change by some shrewd, business-minded people, who obtained more than one naya Paisa from every such coin by turning it into copper and selling the metal in the market at the premium it commands because of scarcity. Obviously, the tiny little tot, which has a nasty habit of slipping out of the pocket and which evokes the generosity of its possessor and swiftly finds itself in the beggar's bowl, must have received greater care at the hands of these unscrupulous elements. The authorities had no alternative but to stop the issue of copper coin.

We now read in the *Statesman* that the cost of minting a naya Paisa coin is nearly twice its face value, and even more, if the amount of foreign exchange needed to import copper, of which it is made, is taken into account. The report avers that there is a great demand for the coin, a coin which, in the opinion of the authorities, has hardly any purchasing power. Most of the people, too, have the same view, but apparently not the bad elements. And it is largely because of the ingenious use to which they put it that its total production represents more than a third of the aggregate coinage output of India's three mints. So large is the demand for this tiny coin that the mints find great difficulty in meeting it in spite of working overtime. Accordingly, the Union Government is credited with the idea of even eliminating the use of naya Paisa coins. The most practical way to do it, it is said, would be to express the basic rates of wages, tariffs and duties in even numbers or multiples of five naye Paise. It is argued that such a course would, apart from reducing the demand for one naya Paisa coins, obviate much of the difficulties of shroffs in banks and treasuries. But it would mean a further addition to the cost of living.

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TAKING A NEW LOOK AT COAL

JUGGLING WITH TARGETS AND TRANSPORT

From Our Special Correspondent

NEW DELHI, 1st *May*

BUT for the Union budget, the last week of April could well have been called a "coal week" in the capital, with both the Railway Minister, Sardar Swaran Singh and the Fuel Minister, Mr. K. D. Malaviya, training their sights towards new horizons in coal. From a critic of the railway transport muddle to the major public defender of the coal carrier, Sardar Swaran Singh's transformation has been rapid and he has been quick to try shift the blame from the railways. Although Mr. Malaviya's commitment to the public sector in the oil field had become chronic, in dealing with the coal production problems he seems to have exhibited some pragmatism, since he is reported to have decided to assign to the private sector the task of increasing coal output above the original target of 97 million tons by 1965-66.

DELHI LETTER

Sardar Swaran Singh has been firm in denying the charges of the coal industry as well as of the Federation of Indian Chambers of Commerce and Industry that coal piled at the pitheads because the railways failed to clear it. According to the Railway Ministry, there is an irreducible minimum of 2.3 million tons at the pitheads even when there was surplus wagon capacity to clear it. The Railway Ministry figures (see table alongside) show that the clearance from the pitheads has been progressively improving, the stocks coming down from 3.8 million tons in January 1961 to 3.3 million tons in January 1962. In 1961-62, the railways' undertaking to move cent per cent of the coal required for steel plants and washeries from the Bengal and Bihar coalfields and of all coal from outside fields was fully met, a Railway Ministry Press note says. Coal movement during the year increased by 7.1 per cent in respect of Bengal and Bihar coalfields and 5.8 per cent for all coalfields in the country, as compared with the previous year.

The Ministry explains that, in the third Plan, there is provision for an increase of about 1,200 wagons per day by the end of 1965-66 in coal movement to consumers other than the steel plants and washeries, from the Bengal and Bihar coalfields. As against this target, the railways have achieved about one sixth of the increase during the first year of the Plan. This increase was despite the dislocation caused by the Goa military action in the peak of the busy season and the wastage of capacity of more than a million tons because collieries continued to load about 800 wagons less than usual on Sundays and holidays.

The railways say that they are confident that, with the progress of capacity, development works and acquisition of rolling stock, the loadings will gather momentum in the current and later years of the Plan and come up to the full target set for the third Plan. They also dispute the contention that "accumulation of stocks at the pitheads blocked finances and impeded production." The Ministry emphasises the fact that pithead stocks steadily came down right through 1961-62. In the Bengal and Bihar fields, stocks at the end of January 1962 were 3.1 million tons, as against 3.3 million tons a year earlier.

The working group of the Planning Commission on coal production and transport has recommended an increase in the coal targets to 101 million tons in the last year of the third Plan and suggested raising the rate of production to a rate of 104 million tons in the last quarter of the last year of the third Plan. Against a target of about 60 million tons for the last year of the second Plan, the actual production in the calendar year 1961 was only around 56 million tons. The target was for producing about seventeen million tons from outlying fields but actually a little more than ten million tons is all that is estimated to have been produced in outlying fields.

From around 56 million tons the coal production now is sought to be raised to 104 million tons or a rate of 26 million tons in January-March 1966 against the actual production of 13.77 million tons in the last quarter of 1961, or an increase of nearly 100 per cent. According to the coal industry, the limiting factors are shortage of transport, fluctuations in the day-to-day wagon supplies, power shortage, scarcity of explosives and, of course, the lack of incentives. The industry has lost no time in pressing its case for a price increase with Mr. Malaviya.

Replying to the railway budget debate, Sardar Swaran Singh gave an assurance which did not anyway offer industries any cause for jumping with joy. The assurance was that supplies of coal to all users will in no way be less than those during 1961-62. He hoped the consumers would get more as a result of rationalisation in wagon allocation.

Sardar Swaran Singh hopes to clear the confusion over proposals to streamline wagon allocations. The gap between paper allocations and actual availability has been wide in the past, the Railway Minister admits; what he aims to achieve is to bring paper allocations to actual levels of physical availability of wagons.

The movement of coal by sea has not come up anywhere near to Delhi expectations, the best rate being 1.5 million tons annual against the hoped for rate of two million tons. The planners' working group suggests that the Government shipping corporation should acquire coastal ships to make the total tonnage adequate for the movement of two million tons. The coastal conference of shipowners calculated that 43 ships would be the minimum needed to move two million tons, but the Transport Ministry estimates the needs at fifty ships. The entire need for new coastal tonnage may have to be met through imports and the working group wants quick allocation of foreign exchange for this purpose. The Hindustan Shipyard cannot accept any fresh orders for some years to come, as its order books are already full.

For handling the increased rate of coal traffic, the Working Group suggests additional investment of Rs. 92 crores (including Rs. 30 crores in foreign exchange) in rolling stock and line capacity works. This capacity is to be developed on the basis of suggested production in the last quarter of 1965-66 at the annual rate of 72 million tons in the Bengal-Bihar region and 32 million tons from the outlying areas.

The strategy in the original target of 97 million tons was to raise 31 million tons, or about a third, from the outlying fields so as to relieve the pressure on railway transport. This sound principle has been abandoned in the new proposals in which six out of the seven million tons additional target is to be raised in the Bengal-Bihar region. The question of moving the additional coal production above Moghulsarai poses another built-in transport problem to the coal plans.

Mr. Malaviya is reported to have agreed to the private sector almost entirely taking up the task of raising the additional production. The new Coal Minister will, however, take some more time to decide on the incentives to the coal producers.

Food Products Exports

The new International Trade Ministry under Mr. Manubhai Shah is planning to initiate measures for the increase of exports of food products. To begin with, the drive will be in fish and other marine products in which there have been recently setbacks in our traditional markets. Ceylon's introduction of a national co-operative marketing body for fish has coincided with reduction in Indian fish exports to Ceylon which has also signed an agreement with far away Belgium for supply of fish. Ceylon is planning another agreement with Canada.

A new opening for frog legs sales to the United States is also not being exploited enough. Although the U.S. imports of Cuban frog legs came down to 400,000 lbs. in 1961 from 865.000 lbs. in 1960, India did not make any headway last year in the American market. Actually Indian frog leg exports to the United States fell from 806,000 lbs. in 1960 to 517,000 lbs. in 1961. The fall was largely due to the U.S. rejection of a large quantity of Indian frog legs in the middle of 1961, because the Food and Drug Administration found the Indian exports had become decomposed.

In the Ceylonese market, new competition is expected to emerge from East Pakistan which had recently sent a delegation to the island.

The Government thinks that it is necessary to ensure greater control on and co-ordination of fish exports. Under study is the promotion of a food products export corporation in the public sector. The constitution of such a corporation is being studied by experts.

The fishing industry will receive a shot in the arm through the agreement with Japan for using Rs. 30 lakhs of the yen credit for the purchase of marine diesel engines. While this credit is planned to be utilised in the current financial year, the Japanese engines will speed the mechanisation of fishing vessels in 1962-64. The engines will be supplied to State fishery departments, mostly for the Malabar coastal fishing industries which are the most developed. Zaffrabad in Saurashtra is also planned to be developed as a mechanised fishing centre. The newly planned food products export corporation, too, will help develop the fish oil industry on the west coast as well as in Bengal.

Planning in Democracy

Singapore's Prime Minister, Mr. Lee Kuan Yew, is convinced that among developing democratic countries the only one to have reached anywhere near the take-off stage is India He also believes that India has managed to keep long-term planning and democracy together.

Among his important calls during a three-day visit to New Delhi was a meeting with members of the Planning Commission. Mr. Lee says that people generally prefer to vote for parties which can provide results in four or five years and do not favour those who believe in economic planning the fruits of which can be had only in the long-term. His question to the Planning Commission was: How has India succeeded in marrying adult franchise to planning? Mr. Gulzarilal Nanda told the Singapore leader that Indian leaders are convinced that democracy and planning do not come in the way of planned economic progress. Briefly stated, Mr. Nanda's explanation was: What is crucial to the success of planning in a democracy is the quality of leadership and ability successfully to communicate to the people a sense of enthusiasm and willingness to sacrifice. This is essentially a task of educating the masses and orienting planning

(*Continued on page 829*)

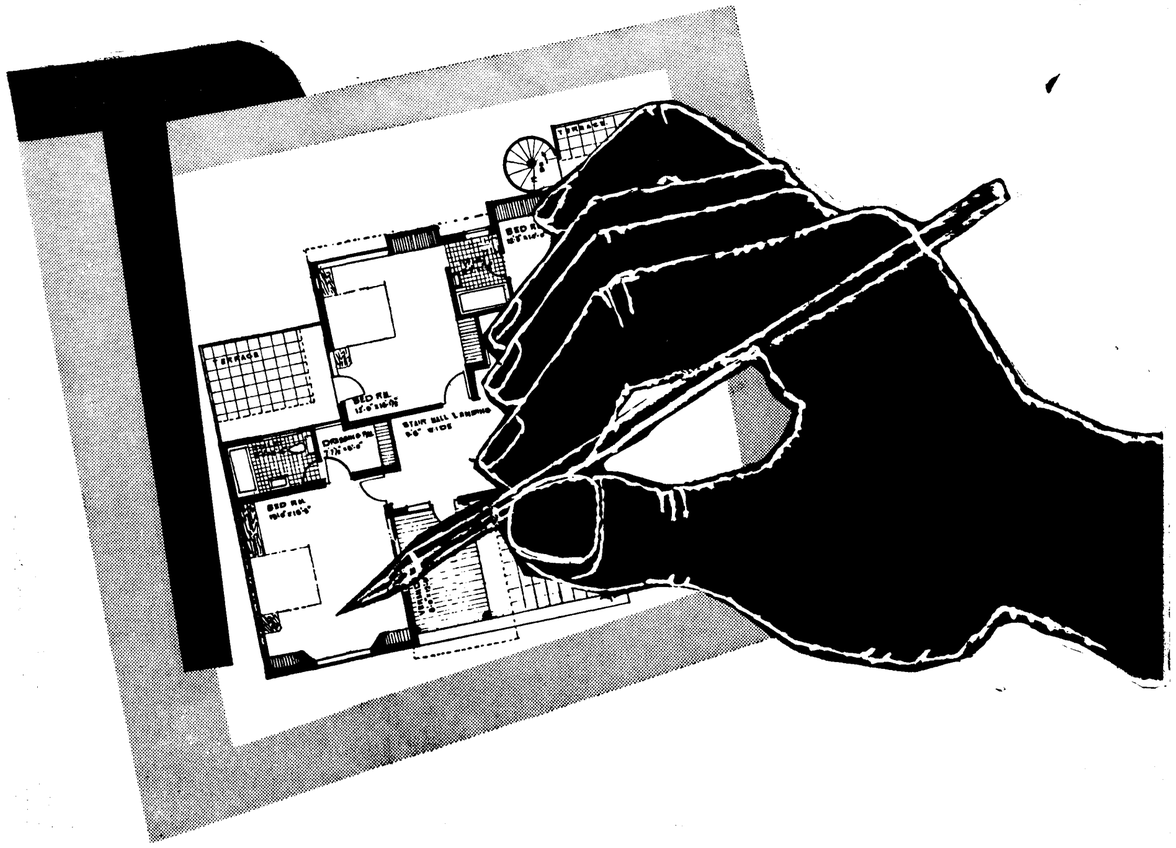
Pithead Stocks of Coal at the End of Each Month

(In terms of thousands of tons)

Month	1955			1956			1957			1958			1959			1960			1961		
	W.B. & B.	Outlying	All coalfields	W.B. & B.	Outlying	All coalfields	W.B. & B.	Outlying	All coalfields	W.B. & B.	Outlying	All coalfields	W.B. & B.	Outlying	All coalfields	W.B. & B.	Outlying	All coalfields	W.B. & B.	Outlying	All coalfields
January	3,310	202	3,512	3,473	112	3,585	2,676	120	2,796	3,215	203	3,418	2,688	217	2,905	2,484	212	2,696	3,376	449	3,825
February	3,681	199	3,880	3,695	118	3,813	2,891	142	3,033	3,444	201	3,645	2,993	244	3,237	2,783	287	2,970	4,153	577	4,730
March	3,769	192	3,961	3,788	123	3,911	2,879	125	3,004	3,387	186	3,573	2,955	246	3,201	2,884	284	3,068	4,754	724	5,478
April	3,877	190	4,067	3,678	135	3,813	2,974	113	3,087	3,241	181	3,422	2,917	285	3,152	2,970	251	3,221	4,653	684	5,337
May	3,932	166	4,098	3,697	136	3,833	3,122	125	3,247	3,263	201	3,464	3,039	241	3,280	3,256	234	3,490	4,687	602	5,289
June	3,972	157	4,129	3,591	121	3,712	3,137	117	3,254	3,272	180	3,452	3,061	218	3,279	3,282	240	3,522	4,478	568	5,046
July	3,755	147	3,902	3,268	112	3,380	2,972	103	3,075	3,191	166	3,357	2,841	242	3,083	3,347	164	3,511	4,072	435	4,507
August	3,550	147	3,697	2,920	103	3,023	2,691	93	2,784	2,757	165	2,922	2,576	229	2,805	3,106	148	3,254	3,801	357	3,958
September	3,647	138	3,785	2,788	93	2,881	2,660	98	2,758	2,738	153	2,886	2,436	247	2,683	2,966	145	3,111	3,458	265	3,717
October	3,404	112	3,516	2,578	86	2,664	2,487	99	2,586	2,704	175	2,879	2,214	214	2,428	2,715	169	2,884	3,064	206	3,270
November	3,354	96	3,450	2,478	87	2,565	2,726	133	2,895	2,399	172	2,571	2,127	198	2,325	2,758	209	2,967	2,880	236	3,116
December	3,511	98	3,609	2,634	133	2,767	3,083	192	3,275	2,579	186	2,765	2,465	221	2,686	3,086	316	3,402	2,991	246	3,237

SOURCE:—*Indian Railway Ministry.*

this is the time to think about air conditioning



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BANK OF RAJASTHAN FARES WELL

SHARP RISE IN DEPOSITS

A SHARP rise of 16.3 per cent from Rs. 536.26 lakhs to Rs. 623.94 lakhs in deposits features the working results of the Bank of Rajasthan Ltd. (General Manager: Mr. B. L. Sethi, Jaipur) for the year ended 31st December 1961. While the increase is in line with the general banking trends in the country, it is particularly notable, as it far exceeds the improvement of 8.9 per cent recorded by the Bank in 1960. On the assets side, advances have slipped down from Rs. 263.29 lakhs to Rs. 259.91 lakhs and their ratio to deposits has declined from 49 per cent to 41.6 per cent. Investments recovered from the previous year's setback, but the improvement from Rs. 201.77 lakhs to Rs. 216.29 lakhs was relatively small as compared with the growth in deposits, with the result that their ratio to deposits, too, has moved down from 37.6 per cent to 34.6 per cent. Notwithstanding this inadequate progress in the sources of income as at the close of the year, the Bank has fared well during the year, with its income from interest and discount increasing from Rs. 24.50 lakhs to Rs. 28.83 lakhs, an increase that more than adequately covers the rise in outward interest from Rs. 14.81 lakhs to Rs. 17.80 lakhs as a result of higher deposits. Its income from commission and exchange, as also from other sources, has shown some improvement. And, despite an increase in staff expenses from Rs. 8.31 lakhs to Rs. 9.77 lakhs and in depreciation from Rs. 0.79 lakh to Rs. 0.92 lakh, the Bank has earned a slightly higher profit of Rs. 3.50 lakhs as compared with Rs. 3.36 lakhs in the previous year. A sum of Rs. 1.23 lakh has been transferred to reserves and that has brought them on parity with the paid-up capital. The return to shareholders has been maintained at the last year's level of 10 per cent per annum, subject to tax.

The comparative table below brings out in nutshell the progress of the Bank in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount earned	28.83	24.50	20.96	17.35
Commission and exchange	6.25	6.24	5.86	5.49
Other income	1.66	1.34	1.12	0.72
Interest paid	17.80	14.81	13.15	10.89
Staff expenses	9.77	8.31	7.45	6.48
Other expenses	4.75	4.82	4.05	3.36
Depreciation	0.92	0.79	0.68	0.58
Profit	3.50	3.36	2.60	2.33
Provision for taxation	0.87	1.10	0.96	0.90
To reserve and other funds	1.23	0.91	0.53	0.54
Bonus to staff	0.49	0.41	0.37	0.34
Dividend	0.92	0.74	0.55	0.55
	(10%)*	(10%)*	(8%)*	(6%)
Carry forward	0.01	0.03	0.01	0.01

	As on 31st December			
	1961	1960	1959	1958
Paid-up capital	9.24	9.24	9.24	9.23
Reserves	9.24	8.01	7.10	6.82
Deposits	623.94	536.26	492.22	453.74
Advances†	259.91	263.29	190.87	145.79
Investments	216.29	201.77	229.54	137.43
Cash	197.06	115.57	118.92	211.03
Balance-sheet total	741.70	646.64	595.98	535.93
Ratio to deposits of—	%	%	%	%
Advances	41.6	49.0	38.8	32.1
Investments	34.6	37.6	46.5	30.2
Cash	31.5	21.5	24.4	46.5

* Subject to deduction of tax.

The improvement in deposits has been under all categories, with fixed deposits going up from Rs. 296.83 lakhs to Rs. 368.50 lakhs, savings bank deposits from Rs. 113.53 lakhs to Rs. 121.40 lakhs, and current and contingency deposits from Rs. 124.26 lakhs to Rs. 132.20 lakhs. A welcome feature of this Bank's working (again, on the basis of year-end figures) is that it has not found it necessary to resort to borrowings from other banks. This was so even in 1960, when many banks found it necessary to resort to this source on a very substantial scale to supplement their deposits. The ratio of the "own funds" to deposits works out to 2.96 per cent. In 1952, it was as high as 9.31 per cent. The decline in the ratio reflects the Bank's growth. However, with a view to reaching the accepted goal of 6 per cent, the Directors have decided to made a beginning by raising the paid-up capital. At present the paid-up capital consists of 300 shares of Rs. 100 each fully paid and 17,882 shares of Rs. 100 each, with only Rs. 50 called up. They now propose to call up the balance of Rs. 50 each.

During the year under review, the bank ceased to transact Government Treasury work at six more branches. It was, however, entrusted with the responsibility of collecting water and electricity bills at two more places, making the total of 13, by the State Department and Electricity Board. During the year, one new office of the Bank was opened at Bikaner, raising the total number of branches to 37, of which 34 are in Rajasthan. Between the close of the year and 22nd March 1962, the Bank has opened two more branches and proposes to establish a few more this year.

BAREILLY CORPORATION (BANK) LTD.

The results of the Bareilly Corporation (Bank) Ltd. (Secretary: Mr. Harish Kumar, Bareilly) for the year ended 31st December 1961 make encouraging reading. Its gross income, the bulk of which came from banking business, improved from Rs. 8.97 lakhs to Rs. 9.90 lakhs, reflecting the rise in advances over the year from Rs. 63.01 lakhs to Rs. 70.66 lakhs and in investments from Rs. 45.59 lakhs to Rs. 54.31 lakhs. Deposits, which had been slightly lower in 1960, expanded from Rs. 128.02 lakhs to Rs. 140.23 lakhs. And because of this, borrowings from other banks at Rs. 3.90 lakhs were practically the same as in the previous year. Interest paid on deposits amounted to Rs. 4.15 lakhs as against Rs. 3.92 lakhs in 1960. Other expenses also were higher, albeit slightly. The profit, after depreciation, amounted to Rs. 1.80 lakhs as against Rs. 1.34 lakhs in the previous year. This higher profit has attracted a larger provision for taxation of Rs. 0.74 lakh as compared with Rs. 0.54 lakh a year before. General reserve has been allocated Rs. 0.10 lakh as against Rs. 0.14 lakh in the preceding year, and a sum of Rs. 0.20 lakh has been set aside for deferred shares conversion fund. The dividend on equity shares of Rs. 10 each has been increased by one point to 10 per cent, and that on deferred shares also of Rs. 10 each from 57 per cent to 70 per cent, both subject to tax.

The comparative table below gives an idea of the Corporation's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	9.90	8.97	8.49	7.89
Of which:				
Interest and discount earned	8.06	7.21	6.84	6.33
Commission and exchange earned	1.56	1.51	1.38	1.31
Other income	0.28	0.25	0.27	0.25
Interest paid on deposits, etc.	4.15	3.92	3.81	3.68
Staff expenses	2.88	2.75	2.71	2.58
Other expenses	0.98	0.89	0.89	0.74
Depreciation	0.09	0.07	0.07	0.08
Profit	1.80	1.34	1.10	0.81
Transfer to—				
Provision for taxation	0.74	0.54	0.53	0.42
General reserve	0.10	0.14	Nil	Nil
Gratuity fund	Nil	Nil	Nil	0.03
Deferred shares conversion fund	0.20	Nil	Nil	Nil
To bonus to staff	0.20	0.15	0.12	Nil
Dividends—				
6 per cent. C. preference	0.15*	0.15*	0.15*	0.10
Ordinary	0.37 (10%)*	0.33 (9%)*	0.30 (8%)*	0.22 (6%)
Deferred	0.04 (70%)*	0.03 (57%)*	0.027 (50%)*	0.022 (43%)
Carry forward				0.02

	As on 31st December			
	1961	1960	1959	1958
Capital	5.84	5.84	5.84	5.84
Reserves	6.95	6.69	7.79	7.79
Deposits	140.23	128.02	128.90	120.92
Borrowings from other banks	3.90	3.85	4.09	3.85
Advances	70.66	63.01	66.23	61.32
Investments	54.31	45.59	45.92	45.67
Cash	30.55	32.59	30.09	26.93
Balance-sheet total	177.85	168.41	159.81	150.89
Ratio to deposits of—	%	%	%	%
Advances	50.4	49.2	51.4	50.7
Investments†	35.9	32.6	32.5	34.6
Cash	21.7	25.5	28.3	22.2

* Subject to deduction of tax.
† Only the unencumbered portion is taken into account.

The improvement in advances is reflected in rise in the credit ratio from 49.2 per cent to 50.4 per cent. The ratio of investments to deposits also increased from 32.6 per cent to 35.9 per cent. But, with the decline in cash balances at the year-end from Rs. 32.59 lakhs to Rs. 30.55 lakhs, their ratio to deposits shrank from 25.5 per cent to 21.7 per cent. All categories of deposits increased during the year: fixed deposits from Rs. 79.36 lakhs to Rs. 84.90 lakhs, savings bank deposits from Rs. 33.22 lakhs to Rs. 36.67 lakhs and current account (and contingency) deposits from Rs. 15.45 lakhs to Rs. 18.66 lakhs. At the end of the year, reserves exceeded the paid-up capital of Rs. 5.84 lakhs by Rs. 1.11 lakh, including the sum set aside during the year under review. Following the Reserve Bank's suggestion, the Directors propose, subject to the concurrence of the deferred shareholders, to convert deferred shares into ordinary shares.

MITSUI BANK LTD.

There was a handsome rise of 3,510 million yen (Y) to Y25,930 million in the gross operating income of the Mitsui Bank Ltd. (Chairman: Mr. Kiichiro Satoh, Tokyo) during the half-year ended 30th September 1961 as compared with the previous half-year. More than one-third of the increase in earnings was accounted for by interest and discount which together show a rise of Y1,278 million to Y16,576 million, thanks to the larger volume of loans. The rise would have been more marked but for the slightly lower loan rate. The income from securities investment also went up by Y446 million to Y2,980 million, due to larger holdings and dividend receipts from corporations. Other income, including commissions on foreign exchange transactions, too, improved by Y1,786 million to Y6,374 million. Quite a good bit of the increase in earnings was, of course, neutralised by higher interest payments on deposits, borrowings, etc. (+Y1,339 million), transfer to reserves (+Y1,190 million), staff expenses (+Y257 million), other operating expenses (+Y525 million), amortisation and depreciation (Y82 million), and taxes (+3 million). Even so, the profit for the half-year under review shows a rise of Y114 million to Y1,987 million. The net profit of the Bank is shown as Y1,491 million which, together with the undistributed surplus of Y496 million of the previous year, brought the total available for distribution to Y1,987 million. This amount was appropriated thus (figures are in million yen): legal reserve 150, special reserve 300, taxation reserve 570, dividend at 9 per cent per annum 405, bonus 6 and carry forward 556.

The balance-sheet total of the Bank as on 30th September 1961 stood at the impressively high level of Y763,935 million, as against Y685,938 million six months before. Of this increase of Y77,997 million, the share of borrowings from the Bank of Japan alone was Y36,153 million. The appreciable increase in borrowings thus is perhaps attributable largely to the failure of fresh accretion to the deposit portfolio (+Y9,623 million) to keep pace with the rise of Y20,648 million to Y286,814 million) in loans granted; the deposits as at the close of September 1961 aggregated Y463,362 million.

Among the several new types of deposits, the "personal check account" made by far the most satisfactory showing, hailed by customers as a timely moneykeeping device which cannot be found at the counters of other monetary institutions. Other deposit services of the Bank like the "shopping deposit account" and the "overseas travel deposit account" also made fair gains. In the place of loan operations, the Bank exercised a very restrictive policy in line with the tight money measures adopted by the Government during the term such as the two successive rises of the Bank of Japan's rediscount rates and the upgrading of the deposit reserve requirements. Efforts were not, however, spared for higher efficiency of loan operations for the eventual increase of yields.

The Bombay branch of the Mitsui Bank (Manager: Mr. K. Yoshikawa, Bombay) earned during the year 1961 a gross income of over Rs. 16.64 lakhs, as against Rs. 15.62 lakhs in the previous year. The whole of this increase was accounted for by interest and discount which rose from Rs. 12.39 lakhs to Rs. 13.86 lakhs, while commission, exchange and brokerage declined from Rs. 3.22 lakhs to Rs. 2.78 lakhs. Despite higher earnings, the profit for the year suffered a fall of Rs. 1.31 lakh to a mere Rs. 21,000. This was due mainly to the increases in the various items of expenditure; interest payments on deposits rose by Rs. 1.74 lakh to Rs. 10.69 lakhs, staff expenses by Rs. 23,000 to Rs. 3.93 lakhs, and other expenses by Rs. 30,000 to Rs. 1.54 lakh.

The interest and discount earned, as already stated, registered an improvement during 1961, despite the drop, over the year, of Rs. 60.66 lakhs to Rs. 254.65 lakhs in advances. Even for meeting this volume of advances, the Bank had to resort to borrowings from banks which went up from Rs. 92 lakhs to Rs. 224 lakhs. This was necessary because of the drop in deposits which, as on 31st December 1961, stood at Rs. 81.33 lakhs, as against Rs. 105.15 lakhs a year before. There was, however, a notable increase of Rs. 25.33 lakhs to Rs. 39.55 lakhs in cash, while investments remained unchanged at Rs. 5.01 lakhs.

A RECORD YEAR FOR I.M.F.

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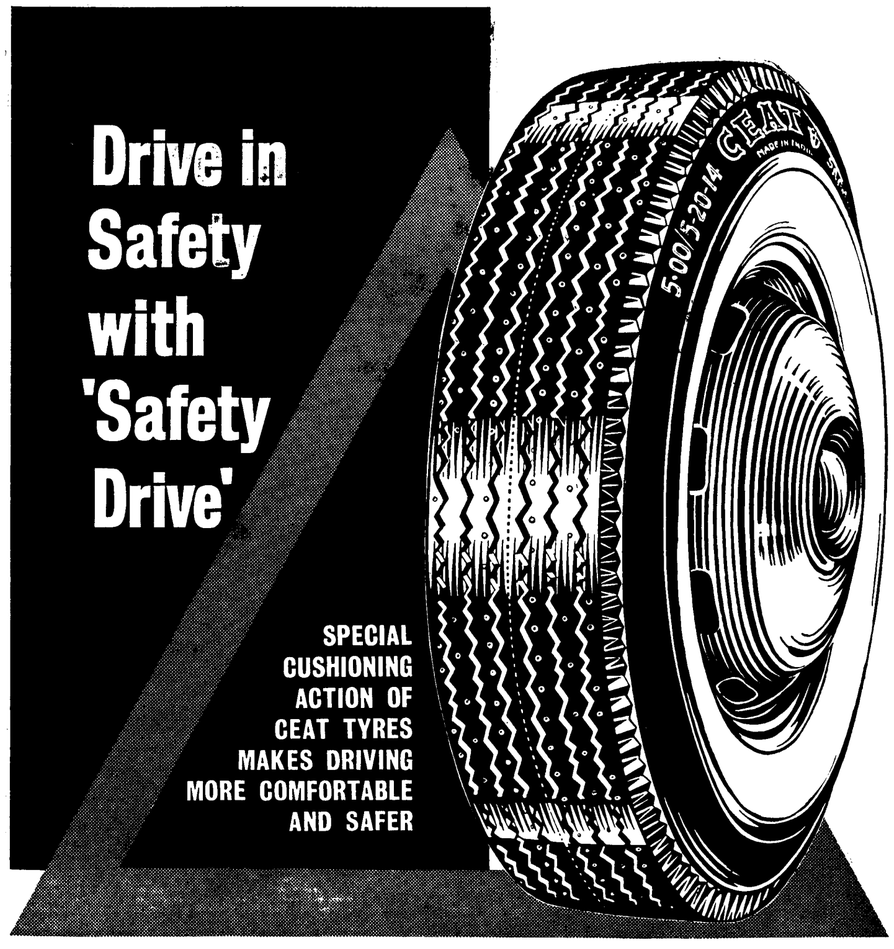
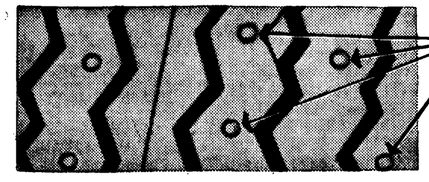
Drawings of U.S. dollars through 30th April 1958 represented 91.7 per cent of all drawings from the Fund. In the financial year 1960-61, however, only 36.4 per cent of drawings were in U.S. dollars, and in 1961-62 the proportion drawn in U.S. dollars fell to 34.7 per cent, with 10 currencies drawn. Japanese yen and Swedish kronor were used for the first time in Fund exchange transactions during the past twelve months. The Fund's holdings of Italian lire and deutsche mark fell to 10 per cent and 8 per cent, respectively of the members' quotas for a time during this period.

At the end of the Fund's seventeenth financial year (1st May 1961 to 30th April 1962), total drawings since 1947 when the Fund began its operations; were equivalent to approximately $6.3 billion, and total repayments were a little more than $4 billion, while undrawn portions of stand-by arrangements exceeded $2 billion. Members' drawings on the Fund during its past financial year were equivalent to $2.2 billion and repayments to $1.2 billion, both figures being far higher than in any other financial year. Over the past twelve months, the Fund has provided financial assistance in the form of drawings or stand-by arrangements to 30 of its members—16 in Latin America, 4 in Europe, 3 in the Middle East, 6 in the Far East and 1 in Africa. On the last day of this period, the United Kingdom Government made a fourth substantial repayment to the Fund against its $1.5 billion drawing of last August. It was equivalent to $70 million, and was paid $35 million in deutsche mark, $20 million in Canadian dollars and $15 million in Belgian francs.





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SEA ISLAND COTTON DEVELOPMENT

A REORIENTED SCHEME BEING IMPLEMENTED

APROPOS our comments on the Sea Island Cotton Development Scheme, in our issue dated 17th February, 1962 (*vide* page 288), Dr. B. L. Sethi, Secretary of the Indian Central Cotton Committee, observes, in a communication addressed to us, as follows:

"While the publicity accorded to the development of hybrid cotton is appreciated, it is regrettable that the Sea Island Cotton Development Scheme should have been construed as a failure. You have yourself, in the course of the article under reference, stated that 'the Sea Island Cotton Development Scheme has not been a success not because of any inherent defects in it, but because of faulty implementation.' You have, further, mentioned that 'delay in the appointment of adequate number of supervisory and advisory staff and lack of proper promotional effort resulted in the cotton being sown in a negligible area although adequate quantity of seed was available to cover a bigger area.' Furthermore, you added that 'thanks to lack of proper publicity and educative effort, the crop came to be regarded as a waste land crop whereas, in fact, it requires the best land and utmost care for the protection of the plants from pests and diseases.' These various statements, I am afraid, do not correctly present the facts of the case.

"In the first place, the Sea Island Cotton Development Scheme had not been initiated with much fanfare and publicity. It was the culmination of experiments on the acclimatisation of the Sea Island cotton, initiated at Pattambi and Mangalore as far back as in 1949-50. After several years of experimentation and research for the most suitable variety, three types of Sea Island cotton were found to thrive on *modan* and *kumeri* lands on the hillslopes. A review of the results of these trials with the three varieties in the succeeding years indicated that Monteserrat was better than St. Vincent, but the Andrews type proved to be the best of all. It was in 1956-57 that, with adequate manuring and plant protection, the variety 'Andrews' gave a phenomenally high yield of 1,614 lbs. of seed cotton per acre under rainfed conditions. In fibre properties also, it proved to be better than the commercial standard of the imported Egyptian variety, 'Karnak.' As in the case of all agricultural crop plants, the process of introduction and acclimatisation in a tract where cultivators were completely ignorant of the methods of growing any cotton, would necessarily be long-drawn and arduous. Though the Committee sponsored the scheme for its development in 1957-58, and vigorous efforts were made to extend its cultivation in the Kerala region and also in parts of Malnad of Mysore, no appreciable progress was made in the Kerala State as would be evident from the table on this page.

"This is due to the fact that this was a new crop raised in a locality where the cultivation of cotton was unknown and where the farmers lacked that close familiarity of measures required to be taken for obtaining optimum yields. Besides, the pattern of crop production in Kerala is unlike as in the neighbouring States and the pressure on land is so great that any new introduction will have to replace a part or whole of the existing crops, which in comparison might prove to be unremunerative to the cultivators. Being a delicate crop and requiring constant attention and vigilance both in regard to the application of fertilisers as well as the adoption of plant protection measures, the crop failures were very much due to either negligence or indifference on the part of the cultivators or adverse seasonal conditions caused by erratic rainfall or periodical drought. With a view to gaining more information on the adaptability of this delicate cotton, research was continued to study the various conditions under which it could be grown and those conducive to obtaining high remunerative yields to make the crop competitive and profitable to the cultivator.

"You will, therefore, appreciate that the introduction of a new crop in a new area is a difficult task. The Committee, however, provided under the scheme a full complement of staff with the idea of concentrating attention in certain definite compact regions which through past experience had been found to have potentialities for the development of the crop. The Committee had also provided incentives by way of seed and fertilisers on loan in kind and plant protection chemicals at 50 per cent subsidy for application to the crop. Despite all these, the process of development and extension in the Kerala State had not made much headway during the past year particularly, i.e. 1961-62, owing to sudden bursting of monsoon and its continued intensity spread over nearly two months since the beginning of June, resulting in unprecedented floods and waterlogged conditions. The cultivators who had purchased the seed could not undertake sowings as the land could not be prepared, and where it was sown, it was either washed out or the growth was so badly affected that the plants could not recover after the restoration of normal conditions. In Mysore, there has been an increase in the extension of areas as the cultivators have extensive holdings, more cattle manure and less difficult terrain, offering scope for the use of implements. Though the rainfall is moderate, it is evenly distributed during the monsoon period. Large areas of jungle-cleared lands were also available for cultivation and the problem, thus, became simpler to a certain extent, though the psychology of the farmers remained one of hesitancy towards this new crop.

"Despite the various handicaps of climate, soil, inadequate attention, etc., the Sea Island Andrews cotton is marching on and the experiments conducted at Mandya during the past two years have clearly brought out that the future scope for the extension of this delicate type lies in areas with moderate rainfall, commanding irrigation facilities. At Mandya, which receives a rainfall of about 30" to 32" and where supplementary irrigation from the Viswesvaraya Canal is available, under optimum conditions of fertilisation and plant protection, the Andrews variety was found to yield about 2,000 to 2,500 lbs. per acre which is easily one of the best records for irrigated cotton in any part of India.

"The Committee during a review of the work in Kerala and Mysore at its last annual meeting held on the 28th February 1962, expressed the view that, though originally it was thought that the possibility of extension of the extra-long staple cotton existed in the high rainfall tracts, its performance during the past few years clearly showed that, in future, emphasis would have to be laid on developing this cotton in areas with moderate rainfall and possessing facilities for giving supplementary irrigation. In view of this, it suggested that it would be necessary to locate areas where such facilities existed for developing this cotton. The President added that this would open up two different aspects, namely, cultivation and extension would have to be restricted to irrigated areas and experiments would have to be taken up on a wide scale in different States where facilities for irrigation were available such as Punjab, Uttar Pradesh, Gujarat, Maharashtra, Andhra Pradesh and Madras as also in Mysore, where irrigation schemes had been developed. It was agreed that necessary seed might be supplied for undertaking these exploratory trials. The scheme was, therefore, reorganised in Kerala with a view to concentrating attention in the three regions, namely, Trichur, Nilambur of Kozhikode district and Alathur of Palghat district. It was considered that a potential area of about 50,000 acres was available in the Palghat district, which could be opened up by tractor ploughing by the State Government. In Mysore, the Committee accepted a target of development of over 10,000 acres under rain-grown as well as irrigated conditions. Besides this, the States of Maharashtra, Gujarat, Rajasthan, Uttar Pradesh, Punjab, Andhra Pradesh and Madras have been addressed for conducting exploratory trials under supplementary irrigation with a view to demarcating suitable localities for its cultivation.

"Thus, it will be seen that, while it had not progressed as expected, under certain adverse seasonal and local conditions, owing to reasons enumerated above, it has gained a larger and a wider field and has now been shown to be profitable under irrigated conditions. That the variety Andrews has been found to be inherently capable of adapting itself to various soil and climatic conditions, is a proven fact. However, high remunerative yield could only be expected if proper care was taken to apply not only the manures and fertilisers but also the necessary plant protection measures against pests and diseases from the early stages of crop growth. The scheme is, therefore, being worked out on a reorientated basis and has not been given up as a failure. It must be stated here that the introduction of any new crop under Indian conditions is not analogous to starting a new industry, where even the scheduled production cannot be expected until after a few years of normal full-scale working. A close association between the plant and the human agency has to be established before any fruitful results can be obtained in agricultural crop production. In this context, it is well to remember the effort, energy and money expended in the introduction of the American cotton into India by the East India Company in the forties of the last century and its accompanying failure when that cotton was needed most by the Lancashire textile industry. But today, after three-quarters of a century of continuous work of development, the improved American cottons constitute 25 per cent of the Indian cotton crop.

"Publicity and educative effort are not wanting under the present set-up of the Sea Island Cotton Development Scheme. In fact, the staff consisting of *maistries*, fieldmen and assistants go from door to door in the villages explaining the various operations to be undertaken, the need for adoption of plant protection measures, besides the frequent visits paid to the cultivators' fields by supervisory staff with a view to impressing upon the farmers the importance of the different measures for raising a good crop and the contribution which they would, thus, be making to the sum total of the country's prosperity by raising a successful crop."

Acreage and Production of Sea Island Cotton

Year	State	Original targeted acreage	Revised target (acres)	Area actually sown (acres)	Area available for harvest (acres)	Total production in bales (392 lbs.)
1957–58	Kerala	111	111	120	96	24½
	Mysore	15	15	11		
	Total	126	126	131	96	24½
	Composite Scheme					
1958–59	Kerala	5,000	1,500	1,143	733	176
	Mysore		900	490	306	32
	Total	5,000	2,490	1,632	1,039	208
1959–60	Kerala	1,30,000	15,000	3,055	2,120	452
	Mysore	1,00,000	5,000	911	341	42
	Total	2,30,000	20,000	3,966	2,461	494
	Reorganised on a Statewise basis					
1960–61	Kerala	3,00,000	20,000	5,921	3,569	397
	Mysore		10,000	2,697	962	121
	Total	3,00,000	30,000	8,618	4,531	518
1961–62	Kerala	..	6,500	1,250	873	179
	Mysore	..	8,000	3,928	2,124	365
	Total	..	14,500	5,178	2,997	544

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BRITISH INDIA CORPORATION LIMITED

CHAIRMAN, MR. H. S. CHATURVEDI'S ANNUAL SPEECH

CONCERN EXPRESSED OVER UNSATISFACTORY COAL SUPPLY SITUATION

IN the course of his speech at the Forty-second Annual General Meeting of the British India Corporation Ltd., held at Kanpur on Saturday, 28th April 1962, the Chairman, Mr. H. S. Chaturvedi, remarked that the coal situation, which had been very precarious during the past 12 months, still continued to be unsatisfactory. The Corporation's factories, he said, depended upon adequate supplies of coal to function effectively and added that it was a matter of great concern that substantial cuts had been made in the basic allocation of railway wagons for transport of coal. One could only hope, he observed, that the authorities concerned would not allow productivity to suffer through lack of co-ordination between coal suppliers and transport arrangements.

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

"GENTLEMEN,

"I extend a cordial welcome to you on the occasion of the forty-second annual general meeting of the Corporation.

"The Directors' report, the balance-sheet, and the audited accounts for the year ended 31st December, 1961 have been circulated as usual, and with your permission, I shall take them as read.

Good Results

"I am happy to report that 1961 was a good year for the B.I.C. Group as a whole. You will see from the Corporation's profit and loss account that, after deducting all expenses, the profit before taxation amounts to Rs. 1,05,36,221 as compared with Rs. 90,93,242 for the previous year. After providing for depreciation and taxation, the surplus available is over Rs. 61 lakhs as against Rs. 53 lakhs last year.

"The overall results have enabled your Directors to recommend a dividend payment per ordinary share, of 35 nP. less tax, which represents a gross return of 7 per cent per annum on the capital invested by the ordinary shareholders. The need to improve further and to build for the future, however, is obvious, and out of the available trading surplus, about 40 lakh rupees has been ploughed back into the business, as against a corresponding figure of about 31 lakh rupees last year.

"I would like to draw your special attention to the increase in overdraft by over a crore of rupees during the year. This was partly on account of tax payments on the Corporation's income-tax assessments. The main factor, however, which necessitated higher borrowings in 1961, is reflected in our present production policy. The value of stocks to meet the requirements of work in progress has increased considerably, the stock-in-trade at 31st December 1961 being Rs. 4.42 crores, showing an increase of Rs. 1.14 crore over Rs. 3.28 crores as at 31st December of the previous year. The current year has started with a full order book for our woollen branches, and there is every indication that the high level of demand will continue.

Woollen Branches

"Production in our woollen branches has been satisfactory during the year. The market demand for our popular Lal-imli and Dhariwal products continues to be good, and the branches were able to sell their entire production.

Inadequate Raw Materials

"Import licences for raw materials were issued on the basis of 50 per cent of wool consumed during the period 1956-57. This amount is obviously quite inadequate for the current requirements. A notable development in the woollen branches, however, has been the successful introduction, after considerable experimentation, of various blends of Indian and imported wools. I am glad to report that the market demand for these products has been favourable.

"With regard to our programme for the rehabilitation and early modernisation of our plant and machinery, plans sub-divided into various phases and projects had been submitted to the Textile Commissioner, but no licences have yet been issued. We shall, however, continue to press this matter.

"The problem of obtaining adequate spare parts to maintain our old machinery in running condition still remains. In many cases we have been unable to execute urgent orders for the Defence Services, because machines have remained out of commission due to the non-availability of spare parts. This is a situation which deserves special consideration by the Government.

"Our woollen mills have been recently called upon to divert substantial quantities of weaving yarn spun out of imported wool, which is already in short supply, to small-scale weaving units in Amritsar. To do so is bound to affect seriously our pattern of production. It will also result in a number of weavers being thrown out of employment from the Lal-imli and Dhariwal Mills, which have earned their high reputation as specialised manufacturers of cloth, blankets, hosiery goods and knitting wool, and not as wholesalers of spun yarn.

Leather Branches

"The Cooper Allen and North West Tannery branches continued to face serious operating difficulties during the year. Until the plant and machinery of the shoe factory is modernised, it will remain a vexed problem to cater for modern markets in sufficient volume to produce profits. So far, unfortunately, it has not been possible to obtain the necessary import licences to take up any programme of rehabilitation.

"The raw hide position remained substantially unchanged, the quality of hides having continuously deteriorated. Prices, on the other hand, have risen due to the shortage of supplies.

"Although the turnover increased during the year, it was not possible to realise the modest profit shown in 1960.

Cotton Textile Units

"The results of the Elgin Mills Company, Ltd., and Cawnpore Textiles Ltd., for which the Corporation is now working as Secretaries and Treasurers, were very satisfactory. The sales and profits were substantially higher compared with previous years due to better trading conditions, and the sustained efforts of the management to achieve higher productivity. Bearing in mind market trends and consumer preferences, our production patterns were adjusted to ensure maximum results from the installed equipment.

"I am also glad to report that rehabilitation and modernisation programmes to replace old equipment and installation of up-to-date machines over the next five years, have been approved for both the Companies. During the past two years, a sum of Rs. 26,50,000 has already been expended on other rehabilitation programmes at the Elgin Mills, and an approximate sum of Rs. 11 lakhs at Cawnpore Textiles.

Sugar Units

"A record was created in the quantity of cane crushed and sugar produced during the season 1960-61 in all the six sugar units of the Group. While this achievement may be considered satisfactory, it has been largely offset by losses suffered in respect of exports, increased wages imposed by the sugar wage board, and high rates of interest paid on bank overdrafts necessitated by accumulations of sugar stocks. Other adverse factors were higher prices of consumable stores, and lower prices obtained for sugar as a result of price decontrol in the wake of overproduction and lower exports.

"The machinery in most of our sugar factories is old, and requires rehabilitation and replacement. This is not yet possible chiefly for reasons of financial stringency and restrictions on large-scale expansion.

"Another factor, which is causing considerable concern, is the deterioration of cane quality in east U.P. and north Bihar, where our Group factories has recorded a steep decline in recovery. The matter is receiving the attention of the Government authorities concerned, and it would appear that the only way to compensate factories for lower recovery is to link the price of the sugarcane with the recovery.

Labour Welfare

"This year again, I am glad to report that our relations with labour continued to be quite satisfactory. The Board has recommended special payment of three annas in the rupee to all workers, on their basic earnings in 1961.

The Coal Position

"The coal situation, which has been very precarious during the past twelve months, still continues to be unsatisfactory. The Corporation's factories depend upon adequate supplies of coal to function effectively, and it is a matter of great concern that substantial cuts have been made in the basic allocations of railway wagons for the transportation of coal. Production in the Lal-imli Mills was stopped in January 1962, when the factory had to close down for six days due to shortage of coal. We can only hope that

(*Continued on page* 830)

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TEXTILE ACTION GROUP PLANS DEMONSTRATION

IMPORTS OF CLOTH RESENTED

From Our Special Correspondent

MANCHESTER, *24th April*

MANCHESTER LETTER

A BIG protest march through London is being organised by the Textile Action Group, the militant organisation which has pledged itself to persuade the British Government to take action to help the Lancashire cotton trade.

A spokesman for the group, which calls itself T.A.G., said it was hoped to get thousands of cotton operatives, executives and trade union leaders to take part. The organisers are trying to arrange for every cotton mill and weaving shed to send a coach party.

After the march, with slogans and banners, it is planned to hand in a protest petition at the House of Commons. Then there will be a ceremonial burning of a pile of imported cloth which the marchers will take with them.

No date has yet been fixed for the march, but it is hoped to hold it on a weekday when the House of Commons is sitting. For this reason T.A.G. officials are appealing to cotton employers to give their operatives time off to take part.

The movement also revealed that it is circulating cotton trade organisations asking them to support a demand for the abolition of the Cotton Board, and its replacement by "a more effective body, representative of the requirements of the industry."

Financial Setback

Illustrating the swing of the pendulum is the fact that conditions in the local industry during the first three months of the current year have been quite the reverse to those experienced 12 months ago. Then it was possible to comment on the financial results coming to hand in that period as reflecting the much more favourable margins being obtained by producers in the various sections of the industry. Now these margins have virtually vanished and uneconomic trading is all too frequent.

At the same time, the early days of 1961 had already cast their shadows before them and a lower level of activity was apparent. Cotton companies which had issued their annual statements, however, were able to bask in the glow of the surge of demand which had led to over-full order books in 1960 and whose repercussions are very much to blame for our current discontents.

A score of companies have issued their returns, covering, for the most part, the whole of 1961, since the beginning of the current year. The record, as was to be expected, indicates the falling away in demand which led to short-time working towards the end of last year, and the steady erosion of margins.

Profits Decline

Although profits in each of the sections have declined, compared with the previous results, average earnings are still in excess of those published in the first quarter of 1960. Within the categories, however, the experience of those firms combining the activities of spinning and weaving appear to show less variation over the years than is encountered in the more horizontally based sectors.

Average earnings covering the twenty firms have declined by about 20 per cent, the current net profit being £82,069 per company, as against £102,852 announced during the early months of 1961. The dividends distributed this year average 12.29 per cent, as against 13.40 per cent.

Taking the eight companies involved in both spinning and weaving operations, average net profit this year amounted to £144,234, with a dividend of 11.90 per cent, as against £159,760 and an average payment of 13.02 per cent. The four weaving companies turned in average profits of £36,475 and paid an average dividend of 11 per cent. This compared with profits of £53,397 and a dividend of 11¼ per cent announced by the same companies early last year.

Confirmation that the spinning branch has suffered to a larger extent than other sections from the inroads made by foreign competitors is contained in the results so far released. The eight firms involved have reported average net profits of £42,700 this year, as against £70,672 in 1961. The average dividend has fallen from 14.73 per cent to 13.32 per cent.

All the indications point to a significant lower level of profits in the months ahead when the current exceedingly dull phase of trading will be displayed in the stark reality of profit and loss accounts and balance-sheets. A recovery in activity is long awaited but even a swift reversal of current trends would probably come too late to make 1962 anything but a disappointing year on the financial side for Lancashire textile firms.

Exports Contract in 1961

Although cotton yarn output in the major producing industries of the world topped its previous best last year, the flow of international trade in cotton goods decreased. Buyers in many countries took a less optimistic view of the outlook and curtailed their requirements, so that the export figures, except in one or two instances, were lower than for several years back.

As the Cotton Board has already indicated, shipments dropped by about six per cent, as compared with 1960. By the fourth quarter of last year the fall had become much steeper, being 12 per cent below the level recorded in the same period of 1960.

On the other hand, exports of man-made fibre piecegoods showed little change on balance, as compared with the two previous years. Slight reductions occurred in the quantities shipped by individual countries, but bigger sales by India and Italy covered any decreases.

The table below, extracted from the Cotton Board's quarterly review, and adjusted, in some instances, on the basis of performances in the earlier months of 1961, shows the comparative figures of shipments during the past two years from the leading exporting countries:

(In million yards)

	1961		1960	
	Cotton	Rayon, etc.	Cotton	Rayon, etc.
U.K.	286.7	48.9	327.4	54.4
U.S.	524.8	141.1 (*A*)	438.6	156.8
Japan	1,410.8	1,052.3	1,434.6	1,066.7
India	593.4	71.9 (*B*)	723.7	39.5
Holland	307.0	80.9	340.0	80.4
France	469.0	125.8 (*B*)	532.9	140.4
Germany	283.5	207.4 (*B*)	284.8	213.7
Italy	113.5	229.5 (*A*)	116.7	101.8
Belgium	266.6	117.1 (*A*)	273.8	102.9
Hong Kong ..	366.2	27.1 (*B*)	312.4	32.6
Portugal	146.0	2.5	180.2	3.0
Switzerland ..	55.4	32.8	63.0	29.1
Spain	140.2	13.1 (*B*)	166.9	22.4
Pakistan	60.1	.. (*B*)	75.6	..
Czechoslovakia ..	136.0	.. (*C*)	150.4	..

Estimated on basis of (*A*) 11 months, (*B*) 9 months, (*C*) 6 months.

Changes in the table of the "Top Ten" find Britain assuming an ever-diminishing place among the world's shippers of cotton and allied products. Long ago ousted from the premier position, Lancashire is now tailed off in tenth place, after which there is a substantial gap before the rapidly expanding Spanish and Portuguese mills enter the table. Perhaps the most notable feature is that, when cotton and man-made fibre goods are combined, the United Kingdom's exports have been overtaken by each one of her prospective partners in the European Economic Community, excluding the tiny State of Luxembourg.

When cotton goods alone are considered, Britain has again slipped back a place, now being seventh in the table, having given way to Hong Kong. In this sector, the shipments from that Colony have been made considerable strides, now being fifth in the world, after Japan, India, the United States and France.

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THE BANK OF RAJASTHAN LIMITED

Registered Office:—**Udaipur** *Central Office*:—**Jaipur**

The Directors' Report for the year ended 31st December 1961 submitted at the Nineteenth Annual General Meeting held at the Registered Office of the Company at Clock Tower, Udaipur, on 25th April 1962

The Directors have pleasure in submitting the Nineteenth Balance Sheet and Profit and Loss Account of the Bank for the year ended 31st December, 1961, together with the Auditors' Report.

Branches and Services :—During the year under report one new office of the bank was opened at Bikaner raising the total number of branches to 37, of which 34 are in Rajasthan. After 31st December, 1961, and upto the date of this report we have already opened two new branches at Nasirabad and Indergarh and propose to open a few more during the current year. The bank has training classes for the benefit of the junior officers, supervisors and clerical staff.

Government Treasury work at six more branches has ceased to be transacted by the bank. However, the Water Works Department of the Government of Rajasthan and the Rajasthan State Electricity Board have entrusted the water and electricity bills collection work at more places during the year and we are now collecting water bills at thirteen places and electric bills at four places in Rajasthan.

Capital and Reserves :—During the year under report a sum of Rs. 250 being the amount unpaid on ten shares (which were previously forfeited) having been received, the paid-up capital of the bank has increased to Rs. 9,24,100. The directors are glad to report that after the transfer of Rs. 1,23,336.00 nP., this year, the reserves of the bank have now reached parity with the paid-up capital. The ratio of capital and reserves to deposits of the bank which was more than 9.31 per cent in 1952 went down to 2.96 per cent in 1961. The directors have, therefore, decided to make calls on the shareholders for the unpaid amount of the shares.

Working Funds :—The working funds of the bank have increased to Rs. 6,66,80,235. They are more by Rs. 94,16,402 as compared with the figure of last year.

Deposits :—Inspite of the transfer of treasury work, the deposits of the bank have maintained a steady growth and now stand at Rs. 6,23,94,392. The rise has been 16.35 per cent as compared with 5.2 per cent of the Scheduled Banks in India. This reflects the increasing confidence of the public in the bank.

Liquidity :—The ratio of our liquid assets (cash, balance with banks, money at call and short notice and investments) to total liabilities is 62.35 per cent as against the Indian scheduled banks ratio of 41.45 per cent. The bank has thus ample liquid resources to meet its liabilities.

Investments :—Out of the total investments of Rs. 2,15,32,328 (excluding Rs. 96,764 in gold), 97.72 per cent is in Government and Trustee securities and 85.45 per cent of the securities mature within ten years.

Advances :—The total advances of the bank stand at Rs. 2,59,90,919, which are 41.97 per cent of our deposits as compared with 49.09 per cent of the last year. Our secured advances are 92.69 per cent of the total advances. The bank continues to follow the traditional sound policy in making advances.

Profit and its Appropriations :—The net profit of the bank for the year under review is Rs. 3,50,301.62 nP as against Rs. 3,36,202.91 nP, a year ago. After adding a sum of Rs. 3,274.02 nP. brought forward from th previous year a sum of Rs. 3,53,575.64 nP. is available for appropriation.

After making the following appropriations :

	Rs. nP
To Reserve Fund under Section 17 of Banking Companies Act	71,000.0
To General Reserve Fund	52,336.0
To Provision for Income-tax and Super-tax	87,000.0
To Bonus to staff	49,345.0
	2,59,681.0
The Directors now recommend to declare a dividend at 10 per cent per annum subject to tax	92,410.0
Leaving a balance of (to be carried forward)	1,484.6
Total .. Rs.	3,53,575.6

Directors :—During the year under report Shri Ganga Sahaiji Purohit vacated the office due to retiremen from Government service. The Directors place on record their appreciation of the valuable services rendere by him during the tenure of his office as Director. In his place, the Government of Rajasthan have nominate Shri Mohan Mukerji, Finance Secretary, as a Director on the Board.

Election of the Directors :—In accordance with Article No. 119 of the Articles of Association of the bank two Directors viz. Sarvashri Rajadhiraj Harisinghji of Achrol and Seth Damodarlalji Mansinghka retire from the Board of Directors by rotation, but being eligible offer themselves for re-election.

Appointment of the Auditors :—The shareholders are requested to appoint Auditors for the ensuing yea and to fix their remuneration.

The Board of Directors are thankful to the Shareholders, the Government of Rajasthan and the client of the Bank for their continued patronage. They also express their appreciation of the loyal services rendere by the staff of the bank.

By order of the Board,
HARI SINGH,
Chairman.

JAIPUR, 22*nd March*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

1960 Rs. nP	CAPITAL AND LIABILITIES	1961 Rs. nP	1961 Rs. nP
	1. Capital—		
20,00,000.00	AUTHORISED CAPITAL— 20,000 shares of Rs. 100 each	20,00,000.00	
20,00,000.00	ISSUED CAPITAL— 20,000 shares of Rs. 100 each	20,00,000.00	
18,18,200.00	SUBSCRIBED CAPITAL— 18,182 shares of Rs. 100 each	18,18,200.00	
30,000.00	CALLED AND PAID-UP CAPITAL— 300 shares of Rs. 100 each fully paid up	30,000.00	
8,93,600.00	17,882 shares of Rs. 100 each, Rs. 50 per share called up	8,94,100.00	
9,23,600.00		9,24,100.00	
Nil	Less—Calls unpaid	Nil	
9,23,600.00		9,24,100.00	
250.00	ADD—Forfeited shares	Nil	
9,23,850.00			9,24,100.00
	2. Reserve Fund and Other Reserves :		
4,63,000.00	Reserve Fund under Section 17	5,34,000.00	
3,37,764.00	Other Reserves	3,90,100.00	
8,00,764.00			9,24,100.00
	3. Deposits and Other Accounts :		
2,96,82,588.66	Fixed and Call Deposits	3,68,50,264.77	
1,13,52,740.05	Savings Bank Deposits	1,21,30,906.13	
1,24,25,899.55	Current Accounts, Contingency (Unadjusted)*	1,32,19,560.30	
1,64,801.83	Staff Security Deposits (Deposited with this Bank itself being a Scheduled Bank)	1,84,661.25	
5,36,25,830.09			6,23,94,392.45
	4. Borrowings from other Banking Companies, Agents etc.—		
Nil	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
Nil		Nil	
	PARTICULARS—		
Nil	(i) Secured (Stating the nature of security)	Nil	
Nil	(ii) Unsecured	Nil	
Nil			Nil
34,04,847.30	**5. Bills Payable**		32,36,969.04
	6. Bills for Collection being Bills Receivable as per contra—		
30,19,862.61	(i) Payable in India	31,27,347.29	
26.62	(ii) Payable outside India	7,412.97	
30,19,889.23			31,34,760.26
	7. Other Liabilities—		
12,848.04	(i) Unpaid Dividends	21,864.65	
6,32,654.43	(ii) Provision for Income-tax	5,49,378.07	
42,175.19	(iii) Bonus to Staff	51,419.18	
124.71	(iv) Staff benefit account	134.71	
6,12,349.13	(v) Branch adjustments	13,90,526.37	
1,12,510.40	(vi) Sundry Creditors Account	86,388.49	
245.48	(vii) Unexpired discounts	7,176.70	
14,12,907.38			21,06,778.87
13,80,085.56	**8. Acceptances, Endorsements and Other Obligations** per contra		13,54,907.30
	9. Profit and Loss—		
75,434.11	Balance of last year's profit after appropriation	95,634.02	
73,864.00	Less—Dividends for 1960	92,360.00	
1,570.11		3,274.02	
3,36,202.91	ADD—Profit for the year brought from Profit and Loss Account	3,50,301.62	
3,37,773.02		3,53,575.64	
	Less—Appropriations— Rs. nP		
91,139.00	Reserve Fund 1,23,336.00		
1,10,000.00	Provision for Income Tax .. 87,000.00		
41,000.00	Bonus to Staff 49,345.00		
2,42,139.00		2,59,681.00	
95,634.02			93,894.64
	10. Contingent Liabilities— Rs. nP		
	(i) Claims against the banking company not acknowledged as debts 33,184.35		
32,919.62	(ii) Money for which the banking company is contingently liable—guarantees given by the banking company on behalf of—		
Nil	(a) Directors or officers .. Nil		
79,689.76	(b) Others 2,17,513.76		
Nil	(iii) Arrears of Cumulative Preference Dividend .. .. Nil		
1,208.39	(iv) Liability on bills of Exchange rediscounted .. .. .. Nil		
	NOTE.—Provision to the full extent for future gratuity to staff has not been made as liability for it has not been ascertained.		
6,46,63,807.58	Grand total .. Rs.		7,41,69,902.06

1960 Rs. nP	PROPERTY AND ASSETS	1961 Rs. nP	1961 Rs. nP
92,04,003.51	**1. Cash—** In hand and with Reserve Bank of India and State Bank of India	65,20,660.99	65,20,660.99
20,02,764.93	**2. Balances with other Banks on Current Accounts—** (i) In India	25,45,596.23	
Nil	(ii) Outside India	Nil	
20,02,764.93			25,45,596.23
3,50,000.00	**3. Money at Call and Short Notice (with other Banks)—**		1,06,50,000.00
1,95,79,631.16	**4. Investments : At or below market Value—** (i) Securities of the Central and State Governments and other Trustee Securities. Face value Rs. 2,35,62,676.21	2,10,10,539.01	
Nil	(ii) Treasury Bills of the Central and State Governments	Nil	
10,000.00	(iii) Fully paid preference shares	10,000.00	
5,11,789.87	(iv) Debentures or Bonds	5,11,789.87	
Nil	(v) Other Investments	Nil	
75,227.40	(vi) Gold	96,763.60	
2,01,76,648.43			2,16,29,092.48
	NOTE.—(Reserve Bank of India has a lien on securities of the face value of Rs. 3 Lacs on account of guarantees given on behalf of constituents.)		
	5. Advances— (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors.)		
	(1) Loans, Cash Credits, Overdrafts etc.—		
	(i) In India	2,14,39,856.60	
2,35,90,453.07	(ii) Outside India	Nil	
Nil	(2) Bills discounted and purchased (excluding treasury bills of the Central and State Governments)—		
	(i) Payable in India	45,51,062.77	
27,38,548.57	(ii) Payable outside India	Nil	
Nil			
2,63,29,001.64	PARTICULARS OF ADVANCES— See separate statement appended.		2,59,90,919.37
30,19,862.61	**6. Bills Receivable Being Bills for Collection as per contra—** (i) Payable in India	31,27,347.29	
26.62	(ii) Payable outside India	7,412.97	
30,19,889.23			31,34,760.26
13,80,085.56	**7. Constituents Liabilities for Acceptances, Endorsements and other Obligations** per contra		13,54,907.30
3,19,746.01	**8. Premises Less Depreciation—** Total cost as on 31st December 1960	3,21,702.32	
4,017.44	Less—Transfers	Nil	
3,15,728.57		3,21,702.32	
6,573.75	Additions during the year	6,891.08	
3,21,702.32		3,28,593.40	
37,934.40	Less—Depreciation— Rs. nP As per last Balance Sheet .. 37,934.40 Depreciation during the year .. 10,450.79		
2,83,767.92		48,385.19	2,79,708.21
	9. Furniture and Fixtures Less Depreciation—		
5,52,185.11	As per last Balance Sheet	6,50,557.09	
1,00,920.57	Additions during the year	1,41,858.88	
6,53,105.68		7,92,415.97	
2,548.59	Less—Written off during the year	4,527.98	
6,50,557.09		7,87,887.99	
2,12,159.88	Less—Depreciation— Rs. nP As per last Balance Sheet .. 2,55,082.05 Written off during the year .. 3,030.78		
1,349.24			
2,10,810.64		2,52,042.83	
44,271.41	Depreciation during the year ..	51,916.54	
2,55,082.05		3,03,958.86	
3,95,475.04			4,83,929.18
1,656.35	**10. Other Assets including silver—** (i) Silver	Nil	
59,599.87	(ii) Sundry Debtors	44,130.95	
98.00	(iii) Stamps	110.00	
1,253.50	(iv) Cash in Transit	105.00	
Nil	(v) Prepaid insurance	16,079.77	
1,30,829.04	(vi) Stationery in Stock	1,17,811.76	
2,33,584.75	(vii) Interest accrued but not realised	4,88,098.57	
10,17,367.02	(viii) Indian Income-tax deducted at source	8,91,465.59	
Nil	(ix) Building equipment	8,998.94	
14,74,385.58		15,41,800.58	
12,320.58	(X) Library— Rs. nP As per last Balance Sheet .. 12,868.57		
547.99	Additions during the year .. 448.03		
12,868.57		13,316.60	
Nil	Less—Transfers	Nil	
12,868.57		13,316.60	
10,772.62	Less—Depreciation—		
386.64	As per last Balance Sheet .. 11,159.26 Depreciation during the year .. 433.47		
11,159.26		11,592.73	
1,709.31			
94,876.52	(XI) Conveyance (Motor Car) as per last Balance Sheet .. 1,03,547.40		1,723.87
Nil	Less—Sale of old car .. 5,618.90		
	Additions during the year .. 97,928.50 27,169.38		
9,170.88		1,25,102.88	
1,03,547.40	Less—Depreciation—		
42,261.50	As per last Balance Sheet .. 57,470.92 Written off 5,610.90		
Nil			
42,261.50		51,860.02	
15,309.42	Depreciation during the year ..	16,489.22	
57,470.92		68,349.24	
46,076.48			56,803.64
	11. Non-Banking Assets Acquired in Satisfaction of Claims		16,00,328.09
Nil	(Stating mode of valuation)		Nil
6,46,63,807.58	Grand total .. Rs.		7,41,69,902.06

THE BANK OF RAJASTHAN LIMITED—*Continued*

Schedule of Particulars required by the Banking Companies Act, 1949 attached to and forming part of the Balance Sheet as at 31st December, 1961

PARTICULARS OF ADVANCES	Bills Discounted and Purchased	Loans, Advances, Cash Credit and Overdrafts	Total
	Rs. nP	Rs. nP	Rs. nP
(i) Debts considered good in respect of which the Banking Company is fully secured	34,81,257.75	2,06,59,084.19	2,41,40,341.94
(ii) Debts considered good for which the Banking Company holds no other security than the debtors personal security	5,76,480.45	74,230.86	6,50,711.31
(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors—			
(a) Debts guaranteed by the Government of Rajasthan	Nil	5,57,220.45	5,57,220.45
(b) Others	4,93,324.57	1,49,321.10	6,42,645.67
(iv) Debts considered doubtful or bad, not provided for	Nil	Nil	Nil
	45,51,062.77	2,14,39,856.60	2,59,90,919.37

PARTICULARS OF ADVANCES	Bills Discounted and Purchased	Loans, Advances, Cash Credit and Overdrafts	Total
	Rs. nP	Rs. nP	Rs. nP
(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons (fully secured)	Nil	2,753.96	2,753.96
(vi) Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in case of Private Companies as Members (fully secured)	Nil	Nil	Nil
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons (fully secured)	Nil	26,861.69	26,861.69
(viii) Maximum total amount of advances, including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents, or in case of Private Companies, as Members	Nil	Nil	Nil
(ix) Due from Banking Companies	Nil	Nil	Nil

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

1960 Rs. nP	EXPENDITURE	1961 Rs. nP	1961 Rs. nP
14,81,213.75	1. Interest paid on Deposits, Borrowings, etc.		17,79,682.19
8,31,082.97	2. Salaries, and Allowances and Provident Fund :		
		Rs. nP	
(14,983.33)	To the General Manager* .. 15,250.00		
(8,16,099.64)	To other staff 9,61,431.49		9,76,681.49
2,150.00	3. Directors' and Local Committee Members' Fees and Allowances		3,250.00
88,478.93	4. Rent, Taxes, Insurance, Lighting, etc.		74,562.85
16,701.84	5. Law Charges		15,867.68
1,15,027.04	6. Postage, Telegrams and Stamps		1,19,285.09
4,251.57	7. Auditors' fees		7,490.00
78,778.20	8. Depreciation on and Repairs to the Banking Company's Property		91,761.32
1,14,144.60	9. Stationery, Printing, Advertisement, etc.		1,23,788.11
Nil	10. Loss from sale of or dealing with Non-Banking Assets		Nil
1,40,714.22	11. Other Expenditure		1,30,896.97
3,36,202.91	12. Balance of Profit (subject to Income-tax)		3,50,301.62
	*Salaries and allowances to the General Manager calculated in accordance with income-tax rules.		
32,08,746.03	Total .. Rs.		36,73,567.32

1960 Rs. nP	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	1961 Rs. nP	1961 Rs. nP
24,50,404.49	1. Interest and Discount		28,82,816.41
6,23,608.82	2. Commission, Exchange and Brokerage		6,25,362.15
Nil	3. Rents		Nil
10,392.47	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account).		17,640.46
	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)		Nil
Nil	6. Income from Non-Banking Assets and Profit from sale of or Dealing with such Assets		Nil
1,24,340.25	7. Other Receipts		1,47,748.30
32,08,746.03	Total .. Rs.		36,73,567.32

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of the Bank of Rajasthan Limited as at 31st December, 1961, and also the annexed Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of 13 branches audited by us and 24 branches audited by other Chartered Accountants. In accordance with the provisions of section 29 of the Banking Companies Act, 1949, read with the proviso to sub-section (1) and (2) of section 211 and sub-section (5) of section 211 and Section 227 of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn in accordance with the sixth schedule of the Companies Act, 1956. The accounts are therefore drawn up in conformity with forms A and B of the Third Schedule to the Banking Companies Act, 1949. We report that :—

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of audit and have found them to be satisfactory;

(b) The transactions of the Bank which have come to our notice, have been within the powers of the Bank;

(c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;

(d) The Bank's Sheet and Profit and Loss Account dealt with by this report are in agreement with books of account and the returns;

(e) The reports on the accounts of the branches audited by Branch Auditors have been forwarded to us and the same have been considered by us in preparing our report;

(f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required for Banking Companies, and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st December, 1961, and Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

B. D. GARGIEYA, F.C.A.,
Prop.
B. D. GARGIEYA & CO.,
Chartered Accountants.

JAIPUR, *20th March*, 1962.

B. L. SETHI,
General Manager.

HARI SINGH *Chairman.*
MOHAN MUKERJI
पुसालाल मानसिंहका } *Directors.*
D. L. MANSINGHKA

Note.—The other Director, being absent, has not signed the Balance Sheet and Profit and Loss Account.

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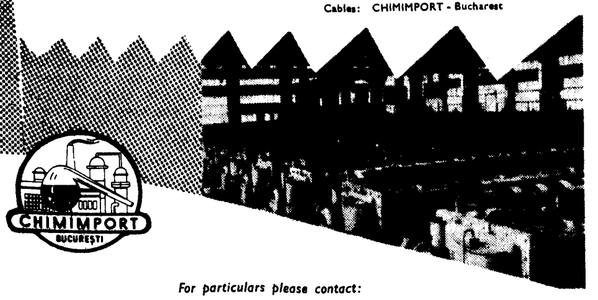
- **SOLID SODIUM SILICATE**, neutral alkaline

Exporter:

CHIMIMPORT Bucharest - Rumania

12, Doamnei Street P. O. B. 525

Cables: CHIMIMPORT - Bucharest



For particulars please contact:

THE TRADE REPRESENTATION OF THE RUMANIAN PEOPLE'S REPUBLIC

61, Golf Links, **NEW DELHI**

Steelcrete House, Dinsha Wacha Road, Churchgate Reclamation, **BOMBAY**

CHIM-1/62

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Manager
Bombay Office

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Office at Calcutta Representative at Delhi

BUCKINGHAM AND CARNATIC COMPANY LTD.

CHAIRMAN, MR. E. F. G. HUNTER'S SPEECH AT ANNUAL MEETING

REVISION OF TEXTILE PRICES IMPERATIVE

A WARNING that the pressure of rising costs in the cotton mill industry would inevitably affect its profit-making capacity, unless a revision of the prices fixed voluntarily by the industry as a whole could be agreed upon, was given by Mr. E. F. G. Hunter, Chairman of the Buckingham and Carnatic Company Limited, when he addressed the Company's shareholders at their Forty-first Annual General Meeting held at Madras on Friday, 27th April 1962. Mr. Hunter hoped that the Tariff Commission would provide a satisfactory solution to the price question. He referred to the adverse effect of the restriction on production through control over looms and spindles installed. This, he said, was good neither for the consumer nor for the industry and provides an unsatisfactory background for promoting sales in overseas markets where profits, due to intense competition, were negligible or non-existent. Alluding to the re-equipment, modernsation and rehabilitation programme of the Company, he pointed out that the implementation of the programme involved further heavy capital expenditure and this would be met from the Company's own resources.

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

"GENTLEMEN,

"It is my pleasure to welcome you to the forty-first annual general meeting of the Buckingham and Carnatic Company, Ltd. You will have had an opportunity to study the Directors' report and the accounts for the year ended 31st December 1961 and, with your permission, I propose to take them as read.

"Trading conditions in India during 1961 were generally good, but the improved results recorded in the accounts now before you are largely due to the maintenance of production at a satisfactory level throughout the year. In the Directors' report, your attention has been drawn to the record sales figure achieved for the fourth year in succession. This fresh record is a credit to your Company's sales organisation and, whilst I am hopeful that sales will continue to grow, other factors, particularly rising costs to which I will refer later, may make it difficult to maintain profits at the 1961 level.

"For the first time since 1953, your Directors have recommended an increase in the dividend on the Company's ordinary shares. The final dividend proposed will bring the total for the year to 18 per cent gross, equivalent to 12.6 per cent net, which compares with the dividend of 10 per cent net declared for each of the eight preceding years. Your Directors feel fully justified in recommending the higher dividend which represents a modest 5 per cent return on the ordinary capital and reserves. Whilst it is, of course, essential in the interests of all concerned that a substantial share of the profits be retained to finance the heavy costs of modernisation, it is but equitable that shareholders should participate in the higher profits particularly as labour by way of wages, dearness allowance, bonus and other benefits, and Government by taxation have annually secured an increasing share of the Company's revenues.

Exports

"Your Company is at all times engaged in a drive to increase exports and 1961 was no exception. This is evidenced by the increase in your Company's export sales by 2½ per cent to approximately Rs. 2.02 crores, which increase was once more against the trend of India's sales of textiles in overseas markets which last year fell by nearly 19 per cent.

"Many more countries have entered the field of cotton textile manufacture and this has resulted in keener competition for the narrowing fields open to exporters. India is at a disadvantage compared with many other producers due to the latter's superior equipment and higher productivity of labour. Quality has now become the key to success in overseas markets, but this alone is not sufficient and it is essential that quality is backed by higher productivity to ensure a low cost product.

"Much has been said and written lately about incentives to export, and there is little I can add except to say that, from your Company's point of view, it is most important that these schemes continue, thereby enabling your Company to obtain modern equipment from overseas, as well as cotton, dyestuffs and chemicals.

Import of Dyestuffs

"The indigenous dyestuff industry now provides your Company with a much larger proportion of its requirements and this trend will continue, but, in my opinion, unless imported dyestuffs are always available in reasonable quantities, the indigenous industry will suffer from lack of competition. Already most indigenous dyestuffs are more expensive than those imported, in spite of a heavy import duty, and, if this duty is increased, as is rumoured, it will be still more difficult for Indian finished cloth to compete overseas. In fact, now that India has increasingly to export finished goods, there is a case for a reduction in the import duty on dyestuffs and chemicals.

"The restriction of production effected by the control of looms and spindles installed, to which I referred in my speech last year, has created a condition of shortage in the textile market in India. This is neither good for the consumer nor the industry and provides an unsatisfactory background for promoting sales in overseas markets where profits, due to intense competition, are negligible or non-existent. The agitation for special incentives to export would lose much of its force, if the industry could be carried on in a climate where the conduct of business was less subject to constant and disturbing alterations of policy, the most recent of which has affected the supply of cotton.

Raw Cotton

"The 1960-61 Indian cotton crop was good and plentiful. Although the quota system introduced during the previous year was continued, mills had no difficulty in securing their normal requirements of cotton. Unlike the cotton season ended August 1960 when the carry-over was dangerously low, at the end of August 1961, the carry-over of Indian cotton was around 18.5 lakh bales, i.e. roughly 87 per cent more than the carry-over of the previous year, and the textile industry had every reason to begin the 1961-62 season with confidence in so far as raw cotton was concerned, with the new crop estimated at around 50 lakh bales. However, during the last four months of 1961, growing conditions deteriorated rapidly and it became clear that once again mills would be faced with a cotton crisis. The 1961-62 crop is currently estimated at 43 lakh bales, which is far below the annual requirements of the textile industry in India, and the Textile Commissioner introduced varietywise rationing with retrospective effect from 1st September 1961. Apart from the fact that there is a serious shortage of most varieties of cotton, prices are now inordinately high and, unless Government takes early action to import suitable short-staple cotton with which to augment indigenous supplies, the industry will later in the year be faced with an acute shortage of its primary raw material. All these factors cannot but have an adverse effect on the textile trade, particularly on exports.

"With a steadily rising mill consumption, intensive efforts must be made not only to increase acreage under cotton but also to increase the yield of cotton per acre in this country, which unfortunately is the lowest in the world. I understand that the Indian Central Cotton Committee has made certain recommendations to Government in this respect and it is to be hoped that effective and prompt action will be taken. Unless this is done and a realistic approach to the problem is made, the country will have to grapple with cotton crises for years to come.

"The increase by almost exactly Rs. 50 lakhs in the Company's overdraft loan from the Bank is mainly due to the increase in stock-in-trade, mostly raw materials, and to the reduction in creditors. Capital expenditure during the year amounted to nearly Rs. 56 lakhs and this was financed by the allocations to depreciation and reserves. The re-equipment, modernisation and rehabilitation of the mills is a continuous process and an essential one if the Company is to maintain its trading position. The programme for the next three years, in pursuance of this policy, will involve further heavy capital expenditure and this, it is intended, will also be met from the Company's own resources.

"As is noted in the Directors' report, by the allocation of Rs. 6,50,281 to the debenture redemption fund, there has now been provided for the redemption of the debenture-stock loan a total of Rs. 50 lakhs being 50 per cent of the original loan which still has half of its term to run to the latest redemption date, namely, 1972.

"I referred earlier to the record sales, but, if you will turn to the other side of the profit and loss account, you will find that costs under almost every head of account are higher than for the previous year, many of the items of cost being unfortunately also record figures, despite every effort by the management to economise and trim expenditure wherever possible. You will observe also from the profit and loss account that charges in respect of management have undergone a change in consequence of the relinquishment of the Managing Agency from the 1st January 1961, and charges in respect of 'Managing Directors' remuneration' and 'Directors' commission' appear for the first time.

Cost Increases

"During 1962, there will certainly be further rises in costs, as, apart from the general upward trend, which in January of this year was reflected in the highest monthly labour dearness allowance figure to date of Rs. 77.66 per head, the Company will be obliged to meet certain specific increases. The first of these is in respect of the increase of Rs. 2 per month in the wages of all workpeople from the 1st January 1962 in accordance with the terms of the Textile Wage Board recommendations made in 1960 and this alone will cost over Rs. 3 lakhs per annum. Secondly, the Company's contribution to the Employees' State Insurance Scheme has been doubled from the 1st April 1962 and this means a further increase of over Rs. 3 lakhs in a full year. Thirdly, in order to finance the Export Incentive Scheme, Government has imposed a special levy on all Indian cotton consumed from the 1st January 1962, and it is estimated that this additional levy will also involve an increase in cost of over Rs. 3 lakhs per annum. Thus these three specific increases alone will cost your Company more than Rs. 10 lakhs a year and, unless labour makes some extra effort in return for the further increase in wages, no compensating benefit will accrue to the Company. It is hoped shortly to initiate with the leaders of the recognised unions, the question of greater productivity.

Voluntary Price Control

"Towards the end of 1960, the industry, at the behest of Government, entered into a voluntary price control agreement under which prices were fixed on the basis of those at which individual mills were selling their cloth in August 1959. No provision was made in the agreement for the adjustment of prices to meet an increase in costs. It is obvious, therefore, that the pressure of rising costs will narrow margins and inevitably affect the industry's profit-making capacity, unless a revision of the prices fixed can be agreed upon. The immediately future prospects of the industry should, therefore, be viewed with the foregoing in mind. It is to be hoped that the report of the Tariff Commission appointed by Government to enquire into fair prices for cotton textiles and yarn will provide a satisfactory solution to the price question.

"The Wage Board recommendations concerning rationalisation in respect of which substantial increases were awarded to labour, including the increase of Rs. 2 per month from 1st January 1962, to which I have already referred, have yet to be implemented although the principles were settled by agreement between management and labour in the previous year.

(Continued on page 831)

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JWT-VT. 2217

THE MITSUI BANK, LIMITED

(INCORPORATED IN JAPAN WITH LIMITED LIABILITY)

COMPARATIVE BALANCE SHEET—SEPTEMBER 30, 1961

Dr. *Cr.*

March 31, 1961 (In millions of Yen)	ASSETS	September 30, 1961 (In millions of Yen)	March 31, 1961 (In millions of Yen)	LIABILITIES	September 30, 1961 (In millions of Yen)
76,621	Cash in hand and at the Bank of Japan, etc.	80,144	453,739	Deposits	463,362
7,099	Government and Municipal Bonds	7,801	62,258	Borrowed Money from Bank of Japan	98,411
69,093	Other Securities	74,525	5,172	Bills Rediscounted	6,300
134,283	Bills Discounted	150,571	17,283	Call Money	14,200
266,166	Loans	286,814	403	Foreign Exchange sold	525
18,661	Foreign Exchange bought	24,043	34,320	Due to Foreign Banks	45,072
24,508	Interest bearing Import Bills	26,841	3,966	Domestic Exchange Settlement Account, Cr.	4,313
2,372	Due from Foreign Banks	5,515	69,219	Acceptances and Guarantees	88,696
3,806	Domestic Exchange Settlement Account, Dr.	4,436	10,000	Provisions for accrued Interests, Taxes, etc.	12,012
69,219	Customers' Liability for Acceptances and Guarantees	88,696	1,155	Other Liabilities	1,213
8,005	Bank Premises and Real Estates	8,321	9,642	Reserves for Contingencies, etc.	10,456
6,205	Other Assets	6,228	9,000	Capital Paid-up*	9,000
			1,893	Capital Surplus	1,893
			7,888	Earned Surplus	8,422
			(1,412)	(Profit for the half-year)	(1,491)
685,938	Total ..	763,935	685,938	Total ..	763,935

PROFIT AND LOSS ACCOUNT

Dr. *Cr.*

March 31, 1961 (In millions of Yen)	OPERATING EARNINGS	September 30, 1961 (In millions of Yen)	March 31, 1961 (In millions of Yen)	OPERATING EXPENSES	September 30, 1961 (In millions of Yen)
15,298	Interest on Loans and Discounts	16,576	7,802	Interest on Deposits	8,348
2,534	Interest and Dividends on Securities	2,980	4,409	Interest on Borrowings and Rediscounts	5,202
933	Fees and Commissions	1,059	409	Amortization and Depreciation	491
1,133	Other Earnings	1,535	466	Taxes	469
2,012	Transfer from Reserves	3,284	1,810	Salaries and Allowances	2,067
460	Balance carried over from Previous Term	496	2,743	Other Operating Expenses	3,268
			2,908	Transfer to Reserves	4,098
			1,373	Profit for the Term	1,987
			(1,412)	(Net Profit)	(1,491)
22,420	Total ..	25,930	22,420	Total ..	25,930

* The Authorised Capital is Yen 27,000,000,000.

BALANCE SHEET OF BOMBAY BRANCH AS AT 31st DECEMBER, 1961

As at 31-12-1960 Rs. nP	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
20,59,385.00	Deposit with Reserve Bank of India under Section 11 (2) of the Banking Companies Act, 1949	20,87,236.66	
Nil	**2. Reserve Fund and Other Reserves**		Nil
	3. Deposits and Other Accounts—		
89,02,755.07	Fixed Deposits	66,51,798.39	
Nil	Savings Bank Deposits	Nil	
16,12,070.48	Current Accounts, Contingency Accounts, etc.	14,81,037.54	
1,05,14,825.55			81,32,835.93
	4. Borrowings from Other Banking Companies, Agents, etc.—		
92,00,000.00	(i) In India	2,24,00,000.00	
Nil	(ii) Outside India	Nil	
92,00,000.00			2,24,00,000.00
	PARTICULARS—		
Nil	(i) Secured	9,00,000.00	
Nil	(ii) Unsecured	2,15,00,000.00	
1,03,333.21	**5. Bills Payable**		3,10,303.25
	6. Bills for Collection Being Bills Receivable as per contra—		
Nil	(i) Payable in India	Nil	
Nil	(ii) Payable outside India	Nil	
Nil			Nil
	7. Other Liabilities—		
1,33,77,824.10	Head Office, Branches and Agencies outside India		Nil
	8. Acceptances, Endorsements and Other Obligations		
67,24,131.51	as per contra		74,24,899.98
	9. Contingent Liabilities—		
	Outstanding Forward Exchange Contracts : Rs. 68,96 559.22.		
4,04,20,014.37	Carried over .. Rs.		3,82,68,039.16

As at 31-12-1960 Rs. nP	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
13,97,119.92	In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes)		38,11,943.33
	2. Balances with Other Banks on Current Accounts—		
8,045.60	(i) In India	1,35,492.53	
16,931.75	(ii) Outside India	7,677.53	
24,977.35			1,43,170.06
Nil	**3. Money at Call and Short Notice**		Nil
	4. Investments (At cost)—		
	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments (Market Value Rs. 4,99,750)		
5,00,700.00	(Market Value—1960 Rs. 5,01,000)	5,00,700.00	
Nil	(ii) Shares	Nil	
Nil	(iii) Debentures or Bonds	Nil	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
5,00,700.00			5,00,700.00
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—		
	(1) Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
	(i) In India .. 2,04,98,622.34		
2,31,73,213.39	(ii) Outside India .. Nil	2,04,98,622.34	
	(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
	(i) Payable in India .. 23,09,474.17		
25,36,388.43	(ii) Payable outside India .. 26,56,861.20	49,66,335.37	
58,21,108.99			2,54,64,957.71
83,57,497.42			
3,15,30,710.81	PARTICULARS OF ADVANCES—		
	(i) Debts considered good in respect of which the Banking Company is fully secured	75,05,957.73	
96,58,251.76	(ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security	1,47,89,379.91	
1,71,35,125.37	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security	26,62,955.61	
47,37,333.68	(iv) Debts considered doubtful or bad not provided for	5,06,664.46	
Nil		2,54,64,957.71	
3,15,30,710.81			
	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	Nil	
1,650.00	(vi) Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	Nil	
Nil	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	Nil	
2,950.00	(viii) Maximum total amount of advances including temporary advances granted during the year to companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	Nil	
Nil	(ix) Due from Banking Companies	Nil	
Nil			
	6. Bills Receivable Being Bills for Collection as per contra—		
Nil	(i) Payable in India	Nil	
Nil	(ii) Payable outside India	Nil	
Nil			Nil
67,24,131.51	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra**		74,24,899.98
Nil	**8. Premises, Less Depreciation**		Nil
	9. Furniture and Fixtures, etc., Less Depreciation—		
	Cost to 31st December, 1960	1,92,211.89	
	Additions during the year	Nil	
		1,92,211.89	
	Less—Depreciation written off to 31st December, 1961	91,358.10	
1,24,852.05			1,00,853.79
4,03,02,491.64	Carried forward .. Rs.		3,74,46,524.87

(Continued on next page)

HIGH-POWER COMMITTEE FOR U.P. SUGAR

WHERE IS THE NEED FOR IT?

BOTH the sugar millowners and the cane growers in Uttar Pradesh must have felt gratified at the move of the State Government to constitute a high-power committee for inquiring ino the conditions obtaining in sugar economy and suggesting measures for improvement. Disclosing this move, the State's Chief Minister, Mr. C. B. Gupta, said, while inaugurating the seventy-fourth annual meeting of the Upper India Chamber of Commerce held at Lucknow recently, that the proposed committee would be asked to formulate suitable recommendations to the Government, "so that a concerted effort may be made to impose sugarcane cultivation in the State and make sugar industry competitive." The Committee could consider, he added, the suggestion made by Mr. K. N. Wilcox, the retiring President of the Chamber, for utilising a part of the cane cess and purchase tax collected by the State Government specifically to develop cane cultivation, instead of being absorbed wholly, as is at present, in general revenues. Mr. Wilcox, it may be noted, had also suggested that, in order to encourage growers to produce better quality cane, the price of cane should be linked to its sucrose content.

The aforesaid move of the U.P. Government has apparently been prompted by the anxiety not only to check the pace of deterioration in the State's sugar economy but also to put the industry (the white sugar manufacturing sector) on a solid and secure footing. But the question is: Where is the need for a high-power committee when the problems confronting the industry are pretty clear and the solutions to them are well known? Who, for instance, does not know that the cost of sugar production is rigidly high, due to the heavy incidence of cane cost, wages, transport charges and taxation, all of which are outside the influence of mills? And who, again, is not aware of the poor productivity of sugarcane lands in U.P. in terms of both yield per acre and sucrose-content, defective location of many sugar mills—they are situated at places far away from the cane-growing areas—and dilapidated condition of machinery and equipment in several units?

It is not that the authorities, State and Central, are not aware of the solutions to these problems, but only they lack the political courage to implement them. This is especially so in the State of Uttar Pradesh, where the sugarcane growers are highly vocal and continue to enjoy enormous political influence. The high level of prices statutorily assured to cane growers provides, as the U.P. Chief Minister himself frankly admitted, no incentive to the grower to improve the quality and sucrose-content of cane. Only two weeks ago, we reiterated in these columns that, since the agriculturist is assured of a high minimum price for every maund of cane supplied to sugar mills irrespective of the sugar contained in it, he is concerned only with growing as much cane as possible and does not bother either to assess whether a particular area is really suitable for cane growing or to put in any efforts to improve the quality of cane. Mr. Gupta did well, therefore, to plead for the enforcement of the scheme for linking cane price to both quantity and quality. The adoption of such a scheme will not affect the income of growers at all. On the contrary, it will result in higher earnings for them, inasmuch as the total realisation from a larger yield of good quality cane will be much higher than has been the case all these years.

To revert to the proposed high-power committee. If this committee is really to prove worthy of the task entrusted to it, it is necessary that it should consist not of persons who represent the vested interests in the U.P. sugar industry but largely of persons who are not connected with the industry and who have an intimate knowledge of the sugar industry in India as well as abroad. This is an aspect which must be borne in mind while the Government finalises the personnel of the committee. Another important point is that the committee must be asked to complete its work within as short a time as possible. The Government, too, must act promptly on the committee's recommendations.

While one has to await the findings of the proposed committee and the U.P. Government's decisions thereon, something urgent will have to be done straightway to help the sugar industry in its present precarious condition due to serious financial crisis caused by unprecedented burden of stocks resulting from stagnant consumption, increasing production and difficulties in export. Every 100,000 tons of sugar lying in the godowns of the mills involve the locking up of funds amounting to over Rs. 6 crores, not to speak of the problem of storage.

The problem of huge sugar surplus can be tackled only by taking effective measures designed to stimulate domestic consumption. One of such measures pertains to the reduction in the prevailing high prices through a downward revision of the excise duty. This was what Mr. S. K. Patil, Union Food and Agriculture Minister, advocated long back. But it is regrettable that the Finance Minister, Mr. Morarji Desai, has simply brushed aside this suggestion. Indeed, Mr. Desai is reported to have categorically stated (after our last issue had gone to press) that there was no possibility of excise duty on sugar being reduced. This attitude, to say the least, is deplorable. When in 1957 the excise duty was raised by Rs. 4.12 per maund for the specific purpose of reducing internal consumption with a view to making available larger supplies for export, one fails to understand why the Finance Minister is hesitating to lower the duty, now that the need for stimulating domestic consumption is most urgent.

THE MITSUI BANK LIMITED—*Continued*

As at 31-12-1960 Rs. nP	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
4,04,20,014.37	Brought forward .. Rs.		3,82,68,039.16
4,04,20,014.37	Total .. Rs.		3,82,68,039.16

As at 31-12-1960 Rs. nP	PROPERTY AND ASSETS	Rs. nP	Rs. nP
4,03,02,491.64	Brought forward .. Rs.		3,74,46,524.87
	10. Other Assets—		
	H. O. Branches outside India	7,39,198.97	
	Stamps, Prepaid Expenses, Rent and Other Deposits	16,016.32	
64,616.22	Adjusting Account	42,159.35	
			7,97,374.64
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		Nil
	12. Profit and Loss Account—		
	Balance of Loss as per last Balance Sheet	52,906.51	
	ADD—Balance of Income-tax Account written off for Assessment years 1960-61 and 1961-62 less Refund received	63,108.50	
	ADD—Income-tax paid for 1962-63 written off (Assessment not yet completed)	36,000.00	
		1,51,015.01	
	Less—Profit for the year (subject to Taxation)	21,338.27	
		1,29,676.74	
	Less—Net Loss transferred to London Office during the year for periods upto 30th September 1961	1,16,562.09	
		13,114.65	
52,906.51	ADD—Tax at source	11,025.00	
			24,139.65
4,04,20,014.37	Total .. Rs.		3,82,68,039.16

NOTE :—(1) No provision has been made for future gratuities to Staff, the liability in respect of which has not been ascertained.

(2) Last year's figures have been adjusted in light of recent circular of the Reserve Bank.

Subject to our report of even date at the foot of the Profit and Loss Account.

P. C. HANSOTIA & CO., *Chartered Accountants.*

PROFIT AND LOSS ACCOUNT OF THE BOMBAY BRANCH FOR THE YEAR ENDED 31st DECEMBER, 1961

Previous Year Rs. nP	EXPENDITURE	Rs. nP	Rs. nP
8,94,601.26	1. Interest paid on Deposits, Borrowings, etc.		10,69,058.99
3,69,972.44	2. Salaries and Allowances and Provident Fund (including Salary and Allowance of Manager—Rs. 68,321.41) (1960—Rs. 76,945.49)		3,92,628.33
Nil	3. Directors' and Local Committee Members' Fees and Allowances		Nil
32,236.80	4. Rent, Taxes, Insurance, Lighting, etc.		32,753.81
1,109.80	5. Law Charges		1,650.15
31,795.65	6. Postage, Telegrams and Stamps		34,447.21
1,700.00	7. Auditors' Fees		1,700.00
21,096.73	8. Depreciation on and Repairs to Banking Company's Property		27,385.23
12,901.98	9. Stationery, Printing, Advertisement, etc.		16,191.25
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets		Nil
44,935.30	11. Other Expenditure		67,031.78
Nil	12. Loss on Revaluation of Investments		Nil
1,51,832.37	13. Net Profit (subject to Taxation)		21,338.27
15,61,972.03	Total .. Rs.		16,64,189.01

Previous Year Rs. nP	INCOME	Rs. nP
12,38,851.24	1. Interest and Discount	13,85,721.81
3,22,067.53	2. Commission, Exchange and Brokerage	2,75,467.20
Nil	3. Rent	Nil
	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
Nil	5. Net Profit on Revaluation of Investment, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
Nil	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil
1,053.26	7. Other Receipts	Nil
Nil	8. Net Loss (subject to Taxation)	Nil
15,61,972.03	Total .. Rs.	16,64,189.01

AUDITORS' REPORT

We have audited the foregoing Balance Sheet of the Bombay Branch of the Mitsui Bank Limited, as at the 31st day of December, 1961, and also the foregoing Profit and Loss Account of that Branch of the Bank for the year ended on that date.

In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the Proviso to Sub-sections (1) and (2) of Section 211 and Sub-section (5) of Section 211 and Section 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The Accounts are therefore drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act, 1949.

We report that :—

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Branch so far as appears from our examination of those books;

(c) the Balance Sheet and Profit and Loss Account of the Bombay Branch of the Bank dealt with by this report are in agreement with the books of account;

(d) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts subject to the notes thereon, give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet, gives a true and fair view of the state of the affairs of the Bombay Branch of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit of the Branch for the year ended upon that date.

P. C. HANSOTIA & CO.,
Chartered Accountants.

BOMBAY, 25th April, 1962.

For THE MITSUI BANK LTD.,
K. YOSHIKAWA,
Manager.

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

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

Licence No. R/24(4)/1 dated 20th May 1957 was obtained from the Central Government for this industrial undertaking, of which a copy is open to public inspection at the Registered Office of the Company. It must be distinctly understood that in granting this licence the Central Government do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

A copy of this Prospectus together with the copies of the documents specified therein, as required by Section 60 of the Companies Act, 1956, has been duly filed with the Registrar of Companies, Delhi, for registration.

The consent of the Shareholders has been obtained for this Public Issue by a special resolution passed in an Extraordinary General Meeting of the Company held on 7th March 1962.

Application has been made to a recognized Stock Exchange for permission to deal in and for official quotation for the shares of the Company.

The Subscription List will open at the commencement of banking hours on Monday the 14th May 1962 and will close at the close of banking hours on Tuesday the 22nd May 1962 or earlier at the discretion of the Directors but not before the close of banking hours on Thursday the 17th May 1962.

THE PAPER PRODUCTS LIMITED

(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913 ON 12TH JUNE, 1950).

SHARE CAPITAL

AUTHORISED :

	Rs.
50,000 Equity Shares of Rs. 100 each	50,00,000

ISSUED, SUBSCRIBED AND PAID-UP:

	Rs.
At the close of the last financial year, i.e., ending 31st July 1961:	
16,000 Equity Shares of Rs. 100 each, all fully paid-up	16,00,000
By issue of Bonus Shares, *vide* consent of Central Government in their letter No. R-581/CCI/61 dated 12th December 1961 and Company's special resolution No. 1 dated 14th December 1961 :	
8,000 Equity Shares of Rs. 100 each fully paid-up	8,00,000
By issue of Equity Shares for cash, *vide* consent of the Extraordinary General Meeting of the Company by their special resolution No. 2 dated 14th December 1961 :	
10,000 Equity Shares of Rs. 100 each fully paid-up	10,00,000
Present Issued, Subscribed and Paid-up Capital:	
34,000 Equity Shares of Rs. 100 each	34,00,000
Calls in arrears as on 14th April 1962	16,450

PRESENT ISSUE

All Offered for Public Subscription in Terms of this Prospectus

16,000 Equity Shares of Rs. 100 each for cash at par .. .. Rs. 16,00,000

(In pursuance of the special resolution passed by the Company in Extraordinary General Meeting held on 7th March 1962.)

TERMS OF PAYMENT

The whole of this issue of 16,000 Equity Shares of Rs. 100 each will be available as in the manner stated above, on the opening of the Subscription List, and the amount payable in respect of each share is—

PAYABLE AS FOLLOWS

On application ..	.. Rs. 25 per share.
On allotment ..	.. Rs. 25 per share.
Balance ..	.. Rs. 50 per share, as and when called in accordance with the Articles of Association of the Company provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
Total	.. Rs. 100 per share.

APPLICATION FOR SHARES

Application for shares must be for a minimum of 5 Equity Shares or multiples thereof.

Application forms properly completed must be lodged together with the amount payable on application before the closing date of the Subscription List with the Bankers of the Company.

BOARD OF DIRECTORS

1. SHRI SARDARI LAL TALWAR, Industrialist. 25, Rohtak Road, New Delhi. (*Chairman and Managing Director.*)

   Director: The Peshawar Electric Supply Co., Ltd., The Sialkot Electric Supply Co., Ltd., The Paper Cups Private Ltd., The General Mines & Quarries Ltd., Talwar Traders Private Ltd.

   Partner: Sardari Lal Roshan Lal, Moolchand & Company, Joginder Singh & Co.

2. SHRI ROSHAN LAL TALWAR, Industrialist. 5-A, 'Rashmi', Carmichael Road, Bombay. (*Director-in-Charge, Bombay.*)

   Director: The Peshawar Electric Supply Co. Ltd., The Sialkot Electric Supply Co. Ltd., The Paper Cups Private Ltd., Talwar Traders Private Ltd.

   Partner: Sardari Lal Roshan Lal, Moolchand & Company, Joginder Singh & Co.

3. MAHARAJKUMAR KARAMJIT SINGH, Businessman and Landlord. "Sunny Side," Kapurthala.

4. DR. V. A. KOTHARI, Businessman and Physician, Justice of Peace, Bombay (Maharashtra State). "Zaver Mansion", 43, Chowpatty Sea Face, Bombay, 7.

5. SHRI PREM NATH KHANNA, M.A., LL.B., Advocate. 14, Asaf Ali Road, New Delhi, 1.

6. SHRI BAIJ NATH TALWAR, Businessman. 3, Court Road, Delhi.

7. SHRI RAJESHWAR PERSHAD, Industrialist, Rajeshwar Buildings, Sadar Bazar, Ambala Cantt.

   Director: Orient Industrial Corporation Private Ltd., Lakshmi Distributing Agencies Private Ltd., Tej Limited.

   Managing Director: R. B. L. Benarsidas & Co. Private Ltd.

REGISTERED OFFICE AND HEAD OFFICE

13-14, AJMERI GATE EXTENSION, NEW DELHI, 1.

FACTORY

VILLAGE MAJIWADE, AGRA ROAD, THANA (BOMBAY).

MANAGING DIRECTOR

SHRI SARDARI LAL TALWAR, 25, Rohtak Road, New Delhi.

FOREIGN TECHNICAL KNOW-HOW COLLABORATORS

MESSRS. MILPRINT OVERSEAS CORPORATION, Milwaukee, 1, Wisconsin, U.S.A.

BANKERS TO THE ISSUE

THE BANK OF BARODA LTD., Apollo Street, Fort, Bombay-1.

THE CENTRAL BANK OF INDIA LTD., Mahatma Gandhi Road, Bombay-1.

NATIONAL AND GRINDLAYS BANK LTD., Mahatma Gandhi Road, Bombay-1.

THE PUNJAB NATIONAL BANK LTD., Karimji House, Sir P. Mehta Road, Bombay-1.

LEGAL ADVISER

SHRI PREM NATH KHANNA, M.A., LL.B., Advocate, 14, Asaf Ali Road, New Delhi, 1.

AUDITORS

MESSRS. MEHRA KHANNA & CO., Chartered Accountants, Behind State Bank of India, M. J. Building, Chandni Chowk, Delhi, 6.

MANAGING BROKERS

MESSRS. PLACE, SIDDONS & GOUGH PRIVATE LTD., 6, Lyons Range, Calcutta-1.

MESSRS. LEWIS & JONES, Bank of Baroda Building, Apollo Street, Fort, Bombay-1.

BROKERS TO THE ISSUE

Bombay

MESSRS. BATLIVALA & KARANI, Union Bank Building, Dalal Street, Fort, Bombay-1.

Delhi

MESSRS. M. R. DHAWAN & CO., 4/8, Asaf Ali Road, New Delhi-1.

MESSRS. RAJPAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi-1.

Calcutta

MESSRS. MURARKA BROTHERS, 7, Lyons Range, Calcutta-1.

Madras

MESSRS. PATERSON & CO., 22, Errabalu Chetty Street, Madras-1.

CONSENTS

The consent in writing of the abovementioned Bankers, Managing Brokers, Brokers, Legal Adviser and Auditors to act in their respective capacities have been obtained and delivered to the Registrar of Companies, Delhi, along with this Prospectus as required by Section 60, Companies Act, 1956, and have not been withdrawn.

MAIN OBJECTS OF THE COMPANY

The main objects of the Company, as set out in its Memorandum of Association, are to carry on the business of manufacturers of and dealers in products, articles and packagings made from paper, board, pulp of all kinds, cellulose films, polyethylene, plastic films and metal foils and films of all kinds and other flexible or treated or laminated materials, including cardboard railway and other tickets, mill board, paper and cardboard boxes, wall and ceiling papers, toilet rolls and tapes, containers, drinking straws, bags, pouches, envelopes, sheets, rolls and all kinds of flexible packagings; and manufacturing, fabricating, printing, treating, waxing and laminating all kinds of packaging materials; and business of manufacturers of and dealers in paper and board of all kinds and products made from paper and board of all kinds.

PRESENT BUSINESS

The Company at present is engaged in production of flexible packaging from printed and unprinted paper, cellulose film and boards and is registered under the Industries (Development and Regulation) Act, 1951. The Company also provides amongst numerous other things, cellulose film heatseal strip packaging for various tablets, transparent cellulose film and waxed paper for the twist-wrapping of confectionery and sweets, waxed paper packaging for bread, biscuits and other articles, paper and cellulose bags, pouches and wrappings for all types of goods including textiles, ready-made clothes, hosiery and other articles, food articles, tobacco, soaps, umbrellas, razor blades, plastic goods, toys, engineering products, machine goods, spares, electric bulbs, hurricane lanterns and innumerable other goods. The Company also manufactures drinking straws, paper bags, cartons and various other packagings for commercial and retail trades.

HISTORY AND DEVELOPMENT

This Company was incorporated at Delhi on 12th of June 1950 as a Public Limited Company. The promoters of this Company, viz. Shri Sardari Lal Talwar and Shri Roshan Lal Talwar, had in fact made a start of this business in the year 1935 at Lahore as a partnership firm under the name and style of Paper Products Company. The turnover of the said firm for the year ending March 1947 was Rs. 4,36,682-1-6. After the partition of the country, a fresh and humble start was made by the firm in a rented factory at Shahdara near Delhi. The turnover was Rs. 13,99,314-2-9 for the year when the running business was taken over by this Company in August 1952. After the takeover, this Company started making a real and rapid progress. The said firm was the pioneer in India in the field of organised flexible packaging and even now this Company is the premier flexible packaging manufacturing concern in the country, as is evident from the Company's sales figures quoted below (inclusive of Sales of Waste Paper):

Financial Year	*Sales.*
	Rs. a. p.
1952-53	14,72,320 12 6
1953-54	17,75,631 5 3
1954-55	25,26,136 15 0
1955-56	39,01,432 11 9
	Rs. nP
1956-57	49,90,140.99
1957-58	58,35,244.49
1958-59	84,62,470.96
1959-60	1,05,88,453.34
1960-61	1,18,71,553.46

Sales from 1st August 1961 to 31st March 1962 i.e. for the first eight months of the current financial year are Rs. 1,00,37,223.13 nP (subject to audit) as compared to Rs. 72,34,119.60 nP for the corresponding period last year (peak sales months, however, have been in the last quarter of the financial year). It will thus be observed that sales in the first eight months have registered an increase of 38.74 per cent over the sales for the corresponding period in the previous year. This increase compares very favourably with the percentage of increase of about 12 per cent during the year 1960-61 over the sales for the year 1959-60.

SUMMARY OF PAST FIVE YEARS' WORKING

Year ended 31st July	*Paid-up capital of the company*	*Net profit before taxation§*	*Rate of dividend*	*Amount of dividend distributed*
	Rs.	Rs.	%	Rs.
1957 ..	9,37,677.06	5,09,012.10	12†	1,12,099.42
1958 ..	9,38,500.00	5,86,126.50	15†	1,40,652.79
1959 ..	9,38,500.00	11,00,976.39	20‡	2,44,010.00
1960 ..	9,38,500.00*	12,76,632.57	26‡	2,06,917.21
1961 ..	16,00,000.00	12,71,690.44	24‡	3,83,965.80

* Increased to Rs. 16 lakhs subscribed capital from 11th January 1960 onwards.

§ Without taking into account Development Rebate and Extra Shift Depreciation Allowance.

† Free of tax.

‡ Free of Company's tax but subject to tax at source.

The Company has been able to pay dividend of 24 per cent free of Company's tax but subject to deduction of tax at source at the prescribed rates for the year 1960-61 after putting a sum of Rs. 2,80,000 in the General Reserves although its capital had increased from Rs. 9,38,500 to Rs. 16,00,000. Even during the earlier financial years the rate of dividend has been steadily going up. A sum of Rs. 8,00,000 from out of the General Reserves has been capitalised by the issue of Bonus shares allotted to the existing shareholders in the ratio of one share for every two held. The Company still holds a sum of Rs. 4,80,000 in its General Reserves apart from Rs. 2,06,925.43 nP in the Development Rebate Fund.

FOREIGN TECHNICAL COLLABORATION

The Company has entered into a technical consultation agreement with Messrs. Milprint Overseas Corporation, Milwaukee, Wisconsin, U.S.A., one of the leading producers of flexible packaging in U.S.A., having associates in almost all parts of the world. The collaborators are providing technical manuals in respect of standard operating procedures, technical news letters and other confidential data on the technical advances in the manufacture and sale of flexible packaging materials made from cellulose films, plio-film, polyethylene, saran, aluminium foils, glassine and waxed papers and combinations and laminations thereof and other types of papers and films presently known or subsequently to be developed. The Company shall be paying to the foreign collaborators three-fourths per cent of its total net turnover up to a maximum ceiling of U.S. $90,000 subject to Indian income-tax to be paid in equal quarterly instalments spread over a period of five years beginning 1st October 1960, as stipulated in the agreement. The Government of India have accorded their consent to the said payments.

RAW MATERIALS

The main raw materials required by the Company are paper, board, cellulose films, metal foils and plastic films. The actual consumption of paper during the year 1960-61, imported and indigenous qualities, was over 2,000 tons. Requirements of the Company if the present rate of growth continues are expected to rise approximately to 6,000 tons by the end of 1967.

IMPORT OF NEW EQUIPMENT

Apart from the Flexographic and other types of printing facilities at its disposal, the Company is engaged in Rotogravure printing which is considered to be the most important printing process in use for the flexible packaging industry throughout the world for fine and faithful reproductions. It has recently been given an import licence of a value of Rs. 4,25,700 for the import of a complete plant for the manufacture of rotogravure printing cylinders. The setting up of this plant as an auxiliary service will give the Company self-sufficiency in one of its important basic requirements and while ensuring efficiency and speedy service to the Company's clients, is likely to widen the scope of its activities and may provide a stepping stone to improve its present working.

OBJECTS OF THIS ISSUE

Apart from using the proceeds of this issue for the purchase of the aforesaid machinery and equipment from abroad and locally for the manufacture of printing cylinders and erecting necessary buildings for the said purpose, the objects of this issue, *inter alia*, are twofold, firstly, to provide additional working capital which is required as a result of the expanding business, increase in sales and the installation of the new equipment, and secondly to better organise the scope of the Company's activities with the participation of fresh public capital.

FUTURE PROSPECTS AND DIVIDEND

The consumption of packaging in India is comparatively speaking still low and with the successful implementation of the Five-year Plans and the resultant increase in the standards of living of the population and the vast multiplication of the industries in the country, one can expect a rapid increase in the needs for proper and modern flexible and functional packaging. The need for exporting products, suitably and attractively packed, alone, brings into the limelight the importance of modern flexible and functional packaging. It is considered necessary that in order to stand in competition in the export markets, the Indian manufacturers must pack their products properly in attractive and functional packagings. The package must provide not only protection from dust, heat and other atmospheric influences and preservation from deterioration but also a strong sales appeal and visibility. It is, therefore, believed that other things being equal, in the years to come, the demand for flexible packaging of all types is likely to increase to a great extent.

As explained above, the Company's sales had been on the increase and it may reasonably be anticipated that the rate of increase will be maintained because the demand for proper packaging from the rapidly increasing industries in the country is bound to grow. All goods purchased have to be properly packed before they leave the factory. It is therefore not unreasonable to expect bright prospects for the Company's business in the coming years.

On the basis of the past working result of the Company and considering the growth prospects mentioned above, the Directors have every reason to hope that with the additional finance now to be made available by the present issue and provided no unforeseen circumstances arise which have the effect of hampering or curtailing the Company's operations, the profits of the Company will be sufficient to enable it to pay reasonable dividends.

MINIMUM SUBSCRIPTION

The minimum amount which in the opinion of the Directors is required to be provided is Rs. 16,00,000 to be utilised under the following heads:—

	Rs.
(i) Purchase price of property (machinery, equipment both imported and indigenous and buildings, etc.)	10,00,000
(ii) Expenses of the Issue	1,00,000
(iii) Repayment of money borrowed in respect of foregoing matters	—
(iv) Working capital	5,00,000
(v) Any other expenditure	—

ESTIMATED AMOUNT OF THE EXPENSES OF THE ISSUE

It is estimated that the expenses of the issue which will be paid by the Company will not exceed Rs. 1,00,000.

UNDERWRITING

The shares now intended to be issued have not been underwritten.

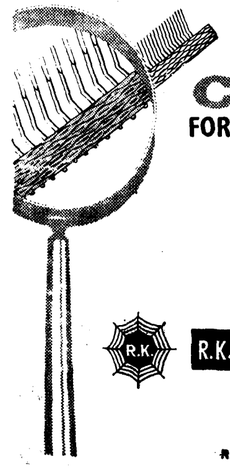
BROKERAGE

Brokerage at the rate of one per cent will be paid to recognised brokers on the nominal value of the shares allotted on applications bearing their stamp.

The Managing Brokers will receive commission at ¼ per cent of the nominal value of all shares allotted under the present issue.

INSPECTION OF CONTRACTS AND OTHER DOCUMENTS

Copies of Prospectus and necessary documents mentioned therein are open for inspection at the Registered Office of the Company on any working day during office hours until the subscription list is closed.



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M. L. Jalan, *Chairman.* B. S. Mazumdar, *Manager, Head Office.*

INDIA'S CORPORATE GIANTS IN WORLD FOCUS—II

By Dr. Raj K. Nigam, Ph.D (Econ.) (London)

IN comparison with the world's top industrial giants, the corporate giants of our country are very small indeed. Among the world's first 100 biggest industrial companies, General Motors of the U.S.A. occupies the top position, whereas Badishe Anilin, a chemical company of West Germany, stands at the 100th place. Total sales of these two companies in terms of Indian currency amounted to Rs. 6,064 crores and Rs. 295 crores, respectively, in 1960. This means that the total sales of the world's tallest industrial giant worked to nearly 70 times the size of the total sales of the Indian counterpart, namely, the Tata Iron and Steel Company whose total sales in 1960 aggregated Rs. 87 crores. It is further seen that the total sales of the world's smallest giant among the first 100 corporations were found to be nearly 3½ times those of the Tata Iron and Steel Company.

It is, however, to be noted here with some satisfaction that, while our country is out of the world list of the top 100 corporations ranked on the basis of the total turnover, the Hindustan Steel Company of our country, in terms of total assets, occupies the twenty-ninth place among the world's 100 biggest companies. The position of this company moves up to the eighth place, if the U.S. industrial giants are taken out of the list. The satisfaction derived from finding the Hindustan Steel Company ranked among the world's toppers is heightened by the fact that this company happens to be a public sector undertaking.

The two tables I and II present the world's topmost ten companies ranked according to their total sales in 1960. To facilitate a better understanding of the relative position or size of companies figures are given in terms of U.S. and Indian currencies in these tables and elsewhere in this article. In the first table, the world's industrial giants include the industrial giants from the U.S.A., whereas, in the second, ranking has been given after excluding the U.S. corporate giants, for the rest of the world. This has been done to assess the comparative position of the Indian giants among the rest of the countries of the world which in the combined list of corporations of all the world countries claim only a limited number of places. Apart from this, the sizes of the top industrial giants in the other countries of the world are considerably small as compared with that of the U.S.A.'s super-giant, namely, General Motors, whose total sales in 1960 amounted to twice the total sales of the rest of the world's leader, namely, Royal Dutch-Shell Company, jointly owned by the U.K. and Holland. Total sales of this Company in terms of Indian currency were Rs. 2,608 crores in 1960. In the global list of the 100 toppers, 70 companies belong to the U.S.A. : West Germany contributes 11 companies, Britain nine companies, Japan and France two companies each, and Switzerland, Holland, Italy and Luxemburg one company each. The balance of two companies are jointly owned by Britain and Holland. In the rest of the world's list, 30 companies belong to Britain, 22 companies to West Germany, 11 companies each to Japan and France, eight companies to Canada, four companies to Italy, three companies to Holland, two companies to Britain and Holland jointly, two companies each to Switzerland, Belgium, Sweden and Australia and one company to Luxemburg. Indian companies are completely out of the picture, but, in course of time, when the Hindustan Steel Company attains its full stature, it is very likely to join the group of the world's 100 top industrial giants.

A comparative study of the industrial giants of our country with those of the important world countries separately brings out interesting facts to light. Taking the U.S. corporate giants first, General Motors and the Weyerhaeuser occupy the first and the hundredth places in U.S. corporate heirarchy. In terms of Indian currency, their annual sales in 1960 amounted to Rs. 6,064 crores and Rs. 218 crores, respectively, which work out as 70 times and 2½ times respectively of the sales of the Indian top-ranker, namely, the Tata Iron and Steel Company. A U.S. corporation whose total sales equalled those of the Tata Iron and Steel Company occupies the 254th position in that country; this is the Norton Corporation of Worcester, Mass. Taking the total assets as the basis for ranking the giants, Standard Oil (N.J.) ranks as number one in the U.S.A., while General Motors stands second, the total assets of these companies being $10,090 million and $8,553 million, respectively. The hundreth place in terms of assets is taken by Skelly Oil Corporation whose assets in 1960 amounted to $388 million. On conversion into Indian currency, the total assets of the aforesaid three U.S. corporations work out to Rs. 4,802 crores, Rs. 4,071 crores and Rs. 185 crores, respectively. On comparison of these figures with the total assets of our country's number one company in terms of assets, namely, the Hindustan Steel Company, we find that the latter's total assets come to only one-eighth and one-seventh of those of the Standard Oil and General Motors, respectively, and the total assets of India's number two company, namely, the Tata Iron and Steel Company, come close to those of the U.S.A.'s hundredth corporation, namely, Skelly Oil Corporation. A comparative idea of the size of the U.S.A.'s ten top corporations from the point of view of sales can be had from the table given below:

Ten Top American Corporations Ranked According to Total Sales in 1960

Name of corporation	Sales in		Total assets in	
	U.S. $ million	Rs. crores	U.S. $ million	Rs. crores
General Motors	12,736	6,064	8,553	4,071
Standard Oil (N.J.)	8,035	3,827	10,090	4,803
Ford Motor	5,237	2,494	4,031	1,918
General Electric	4,197	1,999	2,551	1,214
U.S. Steel	3,698	1,761	4,781	2,275
Socony Mobil Oil	3,178	1,514	3,455	1,645
Chrysler	3,007	1,431	1,368	652
Texaco	2,980	1,418	3,647	1,737
Gulf Oil	2,721	1,295	3,643	1,828
Western Electric	2,640	1,257	1,665	793

In the U.K., excluding the two jointly owned companies with Holland, the British Petroleum Company is the biggest unit in the corporate sphere of that country; its total sales amounted to $1,811 million. The second largest unit was the Imperial Chemical Industries which recently made an abortive attempt to grow still bigger by taking within its fold Courtaulds which occupies eleventh place among the British giants; the total sales of the I.C.I. amounted to $1,564 million. In terms of the total assets, the position of the two companies is interchanged; I.C.I. with $2,312 million assets is first in the list and the British Petroleum with $2,019 as second. The relative sizes of the British Petroleum and I.C.I., in terms of sales, work out to ten and nine times, respectively that of the Tata Iron and Steel Company, whereas their total assets individually are twice as large as those of the Hindustan Steel Company. The total sales record of T.I.S.Co. is less than half the sales of the British company occupying 25th place among the toppers of that country. The top ten biggest companies of the U.K. are listed below ranked according to their total sales in 1960:

Ten Top Companies in the U.K.

Name of company	Sales in		Total assets in	
	U.S. $ million	Rs. crores	U.S. $ million	Rs. crores
British Petroleum	1,811	862	2,019	961
I.C.I.	1,564	743	2,312	1,101
British Motors	968	461	423	201
Hawker Siddley	905	431	640	305
British American Tobacco	805	383	1,154	549
Dunlop Rubber	770	367	544	259
Ford Motor	752	358	551	262
Tube Investments	707	337	540	257
Guest, Keen and Nettlefields	707	337	603	287
Associated Electrical Industries	603	287	649	309

In West Germany, Volkswagenwerk, A.G., the world's famed automobile company, Fried Krupp, the reputed iron and steel and machinery company, and Siemens, the electrical equipments manufacturing company, occupy the first three positions with their total sales in 1960 aggregating Rs. 522 crores, Rs. 467 crores and Rs. 460 crores, respectively. As compared with sales of the Tata Iron and Steel Company in our country, the total sales of the above two German companies work out to five to six times. Total assets of Siemens exceed those of the top West German company; they are estimated to be of the order of $812 million, that is, equal to Rs. 387 crores. In comparison to this, the total assets of the Hindustan Steel exceeds by 45 per cent.

In France, Cie Francaise des Petroles—a petroleum products company—and Renault—the world-wide-known automobile company—head the list of corporate giants of that country. The total sales of these two giant companies in terms of Indian currency in 1960 aggregate Rs. 318 crores and Rs. 311 crores, respectively, which come to about four times the sales of the Tata Iron and Steel Company in our country. The total sales of the French company, de Wendel, an iron and steel and machinery company, which occupies the 10th place in terms of sales, totalled more than those of T.I.S.Co., with actual figure of sales being approximately equivalent to Rs. 141 crores. The two tables III and IV set out the position of the ten top giants of West Germany and France for purposes of comparison with those of our country.

Nearer home in the East in Japan, Hitachi, the world-famed electrical equipment manufacturing Japanese company, and the Yawata Iron and Steel Company, respectively, take the first and second positions in terms of total sales in the corporate sphere of that country. Their total sales were reported to be equivalent to Rs. 373 crores and Rs. 325 crores, respectively, in 1960. In comparison with the turnover of the Tata Iron and Steel Company, the sales of the aforesaid two Japanese companies work out around four times. The Japanese company whose total sales approximated that of the T.I.S.Co. occupies the fourteenth place in the list of Japanese corporate giants. This company is the Kawasaki Steel Corporation. In terms of assets, the two electric equipment and cable and electricity companies, namely, the Furukawa Electric Company and Tokyo Electric Power Company of Tokyo occupy the first two places. The next eight places are occupied by Kansai Electric Power, Yawata Iron and Steel, Fuji Iron and Steel, Chubu Electric Power, Tohoku Electric Power, Hitachi, Kyushu Electric Power and Nippon Kokan in that order.

The following table lists the first ten corporate giants of Japan arranged on the basis of their total sales in 1960:

The First Ten Japanese Corporations Ranked According to Total Sales in 1960

Name of company	Business	Sales in		Total assets in	
		U.S. $ million	Rs. crores	U.S. $ million	Rs. crores
Hitachi	Electrical equipment	783	373	921	438
Yawata Iron and Steel	Iron and steel	683	325	879	418
Tokyo Shibura Electric	Electric equipment	612	291	799	380
Fuji Iron and Steel	Iron and steel	490	233	660	314
Japan Steel and Tube	Iron and steel	373	178	487	232
Matsushita Electric	Industrial elec. equipment	367	175	337	160
Mitsubushi Electric	Manufacturing elec. equipment	353	168	395	188
Nippon Oil	Petroleum products	336	160	284	135
Toyo Rayon	Textiles	310	148	262	125
Toyota Motor	Automobiles	285	136	165	79

Besides the foregoing comparative study of the industrial giants in the leading countries of the world and in India, some very interesting facts come to light on a comparison of the sizes of sales of the topmost corporations in certain important industrial fields in the various countries of the world and in India. The following table presents the interesting information in this regard:

Industrial Product Leaders Abroad and in India

(Total sales in crores of rupees)

Iron and Steel Industry :			
U.S. Steel	U.S.A.		1,761
Tube Investments	Britain		337
Mannesmann	West Germany		401
Schneider & Cie	France		214
Broken Hill Propriety	Australia		179
Yawata Iron and Steel	Japan		325
Tata Iron and Steel Co.	India		87
Automobiles :			
General Motors	U.S.A.		6,064
Ford Motor	Britain		358
Volkswagenwerk A.G.	West Germany		522
Renault	France		311
Fiat	Italy		415
Ford Motor	Canada		259
Volvo	Sweden		148
Toyota Motor	Japan		136
Premier Automobiles	India		21
Petroleum Products:			
Standard Oil (N.J.)	U.S.A.		3,822
Royal Dutch/Shell	Britain/Holland		2,608
British Petroleum	Britain		962
Gelsenkirchener Bergwerks A.G.	West Germany		333
Cie Francaise des Petroles	France		318
Petrofina	Belgium		228
Nippon Oil	Japan		160
Burmah-Shell Refineries	India		11
Chemicals :			
DuPont (E.I.) de Nemours	U.S.A.		1,019
Imperial Chemical Industries	Britain		744
Farbenfabriken Bayer	West Germany		374
Phone-Poulenc	France		159
Montecatini	Italy		249
Sumitomo Chemicals	Japan		55
Sindri Fertilisers and Chemicals	India		9

(Concluded)

TABLE I: **World's 10 Top Industrial Giants *including* the U.S. Corporations**

Name of corporation/company	Country of origin	Sales in		Total assets in	
		U.S. $ million	In terms of Indian Rs. crores	U.S. $ million	In terms of Indian Rs. crores
General Motors	U.S.A.	12,736	6,064	8,553	4,071
Standard Oil (N.J.)	U.S.A.	8,035	3,827	10,090	4,803
Royal Dutch/Shell	Britain/Holland	5,481	2,608	8,900	4,236
Ford Motor	U.S.A.	5,237	2,494	4,032	1,918
General Electric	U.S.A.	4,197	1,999	2,551	1,214
Unilever	Britain/Holland	3,884	1,847	2,259	1,076
U.S. Steel	U.S.A.	3,698	1,761	4,781	2,275
Socony Mobil Oil	U.S.A.	3,178	1,514	3,455	1,645
Chrysler	U.S.A.	3,007	1,431	1,369	652
Texaco	U.S.A.	2,980	1,418	3,647	1,737

TABLE II: **World's 10 Top Industrial Giants *excluding* the U.S. Corporations**

Name of corporation/company	Country of origin	Sales in		Total assets in	
		U.S. $ million	Rs. crores	U.S. $ million	Rs. crores
Royal Dutch/Shell	Britain/Holland	5,481	2,608	8,900	4,236
Unilever	Britain/Holland	3,884	1,847	2,259	1,076
British Petroleum	Britain	1,811	862	2,019	962
Imperial Chemical Industries	Britain	1,563	743	2,312	1,100
Nestles	Switzerland	1,518	724	239	114
Philips' Gloeilampen-fabrieken	Holland	1,253	595	1,446	688
Volkswagenwerk A.G.	Germany	1,097	524	545	257
Fried. Krupp	Germany	982	466	N.A.	N.A.
Imperial Chemical	Britain	969	461	423	200
Siemens	Germany	967	460	812	386

TABLE III: **Ten Top Companies of West Germany Ranked According to Total Sales in 1960**

Name of company	Business	Sales in		Total assets in	
		U.S. $ million	Rs. crores	U.S. $ million	Rs. crores
Volkswagenwerk A.G.	Automobiles	1,097	522	542	258
Fried Krupp	Iron and steel, machinery	982	467	N.A.	N.A.
Siemens	Electrical equipment	967	460	812	387
Daimler-Benz	Automobiles	883	420	295	140
Mannesmann	Tubes, iron and steel, coal	842	401	709	337
Farbenfabriken Bayer	Chemicals	786	374	679	323
Gutehoffnungshütte	Iron and steel machinery	706	336	39	19
Rheinische Stahwerke	Coal, iron and steel machinery	702	334	569	270
Gelsenkirchener Bergwerks-A.G.	Coal, petroleum	700	333	571	272
Farbwerke Hoechest	Chemicals	644	307	643	307

TABLE IV: **Ten Toppers of France Ranked According to Total Sales in 1960**

Name of company	Business	Sales in		Total assets in	
		U.S. $ million	Rs. crores	U.S. $ million	Rs. crores
Cie Francaise des Petroles	Petroleum products	668	318	446	212
Renault	Automobiles	653	311	387	184
Schneider & Cie	Iron and steel, machinery	506	241	369	176
Citroen	Automobiles	449	214	342	163
Pichiney	Aluminium, electro chemicals	426	203	195	93
Michelin	Rubber products	405	193	343	163
Pingent	Automobiles	385	183	569	271
Rhone-Poulenc	Chemicals	343	163	125	60
de Wendel	Iron and steel, machinery	296	141	186	89

FRESH ISSUES SANCTIONED

Fresh capital issues, aggregating more than Rs. 68 crores, by five companies, including a public sector undertaking, have been sanctioned by the Controller of Capital Issues. The consent is valid for a year. The following are the details of the more important ones:

Hindustan Steel Limited, Ranchi, a Central Government undertaking, has been given consent to issue further capital of Rs. 67 crores in equity shares of Rs. 1,000 each, for cash at par. The shares will be used for financing construction, expansion and operation of the public section steel and coal washery projects. Hindustan Steel has a paid-up capital of Rs. 300 crores.

The Bank of Baroda Ltd., Bombay, is raising further capital of Rs. 1 crore divided into 100,000 ordinary shares of Rs. 100 each to be issued for cash at a premium of Rs. 15 per share, Rs. 50 paid-up. The proceeds will be utilised for strengthening the Bank's capital base. The present paid-up capital is Rs. 1.50 crore.

Godrej and Boyce Manufacturing Company (Private) Ltd., Bombay, is to issue bonus shares of the value of Rs. 36 lakhs, divided into 3,600 equity shares of Rs. 1,000 each. The Company has a subscribed capital of Rs. 58.50 lakhs, all in equity.

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THE BAREILLY CORPORATION (BANK), LIMITED

(ESTABLISHED 1928)

Thirty-fourth Annual Report of the Board of Directors to the Shareholders.

The Directors beg to submit to the shareholders the Balance Sheet and Profit and Loss Account of the Bank for the year ended 31st December, 1961. The Auditors' report is also annexed thereto.

	Rs. nP
The Net Profit for the year including Rs. 94.77 brought forward from the previous year amounts to	1,79,790.11
The Directors recommend that the following appropriations be made out of the aforesaid profit:	
1. To General Reserve	10,000.00
2. „ Provision for Income-tax	74,000.00
3. „ Bonus to Staff	20,000.00
4. „ Deferred Shares Conversion Fund	20,000.00
5. „ Payment of dividends at	
6 per cent. per annum, subject to income-tax and surcharge at 30 per cent. on cumulative Preference 'A' Shares	6,000.00
6 per cent. per annum, free of income-tax on cumulative Preference 'B' Shares	8,571.00
10 per cent. per annum, subject to income-tax and surcharge at 30 per cent. on Ordinary Shares	37,155.00
70 per cent. per annum, subject to income-tax and surcharge at 30 per cent. on Deferred Shares	3,710.00
6. To be carried forward to next year's account	354.11
Rs.	1,79,790.11

The working and earnings of the Bank during the year continued to be satisfactory. In spite of the increased cost on establishment and deposits it has been possible to show better results. A new branch of the Bank was opened on 5th May, 1961, at Kannauj (District Farrukhabad) which is showing gradual improvement.

RESERVES

With the transfer of Rs. 10,000 from the profits of the current year the Bank's Reserves will stand at Rs. 7.04 lakhs and will be 120 per cent. of the Paid-up Capital of the Bank.

DEPOSITS

The deposits and other accounts as at 31st December, 1961, aggregated Rs. 1.40 crores as against Rs. 1.28 crores as at 31st December, 1960, showing an increase of Rs. 12 lakhs.

ADVANCES

At the end of December, 1961, the Bank's advances stood at Rs. 70.66 lakhs as against Rs. 63 lakhs as at 31st December, 1960.

INVESTMENTS

The investments of the Bank as at 31st December, 1961, aggregated Rs. 54.31 lakhs forming about 39 per cent. of total deposits as on that date.

On the suggestion made by Reserve Bank of India the Directors propose, subject to the concurrence of Deferred shareholders, to convert Deferred Shares into Ordinary Shares and with this view it has been considered necessary to set apart Rs. 20,000 for the purpose although more money will still be required to give effect to the conversion scheme.

In accordance with Article 113 of the Company's Articles of Association one of your Directors Shri D. C. Sharma retires and another director Shri N. P. Asthana has agreed to retire by rotation and both of them being eligible, offer themselves for reappointment.

The Directors are thankful to the shareholders and constituents of the Bank for their continued patronage and confidence and they also place on record their appreciation of the services rendered by the Managing Director and the staff of the Bank during the year.

The shareholders are requested to appoint Auditors for the ensuing year and fix their remuneration.

BALRAM SHARMA, *Chairman.*
NAWAL KISHORE,
NARAIN PRASAD ASTHANA,
DWARKA NATH KAPOOR,
D. C. SHARMA, } *Directors.*
GIRISH KUMAR CAPOOR, *Managing Director.*

BAREILLY,
Dated the 25th March, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

31-12-1960 Rs. nP.	CAPITAL AND LIABILITIES	31-12-1961 Rs. nP.	31-12-1961 Rs. nP.
	1. Capital—		
	AUTHORISED CAPITAL—		
2,00,000.00	20,000 'A' Class 6 per cent. Cumulative Preference Shares of Rs. 10 each	2,00,000.00	
2,00,000.00	20,000 'B' Class 6 per cent. Cumulative Preference Shares of Rs. 10 each	2,00,000.00	
5,90,000.00	59,000 Ordinary Shares of Rs. 10 each	5,90,000.00	
10,000.00	1,000 Deferred Shares of Rs. 10 each	10,000.00	
10,00,000.00			10,00,000.00
	ISSUED, SUBSCRIBED AND PAID UP CAPITAL—		
1,00,000.00	10,000 'A' Class 6 per cent. Cumulative Preference Shares of Rs. 10 each fully paid.	1,00,000.00	
1,00,000.00	10,000 'B' Class 6 per cent. Cumulative Preference Shares of Rs. 10 each fully paid.	1,00,000.00	
3,71,550.00	37,155 Ordinary Shares of Rs. 10 each fully paid	3,71,550.00	
	400 Deferred Shares of Rs. 10 each issued as fully paid up in 1928, in pursuance to a contract without payment being received in cash		
4,000.00		4,000.00	
1,300.00	130 Deferred Shares of Rs. 10 each fully paid.	1,300.00	
5,76,850.00		5,76,850.00	
7,025.00	ADD—Amount received on 2,845 Ordinary Shares forfeited	7,025.00	
5,83,875.00			5,83,875.00
	2. Reserve Fund and Other Reserves		
	Reserve Fund under Section 17 of the Banking Companies Act	6,16,000.00	
67,576.00	Other Reserves	78,612.52	
6,69,013.00			6,94,612.52
	3. Deposits and Other Accounts—		
79,35,928.00	Fixed Deposits and Cash Certificates	84,90,117.67	
33,22,090.00	Savings Bank Deposits	36,67,075.25	
15,44,377.00	Current Accounts, Contingency Accounts, etc.	18,65,828.31	
1,28,02,395.00			1,40,23,021.23
	4. Borrowings from other Banking Companies, Agents etc.—		
3,84,587.00	(i) In India	3,89,522.91	
Nil	(ii) Outside India	Nil	
3,84,587.00			3,89,522.91
	PARTICULARS— Rs. nP.		
3,84,587.00	(i) Secured (by part of investments as per contra) .. 3,89,522.91		
Nil	(ii) Unsecured .. Nil		
3,84,587.00		3,89,522.91	
42,480.00	**5. Bills Payable**		71,289.60
	6. Bills for Collection being Bills Receivable as per contra—		
10,42,224.00	(i) Payable in India	14,62,710.96	
Nil	(ii) Payable outside India	Nil	
10,42,224.00			14,62,710.96
	7. Other Liabilities—		
10,244.00	(i) Unclaimed Dividends	9,923.50	
Nil	(ii) Branch Adjustments	1,625.79	
48,169.00	(iii) Provision for Income-tax	1,18,282.28	
16,000.00	(iv) Gratuity Fund	16,000.00	
	(v) Provision for depreciation in the value of Non-Banking Assets and Shares	96,642.50	
1,06,708.00	(vi) Sundry Creditors	1,37,453.47	
40.00			
1,81,161.00			3,79,927.54
Nil	**8. Acceptances, Endorsements and other obligations as per contra**		Nil
	9. Profit and Loss Account—		
1,12,217.00	Profit as per last Balance Sheet	1,34,688.77	
	LESS—Appropriations—		
53,000.00	(1) Provision for Income-tax	54,000.00	
46,944.00	(2) Dividend	51,031.50	
12,000.00	(3) Provision for Bonus	15,000.00	
....	(4) General Reserve	14,562.50	
1,11,944.00		1,34,594.00	
273.00		94.77	
1,34,416.00	ADD—Profit for the year brought forward from Profit and Loss Account	1,79,695.34	
1,34,689.00			1,79,790.11
	10. Contingent Liabilities—		
19,425.00	(1) Liability on Bills of Exchange rediscounted .. 53,898.75		
Nil	(2) Claims against the Bank not acknowledged as debts. Nil		
1,58,40,924.00	Total ..		1,77,84,749.87

Notes—1. Provision in respect of future gratuity payable to staff is short by about Rs. 59,000.

2. Figures of the previous year under the heads 'Reserves' and 'Other Liabilities' have been suitably altered to make them comparable with the current year.

31-12-1960 Rs. nP.	PROPERTY AND ASSETS	31-12-1961 Rs. nP.	31-12-1961 Rs. nP.
15,70,778.00	**1. Cash—** In hand, with Reserve Bank of India and State Bank of India (including foreign currency notes)		14,69,504.61
	2. Balances with other Banks—		
2,88,194.00	(i) In India (On current account)	1,85,696.66	
14,00,000.00	(On deposit account)	14,00,000.00	
Nil	(ii) Outside India	Nil	
16,88,194.00			15,85,696.66
Nil	**3. Money at Call and Short Notice**		Nil
	4. Investments (at cost)—		
	(i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments .. Face-value Rs. 55,54,100 Market value Rs. 53,42,800	53,45,328.99	
44,31,388.00			
	(ii) Shares—		
26,549.00	Preference (fully paid up)	19,232.75	
76,680.00	Ordinary (fully paid up) ..	41,873.92	
	Book value Market value		
	Quoted Shares 50,881.00 36,432.00		
	Unquoted Shares 10,225.00 10,225.00		
	Total .. 61,106.00 46,657.00		
24,750.00	(iii) Debentures or Bonds (estimated realisable value Rs. 24,750)	24,750.00	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
45,59,317.00			54,31,185.66
	5. Advances (other than bad and doubtful debts for which provision has been made to the satisfaction of the auditors)—		
58,36,730.00	(I) Loans, Cash Credits, Overdrafts etc., (i) In India	66,29,060.24	
Nil	(ii) Outside India	Nil	
	(II) Bills discounted and purchased (excluding Treasury Bills of the Central and State Governments). (i) Payable in India	4,37,250.09	
4,64,031.00	(ii) Payable outside India	Nil	
Nil			
63,00,761.00			70,66,310.33
	(Particulars of advances as per separate Schedule attached)		
	6. Bills Receivable being Bills for Collection as per contra—		
10,42,223.00	(i) Payable in India	14,62,710.96	
Nil	(ii) Payable outside India	Nil	
10,42,223.00			14,62,710.96
29,914.00	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** as per contra		14,62,710.96
83,258.00	**8. Premises less depreciation:** Total cost up to 31-12-1960 .. Rs. nP.		Nil
2,368.00	Less depreciation: upto 31-12-60 6,812.58		
85,626.00	for the year 1,496.00		
28.00		36,726.58	
85,598.00		8,308.58	
	9. Furniture and Fixtures less depreciation—		28,418.00
47,055.00	Total cost upto 31-12-1960	85,598.17	
38,543.00	ADDITIONS during the year	8,927.29	
67,575.00		94,525.46	
16,864.00	LESS sales during the year	163.00	
1,22,529.00		94,362.46	
256.00	LESS depreciation—		
1,032.00	Upto 31-12-1960 47,055.17		
1,979.00	For the year .. 3,187.90	50,243.07	
Nil			
2,10,235.00			44,119.39
	10. Other Assets, including Silver—		
	(i) Interest accrued on investments	84,083.33	
	(ii) Stationery and Stamps in hand as certified by the Managing Director	14,006.19	
	(iii) Income-tax deducted at source	1,73,610.84	
	(iv) Life Policies	Nil	
	(v) Sundry Debtors	2,092.00	
	(vi) Branch Adjustments	Nil	
	(vii) Advance Income-tax	13,398.60	
		2,87,191.01	
	Vehicles—		
	16,322.00 Cost upto 31-12-60 .. 17,091.80		
	853.00 Additions during the year 15,119.18		
	17,175.00	32,210.98	
	Nil ADD profit on sale of Car .. 3,362.00		
	17,175.00	35,572.98	
	84.00 LESS sales during the year .. 5,872.00		
	17,091.00	29,700.98	
	LESS depreciation—		
	Upto 31-12-60 12,680.80		
4,411.00	12,680.00 For the year .. 3,589.93	16,270.73	
2,14,646.00		13,430.25	
3,96,553.00	**11. Non-Banking Assets acquired in satisfaction of claims** as per last Balance Sheet	3,96,553.00	3,00,621.26
Nil	LESS sales during the year	370.00	
3,96,553.00	(Estimated realisable value Rs. 3,20,000 as certified by the Managing Director)		3,96,183.00
1,58,40,924.00	Total ..		1,77,84,749.87

The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Companies Act 1949.

(Continued on next page)

LABOUR AND SOCIAL JUSTICE

RATIONALISATION OF REGULATIONS NEEDED

THE bold and forthright remarks made by Mr. Surottam P. Hutheesing, the retiring President of the All-India Organisation of Industrial Employers, in his speech at the twenty-ninth annual meeting of the Organisation, held at New Delhi on 28th April, should stimulate fresh thinking on some of the more fundamental aspects of labour policy in the country. The official labour policies and programmes are influenced rather too much by ideological considerations and the attitude of the ruling party towards that amorphous concept "social justice and social welfare." Mr. Hutheesing certainly did well to subject this concept to a searching analysis. The employers, he categorically stated, were for broad-basing social welfare, but felt that such welfare hinged on an economic base. Elucidating this point of view, in another context, Mr. Hutheesing observed:

"The problem is essentially one of apportioning priorities between the distribution of a given level of income and better distribution of an increasing income. More developed economies bear evidence to the fact that greater production must precede better disribution of income and itself works like a mechanism operating in that direction. The industrial history of other countries proves that greater production eliminates the more acute tensions associated with inequality, and that increasing aggregate output is an alternative to distribution and even to reduction of inequality. It is then through economic progress that we can hope to make the concept of social justice meaningful, though the concept is variously interpreted. I feel that there will be broad agreement if I say that the essence of social justice is in providing employment to those who are willing and able to work and at improving progressively the earnings of the people. Both these aspects are essentially related to the problem of economic growth. Moreover, if the social aspect gets restricted to a small, organised group, the element of justice, if any, will become inevitably one-sided. Public policy must, therefore, have in mind not only the improvement of the conditions of living of the industrial worker, but also the massive labour force on the farms and the land and other sections of the community.

It was for the aforesaid reason, Mr. Hutheesing pointed out, that employers advocated measures that would really assist economic development and thereby promote the welfare of workers and the community. Speaking for employers as a whole, Mr. Hutheesing declared their firm conviction that faster economic growth could be achieved only a greater element of realism were introduced into the policies and programmes pertaining to social betterment. Drawing attention to the rapid proliferation of labour legislation and the multiplicity of labour awards, he called for the rationalisation of present acts and regulations, instead of enacting fresh laws.

"Plimsoll Line"

He emphasised the need for drawing a line between what is desirable and what is practicable, and said:

"In a rapidly changing economy, there is no doubt a need to adjust to the new values, and decidedly, to the new conditions. It stands to reason that every effort should be made to ensure that the legislation, which is intended as an adjusting factor, does not prove itself to be a cause for disturbance. I say in all responsibility that the mere intention to work in the interests of social welfare will not, in itself, yield the desired results. On the other hand, it may indirectly give rise to other conditions which, on balance, may negative the larger purpose in view. We can draw a valuable lesson from the 'Plimsoll Line,' as the line drawn on the hull of a ship is called, and which is not permitted to sink below the water lest the safety of the ship be endangered. There ought to be some sociological 'Plimsoll line'—gradually coming lower as the economy gets strengthened—so that the industry is not overloaded, at any point of time, and its future, and with it the future of those dependent on it, including workers, is not jeopardised."

Dealing with wage policy, Mr. Hutheesing said that, for one reason or another, the kind of consideration required to put Indian industries on efficient and modern lines and make planned effort more fruitful was not brought to bear on wage policy. In this connection, he made the following significant observation:

"Though the first Five-year Plan laid down that an abrupt increase in wages was detrimental to the economic stability of the country, as it would get reflected in the costs of production and, consequently, in the rise of prices of products, wages have come to be determined by industrial tribunals whose approach is neither uniform, nor realistic. There have been discussions of social principles and standards and only incidentally of the financial capacity of the industry. Even here no firm view of the capacity has been taken, nor, for that matter, of what is meant by industry. In other words, it is not clear whether wage policy should be related to the capacity of a particular unit to pay, or the capacity of all industries in the country to pay. Further, I am constrained to say that little thought is being given to correlate emoluments to productivity of labour. The increase in wages recommended either by Industrial Courts or even by the Wage Boards has been largely based without aid of work measurement or job evaluation. In the circumstances, it is not surprising that we see anomalies between earnings and work performance.

Bonus—Some Guide Lines

Unlike Mr. Naval H. Tata, President of the Employers' Federation of India, who refrained from making any suggestions to the Bonus Commission, Mr. Hutheesing had something to say about bonus. The following are his relevant comments:

"I feel, it will be wrong to have a uniform formula applicable to all industries when the conditions, as much as practices, are varied. I hope that the Bonus Commission will keep this in mind, and also the economic function of profit which is not merely to provide additional emoluments to labour. The gains of the industry are the result of a number of factors, either initiated by management or on account of some extraneous circumstances such as excess demand in relation to supply. Few can deny that, behind the modern machine, which results in increased productivity there is the work of scores of research and scientific workers and other people who come under the category of the 'illustrious obscure.' Similarly, behind the effort of the management and workers, there are facilities provided by the community in the form of improved educational and training facilities, and, above all, the condition of peace for the industrial units to function. Further, there are the basic facilities and other social services provided by the community. It is necessary that workers should be made aware of the wider setting and the relentless economic principle that there can be no appreciable increase in emoluments without a corresponding increase in productivity. Again, the emoluments in a particular undertaking or industry cannot be very far out of alignment with the prevailing standards of the country even if the profitability of an undertaking or industry so permitted."

Besides aforesaid considerations, there are, according to Mr. Hutheesing, other considerations of national importance. The chief of

(*Continued on page* 836)

THE BAREILLY CORPORATION (BANK), LIMITED—*Continued*

PARTICULARS OF ADVANCES FORMING PART OF THE BALANCE SHEET AS AT 31st DECEMBER, 1961

31-12-1960 Bills Discounted and Purchased Rs. nP	31-12-1960 Loans, Cash Credits and Overdrafts Rs. nP	PARTICULARS OF ADVANCES	31-12-1961 Loans, Cash Credits and Overdrafts etc. Rs. nP	31-12-1961 Bills Discounted and Purchased Rs. nP
3,14,635.00	56,97,129.00	(i) Debts considered good in respect of which the Banking Company is fully secured	64,24,680.54	2,54,686.33
69,766.00	1,07,516.00	(ii) Debts considered good for which the Banking Company holds no other security than the personal security of the debtors	96,257.42	77,312.62
79,630.00	32,085.00	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	1,08,122.28	1,05,251.14
Nil	Nil	(iv) Debts considered doubtful or bad, not provided for	Nil	Nil
4,64,031.00	58,36,730.00	Total	66,29,060.24	4,37,250.09
Nil	Nil	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or *jointly with any other persons*: Directors	Nil	Nil
Nil	5,399.00	Officers	7,168.18	Nil

31-12-1960 Bills Discounted and Purchased Rs. nP	31-12-1960 Loans, Cash Credits and Overdrafts Rs. nP	PARTICULARS OF ADVANCES	31-12-1961 Loans, Cash Credits and Overdrafts etc. Rs. nP	31-12-1961 Bills Discounted and Purchased Rs. nP
		(vi) Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members	Nil	Nil
Nil	Nil	(vii) Maximum total amount of advances including temporary advances made at any time during the year to the Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons: Directors	Nil	Nil
Nil	6,567.00	Officers	8,139.09	Nil
		(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members	Nil	Nil
Nil	3,728.00	(ix) Due from Banking Companies	Nil	Nil

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1961

31-12-1960 Rs. nP	EXPENDITURE	31-12-1961 Rs. nP
3,91,954.00	1. Interest paid on Deposits, Borrowings, etc.	4,14,647.39
2,74,721.00	2. Salaries, Allowances and Provident Fund (include Rs. 15,187.44 paid as Salary, Allowances, Provident Fund to the Managing Director who also uses Bank's Car—Rs. 15,137.44 in 1960)	2,87,994.71
2,993.00	3. Directors' and Local Committee Members' Fees and Allowances (include Rs. 450 paid to the Managing Director—Rs. 475 in 1960)	2,598.60
23,498.00	4. Rent, Taxes, Insurance, Lighting, etc.	24,483.15
3,125.00	5. Law Charges	2,689.47
19,481.00	6. Postages, Telegrams and Stamps	21,274.80
1,290.00	7. Auditors' Fees	1,650.00
6,792.00	8. Depreciation on and Repairs to Banking Company's Property	9,307.46
21,556.00	9. Stationery, Printing and Advertisement	24,767.41
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil
17,843.00	11. Other Expenditure	21,678.61
1,34,417.00	12. Balance of Profit (subject to Taxation)	1,79,695.34
8,97,580.00	Total .. Rs.	9,90,736.94

31-12-1960 Rs. nP	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	31-12-1961 Rs. nP
7,20,890.00	1. Interest and Discount	8,06,317.66
1,51,237.00	2. Commission, Exchange and Brokerage	1,56,325.62
Nil	3. Net Profit on Sale of Investments, Gold, Silver, Land, Premises and Other Assets	3,362.00
Nil	4. Net Profit on Revaluation of Investments, Gold, Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
10,358.00	5. Net Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets (not credited to Reserves or any particular Fund or Account)	10,611.72
15,095.00	6. Other Receipts	14,119.94
Nil	7. Loss (if any)	Nil
8,97,580.00	Total .. Rs.	9,90,736.94

Note:—The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Companies Act, 1949.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of The Bareilly Corporation (Bank), Limited, Bareilly, as at 31st December, 1961, and also the annexed Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of ten branches audited by us and unaudited returns from seven branches not visited by us, in respect of which the Central Government has made an order granting exemption from audit pursuant to Section 228 of the Companies Act, 1956, in respect of the year ended 31st December, 1961.

We report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

(b) The transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) In our opinion, proper books of account as required by law have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches of the Bank;

(d) The Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns;

(e) In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December 1961 and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

(Sd.) R. S. GUPTA & CO.,
Chartered Accountants.

DELHI,
Dated 23rd March, 1962.

HARISH KUMAR,
Secretary.

I. B. SAXENA,
Accounts-in-charge.

BALRAM SHARMA, *Chairman.*
NAWAL KISHORE,
NARAIN PRASAD ASTHANA,
DWARKA NATH KAPOOR,
D. C. SHARMA, } *Directors.*
GIRISH KUMAR CAPOOR, *Managing Director.*

THE HONGKONG AND SHANGHAI BANKING CORPORATION

A SATISFACTORY YEAR BY ALL MEMBERS OF THE GROUP

SIR MICHAEL TURNER'S REVIEW

THE Ordinary Yearly General Meeting of The Hongkong and Shanghai Banking Corporation was held on 16th March 1962, at the City Hall, Victoria, Hong Kong, Sir Michael Turner, C.B.E., Chairman, presided. Addressing the shareholders on the occasion, the Chairman said:

"LADIES AND GENTLEMEN,

"It is thirty-one years since an annual general meeting of the Bank has been held in the City Hall and I am sure that those of you who remember the old City Hall will agree that the new one is a vast improvement.

"As you will see from the accounts before you, the profit for the year amounted to $43,315,459 (£2,700,000), an increase of $1,125,399 (£70,000) over the previous year. This figure includes the dividends paid by Mercantile Bank Limited and The British Bank of the Middle East and, in accordance with normal banking practice, the profit has been arrived at after making transfers to the credit of our inner reserves, out of which full provision has been made for the depreciation in the value of our investments and for all known doubtful debts and contingencies.

"It is proposed that a sum of $5,000,000 (£312,000) should be written off Bank premises. After allowing for this provision and the interim dividend of 5s. per share your Directors recommend the payment of a final dividend of 10s. per share which, on the shares outstanding at 31st December, 1961 amounts to $25,400,596 (£1,581,000) leaving a balance of $2,340,534 (£146,000) to be carried forward.

Consolidated Balance Sheet

"Turning to the Group Consolidated Balance Sheet, which shows the overall position of the Bank and all its subsidiary companies, you will note that the total now exceeds £478,000,000, an increase of £33,000,000 over 1960. A list of the main subsidiary companies is shown in the booklet in your hands. At the annual general meeting of The British Bank of the Middle East held on 13th March, it was decided to increase the issued capital to £2,500,000 by the capitalisation of £500,000 from the share premium account and the reserves and to transfer £400,000 to reserve account from that Bank's inner reserves. This raises the issued capital to a figure more appropriate to the standing of the Bank in the countries in which it operates.

"Hong Kong currency notes in circulation increased by $32,000,000 (£2,000,000) due to a rise in the excess note issue and this increase is reflected on the other side of the balance-sheet by a similar increase in Hong Kong Government certificates of indebtedness. Current, deposit and other accounts have increased by $500,000,000 (£31,250,000).

"When we turn to the assets side of the balance-sheet we find that cash in hand has increased by $24,000,000 (£1,500,000) while money at call and short notice and investments have decreased by $15,000,000 (£937,000) and $4,000,000 (£250,000) respectively. British and other Government Treasury Bills have fallen by $177,000,000 (£11,062,000) but trade bills discounted have increased by $196,000,000 (£12,250,000) and advances are $461,000,000 (£28,812,000) higher, a satisfactory indication that we are playing our part in meeting the ever growing demand for finance by commerce and industry. This has naturally affected the liquidity ratio of the Group which now stands at 33.90 per cent. You will note that the balance-sheet of Wayfoong Finance Limited appears among our accounts for the first time. This company has had a satisfactory year and the profits earned have been retained to build up reserves.

"On the whole, all members of the Group have had a satisfactory year and profits have been maintained. The dividend paid to shareholders in 1953, when I assumed office as Chief Manager, was £5 per share. Since then there have been two free scrip issues and this year's dividend of 15s. per new HK$25 share is equivalent to a dividend of £9.7.6 on the old HK$125 shares. Also to be taken into consideration is the fact that shareholders have been relieved from the reserve liability, while the market value of our shares has increased by approximately 2½ times. I think you will agree that shareholders' interests have not been neglected.

"The changes in the Board of Directors during the year are shown in the report which is in your hands. Mr. S. W. P. Perry-Aldworth, Senior London Manager, retired at the end of last year and has been succeeded by Mr. G. O. W. Stewart, formerly Deputy Chief Manager here in Hong Kong, who was also appointed Deputy Chairman of the London Committee.

"We, in partnership with S. Japhet & Co. Ltd., the well-known London merchant bankers, and National and Grindlays Bank Ltd., have formed a new company in London, Exporters' Refinance Corporation, Ltd., to provide longer term finance for exporters than can usually be obtained from commercial banks. The authorised capital of this company is £1,000,000 and arrangements have been made to obtain additional finance from the joint-stock banks in London.

New Offices

"Last year we opened eight new offices here in the Colony and started a mobile bank, based on our Tsuen Wan Office, which operates in the New Territories. We have also opened new offices at Beaufort in North Borneo and at Petaling Jaya, near Kuala Lumpur, in the Federation of Malaya, where Mercantile Bank Limited have opened new offices in Bentong and Mentakab. The British Bank of the Middle East have opened their fifth office in Kuwait, but their two branches in Syria have been nationalised. Two branches of their subsidiary, The British Bank of the Middle East (Morocco) S.A., were opened in Casablanca.

"Many of you are aware that I am leaving Hong Kong today on retirement and my wife and I are very sad at the prospect of leaving the Colony and all of our many friends, but we look forward to seeing them all again when we return for the centenary of the Bank in 1965. During my tenure of office as Chief Manager I have been most loyally and steadfastly supported by the staff, from the senior managers down to the most junior local employee, to all of whom I am most deeply indebted. I am certain that there are few concerns today in which staff relations are as good as in ours and my thanks, and those of shareholders, are due to the Branch Managers of the Group and to the staff of all nationalities for their continued loyalty and efficient service.

"I have no hesitation in commending to you my successor as Chief Manager, Mr. J. A. H. Saunders, who is well known to many of you. I have no doubt at all that he will serve the Bank well.

"Ladies and Gentlemen,

"The report and statement of accounts having been in your hands for the required period I will now formally propose their adoption as presented."

In his statement circulated to the shareholders earlier along with the accounts, the Chairman reviewed the main developments of the year and the economic conditions in the various countries where the Bank operates. Referring to India, he observed:

India

"At the end of the year there was renewed tension over the border dispute with China, which arose out of Indian complaints of further encroachments into her territory, and Chinese counter-charges that Indian troop movements in the north-east frontier area amounted to aggression against her. The border dispute continues to cause considerable indignation in India and has given opposition parties an opportunity of attacking the Government for lack of firmness in dealing with this issue. Mounting criticism of inaction and the approach of the general elections may, perhaps, have been factors influencing the Government's decision to seize the Portuguese enclaves. The Congress Party won their expected victory in the general elections held last month for State Assemblies and to the National Parliament although a number of seats were lost to opposition parties.

"The foreign exchange reserves fell to a very low level during the year and in July the Government had to draw the equivalent of U.S.$250 millions, in a number of currencies, from the International Monetary Fund to tide them over until the first instalments of foreign aid, promised by the Aid-India Consortium and the World Bank for the first two years of the third Plan, were received later in the year. Stringent import controls have been continued with the intention that the limited foreign exchange resources should only be used to ensure, in so far as possible, the most advantageous balance between maintenance imports, to make the best use of the country's industrial capacity, and imports of capital goods for development where these are not provided under foreign aid schemes. The value of exports, although higher than in the previous year, has not been increasing as rapidly as was hoped, and this is a cause for concern since the third Five-year Plan envisages as essential a greatly increased volume of exports, if the targets set therein are to be achieved. An encouraging feature during the year has been a notable increase in foreign collaboration with Indian concerns in setting up industrial enterprises.

"Looking back on the results of the second Five-year Plan, which ended last year, it is clear that although the achievements fell short of what had been expected, there was a definite advance in industrial production, an improvement in agricultural output and a rise in national income which was, however, diminished by an 11 per cent increase in population during the five-year period. There has also been a small improvement in the standard of living of the vast rural population in the form of improved services and amenities, such as educational and health facilities, and the gradual spread of such things as electric light and piped water supplies. This, it is hoped, will stimulate some enthusiasm, particularly among the younger men and women, to adopt new methods and techniques leading to a further increase in agricultural production and thus help to lift rural India out of the poverty in which it has existed for so long.

"India's population of 438 millions, as revealed in the census held last year, is expected to rise to 490 millions in the next five years and this has caused the Planning Commission to increase targets for foodgrains, industrial production and employment in the third Five-year Plan, which has been finally approved. There are, however, indications that the shortage of power and transport capacity is likely to get worse and measures to mitigate this situation are being considered by the Commission. The revised total expenditure amounts to the equivalent of £8,700 millions, but the estimated foreign exchange deficit to be covered by foreign aid remains at £1,950 millions, a sizable proportion of which has been promised to cover the first two years of the Plan.

"There seems to be considerable doubt as to whether the resources of the banking system are growing fast enough to keep pace with the expanding economy and from the figures which are available, advances are increasing at a proportionately greater rate than deposits, resulting in growing pressure on the liquidity ratios of the banks. To counter this trend the Reserve Bank is considering measures designed to raise minimum requirements in regard to both cash reserves and liquid assets and has issued a directive to the effect that the ratio of capital plus published reserves to deposits should not be less than 6 per cent. A corporation was set up on the 1st January of this year to insure bank deposits up to a maximum of Rs. 1,500 per account which will be financed by a levy paid by the banks on their total deposits. It is hoped that this measure will assist in creating greater confidence, which was shaken to some degree by the failures in 1960, and will encourage a flow of savings into the banking system."

THE HONGKONG AND SHANGHAI BANKING CORPORATION

(INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

GROUP CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961.

1960 Hong Kong Dollars		Hong Kong Dollars	1960 Hong Kong Dollars		Hong Kong Dollars
			49,732,679	Brought Forward ..	52,478,543
	COMBINED NET PROFIT of The Hongkong and Shanghai Banking Corporation and its Subsidiaries after providing for taxation on profits earned to date and after making transfers to the credit of inner reserves, out of which provision for diminution in value of assets has been made			*Deduct:*	
$ 46,913,881		$ 49,246,457	4,000,000	AMOUNT TO BE WRITTEN OFF BANK PREMISES: Parent Company .. .. $ 5,000,000	
			2,600,000	Subsidiary Companies 2,400,000	
	Add:		1,800,000	AMOUNT TRANSFERRED TO RESERVE FUND: Subsidiary Companies 2,200,000	
	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR:			DIVIDENDS:	
2,116,714	Parent Company .. .. $ 2,206,181		12,699,997	INTERIM DIVIDEND of £0-5-0 per share on 3,161,845 shares paid 14th August, 1961, £790,461-5-0 at 1/2 27/32d. ..	12,780,510
702,084	Subsidiary Companies 1,025,905		25,400,596	PROPOSED FINAL DIVIDEND of £0-10-0 per share on 3,161,845 shares £1,580,922-10-0 at 1/2 15/16d. ..	25,400,596
		3,232,086			47,781,106
$ 49,732,679	Carried Forward ..	$ 52,478,543	$ 2,206,181	BALANCE CARRIED FORWARD: Parent Company 2,340,534	
			1,025,905	Subsidiary Companies 2,356,903	
					$ 4,697,437

The annexed Notes form an integral part of these Accounts.

GROUP CONSOLIDATED BALANCE SHEET AT 31st DECEMBER, 1961

1960 Hong Kong Dollars		Hong Kong Dollars	Sterling Equivalent	1960 Hong Kong Dollars		Hong Kong Dollars	Sterling Equivalent
	SHARE CAPITAL:			$ 397,889,897	CASH IN HAND AND BALANCES WITH OTHER BANKS	$ 421,865,545	£ 26,366,597
$ 100,000,000	Authorised: 4,000,000 Shares of HK $25 each	$ 100,000,000	£ 6,250,000	341,325,636	MONEY AT CALL AND SHORT NOTICE	326,345,988	20,396,624
				472,655,185	BRITISH AND OTHER GOVERNMENT TREASURY BILLS ..	295,514,424	18,469,651
	Issued:			944,140,312	TRADE BILLS DISCOUNTED	1,140,115,470	71,257,217
$ 79,046,125	3,161,845 Shares of HK $25 each, fully paid	$ 79,046,125	£ 4,940,383	805,800,000	HONG KONG GOVERNMENT CERTIFICATES OF INDEBTEDNESS ..	837,800,000	52,362,500
240,000,000	RESERVE FUND (including Share Premium Account $91,530,549)	240,000,000	15,000,000		QUOTED INVESTMENTS, at under market values:		
2,206,181	PROFIT AND LOSS ACCOUNT	2,340,534	146,283	1,005,194,462	British and Other Government Securities: Quoted in Great Britain .. .. $ 984,194,472		
				236,516,673	Quoted outside Great Britain 242,458,073		
$ 321,252,306		$ 321,386,659	£ 20,086,666	46,766,206	Other Investments: Quoted in Great Britain 45,079,600		
				12,954,111	Quoted outside Great Britain 17,094,795		
						1,288,826,940	80,551,684
				20,951,935	UNQUOTED INVESTMENTS at cost, less amounts written off ..	29,450,160	1,840,635
889,101,648	HONG KONG CURRENCY NOTES IN CIRCULATION	871,397,296	54,462,331	2,729,696,079	ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS	3,190,650,312	199,415,645
				27,423,268	BALANCES OF REMITTANCES, DRAFTS, ETC., IN TRANSIT BETWEEN OFFICES	39,672,115	2,479,507
5,901,151,712	CURRENT, DEPOSIT AND OTHER ACCOUNTS, including Inner Reserves and Provisions. $ 6,401,926,402			33,432,015	LIABILITIES OF CUSTOMERS FOR ACCEPTANCES	39,503,175	2,468,948
38,432,015	ACCEPTANCES ON BEHALF OF CUSTOMERS .. 39,503,175				FIXED ASSETS:		
				13,983,600	Investments in Associated Companies, at cost .. .. $ 14,783,600		
25,400,596	PROPOSED FINAL DIVIDEND 25,400,596				Bank Premises at cost, less amounts written off 35,086,399		
		6,466,330,173	404,176,886	31,608,898		49,869,999	3,116,875
$7,120,338,277		$7,659,614,128	£ 478,725,883	$7,120,338,277		$7,659,614,128	£ 478,725,883

MICHAEL W. TURNER, *Chief Manager.* — N. H. T. BENNETT, *Chief Accountant.* — H. D. M. BARTON, W. C. G. KNOWLES, J. D. CLAGUE } *Directors.*

The annexed Notes form an integral part of these Accounts.

NOTES ON THE ACCOUNTS

1. Confirmed Credits, Guarantees and Endorsements outstanding amount in the case of the Bank to HK $600,718,122 (HK $571,529,167) and in the case of the Group to HK $1,320,758,004 (HK $1,173,517,154). In addition, there are commitments in respect of outstanding Forward Exchange Contracts.

2. Foreign Currency Balances are converted into Hong Kong Dollars at the rates ruling at 31st December, 1961. The Sterling equivalents of the figures shown in the Balance Sheets are converted at the rate of HK $1=1/3d.

3. The Hong Kong Currency Notes in Circulation are secured as to the Authorised Note Issues by the deposit with the Crown Agents of Investments having a market value in the case of the Bank of HK $50,770,500 (HK $31,439,100) and in the case of the Group of HK $55,663,402 (HK $36,218,100) and as to the Excess Note Issue by the deposit of funds in respect of which the Hong Kong Government Certificates of Indebtedness are held.

4. Current, Deposit and Other Accounts include certain accounts amounting to HK $25,550,392 (HK $47,947,714) in the case of the Bank and to HK $72,386,106 (HK $89,909,780) in the case of the Group which are secured by the deposit of assets of the Bank and of the Group respectively.

5. Directors' Fees, London Committee Fees, Chief Manager's Remuneration and Special Administration Expenses of the Bank amounted to HK $1,301,952 (HK $1,105,984).

6. Contracts for outstanding Capital Expenditure amounted in the case of the Bank to HK $3,680,321 (HK $3,622,465) and in the case of the Group to HK $12,282,161 (HK $10,764,161).

7. There are contingent liabilities for uncalled capital in respect of certain of the Investments and Subsidiary Companies of the Bank amounting to HK $6,882,000 (HK $4,150,000).

8. At 31st December, 1961 the Bank held 99.69 per cent of the Issued Share Capital of The British Bank of the Middle East and for the purpose of the Group Accounts that Bank has been dealt with as a wholly owned subsidiary.

9. The Reserves and Undistributed Profits of the Subsidiary Companies applicable to the period since acquisition have been included with the Inner Reserves in the Group Accounts.

REPORT OF THE AUDITORS TO THE MEMBERS OF THE HONGKONG AND SHANGHAI BANKING CORPORATION

In accordance with the Regulations of The Hongkong and Shanghai Banking Corporation we have examined the annexed Balance Sheet with the books of the Corporation kept in Hong Kong, with the audited accounts of the London Office and with the returns received from the other Offices. We have obtained all the information and explanations we have required. So far as appears from our examination the Bank has received proper and adequate returns from its Branches and has kept proper books of account.

In our opinion the said Balance Sheet with the annexed Notes gives the information required of banking companies by the Companies Act, 1948, and on the basis therein authorised is a full and fair Balance Sheet properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs at 31st December, 1961, according to the best of our information and the explanations given to us and as shown by the books kept in Hong Kong and the Returns received from the other Offices.

We have also examined the annexed Consolidated Balance Sheet of the Bank and its Subsidiary Companies with the audited Accounts of those Companies certain of which have been audited by other firms. In our opinion the said Consolidated Balance Sheet with the annexed Notes gives the information required by the Companies Act, 1948, in the manner authorised for a banking company and on that basis gives a true and fair view of the state of affairs of the Group at 31st December, 1961.

LOWE, BINGHAM & MATTHEWS, PEAT, MARWICK, MITCHELL & CO., } *Chartered Accountants, Auditors.*

HONG KONG, *27th February*, 1962.

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INDIAN PAPER MAKERS ASSOCIATION

STRONG PLEA FOR IMMEDIATE INCREASE IN SELLING PRICES

CHAIRMAN, MR. P. J. EGAN'S ANNUAL STATEMENT

MR. P. J. Egan, Chairman of the Indian Paper Makers Association, made a strong plea to the Government at the Annual General Meeting of the Association, held at Calcutta on Thursday, 26th April 1962, to grant immediately a suitable *ad hoc* increase in paper prices to compensate for the increase in costs, which has taken place over the past three years. "Our industry has been and is being squeezed between rising production costs and fixed selling prices, and our profitability has correspondingly declined," Mr. Egan stated. As a result, he added, there were indications of lack of progress in the implementation of some of the schemes for the establishment of new mills by licence-holders.

The following are extracts from Mr. Egan's speech:

"The paper industry enters the second year of the third Plan with a programme of vast expansion ahead of it. Expansion brings its own problems, and I would like to deal with these as well as the more immediate ones with which the paper industry is confronted. First, there is the problem of rising production costs and fixed selling prices coupled with the need for the industry to maintain a level of prosperity, which will enable profits to be ploughed back for expansion and which will offer a sufficiently promising prospect to attract fresh capital. Secondly, there is the transport problem, which during the past year has been one of the serious impediments to the efficient working of the industry. And finally, there is the grave problem of raw material requirements.

Selling Prices

"The margin between the industry's selling prices and production costs is particularly important because on it depends to a large extent our ability to finance the expansion envisaged in the Plan. It is also specially relevant because over 80 per cent of this expansion is to be obtained from the establishment of new units—units which, whatever their size, must inevitably require a much heavier capital investment per ton of capacity than the long-established mills from which the bulk of our present output comes and which, in the case of smaller units, will not enjoy the economic advantages that accrue from large-scale production. The selling prices of paper and board which were adopted in January 1960 by the Government of India on the recommendations of the Tariff Commission are unduly low, and over the three years, which have elapsed since the Tariff Commission made their recommendations, these selling prices have been rendered steadily more uneconomic by increases in production costs which, by reason of our fixed prices, we have been unable to pass on to our customers. Our industry has been and is being squeezed between rising production costs and fixed selling prices, and our profitability has correspondingly declined. One of the consequences is that there are indications of lack of progress in the implementation of some of the schemes for the establishment of new mills by licence-holders, a very disturbing development which endorses the industry's opinion that paper manufacturing no longer enjoys the degree of profitability to attract fresh capital to the extent required for achieving the planned increase in our production capacity. The only remedy is for the Government to grant immediately a suitable *ad hoc* increase in paper prices to compensate for the increase in costs, which has taken place over the past three years.

Cost Increases

"In my speech, last year, I indicated that at the rate contract meeting, held in March, 1961, the Government had agreed to reconsider the question of prices on receipt from the industry of details of cost increases which had taken place since the Tariff Commission's investigations. Negotiations with the Government culminated with visits in February and early March of this year by joint delegations of members of this and the Indian Paper Mills Association to New Delhi for discussions with the Development Wing of the Ministry of Commerce and Industry. The details of the cost increases which were incurred since 1958 by five of the units, whose costs were investigated by the Tariff Commission, have been submitted, and the weighted average increase in the cost of production of these mills, as disclosed in these statements, works out at Rs. 150 per metric tonne for raw materials, chemicals and power and fuel alone, disregarding the increases in labour charges, repairs, establishment and other overheads. The industry's submissions are now being considered by the Government. I trust that the Government will shortly grant a suitable increase in selling prices to compensate for the cost increases which have already taken place, and, in addition, will keep intact the 5 per cent contingency allowance in the price structure to meet further increases in the future. In this context, as an indication of the necessity for preservation of the contingency allowance, I need only refer to the freight increases introduced in the Railway Budget last week and to the excise on chlorine and hessian in the Finance Bill. Besides granting an increase in selling prices, I trust the Government will also abolish the reel rebate which, since its introduction in January, 1960, has acted as a disincentive to expansion of reeling capacity, and will restore the differential for colouring charges to pre-1960 levels. Before I finish this subject, I repeat that the need for an *ad hoc* increase in paper prices is urgent, and express the hope that the Government will reach a favourable decision at a very early date.

Transport Difficulties

"Despite the best efforts of the railway authorities who, with the limited supplies of wagons at their disposal, have done everything possible to help us, the deficiencies of railway transport remain the greatest single difficulty in the day-to-day running of our mills. For the major part of the past year, almost all of our members accumulated large stocks of raw materials at the upcountry despatching stations, but were unable to have them delivered to their mills because of the lack of railway wagons, while stocks at the mills were reduced to critically low levels. Similarly, the railways were unable to provide adequate wagon supplies for our very considerable requirements of coal, and our mills in north-east India had no option but to accept large quantities of coal by road at considerable extra cost. There can be no question but that the transport shortage has impaired the paper industry's efficiency and added to its working costs.

"The Association was very active throughout the year in bringing these transport difficulties to the notice of the authorities concerned, and during the early part of 1961 we were successful in having raw materials for the paper industry upgraded in the Preferential Traffic Schedule. But this upgrading produced little practical improvement, and it was not until the latter part of the monsoon, when the normal seasonal reduction in pressure on the railways took place, that we were able to obtain increased deliveries of our raw materials and to reduce our upcountry stocks. Since then, the situation has again deteriorated and we are once more in a position, where the raw material stocks with some mills have been reduced to no more than a few days' consumption, while at the same time large accumulations are awaiting despatch from upcountry. Grave as these current difficulties are, however, perhaps the most alarming feature of the situation is its threat to the future development of the paper industry. If the railways cannot cope with supplies of raw materials and fuel at our existing level of production, then there is a danger that the lack of transport will frustrate our development plans.

"It is widely recognised that pressure on the country's bamboo and other forest resources is steadily increasing not alone by the expansion of the paper industry but also by the requirements of other industries and by new industrial uses of bamboo such as for rayon grade pulp. It is particularly important, therefore, to plan the development of our forests on healthy and scientific lines so as to maximise their productivity in the years to come. Scientific exploitation and plantation of forests can be undertaken only over a long period of years; it requires substantial capital investment, which will not be forthcoming unless the investor has a reasonable assurance that he will be able to reap the fruits of his labour and expenditure. The paper industry, in its own interests, is anxious to play its part in the proper development of the country's forest resources, but it can undertake the necessary investment on plantation and scientific exploitation only if it is assured of long-term tenure at reasonable rates of royalty. The factors to be borne in mind in the fixation of royalty rates are that paper prices are fixed, that the industry is otherwise a substantial contributor to the Government revenues through the medium of excise duties and that, unlike forests worked by contractors on an annual basis, the areas leased to the industry will be exploited in a scientific manner, resulting in better yield and correspondingly increasing royalties.

"These sentiments, which have been expressed for many years by my predecessors, are fully endorsed by the findings of an F.A.O. expert, who was assigned to India in 1959-60 to advise the Government on the development and integration of forests and forest industries, and whose report, which has recently been made available here, includes recommendations for long-term leases at economic rates. This report indicates that the present output of bamboos must more than double itself, and that this can be done by the development of new areas, by improved silvicultural methods and by the establishment of bamboo plantations. To ensure adequate supplies of bamboos for paper making, our industry is prepared to play its full part in this development work and, unless vigorous steps are taken on these lines, there will undoubtedly be a grave shortage of raw materials for the paper industry in the years to come.

New Raw Materials

"Many mills have been exploring the possibility of making use of new raw materials and the most important items of this kind, which have been introduced during the past few years, are bagasse and jute sticks. Bagasse has hitherto been used as fuel by the sugar industry, and sugar mills can make it available for paper manufacturing, if they are assured of receiving adequate coal supplies to replace it. The use of jute sticks by the paper industry constitutes an exceedingly valuable innovation. As it has hitherto been regarded largely as waste material, it is clear that, if it is developed on a substantial scale, it will constitute a very great boon to the hundreds of thousands of agriculturists engaged in the cultivation of jute.

"For those mills whose pulping capacity falls short of their paper-making capacity, the import of wood-pulp under the Development Loan Fund has been particularly helpful and, indeed, it is only by means of such imports that these units have been able to utilise their paper producing facilities to the fullest extent."

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SEVENTY-NINTH ANNUAL MEETING

MR. E. F. G. HUNTER PLEADS FOR ADEQUATE COTTON IMPORTS

THE cotton crisis, arising from acute shortage and exceedingly high prices, was highlighted by Mr. E. F. G. Hunter, Chairman of the Bangalore Woollen, Cotton and Silk Mills Company, Ltd., in his speech at the Seventy-ninth Annual General Meeting of shareholders held at Bangalore on Thursday, 26th April 1962. Mr. Hunter urged the Government to take immediate measures to augment imports of cotton, including a proportion of suitable short-staple cotton, to supplement indigenous supplies. In his considered opinion, unless this was done, the industry would very soon be faced with a serious shortage of primary raw material. Special mention was made of the frequent new charges and imposts, as well as higher wages, which had enhanced cost of production, and he wanted labour to make "some extra effort" in return for the further increases in wages.

The full text of Mr. Hunter's speech is given below:

"GENTLEMEN,

"I have pleasure in welcoming you to the seventy-ninth annual general meeting of the Bangalore Woollen, Cotton and Silk Mills Company Ltd. The Directors' report and the accounts for the year 1961 have been in your hands for the prescribed period and, with your permission, I propose to take them as read.

"You will have seen from the accounts that the Company had a successful trading year, sales having reached a figure of over Rs. 6 crores for the first time in the history of the Company. The higher profit resulted from the progress made to improve efficiency in the mill and also from the good conditions which prevailed for most of the year in the Indian markets.

Dividend

"The better results have made it possible for your Directors to recommend an increase in the dividend on the Company's ordinary shares. The final dividend recommended will bring the total for the year to 18 per cent gross, equivalent to 12.6 per cent net, which compares with the dividend of 10 per cent net declared for each of the eight preceding years, during which period labour by way of wages, dearness allowance, bonus, gratuity and other benefits has annually taken an increasing share from the Company's revenues.

"The closure of the Company's Hebbal Mill in June of last year saw the final conclusion of a battle which the Woollen Department of your Company has fought over a period of years against the tide of rising costs, which, together with the cess and excise duty, imposed on all but the coarser rugs in 1955, made the working of this Department uneconomic. Fortunately, by careful reorganisation and re-deployment of labour, the closure was effected without retrenchment. Negotiations for the sale of the woollen machinery and the machinery parts at satisfactory prices were concluded during the year, and formal sanction of Government to the transfer of the machinery to the buyer is awaited. It may be some time before the machinery is removed from the mill, but, meantime, consideration is being given to the future use of the Hebbal Mill premises.

"Sales of the Company's popular union fabric 'Cotswol' and the heavier cloth 'Angola' increased during the year and a substantial contract for the supply of both these fabrics to Soviet Russia was completed. Your Directors continue their efforts to improve sales in overseas markets as they are most anxious to secure the valuable incentive benefits by way of licences for the import of cotton, dyestuffs and machinery.

"Increased supplies of indigenous filature silk enabled the Company to increase the number of looms in use in its Silk Department for the manufacture of filature silk shirting and saris, and I am pleased to say that this increased activity contributed to the improved results for the year. Recent developments in the production of spun silk in Mysore State are promising and there are prospects that, during 1962, the Silk Department will once again work to full capacity.

"The supply of Indian cotton during the 1960-61 season was favourable, both in respect of quality and quantity, but controls which had been introduced during the previous cotton season were continued. Although the textile industry had every reason at the beginning of the 1961-62 cotton year to expect a satisfactory Indian cotton crop with the new crop estimated at around 50 lakh bales, during the last four months of 1961, growing conditions deteriorated rapidly and it became clear that, once again, mills were faced with a cotton crisis. The cotton crop is now estimated at around 43 lakh bales, which is far below the annual requirements of the textile industry in India, and this represents a reduction of approximately 21 per cent on the 1960-61 Indian cotton crop. This obliged the Textile Commissioner to introduce variety-wise rationing of cotton several months after the start of the season. Apart from the fact that prices of all varieties of Indian cotton are now exceedingly high, it is clear that, unless Government takes urgent measures to augment imports, including a proportion of suitable short-staple cotton with which to supplement indigenous supplies, the industry will very soon be faced with a serious shortage of its primary raw material. We know that negotiations are in progress with the U.S.A. and, we believe, with certain other countries.

Premium on Cotton

"The industry has not been faced with any serious shortage of long-staple cotton so far, but, with effect from January 1962, Government has increased the rate of premium payable on long-staple imported varieties in order to finance the export incentive Scheme. The increase in the rate of premium varies from Rs. 20 to Rs. 30 per bale, depending on the staple length of the cotton, and this will necessitate increased expenditure by your Company of about Rs. 2,00,000 per annum.

"Your Company has been carrying out experiments with the production of a terylene-wool suiting and this fabric will be introduced to the market shortly.

"The increase in costs recorded in the profit and loss account is, in general, no more than proportionate to the increase in production and sales despite a tendency for all costs to rise, and reflects the energy with which measures of economy have been exercised by your Company.

New Imposts

"Unfortunately your Company, in common with others in the industry, is frequently faced with new charges and imposts over which it has no control and three of such additional increases in cost will have to be met this year. First, the wages of all workpeople were increased by a further Rs. 2 per month from the 1st January 1962 in accordance with the terms of the Textile Wage Board recommendations made in 1960. Secondly, the Company's contribution to the Employees' State Insurance Scheme has been doubled from the 1st April 1962. Still further to finance the Export Incentive Scheme, Government has imposed a special levy on all Indian cotton consumed from the 1st January 1962 and it is estimated that this additional levy will involve an increase in cost of about Rs. 85,000 per annum. It is hoped that labour will make some extra effort in return for the further increase in wages, otherwise the Company will have nothing to show for these specific increases in cost.

"It will be noted that a new item of cost, namely, automatic loom cess, appears in the profit and loss account. This new impost introduced by the Budget of 1961 is levied on 30 per cent of the production of automatic looms less the value of cloth exported. Had, therefore, the Company's export sales not improved, this levy would have been much heavier. While the Company will make every endeavour to increase exports, it is unlikely that it will be able altogether to avoid the payment of this additional levy.

"You will observe from the profit and loss account that charges in respect of management have undergone a change which is in consequence of the relinquishment of the Managing Agency from the 1st January 1961.

"The Company's appeal to the Supreme Court against the imposition of octroi duty by the Corporation of Bangalore on raw materials entering the city was heard during the year and I regret to have to report was decided against the Company. As a result, a sum of over Rs. 8 lakhs, for which provision had been made, being the balance 50 per cent of the octroi duty levied since 1955 when the new duty was first introduced, was paid during the year to the Corporation of Bangalore.

Power and Water

"Industrialisation in Bangalore has made considerable progress during the last ten years and one result is that, during this period, the population has almost doubled. Unfortunately, neither the supply of electric power, nor of water to the same area, has progressed at the same rapid pace. During the year, it became necessary for the State Government to introduce staggered working days to reduce the daily electric power demand and the mills now work on Sunday of each week and have Monday as the weekly holiday. Further, the mills have been asked to reduce their demand during the evening peak load period which occurs between 6-30 and 9-30 p.m., and ways and means of meeting this request, without adversely affecting production, are being explored. No doubt as a further measure to reduce consumption, as well as a means of raising revenue, the Government of Mysore saw fit during 1961 to enhance the tax on electricity consumed. I regret to report that no improvement in the supply of water is in sight and it has been necessary to supplement the Corporation supplies by water from bore wells which your Company has sunk in recent years at considerable cost. The water thus secured is, however, initially unsuitable for production purposes, and to make it usable a water treatment plant has been installed and is now in operation.

"Coal supply difficulties were again experienced in 1961 and recourse had to be made to the purchase of sea-borne coal which costs nearly double that supplied by rail. Apart from a recurring difficulty in obtaining supplies, the use of coal has made it difficult to maintain cleanliness in the mill and the storage of coal has taken up valuable space. Your Directors, therefore, decided to convert the mill boilers from coal to oil firing and it is hoped that the conversion will be completed during 1962.

Additional Area

"In addition to the space which will be gained by the release of the coal yard, the Company has obtained from the Corporation of Bangalore a promise to sell to the Company approximately six acres of the tank bed to the south of the Company's property. The mill has for many years been severely handicapped by lack of space, and the additional area promised will prove invaluable in the Company's plans for reorganising and modernising the mill.

"I am sure you will wish to join with me in expressing thanks to all the Company's officers, staff and employees who have contributed to the satisfactory results.

"Finally, I would like to express my very grateful thanks to my colleagues on the Board for their support and co-operation throughout the year."

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

INDIAN ALUMINIUM COMPANY LIMITED

MR. K. C. MAHINDRA'S LAST SPEECH AT ANNUAL MEETING

COMPANY TO REACH SELF-SUSTAINING STAGE BY 1966-67

ONCE again, Mr. K. C. Mahindra, Chairman of the Indian Aluminium Company, Limited reiterated, while addressing the shareholders of the Company at their Twenty-fourth Annual General Meeting held at Calcutta on Friday, 27th April 1962, the Directors' anxiety to see that the Company continued to play its leading role in the development of the aluminium industry in India. With this in view, proposals consistent with sound business principles, Mr. Mahindra said, were constantly in review for expanding the Company's activities further. He referred, in particular, to the plans for expansion of ingot capacity at Alupuram by 5,730 tonnes and for the establishment of a foil mill with an annual capacity of 2,500 tonnes of aluminium foil in Maharashtra State. Indeed, he declared that the Company would reach the stage of a self-sustaining economy by 1966-67 when it would have achieved sufficient strength to stand on its own and generate enough technique, enough management and enough resources to follow through further expansions. Mr. Mahindra pleaded for exemption of aluminium industry from payment of electricity duty and urged that the Government should exercise care in issuing prospecting licences or giving mining leases for bauxite. In conclusion, he stated that this was his last address to shareholders, as old age and indifferent health had compelled him to seek retirement from active work.

The following is the full text of Mr. K. C. Mahindra's speech:

"I have great pleasure in welcoming you to the twenty-fourth annual general meeting of the Company.

"The salient features of the Company's operations in 1961 are contained in the Directors' report which has already been submitted to you along with the audited accounts for the year. You will no doubt have noticed that, following the termination of the sole selling agency agreement with Venesta Foils Limited, effective 30th June 1961, sales of agency products for the year dropped to Rs. 17 million from Rs. 32 million in 1960. Production and sales of the Company's own products were, however, maintained at a satisfactory level during the year, despite extensive dislocation by the construction work on the expansion programme at each of the plants.

Profit

"The net profit for the year of Rs. 11.10 million shows an apparent decrease from Rs. 11.98 million in 1960. During the year, there were increased interest charges on borrowings, additional wage costs following new labour agreements, and exports, though small in quantum, at prices below total cost. But the major shift is due to the much larger allocation to development rebate reserve (Rs. 4.55 million, as against Rs. 263,000 in 1960).

"During 1961, your Company entered the export sales market for the first time. Sheets and circles were sold to South Vietnam in the face of severe competitive conditions. Your Company's efforts in this direction are in conformity with the declared wishes of the Government of India and we will continue to search for overseas markets. Currently, your Company is looking into the possibilities of exporting aluminium extrusion and paste to South-East Asian countries.

"In recommending a dividend of Re. 1.50 to be paid on each ordinary share, your Directors proposed that, to the extent as it may be possible, the dividend should be paid out of the Company's undistributed profits exempt from tax under Section 15C of the Indian Income-tax Act. It now gives me great pleasure to announce that the Income-tax Officer has certified that 78.1 per cent of the dividend on ordinary shares will be deemed to have come out from the undistributed profits of the Company exempt under Section 15C of the Indian Income-tax Act 1922. 78.1 per cent of the ordinary dividend will thus be exempt in the hands of the respective shareholders for payment of income-tax and super-tax. Dividends will be paid to the ordinary shareholders in accordance with the above instructions of the Income-tax Department.

Expansion Programme

"The most satisfying aspect of your Company's activities during 1961 was the progress made in respect of the expansion programme. At Hirakud, the expansion aimed at doubling the capacity of the plant to 20,000 tonnes per annum was completed five months ahead of schedule. At Alupuram, the additional extrusion press was installed on time and started operating in October 1961. The expansion of alumina-producing facilities at Muri progressed satisfactorily and a portion of the new facilities was brought into operation in December, again ahead of schedule by approximately four months. In a few weeks' time, the Company will have completed the integrated expansion programme undertaken during 1959. You will be glad to know that all the projects have been or will be completed within the capital expenditure figures originally budgeted. This is specially heartening, in view of, what appears to me, a chronic occurrence in inflationary conditions to exceed capital estimates. On behalf of all of you, may I take this opportunity of expressing our sincere appreciation of the efforts of all those within the Company who have made this remarkable achievement possible. I should mention at this stage that, a few years back, the Company commenced developing an engineering and design section, and the closeness between actuals and estimates are largely due to the meticulous preparatory exercise by our engineers. Our thanks are also due in very great measure to our technical consultants, Aluminium Laboratories Limited, under whose guidance and general supervision the expansion programme was conceived and carried out.

"I have said it before, but it merits repetition, that your Directors are anxious that your Company continues to play its leading role in the development of aluminium industry in India. With this in view, proposals consistent with sound business principles are constantly in review for further expansion of the Company's activities. In accordance with this policy, plans were submitted in 1960 to the Government for the expansion of ingot capacity at Alupuram by 5,730 tonnes and for the establishment of a foil mill in Maharashtra State with an annual capacity of 2,500 tonnes of aluminium foil. Late in 1961, we received licences under the Industries (Development and Regulation) Act from the Government of India covering these projects, although financing terms still await Government's approval. While there have been unnecessary delays, we hope we shall soon be able to start construction work which, when completed, will save the country approximately Rs. 8 million per annum in foreign exchange. Other forward-looking plans are also under study for further expansion of the Company's activities as and when market and other conditions justify.

Philosophy of Growth

"Shareholders with a historic sense will have noticed that the Company has followed over the years a consistent and continuous policy of development; the thinking of your Board and the management has no doubt been inspired by the philosophy of growth which Indian planners placed before us, but we have advisedly, and I am proud to say, deliberately planned to be a stage ahead of the targets and aims of the Planning Commission. The third Five-year Plan, which commenced last year, expressed a tentative but half-hearted hope that, by the end of the fourth Plan, that is, 1971, India would reach the stage of a self-sustaining economy. In our own sphere of industrial operations, I make bold to state that the Indian Aluminium Company would reach this stage five years ahead; I mean that expectations are that your Company would by 1966-67 achieve sufficient strength to stand on its own and generate enough technique, enough management and enough resources to follow through further expansions.

"Prof. J. K. Galbraith, the distinguished Harvard economist, and now the U.S. Ambassador to India, commenting on Indian planning in 1959, affirmed that:

"'In both capitalist and communist countries investment is in very large measure from the earnings of industrial enterprises. Something must happen in India like this. Industrial plants must take on their full job which is to be efficient producers and to accumulate surpluses which will provide for future expansion.'

"Your Company has taken on this full job.

"Recently, the National Planning Association, a non-profit research organisation in Washington, D.C., made a case study of the Indian Aluminium Company as an example of Indo-Canadian collaboration. Here is their recorded judgment:

"'... Different aspects of the Company's growth reveal an underlying unity of approach, ... fitting current actions into a telescopic view of future objectives. This view encompasses an industrially developed economy in which aluminium will play an important role. It is enterprising business policy and enlightened self-interest to be in the vanguard of this development, which demands a many-sided responsibility in investment, in technical and managerial efficiency and above all in willingness to share responsibility for the Indian community's development over and above the profit motive. Indispensable to this responsibility is a confidence in one's ability to assess and face the future. It is in this confidence in the future of the country, and in the rewards of doing progressive business there, that the basic motivation of Indian Aluminium Company's management philosophy may be discerned.'

"You will be interested to hear that, after many years of benefiting through borrowing technicians and specialists from associate companies overseas, your Company was able in 1961 to make a small beginning in lending specialist Indian staff for overseas projects. I welcome this beginning and look forward to further opportunities for your Company to assist in the development of new projects overseas through the loan of Indian specialists, as such exchanges benefit not only the overseas projects but also this Company and the men concerned through broadening of experience.

Power Supply

"As we all know, aluminium industry is a major power consuming industry. About 2.5 kw./year of electric power is consumed in the production of every tonne of metal, the power cost forming approximately 20 per cent of the total cost of production. It, therefore, becomes necessary for all producers of aluminium to ensure a long-term supply at rates which are both economical and definite. Before setting up its Hirakud smelter and again, before its further expansion, your Company held protracted negotiations with the Government of Orissa to ensure long-term supply of power at fixed rates. These negotiations resulted in our entering into firm long-term contracts with the Government which formed the basis of our expansion

"In mid-October 1961, the Government of Orissa levied a 15 per cent *ad valorem* duty on the consumption of electricity in the State. This levy of duty has considerably upset our future plans and put the Company to a serious competitive disadvantage through direct increase in the cost of metal produced at Hirakud. The Company does not claim that the imposition is *ultra vires* the rights of the State, but submits that the levy will furnish a handicap to long-term planning, beside increasing the already high prices for aluminium products in the country. It is also a matter for consideration of the authorities that development in a comparatively underdeveloped country can proceed apace only if the contractual fundaments of industrial operations are not disturbed by the Government for the period of the contract. May I, in contrast, cite the case of Ghana where Volta River Authority has been set up for construction and operation of a dam and power generating plant and firm agreements have been signed with a consortium which proposes to set up an aluminium smelter. Guarantees have been given by the Government of Ghana that, while the power contract is in existence, the Government will not impose any tax or other fiscal charge on the use of electric power by the Volta Aluminium Company, Ltd. The tenure of the contract is for 30 years, and rate for power is fixed *firm* at 2.625 U.S. mills per kilowatt-hour or Rs. 110 per kw./year (in contrast to Rs. 190 per kw./year at Hirakud—Stage II). This constitutes the linchpin of the entire project, as the power contract forms the foundation for financing the hydro dam and power plant. I have cited the Ghana example in the hope that the Government of Orissa will reconsider the matter and exempt the aluminium industry in the State from the duty.

"Another interesting feature of the Ghana project may be mentioned: Government of Ghana has agreed that, for the first 30 years, the Volta Aluminium Company's income taxes will be based on the tax laws in effect on 2nd January 1961, including receipt of benefit of Pioneering Company relief. There is also provision for exemption from customs duties of imported construction materials and exemption from minerals duties in connection with the mining or processing of Ghanian bauxite.

Bauxite

"I would like to draw the attention of the Government from this forum to another matter which is of some concern to both the present and the potential producers of aluminium in this country. It has often been said that India has plentiful supply of bauxite, the ore from which aluminium is produced. This is, perhaps, true, but it is equally true that the deposits of bauxite ore throughout India have not yet been thoroughly field-tested for quality or reserves. Aluminium producers in India naturally desire to make geological surveys of areas known to possess bauxite and your Company has applied for prospecting licences for several of such areas. One difficulty which is being experienced in this exploratory effort is that a lot of bauxite-bearing areas are under the mining lease of persons whom I would venture to call 'intermediates', that is, persons who have no direct interest in the utilisation of ore for producing aluminium. Large areas are thus closed for any prospecting or exploratory effort and sometimes there is a scramble for obtaining mining leases by private negotiations for areas which are yet unproven. Whatever has been done over the past years probably cannot be undone; but I venture to suggest that State Governments should from now on exercise care in issuing prospecting licences or giving mining leases for bauxite properties to persons or companies who are not directly engaged in the production of aluminium. This would ensure more effective utilisation of the bauxite reserves in the country and greatly contribute to the establishment of new economic production units.

"Speaking on this occasion last year, I had mentioned to you the transportation difficulties which the Company was experiencing on account of uncertainty of railway wagon availability. This difficulty continues, and representations made to the Railway Board have proved of little avail. The Company has been forced to use road transport in several instances, which has proved costly as well as unsatisfactory in other respects. But it would appear that we have no alternative until such time as the transportation situation in the country improves.

Excise Duty Regulations

"I had also spoken to you last year about the way in which excise duty regulations were being enforced resulting in serious competitive disadvantage to your Company. Our application to the Central Board of Revenue for permission to move aluminium ingot in bond from the smelters at Alupuram and Hirakud to the rolling mill at Belur has as yet produced no relief. This matter was also taken up with the Central Excise Reorganisation Committee. In the meantime, our losses on account of blockage of working capital on metal in pipeline and excise duty on melt loss are multiplying. This is an unfair burden which the rigidity of regulations has imposed on the Company.

"Several years ago, speaking from this forum, I attempted a comparison between two kinds of growth—that in population and in productivity. Since then, we in India have learnt in the bitter context of a population explosion that most of our efforts at 'national growth' have proved inadequate. We have still to comprehend the true meaning of productivity, its nature and content, for, otherwise, our development plans for growth would not so fumble and confound. Despite a plethora of productivity associations, seminars, numerous delegations abroad and published records of these trips, I remain sceptical in that the true measure and content of this co-ordinate of industrial activity is little understood. There is a personal factor which appears to be missing in such reportings—a factor of personal judicious assessment of the extent of application of a particular analysis in a selected industry. Is productivity a mere co-efficient of labour, of work done by the individual artisan? Does automation qualify the conclusions? Does the emergence of a professional managerial class, as distinct from financiers or even technocrats, have any bearing on the classical concept of productivity as output per man-hour? This is a puzzling thesis.

Productivity

"The popular measuring rod for productivity is output per man-hour. But the President of U.S. Steel Corporation—the largest steel complex in the world—has recently raised a few broad queries:

"'What about the capital invested in more efficient equipment? What about the research which produced better production processes and the know-how which made available higher quality materials? What about the input of man-management, when directed and contributed to this effort?'

"These are pertinent questions; practical difficulties emerges as one begins to frame an equitable distribution of gains in productivity over the various sectors—labour, management, machines, research, technology, capital employed, etc. Searching for an appropriate definition of Productivity, I have not come across anything better than.

"'An attempt to anticipate and solve man's major problems on earth by providing through the highest technology more and more of everything, for everybody, from less and less resources.'

"This does not, however, provide either a measure for gauging the actual quantum of increase in productivity, nor provide the base for any rational system of distribution. But no matter what economic and industrial philosophy inspires national efforts, productivity increment is essential for growth and productivity is largely the result of social attitudes of the labour force—their attitudes to technology, to professional management, to work discipline. In our country, under the stress of circumstances, over-burdened by extreme poverty, many of these attitudes have got perverted and frequently one witnesses drop in productivity with inexorable increase in wage costs. This is a spectacle which one should deplore and not applaud—as many of our labour and even political leaders do, without reason and without understanding. Whatsoever the measure of productivity one may adopt, no one will deny that it is the key as well as the handmaiden of prosperity. Witness Japan: her astounding industrial recovery is explained in large part by productivity-wages-prices relationship. Over the six years, 1955-60 productivity increased by 47 per cent, wages by 34.3 per cent and prices only by 2.8 per cent. As a recent survey in the London *Economist* indicated, 'the margin between productivity and wages makes possible a high rate of capital accumulation by companies, and thus a high rate of capital investment. In addition, personal savings are exceedingly high ... these are probably the most important determinants of economic growth in Japan.' There is a deep lesson to be learnt here.

Agriculture and Industry

"An odd feature in the Indian planning firmament has been the comparative playdown of productivity in the agricultural sector—a field which contributes to more than 53 per cent of the gross national income of the country. An understanding of the perspective relationship between agriculture and industry, of the true meaning and content of productivity, of the measures which will quickly fructify and yield tangible results—these are essential virtues which we must cultivate along with discipline of mind and of habit. The latter is most needed in the context of our present development.

"Government quite rightly has concerned itself over the last decade with a fair deal for industrial workers, but, perhaps unwillingly, has created a climate of unenforceable and irrational demands which halt and do serious damage to the productive machine. With a larger and larger portion of the cake, the industrial worker, by and large, recognises no discipline and little responsibility for growth in results.

A Commendable Counsel

"It may interest you, as it intrigued me, to know that a keen foreign observer mentioned to me the other day that perhaps what India needs is compulsory military training—to impart amongst the young a sense of discipline during the formative stages of one's character. A country need not become war-minded, if there is compulsory military training—witness Switzerland; nor need it possess arms—as was successfully done in Germany a few years after the war ended. This is a commendable counsel coming from a friend of our country.

"In the person of Mr. A. J. Zullig, the new Managing Director of the Company, you see a very wise and experienced head. It is fortunate that the Company has been able to secure the services of a man who has lived his life with aluminium and at the same time is conversant with social and industrial conditions in diverse climes and places. It is my hope that he will stay with the Company for many years and continue the tradition of sound business and forward look for which the Company has already made a name.

"To the staff and workers I give our thanks on your behalf for their loyal and steady work throughout the year.

Last Speech

"Perhaps you will allow be to conclude on a personal note. This will be the last occasion I will be addressing the shareholders at their annual general meeting. I am aware of the calendar, but indifferent health also has compelled me to seek retirement from active work. Let me say that I am deeply grateful to the shareholders for their indulgence, to the members of the Board and the staff for their confidence, and to everyone connected with this great Company for the trust and loyalty they gave me throughout my 14 years' association with them. I have relished with them the dignity of shared confidence, for I believe that faith and work alone do not always yield results: work is merely an expression of what man believes and does. To be enduring, other men must feel and believe and work the same way. These years have been personally of great satisfaction to me. I feel happy that the Company is in good shape and that I will be entrusting the charge in the next few months into younger and abler hands."

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

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GENERAL MANAGER.

BRITAIN AND THE COMMON MARKET

TERMS OF ENTRY EXPECTED TO BE FINALISED IN TWO MONTHS

THE negotiations between Britain and the Common Market over the former's application for membership will enter a crucial stage on Tuesday next week, when a two-day session of another Ministerial Conference is due to commence at Brussels. Now that the strictly technical phase of negotiations is over, the Conference is expected to devote its attention towards broadening the area of agreement in such a way as to finalise the general terms of Britain's entry into the Common Market by July next. Although no public announcement of agreement as such is likely, there are indications that the deliberations of the Conference will lead to an eventual agreement on the question. Forming the basis of deliberations is a progress report prepared by the Deputies who have been making detailed studies on the various aspects of the proposal for some time past. The report had already been circulated among the Ministers. At a meeting held at Brussels last week, the Deputies are reported to have worked out an acceptable formula for talks at the forthcoming Ministerial Conference on the basis of comments made by the Ministers on the report.

At last week's meeting, the Deputies of Britain and the six countries of the Common Market gave some serious thought to two vital questions, one pertaining to the establishment, after the U.K.'s entry, of Community annual reviews of farm prices and incomes, and the other concerning introduction of long-term guarantees for the level of such incomes. Far more important was the agreement reached among them on the issue of setting up a working party on tropical products. The proposed working party is expected to examine the best means of safeguarding exports of *all* tropical products from *all* Commonwealth countries, irrespective of their association or otherwise with the Common Market. For the present, however, the working group will prepare factual statements on tea, coffee, cocoa and bananas. It will compile a complete set of economic data, including trade statisics, as well as information on trends in production and consumption and on the effects on demand of changes in import duties and consumer taxes. Britain has already suggested ways for treating these commodities. It wants *no* duties for tea and cocoa under the common external tariff of the Six, a world price stabilisation agreement for coffee and a reasonable measure of tariff preference for Commonwealth bananas.

Commonwealth Preferences

The progress report as prepared by the Deputies reveals the current thinking of Britain and the Six over the problem of Commonwealth preferences. According to the report, Britain has stressed the importance of manufactured goods exports to the economies of India, Pakistan, Ceylon and Hong Kong. A working party has been examining whether arrangements can be made to ensure that this trade does not decline, if, on Britain joining the Common Market, the common external tariff is applied to it. The question of free circulation of goods in an enlarged Common Market is also under review, and the working party has not yet completed its work. Britain has asked for a *nil* tariff for tea, and this plea, too, is under consideration.

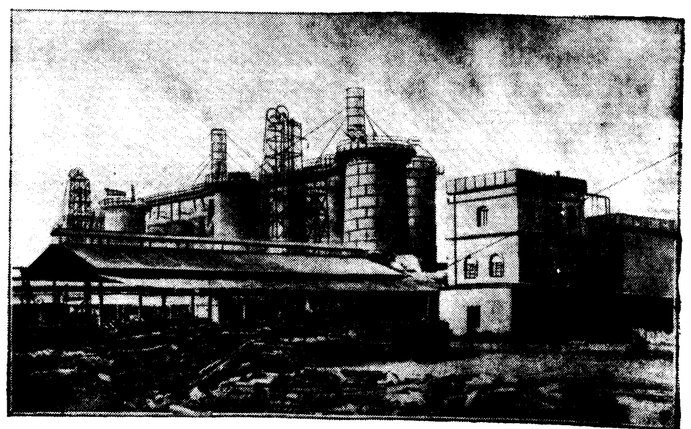
Another feature of negotiations in respect of Commonwealth preferences is that the U.K. seems to favour the establishment of an association of the "underdeveloped" countries of the Commonwealth. The form and content an association agreement should have are discussed in some detail in the report, which examines problems connected with the tropical products of the associated overseas territories of the Six and Commonwealth countries in Africa, the Caribbean, the Pacific and elsewhere. No attempt has been made to decide which countries of the Commonwealth might be associated with the enlarged Community, if it is formed. In the British view, an offer of association should be made to most of the underdeveloped countries and territories of the Commonwealth. On the question of entry into Britain of manufactured goods from Australia, Canada and New Zealand, Britain has suggested that these goods be allowed duty-free. But it has agreed to a hypothetical study of the effects of the progressive application of the common external tariff to this trade.

There is no denying the fact that Britain has expressed its readiness to accept most of the provisions of the Rome Treaty. Britain has made it clear that, with the exception of agricultural and tropical products, its accepts, the general level of the common external tariff as emerging from the Dillon round of talks, but will ask for certain items of the tariff to be reduced to *nil*. In any case, the U.K. will not urge the raising of the levels of any tariff. Britain has, however, pleaded for *nil* tariffs on 25 industrial products—such as aluminium, lead, zinc, newsprint and wood-pulp—and also on a limited number of processed and other miscellaneous foodstuffs.

The report, dealing with another important aspect, namely, agriculture, has given a succinct account of the common agricultural policy of the Six and also the problems which will confront British agriculture and Commonwealth suppliers of agricultural produce to the U.K. market, if the U.K. were to accept the common agricultural policy as it stands. For Commonwealth, the U.K., it is said, is seeking "comparable outlets."

From the foregoing account, it is evident that, so far, the negotiations have been concerned with identifying, analysing and elucidating the problems involved and, consequently, the search for solutions has scarcely begun, though it must be admitted that this process of identification and analysis has shown up several areas of agreement. There is, for instance, the agreement about the importance of the Commonwealth not only to Britain but also to the Six, to Europe and to the free world. There is also agreement about the principles on which a solution should be sought to the problems of India, Pakistan, Ceylon and Hong Kong, and implicit acceptance of the idea that association may well be found to provide the best solution for most of the rest of the underdeveloped countries of the Commonwealth. Further, there is a wide area of agreement on the problems connectd with the tariff and, by common consent, the economic union provisions of the Treaty have thrown up no problems requiring negotiation. If, however, a quick "full" agreement has not been possible, it is because of the complicated nature and the extent of the problems involved. Agreement on the principles which must govern solutions will be necessary before solutions themselves can be sought. The search for compromises cannot, therefore, begin for some time. It is, therefore, natural that the outcome of the ensuing Ministerial meeting is awaited with much interest.

THE FLUX AT KULTI



Old furnaces at Kulti

By general consensus of opinion, Josiah Marshall Heath, a superannuated civil servant of the East India Company, was the first to produce steel in India by modern methods at the Indian Iron, Steel and Chrome Company which he set up in 1830 at Porto Novo in south Arcot.

India's nascent steel industry blundered on through many heart-breaking errors and failures until 1876 when the Bengal Iron Works erected, in the jungles of Kulti, two small open-top furnaces powered by a single blowing engine and charcoal-fired boilers. Welcoming this "economic revolution in the country," *The Statesman*, in its issue dated March 8, 1876, said: "... if these new works are but successful with the flux, India will at no distant date supply herself with her own iron, in place of importing it from Europe" thus speeding "the redemption of the people from poverty".

In 1892, the managing agency of these early works at Kulti passed to Martin & Co. Progressing steadily since then and continually expanding its iron-making and foundry facilities, the Kulti Works were merged in December 1936 with The Indian Iron & Steel Co. Ltd., already in operation at Hirapur under Burn & Co.'s managing agency.

Today, The Indian Iron & Steel Co. Ltd., with fully modernised and integrated works at Burnpur and Kulti and with their own ore-mines and collieries, stand a fitting monument to the perseverance and toil of the early engineers and pioneers and as an abiding testimony of the vital role played by the Company in the development of India's foremost basic industry.

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SALES AND PROFITS OF BRAITHWAITE AT RECORD LEVELS

LARGE AMOUNT PLOUGHED BACK INTO BUSINESS

THE year 1961 will undoubtedly go down in the annals of Braithwaite and Company (India) Ltd. (Chairman: Sir John Douglas Keith Brown, Calcutta) as one of record achievement as regards both sales and profits after a period of stagnation extending over four years. Thanks to an overall improvement in production, particularly in the wagon shop, due to increased availability of raw materials and components, and more than a doubling of pressed steel tank material exports, the value of contracts invoiced has risen by about 48 per cent to Rs. 504.34 lakhs, from Rs. 340.97 lakhs a year ago, whereas the gross profit is up by as much as Rs. 33.79 lakhs at Rs. 76.21 lakhs. The profit figure constitutes a record for the Company and has been achieved in the face of continuing difficulties over steel and power supplies. The major portion of the rise in profits has, of course, been absorbed by higher essential provisions, the sum actually provided for depreciation having been raised from Rs. 3.97 lakhs to Rs. 5.73 lakhs and that for taxation nearly doubled from Rs. 17.00 lakhs to Rs. 32.25 lakhs. Even so, the increase in net profit is quite substantial, being Rs. 16.78 lakhs to Rs. 38.23 lakhs. Notwithstanding the large increase in profits, the Directors, after "very careful consideration of all issues involved," have felt it advisable to plough back into business Rs. 26.87 lakhs and to recommend the same dividend as was paid in respect of the previous year, namely, Rs. 2.50 per share subject to deduction of tax, absorbing Rs. 14.15 lakhs. The balance of Rs. 5,914 is being carried forward, as against Rs. 2.84 lakhs brought in.

The progress made by the Company during the last four years is clearly brought out by the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Contracts invoiced	504.34	340.97	341.80	334.84
Other income	15.91	10.55	8.72	7.82
Contracts-in-progress	405.92	418.11	374.91	417.76
Raw materials, sundry materials stores and spare parts consumed	297.64	240.40	194.68	242.43
Salaries, wages, bonus etc. ..	98.88	76.64	55.63	56.32
Other expenses	40.88	30.26	18.92	23.16
Gross profit	76.21	42.42	38.44	42.37
Provision for—				
Depreciation	5.73	3.97	3.64	2.97
Taxation	32.25	17.00	15.50	23.25
Net profit	38.23	21.45	19.30	16.15
Transfer to reserves † ..	26.87	6.73	6.04	9.15
Dividends	14.15	14.15	12.78	7.07
	(25%)†	(25%)†	(22½%)†	(12½%)
Carry forward	0.06	2.84	2.27	1.75
Market value of ordinary share (In rupees):	1961	1960	1959	1958
High	41.00	34.50	32.12	31.62
Low	31.25	25.62	24.75	25.25

† Subject to deduction of tax

A perusal of the Company's balance-sheet as at 31st December 1961 reveals that its financial position is as strong as ever. The share capital, all in 566,000 equity shares of Rs. 10 each, stands at Rs. 56.60 lakhs and is supported by Rs. 104.60 lakhs in reserves and surplus. Of the total, a sum of Rs. 30.70 lakhs represents merely capital reserves formed on an upward revaluation of fixed assets as on 31st December 1955. Current liabilities aggregate Rs. 133.29 lakhs which are more than adequately covered by current assets, loans and advances and investments altogether amounting to Rs. 191.16 lakhs. With the inclusion of additions worth Rs. 32.34 lakhs during the year, the gross block is carried in the Company's books at a cost of Rs. 120.64 lakhs and has been written down to a net block of Rs. 103.33 lakhs, which also includes Rs. 4.94 lakhs as the cost of capital work in progress.

The progress made in the development of Angus Works that the Company has taken over under a 99-year lease, has so far been most pronounced in the foundry of the works, the output of which is now some 250 tons per month and this will further be raised in the current year. Castings upto four tons weight are being obtained and improved techniques are permitting of a continually higher quality and complexity of work being undertaken.

It will be recalled that, as a step towards further diversification of the product range, the Company had submitted, during 1960, an application for the manufacture of various types of cranes. A licence has now been received in respect of overhead electric travelling cranes, steam loco cranes and dockside load buffling cranes. Government approval has also been obtained for the Company's collaboration agreement with two members of the Thomas W. Ward Engineering group in the U.K. for the manufacture of their products in India.

As regards prospects, it will be interesting to reproduce what the Chairman, Sir John Brown, has stated in his annual statement circulated along with the Directors' report and accounts:

"The Company's order book is now in a most satisfactory state. Structural capacity is fully booked with work which will not be completed until 1964, while the wagon shop should be fully occupied until the middle of 1963. The level of output will, of course, as in the past, be determined, to some extent, by the availability of raw materials, but, as far as can be foreseen at present, we should be able to work the structural shops to near capacity from the month of August 1962 onwards. An important order recently entrusted to the Company is for the fabrication and erection of the steel work for the urgently required extension of the Cossipore Power Station of the Calcutta Electric Supply Corporation Limited. All raw materials for this order are being imported from British mills and much of the steel has already arrived in Calcutta. Fabrication is in hand and despatches will commence from the month of May with completion of erection on site expected by November 1962. The tempo of work in the wagons shops is being maintained at a high level, while orders for the mechanical works are being obtained to match increasing capacity. In this circumstances, it is reasonable to expect a further increase in output in 1962.

"Looking further ahead, we believe that our record of performance to date and the needs of the country's railway system will ensure the receipt of further orders to keep our wagon works fully employed at least until the end of the third Plan period. The rapid industrialisation which is now taking place in India should result in a continually expanding demand for the products of both the structural and mechanical works in the years ahead."

The Rs. 10 fully paid ordinary share of the Company is currently quoted at Rs. 60 *cum-div., cum-right*. The dividend for 1961 is Rs. 2.50 subject to deduction of taxation. On *ex-div., ex-right* basis, the yield works out to 5.3 per cent.

(*Concluded from next column*)

50 per cent over that in 1960, following the commissioning of the second MST plant.

The output of rayon yarn suffered a shortfall, in view of reduced production in the older machines which had been working since 1950. The Directors, however, hope that, with the commissioning of the new machines which are on order, production would again be stepped up.

Sales of all products were steady excepting in the case of plain cellulose film the sales of which declined slightly in the latter part of the year. There are indications that the position will show an improvement in the near future now that the Company has been able to secure, after a severe test, an export market for its cellulose film in the Far East.

As regards expansion, the Directors state that the Company has received permission to install six more spinning machines and relevant import licences are awaited. Formalities in connection with the expansion of rayon production by five tonnes per day are almost complete and orders for the necessary plant and machines will be placed as soon as licences are received from the Government. This new expansion is specially designed for the making of finer deniers of yarn and, perhaps, the Company will, once again, be the pioneers in the country in manufacturing 45 denier special yarn. The scheme, when put through, will raise the total production capacity to 13.6 tons per day.

Meanwhile, installed capacity in respect of cellulose film has been raised by about two tons per day by modifications to machines so as to increase the total capacity to 13 tons per day. The electrical carbon bisulphide plant of five tons per day capacity is scheduled to start production soon. The erection of the cotton linter pulp plant is going on as per schedule and production is expected to commence by August-September this year.

The present market quotation for the Rs. 10.00 fully paid ordinary share is Rs. 42.25 *cum-div.* On *ex-div.* basis, the net yield works out to 3.4 per cent.

MINOR SETBACK FOR TRAYONS

DIVIDEND SAME—PROSPECTS GOOD

OWING to enhancement of excise duty on rayon yarn, about two-thirds of which had to be absorbed in the cost, non-utilisation of capacity in the cellulose film section to the fullest extent on account of slackness in demand in the latter part of the year, and lower output due to ageing of a part of the equipment, the sale and gross profit of the Travancore Rayons Ltd. (Managing Agents: Messrs. Emcete and Sons (Travancore) Private Ltd., Madras) for the year to 31st December 1961 have suffered a setback. The sale proceeds of products have declined by Rs. 10.39 lakhs to Rs. 366.49 lakhs and the gross profit has gone down by a more or less identical amount, from Rs. 122.64 lakhs to Rs. 111.39 lakhs. The decrease in profit has naturally brought about a reduction in the Managing Agents' commission from Rs. 7.34 lakhs to Rs. 5.08 lakhs, but provisions for depreciation and taxation have been increased, the former by Rs. 3.66 lakhs to Rs. 40.13 lakhs and the latter by Rs. 3.30 lakhs to Rs. 30.60 lakhs. As a result of the rise in total essential provisions, the net profit shows a fall of as much as Rs. 15.95 lakhs or over 30 per cent to Rs. 35.58 lakhs. Transfer to the statutory development rebate reserve has been cut sharply from Rs. 15.70 lakhs to Rs. 2.75 lakhs, while a sum of Rs. 8.00 lakhs has been credited, for the first time, to a new reserve known as dividend equalisation reserve. The reason for the creation of this reserve, as explained by the Directors in their report to shareholders, is that, when the Company's expansion programmes are completed, the development rebate, which is allowed by the Income-tax authorities, will be claimed by the Company and, in that case, the available profit may not be adequate for dividend purposes. The Directors have, therefore, thought it prudent to create this reserve, so that the Company can have recourse to it in case of necessity. After making these prior appropriations, the Directors have set aside Rs. 3.25 lakhs for payment of preferred dividends in respect of the year and, out of the balance remaining, they have declared a dividend on ordinary shares at 20 per cent (subject to deduction of tax), same as last year, absorbing, as in the previous year, Rs. 20.00 lakhs.

The Company's record of achievement during each of the past four years is presented synoptically by the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales proceeds	366.49	376.88	338.51	328.29
Other income	1.48	2.14	2.61	1.10
Closing stocks	42.05	16.57	27.37	18.23
Raw materials and stores consumed	134.40	119.78	115.97	120.39
Excise duty	32.70	28.96	22.95	14.70
Other expenses	114.86	100.85	92.52	95.86
Gross profit	111.39	122.64	118.82	98.64
Managing Agents' remuneration	5.08	7.34	8.56	6.66
Provisions for—				
Depreciation	40.13	36.47	40.86	37.39
Taxation	30.60	27.30	39.04	1.08*
Net profit	35.58	51.53	29.67	58.51
Transfer to reserves	12.25	27.20	8.05	38.30
Dividends—				
Preference	3.25	4.00†	2.50†	2.50†
Ordinary	20.00	20.00	20.00	12.50†
	(20%)†	(20%)†	(20%)†	(12.5%)
Carry forward	2.69	2.61	2.29	1.98

* Wealth tax only.
† Subject to deduction of tax.

The financial position of the Company is highly satisfactory, as will be evident from a perusal of its balance-sheet as at 31st December 1961. The share capital of Rs. 150.08 lakhs, of which Rs. 50.00 lakhs are in preference shares and the balance in equities, has a supplement of Rs. 110.38 lakhs in reserves and surplus. Secured and unsecured loans aggregate Rs. 43.91 lakhs, in addition to current liabilities and provisions together amounting to Rs. 158.72 lakhs. Fixed assets, with a book value of Rs. 567.84 lakhs, have been well written down to Rs. 221.13 lakhs, while the total of current assets, including investments and loans and advances, stands at Rs. 241.96 lakhs.

Production of plain cellulose film during the year showed an increase. The extent of the increase would, indeed, have been more marked if the third cellulose film plant worked to capacity. It had to remain shut down during the latter part of the year, due, as already stated, to slackness in demand. The production of MST cellulose film registered a rise of about

(*Continued in previous column*)

MODERNISATION PAYS SHREENIWAS COTTON WELL

PROFIT BETTER—DIVIDEND RAISED AGAIN

WHAT wonders modernisation and renovation can do for India's cotton textile industry is clearly demonstrated in the performance of the Shreeniwas Cotton Mills Ltd. [Managing Agents: The Marwar Textiles Agency (Private) Ltd., Bombay] during the last three years. The Company, it will be recalled, launched a few years ago an ambitious programme of radically renovating and modernising its equipment. The programme has paid the Company well since 1959, when its effects were felt for the first time. The profitability of the Company (that is the ratio of gross profit to sales) has shown a steady improvement, though the sales realisations have tended to decline. The fabrics, produced by the Company, we are told, command wide popularity and fully satisfy the customers demand for fancy cloth, thanks to modernisation.

During the year 1961, while sales proceeds at Rs. 447.87 lakhs hardly showed any improvement over Rs. 447.30 lakhs in the previous year, the gross profit rose further from Rs. 70.53 lakhs to Rs. 83.48 lakhs, excluding Rs. 2.08 lakhs on sales of fixed assets, transferred to capital reserve. The percentage increase works out to 18.3 on top of 76 in 1960. The profitability, which had gone up from 8.72 per cent to 15.76 per cent in the previous year, rose further to 18.6 per cent during the year under review. The rise is especially significant in that it has occurred despite the increase in cost of raw materials from Rs. 171.16 lakhs to Rs. 180.36 lakhs and in other expenses from Rs. 68.94 lakhs to Rs. 78.76 lakhs, excluding staff expenses which came down a little from Rs. 148.36 lakhs to Rs. 147.23 lakhs. The excise burden amounted to Rs. 64.71 lakhs as against Rs. 63 lakhs in the previous year. Again, notwithstanding higher essential provisions and Managing Agents' remuneration, the net profit is larger at Rs. 40.60 lakhs, as against Rs. 32.13 lakhs a year before. More than half the net profit, Rs. 21 lakhs to be precise (as against Rs. 12 lakhs in the previous year), has been retained in business and, at the same time, the return to shareholders has been stepped up by another 2 per cent to 20 per cent, subject to tax. No provision has been made for bonus to staff. The carry forward is Rs. 1.06 lakh, as against Rs. 56,000 brought in.

The salient features of the Company's working in the past four years are brought out in the comparative table below:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds of cloth, yarn and waste	447.87	447.30	459.15	417.57
Stocks at close	84.87	61.75	61.31	103.78
Other income	18.84	11.25	8.23	6.97
Cost of cotton, yarn, colours and chemicals	180.36	171.16	172.17	139.35
Staff expenses	147.23	148.36	143.97	143.84
Other expenses	78.76	68.94	68.71	67.86
Gross profit	83.48	70.53	40.07	18.87
Managing Agents' remuneration	6.04	4.90	2.52	0.67
Provision for—				
Depreciation	15.00	14.14	10.51	8.33
Taxation	21.75	19.36	9.10	0.54
Net profit	40.60	32.13	17.94	9.33
Transfer from reserves	..	..	2.50	8.20
To reserves	21.00	12.00	8.00	9.65
To bonus to staff	..	5.34	..	..
Dividends—				
Preference	0.25†	0.25†	0.27†	0.19
Ordinary	18.25 (20%)†	14.40 (18%)†	12.00 (15%)†	8.00 (10%)
Carry forward	1.06	0.56	0.42	0.25
Market value of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	†321.00	302.00	286-cr	254.00	166.00
Low	273.00	225.00	220-xr	133.00	132.75

† Subject to deduction of tax.

The Company installed during the year new machinery worth Rs. 49 lakhs, of which the equipment imported accounted for Rs. 30 lakhs. With the installation of American combers, the entire production of yarn is now combed. Some more machinery worth Rs. 30 lakhs is expected to be erected in the current year. The Company has a processing capacity of 130,000 yards per day. Besides processing the entire quantity of cloth produced within the mills, the Company also takes daily about 25,000 yards from outside parties for processing. It is proposed to install in the processing department additional machinery for which import licences have already been obtained. This addition will raise the capacity to 200,000 yards and enable the Company to take a larger quantity of outside cloth for processing. Negotiations between Messrs. Cluett Peabody and Company Inc. of the U.S., the owners of the trade mark, "Sanforized," and the Government in respect of the payment of royalty and other matters are still in progress and, as soon as they are finalised, the Company will take steps to import the Sanforizing machine. As against its application for 20,000 extra new spindles out of the 3-million-quota allocated to the industry, the Company has been allowed to install only 4,000 additional spindles; it is pursuing the matter further. It is stated that the installation of the additional 20,000 spindles will not require any big investment in the back process machinery, except cards, as the present capacity is almost sufficient to feed all of them. Automatic looms will be received by the Company by the middle of this year and go into production immediately. The eight-colour Comerio printing machine is under erection and will be used for production shortly. Rationalisation has been the cause of some labour disputes, which, however, have now been amicably settled. The Company has entered into an agreement with the representative Rashtriya Mill Mazdoor Sangh to start four looms a weaver with effect from 2nd April 1962. As for cotton supply, the Company is comparatively in a much better position and is expected to work at the normal level.

The working of the Shree Madhusudan Mills Ltd., a subsidiary of the Company, is improving. It has paid two years' arrears of preference dividend for the first time since it became a subsidiary. Interim dividend for two more years is expected. Its loan application for modernisation and renovation, which has been sanctioned by the N.I.D.C. is awaiting final clearance from Government which is expected shortly. It has placed orders for a new blow room. Another subsidiary, Shree Gopal Industries Ltd., at Kotah, went into production in July 1961 and started normal working in November last. The Company installed 12,000 new spindles at a modest outlay of Rs. 30 lakhs. It is proposed to install 13,000 additional spindles, for which Government's sanction is awaited. The machinery will be able to feed the increased spindleage with some sizable investment only in cards. With the installation of sizing and warping machines, this subsidiary is expected to show still better results.

The financial position of the Company is satisfactory. Its paid-up capital of Rs. 94.80 lakhs is made up of Rs. 90 lakhs in equity including Rs. 56 lakhs by way of capitalisation of reserves and Rs. 4.80 lakhs in preference, redeemable by giving six calendar months' notice. During the year, the equity capital was increased by the issue (at par) of 10,000 shares of Rs. 100 each in the ratio of one new share for every eight existing shares. Since the close of the year, a further rights share issue in the ratio of one for nine shares at par has been made. The capital is supplemented by reserves and surplus of Rs. 89.06 lakhs. Its secured loans have increased from Rs. 129.26 lakhs to Rs. 139.20 lakhs, due to increase in debentures from Rs. 30 lakhs to Rs. 34.22 lakhs and rise in bank borrowings from Rs. 99.26 lakhs to Rs. 104.98 lakhs. Unsecured loans, however, have receded from Rs. 20.97 lakhs to Rs. 8.99 lakhs. Its other liabilities amount to Rs. 127.40 lakhs. Excluding debentures, its liability to outsiders works out to Rs. 241.37 lakhs, which is rather high, but it will be reduced this year by the rights issue. As against this, current assets, loans and advances aggregate Rs. 219.82 lakhs. Investments in Government securities, shares and property aggregate Rs. 94.66 lakhs, inclusive of Rs. 60.98 lakhs deposited with banks. The quoted investments of Rs. 70.80 lakhs command a market value of Rs. 102.67 lakhs. The gross block, which increased during the year from Rs. 190.86 lakhs to Rs. 237.59 lakhs, has been written down to Rs. 144.03 lakhs.

The Rs. 100 fully paid ordinary shares are currently quoted at Rs. 278 *cum-div., ex-rights*, and offer a net yield of 5.3 per cent per annum, on *ex-div.* basis.

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INDIAN ALUMINIUM'S STEADY PROGRESS

RESERVES STRENGTHENED—MORE EXPANSION ON HAND

DESPITE a sharp setback of Rs. 114.74 lakhs to Rs. 1,010.03 lakhs in sale proceeds, the Indian Aluminium Company Ltd. (Chairman: Mr. K. C. Mahindra, Calcutta) made steady progress during the year 1961 and nearly maintained the gross profit at the previous year's improved level, the actual profit being Rs. 279.41 lakhs, as against Rs. 280.93 lakhs. The decline in sale proceeds was accounted for entirely by agency products the sales of which fell from Rs. 323.80 lakhs to Rs. 170.62 lakhs, whereas the sales of the Company's "own" products scaled a new peak of Rs. 839.40 lakhs, those in the preceding year being Rs. 800.97 lakhs. The improvement in the sale of "own" products followed the persistent increase in production, as can be seen from the table below:

(In tonnes)

	1961	1960	1959	1958
Aluminium ingot	15,909	15,901	14,892	5,664
Rolled products	11,156	10,952	10,414	8,834
Extruded products	1,589	1,370	1,240	1,084
Aluminium powder and paste	448	432	428	333

Notwithstanding the increase in production, manufacturing and other expenses came down substantially from Rs. 849.22 lakhs to Rs. 741.69 lakhs, with the result that the gross profit showed only a slight fall. Provision for depreciation has been increased from Rs. 55.26 lakhs to Rs. 60.57 lakhs, but that for taxation is reduced from Rs. 99 lakhs to Rs. 53 lakhs. The net profit, therefore, has gone up by Rs. 39.17 lakhs to Rs. 165.84 lakhs. Out of this, a sum of Rs. 95.50 lakhs (as against Rs. 52.63 lakhs a year before) has been transferred to reserves, including development rebate reserve which gets as much as Rs. 45.50 lakhs (as against Rs. 2.63 lakhs). It is thus clear that the Company has been providing funds for further expansion on hand. The dividend has been maintained at the previous year's level of 15 per cent, subject to tax. Gratuity provision has absorbed Rs. 5.64 lakhs more at Rs. 9.80 lakhs. The carry forward is adequate at Rs. 62.32 lakhs, as against Rs. 49.91 lakhs brought in.

The comparative table below gives a fair idea of how the Company has fared in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	1010.03	1124.77	989.68	742.97
Other income	11.07	5.38	9.07	3.58
Manufacturing and other expenses	741.69	849.22	726.72	604.79
Gross profit	279.41	280.93	252.03	141.72
Provision for—				
Depreciation	60.57	55.26	52.43	27.95
Taxation	53.00	99.00	52.28	61.43
Net profit	165.84	126.67	147.52	52.33
Excess provision written back	13.25	16.10	..	..
Capital issue expenses	..	..	11.83	..
Adjustment relating to previous years	..	7.62	..	..
Provision for gratuity	9.80	4.16	6.19	4.66
To development rebate reserve	45.50	2.63	61.50	11.10
To general reserve	50.00	50.00	..	..
Dividends—				
5 per cent preference	1.78	1.78	2.00	1.87
Ordinary	60.10 (15%)†	60.10 (15%)†	48.12 (12%)†	27.78 (7%)
Carry forward	62.32	49.91	33.42	15.65
Market price of ordinary share (In rupees):	1961	1960	1959	1958
High	38.00	33.00	28.81	16.81
Low	33.25	24.23	16.06	12.37

† Subject to deduction of tax.

The year 1961 marked the entry of the Company into the export market, with sales of 184 tonnes of aluminium sheets and circles to South Vietnam. The possibility of exporting extruded products and aluminium paste is being investigated. It is interesting to find that, despite limited supplies, the Company is making renewed efforts to develop new uses of aluminium fabricated products. And these efforts would not be fruitless, as we are told that a new consumption pattern with increasing demand for its products for industrial uses is gradually emerging and is expected to become more evident when the supply position improves. The Company's production rose in the face of technical difficulties at the Hirakud smelter, which were overcome subsequently with the help of three specialists from the Canadian associates, and power cut in Kerala which resulted in a loss of 125 tonnes of production in the Alupuram plant. The 15 per cent duty on electricity has pushed up costs at Hirakud. The Belur plant maintained its recovery and efficiency. The rolled products, still short of demand, enjoyed reputation for their quality and finish. The production of aluminium paste at Kalwa kept pace with the requirements of the market. During the year, new facilities were added to the plant to produce pyro-technic powder and production has started from January 1962. Representations against inadequate railway transport proved of little avail, and the Company had to use costlier road transport.

At Hirakud, the expansion programme, aimed at doubling the plant's annual capacity to 20,000 tonnes, was completed five months ahead of schedule. With the availability of partial power supply in November last, 47 out of 84 new pots were started then. By now the plant should have gone into full production with the availability of power for the remaining pots in April-May 1962. An additional extrusion press, installed at Alupuram in October last, was put into regular operation on a two-shift basis on 4th December 1961. This has increased the extrusion press capacity from 1,500 tonnes to 3,700 tonnes per annum. It is designed to produce larger and more complex extruded sections. Under Government orders, however, production is limited to 2,700 tonnes. Some of the new facilities at the aluminium plant at Muri were brought into operation in December last, four months ahead of schedule. The completion of the balance of new facilities was expected by April this year, and, with it, the rated capacity was estimated to rise to 54,000 tonnes per annum, as against 18,000 tonnes before the expansion. The sheet rolling expansion at Belur is to be completed as per schedule in July next. During the year, the Company obtained licences for the expansion of ingot capacity at Alupuram by 5,730 tonnes per annum and for the establishment of a foil mill at Kalwa with an annual capacity of 2,500 tonnes of aluminium foils. Financing terms for this expansion are awaiting Government's approval. With this further expansion on hand, the Company is well set towards attaining "sufficient strength to stand on its own" and generate enough technique, management and resources to follow through further expansions, which it would be possible to do, according to its Chairman, Mr. K. C. Mahindra, by 1966-67.

The financial position of the Company is sound. Its paid-up capital of Rs. 438.81 lakhs, Rs. 398.81 lakhs of which are in equity and the balance in preference shares, is supplemented by reserves and surplus of Rs. 407.41 lakhs. During the year, its bank borrowings rose sharply from Rs. 86.94 lakhs to Rs. 457.63 lakhs, necessitated quite naturally by the implementation of the expansion programme. In addition, the Company has a secured liability of Rs. 3 crores by way of debentures. Current liabilities, provisions and secured loans have gone up from Rs. 14.85 crores to Rs. 19.65 crores. As against these, current assets, loans and advances aggregate Rs. 19.17 crores. The gross block has increased from Rs. 9.80 crores to Rs. 13.73 crores, and this has been written down to Rs. 9.60 crores. Including construction in progress, etc., the net block is shown in the balance-sheet at Rs. 13.63 crores.

The Rs. 10 fully paid ordinary share of the Company is currently quoted at Rs. 40.25 *cum-div.* On *ex-div.* basis, the share gives a net yield of about 3 per cent.

DELHI LETTER

(*Concluded from page* 800)

to an objective of economic democracy as well. Once this is done results like capital formation are bound to improve. Mr. Nanda also explained to Mr. Lee Kuan Yew the importance Delhi attached to the public sector and *panchayat raj* which connoted decentralisation of power.

The Indian Planning Commission will soon be sending a senior small industries expert to serve the Singapore economic development agency in a consultative capacity. Singapore's and India's industrial estate plans have much in common, and Singapore too will help small *entrepreneurs* with capital in addition to providing factory space. But Singapore's wages are high and, despite the wishes of the Government, the investor there wants to have more capital-intensive industries.

According to Mr. Lee's finding, an investment of about Rs. 5,000 could provide employment to a worker at Okhla, but, in Singapore, the ratio is about Rs. 40,000 to one worker. Being a free port dependent on buying and selling, Singapore cannot impose the import restrictions needed to support labour-intensive small industries.

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SYNOPSES OF COMPANY REPORTS

Kothari Textiles Ltd.

(*Managing Agents*: Messrs. Kothari & Sons, Madras.)

24*th Annual General Meeting*—18th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales—cloth, yarn and waste	1,99,10	1,78,38
Closing stock cloth, yarn and waste	38,47	31,70
,, ,, work-in-progress	6,33	5,06
Gross profit	30,84	28,40
Transfer to depreciation	15,99	16,20
,, ,, provision for taxation	7,20	1,10
,, ,, provision for development reserve	2,13	4,05
Net profit	4,13	5,75
Adjustments	2,94*	2,81†
Appropriations:		
Total available balance	7,07	8,56
Proposed dividends (taxable) C. Preference	1,40‡	1,40‡
,, ,, equity	5,38	6,72
	(8%)	(10%)
Carry forward	29	44

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

*Includes Rs. 2,50,000 transferred from general reserve.

†This includes Rs. 1,00,000 transferred from general reserve and Rs. 1,25,000 transferred from dividend equalisation reserve.

‡Preference dividend is calculated at 7.8 per cent.

Extracts from the Directors' report: The Company's sales have registered substantial rise from Rs. 1.78 crores in 1960 to Rs. 1.90 crores in 1961. Due to non-availability of power for the third shift, the Company's No. 2 Mill at K. Vadamathurai continued to run for 2 shifts only during this year.

During the year under review, the *Whitins Combing* machinery installed towards the close of the previous year was brought into production. The additional *Cone Winding* machine ordered in the previous year was also received and commissioned. Out of the 30 additional *Cards* ordered earlier, 15 *Cards* were commissioned by the end of the year.

Accounts in brief as at 31st December 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	85,20,000	Gross block	1,96,16,938
Reserves and surplus	27,43,717	—Depreciation	81,40,477
Other liabilities	1,25,99,618		
		Net block	1,14,76,461
		Current assets	1,12,78,099
		Investments	7,81,361
		Cash	3,27,414
	Rs. 2,38,63,335		Rs. 2,38,63,335

*Paid up capital consists of: (a) 1,20,000 six per cent. tax-free cumulative preference shares of Rs. 10 each; (b) 60,000 six per cent tax-free cumulative 'B' preference shares of Rs. 10 each and (c) 6,72,000 equity shares of Rs. 10 each.

Killick Industries Ltd.

(*Managing Director and Chairman*: Mr. A. N. Haksar, Bombay.)

14*th Annual General Meeting*—18th May 1962.

Working Results:

	For the year ended 30th November (In thousand rupees	
	1961	1960
Gross income	83,26	68,18
Commission and allowance received from managed companies	18,94	14,11
Income from trade investments (gross)	14,92	14,27
Gross profit	22,48	17,75
Transfer to depreciation	83	61
,, ,, provision for taxation	11,60	8,50
,, ,, development rebate reserve	2	
Net profit	10,33	8,64
Adjustments	10	1,46†
Appropriations:		
Total available balance	10,33	10,10
Transfer to general reserve	10,00	Nil
To payment of dividend (taxable) equity	Nil	10,00
	(Nil)	(8%)
Carry forward	33	10

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

†This includes Rs. 1,40,000 transferred from equalisation of dividends reserve.

Extracts from the Directors' report: *Share Capital*: Out of the issue of 25,000 new shares, eight shares in respect of which calls remained in arrears, were forfeited by the Directors during the year.

Investments: During the year under review, the Company was allotted 200 shares in A.C.C.-Vickers-Babcock Limited in respect of which a sum of Rs. 20,000 has been paid. The Company was also allotted by way of bonus shares 2,000 fully paid ordinary shares in The Shivrajpur Syndicate Limited and 2 fully paid ordinary shares in The Simplex Mills Co., Ltd. Pursuant to the collaboration agreement with Caribonum Limited, 46 per cent of the Company's holding in the equity and preference share capital of Stamco Industries Limited, i.e., 944 fully paid ordinary shares, 91 partly paid ordinary shares and 230 fully paid preference shares, was transferred to Caribonum Limited in consideration of a payment to the Company of Rs. 9,459. A sum of Rs. 95 was also received from the liquidator in respect of 1 share held by the Company in Steel Files Marketing Co. of India Private Limited (in Liquidation).

Industrial Development: Necessary applications have been made to Government for the formation of Killick Slotted Angles Limited to manufacture *Dexion* products and it is hoped that the Company will be incorporated shortly. The project to manufacture nuts and bolts at the Company's estate at Chandivali has been abandoned as the Directors have considered it inexpedient to go ahead with the same in view of various difficulties in regard to both machinery and raw material. The plant which had been imported is being disposed of with the approval of Government.

John Baker & Sons (Engineers Steel Files): An agreement was reached during the year with labour which has resulted in increased production.

Managed Companies: *The Shivrajpur Syndicate Ltd.* (30-11-1961): The manganese ore market was adversely affected by a cessation of barter transactions involving manganese ore. In recognition of the difficulties facing the industry, the Government decided to reduce Railway freight on manganese ore with effect from 1st January 1962. In view, however, of heavy accumulation of stocks, the Company was at the end of its financial year considering a substantial curtailment of output. This has since been done.

The Central Provinces Railways Co., Ltd. (30-9-1961): Coaching as well as goods traffic during the year showed a welcome increase as a result of measures taken to combat the increased competition from road transport.

Subsidiary Companies: *Killick, Nixon & Co., Ltd.* (31-7-1961): Adverse trading conditions affected the Company's working for this year which unfortunately resulted in a loss. The Engineering Works set up at Chandivali for the manufacture of concrete vibrators, prestressed concrete equipment, etc. went into production from June 1961.

Stamco Industries Limited (30-6-1961): Pursuant to the collaboration agreement with Caribonum Limited, technicians from the U.K. were made available to this subsidiary and certain members of the Company's staff were also sent abroad for training. A new factory has been constructed at Chandivali for the manufacture of this Company's products. With effect from 5th March 1962, the Company's name has been changed to Killick Caribœnum Limited.

A. R. Haseler Limited (30-9-1961): The Company's working for this year, which is its first financial year since it became a subsidiary of Killick Industries Limited, has resulted in a profit due to improved turnover.

Snowcem India Ltd. (31-1-1961): Production and sales continued to show improvement.

With a view to consolidate the Company's position and to conserve its resources the Directors have decided not to recommend any dividend for the year.

Accounts in brief as at 30th November 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	1,24,95,600	Gross block	55,84,569
Reserves and surplus	37,39,447	—Depreciation	21,09,186
Other liabilities	1,42,37,306		
		Net block	34,75,383
		Block in progress	5,56,617
		Current assets	95,28,332
		Investments	1,68,87,877
		Cash	24,144
	Rs. 3,04,72,353		Rs. 3,04,72,353

*The paid up ordinary capital consists of 1,24,954 shares of Rs. 100 each.

Anil Starch Products Ltd.

(*Managing Agents*: Messrs. Kasturbhai Lalbhai & Co., Ahmedabad.)

23*rd Annual General Meeting*—12th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	2,80,32	2,35,92
Closing stock—starch, acid etc.	11,74	24,07
Gross profit	43,65	44,40
Transfer to Managing Agents' commission	3,29	3,55
,, ,, depreciation	10,67	8,87
,, ,, provision for statutory development rebate reserve	5,95	1,17
,, ,, provision for taxation	13,34	13,54
Net profit	10,39	17,27
Adjustments	42	47
Appropriations:		
Transfer to general reserve	Nil	8,00
Proposed dividends (taxable) 7% C. preference	35	35
,, ,, ordinary	9,95* (D.20% +B.10%)	8,97† (D.20% +B.10%)
Carry forward	62	42

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

*Dividend and bonus on the increased capital of Rs. 39,76,700.

†The dividend and bonus for 1960 was on a paid up capital of Rs. 29,89,400.

Extracts from the Directors' report: Under the Scheme PL-480, the arrangements made by the Government of India for procurement of American maize continued during the year. The Company, therefore, had no difficulty in obtaining necessary raw material of maize and the Starch Plant worked quite satisfactorily. Other essential materials such as *Sulphur, Rockphosphate, Carbon* etc., were also released to the Company in adequate quantities. *Dextrose, Glucose, Sulphuric Acid* and *Fertiliser* plants, therefore, also worked satisfactorily.

Expansion Schemes of the Company have progressed satisfactorily. Most of the new equipments for the extension of the Dextrose Plant have been put into commission. The *Superphosphate* plant is being expanded by a further capacity of 22,000 tons per year. Orders for most of the machinery to be fabricated locally have been given and necessary licence for import of foreign machinery is awaited. Preliminary arrangements for construction of building have been finalised. *Sulphuric Acid* plant is expected to work to its full capacity by May 1962. The building for *Alum* plant is ready; most of the indigenous machinery have been ordered and the erection of the whole plant is expected to be completed during the current year. Machinery for *Sodium* and *Zinc Silicoflouride* plants is expected to be delivered during the current year. Building for *Calcium Gluconate* plant is under construction and on completion of the erection of the machinery, the plant is expected to go into production to its expanded capacity during the current year.

Demand for *Manure Mixtures* is rising in the State. To enter this market, the Company has recently purchased International Trading Agencies, Bhavnagar, who were preparing and selling manure mixtures. Business activities of this concern are being re-organised and operations of the manure mixtures at Bhavnagar are expected to start very soon. In addition to this, the Company has also obtained licence under the Fertilisers (Control) Order, 1957 to prepare manure mixtures at Ahmedabad.

The Government has granted a licence under the Industries (Development & Regulation) Act for manufacture of *Mono-Sodium Glutamate*.

Accounts in brief as at 31st December 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	44,30,150	Gross block	1,77,41,520
Reserves and surplus	40,75,198	—Depreciation	68,66,368
Other liabilities	1,34,60,004		
		Net block	1,08,75,152
		Current assets	1,07,80,073
		Investments	5,800
		Cash	3,04,327
	Rs. 2,19,65,352		Rs. 2,19,65,352

*Paid up capital consists of 5,000 seven per cent cumulative preference shares of Rs. 100 each and 39,767 ordinary shares of Rs. 100 each (last year 29,804 ordinary shares of Rs. 100 each). Calls in arrears amount to Rs. 47,825.

Travancore Ogale Glass Manufacturing Co., Ltd.

[*Managing Agents*: Ogale Brothers (Private) Ltd., Alwaye.]

19*th Annual General Meeting*—1st June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales—glassware	17,74	15,30
Closing stock	53	40
Gross profit	2,57	1,95
Transfer to depreciation	1,03	87
,, ,, development rebate	19	16
,, ,, provision for doubtful debts	Nil	4
,, ,, ,, taxation	65	38
Net profit	70	51
Adjustments	3	12
Appropriations:		
Total available balance	73	63
Proposed dividend (taxable) equity	70	60
	(7%)	(6%)
Carry forward	3	3

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

Extracts from the Directors' report: The improvement in the operating profits was largely absorbed by the higher wage bill, depreciation and development rebate and provision for income-tax. After allowing depreciation at usual rates, and initial and extra shift allowances, during previous years the written down value of the assets according to income-tax assessment is lower than that appearing in the books of the Company and therefore higher provision for the tax liability has to be made.

During the year under report, the Central Government introduced excise duty on glass and glassware from 1st March 1961, the levy being 10 per cent on lampware and 15 per cent on other ware like bottles, tumblers, pressedware etc.

The Works Superintendent, Sri M. A. Oke was deputed on a study tour of European countries to study the working of automatic glass making machines so as to introduce mechanisation in the Company's factory as far as practicable. He has submitted a report and it is under study.

Accounts in brief as at 31st December 1961 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	9,98,080	Gross block	18,55,927
Reserves and surplus	51,637	—Depreciation	8,49,209
Other liabilities	7,94,098		
		Net block	10,06,718
		Current assets	7,93,051
		Cash	44,946
	Rs. 18,44,715		Rs. 18,44,715

*Paid up capital consists of 1,00,000 equity shares of Rs. 10 each. Allotment and call money unpaid is Rs. 1,020.

BRITISH INDIA CORPORATION LIMITED

(*Concluded from page 806*)

the authorities concerned will not allow productivity to suffer through lack of co-ordination between coal suppliers and transport arrangements.

General

The total contribution of the B.I.C. Group of Companies to the Union and State Exchequers this year is 4.22 crores of rupees in various forms of taxation as against 3.73 crores last year. This increase by nearly half a crore of rupees is largely due to the excise duty on woollen and cotton textiles to the tune of about 25 lakhs of rupees in excess of last year's figure. Cane cess, this year, has also increased by about Rs. 7 lakhs, the other increases being in respect of income-tax and sales tax.

"Before I close, I would like to thank all my worthy colleagues on the Board for their invaluable support during the year under review. I would also like to express my appreciation of the harmonious working of the staff as a whole. The loyalty and enthusiasm of all categories of staff who have contributed so much to the year's achievements, deserves special mention, and I would like to place on record my thanks for the co-operation extended to me. If teamwork and efficiency are combined with courteous dealings in all contacts and circumstances, I have no doubt that the B.I.C. will continue to go from strength to strength."

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

Notice

GUEST, KEEN, WILLIAMS, LIMITED

NOTICE

THE THIRTY-SECOND ANNUAL GENERAL Meeting of the Members of Guest Keen, Williams, Limited will be held at the offices of Jardine Henderson Limited, 4 Clive Row, Calcutta, on Thursday, the 31st day of May, 1962, at 12 noon, to transact the following business:—

1. To adopt the Directors' Report and the Audited Accounts for the 52 weeks ended 30th December, 1961.
2. To declare a Dividend.
3. To elect Directors in place of those retiring.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification, the following resolutions:—

5. *As an Ordinary Resolution*:

That approval be and is hereby accorded (approval of the Central Government having been received) to Sir Henry Morton Leech Williams (who was re-appointed Managing Director of the Company for the period 1st January 1961 to 31st March 1962) being remunerated in terms of an Agreement dated 21st December, 1961 between the Company and Sir Henry Morton Leech Williams, a copy of which agreement has been signed by the Chairman for the purpose of identification.

6. *As an Ordinary Resolution*:

That approval be and is hereby accorded (approval of the Central Government having been received) to the remuneration payable to Mr. William Morrice, a wholetime Director of the Company, being increased with effect on and from 1st April, 1960 in terms of a written communication dated the 25th April, 1962 conveyed to Mr. William Morrice by the Company, a copy of which communication has been signed by the Chairman for the purpose of identification.

7. *As an Ordinary Resolution*:

That approval be and is hereby accorded (approval of the Central Government having been received) to Mr. William Morrice (who was appointed Managing Director of the Company for a period of 5 years with effect from 1st April, 1962) being remunerated in terms of an Agreement dated the 25th April, 1962 between the Company and Mr. William Morrice, a copy of which agreement has been signed by the Chairman for the purpose of identification.

8. *As an Ordinary Resolution*:

That approval be and is hereby accorded (approval of the Central Government having been received) to the remuneration payable to Mr. Thomas Kay Walshaw, a wholetime Director of the Company, being increased with effect on and from 1st April, 1962 in terms of a written communication dated the 25th April, 1962 conveyed to Mr. Thomas Kay Walshaw by the Company, a copy of which communication has been signed by the Chairman for the purpose of identification.

9. *As an Ordinary Resolution*:

That approval be and is hereby accorded (approval of the Central Government having been received) to the remuneration payable to Mr. Bishasher Nath Khosla, a wholetime Director of the Company, being increased with effect on and from 1st April, 1962 in term of a written communication dated the 25th April, 1962 conveyed to Mr. Bishasher Nath Khosla by the Company, a copy of which communication has been signed by the Chairman for the purpose of identification.

10. *As a Special Resolution*:

That in view of the proposal contained in the next succeeding resolution that Mr. Mohan Murijmal Malkani be appointed a Director of the Company, consent be and is hereby accorded to Mr. Mohan Murijmal Malkani holding and continuing to hold an office or place of profit under the Company as Sales Manager, Engineering Division, at the Company's Head Office or such other office or place of profit as the Directors may from time to time decide, upon such terms as to remuneration and otherwise as the Directors may from time to time determine, subject to the Central Government's approval and, in the meantime, on the terms presently applicable to him.

11. *As an Ordinary Resolution*:

That due notice in writing signifying the intention of a Member to propose him as a Director having been left at the Registered Office of the Company pursuant to Section 257 of the Companies Act, 1956, Mr. Mohan Murijmal Malkani be and is hereby appointed, subject to the approval of the Central Government under Section 269 of the said Act, as a Director of the Company.

12. *As a Special Resolution*:

That in view of the proposal contained in the next succeeding resolution that Mr. Robert Allan Binns be appointed a Director of the Company, consent be and is hereby accorded to Mr. Robert Allan Binns holding and continuing to hold an office or place of profit under the Company as Sales Manager, Fastenings Division, at the Company's Head Office or such other office or place of profit as the Directors may from time to time decide, upon such terms as to remuneration and otherwise as the Directors may from time to time determine, subject to the Central Government's approval and, in the meantime, on the terms presently applicable to him.

13. *As an Ordinary Resolution*:

That due notice in writing signifying the intention of a Member to propose him as a Director having been left at the Registered Office of the Company pursuant to Section 257 of the Companies Act, 1956, Mr. Robert Allan Binns be and is hereby appointed, subject to the approval of the Central Government, under Section 269 of the said Act, as a Director of the Company.

The Register of Members of the Company will be closed from the 12th May, 1962 to 31st May, 1962, both days inclusive.

By Order of the Board,
R. B. RITCHIE,
Secretary.

41, CHOWRINGHEE ROAD,
CALCUTTA-16.
26th April, 1962.

Notes: 1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.

2. No application for warrants will be necessary and payment of any Dividend declared will be made on or after the 18th June, 1962 only to those Members whose names are registered in the books of the Company on the 31st May, 1962, or to their Mandatees. Claims on behalf of holders of shares held on blank transfer will not be entertained.

3. Copies of the written communications and the original agreement referred to in Resolutions 5, 6, 7, 8 and 9 are available for inspection at the Registered Office of the Company from 10 a.m. until midday on working days.

4. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 has been issued to all Shareholders.

BUCKINGHAM AND CARNATIC COMPANY LTD.

(*Concluded from page 810*)

"In the course of a speech I made last month as Chairman of the Employers' Federation of Southern India, I referred to the problem of absenteeism in industry in India which has increased in an alarming fashion in recent years and has resulted in expensive machines standing idle, due to workers helping themselves to leave to which they are not entitled. Unfortunately, your mills have not proved immune to this new industrial disease which, experience shows, seems to thrive when higher wages and generous bonuses are paid. Your mills, like many other factories, maintain a leave reserve of men, but this reserve in recent months has frequently proved to be inadequate, as, for example, when on some working days total absence including normal authorised leave, has exceeded 16 per cent. In the case of your mills an absentee figure of 16 per cent means that over 2,300 men are away from work.

"The increase in absenteeism has to some extent been due to the manner in which the State Health Insurance Scheme, the Company's contribution to which, as I have already mentioned, has this year been doubled, is being implemented, and there is evidence that it is possible for fit men to obtain generous medical leave on proportionate wages. It will be apparent to you how this development, if allowed to continue, can result in a serious increase in costs, besides being a most disruptive element to production.

Third Plan Target

"Industrial development during India's first two Five-year Plans was marked by significant achievements, but the target for production of mill-made cloth was set at a low figure by comparison with that fixed for other industries, and was exceeded without difficulty. The target of 5,800 million yards fixed for mill cloth in the third Plan, which was launched during 1961, is also modest being only 13 per cent over the yardage achieved at the end of the second Plan. This target, which I have no doubt will be reached provided adequate supplies of cotton are available, will barely keep pace with the anticipated population increase and will leave nothing for securing the progressive rise in living standards, one of the aims of the successive Five-year Plans, and certainly no margin for increasing exports, so necessary if India is to reach the stage of self-developing growth. Perhaps this is why the limited scheme of expansion announced by Government last year has attached to it an obligation to export which, if not met, will involve heavy penalties. Such a condition is likely to inhibit growth rather than assist it, but growth and higher productivity are essential, if India is to maintain its position in world markets.

"The satisfactory results for 1961 could not have been achieved without the loyalty and sustained efforts of the officers and staff of your Company who continually have to face new problems, invariably accompanied by frustration and anxiety. I am sure you will wish to join with me in expressing sincere thanks to them for the devoted service they have rendered the Company throughout the year.

"In the Directors' report, reference has been made to the resignation of Mr. Molyneaux who, for family reasons, has retired from India. Over the years, Mr. Molyneaux has rendered splendid service to your Company and it is hoped that we shall shortly be in a position to appoint Mr. Molyneaux as one of your Company's Technical Advisers and that he will make periodical visits to India.

"Before concluding, I would like to record my very grateful thanks to my colleagues on the Board for their loyal support and co-operation throughout the year."

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

GOODYEAR PLANS SUBSTANTIAL EXPANSION

Goodyear (India) Ltd. is to expand the annual capacity of its newly-built Rs. 6-crore tyre plant near Delhi from 213,000 tyres at present to 513,000 tyres. The expansion plans are well in hand, and the installation of additional facilities is expected to be completed within a year. Disclosing this at the annual general meeting of the Company held in Calcutta on Friday, 27th April, the Managing Director, Mr. R. E. O. Carey, welcomed the official policy of keeping the licensed capacity in the tyre industry ahead of demand to encourage competition. He was confident that demand would increase rapidly with the additions planned to the country's fleet of trucks, buses, cars and jeeps, as also with the new road mileage to be put up under the third Plan. He said that the new plant, which started production in August last, was still handicapped by an uncertain power supply. The position had, however, improved lately. The number of monthly outages has come down from 110 to about 25, because of the effective measures taken by the Punjab State Electricity Board, and the daily production was approaching the current licensed capacity. The proposed expansion, he hoped, would help the plant achieve economies of large-scale production. He hoped that the shareholders would agree that it was prudent to pass over the dividend in 1961 to meet the requirements of the expansion immediately ahead. It will be recalled that, last year, the Directors retained as much as Rs. 100 lakhs in business out of the distributable surplus.

BANKS ARE STILL DIVIDED

(From Our Own Correspondent)

BOMBAY, *2nd May*

There have been no new developments of any outstanding importance in the money market. The difference of opinion between big banks and medium banks on the Inter-bank Agreement pertaining to interest rates on deposits still remains unresolved. It is not known at the time of writing how this impasse will be brought to an end. The big banks have not been successful in persuading the Reserve Bank of India to intervene in their dispute with medium banks by issuing a directive. An informal meeting of the leading bankers with the Finance Minister is scheduled for Friday, the 4th inst. It remains to be seen whether Mr. Morarji Desai, who regards the Inter-bank Agreement as a good thing for the smooth growth of banking habit in this country, will use his influence and bring about a settlement.

Meanwhile, conditions in the short-term money market are quite comfortable. The volume of surplus funds, however, is not as large as it was a week ago and the demand for bank credit has also increased to some extent. Consequently, there are fewer lenders in the inter-bank section; in fact, advices from Calcutta suggest that the lenders are scarce. Nevertheless, the inter-bank call money rate remains unchanged at the previous week's level of 3½ per cent. The interest rates on short-term deposits are also unchanged at the ceiling prescribed under the Inter-bank Agreement.

The average rate of accepted tenders for 91-days' Government of India's Treasury Bills which had recorded a perceptible fall from 2.620 per cent per annum to 2.580 per cent per annum last week remained unchanged at the latter level this week. The amount offered was Rs. 2 crores, same as last week and equal to the amount invited. There was a fall of Rs. 22 lakhs—from Rs. 57 lakhs to Rs. 35 lakhs—in the sales of 91-days' intermediate Treasury Bills from 25th April to 28th April 1962. Sales of both the type of Bills are being continued.

The only outstanding feature of the Reserve Bank's statement for the week ended 27th April 1962 is a further decline in foreign assets, the exact fall during the week under review being Rs. 5.48 crores, bringing the total down to a low of Rs. 112.41 crores. It may be noted that the fall in the previous week was Rs. 2.13 crores and in the week before that Rs. 5.17 crores. Indeed, the week under reference is the sixth consecutive one to witness a decline in our foreign assets. Between 23rd March and 27th April 1962, the total of foreign assets has come down by Rs. 21.61 crores.

The deposits of banks with the Reserve Bank have gone down by Rs. 3.36 crores and so also their borrowings, those against usance bills alone having come down by Rs. 2.67 crores to Rs. 9.8 crores.

The Gilt-edged market has been ruling quietly steady with a very limited turnover. On comparing the closing rates of today with those a week ago, we find no change at all in any of the State Government loans and in the vast majority of the Central Government loans. 3 per cent 1986 conversion loan and 3 per cent 1970-75, however, show a small decline of 5 and 10 nP, respectively, while 3 per cent 1966-68 has gone up by 5 nP.

In the foreign exchange market, the banks' selling rate for ready T.T. on New York has moved up by 25 nP to Rs. 476 per 100 dollars and so also their buying rate to Rs. 472.50 per 100 dollars. This slight fall in the value of the rupee *vis-a-vis* the U.S. dollar reflects the fractional setback to the £ sterling on the New York exchange market. The latest available rate for spot sterling is 281.250-281.290 cents per £, showing a decline of 0.160 cent over the week. There has, however, been an improvement of 0.140 cent in the 3 months' forward, the latest rate being 280.350-280.390 cent per £.

SUGAR STEADIER

(From Our Own Correspondent)

HAPUR, *30th April*

Sugar was steadier here this week due to brisk consumer demand and the marriage season offtake. Prices recorded all-round further improvement. Forward business for the next monthly release was reported to have been transacted at still higher prices. Some factories in west U.P. closed their crushing season during the week. In order to help mills take all the available cane here as well as in east U.P., where the quantity is still reported to be heavy, the U.P. Government has decided to remit the purchase tax on sugarcane from 1st May upto 12 nP per maund. Traders were of the view that the rising trend in sugar prices would be checked only if additional quotas were released from the heavy stocks with factories. Spot delivery prices improved by Re. 1 per quintal to Rs. 106 for Simbhauli and Rs. 103 for Bulandshar. Mill delivery prices improved to: E29 Simbhauli Rs. 39.25, Bijnore Rs. 39.31, Dhampur Rs. 38.50, D29 Amroha Rs. 38.62, Seohara Rs. 38.87, Merrut Rs. 38.90 and Dhampur Rs. 38.62 per maund.

Brisk demand and the export prospects to the U.S. and Asian countries accounted for the firm trend in the Muzaffarnagar market. Gujarat, Rajasthan, M.P. and Saurashtra showed keen buying interest. Prices improved by 12 nP to 50 nP per maund and the small variety was particularly marked up. In the coming months demand would be at its peak which means that steps to check the rise in prices would be necessary. Week-end prices were: AA29 Rampur at Rs. 41.43, Iqbalpur Rs. 41.54, A29 Lhakasar Rs. 40.85, Mansurpur Rs. 41.54, Khatauli Rs. 41.41, B29, Shamli Rs. 40.47, Deoband Rs. 39.78, D29 Deoband Rs. 39.36, Amroha Rs. 38.69 and Saharanpur Rs. 38.97. Sugar was steady in Kanpur, with the D29 quality rising to Rs. 107 to Rs. 112 a quintal.

Khandsari prices were steadier in sympathy with the crystal section and on good demand from east U.P. and Rajasthan. The production season is nearly complete. Week-end prices (in rupees per quintal) were:—Inferior 75.02 to 83.06, superior 88.41 to 97.79 and crystal 88.41 to 97.79.

Gur ruled steady, as arrivals dropped to an average of about 100 maunds out of the stocks retained by the producers, since the production season has ended. While the superior two-and-a half seer pieces of good quality were being despatched to Punjab, *dara kotha* stocks were being lifted by Gujarat and Saurashtra. The week's offtake was around six wagons loads and local stocks shrinked to 27,000 maunds. Stocks on the corresponding date last year were 68,000 maunds. *Shakker* prices stayed steady on good demand from Rajasthan as well as stockists' support week-end prices (in rupees per quintal) were Superior 53.58, *pansera* 50.91, *dara kotha* 49.57 to 50.91 and *shakker* 57.60.

Gur prices hardened in the Muzaffarnagar market on good demand from Gujarat, Punjab, Rajasthan and M.P. But Chaku quality was quoted at Rs. 17.50 to Rs. 21 per maund. Rusket ladoo attracted good demand from east U.P. and prices ranged between Rs. 10 to Rs. 14 per maund. New cane crop, after good germination, was now suffering with *salai* pest.

After early gains, *gur* futures slipped back on continued bear pressure. *Gur baisakh*, having opened at Rs. 16.01 on last Monday, advanced to Rs. 16.17, and then fell to be quoted at the worst level of today's session of Rs. 15.65.

RECOVERY IN BULLION

(From Our Own Correspondent)

BOMBAY, *2nd May*

The bullion market had only four working sessions during the week, as it remained closed on Friday (when there was election of Directors) and Tuesday (which was Maharashtra Day). The first three sessions witnessed a decline in the prices of both gold and silver, on rumours of large arrivals of contraband gold and fears of further heavy inflow from Goa side. Advices from Calcutta were also not encouraging. Besides, it was reported that offtake in upcountry centres had dwindled. A distinct recovery in prices was, however, in evidence today, thanks to fresh buying by several North Indian operators. Further, some parties who had sold heavily early in the week came forward to book profit. Not only were the previous losses completely made good but today's closing rates were above those prevailing a week ago, excepting in the case of forward silver which was a shade lower.

The daily average offtake and arrivals of gold during the week under review were both less than in the previous week—5,665 tolas and 8,350 tolas, as against 6,800 tolas and 9,600 tolas, respectively. In silver, offtake was higher (15 bars, as against 12 bars), while arrivals were smaller, the daily average being 15 bars, as against 20 bars.

The *Jeth* (18th June) settlement in gold encountered selling and receded from Rs. 120.60 to Rs. 120.05 on Friday, 27th April, and, after recovering to Rs. 120.75 today, finished at Rs. 120.45.

Ready gold continued to command a premium over the forward, the actual premium increasing from 75 nP to Re. 1.05 today when the closing rate stood at Rs. 121.50, a rise of 15 nP as compared with the rate prevailing on Wednesday last week.

In silver, the *Jeth* (19th June) settlement began the week at Rs. 217.55, as against the previous close of Rs. 217.70, and drifted lower to touch Rs. 216.75 on 30th April. The settlement, however, moved up thereafter and touched Rs. 218.40 today; the closing was lower at Rs. 218.

Ready silver continued to be quoted at a high premium over the forward throughout the week. The actual premium today was Rs. 4, that a week ago being Rs. 3.75. The ready rate declined early in the week from Rs. 220.95 to Rs. 220, but strengthened to Rs. 222.40 before finishing at Rs. 222.

The dollar price of gold in the London bullion market softened from $35.07⅞ to $35.07¼ per fine ounce, while ready gold improved by 1½d. to 249s. 4½d. Ready silver gathered ⅜d. to 84⅝d., but forward silver continued unchanged at 84½d., as also silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	2-5-62 (closing)	High	Low	25-4-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	121.50	121.80	120.35	121.35
*Jeth**	120.45	120.75	120.05	120.60
Sovereign	96.75	97.25	96.50	96.75
SILVER				
Ready (.996 fine)	222.00	222.40	220.00	220.95
Jeth†	218.00	218.40	216.75	217.70
London—				
Gold	249s.4½d.	249s.5½d.	249s.4d.	249s. 3d.
Silver Ready	84⅝d.	84⅝d.	48⅛d.	84⅛d.
Silver Forward	84⅛d.	—	—	84⅛d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON CEILING PRICES RAISED

(From Our Own Correspondent)

BOMBAY, *2nd May*

The agitation for decontrol of cotton or, in the alternative, an upward revision of ceiling prices, which was going on for quite sometime now, has yielded fruit. The Government has decided to raise the ceiling price of the basic variety of cotton, namely Jarilla Fine 25/35", by Rs. 35 per quintal (Rs. 125 per candy) from the present price of Rs. 231 per quintal (Rs. 945 per candy). The ceiling prices of other varieties will also be correspondingly raised. The floor prices of the varieties will, however, remain unchanged. The revised ceiling prices will apply only to the 1962-63 season crop. Crop of the current and previous seasons will continue to be governed by the ceiling prices in force at present.

The Press note issued by the Textile Commissioner on the 1st inst., announcing the revision of the ceiling prices, contained following significant statement:

"The Government has taken note to the prices paid by the industry for cotton during the last few years and considers that the increase in the ceiling price needs have no effect on the present returns to the industry. The Government, therefore, expects that the prices fixed for different varieties of cloth under the voluntary price regulation scheme by the industry will continue to remain unchanged."

The cotton trade has generally welcomed the revision of ceiling price although a section of the trade is disappointed that the Government did not persuade itself to remove price control on cotton altogether.

The announcement of the price policy for cotton for the 1962-63 season, encouraged the hope that trading in new crop hedge contract would be permitted before long. In fact, the stage is already set for futures trading to begin. A hedge contract has already been framed by a sub-committee appointed by the East India Cotton Association and a meeting of the Association will be shortly called to approve the contract and the amendments to the bye-laws. The salient features of the new hedge contract are the following:

(1) The basis of the contract shall be Fine M.G. Moglia Jarilla, staple 25/32" tenderable upto Good to Fully Good for grade (one and half class "off") and upto 2/32" "on" and 2/32" "off" for staple. (2) All tenderable descriptions shall be tenderable upto 2/32" "off" except Cambodia "A" for which the tolerance will be 1/32". (3) Months of delivery will be March, May and August 1963. (4) The contract shall be subject to the floor and ceiling prices as may be announced by the Government. (5) Tendering differences will be fixed on the basis of differences between the hedge contract rate and the spot rate of the respective descriptions subject to certain reductions depending on the hedge contract rate being below the ceiling rates at prescribed levels.

Prices of ready cotton were largely unaffected by the raising of the ceiling prices because the revised prices are applicable only to the new crop. Steady demand continued to be noted for such popular varieties as Vijay, Digvijay, Kalyan, Surti and Wagad. Bengal *Deshi* cotton attracted enquiries from shippers. Prices were well maintained. Export sales registered against the latest quota aggregate 59,223 bales till last week-end. Among foreign cotton, East African and Sudan cottons were in demand. Importers and mills are eagerly awaiting an announcement regarding import of U.S. cotton under P.L. 480.

The following are the latest available spot quotations—in rupees per candy of 784 lbs. from Sewri:

Bengal *Deshi* 688; Ganganagar 667; Gadag Laxmi 1,160; B.P. 52 1,345; Mwanza 1,150; Sudan GS 1,755; American 115.

The easy trend witnessed in the Karachi cotton futures market last week gathered further momentum during the week under review. The N.T.R.G. May contract declined on persistent selling from Rs. 70.70 last week-end to Rs. 67.90. The July contract eased by Rs. 2.35 to Rs. 69.35 over the week. Ready prices too were easy.

The following are the latest available quotations—in rupees per maund of 82 lbs.—for a few popular varieties of Pakistan cotton prevailing at Karachi:

Sind *Deshi* 67.00; Punjab *Deshi* 64.00; 4F Punjab Roller 75.50; S.G. 81.50. L.S.S. Punjab Roller 77.00; S.G. 83.50. N.T. Roller 78.50; S.G. 85.50; L89F Punjab Roller 89; S.G. 99.

A divergent trend was witnessed on the Liverpool cotton exchange during the week. While the May and December deliveries of both the American and American type contracts firmed up, the July and October position receded. This was due to switchings from the latter positions to the former. Good spinner demand for spot cotton also imparted strength to the market. Sudan cotton contracts were, however, neglected and nominally unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: May 23.80; July 24.05; October 24.05; December 24.15.

American cotton mixed growth contract: May 24.20; July 24.45; October 24.40; December 24.50.

Sudan: May 30; July 29; September 29.

Quiet conditions prevailed in the New York cotton futures market during the week. Values moved in a narrow range. Net change over the week was negligible. The persistent transfer by Spot and Commission Houses from the nearby May contract to October strengthened the latter but weakened the former. Ready prices ruled steady.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	30-4-62	24-4-62	17-4-62
New York spot	35.70	35.70	35.70
May	34.19	34.25	34.21
July	34.59	34.70	34.63
October	34.43	34.40	34.29

SPURT IN AMILON FUTURES

(From Our Own Correspondent)

BOMBAY, *2nd May*

Under the impetus of bull buying and short-covering, Amilon yarn (20 x 1) June delivery recorded a handsome rise of Rs. 85 to Rs. 3,915 per 100 kg. during the week under review. The bullish fervour was fanned by shortage of floating stocks, good demand from several consuming centres and the decision of the Bombay Yarn Merchants Association Board to commence trading in August contract with effect from today. Ready rates were well maintained, 15 denier Amilon being quoted at Rs. 103.95 per kg. and 20 denier at Rs. 84.15.

Despite the firmness of Amilon yarns, other imported and indigenous art silk yarns as well as staple fibre yarns ruled dull, with rates remaining unchanged from the previous week's levels. Transactions put through were very limited as operators were not inclined to enter into fresh commitments either way pending official clarification in regard to the various modifications in customs and excise duties on yarns and fabrics. Even the reported decision of the Government to grant to exporters full refund of excise duty levied on processed art silk fabrics had no effect.

Cotton yarns ruled easy, barring finer counts which registered an improvement in prices. Traders are awaiting the Union Finance Minister's reaction to the millowners' plea for reducing the proposed rates of excise on yarn which, it is stated, entail an additional burden of Rs. 1.40 crore annually. Meanwhile, the powerloom interests have urged the withdrawal of the newly imposed processing duty and restoration of the confounded levy. The fresh burden resulting from the new imports is put at Rs. 3 lakhs in the case of units having 24 powerlooms producing mercerised cloth and Rs. 91,380 if only bleached and dyed cloth is produced. The burden is said to be higher still at Rs. 5.5 lakhs in respect of a unit with 49 looms. Even a unit with four looms is required to pay annually about Rs. 36,000 if its products are mercerised and Rs. 4,776 if the cloth is only dyed and bleached. The total number of powerlooms in the whole country is estimated at 134,000. It is understood that the Union Government has decided in principle not to issue any more licences for the installation of powerlooms in future.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	2-5-1962	25-4-1962
Art silk yarn.—	Rs.	Rs.
30/1 Amilon (100 kg.)—		
June	3,915.00	3,830.00
120 Japan (per 100 kg.)	2,150.00	2,150.00
150 Japan (per 100 kg.)	1,958.00	1,950.00
120 Italy (per 100 kg.)	1,847.00	1,847.00
150 Italy (per 100 kg.)	1,736.00	1,736.00
Nat. Ray. 150 Bt. 1 (per kg.) ...	12.72	12.72
Staple fibre yarn (40 x 2)—		
June	751.00	753.00
Kohinoor (per kg.)	8.36	8.36
Cotton yarn (per bundle of 10 lbs.)		
10s Modern	18.75	18.75
20s Modern	23.00	23.00
32s Madura	31.00	30.25
40s T. T. Corin	34.25	33.75
60s T'Mangal	50.50	50.50

OILSEEDS FIRM

(From Our Own Correspondent)

BOMBAY, *2nd May*

The distinct trend towards recovery in oilseeds noted last week gained further momentum during the week under review. The hedge contracts ruled particularly firm, thanks to good bull support. The April contracts in groundnuts, groundnut oil and cottonseeds terminated during the week. Groundnuts staged a smart rally, following reduced arrivals from up-country centres on account of hoarding by farmers and merchants in anticipation of further rise in prices. At the same time, *vanaspati* manufacturers and crushers extended large support. Castorseeds put on a cheerful appearance on better advices from Andhra Pradesh. Castor oil, however, tended to sag, despite some U.K. enquiries for castor oil. Better sentiment prevailed in the linseed section as well. Cottonseeds ruled steady in sympathy with raw cotton market. Operators took note of the enhancement of the rate of rebate of Central excise duty from 6 per cent to 7.5 per cent per quintal, in respect of each metric ton of hydrogenated cottonseed oil used by manufacturers of vegetable products. The measure is designed to provide further incentive for producers of vegetable products to increase the share of cottonseed oil in the hydrogenated product. It, however, had no perceptible effect on the market.

Groundnut May 1962 contract advanced by Rs. 2.38 to Rs. 220.50. July 1962 contract rose by Re. 1.75 to Rs. 227.37. The April contract which was knocking at the ceiling rate of Rs. 215 for long went off the board on 30th April at the ceiling rate plus a penalty of Rs. 5 for non-delivery. About 1,100 candies were tendered on account of the recent easy conditions in the groundnuts market. The groundnut oil April 1962 contract ran out at Rs. 17.65, with a penalty of 40 nP for non-delivery. Nizam bold was maintained at Rs. 46.50 and Khandesh quality at Rs. 46.75. Oil railway receipts hardened by 10 nP to Rs. 18.60.

Castorseed June 1962 contract put on Rs. 2.62 to Rs. 165.87. September contract closed higher by Rs. 2.12 at Rs. 168.37. Madras small picked up 13 nP to Rs. 33.25. Oil B.S.S., however, shed 15 nP to Rs. 14.05.

Linseed September 1962 contract improved by 32 nP to Rs. 38.44. June 1962 contract closed firm at Rs. 37.81, as against Rs. 37.50. Bold ready, however, eased by 38 nP to Rs. 36.62 and linseed oil by 20 nP to Rs. 14.70.

Cottonseed July 1962 contract moved up by 75 nP to Rs. 103.25. April 1962 contract was finished at Rs. 98, the penalty for non-delivery being Rs. 2. Berar, white and non-white strengthened by 10 nP each to Rs. 21.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 2nd May, as compared with those of the two previous weeks:

	2-5-1962	25-4-1962	18-4-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	220.50	218.12	219.12
Nizam bold	46.50	46.50	46.25
Khandesh quality	46.75	46.75	46.50
Oil ex-mill ready*	19.20	19.15	19.00
Railway receipts*	18.90	18.95	18.90
Oil May 1962	18.60	18.50	18.45
Castorseed			
June 1962	165.87	163.25	164.37
September 1962	168.37	166.25	167.37
Ready Madras	33.25	33.12	33.00
Ready Kanpur	32.00	32.00	32.00
Oil B.S.S.†	14.05	14.20	14.25
Oil commercial†	13.30	13.40	13.50
Linseed			
June 1962	37.81	37.50	36.81
September 1962	38.44	38.12	37.41
Bold ready	36.62	37.00	37.00
Oil ready†	14.70	14.90	15.00
July 1962	103.00	102.00	102.50
Cottonseed			
Niger seed	36.00	36.25	35.00
Kardi seed	24.00	23.50	25.25

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEA STRONG

(Messrs. Forbes, Ewart and Figgis (Private) Ltd.)

COCHIN, *26th April*

In dust sale No 17 held today 347,000 kgs. were offered. There was strong general demand at prices which were irregular and often firm to dearer. Mediums were firm to dearer, while Travancore and Wynaad types met with keen competition and sold readily at generally enhanced prices. Powdery kinds also came to a strong market. The better mediums and Nilgiris were often irregular, but sometimes dearer. Fibrous kinds and plainest descriptions were well supported at generally higher rates than last. Teas of unorthodox manufacture were in good demand and sold at fully firm to dearer rates.

The forthcoming auctions are:

Export Sale No. 18:	30th April ...	951,000 kgs.
Dust " No. 18:	3rd May ...	354,000 kgs.
Export " No. 19:	8th " ...	630,000 kgs.
Dust " No. 19:	10th " ...	434,000 kgs.

There was no sale at Colombo and London owing to Easter holidays.

As we go to press Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No.* 18: 951,000 kgs. offered. Good general demand. Low mediums and mediums irregular and often upto 30 nP easier. Good mediums 20-30 nP easier. Highgrowns irregular, following quality and often but similar fannings generally firm. Unorthodox stronger."

REACTIONS TO CHANGES IN TAXATION ON TEA

(From Our Own Correspondent)

CALCUTTA, *1st May*

The tea industry has had some time now to examine closely those of the Finance Minister's tax proposals which affect it. It is grateful to him for the reduction in the export duty by 19 nP per kg., i.e. from 44 nP to 25 nP, and also for allowing rebate on the excise duty at a flat rate of 15 nP per kg. on all tea exported. It is, however, argued that the latter measure could have been merged in the former and export duty reduced further by 15 nP to 34 nP per kg. It is believed that this would save the industry from much of the botheration and paper work, and avoid the blocking of the excise duty rebate until actual export.

As pointed out by Mr. B. C. Ghose, Senior Vice-Chairman of the Indian Tea Planters' Association, the concession now accorded after a long period of representations and waiting, amounts to acceptance, in principle, the fact that, like other commodities, tea is also entitled to receive a drawback on excise, when exported. Viewed thus, perhaps the Finance Minister would have felt that, if the excise drawback were to be exchanged for a proportionate cut in the export duty, the tea industry would continue to press its demand that the principle of excise duty rebates on exports, allowed elsewhere, should also be extended to it. Although the excise duty rebate may remain so in theory, in view of the benefits the industry would derive, Government authorities administering the excise duty rebate may be empowered to consider the same as merged in the export duty in practice. This would, as stated above, save the industry from blocking the excise duty rebate with Government. The industry's requirements of finance for re-plantation and re-equipment of factory machinery to realise the increased output target of 900 million lbs. by 1966 are perhaps the highest ever.

The rates of excise duty on loose tea, i.e. tea meant for internal consumption, have been increased from 5 nP to 10 nP per kg., depending on zones as shown in the table given below.

Zone	Existing rate of duty per kg.	Zone	Proposed rate of duty per kg.
I	10 nP	I	15 nP
II	15 nP	II	25 nP
IIIa			
Darjeeling ...	25 nP	III	30 nP
Others ...	25 nP	IV	35 nP
IIIb	35 nP	V	45 nP

In other words, teas for internal consumption have been made costlier. Internal consumption is mostly of the commoner types of tea, for which there is only a restricted demand abroad, due to the increasing competition from other producing countries. If because of the increased excise duty internal consumption falls, as is expected now, gardens producing the inferior types of teas would be badly affected. Chances of a significant improvement in quality of output are less for these gardens, having regard to elevation and climatic conditions. If the Finance Minister thinks that, as a result of the increased excise duty, the output of exportable types would rise and that of the inferior types decline correspondingly, he is seriously mistaken. For the greatest incentive for gardens to increase output is an expanding home market. It is true that, as a result of the cut in the export duty and partial rebate in the excise duty, exports should show an increase. However, the industry cannot ignore consumer resistance within the country.

As a measure of export promotion, the tea industry, like the other industries, had been anticipating rebate in income-tax on export earnings. It is, therefore, disappointed that, apart from freeing export earnings from the increase in corporation tax, nothing has been done in this regard to justify the hope which the Mudaliar Committee on export and import policy had generated. Considering the keen competition in export markets, the tea industry would continue to demand total abolition of the export duty and full rebate of the excise duty. It is pointed out that, as in the case of jute goods, excise duty, if at all applicable, should be levied on internal consumption only. World consumption of tea is increasing rapidly, and, although India exported more tea in 1961, the increase in export had been much below what ought to be its proportionate share. These are all writings on the wall and, if read in time and acted upon accordingly by those shaping the country's fiscal policy, the tea industry as well as the national Exchequer would stand to benefit in the long run.

In the dusts sales held here last week for internal consumption, offerings of 28,547 packages met with a strong and general demand. Prices gained as a result. Buyers paid keen attention to medium C.T.Cs, and prices advanced impressively. In particular, the lots of brighter lines and secondary fibrous teas were much favoured. In orthodox teas, an irregular trend was recorded and depending on quality prices moved up. Non-wither legg-cut teas were fully firm. A strong feature was provided by the recently neglected fibrous secondary types, which added modest gains. The quotations per one kg., inclusive of the excise duty, were: Good Assam C.T.C. dust Rs. 6.60 to Rs. 7.00, medium Assam C.T.C. dust Rs. 5.70 to Rs. 6.10, legg-cut dust Rs. 4.10 to Rs. 4.60, medium Assam dust Rs. 3.90 to Rs. 4.30, and plain orthodox dust Rs. 3.30 to Rs. 3.60. Leaf grades on offer, amounting to 11,046 chests, evoked good attention.

The keen demand in the internal consumption sales held in recent months is a happy indication of the growing domestic market. If this had not been so, the tea industry would have been complaining now of a glut in supplies and possibly contemplating measures of production curbs as in the recent past. It is no small consolation that in the 1961-62 season tea prices on the average fell only by about 35 nP per kg., thanks to larger internal offtake. Viewed thus also, it is unfortunate that the Government has discouraged internal offtake not only by discontinuing all propaganda but also by increasing the excise duty. A good internal market is a cushion against excessive world production. The F.A.O. has estimated that, if the existing trend in producing countries to raise output continues, tea would become surplus within a few years.

JUTE GOODS QUIET

(From Our Own Correspondent)

CALCUTTA, *1st May*

Quiet conditions prevailed in the jute goods market during the week under review and, in the fibre section, though prices were maintained at the minimum levels, the quantity that changed hands was insignificant. Anxious sellers of raw jute could only meet with reserved buyers. The levy of excise duty at Rs. 250 a long ton on hessian and Rs. 125 a long ton on other constructions for internal consumption—this works out to Rs. 6.50 per 100 yards of hessian and Rs. 13 per 100 bags of B. twills respectively, the Finance Minister's estimate of revenue from this source being Rs. 3.12 crores—affected trading conditions and prices dropped. Acute nervousness was writ large on the faces of those operating in the futures market, where prices fell noticeably. B. twills May delivery, which was quoting at Rs. 126.70 before the budget, fell by Rs. 2.90 to Rs. 123.80, after Tuesday before recovering subsequently to Rs. 125.40. Although what are mostly consumed within the country are sacking goods, prices of hessian have also been affected. Thus, in the futures market, May hessian 40" 10 oz. fell from Rs. 50.25 to

Rs. 48.80 : the subsequent recovery to Rs. 50 was short-lived, as the rate fell soon to Rs. 49.80 and rose again slowly to Rs. 50.02. These trends were also reflected in ready goods. If this week's fall in prices is any guide, it is evident that the consumer is not prepared to bear the full brunt of the duty, and that the jute mills industry has to pay a good portion of the levy. This is unfortunate especially because mills have been recovering from the crisis which entailed them severe losses last year.

The duty is meant to reduce internal consumption and to encourage exports. It is, however, not clear as to whether these objectives would be realised. It is not disputed, and this week's trend in the market is striking evidence, that the first objective, that is, a drop in internal consumption, would be realised. The trade says that the Finance Minister has not given out anything from his bag to promote exports, unless, of course, he means the increase in company income-tax by 5 per cent which is not applicable to export earnings. Evidence available to the market shows that foreign demand for sacking has visibly declined in recent months. Considering that sacking accounts for the bulk of the internal consumption of jute goods and the duty would encourage the use of second-hand bags leading to reduction in domestic requirements, mills would have no alternative but to reduce the proportion of output in sacking goods. As is well known, a good portion of the domestic crop of fibre is the inferior variety fit for manufacture of sacking. If the mills are compelled to produce lesser sacking, prices of fibre would be affected. At the same time, it should also be pointed out that, since mills will pay less attention to the lower quality fibre, cultivators may pay greater attention to retting and thus attempt to improve the quality of their produce. While such a development is in the interests of all concerned, the lack of adequate retting facilities in several jute growing areas minimises the importance of any such expectation.

While it must no doubt be said to the credit of the State Governments, mills and cultivators that, over the past decade, the quality of fibre has considerably improved, the circumstances facing the jute industry now calls for a supreme effort further to improve the quality of fibre. Until a few years ago, mills used to consume more of the inferior fibre and the higher varieties were difficult to be sold. But, with the growth of substitutes, mills are forced to produce a larger quantity of specialised goods. As a result, the higher varieties of fibre have become difficult to be obtained. At the same time, mills have been changing their machinery and this has led to more economic consumption of the lower-grade jute. At present, what fibre remains yet to be marketed is *jungli* and *bimli* varieties, and, with current stock of fibre with mills being equal to five months consumption and mostly of the inferior varieties, tossa and middles are at a premium. A bumper crop is likely to be repeated this year. Last year, there were several instances of deterioration of quality of fibre on account of retting in muddy water and/or in inadequate level of water in canals and tanks. Also supervision at the time of retting was left much to be desired and, with the high demand of fibre, lots, discoloured and containing loose leaf, on account of retting in unclean water met with ready buyers. Jute circles pointed out that, now that the grow more fibre campaign has been richly rewarded, the Governments of the jute-growing states should take measures to deepen tanks and canals and also dig new tanks, so that, with sufficient water for retting, the proportion of good to poorer quality fibre may increase in the next.

If only the production of fibre suitable for manufacturing goods for export can be increased, the desired result of export duty on jute goods, that is, discouraging internal consumption and encouraging exports, can be realised. However, it is not possible to improve the quality of fibre over-night, and, though, with the prevailing low prices of the poorer jute and the good qualities commanding a premium, a higher proportion of the superior fibre can be expected in the next crop, any significant increase in order to lead to the above end is not possible for reasons already discussed. The Buffer Stock Association has aimed at buying mostly lower-grade fibre as a price support measure. If consumption of such fibre by mills falls, as is apprehended in view of excise duties, the buffer stock would be faced with a difficult situation. Continued storage of fibre will lead to a fall in quality and, with mills buying most of the superior grades, cultivators' organisations may naturally demand for permission to export such of the fibre as is not wanted by mills. Although foreign markets for the poor varieties of fibre India produces is not very wide, in any scheme of export, there is the danger of higher grade jute being mixed up with the poorer varieties and being exported as the latter. Considered from all angles, jute circles declare that this is not the appropriate time to take a measure, which would affect the internal consumption of packaging materials. It is true that the domestic demand for sacking has expanded in recent months, but this has been welcome to mills, since overseas demand for such goods has visibly declined. In the changed circumstances, it remains to be seen if mills would like to continue the unrestricted phase of production and also to what extent the permission given by the Government of India to increase spindlage would be utilised. Current spinning capacity with mills is palpably below the capacity of looms and as such mills could unseal looms only to the extent determined by the supply of yarns.

On Tuesday last, by way of reaction to the levy of excise duty, ready B. twills declined from Rs. 132 to Rs. 130 and 40" 10 oz. hessian from Rs. 52.85 to Rs. 52.80. Interest in new business was very limited, and the futures market was fully bearish. On Wednesday, prices of B. twills in futures trading fell more markedly with the May rate closing at Rs. 124.40 as against Rs. 125.10 on the previous day. As a result, ready B. twills were as low as Rs. 128.20. May hessian 40" 10 oz. in the futures trading closed lower at Rs. 49.84 as against Rs. 50.06 on the previous day. Ready hessian 40" 10 oz. dropped to Rs. 52.65. May B. twills in futures touched a low of Rs. 123.80 on Thursday, but recovered to Rs. 124.45. In the ready goods market, buying interest developed at lower levels, and this enabled B. twills to steady around Rs. 128.50 and hessian 40" 10 oz. at Rs. 52.65. Government interest in B. twills on Friday caused the rate to recover to Rs. 131. Ready hessian 40" 10 oz. also improved to Rs. 53 on revival of foreign inquiries. There was only limited interest shown over the week-end, and quotations declined. However, inter-bazar dealings caused a recovery and B. twills recovered to Rs. 131 and hessian 40" 10 oz. to Rs. 52.75. With no fresh overseas business yesterday, B. twills eased to Rs. 130.50. However, ready hessian 40" 10 oz. recovered to Rs. 53.10.

More rains, coupled with poor interest shown by mills, led to dull conditions in the fibre market. With the apprehension of a possible decline in mills' consumption of the lower-grade fibre as a result of the excise duties sellers exhibited a keen desire for business. It was feared that, since the duty could not be passed on in full to consumers, the profit margin of mills would be reduced. This would naturally lead mills to pay lesser attention to producing goods for internal consumption. Since such a production loss could not be made good by increasing production of goods fit for exports, it was said, turnover of mills would be affected. Further, it was feared that payment of excise duty, reduction in profit margin, etc., would all lead to a decline in finances available with mills for purchasing raw jute. This is indeed a situation which, in the interests of the crop, should be avoided, but Government's measures are gradually leading to such a position. Prices of fibre during this week remained unchanged as follows: May-June delivery: Assam bottoms Rs. 30 a maund, daisee bottoms Rs. 32, and northern bottoms Rs. 29.50.

* * * *

The Jute Buffer Stock Association, which has already made an initial purchase of 50,000 bales of jute for its buffer stock, is now to make another and larger purchase. At their meeting today, the Committee of the Association decided that a further quantity of 75,000 bales should be bought by the end of next week, thus increasing the size of the buffer stock to 125,000 bales, equivalent to 625,000 maunds of jute. Purchase allocations for the additional quantity are being issued to member mills this week and, as on the previous occasion, it is being recommended that purchases should be concentrated as far as possible on low grade jute and mesta. The Association does not think the immediate present an appropriate time for making any purchase of imported cuttings.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, *1st May*

Base metals recorded modest gains here during the week under review, due to shortage of supplies and improved demand. The D.L.F. licences for the import of copper from the United States in respect of the expired October-March licensing period have now been issued, and it is expected that supplies against these would be received some time next month. Securing of space from the U.S. is stated to be a problem, but the best efforts are now being made to get these supplies as early as possible. Until they are received, copper-consuming industries would be facing a difficult supply position. Meanwhile, it has been to the advantage of these industries that small-scale consumers have now been able to get releases of supplies through the State Trading Corporation, with the result that their pressure on the scrap market is comparatively less. In other works, scrap ordinarily available in the market can now be fully used by the major industries for some time. Copper scrap prices, however, remained unchanged at the previous rates, with utensil scrap quoting at Rs. 535.75 per 100 kgs. and berry scrap at Rs. 572.75. Thus, last week's rise, following pre-budget rumours of a wider scope for excise duties, was fully maintained. On the London Metal Exchange, electrolytic copper opened firm at £234 a ton for spot after the Easter holidays and, after rising to £234½, returned to the earlier level.

No further particulars on the Finance Minister's statement that the excise duties on copper and copper alloys were being simplified are yet available. The excise authorities have also no knowledge about these. It would, therefore, seem that the simplified procedure has not yet been formulated; possibly, it is taking shape and would be announced within the powers for the Government under the Finance Act of last year. The duty on copper and copper alloys was introduced last year and, during the current year, it has been proposed to levy an excise duty at Rs. 100 per metric ton on copper in crude form, including ingots, etc. The existing duty on sheets and circles of copper and copper alloys is Rs. 300 per metric ton, and the products made from the duty-paid crude would be exempt from the duty to the extent of only Rs. 100 per long ton. Naturally, it is also stipulated that secondary crude form of copper obtained from the remelting of old scrap and/or scrap resulting from the manufacture of sheets and circles from the duty-paid ingots would be exempt from the proposed duty on crude. With this duty, copper is now fully promoted to the level of aluminium in respect of duties, so that aluminium products manufacturers can no longer complain of discrimination which, it was thought, was the primary cause leading to the levy of excise duties on copper and copper alloys in the last year's budget.

The duty on aluminium foils would be increased by 20 per cent. It is not understood why electric wires and cables and copper pipes and tubes, if manufactured from copper, for which the duty at Rs. 100 a tonne had already been paid by virtue of its crude form, should not be exempted to the extent of Rs. 100 a tonne. The duties on these products are on an *ad valorem* basis, the rate on copper pipes and tubes being 10 per cent *ad valorem*, on insulated cables and wires conforming to certain specifications at 15 per cent *ad valorem* and on all other types of wires at 5 per cent *ad valorem*.

Virgin lead firmed up from Rs. 126 per 100 kgs. to Rs. 130. The shortage of supply was the main cause and it was feared that, in view of the higher price in Bombay, some diversion of supplies should have taken place. Advices from the London Metal Exchange were also encouraging. The opening quotation there was £59¼ a ton and closing £60¾. Tin here opened at Rs. 1,702.75 per 100 kgs. and the shortage of supplies was so acute that the price spurted to Rs. 1,732.25. However, the quotation in Bombay was unchanged at Rs. 1,710. In contrast, the London price fell from £944 a ton to £940½ following restricted demand. The Singapore quotation also recorded a significant loss, presumably on reports of imminent releases from the U.S. stockpile. Spot zinc, in London, opened at £69½ a ton and closed fractionally higher at £69⅝. Demand was poor. The Calcutta quotation closed lower at Rs. 246 per 100 kgs., as against Rs. 254 earlier.

FOODGRAINS SUBDUED

(From Our Own Correspondent)

HAPUR, *30th April*

Foodgrains were subdued here this week, though the arrivals of *rabi* grains were still small. Demand, however, was on the increase. As threshing and winnowing operations are being done with vigour, the arrivals would soon mount and lower the prices. Wheat ruled quiet at Rs. 37.51 to Rs. 38.85 per quintal for the average quality and Rs. 41.53 to Rs. 42.87 for the better farm produce. The old stuff, however, was still quoted higher at Rs. 42.87 to Rs. 45.55 per quintal. New wheat arrivals at an average of 600 to 700 maunds daily were still modest, but will soon rise. In east U.P., wheat and other new *rabi* grain arrivals were fairly heavy, thanks to early harvesting. They were readily lifted, and stocks with the trade were almost *nil*.

Rice ruled steady, with modest gains in the *mainpuri* quality, thanks to better consumer support. Stocks here were put around 10,000 maunds. Prices on Monday were: rice *mainpuri sela* Rs. 52.92, *ramajwayan sela* Rs. 58.94 to Rs. 61.62, *raimunia sela* Rs. 61.62 to Rs. 67.30, *gadda kutcha* Rs. 52.25, *basmati sela* Rs. 66.98 to Rs. 75.02 and superior Rs. 80.38 to Rs. 96.45.

Gram hovered around Rs. 36.84 per quintal. New gram was reaching here daily from Punjab at an average of 800 to 1,000 maunds. Local arrivals were still small at about 100 maunds daily. They were all readily lifted by consumers. Therefore, there has been no stock accumulation. Barley continued to be quoted at Rs. 27.62 and *bejhar* at Rs. 27.46 to Rs. 29.47 per quintal. Arrivals of these two *rabi* coarse grains averaged 300 maunds each daily. Maize stock with the trade was poor, as most of it has been lifted by Ahmedabad. The tone was quiet, with the prices quoted at Rs. 26.79 to Rs. 32.15 per quintal. *Bajra* improved fractionally, thanks to good demand for seed purposes in the face of poor stocks. Sowings of *juwar*, *guwar* and *bajra* are being done mostly for fodder purposes. New *methi* arrivals improved to 100 maunds daily. Week-end prices (in rupees per quintal) were: *Bajra* 37.51, *juwar* 38.85 to 41.53, *guwar* 38.18 to 39.52, *methi* 66.98 and oats 28.13.

In pulses, despite better arrivals of a daily average of 3,000 maunds, new peas prices sought higher levels thanks to brisk demand for conversion into *dal* and stockists' support. Madras also evinced keen interest another week's offtake was six wagon loads. Local peas stock mounted to 30,000 maunds, as against 16 *khatties* on the corresponding date last year and 45 *khatties* (about 800 to 900 maunds) in 1959. New *massoor* arrivals have improved to an average of 150 maunds daily. Prices drifted lower under the pressure of arrivals. *Urd* and *moong* continued to attract good demand, as stocks were poor. Week-end prices (in rupees per quintal) were: Peas *dara* 26.79 to 30.46, farm white 30.81 to 33.49, peas *dal* 34.10, *arhar* 42.36, *arhar dal* 52.25, *urd* 58.94 to 64.30, *urd dal* 66.98 to 75.02, *moong* 50.91 to 53.52, *moong dal* 56.26, *massoor* new 37.51, *massor dal* 52.25 and gram *dal* 42.25.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, *30th April*

Arrivals of E.I. tanned hides in the local market this week were normal and clearance was good at unchanged prices. Importers in the U.K. were interested in all grades of light weight cow hides and also in medium weights. Export sales have been reported at the last prices, and this has been lending some bullish tendency to the market. Internal and export demand for inferior fifths selection in cow hides was not strong. Arrivals of tanned calf skins were small; demand from exporters was for light weights in cow calf skins and for all weights in buff calf. The U.S. importers were keenly interested in heavier averages in buff calf and several orders have been booked.

In the tanned skins section, the market was firm for goat skins 11/12 lbs. up, but weak for lighter weights. There were buyers for sheep middle class, but not for better classes. The tanners' efforts to get higher prices have not yielded much success so far. Prices of raw goat skins were firm, but easy for sheep.

The next tanned skins public sales will take place in the U.K. on 14th May 1962, and in Germany on 28th May 1962. The quantities available for sale would be known shortly.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 27th April, 1962

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	53,63,59,000
(2) Other Governments	14,28,50,000
(b) Banks	85,14,87,000
(c) Others	153,04,28,000
Bills Payable	30,43,20,000
Other Liabilities	63,48,01,000
Rupees	541,02,45,000

Assets	Rs.
Notes	39,91,71,000
Rupee Coin	2,88,000
Subsidiary Coin	4,01,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	48,02,29,000
Balances held abroad*	6,54,59,000
Loans and Advances to Governments†	110,25,23,000
Other Loans and Advances	127,81,81,000
Investments	172,66,66,000
Other Assets	35,73,27,000
Rupees	541,02,45,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 9,80,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	39,01,71,000	
Notes in circulation	2123,04,45,000	
Total Notes issued		2162,96,16,000
Total Liabilities		2162,96,16,000

Assets	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	105,86,07,000	
Total of A		223,62,10,000
B. Rupee Coin		119,32,75,000
Government of India Rupee Securities		1820,01,31,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2162,96,16,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	20-4-62	13-4-62	21-4-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	52,57	54,34	50,88
(ii) From others	788,20	785,34	719,66
(b) Borrowings from banks	24,52	22,79	24,09
(c) Others	61,01	60,69	55,52
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	16,06	16,20	16,40
(ii) From others	1,165,32	1,150,75	1,041,25
(b) Borrowings from banks	18,43	12,24	12,67
(c) Others	13,90	14,03	22,45
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,953,52	1,945,10	1,760,91
4. Borrowings from Reserve Bank	15,01	17,05	41,35
(a) Against usance bills and/or promissory notes	12,47	14,01	25,81
(b) Others	2,54	3,04	15,54
5. Borrowings from State Bank and/or a notified Bank	20,93	21,76	15,07
6. Cash	52,84	50,09	47,95
7. Balances with Reserve Bank	84,28	79,88	80,12
8. Cash and balances with Reserve Bank as per cent of 3	7,02	6,68	7,27
9. Balances with other banks in current account	19,14	17,57	15,59
10. Money at call and short notice	46,99	46,82	37,98
11. Investments in Government securities	589,85	588,47	538,82
12. 12 as per cent of 3	30,19	30,25	30,57
13. Advances—			
(a) Loans, cash credits and overdrafts	1,195,50	1,189,85	1,007,90
(b) Due from banks	6,97	6,82	9,46
14. Inland bills purchased and discounted	182,26	180,52	155,32
15. Foreign bills purchased and discounted	47,92	47,49	47,18
16. Total Bank Credit [15 (a)+16+17]	1,425,68	1,417,86	1,300,40
17. 17 as per cent of 3	72,98	72,89	73,85

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	22nd Mar., 1962	4.25	4
Bolivia	30th Sept., 1959	5	6
Burma	Feb., 1948	3	3
Canada †		3.23	3.26
Ceylon	18th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	22nd May, 1961	5.5	6.5
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1958	3.50	3
El Salvador	June, 1961	5.5	6
Finland	6th Oct., 1960	4	6.75
France	May, 1956	9	10
Germany	10th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Mar., 1962	5.56	5.34
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	6.90
Malaya	25th Mar., 1961	6	7
Mexico	4th June, 1948	4	4.50
Netherlands	25th April, 1962	3.50	4
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	3.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	4.50
Philippines	9th Jan., 1962	3	4
Portugal	13th Jan., 1944	3	3
South Africa	7th Dec., 1961	5	4.50
Spain		4.5	4
Sweden	6th April, 1962	5	4.50
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	7
Turkey	May, 1961	9	7.5
United Kingdom	26th April 1962	5	4.50
U.S.A.	1st July, 1958	3	4
U.S.S.R.	13th Aug., 1960	3.50	4
West Germany	6th May, 1961	3.50	3

† Bank Rate is Central Discount Rate in case of U.K. and U.S.A. Treasury Bill rate.
The latest available Bank Rates are given here, as compared with those of the preceding week.

State Bank of India

Statement of Affairs for the week ended 27th April, 1962

Capital and Liabilities	Rs.	Rs.
Capital—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		574,83,84,000
Borrowings from Other Banking Companies, Agents, etc.		1,31,75,000
Bills Payable		13,13,71,000
Bills for Collection being Bills receivable as per contra		2,58,80,000
Acceptances, Endorsements and Other Obligations per contra		6,34,89,000
Other Liabilities (including Inter-Office Adjustments)		5,72,03,000
Total	Rs.	617,77,52,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		21,34,93,000
Balances with other Banks		2,04,79,000
Money at Call and Short Notice		2,73,33,000
Investments—		
Government and other Trustee Securities	254,06,96,000	
Other Authorised Investments	9,09,22,000	
		263,16,18,000
Advances—		
Loans, Cash Credits, Overdrafts, etc.	273,58,52,000	
Bills Discounted and Purchased	20,57,80,000	
		294,16,32,000
Bills Receivable being Bills for Collection as per contra		2,58,80,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		6,34,89,000
Premises less Depreciation		1,91,82,000
Furniture and Fixtures less Depreciation		1,50,79,000
Other Assets (including Inter-Office Adjustments)		21,95,67,000
Total	Rs.	617,77,52,000

FOREIGN TRADE OF INDIA (Country-wise)

(Value in crores of rupees)

	Whole of		Nine months April to Dec.	
	1960-61	1959-60	1961-62	1960-61
EXPORTS				
Australia	22.28	18.50	11.94	17.60
Burma	6.52	12.34	4.09	4.79
Canada	17.63	15.29	12.36	12.58
Ceylon	18.39	22.18	12.81	14.20
China	5.26	7.70	0.15	5.22
Egypt	13.41	10.31	9.23	10.47
France	7.62	8.08	6.02	5.44
West Germany	18.96	20.65	15.90	13.56
Italy	8.17	5.95	7.04	6.64
Japan	34.84	34.87	30.76	25.34
Kuwait	3.33	3.61	2.87	2.24
Federation of Malaya	5.66	4.82	5.03	3.59
New Zealand	7.41	5.30	6.03	6.41
Netherlands	8.45	8.88	5.88	5.16
Nigeria	5.76	3.94	6.14	4.06
Pakistan	9.51	7.22	7.06	7.32
Singapore	7.12	6.84	6.40	5.13
Sudan	9.53	15.33	8.39	6.81
United Kingdom	170.82	171.68	123.34	131.13
U.S.A.	100.23	95.77	88.41	73.90
U.S.S.R.	28.32	30.35	25.74	23.52
*Exports to all countries	632.89	629.61	500.12	472.27
IMPORTS				
Australia	17.51	19.54	14.42	14.63
Burma	12.79	20.48	7.15	12.42
Canada	15.70	27.76	11.79	12.07
Ceylon	4.18	5.30	3.42	3.14
China	2.57	4.81	1.25	2.11
Egypt	16.42	13.75	7.99	14.11
France	19.90	21.30	12.84	17.02
West Germany	124.10	116.49	89.81	91.31
Italy	25.54	22.99	18.17	20.02
Japan	39.39	38.50	27.16	47.11
Kuwait	0.07	3.13	0.37	0.05
Federation of Malaya	13.51	10.83	9.86	10.81
New Zealand	1.50	1.12	0.99	1.17
Netherlands	10.46	14.73	9.20	8.09
Nigeria	0.50	0.26	1.44	0.50
Pakistan	14.01	8.60	8.20	10.67
Singapore	10.42	10.44	7.12	8.40
Sudan	9.40	10.31	7.62	8.62
United Kingdom	211.61	194.80	145.98	161.46
U.S.A.	290.50	208.97	155.57	238.96
U.S.S.R.	15.21	17.19	20.65	11.02
Imports from all countries	1,070.16	960.77	746.02	845.12

* Excluding re-exports.

State Bank of Pakistan

Statement of Affairs for the week ended 20th April, 1962

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	19,57,01,000
(b) Provincial Governments	7,07,36,000
(c) Banks	19,67,64,000
(d) Others	106,53,13,000
Bills Payable	64,25,000
Other Liabilities	18,08,55,000
Rupees	181,22,94,000

Assets	Rs.
Notes	16,51,70,000
Rupee Coin	20,000
Subsidiary Coin	50,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	28,60,65,000
Loans and Advances to Governments	....
Provincial Governments' Debtor Balances	....
Other Loans and Advances	74,03,39,000
Investments	50,11,49,000
Other Assets	11,94,95,000
Rupees	181,22,94,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	16,51,70,000	
Notes in circulation	379,44,18,000	
Total Notes issued		395,95,88,000
Total Liabilities	....	395,95,88,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	65,00,69,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		133,02,77,000
B. Rupee Coin	2,69,00,000	
Government of Pakistan Securities	254,34,05,000	
Internal bills of exchange and other commercial paper	....	
		257,03,05,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets	....	395,95,88,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.01 per cent.

EXCHANGE RATES

		2nd May, 1962	25th April, 1962
Bombay on London—			
Sellers T.T. D.D. Spot.	s.	1-5⅜	1-5⅜
Sellers T.T. D.D. upto six months	s.	1-5⅜	1-5⅜
Buyers T.T. spot to nine months	s.	1-6¼	1-6¼
Buyers T.T. 10 to 12 months	s.	1-6¼	1-6¼
Bombay on New York—			
Sellers T.T. D.D.	Rs.	476.00	475.75
Buyers T.T.	Rs.	472.50	472.25
London on New York	s.	2.8121-2.8124	2.8140-2.8143
London on Paris	Fcs.	13.7780-13.7800	14.0120-14.0170
London on Berne	Sw. Fcs.	12.2230-12.2250	12.2340-12.2360
New York on London	s.	281.250-281.290	281.410-281.450

CLEARING HOUSE RETURNS

Centre	Week ended 27th April, 1962		Week ended 20th April, 1962	
	Number of Cheques	Amount Rs.	Number of Cheques	Amount Rs.
Bombay	5,40,152	1,12,05,77,000	3,29,572	73,38,62,000
Calcutta			1,88,000	66,87,00,000
Madras	1,13,904	15,07,32,378	81,788	11,12,10,190
All Centres—				
1958-59			45,172,000	97,07,12,00,000
1959-60			50,064,000	109,95,00,00,000
1960-61			54,472,000	125,16,16,00,000
Jan., 1961			4,916,000	1,104,98,00,000
Oct., "			4,770,000	1,047,08,00,000
Nov., "			4,586,000	1,098,80,00,000
Dec., "			4,940,000	1,173,98,00,000
Jan., 1962			5,608,000	1,244,75,00,000

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	14th Apr., 1962	7th Apr., 1962	15th April, 1961	February, 1962	February, 1961	Percentage of Increase (+) or Decrease (−) in Feb., 1962 as compared with Feb., 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	121.5	119.3R	118.1	119.9	116.3	+ 3.1	119.8	120.2R
Cereals	102	102.3	102.2	99.6	103.7	99.8	+ 3.9	101.6	105.5
Pulses	43	93.9	92.4R	87.6	97.9	92.9	+ 5.4	91.2	92.6
Fruits and Vegetables	23	140.3	135.0R	114.7	144.2	109.4	+34.2	121.2	121.1R
Milk and Ghee	84	128.5	123.1	119.7	118.1	109.5	+ 7.9	115.5	115.5
Edible Oils	47	151.4	150.2	160.3	156.6	160.4	— 2.4	158.2	148.8
Fish, Eggs and Meat	17	140.3	138.2	126.8	138.6	121.3	+14.3	131.0	121.1
Sugar and Gur	48	124.5	122.1	117.0	112.9	110.9	+ 1.8	110.7	130.4R
Others	50	160.7	156.7B	172.3	165.3	169.3	— 2.4	173.9	168.4R
Liquor and Tobacco	21	98.0	98.8	112.2	99.0	111.2	—11.0	103.6	106.4
Tobacco	..	96.0	96.2	106.5	95.4	109.8	—13.1	100.6	104.8
Fuel, Power, Light and Lubricants	30	122.9	122.9	121.6	122.8	121.7	+ 0.9	121.6	118.2R
Industrial Raw Materials	188	134.8	135.2R	152.2	138.7	159.4	—13.0	147.7	138.8
Fibres	61	125.3	126.3R	163.0	137.9	178.9	—23.5	150.0	129.8
Oilseeds	60	150.2	149.5B	156.8	156.2	158.4	— 1.4	157.8	144.9
Minerals	2	94.8	93.7*	95.2	94.8	95.2	— 0.4	95.1	97.5
Others	32	126.9	128.4	120.9	129.1	128.3	+ 0.6	127.9	129.0
Manufactures	285	128.3	127.3	128.2	129.3	126.2	+ 2.4	127.8	129.8
Intermediate Products	41	136.2	135.7	138.1	134.2	137.9	— 2.8	138.4	137.1
Finished Products	249	124.8	124.7	125.8	124.3	128.6	— 3.3	125.2	119.8
Textiles	147	125.0	124.9	129.4	124.1	134.4	— 7.7	127.7	121.2
Cotton	..	..	129.1*	128.2	126.2	136.1	+ 1.7	127.5	127.5
Jute	..	..	115.8	140.7	113.3	154.1	—26.4	133.6	115.3
Woollen	..	..	128.3*	126.6*	125.4	110.1	+13.9	119.0	107.6
Silk and Rayon	..	..	127.3*	116.1*	136.3	111.4	+22.5	116.4	102.6
Metal Products	12	152.0	152.0	161.4	151.2	161.5	— 0.5	147.2	154.0
Chemicals	20	112.9	112.9	105.9	112.2	104.2	+ 7.7	106.7	104.7
Oil Cakes	10	151.3*	148.6	144.3	153.9	149.1	+ 3.2	146.3	140.2
Machinery and Transport Equipment	21	116.2	116.2	116.0	119.6	118.6	+ 0.8	118.6	110.7
Others	80	122.2	122.2	117.1	121.4	117.0	+ 4.0	120.2	116.0
All Commodities	1,000	126.6	125.5	126.0	126.3	126.8	— 2.

BANK RATE CUT AGAIN

LONDON LETTER

(From Our Own Correspondent)

LONDON, *27th April*

THIS has been a holiday week. The spring arrived somewhat belatedly on Sunday last and the Bank of England heralded the occasion by reducing the Bank rate by another ½ per cent. The level at which it now stands at 4½ per cent is the lowest ruling since January 1960 when it stood at 4 per cent. There has been no surprise here over the drop, as, with the pound remaining strong, the Treasury and the Bank have felt that they could afford to pay more attention to the external disadvantages of a high Bank rate than to the internal disadvantages of cheaper money. Even at the new level, the U.K. Bank rate is over 1 per cent higher than those of France, Germany and the U.S.A. The flow of hot money into this country has steadily continued—this is the real strength behind the premium on the pound—and this has meant an increasing liability for interest payments abroad.

On the home industrial front, the upturn in production, which began in February, appears to be continuing, but the atmosphere of deflation and credit restriction is sufficiently strong to allow the Government to rest easy this holiday from their recurring nightmare of too rapid an upswing. It is true that the general cost of borrowing money will be down by another ½ per cent but banks are still maintaining their general tightness.

On the external front, the March trade figures showed exports and re-exports at £537 million f.o.b. and imports at £390 million c.i.f. This leaves a deficit after adjustment for the difference between f.o.b. and c.i.f. of about £12 million to be met out of invisibles. For the first quarter as a whole, the deficit has averaged gross £49 million a month and net £12 million a month. In this first quarter, imports have increased rather faster than exports as compared with the results for the last quarter of 1961, but it is still felt that the spread will no longer widen.

Cost of Imports Steady

One encouraging factor is that the cost to this country of imports has remained steady for the past six months after a 1 per cent rise in the summer of 1961 and the cost of exports has also been held following the 1 per cent rise at the end of last year. The terms of trade are, therefore, still running strongly in favour of the U.K.

Turning to the encouraging features about Britain's overseas trade, the exports to the sterling area, which continued through last year, now seem to have come to an end. Indeed, there has been an increase in each of the last three months. The increase of exports to Western Europe and Northern America has continued and there has been little change in exports to the rest of the world. The exceptionally steady monthly increase through this quarter in exports is the main reason for the general confidence that the improvement is not transient. In terms of figures, monthly exports this year have been about ½ per cent higher than those in the last quarter of last year, but one must reiterate that it is the steadiness of the trend that appears significant.

Imports have been about 1½ per cent higher each month in this quarter as compared with figures in the last quarter. But their pattern is patchy. Imports of raw materials resumed their fall—this is matched by a steady reduction of stocks in this country—but there have been increases in food, fuels and finished manufactures. There is little to suggest an upward trend in imports of consumer goods or capital equipment for industry and many other imports show a substantial percentage fall over their level of a year ago.

The sterling area and North America have sent reduced imports in the first quarter for this year, while Western Europe has sent in rather more, largely from the countries outside the Common Market.

Exhortations to industry to increase exports continue, but something more dramatic than the present steadiness is certainly necessary, if the U.K. is to strengthen her balance of payments with something more substantial than hot money in-flows.

LABOUR

(Concluded from page 819)

them pertains to employment. It is necessary, in his view, to make a clear choice between greater employment and higher wages based not only on immediate considerations but also on its cumulative effect on income and employment in the long run. This choice has also had relevance to the cost structure which would determine the capacity to compete in export markets and earn foreign exchange.

Code of Efficiency

The President of the Organisation suggested that, unlike the Code of Discipline which was introduced from above, albeit through mutual agreement between workers and employers, the proposed Code of Efficiency and Welfare should be taken up first at the State level rather than at the All-India level. In his opinion, such codes receive a greater response at the unit level, if they were discussed by a small number of groups in as many centres as possible. This procedure, he averred, would place greater responsibility on the State Governments which were not always enthusiastic about all that flowed from New Delhi. There is much to commend this approach, for, as Mr. Hutheesing himself pointed out, there is great merit in developing new ideas and new arrangements at the gross root level instead of hoping that centrally evolved ideas and arrangements will filter down to the level where they have to meet the test of practical application.

Mr. Hutheesing expressed misgivings about the scheme of workers' participation in management. Pointing out that the main difficulty with regard to the scheme was the rigid attitude of workers' representatives, who refused to take cognisance of the interest of the industry, the community and the necessity of industrial growth, he observed:

"Moreover, is not the concept of worker participation in management in conflict with the kind of independent bargaining by trade unions that is also being promoted? How are the representatives of workers to perform simultaneously the two incompatible roles—sharing responsibility for managerial decisions and leading opposition to management? A more satisfactory arrangement would be to proceed on the assumption that the management must be responsible for the economic performance of the enterprise, and that the worker should be induced to take a share in responsibility for the 'community life' of the factory. Self-government in this aspect of factory life will help the workers to understand the general functions and difficulties of management."

Mr. Nanda's Defence

It is clear from the aforesaid observation that the exact scope of the scheme has not been made sufficiently clear and that, consequently, it means many thing to many people. The scheme was, however, vigorously defended by Mr. G. L. Nanda, Union Minister for Labour, who inaugurated the session. He rejected the contention that there was any conflict between workers' participation in management and collective bargaining. Mr. Nanda called upon all employers to take a more sympathetic interest in workers' participation in management which, he made it clear, was inescapable. Mr. Nanda did not also accept the view that there had been an undue increase in wage in the country. Wages of industrial workers in India, he emphasised, were too low considering the needs of health and efficiency. Although, according to him, there had been some increase in money earnings between 1951 and 1959, real wages had actually decreased owing to a progressive rise in price level. "So let us not arrive at the conclusion that we have done too well by labour," he declared. While low wages operated against labour efficiency, Mr. Nanda conceded that there was the danger that a higher level of wages might put up production costs and prices. This is true. But the real problem is how these two considerations could be reconciled and where. Mr. Nanda was not any more enlightening on this point than Mr. Hutheesing.

A Swiss firm has launched an entirely new kind of hydraulic pump which is claimed to be remarkable in every way. Its main feature lies in facilitating the natural flow of the liquid inside the body of the pump by avoiding any forced passage through the pipes of the turbine. Thanks to its entirely unencumbered body, this pump can tackle without difficulty and very economically not only thick and viscous liquids but liquids cluttered with solid foreign bodies. Its output and lift exceed those of the traditional equivalent centrifugal pumps. It is simple and sturdy in design, reliable in operation and cheap to run.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 3rd May 1962.

	Closing quotations 26-4-1962	High	Low	Closing quotations 3-5-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	210.00	212.00	210.00	210.00
Apollo (2)	2.36	2.46	2.40	2.42
Baroda Rayon (100)	149.00	152.50	148.50	150.00
Bombay Dyeing (25)	69.60	71.00	69.60	70.30
Bradbury (50)	200.00	202.50	198.75	200.00
Central India (100)	150.00	154.00	149.00	154.00
Century Mills (100)	623.50	669.00	625.00	667.50
Coorla Sp. (100)	160.00	—	—	160.00
Dawn (50)	163.00	170.00	163.50	163.50
Edward Textile (200)	365.00	395.00	365.00	395.00
Elphinstone (50)	125.00	136.00	125.00	136.00
Finlay (100)	324.00	331.00	321.00	330.00
Gokak (100)	220.00	225.50	220.00	222.00
Gold Mohur (100)	250.00	—	—	250.00xd
Gwalior Rayon (10)	59.00	61.00	58.70	59.00
Ind. Untd. Defd. (1)	3.58	3.76	3.56	3.74
Ind. Untd. Ord. (10)	22.96	23.80	22.96	23.72
Indian Rayon (100)	122.00	127.00	123.00	127.00
Indore Malwa (100)	178.00	—	—	178.00
Khatau (100)	455.00	485.00	461.25	472.50
Kohinoor (100)	298.50	310.00	298.50	305.50
Mafatlal (100)	900.00	932.50	900.00	910.00xd
Minerva Mills (100)	96.50	96.00	92.00	90.00
Model Nagpur (250)	146.00	147.00	145.00	147.00
Morarji (100)	406.00	420.00	408.00	417.00
Mysore (50)	65.50	65.50	64.00	64.50
National Rayons (100)	572.00	584.00	574.00	583.50
New City (100)	181.00	—	—	181.00
New Great (100)	310.00	315.00	310.00	311.00
Phoenix (100)	262.00	273.00	264.00	270.00
Podar Mills (100)	148.00	151.00	147.00	150.00
Raymond Woollen (100)	144.00	146.50	144.00	146.50
Sassoon Silk (10)	14.00	—	—	14.00
Sassoon Spg. (10)	64.70	65.00	63.10	64.00xd
Shrinivas (100)	276.00	286.00	276.00	282.00
Simplex (50)	172.00	172.00	171.00	172.00
Standard (100)	1,017.00	1,076.00	1,015.00	1,051.00
Svadeshi (100)	284.00	293.00	284.50	290.00
Swan (100)	330.00	350.00	332.00	345.00
S. I. Viscose (100)	185.50	197.00	190.00	190.00
Tata Mills (25)	77.00	79.80	77.20	79.00
Lakshmi-Vishnu (100)	150.00	150.00	145.00	145.00
Western India (250)	802.50	—	—	802.50
BANKS				
Bank of India (50)	117.00	117.50	116.00	117.00
Do. (New) (50)	117.50	118.00	117.00	118.00
Bank of Baroda (50)	114.50	116.00	114.00	115.00
Central (25)	66.50	68.00	66.50	67.50
Central 'A' (25)	68.50	68.50	67.50	68.50
Dena Bank (50)	70.00	71.00	70.00	71.00
Punjab National (10)	21.60	21.60	21.76	21.76
Union Bank (5)	8.00	8.12	7.92	8.00
United Com. (50)	88.00	88.00	87.00	88.00
Maharashtra (50)	76.00	77.00	74.00	77.00
ELECTRIC COS.				
Ahmedabad (100)	93.30	93.30	92.50	92.30
Amalgamated (10)	10.32	10.32	10.24	10.24
Andhra Valley (1,000)	1,010.00	1,015.00	1,010.00	1,015.00
Bom. Sub. El. (100)	102.50	103.00	102.00	103.00
Surat (100)	96.00	—	—	96.00
Tata Hydro (100)	113.00	112.50	112.50	113.00
Tata Power (1,000)	1,100.00	1,110.00	1,097.50	1,107.50
INSURANCE COS.				
British India (10)	11.88	12.24	11.88	12.12
Indian Mercantile (407)	55.00	—	—	55.00
New India (15)	67.00	70.50	67.00	70.00
New India 'A' (15)	68.00	70.00	68.00	70.00
Vulcan (10)	17.12	—	—	17.12
STEEL COS.				
Ind. Iron (10)	25.80	26.45	25.85	26.40
Mukand Iron (10)	28.25	29.50	28.00	26.80
Tata Steel Ord. (75)	144.50	146.75	144.50	146.00
SUGAR COS.				
Belapur (50)	239.00	245.00	238.00	240.00
Bhopal (10)	21.24	—	—	21.24
Chandpur (12.50)	22.52	—	—	22.52
Maharashtra (50)	176.50	179.00	175.00	175.00
Phaltan (50)	108.00	111.00	108.50	109.50
Walchand Ind. (100)	156.00xd	161.00	156.80	161.00
CEMENT COS.				
Associated Cts (100)	160.25	165.00	160.50	162.75
Digvijay (100)	209.00	211.00	206.00	206.50
Orissa (10)	19.12	19.40	19.00	19.24
MISCELLANEOUS				
Alcock Ashdown (100)	335.00	340.00	335.00	345.00
Amar Dye-Chem (100)	332.50	341.25	330.00	332.50
Bom. Burmah (125)	677.50	694.50	678.50	693.50
Do. (New) (50)	280.00	288.75	278.75	281.25
Br. B. Petrol (1½ sh.)	1.38	1.62	—	1.54
Br. I. Corpo. (5)	10.56	10.76	10.56	10.76
Cooper Engg. (100)	182.00	187.00	181.50	187.00
Colour Chem. (100)	485.00	520.00	490.00	492.50
Hind Cycle (100)	122.00	—	—	122.00
Hindustan Lever (10)	69.80xd	—	—	69.80
Hindustan Motors (10)	20.04	20.52	20.12	20.40
I. C. & Invest. Corporation (100)	90.30	91.00	90.50	91.00
Indian Dyestuff (100)	532.50	560.00	531.25	547.50
Indian Copper (2 sh.)	5.12	5.24	5.08	5.16
Ind. Inv. Tr. (100)	79.50	—	—	79.50
Killick (100)	88.50	86.50	84.00	84.00
Larsen & Toubro (10)	34.00xr	35.75	34.25	34.75
Mahindra & Mahindra (10)	18.52	21.00	18.52	20.24
New Central Jute (10)	17.76	—	—	17.76
Polychem (50)	220.00	230.00	218.75	222.50
Polson (100)	194.00	—	—	194.00
Pre. Automobiles (100)	134.00	140.00	133.75	137.50
Premier Con. (80)	177.50	181.00	177.50	180.00
Scindia (20)	13.32	13.88	13.32	13.88
G. E. Shipping (10)	13.60	14.80	14.00	14.70
Shivalgur (10)	35.00	36.00	33.50	34.50
Sirpur Paper (10)	14.52xr	15.08	14.56	14.96
Synthetics and Chem. (100)	231.00	240.00	228.00	239.00
Tata Chemicals (10)	16.96	18.36	17.00	17.92
Tata Locomotive (10)	363.00	372.00	364.50	371.00
Tata Oil (25)	81.70	84.00	82.00	83.50
Tezmaco (10)	23.24	25.75	23.52	25.75
Voltas (100)	293.00	304.50	300.00	303.50
W. I. Match (100)	305.00	312.00	308.00	310.50
W. Coast Paper (100)	188.00	189.00	181.50	184.50

GOVERNMENT SECURITIES	26-4-1962 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	3-5-1962 Rs.
2½% 1962	99.25	—	4.06	99.25
2½% 1976	83.50	—	4.38	83.50
3 % 1964	96.65	—	4.38	96.65
3 % 1963-65	96.65	—	3.67	96.65
3 % 1966-68	96.10	3.76	3.89	96.65
3 % 1970-75 1st Dev.	89.65	3.98	3.66	90.20
3½% 1960 Con. Loan	71.05	4.44	4.00	89.65
3½% 1964 N. P. Loan	90.90	—	4.28*	71.05
3½% 1965 N. P. Bonds	99.65	—	3.56	91.00
3½% 1962	99.90	—	3.95	99.85
3½% 1967 N. P. Bonds	98.75	—	3.88	99.65
3½% 1974	99.40	—	3.75	99.10
3½% 1968 N.P. Bonds	99.90	—	3.81	98.80
3½% 1969 Loan	98.80	—	3.78	99.40
3½% 1968	98.60	—	3.77	99.90
3½% 1968 N.P. Bonds	99.95	—	3.73	98.80
3½% 1968 N.P. Bonds	99.80	—	3.54	98.60
4 % 1972 Loan	100.30	—	3.79	99.95
4 % 1973 Loan	100.10	—	3.98	99.80
4 % 1979 Loan	99.30	—	3.99	100.30
3½% 1966 Bonds	99.40	—	4.06	100.10
4 % 1980 Loan	99.25	—	3.65	99.30
4 % 1981 Loan	98.50	—	4.06	99.65
		—	4.11	99.25
				98.50

* Current Income. Cm.—Cum-Right. Xd—Ex-dividend. cd—Cum-dividend. X.R.—Ex-Right.

COMMERCE

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

VOL. CIV. No. 2665 BOMBAY, 12th MAY 1962 PRICE Rs. 2

BURMAH-SHELL BREAKS NEW GROUND

THE Burmah-Shell, the oldest and largest of the three foreign oil companies operating in India, took the country by pleasant surprise last week-end by announcing a series of three significant proposals in a bid to reach an agreement with the Government of India on issues which have been in dispute for quite some time now. The Burmah-Shell in India consists of two organisations, one in charge of marketing activities and the other engaged in the manufacture of petroleum products. The former, known by the name of the Burmah-Shell Oil Storage and Distributing Company of India Ltd., is a British company with its capital in sterling and jointly owned by the Burmah Oil Company Ltd. and the Royal Dutch-Shell Group. The latter, known as the Burmah-Shell Refineries Ltd., is an Indian company with rupee capital, but is wholly owned by the British company. It has, however, Rs. 8 crores of 5½ per cent debentures 1965-69 practically all of which are held by investors in India. The first proposal of Burmah-Shell management is to convert the marketing company into a rupee company. The second proposal is to offer "substantial and wide-spread" equity participation in both the companies. The third proposal is "immediate termination of the current refinery agreement" and readiness to operate in future under an industrial licence similar to that for other industries, "subject to an understanding on certain basic points." Currently discussions are going on between Mr. H. A. Eccles, Chief Representative of Burmah-Shell in India, and Mr. K. D. Malaviya, the Union Minister of Mines and Fuel, on these broad proposals. It is to be hoped that they will lead to a fruitful conclusion, for they represent an earnest attempt on the part of Burmah-Shell to adjust itself to the changes in India's attitudes and aspirations.

It is common knowledge that Mr. Malaviya has been quite critical of the old refinery agreement concluded in the early fifties and, even though the oil companies have one by one given up most of the substantial privileges permitted under that agreement, he has firmly refused in the past one year and more, to allow any further expansion in their refining capacity even by making some slight adjustments, let alone by adding to the existing plant and machinery. He has been insisting on the conclusion of a new agreement, the terms of which have not been disclosed to the public. The Burmah-Shell has broken new ground by announcing its readiness to surrender the old agreement and negotiate a new one. The basic points referred to by the Company apparently cover such subjects as the basis of price fixation, the source of crude oil for the refineries and the extent to which expansion will be permitted. The crucial question pertains to the refining of foreign crude imported from sources other than those belonging to the Company's principals and its associates, more especially Russian crude which the Company (as also the other two foreign companies) refused to handle when approached by the Government last time.

The offer to accept equity participation by Indian investors is rather belated, but welcome all the same, particularly because it is to be "substantial and wide-spread." Incidentally, it is in keeping with the suggestion made by this journal some years ago, when the conflicts between the Government and the oil companies began. If the words within quotations are followed in their spirit, so far as the actual extent of participation by, and the distribution of shares among, Indian investors are concerned, both the manufacturing and distributing Companies will assume a national complexion. Apart from this sentimental gain, there will be three major advantages: one, a part of the profits earned by the Companies will be retained in the country; two, there will be a substantial and welcome addition to the supply of blue chips which are now scarce; and, three, the offer will make a sizable contribution to the spread of ownership of property among small investors, provided the Government does not insist on a big block of shares being reserved for the Life Insurance Corporation. There will, of course, be a significant addition to the Government's revenue by way of stamp duty and tax on capitalisation of reserves which is very likely to be done in the case of both the Companies before the public is invited to participate in their capital.

As against these advantages, there will be a big disadvantage, if the Companies are permitted to take out of the country the foreign exchange equivalent of the capital offered to domestic investors. At present, there is no restriction on remittance of such capital nor of profit. But, considering the low level of India's foreign exchange reserves and its need for more of them, repatriation of even a small part of the capital invested by the foreign oil companies will mean a big strain. If this drain is to be avoided, Burmah-Shell (and also the other two foreign companies if they decide to follow suit) will have to be permitted to expand its activities in this country. There is no reason why it should not be allowed to grow, for the demand for oil is expanding, and will expand, so fast that there is room enough for all the companies in both the sectors. The country has only made a beginning in the discovery of crude and it is a moot point whether it will be self-sufficient in the foreseeable future. It was only as recently as on Tuesday this week (that is, four days after the Burmah-Shell disclosed its plans) that Mr. Malaviya requested the members of the Informal Consultative Committee of Parliament attached to his Ministry "to disabuse their minds," to quote from an official Press Note, "of the idea that the country has discovered any big oilfield." He said that "India has not proved so far to be lucky enough to have discovered oilfields of the dimensions of those in West Asia," that "even the Ankleshwar oilfield, which is to feed the Koyali refinery in Gujarat, is only a small oilfield and that, "despite the fact that 80 per cent of the wells in Cambay region are producing either gas or oil, the Cambay could be described as only a poor oilfield." Since imports of refined products will take up more foreign exchange than crude, besides denying the country the valuable benefits of refining at home in terms of employment and a vast number of subsidiary industries, it is necessary to expand the refining capacity in the country without any further loss of time. An additional factor that supports this statement is the possibility of considerable delays in implementing the public sector projects for setting up refineries and commissioning them to full capacity. Both the Nunmati and Barauni projects are behind time by about two years and it would not be surprising if the Koyali refinery, scheduled to commence operation by the middle of 1964, were to take one or two years more. Meanwhile, both the civilian and defence requirements of petroleum products look like being greater than those envisaged in the third Plan. In these circumstances, prudence demands an immediate expansion in the refining and marketing facilities of the existing companies.

There are quite a few ticklish issues that will require to be settled once an undertaking is reached with Burmah-Shell on certain basic points. The basis of valuation of the Companies' assets, the extent of capitalisation of reserves, the quantum and terms of the issue to the public, and the composition of the boards of directors are only some that readily occur to one's mind. These, however, should not present any insuperable difficulty, especially as there are certain satisfactory precedents to go by.

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MR. NANDA'S INDISCRETION

SOLICITUDE for the welfare of workers is a laudable sentiment for any civilised Government to cherish. But the welfare of a section, however organised, vocal and powerful it may be, cannot be entirely divorced from that of the whole community of which it is only a part. Industrial workers, though they constitute an important and economically productive section of the population, cannot, by virtue of their organised strength, justifiably demand wages and conditions of service which are far out of tune with the general level of wages and living conditions in the country. This is true irrespective of the capacity of the industry to pay. For, even if an industry has the capacity, it cannot go on meeting the progressively rising demands of workers regardless of the claims of other sections of the community on the profits of industry which constitute a social surplus. After giving a reasonable return to the shareholders, a good part of this surplus must be ploughed back into the industry, the balance being used to reduce the selling prices of the products for the benefit of consumers. The distribution of the surplus of a business concern on these lines will be in the interests of the community as a whole, as it will lead to an increase in employment opportunities. A reasonable rate of return to shareholders, coupled with conservation of profit, will facilitate expansion in production, while a reduction in selling prices will help broaden the market for the products. All this in turn will generate more employment and higher production. The tempo of economic progress will thus be kept up.

While the progressive increase in the wages and conditions of service of the working population should be the continuing goal of social policy, it cannot be carried on endlessly. At a certain stage, the actual level of wages above the subsistence level should be fixed in relation to the productivity of workers. For such a wage policy to be acceptable to workers, it is necessary to impress upon them that higher wages can be paid only from higher productivity. Practical application of this principle could be made by passing on to the workers a fair share of the increase in productivity as and when it occurs and by refusing to grant wage increases when it is not preceded by a demonstrable increase in productivity. This is important, because, unless there is a healthy awareness of the mainsprings of industrial pro-

gress, it will be difficult to generate and maintain a tempo of development that will haul the economy out of stagnation and slow growth and put it on the road to self-sustaining development.

A further important point to be borne in mind is that, for a country like India which has no external resources worth speaking about and which has to finance more than 80 per cent of its growing volume of imports through exports, the need for competing in world markets is a paramount consideration. Any wage (nay, labour) policy that ignores this aspect and allows a continuous rise in wages unrelated to productivity will retard economic growth and condemn millions of jobless workers to perpetual unemployment. One may try to overcome the effects of a high-cost economy by providing direct and indirect subsidies. But, ultimately, it will prove to be an expensive expedient of an extremely short-term nature. This is a hard fact from which there is no escape.

Viewed against this perspective, the remarks of Mr. G. L. Nanda, Union Minister of Labour, at the recent annual session of the All-India Organisation of Industrial Employers, on the wages of industrial workers, were ill-conceived and ill-timed. They are likely to be interpreted to justify claims and actions that might embarrass the Minister himself. None can question the validity of Mr. Nanda's thesis that the level of wages has a close bearing on the efficiency of workers. Nor need one quarrel with his contention that wages of industrial workers in India are too low in relation to their needs. But a clear distinction must be drawn between what is desirable and what is practicable. Does the mere fact that Indian workers are not as well paid as their confreres in the developed countries of the world go to prove that justice has not been done to workers or that they have been denied a fair share of the fruits of labour? Mr. Nanda does not want anyone to conclude that "we have done *too* well by labour." Obviously, he feels that enough has not been done for labour. He pointed to the trend of wages of workers to substantiate his statement. According to him, although there had been an increase in wages (money wages) of workers during the period 1951-59, real wages had actually decreased owing to a progressive rise in the price level. Mr. Nanda, however, did not indicate the relative increase in wages and prices during the period. But even if prices can be shown to have increased faster than wages, it is an argument not for raising wages but for bringing down prices. Moreover, it is an indictment of the Government itself for not having succeeded in holding the price line.

Surely, the industry cannot be blamed for the increase in prices which is said to have neutralised the rise in money wages. For it the Government should take the responsibility, because it is the consequence of its initiationary policies. Its labour policy itself has contributed to inflation and so also its policy of protecting low productivity units engaged in the manufacture of essentials of life. It is precisely the fixation of wages in relation to the price level rather than productivity that has discouraged effort and inflated industrial costs in the country. Once the rise in price level is accepted as a justification for higher wages, there is no knowing where the wage-price spiral will lead the country. Mr. Nanda realises the dangers of raising wages to compensate for the rise in price level. He has himself conceded that higher wages, unless accompanied by a corresponding increase in productivity, will put up production costs and prices. But it is in placing the emphasis he invariably errs. Apparently, on such occasions, the instincts of a labour leader and politician and not those of an economist-*cum*-businessman with a practical mind gets the better of him. If, instead of citing the rise in prices *vis-a-vis* the rise in wages, the Minister had analysed the trend of productivity to prove that wages had not risen in proportion to the increase in productivity, he would have established a strong case for higher wages for workers. But he did not do that. Why? Was it because of the fear that a comparison of the trend of wages with that of productivity would not bear out his conclusion? The fact that he did not refer to the trend of productivity at all is all the more significant, because Mr. Hutheesing had pointed out in his presidential address that little thought was being given to correlate emoluments to productivity and that wage increases awarded by the Industrial Courts or even Wage Boards were not based on work measurement or job evaluation. He had also quoted the findings of the survey carried out by Mr. Nanda's own Ministry which showed that, during the first and second Plan periods, there had been wage increases ranging from 33 to 100 per cent in cotton textiles, cement, sugar, jute and plantation industries which together employ 1.7 million workers, out of a total 3.6 million workers employed in the organised industries. He suggested, albeit by implication, that productivity had not shown a commensurate increase. Mr. Naval Tata, President of the Employers' Federation, had argued in a similar vein in his speech at the recent annual meeting of the Federation. In fact, he went a step further and pointed out that, according to a recent survey, wage index in the organised sector of the industry rose by 24 points between 1951 and 1957, whereas the productivity index had risen by 8.6 points only.

Mr. Nanda did not question the validity or accuracy of these statements or of the conclusion that can be drawn from them, namely, that wages have been not one jump but many jumps ahead of productivity. That the reverse should be the case has been conceded by no less a person than the Soviet Premier whose remarks on the relationship between productivity and wages have been approvingly quoted by more than one leading industrialist in the country (*vide* pages 499 and 405 of *Commerce* dated 24th March and 10th March 1962).

Mr. Nanda obviously sidetracked the issue by pointing to the rise in prices which is not so relevant to the fixation of wages on a scientific basis as productivity trends. His remarks are likely to prove a convenient lever in the hands of trade union leaders anxious to advance fresh demands for further increase in wages. And such demands will not be confined to undertakings in the private sector alone. Will Mr. Nanda plead with his own colleagues in the Cabinet to grant wage increases should employees of the public sector units, taking the hint from him, were to put up a demand for higher emoluments? This is not the first time that Mr. Nanda, in his understandable desire to be on the right side of workers and/or to score a debating point, has made such indiscreet, if not unwarranted, remarks. Every time he made a similar statement, workers chose to ask for more in some form or other. With Wage Boards and the Bonus Commission in session to decide important issues, statements of the nature made by Mr. Nanda gain additional significance. It is a well-known fact that industrial workers are not as well paid as they should be to enable them to maintain a decent standard of living, that the vast majority of them still live in slums and that they deserve more congenial working conditions. But this generalisation is true of the vast majority of the people of this country. The poverty of industrial workers simply reflects the poverty of the country as a whole. They aggravate it by not limiting the size of their families. Mr. Nanda would be doing a real service to workers, whose cause he has ceaselessly championed, if he were to preach to them the imperative necessity for family planning. If he succeeds in convincing them of this necessity, he will have ensured for them a significantly real increase in their standard of living which no amount of addition to their monetary income can secure.

SUGAR PROSPECTS

THE outlook for Indian sugar exports has turned bleak again, thanks to the sharp fall in world sugar prices of late. A ton of sugar can now be had in the London market at no more than £23¼ per ton, as against the March-end quotation of £26 to which level it had gone up from a low of £20 in January. The latest recession in prices is attributed to selling pressure from Brazil and "very cheap" sales of white East European sugar. While the downward trend may not gather momentum in the immediate future, there is no likelihood of a notable recovery either. From the long-term point of view, however, the world sugar market will be influenced by two important factors, namely, U.S. purchases and European beet harvest. As for the former, present indications are that the total imports into the U.S. under the Sugar Bill now at Committee stage in the Congress will be limited to just two million tons annually and even these imports will be not at subsidised prices (average premium of 2 cents per lb.) but at world prices. In other words, if the Bill goes through as it is, India will have to compete along with other producing countries for a share in the U.S. market. This means that India must be prepared to suffer a bigger loss on exports to the U.S. than it has done so far under the existing quota arrangement. In 1960-61, it may be noted, the officially estimated loss on sugar exports to the U.S. was Rs. 241 per ton, as against Rs. 430 per ton on those to other markets; the price realised in the former was Rs. 550 per ton and that in the latter Rs. 350 per ton. The second and what is described as "a more nebulous long-term factor" is the European beet crop. The size of the crop will not be known until August, though some feel that production will be less than in the previous season.

Since world sugar prices remain depressed, India is naturally finding it difficult to find customers for its surplus sugar. As against the currently ruling London price of Rs. 310 (£23¼) per ton, the average cost price of Indian sugar comes to a little over Rs. 700 (£53), or a gap of as much as Rs. 390 and that, too, after the full remission of excise duty and cane cess together amounting to Rs. 343 per ton. Exports of sugar, therefore, involve "colossal subsidies," to borrow the phrase which Mr. S. K. Patil, Union Food and Agriculture Minister, used when he was addressing the new Parliament Consultative Committee on Wednesday this week. Mr. Patil stated that, because of "colossal subsidies," the present situation of a glut in sugar "cannot be significantly remedied by exports." This remark clearly implies that something else will have to be done to improve the situation. That "something else" can be nothing more than bringing about a marked increase in domestic consumption. How else can this result be brought about quickly except through a reduction in the tax burden on the consumer which accounts for more than a third of the price paid by him?

The problem of sugar surplus is depressing to a degree. Some had expected a month and a half ago that production in the current season (1961-62) would be 2.5 million tons at worst and 2.7 million tons at best. The latest official estimate for the whole of India puts it at 2,784,000 tons, as against 2,981,000 tons turned out in the previous season, a decline of over 6.6 per cent and not 4.5 per cent as Mr. Patil is reported to have mentioned this week. Including the opening stocks of 1,203,197 tons, the total available supply for the season comes to 3,987,197 tons. Even granting that the optimistic estimates of domestic consumption (2.4 million tons) and export (500,000 tons) would prove correct, the season would end with a carryover stock of over a million tons. The hardship caused to the mills as a result of such stocks can well be imagined. The holding of stocks entail the locking up of substantial funds. What is worse, the mills have to bear heavy interest charges. Is this the reward for the sugar industry which has endeavoured to maintain a high level of output? And is it not unfortunate that the consumer of sugar, who has all along been making sacrifice first in the name of protection from foreign competition and then in the name of development, should continue to be denied the benefit of a lower price? Would it not be better to permit our own people to eat more sugar than allowing it to rot in the godowns? Surely, "yes", if for no other reason than to mop up a part of the surplus purchasing power in the hands of the public and to let the consumer get the impression that the price of at least one important commodity has gone down. It is, indeed, ridiculous that the Government should stand in the way of prices going down not from an uneconomically low level to still lower level but from a pretty high level to a reasonable level, even when the supply position is conducive to such a desirable movement.

With a huge surplus weighing heavily on the sugar industry, it may sound incongruous to say, as was in fact done by Mr. Patil, that "every care would be taken to see that no part of the standing cane crop goes uncrushed." But it is better to crush the sugarcane than to allow it to perish in the fields. Sugar at least can be stored for some time but not sugarcane. It will be a criminal waste to leave the sugarcane in the field to dry up or to encourage its crushing into *gur* the keeping quality of which is poorer than that of white sugar. Somebody, however, has to bear the loss. The sugar mills cannot, as their position is already strained by the losses on exports and prolonged storage of a huge surplus. The U.P. and Bihar Governments have no doubt been authorised to permit a reduction in the minimum price of cane at 1.5 nP per maund for every 0.1 per cent fall in recovery below 9 per cent from the 1st inst., in addition to any rebate of cane purchase tax that may be allowed. But the relief which the sugar mills will actually get under this arrangement is too meagre to compensate them for the increase in production cost as a result of low recovery and addition to the already heavy stocks.

MARKET GOSSIP

The Prodigal's Homecoming

THE return of Canada to a system of fixed exchange rate, after experimenting with floating exchange rate for over a decade, marks a significant departure in that country's monetary policy. Canada, almost alone among the other major members of the I.M.F., had refused to fix a par value for its currency, and left it to be determined in the free market by the free play of supply and demand. For sometime past, however, signs of the Government's dwindling confidence in the floating exchange rate were visible. It may be recalled, in this connection, that, in the first week of October 1950, the Canadian Government unpegged its exchange rate, following widespread speculation that its currency might be revalued by 10 per cent, in view of the large influx of hot money induced by the improvement in the strength of Canadian economy and fears of inflation in the U.S. consequent on the Korean war boom. Originally, the parity of Canadian dollar was at a discount of 10 per cent *vis-a-vis* the U.S. dollar. Later, that is, in 1946, it was fixed at par with the U.S. dollar. Three years later, when the pound sterling was devalued in September 1949 and other Commonwealth countries followed suit, Canada made a gesture by devaluing its currency to the extent of nine per cent. It was only a year after that it fell in love with the idea of floating exchange rate and stuck to its choice for nearly 12 years, even though it was contrary to the spirit of the I.M.F. rules. And the rest of the free world, too, got accustomed to its experiment. There was hardly any protest against it from any of the I.M.F. members, apparently because it did not cause much inconvenience to any of them. For some time past, however, there were signs that the Canadian Government itself was beginning to lose faith in the floating exchange rate. Even so, the fixation of the exchange value of the Canadian dollar on the 3rd inst. has come as a surprise. As early as in June 1961, the Canadian Government had made it known that it considered its currency overvalued in relation to the U.S. dollar and that it wanted it to be below parity with the U.S. dollar by a substantial margin. This gave rise to much speculation in the exchange market about the exact level which the Government considered to be desirable. The resulting uncertainty and the drain on reserves put further strain on Canada's balance of payments position.

The new par value of 92.50 U.S. cents per one Canadian dollar is 2¼ points below the market rate prevailing on the 3rd inst. when the announcement fixing a stable exchange rate for the Canadian dollar was made. It, therefore, constitutes a devaluation of the Canadian dollar by 2.63 per cent. Under the I.M.F. rules, the exchange value should now be maintained with the normal margin of one per cent of the parity rate. It may be noted here that the I.M.F. has warmly welcomed Canada's return to fixed exchange rate and its support, on which the Canadian authorities can now count, may discourage further speculation against Canadian dollar.

The Canadian Government's latest move nails to the counter the fixed *versus* floating exchange rate controversy that has been fiercely raging in Canada for some time past and which used to figure occasionally elsewhere in the free world also. Opinions among bankers and monetary experts were sharply divided as to which of the system was suited to Canada's current economic and financial conditions. Typical of the diametrically opposite points of view held by experts on the subject are the views recently expressed by Mr. W. E. McLaughlin, President of the Royal Bank of Canada, and Mr. A. T. Lambert, President of the Toronto-Dominion Bank, in their respective annual speeches. While Mr. McLaughlin was for a return to a "true floating rate such as we had from September 1950 to December 1960," Mr. Lambert favoured a fixed rate of exchange. Commenting on the experience of Canada under a regime of floating exchange rate, Mr. Lambert said: "For a period of ten years, we had operated under a fluctuating rate and we can only conclude that, for the most part, it failed to reflect Canada's trade and balance of payments position. Canada may have to face up to the need to move towards setting a fixed rate, or perhaps, what would be even better, a narrow range of rates." His arguments for a fixed rate of exchange were based on the ground that "it permits domestic producers to plan ahead, to develop internal sources of supply and to quote firm prices without incurring the risks attached to unforeseen shifts in the exchange market."

Mr. McLaughlin's arguments against fixed exchange rates were on the following lines: No one knows as to what is the appropriate level for a fixed rate, until it is tested in the market and the chosen level remains appropriate only so long as the merchandise trade, foreign investment and other capital flow levels remain constant. As these never remain static, the rate is subjected to abrupt and disconcerting shifts in value. Such a system invites instability, uncertainty and speculative excesses and the movements of the rate may nevertheless fail to have the desired effect.

Mr. McLaughlin then went on to cite Canada's own experience since the Second World War to support his argument. According to him, the range of fluctuation in the exchange rate of Canada in the post-war period was the greatest under the fixed exchange rate system and the least under the floating dollar conditions. If Canada were to return to a fixed rate, it would, in the opinion of Mr. McLaughlin, be faced with swings in its exchange reserves and pressures on its exchange rates similar to those experienced by the U.K., W. Germany, Switzerland and the U.S. "Canada," he asserted, "simply does not have the economic depth to withstand such buffets."

Now that the Canadian Government has finally voted for a fixed exchange rate, it will be interesting to watch whether Mr. McLaughlin's reading of the situation will come true. The next annual statements of the Chairmen of Canadian banks can be expected to throw some light on this issue. It is just possible that Canada's decision to toe the line of the I.M.F. is a prelude to obtaining a line of credit from the Fund. Another likely reason is the prospect of difficult trading conditions in case the U.K.'s move to join the Common Market fructifies.

Following this action of the Canadian Government, the value of the rupee has gone up in terms of the Canadian dollar. The banks' selling rate for T.T. on Canada has come down from Rs. 455.50 to Rs. 442.25 and their buying rate from Rs. 447.25 to Rs. 434.50 per 100 Canadian dollars. This means that imports of Canadian goods into India will be cheaper to some extent, while exports to Canada will meet with some resistance. Further, Canadian goods that compete with Indian in world markets will have a slight advantage.

Dr. Erhard's Dilemma

There is a close resemblance between the car price controversy in W. Germany and the steel price issue in the U.S., in which President Kennedy won a signal victory over the steel corporations. Like the decision of the U.S. steel companies to raise the price of steel, the decision of W. German car manufacturers to enhance the price of their cars up to 5 per cent has caused acute embarrassment to Dr. Erhard, the W. German Minister for Economic Affairs, who has of late been working hard to bring into effect some kind of a "pay pause" which also requires a price pause to succeed. It has, therefore, become a prestige issue and Dr. Erhard has thrown his full weight to bring about a reversal of the price increase. He is using both persuasion and threat to bring the car manufacturers round. What is more embarrassing to the Minister for Economic Affairs is that *Volkswagen*, in which the Government is the largest shareholder (20 per cent), has also raised the price of its car VW1200, the increases ranging from DM 240 to DM 390.

It is a measure of the seriousness with which the Government views this development that the W. German Cabinet, at a special meeting held last week, considered the question and decided that the Government should do everything possible to prevent its economic policy being disturbed by a price increase which it described as "avoidable." The Cabinet maintained that, in view of the good earnings of *Volkswagen*, it could have done without the rise in price. The argument of the management of *Volkswagen* is that increased costs have made it impossible for the Company to do otherwise than to put up the price. Defending the increase in price, Dr. Heinz Nordholff, Managing Director of *Volkswagen*, who is considered to be one of the most popular industrialists of W. Germany, has pointed out that his Company had so far done its utmost to keep down the prices charged for its cars which were now 8.6 per cent below those charged in 1950. At the same time, price of steel ingots had risen, according to him, by 88 per cent during the same period, that of bread by 91 per cent and the wages paid by the Company to its workmen by 143 per cent. In his view, the time had come when rationalisation of production alone could not absorb the rising costs. The increase in the domestic price of the VW 1200, according to Dr. Nordhoff, would not even cover the extra charges of DM 115 million to DM 120 million caused by pay rise granted this year.

Will Dr. Erhard succeed like the U.S. President in his fight with the car manufacturers? Competent observers think that the odds are against the Minister. Hence they rate the chances of his winning as low. But there is no doubt that Dr. Erhard will leave no stone unturned to make the industry acquiesce in the official economic policy. He has threatened that, should the car manufacturers refuse to withdraw the price rise, he would cut the import duty on French and Italian cars to make things difficult for the domestic industry. Whatever may be the outcome of this tussle, this development underlines, as did the U.S. steel price controversy, the fact that close co-operation between the Government and industry is essential even in the so-called free enterprise economies for the success of any economic policy.

Jute Goods and Raw Jute

The meeting of the Parliament Informal Consultative Committee on Commerce and Industry, held at New Delhi on Monday this week, served to focus attention on the problems confronting the jute industry, India's ace foreign exchange earner. Several members who participated in the discussions at the meeting put forward varying suggestions for improving the conditions obtaining in the primary (raw material) as well as secondary (finished products) sectors of the jute economy. But there was consensus of opinion on two vital aspects. One, raw jute prices should be stabilised at reasonable levels. And, two, the industry must be enabled to maintain output of jute goods at as high a level as possible, improve their quality and reduce production costs. These two problems require to be tackled together energetically if the industry is to weather successfully competition in world markets which is becoming keener and keener as each day passes. There is, for instance, the growing competition from Pakistan, where the jute mills enjoy certain cost advantages over India, such as lower raw material prices, newer equipment and lower wage levels, and where the Government has recently been subsidising heavily exports of jute goods. Further, use of substitute materials, development of bulk-handling methods and direct consumer-size retail packing are becoming more and more popular. Mention may also be made of the efforts of countries like Egypt, Thailand and Cambodia to set up jute mills of their own to attain self-sufficiency.

Viewed thus, it was not surprising that much concern was expressed by almost all members over the future of Indian jute manufacture in world markets. Both Mr. K. C. Reddy, Minister of Commerce and Industry, and Mr. Manubhai Shah, Minister of International Trade, also expressed similar concern and urged the supreme importance of raising the competitive capacity of jute goods. It is true that the authorities have already initiated some steps to stimulate exports such as adoption of quality control methods on a large scale, formulation of I.S.I. standards for jute goods, greater facilities for pre-shipment inspection and scheme for registration of exporters. But these would not be of much avail, unless a more vigorous drive were launched to fight obsolescence in jute mills. From this point of view, the assurance of Mr. Manubhai Shah that the Union Government would be prepared to allow establishment of nearly 9,000 broadlooms for modernising the mills and enabling them to compete effectively with other jute goods exporting countries in the foreign market will be widely welcomed. Incidentally, he revealed that the Government had agreed to the complete unsealing of looms and to the stretching of spindle capacity to sustain an eight-hour working of looms.

It may not, however, be desirable, if exports of jute goods are sought to be stepped up, as Mr. Shah suggested, by restraining internal consumption and that too when the demand for jute goods, according to his own admission, is fast expanding, thanks to increased output of cement, fertilisers and other industries needing packaging materials. Where, after all, is the need for such a policy? The scope for expanding jute goods production to the extent required to meet the rising domestic and overseas demand is pretty vast, provided the industry is assured of regular and adequate supplies of quality raw jute at reasonable prices and is given all possible encouragement and assistance to implement modernisation and rationalisation programmes.

Mr. Shah rightly stated that stability of jute prices at remunerative levels would promote a stable pattern of jute production. In this connection, he held out the assurance that, if the operations of the Buffer Stock Agency did not lead to price stabilisation, the Government itself would intervene directly and purchase raw jute from the primary producers. Such an eventuality is unlikely to occur in the light of the categorical statement made on Tuesday the 8th inst. by the Jute Commissioner that the Buffer Stock Agency "would mop up *all* the surplus" and that it would not allow the price of jute to fall again to uneconomic levels. What is more, the surplus of raw jute is not so large as to depress prices, despite the appreciable increase in jute and mesta production, the former rising from 4.03 million bales in 1960-61 to 6.27 million bales in 1961-62 and the latter from 1.15 million bales to 1.71 million bales. The estimated surplus at the end of last month is put at no more than 600,000 bales. By then, 6.33 million bales had already been purchased by the I.J.M.A. member-mills, 500,000 bales by non-member-mills and 125,000 bales by the Buffer Stock Agency, besides the 200,000 bales (notional figure) retained for use in domestic small-scale industries.

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Incorporated in India
(Established 1934)
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AND MISCELLANEOUS
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BOMBAY 1

TREND OF SHARES

'DISTRIBUTION OF STOCKS'

(From Our Own Correspondent)

BOMBAY, *10th May*

THE past seven days saw 'distribution of stocks' by the principal professional operators in the stock exchanges, which the chartists call at prelude to reaction. This sudden buying in strongly manipulated shares and mild unloading by the operators on a broad front were clearly reflected in the trading pattern which was characterised by sporadic spurts in the former and small but quick dips from high levels in the main body. Having been successful for a full settlement following the announcement of the tax proposals, the operators had no reason to resort to large-scale liquidation. But, during the week under review, they seemed to be preparing the ground for it. The very fact that, in roughly 10 days, several leading counters have recorded about 50 per cent of their annual rise underscored the need for a strong reaction even for extending the uptrend. From the way values receded after touching new high levels on Monday, it appears that the uptrend has cried a halt for the time being. And, significantly enough, closing prices showed small gains coupled, for the first time in the past three weeks, with small losses. But for the spurt in some highly speculative counters today, the losses would have been widespread and quite moderate.

Sentiment was influenced during the week by the high carry forward charges in Bombay, absence of any mention of tax concession at last Friday's meeting between the Finance Minister and the representatives of industry and stock markets and lack of follow-up support at higher levels. The week-end spurt was based on renewed speculation about tax reliefs for textiles and steel products and hopes that, since only Rs. 250 crores remain to be covered by way of taxation during the next three years of the third Plan, fresh taxation in future would be limited. The general expectation is that tax reliefs, if any, would be marginal.

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Bulls continued to set the tune in Dalal Street. In spite of substantially high carry forward charges at last Friday's settlement, they succeeded in rigging up prices on Monday. This, however, was not surprising, as it was intended by them to scare the bears further of their firm grip on the market. They seem to have succeeded, for there was some heavy short-covering. But, on Tuesday, the bulls came out in their true colours and took the advantage of the rise to lighten their commitments. On Thursday, they lifted up the values again by pushing up Century and Bombay Burmah, possibly to exploit the opportunity subsequently. These bull manœuvres deprived the market of confidence at higher levels. Trading was cautious and the tendency to follow the rise was generally lacking.

Steels lacked the previous week's buoyancy. The rise of Rs. 3.50 to Rs. 149.50 in Tata Ordinary reflected more the book closure contango. Indian Iron receded from Rs. 26.40 to Rs. 26.15 but rallied to close at Rs. 26.50 on Calcutta support after Wednesday's settlement there. But on balance, the gain in these shares was only 10 nP. Mukand Iron lost 60 nP to Rs. 28.20, reflecting a setback from Rs. 62.82 lakhs to Rs. 61.44 lakhs in the Company's gross profit for 1961. Textiles were generally quiet following cautious optimism expressed by the Chairmen of Kohinoor and Shree Niwas about the outlook for the Companies due to the increase in the excise duty on cloth. At close, Bombay Dyeing were 55 nP lower at Rs. 68 *ex-div.*, Shree Niwas Rs. 2 at Rs. 280 and Svadeshi also Rs. 2 at Rs. 280. But, cleverly manipulated by bulls, Century scored a further gain of Rs. 8.50 to Rs. 676. A drop of Re. 1.68 to Rs. 22.04 in Indu Ordinary and a rise of Rs. 23.75 to Rs. 496.25 in Khatau were the other notable features. In the Miscellaneous section, Bombay Burmah were a well manipulated counter and rose further by Rs. 9.50 to Rs. 703. Others lacked their previous week's charm and closed with minor variations. But Poly Chem lost Rs. 5 to Rs. 217.50. Sugars and Shippings were easy. Cements were quiet, but Digvijay gained Rs. 5.50 to Rs. 214. In the Cash section, changes over the week were minor. A spurt of Rs. 23 to Rs. 130 in India Link Chain was contrasted by a drop of Rs. 13.75 to Rs. 180 in Hindustan Wired Glass. Chemicoat were another wide mover and gained Rs. 15 to Rs. 230, but Fit Tight dropped by Rs. 12.50 to Rs. 205. The sanction for New Standard's 1 : 2 rights issue at a premium of Rs. 20 produced a rise of Rs. 4 to Rs. 260 in the scrip. New India 'A', among Insurances, gained Re. 1.50 to Rs. 71.50, and this came in line with the increase of Rs. 1.8 crore to Rs. 12.6 crores in the Company's net premium income in 1961 and the maintenance of the dividend at Rs. 5.70 per share, including a cash bonus of Re. 1.20, subject to tax.

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Mild profit-taking on settlement considerations produced a subdued tone in Calcutta, where GKW's encouraging report was shadowed by the decline in Indian Copper's gross profit from £13.08 lakhs to £12.22 lakhs, resulting in the maintenance of the dividend of 27 per cent, subject to tax. Speculative shares bore the brunt of profit-taking, while closing prices showed a mixed pattern. Thus, in the Forward List, Birla Jute declined by Re. 1.50 to Rs. 35.25, GKW by one point to Rs. 41, J.K. Rayon by 81 nP to Rs. 21.19 and Orient Paper by 70 nP to Rs. 43.20. Indian Copper were shaded from Rs. 5.18 to Rs. 5.12. Texmaco closed with a gain of 55 nP to Rs. 25.55 and Shree Gopal were up by 63 nP to Rs. 27.25. In Jutes, Fort Gloster and Dalhousie lost Rs. 8 each to Rs. 443 and Rs. 130 respectively, and others showed small changes.

In Coals, Bengal reacted by Rs. 7 to Rs. 374, but East India rose further from Rs. 43.50 to Rs. 47.50. A spurt of Rs. 41 to Rs. 711 in Burn was the feature of trading in the Engineering section, where small losses predominated. In the Miscellaneous section, Phillips India advanced from Rs. 26.37 to Rs. 37.25. Balmer Lawrie gained Rs. 2 to Rs. 279 and so did East Anglia to Rs. 23.25. Hindustan Twyford rose from Rs. 16.75 to Rs. 17.94 and Isaac Holdens from Rs. 17.62 to Rs. 19.56. Goodyear reacted from Rs. 48.25 to Rs. 46.87 on corrective profit-taking.

* * * *

Turnover was small and trading restricted in Madras. Selective support for Chemical shares was a feature. But particularly active were Madras Rubber following the Company Chairman's statement that the factory will go into production within three months; the shares advanced from Rs. 22.95 to Rs. 25.10 on keen demand. Travancore Chemical gained Re. 1.05 to Rs. 22.55 on investment demand. Excepting these two features, trading was unexciting.

SIMCO METERS' SHARE ISSUE

Simco Meters Ltd. will be in the market in the third week of this month to raise subscription for its public issue of 138,833 equity shares of Rs. 10 each and 15,000 9 per cent. taxable, cumulative preference shares of a like denomination for its proposed Rs. 60-lakh project for the manufacture, initially, of 60,000 single-phase meters and 20,000 polyphase meters per year on a single-shift basis in technical collaboration with Messrs. Denis Ferranti Meters Ltd., Bangor, North Wales, U.K., one of the units of the famous Denis Ferranti group of industries. Every meter produced by the Company will be styled, "Under licence—Denis Ferranti Meters." The foreign exchange component of the project is Rs. 25 lakhs, being the cost of the plant and machinery to be imported from the U.K., for the bulk of which firm orders have been placed and will be received at the factory site not later than September 1962. It is to be met from a ten-year loan of Rs. 18,33,330 from the Commonwealth Development Finance Company Ltd., London, which will also subscribe for equity shares worth Rs. 6,66,670. The balance of the outlay of Rs. 35 lakhs is to be raised by issue of share capital and borrowings from banks.

The factory will be located at Tiruchirapalli in Madras State. The necessary land has been acquired and building construction has commenced. The plant is expected to go into trial production by January 1963 and into commercial production two months later. On its installation, the annual turnover will approximate Rs. 63 lakhs on single-shift working, which is expected to yield a gross profit of Rs. 12 lakhs. It is proposed to switch over to multiple-shift working as soon as the first shift attains full capacity production. Messrs. South Madras Industrial Development Company (Private) Ltd. is to function as the Managing Agents of the Company under the "guidance and supervision" of the well-known firm of Messrs. Seshasayee Brothers (Private) Ltd., which has promoted the project and is to act as business consultants of the Company. Mr. S. Narayanaswamy is the Chairman of the Company.

BOROSIL GLASS WORKS' PROJECT

Borosil Glass Works, Bombay, has finalised its project for the manufacture of scientific and industrial glass in financial and technical collaboration with Corning Glass Works, the world-renowned glass manufacturers of the U.S. Borosil is already operating a small hand-processed plant near Andheri with an annual capacity of 1,800 tons. It has been licensed to raise its capacity to 7,200 tons and proposes to manufacture, in addition to the existing lines, glass tubes, rods and chemical glass and set up for this purpose a new highly mechanised factory at Marol, very close to the present factory. Borosil Glass Works Ltd., a new company, will operate the project. It will issue equity share capital of Rs. 1.50 crore, 49 per cent of which will be taken up by the American firm. Of the balance, which will be Indian capital, at least 49 per cent will be issued to investors, as it is proposed to comply with the listing requirements of the Bombay Stock Exchange. The share of the promoters, directors and their associates will, therefore, be very small. The exact distribution between the public and the promoters, etc., will be known after some time, as the public issue is to be made in September. Cornings will subscribe for the shares along with its fully owned subsidiary in Canada and in consideration of the equity participation claim no fees for providing the technical know-how and patents, present as well as those in the next five years for certain products, but obtain equal representation (4:4) on the Board, with an American as the Chairman. Dr. S. R. Lele, Managing Director of Borosil, will be the Managing Director of the Company.

In addition to the share capital issue, the project will call for borrowings of about Rs. 40 lakhs. The take-over of the existing plant will bring in assets worth Rs. 20 lakhs. The foreign exchange component of the project will be roughly Rs. 48 lakhs, being the cost of plant and machinery to be imported from Belgium, France and Argentina. Ninety per cent of the raw materials will be indigenous. The Company will go into production in June 1963 and reach the rated capacity in 1964. It is expected that, by 1965, it will have a turnover of Rs. 2 crores and replace 80 per cent of the present annual imports worth Rs. 90 lakhs.

PUNJAB NATIONAL

RESULTS QUITE IMPRESSIVE

EXCELLENT indeed are the results of the Punjab National Bank Ltd. (General Manager: Mr. Rajendra Lal Tuli, New Delhi) for the year ended 31st December 1961. There has been a big jump of Rs. 50.35 lakhs to Rs. 895.34 lakhs in the income from banking business. This has been outshined by a spectacular rise of Rs. 53.36 lakhs to Rs. 118.40 lakhs in the profit after taxation. The dividend has been maintained at 20 per cent (taxable) on a higher capital. To find an explanation for this phenomenal progress of the Bank one has to take a look at the balance-sheet. It shows a smart rise of Rs. 11.20 crores to Rs. 150.68 crores in deposits, in refreshing contrast to a setback of Rs. 1.67 crore in the previous year. But advances have come down, albeit by a fraction, from Rs. 93.53 crores to Rs. 93.22 crores. Investments, too, have fallen likewise from Rs. 45.80 crores to Rs. 45.54 crores. The rise in income and profit, despite the slight decline in the two basic sources of income, might appear intriguing. But these are only the year-end figures. It is just possible that the average level of advances during the year as a whole may have been higher. Further, the rates of interest charged on advances were better. Again, it is just possible that the bulk of the increase in deposits might have taken place in the latter half of the year. Another point to be noted is the welcome sharp fall in borrowings from other banks which stood at the year-end at Rs. 32.71 lakhs, as against Rs. 473.67 lakhs a year before. An examination of the expenditure side of the profit and loss account shows a rise of only Rs. 20 lakhs to Rs. 371.45 lakhs in the interest paid on deposits and borrowings. The operational expenditure, however, has risen rather sharply, staff expenses from Rs. 305.75 lakhs to Rs. 327.49 lakhs and other expenses from Rs. 81.21 lakhs to Rs. 83.91 lakhs, excluding depreciation which amounted to Rs. 14.71 lakhs, as against Rs. 14.78 lakhs in the previous year. A striking feature of the appropriation account is the substantial addition to reserves. Thus, about one-third of the profit—Rs. 45 lakhs to be precise, as against one-fifth or Rs. 11 lakhs in the preceding year, has been transferred to reserve fund. The provision for bonus to staff, too, has been raised from Rs. 27 lakhs to Rs. 37.50 lakhs. A sum of Rs. one lakh, same as in the previous year, has been set aside for donations and charity, the details of which are not disclosed. As the dividend includes a proportionate share to the 750,000 new shares issue with effect from the last quarter of the year under review, the amount required for it is larger by Rs. 3.75 lakhs. Still the carry forward at Rs. 10.38 lakhs is markedly higher than the sum of Rs. 4.23 lakhs brought in.

The table below gives a synoptical view of the growth of the Bank in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Gross income	9,15.96	8,71.16	7,97.55	7,86.78
Of which:				
Interest and discount earned	7,32.49	6,97.12	6,29.86	6,08.88
Commission, exchange and brokerage earned	1,62.85	1,47.87	1,07.91	1,02.57
Other income	20.62	26.17	60.28	75.33
Interest paid on deposits, etc.	3,71.45	3,51.38	3,37.31	3,32.56
Staff expenses	3,27.49	3,05.75	2,81.97	2,64.69
Other expenses	83.91	81.21	77.85	73.70
Depreciation and repairs	14.71	14.78	12.72	9.61
Provision for taxation	N.D.	58.00	17.50	33.50
Net profit	1,18.40	65.04	70.20	72.72
Appropriations—				
To reserve fund	45.00	11.00	17.00	17.00
,, development rebate reserve	Nil	Nil	3.50	Nil
,, provision for charity and donations	1.00	1.00	1.00	Nil
,, bonus to staff	37.50	27.00	25.00	30.75
Dividend	28.75	25.00	25.00	25.00
	(20%)*	(20%)*	(20%)*	(20%)
Carry forward	10.38	4.23	3.19	4.49
Capital	1,99.37	1,25.00	1,25.00	1,25.00
Reserves	2,10.94	1,58.50	1,47.50	1,27.00
Deposits	150,68.20	139,48.47	141,15.86	129,19.53
Borrowings from other banks	32.71	4,73.67	3,15.60	6,00.18
Advances	93,21.82	93,53.28	72,51.04	66,76.23
Investments	45,53.50	45,80.33	66,26.94	62,54.05
Cash	23,68.97	12,75.29	13,32.95	13,01.77
	205,11.99	191,52.13	179,55.72	164,15.18
Ratio to deposits of—	%	%	%	%
Advances	61.9	67.0	51.4	52.4
Investments†	30.2	29.4	44.7	43.7
Cash	15.7	9.1	9.4	10.1
Market value of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	23.76	24.88	21.68	24.31	22.50
Low	21.24	18.00xr	18.72	20.12	22.25

* Subject to deduction of tax. † Unencumbered portion only.

It will be noted from the table that the bulk of the increase in deposits has been utilised to strengthen the liquid position of the Bank, as witness the rise of nearly Rs. 11 crores in cash balances; consequently, the cash ratio has jumped up from 9.1 per cent to 15.7 per cent. Because of the sharp rise in deposits, the credit ratio has declined perceptibly from 67 per cent to 61.9 per cent, even though the advances have fallen only slightly. The investments ratio has edged forward from 29.4 per cent to 30.2 per cent, thanks to the fall in borrowings. The growth in deposits during the year was in all categories; in fixed deposits from Rs. 67.29 crores to Rs. 71.59 crores, in savings bank deposits from Rs. 35.70 crores to Rs. 40.89 crores and in current and contingency deposits from Rs. 36.01 crores to Rs. 37.73 crores. Both the paid-up capital and reserves have gone up, and the latter from Rs. 158.50 lakhs to Rs. 210.94 lakhs. Nevertheless, the ratio of "own funds" to deposits works out to a mere 2.7 per cent, as against the accepted goal of 6 per cent.

PROBLEM OF MAKING AIR TRANSPORT PAY

THERE IS STILL MUCH GROPING IN THE DARK

By Our Aviation Correspondent

IT will be generally conceded, one imagines, that the air transport industry is passing through very difficult times. There are, of course, certain notable exceptions—of which, one is glad to be able to relate, Air-India seems to be one—but, these excepted, the year 1961 recorded some fairly staggering losses. The root cause of this rather general tale of woe is, on the face of it, not far to seek—too many seats chasing too little traffic. Or, in other words excess capacity due to the recent transition to jet aircraft.

One says "on the face of it" advisedly. The obvious sometimes obscures the view. It is the old question of the wood and the trees. There could be a number of other causes—less obvious but nonetheless effective. There was, for example, a very marked drop in the customary annual growth of traffic on the domestic routes of the U.S.A. These routes, which carry almost 50 per cent of the world's air traffic—excluding that of the U.S.S.R.—are usually taken as a reliable gauge of traffic trends generally. Why the drop in 1961? Nobody seems to know. The general complaint amongst the airlines is of excess competition. Another suggestion—supported by a certain amount of evidence—is to the effect that the private automobile, particularly on the short-haul, inter-city routes, is taking an ever-growing share of the traffic. The fact remains, however, that just as nobody really knows why 1961 was such a disastrous year, nobody can really foretell what the tourist season of 1962 has in store.

Some Pertinent Remarks

In a recent article which appeared in that well-known aeronautical publication, *The Aeroplane*, Mr. J. W. S. Brancker, for many years the Traffic Director of the International Air Transport Association (I.A.T.A.), has some pertinent things to say on the subject. Mr. Brancker was writing with particular reference to hearings before the British Air Transport Licensing Board. We are not here concerned with these specific issues but, rather, with Mr. Brancker's very revealing views of the industry in general —and who, after eight years with I.A.T.A., should know better than he?

"In spite of statements to the contrary," he writes, "the forecasting of traffic is still an extremely inexact science. Although volume is directly affected by the rate level, it is interesting to note that, during the hearing and appeal dealing with North Atlantic services, virtually no mention was made by either side of any future fare structures or the accelerated expansion which might be caused by changes in the level.... Little collective market research has been done between the airlines and the forecasting of general traffic volume has been left primarily to the manufacturers and other bodies —usually with their own particular axe to grind."

Now that, one suggests, is a very peculiar state of affairs. After all, the forecasting of traffic and the determination of the optimum fare level are the two most important aspects of the business of air transport—or, for that matter, any form of transport. It almost justifies the belief that the whole air transport industry is not only in regard to traffic potentials but equally in regard to fare levels, a gigantic "hit or miss" gamble. Take the I.A.T.A., for example, which represents all the major international airlines. In fixing fares, I.A.T.A., admittedly, has to reconcile the often conflicting interests of all its members—and not seldom their respective Governments into the bargain. The result, of course, is—and must be—a compromise. But is it a compromise based on any reliable research? Or is it a purely empirical percentage deducted from, or added to, an existing fare? In the words of Mr. Brancker, "Do the airlines really know what fares will attract new traffic?" And might not one add, do they really know what level of fare they can economically sustain?

Over the past ten years, several experiments have been tried. On the first occasion, it was called the "Tourist Class" fare and was effected, very simply, by increasing the seating density. It is doubtful, as a matter of hard fact, whether the airlines derived very much benefit from this expedient. Traffic, it is true, multiplied over the next few years, but, had one standard fare been retained, might it not have increased to almost the same extent? One thing is quite certain—the new fare had a marked 'dilutionary' effect. In other words, whilst some new traffic was undoubtedly created, the bulk of the traffic was composed of passengers, who, in any event, would have travelled paying the standard fare. What is still more to the point is whether the airlines, collectively or severally, made any determined effort to discover just what the percentage of dilution was?

Expedients

A few years later, opposed by many but pressured by the American Civil Aeronautics Board, with the introduction of "Economy Class" on the Atlantic routes, yet a further fare reduction was made. If the financial benefits of "Tourist Class" were dubious, those of this later experiment are an even more doubtful quantity. It may have served to mop up some of the surplus capacity, but, by and large, it was probably more dilutionary than productive. That, at least, seems to be the majority opinion but no one, it is fairly safe to assume, really knows.

One of the most fruitful experiments appears to have been the "excursion" type fare. Introduced to foster traffic at off-seasons, the excursion ticket, as its name implies is a cheap 'round-trip' ticket issued on the condition that the return trip is completed within given dates. Since all the older forms of transport have employed the same device for a considerable number of years, the efficacy of this form of cheap fare is a known quantity. Some airlines—Air-India, one believes, amongst them—advocated the extension of excursion fares over the current tourist season. Opposition, however, was too strong and, instead, another device is now being tried—the "Group" fare.

Group Fare

The "Group fare" has been introduced specifically to meet competition from independent carriers—non-scheduled operators, that is to say, outside the I.A.T.A. These operators book up a plane-load of passengers at fares very much lower than those prevailing on scheduled services and then, perfectly legitimately, operate the flight as a charter. So far as the low fare is concerned, their safeguard is that they have a full plane-load; there is no question of flying empty seats. The I.A.T.A. members, to combat this form of competition, will accept bookings from a 'group' of passengers on their scheduled services and such 'groups' qualify for a reduced fare.

One sympathises with the scheduled airlines —but the rules governing the constitution of a 'group' for purposes of a cheaper fare, are extremely involved and complicated. One would go so far, indeed, as to say they are unworkable. In the eighteenth century English, the whole scheme might aptly be termed a "quaint conceit"; in modern parlance, it is just a bit of 'eye-wash' to enable the airlines, with a show of legality, to meet the independents on their own ground. Will it work? Or will it prove to be as dilutionary as its predecessors? We shall not know until the end of the present tourist season —and, judging by the lack of precise knowledge regarding the success or otherwise of previous experiments, probably not even then.

What general conclusions are to be drawn regarding airline fare policies and their present financial situation? Opinions—and remedies, no doubt—will range from one extreme to another, but one aspect seems to have escaped the attention it deserves. In a world of rising prices and inflationary currencies, it is virtually impossible for any form of industry, over a period of years, to keep the price of its product stable. Why should the air transport industry be an exception?

It is a strange but indisputable fact that, whereas the great majority of people, in almost every instance, accept, or shrug off, the ever rising costs of living, when it comes to travel, they are not only shocked at any suggestion of increased fares, they actually expect fares to be reduced. Almost alone amongst the various costs of travel—and these include sea, road, and rail fares, hotel charges, and a whole host of items too numerous to mention—air travel has not only been maintained at little more than pre-war levels, it has, on successive occasions, been offered at reduced prices.

Over the past ten years, of course, the airlines, by various economies, have very materially reduced the seat or ton/mile cost of operation. Larger and more efficient aircraft, more economical engines, greater seating density, overheads spread over a greater volume of operation, pooling agreements and other co-operative measures—all these have contributed towards a lower cost of operation. The hard fact remains, nevertheless, that everything that goes into their end product—wages, salaries, aircraft, engines, ancillary equipment, spares, fuel, stores of all kinds and even landing fees and other Government charges—have all risen very considerably in price. The economies effected can hardly have kept pace with this steadily rising tide of costs.

Like every other form of transport, the airlines have constantly to seek fresh sources of traffic. Reducing fares is an obvious means to that end—but for how much longer can it remain a one-way street? Most of the airlines seem to believe that the only profitable trading they now do is in first class traffic. Unpopular though such a suggestion may be, commonsense points to a firm up-grading of all fares. In the long run, this might provide a better solution than devices and expedients to enlarge the clientele.—*All Rights Reserved.*

NEW TYPES OF AIRCRAFT

Two new types of military aircraft for service through the 1960s and 1970s is being developed, according to Sir George Edwards, Managing Director of the British Aircraft Corporation. One would be an aircraft with long-range for attacking enemy ground communications, radar communications and other targets at considerable distance behind the fighting front. The other would be a shorter-range aircraft in close support of the army, for dealing with tanks, vehicles, troop concentrations and missile defences. These aircrafts would probably be equipped with automatic systems to permit them to follow the terrain closely at the minimum safe height, to avoid enemy missile defences. They would also have vertical take-off and landing or short take off capabilities, self-contained navigation systems which were immune to jamming from the ground, as well as long-range for strategic mobility. Again, they would be self-contained requiring little or no ground equipment.

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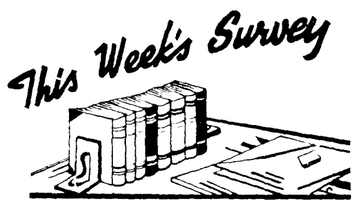

A REPREHENSIBLE ACT

THE pilots of the Hooghly Pilot Service, who had threatened to go on strike in March last to back up their demand, have at last carried out the threat. Forty out of the forty-six pilots, who do the highly specialised, hazardous and essential job of piloting ships in and out of the Calcutta Port, have absented themselves from work with effect from the 2nd inst., following their resignation which they had submitted as early as in March. This callous action on the part of the pilots has paralysed shipping in Calcutta Port. Twenty-five ships are said to be waiting in the Port ready to sail but there are no pilots to take them out. In addition to the heavy demurrage payable by the shipping companies—a day's idleness costs a ship more than Rs. 10,000—the detention of the incoming and outgoing ships is bound to have far-reaching repercussions on the country's economy in general and exports in particular since Calcutta Port handles about 45 per cent of the country's export trade.

The show-down by the pilots is not a spontaneous development. Trouble has been brewing for some time now. The pilots' main grievance is that their conditions, as compared with those of other marine staff, had deteriorated since 1948. This, they point out, is contrary to the assurances given to them by the Port Authority at the time the pilots agreed to serve under the Port Auhority instead of the Ministry of Transport. They have produced documentary evidence to prove that such an assurance had been given. The authenticity of the document has, however, been questioned by the Commissioners of the Calcutta Port. This has strained the relations between the pilots and the Port Authority. Thus, the alleged "breach of faith" and the failure of the Port Authority to maintain a "differential" between the emoluments of the Pilots and the Assistant Harbour Masters are the provocation for the pilots to go on strike.

In March last itself, the pilots had pressed for favourable consideration of their case and, failing to get a satisfactory reply, the majority of them had submitted their resignation. The resignations were, however, held in abeyance till a final settlement was reached for which negotiations were opened. A sub-committee was appointed by the Port Authority to look into the pilot's grievances. The Committee's recommendations, however, were not accepted by the pilots who insisted that the original assurance should be honoured. On the refusal of the Port Authority to do so, the pilots have pressed their resignation on a mass-scale. Meanwhile, the Government of India has declared the Hooghly Pilot Service as an essential service. This has rendered the resignation and the strike illegal.

It is evident from the background to the strike detailed above that the pilots were ill-advised to take the drastic step they have. It is no doubt that there were delays and dilatoriness on the part of the Port Authority, but that does not justify the action taken by them to vindicate their stand. The pilots are not in the same position as ordinary industrial workers or middle-class workers employed by the L.I.C. or banks and other commercial institutions. They are well-paid and can afford to wait with patience for getting their grievances redressed. As it is, their action is tantamount to holding the country to ransom because they cannot be easily substituted. Indeed, it is reprehensible, because they are not the low-paid half-starved workers who may be excused for resorting to direct action to get a rise in wages or allowances in an era of rising prices. If a band of highly-paid, responsible officers, holding key positions, should behave like ordinary workers, it is a slur on their sense of responsibility. They are setting a bad example for others. Whether their demands are just or not is entirely irrelevant to judging whether the method they have adopted is right or wrong. If the pilots felt genuinely aggrieved even after exhausting all avenues of getting their grievances redressed, they have, as every civilian does, the right to withhold their service, but only after giving the Port Authority "sufficient notice" so that suitable substitutes can be found to pilot the ships. In the case of a specialised job like the one the Hooghly pilots are doing, the period of notice should be reasonably long, say, six months to one year.

The position of the Port Authority is unenviable. To take a decision about the pilots' demands is not as easy as it might appear at first sight. As Mr. Raj Bahadur, Union Minister for Shipping, pointed out in the Lok Sabha, it is caught between the horns or a dilemma. The Assistant Harbour Masters are insisting that their position vis-a-vis the pilots should be safeguarded. If the pilots were to be given some sort of a differential, the Assistant Harbour Masters would object; if the differential were not given, the pilots would threaten a walk out, as, indeed, they have done now. Clearly, it is a delicate balancing act that the Port Authority has to perform and precipitate action by any side, however just its case might be, can only complicate the issue. Moreover, the final decision on the recommendations of the Sub-committee has not been taken. The Union Minister and the Port Authority have assured the pilots that their points of view would be kept in mind when taking a decision. What more could one expect? It is to be hoped that saner counsels would prevail with the pilots and that they would retrace the hasty and unwarranted step they have taken.

N.C.D.C.'S CHIEF ON COAL

The crisis in the coal industry persists and tends to become chronic in character, in spite of the best efforts of planners. The crisis reflects the vicious circle in which the industry has been enveloped for a pretty long time. Transport bottleneck, mounting stocks, lower production, higher costs and unremunerative profit-margin, each is reacting on the other. If the cost of production per ton of coal is to be lower, full production must be kept up. Full exploitation of collieries requires prompt movement of the coal brought to the surface. If production of coal is to be raised to the levels aimed in the Plans, the industry must have a profit-margin which is attractive enough for venturing in the development of wasting assets. If the industry does not grow according to the Plan, the fuel requirements of the country cannot be met in full and this, in turn, will slow down the pace of economic progress. It is thus evident that the coal crisis must be resolved as early and as fully as possible.

It would appear that the urgency of the problem has won the recognition of Mr. K. D. Malaviya, the new Union Minister for Mines and Fuel. The first thing he did after assuming office was to proceed to Calcutta and discuss the issues freely and frankly with the spokesmen of the coal industry. Reports appearing in the daily Press suggest that he is approaching the issues with an open mind and in a realistic manner. Whether this attitude will stay or undergo a change against the private sector is a question for which time alone can provide the answer. What is more important is that, for the present, he seems to be realistic. Thus, he is reported to have expressed his willingness to examine the possibility of raising prices as a major incentive to private miners for stepping up production.

Be that as it may, there is now clear evidence of the possibility of a "new look" at the problem of coal prices, if we take the observations of Mr. Malaviya, both in Parliament and outside, at their face value. But the mess created on this issue by ambiguous statements made by various authorities at various times has not yet been cleared. An instance of muddled thinking on this issue has been provided by Mr. R. C. Dutt, Managing Director of the National Coal Development Corporation. He made a special reference to the question of coal prices at a Press conference held by him at Calcutta a few days ago. Mr. Dutt was of the opinion that current prices were "adequate for the present," although he conceded that there was a strong case for raising prices at a later stage. One can understand Mr. Dutt's logic, if it were confined to the public sector collieries. The Corporation might have earned as much as Rs. one crore in 1960-61. But this cannot be cited as a representative example of profitability of coal mining in general. For the majority of the Corporation's collieries are virgin ones, with coal being found almost at the surface. It will feel the pinch only when it reaches the stage for deep mining. Several large collieries in the private sector which have been undertaking deep mining for years have, on the contrary, found the current prices uneconomic, having regard to rising costs of production. Further, the Managing Director of the N.C.D.C. has no problem of raising finance, whereas the private sector collieries have to win the support of thousands of investors by maintaining a strong and sound financial position and by paying good dividends. The latter's claim for an increase in their selling price of coal for neutralising the rise in cost of production is, therefore, not without justification.

While Mr. Dutt's remarks on the problem of coal prices were ambivalent and interspersed with ifs and buts, he did give some useful information on the progress of coal mining in the public sector. He straightaway admitted that the Corporation's profit for 1961-62 would be much lower than for 1960-61. Why? Because production was lower for reasons already common knowledge. The year 1961-62 started with a rate of production of only four to five million tons, which compares very unfavourably with the rate of 13.7 million tons attained towards the close of 1960-61. Production, of course, has since gone up and is currently placed at an annual rate of eight to nine million tons. Had Mr. Dutt given the actual figures of production, in both 1960-61 and 1961-62, rather than the mere rate of production, it would have been possible to get a clearer picture of the trends in the development of public sector collieries. He could have easily given these figures. In fact he would do well to publish regularly in the first week of each month the production figures of the previous month, as well as the progressive total, with comparable figures for the previous years, as is being done by the T.I.S.Co. and I.I.S.Co. in the private sector and the steel plants in the public sector.

Despite the marked setback suffered in the first year of the third Plan, Mr. Dutt was optimistic about realising the Plan targets by 1965-66. His optimism appears to have been based on two considerations. In the first place, the establishment of coal washeries during the third Plan period, according to him, would make it possible to prevent "non-usable coal taking up wagon space in a difficult zone" and to ensure supplies to high priority consumers, such as steel plants, railways and power stations. Secondly, special efforts were being made to locate new industries, to the extent possible, near coal mines. Mr. Dutt added that ropeways and pipe transport would go a long way in removing transport difficulties. This suggestion sounds very interesting. But it remains to be seen whether ropeways and pipes would be established in the country within the next few years.

Another point elaborated by Mr. Dutt relates to the public sector's programmes for raising coal production in the third Plan period. For implementing the various schemes, the Corporation has secured the assistance of almost all the developed countries. Accordingly, Soviet Russia was helping in the development of a project near Korba in M.P. and in the setting up of a washery at Kathara in Bihar. Poland would also help in the development of one of the deepest mines at Jharia, besides collaborating in the establishment of a washery at Gidi. Negotiations were proceeding with the U.S. for an open-cast mine and a third washery in the Ramgarh area. The National Coal Board of the U.K. might assist the Corporation in working a deep mine in Jarangdih, in the Bokaro region, while French collaboration was being sought in de-pillaring methods applied in thick and highly inclined seams. Two West German technicians were helping the Corporation in coal washery projects, and a third in spare parts production at its Barkakhana workshop. The factory would later produce Rs. 35 lakhs worth of spare parts, which otherwise would have been imported.

TEA INDUSTRY

"Burning the candle at both ends." This was how Mr. A. B. Spence, Chairman of the Central Travancore Planters' Association, described the impact on tea industry of the official tax and labour policies when he addressed the annual meeting of the Association last week-end. What Mr. Spence meant was obviously that the Governments, Central and State, were not merely collecting from the industry huge sums of money in the form of taxes but also compelling it, through various labour welfare enactments, to incur heavy expenditure year after year. The Governments do need funds for economic development and commodity taxation is one of the ways of raising them. Nor does anyone grudge increasing benefits to labour. These considerations should not, however, be stretched too far to ignore the other no less vital consideration of keeping the price of tea at a reasonable level. This aspect is especially important in the context of the growing acute competition in world tea markets. No consumer of tea abroad, as Mr. Spence pointed out, is interested in labour welfare measures and industrial development of the country; he only seeks to obtain his requirements at the most favourable prices whether the tea is produced in India or Ceylon or Indonesia or Africa.

It must, indeed, be said to the credit of Mr. Spence that he openly disagreed with certain planters of North India who have asked for subsidy on tea exports or other forms of assistance. What the industry required, he said, was not subsidy but a reduction of burden. A subsidy can at best be a palliative and cannot be relied upon as a permanent solution to the problem of augmenting tea exports. The solution lies in the creation of conditions congenial to the production of good quality teas at an economic cost. In the first place, there is the need for replanting poor areas with proved high-yielding tea. Emphasising this aspect, Mr. Spence recalled how the tea industry in Ceylon, India's greatest competitor, had already launched upon a liberally subsidised rehabilitation programme which aimed at replacing worn-out and low-yielding tea and at raising the per-acre yields to 3,000 lbs. He also alluded to East Africa which had enormous scope for exports and proved methods for high production.

Further, the tea industry, Mr. Spence averred, had to think of improvement in the manufacture of tea, so that larger quantities of better quality tea could be derived without additional cost. The prevailing method of manufacture, we are told, is still mainly based on principles and machinery designed well over 70 years ago when labour was plentiful and cheap. It is admitted that some progress has been made with new work methods, but it is felt that a lot yet remains to be done. Similarly, while the progress achieved in the designing of new machinery is notable, the availability of the right type of machinery with improved standards of designs and performance is said to be still very difficult. "Not all equipment required by the tea industry," to quote Mr. Spence, "is yet manufactured in India, though it is reported that some six units have been licensed for the manufacture of tea machinery. So far, only two of them are working effectively. Because of the difficult exchange position, imports are becoming almost impossible, although we have a good claim for consideration as the country's leading foreign exchange earner."

Mr. Spence had quite a few interesting observations to make on labour matters. He said:

"Understandably the workers will always seek higher wages, but the sensible limit of such wages must be at the economic worth of their labour. It is always difficult to determine this and a certain amount of conflict is bound to exist. But there must be one thing that both workers and their employers have to agree on, that is, the price at which our produce could be sold without loss to ourselves and without creating resistance from consumers."

The aforesaid observation, though it pertains to tea labour, applies with equal validity to labour in other industries too. The rank and file of labour, as well as the Governments and public bodies, will do well to bear in mind the statement of Mr. Spence that, when a fair wage is asked for, it is only fair that a fair day's work is done.

DEVELOPMENT OF TELEPHONES

With the increase in the tempo of industrialisation, the demand for telephones, particularly in urban areas like Bombay and Calcutta, has been steadily expanding. The number of trunk calls handled by the Telephone Department, for instance, has gone up fivefold, that is, from about 7 million in 1950-51 to about 34 million in 1960-61. The total number of telephones in the country has increased from 168,000 to 460,000 during the same period. The third Plan envisages further expansion of telephone facilities in the country. It provides for the addition of 200,000 new direct telephone connections, apart from converting 50,000 manual lines into auto lines. Further, it is proposed to set up automatic exchanges in 45 centres, in addition to the expansion of existing auto exchanges in 32 towns. The programme for trunk telephones provides for the installation of ten trunk automatic exchanges and a number of additional manual trunk exchanges, besides the setting up of 2,000 public call offices. Among the other major telephone projects in the third Plan, mention may be made of schemes for the laying of coaxial cables between Bombay, Madras and Coimbatore, and between Bombay and Nagpur as well as Delhi and Amritsar. The project for laying coaxial cables between Delhi and Bombay as well as Delhi and Calcutta, which was started during the second Plan period, will also be completed.

The Mandvi Telephone Exchange, inaugurated by Dr. P. Subbaroyan, Governor of Maharashtra, last week-end in Bombay, marks an important step in the development of telephones in the country in general, and the city

(Continued on next page)

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SISTA'S-IB-2

DELHI LETTER

EXPORT WORRIES ABOUNDING

MR. LALL COMING FOR CONSULTATIONS

From Our Special Correspondent

NEW DELHI, 8th May

THE drive of Mr. Manubhai Shah, Minister for International Trade, to give a new complexion to efforts on the export front has got under way with the initial conferences in the capital between the Minister and export promotion organisations. There is greater conviction here today of Britain's incapacity to negotiate for any significant long-term measures to protect the Commonwealth countries against the erosion of their exports that will follow Britain's entry into the European Common Market. This conviction is strengthened by official reports Delhi has received on disappointments of the Australian Trade Minister in his mission to Britain and Europe.

Mr. K. B. Lall, India's representative at the European Common Market capital, is soon coming to Delhi for consultations and for briefing before Indian representatives go to Cairo to attend the economic conference called by the Government of the United Arab Republic to discuss the effects of the E.C.M. and measures to counter them. Initially, Yugoslavia and the U.A.R., which are sponsoring the conference, had planned to invite about 20 countries but now the scope of the meeting has been enlarged to cover 40 countries, including India and Japan.

Trade Deficit

There is not much gratification over the improved trade balance at the end of the financial year 1961-62 as shown by the preliminary estimates of the Department of Commercial Intelligence and Statistics. This surplus estimates may also be misleading, because of the tendency to report imports on Government account after considerable delay.

The shrinkage in the trade deficit amounts to Rs. 128 crores, brought about by an increase of Rs. 23 crores in exports and a decrease of Rs. 105 crores in imports. The lower imports continued into the first quarter of 1962. What the figures reveal add up to the conclusion that the country has been unable to make any headway yet in laying a permanent basis for increased exports.

During the calendar year 1961, Britain continued to be the best buyer of Indian goods, but its imports from India at Rs. 162.9 crores are the lowest since 1957 (see Table I). In the last ten years, British purchases were higher than in 1961, except in 1957, 1955, 1953 and 1952. Indian imports from Britain in 1961, valued at Rs. 200.3 crores, were lower than in 1960 but higher than in 1959 and 1958.

The London-end figures for Indo-British trade in the first quarter of 1962 show a setback. The total for the three months ended 1962 was £68.3 million, about £13 million less than in the comparable period of 1961. British imports from India in January-March 1962 were £37.3 million, as against £42.8 million in the first quarter of 1961. British exports to India in January-March 1962 were about £31 million, as against £38.5 million in the comparable period of last year. In the first quarter of this year tea, leather, cotton textile goods and other textiles were all affected. Table II shows a fall of more than £4 million in tea exports to Britain. The value of Indian cotton yarn and fabrics, entering Britain in January-March 1962 at £3.1 million was only about 20 per cent of the total British imports of cotton textiles.

In the calendar year 1961, India sold more tea to Britain than in 1960 but earned less money. Thus, Britain bought 281.8 million lbs. of Indian tea in 1961, against 259.9 million lbs. in the previous year but paid £62.417 million, against £63.993 million in 1960. Ceylon exported 160 million lbs. to Britain in 1961 against 151 million lbs. in the previous year and was also able to maintain the prices to earn a slightly higher total return than in 1960.

In jute goods exports to Britain, India's earnings fell from the level in 1960, from about £6.7 million to a little more than £5.5 million. The chief competitor, Pakistan, was able to improve her sales to Britain in 1961, continuing a trend which has developed since 1959.

The higher earnings from jute goods in the past two years have masked the rotten core which is revealed most clearly in our jute goods exports to Australia. According to Australian returns based on her financial year July to June, Indian exports of jute goods to Australia were valued at more than £A12 million in 1956-57, more than £A10 million in 1957-58, about £A9 million in 1958-59 and less than £A8 million in 1959-60. The increase to £A12.4 million in 1960-61 was directly due to the high prices. In the six months ended December 1961 Australia imported Indian jute goods worth a little more than £A4 million.

In wheat flour sacks, India has almost completely lost her Australian market to Pakistan and, in the Australian market, the purchases from India tend to be to the extent Pakistan cannot meet the demand. India has no answer to the 20 per cent export bonus given by Pakistan to encourage jute goods exports. Pakistan has also revised her jute industry expansion plan to add 6,000 looms in the second Plan period against the original target of putting up 4,000 looms.

British imports of Indian cotton textiles in 1961 were also lower than in 1960, valued at £12.94 million against £14.55 million. In tobacco, India fared better than in 1960, but there were setbacks in other traditional items like leather and oilseeds. The setback in oilseeds may be a temporary feature resulting from Indian shortages. For example, since September 1960, there have been no offers of Indian linseed oil in the British market. In the case of leather and leather goods, the decline in imports from India is perhaps a permanent trend, indicating shoe manufacturers' preference for full chrome leather. A new growing competitor is Italy which is supplying quality finished footwear.

Trade with Australia

From the Australian financial year 1956-57, Australia had been running a continuous deficit in trading with India varying from £A12 million in 1957-58 to £A2 million in 1959-60. The unfavourable Australian balance was £A8.8 million in 1960-61, but there has been a tremendous shift in the second half of 1961. In July-December 1961, Australia earned a favourable balance of about £A6 million. This means a £A12 million shift in trade, since, in July-December 1960, Australia ran a deficit of £A6 million.

In the latter half of 1961, Australian exports to India were valued at £A14 million, more than the exports during the whole financial year ended 30th June 1961. Wheat exports in July-December 1961 were £A9 million, far more than £A3.4 million in the whole of 1960-61 and £A7.7 million in 1959-60. In 1956-57, Australia sold India £A15 million worth of wheat.

One of the results of the British plunge into Europe will be an Australian drive to sell more to Asia. Its dairy industry has already conducted surveys of Asian markets. Australia's Trade Minister, Mr. McEwen, has returned home from extensive talks with the British and Europeans, pessimistic about Britain's ability to fight for Commonwealth interests in the Common Market. Australia has a higher standard of living than Britain and European countries and Europe believes Australia can afford to take a knock. Australia will not be satisfied with transitional arrangements phasing its trade out of Europe. Australians call this the "precipice solution" which will see Australia's preferences and free entry into Britain being gradually abandoned. Australia wants a tariff preference quota which will allow preferential entry into the Common Market of Australian exports based on current trade and with an allowance for growth. Australia is asking for much more than the British and the Europeans are willing to concede. At the same time, it is seeking other directions in trade.

An early development stemming from the Australian difficulty is likely to be the recognition of the Peking regime. This is a measure which Trade Minister McEwen is known to have advocated along with other trade and industry leaders, but Mr. Menzies has so far resisted recognising communist China. Now what may be offered in return by Peking for such recognition is a long-term trade agreement. And Australia knows that China is a natural market for years for its surplus foodstuffs.

TABLE I: *Indo-British Trade*

(In crores of rupees)

Year	Indian imports	Indian exports	Balance in India's favour
1952	152.04	126.54	—25.50
1953	141.42	149.49	+ 8.07
1954	152.48	177.24	+24.76
1955	161.58	168.15	+ 6.57
1956	206.19	184.74	—21.45
1957	238.50	161.02	—77.48
1958	168.53	175.71	+ 7.18
1959	184.18	171.71	—12.47
1960	201.52	174.39	—27.13
1961 (provisional) ..	200.30	162.90	—37.40

TABLE II: *British Imports From India*

(In £ sterling)

	January-March	
	1962	1961
Tea	17,995,162	22,519,264
Animal feed	4,374,222	3,333,146
Cotton yarn and fabrics ..	3,078,341	4,356,370
Miscellaneous textile goods ..	2,708,130	3,208,779
Leather and leather goods ..	2,292,839	2,579,622
Metal ores and scrap ..	898,943	1,056,667
Miscellaneous animal crude materials	827,172	1,050,073
Total (including others) ..	37,318,577	42,840,699

TABLE III: *Indo-Australian Trade*

(In thousand Australian £)

	Australian imports	Australian exports	Balance in Australia's favour
1957-58 (July-June)..	23,416	11,689	— 11,727
1958-59	21,005	10,080	— 10,925
1959-60	18,180	16,219	— 1,961
1960-61	22,201	13,870	— 8,831
July to Dec., 1961 ..	7,855	14,142	+ 6,287
July to Dec., 1960 ..	12,700	6,700	— 6,000

(Concluded from previous page)

of Bombay in particular. Put up at a cost of Rs. 145 lakhs, the Mandvi Exchange has a capacity of 7,200 lines to serve the business centres in that area. It is a forerunner of many more exchanges planned to be set up at various centres in Greater Bombay under the long-term development plan of the Bombay Telephones System. The plan seeks to set up 13 new exchanges, which will increase the capacity of the system by 38,000 lines at a total cost of Rs. 12.5 crores.

The implementation of new projects according to schedule will, however, depend, to a great extent, on the availability of exchange equipments, underground cables, etc. At present, there is only one factory in the country engaged in the production of switching equipments for putting up automatic exchanges, namely, the Indian Telephone Industries, Bangalore, a public sector enterprise. Underground cables are also being manufactured by only one producer at Roopnarayanpur, West Bengal. This, too, is a public sector enterprise. It is, therefore, gratifying to hear from Mr. V. Nanjappa, Chairman, Posts and Telegraphs Board, that another telephone factory and a cable factory would be commissioned by the public sector during the third Plan period. The proposed units are expected to go a long way towards meeting the country's growing demands for telephone equipment and reducing the dependence on imports. A point which deserves to be stressed here is that the installation of telephone facilities is only the first step towards catering to the needs of users, for a lot more remains to be done to improve the quality of service. There is surely no point in providing more telephones, if they do not work satisfactorily. In Bombay, for instance, the services offered by the Telephone system leave much to be desired in many respects. Exasperating wrong cables, inordinate delay in attending to complaints, poor performance by the team of workers sent to rectify defects, egregious time lag in submitting bills for trunk calls, sending debit notes to wrong persons, these are some of the serious deficiencies of the Telephones in Bombay that require urgent attention. The Telephone Administration should, therefore, devote greater attention to tone up the operational machinery and step up the efficiency of their services.

AMERICAN LETTER

AN UPSWING IN BUSINESS UNDER WAY

U.S. STEEL DISREGARDS PUBLIC OPINION

From Our Special Correspondent

NEW YORK, 5th May

THE Easter and Passover holidays, which constitute always one of the biggest shopping seasons of the year, set new highs in retail sales throughout the United States. The total volume this year was somewhere between 6 and 10 per cent above 1961. Easter sales are second only to Christmas in importance for the retail field. Thus, economists have been dispelling some of their previous gloom, and they are now more optimistic than they have been for some time on the assumption that a sustained higher retail volume would prove a considerable stimulus to the U.S. economy. So far this is in the realm of hopes rather than facts. The hopes may be well founded, however, since consumer credit, a fairly reliable barometer of buying psychology, has also been gaining momentum. If the current hire-purchase trend continues throughout 1962, consumers would add about $5,000 million to outstanding credit portfolios. About $4,000 million would be of the instalment variety and $1,000 million in single payment loans. This proportion was about the same at the year-end when total consumer credit outstanding was $57,139 million, of which $43,163 million was in the hire-purchase category. The biggest credit spurt has been in loans made for the purchase of new automobiles. An upswing in business seems, again to be under way.

Optimism here seems to be matched by similar buoyancy abroad. Reports reaching this country from nearly all parts of the non-Communist world, notably those from Western Europe, speak of new increases in business activity. Conversely, trade gains were scored in the export markets.

Steel in the Limelight

Actions of the steel industry were again in the limelight. After rescinding price increases, the U.S. Steel paid its regular dividend. It paid out nearly all its earnings. The obvious implication is that there are plenty of reserves left and that the biggest steel producer will get along. After crying publicly how poor they were and that price boosts, thus, were imperative, this move cannot convince the public, by any means, that the industry is right and the Government is wrong. It was another utter disregard for public opinion for which the U.S. Steel has become known, either deliberately or out of stupidity. And this, despite the fact that the Company spends huge amounts of money every year to maintain its own public relations staff and outside counsellors.

There is much emphasis on exports these days to stem the unfavourable balance of payments. The Federal Reserve authorities have also been quite active, with the same purpose in mind, to keep a tight rein on excess bank reserves, so that the short-term borrowing rate of the U.S. Treasury will not fall below the 3 per cent level which has been competing successfully in recent weeks for the investment of funds of foreign origin, as compared with other markets. The outflow of gold continues. Monetary gold stocks have shrunk to about $16,600 million, off about $800 million in the past 12 months.

Oil Companies

As of possible interest to readers in India, and as mentioned in a previous despatch, the African and Asian oil and chemical business of Standard-Vacuum Oil Company has been taken over by Mobil Petroleum Company Inc. with headquarters in New York. The ownership of the new company, as of the old, rests with Socony Mobil Oil Company Inc. and Standard Oil Company (N.J.). Mobil and its predecessor companies operated in the Orient for half a century before Standard-Vacuum was formed in 1933. Mobil acquired direct interests in more than a score of Standard-Vacuum affiliates and branches as a result of the latest transaction. The underlying purpose of these changes is, as Chairman Albert L. Nickerson of Socony Mobil put it, "to decrease our costs, improve our flexibility, strengthen our ability to compete and increase our profits." Socony Mobil, in terms of gross revenues, ranks third after Standard of New Jersey and Royal Dutch Shell.

Two Notable Books

Two rather interesting books will be published here shortly. One is written by G. Warren Nutter, Chairman of the Department of Economics at the University of Virginia. Princeton University Press is publishing the volume for the National Bureau of Economic Research. While the formal title is *The Growth of Industrial Production in the Soviet Union*, it is actually a comparison of U.S. and Soviet economic growth rates.

Some of the findings are that Soviet industrial output has grown at an annual rate of 6.9 per cent during the 1928 to 1955 period "in bare quantitative terms." Territorial expansion added considerably to this rate, the author suggests. One half of the expansion is attributed to expanded employment, and the other half to improved labour productivity.

Dr. Nutter notes that Soviet industrial growth is not exceptional. The absolute figures show up less favourably for the Soviet Union. The author says that in total "value added" by industry, measured by 1954 prices, the difference between the two countries was $30,000 million in 1913, about $56,000 million by 1928 and the gap widened to $56,000 million by 1955, the latest year covered by the study.

The suggestion is, thus, made that the Soviet Union has been progressively falling behind the total U.S. industrial production in absolute terms. Economic growth rates tend to retard as societies grow older, it is pointed out, and since the earlier years of the Soviet Union some retardation of the growth rate has been discernible.

The second book will be published this autumn. It was written by Prof. Robert C. North of Stanford University, California, about his old friend, M. N. Roy, or Narenda Bhattacherji, the Brahim revolutionary who started as an anti-British rebel in India during the First World War, subsequently became a top-level Communist and in his later years turned away from Communism and headed a "radical humanist" movement.

Prof. North conducted a three-Continent search for documents and papers. Mr. Roy had a Rockefeller foundation fellowship. He died suddenly of a stroke in 1954, survived by his third wife, an American girl, who lived in Dehra Dun, India, until "her mysterious murder last year," according to the book.

Mr. Roy's philosophy, Prof. North maintains, laid the foundation for today's split in Communist ideology between Moscow and Peiping. The first book is a series of volumes to be published by the University of California Press. Among many other sources, Prof. North studied the 26 volumes of *Hindu Conspiracy in the India Office* at London in which hundreds of pages are devoted to Mr. Roy's exploits.—*All Rights Reserved.*

STERLING AREA RESERVES

The central gold and convertible currency reserves of the Sterling Area rose by £7 million during April and stood at £1,240 million as on 30th April 1962. Britain repaid £25 million to the International Monetary Fund on 30th April. Had it not been for this special factor, the rise in the central reserves during April would have been some £32 million. There must clearly have been a strong tide of gold and convertible currencies flowing into the reserves during April, as may be deduced from the consistent strength of sterling in the foreign exchange markets. Further evidence of this is to be found in the reduction of the Bank Rate on 26th April which was made possible by the continued strength of sterling during the first quarter of the year.

One of the three Wellman 280-ton Ladle Cranes teeming at Durgapur. On the right is the battery of seven 200-ton Fixed Open Hearth Furnaces designed and constructed by Wellman for Durgapur Steelworks.

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FERTILISERS—KEY TO INDIA'S FOOD PRODUCTION

NEED TO BRING DOWN PRICES

By V. S. Swaminathan

AGRICULTURE is the Achilles heel of Indian economy. By 1965-66, India's teeming millions would clamour for some 110 million tons of foodgrains a year. And, at the current rate of increase, domestic production would yield only 82 million tons at the end of the third Plan period. Imports simply cannot cover a deficit of this magnitude which is virtually 25 per cent of the minimum total quantity needed. Moreover, they hurt India in two ways. She has to part with precious foreign exchange to pay for food, and this drain leaves little room for flexibility in regard to her transport, power and industrial development programmes. Secondly, Commonwealth exporters of foodgrains are understandably annoyed when developing countries are provided with the United States surplus agricultural products at well below world prices.

In 1959, a group of experts from the Ford Foundation published a report entitled *India's Food Crisis and Steps to Meet It*, wherein they urged that the food problem must be treated as an operation of war by giving top priority to agriculture. For achieving the goal in view, the use of improved seeds, proper irrigation, application of plant nutrients (fertilisers), improved farming practices and enlisting the aid of plant protecting agents, such as weedkillers and pesticides—all have their place.

Since India's available cultivable area is strictly limited, one important method by which increased crop production can be obtained is the adoption of more intensive methods of cultivation. An increased use of fertilisers is the quickest and most economic single means of doing this. India's average yields of staple crops are among the lowest in the world. With rice and wheat, whereas the world averages are 1,512 lb./acre and 1,064 lb./acre, in the case of India they are only 770 lb./acre and 657 lb./acre. Also the country's consumption of fertilisers is very low indeed—one lb./acre against 10 lb./acre in North America and 29 lb./acre in Europe. India's very backwardness in these directions may well prove an asset, since it would take a long time before the law of diminishing returns begins to operate.

Need for Trained Personnel

While the proper conservation and use of indigenous resources of organic and green manures is important, their employment alone will not suffice to provide all the nourishment required by crops. The answer to India's food problem lies in establishing large-scale fertiliser manufacturing facilities locally. The three major nutrients are nitrogen, phosphates and potash. For getting the best results, they have to be supplied in balanced proportions, the quantities of each resting upon the crop and soil conditions. There is crying need, at the same time, for large-scale training of operatives, supervisors and technicians and adequate field education to ensure that the farmers are ready to utilise all the fertiliser capacity as soon as it becomes available.

The active constituents of plant nutrients are generally referred to as nitrogen (N), phosphorus pentoxide (P_2O_5) and potash (K_2O). The most common synthetic nitrogenous fertilisers are calcium nitrate, ammonium nitrate, ammonium sulphate, the double salt of ammonium sulphate-nitrate, calcium cyanamide and urea. The normal phosphatic fertilisers are superphosphate, dicalcium phosphate, triple superphosphate, calcium metaphosphate and magnesium phosphate. The potassic fertilisers comprise potassium chloride and sulphate. Also, ammonium phosphate and nitrophosphates are two compound fertilisers of great and growing importance. There are promising prospects of India becoming self-sufficient in nitrogenous fertilisers. Her resources of phosphatic minerals are meagre, and of potash negligible. In this survey, we are concerned with nitrogenous fertilisers only.

The first Indian plant for the fixation of atmospheric nitrogen was installed at Belagula in Mysore just before the Second World War. It had a daily capacity of 5 tons of ammonia and 20 tons of ammonium sulphate. A second unit was set up in Alwaye in Kerala in 1946, with an installed capacity of 40 tons of ammonia, and 150 tons of ammonium sulphate per day. The Fertilisers and Chemicals, Travancore (FACT) operating this plant used the wood gasification technique of producing synthesis gas for ammonia. Since this process was found by experience to be uneconomical, FACT are now to produce the necessary hydrogen by electrolysis of water and gasification of liquid fuels such as petroleum naphtha. The oil gasification plant, being erected at present, as part of the second stage of expansion, was designed and supplied by Power Gas Corporation.

Among plants that will be installed by FACT during the third stage of expansion, Power Gas Corporation will be supplying the ammonia synthesis plant and ammonium sulphate plant. The end products will be 200,000 tons of ammonium sulphate, 135,000 tons of ammonium phosphate and 5,000 tons of ammonium chloride.

Sindri

In 1944, the Indian Foodgrains Committee recommended the establishment of a large fertiliser factory with a daily output of 1,000 tons of ammonium sulphate. At the invitation of the Government of India, a British Technical Mission visited the country, with G. C. Gowing of I.C.I. Ltd. as chairman, J.G. Rig, also of the I.C.I. Ltd., and T. H. Riley of Power Gas Corporation, representing the British Chemical Plant Manufacturers' Association. Following its investigations and report, the State built a large fertiliser factory at Sindri on the bank of the Damodar River. Commissioned at the end of 1951, this factory had been providing the bulk of nitrogenous fertilisers produced in the country.

With a view to enlarging Sindri's capacity, the Government of India deputed a Fertiliser Mission to visit modern plants in various foreign countries, including Britain, the United States, Canada, Germany, France, Italy and Japan, and suggest the products to be manufactured at this factory. This expansion programme was recently put through for a daily output of 70 tons of urea and 400 tons of double salt. The Sindri factory's production is running well below capacity, because of chronic raw material and power shortages, and lack of adequate preventive maintenance of plant and equipment.

At the commencement of the second Plan, the Union Government set up another expert body to select suitable locations and the pattern of production during the period. As a consequence, three new units at Nangal, Rourkela and Neyveli are going up. The Nangal plant is to produce both fertilisers and heavy water, the latter for the atomic energy programme. The hydrogen required for the ammonia synthesis is obtained by the electrolysis of water.

IWT/IOB-1819

The raw material for ammonia production at Rourkela is coke oven gas. Contract for the construction of plants for extracting hydrogen from coke oven gas and for ammonia synthesis has been awarded to Uhde of West Germany. The rest of the installation for processing ammonia to nitro-chalk and its storage and packing has been entrusted to Sindri Fertilisers and Chemicals. Ansaldo of Italy and Pintsch Bamag Linde of West Germany have won contracts for the construction of the Neyveli urea unit. Sahu Chemicals have started production of ammonium chloride at 120 tons a day. Finally, global tenders for the supply of plant and equipment for producing urea and nitrophosphate at Trombay were under scrutiny early in 1960. At that time India's installed capacity for the production of nitrogenous fertilisers was 133,400 tons in terms of nitrogen. When the new plants at Nangal, Rourkela, Neyveli, Alwaye, Trombay and by Sahu Chemicals are in production, the total will go up to around 400,000 tons of nitrogen a year. Even this figure is deemed inadequate to meet the country's growing needs of this fertiliser.

During the past four years the Development Council for Acids and Fertilisers, and other organisations interested in the use of plant nutrients, had, therefore, been urging the adoption of still higher targets for nitrogen production during the third Plan period. They have favoured the attainment of an annual output of 1,200,000 tons of nitrogen by 1965-66. Its fulfilment will call for an annual capital outlay of the order of Rs. 240 crores. The benefits that will accrue from such investments are brought out in Table A (*vide* page 867) where a comparison is made with alternatives of importing nitrogenous fertilisers or foodgrains.

Fertiliser Technical Committee

The Government of India set up a Fertiliser Technical Committee to examine the economics of manufacture of fertilisers at suitable locations in the different States, and prepare preliminary project reports for organising production at various centres. They also established the Indian Fertiliser Corporation entrusted with activities relating to most new units such as: (a) setting up a design office for drawing up specification of plant and equipment on the basis of which tenders could be invited; (b) organising a construction team for the erection of new fertiliser factories; (c) operating such plants, and (d) establishing a research station for carrying out investigations on the production and application of fertilisers.

The supply of nitrogenous fertilisers, imports and domestic production (present and prospective) is shown below:

Supply Position of N. Fertilisers

(In tons)

Year	Imports	Domestic
1961	29,000	10,541
1958	92,000	76,850
1959	138,000	80,000
1960	150,000	110,000
1966	Nil	1,210,000

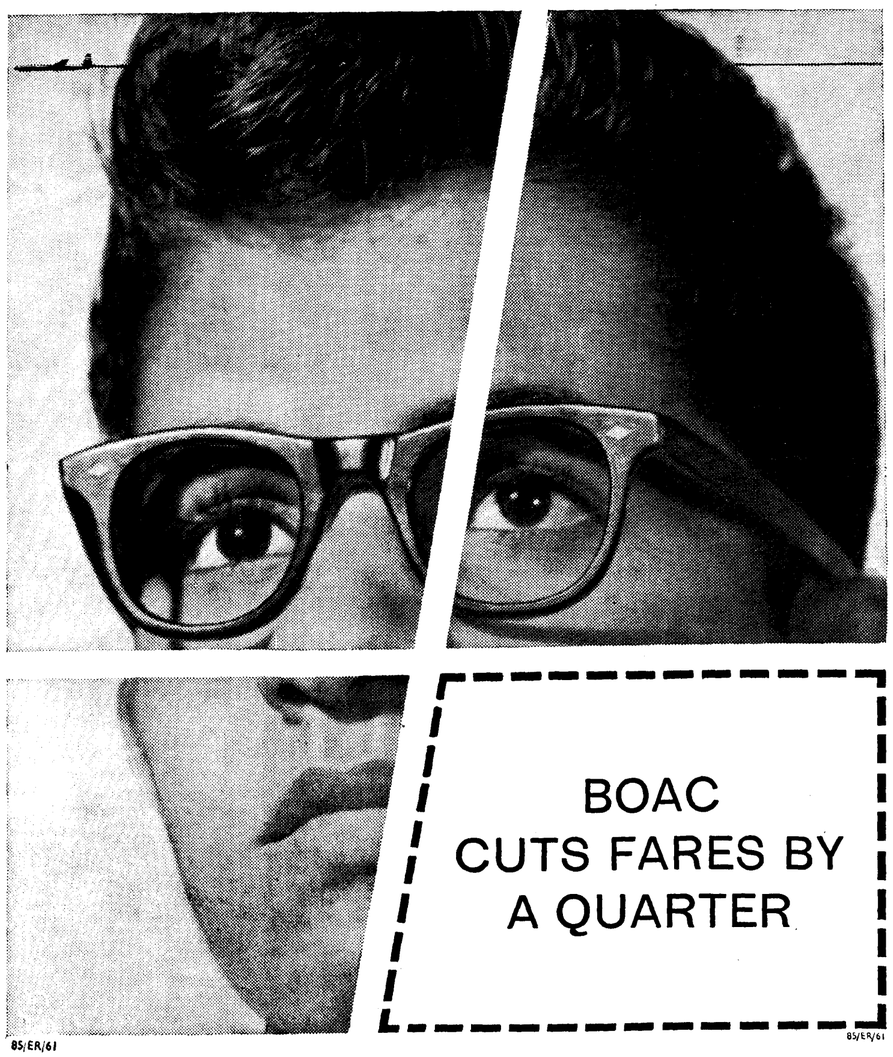
As the price per ton of nitrogen fertiliser is around Rs. 1,500 (in terms of nitrogen), the total value of the quantities of this plant nutrient planned for production during the third Plan period represents a substantial addition to national wealth.

The Government of India have licensed a fertiliser capacity of a little over 1,100,000 tons, in terms of nitrogen, as shown below:

Location	Raw material	Output of nitrogen (In tons)
	PUBLIC SECTOR	
Sindri	Coal	
Nangal	Air	117,000
Rourkela	By-product gas	80,000
Trombay	Refinery gas/Naphtha	120,000
Neyveli	Lignite	90,000
Alwaye (FACT)	Naphtha	70,000
Nahorkatiya	Natural gas	80–85,000
Goralchpur	Naphtha	82,500
Durgapur	By-product gas	80,000
Gujarat	Refinery gas	58,000
Bhilai/Durgapur	By-product gas from steel plants	80–90,000
		10,000
	PRIVATE SECTOR	
Visakhapatnam	Refinery gas	
Hanumangarh	Gas/Naphtha/Lignite	80,000
Katni or Hazi	Coal or Naphtha	80,000
Banaras	By-product gas	80,000
Ennore	Naphtha	20,000
Jamshedpur/Buroupur	By-product gas from steel plants	9,000
Kothagudam	Coal	15,000
	Total	80–90,000
		1,100,000–1,150,000

The U.N. Fertiliser Mission, which visited India early in 1961, reported that the implementation of the nitrogenous fertiliser production programme would call for quick decision and action. After analysing the time schedule of Sindri, Nangal, Trombay, Neyveli, Rourkela and other fertiliser projects, this mission pointed out that it takes 52 to 71 months to complete a fertiliser project in India, whereas between

(*Continued on page 867*)



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BETWEEN DISINFLATION AND REFLATION

By W. T. C. King

EDITOR OF *THE BANKER*, LONDON

THE budget that Mr. Selwyn Lloyd, Britain's Chancellor of the Exchequer, introduced on 9th April has been generally rated a dull budget, and it has also come under pretty heavy fire from commentators of the expansionist school. This year, however, comments such as these may be regarded by more orthodox observers as tributes rather than serious criticisms—and, conceivably, they may have been so received by the authorities themselves.

Early this year, it had been feared that the Chancellor might feel it necessary to use this budget to reinforce still further the strong disinflationary monetary and fiscal restraints applied last July. But, as data became available for mid-winter production and employment, it appeared, as I noted in my last letter, that the economy had reacted to the disinflationary pressures rather more significantly than had at first been expected. From that moment, fears of a new dose of disinflation through the budget disappeared, and soon were being replaced, in some circles, by hopes of deliberate reflation.

In the event, the Chancellor obviously remained determined to ensure that the economy retained the benefit of the room for manœuvre that had been created by last year's disinflation, and so stuck closely to the precept emphasised earlier in the year—that the pace of re-expansion must be, very largely, governed by the pace at which exports grow. In other words, whilst Mr. Lloyd saw no need to use the budget to curtail the demands on the economy still further, he equally could find no justification for injecting any considerable fiscal stimulus. What was needed was a budget that made hardly any net change, in 1962-63, of less than £10,000,000—on a revenue total of very nearly £6,800 million.

Constructive Changes

The tiny net effect of the Chancellor's proposals on the revenue yield conceals, however, some significant and mostly constructive changes in the pattern of taxation and one major innovation that most city observers are bound to regard as undesirable and destructive. This innovation, foreshadowed during the measures of last July, extends the existing structure of income-tax, surtax and profits tax to cover short-term capital gains from dealings in certain assets—of which the most important are stock exchange securities, commodities, currency, and land and buildings. For land and buildings, a short-period gain will be the one arising where acquisition and resale both occur within three years or less; for other assets the period will be six months or less. Losses arising from similar transactions may be offset against gains and may, if necessary, be carried forward and the tax will not be retrospective.

The new provisions will not apply to capital gains regarded as accruing as profits from a trade or profession (since these are already liable to tax as such); nor will they extend to non-residents.

The detailed rules, so far as their meaning is yet apparent, make the new tax somewhat less onerous than had been rumoured, but they have not sufficed to allay the City's fears that a resultant curtailment and distortion of certain types of stocks exchange transactions may considerably impair the flexibility of the capital market. The points most likely to be affected are the new issue market, especially in risk securities, and the Gilt-edged market, which is dependent for much of its activity upon the short-term switching operations of institutional funds (some of which will now, apparently, for the first time become liable to tax on any resultant short-term capital gains).

The Chancellor is aware that the taxation of capital gains may have undesirable effects: indeed, he introduced his proposals by emphasising that the most important objection to "a capital gains tax is that ... such a tax would vitiate against saving, genuine investment and economic growth." He, therefore, appears to have satisfied himself that the taxing of "what may loosely be called speculative gains" (they are presumed to be "speculative" because they arrive from transactions opened and closed within the prescribed short period) will not be open to such objections; and he regarded it as necessary for the purpose of producing "a feeling of broad equity of treatment between taxpayers." The revenue aspect of the tax was entirely subordinate; in fact, the authorities have not been able to frame any estimate of its possible yield.

Among the constructive proposals in this budget, by far the most important was that relating to the new "between budgets" regulator introduced by Mr. Selwyn Lloyd 12 months previously. In the 1961 budget, it will be recalled, the Chancellor took powers to vary, by Treasury order subject to Parliament, virtually the whole range of indirect taxation, either upwards or downwards, by a uniform percentage surcharge or rebate not exceeding 10 per cent. This highly important power to alter the fiscal load at almost any time during the year was used to the full as part of the measures of last July, when the 10 per cent surcharge was expected to raise an additional £130,000,000 of revenue in the ensuing eight months (and a still larger sum on a full-year basis).

Sensible First Step

Since the Chancellor had decided this year that the economy was not yet ready for any perceptible net lightening of the power (which otherwise would have run out within a few months), he elected to withdraw the surcharge while reimposing a roughly equivalent volume of taxation by normal provisions in the budget—mainly by consolidating the 10 per cent into basic tax rates (so that the prices of the commodities involved were not affected). He then applied for renewal of the regulatory power, which will thus become fully available again, as soon as the Finance Act is passed, for raising or lowering the whole range of indirect taxes—in spite of the retention of the large block of additional revenue originally provided by it last year.

The other notable change was associated with this operation instead of merely consolidating the 10 per cent surcharge into the basic rates of purchase tax, which is Britain's principal general tax on consumer goods. The Chancellor seized the opportunity to broaden the base of this tax while reducing the spread of its several rates. The broadening was achieved by bringing in expenditure on confectionery, soft drinks and ice cream, while the narrowing will reduce the effective top tax rate from 55 to 45 per cent (of wholesale value) and raise the lowest rate from 5½ to 10 per cent. The narrowing of the discriminatory range of this tax, which has been apt to exert distorting effects on industry, is a sensible first step to get Britain's fiscal system into better shape for competition within the European Common Market.

Although the general strategy of this budget has been cautious, I am myself sure that it was not intended to provide any such disinflationary impulse as some observers have professed to find in it. My own belief is that the Chancellor would certainly have given more considerable immediate tax reliefs if he had not already felt reasonably sure that the economy will this year expand in any case—though not necessarily at the substantial rate that the critics are calling for. The main expansive forces that are in sight already are provided by the certainty of some rise in Government expenditure and the probability of a moderate but increasing increment in personal expenditure. In addition, it is expected that increases in fixed investment in the public sector, in the service industries and in housing will more than offset the decline apparently already under way in manufacturing investment, and that later in the year there will be renewed investment in stocks. It seems clear, however, that the increases in demand foreseeable from these sources will leave ample room for the hoped-for expansion of exports; and, if that expansion occurs, the national product will rise more significantly—provided, of course, that the additional exports are not balanced by additional imports.

On the other hand, if the economy were to show signs of flagging later in the year, there is little doubt that the Chancellor would take steps to stimulate it: he pointed out that "these days" he had many weapons to ensure that the economy is kept in "proper balance"—mentioning the Bank Rate, special deposits, control over bank liquidity, and the indirect tax regulator. Within little more than a fortnight of the budget, the authorities had, indeed, resumed the downward adjustment of short money rates.

The Bank Rate, which, as I explained in my last letter, had been twice reduced in March, from six to five per cent, was brought down to 4½ per cent on 26th April. This is its lowest point since the phase of dear money opened at the beginning of 1960 (when the Bank Rate, after being unchanged at 4 per cent throughout 1959, went up to 5 per cent). This latest reduction, made desirable by the continued flow of mobile international funds towards London, was likewise justified by the room for manœuvre now available in the home economy. But it should not be regarded as a portent that domestic monetary policy is now about to swing into deliberate inflation.

ANDHRA BANK'S PROGRESS STEADY

The Andhra Bank Ltd. (General Manager: Mr. T. R. Bhagavat, Masulipatnam) has maintained steady progress during the year ended 31st December 1961. It is featured by a recovery of Rs. 23.50 lakhs to Rs. 909.13 lakhs in advances in welcome contrast to a decline of Rs. 25.75 lakhs to Rs. 885.63 lakhs in the previous year. Besides this improvement in advances, there has been a sizable rise in investments from Rs. 525.73 lakhs to Rs. 660.80 lakhs. Consequently, the income by way of interest and discount has been higher at Rs. 94.24 lakhs, as compared with Rs. 87.89 lakhs in the previous year. Earnings by way of commission and exchange show a minor improvement of some Rs. 60,000 to Rs. 12.70 lakhs, but income from other sources has been higher by Rs. 1.70 lakh at Rs. 3.52 lakhs. The gross income, therefore, shows an improvement of nearly Rs. 9 lakhs to Rs. 110.46 lakhs. It has, however, been completely wiped off by higher expenses following a rise in both deposits and borrowings from other banks and in operational expenses, and the profit has actually been slightly lower at Rs. 11.02 lakhs as compared with Rs. 11.57 lakhs in the previous year.

Deposits show a rise of roughly Rs. one crore to Rs. 15.79 crores; bank borrowings have gone up by more than Rs. 25 lakhs to Rs. 139.34 lakhs. Consequently, outward interest has increased from Rs. 48.50 lakhs to Rs. 50.31 lakhs. There has been a further perceptible rise in staff expenses from Rs. 32.43 lakhs to Rs. 36.70 lakhs as also in other expenses from Rs. 8.50 lakhs to Rs. 11.43 lakhs, excluding depreciation of Rs. one lakh, as against Rs. 0.80 lakh a year before. More than one-third of the profit—Rs. 4.15 lakhs to be precise, as against Rs. 4.90 lakhs in the preceding year—has been claimed by taxation. The return to shareholders has been maintained at 8 per cent, subject to tax. Reserves get Rs. 3.45 lakhs, nearly the same as in the previous year, leaving a surplus of Rs. 0.13 lakh to be carried forward against Rs. 0.04 lakh brought in.

The table below gives a fair idea of the progress made by the Bank in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Interest and discount earned	94.24	87.89	70.09	59.67
Commission and exchange	12.70	12.10	12.20	9.50
Other income	3.52	1.82	2.05	0.99
Interest paid	50.31	48.50	39.72	32.56
Staff expenses	36.70	32.43	27.14	23.88
Other expenses	11.43	8.50	7.06	7.07
Depreciation	1.00	0.80	0.74	0.77
Profit	4.15	4.90	4.00	6.48
Provision for taxation	..	..	..	4.01
Transfer from reserves	3.45	3.40	2.45	1.78
To reserves and other funds	3.84	3.88	3.32	1.56
Dividend	(8%)*	(8%)*	(8%)*	2.47
	0.13	0.04	0.10	(6%) 0.24
Carry forward				

	As on 31st December			
	1961	1960	1959	1958
Capital	41.69	41.64	41.50	41.25
Reserves	26.85	23.08	19.75	17.57
Deposits	15,78.90	14,78.68	12,90.04	11,41.71
Borrowing from other banks	1,39.34	1,14.39	2,80.08	50.26
Advances	9,09.13	8,85.63	9,11.38	6,57.19
Investments	6,60.80	5,25.78	5,12.49	4,67.18
Cash	2,06.10	2,34.55	1,74.84	1,50.44
Balance sheet total	20,08.86	18,98.55	17,79.50	15,24.02
Ratio to deposits of—	%	%	%	%
Advances	57.6	59.9	70.6	57.5
Investments†	41.0	37.8	21.8	36.5
Cash	13.0	15.8	13.5	13.1
Market value of ordinary shares‡ (In rupees)—	1961	1960	1959	1958
High	87.00	85.77	88.75	98.75
Low	88.97	88.32	84.00	86.80

* Subject to deduction of tax.
† Unencumbered portion only.
‡ Of Rs. 100, Rs. 50, paid-up.

The bulk of the improvement in deposits has come from fixed deposits, showing a rise of Rs. 0.81 crore to Rs. 9.09 crores. Savings bank deposits have increased from Rs. 3.20 crores to Rs. 3.27 crores and current and contingency deposits from Rs. 3.31 crores to Rs. 3.42 crores. Investments in Government securities total Rs. 6.60 crores. The ratio of "own funds" to deposits stood at 4 per cent at the year-end. During the year, the Bank opened a branch at Bombay, bringing the total to 74. A pay office was opened in the S. R. Medical College campus at Kakinada in February last.

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The turnover of the Siemens Organization has risen from 120 Crores Rs. in 1951 to 480 Crores Rs. in 1960 and 580 Crores Rs. in 1961. Exports rose by about 12% above last year's figure to over 120 Crores Rs.

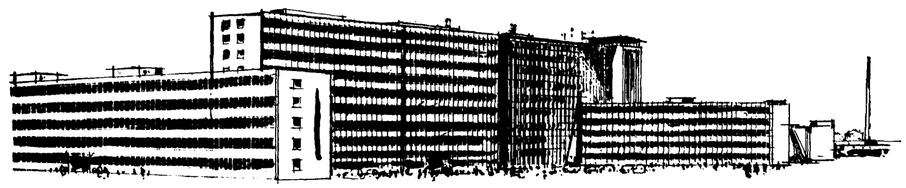
The Siemens Organization has agencies and representatives in 79 countries in all parts of the world. At all branches the services of a staff of technical consultants are always available to customers.

In India, the Siemens Organization is represented by Siemens Engineering & Manufacturing Company of India Ltd.

Summarized Consolidated Balance Sheet of the Siemens Organization as of September 30, 1961 In DM million (DM 1.— = Rs. 1.20)

Assets	30. 9. 61	30. 9. 60
Fixed Assets	874	679
Investments	133	116
Total Fixed Assets and Investments	1,007	795
Inventories (Including Communications Equipment Leased to Customers)	1,393	1,052
Accounts Receivable from Customers	807	720
Other Receivables	406	337
Cash and Other Liquid Funds and Marketable Securities	451	504
Total Current Assets	3,057	2,613
	4,064	3,408

Liabilities	30. 9. 61	30. 9. 60
Capital Stock	520	510
Surplus	653	495
Minority Interests	7	6
Total Stockholders' Equity	1,180	1,011
Reserves for Pensions	498	444
Other Specific Reserves	647	539
Loans and Bank Credits	506	428
Customers' Down-Payments	655	479
Accounts Payable	184	159
Other Liabilities	309	264
Total Liabilities	2,799	2,313
Net Income S & H	85	84
	4,064	3,408



The Communications Research Laboratory of the Siemens & Halske AG in München has a staff of over 3,000, in Erlangen the Siemens-Schuckertwerke AG is at present building a large new research center.

Some of the companies belonging to the Siemens Organization are the following:

Siemens & Halske AG
(All branches of communications technology, including data processing and telemetry, electrical signaling)

Siemens-Schuckertwerke AG
(All branches of power engineering)

Siemens-Elektrogeräte AG
(Electrical household appliances, radio and tv sets)

Siemens-Reiniger-Werke AG
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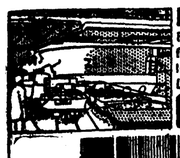

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INTERNATIONAL COFFEE SITUATION

F.A.O. FORECASTS HUGE SURPLUS

UNLESS long-term measures designed to restore a balance between supply and demand are adopted, the world coffee market situation by 1965 will have serious implications to the economy of the major coffee producing countries. A clear warning to this effect is given by the U.N. Food and Agriculture Organisation in a special study entitled *The World Coffee Economy*,* published as part of its Commodite Bulletin series. The warning is based on the available evidence which suggests that a substantial coffee surplus is likely to accumulate until 1965 and probably for some years thereafter. No less than 6.6 to 6.8 million metric tons of coffee are expected to remain unsold by the end of 1965 a quantity that represents as much as 145-150 per cent of the anticipated output of 4.4-4.7 million tons during 1965. This estimate is, however, only a tentative one, being subject to annual variations in output in the interim period which, in turn, will be influenced by weather conditions, especially in Brazil, the world's largest producer of coffee. In considering the estimate, one has also to bear in mind the likely impact on consumption of uncertain factors such as tax situation, coffee procurement policies in Eastern Europe, and sales and promotional campaigns.

The huge world coffee surplus of 6.6-6.8 million tons estimated for 1965 is nearly three times the actual 1959-end stocks aggregating 2.84 million tons; the average for the years 1951-53, it may be noted, was no more than 620,000 tons. Such an appreciable increase in the anticipated surplus may appear surprising, because the estimated world coffee output in 1965 is almost the same as the crop actually harvested in 1959. But consumption of coffee in both producing and consuming countries continues to lag much behind production, as is indicated in the following table:

World Coffee Supply at a Glance
(In million metric tons)

	1965*	1959	1957-58	1954-56	1951-53
Opening stocks ..	5.85	1.42	0.84	0.62	0.30†
Production ..	4.55	4.58	3.33	2.61	2.40
Total supply ..	10.40	6.00	4.17	3.23	2.70
Net imports	2.80	2.52	2.34	2.14	1.90
Domestic consumption ..	0.70	0.51	0.41	0.25	0.18
Industrialisation ..	0.20	0.13	..	..	..
Total disappearance..	3.70	3.16	2.75	2.39	2.08
End-stocks	6.70	2.84‡	1.42	0.84	0.62
End-stocks as proportion (%) of production	148	62	45	32	26

* Figures are averages of estimates prepared by the F.A.O.
†Brazil only.
‡ Of this quantity, Brazil alone held 2.66 million tons on 1st July 1960.

Consumption Trend

World coffee consumption over the past half a century, according to the F.A.O. study, shows a rise of about 2 per cent a year compound. The decline in coffee prices after 1958 did strongly stimulate consumption in 1959, but the trend would have been more accentuated if the incidence of import duties and taxes, which is heavy in some countries, had also been lightened. The trend of world coffee consumption in the coming years, we are told, depends essentially on three major variables: rate of growth in real income in the main consuming countries; movements in relative world prices of coffee and changes in Government fiscal policies. The F.A.O. assessment of the prospects for coffee consumption in the importing and producing countries can be summed up as follows:

Importing countries: World imports in 1965 are put within a range of 2.76 to 2.94 million metric tons, an increase of 10-20 per cent above the 1959 level and 25-35 per cent higher than in 1958. This range covers a variety of possibilities, including a reduction in the incidence of coffee taxes in some countries. It is, however, a conservative estimate.

Producing countries: Since price elasticities are likely to be at least as high as 0.6, a fall in relative coffee prices from the 1958 level will, in any event, increase local consumption substantially. Assuming that total real income will rise by some 30 per cent between 1958 and 1965, the total local consumption in 1965 will be about 600,000-700,000 tons, if relative coffee prices are 20 to 40 per cent lower than in 1958. Industrial uses are likely to increase at the rate of 10 per cent annually. The estimate is based on intensified research into industrial uses of coffee in producing countries, especially Brazil. A certain quantity of low-grade coffee is said to have been transformed into fertilisers, oils, feed, etc.

In the considered opinion of the F.A.O., there appears to be good prospects for stepping up "local" consumption of coffee in producing countries by reducing prices, particularly for the inferior grades for which export demand is small and which would otherwise go into stocks. Recalling the Brazilian Coffee Institute's policy (March 1959) of selling old stocks coffee to domestic roasters at prices 30 per cent below the retail price, the F.A.O. feels that similar measures in other producing countries which hold surplus stocks, together with vigorous sales promotion campaigns, may well raise domestic consumption by an appreciable extent.

* *The World Coffee Economy*, published by the U.N. Food and Agriculture Organisation, Geneva. Available in India: Oxford Book and Stationery Co., Scindia House, New Delhi, Pages: 76. Price: $1.00.

The F.A.O. finding reveals that all the coffee trees that will be in substantial production by 1965 have already been planted. The plantings made during the years 1960-62 will also start yielding fruit in 1965, though their effect on total output will be small. Thus, in principle, it should be possible to estimate world crop in 1965 with some accuracy, after making allowance for trees going out of production in the intervening period. There are, however, two major difficulties in estimating the future trend of coffee output to which the F.A.O. study refers. In the first place, inadequate data relating to area under coffee cultivation, number of trees and, most important, age distribution of trees make forecasting hazardous. Even when statistics of area and tree population are available, the figures are known to have a considerable margin of error. Moreover, there are several other important elements affecting yields which are difficult to forecast accurately, such as intensity of cultivation in terms of man-hours worked, fertiliser applied per hectare of plantation, and introduction of new and improved varieties. The second hurdle is absence of any definite historical relationship between price declines and reductions in coffee output; a great deal depends on the phase of business cycle in which the price decline occurs and on the coffee farmers' expectations of world demand. In addition, in some producing countries, Government schemes to restrict output may become of increasing importance in the next five years.

Rise in Output

Subject to the aforesaid uncertainties, the F.A.O. estimates of total world production of coffee in 1965 show a rise of 4.4 to 5.0 million tons. Of this total, the share of Brazil alone is expected to be anywhere between 2.4 and 2.9 million tons, the balance being accounted for by Colombia (460,000-500,000 tons), other Latin American countries (670,000-700,000 tons), Africa (650,000-700,000 tons) and rest of the world 180,000 tons). These levels of output are compared with those in the preceding three seasons, as well as the average for 1950-52, in the following table:

Anticipated Levels of Coffee Output
(In million metric tons)

	Crop year July to June				
	1965-66*	1960-61	1959-60	1958-59	1950-52
Brazil	2.90	1.80	2.65	1.70	1.09
Colombia	0.50	0.48	0.48	0.46	0.36
Other Latin America.	0.70	0.69	0.65	0.59	0.45
Africa	0.70	0.73	0.66	0.60	0.30
Rest of world ..	0.18	0.16	0.14	0.15	0.08
Total ..	4.98	3.86	4.58	3.50	2.28

* The figures are the highest levels of output estimated in the F.A.O. study based on the assumption that producers react in a minimal way to lower prices and that no further restraining measures are taken by Governments.

The estimate of the Brazilian coffee crop is based on the expectations that average yields in Parana will be exceptionally high as a result of the combination of high soil fertility and use of high-yielding varieties. Plans have been drawn up to raise productivity while reducing the number of trees. Provision is made for paying subsidies to farmers who eliminate three low-yielding trees and replant one new tree. It is proposed to eliminate under these plans 100 million trees, one-sixth of the uneconomic trees which together account for 50 per cent of the total existing plants. The capital outlay is put at 3,900 million Cruzeiros. In Colombia also, it is estimated that more than half of coffee plantations in the important Quindio area will require rehabilitation. Costa Rica, El Salvador, Mexico and Peru have reported new plantings since 1955 and improvement in cultivation. In Africa, availability of suitable coffee land at relatively low prices, abundance of labour and, above all, lack of alternative economic crops still make coffee financially attractive.

The Coffee Cycle

Coffee, according to the F.A.O. study, has now entered the downward phase of the cycle, a phase of reduced prices which may persist for a number of years. The problem facing the producing countries is not solely one of adjusting the rate of flow of supplies to the changes in world demand over the next four or five years. It is, additionally, the adoption of long-term policies which will reduce to a minimum the traditional ebb and flow of resources into the coffee sector, as well as allow the progress of economic development to proceed undisturbed by fluctuations in coffee economy. The peculiar position coffee holds in the world economy is described by the F.A.I.O. report as follows:

"It (coffee) is not one of the major agricultural crops, and the value of world coffee production is small in comparison with that of rice, wheat, oils and fats, livestock products or sugar. But the proportion of the world production of coffee which enters international trade is one of the highest of all agricultural commodities, and it is of vital importance to over a dozen countries in Latin America and Africa. Their national economies depend to a varying but substantial extent on this one crop. For these countries, the economic position and prospects of coffee are of profound social and economic importance. The export earnings and prospects of the coffee producing countries are also of major interest to the industrial countries supplying them with manufactured goods."

Coffee is by far the most important single export commodity of Latin America and a number of African countries. It represented over 70 per cent of the total export income (1955-57) for Ethiopia, Colombia, El Salvador and Guatemala, with an aggregate population of 30 million. Even Brazil, with a population of more than 60 million and relatively advanced and complex economy, obtained nearly two-thirds of its total export income from coffee sales.

The income derived from coffee production has generally been higher by a considerable margin on a given area than that arising from most other agricultural activities. Thus, the contribution of coffee to rural incomes has been greater than is indicated by the figures of farm units or land areas engaged in various lines of production. In Colombia, for example, coffee has contributed about 40 per cent of the recorded gross product of agriculture, though under 3 per cent of the total crop and livestock area is devoted to it. Again, in Tanganyika, only a small fraction of the cultivated area is used for coffee, but about 10 per cent of the population depend on the coffee crop for a significant share of their cash income.

Coffee exports contribute substantially to the gross national product of producing countries. The percentage contribution as of 1955-57 is as high as 14 in Uganda and Guatemala, 10 in Costa Rica, 9 in Colombia, 7 in Haiti, 6 in Kenya, 5 in Tanganyika and Dominican Republic, 4 in Brazil and Ecuador and 3 in Honduras. Income from coffee exports has been made to assist other sectors of national economy through taxation. In the majority of producing countries, coffee exports are subject to tax in one farm or another. In general, revenue from coffee taxes has contributed up to 30 per cent of total tax receipts in recent years. In Colombia, the coffee tax in the year ended June 1959 represented about 40 per cent of the total value of exports and more than half of the total Government revenue. Coffee has, thus, been of crucial importance to the economy of several countries in Africa and Latin America.

ANNOUNCEMENT

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AT THE NATION'S SERVICE

TEXTILE MEN TO MEET PRIME MINISTER

GREY CLOTH ARRIVALS RECEDE

From Our Special Correspondent

MANCHESTER, 1st May

A LANCASHIRE deputation representing all sections of the cotton trade is to meet the Prime Minister on the 15th May. Led by Lord Rochdale, Chairman of the Cotton Board, the deputation is expected to consist of about 12 members, representing employers' associations, trade unions, and the Cotton Board. The deputation will explain to the Prime Minister the serious situation now facing the Lancashire cotton industry, mainly because of imports of foreign cloth. Latest figures show that there are about 5,700 cotton workers unemployed. Nearly 18,000 workers left the industry last year. One point the deputation hopes to stress is the danger of collapse of the Government-sponsored £30-million modernisation scheme, because of a lack of confidence in the cotton industry.

MANCHESTER LETTER

A New Research Finding

A small British research team which set out to investigate the problems of fabric creasing has produced some unexpected results which may have far-reaching effects in the textile industry. The team discovered a simple process by which a completely new range of fabrics made from man-made fibres can be produced. With this process, a wide variety of yarns can be made from any one type of man-made fibre and each yarn is tailor-made to give a fabric with chosen characteristics.

The research which has led to this important development was carried out by a team at the Linen Industry Research Association at Lambeg, Belfast, Ireland, headed by the Director, Mr. D. A. Derrett-Smith, and the Deputy Director, Mr. H. A. C. Todd. After studying the mechanism of creasing, they realised that, to achieve effective and permanent crease resistance, a change in the structure of the yarn itself was needed. As a result, they evolved the new yarns which have an open structure in which each individual fibre is free to move within the yarn. The new yarns are said to be particularly good for machine and hand-knitted garments. They have clarity of stitch and wash without losing shape. They can be made cheaply and quickly on existing machinery, says the Department of Scientific and Industrial Research.

Food for Thought

Any comparisons betweeen the import position at the end of the first quarter of 1962 and the state of affairs ruling in the Lancashire cotton trade 12 months previously must take account of the very substantial change which has occurred in the intervening period. A year ago, it was being suggested that arrivals of cotton cloth from abroad would top the 1,000-million yard mark by the year-end—the first quarter had seen an influx never exceeded before or since; more than 225 million yards had entered British ports.

Subsequent developments showed the folly of taking too much for granted. They also showed the folly of those who had overbought in a period of apparent shortage and created an accumulation which is even now a source of embarrassment to many producers and distributors. By the final quarter of last year, imports had been reduced to 142 million yards and, in the first three months of 1962, they have aggregated 147 million yards.

Grey cloth arrivals so far this year have amounted to 107,497,000 yards, as against the peak of 176,398,000 yards in the same period of 1961. Most of the leading suppliers have taken their share in the cuts imposed by purchasers from this country. India has provided 44,990,000 yards, as against 62,574,000 yards, and Hong Kong 14,776,000 yards, as against 20,158,000 yards. Arrivals from Pakistan, however, have been only 200,000 yards lower than last year at 5,141,000 yards.

The major change in shipments of cotton grey goods from countries outside the Commonwealth has occurred in the large number of undesignated areas, not shown individually in official returns. Purchases from such sources have been severely curtailed, from 54,405,000 yards to 21,893,000 yards. Arrivals from Japan have also been substantially reduced at 6,653,000 yards, as against 16,341,000 yards but France has slightly increased her shipments at 4,077,000 yards.

Apart from the grey cloth section, detailed figures of individual suppliers are not given, but total arrivals of finished cotton fabrics are also lower this year at 39,697,000 yards, as against 48,899,000 yards. In contrast, the quantities of man-made fibre cloth reaching Britain increased by 2 million yards to 20,172,000 yards. Cotton yarn imports show a reduction of 2 million lbs. at 9,748,000 lbs.

The total cost of imports of cotton goods in the first quarter this year was £15,594,081, as against £21,463,879 in 1961. Payments on account of man-made fibre yarns and cloth obtained from abroad amounted to £4,387,213, as against £3,891,027.

Exports Smaller Still

Against this still sombre situation, the failure to regain any ground on the export side cannot be minimised. During the past three years, cotton cloth shipments in each of the first quarters have varied between 82 million yards and 87 million yards, but, in 1962, the total has slipped back to just under 65 million yards. Earnings barely exceeded £9,000,000, as against £11,650,000 in the first three months last year.

Chiefly responsible for this decline in exports are the much lower takings from several West African territories which were at one time British possessions. Business with Nigeria has been more than halved at barely 5 million yards and trade with Ghana and Sierra Leone has also been sharply reduced. Smaller shipments to Australia, South Africa and New Zealand underline the diminishing trade with these markets.

Cotton yarn exports remain in the doldrums and for the first quarter show a fall of 1,000,000 lbs. as compared with last year at 3,536,000 lbs. Australia is now the only country to absorb more than 1,000,000 lbs. during the three-monthly period, but shipments at 1,229,000 lbs. are over 600,000 lbs. lower than last year.

Man-made Yarns Gain

In the man-made fibre branch, cloth exports were only 800,000 yards lower than last year at 12,279,000 yards. Bigger supplies were shipped to Rhodesia and Nigeria, the Irish Republic and Sweden, although Australia, New Zealand and South Africa took smaller quantities.

As a midly encouraging footnote to the doleful tale of diminishing overseas trade, the gains made in supplying man-made fibre yarns to foreign countries deserve due prominence. In the first quarter of 1959, these barely exceeded 10 million lbs.; in the following year, they improved to 12,400,000 lbs.; in 1961, they moved up another 1,000,200 lbs. and this year a further expansion has already taken place to 17,190,000 lbs. Earnings from this source at £6,744,000 are now practically double the 1959 level.—*All Rights Reserved.*

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THE PUNJAB NATIONAL BANK LIMITED

REGISTERED OFFICE: **PARLIAMENT STREET, NEW DELHI**

(Established in 1895)

DIRECTORS' 115th REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31st DECEMBER, 1961

The Board of Directors of the Bank has pleasure in presenting the audited Balance Sheet as at 31st December, 1961, and the Profit and Loss Account for the year ended that date.

	Rs.	Rs.	*Previous Year* Rs.	Rs.
After providing for taxation and contributing Rs. 12,27,806 to the Employees' Gratuity Fund Trust, the transactions for the year have resulted in a profit (including Rs. 4,23,142 brought forward from the previous year) of		1,22,62,738		68,23,142
Deduct:				
Transfer to Reserve Fund	45,00,000		11,00,000	
Provision for Bonus to Staff	37,50,000		27,00,000	
Provision for Charity and Donations	1,00,000		1,00,000	
Payment of Ad-interim dividend for the year at Re. 1 per share	12,50,000		12,50,000	
		96,00,000		51,50,000
		26,62,738		16,73,142
This leaves the balance for appropriation of				
The Directors recommend payment of final dividend (subject to tax) as under—				
(1) On 12,50,000 shares existing as at the beginning of the year at Re. 1 per share (making a total dividend of 20 per cent. for the year)	12,50,000		12,50,000	
(2) On 7,50,000 shares issued during the year at 50 nP. per share	3,75,000		..	
		16,25,000		12,50,000
Balance to be carried forward to next year's account		10,37,738		4,23,142

The issued Ordinary Capital was increased during the year to Rs. 2 Crores by further issue in September 1961, of 7,50,000 shares of Rs. 10 per share at a premium of Re. 1 per share to the existing shareholders in proportion to their holdings. This capital participates in the dividend of 20 per cent. per annum for one-fourth of the year.

During the year Indo-Commercial Bank Ltd. was amalgamated with the Bank under a scheme sanctioned by the Central Government.

The Directors consider that the working of the Bank continues to be satisfactory.

The Directors place on record their appreciation of the services of Mr. A. M. Walker who has retired as General Manager on 20th December, 1961. Shri Rajendra Lal Tuli has been appointed as General Manager with effect from that date.

The Directors record with deep regret the death on 27th December, 1961, of their colleague, Sardar Bahadur S. Mohan Singh. The Board places on record its appreciation of the very valuable services rendered by him to the Bank

R. B. Dr. Maharaj Krishna Kapur, Shri Chiranji Lal Bajoria and Shri Ashok Kumar Jain will retire at the forthcoming Annual General Meeting.

Shareholders are requested to appoint Auditors for the current year and fix their remuneration.

By Order of the Board of Directors,

7th March, 1962. R. N. GOENKA, *Chairman.*

BALANCE SHEET AS AT 31st DECEMBER, 1961

1960 Rs.	CAPITAL AND LIABILITIES	Amount Rs. nP	Total Rs. nP
	1. Capital—		
2,00,00,000	AUTHORISED CAPITAL— 20,00,000 Shares of Rs. 10 each		2,00,00,000.00
1,25,00,000	ISSUED CAPITAL— 20,00,000 Shares of Rs. 10 each		2,00,00,000.00
1,25,00,000	SUBSCRIBED AND PAID-UP CAPITAL— 19,93,691 Shares of Rs. 10 each fully paid		1,99,36,910.00
	Of the above shares 3,75,000 shares are issued as fully paid up by way of bonus shares.		
Nil	*Application money received in respect of 1961 issue pending allotment or refund*		79,761.00
	2. Reserve Fund and Other Reserves—		
1,44,00,000	(i) Reserve Fund as on 1st January, 1961 Rs. nP 1,55,00,000.00		
11,00,000	ADD—Amount transferred from Profit and Loss Account 45,00,000.00		
1,55,00,000		2,00,00,000.00	
3,50,000	(ii) Development Rebate Reserve	3,50,000.00	
Nil	(iii) Share Premium Account	7,43,691.00	
1,58,50,000			2,10,93,691.00
	3. Deposits and Other Accounts—		
67,29,33,062	Fixed Deposits	71,58,93,830.15	
35,69,59,157	Savings Bank Deposits	40,39,14,053.69	
36,00,90,497	Current Accounts, Contingency Accounts, etc.	37,73,26,283.84	
48,84,304	Employees' Security Deposits (held by the Bank itself)	46,86,124.64	
1,39,48,47,020			1,50,68,20,292.23
	4. Borrowings from Other Banking Companies, Agents, etc.—		
	(i) In India (includes an amount of Rs. 22,00,000 borrowed from the Refinance Corporation for Industry Ltd.)	27,71,216.26	
4,73,66,650	(ii) Outside India	5,00,000.00	
4,73,66,650			32,71,216.26
	PARTICULARS— (i) Secured— Rs. nP		
	(a) By part of Government Securities lodged 5,71,216.26		
	(b) Under Refinance Scheme 22,00,000.00		
4,73,66,650		27,71,216.26	
Nil	(ii) Unsecured	5,00,000.00	
8,90,87,311	**5. Bills Payable**		10,05,09,589.19
	6. Bills for Collection Being Bills Receivable as per contra—		
12,15,84,292	(i) Payable in India	14,36,26,649.10	
41,71,718	(ii) Payable outside India	45,74,588.33	
12,57,56,010			14,82,01,237.43
	7. Other Liabilities—		
1,53,293	Dividend and Interest on Advance Calls unclaimed	1,90,851.84	
23,209	Rebate on Bills Discounted	30,331.75	
1,76,502			2,21,183.09
22,79,56,727	**8. Acceptances, Endorsements and Other Obligations** per contra		24,24,02,067.08
	9. Profit and Loss Account—		
15,68,830	Profit as per last Balance Sheet	16,73,141.75	
12,50,000	Less—Final dividend at Re. 1.00 per share	12,50,000.00	
3,18,830		4,23,141.75	
1,18,04,311 (subject to tax)	ADD—Profit for the year brought from the Profit and Loss Account, after providing for taxation	1,18,39,595.83	
1,21,23,141		1,23,62,737.58	
	LESS— Rs. nP		
12,50,000	Ad-interim Dividend at Re. 1.00 per share 12,50,000.00		
27,00,000	Transferred to Bonus to Staff Account 37,50,000.00		
11,00,000	Transferred to Reserve Fund 45,00,000.00		
1,00,000	Transferred to Charity Account 1,00,000.00		
63,00,000*			
1,04,50,000		96,00,000.00	
16,73,141			25,62,737.58
	10. Contingent Liabilities—		
	(i) Claims against the Bank not acknowledged as debts	22,92,418.75	
25,31,551	(ii) Guarantees given on behalf of Directors or Others	15,250.00	
18,500	(iii) Guarantees given on behalf of others	12,87,79,918.62	
3,40,03,619	(iv) Bills of Exchange re-discounted	2,83,492.92	
3,07,370	(v) Outstanding Forward Exchange Contracts	10,66,21,098.80	
2,61,27,543	(vi) Liability for calls on partly-paid shares	25,00,000.00	
25,50,000			
	* Transferred to provision for taxation.		
	NOTE:—Contingent liability exists in respect of agreements to purchase buildings for Bank's use.		
1,91,52,13,361	Total .. Rs.		2,05,11,98,684.86

1960 Rs.	PROPERTY AND ASSETS	Amount Rs. nP	Total Rs. nP
12,15,24,321	**1. Cash—** In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes)		12,05,36,461.69
	2. Balances with Other Banks— Current Account Rs. nP / Deposit Account Rs. nP		
12,29,641	(i) In India .. 14,98,592.30 / 3,95,00,000.00		
44,68,215	(ii) Outside India .. 59,45,312.71 / Nil		
56,97,856			4,69,45,905.01
3,06,933	(Includes Rs. 5,44,684.05 with State Bank of Pakistan)		
	3. Money at Call and Short Notice		6,84,16,666.66
40,74,41,739	**4. Investments at or below cost—** (i) (a) Securities of the Central and State Governments	41,56,33,987.82	
3,89,15,770	(b) Other Trustee Securities	2,90,74,747.50	
44,63,57,509		44,47,08,735.32	
	(Estimated market value Rs. 44,42,79,082)		
3,000	(ii) Shares— Fully Paid-up Rs. nP / Partly Paid-up Rs. nP		
36,64,543	Preference 3,000.00 / Nil		
36,67,543	Ordinary .. 30,39,543.31 / 6,25,000.00	36,67,543.31	
34,38,252	(Estimated market value Rs. 29,49,593) (iii) Debentures of Indian Joint Stock Companies. (Estimated market value Rs. 22,50,720)	24,03,261.40	
13,89,717	(iv) Other Investments— Rs. nP		
30,00,000	Pakistan Government Securities held in Pakistan 13,90,213.75		
1,80,110	Burma Government Securities held in Burma .. 30,00,000.00		
45,69,827	Rangoon Municipal Debentures held in Burma 1,80,110.00		
Nil	(Estimated market value Rs. 45,74,254) (v) Gold	45,70,323.75	
45,80,33,131		Nil	
	5. Advances— (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors)		45,58,49,853.78
	(1) Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
	(i) In India (includes an amount of Rs. 22,00,000 relating to medium-term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd. as per contra) .. 79,41,79,938.13		
80,19,69,016	(ii) Outside India .. 37,09,758.34		
24,37,143			
80,44,06,159			
	(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)— 12,19,33,598.43 / 1,33,59,920.42		
12,09,34,608	(i) Payable in India		
99,87,519	(ii) Payable outside India		
13,09,22,127			
93,53,28,286	(Particulars of Advances—As per Schedule attached)	13,42,92,525.85	
			93,21,82,232.32
12,15,84,292	**6. Bills Receivable Being Bills for Collection** as per contra— (i) Payable in India	14,36,26,649.10	
41,71,718	(ii) Payable outside India	45,74,588.33	
12,57,56,010			14,82,01,237.43
22,79,56,727	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		24,24,02,067.08
	8. Premises Less Depreciation—		
89,23,695	Balance on 1st January, 1961 (at cost)	90,50,541.96	
1,26,847	Additions during the year	10,39,563.48	
90,50,542		1,00,90,105.44	
8,87,464	LESS—Depreciation written off to date	10,47,165.52	
81,63,078			90,42,939.92
1,33,10,445	**9. Furniture and Fixtures at Cost Less Depreciation—** As per last Balance Sheet	1,37,13,596.18	
11,93,166	Additions during the year	5,13,980.06	
1,45,03,611		1,42,27,576.24	
7,90,315	LESS—Sales, write offs and adjustments during the year	1,39,077.30	
1,37,13,296		1,43,88,146.91	
69,55,790	LESS—Depreciation written off to date	68,91,908.18	
77,57,506			74,96,945.73
58,41,904	**10. Other Assets—** (a) Interest accrued and outstanding	58,71,785.35	
16,95,368	(b) Prepaid Expenses, Advance Payments and Amounts recoverable	14,06,241.70	
3,85,980	(c) Property not used as Bank Premises less depreciation	3,82,784.25	
1,86,098	(d) Land Purchased for constructing Bank Premises	1,84,917.44	
3,50,936	(e) Library, Motor Cars, Cycles and Other Vehicles less depreciation	3,10,020.36	
14,75,164	(f) Stationery and Stamps	14,61,978.54	
63,618	(g) Deposits with Electric Supply Companies and Government Departments	61,258.17	
3,17,175	(h) Amount paid for purchase of Trustee Securities	Nil	
28,05,700	(i) Remittances in transit (since received)	25,25,000.00	
1,14,40,298	(j) Advance Payment of Tax and Income-tax deducted at source on yield of investments less provision for taxation	73,18,846.06	
2,45,62,236	**11. Non-Banking Assets Acquired in Satisfaction of Claims** (at or below cost)— Balance as per last Balance Sheet	1,27,277.25	1,95,15,781.89
1,27,277	LESS— Rs. nP (i) Sales .. .. / (ii) Depreciation .. 16,658.00 / 17.90	16,676.90	
1,91,52,13,361	Total .. Rs.		1,10,603.35
			2,05,11,98,684.86

THE PUNJAB NATIONAL BANK LIMITED, DELHI—*Contd.*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

1960 Rs.	EXPENDITURE	Amount Rs. nP	1960 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Amount Rs. nP
3,51,38,039	1. Interest paid on Deposits, Borrowings, etc.	3,71,45,187.07	6,97,12,175	1. Interest and Discount	7,32,48,761.20
3,05,75,394	2. Salaries and Allowances and Provident Fund (including Rs. 12,27,806 Contribution to Employees' Gratuity Fund Trust)	3,27,49,255.64	1,47,86,996	2. Commission, Exchange and Brokerage	1,62,85,100.67
(74,000)	Salary, Bonus and Allowance to General Manager (including allowances calculated in accordance with the Income-tax Rules) Rs. 76,206.00		15,33,345	3. Rents	16,24,942.36
Besides use of Bank's Car			2,12,990	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	2,36,729.72
55,679	3. Directors' and Local Committee Members' Fees and Allowances	44,251.61		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
25,53,990	4. Rent, Taxes, Insurance, Lighting, etc.	26,81,237.63	Nil		
1,59,575	5. Law Charges	2,14,359.71		6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	1,95,505.08
17,62,425	6. Postage, Telegrams and Stamps	18,95,891.03		7. Transfer Fees	4,040.00
12,000	7. Auditors' Fees	12,000.00	21,224		
14,77,679	8. Depreciation on and Repairs to the Banking Company's Property	14,71,376.58	8,49,451 (*includes other receipts*)		
25,38,134	9. Stationery, Printing, Advertisement, etc.	24,41,580.30			
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	1,400.00			
10,20,025	11. Other Expenditure	10,99,913.63			
1,18,04,311 (*subject to taxation*)	12. Balance of Profit (after providing for taxation)	1,18,39,595.83			
8,71,16,161	Total .. Rs.	9,15,95,979.03	8,71,16,161	Total .. Rs.	9,15,95,979.03

A sum of Rs. 15,000 has been paid as donation to Punjab Pradesh Congress Committee out of provision for Charity Account.

Schedule of Particulars required by the Banking Companies Act, 1949 (Act X of 1949), attached to and forming part of the Balance Sheet as at 31st December, 1961

1960 Rs.	PARTICULARS OF ADVANCES	Rs. nP	1960 Rs.	PARTICULARS OF ADVANCES	Rs. nP
85,42,36,585	(i) Debts considered good in respect of which the banking company is fully secured	84,77,39,459.62		(v) Debts due by Directors or Officers of the banking company or any of them either severally or jointly with any other persons— Rs. nP	
5,79,79,656	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	5,62,21,059.23	Nil	Directors Nil	
2,31,12,045	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	2,82,21,703.47	6,25,877	Officers 8,16,755.31	
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil	6,25,877		8,16,755.31
			5,33,31,803	(vi) Debts due by companies or *firms* in which the Directors of the banking company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members	4,79,16,589.36
			6,56,762	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the banking company or any of them either severally or jointly with any other persons	8,21,754.73
			5,49,28,363	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the banking company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members	5,90,24,413.86
			1,29,39,233	(ix) Due from banking companies	1,01,64,821.77
93,53,28,286		93,21,82,222.32			

AUDITORS' REPORT TO THE SHAREHOLDERS, THE PUNJAB NATIONAL BANK LIMITED, NEW DELHI.

We have audited the annexed Balance Sheet of the Punjab National Bank Limited, as at 31st December, 1961, and also the annexed Profit and Loss Account of the Bank for the year ended on that date, with the books and accounts kept at the Head Office in New Delhi, in which are incorporated the unaudited returns of the Bank's branches in Indian Union, Pakistan and Burma none of which were visited by us. Under Rule 4 of the Companies (Branch Audit Exemption) Rules, 1961, the Central Government by an order dated 15th December, 1961, has exempted all the branch offices of the Bank from the provisions of sub-sections (1) and (3) of Section 228 of the Companies Act, 1956, in respect of the year ended 31st December, 1961.

In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the provisos to sub-sections (1) and (2) of Section 211 and sub-section (5) of Sections 211 and 227 of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The Accounts are, therefore, drawn up in conformity with Forms 'A' and 'B' of the Third Schedule to the Banking Companies Act, 1949.

We report that:

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank;

(d) the Bank's Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns;

(e) *in our opinion* and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis the said Balance Sheet, read along with the notes appearing thereon, gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

V. SANKAR AIYAR & CO., *Chartered Accountants.*

NEW DELHI, 6th *March*, 1962.

S. L. VERMA, *Chief Accountant.*

MOHAN SINGH, *Deputy General Manager.*

R. L. TULI, *General Manager.*

R. N. GOENKA, C. L. BAJORIA, SHITAL PRASAD, MAHARAJ KRISHNA KAPUR, KAMALNAYAN BAJAJ, N. DANDEKER, D. D. PURI, J. N. BHAN, ASHOK KUMAR JAIN, } *Directors.* — *Chairman.*

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PRODUCTION OF WHITE CEMENT

NEW PROCESS DEVELOPED

WITH the large expansion in constructional activity envisaged in the third Plan, the demand for white cement, which is used for mosaic tiles, decorative fixtures and for the manufacture of coloured cements, is bound to go up. Till very recently, the entire requirement of white cement in the country was met from imports. In 1957, 5,041 tons of white cement, valued at Rs. 10.5 lakhs, were imported. In the following year (1958), white cement was produced for the first time in the country. Production during that year amounted to 2,289 tons, valued at Rs. 2 lakhs, as against a production capacity of 7,000 tons which increased progressively, to 17,000 tons in 1961. Actual production too increased correspondingly and in fact touched as much as 18,220 tons in 1961. Reflecting the rise in indigenous production, imports declined from 5,041 tons in 1957 to 770 tons in 1960.

An additional capacity of 41,500 tons per annum has been licensed by the Government, but, in view of the rising tempo of construction activity, the demand for white cement is expected to increase faster. One of the main difficulties experienced so far in the manufacture of white cement indigenously has been the limited availability of one of the principal raw materials, namely, low iron white clay and the consequent high price. A new process developed at the Regional Research Laboratory, Hyderabad, by using potash felspar, limestone and gypsum for the manufacture of white cement bids fair to be a major breakthrough in white cement production in the country. All the three materials mentioned above are available in plenty in many States. All of them are found in Madras, Andhra Pradesh and Rajasthan, while two are available in Kerala, Madhya Pradesh, Gujarat, Mysore, Bihar, Uttar Pradesh and Orissa. Since the States of Gujarat and Kerala have already white cement factories, Rajasthan, Madras and Andhra Pradesh offer the best promise for starting additional factories. A useful by-product of the process, it may be noted, is potassium sulphate, which is a valuable fertiliser.

The new process consists of sintering the raw mix at 900-1050° C., leaching out potassium sulphate formed and clinkering the sludge at 143° C to yield white cement. The leach liquor is treated for recovering commercial grade potassium sulphate. Run-of quarry limestone and felspar are subjected to primary crushing in jaw crusher, reduced to about 22 mm. in secondary crushers and stored in bins. The sized limestone, felspar and gypsum are fed into separate hoppers by an electric travelling grab crane. Felspar and gypsum are charged to the conical mills, in required proportions by weight feeders. When ground to 60 mesh the materials are passed through dry magnetic separators and fed to the two and feed central discharge silex-lined tube mill from one end. Weighed quantity of limestone is simultaneously fed to the tube mill from other end. The common discharge is passed through a turbo-separator and the material of the desired size, 90 per cent passing 170 mesh B.S.S., is homogenised and stored in raw metal silos; the oversize material being fed back to the tube mill.

The raw meal and water (12-14 per cent by weight of meal) are fed to nodulizer, which is controlled to give nodules of about 12 mm. diameter. These are sintered in an oil-fired rotary kiln at 900 to 1050° C. The material coming out of the kiln is quenched in a continuous, silex-lined pebble mill and wet ground in close circuit with a bowl classifier. The slurry is stored in concrete storage tanks with agitators. The slurry containing potassium salts in solution is leached with open steam in concrete tanks having agitators. The contents are kept boiling for about an hour. The slurry having 30 per cent solids by weight is filtered in wooden plate and frame filter presses. The cake is washed twice with water and the last washing is used in the quenching pebble mill. The leach liquor is stored in copper lined neutralising tanks. The washed cake is clinkered in an oil-fired rotary kiln at 1430° C. The clinker is cooled in a water jacketted screw conveyor type cooler and stored. Alongwith the required quantity of gypsum the clinker is ground in a silex-lined tube mill to obtain cement, 94 per cent passing 170 mesh B.S.S. The cement is stored in silos and packed as and when required.

The leach liquor is neutralised with calculated quantity of sulphuric acid in copper-lined agitated vessels. The neutral solution is concentrated from 1.5 to 20 per cent in a double effect evaporator and fed to a continuous crystalliser. The crystals are separated in a centrifuge and the mother liquor is recycled. The crystals are dried in a rotary drier and packed.

In this process, potash felspar is used in place of china-clay for obtaining good quality of white cement. Normally, china-clay of superior quality, free from iron, has to be used. Moreover, felspar is found more extensively and is cheaper than good quality china-clay. Using potash felspar as the starting material, an important by-product, potassium sulphate, is obtained which is required in large quantities as a fertiliser. A 50-tonnes per day white cement plant will produce nearly 1,000 tonnes of potassium sulphate per year which is quite a significant amount in view of the fact that imports of potassium sulphate during 1960-61 amounted to nearly 11,000 tonnes costing Rs. 35.44 lakhs. There is an advantage derived from the considerable difference in the cost of felspar and china-clay. This, in the final analysis, makes the process more economical. Further economy could be affected by the use of a sinter machine in conjunction with a rotary kiln and the utilisation of waste heat of the kiln for sintering operation. Besides, such an approach would from the standpoint of engineering bring this process on par with the ordinary portland cement process using Lepol Kiln system.

Work on production of white cement from felspar was sponsored by the National Research Development Corporation of India at its Regional Research Laboratory at Hyderabad. The pilot plant consisted of (i) jaw crusher, (ii) porcelain-lined pebble mill, (iii) pilot rotary kiln, (iv) glass-lined steam-jacketted leaching pan and (v) plate and frame type filter press. The pilot cement kiln, 360 cm. long and 30 cm. internal diameter, consists of a burner hood, rotary shell and a dust chamber. The kiln is lined with high-alumina fire-bricks. The drive consists of a P.I.V. infinitely variable reduction gear connected to the kiln shaft by a chain. The discharge spout located in the burner hood is attached to a stainless steel water jacketted twin shell clinker cooler. Raw materials required (limestone, felspar and gypsum) for the work were all obtained from Rajasthan.

A calculation of the cost of production has been made by the Corporation on the assumption that the plant will be located at Jaipur. According to it, the cost of production of white cement in a 50-tons-per-day capacity plant is about Rs. 204.58 per ton. The market price of indigenous and imported white cement ranges from Rs. 300 to 450 per ton. If white cement is manufactured in a bigger capacity plant, the production cost will obviously be less. The cost of production is expected to go down further, if the hot exit gases from the clinkering kiln with some additional heat are used in the sintering operation which can be carried out in a sinter unit. This alternative reduces the total fuel consumption from 18 tons to about 11 tons per day. In this case, there is no waste heat boiler and the cost of steam, therefore, increases.

Taking the above factors into consideration and assuming the cost of plant and machinery to be unaffected (although a sinter machine is cheaper than a rotary kiln), a net saving of Rs. 840 is effected in the daily cost of production. This reduces the cost of production per ton of cement from Rs. 204.58 to about Rs. 190.

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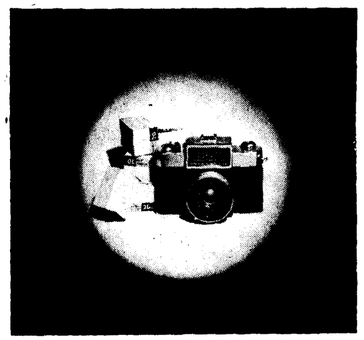

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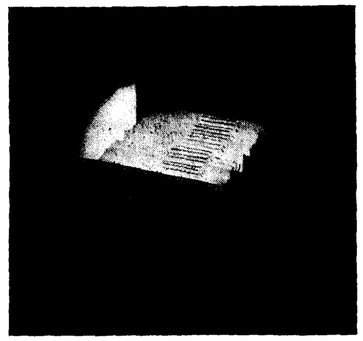

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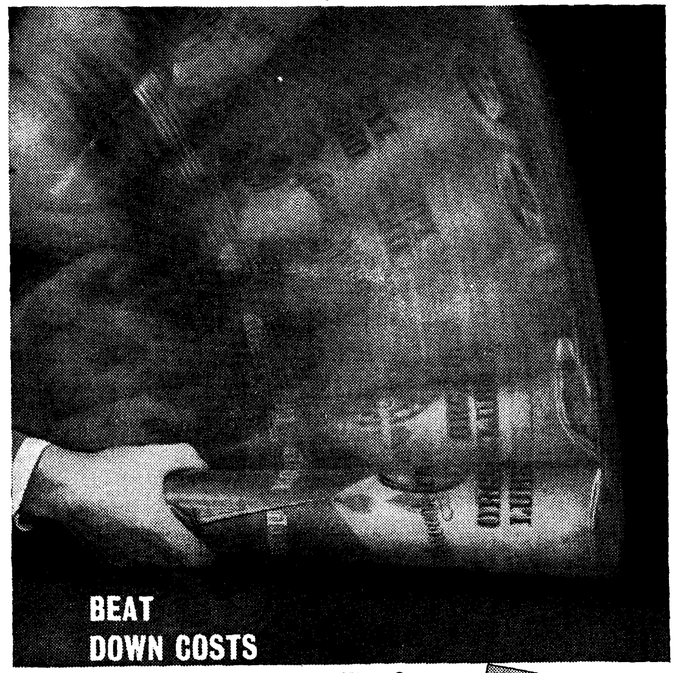

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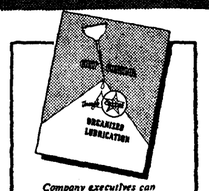

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Central Office: **KATHMANDU, NEPAL**

Authorised Capital	N.C. Rs. 1 crore
Paid-up Capital	N.C. Rs. 25 lacs
Reserves and Exchange Fluctuation Fund	N.C. Rs. 70 lacs

(N.C. Rs. 160 = I.C. Rs. 100)

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THE ANDHRA BANK, LIMITED

(Established 1923)

Annual Report of The Directors for the year ended 31st December, 1961.

To be presented to the Shareholders at the 38th Annual General Meeting to be held at the Registered Office of the Bank, 11/526 Cantonment Road, Masulipatnam, on Friday the 4th May 1962, at 3.00 p.m.

The Directors have the pleasure to submit to the Shareholders the Balance Sheet of the Bank as at and Profit and Loss Account for the year ended 31st December, 1961. The Auditors' Report is annexed.

The net profit of the Bank for the year 1961 amounted to Rs. 10,97,044.02 nP. after payment of one month's substantive pay as Bonus to staff. Adding to this a sum of Rs 4,822.85 nP. brought forward from the previous year's account and Rs. 74.89 nP. being excess dividends provided for the year, 1960 the total amount available for appropriation came to Rs. 11,01,941.76 nP. Certain appropriations have already been made out of this amount and we propose to make further appropriations as per details given below :—

Appropriations made :	Rs.	nP.
Transfer to Reserve Fund under Section 17 of the Banking Companies Act, 1949 ..	3,30,000	00
Provision for Taxes	4,15,000	00
Transfer to Gratuity Fund	10,000	00
Appropriations now proposed :		
To pay a dividend at 8 per cent per annum (Subject to Tax) for the year 1961 ..	3,34,000	00
To carry forward to the next year's account	12,941	76
Total .. .. Rs.	11,01,941	76

The business of the Bank continued to be satisfactory during the year under review.

The Official rate of the Reserve Bank of India remained at 4 per cent per annum during the year.

A Branch of the Bank was opened at Bombay during the above period. A Pay Office was opened in the S. R. Medical College compus at Kakinada in February 1962.

Under Section 197 (A) of the Companies (Amendment) Act, 1960, Sri T. Sriramulu ceased to function as Managing Director with effect from 28th June 1961, and he was co-opted as Director on the same day.

Under Section 256 of the Companies Act, 1956, read with Article 94 of the Bank's Articles of Association, Messrs. K. S. Dutt, M. Ranganath Sai, D. Bhaskararao and Sri T. Sriramulu, Directors retire by rotation and being eligible offer themselves for re-appointment.

You are requested to appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board,

K. S. DUTT
S. RAMACHAR
V. PARTHASARATHI } *Directors.*

21st March, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

Corresponding Figures 31st December, 1960 Rs.	Corresponding Figures 31st December, 1960 Rs.	CAPITAL AND LIABILITIES	Rs.	nP.	Rs.	nP.
		1. Capital—				
	1,00,00,000	AUTHORISED CAPITAL— 1,00,000 Shares of Rs. 100 each ..			1,00,00,000	00
49,99,000		ISSUED CAPITAL— 49,990 Shares of Rs. 100 each for payment in cash	49,99,000	00		
1,000	50,00,000	10 Shares of Rs. 100 each for consideration other than cash ..	1,000	00	50,00,000	00
	48,99,000	SUBSCRIBED CAPITAL— 48,990 Shares of Rs. 100 each ..			48,99,000	00
1,01,000		AMOUNT CALLED UP— On 1,010 Shares at Rs. 100 per share.	1,01,000	00		
40,78,300		On 47,980 Shares at Rs. 85 per share.	40,78,300	00		
41,79,300			41,79,300	00		
14,355		LESS—Calls unpaid	10,230	00		
41,64,945			41,69,070	00		
Nil	41,64,945	ADD—Forfeited Shares	Nil		41,69,070	00
		2. Reserve Fund and Other Reserves—				
16,00,000		Reserve Fund under Section 17 of the Banking Companies Act, 1949 ..	19,90,000	00		
6,48,220		Share Premium	6,48,220	00		
	23,08,220				26,38,220	00
		3. Deposits and Other Accounts—				
8,28,41,252		FIXED DEPOSITS .. .. (Including Cash Certificates, recurring Deposits and Staff Security Deposits)	9,09,41,316	52		
3,19,70,237		Savings Bank Deposits	3,27,36,763	17		
3,30,51,652		Current Accounts, Contingency Accounts, etc.	3,42,11,730	28		
	14,78,63,141				15,78,89,864	97
		4. Borrowings from other Banking Companies, Agents, etc.—				
1,14,29,504		(i) In India	1,39,34,293	03		
Nil		(ii) Outside India	Nil			
	1,14,29,504				1,39,34,293	03
		PARTICULARS— Rs. nP.				
		(i) Secured by part of Investments per contra .. 1,30,09,293 03				
		(ii) Unsecured .. 9,25,000 00				
	15,99,496	**5. Bills Payable**			19,92,511	40
		6. Bills for Collection Being Bills Receivable as per contra—				
99,15,612		(i) Payable in India	1,02,16,436	50		
8,95,752		(ii) Payable outside India	7,68,928	39		
	1,08,11,364				1,09,85,364	89
		7. Other Liabilities—				
58,224		Unclaimed Dividends	55,385	85		
41,10,997		Branch Adjustments	58,58,863	23		
13,057		Rebate on Bills Discounted	1,483	56		
20,000		Gratuity Fund	30,000	00		
	42,02,278				59,45,832	69
	31,00,519	**8. Acceptances, Endorsements and Other Obligations** per contra			24,94,163	99
		9. Profit and Loss—				
		Profit as per Balance Sheet as at 31st December, 1960	1,82,022	85		
1,97,701		LESS—Appropriations—				
		Final Dividend for the half-year ended 31st December, 1960, at 8½ per cent per annum (taxable) making a total of 8 per cent per annum (taxable) for the year 1960	1,77,200	00		
			4,822	85		
1,87,400						
10,301						
		ADD—Profit for the year brought from the Profit and Loss Account ..	10,97,044	02		
11,57,071			11,01,866	87		
11,67,372		Excess Dividend provided for 1960. ..	74	89		
651						
11,68,023			11,01,941	76		
		LESS— Rs. nP.				
		Transfer to Reserve Fund under Section 17 of the Banking Companies Act, 1949 3,30,000 00				
		Provision for taxes for the year 1961 .. 4,15,000 00				
		Transfer to Gratuity Fund 10,000 00				
9,86,000			7,55,000	00	3,46,941	76
	1,82,023					
	18,56,61,490	Carried forward .. Rs.			20,03,96,262	73

Corresponding Figures 31st December, 1960 Rs.	Corresponding Figures 31st December, 1960 Rs.	PROPERTY AND ASSETS	Rs.	nP.	Rs.	nP.
	2,08,46,673	**1. Cash—** In hand and with Reserve Bank and State Bank			1,66,02,534	92
		Balances with Other Banks—				
24,36,325		(a) In Current Account— (i) In India	36,49,135	59		
1,40,325		(ii) Outside India	3,27,244	16		
31,250	26,08,400	(b) In Deposit Account— Deposits with Banks in India ..	31,000	00	40,07,379	75
	Nil	**3. Money at Call and Short Notice** ..			Nil	
		4. Investments at Cost— ..				
5,24,91,301		(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments of the Face Value of Rs. 6,64,76,600 00 Market Value Rs. 6,54,23,807.85	6,59,93,256	63		
		(ii) Shares—				
1,800		(a) Fully paid Preference Shares ..	1,800	00		
70,496		(b) Fully paid Ordinary Shares ..	74,783	72		
2,043		(c) Partly paid Ordinary Shares .. (Market Value of the above shares : Rs. 1,14,900.65)	2,042	50		
7,900		(iii) Debentures or Bonds	7,900	00		
Nil		(iv) Other Investments	Nil			
Nil	5,25,73,540	(v) Gold	Nil		6,60,79,782	85
		5. Advances— (Other than Bad and Doubtful Debts for which Provision has been made to the satisfaction of the Auditors):				
		(i) Loans, Cash Credits, Overdrafts, etc.— Rs. nP.				
		(a) In India .. 7,77,87,491 20				
		(b) Outside India. Nil				
			7,77,87,491	20		
		(ii) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—				
		(a) Payable in India. 1,30,79,280 45				
		(b) Payable outside India .. 46,178 60				
98,40,831	8,85,63,303		1,31,25,459	05	9,09,12,950	25
		6. Bills Receivable Being Bills for Collection as per contra—				
99,15,612		(i) Payable in India	1,02,16,436	50		
8,95,752	1,08,11,364	(ii) Payable outside India ..	7,68,928	39	1,09,85,364	89
	31,00,519	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra			24,94,163	99
		8. Premises (Less Depreciation)—				
6,80,684		Cost as per Balance Sheet of 31st December, 1960	6,81,423	59		
740		Additions during the year	16,77,075	23		
6,81,424			23,58,498	82		
1,16,019		LESS—Depreciation written off to date.	1,33,375	68		
	5,65,405				22,25,123	14
		9. Furniture and Fixtures (Less Depreciation)—				
8,00,706		Cost as per Balance Sheet of 31st December, 1960	9,07,595	64		
1,25,547		Additions during the year	1,61,151	33		
9,26,343			10,68,746	97		
13,747		LESS—Deductions : Cost of Furniture sold and/or written off during the year	14,328	08		
9,07,596			10,54,418	89		
3,12,057		LESS—Depreciation written off to date.	3,62,952	18		
	5,95,539				6,91,466	71
		10. Other Assets including Silver—				
33,27,306		(a) Sundries (including Income-tax and Surcharge deducted at source, and Advance Payment of Income-tax)	43,67,310	69		
2,30,326		(b) Stationery on hand at cost ..	3,22,690	98		
5,765		(c) Stamps on hand	5,619	31		
7,08,858		(d) Accrued Interest on Investments.	9,07,206	44		
		(e) Library— Rs. nP.				
		Cost as per Balance Sheet of 31-12-1960 .. 6,267 74				
		Additions during the year .. 1,087 17				
			7,354 91			
		LESS—Written off during the year. 17 00				
			7,337 91			
		LESS—Depreciation written off to date .. 1,832 46				
4,818			5,505	45		
42,77,073	17,96,64,743	Carried forward .. Rs.	56,08,332	87	19,39,98,766	50

THE ANDHRA BANK, LIMITED—*(Continued)*

Corresponding Figures 31st December, 1960 Rs.	Corresponding Figures 31st December, 1960 Rs.	CAPITAL AND LIABILITIES—Contd.	Rs.	nP.	Rs.	nP.
18,56,61,490		Brought forward .. Rs.			20,03,96,262	73
		10. Contingent Liabilities—	Rs.	nP.		
Rs. 51,764		(1) Claims against the Banking Company not acknowledged as debts	76,764	51		
16,250		(2) Money for which the Banking Company is contingently liable—Uncalled Capital on partly paid shares held as Investments ..	13,750	00		
Nil		(3) Arrears of Cumulative Preference Dividends ..	Nil			
Nil		(4) Liability on bills of Exchange rediscounted ..	Nil			
Nil		(5) Liability on account of outstanding Forward Exchange Contracts	Nil			
26,44,755		(6) Liability on account of Letters of Guarantee on behalf of Constituents ..	15,29,389	83		
23,883		(7) Liability on account of Letters of Guarantee on behalf of Directors.	23,883	00		
		Note : (i) Provision to the full extent for future gratuities to the staff has not been made, the Liability for which has not been ascertained.				
		(ii) The Balance Sheet and Profit and Loss Account have been drawn up in accordance with the provisions of Sec. 29 of the Banking Companies Act, 1949, and are not required to be and are therefore not drawn up in accordance with Schedule VI of the Companies Act, 1956.				
		Total .. Rs.			20,03,96,262	73

Corresponding Figures 31st December, 1960 Rs.	Corresponding Figures 31st December, 1960 Rs.	PROPERTY AND ASSETS—Contd.	Rs.	nP.	Rs.	nP.
		Brought forward .. Rs.			56,08,332	87
		(f) Motor Cars— Cost as per Balance Sheet of 31-12-1960 .. Rs. nP. 40,403 05				
		Additions during the year .. 53,465 21				
			1,02,868 26			
		LESS — Sold during the year .. 43,761 13				
			59,107 13			
		LESS — Depreciation written off to date .. 8,780 30				
42,77,073	17,96,64,743	(g) Premises not occupied by the Banking Co. (Including premises under construction)— Rs. nP.			50,326	83
		Cost as per Balance Sheet of 31-12-1960 ..16,42,302 56				
		Additions during the year .. 7,54,310 33				
			23,96,612 89			
		LESS:—Transferred to Premises occupied A/c. ..16,70,606 03				
			7,26,006 86			
		LESS — Depreciation written off to date .. 8,166 33				
16,34,893	59,52,889				7,17,840	53
		11. Non-Banking Assets Acquired in Satisfaction of Claims—				
43,858		(At Book Value) (This does not exceed the estimated realisable value) ..			20,996	00
18,56,61,490		Total .. Rs.			20,03,96,262	73

Particulars of Advances forming Part of the Balance Sheet as at 31st December, 1961

Corresponding Figures 31st Dec., 1960 Rs.	PARTICULARS	Rs.	nP.	Rs.	nP.
7,78,06,630	1. Debts considered good in respect of which the Banking Company is fully secured			8,24,98,908	89
69,43,003	2. Debts considered good for which the Banking Company holds no other security than the Debtors' personal security. (The above includes Rs. 72,09,186.35 debts for which more than one person is liable)			77,70,787	90
38,13,670	3. Debts considered good secured by the Personal Liabilities of one or more parties in addition to the personal security of debtors			6,43,253	46
Nil	4. Debts considered doubtful or bad not provided for ..			Nil	
8,85,63,303				9,09,12,950	25

Corresponding Figures 31st Dec., 1960 Rs.	PARTICULARS	Rs.	nP.	Rs.	nP.
10,31,782	5. Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons (Fully secured)			5,84,602	10
49,00,325	6. Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners, or Managing Agents or in the case of Private Companies as Members : Fully Secured .. .. Secured by personal liability of debtors, etc. ..			14,96,519 11 2,68,891 30	
				17,65,410	41
10,31,782	7. Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers, or Officers of the Banking Company or any of them either severally or jointly with any other persons (Fully secured)			10,31,530	40
77,35,612	8. Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms, in which the Directors of the Banking Company are interested as Directors, Partners, or Managing Agents or in the case of Private Companies as Members : Fully secured .. .. Secured by personal liability of debtors			85,23,792 03 5,19,004 10	
632	9. Due from Banking Companies			90,42,796	13
				21	00

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

31-12-1960 Rs.	EXPENDITURE	Rs.	nP.	Rs.	nP.
48,49,732	1. Interest paid on Deposits, Borrowings, etc.			50,31,447	67
9,000	2. Salaries and Allowances, Bonus and Provident Fund— * (a) Managing Director's Honorarium.	20,250	00		
20,560	† (b) General Manager	21,909	16		
32,13,652	(c) Others	35,28,080	80	36,70,239	46
14,100	3. Directors' and Committee Members' Fees and Allowances			17,250	00
2,41,367	4. Rent, Taxes, Insurance, Lighting, etc. ..			3,09,078	45
9,687	5. Law Charges			14,607	87
1,96,281	6. Postage, Telegrams and Stamps ..			2,21,718	96
12,000	7. Auditors' Fees			12,000	00
79,560	8. Depreciation on and Repairs to the Banking Company's Property			1,00,225	90
1,98,221	9. Stationery, Printing, Advertisements, etc.			2,58,038	45
Nil	10. (a) Loss from Sale of or Dealing with Non-Banking Assets			54	00
Nil	(b) Loss on sale of Investments ..			23,722	14
1,78,753	11. Other Expenditure			2,85,428	05
750	12. Development Rebate Reserve			5,000	00
11,57,071	13. Balance of Profit (subject to Taxation) ..			10,97,044	02
1,01,80,734	Total .. Rs.			1,10,46,454	97

* The amount includes Rs. 4,425/- being honorarium paid for the period from 1-1-1961 to 27-6-1961 and Rs. 15,825/- 1-1-1961 to 27-6-1961 and Rs. 15,825/- being compensation paid for loss of Office for the unexpired period of the term, viz. 28-6-1961 to 31-8-1963. In addition he was allowed free use of Bank's Car till 27-6-61.

** Besides the amount shown above, the General Manager is allowed rent-free quarters and free use of the Bank's car.

31-12-1960 Rs.	INCOME (Less provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs.	nP.	Rs.	nP.
87,38,532	1. Interest and Discount			94,24,346	87
12,10,227	2. Commission, Exchange and Brokerage ..			12,69,537	19
25,607	3. Rents			32,893	21
65,085	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets. (Not credited to Reserves or any particular Fund or Account)			2,923	66
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets. (Not credited to Reserves or any particular Fund or Account) ..			Nil	
3,164	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets			2,064	00
87,810	7. Other Receipts— (a) Sundry Receipts			3,14,207	04
300	(b) Share Transfer Fee			483	00
1,01,80,734	Total .. Rs.			1,10,46,454	97

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of the Andhra Bank Limited as at 31st December, 1961, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the Returns from 55 Branches audited by us and 19 Branches audited by other Auditors.

We report that :—

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns;

(e) the reports on the accounts of the branches audited by the other Auditors have been forwarded to us and the same have been considered in preparing our report;

(f) in our opinion and to the best of our information and according to the explanations given to us the said Accounts and the notes thereon give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

VIJAYAWADA :—D/22-3-1962
GUNTUR :—D/22-3-1962
VIJAYAWADA :—D/23-3-1962

BRAHMAYYA & CO.
CH. V. LAKSHMAIAH & CO.
BAPANAIAH & CO. } *Chartered Accountants.*

S. B. RAO,
Chief Accountant.

T. R. BHAGAVAT,
General Manager.

M. RANGANATHA SAI,
T. V. BHADRA RAO,
REPAKA SATYANARAYANA MOORTY,
ಬಿ.ಭಾಸ್ಕರರಾವ್,
B. R. DANTU,
V. PARTHASARATHI,
R. V. REDDY,
S. RAMACHAR,
K. S. DUTT,
V. VENUGOPAL, } *Directors.*

THIS IS NOT A PROSPECTUS BUT ONLY AN ANNOUNCEMENT

A copy of the Prospectus has been filed with the Registrar of Companies, Madras State, for registration together with the documents specified in the Prospectus as required by Section 60 of the Companies Act, 1956.

Consent of the Central Government has been obtained to this issue by an order No. R-387-C.C.I./61, dated 14th November 1961, of which a complete copy is open to public inspection at the Registered Office of the Company at Tiruchirapalli. It must be distinctly understood that in giving this consent, the Central Government do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed with regard to them.

A licence was obtained from the Central Government originally for the establishment of this Industrial Undertaking at Vadalur; subsequently the Central Government's sanction was obtained for changing the location of the factory to Tiruchirapalli. Copies of the original and amended licences are open to public inspection at the Head Office of the Company. It must be distinctly understood that *in granting these licences, the Government of India do not take any responsibility* for the financial soundness of this Undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

The Madras Stock Exchange Limited has agreed to grant official quotation for the shares of the Company and permission to deal in them will be granted on the Company complying with the usual and necessary formalities after the closure of the subscription list. An application is also being made to the Bombay Stock Exchange Limited to grant official quotation for the shares of the Company and permission to deal in them will be granted on the Company complying with the usual and necessary formalities.

The subscription list will open at 10·30 a.m. on Thursday the 17th May, 1962, and will close at 4 p.m. on Thursday the 24th May, 1962 or earlier as soon as subscriptions approximating to the amount issued hereunder to the public have been received, but not earlier than 4 p.m. on Monday the 21st May, 1962.

SIMCO METERS LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, 1956)

	Rs.	Rs.
AUTHORISED CAPITAL:		
7,00,000 Equity Shares of Rs. 10 each	70,00,000	
3,00,000 9% Cumulative Redeemable Preference Shares of Rs. 10 each subject to tax	30,00,000	
		1,00,00,000
ISSUED CAPITAL:		
3,20,000 Equity Shares of Rs. 10 each	32,00,000	
30,000 9% Cumulative Redeemable Preference Shares of Rs. 10 each subject to tax	3,00,000	
		35,00,000
SUBSCRIBED CAPITAL:		
77,000 Equity Shares of Rs. 10 each	7,70,000	
15,000 9% Cumulative Redeemable Preference Shares of Rs. 10 each subject to tax	1,50,000	
		9,20,000
PAID-UP CAPITAL:		
77,000 Equity Shares of Rs. 10 each at Rs. 5 per share..	3,85,000	
15,000 9% Cumulative Redeemable Preference Shares of Rs. 10 each subject to tax at Rs. 10 per share..	1,50,000	
		5,35,000

Out of the Issue of Preference Shares of the face value of Rs. 3 lakhs, INSURANCE COMPANIES have subscribed for Rs. 1.5 lakhs face value of Preference Shares between them.

Out of the above Issue of Equity Shares, the Signatories to the Memorandum have subscribed for 27,000 Equity Shares. The Directors of the South Madras Industrial Development Company Private Limited, who are the sponsors and Managing Agents, their friends and associates and the Directors of the Company have, together with the firm allotment of Rs. 3,75,000 reserved for the LIFE INSURANCE CORPORATION, subscribed or agreed to subscribe 87,500 Equity Shares of the face value of Rs. 10 each.

The Company has signed Heads of Agreement with the COMMONWEALTH DEVELOPMENT FINANCE COMPANY LIMITED (CDFC) London under which it is provided that CDFC will subscribe for 66,667 Equity Shares of Rs. 10 each amounting to aggregate face value of Rs. 6,66,670. Accordingly, 66,667 Equity Shares are reserved for subscription by CDFC.

OFFER FOR PUBLIC SUBSCRIPTION:

15,000 Preference Shares of Rs. 10 each	Rs. 1,50,000
1,38,833 Equity Shares of Rs. 10 each	Rs. 13,88,330

The Preference Shares now offered to the Public in terms of the Prospectus are payable on application in full at par in cash.

The Equity Shares now offered to the Public in terms of this Prospectus are payable at par in cash as follows:

On application	Rs. 2.50 per share
On allotment	Rs. 2.50 "

The balance of Rs. 5 is payable and will be called up in two equal instalments, the first call being not earlier than three months after the date of allotment and the second call not being earlier than three months after the date of the first call.

THE ENTIRE BALANCE OF THE ISSUE, NAMELY 1,38,833 EQUITY SHARES OF THE FACE VALUE OF Rs. 13,88,330 AND 15,000 PREFERENCE SHARES OF THE FACE VALUE OF Rs. 1,50,000 NOW OFFERED TO THE PUBLIC HAVE BEEN FULLY UNDERWRITTEN.

BOARD OF DIRECTORS

1. SRI S. NARAYANASWAMY (*Chairman*), (Stock Broker), "Seshadri", No. 6, Chittaranjan Road, Teynampet, Madras-18.
2. SRI RUSSI JAL TARAPOREVALA (Businessman), 25, Cuffe Parade, Colaba, Bombay-5.
3. SRI H. M. CHAWALLA, 'Baktavar', 6th Floor, Wodehouse Road, opp. Colaba P.O., Bombay-5.
4. SRI K. C. SOOD (Industrialist), 3, Esplanade East, Calcutta.
5. SRI H. K. RAMASWAMI (Engineer and Businessman), 'Gokulam', Alexandra Road, Tiruchirapalli.
6. SRI R. VAIDYANATHAN (Landholder), 26, North Car Street, Sirkali (Tanjore District).
7. SRI R. SUBBARAYAN (Businessman), C/o The South Madras Agencies (Private) Ltd., 16, West Bouleward Road, Tiruchirapalli-8.
8. SRI S. N. A. S. A. ANNAMALAI CHETTIAR (Banker and Landed Property Holder), 84, MM. Street, Karaikudi.
9. SRI RASIKLAL MANILAL MEHTA (Businessman), 172, N.S.C. Bose Road, Madras-1.

MANAGING AGENTS

THE SOUTH MADRAS INDUSTRIAL DEVELOPMENT COMPANY PRIVATE LIMITED, 1, Alexandra Road, Cantonment, Tiruchirapalli-1.

BANKERS

1. THE UNITED COMMERCIAL BANK LTD., Madras and Trichy.
2. THE BANK OF BARODA LTD., Madras.
3. THE DEVKARAN NANJEE BANKING CO., LTD., Bombay.
4. THE INDIAN BANK LTD., Trichy.

UNDERWRITERS

1. DEVKARAN NANJEE & CO., 5, Hamam Street, Fort, Bombay-1.
2. INVESTMENT CORPORATION OF INDIA LTD., Ewart House, Bruce Street, Fort, Bombay-1.
3. CHAMPAKLAL DEVIDAS, Agakhan Buildings, Dalal Street, Fort, Bombay-1.
4. P. R. SUBRAMANYAM, 70-A, Stock Exchange Building, Apollo Street, Bombay-1.
5. T. H. VAKIL, 112, Stock Exchange New Building, Apollo Street, Bombay-1.
6. CHITRA & COMPANY, 322-23, Linghi Chetty Street, Madras-1.
7. PATERSON & COMPANY, 22, Errabalu Chetty Street, Madras-1.
8. MACONOCHIE & COMPANY, Mercantile Bank Building, Madras-1.
9. R. K. RELAN & COMPANY, United India Life Buildings, Connaught Place, Delhi-1.
10. MATADIN KHAITAN & CO., 9, India Exchange Place, Calcutta-1.

BROKERS

Bombay

1. DEVKARAN NANJEE & COMPANY, 5, Hamam Street, Bombay-1.
2. P. R. SUBRAMANYAM, 70-A, Stock Exchange Building, Apollo Street, Bombay-1.
3. CHAMPAKLAL DEVIDAS, Agakhan Buildings, Dalal Street, Bombay-1.
4. T. H. VAKIL, 112, Stock Exchange New Building, Apollo Street, Bombay-1.
5. LEWIS & JONES, Bank of Baroda Building, Apollo Street, Bombay-1.
6. MAHADEVIA BROTHERS, Stock Exchange Old Building, Dalal Street, Bombay-1.

Madras

1. CHITRA & COMPANY, 322/23, Linghi Chetty Street, Madras-1.
2. PATERSON & COMPANY, 22, Errabalu Chetty Street, Madras-1.
3. MACONOCHIE & COMPANY, Mercantile Bank Building, Madras-1.
4. VENKATARAMAN & COMPANY, 322/323, Linghi Chetty Street, Madras-1.

Calcutta

1. MATADIN KHAITAN & CO., 9, India Exchange Place, Calcutta-1.

Delhi

1. R. K. RELAN & CO., United India Life Buildings, Connaught Place, Delhi-1.
2. P. ROY COMPANY, 3/8, M.M. Road, New Delhi-1.
3. RAJ PAUL CHADDA, Delite Cinema Building, Asaf Ali Road, New Delhi.

AUDITORS

1. M/s. SURI & CO., 1/29, Mount Road, Madras-2.
2. M/s. S. VISWANATHAN, Indian Chamber Building, Esplanade, Madras-1.

LEGAL ADVISERS

SRI R. NARASIMHACHARI AND SRI N. VARADARAJAN, Advocates, 'Sarnath', No. 4, Dr. Rangachari Road, Mylapore, Madras-4.

REGISTERED OFFICE

No. 1, ALEXANDRA ROAD, CANTONMENT, TIRUCHIRAPALLI-1.

OBJECTS

The Company was incorporated on 27th September 1961 for the several purposes set forth in the Memorandum of Association.

The following are the main objects of the Company:

(a) To carry on the business of manufacturers, importers, exporters of and dealers in all kinds, types and sizes of industrial and domestic meters, measuring and recording instruments, gadgets, tools and implements, indicators, pointers and their components and accessories required for electric, electronic, mechanical, automobile and aeronautic machinery and appliances.

(b) To manufacture, sell and deal in all kinds of single-phase and polyphase meters in collaboration with Denis Ferranti Meters Limited and to enter into, secure and obtain licensing arrangements with them for continuous production and sale of

meters manufactured under their Patent and technical collaboration.

PROSPECTS

The present demand for single-phase meters is estimated at the neighbourhood of ten lakhs and polyphase meters at one lakh. It is estimated that during the Third Five-year Plan period, the annual demand will increase considerably, reaching a figure of nearly 16 lakhs of single-phase meters and 4 lakhs of polyphase meters. The present production of single-phase meters is about 4.80 lakhs per year while no polyphase meters are yet manufactured in the country.

It will thus be seen that the entire production of meters in this country, both present and potential will hardly be adequate to meet even a part of the estimated demand and the meters produced will find ready market. The prospects of a factory for the manufacture of meters in India at the present juncture are, therefore, considered very bright indeed.

The initial production capacity of the Company on a single-shift basis is 60,000 single-phase meters and 20,000 polyphase meters per year and the Company will work to installed capacity even from the very inception and this output is expected to be absorbed without any difficulty.

TECHNICAL COLLABORATION

The Company is very fortunate in having secured technical collaboration of **Messrs. Denis Ferranti Meters Limited**, Bangor, North Wales, United Kingdom, one of the units of the **Denis Ferranti** group of industries. This is one of the world-renowned companies manufacturing in United Kingdom integrating electricity meters for over a quarter century under the personal direction of Mr. Denis Z. de Ferranti. Designed to meet the exacting requirements and standards of the British Electricity Boards and overseas markets, the products manufactured by **Messrs. Denis Ferranti Meters Limited** embody unique features, which place the products in the forefront of modern meter designs.

Under the agreement, the Collaborators have agreed to assist this Company to plan the layout of the factory. Further, the Collaborators will procure and supply all the required machinery, equipment, tools and jigs which are to be imported from the United Kingdom and/or from Europe. They will also provide technical supervision during the erection of the machinery in the factory and when the factory is commissioned for production they will render continuous assistance in maintaining quality of the meters produced. They will also provide the technical "Know-how" during the currency of the agreement in relation to manufacturing meters abovementioned. They will also assist this Company in taking up the manufacture of new types of meters which it may decide to produce and in generally maintaining the quality of production up to the standard of their own production in their factories in the United Kingdom. During the currency of this Agreement, every meter that will be produced by this Company will bear the Legend "Under Licence—Denis Ferranti Meters."

BUSINESS MANAGEMENT

The Company will be under the management of **South Madras Industrial Development Company Private Ltd.**, whose Directors have got considerable experience in industrial management. Some of the Directors of the Company are Directors of Companies managed by **Messrs. Seshasayee Brothers (Private) Limited.** The combined experience of these Directors will ensure the speedy completion and successful implementation of the Project.

Messrs. Seshasayee Brothers (Private) Ltd., who are one of the leading and well-known Industrial Houses in India, and who have got experience as Consulting Engineers and Managing Agents to Indian Industries, are responsible for the conception of this scheme and for the collaboration with **Messrs. Denis Ferranti Meters Limited.** They will be associated with this project as **Business Consultants** and as liaison with the Collaborators, by agreement with **South Madras Industrial Development Company Private Limited.** The Agreement is for a period of 10 years in the first instance and will be renewable by mutual consent between the parties thereto.

PLANT AND MACHINERY AND FOREIGN EXCHANGE REQUIREMENTS

The Government of India have been pleased to approve under their communication dated 24th March, 1961 the import of plant and machinery from United Kingdom and securing the required foreign exchange from the **Commonwealth Development Finance Company Limited (CDFC), London.** Accordingly, this Company applied to CDFC for making available foreign exchange for importing plant, machinery and tools to the extent of Rs. 25 lakhs which is equivalent to £1,87,500.

The Company has now succeeded in signing and executing the Heads of Agreement with the CDFC under which it is provided that CDFC will subscribe for 66,667 Equity shares of Rs. 10 each, aggregating to the face value of **Rs. 6,66,670** and lend to the Company in Sterling equivalent to **Rs. 18,33,330** on a long-term loan, repayable after the expiry of 10 years. In this manner, the entire foreign exchange requirements of Rs. 25 lakhs in Sterling are being obtained for importing plant and machinery from United Kingdom.

POWER SUPPLY

The electric power requirement of the factory which will not exceed 350 KW will be obtained from the South Madras Electric Supply Corporation Limited, in whose area of licence the factory is located and they have agreed to afford the necessary power supply.

TRANSPORT

Located near the Tiruchirapalli Railway Junction, the factory is well served by railroad, metre-gauge and broad-gauge and also by National Highways and other trunk roads and thus the factory will have excellent facilities for movement of raw materials and finished goods.

PROGRESS ALREADY MADE

Out of the 10 acres proposed to be acquired by the Company, the Company has already entered up on 4.81 acres of land being Government poramboke land pending assignment in favour of the Company. Steps are being taken for acquiring the balance of 5 acres.

All the Drawings for the factory buildings have been approved by our Collaborators and the Company has already commenced construction of the factory buildings.

Firm orders have been placed for bulk of the machinery and tools which are to be imported from the United Kingdom and they are expected to be shipped and received at site not later than September 1962. Orders for indigenous plant and machinery to integrate with the imports have also been placed with a view to match their delivery with the receipt of imported equipment.

FOREIGN TRAINING

The Chief Engineer of the factory had been working at the factory of our Collaborators at Bangor, North Wales, U.K., to study their methods of production and in particular to assist our Foreign Collaborators in the choice and placing of firm orders with the manufacturers of machinery and equipment. He has just returned to India after completing his assignment.

The Company has also sent abroad Nine Indian technicians for intensive training in the factory of our Foreign Collaborators at Bangor, North Wales. They will take training for nearly Forty weeks and return to India fully equipped to assume their responsibilities in the Company.

Having regard to the progress so far achieved, the Company expects to go into trial production before the end of the current calendar year.

CAPITAL OUTLAY AND MINIMUM SUBSCRIPTION

In respect of the issue under this prospectus the minimum subscription on which the Directors will proceed to allot is shares of the face value of Rs. 13,88,330.

The capital required to reach the stage of production is estimated as follows:

	(In lakhs) Rs.
Land and buildings	10.660
Plant, machinery, tools and dies, including freight, erection and training expenses	39.440
Know-how fee including Engineering and Supervision	2.900
Preliminary expenses excluding Brokerage and Commission ...	1.125
Brokerage and Commission ...	0.875
Working Capital	5.000
Total ...	60.000

Any shortfall that may result from the increase in the capital cost of the Project beyond the aforesaid estimate, will be found by the Managing Agents with the assistance of **Messrs. Seshasayee Brothers (Private) Ltd.**

ESTIMATED PROFITS

The Company intends to install up-to-date machinery and equipment and utilise the special production and assembly methods developed by **Messrs. Denis Ferranti Meters Ltd.**, of United Kingdom. Based on the demand and market conditions, the Directors are satisfied that the working of this project will yield an attractive return on the capital invested.

It is the intention of the Directors to increase production by multiple-shift working as soon as production is stabilised to meet both home demands and exports and when this is achieved the profitability of the project will be substantially augmented.

TAX BENEFITS

The Company will enjoy special benefits under the Indian Income-tax Act 1961 as regards development rebate and depreciation. In addition, as a new industrial undertaking, the Company will enjoy exemption from Income-tax on profits up to 6 per cent on the capital employed for the first five years of the Company's operation, and dividends paid from the Company's profit consequently will be exempt from tax to the extent of relief obtainable under this section of the Income Tax Act.

MANAGING AGENTS

The South Madras Industrial Development Company Private Limited were appointed as Managing Agents of the Company with effect from 27th September 1961 for a period of 10 years. The said appointment has been approved by the Government of India under their order bearing No. 9(284)-C-III/61 dated 31st March 1962.

The Managing Agents will be paid by way of remuneration and commission on the net profits of the Company at the following rates:

10 per cent on the first Rs. 10 lakhs or fraction thereof and thereafter on the usual scale.

PREFERENTIAL ALLOTMENT OF SHARES

As set out above, the Signatories to the Memorandum have subscribed for equity shares to the face value of Rs. 2,70,000 consisting of 27,000 equity shares. The Managing Agents, their friends and associates, and the Directors of the Company together with the firm allotment of Rs. 3,75,000 reserved for the **Life Insurance Corporation of India**, have taken shares to the face value of Rs. 8,75,000 consisting of 87,500 equity shares, and they are entitled to preferential allotment in consideration of their having so agreed to subscribe for the same.

The Company expects the **Commonwealth Development Finance Company Limited** to subscribe for equity shares to the face value of Rs. 6,66,670 consisting of 66,667 equity shares as per the Heads of Terms executed between the Company and the **Commonwealth Development Finance Company Limited** and accordingly they will be allotted the said shares as preferential allotment.

15,000 Preferential shares to the face value of Rs. 1.5 lakh have been taken by the Insurance Companies.

UNDERWRITING COMMISSION AND BROKERAGE

The Company has agreed to pay the underwriters an underwriting commission for equity shares at 2½ per cent of the total value of shares so underwritten by them. Brokerage at the rate of 1 per cent on the face value of shares on the basis of allotment will be paid to authorised bankers brokers and underwriters in respect of applications bearing their rubber stamp.

All applications must be made on the form accompanying the Prospectus which can be had from the Registered Office of the Company, the Company's Underwriters, Bankers and Brokers.

(Sd.) K. C. SOOD.
(,,) H. M. CHAWALLA.
(,,) RUSSI JAL TARAPOREVALA.
(,,) H. K. RAMASWAMI.
(,,) S. NARAYANASWAMY.
(,,) R. SUBBARAYAN.
(,,) RASIKLAL M. MEHTA.
(,,) S.N.A.S.A. ANNAMALAI CHETTIAR.
(,,) R. VAIDYANATHAN.

KOHINOOR MILLS COMPANY LIMITED

FULLER UTILISATION OF CAPACITY ON RATIONALISED BASIS

MR. A. N. HAKSAR URGES REDUCTION IN TAXES

THE hope that "something substantial" would come out of the cotton mills' plea for reducing the recently enhanced imposts was expressed by Mr. A. N. Haksar, Chairman of the Kohinoor Mills Company Limited, when he addressed the Sixty-seventh Annual General Meeting of the Company held at Bombay on Friday, 4th May 1962. Mr. Haksar declared that the latest tax burdens, together with the scarcity of cotton and overall rising costs, were bound to make a serious inroad into the profits of the cotton mill industry. Alluding to the increase in corporate tax, he said that his Company's tax liability for the year 1961 would be higher by about Rs. 1.75 lakh. Reviewing the working results for 1961, he attributed the rise in profits to the overall increase in efficiency, fuller utilisation of machine capacity run on a rationalised basis and change in the pattern of production to suit consumer demand. He assured the shareholders that the Company would make every effort to ensure further economies and improvement in efficiency.

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

"LADIES AND GENTLEMEN,

"It gives me great pleasure in welcoming you to this sixty-seventh annual general meeting of the Company.

"As the working results of the year, which are already with you, show, the year 1961 has been a successful one for the Company. Whereas there has been a modest rise in the gross turnover by about Rs. 46 lakhs as compared with the previous year, the net profit after depreciation, development rebate and taxation has increased by over Rs. 10 lakhs, that is, an increase of about 130 per cent over the previous year. Those of you here, who might have been present at the last annual general meeting, will perhaps recollect the indulgence I had sought from you in permitting the management just two years more to restore the Company to the same position of prosperity it had previously enjoyed, and you will perhaps agree with me that the working results of the year have justified the forecast made last year.

Higher Efficiency

"The principal reasons for the increase in profits are overall increased efficiencies, fuller utilisation of machine capacity run on a rationalised basis, and the change in the pattern of production to suit consumer demand. With regard to the last factor, the Company is earnestly endeavouring to put on the market newer and better varieties of cloth in order to meet with the ever-changing pattern of consumer demand and has recently introduced in the market terylene suitings, terylene shirtings, full voile shirtings and ladies' blouse material known as 'Rubaiyat' all of which has become very popular.

"A comprehensive programme of rehabilitation and modernisation as undertaken in the last year was further implemented during the year. Machinery to the value of Rs. 33,21,647 was erected during the year; machinery worth about Rs. 43 lakhs was on order as at the close of the year. By installing the various machines on order it is anticipated that the Company will be able to effect further rationalisation and also further improvement in the quality of its products.

"Side by side with the programme of rehabilitation and modernisation, your Company has taken further steps towards rationalisation and fuller utilisation of machine capacity by working the spinning section of No. 2 Mill all three shifts on a rationalised basis. Cloth production has also been stepped up by running a section of the weaving shed in No. 2 and No. 3 Mill for the third shift on a four-looms-to-a-weaver basis.

Raw Cotton

"The cotton position was easier during the early part of 1961 and almost all varieties were available at or below the statutory ceiling prices but the position was completely reversed during the latter part of the year. The cotton season 1961-62 started with a carryover of about 22 lakh bales and the position was then considered to be comfortable, in view of the anticipated production of 53 lakh bales. Unfortunately these expectations were not fulfilled because of adverse weather conditions in the cotton growing centres and the estimate has now been reduced to not more than 40 lakh bales. In order to improve upon the cotton supply position, the Government of India has been negotiating with several cotton producing countries and has also requested the U.S.A. Government to render some assistance under PL. 480. Although vigorous efforts are being made in this direction, the prospects of obtaining the industry's full requirements of cotton appear to be bleak, in view of the country's tight foreign exchange position.

"To rectify the imbalance between the supply and demand position of cotton, the Textile Commissioner devised an elaborate system of quality and quantity controls to ensure equitable allotment of available supplies of cotton at ceiling prices. These measures, however, fell short of achieving their desired effect, with the result that cotton prices have shot up, and it is difficult to obtain the requisite cotton within the limits of ceiling prices. It appears that a section of the community has suggested a decontrol of cotton prices. It will be very difficult to foresee the effects of decontrol of cotton on the prices of cloth and yarn, both for the local and for the export market. In order to ensure adequate supplies of cotton to maintain the present level of production and also to meet rising demand, I am of the view that it is imperative to increase the cotton yield per acre substantially and also to raise the statutory ceiling prices, so that the prices of local cotton are more in parity with prices prevailing in other cotton growing countries.

Yarn and Cloth Stocks

"As already mentioned in the Directors' report, cloth stocks during the first half of the year were higher than usual, on account of the confusion created by the price stamping scheme and the increased incidence of excise duty on all fabrics. As the year progressed, the movement of cloth stocks improved and, at the close of the year, stocks were lower than in the previous year.

"The stocks of yarn were also higher during the early part of the year. The budget for the financial year 1961-62 for the first time introduced an excise duty on cotton yarn excepting certain counts in hank form. The levy and its assessment at first created some difficulty and also met with some resistance from the consumers. Matters, however, smoothened out later, and the yarn started moving gradually. At the close of the year, yarn stocks were also lower as compared with the previous year.

Exports

"In its endeavour to earn as much foreign exchange as possible for the country as well as to secure the maximum benefits for the Company by way of import of long-staple cotton, terylene, dyes, chemicals, machinery, etc., your Company has spared no efforts towards trying to push its goods in the world markets. Our own deliveries for export of cloth were higher by 24.93 per cent as compared to 1960. This increase in exports is all the more creditable as far as your Company is concerned, in view of total Indian cloth exports having come down from 692 million yards to about 600 million yards, a drop of 10.5 per cent on last year's performance. The principal reason for this fall in Indian exports has been increased demand for processed cloth, the Indian mills' inability to meet the world demand at competitive prices, the setting up of textile mills in the underdeveloped countries in East and West Africa, Ethiopia, Burma, South Viet Nam and the intensive competition from Hong Kong, China, Japan and Pakistan. Your Company hopes to continue and if possible to increase its exports during the current year also.

"You will have observed from the profit and loss account that the value of stores consumption has increased by about 6.53 per cent over 1960. The principal reasons for this increase have been the non-availability of caustic soda at the prices fixed by the Government of India, in view of the limited indigenous production and the inadequate supply of hydrosulphite of soda, both of which are consumed in large quantities. These chemicals are mainly imported by the State Trading Corporation, and had the imports of these chemicals been regulated by a consistent rather than a haphazard policy, periodic shortages would have been much obviated. There was also an upward revision of import duties on other chemicals, dyes and machinery spare parts.

"Electric power and fuel charges were also higher than last year. This was principally due to more machinery having been worked during the year, as also the inevitable conversion of boilers from coal to oil firing on account of the stringent and uncertain coal supply position.

"As already mentioned in the Directors' report, Nahalchand Laloochand Private Ltd., and V. S. Apte and Sons, the Company's yarn and cloth selling agents, respectively, relinquished their selling agencies on terms mutually agreeable to themselves and the Board of Directors of the Company. They have been of great assistance to the Company especially in tiding over difficult times, and I am sure you will join with me in placing on record our appreciation for their long and faithful services to the Company for over 58 years and 50 years, respectively.

Labour

"In accordance with the Central Wage Board's recommendations, a wage increase of Rs. 8 per worker per month and the merger of 75 per cent D.A. with the basic pay were also implemented during the year. A further increase of Rs. 2 per month per worker is being paid from 1st January 1962 and this will cost your Company about Rs. 2½ lakhs more each year.

"With regard to bonus for the years 1959, 1960 and 1961, negotiations between the Millowners' Association, Bombay, and the Rashtriya Mill Mazdoor Sangh having failed, the Sang has filed its demand for the year 1959 with the Industrial Court, Maharashtra, before whom the matter is pending.

"In order to achieve peaceful working conditions for the industry, the Government of India have appointed a Bonus Commission to go into this vexed problem of the concept of bonus, the limits of the minimum and maximum amounts payable and the mode of payment and to make suitable recommendations to Government. Whatever their recommendations may be, I feel that bonus should essentially be linked with productivity.

"During the year, 166 employees were retrenched by paying them retrenchment compensation and gratuity amounting to Rs. 5,62,000. While retrenching, advantage was also taken of the natural separation of workers wherever possible.

"In this regard I would like to state that, before effecting retrenchment, your Company made all possible efforts to absorb displaced labour consequent upon introduction of rationalised processes by starting additional shifts and only those workers who were unwilling to accept alternative employment were paid compensation as required by law. I must mention that the introduction of rationalised processes could not have been possible but for the excellent co-operation extended by the R.M.M.S.

"During the year, mill workers gladly responded to the call of the Chief Minister of Maharashtra, Shri Y. B. Chavan, for voluntary donations in order to give relief to the flood-affected people in the city of Poona and other parts of the State of Maharashtra. About 90 per cent of our employees worked on 20th August 1961, although it was a holiday, and the total contribution from their earnings was Rs. 39,914 which was the second highest contribution amongst all the textile mills in Bombay.

"You will observe from the profit and loss account that your Company donated a sum of Rs. 45,470. The principal donations were for the relief of people affected by cyclone in Ratnagiri District and by the floods in Poona and Bihar.

Prospects

"What does the future hold for us? We had every hope that, other things being equal, the current year would prove to be even better than the year 1961, as the results of the first three months have shown a definite improvement over the corresponding period of 1961. However, as you know, only a few days ago, the budget has been announced and, once again, the powers-that-be have thought fit further to increase the imposts levied on your industry. Although, as stated, it is the intention of the Government to recover Rs. 12.1 crores from the textile industry—which in itself is a very high figure—in actual fact on a very conservative estimate it is felt by the industry that the recovery which will be made by Government by these imposts will not be less than Rs. 25 crores and may even be as high as Rs. 30 crores. This latest burden, together with the scarcity of cotton this season and the difficulty of making up this shortfall by imports from other cotton growing areas, not to mention the overall rising costs, are all bound to make a serious inroad into the profits of your industry. Furthermore, as far as the shareholder is concerned, although the Finance Act 1960 had given the corporate sector relief in income-tax and super-tax by a reduction from 51.5 per cent to 45 per cent, this tax levy has again been increased by 5 per cent (making it 50 per cent) and this will mean that your Company's tax liability for the year 1961 will be increased by about Rs. 1,75,000. Strong representations are being made by the industry to try and persuade Government to reduce these imposts, particularly the excise duties. I sincerely hope that something substantial will come out of these representations.

"As far as your Company is concerned, your management will make every effort to try and neutralise the extra expenditure to which I have referred above, by further economies and improvement in efficiency. I started by saying that we had hoped the current year would be much better than the last. I am afraid the original hopes may not, in view of what I have said before, be fulfilled, but I think I can say with reasonable confidence that, comparatively speaking, your mill will do equally well again, if not better, this year."

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

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THE MODERN MILLS LIMITED

CHAIRMAN, MR. N. D. SIRUR, ON MODERNISATION AND EXPANSION SCHEMES

NEW EXCISE DUTIES ARE INIQUITOUS

SOME details pertaining to the modernisation and expansion schemes of the Modern Mills Limited were given by Mr. N. D. Sirur, Chairman of the Company, in his statement circulated at the Twenty-eighth Annual General Meeting held at Bombay on Monday, 30th April 1962. Mr. Sirur alluded to the proposed installation of 144 automatic looms with matching spindles under the Export Promotion Scheme and automatic screen printing machine, as well as change-over to peroxide bleaching. He dilated at length on the proposed new acetate project and disclosed that a fairly substantial degree of financial participation and technical collaboration from both the U.S. and Europe had been assured by two of the finest companies in the field of chemicals and man-made fibres. Special reference was made by him to the enhancement of the excise duty on sanforising process, as a result of which, he said, the sanforised trade marks might virtually cease to exist on domestic sales of cloth. He also criticised the proposed "unconscionably high" excise duty on mercerising process as being glaringly iniquitous.

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

"GENTLEMEN,

"It is not the usual practice in your Company or its sister Companies for a statement to be issued at the annual general meetings. However, the present meeting is, in many respects, an exceptional one, since matters of moment to your Company have been factually outlined in the Directors' report. In the light of this, a statement supplementing the report is considered desirable, to enable the shareholders to judge for themselves and comment on both the Company's current working as well as future plans.

"You will have observed from the Directors' report that the Company is on the verge of a major expansion into the field of chemicals and man-made fibres at Harihar in Mysore State, but, before I come to that, I would like to emphasise that the constant improvement of your existing textile facilities at Bombay is in no way being lost sight of.

Expansion

"We are in the process of doubling our present capital of Rs. 46,47,350 shortly for the specific purpose of investment in modernisation and carefully considered expansion of your two mills in Bombay. For instance, we are shortly adding, under the Export Promotion Scheme, 144 automatic looms to our present weaving shed of 644 plain looms at Mill No. 2. We have guaranteed to export for a period of four years approximately 4 million yards of cloth per year in order to be licensed this expansion, but we are already exporting on an average more than 5 million yards per year from the production of our existing looms, and earning considerable import entitlement of foreign cotton, dyes and chemicals.

"Thus, the new addition of 144 looms for producing export cloth will in no way be a burden on the Company, but, on the other hand, will permit us to divert some of our present looms to more paying varieties of cloth in the domestic market. Similarly, in regard to the spindles at Mill No. 2, we have at present approximately 22,000 spindles working three shifts, principally on combed superfine counts, while the back process is working only two shifts. Therefore, by working the back process three shifts, we can accommodate, at a very moderate cost, another 10,000 new spindles which can also work three shifts in conjunction with the new Whitin combers that we have recently installed, to enable the Company to work higher medium combed counts from Indian cotton for the weaving shed. We are expecting a licence for these new spindles in the very near future partly for balancing purposes and partly to match the automatic looms which we are ordering.

"On the processing side at Mill No. 2, we are planning to change over to peroxide bleaching, so that our goods receive a more uniform bleach. We are also considering the installation of an automatic screen printing machine for printing our superfine cloth which is already being exported after being printed in other establishments. In regard to the sanforising machine, for which we have an import licence, apart from the difficulties over royalties which are likely to be resolved very shortly, we shall now have to consider the effect that the proposed increase in excise duty has on sanforised cloth.

"The sanforising royalty is barely 1 nP per yard, but the excise duty on the sanforising process is now proposed to be raised to almost 25 nP per yard! Sanforising or pre-shrinking of cloth is a process which does not add anything to the appearance of the cloth. Therefore, the only extra excise duty that could be legitimately charged on this process would be to the extent of shrinkage. It is clear that, if the proposed exorbitant duty is enforced, the sanforised trade mark will virtually cease to exist on domestic sales of cloth. While this may well be the Government's strictly short-term objective from the foreign exchange saving standpoint, the long-range effect of the resultant inevitable withdrawal of 'Sanforised' service from India needs to be carefully re-examined.

"With the prospective entry of Britain into the Common Market, the orientation of India's export trade in textiles has necessarily to be directed towards increasing the present negligible sale of well-processed cloth and made-up garments to our neighbouring countries. In such an effort, the trade mark 'Sanforised' would be a valuable tool and status symbol which the country can ill-afford to lose, especially when Japan and Hongkong are exploiting this trade mark to the fullest extent. The real solution lies in Government negotiating with the sanforised trade mark owners an equitable arrangement by which their royalties do not involve any drain on the country's foreign exchange.

Mercerising Process

"Another glaring inequity is the proposed unconscionably high excise duty on the mercerising process which is age-old and almost a corollary to good bleaching. Moreover, such a levy would hit both the mill and powerloom sectors. It is apparent from the various statements made after the budget proposals that there is considerable room for reducing the proposed burden on the industry equitably and yet collecting the sum of Rs. 12 crores which has been set as the target for increased tax yield from the textile industry.

"I might state here that the flexible yet conservative policy which has been followed over the past few years by your Mills has been principally guided by the trend of Government thinking. We have, therefore, been concentrating on the manufacture of coarse and medium cloth for sale in the export and domestic markets, some superfine cloth for export, and fine yarns for sale to the handlooms and powerlooms in the country who principally manufacture dhotis and saris, on which there is a quantitative restriction in the mill sector. Thus, the additional excise duty burden on the Company should be comparatively light. In the final analysis, it is the results that count, and I am sure that you are pleased with the working of your Company in the last two years averaging Rs. 30 lakhs gross profit per annum, which is comparable to some of the best mills in Western India on the basis of gross profit to gross sales ratio.

Acetate Project

"Now coming to the new acetate project which is being undertaken by your Company, there may be some of you who may wonder why, with the conservative background of your Company, we have decided to embark on this venture. The field of cotton textiles is now sufficiently exploited in the country, while that of chemicals and man-made fibres, particularly cellulosic fibres such as acetate and viscose, is opening up new vistas and perspectives.

"We have chosen acetate, because it hardly exists in the country. The production of viscose rayon yarn in India has already reached a figure of over 50 million lbs. per year, whereas the production of acetate yarn is hardly 5 million lbs., which is a ratio of 1 : 10. On a world-wide basis, the ratio of acetate to viscose yarn is 1 : 3, whereas, in countries such as the United States which cater to a climatic area similar in summer time to India, the production of acetate filament yarn now exceeds that of viscose filament yarn.

"Unlike synthetic yarns such as terylene and nylon, whose prices are more in the range of natural silk, the prices of acetate and viscose filament yarns are competitive with the finer cotton yarns which your Company is already producing. The main consumption is also by the powerlooms and handlooms in the rural areas. Furthermore, unlike viscose yarn, the principal raw materials for acetate yarn, namely, cotton linters and industrial alcohol, are available within the country. More particularly in the case of your Company, the most critical raw material, namely, cotton linters, is available from one of your sister companies, Sundatta Foods and Fibres Ltd. This factor has weighed largely with the foreign collaborators in deciding to combine with your former parent Company, the Mysore Spinning and Manufacturing Company Ltd. (who presently hold 40 per cent of your share capital) in a joint venture for acetate manufacture as a major expansion of your Company.

Foreign Collaboration

"While I am not yet at liberty to disclose to you the names of the companies involved, I can only say at this stage that a fairly substantial degree of financial participation as well as technical collaboration from both the United States and Europe has been assured by two of the finest companies in the field of chemicals and man-made fibres. The American side of the project, namely, the manufacture of cellulose acetate flake, is now virtually final, and our A.I.D. loan application to the U.S. Government is expected to be cleared before the end of June this year. On the European side of our project, which concerns the production of acetate yarn, matters are also progressing satisfactorily.

"The new project for acetate production will be located in Mysore State. We propose to have a daily production of 15 tons of chemical cotton from cotton linters and 10 tons of cellulose acetate flake, of which 5.5 tons will be turned into cellulose acetate yarn. The surplus chemical cotton will be available for sale to manufacturers of cellulose products, while the surplus cellulose acetate flake will be marketed principally in the form of moulding powders for plastics manufacture. If required, the Company would also be in a position ultimately to supply part of the requirements of triacetate flake of Hindustan Photo Films Ltd. which is being established by the Government of India in the public sector at Ootacamund.

"The studies made by us and our foreign collaborators indicate that the above pattern of production would be the most balanced under Indian conditions, since it would not depend on a single outlet for acetate flake as would have been the case had we endeavoured to turn the entire production either into yarn or moulding powders.

"I would like to say at this stage that we have very carefully considered the entire project in all its implications in close co-operation with both our consultants and foreign collaborators. We have convinced ourselves, and more particularly our foreign collaborators, that the project is worthwhile, attractive and deserving of the scale of investment contemplated. I would like you to bear with us a little longer before we can make further details available.

"In conclusion, I would like to express the management's appreciation on your behalf of the very loyal and creditable services rendered by the staff and employees at the mills and at the head office."

Note: *The above statement does not purport to be a report of the proceedings of the general meeting.*

COMPANY MEETING:

COMMERCIAL PRODUCTION OF TYRES TO START IN THREE MONTHS

MADRAS RUBBER FACTORY CHAIRMAN EXPLAINS EXPANSION PLANS

THE Madras Rubber Factory Ltd. hopes to commission its entire plant for the manufacture of Mansfield car and truck tyres within three months, according to Mr. K. M. Cherian, the Chairman.

Addressing the shareholders at the First Annual General Meeting of the Company held in Madras on 4th May, he informed that the erection of the tyre factory was proceeding according to schedule. The entire building of the new factory was complete and the major part of the machinery had arrived, he said.

During the course of his speech, Mr. Cherian said:

"I do hope, you have had an opportunity to study the Balance Sheet and the Directors' Report and, therefore, I do not propose to go into its details except to draw your attention to certain salient features of the Company.

"As you are all aware, the private firm of Madras Rubber Factory was acquired by your company for a total consideration of Rs. 25 lakhs. The public company was floated in 1961 and shares worth Rs. 75 lakhs were allotted on 6th June. The first and second calls were made during August and October 1961 and these shares became fully paid up a few weeks before the close of books on 31st December 1961.

UNIQUE PROFITS

"The profits of the year were Rs. 23,51,764.94 before depreciation and Managing Agents' commission. After adjusting these, we have a net profit of Rs. 18,30,487.37 and this entire amount was earned solely from the existing business of the Madras Rubber Factory Tread Division. The total sales come to Rs. 1,64,47,976.30. The products of the company continue to enjoy the confidence of the public and there is every reason to believe that the sales and profits in the existing lines of business will continue to grow.

"I am sure, you will like to join me in paying tributes to the management for these excellent results and to the previous owners of the concern for their magnificent contribution to the growth of this undertaking.

FINE GESTURE

"It may be pointed out here, that no payments were to be made to the promoters or to the Managing Agents for expenses incurred or for their services in the promotion of the company. The entire expenses thereof had been met by the promoters. Up to 31st March 1961, this was a private company in the sole ownership of the Managing Agents and when the company was converted into a public company on 1st April 1961, the accrued profits of the private company, which came to Rs. 5.31 lakhs, were also given away to the public company.

"I have no doubt you will appreciate this fine gesture from the Managing Agents as an expression of their abundant confidence in the future of this new enterprise.

"I am also happy to report to you today that the erection of the tyre factory is proceeding according to schedule. Orders for the entire machinery required for the tyre factory were placed with our collaborators in October 1961, barely 45 days after the receipt of the necessary import licence and the foreign exchange sanction. The construction of the factory building was also started in October after getting the plans approved by our collaborators.

"The pilot plant machinery was shipped at the same time and, as you all know, it commenced trial production of tyres on 16th November 1961. The entire building for the main factory is now complete. Major part of the machinery has arrived in Madras and the balance is expected shortly.

"The erection work is going on round the clock and our foreign technicians are hopeful of commissioning the entire plant within three months.

EXPANSION PLANS

"The plans of the building and erection of the machinery, etc. have been drawn up in such a way that the factory can be expanded several times its present size without interrupting production. We have also sufficient land for this expansion. We have also applied to the Government of India for their early consideration of our request for the increase of the capacity and we are hopeful that this will be granted as there will be need for increased production of tyres even during the third Five-year Plan.

FOREIGN LINK-UP

"The company is extremely fortunate in having the unstinted co-operation of our collaborators, Messrs. Mansfield Tire and Rubber Company of U.S.A. They are as keen as your management in the early commissioning of the Indian plant and have spared no money or personnal for the realisation of this goal. We are fortunate to have with us Mr. M. L. Bayer, Technical Assistant to Mr. James H. Hoffman, President of the Mansfield Tire Company and he has with him in Madras a team of very senior rubber technicians and engineers. Their devotion to duty, their keenness and eagerness for work and their extremely friendly attitude to people around them, have set a very fine example to our staff and workers.

"We are proud of these eminent friends from abroad and I have no doubt, that you will all agree with me that our company owes a great debt of gratitude and thankfulness to our collaborators, the Mansfield Tire and Rubber Company and to its able and outstanding President, Mr. James H. Hoffman.

"I do not want to say anything more about Mr. Hoffman at present, as I am hopeful that he will be in India very shortly for the formal opening of the tyre factory.

PHENOMENAL GROWTH

"Before I conclude, may I take a few moments of your valuable time, to say a few words about the Indian rubber industry.

"The Indian rubber industry, which took firm root in the country immediately after Independence, has witnessed a phenomenal growth in recent years. The consumption of rubber by all factories in India in 1951 was only 22,786 tons. In a short period of ten years, it has increased to 63,848 tons (1961), and the estimated consumption for the current year is 71,917 tons consisting of 47,448 tons natural, 18,000 tons synthetic and 6,469 tons reclaimed rubber.

"As against this, the internal production is only 30,785 tons and we have to rely on imports to the extent of about 48,000 tons natural and synthetic, and 5,000 tons reclaimed rubber during this year. The position will considerably improve next year when we can expect about 30,000 tons of G.R.S. rubber from the Bareilly plant and 5,000 tons of reclaimed rubber from indigenous production.

PLAN ESTIMATES

"The revised estimates for consumption of rubber for the third Plan period are being compiled and it seems to be fairly certain that the original estimate of 93,500 tons consumption for 1965-66 will have to be radically modified as the figure may be nearer 1,40,000 tons. In spite of the expected indigenous production of 40,000 tons of natural, 30,000 tons of synthetic and 10,000 tons of reclaimed rubber, the country may have to depend on imports to the extent of about 60,000 tons even in 1965-66.

"I dare not predict the possible requirements of rubber for the fourth Plan, but I feel it is high time that the Government and industry studied the situation so that they are at least armed with the knowledge of the future trend.

BOLD POLICY

"I would, in this connection, suggest to the Government and the Planning Commission to enquire fully about the possibilities of the production of additional quantities of natural rubber in India. A bold policy regarding the replanting of the existing low yielding plantations, a directive to State Governments to release for rubber planting all suitable areas and to see that such areas are cultivated according to the latest scientific methods and finally to take immediate steps to open up the Nicobar and parts of the Andaman Islands for rubber cultivation, are some of the suggestions I submit for the consideration of the Government.

"Regarding the other principal raw materials required for the industry such as carbon black, rubber chemicals, rayon cord, tyre valve tubes, etc., though we have to rely on imports for the current year, we will be entirely self-sufficient by 1963 or the latest by 1964, as several new factories have been licensed for manufacturing the above articles.

EXISTING PLANTS

"We have had only two tyre factories in India for nearly 25 years. Though over these years these factories have expanded their production considerably, the consumption of tyres in the country exceeded the production, and for the last two years, we have had to depend on large imports. The Government has, therefore, licensed seven more factories of which so far only three have commenced production. It is hoped that before the end of this Plan, all the remaining four will also have come into production, thereby increasing the output to about 3.8 million tyres and tubes as against the present production of about 2 million.

"The Government now favours an upward revision of the target of production of tyres to about 5.2 million as against the Planning Commission's original estimate of 3.7 million. It is likely that all the existing factories who have the resources and who can arrange the necessary foreign exchange will be given preference in this expansion programme. It also seems to be the Government's policy, to license a capacity of up to a million tyres for all existing units before new applications are considered.

EQUAL SHARE

"In this way, all the tyre factories established in India will be more or less of the same size and they will also be of sufficiently large capacity with a cost of production comparable to their counterparts elsewhere in the world. Moreover, the Government believes that the cost of expansion of the existing units will be far cheaper, as far as foreign exchange is concerned than the licensing of new units at the present time.

"I am glad to inform you that we have submitted our application for a substantial expansion and that we will be in a position to implement the setting up of this additonal capacity without any loss of time, immediately the licence is issued to us.

TREMENDOUS PROGRESS

"The Indian rubber industry has achieved tremendous progress in recent years. Already its production value has exceeded Rs. 80 crores and the total labour employed, over 30,000. It is fairly certain that production may reach nearly Rs. 200 crores by the end of the third Plan period, with a corresponding increase in the labour employed. Your Directors have full confidence in the future of your company and with the untiring efforts of the management, staff and labour, we look forward to better and better results in the years to come."

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

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RULES FOR INDUSTRIAL LICENSING

FEDERATION AND A.-I.M.O. DISSATISFIED WITH PROPOSED AMENDMENTS

THERE are no two opinions in this country as to the need for eliminating procedural delays associated with industrial licensing and registration. Time and again, the business community has brought to light instances of avoidable waste of time and resources resulting from bureaucratic apathy, if not indifference, towards expeditious processing of applications for industrial licences. The spokesmen of the industry have always contended that the licensing procedures are cumbrous and not conducive to speedy implementation of projects. This is particularly true of projects, especially new ones, undertaken with foreign collaboration. The Government of India has no doubt taken certain steps in the matter during the last two or three years. An instance in point is the advance publication of lists comprising a wide range of industries, for which licences under the Industries (Development and Regulation) Act 1951 may ordinarily be subjected or granted without reference to the Licensing Committee. Such measures have, however, touched only the fringe of the problem. One would have naturally thought, therefore, that the Government of India would take more effective steps in the direction of simplification and streamlining procedures in order to eliminate the grievances of prospective entrepreneurs. But this hope has not been realised so far.

It is disconcerting to note that the proposed Bill for the amendment of the Registration and Licensing of Undertakings Rules, should have been so designed as to cause new procedural difficulties and delay. The draft rules, already circulated among the chambers of commerce for eliciting their views, have come in for harsh criticism. In a memorandum submitted to the Government, the Federation of Indian Chambers of Commerce and Industry has categorically stated that the proposed changes in the field of industrial licensing will lead to further delays, instead of expediting the disposal of cases. The Federation has, therefore, suggested that the question of any amendment of the rules should be preceded by a fresh and thorough examination of the existing practices. The objective, according to the Federation, should be to evolve arrangements which will assist quicker disposal of applications and cut out delays at the stage of licensing and thereafter. Viewed from this standpoint, the Federation's apprehension that the rules, as now conceived, will not be helpful seems to be perfectly justifiable.

Major Changes

The proposed major changes in the existing rules relate to the following matters:

(1) Change in the definition of "effective steps" which have to be taken by a licensee to put up the plant within a specified period; (2) time taken for grant of licences and the conditions proposed to be imposed in this regard and (3) new annexures requiring parties to furnish, in certain cases, detailed particulars, *inter alia*, regarding the exact cost of the project, the manner of financing it, particulars of persons holding more than 5 per cent shares, as also the role of the foreign collaborator.

At present, licences are granted subject to the following conditions:

(a) The terms of foreign collaboration will have to be settled to the satisfaction of the Government, and (b) the grant of import licences for capital equipment will have to be screened by the Capital Goods/Heavy Electric Plant Committee.

Under the existing system, provisional licences, or in some cases letters of intent, are issued, which enable the parties to proceed further by way of "taking effective steps" to settle other particulars. But the draft rules lay down that information on these particulars should also be furnished along with the application for industrial licence. The entrepreneurs, according to the Federation, will not be in a position to submit these details at the time of making the applications.

The definition of the term "effective steps" itself has undergone a basic change under the draft rules. Under the present definition, there are three alternative conditions, the fulfilment of any one of which will be tantamount to taking effective steps. These three conditions are: (1) 60 per cent or more of the capital issued for an industrial undertaking, which is a public company within the meaning of the Indian Companies Act, has been paid up, (2) a substantial part of the factory building has been constructed and (3) a firm order has been placed for a substantial part of the plant and machinery required for the undertaking. While the proposed new definition drops the reference to the construction of factory building, it makes it incumbent upon all licence-holders to place a firm order for a substantial part of the plant and machinery for the industrial undertaking. The relevant definition runs as follows: "Effective step means in relation to an industrial undertaking that a firm order has been placed for a substantial part of the plant and machinery for the industrial undertaking, and where the industrial undertaking is a public company within the meaning of the Companies Act 1956, also that not less than 60 per cent of the share capital has been paid up." In the present scheme of things, says the Federation, it is virtually impossible to comply with any of the proposed two conditions. Its reasons for this conclusion are as follows:

"Placing of a firm order for plant and machinery, excepting where the plant is to be procured from indigenous sources, is dependent on the grant of foreign exchange sanction by Government and the obtaining of an import licence. This is an obvious factor the fulfilment of which depends more on Governmental authorities than on the licensees. As Government are aware, the period generally allowed for taking effective steps is six months, although in certain cases it extends upto one year. After obtaining the industrial licence even if the plant is ordered from indigenous sources, it would not be possible to do so within the stipulated period, for a great deal of planning, ascertaining the details of the operation of the machinery, obtaining offers and making the selection has to be done. The position in respect of imported plant and machinery is far more difficult, with all the rigid screening of applications and trying to accommodate such applications under various sources from which credits are available. In certain cases, negotiations have also to be carried on with international financing institutions.

"Similarly, the conditions to have 60 per cent capital paid up within the prescribed period is difficult, almost impossible, to fulfil. In cases where shares are issued on call money system and instalment basis, 60 per cent of the paid up capital is not required to be subscribed. Further, the issuance of such capital is contingent on obtaining sanctions from the Controller of Capital Issues, except where it comes within the exemption limit of Rs. 10 lakhs. Where foreign collaboration is involved, negotiations with the collaborator have also to be finalised and Government's final sanction obtained. These are beyond the control of the entrepreneur."

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In view of these difficulties, the Federation has suggested two modifications, namely, (a) the time-limit should run from the date the foreign exchange licence becomes available for the import of machinery, and (b) for raising a minimum proportion of the share capital, the limit of 60 per cent should be substituted by raising 50 per cent of the share capital required for the proposed undertaking or arranging such capital from other sources. Alternatively, it should be deemed to be sufficient if the registration of the Company has been done within the specified period. While suggesting these modifications, the Federation makes it clear that it is not in favour of parties holding licences without any positive intention of implementing their schemes expeditiously. Revocation in such cases may be done, but the time limit for complying, even under the modified conditions suggested by the Federation, would require a period much longer than six months or even one year. It is, therefore, suggested that the time limit which is specified in each application should be sufficiently extended in keeping with such modifications to the rule, as may be finally decided upon by Government.

Further, the draft rule seeks to extend the period for granting or rejection of licence from three months, as at present, to four months. The reasons for this extension are not clear. In fact, even now the period of three months, according to the Federation, is not being strictly observed. But that itself is no sufficient excuse for extending the period to four months. What is necessary, as pointed out by the Federation, is to expedite disposal of cases within the stipulated period of three months. In this connection, the Federation has suggested that additional information required should not be called for in a piecemeal manner. A time limit should be laid down, if not specifically under the Rules, at least by executive instructions to officers in charge of licensing work that additional information, if necessary, may be sought within a period of one month from the date of receipt of applications.

Five Conditions

A still more significant aspect of the draft rule is the provision which seeks to entitle Government to fix several conditions for granting licences. These conditions relate to (1) location of the undertaking, (2) the capacity, (3) the provision of housing and other amenities to workers, (4) minimum standards in respect of quality and (5) the export or sale within the country of such part of the production as the Government may, from time to time, specify. The conferment of these powers on the executive will amount to "enlargement of control on industrial undertakings." Specifically, it is apprehended that unreasonable restrictions about the location of units in particular States or areas may come to be imposed, which may upset the calculations of the entrepreneur completely. As for the provision of housing and other amenities, these matters, it may be noted, are at present left to be decided by State Governments. The Federation, therefore, feels that this provision will only delay the final grant of licences. The condition laid down for stipulating a part of production for exports also seems to be unwarranted. The Federation is of the opinion that, instead of providing for compulsory exports, ways and means may be found to promote exports by giving the desired incentives. The prospects for exports will depend mainly on the competitive capacity of the units concerned in terms of quality and low cost of production. It will take time for new units to stand on its own and enter into competitive world markets. Any compulsion in this regard will, therefore, be futile, and may even defeat the very purpose for which it is intended.

A.-I.M.O.'s Stand

In a separate memorandum submitted to the Government, the All-India Manufacturers Organisation has voiced the concern of the business community more or less in the same vein as that of the Federation. The A.-I.M.O. is particularly exercised over the condition relating to the restriction on "sale within the country," etc. If this condition is approved, according to it, the incentive to promote industries will be killed. It goes a step further and says that "it is something like nationalisation of the entire private sector industries." It has, therefore, suggested the elimination of this clause.

The aforesaid conditions are harmful to speedy execution of projects, for they cannot be easily fulfilled under the existing conditions. The non-fulfilment of conditions, it is to be noted, will attract penalty provisions of the Act. The provision sought to be inserted now is that penalty may be attracted even where any of the conditions of a licence granted is not complied with. The penalty includes punishment with imprisonment upto six months. Considering that the fulfilment of export commitments, for instance, is beyond the control of entrepreneurs, the Federation is right in demanding liberalisation of the proposed penalties as laid down in Section 24 of the Act.

Other Objections

Among the other objections taken by the Federation, one relates to the proposal to append two annexures to forms D and E of the rules, which seek to collect detailed particulars from the entrepreneur, at the time of applying for licences. These particulars, it is said, are either redundant or unnecessary. Elaborating this point, the Federation says as follows:

"The additional information required is either redundant or is of such a nature that the applicants are not in a position to furnish the same at the time of making the applications. By way of illustration, it may be pointed out that the foreign collaborators are not even willing to negotiate for setting up of industrial projects until the Indian party has obtained an industrial licence and the question, therefore, of giving any details in regard thereof at the time of making the application is virtually impossible.

"Also, it is not possible for an applicant, as required under the draft amendments, to specifically mention at the time of the application the nature of his interest in the industrial undertaking such as that of a promoter, managing agent, major shareholder, etc. These details are settled only when the company enters the market for raising capital. Similarly, the disclosure of names and addresses of shareholders holding or agreeing to hold 5 per cent or more of the paid-up share capital of the undertaking is not possible at the time the application is made. Details regarding the participation in management of the company by a foreign collaborator cannot also be furnished at the time of making the application. Similarly, even in respect of schemes where the project cost exceed Rs. 50 lakhs, it is not possible for applicants to indicate details of the cost of land, plant and machinery, building and other fixed capital, promotional expenses, working capital, etc., and it is not understood as to why such details should be required to be furnished at the time of making the application. The applicant can at best give approximate or estimated costs in overall terms. Also the furnishing of details of licences held by the applicant and the extent to which such licences have been implemented, and, if not implemented, the reasons of non-implementation in each case, as required to be furnished under clause 9 of Annexure II, should not be required to be given at the time of making the application. It would result in unnecessary and unproductive labour.

"As for the information required under clause 12 of Annexure II, that is, the manner of financing the project cost, at the time of making the application, the parties can hardly ever furnish the details required to be given. Similarly, in the matter of borrowing from foreign financial institutions or foreign collaborators, financial institutions in India, banks, etc., the details are settled only after obtaining the licence and not before. A provision is also sought to be laid down in clause 13 (d) requiring the party to state whether the necessary application has been made to the Department of Company Law Administration and their approval obtained if provisions of Section 372 of the Companies Act are attracted. Such provision will have to be complied with by the parties, but it hardly stands to reason as to why this should be required to be stated at the time applications are made."

While it is necessary to ensure that licences are properly utilised and in time, the conditions imposed for this purpose should not be such as to sap the initiative of entrepreneurs, and are impossible of fulfilment. It is thus that the proposed amendments have not taken into the account the need for eliminating the major drawback in the scheme of licensing, namely, procedural delays. On the contrary, they will worsen the position. The Federation's suggestion that a small informal group comprising representatives of the concerned Ministries and of the Federation be set up to examine the question of simplifying industrial and import licensing procedures, therefore, deserves to be accepted by the authorities concerned.

The hundred and third anniversary number of the *Indian and Eastern Engineer* (Executive Editor: Mr. Mick P. N. de Bouza, Sohrab House, Dr. D. Naoroji Road, Bombay-1. Pages: 218. Price: Rs. 5), the well-known engineering journal published from Bombay, presents a comprehensive and up-to-date survey of the main developments in the field of engineering and technology in the country. All the contributions, which are by eminent authorities in the respective fields, maintain a uniformly high standard. Scholarly but written in simple, non-technical language, they are bound to appeal both to the layman and the expert. The books section, which carries reviews of recent technical publications, is a useful guide for the latest output of scientific literature.

JAY SHREE TEA REPORTS LOWER PROFIT

PROGRESS OF EXPANSION PLANS

SUBSTANTIALLY lower tea prices realised in the 1961 season (Rs. 4.66 per kg. on sales for export and Rs. 4.84 for the internal market, as against Rs. 5.34 and Rs. 5.11 respectively in the preceding season) account for the setback in the gross profit of the Jay Shree Tea and Industries Ltd. [Managing Agents: Messrs. Birla Brothers (Private) Ltd., Calcutta] from Rs. 58.41 lakhs to Rs. 51.59 lakhs. It is all the more disappointing, as it came in spite of a satisfactory improvement in sales proceeds from Rs. 296.60 lakhs to Rs. 327.90 lakhs. How exactly it is disappointing can be seen from the fact that the profit-margin (ratio of gross profit to sales), which had improved in the previous year by nearly three points from 16.7 per cent to 19.6 per cent, declined by almost four points to 15.7 per cent during the year under review. As a direct consequence of this, the Directors have not been able to maintain the dividend level on the capital increased by the issue of bonus share in the ratio of one for four ordinary shares; the taxable return has been cut from 14 per cent to 12.5 per cent, which gives a net return of 8.75 per cent on the Rs. 10 fully paid ordinary share. The Directors have also been obliged to retain in business only Rs. 12.99 lakhs as against Rs. 16.25 lakhs a year before.

The table below gives the synopsis of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	327.90	296.60	238.77	187.30
Other income	7.12	6.57	6.14	2.96
Closing stocks	78.42	54.71	45.68	21.69
Raw materials	24.45	14.93	7.19	..
Staff expenses	69.27	65.00	58.17	49.78
Other expenses	213.42	173.86	165.75	97.86
Gross profit	51.59	58.41	39.90	33.88
Provision for—				
Depreciation	10.84	8.77	8.19	9.67
Taxation	15.50	21.00	13.75	11.75
Managing Agents' commission	3.42	4.10	3.84	2.75
Net profit	21.83	24.54	14.62	9.71
Transfer from reserves and provisions written back	1.76	2.30	1.13	1.75
To additional provisions	0.05	..	..	..
To reserves	12.99	16.25	7.25	5.50
Dividends—				
9 per cent taxable, cumulative preference	0.31†	0.31†	0.18	0.12
Ordinary	10.93 (12.5%)†	9.80 (14%)†	8.20 (14%)†	5.86 (10%)
Carry forward	0.18	0.88	0.46	0.91
Market value of ordinary share (In rupees)	1961	1960	1959	1958
High	24.81	21.37	16.62	12.25
Low	16.12xr	14.69	11.44	7.62

†Subject to deduction of tax.

The quality of teas manufactured by the Company continued to be satisfactory, and, in fact, the output from Risheehat Estate, Darjeeling, fetched the highest average price in the entire district. The gardens are being properly looked after, and it is proposed to provide maximum "artificial" irrigation facilities in the different units. Following the introduction by the Tea Board of a scheme to provide finances for new extensions and replanting of teas, the Directors have decided to increase the tempo of the extension and/or replacement programmes of the gardens. The Directors hope that the Wage Board, whose recommended interim increase in wages has been accepted for South India by the Government with retrospective effect from 1st December 1961, will make a scientific inquiry into "all aspects" connected with the industry before giving its final award.

It will be recalled that the Company has already diversified its activities. Its woodcrafts factory in Assam reported further increase in production during 1961. The Directors, however, feel that its working might be affected by the proposed enhancement of timber royalty by the Assam Government, an issue which still remains undecided. Jayshree Plywoods, shifted to a new site at Khardah, has now an enlarged and reorganised factory and commenced trial production. The teething troubles of the superphosphate and sulphuric acid plants, launched by the Company during the last quarter of 1961, are being gradually overcome and efforts are being made to obtain normal production at an early date. However, as the offtake of superphosphate is seasonal, it remains to be seen whether full production will be absorbed by the market. The terms and conditions set out by the Government for the import licence for the proposed hardboard plant at Madhya Pradesh are not acceptable to the Company, and the necessary amendments are being sought but the outcome is uncertain. No further progress has been made in regard to the import licence for the proposed hard board factory in West Bengal. The provisional orders for the import of chip board plant, placed with Messrs. Technoexport, Czechoslovakia, were cancelled due to inordinate delay by suppliers, and other technical difficulties. The immediate prospects for setting up the plant are not bright, as the industry does not enjoy any priority in the present scarcity of foreign exchange.

The Company has sought the sanction of the Controller of Capital Issues to issue (a) rights equity shares at par in the proportion of one share for every three existing shares and (b) preference shares worth Rs. 29.16 lakhs, carrying taxable dividend, of 9.5 per cent per annum. The shares will be issued, as and when the need for additional finance arises. The Company's present paid-up capital is of Rs. 90.92 lakhs, made up of Rs. 87.47 lakhs equity and Rs. 3.45 lakhs preference. It is supplemented by reserves and surplus aggregating Rs. 73.93 lakhs. Bank borrowings have gone up from Rs. 29.19 lakhs to Rs. 70.18 lakhs during the year and so have current liabilities and provisions from Rs. 74.99 lakhs to Rs. 96.62 lakhs. Inclusive of other small loans, the Company's liability to outsiders amounts to Rs. 167.78 lakhs, as against which current assets, loans and advances aggregate Rs. 155.40 lakhs. The gross block appreciated from Rs. 204.25 lakhs to Rs. 249.12 lakhs during the year and has been written down to Rs. 162.75 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 20.31 *cum-div.* On the *ex-div.* basis, they offer a net yield of 4.5 per cent. per annum.

I.I. TRUST EARNS LESS, PAYS MORE

Despite a small decline in the gross profit from Rs. 10 lakhs to Rs. 9.54 lakhs for the year ended 31st December 1961, the Industrial Investment Trust Ltd. (Chairman: Mr. Maneklal Premchand, Bombay) has again stepped up modestly the taxable return to its shareholders to 6.50 per cent from 6.20 per cent to which level it was raised in 1960 from 6 per cent paid in 1959. This steady increase in the dividend has been made possible by a further small rise in the net profit to Rs. 6.78 lakhs from Rs. 6.71 lakhs in the previous year and Rs. 5.71 lakhs in 1959. It is arrived at after providing Rs. 2.20 lakhs (Rs. 2.70 lakhs a year before) for taxation and Rs. 0.56 lakh (Rs. 0.59 lakh) for Secretaries and Treasurers' remuneration. In fact, the higher dividend has come in line with improvement in income from dividends on shares and interest on debentures and securities from Rs. 7.42 lakhs to Rs. 8.22 lakhs. But the total income is slightly lower at Rs. 11.39 lakhs as compared with Rs. 11.41 lakhs in the previous year, because the credit taken for tax refund on income from investments is Rs. 3.16 lakhs as against Rs. 3.37 lakhs a year before and income from other sources amounted to just Rs. 2,000 as against Rs. 62,000. The benefits of improved income from investments are reduced further by higher interest charges on bank borrowings at Rs. 1.14 lakh as against Rs. 0.81 lakh a year before and a small rise in expenses from Rs. 0.60 lakh to Rs. 0.71 lakh.

The table below compares in summary form the Trust's investments in the past four years:

(Percentage distribution)

	As on 31st December			
	1961	1960	1959	1958
Banks	6.58	6.17	6.95	7.18
Cements	3.99	3.82	4.38	4.52
Chemicals	2.43	1.34	1.51	1.70
Coal	1.17	1.09	1.23	1.27
Cotton and silk	12.06	12.95	14.07	13.00
Electric and trams	12.69	15.37	8.56	9.15
Insurance	1.96	1.31	1.40	2.17
Iron and steel	5.63	5.41	6.18	5.62
Jutes	7.67	8.02	8.94	8.98
Mining	1.84	1.96	2.22	2.30
Miscellaneous	26.67	23.96	24.02	23.31
Oil	..	..	..	..
Paper	2.26	2.20	2.23	2.09
Railways	..	..	..	..
Rubber	0.44	0.43	0.54	0.56
Salt	1.27	1.22	1.40	1.44
Shipping	0.97	0.93	1.27	1.31
Sugar	8.24	9.20	9.74	9.97
Tea	2.68	2.63	3.00	3.09
Telephones	..	0.02	0.02	0.02
Government securities	2.05	1.97	2.24	2.32
Total	100.00	100.00	100.00	100.00

Market value of ordinary share (In rupees)	1962	1961	1960	1959	1958
High	79.50	81.00	80.00	90.00	82.80
Low	74.20	70.00	69.00	75.00	65.50

It is encouraging to find that the approximate market value of the Trust's investments as at 31st December 1961, or in the case of unquoted investments at book value, was higher than the total book value by 23.70 per cent, as against 14.58 per cent at the end of preceding year. While this in itself speaks of the judicious choice made by the Trust of different classes of shares of different companies, it will be seen from the table above that the portfolio is well diversified in regard to industries. More than a quarter of the total investments, 26.67 per cent as against 23.96 per cent in the previous year, represents holdings in miscellaneous industries. This is welcome, because it underlines the fact that the profitability of such industries is better. The same is true of the increase in investments in chemical industries from 1.34 per cent to 2.43 per cent. The allocation of larger funds for investment in these industries has been made possible by a decline in the relatively less remunerative holdings from 15.37 per cent to 12.06 per cent in electric and trams industries. However, with the solitary exception of one or two, investment in several new miscellaneous companies, the shares of which have reached dizzy heights, is conspicuous by its absence.

The Rs. 100 fully paid shares of the Trust are quoted at Rs. 79.50 *cum-div.* The net yield on *ex-div.* works out to 6 per cent.

RESULTS OF TATA COTTON GROUP

MORE TO RESERVES—STRESS ON MODERNISATION

PURSUING their policy of concentrating, in deference to consumer preference, on the production of better quality fabrics and assisted by improved trading conditions and comfortable supply position of cotton, three of the cotton mills under the management of Tata Industries Private Ltd., namely, the Tata Mills Ltd., the Svadeshi Mills Company Ltd., and the Ahmedabad Advance Mills Ltd., have given an excellent account of themselves during the year ended 31st December 1961. All the three mills have reported sizable increases in their gross sale proceeds, while the gross and net profit figures have touched new high levels. With the exception of Ahmedabad Advance, the other two have proposed higher ordinary dividends but this has been done only after ploughing back into business a large portion of available profits through transfers to reserves.

By maintaining production at a high level with more remunerative prices and by producing increasing quantities of bleached, dyed, mercerised and printed varieties in high, medium and superfine sorts, the Tata Mills have not only been able to raise the sale proceeds of cloth, yarn and waste from Rs. 405.52 lakhs to Rs. 483.37 lakhs but have also been successful in widening the profit-margin from 11.0 per cent to 15.4 per cent, thereby lifting the gross profit by Rs. 29.44 lakhs to Rs. 74.27 lakhs. The higher profit has quite naturally brought about an increase in essential provisions which, during the year under review, have aggregated Rs. 21.55 lakhs as compared with Rs. 12.48 lakhs a year ago. Of this, Rs. 4.18 lakhs (Rs. 2.39 lakhs) have been taken up by provision for the Managing Agents' commission, Rs. 11.37 lakhs (Rs. 10.09 lakhs) by that for depreciation and Rs. 16.00 lakhs (Rs. nil) by that for taxation. Even so, the net profit has risen by Rs. 10.37 lakhs to Rs. 42.72 lakhs which, incidentally, is the highest the Company has ever recorded. Transferring out of this Rs. 4.50 lakhs to development rebate reserve as against Rs. 7.25 lakhs, and Rs. 23.50 lakhs, as against Rs. 21.65 lakhs to general reserve No. 2 and setting aside Rs. 25,000, as against Rs. 60,000 as provision for gratuity, the Directors have proposed a higher ordinary dividend of 22 per cent, subject to deduction of tax. Unlike last year, when the Company had withdrawn Rs. 10.35 lakhs from reserves and provisions, the entire amount transferred to reserves represents net addition.

Benefiting from the ready acceptance in the home market of its production in medium and finer varieties, with highly improved finishes, the Svadeshi Mills Company has been able to complete the year with an increased turnover of Rs. 492.82 lakhs which is about 10.3 per cent higher than the previous year's mark of Rs. 446.75 lakhs. The gross profit has also risen in line with the sales and amounts to Rs. 82.82 lakhs, as compared with Rs. 68.35 lakhs during 1960. A major portion of this improvement, however, has been claimed by higher essential provisions, that for the Managing Agents' commission getting Rs. 4.63 lakhs as against Rs. 4.61 lakhs, for depreciation Rs. 21.37 lakhs as against Rs. 18.49 lakhs and for taxation as much as Rs. 24.00 lakhs as compared with Rs. 17.50 lakhs a year ago. As a result, the net profit has shown an increase of only Rs. 5.07 lakhs to Rs. 32.82 lakhs. Transfers to reserves have been augmented by Rs. 3.21 lakhs to Rs. 12.75 lakhs of which Rs. 6.50 lakhs go to the statutory development rebate reserve as against Rs. 6.00 lakhs and Rs. 5.50 lakhs to general reserves as compared with Rs. 2.84 lakhs previously. Nevertheless, the Directors have found the balance sufficient to raise the ordinary dividend by 2 per cent to 19 per cent subject to deduction of tax claiming Rs. 19.00 lakhs.

The result achieved by the Ahmedabad Advance Mills during 1961 are not directly comparable with those for the previous accounting period, because, it may be recalled, the latter refer only to the second half of 1960 consequent upon the change in the Company's accounting year to 31st December to be in conformity with other textile units in the Tata group. Generally speaking, however, the upward trend in sales and profits is clearly obvious. Sale proceeds of cloth, yarn and waste for the whole year amount to Rs. 300.24 lakhs, as against Rs. 135.94 lakhs for the previous half-year. Likewise the gross profit is higher at Rs. 39.26 lakhs, as compared with Rs. 14.97 lakhs for the preceding six months. Of this, provision for the Managing Agents' commission takes up Rs. 1.81 lakh as against Rs. 0.70 lakh and that for depreciation Rs. 8.44 lakhs as against Rs. 3.82 lakhs. As during the preceding accounting periods, no provision for taxation has been found necessary and hence none made. These leave a net profit of Rs. 29.01 lakhs, as compared with Rs. 10.45 lakhs for the six-month period ended 31st December 1960. Out of this, as much as Rs. 23.65 lakhs have been transferred to various reserves and, out of the balance, the Directors have recommended an ordinary dividend of 12 per cent subject to deduction of tax, which is the same as last year.

The relative performance of the three mills during the past four years is presented in the comparative table given at the foot of this review.

As will be apparent from a perusal of their respective balance-sheets as at 31st December 1961, the financial position of the companies is quite satisfactory. Though in each case the share capital is exceeded by reserves, the rapid pace of renovation and modernisation of the mills has resulted in a paucity of enough working capital and all the three companies have been obliged to borrow heavily from the banks, besides having sizable current liabilities. The total of loans and current liabilities and provision in each case exceeds the current assets, investments and loans and advances put together. This will be apparent from the following table giving the summarised balance-sheet position as at 31st December 1961.

(In lakhs of rupees)

	As at 31st December 1961		
	Tata Mills	Svadeshi Mills	Ahmedabad Advance Mills
LIABILITIES			
Share capital	65.58	115.00	50.00
Reserves	90.06	118.03	70.82
	155.64	233.03	120.82
Loans	151.71	77.85	121.51
Current liabilities and provisions	119.16	139.13	41.85
Total	426.51	450.01	283.68
ASSETS			
Gross block	327.29	386.62	223.05
Less depreciation	136.45	213.26	102.42
Net block	190.84	173.36	125.63
Capital work in progress	9.27	21.62	3.40
Current assets, loans and advances and investments	226.40	255.03	154.65
Total	426.51	450.01	283.68

The modernisation and renovation programmes of the mills made further headway during the year. The Tata Mills installed new machinery worth Rs. 27.00 lakhs which included one blowroom line, eight drawing frames and one duplex felt calender. The installation of these machines has led to an improvement in the regularity in the flow, raised the production per man-hour and improved the finish on fine and superfine qualities of cloth.

In pursuance of its policy of gradual renovation of the mill plant, machinery and buildings, the Svadeshi Mills installed new plant and equipment valued at Rs. 34.00 lakhs while additional machinery worth Rs. 14.00 lakhs was awaiting installation. The Company has received import licences for 144 automatic looms for replacement of 440 plain looms; when these looms are erected the total automatic weaving capacity will be about 35 per cent.

New machinery, valued at Rs. 10.00 lakhs, installed by the Ahmedabad Advance Mills, include carding machines, four drawing frames, one soaper and washer and one drying range. Towards the end of the year, machinery worth Rs. 3.00 lakhs was awaiting installation.

The current market quotations of the ordinary shares of these companies and the net yield are given in the following table:

	Cum-div. price	Yield
	Rs.	%
Tata Mills	78.50	5.2
Svadeshi Mills	291.50	4.8
Ahmedabad Advance	208.75	4.2

(In lakhs of rupees)

	Tata Mills				Svadeshi Mills				Ahmedabad Advance		
	For the year ended 31st December				For the year ended 31st December				Year to 31st Dec., 1961	Half-year to 31st Dec., 1960	For the year ended 30th June
	1961	1960	1959	1958	1961	1960	1959	1958			1960	1959
Sale proceeds (gross)	483.37	405.52	385.34	338.82	492.82	446.75	432.18	398.38	300.24	135.94	290.10	247.69
Other income	1.78	1.43	1.34	1.80	5.75	2.43	3.25	3.80	0.99	0.52	1.19	1.48
Closing stocks of finished goods	109.85	80.80	57.40	74.96	104.90	83.54	56.13	70.78	75.49	68.48	49.51	56.10
Raw materials and stores consumed	232.43	194.63	178.48	170.25	234.98	225.08	197.12	198.27	142.67	78.22	181.37	123.22
Other expenses	207.67	190.71	169.41	157.40	200.13	189.13	179.23	172.58	126.31	67.24	124.22	111.96
Gross profit	74.27	44.83	21.23	2.20	82.82	68.35	44.42	28.88	39.26	14.97	29.11	11.35
Managing Agents' commission	4.18	2.39	0.50	..	4.63	4.61	2.71	1.15	1.81	0.70	0.50	0.50
Provision for—												
Depreciation	11.37	10.09	12.62	1.50	21.37	18.49	15.32	14.95	8.44	3.82	11.60	9.50
Taxation	16.00	..	..	0.50	24.00	17.50	10.50	1.25	..	..	..	..
Net profit	42.72	32.35	8.11	0.20	32.82	27.75	15.89	11.48	29.01	10.45	17.01	1.35
Withdrawal from reserves and provisions	..	10.35	6.56	3.93	..	..	1.75	10.75	..	0.21	2.65	3.51
Transfer to reserves and provisions	28.25	29.59	8.11	0.20	12.75	9.54	2.85	11.48	23.65	7.79	15.00	1.35
Dividends—												
Preference	..	..	..	..	1.07*	0.97*	1.07*	0.75	0.71*	0.32*	0.65	0.71
Ordinary	14.48	13.12	6.56	5.98	19.00	17.00	14.00	10.00	4.80	2.40	4.00	2.80
	(22%)*	(20%)*	(10%)*	(6%)	(19%)*	(17%)*	(14%)*	(10%)	(12%)*	(12%)*	(10%)*	(7%)
Carry forward	0.30	0.26	0.18	0.18	0.25	0.25	0.01	0.29	0.11	0.27	0.15	0.11

* Subject to deduction of tax per cent per annum.

PROFIT OF ANGLO FRENCH TEXTILES RISES

MODERNISATION CONTINUES

THE performance of the Anglo French Textiles Ltd. [Managing Agents: Messrs. Best and Company (Pondicherry) Private Ltd.] during the year ended 31st December 1961 is encouraging in that its profit is higher, reserves have been strengthened by a larger amount than in the previous year and the dividend has been enhanced, albeit slightly. All this has been possible despite a fall in production and exports. Its production contracted for the first time in recent years, from 10.99 million lbs. to 10.83 million lbs. in the case of yarn and from 28.96 million yards to 27.20 million yards in the case of cloth. The cost of raw materials consumed was also less at Rs. 151.67 lakhs as against Rs. 158.14 lakhs in the previous year. Export sales of both cloth (this had maintained the uptrend in the previous year) and yarn declined from Rs. 151.88 lakhs to Rs. 102.94 lakhs and Rs. 46,330 to Rs. 10,340, respectively. As a result, its earnings from export incentive premiums were reduced from Rs. 19.64 lakhs to Rs. 11.99 lakhs. The total sale proceeds, however, rose sharply from Rs. 267.22 lakhs to Rs. 307.62 lakhs, following an approximately 100 per cent increase in the internal sale of cloth from Rs. 81.64 lakhs to Rs. 163.95 lakhs and a recovery in that of yarn from Rs. 30.70 lakhs to Rs. 38.50 lakhs. The gross profit has, therefore, improved for the third year in succession from Rs. 36.59 lakhs to Rs. 40.34 lakhs, notwithstanding the continued rise in staff expenses from Rs. 68.30 lakhs to Rs. 70.12 lakhs due to the implementation of the Wage Board recommendations, involving an additional burden of Rs. 3.73 lakhs in 1961, and an increase in other expenses from Rs. 48.45 lakhs to Rs. 50.63 lakhs. The net profit, too, has risen but slightly from Rs. 23.53 lakhs to Rs. 24.20 lakhs due primarily to a much larger provision of Rs. 10.14 lakhs, as against Rs. 7.64 lakhs a year before, for depreciation. The transfers to reserves have been stepped up from Rs. 7.50 lakhs to Rs. 9.42 lakhs. The return to shareholders which had been enhanced from 11 per cent for 1959 to 15 per cent for 1960, has been raised further to 16 per cent per annum.

The comparative table below gives a fair idea of the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales (gross)	307.62	267.22	269.81	212.78
Closing stocks	31.04	41.98	21.00	22.75
Other income	17.92	25.37	17.48	22.75
Raw materials consumed	151.67	158.14	132.12	0.62
Staff expenses	70.12	68.30	67.78	113.88
Other expenses	50.63	48.45	52.95	42.04
Gross profit	40.34	36.59	20.68	45.82
Provision for—				9.82
Depreciation	10.14	7.64	6.85	
Taxation	3.65	3.84	1.72	1.46
Managing Agents' commission	2.35	2.06	..	0.15
Net profit	24.20	23.53	1.08	0.07
Provision for bonus	8.77	10.40	11.63	5.14
Preliminary expenses written off	..	..	8.90	1.66
To reserves	9.42	7.50	0.90	0.61
Dividends—			2.25	..
6 per cent preference	1.08	1.08	1.08	1.08
Ordinary	4.80	4.50	3.30	1.80
	(16%)†	(15%)†	(11%)†	(6%)
Carry forward	0.84	0.21	0.17	0.12
Market value of ordinary share (In rupees):	1961	1960	1959	1958
High	150.00	127.50	90.50	90.65
Low	118.00	90.00	70.00	86.75

† Free of French Indian income-tax.

During the year under review, the modernisation programme of the Company made satisfactory progress. The weaving preparatory department was completed, 34 ring spinning frames were converted to CN high drafting system, nine intermediate frames were converted to double zone drafting arrangement and one more was nearing full conversion by the end of the year. Orders have been placed for the conversion of 47 ring spinning frames to GX-2 system of high drafting and 13 intermediate frames to double zone drafting arrangement. Sixteen Platts MDF-5 high speed draw frames are also on order. The project for modernising the spinning shed is expected to be completed by June 1963. The Directors are now attending to modernising and increasing the capacity of the finishing department. A second kier was commissioned during the year, and plans are under consideration for introducing pigment padding, dyeing and mercerising.

The Rs. 100 fully paid ordinary shares are currently quoted at Rs. 147.50 cum-div., and, on an ex-div. basis, offer a net yield of 12.3 per cent per annum.

FERTILISERS

(Concluded from page 846)

35 and 47 months should normally suffice under local conditions:

Time Schedule for Fertiliser Plant in India

Phasing	Approximate time taken by Government (Months)	Normal time (Months)
Preliminary analysis, project report and initial decision as to proceed with the project	5–7	4–5
Preparation of tenders, preliminary processes, specifications, etc.	3–4	3–4
Contractors' project bid, review of bids, and final decision to erect factory	12–20	4–8
Ordering, construction, erection to completion and start-up	32–40	24–30
Total	52–71	35–47

The Fertiliser Mission, therefore, recommended that the Fertiliser Corporation of India should co-ordinate and be responsible for planning, training, technical examination and research with regard to implementing this programme.

This expert body offers some interesting comments on the raw material base of nitrogen production and the comparative costs of different end-products. The cost per ton of nitrogen is estimated as follows:

Ammonia (82%N) Rs. 454; urea (45%N) Rs. 810; ammonium nitrate/limestone (30.5%N) Rs. 1,030 and ammonium sulphate (20.5%N) Rs. 1,320.

According to this reckoning, production of ammonium sulphate as at Sindri is the least economic and involves the greatest bulk. It costs twice as much to transport a ton of ammonium sulphate as it does a ton of urea. Since the utilisation of ammonia-in-water was found unsuited to Indian conditions, except in a few favoured localities as Tanjore district, the production of urea is favoured.

Comparative Costs

Here are estimates of the comparative costs of producing a ton of ammonia on the basis of the raw materials used: Natural gas, refinery gas, by-product coke oven gas Rs. 300; naphtha Rs. 320 and coal (at Rs. 30 a ton) Rs. 400. The use of gas or naphtha is, therefore, recommended in preference to coal, except in places where coal (or lignite) is available at site (Kothagudam and Neyveli) and the product is consumed locally.

Coming to manufacturing methods, the four steps leading to the production of ammonia are: (1) separation of air into oxygen and nitrogen by liquefaction and distillation; (2) manufacture of hydrogen; (3) purification of hydrogen and (4) reaction of hydrogen and nitrogen.

By burning methane or natural gas in a limited supply of oxygen and in the presence of steam in the required and carefully controlled quantities, mixtures of hydrogen, carbon monoxide and carbon dioxide are obtained. Or one may start refinery gas, coke oven gas or naphtha as raw material.

Carbon dioxide can be removed readily by absorption in an alkaline solution, but the carbon monoxide cannot be separated in the same way. For this reason, this component is converted to carbon dioxide by adding steam to the stream of gases and then passing the mixture over a catalyst, or activating agent, at a high temperature. The resulting gas then consists essentially of hydrogen and carbon dioxide. After absorption of carbon dioxide the hydrogen is of 97 per cent purity, and still contains small amounts of water, carbon dioxide and hydrocarbons all of which must be removed. Hydrogen is purified by treatment in turn with an alkaline solution and a drying agent and finally washing out traces of hydrocarbons by liquid nitrogen.

Several processes have been developed for the synthesis of ammonia, all of them calling for the employment of catalysts, high pressure (2,840 to 14,000 lb./sq. in.) and moderately high temperature. Nitric acid is obtained by high temperature oxidation of ammonia over a platinum catalyst. Finally, urea is made by the reaction of carbon dioxide with ammonia at a pressure of 2,840 lb./sq. in. and a temperature of 345° F.

An early decision on a price policy conducive to the increased use of fertilisers is seen as essential. At present, the Indian cultivator who is, perhaps, the poorest in the world, has to pay almost the highest price in the world for fertilisers. The high price of Indian fertiliser is attributed to the 16 per cent "cushion" included in the fertiliser pool price. This has yielded considerable annual surpluses (Rs. 6.38 crores in each of the years from 1955-56 to 1959-60) which constitute an indirect tax on the cultivator.

Formidable Task

The task of increasing fertiliser consumption on the scale envisaged by India is indeed a formidable one. In the Western countries it took some three years of selling to make a pronounced impression on the fertiliser market. It behoves the manufacturers in the private and public sectors to launch an intensive educational and selling campaign. The Government of India made a gesture recently by announcing reduction in the prices of nitrogenous fertilisers, the idea being that it would enable the farmer to buy more fertilisers and increase the yield (see Table B).

Even at the new reduced prices, the Fertiliser Pool is understood to be making a profit of Rs. 25 to 30 per ton of fertiliser sold. The Pool purchases the indigenous fertilisers at different prices, buying ammonium sulphate produced as by-product by steel plants at Rs. 220 per metric ton, from Sindri at Rs. 300 per metric ton and from FACT at about Rs. 350. And the import price is about Rs. 210 per metric ton. And when the Pool distributes the imported and indigenous ammonium sulphate it is sold at Rs. 330 per metric ton.

The U.N. Fertiliser Mission has recommended the abolition of the Central Fertiliser Pool and direct competitive sales by the individual plants. In fairness, the Government cannot reject the demand for further reduction in prices, the more so as it announced the reduction of excise duty on naphtha used as raw material in fertiliser production last December. This will bring down the production costs of nitrogenous fertilisers manufactured at Trombay, Gorakhpur, Visakhapatnam and Ennore. Lastly, to promote ready acceptance of fertilisers by farmers, the Government should fix a guaranteed minimum price for basic food crops (to start with rice and wheat) that will enable the cultivator to increase yields without fear of a significant fall in prices.

TABLE A: *Fertiliser Imports and Foreign Exchange Savings*

(In million rupees)

Year	Capacity of N. to be achieved (1,000 tons)	Additional food production (1,000 tons)	Foreign Exchange for import of			Savings in Foreign Exchange by	
			Foodgrains	Fertilisers	Fertiliser Plant	Import fertilisers rather than foodgrains	Import fertiliser Plant rather than foodgrains
1	2	3	4	5	6	7 (4—5)	8 (4—6)
1960	250	2,500	1,135	375	42	760	1,093
1961	350	3,500	1,589	525	42	1,064	1,547
1962	400	4,000	1,816	600	188	1,216	1,628
1963	400	4,000	1,816	600	230	1,216	1,586
1964	400	4,000	1,816	600	242	1,216	1,574
1965	700	7,000	3,178	1,050	270	2,128	2,908
1966	1,200	12,000	5,448	1,800	68	3,648	5,380
			16,798	5,550	1,082	11,248	15,716

Note:—Assuming all N. production is used for food production; a ton of N. gives 10 tons of foodgrains and 20 tons of straw; the cost of foodgrains Rs. 400 a ton and straw Rs. 27 per ton. Cost of imported N. taken as Rs. 1,500 a ton.
(Source—*Secretary, Development Council for Fertilisers and Fertiliser Association of India.*)

TABLE B: *Price of Nitrogen Fertilisers to the Cultivator*

(Rs. per metric tons)

	U.P.		Madras		Orissa		In any other State or Union territory	
	Old	New	Old	New	Old	New	Old	New
Ammonium sulphate	330.00	366.00	385.14	371.00	384.50	370.00	374.50	360.00
Urea	733.00	719.00	724.98	711.00	729.10	715.00	729.10	715.00
Ammonium sulphate/nitrate	446.00	438.00	432.06	432.00	443.5	435.00	443.50	435.00
Calcium ammonium/nitrate	359.00	346.00	354.54	342.00	354.50	342.00	354.50	342.00

Note:—Old price prior to 1st December 1961. New price from 1st December 1961.

NEW PRODUCTS AND PROCESSES

Automatic Welding Head

AN argon-arc type fully automatic welding head, capable of joining tubes in confined spaces, has been developed at the Erith, Kent, Works of G.E.C. (Engineering). This equipment has been evolved for use in the installation of the miles of stainless steel gas-sampling tubes forming part of the burst-cartridge detection system at the Hunterston nuclear generating station. The welding head is also suitable for use in other fields where welds may have to be made in places where space is restricted. It consists of two tungsten electrodes 1/16-inch in diameter, mounted diametrically opposite each other, and having a life expectancy between repointings of not less than 20 welds. These electrodes are fitted to the rotating head which is mounted in a frame provided with two split clamps enabling the head to be clamped above and below the joint to be welded. A motor fitted to this frame drives the head forward through 180 degrees, in a plane parallel to the tube, and then reverses through 180 degrees thus returning the head to its starting position. Argon is fed to the head through a length of plastic tubing and arranged to flow around each electrode.

New Fire-fighting Material

A new fire-fighting liquid is now being offered by Imperial Chemical Industries for use against electrical fires and fires of inflammable liquids. The material, known as BCF, for which the chemical name is bromochlorodifluoromethane, acts in part by forming a blanket of dense gas which will not support combustion, and also by the strong inhibiting action which it exerts on the reactions taking place in flames. The liquid is said to be more expensive than well-established materials such as chlorobromomethane and methyl bromide, but it is claimed that the higher cost is offset by its superior properties.

Heat Exchanger

A new type of heat exchanger, claimed to be 25 times more efficient than the conventional air-cooled exchanger, has been developed at a laboratory of Britain's Department of Scientific and Industrial Research. The equipment, which uses an air-water froth as the cooling medium, is described as having a performance comparable with that of a water-cooled exchanger. Air cooling has hitherto had the disadvantage of needing a great deal of space owing to the size of the heat-exchangers required. In the froth-contact heat exchanger developed at the laboratory, tubes containing the material to be cooled are immersed in an air-water froth created by blowing air through a sieve plate in the bottom of a water tank. Cooling occurs in two stages: in the first the tubes to be cooled are covered by a thin, frequently renewed film of water to which heat is transferred at a high rate. In the second stage, the film is carried from the tubes into a constantly-moving froth, where, although the rate of heat-transfer is lower, the area over which heat-transfer occurs is very large. Although the amount of water required is roughly equivalent to that used with cooling towers, the high-powered pumping equipment which forms an important part of the cost of the cooling tower system is not needed.

Treatment for Low-grade Ore

An Australian scientists Dr. T. R. Scott, principal research officer in the mineral chemistry division of the Australian Commonwealth Scientific and Industrial Research Organisation, has made an important discovery on mineral extraction. He has developed a method of producing aluminium oxide from low-grade bauxite. The new process involves a high temperature treatment of the ore with sulphuric acid to form a basic aluminium sulphate as a purified intermediate product. The major advantage of this new process lies in its adaptability to low grade ores, high in silica and iron, which are not suitable for treatment by the conventional alkali method.

Grained Finish for Hardboard

An Australian furniture manufacturer, Ogden Bros. P/L., of St. Peters, Sydney, has developed a new process to provide hardboard with a grained finish comparable with high-class veneering. The process, called Duraplex, gives the hardboard a hard attractively-grained and coloured coating which is heat and scratch resistant and impervious to solvents. It is being used in the construction of Ogden Durabilt bedroom suites. Duraplex involves the printing of timber grain patterns on hardboard in specially developed inks and the application of polyster finish. The first step is the application of a neutral coloured base coat to the hardboard sheet which is then passed through a printing machine in which an etched steel roller applies the grain pattern and colour. A polyster finish is then applied. Eighteen months of research went into the preparation of the nonfading ink used in the printing. Six different grain patterns can be given to the hardboard in an infinite range of colours and shades.

Three-dimensional Radar

A new, three-dimensional radar, believed to be the first of its kind in the world and built by the Royal Radar Establishment of Malvern, is a big step towards automatic air traffic control. The radar, called Blue Yeoman, came into operation recently. It was designed for defence purposes and a chain of about three is to be built along the East Coast. The special feature of Blue Yeoman is that it can measure the altitude of an aircraft at the same time as it determines its direction. Previous radars have measured only direction or only height.

Notices

THE GANESH FLOUR MILLS COMPANY LIMITED, DELHI

Registered Office:
SUBZIMANDI, DELHI

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 70th Annual General Meeting of the Shareholders of the Ganesh Flour Mills Company, Ltd., Delhi, will be held at the Company's premises at 64-65, Najafgarh Road (Industrial Area), New Delhi, on Wednesday the 30th May, 1962, at 10.30 a.m., or soon after the separate meetings of different classes of Shareholders are over, to transact the following business:—

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ending 30th September, 1961.
2. To declare dividends:—
   (a) On Ordinary/Equity Shares and 7% First Cumulative Preference Shares.
   (b) On 2nd, 3rd, 4th and 5th Cumulative Preference Shares (taking into account the Special Resolution No. 5 in this respect).
3. (a) To appoint a Director in place of L. Bal Raj who retires by rotation under the Articles of Association of the Company and being eligible for re-appointment, offers himself for re-appointment as a Director of the Company.

   (b) To appoint a Director in place of L. Briji Lal who retires by rotation under the Articles of Association of the Company and being eligible for re-appointment, subject to exemption of age limit as prescribed for a Director under Section 280 of the Companies Act, 1956, offers himself for re-appointment and to consider, and if thought fit, to pass the following resolution of which special notice as required under Section 281 of the Companies Act, 1956, has been received by the Company from a Shareholder:—

   "Resolved that L. Brij Lal who has attained the age of 69 years be and is hereby re-elected a Director of the Company and it is hereby specifically declared that the age limit for a Director as prescribed under Section 280 of the Companies Act, shall not apply to him."
4. To appoint Auditors for the financial year 1961-62 and fix their remuneration. Messrs. A. F. Ferguson & Co., Chartered Accountants, the retiring Auditors, being eligible for re-appointment, offer themselves for re-appointment as Auditors of the Company for the year 1961-62.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following as a *Special Resolution*:

   "Resolved that so long as the Company is required to make deductions of tax at source from dividends the rate of dividend on 2nd, 3rd, 4th and 5th Cumulative Preference Shares be increased from 4% to 5.71% per annum."
6. To consider and if thought fit to pass with or without modification the following as a *Special Resolution*:

   "Resolved that in Clause 5(c) and (d) of the Memorandum of Association of the Company the words and figures 4% and 'free of income-tax' wherever they occur in these sub-clauses of clause 5 be deleted."
7. To consider and if thought fit to pass with or without modification the following as a *Special Resolution*:—

   "Resolved that:—

   (i) In Article 3(c) (i) of the Articles of Association of the Company the words and figures "4% per annum" be deleted;

   (ii) In Article 3(d) (i) the words and figures "of 4% per annum" be deleted;

   (iii) In Article 3(e) (i) the words and figures "4% per annum" be deleted;

   In Article 3(e) (ii) the words and figures "4%" be deleted;

   (iv) In Article 3(f) (i), (ii) & (iii) the words and figures "4% per annum" and '4%' wherever they occur be deleted."
8. To consider and if thought fit to pass with or without modifications the following as a *Special Resolution*:

   "Resolved that L. Satya Narain Gupta, Director of the Company be paid 3/4 per cent commission per annum on the amounts guaranteed or securities provided by him in connection with any loans or advances obtained by the Company from time to time from Bankers and other parties for purposes of its business in India and Pakistan. The commission to commence from the date such guarantees or securities are provided."
9. To consider and if thought fit to pass with or without modifications the following as a *Special Resolution*:

   "Resolved that, subject to the approval of the Central Government and to such modifications, if any, as the Government might make, Lala Kirpa Narain, Secretary and General Manager of the Company, be paid 3/4 per cent commission per annum on the amounts guaranteed or securities provided by him in connection with any loans or advances obtained by the Company from time to time from Bankers and other parties for purposes of its business in India and Pakistan. The commission to commence from the date such guarantees or securities are provided."
10. To consider and if thought fit to pass with or without modifications the following as an Ordinary Resolution:

    "Resolved that the Board of Directors of the Company be and are hereby authorised, in consultation with the Company's Auditors, to appoint persons qualified to act as Auditors for audit of the accounts of Branches of the Company, where such audit is not done by the Company's Auditors, as the Board of Directors may decide from time to time and on such terms, conditions and remuneration as they think proper."
11. To consider and if thought fit to pass the following with or without modification as an Ordinary Resolution:

    "Resolved that the Company hereby approves of the appointments and consents to the continuance, as the case may, of the following as Dealers of the Company for a period not exceeding five years commencing from the dates of such appointments and for the products and the Area respectively mentioned subject to any variation that may be made in the terms of their appointments including changes in Area and Products and subject also to the conditions that the arrangements may be terminated earlier by one month's notice on either side."

Note:—(The list of all such dealers is being sent to the Shareholders alongwith the Balance Sheet.)

By Order of the Board of Directors,
FOR THE GANESH FLOUR MILLS CO. LTD.,
(Sd.) KIRPA NARAIN,
Secretary & General Manager.

DELHI,
Dated 30th April 1962.

N.B.—(a) The Share Transfer Book of the Company will remain closed from 17th May 1962 to 30th May 1962 (both days inclusive);

(b) Members unable to attend are requested to send their proxy form, sent alongwith the notice, duly stamped, signed and completed in favour of a person attending the meeting. Forms not properly signed and/or completed or received less than forty-eight hours before the meeting will be treated as invalid;

(c) A member entitled to vote is entitled to appoint a Proxy to attend and vote instead of himself and that a Proxy need not be a member of the Company;

(d) A copy of the existing Memorandum and Articles of Association of the Company as well as copies of the proposed amendments to the Memorandum and Articles of Association of the Company duly signed by the Chairman for purposes of identification shall also be available for inspection of members during business hours at the Registered Office of the Company on all working days from 17th May 1962 to 30th May 1962;

(e) The terms of appointment of Dealers as mentioned in item 10 above will be open for inspection of the members at the Registered Office of the Company on any working day between 17th May 1962 to 30th May 1962, during working hours;

(f) Explanatory statements as required under Section 173 of the Companies Act are being sent to the Shareholder alongwith the Balance Sheet by post;

(g) All Shareholders of the Company are also requested to send their present addresses to the Company before the date of the Meeting so that Dividend Warrants for the year ending 30th September 1961 may reach them at their correct address.

JENSON AND NICHOLSON (INDIA) LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of Members of the Company will be held at the Registered Office of the Company, No. 2, Fairlie Place, Calcutta, on Thursday, 7th June, 1962, at 11 a.m., for the following purposes:

1. To receive and consider the Directors' and Auditors' Reports and the Profit and Loss Account for the year ended 31st December, 1961 and the Balance Sheet as at that date.
2. To declare Dividends.
3. To elect a Director.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will be closed from the 1st to 7th June, 1962, both days inclusive.

By Order of the Board,
H. S. CHALLIS,
Secretary.

2, FAIRLIE PLACE,
CALCUTTA, *30th March*, 1962.

Note.—A member entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote instead of him. A proxy need not also be a Member of the Company.

THE BENGAL FLOUR MILLS COMPANY LIMITED

NOTICE IS HEREBY GIVEN TO THE MEMbers of the above-named Company that the Annual General Meeting (being the one hundred and twenty-eighth Ordinary General Meeting of the Company) will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Thursday, 31st May, 1962, at noon, to consider the Accounts of the Company for the year ended 31st December, 1961, and to transact other ordinary business and the undernoted special business.

SPECIAL BUSINESS

NOTICE is also hereby given of the following Resolution, which will be proposed as an Ordinary Resolution, of which Special Notice dated 23rd April, 1962, as required by Section 281 of the Companies Act, 1956, has been received:—

"That pursuant to the provisions of Section 281 of the Companies Act, 1956, it is hereby declared that the age limit imposed by Section 280 of that Act shall not apply to Mr. S. C. Law, a Director of the Company, who has attained the age of 69 years, and who retires in rotation and, being eligible, offers himself for re-appointment, and that the said Mr. S. C. Law be and is hereby re-appointed a Director of the Company."

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 17th May, 1962 to 31st May, 1962, both days inclusive.

By Order of the Board,
BALMER LAWRIE & CO. LTD.,
D. MANSON,
Managing Director,
Managing Agents.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *24th April*, 1962.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

INDUSTRIAL CONTAINERS LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Fourth Annual General Meeting will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Friday, 25th May, 1962, at 12.10 p.m., to consider the Accounts of the Company for the year ended 31st December, 1961, to transact other ordinary business and the undernoted special business.

SPECIAL BUSINESS.

NOTICE is also hereby given of the following resolution which will be proposed as a special resolution:

"That the word 'three' appearing in the third line of Article 144 of the Articles of Association of the Company be deleted and the word 'six' be substituted therefor."

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 10th May, 1962 to 25th May, 1962, both days inclusive.

By Order of the Board,
BALMER LAWRIE & Co. LTD.,
D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *19th April*, 1962.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

HOPE'S METAL WINDOWS (INDIA) LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Fourth Annual General Meeting will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Friday, 25th May, 1962, at 12.20 p.m., to consider the Accounts of the Company for the year ended 31st December, 1961, to transact other ordinary business and the undernoted special business.

SPECIAL BUSINESS.

NOTICE is also hereby given of the following resolutions which will be proposed as special resolutions:

1. "That pursuant to the provisions of Section 81 of the Companies Act, 1956 and in terms of an Agreement dated 31st May, 1961 between the Company and Henry Hope & Sons Ltd., Birmingham, England, the Board of Directors of the Company be and is hereby authorised to allot to Henry Hope & Sons Ltd. fully paid ordinary shares of Rs. 10 each in the capital of the Company not exceeding the equivalent value of £19,200."
2. "That the word 'three' appearing in the third line of Article 144 of the Articles of Association of the Company be deleted and the word 'six' be substituted therefor."

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 18th May, 1962 to 25th May, 1962, both days inclusive.

By Order of the Board,
BALMER LAWRIE & Co. LTD.,
D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *19th April*, 1962.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

THE MAHARASHTRA SUGAR MILLS, LIMITED

Registered Office:
Industrial Assurance Building, Churchgate,
BOMBAY-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-EIGHTH ANNUAL GENERAL MEETING of THE MAHARASHTRA SUGAR MILLS, LTD., will be held on THURSDAY, the 31ST day of MAY 1962 at 4-00 p.m., at the Registered Office of the Company, to transact the following business:

1. To consider and adopt the audited Balance Sheet and Profit and Loss Account for the year ended 30th September 1961, and the Auditors' Report thereon and the Directors' Report.
2. To declare Dividends.
3. To transfer a sum of Rs. 5 Lacs from the General Reserve and declare additional Dividend of Rs. 4,72,500 therefrom pursuant to the Notice dated the 3rd March 1962 served on the Company by the Income-tax Officer, Companies Circle I (2), Bombay, under Section 23A of the Income-tax Act 1922 for assessment year 1955-56 (Company's accounting year ended 30th September, 1954).
4. To appoint a Director in place of Shri S. A. Sabnis who retires by rotation and to consider and, if thought fit, to pass the following Resolution of which a Special Notice as required by Section 281 of the Companies Act 1956 has been received by the Company:

   "RESOLVED that pursuant to the provisions of Section 281 and other applicable provisions, if any, of the Companies Act, 1956, Shri S. A. Sabnis, who has attained the age of 83 years and retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."
5. To appoint a Director in place of Shri B. A. Dalal who retires by rotation and is eligible for re-appointment.
6. To appoint a Director in place of Shri Yasho Vardhan, who was appointed an Additional Director of the Company by the Board of Directors on 14th December 1961 under Article 107 of the Articles of Association of the Company and who ceases to be a Director at the Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director.
7. To appoint Auditors to hold office from the conclusion of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

Notes: (a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act 1956 is annexed to the Notice issued to the members of the Company.

(b) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.

(c) The Transfer Books of the Company will be closed from the 13th May 1962 to 27th May 1962, both days inclusive.

(d) If dividends as recommended by the Directors are sanctioned at the Meeting, the dividend warrants will be posted to those Members whose names stand on the Company's Register as on 27th day of May 1962. The payments will be made on and after 12th June, 1962.

By Order of the Board of Directors,
FOR THE MAHARASHTRA SUGAR MILLS, LTD.,
M. L. DAHANUKAR & COMPANY PRIVATE LIMITED,
D. M. DAHANUKAR,
Director,
Managing Agents.

BOMBAY, *2nd May*, 1962.

AMAR DYE-CHEM LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Eighth Annual General Meeting of the Shareholders of the abovenamed Company will be held at the Registered Office of the Company at Rang Udyan, Sitladevi Temple Road, Mahim, Bombay-16, at 3 p.m. on Monday the 11th day of June, 1962, to transact the following items of Ordinary and Special Business.

(1) To receive, consider and adopt the Directors' Report and the audited accounts of the Company for the year that ended on 31st December, 1961.

(2) To declare dividends on Preference and Equity Shares.

(3) To appoint a Director in place of Shri Pratap Bhogilal who retires by rotation but being eligible for re-appointment offers himself for re-election.

(4) To appoint a Director in place of Shri V. D. Muzumdar who has attained the age of 69 years and who retires by rotation but being eligible for re-appointment offers himself for re-election, and to consider and if thought fit, to pass the following Resolution, of which special notice as required by Section 281 of the Companies Act, 1956 has been received by the Company:

"RESOLVED that pursuant to the provisions under Section 281 and other relevant provisions if any of the Companies Act 1956, Shri V. D. Muzumdar who has attained the age of 69 years and who retires by rotation under Article 150 of the Articles of Association of the Company be and is hereby re-elected as a Director of the Company and it is hereby specifically declared that the age limit of 65 years prescribed for the Directors under Section 280 of the said Act shall not apply to him."

(5) To appoint Joint Auditors and to fix their remuneration.

(6) To pass Ordinary and Special Resolutions pursuant to Sections 293 and 360 of the Companies Act 1956, as set forth in the Notice of the Meeting being circulated to the Shareholders with a copy of the relative explanatory statement issued under Section 173 of the Companies Act, 1956, relating to the items of special business set out in the aforesaid notice.

By the Order of the Board of Directors,
for AMAR DYE-CHEM LIMITED,
for AMRITLAL & Co. PVT. LTD.,
J. H. DOSHI,
Managing Director,
Managing Agents.

BOMBAY.
Dated: 18*th April* 1962.

N.B.—(a) A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy, to attend and vote on a poll instead of himself and such proxy need not be a Member of the Company.

Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.

(b) The Share transfer books of the Company will be closed from Thursday the 17th day of May, 1962 to Monday the 11th day of June, 1962 both days inclusive for payment of dividends.

(c) The proposed dividends on Preference and Equity Shares if sanctioned will be made payable at the Chartered Bank, Bombay, on and after 12th day of June, 1962, to those shareholders whose names appear on the Register of Members on 11th day of June, 1962 to whom dividend warrants will be posted at their addresses registered with the Company.

100 kgs., but following weak advices from London as well as Singapore the rate gradually declined to Rs. 1,696.75.

While the firm report of the expected releases of tin from the U.S. stockpile has affected the world price of this metal, it has been claimed on behalf of the U.S. that the releases would be so arranged as not to affect the market trend. The U.S. does not desire that the releases should have any repercussions on producers. It is, therefore, considered possible that the releases would be by auction, the highest bidder obtaining the supplies. In which case, it is very likely that the International Tin Council would bid and thus once again build some buffer stocks. This would thus mean the transference of stocks from the U.S. stockpile to the buffer of the International Tin Council in London. Such a development would, of course, be welcomed by the producers, as it would leave the price unaffected. Having regard to the assurances given by President Kennedy to the producers in Malaya and Bolivia and other countries, it is unlikely that the U.S. would release tin at a price lower than £965 a ton which is the latest ceiling fixed by the International Tin Council. Market circles await the official announcement about the reported sale and the price at which it is to be made. For it would put to end the prevailing uncertainty.

In London, spot copper remained unchanged at £234 a ton; with the existing good warehouse stocks making the report of strike in northern Rhodesia insignificant. In Calcutta, berry scrap hardened from Rs. 572.75 to Rs. 576 per 100 kgs. Demand was keen, but supplies were limited. Until the D.L.F. supplies are received, the situation is unlikely to improve. The absence of adequate copper led to a fall in the demand for zinc which declined from Rs. 244.75 to Rs. 240.25 per 100 kgs. In London, spot zinc opened at £69½ a ton and closed lower on balance at £68½. Virgin lead was steady at Rs. 133.75 per 100 kgs. following the current difficult supply position and troubles in the port.

JUTE GOODS DECLINE FURTHER

(From Our Own Correspondent)

CALCUTTA, *8th May*

The virtual closing of the Calcutta port as a result of stoppage of work by Hooghly pilots is causing considerable anxiety to all sections of jute trade and industry. Already, smaller drafts and, in consequence, loading of less cargo had meant lower exports and now, with the pilots' refusal to work, shippers have been placed in an unenviable position. It has been most unfortunate that this state of affairs prevails at a time when prompt and regular supplies against overseas traders are necessary to maintain the reputation of the trade.

During the week under review, a further decline in prices of heavy goods was recorded, while good demand led to maintenance of hessian prices. On the other hand, widespread rains in several jute-growing areas in both Pakistan and India and renewed expectations of a bumper crop depressed fibre prices in both countries. Thunder showers in the last two weeks have led farmers to start sowing operations in right earnest, although it is feared that, with continued good arrivals, heavy stocks in the bazar awaiting buyers and the farmers still possessing remnants of the old crop, there may be some last minute decisions among farmers to grow paddy instead of jute in certain areas, the overall position is considered to be good. It has been fit and proper that the Buffer Stock Association has started purchases at this time, since these purchases can go a long way towards reassuring farmers that there would be ready buyers of his produce. The Association members have already completed purchases of the first quota of 50,000 bales. It has now been decided to purchase a further quantity of 75,000 bales, which would raise the buffer stocks to 125,000 bales equivalent to 625,000 maunds. As is already known, the B.S.A.'s purchases are mostly low-grade jute and mesta. This is so in order to give support to these grades, supplies of which are abundant as compared with those of the higher grades.

It had been earlier contemplated to import and allocate 100,000 bales of cuttings to mills which were to purchase a proportionate quantity of low grade fibre. This has now been given up, since the trade is much opposed to imports at a time when domestic supplies are more than enough to meet demand. The Buffer Stock Association has rightly pointed out that the present time is not appropriate to make any purchases of imported cuttings. Meanwhile, demand for permission to export raw jute in at least token quantities has again been made, but it is thought unlikely that the Government would permit exports. With the commencement of Buffer Stock purchases, the market is expected to be relieved soon of excess supplies and as such it should not matter to the market trend whether the surplus supplies remain with the Buffer Stock Association and mills or in foreign markets. At present, it is estimated that carryover to the coming season would be in the neighbourhood of 2,400,000 bales, as against 400,000 bales brought in, the respective estimate for Pakistan being 1,100,000 bales, against nil. With the poor interest shown by overseas buyers in Pakistan markets and with continued good arrivals, it was apprehended that cultivators might change over from jute to paddy. The fall in Pakistan prices has been greater as compared with that in India and if the U.K. and Continental buyers do not come forward to relieve the market, prices will fall further. The cancellation of the decision by the authorities to import cuttings is, thus, a step in the right direction.

Storage of jute has indeed been a problem, but, if the State Warehousing Corporation extends its storage facilities to buffer stock purchases pending transportation to consumption centres, it is felt that the price support scheme would make itself further felt in restoring the confidence of farmers. At present, lack of space in growing areas forces the cultivators to dispose of their produce to middlemen at unremunerative prices. A conference between the West Bengal Chief Minister and the Chairman of the Corporation has already been held in this regard.

With the increased crop of the current season and expectations of another bumper crop, it has been apparent that, in order to reduce cost of cultivation and widen the market for raw jute and jute goods, new uses of jute should be discovered. As such, it has been a very happy development that researches undertaken in regard to the possibility of commercial use of jute sticks at present going to waste after peeling the fibre around them have been met with success. These sticks have been found to be very good raw material for hard boards.

With the levy of excise duties on jute goods for internal consumption, prices had an unsettling influence. Wide fluctuations followed and, with the expectation of further fall in prices, overseas buyers stayed out. While hessian prices have returned to the levels existing before the levies, prices of heavy goods have lost on balance. On Tuesday last, ready B. twills eased from Rs. 130.50 to Rs. 129.00 in the absence of demand. However, as a result of interest in local bazar, hessian 40" 10 oz. steadied from Rs. 53.10 to Rs. 53.75. Soon good covering demand in hessian followed, and there were also inquiries from abroad for hessian. As a result, ready hessian 40" 10 oz. hardened further to Rs. 54.25 on Wednesday. However, with little business in heavy goods, ready B. twills dropped to Rs. 127.75. On Thursday, apart from reports of some business in Australian woolpacks, the heavy goods section was inactive. This was reflected in the price of B. twills falling further to Rs. 125.50. However, bear-covering as well as shortage of ready goods saw hessian 40" 10 oz. being lifted to Rs. 54.50. On Friday, there was profit-taking in hessian, as a result of which the price for the 40" 10 oz. construction fell to Rs. 53. Depression marked activities in heavy goods, as demand was absent. This was reflected in the price of B. twills falling to Rs. 124. Over the week-end, there was some covering business done, but this was insufficient to maintain the quotations. Ready B. twills fell to Rs. 122.75 and hessian 40" 10 oz. to Rs. 52.50. However, conditions were fully steady yesterday. Short-covering forced up ready hessian 40" 10 oz. to Rs. 53.75 and in sympathy B. twills moved up to Rs. 124.75.

In the wake of reports of good rains in many jute growing areas, the fibre market was depressed. Sellers were wanting buyers. However, mills were reluctant to buy. As a result, prices fell below the minimum levels.

Notice

STEEL CONTAINERS LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Fourth Annual General Meeting will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Friday, 25th May, 1962, at noon, to consider the Accounts of the Company for the year ended 31st December, 1961, to transact other ordinary business and the undernoted special business.

SPECIAL BUSINESS.

NOTICE is also hereby given of the following resolution which will be proposed as a special resolution:

"That the word 'three' appearing in the third line of Article 144 of the Articles of Association of the Company be deleted and the word 'six' be substituted therefor."

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 10th May, 1962 to 25th May, 1962, both days inclusive.

By Order of the Board,

BALMER LAWRIE & CO. LTD.,

D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA. *19th April, 1962.*

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

LONDON LETTER

AID FOR OVERSEAS DEVELOPMENT

(From Our Own Correspondent)

LONDON, *4th May*

WHEN, in the July crisis of last year, the Chancellor of the Exchequer began to be brutal with the British economy, he put in a saving word for the underdeveloped countries and declared that disbursements of assistance to them from the U.K. Government funds would have to be continued. In 1960, these disbursements totalled £150 million and, until last July, it was expected that they would rise to £180 million by the end of last year; in the event, they reached £162 million.

The Government cannot be blamed, however, for the greater part of this drop—it has mainly been due to a slower rate of drawing by some countries on the loan funds available to them. Last year's assistance was given a little less than half in the form of grants and a little more than half in the form of loans. A distribution between the various groups of underdeveloped countries for the last two years is shown below:

(In million £s)

	1960	1961
Colonial territories	69	94
Independent Commonwealth	41	50
Other countries	14	12

It is the Colonies which have had the greater part of the benefit and, over the last three years, their share has increased from 53 per cent to 60 per cent. The following table shows more specifically who received grants and who received loans:

(In million £s)

	1961	
	Grants	*Loans*
Africa:		
North Africa	3	—
South Africa	4	4
East Africa	22	20
West Africa	6	11
Central Africa	3	13
America:		
Central America	7	2
South America	1	3
Asia:		
South and South-East Asia ...	6	28
Other Asia	9	1
Australia	1	—
Europe	8	1
Other funds not allocated to individual countries	2	—
Total bilateral assistance	75	83

It will be seen that the lion's share of grants went to East Africa which received nearly half as much again as the countries of Asia. The latter, on other hand, took out more by way of loans.

The O.E.C.D. has for the last two years attempted to assess the total amount of aid going to the underdeveloped countries, but the assessments are made difficult by the uncertainty of the figures for the flow of private capital. Nevertheless, the interesting picture emerges that financial aid from all parts of the world was as high as $8,000 million in 1960. For the years 1950-55, the average was only $3,500 million. The increase in recent years has been very considerable and preliminary data indicates a further strong upward trend in 1961.

KIPS STEADY

(From Our Own Correspondent)

MADRAS, *7th May*

The kip market ruled steady, except for low grade cow hides of light average weights, for which demand was slack. Shipment business was selective, with good demand for lines in short supply, namely, cow calf light weights and top marks in buff calf. A small volume of export sales was reported in cow hides 5/8½ lbs. good standards in better tannages, while F.A.Q. kips were difficult to move. Inquiries from the U.S. for buff hides and calf were not brisk, nor from the Continent for cow calf. Traders felt that prices were not likely to improve further.

Trading in the tanned skins section was limited. Demand was selective, with emphasis on light weight goat un selections and heavy weight lower ends. The U.S. importers were not in the market, as sellers were quoting higher levels. Demand for tanned sheep skins was unchanged, same as last week.

In the next London auctions, 130,000 goat and 140,000 sheep skins will be offered for sale.

The following are the prices quoted in the local market for ready stocks of all-round lots:—

Tanned cowhides 8/8½ lbs. average	Per lb. Rs.
„ cowcalf 1½/2 „ „	3.25 to 3.30
„ buffhides 12/14 „ „	3.70 to 3.90
„ buffcalf 1½/2 „ „	1.90 to 2.00
	3.10 to 3.20

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 4th May, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		51,36,10,000
(2) Other Governments		16,06,38,000
(b) Banks		78,97,50,000
(c) Others		151,60,36,000
Bills Payable		30,74,38,000
Other Liabilities		63,61,11,000
	Rupees	533,35,83,000

ASSETS	Rs.	Rs.
Notes		14,83,69,000
Rupee Coin		2,43,000
Subsidiary Coin		3,22,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		52,10,27,000
Balances held abroad*		5,98,78,000
Loans and Advances to Governments†		113,63,55,000
Other Loans and Advances		129,56,88,000
Investments		181,31,68,000
Other Assets		35,85,33,000
	Rupees	533,35,83,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 7,86,60,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	14,83,69,000	
Notes in circulation	2145,14,21,000	
Total Notes issued		2159,97,90,000
Total Liabilities		2159,97,90,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,03,000	
(b) Held outside India		
Foreign Securities	105,00,07,000	
Total of A		222,76,10,000
B. Rupee Coin		116,34,87,000
Government of India Rupee Securities		1820,86,93,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2159,97,90,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	20-4-62	13-4-62	21-4-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	52,57	54,34	50,88
(ii) From others	788,20	785,84	719,66
(b) Borrowings from banks	24,52	22,79	24,09
(c) Others	61,61	60,69	55,52
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	16,06	16,99	16,40
(ii) From others	1,165,32	1,159,75	1,041,25
(b) Borrowings from banks	13,43	12,24	12,67
(c) Others	13,90	14,08	22,45
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,953,52	1,945,10	1,760,91
4. Borrowings from Reserve Bank	15,01	17,05	41,35
(a) Against usance bills and/or promissory notes	12,47	14,01	25,81
(b) Others	2,54	3,04	15,54
5. Borrowings from State Bank and/or a notified Bank	20,93	21,76	15,07
6. Cash	52,84	50,09	47,95
7. Balances with Reserve Bank	84,28	79,58	80,13
8. Cash and balances with Reserve Bank	137,07	129,98	128,07
9. 3 as per cent of 3	7,02	6,68	7,27
10. Balance with other banks in current account	19,14	17,57	15,59
11. Money at call and short notice	46,99	46,32	37,98
12. Investments in Government securities	589,85	588,47	538,82
13. 12 as per cent of 3	30,19	30,25	30,57
14. Advances—			
(a) Loans, cash credits and overdrafts	1,195,50	1,189,85	1,097,90
(b) Due from banks	6,97	6,32	9,45
15. Inland bills purchased and discounted	182,26	180,52	155,32
16. Foreign bills purchased and discounted	47,92	47,49	47,18
17. Total Bank Credit [15 (a)+16+17]	1,425,68	1,417,86	1,300,40
18. 17 as per cent of 3	73,98	72,89	73,85

State Bank of India

Statement of Affairs for the week ended 4th May, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		8,29,00,000
Borrowings from Other Banking Companies, Agents, etc.		574,43,32,000
Bills Payable		1,42,00,000
Bills for Collection being Bills receivable as per contra		12,25,51,000
Acceptances, Endorsements and Other Obligations per contra		2,61,68,000
Other Liabilities (including Inter-Office Adjustments)		6,19,70,000
Total .. Rs.		6,30,15,000
		617,24,89,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		19,38,71,000
Balances with other Banks		2,22,62,000
Money at Call and Short Notice		2,60,00,000
INVESTMENTS—		
Government and other Trustee Securities	Rs. 246,66,22,000	
Other Authorised Investments	9,07,16,000	
		255,73,38,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 277,53,87,000	
Bills Discounted and Purchased	18,65,00,000	
		296,18,87,000
Bills Receivable being Bills for Collection as per contra		2,61,68,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		6,19,70,000
Premises less Depreciation		1,92,00,000
Furniture and Fixtures less Depreciation		1,50,24,000
Other Assets (including Inter-Office Adjustments)		28,87,69,000
Total .. Rs.		617,24,89,000

EXCHANGE RATES

		9th May 1962	2nd May 1962
London on New York	*s.*	2.8135–2.8138	2.8121–2.8124
London on Paris	Fcs.	13.7865–13.7885	13.7780–13.7800
London on Berne	Sw. Fcs.	12.1955–12.1975	12.2230–12.2250
New York on London	*s.*	281.330–281.360	281.250–280.280
Pound Sterling—			
Sellers T.T. D.D. Spot	*s.*	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months	*s.*	1–5 15/16	1–5 15/16
Buyers T.T.	*s.*	1–5 1/32	1–6 1/32
Buyers D.D.	*s.*	1–5 1/16	1–6 1/16
U.S. Dollar—			
Sellers T.T. D.D.	Rs.	475.75	476.00
Buyers T.T.	Rs.	472.50	472.50
French Francs—			
Sellers T.T. D.D... per Rs.	100	102.90	102.80
Buyers T.T.	„	103.90	103.90
Swiss Francs—			
Sellers T.T. D.D...	„	91.00	91.20
Buyers T.T.	„	92.00	92.20
Deutsche Marks—			
Sellers T.T. D.D...	„	83.90	83.90
Buyers T.T.	„	84.90	84.90
Italian Lire—			
Sellers T.T. D.D...	„	130.10	130.00
Buyers T.T.	„	131.85	131.75
Swedish Kroner—			
Sellers T.T. D.D...	„	108.10	108.00
Buyers T.T.	„	109.20	109.10
Canadian Dollars—			
Sellers T.T. D.D... Rs. to	$100	442.25	455.50
Buyers T.T.	„	434.50	447.50
Belgian Francs—			
Sellers T.T. D.D... per Rs.	100	1,042	1,042
Buyers T.T.	„	1,058	1,058
Dutch Guilders—			
Sellers T.T. D.D...	„	75.40	75.40
Buyers T.T.	„	76.30	76.30
Hongkong Dollars—			
Sellers T.T. D.D...	„	119.60	119.90
Buyers T.T.	„	120.60	120.90

State Bank of Pakistan

Statement of Affairs for the week ended 27th April, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	15,76,21,000
(b) Provincial Governments	6,23,71,000
(c) Banks	19,43,37,000
(d) Others	101,12,30,000
Bills Payable	90,95,000
Other Liabilities	19,29,85,000
Rupees	175,51,39,000

ASSETS	Rs.
Notes	17,75,22,000
Rupee Coin	13,000
Subsidiary Coin	30,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	28,12,88,000
Loans and Advances to Governments	1,11,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	62,77,49,000
Investments	53,60,45,000
Other Assets	12,10,92,000
Rupees	175,51,39,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	17,75,22,000	
Notes in circulation	375,67,00,000	
Total Notes issued		393,42,22,000
Total Liabilities	....	393,42,22,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion	....	
Foreign Securities	65,49,65,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	133,51,73,000
B. Rupee Coin	3,15,34,000	
Government of Pakistan Securities	250,85,09,000	
Internal bills of exchange and other commercial paper	....	254,00,43,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	393,42,22,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.36 per cent.

INDEX NUMBERS OF SECURITY PRICES

[1952-53 = 100]

Group and Sub-Group	Week ended 21st April 1962P	14th April 1962	24th March 1962	22nd April, 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.8	100.6	100.6	101.2
2. Government of India	100.5	100.5	100.5	101.1
3. State Government	102.0	102.0	101.9	101.9
4. Municipal, Port Trust, etc.	99.1	99.1	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101 0	101.0	100.9	100.8
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.3	82.4	82.6	85.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	190.7	192.7	191.2	178.1
8. *Agriculture and Allied Activities : Total**	161.6	162.5	161.2	176.2
9. Tea Plantations	154.5	155.2	154.3	172.9
10. Coffee Plantations	154.9	154.8	155.0	191.0
11. Rubber Plantations	169.1	169.7	168.3	169.6
12. *Mining and Quarrying : Total*	157.4	158.3	159.8	163.3
13. Coal	116.9	115.5	115.7	127.6
14. Other Mining	185.3	187.6	190.2	187.8
15. *Processing and Manufacturing : Total*	208.1	210.7	208.2	181.5
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	221.2	224.1	221.8	193.8
17. Sugar	143.5	143.7	143.4	170.4
18. Cotton Textiles	196.5	199.8	199.4	161.4
19. Jute Textiles	106.6	106.2	103.9	94.5
20. Silk and Woollen	1426.6	1274.0	1233.4	1086.4
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	203.7	205.8	203.5	204.0
22. Iron and Steel	156.2	157.9	155.0	166.3
23. Transport Equipment	390.9	396.9	391.4	399.6
24. Electrical Machinery	175.5	176.5	175.4	164.0
25. Machinery other than Transport and Electrical	236.2	238.1	236.5	222.4
26. Banks Industrial Chemicals	202 8	206.3	208.3	215.5
27. *Processing and Mfg. (Others): Total**	178.7	178.8	175.5	161.6
28. Cement	168.5	165.2	162.3	142.5
29. Paper	226.2	229.7	228.6	215.1
30. *Other Industries : Total**	114.1	115.1	113.6	105.0
31. Electricity Generation and Supply	86.3	86.5	86.3	80.9
32. Trading	125.6	126.5	139.8	126.7
33. Shipping and Other Transport	94.6	96.5	92.9	100.2
34. Construction	296.2	299.5	294.7	264.4
35. *Financial : Total*	218.7	220.7	224.5	188.8
36. Banks	247.7	250.6	258.0	212.1
37. Insurance	168.5	168.9	168.5	143.2
38. Investment Trusts	98.0	98.1	94.0	91.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	197.6	200.9	198.4	182.0
40. Calcutta	177.2	178.2	178.1	166.1
41. Madras	201.8	203.4	202.0	194.2
42. Delhi	250.9	253.6	252.9	238.5

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. P—Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	21st Apr., 1962	14th Apr., 1962	22nd April, 1961	March 1962	March 1961	Percentage of Increase (+) or Decrease (—) in March 1962 as compared with March 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	120.2	121.4R	118.8	119.2	117.5	+ 1.4	119.5	120.2R
Cereals	193	103.1	102.3	98.8	102.2	100.2	+ 2.0	101.6	105.3
Pulses	48	93.6	93.9	86.5	94.1	92.8	+ 1.4	91.2	92.6
Fruits and Vegetables	23	142.5	140.3	118.2	132.9	108.4	+22.6	121.2	121.1R
Milk and Ghee	84	119.7	128.5	112.8	118.8	115.8	+ 2.6	115.1	115.5
Edible Oils	47	150.3	151.4	160.5	163.0	163.8	— 0.5	159.2	148.3
Fish, Eggs and Meat	48	125.7	124.2	141.7	125.7	119.6	+ 5.1	125.6	116.6
Sugar and Gur	50	158.3	160.7	171.4	159.2	166.8	— 4.6	172.9	168.2R
Others	21	98.6	98.6	111.1	98.8	113.4	—13.0	103.6	106.4
Liquor and Tobacco		95.0	95.0	96.3	96.3	110.7	—13.0	100.4	104.6
Tobacco	39	112.9	122.9	122.6	123.1	121.9	+ 1.0	121.8	118.9R
Fuel, Power, Light and Lubricants	108	134.9	135.0R	152.5	138.2	138.1	—14.4	147.7	138.8
Industrial Raw Materials	165	126.0	125.5R	164.2	128.5	176.9	—27.4	150.0	130.5
Fibres	61	149.4	150.2	155.8	149.3	159.7	— 6.5	157.8	144.9
Oilseeds	40	94.6	94.8	95.2	94.5	96.2	— 0.7	95.1	97.5
Minerals	2	94.6	94.6	129.0	129.0	129.0	+ 0.0	127.9	129.0
Others	32	127.1	126.9	127.8*	129.1	129.7	— 0.5	127.4	128.6
Manufactures	299	128.7	128.2	138.1	135.5	137.3	— 1.3	138.4	127.1
Intermediate Products	61	136.8	136.8	136.8	134.9	132.4	+ 2.7	135.2	119.8
Finished Products	249	125.0	124.0	125.0	125.2	126.8	— 0.6	127.7	121.5
Textiles	147	128.2	125.0	127.7*	128.2	126.8	+ 1.1	127.5	127.5
Cotton		128.2*	128.1*	128.2*	128.2	126.9	+27.4	133.9	115.2
Jute		115.8*	115.2	141.8	117.4	161.6	—18.9	119.0	107.6
Woollen		128.3*	128.3*	116.6	125.4	110.1	+ 8.0	116.4	102.6
Silk and Rayon	18	129.0*	129.0*	116.1	126.5	117.1	+ 8.0	116.4	102.6
Metal Products	30	159.8	159.8	152.0	151.4	151.2	+ 0.5	147.1	147.0
Chemicals	10	112.9	112.9	106.0	112.6	105.1	+ 7.1	108.7	104.7
Oil Cakes	21	151.4*	151.3*	148.0	149.0	145.4	+ 2.5	146.8	149.2
Machinery and Transport Equipment	30	118.5	118.2	112.5	116.3	112.6	+ 3.3	113.6	110.7
Others		122.3	122.2	119.0	122.1	118.6	+ 3.0	120.2	115.6
All Commodities	1,000	123.9	124.6	125.4	123.6	127.5	— 3.1	125.8	122.9R

Note:— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated.

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares. P.O.—Preferred Ordinary shares. Y.—Accounts published yearly. H—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. i—Interim Dividend.

Shares:—If a company has different classes of shares—as for example, 'A' shares and 'B' shares—these are indicated by the same letters "A" and "B" under the columns "Paid-up Ordinary Capital" and "Paid-up per share

Accounts:—Figures in the "Accounts Closed" column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share: 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
17,33,200	9,88,622	40,70,472	25,34,396	2,383	Maganlal Bhagwandas & Co. ..	..	..	Ambika Silk Mills Co., Ltd. ..	202.50	100	12.00	12.00	15.00	..	12	Y.
50,00,000	....	1,15,07,428	49,16,604	—29,00,387	Rajputana Text. (Agencies) Prvt. Ltd.	45,180	903	Apollo Mills	2.40	2	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
40,00,000	11,54,641	1,21,07,425	85,20,258	2,99,666	Gulabchand Jain, Beq. (Chairman) ..	77,00	1,021	B. R. Cotton Mills	77.00	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
2,50,000	3,79,10,818	12,21,54,130	6,17,67,311	69,669	Nowrojee Wadia & Sons (Prvt.) Ltd. .	2,18,496	4,320	Bombay Dyeing & Mfg. ..	67.00xd	25	2.50	3.50	3.50	3.50	12	Y.P.T
10,00,000	2,84,495	89,53,981	57,46,203	1,37,996	Ramnarain Sons Private Ltd. ..	44,784	860	Bradbury Mills	198.75	50	7.50	5.00	5.00	12.50	12	Y.
2,54,90,000	4,09,76,495	10,58,72,388	4,62,73,738	2,31,912	Birla Gwalior Private Ltd. ..	1,26,752	2,698	Century Spg. & Mfg.	665.00	100	22.00	31.50	30.00	..	3	Y.P.
25,00,000	85,13,008	1,32,00,429	94,10,940	34,762	Cowasjee Jehangir & Co. Pvt. Ltd. ..	31,460	680	Coorla Spg. & Wvg.	160.00	100	12.50*	7.50	11.00	11.00	12	Y.P.
25,00,000	29,03,230	1,02,39,816	53,42,312	2,06,873	Ramnarain Sons Private Ltd. ..	43,960	..	Dawn Mills	163.00	50	5.00	10.00	15.00	15.00	3	Y.
24,00,000	25,28,313	93,61,188	57,85,681	2,29,978	Purannal Bubna Sons	47,356	928	Edward Textiles	395.00	200	15.00	18.00	18.00	..	3	Y.
29,95,950	41,95,692	1,61,80,828	87,15,263	1,06,104	B. L. Jalan, Beq. (Chairman) ..	46,706	836	Elphinstone Spg. & Wvg. ..	140.00	50	*Nil*	7.00	9.00	..	12	Y.P
50,00,000	74,85,055	2,12,84,043	1,29,92,307	28,934	James Finlay & Co., Ltd. ..	63,212	784	Finlay Mills	316.00xd	100	16.00	23.00	23.00	23.00	12	Y.
50,00,000	57,03,239	1,12,19,365	76,68,367	6,662	James Finlay & Co., Ltd. ..	45,768	1,020	Gold Mohur Mills Ltd. ..	250 00xd	100	15.00	21.50	21.50	21.50	12	Y.
12,00,000	1,28,44,196	2,29,95,573	1,53,60,765	21,340	K. M. D. Thackersey, Esq. (Chairman)	45,448	1,120	Hindoostan Spg. & Wvg. Mills ..	6,850.00	1,000	350.00	350.00	500.00	500.00	3	Y.
9,8,00,00,000	41,70,614	5,28,11,146	4,01,32,001	9,00,881	M. D. Bhat, Esq. (Chairman) ..	2,46,388	6,265	India United Mills	22.24	0 100.	*Nil*	*Nil*	0.80	..	3	Y.P.
D. 50,00,000									33.46	0 1D.	*Nil*	*Nil*	0.1875	..	3	
16,00,000	1,02,72,488	1,93,48,928	1,45,88,123	9,508	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	3,225.00	1,000	225.00	200.00	222.00	250.00	3	Y.
59,85,000	87,09,155	2,99,58,871	2,84,09,582	98,194	Khatau Makanji & Co. (Pvt.) Ltd. ..	1,00,000	1,500	Khatau Makanji Spg. & Wvg. ..	475.00	100	10.00	16.00	22.00	16.00	6	Y.P.
1,00,00,000	1,97,07,211	4,48,85,914	3,17,65,599	1,555	Killick Industries Ltd.	1,30,504	1,846	Kohinoor Mills	306.50	100	10.00	9.50	15.00	18.00	3	Y.P.
46,47,350	47,96,920	1,60,48,470	82,72,959	29,825	N. Sirur & Co. Private Ltd. ..	49,200	644	Modern Mills	81.00	50	3.00	5.00	6.00	6.00	12	Y.
91,78,000	80,60,557	3,25,35,719	2,31,00,780	1,84,822	Piramal Sons Private Ltd. ..	71,604	1,642	Morarjee Goculdas Spg. & Wvg.	410.00	100	15.00	21.50	21.50	24.00	6	Y.
2,41,00,100	2,23,52,150	10,59,41,993	6,37,34,426	13,407	Ohmal & Co. Private Ltd. ..	..	..	National Rayon Corporation ..	106.00xd	100	15.00	22.00	22.00	22.00	6	Y.P.
24,00,000	12,59,737	91,26,187	45,70,078	2,44,926	H. V. Gandhi, Esq. (Chairman) ..	45,944	496	New City of Bombay Mfg. ..	181.00	100	*Nil*	*Nil*	*Nil*	..	12	Y.P.T
80,00,000	2,91,639	1,24,16,287	68,75,602	—6,27,101	Sahu S. P. Jain, Esq. (Chairman)	49,012	966	New Great Spg. & Wvg. ..	305.00	100	*Nil*	*Nil*	*Nil*	..	12	Y.
45,00,000	55,35,221	1,89,77,617	1,22,95,901	1,01,094	Ramnarain Sons Private Ltd. ..	69,232	1,190	Phoenix Mills	260.00	100	10.00	10.00	15.00	20.00	6	Y.P.
45,00,000	45,06,152	87,88,076	38,37,952	2,40,742	Podar Sons Private Ltd. ..	22,500	930	Podar Mills	151.00	100	*Nil*	*Nil*	*Nil*	..	3	Y.
75,00,000	26,95,000	1,84,04,714	98,31,772	1,11,811	J. K. (Bombay) Private Ltd. ..	150.00	100	Raymond Woollen Mills Ltd. ..	150.00	100	8.00	11.50	12.00	..	12	Y.P.
10,00,000	1,70,451	33,32,053	13,14,448	—1,07,771	R. A. Podar, Esq. (Chairman) ..	14.00	10	Sassoon & Alliance Silk Mills ..	14.00	10	*Nil*	*Nil*	*Nil*	..	12	Y.
75,40,000	1,46,61,503	3,73,84,242	2,32,82,794	30,196	M. G. Investment Corp. Private Ltd.	96,488	2,137	Sassoon Spg. & Wvg.	65.00xd	10	2.00	2.50	1.70	2.00	12	Y.
90,00,000	87,99,257	2,37,58,801	93,55,714	1,06,435	Marwar Textiles (Agency) Pvt. Ltd.	77,436	1,620	Shree Niwas Cotton Mills ..	277.00	100	10.00	15.00	18.00	20.00	12	Y.P.
60,48,000	38,44,085	2,39,26,360	1,17,07,182	39,044	S. E. Damani, Esq. (Chairman) ..	49,840	1,233	Simplex Mills	174.00	50	8.50	5.00	7.50	*Nil*	3	Y.P.
1,53,85,000	2,70,39,094	4,35,44,945	2,30,44,764	1,74,874	Mafatlal Gagalbhai & Sons ..	97,582	2,009	Standard Mills	1,039.00xd	100	20.00	20.00	30.00*	30.00	3	Y.P.
1,00,00,000	1,17,78,408	3,86,61,924	2,13,25,833	24,559	Tata Industries Private Ltd. ..	78,028	2,000	Svadeshi Mills	288.50	100	10.00	14.00	17.00	19.00	12	Y.P.
60,00,000	58,84,487	2,16,85,521	1,34,20,892	10,399	James Finlay & Co., Ltd. ..	40,328	550	Swan Mills	332.50xd	100	25.00	36.00	36.00	21.60	12	Y.P.
65,57,875	89,75,288	3,27,28,804	1,36,41,806	30,469	Tata Industries Private Ltd. ..	70,240	1,770	Tata Mills	78.00	25	1.50	2.50	5.00	5.50	12	Y.P.
22,00,000	66,01,539	1,16,62,138	71,22,479	79,725	Mangaldas Mehta & Co. Private Ltd	50,050	944	Victoria Mills Ltd.	455.00	100	20.00*	20.00	32.00	..	12	Y.P.
12,00,000	1,13,48,944	2,05,53,799	1,36,88,288	14,039	K. M. D. Thackersey, Esq. (Chairman)	54,864	1,262	Western India Spg. & Mfg. ..	802.50	250	81.25	81.25	116.00	125.00	12	Y.P.
AHMEDABAD																
40,00,000	70,20,828	2,28,05,227	1,02,42,1144	10,945	Tata Industries Private Ltd. ..	51,976	1,016	Ahmedabad Advance Mills† ..	208.75	100	5.00	4.00	10.00	12.00	12	Y.P.T.
29,63,000	1,17,06,572	1,66,77,923	1,03,38,076	37,710	Ruhnesing Sons & Co.	44,220	955	Aruna Mills	758.00	100	25.00	25.00	30.00	35.00	12	Y.P.
1,00,00,000	2,39,17,047	4,39,00,937	1,81,08,201	2,784	Narottam Lalbhai & Co. ..	83,036	1,408	Arvind Mills	1,050.00	100	28.00	40.00	45.00	45.00	3	Y.P.
20,40,000	81,56,626	1,36,47,390	89,38,792	30,018	Mangaldas & Brother (Pvt.) Ltd. ..	40,368	953	Arvindaya Ginning & Mfg. ..	490.00	200	25.00	..	18.00	..	3	Y.P.
29,60,800	1,46,03,720	2,25,33,996	94,70,571	36,071	Lalbhai Dalpatbhai & Co. ..	37,958	915	Asoka Mills	760.00	100	20.00	25.00	30.00	35.00	3	Y.P.
2,06,25,000	2,02,45,808	9,86,80,251	4,70,25,866	16,05,333	Karamchand Premchand Pvt. Ltd	1,39,128	2,380	Calico	1,115.00	125	25.00	22.00	31.00	34.00§	3	Y.P.
71,50,350	50,36,456	1,99,03,956	1,24,49,024	20,374	Tricumlal Bhogilal & Co., Ltd.	45,836	866	New Commercial Mills	475.00	250	27.00*	36.00	..	50.00	3	Y.P.
99,39,375	2,94,45,863	3,20,26,834	1,61,20,553	3,30,561	Mafatlal Chandulal & Co., Ltd.	51,115	907	New Shorrock Spg. & Wvg. ..	1,555.00	125	25.00*	35.00*	60.00	45.00	12	Y.
24,72,500	75,89,714	1,13,89,485	56,84,264	7,388	Jagabhai Bhogilal Nanavaty & Co. ..	25,500	572	Nutan Mills	540.00	100	20.00	25.00	30.00	35.00	12	Y.
50,00,000	82,38,194	1,60,50,499	90,92,001	47,719	Lalbhai Dalpatbhai & Co. ..	35,600	660	Raipur Mfg.	775.00	100	25.00	35.00	40.00	40.00	12	Y.P.
45,75,000	25,73,702	1,66,50,187	94,35,502	634	Rohitbhai Chinubhai, Esq. (Chairman)	37,840	648	Rohit Mills	245.00	100	8.00*	10.00	10.00	..	12	Y.P.
63,75,000	4,05,93,766	5,79,09,326	1,75,09,252	1,37,159	Harivallabhdas Kalidas & Co. ..	94,128	1,819	Shri Ambica Mills	1,378.00	100	20.00*	45.00	50.00	*Nil*	12	Y.P.
WEST BENGAL																
15,00,000	3,83,786	40,82,445	27,91,989	15,766	Calcutta Agency Private Ltd. ..	12,044	356	Basanti Cotton Mills	7.87	10	0.50	*Nil*	*Nil*	0.30	12	Y.P.T.
7,11,250																
1,80,630	3,62,600	1,03,06,007	68,71,468	—2,60,950	D. N. Bhattacharjee, Esq. (Mg. Director) ..	35,016	925	Bengal Laxmi Cotton Mill	25.00N	40	*Nil*	*Nil*	*Nil*	2.00	3	Y.P.
1,70,000									29.44	10	*Nil*	*Nil*	0.50		12	Y.P.
50,00,000	4,70,320	83,81,826	19,84,326	94,375	H. S. Sugia, Esq. (Mg. Director) ..			Bharat Commerce & Indust. ..								
24,00,000	16,14,700	1,59,25,979	97,86,920	1,12,595	Kettlewell Bullen & Co., Ltd. ..	42,912	341	Bowreah Cotton Mills	100.12	10	*Nil*	*Nil*	10.00	..	12	Y.P.T.
23,50,000	4,10,000	1,47,23,143	96,54,587	3,19,478	Kettlewell Bullen & Co., Ltd. ..	43,964	590	Dhunjee Mills	83.25	10	*Nil*	1.00	3.50	..	12	Y.T.
50,08,500	24,71,500	1,01,55,365	50,11,365	87,266	Birla Brothers Private Ltd. ..	4,852	206	Jay Shree Textiles Ltd. ..	16.87	10	0.65	0.80	1.00	1.00	12	Y.T.
1,60,00,000	2,98,94,557	7,99,50,481	2,14,69,805	2,44,919	Birla Brothers Private Ltd. ..	75,040	1,992	Keoraun Ind. & Cotton Mills ..	32.06	10	0.25	0.25	0.50	1.30	3	Y.P.
O. 19,47,750									11.00	10	*Nil*	*Nil*	*Nil*		6	Y.
D. 5,00,000	78,497	50,99,822	32,33,579	—*9,81,450	Hazarecmal Hoorulal	22,036	796	Rampooria Cotton Mills	2.50N	1D	*Nil*	*Nil*	*Nil*		6	
SOUTH INDIA AND OTHER CENTRES																
29,99,525	9,71,634	32,71,024	24,50,179	1,71,575	Kothari & Sons	24,000	..	Adoni Spg. & Wvg. Co. Ltd. ..	12.10cd	10	*Nil*	*Nil*	0.80	0.80	12	Y.P.
80,00,000	31,50,000	77,28,088	28,12,833	33,693	Best & Co. (Pondicherry) Prvt. Ltd...	45,864	1,055	Ambattur Textiles Ltd.	149.00cd	100	6.00	11.00	15.00	16.00	12	Y.P.
11,80,000	7,40,000	55,18,346	20,89,146	899	Sons & Co.	25,004	..	Asher Textiles Ltd.	229.00	100	6.00	6.00	12.50	..	3	Y.
72,00,000	19,55,192	2,16,37,183	81,44,425	3,120	C. S. Tryblee, Esq. (Mg. Director) ..	36,136	725	Asmn Jahi Mills	86.00	100	*Nil*	4.00	4.00	4.00	6	Y.
1,31,50,000	1,66,76,667	41,15,85,499	3,35,46,441	2,25,402	H. F. G. Hunter, Esq. (Chairman) ..	49,540	1,157	Bangalore Woollen	250.00xd	100	10.00	10.00	10.00	18.00	12	Y.P.
4,75,46,250	6,80,205	5,94,49,223	....	4,11,814	Gaekwad Chimal & Co. Private Ltd...	....	....	Baroda Rayon Corporation ..	148.00	100	*Nil*	*Nil*	*Nil*	12.50	12	Y.
25,00,000	1,12,56,616	1,76,47,284	1,27,43,738	1,24,391	Birla Brothers Private Ltd. ..	39,896	1,094	Birla Cotton Spg. & Wvg. ..	27.50	10	0.75	*Nil*	1.00	3.00	3	Y.
1,78,47,500	3,33,27,964	9,29,95,071	5,55,44,491	2,15,818	H. F. G. Hunter, Esq. (Chairman) ..	1,20,288	2,758	Buckingham & Carnatic	271.60xd	100	16.00	18.00	18.00	18.00	12	Y.P.T.
50,00,000	4,27,699	23,99,200	4,07,931	5,247	C. M. Sam & Co.	17,256	6	Dawn Mills	163.00	50	5.00	10.00	15.00	15.00	3	Y.
15,00,000	6,62,218	58,56,476	25,95,976	1,04,217	Damodarsa & Co.	20,000	..	Gannanore Spg. & Wvg.	132.00XD	100	12.50	15.00	17.00	20.00	12	Y.
30,00,000	45,99,554	95,99,234	72,92,500	47,303	The British India Corporation Ltd.	27,024	589	Gawapore Textiles	8.69	5	*Nil*	*Nil*	*Nil*	0.35	12	Y.
8,24,540	7,87,000	69,47,648	37,87,721	16,719	C. R. Srinivasan, Esq. (Chairman) ..	31,200	..	Gauwey Spg. & Wvg. Mills Ltd.	17.25	10	0.90	0.90	1.35	1.50	3	Y.P.
24,90,900	49,55,558	1,35,04,045	51,97,333	....	R. Rhesma Naidu & Co.	22,864	..	Coimbatore Cotton Mills	193.80	100	6.00	6.00	12.00	16.00	12	Y.
17,50,225	2,63,221	49,37,157	21,40,289	....	T. A. R. Chettiar Sons & Co. ..	25,540	100	Coimbatore Murugan Mills ..	148.00	100	*Nil*	7.50	12.00	..	12	Y.
20,00,000	22,78,972	1,86,80,522	59,62,326	14,852	T. R. N. Naidu & Co.	39,546	..	Coimbatore Pioneer Mills ..	296.50cd	100	20.00	25.00	16.00	..	12	Y.P.
30,76,500	....	1,25,77,265	89,09,265	—18,57,270	A. V. Thomas & Co. Nadir, Beq. (Ch.).	79,296	327	Coimbatore Spg. & Wvg. ..	32.50	50	*Nil*	*Nil*	*Nil*	..	12	Y.
48,57,500	10,75,722	4,69,11,224	1,63,54,397	—89,65,939	Tata Industries Private Ltd. ..	1,15,128	2,064	Central India	154.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
39,99,975	24,15,411	1,32,02,696	68,46,176	15,485	R. Hanumanthappa & Sons ..	40,032	900	Davangere Cotton Mills	138.00	100	9.00	9.00	12.00	12.00	3	Y.
3,98,54,325											2.00	2.00	2.50	3.25		
1,00,543	6,00,97,485	15,69,15,379	8,88,20,209	3,72,010	B. B. Charat Ram Private Ltd. ..	1,16,636	2,333	Delhi Cloth & General Mills ..	66.50	21	0.16	0.25	0.25	0.25	6	Y.P.T.
45,60,000	29,78,832	1,39,02,060	76,70,009	487	M. N. Chettiar & Sons	48,906	991	Dhanalakshmi Mills	245.75	100	16.00	17.50	17.50	17.50	12	Y.
68,00,000	1,75,75,771	2,36,09,337	1,68,13,055	38,978	The British India Corporation Ltd.	90,948	2,152	Elgin Mills	31.62	10	*Nil*	1.15	1.15	1.75	9	Y.P.
73,21,500	60,32,628	2,28,49,502	1,32,08,303	10,774	Forbes, Forbes Campbell & Co., Ltd.	74,256	..	Gokak Mills	224.00	100	8.00	14.00	14.00	18.00*	12	Y.T.
45,00,000	82,63,575	1,43,23,592	92,44,182	24,187	J. H. Mehta, Beq. (Chairman) ..	29,572	680	Gwalwar Mills Ltd.	246.25	100	10.00	16.00	16.00	..	12	Y.
2,50,00,000	4,66,80,000	7,12,29,022	4,53,16,096	45,92,994	Birla Gwalior Private Ltd. ..	....	....	Gwalior Rayon	58.50	10	*Nil*	1.00	2.00	2.25	3	Y.P.
1,73,21,000	....	49,92,779	....	—1,17,644	Vasvat Rayon Industries (Private) Limited	12,854	..	Indian Rayon Corporation ..	126.50	100.00	..	..	*Nil*	*Nil*	3	Y.P.
60,00,000	14,88,806	1,67,80,885	1,21,22,667	16,108	K. L. Selmaria, Beq. (Chairman) ..	51,152	1,554	Indore Malwa United	180.00	100	5.00	7.00	8.50	..	12	Y.P.
8,50,000	2,18,779	8,26,56,145	2,25,141	—45,21,251	G. V. Mavlankar, Esq. (Chairman)	22,784	..	Janardana Mills	75.00	50	*Nil*	*Nil*	*Nil*	..	12	Y.
15,54,000	14,13,833	31,02,542	13,65,674	—5,17,117	Bhairavdas Dasmal, Beq. (Managing Director)	21,176	511	Jam Shri Ranjitsinghji	1,300.00	1,000	*Nil*	*Nil*	60.00	60.00	6	Y.
1,26,00,000	58,84,521	5,18,51,527	1,69,52,953	1,32,726	Padampat Singhania, Beq. ..	45,000	1,800	J. K. Cotton Spg. & Wvg. ..	22.50	10	..	..	0.90	1.35	12	Y.P.
1,25,00,000	13,00,000	5,631	1,393	44,050	Mr. G. K. Singhania (Chairman) ..	....	....	J. K. Synthetics Ltd.	16.37	10	..	..	..	0.30	6	Y.
16,91,930	14,86,546	84,43,878	47,86,253	....	Umaiyamalbu & Co.	45,952	..	Jawahar Mills Ltd.	18.20cd	5	0.75	0.75	0.75	0.75	12	Y.
4,62,62,500	9,48,44,926	8,41,74,941	2,74,65,926	—26,96,146	Birla Gwalior Private Ltd. ..	56,184	1,525	Jhajheero Cotton	14.00	10	0.25	0.87	*Nil*	..	3	Y.P.
67,20,000	27,14,571	1,96,16,938	81,40,477	29,146	Kothari & Sons	67,192	900	Kothari & Sons	12.00cd	10	*Nil*	*Nil*	1.00	0.80	12	Y.P.
71,00,000									165.00	50	6.00	6.00	10.00	15.00		
A. 25,50,000	84,90,160	8,52,02,884	1,76,87,468	19,201	G. K. Naidu & Co.	1,10,900	900	Lakshmi Mills	78.50	25	3.00	5.00	5.00	7.00*	3	Y.P.
58,00,000	1,63,19,795	2,76,70,209	1,70,56,277	40,575	Navinchandra Purshotamdas & Co. Ltd.	51,900	996	Mafatlal Fine Spg. & Mfg.Co.Ltd.	908.75	100	15.00	29.00*	30.00	30.00	12	Y.P.
1,75,02,480	5,21,72,932	7,05,11,771	4,06,50,961	12,44,769	A. & F. Harvey Ltd.	4,55,000	..	Madura Mills	38.37	15	*Nil*	1.875	2.25	2.25	12	Y.
60,00,000	29,61,178	68,95,462	53,17,777	1,53,265	W. A. Bearsted & Co. (Private) Ltd..	25,056	704	Meetar Industries Ltd.	490.00	100	20.00	25.00	30.00	30.00	3	Y.
99,00,000	1,74,64,513	1,44,55,863	1,04,55,241	....	N. Sirur & Co. Private Ltd. ..	39,864	..	Minerva Mills	91.00	100	*Nil*	*Nil*	*Nil*	..	12	Y.P.T.
24,21,250	....	1,88,05,104	1,44,93,855	21,15,409	Mr. R. T. Desai (Secretary) ..	52,408	952	Model Mills (Nagpur)	147.00	250	*Nil*	*Nil*	*Nil*	..	3	Y.
49,61,00,000	28,56,795	1,39,02,667	74,49,324	....	N. Sirur & Co. Private Ltd. ..	56,492	808	Mysore Spg. & Mfg.	64.00	50	5.00	5.00	7.00	7.00	3	Y.P.
31,50,000	48,90,995	67,10,258	41,71,128	43,128	T. K. Mahia, Esq. (Chairman) ..	18,776	446	Navsari Cotton & Silk Mills Ltd.	178.00	100	12.50	12.50	12.50	12.50	12	Y.P.
60,00,000	....	2,47,39,462	1,29,59,109	—82,17,554	B. Patnaik & Co. Private Ltd. ..	47,728	864	Orissa Textile Mills Ltd. ..	10.06	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
87,24,200	20,58,725	1,78,88,991	79,52,308	900	C. B. Taraporvala, Esq. (Chairman)	37,788	902	Osmanabad Mills	71.00	100	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
'A.' 4,00,000	19,19,729	82,05,384	45,29,855	26,545	Baghyalakshmi & Co.	47,600	..	Palani Andavar Mills	223.36cd	50A	10.00	15.00	25.00	25.00	12	Y.
'B'. 6,00,000									295.00cd	75B	15.00	22.50	37.50	37.50		
15,00,000	....	36,54,513	22,00,786	—85,12,214	John & Co.	27,900	..	Pankaja Mills Ltd.	96.50	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
63,18,120	36,32,228	1,13,78,118	71,57,561	2,439	A. G. Gurunesamy Naidu & Co. ..	40,704	561	Radhakrishna Mills	40.00	25.00	2.50	3.25	3.00	3.00	12	Y.
29,31,000	27,92,000	1,43,45,979	68,54,251	600	Mukundlal Bajaj & Sons	36,180	550	Raja Bahadur Motilal Mills ..	122.00	100	*Nil*	*Nil*	7.00	4.00	12	Y.P.
29,97,347	37,36,642	1,06,05,446	53,68,739	9,410	B. B. Naidu & Sons	41,896	..	Rajalakshmi Mills	110.00cd	50	3.00	3.75	6.00	10.00	12	Y.P.
16,14,200	23,11,000	64,06,845	33,15,566	....	Ramco Agencies & Co.	28,024	..	Rajapalayam Mills	178.00	100	8.00	8.00	8.00	16.00	3	Y.
15,36,200	7,86,250	94,56,623	54,84,987	3,716	S. N. Ramaswami Naidu Sons ..	32,200	..	Ramakrishna Mills (Coimbatore) Ltd.	250.00	100	10.00	10.00	22.00	22.00	3	Y.
22,22,500	14,99,609	58,10,590	33,79,942	15,822	Mr. M. Somappa (Chairman)..	21,200	..	Rayalaseema Mills	124.00xdxr	100	10.00	10.00	15.00	15.00	12	Y.
16,00,000	16,74,101	76,35,323	40,15,966	5,186	S. R. P. Ponneswamy Chetty & Sons.	33,024	..	Sivarakkha Mills Ltd.	28.25cd	10	1.50	2.50	2.50	2.50	12	Y.
4,99,50,000	2,07,312	4,44,06,448	....	....	Birla Brothers Pvt. Ltd.	....	....	South India Viscose Ltd. ..	191.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
94,37,350	....	5,84,70,505	60,00,000	47,843	Birla Brothers Pvt. Ltd.	....	....	Sirdik Ltd.	10.19	10	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.P.
18,17,194	6,47,786	45,35,078	12,94,944	....	K. Ramchandran, Esq. (Mg. Director)	16,516	..	Sri Kannapiran Mills Ltd. ..	12.50cd	10	0.60	1.00	..	..	12	Y.P.
52,00,750	22,74,504	1,12,46,198	76,76,354

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP	1959 Rs. nP	1960 Rs. nP	1961 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	14,06,731	23,91,108	9,41,163	..	McLeod & Co., Ltd.	325	Amteekie	25.94	10	1.50	1.50	*Nil*		12	Y.P.
2,76,500	11,53,772	14,63,026	5,81,758	5,928	M.	456	Ananda (Assam) Tea ..	27.00	10	2.00	2.50	3.00		12	Y.
7,03,250	8,07,224	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Bag	31.00	10	1.00	1.75	5.00		12	Y.
4,50,000	14,40,641	26,54,042	10,92,353	44,138	McLeod & Co., Ltd. ..	578	Bashmari	22.25	10	1.50	1.50	*Nil*		12	Y.
7,65,000	10,56,055	23,99,094	8,49,351	48,172	Andrew Yule & Co., Ltd. ..	154.47H	Basmatia	27.12	9	2.00	3.00	3.50	2.50'C'	12	Y.
4,96,000	3,14,700	17,10,901	10,50,929	56,445	National Tea Corporation ..	624	Bateli	19.00	5	1.50	1.50			12	Y.
6,40,000	11,66,212	18,50,200	6,49,463	74,551	Gillanders Arbuthnot & Co., Ltd. ..	621	Betjan	30.50	10	1.50	2.50	4.00		12	Y.
83,00,000	16,04,000	75,43,294	33,49,094	3,19,906	Williamson Magor & Co., Ltd. ..	3,425	Bishnauth	19.87	10	*Nil*	1.80	1.80		12	Y.
6,00,000	2,00,000	14,02,575	3,52,323	38,457	Octavius Steel & Co., Ltd.	479	Bokakhat	13.70	10	0.50	0.50			12	Y.
7,50,000	10,06,725	15,48,137	4,76,387	97,728	McLeod & Co., Ltd. ..	450	Bormah Jan Tea ..	16.50	10	0.75	1.25	1.50		12	Y.
85,00,000	16 38,736	97 20,006	35 63,381	1,63,2e9	M.	2,834	Brooke Bond B. ..	15.81	10	1.00	1.25	1.50		12	Y.P.
1,20,000	7,59,721	12,41,948	4,44,443	9,843	Jardine Henderson Ltd. ..	1,335	Deloo Valley	49.00	10	3.00	4.00	4.50	1.00	6	Y.
8,40,000	1,58,778	35,58,492	20,70,146	—4,38,035	Jardine Henderson Ltd. ..	1,335	Dessai & Parbuttia ..	146.00	100	*Nil*	*Nil*	*Nil*		12	Y.
17,53,440	11,14,355	34,30,624	10,01,213	17,475	James Warren & Co., Ltd. ..	770	Dhelakhat	21.94	10	2.50	2.00	1.25		12	Y.
7,00,000	7,42,000	26,55,008	7,85,916	13,770	H. P. Dhanuka, Esq. (Chairman) ..	553	Dhunseri	15.06	10	1.50	2.50	2.00		12	Y.
4,50,000	13,50,350	20,41,155	5,01,109	50,772	McLeod & Co., Ltd. ..	458	Dibrugarh	33.50	10	3.00	3.00	4.00		12	Y.P.
4,73,700	6,83,000	17,85,449	5,18,149	1,45,510	Williamson Magor & Co., Ltd. ..	632	Dimakusi	21.62xd	10	2.50	3.00	2.50		12	Y.P.
7,00,000	12,62,000	29,08,299	15,35,899	1,32,439	Williamson Magor & Co., Ltd. ..	835	Duffiazhur	30.50	10	4.50	3.50	2.50		12	Y.
10,00,000	8,84,547	34,48,693	13,40,893	—70,453	Octavius Steel & Co., Ltd. ..	1,166	East India Tea ..	19.87	10	0.50	1.00	*Nil*		12	Y.
5,03,760	6,43,087	19,21,392	5,95,610	15,535	M.	472	Gillapukri	25.50	10	2.50	2.50	3.50		12	Y.
6,76,000	4,77,500	24,27,341	10,97,541	1,49,350	Williamson Magor & Co., Ltd. ..	552	Gohpur	14.50	10	0.50	1.00	*Nil*		12	Y.
28 29,085	86,34,739	67,3o,725	20,38,780	61,970	Octavius Steel & Co., Ltd. ..	2,494	Grob Tea	10.31	5	1.50	0.70	*Nil*		12	Y.
5,00,000	7,36,998	12,35,676	5,15,521	22,702	M.	488	Hoograjuli	24.81	10	0.50	2.50	2.00		12	Y.
8,70,000	14,38,299	41,16,396	16,97,876	58,548	Andrew Yule & Co., Ltd. ..	542.41H	Hoolangooree ..	160.00	100	17.50	20.00	10.00		12	Y.
87,46,630	73,74,126	2,49,12,010	86,37,010	18,455	Birla Brothers Private Ltd. ..	2,354H	Jay Shree Tea & Industries	20.56	10	1.00	1.40	1.40	7.50	12	Y.
9,00,000	9,57,498	22,24,511	6,35,184	81,331	Gillanders Arbuthnot & Co., Ltd. ..	949	Jutiblari	32.00	10	1.00	1.50	3.00	1.25'C'	12	Y.P.
3,80,000	15,02,035	18,52,939	7,79,490	77,386	M.	1,226	Kingsley-Golaghat (Assam)	206.00	100	25.00	35.00			12	Y.P.
1,80,000	14,500	21,45,503	3,98,289	—1,69,987	Duncan Bros. & Co., Ltd. ..	1,201	Kotzumulai Tea ..	11.44	5	*Nil*	*Nil*	*Nil*		12	Y.
6,50,000	7,17,234	15,10,192	4,53,324	14,035	Duncan Bros. & Co., Ltd. ..	434	Lelo	14.50	10	*Nil*	*Nil*	*Nil*		12	Y.
10,00,000	13,00,000	23,97,978	8,14,738	45,981	Octavius Steel & Co., Ltd. ..	643	Methonl	21.25	10	2.20	*Nil*	0.50		12	Y.
4,80,000	30,980	9,31,623		3,331	Duncan Bros. & Co., Ltd. ..	701	Mohoema	14.50	10	*Nil*	1.00			12	Y.
1,50,000	18,65,825	2,08,956	10,536	46,667	Kettlewell Bullen & Co., Ltd. ..	125	Mothola	506.00	100	40.00	25.00	30.00		12	Y.P.
1,75,000 } P.O. 2,00,000 }	8,49,447	22,48,531	8,17,038	28,760	Andrew Yule & Co., Ltd. ..	373	Murphulani	26.50xd O. 10 27.00xd P.O. 10		2.50	2.00	0.50	1.50	12	Y.P.
5,35,000	1,75,000	13,81,374	5,76,315	12,180	M.	330	Namburnadi	14.50	10	1.60	2.563 1.50	1.063	2.063	12	Y.
5,00,000	.....	11,36,626	4,05,877	—1,15,155	M.	726	New Chumatollah ..	121.00	100	*Nil*	*Nil*	*Nil*		12	Y.
6,00,000	7,17,592	18,78,977	9,31,723	46,229	Andrew Yule & Co., Ltd. ..	390	Rajgarh	21.62xd	10	2.50	3.50	4.00		12	Y.
9,00,000	3,56,155	34,20,973	14,58,524	15,956	M.	958	Sapoi	18.37	10	1.50	2.00	2.25	1.35	12	Y.
2,49,000	4,50,000	13,59,424	7,31,424	92,249	Williamson Magor & Co., Ltd. ..	501	Seajuli	23.00	10	2.25	1.75	2.25		12	Y.
5,98,000	14,42,974	23,52,349	7,40,166	8,085	McLeod & Co., Ltd. ..	495	Teliojan	27.25	10	2.50	2.50	2.50		12	Y.
8,00,000	6,61,598	16,02,898	5,99,416	48,105	Gillanders Arbuthnot & Co., Ltd. ..	540	Tengpani	36.00	10	1.50	1.75	3.00		12	Y.
19,82,880	16 92,078	53,47,154	24 21 068	36,305	Shaw Wallace & Co., Ltd. ..	2,372	Tezpore	17.25	10	1.25	2.00	2.00		12	Y.P.T.
5,20,000	26,60,015	53,37,019	18,73,988	71,413	McLeod & Co., Ltd. ..	1,050	Tyrcon	37.37	10	1.50	3.00	1.00		12	Y.
CACHAR															
3,00,000	5,000	5,43,677	2,03,160	41,902	M.	862	Arcuttipore	7.00	10	*Nil*	*Nil*			12	Y.
7,00,000	.....	7,01,210	.....	—6,88,651	M.	696	Eastern Cachar ..	2.75	10	*Nil*	*Nil*			12	Y.
12,50,000	13,00,800	31,80,584	14,49,004	42,558	Octavius Steel & Co., Ltd. ..	2,208	Hastikhira	12.41	10	0.50	0.50	*Nil*		12	Y.
3,60,000	90,000	6,43,024	2,68,020	4,067	P. B. Dalia, Esq. (Mfg. Director) ..	628	Kunchunpore	0.75	D. 10	0.25	1.00			12	Y.
7,00,000	8,77,182	22,24,155	4,75,646	9,117	Assam Trading Co.	2,212	North-Western Cachar	180.00N	100	20.00	30.00	30.00		12	Y.
2,50,000	4,03,703	13,34,445	4,39,174	—8,139	McLeod & Co., Ltd. ..	638	Roopacherra	13.56	10	*Nil*	*Nil*	*Nil*		12	Y.
5,26,000	11,52,014	15,47,025	5,07,894	16,902	Duncan Bros. & Co., Ltd. ..	721	Rungamattee	57.00	10	1.25	3.75	2.50		12	Y.
4,00,000	1,04,567	10,68,234	3,62,708	41,399	M.d	686	Sonai River	7.00	10	*Nil*	*Nil*			12	Y.P.T.
DARJEELING															
2,79,900	1,30,000	4,35,766	1,00,466	47,950	Williamson Magor & Co., Ltd. ..	408	Chamong	10.25	10	*Nil*	*Nil*	*Nil*		12	Y.
2,08,000	1,72,521	3,78,761	1,75,617	139	M.	488	Dilaram	100.00	100	7.50	5.00			12	Y.
2,60,000	3,84,398	9,13,042	3,81,042	1,654	Davenport & Co., Ltd. ..	507	Gielle	11.62	10	*Nil*	*Nil*			12	Y.
1,59,000	3,88,059	6,02,756	2,59,360	14,563	Andrew Yule & Co., Ltd. ..	463	Mim	191.00xd	100	*Nil*	*Nil*	*Nil*		12	Y.
2,99,900	4,86,000	7,70,784	2,23,284	1,25,071	Williamson Magor & Co., Ltd. ..	690	Nagari Farm	20.00	10	3.00	2.00	2.50	20.00	12	Y.
4,00,000	2,71,500	5,92,831	2,85,757	6,271	M.	505	Okayti	600.00	100	32.50	32.50	25.00		12	Y.
3,00,000	.....	5,92,848	2,47,405	4,140	Duncan Bros. & Co., Ltd. ..	570	Poobong	7.37	10	*Nil*	*Nil*	*Nil*		12	Y.
2,05,000	2,07,208	5,13,360	79,360	—87,137	Davenport & Co., Ltd. ..	541	Pussimbing	7.25	10	*Nil*	*Nil*			12	Y.
1,40,000	6,43,000	4,72,086	2,07,057	20,701	Duncan Bros. & Co., Ltd. ..	389	Seeyok	8.50	10	*Nil*	*Nil*	*Nil*		12	Y.
3,00,000	3,43,993	10,50,575	1,90,085	2,934	M.	582	Singtom	4.50	10	0.75	0.75			12	Y.
9,00,000	18,275	11,65,737	2,88,715	1,028	Goenka & Co.	554	Soom	9.00	10	0.75	0.75			12	Y.
3,00,000	4,75,000	7,73,247	3,65,047	1,44,181	Williamson Magor & Co., Ltd. ..	745	Sungma	48.00	10	5.00	3.00	5.00		12	Y.
6,25,000	10,81,267	15,52,741	5,65,676	45,554	McLeod & Co., Ltd. ..	718	Teesta Valley	14.37	10	1.50	1.00	1.50		12	Y.
3,20,000	6,15,534	15,18,876	5,17,576	11,041	Davenport & Co., Ltd. ..			13.44	10	*Nil*	*Nil*	*Nil*		12	Y.
DOOARS															
27,00,000	29,62,946	63,67,156	26,80,596	93,115	Andrew Yule & Co., Ltd. ..	2,540	Banarhat	290.00	100	20.00	32.50			12	Y.P.
16,00,000	20,05,288	46,98,021	23,23,822	75,258	Jardine Henderson Ltd. ..	1,078	Baradighi	26.00	10	1.50	2.50	3.00		12	Y.
9,00,000	18,59,804	29,39,981	14,40,125	5,742	McLeod & Co., Ltd. ..	1,112	Bhaskawa	21.25	10	*Nil*	1.00	1.50		12	Y.
9,00,000	18,74,000	30,33,167	10,94,916	44,470	Duncan Bros. & Co., Ltd. ..	1,348	Birpara	160.00	100	12.50	25.00	17.16		12	Y.P.
6,00,000	9,41,000	15,22,236	5,24,047	17,553	Duncan Bros. & Co., Ltd. ..	602	Carron	170.00	100	*Nil*	15.00	20.00		12	Y.
9,00,000	14,48,310	29,95,384	11,19,335	96,041	Andrew Yule & Co., Ltd. ..	903	Choonabhutti ..	270.00	100	22.50	30.00	32.50		12	Y.
3,00,000	4,91,000	9,66,920	4,78,154	27,853	Duncan Bros. & Co., Ltd. ..	488	Ellenbarrie	179.00	100	12.50	20.00	5.00		12	Y.
4,90,000	68,141	11,42,496	3,47,422	4,531	M.	447	Hellbarrie	9.19	10	*Nil*	0.50	5.00		12	Y.
7,50,000	7,08,184	19,45,544	12,17,748	1,25,994	Gillanders Arbuthnot & Co., Ltd. ..	1,107	Gairkhata	25.12	10	*Nil*	*Nil*	2.50		12	Y.
26,00,000	29,89,000	75,06,772	25,86,845	65,181	Duncan Bros. & Co., Ltd. ..	2,528	Hantapara	125.00	100	*Nil*	12.50	25.00		12	Y.
28,09,000	79,41,255	1,28,28,078	64,56,075	2,53,534	Davenport & Co., Ltd. ..	4,235	Rasimara Industries Ltd.	30.25	10	*Nil*	12.50	15.00		12	Y.
8,25,000	22,56,578	30,37,991	14,43,417	81,846	Davenport & Co., Ltd. ..	1,452	Huldibari	29.25	10	0.75	1.25	1.70		12	Y.
7,00,000	5,13,183	11,17,118	5,54,731	28,515	Andrew Yule & Co., Ltd. ..	607	Jaybirpara (Dooars)	14.06	10	1.50	2.25	2.25		12	Y.
9,00,000	19,71,900	26,79,261	8,40,541	58,929	Duncan Bros. & Co., Ltd. ..	937	Killcott	18.37	10	*Nil*	0.50	1.00		12	Y.
2,00,000	6,02,720	13,57,389	3,54,995	7,939	M.	578	Maanbarrie	57.00N	10	0.75	1.75	2.50		12	Y.
9,00,000	21,67,000	27,75,179	10,30,317	47,164	Duncan Bros. & Co., Ltd. ..	1,129	Nazaisuree	190.00	100	0.50	0.50	1.00		12	Y.
16,00,000	21,33,555	39,14,085	13,80,677	59,842	Andrew Yule & Co., Ltd. ..	1,163	New Dooars	286.00	100	5.00	17.50	25.00		12	Y.
2,50,000	3,80,000	6,00,320	2,33,728	17,432	Duncan Bros. & Co., Ltd. ..	348	Phaskowa	127.00	100	25.00	32.50	35.00		12	Y.
6,00,000	10,03,327	16,80,927	7,85,596	—1,04,207	McLeod & Co., Ltd. ..	764	Rajabhat	14.00	10	*Nil*	*Nil*	*Nil*		12	Y.
7,05,000	16,29,050	30,80,024	16,04,375	36,524	McLeod & Co., Ltd. ..	1,035	Ranicherra	20.50	10	*Nil*	*Nil*	*Nil*		12	Y.
14,92,800	29,85,329	68,49,982	27,58,641	14,335	Jardine Henderson Ltd. ..	1,763	Rydak	28.75	10	0.75	1.00	*Nil*		12	Y.
										2.50	3.00	2.50		12	
SYLHET															
4,00,000	17,96,000	10,81,473	3,98,955	1,17,072	Octavius Steel & Co., Ltd. ..	622	Chuadeschera	23.00							
3,00,000	12,59,551	10,15,504	2,85,687	52,059	Duncan Bros. & Co., Ltd. ..	610	Daurascherra	7.00	10	*Nil*				12	Y.
5,50,000	16,15,500	13,35,561	3,05,942	2,44,951	Shaw Wallace & Co., Ltd. ..	1,005	New Samaibag ..	20.75	10	0.50	*Nil*			12	Y.
30,00,000	71,94,000	69,97,158	22,51,514	2,54,548	Duncan Bros. & Co., Ltd. ..	4,178	Patrakola *P.* ..	125.00	100	*Nil*	*Nil*	2.50		12	Y.
9,00,000	24,94,327	21,46,811	7,54,903	28,715	Duncan Bros. & Co., Ltd. ..	1,190	Tellapara	99.00	100	20.00	40.00	2.50		12	Y.
									100	12.50	17.50	22.50		12	Y.P.
TERAI															
4,50,000	65,000	4,45,710	3,67,923	8,509	Goenka & Co.	367	Atal	8.15							
5,00,000	2,25,000	.....	.....	80,535	National Tea Corporation ..	522	Belgachi	21.00	10	0.25					
12,44,000	24,26,000	29,01,206	12,35,598	35,141	Duncan Bros. & Co., Ltd. ..	1,526	Gungaram	102.00	10	2.50					
5,68,000	11,64,294	15,85,836	5,00,302	22,242	Duncan Bros. & Co., Ltd. ..	530	Hanegua	16.37	100	*Nil*	5.00	20.00		12	Y.P.T.
5,60,000	8,24,200	10,75,387	5,02,211	62,949	Davenport & Co., Ltd. ..	514	New Chumta	36.50	10	*Nil*	1.50	3.00		12	Y.
2,80,000	3,75,256	13,61,474	5,52,735	33,901	McLeod & Co., Ltd. ..	549	Tirrihannah	71.00	10	1.00	1.75	3.00		12	Y.
									10	4.00	1.50	1.50		12	Y.

§ H = Area in Hectares

MISCELLANEOUS COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest Available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CEMENT														
71,26,770	3,97,761	1,63,73,175	30,05,133	13,916	V. Rajasekrishna, Esq. (Chairman) ..	Andhra Cement Co. ..	9.80	B. 10	1.00	1.00	1.00		12	Y.P.
66,90,840	9,85,000	1,75,87,504	28,50,598	21,788	S. P. Jain, Esq. (Chairman) ..	Ashoka Cement Ltd. ..	8.75	O. 10	*Nil*	0.45	0.70	0.70	12	Y.P.
48,14,600 } 19,07,6D. }	6,72,053	1,56,17,758	92,91,096	69,036	Eastern Corporation Private Ltd.	Assam Bengal Cement Co., Ltd.	8.00 0.75	O. 10 D.	*Nil*	0.45	0.70	0.70	12	Y.P.
2,00,27,922	19,99,18,847	43,88,38,215	18,52,34,608	61,250	Cement Agencies (Private) Ltd.	Associated Cement Companies ..	163.25	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.T.
35,05,300	19,35,900	2,47,19,944	52,46,161	—17,84,226	Tandukar Industries Private Ltd.	Bagalkot Cement Co., Ltd. ..	8.38	10	8.50'C'	11.00	12 00	18.00	3	Y.T.
45,00,000	62,85,483	2,85,75,140	86,33,672	96,576	Hari Brothers Private Ltd.	Dalmia Cement (Bharat) ..	18.85xd	O. 10	0.70	11.00	*Nil*		7	Y.T.
5,00,000 }							2.45xd	D. 10	1.00	1.20	1.20		12	Y.
60,24,885	68,72,350	4,66,64,377	1,33,35,164	1,18,670	Essen Private Ltd.	India Cements Ltd. ..	6.38		0.13	0.13	0.12		12	Y.
20,00,000	60,92,184	8,57,17,526	3,33,04,027	67,719	Sahu Jain Ltd.	Jaipur Udyog Ltd. ..	14.50	10	0.45	0.45	0.55		12	Y.P.
20,00,000	.....	.....	.....	.....		Madras Cements	1.25	10	*Nil*	*Nil*	*Nil*	0.60	3	Y.P.
90,00,000	.....	1,36,80,424	.....	.....	Sterling Enterprises Pvt. Ltd. ..	Mysore Cements Ltd. ..	99.00	100	...	...	...	0.80	3	Y.P.
14,45,185	.....	1,68,96,222	2,24,07,995	52,158	Dalmia Agencies Private Ltd. ..	Orissa Cement Ltd. ..	8.26	10	*Nil*	*Nil*	*Nil*		3	Y.P.
28,00,000	77,35,548	1,05,77,313	25,02,154	9,694	Panyam Ind. Agencies (Pvt.) Ltd.	Panyam Cements & Mineral Industries	19.12	10	*Nil*	*Nil*	*Nil*		3	Y.P.
74,75,280	12,57,388	4,24,37,465	1,85,86,919	1,550	Shree Digvijay Cement ..	Shree Digvijay Cement ..	99.00	100	1.50	1.10	1.50	*Nil*	3	Y.
34,32,375	62,06,261	2,83,77,902	1,03,37,814	91,540	A. K. Jain, Esq. (Chairman) ..	Sone Valley Portland Cement ..	212.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
78,00,000	22,40,000	1,97,90,543	68,88,542	50,929	Essel (Private) Ltd.	Travancore Cements Ltd. ..	5.62	5	0.90	0.90	0.90	*Nil*	3	Y.P.
58,50,000	12,77,360						8.40cd	10	0.60	0.60	0.20		12	Y.
											0.60		12	Y.

* Includes bonus. M—Managed by the Board of Directors. 'C'—On increased Capital. Xd—Ex-dividend.
N.B.—Dividends paid since 31st March 1959 are shown as taxable. "P" —Patrakola Tea Estates.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
30,00,000		47,23,258	20,57'464	29,863	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	9.50	10	*Nil*	*Nil*	0.60	0.60	8	Y.
18,50,000	13,50,919	20,56,614	10,75,787	12,385	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.24	10	2.50	2.00	2.00	3.00	9	Y.P.
66,33,146	19,77,396	1,61,24,989	65,22,100	1,708	Bharat Ram Bhagat & Co. ..	Bengal Potteries	7.00	2½	0.25	0.25	0.356	0.375	12	Y.
10,00,000	62,26,617	92,22,366	45,57,865	69,420	Bird & Co. Private Ltd. ..	Birra Stone Lime Co.	35.62	10	1.75	1.87	3.00		12	Y.
14,17,800	16,19,274	43,65,682	17,10,887	7,448	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	217.50	100	10.00	12.86	12.86	15.00	9	Y.P.
30,80,700	14,50,359	1,25,49,403	27,84,861	—5,54,452	Sarat Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	168.00	100	*Nil*	*Nil*	8.00		9	Y.P.
61,371,300	12,444,266	83,614,146	62,081,103	£118,760	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation ..	5.24	Sh. 2	0.24	0.36	0.36		12	Y.P.
F.5,00,000 } F.10,00,000 } Q.15,00,000 }	26,84,000	45,04,655	18,23,503	2,55,452	Bird & Co. Private Ltd.,..	Karanpura Development ..	16.75	10	*Nil*	1.50	1.50 }		12	Y.
50,00,000	.....	1,14,21,419	5,78,268	8,88,515	Khandelwal Ferro Alloys Ltd. ..	Khandelwal Ferro Alloys Ltd. ..	89.00	100	*Nil*	*Nil*	0.50	0.50 }		
90,00,000	40,95,822	1,23,10,947	22,170	2,10,253	Bird & Co. Private Ltd. ..	Kumarchubi Fireclay and Silica Works.	26 00N	10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.P.
79,00,100	10,85,782	1,22,10,886	72,28,802	2,10,253	Sir Indra Singh, Kt., (Chairman)	Metal Corporation of India Ltd. ..	12.25	10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.P.
6,00,000	5,82,678	14,05,135	8,24,135	2,656	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	13.50	10	1.00*	1.00*	1.42§	1.20	3	Y.P.
20,00,000	64,15,230	71,67,923	30,76,350	1,16,099	Bird & Co. Private Ltd. ..	Orissa Minerals	42.37	10	2.50	3.60	3.60	2.50	6	Y.
3,50,000	17,29,240	29,49,901	49,48,489	37,499	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co. Ltd.	101.00	25	3.75	3.75	5.36	5.36	6	Y.
19,45,890	76,44,000	1,06,55,357	44,01,792	4,942	Killick Industries Ltd.	Shivrajpur Syndicate	35.00	10	8.00*	8.00	8.00*		7	Y.P.
													11	Y.
CHEMICAL														
24,00,000					Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers.. ..	96.00	100	...	...	...		12	Y.P.
85,00,000	58,53,600	2,87,67,674	78,23,566	1,17,073	Bhallal Amar & Sons (Private) Ltd.	Alembic Chemical Works Co. ..	236.25xr	100	12.00	16.00	14.00		12	Y.P.
2,10,00,000	1,97,50,273	6,36,11,595	1,63,10,292	1,16,274	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	48.44	10	0.80	0.95	1.20	1.50	9	Y.P.
79,00,475	55,90,045	1,04,54,605	28,87,780	18,054	Amritlal & Co. Private Ltd. ..	Amar Dye-Chem. Ltd.	337.50	100	*Nil*	12.00	12.00		12	Y.P.
39,76,700	40,23,581	1,27,41,520	51,617	2,38,210	Kasturbhai Lalbhai & Co. ..	Anil Starch Products Ltd. ..	816.00	100	20.00*	28.00*	30.00*	30.00*	12	Y.P.
2,41,34,550	1,23,58,

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
INSURANCE (X)														
15,30,000	45,63,970	1,75,12,227	....	57,858	N. M. Cole, Esq. (Mg. Director)	Concord of India	11.00	5	1.00	1.00	1.00		12	Y.
10,80,000	14,95,196	28,43,030	....	86,390	M.	Devkaran Nanjee Insurance	28.00	50	3.00	2.00	3.00		12	Y.
24,00,000	74,63,383	1,64,42,160	....	2,78,255	*E. K. Sekharanna, Esq. (Mg. Director)*	*Hercules Insurance*	24.12	10	2.00	2.00	2.25		12	Y.
16,92,240	42,46,147	98,46,502	....	4,21,518†	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	55.00	40	3.75	5.25	6.00		12	Y.
20,80,000	71,07,781	1,89,86,350	....	36,736	M. G. Mody, Esq. (General Manager)	New Great Insurance	21.00	20	2.00	2.50	2.50		12	Y.
1,00,81,500	8,97,62,807	16,03,26,608	....	80,99,455	B.-K. Shah, Esq. (Mg. Director)	New India Assurance Co., Ltd.	70.00	10	4.00	5.70*	5.70		12	Y.
15,99,270	40,70,895	1,05,96,078	....	89,231	K. P. Modi, Esq. (Gen. Manager)	Ruby General Insurance Co., Ltd.	71.00	15New	4.00	5.70*	5.70		12	Y.
5,75,000	69,97,990	1,16,88,357	....	2,05,841	Sir John Brown (Mg. Director)	Triton Insurance	9.55	8	0.62	0.80	0.80		12	Y.
12,00,000	1,10,53,561	2,41,52,099	....	1,00,078	V. C. Setalvad Esq. (Gen. Manager)	Vulcan Insurance Co., Ltd.	133.00	25	11.25	11.25	11.25		12	Y.
							17.12	10	1.50	2.00	2.00		12	Y.
OIL														
£281,250	£291,420	£534,918‡‡	....	£12,832	T. Dwarkadas Esq. (Chairman)	British Burma Petroleum Co.	1.66	Sh. 1½	5%	Nil	5%	10%	3	Y.
35,00,000	58,35,342	90,36,320	35,87,426	29,706	T. W. Wood, Esq. (Managing Director)	British Ceylon Corporation	7.00N	Nil	Nil	5%	Nil		12	Y.P.
1,00,00,000	2,53,57,788	1,08,60,341	55,36,777	4,64,807	Indo-Burma Petroleum Co., Ltd.	Steel Brothers & Co., Ltd.	30.00	10	2.00	6.00	6.00		12	Y.P.
76,07,475	55,28,584	5,01,95,764	1,65,90,859	28,609	Tata Iron &Steel Co.	Tata Oil Mills	24.00	10	1.50	2.25	3.00	3.50	3	Y.P.T.
6,00,000	9,39,137	2,40,632	1,07,627	92,708	Andrew Yule & Co., Ltd.	Tide Water Oil Co. (India) Ltd.							12	Y.
PAPER														
39,95,000	17,09,399	84,38,924	21,52,420	956	Jolly Ind. Agencies Private Ltd.	Anil Hardboards Ltd.	250.00	100	Nil	Nil	Nil	Nil	3	Y.
1,41,76,300	69,25,921	2,84,96,824	2,22,39,882	2,28,202	K. C. Thapar & Bros. Private Ltd.	Ballarpur Paper and Straw Board Mills	19.37	25	Nil	Nil	2.50	6.00%	3	Y.P.
45,00,000	57,29,646	2,56,24,641	1,77,79,487	1,40,333	M.	Bengal Paper Mills	22.00	10	2.00	2.00	2.00	2.00	3	Y.
20,20,000	24,36,900	2,45,29,151	1,32,52,629	69,013	Andrew Yule & Co., Ltd.	India Paper Pulp	35.12	10	2.50	3.25	3.75	3.625	3	Y.P.
25,00,000	*Nil*	12,10,023	1,188	32,153	M.	Jayasri Paper Mills Ltd.	22.00	10	1.00	1.00	3.20		12	Y.
1,20,05,810	....	3,23,82,096	....	....	Bedi & Co. Management Pvt. Ltd.	Mandya National Paper	90.00	100	*Nil*	*Nil*	1.50‡	1.20	3	Y.P.T.
49,97,991	37,12,500	1,63,34,021	1,10,64,692	36,663	M. D. Shivanarajappa, Esq. (Chairman)	Mysore Paper Mills	8.37	10	*Nil*	*Nil*	*Nil*		3	Y.
1,46,82,500	3,51,86,583	10,30,98,153	3,75,73,153	1,80,092	Birla Brothers Private Ltd.	Orient Paper	13.70	10	1.00	1.25*	1.50	1.50	3	Y.P.
3,50,00,000	....	60,401	5,340	32,042	Seshasayee, Parsons & Whittemore Pvt. Ltd.	Seshasayee Paper & Boards Ltd.	19.35	10	1.50	1.50	2.25	2.25	3	Y.P.
1,25,51,420	1,44,39,926	6,05,88,478	1,60,58,338	57,232	K. C. Thapar & Bros. Private Ltd.	Shree Gopal Paper Mills	8.50	10	....	....	....	*Nil*	3	Y.P.T.
80,00,000	....	....	....	....	....	....	27.12	10	1.25	1.75	1.75	*Nil*	3	Y.
4,10,00,000	5,51,125	81,54,856	46,75,270	3,97,323	Bajoria & Co.	Star Paper Mills	10.12	O. 10	0.60	0.30	*Nil*		12	Y.
2,18,55,240	72,10,000	6,65,13,389	2,40,13,389	99,727	Birla Brothers Private Ltd.	Sirpur Paper Mills	10.12	A. 10	0.60	0.30	*Nil*			Y.P.T.
40,00,000	....	2,47,242	5	7,397	Ram Bahadur Thakur & Co.	Thakur Paper Mills Ltd.	14.88	10	0.65	0.65	0.65	0.85	3	Y.P.
							10.00	10	....	....	....	*Nil*	6	Y.P.
A.50,00,000													12	Y.
B.56,04,800	3,51,10,345	9,55,90,235	4,92,58,077	1,48,295	F. W. Heilgers &Co. Private Ltd.	Titaghur Paper Mills Co., Ltd.	41.81	A. 10	2.38*	2.50*	2.50	2.50	3	Y.P.T.
F.O.4,37,500							41.81	B. 10	2.38*	2.50*	2.50	2.50		
1,49,99,250	85,09,000	5,86,63,749	90,71,897	70,544	Gobindaldl Bangur, Esq. (Chairman)	West Coast Paper Mills Ltd.	3.75	F.O. 24	*Nil*	0.25*	0.295	0.333		
							189.00	100	*Nil*	*Nil*	6.00	7.50	6	Y.P.
SAW MILLS AND TIMBER														
18,29,996	19,59,300	34,02,459	15,15,023	—1,10,142	M. D. Jalan, Esq.	Assam Saw Mills	2.47	2	*Nil*	....	....	....	....	
29,25,000	6,72,17,037	5,96,96,300	2,89,25,893	1,50,873	Wallace & Co.	Bombay-Burmah Trading Corpn.	701.00	Old 125	25.50	28.75	37.50	41.25	12	Y.
1,41,00,000							281.25	New 50	9.00	9.50	15.00	16.50		
20,00,000	25,48,665	23,50,041	20,12,821	1,85,076	Gillanders Arbuthnot & Co., Ltd.	Indian Wood Products	31.00	10	2.50	3.00	3.00	3.00	9	Y.
SUGAR (U.P. and Bihar)														
14,00,000	10,53,405	34,35,427	20,76,488	2,709	R. Kanodia Esq. (Secretary)	Balrampur Sugar	2.53	2.50	0.25	0.40‡	....	....	....	
18,00,000A.	96,06,704	66,14,339	43,19,339	10,00,000	Narang Bros. & Co. Private Ltd.	Basti Sugar	122.00	A. 100	10.00	10.00	9.30	9.30	6	Y.
2,00,000B.							11.80N	B. 10	1.00	1.00				
25,25,562	11,36,602	57,43,044	32,63,889	3,553	Bangur Bros., Ltd.	Belsund Sugar	10.62	74	1.00	1.00	1.00	1.00	4	Y.
15,00,000	15,98,048	24,52,180	16,56,752	32,080	Cotton Agents Private Ltd.	Bharat Sugar	13.00	10	1.00	1.40	1.40	0.75	9	Y.T.
82,00,000	35,84,048	1,55,10,901	1,13,07,072	3,40,882	Gladstone Lyall & Co., Ltd.	Carew & Co.	12.14	10	1.00	1.00	1.50	1.50	9	Y.
30,00,000	75,62,480	1,82,77,950	1,04,89,347	—3,70,213	British India Corporation Ltd.	Cawnpore Sugar	13.62	10	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
18,00,000	54,55,390	85,85,573	59,25,607	18,474	British India Corporation Ltd.	Dhampur Sugar	17.50	10	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
9,58,050	6,04,985	36,14,097	23,08,542	—3,92,754	K. C. Thapar & Bros. Private Ltd.	Deoria Sugar	6.71	10	1.00	1.50	1.50	*Nil*	12	Y.
24,00,000	31,68,180	71,79,743	46,43,855	2,40,502	M.	Durbhanga Sugar Co., Ltd.	10.00	10	1.50	1.50	1.50	*Nil*	12	Y.
90,00,000	1,03,00,000	2,34,35,545	1,31,16,598	80,798	Bachraj & Co. Private Ltd.	Hindusthan Sugar Mills	10.00	10	1.50	1.25	*Nil*		9	Y.
22,46,670	21,57,626	1,01,90,887	61,94,561	98,339	Tulsidas Kilachand, Esq. (Chairman)	Kesar Sugar	7.50	10	1.50	2.00	2.50		9	Y.
7,89,100	30,88,434	59,11,006	35,75,327	9,995	Cotton Agents Private Ltd.	New India Sugar Mills	243.75	100	15.00	15.00	15.00*	20.00*	12	Y.
11,00,000	5,23,330	46,84,933	31,98,949	8,408	K. C. Thapar & Bros. Private Ltd.	New Savan	32.00	10	2.50	4.00	5.00	15.00	3	Y.
13,50,375	55,53,383	1,03,44,597	34,40,380	33,398	Cotton Agents Private Ltd.	New Swadeshi Sugar Mill	5.00	10	0.25	0.37	0.50	3.625	3	Y.
77,52,210	97,60,549	2,88,19,499	1,58,75,556	31,634	Cotton Agents Private Ltd.	Oudh Sugar	330.00	100	20.00	29.00	29.00	0.50	3	Y.
13,00,000	13,46,315	37,56,180	22,83,412	1,62,250	G. C. Narang, Esq. (Chairman)	Punjab Sugar Mills Co., Ltd.	180.00	100	10.00	12.50	15.00	20.00	3	Y.
1,80,00,000	28,28,278	61,19,943	25,75,535	4,006	M.	Puritalpore Co.	110.00	100	6.00	15.00	20.00	20.00	3	Y.
20,00,000	2,64,500	22,21,410	15,54,478	1,370	Govan Bros. (Sampur) Private Ltd.	Ramnee Distillery & Chemical Co., Ltd.	11.50	10	*Nil*	*Nil*			12	Y.
60,00,000	23,85,845	92,55,453	42,02,779	34,557	Govan Bros. (Sampur) Private Ltd.	Raza Buland Sugar Co., Ltd.	6.62	10	0.50	0.50	0.50		12	Y.
11,99,788	15,99,877	64,26,342	28,58,591	—5,50,181	A. K. Roy, Esq. (Secretary)	Samastipur Central Sugar	10.74	10	1.25	1.25	1.25	1.00	3	Y.
25,00,000	19,82,134	1,59,81,435	84,59,146	34,778	Sahu Jain Ltd.	Shree Krishna Gyanoday Sugar	10.06	10	0.25	*Nil*	*Nil*	*Nil*	9	Y.
10,28,115	59,403	36,97,745	18,98,713	16,870	D. P. Ghosh, Esq. and R. N. Datta, Esq. (Managing Directors)	Sitalpore Sugar	9.87	10	1.00	1.50	1.50	1.50	3	Y.T.N.
12,99,000	17,34,477	36,83,501	25,00,709	54,459	M.	Shri Sitaram Sugar	6.02	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
14,00,070	12,58,049	41,94,177	17,91,755	20,228	M.	Tulsipur Sugar	7.12	10	0.50	0.90	1.00	0.75	6	Y.
8,00,000	55,14,976	2,04,16,447	1,16,65,259	49,173	Orient Agents Private Ltd.	Upper Ganges Sugar	5.03	5	....	....	....	0.45	6	Y.
10,00,000	10,15,462	45,65,966	30,16,681	33,595	M.	United Provinces Sugar	67.00	10	5.00	7.25	7.25	0.40	6	Y.
							14.72	10	1.00	1.50	1.50	1.50	9	Y.
Other Centres														
20,00,000	30,40,000	1,54,88,919	42,36,087	7,000	Kanpore & Co.	Andhra Sugars Ltd.†	21.00xd	10	1.50	2.00	2.00	1.50	6	Y.
45,00,000	16,80,000	93,56,431	18,54,544	1,40,987	Parry & Co., Ltd.	Gauvery Sugars & Chemicals Ltd.	102.00	100	*Nil*	*Nil*	4.00	4.00	6	Y.
70,49,650	1,62,07,574	1,65,54,049	1,13,99,606	10,29,784	W. H. Brady & Co., Ltd.	Belapur Company	236.00	100	20.00*	21.00	23.00	23.00	6	Y.
13,50,000	17,08,126	53,19,384	31,84,793	1,725	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Bhopal Sugar Industries Ltd.	21.24	10	2.00	2.00	2.00	1.50	6	Y.
37,50,000	24,47,903	89,49,283	64,94,061	96,455		Shree Chandpoo Sugar	22.70	12.50	2.25	2.50	2.25	1.50	6	Y.
58,54,000	52,06,500	1,48,93,208	88,78,392	1,48,294	Parry & Co., Ltd.	Deccan Sugar & Abkhari	10.15xd	5	0.90	0.90	0.90	2.50	3	Y.
£1,100,000	£2,043,269	£2,379,427	£1,292,143	£115,584	Parry's Holdings Private Ltd.	East India Distilleries & Sugar	40.25	10	30%	35 4/7%	35 1/7%	21 3/7 %	12	Y.P.
32,92,990	14,87,239	48,71,160	32,81,129	9,734	Sir J. P. Srivastava & Sons (M.B.) Ltd.	Gwalior Sugar	160.00	100	10.00	10.00	12.50	15.50	3	Y.P.T.
62,37,650	15,35,343	94,90,385	39,09,633	8,17,347	India Sugar Agencies Private Ltd.	India Sugar and Refineries	9.00	10	1.00	1.25	1.50	1.00	3	Y.
32,43,380	26,08,785	1,81,03,458	36,01,381	7,084	R. S. Ind. Corpn. Private Ltd.	Jaypore Sugar	22.75	10	*Nil*	*Nil*	1.00	1.00	3	Y.
97,70,720	1,16,88,920	4,98,35,784	99,54,420	17,070	V. Ramakrishna Sons (Private) Ltd.	K. C. P. Ltd.	71.00	100	5.00	5.00	5.00	5.00	3	Y.
17,50,000	6,03,584	79,26,584	33,95,929	1,09,991	Kinbera Sugar Managers (Pvt.) Ltd.	Kiriampudi Sugar Mills Ltd.	175.50	50	17.00	21.00	*Nil*	*Nil*	3	Y.
67,50,000	58,75,655	1,56,07,252	79,06,925	54,999	M. L. Dahanukar & Co. Pvt. Ltd.	Maharashtra Sugar Mills	71.00	100	5.00	6.00	6.00	6.00	3	Y.
21,79,280	1,18,81,202	1,75,16,943	1,15,55,456	63,788	Vemgoyal Naydu, Esq. (Mg. Director)	Mysore Sugar	175.50	50	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
1,10,09,145	1,30,40,402	3,49,88,993	2,00,56,299	9,960	R. Vithal Rao, Esq. (Mg. Director.)	Nizam Sugar Factory Ltd.	55.00	50	17.00	21.00	21.00	20.00	3	Y.P.
50,00,000	54,06,000	1,42,35,080	91,79,458	35,221	Mafatlal Apte and Kanitkal Pvt. Ltd.	Phaltan Sugar	63.00	25	5.00	5.00	5.00	5.00	3	Y.P.
16,58,280	54,06,359	31,62,693	46,43,344	61,005	Anderson Wright Ltd.	Ramnagger, Cane and Sugar	109.00	50	10.00	10.00	6.75	5.75	6	Y.
29,96,650	43,94,792	1,83,17,106	74,76,128	16,591	Walchandjii Co. Private Ltd.	Ravalgaon Sugar Farm	39.50	10	2.50	3.25	5.00	5.00	6	Y.
B.4,00,000							61.50	O. 10	1.50	2.14	3.00	9.00	9	Y.
20,00,000	19,90,000	71,92,482	36,48,613	68,170	Parry & Co., Ltd.	Travancore Sugars	30.00	D. 50	12.00	8.56	8.00	8.50		
1,54,94,390	1,30,61,088	4,60,82,521	1,88,61,577	1,50,034	Walchand & Co. Private Ltd.	Walchandnagar Industries	7.75	10	1.00	1.00	0.50	0.75	6	Y.
							159.00	100	21.00	20.00	15.00	16.00	6	Y.
UNCLASSIFIED (Bombay)														
49,93,500	786	70,95,398	....	—36,566	G. B. Kotak, Esq. (Chairman)	Asian Cables Corpn. Ltd.	118.00	100	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
39,45,750	80,08,075	1,66,35,450	44,31,022	—14,61,710	Technical Services (Private) Ltd.	Automobile Products	19.32	10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
10,00,000	4,01,560	21,11,382	10,85,145	5,167	K. M. Promohand, Esq. (Chairman)	Associated Rubber Industries Ltd.	135.00	100	7.00	10.00	10.00	10.00	3	Y.P.
9,90,000	1,92,000	9,72,309	1,00,362	23,933	Jamnalal Sons Private Ltd.	Bajaj Auto	80.00	65	....	....	20.00	45.00	3	Y.P.
40,00,000							135.00	100	9.00	5.00	10.00	23.50	3	Y.
25,00,000	6,04,356	21,20,176	7,13,160	19,528	Jamnalal Sons Private Ltd.	Bajaj Electricals	124.50	100			3.20	3.625	3	Y.
14,97,250	8,77,517	33,55,998	24,55,865	18,148	Chunilal Maallal Private Ltd.	Bharat Bijlee	203.75	100	9.00	5.00	8.16	9.85	3	Y.
16,00,000	9,40,988	10,20,495	4,90,761	21,464	Aero-Auto Private Ltd.	Kaiveria Batteries	70.50	50	5.00	*Nil*	2.79	4.00	3	Y.P.
75,39,000	....	13,29,816	....	1,12,663	Mulu Chhnal & Co. Private Ltd.	Bombay Oxygen Corpn. Ltd.	27.25	25	2.50*	2.50*	2.50	2.50	3	Y.
2,76,00,000	25,248	1,46,35,050	12,44,319	—3,03,999	F. Aeulis, Esq. (Mg. Director)	Gest Tyres of India Ltd.	180.00	100	1.00	5.00	2.50	5.00	3	Y.
1,46,00,000	60,57,845	24,11,651	8,20,848	16,714	M. M. Wagle, Esq. (Mg. Director)	Graves Cotton & Co., Ltd.	212.50	100	....	....	....	*Nil*	3	Y.
1,07,26,000	....	10,12,984	41,887	29,194	F. E. Senior, Esq. (Mg. Director)	Henley Cables India Ltd.	190.00	100	*Nil*	*Nil*	*Nil*		3	Y.
31,07,000	4,97,204	1,25,51,022	79,99,414	—9,35,453	Birla Brothers Private Ltd.	Hind Cycles	100.00N	100	10.00	7.50	13.00	13.00	3	Y.
5,00,00,000	....	53,91,799	....	2,11,555	Birla Gwalior Private Ltd.	Hindustan Aluminium Corpn. Ltd.	122.00	100	7.00	*Nil*	*Nil*	*Nil*	3	Y.
5,57,00,000	4,49,78,754	6,52,35,545	2,58,60,285	85,08,000	P. L. Tandon, Esq. (Chairman)	Hindusthan River	18.92	10	....	....	....	*Nil*	3	Y.P.
50,00,000	50,00,000	19,61,631	21,592	5,251	B. N. Mitra, Esq. (Chairman)	Hindustan Wires Ltd.	49.00xd	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
22,17,500	8,81,641	28,29,917	21,39,746	2,393	Forbes, Forbes Campbell & Co. Pvt. Ltd.	Indian Vegetable Products Ltd.	11.36	10	1.50	2.50	*Nil*	*Nil*	12	Y.
5,00,00,000	1,22,06,329	7,67,02,145‡‡	....	2,29,344	G. L. Mehta, Esq. (Chairman)	Industrial Credit & Invest. Corpn. of India Ltd.	202.50	100	10.00	15.00	*Nil*	*Nil*	3	Y.
99,99,250	20,08,796	1,43,47,252‡‡	....	30,418	Manekial Premchand, Esq. (Chairman)	Industrial Investment Trust	91.50	100	4.00	5.00	5.75	6.50	12	Y.
1,70,82,100	1,20,01,422	5,04,85,023‡‡	....	70,631	A. D. Shroff, Esq. (Mg. Director)	Investment Corpn. of India Ltd.	79.50	100	6.00	6.00	6.00	6.50	12	Y.
25,00,000	9,25,570	58,58,713	23,03,530	5,655	Premanandlal & Brothers Private Ltd.	Jaipur Metals and Electricals Ltd.	172.50	100	6.00	6.00	6.00	6.50	12	Y.
99,000	1,36,141	5,42,718	45,25,396	2,915	Kamani Brothers Private Ltd.	Kamani Metals & Alloys Ltd.	16.00N	10	1.00	1.00	1.00	1.00	3	Y.
1,24,95,600	37,05,862	55,84,569	21,09,186	33,585	A. N. Bahnan, Esq. (Mg. Director)	Klinick Industries	84.00	100	13.00	0.75	9.00	9.00	12	Y.
16,80,000	6,60,000	22,27,920	16,07,262	1,10,408	Bhagilal H. F. Patel, Esq. (Chairman)	Laxmi Starch Factory Ltd.	166.25	100	12.50	0.75	8.00	*Nil*	12	Y.
11,25,100	2,62,000	15,63,419	5,10,555	4,707	Fisher (Bawla) Private Ltd.	New India Industries Ltd.	114.00	100	7.00	8.00	8.00	8.00	3	Y.
36,35,000	56,03,454	90,21,992	51,00,695	43,203	Distributors (Bawla) Private Ltd.	Permanent Magnets Ltd.	450.00	100	7.00	8.00	10.00	12.00	3	Y.
18,78,375	....	4,64,309	....	814	K. M. Desai, Esq. (Mg. Director)	Polson Ltd.	257.50	75	15.00	15.00	15.00	20.00	3	Y.
26,99,800	19,69,213	69,39,301	28,00,248	86,194	Fisher Agencies Private Ltd.	Premier Automobiles	197.50	10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
5,61,41,000	1,49,88,767	6,52,36,920	3,19,44,482	4,75,579	Aero-Auto Private Ltd.	Sathe Biscuit & Chocolate Co., Ltd.	126.00	100	10.00	12.50	15.00	17.00	12	Y.
4,75,286							109.00N	100	4.00	6.00	6.00	6.00	12	Y.
2,12,500	1,96,985	39,00,499	10,28,466	29,918	Sathe Food Industries Private Ltd.	Premier Tyres Ltd.	151.00	100	5.00	8.00	8.00	9.00	12	Y.
1,40,00,000	....	22,22,963	11,962	1,93,299	Indo Orient Agencies Private Ltd.	Standard Batteries Ltd.	151.00	100	5.00	8.00	8.00	9.00	9	Y.P.
27,00,000	21,95,147	79,02,823	33,07,302	12,766	The Industrial Enterprises Private Ltd.	Sundstrand Foods & Fibres Ltd.	211.25	100	8.00	8.00	4.00	4.50	3	Y.
12,57,000	1,97,949	27,39,250	2,66,292	10,528	N. D. Shroff, Esq. (Mg. Director)	Supreme Industries Ltd.	35.00	10	....	....	....	....	....	
9,33,300	13,92,500	12,89,205	5,51,393	2,770	Modi & Co.	United Wire Ropes Ltd.	146.25	100	14.00‡	15.00	15.00	15.00	12	Y.
42,000					Mr. M. J. Vaidya (Chairman)		45.00	50	7.50	6.75	7.50	10.00	12	Y.
22,29,000	....	24,949	1,541	—12,790	Mr. A. Nyshad and Mr. S. Sathkumar	Western India Match Co., Ltd.	308.50	100	11.00‡	15.00	15.00	18.00	12	Y.
2,75,00,000	2,02,75,641	5,00,86,946	2,29,01,285	5,11,284	Rahman Premji	Western India Vegetable Products Ltd.	117.00	100	8.00	8.00	8.00	*Nil*	12	Y.P.
17,50,000	2,82,719	20,32,098	15,42,187	30,699	Pallonji S. Mistry, Esq. (Chairman)	W. H. Brady & Co., Ltd.	300.00	100	20.00	20.00	20.00	18.00	12	Y.
45,00,000	77,22,982	10,32,950	5,97,398	2,84,888					25.00	25.00	25.00	20.00	12	Y.

M—Managed by Board of Directors. ‡ *On old capital.* * Includes bonus. † Subject to taxation. § Investments at cost.
M—For these companies reserves include balances of various funds and under gross block are given the total assets. ‡ Exempt from tax.

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
80,00,000	2,17,59,602	4,00,13,820	1,14,17,317	1,35,107	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd.	18.69	10	0.90	1.00	1.20	1.20	3	Y.P.T.
1,00,00,000	47,96,750	1,51,37,464	66,45,087	3,01,980	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	21.10	10	1.25	1.25	1.80	0.90	3	Y.
30,00,000	37,89,988	40,22,855	27,01,150	2,09,448	Turner Morrison & Co. Private Ltd.	Angelo Bros., Ltd.	22.69	10	1.50	2.00	2.50*	2.25	3	Y.
3,44,97,185	45,25,000	3,76,67,056	98,83,298	90,790	A. R. L. Goldna, Esq. (Mg. Director)	Ashok Leyland Ltd.	9.00	5	0.30	0.40	0.40	0.30	3	Y.
30,00,000	28,03,816	42,94,289	24,88,653	1,49,904	Mr. A. Hyder and Mr. S. Gothberg	Assam Match Co., Ltd.	25.00	10	1.25*	1.80	1.80	2.00*	12	Y.
1,13,00,000	88,61,435	1,02,25,165	50,36,439	8,24,384	H. R. Gregson, Esq. (Mg. Director)	Associated Battery Makers (E) Ltd. A.	33.94	10	2.40	4.00	2.50	1.50	3	Y.
80,00,000	29,46,521	1,09,70,998	44,86,384	1,55,432	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	5.00N	10	0.60	*Nil*	*Nil*		3	Y.P.T.
25,21,000	96,40,909	79,01,966	61,74,464	5,75,402	G. D. Wilson, Esq. (Chairman)	Balmer Lawrie & Co., Ltd.	279.00	100	20.00	25.00	25.00		12	Y.
12,60,000	25,58,676	37,54,157	21,81,357	1,80,199	Balmer Lawrie & Co., Ltd.	*Bengal Flour Mills Co., Ltd.*	38.62	10	2.50	4.50	4.00		12	Y.
20,00,000	9,27,188	66,75,796‡‡		50,926	Lovelock & Lewis	Birds Investment Ltd.	12.62	10	0.70	1.10	0.95	1.00	9	Y.P.
48,27,920	72,59,585	1,45,98,874	60,01,677	3,54,579	K. Julius Scott, Esq. (Mg. Director)	Britannia Biscuits	45.70	10	1.20	1.40	2.50	3.00*	3	Y.P.T.
3,25,00,000	2,01,22,345	3,10,21,923	3,42,53,080	3,01,083	H. B. Chaturvedi, Esq. (Mg. Director)	British India Corporation Ltd.	10.76	5	*

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
44,89,900	1,12,50,000	6,09,614	Allahabad Bank	336.00	100	18.00‡	18.00‡	18.00‡	18.00‡	12	Y.P.
1,01,000	26,38,220	12,942	Andhra Bank	100.00ed	100	6.00	8.00	8.00	8.00	6,12	H.
40,78,800				80.00ed	85	5.10	6.80	6.80	6.80		
1,50,00,000	1,81,24,560	3,02,553	Bank of Baroda	106.00xr	50	6.00	7.00	8.50	8.50	12	Y.
2,50,00,000	3,28,00,000	29,16,351	Bank of India	111.00xr	50	8.00	8.00	10.00	10.00	6,12	R.L.Y.
50,00,000 'A'				116.00xr	50'A'	8.00	8.00	1.00	10.00		
39,65,310	22,00,000	42,350	Bank of Maharashtra	76.00xd	50	3.25	4.50	5.50‡	4.50	12	Y.
41,00,000	63,00,000	47,240	Canara Bank Ltd.	80.75	50	5.00	7.50	7.50	7.50	12	Y.P.
12,50,000	21,00,000	15,450	Canara Banking Corporation Ltd. ..	75.25	50	5.00	7.50	7.50	7.50	12	Y.P.
'A' 5,99,840	53,50,471	34,751	Canara Ind. & Bkg. Syndicate Ltd...	171.50	100'A'	15.00‡	20.00‡	20.00‡	20.00‡	12	Y.P.
'B' 16,00,000				16.75	10'B'	..	2.00‡	2.00	2.00‡		
'C' 2,00,000				1.18	1'C'	0.15‡	0.20	0.20	0.20‡		
2,62,50,000	4,13,08,635	28,36,784	Central Bank of India Ltd.	67.50	25	3.50	4.30	5.10‡	5.00	12	R.L.Y.
'A' 52,50,000				68.50	25	3.50	4.30	5.10‡	5.00		
50,00,000	75,16,000	13,51,096	Devkaran Nanjee Banking Co.	70.00	50	3.50	2.52	4.38	5.50	12	Y.
3,00,00,000	2,00,00,000	50,90,874	Habib Bank Ltd. P.	22.00N	5	15%	14.6%	17.5%	20%	12	Y.
1,25,00,000	10,00,000	13,262	Hindustan Commercial Bank ..	18.12	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
50,00,000	2,85,000	28,889	Hindustan Mercantile Bank ..	16.00	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
60,60,000	88,01,884	1,48,636	Indian Bank	176.00xd	100	13.00‡	15.00‡	15.00‡	15.00	12	R.L.Y.
25,19,374				161.25xd	90	10.40‡	12.00‡	12.00‡	13.50		
81,25,000	78,36,660	2,22,933	Indian Overseas Bank	168.00	100	10.00	12.00	14.00	14.00	12	Y.
15,00,000	15,38,000	21,284	Pandyan Bank Ltd.	23.94	25	2.50	3.56	2.50	1.875	12	Y.
1,99,36,910	2,10,93,691	10,37,738	Punjab National Bank—K	22.00ed	10	2.00	2.00	2.00	2.00	12	Y.
5,62,50,000	3,20,00,000	50,41,356	State Bank of India	357.50	100	16.00	20.00	22.75	23.00	12	Y.
60,00,000	60,00,000	1,45,391	Union Bank of India	7.96	5	0.44	0.57	0.57	0.57	12	Y.
2,00,00,000	2,35,00,000	2,07,128	United Commercial Bank	88.00	50	3.75	5.50	6.00	6.00	12	H.
2,68,61,371	90,74,000	2,39,694	United Bank of India	7.25	10	0.30	0.43	0.43	0.60	12	R.L.Y.

PRINCIPAL EXCHANGE BANKS

						Dividend (per cent.)					
£6,600,000	£7,150,000	£494,910	Chartered Bank	£2-16-3	£1	15†	15†	15‡†	15†	12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£17‡	H.K. $25	sh. 12*	sh. 12*	sh. 15*	sh. 15*	12	Y.
£4,562,400	£3,050,000	£308,058	National and Grindlays Bank Ltd. ..	£1-16-3	sh.15	15†	12‡†	13‡†		12	Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. (i) Interim. xr—Ex-Right.
K—Punjab National Bank—Dividend for 1957 is on shares of Rs. 25 each. C—On increased Capital.
* Sh. per Share free of tax. *N.B.*—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	6	1st December and 1st June ..	Carew & Co.	1938	98.00	1st June 1963
4,00,000	6½	1st March and 13th September..	Carew & Co. (2nd mortgage) ..	1941	98.00	28th February .. 1970
10,00,000	6	1st August and 1st February ..	Ravalgaon Sugar	1942	99.75	1st August .. 1952-62
10,00,000	4	1st May and 1st November ..	Ravalgaon Sugar (New)	1944	82.50	1st November .. 1959-64
25,00,000	4½	1st May and 1st November ..	Walchandnagar Industries ..	1944	98.00	1st November .. 1959-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries ..	1960	98.50	21st June 1972
COAL						
30,00,000	6½	30th April and 31st October ..	Bharat Collieries	1944	99.00	30th June 1964
60,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	105.00	31st October .. 1975
20,00,000	4½	30th June and 31st December ..	Burrakur Coal Co.	1947	85.00	30th June .. .. 1967 (a)
46,86,000	6½	1st July and 1st January ..	Equitable Coal Co.	1953	100.00	14th December .. 1968 (a)‡
COTTON						
30,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	13th December .. 1966-71
7,00,000	5½	30th June and 31st December ..	Basanti Cotton Mills Ltd.	1942	85.00	30th April 1964
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	85.00	15th November .. 1966 (b)
64,62,000	5T	1st April and 1st October ..	Buckingham and Carnatic	1952	100.25	1st March .. .. 1972 (a)
10,00,000	6½	1st April and 1st October ..	Gokak Mills	1957	100.00	1st April 1967-72
18,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1959		1st July 1967-70
68,43,400	6½	1st January and 1st July ..	Shree Nivas	1958	99.60	31st December .. 1970
39,51,000	6½	1st April and 1st October ..	Shree Vijay	1959	98.50	15th October .. 1969-74
30,00,000	5½	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
30,00,000	5½	1st June	Tata Mills	1951	90.00	1st June 1966-71
ELECTRICS						
10,00,000	4½	31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1950	89.00	31st March .. 1965 (a)
8,00,00,000	5½	15th June and 15th December..	Ahmedabad Electric Co., Ltd. ..	1960	98.00	15th June 1965-76
98,28,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1942	98.00	1st April 1970-75
12,00,000	4½	30th June and 31st December ..	Benares Electric Light and Power Co., Ltd.	1949	90.00	31st December .. 1964 (a)
£2,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	97.75	1st January .. 1970 (a)
25,00,000	4	30th June and 31st December ..	Gourepore Electric Supply Co., Ltd.	1945	90.00	31st December .. 1970
10,80,000	5	1st January and 1st July ..	Sijua (Jherriah) Electric Supply Co. Ltd.	1951	91.00	30th June .. .. 1976 (a)
1,00,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply ..	1940	93.50	30th September .. 1958-68
47,73,000	5	1st March and 1st September ..	Tata Power	1940	94.50	1st July 1970
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	84.50	1st July 1965-70
ENGINEERING						
5,00,000	5½	30th June and 31st December ..	Britannia Engineering	1945	94.00	31st December .. 1969
1,50,00,000	6½	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	105.25	1st January .. 1971
29,18,000	5½	15th September and 15th March.	Indian Hume Pipe (Bearer)	1942	98.75	1st July 1957-62
10,00,000	4	31st May and 30th November ..	Kumarakhhi Engineering Works Ltd.	1946	84.00	31st May 1971
8,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	94.50	30th September .. 1960-65
JUTE						
12,00,000	5½	1st October and 1st April ..	Agarpara	1939	92.00	31st March .. 1969
6,00,000	5½	30th June and 31st December ..	Alexandra	1939	91.00	30th June 1969
15,00,000	6	31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	78.00	31st December .. 1964
10,09,000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1951	88.50	30th June 1966
20,48,000	5½	31st March and 30th September.	Dalhousie Jute Co.	1954	90.00	31st March .. 1969 (a)
8,86,000	5	15th January and 15th July ..	Empire	1951	90.00	15th July .. .. 1966 (a)
25,00,000	5½	31st March and 30th September.	Fort Gloster Industries Ltd. ..	1952	98.00	30th September .. 1966
29,40,000	5½	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	92.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1949	90.00	31st December .. 1964 (a)
25,00,000	5½	30th June and 31st December ..	Naihati	1952	90.00	31st March .. 1967 (a)
5,00,000	6½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1939	92.00	14th May 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	85.00	31st December .. 1964
25,00,000	5	31st March and 30th September.	Reliance Jute Mills Co., Ltd. ..	1950	81.00	5th September .. 1965 (a)
12,00,000	5½	30th June and 31st December ..	Union	1937	95.50	31st March .. 1967
10,00,000	6½	31st January and 31st July ..	Waverley	1925	80.00	31st August .. 1972
RAILWAYS: STEAMSHIP AND TRAMWAYS						
£321,697	4½	1st January and 1st July ..	Calcutta Tramways	*1900*	*£66.10N*	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£189,051		1st April and 1st October ..		1938	£74.10N	1st October .. 1974
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway ..	1945	85.00	31st December .. 1974 (a)
£200,000	4½	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway	1905	£84N	Any time on six months' notice (a)
3,10,66,894	4½	1st March and 1st September ..	Scindia Steam Navigation	1949	97.50	1st December .. 1963
PLANTING						
3,75,000	6T.F.	31st March and 30th September..	Nilgiri Tea		99.50	1st April .. .. 1958-68†
2,50,000	6T.F.	1st January and 1st July ..	Kallas Rubber Co., Ltd.	1955	100.00	1st July 1959-83
5,04,000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	100.00	1st April 1960-67
MISCELLANEOUS						
10,00,000	5½	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	92.00	31st December .. 1965
£1,80,000	4½	1st January and 1st July ..	Associated Hotels of India	1948	85.00	31st December .. 1962
8,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	99.00	1st September .. 1965-69(a)§
2,00,00,000	5½	1st April and 1st October ..	Caltex Oil Refining (India) Ltd. ..	1955	100.00	1st October .. 1970
2,00,00,000	5½	31st March and 30th September.	Dalmia Cement (Bharat) Ltd. ..	1946	84.00	30th September .. 1970
1,00,00,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	106.00	1st January .. 1973 (a)†
2,04,55,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	101.50	30th June .. .. 1968 (a)‡
197,68,000	5½	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	103.00	1st January .. 1976
8,00,00,000	5½	2nd January and 2nd July ..	Mettur Chemical Industries	1949	84.00	30th September .. 1964
£7,75,000	6T	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	31st December .. 1972 (a)
45,00,000	4				85.00N	30th September .. 1964
75,00,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	99.00	1st April 1971
1,50,00,000	5½	30th June and 31st December ..	National Rayon	1955	125.50	30th June 1965-70
7,48,350	6½	1st January and 1st July ..	Premier Automobiles	1958	98.50	31st March 1968-78
1,00,00,000	6	30th June and 31st December ..	Robbins Industries Ltd.	1946	95.00	31st December .. 1969
10,00,000	6½	January and July ..	Shree Gopal Paper Mills Ltd. ..	1944	99.50	15th July 1966
80,00,000	5	1st May and 1st November ..	Tasco	1953	95.00	1st April .. .. 1964-68 (a)‡‡
5,31,000	6	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	100.00N	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 2 per cent premium.
With option to redeem at Rs. 101 per cent after 10 years or at Rs. 102-8 per cent after 12 years. § Any debenture outstanding on 1-8-1969 will be redeemed in that date with option to redeem all debentures at 101 per cent on 1st August. †† Rs. 50 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1966 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 10th May 1962.

	Closing quotations 3-5-1962	High	Low	Closing quotations 10-5-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	210.00	212.50	208.75	208.75
Apollo (2)	2.42	2.42	2.34	2.38
Baroda Rayon (100)	150.00	150.00	147.00	148.00
Bombay Dyeing (25)	70.30	70.20	67.70	68.00xd
Bradbury (50)	200.00	200.00	193.75	198.75
Central India (100)	154.00	158.00	152.00	152.00
Century Mills (100)	667.50	676.70	657.50	676.00
Coorla Sp. (100)	160.00	—	—	160.00
Dawn (50)	163.50	163.00	160.00	162.00
Edward Textile (200)	395.00	—	—	395.00
Elphinstone (50)	136.00	142.00	132.00	136.00
Finlay (100)	330.00	329.00	315.00	316.50
Gokak (100)	228.00	225.00	222.00	223.00
Gold Mohur (100)	250.00xd	—	—	250.00
Gwalior Rayon (10)	59.00	59.00	56.50	59.00
Ind. Untd. Defd. (1)	3.74	3.78	3.48	3.48
Ind. Untd. Ord. (10)	23.72	23.50	21.88	22.04
Indian Rayon (100)	127.00	127.50	125.50	127.00
Indore Malwa (100)	178.00	—	—	180.00
Khatau (100)	472.50	496.25	470.00	496.25
Kohinoor (100)	305.50	309.50	300.00	308.50
Mafatlal (100)	910.00xd	910.00	900.00	902.50
Minerva Mills (100)	90.00	91.00	85.00	85.00
Model Nagpur (250)	147.00	—	—	147.00
Morarji (100)	417.00	415.00	410.00	414.00
Mysore (50)	64.50	65.00	64.00	64.50
National Rayon (100)	585.50	583.00	563.50	568.50xd
New City (100)	181.00	—	—	181.00
New Great (100)	311.00	311.00	305.00	307.50
Phoenix (100)	270.00	272.00	266.00	270.00
Podar Mills (100)	150.00	151.00	149.00	151.00
Raymond Woollen (100)	146.50	150.00	146.50	147.00
Sassoon Silk (10)	14.00	—	—	14.00
Sassoon Spg. (10)	64.00xd	65.00	64.00	65.00
Shrinivas (100)	282.00	281.00	270.00	276.00
Simplex (50)	175.00	174.00	171.00	174.00
Standard (100)	1,051.00	1,054.00	1,027.00	1,042.00xd
Svadeshi (100)	290.00	292.00	287.00	288.00
Swan (100)	345.00	350.00	332.50	332.50
S. I. Viscose (100)	190.00	190.50	188.00	188.00
Tata Mills (25)	79.00	79.00	76.20	77.50
Lakshmi-Vishnu (100)	145.00	147.50	145.00	147.00
Western India (250)	802.50	—	—	802.50
BANKS				
Bank of India (50)	117.00	117.00	111.00	112.00
Do. (New) (50)	118.00	118.00	110.00	110.00
Bank of Baroda (50)	115.00	115.00cr	105.00xr	106.00
Central (25)	67.50	68.00	67.00	67.50
Central 'A' (25)	68.50	69.00	68.00	68.50
Dena Bank (50)	71.00	71.00	70.00	70.00
Punjab Nat. (100)	21.76	22.00	21.70	22.00
Union Bank (5)	8.00	8.00	7.88	7.92
United Com. (50)	88.00	89.00	87.00	88.00
Maharashtra (50)	77.00	—	—	77.00
ELECTRIC COS.				
Ahmedabad (100)	98.30	98.80	91.50	92.00
Amalgamated (10)	10.24	10.28	10.24	10.24
Andhra Valley (1,000)	1,015.00	1,020.00	1,011.25	1,016.00
Bom. Sub. El. (100)	105.00	108.50	102.00	103.50
Surat (100)	96.00	—	—	98.00
Tata Hydro (100)	118.00	118.25	112.00	112.50
Tata Power (1,000)	1,107.50	1,125.00	1,105.00	1,112.50
INSURANCE COS.				
British India (10)	12.12	—	—	12.04
Indian Mercantile(40)	55.00	—	—	55.00
New India (15)	70.00	70.50	69.70	70.00
Vulcan (10)	70.00	71.30	69.50	71.50
STEEL COS.	17.12	—	—	17.12
Ind. Iron (10)	26.40	26.50	26.00	26.50
Mukand Iron (10)	28.80	28.60	27.75	28.20
Tata Steel Ord. (75)	146.00	149.50	144.25	149.50
SUGAR COS.				
Belapur (50)	240.00	240.00	234.00	235.00
Bhopal (10)	21.24	—	—	21.24
Chandeo (12.50)	22.52	22.72	22.48	22.72
Maharashtra (50)	175.00	174.00	174.00	174.00
Phaltan (50)	109.50	110.00	108.50	109.50
Walchand Ind. (100)	161.00	161.00	156.00	157.50
CEMENT COS.				
Associated Cts (100)	162.25	164.50	161.50	163.25
Digvijay (100)	208.50	218.25	208.50	214.00
Orissa (10)	19.24	19.24	19.00	19.00
MISCELLANEOUS				
Alcock Ashdown (100)	345.00	354.00	342.00	347.00
Amar Dye-Chem (100)	382.50	388.75	380.00	380.25
Bom. Burmah (125)	693.50	708.00	685.00	703.00
Do. (New) (50)	281.25	286.25	278.75	280.00
Br. B. Petrol (1 sh.)	1.54	1.88	1.52	1.68
Br. I. Corpn. (5)	10.76	10.76	10.48	10.56
Cooper Eng. (100)	187.00	188.00	185.00	185.50
Colour Chem. (100)	498.50	515.00	501.25	507.50
Hind Cycle (100)	122.00	125.00	120.00	120.00
Hindustan Levers (10)	69.80	69.80cr	47.50xr	47.50xr
Hindustan Motors (10)	20.40	20.39	20.00	20.24
I. G. & Invest. Corporation (100)	91.00	91.50	91.00	91.50
Indian Dyestuff (100)	845.50	875.00	838.75	852.50
Indian Copper (2 sh.)	5.12	5.28	5.04	5.12
Killick (100)	76.50	80.00	79.50	80.50
Lamco & Tonbro (10)	84.00	88.00	83.50	84.00
Mahindra & Mahindra (10)	84.75	84.60	83.50	83.90
New Central Jute (10)	20.24	20.24	19.76	20.00
Polychem (10)	17.76	17.76	17.36	17.36
Poison (100)	232.50	235.00	227.50	228.50
Pre. Automobiles (100)	196.00	197.00	215.00	217.50
Premier Con. (50)	137.50	140.00	194.00	197.00
Scindia (50)	180.00	185.00	185.00	186.50
G. E. Shipping(10)	18.88	18.92	172.50	173.50xd
Shivrajpur (10)	14.76	14.76	13.88	13.90
Sirpur Paper (10)	84.50	87.50	14.48	14.65
Synthetics and Chem. (100)	14.96	15.16	84.00	87.00
Tata Chemicals (10)	239.00	243.00	14.64	14.64
Tata Locomotive (10)	17.92	17.92	234.50	242.00
Tata Oil (25)	271.00	277.50	17.64	17.84
Tennaco (10)	85.50	84.00	266.50	272.50
Volkas (100)	86.75	85.50	83.00	83.50
W. I. Match (100)	205.50	205.00	85.00	85.50
W. Coast Paper (100)	210.50	214.00	202.50	204.00
	184.00	198.00	197.00	200.00
			184.00	189.50

GOVERNMENT SECURITIES	3-5-1962 Rs.	Gross Yield Highest	Lowest	10-5-1962 Rs.
2½% 1962 ..				
2½% 1975 ..	56.20			
2½% 1964-66 ..	90.00			4.00
2½% 1964-66 ..	90.00			4.00
2½% 1970-75 Nat. Dev.	56.20	5.70		4.00
2½% 1965-67 ..	90.00	4.38		4.00
2½% 1966 N. P. Loan ..	77.05			4.00
2½% 1966 N. P. Bonds	90.55			4.00
2½% 1967 Loan ..	90.45			4.00
2½% 1967 N. P. Bonds	90.60			4.00
2½% 1974 ..	90.50			4.00
2½% 1975 N. P. Bonds	90.40			4.00
2½% 1975 Loan ..	90.50			4.00
2½% 1976 N. P. Bonds	90.40			4.00
2½% 1976 Loan ..	90.40			4.00
2½% 1977 N. P. Bonds	90.40			4.00
2½% 1977 Loan ..	90.40			4.00
2½% 1978 N. P. Bonds	90.40			4.00
2½% 1978 Loan ..	90.40			4.00
2½% 1979 Loan ..	90.40			4.00
2½% 1980 Loan ..	90.40			4.00
2½% 1981 Loan ..	90.35			4.00
2½% 1982 Loan ..	90.50			4.00

* Nominal Income. Ob.—Ex-Bright. xd—Ex-dividend. cd—Cum-dividend. X.R.—Ex-Rights.

COMMERCE

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

VOL. CIV. No. 2666 BOMBAY, 19th MAY 1962 PRICE Rs. 2

MR. MALAVIYA REALISTIC ON COAL

THE crucial importance of expeditious and total liquidation of the coal problem which is having a vicious effect on production has been amply realised by Mr. K. D. Malaviya, Union Minister of Mines and Fuel. This is evident not only from his air dash to Calcutta shortly after his new appointment as a Minister with full Cabinet rank but also from his statement in the Lok Sabha on Wednesday this week, when there was a debate on the demand for grants for his Ministry. His remarks reflected imagination and determination. He conceded that it was necessary to raise the prices of coal of at least superior grades in order to ensure an increase in production. Although he was cautious enough to add that low grades were not in need of any price increase, he averred that an increase in the price of coal was not anti-social and that the target of 97 to 100 million tons of coal could not be achieved by leaving the coal industry, whether in the private sector or public sector, in doubt and suspense in regard to the facilities it should get. It must get, he added, finance, power, explosives, technical assistance and transport. Reiterating a statement he had made earlier at Calcutta, he observed that the Government was willing to help the colliery owners as much as possible, including an increase in the target for the private sector, if they stepped up production. It is to be hoped that by this he did not mean that the industry must first raise production to be eligible for an increase in its selling prices and other facilities. That would be like putting the cart before the horse, besides implying that he has no confidence in the colliery-owners. He must be aware by now that, currently, coal production is running below the level attained last year, instead of being well above it, as, indeed, it should be, if the third Plan means anything. The reasons for this unfavourable trend are well known; they are beyond the control of colliery owners. The disabling factors must first be eliminated. It is obvious that no colliery-owner would deliberately keep production down, especially when he knows that, with price control on coal continuing, one of the principal ways in which he can raise his profit-margin is to raise the production in, and the productivity of, his mines.

Indicative of Mr. Malaviya's determination to tackle the coal problem is his assertion that the Government would spare no effort in the coming months and years to reach the target for coal production and that "we shall break the transport bottleneck." These declarations are gratifying to the extent words can be, but they must be promptly translated into action. Many are the ministerial pronouncements and promises which have remained on paper for years without being fulfilled. It is to be hoped that Mr. Malaviya's observations on coal will not share the same fate. He has to act quickly. So far as the public sector is concerned, he is confronted with an additional problem arising from the demand of State Governments for a share in the rights, responsibilities and fruits of coal-mining. The Government of West Bengal, for instance, has been wanting to own and operate coal mines. Nothing is basically wrong with this desire; only it has to be proved by the State Governments that they can do the job better than the monolithic Central corporation, namely, the N.C.D.C. India is too vast a country to permit the successful adoption of the British model in this respect. A variation on the lines suggested by us on page 189 of our issue dated 3rd February 1962 is highly desirable. Mr. Malaviya threw not even a hint as to how he proposed to settle the Centre's differences with the States on this issue. He only said that he had had talks with Dr. B. C. Roy. This only suggests that he is still far from a remedy to quench the States' new thirst for power and resources.

The approach of Mr. Malaviya to the problem of moving coal from the pitheads to the factories as well as to that of small uneconomic collieries is quite imaginative. On the former, the Minister indicated that the Government was thinking of developing inland navigation. It is proposed to utilise river transport in U.P. and Bihar and the D.V.C. canal in West Bengal. The plan seems to be to move coal in big commercial vehicles from coal-fields to river loading points at Monghyr, Bakhtiarpur and Bhagalpur for transport up to Allahabad by the Ganga and to Gorakhpur and beyond by the Ghagra. In the same way, the D.V.C. canal is to be used for moving coal to West Bengal. The idea is excellent, but its practicability has to be tried out. No information is available about the cost of transporting coal in this manner. Loading coal into lorries and unloading it from them—these operations will have to be carried out twice—may increase the percentage of smalls and powdered coal and thereby reduce the caloric value of the fuel. Again, as the supply of boats is very limited owing to the prolonged neglect suffered by inland navigation and the few that are available may not be of the right type to move bulk cargo like coal, not much relief can be expected in the short-term through the adoption of this solution. It is said that country boats will be used to begin with and that these will be replaced *in a few months* by power-driven tugs to be manufactured and supplied by the Defence Ministry. It is, however, a moot point whether the latter will be able to deliver sufficient number of tugs "in a few months." The performance of the Defence Department in the manufacture of civilian goods has been disappointing so far. Despite these "ifs" and "buts", it is worthwhile endeavouring to harness inland navigation for movement of bulk commodities and thereby reduce the pressure on railways.

In an earlier issue of this journal, we had questioned the economic feasibility and desirability of transporting coal by lorries even for such short distances as 75 to 100 miles. This view is shared by a British transport expert, Mr. M. R. Bonavia, whose services had been lent to the Neogy Committee on Transport Policy and Co-ordination. It is necessary to draw attention to his views, for the Neogy Committee itself may not submit its recommendations for a long time to come and the risk of planning for permanent diversion of coal to road transport appears to be real. Mr. Bonavia, we are told, does not favour large-scale diversion of coal from railways to road. According to him, the movement of coal by trucks over long distances, except as a purely short-term and emergency measure, has nothing to recommend itself. The best thing to do, therefore, is to enable the railways to carry more coal and the British expert endorses the suggestion made by us that the railway freight for coal must be raised to make it economical. So

country on the balance of payments front, one can say without any reservation that the very idea of compulsion in cotton textile exports is ludicrous, especially in the present situation when, on the one side, the conditions obtaining in the industry are disquieting to a degree and, on the other, there is fierce competition in world textile markets. How can one talk of compulsory export when, thanks to the official policy of pegging the mill industry's capacity and the growing domestic consumption requirements, *there is no adequate exportable surplus?* The only way to find such surplus is to restrain domestic consumption by both physical and fiscal controls. Are the Government and the leaders of the industry prepared for such a measure?

The circumstances are by no means propitious for the move that has now been decided upon. The cotton mill industry in India is in the throes of a severe crisis. There is, first of all, the acute shortage of raw cotton and the consequent high prices for the raw material. Further, a voluntary price control has been forced on the industry, while its manufacturing cost has become unduly rigid, not only as a result of the high level of cotton prices but also because wages, fuel and electric energy cost more. Then there is the mounting array of taxes. Viewed thus, there is certainly no exaggeration whatever in the remark of Mr. Naval H. Tata, in his annual statements issued as Chairman of the Tata group of mills this week, that the cotton mill industry is being made to stagnate in the name of social justice. And, yet, there are unfriendly critics who accuse the industry of exploitation. Is this, one would ask, the reward for an industry which supplies an essential need like clothing, not to speak of it being the largest national industry employing 800,000 operatives with a total turnover of over Rs. 600 crores and one of the staple earners of precious foreign exchange? Mr. Naval Tata has done well, indeed, by admirably presenting a true picture of what has turned out to be a much maligned industry.

The most disquieting problem confronting the mill industry to which Mr. Tata has naturally drawn attention pertains to the raw cotton supply crisis. He has certainly not cried 'wolf' when he says: "As things stand at present, the industry is bound to face curtailment in production, unless the cotton supply position improves before the middle of September 1962." The estimated shortage of cotton is as much as 700,000 bales, which, if not solved, will result in a production cut of approximately 15 to 20 per cent, with consequent unemployment and shortfall in export performance.

Mr. Tata is very critical of the heavy burden of taxation imposed on the mill industry. He observes:

"The worst and incomprehensible feature of the recent revision is the sharp increase on mercerised cloth. Mercerisation is a very simple process which in India has long ceased to be a discerning finish to cloth. It is a common finish given by all manufacturers to certain types of fabrics used in substantial quantities by the ordinary consumer. To tax this finish out of production is, in my view, a highly retrograde step which will put the quality of Indian fabrics way back into what was produced in the early fifties. In a land where we hear plentiful sermons of equal sacrifice for national interest from all sections of communities and from all industries, this unequal burden on cotton textiles is beyond one's comprehension. When one considers that this industry supplies an elementary need like clothing, it is amazing to find more prosperous industries in the synthetic fibre field dealing with luxury products let off comparatively lightly, not to speak of some other industries. . . ."

The cotton mills would, of course, be willing to bear any load of taxes, provided (*a*) their cost structure is sufficiently elastic and (*b*) there is no consumer resistance. The second factor may not be there now, since cloth is, after all, an article of necessity and the supply is limited by a blanket ceiling on production of mill-made cloth. It is, however, exposed to the odium of profiteering. So far as the first factor is concerned, the mills are certainly in a sorry predicament. The costs of major items such as cotton, wages, fuel and electric energy are all beyond the control of the industry. While assessing the impact of tax burden on the mill industry, one has necessarily to take into account the fact that the industry is equipped with considerable obsolete and inefficient plant and machinery which, working intensively on multi-shift operation, necessitates, as Mr. Tata rightly emphasised, frequent large-scale re-equipment and modernisation. "Such equipment at the present price of machinery," to quote him again, "is frankly beyond the means of the industry, even if no dividend were paid and the entire profit were ploughed back for purposes of rehabilitation and modernisation" An idea of the magnitude of the financial problem of replacement can be had from the following figures given by Mr. Naval Tata in respect of two of his units in Bombay City:

(In lakhs of rupees)

	Plant and machinery		*Other fixed assets*	
	Historical value	*Current replacement value*	*Historical value*	*Current replacement value*
Svadeshi Mills	243	620	89	358
Tata Mills	201	543	72	287

One will doubtless agree with Mr. Naval Tata when he says that, if the authorities want the textile mills to be written off as and when their machinery gets worn out by working intensively as is at present, then, the profits shown by some prosperous units are high. But obviously this is not and cannot be the objective of the Government. It will not be wrong to presume that the planners and the powers-that-be want the industry not only to be kept alive but kept reasonably modernised. If regard is had to this important point, it will be realised that the current level of profits is not as high as is made out to be. The question of profit-level and of finding finance for modernisation and replacement is not the only one on which the powers-that-be have incorrect notions. Their very approach to the problem of modernisation as well as rationalisation is halting and ineffective. So long as such an approach persists, there cannot be any appreciable reduction in production costs. Mr. Naval Tata has impressively highlighted this point. He says:

"Cost reduction and supply of fault-free cloth are the two most essential factors for promoting exports. Installation of automatic looms in replacement of plain looms is very necessary to produce perfect fault-free cloth and reduce costs. Whenever Government have come forward with schemes for installing automatic looms, they have clothed their proposals with such restrictive and penal conditions for compulsory exports that the purchase and installation have ceased to be a pure business venture. It is tragic that Government have not seen their way yet to formulate a well-reasoned policy to liberalise permission for installation of automatic looms. Other countries have rapidly forged ahead, with the result that, today, India has the lowest percentage of automatic looms and looms with automatic attachments to total looms installed. Of about 205,000 looms installed in India, only 17,000 are automatic, that is a negligible 8 per cent. Speaking of countries east of Suez, Japan, our strongest competitor in world markets, has 64,000 automatic looms, roughly 14 per cent of total capacity. Pakistan, another growing competitor, is on a much surer cost footing, with a total of 18,000 automatic looms, roughly 60 per cent of total weaving capacity."

It is against this background that one has to view the prospects for Indian cotton textile exports. The one serious handicap which is thwarting all efforts at export promotion stems from the industry's inability to quote competitive prices, thanks to its low productivity *vis-a-vis the highly rationalised and modern units* in other countries. In view of the relatively labour-intensive character of the industry, the average annual production of cloth per worker in this country is no more than 6,540 yards (1960), as against 13,226 yards in Japan (1960), 9,595 yards in Britain (1960), and 27,927 yards in the U.S. (1956). The productivity of a Japanese worker is thus about double that of India, of the U.K. worker 60 per cent higher and the U.S. about 4½ times. With such poor productivity per worker, how can one expect the Indian industry to withstand competition in foreign markets? There is no short-cut to export promotion. Compulsion of the type now proposed will only mean fostering inflation within the country which in turn will make matters still worse in course of time. Mr. Manubhai Shah must try to look beyond his nose if he is to succeed not only in the short-term but also long-term. He must have the courage to undo all the past mistakes of the Government on the textile front.

A PROJECT FOR PLENTY

THE Koyna project, the first generating unit of which was formally commissioned by Mr. Y. B. Chavan, Chief Minister of Maharashtra, on the 16th inst., bids fair to transform the economic landscape of Maharashtra. Work on the project was started in January 1954. The project is being executed in three stages and will produce, at the end of the third stage, 525,000 kw. of power, a quantity that will go a long way towards meeting the growing power needs of Maharashtra. It has been estimated by the Central Water and Power Commission that, in Western Maharashtra alone, the anticipated demand for power at the end of the third Plan would be of the order of 1,128,000 kw. As the net installed capacity is expected to increase to 881,000 kw. only, there will be a gap of roughly 250,000 kw. This would be more than met by Koyna which will have, at the completion of the second stage, a generating capacity of 465,000 kw.

The first stage of the project consists of the construction of a rubble concrete dam across the Koyna river built to part height and an underground power house, which is the most distinctive feature of the project, fed by a water conduit system taking off from the Koyna lake, to generate 240,000 kw. of power at 60 per cent load factor and produce 1,262 million kw.h. per year. The estimated cost of the first stage of the project is Rs. 38.28 crores. The first generating unit of this first stage, switched on by Mr. Chavan, has a capacity of 6,000 kw. Every six months from now on, an additional 6,000 kw. of generating capacity will be ready. The first and second stage of the project are together estimated to cost Rs. 55 crores. Under the third stage, the tail race waters emerging out of the power house will be harnessed to generate 60,000 kw. of power at 60 per cent load factor. In addition, a power house at the foot of the dam is also contemplated through which the irrigation supplies will be routed to generate 40,000 kw. of seasonal power. Originally, this scheme formed a part of the third stage, but it has now been advanced to the second stage.

It is a reflection of the essential soundness and the great promise of the project that foreign aid has been forthcoming for it in a fairly generous measure. The U.S. Government has already made available for the project Rs. 11.5 crores from P.L. 480 funds. 93 per cent of this amount is in the form of loan and 7 per cent as grant. The World Bank has given a loan of Rs. 12 crores for the first stage of the project and another loan for the second stage is under negotiation.

The Koyna project has had a long period of gestation. The then Bombay Government had, as far back as in the early years of the present century, considered the potentialities of the Koyna basin for irrigation purpose. But, as in many other fields, it was the House of Tatas which first investigated, during the period 1913-24, the possibilities of generating hydro-electric power from Koyna and had prepared a blue-print of a scheme for power generation in three stages. For some reason or other, this scheme did not materialise. The idea was revived after the attainment of Independence and the project that is now under execution has been prepared after extensive fresh surveys and exploration and exhaustive scrutiny of the designs and estimates.

Truly has the Koyna project been called a "project for plenty." For power available from Koyna is bound to give a fillip to industries in Bombay and Poona and the power-starved regions of Western Maharashtra, covering the six districts of Sholapur, Satara, Sangli, Kolhapur, Kolaba and Ratnagiri. Of these, the first four are comparatively better developed than the last two Konkan districts. It is calculated that the potential demand for power in the Ratnagiri district alone would be about 67 per cent of the total estimated demand for power in all the six districts, excluding the Bombay-Poona region. This is because of the possibility of locating there an aluminium plant, which will be a bulk consumer of power, and a calcium carbide and electrolytic caustic soda plant. Power from Koyna would also facilitate the development of electrical and metallurgical industries in Western Maharashtra which is endowed with a variety of mineral deposits. Kolhapur, for instance, has rich deposits of bauxite; iron ore is found in the southern parts of Ratnagiri; manganese ore is present in Ratnagiri, Satara and Sangli districts and good deposits of lime-stone are located in parts of Sangli and Satara districts. Other valuable mineral resources, which should lend themselves to successful exploitation by utilising power from the Koyna project, are asbestos, silica, felspar and mica. Availability of cheap power should also stimulate the development of cottage and small-scale industries using power.

The Koyna project is unique in more than one respect. Technically, the potential drop of water, which is instrumental in producing electricity from the four inclined powershafts, has no parallel in any other project in India or Asia. Another notable feature of the project is that machinery and equipment for it have been supplied by countries of diverse political ideologies such as France, Yugoslavia, Poland, Italy, Switzerland, Japan, the U.S.A., the U.K. and Austria. This has been possible because of India's policy of non-alignment and its keen desire to maintain friendly relations with all countries.

MARKET GOSSIP

Tata-SKF Project

THE much-talked-about and long-awaited ambitious Tata-SKF ball bearings project has now been finalised. The venture will be carried on under the name of the Associated Bearing Company Ltd., Bombay. The Company is offering to the public Rs. 80 lakhs in equity shares of Rs. 100 each, out of a total issued capital of Rs. 400 lakhs. Its capital structure is simple, in that it is made up of only ordinary shares. Of the issued capital, the technical collaborators, Aktiebolaget Svenska Kullagerfabriken, Gothenburg ("SKF Gothenburg"), Sweden, the Skefko Ball Bearing Company Ltd. of Luton, England, and "SKF Schweinfurt," a subsidiary of "SKF Gothenburg," are taking up shares worth Rs. 240 lakhs. The Investment Corporation of India Ltd., the promoter of the project, its Directors, associates, etc., are taking up shares of the value of Rs. 80 lakhs. The Corporation has also agreed to absorb those shares not taken up by the public, without charging any underwriting commission.

The Company has been formed for the manufacture of (*a*) certain types of tapered roller bearings and certain types of row deep grooved ball bearings, (*b*) certain types of pendulum weighting arms complete with bearing units for top rollers and cradles, and (*c*) centring sleeve inserts and tape tension pulleys. The capital outlay on the project is estimated at Rs. 600 lakhs, of which Rs. 285 lakhs will be on plant and machinery (including installation), Rs. 165 lakhs on land and buildings and Rs. 113.50 lakhs will serve as working capital. This outlay is to be met through the issued capital of Rs. 400 lakhs and bank borrowings of Rs. 200 lakhs.

The machinery and equipment, which is expected to cost Rs. 240 lakhs, will be supplied by "SKF Gothenburg"; 50 per cent of it to be designed, constructed and delivered by it and its subsidiaries. Foreign currency to cover the cost of the machinery will come from the Swedish firm's capital participation. As the basic raw materials are not available indigenously, at present, they will be obtained from the steel mills of the Swedish firm. The Company has received import licences of the value of Rs. 162.95 lakhs, of which Rs. 152.52 lakhs will be for the machinery to manufacture bearings and the balance for the components and the machinery necessary to assemble them for pendulum arms.

The collaboration agreement stipulates payment of Rs. 4.15 lakhs for the technical know-how and Rs. 6.85 lakhs for the technical assistance to "SKF Gothenburg" and its subsidiary, "SKF Schweinfurt." In addition, both the Swedish firms will be entitled to a research and development fee of 2.5 per cent of the net annual turnover of the Company. The Company will be entitled to use the patents and trademarks of "SKF Gothenburg," The SKF Ball Bearing Company (Private) Ltd., Bombay, a subsidiary of the Swedish firm, has been appointed sole selling agent in India of the products assembled and manufactured by the Company for five years at a *del credere* commission of 10 per cent of the net realisations. Mr. Per Torsten Grufman and Mr. John Higham, Directors of the Swedish firm's Indian subsidiary in Bombay, have been appointed the Managing Director and Vice-Chairman, respectively, of the Company. Mr. A. D. Shroff is the Chairman. The factory is to be established at Chinchwad, about nine miles from Poona. The factory buildings will be ready during the early part of 1964, when machinery is expected to arrive.

The manufacture of ball bearings in India is a post-war development and the production of tapered ball bearings, a still later development, is quite small. There are two units in the line, the National Bearing Company Ltd., Jaipur, and the New Haven Steel Ball Corporation, Bombay, both of which have not only increased their annual capacity (the former from 6 lakh to 9 lakh pieces of ball bearings and from 684,000 gross to 1,008,000 gross of steel balls, and the latter from 5 lakh gross to 10 lakh gross of steel balls) on a single-shift basis. Both are now working on multiple-shift basis to cope with the ever-increasing demand following the rapid development of automobile, bicycle and fan industries. An idea of the demand growth for this product can be had from the fact that, during the first Five-year Plan periods, the production of ball and roller bearings rose sharply from a mere 80,000 pieces to 9 lakh pieces; in the second Plan period, against an estimated capacity of 1.6 million pieces, the production was about 2.9 million pieces; and, in the third Plan period, the capacity is expected to go up to 10 million pieces and the production to 14 million pieces on three-shift basis. With the rise in indigenous production, imports have gradually come down; nevertheless, they still amount to quite a formidable figure. In these circumstances, the Directors of the Company are right when they say that they do not expect any difficulty in disposing of the planned output. However, a big venture like this would naturally show some losses in the initial years. The Directors have, therefore, made it clear that profits will be first utilised to extinguish accrued losses and to build up sufficient reserves, and only thereafter they are expected to be sufficient to permit a reasonable return to the shareholders. This statement has not in any way adversely affected the investors' enthusiasm for the issue. A heavy oversubscription is a foregone conclusion, if the big premium which the scrip is unofficially commanding is any indication. Apparently, the investors feel that, as a key industry of this nature has assured growth prospects and as the Company is in quite competent hands, it is worth waiting for some years for a fair return.

Another Feather In Its Cap

The other day we heard that the Fertilisers and Chemicals Travancore Ltd. has entered into a 10-year agreement with the Power Gas Corporation of Britain for the sale of its know-how in the manufacture of ammonium sulphate out of by-product gypsum, raised during the production of phosphoric acid, for a fee amounting to 1.25 per cent of the total value of the contracts entered into by the British firm to design and supply the equipment required for such plants anywhere in the world. This country will soon add now another feather, though of a different type, in its cap. It will serve as a further proof of the fact that India's industrial development is not only rapid but also healthy and on right lines. We refer to the move to manufacture and eventually use the Prestolite dynamos and starter motors some two years ahead of even the industrialised European nations.

The name Prestolite goes after the inventor of these products, the Prestolite International Corporation, a wholly-owned subsidiary of the Electric Autolite Company of the U.S., which is rated as the largest manufacturer of auto-electrical equipment in the world. The dynamos, which are AC and replaced the present DC equipment, are an offshoot of the electronic industry and a major revolutionary development in auto-electricals since 1910. They are designed to give a longer life to and easy operation of automobiles, buses, trucks, etc., by reducing the weight (in the case of an equipment of 35 lbs. to 7 lbs.) and by reducing the cost of heavy weight articles. This is made possible by using less of copper and replacing considerably iron by aluminium as the raw materials for dynamos.

The only country to begin the change-over to the new equipment is the U.S., where it would be completed by the middle of next year. Europe would be trailing far behind and have a complete change-over only in 1966. At present, Prestolite is the sole manufacturer of such dynamos in the U.S. and the world, and is making intensive research in minimising their cost and improving further the scope for their use. Two American and one British firms are trying to manufacture them. Prestolite has entered into collaboration for their manufacture with firms in 14 countries and hopes to enter 23 other countries, Japan and Hong Kong being immediately on hand.

The credit for bringing Prestolite to India goes to the recently formed Globe Auto Electricals Ltd., Bombay, which proposes to manufacture 25,000 dynamos and 25,000 starter motors a year to meet 40 per cent of the present demand, with its financial and technical collaboration. The Company was originally formed for the manufacture of windshield wipers, ignition coils, voltage regulators, distributors, spares, etc., for which it has entered into a technical collaboration agreement with Magneti Marelli of Milan, Italy. In order to undertake the proposed diversification, it is increaseng its paid-up capital of Rs. 20 lakhs in equity shares of Rs. 100 each to Rs. 45 lakhs. Out of the additional capital of Rs. 25 lakhs, it is proposed to issue Rs. 10 lakhs to the present shareholders by way of rights shares at par and to offer the balance of Rs. 15 lakhs to the American firm which will additionally get the technical fees and have its President, Mr. J. J. Bohmrich, on the Board of the Company. The consent for the capital issue is awaited and the collaboration agreement is to be approved soon by the authorities. The rights issue will be made in July this year. The Company will go into production of the originally conceived lines in October this year and manufacture dynamos and starter motors in March 1963.

Jute Buffer Stock

What exactly are the objectives of the newly-formed Jute Buffer Stock Association? Although this question may appear somewhat elementary, it has now come to the fore with added significance, thanks to the conflicting viewpoints expressed by the spokesmen of jute industry, jute trade and the Government. Here are the respective viewpoints:

Jute Balers' Association: The Buffer Stock Association has become an instrument for depressing the prices of raw jute and not for stabilising them. The Buffer Stock Association purchases are not, in reality, going to bring about any stability in raw jute prices.

Jute Commissioner: The Buffer Stock Association will have to mop up all the surplus raw jute. Operations would be undertaken in conformity with the firm intention of the Government not to allow the price of jute to fall again to uneconomic levels. Henceforward, adequate quantities of raw jute would be lifted by the Buffer Stock body every seven to ten days. This would restore the confidence in the ability and intention of the Association to mop up the residual surplus.

Mr. C. L. Bajoria, I.J.M.A. President and Chairman of the Buffer Stock Association: The establishment of the Association should not be regarded purely as an expedient to halt a price decline at a particular time or in any circumstances. The promoters of this body have a much broader aim which is to stabilise both supplies and prices on a long-term basis by countering as far as possible not only the uncertainties of the market but all the vagaries of nature.

Mr. Manubhai Shah, Union Minister of International Trade: If the operations of the Buffer Stock body do not lead to price stabilisation, the Government itself would intervene directly and purchase raw jute from the primary producers.

Whatever be the angle from which one looks at the Jute Buffer Stock Association, there is no need to be alarmistic about the growing weakness of raw jute and doubtful about the intentions of the Association. It is true that raw jute prices have fallen lately, despite large-scale buying by the majority of individual mills and the purchase of 125,000 bales (equivalent to 625,000 maunds) already made by the Buffer Stock body. But the fall in prices has been due, as Mr. Bajoria stated at a Press conference at Calcutta a few days ago, to the quick disposal of stocks by growers and sellers in anticipation of a better crop next year, the declining jute prices in Pakistan and Thailand, and the depressing effect of the delay in the shipment of jute manufactures because of the imposition of excise duty and the strike by the Hooghly pilots. Some have criticised that the Buffer Stock body has bought 50,000 bales of jute at Rs. 3 below the floor price of Rs. 30 per maund. Answering this criticism, Mr. Bajoria said that that jute was of low grade and that only such jute was now available in the market. He declared that the floor price of Rs. 30 per maund was unrealistic and that a drop below this level was "unavoidable, because of the conditions existing at present."

In considering the question of raw jute prices, one important factor has to be borne in mind and that is that the prices should be sufficient to ensure a decent return to cultivators, as, otherwise, production would be adversely affected; already there are fears that the acreage under jute and mesta crop in the coming (1962-63) season would be lower by 20 per cent as compared with the present season with a crop yield of just 7.0 million bales. At any rate, it would not be wise to revise the floor price so soon after the solemn assurances given by the Government in Parliament. In any case, the recommendations of the Indian Central Jute Committee's Economic Research Section, which is now working on a scheme for a comprehensive study of the economics of jute growing, with particular reference to the cost of production, are still pending. When received, they may provide an opportunity to revise the floor price with sufficient reason.

Be that as it may, it is too much to expect the Buffer Stock body, a new organisation which is just beginning to find its feet "to be in a position" to step in and achieve something which has never been attempted, far less done, in the past." For the buffer stock operations, as Mr. Bajoria stressed, is highly complex, particularly so when bank credit is involved as in the case of jute. It should also be noted that proper arrangements have to be made for the storage of jute purchased which must be separate from the mills' own stocks. Virtually, all mills, we are told, are already holding five months' stocks on their own account, as a result of which some of them are stocking jute in the open for want of covered storage facilities. In view of the approaching monsoon, the Buffer Stock body cannot, surely, afford to buy more jute without first making arrangements for storing it.

All this clearly suggests that the warning sounded by this journal was perfectly justified. Our contention, as readers will recall, was that, strictly speaking, the business of buffer stock was the responsibility of the Government and that it would be better if the private sector remained out of it. It is a pity that jute millowners allowed themselves to be hustled into the present arrangement. Their troubles have only just started. They will have plenty of them, if the next crop turns out to be a bumper one, as is expected by Mr. Bajoria.

U.K. and Common Market

The meeting of the Six and Britain at Ministerial level, held at Brussels last week-end, marks the beginning of the final phase of negotiations over Britain's desire to be a member of the Common Market. For the statistical background to the negotiations has already been adequately covered, with the preparation of the final report of the Deputies (*vide* page 826, *Commerce* dated 5th May 1962). The Ministerial meeting was, therefore, concerned only with "matters of substance." Although full details of what transpired at the meeting have not been disclosed, the U.K., it is gathered, has made it abundantly clear that its objective is full membership of the European Economic Community (E.E.C.), rather than some form of association. Once this matter was cleared, the meeting plunged into substantive discussion on the problems of, and possible solutions for, such issues as Commonwealth preferences and British agriculture. No decision was taken at the meeting, but there are indications that, as days pass by, the area of agreement between Britain and the Six on essential points is becoming wider.

Some progress seems to have been made in respect of three broad aspects of Commonwealth preferences at the meeting. In the first place, it has been agreed in principle that there is need for making necessary provisions to ensure that exports of "low-cost" manufactures from India, Pakistan and Hong Kong do not suffer in the event of the U.K. joining the E.E.C. Mr. E. Heath, leader of the British delegation, impressed upon the Six, in this connection, that their combined financial stake in India's third Plan and Pakistan's second Plan was twice as large as that of the U.K. Even so, it remains to be seen as to whether the Six will be more accommodating than they have appeared to be so far. Secondly, the British proposal for a delay in the application of the Common external tariff in respect of manufactures from the developed countries of the

(*Continued on page 924*)

TREND OF SHARES

REACTION STARTS

(From Our Own Correspondent)

BOMBAY, *17th May*

AS anticipated in these columns last week, stock markets developed a reactionary trend this week. Bulls left no misgivings about their real intention this week in contrast to their familiar manipulations in the previous week to sustain the bullish fervour to help them serve their ends better. Right from the start, the week saw mild unloading all round, which tended to increase as prices declined. Yet what could be described as bull liquidation was absent during the week; what was seen was essentially profit-taking. High levels usually attract sales of this nature. But a more important factor was the failure of the markets to respond any more to further bull manœuvring without a corrective reaction to the sharp rise witnessed recently. This feature engendered some bold but calculated short-selling. Support was conspicuously lacking, with the result that some mild rallies from the low levels on bear-covering petered out no sooner than they occurred.

Although, over the week, losses predominated, they were small. The setback was minor and could hardly be described as a correction to the preceding spurt in values. In fact, the markets could recoup the losses in no time, if any favourable developments were to arise. If the reaction is to be in the nature of a corrective setback, it has to extend further. The technical position alone, which is still much overbought, would warrant it. That it may do so is indicated in the fact that prices at the close of the week were around the lowest levels.

While the setback came because of the inevitable profit-taking, it was attributed to the sentiment having been adversely affected by (1) the 25 per cent cut, suggested by the Foreign Relations Committee, in the U.S. aid to India this year, (2) continued agitation by Pakistan over Kashmir in the United Nations, and (3) growing fears of some inevitable consequences across the northern borders. The prospect of cotton textile industry having to cut production in the second half of the year because of the scarcity of cotton and reports that the only relief in taxes might be a small reduction in the excise duty on mercerised cloth were additional bearish factors.

* * * *

Dalal Street commenced the week on a mixed note, with some selected counters rising to new high levels. But, with lack of confidence in higher levels, only the firm features attracted the first of the bull selling which spread gradually to other counters. At close, there was a mild all-round recession.

Among Steels, Tata Ordinary advanced from Rs. 149.50 to Rs. 151, but reacted to close 50 nP lower on balance at Rs. 149. Indian Iron came in for some sizable realising and, after looking up from Rs. 26.40 to Rs. 26.60 in sympathy with the strength in Tata Ordinary, declined to close with a loss of 25 nP at Rs. 26.25. Mukand Iron, however, showed a gain of 30 nP to Rs. 28.50. Textiles suffered almost without an exception, with Mr. N. H. Tata's reckoning of the current year's outlook for the industry (as disappointing because of the cotton scarcity and higher excise) providing a damper. While Tata Mills and Svadeshi declined by Rs. 2 each to Rs. 75.50 and Rs. 286 respectively, the much fancied Century showed a loss of Rs. 3.50 at Rs. 672.50 after being done at Rs. 682.50, Standard of Rs. 20 at Rs. 1,022, National Rayon of Rs. 7 at Rs. 561.50, Phœnix of Rs. 7 at Rs. 263, Shree Niwas of Rs. 6 at Rs. 274 and Podar of Rs. 4 at Rs. 147. As an exception, Morarjee gained four points to Rs. 418 and Bombay Dyeing one point to Rs. 69.

In the Miscellaneous section, Bombay Burmah lost Rs. 14 at Rs. 689 following the bare maintenance of the interim dividend at Rs. 12 per share, subject to tax, for the year ending 31st May 1962. Premier Construction moved down by Rs. 3.50 to Rs. 170 and Poly Chem by five points to Rs. 212.50. But Indian Dyestuff were five points up to Rs. 557.50, Amar Dye-Chem gained Rs. 3.75 to Rs. 340 and Shivrajpur Rs. 3.50 to Rs. 40.50. Engineering issues were easy, with Telco receding by two points to Rs. 370.50 and Voltas by four points to Rs. 200. Sugars and Cements were quiet, but Orissa rose by 52 nP to Rs. 19.52. Scindia came down from Rs. 13.80 to Rs. 13.40. Most of the Cash scrips showed small losses. But Sirdar Carbonic Gas spurted by Rs. 55 to Rs. 805 and Bharat Bijlee by Rs. 31.25 to Rs. 235. The encouraging second year's results of Ceat Tyres for 1961, showing a rise in sales from Rs. 137.26 lakhs to Rs. 361.59 lakhs and in gross profit from Rs. 4.26 lakhs to Rs. 49.36 lakhs, however, produced only a fractional rise of Re. 1.25 to Rs. 182.50 in the shares.

* * * *

Trading on the Calcutta Stock Exchange was slow. Movements were narrow and two-sided on alternate spells of bull unloading and bear covering. Closing prices, therefore, showed a mixed pattern. Thus, among speculative shares, G.K.W. recovered from Rs. 41 to Rs. 41.94, Orient Paper from Rs. 43.20 to Rs. 44.10, Burrakur Coal from Rs. 18.62 to Rs. 19.37, Howrah from Rs. 20.75 to Rs. 21.12 and Texmaco from Rs. 25.55 to Rs. 25.95, but Indian Aluminium slipped down from Rs. 41.12 to Rs. 40.81 and Kesoram from Rs. 32.12 to Rs. 32. Among Textiles, Bharat Commerce moved up from Rs. 29.25 to Rs. 29.87 and Dunbar from Rs. 33.25 to Rs. 33.87, but Jay Shree reacted from Rs. 16.87 to Rs. 16.69.

Coals suffered further on persistent realising. Amalgamated declined from Rs. 22.87 to Rs. 22.19 and Raneegunge from Rs. 16.75 to Rs. 16.31. Jute shares tended to rally after the previous week's setback, but the performance was far from convincing, with gains in some issues countered by losses in some others. Thus, Budge Budge improved from Rs. 145 to Rs. 158, Bally from Rs. 303 to Rs. 310, Anglo-India from Rs. 240 to Rs. 248 and Fort Gloster from Rs. 443 to Rs. 455, but Megna moved down further from Rs. 13.25 to Rs. 13.12, Delta from Rs. 193 to Rs. 192 and New Central from Rs. 17.12 to Rs. 17.06. Engineering issues also made a similar show. Burn continued in demand and advanced further from Rs. 711 to Rs. 721. Binani Metals rallied from Rs. 12.25 to Rs. 12.69, but Chase Bright suffered from Rs. 11.87 to Rs. 9.50 on selling pressure. Jessop declined further from Rs. 25 to Rs. 24.62.

Miscellaneous issues were quiet and showed small variations over the week. East Anglia eased from Rs. 23.25 to Rs. 21.87, but Goodyear recovered from Rs. 46.87 to Rs. 47.75, Isaac-Holdens reacted from Rs. 19.56 to Rs. 19.12, but Metal Box looked up from Rs. 61 to Rs. 61.37. Featuring the week's trading, however, were National Rubber, which rose from Rs. 12.31 to Rs. 14.75, Universal Cables, which improved from Rs. 11.44 to Rs. 12.62 and Usha Martin, which gained Re. 1.75 to Rs. 17.87. Phillips India rose further from Rs. 37.25 to Rs. 38.50 and so did N.I. Cable from Rs. 45 to Rs. 46.75. Paper, Sugar and Tea shares were quietly steady.

* * *

Widespread small losses with a few bright patches was the show at close in the Madras stock market. Among Forward shares, Ashok Leyland eased from Rs. 9 to Rs. 8.95, Indian Cement were fractionally lower at Rs. 6.13, Madura showed a loss of 17 nP at Rs. 38.20, Consolidated Coffee reacted from Rs. 19.40 to Rs. 19, Ouchterlony Valley came down from Rs. 4.05 to Rs. 3.88, Periakaramalai slipped down further from Rs. 3.55 to Rs. 3.52, Dalmia Cement reacted from Rs. 13.85 to Rs. 13.60, but Lakshmi gained one point to Rs. 166, Aluminium Industries 10 nP to Rs. 24.10 as did Mettur Chemicals to Rs. 13.20. In Cash List, among Textiles, Buckingham declined by Rs. 6.60 to Rs. 265, Coimbatore Cotton from Rs. 193 to Rs. 189 and Dhanalaxmi from Rs. 245.75 to Rs. 240. In the Miscellaneous section, Andhra Cement showed a loss of 15 nP at Rs. 10.10, but Travancore Cement gained 20 nP to Rs. 8.60 as did Travancore Chemicals to Rs. 22.75. Madras Rubber showed a gain of 18 nP at Rs. 24.86 *ex-div.* Sugars were dull and Plantings depressed.

CAPITAL MARKET NEWS

NEW ISSUES

ORIENTAL Power Cables Ltd., Indore, which will be in the market from 24th May to 31st May 1962 to raise public subscription for 53,000 equity shares of Rs. 100 each and 27,000 9.5 per cent taxable, cumulative redeemable preference shares of a like denomination, is setting up a plant at Kotah in Rajasthan for the manufacture of paper insulated power cables. It has been licensed to manufacture annually 600 miles of such cables. It has entered into a five-year technical collaboration agreement with Messrs. Sumitomo Electric Industries Ltd. of Japan, covering the manufacture of four types of paper insulated power cables, such as (*a*) with or without armouring (including PVC jacket) used at any voltage not exceeding 33 kV, popularly known as belted type power cables, (*b*) H-type power cable, (*c*) SL-type power cables, and (d) HSL-type power cables and PVC insulated power cables used at any voltage not exceeding 3.3 kV, in consideration of the payment of a royalty at ¾ per cent of the net ex-factory invoice value of the products.

In the light of the rapid industrial development and urban and rural electrification in the country for which the installed electricity generating capacity has been raised from 5.7 million kw. in the second Plan to 13.4 million kw. in the third Plan, the paper insulated power cables industry, an offshoot of the second Plan, has tremendous growth prospects. The estimated production of these cables, used for transmitting electricity at high voltages from 1,100 to 33,000 volts and more, which was only 570 miles in 1960, is estimated to have gone up to 750 miles in 1960-61, the last year of the second Plan; the capacity being 1,000 miles. At the end of the third Plan, the capacity is expected to be 4,500 miles and production 4,000 miles per year. Even after taking into account the capacity licensed in the past two years or so, there is still a gap between the present and anticipated production. There will, therefore, be enough scope for the Company's production to be fully absorbed internally at a remunerative price. What is more, it will conserve foreign exchange for the country, since a part of the demand is met at present by imports. Following the recent conversion from the scarce and largely imported copper to the easily available indigenous aluminium as the raw material for power cables, the Company will have such machinery as would be capable of utilising aluminium. The plant is expected to go into production by the end of next year.

The capital outlay on the project is estimated at Rs. 250 lakhs, of which Rs. 146 lakhs will be on plant and machinery, and is to be met by the share capital issue of Rs. 105 lakhs, a medium-term loan of Rs. 85 lakhs from the Industrial Finance Corporation of India and borrowings of Rs. 60 lakhs. The promoters, Directors, Managing Agents, etc... have agreed to subscribe to 21,300 equity shares and 3,000 preference shares. The entire public issue has been underwritten among others by the Life Insurance Corporation of India and the Government of Rajasthan for a commission of 2.5 per cent. Messrs. Somaiya Bharaktiya (Private) Ltd. have been appointed the Managing Agents of the Company.

Gammon India (Private) Ltd., Bombay, which is to convert itself into a public limited company with a capital of Rs. 115 lakhs to finance its expansion programme, will offer the majority of the new shares to the Indian public. After the conversion, the Company will have an authorised capital of Rs. 175 lakhs divided into 17,50,000 equity shares of Rs. 10 each. In addition to its already paid-up capital of Rs. 55 lakhs, it proposes to issue 6 lakh shares at a premium of Rs. 7 per share, of which the Directors, etc., will take up 2 lakhs and the balance of 4 lakhs will be offered to the public. The public issue is expected to be made in the near future.

FRESH ISSUES SANCTIONED

The Controller of Capital Issues has recently sanctioned the following capital issues:

New India Industries Ltd., Baroda, having a paid-up capital of Rs. 51.35 lakhs, has been granted consent to issue 3,635 bonus shares of Rs. 100 each on capitalisation of reserves.

The sanction has been obtained by the *National Rayon Corporation Ltd.*, Bombay, to issue new 6.5 per cent (1972-77) debentures of the value of Rs. 150 lakhs for cash at par. The proceeds will be utilised for financing expansion in the rayon and caustic soda plants. The new debentures rank *pari passu* with the existing debentures of Rs. 150 lakhs, the redemption date of which has been extended by seven years and the rate of interest on them raised from 5.5 per cent to 6.5 per cent. The present paid-up capital of the Company is Rs. 415.37 lakhs, divided into 2,41,121 ordinary shares of Rs. 100 each and 1,74,245 preference shares of Rs. 100 each.

Braithwaite and Company Ltd., Calcutta, has been granted the consent to issue 40,000 cumulative redeemable preference shares of Rs. 100 each for cash at par. The shares are to carry a dividend of 9 per cent, taxable. The proceeds will be utilised for implementing the Company's scheme for the manufacture of cranes and heavy structure.

East India Distilleries and Sugar Factories Limited, Madras, has been granted consent to issue capital of £27,700 (nominal) consisting of 27,700 new ordinary shares of £1 each at a premium of *12s. 6d.* per share. The new shares will be issued on the London Register and will be offered to Messrs. Doulton & Co. Ltd., London. The proceeds will be used for expanding the manufacturing capacity of its ceramic factory. The consent is valid till 31st October 1962. The E.I.D. and S.F. is an Indian company whose capital is borne both on the London register and the Indian register. The present issue is intended for raising sterling capital.

Simulbarie Tea Company (Private) Limited, Calcutta, is issuing 2,000 equity shares of Rs. 100 each as fully paid up bonus shares on capitalisation of reserves. The existing capital of the Company is Rs. 1 lakh.

Century Flour Mills Limited, Madras, is to issue capital of Rs. 23 lakhs for the establishment of a biscuit factory. Of this amount, Rs. 18 lakhs will be in equity shares and Rs. 5 lakhs in preference shares. The new capital will be offered to the public.

Machinery Manufacturers Corporation Limited, Bombay, is to issue 50,496 equity shares of Rs. 10 each to be allotted to the holders of cumulative preference and special cumulative preference shareholders in accordance with a scheme of reorganisation of capital approved by the Bombay High Court.

Sundram Clayton Private Limited, Madras, is issuing equity capital of Rs. 55 lakhs for cash at par. The proceeds will be utilised for the manufacture of exhausters, servos and hydrovacs for automotive and non-automotive units in collaboration with Messrs. Clayton Dewandre Company Limited, U.K.

The Mysore Lamp Works Limited, Bangalore, is issuing 43,750 equity shares of Rs. 10 each for cash at a premium of Rs. 25.87 per share, to the Canadian General Electric Company, Canada. The proceeds will be utilised for financing the Company's expansion scheme.

INDO-U.K. CHEMICALS VENTURE

The negotiations by Messrs. Nowrosjee Wadia and Sons (Private) Ltd., Bombay, with the Distillers Company Ltd. of Britain and the Hercules Powder Company of Wilmington, U.S., for their collaboration in its proposed project for the manufacture of basic raw materials for our organic chemicals and plastics industries have reached an advanced stage. The British firm is to play a leading role in the venture by being the larger foreign investor, with the majority of the equity capital being Indian. In the project will be adapted the well-proved phenol process which is being extensively used in Europe and has been developed by the Distillers in Britain and independently by the American firm. The British firm has been granted licences for the import into India of a number of raw materials such as cumene (14,500 tons a year), phenol (10,000 tons), acetone (6,000 tons), diacetone alcohol (2,000 tons), phthalic anhydride 6,000 tons) and phthalate plasticisers (3,000 tons). Herdillia Chemicals Ltd., a new company, is to be formed to undertake the project. No date is yet available for the finalisation of the plans which, however, are expected to be ready within the next few months.

NEWS IN BRIEF

ESCUDO currency has ceased to be legal tender in Goa, Daman and Diu with effect from the 15th inst. All monetary transactions in these territories are now conducted only in Indian currency.

The total effective arrears of income-tax outstanding as on 1st January 1962 amounted to Rs. 118 crores. Of these, arrears out of the demand created in 1959-60 amounted to Rs. 90 crores, the balance of Rs. 28 crores representing arrears of 1960-61.

Another (second) mechanised State farm on the lines of the Suratgarh farm is proposed to be set up at Jetsar in the Ganganagar district of Rajasthan, according to Mr. S. K. Patil. The area to be covered by the new farm will be over 30,000 acres.

The Hindustan Machine Tool Factory of Bangalore has plans to set up a new machine tools factory, third of its kind in India, at Pinjore, near Chandigarh, in the Punjab. Estimated to cost Rs. 7 crores, the proposed factory is expected to produce 1,000 machine tools annually, to begin with.

In order to assure for exporters continuity of incentive schemes, the Government of India has extended the validity of all the existing incentive schemes until further orders. Moreover, it has been made clear that any change or modification in the incentives will be made only after consulting the interest concerned and giving reasonable notice.

An Evaluation Advisory Board has been set up by the Government to make an independent assessment of the methods and techniques of rural development. The Board will guide the work of the Programme Evaluation Organisation of the Planning Commission. The Chairman of the Board is Dr. V. K. R. V. Rao, Director of the Institute of Economic Growth. The other members include Raja Surendrasingh of Nalagarh and Prof. M. L. Dantwala of the Bombay University.

A Rs. 4-crore plant for the manufacture of marine diesel engines is proposed to be set up by the Government of India. Disclosing this in the Lok Sabha on Monday this week, Mr. C. Subramaniam, Union Minister for Steel and Heavy Industries, stated that the Government would enter into negotiations shortly with M.A.N. of West Germany to secure collaboration for the project. No decision has yet been taken about the location of the plant.

The Governments of India and West Germany have signed an agreement under which West Germany will give technical assistance for the promotion of agriculture, animal husbandry and dairy farming in Mandi in Himachal Pradesh on the pattern similar to the "package" development programme under way in select districts. A German team of experts and technicians will be assigned to Mandi for carrying out the programme. An agro-technical development centre will also be set up. In addition, Indian technicians will be trained in West Germany.

The Company Law Administration has announced a change in the head of account in respect of all fees payable under the provisions of the Companies Act. Companies and others concerned have been advised that all such fees, as, for example, those in respect of documents filed with the Registrar of applications submitted to the Central Government, should in future be paid into the treasuries for credit under the head "XXI—Miscellaneous Departments—Miscellaneous—Registration of Joint Stock Companies." Before April 1962, these fees were credited under the head "XXXVI—Miscellaneous Departments—Miscellaneous—Registration of Joint Stock Companies."

The Heavy Electricals (India) Ltd. has concluded an agreement with Prommash-export of Soviet Russia for the preparation of a detailed project report concerning the setting up of India's second Heavy Electrical plant near Hardwar. With a planned production of 1.2 million kw. capacity of heavy generators, alternators and switchgear of sizes ranging from 50,000 kw. to 200,000 kw., the plant will be one of the largest in the world, when in full production. The production programme also includes large and medium size electrical motors required for steel mills and other heavy industries. This is one of the plants included in the Indo-Soviet credit agreement for being utilised during the third Plan period.

The bleaching and calendering factory in the public sector, constructed at a cost of Rs. 7.17 lakhs at Apappanamcode, near Trivandrum, was inaugurated by Kerala's Chief Minister last week. The cost of establishing the factory, namely, Rs. 7.18 lakhs, was met by the Union Government by way of grant and loan to the State Government. The factory will serve about 20,000 handloom weavers of the area to make fine quality cloth. It has a capacity of processing 12,000 yards of cloth per day of eight-hour shift. It will give direct employment to 60 persons. Another 1,000 persons will get employment indirectly in procurement and transportation of raw materials and finished products.

The Government of India has appointed Messrs. M. N. Dastur and Co., consulting engineers, Calcutta, as consultants for the planning and development of the iron and steel industry, including ferro-alloy industry. Under an agreement signed, which will be valid for a period of six years, the consultants will give the benefit of their experience and advice on matters relating to co-ordination of the development of the iron and steel industry, with a view to securing economical installation, costs and high efficiency of production. The consultants will also advise Government on any problems connected with the expansion of the existing iron and steel plants, including ores, mines and quarries, and those which may be established in the public or private sectors.

The Indian Railways have placed an order for 40 locomotive (with 2,600-2,400 horsepower) worth $10 million with the U.S. firm of Alco Products. The 55-foot locomotives (*DL-560's*) will have 16-cylinder diesel engines, each capable of producing 63,000 pounds of continuous tractive efforts. Geared for a maximum speed of 75 miles per hour, the new locomotives will be equipped with multiple-unit control so that four units can be operated together as a single locomotive. These locomotives will become the model which will be manufactured in the new Indian diesel locomotive works in future years. It may be recalled here that Alco and the Government of India recently signed a 10-year agreement under which the U.S. firm will provide technical assistance in establishing facilities at Varnasi for the construction of locomotives and diesel engines. The shipment of the 40 locomotives, which is expected to be completed by the end of this summer, will bring the total number of locomotives supplied by Alco to India to 170.

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From Abroad

The Government of Ceylon has decided to increase tea replanting subsidy from Rs. 2,500 to Rs. 3,500 per acre.

The Soviet Union has agreed to join the new International Wheat Agreement scheduled to come into force in July next.

The Soviet Union has undertaken to erect a synthetic rubber plant and several other factories in Cuba, under a two-year technical aid agreement signed between the two countries.

Kuwait proposes to set up a steel plant, which will use locally produced natural gas. A team of technicians from the West German engineering concern, Demag, has arrived in Kuwait in this connection.

The total value of export business insured with the British Export Credit Guarantee Department rose by 12 per cent to £806 million in 1961-62, as compared with the previous year. This represents about 20 per cent of Britain's total exports.

An Australian Co-operative Society, The Victorian Tobacco Growers, is reported to have developed, for the first time in the world, a mould-pest-resistant tobacco seed. European growers have shown great interest in the seed.

The average savings of urban households in Japan, including bank deposits, postal savings and investments, rose by as much as 27 per cent to an equivalent of £618 during 1961, as compared with the previous year. The average savings of rural families also increased by 24 per cent to £233. These findings are revealed in a survey published by the Economic Planning Agency.

Britain's steel production in April was steady at a weekly average of 409,800 tons, being only just short of the March level. On a seasonally adjusted basis, the level of output was virtually unchanged. Although output is still below that of a year earlier by 13 per cent, it has shown an improvement in the first quarter of this year as a whole, as compared with the fourth quarter of 1961.

Ceylon has taken over 193 petrol filling stations (104 from Shell, 46 from Caltex and 43 from Esso). It has also taken control of five bulk depots, 91 kerosene depots and 91 points for distribution to the Government, etc. The process of acquisition started towards the end of last month, when the State-owned Petroleum Corporation started distribution of petroleum products in competition with the Western oil companies.

A new programme, approved by the executive of Ghana's ruling Convention People's Party, seeks to establish a large number of State Corporations in the country to control production and distribution of consumer goods, including forest products, meat and poultry, fisheries, besides constituting a transport corporation to control harbours, railways, air and road services. It also envisages increasing State participation in the wholesale sector of the internal trade as well as foreign trade. Further, it seeks to nationalise life insurance in Ghana.

The Kuwait Oil Company, in which the British Petroleum and the Gulf Oil have equal shares, has agreed to relinquish to the Kuwait Government 9,262 square kilometres, out of the total concession area of 18,512 square kilometres it had secured previously. It has also undertaken to part with a further 1,000 square kilometres at least of its offshore areas in five years' time. With a total of 8,370 million tons of proved reserves of oil, Kuwait contains almost 20 per cent of the world's oil reserves. These proved reserves, however, fall within the area retained by the Company.

Production of tea in Pakistan rose by over 40 per cent to a record level of 59 million lbs. in the year ended March 1962, as compared with 1960-61. The Government of Pakistan has already taken a number of steps to bring more areas under cultivation. A Tea Development Committee has been set up to establish new gardens, rehabilitate derelict gardens and assist the existing ones to improve production through loans and other forms of assistance. The tea acreage under the second Five-year Plan is to be increased from 78,896 acres to 100,000 acres by 1965. The output of tea is proposed to be stepped upto 80 million lbs. by 1970. Meanwhile, extensive survey has been carried out by the Pakistani Tea Board for cultivable land in the districts of Dinajpur, Rangpur-Sylhet, Chittagong and the Chittagong hill tracts.

PERSONAL

DR. S. Radhakrishnan was sworn-in as the President of the Indian Union on the 13th inst. in the place of Dr. Rajendra Prasad, who has retired. Dr. Zakir Hussain has succeeded Dr. Radhakrishnan as the Vice-President.

Mr. A. S. Bam, Chairman, Tea Board, has returned after a two-month tour of the U.S., Canada and Western Europe and Egypt, as the leader of a delegation which assessed the prospects of promoting tea exports.

Dr. A. Ramaswami Mudaliar, Chairman of the Indian National Steamshipowners' Association, Mr. Dharmasey Khatau and Mrs. Sumati Morarjee, Chairman and Director, respectively, of the Scindia Steam Navigation Co., and Mr. C. P. Srivastava, Managing Director of the Shipping Corporation of India, have left for Florence to take part in the two-day summer meeting of the U.K.-Continent-India-Pakistan Conference scheduled to begin there on the 21st inst.

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Reserve & other Funds	Rs. 4,13,08,635
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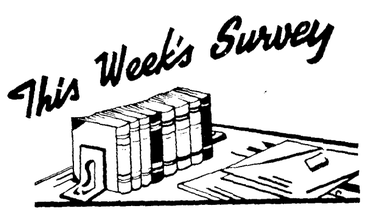


INDUSTRIAL WAGES

APROPOS our comments on Mr. G. L. Nanda's remarks on wages of industrial workers, Dr. N. Das, Director-General of the Employers' Federation, writes, in a communication to us, as follows:

"You appear to have taken as correct Mr. Nanda's statement that, "although there had been an increase in wages (money wages) of workers during the period 1951-59, real wages had actually decreased owing to a progressive rise in the price level." This, however, is not correct. According to the figures quoted in Table 12-11 in *Indian Labour Statistics, 1961*, published by the Indian Labour Bureau, Simla, the index of real earnings of factory workers in 1959 was 106.3 with base 1951=100. In Table 12-10 of the same publication, the index of real earnings of factory workers in 1959 stood at 123.9 with base 1947=100. It would thus be seen that the *situation is quite the contrary* of what has been stated by Mr. Nanda."

Our comments were based on the assumption that, even if Mr. Nanda was factually correct, his contention that enough had not been done to industrial workers could not be sustained either on grounds of equity or economic consideration. The fact that even official statistics do not bear out the conclusion of Mr. Nanda knocks off whatever validity his case for higher wages for industrial workers might have had.

That industrial workers have had a fair (perhaps more than fair) share of the rise in national income since independence is clearly brought out in a monograph on the wages of industrial labour since independence published by the Employers' Federation of India. According to the monograph, the percentage share of organised labour in the national income increased from 2.78 per cent in 1948 to 3.09 per cent in 1958. The percentage was even higher at 3.54 in 1957. The total wage bill of organised labour rose from Rs. 240 crores to Rs. 361 crores in the same period, whereas the share of factory establishments in the national income increased from Rs. 550 crores to Rs. 860 crores. The national income at 1948-49 prices rose from Rs. 8,650 crores in 1948 to Rs. 11,690 crores in 1958.

There has also been a sharp increase in non-wage benefits available to industrial labour during the period. Thus, while the average earnings per worker rose from Rs. 898.1 in 1948 to Rs. 1,295.8 in 1958, the average non-wage benefits rose from Rs. 27 to Rs. 79 in the same period. The ratio of non-wage benefits to average earnings doubled from 3 per cent in 1948 to 6 per cent in 1958.

Industrial workers are far better off than workers in agriculture or comparable employees in Government service. This is evident from a comparison of the average earnings which amounted to Rs. 1,295.80 per annum for factory labour in 1958, Rs. 972 for class IV Central Government employees (for 1958-59) and a mere Rs. 99.4 (in 1956-57) for agricultural labour. Not only in terms of the absolute level of wages but even in respect of the relative movement of wages over a period of time, industrial workers are more favourably placed. This is borne out by a study of the relative movement of wages in agriculture and industry during the decade 1948-57 made by the I.L.O. According to this study, in India, wages of industrial labour rose much faster and higher than those of agricultural labour during the period. Thus, while wages of industrial labour increased by 39 per cent during the period 1948-57, agricultural wages, far from showing any improvement, decreased by about 14 per cent. This trend was in sharp contrast to that obtaining in some of the developed, as well as underdeveloped, countries in America, Asia and Europe, where the rise in industrial wages was accompanied by a proportionate rise in agricultural wages.

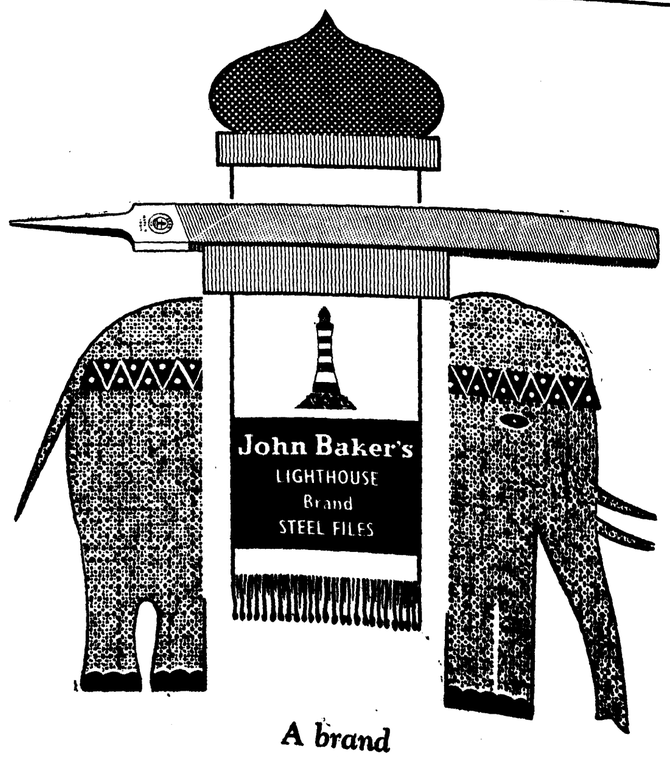
BOARD OF TRADE

An innovation of the newly-constituted Ministry for International Trade, under the stewardship of Mr. Manubhai Shah, is the constitution of a fresh institutional agency for export promotion, called the Board of Trade. Although the name of the new body is identical to that of the British Board of Trade, there are fundamental differences between the two so far as their functions go. The British Board of Trade is a full-fledged Ministry of the U.K. Government, presided over by a Minister of Cabinet rank. It is entrusted with the general responsibility in respect of commerce, industry and overseas trade, including commercial relations with other countries, protective tariff, industrial development and consumer production. It is also concerned with export promotion, besides compiling and distributing data on trade and industry and administers certain regulative legislations, for instance, on patents, designs and trade marks and weights and measures. These various functions fall within the purview of more than one Ministry in this country, and no change in this pattern is envisaged now. The scope of the new Board of Trade is, therefore, quite limited. It is only an advisory body, consisting of officials and representatives of trade and industry, with the Minister for International Trade as Chairman. The Board, consisting of not more than fifteen members, is expected to meet once a month and discuss relevant problems and suggest possible solutions. It will have six non-official members, representing trade, industry, economists and others, besides the Presidents of the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers of Commerce. Among the officials, the Special Secretary in the Department of International Trade will be the Vice-Chairman of the Board. The Secretary of the Department of Economic Affairs and Additional Secretary of the Planning Commission will be its members. Besides, two or three senior officers will be full-time members of the Board as directors of production, incentives and quality control and movement and freight.

The Board of Trade, according to Mr. Shah, will be concerned with problems relating to development of both internal trade and overseas trade. In order to be an effective instrument for guiding policy in these matters, the Board will review all aspects of trade and commerce and advise and make recommendations to Government, from time to time, with particular reference to expansion of production, internal trade and exports, including diversification of imports and establishment of suitable import-export relationships. It will also deal with maintenance and improvement of quality and standardisation of production. On export promotion proper, the Board will devote its attention to export incentives and development of fair and efficient trading practices, apart from market research and market surveys. The operations of the State Trading Corporation, promotion of export houses and export agencies, co-operative marketing and co-operative consumer stores and trade fairs are also included in the list of the Board's functions.

The array of subjects falling within the jurisdiction of the Board is, no doubt, impressive. But one feels that, by entrusting the Board with all and sundry matters, the primary objective of export promotion is not likely to receive from it as much attention as it should. There is, of course, no denying the fact export promotion is closely related to several other factors, including production, trading practices and price support. It may also be recalled, in this connection, a significant statement of the Mudaliar Committee on foreign trade: "An important lacuna in the export effort is that, whereas targets of a high order have been theoretically drawn up, adequate steps have not yet been taken to dovetail the import-export targets with the plans and projects of development in the private and public sector and to lay the foundation of a big trade." Will the new body be able to do anything effective in this respect? Time alone can tell.

The constitution of the Board, admittedly, serves an important purpose, in that it serves to highlight the vital need for promoting exports to facilitate the process of development and the large leeway India has to make up in this field. A welcome feature of this new move is the active association of businessmen. If their suggestions are listened to and implemented, something positive may emerge. It is to be hoped that it is not merely an addition to the already existing agencies for export promotion which



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have not made any significant impact on the problem. If the Board is at least able to co-ordinate the efforts of the existing Export Promotion Advisory Council, various Export Promotion Councils and Commodity Boards, it will have served a useful purpose.

An institutional agency, however broad-based and high-powered it may be, is not likely to make any perceptible impact on the quantum of trade, in the context of conditions prevailing in India. The basic requisite of export promotion is to enhance the competitive capacity of Indian agriculture and industry by increasing their operative efficiency, reducing cost of production and improving quality. Besides, labour, fiscal and monetary policies will have to be so adjusted as to restrain inflationary pressures in the economy. These are surely matters beyond the scope of a body like the Board of Trade, but it can still help create favourable conditions conducive to the attainment of these objectives, provided it makes a serious attempt at solving the problems and its suggestions are listened to by the Government, businessmen and trade union leaders.

ECONOMIC EFFICIENCY IN COMMUNIST COUNTRIES

One common aim of all economic planning, whether partial or total, democratic or totalitarian, is the most productive use of scarce resources. The degree of efficiency attained in the utilisation of resources determines the relative efficiency of planning under democracy and totalitarianism. It is true that, under democratic planning, the freedom given to entrepreneurs to invest in fields of their choice, without having to conform to a rigid order of priorities centrally determined (and with a large measure of freedom to implement projects and bring them to fruition after they are licensed), tends to detract from the optimum utilisation of resources, but the very existence of private initiative and enterprise is conducive to the growth of productive resources in chosen fields, because the profit-motive impels them to get the best out of their investments.

To communist countries having total planning, promotion of the efficient use of resources continues to occupy an important place in economic policy-making. Last year, according to the *Economic Survey of Europe* for 1961, steps were taken in these countries in three main directions to avoid waste and to ensure efficiency in the utilisation of resources. These were: (1) rationalisation of supply, (2) evaluation of the use of fixed capital, and (3) improvement of the price mechanism.

The emphasis laid on the second and third factors is particularly significant. In the past few years, concern with capital efficiency has begun to match the attention long given to rational utilisation of inputs. Techniques for assessing relative returns to alternative investment possibilities seem to have been developed furthest in Hungary where the practice of estimating the return on projected investments for pushing up exports and catering to domestic markets has been introduced. Current cost calculations are also being made in all export industries.

In line with the general drive to promote efficiency is the attempt made in the operational planning of investments to concentrate resources. In the Soviet Union, the 1960 Plan included a list of priority projects whose finance and supply plans were, for the first time, scheduled for their entire construction period and hence qualified for automatic inclusion in each subsequent annual budget and plan. A codification of investment regulation in Hungary substitutes construction contracts between the supplying and investing agencies extending over the entire building period for the previous annual contracts on the industrial model. An investment concentration programme, with strict control over new projects, is envisaged in Eastern Germany.

The success of attempts to improve the efficiency in the use of economic resources, whether through central planning of the pattern of investment, the level and trend of foreign trade or through the establishment of incentive system tending to induce optimum input and output patterns, is bound to depend heavily on the existence of a price structure reflecting relative costs and/or relative scarcities. Realising this, many Communist countries, including Russia, manipulated the price mechanism to promote more efficient use of resources. In fact, in Russia, there has been a lively debate among economists about the principles of pricing and a general review of prices is now in progress. The price structure established is one in which not only will wholesale prices of consumers goods be much more than those of producers goods in relation to total production cost, direct labour costs or capital intensity, but also the ratio of price to average cost will vary widely within major industrial branches both from product to product and by area. The revision so far made reflects an explicit recognition that price reform is essential for improving the efficacy of planning and that relative prices should, in future, become a factor influencing decisions at the level of the enterprise.

DUTY ON STEEL PRODUCTS

The new *ad-valorem* excise duty on iron and steel products, as proposed in the Central budget for 1962-63, appears to have caused some serious complications due to certain practical difficulties in its collection. Briefly, these difficulties pertain to the items of steel products which attract the duty and the price at which the duty has to be based. It is not easy to determine which items are dutiable because of the large number of the products and their technical similarities and dissimilarities. As for the price, it is not quite clear, whether the duty is to be levied at the statutory base price or at a level after including the permissible extras and sales tax. The worst confounded in the situation seem to be the excise officials, who, in the absence of clear directives, seem to be doing what appeals to them, and the worst hit are the small manufacturers not only because they are subjected to higher than the actual duty but more because their operations have been seriously curtailed because of the delay on the part of the excise authorities in clearing the goods affected.

The aftermath of the imposition of this new excise duty has been clearly brought out by the Steel Re-rolling Mills' Association of India, Calcutta, in a memorandum addressed to the Government. The Association, representing some 180 small and medium-sized re-rolling mills operating in different parts of the country within the purview of the Iron and Steel (Control) Order and recognised by the Government, has appealed to the Government, in the light of its observations, either to rescind the proposals to levy an entirely new excise duty on various items of steel products, or, in the alternative, increase the existing duty on the base metal, namely, steel ingots, from Rs. 40 to Rs. 53.33 a ton, which, on the (assumed) annual production of 4.5 million tons of ingots, would bring in an additional revenue of Rs. 6 crores, that is, the amount which the proposed levy on steel products is expected to fetch.

While the authorities may consider the case on its merits, it is commendable that the Association has not shirked its responsibility to the Exchequer and raised the familiar uproar against taxation, as is evident from its suggestion of a more workable alternative. Only, the Association has exaggerated the yield, as its estimated production of steel ingots is unlikely to be realised in the current fiscal year. Further, the Association's claim that its suggestion, while assuring the same revenue, is designed to reduce the statutory prices for steel products (the already high prices of which have been increased further to cover the new levy) and to help relieve the inflationary pressure is also not fully tenable. Surely, when the levy on steel ingots is raised further, the cost of raw materials to the re-rollers is sure to go up and the latter in turn will want to pass on the incidence to the consumers. It is, however, on stronger ground when it argues that one merit of its proposal is that it would avoid "what appears to be a multi-point levy," and the various complications and delays in administration, besides ensuring speedier movement of stocks from the producers' yards.

It is the Association's contention that considering the way steel products' price structure is determined, it is not possible to arrive at the correct value of the products for appraising an *ad-valorem* duty without much confussion. On the base price certain items of permissible extras on thinner materials and on account of bundling, transport, etc., are chargeable. Then, sales tax and similar other taxes and duties are separately charged. While the instructions received by the Iron and Steel Controller from the Finance Ministry are under-

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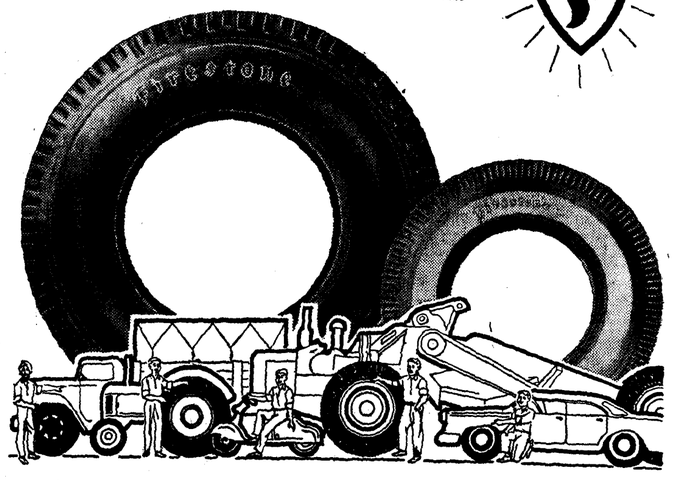

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THINK HARD BEFORE TAKING TO OIL GAMBLE

FINDINGS OF U.N. REPORT

IN underdeveloped countries, where the need for economic growth is most pressing, capital, the mainspring of economic progress, is notoriously scarce. Unable to generate a sufficiency of savings within the national economy, such countries are largely dependent on capital from outside sources. Their Governments are, therefore, under an obligation to ensure that optimum use is made of the resources available. They must carefully consider how much of their money to spend on much-needed basic and welfare projects, which foreign capital cannot undertake; they must weigh the pros and cons of competing industrial schemes and do their utmost to attract investors, individual or corporate, from other countries.

These considerations are highly relevant to the case of Governments desirous of fostering the search for oil within their territories. Such Governments may derive much help from a United Nations study entitled *Capital Requirements of Petroleum Exploration and Methods of Financing*. Prepared by the secretariat in New York, with the assistance of expert consultants and published last month, this study provides cost data and explanations of technicalities which must be understood before wise decisions can be made.

In effect it says: Think hard before you embark on an oil gamble. It points to the risks involved in oil exploration, the impossibility of predicting results, and the large financial resources required, and gives various instructive examples of exploration expenditure. In Australia, where Government-subsidised exploration has been going on since the beginning of the century, $90 million has been spent in the past ten years (and much more over a longer period) without any encouraging results until the last few months. In West New Guinea, $112 million was spent in 25 years, resulting in the discovery of only three small deposits. In Nigeria, an investment of $168 million since exploration began just before the last war has only just begun to pay off. And the Fosterton discovery in Saskatchewan, Canada, involved the company concerned in an investment of $70 million before the stage of commercial production was reached.

Nor does the financial drain end when oil has been found. Development drilling programmes can be very expensive, if the pay sands are deep, for costs increase roughly in geometrical progression as one drills deeper. Drilling costs per metre in the U.S. range from $16 for a depth of 650 metres (Illinois) to $620 for a depth of 3,200 metres (Alaska). The range is given as about $50 to $180 per metre in France and $200 to $500 in the French Sahara. So variable are the conditions that a 3,700-metre test well may cost anything between $330,000 and $2,350,000. Offshore drilling costs are generally about double those for comparable onshore wells. Having become involved in big expenditure, the temptation is always to go on and on in the hope of final success.

In view of the expense and the risks involved, the U.N. study states that it is contrary to the principles of sound management to finance highly speculative exploration work from outside sources: borrowed money should be used only for undertakings which can be expected to give a yield sufficient to cover the interest and capital charges entailed. This is the principle always followed by commercial oil companies. Those which may not have accumulated sufficient funds of their own to finance new speculative ventures never resort to borrowing to provide funds for their exploration programmes, but call on their own shareholders.

If the necessary risk capital is to be forthcoming from private sources, local or foreign, certain safeguards must be offered by the State. These commonly include the right to develop any oil or gas discovered, provision for arbitration in the event of disagreements, and satisfactory conditions in regard to field operations, transport and passage of personnel and equipment. The grant of a depletion allowance will give an added incentive. Private capital has been responsible for finding the vast majority of the world's oilfields, and it now accounts for about 94 per cent of free world oil production.

Most State oil entities outside the Communist bloc have had difficulties of various kinds in obtaining the necessary capital for oil exploration or development. For example, in Mexico, 20 years after the expropriation of the oil companies, Pemex could not meet its commitments to the State and owed considerable arrears of taxes. Argentina had to secure the aid of private capital to pursue its policy of oil self-sufficiency. Turkey offers an interesting example of a State enterprise surrendering its monopoly position after 20 years, for the sake of bringing in local and foreign private capital, while retaining an interest in oil exploration. Similarly Bolivia found it expedient to attract foreign companies—which, incidentally, have invested millions of dollars, so far without success.

A variety of methods of financing the search for oil has been evolved. While avoiding any judgment as to their respective merits, the U.N. report stresses the danger that, whatever the method of financing, the money spent may be lost. It, therefore, advises that no exploration programme should be launched without an assurance that the necessary finance will be available. It also recommends that any oil search venture should be examined in its international context. Except in special and essentially temporary conditions, says the study, isolationism makes for insecurity, while autarchy is inconsistent with the optimum use of a country's economic potential; this is particularly true of petroleum development. The future in respect of oil, as of many other things, depends on increasingly close co-operation between the industrialised and the developing countries.—*By Special Arrangement with* ***Petroleum Press Service.***

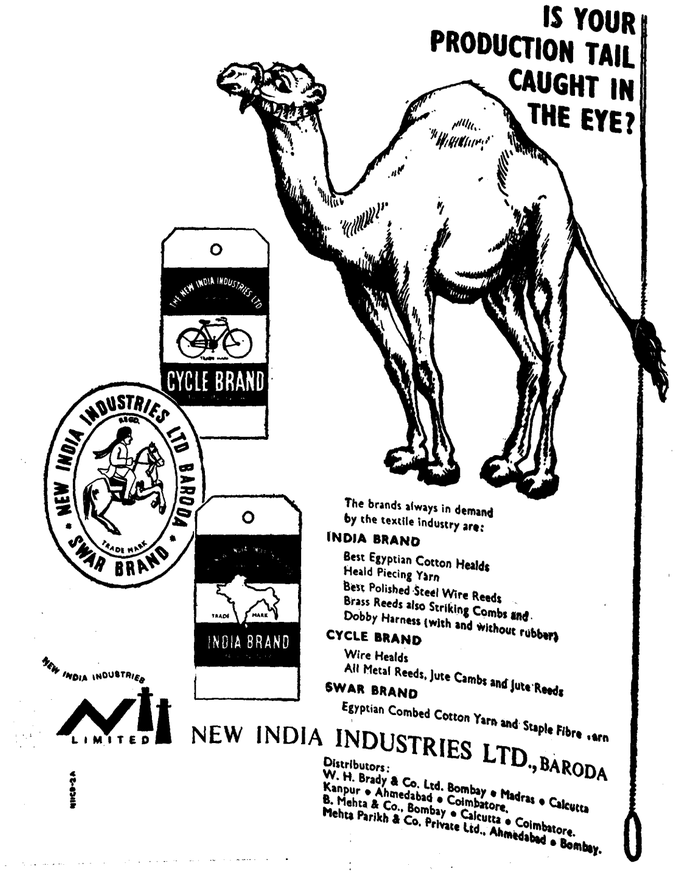
SURVEY

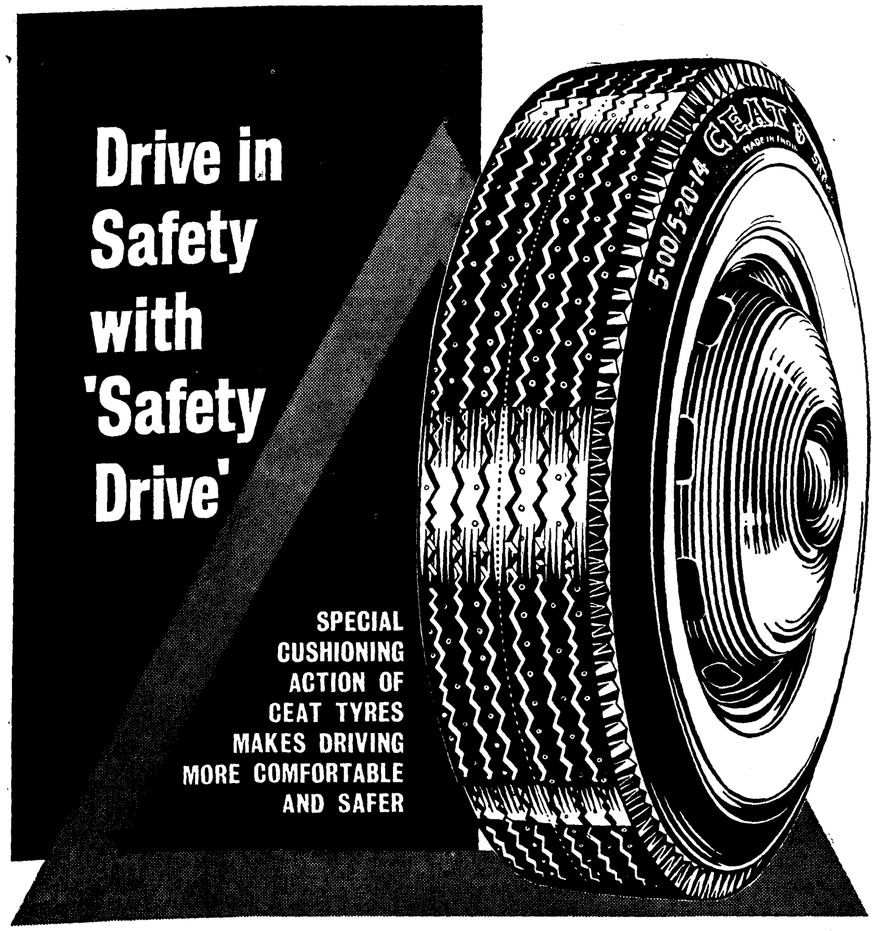
(*Concluded from previous page*)

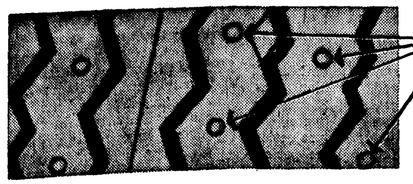
stood to be that the excise duty is to be paid only on the basis of the base price, it is reported that the excise officials at certain places are computing the value of the product by including in the price not only the permissible extras but also the sales tax. Moreover, owing to market fluctuations, a number of mills sell their products at somewhat lower than the statutorily fixed maximum prices. In such cases, the excise officials are said to be taking into account not the actual sales price but the base price. This practice is manifestly unfair.

The Association states that, as the steel products are large in number, they present some technical difficulties to the officials concerned in ascertaining exactly which items attract the duty and at what rate. This state of affairs has confused the excise officials who, in turn, have wrongly added to the list of dutiable products, even the various raw materials such as billets, re-rollable scrap, etc., which are duty-free.

The net result of all these complications, it is said, is the drop in the average delivery of products by a member-mill of the Association from 300 tons during the pre-excise period to a mere 20 tons after the imposition of the levy. The clearance through the Excise Department is painfully slow, as the department is not adequately staffed to cope with its additional responsibilities. The creation of suitable machinery for the work involved now at each point of clearance in different parts of the country would take much time and involve the Administration in considerable expenditure which again, in relation to the yield from the duty, might be high. Meanwhile, the small units of the industry, having limited financial capacity, are hard pressed by their not being able to dispose of their stocks and the business of several of them is said to be at a standstill. Thus, on the face of it, the Association has made out a good case. It remains to be seen whether, and to what extent, the Finance Ministry concurs with this view.







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ANOTHER PERSPECTIVE ON FOOD

NEW LOW PROJECTIONS IN N.C.A.E.R. STUDY

From Our Special Correspondent

NEW DELHI, 15*th May*

DELHI LETTER

AN international agricultural expert once remarked that many of the estimates and projections on the farm front in Asian countries, including India, were comparable to astrological forecasts. Two major projections range from the high rate of growth in demand estimated by a Ford Foundation team and the watered down more conservative estimates made by the Planning Commission in the third Five-year Plan. Foreign experts have tended to give greater emphasis to consumption surveys and envisaged a greater elasticity of food demand in proportion to the increase in employment and increase in income, making allowances for increase in prices. Based on consumption and income surveys alone for more than a decade and a half, there could be a short supply of ten to fifteen per cent in food.

There are some economists who think that continuing shortages are not to be interpreted as a result of the traditional Malthusian factors but as a symptom of some of the healthier aspects of a developing economy, because any major food surpluses would indicate to them that employment and income growth are not at as high a rate as should be. According to these economists, even if population growth is checked (for which there is little hope at least during the next decade), food shortages will continue if there is ample economic development in non-agricultural sectors.

The National Council of Applied Economic Research in its current study, *Long-Term Projections of Demand and Supply of Selected Agricultural Commodities*, 1960-61 to 1975-76, adds some new invalidities to the food picture. If its projections of demand and supply are much lower than even those of the Planning Commission, it is because the N.C.A.E.R. bases its estimates on the assumption that the *per capita* consumption of foodgrains will rise from the current sixteen oz. to only about 18 oz. by 1975-76. The N.C.A.E.R. matches the supply likely to be generated to this rate of demand and arrives at a production figure of 95.7 million tons at the end of the third Plan, against its anticipated demand of 95.4 million tons, yielding a paper surplus of three hundred thousand tons. Its study says:

"Domestic supply and demand will match closely, except for some marginal deficits or surpluses. It seems that, by about the end of the third Plan, the country will reach the stage of transition with regard to the gap between demand and supply. Thus, the deficit in foodgrains of about three million tons in 1960-61 is likely to be wiped off by 1965-66. A stock of foodgrains will have to be built up through imports, unless the supply projections made in this study are exceeded. The target of production fixed for 1965-66 under the third Plan stands at 100 million tons of foodgrains as against an anticipated demand of 95.4 million tons (N.C.A.E.R. projection). The corresponding supply, as worked out in this study, is of the order of 95.7 million tons. Thus, there is just a chance of a balance between supply and demand without taking into account the requirements for stocks. The situation appears to be one of cautious optimism, which warrants the need for imports of about five million tons to provide a cushion for protecting the economy against the dangers arising out of a shortage in the supply of foodgrains."

In working out the target of 100 million tons, the planners made adjustments for about eight per cent for wastage, seeds and cattle feed and placed the actual cumulative human consumption demand at around 92 million tons. But the N.C.A.E.R. has arrived at a lower supply figure with a surplus, although its estimates of the rate of wastage through rodents, etc., are far higher than the Planning Commission's.

A major lacuna with the N.C.A.E.R. study, as with many other investigations in the past, is the almost straight projection of the faulty current assumptions on production of foodgrains. A spokesman of the N.C.A.E.R. explains that the projections are based on a "middle course," rejecting the highest possible and the lowest likely estimates.

In the chapter on Long-term Economic Development, the third Plan fixes the tentative target of 125 million tons of foodgrains at the end of the fourth Plan, but the N.C.A.E.R. projections for 1970-71 are 113.05 million tons of demand and 116 million tons of indigenous foodgrains supply. Against the Plan estimates of sixty million tons in major cereals by 1965-66, the N.C.A.E.R. projects production of a little more than 53 million tons.

The N.C.A.E.R. study does not subscribe to the theory that food demand will rise to meet the increase in supply, although its estimates of growth in production are in a low key. The Council says that, by 1970-71, the country is likely to have a surplus of about three million tons which could provide a nucleus stock from domestic production. By 1975-76, the country would have a surplus of six million tons of foodgrains or 4.3 per cent of the total production. The bulk of the surplus or deficit in foodgrains is accounted for by rice and wheat. While the combined production of rice and wheat now falls short of demand by 2.5 million tons, the entire deficit is expected to be met by the end of the third Plan period through increased production. According to the N.C.A.E.R., the rise in domestic production of the major cereals is likely to exceed demand by about 2.3 million tons and 5.1 million tons by 1970-71 and 1975-76, respectively. In the case of other foodgrains, there will be a low level of self-sufficiency throughout the projected fifteen-year period.

The surpluses in major cereals are estimated to arise from the low production projections of 53.47 million tons in 1965-66, 64.85 million tons in 1970-71 and 77.21 million tons in 1975-76. Comparing the third Plan projections and the N.C.A.E.R. study, one finds that the N.C.A.E.R. and Plan estimates for wheat output in 1965-66 are similar at 15 million tons. The biggest difference is in the estimates of rice output. The planners place it at 45 million tons but the N.C.A.E.R. does not expect it to be more than 38.5 million tons.

In the case of minor cereals, the N.C.A.E.R. estimates a production of 25.5 million tons, against the planners' projection of 23 million tons, and in pulses the planners' estimates are 17 million tons and the N.C.A.E.R. projection 16.5 million tons. For the fourth Plan period, too, the N.C.A.E.R. projects very low increases of less than nine million tons in rice, less than five million tons in wheat and about three million tons in minor cereals.

While the production of foodgrains will increase, according to the N.C.A.E.R., from 76.7 million tons in 1960-61 to 139.4 million tons in fifteen years, rice output will rise from 30.1 million tons to 57.9 million tons, wheat production from 11.2 to 24.8 million tons, and minor cereals production from 22.2 million tons to 31.1 million tons. The N.C.A.E.R. study does not deal with sugarcane and jute production but analyses trends in oilseeds, cotton and tobacco. Naturally, it does not take into account the possible effects of shifts in Government policy, because that is an imponderable factor. The shifts between cotton and oilseeds is also difficult to analyse. The N.C.A.E.R. estimates that the demand for cloth will increase to 23 yards *per capita* in fifteen years and cotton production is estimated to grow to ten million bales. The present pattern of imports and exports will more or less continue. A major portion of the increased supply is expected to be contributed by increased use of fertilisers and irrigation facilities.

*Long-term Supply and Demand Projections for Selected Agricultural Commodities**

Commodity	Unit	1965-66			1975-76		
		Demand	Supply	Deficit (—) or surplus (+)	Demand	Supply	Deficit (—) or surplus (+)
Foodgrains ..	Million tons	95.4	95.7	+ 0.3	133.4	139.4	+ 6.0
Oilseeds ..	,,	7.6	7.7	+ 0.1	12.9	14.2	+ 1.3
Cotton ..	Million bales	6.6	6.1	— 0.5	10.0	10.5	+ 0.5
Tobacco ..	Thousand tons	335	382	+ 47	493	576	+ 83

* Relate to internal demand and supply only. In other words, no estimate was made for export demand. Secondly, demand for stocks is not also included.

ECONOMIC COMMUNITIES

BRITAIN MOVES CLOSER TO W. EUROPE

(*From Our Own Correspondent*)

LONDON, 12*th May*

LONDON LETTER

BRITAIN has applied for membership of the European Coal and Steel Community (E.C.S.C.). What does this mean? The idea of pooling European coal and steel resources was evolved by the French Foreign Minister, Mr. Schuman, twelve years ago; he in turn had based his ideas on the work done in the immediate post-war years whereby Europe was reconstructed through pooled assistance. Within two years of the suggestion of the scheme, the six countries which later became the Common Market had ratified the Treaty setting up the E.C.S.C. Two years later, Britain associated herself with the Community through the exchange of information, consultation and some co-ordination of action. It now intends to become a full member.

The E.C.S.C. was designed to create a single market in coal and steel in the six countries. Trade barriers were to be removed and all measures impeding free competition ended. The French Government were convinced that, if the economies of the West European countries could be sufficiently closely integrated, it would not be practicable for France and Germany ever to go to war again.

External Tariffs

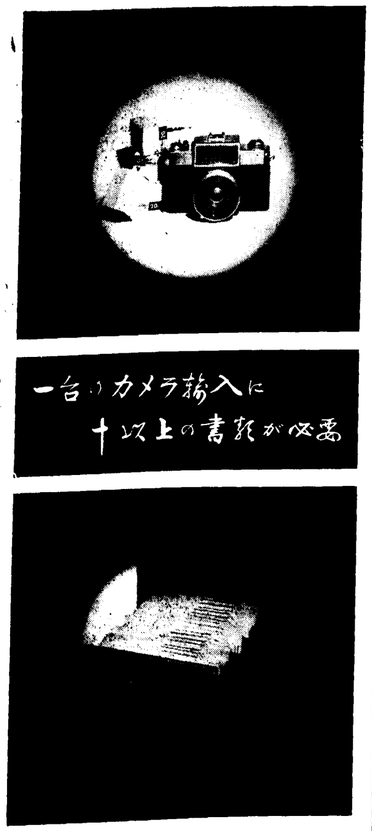
By the beginning of 1958, the external tariffs of the six countries on imports of steel products had been brought within the limits of 2 per cent and 12 per cent. The main barriers to trade in coal and steel between the member-countries had been abolished and rules designed to eliminate unfair competition and discrimination applied. These rules, incidentally, are enforced through a machinery which includes an executive arm called the High Authority situated in Luxembourg and a Council of Ministers.

Over the ten years of the life of the Community, steel production has risen from 43 million tons to 73 million tons. But the coal industries in the Community have been facing difficulties.

The entry of the U.K. would mean that, ultimately, there would be no tariffs on steel between any of the member-countries including the U.K., while Britain would have to have an import tariff in line with those of the other members. The coal and steel industries in this country would be subject to the High Authority's general supervision designed mainly to control pricing and free competition. The U.K., of course, would be the largest coal producer of the Group and second to Germany as a steel producer.

EURATOM

Britain has also sought to join the European Atomic Energy Community which was established between the Common Market countries just five years ago. The aim of this body is to contribute to the raising of the standard of living in member-States through the fostering of nuclear industries. The organisation of EURATOM is comparable to that of the Coal and Steel Community and, three years ago, a Common Market in atomic matter came into existence. This meant that the tariffs on fissile and other materials used in atomic power and certain nuclear equipment were removed between the member-States and a common external tariff set up. Harmony of working between the member-countries has been easy to achieve in this new industry but, also because it is a new industry, the practical achievements remain limited. Joint nuclear research centres are operating and there is a co-ordination of research and of consultation, particularly for the construction of equipment, between the member-countries and Britain, Canada and the U.S.A. Britain's entry into EURATOM will make closer the co-ordination, but the "demands of security" are likely to prohibit the proper integration of the development of atomic power between the member-countries for some time yet.



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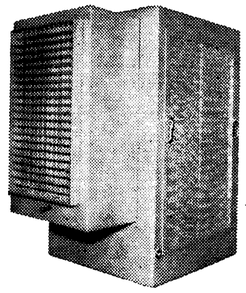

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OWNERSHIP OF GOVERNMENT SECURITIES

SCHEDULED BANKS "DISINVEST"

ALTHOUGH the third survey of ownership of Government securities as at the end of March 1961, published in the April issue of the *Reserve Bank of India Bulletin*—the first and second surveys were carried in February 1960 and March 1961 issues, respectively—suffers from some time lag, it makes quite interesting reading and contains information of considerable utility to all those who are interested in the gilt-edged market. The outstanding feature brought out by the latest study is the marked contraction in the holdings of scheduled banks which were pushed down during the year 1960-61 from the first to the second place, with the Reserve Bank emerging as the largest holder of Government securities (of both Centre and States). The combined holdings of scheduled banks as on 31st March 1961 stood at Rs. 551.96 crores, as against Rs. 688.49 crores on the corresponding date of 1960, or a net drop of Rs. 136.53 crores in one year. The Reserve Bank study attributes this drop to two factors. In the first place, the banks sold securities in order to meet the persistent high demand for bank credit almost throughout the year in the context of the slower rate of expansion of bank deposits and the impounding with the Reserve Bank of additional deposits accruing to banks through the greater part of the year. Secondly, the new procedure relating to the phased transfer (Rs. 12 crores per month) of P.L. 480 deposits from the State Bank to the Reserve Bank led to a depletion in Government securities portfolio of the State Bank and a corresponding increase in that of the Reserve Bank.

Thanks to the substantial "disinvestment" in Government securities on the part of scheduled banks, the banking sector's ownership of the total public debt fell from 28.5 per cent in 1959-60 to 21.6 per cent in 1960-61. The decline would have been steeper still but for the rise of Rs. 4.02 crores to Rs. 38.34 crores in the holdings of co-operative banks and the maintenance of non-scheduled banks' holdings at almost the previous year's level (Rs 10.77 crores, as against Rs. 11.19 crores).

Reserve Bank Holds More

The Reserve Bank, as already stated, was the biggest holder of Government securities (Central and States) in 1960-61, accounting as it did for over one-fourth of the total outstanding of Rs. 2,783.86 crores at the end of March 1961, its actual share (own account) being Rs. 707.08 crores, an increase of as much as Rs. 240 crores over 1959-60. The extent of increase was much more than the actual expansion of Rs. 203.33 crores to Rs. 2,783.86 crores in the total outstanding amount of Government securities. In other words, the Reserve Bank not only made good the entire drop in the holdings of banking sector (—Rs. 132.93 crores) and other sectors (Finance Corporations —Rs. 1.57 crore; Reserve Bank holdings on account of others —Rs. 2.70 crores; non-residents —Rs. 21 lakhs; "others" —Rs. 3.28 crores) but also absorbed quite a large part of the additional Government securities.

Some of the other investors in Government securities such as Insurance and Provident Funds made considerable additions to their holdings during 1960-61, but these additions had no significant effect on the proportion of total debt held by these entities. Details are given in Table I. The insurance group, for instance, augmented its holdings of Government securities by Rs. 51.64 crores to Rs. 386.02 crores, the percentage share in the total rising from 12.9 in March 1960 to 13.9 in March 1961. The increase was wholly on account of the Life Insurance Corporation. Provident Funds, which have emerged as an important category of holder of Government securities in recent years, also made a significant addition during 1960-61, their holdings moving up from Rs. 173.19 crores (6.7 per cent of the total) to Rs. 217.55 crores (7.8 per cent); the outstanding on their account in December 1957 was just Rs. 110 crores. The holdings of Governments (which have various funds of their own) rose by Rs. 4.71 crores to Rs. 267.57 crores, the proportion to the total debt remaining virtually unchanged at 10 per cent. The bulk of the holdings was accounted for by State Governments, the combined share of which as on 31st March 1961 being higher by Rs. 6.49 crores at Rs. 264.06 crores. This rise occurred despite the decline of Rs. 14.20 crores to Rs. 63.37 crores in "Other" accounts such as famine relief, depreciation fund and electricity fund and Rs. 3.37 crores to Rs. 111.38 crores in cash balance investment account. But as against these declines, the sinking fund investment account and *zamindari* abolition fund account increased, the former by Rs. 19.07 crores to Rs. 83.56 crores and the latter by Rs. 4.99 crores to Rs. 5.75 crores. The holdings of Industrial Finance and State Financial Corporations continued to be small, though the aggregate figure rose from Rs. 3.24 crores in 1959-60 to Rs. 4.81 crores in 1960-61.

Excluding the official holdings, that is, those of Governments and the Reserve Bank (own account), the total Government debt as at the end of March 1961 amounted to Rs. 1,809 crores. Of this, the share of commercial and co-operative banks alone was one-third (33.2 per cent). The balance represented the holdings of Insurance (21.3 per cent), Provident funds (12.0 per cent) and "residual" group (29.1 per cent, of which public and private trusts accounted for 10 per cent).

Group-wise Holdings

The decline of nearly Rs. 133 crores in the holdings of the banking sector noted during the year 1960-61 occurred wholly under Central Government securities, with the result that their percentage to the total came down from 40.4 to 33.7. Their holdings in State Government securities showed a small rise, but the proportion declined substantially from 37.0 to 31.8 per cent, owing to the sizable increase in the total of State Government securities. The insurance group raised its proportions in both Central and State Government securities. However, as the additions to State Government securities were relatively larger than those to Central Government securities, the rise in the percentage to the total was larger in the case of the former (from 19.2 to 25.1) than in the case of the latter (from 17.8 to 20.0). The holdings of the "residual" group in Central Government securities recorded a decline from Rs. 367.33 crores to Rs. 336.31 crores, whereas their holdings in State Government securities showed a rise from Rs. 162.89 crores to Rs. 190.63 crores, though the shares in the respective totals remained constant over the year, around 25 per cent and 40 per cent.

Maturity Pattern

A striking feature revealed by the analysis of maturity pattern of Government securities is the predominance of shorter maturities, as Table II shows. Thus, of the combined Central and State Government securities as at the end of March 1961, as much as 34 per cent was in the maturity group within five years and 36 per cent in the group 5-10 years. The two groups together thus accounted for 70 per cent, as against 65 per cent a year before. The share of loans in the maturity group 10-15 years was 10 per cent, that of loans over 15 years and non-terminables being 11 per cent and 9 per cent, respectively. The predominance of shorter maturities generally held good in the case of portfolios of Governments, Reserve Bank (own account) and banks, their respective holdings of securities maturing within 10 years accounting for 76 per cent, 77 per cent and 88 per cent of their total holdings. The holdings of the insurance group were distributed amongst all the five maturity groups; broadly, debt maturing within 10 years formed 57 per cent of the total holdings and that maturing after 10 years about 43 per cent. In the insurance group, the Life Insurance Corporation held 55 per cent of its total holdings of Government debt in securities maturing within 10 years, whereas, in the case of general insurance companies, security holdings in this maturity group formed as much as 82 per cent of their total holdings (Rs. 10 crores). In the case of Provident Funds, over three-fifths (63 per cent) of their holdings had a maturity of over ten years; the remaining 37 per cent of the holdings was in the maturity range 5-10 years (23 per cent) and within 5 years (14 per cent).

A comparison of the holdings of the total debt in the various maturity groups in March 1961 with the position in March 1960 revealed a sizable switchover from medium-longs (10-15 years) to medium-dated loans (5-10 years) during the year. This was a sequel to the shifting of the 3 per cent 1970-75 loan, with an outstanding amount of Rs. 115 crores and the 1970 State loans (with an outstanding amount of Rs. 57.9 crores) from the former maturity group to the latter. This shift was generally reflected in the holdings of a majority of the investor group, but the switchover appeared to be more pronounced in the holdings of insurance companies and provident funds, since, in their case, the holdings in the 1970-75 loan and the 1970 State loans were relativey more prominent among holdings in the 10-15-year range (in March 1960) than in the case of the other investor groups. In the case of commercial and co-operative banks, the effect of the above-mentioned shift was not perceptible mainly because of the fact that the reduction in their securities portfolio during the year was mainly in the medium-dated group (5-10 years).

There was a significant expansion of Rs. 131.80 crores to Rs. 319.67 crores in the Reserve Bank's holdings (own account) of Government securities in the maturity group 5-10 years over the year 1959-60, the percentage share rising from 24 to 32. This expansion was due to the intake of the funding loans in January 1961. The holdings of long-dated securities, that is, in the maturity group over 15 years, also rose markedly from Rs. 15.11 crores (8 per cent of the total) in 1959-60 to Rs. 68.52 crores (23 per cent of the total) in 1960-61, mainly through subscriptions to new flotations. The holdings of securities maturing within five years, too, recorded a rise from Rs. 165.33 crores to Rs. 227.40 crores, while those of 10-15-year securities declined from Rs. 39.92 crores to Rs. 33.31 crores and non-terminables from Rs. 58.68 crores to Rs. 58.14 crores.

The commercial and co-operative banks reduced their share of holdings in *each* maturity group. The reduction was particularly marked in the case of medium-dated (5-10 years) securities, the total of which fell from Rs. 311.18 crores (40 per cent) of the total to Rs. 149.94 crores (25 per cent), concurrently with a sharp *rise* of Rs. 231 crores in the aggregate holdings of all investors in this group. The whole of this decline was accounted for by Central Government securities (from Rs. 275.75 crores to Rs. 169.88 crores), whereas the holdings in State Government securities rose from Rs. 35.46 crores to Rs. 80.06 crores. Among the remaining investor categories, one notable variation was a drop in the share of the "residual" category in the maturity group over 15 years from 44 per cent in March 1960 to 32 per cent in March 1961, notwithstanding an increase in the absolute amount of their holdings in this maturity. Holdings in this maturity group by banks on behalf of their customers declined proportionately from 11.2 per cent to 8.5 per cent, the fall being mainly accounted for by joint-stock companies and individuals. Mention may also be made hereof (i) the increase in the holdings of insurance in mediums (5-10 years) and longs (over 15 years) by 3 per centage points each to 13 per cent and 21 per cent, respectively, and (ii) the increase of 2 per centage points (to 8 per cent) in the holdings of provident funds in longs, in contrast to the decline noticed in the preceding year.

TABLE I: *Group-wise Holdings of Securities*

(In crores of rupees)

Category	Central Government		State Governments	
	1961	1960	1961	1960
Governments	216.52	221.19	51.05	41.67
Of which:				
Central	3.51	5.29		
State	213.01	215.90	51.05	41.67
Reserve Bank (own account)*	704.94	456.01	2.14	
Banks	449.34	585.53	151.73	148.17
Of which:				
Scheduled banks	427.59	562.31	124.37	126.18
Non-scheduled banks	4.68	5.67	6.14	5.52
Co-operative banks	17.12	17.85	21.22	16.47
Insurance	267.18	257.51	118.84	70.57
Of which:				
Life Insurance Corporation	243.85	233.82	113.12	71.91
General Insurance Companies	8.17	8.37	1.79	1.68
Employees' State Insurance Corporation	15.16	15.32	3.93	3.28
Provident Funds	217.03	173.38	0.52	0.51
Industrial Finance and State Financial Corporations	0.55	0.30	4.26	2.94
Reserve Bank of India—held on account of others†	29.65	32.04	3.04	3.15
Non-residents‡	36.23	34.44	0.10	0.10
Others (residual)	336.31	367.33	190.63	162.89
Of which:				
Joint stock companies	25.54	28.10	10.21	11.97
Local authorities	50.50	48.54	10.70	9.27
Trusts (public and private)	156.84	160.41	28.15	19.65
Individuals	55.46	61.89	20.80	19.86
Grand Total	2,255.75	2,138.23	528.11	442.30

NOTE:—The figures relate to outstandings as at the end of March.

* The figures exclude a special issue of the 4 per cent. Loan 1972 for Rs. 300 crores, created in July 1953, which was wholly taken over by the Reserve Bank of India against cancellation of *ad hoc* treasury bills and held in the Issue Department as cover against note issue.

† Includes (i) Administrator's Rate Custody Deposit Account, (ii) Employees' Security Deposit Account and (iii) Imperial Bank of India Share Capital Compensation Account.

‡ Figures as at the end of December 1959 and 1960.

TABLE II: *Maturity Pattern of Securities*

(In crores of rupees)

Maturity period	Central Government		State Governments	
	1961	1960	1961	1960
Years:				
0—5	881.04	810.58		
5—10	756.41	666.36	89.74	108.07
10—15	196.56	304.76	37.14	119.97
Over 15	196.97	202.79	71.22	196.01
Non-terminables	267.85	257.84	206.99	87.25
Total	2,255.75	2,138.23	528.11	442.30

NOTE:—The figures relate to outstandings as at the end of March. Figures from 1956-57 onwards are inclusive of investment of P.L. 480 funds. Those for 1960-61 and 1961-62 are not strictly comparable to the figures for the earlier years consequent on the change in the arrangements in regard to P.L. 480 funds from 12th May 1960.

* Figures do not take into account transactions on the State Governments' Cash Balance Investment Accounts, the Bank's operations in State Government loans and repayment of State loans held by State Governments.

† On the Reserve Bank's Investment Account and the Central Government's Cash Balance Investment Account.

Loans maturing within ten years predominated in both Central and State Government debt. Out of the total Centre's outstanding of Rs. 2,256 crores at the end of March 1961, securities worth Rs. 851 crores or two-fifths of the total were due to mature within five years and Rs. 756 crores or one-third within 5-10 years, the two together accounting for 71 per cent of the aggregate. In the case of State loans, about 66 per cent (Rs. 528 crores) was due to mature within ten years, the proportion of debt following in the maturity group 5-10 years being as much as half of the total debt.

Among the various investor-categories, Governments, banks and insurance showed a marked preference for loans maturing within ten years in respect of both Central and States debt. Thus, three-fourths of the Central Government debt and four-fifths of the State Government debt held by Governments were due to mature within ten years. In the case of commercial and co-operative banks, over 90 per cent of their holdings in Central Government securities fell due within ten years, the corresponding percentage in respect of State debt being 70. In the case of the insurance category, its holdings of Central loans maturing within ten years were only slightly higher (52 per cent) than those maturing after ten years, whereas its holdings of State loans due to mature within ten years formed as much as 68 per cent of the total. The Reserve Bank and provident funds had hardly any holdings in State Government securities. As regards Central Government securities, while the former held more than three-fourths in loans maturing within ten years, the latter held nearly two-thirds in loans maturing after ten years.

Changes in Maturity Pattern

As regards changes in the maturity pattern during 1960-61, there was a shift from mediumlongs to mediums in the case of both Central and State Government debt. However, the resultant rise in the proportion in mediums was much sharper in the case of State loans (from a little over one-fourth in March 1960 to nearly one-half in March 1961) than in respect of the Central loans (from 31 per cent to 34 per cent).

The banks' holdings of medium-dated State loans rose from 23.9 per cent to 52.6 per cent. of their total holdings, while those of Central Government securities declined from 47.1 per cent to 37.8 per cent. The proportion of total Central Government securities in the maturity group of over 15 years rose from 4.8 per cent in March 1960 to 8.6 per cent in March 1961, as a sequel to the flotation of the 4 per cent 1980 Loan (Rs. 98 crores) in August 1960; this rise was shared by the Reserve Bank, insurance and provident funds in their holdings of Central loans in this maturity group. In the case of State loans, the proportion of debt in this maturity group hardly showed any rise over the year, although, in absolute amount, there was a rise of Rs. 20 crores following the issue of new *Jagir* Resumption Compensation and Rehabilitation Bonds by the Rajasthan Government, the U.P. *Zamindari* Abolition Compensation and Rehabilitation Grant Bonds by the U.P. Government and the Bihar *Zamindari* Abolition Compensation Bonds by the Bihar Government. It is observed that the insurance group increased its holdings of State loans maturing after 15 years by Rs. 14 crores during the year, the percentage share of its holdings in this maturity group rising from 11.3 to 19.2.

Rupee Debt

The total rupee debt of the Central and State Governments, as already stated, rose by over Rs. 203 crores to Rs. 2,783.86 crores in 1960-61. Of this rise, the share of new market loans (net) alone was Rs. 134 crores, the balance of Rs. 69 crores comprising in funding issue of January 1961 (Rs. 50 crores) and bonds (Rs. 19 crores net) issued by some State Governments in connection with payment of compensation in respect of *Zamindari* abolition, land tenures, etc. Between end-March 1960 and 1961, the Central Government debt rose by Rs. 117.52 crores to Rs. 2,255.75 crores—the percentage share in the total, of course, declined from 83 to 81—and States' by Rs. 85.81 crores to Rs. 528.11 crores. Table III shows the net absorption of Government debt by the public (that is, all investors other than Reserve Bank and Governments) during the year 1960-61, as well as in the whole of first and second Plan periods and the first year of third Plan. By net absorption is meant cash subscription *less* cash repayment of maturing loans *plus* net open market sales by the Reserve Bank and by the Government operating through the cash balance investment account.

As against the net market borrowings of Rs. 134 crores during the year 1960-61, the data relating to net absorption of Government securities show that there was, in fact, a net *disinvesment* of Rs. 63.7 crores, which was in contrast to net absorptions in the preceding four years. In the second Plan period, as a whole, the net absorption of Government securities by the public aggregated Rs. 458 crores, the corresponding figure for the first Plan period being Rs. 289.9 crores. It may be noted that the net absorption of Government securities by the public since 1956-57 has been influenced as the case may be by investment or disinvestment of P.L. 480 and P.L. 665 funds by the State Bank. If the effect of this special factor were eliminated, the net absorption of Government securities by the public would amount to Rs. 53 crores in 1960-61 and Rs. 257 crores during the whole of the second Plan period and Rs. 290 crores in the first Plan. These calculations are based on the assumption that all P.L. 480 funds were invested in dated Government securities. In actual practice, however, a part of the P.L. 480 funds was utilised by the State Bank for investment in Treasury Bills and also for extension of credit to private sector in the initial stages of accrual of these funds to the State Bank. To the extent of such utilisation, these figures, as the Reserve Bank study itself admits, are underestimates.

TABLE III: *Net Absorption of Securities*

(In crores of rupees)

	Net market borrowings by the Central and State Governments			Cash receipts (net) from the public	Open market purchase (—) from/ sales (+) to the public†	Net absorption (+) by the public*
	Cash receipts	Cash payments	Net receipts			
First Plan:						
1951-52	24.3	49.2	— 24.9	+ .17	— 11.3	— 9.6
1952-53	15.8	2.9	+ 12.9	+ 12.9	+ 20.5	+ 33.4
1953-54	63.9	3.5	+ 46.3	+ 46.3	+ 34.2	+ 80.6
1954-55	60.4	—110.7	+ 67.2	+ 67.2	+ 25.3	+ 92.5
1955-56	160.7	50.0	+ 64.2	+ 64.2	+ 28.9	+ 93.1
	98.6	16.6	+ 82.0			
Total	359.8	182.6	+177.2	+192.3	+ 97.6	+289.9
Second Plan:						
1956-57	143.7	3.0	+140.7	+ 89.7	— 19.1	+ 70.6
1957-58	99.7	29.0	+ 70.7	+ 28.1	+ 85.2	+113.3
1958-59	241.6	14.8	+226.8	+105.6	+ 89.0	+194.6
1959-60	208.3	33.6	+174.7	+ 60.6	+ 60.6	+121.1
1960-61	179.4	45.4	+134.0	+ 92.5	— 61.4	— 63.7
				+ 61.4	—125.1	
Total	872.7	125.8	+746.9	+367.3	+ 90.6	+457.9
Third Plan:						
1961-62	185.7	50.0	+135.7	+ 73.0	— 37.0	+ 36.0

NOTE:—Figures from 1956-57 onwards are inclusive of investment of P.L. 480 funds. Those for 1960-61 and 1961-62 are not strictly comparable to the figures for the earlier years consequent on the change in the arrangements in regard to P.L. 480 funds from 12th May 1960.

* Figures do not take into account transactions on the State Governments' Cash Balance Investment Accounts, the Bank's operations in State Government loans and repayment of State loans held by State Governments.

† On the Reserve Bank's Investment Account and the Central Government's Cash Balance Investment Account.

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The gross income has increased from Rs. 48.41 lakhs to Rs. 57.78 lakhs, with banking business alone fetching Rs. 49.40 lakhs as against Rs. 41.79

(*Continued on page 922*)

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WORLD CONGRESS OF MAN-MADE FIBRES

EFFORTS TO STEP UP THEIR USES TO BE INTENSIFIED

THE Second World Congress of Man-made Fibres, held at London early this month (from the 1st to 4th inst.), served admirably to highlight the growing importance of man-made fibres in the international textile economy, with particular reference to their impact on modern living in all its aspects. The Congress, organised by the International Rayon and Synthetic Fibres Committee, which held its first Congress at Paris in 1954, was attended by as many as three thousand delegates from forty countries. Representing both prime producers and users, the delegates exchanged ideas on technical developments and consumer requirements. Discussions and lectures covered research, development, economics and distribution, and the impact of man-made fibres on clothing, textile design and styling in industry and the home alike. Addressing the final plenary session of the Congress, the British Prime Minister, Mr. Harold Macmillan, appropriately described man-made fibres as one of the most progressive groups of industry in the world. A congress such as this, Mr. Macmillan said, provided a vivid example of how closely nations' fortunes are linked. And he added: "The fashion designer, the weaver, the scientist and the salesman have all been making their contribution to the understanding and co-operation between nations. Let us hope the statesmen will succeed in their task."

In the course of a special resolution adopted at the end of its four-day session, the Congress called upon both man-made fibre producers and users to intensify their efforts in the field of industrial and institutional uses. The Congress also urged, in other separate resolutions, the importance of free trade and fair competition; interchange of statistical and technical information; co-operation with retailers; joint promotion to attract a larger share of consumer expenditure; terminology and labelling practice; design; and collaboration with textile machinery manufacturers.

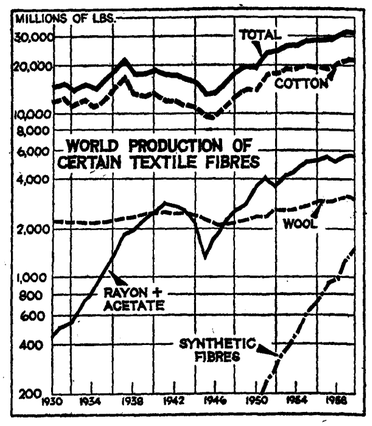
Bewildering Medley of Fibres

A recurrent theme of the various speeches at the Congress was the increasing confusion of trade names, generic terms, and labelling and advertising claims. Mr. Runar Hernberg (President of Uniwool, Helsinki), for instance, observed: "The consumer is often confused by the bewildering medley of fibres with varying properties and qualities which a clever and sometimes even uncritical advertisement offers him. Labelling and advertising should be matter of fact, telling the truth about the goods. The days have gone when consumer interest can be aroused by lyrical rhetoric." The need for ending such confusion was stressed by quite a number of speakers. Dr. H. A. Thomas, Head of Courtaulds' Marketing Division, Director (Technical) and Chairman of the Congress Working Committee, pointed out that "there is a strong case for the International Rayon and Synthetic Fibres Committee setting up a small working group to study and make recommendations on the use of fibre names." Table I on page 895 gives the names of man-made fibres produced in Britain. In light of the discussions at the Congress, a "serious investigation" into the problems of trade marks and labelling of textiles containing man-made fibres is now likely to be carried out on an international basis.

Upsurge in Demand

Those assembled at the London Congress must have felt extremely gratified at the phenomenal increase in demand for man-made fibres in recent years. The aggregate world consumption of these fibres is currently running at an annual rate of almost 8,000 million lbs. as against the actual consumption of 5,000 million lbs. in 1954, when the first Congress was held, representing a rise of as much as 60 per cent. Indeed, the demand for man-made fibres, we are told, is rising at three to four times the rate of demand for natural fibres, namely, cotton, wool and silk. Such a significant expansion of demand is to be attributed to three important factors. In the first place, there is the growth of population. Secondly, with the improvement in the living standards of the masses in a number of countries, the *per capita* clothing requirement is also increasing throughout the world. Thirdly, consumer preference is tending to turn more and more towards better clothes and furnishings, thanks to the remarkable advance in design, science and technology as applied in the production of man-made fibres.

One of the most important contributions made by man-made fibres to the mode of living is, as Colonel F. T. Davies, President of the C.I.R.F.S. (Comite International de la Rayonne et des Fibres Synthetiques), says in the course of an interesting article contributed to the *Financial Times*, London, to save labour and effort in washing and cleaning by the use of so-called easy-care or minimum-care clothes and household goods. In his opinion, this trend will undoubtedly continue and play a vital part in the march of textile progress. According to Colonel Davies, there are wide variations between Western civilisations and those of the less developed countries in the world. For example, during 1957, the quantity of textiles purchased in the U.S. was 34.1 lbs. per person, as compared with 26 lbs. in Britain, 17½ lbs. in Japan and 5 lbs. in other Far Eastern countries. The world average *per capita* consumption of textiles is now 10½ lbs. which is likely to rise considerably during the next few years.



Courtesy: *Textile Organon*

Man-made fibres have increased in popularity to some extent at the cost of natural fibres. Thus, as compared with the position obtaining in 1950, the share of man-made fibres in the total world consumption of all fibres has gone up from 16.7 per cent to nearly 22 per cent (1960), whereas that of cotton has declined from 71.1 to 68.5 per cent and of wool from 12.2 to 9.6 per cent. Even among man-made fibres, the share of synthetic fibres has improved significantly, from 0.7 per cent in 1950 to 4.7 per cent in 1960. The percentage share of staple fibre has also risen quite noticeably from 7.4 to 9.7, while that of rayon has fallen from 8.6 to 7.5. The trend of actual consumption of cotton, wool, rayon, staple fibre and other synthetic fibres is indicated in Table II on page 895.

Rayon

Out of every 100 lbs. on man-made fibres produced in the world, acetate rayon and triacetate rayon in continuous filament or staple fibre form account for more than 76 lbs. Although the percentage share of rayon in the total fibre consumption has gone down, it continues to hold its field as a versatile fibre. Commenting on the continuing wide popularity of rayon staple, Dr. H. A. Thomas of Courtaulds, in the course of an article appearing in the *Financial Times*, says:

"Since its properties can readily be modified by both chemical and physical treatments, such as cross linking or crimping, its field of use continues to expand. In addition to this advantage of ease of modification without chemical damage, its main merits are low price, high water absorption (which, however, can be reduced if required), good dyeing properties to give a wide range of shades and grades of fastness, resistance to attack by perspiration while at the same time being absorbent; it does not develop static electricity, but in fact, by blending with the synthetic fibres, will inhibit the development of static electricity. In addition to a wide range of lengths of staple and fibre thickness, rayon staple is available either bright or matt, in a wide range of fast colours (produced by the incorporation of coloured pigment into the spinning solution), and also in a permanently crimped or wavy form, either in coarse or fine deniers. More recently, some completely new (as distinct from modified) types of cellulosic staples are becoming commercially available in increasing quantities. These have been produced as a result of intensified research on the viscose process, whereby cellulosic fibres are produced with either a thick skin or a thin skin. In fact, conditions can be so controlled that the cross-section of the fibre is uniformly "all skin" throughout or "all core." The degree of regularity of the fine structure known as crystallinity can also be varied."

Nylon

Among the newer man-made fibres of non-cellulosic origin nylon dominates the scene. It is produced, according to Mr. F. C. Bagnall, C.B.E., Managing Director of British Nylon Spinners, in seven European countries, U.S., Canada, Japan and in the Sino-Soviet bloc and on a small scale in South America. Nearly all the nylon produced falls under two main polyamide classifications—nylon 66 derived from cyclohexane and nylon 6 from caprolactam, though small quantities of nylon 11, made from castor oil, are manufactured for specialised end-uses. The aggregate world output of nylon yarns and staple fibres in 1961 was 1,040 million lbs. The three distinct qualities of nylon are light weight, strength and elasticity.

"Lycra"

A new Du Pont fibre with a remarkable range of properties is exciting the textile industry almost as much as nylon did when it first appeared. About to go into full-scale production, "Lycra" spandex fibre is the seventh textile fibre developed by Du Pont. Made in a new plant at Waynesboro, Va., "Lycra" is elastic, light, resistant to perspiration, cosmetic oils and lotions, durable, easily dyed, and easy for manufacturers to work with. Because of these properties, it is finding immediate use in foundation garments and bathing suits. Girdles and brassieres now can be made finer, sheerer and one-third lighter than those made with rubber—and yet provide equal or better figure control. In addition, foundation garments of "Lycra" may be machine-washed and dried. Du Pont, it may be noted, had invested $10 million in research, development and market tests in the evolution of "Lycra".

Polyster Fibres

The production of polyster fibres, which began in the early fifties, is now running at an annual rate of about 350 million lbs. The different names under which these fibres are being manufactured are Dacron (by Du Pont), Terylene (by I.C.I.), "Fortrel (by Fiber Industries Inc, in the U.S.) and "Kodel" (by the Tennessee Eastman Company, U.S.).

Acrylic Fibres

There has been a significant expansion in the production of acrylic fibres (another belonging to the synthetic family) in the past five years. The aggregate world capacity is now estimated at about 630 million lbs. The total sales in 1961 (exclusive of Communist bloc) is put at 248 million lbs. The first acrylic to be marketed commercially was Du Pont's Orlon. The other popular trade names under which this is produced are Acrilan and Courtelle. The acrylic fibre is not subject to vagaries of weather or insect damage, has greater dimensional stability, is readily washable and is stronger and more durable. Assessing the future of this fibre, Mr. Edward A. O'Neal, Jr., President of the Chemstrand Corporation (U.S.A.), observes:

"Prospects are good. Despite the recent expansion of these fibres into textile markets, they have still claimed less than 10 per cent of their potential market. Producers are maintaining extensive research and development programmes to increase the usefulness and applications of acrylic fibres. This effort, with the innovations it will bring and the inherent properties and versatility of the fibre itself, assure the acrylics a strong position in the textile market place."

Polypropylene

The continuous filament yarns produced out of isotactic polypropylene are marketed under the trade name "Ulstron." Its outstanding properties are high strength, allied to an intrinsically low density of 0.91. This high strength is fully retained when the yarn is set. "Ulstron" polypropylene has also exceptional resistance to both acids and alkalis and has unique extension properties of low stretch at working loads, coupled with a higher degree of stretch at greater levels of loading, which enable it to cope with sudden shock loads.

The popularity of man-made fibres is bound to grow considerably in the coming years, what with all the intensive research and development activities undertaken by the different manufacturing firms. Nevertheless, price is, as Mr. J. W. S. Hearle of the Manchester College of Science and Technology, says, the chief key to the future of these fibres. Incidentally, it may be stated as an example that the price of terylene is thrice that of cotton. At the moment, according to Mr. Hearle, synthetic fibres must be recouping the high development and capital costs, but competition is becoming fiercer, as patent production runs out and production expands. In his opinion, the next ten years will see a "fascinating jockeying" for permanent places in the man-made fibre industry. Another key factor, besides price, is the extent to which textile technologists can utilise the various man-made fibres to make the most attractive fabrics.

AUTOMATIC LOOMS

The Central India Machinery Manufacturing Company—the C.I.M.M.Co., for short—has commenced production of Sakamoto automatic looms at its Birlanagar Works in collaboration with the Enshu Weaving Manufacturing Company of Japan. Sakamoto automatic looms are widely in use throughout the world—over 150,000 looms in forty countries; in India, they account for more than 60 per cent of automatic looms in place. The price of the Sakamoto loom produced by the C.I.M.M.Co. is only Rs. 6,000 (c.i.f. Bombay) which is said to be lower than that of automatic looms imported from the U.S., the U.K., Switzerland and other countries. The manufacturers claim that in their loom all the latest advances are incorporated which can be used for weaving both heavier fabrics such as corduroy and velvetin and lighter ones like voiles and lawns. Some of the special features of this loom, according to Mr. A. M. Singhvi, C.I.M.M.Co's Sales Officer in Bombay, are the following:

1. The larger diameter of crank shaft, tappet shaft and swing rail with additional support and heavier side frames and cross rails ensures smooth working of loom at high speed.

2. Wooden swell with leather covering has higher friction force and larger shuttle checking effect.

3. The pirn change is only caused by weft feeler which ensures faultless cloth.

4. The specially developed pirn changing arrangement presses the entire length of bobbin, ensuring minimum failure.

5. The improved design of shuttle eye thread cutter avoids snarls, mispicks and double picks to cloth.

6. The temple cutter is specially improved and operates five times while change takes place and stops, thus ensuring long life of delicate cutting mechanism.

7. The cloth fell micro adjuster device allows back and forth movement by a unit tooth, thus warding off thick and thin places on cloth.

8. Gravity feed lubrication to crank, tappet and swing rail lubricates the loom in two shots.

The C.I.M.M.Co's plant has a capacity to produce annually 2,500 automatic looms on single-shift basis. Excepting for components worth Rs. 1,500 (per loom) which are imported, the production is out of the materials available within the country. The use of imported components is expected to be completely dispensed with in about three years' time. The Japanese firm gets as royalty 5 per cent of the total value of production less the cost of parts imported from them, custom duty and selling expenses.

There are, we are told, two distinct advantages in the installation of Sakamoto automatic looms. One, the cost of production of cloth is low, because average, one worker can operate 30 to 40 looms depending on the type of cloth woven, as against two plain looms operated by a single worker in 60 per cent of the mills. Incidently, automatic loom reduces labour fatigue and ensures higher earnings for labour. Two, the cloth woven on automatic loom is faultless in quality.

With 17 years of loom building experience, together with its up-to-date machine shop and a big foundry, the C.I.M.M.Co. claims to be in a position to meet the country's entire demand for automatic looms.

IMPORT OF TEXTILE EQUIPMENT

The Government of India has decided to make available to the Textile Commissioner during the current licensing period (April 1962 to March 1963) limited foreign exchange credits for import of cotton, wool and art silk textile equipment from Japan, West Germany, Switzerland, Ex-Im Bank and the U.K. Those units which desire to import the same are required to submit their applications before 30th June next to the Joint Chief Controller of Imports and Exports, Bombay, on the prescribed form with a copy of the same to the Textile Commissioner. The credits from the U.K., Japan and Ex-Im Bank may be comparatively higher as compared with credits from other sources. Applications for import from Switzerland or West Germany may, therefore, be restricted to cases where imports of machinery from these specific countries are considered absolutely essential. The proforma invoices are to be submitted for machinery from the country of first choice and approximate c.i.f. value of similar equipment from other countries of choice and order or priority should also be indicated. In the matter of dealing with applications, the following priorities will generally be observed:

Machinery for implementation of new licensed capacity or substantial expansion where effective steps, by way of ordering for indigenous machinery, construction of building, etc., have been completed.

Machinery to be installed for fulfilling export obligations.

Machinery for replacement for which there is no indigenous angle, provided such replacement has been planned in the rehabilitation programme and already submitted to the Textile Commissioner through the Regional Director.

Machinery for other purposes not covered by the above, depending on the adequacy of the credits.

"SANFORIZED" CLOTH

It is an accepted fact in world textile circles that, if certain types of fabrics—poplins, drills and twills, for example—are to be successfully sold in both domestic and export markets, they must carry the world-famous trademark "Sanforized." This trademark is recognised as the universal symbol for dependable shrinkage control. Exporters who cannot supply cloth so labelled frequently lose the sale to exporters from other countries who can supply them. In many countries as, for instance, Japan, a high percentage of the total "Sanforized" output is exported; the trademark is used aggressively as a tool to earn foreign exchange.

"Sanforized" was first introduced to India in 1948 by Cluett, Peabody & Co. Inc., the registered proprietors, which also developed, and is the patent owners of, the compressive shrinkage machinery needed in the production of "Sanforized"-labelled fabrics. Since then, 38 Indian textile firms have been granted licences by the Government of India to import compressive shrinkage ranges and to sign agreements with Cluett, Peabody & Co. Inc., covering the use of the trademark "Sanforized." The

(*Continued on page 922*)

TABLE I: *Man-made Fibres Produced in Britain*

Type	Fibre	Main raw materials	Forms available
Man-made fibres with vegetable or animal base:			
Cellulose	Viscose rayon	Wood pulp	Continuous filament, staple and tow
Cellulose ester	Acetate	Wood pulp or cotton linters—and acetic anhydride	Continuous filament, staple and tow
Cellulose ester	"Tricel"*	Wood pulp or cotton linters—and acetic anhydride	Continuous filament and staple
Alginate	Calcium Alginate	Seaweed	Continuous filament only
Protein	"Fibrolane"	Lactic casein	Staple and tow
Purely synthetic fibres:			
Polyamide	Nylon 66	Benzene (from coal or oil), oxygen, nitrogen and hydrogen	Continuous filament, monofilament, staple and tow
Polyster	Nylon 6 "Terylene"	Caprolactam Petroleum chemicals (ethelene glycol, terephthalic acid)	Continuous filament, staple and tow
Olefin	Polyethylene "Courlene"* "Drylene" Polypropylene "Ulstron" "Courlene PY"	Ethylene from petroleum	Continuous filament, and monofilament Staple Monofilament only
Polyvinylidene chloride	Saran	Ethylene, chlorine caustic soda	Monofilament only
Acrylic	"Courelle"* "Acrilan"*	Acrylonitrile	Monofilament only, staple and tow

* Registered trade mark.

TABLE II: *World Fibre Consumption Pattern*

(In thousand bales of 478 lbs. each)

	1960	1959	1954	1950
Natural fibres—				
Cotton	45,000 (68.5)	46,800 (69.3)	39,400 (71.6)	33,600 (71.1)
Wool	6,750 (9.6)	6,590 (9.7)	5,370 (9.8)	5,926 (12.3)
Total	54,720 (78.1)	53,390 (79.9)	44,770 (81.4)	39,186 (83.3)
Man-made fibres—				
Rayon (filament yarn and filament continuous)	5,250 (7.5)	5,060 (7.5)	4,270 (7.7)	4,020 (8.5)
Staple fibre	4,770 (6.7)	4,580 (6.7)	3,960 (7.2)	3,400 (7.4)
Others	3,270 (4.7)	2,660 (3.9)	900 (1.6)	330 (0.7)
Total	15,290 (21.9)	14,300 (21.1)	10,290 (18.6)	7,740 (16.7)
Grand total	70,010 (100.0)	67,690 (100.0)	55,060 (100.0)	46,870 (100.0)

— figures in brackets relate to percentage shares.

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IMPROVEMENT IN TEXTILE SITUATION

DOMESTIC OFFTAKE OF FINISHED CLOTH RISING

From Our Special Correspondent

MANCHESTER, *8th May*

MANCHESTER LETTER

THE Lancashire cotton unions have begun their annual conference at Morecambe. Delegates representing 170,000 spinning and weaving workers were told on the first day of the conference that they were meeting under a cloud of depression and short-time working. Alderman Harold Chorlton of Rochdale, in his presidential address to the United Textile Factory Workers' Association, said that there was a universal feeling that the industry could be helped in a more positive way by the Government. It was easy to place the blame on someone else, but the fact was that the textile industries of other countries were being helped by their Governments—one of the latest examples was the action of the United States Government in limiting America's textile imports from Hong Kong.

The United States restricted her imports of cotton textiles to about 5 per cent of domestic production; France had limited hers to 1½ per cent. But the ceiling in the case of the United Kingdom was about 50 per cent of domestic production. Turning to the question of the Common Market, Alderman Chorlton said that, taken at their face value, the objects were very good. But the implications if Britain became a member posed a number of questions. Were we going to be tied to a common policy of wages and conditions? Were we going to lose our independence or were the people of Europe going to follow our lead in the scheme of collective bargaining? Alderman Chorlton added: "There is no doubt that there will be free movement of capital, but, in relation to the movement of labour, what happens? This is a matter which is not so simple—the matter of plucking up people by the roots and transplanting them into another country to work in a similar trade, particularly in our case in which married women are primarily concerned." The question was: Would the price of Britain joining the Common Market be too high to pay for the value we could expect to receive?

Revival in Buying Soon?

A little more optimism seems to have crept into the views being expressed in Lancashire cotton circles, both formally and informally, about the outlook. Certainly a change in the trade's circumstances is long overdue, and a revival in buying power would give all sections a fillip. Those who base their sentiment on graphs are not slow to point out that the trade cycle should be gradually moving upwards before long. At any rate, in reports as far apart in their attitudes as leaders of the trade unions and members of the disturbing branches can be, a mildly encouraging note has been struck.

Sir Alfred Roberts, Secretary of the Card-room Workers' Amalgamation, suggests that all that is needed is a hardening tendency in raw cotton prices to turn the scale. "Even if this does not happen, it seems unlikely that the period of stagnation will persist much longer," he says in his quarterly report. "Buyers will be compelled sooner or later to cover their future requirements."

More directly hopeful about the immediate turn of events is Mr. G. H. K. Rae, Chairman of the Cotton and Rayon Merchants' Association. "Recent reports by converters indicate little increase in their sales of finished cloth," he says in his annual report, "but it would seem that the emptying of the pipeline suggests that a revival in demand may not be long delayed." The cut in the Bank Rate towards the end of March was a favourable factor, he adds. The subsequent reduction within the past fortnight should be further cause for encouragement.

The Merchants' Case

It is doubtful whether any single issue has so divided the sectional interests of the trade in Lancashire as the importation of foreign yarn and cloth. Whereas the industry as a whole remains firmly opposed to any extension of the current rate of arrivals and would joyfully grasp at a curtailment of imports, the attitude of the merchanting community is understandably two-sided. These traders recognise that their basic job is to procure goods for their customers from the most economical source. This need not necessarily be the cheapest market, but quality and price must be assessed in relation to the availability of supplies.

Yet even the most internationally-minded merchant has to admit that to ignore completely the products of local manufacturers is a shortsighted policy. Lancashire as a producing centre may be but a shadow of its former self, but it remains a substantial industry, offering many constructions of cloth on terms which are not always uncompetitive with its rivals.

One of the fundamental points in the industry's case to the Government is that it should not be allowed to drift into complete stagnation so that supplies for the home market would be at the mercy of makers overseas who might eventually reach a position where they could dictate their own terms.

Dependent on Lancashire

All this is suitably recognised in the annual report of the Cotton and Rayon Merchants' Association, which presents a well balanced survey of the position which has arisen during recent years because of the very large increase in arrivals of foreign goods. Most converters, it admits, use some grey cloth from sources outside the United Kingdom, but all are dependent to a large extent on cloth woven in this country. Last year's output of woven cotton and man-made fibre piecegoods was 1,846 million yards, a decline of 68 million yards on the 1960 level and 447 million yards lower than in 1957. In four years, production of cotton cloth has dropped by 24 per cent and man-made fibre goods by 8 per cent.

According to a study undertaken by the Merchants' Association, it is suggested that current home trade requirements of cotton and man-made fibre cloth are around 2,300 million yards a year. The shortfall of home-produced fabric is, therefore, nearly 500 million yards.

Consumer demand in the home market has been steadily rising for some years, as is shown by recent statistics, and there is no reason to assume that this trend will not continue. The Merchants' Association, while not directly involved, is sympathetic towards the attitude of millowners whose re-equipment programme has not proceeded on the scale anticipated under the reorganisation scheme. "The rising tide of imports has created a general lack of confidence within the industry," says the report, "and the restrictions so far made have not afforded a basis sufficiently firm to encourage the expenditure of the substantial amount of capital which large-scale re-equipment requires."

When the redundancy programme three years ago made such sharp inroads on the quantity of plant still remaining in Lancashire, many observers felt that similar pruning of the number of merchants was a necessity which would probably follow in due course. The Merchants' Association now points out that, since 1955, nearly 450 converting firms have ceased to be liable for the Cotton Board levy, having given up business.—*All Rights Reserved.*

TAILOR-MADE YARNS

Britain's Linen Industry Research Association has developed a simple process which has given the textile industry a new range of fabrics made of man-made fibres. The Association has named the product A to Z YARNS—a wide variety of yarns each of which is tailor-made to give chosen characteristics to a fabric. They are particularly promising for machine and hand-knitted garments. Sweaters have been made which are difficult to distinguish from those made of wool. They have remarkable clarity of stitch and wash without losing their shape. Because the process is simple, the new yarns and fabrics can be made cheaply and quickly on existing machinery.

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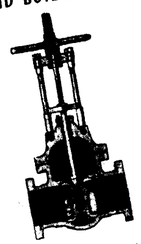
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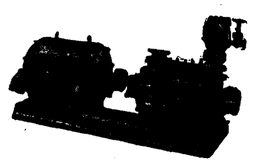
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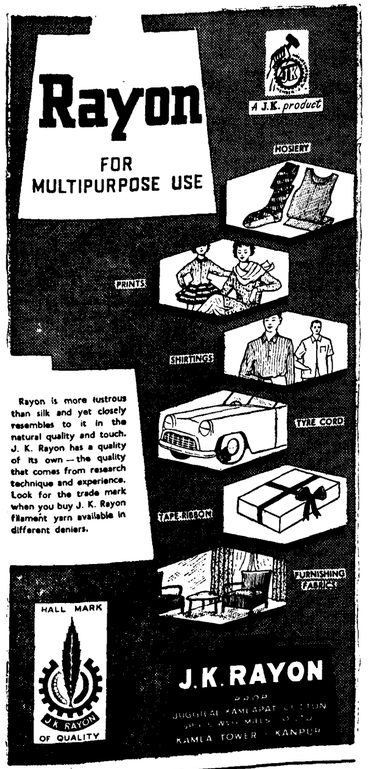
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STRENGTHENING GENERAL INSURANCE

WILL GOVERNMENT TAKE THE INITIATIVE?

THERE has of late been much discussion about the need for and ways of promoting some form of amalgamation or group working of general insurance companies in the country with a view to improving the state of affairs in this branch of business. Amalgamation has been prescribed as solution to the problem arising from the existence of too many companies in relation to the size of the market and their consequent uneconomic working. This position of the insurance industry is by no means unique. Banking too was at one time characterised by the existence of unsound units which threatened to undermine the confidence of the public in the entire banking system. But, under the inspiration and guidance of the Reserve Bank of India, a voluntary scheme has been put into effect according to which the uneconomic units will gradually merge with the bigger ones to form strong and economically viable units. Unfortunately, no such trend has been in evidence in the general insurance field where a plethora of units competing among themselves by fair means and foul for a limited market have tended to weaken the insurance business as a whole.

It is, however, one thing to suggest a remedy and quite another to implement it. Though the idea of merger of uneconomic units has been advocated by some insurers themselves, there has been opposition to it from others, as well as from employees. The opposition of employees to merger is based on the fear that it might result in retrenchment. Some insurance managements, especially of smaller companies, do not relish the idea of merger as they are not prepared to surrrender their independence and lose their identity. Moreover, it will give rise to problems of administration and integration.

"Royal" After the Merger

In this context, it will be interesting to know how the problems thrown up by merger of two units are being tackled by the Royal Insurance Group of Britain. It may be recalled here that one of the biggest and most successful mergers in British insurance history was that between the Royal Insurance Company and the London and Lancashire Insurance Company resulting in the establishment of an insurance group with total assets in excess of £400 million (about Rs. 534 crores). The merger took place early last year. It is too early to assess its results but how the Company has gone about the problems of integration of the two companies has been described by Mr. T. H. Naylor, Chairman of the Company, in his annual statement to shareholders a few days ago. Mr. Naylor claims that the merger has been successfully completed in an atmosphere of the utmost goodwill and harmony. According to him, the amalgamation of the Royal Insurance Company and the London and Lancashire Insurance Company was a merger in the true sense of the term, which he defined as a "coming together of organisations for the mutual benefits that can jointly be derived from the combination of their several business interests, effected in unity of purpose and with the sinews of concord." It was not, he asserts, a case of take-over, in which one large financial entity swallows another merely for the sake of increased size or increased power.

As for the future, Mr. Naylor says that a great deal of thought has been given to the problems of co-ordinating and integrating the enlarged group of companies. Future development, he adds, would aim at preserving the traditional identity of each company while securing the benefits that can flow from measures of co-ordination and integration.

Mr. Naylor has outlined the progress made towards co-ordination and integration of the two units. In the U.K., a Joint Finance Committee, consisting of the Directors of the Royal-Globe and London and Lancashire has been set up to secure uniformity of financial policy and practice and, as a consequence, the investment departments of the two groups have been brought together under the chief administration of the Royal Globe. A merger of the two Boards, with a view to establishing a unified control of the wider activities of the two groups of companies has also been proposed. For this purpose, the London and Lancashire is electing to its Board those Directors on the Royal's Board who are continuing in office next year and those who are not already members of the London and Lancashire's Board. Reciprocal elections will be made to the Board of the Royal. Having thus established a common membership, the Board will meet jointly.

Out measures have also been taken with a view to ensuring greater economy of operation and more productive use of staff resources. In New York, the Royal-Globe investment committee has been made responsible for the investments of the London and Lancashire Group and unified top management has been established in the U.S. and in Canada as a prelude to the ultimate integration and co-ordination at all levels. A substantial degree of integration of the organisations of the two groups has already been achieved in India, Pakistan, East Africa, Nigeria, Singapore. Mr. Naylor expresses the hope that, although time and much hard work will be necessary before the integration could bear fruit, ultimately it would yield great advantage for economies of operation, enhanced financial strength and more effective deployment of the combined staff.

Advantages of Amalgamation

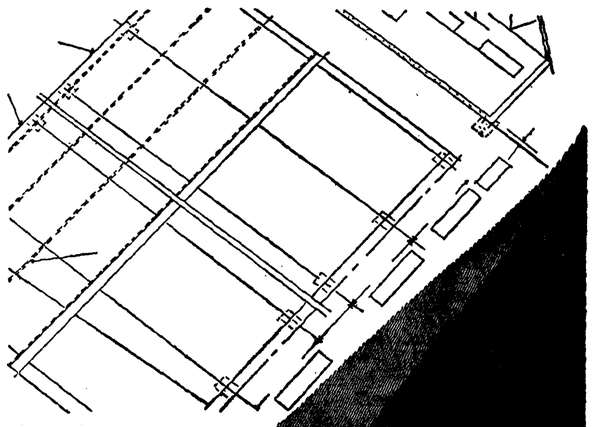
These precisely are the advantages which Indian insurance companies also stand to gain from amalgamation. Considering the size of the Indian market, the number of companies operating in this country are too many. As at 31st December 1960, there were as many as 166 insurers registered under the Indian Insurance Act 1938 to transact one or more classes of general insurance business. Of this, 88 were Indian and 78 were non-Indian companies. They write between themselves a gross premium of Rs. 28 crores in India (average of five years 1955-59). The share of Indian companies, numbering 88, is about Rs. 18 crores. The uneconomic size of the Indian companies would be apparent from this. The problem of uneconomic working and unhealthy business practices are ultimately bound up with the size and strength of the companies. The case for amalgamation was forcefully put forward by Mr. A. D. Shroff, Chairman of the New India Assurance Company, in his speech at the annual general meeting of the Company a year ago, in the following words:

"It is imperative that consolidation and integration are achieved in the existing units through amalgamation and group working. It must be clearly realised that, in the present context of tremendous technological changes, severe inflation and rising wages, the units, if they have to be economic units, have to be very much larger than an average unit in this country. With their problems in no sense as acute as ours, the British insurance market ushered in a silent revolution overnight by achieving amalgamations of what may be termed giant units. But we are still leaving it to time and chance to effect a cure by slow and painful extinction of the uneconomic units even though we are aware of the very difficult situation through which the insurance industry in this country is passing, and we realise fully well that there is no other alternative but to integrate the units by group working or amalgamation. I am strongly of the view that Government should take up this problem in right earnest, draw up a plan which will put the industry on a sound and dynamic footing and implement this plan with initiative and determination."

Not Difficult

In Mr. Shroff's opinion, the Indian market, which at present is made up of less than 90 Indian units, should be integrated into fifteen to twenty units, not necessarily by amalgamation but principally by group working leading to amalgamation, with each unit functioning with a minimum of Rs. 50 lakhs portfolio. One of the main difficulties in the way of amalgamation is the desire of each company to retain its identity and independence. This is because, unlike in Britain, where insurance has developed along independent lines, in India it has grown round industries, with each company having large volume of "tied business" which forms the mainstay of their operations. The fear of employees at the lower and higher levels that merger would result in loss of employment for them or

(Continued on page 919)



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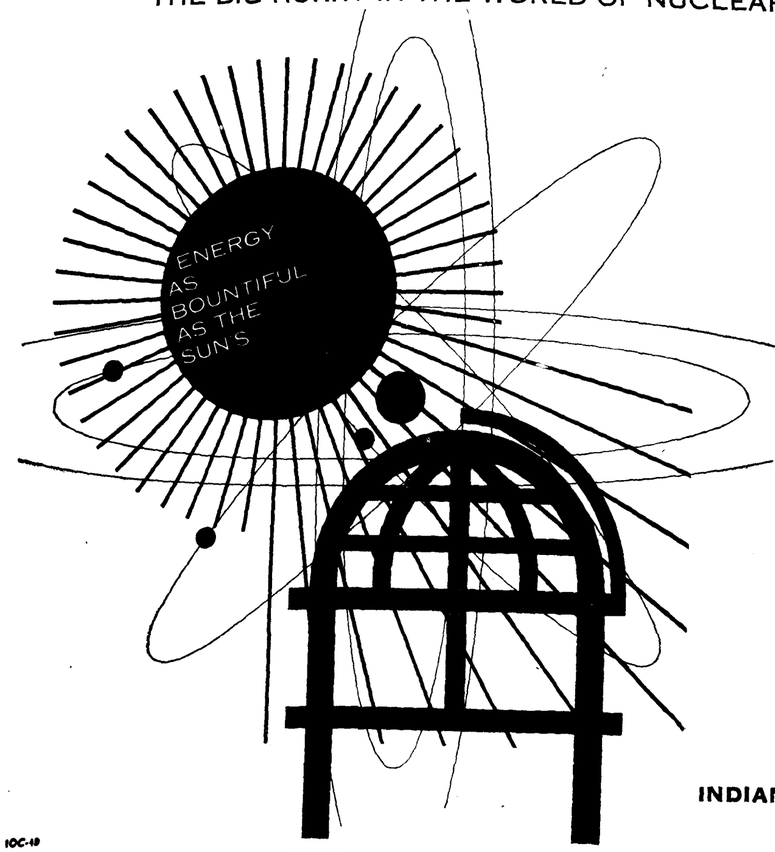

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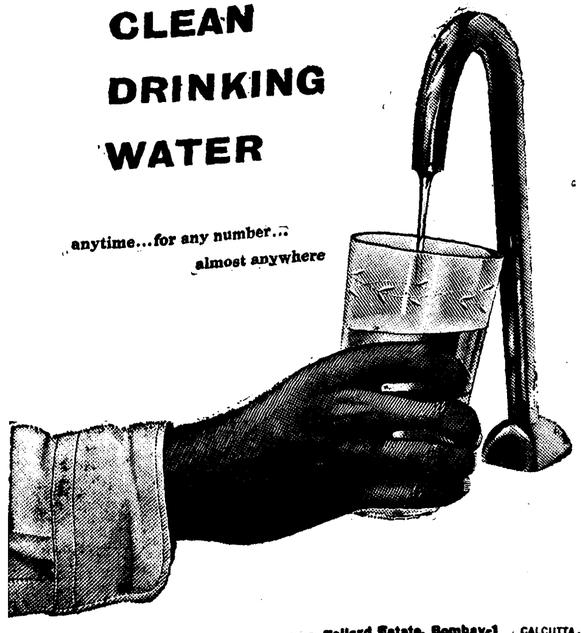

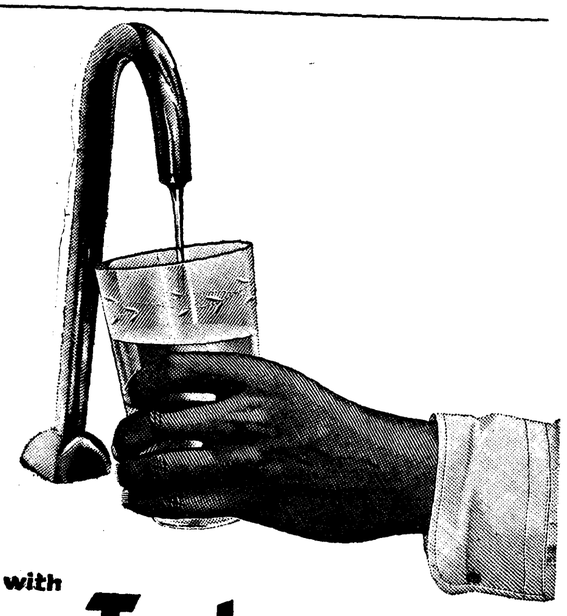

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THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS AND NO OFFER OR INVITATION IS HEREBY MADE FOR SUBSCRIPTION OF ANY SHARES IN THE COMPANY

Consent of the Central Government has been obtained to this issue by two orders, copies of which are open to public inspection at the Registered Office of the Company. It must be clearly understood that in giving these consents the Government of India do not take any responsibility for the financial soundness of any scheme nor for the correctness of any of the statements made or opinions expressed with regard to them.

Licences have been obtained from the Central Government for the establishment of this new industrial undertaking, copies of which are open to public inspection at the Registered Office of the Company. It must be clearly understood that in granting these licences the Government of India do not take any responsibility for the financial soundness of this undertaking nor for the correctness of any statements made or opinions expressed in regard to them.

As required by Section 60 of the Companies Act, 1956, a copy of the Prospectus, having attached thereto the documents mentioned therein has been delivered to the Registrar of Companies, Maharashtra, for registration.

Application will be made in due course to the Bombay Stock Exchange for permission to deal in and for official quotations for the shares of the Company.

The Subscription List will open at the commencement of Banking Hours on 28th May, 1962, and will close at the close of Banking Hours on 30th May, 1962.

ASSOCIATED BEARING COMPANY LIMITED

SHARE CAPITAL

	Rupees	Rupees
AUTHORISED CAPITAL		**7,50,00,000**
SUBSCRIBED AND PAID-UP CAPITAL:		
A. 6,000 Equity Shares of Rs. 100 each, fully paid-up by Aktiebolaget Svenska Kullagerfabriken Gothenburg, and The Skefko Ball Bearing Co., Ltd., Luton ..	6,00,000	
B. 4,000 Equity Shares of Rs. 100 each, fully paid-up by The Investment Corporation of India, Ltd., its Associates, Directors and their Friends	4,00,000	
		10,00,000

PRESENT ISSUE:	Rupees
3,90,000 Equity Shares of Rs. 100 each at par	**3,90,00,000**

OUT OF THE PRESENT ISSUE:	Rupees
(a) 2,34,000 Equity Shares of Rs. 100 each have been agreed to be subscribed by Aktiebolaget Svenska Kullagerfabriken, Gothenburg, The Skefko Ball Bearing Co., Ltd., Luton, and one of the subsidiaries of Aktiebolaget Svenska Kullagerfabriken, Gothenburg	**2,34,00,000**
(b) 76,000 Equity Shares of Rs. 100 each have been agreed to be subscribed by the Investment Corporation of India, Ltd., its Associates, Directors and their Friends	**76,00,000**
(c) **OFFERED TO THE PUBLIC AT PAR FOR SUBSCRIPTION IN CASH—**	
80,000 Equity Shares of Rs. 100 each..	**80,00,000**
	3,90,00,000

The Investment Corporation of India, Limited, has undertaken to subscribe for and/or cause to be subscribed on the same terms as offered to the public those shares not taken up by the public. In the opinion of the Directors, the resources of The Investment Corporation of India, Limited, are sufficient to discharge obligations to subscribe and/or cause to be subscribed such remaining shares.

No underwriting commission has been paid on the capital already issued or will be paid on the present issue.

DIRECTORS

1. **Shri ARDESHIR DARABSHAW SHROFF** (*Chairman*), Bombay House, 24 Bruce Street, Fort, Bombay. Managing Director of The Investment Corporation of India, Limited, Chairman and Director of the Bank of India, Limited, etc.—*Business Executive.*
2. **Shri JOHN HIGHAM** (*Vice-Chairman*), Pemino, Altamount Road, Bombay, 26. Managing Director of the SKF Ball Bearing Co. Private Limited—*Business Executive.*
3. **Shri SUMANT MOOLGAOKAR,** Mayfair, Little Gibbs Road, Bombay. Director of Tata Engineering and Locomotive Co., Limited, etc. —*Business Executive.*
4. **Shri NITYANAND MANGESH WAGLE,** 17A Carmichael Road, Bombay, 26. Managing Director of *Greaves Cotton* and Co., Limited, etc.—*Business Executive.*
5. **Shri AKBAR HYDARI,** Neptune Court, Nepean Sea Road, Bombay. Managing Director of the Western India Match Company, Limited, etc.—*Business Executive.*
6. **Shri NANI ARDESHIR PALKHIVALA,** Commonwealth, 181, Backbay Reclamation, Bombay. Director of Tata Industries Private Limited, etc.—*Advocate.*
7. **Shri PER TORSTEN GRUFMAN** (*Managing Director*), "Rashmi House," Flat C-3, 11, Carmichael Road, Bombay, 26. Director of The SKF Ball Bearing Co. Private Limited, etc.— *Business Executive.*
8. **Shri NARIMAN KHURSHEDJI SUNTOOK,** 51, Mahatma Gandhi Road, Bombay, 1. Partner of Messrs. Mulla and Mulla and Craigie Blunt & Caroe.—*Solicitor.*

REGISTERED OFFICE

PANDYAN HOUSE, FRERE ROAD, BOMBAY 1.

REGISTRARS AND SHARE TRANSFER AGENTS

THE INVESTMENT CORPORATION OF INDIA, LIMITED, Ewart House, Bruce Street, Fort, Bombay, 1.

BANKERS

THE BANK OF INDIA *LIMITED*, Bank of India Building, Mahatma Gandhi Road, Bombay, 1.

THE CENTRAL BANK OF INDIA LIMITED, Central Bank Building, Mahatma Gandhi Road, Bombay, 1.

FIRST NATIONAL CITY BANK, Dadabhoy Naoroji Road, Bombay, 1.

NATIONAL AND GRINDLAYS BANK LIMITED, LLOYDS BRANCH, Dadabhoy Naoroji Road, Bombay, 1.

SOLICITORS

MESSRS. MULLA & MULLA AND CRAIGIE BLUNT & CAROE, 51, Mahatma Gandhi Road, Bombay, 1.

AUDITORS

MESSRS. A. F. FERGUSON & CO., Chartered Accountants, Allahabad Bank Building, Apollo Street, Bombay 1.

BROKERS

Bombay

MESSRS. BATLIVALA & KARANI, Union Bank Building, Dalal Street, Fort, Bombay.

MESSRS. DHIRAJLAL MAGANLAL PURSHOTAMDAS, Stock Exchange Old Building, Fort, Bombay.

MESSRS. MERWANJEE BOMANJEE DALAL, Allahabad Bank Building, Apollo Street, Fort, Bombay.

MESSRS. MAHADEVIA BROS., Stock Exchange Old Building, Dalal Street, Fort, Bombay.

Calcutta

MESSRS. PLACE, SIDDONS & GOUGH (PRIVATE) LTD., 6 Lyons Range, Calcutta.

MESSRS. G. M. PYNE, Allahabad Bank Building, 14, India Exchange Place, Calcutta.

New Delhi

MESSRS. HARBANS SINGH MEHTA & CO., 33, Regal Building, Asaf Ali Road, New Delhi.

Madras

MESSRS. KOTHARI & SONS, Oriental Buildings, Armenian Street, Madras.

OBJECTS

The Company was incorporated on 12th April, 1961, in Maharashtra with the objects set out fully in its Memorandum of Association but particularly to carry on the business of manufacturers of and dealers in ball and/or roller bearings, and components in respect thereof, and also the business of manufacturers and/or assemblers of and dealers in pendulum weighting arms, cradles, and bearing units for top rollers, being components of textile machinery, and other components of textile machinery and accessories in respect thereof.

MANUFACTURING AND IMPORT LICENCES

The following three Manufacturing Licences have been granted by the Government:

(1) Licence No. L/8/C-1/1/80 dated 13-5-1960 for the manufacture of certain types of Tapered Roller Bearings and certain types of single Row Deep Grooved Ball Bearings.

(2) Licence No. L/8/A-1/25/61 MEI dated 16-8-1961 for the manufacture of certain types of pendulum weighting arms complete with bearing units for top rollers and cradles.

(3) Licence No. L/8/A-1/31/62 MEI dated 9-3-1962 for the manufacture of centring sleeve inserts and tape tension pulleys.

The following Import Licences have been granted by the Government:—

(A) Licence No. 621750 dated 4-10-1961 for Rs. 9.78 lacs for components for pendulum arms.

(B) Licence No. 991487 dated 22-12-1961 for Rs. 64,786 for machinery to assemble components for pendulum arms.

(C) Licence No. 991268 dated 30-1-1962 for Rs. 1,52,51,720 for machinery to manufacture the bearings.

PROMOTION AND COLLABORATION

The establishment of the Company is the result of collaboration between Aktiebolaget Svenska Kullagerfabriken of Gothenburg, Sweden (hereinafter called "SKF GOTHENBURG") and The Skefko Ball Bearing Company Limited of Luton, England (hereinafter called 'SKEFKO") on the one hand and the Investment Corporation of India, Limited, on the other, upon the terms contained in (a) Heads of Agreement dated 11th April, 1961, and (b) Supplemental Agreement dated 7th April, 1962, between them.

FACTORY SITE AND POWER SUPPLY

The factory is to be established in approximately 100 acres of land near the railway station at Chinchwad, about 9 miles from Poona in the State of Maharashtra. The land is being acquired by the Government for the Company under the Land Acquisition Act, 1894, under two Agreements dated 22nd September, 1961, and 28th December, 1961, entered into with the Governor of Maharashtra. The Company has paid the amount of Rs. 2,40,000 to the Collector of Poona as initial deposits against the said costs. Under a recent judgment of the Supreme Court of India, acquisition of lands for companies under the Act is not valid, but it is expected that the Central Government will be taking early steps to bring in amending Legislation for the purpose of validly acquiring lands for companies.

The factory buildings are expected to be completed during the early part of 1964 but completion by this time depends, among other things, on the satisfactory completion of the land acquisition, and timely supply of structural steel, cement and other materials. It is hoped that electric power for the Company's factory will be available from the Koyna Valley Project by about the middle of 1962.

PLANT AND MACHINERY

SKF Gothenburg will supply or cause to be supplied the machinery and equipment required by the Company to be imported for manufacturing purposes. The cost of this machinery and equipment is at present estimated at approximately Rs. 2,40,00,000 (Rupees two crores and forty lacs). This figure is subject to future fluctuations in market prices. About 50 per cent of this machinery and equipment will be designed, constructed and delivered by SKF Gothenburg and its subsidiaries. SKF Gothenburg has guaranteed that the prices charged for such machinery and equipment will not be less favourable to the Company than the average current market prices charged for similar machinery and equipment supplied by it or any of its subsidiaries to its other manufacturing subsidiaries or any other customer.

SKF Gothenburg intends to supply the necessary machinery by the time the factory has been completed.

Foreign currency to cover the purchase of the plant and machinery will be provided from cash which has been or will be deposited in banks in Europe being the subscription moneys payable by SKF Gothenburg, Skefko, and one of the subsidiaries of SKF Gothenburg for shares which have been or are to be issued to them.

RAW MATERIALS

The basic raw materials are not at present available from indigenous sources and until they are available in India they will have to be imported. It is proposed to obtain these materials as far as possible from the steel mills of SKF Gothenburg.

KNOW-HOW CAPITAL PROPERTY

(A) SKF Gothenburg has executed an Assignment in favour of the Company, whereby it has transferred to the Company valuable secret processes, manufacturing know-how and methods at a price of Rs. 2,40,000 and upon the terms therein contained, to enable the Company to produce bearings per year to the extent licensed by the Government.

(B) SKF Kugellagerfabriken G.m.b.H., Germany (hereinafter called "SKF SCHWEINFURT"), a subsidiary of SKF Gothenburg, has executed two Assignments in favour of the Company, whereby it has transferred to the Company valuable secret processes, manufacturing know-how and methods at a total price of Rs. 1,75,000 and upon the terms therein contained, to enable the Company to produce certain textile parts to the extent licensed by the Government.

TECHNICAL ASSISTANCE AND RESEARCH

(A) SKF Gothenburg has agreed to act as Technical Consultant to the Company in respect of manufacture of bearings upon the terms and conditions contained in an Agreement dated 29th September, 1961, entered into by it with the Company for a consideration of Rs. 5,60,000, without any deduction whatsoever, and in consideration of the technical assistance and collaboration to be given to the Company, it has agreed to pay to SKF Gothenburg a Research and Development Fee of an amount equal to 2½ per cent of the net annual turnover of the Company as therein defined.

(B) SKF Schweinfurt has agreed to act as Technical Consultant to the Company in respect of the assembling and manufacture of textile parts upon the terms and conditions contained in two Agreements dated 29th September, 1961, and 24th April, 1962, entered into by it with the Company for a total consideration of Rs. 1,25,000, without any deduction whatsoever, and in consideration of the technical assistance and collaboration to be given to the Company, it has agreed to pay to SKF Schweinfurt a Research and Development Fee of an amount equal to 2½ per cent of the net annual turnover of the Company as defined in the Agreements.

PATENTS AND TRADE MARKS

SKF Gothenburg has agreed that, during the currency of the said Heads of Agreement, the Company shall be entitled, free of all costs and fees, to the exclusive right to manufacture under and a non-exclusive right otherwise to use (a) Indian Patents belonging to it and SKEFKO in respect of the said bearings or parts thereof and to SKF Schweinfurt in respect of the textile parts, and (b) the Trade Mark "SKF" belonging to SKF Gothenburg.

SELLING AGENCY

The SKF Ball Bearing Company Private Ltd., of Bombay, an Indian Subsidiary of SKF Gothenburg, is appointed sole Selling Agent in India of the products assembled and manufactured by the Company for a period of five years from 9th May, 1962, at a del credere commission of 10 per cent of the net selling prices of the products of the Company and upon the terms and conditions contained in that Agreement.

BUSINESS PROSPECTS

The demand for ball bearings and the licensed textile parts exceeds the existing productive capacity in the country and tapered roller bearings are not at present manufactured in substantial quantities in India.

With the rapid industrial and agricultural development in the country, increasing production and use of motor vehicles and with the growing development of the textile industry, the demand for all these products is likely to increase substantially. The Directors do not expect any difficulty in disposing of the planned output.

The Directors expect that losses will be incurred for some years. After the workers have been trained and a satisfactory level of efficient production reached, then, given also the necessary customs protection, foreign exchange and import licences to acquire sufficient raw materials, the Directors expect profitable working to be achieved.

Profits will first be used to extinguish accrued losses and to build up sufficient reserves. Thereafter they are expected to be sufficient to permit a reasonable distribution to the shareholders.

TAX BENEFITS

According to present law the Directors consider that—

(a) the Company will be entitled to special benefits in respect of Development Rebate under the Income-tax Act, 1961, and may also enjoy the benefit under Section 84 of the Income-tax Act, 1961.

(b) the Shareholders of the Company will be exempt from tax on such dividend paid from the Company's profit exempted from tax under Section 84 of the Income-tax Act, 1961, and

(c) the Shareholders would also have been exempt from Wealth-tax on their holdings under Clause XX of Sub-section (1) of Section 5 of the Wealth-tax Act, but under the Finance Bill No. II, 1962, recently introduced by the Hon'ble Finance Minister in the Lok Sabha, this exemption is proposed to be withdrawn.

MINIMUM SUBSCRIPTION, CAPITAL OUTLAY AND SOURCES OF FINANCE

The minimum subscription in respect of the present issue on which the Directors will proceed to allotment is Rs. 80,00,000 (Rupees eighty lacs) being the whole share capital now offered for subscription by the public.

The capital outlay required for this project will be as follows:

	Rs.
Land and Building	1,65,00,000
Machinery, Installations and Equipment	2,85,00,000
Preliminary Expenses, Brokerage and Expenses of this Issue ...	6,50,000
Price of Know-How Capital Property	4,15,000
Technical Assistance Fees	6,85,000
Working Capital	1,13,50,000
Allowance for Price Increases, Contingencies, etc.	19,00,000
	Rs. 6,00,00,000

SOURCES OF FINANCE

The above amount of Rs. 6,00,00,000 (six crores) will be provided as under:

	Rs.
(a) Out of existing issued capital	10,00,000
(b) Out of present issue	3,90,00,000
	4,00,00,000
(c) Loans from Banks	2,00,00,000
	Rs. 6,00,00,000

EXPENSES OF THE ISSUE

The expenses of the issue other than brokerage are estimated to be Rs. 4,00,000 (Rupees four lacs) and will be payable by the Company.

BROKERAGE

Brokerage at Rupee one per share will be paid to the Brokers to the Issue and Banks.

DIRECTORS

Under the Articles of the Company, each Director shall be paid Rs. 200 for each meeting attended by him and a fair compensation for his expenses and loss of time in connection with attending Board Meetings and also such special remuneration for extra services as may be arranged by the Board.

MANAGING DIRECTOR

Under an Agreement dated 13th April, 1961, sanctioned by the Government, Mr. P. T. Grufman is appointed Managing Director for five years, the Company paying him a monthly salary of Rs. 9,250, rent-free flat and car and entertainment expenses, and upon the terms mentioned therein, and by a Board Resolution dated 7th May, 1962, such appointment has been continued and confirmed.

INTEREST OF DIRECTORS AND PROMOTERS

The Directors are interested to the extent of any Shares subscribed by and allotted to them respectively in the capital of the Company. They are also interested to the extent of the fees which they may receive for attending Board Meetings.

(1) Mr. A. D. Shroff is Managing Director of The Investment Corporation of India Ltd., Bombay, to which consideration is payable for acting as the Company's Registrars and Share Transfer Agents. He is also the Chairman of the Bank of India Ltd., one of the Bankers of the Company.

(2) Mr. J. Higham is Managing Director of SKF Ball Bearing Company Private Ltd., Bombay, the Sole Selling Agent of the Company, to which commission is payable under the Selling Agency Agreements.

(3) Mr. N. M. Wagle is a Director of the Central Bank of India Limited, one of the Bankers of the Company.

(4) Mr. N. A. Palkhivala is a Director of the Central Bank of India Limited, one of the Bankers of the Company.

(5) Mr. P. T. Grufman is Managing Director of the Company and as such is interested in the remuneration and perquisites due to him under the Agreement with him. He is also a Director of SKF Ball Bearing Company Private Ltd., the sole Selling Agent of the Company, to which commission is payable under the Selling Agency Agreements.

(6) Mr. N. K. Suntook is the Partner of Mulla and Mulla and Craigie Blunt and Caroe, the Solicitors of the Company.

INSPECTION

A printed copy of the Memorandum and Articles of Association of the Company, the Consent Orders of the Controller of Capital Issues, Import Licences for plant and machinery, Letters of Consent from Registrars and Share Transfer Agents, Bankers, Solicitors, Auditors and Brokers of the Company, Balance Sheet of the Company, the Industrial Licences issued by the Central Government and copies and/or drafts of the material contracts and documents referred to in the Prospectus, the Report of the Auditors of the Company, the Consent of the Central Government to the appointment of Mr. P. T. Grufman as the Managing Director of the Company, and the Consent of the Ministry of Commerce and Industry (Central Government) to the arrangements with the above foreign collaborators, can be inspected on working days during office hours at the Registered Office of the Company for a period of 14 days from the date of publication of the Prospectus or until the Subscription Lists are closed, whichever is earlier.

TERMS OF PAYMENT OF SHARES

On application ... ... Rs. 100 per share

APPLICATION FOR SHARES

Each application must be for a minimum of 5 shares or multiples of 5 shares. All application forms duly completed must be lodged together with the amount of Rs. 100 per share in respect of Equity Shares, with:

The Bank of India Limited, Bombay, or its branch offices at Calcutta, New Delhi, Madras and Ahmedabad.

The Central Bank of India Limited, Bombay, or its branch offices at Calcutta, New Delhi, Madras and Ahmedabad.

First National City Bank, Bombay, or its branch office at Calcutta.

National and Grindlays Bank Limited, Bombay, or its branch offices at Calcutta, New Delhi and Madras.

The remittance should be made by cash, cheque or draft. All cheques or drafts should be drawn on a Bank in the aforesaid towns only and deposited with the above banks, at their above branches. Cheques or Bank drafts drawn on banks elsewhere will not be accepted.

The Directors reserve full right to reject or accept any application.

PROSPECTUS AND APPLICATION FORMS

Prospectus and application forms can be obtained from the Company's Bankers or Brokers to the issue or from the Company or The Investment Corporation of India Ltd., at their respective Registered Offices.

ELECTRICITY FROM TIDAL WAVES

WORLD'S FIRST PROJECT UNDER WAY IN FRANCE

THE distinction of being the first country in the world to tap energy from tidal waves on a commercial scale will go to France, when its project for tidal power station already under construction at the mouth of the river Rance, which flows into the English Channel, is commissioned, probably sometime next year. This pioneering French enterprise is of revolutionary significance to the development of power resources in the world, opening as it does a new vista for sources of energy supplementing hydraulic, thermal and nuclear devices. Although tidal waves have been known to be a potential source of energy for years, little was done to exploit it, until France took the initiative. French scientists and technicians have been engaged in research, tests and experiments on this problem for the last twenty years. But a definite step towards giving a practical shape to the scientists' findings was taken only in August 1956, when the French Parliament unanimously adopted legislation giving effect to the Government's decision to build the first tidal power station on the Rance estuary, with a capacity of almost 400 megawatts and an annual energy output of 1,000 million kilowatt-hours. On the basis of 1954 prices and wages, it was estimated that the total cost of the project would be about 32 billion (old) francs, with a recurring annual operation cost of 450 million (old) francs.

The site of the tidal plant is situated at a place between the Brebis head (left bank) and Briantais head (right bank). At this spot, which is about 2.5 miles away from its mouth, the Rance is about 0.46 mile wide, and the greatest depths are 39½ feet below the level of the lowest tide. The construction work, which began on 1st January 1961, is currently going on in full swing. The left bank enclosure to enable the lock to be built was finished as early as in September 1961 and excavations for the final structure are now under way. The right bank enclosure has also been completed. The project has now aroused the intense interest of technicians the world over. In view of this great interest, a succinct account of the principles of functioning of the tidal power plant, based on the information contained in the latest issue of the *French Technical Bulletin*, published by the Trade Commissioner for France in Bombay, will be read with interest.

Tidal Range

A tidal power station obtains its energy from the range of tides, that is to say, "the difference between the level at high tide and the level at low tide," from the frequency of the tides (which, incidentally, is not identical throughout the world) and from the volume of water thus displaced. The utility of a tidal development site, according to the aforesaid article, depends mainly on two factors, namely, the extent of the tide and the size of the reservoir which can be created. It is also certain that, from the economic point of view (and the size being equal), a reservoir will be all the more satisfactory as the length of the dam necessary to isolate it from the sea becomes less. As far as the tidal range is concerned (difference in level between consecutive high tide and low tide), the Brittany coasts of the English Channel are the most propitious in the world, thanks partly to the Cotentin peninsula which forms an obstacle to the tidal wave coming from Atlantic. In the Rance estuary, which flows into the Channel between St. Malo and Dinard, the tidal difference in level may reach 44 ft. 4 inches (+13.50 metres above the zero of marine charts). The equinoctial tides, highest of the year, displace the rising tide and ebb tide by as much as 6,356 million cu. ft. (180 million cu. metres) of water, or a flow of about 635,600 cu. ft. (18,000 cu. metres) per second.

From the standpoint of frequency, or the cycle of tides, too, the choice of Rance for location of the project is considered as ideal. For its tides are the semi-diurnal type—two high tides and two low tides in 24 h. 50 m., or the length of a lunar day. This "rhythm," it is said, ensures greater efficiency. The area of the reservoir constituted by the estuary is 8½ square miles. It extends to Le Chattellier lock near Dinan over above 12½ miles and its working volume amounts to 6,500 million cu. ft. (184 million cu. metres).

Several principles have been evolved with a view to filling and emptying basins through turbines. Of these, there are three important principles guiding the operation of the plant, namely, (1) single action on emptying reservoir, (2) single action on filling reservoir and (3) two-way action. A short account of the techniques underlying these three types of working principles given in the French *Bulletin*, is as follows:

"*Single action on emptying reservoir*: On the flow tide, the reservoir is filled by opening the sluice gates. At high tide, these gates are closed and the reservoir is not emptied by the turbines until the outgoing tide has created an adequate head. This is the simplest type of operation formerly used in tidal mills. Time-tables permitting, it can be improved by using the electric power available on the system during slack hours to pump the water from the sea and discharge it behind the dam so as to raise the level in the reservoir and increase the volume of water available for the turbines later.

"*Single action on filling reservoir*: In this case, the energy is generated by passing the water from rising tide from the sea to the reservoir. This process is usually less satisfactory than the previous one, but it can also be improved by pumping to lower the level in the reservoir before the water passes through the turbines.

"*Two-way action*.: This is a combination of the two previous cycles. The energy is generated both on filling and on pumping the reservoir, the turbines developed for the Rance river being able to operate in both directions, thanks to the modification of the orientation of the turbine wheel blades and guides. Here again, two pumpings are possible."

The choice of the cycles is not governed by any hard and fast rules, but varies according, on the one hand, to the strength and times of tidal movements and, on the other hand, to the load demand and the quantities it represents at various times during the day, namely, peak hours, full capacity hours or slack hours. The flexibility of operation is ensured by double action, and pumping ensures the attainment of "operation-cut-to-measure," which is almost completely independent of the rhythm of the tides.

Structural Parts

The Rance project consists of four distinct parts, namely, one lock, the power station proper, a dyke and lock gates. A brief description of these structures of the plant is given below:

(*a*) *The lock*: This lock, which will enable navigation to continue on the Rance estuary, will be 43′ (13 m.) wide and 213′ (65 metres) long. The lock gates will be vertical shaft sector gates.

(*b*) *The power station*: Situated in the deep part of the Rance river, the plant will open up before visitors to the interior like a vast reinforced concrete tunnel about 1,213 ft. (370 metres) long. Each of its two linings, stiffened every 43½ feet (13.30 metres) by buttresses, takes in its turn the water pressure engendered by the tidal rhythm. The roof is vaulted. The plant will comprise twenty-four 10,000 kw. sets. Each set, installed in a bay 43.5 feet (13.30 metres) wide, will be placed in a pit of which the bottom will be situated at about level —33 ft. (—10 m.). For operation, the 24 sets will be coupled in three blocks of eight sets, each block feeding an 80,000 kVA transformer inside the plant. 225 kV oil filled cables will connect the transformers to the outside outgoing substation on the left bank at about 984 ft. (300 metres) from the western end of the plant. Access to the interior of the plant for bringing in large items of equipment will be by a shaft installed on the left bank. 72¼ ft. (22 metres) deep, this shaft will be extended by a gallery which will pass under the lock and open into a reception bay served by the travelling cranes of the machine room.

(*c*) *The dyke*: A dyke about 524 ft. (160 metres) long will separate the end of the plant from Chalibert Island. It will be made of rockfill and will have a watertight concrete diaphragm.

(d) *Lock gates*: Between Chalibert Island and the right bank, there will be a mobile dam (lock gates) comprising six passes enclosed by flat gates about 50 ft. (15 metres) wide and 33 ft. (10 metres) high. These gates will enable the reservoir to be completely filled or emptied.

The sets with which the tidal power plant will be equipped will be of the "bulb" type, enabling water to be passed through the turbines in both directions (tide-reservoir and reservoir-tide); it will also permit of pumping the water. The bulb set is like a small submarine in appearance. It has an ogival steel shell which contains the alternator and Kaplan turbine. Placed in a hydraulic duct, it is entirely surrounded by water, access to the interior being had by a shaft opening into the power plant. Experiments were first made with machines of this type on various rivers, at Cambeyrac on the Truyere river (two 5,000 kw. sets), at Argentat on the Dordogne river (one 14,000 kw. set), at Beaumont-Monteux on the Isere river (one 8,500 kw. set). Nevertheless, to complete the data thus obtained, it appeared to be of interest to experiment with a bulb set under the influence of the tides of the sea. This was done in a disused graving dock in the port of Saint-Malo. The capacity of a Saint-Malo set is 9,000 kw. at a speed of 88 r.p.m. The turbine is a Kaplan with mobile blades and guide vanes. The wheel diameter is 19 ft. (5.80 metres). The turbine is coupled to an alternator with an outside diameter of 16½ ft. (5 metres) which revolves inside its ogival housing in air at atmospheric pressure.

The structures are being erected in dry surroundings inside three cofferdam enclosures. Construction of two enclosures has already been completed, one on the left bank enabling the lock to be built and the other on the right bank for facilitating the building of lock-gate dam. The left bank enclosure consists of concrete walls erected at high tide and designed to be incorporated for the most part in the final lock works. The right bank enclosure is composed of cylindrical steel gabions 62′-6″ in diameter and 49 to 66 ft. in height, connected with each other by arches. These gabions and their arches are made of plate-web piling and filled with sand. During construction of the dam and locks, which will soon be begun, work will be initiated on a third enclosure—central enclosure—comprising two cofferdams, north and south, inside of which will be erected the power station proper. It is northern cofferdam, situated at the side nearest the sea, that will cut out the river, that is to say, isolate its estuary from the sea. Once the river Rance has thus been "cut off," the dam gates will be closed and the estuary will be converted into a lake unaffected by the movements of the sea. The surface of the water will always be maintained at level +28 ft. (marine charts), which is sufficient to permit navigation on the river.

NEW LIGHT STEEL

A Canadian technological achievement of world-wide importance is the new light steel called G40-8. Develop by Algoma Steel Crop. Ltd. of Sault Ste. Marie, Ontario. It has been tested and approved by the entire Canadian steel industry, by the Canadian Standards Association and by the Canadian Institute of Steel Construction. Any steel producer in Canada may use the formula, but Algoma was a first begin production—in the firm's new $15,000,00 universal beam mill. G40-8 is reported to be even stronger than ASTM-A36, a new steel produced in the United States in 1960. It is also easier to use and to weld, more economical and more resistant to the effects of extreme cold than conventional carbon steel. Algoma President G. S. Holbrook says the new steel is 20 per cent stronger for most sections for an average increase in cost per ton of only about three per cent. This, he estimates, means potential savings of 10 to 12 per cent. It can be used not only in such major projects as bridges, buildings, ships, and towers, but also in plate form for tanks and pipes that operate under great pressure.

DEVIDAYAL'S NEW VENTURE

The foundation-stone of a new wire rod mill to be put up at Thana by the Devidayal Rolling and Refineries Private Ltd., Bombay (Chairman: Mr. Harikishandas Aggarwal) was laid by Mr. S. K. Wankhede, Maharashtra's Minister for Industries, Law and Judiciary, on Friday the 11th inst. The plant, which is expected to go into production within a year, will have a capacity to roll 12,000 tons of ¼" copper wire rods per year. The total cost of the project is estimated at Rs. 40 lakhs. The mill, it is claimed, is the first of its kind in the western region.

Mr. Aggarwal, in his speech at the foundation-laying ceremony, observed that the mill would be in a position to cater to the entire requirements of the cable and wire industry in this part of the country. These consuming industries now send their copper wire bars to Calcutta to get them rolled into ¼" rods. Besides, the mill will manufacture copper bus-bars, transformer strips, earthing strips and other special sections and sizes, required by heavy electrical projects and other industries manufacturing transformers, electrical motors, etc. All these products are now being imported. The new project, therefore, is expected to result in a foreign exchange saving of the order of Rs. one crore per annum.

NEW PRODUCTS AND PROCESSES

Dehydrated Portland Cement

PREMATURELY hydrated portland cement, which at present has no commercial value and is usually discarded as waste, can be profitably utilised, according to a process described in a recent issue of the *Journal of Scientific & Industrial Research*. Portland cement, due to improper storage, absorbs moisture from the air and gets hydrated prematurely as a result of which it becomes lumpy and loses its chemical activity. According to the process reported, such cement can be chemically reactivated by crushing (grinding, if necessary) and screening, until it is reduced to approximately its former size, mixing with water and subjecting the resulting paste to high pressure. Mortars and concretes made from the cements thus produced, when moulded under pressure, show high compressive strengths, high impermeability properties and low shrinkage. By increasing the moulding pressure the quantity of reactivated Portland cement required in the preparation of mortar and concrete can be reduced.

Glass-coated Wire

A continuous glass-casting process which can be used to make very thin wire conductors has been devised by Glass Developments, of Sudbourne Road, Brixton, London, S.W.2. In the process, copper wire is melted in a glass tube by induction heating. Heat radiated from the wire melts the glass tube and, from the molten "gob" formed, a filament containing a continuous metal core is picked up and drawn out and attached to a winding drum. Winding rates up to 300 feet per minute and continuous lengths of one kilometre are claimed to be possible. Because of the small amount of power needed and the elimination of expensive diamond dies, it is said to be more economical than conventional die-drawing techniques. Another advantage claimed is that the high surface tension of the glass ensures both a circular wire and a mirror finish.

Cable Clip

A Norwegian firm, A/S Elektrofabrikken, Oslo, is manufacturing a new handy type of cable clip at the rate of many millions a year for home and foreign markets. Called the APK clip, it fixes cables easily, quickly, neatly, efficiently, and cheaply, and is the invention of Norwegian electrical engineer Johannes Andvig. It is now available in a number of versions for various types of cable, but all versions combine nail (or drive-screw) and clip in one unit. One tap of the hammer and the clip is in place. The cable is laid in the clip, which is then tightened and closed with a pair of pliers. One size of clip takes various sizes of cable. The clips are supplied galvanised, or galvanised and lacquered to blend with the cable and background. There is also a plastic-coated clip which is extremely resistant to corrosion, specially made for installations where the cables are exposed to damp, acids, and salts. Apart from the Scandinavian countries, Britain is so far the biggest market for APK clips.

Novel Rubber Containers

Towable containers for transporting oil at sea have been developed by Trelleborgs Gummifabrik, Sweden's leading rubber product manufacturers. In collaboration with Swedish authorities the Company has also developed flat containers for road transport and stationary use for oils or other liquid chemical products. The towable containers usually hold 25 cu.m. (5,500 Imp. gals.), have a width of 2 m. and a length of 22 m. The walls consist of two layers of rubberised nylon fabric with a thickness of 3.6 mm. When filled, the container becomes cylindrical and floats in water with about two-thirds below the surface. The container can be towed by most types of ships, it is quickly filled and requires a minimum of quay space. When emptied, it can be rolled up and carried back to the loading place by sea, road or air. The flat container is also built of two layers of rubberised nylon fabric. The thickness of the fabric varies from 1.8 to 3.0 mm. according to the size of the container. Since it is difficult to equip the containers with proper baffle walls, the large units are built in the shape of several interconnected smaller ones. Containers of this type become pillow-shaped when filled and are manufactured in sizes up to 25 cu.m. Besides being used for vehicle-borne road transport, this type of flat container has also found application for temporary storage of oil at road building sites, for transformer repairs, etc. Certain corrosive liquids which attack other materials may be stored in containers of special rubber.

Net-making Machine

A net-making machine capable of knotting man-made fibres as well as natural fibre twines has been introduced by a British firm, Porlester Ltd., Leicester. Believed to be the only one of its kind in the world, the machine is described as being "a technical break-through of considerable significance." Until comparatively recently, fishing nets were made almost exclusively from hemp and other natural fibres, and manufacturers experienced difficulty in making nets from man-made fibres. The machine was designed specifically to overcome these problems, and by using the latest synthetic fibres nets can be stronger and lighter in weight. They can also be more durable and with a constant mesh size.

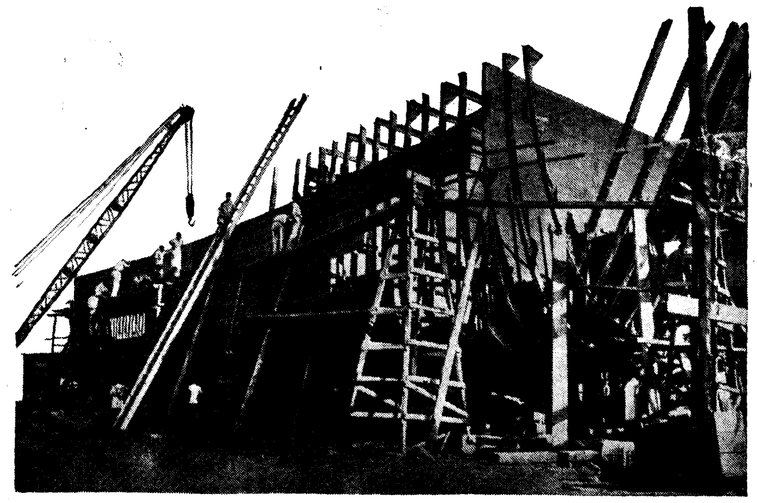
A Revolutionary Method of Food Preservation

A method of food preservation known as accelerated freeze drying extracts all the water from the food which can then be kept almost indefinitely in an airtight bag. The addition of water restores the food to its original condition, as fresh as the day it was preserved. A large proportion of all foodstuffs consists of water. For example, cabbage contains about 90 per cent and meat about 60 per cent. So, with this method of preservation, a 10 lb. joint will weigh 4 lb. and a 2 lb. cabbage only 3 oz. Storage is simple as no refrigeration is needed. The housewife can therefore buy for her future needs, probably choosing a time when prices are low, and can store the goods in an ordinary larder. In the forefront of this revolution in preservation techniques is a British firm Leybold Elliott Ltd., which offers a comprehensive range of freeze drying equipment.

Strengthening Steel

The strength of steel can be increased as much as 50 per cent by adding a very small amount of columbium, according to the U.S. National Steel Company which has patented the new process. One great advantage of the process, the Company believes, is that industrial concerns of many kinds will be able to make lighter weight products, and save on steel, manufacturing costs and shipping charges. Columbium, or niobium, is a metallic element (atomic number 41), which has been known for some 150 years but until the 1903's remained a laboratory curiosity. Now for the first time it is being used in large-scale steel production. Under the National Steel Company's method, columbium is added to steel of low carbon content from which the oxygen has been partly removed. It is said to increase the yield strength without losing what steel men call working properties—weldability, formability and toughness. The new steel has already been used in parts for automobiles, trucks and tractors, construction equipment, pressure vessels, propane cylinders, pipelines and loading devices for railroad cars.

Shipbuilding



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"PYRAMID"

THE NATURE OF INFLATION

A COMMONSENSE EXPLANATION AND A PRACTICAL CRITERION

By D. Krishnaswami Rao

IF the decade before the Second World War was one during which the capitalist world was beset by the problem of patent or latent depression, the sixteen years that have followed the close of the war have in most countries been an era of inflation, barely held on the leash by restrictive monetary and other policies. In the free world, the developed as well as the underdeveloped countries have experienced inflationary pressures, while the communist countries have had to use some of the most drastic weapons in their economic armoury to deal with the same eroding evil.

The experience of the world in this respect in the post-war period runs, therefore, contrary to the forecasts and expectations entertained by economists and statesmen of the probable course of economic activity after the end of hostilities. The view commonly held during the closing years of the war was that, after the war ended and its immediate aftermath of a year or two of reconstruction was over, the world would have to face again the problem of a chronic sagging of economic activity as in the pre-war years. It was this view of the post-war prospect that largely inspired the blue-prints of the full employment policies that the democracies got ready for implementation after the war. The much-feared post-war slump has, however, not materialised; on the other hand, notwithstanding three moderate recessions of economic activity since 1945, the problem, by and large, has everywhere been one of restraining the pace of inflation. In fact, one could, without over-simplification, describe the middle decades of the twentieth century as the Age of Inflation. An attempt to give a simple explanation of the nature and genesis of inflation may, therefore, be useful.

Cause of Inflation

Inflation occurs in a country because of an excess of aggregate demand for goods and services in relation to the production available to meet it; it is essentially the result of an imbalance between attempted consumption and the volume of goods and services available for the purpose. It means that the community as a whole is trying to live beyond its means, using the word "means" to refer not to money incomes which are swollen during inflation but to the "real" income of goods and services which does not grow correspondingly.

As the then Prime Minister of England said in August 1955 in a speech to his constituency on his country's economic troubles: "At home, we are trying to do too many things at once. This is better than trying to do too little, but it is straining our resources and raising our costs. . . . At the same time, we are consuming more goods at home than we have ever done before. . . . There is nothing to criticise in these aims, but all of them make demands on our resources, and they cannot all be met at once."

For it is in terms of the excess of demand and the mutual inconsistency of its components as against the available production of a country that the problem of inflation can most directly be explained.

It is common, of course, for Governments which have been unable to control inflation—which perhaps they had themselves let loose on the country by their own spendthrift policies—to blame it on world factors and to point to inflationary trends elsewhere in the world as having raised the cost of the country's imports, thereby generating the upward spiral of costs, prices and wages in the country. But it should be clear, on a little reflection, that a world inflationary trend is approximately a summation of various national trends in the same direction and that inflation as a world phenomenon cannot be long sustained, unless it were being continuously fed by forces operating within each national economy. The world trend could no doubt intensify an internal inflation, but it could not provide the original impulse that lifted incomes and prices upward into their gyration. That impulse comes from excess demand, that is, from excess attempted spending within a nation's economy.

If thus the villain of the piece is a volume of money expenditure that has grown at a faster pace than supplies, it becomes necessary to analyse the circumstances in which such a divergence may arise.

It is a commonplace of economic analysis that production (in the sense of all the economic activities that go into the making of the product and its distribution to the user) generates incomes equal in total to the value of the output; so that the possibility of the development of an imbalance between demand and resources is not inherent in the nature of economic activity. It is only when attempted spending outruns income that demand at current prices exceeds the supplies available at current prices and the inflationary impulse is imparted to the price level.

Let us give a simple illustration to bring out the point made above.

Let us suppose that the total value of the output of goods and services in a year in a country is Rs. 10,000 crores, this being the outlay incurred in producing it, and hence also the total of incomes that this level of productive activity gives rise to. Suppose that the Government of the country raises a sum of Rs. 1,000 crores as taxation, which it utilises for the maintenance of general administration, justice, defence, etc.—that is, of services which give rise to incomes but do not provide goods or services for sale. Let us suppose further that 1,000 crores of rupees are being saved out of private incomes and made available for investment by private industry in the installation of new capital equipment—a process which again generates incomes but does not immediately increase the output of consumers' goods. We further assume that no change is made in the volume of output available for purchase by foreign trade, that is, by an import surplus or an export surplus.

We have in this highly simplified case a position of stability: output worth Rs. 10,000 crores is absorbed by Government expenditure of Rs. 1,000 crores, plus private investment of Rs. 1,000 crores, and ordinary consumption expenditure of Rs. 8,000 crores. The supply of each individual commodity or service may not exactly equal the demand for it but supplies in the aggregate are likely to equal demand in the aggregate at current prices.

Government, the Source

We can now explain the circumstances in which the total of monetary expenditure can outrun the total of available goods and services.

One circumstance in which this can happen is if the Government of the country of our illustration were to increase its expenditure from Rs. 1,000 crores a year to, say, Rs. 1,500 crores a year without inducing a corresponding reduction in private expenditure either through increased taxation of Rs. 500 crores or through governmental borrowing of Rs. 500 crores from increased private savings. Total expenditure, governmental and private, would now be Rs. 10,500 crores as against an output of Rs. 10,000 crores (valued at the prices ruling before the increased Government expenditure was undertaken). The result, if supplies cannot be stepped up from increased production or from a net increase of imports, will be an upward pull on the price level.

As a matter of fact, most inflations, past as well as present, have been the result of increased governmental expenditure that has not been financed either by increased taxation or by increased borrowing from the public. The spendthrift monarchs of old used to finance their extravagance by debasing the currency which at that time used to consist chiefly of full-weight coins of precious metals. Their later-day successors, generally Cabinets of demagogic politicians, used to have increasing recourse to the printing press, paper currency being then the chief form of money, to meet a mounting load of Government expenditure which they dare not impose on the shoulders of the electorate in the form of higher taxation and could not coax out of them in the form of loans.

At the present time, of course, most Governments have a greater sense of responsibility for their actions, but governmental expenditure has in practically every country of the world remained at levels unprecedented in times of peace. The causes of this state of affairs cannot be generalised about, there being circumstances peculiar to each country but one factor of almost universal incidence has been the burden of defence expenditure. In the richer countries of the world, expenditure on defence runs to astronomical figures, because they have to provide not only for the defence of their own territories but also of their allies; while even in some of the underdeveloped countries of the world expenditure on the maintenance and equipment of the armed forces consumes a disproportionately large share of their limited resources.

Another factor, of considerable importance in some of the developed countries, particularly those of Western Europe, is State expenditure on the maintenance of social security and welfare services such as free medical aid and education, old-age pensions, subsidised housing, etc. Expenditure on welfare has been as much a 'must' as expenditure on military defence, because welfare is the social strategy of democracy without which the military strategy of defence would be of little avail. Even the developing countries have had to pay attention to the provision of welfare services to tone down the economic inequalities with which their people are afflicted in greater measure than the people of the richer countries.

A Factor of Importance

Add to all this a factor of special importance in the underdeveloped countries, namely, rapid economic development under Government auspices in order to lift their economies out of the level of poverty and thus forestall what has aptly been called "the revolution of increasing expectations" which is so common in the poorer countries of the world.

Be it defence, attainment of welfare goals or State-sponsored economic development, the net result is the same: Government makes a draft on the real resources of the community which it cannot pay for substantially out of taxation and borrowing from the savings of the people. Considerable resort is, therefore, had to what is called deficit financing, not through the crude old methods of debasing the coinage or speeding the currency printing press, but through the refined modern techniques of Government borrowing from the Central Bank of the country or from the commercial banks by the issue of Treasury Bills or short-term bonds to them. There comes about, therefore, an addition to total demand, which, since it cannot be matched by a sufficient increase in the output of goods and services, can only result in an inflationary rise in the price level.

In the case of *defence* expenditure, it is obvious that its contribution to the production of saleable goods and services is nil. Welfare services, on the other hand, do contribute to some extent to greater labour productivity, but the larger the expenditure on welfare the less, after a point, are the returns in the form of greater productivity. Development expenditure is in another category, because much of it is investment in the building up of the infra-structure of the economy—such as the expansion of electricity generation, irrigation, railway and port development, increase of capacity for steel, heavy chemicals, etc.—which adds to incomes forthwith but can only add to production after a fairly lengthy time-lag.

Consciously, therefore, and possibly in most cases with very little choice in the matter, but with a full sense of responsibility, the modern State, both in the developed and in the underdeveloped latitudes of the globe, does spend in a way that can only result in inflation.

Private Sector Too

A disequilibrium between the flow of monetary expenditure and the supply of goods and services could similarly arise, if, without an increase in saving increased private investment were attempted, financed by credit created by the banks. The increased investment added to an undiminished consumption demand would impose pressures on the country's real resources which cannot adequately meet them and, once again, the price level must rise under the strain.

Inflationary pressure can also build up in an economy if a section of the population, say the wage-earners, demand and obtain an increase in their incomes higher than is justified by their contribution to production. If other sections of the population do not make any reduction in their own standards of living, the increase in working-class incomes and expenditure results in inconsistency between aggregate demand and aggregate supply: the inflation thus induced is called *cost-push inflation*, but it is clear that the basic element in the situation is here again the rise in total monetary expenditure with output more or less constant.

Thus far we have spoken of inflationary pressure as though it always boils up to the surface in the form of rising prices. Inflation can, however, for a time be contained by governmental or voluntary price control. But the pressure of excess demand will then show itself in the form of queues in the case of essential consumer goods and backlogs of unfulfilled orders in the case of other goods. The inflation is, therefore, said to be suppressed or repressed and will become an open inflation (that is, with rising prices) the moment the restraint on prices is lifted.

Communist Economies Too are Not Free

Lest it be thought that the type of disequilibrium which produces inflation is an ailment that afflicts only economies that are largely or entirely free-enterprise systems wherein decisions to produce or consume are taken independently by a number of free agents and incomes and prices are left to determination by the free play of market forces, we should point out that inflation has been equally the problem of the communist economies in which production, incomes and prices are all centrally controlled and the major economic decisions are taken by the central planning authorities. It is so because these authoritarian economies have been no less subject to the conflicting pulls of Defence, Welfare and Development than are the democratic economies. Further, centralisation of economic decision-making cannot avoid the possibility of the emergence of excess demand, firstly because no central authority can decide in detail how much should be produced by each production unit and how every recipient of income should spend it; and secondly because central planning itself involves a compromise, not always comprehensive or consistent, between the output goals and factor input requirements of the various Ministries or Departments of the totalitarian State. Hence we find from time to time in the communist countries complaints of high prices, shortages and queues, phenomena which are symptomatic of inflation, whatever official price indices might aver, and however great the allocating and directing powers of the central planning authority.

Inflation can, therefore, be seen as occurring in any economy, planned or unplanned, developed or undeveloped, if the total volume of expenditure undertaken exceeds the current supply of goods and services. The existence of this imbalance is the commonsense explanation as well as the practical criterion of an inflationary situation. Hence the expressive popular description of inflation as too much money chasing too few goods.

If the imbalance is of the opposite type, with total attempted expenditure inadequate to absorb the supply of goods and services available at current prices, deflation will set in, with falling prices and declining economic activity.

Britain's National Economic Development Council (N.E.D.C.), at its meeting in London on the 9th inst. under the chairmanship of the Chancellor of the Exchequer, authorised the staff of the National Economic Development Office to examine the implications of stepping up the rate of growth of the British economy to an average of 4 per cent a year between 1961 and 1966 (nearly 22 per cent over the whole period). Sixteen industries are to be approached for factual information on the implications for them of a national growth at this rate. The work will fit in with long-range inquiries already proceeding in the public sector and in certain private industries in Britain. The National Economic Development Office will also examine the general economic implications of this rate of growth as a whole and will study obstacles that have restrained growth. The Director-General of the N.E.D.C. will make a first report on this work before the close of the year.

THIS IS AN ANNOUNCEMENT AND NOT A PROSPECTUS

Applications are invited on the basis of the prospectus copies whereof are available from the Company's Brokers, Bankers and Underwriters.

A copy of the prospectus together with the documents required to be attached thereto has been duly filed with the Registrar of Companies, Madhya Pradesh, for registration. Consent of the Central Government has been obtained to this issue. Industrial licence has been obtained from the Central Government for the establishment of this new industrial undertaking. It must be distinctly understood that in giving the consent to this issue and in granting licence, the Government of India do not take any responsibility for the financial soundness of this undertaking or this scheme or for the correctness of any of the statements made or opinion expressed with regard to them.

The Subscription Lists will open at the commencement of the Banking hours on 24th May, 1962 and will close at the close of the banking hours on 31st May, 1962 or earlier at the discretion of the Directors, but not before the close of banking hours on 26th May, 1962.

ORIENTAL POWER CABLES LIMITED

(INCORPORATED ON 25TH SEPTEMBER 1961 UNDER THE COMPANIES ACT, 1956)

AUTHORISED CAPITAL .. .. .. Rs. 2,00,00,000

Divided into—

(1)	1,00,000 Equity shares of Rs. 100 each	Rs.	1,00,00,000
(2)	50,000 9½% (free of Company's tax but subject to deduction of tax at source) Cumulative Redeemable Preference shares of Rs. 100 each	Rs.	50,00,000
(3)	50,000 Unclassified shares of Rs. 100 each ..	Rs.	50,00,000
		Rs.	2,00,00,000

ISSUED CAPITAL:

(1)	75,000 Equity shares of Rs. 100 each	Rs.	75,00,000
(2)	30,000 9½% (free of Company's tax but subject to deduction of tax at source) Cumulative Redeemable Preference shares of Rs. 100 each	Rs.	30,00,000
		Rs.	1,05,00,000

Out of the issued capital the Directors, promoters, their friends and associates have subscribed to 22,000 Equity shares of Rs. 100 each .. .. Rs. 22,00,000

and

3,000 9½% (free of Company's tax but subject to deduction of tax at source) Preference shares of Rs. 100 each .. Rs. 3,00,000

Rs.	25,00,000	

On the above capital subscribed to, the Company has received Rs. 12.50 nP per share as Application money.

NOW OFFERED FOR PUBLIC SUBSCRIPTION:

53,000 Equity shares of Rs. 100 each .. .. .. Rs. 53,00,000

and

27,000 9½% (free of Company's tax but subject to deduction of tax at source) Preference shares of Rs. 100 each .. .. Rs. 27,00,000

Rs.	**80,00,000**

PAYABLE AS FOLLOWS—

	Equity shares	Preference shares
(a) On application ..	..Rs. 12.50 per share	Rs. 12.50 per share
(b) On allotment ..	..Rs. 12.50 „ „	Rs. 12.50 „ „

The balance of Rs. 75 in such calls as the Directors may from time to time determine provided that no call shall exceed Rs. 25 per share and that there shall be an interval of at least three months between any two calls and between allotment and the first call. The calls on both classes of shares will be made equally and simultaneously.

UNDERWRITING

The entire Present Issue offered to the public for subscription is underwritten as follows:

Underwriters' names and addresses	*Equity shares*	*Preference shares*
	(Rs. in lacs)	
1. The Punjab National Bank Ltd.	16.50	..
2. Government of Rajasthan	5.00	10.00
3. The Investment Corporation of India Ltd., Bombay	10.00	4.00
4. Life Insurance Corporation of India, Bombay..	3.50	10.00
5. The Industrial Finance Corporation of India, New Delhi	5.00	3.00
6. M/s. Devkaran Nanjee & Co., Bombay ..	5.00	..
7. M/s. Associated Machine & Tool Co., Bombay.	3.00	..
8. M/s. P. R. Subramanyam, Bombay	2.50	..
9. M/s. Champaklal Jamnadas, Bombay	2.50	..
	53.00	27.00

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

BOARD OF DIRECTORS

1. SHRI KARAMSHI J. SOMAIYA, 74, Marine Drive, Bombay-1. Industrialist and Businessman.

   Director of—1. The Godavari Sugar Mills Limited. (*Chairman*). 2. Godavari Investment and Finance Corporation Limited. 3. Somaiya Organo-Chemicals Limited, etc.

2. SHRI M. HAYATH, 26th Flat, Kaka Court, Dinsha Wacha Road, Bombay-1. Retired Chairman—Central Water and Power Commission.

   Director of—1. Heavy Electricals India Limited, Bhopal. 2. The National Newsprint and Paper Mills Limited, Nepanagar.

3. SHRI N. DANDEKER, "Southlands", 177, Upper Colaba, Bombay-5. Chartered Accountant.

   Director of—1. The Punjab National Bank Limited, Delhi. 2. Uttar Pradesh Pulp and Paper Mills Limited, Delhi, etc.

4. SHRI NAVROZ B. VAKIL, c/o Little & Co., Central Bank Building, Mahatma Gandhi Road, Bombay-1. Attorney.

   Director of—1. Tata Mills Limited. 2. Premier Tyres Limited. 3. Kirloskar Cummins Limited. 4. Indian Detonators Ltd., etc.

5. SHRI AJAY CHIMANBHAI LALBHAI, "Rosery", Shahibag, Ahmedabad-4. Industrialist and Businessman.

   Director of—1. Asoka Mills Limited, Ahmedabad. 2. The Ameer Trading Corporation Limited, Bombay, 3. Tak Machinery Ltd., Bombay.

6. SHRI BIPINBHAI VADILAL MEHTA, "Bipin Nivas," Ellis Bridge, Ahmedabad. Industrialist and Businessman.

   Director of—1. Sayaji Mills Limited, Kathwada, Ahmedabad—(*Managing Director*). 2. Rohit Mills Limited, Ahmedabad. 3. Rajesh Textile Mills Limited, Ahmedabad. 4. C. Doctor & Co. Private Ltd., Bombay—(*Director-in-charge*) etc.

7. SHRI NAVALMAL K. FIRODIA, "Wardhaman", 243, Sion-Matunga Road, Bombay-22. Industrialist and Businessman.

   Director of—1. The Godavari Sugar Mills Ltd. 2. Bajaj Tempo Limited (*Managing Director*) 3. Kaycee Industries Limited, etc.

8. SHRI CHANDANSINHA S. BHARAKTIYA, 27, Yeshwant Niwas Road, Indore (M.P.) Industrialist and Businessman.

   Director of—1. Indore Malva United Mills Ltd. 2. India United Mills Limited. 3. The Godavari Sugar Mills Limited. 4. The Madhya Pradesh State Industries Corporation Limited, etc.

9. SHRI SHANTILAL K. SOMAIYA, 74, Marine Drive, Bombay-1. Industrialist and Businessman.

   Director of—1. The Godavari Sugar Mills Limited. 2. Godavari Investment and Finance Corporation Limited. 3. Somaiya Organo-Chemicals Ltd., etc.

REGISTERED OFFICE

27, YESHWANT NIWAS ROAD, INDORE (M.P.)

BOMBAY OFFICE

FAZALBHOY BUILDING, MAHATMA GANDHI ROAD, BOMBAY-1.

WORKS

CABLENAGAR, ALNIA, KOTA (RAJASTHAN.)

TECHNICAL COLLABORATORS

MESSRS. SUMITOMO ELECTRIC INDUSTRIES LIMITED, 60, Okijima, Minamino-Cho, Konohana-Ku, Osaka, Japan.

MANAGING AGENTS

MESSRS. SOMAIYA BHARAKTIYA PRIVATE LIMITED, 27, Yeshwant Niwas Road, Indore (M.P.)

BANKERS TO THE ISSUE

1. THE PUNJAB NATIONAL BANK LIMITED, Karimjee House, Sir P.M. Road, Bombay-1.
2. THE BANK OF INDIA LIMITED, Mahatma Gandhi Road, Bombay-1.
3. THE CENTRAL BANK OF INDIA LIMITED, Mahatma Gandhi Road, Bombay-1.
4. DEVKARAN NANJEE BANKING CO. LIMITED, Horniman Circle, Bombay-1.
5. THE UNITED COMMERCAL BANK LIMITED, Dadabhai Naoroji Road, Bombay 1.

BROKERS TO THE ISSUE

Bombay

M/s. A. B. PANDIT & CO., 32, Apollo Street, Bombay-1.

M/s. CHAMPAKLAL JAMNADAS, Stock Exchange New Building, Apollo Street, Bombay-1.

M/s. DEVKARAN NANJEE & CO., 17, Horniman Circle, Bombay-1.

M/s. K. RAMDUTT, 43, Stock Exchange Building, Apollo Street, Bombay-1.

M/s. RAMANBHAI LALBHAI SHETH, 5, Stock Exchange New Building, Apollo Street, Bombay-1.

M/s. BATLIVALA & KARANI, Union Bank Building, Dalal Street, Bombay-1.

M/s. CHIMANLAL J. DALAL & CO., 107, Stock Exchange Building, Apollo Street, Bombay-1.

M/s. DHIRAJLAL MAGANLAL PURSHOTAMDAS, Stock Exchange Old Building, Dalal Street, Bombay-1.

M/s. NARANDAS & SONS, Union Bank Building, Dalal Street, Bombay-1.

M/s. P. R. SUBRAMANYAM, 70-A, Stock Exchange Building, Apollo Street, Bombay-1.

Calcutta

M/s. G. M. PYNE, Allahabad Bank Building, 14, India Exchange Place, Calcutta-1.

MESSRS. PLACE, SIDDONS & GOUGH (PRIVATE) LIMITED, 6, Lyons Range, Calcutta-1.

Madras

M/s. CHITRA & CO., 322-323, Linghichetty Street, Bombay Mutual Annexe, Madras-1.

M/s. SOMAYAJULU & CO., 337, Thambuchetty Street, Madras-1.

M/s. KOTHARI & SONS, Oriental Building, Armenian Street, Madras-1.

M/s. MACONOCHIE & CO., Mercantile Bank Buildings, Madras-1.

New Delhi

M/s. DESH BANDHU GUPTA & CO., 45, Stock Exchange Building, Asaf Ali Road, New Delhi.

M/s. RAJ PAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi.

Ahmedabad

M/s. CHINUBHAI CHIMANLAL DALAL, Fatehbhai's Haveli, Ratanpole, Ahmedabad.

M/s. NARENDRABHAI LALBHAI SHETH, Manekchowk, Ahmedabad.

Bangalore

M/s. LOKKUR & CO., Kempegowda Road, Bangalore-1.

M/s. M. NANJAPPIAH JAHGIRDAR, 181, Cavalry Road, Bangalore-1.

OBJECTS OF THE COMPANY

The Company was incorporated on the 25th September, 1961, with the objects mentioned in the Memorandum of Association of this Company. The main objects, *inter alia*, are:

To carry on the business of manufacturing, trading and/or dealing in wires, cables, lines of all kinds, conductors, mains, pipes, flexible cords, polyvinyl chloride, paper or any other insulation and/or covering materials and also of importing and/or exporting the same or any one or more of the aforesaid articles, and to do all acts and things pertaining to, incidental to or associated with the same and in particular to manufacture by any convenient, economical or otherwise acceptable manufacturing process, plant and/or technique, paper insulated cables and plastic coated VIR wires in various insulations of all categories and descriptions and various thickness of common use in commerce, trade and industry and to import, export and deal in every article pertaining to the cable industry or any other industry and in particular to put up a plant for the manufacture of Power cables of every type, description and category.

PROSPECTS

The Company has been formed with the object of manufacturing and selling of electric cables, wires and other electrical goods. The technical collaboration agreement entered into with the Company's Japanese Collaborators covers Paper Insulated Power cables used at any voltage up to thirty-three (33) KV and PVC insulated power cables used at any voltage up to three point three (3.3) KV. The licensed capacity of the Company at present is 600 miles of Paper Insulated Power Cables per year.

Consumption of electric power is one of the important economic criteria for determining economic growth and progress of any nation. Our planners and the Government have, therefore, during successive Plan periods laid great stress on increasing the power generation in India.

The Government's plan is to raise the installed generating capacity from 5.7 million K.W. at the end of the Second Plan to 13.4 million K.W. at the end of the Third Plan period. Even then, the estimated *per capita* generation of electricity in India in 1966 of 95 KWH. will be very low in comparison with the *per capita* generation (in 1958) in advanced countries like the U.S.A. with 4,155 KWH, the U.K. with 1,906 KWH, West Germany with 1,807 KWH and Japan with 875 KWH.

It will thus be seen that the scope for expansion in the consumption of electricity is almost unlimited. The demand for cables, the lifelines through which all the power generation must be transmitted, should therefore increase enormously. The Company proposes to manufacture cables for transmission of power at high tensions. These cables are in very short supply at present in the country and consume much needed foreign exchange.

TECHNICAL COLLABORATION

The Company has concluded an agreement for technical assistance with M/s. Sumitomo Electric Industries Limited, Japan. The collaborators are specialists in this line and one of the leading cable producers in the world. They are one of the 29 associate concerns belonging to the Sumitomo group, which has capital investments of Rs. 162 crores, turnover of approximately Rs. 3,000 crores and employs over 1,50,000 people.

The technical collaboration agreement has been approved by the Government of India and will remain in force for a period of five years. The Company has an option to extend the terms of the Agreement for a further period of five years.

Under the Agreement M/s. Sumitomo Electric Industries Limited, Japan, have agreed to render all technical assistance in consideration of the payment of a Royalty, free of taxes, of ¾ per cent of the invoice value of the products payable for a period of five years from the date of agreement.

In the opinion of the Directors the foreign collaborators have offered very favourable terms.

The Collaboration Agreement with M/s. Sumitomo Electric Industries Limited should prove very beneficial to the Company and the united efforts of this Company and the collaborators should make for the setting up of a Power Cable factory that can turn out products of the finest quality.

LOCATION

The plant is proposed to be located at Kota in the State of Rajasthan. The site offers excellent facilities of a broad-gauge railway junction and availability of power and water facilities. Sufficient land is available to provide for present needs and for future expansion.

The Government of Rajasthan has promised all necessary assistance in respect of all aspects of the project.

GENERAL ADVANTAGES

The following series of factors will in the opinion of the Directors contribute to the scope, efficiency and profitability of the scheme outlined in this prospectus:

1. The very wide gap between available resources of paper insulated power cables and the total capacity envisaged in the Third Five-year Plan. This factor alone would give a very reasonable guarantee of immediate utilisation of production.
2. Under the Collaboration Agreement the foreign collaborators will make available to the Company the best techniques of manufacture, on terms that are in the opinion of the Directors very favourable, for the production of cables of the finest quality and efficiency.
3. The promoters of this project are pioneers in various industrial and technical fields including the sugar industry, chemical industry, the textile industry, the automotive industry, the electrical equipment and instrument industry, etc. The industries which they have promoted have so far produced very encouraging results and lucrative return to the public which has invested therein. The Directors hope that the project contemplated in this announcement will also yield favourable results to the shareholders in particular and to the industry and economy of the country in general.

IMPORT OF MACHINERY AND EQUIPMENT AND FOREIGN EXCHANGE

The Government of India have agreed to the import of plant and machinery under the Third Plan Yen Credit from Japan to India and to the financing of the foreign exchange requirements for the import against the Yen credit.

An application for import licence has been made and is expected to be received shortly.

START OF PRODUCTION

Production in the normal course is expected to commence by December, 1963. The Directors hope that barring unforeseen factors they will be in a position to pay a reasonable dividend on the Equity capital.

CAPITAL REQUIREMENTS

The total capital requirements of the project estimated by the Directors and our Technical Collaborators are a sum of Rs. 250 lacs, which will be financed by the capital issue of Rs. 105 lacs and a medium-term loan of Rs. 85 lacs from the Industrial Finance Corporation of India and the balance of Rs. 60 lacs by loans and/or overdrafts from the Bankers and/or Managing Agents.

The Industrial Finance Corporation of India has already sanctioned a medium-term loan of Rs. 85 lacs on terms which are considered by the Directors as favourable.

MINIMUM SUBSCRIPTION

The minimum subscription out of the present issue on which the Directors will proceed to allotment is shares of the value of Rs. 80 lacs.

INSPECTION OF DOCUMENTS

Copies of prospectus and necessary documents mentioned therein are open for inspection at the Registered Office of the Company during office hours.

APPLICATION FOR SHARES

Application forms duly completed should be lodged together with the amount payable on application before the closing date of the subscription list with the Bankers to the issue or with any of their branches in India.

PROSPECTUS AND APPLICATION FORMS

Copies of the prospectus and application forms may be obtained from the Registered Office or Bombay Office of the Company and from the Bankers, Underwriters and Brokers whose names are mentioned above.

THE HINDUSTAN COMMERCIAL BANK LIMITED

18TH ANNUAL REPORT 1961

DIRECTORS' REPORT TO THE SHAREHOLDERS

GENTLEMEN,

The Directors beg to submit the audited Balance Sheet as at, and Profit and Loss Account for the year ended, 31st December, 1961.

The Net Profit for the year, after providing for all working expenses, depreciation, etc., on furniture, motor cars, etc., and making payment of gratuity to the retiring staff, resulted in a profit of			Rs. 14,04,657.95
to which is to be added a sum of being the amount brought forward from the last year			Rs. 2,211.99
making the total amount available			Rs. 14,06,869.94
out of which has been utilised for making provision or writing off bad debts	(i) Rs.	12,77,957.17	
	(ii) Rs.	26,000.00	
has been utilised for writing off the book value of 200 shares of Northern India Oil Industries Ltd., held in the Bank's Investment portfolio, and	(iii) Rs.	89,650.89	Rs. 13,93,608.06
towards payment of taxes and the balance of is proposed to be carried forward to the next year's account.			Rs. 13,261.88

2. The business of your Bank during the year under report showed satisfactory progress. Both gross and net earnings showed considerable increase. The Directors are also glad to report that your bank has since been up-graded from class C-2 to class B under the All India Industrial Tribunal (Bank Disputes) Award and the Directors expect further improvement in the working of the Bank.

3. According to Article 107 of the Articles of Association of the Bank, two directors, viz., (i) Lala Kishan Narain and (ii) Lala Pannalal Beriwal, retire by rotation from the Board and being eligible, offer themselves for re-appointment.

4. You are requested to appoint Auditors for the current year and to fix their remuneration.

5. The Directors express their gratitude to the Bank's constituents and shareholders for their continued confidence and support.

For and on behalf of the Board of Directors,

PADAMPAT,
Chairman.

KANPUR, 31*st March*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961

Previous Year Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
5,00,00,000	AUTHORISED CAPITAL— 5,00,000 Ordinary Shares of Rs. 100 each ..		5,00,00,000.00
2,50,00,000	ISSUED AND SUBSCRIBED CAPITAL— 2,50,000 Ordinary Shares of Rs. 100 each ..		2,50,00,000.00
1,25,00,000	AMOUNT CALLED AND PAID-UP— Rs. 50 per share on 2,50,000 Ordinary Shares of Rs. 100 each		1,25,00,000.00
	2. Reserve Fund and Other Reserves—		
9,00,000	(i) Reserve—Contingency	9,00,000.00	
1,00,000	(ii) Reserve Statutory (under Section 17 of the Banking Companies Act)	1,00,000.00	
			10,00,000.00
	3. Deposits and Other Accounts—		
	(i) Fixed Deposits, Short Term Deposits, Three Years' Cash Certificates and Security Deposits including Employees' Security Deposits (held by the Bank itself)		
3,02,57,664		3,00,06,467.77	
1,38,57,099	(ii) Savings Bank Deposits	1,43,94,034.34	
2,58,72,137	(iii) Current Accounts, Call Deposits, Contingency (unadjusted) and other Accounts	2,48,49,520.69	
			6,92,50,022.80
	4. Borrowings from Other Banking Companies, Agents, etc.—		
	In India (secured by part of investments as per contra)		
76,25,000		56,65,000.00	
Nil	Outside India	Nil	
			56,65,000.00
6,77,270	**5. Bills Payable**		9,14,259.82
	6. Bills for Collection Being Bills Receivable as per contra—		
95,03,872	(i) Payable in India	1,03,58,601.99	
3,24,533	(ii) Payable outside India	4,50,170.21	
			1,08,08,772.20
	7. Other Liabilities—		
6,150	(i) Unclaimed Dividends	6,150.38	
14,256	(ii) Rebate on Bills Discounted	8,656.90	
16,50,116	(iii) Branch Adjustments	19,08,303.45	
			19,23,089.83
31,48,355	**8. Acceptances, Endorsements and Other Obligations** as per contra		47,39,831.05
	9. Profit and Loss Account—		
12,236	Balance as per Balance Sheet as at 31st December, 1960	2,211.99	
4,48,382	ADD—Profit as per Statement annexed	13,78,657.95	
4,60,618		13,80,869.94	
	LESS— Rs. (i) Amount utilised for writing off Bad Debts and Doubtful Debts	Rs. nP	
4,50,322	Suspense Account ..	12,77,957.17	
8,084	(ii) Amount utilised for Taxes, etc.	89,650.89	
4,58,406		13,67,608.06	
2,212			13,261.88
	10. Contingent Liabilities—	Rs. nP	
(5,125)	(a) On partly paid shares of Joint Stock Companies	3,750.00	
(4,74,513)	(b) Claims against the Banking Company not acknowledged as debts ..	3,96,364.98	
Nil	(c) Liabilities on Bills of Exchange rediscounted	Nil	
Nil	(d) Liability on account of outstanding Forward Exchange Contracts ..	Nil	
	(e) Money for which the Banking Company is contingently liable for indemnity on behalf of constituents and Directors	Nil	
(5,175)	(f) Guarantee on behalf of constituents	Nil	
Nil			

NOTES :—

(1) No account has been taken of the present liability in respect of future payments of gratuity to staff and various claims made by employees not acknowledged as debts and under dispute.

(2) The figures of Bank's branches in Pakistan have been incorporated in the Balance Sheet and the Profit and Loss Account at par.

(3) The classification of loans and advances does not take into account the Displaced Persons (Debts Adjustment) Act, which may have an effect on the same.

(4) The liability of the Bank in respect of taxes payable for the year 1948 and onwards in Pakistan and in respect of years from 1956 to 1960 in India has not been assessed.

(5) No provision has been made for depreciation on landed property as the estimated present values of such property, according to the management, are higher than their book value.

(6) The Balance Sheet has been prepared in conformity with Form "A" of the Third Schedule to the Banking Companies Act, 1949.

10,59,38,664	Carried forward .. Rs.		10,68,14,237.58

Previous Year Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
83,32,208	In hand and with the Reserve Bank and State Bank of India		71,83,001.54
	2. Balances with Other Banks on Current Accounts—		
4,00,974	(i) In India		
25,342	(ii) Outside India		
		2,36,987.67	
		5,922.57	
			2,42,910.24
Nil	**3. Money at Call and Short Notice**		Nil
	4. Investments (At Book Value)—		
2,59,38,885	(i) Securities of the Central and State Governments and Shares of Industrial Finance Corporation of India and U.P. Financial Corporation and Port Trust Debentures .. (Face value Rs. 2,36,14,346.70 estimated market value Rs. 2,24,46,314.15). Government Paper of the face value of Rs. 2,70,000.00 lodged as security against guarantees of Rs. 1,80,158.18 given on behalf of the constituents of the Bank (guarantees fully covered by Bank's own fixed deposits).	2,30,03,592.11	
	(ii) Shares of Joint Stock Companies— Rs. nP		
	(a) Preference Shares (Fully Paid-up) 30,83,606.87		
	(b) Ordinary Shares (Fully Paid-up) .. 4,89,049.64		
	(c) Ordinary Shares (Partly Paid-up) 12,075.00		
43,98,450	Estimated market value—Rs. 26,82,484.95.	35,84,731.51	
3,50,000	(iii) Debentures of Joint Stock Companies .. Estimated market value—Rs. 2,45,000.00.	3,00,000.00	
1,24,375	(iv) Other Investments— Pakistan Government Securities held in Pakistan. Face value Rs. 1,25,000.00 .. (Estimated market value Rs. 1,23,825.00)	1,24,375.00	
Nil	(v) Gold	Nil	
			2,70,12,698.62
	NOTE :—Market value as at 31st December 1961 has been estimated by applying market rates where available, and taking book value where market rate is not available. Except in the case of one company whose market rate has been taken as nil against its book value of Rs. 60,000.		
	5. Advances—		
	(Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors)		
	(I) Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
3,73,42,345	(i) In India .. 3,94,28,662.68		
16,52,364	(ii) Outside India .. 16,62,939.79		
		4,10,91,602.47	
	(II) Bill Discounted and Purchased (excluding Treasury Bills of the Central and State Government)—		
	(i) Payable in India .. 1,02,68,925.46		
90,65,251	(ii) Payable outside India. Nil		
Nil	(Particulars of Advances as per separate Schedule attached)	1,02,68,925.46	
			5,13,60,527.93
	6. Bills Receivable Being Bills for Collection as per contra—		
95,03,872	(i) Payable in India	1,03,58,601.99	
3,24,533	(ii) Payable outside India	4,50,170.21	
			1,08,08,772.20
31,48,355	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** as per contra		47,39,831.05
	8. Land and Buildings—		
19,43,863	Balance as on 1st January 1961 (at cost) ..		
13,650	Additions during the year		
		19,57,513.42	
		9,098.80	
	(Estimated present value of Calcutta Property as per certificate dated 11th February 1956 of a valuer and Assessing Expert of Calcutta Rs. 19,99,101.25 against book value Rs. 13,99,788.95)		19,66,612.22
	9. Furniture, Fixture and Equipment, etc.—		
	Book Value as on 1st January 1961 ..		
	ADD—Additions less Sales and amounts written off during the year	11,22,312.82	
		25,987.12	
3,77,540	LESS—Amount written off todate for depreciation ..	11,48,299.94 / 7,74,595.26	
			3,73,604.68
	10. Other Assets (including Silver)—		
Nil	(i) Value of fully paid Preference Shares of a company since gone in liquidation ..		
3,72,315	(ii) Interest accrued on Investments and Outstanding Dividends, etc.		2,00,000.00
4,396	(iii) Deposits with Electric Supply Companies and Government Departments		3,40,281.48
9,162	(iv) Telephone Suspense		
	(v) Prepaid Expenses, Advance Payments, Rent		4,520.70
1,40,687	and other amounts recoverable		7,517.50
	(vi) Income-tax deducted at source on Interest on Government Securities and Dividends in respect		1,33,465.82
17,14,968	of Shares of Joint Stock Companies ..		
1,66,304	(vii) Stamps, Stationery and Library at cost ..		18,19,427.43
Nil	(viii) Silver		1,59,825.87
			Nil
10,53,49,839	Carried forward .. Rs.	26,59,048.80	10,36,87,958.48

THE HINDUSTAN COMMERCIAL BANK LIMITED—*(Contd.)*

BALANCE SHEET AS AT 31st DECEMBER, 1961

Previous year Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
10,59,38,664	Brought forward .. Rs.		10,68,14,237.58
	Total .. Rs.		10,68,14,237.58

Previous year Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
10,53,49,839	Brought forward .. Rs.		26,59,048.80 10,36,87,958.48
42,056	(ix) Motor Cars— Rs. nP Cost as on 1st January, 1961 .. 76,066.37 Additions during the year .. 12,650.47 88,716.84 LESS—Depreciation written off upto date and adjustments .. 43,732.84		44,984.00
2,20,126	(x) Land for premises and non-banking assets comprising property not acquired in satisfaction of any claim (Estimated present value of Lucknow Property as per certificate dated 27th March 1956 of a Civil Engineer of Kanpur Rs. 5,00,000 against book value Rs. 2,06,621.69)		2,20,125.56
3,13,793	(xi) Taxes imposed but not adjusted as not admitted as debt and kept in suspense pending the disposal of appeals filed and amounts refundable by Income-tax Department		1,79,770.74
			31,03,929.10
12,850	**11. Non-Banking Assets Acquired in Satisfaction of Claims** (At Book Value)		22,350.00
Nil	**12. Profit and Loss**		Nil
	Total .. Rs.		10,68,14,237.58

Schedule of Particulars of Advances required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1961

Previous year Rs.	PARTICULARS OF ADVANCES	Rs. nP	Rs. nP
3,46,59,013	(i) Debts considered good in respect of which the Banking Company is fully secured	3,92,86,702.16	
48,09,320	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security .. .. .. *Note* :—It includes a sum of Rs. 10,73,826.09 regarding advances, etc., of West Punjab Branches in respect of which the Auditors are unable to express any opinion as the detailed statements and/or other information had not been received from the branch concerned.	33,79,104.54	
57,94,626	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	60,27,276.15 20,72,445.08	
22,02,000	(iv) (*a*) Debts considered doubtful or bad not provided for .. .. (*b*) Debts in Pakistan in respect of which claims lodged but not yet admitted by Pakistan Government and not provided for	5,95,000.00	
5,95,000	Total .. Rs.	5,13,60,527.93	
4,80,59,959			

Previous year Rs.	PARTICULARS OF ADVANCES	Rs. nP	Rs. nP
7,817	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons ..		Nil
64,10,261	(vi) Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members		62,55,937.67
19,175	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons		27,284.00
	(viii) Maximum total amount of advances, including temporary advances, granted during the year to the Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members		89,61,043.00
65,77,122			
Nil	(ix) Due from Banking Companies		6,170.00

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1961

Previous year Rs.	EXPENDITURE	Rs. nP	Rs. nP
17,16,094	1. Interest paid on Deposits, Borrowings, etc. ..		17,77,294.33
	2. Salaries, Allowances and Gratuity (including Rs. 37,232.26 being Salary and Allowances paid to General Manager and Acting General Manager)	18,23,115.62	
17,72,703	Contributions to Provident Fund	70,231.20	
			18,99,346.82
6,000	3. Directors' Fees	6,900.00	
480	Directors' Committee Members' Fees	300.00	
			7,200.00
1,19,571	4. Rent, Taxes, Insurance, Lighting, etc.		1,11,788.45
58,577	5. Law Charges		37,386.75
1,05,470	6. Postage, Telegrams, Telephones and Stamps ..		1,12,705.36
	7. Auditors' Fees (including Rs. 6,000.00 for Branch Audit) Fees and Expenses to Statutory Auditors) ..		14,000.00
7,000			
	8. Depreciation on Furniture, etc., and Loss on Sale and Amounts written off	39,726.84	
35,778	Repairs and Other Charges on Banking Company's Property	1,05,378.98	
95,273			1,45,105.82
			1,12,322.85
97,997	9. Stationery, Printing, Advertisements, etc. ..		
	10. Loss from Sale of or Dealing with Non-Banking Assets		Nil
Nil			Nil
Nil	11. Net Loss on Sale of Investments		26,000.00
2,27,770	12. Investments written off		1,55,939.57
Nil	13. Other Expenditure		
1,49,941	14. Balance being Net Profit (subject to Taxation) carried to Balance Sheet		13,78,657.95
4,48,382	Total .. Rs.		57,77,627.90
48,40,646			

Previous year Rs.	INCOME	Rs. nP	Rs. nP
32,22,104	1. Interest and Discount		38,90,930.51
9,56,796	2. Commission, Exchange and Brokerage		10,49,152.15
2,80,154	3. Rent on Bank's Premises (excluding Rent on Premises used by the Bank)		2,96,018.38
Nil	4. Net Profit on Sale of Investments, Gold, Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)		86,744.03
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account) ..		Nil
Nil	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets		Nil
	7. Other Receipts—		
1,86,657	(i) Dividends, Share Transfer and Sub-division Fees		2,28,881.54
1,72,723	(ii) Miscellaneous Income		2,20,988.57
22,213	(iii) Bad Debts realised		4,912.72
			4,54,782.83
48,40,646	Total .. Rs.		57,77,627.90

Notes :— (i) The General Manager, the Deputy General Manager and Inspector of Branches are allowed the use of Bank's Motor Cars free of cost.

(ii) The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Companies Act, 1949.

Under reference to our report of even date.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the Balance Sheet of the Hindustan Commercial Bank Limited as at 31st December, 1961, and also the relevant Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the audited returns from seven branches audited by us and unaudited returns from other thirty-one branches in India and Pakistan (not visited by us for the purpose of this report) certified by the respective branch managers and amended at the Head Office based on the records of various other branches in Pakistan which were evacuated in the year 1947.

In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the Office and accounts prepared at the Head Office.

proviso to sub-section (1) and (2) of Section 211 and sub-section (5) of Section 211 and Section 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The accounts are, therefore, drawn up in conformity with Forms A and B of the Third Schedule of the Banking Companies Act, 1949.

The Central Government have, by an order No. I(18)-CLVI/61 dated 15th December, 1961, exempted thirty-one branches of the Bank from being audited in accordance with the provisions of Section 228 of the Companies Act, 1956, in respect of the year ended 31st December, 1961.

We report that—

(*a*) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

(*b*) the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(*c*) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from all the branches of the Bank;

(*d*) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns duly amended at the Head Office;

(*e*) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with the notes appearing therein give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at the 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

P. L. TANDON & CO.,
Chartered Accountants.

KANPUR, 31*st March*, 1962.

SWINDER SINGH SETHI, *Internal Auditor.*
R. M. RELLAN, *Secretary.*
PADAMPAT, *Chairman.*
S. N. AHUJA, *Inspector of Branches.*
U. S. MEHROUTRA, *Actg. General Manager.*
KISHAN NARAIN, SHANTI NARAYAN, PANNA LAL, } *Directors.*

It pays to advertise in
Commerce

THE PUNJAB NATIONAL BANK LIMITED

CHAIRMAN, MR. R. N. GOENKA'S SPEECH

BANKS MUST GATHER MORE DEPOSITS AND REGULATE COST OF SERVICE

THE various problems confronting banks were reviewed against the general background of India's economy by Mr. R. N. Goenka, Chairman of the Punjab National Bank Limited, in the course of his speech at the One Hundred and Fifteenth Annual General Meeting of the Bank held at New Delhi on Thursday, 17th May 1962. Mr. Goenka called upon the banks to tackle successfully two important problems if only to be able to play their proper role in the next stage of economic development. In the first place, the banks should raise deposits to a level which would be commensurate with the demand for advances from industry and trade. Secondly, they should regulate the cost of banking service with a view to making profits sufficient to build up their own strength and soundness. Mr. Goenka said that, for securing the required growth of deposits, the combined and concerted efforts of all scheduled banks and the Reserve Bank would be needed. The problem was, he added, to increase the deposits not of this bank or that but of the banking system as a whole.

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

"GENTLEMEN,

"I have great pleasure in welcoming you to this 115th annual general meeting of the Bank.

"The report of the Directors for the year ended 31st December 1961, along with the audited balance-sheet of the Bank as at that date and profit and loss account for the year, have been with you for some time.

"You will have observed from the report that your Bank made all-round progress during the year 1961. After making a provision for contingencies and taxation and after providing Rs. 12.28 lakhs to the employees gratuity trust fund, your Bank earned a profit of Rs. 122.63 lakhs during the year 1961, including Rs. 4.23 lakhs brought forward. A sum of Rs. 12.50 lakhs has already been utilised for payment of *ad-interim* dividend of Re. 1 per share, subject to tax, leaving a balance of Rs. 110.13 lakhs for appropriation. Your Directors are fully conscious of the need for strengthening the capital base and have, therefore, besides issuing fresh capital worth Rs. 75 lakhs during the year, stepped up the transfer to reserve fund from Rs. 11 lakhs in 1960 to Rs. 45 lakhs in 1961. A sum of Rs. 37.50 lakhs has been provided for bonus to staff, as against Rs. 27 lakhs last year and Rs. 1 lakh has been provided for charity, leaving a balance of Rs. 26.63 lakhs. The Directors have recommended a final dividend of Re. 1 per share, subject to tax, on old shares as well as *pro rata* dividend on new shares issued during the year, making a total of 20 per cent, subject to tax, which is the same as last year. The balance of Rs. 10.39 lakhs has been carried forward to the next year's account.

General Prosperity

"With the increase in industrial and agricultural production and in business activity and the consequent increase in the business handled by banks, the profits of the banking industry during the year 1961 have shown a general improvement. Your Bank has shared in full in this general prosperity of the industry. It is to this general prosperity that your Bank owes its all-round progress in recent years. By the same token, its progress in the years ahead will depend on the continuance of these progressive trends in the national economy and the ability of the Bank to contribute to such progress and to strengthen its position in the process and for that purpose.

"In this view, and not in mere conformity to convention, I should like to make a few remarks on the background of general economic conditions at present and in what remains of the third Plan period. Let me stress the brighter aspects at the start; the increase in agricultural and industrial production and in national income, despite the fall in the rate of growth, the comparative stability of the price level, in spite of the increase in investment and money supply, and the comfortable food position with a reserve stock of about three million tons of foodgrains and bright prospects for the new crop. The lower rate of growth of industrial production during 1961 at 7 to 8 per cent as compared with about 12 per cent during 1960 need cause no great concern, if it held no threats for the future. But in point of fact, the fall in the growth rate is not a passing phase. It is the result of the shortages of certain raw materials caused by the persistent scarcity of foreign exchange and of certain bottlenecks like the shortages of coal, power and transportation, which call for special and strenuous efforts for their removal.

Export Promotion

"The shortage of foreign exchange really springs from the inability to earn foreign exchange by effecting exports on the requisite scale. An improvement in the balance of payments which results merely from a cut in imports, far from solving our problems, will only aggravate our difficulties. Satisfaction with the results of last year must, therefore, be extremely limited. Nothing will avail as a pretext for slackening the effort to increase the exports of some of our important traditional items such as cotton and jute manufactures, tea, raw cotton and vegetable oils or to gain new markets for the products of our engineering industry. A great deal of export promotion effort will be necessary in the coming years, if we are to attain the target of exports of Rs. 850 crores set for the end of the third Plan. Furthermore, in view of the decision of the United Kingdom to negotiate for the membership of the European Common Market and the possibility of our losing the preferences we have enjoyed so long, the preservation of our capacity to compete in the export markets is of paramount importance.

"Trade is even more important to us than aid. We must seriously investigate the cost structure in our industries so as to ensure a larger flow of exports. It would be not a mere handicap but a humiliation, if exports are found insufficient even for maintenance imports at a time when major capital needs are met by foreign aid. The recommendations of the Ramaswami Mudaliar Committee for giving various incentives to industry and creating a climate for more realistic import-export policy must be taken up for careful implementation.

Transport and Power

"As regards the bottlenecks of transport and power, though we can point to a specific few causes of restricted scope by way of accounting for them, it would be useful to admit that they arise from the lopsided nature of our planned development and certain radical defects in our planning. It should not be forgotten that shortages of power and transport are interlinked—the delays in the transport of coal lead to shortages of power. It is obvious that the railways need a more rapid and thorough overhauling. The investment on railways during the second Plan was mainly intended to provide for the increased demand on the railways in the matter of carrying coal and raw materials for the steel industry. Physical targets for the second Plan in respect of railways have not been fulfilled even to two-thirds of the original targets, and now we are in the second year of the third Plan. In a planning regime, shortfalls in one sphere do not stop there, but lead to a chain of shortfalls in others. There is room for a very high power enquiry in regard to the transport bottleneck in a spirit of mutual helpfulness instead of mutual fault-finding.

"The problems that have to be solved to ensure the smooth and successful working of the third Plan are indeed of an intricate kind. All the resources of foresight, patience, practical sense and devotion to the high aims of planning which the nation can command will have to be brought into play. It may be that only some of them would be solved, while others only partially or not at all. Whatever that may be, we may be sure that the economic development of the country and industrial development in particular will make much larger demands on the banking system and the responsibility of the banks will be increased, not reduced, by the imperfections and uncertainties of the developments of the next few years. To be able to play their proper role in the next stage of economic development in the country, the joint-stock banks in India will have to tackle successfully the problems which are their direct concern, though they may affect the country as a whole. They have, in the first place, to raise deposits to a level which will be commensurate with the demand for advances from industry and trade. Secondly, they have to regulate the cost of banking service, with a view to making profits sufficient to build up their own strength and soundness. These are not problems which can be dealt with by the joint-stock banks by themselves, not to speak of any one bank acting on its own. The weaknesses spring from variety of circumstances, all of which must be attended to if the desired improvement is to be achieved.

Deposits

"For the present, it is a matter of some satisfaction that the downward trend in deposits of scheduled banks witnessed in the second half of 1960 was arrested in 1961. Deposits of all scheduled banks, excluding the State Bank, increased by Rs. 135.06 crores during the year 1961 compared to an increase of only Rs. 71.92 crores in 1960. Deposits of your Bank increased by Rs. 11.20 crores and at the end of 1961 stood at Rs. 150.68 crores. Your Bank experienced an increase in all types of deposits; most of the increase, however, was in fixed and savings deposits where the cost of raising funds is high.

"Although the pace of growth of deposits of the banking industry improved appreciably during the year as compared with the previous year, yet the question of expansion of deposits remains one of the major problems facing the banking industry in this country. The experience of the banking industry during the last decade shows that the rate of growth of advances has been much higher than the growth rate of deposits. The upward revision of interest rates in the inter-bank agreement on interest rates on deposits from March 1961 also contributed to raising the cost of attracting deposits. Unfortunately, for some time past, inter-bank agreement on interest rates has not been working satisfactorily. The disparity in the rates of interest asked for by some banks is not conducive to the healthy growth of the banking system.

Advances

"The average weekly advances of your Bank increased from Rs. 86.59 crores in 1960 to Rs. 101.77 crores in 1961. Due to a high level of production in the seasonal industries, the demand for funds during the busy season of 1960-61 pushed up advances of all scheduled banks to an all-time 'high' of Rs. 1,336.32 crores. With the increase in advances of all scheduled banks during the 1960-61 busy season by Rs. 198.6 crores, the resources of scheduled banks were put to considerable strain. In order to meet the genuine demand for funds from trade and industry, banks had, thus, to borrow heavily from the Reserve Bank had also liquidate their holdings of Government securities. The liberalisation of the Bill Market Scheme of the Reserve Bank of India was helpful in borrowing from the Reserve Bank of India and meeting the legitimate demands of trade and industry. As a result, however, the advance-deposit ratio of all scheduled banks (excluding the State Bank) increased considerably and reached 80.32 per cent during the 1960-61 busy season. Liquidity in certain cases was, thus, impaired. By the end of the year, however, the position improved and advance-deposit ratio came down to 71 per cent. Our advance-deposit ratio remained lower than that of all scheduled banks throughout the year, maintaining high liquidity for our Bank. At the end of the year, our advance-deposit ratio stood at 61.86 per cent.

"Unlike the first two Plan periods, the third might well find the deposit resources of the banks lagging far behind the demand for advances. Though the rate of development of the national economy may be the primary cause of the increase in the demand for advances, the failure of deposits to keep pace with advances and investments is also attributable in a great measure to the large amount of money which, for special reasons of their own, refuse to be channelled into the banking institutions. While investment in real property and certain other forms appreciates in value almost automatically, and in some cases even beyond reason, fixed interest yielding investments gradually depreciate, reducing their comparative attractiveness. This feeling has resulted in the appreciable flow of 'unaccounted' money and other funds into channels other than bank deposits and Government securities, offering better attractions despite greater risks of loss.

Interest Rates

"It is not for me to point out what the Government should do to remove these obstacles. But this problem has to be faced and solved. It might cause embarrassment to the Government, because they are themselves borrowers on a very large scale. But nothing is gained, for the national economy or the banking system, or in the long run the Government's finances, by closing one's eyes to this problem. The Government has to devise some method by which an automatic cover will be provided against depreciation in investment in Government securities; and the banks could follow the lead the Government takes. It is obvious that any such method will lead to an increase in the interest rates which will be duly reflected in cost of credit to industry. An increase in both directions which is properly related will do no great harm and, in this faith, it is worthwhile examining the question in all its aspects, if necessary, through an expert committee.

"While I am on this subject, I may, I think, express my disappointment with the manner and method followed by the Government in initiating compulsory deposit insurance. The problem had not been given sufficient thought, and the result is that deposit insurance has become a drag on the big banks, while, in the case of smaller banks, it has actually cut into their earnings. Deposit insurance on this small scale can hardly be an inducement to people to put money in bank deposits. At the same time, by not charging differential rates of insurance premia on the basis of the interest on deposits offered by individual banks, the system will become iniquitous. Now that the Government has some experience of the working of deposit insurance, a further examination of this issue is both necessary and feasible.

Combined Efforts Wanted

"To return to the problem of securing the required growth of deposit resources of banks, it would clearly require the combined and concerted efforts of all scheduled banks and the Reserve Bank. It would be dangerous to assume, as certain commercial banks do, that a higher and competitive rate of interest will be even a partial solution. In view of the increasing operating expenses of scheduled banks, it would be in the interest of the banking industry of the country that all banks agree not only to continue to pay the same rate of interest on similar deposits but also agree upon a minimum lending rate. The problem is to increase the deposits not of this bank or that, but of the banking system as a whole.

"What is required is to break fresh ground by going to areas not hitherto served by banks and by taking a more realistic view of the financial needs of the different sectors of the economy. This can be done only if each bank strengthens itself with a properly trained staff and an intimate understanding of the conditions and needs of the areas it proposes to serve. Branch banking in India received a serious check and even a setback when the terms and conditions accorded to bank employees put up the cost of running new branches in untried areas. But the task has gained a new urgency at the present stage and neither individual banks nor the nation can afford to be deterred from this task by narrow considerations of immediate costs. We must work in the faith that the effort is worthwhile and the rewards will be many-sided.

"On its practical side, it involves the training of the staff, the intensive study of the local conditions and the raising of the tone of administration by modernisation and mechanisation, where the only alternative is dilatory work and poor service to the clients.

Efficiency of Service

"Your Bank for its part is now taking effective steps to increase the efficiency of the services it offers and is introducing new services in order to attract new customers and fulfil their diverse needs. Better service depends a great deal on how well our staff at all levels is trained and re-trained periodically. In this connection, I might mention that your Bank was the first Bank in India to start its own Staff Training College, which started functioning formally in October 1958. It has by now trained 1,057 clerks and officers, equipping them better to provide more efficient service to its clientele in the changing conditions of our country. In our rapidly changing economy, research on methods of efficient service and working has become an essential requirement. The Economics Department of your Bank, apart from studying the prospects of development of different industries in which the Bank is interested or is likely to become interested, and comparing the relative performance of your institution with the rest of the banking system, is now undertaking various cost studies for different services rendered by the Bank besides exploring the market potential.

"A similarly courageous and farseeing policy is called for in regard to modernisation and mechanisation. Banking practices in the West are never allowed to stagnate, because the banks are not obliged to stint in their outlay on progressive ways of rendering service and no undue consideration has to be given to the volume of employment. Both these causes are somewhat weak in operation in this country. Nevertheless, we have reached a stage when the growth of the banking system is imperative for the progress of the national economy and the banking system cannot grow without an improvement in the standard of the services it renders to the public. It is no service to employment to look askance at mechanisation, because employment is better served by accelerating the growth of the national economy than by putting men to work which only machines can do with the required speed. Your Directors are determined to explore to the fullest extent the scope for improving its service through modernisation and mechanisation."

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

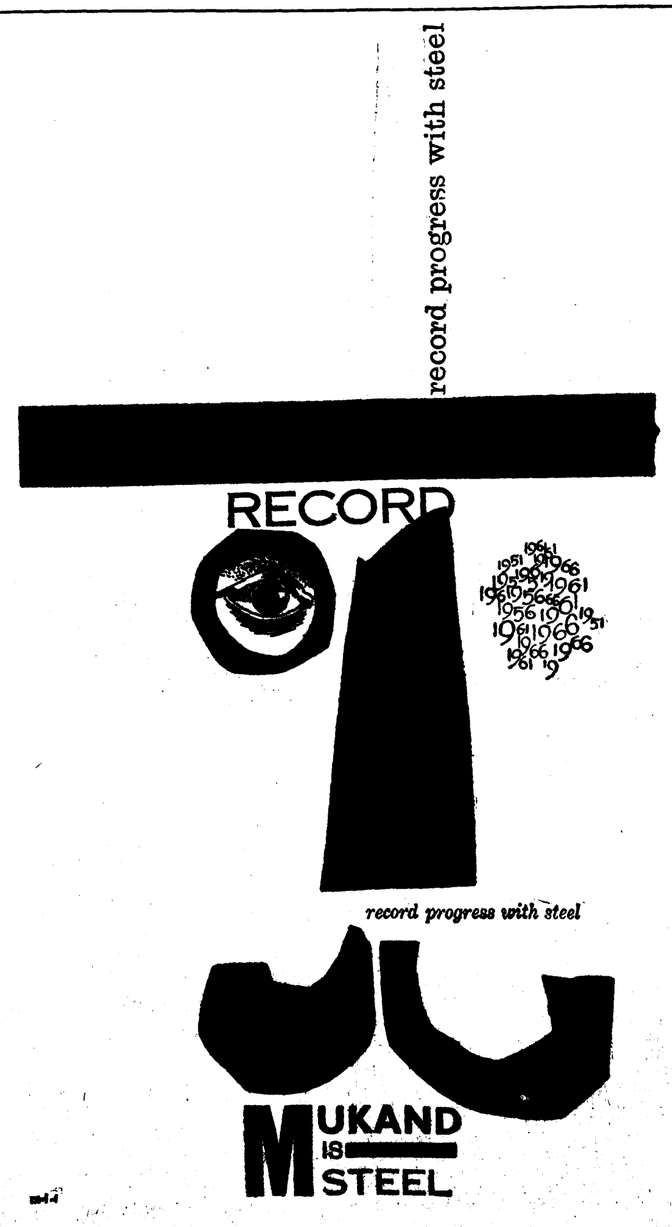
Notice

THE STANDARD COAL COMPANY LIMITED

THE BOARD OF DIRECTORS HAS DECIDED to recommend to the forthcoming Annual General Meeting of the members a Dividend on the Ordinary Shares @ 10% per annum for the year ended 31st December 1961, subject to deduction of tax.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LTD.,
Secretaries.

CHARTERED BANK BUILDINGS,
CALCUTTA, 11th May, 1962.



THE ATUL PRODUCTS LIMITED

USE OF OIL AS INDUSTRIAL FUEL IN GUJARAT

MR. KASTURBHAI LALBHAI WANTS THE ISSUE TO BE FINALISED SOON

STRESSING the need to use oil as an alternative industrial fuel to coal in Gujarat, "if coal were to remain in short supply in the country and particularly so in Gujarat," Mr. Kasturbhai Lalbhai, Chairman of the Atul Products Ltd., urged the State Government, in the course of his speech at the Annual General Meeting of the Company held at Ahmedabad on Saturday, 12th May 1962, to finalise the issue in regard to the availability of oil in sufficient quantity and at equitable price with the Central Government. Mr. Lalbhai's concern over the position of industrial fuels in Gujarat is summed up thus: "... if things are going to take such a turn that a particular area or a particular industry in Gujarat will more or less be forced to use either coal, oil, gas or crude, then that situation will raise a number of problems connected with distribution and prices of those products." He fears that, unless these problems are solved at an early date, the economic future of Gujarat would be jeopardised and the State would lag behind others in economic progress.

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

"GENTLEMEN,

"The Directors' report, the statement of accounts and other papers relating to the working of the Company during the year 1961 have been circulated to you for some time. If you will, therefore, kindly agree, we will take them as read for the purpose of this meeting.

"It will be seen from the accounts, that the Company has made the profit of Rs. 1,39,11,000 and this figure includes Rs. 18,06,074 (net) as dividends received from other companies and Rs. 7,31,550 as refund of income-tax. Provision for Rs. 22,18,075 has been made for depreciation; Rs. 7,20,488 for Managing Agents' remuneration and Rs. 38,50,000 for taxation; also other suitable appropriations have been made as shown in the report. This leaves a sum of Rs. 26,99,650 to be utilised for paying dividend, at the rate of 12 per cent per annum, subject to deduction of tax, on the equity shares of the Company. I hope you will be satisfied with the working of the Company and the results for the year.

Handicaps

"The profits for the year 1961 are smaller than those for the previous year. This has been due to the fact that the Company had not been able to make full use of its plants on account of shortages of coal and raw materials. Had we been able to keep to our production programme as planned, the Company would have been able to produce approximately Rs. 50 lakh worth of more goods. It will also be seen from the accounts that the expenditure on various items has gone up during the year 1961. Considering these factors, the Company has done at least as well as in the previous year.

"I am afraid that inadequacy of coal and raw materials will continue to be a problem for us for some time to come. In the past, we suffered both from inadequacy of coal quotas and incomplete deliveries of coal under these quotas. Recently, these quotas have been cut down still further. It is needless to say that production is bound to get affected more adversely. However, when the recent cut in coal quota was introduced, the Government gave an assurance that this reduced quotas will be fulfilled. I hope the Government will so plan the production of coal and supply of wagons that it will be able to keep up to this assurance. Otherwise, the shortfall in our production will be more than that of the year 1961.

"I had referred to this problem last year also and had mentioned that, if coal was to remain in short supply in the country and particularly so in Gujarat, then the Gujarat State Government should see that oil was made available for fuel to the industries in Gujarat in sufficient quantities and at equitable prices. I am sorry to say that this does not seem to have been done. It is true that from time to time various ministers have been advising industrialists to change over to oil from coal. This, however, in my opinion, is likely to create a greater muddle than at present, unless a timely clarification has been made regarding the prices and supplies of oil. It should be realised that excepting Lancashire type of boilers, coal-fired boilers cannot easily be converted into oil-fired boilers and certainly not without great cost. Again, if it were to so happen that some area has to make use of gas or crude oil or does not get supplies of the proper quality of oil and has therefore to reconvert the boilers to the new conditions, the difficulties will be further intensified. I mention this because one hears reports that some oil wells are such that they can give only gas, whereas others can produce only crude oil and that the crude oil has to be used as such; also some wells are completely dry. There are also reports that plans are being made to supply both gas and crude oil to the public for fuel. I do not know to what extent reliance should be placed on these reports. However, if things are going to take such a turn that a particular area or a particular industry in Gujarat will more or less be forced to use either coal, oil, gas or crude, then that situation will raise a number of problems connected with distribution and prices of those products. It is my earnest request to the Gujarat State Government that it take up all these related problems seriously and at an early date. Otherwise, Gujarat will find it difficult to maintain the existing industries and develop new ones. I know that in this, much will depend on the views of the Central Government because the final decision is in their hands. But the Gujarat State Government should impress the Central Government that unless these problems are solved at an early date, the economic future of Gujarat will be jeopardised, and Gujarat will lag behind others in economic progress.

Raw Materials

"Regarding insufficiency of raw material, I may mention that unfortunately a substantial part of the raw materials that we use in our factory are imported materials and are, therefore, affected by the country's precarious position in regard to foreign exchange. There was a cut last year in the import licences granted to us; there is a further cut this year. We have partly met this situation by importing our requirements of raw material from those countries which accept payment in rupees. We are also making use of the export promotion licences. However, this has its own problems. We do not have the choice of quality nor do we get the range in the materials we would like to have. Besides, the prices of these materials have been going up and deliveries scheduled are not always adhered to. Therefore, the net result is that our cost of production goes up, yet we do not have a choice in the goods we would like to produce. I am afraid this situation will continue, until we are able to produce raw materials ourselves in the best manner possible.

Intermediates

"You will be glad to know that we have already started production of four intermediates for use in the manufacture of our Azo dyes and this relieves us of our troubles to a large extent in respect of nine Azo dyes which we manufacture in large quantities. We have not been able to progress fast in respect of the plants which we wish to set up for the manufacture of other 22 intermediates which we still have to import for these dyes. Anyhow, we have now placed orders for the steel structure required for the building of the plant to be set up for this purpose and are also in a position to place orders soon for the equipment thereof. I believe that the plant will be ready by 1964. This will make us more or less self-sufficient in the matter of imported raw materials required for Azo dyes. We have been manufacturing one important raw material needed in the manufacture of napthol dyes. A plant for another more important intermediate required for the manufacture of these dyes is being installed and would be commissioned about the end of this year. This will make us largely self-sufficient in raw materials for the production of napthol dyes also. I have made the use of the word 'largely' for the reason that no factory can afford to manufacture every large and small product, it imports. But I can say that, when the abovementioned schemes are completed, we will be manufacturing nearly 80 per cent of the value of goods we are importing at present.

"We have adopted a similar policy regarding the imported materials required for the production of pharmaceuticals. We are already manufacturing such materials for the manufacture of vioform. Materials required for sulfa drugs will be manufactured in the Cibatul plant. I am sorry the progress of this plant has been rather slow. But now the engineering designs are completed, and we are ready for placing orders for the equipment. All the same, as I mentioned before, these schemes will not be completed before the end of the year 1964, and to that extent we will continue to suffer the difficulties that we have at present. However, I do not think, we will be any worse off than at present, during this period.

Unexpected Gluts

"One can understand and appreciate the difficulties that the Government has in the matter of foreign exchange, but it is difficult to understand and appreciate some aspects of the present policy of our Government regarding the import of dyes. There are nearly half a dozen major manufacturers of dyes in the country and between them they are able to meet nearly 90 per cent of the requirements of the country's demand for vat dyes, napthols, bases, Azo dyes, sulfar black and their derivatives. These major manufacturers are also engaged in investing further large sums for setting up the plants for manufacturing intermediates they need. On a rough estimate, the total investment in the dye industry by the year 1964 would reach a figure of nearly Rs. 25 crores. Yet, consciously or unconsciously, the Government is creating most chaotic conditions in the market for dyes. In theory, there is a belief that this industry requires no immediate direct protection recommended by the Tariff Commission, because it enjoys a sheltered market on account of the stoppage of imports. But in reality, it is not so. Some big users have a privileged position and are able to get import licences for dyes which they could easily buy in the country. A number of small user associations also get similar import licences. The State Trading Corporation imports and sells any dyes it likes, including the items which are banned for import. Worst of all, dyes are imported from the barter deal countries. The consequences are that there are unexpected gluts in the market of different qualities of dyes on several occasions with the resultant adverse effects on the prices for dyes and also on the programmes for manufacture and sales by the indigenous manufacturers. Everyone will agree that it is essential for the Government to adopt a definite policy regarding imports in the larger interest of the country and, however inconvenient such a policy may be to the industry, it must adjust itself to it. However, there should be some definiteness about such a policy, and there should be no unaccountable departure from it. In the absence of such a definiteness, the industry will not be able to get the maximum advantage out of the investments it has made. This is neither good for the country nor for the industry. I, therefore, earnestly hope that the Government will pay serious attention to this matter.

"We have been granted a licence under the D. R. Act for the manufacture of certain chlorinated products to utilise the chlorine we will get from the caustic soda plant. Cibatul will start with the manufacture of urea formaldehyde plastic and will then expand up to the manufacture of related products. The idea is that we should, on the whole, so diversify and co-ordinate the production of our Company and the other associate companies working at Atul that we have a broad-based chemical complex and we will not have too large a dependence on any one group of product. All our expansion have been done with this view, which I hope will have your approval."

Note: *This does not purport to be a record of the proceeding of the annual general meeting.*

SHREENIWAS COTTON MILLS LIMITED

HIGHER DUTY ON MERCERISED GOODS WILL HIT PRODUCTION

CHAIRMAN, MR. G. C. BANGUR'S SPEECH

THE fear that the steep increase in the levy on mercerised cloth proposed in the latest Central Budget might lead to a curtailment of production of this type of cloth was expressed by Mr. G. C. Bangur, Chairman of the Shreeniwas Cotton Mills Ltd., in his speech at the Twenty-seventh Annual Meeting of the shareholders of the Company held at Bombay on Wednesday, 9th May 1962. Mr. Bangur pointed out that mercerised cloth could not be classified as a luxury and hoped that the representation made by the industry for tax relief would bear fruit. Mr. Bangur reviewed the modernisation and renovation programme of the Company and disclosed that the modernisation of spinning section had been completed, while a beginning had just been made in the weaving section. The following is the full text of Mr. Bangur's speech:

"GENTLEMEN,

"I have great pleasure in welcoming you all to the twenty-seventh annual meeting of the Company. The audited balance-sheet and accounts, together with Directors' report have been in your hands for some time and I propose to take the same as read with your consent.

Modernisation and Renovation

"I need hardly stress the vital importance of the programme of modernisation and renovation to enable the textile industry to function smoothly on the basis of the latest technological and scientific developments taking place throughout the world. Your management has been quite alive to the need of keeping a progressive outlook and have spared no efforts in the past few years in this direction. It would be interesting, in this connection, to indicate that the investment of your company on modernisation during the period from 1953 to 1961 has been of the order of Rs. 2 crores.

"I may mention that the spinning department of your mills has been completely modernised and we have at present no ring frames which are older than the year 1955. Similarly, additional modern combing equipment has been installed which now enable the Company to comb the entire yarn production. The spinning and weaving departments are now completely equipped with latest humidification and ventilation plant. Apart from these basic needs in the line of production, the processing department has also been thoroughly reorganised with modern machines and equipment. It will be appreciated that this big programme of modernisation was undertaken against heavy odds and difficulties in obtaining new plant and machinery, both of foreign and Indian origin.

"Your Company will continue to need additional resources for the modernisation of its weaving section for which a beginning has been made by planning the installation of 96 automatic looms for improving the quality of weaving. The programme of substantial renovation carried out by the Company has resulted in diversification of its production by progressively increasing the proportion of finer varieties to suit the changed pattern of demand of the consumers. Your mills have thus been able to eliminate the production of grey cloth and the entire production is now processed in dyed, bleached, mercerised and printed forms.

Heavy Tax Burden

"I would like to draw the attention of the Government to the adverse repercussions of the additional heavy burden that has been imposed during the last Budget. I would specially like to point out that the steep increase in the levy on mercerising from 3 nP to 25 nP per sq. metre is really prohibitive and unless some substantial relief will be forthcoming, I am afraid the present trend of progressive increase of production of mercerised varieties may be reversed. It should be recognised that mercerising is not a specialised process which could be classified as luxury and it is hoped that the representations made by the industry to revise the levy to a more reasonable level will receive favourable response from the Government.

"As regards exports, I may mention that we have been able to push our finer and printed goods in the foreign markets against the traditional varieties of grey and medium cloth. Since January 1962 till date we have been able to export goods worth Rs. 16 lakhs, with further orders on hand amounting to Rs. 9 lakhs and our efforts in this direction are continuing. It would have given the much needed fillip to the export trade had the recommendations of the Mudaliar Committee been fully implemented in the matter of giving exemption in income-tax on export earnings.

"The management has been continuously trying to gradually bring about rationalisation without causing much dislocation to the general employment of workers. I would, however, like to mention that, in spite of the agreement with the representative labour union, it has still not been possible to implement the four-loom-per-weaver system. Our negotiations for implementing this major scheme of rationalisation are still proceeding and I hope the labour will co-operate in implementing the same at an early date which will be beneficial from all points of view.

"The working of your subsidiary company, Shree Madhusudan Mills Ltd., continues to make progress. Efforts are being made to modernise its machinery and equipment as far as possible with our own resources. Orders for additional new machinery will be placed as soon as the loan application is approved by the N.I.D.C. The Company has paid the arrears of dividend on its preference shares for four years ending 31st March 1953 and it is expected that they will be able to pay off the remaining arrears in few years' time.

"The small unit at Kota, which is your another subsidiary company, was completely renovated and modernised with 12,000 new spindles and the normal working of this renovated unit was obtained from November last year. Since then this unit continues to work satisfactorily.

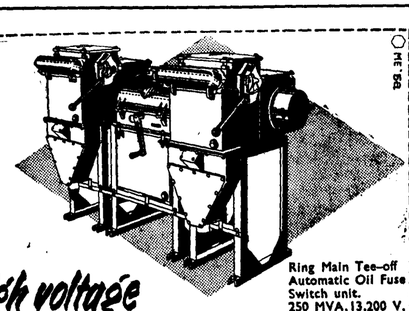
"The Company has received sanction for installation of additional 6,000 spindles from the Central Government and the orders are being placed for the necessary ring frames. After installation of the spindles the working cost will further reduce and still better results can be expected.

Raw Cotton Position

"The cotton supply position this year really continues to be a matter of serious concern to the industry. I am glad that the Government is fully alive to the needs of the industry and active negotiations are going on with U.S.A. and other countries for import of adequate quantities of additional cotton supplies. It is to be seen how far the recent increase announced in the ceiling prices of cotton will lead to substantial increase in the cotton crop. Our yield per acre is really very low and utmost efforts should be made by all possible means to bring about substantial increase in yield which alone could satisfactorily solve our problems of this important raw material for the industry.

"I would, in the end, like to put on record my appreciation of the valuable contribution made by the workers and the members of staff of the Company in showing satisfactory results."

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



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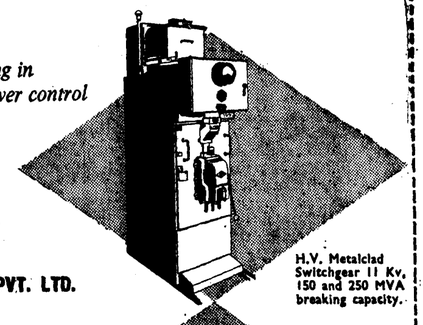
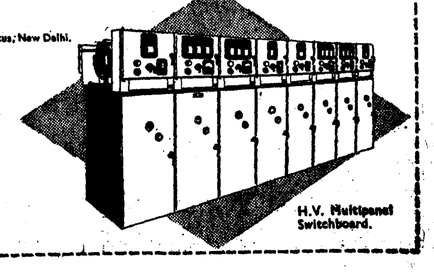


H.V. Metalclad Switchgear 11 Kv, 150 and 250 MVA breaking capacity.



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EXPORTS MOVE UP AT SLOW PACE

COTTON TEXTILES AND MANGANESE ORE, HOWEVER, SUFFER SETBACK

DURING the twelve months ended March 1962, which roughly coincides with the first year of the third Plan, total exports (including re-exports) aggregated Rs. 665 crores, representing an increase of just Rs. 23 crores or 3.6 per cent over 1960-61. Imports, during the same period, fell by Rs. 105 crores to Rs. 1,002 crores, thanks to the persistently restrictive import policy pursued by the Government. As a result of the fall in imports and the rise in exports, the adverse balance of trade narrowed down from Rs. 465 crores to Rs. 336 crores. There is, however, no room for complacency. For the excess of imports over exports even in the neighbourhood of Rs. 350 crores is pretty large, representing well over 50 per cent of exports and more than three times the existing external assets (at Rs. 111 crores) of India. If anything, the foreign exchange situation continues to cause concern. From about Rs. 136 crores in the beginning of April 1961, India's sterling balances have come down to as low a level as Rs. 111 crores at present, despite the loan of about Rs. 120 crores made available by the International Monetary Fund last year. Viewed against this background, the slow growth of exports during the first year of the third Plan is disappointing. The Planning Commission, it will be recalled, has set a target of as much as Rs. 740-760 crores per annum for the third Plan period, as against the annual average of only Rs. 614 crores in the second Plan and Rs. 609 crores in the first Plan. So long as the cost of production in the country continues to be high and non-competitive, the prospect of fulfilling the export target will remain bleak.

Although aggregate trade figures are available upto March 1962, it will take a couple of months more for detailed commodity-wise and country-wise data to be released for the whole period. It is proposed, therefore, to examine here the recent trends in India's foreign trade, on the basis of provisional data relating to the calendar year 1961, made available by the Department of Commercial Intelligence and Statistics, Calcutta. The group-wise and commodity-wise trend in major items of export is shown in Table I. During the calendar year 1961, exports (including re-exports) were higher by Rs. 31 crores at Rs. 665 crores, as compared with 1960. The individual commodities, however, showed a mixed trend. There was an increase in both quantity and value in tea, coffee, tobacco, iron ore, sugar, etc. In the case of such products as oilcakes, spices, hides and skins while the quantity exported was larger, the value realised showed a decline. Again, in respect of certain commodities like cotton textiles, manganese ore, vegetable oils, mica and lac, there was a fall in both quantity and value.

Traditional Items

The modest nature of the increase in the aggregate exports apart, it is disconcerting to find that some of India's traditional export items, particularly cotton textiles, manganese ore and vegetable oils should have suffered marked setbacks. This loss was, however, more than made good by marginal increases over a wide range of items led by jute goods, tea and raw cotton. For the second year in succession, jute goods maintained its position as the largest foreign exchange earner, displacing tea. The total shipments of jute goods touched Rs. 146 crores in 1961, or an increase of about Rs. 4 crores over the previous year. This increase, as is well known, was the result of boom in raw jute prices induced by the extremely small crop in 1959-60 and 1960-61, and not the result of any increase in quantity. It is to be noted here that, owing to larger crop in 1961-62, raw jute prices came down by the end of 1961. The buoyancy in jute goods was only a passing phase.

Although tea could not hold its position in the forefront, the value of its export nevertheless showed a small rise of over Rs. 4 crores to Rs. 124 crores, owing mainly to the recovery in production in 1961, from the previous year's setback. But this was still lower by about Rs. 2 crores, as compared with 1959. In spite of severe competition from Brazil and East Africa, Indian coffee fared better, with its export earnings rising by about 50 per cent to Rs. 9.5 crores. Larger export, it may be noted, was sustained by unusually higher domestic output. Raw cotton was another commodity, the export of which made handsome gains over the previous year. The main reason for the increase in the export of cotton was the larger quota for Bengal *Deshi* allotted by the Government, following a fairly better crop in the 1960-61 season. There was a perceptible increase in the export of iron ore and concentrates, owing mainly to larger shipments under the long-term contracts entered into by the State Trading Corporation with Japan and other countries. Shipments of iron and steel maintained their upward trend, export earnings having gone up by about Rs. 4 crores to about Rs. 12 crores. Several other manufactures that have only recently entered the export trade fared better, although generally the increases were only marginal. The export of chemicals went up by over a crore of rupees to Rs. 8 crores, paper and paperboards by about Rs. 21 lakhs to Rs. 81 lakhs and rubber manufactures by Rs. 2 lakhs to Rs. 40 lakhs. Among light engineering goods, the export of bicycles and spare parts rose by Rs. 9 lakhs to Rs. 17 lakhs and sewing machines by just a lakh of rupees to Rs. 44 lakhs.

In contrast, the performance of a wide range of some of India's traditional exports was discouraging, as already mentioned. The shipments of cotton yarn and fabrics moved down by over Rs. 3 crores to Rs. 55 crores, as a result of growing competition in world markets, particularly from Japan and Hong Kong, and also the high domestic cost of production. The export earnings from manganese ore also declined by Rs. 4 crores, due to high cost of production, increasing competition from Brazil and poor demand. Mica, too, encountered increasing competition from Brazil. There was a sharp decline in shipments of vegetable oils, since the domestic prices were substantially higher than world market prices, thanks to the failure of domestic production of oilseeds to match the sizable increase in demand from indigenous sources for industrial and edible purposes. Among the other items which suffered a setback, mention may be made of petroleum products, coal, machinery and equipments, electric ceiling fans, metal manufactures, hides and skins, oilseeds and oil kernels and footwear.

TABLE I—*Exports (Including Re-exports)*

(Value in rupees lakhs)

	1961	1960	1959
Food Materials	217,03	196,07	193,61
Of which :			
Tea	124,45	119,99	126,39
Coffee	9,50	6,70	6,25
Fruits and vegetables	26,50	24,60	21,01
including cashew kernels	16,54	18,38	15,18
Oilseed cakes, etc.	16,78	16,53	19,46
Pepper and other spices	16,23	17,84	10,19
Tobacco	15,86	15,75	13,85
Of which :			
Tobacco unmanufactured	14,80	14,63	12,85
Tobacco manufactured	1,06	1,11	1,00
Manufactured goods (except chemicals and machinery, etc.)	274,24	255,68	240,10
Of which :			
Textile yarns and fabrics	228,55	213,76	201,45
including, Cotton yarn and fabrics	55,12	58,43	61,56
Jute manufactures	146,00	141,92	110,75
Iron and steel	11,78	8,11	2,05
Glass and glassware	23	27	25
Lime, cement and fabricated building materials, etc.	1,18	93	1,18
Leather	25,99	25,62	28,65
Rubber manufactures	40	38	25
Paper and paperboard	81	60	72
Metal manufactures	2,19	2,26	190
Crude (Raw) materials	118,32	111,13	116,05
Of which :			
Raw cotton	18,69	10,75	16,37
Silk	49	37	28
Hides and skins	8,10	10,14	10,70
Wool and other animal hair	9,25	8,67	12,23
Jute, including cuttings and waste	5	27	3,11
Mica	9,76	9,81	10,31
Wood, lumber and cork	2,68	2,42	2,14
Oilseeds, nuts and oil kernels	4,39	4,37	2,62
Iron ore and concentrates	18,06	16,13	12,93
Iron and steel scrap	6,75	5,82	4,61
Manganese ore and concentrates	11,15	15,39	12,74
Mineral Fuels	5,87	8,73	7,79
Of which :			
Petroleum products	3,42	4,61	3,04
Coal	2,45	4,11	4,76
Animal and Vegetable Oils	6,76	11,07	14,77
Of which :			
Vegetable oils	4,92	9,01	13,85
including, Groundnut oil	25	25	5,74
Castor oil	3,83	8,85	4,92
Linseed oil	7	1,00	2,66
Chemicals	8,01	6,97	4,98
Of which :			
Organic chemicals	93	78	55
Inorganic chemicals	21	15	18
Essential oils	4,76	3,81	2,18
Pigments, paints, varnishes	19	29	26
Medicinal and pharmaceuticals	96	1,03	83
Machinery and Transport	4,58	9,60	4,15
Of which :			
Electric machinery, appliances	1,12	1,17	72
Other machinery	2,18	5,41	5,20
Transport equipments	1,22	3,01	59
Bicycles and parts	17	8	13
Electric ceiling fans	55	87	32
Sewing machines	44	43	32
Miscellaneous Manufactures	10,42	11,62	11,40
Of which :			
Footwear	2,26	3,13	2,94
Furniture and fixtures	27	27	37
Grand Total (including others)	664,66	633,82	620,73

Country-wise Exports

Table II on this page shows the pattern of country-wise exports in 1961, as compared with the previous two years. A notable feature of country-wise exports in 1961 is the sharp decline in the shipments to the U.K., which is India's major overseas market. This was, however, made good by marked increases in exports to the other major trading partners, namely, the U.S., West Germany, Canada, Russia and Japan While there was a decline in exports to the E.F.T.A., by as much as Rs. 10 crores, the Common Market countries' offtake rose by Rs. 7 crores to Rs. 56 crores. The increase in Common Market purchases might be due partly to higher prices secured for jute goods. This, however, is no less significant for that matter, considering that the total Common Market imports from developing countries was lower by 2 per cent in 1961.

India's exports to Russia and other Communist countries also showed a perceptible improvement. Except Egypt, most of the important African group of countries bought more from India in 1961 than in 1960. A distressing feature, however, is India's inability to expand its exports to Oceania and several Asian countries. Despite the absence of import restrictions in Australia, India's exports to that market fell considerably. Shipments to many Asian countries also were lower, particularly to Ceylon, Burma, Afghanistan, Saudi Arabia, Philippines, Iraq, Bahrein, South Vietnam and Communist China. This trend was, however, not uniform. For there was a notable increase in exports to some other Asian countries, particularly Japan, Malaya, Singapore, Indonesia, Thailand, Hong Kong and Iran. Still, India's export trade with the E.C.A.F.E. countries, on the whole, continues to be at a modest level. There is thus urgent need for paying greater attention to the neighbouring markets.

TABLE II—*Exports (Including Re-exports) to Selected Countries*

(Value in rupees lakhs)

	1961	1960	1959
EUROPE			
E. F. T. A. Countries	171,04	180,87	178,22
U.K.	164,12	174,37	171,71
Switzerland	1,91	1,54	98
Sweden	1,60	1,57	1,42
Denmark	1,61	1,80	2,32
Norway	1,28	1,11	1,26
Austria	30	30	24
Portugal	34	18	29
Common Market	55,61	48,88	47,56
West Germany	21,84	19,49	19,56
France	8,33	8,72	8,26
Italy	9,72	8,34	5,68
Belgium	6,55	5,01	5,14
Netherlands	9,17	7,18	8,92
Luxembourg	..	..	..
Communist Countries	57,89	45,10	45,05
Russia	31,03	29,89	30,05
East Germany	3,33	3,93	2,50
Poland	4,12	3,34	3,59
Czechoslovakia	9,20	5,88	4,17
Hungary	3,44	1,11	74
Rumania	1,97	1,42	2,01
Bulgaria	36	15	24
Yugoslavia	4,45	3,38	1,75
Others			
Finland	40	25	31
Greece	33	28	26
Turkey	3,62	3,05	4,20
Irish Republic	4,12	5,60	6,07
Spain	61	99	39
AMERICAS			
U.S.	115,18	101,16	95,23
Canada	17,42	17,04	15,19
Argentina	2,80	6,11	7,91
Cuba	7,47	5,19	2,53
Chile	1,88	1,30	87
Peru	1,40	1,25	1,17
OCEANIA			
Australia	16,66	21,60	19,15
New Zealand	7,01	7,85	4,72
ASIA			
Japan	40,32	34,00	34,21
Ceylon	17,02	19,42	22,28
Burma	5,85	6,86	12,48
Pakistan	9,94	10,15	6,34
Afghanistan	5,47	6,06	4,85
Iran	5,02	4,64	4,48
Saudi Arabia	3,23	4,41	3,79
Malaya	7,80	4,74	4,90
Singapore	6,48	6,92	6,65
Indonesia	6,24	3,96	3,88
Thailand	3,16	2,31	2,44
Philippines	62	1,08	1,02
Aden	5,60	5,15	5,62
Iraq	2,84	3,29	2,98
Bahrein	2,11	2,15	2,39
Kuwait	4,02	3,41	3,90
Hong Kong	3,10	2,72	3,33
Cambodia	1,31	86	1,09
South Vietnam	33	78	1,08
Democratic Republic of Viet Nam	18	1	1,77
China	20	5,60	7,52
AFRICA			
Egypt	12,20	14,04	8,84
Syria	1,80	90	89
Kenya	5,70	4,72	4,89
Uganda	74	63	60
Tanganyika	2,72	2,23	2,71
Ghana	2,48	1,70	1,15
Nigeria	7,84	5,02	3,97
Sudan	11,08	8,05	14,48
Ethiopia	2,78	2,27	2,87
Zanzibar and Pemba	35	37	40
Mozambique	95	88	60
Grand Total (including others)	664,66	633,82	620,73

SALES AND PROFIT OF AMAR DYE LOWER

DIVERSIFICATION PLANS BEING IMPLEMENTED

CHANGES in Governments' policy for the import of naphthols and fast bases and the abolition of tariff values on these products have adversely affected the sales and profit of Amar Dye-Chem Ltd. (Managing Agents: Messrs. Amritlal and Company Private Ltd., Bombay) for the year ended 31st December, 1961. Although the turnover of the Company's products has declined only moderately by Rs. 5.75 lakhs to Rs. 170.40 lakhs, it was an uphill task for the Company to reach even this figure in view of the stiff competition from the imported varieties. Further, following the heavy reduction in import duties on account of the abolition of the tariff value on goods of foreign manufacture, prices of some of the items had to be reduced to meet competition. All this brought about a shrinkage in the profit-margin (ratio of gross profit to sale) from 38.5 per cent during 1960 to 37.6 per cent during the year under review. Consequently, the gross profit has gone down from Rs. 67.72 lakhs to Rs. 64.08 lakhs. Side by side with this decline, provisions for depreciation and taxation have shown a rise from Rs. 7.87 lakhs to Rs. 8.66 lakhs and Rs. 21.00 lakhs to Rs. 22.40 lakhs, respectively, and even though the provision for Managing Agents' commission has declined by Rs. 1.27 lakh to Rs. 4.34 lakhs, the net profit has shed a few points more than the gross profit in falling from Rs. 33.24 lakhs to Rs. 28.68 lakhs.

Notwithstanding the reduction in profit, the Directors have continued their policy of ploughing a large portion of the available profit back into the business and, accordingly, a sum of Rs. 20.42 lakhs (Rs. 35.68 lakhs) has been credited to various reserves. The balance remaining being inadequate to accommodate an ordinary dividend at the previous year's level, after paying the preferred dividend in respect of the year, the Directors have had to declare a lower dividend of 9 per cent subject to deduction of tax, absorbing Rs. 7.35 lakhs, as against 12 per cent subject to tax for 1960, leaving Rs. 0.35 lakh as a carry forward as against Rs. 0.18 lakh brought in.

The results of operation of the Company during the past four years are presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	1,70.40	1,76.15	1,72.40	1,06.28
Other income	2.42	2.44	1.42	0.74
Closing stocks of finished goods	52.49	36.89	28.27	11.38
and in process	75.53	52.03	92.99	54.81
Raw materials	48.81	39.45	31.08	19.20
Expenses	64.08	67.72	64.63	16.75
Gross profit	4.34	5.61	5.82	..
Managing Agents' commission	..	..	..	..
Provision for—				
Depreciation	8.66	7.87	9.94	11.27
Taxation	22.40	21.00	11.00	..
Net profit	28.68	33.24	37.87	5.48
Withdrawal from reserves	..	10.40	..	..
Receipts in respect of previous years	0.97	2.37	1.15	0.40
Miscellaneous write offs	..	0.10	0.37	1.08
Transfer to reserves	20.42	35.68	19.68	1.10
Dividends—				
Preference	1.71	1.70*	1.71*	4.85†
Ordinary	7.35 (9%)* 0.35	8.70 (12%)* 0.18	7.20 (12%)* 0.35	0.30
Carry forward				
Market value of ordinary share in rupees—	1962	1961	1960	1959	1958
High	388.75	440.00 or 276.25xr	527.50	301.00	402.50
Low	300.00		235.00	105.50	235.00

* Subject to deduction of tax. † Dividend for five years.

It will be observed that the improvement in sale proceeds achieved by the Company during 1960 over the preceding year has not only been completely lost during 1961, but the turnover has actually slipped below the 1959 level. Secondly, the value of closing stock of finished goods and work-in-progress has nearly doubled, thereby providing a testimony to the difficult trading conditions experienced by the Company during 1961. Now that the Government has reversed its policy and put stricter restrictions on the import of naphthols and fast bases even by established importers it would not be too optimistic to presume that the results for the current year would be substantially better. Another factor that stands out is the consistent fall in the net profit from Rs. 37.87 lakhs in 1959 to Rs. 28.68 lakhs in 1961. This was, of course, due to more than doubling of the provision for taxation from Rs. 11.00 lakhs to Rs. 22.40 lakhs. It is of interest to note that despite the year-to-year decline in the net profit the re-tax profit for 1961 is higher by Rs. 2.21 lakhs than the 1959 figure notwithstanding a lower total turnover.

Following the issue, during 1961, of 10,000 equity shares of Rs. 100 each at par, the share capital of the Company as at 31st December, 1961, has increased to Rs. 109.96 lakhs of which Rs. 20.00 lakhs are in 6 per cent tax-free cumulative redeemable preference shares and the balance in equities. This is backed by Rs. 76.50 lakhs in reserves and surplus. Secured and unsecured loans amount to Rs. 19.34 lakhs in addition to current liabilities of Rs. 91.77 lakhs. The total of these two is more than fully covered by current assets, investment, loans and advances altogether aggregating Rs. 199.97 lakhs. Additions and adjustments to fixed assets during the year have amounted to Rs. 31.70 lakhs over and above Rs. 18.95 lakhs during the preceding year and this has raised the value of the gross block to Rs. 134.47 lakhs. On deducting therefrom Rs. 36.87 lakhs as the depreciation earned to-date, the net block works out to Rs. 97.67 lakhs.

The various expansion and diversification schemes undertaken by the Company during the past couple of years made good progress during the year under review. Some of the equipment for the BON acid plant has already arrived while the balance is expected to be delivered by the third quarter of 1962. The plant is likely to go into production by the end of the current year. As regards other projects, the Directors' report says as follows:

"As reported, last year, a two-storeyed building connecting the Naphthol Plant and the Fast Base Plant was completed. The Drying and Blending Units are being shifted to this new building. This would afford facilities for working.

"*Separate plants* for Fast Red B Base and Fast Red GL Base are installed and put into commission. The scheme of putting up separate plants for Fast Scarlet G Base and Fast Red TR Base is on hand. When all these separate units are completed, there would be ample plant facilities in operation and the Company would be in a position to show better results, provided of course raw materials become available in sufficient quantities.

"*T.P.M. Dyes:* The building for manufacture of Basic and Acid Dyes of T.P.M. series is under construction. A considerable time was lost in getting the import licence for equipments, although necessary foreign exchange loan was arranged from I.C.I.C.I. Equipments are now being ordered and it is expected that the plant will be ready by the beginning of the next year.

"The Company is proceeding with its plans for the manufacture of intermediates for dyes for which it has been granted a licence. The agreement for technical know-how for the first phase of the programme has been finalised with Messrs. A.C.N.A. of Montecattini and approved by the Government of India. Arrangements for second phase are under negotiations. Application for import licence for equipments has been made and it is expected that the same would be issued shortly.

"As reported last year, the Directors decided to take the *Beta Naphthol* project on hand. Arrangements for the technical know-how for the manufacture of Beta Naphthol project are finalised with Messrs. A.C.N.A. of Montecattini, Italy, and the Company is busy working on details. The agreement for technical collaboration has been submitted to the Government of India and your Directors hope to receive approval to the same shortly.

"Building for the plant for pigments is under construction and the plant is expected to be ready by the end of the current year. Building for the plant for reactive dyes is under construction. Applications have been made for getting several patents registered under the Patents and Designs Act. The Company is likely to commence production of a few items thereof next year, i.e. in 1963."

The present market quotation for the Rs. 100 fully paid ordinary shares is Rs. 336.25 *cum-div.* The net yield on an *ex-div.* basis works out to about 2 per cent.

MAHENDRA ELECTRICALS LIMITED

The Directors of the Mahendra Electricals Ltd. (Managing Agents: Messrs. Jashbhai C. Patel and Co., Nadiad) state in their first report covering the period ended 31st March 1962, that the Company's plant is expected to be ready for operation during the third quarter of the current year. Its erection has already commenced under the guidance of an expert deputed by the Company's technical collaborators, Messrs. Johnson and Phillips Ltd., London. The construction of buildings is nearing completion. The major portion of plant and machinery is now either at site or under clearance and the balance of the imported machinery will be shipped shortly. The indigenous machinery yet to be received is being despatched. The necessary power for a two-shift working of the plant and continuous operation of some of the machines has been sanctioned by the Gujarat Electricity Board. It will be recalled that the Company had issued 60,000 equity shares of Rs. 100 each, of which 13,333 were reserved for allotment to the foreign collaborators, and, out of these, 11,250 shares have been allotted. The public issue was subscribed in full.

CENTURY EARNS MORE

TAXATION ABSORBS 91 PER CENT OF THE INCREASE IN PROFIT

DURING another successful year, which ended on 31st December 1961, the Century Spinning and Manufacturing Company Ltd. [Managing Agents: Messrs. Birla Gwalior (Private) Ltd., Gwalior] has been able to raise for the fifth year in succession, its gross sale and profit to new high levels. Sale proceeds have registered an increase of Rs. 293.80 lakhs to Rs. 16,39.66 lakhs. Contributions to this improvement in turnover have come proportionately from both the cotton textile and the rayon section; gross sales of the former have increased from Rs. 885.38 lakhs to Rs. 10,56.40 lakhs and of the latter from Rs. 460.48 lakhs to Rs. 583.26 lakhs. It will be noted that the cotton textile section still accounts for the bulk of the turnover, a little over 64 per cent to be more clear. The profit-margin of each section is not shown separately. Taking the total of both, it is seen that, fortunately, the expansion in expenses, including excise duty, has not kept pace with that in the turnover, so that there has been a further widening of the profit-margin, as witness the rise in gross profit from Rs. 285.54 lakhs during 1960 to Rs. 387.57 lakhs during the year under review, or by as much as 32 per cent. The major portion of this improvement has, however, been absorbed by essential provisions which aggregate Rs. 236.19 lakhs, an increase of Rs. 91.97 lakhs over the year. Of this total, Rs. 14.54 lakhs (Rs. 9.89 lakhs) have gone to the provision for Managing Agents' commission, Rs. 86.15 lakhs (Rs. 91.33 lakhs) for depreciation and Rs. 135.50 lakhs (Rs. 43.00 lakhs) for taxation. The increase in the provision for taxation alone is no less than Rs. 92.50 lakhs which is equal to 90.6 per cent of the rise in gross profit. As a result, the net profit has improved only a little, that is, by some Rs. 10 lakhs or a mere seven per cent to Rs. 151.38 lakhs.

Out of this profit, the Directors have already appropriated a sum of Rs. 24.47 lakhs for the payment of an interim dividend of 12 per cent, subject to deduction of tax, on 2,04 lakh old equity shares. From the balance that now remains, including Rs. 6.45 lakhs withdrawn from past provisions and Rs. 2.32 lakhs brought forward from the previous year, Rs. 73.63 lakhs, or nearly half, have been transferred to various reserves. This is a highly commendable action, reflecting as it does the managements' anxiety to ensure progressive growth in the Company's activities. The preferred dividend absorbs Rs. 10.71 lakhs. While the rate of final equity dividend has been lowered to 18 per cent. from 20 per cent previously, both subject to deduction of tax, it has become payable on a larger number of shares, thanks to the issue of bonus shares, in the ratio of one for four. But the total dividend rate is the same as that for 1960, namely, 30 per cent, subject to deduction of tax, as the interim dividend was higher. On the whole, the equity dividend takes up Rs. 9.18 lakhs more than last year.

The rapid progress achieved by the Company during the past four years is clearly brought out by the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales (gross)	16,39.66	13,45.86	12,11.33	10,60.99
Other income	19.70	22.65	17.70	9.07
Closing stocks of finished goods and goods-in-process	2,31.29	2,22.49	1,71.64	2,37.06
Raw materials and stores consumed	6,70.31	6,13.26	5,29.50	5,39.90
Excise duty, rebate and expenses	1,08.26	56.89	40.22	24.95
Other expenses	5,02.02	4,63.67	4,17.51	4,06.92
Gross profit	3,87.57	2,85.54	1,76.37	1,32.58
Managing Agents' remuneration	14.54	9.89	9.32	8.91
Provision for—				
Depreciation	86.15	91.33	64.71	43.00
Taxation	1,35.50	43.00	48.50	8.06
Net profit	1,51.38	1,41.32	53.83	77.60
Withdrawal from reserves and provisions	6.45	0.65	2.71	28.56
Transfer to reserves	73.63	56.50	10.45	73.59
Capital issue expenses	0.11	0.31	0.29	3.75
Compensation and other expenses	1.51	12.18	4.71	..
Dividends—				
Preference	10.71	10.71*	10.71*	0.62
Ordinary	70.35 (30%)*	61.17 (30%)*	38.71 (31.5%)*	25.94 (25%)
Carry forward	3.84	2.32	1.22	0.58
Market value of ordinary shares (in rupees)—	1962	1961	1960	1959	1958
High	682	740	544	658xr	480xr
Low	576	446	425	413xr	378xr

* Subject to deduction of tax.

In recent years the Company has been adding to its paid-up capital. Thus, in 1960, it offered right shares in the proportion of two for three at a premium of Rs. 20 per share, raising the paid-up capital to Rs. 328.91 lakhs. A year

(*Continued on page 919*)

G.K.W.'S SALES AND PROFIT PICK UP

DIVIDEND NEARLY MAINTAINED

A PEAK turnover and a recovery in gross profit, both coming in refreshing contrast to the *stagnation in 1959 and 1960*, feature the results of Guest, Keen, Williams, Ltd. (Managing Director: Mr. W. Morrice, Calcutta) for the 52 weeks ended 30th December 1961. After *staging a sharp improvement* from Rs. 907.06 lakhs to Rs. 10,24.81 lakhs in 1958, sales proceeds had declined to Rs. 960.96 lakhs in the following year and staged only a small recovery to Rs. 966.63 lakhs in 1960. During the year under review, they jumped up to a new peak of Rs. 10,65.88 lakhs. The gross profit, too, had steadily declined from 1957 to 1960. But, last year, it recovered from Rs. 133.16 lakhs to Rs. 155.69 lakhs and exceeded the sum of Rs. 155.46 lakhs earned in 1958. It is, however, still much below (Rs. 170.81 lakhs) for 1956. The profit-margin (ratio of gross profit to gross sales), which had declined from 15.3 per cent to 13.7 per cent in 1960, has looked up to 14.6 per cent in the year under review, though it is nearly seven points lower than that in 1956.

As in the case of most industrial establishments in the country, the operating costs of G.K.W., too, have recorded a sharp rise of more than Rs. 100 lakhs to Rs. 940.45 lakhs last year as compared with those in the preceding year. The increase is as much as Rs. 311.50 lakhs over the 1956 level, as against the corresponding rise in the turnover of Rs. 271.78 lakhs. What is more, production during the period under review was affected adversely by power cuts and through difficulties in not obtaining adequate supplies for the engineering division. The fact that, despite such serious handicaps, the Company has on the whole fared well, warrants the hope that it will do better in the current as well as coming years.

The appropriation policy adopted by the management is of a nature that befits a growing company. Thus, the provision for depreciation has been increased from Rs. 39.84 lakhs to Rs. 45.21 lakhs and that for taxation from Rs. 18.40 lakhs to Rs. 30.50 lakhs. Consequently, the net profit shows only a small improvement from Rs. 74.92 lakhs to Rs. 79.98 lakhs. Out of this, Rs. 1.10 lakh have gone to meet the adjustment relating to the previous years, Rs. 6.22 lakhs (Rs. 5.59 lakhs a year before) have been provided for additional depreciation, Rs. 10.69 lakhs (Rs. 7.66 lakhs) have been transferred to taxation equalisation reserve, Rs. 12.21 lakhs (Rs. 24.57 lakhs) to development rebate reserve and Rs. 5 lakhs to the newly created debenture sinking fund. A sum of Rs. 11.24 lakhs (Rs. 6.03 lakhs) had been withdrawn from general reserve, "bearing in mind the production difficulties and heavy capitalisation during the period" and the Directors have proposed a taxable dividend of 14 per cent against 16 per cent in the previous year; the rate of dividend has of course gone down but it is on a higher capital following the issue in 1960 of 2,000,000 equity shares of Rs. 10 each at a premium of Rs. 18.50 per share as rights shares in the ratio of 1 : 1.

The recovery made by the Company during the period under review is clearly brought out in the table below:

(In lakhs of rupees)

	For the 52 weeks ended			
	30-12-61	31-12-60	2-1-60	3-1-59
Sales proceeds	10,65.88	966.63	960.96	10,24.81
Closing stocks	238.69	159.91	180.20	193.19
Other income	41.01	28.62	12.75	13.17
Operating costs	940.45	889.92	806.26	870.83
Other expenses	10.75	22.17	20.27	11.69
Gross profit	155.69	133.16	147.16	155.46
Provision for—				
Depreciation	45.21	39.84	27.06	22.66
Taxation	30.50	18.40	35.60	74.20
Net profit	79.98	74.92	84.50	58.58
Transfer from reserves to tax provision	..	..	1.24	1.71
Adjustment relating to previous years (+) or (—)	—1.10	+4.87	+4.52	—0.79
Capital issue expenses	..	..	..	7.14
Transfer from reserves	11.24	6.03	..	..
To taxation equalisation reserve	10.69	7.66	..	..
To additional depreciation	6.22	5.59	3.56	2.50
To general reserves	..	..	5.59	1.96
To development rebate reserve	12.21	24.57	33.01	8.42
To debenture sinking fund	5.00	..	..	..
Dividend	56.00 (14%)†	48.00 (16%)†	48.00 (24%)†	40.00 (20%)
Carry forward	Nil	Nil	Nil	Nil
Market value of ordinary share (In rupees):	1961	1960	1959	1958
High	48.50	52.25	48.25	39.37
Low	36.00	36.75	36.00	28.31

† Subject to deduction of tax.

In December last, the Company subscribed at par to 8,864 shares of Rs. 100 each offered by its subsidiary, Sankey Electrical Stampings Ltd. as rights shares, and its holdings consequently increased to Rs. 187.09 lakhs. Last year, the subsidiary reported an increase in sales from Rs. 402.32 lakhs to Rs. 482.35 lakhs and in profit before tax from Rs. 49.96 lakhs to Rs. 52.60 lakhs and stepped up the dividend from Rs. 15 to Rs. 17.50 per share, subject to tax. It repaid Rs. 10 lakhs to the Company out of the Rs. one crore loan received in 1960.

The financial position of G.K.W. is quite satisfactory. Its paid-up capital of Rs. 4 crores is supplemented by reserves of Rs. 6.76 crores, of which Rs. 4.27 crores belong to the share premium account and Rs. 88.68 lakhs to general reserve. Secured loans amount to Rs. 2.27 crores, made up of debentures Rs. 1.50 crores and bank borrowings Rs. 77.08 lakhs. Current liabilities and provisions amount to Rs. 2.44 crores. Excluding debentures, its liability to outsiders aggregates Rs. 3.21 crores, and is very well covered by current assets, loans and advances of Rs. 7.16 crores. Then, there are investments mostly in subsidiaries of the order of Rs. 1.87 crores. The gross block increased from Rs. 7.38 crores to Rs. 9.28 crores and has been written down to Rs. 6.33 crores. Including projects under completion and capital expenses made, the net block is shown in the balance-sheet at Rs. 6.45 crores.

Between 1957 and 1961, the number of G.K.W. employees rose from 6,300 to 7,374 and the salary bill from Rs. 154.42 lakhs to Rs. 237.16 lakhs. The number of shareholders on 30th December 1961 was 12,693, of whom 5,639 persons held 21 to 50 shares and 3,105 persons 51 to 100 shares.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 42.50, including the final dividend of 80 nP per share. On an ex-div. basis, they offer a net return of 2.4 per cent per annum.

TEXTOOL COMPANY LIMITED

The Textool Company Ltd., Madras, has been granted consent by the Controller of Capital Issues to issue capital of Rs. 20 lakhs in equity shares of Rs. 100 each for cash at a premium of Rs. 10 per share. The proceeds will be utilised for providing additional working capital and liquidating the existing liabilities. The consent is valid up to 30th June 1962.

GENERAL TYRES LIMITED

The Directors of General Tyres Ltd. (Managing Agents: Messrs. National Rubber Manufacturers Ltd., Calcutta) have made the first call of Rs. 2.50 per equity share and of Rs. 25 per preference share, payable on or before 16th June 1962. The issue of the requisite call letters has already commenced.

(Concluded from next column)

The financial position of the Company is strong. During the year under review, the issued capital was raised by the issue of 24,405 shares of Rs. 100 each at a premium of Rs. 15 per share as rights shares in the proportion of one share for every two shares held. As all the shares were taken up by the shareholders, the paid-up capital has increased correspondingly from Rs. 48.81 lakhs to Rs. 73.22 lakhs. Considering that it includes 38,964 shares allotted for consideration other than cash and 9,762 shares issued as fully-paid bonus shares, it is adequately covered by reserves and surplus amounting to Rs. 66.45 lakhs, of which general reserve alone amounts to Rs. 43.45 lakhs. The new capital issued has helped to do away with bank borrowings which had been reduced in the previous year from Rs. 44 lakhs to Rs. 18.37 lakhs. Secured loans at the year-end represent only debentures of Rs. 40 lakhs and unclaimed interest of some Rs. 500 on them. Unsecured loans, however, are higher at Rs. 5.65 lakhs as compared with Rs. 4.99 lakhs a year before. Current liabilities and provisions amount to Rs. 75.88 lakhs as against Rs. 44.86 lakhs in the previous year. But these are more than adequately covered by current assets, including book debts but excluding investments (Rs. 2.12 lakhs) at Rs. 145.28 lakhs as against Rs. 85.67 lakhs in the preceding year. The gross block of Rs. 228.50 lakhs shows an increase of Rs. 7.05 lakhs during the year, and has been written down to Rs. 106.41 lakhs, and including fixed assets under erection and in transit, is shown at Rs. 113.80 lakhs in the balance-sheet.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 223 cum-div. On an ex-div basis, they offer a net return of 6 per cent per annum.

GOKAK MILLS' RESULTS IMPRESSIVE

INVESTORS BENEFIT AGAIN

NOTWITHSTANDING the fact that, in accordance with the recommendations of the Indian Cotton Mills Federation, cotton yarn prices were reduced further right from the beginning of the year, the Gokak Mills Ltd. (Managing Agents: Messrs. Forbes Forbes Campbell and Co. Ltd., Bombay) has fared exceedingly well during 1961. The results assume greater importance, as they are an extension of the previous year's impressive recovery and thereby underline that 1959, which was a particularly lean year, was an exception in the Company's history. Moreover, while they illustrate the "generally good" market conditions for yarn that prevailed last year, they also reflect the benefits of extensive replacement and renovation of machinery carried out by the Company in recent years.

Sales realisations have improved further to a new peak of Rs. 422.36 lakhs, showing a rise of 9.6 per cent over Rs. 385.17 lakhs in 1960, when there was a sharp increase of 32.4 per cent. The gross profit, which had recorded nearly a fourteen-fold increase from a mere Rs. 3.25 lakhs to Rs. 44.19 lakhs in the previous year, has staged a handsome improvement of 70.6 per cent to Rs. 75.41 lakhs. And thanks to only minor increases in costs, the profit-margin (ratio of gross profit to sales) as expanded from 11.4 per cent to 17.8 per cent. Taxation, which had no provision last year, has immediately attracted the Directors' attention following the improvement in profit and a large sum of Rs. 22.25 lakhs has been provided to cover this liability. The provision for depreciation at Rs. 15.14 lakhs is a shade lower than that in the previous year. The Managing Agents' commission has increased by Rs. 3.37 lakhs to Rs. 5.84 lakhs. The net profit, consequently, shows an improvement of only Rs. 6 lakhs to Rs. 32.18 lakhs. The Directors have availed themselves of this opportunity to pay to shareholders a cash bonus of 4 per cent in addition to the dividend of 14 per cent, both subject to tax. The significance of paying the additional reward to shareholders in the form of bonus, instead of straightaway increasing the dividend rate, is that the directors are not confident of repeating the enhanced return this year. They cannot, of course, be blamed if they hold this view, as the prospects for the current year have been marred by the high cost of cotton and increase in excise duties. The net total return has moved up from 9.8 per cent in 1960 to 12.6 per cent; it is close to 13 per cent paid in 1956, though quite below the 15 per cent rate for 1955. It is noteworthy that this policy of satisfying the investor, who had suffered in the past, has not been at the cost of reserves to significant extent. They have received as much as Rs. 18.38 lakhs, a sum which is only a shade lower than that (Rs. 19.05 lakhs) set aside last year. The carry forward at Rs. 0.21 lakh is the same as the amount brought in.

A glance at the table below will give one a clear idea of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales of yarn and waste (gross)	422.36	385.17	290.76	269.61
Stocks of finished goods at close	38.74	25.18	10.98	13.10
Other income	6.44	5.19	4.80	3.86
Cotton consumed	257.46	253.81	186.74	189.17
Staff expenses	66.56	65.69	45.87	45.97
Other expenses	42.66	40.77	27.68	29.20
Gross profit	75.41	44.19	3.25	15.13
Provision for—				
Depreciation	15.14	15.84	7.96	6.94
Taxation	22.25	..	..	0.02
Managing Agents' commission	5.84	2.47	0.80	0.02
Net profit (+) and loss (—)	+32.18	+26.08	—5.20	+8.01
Transfer from reserves and provisions	0.80	..	10.99	2.90
Additional provisions	0.78	..	2.80	0.02
To reserves	18.38	19.05	..	2.97
Dividend	11.80 (D.I.4% + B. 4%)*	6.88 (14%)*	1.98 (6%)*	3.00 (6%)
Carry forward	0.21	0.21	0.01	0.04
Market value of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	238.00	210.50	197.50	192.00	168.50
Low	200.00	164.00	155.00	137.00	125.00

* Subject to deduction of tax.

New machinery installed and brought into operation during the year comprised one set of waste cards, two condenser ring frames, a cone winder and four heavy doublers. Seventeen speed frames and 12 ring frames were fitted with high drafting systems. One 1,000-kw. hydro-generator was thoroughly renovated.

(Continued in previous column)

SYNOPSES OF COMPANY REPORTS

Soorah Jute Mills Co., Ltd.

(*Managing Agents*: Hindusthan Investment Corporation Ltd., Calcutta.)

Annual General Meeting—23rd May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	1,25,80	1,10,91
Finished goods	6	10
Scrap materials	5,04	5,75
Closing stock—finished goods	25,78	30,11
Manufacturing and other expenses	8,90	12,66
Gross profit	63	1,05
Transfer to Managing Agents' remuneration	2,40	2,09
,, ,, depreciation	2,69	4,15
,, ,, provision for taxation	3,27	5,37
Net profit	3,41	63
Adjustments	..	..
Appropriations:	6,68†	6,00
Total available balance	2,00	1,20
Transfer to general reserve	2	8
,, development rebate reserve	..	..
Proposed dividends (taxable) 10% C. Preference	1,00	1,00
,, ,, Ordinary	3,50 (25%)	3,50 (25%)
Carry forward	16	22

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

† This includes Rs. 3,19,070 being excess provision for depreciation made during the years 1957 to 1960 written back.

Extracts from the Directors' report: On account of draught conditions which prevailed for the second successive year in the jute growing areas during the last season, the 1960-61 crop was insufficient to meet the full demand of the industry. The effects of the shortage became steadily more severe, in the result that raw jute prices rose abnormally high in relation to the prices of manufactured goods. These difficult conditions continued upto the middle of September 1961. Because of inadequate supplies of raw jute, production was curtailed by sealing of additional looms, working hours were reduced and there was a block closure of mills for one week in each of the months of June and July 1961.

Trading and working conditions, however, began to show improvement with the arrival of the new jute crop in the market from September 1961. From 25th September 1961, the mill started unsealing a number of looms and increasing the working hours.

In the 1961-62 season, the raw jute crop is expected to be about 80 lakhs of bales which will be sufficient to meet the demand of the industry. The foreign demand for gunnies continues to be steady and stocks are at the lowest level. In view of this, additional looms have since been unsealed leaving only 5½ per cent looms sealed at present. This Company, however, was able to get advantage of the favourable trading conditions for a period of only three months by virtue of the fact that its accounts close annually in December. The prospects for the year 1962 are therefore considered bright.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	24,00,000	Gross block	75,51,195
Reserves and surplus	16,03,068	—Depreciation	53,53,139
Other liabilities	45,37,057		22,08,056
		Net block	1,15,919
		Block in progress	47,93,133
		Current assets	13,52,561
		Investments	67,456
		Cash	..
Rs.	85,40,125	Rs.	85,40,125

* Paid-up capital consists of 10,000 ten per cent. cumulative (free of income-tax) preference shares of Rs. 100 each and 1,40,000 Ordinary shares of Rs. 10 each. Of the above 70,000 ordinary shares are issued as fully paid up bonus shares by Capitalisation from general reserve.

Bengal Assam Steamship Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—24th May 1962.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1961	1960
Income from freight, etc.	39,70	33,57
,, ,, charter hire	2,70	3,54
	48,48	42,88
Gross income	28,04	20,35
Fleet expenses	7,18	9,81
Gross profit	Nil	32
Transfer to Managing Agents' commission	..	..
,, ,, Secretaries' and Treasurers' commission	39	8
,, ,, depreciation	3,20	1,38
,, ,, provision for taxation	2,43	3,70
	1,16	4,33
Net profit	1,68	2,07
Adjustments	..	..
Appropriations:	2,84	6,40
Total available balance	*	3,14
Transfer to development rebate reserve	95	1,20
,, ,, capital reserve	..	..
Proposed dividends (taxable) 7% C. preference	27†	33††
,, ,, ordinary	1,50 (7½%)	1,50 (7½%)
,, ,,	12	23
Carry forward	..	..

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items like excess tax provision no longer required and transfer from reserves if any.

* Only a small sum of Rs. 370.

† Preference dividend is calculated at 9.1 per cent.

†† Preference dividend is calculated at 2.1 per cent. in addition to additional dividend on preference shares of Rs. 6,300 for the year ended 31st October 1959 at 2.1 per cent. in accordance with the Preference Shares (Regulation of Dividends) Act, 1960.

Extracts from the Directors' report: A number of the Company's vessels were damaged in a very severe cyclone which passed across East Pakistan on 9th May 1961. The cost of the necessary repairs was considerable and in addition these vessels were off the run at a time when they would have been earning freight. Nevertheless, there was an increase in freight earnings during the year despite the extremely small 1960-61 jute crop and, with the better jute crop in the 1961-62 season, prospects for the current year are satisfactory. Arrangements have recently been made to utilise the fleet for the carriage of general cargo from Calcutta to Dhubri and Gauhati.

Permission has been received from the Government of India to import another light drafted tug for use over the shallow reaches of the Brahmaputra river, and it is expected that this tug will be commissioned in July 1962.

Accounts in brief as at 31st October 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	23,00,000	Gross block	53,71,269
Calls received in advance	1,000	—Depreciation	23,96,464
Reserves and surplus	27,25,352	Net block	29,74,805
Other liabilities	25,11,879	Current assets	25,76,039
		Investments	1,58,500
		Cash	18,28,887
Rs.	75,38,231	Rs.	75,38,231

* Paid-up capital consists of 5,000 seven per cent. cumulative preference shares of Rs. 100 each—Rs. 60 per share paid up in cash and 20,000 ordinary shares of Rs. 100 each fully paid up. Out of the ordinary shares, 10,000 shares are issued as fully paid up bonus shares by capitalisation of reserve.

Polson Ltd.

(*Managing Agents*: Polson Agencies Private Ltd., Bombay.)

23rd Annual General Meeting—18th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales—Butter, coffee, etc.	1,54,30	1,37,85
Closing stock—		
Raw materials	8,55	7,89
Manufactured butter, coffee, etc.	7,02	6,68
Gross profit	17,26	16,04
Transfer to Managing Agents' commission	1,41	1,32
,, ,, depreciation	2,69	2,67
,, ,, provision for taxation	5,90	5,75
Net profit	7,26	6,30
Adjustments	89	39
Appropriations:		
Total available balance	8,15	6,69
Transfer to general reserve	1,00	61
,, ,, development reserve	63	20
Proposed dividends (taxable) preference	1,07*	1,07*
,, ,, ,, equity	4,59 (17½%)	4,05 (15%)
Carry forward	86	67

N.B.—Adjustments represent the balance brought forward from the previous year and excess provision of income-tax for previous year.

* Preference dividend is calculated at Rs. 6.66 per share.

Extracts from the Directors' report: The sales of the Company's products increased from Rs. 1.38 crore in 1960 to Rs. 1.54 crore during the year under review, a rise of about 12 per cent. The sales during the year show an increase in sale of all the Company's products. The Company's export business suffered a severe setback because of the interpretation of the Indo-Burma Trade Agreement. The decline was to the tune of nearly Rs. 7 lakhs. In spite of this the total coffee sales show an appreciable rise, which is a satisfactory state of affairs. The Indo-Burma Trade Agreement has now expired and the Company started receiving business from Burma, where the Company's coffee enjoys a very good reputation.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	46,99,800	Gross block	69,39,361
Reserves and surplus	20,56,605	—Depreciation	28,90,248
Other liabilities	22,09,858		40,49,613
		Net block	39,08,574
		Current assets	3,235
		Investments	10,03,841
		Cash	..
Rs.	89,65,263	Rs.	89,65,263

* Paid-up capital consists of:—(a) 20,000 six per cent. (less income-tax) cumulative redeemable preference shares of Rs. 100 each and (b) 26,998 equity shares of Rs. 100 each. Out of this 10,280 cumulative redeemable preference shares and 12,353 equity shares are issued as fully paid-up bonus shares by way of capitalisation of reserves.

Sivanandha Mills Ltd.

(*Managing Agents*: Messrs. S. R. Ponnuswamy Chetty & Sons, Coimbatore.)

12th Annual General Meeting—9th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales—		
Finished goods	81,78	62,12
Waste	74	94
Closing stock of raw materials, finished goods, etc.	16,75	22,95
Gross profit	18,54	15,02
Transfer to Managing Agents' remuneration	1,38	1,21
,, ,, depreciation	4,16	2,49
,, ,, development rebate	1,35	2,95
,, ,, provision for taxation	5,30	3,60
Net profit	6,35	4,77
Adjustments	5	23
Appropriations:	6,40	5,00
Total available balance	3,50	1,50
Transfer to general reserve	Nil	50
,, ,, dividend equalisation reserve	25	75
,, ,, provision for gratuity reserve	2,80	2,20
Proposed dividend (taxable) equity	(26%)	(22%)
Carry forward	5	3

N.B.—Adjustments include the balance brought forward from the previous year and other credit items written back.

Extracts from the Directors' report: The working of the mill continued to be quite satisfactory during the year. The mill was running on 3 shifts with an installed capacity of 31,360 spindles besides 1,664 doubling spindles during the year. The average number of spindles worked during the year was 25,521. One set of 4 *High Speed Combers* imported from U.S.A. was installed during the year.

The mill has been enrolled as an "Exporter/Manufacturer" by the Cotton Textiles Export Promotion Council, Bombay under the Enrolment Scheme and it had also export performance during the year for the first time.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	76,35,323
Reserves and surplus	16,79,287	—Depreciation	40,15,966
Other liabilities	45,13,162		36,19,357
		Net block	28,16,250
		Current assets	2,500
		Investments	7,37,025
		Cash	19,817
Rs.	71,92,449	Rs.	71,92,449

* Paid-up capital consists of 1,00,000 equity shares of Rs. 10 each fully paid up.

Bengal Flour Mills Co., Ltd.

(*Managing Agents*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

128th Annual General Meeting—31st May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales (excluding commission)	2,23,60	2,39,53
Closing stock—wheat and gunnies	8,96	5,77
,, ,, flour, etc.	56	5,09
Gross profit	9,37	17,01
Transfer to Managing Agents' remuneration	86	1,64
,, ,, depreciation	1,21	1,08
,, ,, taxation	36	33
Net profit	5,48	3,13
Adjustments	6,77	3,75
Appropriations:	36	5,82
Total available balance	7,13	9,57
Transfer to general reserve	1,50	2,00
,, ,, replacement of plant and machinery reserve	2,00	3,00
,, ,, development rebate reserve	Nil	Nil
Proposed dividend (taxable) ordinary	2,80 (20%)	4,20 (30%)
Carry forward	78	37

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

Extracts from the Directors' report: Operations—Normal production was maintained throughout the year, but prospects for the current year cannot be forecast owing to the uncertainty of regular supplies of steel sheet.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	14,00,070	Gross block	9,22,041
Reserves and surplus	9,33,953	—Depreciation	1,01,688
Other liabilities	7,92,149		8,20,458
		Net block	20,46,716
		Current assets	32,732
		Investments	2,27,267
		Cash	..
Rs.	31,26,172	Rs.	31,26,172

* Paid-up capital consists of 1,40,007 ordinary shares of Rs. 10 each fully paid up.

Steel Containers Ltd.

(*Secretaries*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

4th Annual General Meeting—25th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	85,97	70,47
Closing stock—		
Raw materials	16,10	61,59
Finished products	9	19
Gross profit	12,91	7,21
Transfer to depreciation	36	33
,, ,, taxation	5,48	3,13
Net profit	6,77	3,75
Adjustments	36	5,82
Appropriations:	7,13	9,57
Total available balance	1,50	2,00
Transfer to general reserve	2,00	3,00
,, ,, replacement of plant and machinery reserve	Nil	Nil
,, ,, development rebate reserve	2,80 (20%)	4,20 (30%)
Proposed dividend (taxable) ordinary	78	37
Carry forward	..	..

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

Extracts from the Directors' report: Operations.—As a result of a dispute with the workmen, the Company's Mill was closed for a period of approximately seven weeks. The consequences of the closure are reflected in the reduction in the profit earned for the year.

Supplies of wheat were sufficient to maintain full production during the remainder of the year. As a result of a change in the method of distribution of wheat supplies introduced by Government in April 1962, there are indications that all available finance will be fully employed in the purchase of stocks.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block	37,83,100
Reserves and surplus	28,29,747	—Depreciation	33,02,200
Other liabilities	17,30,700		4,80,900
		Net block	42,16,554
		Current assets	2,500
		Investments	10,60,493
		Cash	..
Rs.	57,60,447	Rs.	57,60,447

* Paid-up capital consists of 1,20,000 ordinary shares of Rs. 10 each fully paid up. Out of this 48,000 ordinary shares are allotted as fully paid-up bonus shares by way of capitalisation of revenue reserve.

Steel Containers Ltd.

(*Secretaries*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

4th Annual General Meeting—25th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	85,97	70,47
Closing stock—		
Raw materials	16,10	61,59
Finished products	9	19
Gross profit	12,91	7,21
Transfer to depreciation	36	33
,, ,, taxation	5,48	3,13
Net profit	6,77	3,75
Adjustments	36	5,82
Appropriations:	7,13	9,57
Total available balance	1,50	2,00
Transfer to general reserve	2,00	3,00
,, ,, replacement of plant and machinery reserve	Nil	Nil
,, ,, development rebate reserve	2,80 (20%)	4,20 (30%)
Proposed dividend (taxable) ordinary	78	37
Carry forward	..	..

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

Extracts from the Directors' report: Operations—Normal production was maintained throughout the year, but prospects for the current year cannot be forecast owing to the uncertainty of regular supplies of steel sheet.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	14,00,070	Gross block	9,22,041
Reserves and surplus	9,33,953	—Depreciation	1,01,688
Other liabilities	7,92,149		8,20,458
		Net block	20,46,716
		Current assets	32,732
		Investments	2,27,267
		Cash	..
Rs.	31,26,172	Rs.	31,26,172

* Paid-up capital consists of 1,40,007 ordinary shares of Rs. 10 each fully paid up.

Notices

PHILIPS INDIA LIMITED

NOTICE OF ANNUAL GENERAL MEETING

THE THIRTY-SECOND ANNUAL GENERAL Meeting of the Members of Philips India Limited will be held on Thursday, June 14, 1962 at 11 a.m. at the premises of the Bengal Chamber of Commerce & Industry, Room No. 2, 6 Netaji Subhas Road, Calcutta-1, to transact the following business:

1. To receive the Directors' and Auditors' Reports and pass the Accounts for the year ended December 31, 1961
2. To declare a Dividend
3. To appoint Directors in place of those retiring
4. To appoint Auditors and fix their remuneration
5. To transact any other ordinary business of an Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification, the following resolutions:

6. As an Ordinary Resolution

"That with effect from January 1, 1962 Mr. W. A. C. H. Bosschaart, the Managing Director of the Company, shall be entitled to receive from the Company remuneration for his services in accordance with the terms set out in an Agreement dated May 2, 1962, made between the Company of the one part and Mr. W. A. C. H. Bosschaart of the other part."

7. As a Special Resolution

"That, in view of the proposal contained in the next succeeding resolution, consent be and is hereby accorded for increasing the number of the Directors of the Company from five to six."

8. As an Ordinary Resolution

"That due notice in writing signifying the intention of a member to propose Mr. Deba Priya Mukherjee as a Director having been left at the Registered Office of the Company pursuant to Section 257 of the Companies Act, 1956, Mr. Deba Priya Mukherjee be and is hereby appointed, subject to the approval of the Central Government under Section 269 of the said Act, as a Director of the Company."

9. As a Special Resolution

"That this Meeting hereby accords its consent under Section 314 of the Companies Act, 1956 to Mr. Deba Priya Mukherjee holding and continuing to hold an office or place of profit under the Company as its Chief Adviser, Personnel & Industrial Relations, and being entitled to receive from the Company, subject to the approval of the Central Government, the remuneration as set out in the resolution of the Board of Directors passed on May 2, 1962, a copy of which was laid on the table and signed by the Chairman for the purpose of identification."

The Register of Members of the Company will be closed from May 24, 1962 to June 14, 1962, both days inclusive. The Dividend, if approved, will be payable on or after July 2, 1962 to those shareholders whose names are on the Register of Members on June 14, 1962 or to their mandatees.

By Order of the Board

W. A. C. H. BOSSCHAART
Chairman and Managing Director

May 9, 1962

7, JUSTICE CHANDRA MADHAB ROAD,
CALCUTTA 20.

Notes: 1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself; such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.

2. Shareholders are requested to notify the Company immediately of any change in address.

3. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, in respect of the aforesaid Special Business is annexed to the Convening Notice sent to members.

COMPANY NOTICE

INDIAN COPPER CORPORATION LIMITED

(Incorporated in England)

DIVIDEND NO. 36

NOTICE IS HEREBY GIVEN THAT AT THE Thirty-eighth Annual General Meeting to be held in Committee Room No. 2 (2nd Floor) of the Bengal Chamber of Commerce and Industry, Royal Exchange, Calcutta, on Wednesday, the 8th August, 1962, at 11-30 a.m. the Directors will recommend payment of a Dividend (No. 36) for the year ended 31st December, 1961 of 27 per cent (6.48 pence, i.e. 36 Naye Paise per unit of stock) subject to deduction of Tax, in respect of the Issued Capital of £1,371,300. Subject to confirmation of members, the dividend will be paid on the 31st August, 1962 to all members registered in the books of the Company at the close of business on the 8th June, 1962.

The Registers of Members will be closed from the 9th June, 1962 to the 1st July, 1962, both days inclusive.

The profit for the year ended 31st December, 1961 was £1,222,163 (against £1,307,982 for previous year), out of which have been provided £165,000 for depreciation (£175,000 last year), £4,125 for gratuities last year nil, £68,465 for decretal amount under Kyanite Suit last year nil, £504,512 for Taxation (against £500,477), £56,250 for Development Rebate Reserve (against £50,625) and £100,000 for General Reserve (against £200,000), leaving a nett profit of £323,811 (against £381,880). With £118,750 brought in from 1960, the balance available is £442,561 (against £489,001) and after providing £370,251 for the abovementioned proposed Dividend of 27 per cent subject to deduction of Tax (Dividend No. 35 of 27 per cent subject to deduction of Tax last year—£370,251) the balance carried forward is £72,310 (against £118,750 brought in from previous year).

By Order of the Board,
G. A. CARVER,
Secretary.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA-1.
Dated the 9th May, 1962.

ESCORTS LIMITED

Registered Office:
26, FAIZ BAZAR, DELHI-6

NOTICE IS HEREBY GIVEN THAT THE 17th Annual General Meeting of the above Company will be held in its premises at 16, Barakhamba Road, New Delhi-1 on Friday, the 15th June, 1962 at 10 a.m. to receive, consider and adopt the Directors' and Auditors' Reports and audited accounts for the year ended 31st December, 1961 and to consider other matters as Ordinary and Special Business of which notice is being given to the Members. Further, separate meetings of the 9 per cent (free of Company's tax) and 10 per cent (less tax) Preference shareholders will also be held on the same date and place at 11-00 a.m. and 11-30 a.m. respectively to consider special business of which too notice is being given.

By Order of the Board,
P. L. JAITLY,
Secretary.

Date: 10-5-1962
DELHI-6.

Note: 1. The Transfer Register and Members Register (both of Equity and Preference share capital) shall remain closed from 26th May to 15th June, 1962, both days inclusive.

2. The Mandates for payment of dividend will be noted only if received before the closing of the Transfer Register and Members Register.

3. The Directors have recommended a dividend of 13 per cent on the Equity shares.

4. Explanatory statements as required under Section 173 at the Companies Act, 1956, in regard to the items under special business will be forwarded to the Members of the Company.

5. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

HERCULES INSURANCE COMPANY LIMITED

(Incorporated in India)

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Hercules Insurance Company Limited will be held at the Registered Office, 16, Hare Street, Calcutta on Wednesday the 6th June 1962, at 3 p.m., for the purpose of:

1. Considering the Accounts, Balance Sheet and the Reports of the Board of Directors and Auditors for the year ended 31st December, 1961.
2. Declaring a Dividend.
3. Appointing Directors in the place of those retiring. And, in this connection notice is hereby given that Special Notice as defined in Section 190 of the Companies Act, 1956, has been received by the Company under Section 281 of that Act to move the following resolution at the meeting:

"That Sir Badridas Goenka, the Chairman of the Company, who has attained the age of 78 years and is retiring at this meeting, be and he is hereby re-appointed a Director of the Company and the age limit prescribed by Section 280 of the Companies Act, 1956, shall not apply to him."

4. Appointing Auditors and fixing their remuneration.

AS SPECIAL BUSINESS

5. To consider and, if thought fit to pass with or without modifications the following resolution which will be proposed as an Ordinary Resolution:

"That subject to the approval of the Central Government this meeting approves the payment of remuneration to Mr. E. K. Srinivasan as the Managing Director of the Company with effect from the 16th July, 1962 on the terms set out in the Agreement dated the 9th May, 1962 and made between the Company of the one part and Mr. E. K. Srinivasan of the other part (a copy of which was produced to the meeting and signed by the Chairman hereof for purpose of identification) or on such other terms as may be agreed between the Central Government and Mr. E. K. Srinivasan and the Board of Directors of the Company."

6. To consider and, if thought fit to pass with or without modifications the following resolution which will be proposed as an Ordinary Resolution:

"That subject to the approval of the Central Government and with effect from the 1st January, 1961, the Chairman and the Deputy Chairman of the Board of Directors of the Company shall each be entitled to receive out of the funds of the Company for their services in attending meetings of the Board or a Committee of the Board a fee of Rs. 300 per meeting of the Board or a Committee of the Board attended by them or such fee not exceeding Rs. 300 as may be agreed between the Central Government and the Board and each of the other Directors of the Company shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or a Committee of the Board a fee of Rs. 250 per meeting of the Board or a Commitee of the Board attended by him or such fee not exceeding Rs. 250 as may be agreed between the Central Government and the Board."

7. To consider and, if thought fit, to pass with or without modifications the following resolution which will be proposed as a Special Resolution, namely:

"That the Regulations contained in the printed document submitted to this Meeting and for the purpose of identification signed by the Chairman thereof be and the same are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles thereof."

The Share Transfer Books will be closed from the 30th May 1962 to the 6th June 1962, inclusive.

By Order of the Board,
E. K. SRINIVASAN.
Managing Director.

CALCUTTA, *9th May* 1962

Note—1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

2. The dividend when declared will be paid only to those shareholders whose names appear on the Company's Register as on the 6th June 1962.

Explanatory Statement as required by Section 173 of the Companies Act, 1956 has been forwarded to the members of the Company.

COMPANY AFFAIRS

(Concluded from page 915)

later, that is, in October 1961, a sum of Rs. 50.98 lakhs was capitalised out of reserves and 50,982 bonus equity shares of Rs. 100.00 each were issued in the proportion of 1 : 4. This has brought the paid-up capital to Rs. 379.91 lakhs. This is matched, as at 31st December 1961, by Rs. 396.25 lakhs in reserves and surplus. Secured and unsecured loans amount to a mere Rs. 28.79 lakhs. Current liabilities and provisions aggregate Rs. 257.86 lakhs. With the inclusion of additions worth Rs. 21.02 lakhs during the year, the gross block of the Company is now valued at Rs. 12,62.96 lakhs and, on deducting therefrom Rs. 548.89 lakhs as depreciation provided so far, the net block works out to Rs. 714.07 lakhs. The cost of capital work in progress is estimated at Rs. 27.82 lakhs and this gives a total net block of Rs. 741.90 lakhs. Investments, current assets and loans an advances all total up Rs. 393.46 lakhs and exceed the liabilities to outsiders by a comfortable margin.

The expansion of the rayon plant from 72 to 96 spinning machines has been completed and full increased production will be achieved as soon as the additional power applied for by the Company is released. The construction of factory building for the tyre cord plant is in progress and machinery has started arriving. The plant is expected to go into production early next year. The Company had obtained a licence for a rayon grade caustic soda plant, with a capacity of 30 tons, the cost of which is estimated at Rs. 1.60 crore. Orders for plant and machinery have been placed and production is anticipated to commence by about the end of 1963. As regards the Company's proposal to put up a modern textile unit outside Bombay with automatic looms, the services of a leading Swiss firm of textile engineers, namely, Maurer Textiles S.A., have been engaged and suitable land is being acquired.

The Rs. 100 fully-paid ordinary shares of the Company are a hot favourite with investors and speculators alike and are presently quoted at Rs. 680 *cum*-final dividend. On an *ex-div.* basis, the net yield works out to 3.2 per cent.

INSURANCE

(Concluded from page 898)

reduce the chances of promotion have also prevented merger being seriously considered as a solution to the ills that affect the industry. It is not difficult, as Mr. Shroff himself conceded, to sort out the individual interest of the units concerned and to find solutions to other problems if the insurance industry itself firmly resolves to rebuild the market on sound lines. If the Government takes a firm stand on this issue and prods the insurers to get together, as it has been doing in the case of banking, progress towards consolidation and strengthening of this important branch of service could be speeded up.

NEW INSURANCE SERVICE FOR BRITISH INDUSTRY

An idea which *The Review*, London, predicted could prove to be "one of the most important, stimulating and exciting developments in the insurance world for a long time" was adumbrated a year ago in the annual address of Sir John Benn as Chairman of the United Kingdom Provident Institution. Sir John made the following reference to the "Radcliffe Gap":

"In 1931 the Macmillan Committee pointed to a serious flaw in the British capital market which failed to provide adequately for the long-term needs of small and medium-sized concerns. That gap has been filled by institutions such as the Finance Corporation for Industry, the Industrial and Commercial Finance Corporation and the Charterhouse Group, to whose resources institutions like our own have contributed in considerable measure. Now we have the Radcliffe Committee pointing to another gap: that of providing the genuine risk capital needed to finance new inventions and to bring them to the stage of commercial production. The Radcliffe Report suggests that an Industrial Guarantee Corporation should be set up with Government backing to insure part of the risk. This is surely a case where the life offices could co-operate with the authorities in forming an institution for which there is a definite need. Indeed, as we are so well accustomed to underwriting risks, I should personally prefer to see the life offices setting up some organisation themselves without imposing further liability on the public purse. We helped to fill the Macmillan gap; let us now tackle the Radcliffe Gap."

In January this year the "gap" was filled with the registration of a new company, namely, Technical Development Capital Ltd., to provide that risk capital for selected technical innovations and inventions. The new company is backed by thirty-three insurance companies, banks and City institutions. It has a capital of £2-millions and an impressive Board of Directors. It is said that there is nothing else quite like this company in the United Kingdom (though it has its counterpart in a successful company in the United States of America, whose advice has been consulted). It involves no Government backing. Its ideas are quite flexible: it would appear that when a technical innovation or invention is considered worthy of capital support, the particular form that the support will take will be decided on an individual basis—it may take a variety of forms, including the form of debenture capital, but more likely of an equity interest in the developing company (and probably a majority interest at that) with the rights and interests of the inventor fully provided and cared for. The stage at which the company will be interested in a proposition will be the practical stage after it has been shown to work, and that it has been or could be patented.

SWISS INTERNATIONAL INSURANCE

The international business transacted by Swiss insurance companies has grown a great deal during recent years. At present, about half the private insurance companies are doing some of their business abroad. Stable political and monetary conditions in Switzerland, the long experience of Swiss insurance companies, several of which have been in existence for over or nearly one hundred years, and their readiness to cover even considerable risks explain their growing prestige abroad.

According to an analysis of the Federal Insurance Office statistics published in the Swiss Bank Corporation Bulletin for January 1962, Swiss insurance companies collected during 1959 Sfr. 4,698 million in premiums. Of this sum, about 3 milliard francs concerned either direct or indirect transactions abroad. The proportion of foreign to Swiss premiums is estimated at 9 to 1 for reinsurance, 11 to 7 for insurance against accident and damage to property and 1 to 7 for life insurance. These figures, particularly striking in the sphere of reinsurance, bear impressive witness to the economic importance of the Swiss insurance companies' activities in foreign countries.

This growth of foreign insurance business has had a favourable influence on the Swiss balance of payments on current accounts. For the last four years, receipts under the head of "insurance" have increased steadily. The part the insurance receipts play in the "invisible" transactions is tending to expand as may be gathered from the following table:

Insurance receipts in the Swiss balance of payments on current accounts
(In million Swiss francs)

Year	Receipts	Expenditure	Balance	Insurance receipts expressed as a percentage of all "invisible" receipts
1957 ..	110	25	85	3.12
1958 ..	122	28	94	3.28
1959 ..	137	37	100	3.49
1960 ..	161	36	125	3.57

The above figures refer to all *private and social insurance*. Under "receipts," which in 1960 aggregated 161 million Swiss francs, are included, on the one hand, receipts in connection with true insurance business and on the other *growing income* from foreign investments of the Swiss insurance companies. With regard to social *insurance*, the sum transferred abroad by Switzerland under the provisions of bilateral agreements is markedly larger than that received from foreign countries. With surplus receipts of 125 million francs in 1960, "insurance" is certainly not a negligible asset in the Swiss balance of payments on current accounts although when compared with the net surpluses under other "invisible" heads, such as tourist traffic (940 million francs) or income on capital (680 millions), it is still a relatively modest one.

This year we will be completing the twentieth Anniversary of our prosperous existence. During these years, miles of our Wires and Cables have made many industrial projects of the two Plans and wiring of important Buildings. The production of our renowned NICCO Cables is backed with the technical advice of our collaborators, the British Insulated Callender's Cables Ltd.

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S/NICCO-1

MONEY STILL IN DEMAND

(From Our Own Correspondent)

BOMBAY, 16th *May*

Although there is no stringency in the short-term money market, the demand for funds from trade and industry is good. Banks say that they are still experiencing active conditions and that some of them are borrowers. The inter-bank call money rate, which had gone up to 4 per cent towards the close of last week, continues to stay at that level even today. Reports from Calcutta suggest keener demand for money and some of the floating funds have been diverted to that centre where the inter-bank call rate is a little higher at 4¼ per cent.

The rates of interest for short-term deposits are unchanged at the ceiling levels under the inter-bank agreement. The fate of this agreement will be known early next week. The chief executives of banks are due to meet in Bombay this week-end. A fraction of the increase from 2.580 per cent per annum to 2.590 per cent per annum is the only feature of the Government of India's 91-days' Treasury Bills sold under the tender system. The amount invited, the amount offered and the amount accepted were all the self-same, namely, Rs. 2 crores. Sales of 91-days' Intermediate Treasury Bills fetched a slightly larger amount of Rs. 16.75 lakhs, as against Rs. 15.25 lakhs in the previous week. Sales of both the types of bills are being continued.

The downward trend in foreign assets of the Reserve Bank persists, the exact decline during the week ended 11th May 1962 being Rs. 1.19 crore. The total of these assets now stands at Rs. 109.80 crores.

Reflecting the improvement in the demand for funds, the banks' borrowings from the Reserve Bank against usance bills went up by Rs. 3.35 crores during the week ended 11th May 1962, raising their total to Rs. 11.21 crores. Since other loans and advances also show a bigger rise of Rs. 9.41 crores, it looks as though the banks had taken funds from the Reserve Bank against Government securities also. Deposits of banks with the Reserve Bank, however, improved by Rs. 10.06 crores to stand at Rs. 89.04 crores.

According to the scheduled banks' statement for the week ended 4th May 1962, there was a small rise of Rs. 1.19 crore in deposits. Inter-bank borrowings also were up by Rs. 1.67 crore. Bank credit spurted by Rs. 5.22 crores; actually, the item "advances" had risen by as much as Rs. 11.29 crores, but a part of this rise had been neutralised by a fall of Rs. 6.07 crores in bills purchased and discounted. There was a sizable drop of Rs. 7.79 crores in investments.

It would appear that the bulk of the rise in bank credit noted above was in the books of banks other than the State Bank of India, as the latter's advances (including bills purchased and discounted) had gone up by only Rs. 2.03 crores. Investments of the State Bank were down by Rs. 7.43 crores, but its other assets had expanded by Rs. 6.92 crores. There was hardly any improvement in the deposits of this premier commercial bank.

In the Gilt-edged market, there was some activity in State loans, a few of those maturing in 1970 and 1972 having gone up by 10 to 25 nP. Among Central loans, very little activity was noticeable, but whatever change there was, was in favour of sellers. Thus, an improvement of 15 nP was noted in 3 per cent 1966-68 and of 5 nP in 3 per cent 1970-75. The Conversion loan was, however, a shade lower at Rs. 71.

In the foreign exchange market, £ sterling ruled steady, with the New York on London rate showing hardly any change over the week. Locally, the banks' selling rate for ready T.T. on New York went up by 25 nP to Rs. 476, but their buying rate remained unchanged at Rs. 472.50. The rate for Canadian dollars, which had come down sharply (by Rs. 13.25) last week following a slight devaluation consequent on the fixing of new parity rate at a lower level, went down further by some Rs. 3.25, the latest rates for banks' selling and buying being Rs. 439.00 and Rs. 431.25 (per 100 dollars), respectively.

SUGAR RULES FIRM

(From Our Own Correspondent)

HAPUR, 14th *May*

Sugar continued to rule firm here this week on brisk buying and better export prospects. The inferior quality smaller crystal advanced by about 75 nP per maund on keen demand from Rajasthan and Gujarat possibly due to the marriage season. Spot prices also improved. Week-end spot prices (per bag) were: Simbhauli Rs. 107.37, Bulandshar Rs. 104 per quintal, mill delivery (per maund) E29 Simbhauli Rs. 39.44, Bijnore Rs. 38.87, D29 Amroha Rs. 39, Meerut Rs. 39.44, Dhampur Rs. 38.87, Seohara Rs. 39 and Kashipur Rs. 38.87.

Sugar firmed up in Muzaffarnagar market, and the release of an extra quota went unnoticed. The smaller types evoked inquiries from Rajasthan, while bold crystal was in demand from Madhya Pradesh, Gujarat, Saurashtra and Delhi. Rise in prices was more marked in the inferior quality.

In the spot section seasonal demand was brisk, and prices hardened. Week-end prices (in rupees per maund) were: A29 Rampur 41.53, Iqbalpur 41.60, Daurala 41.81, A29 Lhaksar 41.22, Mansurpur 41.85, Shamli 41.35, B29 Mawana 40.78, Deoband 40.03, D29 Deoband 39.60, Bulandshar 39.25 and Modinagar 39.62.

Khandsari prices improved further owing to fall in arrivals in the face of brisk upcountry demand. The moist quality was quoted at Rs. 30.25 to Rs. 33.25 and the dry superior at Rs. 33.25 to Rs. 36.25 per maund. Khandsari boora and crystal boora were being done at Rs. 36.50 to Rs. 37.50 and Rs. 39 per maund respectively.

Gur ruled quiet, as demand was slack. The week's offtake was three wagonloads. Arrivals were nominal at an average of 75 to 100 maunds, daily and the local stocks at the week-end were 24,000 maunds as against 56,000 maunds at the same time last year. Total arrivals of gur here during the current season approximate 4.26 lakh maunds, as against 4.72 lakh maunds in the last season and 5.87 lakh maunds in 1960. Shakker stayed steady on good Rajasthan and stockists' support. Week-end prices were: Superior 2½ seer pieces Rs. 56.60, pansera Rs. 50.82, kotha dara Rs. 48.23, selected 50.25 and shakker 56.26 to 58.94 per quintal.

Gur firmed up in Muzaffarnagar because of decreased inflow against fresh outside demand. Prices advanced by nearly Re. one to Rs. 18 to Rs. 22 per maund. Rusker laddoo attracted good demand from east U.P. at Rs. 10 to Rs. 14.75 a maund. Shakker dara and masala were much in request from north Gujarat, Punjab and Rajasthan and were done higher at Rs. 21 to Rs. 23 and Rs. 23 to Rs. 25 per maund respectively.

Trading in gur futures remained suspended since 5th May last, when trading in the delivery period for the Baisakh contract started. It is, however, expected that the new contract, phagun, would be opened soon.

BULLION STEADY

(From Our Own Correspondent)

BOMBAY, 16th *May*

After ruling distinctly easy in the first two sessions of the week, the bullion market picked up strength on Saturday the 12th inst. and the recovery gathered momentum on the 14th and 15th also. The market, however, developed a sagging tendency again today, with both gold and silver drifting downward. Over the week, the rate for white metal was below that prevailing on Wednesday last, while that for gold was a little higher.

Early in the week, the market experienced selling pressure which followed rumours of heavy contraband arrivals and slackness in demand. Some operators were eager to unload their holdings on fears of a marked increase in floating stocks. Consequently, prices suffered a setback. At lower levels, scattered support ensued and a recovery was in evidence. The rise was also helped by better spot enquiries and encouraging advices from up-country centres. Today, the market turned easier on fresh selling pressure.

The average daily offtake and arrivals of silver were both lower during the week under review: 18 bars and 19 bars, respectively, as against 24 bars and 26 bars in the previous week. In gold, the offtake was higher, the daily average being 9,600 tolas, as against 8,250 tolas, while arrivals were considerably less at 8,800 tolas, as against 13,325 tolas.

The feature of trading in the bullion market during the week was the appreciable rise in the premium commanded by ready gold over the forward (18th June settlement). The actual premium today was as high as Rs. 2.45, that a week ago being just 70 nP. In silver, too, ready rate continued to command a premium over the forward (19th June settlement), though the actual premium declined in the course of the week from Rs. 4 to Rs. 3.

The dollar price of gold in the London bullion market eased from $35.08¼ to $35.07¾ per fine ounce. But ready gold improved by ¾d. to 249s. 4¾d. Both ready and forward silver were, however, unaltered, the former at 84¾d. and the latter at 84¾d. Silver in New York, too, was unchanged at 101.50 cents.

The following table shows the trend of prices during the week under review:

	16-5-62 (closing)	High	Low	9-5-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	123.00	124.20	121.20	121.25
Jeth*	120.55	121.20	120.10	120.55
Sovereign	97.25	97.25	97.00	97.00
SILVER				
Ready (.996 fine)	220.05	220.80	218.85	221.80
Jeth†	217.05	217.45	215.85	217.80
London—				
Gold	249s.4¾d.	249s.5¼d.	249s.4¼d.	249s. 4d.
Silver Ready	84¾d.	84¾d.	84¾d.	84¾d.
Silver Forward	84¾d.	—	—	84¾d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

LINSEED LISTLESS

(From Our Own Correspondent)

CALCUTTA, 14th *May*

The local linseed market was lifeless during the week under review and prices showed little change. Fair arrivals have been reported from upcountry, which crushers are absorbing daily against their previous commitments of oil. The oil market was steady. Ready stocks are low, and sellers are not inclined to do much forward business owing to uncertainty of arrivals of seeds. The oilcake market ruled steady. There is a good local demand for ready and forward deliveries. The latest quotation for May/June delivery is Rs. 72.75 per quintal.

COTTON FUTURES SUBDUED

(From Our Own Correspondent)

BOMBAY, 16th *May*

The cotton futures market, after having ruled fully steady during the first half of the week under review, turned easy on Monday. Values declined sharply on persistent bear pressure and selling by upcountry operators. Selling was partly influenced by reports, as yet not confirmed officially, that a substantial quantity of U.S. cotton had been allocated to India and the possibility of a barter deal with Sudan following the visit of a trade delegation which is currently in India. The Jarilla March 1963 contract, which was quoted around Rs. 733 (per three quintals) slumped to Rs. 721.75. Buying attracted by the lower levels induced a recovery and the contract finished the session at Rs. 724. The present setback is, however, expected to be only a temporary phase. The small size of the current seasons crop, which is estimated at no more than 4.3 million bales, and the sharp reduction in carryover stock which is bound to follow as a consequence, make the outlook for cotton extremely bullish. This consideration, together with the difficulty of getting foreign cotton and the current shortage of desirable varieties prompted support which prevented further decline in prices. But when the market opened today, after having remained closed yesterday on account of Id, sentiment continued to remain subdued. The trend of prices was, however, steady. The Jarilla March contract wound up at Rs. 722.25 today, as compared with last week's closing rate of Rs. 733.50, a net loss of Rs. 11.25 over the week.

In the spot section, activity was limited, thanks to the lack of quota with most of the mills. The final instalment of Indian cotton quota has yet to be issued. Mill buying is expected to broaden as soon as the quota is released. Export demand for Bengal Deshi was also slow. Hope of yet another quota for Bengal Deshi has yet to materialise. Export sales registered against the recent quota till the 11th inst. aggregated 61,600 bales, including 11,754 bales sold to communist countries.

Among foreign cotton, Sudan and Egyptian cotton were in the limelight. Mills keenly sought after Sudanese growths on fears that Egyptian cotton would not be available in sufficient quantities, especially in view of the new regulations governing the sale of Egyptian cotton. According to a Presidential decree issued at Alexandria on the 10th inst. the Egyptian Cotton Commission will take charge of all cotton to be ginned and delivered to Alexandria starting with the 1962-63 cotton season. The Minister of Economy will fix prices before each season. The new law, which will come into effect from 1st August next, states that the Minister of Economy will fix terms and dates of delivery of cotton to the Commission. The Commission must sell the cotton abroad or at home at prices and terms determined by the Commission and approved by the Minister. Local mills can only buy cotton through direct purchases from the Commission's stocks.

A trade delegation from Sudan, currently in India, is holding important talks with representatives of the cotton trade, the mill industry and the Government. These talks are regarded as of particular interest in view of the acute shortage of cotton in the country.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal Deshi 685; Wagad 870; Hubli Laxmi 1,227; B.P. 52 1,360; B.P. (UNUG) 1,370; Pakistan AC 134 1,330, American 1-5/32" G.M. 1,272. Sudan G4S 1,430; XG2S 1,710.

In contrast to the easy trend witnessed during the past two weeks, the Karachi cotton futures market staged a smart recovery during the week. Both the May and July contracts attracted support, thanks to better domesic mill demand and good export inquiries. The N.T.R.G. May contract firmed up by Re. 1.70 to Rs. 68.70. The July contract rose by 85 nP to Rs. 67.70.

Cotton futures in Liverpool suffered a setback during the week. Commission House selling and profit-taking resulted in a decline in the price of both the American and American type contracts. Sudan cotton contract were quiet; values remained unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: May 23.95; July 23.95; October 23.95; December 24.05.

American cotton mixed growth contract: May 24.10; July 24.35; October 24.30; December 24.40.

Sudan: May 30.0; July 29.00; September 29.00.

Fully steady conditions were witnessed on the New York cotton exchange during the week. Switchover of purchases from the May contract, which went off the Board on the 15th inst. to the July and October position strengthened these. Spot prices also ruled firm.

The Crop Reporting Board of the U.S. Department of Agriculture has published the revised estimates of the 1961 cotton crop. The revised estimates are: planted acreage 16,588,000; area harvested 15,634,000; yield per acre 438 lbs.; production 14,318,000 bales.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	14-5-62	8-5-62	30-4-62
New York spot	35.75	35.70	35.70
May	—	34.40	34.19
July	34.73	34.72	34.59
October	34.53	34.43	34.43

RAYON EXPORT PROMOTION SCHEME

(From Our Own Correspondent)

BOMBAY, 16th *May*

Both art silk mills and traders are eagerly awaiting the official announcement of a revived export promotion scheme for fabrics. Although the revived scheme will be broadly on the lines indicated by the Textile Commissioner, it is expected also to incorporate some of the suggestions made by the interests concerned. The expectation is based on the assurance, which Mr. Manubhai Shah, Union Minister of Industrial Trades, gave when he addressed the Silk and Rayon Export Promotion Council's Committee of Administration at Bombay on Monday this week, that the suggestions would receive due consideration before the scheme was finalised. Among these suggestions, the most important are the following:

Merchant-exporters must also be brought under the purview of the scheme, the incentives granted being in the form of cash.

The manufacturer-exporters must be given incentives in kind, that is, actual yarn and not import licences.

Mills having less than 25 looms should be excluded from the scheme, though they have to be supplied yarn required by them.

Under the new scheme now being considered by the Government, 70 per cent of the export entitlement earned by manufacturer-exporters will be utilised for the import of yarn and the balance for import of pulp. The yarn manufactured from imported pulp will be distributed to weavers at a price to be worked out on the basis of weighted average. Recognised foreign suppliers of yarn will be asked to store their products in India in bonded warehouses. Manufacturer-exporters can secure their requirements of yarn by surrendering to the warehouses their export entitlements. Such a step will facilitate speedy movement of the industry's raw material. For the modernisation of the industry, 20 per cent additional entitlements would be given to mills for import of machinery. With a view to offering quick inspection facilities, centres for inspection of yarn would be opened by the Silk and Art Silk Mills' Research Association and the Textile Commissioner at places like Surat, Calcutta, Bangalore, Madras, Kanpur and Bombay. Manufacturer-exporters with 25 looms and above, associations of manufacturers with 250 looms and above, co-operative societies of handlooms with 50 looms and above, and exporters with minimum export performance would be eligible for participation in the scheme.

The aforesaid reports imparted a bullish fervour to Amlan (20×1) yarn futures which scored handsome gains. The June delivery jumped up from Rs. 3,841 to Rs. 3,905. August position was firm at Rs. 3,980 today. Among imported art silk yarns, 150 Japan spurted by Rs. 26 to Rs. 1,984. 150 Japan was fully maintained at Rs. 2,205, as also 12 Italy at Rs. 1,902 and 150 Italy at Rs. 1,736. Among indigenous yarns, National Rayons 150 Bt. comes 1st grade hardened by 16 nP to Rs. 13.18.

Staple fibre yarns suffered a setback in values, thanks to selling pressure on renewed fears of increased supplies following the Government's recent decision to allow import of viscose staple fibre from East European countries. 40×2 June contract fell by Rs. 12 to Rs. 712. August delivery was neglected at Rs. 732. Spot Citya declined by 33 nP to Rs. 7.92. Kohinoors dropped 9 nP to Rs. 8.05. Hinds receded from Rs. 8.12 to Rs. 7.92.

Cotton yarns depicted a bullish trend on apprehensions of a possible shortage developing in coming weeks as a result of lower ouput in view of raw cotton scarcity. Twenty counts Podars rose by 25 nP to Rs. 21.75. 32 counts Gokaks strengthened by 50 nP to Rs. 33.75. counts T.T. Corins advanced by 50 nP to Rs. 33.75.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	16-5-1962	9-5-1962
	Rs	Rs
Art silk yarns—		
30/1 Amlon (100 kg.)—	3,905.00	3,841.00
June	3,980.00	—
August	2,205.00	2,205.00
150 Japan (per 100 kg.)	1,984.00	1,958.00
150 Japan (per 100 kg.)	1,902.00	1,902.00
150 Italy (per 100 kg.)	1,736.00	1,736.00
150 Italy (per 100 kg.)	13.18	13.02
Nat. Ray. 150 Bt. 1 (per kg.)		
Staple fibre yarn (40×2)—	712.00	724.00
June	732.00	—
August	8.05	8.14
Kohinoor (per kg.) ..		
Cotton yarn (per bundle of 10 lbs.)	18.75	18.75
10s Modern	21.75	21.50
20s Podar	31.00	30.50
32s Madura	33.75	33.50
40s T. T. Corin	50.00	50.50
60s T'Mangal		

PEPPER QUIET

(Messrs. Parekh and Co.)

BOMBAY, 16th *May*

Malabar black pepper ruled quiet with tendency downward during the week, in view of the proximity of the due date for May delivery and owing to lack of foreign inquiries. Inland demand was also reported to have turned rather slow. Most of the business under May delivery at Cochin was switched over to July at a premium ranging from Rs. 10 to Rs. 14 per 100 kilos. May delivery was finally squared up at Rs. 310 per quintal.

New York was reported quiet with, Spot hovering around $0.34½. Offers for Lampong black at $0.33¾ from the origins remained untaken. White pepper in London touched a new low of 35d.

Singapore remained quiet, black pepper having touched the low of Str.$117½. Reduced offers for black and white pepper from Singapore remained unaccepted, as the origins were reported quoting lower. Deterioration in Laos political situation is causing anxiety to Singapore and Malayan traders, as any further worsening is likely to cause disruption in shipments to overseas.

Ungarbled is quoted at Rs. 295 and garbled at Rs. 303. July delivery is listed at Rs. 324. Calicut is steady but quiet at Rs. 295. The present high prices of ginger, turmeric, copra and other Malabar produces are reported to be a supporting factor.

Ready pepper in Bombay is nominally quoted at Rs. 168 per 50 kilos.

EXPORT QUOTA FOR H.P. S. G'NUTS

(From Our Own Correspondent)

BOMBAY, 16th *May*

Welcome news to the oilseeds trade this week was the release of a new export quota for H.P.S. groundnut kernels for the current year. The quota amounts to 20,000 tons. Exports will be allowed on a first-come-first-served basis. The relevant Press note issued by the Joint Chief Controller of Exports has clearly stated that registration will be stopped immediately after the overall ceiling is reached. The intending exporters are required to register their contracts soon with the export trade control authorities at the ports concerned. In order to prevent registration of bogus contracts and cornering of quotas, it has been decided that exporters should furnish a 10 per cent bank guarantee on the f.o.b. value of the contracts of H.P.S. groundnut kernels registered by the exporters as an earnest for completing the shipment in this behalf.

The new quota was generally welcomed by operators, though they were not quite optimistic about any sizable overseas demand in the near future. For, apart from the price disadvantage of about £3 to £4 per ton, the fag end of the crop year is usually a slack season for H.P.S. groundnuts. It is, therefore, felt that the immediate prospects of fulfilling the whole quota are not bright. Nevertheless, there was a distinct recovery in values. The recovery was not, however, marked enough to make up for the sharp decline suffered earlier in the week, so that today's closing prices were well below those prevailing a week ago. The initial setback was the result of persistent long liquidation by bulls, on bearish crop reports from the South. Castorseeds, too, moved down, despite rumours of some incentive scheme for castor oil export. Linseed came down initially in sympathy with other seeds, but turned steady towards the close on better advices from sarson markets in the North. Cottonseeds were featureless.

The groundnut July 1962 contract fell from Rs. 218 to Rs. 209.51, before closing at Rs. 210.12. May 1962 contract, which had receded from Rs. 212 to Rs. 202.75, improved to Rs. 203.62. Nizam bold lost Rs. 2 to Rs. 43.25. Khandesh quality eased by Re. 1.25 to Rs. 44. Oil May 1962 contract receded by 75 nP to Rs. 17.15. Oil ex-mill shed 65 nP to Rs. 18.05 and railway receipts 60 nP to Rs. 17.85.

Castorseed June 1962 contract lost Re. 1.38 to Rs. 164.87. September 1962 contract shed 88 nP to Rs. 165.37. Madras small dropped 12 nP to Rs. 33. Oil B.S.S. was lower by 10 nP at Rs. 13.90.

Linseed June 1962 contract declined from Rs. 37.44 to Rs. 37.06 by Monday, but recouped subsequently to Rs. 37.75. Bold ready improved to Rs. 36.50, after falling from Rs. 36.37 to Rs. 35 earlier in the week. Linseed oil, however, shed 5 nP to Rs. 14.45.

Cottonseed July 1962 gave way from Rs. 103 to Rs. 99.50. Berars, whites and non-whites, declined by 10 nP each to Rs. 20.90.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 16th May, as compared with those of the two previous weeks:

	16-5-1962	9-5-1962	2-5-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	203.62	212.00	220.50
July 1962	210.12	218.00	227.37
Nizam bold	43.25	45.25	46.50
Khandesh quality	44.00	45.25	46.75
Oil ex-mill ready*	18.05	18.70	19.20
Railway receipts*	17.85	18.45	18.90
Oil May 1962	17.15	17.90	18.60
Castorseed			
June 1962	164.87	166.25	166.87
September 1962	165.37	166.25	166.87
Ready Madras	33.00	33.12	33.25
Ready Kanpur	32.00	31.75	32.00
Oil B.S.S.†	13.90	14.00	14.05
Oil commercial†	13.30	13.20	13.30
Linseed			
June 1962	37.75	37.44	37.81
September 1962	38.50	38.06	38.44
Bold ready	36.50	36.37	36.62
Oil ready†	14.45	14.50	14.70
Cottonseed July 1962	99.50	103.00	103.25
Niger seed	34.75	35.00	35.00
Kardi seed	25.00	25.25	24.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

FAIR SUPPORT FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 10th *May*

In sale No. 19 held on the 8th inst., 630 kilos were offered. With the exception of a few invoices

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quality showed a further seasonal decline. The market met with good general demand. Low medium and medium brokens evoked fair support and these were barely steady while corresponding fannings met with good competition and advanced by 10 to 20 nP. There was irregular support for good mediums. A few best invoices were firm, whereas others were easier. Highgrown brokens were in irregular demand and sold at lower rates, whilst fannings under this category met with better support and are quoted steady. There was strong inquiry for unorthodox descriptions which were firm. Whole leaf grades under this category however inclined easier. Whole leaf grades were strong and dearer. There was useful support for black leaf descriptions which sold readily.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	4.00-4.20	4.40-4.50
Mediums	4.25-4.95	4.50-4.60
Good mediums	4.95-5.80	4.70-5.15
Nilgiri B.O.P.	4.50-6.15	4.60-5.80

The average price realised in sale No. 19 was Rs. 4.60 per kg. as against Rs. 4.92 a week ago and Rs. 4.61 in the corresponding sale last year.

A larger quantity of 434,000 kilos was offered in dust sale No. 19 held today. The market met with good general demand. Low mediums met with fair inquiry and were steady and so were the mediums. Poorer fibrey descriptions under this category, however, elicited less inquiry and were easier. Good mediums were generally dearer, whilst black leaf descriptions, although sold readily, realised prices slightly lower than last. There was better support for milled and fibrous kinds which often sold at prices above last. Highgrowns met with useful support, but were irregular. Unorthodox descriptions were irregular, with their fine dusts meeting better inquiry.

The average price realised in dust sale No. 19 was Rs. 3.68 per kg. as compared with Rs. 3.73 a week ago and Rs. 4.40 in the corresponding sale last year.

Colombo: There was fair general demand, but prices were generally easier. Teas from western districts were easier by 20 to 40 cents. Mediums and uvas declined by 10 to 30 cents. Middle East descriptions, however, were firm to dearer.

London: North India and other growths: In Monday's sale there was strong demand particularly for best liquoring kinds which were firm to dearer. Poorer descriptions however were easier and there were a number of withdrawals.

Ceylon and South Indians: 23,205 packages were offered in Tuesday's sale of which 6,160 packages came from South India. There was useful demand for both Ceylons and South Indians which were steady to firm and any change was in sellers' favour.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No. 20*: 567,000 kgs. offered. Good general demand. Low medium and medium broken irregularly about steady. Similar fannings upto 20 nP dearer. Good mediums easier. Highgrowns brokens lower, with quality fannings strong. Unorthodox easier."

GOOD CLEARANCE IN KIPS

(From Our Own Correspondent)

MADRAS, *14th May*

Arrivals of the E.I. tanned cowhides in the local market this week were normal and the clearance was good at firm prices. Secondary marks in light weight cowhides were in good demand, and sizable business was done with the U.K., as tanners were anxious to sell stocks. Importers in the U.K. and the Continent were interested in cowcalf, but sellers were reserved as stocks have been meagre. Prices of buffhides and calf were steady, though inquiries were meagre.

In the tanned skins section, export business was not active. Inquiries for goat skins were irregular, except for extra heavy weight goat skins, for which importers in the U.K., the Continent and the U.S.A. were soliciting offers, with sellers naturally going slow. There was no demand for prime and semi-prime sheep, despite the attractively low prices. Only middle class sheep skins all grades commanded regular inquiries from the U.K. and the Continent, and prices hardened to some extent.

FOODGRAINS STEADIER

(From Our Own Correspondent)

HAPUR, *14th May*

A steadier trend was witnessed in foodgrains here this week, as arrivals of new *rabi* grains were still small, presumably due to reluctance on the part of cultivators to part with their produce at present. Threshing and winnowing operations, however, were in full swing and nearing completion in some areas. Wheat recorded fractional gains to be quoted on Monday at Rs. 38.85 per quintal for the average quality and up to Rs. 40.19 per quintal for the better farm produce.

Rice also ruled firm on better consumer demand. Arrivals were poor, and stocks with trade around 10,000 maunds. Week-end prices (in rupees per quintal) were: *mainpuri sela* 54.91, *gadda kutcha* 52.92, *ramajudayan sela* 62.30, *raimunia sela* 64.96 and *basmati sela* 81.74.

Gram recorded fractional gains on firm Punjab advices. Daily arrivals were around 1,000 maunds, mostly from Punjab. Local and Rajasthan arrivals were still poor. Barley and *bejhar* ruled steady on good demand in the face of poor arrivals. Some barley was reaching here from Punjab, and local arrivals were modest at an average of 200 to 300 maunds daily. Maize was listless, as consumer demand was lacking and stocks left with trade were poor.

BANKING

(Concluded from page 893)

lakhs a year before. Outward interest has gone up from Rs. 17.16 lakhs to Rs. 17.77 lakhs and so have staff expenses from Rs. 17.73 lakhs to Rs. 18.99 lakhs. But other expenses at Rs. 5.52 lakhs have been nearly the same as in the previous year. In refreshing contrast to 1960 when the Bank had suffered a loss of Rs. 2.28 lakhs on sale of investments, there was a gain of about Rs. 87,000 on sale of investments. This was another important factor responsible for the rise in profit.

The credit ratio, which had moved up from 56.9 per cent to 69.2 per cent in the previous year, has shot up to 74.1 per cent during the year under review. This expansion has been made possible by diverting funds from investments to advances and drawing upon the cash balances which at the year-end stood at Rs. 74.26 lakhs as against Rs. 87.58 lakhs a year before. The cash ratio has, therefore, narrowed down from 12.6 per cent to 10.7 per cent. The investments ratio (unencumbered portion only) has also moved down from 33.3 per cent to 22.1 per cent.

Notwithstanding the rather striking improvement in profit, the Directors have again passed over the dividend to shareholders. It may be recalled that, since its inception in 1943, the Bank has paid only once (in 1946) a dividend of 4 per cent. During the year under review, it has been skipped because a large part of the profit, Rs. 12.78 lakhs to be precise, has been utilised for making provision for or writing off bad debts, and the balance available is just inadequate to pay any return to the investors. Further, a sum of Rs. 26,000 has gone towards writing off the book value of an investment in a joint-stock company. Nearly Rs. 90,000, as against only some Rs. 8,000 in the previous year, have been set aside for taxation. The surplus left to be carried forward is Rs. 13,261 against some Rs. 2,000 brought in. The reserve fund, too, has not received any credit.

It must be mentioned here that, usually, banks deduct their provision for bad and doubtful debts from their gross income and show only the balance as their income. Nowadays, even the provision for taxation is made in this way by the vast majority of banks. If the Hindustan Commercial also had followed this wholesome practice, it would not have been able to show any significant profit. It is also necessary to add here that the bad and doubtful debts still to be provided for are shown at Rs. 20.72 lakhs. The book value of all investments (in Government securities, shares and debentures) also is well above the market value.

FOUR BANKS AUTHORISED TO RAISE CAPITAL

The following four banks have been authorised by the Controller of Capital Issues to increase their capital.

The Sangli Bank Ltd., Sangli, has been granted the consent to issue 4,000 ordinary shares of Rs. 100 each at a premium of Rs. 15 per share. The present paid-up capital of the Bank is Rs. 4.50 lakhs.

Allahabad Bank Limited, Calcutta, has been granted consent to the issue of further capital of Rs. 22,50,000 (nominal) divided into 22,500 ordinary shares of Rs. 100 each, to be fully paid-up for cash at a premium of Rs. 50 per share. The proceeds will be utilised for strengthening the bank's capital base. The present paid-up capital is Rs. 45,50,000.

The Canara Banking Corporation Limited, Udipi, has been granted consent to the issue of further capital of Rs. 12.50 lakhs divided into 25,000 ordinary shares of Rs. 50 each, for cash, at a premium of Rs. 10 per share. The proceeds will be utilised for strengthening the banking company's capital base. The present paid-up capital is Rs. 25 lakhs.

The Bank of Maharashtra Limited, Poona, has been granted consent to the issue of further capital of Rs. 10 lakhs divided into 20,000 ordinary shares of Rs. 50 each, to be fully paid-up, for cash at a premium of Rs. 2.50 per share. The proceeds will be utilised for strengthening the banking company's capital base. The present paid-up capital is Rs. 40 lakhs.

TEXTILES

(Concluded from page 895)

mills concerned have greatly benefited from these arrangements. Besides the right to use the "Sanforized" trademark, there is the vast amount of technical know-how relating to the finishing and shrinkage control of cotton fabrics which the Cluett engineers impart to all "Sanforized" licensees. This technical assistance actually begins before a mill installs a compressive shrinkage range. A Cluett engineer advices on the type of equipment needed after studying the plant's production. He helps the mill engineers in the positioning of the range and assists in its erection. He trains the operators and their supervisors and sets up a quality control programme based on continuous wash-testing which ensures uniform shrinkage performance regardless of the type of fabric or the amount being treated.

Apropos inquiries whether cotton fabrics produced upto 23rd April 1962 on powerlooms working under the special procedure and paying excise duty at compounded rates are liable to any further duty if processed, the Government of India has announced: "such unprocessed cotton fabrics lying with the manufacturers or with the processors on which excise liability has been fully met by payment of compounded fees will not have to pay any further duty if processed provided the processing is completed on or before 31st May 1962."

Notices

THE TRAVANCORE RUBBER AND TEA COMPANY LIMITED

(Incorporated in India)

NOTICE IS HEREBY GIVEN THAT THE 18th Annual General Meeting of the Company will be held on Friday, the 15th June, 1962, at the Registered Office of the Company, Chavadi Parambu, North Commercial Canal Road, Alleppey, at 3 p.m., to transact the following business:—

1. To receive and adopt the audited Balance Sheet and Accounts for the year ended 31st December 1961 and the Reports of the Directors and Auditors.
2. To declare a dividend.
3. To elect a Director.
4. To appoint Auditors.
5. To transact the following special business, namely to consider and if thought fit, to pass the following resolution with or without modification:—

"RESOLVED that in conformity with the amended provisions of Section 309 of the Companies Act, the remuneration of the Directors be altered with effect from 1st January 1961 from the lump sum of Rs. 1,500 per Director per annum to a sitting fee of Rs. 250 per Director per meeting for meetings of the Board and Committees of the Board attended, subject to a maximum of Rs. 1,500 per year, plus all out-of-pocket expenses incurred for attending such meetings."

The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of special business under Item 5 set out above, is being posted to all members.

The Transfer Books and Register of Members of the Company will remain closed from 1st June 1962 to 15th June 1962 (both days inclusive).

Any shareholder unable to attend personally is entitled to appoint any person (whether a member or not) as his proxy to attend and vote instead of himself, subject to the provisions of Section 176 of the Companies Act 1956. Such proxy should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

By Order of the Board,

THE TRAVANCORE RUBBER & TEA CO. LTD.,
Per Pro. ASPINWALL & CO. (TRAVANCORE) LTD.,
C. PRABHAKARAN,
Managing Agents.

ALLEPPEY, *12th May*, 1962.

Note: The dividend, if declared, will be paid on or after 1st July 1962 to those shareholders whose names appear in the Company's books on 15th June 1962 or to their Mandatees.

THE BOMBAY BURMAH TRADING CORPORATION LIMITED

Registered Office:
9, WALLACE STREET, FORT, BOMBAY 1

INTERIM DIVIDEND

NOTICE IS HEREBY GIVEN THAT THE following Interim Dividends (subject to deduction of Income-tax) have been declared for the year ending 31st May 1962, namely:—

Rs. 240 per share on 100 Original Shares of Rs. 2,500 each.

Rs. 12 per share on 71,400 Shares of Rs. 125 each.

Rs. 4.80 per share on 84,000 Shares of Rs. 125 each (Rs. 50 paid up).

The above Interim Dividends are payable on and after the 25th June, 1962 to those shareholders whose names stood on the Share Registers of the Corporation at the close of business on 26th May, 1962 and to holders of Fractional Certificates after such Fractional Certificates have been exchanged for Bonus Shares in accordance with the prescribed procedure.

Dated at Bombay this 16th day of May 1962.

By Order of the Board of Directors,
WALLACE & COMPANY,
Secretaries & Treasurers.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 11th May, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		49,05,30,000
(2) Other Governments		18,78,10,000
(b) Banks		89,03,95,000
(c) Others		151,46,31,000
Bills Payable		29,77,17,000
Other Liabilities		63,73,42,000
	Rupees	542,84,25,000

ASSETS	Rs.	Rs.
Notes		26,94,13,000
Rupee Coin		1,34,000
Subsidiary Coin		2,96,000
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		70,59,97,000
(c) Government Treasury Bills		4,79,77,000
Balances held abroad*		109,85,07,000
Loans and Advances to Governments†		138,37,71,000
Other Loans and Advances		155,25,48,000
Investments		36,37,52,000
Other Assets		36,37,52,000
	Rupees	542,84,25,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 11,21,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	26,94,13,000	
Notes in circulation	2161,29,66,000	
		2188,23,79,000
Total Notes issued		2188,23,79,000
Total Liabilities		

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,04,000	
(b) Held outside India	105,00,07,000	
Foreign Securities		
Total of A		222,76,11,000
B. Rupee Coin		114,60,90,000
Government of India Rupee Securities		1850,86,78,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2188,23,79,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	27-4-62	20-4-62	28-4-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	54,76	52,57	52,34
(ii) From others	788,53	788,20	722,51
(b) Borrowings from banks	27,40	24,52	28,27
(c) Others	60,55	61,01	56,26
2. Time liabilities—			
(a) Time deposits—	16,35	16,06	17,52
(i) From banks	1,174,13	1,165,32	1,044,41
(ii) From others	11,02	13,43	14,09
(b) Borrowings from banks	12,80	13,90	22,08
(c) Others			
3. Aggregate deposits (1) (a) (ii) + 2 (a) (ii)	1,962,67	1,953,52	1,766,92
4. Borrowings from Reserve Bank	12,05	15,01	88,16
5. Borrowings from State Bank and/or a notified Bank—			
(a) Against usance bills and/or promissory notes	9,80	12,47	21,00
(b) Others	2,35	2,54	17,07
6. Cash—	20,65	20,93	15,14
7. Balances with Reserve Bank	51,04	52,84	47,53
8. Cash and balances with Reserve Bank	80,03	84,23	73,79
9. 8 as per cent of 3	131,07	137,07	121,32
10. Balances with other banks in current account	5,71	7,02	6,87
11. Money at call and short notice	18,65	19,14	15,88
12. Investments in Government securities	40,04	46,99	44,56
13. 12 as per cent of 3	000,56	589,85	562,08
14. Advances—	30,09	30,19	31,86
(a) Loans, cash credits and overdrafts	1,196,41	1,195,50	1,100,73
(b) Due from banks	5,55	6,97	8,07
15. Inland bills purchased and discounted	182,04	182,26	152,31
16. Foreign bills purchased and discounted	49,08	47,92	47,50
17. Total Bank Credit (14 (a)+16+17)	1,427,53	1,425,68	1,300,53
18. 17 as per cent of 3	72,73	72,98	72,60

State Bank of India

Statement of Affairs for the week ended 4th May, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		574,63,32,000
Borrowings from Other Banking Companies, Agents, etc.		1,42,00,000
Bills Payable		12,25,54,000
Bills for Collection being Bills receivable as per contra		2,61,08,000
Acceptances, Endorsements and Other Obligations per contra		6,19,70,000
Other Liabilities (including Inter-Office Adjustments)		6,30,15,000
Total .. Rs.		617,24,89,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		19,38,71,000
Balances with other Banks		2,22,62,000
Money at Call and Short Notice		2,60,00,000
INVESTMENTS—		
Government and other Trustee Securities	246,66,22,000	
Other Authorised Investments	9,07,16,000	
		255,73,38,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	277,53,87,000	
Bills Discounted and Purchased	18,65,00,000	
		296,18,87,000
Bills Receivable being Bills for Collection as per contra		2,61,08,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		6,19,70,000
Premises less Depreciation		1,92,00,000
Furniture and Fixtures less Depreciation		1,50,24,000
Other Assets (including Inter-Office Adjustments)		28,87,69,000
Total .. Rs.		617,24,89,000

EXCHANGE RATES

	16th May 1962	9th May 1962
London on New York S. per Dollar	2.8131-2.8134	2.8135-2.8138
New York on London Cents per £	281.330-281.360	281.330-281.360
London on Paris .. .. Fcs.	*13.7830-13.7850*	*13.7865-13.7885*
London on Borne .. Sw. Fcs.	12.1750-12.1770	12.1955-12.1975
Pound Sterling—		
Sellers T.T. D.D. Spot .. *s.*	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. *s.*	1-5 15/16	1-5 15/16
Buyers T.T. .. .. .. *s.*	1-5 1/32	1-5 1/32
Buyers D.D. .. .. .. *s.*	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs.	476.00	475.75
Buyers T.T. .. .. Rs.	472.50	472.50
Canadian Dollars—		
Sellers T.T. D.D... Rs. to $100	439.00	442.25
Buyers T.T. .. ,,	431.25	434.50
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.80	102.90
Buyers T.T. .. ,,	103.90	103.90
Swiss Francs—		
Sellers T.T. D.D... ,,	90.90	91.00
Buyers T.T. .. ,,	91.80	92.00
Deutsche Marks—		
Sellers T.T. D.D... ,,	83.90	83.90
Buyers T.T. .. ,,	84.90	84.90
Italian Lire—		
Sellers T.T. D.D... ,,	13,010	13,010
Buyers T.T. .. ,,	13,185	13,185
Swedish Kroner—		
Sellers T.T. D.D... ,,	108.00	108.10
Buyers T.T. .. ,,	109.10	109.20
Belgian Francs—		
Sellers T.T. D.D... ,,	1,042	1,042
Buyers T.T. .. ,,	1,058	1,058
Dutch Guilders—		
Sellers T.T. D.D... ,,	75.40	75.40
Buyers T.T. .. ,,	76.20	76.30
Hongkong Dollars—		
Sellers T.T. D.D... ,,	119.60	119.60
Buyers T.T. .. ,,	120.60	120.60

State Bank of Pakistan

Statement of Affairs for the week ended 4th May, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		4,65,00,000
Rural Credit Fund		2,00,00,000
Deposits:—		
(a) Central Government		13,43,39,000
(b) Provincial Governments		5,92,92,000
(c) Banks		22,68,74,000
(d) Others		104,81,65,000
Bills Payable		46,33,000
Other Liabilities		19,85,77,000
Rupees		175,32,90,000

ASSETS	Rs.	Rs.
Notes		12,84,54,000
Rupee Coin		13,000
Subsidiary Coin		32,000
Bills Purchased and Discounted:—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		....
Balances held outside Pakistan*		28,27,71,000
Loans and Advances to Governments		3,11,00,000
Provincial Governments' Debtor Balances		....
Other Loans and Advances		64,89,79,000
Investments		53,98,74,000
Other Assets		12,20,07,000
Rupees		175,32,90,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs
Notes held in the Banking Department	12,84,54,000	
Notes in circulation	380,29,49,000	
Total Notes issued		393,14,03,000
Total Liabilities		393,14,03,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	65,87,94,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	133,90,02,000
B. Rupee Coin	2,87,15,000	
Government of Pakistan Securities	250,46,80,000	
Internal bills of exchange and other commercial paper	....	253,33,95,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,68,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	393,14,03,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued: 35.48 per cent.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	28th Apr., 1962	21st Apr., 1962	29th April, 1961	March 1962	March 1961	Percentage of Increase (+) or Decrease (—) in March 1962 as compared with March 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	121.3	120.2	118.0	119.2	117.5	+ 1.4	119.5	120.2 R
Cereals	193	103.5	103.1	98.3	102.2	100.2	+ 2.0	101.6	106.2
Pulses	43	94.8	93.6	85.4	94.1	92.8	+ 1.4	91.2	92.8
Fruits and Vegetables	22	140.2	142.5	121.8	132.9	108.4	+22.6	131.5	131.2 R
Milk and Ghee	47	123.6	119.7	121.3	118.8	115.8	+ 2.6	115.1	115.5
Edible Oils	17	138.8	135.8	120.0	120.2	117.3	+ 2.5	120.7	138.6
Fish, Eggs and Meat	64	159.8	158.3	109.5	159.2	166.8	— 4.6	173.9	168.4 R
Sugar and Gur	48	150.2	150.2	98.1	98.2	112.4	—12.6	103.6	106.4
Others	21	98.2	98.6	108.3	96.3	110.7	—13.0	100.6	104.6
Liquor and Tobacco	36	95.7	95.0	121.5	122.4R	121.9	+ 1.0	121.8	118.9 R
Fuel, Power, Light and Lubricants	155	122.3	122.9	152.2	136.2	169.1	—14.4	147.7	138.8
Industrial Raw Materials	61	136.3	134.9	158.2	136.5	176.9	—14.4	150.0	139.2
Cotton	60	126.3	126.0	164.7	123.5	176.9	—27.4	150.0	139.2
Industrial Raw Materials	61	150.3	149.4	154.8	149.3	169.7	— 6.5	157.8	144.9
Jute	60	150.3	94.8*	95.2	94.5	95.2	— 0.7	95.1	97.5
Oilseeds	3	94.8*	126.8*	127.1	127.0	129.1	— 0.6	127.9	129.0
Minerals	32	126.8*	126.8R	127.5	126.4	129.7	— 2.6	127.9	129.2
Others	289	127.0	136.8	136.6	135.5	137.3	— 1.3	136.4	127.1
Manufactures	41	137.2	135.2R	126.1	124.9	122.4	+ 2.0	125.2	119.8
Intermediate Products	249	125.3	125.2	128.7	125.2	128.0	— 2.2	127.5	121.2
Finished Products	147	125.2	128.2*	127.7*	128.2	126.8	+ 1.1	127.5	121.5
Textiles	..	129.2*	115.8*	141.7	117.4	161.6	—27.4	133.9	115.2
Leather	..	113.3	128.2*	115.6*	125.6	110.1	+13.9	119.0	107.6
Jute	..	127.5*	129.0*	116.1*	126.5	110.1	+14.9	118.4	106.2
Woollen	..	129.0*	158.0	151.4	152.0	151.2	+ 0.5	147.1	147.9
Cotton	13	152.0	113.2R	107.2	112.6	105.1	+ 7.1	108.7	104.7
Mill-made RAYON	10	112.2	151.4*	144.1	149.0	145.4	+ 2.5	146.5	146.2
Metal Products	31	161.2	117.5R	117.5	112.6	113.6	— 3.3	113.5	110.7
Chemicals	31	117.5	123.0R	119.1	122.1	118.6	+ 3.0	120.3	116.0
Oil Cakes	80	124.2							
Machinery and Transport Equipment	..								
Others	..								
All Commodities	1,000	124.7	124.0R	120.0	123.6	127.5	— 3.1	123.6	122.0 R

Note:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated.

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 28th April 1962	21st April 1962	31st March 1962	29th April 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.6	100.6	100.6	101.1
2. Government of India	100.5	100.5	100.5	101.1
3. State Government	102.0	102.0	102.0	101.0
4. Municipal, Port Trust, etc.	99.1	99.1	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	101.0	101.0	100.9	100.5
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.3	82.3	82.6	86.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	192.9	190.7	192.7	178.9
8. *Agriculture and Allied Activities: Total**	164.3	161.6	161.8	174.8
9. Tea Plantations	156.7	154.5	154.7	170.8
10. Coffee Plantations	156.3	154.9	154.7	187.5
11. Rubber Plantations	168.8	169.1	169.2	170.0
12. *Mining and Quarrying: Total*	161.2	157.4	160.5	163.4
13. Coal	122.6	116.9	115.7	127.9
14. Other Mining	187.6	185.3	191.3	187.8
15. *Processing and Manufacturing: Total*	211.0	208.1	210.3	192.9
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	222.8	221.2	223.8	196.1
17. Sugar	143.4	143.5	143.3	171.3
18. Cotton Textiles	195.6	196.5	200.7	163.0
19. Jute Textiles	107.6	105.6	109.1	93.4
20. Silk and Woollen	1301.0	1426.6	1254.8	1103.4
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	208.5	203.7	205.8	206.7
22. Iron and Steel	161.7	156.2	157.0	169.2
23. Transport Equipment	397.2	390.9	395.0	400.9
24. Electrical Machinery	177.0	175.5	177.0	164.2
25. Machinery other than Transport and Electrical	242.4	236.2	240.8	219.6
26. Banks Industrial Chemicals	208.4	202.8	203.1	215.6
27. *Processing and Mfg. (Others): Total**	178.8	178.7	178.5	161.1
28. Cement	167.2	163.5	165.5	142.1
29. Paper	229.0	226.2	227.9	213.3
30. *Other Industries: Total**	174.8	174.1	174.9	168.9
31. Electricity Generation and Supply	86.4	86.3	86.6	80.1
32. Trading	129.9	125.9	129.7	127.1
33. Shipping and Other Transport	95.6	94.6	94.7	100.1
34. Construction	301.3	296.2	299.8	287.0
35. *Financial: Total*	216.9	216.7	222.4	189.4
36. Banks	245.0	247.7	252.6	212.7
37. Insurance	164.0	163.5	164.3	148.3
38. Investment Trusts	98.6	98.0	98.6	91.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	201.4	197.6	200.6	183.8
40. Calcutta	178.3	177.2	178.7	168.5
41. Madras	201.3	201.8	202.9	193.0
42. Delhi	253.4	250.9	254.4	239.8

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. P—Provisional.

MARKET GOSSIP

(*Concluded from page 883*)

Commonwealth (Australia, New Zealand and Canada) has been accepted by the Six as a basis for discussion. The U.K. has accepted the eventual imposition of the common external tariff on these goods, while making it clear that it expects substantial cuts in tariffs as a result of President Kennedy's proposal for reciprocal tariff reductions. It favours the imposition of the common external tariff in three stages, the first one to take place only in 1965, the second in 1967 and the third in 1970. The Six, however, are said to be reluctant to accept this suggestion, as they fear that it might delay the realisation of the ultimate objective, namely, integration of Western Europe into a single economic and political community. Thirdly, there has been a "meeting of minds" on the British proposition that Commonwealth territories in Africa, West Indies and British-ruled Pacific islands should be offered the status of associate membership, although the Six have not yet definitely acknowledged the principle.

There are, however, still no signs of any agreement on some of the other important British proposals relating to (1) exports of temperate-zone foodstuffs from the Commonwealth, particularly butter, cereals and meat, (2) British agriculture and (3) tariffs on raw materials. For temperate-zone foodstuffs, the U.K. has suggested that provision should be made for their exports to be maintained at least at the level of the current sales to the U.K. and the Six. The U.K. is in favour of a lengthy transitional period, which should be followed by world-wide commodity arrangements designed to safeguard the interests of the producers of these commodities. The Six concede that there should be special transitional arrangements, but want to keep its duration as short as possible. They are, however, unwilling to grant any form of guarantee beyond the transitional stage, because it will, in their opinion, make it more difficult, if not impossible, to negotiate world-wide arrangements. Meanwhile, the British working paper on the subject "comparable outlets" has been referred to the Deputies, who will prepare a report, with special emphasis on cereals, to begin with.

The question of safeguarding the interests of U.K. agriculture still hangs fire. The Six, in particular, are opposed to the British request that producers should be given a "residual guarantee" (in effect an income-guarantee) to farmers on the British model. The Six have, nevertheless, accepted the British plan for annual reviews of guaranteed prices, etc., more or less on the lines of that prevailing in the U.K. at present. The third point, which has not been accepted by the Six, relates to the British proposal for *nil* tariffs on 27 items of raw materials, particularly aluminium, lead, zinc, newsprint and wood-pulp. The British argument that developed countries should not cut themselves off from access to cheap raw materials has fallen on deaf ears. On the contrary, the Six point out that an important reason why tariffs have been imposed on these goods is that the Community has its own producers to protect. Nonetheless, the issue is still open, as the Deputies have been asked to work out suitable solutions for each commodity concerned, be they tariff quotas or reductions in duties.

Thus, irrespective of the immediate success or otherwise of the Ministerial meeting, there are clear indications that it has set the ball of "actual bargaining between the two sides" rolling. The consensus of opinion among Western observers is that further progress will be made in the negotiations, before the scheduled meeting of the British Prime Minister and the French President next month.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1934-39/ 1960	116,17,46,000 / 26,93,13,000	1966-68 / 1964	98.65 / 96.55
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96.30
3 % Def. Loan	1945	1,15,05,82,000	1970-75	89.65
2½% Loan	1946	74,77,45,000	1974	88.80
2½% Loan	1947	74,86,72,000	1952	99.35
2½% N.P. Loan	1954	1,58,17,94,000	1964	99.85
2½% N.P. Bonds (2nd Series)	1955	1,58,67,92,000	1965	99.65
2½% Loan	1956	1,07,27,36,000	1962	99.90
2½% N.P. Bonds	1956	1,08,81,88,000	1967	96.80
2½% Loan	1958	86,88,88,000	1974	99.25
2½% N.P. Bonds (4th Series)	1957	56,99,30,000	1967	99.85
4 % Loan	1957	49,17,27,000	1972	100.30
2½% Loan	1958	58,05,92,000	1968	99.95
2½% Loan	1958	79,00,00,000	1968	98.60
2½% Loan N.P.B.	1958	86,88,90,000	1968	99.80
4 % Loan	1958	49,51,44,000	1973	100.20
3½% Loan	1959	1,47,90,98,000	1969	98.55
4 % Loan	1959	81,06,89,000	1979	99.30
4 % Loan	1960	98,08,48,000	1980	99.25
2½% Bonds	1960	82,85,41,000	1966	99.65
4 % Loan	1961	85,63,00,000	1981	98.50
NON-TERMINABLE LOANS				
3 % Loan	1896-97	5,98,33,000	M.	70.50
3 % Loan	1946	2,45,81,35,000	K.	71.00
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98.25
4 % Andhra	1956	6,56,15,000	3rd Sept. 1968	98.15
4½% Andhra	1958	6,48,93,000	15th July 1968	98.25
4 % Andhra	1959	6,57,75,000	19th Aug. 1971	97.75
4 % Andhra	1960	9,85,35,000	29th Aug. 1969	98.00
4½% Andhra	1961	11,00,00,000	Sept. 1972	98.25
3 % Maharastra	1949	2,20,97,000	1st Aug. 1967	99.50
3½% Maharastra	1951	2,78,41,000	17th Sept. 1967	100.00
4 % Maharastra	1953	5,02,55,000	15th July 1968	100.00
4 % Maharastra	1954	3,54,53,000	1st Aug. 1964	100.00
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	98.35
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99.10
4½% Maharastra	1957	6,47,37,000	16th Sept. 1969	100.25
4½% Maharastra	1958	6,48,65,000	15th July 1970	100.25
4½% Maharastra	1958	4,81,45,000	15th July 1971	100.25
4 % Maharastra	1959	6,56,14,000	19th Aug. 1971	99.25
4 % Maharastra	1960	12,56,56,000	29th Aug. 1969	99.25
4½% Maharastra	1961	10,77,00,000	Sept. 1972	99.90
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.00
4 % Bihar	1956	2,13,41,000	3rd Sept. 1968	98.00
4½% Bihar	1958	2,75,71,000	15th Oct. 1970	98.25
4 % Bihar	1959	3,33,22,000	19th Aug. 1971	97.75
4 % Bihar	1960	3,33,22,000	29th Aug. 1969	97.75
4½% Bihar	1961	3,30,00,000	Sept. 1972	98.15
4 % Gujarat	1960	6,49,32,000	29th Aug. 1969	99.20
4½% Gujarat	1961	6,07,00,000	Sept. 1972	99.90
2½% Kerala (Kowrah Mange (New)	1956-57	1,95,95,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.50
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.25
4 % Madras	1953	5,01,49,350	17th Sept. 1968	99.75
4 % Madras	1953	10,93,71,000	15th July 1968	100.00
4 % Madras	1955	5,24,81,200	1st Aug. 1964	99.75
4 % Madras	1955	10,47,17,000	1st Sept. 1967	98.35
4 % Madras	1956	11,33,16,000	3rd Sept. 1968	98.30
4½% Madras	1956	5,56,57,000	15th July 1970	98.30
4 % Madras	1959	8,72,72,000	19th Aug. 1971	97.90
4 % Madras	1960	12,20,42,000	29th Aug. 1969	98.25
4½% Madras	1961	10,30,00,000	Sept. 1972	98.30
4 % Mysore(J)	1933	2,95,85,200	1st Dec. 1953-63	100.50
4 % Mysore	1955	3,26,47,000	15th July 1968	100.00
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	98.35
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.25
4½% Mysore	1957	3,34,36,000	16th Sept. 1969	98.50
4½% Mysore	1958	5,51,62,000	15th July 1970	98.30
4 % Mysore	1959	5,48,46,000	19th Aug. 1971	97.85
4 % Mysore	1960	4,37,73,000	29th Aug. 1969	98.00
4½% Mysore	1961	7,48,00,000	Sept. 1972	98.30
4 % M.P.	1948	2,05,29,000	15th Sept. 1968	98.00
3½% M.P.	1951	1,02,18,100	17th Sept. 1968	100.00
4 % M.P.	1953	1,10,18,000	15th July 1968	99.75
4 % M.P.	1955	1,85,12,000	1st Sept. 1967	98.00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.00
4½% M.P.	1958	2,21,35,000	15th July 1970	98.25
4 % M.P.	1959	5,58,35,000	19th Aug. 1971	97.75
4 % M.P.	1960	6,16,23,000	29th Aug. 1969	97.75
4½% M.P.	1961	5,04,00,000	Sept. 1972	98.15
4 % Saurashtra	1955	2,45,39,000	1st Sept. 1967	98.50
4 % Saurashtra	1956	2,62,16,000	3rd Sept. 1968	98.25
4 % Kerala	1958	3,25,61,000	15th July 1968	99.15
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.00
4½% Kerala	1958	3,27,10,000	15th July, 1970	98.25
4 % Kerala	1959	4,47,05,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98.00
4½% Kerala	1961	4,04,00,000	Sept. 1972	98.00
2½% U.P.E.A.	1952	44,36,00,000		44.00½
4 % U.P.	1956	1,54,30,000	15th Sept. 1961-68	96.75
3½% U.P.	1951	1,82,99,000	17th Sept. 1962	100.00
4 % U.P.	1952	5,59,15,000	1st Aug. 1964	99.80
4 % U.P.	1953	5,58,25,000	15th July 1968	100.00
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	98.35
4 % U.P.	1956	8,48,26,000	3rd Sept. 1968	98.25

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				Rs.
Rs.				
35,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1965	97.00
40,00,000	4	1909	1970	
50,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
14,12,975	4	1913*	1960	D
80,00,000	4	1913	1974	95.00
85,25,000	4	1914	1975	95.00
10,00,000	4	1915*	1960	
64,00,000	4	1915	1975	
13,50,000	3½	1922*	1962	
24,65,000	3½	1925*	1975	
15,00,000	3½	1926*	1966	
48,04,000	3½	1926*	1960	D
10,00,000	3½	1928*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,500	4	1914	1974	98.25
76,80,100	4	1915	1975	98.25
50,00,000‡	3½†	1921	1951	82.50
68,52,200‡	3½†	1921	1951	144.00N
60,00,000	4½	1931	1991	93.50
60,00,000	3½	1935	1965	99.00
25,00,000	3	1936	1963-68	102.00
50,00,000	3	1945	2005	74.00
50,00,000	3	1945	1975	85.00
50,00,000	3	1946	1976	84.75
40,00,000	3	1946	2006	74.00
50,00,000	2½	1947	1977	79.50
50,00,000	3	1948	1978	82.75
50,00,000	3	1950	1980	82.00
50,00,000	3	1951	1981	81.75
50,00,000	4	1953	1983	100.00
50,00,000	4	1953	1988	97.50
50,00,000	4	1955	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,000	4	1956	1986	97.25
1,54,00,000‡	4½	1957	1987	98.50
1,50,00,000	4½	1958	1988	98.50
1,00,00,000	4	1959	1989	99.00
50,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.25
1,00,00,000	4	1960	1970	98.50

STERLING LOANS

£882,000	5	1922	1952-62
£901,000	5	1924	1954-64
£836,100	5½	1932 (1962	1962

MADRAS

Rs.				Rs.
24,43,375	3½	1947	1977	
9,56,000‡	3	1947	1977	A
3,00,000‡	3	1949	1979	
45,00,000‡	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				
Rs.				Rs.
80,00,000	4	1902	1962	
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
20,00,000	4	1905	1965	97.75
30,00,000	4	1906	1966	N
15,00,000	4	1907	1967	
20,00,000	4	1908	1968	
25,00,000	4	1912	1972	
12,00,000	4	1913	1973	
50,00,000	4	1914	1974	97.50
25,00,000	4	1916	1976	N
40,00,000	5	1919	1927-79	118.00
60,00,000	5	1920	1955-80	
25,00,000	5	1926	1956-86	115.00N
25,00,000	4	1927	1961-70	98.00N
10,00,000	5	1936	1966	
STERLING LOANS				
£566,600		1909	1968	£95.50
£338,000		1910	1970	£95.50N
CALCUTTA				
Rs.				Rs.
50,00,000	4	1924	1964	99.35
25,00,000	3½	1925	1965	96.00
30,00,000	3	1926	1966	92.50
2,02,00,000	3	1926	1966	98.50
75,00,000	4½	1958	1968	101.00
65,00,000	4½	1959	1974	99.75

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
6,25,00,000	3½	1947	1977	83.25
2,18,14,500	3½	1949	1979	83.25
4,00,00,000	3½	1950	1980	95.00
6,69,21,472	3½	1952	1964	99.00
2,00,57,318	3½	1951	1966	96.00
3,20,00,800	4	1952	1968	99.00
97,19,000‡	4	1957	1964	99.00
86,87,000‡	4	1954	1966	99.00
2,50,00,000	4	1956	1967	98.50
1,87,50,000	4	1956	1968	98.50
2,09,10,500	4½	1957	1969	99.25
4,40,00,000	4½	1958	1970	99.25
5,30,00,000	4	1959	1971	98.00
JOALGUTTA				
Rs.				Rs.
10,00,000	5½	1932	1962	(100.75N
25,01,000	3½	1925	1965	96.00
60,00,000	3	1936	1966	92.00
47,50,000	3	1941	1973	92.50
21,10,000	3½	1943	1972	92.00
66,88,000	3½	1951	1966	96.50
87,36,000	4	1952	1962	99.75
72,50,000	4½	1954	1974	100.00
2,22,72,000	4	1955	1985	97.25N
73,86,000	4½	1958	1968	100.50
1,67,32,000‡	4½	1958	1970	101.00N
MADRAS				
Rs.				Rs.
15,00,000	3½	1951	1961	107.00N
15,00,000	3½	1952	1962	107.50N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1959	7,65,59,000	15th July 1970	98.30
4 % U.P.	1959	8,88,88,000	19th Aug. 1971	97.75
4 % U.P.	1960	7,79,15,000	29th Aug. 1969	98.25
4½% U.P.	1961	6,50,00,000	Sept. 1972	98.30
4 % Rajasthan	1958	3,14,19,000	3rd Sept. 1968	98.25
4½% Rajasthan	1958	2,79,88,000	15th July 1970	98.25
4 % Rajasthan	1959	3,54,19,000	19th Aug. 1971	98.00
4 % Rajasthan	1960	5,08,74,000	29th Aug. 1969	98.10
4½% Rajasthan	1961	4,40,00,000	Sept. 1972	98.15
4 % Orissa	1958	3,09,34,000	3rd Sept. 1968	98.10
4 % Orissa	1958	3,25,58,000	15th July 1970	98.25
4 % Orissa	1959	3,82,30,000	19th Aug. 1971	97.75
4 % Orissa	1960	4,00,00,000	29th Aug. 1969	97.75
4½% Orissa	1961	5,50,00,000	Sept. 1972	98.15
4 % M. Bharat†	1953	1,04,77,000	15th July 1968	99.75
4 % M. Bharat†	1956	1,11,26,000	3rd Sept. 1968	98.00
4½% W. Bengal	1951	1,75,00,000	17th Sept. 1968	100.00
3½% W. Bengal	1948	2,60,00,000	1st Aug. 1964	99.00
4 % W. Bengal	1953	3,60,22,000	15th July 1968	100.00
4 % W. Bengal	1955	7,58,72,000	1st Sept. 1967	99.00
4 % W. Bengal	1956	7,11,45,000	3rd Sept. 1968	99.00
4 % W. Bengal	1958	5,10,50,000	15th July 1970	100.00
4 % W. Bengal	1959	7,69,62,000	19th Aug. 1971	98.50
4 % W. Bengal	1960	7,01,85,000	29th Aug. 1969	99.00
4½% W. Bengal	1961	7,51,00,000	Sept. 1972	99.20
4 % Assam	1959	2,76,40,000	19th Aug. 1971	98.05
4 % Punjab	1959	2,18,87,000	19th Aug. 1971	98.00
4½% Punjab	1961	3,13,00,000	Sept. 1972	98.15

ABBREVIATIONS. N—Nominal. (*J*) Income-tax free. * Loans held entirely by the Trustees. † Bombay State Transport.
‡—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable.
†Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April 1956.
—Interest free for first 12 years. †—Interest free for first 7 years. Z—By nine instalments but inclusive of accrued interest.
[—At the option of the Government after three months' notice. K—On September 1966 or later at the option of the Government after three months' notice.
—Liability taken over by Madhya Pradesh.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 17th May 1962.

	Closing quotations 10-5-1962	High	Low	Closing quotations 17-5-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	208.75	209.00	208.75	209.00
Apollo (2)	2.38	2.40	2.32	2.32
Baroda Rayon (100)	148.00	151.00	148.50	148.50
Bombay Dyeing (25)	68.00xd	69.20	67.70	69.00
Bradbury (50)	198.75	200.00	198.75	200.00
Central India (100)	152.00	159.00	152.50	156.00
Century Mills (100)	676.00	682.50	670.00	672.50
Coorla Sp. (100)	160.00	—	—	160.00
Dawn (50)	162.00	164.00	161.00	161.00
Edward Textile (200)	395.00	395.00	372.50	372.50
Finlay (100)	136.00	138.00	134.00	134.00
Gokak (100)	223.00	224.00	215.00	215.00
Gold Mohur (100)	230.00	—	221.00	222.00
Gwalior Rayon (10)	59.00	59.00	58.50	250.00
Ind. Untd. Defd. (1)	3.48	3.56	3.46	58.80
Ind. Untd. Ord. (10)	22.04	22.40	22.04	3.56
Indian Rayon (100)	127.00	127.00	124.50	22.20
Indore Malwa (100)	180.00	—	—	124.50
Khatau (100)	496.25	—	—	180.00
Kohinoor (100)	508.50	512.50	492.50	492.50
Mafatlal (100)	902.50	911.00	304.50	308.50
Minerva Mills (100)	85.00	910.00	895.00	895.00
Model Nagpur (250)	147.00	—	—	90.00
Morarji (100)	414.00	426.00	415.00	147.00
Mysore (50)	64.50	—	—	418.00
National Rayons (100)	568.50xd	571.00	561.50	64.70
New City (100)	181.00	—	—	561.50
New Great (100)	307.50	307.00	306.50	181.00
Phoenix (100)	270.00	271.00	263.00	307.00
Podar Mills (100)	151.00	151.00	146.00	263.00
Raymond Woollen (100)	147.00	149.00	147.00	147.00
Sassoon Silk (10)	14.00	—	—	149.00
Sassoon Spg. (10)	65.00	65.00	63.70	14.00
Shrinivas (100)	280.00	282.00	274.00	64.00
Simplex (50)	174.00	178.50	171.00	274.00
Standard (100)	1,042.00xd	1,051.00	1,020.00	172.00
Svadeshi (100)	288.00	289.00	282.50	1,022.00
Swan (100)	332.50	333.75	331.25	286.00
S. I. Viscose (100)	188.00	189.50	186.00	331.25
Tata Mills (25)	77.50	77.00	74.50	186.00
Lakshmi-Vishnu (100)	147.00	—	—	75.50
Western India (250)	802.50	—	—	147.00
BANKS				802.50
Bank of India (50)	112.00	112.00	111.00	112.00
Do. (New) (50)	116.00	—	—	115.00
Bank of Baroda (50)	106.00xd	105.00	104.00	104.50
Central (25)	67.50	67.00cd	61.70xd	61.70xd
Central 'A' (25)	68.50	68.00cd	64.00xd	64.00xd
Dena Bank (50)	70.00	—	—	70.00
Punjab National (10)	22.00	22.12	22.00	22.12
Union Bank (5)	7.92	—	—	7.92
United Com. (50)	88.00	90.00	89.00	89.00
Maharashtra (50)	77.00	—	—	77.00
ELECTRIC COS.				
Ahmedabad (100)	92.00	92.00	88.50	88.50
Amalgamated (10)	10.28	—	—	10.28
Andhra Valley (1,000)	1,015.00	1,015.00	1,012.50	1,015.00
Bom. Sub. El. (100)	103.50	104.00	102.25	104.00
Surat (100)	96.00	—	—	96.00
Tata Hydro (100)	112.50	112.75	111.00	112.50
Tata Power (1,000)	1,112.50	1,112.50	1,107.50	1,107.50
INSURANCE COS.				
British India (10)	12.04	—	—	12.04
Indian Mercantile (40)	55.00	58.00	55.00	58.00
New India (15)	70.00	71.50	70.20	71.00
New India 'A' (15)	71.50	72.00	71.50	72.00
Vulcan (10)	17.12	—	—	17.12
STEEL COS.				
Ind. Iron (10)	26.50	26.60	26.20	26.25
Mukand Iron (10)	28.20	28.60	28.00	28.50
Tata Steel Ord. (75)	140.50	151.00	140.00	140.00
SUGAR COS.				
Belapur (50)	235.00	237.50	234.00	234.00
Bhopal (10)	21.24	—	—	21.24
Chandpur (12.50)	22.72	—	—	22.72
Mahalaxmi (50)	176.00	177.00	175.00	176.00
Phaltan (50)	109.50	109.00	107.00	108.00
Walchand Ind. (100)	157.50	159.50	157.00	159.00
CEMENT COS.				
Associated Cts (100)	168.25	164.00	161.00	161.25
Digvijay (100)	214.00	215.00	210.00	212.50
Orissa (10)	19.00	19.64	19.00	19.52
MISCELLANEOUS				
Alcock Ashdown (100)	347.00	352.00	344.00	345.00
Amar Dyestuff Chem (100)	336.25	341.25	333.75	340.00
Bom. Burmah (125)	703.00	705.50	689.00	689.00
Do. (New) (50)	280.00	280.00	271.25	278.75
Br. H. Petrol (1¼ sh.)	1.68	1.74	1.64	1.64
Br. I. Corpo. (50)	10.56	—	—	10.56
Cooper Eng. (100)	185.50	185.50	184.00	185.50
Colour Chem. (100)	507.50	518.75	505.00	508.00
Hind Cycle (100)	120.00	—	—	120.00
Hindustan Lever (10)	47.50xd	48.50	47.75	48.00
Hindustan Motors (10)	20.24	20.72	20.40	20.44
I. C. & Invest. Corporation (100)	91.50	91.50	90.50	91.00
Indian Dyestuff (100)	552.50	570.00	548.75	557.50
Indian copper (2 sh.)	5.12	5.16	5.08	5.12
Ind. Inv. Tr. (10)	80.50	82.30	80.50	82.80
Killicks (100)	84.00	87.00	84.00	87.00
Larsen & Toubro (10)	33.00	33.75	33.25	33.35
Mahindra & Mahindra (10)	20.00	20.00	19.50	19.88
New Central Jute (10)	17.36	17.12	17.00	17.08
Polychem (50)	217.50	217.50	212.50	212.50
Poison (100)	197.00	197.00	196.00	197.00
Pro. Automobiles (100)	136.50	176.00	174.00	185.25
Premier Con. (80)	173.50xd	174.00	170.00	170.00
Sehdia (20)	13.50	13.50	13.32	13.40
G. E. Shipping (10)	14.68	14.50	14.48	14.48
Shivrajpur (10)	37.00	42.00	37.00	40.00
Sirpur Paper (10)	14.64	14.64	14.44	14.44
Synthetics and Chem. (100)	242.00	249.00	240.00	248.00
Tata Chemicals (10)	17.84	17.76	17.28	17.36
Tata Locomotive (100)	372.50	374.00	369.00	370.50
Tata Oil (25)	82.50	82.70	81.20	81.50
Texmaco (10)	25.30	25.80	25.40	25.80
Voltas (100)	304.00	305.50	300.00	300.50
W. I. Match (100)	309.00	312.00	308.00	308.00
W. Coast Paper (100)	188.50	190.00	185.00	187.50

GOVERNMENT SECURITIES	10-5-1962	Gross Yield Earlier Redemption	Gross Yield Later Redemption	17-5-1962
	Rs.			Rs.
2½% 1962	99.25	—	4.06	99.25
2½% 1976	88.50	—	4.38	88.50
3 % 1964	98.65	—	3.67	98.65
3 % 1966-68	96.20	3.76	3.39	98.65
3 % 1970-75 1st Dev.	89.65	4.48	4.00	98.30
3 % 1969 Con. Loan	71.00	—	4.23*	89.60
2½% 1964 N. P. Loan	99.85	—	3.56	71.00
2½% 1965 N. P. Bonds	99.65	—	3.57	99.85
2½% 1962	99.90	—	3.38	99.95
2½% 1967 N. P. Bonds	98.80	—	3.75	99.95
2½% 1974	99.40	—	3.88	98.80
2½% 1967 N.P. Bonds	99.90	—	3.78	99.85
3 % 1969 Loan	98.80	—	3.77	99.90
3 % 1968	98.60	—	3.73	98.80
2½% 1963 N.P. Bonds	99.95	—	3.54	98.65
2½% 1968 N.P. Bonds	99.80	—	3.79	99.95
3 % 1972 Loan	100.30	—	3.94	99.80
4 % 1973 Loan	100.10	—	3.98	100.30
4 % 1979 Loan	99.80	—	4.00	100.10
4 % 1965 Bonds	99.65	—	4.06	99.80
4 % 1980 Loan	99.25	—	4.05	99.65
4 % 1981 Loan	98.50	—	4.11	99.25

* Current Income. xd—Ex-dividend, xr—Ex-Right.
CR.—Cum-Right. cd—Cum-dividend. X.B.—Ex-Bright.

COMMERCE

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

VOL. CIV. No. 2667 BOMBAY, 26th MAY 1962 PRICE Rs. 2

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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saving in other commodity imports. Actually, the demand for other maintenance imports also is increasing and so are the defence needs. The scope for getting more foreign aid than is provided for in the Plan is practically *nil*. On the contrary, in the light of the cut made in the promised U.S. aid by the Senate Foreign Relations Committee, it is doubtful whether even the aid budgeted for will be available in full.

In the light of what has been stated so far, it is no wonder that Mr. C. Subramaniam, the Minister for Steel and Heavy Industries, could not hold out any assurance to the Lok Sabha, when the matter came up for discussion towards the close of last week, that the third Plan target of 10 million tons—9.2 million tons to be precise—of steel ingots would be realised, though he promised that he would "endeavour to achieve it." The Minister would have been more correct had he been as candid as the Planing Commission's Division and said that there would be a substantial spiliover into the fourth Plan period.

A steel shortage of the magnitude indicated in the foregoing paragraphs cannot be lightly treated, especially as it seems to be beyond remedy, in view of the absence of foreign exchange. It would, therefore, be desirable for the authorities and industrialists to get together to face the problem. A frank re-assessment of the extent to which production could be increased within the Plan period by rectifying the defects and breaking the bottlenecks must be made. The earlier this is done the better. As for the balance of the gap, the old common adage, namely, "cut your coat according to the cloth available" appears to be quite relevant. There is surely no point in establishing new industries and expanding the existing ones, if the steel necessary for them cannot be had. Capital will be unnecessarily locked up and return on investments will be delayed. It would be highly imprudent to float new ventures with foreign capital participation and foreign loans to cover, among others, the foreign exchange required for import of raw materials like steel, for such a practice would only add to the already heavy bill of servicing foreign investments, let alone their ultimate repatriation.

The failure of the public sector steel plants to come up to expectations, particularly the mismanagement of Rourkela unit, has lent additional strength to the argument that the Bokaro project be deferred until the existing plants are brought to their full production and the plans to expand them are successfully carried out. The essence of this argument is that the facilities required to keep in full operation the capacity already created and the expansion firmly planned are enormous and that, until they are fully developed and comfortably sustained without detriment to the growth of other industries included in the Plan, there is no point in attempting to establish another million-ton (ingot) plant. On the face of it, this contention is attracive and appealing. But a little reflection will show that it is fallacious. Considering the long time taken for this country even to draw up a project report and to complete all the preliminaries necessary for putting up a million-ton steel plant, it is high time earnest endeavours were made in this direction without any further delay, so that the project may mature at least in another five years, that is, by about the middle of the fourth Plan. The Rourkela project, it may be noted, took a decade to be completed, the Bhilai more than eight years and Durgapur six to seven years. The country cannot afford to defer the Bokaro project any further, if it is not to run the grave risk of an acute steel shortage in the fourth Plan period also. The planners themselves have provided for only a small production from Bokaro in the third Plan. Their object in including it in the current Plan is to pave the way for the smooth progress of the fourth Plan. According to a U.N. estimate quoted by Mr. R. R. Morarka in the Lok Sabha, India's demand for steel at the end of the next 12 years would be at the rate of 28 million tons per annum. Even if this assessment of future demand proves correct only to the extent of 75 per cent, there will be a severe shortage of steel, unless appropriate steps are taken right from now to establish more steel plants. Indeed, it would be better to erect a two-million-ton plant at Bokaro, with facilities for further expansion, instead of a single-million-ton plant as is currently programmed, and also allow T.I.S.Co. and I.I.S.Co. to expand their capacities further.

Viewed thus, Mr. Subramaniam's statement in the Lok Sabha last week, reiterating the Government's determination to go ahead with the Bokaro project, with the help of the U.S. if available or without it if necessary, was quite pertinent. He made it amply clear that the Government of India was keen on having the U.S. help, as witness his appreciation of the Americans desire to have an independent look of all the data behind the project report prepared by the Indian Consultant. A little delay would not matter very much, if, as a result of this expert scrutiny, complete success of the project could be ensured. Surely, none wants the deplorable features of Rourkela's operations to be repeated in Bokaro. It is now for the Americans to reciprocate India's desire to have the benefit of their rich experience in making steel by promptly responding to its offer.

THE NEYVELI PROJECT

THE announcement at Madras this week by Mr. C. Subramaniam, Union Minister for Steel and Heavy Industries, that the integrated Neyveli lignite project was in an advanced stage of execution is, indeed, heartening, assuming that there is no exaggeration of the prevailing position. This is one of the projects that have suffered not a little from defective planning and implementation. Both of these have been responsible for the delay in the execution of the project, with the result that the total cost has gone up quite appreciably. The original estimated cost was no more than Rs. 68.90 crores. This was subsequently revised to Rs. 94.19 crores and we are now told that the cost will go up to as high as Rs. 112.67 crores, owing, *inter alia*, to increase in customs duty and ocean freight in respect of equipment imported for the various schemes and also due to the rise in the cost of civil works following higher prices of construction materials. Leaving apart the two new schemes together costing Rs. 6 crores (clay washing plant and staff quarters) which are later additions and expansion of others, the additional cost as a result of delays runs into several crores of rupees. The Government of India took an unduly long time to sanction the various constituent units of the project, leading to higher costs and additional expenditure on alternative equipment. There was little justification, for instance, for the delay in taking a decision on the briquetting and carbonisation plant. Although tenders for the plant had been received towards the close of 1959, it was not until March 1961 that contracts for the supply of machinery and equipment were actually concluded.

Besides leading to increase in cost, the avoidable delays in the execution of the Neyveli project have also slowed down the pace of industrial development in South India, more precisely the State of Madras. The importance of lignite—or "brown coal" as it is called—to Madras State lies in the absence of high grade coal deposits. The bulk of the coal required for industrial and other purposes has to be hauled over long distances—over 1,000 miles, that is, from West Bengal and Bihar. Such long-distance haulage naturally entails heavy freight charges—Rs. 70 to Rs. 80 per ton if carried by sea and Rs. 45 to Rs. 50 if moved by railways—not to speak of the restricted availability of transport. In view of all these handicaps, the Madras State should, indeed, be considered fortunate to possess large deposits of lignite estimated at 2,000 million tons scattered over an area of 100 square miles. The more easily workable deposits assessed at 200 million tons and with favourable lignite ratio are found round about Neyveli. In terms of thermal value, 2.5 tons of lignite are computed to be equivalent to one ton of good coal. On this basis, the known deposits of lignite and the quantity easily workable are estimated at 800 million tons and 80 million tons, respectively. If these deposits can be worked out economically and utilised for the generation of power and other industrial purposes, "new horizons would be opened up for industrial and economic development of the region." It will be interesting to note here that the average production cost of lignite is a bare Rs. 10-12 per ton, which is well below even the cost of transporting coal from the North to the Madras State.

The project for the integrated development of the lignite deposits at Neyveli included in the second Plan envisaged the mining of 3.5 million tons of raw lignite annually to meet the requirements of (*a*) a thermal power plant with an aggregate capacity of 250,000 kw. (requiring 1.5 million tons of lignite), (*b*) a fertiliser plant for the production of 152,000 tons of urea fertiliser with a nitrogen content of 70,000 tons (500,000 tons), and (*c*) a plant for producing 380,000 tons of carbonised briquettes (1.5 million tons). In addition, it provided for the erection of a plant to produce 6,000 tons of white china and ball clay. No part of this project was completed during the second Plan period. Even the clay washing plant was commissioned nine months after the third Plan began. The third Plan envisages the completion of the programmes included in the second Plan, expansion of thermal power capacity by 150,000 kw. (the cost involved is put at Rs. 10 crores) and stepping up of lignite output from 3.5 million tons to 4.8 million tons at an additional outlay of Rs. 4 crores, in order to meet the fuel requirements of the expanded thermal power plant.

A little over a year ago, the Estimates Committee of the second Lok Sabha had pointed out that the project as a whole was "working at a tempo which seems to assure that the present revised schedules will be kept up and that there will be no further delays." This finding has not, however, proved correct, for, according to the latest annual report (1961-62) of the Union Ministry of Steel, Mines and Fuel, there will be a further delay of six months to one year in the completion of the various schemes. The schedules as laid down in the Ministry's report and the revised schedules as given in the Estimates Committee's report are as follows:

Scheme	*Revised schedule*	*Schedule lately laid down*
Mining*	Early 1964	End of 1964
Power Station†	Middle of 1963	Early 1964
Fertilisers ...	Middle of 1963	End of 1964
Briquetting ...	Middle of 1964	End of 1964

*The second Plan target of 3.5 million tons.

†The first stage covering the erection of five generators with a capacity of 50,000 kw. each; it excludes the second stage covering two generators one with a capacity of 50,000 kw. and another with a capacity of 100,000 kw. included in the third Plan.

In view of the importance of the project and considering that undue delays inflate costs, it is necessary to ensure that the project is completed according to the latest revised schedule at least. But from what Mr. Subramaniam said at Madras it looks as though there would be further delay in completing the power section, as there is some difficulty in getting delivery of a few key parts from the U.S.S.R. in time. Be that as it may, concrete steps should be taken from now alone for expanding lignite production. The Government has done well to take up for consideration an estimate for the expansion of the mine output to six million tons per annum during the third third Plan period, as against the target of 4.8 million tons already fixed. A final decision will, perhaps, be reached after the Government makes up its mind about the location of the iron and steel plant in the South. Preliminary reports on the feasibility of smelting Salem iron ore with Neyveli lignite, according to Mr. Subramaniam, have already been received from Norway, East Germany and the National Metallurgical Laboratory at Jamshedpur. The latter two reports are quite encouraging, and the results of large-scale tests conducted in this connection are expected to be available in June or at the latest in July.

Simultaneously with measures initiated to raise the production of lignite, vigorous efforts will also have to be made to utilise some of the by-products of the project—charfines, tar, middle oil, polyvalent phenols, kerosene, light oil, carbolic acid, cresols and xylenols that will be derived from the briquetting and carbonisation plant. It is a pity that not much advance planning has so far been made in this matter. Surely, the by-products cannot be allowed to go waste. If the resources of the Neyveli Lignite Corporation—the Corporation is said to have so far spent Rs. 76 crores—do not permit it to exploit the by-products, the Corporation can as well allow private parties to undertake the work. There is the need, too, for fully exploring avenues for the setting up of medium and small-scale industries around Neyveli. The desirability of appointing, as suggested by the Estimates Committee, a technical expert committee to undertake a survey and recommend the industrial development of the entire area with regard to by-products and other resources available may be considered by the Government without any further delay.

MARKET GOSSIP

Kourkela Muddle

IT is one thing to indulge in *tall talk* of the public sector commercial undertakings setting standards for the private sector and their being models of efficiency and enlightened management. It is quite another to make them so in practice. Nobody expected the Hindustan Steel *Limited to* work wonders in the field of steel plant management within a short period of a few years or that the T.I.S.Co. or I.I.S.Co. would have to take lessons from it on how to improve efficiency in steel manufacture. But the report of the Solveen Mission on the Rourkela steel plant, detailed extracts of which have been published in a section of the Press, reveals a state of affairs in this giant, modern and up-to-date plant which hardly does credit to the Hindustan Steel, the huge monolithic body that is responsible for managing it. The frequent breakdowns of the plant—there have been as many as 26 so far—and the periodic cessation of its operations had naturally led some to wonder whether the Germans had put up a defective plant. The Solveen Mission's findings should dispel any such impression. They clearly go to show that the blame for the breakdown should be laid entirely at the door of the Hindustan Steel. It has been in running the plant to such an extent that it cannot be excused on grounds of inexperience. It is needless to cite here the series of errors and omissions on the part of the management convincingly catalogued by the Mission in its report. Suffice it to say that it is these and not any inherent defect in the plant that have been responsible for the breakdowns and the failure to reach the full rated capacity of a million tons of ingot. The Germans on their part had done the job of planning and the execution of the contracts well. It is no fault of theirs that they put up an ultra modern steel mill, which, for its successful operation, demanded a degree of managerial competence and technical efficiency that was beyond the capacity of the Hindustan Steel to supply.

Now that the basic faults have been detected, prompt steps should be taken to prevent a recurrence of past mistakes and to secure from the plant full capacity production, without injuring it. The rider added here is particularly important, especially in the light of what happened to Sindri Fertiliser. As readers are aware, this chemical plant was worked to death by those who wanted to establish production records. It is encouraging to learn that the Solveen Mission's recommendation, to the effect that a sum of DM 85 million (Rs. 10 crores) should be earmarked from the W. German aid commitment of DM 450 million for the second year of the third Plan for financing the cost of repairs and replacements in the blast furnace, maintenance shops and the induction of additional technicians and management experts, has been accepted by both the Governments. But, unless the management is streamlined and geared to meet the exacting standards of running a modern steel plant, there will be no guarantee that the same trouble will not occur again. Frequent changes in top management, excessive bureaucratisation, utter lack of devolution of responsibility and total absence of a labour policy, which are the characteristic features of the Hindustan Steel, are hardly conducive to make it a dynamic organisation which it ought to be, if the three steel plants under its charge, constructed at an enormous cost to the taxpayer, were to prove an asset to the country.

Export Promotion

A new sense of purpose and direction is sought to be given to India's export promotion drive by the Minister for International Trade, Mr. Manubhai Shah. In less than six weeks of its inception, his Ministry has chalked out several measures—some already implemented and some others under active consideration—which together add upto perhaps much more than what had been done for export promotion during the last five years. One who has closely watched Mr. Shah's enviable record as the Minister for Industry in the previous Cabinet will unhesitatingly concede that these new moves are not the result of any momentary enthusiasm. Almost the first important step taken by the New Ministry was to remove the uncertainty in the duration of incentive schemes by putting them on a permanent basis. A still more significant step was the constitution of a high-powered advisory body called the Board of Trade envisaging the active participation of trade and industry. Among the measures being contemplated now, mention may be made of proposals for the establishment of a second State Trading Corporation for dealing exclusively with exports of certain agricultural commodities like oilseeds, pepper and cashewnuts, for the imposition of a cess on industries for financing promotional campaigns and for granting long-term credit facilities to exporters through the Industrial Finance Corporation. Another noteworthy proposal relates to the appointment of an Export Committee, with a full-time Chairman, to study the cost-structure of export products, both industrial and agricultural, and to suggest measures for reducing costs. The question of setting up several export houses, both within the country and abroad, is also being considered by the Government. More of these and other similar measures will be heard when the Board of Trade holds its first meeting at New Delhi on 9th June.

In this context, a stimulating experiment, conducted by a leading British group of industries in evolving group-approach techniques for boosting overseas sales will be noted with interest. In an article entitled *Group Approach to Exporting*, appearing in the latest issue of the *F.B.I. Review*, published by the Federation of British industries, Mr. G. F. Cole, Director of Duport Ltd., tells us the story of how successful have been the results obtained by his company in exploitation of European markets through collective campaigns. The Duport group, it may be noted, has a steel mill, several rolling mills and foundries, apart from its other activities, including production of engineering, electrical and household consumer goods. In order to make an on-the-spot study of market prospects for these products in Europe and establish fruitful connections, a group team was constituted by selecting a specialist director or manager from each of the individual divisions, with Mr. Cole himself as the leader. Reviewing the team's successful tour of Europe, Mr. Cole discounts the general impression that "differing commodities can result in there being nothing in common when it comes to overseas selling." On the contrary, he points out that, although products of individual companies may differ very widely, the contacts and associations that have already been established by some of the companies in the group "could be of tremendous assistance to those other companies seeking completely new outlets."

The tour of the team was preceded by a prior study of all the market intelligence data available through official and other sources. On the basis of the approximate opportunities for each member of the team in each country, appointments for meeting local interests concerned were fixed in advance through the help of British embassy officials. An operational plan was then devised in such a way as to permit a member who had better opportunities in one particular place to stay back for another few days, after the team had left. This member rejoined the team later in the tour. "This worked out very well," says Mr. Cole, "because the people going on in advance kept their ears open for the member left behind and when he eventually arrived, several unforeseen opportunities were inevitably put in his way by his colleagues." In this connection, Mr. Cole stresses the need for fixing prior appointments, without which "it is very difficult to form an intelligent opinion of the weighting of appointments, member to member, and one could easily have a colleague kicking his heels because there were no opportunities for him in that particular city."

The impact of several representatives descending upon one market, asserts Mr. Cole, was profound indeed. Being a group of people with wide interests naturally produced so many contacts that the effect of their presence was "rather like a snowball being rolled to such a size that it became a snowman, whereas one man on his own would have remained the size of the snowball." Although the experiment has been confined to the work of a trade delegation, the group approach seems to be potentially useful for wider application in the export field. As Mr. Cole himself remarks, there is no reason why companies of vastly different interests should not gain considerable advantage from a similar approach to overseas sales promotion. He adds, significantly enough, that a consortium of non-competitive firms selling through the same type of outlet also might well find this approach to be capable of high power exploitation, country by country, "by pooling a common agency or setting up a joint selling organisation." There are quite a few industrial houses in India engaged in the manufacture of several unrelated products. The group approach may have much to commend itself in favour of their export promotion campaigns. Similarly, smaller companies too may find it beneficial to get together for the purpose of pursuing sales opportunities abroad, as suggested by Mr. Cole.

Guardians Turned Orphans

It sounds stranger than fiction that guardians should turn orphans, with the exception of Jules Verne's fantastic science-fictions, which seem to be coming almost true, and the utopias of Aldous Huxley, which, as they have been visualised by him in his recent novel, *The Brave New World*, and his latest, *Island*, obviously appear to be impossible. It is, however, known that some guardians have turned orphans. And, in certain cases, the change is a patent fact.

We are referring here to the shares of investment companies, the founts which have not only given the initial backing to numerous industrial undertakings in the country but have actively supported them subsequently too. It is an irony that, whereas the shares of industrial companies (in which investment companies have regular block holdings) command sizable and even fancy premia and give a net annual yield of no more than 2.5 per cent to 3 per cent in most cases, the shares of investment companies go abegging at a substantial discount (in some cases of even 50 per cent), offering a net annual yield varying generally from 7 per cent to 9 per cent. This is true of several preference shares also.

One has not to go too far for one single and, therefore, the easiest explanation for this state of affairs. It is that people have been buying industrial equities, because it pays them to buy. For sometime past, industrial equities have been going up year after year, whereas shares of investment trusts have been steadily declining, though luckily not in the same proportion. This mania for capital appreciation persists, with utter disregard of the consideration of a decent return on investments. It is true that equities are the best hedge against inflation, but not all of them, and certainly not at any and every price.

Among the exceptions to the general trend of investment trust shares may be mentioned the shares of the Investment Corporation of India Ltd., which have kept their head above water for the past few years and are currently in good demand. But the strength in these shares reflects not any marked appreciation of the outlook for and the working of the Corporation, or the merits of investment trust shares in general, but the opportunity the Corporation has provided to their holders of participating in the investments in some of the promising industrial projects promoted by the House of Tatas; only recently they got the chance of taking up the shares of the Associated Bearing Company Ltd. on a firm allotment basis. This again only emphasises the craze for capital appreciation.

A passing reference to the issue was made by Mr. Maneklal Premchand, Chairman, Industrial Investment Trust Ltd., in his speech at the recent annual general meeting of the Trust, held early this month. Mr. Premchand attributed the failure of investment trust shares to enjoy the same popularity as in the West to two factors: (1) a dearth of sound and well-run investment companies (a few investment companies which exist today, he said, were merely counterparts of managing agencies) due to heavy taxes in the country, and (2) ideas of swift capital appreciation rather than yield considerations in a developing economy like ours with large-scale governmental spending.

It will be recalled that Mr. J. R. D. Tata, Chairman of the Investment Corporation of India, had also observed in his speech at the annual general meeting of the Corporation, held on 18th December 1961, that a disappointing feature of investment companies in India was the relative lack of interest in their shares by the investor. He had said that he had been unable to understand the reason for this lack of interest, as, in the more advanced countries of the West, the shares of sound and well-run investment companies were sought after by investors and, in fact, usually quoted on a yield basis lower than that of high grade industrial stocks. Pleading the case for investment companies' shares, Mr. Tata had observed that, while they might not offer speculative opportunities for quick appreciation as industrial equities do, they offered, particularly to the small investor, a valuable opportunity of participation in a highly diversified portfolio, covering a wide range of industries and combining safety with scope for appreciation, which he could not achieve on his own.

Commenting on Mr. Tata's observations, Messrs. Chitra and Co., the well-known firm of stock-brokers in Madras, frankly stated in its fortnightly market report that "... however unimpeachable the objects with which they (investment companies) were started, they deteriorated into dumping grounds for shares of questionable quality and, what is worse, rather questionable marketability, in addition to their being used also as the refuge of the unsubscribed capital of certain new issues. All these things happened, because these investment trusts were a wing of management groups." Continuing, the Madras firm had rightly advocated a high degree of detachment from—or rather non-attachment to—particular managerial groups and an objective and ruthlessly impersonal capacity to make selections of investment as the basic needs of those who managed investment companies.

As indicated by Chitra and Co. in its review, the fixed dividends of investment companies are based on dividends received by them and would tend to be even and would not even go up with higher dividends on their holdings in particular years, and the prospects of any worthwhile capital appreciation in these shares are almost *nil* (though it is possible, the equity part of these companies may show appreciation), because the companies are not likely to cash in on a capital appreciation of their holdings and, if they did, would be subject to capital gains tax, and would not, in any case, distribute the net retained profits of such gainful selling among their shareholders. In conclusion, Chitra and Co. had suggested that unit trusts of the British type, which are having a flourishing time in the U.K., might be the answer to those who were after an even return on money and that it was time something was done to have them started in this country.

Incidentally, excepting the London stock market where equity values have staged a brisk recovery, the world stock markets have, of late, been uniformly displaying a downtrend, which is attributed to a profit-squeeze faced by major industries. In India, however, shares have been booming and, in the light of the fast developing economy, it would be naturally naive to anticipate a profit-squeeze. But there is the other side of the picture also. Our industries have been facing recently all sorts of shortages, raw materials, power, transport, etc. And then, there is the ever-increasing burden of taxation and wages coupled with the necessity to sell abroad even at a loss. Will it not be prudent for investors to pause for a while and ponder whether yield considerations should prevail at least in regard to investing a part of their savings, instead of allowing themselves to be entirely carried away by the craze for capital appreciation? Surely, at current levels, equities have discounted much of the growth prospects. This is not to suggest that there are no more; only it will be prudent to book at least a part of one's capital profit, even if it means paying some capital gains tax, and lock up the proceeds in first class preference shares standing at a discount and well-known trust company shares which are not in effect managing agency houses. A successful investor in equities is one who knows when to take profit and reinvest and not the one who believes in sticking to his purchases for ever. Equities, it must be remembered, are subject to risks. Even in an economy like that of India, jolts are possible, and one never knows when they will occur, or what will cause them.

TREND OF SHARES

IRREGULAR AT CLOSE

(From Our Own Correspondent)

BOMBAY, 24th May

LAST Friday's bulge in values on the stock markets, brought about by price-rigging by professional bulls and the resultant short-covering because of the settlement in Bombay, did not take long to burst. For throughout the rest of the week, prices steadily declined on light but persistent bull liquidation and absence of support, until Wednesday, when they staged a sudden rally on some sizable influential buying in Steel shares, attributed to expectations of early announcement of the retention prices, which induced bears to cover in other sections also. Today, Steels encountered some fresh bear pressure at higher levels, but some selected issues were steady at improved levels. The week-end rally has been interpreted by some as having brought twilight to the markets after nearly a week's downward drift, while some have argued that it is due to lack of selling pressure at present. It has, however, made the trend irregular and the tone quietly steady at close, as distinct from the continuation of the previous week's reactionary trend and a distinctly easy tone during the major part of the week. It remains to be seen whether the week-end rally marks an end of the reactionary trend, or simply puts it off for some time. A clue to this would be provided by the behaviour of the shares that led the rally.

Meanwhile, it is regretted that the proposed 25 per cent cut in the U.S. aid to India this year has been reduced but not fully restored. However, in the light of the two new British and one Japanese loans announced today, it may be concluded that the outcome at the Aid-India Club's meeting on Monday next will not be as bad as is apprehended following the American cut. At home, the 15 per cent rise in coastal freight rates has left the shipping industry dissatisfied, which had expected it to be at least of 40 per cent for a profitable working. Exports are once again the topic of the day. While the new drive, proposed to be launched by Mr. Manubhai Shah and his Board of Trade is welcomed, it is feared that the reported 1.5 per cent cess on all industries to create an export pool might, in the final analysis, hit some industries badly.

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The carry forward charges at the last settlement in Bombay were again high, underlining the unhealthy technical position of the market and prevented Friday's rise from being carried further on the following days. Prices declined all-round on liquidation, and Wednesday's low levels showed moderate losses over the previous week-end closing levels in all the sections. But the subsequent rally changed the picture, and values finished with small changes either way. Caution seemed to be the keynote of trading today.

Steels moved widely both ways. Tata Ordinary were in particular, active, and, after recovering from Rs. 149.75 to Rs. 152, fell to Rs. 149.50, rose to Rs. 153.25, and closed three points higher on balance at Rs. 152 on alternate spells of bull liquidation and renewed support. Indian Iron showed a sympathetic gain of 15 nP to Rs. 26.40, but attracted considerable Calcutta selling at higher levels. Mukand Iron were unchanged at Rs. 28.50. Export talks kept Bombay Dyeing in demand and the shares gained Re. 1.40 to Rs. 70.40, and quoted *ex-div.*, Kohinoor rose by Rs. 9.90 to Rs. 310 *ex-div.* on expectations of better working this year. Shree Niwas, too, gained Rs. 4 to Rs. 264 on *ex-div.* basis. New lines such as petrochemicals and the proposed new non-woven fabric plant, the first of its kind in the country, for Tata Mills, and the hint from Mr. Naval Tata at Svadeshi Mills' annual general meeting about a possible merger of Tata group mills, produced a three point rise to Rs. 78.50 in Tata Mills, a gain of Rs. 2.50 to Rs. 288.50 in Svadeshi and an improvement of Rs. 7 to Rs. 163 in Central India. Standard were up by Rs. 13 at Rs. 1,035. But the much fancied Century attracted realising and showed a gain of only 50 nP to Rs. 673, while National Rayon lost five points at Rs. 556.50 and Minerva's Rs. 5, taxable, dividend, after a lapse of four years, actually produced a two point setback in the shares which closed at Rs. 88.

Bombay Burmah fell from Rs. 698.50 to Rs. 680 on tired liquidation, because of the mere maintenance of the interim dividend, but rallied to close Rs. 3.50 higher on balance at Rs. 692.50. Tata Chemicals were the other active Miscellaneous counter and suffered a setback of 72 nP at Rs. 16.64 on selling induced by adverse rumours about the Company's current working and the proposed takeover of Bombay Mineral Supply Co. (Private) Ltd. Other shares were neglected, but Indian Dyestuff showed a gain of Rs. 13.75 to Rs. 571.25. The coastal freight rise did not produce any improvement in Shipping shares; in fact, Great Eastern at Rs. 13.92 showed a loss of 56 nP over the week. Cements were quiet, and the one-rupee increase to Rs. 10 in Digvijay's taxable dividend for 1961 produced a gain of just one rupee to Rs. 212.50 in the shares. Sugars were also quiet. Small losses predominated the Cash List, indicating lack of investment support at the current levels.

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Strength in selected Jute and Coal shares continued to provide a cushion to other sections, which, however, closed easy on liquidation, on the Calcutta Stock Exchange. Paper shares were in demand on hopes of a price rise being in the offing. Speculatives made a mixed show. Burrakur rose from Rs. 19.37 to Rs. 21, but Texmaco, which had been actively supported until recently, lost 55 nP to stand at Rs. 25.40, reflecting disappointment over the bare maintenance of the 10 per cent. taxable, dividend for 1961, despite a rise in the gross profit from Rs. 51.37 lakhs to Rs. 76.39 lakhs. Howrah gained 75 nP to Rs. 22.87, but Birla eased by 12 nP to Rs. 35.25. But GKW and Dunlop recovered, the former by 62 nP to Rs. 42.56 and the latter by 88 nP to Rs. 45. Shree Gopal gained 56 nP to Rs. 28.06 and Orient 35 nP to Rs. 44.45. Indian Aluminium were exceptionally firm and rose from Rs. 40.81 to Rs. 42.81.

Nearly all the Cash Coal scrips showed small to sizable gains: Bengal rose from Rs. 380 to Rs. 398, North Beerbhoom from Rs. 22.87 to Rs. 24.56 and Selected Sctgram from Rs. 129 to Rs. 135. Among Jute, Barnagore were up from Rs. 180 to Rs. 196, Kelvin from Rs. 203 to Rs. 207, Reliance from Rs. 7.75 to Rs. 9.69, Union from Rs. 185 to Rs. 188 and Fort Gloster from Rs. 453 to Rs. 469. But others showed small losses. Bengal Paper moved up from Rs. 35.12 to Rs. 35.19 and Straw Products from Rs. 10.75 to Rs. 11.37, but Sirpur declined from Rs. 16.37 to Rs. 14.87. The miscellaneous section showed small wide-spread losses, and some of the Engineering issues were shaded. Other sections were dull.

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In very limited turnover, the Madras Stock Exchange displayed generally an easy tone, with Textiles bearing the brunt of liquidation. Some Plantings rallied, as an exception. Thus, among Cleared shares, Madura declined further from Rs. 38.20 to Rs. 37.75 and S.I. Viscose from Rs. 188 to Rs. 183.50, but Lakshmi gained a point to Rs. 167. Among Cash scrips, Travancore Rayon lost one point at Rs. 42.50, Bangalore Woollen two points at Rs. 243 and Cannanore one point at Rs. 132. Coimbatore Spinning eased from Rs. 82.50 to Rs. 81 and Dhanalaxami declined further from Rs. 240 to Rs. 237. But Coimbatore Pioneer rose from Rs. 296.50 to Rs. 300. Among Plantings, Kil Kotagiri improved from Rs. 4.95 to Rs. 5.10, Parkside from Rs. 22.73 to Rs. 23 and Peermades from Rs. 20 to Rs. 20.40, but Chembra eased from Rs. 3.62 to Rs. 3.55 and the Cleared shares Blue Mountain and Periakaramalai lost 10 nP at Rs. 2.47 and 4 nP at Rs. 3.48, respectively. In other sections, Consolidated Coffee and Deccan Sugar were both 10 nP lower at Rs. 18.90 and Rs. 10.15, respectively. In the Miscellaneous section, while the Cleared shares showed small changes, W.I. Products declined from Rs. 215 to Rs. 205, Textools from Rs. 183 to Rs. 179 and Madras Rubber from Rs. 24.86 to Rs. 24.50.

CAPITAL MARKET NEWS

NEW ISSUES

PRABHAT Udyog Ltd., Bombay, which is entering the capital market next week, has a running project to be immediately expanded, which, in all probabilities, would bring in a reasonable return to the public on its investment in the very first year of the Company's working. The Company has taken over as a going concern Prabhat (Stove and Lamp) Products Co. (Private) Ltd., incorporated on 1st May 1957 to take over the business of a partnership firm, Prabhat Products Co., which was started in 1938. The private limited company manufactured at its factory in Jogeshwari, about 12 miles from Bombay City, pressure stoves and lamps, gas mantles and other specialised allied articles. Its production during 1961-62 was 250,000 stoves, 48,000 lamps and 60,000 gross gas mantles. The new Company proposes to expand this capacity immediately, which, during 1964-65, is expected to rise to 500,000 stoves, 100,000 lamps and 100,000 gross gas mantles per annum on two-shift basis. In addition, it is to manufacture 100,000 non-pressure stoves during 1964-65 and is negotiating collaboration with a well-known foreign firm for the manufacture of liquid gas stoves. The collaboration agreement is expected to be signed within a couple of months and the production of the stoves would be taken up next year. Sales realisations during 1961-62 totalled Rs. 84.37 lakhs and are expected to be Rs. 225 lakhs during 1964-65. The profit after taxation was Rs. 4 lakhs in 1961-62. It is expected to rise substantially in future, because, apart from other things, the Company is to convert the present semi-automatic machinery into fully automatic one and install additional plant and machinery, which would reduce costs on a larger production.

The expansion programme will make Prabhat Udyog the largest manufacturer of stoves, lamps and gas mantles in the country. At present, it is enjoying a fully protected market, accounting as it does for 25 per cent of the country's production of these goods. Its products, manufactured according to the I.S.I. specifications, enjoy a great reputation.

The Company has an authorised capital of Rs. 3 crores in equity shares of Rs. 100 each, of which Rs. 60 lakhs are being issued. The promotors, Directors, etc., are taking up 600 shares, whereas 30,000 shares are to be offered partly in consideration of the purchase price (Rs. 7.20 lakhs) of the private limited company and partly in repayment of loans and advances (Rs. 22.80 lakhs) to that company. The balance of 29,400 shares are being offered to the public, the subscription lists for which will open on 30th inst., and close on 9th June 1962, or earlier, but not before 2nd June.

Another company to be in the market next week is the **Asiatic Oxygen Ltd.**, Calcutta, promoted by the Asiatic Oxygen and Acetylene Co. Ltd., also of Calcutta and engaged in the industrial gas business. It is issuing 15,99,993 equity shares of Rs. 10 each at par (in addition to 70 shares already issued) out of an authorised equity capital of Rs. 175 lakhs and preference capital of Rs. 25 lakhs for its Rs. 374.10 lakhs project for the manufacture of industrial and medical gases, welding electrodes, welding and cutting equipment and arc-welding transformers in collaboration with some leading American manufacturers in these lines. In addition to the share capital issue, the Company is taking a loan of Rs. 150 lakhs from the Industrial Finance Corporation of India, and bank borrowings of Rs. 50 lakhs to meet the capital outlay on the project. Out of the present share capital issue, the Directors, their associates and friends are taking up shares worth Rs. 41.40 lakhs, and Air Products and Chemicals Inc., U.S., one of the collaborators, worth Rs. 25 lakhs. The shareholders of the promoting company will be allotted 2,66,000 shares credited at par as fully paid-up in exchange for the ordinary shares in that company. The balance of 670,000 shares are being offered to the public, and the subscription lists for these will open on 31st May 1962 and close either on 9th June or 4th June.

The Company has been attracted to put up its project by a steep rise in the demand for industrial gases since 1956 due to industrial development under the five-year Plans, particularly the increase in production of steel and the rapid growth of engineering industries. Besides, the supplies of the other products it proposes to manufacture are limited due to restricted imports. The promoting company has been manufacturing industrial gases since 1942. It has a factory at Calcutta for the manufacture of oxygen and dissolved acetylene gases, to which has recently been added a new single unit with a capacity of 7,000 c. ft. per hour of oxygen and the corresponding acetylene capacity. It has another factory at Bhilai for the manufacture of dissolved acetylene gas, to which it is proposed to add an oxygen unit. In 1960-61, the company paid a taxable dividend of 40 per cent per annum.

Asiatic Oxygen proposes to establish industrial and medical gas manufacturing units, to begin with, at Bombay, Madras, Rourkela, Durgapur, Patna and Gauhati, and have an initial production of 176.4 million c.ft. of oxygen and 45.6 million c.ft. of dissolved acetylene per annum. The production is to commence within one year. Air Products and Chemicals Inc., U.S., is providing the technical collaboration. The Company has been licensed a capacity of 36 million feet per annum on a single-shift basis of coated and uncoated electrodes and has been permitted to work double shift and has accordingly aimed at an initial production of 65 million feet. A factory will be set up at Calcutta. Metal and Thermit Corporation, U.S., is providing the technical collaboration. The Company also proposes to establish its factory in Calcutta with its electrodes undertaking, for the manufacture of welding and cutting equipment and arc-welding transformers in collaboration with KGM Equipment Co., U.S. (a division of Air Products and Chemicals) and Westinghouse Electric International Co., U.S.

ORIENTAL POWER CABLES

Subscription lists for the public issue of 53,000 equity shares of Rs. 100 each and 27,000 9.5 per cent. taxable, cumulative redeemable preference shares of a like denomination by Oriental Power Cables Ltd. (to which a reference was made by us in these columns last week) have opened this week. The salient features of the Company's project are: (1) The manufacture of high tension paper insulated power cables, with an annual capacity of 600 miles. (2) Even after taking into account the capacity already licensed in this line, demand for power cables in the country would be ahead of supply for a long time to come in the light of the rapid industrial development and urban and rural electrification in the country; in other words, the market for the Company's products is well assured. (3) The factory of the Company is to be located at Kotah, Rajasthan, where, unlike in some other States, electric power is not scarce, there are many more schemes for power generation, there is increasing industrial development, and all this, in turn, means an ever-increasing demand for power cables. Besides, the factory would be quite close to the public sector heavy electricals project at Bhopal. (4) The Company has secured the technical collaboration of Messrs. Sumitomo Electric Industries Ltd., Japan, a leading cable producer in the world and the largest in Japan.

Notice

THE HAILEYBURIA TEA ESTATES LIMITED

KOTTAYAM

NOTICE IS HEREBY GIVEN THAT THE Thirty-ninth Annual General Meeting of the Shareholders will be held at the Registered Office of the Company at Kottayam, Kerala State, on Monday the 18th June, 1962, at 4.30 p.m., to receive the Directors' Report and Accounts for the year ended 31st December, 1961, to declare a Dividend, to elect a Director, to elect Auditors and to fix their remuneration, etc., and to transact any other ordinary business of the Company.

The Transfer Books of the Company will be closed from 11th June to 18th June, 1962, both days inclusive.

By Order of the Board,
PARKINS (PRIVATE) LIMITED,
Managing Agents

KOTTAYAM, 21st *May*, 1962.

NEWS IN BRIEF

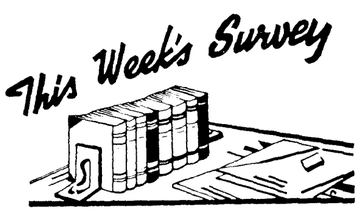
THE third blast furnace of the Durgapur steel plant was commissioned last week-end.

About 3,000 kilolitres of pure benzene produced by the public sector steel plants were shipped to the U.K. from Calcutta last week.

A second State Trading Corporation is proposed to be set up for dealing exclusively with purely agricultural commodities like oilseeds, cashewnuts and pepper.

The Engineering Manufacturers' Association, Ahmedabad, has announced that its member-factories will close down from Friday 1st June until coal supply position improves.

The Government of India proposes to ask the Industrial Finance Corporation, which is now administering funds for industries in the private sector, to start from 1st July 1962 with loan facilities to exporters



A MODEL RETIREMENT SCHEME

IMPERIAL Chemical Industries (India) Private Ltd.—I.C.I., for short—and its two associated companies in India, namely, the Indian Explosives Ltd. and the Alkali and Chemical Corporation of India, have added another attraction to the service conditions offered to their employees. This is a non-contributory pension scheme which will benefit 5,500 employees belonging to the non-management staff. The pension is in addition to the two existing retirement benefits, namely, provident fund and gratuity. Together they make the I.C.I. retirement benefit scheme one of the most liberal arrangements in force in any undertaking in the country.

The scheme, according to the Company, "aims at lessening the employee's psychological and economic fears associated with retirement by ensuring him a regular monthly income, besides giving him in hand the capital sum under the provident fund and gratuity schemes. The I.C.I. scheme will provide a pension, which, together with the annuity value (at the L.I.C. rates of annuity) of sums received under the provident fund and gratuity, will approximate 50 per cent of an employee's earnings, consisting of basic pay and dearness allowance, during the seven years preceding his retirement. The minimum pension guaranteed is Rs. 45 per month for general staff and Rs. 20 for subordinate staff and hourly-rated workers. No maximum has been stipulated and all members of non-management staff, who have 20 years' service to their credit, irrespective of scales of pay, are covered under the scheme. Pension will also be considered even where the employee is prematurely retired for reasons of health or other circumstances, provided he has put in a minimum service of 20 years and the retirement is within five years of the normal age of retirement. The scheme takes retrospective effect from 1st January 1961.

Very few firms in India have a triple benefit scheme of this type. I.C.I's generous gesture goes to show that it is not official proddings and legislative compulsions that ultimately make the employers care for the workers but a sense of responsibility and gratitude to their men.

WORLD TOBACCO OUTPUT

The world output of tobacco (excluding Russian and Chinese) in 1961 was down by about 17,000 tons at a little over three million tons, as compared with the previous year, according to a recent study of the U.N. Food and Agriculture Organisation. The decline in output was the result of a sharp setback in Western Europe, where production had been steadily increasing during the last few years, as also in the Near East and North Africa. Although there was some increase in output in North and South America, it was not sufficient to compensate for the fall elsewhere. The halt in the growth of European tobacco output was the result of widespread attack of blue mould pests in the major producing centres last year. The prospect of a recovery in production in Europe during the current year, however, is quite bright, particularly in view of the fact that several European growers are reported to be switching on to mould-resistant seeds, recently developed in Australia. There is, therefore, nothing to suggest the possibility of any easing of competition in world markets. It is, however, significant to find that consumption of tobacco products has been increasing, not only in Western Europe and North America, but also in the developing countries, despite the grave warnings by medical experts on the deleterious effects of smoking on health.

These advances in consumption in recent years have not been matched by increase in world trade, mainly as a result of increase in domestic output in most of the countries. There are also other equally important reasons for this trend, namely, increasing tariff protection in some countries and also new production techniques designed by cigarette manufacturers to save their consumption of tobacco leaves. World trade in tobacco last year, however, was an exception in that it was at a much higher level than in previous years, thanks mainly to increasing demand from Western Europe necessitated by the decline in domestic production. The Common Market importers were also absorbing more, in order to increase their stocks in anticipation of the introduction of higher imposts on imports in the event of the introduction of a common external tariff. Besides, the U.S. exports of tobacco to developing countries under Government-financed programmes were also higher.

The trend in production and exports of Indian tobacco showed much divergence from the general world trend last year. According to the F.A.O. study, the output in India rose by 6 per cent in 1961. In the 1960-61 crop year, the latest year for which official estimates are available in the country, the output touched 294,000 tons, which compares favourably with 281,000 tons in 1959-60. The increase was mainly on account of extension of area under cultivation. But the increase in production was not accompanied by a rise in exports. Actually, they had suffered a setback. During the eleven months ended February 1962, for instance, exports of raw tobacco amounted to only Rs. 10.13 crores, or an annual average of Rs. 11 crores, which compares unfavourably with about Rs. 16 crores in 1960-61 and Rs. 15 crores in 1959-60. Thus, it is clear that India was not able to share in the larger import demand generated in Western Europe. The long-term prospects for Indian tobacco, however, are by no means bleak, provided efforts are made to cultivate more of superior varieties of tobacco and to raise the yield per acre.

LANCASHIRE AT IT AGAIN

The pressure tactics adopted once again by the British cotton textile industry to get Government intervention in regard to imports from Commonwealth countries are rather disquieting. Nineteen delegates, representing all sections of the industry, including trade union leaders, met the Prime Minister and the Board of Trade President last week and urged with one voice imposition of further restrictions on imports of cotton textiles. The demand made by the delegation, which was led by no other than Lord Rochdale, the energetic Chairman of the Cotton Board, was brief and straight to the point. It said: The Government must assume responsibility and renew the voluntary ceiling agreements with India, Pakistan and Hong Kong —the agreements are due to expire at the end of December next—the renewal being on the basis of actual imports at present. A specific suggestion was put forward to the effect that the agreements should provide for separate categories of grey, finished and made-up goods, to be imported on the basis of present performance. The current level of imports, it may be noted, is virtually on the level of 1959 when the reorganisation scheme was accepted by the industry. The British Prime Minister is reported to have promised to give careful thought to the representation.

If the aforesaid plea were accepted, there would doubtless be a considerable reduction of present ceilings (195 million square yards for India, 42.4 million square yards for Pakistan and 184 million square yards for Hong Kong). For, in contrast to the high level of exports last year, there has been a sharp contraction since the beginning of this year as the following figures will show:

(In million square yards)

	First quarter of	
Exports from—	1962	1960
India	44.99	62.57
Pakistan	0.20	5.14
Hong Kong	14.78	20.16

While it is somewhat doubtful whether the British Government, which has all along favoured only voluntary understanding, will itself be a party to the ceiling agreements, any unilateral action either by the Government or by the industry is bound to injure the trade and the friendly relations existing between the British industry and its Commonwealth counterparts. A clear warning to this effect has been given by Mr. Kasturbhai Lalbhai, who it is that played the leading role in the negotiations that led to the voluntary Indo-U.K. textile ceiling pact. Mr. Kasturbhai is reported to have said in the course of a Press interview:

"It is unfortunate that the Lancashire textile industry should now press the U.K. Government to reduce substantially the imports from India and other countries which are parties to the agreements restricting exports to the U.K. In 1957, the Lancashire textile industry approached the Indian cotton mills to accommodate it by restricting the exports of cotton cloth. Lord Rochdale would readily agree that the attitude of the representatives of Indian cotton mills had been sympathetic, co-operative and accommodative. It is doubtful whether any understanding could have been reached with the representatives of the textile industries of other countries but for the co-operative attitude of the Indian textile industry. The demand of Lancashire textile interests that the present ceiling should be revised on the basis of actuals for the first three months of 1962 is not only unjustifiable but also contrary to the spirit in which the previous negotiations were conducted."

These observations may be said to represent the basic approach of the majority of Indian cotton textile interests, although a minority opinion, which concurs with to put up of this journal, is that there never demand for is any need for a ceiling agreement dustrial devetary or inter-Governmental. Lancas particularly move abundantly justifies the criti rapid taken by this journal on the first pact negoes to by Mr. Kasturbhai Lalbhai and Mr. Nevilleorts, Wadia. It was then hoped by them that the restrictions agreed to would be only for a short period and that they would be abolished thereafter. Instead, their British confreres are now asking them to accept further restrictions. This is a typical instance of British diplomacy. The British textile interests apparently ignore conveninetly the acute foreign exchange difficulty of India which can be solved only if no hindrances are placed in the way of exports of traditional items such as cotton textiles. It is a pity that the British textile interests should have overlooked the point that any curtailment of textile exports from India will automatically reduce its purchases of goods from the U.K. They also do not seem to remember the spirit of the understanding reached at Geneva early this year under the auspices of the G.A.T.T. They have no justification whatever for attempting to invoke the escape clause in this agreement, as there is still overfull employment in Britain, as Lancashire mills themselves are suffering from shortage of labour and as Britain has no balance of payments difficulties now. Both the millowners and the Central Government of this country should take care to see that they do not, once again, play into the hands of wily Lancashire millowners.

GENERAL INSURANCE

In spite of the existence of a voluntary Code of Conduct and the general recognition among insurers that rebating and other malpractices are undesirable, it is no secret that such malpractices are quite common. Attempts to put a stop to them have not met with much success so far, because they have been largely half-hearted and did not go to the root of the evil. The malpractices are the direct result of a state of affairs in the trade which is not conducive to the healthy growth of insurance, namely, the existence of a large number of companies competing for a limited volume of business which has failed to keep pace with the growth of industrialisation. This had led to a scramble for business through adoption of many undesirable practices, of which rebating is only one. For the smaller fry, it is an effective means of competing with the larger companies and the latter too find it a convenient means of attracting new business or keeping the existing business.

The approach of the Controller of Insurance to the problem of rebating is wrong, because it is based on the assumption that rebating springs from the existence of a large profit-margin fo the companies which enables them to bear th burden of unauthorised reduction in premiu The fact that successive reductions in premiu brought about at the instance of the Controll of Insurance, have failed to curb the evil, muc less obliterate it completely, indicates that th fault lies elsewhere. It is true that a reductio in premium rates does make rebating impin more heavily on the finances of companies b as long as the short-term attractions of rebati persist and the state of the insurance market mains what it is, the malpractices are bound continue. They can be wiped out only in situation in which each company has respecta premium base. In the present state of devel ment of the market, there is not enough bu ness to go round for the vast number of co panies operating in India. Only if the sma companies are merged to form economica viable units, having a sizable premium incor will it be possible to eliminate rebating.

It is, however, possible to minimise it, p vided the Code of Conduct among insurers rigidly enforced. It is common knowledge that, barring the provision regarding the advance payment of premium before the assumption of risk, the Code is more honoured in the breach than in the observance. The Administrative Machinery of the Code has not been able to ensure that the Code is strictly adhered to. The latest move of the General Insurance Council to bring about an effective enforcement of the Code is, therefore, a step in the right direction. The Executive Committee of the General Insurance Council, at a meeting held at Simla a few days ago, has decided to take drastic steps to end rebating and other malpractices. One of the measures proposed is the appointment of a cadre of inspector-accountants to examine the receipts and payments of every insurer with a view to detecting elements of rebating in the day-to-day transactions of insurers. All transactions entered into on or after 1st July 1962 will be scrutinised by the said inspectors. This is also the date on which the reduced premium for fire insurance comes into effect. The reduction in premium rates, coupled with more effective inspection of accounts in accordance with the Code of Conduct, are expected to reduce rebating considerably.

The Administrative Machinery of the Code of Conduct will also be the approving authority for the appointment of field staff. This is to prevent companies from luring one another's staff by offering higher remuneration. The inspector-accountants will be appointed by the Administrative Machinery of the Code and their salaries will be paid from a common fund to which all insurers will contribute 0.5 per cent of their direct premium income written in India. To begin with, it is proposed to appoint 25 inspectors. Any loss of business that might result from enforcing these measures will be compensated from a pool of mutual assistance to be created. Each company will be asked to contribute 3 per cent of its gross direct premium written in India to the pool. It will be distributed among the companies losing business on account of the measures according to a sliding scale which will be weighted in favour of small companies. Thus, a company with a gross direct premium written in India of less than Rs. 20 lakhs, will be paid compensation equal to 110 per cent of the shortfall in premium resulting from the reform measures in the first year, 85 per cent in the second year and 55 per cent in the third year. No compensation will be given after the end of the third year from the date these provisions come into effect. The percentage of shortfall to be covered by the subsidy in the case of companies in the Rs. 20-Rs. 50 lakhs premium range will be 100 in the first year, 75 in the second and 50 in the third and in the case of companies having a premium income of more than Rs. 50 lakhs, the percentage will be 75 in the first year, 55 in the second and 33.50 in the third.

This provision is obviously made to cushion the impact on companies of sudden loss of business consequent upon the rigid enforcement of the Code and thereby to make the proposal acceptable to all insurers. In fact, the insurers concerned are reported to be willing to accept the proposal. They would appear to think that some such steps are necessary if the unsatisfactory state of business is not to continue.

The provision for the creation of a pool of mutual assistance for a period of three years is meant to overcome the possible opposition of the smaller companies. During this period, they are expected to adjust themselves to the new regulations, so that, at the end of it, they will have to fend for themselves. The most ticklish problem in this arrangement is this: how to prove that the fall in business is due to the new reform measures and to the slackness of the companies themselves in canvassing business? Since it will be difficult to draw a line between loss of business arising from the reforms and other factors the mutual assistance contains an element of premium on inefficiency. This drawback apart, the whole move reflects the readiness of insurers to get together in order to clean their Augean stable before the Government takes it into its head to get that job done under compulsion.

ALKALI INDUSTRY

The alkali industry, with its twin sectors producing caustic soda and soda ash, provides basic ingredients for the manufacture of a wide range of important chemicals. Caustic soda, for instance, is consumed in substantial quantities by paper, rayon, petroleum and hydrogenated oil industries. Similarly, soda ash is required by glass, bichromates and silicates industries, besides laundries and washermen. The alkali industry as a whole has made steady progress in recent years, although it has not been able to match fully the fast growing requirements of consuming industries. The total annual installed capacity of caustic soda has risen from about 58,000 tonnes in 1958 to 97,000 tonnes in 1961, with a corresponding increase in output from 58,000 tonnes to 97,000 tonnes. The capacity for soda ash has almost doubled, that is, from about 110,000 tonnes to 216,000 tonnes, with a consequent rise in output from 90,000 tonnes to about 200,000 tonnes. The increasing tempo in the growth of the industry has been induced largely by tariff protection, severe import restrictions in the face of growing demand and, above all, by the initiative and enterprise shown by the industrialists concerned. But, in spite of all these, the industry has failed to ensure self-sufficiency by 1961, as originally planned. The only refreshing exception is the light variety of soda ash, the output of which is now sufficient to meet the entire domestic demand.

Mr. Shriyans Prasad Jain, President of the Alkali Manufacturers' Association of India, in his address at the annual meeting of the Association, held at Bombay last week-end, attributed the industry's failure to reach the goal to "a variety of reasons," particularly the rapid expansion of the consuming industries, and to some delay in installing additional capacity. Alluding to the observations of the Tariff Commission on this point, Mr. Jain pointed out that, in respect of caustic soda, in particular, the country would not be able to achieve self-sufficiency even by 1964. Considering the urgency of stepping up production of alkalies as fact as possible, Mr. Jain's plea to release adequate foreign exchange for installing additional capacity in the industry sounds quite pertinent. He was of the opinion that, if the existing units were allowed to expand, the relative needs of foreign exchange would be small. In view of the shortage of foreign exchange, this is indeed a very important consideration which deserves to be recognised by the authorities.

One of the major difficulties facing the manufacturers of caustic soda is the inadequate outlets for the by-product, chlorine, generated under electrolytic process. This problem has been a source of vital concern particularly to the largest units. Chlorine is, admittedly, a valuable industrial raw material, and the demand for it is going up, following the development of such industries as bleaching powder, paper, polyvinyl chloride, polyethelene chloride, certain fertilisers, insecticides and pesticides. Only, the demand for chlorine has been growing less rapidly than that for caustic soda, with the result that there has been a wastage of surplus chlorine. It will take considerable time before outlets can be created for taking up all the available chlorine. Mr. Jain's suggestion was that excess chlorine could be used for the manufacture of ammonium chloride fertiliser, provided liquid ammonia was made available to the industry at "reasonable rates" from the fertiliser plants. This suggestion appears to be a feasible proposition and so deserves the urgent attention of the authorities concerned.

The most serious obstacle in the way of the industry's progress relates to the fixation of ceiling prices at unremunerative levels. In the context of a rigid scheme of ceiling prices, the rising costs of production, following the increase in prices of raw materials, power, fuel, freight and packing charges, etc., has been eating into the margin of profits. The margin of earnings, Mr. Jain averred, has gone down now "even below the very modest so-called 12 per cent return" allowed by the Tariff Commission. Mr. Jain was particularly apprehensive about the prospects for soda ash industry, if the selling prices were maintained at the present level. He called upon the Government to give an *ad hoc* increase in selling prices of soda ash to offset the increase in cost of production. It may be recalled, in this connection, that the Government had actually reduced the price recommended by the Tariff Commission. This was not a fair decision and the position has deteriorated as a result of further increases in production costs since then.

OUTLOOK FOR KILLICK INDUSTRIES

For the past three years or so, when the primary trend on the stock markets has continued to be bullish, the shares of Killick Industries Ltd. are one of the few counters that have suffered a substantial capital depreciation. They lost ground year after year by making a lower top and sinking to a new bottom. In 1959, the highest level made by the Rs. 100 fully paid ordinary shares was Rs. 160.50 and the lowest Rs. 128.50; in 1960, the corresponding levels were Rs. 124 and Rs. 99.20; last year, they were Rs. 111.50 and Rs. 90; and this year, up to 18th May, they have been Rs. 96 and Rs. 83.50. Not only have the investors sustained capital loss but they have suffered also in terms of return on their investments. The dividend was 13 per cent, tax-free, in 1958, but was clipped to 9 per cent, taxable, in the following year, reduced further to 8 per cent, taxable, in 1960 and was completely skipped over last year. This sorry state of affairs finds an explanation in the steady decline in the Company's profit for the past few years. To continue the above comparison, it was Rs. 31.40 lakhs in 1958, Rs. 20.55 lakhs in 1959 and Rs. 19.23 lakhs in the next year. It, however, staged a small recovery to Rs. 24.31 lakhs last year. Taking a "realistic view" of the Company's affairs, the Directors, however, decided to conserve the recovery in profit in business rather than pass on its benefit to the shareholders. In fact, considering that the 1958 results covered a 17-month period following the change effected in that year by the Company in its financial year from July-June to December-November, the year ended 30th June 1954 was the best period enjoyed by it in the past decade, when its gross profit

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was Rs. 35.75 lakhs, the return per share was 11 per cent, tax-free, and the shares scaled a peak of Rs. 200 as against the year's lowest level of Rs. 157.25.

Indeed, the position of Killick investors is unenviable, and they apparently need badly some consolation, which has luckily come from the diversification the Company has proposed, and on which some light was thrown by its Chairman, Mr. A. N. Haksar, at its annual general meeting, held on Friday, 18th May. Explaining the need for Killick Industries to branch out into manufacturing at least some of those items considered essential for the expansion programme of industry as a whole, Mr. Haksar traced the past history, when Killick Nixon and Company was originally a purely trading venture, dealing in various types of imported goods and machinery the entry of which into this country systematically curtailed by the Government to save foreign exchange and to create room for the development of indigenous industries. "It was at this stage, a few years ago," Mr. Haksar said, "that your Board of Directors had to take the decision as to whether the trading part of the business should be given up entirely, and this would have meant a drop in the earning capacity of the Company as a whole, or whether steps should be taken to go in for the manufacture of certain of the lines for which we were merely agents selling on a commission basis." Another consideration which led the Company to diversify its activities was that, being essentially a managing company, its fortunes fluctuated widely, depending more upon the operations of the managed companies and the subsidiaries. Again, the managing agency system itself has been subjected to severe restrictions and its commission substantially cut.

Accordingly, Killick Industries has set up an engineering factory for the manufacture of vibrators and pre-stressed concrete equipment and, according to Mr. Haksar, it is doing fine. It has floated Killick Caribonum Ltd., formerly Stamco Industries Ltd., to manufacture typewriter ribbons, carbon papers and other allied lines in collaboration with the world-famous manufacturers, Messrs. Caribonum Ltd., U.K. Mr. Haksar said that the new company was reaching a "break-even" point and expected it to show profit before the end of this year. The Company has recently been licensed to import the machinery for the manufacture of slotted angle and other allied products in collaboration with Dexion Ltd. of England. The product manufactured by Dexion has a flexible use from building a rack or a chair to erecting a house or a factory. The Company's market surveys have shown that there is very large demand for the product in India. The first supplies of the product will be in the market in the first quarter of the next year. Subject to the Government's approval, Killick Industries Ltd. is to be appointed Secretaries and Treasurers of a company to be set up in the country for manufacturing filter-tips for cigarettes in conjunction with Cigarette Components Ltd. of Britain.

The Company will also have a 25 per cent investment in the project. It will be recalled that the Company started last year Snowcem India Ltd., for manufacturing "Snowcem" decorative waterproof cement coatings for buildings and constructions. Mr. Haksar stated that this project was progressing beyond all expectations. With the permission of its English collaborators, this subsidiary company is increasing the range of products and extending its activities to other allied lines. The Company's project for the manufacture of industrial steel files, however, has suffered because of the difficulties in obtaining the adequate technical collaboration for which efforts are, however, being continuously made.

Killicks' smallest subsidiary, namely, A. R. Haseler and Company, has shown much better results since the take-over last year. Its main subsidiary, Killick Nixon and Company, is expected to recover this year from the loss suffered last year, because of accumulation of stocks of cloth following the slump in the U.K. market, while its shipping and clearing and forwarding departments are stated to have done far better and are showing a reasonable margin of profit this year than in the last year. Among the companies managed by Killick Industries, according to Mr Haksar, Kohinoor Mills Ltd. is expected at least to maintain this year's progress; the three electricity companies, Ahmedabad, Bombay Suburban and Surat, have a good future and might even be able to pay higher dividends next year, if the expected amendment to the laws governing the reasonable return allowed to electricity companies materialises this year; the Hingir Rampur Coal Company will benefit greatly in the next 12 months from the expansion scheme on hand; but the prospects for the Shivrajpur Syndicate Ltd. staging any important recovery hinge on the ability of that company to dispose of its accumulated stocks of manganese ore (for which it has proposed to the Government barter deals with the U.S. and Europe and has sold a fairly substantial stock under such deals) and the hope that, in the not-too-distant future, world prices of the ore would improve substantially.

All said and done, one is inclined to conclude as, indeed, Mr. Haksar had done, that the investors in Killick Industries have passed through difficult times and have been disappointed with the working of some of its units, but that, with the additions now having been made to its activities, it would prove in the near future to be a company basically with sound foundations able to pay its shareholders a decent return. What passes one's understanding, however, is that the Directors of the Company should have waited so long for diversifying its activities right when under their very nose several new ventures have reached fruition. Again, they have maintained the stress on management of the new ventures carried on by newly floated companies. Would it not have been better if the Company itself had directly embarked upon some manufacturing programme on a significant scale? The change made at present is only one of degree and not of kind.

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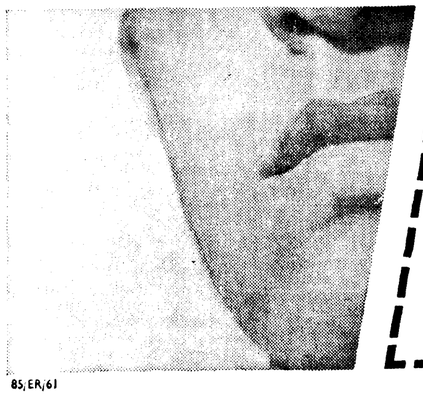

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AMERICAN LETTER

CORPORATE PROFITS TEND TO SHRINK

IS U.S. LOSING WORLD ECONOMIC LEADERSHIP?

From Our Special Correspondent

NEW YORK, 18*th May*

BUSINESS and industrial trends are mixed, but the broader measures of economic activity are tending upward, as earlier this year. Overshadowing these good points, however, is increased anxiety in the market place of the corporate profit squeeze and over the apparent unwillingness of the Washington Administration to give more than lip service to this situation.

The Gross National Product continued to rise. It reached $549,000 million in the first quarter but it was $4,000 million less than Government estimates. The American consumer, as in the past, has again been playing unexpected tricks and shown unforeseen behaviour. The rise in spending for non-durable goods which was considerable has more than offset a decline in outlays for durables.

One Weak Point

This (consumer spending) area is one of the weakest points in all American economic forecasting. Government and business spending are known factors, but consumer expenditures are not. They depend on how people "feel" at the time. And that is pretty difficult to prognosticate since the public is subject to a barrage of propaganda and opinions through a variety of news media.

As an example may be cited the annual McGraw-Hill survey on contemplated business spending. The figures are based on a poll and an underlying questionnaire. Like any other poll, it cannot cover every concern but only percentages of industries. The rest is projection which, of course, is not infallible.

This year's poll (for 1962) showed a gain for plant and equipment of 11 per cent over 1961 which is higher than Government estimates. Some quarters point with pride to these business plans which may, of course, be changed to fit contingencies. In the face of optimism, there is another school of thought among bankers, even held by the Secretary of the Treasury Dillon, that business investment is inadequate to sustain the pace of recovery.

Thus, the average consumer is faced with two diametrically opposed opinons. In this particular instance, both are honest expressions of opinion. Innumerable other instances could be cited which create confusion in the public mind. Suffice it to say that different opinions based on assumed facts, mixed with prejudices, fear and buoyancy are a healthy by-product of democracy, but the U.S. economy, like those of other countries, does not run by slide rules but is run by human beings with all that that implies.

Government Spending

Government spending on all levels is rising somewhat rapidly. On the national level, spending plans now being debated by Congress will make a balanced Budget well-nigh impossible. State and Local Governments spend 9 per cent more in 1961 than in the preceding year to a total of $51,400 million. These outlays are expected to increase by another $4,000 million this year. This accounts for more than 80 per cent of all Government outlays for goods and services in non-defence areas.

Outlays for schools, education and highways make up over one half of the total, followed by health, sanitation, general administration and civilian safety. About 80 per cent of all moneys spent publicly are raised by Local Governments and two-thirds of the highway programme is borne by the States. The balance comes from Federal contributions.

Corporate Earnings

The facts about earnings of U.S. corporations are that they are up about 30 per cent, as compared with the first quarter of 1961, but that, in the first three months of 1962, they were about 10 per cent behind the fourth quarter of last year. Both percentages are understandable. Early in 1961, the recession still cast its shadow and in the last three months final tax and profits adjustments are being made out of reserves which does not happen in the first three months of a year. In my judgment, the figures are neither too bad nor too good. Wall Street, however, thinks they are quite bad; otherwise, the stock market would not have put up such a somewhat dismal performance. In addition to cold figures available, the financial district is obsessed with a Kennedy-bear-market-psychology which is reminiscent of the days of President Roosevelt.

Outside of earnings, the cash position of corporations to current liabilities has been fairly stable, accompanied by a general rise in working capital as measured by current assets minus current liabilities.

Farm income in 1961 was good. It reached its highest level in eight years and exceeded 1960 by 8 per cent. The total was $12,700 million. It resulted from larger cash receipts from marketing, and increased Government payments and it occurred despite a $500 million rise in farm production costs.

Trade Bill

Official propaganda is now at its peak to stir up sufficient public support, so that Congress will bow to the major demands of President Kennedy's new international trade policy which, among other things, would grant him personal tariff cutting powers. Individual Senators and Congressmen fear that such power would make them less important to their constituents, naturally. Next week, timed to highlight World Trade Week, there will be an hour long television programme "Breaking the Trade Barrier" with President Kennedy and ex-President Eisenhower participating.

Recent official pronouncements have tried to link the necessity for a new trade policy with the loss of U.S. gold stocks, in the sense that the new trade frontier could halt the movement. There are, of course, no guarantees that it will, but it sounds good, since the seepage from U.S. gold stocks is of almost universal concern, because it is constantly kept in the news.

Yet, very few American bankers and businessmen really know what the problem is, because, in the past, it had never reached the present magnitude and, therefore, was never studied. Thus, there is much muddled thinking. To wit, the *American Banker* said editorially the other day that the U.S. might wake up one morning and find the dollar devaluated by our European friends; that the U.S. is slipping into the No. 2 world economic spot and the Common Market may arise as the leader.

In a mild sort of way, leading papers speak vaguely of how nice it would be to get a strong Trade Bill through Congress. Surveys are quoted that 300 key American corporation presidents are in favour of tariff cuts; that import competition has had little effect on domestic employment; that some labour union leaders also favour the Trade Bill.

Under the sponsorship of the newly formed Co-ordinating Council of Organisations on International Trade Policy, a conference was held at Washington attended by about 1,000 supporters of the Bill now before the Congress.

There is much talk about details such as escape clauses, safeguards for domestic industries, trade adjustments, the changing patterns of trade. The opponents point to the potentiality the new powers asked by the President would make him a U.S. foreign trade czar and would go beyond the Constitution. There are fears in these quarters that such powers would be used over and above the law, as he did in the steel price question in which he had no official legal position.—*All Rights Reserved.*

(Concluded from next column)

That such open injustice and such confounding of Government policy should take place is most embarrassing for the Government at present when it is facing a wave of political discontent reflected in substantial losses of votes to its political opponents particularly the nascent Liberal Party, particularly in the recent by-elections. For the first time, the thought has been openly expressed that the Liberal Party could be the means of bringing the Government down at the next General Election.

LONDON LETTER

INVESTMENTS ABROAD

RESTRAINTS RELAXED

(*From Our Own Correspondent*)

LONDON, 19*th May*

THIS week has shown two prime examples of the Government's satisfaction with the external economy of the country and the country's dissatisfaction with the Government on the approach to the internal economy. The strength of sterling has made it possible for the Government to take a major step assisting British industrial investment overseas. Up to now this investment was only allowed if there was a likelihood of a quick benefit to the U.K. balance of payments as a result. The buying of foreign securities was permitted through what was called "switch dollar accounts." These were accounts, one representing the so-called "hard" dollars and another so-called "soft" dollars—the first for American and the second for non-American securities—which provided a fund of currency which could be used for the purchase and sale of foreign securities. These two accounts are now being amalgamated. So, there will henceforth be only one account, fed by the sale abroad of overseas securities and utilised for the purchase of either the American or non-American securities.

This sweeping away of the difference between dollar and non-dollar securities is not only the final step in the simplification of Britain's external currency relationships but it is also the final evidence of the external position of the pound being strong enough not to require the distinction between hard and soft currencies—a distinction abolished a long time ago for ordinary commercial transactions.

As regards British investment overseas, that is, investment of a long-term nature, this is now to be permitted through this same switch dollar account. Obviously, this is one-way traffic: the investment by British companies abroad—and this will in practice mean mainly investment on the Continent—will deplete the switch dollar account and there will not be any corresponding inflow. If the position of sterling remains as strong as at present, there seems no reason why the switch dollar accounts should not finally be abolished and investment abroad allowed to take place on the same basis as the importation of goods: the control on this investment is the last control over the free use of sterling which remains.

Public Unhappy

But, if the Government have felt happy in making this further relaxation on U.K. investment overseas, they have been made distinctly unhappy by the public reaction to the way they have been handling two recent major pay claims. The Government has, of course, laid down a general ruling that pay claims should not exceed the general increase in the level of productivity which they put at 2½ per cent per annum. In the face of a threatened strike of dockers, the Government conceded an 8 per cent increase in dockers' pay. At the same time, they have turned down the nurses' request for an increase in their still somewhat pitifully low rates of pay.

It is true that the Government cannot directly determine the dockers' pay since the dockers are the employees of private organisations or corporations whereas they directly control nurses' pay since the nurses are public employees. But the ordinary man cannot be expected to accept as a good argument that different standards of justice should be applied according to whether the worker is a private or a public employee.

The Government is, of course, very concerned to avoid a dockers' strike which could have a damaging effect on exports and it was the function of the Minister of Labour to try and bring employers and employees together. The Minister has claimed that he has been neutral and has held the ring for a settlement. But the very fact that such a settlement has taken place with the employers conceding a substantial pay rise (which they will not proceed to recoup through higher dock charges) and without the Government making a public protest to the employers is only seen as evidence that the weight of the big Unions can force a policy through even if it is against the Government's avowed intentions.

(Continued in previous column)

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BHDI

INDIA'S ECONOMIC DEVELOPMENT

FINDINGS OF ANOTHER WORLD BANK MISSION

NEARLY one year and two months have elapsed since the third Five-year Plan commenced, but the progress actually made in the implementation of the various projects has not been quite encouraging. Indeed, it may not be wrong if it is said that the third Plan as such has still not begun, the current tempo of activity pertaining largely to the spill-overs of the second Plan. How else is one to explain the low level of production particularly in the field of coal, power plants and other industries which are of vital importance to the growth of the country's economy as a whole? Many projects have not been started at all, thanks to shortage of one crucial thing or other. It looks as though the Plan, as at present formulated, will be carried out only in parts if, on the one side, the planners and the powers-that-be do not hesitate to take "difficult decisions" as to priorities and, on the other, the friendly countries abroad do not provide adequate assistance. This assistance, if it is not to be a heavy burden on India, will have to be in the form of long-term loans, repayable after 30 to 40 years, and carry relatively low rates of interest. In a few days from now, the members of the Aid-India Club will be meeting to discuss the question of rendering further aid to the third Plan. It is to be hoped that the meeting will yield tangible results on these lines.

Viewed against the background of the forthcoming meeting of the Aid-India Club, the latest report on Indian economy submitted by the high-powered World Bank Economic Mission headed by Mr. Robert Sadove is a timely and useful document. Although the full text of the report is not available at the time of writing, the excerpts therefrom published in the daily Press indicate that this report also, like the report of the three distinguished leaders of the American, British and West German financial worlds submitted to the World Bank some time in April 1960, is notable not only for the refreshingly candid observations on the various aspects of the Plan but also for the forthright suggestions made to improve the prospects for its successful implementation.

Where the Plan is Still Weak

The World Bank Mission has pinpointed the fact that where the third Plan is still weak is in the detailed phasing of programmes and projects over time. In particular, two serious defects have been highlighted. The first is the lack of technical planning and preparation which, we are told, has sometimes resulted in much less than the optimum benefits being obtained from the capital invested, especially in such industries as iron and steel, petroleum and fertilisers. Two, the present machinery for co-ordinating the investment programmes of the different Ministries is not as effective as it should be, as shown, for example, by the difficulties over coal transport. The Bank Mission certainly minces no words when it avers that the practice of planning in five-year periods carries with it the danger—only too apparent in some sectors of the Indian economy—that "there will be a hiatus in the start of new projects towards the end of one Plan and a bunching of new sectors at the beginning of the next, resulting in the uneven growth in production." It does welcome the planners' awareness of inherent limitations and uncertainties of five-year planning, but makes it clear that these uncertainties afford no excuse for trying to avoid taking difficult decisions as to priorities. In this connection, the Bank Mission points out that, very likely, some of the projects which will actually be started only towards the end of the third Plan, have not even been conceived and that others, now included in the Plan, will have to be deferred or eliminated to make way for the former.

The most serious limitation to the successful implementation of the third Plan relates to foreign exchange. Attention is drawn to the "large build up" of projects waiting for the signal to go, which is reflected in the bunching of new orders in the first two years of the third Plan, particularly in power and industry. The total of new overseas orders for projects to be placed during the Plan period, including projects spilling over into the fourth Plan, is tentatively estimated by the Government at just under Rs. 2,200 crores, of which 40 per cent (Rs. 835 crores) pertains to 1961-62 and over 25 per cent (Rs. 578 crores) to 1962-63. As the Bank Mission says, many of these projects could have been started already if it had not been for foreign exchange restrictions and the delays incurred on this account have had, in some instances, unfortunate repercussions on the growth of the economy as a whole (for example, in the case of certain coal washeries and power plants). Significant, indeed, is the emphasis laid by the Mission that, if development is to proceed smoothly, it is essential that a repetition of this situation should be avoided and that, within the framework of the third Plan, India should receive adequate long-term assurances of external assistance to enable the Government to proceed with the placing of orders in advance of the firm commitment to finance them. The present reserves, as the Mission says, are unquestionably below the level where they can be considered as resources for development. The chances of an improvement in reserves are bleak. On the contrary, there may be a further reduction, for, while imports cannot be substantially reduced without cuts in maintenance imports required for full utilisation of domestic productive capacity, the estimates for project imports have risen, and the demand for non-project imports appears likely to be a good deal higher than the earlier estimates, the scope for earning more by way of exports is rather limited. The Bank Mission has cited three factors as being responsible for the export problem, namely, relatively static demand for India's major traditional exports, continued import restrictions particularly by countries in Western Europe, and lack of an aggressive drive on the part of the Indian Government and business community to find or develop export markets.

The Export Task

It is significant that the Bank Mission, too, has bracketed the business community with the Government for the failure on the export front. It has, of course, taken note of the proposals (under consideration) to increase physical availabilities for export, including fiscal measures to restrain domestic consumption and the move to set aside for export a proportion of production of various industries. The report is quite right when it says that, though supply is important in general, the problem is more on the side of demand and of export sales promotion. And it certainly strikes a note of realism when it declares that, in view of the higher import requirements now foreseen, it is clear that the Plan as at present formulated cannot be carried out in full—even if India received the entire amount of aid requested—unless additional exchange resources are obtained from export earnings. It does not deny the overriding importance of import-saving investment in an economy such as India's. Nor does it underrate the intractability of export problem. Only, it seeks to emphasise, and rightly so, that India cannot reach viability without a very large increase in export earnings.

Agriculture

The Bank Mission's assessment of the progress made in the sphere of agriculture depicts the following trends:

The increase in production appears to reflect an underlying upward trend to which the various agricultural programmes of recent years have contributed. There is no break through on the agricultural front; the production is only marginally better than that of 1958-59. This level has, however, now been established as definitely within the capacity of Indian agriculture even without specially favourable weather. What is even more significant is that the increase has been achieved with appreciably lower quantities of nitrogenous fertilisers than originally envisaged. The marketable surplus of the 1960-61 crop is estimated at 32 per cent in the case of rice and 33 per cent in respect of wheat. Somewhat increased availabilities of consumer goods are believed to account for some of the improvement in marketable surplus, but the pattern of consumption in rural areas is also changing. The money earned by the farmer appears to be going not only in consumer goods but also increasingly in producer items such as fertilisers and farm implements, though evidence on this score is not conclusive.

The Bank Mission is, however, rather sceptical regarding the overall targets for food and other agricultural crops, in view of the continuing delays in the programme for domestic fertiliser production. It, therefore, calls for greater efforts on the part of most State Governments in the field of soil conservation and minor irrigation, as well as a definite programme for stabilisation of agricultural commodity prices.

Industry

The trends in industrial development are summed up as follows:

The index of production definitely understates the progress made. Many new industries are given low weights in the index compared with the traditional industries, or are not included at all, because they came into existence since 1951, and it is precisely these industries which have, over the past year, recorded the most spectacular increases. Production gains have been particularly impressive in machine tools, diesel engines, electric equipment and light engineering industries, as well as heavy chemicals and chemical intermediaries. The level of production in several of these industries has already exceeded the second Plan targets. Only a moderate expansion has occurred in the production of mill-made cotton cloth, but the production of consumer durable goods such as sewing machines, bicycles and electric fans has risen sharply, while refrigerators, automobiles, motor cycles and scooters have shown phenomenal increases. The increase in industrial production has been achieved despite import restrictions, an acute shortage of raw materials, transport and power bottlenecks, and continued licensing and other controls. There are grounds for believing that the import content of domestic production has declined, in view of the fact that maintenance imports have continued to be drastically restricted during the last year, while industrial production was rising more rapidly than at any time since the beginning of the first Plan.

The World Bank Mission is quite optimistic about the fulfilment of the internal resources targets, though the optimism is subject to the qualification that "a sufficiently vigorous and sustained effort is made over the five-year period." It is in this context that the Mission has commended the "vigorous lead" given by the Union Finance Minister in what is called the "obligation of resources for the third Plan." "Throughout, the target for 1961-62," to quote the Mission, "is responsive to the needs of development. The new tax measures not only restrict consumption but also include specific concessions to encourage investment and to stimulate exports." Incidentally, it would appear that the Bank Mission's report was prepared before the tax proposals for 1962-63 were announced. If regard is had for these proposals, it would be seen that the Union Government is making sustained efforts to raise internal resources, according to Plan.

A notable finding of the World Bank Mission is that, though there has not been any avowed change in the policies embodied in the Industrial Policy Resolution, there has been in its application increasingly pragmatic use of the flexibility provisions which allow private enterprise, where national interests dictate, to enter or expand into fields otherwise reserved for the public sector; some of these changes in application which effect programmes in the third Plan have been quite significant. Take, for instance, coal. The Government has removed restrictions limiting establishment of new private coal mines to areas contiguous to existing works. It has also given the explicit assurance that there will be no ceiling on private coal production during the third Plan. Apparently, the Government is pessimistic about the performance of the public sector coal projects. Here is what the World Bank Mission says:

"The likelihood that the public sector will reach its target of three and a half times the 1960-61 level of production is remote. A large part of the new production must come from new mines to be developed in entirely virgin areas, including a much larger proportion of deep mines, and under more difficult mining conditions than in the second Plan. It is certain that substantial foreign technical as well as capital assistance will be needed, and the Government is now considering offers of technical assistance from several countries, particularly for the development of new deep mines and the organisation of central workshops."

Taking note of the developments on the steel front, the Bank Mission draws attention to the absence of any provision for "private" expansion in basic steel, but appreciates the increase in the provision for alloy steel capacity and the inclusion of proposals for additional private pig iron capacity. On fertilisers, the Mission is of the view that production undertaken by the private sector during the third Plan may actually exceed the 200,000-ton figure. This, however, is not the view of the Government of India. According to Mr. C. Subramaniam, Union Minister of Heavy Industries and Steel, the private sector is lagging behind in implementing the projects allotted to it and the target fixed for it may not be reached in time. Since fertilisers are of utmost importance for stepping out the productivity of agriculture, it will be worthwhile to quote below the relevant remarks of the Mission:

"The effectiveness of inducements to the private sector in this area remains to be seen. It appears that, in the past, the Government has, in fact, been inhospitable to private sector proposals in the field of nitrogenous fertiliser industry, apparently feeling that the urgency of increasing agricultural production in the country invests fertiliser with a public interest calling for it to be produced in the public sector. Private investors, on the other hand, have been shy about entering the field, because they would have to operate under various direct controls, including the requirement to sell the product at a fixed price to the central pool. It is understood that the Government is considering relaxation of the pooling requirements after the supply situation has substantially eased. This would presumably take several years. . . . The programme for expansion of nitrogenous fertiliser production is still being developed. As now envisaged, it appears to have certain shortcomings. Specifically, the programme includes some coal-based plants despite expected availability of food stocks such as naphtha and gas in sufficient quantities to enable the third Plan requirements to be met in plants with a lower capital cost. Moreover, the location of some of the proposed plants would appear to be less than optimum from the standpoint of the burden on the transport system. The Government has recently stated that it will pay a differential price which would in fact reflect varying costs of production. This pricing formula, designed to assure private investors of a profit even on a coal-based plant, is resulting in a situation in which positive encouragement is given to such plans, even though there now appears to be sufficient naphtha for all needs."

Oil

Apropos the research for oil, the Bank Mission no doubt admits that public sector efforts have been attended with some encouraging results, but warns that the foreign exchange drain will persist, unless a much larger effort in exploration and development is undertaken. It is not without reason that the Mission states that the public sector can hardly afford such effort from its own resources and the external Government assistance now in sight. And it has done well to highlight the "little attention" given to the problems involved in adjusting the pattern of oil distribution to new sources of supply in Assam and Punjab. Alluding to the State-owned Indian oil company, it says: "This Company has neither the organisation nor the financial resources required for the job. The funds so far allocated to it in the third Plan are Rs. 5 crores, whereas it would possibly require an investment of several times the amount to provide complete facilities for the marketing of one million tons of products."

Another project about which the Bank Mission has misgivings pertains to the Bokaro steel project. It has grave doubts about the wisdom of proceeding at this stage with the Bokaro steel project. In its view, the expansion of the three existing public sector steel plants alone will impose heavy demands on transport facilities, raw material supplies, and available managerial and technical personnel. Notwithstanding official explanations, the Mission feels that the project requires "considerable further technical study." The Mission has aptly described as "misnamed and almost certainly uneconomic" the public sector project for the manufacture of a people's car.

A special reference is made to power development. The Bank Mission is inclined to believe that, even if the target for power were reached—a distinctly optimistic assumption, according to it—the supply of power was likely to fall short of what would be required to support the proposed expansion of industrial production. About nuclear power, the Mission observes: "The Government apparently still intends to proceed with the development of nuclear power, in spite of the doubts expressed in various quarters, both in India and abroad, as to the economics merits of this programme." Whatever be the doubts, India has to press on with the development of nuclear power from the point of view of the future needs of the country, especially for meeting the energy requirements of regions which are denied the sources of coal or hydro-electric power, and are far away from the coal-producing regions. Those who criticise the Government of India's determination to go ahead with the establishment of at least one nuclear power station are extremely short-sighted. In this respect, the country is certainly fortunate to have such a distinguished nuclear scientist and patriot as Dr. H. J. Bhabha.

The Six have taken an important step on the road to a common policy in the provision of export credit guarantees. A committee of experts, drawn from the Six, the E.E.C. Commission and the European Investment Bank, which has been engaged in studying this problem for more than a year, had its first report approved by the Council of Ministers. The Council has approved certain principles for incorporating into national systems of guaranteeing conventional forms of export credit. They are: 1. Guarantees are not to exceed 90 per cent of an original credit. 2. There should be a minimum delay of six months before payment of further types of indemnities wherever the debtor is a public organisation. 3. Institutions guaranteeing credits will enter into reciprocal engagements to cover sub-contractors from other member-States upto 30 per cent of the value of a contract. In June 1961, this percentage had been fixed at 25. 4. A theoretical definition of "political risk" has been adopted. In addition, a uniform system of premiums has already been drawn up as part of the new harmonisation techniques.

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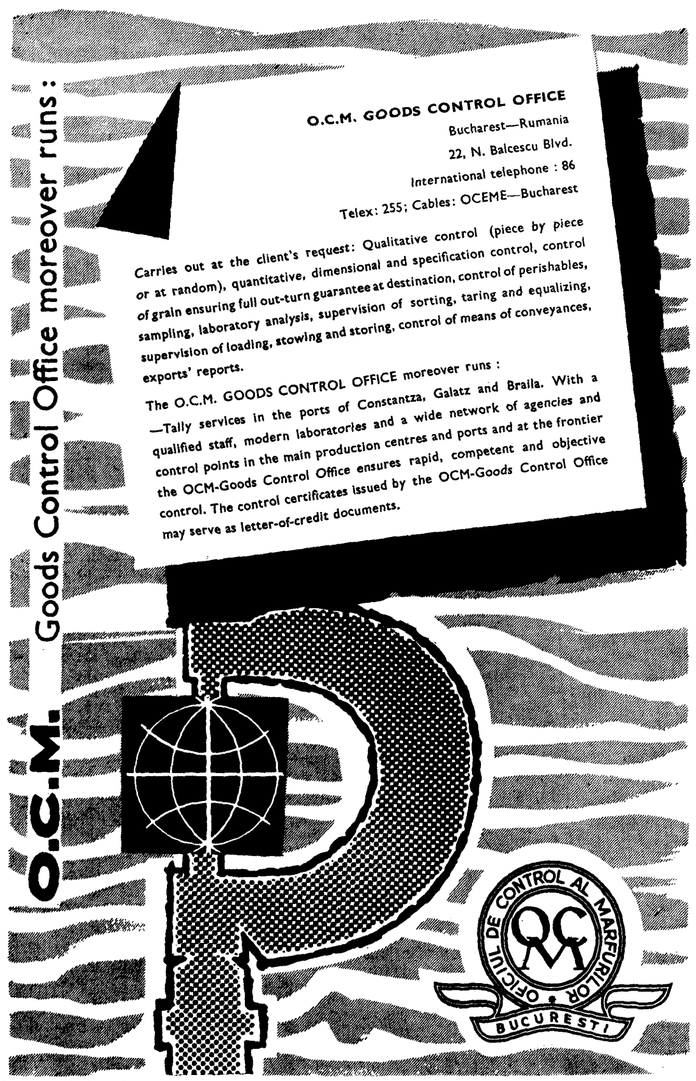

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INTERADS

MORE U.S. COTTON FOR INDIA

SUPPLY STILL INADEQUATE

COMING as it does at a time when the country is faced with an acute shortage of cotton, which threatens to make curtailment of textile production, if not closure of mills, for some time, almost inevitable, the Indo-U.S. agreement, signed on the 17th inst., for the supply of 180,000 bales (of 500 lbs. or 225,000 Indian bales of 400 lbs. each) of U.S. cotton valued at $28.2 million (Rs. 13.4 crores) under P.L. 480 is more than a commercial deal. It is, indeed, a generous gesture of goodwill on the part of the U.S. towards this country. For some time, it was feared that the U.S., which was a large and dependable source of supply to India during the past two seasons, would not be able to help this country this year, because of a poor domestic crop and dwindling stocks. This apprehension steadily grew as no firm indication was given by the U.S. authorities whether it was in a position to supply cotton to India. The Government of India, it must be said to its credit, did its best to impress upon the U.S. Government the gravity of the cotton supply position in the country and to make it clear to it that this country was counting on U.S. help to avert a crisis in its premier industry occasioned by a shortage of material for reasons beyond human control. To get cotton on easy payment terms from a country, which itself is experiencing a shortage of the fibre, is, indeed, difficult and it is a tribute to the tireless efforts of the representatives of the Government of India, who negotiated the deal and, Prof. J. K. Galbraith, the U.S. Ambassador to India, who used his good offices and all the powers of persuasion at his command for the purpose, that the agreement has been signed in time so that cotton made available under it could be used by mills during the current season itself. Mr. Galbraith's own version of the difficulties of the task is as follows:

"I can safely say that no task of the past year has called for quite the time, energy and particularly the patience as that associated with finding this cotton. Needless to say, I heard at some length from Indian millowners and trade unions, who were anxious to reinforce the eloquent arguments of the Indian Government, as to the need. A major share of my time on a trip to Washington a few months ago was devoted to persuading people there of the need for this fibre and a very large share of our cable traffic has been concerned with the same subject ever since. At times, as the Indian Government officials must also have thought, it seemed we were arranging not for cotton but for the will-o'-the-wisp. Now we saw it; now we did't. It was a most elusive thing.

"But now the cotton is coming. And the lesson lies not in the time that was required but the reason. Cotton, in spite of all of its fashionable substitutes and competitors, is still a much sought after commodity. Despite all temptation, people still want to wear it. It is valuable and relatively scarce. In the years ahead, I venture to think that it will be even harder to find. It is a matter of simple prudence for countries heavily dependent on cotton textiles for employment, export income and domestic consumption to look to their domestic sources of supply of cotton as a cash crop. We have learned in the United States that, when the cash return is good, and when fertiliser and credit are available, farmers will respond. Cotton farmers are probably much the same the world around. I congratulate the Indian Government on the steps taken in the last few weeks to make Indian cotton growing more remunerative. I wish these, and whatever further steps may be taken, all success."

Problem Persists

The quantity that the U.S. has now agreed to give is only a third of what this country had asked for. It would have been better had the U.S. spared at least another 200,000 bales (of 400 lbs.), as the industry will still be faced with the problem of raw material shortage. Nevertheless, there need be no doubt that the deal has to be welcomed in the spirit of something is better than nothing. But for this timely help things would have been pretty difficult for the textile industry. It was feared that, if sufficient quantities of cotton were not available, production of cotton textiles would have to be curtailed. Some millowners had taken even a more alarmist view of the situation and had expressed apprehension that the mills might have even to close down completely for quite a few weeks for want of cotton. This fear is understandable, because, with a crop of hardly 4.2 million bales during the current (1961-62) season, as compared with 5.4 million bales in 1960-61, imports are the only alternative left to make good the shortfall in production. But in view of the acute shortage of foreign exchange and the protracted negotiations with the U.S. Government for cotton under P.L. 480, apart from the negligible quantity of mere 35,000 bales that was to be available to this country against exports of sugar to the U.S., was causing concern not only to the mills but also to the Government. After all, it is the responsibility of the Government to arrange for enough supply of cotton so that production of cloth and employment in the industry could be maintained.

Sources of Imports

Imports of foreign cotton during the period 1st September 1961 to 5th May 1962 aggregated 641,691 bales, as against 712,612 bales during the same period of the previous season, when domestic production was better by about 1.2 million bales. The following table indicates the sources of imports and the quantity imported from each country with comparison for the corresponding period of the previous season:

(In bales of 400 lbs each)

Description	1961-62	1960-61
American	276,727	524,579
Sudan	98,154	31,829
Egyptian	68,680	48,303
East African	127,685	78,175
Pakistan	50,295	2,661
Other sorts	20,150	27,065
Total ..	641,691	712,612

Search Must Continue

Of the imports thus far, the share of U.S. cotton is as much as 276,727 bales, as against 524,579 bales in the corresponding period of the previous season, that is, about half. Almost this entire quantity was licensed during the last season. The 225,000 bales to be made available under the latest agreement will go some way in meeting the shortage of cotton which is expected to be most acute during the period between the middle of September and the beginning of December 1962, that is, the early months of the next (1962-63) season. This is the time when the industry will have to depend solely for its raw materials on its own stocks.

As already said, the latest U.S. help would not solve the problem of cotton shortage. It will only make it less acute. India has, therefore, to persist in the attempt to get more cotton from the U.S., besides trying other sources. Sudan is in a position to supply cotton to India. But the main difficulty is that payment for Sudan cotton must be made in sterling. It is reported that Sudan is willing to supply cotton to India if full cash payment is made for at least 50 per cent of the cotton supplied. India is reported to have offered to buy 200,000 bales of Sudan cotton against export of textiles and sugar. Sudan's reaction to these proposals are not known but it is possible that the negotiations going on between the representatives of the Government of India and the Sudanese trade delegation currently visiting this country will prove fruitful.

India's search for cotton is rendered all the more difficult by the none-too-happy supply position of cotton in the rest of the world. According to the International Cotton Advisory Committee, Washington, world stocks of cotton will decline by one million bales at the end of the current season, as compared with the beginning of the season, to a level which will be the lowest in ten years. The reduction is due mainly to the fall in production during the current season, which will be half a million bales less than in the previous season. In four countries alone, namely, India, Egypt, Mexico and Uganda, the decline in production is estimated at 1.75 million bales (of 478 lbs. each). The worst to be hit by the shortfall is India, the crop of which has gone down by roughly one million bales (of 478 lbs. each). The second point is the rise in consumption of cotton.

The main difficulty in the way of India going in for foreign cotton, from whatever sources it is available, is shortage of foreign exchange. It was, therefore, not unreasonable for India to have approached the U.S. for about 600,000 bales of cotton, a quantity which represents hardly 4 per cent of one season's cotton crop in the U.S. The supply of cotton in the U.S. in the current season is doubtless less than that in the previous season, thanks to the lower carryover stock of 7.2 million bales at the beginning of the season, as compared with 7.6 million bales a year earlier. But it is not so low as to make the release of 600,000 bales of cotton to India a big sacrifice. It is certainly not beyond the capacity of the U.S. and it can easily be made without seriously affecting supplies to domestic mills or normal commercial exports. The textile mills in the U.S. would require no more than 9 million bales (consumption during 1960-61 was only 8.3 million bales) and, assuming that exports of cotton would amount to 5 million bales (this is the figure estimated by the Economic Research Service of the U.S. Department of Agriculture), there will still be left 7.5 million bales to be carried over into the new season beginning on 1st August. This will be actually 300,000 bales more than the quantity brought forward and is equal to 10 months' consumption. Surely, for a country where cotton production is far less uncertain than in India and which can, if it wants to, step up production substantially without difficulty by slight adjustments in the Soil Bank programme, there is no need to carry such large stocks. In India, where agriculture is still a gamble in the monson, stocks equal to three months' consumption are considered normal.

The much-talked-about shortage of cotton in the U.S. is in fact only a relative scarcity, not an absolute shortage. Stocks in the U.S. are low only as compared with the position in years like 1956 when the U.S. had a carryover stock of 14.5 million bales, that is, the equivalent of one whole season's production, and was faced with a most intractable problem of surplus disposal. It is to be hoped that the representatives of the Government of India would stress this point and persuade the U.S. Government to supply India its modest requirements. The U.S. has also a moral obligation to help India, because there is a belief, shared by both laymen and experts, that the nuclear test explosions have something to do with the unusual shifts and changes in weather which largely account for the periodical failure of Indian cotton crop.

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ANNUAL GENERAL MEETING

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WORKING OF COTTON INDUSTRY ACT

CONFIDENCE NEEDS TO BE IMPROVED

From Our Special Correspondent

MANCHESTER, 15th *May*

FINDINGS published by the British Government's Estimates Committee on the working of the 1959 Cotton Industry Act has caused few raised eyebrows in Lancashire. Its main point that, unless something is done to improve confidence in the industry, much of the expenditure incurred in the £30-million reorganisation plan will have been to no purpose, was heartily applauded.

MANCHESTER LETTER

The Cotton Board said that this contention merely underlined opinions long held within the industry. It was obvious the Committee had appreciated cotton's problems, said a spokesman. There was also a feeling that the report was ideal "ammunition" for the industry's delegation, due to meet the Prime Minister this week. The 19 members of the delegation, from both management and labour sides of the industry, led by Lord Rochdale, Chairman of the Cotton Board, are expected to present a "united front" in the contention that the reorganisation plan is in danger of collapse because of evaporated confidence caused by foreign cloth imports.

Manpower Halved

If the rate of wastage now taking place in the labour force of the industry continues at the same level as during the past six months, the current total of those available in the spinning and weaving sections may already have reached a figure exactly half the peak post-war manpower achieved towards the end of 1951. Then employment was being provided for almost 321,000 workers, of which 124,630 were in spinning, 32,240 in doubling and 156,680 in weaving. The latest published returns as at the end of March showed only 164,100 as the number of operatives on the books of employers.

Headache No Longer

In spite of the well-known propensity of the industry for fluctuations in activity, it is, nevertheless, scarcely, credible that, less than 15 months ago, it was possible to comment on the "universal headache" affecting mill managements as being the labour situation. At that time, the shadows, in the shape of non-appearance of follow-on orders, had begun to lengthen, but the gloom which has followed was still only a very distant threat on the horizon. The barometer which so reflects the rate of activity within the trade—the size of the labour force—did not begin to move to the "unsettled" sector for some months, but from the end of June onwards there has been a sharp dwindling of manpower, lately running at a rate of 5,000 per quarter.

No clearer illustration of the disturbing trend in the labour situation can be given than in the following table, which indicates the almost continuous drift from the mills in little more than a decade:

Year-end	Total	Spinning	Waste spinning	Doubling	Weaving
1951	317,750	128,820	7,320	31,050	154,960
1952	272,220	108,070	6,970	24,490	139,700
1953	288,130	118,190	7,250	26,730	140,960
1954	280,460	113,410	7,150	25,210	140,690
1955	256,080	100,130	7,070	22,250	126,630
1956	243,330	97,780	7,300	20,900	117,350
1957	241,150	98,750	7,520	20,560	114,330
1958	207,990	85,920	7,420	16,270	98,380
1959					
June	201,520	83,230	7,060	16,370	94,860
December ..	192,230	75,510	7,280	16,730	92,710
1960					
June	184,460	71,870	7,220	16,760	89,100
December ..	184,790	71,580	7,250	16,080	89,880
1961					
March	182,890	70,980	6,870	15,340	89,700
June	178,940	69,420	6,770	14,700	88,050
September ..	174,540	68,470	6,910	14,170	87,290
December ..	169,520	68,630	6,990	13,340	85,510
1962					
March ..	164,100	61,780	6,920	13,070	82,380

One of the main objectives of modernisation involves the wider use of new machinery which can dispense with labour, while increased mechanisation has been a feature of industrial development for well over a century. "Efficient utilisation of labour" is a phrase continuously employed to support the modern contention of letting the machine do the work and the textile trade is just as keen as others to introduce measures to carry out this aim.

The big fall in manpower which has occurred, and was only temporarily halted after the redundancy programme, means that the average age of workers employed in the cotton and rayon industries is far too high for complacency. The small intake of young people prepared to find a job in the mills is in direct relationship to the apparently doubtful future of the trade and its by no means stable past.

Stock Review

From scattered advices gleaned from numerous traders over the past few months, it seems that clearances of textile goods through the usual distributive channels have been proceeding steadily without any spectacular results. Despite the frequent complaints of producers that merchants have been slow to absorb deliveries, the public at retail level have been making regular purchases and, as a result, stocks have been falling. Distributors within the trade, however, have, as is well known, been slow to replenish their supplies, taking the view that their position is strong and that goods could be secured on quick delivery terms when they were needed.

Some quickening of the pace of this interest among the ultimate consumer has been apparent in the weeks since Easter, but confirmation of the former steady movement is contained in the latest returns issued by the Wholesale Textile Association for the first quarter of the year. It should be emphasised that these figures cover a wide variety of textile and semi-textile goods, ranging from women's coats, furs and raincoats to haberdashery, ribbons and wool.

Output and Sales Down

Total sales of all these different articles fell by 6½ per cent as compared with the first quarter of 1961. Purchases of household textiles, however, were only one per cent down on last year, although men's and boy's shirts and pyjamas showed a drop of over ten per cent. The stock position, on which so much depends, displayed very considerable variation. Total supplies held were 2½ per cent higher than at the end of March 1961, but, within the different categories, several showed decreases, including men's and boy's shirts and pyjamas, where stocks were 10½ per cent down. In household textiles, the figure was 5 per cent lower than last year.

Meanwhile, curtailment of production in spinning and weaving is showing up in a marked fashion now that official returns from the Cotton Board are to hand. Output of both yarn and cloth in March was little altered as compared with the two previous months, but, in relation to the same period in 1961, a big reduction has taken place. Single yarn spun during the month averaged 12,870,000 lbs. weekly, as against 14,280,000 lbs. per week in March last year. In the weaving section, the fall was even more pronounced, as the volume of cloth produced fell from 37,380,000 yards weekly to 34,480,000 yards.—*All Rights Reserved.*

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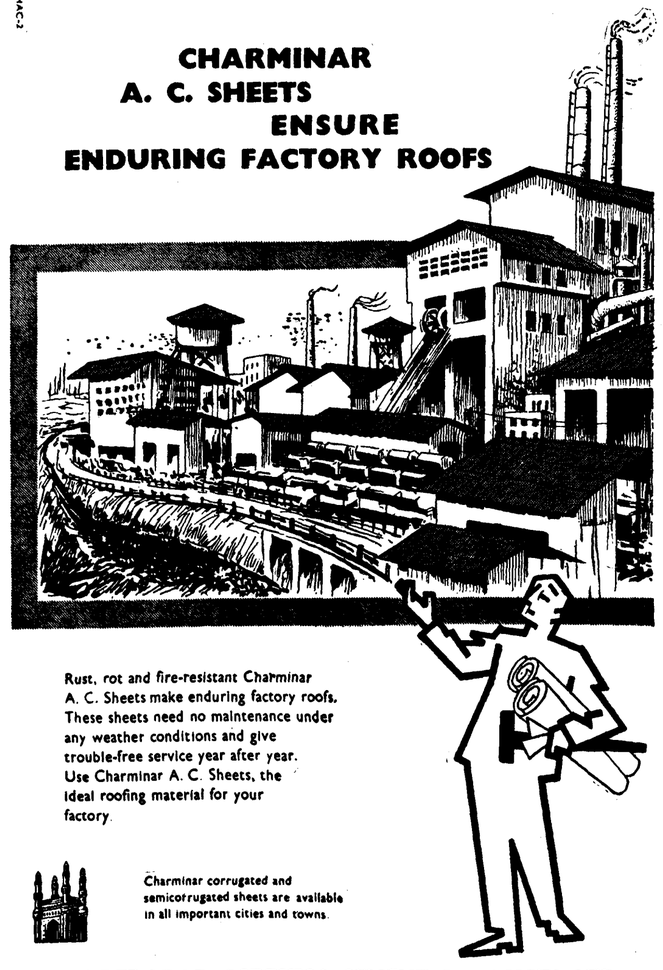

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COMPLEXITIES OF WAGE STRUCTURE

AN EMPIRICAL ANALYSIS—NEED FOR DETAILED STUDY

By Dr. A. V. R. Rao

THE Indian wage structure is a complex one. A reading of wage data, published as per the Payment of Wages Act and the Factory Act covering wage earnings upto Rs. 400 per mensem in the wage statistics, never gives a real picture of the real earning of workers in any industry or occupation with any accuracy or nearness to correctness. As anyone familiar with the technicalities of the Indian wage problem knows, the wage consists of a variety of payments like dearness allowance, bonus, contributory provident fund, including the contributions of the employer, payments towards gratuity, casual leave, earned leave and sick leave with full or half pay, paid holidays, maternity leave in the case of women employees, pensions in the case of older employees in certain establishments, holiday and travel benefits in the case of others and a variety of allowances and prerequisites for certain other categories. It is the presence of these numerous items that makes the wage structure complex. An attempt has been made in the following paragraphs to give a brief picture of the various benefits enjoyed by the industrial workers in this country.

Probation

The period of probation in the service of a worker is also a material fact from the wage point of view. The probation period differs from unit to unit, industry to industry, region to region in each State and from State to State in the country. The wages in the probationary period are less than those paid after completing it. It is so in all categories of labour force—both manual and clerical—and the probationary period varies between one month and one year in duration and is also liable to be extended in some cases.

Leave

Opinions are also widely divided about the quantum and quality of each type of leave to be allowed to the employees in industry and this differs over a wide range from industry to industry all over the country. There is always a cry that whatever leave has been provided for under the Factories Act, Shops and Establishments Act or Employees State Insurance Scheme is the minimum and does not mean that it is adequate or fair. To add to this, the leave provisions as per the Statutes themselves, vary widely from State to State.

An interesting, yet important attack on the distinction in leave provisions between white-collared and manual working class, which exists nowhere else except in India, is also of significance. It is often argued with force that both the categories are human and need equal quantum of leave for rest and recuperation and to discriminate between them is incongruous with the concept of human dignity. Considerations of economic implications of such a recognition, rather than want of appreciation of the logical force of the plea for equality of treatment are said to be responsible or the pleas for the maintenance of the *status quo*. It is also argued that, if a person is not able to enjoy his authorised leave, he should be compensated monetarily to the extent of to which he has forgone his leave. This is already being done in some cases, but not always. Demands for a minimum of 10 days' paid sick leave, 10 days' casual leave and 30 days' earned leave are usual in most of the industries all over the country and are often granted. There is also a consistent demand for accumulation and in cases where it is allowed upto two or three years, the leave wages or salaries are paid, on the average of the previous three years. In the compilation of wages data, one will have to take into consideration all these points. Some weaker sections in the industry such as small printing presses and cotton gin and cotton press owners, argue that leave should be combined with paid holidays, as they cannot afford both. In these cases, the compilation of total wage payments would have to be different from what is normally reflected in the published wage statistics.

Holidays

Holidays paid and unpaid, weekly offs, half-paid holidays, and compensatory and sectional holidays have different rates of payments, depending on the requirements of workers to work on these days, if necessary, at double or triple time rates. In calculation of wages, plant-wise and industry-wise, these differences will have to be taken into account. Paid holidays vary from 5 to 7, 10 or 15 to 20 days in certain instances. The wage data of those plants and industries will have to reckon these factors in the compilation of the wage data. While the individual company accounts show the total wage costs, the published wage data do not reflect the different aspects of wage payments. To this extent the annual wage statistics are unreal. It may be interesting to note, in this connection, that annual holidays with pay do not exceed 6 days in Belgium, Mexico, Portugal, Switzerland and the United Kingdom, one week in the United States, Chile, Ireland, Turkey, Venezuela, 7 to 15 days in Egypt, 8 days in Greece and Luxemburg, 10 days in Argentina, Guatemala and Italy, 12 days in Austria, Australia, Czechoslovakia, Federal Republic of Germany, Netherlands, Poland, U.S.S.R., Uruguay, Yugoslavia; 2 weeks in Canada, Costa Rica, Indonesia, Nyasaland, Union of South Africa; 15 days in Brazil, Columbia, Peru; 3 weeks in Denmark, Finland, France, Norway, Sweden and 30 days in Cuba and Nicaragua.

In India annual leave is intended for rest and recuperation, sickness and casual leave for emergency and unforeseen circumstances, maternity or other reasons. Usually, 30 days' leave per year for all white-collared and about three weeks for factory employees has been recognised. But there are various differences in the obligation from time to time and industry to industry, concern to concern, depending on the collective agreements in each concern.

Similarly, the provisions for maternity leave, and leave under the Shops and Establishments Act also vary from State to State, in quantum and qualifying periods. The Factory Act, 1948, which applies to all premises employing ten or more workers where power is used and in establishments employing 20 or more where power is not used, provides that the daily worker who has worked for a period of at least 240 days during the year shall be allowed during the subsequent year leave with wages at the rate of one day per every 20 days of work performed if an adult and one day for every 15 days of work performed if a child. For calculating 240 days as qualifying period any days of lay-off, or maternity leave of 12 weeks and leave enjoyed in the year but earned in the year prior to that in which it is enjoyed are to be days on which the worker has worked in the factory. In calculating wages, these benefits also have to be included.

Benefits Under State Insurance

Similarly, there are the sickness benefits under the Employees' State Insurance Act which applies to all the factories other than seasonal factories run with power and employing 20 or more persons in specified industries, making provision for five benefits. They are: (1) sickness benefit, (2) maternity benefit, (3) disablement benefits, (4) dependent's benefits, and (5) medical benefits.

Sickness Benefit: The sickness benefits cover a period of cash payments to the insured person in respect of such days of his sickness in the benefit period, that is, period of 26 consecutive weeks, as are certified by the duly appointed medical practitioner, provided he satisfies the contributory conditions laid down in the Act and other conditions prescribed in the regulations. No benefit is payable for an initial period of two days, except in the case of sickness following after an interval of not more than 15 days from the period of sickness for which sickness benefit was last paid. The benefit is payable for a maximum period of 56 days in any continuous period of 365 days. The daily rate of benefit payable is equivalent to about one half of the assured average daily wages as given in the Schedule of the Act.

In the calculation of wage data persons covered and benefits received by them under the aforesaid provision shall have to be included. Similarly, from 1956, the benefits extended to T.B. patients after a continuous service of two years in one establishment covered by the Employees' State Insurance Scheme must also be included. This benefit is now extended to another 18 weeks of the completion of the usual benefits under the scheme, subject to the condition that the rate of extended scheme of benefit shall not exceed the full rate of sickness benefit. The rate of cash benefit during this period of extension shall be 75 nP a day or half the sickness benefit rate whichever is higher.

Maternity Benefits: Maternity benefits consist of periodical payments or the sickness benefit rate, with a minimum of 75 nP per day, for all days on which the insured woman does not work for remuneration during the period of 12 weeks, of which not more than six weeks should precede the date of confinement

It is difficult to understand any justification for the distinction in the payment of maternity benefits from State to State instead of having them on a uniform basis for the entire country. The Coal Mines Maternity Benefits Act of 1941 requires payment at the rate of 75 nP per day and Rs. 6 per week per woman for 16 weeks for workers who have worked below the ground for at least 10 days a month during the qualifying period not exceeding six months and for a period of 8 weeks for any other woman worker who has a qualifying service of 6 months preceding the day of delivery. Assam allows for a plantation woman worker Re. 0-11-6 per day in addition to the usual food concession during the period of four weeks preceding the date of delivery, and eight weeks after the period of delivery. The period of benefits is for 8 weeks for those engaged in factories and 12 for those in plantations, and the qualifying period is 150 days' service during the period of 12 months immediately preceding the date of notice. In Bihar, the paid benefit is at the rate of average daily earnings or As. 8 per day, whichever is greater, for 8 days fixed, the qualifying period being 6 months' service preceding the rate of notice. In Bombay, it is As. 8 per day or at the average rate of daily earnings whichever is less and the qualifying period is 9 months' notice preceding the date of 8 days. The Hyderabad Maternity Benefit Act 1942 allows a benefit of As. 12 per day for 12 weeks with the same benefits as provided in Bombay. In Kerala, under the Maternity Benefit Act of 1957, the qualifying period of service is 150 days during the 12 months immediately preceding the date of notice and the allowance is at the rate of Rs. 5.25 per week or at one-twelfth of the average daily wage multiplied by 7 for a week, whichever is higher. Under the Madhya Pradesh Maternity Benefit Act, 1958, the qualifying service preceding the date of a notice is 9 months and the benefit payable for a period of 12 weeks at the rate of 7/12th average daily earnings or 75 nP per day whichever is higher. In Madras, the Maternity Benefit Act of 1954 prescribes the qualifying condition at 240 days' service during the period of one year immediately preceding the date of notice and the payment is for a period of 7 weeks at the rate of As. 8 per day. In Mysore (Maternity Benefits Act, 1937), the qualifying period is 9 months' service preceding the date of notice and the period of payment is for 8 weeks at the average daily earnings or 50 nP per day whichever is less. Under the Orissa Maternity Benefit Act, 1953, the qualifying service period preceding the date of notice is 6 months and the period of payment is 12 weeks at the actual daily wage or salary subject to a minimum of 75 nP per day. Under the Punjab Maternity Benefit Act 1953, the qualifying period is 9 months' service preceding the date of notice and the benefit is for 84 days at average daily earnings or 75 nP per day whichever is greater. In Rajasthan (Maternity Benefits Act, 1953), the qualifying period is 7 months' service preceding the date of notice for a period of 8 weeks and the basis is average daily earnings or 75 nP per day whichever is greater. In U.P. (Maternity Benefits Act, 1938) 7 months' service preceding the date of notice is the qualifying period, the period of benefit is 8 weeks and the daily rate is the average daily earnings or 50 nP per day whichever is greater. In West Bengal (Maternity Benefit Act of 1939), the qualifying service is 9 months preceding the day of delivery, the period of benefit is 12 weeks and the benefit rate is Rs. 5-4-0 per week, wholly in cash or partly in cash and partly in kind.

Under the Shops and Commercial Establishments Act also, the leave provisions vary from State to State. Andhra State allows 12 days' privilege leave, 12 days' sick leave, together with all gazetted holidays with pay. Assam allows 16 days' privilege leave, 10 days' casual leave and a maximum of 4 months' sick leave on half pay after 12 months' continuous employment. Bihar allows one day for every 20 days work as privilege leave. In Mysore, the position is 10 days' privilege leave and 10 days' casual leave, and in Orissa one day for every 20 days of work with accumulation upto 30 days. Punjab allows 14 days' privilege leave for one year's service and 7 days' casual leave after 6 months' continuous service. U.P. provides for 15 days' privilege leave for watchmen and caretakers, 15 days' sick leave after 6 months' continuous service and 3 gazetted holidays with pay and 10 days' casual leave. West Bengal allows 14 days' privilege leave with accumulation upto 28 days, 10 days' casual leave and 15 days' sick leave on half-pay. Delhi permits 15 days' privilege leave with accumulation of 30 days, 12 days' casual leave and 3 national holidays.

The extra payment of leave wages as per the provisions of the various Maternity Benefits Acts and Shops Acts mentioned above constitutes a plethora of changes in the wage payment of the working class. Any proper wage analysis would have to take into consideration the payments made as per these statutes and the various collective agreements or settlements that are in force and binding upon the workmen and managements from time to time.

Bonus

Bonus is another very peculiar feature of the Indian wage structure. It has advanced from the stage of being considered an ex-gratia payment to the stage of being recognised as a legitimate claim of the working class to make good the difference between the living wage and the actual wage. In other words, it is regarded as a deferred wage. Bonus payments now range from a few days' wages to 4 or 5 months' wages; these extra payments to workers should also be included in the wage data.

Retirement Benefits

Gratuity, provident fund, pension, retrenchment compensation and other retirement benefits vary from industry to industry, plant to plant, and region to region. The employer makes this payment when the employee leaves him on retirement or retrenchment, but, as provision for these contingent liabilities has to be made in each year's balance-sheet, one must take into consideration the proportionate contributions to these accounts in arriving at the wage data.

Medical Facilities

Depending on the service conditions, certain managements give free or subsidised medical aid or medical leave or treatment to the employees or medicines at the cost price in the case of pharmaceutical concerns. These are also additions to the actual wage payments and as such should find a place in the total emoluments received and be reflected in the wage data.

Allowances

The Indian wage structure is, to some extent, similar to the Japanese wage structure (which too contains a number of wage components), though it is not as extensively spread over a variety of allowance for skill, age, honesty training, etc. as is the case in Japan. But all the same, the Indian working class and their leadership have not been slow in devising a variety of demands for extra remunerations by way of allowances of all kinds. To those familiar with the industrial disputes and the demands of unions for all these allowances, the theme is a familiar one. A variety of claims for allowances of the following nature under the various awards and settlements can easily be found:

(1) Acting allowance, (2) additional allowance, (3) additional work allowance, (4) attendance allowance, (5) *bhata* allowance, (6) boarding allowance, (7) Bombay allowance, (8) carriage allowance, (9) cash allowance, (10) chemical allowance, (11) climate allowance, (12) clothing allowances, (13) coke allowance, (14) compensatory allowance, (15) compassionate allowance, (16) conveyance allowance, (17) cycling allowance, (18) daily allowance, (19) detention allowance, (20) diet allowance, (21) duty allowance, (22) education allowance, (23) entertainment allowance, (24) extra allowance, (25) extra shift allowance, (26) extra show allowance, (27) factory allowance, (28) food allowance, (29) grain allowance, (30) night allowance, (31) halting allowance, (32) hazard allowance, (33) head office allowance, (34) heat allowance, (35) heavy work allowance, (36) hot allowance, (37) house rent allowance, (38) laundry allowance, (39) leave travelling allowance, (40) line allowance, (41) lodging allowance, (42) lunch allowance, (43) machine allowance, (44) messing allowance, (45) milk allowance, (46) night shift allowance, (47) officiating allowance, (48) outdoor allowance, (49) outstation allowance, (50) overtime allowance, (51) personal allowance, (52) precision work allowance, (53) professing allowance, (54) regularity allowance, (55) retention allowance, (56) Saturday allowance, (57) service termination allowance, (58) shifting allowance, (59) official allowance, (60) subsistence allowance, (61) tea allowance, (62) tiffin allowance, (63) tram allowance, (64) travelling allowance, (65) typing allowance, (66) washing allowance, (67) watchman's allowance, (68) workshop allowance, (69) unclean allowance, (70) unemployment allowance, (71) uniform allowance, (72) war allowance (73) allowances for working during holidays and (74) machine allowances.

Payment of these allowances to certain sections of workmen in certain plants and industries also changes the composition of the wage structure. As mentioned at the outset, the Indian wage structure statistics do not always actually reflect the varieties of additional benefits and payments made to workers under the various heads as discussed above, in the presentation of wage data. There is large need for proper wage studies, industry-wise, and region-wise to understand and appreciate the wage trends and levels in a developing economy. To assess the growing disparity between the wages of skilled and unskilled labour and the changing trends in labour force in the skilled, unskilled and tertiary industries, the need for systematic inquiries into the wage conditions could hardly be overemphasised. The published figures of the monthly and annual averages of wages paid in the several industries conceal more than they reveal in the various components of the wage data.

The wages and extra benefits received by the workers differ from industry to industry even within each State and even within different industries from plant to plant in the same centre. The differences may be due to the provisions of collective bargaining agreements or lack of them; similarly, the supply and demand factors have their own effects in certain regions. The differences in the statutes of States is another cause for disparities.

For a proper and correct understanding of a real rise or fall in the wage levels and rise in the standard of living of workers, detailed attention to the Indian wage data, through an exhaustive chain of periodical studies of the complexities of the Indian wage structure, as well as of the wholesale price index and consumer price index numbers is essential. The consideration of the various components of wage and fringe benefits is another imperative need in this context. It is only then that there can be some possibility of a meaningful talk of a proper wage policy for India.

In conclusion, it must be added, that the prevailing limitations to the existing wage data cannot be helped without appropriate change in the Payment of Wages Act, making the employers liable to submit, in their wage returns, the various elements that make up the total wage, and entrusting the payment of wages authority with sufficient powers to obtain the information, by threats of penalty in cases of failure. This, of course, means more work for the employers submitting the wage returns and for the supervising authority, too, but, in the interest of a more sophisticated wage data, for proper policy approach, the trouble would certainly prove worthwhile.

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TEA IN EUROPEAN COMMON MARKET

COMMONWEALTH PRODUCERS' INTERESTS MUST BE SAFEGUARDED

TEA is one of the commodities the exports of which from India will doubtless be adversely affected as a result of Britain's membership of the European Common Market, unless, of course, it is accorded special treatment. For not only will tea be denied the advantage of free entry into Britain (as against an import duty of 2d. (about 11 nP) per lb. on non-Commonwealth tea) but it might even be subjected to a high duty of 8d. (over 44 nP) per lb. if the Common Market tariff were applied. It must be noted here that, out of every 100 lbs. of Indian tea sold abroad, as much as 61 lbs. go to Britain. And tea is the second largest earner of foreign exchange, the average actual earnings in the past five years being Rs. 129 crores, out of the total of Rs. 607 crores. What holds good in the case of India holds equally good in respect of Ceylon, Pakistan and other Commonwealth tea-producing countries. All these countries have, therefore, to be thankful to Sir Percival Griffiths, C.I.E., Adviser, London Tea Association, for his continued able advocacy of fair treatment for Commonwealth tea in the Common Market. In the course of an interesting article contributed to the April 1962 issue of *The National and Grindlays Review*, Sir Percival, who needs no introduction to readers—he was associated with the Indian tea industry for a long time and is an authority on the subject—has impressively highlighted the importance of tea in the economy of Commonwealth countries, realistically assessed the impact on tea of Britain's participation in the Common Market and forcefully urged special treatment for the commodity. His observations are quite timely, as the negotiations on Britain's application for membership of the Common Market are entering the final phase.

Indian Tea

"Great" is the adjective which Sir Percival has used to describe the role of Commonwealth tea. Tea, according to him, is today much more important in the economy of Commonwealth tea-producing countries than was the case before the war. The percentage share of these countries in the aggregate world supply of tea has gone up from 68 per cent (720 million lbs. out of the total of 1,060 million lbs.) in 1938 to approximately 81 per cent (1,259 million lbs. out of a total of 1,548 million lbs.) in 1960. Commonwealth production has thus increased considerably both in absolute terms and in relation to world supply since the war. Making a special reference to Indian tea, Sir Percival observes:

"...The Government of India does not consider that earnings from the export of tea have yet reached their maximum and in the third Five-year Plan has set a production target of 900 million lbs., of which perhaps 600 million lbs. might be exported, as against average exports of 500 million lbs. in the last three years for which figures are available. Tea producers are sceptical that the production target will be reached and, in any case, it seems improbable to them that India could profitably sell 600 million lbs. of tea abroad. An undue increase in the volume of exports might so depress world prices as to result in a decrease of foreign exchange earnings. If tea is a vital element in supporting India's balance of payments, it is scarcely less important in her internal economy. It is, in fact, with the exception of the railways, the largest employer of labour in India. Nearly one million people work on the tea gardens. In some areas, many gardens are now over-laboured and the stage has been reached when they cannot follow the traditional practice of offering work to the children of labourers when they reach adolescence. For the surplus labour, no alternative employment is available. It is little wonder, therefore, that the Government of India regard with great anxiety any change likely to affect the prosperity of the industry."

Tea is said to dominate the Ceylon economy even more completely than that of India. In the last three years, Ceylon's export earnings from tea have on an average contributed £82 million to its total average export earnings of about £130 million. Over 500,000 labourers are employed in plantations and the revenue from tea industry forms a substantial part of the Government revenues.

Sir Percival has sought to emphasise, albeit indirectly, that Indian and Ceylon teas will have to face keen competition from East Africa for three important reasons. First, tea production in East Africa is growing rapidly and has, indeed, more than doubled in the last ten years. Secondly, production costs are low and teas can be landed in London at a cost of over one shilling a pound less than Indian and Ceylon teas. Thirdly, some of the East African countries may seek to obtain the status of associated territories, in which case they will not be adversely affected by Britain's entry into the Common Market.

U.K. Market

The importance of the U.K. market to the Commonwealth tea industry is indicated in the following figures furnished by Sir Percival:

Commonwealth Tea Exports

(In million lbs.)

	1957	1958	1959	1960	Average of 4 years
From India:					
To United Kingdom	302 (68.1)	331 (65.4)	281 (59.6)	266 (62.4)	292 (63.3)
To E.E.C.	8	9	11	9	9
To other countries	(1.8) 133	(1.8) 166	(2.3) 179	(2.1) 151	(1.9) 160
	(30.1)	(32.8)	(38.1)	(35.5)	(34.8)
Total to all countries	443	506	471	426	461
From Ceylon:					
To United Kingdom	133 (36.3)	165 (40.1)	139 (36.2)	152 (37.1)	147 (37.6)
To E.E.C.	10	13	13	14	13
To other countries	(2.7) 223	(3.2) 233	(3.4) 231	(3.4) 244	(3.3) 233
	(61.0)	(56.7)	(60.4)	(59.5)	(59.1)
Total to all countries	366	411	383	410	398
From East African Commonwealth:					
To United Kingdom	39 (80.0)	39 (73.5)	40 (66.7)	46 (69.6)	41 (71.9)
To E.E.C.	1	1	1	1	1
To other countries	(2.0) 9	(1.8) 13	(1.7) 19	(1.5) 19	(1.8) 15
	(18.0)	(24.7)	(31.6)	(28.9)	(26.3)
Total to all countries	49	53	60	66	57

Note.—Figures in brackets relate to percentage shares in the total.

More than nine-tenths of tea imported into Britain in the last four years have come from the Commonwealth. Figures relating to corresponding imports into the Common Market are not readily available. A rough estimate, however, places the average annual imports at no more than 40 million lbs., that is, less than 10 per cent of imports into Britain. Of this small quantity, the share of Commonwealth countries is not even half.

What will be the combined effect of a duty of 8d. per lb. on Commonwealth teas and the disappearance of the preference in their favour? Posing this question, Sir Percival points out that the issue as to who bears the burden of duty has been a matter of controversy for generations and no general answer can be given. Broadly speaking, however, the position seems to be as follows:

The bulk of tea is sold by auction either in London or in the East (as, for example, Calcutta, Cochin, Colombo and Chittagong). When there is surplus, it is the sellers who bear the burden of new duty or of any increase in production cost, as they dare not withdraw their teas merely because bids are poor, while, in times of short supplies, producers can and do withdraw freely, if bids are insufficient to provide a reasonable profit and any increase in duty may well be passed on to buyers. Between these two extremes, the position varies from time to time, the burden being, perhaps, shared as a rule by them both. The producer will receive less and the buyer will pay more and it is considered probable that, on an average, the incidence of duty will fall equally on producers and buyers.

Impact Will Be Severe

Past experience, according to Sir Percival, shows that, except for occasional short periods, the margins of retail prices over London auction prices remain fairly steady, ranging from 30 to 50 per cent. He therefore avers that it is not unreasonable to assume that a duty of 8d. per lb. will result in an average increase of 6d. per lb. in the retail price. Although it is not possible to say with any degree of certainty as to the extent to which such an increase in price would reduce consumption, it can be stated that the impact would be quite severe. The nature of the impact, as brought out by Sir Percival, is summed up as below:

Foremost among the factors is the psychological consideration, that is, resentment at a sudden and relatively large increase in the price of a popular commodity. The considerable public outcry at the price rise in 1954 left no room for doubt as to how deep and effective such resentment could be, but, fortunately, on that occasion, conditions soon returned to normal.

Tea is now struggling hard to maintain its pre-eminence in Britain against coffee and soft drinks. There are signs that, amongst certain classes, coffee drinking is now regarded as a status symbol—and in an affluent and increasingly class-conscious society, such a situation may well operate to the disadvantage of tea. Coffee consumption is rising, tea consumption is at best stationary. Amongst the younger people, too, fruit juices and soft drinks generally are acquiring a strong hold and, though, in absolute terms, tea consumption has not fallen of recent years, it is not retaining its share in the consumption of all beverages. Resolute efforts are being made by the tea trade to counter this tendency, but the situation is uncertain, and an extra 6d. per lb. might well tip the balance against tea.

An increased duty is likely to produce not only a fall in consumption but a decline in the proportion of good priced teas bought at the auctions. For, if auction prices rise and stay up for any considerable period, the big distributor is inclined to alter the proportion of different grades in his popular blends. As is well known, what the public buy is a blended tea which, in many cases, contains "quality," "medium," and "plain" teas; naturally, there is marked difference among the auction prices of these grades.

Once Commonwealth preference is removed, Indonesia, Japan, and perhaps China, will make vigorous efforts to capture a larger share of the U.K. market. The position would be particularly serious for India and Ceylon, if any of the East African Commonwealth producers were to become associated territories.

Sir Percival has done well, indeed, to warn that an addition of 8d. per lb. to the import duty would have a serious adverse effect on tea trade and industry at a time when costs of production are rising rapidly and when most companies' reserves are low. "There is," to quote him, "complete unanimity (about this) amongst all sections of the trade—producers, buyers and brokers."

Possible Solutions

Two suggestions have been put forward by Sir Percival as possible solutions to the problem, namely, duty-free imports of tea into all countries of the Common Market, including Britain, or continued "free" admission of Commonwealth teas into Britain. Declaring that there is nothing revolutionary about the first proposal, he observes:

"Many commodities are now subjected in the Common Market to import duties well below the arithmetical average which is the theoretical determinant of the duty, and there are already commodities such as hides and skins, manganese and wool which enter free of duty. It is true that there were historical reasons for these exemptions, but, if Britain joins the European Economic Community, she, too, will be entitled to expect consideration to be given to the facts of her history. Moreover, tea is of relatively little interest to the present European Community. Only two of their associates—the Congo and Ruanda Urandi—produce tea and their total production is about 8 million lbs. a year. Half of this tea is already exported to Britain, Ireland and the U.S.A., and it seems fairly clear that the Congo and Ruanda Urandi stand to lose nothing by the arrangement suggested. Exact figures of the customs revenue from tea collected by the Six are not readily available, but rough calculations based on volume and value show that it amounts to less than £3 million out of a total customs revenue of over £500 million. It can hardly be maintained that a concession of this magnitude is too great to expect in view of the importance of tea in the economy of Britain and the Commonwealth."

As for the second possible solution (continued duty-free entry into Britain), Sir Percival is of the opinion that the logical case for it will be stronger than that for free admission of all tea into the Common Market. Alluding to the serious argument against it, that is, administrative difficulty of dealing with re-exports from Britain to the Common Market countries, he rightly says that this difficulty is not regarded as insuperable.

Should, however, both these suggestions be rejected, Sir Percival wants at least the adoption, by the Common Market, of a tariff based on the weighted average of all import duties, including that in the U.K. According to him, such a duty would, on the basis of 1960 figures, amount to about one per cent (as against 23 per cent on tea in small packages and 14.4 per cent on other teas fixed as Common Market tariff). In the case of a commodity like tea, where identification and valuation of particular qualities are extremely difficult, it is felt, a flat rate of duty will be much easier to operate

(Continued on page 961)

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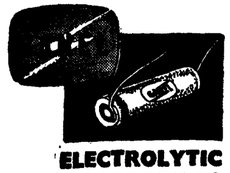

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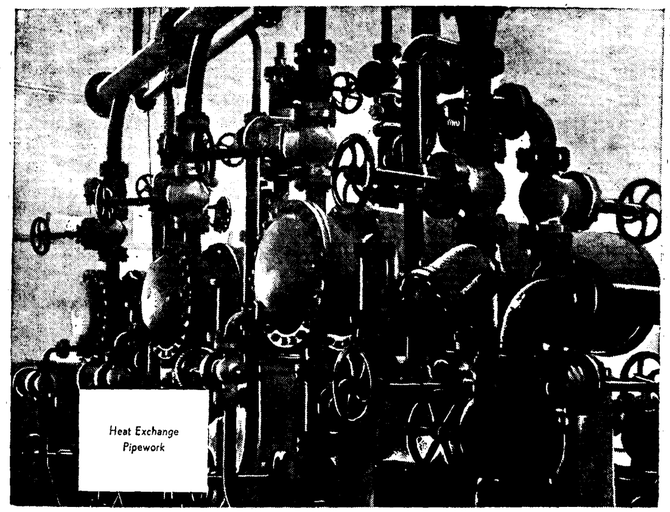

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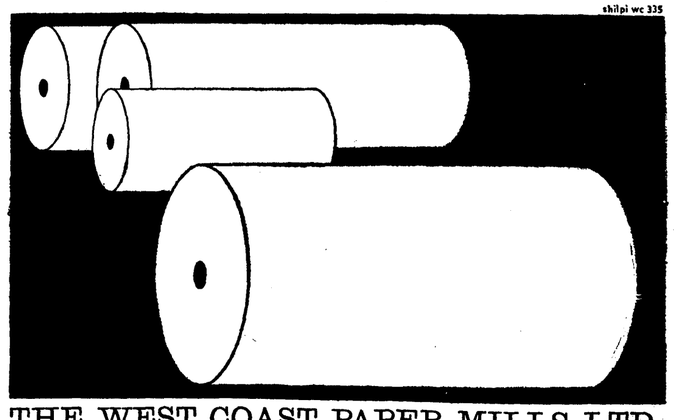

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29 MAY 1962 PUBLIC DEPARTMENT

THIS IS AN ANNOUNCEMENT AND NOT A PROSPECTUS

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

The Central Government have granted necessary licences and/or approvals for the manufacturing programme of the Company. Copies of the relevant licences and/or letters are open to public inspection at the Registered Office of the Company. It must be distinctly understood that in granting these licences the Government of India do not take any responsibility for the financial soundness of these undertakings or for the correctness of any of the statements made or opinions expressed in regard to them.

A copy of this Prospectus having attached thereto the documents mentioned hereinafter has been delivered to the Registrar of Companies, West Bengal, for registration as required by Section 60 of the Companies Act, 1956.

Applications have been made to the Calcutta, Bombay and Madras Stock Exchanges for permission to deal in and for an official quotation of the shares of the Company.

The Subscription List will open at the commencement of banking hours on Thursday, the 31st May, 1962, and will remain open until the close of banking hours on Saturday, the 9th June, 1962, unless closed earlier or later at the discretion of the Directors, but not before Monday, the 4th June, 1962.

ASIATIC OXYGEN LIMITED

(INCORPORATED ON THE 12TH APRIL, 1961, UNDER THE COMPANIES ACT, 1956)

SHARE CAPITAL

AUTHORISED:

17,50,000 Equity Shares of Rs. 10/- each	Rs.	1,75,00,000
25,000 Redeemable 9.3% (subject to tax) Cumulative Preference Shares of Rs. 100/- each	Rs.	25,00,000
	Rs.	2,00,00,000

ISSUED, SUBSCRIBED AND PAID-UP:

7 Equity Shares of Rs. 10/- each fully paid, payment having been made in cash by the subscribers to the Memorandum and Articles of Association	Rs.	70

PRESENT ISSUE:

15,99,993 Equity Shares of Rs. 10/- each at par	Rs.	1,59,99,930

OUT OF THE PRESENT ISSUE:

(i) The Directors, their associates and their friends have agreed to take up and will be allotted 4,13,993 Equity Shares of Rs. 10/- each for cash at par	Rs.	41,39,930
(ii) Air Products & Chemicals, Inc. of the United States of America have agreed to take up and will be allotted 2,50,000 Equity Shares of Rs. 10/- each for cash at par	Rs.	25,00,000
(iii) Shareholders of the Asiatic Oxygen & Acetylene Co., Ltd., will be allotted 2,66,000 Equity Shares credited at par as fully paid up in exchange for Ordinary Shares in that company. Should any of these shares not be allotted as fully paid, the same will be available for cash subscription as set forth hereinafter	Rs.	26,60,000

NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION:

6,70,000 Equity Shares of Rs. 10/- each	Rs.	67,00,000

Applications for Equity Shares by members of the public must be for a minimum of 50 Shares or multiples of 50 Shares.

TERMS OF PAYMENT FOR THE SHARES OF THE ABOVE ISSUE

On application	Rs. 2.50 per share
On allotment	Rs. 2.50 per share

The balance of Rs. 5/- per Equity Share is payable on call or calls but not earlier than three months after the date of allotment of the shares.

The above terms of payment are also applicable to shares to be subscribed for cash by and to be allotted to Directors, associates and friends and to Air Products & Chemicals, Inc. and/or their nominees.

DIRECTORS

1. **Shri B. L. JALAN**, 8, Dalhousie Square, East, Calcutta-1. Merchant and Industrialist.

   Director of: 1. The Aluminium Corporation of India Ltd. 2. Bengal Jute Mill Co. Ltd. 3. The Bombay Gas Co. Ltd. 4. The Elphinstone Spg. & Wvg. Mills Co. Ltd., and others.

2. **Mr. LEONARD P. POOL**, Air Products & Chemicals, Inc. Allentown, Pennsylvania, U.S.A. President, Air Products & Chemicals, Inc., Allentown, U.S.A.

3. **Dr. H. L. DEY**, D.Sc. (Lond.), 1/66, Garcha 1st Lane, Calcutta. Economic Consultant.

   Director of: 1. Bengal Potteries Ltd. 2. The Asiatic Oxygen & Acetylene Co. Ltd.

   (Formerly, Chairman, Indian Tariff Board and Director, International Monetary Fund, Washington, U.S.A.)

4. **Shri M. A. CHIDAMBARAM**, Adyar, Madras. Industrialist.

   Chairman of Automobile Products of India Ltd., Bombay; and Director of: 1. Mandya National Paper Mills Ltd. 2. Indian Aluminium Co. Ltd., and others.

5. **Mr. J. L. ESPLEN**, 6, Lyons Range, Calcutta-1. Managing Director of Place, Siddons & Gough Pvt. Limited.

   Director of: 1. Indian Iron & Steel Co. Ltd. 2. Titaghur Paper Mills Co. Ltd., and others.

6. **Shri CHIMANLAL B. PARIKH**, 6, Carmichael Road, Bombay.

   Director of: 1. Central Bank of India Ltd. 2. Standard Mills Ltd., and others.

7. **Shri S. B. JALAN**, 8, Dalhousie Square, East, Calcutta-1. Merchant and Industrialist.

   Director of: 1. North Bengal Sugar Mills Co. Pvt. Ltd. 2. Howrah Trading Co. Pvt. Ltd. 3. The General Assurance Society Ltd., and others.

8. **Shri S. S. JALAN**, 8, Dalhousie Square, East, Calcutta-1. Merchant and Industrialist.

   Director of: 1. Atlas & Union Jute Press Co. Ltd. 2. The Asiatic Oxygen & Acetylene Co. Ltd., and others.

REGISTERED OFFICE

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MANAGING AGENTS

SOORAJMULL NAGARMULL, 8, Dalhousie Square, East, Calcutta-1.

BANKERS

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BANK OF TOKYO LTD., 2 Brabourne Road, Calcutta-1.

UNITED BANK OF INDIA LTD., 4, Clive Ghat Street, Calcutta-1.

SOLICITORS

SANDERSONS & MORGANS, 5 & 7, Netaji Subhas Road, Calcutta-1.

AUDITORS

S. B. DANDEKAR & CO., P. 36, India Exchange Place, Calcutta-1.

SINGHI & CO., 1B, Old Post Office Street, Calcutta-1.

MANAGING BROKERS

PLACE, SIDDONS & GOUGH (PRIVATE) LTD., 6, Lyons Range, Calcutta-1.

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BRIJNATH KHANDELWAL & Co., 13, India Exchange Place, Calcutta-1.

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KISHANCHAND JHUNJHUNWALA, 7, Lyons Range, Calcutta-1.

MURARKA BROTHERS, 7, Lyons Range, Calcutta-1.

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LEWIS & JONES, Bank of Baroda Buildings, Apollo Street, Fort, Bombay-1.

HARKISONDASS LUKHMIDASS, 5 Hamam Street, Fort, Bombay-1.

DHIRAJLAL MAGANLAL PURSHOTAMDAS, Stock Exchange Buildings, Apollo Street, Bombay-1.

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A. B. PANDIT & CO., 32, Apollo Street, Fort, Bombay-1.

MACONOCHIE & CO., Mercantile Buildings, First Line Beach, Madras-1.

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UNDERWRITING

The entire issue offered for public subscription has been underwritten as follows:—

	Value of Equity Capital Underwritten
Place, Siddons & Gough Pvt. Ltd., Calcutta G. M. Pyne, Calcutta A. B. Pandit & Co., Bombay	Rs. 17.50 lakhs (jointly)
Placid Ltd., Calcutta	Rs. 10 lakhs
General Assurance Society Ltd., Calcutta	Rs. 8.50 ,,
C. Mackertich, Calcutta	Rs. 5 ,,
Brijnath Khandelwal & Co., Calcutta	Rs. 5 ,,
Sewduttroy Rambullav & Son, Calcutta	Rs. 5 ,,
Kishanchand Jhunjhunwala, Calcutta	Rs. 2 ,,
Murarka Brothers, Calcutta	Rs. 5 ,,
Batlivala & Karani, Bombay	Rs. 3 ,,
Harkisondass Lukhmidass, Bombay	Rs. 2 ,,
Harbans Singh Mehta & Co., New Delhi	Rs. 2 ,,
Raj Paul Chadha & Co. New Delhi	Rs. 2 ,,

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

CONSENTS

Consents in writing of the abovenamed Directors, Bankers, Auditors, Solicitors, Underwriters and Brokers to act in their respective capacities have been obtained and filed with the Registrar of Companies, West Bengal, and have not been withdrawn. Messrs. S. B. Dandekar & Co. and Messrs. Singhi & Co., the Auditors of the Company, have given and not withdrawn their written consents to their Report being included herein in the form and context in which it appears. Messrs. S. B. Dandekar & Co. have also given and not withdrawn their written consent to their Report on Asiatic Oxygen & Acetylene Company Limited being included herein in the form and context in which it appears.

MAIN OBJECTS OF THE COMPANY

The Company was incorporated on the 12th April, 1961, as a public company in the State of West Bengal with objects as stated in its Memorandum of Association and obtained a Certificate of Commencement of Business from the Registrar of Companies, West Bengal, on the 16th November, 1961. The Company has as its main objects the manufacture and sale of industrial and medical gases including oxygen, dissolved acetylene, argon, hydrogen, nitrogen, nitrous oxide, etc., electrodes, welding and cutting equipment, welding transformers and generators and other equipment, apparatus and appliances relating to the foregoing or ancillary thereto.

PROMOTION OF THE COMPANY

This Company has been promoted by the Asiatic Oxygen & Acetylene Company Ltd., of Calcutta, which itself is engaged in the industrial gas business. In view of the industrial development taking place in India, the Government of India is encouraging the setting up of units throughout the country for the manufacture of industrial and medical gases, welding equipment and accessories, etc.

There has been a steep rise in the demand for industrial gases since 1956 due to industrial development under the Five-year Plans, particularly the increase in production of steel and the rapid growth of engineering industries. According to the Third Five-year Plan the indigenous production of steel would reach a target of 6.8 million tons of saleable steel and correspondingly the demand for oxygen is estimated to increase to 1,650 million cubic feet by 1965-66. To take advantage of this opportunity, the Promoters have secured collaboration of Air Products and Chemicals Inc., which is one of the established and progressive manufacturers of industrial and medical gases in the United States of America. Air Products and Chemicals Inc. have also agreed to participate in the Share Capital of the Company to the extent of Rs. 25,00,000. Technical collaboration arrangements have been concluded with K G M Equipment Company and Metal & Thermit Corporation of the U.S.A. Similar arrangements have been negotiated with Westinghouse Electric International Company of the U.S.A.

An arrangement (approved by the Government of India) has been reached with a majority of the shareholders of the Asiatic Oxygen & Acetylene Co., Ltd., whereby their shareholdings in that Company are being transferred to the Company in exchange for Equity Shares in the Company of equivalent nominal value at a rate stated hereinafter.

PRODUCTION PLANS AND BUSINESS PROSPECTS

A. Manufacture of Industrial and Medical Gases

The Company proposes to establish manufacturing units at Bombay, Madras, Rourkela, Durgapur, Patna, Gauhati and/or other important industrial centres. In view of modern plant and equipment being acquired by the Company, not more than 50 persons will need be employed in any of the factories and, accordingly, the Company is not required to obtain licences under the Industries (Development and Regulation) Act, 1951, which position has been confirmed by the Central Government by its letter No. 19 (14)(38) IA (IV)/58 dated the 5th June, 1958.

Initially, the Company aims at reaching a total production of 176.4 million cubic feet of oxygen and 45.6 million cubic feet of dissolved acetylene per annum. The production is expected to commence within one year.

B. Manufacture of Welding Electrodes

The demand for welding electrodes in India is estimated at 500 million feet per annum which is expected to reach 900 million feet by 1965-66. There is sufficient demand for these products to enable the Company to dispose of its entire production satisfactorily. The promoters have obtained Licence No. L/I.A(7)/N-248/61 dated the 5th August, 1961, under the Industries (Development and Regulation) Act in favour of the Company for the manufacture of coated and uncoated electrodes with an installed capacity of 36 million feet per annum on single-shift basis. The Company has further been permitted by the Government of India, *vide* their letter No. LEI(B)-17(258)56, dated the 7th April 1962, to work double-shift. It is intended to reach initially a capacity of 65 million feet per annum. The Company will set up its factory at Calcutta which is a highly developed industrial area with all facilities available for an industrial undertaking of this nature.

C. Manufacture of Welding and Cutting Equipment and Arc-Welding Transformers

The Company proposes to establish its factory for the manufacture of these products in Calcutta along with its industrial undertaking for the manufacture of electrodes.

The Central Government had granted a licence No. L/9/N-38/59 dated the 12th October, 1959, to the promoters for the manufacture of 9,000 units of regulators, 7,500 units of torches and 150 units of oxy-cutting machines per annum. This has been now transferred in favour of the Company. The import of welding and cutting equipment over the last few years has been restricted due to the shortage of foreign exchange and the demand within the country has not been fully met by indigenous manufacture.

The Government has also granted a licence No. L/5(1)/N-86/61 dated the 23rd August, 1961, under the Industries (Development and Regulation) Act in favour of the Company for the manufacture of welding transformer sets and motor generators with an installed capacity of 2,400 and 240 units respectively per annum.

LAND, POWER, WATER, ETC.

The promoters have agreed to acquire for the Company a plot of land measuring 5 acres near Durgapur situated on the Grand Trunk Road in Mouza Gopinathpur in the District of Burdwan on 60 years' lease, with two options to further renew the lease for 30 years each, from the Durgapur Projects Limited, and a payment of Rs. 30,250 has already been made to the Lessors on the 9th November, 1961, which will be reimbursed by the Company. The formal lease documents are being finalised. The agreed terms of the proposed lease are considered to be fair and reasonable. Negotiations have been taken in hand to acquire factory sites at other centres. The Directors are satisfied that suitable sites with adequate power and water supply, transport facilities, etc., can be acquired.

PROFITABILITY

On the basis of the existing prices of the products which the Company proposes to manufacture, the Directors are of the opinion that, in the absence of any unforeseen circumstances, there will be a fair and reasonable return on the capital of the Company.

FOREIGN TECHNICAL COLLABORATION

The promoters have negotiated and concluded agreements with Air Products and Chemicals, Inc. and K G M Equipment Company, a Division of Air Products, of the U.S.A., for technical collaboration in the manufacture of industrial gases and oxy-acetylene welding and cutting equipment and with Metal & Thermit Corporation of the U.S.A. for the manufacture of electrodes. All these agreements have been approved by the Government of India. Technical collaboration arrangements for manufacture of arc welding transformers have also been negotiated with Westinghouse Electric International Company of the U.S.A., and an application for its approval has been made to the Government of India.

The main features of the technical collaboration arrangements, the terms of payment under which are set out in the respective agreements, are summarised below:

A. Collaboration with Air Products and Chemicals Inc. of U.S.A.

The agreement covers industrial and medical gases, oxygen, nitrogen, hydrogen, dissolved acetylene, argon and medical oxygen, including liquid oxygen and liquid nitrogen. Air Products will furnish the Company for a period of ten years with technical know-how acquired or developed by it for the manufacture, distribution and sale of the said gases. They will also make available training facilities for the Company's personnel in their factories and the services in India of a top management executive and technicians.

B. Collaboration with K G M Equipment Company of U.S.A.

The Agreement with K G M Equipment Company, which is for a period of ten years, gives the Company the exclusive right to manufacture, use and sell in India the oxy-acetylene welding and cutting equipment specified in the Agreement in respect of which they will furnish technical know-how and other assistance in the setting up of the factory, the purchase of plant and machinery from abroad, training of the personnel and operation of the factory. Selected technical personnel of the Company will be sent to their factory in the U.S.A. for training. K G M Equipment Company gives the Company a non-exclusive licence to freely export the equipment to be manufactured by the Company to the neighbouring countries such as Burma, Pakistan, Afghanistan, Ceylon, Indonesia, etc.

C. Collaboration with Metal & Thermit Corporation of U.S.A.

The Agreement with Metal & Thermit Corporation, New York, which is also for a period of ten years, provides for the furnishing of know-how and technical services to the Company to manufacture, use and sell electrodes specified in the Agreement. These services include preparation of plant layouts, detailed drawings and engineering assistance and specifications and assistance for procurement of the manufacturing equipment. They will also provide training facilities to the Company's personnel in the U.S.A. and also the services in India of their technical personnel.

D. Collaboration with Westinghouse Electric International Company of U.S.A.

A technical collaboration agreement has been negotiated with Westinghouse Electric International Company of the U.S.A., for a period of ten years, for the manufacture of arc welding transformers. Westinghouse will make available to the Company's personnel training facilities in their plants and provide the services of their personnel in India. The agreement has been submitted to the Government of India for approval.

PLANT AND MACHINERY

Imports of plant and machinery to the value of Rs. 86.69 lakhs have been authorised by the Ministry of Commerce and Industry (*vide* letter No. 1(56)FE/61 dated the 22nd March 1961, of the Deputy Economic Adviser to the Government of India), out of which Rs. 61.69 lakhs is covered by the U.S. Development Loan Fund Loan No. 157 to the Government of India. Agreement had been concluded with Air Products for the purchase of plant and machinery for the manufacture of oxygen and dissolved acetylene valued at Rs. 56.69 lakhs. The Company has obtained the Import Licence No. 990940/DLF 157/61 dated the 29th March 1962, for their import. Formalities concerning the finalisation of the purchase of the plants in accordance with the terms and conditions of the licence are being completed. Arrangements are being made for the purchase from the U.S.A. of plant and machinery for the manufacture of electrodes, oxy-acetylene welding and cutting equipment and arc welding transformers. The remaining machinery and equipment is available in India. The promoters have obtained an import licence for the value of Rs. 48,14,727/- out of which Rs. 2,63,803/- has been utilised by them. Orders had been placed for the gas cylinders covered by the unutilised amount of this licence and necessary Letters of Credit have been established. The promoters have agreed to transfer these cylinders to the Company at cost. An application has been made to the Government of India to allow the transfer. Meanwhile, shipments of the value of Rs. 3,80,822/- have already arrived and further shipments are likely to arrive in the coming weeks.

RAW MATERIALS

The principal raw materials which are required are mostly obtainable from indigenous sources although certain items may be required to be imported for some time. The Directors anticipate that the Company will have no difficulty in obtaining supplies of the raw materials.

TAX BENEFITS

The Company will be entitled to Development Rebate under the Income Tax Act, 1961. As a "new industrial undertaking" the Company will get the benefit of exemption from income-tax under Section 84 of the Act on its profits up to 6 per cent on the capital employed in the "new industrial undertaking" for the first five years of the Company's operations. The shareholders are entitled to exemption from tax on dividends paid to them from the Company's exempted portion of the profits.

ACQUISITION OF THE ORDINARY SHARES OF THE ASIATIC OXYGEN & ACETYLENE CO. LTD.

The Asiatic Oxygen & Acetylene Company Ltd. has been carrying on business of the manufacture of industrial gases since 1942. It has a factory at Calcutta for the manufacture of oxygen and dissolved acetylene gases to which has recently been added a new single unit with a capacity of 7,000 c.ft. per hour of oxygen and corresponding acetylene capacity. It has another factory at Bhilai for the manufacture of dissolved acetylene gas to which it is proposed to add an oxygen unit.

It is now also engaged in certain engineering and construction work. It undertook the subcontract for the Indian portion of the work

relating to the Dugda Coal Washery in Bihar for Hindustan Steel Ltd., the erection of which has since been completed. It has also entered into a similar sub-contract for another coal washery being set up at Patherdih for Hindustan Steel Limited.

The well-known firm of Surveyors, Talbot & Co. of Calcutta, made a valuation of the assets of the Asiatic Oxygen & Acetylene Company Ltd. Based on their Report and on the accounts of that company for the preceding three financial years, Singhi & Co., Chartered Accountants, made a valuation of the shares of that company. A majority of the shareholders agreed to exchange their shares at the rate of 38 shares of this Company for 10 shares of the Asiatic Oxygen & Acetylene Company Ltd., which rate was approved by the Company Law Administration Department, Government of India, *vide* their letter No. 8(29)-CL.VI/61 dated the 16th September 1961. The Asiatic Oxygen & Acetylene Company, Ltd., paid a dividend of 40 per cent subject to tax in the last financial year, that is 1960-61. This did not reflect the results of the working of the new plant which increased the capacity of the company to produce oxygen by more than 100 per cent and the installation of which was completed towards the end of that year. Should some or all of the other shareholders be unwilling to transfer their shares in the Asiatic Oxygen & Acetylene Company, Ltd., the shares of a value representing the difference between Rs. 26,60,000 being the value of the entire 70,000 shares at the above rate of exchange and the value of shares in the Asiatic Oxygen & Acetylene Company, Ltd., acquired by the Company, may be subscribed for cash by all or some of the aforesaid shareholders who have agreed to the exchange or their relatives or their friends or such shares will be allotted to other applicants.

MANAGING AGENTS

It is proposed to appoint Soorajmull Nagarmull as the Managing Agents of the Company for a period of ten years from the date of their appointment. Necessary approval of the Government has been obtained, *vide* their letter No. 9(164)-C.III/61 dated January 10, 1962. The remuneration to be paid to them in respect of their services as Managing Agents for each financial year or part thereof of the Company is based on the net profits of the Company determined in accordance with the provisions of the Companies Act, 1956, and is as follows:—

(i) 10 per cent on the first Rs. 10 lakhs net profits or fraction thereof;
(ii) 9 per cent on the next Rs. 10 lakhs net profits or fraction thereof;
(iii) 8 per cent on the next Rs. 10 lakhs net profits or fraction thereof;
(iv) 7 per cent on the next Rs. 10 lakhs net profits or fraction thereof;
(v) 6 per cent on the next Rs. 10 lakhs net profits or fraction thereof;
(vi) 5½ per cent on the next Rs. 25 lakhs net profits or fraction thereof;
(vii) 5 per cent on the next Rs. 25 lakhs net profits or fraction thereof; and
(viii) 4 per cent on any sum over one crore of rupees net profits.

The Managing Agents are entitled to be reimbursed by the Company the expenses incurred by them on behalf of the Company as may be determined by the Board of Directors of the Company subject to the provisions of the Companies Act, 1956. In the event of the Managing Agents being entitled to compensation for loss of office, the limit of such compensation will be governed by Section 366 of the Companies Act, 1956. Other terms and conditions are set out in the proposed Managing Agency Agreement.

Soorajmull Nagarmull have been acting as Managing Agents of the Asiatic Oxygen & Acetylene Company Ltd., since February 19, 1942, and have thereby acquired considerable experience in the business of industrial gases and ancillary equipment. In view of their proposed appointment as Managing Agents of the Company they will resign from the managing agency of the Asiatic Oxygen & Acetylene Company Ltd.

MINIMUM SUBSCRIPTION, CAPITAL OUTLAY AND SOURCES OF FINANCE

The minimum subscription in respect of the public issue under this Prospectus on which the Directors will proceed to allot shares is Rs. 67,00,000 being the whole of the Equity Share Capital now offered for subscription by the public.

The capital required for the purpose of implementing the Company's planned production is Rs. 3,74,10,000/- made up as follows:—

1.	Cost of land and buildings ..	Rs.	44,00,000
2.	Cost of plant, machinery and equipment	Rs.	2,07,75,000
3.	Development expenses including training and engineering fees	Rs.	17,75,000
4.	Preliminary expenses including expenses of incorporation and of this issue, including brokerage and underwriting commission	Rs.	5,62,500
5.	Other Promotion Expenses ..	Rs.	2,37,500
6.	Acquisition of shares in the Asiatic Oxygen & Acetylene Company Ltd.	Rs.	26,60,000
7.	Working capital	Rs.	70,00,000
	Total ..	Rs.	3,74,10,000

The above capital requirements will be financed as follows:—

1.	(i) Share Capital from Subscribers to the Memorandum of Association, the Directors, their associates and friends, and the Foreign Collaborators.	Rs.	66,40,000
	(ii) Par value of the shares of this issue to be allotted in exchange for shares in the Asiatic Oxygen & Acetylene Company Ltd. ..	Rs.	26,60,000
2.	Share subscription from the public in terms of this Prospectus	Rs.	67,00,000
3.	Loans from the Industrial Finance Corporation of India and other sources	Rs.	1,64,10,000
4.	Bank borrowings for a part of the working capital as and when required in the usual course of business	Rs.	50,00,000
	Total ..	Rs.	3,74,10,000

LOAN CAPITAL

The Industrial Finance Corporation of India has sanctioned a loan of Rs. 1,50,00,000/-, such loan to be secured by a mortage of the fixed assets of the Company including the plant and machinery which is to be acquired by the Company, and of the assets of the Asiatic Oxygen & Acetylene Company Ltd. The mortgage will be subject to such terms and conditions as may be agreed upon. The balance of Rs. 14,10,000/- will be obtained by means of borrowings from banks or will be arranged by the Promoters, Directors and/or Managing Agents as and when necessary.

PRELIMINARY AND PROMOTION EXPENSES

The preliminary expenses, including expenses of incorporation, payable by the Company, are estimated to be Rs. 1,53,000, which have been incurred by the Asiatic Oxygen & Acetylene Company Ltd., in connection with the promotion of the Company. This amount is to be reimbursed to the Asiatic Oxygen & Acetylene Company Ltd. Save as mentioned hereinbefore, no other consideration has been paid or is payable by the Company to the promoters. Other promotion expenses are estimated to be Rs. 2,37,500 payable by the Company.

EXPENSES OF THE ISSUE

The expenses of this issue, including underwriting commission and brokerage, are estimated at Rs. 4,09,500 and will be paid by the Company.

UNDERWRITING COMMISSION

The underwriters will be paid an underwriting commission not exceeding 2½ per cent of the face value of shares underwritten by them respectively. The total amount of underwriting commission payable by the Company is estimated at Rs. 1,67,500/-.

BROKERAGE

Brokerage will be paid by the Company to members of recognised Stock Exchanges and to banks at the rate of one per cent on the nominal value of the Equity Shares to be allotted to the public in respect of applications bearing their stamps.

Brokerage on the same basis will be payable to the underwriters in respect of applications made or procured by them provided that the relative forms of application bear their respective stamps and in such case no brokerage will be payable to any other party.

APPLICATION AND ALLOTMENT

Applications for shares, which must be for 50 shares or multiples of 50 shares, must be made on the accompanying official form and will be refused if not so made. The application form together with a remittance for the full amount payable on application must be sent to a branch of the Company's Bankers, namely, State Bank of India, United Bank of India Ltd., First National City Bank or Bank of Tokyo Ltd., at Calcutta, Bombay, Delhi, Madras, Hyderabad, Indore, Kanpur, Bangalore, Ahmedabad, Baroda or Surat.

Payments may be made by cash, bankers draft or cheque. If payment is made by cheque or draft it must be drawn on a Scheduled Bank situated in the town at which the application form is submitted.

Cheques or drafts must be made payable to State Bank of India A/c Asiatic Oxygen Ltd., Equity Issue, or United Bank of India Ltd., A/c Asiatic Oxygen Ltd., Equity Issue, or First National City Bank A/c Asiatic Oxygen Ltd., Equity Issue, or Bank of Tokyo Ltd., A/c Asiatic Oxygen Ltd., Equity Issue, as the case may be, and should, for the applicant's own protection, be crossed "A/c Payee Only." A separate cheque or draft must accompany each application.

Allotment will be notified by the despatch of an Allotment Letter. The Directors reserve the full right of accepting or rejecting any application in whole or in part. If no allotment is made, the application money in full and where the number of shares allotted is less than the number applied for, the balance of the application money, less the money payable on allotment on the shares allotted, will be refunded to the applicant within two months of the close of the subscription list and in such case the bank's commission, if any, will be payable by the applicant.

No interest will be paid by the Company on application money deposited. Failure to pay any amount due on the shares allotted when due will render the shares and previous payments made thereon liable to forfeiture. No allotment will be made in the names of partnership firms, minors or Trusts. The shares will, when issued, be subject to the provisions of the Memorandum and Articles of Association of the Company as in force and as may be amended from time to time.

The Company shall have a first and paramount lien upon such shares as are not fully paid up for any moneys called or payable at a fixed time in respect of such shares and such lien shall extend to all dividends declared in respect of such shares.

ISSUE OF SHARE CERTIFICATES

The Share Certificates will be issued in exchange for Letters of Allotment within three months of allotment.

PROSPECTUS AND FORMS OF APPLICATION

Copies of this Prospectus and of Forms of Application may be obtained from the brokers named above or from the Company's bankers.

(Sd.) B. L. JALAN
(Sd.) H. L. DEY
(Sd.) M. A. CHIDAMBARAM
(Sd.) J. L. ESPLEN
(Sd.) CHIMANLAL B. PARIKH
(Sd.) S. B. JALAN
(Sd.) S. S. JALAN
(Sd.) LEONARD P. POOL, by his duly authorised agent D. P. Dunderdale
} *Directors*

Dated Calcutta, the 17th day of May, 1962.

DENA BANK

ENTERS

25th

YEAR OF PROGRESSIVE & SUCCESSFUL BANKING SERVICE

DENA BANK entering its 25th year of service acknowledges its gratitude to each and every one of its clients due to whose support it has grown from strength to strength and established itself as a sound and sizable institution. DENA BANK looks forward with confident hope to a still brighter and more prosperous future in the banking service of the country and community.

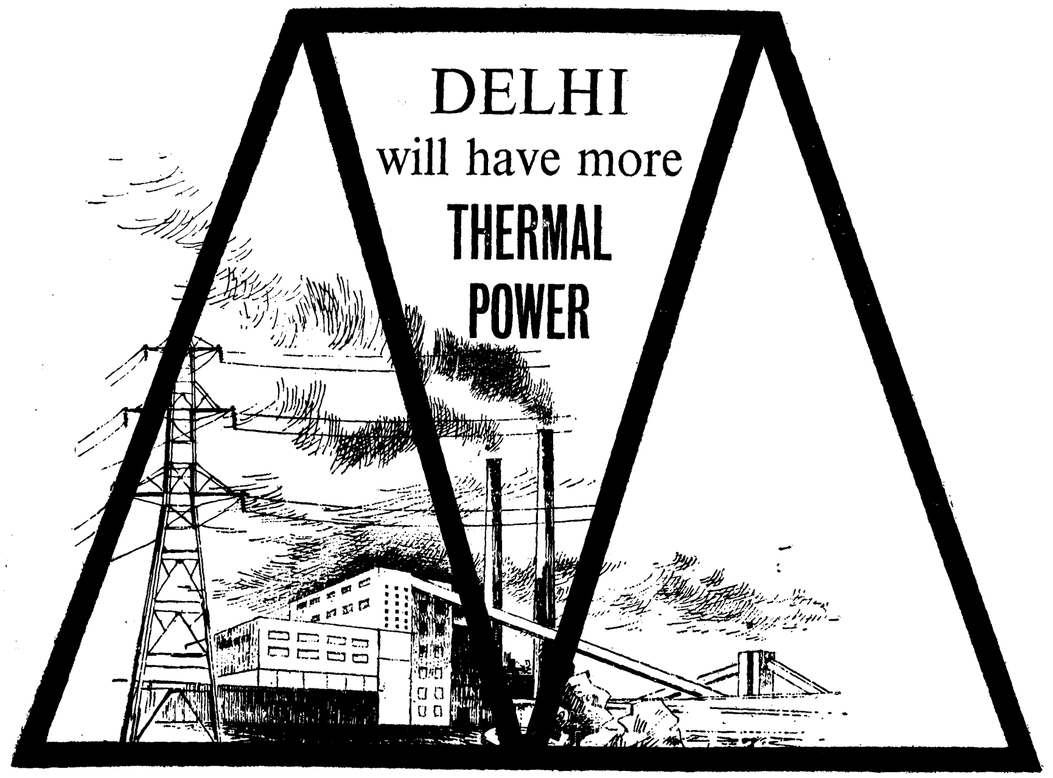
AUTHORISED CAPITAL	Rs. 1 CRORE
SUBSCRIBED & PAID UP CAPITAL	Rs. 50 LAKHS
RESERVE FUNDS	Rs. 75 LAKHS
DEPOSITS EXCEED	Rs. 43 CRORES
WORKING FUNDS EXCEED	Rs. 48 CRORES
NO. OF ACCOUNTS	2½ LAKHS
NO. OF OFFICES	107

OUR INTEREST BEARING SCHEMES
- SAVINGS ACCOUNTS 3% Interest
- MINORS' SAVINGS SCHEME 3% Interest
- FIXED DEPOSIT 4% TO 5% Interest
- CASH CERTIFICATES 4½% Interest

Pravinchandra V. Gandhi
Managing Director

DEVKARAN NANJEE BANKING CO. LTD.
REGISTERED OFFICE:
DEVKARAN NANJEE BLDGS., HORNIMAN CIRCLE, FORT, BOMBAY 1

DB/SE/30



AVB's newest assignment: to supply high pressure boilers for the Delhi 'C' Power Station of the local Electric Supply undertaking.

These modern steam generating units, designed to deliver 960° F-steam at a pressure of 1300 lb. per sq. in., will drive two turbogenerators with a total capacity of 125,000 kw. There will be provision for increase to 187,500 kw. in the near future. Low grade coal, the primary source of energy for the power plant, will be processed in the latest Babcock Type 'E' Pulverisers and burned under the surveillance of automatic combustion control equipment.

The Delhi installation is the latest in a distinguished series of contracts entrusted to AVB in Maharashtra, Madhya Pradesh, Uttar Pradesh and other parts of India.

In providing much-needed thermal power for Delhi, AVB will make yet another contribution to the development of Indian industry...the all-round progress of the nation.

An outstanding example of international collaboration, AVB brings to India the varied and extensive knowledge of three leaders in industry —India's Associated Cement Companies Ltd., Britain's Vickers Ltd. and Babcock & Wilcox Ltd. These famous enterprises have joined together in establishing at Durgapur a large and modern heavy engineering works to 'tailor-make' cement-making machinery, high pressure boiler plants and heavy equipment for mining and other industries.

AVB ...*a powerful partnership for progress*

ACC-VICKERS-BABCOCK LIMITED
16 Queen's Road Estate, Bombay 1
Calcutta Office:
Ilaco House,
1 & 3 Brabourne Road, Calcutta 1
Works:
Durgapur, West Bengal

JWT-AVB.10

READY REFERENCER AND GUIDE TO COMPANIES ACT
1961 EDITION

By JOHN and ROW, Advocates, Madras

Contents: A commentary on the Companies Amendment Act 1960.
Text of the Companies Act 1956 incorporating up-to-date amendments.

Price: Rs. **12.50** (*postage extra*)

EXPRESS PUBLISHERS (PRIVATE) LIMITED
33, BROADWAY, MADRAS-1

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Consent of the Central Government has been obtained to this issue by an order of which a complete copy is open for the Public Inspection at the Registered Office of the Company. It must be distinctly understood that in giving this consent the Government of India do not undertake responsibility for the financial soundness of any scheme or for the correctness of the statements made or opinions expressed with regard to them. This Consent Order No. R-63-CCI/61 dated 22nd May 1961 has been amended subsequently by the Consent Orders Nos. (i) R-63-CCI/61-2451 of 13th June 1961, (ii) R-63-CCI/61 of 13th July 1961, ii) R-63-CCI/61-967 of 5th April 1962, and (iv) R-63-CCI/61-1684 of 21st April 1962.

Licence under the Industries (Development and Regulation) Act 1951 is not necessary for the manufacture of articles that are being manufactured by Prabhat (Stove and Lamp) Products Co. Private Ltd. which is agreed to be taken over by the Company. The letter Nos. 4(10)/IA/IG/58 of 21st March 1958 and (10)/IA/IG/58 of 12th/13th May 1958 confirming this are open to Public Inspection at the Registered Office of the Company.

A copy of this Prospectus, having attached to it the documents required by Section 60 of the Companies Act 1953, has been delivered to the Registrar of Companies, Bombay, for registration.

An application will be made to the Bombay Stock Exchange for permission to deal in and for an official quotation of the shares of the Company.

The Subscription List will open at the commencement of Banking hours on 30th May 1962 and will close at the close of Banking hours on 9th June 1962 or earlier but not earlier than the close of Banking hours on 2nd June 1962.

Prabhat UDYOG LIMITED

(INCORPORATED ON 22ND JUNE 1961 UNDER THE COMPANIES ACT 1956)

SHARE CAPITAL

AUTHORISED CAPITAL—

3,00,000 Shares of Rs. 100 each .. .. Rs. 3,00,00,000

ISSUED CAPITAL—

60,000 Equity Shares of Rs. 100 each .. .. Rs. 60,00,000

Out of the above,

1. The Promotors, the Directors, their friends and relatives have agreed to subscribe 600 Equity Shares of Rs. 100 each (inclusive of the Shares subscribed for by the Subscribers to the Memorandum and Articles of Association) of the aggregate value of .. .. Rs. 60,000.00

2. 30,000 Equity Shares of Rs. 100 each will be allotted for consideration other than cash as under :—

   (i) 7,200 Equity Shares of Rs. 100 each credited as fully paid will be allotted as part of the consideration for purchase of M/s. Prabhat (Stove and Lamp) Products Co. Private Ltd. as a going concern .. .. Rs. 7,20,000.00

   (ii) 22,800 Equity Shares of Rs. 100 each credited as fully paid will be allotted in repayment of loans advanced to the said Prabhat (Stove and Lamp) Products Co. Private Ltd. by its Directors and their friends and relatives .. .. .. Rs. 22,80,000.00 Rs. 30,00,000.00 Rs. 30,60,000

NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION

29,400 Equity Shares of Rs. 100 each .. .. Rs. 29,40,000

Rs. 60,00,000

TERMS OF PAYMENT OF SHARES OFFERED TO THE PUBLIC

1. On application .. .. Rs. 50 per share
2. On allotment .. .. Rs. 50 per share

APPLICATION AND SUBSCRIPTION

Application for Shares by members of the public must be for a minimum of 5 shares or multiples of 5 shares. The application carefully completed, together with the cheque or draft for the precise amount payable on application, MUST be lodged before the close of the subscription list with the office of the underwriters or official brokers or at the office of the Company or with the bankers or their principal branches.

DIRECTORS

1. **Shri PRATAPSINH SHOORJI VALLABHDAS,** 293, Dr. Dadabhoy Naoroji Road, Bombay-1. Industrialist.
   Chairman: The Malabar Steamship Co. Pvt. Ltd.
   Director: The New Dholera Steamship Co. Ltd., The National Steamship Co. Pvt. Ltd., Shoorji Vallabhdas Private Ltd., Vikramsinh Private Ltd., Dilipsinh Private Ltd., Petlad Bulakhidas Mills, Sewri Land.
   Governing Director: Pratapsinh Private Ltd.
   Partner: Shoorji Vallabhdas & Co.

2. **Shri NATVARLAL MANEKLAL CHINAI,** Mayfair Gardens, Little Gibbs Road, Bombay-6. Industrialist.
   Director: Chinai & Co. Pvt. Ltd.
   Managing Agents: National Rayon Corporation Ltd.

3. **Shri VENKOJIRAO SRINIVASA MURTHY LOKKUR,** Kempegowda Road, Bangalore. Businessman.
   Director: The Mysore Sugar Co. Ltd., The Radio Electrical Manufacturing Co. Ltd., Sri Krishnarajendra Mills Ltd., The Kailas Rubber Co. Ltd., The Nilgiri Tea Co. Ltd., The Mysore Tobacco Co. Ltd., The Bacha Coffee Estates Ltd., The Mysore Chemical Fertilisers Co. Ltd., The Mysore Industrial & Testing Co. Ltd., The Bangalore Stock Exchange Pvt. Ltd., The Mysore Lamp Works Ltd., The Mysore Fruits Products Ltd., The Ogale Glass Works Ltd.

4. **Shri NANDLAL NARANDAS PATWARI,** Kapoor Mansion, Hughes Road, Bombay-7. Solicitor.

5. **Shri RAMDAS NATHUBHAI SHAH,** Ramnarayan's Bungalow, 1184/4, Gokhale Road, Poona-4. Merchant and Manufacturer.
   Proprietor: Gujerat Metal Factory.
   Partner: Harakchand Ishwardas Deccan Metal Works.

6. **Shri KANTILAL MOHANLAL SHARMA,** Subhadra Mansion, Walkeshwar Road, Bombay-6. Industrialist.
   Director: Prabhat (Stove & Lamp) Products Co. Private Ltd.
   Partner: Prabhat Electronics.

7. **Shri BAPUBHAI MANIBHAI DESAI,** 67, Netaji Subhas Road, Bombay-1. Industrialist.
   Director: Prabhat (Stove & Lamp) Products Co. Private Ltd.
   Partner: Prabhat Electronics.

8. **Shri BRIJ RAJ SHANKER MISRA,** 112, Shanti Sadan, Sion, Bombay-22. Industrialist.
   Director: Prabhat (Stove & Lamp) Products Co. Private Ltd.
   Partner: Prabhat Electronics.

MANAGING AGENTS

(Appointed subject to the approval of the Central Government under the Companies Act, 1956).

Messrs. PRABHAT PRODUCTS COMPANY, Noble Chambers, Parsi Bazar Street, Fort, Bombay-1.

UNDERWRITERS

The entire aforesaid issue now offered for public subscription has been underwritten as follows:

	Name	*Amount (in Rs.)*
1.	The Industrial Credit & Investment Corporation of India Ltd., 163 Backbay Reclamation, Bombay-1 ...	7,50,000
2.	Messrs. Merwanjee Bomanjee Dalal, Share & Stock Brokers, Allahabad Bank Building, Apollo Street, Bombay-1.	4,00,000
3.	Messrs. Kantilal Amthalal Shah, Share & Stock Brokers, New Stock Exchange Building, Apollo Street, Bombay-1	3,90,000
4.	Messrs. P. R. Subramanyam, Share & Stock Brokers, New Stock Exchange Building, Apollo Street, Bombay-1	1,00,000
5.	Messrs. Lokkur & Co., Share & Stock Brokers, Kempegowda Road, Bangalore	2,60,000
6.	Messrs. Balmukund & Sons, Commission Agents, Gillis Bazar, Kanpur, (U.P.)	3,00,000
7.	Messrs. H. P. Mehta & Co., Share & Stock Brokers, 18 Stock Exchange Building, Asaf Ali Road, New Delhi-1	4,00,000
8.	Messrs. Desh Bandhu Gupta & Co., Share & Stock Brokers, 45 Stock Exchange Building, Asaf Ali Road, New Delhi-1	2,00,000
9.	Messrs. Ramshankar & Co., Share & Stock Brokers, 9/10 Second Line Beach, Madras-1	1,40,000
		29,40,000

The Directors are of the opinion that the resources of the Underwriters are sufficient to discharge their obligations.

BROKERS TO THE ISSUE

Ahmedabad

1. Messrs. CHAMPAKLAL BHAILAL CHOKSHI, Opp. Share Bazar, Manek Chowk, Ahmedabad.
2. Messrs. SHANTILAL AMTHALAL SHAH, Stock Exchange Building, Manek Chowk, Ahmedabad.
3. Messrs. VADILAL CHAKUBHAI, Opp. Share Bazar, Manek Chowk, Ahmedabad.

Bangalore

4. Messrs. LOKKUR & CO., Kempegowda Road, Bangalore.

Bombay

5. Messrs. BHAIDAS MAGANLAL & CO., Stock Exchange Building, Apollo Street, Bombay-1.
6. Messrs. DHIRAJLAL MAGANLAL PURSHOTAMDAS, Stock Exchange Building, Apollo Street, Bombay-1.
7. Messrs. HARKISONDASS LUKHMIDASS, 5, Hamam Street, Bombay-1.
8. Messrs. JASHWANTLAL V. BHAGAT, 5, Hamam Street, Bombay-1.
9. Messrs. JAYANTILAL KHANDWALA & Co., Stock Exchange Building Annexe, Dalal Street, Bombay-1.
10. Messrs. KANTILAL AMTHALAL SHAH, New Stock Exchange Building, Apollo Street, Bombay-1.
11. Messrs. KHIMJI POONJA & SONS, 19-21, Dalal Street, Bombay-1.
12. Messrs. MANSUKHLAL BHAIDAS DALAL, Old Stock Exchange Building, Dalal Street, Bombay-1.
13. Messrs. MERWANJEE BOMANJEE DALAL, Allahabad Bank Building, Apollo Street, Bombay-1.
14. Messrs. P. R. SUBRAMANYAM, Stock Exchange Building, Apollo Street, Bombay-1.
15. Messrs. R. K. MOTISHAW, 32, Apollo Street, Bombay-1.
16. Messrs. R. R. NABAR & CO., 31, Dalal Street, Bombay-1.

Calcutta

17. Messrs. CHUNILAL T. MEHTA, 8, Lyons Range, Calcutta-1.
18. Messrs. P. RAMNIKLAL & CO., 9, India Exchange Place, Calcutta-1.
19. Messrs. SOHANLAL PACHISIA & CO., 9, India Exchange Place, Calcutta-1.

Delhi

20. Messrs. RAJA RAM BHASIN & CO., 'Ashiana', Faiz Bazar, Delhi-6.

Madras

21. Messrs. PATERSON & CO., 22, Errabalu Chetty Street, Madras-1.
22. Messrs. RAMSHANKAR & CO., 9/10, Second Line Beach, Madras-1.

New Delhi

23. Messrs. DESH BANDHU GUPTA & CO., 45, Stock Exchange Building, Asaf Ali Road, New Delhi-1.
24. Messrs. H. P. MEHTA & J. C. MEHTA, 44, Stock Exchange Building, Asaf Ali Road, New Delhi.
25. Messrs. K. B. MALIK & CO., 7, Prem House, Opp. Odeon, Connaught Place, New Delhi.
26. Messrs. RAJ PAUL CHADHA & CO., Delite Cinema Building, Asaf Ali Road, New Delhi.
27. Messrs. SATYA PAL AGGARWAL, Stock Exchange Building, Asaf Ali Road, New Delhi.

BANKERS TO THE ISSUE

1. THE BANK OF BARODA LTD., Apollo Street, Bombay-1.
2. THE BRITISH BANK OF THE MIDDLE EAST, Dadabhoy Naoroji Road, Bombay-1.
3. THE CANARA BANK LTD., Sir Phirozshah Mehta Road, Bombay-1.
4. THE CENTRAL BANK OF INDIA LTD., Mahatma Gandhi Road, Bombay-1.
5. THE DEVKARAN NANJEE BANKING CO. LTD., Horniman Circle, Bombay-1.
6. THE PUNJAB NATIONAL BANK LTD., Karimjee House, Sir P. M. Road, Bombay-1.
7. THE STATE BANK OF MYSORE, Dalal Street, Bombay-1.
8. THE UNITED COMMERCIAL BANK LTD., Dadabhoy Naoroji Road, Bombay-1.
9. THE UNION BANK OF INDIA LTD., Dalal Street, Bombay-1.

SOLICITORS

1. Messrs. MANILAL KHER & AMBALAL, Jehangir Wadia Building, 51, Mahatma Gandhi Road, Fort, Bombay-1.
2. Messrs. NANDLAL PATWARI & CO., Medows House, Medows Street, Fort, Bombay-1.

AUDITORS

Messrs. THAKOREBHAI & SHIRISH DESAI, Chartered Accountants, Noble Chambers, Parsi Bazar Street, Bombay-1.

REGISTERED OFFICE

NOBLE CHAMBERS, PARSI BAZAR STREET, FORT, BOMBAY-1.

CONSENTS

The consents in writing of the Auditors, Brokers, Bankers and Solicitors to the Company to act in their respective capacities have been obtained and filed with the Registrar of Companies, Bombay and none of them has withdrawn the consent given.

OBJECTS OF THE COMPANY

The Company was incorporated on 22nd June 1961 with the objects mentioned in its Memorandum of Association and in particular to purchase, take over and acquire the entire business and undertaking carried on by Messrs. Prabhat (Stove & Lamp) Products Co. Private Ltd., as manufacturers of Stoves, Pressure Stoves and other articles together with the goodwill and stock-in-trade, stores, machinery etc. and all or any of the properties, assets and liabilities of the said Private Limited Company upon such terms and conditions as the Directors of the Company may deem proper or agree to and also to carry on the business of manufacture, import and export and to deal in all kinds of articles for lighting, cooking and heating purposes and for expanding its production capacity to 5,00,000 Pressure Stoves, 1,00,000 Pressure Lamps and 1,00,000 gross Gas Mantles per year on two shift basis from its existing capacity and other objects particularly set out in the Memorandum of Association.

The facilities available to Messrs. Prabhat (Stove & Lamp) Products Co. Private Ltd., such as Municipal Licences for Factories, Industrial Power and Actual Users Import Licences will accrue for the benefit of the Company. The Private Company at present is engaged in manufacturing Incandescent Gas Lanterns of 200 and 300 Candle Power with spares and accessories thereof. Incandescent Gas Mantles (Silk & Cotton) of various Candle Powers. Oil Pressure Stoves of various types with spares and accessories thereof and Blow Lamps with spares and accessories thereof.

BRIEF HISTORY OF THE BUSINESS AGREED TO BE TAKEN OVER

The business to be taken over by the Company was started as far back as 1938 in the firm name of Prabhat Products Co., by Shri K. M. Sharma. Shri B. M. Desai and Shri B. R. Misra as partners thereof. On 1st May 1957 Prabhat (Stove & Lamp) Products Co. Private Ltd. was incorporated as a Private Limited Company to

take over the business of Prabhat Products Co. as a going concern. To meet the increasing demand for the products manufactured by the said Private Company as the then existing premises were found inadequate a new factory building was erected in October 1959 at Jogeshwari at a cost of about Rs. 12,00,000 on land owned by the said Private Company since 1947. Shri K. M. Sharma and Shri B. R. Misra who are experienced persons in the lines handled by the said Private Company, had been looking after the production whilst Shri B. M. Desai was in charge of administration and finance. Both Shri Sharma and Shri Misra have extensively toured countries like Japan, Sweden and Germany to acquire technical know-how for the manufacture of the products of the said Private Company.

PROSPECTS

There is a total ban in India on the imports of Stoves, Lamps and Gas Mantles. The consumers' requirements of these articles are entirely met by the indigenous manufacturers. The said Private Company is the largest producers of the above articles in this country.

Kerosene is now increasingly put to domestic use and gradually replacing firewood, charcoal and soft coke. The main reason favouring such a change for economy in cost is due to kerosene being available easily and at prices economical to the consumer. On the other hand the cost of fuel has shown an exorbitant rise during recent years. This change over from fuel to kerosene having been found to be economical and useful, has led to an enormous demand for both pressure and non-pressure stoves for use in households. It is also found by statistics that the demand from rural areas is also on the increase in recent years. Similarly there has been a phenomenal increase in the demand for Oil Pressure Lamps and Blow Lamps. The Central and State Governments and local authorities have been purchasing in increasing quantity these two articles. The Defence Department also is one of the largest consumers of these articles. The demand for these products is growing from Industrial Establishments—large scale, small scale and cottage—all over the country. In areas where electricity is still not made available, Oil Pressure Lamps are being increasingly used. The present indications are that there will be a further improvement in the demand for all the above products.

The said Private Company is one of the largest producers of Gas Mantles and caters to the needs of the above consumers and local bodies who use gas for street lighting.

The various operations of Manufacture at present are carried out partly by automatic and semi-automatic machines and partly by skilled manual labour. The Company proposes to replace the present machines by new ones after the take-over that would make the operations of manufacture more automatic and mechanised and skilled labour will continue to be utilised for attending to additional and efficient production. This change, when carried out, will increase the present production substantially and will also reduce the cost of production.

After implementation of the expansion programme, the Directors estimate that, for the year ending 31st March 1965, the sales figures on a very conservative estimate of the various products will be as follows:—

Pressure Stoves	5,00,000 Units..	Rs.	97,50,000
Pressure Lamps	1,00,000 ,, ..	Rs.	42,00,000
Non-Pressure Stoves	1,00,000 ,, ..	Rs.	25,00,000
Gas Mantles	1,00,000 Gross..	Rs.	42,00,000
Spares	.. ..	Rs.	18,50,000
Total	..	Rs.	2,25,00,000

It is proposed to start manufacture of Non-Pressure Stoves. The Company is negotiating for a foreign collaboration for manufacture of Liquid Gas Stoves.

The said Private Company has also obtained a Licence for the use of I.S.I. Standard Marks on the pressure stoves which will be available to the Company, and the application for the use of I.S.I. Standard Marks in regard to the Oil Pressure Lamps is still pending. Oil Pressure Lamps and Oil Pressure Stoves manufactured by the Private Company have been chosen for use by the Himalayan Expeditions.

The sales during the last three years are as follows:—

Items	1958-59	1959-60	1960-61
	Rs.	Rs.	Rs.
Pressure Stoves ..	26,04,420	31,73,634	41,30,046
Pressure Lamps ..	12,31,400	11,29,800	15,61,480
Gas Mantles ..	12,00,000	13,64,960	17,26,200
Spare Parts ..	5,26,768	6,10,933	5,69,840
Total ..	55,62,588	62,79,327	79,87,566

The Sales for the year 1961-62 are Rs. 84,36,750 (subject to audit) and the estimated profit for the same period is over Rs. 4,00,000.

RAW MATERIALS

Most of the raw materials required for the manufacture of the above articles are easily available in this country. Some of the items have to be imported and these are now obtained under the Actual Users Import Licences. There has been no difficulty so far in obtaining the requirements of imported items. In view of the programme for expansion of production the Company can look forward to a continuity of the present import facility being made available for its additional requirements, particularly as the Import Licences have been granted to the said Private Company after a thorough assessment of its requirements.

POWER AND WATER SUPPLY

At present the Private Company is being supplied 300 kW power which would be adequate for the Company's present requirement. The Private Company has however applied for an additional power of 200 kW which is expected to be sanctioned shortly. When the additional power is sanctioned and made available to the Company, there will be enough power to meet the proposed increase in production.

Water is easily available for the present and future requirements of the factory.

ESTIMATE OF PROFITS

In view of the past working of the business of the Private Company which is to be taken over by the Company and also in view of the

demand for the products of the said Private Company, after giving due consideration to the estimated cost of production, selling, administrative, financial and other expenses, the Board of Directors expect that if the existing conditions continue, the profits will be sufficient to pay a reasonable and satisfactory dividend to the investors.

Subject to unforeseen contingencies, the Company expects to pay a reasonable and satisfactory dividend from the very first financial year .

PRELIMINARY EXPENSES.

The estimated amount of Preliminary Expenses excluding underwriting commission and brokerage is Rs. 40,000 and is to be borne and paid by the Company. Out of this amount Rs. 31,608 is reimbursable to the said Private Company for expenses incurred by it on behalf of the Company. These expenses are payable by the Company.

EXPENSES OF ISSUE

The expenses of this issue including underwriting commission and brokerage are estimated at Rs. 2,00,000 and are to be borne and paid by the Company.

SHARE WITHOUT CASH CONSIDERATION

The Company will issue and allot 30,000 Equity Shares of Rs. 100 each credited as fully paid up, as part of the consideration for purchase of the said business of Messrs. Prabhat (Stove & Lamp) Products Co. Private Ltd. and in repayment of loans advanced to it by its Directors, their friends and relatives, as per details given below:—

7,200 Equity Shares of Rs. 100 each credited as fully paid up in part consideration for purchase of the business of M/s. Prabhat (Stove & Lamp) Products Co. Private Ltd.	Rs.	7,20,000
22,800 Equity Shares of Rs. 100 each credited as fully paid up in repayment of loans advanced by its Directors, their friends and relatives to the said M/s. Prabhat (Stove & Lamp) Products Co. Private Ltd.	Rs.	22,80,000
	Rs.	30,00,000

The consideration of Rs. 7,20,000 has been determined by the Controller of Capital Issues on the basis detailed below, vide their consent order No. R 63-CCI/61/967 dated 5th April 1962.

Paid up capital as on 31-3-1961 (of Prabhat (Stove & Lamp) Products Co. Private Ltd.) ..	Rs.	4,28,100.00
Add: Increase in valuation of land ..	Rs.	4,80,868.49
	Rs.	9,08,968.49
Less: Bad Debts not to be taken over.	Rs.	1,59,041.19
	Rs.	7,49,927.30
Less: Value of Bellasis Road Property not to be taken over	Rs.	1,79,927.31
	Rs.	5,70,000.00
Add: Additional value of goodwill ..	Rs.	1,50,000.00
	Rs.	7,20,000.00

MINIMUM SUBSCRIPTION

The minimum subscription in respect of the present issue on which the Directors will proceed to allotment is 29,400 Equity Shares of Rs. 100 each, of the nominal value of Rs. 29,40,000. The subscription of this amount is assured by reason of the underwriting referred to hereinabove.

FINANCIAL OUTLAY

The total cost of the project will be about Rs. 70,00,000 estimated as under:—

1.	For payment as consideration to M/s. Prabhat (Stove & Lamp) Products Co. Private Ltd., which is to be by issue of Equity Shares of the equivalent value	Rs.	7,20,000
2.	Cost of Replacement of Machinery, extension/erection of building etc.	Rs.	16,00,000
3.	Repayment of loans borrowed by the said Prabhat (Stove & Lamp) Products Co. Private Ltd. from its Directors, their relatives and friends and others (partly to be discharged by issue of Equity Shares of the value of Rs. 22,80,000 as aforesaid) ..	Rs.	44,40,000
4.	Preliminary expenses	Rs.	40,000
5.	Expenses of issue	Rs.	2,00,000
		Rs.	70,00,000

The above estimated capital requirements are to be met as under:—

1.	From Issue of Share Capital ..	Rs.	60,00,000
2.	From Loan from The Industrial Credit and Investment Corporation of India Ltd.	Rs.	10,00,000
		Rs.	70,00,000

The proposed Managing Agents have given an undertaking to the Company, vide their letter dated 26th April 1962, to secure for the Company at appropriate time and on terms acceptable to the Board of Directors, additional finance to the extent necessary to meet any shortfall between the total capital outlay on the project on the one hand and the amount of the issue and the amount of the loan from The Industrial Credit and Investment Corporation of India Ltd., as indicated above on the other, as also to the extent of the amount required for the working capital.

Since the Company is taking over the business of the said Messrs. Prabhat (Stove & Lamp) Products Co. Private Ltd., which is a going concern, the estimate of the working capital required is not mentioned as the same will be available from time to time from the realisation of the current assets to be transferred to the Company. The additional capital, if required, will be raised by loans from the Bankers.

LOAN CAPITAL

The Private Company has executed a Mortgage dated 12th May 1960 of all the fixed assets, plant and equipment in favour of Mrs. Savitaben Nanjibhai Mehta and others as first Mortgagees for a sum of Rs. 3,00,000 and in favour of Mr. Nanjibhai Kalidas Mehta and others as second Mortgagees for a sum of Rs. 2,00,000 to secure in all a total sum of Rs. 5,00,000. Under the terms of this Mortgage, the mortgage debt is repayable on 12th May 1963. The Company will redeem this mortgage by application of the proceeds of this issue by 31st August 1962.

To enable the Company to create a first legal Mortgage in favour of The Industrial Credit and Investment Corporation of India Ltd., referred in the foregoing paragraph, the Company has obtained an undertaking from the said Mortgagees vide their letter dated 28th April 1962, in which they have agreed to discharge the said Mortgage any time earlier than 12th May 1963 after the expiry of a three months' notice in that behalf.

The Industrial Credit and Investment Corporation of India, Ltd. have agreed in principle as per their letter No. PP/6642 dated 15th September 1961 to lend to the Company a sum of Rs. 10,00,000 to meet a part of the cost of capital equipment to be obtained. The loan will bear interest at 6½% per annum and is repayable in ten half-yearly instalments starting from October 1963. The loan is to be secured by a first legal mortgage of the Company's present and future immovable and movable properties subject to hypothecation of such of the movables in favour of the Company's Bankers as may be required for Cash Credit and Overdraft facilities. So long as the loan or any part thereof is outstanding, The Industrial Credit and Investment Corporation of India Ltd. shall be entitled to appoint a Director on the Board of the Company and such Director shall not be liable to retire by rotation nor shall he be required to hold the qualification shares. The Company has undertaken to The Industrial Credit and Investment Corporation of India Ltd. to make adequate arrangement for the appointment of technical and managerial personnel to look after the project.

UNDERWRITING COMMISSION

A commission at the rate of 2½ per cent on the nominal value of the shares which will be taken up by the Underwriters or for which they will procure Subscription in terms of the Underwriting Agreement with them.

In addition to the said Commission the Underwriters will also be paid brokerage at the rate of 1 per cent of the nominal value of the Shares on allotments made in respect of applications bearing their stamps.

BROKERAGE

Brokerage at the rate of 1 per cent of the nominal value of the Equity Shares will be paid on allotment in respect of applications bearing the stamp of a Bank or of a Member of a recognised Stock Exchange. Brokerage on the said basis will be payable to the Underwriters in addition to the underwriting commission on allotment made in respect of applications made or procured by them provided that the relative forms of application bear their respective stamps.

PURCHASE OF PROPERTY

The Company has entered into an Agreement with Messrs. Prabhat (Stove & Lamp) Products Co. Private Ltd., dated 30th April 1962 in terms of Article 3(1) of the Articles of Association of the Company, to purchase the said Prabhat (Stove & Lamp) Products Co. Private Ltd. as a going concern together with the assets therein mentioned and subject to the liabilities as therein specified and on the other terms and conditions mentioned in the said Agreement. The immovable property referred to in the said Agreement is at present subject to the Mortgage hereinbefore mentioned. The immovable property, machinery, plant and equipment which will also be the subject of acquisition by the Company is situated at Jogeshwari and consists of Freehold land admeasuring 32,781¼ sq. yds. together with the buildings, structures and constructions thereon. The name, address, description and occupation of the Vendors is as follows:—

Name	*Address*	*Description*	*Occupation*
Prabhat (Stove & Lamp) Products Co. Private Ltd.	Noble Chambers, Parsi Bazar Street, Bombay-1	Private Limited Company	Manufacturers of Stoves, Lamps, Mantles and Spares thereof.

Consideration: Under the terms of the said Agreement for the sale of all the said assets including machinery, plant, equipment and this immovable property, part of the consideration for the sale of the entire assets of the Private Company is the allotment of 7,200 Equity Shares of Rs. 100/- each of the Company credited as fully paid up as referred to hereinbefore.

The Company will also as part of the consideration for the said purchase allot 22,800 Equity Shares of the Company of Rs. 100/- each credited as fully paid up in repayment of loans advanced to the said Private Limited Company by its Directors, their friends and relatives.

As to the residue of the consideration for the said purchase the Company will pay and discharge the rest of the liabilities of the Company.

Nature and Title: The immovable property is freehold and will be acquired as a freehold estate.

Particulars of Transaction: As stated hereinbefore, the Vendors, the said Prabhat (Stove & Lamp) Products Co. Private Ltd. had mortgaged the said immovable property, machinery, plant and equipment, to the said First Mortgagees and the said Second Mortgagees for an aggregate sum of Rs. 5,00,000. Shri K. M. Sharma, Shri B. R. Misra and Shri B. M. Desai, the Shareholders and the Directors of the said Private Limited Company who mortgaged the said property as aforesaid are also Shareholders and Directors of this Company. The Company will redeem the said mortgage by repayment of the mortgage dues out of the proceeds of this issue. The said Private Limited Company and the said Messrs. Sharma, Misra and Desai are interested accordingly.

INSPECTION OF DOCUMENTS

Copies of the Prospectus and necessary documents mentioned therein are open for inspection at the Registered Office of the Company on any working day during the hours of 10-30 a.m. to 2-30 p.m. during the period the Subscription List remains open.

NEED FOR A LONG-TERM POWER POLICY

FORMATION OF CENTRAL GENERATING BOARD ADVOCATED

By H. M. Patel, I.C.S. (Retd.)

AT the end of the second Five-year Plan, the *per capita* consumption of electricity in India was 38 units per annum. It had risen to this figure from 18 units in 1951, that is to say, within 10 years, the consumption had more than doubled itself. This is by no means a negligible achievement for the country as a whole. And yet, it is only when we compare our *per capita* consumption with the *per capita* consumption of advanced countries, that we realise how very backward we are. The *per capita* consumption of Norway stands at 5,000 units per annum, of Sweden and the United States at 4,500 units, and of the United Kingdom, U.S.S.R. and various other European countries, somewhere between 1,500 and 2,500 units. It is also evident from this comparison how far we have to go before we can really say that we are an industrial nation.

Power is an essential basic requirement for the development of industries, large and small. It is also of great value to agriculture wherever water has to be drawn from wells, ordinary and tube, for irrigation purposes.

The installed capacity of hydro-electric power was 0.56 million kilowatts in 1950. It increased to 1.93 million kilowatts in 1960-61: of thermal power the installed capacity was 1.74 million kilowatts in 1950, and it rose to 3.77 million kilowatts in 1960-61. The total installed capacity thus rose from 2.3 million kilowatts in 1950 to 5.71 million kilowatts in 1960-61. The target set was 6.9 million kilowatts. There was, thus, in spite of the very substantially increased generating capacity, a serious shortfall of 1.2 million kilowatts. The reason for this shortfall was foreign exchange shortage during the second Plan period. Steel and other projects were considered to be of greater priority, and the available foreign exchange was used on them! Was this a right decision? Hardly.

Acute Shortage

One consequence of the failure to achieve the target in respect of power generation has been the acute power shortage which so many States have been experiencing right from the beginning of the third Five-year Plan: and, in most cases, the power shortage is unlikely to be overcome for another couple of years. Such power shortage has had the effect immediately of slowing down industrial development in areas affected. It is not easy to understand what exactly made the Government take the view that completion of industrial projects, however important, was a matter of greater urgency than the completion of power projects. Power targets for each State are fixed on the basis of estimates of load growths, that is, of demand for power during the Plan period. These estimates are themselves worked out on an extremely conservative basis, judging from the fact that almost everywhere they have fallen far short of the actual demand growth. If, then, even these conservatively fixed targets are not reached, the consequences cannot but be serious.

In the third Plan, power has been given a high priority realising that it is the basis for the development of large and small industry. A sum of Rs. 1,089 crores has been allotted for the purposes of power development and the aim is to raise the generating capacity by the end of the third Plan from 5.7 million kilowatts to 12.7 million kilowatts. Transmission lines are to be increased from 84,000 circuit miles in 1960-61 to 1,50,000 miles in 1965-66. Of the 12.7 million kilowatts, 7.4 million kilowatts will be thermal and 5.1 million kilowatts hydro.

Demand Growth Underestimated

This planning for power generation has been based on an estimate of load demand. By and large, not sufficient allowance appears to have been made for the full extent of the growth of demand during the third Plan itself, and of the demand during the early years of the fourth Plan periods. It is essential to take account of the demand for power during the first three years of the fourth Plan, so that there is no risk of shortage of power during that period, that being approximately the time that is required for generating fresh thermal power, which can be generated most expeditiously of the three principal systems of power generation, namely thermal, hydro-electric, and nuclear. Only if, in addition to the demand for power for the period for which power is being generated, provision is made for power required during the time that it takes to generate fresh power, can we be certain of avoiding shortage at the beginning of a new Plan period.

It is failure to plan in this way that has caused, and is causing, quite serious difficulties in practice. Our planning for power should be for a five-year period which is different from the ordinary five-year period, namely, from the middle of one Five-year Plan period up to the middle of another. Only in the first instance when it is decided to change over to the new period would it be necessary to prepare a power plan for a period of roughly eight years. This would put power planning on a realistic basis and no occasion need arise of having to go through a period of hopeless shortages.

It is generally accepted now that, in any normally developing economy, the demand for power doubles itself every five years. The increase in the generating capacity, therefore, takes place in geometric progression from one Plan period to another. Where, therefore, previously we were thinking in terms of 5, 10, 15, and 30 thousand kilowatt stations, we shall now have to think in terms of 60 thousand, 120 thousand, and more. In Gujarat, for instance, the power station which is now under execution, will have four units, each of 60,000 kilowatt units. When the next expansion is sanctioned, there is very little doubt that it will be in terms of a 120,000-kilowatt station. Large thermal power stations employing higher steam temperatures and pressures result in greater thermal efficiency and also reduce capital cost per kilowatt of installed capacity. The capital cost of a 120,000-kilowatt unit is about 20 per cent less than a 30,000-kilowatt unit. The thermal efficiency achieved by the larger unit is 34 per cent as against 26 per cent by the smaller unit. The average thermal efficiency in India today is less than 20 per cent partly, no doubt, because we have not only small units, but many of them are also very old. As, therefore, our power stations become larger, power should become cheaper.

Cost of Generation

As a matter of interest, it may be stated that the cost of generating hydro-electric power per unit is 1.2 naye paise; the corresponding cost for a thermal station using coal is 3 naye paise, diesel power costs 25 nP; the atomic power is estimated to cost 3½ to 4 naye paise. It is expected that, when certain developments take place, the atomic power will cost much less.

As the power stations become larger, the question of fuel supply assumes special importance. Coal in India is to be found in Bihar, West Bengal, with some outlying coalfields in Assam and Madhya Pradesh. As the quantity of higher quality coal is limited, it is being made available only to metallurgical and other industries. Power stations are allotted coal with considerable ash content, or middlings from washeries. It is going to become increasingly difficult to transport the coal required by power stations located far away from the coalfields as must necessarily be the case for power stations in Gujarat, Rajasthan, etc. The ideal arrangement, no doubt, would be, having arranged to generate as much hydro-electric power as possible, to plan the erection of nuclear power stations in States which are far away from coalfields, and to locate thermal stations of very large capacity close to the coalfields, and oil refineries, for power stations can also use oil provided it is available at an economic price. If future development is to take place along these lines, certain consequences must necessarily follow. Power generated at these stations, located in this way, will have to transmit along powerful transmission lines over long distances. The question that would then arise is who would become responsible for the establishment of power stations designed to serve several States? It would become necessary to set up a Central power generating agency which would be responsible for establishing large power stations at most convenient and efficient centres, which will be required to make available to State Electricity Boards the power which they generated, for distribution amongst consumers, large and small.

All the requirements of the States cannot wholly be met from thermal units, however large. Therefore, the hydro-electric potential must be fully exploited. Hydro-electric potential, which is technically and economically feasible, has been estimated at 41 million kilowatts. It must be the responsibility of the proposed Central Generation Board to see that the hydro-electric development is also so phased that it adds progressively more and more power to the total pool available for the use of all the States. The hydro-electric power stations also will not always be able to use up their power in the States in which the water potential is available; therefore, as in the case of thermal power stations, the power generated in one State should be distributed to neighbouring States as may be decided upon by the Central Generation board. The possibility of setting up nuclear power stations at strategic points to serve States situated far away will have to be considered by this Central Board. It may well be that, as the demand for power grows, and as the supply of coal becomes tighter, more nuclear power sations may have to be established. In short, it will be the duty of the new Central Generation Board to tackle the entire problem of generating additional power wherever it can most efficiently be generated for meeting the power requirements of the entire country.

A beginning in a small way has been made in the third Plan, where provision has been made for inter-State transmission lines linking up two States. The entire country will, thus, have progressively to be joined together in this way in a super-grid, so that power is utilised in the most fruitful and efficient manner possible.

Master Plan Required

The Central Generation Board's responsibilities could be limited only to the generation of power; a separate body should be established whose duty it would be to plan the total requirements of power of the country and to allocate the power generated according to the requirements of each State from the most convenient centres of power generation. The State Electricity Boards will, then, be responsible, on receiving power within their territories, for efficient distribution. They will, in effect, be purchasing power in bulk from the Central power allocating body. The Central body for the planning and allocation will have to work not on a five-year period basis but on a basis of much longer term of power development in the country. A master plan should be prepared for the development of the various types of generating stations and of determining their allocation with reference not merely to the most efficient generation, but also to the most efficient distribution.

A beginning should be made immediately for the changeover of the planning period for power to extend beyond the third Plan period into the middle of the fourth Plan and, thereafter, to limit the plan periods to five years as in respect of other projects of development included in a plan, provided, however, that the power plan would be for a five-year period commencing at dates different from those for the rest of the sphere of planning. As early as possible, thereafter, steps should be taken for the establishment of a Central body responsible for the planning of the total generation of power and its allocation to the State Electricity Boards. On this Board there will have to be representatives of every State Electricity Board with a representative either of the Planning Commission, or of the Central Ministry for Power to work as its Chairman.

Once the plan prepared by this body is accepted by the Government, funds will be made available to the Central Power Generation Board which will then be responsible for implementing the various projects. As soon as the additional power is generated centrally in this manner, it will be allocated to different States, again, on a carefully planned basis and with due regard to the demand for power of each State, by the Central planning and allocation body. It will thus be the Central body again which would be responsible for fixing the rate for which power was to be supplied in bulk to the State Electricity Boards. In their turn, finally, on receipt of power, the State Electricity Boards would see to it that the power is competently and economically distributed within the State territories.

NEW PRODUCTS AND PROCESSES

Tyre Retreading

A TYRE retreading machine just introduced in the United States uses electronic punch cards to control distribution of a thin strip of raw rubber over the tyre carcase. Advantages claimed are that the machine will eliminate the splice between tyre body and the new tread, that it is cheaper than hand retreading, and that it will rebuild a greater variety of tyres. The machine extrudes a strip of freshly-masticated rubber an inch wide and ⅛ inch thick directly on to the tyre carcase. Since the rubber is freshly worked, it is naturally adhesive and sticks to the tyre, which is revolving on a mandrel. The punched card, a different one for each type and size of tyre, controls the number of thicknesses applied, and their distribution—more at the centre and fewer at the sides. The retread is then "cured" by heat.

Cylindrical Grinding Machine

Three cylindrical grinding machines, capable of high production rates, yet maintaining a tool-room standard of accuracy, have been developed by a British firm, A. A. Jones and Shipman Ltd. All of them have similarities. Typical of them is a semi-automatic machine with a spark-out timing device and, once loaded, runs through its cycle automatically. The controls are electro-hydraulically operated in order to take advantage of any benefits to be gained from the use of gauge sizing methods. For semi-automatic operation, the retraction movement of the wheelhead, the start-stop of the workhead, and the start-stop of the feed (either continuous or automatic) can be rapidly coupled together by switches so as to give single-button control over the full cycle. Another feature of the machine is a dwell or "tarry," arrange so that it can be brought in at either or both ends of the stroke for periods up to five seconds, individually variable. Controls can be coupled, not only when plunge grinding with a continuous in-feed, but also when traverse grinding with an intermittent in-feed. The wheelhead structure is mounted on anti-friction bearings, which provides a unit highly responsive to small increments of feed. A new arrangement, the disposition of the actual feeding unit directly behind the wheel, enables wide wheels to be used without any tendency to angular distortion of the wheelhead unit.

Meter for Central Oil Distribution

A Dutch firm has produced a meter which accurately measures oil flow. This oil meter makes it possible for the central-heating burners of a number of houses or a block of flats to be connected to a common tank, thus considerably simplifying fuel delivery. Each party connected to a central distribution system of this kind has a meter which records his consumption. The quantities consumed can be read off on the meter periodically and the amounts due settled with the supplier.

The meters can also be used for checking oil consumption in normal, existing units, checking central lubricating systems and finally for accurately dosing very small quantities of oily fluids. They are easily connected to the piping system and come in two models. The smaller model has a capacity of 0.2 to 10 litres an hour, the larger one being capable of handling 3 to 30 l/hr. Both have a maximum working pressure of 3 kg/cm² and can cope with fluids having a viscosity of up to 17 cS and a temperature of from 0 to 40° C. Maximum error is very small, namely, 0.5 per cent over the entire measuring range. It operates on the principle of displacement. The counter dial sumberged in the fluid (which incidentally must be transparent) comprises 6 digit wheels in the small and 7 in the large model, two of them in each case coming after the decimal point, so that meter readings can be taken that are accurate to within 10 cc.

Aluminium-coated Steel

Steel with a diffused coating of aluminium is being offered in America as a low-cost substitute for stainless steel. The maker says it will resist oxidation and corrosion at temperatures up to 1,800 degrees Fahrenheit and costs only half as much as stainless. Substituted for mild steel, the company says, it has a life ten times longer in the 1,000 degree range. The aluminium coating is said to be particularly effective against sulphide corrosion. The steel is coated by packing it in a retort in aluminium powder. Heating gives an aluminium coating from 10 to 40 thousandths of an inch thick. The maker says the coating can only be removed by machining.

Super-speed Cement

A cement formulation which will set in one or two minutes after mixing with water is available in Germany for special jobs in the building industry. It contains no salts which might cause a slowing-down in the setting process or a discoloration of the finished surface. The cement is specially suitable for filling anchoring holes in foundations for heavy machinery and is claimed to permit rapid installation of sanitary equipment, heating apparatus and switchboards. It can also be used to coat damp walls in cellars and, if necessary, can be applied dry, the seepage providing the moisture to set it.

Machine to Make Paper Bags

An Austrian enterprise, Ing. Josef Schachl, Linz/Donau, Obere Donaulaende 7, Austria, has developed a special table machine for the manufacture of small bags made of paper—also plastic coated—or foils, measuring 50 x 80-95 x 150 mm., with a capacity of 150 bags per minute. The special processing system—contrary to the usual types the bags have two longitudinal seams—makes the bags particularly suitable for automatic dosing machines which require very resistant bags. Operation is claimed to be simple and efficient and no skilled labour is required. Piles of about 2,000 paper cuttings (the number varies according to the thickness of the material) are placed on the feeding table of the machine from where the bottom paper is taken away by suction and carried on by a grip. The fact that the bottom paper is taken from the pile has the advantage that the pile may always be completed without stopping operation. The cuttings are folded and glued and finally counted by an electro-magnetic counter before they leave the machine. The clear and simple layout of the machine makes it quite easy to shift from one size to another. The machine requires a floor space on a table top of 700 x 1,200 mm. only. On request a suitable steel profile table is supplied with the machine. Power consumption of the machine which operates on the rotation principle, amounts to 0.3 h.p. for the main drive and 0.4 h.p. for the rotary piston ventilator. In order to make it possible to use the machine for more than one purpose, two models are turned out: one for the manufacture of small paper bags, the other for gluing folding boxes, mainly of the type used for pharmaceutical articles, which are very often still glued by hand. The difference lies only in the feeding device; design, capacity and weight are the same.

Rinsing Machine for Cheese Making

A Dutch firm has developed, in conjunction with the Co-operative Dairy Association of Friesland, a rinsing machine for the continuous cleaning of cheese basins and followers (covers for pressing the curd down). The machine is suitable for incorporation in a conveyor-belt system. The basins are fed in by a conveyor belt and placed upside down on a belt running through the machine. As they pass through the machine, the basins are thoroughly cleaned by a curtain of rising water. On leaving the machine, the basins are up-ended. They then pass onto a cloth belt, where the cloths and curd are put into them. The rinsing water can be brought to and held at the desired temperature by means of a controller, so that the cheese basins also emerge from the rinser at a predetermined temperature. This is very important for the quality of the cheeses to be prepared. Electric switches, thermometer and pressure gauge are housed in a common, sealed cabinet. Removable panels provide easy access to the internals of the machine, which is capable of cleaning out all kinds of cheese containers (plastic, wooden, stainless steel) of all dimensions. The machine does not take long to mount and commission, as it does not require any special foundations or fixtures. Moreover, only one steam line, one water line and one power line are needed. The machine takes up little floor space. It is fully adapted to modern mechanised methods of cheese-making and can also be used in dairies where these methods are not yet applied.

Detachable Tyre Tread

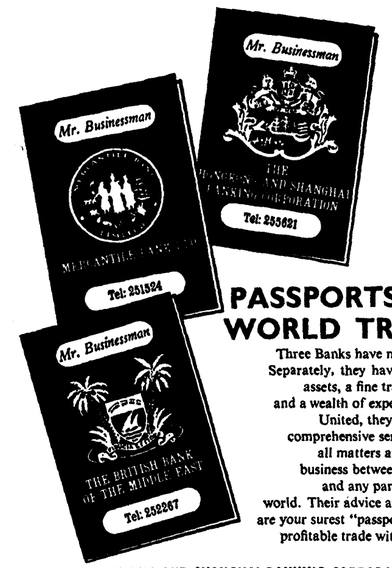
Russian engineers have developed a detachable tyre tread. The Yaroslav tyre factory is now producing such tyres for lorries. The development work it is said took three years. The tread consists of three rubber rings on a metal base. They are mounted on the tyre, which is then inflated. This locks the rings into place. Tests so far made show that with one change of treads the tyres have a running life of up to 200,000 kilometres (about 125,000 miles), against a tyre life of upto about 30,000 miles for standard tyres. The new ones have therefore roughly double the life of the old. They are 50 per cent dearer than standard ones because of the metallic cord involved. Existing factory equipment is usable, so that new capital investment is not needed. How the detachable-tread system would compare with the normal retreading in countries of the west is so far unknown.

Powder Fire Extinguisher

A patent taken out by Dr. Walter Brell of Bad Godesberg in East Germany—Patenschrift 22629—describes a new powder for the extinguishing of fires. Inquiries should be sent to Amt fur Erfindungs-un-Patentweisen, Deutsche Demokratische Republik. The material is a mixture of sodium sulphite and ammonium sulphate. The first, being a reducing agent, takes up oxygen and turns into sulphate. The finely divided ammonium sulphate combines with the sodium sulphate to make sodium hydrogen sulphate and releases ammonia, which has a powerful extinguishing action in itself. Further physical-chemical actions take place. The sodium hydrogen sulphate becomes liquid above 315 degrees C. At higher temperatures gases sulphur dioxide and nitrogen are released. These are also powerful extinguishers. The powder is capable, according to the inventor, of dealing not only with gas and liquid fires, but also with fires of solid substances.

Industrial Noise Protector.

Noise, which is unpleasant at all times, can even be dangerous in certain industries by causing premature fatigue among the workers and thus increasing the possibility of accidents. A Swiss engineer has put an industrial noise protector on the market, in the form of two pads held over the ears by a sheathed metal blade, somewhat similar to a telephonist's earphones. This protector is also available in a hat for the use of workers employed in the open. The "Riwosa" protector can be made to fit any shape of head; furthermore there is no danger of infection or wounds, for no part of it enters the ear; it is comfortable to wear, even over a long period of time, it is washable and therefore hygienic. Reducing noise by about 45 decibels, it is recommended for use in engineering and boiler works, weaving mills, engine testing sheds, on aerodromes, in the construction of tunnels and in all concerns in which the personnel is exposed to intense noise for a long period of time.



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INDIA'S FOOD IMPORTS DECLINE

INTAKE OF MACHINERY, HOWEVER, HIGHER

TRENDS in India's export trade in 1961 were examined in these columns last week. It is now proposed to follow up this study by an analysis of the import trade in the last calendar year. In spite of the restrictive import policy, imports have been running much ahead of export earnings, with the adverse balance being met by aid from friendly countries, by drawing down foreign exchange reserves and by loans from the I.M.F. According to provisional figures released by the Department of Commercial Intelligence and Statistics, Calcutta, the total imports aggregated Rs. 1,002 crores in the fiscal year 1961-62, showing a decline of Rs. 105 crores, as compared with 1960-61, when they touched a peak of Rs. 1,107 crores (revised). This level is still higher by Rs. 43 crores, as compared with 1959-60. The performance on the export front in 1961-62 was, however, notable in one important respect. For it was during this year that the consistently upward trend in imports noted since 1958-59, following larger demand for capital goods and raw materials generated by the second Plan, was arrested. It must be borne in mind here that, while figures for 1961-62 are provisional, those for 1960-61 are revised. So when 1961-62 import figures are revised, taking into account certain items under Government account (now excluded from provisional figures), the total imports are likely to be bigger.

Since the commodity-wise and country-wise figures for the import trade are not yet available for the whole of the fiscal year 1961-62, it is proposed to analyse here the trends in imports for the calendar year 1961. Table I on this page shows group-wise and commodity-wise pattern of imports in 1961, as compared with the previous two years. Groupwise, the decline in imports was accounted for mainly by a sharp fall in the intake of foodstuffs. Purchases of crude raw materials and manufactures too were lower. The decline in the case of several items was the result of further curbs imposed, following their larger availability from domestic sources. There was, however, a notable increase in imports of machinery. The following table shows the percentage share of major commodity groups comprising India's imports during the 12 months ended December 1961:

	1961	1960	1959
Foodstuffs	12	19	19
Crude raw materials, including fuels and oils	22	22	19
Chemicals	9	8	9
Manufactures	21	21	20
Machinery and transport ..	35	30	30

It will be seen from the table above that the broad commodity pattern remained more or less the same in 1961, barring foodstuffs and machinery, including transport equipment. The decline in imports of foodstuffs was the result of a marked fall in the purchases of cereals, following the recovery in food production during two successive years 1959-60 and 1960-61, from the setback suffered in 1958-59. The rise in expenditure on foreign machinery and vehicles (despite smaller purchases of certain transport items), reflects broadly the increasing tempo of industrial development in the country. It may also be mentioned here that, although the import of raw materials (including mineral fuels and oils and fats) showed a decline in absolute terms, their proportionate share remained unchanged. Another noteworthy point is that, while developmental imports have claimed a larger share of foreign exchange, the demands of maintenance imports have by no means been neglected. The overall index of industrial production, however, was higher by only about 8 per cent at 181 during the ten months of 1961, which compares unfavourably with 12 per cent in the corresponding period of 1960. The reason for the decline in the rate of growth of industrial output are the shortages of coal, power and transport and only to some extent of foreign exchange.

Wheat and Rice

As already noted, the largest decline in imports, commodity-wise, was registered by wheat and rice. The import of wheat fell by as much as over 50 per cent to Rs. 73 crores in 1961, as compared with the peak levels of the previous year. There was a still sharper decline in the import of rice, namely, by Rs. 15 crores to Rs. 11 crores. The intake of iron and steel was lower by Rs. 16 crores at Rs. 102 crores, thanks to the increase in domestic production of steel from the three public sector plants and others in the private sector. Raw cotton was another commodity, the import of which moved down markedly. During the year under review, thus imports of this commodity amounted to only Rs. 69 crores, as against Rs. 75 crores. This fall is on account of better cotton crop in the country in 1960-61. Still, the 1961 figure is much higher, as compared with the import of cotton worth Rs. 35 crores in 1959. The import of raw jute was also smaller. There was a modest decline in the import of textile yarn and thread as well. Purchases of several items of transport and its equipments were smaller, particularly railway vehicles and aircraft. Imports of some of the non-ferrous metals such as copper, zinc, lead and nickel, too, climbed down; but they were still generally higher than those in 1959. Among the other important items of imports which had staged a fall, mention may be made of petroleum products, wood and lumber, pulp and waste paper, iron and steel scrap, non-ferrous metal scrap, ores of non-ferrous metals, hides and skins, organic and inorganic chemicals and pharmaceuticals.

There was, however, a large number of goods, particularly machinery and components, the imports of which tended to move up. Thus, the import of mining, construction and industrial machinery rose by as much as Rs. 33 crores to Rs. 148 crores. Similarly, marked improvement was noted in the case of metal-working machinery, electric machinery and equipments and other power-generating machinery. India also bought more petroleum (crude and partly refined), coal-tar dyestuffs, manufactured fertilisers, tin, aluminium, paper and paperboard and scientific instruments.

TABLE I—*Imports—Commodity-wise*

(Value in rupees lakhs)

	1961	1960	1959
Food	119,14	210,22	181,54
Of which:			
Wheat	73,06	146,68	134,98
Rice	11,21	25,54	11,42
Maize	3,27	3,07	3,09
Condensed milk and cream ..	6,45	5,87	7,45
Dairy products	1,06	1,09	1,16
Fish	3,24	3,68	2,97
Fruits and vegetables ..	17,91	18,94	16,52
Eggs	18	11	16
Cocoa	17	16	15
Spices	1,47	2,19	2,52
Mineral Fuels	75,98	78,46	78,33
Of which:			
Petroleum crude and partly refined.	31,62	22,87	9,33
Petroleum products	47,89	55,55	68,93
Coal, coke and briquettes ..	14	5	7
Crude (Raw) materials (except fuel) ..	134,09	150,64	94,93
Of which:			
Raw cotton	69,32	75,27	34,77
Raw jute	7,18	7,94	1,47
Other vegetable fibres ..	1,13	1,11	86
Silk	49	59	56
Wool, etc.	11,40	10,70	9,17
Fertilisers, crude	2,52	2,64	2,54
Other crude minerals, *including* sulphur and asbestos ..	7,11	706	6,32
Wood, lumber and cork ..	1,80	575	5,54
Pulp and waste paper ..	6,43	6,86	6,94
Iron and steel scrap	42	78	1,29
Hides and skins	2,19	2,57	1,73
Ores of non-ferrous metals ..	25	57	62
Non-ferrous metal scrap ..	1,55	2,30	1,54
Oils and Fats	5,50	5,37	4,67
Of which:			
Vegetable oils (olive, palm, etc.) ..	4,27	4,26	3,86
Animal oils and fats ..	81	97	64
Oils and fats processed, wax, etc. ..	42	14	18
Chemicals	85,97	88,22	88,13
Of which:			
Inorganic chemicals	12,85	16,11	24,09
Organic chemicals	22,93	24,80	18,18
Coal tar dyestuffs, etc. ..	11,33	9,16	7,14
Dyeing and tanning extracts	1,39	1,26	1,29
Pigments and paints	1,88	1,75	1,16
Medicinal and pharmaceuticals	10,71	10,97	8,91
Essential oils and perfumes	1,16	1,27	1,01
Fertilisers, manufactured ..	13,00	11,04	15,83
Explosives and miscellaneous	13,38	11,79	10,49
Manufactured Goods ..	209,55	229,17	186,79
Of which:			
Textile yarn and thread ..	13,38	14,45	14,88
Cotton fabrics of standard type	43	82	1,19
Other fabrics of standard type	75	1,05	2,29
Special textile fabrics ..	1,11	1,23	88
Iron and steel	1,02,16	117,63	85,11
Copper	20,53	22,02	16,45
Nickel	1,41	1,44	81
Aluminium	7,76	7,29	5,99
Lead	2,30	2,63	2,41
Zinc	3,50	3,88	5,28
Tin	5,17	4,28	4,77
Miscellaneous *n-f*: metals	65	75	57
Silver and platinum	13	11	8
Precious stones and pearls ..	1,06	1,10	72
Leather and its manufactures	28	30	41
Rubber manufactures	3,89	2,84	1,17
Paper and paperboard ..	13,78	12,16	10,22
Clay and refractory goods ..	2,55	2,69	4,12
Glass	78	66	33
Glassware	51	37	48
Other metal manufactures ..	17,61	18,37	2,21
Machinery and Transport ..	351,72	305,34	283,47
Of which:			
Electric machinery	63,45	54,66	54,16
Other power-generators ..	26,60	26,25	28,60
Agricultural machinery ..	84	86	71
Tractors (other than steam)	5,36	5,34	2,55
Office machinery	3,39	1,65	62
Metal working machinery ..	46,56	34,46	27,71
Mining, construction and other industrial machinery ..	148,14	115,20	91,23
Railway vehicles	11,17	22,03	30,28
Road motor vehicles	33,55	32,10	30,86
Other road vehicles	1,42	1,51	1,07
Aircrafts	9,49	10,46	14,76
Ships and boats	1,14	83	90
Miscellaneous Manufactures			
Of which:			
Scientific instruments ..	7,10	5,55	5,41
Photographic and cinematographic supplies	3,78	4,04	4,57
Grand Total (including others)	1,014,83	1,091,83	940,39

TABLE II—*Imports—Country-wise*

(Value in rupees lakhs)

	1961	1960	1959
EUROPE			
E. F. T. A. Countries	233,38	240,83	209,34
U.K.	200,36	211,61	184,18
Switzerland	10,67	9,87	7,98
Sweden	14,14	13,29	10,78
Denmark	1,78	1,87	2,02
Norway	3,51	3,85	3,04
Austria	3,66	2,89	1,96
Portugal	34	35	38
Common Market	122,61	193,09	105,35
West Germany	125,58	116,64	130,32
France	10,86	21,38	21,71
Italy	24,01	25,46	20,75
Belgium	10,73	17,24	18,50
Netherlands	11,78	18,08	19,19
Luxembourg	20	44	29
Communist Countries	66,66	37,96	38,32
Russia	25,45	13,83	17,89
East Germany	5,10	2,62	3,21
Poland	7,44	3,99	4,14
Czechoslovakia	14,28	7,12	5,74
Hungary	4,76	5,09	3,42
Rumania	4,55	3,89	1,61
Bulgaria	84	87	25
Yugoslavia	4,79	4,45	2,37
Others	4,07	2,86	2,80
Finland	6	3	10
Greece	2	3	1
Turkey	40	1	23
Spain		109	
AMERICAS			
U.S.	240,00	292,06	217,85
Canada	17,46	15,18	27,87
Argentina	17	6	
Cuba	..	8	7
Chile	41	26	
Brazil	8	6	88
Mexico	1,19	1,28	17
Peru	8	8	55
OCEANIA			29
Australia	17,60	23,06	13,55
New Zealand	1,85	1,49	1,06
ASIA			
Japan	60,70	56,78	41,74
Ceylon	4,41	3,07	5,05
Burma	5,33	20,45	15,68
Pakistan	11,58	13,18	5,51
Afghanistan	2,88	5,04	5,70
Iran	31,30	34,87	26,56
Saudi Arabia	17,85	19,64	20,10
Malaya	13,57	12,67	10,56
Singapore	9,16	11,60	9,09
Indonesia	1,87	3,95	8,82
Thailand	2,00	91	38
Philippines	39	40	50
Aden	2,44	1,62	32
Iraq	2,88	4,12	1,28
Bahrein	4,84	60	3,01
Kuwait	60	8	4,28
Hong Kong	1,24	1,68	6,16
Cambodia	1	3	75
South Vietnam	10	1	..
China	1,71	3,26	..
			4,90
AFRICA			
Egypt	10,30	21,12	
Syria	1,07	1,06	6,05
Kenya	10,14	14,12	1
Uganda	1,61	1,62	11,64
Tanganyika	8,56	1,01	64
Ghana	10	55	2,21
Nigeria	1,44	51	31
Sudan	8,41	9,35	37
Zanzibar and Pemba ..	1,87	2,23	10,66
Mozambique	6,69	5,68	3,61
Rhodesia, northern ..	9,68	10,66	1,57
Rhodesia, southern ..	2,66	5,06	4,69
Morocco	20	56	88
Seychelles	56		
Grand Total (including others)	1,014,83	1,091,83	940,39

BOWREAH AND DUNBAR MILLS' RESULTS BETTER

IMPROVEMENT IN PROFIT-MARGIN

THE two rather medium-sized Calcutta cotton textile mills, namely, Bowreah Cotton Mills Company Ltd. and Dunbar Mills Ltd., under the Managing Agency of Messrs. Kettlewell Bullen and Company Ltd., are among the several mills in the country that have shown considerable improvement in their working in 1961, which saw a full year's working of the industry's self-imposed voluntary price control scheme. During the year, sales realisations of both the companies rose to new peaks. In the case of Bowreah, they improved from Rs. 197.72 lakhs to Rs. 274.53 lakhs, and in the case of Dunbar, from Rs. 242.39 lakhs to Rs. 306.92 lakhs. Despite a perceptible increase in both manufacturing and operational expenses, there has been a distinct improvement in the gross profit of both the mills, Bowreah's from Rs. 27.18 lakhs to Rs. 45.93 lakhs and Dunbar's from Rs. 37.20 lakhs to Rs. 53.43 lakhs. The third and more vital growth indicator, profit-margin (ratio of gross profit to sales) has also moved up by three points to 16.7 per cent for Bowreah and from 11.2 per cent to 17.4 per cent for Dunbar.

The increase in expenses is basically due to larger production than in the previous year, as is reflected in higher sales and inventory. This is also confirmed by the fact that the increase is more pronounced in manufacturing costs, whereas staff expenses rose because of the full implementations of the wage board recommendations. Thus, as against a rise from Rs. 88.86 lakhs to Rs. 123.44 lakhs in the cost of cotton yarn purchased and from Rs. 31.55 lakhs to Rs. 46.05 lakhs in the expenses incurred on stores, spares, power and fuel by Bowreah, staff expenses increased from Rs. 48 lakhs to Rs. 62.10 lakhs and other expenses from Rs. 12.72 lakhs to Rs. 15.08 lakhs. Similarly, the yarn cost of Dunbar was roughly Rs. 17 lakhs more at Rs. 147.99 lakhs, and of stores, etc., about Rs. 10 lakhs more at Rs. 40.68 lakhs, while its staff expenses rose from Rs. 57.38 lakhs to Rs. 71.63 lakhs and other expenses from Rs. 12.79 lakhs to Rs. 13.05 lakhs. The excise burden borne by Bowreah rose from Rs. 24.42 lakhs to Rs. 31.75 lakhs and of Dunbar from Rs. 13.81 lakhs to Rs. 19.59 lakhs.

Notwithstanding the substantial improvement in the gross profit, the Directors of Bowreah have increased the provision for depreciation only slightly from Rs. 11.99 lakhs to Rs. 12.31 lakhs and those of Dunbar have, in fact, reduced it from Rs. 9.93 lakhs to Rs. 8.86 lakhs. Presumably this is because of the provision to be made for arrears on this account to meet which both the companies have set aside Rs. 6.50 lakhs each. Providing for arrears of depreciation for the first time in the past four years, Bowreah has probably much of unabsorbed depreciation and has, therefore, made no provision for taxation. To make up for the past deficiency in a similar situation, Dunbar has, however, provided as much as Rs. 20.75 lakhs, as against a mere Rs. 1.60 lakh in the previous year, to meet the tax liability.

Out of the distributable surplus, the Directors of Bowreah have transferred Rs. 17.25 lakhs to reserves, as against Rs. 9 lakhs in the previous year, and doubled the equity dividend to 20 per cent, subject to tax. But the Directors of Dunbar have reduced the amount of profit retained in business from Rs. 14.10 lakhs to Rs. 5.61 lakhs and maintained the dividend at 20 per cent, taxable, albeit on the increased equity capital following the issue of 95,000 shares of Rs. 10 each to the shareholders as on 15th June 1961 in the form of one-for-three rights issue at par. Consequently, the amount absorbed by the dividend is higher by Rs. 1.90 lakh. However, both the companies have adequate surplus to carry forward.

The table accompanying this review gives a fair idea of the two companies' progress in the past four years and also provides an interesting comparison of their respective positions during that period.

During the year under review, both the companies continued their modernisation programmes. Bowreah completed installation of Whitin combers, Barber Colman winding and warping machines and mercerising range, which gave satisfactory performance. The hot air stenter has since arrived and is expected to go into operation very soon. Apart from additions to the plant and machinery to the extent of Rs. 25.18 lakhs during the year, orders worth about Rs. 25 lakhs were outstanding for further modernisation of the mills. Dunbar added Rs. 6.79 lakhs to its plant and machinery during the year and had outstanding orders worth about Rs. 18 lakhs.

The year-end balance-sheet of Bowreah reveals increasing reliance by the Company on outside funds to finance its modernisation programme and other operations. In addition to debentures of the order of Rs. 20.65 lakhs, the Company has secured loans from banks amounting to Rs. 79.41 lakhs, as against Rs. 59.75 lakhs in the previous year. At the same time, unsecured loans have shrunk but a little from Rs. 30 lakhs to Rs. 25 lakhs. The current liabilities and provisions have gone up from Rs. 28.02 lakhs to Rs. 36.12 lakhs. Inclusive of secured loans, less debentures, its total liability to outsiders is Rs. 140.55 lakhs and exceeds current assets, loans and advances aggregating Rs. 135.67 lakhs. This apart, as against the written down value of Rs. 93.75 lakhs of the gross block of Rs. 180.34 lakhs, the Company's own funds comprise capital of Rs. 36 lakhs and reserves and surplus of Rs. 33.56 lakhs. To overcome this undercapitalisation, the Directors have rightly decided to issue at par 96,000 ordinary shares of Rs. 10 each in the proportion of two ordinary shares for every five shares held.

The financial position of Dunbar is relatively more satisfactory. Its paid-up capital of Rs. 38 lakhs is adequately covered by reserves and surplus at Rs. 48.39 lakhs. With the additional capital issued during the year, as mentioned before, it has reduced its secured bank borrowings by about Rs. 6 lakhs to Rs. 74.15 lakhs and returned the previous year's loan of Rs. 12.22 lakhs from the Managing Agents. However, its aggregate liability to outsiders, excluding debentures of Rs. 25.76 lakhs but including Rs. 48.93 lakhs being current liabilities and provisions, has increased during the year from Rs. 116.80 lakhs to Rs. 123.09 lakhs. But it is adequately covered by current assets, loans and advances totalling Rs. 178.91 lakhs. The gross block increased from Rs. 157.23 lakhs to Rs. 167.86 lakhs during the year, and has been written down to Rs. 53.99 lakhs.

The Rs. 10 fully paid ordinary shares of Bowreah are currently quoted at Rs. 39.12 *cum-div., ex-right*, and offer, on an *ex-div.* basis, a net yield of 3.7 per cent per annum, presuming that the same rate of dividend will be maintained on the increased capital. The Rs. 10 Dunbar shares are quoted at Rs. 34 *cum-div.*, and the net yield on them, on an *ex-div.* basis, works out to nearly 4 per cent per annum.

(In lakhs of rupees)

	Bowreah Cotton Mills				Dunbar Mills			
	For the year ended 31st December				For the year ended 31st December			
	1961	1960	1959	1958	1961	1960	1959	1958
ale proceeds	274.53	197.72	214.12	171.71	306.92	242.39	194.47	183.99
losing stocks	72.63	57.90	46.89	66.94	110.56	92.70	73.60	57.91
ther income	3.29	1.08	4.28	6.85	1.70	6.05	1.29	1.53
otton yarn purchased	123.44	88.86	89.85	96.47	147.99	130.00	110.89	96.07
tores, spares, power and fuel	46.05	31.55	30.30	31.90	40.68	30.17	26.50	24.44
taff expenses	62.10	48.00	49.92	49.32	71.63	57.38	42.51	44.55
ther expenses	15.08	12.72	11.96	10.60	13.05	12.79	11.00	10.71
ross profit	45.93	27.18	17.32	0.65	53.43	37.20	20.55	3.16
rovision for—								
Depreciation	12.31	11.99	9.66	..	8.86	9.93	10.06	..
Taxation					20.75	1.60	..	..
anaging Agents' remuneration	3.20	1.62	0.45	0.45	4.46	2.75	0.90	0.50
et profit	30.42	13.67	7.21	0.20	19.36	22.92	9.59	2.66
tabilities, provisions written back	0.32	0.06	0.09	0.12	0.48	0.18	0.16	—0.65*
ransfer from reserves and other adjustments	..	..	0.67	—1.85	..	2.84	..	0.80
rrears of depreciation	6.50	..	..	..	6.50	8.00	..	..
o reserves	17.25	9.00	8.65§	..	5.61	14.10	1.00	0.88
ividends—								
8% 'A' preference	0.62†	1.25†	3.36†	..	..	..	..	..
7½ 'B' preference	0.53†	0.55†	..	..	..	..	..	..
Ordinary	4.80	2.40	..	..	7.60	5.70	2.85	..
	(20%)†	(10%)†	..	..	(20%)†	(20%)†	(10%)†	..
arry forward	2.16	1.14	0.60	0.35	2.30	2.16	4.02‡	0.12
	1961	1960	1959	1958	1961	1960	1959	1958
arket value of ordinary share (In rupees):								
High	37.75†	192.00	165.00	126.00	33.25	23.00†	230.00	141.00
Low	23.00†	145.00	90.00	100.00	22.12	20.50†	139.50	113.50

* Accounting for Rs. 0.74 lakh, being workers' bonus for 1955.
§Includes transfer to development rebate reserve for 1958.
† Subject to deduction of tax.
‡ The Rs. 100 fully paid shares were split into Rs. 10 paid-up.

SHIVRAJPUR SUFFERS SHARP SETBACK

The Shivrajpur Syndicate Ltd. (Managing Agents: Messrs. Killick Industries Ltd., Bombay) suffered a sharp setback during the year to 30th November 1961, as is indicated in a loss of Rs. 5.81 lakhs, before depreciation and taxation, as against a gross profit of Rs. 28.78 lakhs earned in the previous year. The loss has been minimised to the extent of Rs. 1.77 lakh being income from other sources, which was Rs. 0.32 lakh in the previous year. Explaining the setback, the Directors state that, as the Government had stopped barter deals involving export of manganese ore with effect from January 1961, demand for the Company's ores was poor, and, consequently, shipment and deliveries effected during the year aggregated only 41,157 tonnes, as against 92,529 tonnes in 1959-60, and gross sales realisations dropped with a bang from Rs. 124.92 lakhs to Rs. 51.72 lakhs, leaving large stocks at close of Rs. 39.65 lakhs, as against Rs. 28.34 lakhs in the previous year. While sales and inventory put together indicate a decline in production, presumably voluntarily enforced by the management in the circumstances, there has been only a slight drop in the cost of stores and spare parts consumed from Rs. 6.26 lakhs to Rs. 5.49 lakhs, whereas the cost of power and fuel has been higher at Rs. 3.12 lakhs as against Rs. 2.83 lakhs in the previous year. This is true of staff expenses also which at Rs. 35.18 lakhs are higher by Rs. 2.36 lakhs. Other expenses have come down considerably from Rs. 47.52 lakhs to Rs. 26.82 lakhs. The loss has been increased to Rs. 11.30 lakhs with the provision of Rs. 5.49 lakhs (Rs. 5.54 lakhs a year before) for depreciation. The dividend, which was Rs. 8 including Rs. 3 cash bonus on Rs. 10 fully paid share in the previous year, has, therefore, been skipped. The transfer to gratuity reserves has been increased from Rs. 0.50 lakh to Rs. 1 lakh. By withdrawing a sum of Rs. 5.23 lakhs from reserves and provisions, the debit balance carried forward has been minimised to Rs. 7.05 lakhs.

With the introduction of export quota restrictions from January 1961, the Company was granted a quota of 59,130 tons for the calendar year 1961. A similar quota has been granted for this year. The shipments outstanding on 30th November 1961 covered a quantity of 16,695 tonnes for delivery this year. Development on the third level at Shivrajpur 'Underground' was satisfactory and the production of high and low grade ore was similar to that of the previous year. The No. 3 shaft was sunk up to a depth of 540 feet and then discontinued, in view of the depressed state of the manganese market. No mining operations were carried out at the Bamankua mine during the year. Production of high grade ore from underground at the Pani mine was satisfactory, and opencast and waste dump workings continued normally. New building constructions were put off, because of the depressed market conditions. A strike by workers from 15th to 22nd March 1961 over past bonus was settled by agreement. The reduction in the railway freight on manganese ore from January 1962 will benefit the Company by Rs. 7.30 per tonne, the reduced freight rate being Rs. 14.30. It is, however, to be in force only for one year to begin with. Accumulation of stocks and unencouraging market conditions have led the Company to resort to a 50 per cent cut over the previous year in its mining operations and temporarily close the Pani mines from 15th January 1962. Consequently, 1,730 employees were retrenched in January and February this year. As for the immediate outlook for the Company, the Directors pin their hopes on their present efforts to sell sizable quantities of ore and the possibility of re-extending barter facilities to the trade.

With the issue of 1 : 1 bonus share during the year, the issued capital of the Company has increased from Rs. 10.50 lakhs to Rs. 21 lakhs, of which Rs. 20.87 lakhs is paid-up. It is supplemented by reserves and surplus of Rs. 59.89 lakhs. As against nil in the previous year, borrowings have gone up to Rs. 36.57 lakhs during the year under review, excluding unsecured loans of some Rs. 600. Current liabilities and provisions have, however, come down from Rs. 62.85 lakhs to Rs. 18.83 lakhs. The total liability to outsiders works out to Rs. 55.40 lakhs and is adequately covered by current assets, including book debts but excluding investments, of Rs. 71.24 lakhs. Out of investments of Rs. 3.02 lakhs, Rs. 3 lakhs are quoted and command a market value of Rs. 1.38 lakh. The gross block of Rs. 110.96 lakhs, showing an increase of Rs. 4.41 lakhs during the year, has been written down to Rs. 61.48 lakhs. Inclusive of works-in-progress at Rs. 0.42 lakh, the net block is shown in the balance-sheet at Rs. 61.90 lakhs.

NATIONAL MACHINERY MANUFACTURERS

MAIDEN DIVIDEND PROPOSED

A SINGULAR feature of the working of the National Machinery Manufacturers Ltd. (Chairman: Mr. K. M. D. Thackersey, Bombay) during the year ended 31st December 1961 is that it has helped the Company to emerge stronger than it was before. It will be recalled that, since its inception in 1947, the Company saw quite a few ups and downs. Not too far back (in 1958), it suffered a renewed setback. While the improvement witnessed last year was an extension of the recovery since then, it has an added significance, for it marked an end to the legacy of the 1958 setback and still leaves sufficient profit to enable the Directors to propose a maiden dividend of 6 per cent subject to tax.

During the year, sales maintained their uptrend and improved by Rs. 66.91 lakhs to Rs. 365.34 lakhs. But the recovery is more noticeable in gross profit which has staged a rise of Rs. 28.93 lakhs to Rs. 61.17 lakhs. Consequently, there is an increase of nearly six points, from 10.8 per cent to an encouraging level of 16.7 per cent, in the profit-margin (ratio of gross profit to sales). The improvement would have been more marked but for higher prime costs amounting to Rs. 189.04 lakhs, as against Rs. 166.82 lakhs in the previous year and staff expenses of Rs. 90.49 lakhs as against Rs. 86.41 lakhs. After providing Rs. 15.14 lakhs for depreciation, the net profit amounts to Rs. 46.03 lakhs. And before utilising this distributable surplus to pay the dividend, the Directors have provided Rs. 18.82 lakhs for wiping off arrears of depreciation which has now been fully provided on normal and shift basis. No provision has been made for taxation because of this unabsorbed depreciation. They have also retained Rs. 6.86 lakhs (Rs. 1.31 lakh in 1960) in business. The dividend absorbs Rs. 15.14 lakhs, leaving a surplus of Rs. 1.38 lakh to be carried forward as against a debit balance of Rs. 3.97 lakhs brought in.

The table below gives at a glance a fair idea of the Company's working in the past four years.

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds (gross)	365.34	298.43	221.97	229.60
Closing stocks	90.31	96.45	90.31	58.09
Other income	3.38	4.04	3.37	5.35
Raw materials, stores, power and tools	189.04	166.82	142.21	184.58
Staff expenses	90.49	86.41	77.72	71.15
Other expenses	19.27	21.07	19.94	22.91
Gross profit (+) or loss (—)	+61.17	+32.24	+17.11	—4.05
Provision for—				
Depreciation	15.14	15.63	14.14	14.58
Taxation	..	..	..	1.14
Net profit (+) or loss (—)	+46.03	+16.61	+2.97	—19.77
Excess provisions written back	0.20	..	2.16	..
Arrears of depreciation	18.82	..	..	..
Past expenses	..	0.98	0.46	..
Loss or amount written off on fixed assets, patents	0.07	..	..	..
To reserves	6.86	1.31	3.81*	..
Dividend	15.14 (6%)†	..	..	..
Carry forward, credit (+) debit (—)	+1.38	—3.97	—18.29	—19.77

* Includes Rs. 1.94 lakhs for 1958.
† Subject to deduction of tax.

There was an all-round increase in the production of ring frames, spares and conversion materials during the year. Nonetheless, because of insufficient quality raw materials and components, it was inadequate to meet the demand. Although it is proposed to overcome these difficulties by procuring indigenous supplies, imports cannot be entirely done away with and these are difficult to obtain because of foreign exchange shortage. The preliminary work connected with the establishment of the manufacture of NMM-RUTI automatic looms in collaboration with Ruti Machinery Works Ltd., Switzerland, has now been almost completed and production is expected to be established in the near future. The Company proposes to manufacture 1,500 looms a year in the first instance. The imported components required for the first phase of the production programme have started arriving according to schedule.

Because of the unsteady working, the Company has so far had no opportunity to build up any large reserves. Accordingly, they now stand at a total of Rs. 12.53 lakhs, as against the paid up capital of Rs. 252.40 lakhs, of which Rs. 26 lakhs is for consideration other than cash. It reduced its secured bank borrowings from Rs. 111.36 lakhs to Rs. 15 lakhs during the year. But unsecured loans from banks rose from Rs. 82.71 lakhs to Rs. 112.02 lakhs. Its other liabilities and provisions aggregate Rs. 165.08 lakhs. As against this, current assets, loans and advances amount to Rs. 384.51 lakhs. Its gross block increased from Rs. 304.80 lakhs to Rs. 321.14 lakhs and has been written down to Rs. 172.52 lakhs.

TENSILE STEEL LIMITED

Tensile Steel Ltd. (Managing Agents: Messrs. Shah Industries [Private] Ltd., Baroda) has completed about 40 per cent of the construction at the factory site for which it has acquired 118,580 square yards of land from the Government of Gujarat. Messrs. C. Itoh and Company Ltd. of Tokyo, Japan, one of the collaborators of the Company, has made definite arrangements to ship the plant and equipment between September and November this year, which will be erected by the year-end. Giving this information to the shareholders at the Company's first annual general meeting, held at Baroda on Saturday, 19th May, the Chairman, Mr. C. C. Desai, disclosed that, in order to expedite the progress of erection, installation and operation of the plant, Mr. K. K. Omori, President of Shinko Wire Company Ltd., a subsidiary of Messrs. Kobe Steel Works Ltd., Japan (both of which are also collaborating in the Company's project), and a Director of the Company, was expected to arrive in Bombay on the 25th inst. He is to visit the factory site and finalise all technical and other details. Mr. Desai revealed that the Western Railway authorities would lay the railway siding at the factory site before the plant and machinery started arriving so that the Company could receive them straight at site.

Mr. Desai announced at the meeting that the Company, formed for the manufacture of 10,000 tons, per annum of high tensile steel wire, has submitted an application to the Government for expansion of its production capacity to cover a wide range of P.C. wire and other wire products, which negotiations are in progress. He stated that the Company has negotiated a loan of Rs. 20 lakhs and obtained a deferred payment guarantee of Rs. 22.37 lakhs in favour of Messrs. C. Itoh and Company Ltd. from the Industrial Finance Corporation of India. It has also negotiated cash credit facility for Rs. 25 lakhs with the Bank of India Ltd. on very reasonable terms. It has applied for the raw material import licences and the negotiations are in progress.

COMPANY MEETINGS AND DIVIDENDS

DELTA JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 31st May 1962. Dividend: Nil. Transfer books remain closed from 17th to 31st May 1962, both days inclusive.

KUMARDHUBI ENGINEERING WORKS LTD. Annual General Meeting, Calcutta, 31st May 1962. Dividend: Re. 0.35 per ordinary share, subject to deduction of tax. Transfer books remain closed from 17th to 31st May 1962, both days inclusive.

CHEVIOT JUTE MILLS CO., LTD. Annual General Meeting, Calcutta, 31st May 1962. Dividend: Re. 0.50 per ordinary share, subject to deduction of tax. Transfer books remain closed from 17th to 31st May 1962, both days inclusive.

FERRO ALLOYS CORPORATION LTD. Sixth Annual General Meeting, Tumsar, Maharashtra State, 4th June 1962. Dividend: 11 per cent or Rs. 11.00 per ordinary share, subject to deduction of tax, payable on or after 2nd July 1962. Transfer books remain closed from 21st May to 4th June 1962, both days inclusive.

BASMATIA TEA CO., LTD. Annual General Meeting, Calcutta, 31st May 1962. Dividend: Rs. 2.50 per ordinary share, subject to deduction of tax. Transfer books remain closed from 21st to 31st May 1962, both days inclusive.

HERCULES INSURANCE CO., LTD. Twenty-seventh Annual General Meeting, Calcutta, 6th June 1962. Transfer books will remain closed from 30th May to 6th June 1962, both days inclusive.

SEEDPORE COAL CO., LTD. Annual General Meeting, Calcutta, 7th June 1962. Dividend: Rs. 3.00 per ordinary share (includes interim dividend of Re. 1.00 per share). Transfer books remain closed from 26th May to 7th June 1962, both days inclusive.

PODAR MILLS LTD. Annual General Meeting, Bombay, 11th June 1962. Dividend: Rs. 12.00 per equity share (includes a special bonus of Rs. 2.00 per equity share), subject to deduction of tax, payable on and after 10th July 1962. Transfer books will remain closed from 9th to 16th June 1962, both days inclusive.

ANANDAM RUBBER CO., LTD. Nineteenth Annual General Meeting, Kottayam, Kerala State, 12th June 1962. Dividend: 18 per cent or Re. 1.80 per ordinary share, subject to deduction of tax. Transfer books will remain closed from 5th to 12th June 1962, both days inclusive.

TRAVANCORE RUBBER AND TEA CO., LTD. Eighteenth Annual General Meeting, Alleppey, Kerala State, 15th June 1962. Dividend: 10 per cent or Re. 1.00 per ordinary share (includes the interim dividend of 4 per cent or Re. 0.40 per share), subject to deduction of tax. Transfer books will remain closed from 1st to 15th June 1962, both days inclusive.

PHILIPS INDIA LTD. Thirty-second Annual General Meeting, Calcutta, 14th June 1962. Dividend: Re. 1.20 per ordinary share, subject to deduction of tax. Transfer books remain closed from 24th May to 14th June, 1962, both days inclusive.

ESCORTS LTD. Seventeenth Annual General Meeting, New Delhi, 15th June 1962. Dividend: Re. 1.30 per ordinary share, subject to deduction of tax. Transfer books remain closed from 26th May to 15th June 1962, both days inclusive.

INDIAN COPPER CORPORATION LTD. Thirty-eighth Annual General Meeting, Calcutta, 8th August 1962. Dividend: 6.48 pence or Re. 0.36 per unit of stock, subject to deduction of tax, payable on 31st August 1962. Transfer books will remain closed from 9th June to 1st July 1962, both days inclusive.

BOMBAY BURMAH TRADING CORPORATION LTD. Taxable interim dividends of Rs. 240 per share on original shares of Rs. 2,500 each; Rs. 12.00 per share on ordinary shares of Rs. 125 each and Rs. 4.80 per share, on ordinary shares of Rs. 125 each (Rs. 50 paid up), for the year ending 31st May 1962, payable on or after 25th June 1962.

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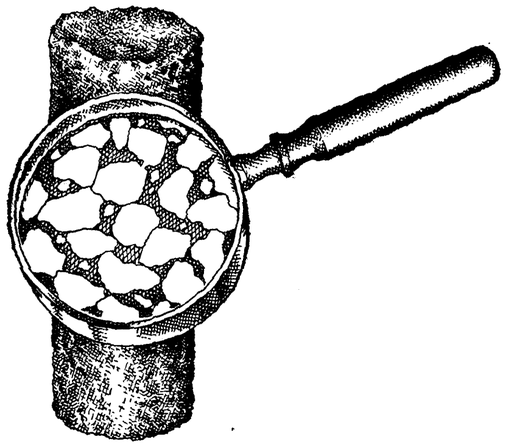

OIL'S LIVING ROOM

The hiding places of crude oil are certain types of rock buried deep in the earth. The oil occurs in the tiny spaces between grains of sand in sandstone rocks or little cracks in limestone. Often these spaces account for about one-fifth of the total volume of the solid-looking rock. (You can check this for yourself by filling a glass with dry sand and then seeing how much water can be poured in from another glass before it overflows).

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S. T. BADASIVAN
General Manager

SYNOPSES OF COMPANY REPORTS

Hope's Metal Windows (India) Ltd.

(*Secretaries*: Messrs. Balmer Lawrie and Co., Ltd., Calcutta.)

4th Annual General Meeting—25th May 1962.

Working Results for the year ended 31st December 1961:

The loss for the year was Rs. 44,842 (loss of Rs. 22,730 for 1960) which it is proposed to be carried forward.

Operations.—The construction of the Company's factory is almost complete and the installation of plant and machinery is presently taking place. Production is expected to commence shortly.

During the year the Company entered into an agreement with Henry Hope & Sons Ltd., Birmingham, England, which provides, *inter alia*, that the latter will supply and install in the Company's factory certain plant and equipment, payment for which will be made by the allotment to Henry Hope & Sons Ltd. of shares in the Company. At the annual general meeting a special resolution for the purpose of approving this allotment will be proposed.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	9,45,070	Block ..	74,630
Other liabilities ..	26,483	Current assets	5,17,596
		Investments ..	2,000
		Cash ..	3,09,755
		P.L. account deficit	67,572
	Rs. 9,71,553		Rs. 9,71,553

* Paid up capital consists of 94,507 ordinary shares of Rs. 10 each fully paid up.

Industrial Containers Ltd.

(*Secretaries*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

4th Annual General Meeting—25th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	93,22	18,88
Closing Stock—raw materials ..	15,68	43,88
,, —finished products	34	19
Gross profit	7,06	55
Transfer to depreciation	90	44
,, ,, taxation	2,67	Nil
Net profit	3,49	11
Adjustments (debit)	—63	—53
Appropriations:		
Total available balance	+2,86*	—42*
Transfer to development rebate reserve ..	20	21
,, ,, general reserve	1,00	Nil
Proposed dividend (taxable) Ordinary ..	1,20 (10%)	Nil (Nil)
Carry forward	+45	—63†

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

* After adjusting the debit balance brought forward from the previous year.

† Debit balance carried forward after taking into account the provision for development rebate.

Extracts from the Directors' report: *Operations.*—Largely owing to the stock of imported steel sheet purchased towards the end of 1960, normal production was maintained throughout the year. Indigenous steel sheet is still in short supply and prospects for the current year cannot be forecast owing to the uncertainty of regular supplies.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,070	Gross block ..	9,52,472
Reserves of surplus ..	1,87,065	—Depreciation ..	1,34,122
Other liabilities ..	18,03,451	Net block ..	8,18,350
		Current assets ..	23,69,706
		Investments	2,000
		Cash	530
	Rs. 31,90,586		Rs. 31,90,586

* Paid-up capital consists of 1,20,007 Ordinary shares of Rs. 10 each fully paid up.

Seebpore Coal Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting.—7th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales of coal (gross)	32,11	24,50
Closing stock of coal	66	41
Colliery expenses	11,94	6,64
Salaries and wages	12,21	10,23
Gross profit	6,64	5,13
Transfer to Managing Agents' commission ..	Nil	25
,, ,, Secretaries' and Treasurers' commission	40	12
,, ,, provision for losses	55	97
,, ,, depreciation	56	51
,, ,, provision for taxation	2,45	1,33
Net profit	2,65	2,02
Adjustments	57	62*
Appropriations:		
Total available balance	3,22	2,64
Transfer to development reserve	9	11
,, ,, capital reserve	Nil	†
,, ,, general reserve	1,00	50
To interim dividends (taxable) 5% C. preference..	12‡	Nil
,, ,, ,, ordinary ..	40 (14 2/7%)	40 (14 2/7%)
Proposed final dividends (taxable) 5% C. preference ..	12‡	25
,, ,, ,, ordinary ..	80 (28 4/7%)	80 (28 4/7%)
Total ordinary dividend ..	(42 6/7%)	(42 6/7%)
Carry forward	67	57

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items if any.

* This includes Rs. 16,789 being unclaimed dividends.

† Only a small sum of Rs. 200.

‡ Preference dividend is calculated at 6.5 per cent. per annum.

Extracts from the Directors' report: **Raisings** for the year from Lachipore Colliery were 1,10,903 tonnes compared with 92,250 tonnes in the previous year, whilst despatches totalled 1,09,835 tonnes as against 91,255 tonnes.

*In the report of the Directors dated 31st May, 1956 reference was made to the suspension of raising at the Company's Pretoria Colliery, since the available coal had been virtually exhausted. Some time ago it was decided that there was a further small area of Koithi Seam coal in the Pretoria property which could be conveniently worked by an adjoining Colliery and arrangements were accordingly made for this to be done. The mining of this coal has provided a satisfactory additional source of income, but this will cease within the next year or so.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,80,000	Gross block ..	32,20,082
Reserves and surplus..	12,91,099	—Depreciation ..	21,46,076
Other liabilities ..	7,51,675	Net block ..	10,74,006
		Current assets ..	6,31,501
		Investments	1,32,260
		Cash	8,94,998
	Rs. 27,22,774		Rs. 27,22,774

* Paid-up capital consists of 4,000 five per cent. (without any deduction in respect of income-tax) cumulative preference shares of Rs. 100 each fully paid and 40,000 ordinary shares of Rs. 10 each, Rs. 7 per share paid up.

Delta Jute Mills Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting.—31st May 1962.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1961	1960
Gunny sales	1,73,60	1,43,62
Closing stock of finished goods	13,86	12,25
Gross profit (+) or loss (—)	—3,61*	+8,04
Transfer to provision for doubtful debts ..	28	Nil
,, ,, Managing Agents' remuneration ..	Nil	35
,, ,, Secretaries' and Treasurers' remuneration	39	12
,, ,, taxation	Nil	2,40
,, ,, depreciation	5,51	3,07
Net profit (+) or loss (—)	—9,12†	2,10
Adjustments	51‡	94
Appropriations:		
Total available balance	51	3,04
To adjustment of loss for the year ..	16	Nil
Transfer to development rebate reserve ..	Nil	46
Proposed dividend (taxable) 7% C. preference	35§	32‖
,, ,, Ordinary ..	Nil	2,10¶
Carry forward credit (+) or debit (—) ..	(Nil)	(7¾%)
	‡—5,96	16

* Loss after providing for doubtful debts and Secretaries and Treasurers' remuneration but before providing for depreciation.

† Loss after taking into account provision for depreciation.

‡ This includes Rs. 35,000 transferred from dividend equalisation reserve for the purpose of paying preference dividend.

§ Preference dividend calculated at 7¼ per cent.

‖ Preference dividend calculated at 6¼ per cent.

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

¶ This represents dividend on the ordinary capital of Rs. 2,8 lakhs. The present ordinary capital is Rs. 56 lakhs and preference capital Rs. 14,06,300 (Rs. 5,00,000 as at the end of 1960).

Extracts from the Directors' report: Members are aware that the amalgamation of Belvedere Jute Mills Co., Ltd., with this Company was sanctioned by the Calcutta High Court and took effect on 30th November, 1961, on which date the assets and liabilities of Belvedere were transferred to the Company. The Company's preference share capital has increased from Rs. 5,00,000 to Rs. 14,06,300 and ordinary capital from Rs. 28,00,000 to Rs. 56,00,000 and that the excess of the book value of the Belvedere assets and liabilities at 30th November 1961, over the face value of the shares issued to the Belvedere shareholders has been shown as capital reserve.

The accounts for the year ended 30th November, 1961, covers the working of Delta Mill only. Belvedere Mill was closed down at the date of amalgamation and the productive capacity transferred to Delta which, since 3rd December, 1961, has been working double shift. The trading of the Belvedere Mill up to 30th November, 1961, resulted in a loss of Rs. 9,03,500.

At present the Company's Mill is working 48 hours a week with a full complement of looms. With the installation of further modern drawing and spinning machinery during and since the close of the year, the modernisation of the drawing and spinning machinery for up to 87½ per cent of the Mill's increased registered loomage has been completed.

Although the transfer to Delta Mill was effected very smoothly, the subsequent working of the Mill for a short time was below the desired level of efficiency, and a period of such unsettlement had been expected in view of the major upheaval involved. However, the Mill is now running smoothly and a good level of production is being attained.

Accounts in brief as at 30th November 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	70,06,300	Gross block ..	1,52,41,028
Reserves and surplus†	51,28,797	—Depreciation ..	53,93,035
Other liabilities ..	80,33,963	Net block ..	98,47,993
		Block in progress ..	26,45,489
		Current assets ..	75,95,584
		Investments ..	2,04,228
		Cash	1,02,766
	Rs. 2,01,67,060		Rs. 2,01,67,060

* Paid-up capital consists of 14,063 seven per cent. cumulative preference shares of Rs. 100 each and 56,000 ordinary shares of Rs. 100 each.

† Reserves and surplus are shown after deducting Rs. 8,96,549 being the loss for the year as per P. L. account.

Cheviot Jute Mills Co., Ltd.

(*Managing Agents*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting.—31st May 1962.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1961	1960
Gunny sales	2,04,78	1,96,85
Closing stock of finished goods	11,46	14,81
Gross profit (+) or loss (—)	—9,14*	+4,69
Transfer to provision for doubtful debts ..	1,42	Nil
,, ,, Managing Agents' remuneration ..	29	44
,, ,, depreciation	6,87	2,64
Net profit (+) or loss (—)	—16,01†	+1,51
Adjustments	22,64‡	1,14
Appropriations:		
Total available balance	22,64	2,65
To adjustment of loss for the year ..	16,01	Nil
Transfer to development rebate reserve ..	2,58	1,47
Proposed dividends (taxable) 7% C. preference	91§	1,12‖
,, ,, ,, ordinary ..	1,05	Nil
Carry forward	(5%)	(Nil)
	1,21	6

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

* Loss for the year after providing for doubtful debts and Managing Agents' remuneration.

† Including Rs. 6,87,429 for depreciation.

‡ This includes Rs. 22,40,010 being profit on sale of the Orient Mill property and assets.

§ Preference dividend is calculated at 9.1 per cent.

‖ This includes the supplementary preference dividend for the year ended 30th November 1959 at 2.1 per cent.

Extracts from the Directors' report: The Indian jute industry experienced very difficult conditions in the second half of 1961. The price of jute rose to abnormally high levels, but prices of manufactured goods failed to keep in parity, making it impossible to work profitably on the simultaneous purchase of raw material and sale of finished goods.

Costs were increased by the lower level of production caused by restrictions in working hours, by the payment of lay-off compensation to labour on account of the block closures of a week each in June and July 1961, and by the increase in workers' dearness allowance which was recommended by the Wage Board for the Jute Industry. In addition, as a result of a strike, this Mill was closed for eight weeks during August and September, 1961.

Scarcity of raw jute and shortage of electric power caused many alterations in the hours worked per week and in the number of looms sealed.

At present the Company's Mill is working 48 hours a week with a full complement of looms. The installation of further modern drawing and spinning machinery during the year to supply 60 per cent of the heavy weft yarns was completed and similar machinery to supply the balance 40 per cent will shortly be installed.

The return to a higher level of production, coupled with the benefit of the modern machinery which has been installed, has reduced costs, and simultaneous business is at present possible at profitable levels.

Accounts in brief as at 30th November 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	46,58,750	Gross block ..	1,27,96,440
Reserves and surplus..	54,41,588	—Depreciation ..	69,58,418
Other liabilities ..	24,98,870	Net block ..	58,18,022
		Current assets ..	60,94,964
		Investments ..	4,82,818
		Cash	14,756
	Rs. 1,27,99,168		Rs. 1,27,99,168

* Paid-up capital consists of 10,000 seven per cent. cumulative preference shares of Rs. 100 each and 3,35,625 ordinary shares of Rs. 10 each fully paid up. This also includes Rs. 2,500 on account of shares forfeited.

Notice

THE INDO-BURMA PETROLEUM COMPANY LIMITED

Registered Office:

Gillander House, Netaji Subhas Road, CALCUTTA-1

NOTICE IS HEREBY GIVEN THAT THE Fifty-fourth Annual General Meeting of the Members will be held at the Registered Office of the Company on Friday the 22nd June 1962, at 11 a.m., to transact the following business:—

(1) To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1961.

(2) To sanction the declaration of a dividend.

(3) To appoint a Director in place of Mr. P. W. G. Adair who retires by rotation and, being eligible, offers himself for re-appointment.

(4) To appoint Auditors including Branch Auditors for the year ending 31st December 1962 and to fix their remuneration.

NOTICE is hereby given that the Ordinary Register of Members of the Company will be closed from the 28th May 1962 to 22nd June 1962, both days inclusive.

By Order of the Board,
STEEL BROTHERS & COMPANY LIMITED,
Managing Agents.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA.
7th May, 1962.

Note: A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and, on a poll, to vote in his stead. Such proxy need not be a member.

INTER-BANK AGREEMENT REVISED

(*From Our Own Correspondent*)

BOMBAY, *23rd May*

The outstanding development of the week in the short-term money market is the agreement among the banks on the lines in which the Inter-bank Agreement on rates of interest on term deposits is to be modified. As readers are aware, there have been protracted negotiations on this issue among the members of the Indian Banks Association for several months. Five medium banks—Dena, Union, Canara, Indian and Indian Overseas—had given six months' notice saying that they would like to withdraw from the Agreement, if it could not be so revised as to permit them to quote ½ per cent more than the big banks, without prejudice to the right already granted to small banks (that is, those with deposits of less than Rs. 25 crores) to offer ½ per cent more than they were doing. In other words, instead of two classifications, big banks and small banks, they wanted to have three classifications, big, medium and small, with the last category having an advantage of ½ per cent over the big banks. The notice given to this effect was due to expire on 31st March, but it was extended by two months, that is, upto the end of May 1962, as no understanding could be reached in time. There were times in the last two months when it looked as though there was no meeting ground among banks and that the whole thing would break, leading to intense competition among them. Even last Saturday, when the final meeting of chief executives of banks took place to endorse a tentative agreement arrived at a few days earlier, it was a matter of touch and go. But, ultimately, the sense of unity among the members of the Agreement got the better of them, the outcome clearly reflecting the spirit of *give and take, as well as of* live and let live. The salient features of the new agreement are as follows:

Scheduled banks with deposits of Rs. 10 crores and less will not be bound by the terms of the Agreement. For purposes of convenience, they are designated as "smaller banks."

Then come "small banks"; these are banks the deposits of which are over Rs. 10 crores but do not exceed Rs. 25 crores.

The third category is "medium banks", defined as banks with deposits over Rs. 25 crores but not more than Rs. 50 crores.

The fourth category is "big banks", that is, banks with deposits exceeding Rs. 50 crores.

The rates of interest which the big banks can pay are subject to ceilings known as "standard rates." The ceilings under the present agreement are to continue unchanged. Accordingly, the schedule of "standard rates" is as follows:

Term Deposits	*Per cent Per annum*
3 to 30 days (inclusive)	3
31 to 60 days („)	3½
61 to 90 days („)	3½
91 days and more but less than 12 months	3½
12 months and more but less than 24 months	4
24 months and more but less than 48 months	4½
48 months and more but less than 60 months	4½
More than 60 months	5

The medium banks, as defined above, are allowed to offer ½ per cent more than the aforesaid standard rates.

The small banks can offer, as they have been doing all along, ½ per cent more than the standard rates.

The *banks* will be reclassified on the aforesaid lines once in six months, on 1st May on the basis of their balance sheets as at the preceding 31st December and on 1st November as at the preceding 30th June.

The revised agreement will come into force from 1st June 1962 and be firm for a period of 21 months, that is, up to 31st March 1964. It is only thereafter that a signatory bank can withdraw from it or ask for a change in the terms and that too only after giving six months' notice.

The Exchange Banks and the subsidiaries of the State Bank of India are to be treated on par with the big banks and can, therefore, offer no more than the "standard rates" to their depositors. By convention, the State Bank of India is expected to follow suit. It may be noted that neither the Exchange Banks nor the State Bank of India are members of the Indian Banks' Association; they are also not a party to the Agreement.

The foregoing changes are yet to be approved by the boards of member-banks, but that is only a question of formal procedure.

As of 31st December 1961, there are five medium banks and three small banks who are members of the Agreement. One of the small banks has since become a medium bank.

The implications of the changes agreed to are: (*a*) Only the medium banks can pay a little more to their depositors. (*b*) The small banks cannot pay anything more than they have been doing. But the advantage they had over the medium banks has been reduced by half. (*c*) The freedom given to smaller banks to quote what they like may induce them to become members of *the Association.*

The trend of the short-term money market during the week under review was easy. Upto Monday, the inter-bank call money rate was 4 per cent per annum but came down to 3½ per cent on Tuesday which level continued today also. The indications are that it will steadily move down in *the coming* days, as the usual busy season is practically over. The term deposit rates are unchanged and so also the rate on 91 days' Treasury Bills at 2.590 per cent per annum.

The foreign assets held by the Reserve Bank declined further by Rs. 2.67 crores to Rs. 107.73 crores during the week ended 18th May 1962.

The Gilt-edged market is colourless, with a modest turnover in 4 per cent 1972 State Loans, most of which have gone up by 10 to 15 nP. The medium-dated loans, maturing in 1967 and 1968, of U.P., Andhra, Madras and Mysore have also had *some* demand resulting in an appreciation of 15 to 25 nP.

GOLD SCALES FRESH PEAK

(*From Our Own Correspondent*)

BOMBAY, *23rd May*

Gold in the bullion market touched a fresh peak of Rs. 127.55 (spot) per 10 grams (or Rs. 150 per tola) on Tuesday the 22nd inst., a rise of as much as Rs. 4.55 in just six days. The spurt followed hectic buying by bulls and frantic covering by bears. The chief impetus was provided by fears of an acute shortage of floating stocks in the next few weeks. These fears stemmed from reports suggesting a persistently high level of offtake, while arrivals continued to be restricted, due to seizure of contraband gold in Bombay (2,460 tolas), Ahmedabad (3,000 tolas), and Madras (75 tolas). The pace of arrivals was expected to slow down considerably in coming months, in view of heavy rains and stricter vigilance by customs authorities in border regions. In sympathy with gold and owing to brisk enquiries from upcountry centres, silver also made a strident advance. It was stated that one prominent operator at Calcutta bought on Saturday large quantities partly to cover his short position. Today, gold tended to look down due to profit-taking at higher levels, while silver continued to rule firm.

The average daily offtake of both gold and silver was larger during the week as compared with the previous two weeks, while arrivals were lower. The relevant figures are given below:

	Week ended		
	23-5-62	16-5-62	9-6-62
Gold (tolas)			
Arrivals	6.000	8,800	13,325
Offtake	13.200	9,600	8,250
Silver (bars)			
Arrivals	12	19	26
Offtake	20	18	24

Reflecting scarcity of actual supply, the premium commanded by ready gold over the forward (18th June settlement), which had risen from 70 nP to Rs. 2.45 last week, increased further to Rs. 4.60 this week, though it declined to Rs. 3.95 today. Ready silver continued to command a high premium of Rs. 3 over the Jeth (19th June) settlement throughout the week.

The dollar price of gold in the London bullion market eased from $35.07⅛ to $35.07⅛ per fine ounce. U.S. Treasury spokesmen reiterated on Monday this week that the U.S. had no intention of changing the price it paid for gold, namely, $35 per ounce. He quoted the statement made on the 17th inst., by Mr. Robert Roosa, Under Secretary of Treasury for Monetary Affairs, who, while addressing the American Bankers' Conference at Rome, had said: "With 8,500 million dollars of liquid dollar holdings in the hands of private foreigners, we must make sure that speculative forces are not fed by uncertainty about either the ability or the determination of the United States to stand firmly behind the inter-convertibility of the dollar with gold at the fixed price of 35 dollars per fine ounce." Ready gold in London continued unaltered at 249s. 4½d. Ready and forward silver were also unchanged at 84½d. and 84½d., respectively, as also silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	23-5-62 (closing)	High	Low	16-5-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready .99 fine)	126.25	127.55	122.50	123.00
Jeth*	122.80	122.95	120.45	120.55
Sovereign	98.50	98.50	97.25	97.25
SILVER				
Ready (.995 fine)	221.80	222.00	219.95	220.05
Jeth†	218.80	219.25	216.95	217.05
London—				
Gold	249s.4½d.	249s.5d.	249s.4½d.	249s.4½d.
Silver Ready	84½d.	—	—	84½d.
Silver Forward	84½d.	—	—	84½d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES RECOVER AT CLOSE

(*From Our Own Correspondent*)

BOMBAY, *23rd May*

The easy trend witnessed in the cotton futures market towards the close of last week gathered momentum during the week under review. The news of an agreement having been signed between India and U.S., under which the latter would supply 225,000 bales of American cotton under P.L. 480, prompted local and up-country selling which accelerated the downward trend. The expectation that the efforts now being made to get Sudan cotton on deferred payment basis or barter deal would bear fruit also imparted weakness to the market. Operators were inclined to think that, should the Government succeed in this and other efforts for getting cotton, shortage of cotton during the period September to December 1962 would not be as acute as was anticipated. Although it is too early to make even a rough guess of the probable size of the new crop, the general feeling is that the crop would turn out to be a good one. These considerations imparted weakness to cotton futures which declined from Rs. 719.25 last week-end to Rs. 712 on Monday, the 21st inst. There has been a recovery since then induced by short-covering and fresh buying attracted by the low level touched earlier in the week. The Jarilla March 1963 contract improved to close at Rs. 715. The net loss over the week was Rs. 4.25. The trend of price of the contract during the week is indicated below:

	23-5-62	*High*	*Low*	16-5-62
Jarilla March ...	715	723.25	712	719.25

In the spot market at Sewri, mill demand for ready cotton broadened, following the news that an additional quota for Indian cotton would be issued to mills forthwith. Popular varieties such as Vijay, Digvijay, Laxmi, Kalyan, Surti, CO2 and 197/3 were in keen demand. Laxmi attracted particular attention owing to the scarcity of Vijay and Digvijay. In fact, there was a surprise requisition drive yesterday, presumably because *mills experienced difficulty* in getting these varieties.

In the export section, the Government of India has come out with the long-awaited announcement of a special export quota for Bengal *Deshi* to Yugoslavia. The quota is subject to a quantitative ceiling of Rs. 20 lakhs. Trade quarters estimate that this would hardly cover 7,000 bales. But business had already been done to the extent of 18,000 bales of which sales of over 11,000 bales have been registered with the Joint Chief Controller of Exports. According to the terms of the *quota now issued*, all the sales done and applications submitted stand cancelled and exporters will have to make fresh commitments. Some of the salient features of the quota are (i) cable offer and acceptance made after 25th May will only be accepted (ii) applications for registration will be accepted from 29th May, (iii) cotton allotted to shippers will be allowed for shipment from 1st June till 31st August and (iv) as usual, 5 per cent of the quota has been reserved for co-operative societies.

The pace of utilisation of the latest quota for Bengal *Deshi* of 70,000 bales has been slow. This is due mainly to the slackness of demand from Japan, one of the principal buyers of this cotton. Total export sales registered till the 19th inst., were only 50,226 bales. This still leaves a balance of 16,274 bales to reach the ceiling of 66,500 bales (shippers share).

Following the news of the signing of the Indo-U.S. agreement for the supply of 225,000 bales of 400 lbs. each of U.S. cotton under P.L. 480, there was keen mill demand for U.S. cotton. Both Bombay and Ahmedabad mills bought sizeable quantities. Sudan, Pakistan and East African cotton also were in demand. The following are the latest available spot quotations—in rupees per candy of 784 lbs.—from Sewri:

Bengal *Deshi* 685; Ganganagar 618 Hubli Laxmi 1,200; Jayadhar 1,085; Gadag Laxmi 1,160. American 1-5/32"; Good Middling 1,280. Mwanza 1,135; Sudan XG2S 1,720. GS 1,810.

The Karachi cotton futures market ruled firm during the week under review. Good export inquiries and domestic mill demand initiated a general buying movement which led to a smart rally in prices. N.T.R.G. May firmed up from Rs. 68.70 to Rs. 71. The July contract was marked up by Rs. 2.20 to Rs. 69.90.

Fully steady conditions prevailed in the Liverpool cotton futures market during the week. Commission House support and local trade buying imparted strength to the market. Advices from the yarn and piecegoods market were also good. Both the American and American type contracts consequently ruled steady. Sudan contracts were quiet and nominally unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: May 24.00; July 24.00; October 23.95 December 24.05.

American cotton mixed growth contract: May 24.15; July 24.40; October 24.30; December 24.40.

Sudan: May 30.00; July 29,00; September 29.

Cotton futures values in New York were well maintained during the week under review. Prices moved in a narrow range, showing little net change over the week. Inter-month switchings accounted for a major part of the transactions.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	22-5-62	14-5-62	8-5-62
New York spot	35.75	35.75	35.70
May	—	—	34.40
July	34.76	34.73	34.72
October	34.72	34.53	34.43
December	34.72	—	—

ART SILK YARN FIRM

(From Our Own Correspondent)

BOMBAY, 23rd *May*

The firmness of art silk yarn noted last week continued unabated during the week under review. The renewed firmness was engendered by reports that the revised export promotion scheme for fabrics would be announced shortly. Good offtake of spot also imparted strength. The reported scarcity of imported yarn was another encouraging factor. Consequently, prices registered an improvement. Amilan (20 x 1) August contract spurted by Rs. 40 to Rs. 4.020. June contract advanced by Rs. 35 to Rs. 3.940. Spot National Rayons 120 Bt. cones 1st graded climbed up from Rs. 14.56 to Rs. 15.75. 150 Bt. cones 1st grade strengthened by 77 nP to Rs. 13.95. 120 *denier and 150 denier Japan* and Italy were unchanged at last week's levels. Fresh business put through in these deniers was said to be very much restricted, in view of scarcity of supplies.

In contrast to the *firmness* of art silk yarn, staple fibre yarn ruled distinctly easy, thanks to slack demand from consuming centres. 40 x 2 June and August contracts dropped Rs. 5 each to Rs. 707 and Rs. 727, respectively. Spot Kohinoors declined by 13 nP to Rs. 7.92. Citys eased by 9 nP to Rs. 8.01. Hinds lost 4 nP to Rs. 7.88.

Cotton yarn was dull, operators were not inclined to enter into fresh commitments either way, as they preferred to await the Finance Minister's decision regarding the plea for relief in excise duty. Note was taken of the reported plea of British *textile* interests to peg imports of yarn into the U.K. from Indian and other Commonwealth countries at the 1959 level.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	23-5-1962	16-5-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilon (100 kg.)—		
June	3,940.00	3,905.00
August	4,020.00	3,980.00
120 Japan (per 100 kg.)	2,205.00	2,205.00
150 Japan (per 100 kg.)	1,984.00	1,984.00
120 Italy (per 100 kg.)	1,902.00	1,902.00
150 Italy (per 100 kg.)	1,736.00	1,736.00
Wat. Ray. 150 Bt. 1 (per kg.)	13.95	13.18
Staple fibre yarn (40 x 2)—		
June	707.00	712.00
August	727.00	732.00
Kohinoor (per kg.)	7.92	8.05
Cotton yarn (per bundle of 10 lbs.)		
10s Podar	17.50	17.50
20s Podar	21.75	21.75
32s Madura	31.00	31.00
40s T. T. Corin	33.75	33.75
60s Mahindra	65.50	65.50

GROUNDNUTS RALLY

(From Our Own Correspondent)

BOMBAY, 23rd *May*

Steady conditions prevailed in the oilseeds market, barring castorseeds which encountered persistent selling. *The recovery* in groundnuts noted towards the close of last week gathered momentum during the week under review, mainly on technical considerations, though the reported buying of large quantities of oil and oilseeds in the last few weeks by the State Trading Corporation for purposes of exports, too, induced some strength. The report that the Union Government was contemplating to set up a new State Trading Corporation to deal with exports of oilseeds and other agricultural commodities were noted, but they did *not* have *any significant effect*. Some of the export houses and North Indian operators were leading buyers during the week. But for slack demand from *vanaspati* manufacturers, values would have gone up still further. Linseeds and cottonseeds *moved* up in *sympathy* with groundnuts. Castorseeds, however, ruled easy, thanks to fears of more severe competition from Brazil in the American market for castor oil, following the devaluation of the Brazilian currency.

Groundnut May 1962 contract, after declining initially from Rs. 203.67 to Rs. 201.62, rose to Rs. 208.37. July 1962 contract hardened by Rs. 2.25 to Rs. 212.37. Nizam bold advanced by a like amount to Rs. 45.50. Khandesh quality improved by Re. 1.75 to Rs. 45.75. Oil May 1962 contract put on 40 nP to Rs. 17.55. Oil ex-mill gathered 35 nP to Rs. 18.40 and railway receipts 25 nP to Rs. 18.10.

Linseed June and September 1962 contracts went up by a rupee each to Rs. 38.75 and Rs. 39.50, respectively. Bold ready increased by Re. 1.12 to Rs. 37.62. Linseed oil gathered 10 nP to Rs. 14.55.

Castorseed June 1962 contract, however, fell from Rs. 164.87 to Rs. 164.62, after fluctuating between Rs. 165.37 and Rs. 162.12. September 1962 contract closed 12 nP lower at Rs. 165.25. Ready Kanpurs eased by 28 nP to Rs. 31.62 and Madras *small* by 13 nP to Rs. 32.87. Oil B.S.S. declined by 25 nP to Rs. 13.65 and Oil Commercial by 15 nP to Rs. 13.15.

Cottonseed July 1962 contract was maintained at Rs. 99.50. September 1962 contract improved by 50 nP to Rs. 102. Berar, white and non-white strengthened by 10 nP each to Rs. 21.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 23rd May, as compared with those of the two previous weeks:

	23-5-1962	16-5-1962	9-5-1962
	Rs.	Rs.	Rs.
Groundnut			
May 1962	208.37	203.62	212.00
July 1962	212.37	210.12	218.00
Nizam bold	45.50	43.25	45.25
Khandesh quality	45.75	44.00	45.25
Oil ex-mill ready*	18.40	18.05	18.70
Railway receipts*	18.10	17.85	18.45
Oil May 1962	17.55	17.15	17.90
Castorseed			
June 1962	164.62	164.87	166.25
September 1962	165.25	165.37	166.25
Ready Madras	32.87	33.00	33.12
Ready Kanpur	31.62	32.00	31.75
Oil B.S.S.†	13.65	13.90	14.00
Oil commercial†	13.15	13 30	13.20
Linseed			
June 1962	38.75	37.75	37.44
September 1962	39.50	38.50	38.06
Bold ready	37.62	36 50	36.37
Oil ready†	14.55	14 45	14.50
Cottonseed **July 1962**	99.50	99.50	*103.00*
Niger seed	35.00	34 75	35.00
Kardi seed	25.50	25.00	25.25

* Rates include excise duty but exclude sales tax
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

NILGIRI TEA EASIER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 17*th May*

A total of 567,000 kgs. was on offer in sale No. 20 held on Tuesday the 15th inst. Quality of medium teas was *often well maintained*, but that of Nilgiris showed a further slight decline. There was good general demand. Nilgiri B.O.Ps were easier on average by up to 20 nP, whilst their fannings sold readily at around last rates. Good mediums were irregular and easier. Mediums and low medium brokens were about steady, but sometimes declined by upto 10 nP. Fannings in this category were strong and irregularly dearer, some meeting keen competition and often appreciating considerably in price. Black leaf brokens were firm and often dearer and similar fannings also advanced. Whole leaf grades sold readily at around last rates. Plainest kinds were about steady. Teas of unorthodox manufacture were generally easier, with fannings in this category meeting less support.

The quotation per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.90-4.20	4.40-4.55
Mediums	4.20-4.80	4.55-4.65
Good mediums	4.85-5.65	4.70-5.20
Nilgiri B.O.P.	4.50-7.40	4.60-5.80

The average price realised in sale No. 20 was Rs. 4.59 per kg. as against Rs. 4.60 a week ago and *Rs. 4.60 in the* corresponding sale last year.

A smaller quantity comprising 334,000 kgs. was offered in dust sale No. 20 held today. *Good* general demand prevailed throughout the sale. Highgrowns and *clean leaf* mediums were well supported at around last rates. The better mediums sorts eased upto 25 nP per kilo, whilst medium and low medium kinds were 10-15 nP lower, with *fibrous* descriptions registering a greater drop. Milled dusts sold quite readily, but residuals registered a decline in price. Unorthodox dusts, although irregular, were generally firm and occasionally dearer except for the browner *fibrous types*.

The average price realised in dust sale No. 20 was Rs. 3.67 per kg. as compared with Rs. 3.68 a week ago and Rs. 4.41 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"*Sale No.* 21: 793,000 kgs. offered. Useful demand. Low medium, medium brokens 10 to 15 nP easier. Similar fannings fully firm. Others easier. Good mediums generally 25 nP easier. Highgrown brokens easier. Fannings firm. Orthodox types easier."

BLACK PEPPER FIRM

(Messrs. Parekh and Co.)

BOMBAY, 23rd *May*

Malabar black pepper ruled firm during the week in sympathy with Singapore and owing to sizable purchases by New York dealers at progressively higher prices. They are said to have paid for *May* shipment at $0.35¼ and $0.36. Ungarbled improved to Rs. 315 and garbled was done at Rs. 325. The lowest and the highest for July delivery were Rs. 336 and Rs. 343, respectively.

Singapore, after going down to Str.$115, improved to Str.$120, owing to short covering and deterioration in the political situation in Laos and Indonesia.

Spot in New York improved to $0.36½, the lowest being $0.34½ in the wake of inquiries from grinders whose pipelines were reported almost *empty, as they* were waiting for lower prices in expectation of early selling by the prominent Indonesian holders. The Indonesian holders however, remained reserved sellers, as they preferred to sell to Communist countries rather than to the U.S.A. where they feared big quantities could not be sold without sacrifice.

About 22,500 tons of Malabar are estimated to have gone into *consumption either* as export or as inland offtake from November 1961 to May 1962. As such, the balance available until the arrival of new crop will not be more than 6,500 tons, quantity which is considered to be not so heavy, in view of potential demand from Communist countries which are expected to buy more than during the past years.

The future depends upon the size of foreign and the inland demand from now onwards.

Ready pepper in Bombay is nominally quoted at Rs. 170 per 50 kilos.

DEMAND FOR TEA RESTRICTED

(From Our Own Correspondent)

CALCUTTA, 22*nd May*

Easier conditions were in evidence at the internal sales held last week. Demand was restricted, as buyers were in no mood to cover their requirements. No export sale was held this week; the next sale is scheduled for the forthcoming week. Regular weekly sales will commence in June. Internal buyers desired to wait until regular sales commenced. Since they have a reasonable level of stocks, they can afford to wait for some time for replenishment. Export space was difficult to obtain, but, with the resumption of work by Hooghly pilots from Saturday last, normal conditions are expected in the port within a week or two.

The general impression that the first export auctions held last week did not get to a good start would appear to be erroneous. The offerings consisted of Darjeelings and, though quality was poor, the good grades commanded fair attention and realised reasonable prices. It was significant that the U.S.S.R. was an active buyer. A firm trend for export sales cannot be constructed until a few auctions have been completed; however, it can be said with firmness that quality teas would be readily absorbed. North Indian tea *production* up to the end of April aggregated 17.31 million lbs., representing a decline of 1.86 million lbs. as compared with the corresponding previous figure. The fall was attributed to bad weather, but, since then, climatic conditions have been good and outturn for May is expected to be satisfactory.

The fact that bidders in auctions in London have been active is noted with satisfaction. This indicates that overseas buyers in Calcutta would show similar enthusiasm in bids. The low level of stocks in London is an index of the British need for early replenishment. U.K. stocks recorded a decline of 6 million lbs. to 136 million lbs. in the week ended 11th May. With poor shipments from Calcutta the last one month, U.K. stocks would continue to fall in the coming three weeks. It was significant that, in the London sales of North Indian tea held last week, good invoices sold well, while plains and Dooars fell by 1d. to 2d. a lb. In last week's Colombo auctions, demand was so strong that prices appreciated by 10 to 20 cents a lb.

Tea circles are worried about the marketing outlook for common grades. Production of these in India and other producing areas, especially in Pakistan, Africa and Ceylon, would increase. Thus the export demand for these grades would be marked by stiff competition. With the result, most of what India produces as common grades should be consumed within the country. However, with the growing *quality-consciousness* among consumers in India, under the impetus of a steadily improving standard of living, it is apprehended that the estates producing common teas alone would be facing a difficult problem. The Government should consider the granting of excise duty relief to common teas. The efforts of the Tata-Finlay packaging firm in pushing up sales in India are timely. It is expected that this firm would make a bid to find a market in South India in the first instance. South India is a favourite more of coffee than of tea, and hence tea blending firms in India have not been as active there as in other parts of the country.

Mr. A. S. Bam, Chairman of the Tea Board, has just returned after visiting the United States, Canada, Germany, the United Kingdom, Ireland, the Continent, and the U.A.R. as head of an Indian tea delegation to these countries. The report of the delegation is looked forward with interest, but Mr. Bam has stated that the tour has been useful and instructive. The tour should be judged by the results that would follow. In 1961-62, India failed to obtain a reasonable share of the world's increased requirements of tea. It remains to be seen if this is corrected this year. The export duty reduction has been a timely measure, but it is felt that progress towards making instant tea should be accelerated, if Indian tea is to capture a good market in the United States and Canada. Mr. Bam thought that more exports to the U.S.A. and Canada were likely, but stated that traders there considered prices of Indian common teas as not being competitive.

Dusts on offer in last week's internal sales aggregated 29,853 packages. Demand was restricted and prices declined. Plain orthodox teas eased in an irregular trend. Assams lost 30 nP, while among legg-cut teas, cleaner teas were well supported. Medium C.T.C. dusts eased, the fibrous C.T.Cs joined the general trend, but a few selected invoices were firm. The quotations per 1 kg. inclusive of excise duty were: Good Assam C.T.C. dust Rs. 6.30 to Rs. 6.60; medium Assam C.T.C. dust Rs. 5.70 to Rs. 6.90; legg-cut dust Rs. 4.00 to Rs. 4.30; medium Assam dust Rs. 3.70 to Rs. 4.06, and plain orthodox dust Rs. 3.20 to Rs. 3.30.

Fair demand was in evidence in leaf on offer amounting to 515 packages.

JUTE GOODS STOCKS LOWER

(From Our Own Correspondent)

CALCUTTA, 22*nd May*

The announcement of a fall in jute goods stocks with mills at the end of April coupled with a notable improvement in sailings from the Calcutta port following resumption of services by Hooghly pilots, led to steady conditions in jute *goods* during the week under review, while the publication of the Buffer Stock Association's decision to take up another 250,000 maunds of fibre and of doubling of the export quota encouraged stockists of raw jute. The Indian Jute Mills Association announced earlier that the unrestricted phase of working for mills was being extended up to the end of June. In other words, this decision meant that demand for goods was being maintained at a high level and that *mills* could afford to keep in operation as many looms as possible commensurate with spinning capacity. Because of restricted yarn output, mills generally have to keep 5 per cent of the looms sealed, but, now that demand for jute goods has risen and also an outlet for the surplus fibre has to be found, the mills have reviewed their spinning capacity and are insisting on the Government of India to permit *import of spinning machinery to match with* what is made within the country. It is now likely that imports would be allowed and the mills would soon be enabled to raise yarn output, so that they could unseal the balance of looms now remaining idle. With the acceleration of industrial activity, there is evidence that internal consumption of jute goods has been rising, though the levy of excise duty may result in greater use of second-hand bags. Thus, for a time, overall consumption may decline. But once time is allowed for the cycle to take shape, the normal increase is likely to take effect. Exports in recent months have on an average risen by 5,600 tons to 38,000 tons a month as compared with last year.

The Hooghly pilots resumed duty on the 19th inst., but it would take about two weeks before normal conditions return. Consequently shipments for the month as a whole would not reveal a satisfactory picture. The levy of excise duties on jute goods for internal consumption as from 24th April caused delay in clearances as time was needed for mills to get fully acquainted with the various excise formalities, such as declaration of stocks as on 24th April which should be cleared from time to time as being duty-free, handing over day-to-day production as from 24th April at the excise godown after entering the particulars in the daily register numbered R.G.1, opening a deposit account with the Excise Collectorate for advance payment of duty, clearance of goods through form numbered A.R.1 after deducting duty from the deposit account, submission of monthly returns to the Excise Collectorate (1) showing the pre-excise stock position as at the end of the month, and (2) showing details of post-excise production and despatch in the month together with month-end stocks, etc. The mills have now become fairly acquainted with these procedures, but, since actual stocks at the end of April reveal a false position in view of the delay in despatches following excise duty, the mills have in an attempt to give as correct a position as possible, deducted from April-end stocks despatches for the first five days of May, taking, of course, no account of production in these five days. Adjusted thus, April-end stocks of goods with mills at 60,300 tonnes recorded an overall decline of 1,100 tonnes. Sacking fell by 3,300 tonnes to 25,800 tonnes and miscellaneous constructions by 200 tonnes to 15,900 tonnes, while hessian rose by 2,400 tonnes to 18,600 tonnes.

While in heavy goods only fewer inquiries were received during the week as a whole, and not much Continental buying was anticipated in the near future, there was a notable improvement in sentiment for hessian constructions. The report that U.S. burlap consumption at the end of April fell by 5 million yards to 249 million yards was noted with satisfaction, as the fall was interpreted as denoting a change in U.S. belief to the effect that increased demand for hessian stands in the way of cheaper prices. U.S. consumption in April aggregated 70 million yards. Ready hessian 40" 10 oz. was firm at Rs. 54 on Wednesday last. The news of the increase in *hessian stocks* failed to have any effect, since support from both Argentina and the U.S. was anticipated. Indeed, Argentina's purchases have hitherto been slow, and it has yet to cover 5,000 bales out of its quota of 7,000 bales. However, with the possible delay of May steamer by one month, Argentina may not appear in the market immediately. The continued firmness in forward quotations—Oct.-Dec. hessian 40" 10 oz. at Rs. 47.75 and same delivery basis B. twills at Rs. 120.75 as compared to Rs. 54 and Rs. 125 for ready delivery respectively—is an index of expectations regarding continued strong demand.

Shipping space to several destinations, more particularly to the U.K. and the Continent, was very difficult to obtain. Earlier in the week, several steamers scheduled to load in Calcutta were withdrawn. However, with the resolution of the port difficulties, the situation has changed, though, with a backlog of commitments to fulfil, shippers are placed in a difficult position. Overseas buyers who had so far withheld support are now expected to be active and a squeeze in ready goods is considered inevitable. On Thursday last, with poor interest shown by overseas buyers, prices fluctuated within narrow limits. Ready B. twills eased to Rs. 124 and ready hessian 40" 10 oz. to Rs. 53.60. At lower levels, covering business was done. This led B. twills to move forward to Rs. 125.80 and hessian 40" 10 oz. to Rs. 54.35 on Friday. Covering business was again a feature over the week-end, though overseas were silent. B. twills were about firm at Rs. 125.75 and hessian 40" 10 oz. at Rs. 54.00. During yesterday's trading, overseas buyers were more interested to cover for forward requirements than ready goods. As a result, prices of the former rose. Subsequently, ready goods also rose. There was some amount of foreign buying in hessian, as a result of which the 40" 10 oz. was better at Rs. 55.10. B. twills were firm at Rs. 125.75.

The steady support accorded to the fibre market by the Buffer Stock Association and the announcement of the Association's intention to purchase an additional quantity of 250,000 maunds led to an improvement in raw jute prices. The *jungli* variety improved by Re. 1.50 a maund. It has been indicated that the Buffer Stock Association would remain a permanent body, and its business is to stabilise the fibre market for all time. It will purchase fibre so long as there are offers and sell if prices tend to rise unreasonably. The Jute Commissioner, Mr. Ajit Mozoomdar, said during the week that the Government was attempting to increase purchases for buffer stock and to export fibre to a few East European countries. The weather was dry last week. Earlier rains had led to *significant* progress with regard to sowing, but, if the present dry weather continues, it would cause anxiety. Sowing in the jute-growing States and areas (West Bengal, Assam, Bihar, Orissa, Uttar Pradesh, and Tripura) till early this month were 15 to 25 per cent behind last year's. In West Bengal, the area under mesta and jute is expected to decline from 1.5 million acres to 1 million acres, but, since the yield per acre is expected to increase to 3.5 bales through intensive cultivation, the overall output is likely to be satisfactory.

The Government representatives of jute-growing States told the Central Supervisory Body for Jute, which met here last week, that jute prices received by growers were so low as to jeopardise any planned attempt at stabilising fibre production. It may also be noted that, in its report to the Union Ministry of Co-operation, the study team *on co-operative* marketing of jute in West Bengal has stated: "It is not uncommon for balers' prices in upcountry markets to be lower than parity rates in Calcutta by Rs. 8 to Rs. 12 per maund." The Team recommends the co-operative marketing of jute on the lines of the co-operative marketing of cotton in Gujarat, ensuring of adequate credit for farmers, the starting of a few pilot projects in the main jute-growing areas, and an organisational framework for co-operatives to function at various levels. The Team is satisfied that co-operatives would alone be able to stabilise fibre prices. It deplores the present system of buying in growing areas.

The Government of India has now increased the export quota of jute from 100,000 bales to 200,000 bales. The earlier announcement of resumption of exports to East European countries has been followed by the receipt of inquiries from other areas such as the United States, Japan and Western Europe. *It is proposed to complete shipments* by 31st July, so that there would be no chances of any mix-up of the old with the new crop.

KIPS QUIET

(From Our Own Correspondent)

MADRAS, 21*st May*

The kip market remained quiet due to *Bakr-id* holidays. Arrivals from tanneries were restricted. Demand for inland trade was poor. Though inquiries from the U.K. were persistent, importers there were not willing to pay the prices established earlier, but were liquidating their stocks at lower prices forgoing most of their commission. This has been a bad feature in the trade, now and then. Cowcalf light weights and top marks in buffcalf were in demand, but sellers were few, due to paucity of stocks in tanneries available for further sale.

Quiet conditions prevailed in the tanned skins section, except for *middle class* sheep skins, in which demand from the Continent persisted at last prices. Importers in the U.K. did not evince interest in other lines, as they were apparently waiting for the market to decline. Export orders from the Continent and the U.S. were negligible for tanned goat skins.

In the London public auctions held last week, clearance of stocks were small and prices were irregular for goat skins and 6 to 12 pence lower for sheep skins all classes except for middle class tannages.

The following are the nominal prices—in Rs. per lb.—for all-round lots in the local market:

Tanned cow hides 8/8½ lbs. average	2-20 to 2.25
Tanned cow calf 1½/2 lbs. average	3.70 to 3.80
Tanned buff hides 12/14 lbs. average	1.85 to 1.95
Tanned buff calf 1½/2 lbs. average	3.10 to 3.20

METALS EASY

(From Our Own Correspondent)

CALCUTTA, 22*nd May*

Easier advices from foreign markets coupled with buyers' resistance at higher levels led to a fall in prices in the metal market here during the the week under review. The 25 per cent cut in the U.S. aid to India this year (now reduced) caused great concern to the market men, because, at present, the U.S.A. is the only source of copper supplies for India, the imports of which have been planned on the basis of the expected aid. The resumption of work by Hooghly pilots has meant unloading of imports which were hitherto awaiting entry into the river at Sandheads. As a result, *the stock* position of the principal *metals* has improved.

Copper scrap, despite modest releases of permit copper, was in short supply, but, as buyers refused to follow the rise, prices eased. Thus, berry scrap moved down from Rs. 572.75 to Rs. 570.50 per 100 kgs. On the London Metal Exchange, the price for spot copper was maintained at £234 a ton, as cash metal was in good demand, though interest from the Continent was absent.

Tin, in London, opened at £921 a ton and, after rising to £925, closed lower on balance at £914. It would be remembered that, a week ago, it touched the low of £903. The recovery was attributed to steady demand from the Continent and also to higher advices from Penang. Uncertainties were believed to exist with regard to the proposed U.S. releases from the strategic stockpile. Meanwhile, according to reports from Malaya, it was apprehended that the U.S releases might retard Malayan production which reached, in the first quarter of this year a new high of 316,144 piculs as compared to the corresponding figures for the last five years, and showed an increase of 14,000 piculs over the first quarter of 1961. Even if Malayan production maintained this rate of production, it is felt that the world output this year would fall short of demand by 12,000 to 20,000 tons. In Calcutta, the price eased from Rs. 1,692.75 to Rs. 1,669.25 per 100 kgs. following fresh arrivals.

Lead, in Calcutta, eased from Rs. 136 per 100 kgs. to Rs. 134. Demand was subdued. In London, the price declined from £60½ to £59¼ a ton. Electrolytic zinc closed here lower on balance at Rs. 224.50 per 100 kgs., after opening at Rs. 241.25. The week's opening and closing quotations in London for the spot metal were unchanged at £68. The price was better at £68¾ during mid-week.

SUGAR REACTS

(From Our Own Correspondent)

HAPUR, 21*st May*

After ruling firm in the earlier part of this week on continued brisk buying, sugar eased here later following the release of 2.5 lakh metric tons quota for open sale, with the validity period for sale and despatch reduced from 45 to 30 days. Mills were anxious sellers, and prices drifted lower consequently. Most of the factories in west U.P. have already closed their production season and the rest would do so by the week-end. Factories in east U.P., however, are still getting enough cane, and would continue crushing for another fortnight. Sugar production by 30th April 1962 in the country was 353,000 metric tons as against 419,000 metric tons during the corresponding period last season, and stocks with factories on that date totalled 23,92,000 metric tons as against 22,17,000 metric tons on the same date last season. Week-end prices here were: Spot delivery wholesale Simbhauli Rs. 107.37, Bulandshar Rs. 103.50 per quintal, retail Rs. 1.02 per seer, mill delivery (per maund) D29 Amroha Rs. 38.75, Dhampur Rs. 38.62, Seohara Rs. 39, Meerut Rs. 39.37, E29 Simbhauli Rs. 39.25 and Bijnore Rs. 38.50.

Khandsari prices improved fractionally following revival of demand from Punjab, Rajasthan and adjoining areas. The inferior quality was quoted at Rs. 30.50 to Rs. 32.50 per maund, while the dry superior was around Rs. 33.25 to Rs. 36.25 and crystal at Rs. 34.25 to Rs. 36.50 a maund.

Gur was steadier here during the week on brisk buying mostly from Gujarat. The week's offtake was around seven wagonloads and the local stock ran down to 16,000 maunds. *Shakker* was in request from Rajasthan and was steadier. Week-end prices were: *Gur* superior Rs. 53.58, *pansera* Rs. 52.25, dara Rs. 49.57, kotha selected Rs. 52.25 to Rs. 53.58 and *shakker* Rs. 58.94 per quintal.

Sugar production during the month of April 1962 amounted to 353,000 metric tons, as against 419,000 tons in the same month last season. The total production for the season 1961-62 upto 30th April was 2,510,000 tons (including 56,000 tons produced prior to November 1961), as against 2,746,000 tons during the corresponding period last season (including 55,000 tons produced prior to November 1960). The offtake of sugar from factories during the month of April (including despatches for exports) was 267,000 metric tons, as against 175,000 tons, the total despatches during the first six months of 1961-62 season being 1,264,000 tons (including 105,000 tons for exports), as against 1,077,000 tons (including 87,000 tons for exports) in the same period last season. The total closing stocks of sugar with factories as on 30th April 1962 were 2,392,000 metric tons, as against 2,217,000 tons on the same date last season.

PLANTING

(Concluded from page 942)

than an *ad-valorem* duty and, having regard to average prices, it would reasonably be fixed at ½*d.* per lb. Sir Percival goes to the extent of even suggesting that, from the commonsense point of view, it would be better to dispense with this duty altogether, for the revenue to the six European Common Market countries from such a duty would be negligible, since imports into them only amount to about 40 million lbs. a year. Nevertheless, he concedes that, except for the trouble involved, it would make little difference to the tea industry or to the Governments concerned, if sentimental reasons made it necessary to impose the aforesaid weighted average duty instead of permitting free entry. In his considered opinion, the case for relief in one of the three forms described above is unanswerable; as long as that relief is given, it matters little to the tea trade which system is chosen. Sir Percival has rightly urged that Britain need not be—and must not be—a suppliant and that it, too, must state its terms and, among them, should be "fair treatment for the great Commonwealth tea industry."

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 18th May, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long-term Operations) Fund		50,00,00,000
National Agricultural Credit (Stabilisation) Fund		6,00,00,000
Deposits—		
(a) Government—		
(1) Central Government		52,74,61,000
(2) Other Governments		12,33,05,000
(b) Banks		87,30,18,000
(c) Others		149,90,14,000
Bills Payable		39,54,97,000
Other Liabilities		74,49,26,000
	Rupees	557,34,61,000

ASSETS	Rs.
Notes	16,33,77,000
Rupee Coin	1,92,000
Subsidiary Coin	2,81,000
Bills Purchased and Discounted—	
(a) Internal	.....
(b) External	.....
(c) Government Treasury Bills	70,21,96,000
Balances held abroad*	6,23,31,000
Loans and Advances to Governments†	117,38,05,000
Other Loans and Advances	129,13,96,000
Investments	148,97,16,000
Other Assets	37,01,74,000
Rupees	557,34,61,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 6,92,50,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	16,33,77,000	
Notes in circulation	2146,65,90,000	
Total Notes issued		2162,99,67,000
Total Liabilities		2162,99,67,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,04,000	
(b) Held outside India	.....	
Foreign Securities	101,50,07,000	
Total of A		219,26,11,000
B. Rupee Coin		114,36,78,000
Government of India Rupee Securities		1829,36,78,000
Internal Bills of Exchange and other commercial paper		.....
Total Assets		2162,99,67,000

State Bank of India

Statement of Affairs for the week ended 18th May, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		8,20,00,000
Borrowings from Other Banking Companies, Agents, etc.		574,34,01,000
Bills Payable		91,00,000
Bills for Collection being Bills receivable as per contra		11,09,63,000
Acceptances, Endorsements and Other Obligations per contra		2,67,81,000
Other Liabilities (including Inter-Office Adjustments)		7,01,76,000
Total Rs.		7,02,81,000
		616,83,52,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		24,66,73,000
Balances with other Banks		2,52,77,000
Money at Call and Short Notice		2,80,00,000
INVESTMENTS—		
Government and other Trustee Securities	224,61,69,000	
Other Authorised Investments	9,07,16,000	
		233,71,85,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	279,06,30,000	
Bills Discounted and Purchased	17,84,38,000	
		296,90,68,000
Bills Receivable being Bills for Collection as per contra		2,67,81,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		7,01,76,000
Premises less Depreciation		1,92,97,000
Furniture and Fixtures less Depreciation		1,53,05,000
Other Assets (including Inter-Office Adjustments)		43,11,90,000
Total Rs.		616,83,52,000

State Bank of Pakistan

Statement of Affairs for the week ended 11th May, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	4,25,00,000
Deposits :—	2,00,00,000
(a) Central Government	.....
(b) Provincial Governments	16,06,69,000
(c) Banks	2,76,90,000
(d) Others	24,85,69,000
Bills Payable	101,11,09,000
Other Liabilities	30,98,000
	22,14,06,000
Rupees	176,90,41,000

ASSETS	Rs.
Notes	.....
Rupee Coin	12,56,76,000
Subsidiary Coin	16,000
Bills Purchased and Discounted :—	34,000
(a) Internal	.....
(b) External	.....
(c) Government Treasury Bills	.....
Balances held outside Pakistan*	.....
Loans and Advances to Governments	31,00,64,000
Provincial Governments' Debtor Balances	4,59,00,000
Other Loans and Advances	.....
Investments	62,49,26,000
Other Assets	53,98,74,000
Rupees	12,25,51,000
	176,90,41,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs
Notes held in the Banking Department	12,56,76,000	
Notes in circulation	380,54,62,000	
Total Notes issued	.....	393,11,38,000
Total Liabilities	.....	393,11,38,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion	.....	
Foreign Securities	65,87,94,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	2,84,50,000	133,90,02,000
Government of Pakistan Securities	250,46,80,000	
Internal bills of exchange and other commercial paper	.....	
		253,31,30,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	.....	
Rupee Coin	1,00,90,000	
	29,51,000	
Total Assets	.....	5,90,06,000
		393,11,38,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.49 per cent.

EXCHANGE RATES

	23rd May 1962	16th May 1962
London on New York $, per Dollar	2.8120–2.8123	2.8131–2.8134
New York on London Cents per £	281.200–281.420	281.330–281.360
London on Paris .. .. Fcs.	13.7765–13.7785	13.7830–13.7850
London on Berne .. .. Sw. Fcs.	10.1055–10.1075	12.1750–12.1770
Pound Sterling—		
Sellers T.T. D.D. Spot .. .. s.	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months .. .. .. s.	1–5 15/16	1–5 15/16
Buyers T.T. .. .. .. s.	1–5 1/32	1–5 1/32
Buyers D.D. .. .. .. s.	1–5 1/16	1–5 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. .. Rs.	476.00	476.00
Buyers T.T. .. .. .. Rs.	472.75	472.50
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	439.50	439.00
Buyers T.T. .. .. „	431.75	431.25
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.80	102.80
Buyers T.T. .. .. „	103.90	103.90
Swiss Francs—		
Sellers T.T. D.D. .. „	90.60	90.90
Buyers T.T. .. .. „	91.60	91.80
Deutsche Marks—		
Sellers T.T. D.D. .. „	83.90	83.90
Buyers T.T. .. .. „	84.90	84.90
Italian Lire—		
Sellers T.T. D.D. .. „	13,005	13,010
Buyers T.T. .. .. „	13,180	13,185
Swedish Kroner—		
Sellers T.T. D.D. .. „	108.00	108.00
Buyers T.T. .. .. „	109.10	109.10
Belgian Francs—		
Sellers T.T. D.D. .. „	1,042	1,042
Buyers T.T. .. .. „	1,058	1,058
Dutch Guilders—		
Sellers T.T. D.D. .. „	75.40	75.40
Buyers T.T. .. .. „	76.20	76.20
Hongkong Dollars—		
Sellers T.T. D.D. .. „	119.90	119.60
Buyers T.T. .. .. „	120.90	120.60

INDEX NUMBERS OF SECURITY PRICES

[1953-53=100]

Group and Sub-Group	Week ended 19th May 1962 P	12th April 1962	14th April 1962	15th May 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.8	100.6	100.8	101.1
2. Government of India	100.5	100.5	100.5	101.0
3. State Government	102.0	102.0	102.0	101.9
4. Municipal, Port Trust, etc.	99.1	99.1	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	100 9	101.0	101.0	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.5	82.5	82.4	84.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	105.5	105.1	102.7	170.2
8. *Agriculture and Allied Activities : Total**	166.4	165.9	162.5	171.8
9. Tea Plantations	157.8	158.1	154.2	167.5
10. Coffee Plantations	160 7	159.2	154.8	180.1
11. Rubber Plantations	170.5	169.5	165.3	176.6
12. *Mining and Quarrying : Total*	165.0	164.6	160.3	168.1
13. Coal	138.4	127 8	115.5	129.3
14. Other Mining	190 1	189.7	187.6	189.6
15. *Processing and Manufacturing : Total*	213.9	213.5	210.7	193.5
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.) : Total**	224 0	224.5	224.1	197.1
17. Sugar	143.1	143.3	143.7	169.4
18. Cotton Textiles	196.4	196.7	196.8	162.8
19. Jute Textiles	106.8	106.3	106.2	91.1
20. Silk and Woollen	1306.4	1320.9	1274.4	1147.7
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	214.6	212.7	208.8	206.8
22. Iron and Steel	166.6	164.5	157.9	171.1
23. Transport Equipment	401.9	403 0	396.9	403.1
24. Electrical Machinery	180.9	179.8	176.5	162.7
25. Machinery other than Transport and Electrical	258.4	250.4	238.1	216.5
26. Basic Industrial Chemicals	206.4	207 1	206.8	218.3
27. *Processing and Mfg. (Others) : Total**	86.8	86.6	86.5	80.2
28. Cement	181.6	181.7	178.8	159.8
29. Paper	169 5	169.6	165.2	141.9
30. *Other Industries : Total**	232 0	231.4	230.7	209 3
31. Electricity Generation and Supply	117.0	116.3	118.1	108.3
32. Trading	86.8	86.6	86.5	80.2
33. Shipping and Other Transport	181.1	182.8	176.5	125.3
34. Construction	99.1	98 7	98 5	100.8
35. *Financial : Total*	319.5	308.8	299.5	276.0
36. Banks	211.7	217.5	220.7	196.8
37. Insurance	244.9	245 0	250 1	214.2
38. Investment Trusts	168.8	167.4	168.0	146.0
	94.0	94.0	93.1	91.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	204.2	204.6	200 9	185.8
40. Calcutta	181.1	180 2	178 2	165 7
41. Madras	202.2	202.1	203.4	192 8
42. Delhi	256.2	257.1	253.6	239.0

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P—Provisional.

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday) 11-5-62	4-5-62	12-5-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	50,16	54,49	50,62
(ii) From others	776,91	783,61	709,71
(b) Borrowings from banks	27,43	29,03	27,97
(c) Others	58,72	60,45	54,38
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	16,96	16,49	18,38
(ii) From others	1,188,42	1,180,25	1,055,48
(b) Borrowings from banks	12,49	11,74	15,36
(c) Others	10,08	13,03	22,66
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,965,33	1,963,86	1,765,20
4. Borrowings from Reserve Bank	21,96	14,15	42,78
(a) Against usance bills and/or promissory notes	11,21	7,86	23,64
(b) Others	10,75	6,29	19,14
5. Borrowings from State Bank and/or a notified Bank	20,25	19,85	13,31
6. Cash	52,55	51,28	49,70
7. Balances with Reserve Bank	82,92	80,41	72,27
8. Cash and balances with Reserve Bank	135,50	131,73	121,97
9. 8 as per cent of 3	6.89	6.71	6.91
10. Balance with other banks in current account	17,22	18,04	15,55
11. Money at call and short notice	50,86	50,62	43,68
12. Investments in Government securities	574,77	592,77	552,91
13. 12 as per cent of 3	29.25	30.18	31.32
14. Advances—			
(a) Loans, cash credits and overdrafts	1,212,94	1,270,70	1,100,60
(b) Due from banks	5,55	5,79	8,24
15. Inland bills purchased and discounted	176,34	178,77	152,95
16. Foreign bills purchased and discounted	46,89	46,27	44,84
17. Total Bank Credit [15 (a)+16+17]	1,436,17	1,432,75	1,297,78
18. 17 as per cent of 3	73.07	72.96	73.52

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	5th May 1962	28th Apr., 1962	6th May 1961	March 1962	March 1961	Percentage of Increase (+) or Decrease (—) in March 1962 as compared with March 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	122.1	121.3	117.4	119.2	117.5	+ 1.4	119.5	120.2 R
Cereals	192	103.8	103.5	98.4	102.2	100.2	+ 2.0	101.6	106.3
Pulses	43	95.8	94.6R	86.1	94.1	92.8	+ 1.4	91.2	121.1 R
Fruits and Vegetables	23	140.2	142.2	120.8	132.9	108.4	+22.6	131.2	121.5
Milk and Ghee	84	124.6	123.4	117.4	118.8	119	— 0.6	115.1	115.5
Edible Oils	47	152.9	151.8	158.2	153.0	163.8	— 6.6	158.2	143.8
Fish, Eggs and Meat	17	139.2	137.5R	128.6	141.7	123.6	+14.6	131.0	121.1
Sugar and Gur	48	128.8	129 8	120.3	120.2	117.3	+ 2.5	120.7	126.6
Others	50	160.7	159 2	170.3	159.2	166.8	— 4.6	172.9	168.4 R
Liquor and Tobacco	21	101.1	99.2	110.3	99.8	113.4	—12.0	103.6	104.8
Tobacco	..	97.6	95.7	107.4	96.3	110.7	—13.0	100.6	101.8 R
Fuel, Power, Light and Lubricants	39	122.4	122.3	121.6	122.1	121.9	+ 1.0	121.8	118.9 R
Industrial Raw Materials	155	135.6	135.3	158 0	136.2	159.1	—14.4	147.7	138.2
Fibres	61	126.5	126 2R	165.8	128.5	176.9	— 27.4	150.0	130.3
Oilseeds	40	150.9	150.3	155.6	149 3	159.7	— 6.5	157.8	144.9
Minerals	2	93.8	94.8*	95.2*	94.5	95.2	+ 0.6	95.1	95.0
Others	52	126.8	126.8*	127.6	129.1	128.3	— 0.7	127.9	129.0
Manufacture	290	126.8	127.0	126.9	128.4	128.7	— 2.5	127 0	120.8
Intermediate Products	41	136.3	137.2	136.7	135 5	137.3	— 1.3	138.4	127.1
Finished Products	249	125.3	125.3	125.3	124 9	122.4	— 8.7	125.2	118.6
Textiles	147	124.6	125 2	128 5	125.2	124.0	— 6.6	126.8	121.2
Cotton	..	128.6*	129.2*	127.7*	128 2	126.8	+ 1.1	127.5	127.5
Jute	..	112.3*	113 8	157 3	117.4	161.6	—27.4	133.9	100.8
Woollen	..	127.5*	127 5*	116.6*	125.4	110.1	+ 13.9	119.0	107.6
Silk and Rayon	..	129.0*	129.0*	126.5	125.5	117.1	+ 8.0	116.4	102.6
Metal Products	12	158.2	152.0	151.4	152.0	151.2	+ 0.5	147.1	147.9
Chemicals	20	112.2	112.2	107.1	112.6	105.1	+ 7.1	108.7	104.7
Oil Cakes	10	151.0	151.2	142.7	149.0	145.4	+ 2.5	146.8	140.2
Machinery and Transport Equipment	31	117.5	117.5	112.7	116.3	112.6	+ 3.3	113.6	110.7
Others	30	124.2	124.2	119.0	122.1	118.6	+ 3.0	120.2	115.0
All Commodities	1,000	125.1	124.7	123.6	123.8	127.5	— 3.1	125.8	122.9 R

* Estimated.
Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.
R—Revised.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	22nd Mar., 1962	4.25	4
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	..	3
Canada †	..	3.14	3.19
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	23rd May, 1961	5.5	6.5
Ecuador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	June, 1961	5.5	6
Finland	Mar., 1959	6.50	6 75
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Mar., 1962	5.56	5 34
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	25th April 1962	3.50	4
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	..	2
South Africa	7th Dec., 1961	5	4.50
Spain	June 1961	4.6	4
Sweden	6th April, 1962	5	4 50
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	26th April 1962	5	4.50
U.S.S.R.	1st July, 1936	3	4
U.S.A.	12th Aug., 1960	3.50	3
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

CLEARING HOUSE RETURNS

Centre	Week ended 18th May, 1962 Number of Cheques	Amount Rs.	Week ended 11th May, 1962 Number of Cheques	Amount Rs.
Bombay	4,10,829	88,16,31,000	4,37,620	89,14,90,000
Calcutta	—	—	..	..
Madras	—	—	1,02,279	13,56,68,119
New Delhi	—	—	66,000	12,25,00,000
Kanpur	26,000	4,89,00,000	27,000	5,09,00,000
Bangalore	29,000	4,12,00,000	36,000	5,33,00,000
Nagpur	9,000	1,16,00 000	10,000	1,48,00,000
All Centres			15,28 4,000	9,77,67,00,000
1958-59	..	..	50,196,000	10,099,00,00,000
1959-60	..	..	51,809,000	12,550,66,00,000
1960-61	..	..	59,946,000	13,992,00,00,000
1961-62	..	..	4,916,000	1,104,98,00,000
Jan., 1961	..	..	4,462,000	1,027,01,00,000
Feb.,	..	..	4,753,000	1,221,85,00,000
Mar.,	..	..	4,971,000	1,164,75,00,000
April	..	..	4,870,000	1,047,02,00,000
May	..	..	4,986,000	1,095,50,00,000
June	..	..	4,910,000	1,173,93,00,000
July	..	..	5,608,000	1,214,75,00,000
Aug.,	..	..	4,850,000	1,107,18,00,000
Sept.,	..	..	5,353,000	1,331,65,00,000
Oct.,	..	..	5,284,000	1,277,67,00,000
Nov.,	..	..	4,966,000	1,177,00,00,000
Dec.,	..	..	5,284,000	1,277,67,00,000
Jan., 1962	..	..	4,966,000	1,177,00,00,000
Feb.,	..	..	4,850,000	1,107,18,00,000
Mar.,	..	..	5,353,000	1,331,65,00,000

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300T	1,100,800T	786,900T
Do. 31st March, 1959	1,137,660T	1,149,900T	884,700T
Do. 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,588,000	1,623,000	1,263,000
Do. 31st March, 1962	1,647,800	1,643,400	1,317,700
Mar., 1961	141,000	142,300	114,000
April „	135,700	136,000	106,000
Jan., 1962	155,900	148,700	119,000
Feb., „	139,400	138,300	108,000
Mar., „	156,600	146,900	128,000
April „	144,400	143,600	110,000
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1958	733,946T	507,580T	412,042T
Do. 31st March, 1959	959,033T	668,205T	497,551T
Do. 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Do. 31st March, 1962	1,187,397	934,499	734,951
Mar., 1961	106,122	82,583	80,700
April „	99,381	69,710	51,144
Jan., 1962	86,754	78,574	74,121
Feb., „	97,258	75,940	53,600
Mar., „	113,176	88,241	86,294
April „	109,726	83,306	47,747

T—Figures in Tons.

INDIAN JUTE STATISTICS

Particulars	Period	Quantity
	JUTE MANUFACTURES	(In 000 tons)
Production	During March., 1962	96.3
	Corresponding month, 1961	87.5
	Nine months ended March, 1962	792.3
	Corresponding period, 1961	782.6
Stocks	At the end of March, 1962	60.5
	Corresponding month, 1961	85.0
	DESPATCHES OF GUNNIES	(In 000 tons)
For Export Purpose	July-June, 1959-1960	833.5
	July-June 1960-1961	780.6
	July 1961 to March, 1962	561.4
	March, 1962	65.4
	March, 1961	54.9
For Internal Consumption	July-June, 1959-1960	248.3
	July-June 1960-1961	274.1
	July 1961 to March, 1962	212.6
	March, 1962	31.3
	March, 1961	31.1
	RAW JUTE	(In 000 bales)
Consumption by Mills	March, 1962	570
	Corresponding month, 1961	500
	July-June, 1959-1960	6,014
	1958-59	6,291
	1959-60	5,782E
	1960-61	4,553
	July 1961 to March, 1962	4,386
	July 1960 to March, 1961	4,553

E = Revised

INDUSTRIAL PRODUCTION*

Industries.		1959	1960	January to November 1961	January to November 1960	Oct., 1961	Nov., 1961	Nov., 1960
Major Industries—								
Coal	million metric tons	47.80	52.61	51.21	47.91	4.29	4.60	4.64
Steel (Ingots and Metal for castings)	thousand metric tons	2,468	3,287	3,002‡	2,088‡	381	—	308
Yarn	million kgs.	781	788	785	715	74	72	68
Cloth	million metres	4,502	4,616	4,301	4,203	389	379	391
Cement	thousand metric tons	6,036	7,835	7,494	7,184	676	727	736
Jute	thousand metric tons	1,068	1,085	873	996	78	94	50
Paper and paper boards	thousand tons	299	345K	333	315	32	30	29
Matches	thousand cases	649	661	695	600	53	66	57
Sugar	thousand metric tons	2,117	2,591	2,303‡	1,865‡	46	—	259
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	439	601	683	536	68	70	58
Electric lamps	millions	34 84	41.39	42.73	37.35	3.33	3.91	4.06
Dry cells	millions	187.3	207.4	193.5	186.2	14.1	17.7	21.6
Power transformers	thousand K.V.A.	1,248	1,116	1,586	1,110	155	165	133
Electric Motors	thousand H.P.	576	680	749	633	63	71	66
Electric fans	Nos.	726,000	991,200	891,000	890,100	51,000	—	95,600
Radio receivers	Nos.	213,864	266,700	295,214	236,884	25,476	29,634	28,668
Storage batteries	Nos.	442,800	510,000	481,500	465,000	34,400	35,600	41,400
Copper conductors	tons	6,624	10,068K	6,984K	8,988K	671	684K	968K
Winding wires	tons	2,832	4,200K	5,160K	3,819K	495	518K	390K
Rubber and plastic Ins. cables and flexibles	million yds.	166.08	208 32‡	192 85‡	188 35‡	15 91‡	17.51‡	21 58‡
Insulators—H.T.	Nos.	992,000	2,317,200K	2,343,000K‡	1,909,200K‡	210,000K	—	209,000K
Insulators—L.T.	million Nos.	6 25	3,662,400K	3,488,000K‡	3,064,400K‡	380,000K	—	294,000K
Diesel engines—Vehicular	Nos.	8,712	9,708	8,495‡	7,588‡	726	—	1,046
Diesel engines—Stationary	Nos.	30,396	41,676	40,147	37,847	3,952	3,848	3,829
Chemical Industries—								
Salt	million metric tons	3.18	3.44	3.42	3.27	0.11	0.04	0.13
Caustic soda	metric tons	69,876	99,144	109,089	90,283	11,104	10,512	8,002
Soda ash	metric tons	95,328	145,284	161,780	129,815	17,063	17,690	12,746
Chlorine liquid	metric tons	24,780	31,656	30,943	28,844	2,977	2,811	2,695
Bleaching powder	metric tons	5,184	5,928	6,443	5,286	733	747	540
Bichromates	metric tons	4,404	5,472	4,921	4,963	424	400	392
Sulphuric acid	metric tons	296,880	350,400	374,482	328,270	34,018	33,540	28,550
Superphosphate	*metric tons*	251,652	322,464	334,642	295,520	28,833	31,650	24,268
Non-ferrous Metals—								
Aluminium	metric tons	17,526	18,467	16,297	16,921	1,568	1,520	1,464
Antimony	tons	664	800K	540	741	96	40	75
Copper (virgin metal)	metric tons	7,764	8,992	7,825	8,342	765	730	730
Lead (virgin metal)	metric tons	3,958	3,778	3,293	3,342	285	150	375
Gold	ozs.	165,312	4,902Kgs	4,441 Kgs.	4,565 Kgs.	397 Kgs.	415 Kgs.	405 Kgs.
Miscellaneous (Minor) Industries —								
Sewing Machines	Nos.	252,612	295,788	286,670	267,136	17,644	26,763	28,320
Bicycles	Nos.	990,744	1,050,744	850,599‡	949,604‡	77,800	—	103,236
Automobiles	Nos.	36,468	51,660	49,779	46,587	3,674	3,239	4,831
Cycle tyres and tubes	million Nos.	19 46	23 50	22 21	21 23	1 27	1 98	2 02
Motor tyres and tubes	million Nos.	2 26	2 64	2 83	2 39	0 23	0 27	0 26
Cigarettes	million Nos.	32,166	38,334	37,718	34,756	3,375	3,316	3,500
Plywood—Tea chests	thousand sq. metres	9,167	9,684	7,630‡	8,194‡	789	—	807
Plywood—Commercial	thousand sq. metres	5,022	5,220	5,204‡	4,344	500	—	435
Sheet glass	thousand sq. ft.	80,563	81,188	61,395‡	65,010‡	7,070	—	8,040
§Woollen manufactures { Worsted Fabrics	thousand metres	13,752	13,980	11,847	12,733	1,231	1,240	1,252
{ Worsted Yarn	thousand Kgs.	12,960

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares. P.O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. i—Interim Dividend.

Shares:—If a company has different classes of shares—as for example, 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns "Paid-up Ordinary Capital" and "Paid-up per share"

Accounts:—Figures in the "Accounts Closed" column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any and stands for the gross figures except where otherwise indicated

Dividends:—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share: 1958	1959	1960	1961	Accounts Closed	Reference
Rs	Rs	Rs	Rs	Rs					Rs	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
17,33,200	9,88,622	40,70,472	25,34,396	2,333	Maganlal Bhagwandas & Co.			Ambika Silk Mills Co., Ltd.	202.50	100	12.00	12.00	15.00		12	Y.
50,00,000		1,15,07,425	49,16,604	—29,00,337	Rajputana Text. (Agencies) Pvt. Ltd.	45,180	902	Apollo Mills	2.26	2	*Nil*	*Nil*	*Nil*		12	Y.
40,00,000	11,54,641	21,07,426	14,20,258	2,99,955	Gulabchand Jain, Esq. (Chairman)	50,596	1,021	B. B. Cotton Mills	75.00	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.P.T.
2,50,98,000	3,79,10,818	12,21,54,130	6,17,67,811	69,669	Nowrosjee Wadia & Sons (Pvt.) Ltd.	2,18,492	4,320	Bombay Dyeing & Mfg.	200.00	50	7.50	8.50	8.50	8.50	12	Y.
10,00,000	2,84,495	89,53,981	57,46,203	1,37,996	Ramnarain Sons Private Ltd.	44,784	960	Bradbury Mills Ltd.	67.00	100	22.00	31.50	30.00	30.00	3	Y.P.
2,54,00,000	3,92,41,521	12,62,96,743	3,48,88,815	3,83,649	Birla Gwalior Private Ltd.	3,31,460	6,598	Coorla Spg. & Wvg.	160.00	100	12.50*	7.50	11.00	11.00	12	Y.P.
25,00,000	25,15,005	1,36,00,429	84,16,840	34,762	Oswajee Jehangir & Co. Pvt. Ltd.	31,460	680	Cowasjee Spg. & Wvg.	160.00	50	5.00	10.00	15.00	15.00	3	Y.
25,00,000	29,03,230	1,02,39,816	56,42,312	2,06,878	Ramnarain Sons Private Ltd.	43,960	928	Dawn Mills	372.50	200	15.00	15.00	15.00	15.00	3	Y.
84,00,000	35,25,313	98,61,188	57,85,881	2,29,073	Puranmal Bubna Sons	47,356	836	Edward Textiles	135.00	50	*Nil*	7.00	9.00		12	Y.
29,38,050	41,05,692	1,01,80,852	87,15,263	1,06,104	B. D. Jalan, Esq. (Chairman)	46,706	1,020	Elphinstone Spg. & Wvg.	315.00	100	16.00	23.00	23.00		12	Y.
50,00,000	74,85,055	2,12,84,043	1,29,92,207	29,894	James Finlay & Co., Ltd.	63,212	784	Finlay Mills	250.00	100	15.00	21.50	21.50	23.00	12	Y.
50,00,000	57,03,239	1,12,19,365	78,65,367	5,682	James Finlay & Co., Ltd.	45,768	1,020	Gold Mohur Mills Ltd.	6,850.00	1,000	350.00	350.00	500.00	500.00	12	Y.
12,50,000	1,22,44,196	2,24,95,578	1,53,60,756	21,340	K. M. D. Thackersey, Esq. (Chairman)	45,448	1,120	India United Mills	21.92	0 100.	Nil	Nil	Nil		12	Y.P.
2,00,00,000	41,70,614	5,23,11,148	4,01,32,001	9,69,881	M. D. Bhat, Esq. (Chairman)	2,46,388	6,255		3.56	0 10	Nil	Nil	0.1875			
50,00,000								India Mfg.	3,225.00	1,000	325.00	200.00	225.00	250.00	6	Y.
18,00,000	1,02,72,488	1,98,48,928	1,45,88,123	9,508	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Khatau Makanji Spg. & Wvg.	487.50	100	10.00	15.00	22.50	18.00	6	Y.P.
59,58,000	87,09,185	3,99,58,871	2,84,69,582	98,194	Khatau Makanji & Co. (Pvt.) Ltd.	1,00,000	1,500	Kohinoor Mills	310.00xd	100	10.00	9.50	15.00	18.00	6	Y.P.
1,00,00,000	1,07,07,211	4,43,95,914	3,17,65,599	1,555	Killick Industries Ltd.	1,20,504	1,848	Modern Mills	77.50	50	5.00	5.00	6.00	6.00	12	Y.
48,47,350	47,06,963	1,01,48,470	82,72,950	29,925	N. Sirar & Co. Private Ltd.	49,200	544	Moorjee Soculdas Spg. & Wvg.	417.00	100	15.00	21.50	31.50	24.00	6	Y.
51,75,000	80,60,557	3,25,38,719	2,31,00,780	1,94,822	Piramal Sons Private Ltd.	71,604	1,642	National Rayon Corporation	558.50	100	14.00	22.00	22.00	22.00	12	Y.P.
2,41,12,100	2,23,52,150	16,69,41,993	6,87,34,426	93,407	Chinai & Co. Private Ltd.			New City of Bombay Mfg.	181.00	*Nil*	*Nil*	*Nil*	*Nil*		12	Y.P.T.
24,00,000	12,59,737	91,26,177	48,70,348	2,44,928	K. M. D. Thackersey, Esq. (Chairman)	45,944	480	New Great Spg. & Wvg.	100.00	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
20,00,000	2,91,838	1,24,16,237	63,75,602	—8,27,101	Sahu S. P. Jain, Esq. (Chairman)	49,012	950	Phoenix Mills	263.00	100	10.00	10.00	15.00	20.00	12	Y.
48,00,000	55,35,221	1,89,77,617	1,29,35,991	4,01,084	Ramnarain Sons Private Ltd.	49,232	1,190	Podar Mills	149.00	100	18.00*	12.00*	12.50*	30.00	3	Y.
48,00,000	45,06,158	1,87,98,076	1,30,27,854	2,40,748	Podar Sons Private Ltd.	32,600	930	Raymond Woollen Mills Ltd.	143.00	100	8.00	11.50	12.50		12	Y.P.
75,00,000	26,95,000	1,34,04,734	93,31,773	1,11,311	J. K. (Bombay) Private Ltd.			Phoenix Mills	263.00	100	10.00	10.00	14.00	20.00	12	Y.
10,00,000	1,70,451	32,32,052	19,14,448	—1,07,771	R. A. Podar, Esq. (Chairman)	14,400	374	Podar Mills	149.00	100	18.00*	12.00*	12.50*	30.00	3	Y.
75,40,000	1,46,61,503	3,73,54,242	2,03,83,194	30,196	M. G. Investment Corp. Private Ltd.	96,488	2,127	Rajnagar Cotton Mills	173.50	50	6.50	5.00	6.00	6.00	3	Y.
90,00,000	87,99,257	2,37,58,801	93,55,714	1,06,435	Marwar Textiles (Agency) Pvt. Ltd.	77,436	1,620	Shree Nirwan Cotton Mills	173.50	50	6.50	5.00	6.00	6.00	3	Y.
60,48,000	38,44,035	2,39,26,360	1,17,07,182	39,044	S. R. Damani, Esq. (Chairman)	97,588	2,409	Standard Mills	1,042.00	100	20.00	29.00*	30.00	25.00	3	Y.
1,53,85,000	2,70,39,064	4,05,44,945	2,80,44,764	1,74,874	Mafatlal Gagalbhai & Sons	78,628	2,000	Swadeshi Mills	184.00	100	18.00	14.00	17.00	19.00	12	Y.
1,00,00,000	1,17,78,408	3,56,01,924	2,13,23,533	24,559	Tata Industries Private Ltd.	49,228	550	Sirsilk Ltd.	330.00	100	25.00	26.00	36.00	31.50	12	Y.
60,00,000	58,84,487	2,16,65,521	1,34,20,892	10,399	James Finlay & Co., Ltd.			Tata Mills	78.00	25	1.50	2.50	5.00	5.50	12	Y.
65,57,875	89,75,288	3,27,28,804	1,36,44,906	30,469	Tata Industries Private Ltd.	49,760	1,770	Victoria Mills Ltd.	485.00	100	20.00*	20.00	25.00		12	Y.
22,00,000	64,01,539	1,15,05,138	71,37,382	78,723	Mangaldas Mehta & Co. Private Ltd.	50,056	944	Western India Spg. & Mfg.	802.50	250	81.25	81.25	115.00	125.00	12	Y.P.
12,00,000	1,18,48,944	2,05,58,799	1,36,88,288	14,039	K. M. D. Thackersey, Esq. (Chairman)	54,864	1,292									
AHMEDABAD																
40,00,000	70,20,822	2,23,05,227	1,02,42,114	10,945	Tata Industries Private Ltd.	51,976	1,016	Ahmedabad Advance Mills	208.00	100	5.00	4.00	16.00	12.00	12	Y.
29,55,000	1,17,06,572	1,96,77,923	1,03,38,076	87,710	Hutheesing Sons & Co.	44,220	955	Aruna Mills	750.00	100	25.00	25.00	30.00	35.00	12	Y.
1,00,00,000	2,89,17,047	4,39,00,937	1,81,08,201	2,784	Narottam Lalbhai & Co.	48,384	1,408	Arvind Mills	1,059.00	100	28.00	25.00	40.00	45.00	12	Y.
20,40,000	51,56,635	1,36,47,290	59,58,792	30,012	Mangaldas & Brother (Pvt.) Ltd.	37,368	953	Aryodaya Ginning & Mfg.	493.75	200	25.00		18.00		12	Y.
20,60,800	1,46,03,729	2,25,93,906	94,70,571	36,971	Lalbhai Dalpatbhai & Co.	38,171	2,360	Asoka Mills	750.00	100	20.00	25.00	30.00	35.00	12	Y.
2,06,25,000	2,62,45,308	9,86,80,261	4,70,25,866	16,05,335	Karamchand Premchand Pvt. Ltd.	1,39,120	2,380	Calico	1,142.50	125	25.00	22.00	30.00	31.00	12	Y.
71,50,250	50,36,456	1,96,08,956	1,24,49,024	50,374	Tricumlal Bhogilal & Co., Ltd.	51,112	907	Calico	450.00	250	27.00*	35.00	34.00§		3	Y.P.
98,39,375	2,04,45,883	3,20,26,884	1,61,20,553	3,30,581	Mafatlal Chandulal & Co., Ltd.	25,560	572	New Shorrock Spg. & Wvg.	1,642.50	125	35.00*	55.00*	60.00	45.00	3	Y.
24,72,500	75,89,714	1,13,89,485	56,84,264	7,388	Jagabhai Bhoglal Nanavaty & Co.	35,600	660	Mahalaxmi Mills	540.00	100	20.00	35.00	40.00	40.00	12	Y.
50,00,000	82,38,194	1,60,50,499	90,92,001	47,719	Lalbhai Dalpatbhai & Co.	37,840	848	Raipur Mfg.	775.00	100	25.00	35.00	40.00	40.00	12	Y.
48,75,000	25,75,702	1,83,50,147	94,85,502	334	Shahibhai Chhunbhai, Esq. (Chairman)	30,448	752	Rohit Mills	232.50	100	8.00*	10.00	10.00	10.00	12	Y.
63,75,000	4,05,93,766	2,79,09,326	1,75,09,252	1,37,159	Harivallabhdas Kalidas & Co.	94,128	1,819	Shri Ambica Mills	1,435.00XR	100	90.00*	45.00	50.00	*Nil*	12	Y.
WEST BENGAL																
15,00,000	3,32,786	40,82,465	27,11,989	15,766	Calcutta Agency Private Ltd.	13,044	256	Basanti Cotton Mills	7.81	10	0.50	*Nil*	0.80		12	Y.P.
7,11,250																
1,80,420	3,62,600	1,03,08,007	58,71,408	—2,60,950	D. N. Bhattacharjee, Esq. (Mg. Director)	35,816	935	Bengal Luxmi Cotton Mill	25.00N	10	*Nil*	*Nil*	*Nil*		3	Y.
1,70,000								Bharat Commerce & Indust.	29.44	10	*Nil*	*Nil*	0.50	2.00	3	Y.P.
80,00,000	4,70,250	83,31,226	19,64,236	94,875	H. R. Sagia, Esq. (Mg. Director)		841	Bowreah Cotton Mills	29.12	10	*Nil*	*Nil*	1.00	2.00	12	Y.P.
24,00,000	31,39,700	1,80,34,149	86,59,084	2,15,857	Kettlewell Bullen & Co., Ltd.	42,912	1,000	Dunbar Mills	34.62XR	10	*Nil*	*Nil*	1.00	2.00	12	Y.P.
38,00,000	46,09,112	1,67,55,939	1,13,86,965	2,29,807	Kettlewell Bullen & Co., Ltd.	43,064	1,000	Jay Shree Textiles Ltd.	16.62xd	10	0.25	0.50	1.00	1.00	12	Y.P.
60,00,000	24,71,500	91,55,365	50,11,265	87,266	Birla Brothers Private Ltd.	43,852	1,992	Kesoram Ind. & Cotton Mills	25.25	10	0.50	*Nil*	0.50	1.25	12	Y.P.
1,80,00,000	2,98,94,557	7,99,50,481	2,14,69,208	2,44,919	Birla Brothers Private Ltd.	75,040			11.00	10	0.50	*Nil*			12	Y.P.
O. 19,47,750	78,492	50.99,822	32,33,579	—*21,450	Hazaremal Heeralal	25,024	705	Rampooria Cotton Mills	2.50N	1D	*Nil*	*Nil*	*Nil*		3	Y.
D. 5,00,000															6	Y.
SOUTH INDIA AND OTHER CENTRES																
29,99,525	9,71,634	82,71,024	24,50,179	1,71,575	Kothari & Sons	24,000	1,055	Adanal Spg. & Wvg. Co., Ltd.	10.69xd	10	*Nil*	*Nil*	*Nil*	0.80	12	Y.P.
90,00,000	31,50,000	77,28,088	28,12,833	33,693	Best & Co. (Pondicherry) Pvt. Ltd.	45,556		Anglo-French Textiles Ltd.	133.00xd	100	6.00	11.00	15.00	20.00	12	Y.
1,25,00,000	7,40,000	1,95,19,345	1,29,29,413	3,120	C. S. Tyabjee, Esq. (Mg. Director)	25,984	725	Asher Textiles Ltd.	229.00	100	6.00	6.00	12.50	16.00	12	Y.
72,00,000	19,55,192	2,16,37,183	81,44,425	3,120	C. S. Tyabjee, Esq. (Mg. Director)	36,196	1,157	Assam Jute Mills	242.00	100	10.00	6.00	6.00		12	Y.
1,21,50,000	1,66,76,667	41,15,85,499	3,35,46,441	2,25,402	E. F. G. Hunter, Esq. (Chairman)	46,240		Bangalore Woollen	149.00	100	10.00	16.00	16.00	18.00	12	Y.
4,78,46,252	6,30,205	5,04,23,251		4,11,316	Gauhati Chimal & Co. Private Ltd.			Baroda Rayon Corporation	27.56	10	0.75	*Nil*	*Nil*	*Nil*	12	Y.
90,96,954	1,15,55,116	1,75,41,924	1,27,42,738	1,54,291	Birla Brothers Private Ltd.	39,536	1,094	Birla Cotton Spg. & Mfg.	265.00	100	10.00	10.00	10.00	10.00	12	Y.
1,79,47,500	3,83,27,954	9,29,93,071	5,55,44,491	2,15,318	E. F. G. Hunter, Esq. (Chairman)	57,456	2,752	Bangalakshmi & Carnatic	13.16	10	*Nil*	*Nil*	1.00	2.00	12	Y.
90,00,000	4,27,699	23,99,200	4,07,031	5,547	G. N. Sam & Co.	20,000	4	Cambodia Mills	132.50	100	15.50	12.50	17.50	20.00	12	Y.P.
15,00,000	5,53,318	28,56,479	20,96,978	1,96,278	Damodaran & Co.	27,624	580	Cananore Spg. & Wvg.	8.69	5	*Nil*	*Nil*	0.25	0.50	3	Y.
30,00,000	48,99,554	95,99,234	72,92,500	47,303	The British India Corporation Ltd.	27,624		Carnatic Mills	17.25	10	0.90	0.90	0.90	0.50	12	Y.
9,34,580	7,37,000	98,47,548	37,37,721	18,719	C. R. Srinivasan, Esq. (Chairman)	31,200		Cauvery Spg. & Wvg. Mills Ltd.	10.00	10	0.60	0.60	0.60	1.50	3	Y.
86,99,905	46,56,553	1,99,26,045	61,57,333		R. Subbaraya Naidu & Co.	22,584	180	Coimbatore Cotton Mills	148.00	100	8.00	12.50	12.50	16.00	3	Y.
17,56,225	3,68,231	49,87,157	31,40,399		T. A. R. Chettiar Sons & Co.	25,240		Coimbatore Pioneer Mills	300.00cd	100	20.00	25.00	15.00		12	Y.
20,00,000	22,78,872	1,06,30,822	56,63,236	14,855	T. R. V. Naidu & Co.	27,264	307	Coimbatore Spg. & Wvg.	21.31	10	*Nil*	*Nil*	*Nil*		12	Y.P.
90,70,000	5,076	1,39,77,683	69,20,385	—13,57,970	A. V. Somasundaram Naidu, Esq. (Ch.)	47,356	2,064	Cowasji India	160.00	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.P.
46,87,500	10,75,722	4,69,11,924	1,63,54,397	—69,85,989	Tata Industries Private Ltd.	1,15,188	2,904	Davangere Cotton Mills	128.00	100	9.00	9.00	*Nil*	*Nil*	3	Y.
99,99,075	34,15,411	1,83,02,693	68,43,175	18,455	R. Hanumanthaya & Sons	40,382	900	Delhi Cloth & General Mills	66.50	{ 1	2.00	2.50	3.00	3.00	3	Y.
8,84,84,225						1,16,636	2,333			{ 21	0.10	0.25	2.25	2.25	3	Y.P.
1,00,553	6,00,97,485	15,69,15,879	8,88,20,209	2,72,010	B. B. Charat Rara Private Ltd.			Dhanalakshmi Mills	240.00	100	10.00		0.25	0.325	6	Y.P.T.
48,00,000	29,78,332	1,39,02,060	78,70,006	487	M. N. Chettiar & Sons	45,308	201	Elgin Mills	21.60	10	0.75	1.15	17.50	17.50	12	Y.
65,00,000	1,76,75,771	2,95,09,227	1,65,13,065	56,278	The British India Corporation Ltd.	90,888	2,152	Golaki Mills	221.00	100	7.50	7.50	1.15	1.75	9	Y.
73,21,500	60,24,625	2,23,49,502	1,22,08,808	20,774	Forbes, Forbes Campbell & Co., Ltd.	74,256	880	Gwalkar Mills Ltd.	246.25	100	10.00	10.00	14.00	18.00	12	Y.P.
40,00,000	62,62,575	1,42,22,402	92,44,182	24,187	J. H. Mehta, Esq. (Chairman)	29,572		Gwalior Rayon	58.50	10	*Nil*	*Nil*	1.00	10.00	12	Y.T.
2,50,00,000	4,66,80,000	7,15,20,225	4,53,13,026	43,28,964	Birla Brothers Private Ltd.								5.00	2.25	3	Y.
1,73,21,000		49,92,779		—1,17,844	Veraval Rayon Industries (Private) Limited			Indian Rayon Corporation	124.50	100.00					3	Y.P.
60,00,000	14,86,908	1,67,80,358	1,31,23,087	16,108	K. S. Ramaraju, Esq. (Chairman)	51,152	1,356	Indore Malwa United	176.00	100	5.00		*Nil*	*Nil*	3	Y.P.
8,00,000	6,18,776	96,26,185	22,28,141	—5,61,231	G. V. Naidu & Co., Ltd.	22,784		Jaandaras Mills	75.00	50	*Nil*	7.00	8.50		12	Y.
15,54,000	14,12,510	81,02,843	43,66,674	—4,17,117	Bhaktavatsalan Damodar, Esq. (Managing Director)	21,176	511	Jam Shri Ranjitsinghji	1,300.00	1,000	*Nil*	*Nil*	*Nil*		12	Y.
1,26,00,000	56,84,321	5,18,51,327	1,09,58,959	1,33,795	Padampat Singhania, Esq.	45,000	1,000	J. K. Cotton Spg. & Wvg.	26.50	10	2.00	2.00	2.00	60.00	6	Y.
1,25,00,000	13,00,000	5,631	1,892	44,050	Mr. G. K. Singhania (Chairman)			J. K. Synthetics Ltd.	16.87	10		0.75	1.25		12	Y.P.
16,91,980	14,86,546	84,43,878	47,86,258		Umaiyambika & Co.	45,952		Jayalaxmi Cotton Mills	15.50xd	5	0.25	0.75	0.75	0.80	12	Y.
4,53,53,300	9,43,44,998	6,41,74,841	3,74,63,598	—98,96,146	Birla Gwalior Private Ltd.	58,184	1,625	Kanoria Textiles	11.54xd	10	0.25	0.67	*Nil*	0.75	12	Y.
67,20,000	27,14,571	1,96,16,938	81,40,477	29,140	Kothari & Sons	67,192	2,000		167.00	50	6.00	6.00	8.00		3	Y.
71,00,000								Lakshmi Mills	78.50	25	2.00	3.00	3.00	3.00	12	Y.P.
A. 84,50,000	84,90,160	8,32,02,885	1,76,87,4-8	19,291	G. K. Naidu & Co.	1,10,800	208						1.00	15.00*	6	Y.
53,00,000	1,63,19,795	2,76,70,209	1,70,56,377	40,575	Nayinabandra Purbotamdas & Co. Ltd.	51,996	996	Mafatlal Fine Spg. & Mfg. Co. Ltd.	390.00	100	12.00	29.00*	30.00	7.00*	3	Y.
1,78,08,480	5,31,72,932	7,85,11,771	4,86,50,981	13,44,709	A. R. F. Harvey Ltd.	4,52,000	998	Madura Mills	27.75	10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
90,00,000	29,61,175	98,96,492	58,17,777	1,83,283	W. A. Beardsell & Co. (Private) Ltd.	45,000	1,075	Madura Industries Ltd.	400.00	100	20.00	25.00	30.00	30.00	12	Y.P.
99,96,864	7,76,002	1,06,75,367	54,84,518		N. Sirar & Co. Private Ltd.	52,408	704	Meera Mills	90.00	100	10.00	*Nil*	2.25	2.25	3	Y.
94,31,800		1,38,08,195	1,04,39,555	21,15,609	K. Sirar & Deal (Secretary)	52,096	968	Model Mills (Nagpur)	147.00	250	*Nil*	*Nil*	20.00	30.00	3	Y.
49,61,00,000	39,56,795	1,32,02,667	74,49,324		N. Sirar & Co. Private Ltd.	52,096	968	Mysore Spg. & Mfg.	68.50	50	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
81,50,000	48,96,995	67,10,256	46,91,125	48,198	J. H. Mehta, Esq. (Chairman)	14,776	446	Nawaat Cotton & Silk Mills Ltd.	178.00	100	5.00	5.00	7.00		6	Y.
40,00,000		1,47,29,498	1,09,25,109	—22,17,254	K. S. Patodia & Co. Private Ltd.	47,728	464	Orient Textile Mills Ltd.	10.06	10	*Nil*	12.50	7.00		6	Y.
57,84,300	20,58,725	1,78,58,991	79,58,308	900	C. B. Tarsporvala, Esq. (Chairman)	37,728	904	Osmanabad Mills	71.00	100	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
A. 4,00,000	19,19,729	82,05,864	45,29,855	26,545	Baghyalakhmi & Co.	47,600		Palani Andavar Mills	285.50cd	50A	10.00	15.00	*Nil*		3	Y.P.
B. 6,00,000									285.00cd	75B	15.00	15.00	*Nil*		3	Y.P.
18,00,000		89,34,516	38,64,512	—98,12,214	John & Co.	27,992	301	Pankaja Mills Ltd.	39.00	25.00	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
68,12,190	20,30,226	1,12,78,116	71,97,956	2,429	A. G. Guruswamy Naidu & Co.	29,764	801	Radhakrishna Mills	129.50	100	1.50	2.25	57.50	57.50	12	Y.P.
28,51,898	27,25,226	1,03,45,275	54,25,254	600	Kothari Ramlal & Sons	29,196	550	Rajalakshmi Mills	102.75xd	50	5.00	11.50	12.50		12	Y.
29,07,847	27,36,542	1,06,05,446	58,68,739	9,410	R. R. Naidu & Sons	41,884		Rajapalayam Mills	19.19	10	0.75	0.75	0.75	4.00	12	Y.
16,14,900	22,11,000	66,06,845	28,18,526		Ramco Agencies & Co.	24,224		Rajnarain Mills (Coimbatore) Ltd.	63.50	10	2.00	2.50	1.70	2.00	12	Y.
16,96,990	7,96,250	94,66,683	54,34,397	3,716	S. N. Ramaswami Naidu Sons	22,260		Rajpalayam Mills	250.00	100	10.00	15.00	18.00	20.00	12	Y.
23,53,500	14,99,609	58,10,590	28,79,943	15,633	Mr. M. Somappa (Chairman)	21,360		Sivanandha Mills Ltd.	24.63xd	10	10.00	10.00	10.00	10.00	12	Y.
10,80,000	16,74,101	74,55,625	40,15,963	5,180	Mr. R. P. Thanneeru Chetty & Sons.	28,084		South India Viscose Ltd.	184.00	100	18.00	14.00	17.00	19.00	12	Y.
1,25,50,000	5,37,313	4,44,06,445			M.			Sirsilk Ltd.	330.00	100	25.00	26.00	36.00	31.50	12	Y.
24,37,650		5,84,70,650	60,00,000	47,842	Birla Brothers Pvt. Ltd.			Sri Kannapiran Mills Ltd.	11.66xd	10	*Nil*	*Nil*	*Nil*	2.50	12	Y.
18,17,124	8,47,786	1,34,45,975	1,04,24,244		Sri Ramchandran, Esq. (Mg. Director)	16,516					0.50	1.00	1.00		3	Y.
98,68,760	29,74,374	1,12,40,198	76,73,384	14,497	H. N. Pallegar, Esq. (Managing Director)	43,224	940	Sri Krishnarajendra Mills	79.50	50	4.50		*Nil*		6	Y.P.
						36,288	96	Sri Rangavilas Ginning	50.00	50					3	Y.
15,08,500	11,46,482	61,87,618	31,78,325	6,647	P. S. Govindasamy Naidu & Sons	36,512	1,244	Sri Rangavilas Mills	11.87 N	100	4.50	4.50	5.50	5.50	3	Y.
15,00,000	4,06,39,052	1,32,78,020	90,33,758	2,77,919	Birla Brothers Private Ltd.			Sri Rangavilas Spinning	8.62	10	0.50	0.50	0.50		3	Y.
17,50,000	2,83,33,071	5,05,7 628	2,46,91,277	5,044	M.	1,12,216	2,000	Suguna Cotton Mills	62.00xd	50	4.00	4.00	5.00	5.00	3	Y.
01,67,80,000	1,30,000	48,55,575	2,75,456	22,542	P. Suryanarayana & Sons Pvt. Ltd.	13,000		Swadeshi Cotton (Kanpur)	11.87 N	100	0.50	0.50	0.50	0.50	3	Y.
18,78,310		1,30,00,000	5,67,84,411	3,46,71,325	Rincole & Sons (Travancore) Ltd.	2,68,721		Tirupati Cotton Mills Ltd.	8.62	10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
1,00,00,000	1,07,69,148	1,94,50,000	1,36,47,290	30,012	Mangaldas & Brother (Pvt.) Ltd.	37,368	916	Travancore Rayons	12.77xR	10	0.50	0.50	0.50	0.50	3	Y.
20,60,800	1,46,03,729	2,25,93,906	94,70,571	36,971	Lalbhai Dalpatbhai & Co.	38,171	2,360	Travancore Sugars & Chemicals	42.90xd	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
2,06,25,000

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.				Rs. nP	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
ASSAM															
4,45,700	14,06,731	23,91,108	9,41,163	..	McLeod & Co., Ltd.	325	Amluckie	21.00	10	1.50	1.50	*Nil*		12	Y.P.
2,78,560	11,59,772	14,63,925	5,81,758	5,928	M.	456	Ananda (Assam) Tea ..	37.00	10	2.00	2.50	3.00		12	Y.
7,03,350	8,07,324	17,30,420	5,78,959	84,181	Gillanders Arbuthnot & Co., Ltd. ..	481	Ananda Bag	31.00	10	1.00	1.75	3.00		12	Y.
5,50,000	14,40,641	26,54,042	10,92,353	44,138	McLeod & Co., Ltd. ..	578	Bazhmari	22.00	10	1.50	1.50	*Nil*		12	Y.
7,65,000	10,56,055	23,69,094	8,49,351	45,172	Andrew Yule & Co., Ltd.	154.47H	Barmania	27.00	6	2.00	3.00	3.50	2.50'C'	12	Y.
4,06,000	3,14,799	17,10,901	10,50,329	56,445	National Tea Corporation	624	Batell	19.00	5	1.50	1.50			12	Y.
6,40,000	11,66,218	18,50,200	6,49,468	74,651	Gillanders Arbuthnot & Co., Ltd. ..	621	Betjan	30.75	10	1.50	2.50	4.00		12	Y.
88,00,000	19,04,000	76,43,294	32,49,094	3,19,908	Williamson Magor & Co., Ltd. ..	3,425	Bishnauth	19.00	10	*Nil*	1.50	1.50		12	Y.
6,00,000	2,00,000	14,02,675	5,52,303	38,457	Octavius Steel & Co., Ltd. ..	479	Bokakhat	14.00	10	0.50	0.50			12	Y.
7,50,000	10,06,725	15,48,187	4,76,387	97,728	McLeod & Co., Ltd. ..	450	Bormah Jan Tea ..	16.37	10	0.75	1.25	1.50		12	Y.
84,00,000	15,38,736	97,20,008	35,63,381	1,63,2x9	M.	2,534	Brooke Bond B. ..	15.62	10	1.00	1.25	1.50		12	Y.P.
1,30,000	7,59,721	13,41,948	4,44,443	9,842	McLeod & Co., Ltd. ..	282	Dejoo Valley ..	49.00	10	3.00	4.00	1.50	1.00	6	Y.
8,40,000	3,53,778	33,58,492	20,70,146	—4,33,935	Jardine Henderson Ltd. ..	1,335	Dessai & Parbuttia ..	148.00	100	*Nil*	*Nil*	*Nil*		12	Y.
17,53,440	11,14,855	34,30,624	10,01,212	17,475	James Warren & Co., Ltd. ..	770	Dhelakhat	22.00	10	2.50	2.00	1.25		12	Y.P.
7,00,000	7,45,000	26,55,008	7,85,916	13,770	H. P. Dhanuka, Esq. (Chairman) ..	553	Dhunseri	15.37	10	2.00	2.50	2.00		12	Y.P.
4,60,000	12,60,850	20,41,155	5,01,109	50,772	McLeod & Co., Ltd. ..	458	Dibrugarh	23.25	10	2.50	3.00	4.00		12	Y.
4,73,700	6,83,000	17,85,449	8,18,149	1,45,410	Williamson Magor & Co., Ltd. ..	632	Dimakuri	23.25	10	2.50	3.00	2.50		12	Y.P.
7,00,000	12,66,000	29,08,289	15,35,899	1,32,439	Williamson Magor & Co., Ltd. ..	635	Dufflagiri	29.50	10	4.50	3.50	2.50		12	Y.P.
10,00,000	3,84,547	34,48,693	13,40,893	—70,453	Williamson Magor & Co., Ltd. ..	1,166	East India Tea ..	19.94	10	0.50	1.00	*Nil*		12	Y.
5,03,780	6,43,037	19,21,392	6,95,510	15,535	M.	472	Gillapukri	26.37	10	2.50	2.50	2.50		12	Y.
7,00,000	4,77,500	34,27,841	10,97,541	1,49,350	Williamson Magor & Co., Ltd. ..	552	Gohpur	14.50	10	1.50	2.50	*Nil*		12	Y.
23,29,085	36,34,739	67,36,725	21,91,070	20,38,780	Octavius Steel & Co., Ltd. ..	2,494	Grob Tea	10.19	5	1.50	0.70			12	Y.
5,00,000	7,86,998	12,86,076	5,15,521	22,702	M.	488	Hoograjuli	24.75	10	0.501	2.50	3.00		12	Y.
9,70,000	14,35,299	41,10,390	16,97,876	55,548	Andrew Yule & Co., Ltd.	542.41H	Hoolungooree ..	170.00	100	17.50	22.50	10.00	7.50	12	Y.
27,46,630	73,74,126	2,49,12,010	86,37,010	18,455	Biria Brothers Private Ltd. ..	2,354H	Jay Shree Tea & Industries	19.62	10	1.00	1.40	1.40	1.25'C'	12	Y.
9,00,000	9,57,498	22,24,511	9,35,164	81,331	Gillanders Arbuthnot & Co., Ltd. ..	949	Jutlibari	32.00	10	1.00	1.00	3.00		12	Y.P.
1,80,000	15,06,535	16,52,982	7,79,450	77,886	M.	1,226	Kinglaby-Golaghat (Assam)	215.00	100	25.00	25.00			12	Y.
1,80,000	14,500	21,45,503	3,98,239	—1,09,387	Duncan Bros. & Co., Ltd. ..	1,201	Kotamulial Tea ..	10.50	5	*Nil*	*Nil*	*Nil*		12	Y.
6,50,000	7,17,234	15,10,192	4,53,324	14,035	Duncan Bros. & Co., Ltd. ..	634	Ledo	17.00	10	*Nil*	*Nil*	*Nil*		12	Y.P.
13,00,000	13,00,000	23,97,978	8,14,738	45,981	Octavius Steel & Co., Ltd. ..	843	Mathiori	17.75	10	2.50	1.50	0.50		12	Y.
4,80,000	80,980	9,21,023	..	5,351	Duncan Bros. & Co., Ltd. ..	701	Moheema	12.12	10	*Nil*	1.00			12	Y.
1,50,000	18,65,825	2,08,956	10,536	46,667	Kettlewell Bullen & Co., Ltd. ..	125	Mothola	506.12	100	40.00	25.00	30.00		12	Y.P.
1,71,000								170.50	O. 10	2.00	2.50	3.00		12	Y.
P.O. 2,00,000	8,49,447	22,48,531	8,17,038	28,760	Andrew Yule & Co., Ltd.	373	Murphulani	27.00	P.O. 10	2.50	3.562	1.063	1.50	12	Y.
5,35,000	1,75,000	13,81,374	5,76,315	12,180	M.	320	Namburnadi ..	14.50	10	1.00	1.50		3.063	12	Y.
5,00,000		11,55,626	4,05,877	—1,15,185	Andrew Yule & Co., Ltd.	723	New Chumtolah ..	121.00	100	*Nil*	*Nil*	*Nil*		12	Y.
6,00,000	7,17,592	13,78,077	5,31,723	46,229	Andrew Yule & Co., Ltd.	390	Rajgarh	21.62	10	2.50	3.50	4.00	1.35	12	Y.
9,00,000	3,56,155	34,20,978	14,58,524	15,956	M.	958	Sapoi	18.37	10	1.50	2.00	2.25		12	Y.
2,49,000	4,50,000	13,59,424	7,31,424	92,240	Williamson Magor & Co., Ltd. ..	501	Seajuli	22.50	10	1.50	1.75	1.25		12	Y.
5,98,000	14,42,974	23,02,249	7,31,723	46,229	McLeod & Co., Ltd. ..	495	Teloijan	27.25	10	2.50	2.50	2.50		12	Y.
6,00,000	4,61,598	16,02,398	5,99,416	48,105	Gillanders Arbuthnot & Co., Ltd. ..	840	Tenapani	36.00	10	1.50	1.75	3.00		12	Y.
30,52,350	16,92,078	53,47,154	24 21 068	86,905	Shaw Wallace & Co., Ltd. ..	2,372	Tezpore	17.12	10	1.25	2.00	2.00		12	Y.P.T.
5,37,000	26,60,015	53,37,019	16,73,988	71,413	McLeod & Co., Ltd.	1,959	Tyrreon	37.87	10	1.50	3.00	1.00		12	Y.
CACHAR															
5,00,000	5,000	5,43,677	2,03,160	41,902	M.	362	Arcutlipore	7.00	10	*Nil*	*Nil*			12	
7,00,000		7,01,310		—6,83,851	M.	996	Eastern Cachar ..	2.75	10	*Nil*	*Nil*			12	
15,00,000	18,00,800	31,90,584	14,49,004	42,553	Octavius Steel & Co., Ltd. ..	2,208	Hatikhira	12.00	10	0.50	0.50	*Nil*		12	
3,50,000	90,000	6,48,924	2,68,020	4,067	P. B. Datta, Esq. (Mg. Director) ..	628	Kunchumpore ..	6.00	10	*Nil*	1.00			12	
7,00,000	6,77,182	22,34,155	4,75,546	9,117	Assam Trading Co.	2,212	North-Western Cachar	205.00N	100	20.00	30.00	30.00		12	
2,50,000	4,08,703	13,84,445	4,39,174	—8,193	McLeod & Co., Ltd.	638	Roopachera ..	13.62	10	*Nil*	*Nil*	*Nil*		12	
5,24,000	11,52,014	15,47,025	5,07,894	16,902	Duncan Bros. & Co., Ltd. ..	721	Rungamattee ..	58.50	50	1.25	3.75	2.50		12	
4,00,000	1,04,567	10,68,284	3,68,708	41,399	M.]	636	Senal River ..	7.00	10	*Nil*	*Nil*			12	Y.P.T.
DARJEELING															
3,79,900	1,30,000	4,35,766	1,00,466	47,950	Williamson Magor & Co., Ltd. ..	408	Chamong	10.75	10	*Nil*	*Nil*	*Nil*		12	
2,08,600	1,72,621	3,76,761	1,73,617	139	M.	458	Dilaram	100.00	100	7.50	5.00			12	
2,90,000	3,04,343	4,19,343	3,81,043	1,664	Davenport & Co., Ltd. ..	397	Gielle	12.00	10	*Nil*	*Nil*			12	
1,59,900	3,88,059	6,02,756	2,52,360	14,556	Andrew Yule & Co., Ltd.	463	Mim	191.00	100	*Nil*	10.00	22.50	20.00	12	
2,99,900	4,86,000	7,70,784	2,23,284	1,25,071	Williamson Magor & Co., Ltd. ..	600	Nagari Farm ..	30.00	10	3.00	2.00	3.00		12	
4,00,000	2,71,500	5,92,831	2,85,757	6,271	M.	505	Okayti	500.00	100	32.50	32.75	25.00		12	
3,00,000		5,92,848	2,47,405	4,521	Duncan Bros. & Co., Ltd. ..	478	Poobong	7.00	10	*Nil*	*Nil*	*Nil*		12	
3,05,000	2,07,203	5,13,350	79,360	—87,157	Davenport & Co., Ltd. ..	570	Pussimbing	7.25	10	*Nil*	*Nil*			12	
4,00,000	5,43,000	4,72,085	2,07,057	20,701	Duncan Bros. & Co., Ltd. ..	341	Rungliot	386.00	100	30.00	10.00	35.00		12	
3,00,000	3,45,992	5,80,575	1,96,066	1,933	M.	389	Seeyok	8.50	10	1.50	1.50			12	
9,00,000	18,275	11,55,787	2,88,715	1,933	Goenka & Co.	582	Singtom	6.62	10	0.75	0.50			12	
4,75,000	4,75,000	7,78,347	3,66,047	1,44,181	Williamson Magor & Co., Ltd. ..	504	Soom	10.00	10	0.50	0.50	5.00		12	
6,25,000	10,61,229	15,60,741	5,56,276	45,583	McLeod & Co., Ltd.	745	Sungma	14.62	10	1.50	1.00	1.50		12	
3,20,000	3,15,534	15,18,876	5,17,576	11,041	Davenport & Co., Ltd.	718	Teesta Valley ..	14.25	10	*Nil*	*Nil*	*Nil*		12	
DOOARS															
27,00,000	29,62,944	63,67,156	26,80,596	93,115	Andrew Yule & Co., Ltd.	2,540	Banarhat	290.00	100	22.50	32.50			12	
12,00,000	20,45,288	45,98,021	22,21,632	75,258	Jardine Henderson Ltd.	1,978	Barsingjhi	20.12	10	1.50	2.50	3.00		12	
5,00,000	15,59,804	29,29,981	14,40,126	5,725	McLeod & Co., Ltd.	2,134	Bhatikawa	20.12	10	*Nil*	1.00	2.25		12	
3,00,000	18,74,000	36,36,117	13,94,155	44,470	Duncan Bros. & Co., Ltd. ..	1,348	Birpara	168.00	100	12.50	23.50	17.15		12	
6,00,000	9,41,000	15,32,298	5,24,047	17,565	Duncan Bros. & Co., Ltd. ..	602	Carron	160.00	100	15.00	22.50	20.00		12	
14,40,000	14,40,310	29,95,334	11,19,235	94,041	Andrew Yule & Co., Ltd.	903	Choonabhutti ..	270.00	100	22.50	30.00	25.00		12	
3,00,000	4,91,000	9,66,020	4,72,164	27,553	Duncan Bros. & Co., Ltd. ..	488	Ellenbarrie ..	180.00	100	*Nil*	5.00	5.00		12	
4,80,000	68,141	11,42,495	3,47,423	4,521	M.	447	Ethelbarrie ..	8.37	10	*Nil*	*Nil*	0.50		12	
7,50,000	7,08,314	19,45,044	12,17,748	1,25,994	Gillanders Arbuthnot & Co., Ltd. ..	1,107	Gairkata	25.50	10	*Nil*	12.50	25.00		12	
24,00,000	29,90,000	75,05,772	35,56,945	65,181	Duncan Bros. & Co., Ltd.	2,528	Hantapara	123.00	100	*Nil*	12.50	15.00		12	
26,06,000	76,41,255	1,22,23,075	64,56,075	2,58,584	Davenport & Co., Ltd.	4,235	Hasimara Industries Ltd.	21.00	10	0.75	1.25	1.75		12	
5,35,000	22,66,578	30,87,217	14,43,417	81,846	Davenport & Co., Ltd.	1,432	Huldibari	29.00	10	1.50	2.25	2.25		12	
7,00,000	5,18,128	11,17,118	4,54,781	23,515	Andrew Yule & Co., Ltd.	607	Jaybirpara (Dooars) ..	13.75	10	*Nil*	0.50	1.00		12	
9,00,000	19,71,000	26,79,061	8,40,541	58,929	Duncan Bros. & Co., Ltd. ..	937	Killcott	19.00	10	0.75	1.75	2.50		12	
3,00,000	6,02,720	13,57,089	5,94,825	7,589	M.	578	Manabarrie	87.00N	100	0.50	0.50	1.00		12	
9,80,000	21,67,000	27,78,179	10,30,217	47,164	Duncan Bros. & Co., Ltd.	1,129	Nagaisuree	192.00	100	5.00	17.50	25.00		12	
14,00,000	21,33,555	39,14,085	13,80,677	59,842	Andrew Yule & Co., Ltd.	1,163	New Doorars ..	306.00	100	25.00	32.50	35.00		12	
2,50,000	3,80,000	6,00,320	2,23,723	17,433	Duncan Bros. & Co., Ltd. ..	468	Phatakwa	127.00	100	*Nil*	*Nil*	*Nil*		12	
5,00,000	10,08,327	16,80,827	7,85,596	—1,04,227	McLeod & Co., Ltd.	764	Rajabhat	14.00	10	*Nil*	*Nil*	*Nil*		12	
7,48,000	16,25,050	30,80,024	16,04,375	36,524	McLeod & Co., Ltd.	1,035	Ranicherra	19.75	10	0.75	1.00	1.50		12	
34,92,800	29,85,239	68,49,982	27,58,541	14,335	Jardine Henderson Ltd.	1,763	Rydak	28.75	10	2.50	3.00	2.50		12	
SYLHET															
3,00,000	17,95,000	10,21,473	3,96,965	1,17,672	Octavius Steel & Co., Ltd.	622	Dhandeeshera	24.00	10	*Nil*	*Nil*			12	
2,00,000	12,56,551	10,15,594	3,55,687	52,069	Duncan Bros. & Co., Ltd.	610	Dauraicherra	20.75	10	*Nil*	1.50	2.25		12	
3,50,000	14,15,000	11,18,351	3,05,172	2,44,691	Shaw Wallace & Co., Ltd.	1,005	New Samabagy ..	158.00	100	20.00	40.00	22.50		12	
36,09,900	71,24,991	66,77,163	28,83,214	3,84,245	Duncan Bros. & Co., Ltd.	4,178	Patrakola P. ..	99.00	100	12.50	17.50	22.50		12	
9,00,000	24,94,827	21,46,811	7,54,903	28,715	Duncan Bros. & Co., Ltd.	1,190	Tellapara							12	
TERAI															
4,50,000	65,000	4,45,710	3,67,923	78,509	Goenka & Co.	667	Aital	6.15	10	0.25				12	
2,00,000	2,25,000	....	....	20,855	National Tea Corporation	522	Belgachi	158.00	100	*Nil*	2.50	2.00		12	Y.P.T.
13,44,000	24,26,000	29,41,866	13,86,502	33,141	Duncan Bros. & Co., Ltd.	1,025	Gengesmam	158.00	100	*Nil*	15.00	20.00		12	
5,00,000	11,54,594	15,58,381	5,90,305	22,542	Duncan Bros. & Co., Ltd.	530	Hanagua	16.87	10	*Nil*	1.75	2.00		12	
2,80,000	5,34,300	10,75,337	5,02,211	62,249	Davenport & Co., Ltd	514	New Chumta ..	36.50	10	1.00	1.50	1.50		12	
2,30,000	3,75,256	13,61,474	5,52,735	33,691	McLeod & Co. Ltd.	549	Tirthanandi	71.00	10	4.001				12	

§ H = Area in Hectares

MISCELLANEOUS COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
CEMENT														
71,9,370	3,97,761	1,63,73,175	80,06,128	13,016	V. Ramakrishna, Esq. (Chairman)	Ashoka Cement Co.	10.20cd	B. 10	1.00	1.00	1.00		12	Y.P.
50,00,507	9,85,000	1,78,87,504	25,50,586	21,768	S. P. Jain, Esq. (Chairman)		8.37	10	*Nil*	0.45	0.70		12	Y.P.
43,14,6104						Assam Bengal Cement Co., Ltd.	8.66	O. 10	*Nil*	*Nil*	*Nil*	0.75	8	Y.P.
4,70,9763.0	6,73,053	1,58,17,758	92,91,096	69,036	Eastern Corporation Private Ltd.		0.75	D. 1	*Nil*	*Nil*	*Nil*	*Nil*	8	Y.P.
19,06,97,933	10,09,18,347	43,88,38,215	18,58,34,606	61,250	Cement Agencies (Private) Ltd.	Associated Cement Companies ..	8.50'C'	10	0.50	11.00	12.00	*Nil*	8	Y.
98,05,202	19,15,363	2,47,10,944	53,45,161	—17,24,226	Tendalkar Industries Private Ltd.	Bagalkot Cement Co., Ltd. ..	8.88	10	0.70	11.00	12.00	15.00	12	Y.
1,66,00,000						Dalmia Cement (Bharat) ..	13.55cd	O. 10	1.00	1.20	1.20		12	Y.P.
1,66,00,000	62,88,462	2,85,75,144	86,33,672	96,576	Hari Brothers Private Ltd. ..		3.46cd	D. 1	0.10	0.12	0.12		12	Y.
R. 8,00,000						India Cements Ltd.	6.13	5	0.45	0.45	0.45		12	
3,50,34,355	66,72,850	4,66,64,377	1,32,35,164	1,18,670	Surya Prabha Ltd.	Jaipur Udyog Ltd.	14.06	10	1.25	*Nil*	0.50	0.50	12	Y.P.T.
2,50,00,000	60,92,184	8,57,17,526	2,33,04,027	67,719	Sahu Jain Ltd.	Madras Cements	92.00	100	..	..	0.60	0.80	8	Y.P.
90,00,000	....	....	....	....		Mysore Cements Ltd.	8.26	10	..	*Nil*	*Nil*	*Nil*	8	Y.P.
1,14,65,185		1,36,60,424	....	....	Sterling Enterprises Pvt. Ltd. ..	Orissa Cement Ltd.	19.69	10	1.50	1.10	*Nil*	*Nil*	8	Y.P.
2,38,00,000	1,10,81,157	5,92,01,923	2,60,44,709	1,10,784	Dalmia Agencies Private Ltd. ..	Panyam Cements & Mineral Industries	102.00	100	15.00	15.00	15.00	15.00	8	Y.P.
74,70,500	12,57,388	1,05,77,313	25,62,154	9,994	Panyam Ind. Agencies (Pvt.) Ltd. ..	Shree Digvijay Cement ..	212.00	100	9.00	9.00	9.00	*Nil*	12	Y.P.
1,44,52,275	82,36,201	4,24,37,468	1,33,65,919	1,850	Shree Laxmi Agents Private Ltd. ..	Sone Valley Portland Cement ..	5.41	5	0.30	*Nil*	0.90		8	Y.P.
76,00,000	23,40,000	2,23,77,992	1,03,37,614	21,640	J. K. Jain, Esq. (Chairman) ..	Travancore Cements Ltd.	8.60cd	10	0.60	0.60	0.60		12	Y.P.
30,00,000	13,77,360	1,37,90,842	63,88,842	50,929	Bezel (Private) Ltd.								12	

* Includes bonus. M—Managed by the Board of Directors. 'C'—On increased Capital. Xd—Ex-dividend. Cd—Cum-dividend.
"P"—Patrakola Tea—Dividends for 1959 and 1960 are payable only when funds are available from Pakistan. cr—Cum-Right.
N.B.—Dividends paid since 31st March 1959 are shown as taxable.

UNDIA 29 MAY 1962 PUBLIC DEPARTMENT

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
CERAMIC; MINING AND QUARRYING														
80,00,000	....	....	47,23,258	20,57,464	29,863	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	11.19	10	*Nil*	*Nil*	0.60	0.60	3	Y.
18,50,000	13,50,919	20,56,614	10,75,787	12,885	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.24	10	3.50	2.00	2.00	3.00	9	Y.P.
96,38,146	19,77,396	1,61,24,989	63,22,100	1,703	Bharat Ram Bhagat & Co.	Bengal Potteries	7.00	2½	0.25	0.356	0.375		12	Y.
10,00,000	52,26,517	92,22,866	45,37,866	59,420	Bird & Co. Private Ltd.	Biara Stone Lime Co.	35.62	10	1.75	1.87	3.00		8	Y.
14,17,600	16,19,274	48,55,882	17,10,887	7,448	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	217 50	100	10.00	12.50	12.50	15.00	8	Y.P.
99,80,700	14,50,359	1,25,49,403	27,84,861	—5,54,452	Sarai Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd. ..	154 00	100	*Nil*	*Nil*	6.00		12	Y.P.
21,27,800	12,44,266	23,61,146	22,61,103	2,18,750	Gillanders Arbuthnot & Co., Ltd. ..	Indian Copper Corporation	5.08	Sh. 2	0.24	0.36	0.36		12	Y.
2,50,000 }	26,84,000	45,04,655	18,23,592	2,55,452	Bird & Co. Private Ltd.,..	Karanpura Development	16.31	10	*Nil*	0.50	0.50 }		12	Y.
0,15,00,000 }									*Nil*	0.50	0.50 }			
50,00,000			1,14,21,419	5,78,268	3,68,516	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	84.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
96,00,000	40,05,322	1,32,10,947	66,20,728	23,170	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26 00N	10	1.25	1.50	1.50	1.50	12	Y.P.T.
79,09,100	10,88,782	1,22,10,886	72,28,302	2,10,253	Sir Indra Singh, Kt., (Chairman) ..	Metal Corporation of India Ltd. ..	13.75	10	*Nil*	*Nil*	*Nil*	*Nil*	8	Y.P.T.
6,00,000	5,82,078	14,95,186	8,24,135	5,855	Mysore Stoneware Development Co. ..	Mysore Stoneware Pipes & Potteries ..	13.50	10	1.00*	1.00*	1.428	1.20	8	Y.
6,00,000	54,15,220	70,76,860	71,67,028	1,16,099	Bird & Co. Private Ltd.	Orissa Minerals	42.37	10	2.50	3.50	3.50	2.80	6	Y.P.
3,50,000	17,29,249	92,49,901	49,43,489	37,499	A. V. Gharpure, Esq. (Chairman) ..	Parshuram Pottery Works Co. Ltd. ..	101.00	25	3.75	3.75	5.36	5.36	7	Y.P.
19,46,890	76,44,000	1,06,55,857	44,01,792	4,942	Kilick Industries Ltd.	Shivraipur Syndicate	39.50	10	5.00	5.00	5.00*		11	Y.
CHEMICAL														
24,00,000	....	....	....	....		Agri-Chem-Engineers	Adarsh Chemicals & Fertillsers	95.00	100	..	..	..	..	12	Y.P.
25,00,000	58,53,600	2,37,37,674	78,28,566	1,77,078	Bhailal Amin & Sons (Private) Ltd.	Alembic Chemical Works Co.	229.00	100	12.00	16.00	14.00		12	Y.P.
8,10,00,000	1,07,50,278	6,36,11,605	1,63,10,292	1,16,274	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	51.12	10	0.80	0.95	1.20	1.50	9	Y.P.
79,90,475	55,90,045	1,04,54,605	28,87,780	18,054	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	348.75	100	*Nil*	12.00	12.00		12	Y.P.
39,76,700	40,23,581	1,77,41,520	68,66,366	51,617	Kasturbhai Lalbhai & Co.	An

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
INSURANCE (X)														
12,50,000	46,63,970	1,75,12,227	....	57,888	N. M. Cole, Esq. (*Mg. Director*)	Concord of India	11.00	5	1.00	1.00	1.00		12	Y.
16,00,000	11,05,196	28,43,030	....	66,390	M.	Devkaran Nanjee Insurance	28.00	50	3.00	2.00	3.00		12	Y.
24,00,000	74,63,383	1,64,42,160	....	3,78,255	*E. K. Srinivasan, Esq. (Mg. Director)*	*Hercules* Insurance	24.12	10	2.00	2.00	3.00		12	Y.
15,92,240	42,40,147	98,48,602	....	4,21,338‡	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	5.00	40	3.75	5.25	6.00		12	Y.
20,00,000	71,07,751	1,89,36,350	....	36,726	M. G. Mody, Esq. (General Manager)	New Great Insurance	25.72	20	2.00	2.50	3.00		12	Y.
1,95,61,500	8,97,02,307	16,93,26,693	....	30,99,455	B. K. Shah, Esq. (Mg. Director)	New India Assurance Co., Ltd.	71.50	15	4.00	5.70*	5.70		12	Y.
86,60,535							72.00	15New	4.00	5.70*	5.70		12	Y.
15,99,270	40,70,395	1,05,06,078	....	80,231	K. P. Modi, Esq. (Gen. Manager)	Ruby General Insurance Co., Ltd	9.25	5	0.62	0.80	0.80		12	Y.
5,75,000	69,07,990	1,16,88,357	....	2,05,841	Sir John Brown (Mg. Director)	Triton Insurance	133.00	25	41.25	11.25	11.25		12	Y.
23,00,000	1,10,58,561	2,41,52,099	....	1,00,078	V. C. Setalvad Esq. (Gen. Manager)	*Vulcan Insurance* Co., Ltd.	17.12	10	1.50	2.00	2.00		12	Y.
													12	Y.
													12	Y.
OIL														
5321,250	£201,420	₹534,918‡‡		£12,832	T. Dwarkadas Esq. (Chairman)	British Burma Petroleum Co.	1.66	5Rs. 1½	2%	*Nil*	5%	10%	3	Y.
38,90,000	80,15,543	90,14,320	28,97,226	29,706	T. W. Wood, dec. (Managing Director)	British Ceylon Corporation	7.00‡	7	*Nil*	0.66	0.66		3	Y.
1,00,00,000	2,55,47,786	1,06,60,341	55,26,777	4,64,807	Steel Brothers & Co., Ltd.	*Indo-Burma Petroleum Co., Ltd.*	30.00	10	2.00	2.50	2.50		12	Y.
79,01,675	55,25,586	1,01,95,764	1,65,90,859	28,609	Tata Iron &teries Private Ltd.	Tata Oil Mills	81.00	25	2.50	2.25	2.25	1.00‡	12	Y.P.
4,00,000	9,89,137	2,46,632	1,67,627	*92,708*	Andrew Yule & Co., Ltd.	Tide Water Oil Co. (India) Ltd.	24.06	10	1.50	2.20	3.00	3.50	12	Y.P.
													3	Y.P.
													10	Y.
PAPER														
39,95,000	17,09,399	84,38,924	21,52,420	966	Jolly Ind. Agencies Private Ltd.	Anil Hardboards Ltd.	212.50	100	*Nil*	*Nil*	6.00‡			
1,41,76,806	69,23,021	2,84,36,024	2,23,39,002	2,26,292	K. C. Thapar & Bros. Private Ltd.	Ballarpur Paper and Straw Board Mills	19.06	25	*Nil*	2.50	5.875	9.00‡	3	Y.P.
48,80,000	57,29,548	3,58,24,641	1,77,79,487	1,40,838	M.	Bengal Paper Mills	39.56	10	2.20	2.20	3.20	3.625	12	Y.P.
26,30,000	64,16,900	2,48,29,181	1,32,52,629	69,013	Andrew Yule & Co., Ltd.	India Paper Pulp	22.25	10	1.00	1.00	1.00		12	Y.P.
25,00,000	*Nil*	13,10,023	1,188	32,158	M.	Jaypee Paper Mills Ltd. ..	86.00	100	*Nil*	*Nil*	*Nil*	1.00	12	Y.P.T.
1,20,05,810		3,23,63,696			Bedi & Co. Management Pvt. Ltd.	Mandya National Paper ..	8.20	10				*Nil*	3	Y.
49,97,991	87,15,590	1,63,34,021	1,10,54,692	38,663	M. D. Shivanandappa, Esq. (Chairman)	Mysore Paper Mills	13.70	10	1.00	1.25*	....	*Nil*	6	Y.
1,66,82,500	3,51,36,558	10,29,96,128	3,75,75,153	1,80,092	Birla Brothers Private Ltd.	Orient Paper	44.50	10	1.50	1.50	2.25	3.50	3	Y.P.
3,50,00,000	....	60,401		32,043	Seshasayee, Parsons & Whitemore Pvt. Ltd.	Seshasayee Paper & Boards Ltd.	....	10	....	....	....	2.50	3	Y.P.T.
1,25,51,420	1,44,26,926	6,05,88,475	1,80,58,383	57,232	K. C. Thapar & Bros. Private Ltd.	*Shree Gopal Paper Mills* ..	28.25	10	1.25	1.75	*Nil*	*Nil*	3	Y.
4,15,00,000	9,51,123	81,54,856	46,76,270	2,97,323	Bajoria & Co.	Star Paper Mills	10.05	O. 10	0.80	0.80	*Nil*		12	Y.
							10.05	A. 10	0.80	0.80	*Nil*		12	Y.P.T.
3,18,55,240	72,10,000	6,05,13,389	2,40,13,389	99,727	Birla Brothers Private Ltd.	Sirpur Paper Mills	14.48	10	0.65	0.65	0.65		3	Y.P.
40,00,000	....	2,47,242	5	1,23,237	Rai Bahadur Thakur & Co.	Thakur Paper Mills	10.00		....	....	*Nil*	0.85	6	Y.
4,80,00,000							43.25	A. 10	2.25*	2.50*	2.50		6	Y.P.
2,64,04,000	5,51,10,345	9,55,90,235	4,02,58,077	1,43,295	F. W. Heilgers & Co. Private Ltd.	Titaghur Paper Mills Co., Ltd.	43.25	B. 10	2.25*	2.50*	2.50	2.00	12	Y.
7,70,04,000							3.75	F.O. 21	0.24	0.25*	0.25	0.25		
2,40,00,250	85,00,000	5,86,68,749	90,71,697	*70,544*	Gobindlall Sangur, Esq. (Chairman)	West Coast Paper Mills Ltd.	185.50	100	*Nil*	*Nil*	6.00	7.50	3	Y.P.T.
													6	Y.P.
SAW MILLS AND TIMBER														
12,50,000	19,89,300	24,02,439	15,15,032	—1,10,142	M. D. Jalan, Esq.	Assam Saw Mills	2.53	₹	*Nil*	*Nil*	*Nil*	*Nil*		
99,35,000	2,72,17,037	5,06,05,300	2,89,25,893	1,50,873	Wallace & Co.	Bombay-Burmah Trading Corpn.	686.50	Old125	22.50	22.75	37.50	41.25‡		
343,00,000							270.00	New50	9.00	9.50	15.00	16.50		Y.
30,00,000	25,48,955	23,50,041	20,12,321	1,85,076	Gillanders Arbuthnot & Co., Ltd.	Indian Wood Products ..	31.37	10	2.50	2.50	3.00	3.00		Y.
													3	Y.
SUGAR (U.P. and Bihar)														
14,00,000	10,53,465	34,35,427	20,76,488	2,709	R. Kanodia Esq. (Secretary)	Balrampur Sugar	2.50	2.50	0.25	0.40‡	0.20	0.20		
13,00,000 A	86,05,784	86,14,329	43,19,329	10,00,000	*Nanang Bros. & Co. Private Ltd.*	*Basti Sugar*	122.00	A 100	10.00	10.00*				
9,00,000 B							11.50‡	B. 10	1.00	1.00	1.00			
20,33,333	11,56,002	57,43,044	32,09,289	3,552	Bangur Bros., Ltd.	Baisnad Sugar	10.31	7½	1.00	1.40	1.40	0.75		Y.
15,00,000	15,98,048	24,52,180	16,66,782	22,080	Oriental Sugars Private Ltd.	*Sharni Sugar*	13.50	10	1.50	1.50	1.50	1.50		Y.P.
32,00,000	95,84,048	1,85,19,901	1,19,07,072	3,40,882	Gladstone Lyall & Co., Ltd.	Carew & Co.	12.50	10	0.25	*Nil*	*Nil*	1.50	9	Y.
80,00,000	75,62,480	1,82,77,050	1,04,99,347	—8,70,213	*British India Corporation Ltd.*	*Cawnpore Sugar*	13.50	10	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.
18,00,000	54,55,390	86,85,573	50,55,000	1,87,874	British India Corporation Ltd.	Champaran Sugar	18.06	10	1.00	1.50	1.50	*Nil*	6	Y.P.
9,58,050	6,04,985	26,14,697	23,06,542	—2,27,754	*K. C. Thapar & Bros. Private Ltd.*	Deoria Sugar	8.71	10	0.50	1.50	1.50	1.50	3	Y.
20,00,000	31,48,190	71,79,745	48,48,565	3,40,502	M.	Durbhanga Sugar Co., Ltd.	10.00	10	1.50	2.00	*Nil*		6	Y.
60,00,000	1,03,00,000	2,34,38,546	1,31,16,596	90,766	Bajoria & Co. Private Ltd.	Rhadhakhan Sugar Mills ..	387.50	100	15.00	20.00*	0.44			
23,45,870	21,57,028	1,01,90,837	61,04,661	92,825	Talmiki Kilachand, Esq. (Chairman)	Kesar Sugar	235.00	50	4.00	16.00	20.00*	30.00*		
7,50,100	30,85,434	49,11,006	35,75,327	9,995	Oriental Sugars Private Ltd.	New India Sugar Mills ..	32.00	10	2.50	2.50	2.50	10.00		
13,00,000	5,28,830	45,63,923	31,98,949	25,608	*K. C. Thapar & Bros. Private Ltd.*	New Sirsia Sugar	91.00	50	4.00	4.00	3.63	3.625		
18,92,974	65,83,998	1,03,84,597	34,40,380	33,893	Oriental Sugars Private Ltd.	New Swadeshi Sugar Mill	340.00	100	25.00	27.50	0.50	0.58		
77,84,212	97,60,549	2,23,19,499	1,38,76,556	1,81,384	*Oriental Sugars Private Ltd.*	Oudh Sugar	175.00	100	12.50	16.25	20.00	30.00		
15,00,000	15,05,315	57,15,453	41,53,953	1,85,250	Bajoria & Co. Private Ltd.	Punjab Sugar Mills Co., Ltd.	197.50	100	15.00	15.00	20.00	30.00		
2,00,000	82,22,979	41,19,241	25,72,525	4,000	M.	Puritampore Co.	11.50	10	*Nil*	*Nil*	*Nil*			
30,00,000	3,64,600	58,31,419	15,54,476	1,370	Gwynn Bros. (Sampur) Private Ltd.	Rampur Distillery & Chemical Co., Ltd.	7.44	10	0.50	0.50	0.40	0.40‡		
88,00,000	23,85,845	92,92,773	42,92,772	24,557	Gwynn Bros. (Sampur) Private Ltd.	Ravi Industrial Sugar Co., Ltd.	7.75‡	10	0.25	1.25	1.25	0.40‡		
11,99,784	33,99,977	64,26,642	38,68,591	—5,50,181	A. K. Roy, Esq. (Secretary)	Samastipur Central Sugar	10.06	10	0.25	1.00	1.00	1.00		
11,99,784	29,62,284	1,19,91,685	84,59,146	34,778	Sahu Jain Ltd.	Shree Krishna Gyanoday Sugar	9.56	10	1.00	1.50	*Nil*			
10,62,114		38,97,746	18,88,712	10,870	D. P. Ghosh, Esq. and R. N. Dutta, Esq. (Managing Directors)	Sitalpore Sugar	6.62	10	*Nil*	*Nil*	*Nil*	*Nil*		
18,00,000	17,84,477	36,85,601	25,00,708	54,459	M.	Sirsi Sitaram Sugar ..	7.12	10	0.50	0.50	*Nil*	*Nil*		
14,00,076	12,58,049	41,94,177	17,91,755	20,223	M.	Tulsipur Sugar	5.00	5			1.00	0.75		
8,00,000	55,14,976	2,04,16,447	1,16,05,259	49,173	Cotton Agents Private Ltd.	Upper Ganges Sugar ..	67.00	10	5.00	7.25	6.25	0.40		
10,00,000	18,18,462	48,66,966	30,16,021	55,665	M.	United Provinces Sugar ..	14.72	10	1.00	1.50	1.50	7.25		
Other Centres														
20,00,000	30,40,000	1,64,83,919	42,36,087	7,000	Rangasee & Co.	Andhra Sugars Ltd.	21.00	10	1.50	2.00	2.00	1.50		
40,00,000	16,86,424	93,66,431	14,33,244	1,40,987	*Parry & Co., Ltd.*	Cauvery Sugars & Chemicals Ltd.	101.50	100	*Nil*	*Nil*	6.00	9.00		
70,40,550	1,03,07,574	1,98,52,049	1,13,50,906	10,59,784	W. H. Brady & Co., Ltd.	Balapur Company	235.50	50	20.00*	21.00	25.00	25.00		
17,62,500	17,08,126	58,19,384	31,84,793	1,725	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Bhopal Sugar Industries Ltd.	21.24	10	2.00	2.50	2.50	25.00		
57,50,000	24,47,906	89,49,263	64,94,061	96,455		Shree Chandoo Sugar	22.76	12.50	2.25	2.50	2.25	1.50		
28,24,000	52,98,500	2,46,22,268	1,72,72,202	1,48,394	Parry & Co., Ltd.	Deccan Sugar & Abkhari	10.15	5	0.90	0.90	1.35	0.85		
21,100,000	£2,043,269	£2,379,427	£1,292,143	£115,584	Parry's Holdings Private Ltd.	East India *Distilleries & Sugar*	40.00	£1	20%	20%	21.87½%	1.08		
15,98,900	14,37,289	48,71,180	32,81,129	9,734	Sir J. P. Srivastava & Sons (M.B.) Ltd.	Gwalior Sugar	100.00	100	10.00	10.00	21.87½%	21.87½%		
63,87,850	15,25,343	94,90,235	39,09,533	8,17,347	Indis Sugar Agencies Private Ltd.	*India Sugar and Refineries*	10.00	10	1.00	1.25	1.50	12.50		
12,45,380	26,08,785	1,81,03,458	95,01,391	7,094	B. S. Ind. Corpn. Private Ltd.	Jaypore Sugar	14.75	10	0.60	1.00	1.25	1.00		
67,70,720	1,16,88,920	4,98,85,784	99,54,420	17,070	*V. Ramakrishna Sons (Private) Ltd.*	E. C. P. Ltd.	22.00	10	0.75	1.50	1.50	1.50		
15,00,000	6,83,564	79,25,584	38,96,029	1,09,991	Kabsons Sugar Managers (Pvt.) Ltd.	Kirlampudi Sugar Mills Ltd.	64.00	100	*Nil*	*Nil*	*Nil*	1.50		
37,50,000	66,72,664	1,44,07,232	70,66,882	84,989	M. L. Dahanukar & Co. Pvt. Ltd.	Maharashtra Sugar Mills ..	176.00	50	17.00	21.00	21.00	*Nil*		
25,78,286	1,18,81,202	1,76,16,943	1,15,55,456	63,788	Venugopal Naydu, Esq. (Mg. Director)	Mysore Sugar	58.40	10	3.00*	3.00	3.00			
1,10,09,145	1,20,40,492	3,49,83,993	2,00,58,299	9,960	R. Vithal Rdu, Esq. (Mg. Director.)	Nizam Sugar Factory Ltd.	63.00	25	4.50	5.40	5.75	5.00		
50,00,000	50,65,317	1,42,55,060	81,73,453	35,221	Mahalal Agis and Kanilal Pvt. Ltd.	Phaltan Sugar	105.00	50	10.00	12.50	12.50	5.75		
16,53,332	54,06,359	81,62,698	46,43,344	61,005	Anderson Wright Ltd.	Ramnagger, Cane and Sugar	30.00	10	1.50	2.14	12.00	9.00		
29,98,950							61.50	O. 50	12.00	2.50	5.00	3.50		
D-4,00,000	43,94,792	1,63,17,106	74,76,128	16,591	Walchandnagar Co. Private Ltd.	Ravalgaon Sugar Farm ..	30.00	D. 50	2.50	2.50	5.00	5.25		
33,98,950	19,90,086	71,92,482	36,48,612	68,170	*Parry & Co., Ltd.*	Travancore Sugars ..	7.30	10	1.00	1.00	0.80	0.50		
1,50,94,390	1,30,61,083	4,60,82,521	1,88,61,577	1,50,034	Walchand & Co. Private Ltd. ..	Walchandnagar Industries ..	159.25	100	21.00	20.00	15.00	15.00		
UNCLASSIFIED (Bombay)														
40,93,500		76	70,95,398	....	—36,566	G. B. Kotak, Esq. (Chairman)	Asian Cables Corpn. Ltd.	114.00	100					
36,45,750	80,03,075	1,68,35,450	44,81,022	-14,61,710	Technical Services (Private) Ltd.	Automobile Products	10.16	10	*Nil*	*Nil*	*Nil*	*Nil*		
10,00,000	4,81,546	91,11,882	10,82,146	5,157	K. M. Premchand, Esq. (*Chairman*)	Associated Rubber Industries Ltd.	135.00	100	7.50	10.00	10.00	10.00		
9,90,000							100							
60,05,000	*1,92,000*	9,72,800	1,00,362	23,933	Jamnalal Sons Private Ltd. ..	Bajaj Auto	82.00	65	....	....	20.00	45.00		
25,00,000							131.25	100	9.00	5.00	10.00	22.50		
9,37,500	6,04,356	21,20,178	7,13,160	19,525	Jamnalal Sons Private Ltd. ..	Bajaj Electricals	127.50	100			5.10	9.35		
20,00,000	4,21,627	25,85,574	8,58,197	9,365	Prahlad C. Mehta, Esq. (Chairman)	Bharat Bijlee	225.00	100	*Nil*	*Nil*	2.75	4.50		
14,97,350	5,77,317	26,55,996	24,53,845	18,148	Chamdlal Mandlal Private Ltd.	Britania Biscuits	78.00	25	2.50	2.50*	4.00	7.50		
15,00,000	9,46,982	19,20,496	4,90,761	31,994	Asra-Asia Private Ltd.	Bombay Cycle & Motor ..	27.25	10	1.00	2.00	2.50	6.00		
75,00,000		12,29,816		1,12,662	Bula Chinai & Co. Private Ltd.	Bombay Oxygen Corpn. Ltd.	67.00	50			2.50			
2,75,00,000	35,348	1,46,35,050	12,44,819	—8,08,939	F. Austin, Esq. (*Mg. Director*)	Cast Iron of India Ltd. ..	177.50	100						
1,35,00,000	60,37,345	24,11,651	9,30,548	16,714	K. M. Wagle, Esq. (Mg. Director)	Graves Cotton & Co., Ltd. ..	209.50	100	10.00	7.00	*Nil*	*Nil*		
1,07,26,000		10,12,084		41,687	*F. H. Serine, Esq. (Mg. Director)*	Henley Cables India Ltd. ..	100.00N	100			11.00	19.00		
31,07,000	4,97,204	1,35,51,052	76,99,414	—9,34,453	Birla Brothers Private Ltd.	Hind Cycles	120.00	100	7.00	*Nil*				
6,00,00,000		53,91,799		2,11,565	Birla Gwalior Private Ltd.	Hindustan Aluminium Corpn. Ltd.	18.76	10		*Nil*	*Nil*	*Nil*		
5,57,00,000	4,49,78,754	6,82,83,545	2,58,60,285	85,08,000	P. L. Tandon, Esq. (Chairman)	Hindustan Lever	48.50xr	10	1.50	2.50	*Nil*	*Nil*		
50,00,000	10,000	19,51,651	21,992	6,680	D. N. Mitra, Esq. (Chairman)	Hindustan Wire Ltd.	11.24	10			2.00	2.50		
21,17,500	3,31,541	33,20,917	21,50,745	2,926	Forbes, Forbes Campbell & Co. Pvt. Ltd.	Indian Vegetable Products Ltd.	202.50	100	10.00	15.00	17.50	17.00		
5,00,00,000	1,22,08,329	7,67,02,145‡‡	....	2,20,544	G. L. Mehta, Esq. (Chairman)	Industrial Credit & Invest. Corpn. of India Ltd.	91.50	100	4.00	5.00	5.75	6.50		
99,99,250	20,08,796	1,43,47,252‡‡	....	30,418	Manekial Premchand, Esq. (Chairman).	Industrial Investment Trust ..	78.00xd	100	6.00	6.00	6.00	6.00		
1,70,22,100	1,20,01,422	5,04,65,623‡‡	....	70,681	*A. D. Shroff, Esq. (Mg. Director)*	Investment Corpn. of India Ltd.	151.00	100	6.00	6.50	6.50	6.50		
25,00,000	9,25,870	52,93,718	23,05,530	5,955	Pestonjeebhoy & Brothers Private Ltd.	Jaipur Metals and Electricals Ltd.	172.50	100	6.00	6.50	8.50	9.00		
99,00,000	1,96,17,817	82,45,718	49,35,299	5,915	Kamani Brothers Private Ltd. ..	Kamani Metals & Alloys Ltd. ..	10.00N	10	0.90	0.75				
13,45,500	37,05,362	55,84,569	21,09,186	33,585	A. N. Haksar, Esq. (Mg. Director)	Kilick Industries	90.50	100	13.00	9.00	8.00			
15,00,000	3,80,296	23,27,920	16,07,223	1,10,408	Bhogilal H. F. Patel, Esq. (Chairman)	Laxmi Starch Factory Ltd. ..	166.25	100	6.00	9.00	*Nil*			
11,25,000	3,00,000	15,65,413	8,10,585	4,707	British India Corporation Ltd.	New India Fisheries Ltd. ..	114.00	100	7.00	8.00	13.00	18.00		
11,25,100	3,63,454	90,21,992	51,00,695	43,203	Distributors (Baroda) Private Ltd.	New India Industries Ltd. ..	447.50	100	15.00	15.00	15.00	20.00		
36,35,000		4,64,309		314	K. M. Desai, Esq. (*Mg. Director*)	Permanent Magnets Ltd. ..	243.75	75			25.00	*Nil*		
13,78,375		69,39,361	28,90,348	86,392	Tobacco Agencies Private Ltd.	Polson Ltd.	197.50	100	10.00	15.00	15.00	15.00		
26,99,800	10,60,213	1,07,87,206	6,52,95,626	2,19,44,422	Asra-Asia Private Ltd.	Premier Automobiles	134.50	100	4.00	9.00	15.00	17.00		
5,61,61,000	1,46,88,757			4,75,979			100.00N		0.00	0.00	0.00	0.00		
4,75,000							50.00N		0.00	0.00	0.00	0.00		
5,13,600	1,96,985	30,00,499	10,28,466	29,918	Sethe Food Industries Private Ltd.	Sethe Biscuit & Chocolate Co., Ltd.	10.00		0.00	0.00	0.00	0.00		
1,40,00,000							146.50	100	3.00	3.00	4.00	9.00		
97,50,000	21,00,147	78,02,622	38,67,302	12,756	The Industrial Enterprises Private Ltd.	*Premier Tyres Ltd.*	216.25	100	8.00	14.00*	15.00	15.00		
15,97,000	1,97,686	87,33,257	5,06,380	10,288	K. D. Sirur, Esq. (Mg. Director)	Standard Batteries Ltd.	88.00	10			*Nil*	*Nil*		
9,82,800	13,92,500	12,20,205	5,31,393	2,770	Modi & Co.	Standvac Foods & Fibres Ltd. ..	140.00	100	7.50	9.00	15.00	15.00		
45,000		24,949	1,541	—12,790	Mr. M. J. Vaidya (Chairman)	Supreme Industries Ltd.	75.00	75			15.00	18.00		
22,28,000														
2,75,00,000	2,02,75,541	5,00,36,946	2,29,01,285	5,11,264	Mr. A. Hydari and Mr. S. Gothalery	Western India Match Co., Ltd.	297.50xd	100	11.00*	16.00*	16.00	16.00		
17,29,000	2,66,719	29,42,862	15,42,187	20,000	Hasham Premji	Western India Vegetable Products Ltd.	117.00	100	8.00	8.00				
45,00,000	77,22,933	*10,36,950*	5,87,398	2,84,833	Pallonji S. Mistry, Esq. (Chairman)	W. H. Brady & Co., Ltd. ..	475.00xd	150	25.00	25.00	50.00	52.00		

M—Managed by Board of Directors. ‡ On old capital. * Includes bonus. † Subject to taxation. Exempt from tax. ‡‡ Investments at cost.

M—*For these companies reserves include balances of various funds and under gross block are given the total assets.*

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
60,00,000	2,17,59,602	4,00,13,820	1,14,17,317	1,33,107	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd.	19.75	10	0.90	1.00	1.20	1.20	3	Y.P.T.
1,00,00,000	47,93,750	1,49,36,580	1,51,27,464	66,45,037	Seshasayee Bros (Trav.) Pvt. Ltd.	Aluminium Industries Ltd. ..	24.20	10	1.25	1.25	1.80	0.90	3	Y.
30,00,000	37,89,088	40,22,855	27,01,150	2,09,448	Turner Morrison & Co. Private Ltd.	Angelo Bros., Ltd.	23.69	10	1.50	2.00	2.50*	2.25	3	Y.
3,44,97,135	45,25,000	3,76,67,056	98,83,296	90,790	A. E. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	7.85	5	0.30	0.40	0.40	0.30	9	Y.
30,00,000	28,10,816	43,94,269	24,88,653	1,49,994	Mr. A. Hydari and Mr. S. Gothlery	Assam Match Co., Ltd. ..	23.50	10	1.25*	1.80	1.80	2.00*	12	Y.
1,18,00,000	88,61,435	1,02,25,165	56,36,439	3,24,884	H. R. Grerson, Esq. (Mg. Director)	Associated Battery Makers (E) Ltd. A.	32.56	10	2.40	4.00	2.50	1.50	3	Y.
20,00,000	59,46,521	1,09,70,995	44,86,334	1,56,483	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India ..	5.00N	10	0.60	*Nil*	*Nil*		3	Y.P.T.
20,07,400	96,40,809	79,91,396	41,74,594	3,75,403	G. D. Wilson, Esq. (Chairman)	Balmer Lawrie & Co., Ltd. ..	278.00	100	20.00	25.00	25.00		12	Y.
12,00,000	26,61,133	37,83,100	33,02,200	1,66,614	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co. Ltd. ..	38.62	10	2.50	4.50	4.00	2.50	12	Y.
20,00,000	9,27,188		66,75,796‡‡	50,926	Lovelock & Lewis	Birds Investment Ltd.	9.00	10	0.70	1.10	0.95	1.00	9	Y.P.
49,87,250	72,59,245	1,45,96,874	60,07,677	2,84,279	K. Julius Scott, Esq. (Mg. Director)	Britannia Biscuits	45.25	10	1.20	1.40	2.50	3.00*	3	Y.P.T.
3,25,00,000	2,01,22,345	3,10,21,523	2,42,53,080	3,91,983	H. S. Chaturvedi, Esq. (Mg. Director)	British India Corporation Ltd.	10.24	5	*Nil*	*Nil*	0.20	0.35	12	Y.P.
28,36,540	30,39,609	42,37,817	22,12,125	30,721	A. V. Niblett, Esq. (Mg. Director)	British Paints (India)

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
44,89,900	1,12,50,000	6,09,614	Allahabad Bank	296.00	100	18.00‡	18.00‡	18.00‡	18.00‡	12	Y.P.
1,01,000				94.40xd	100	6.00	8.00	8.00	8.00	6,12	H.
40,78,300	26,38,220	12,942	Andhra Bank	75.24xd	85	5.10	6.80	6.80	6.80	12	Y.
1,50,00,000	*1,81,24,560*	*3,02,553*	Bank of Baroda	104.50	50	6.00	7.00	8.50	8.50	12	R.L.Y.
2,50,00,000	3,28,00,000	29,16,351	Bank of India	111.50	50	8.00	8.00	10.00	10.00	6,12	
50,00,000 'A'				113.00	50'A'	8.00	8.00	1.00	10.00		
96,65,310	22,00,000	42,350	Bank of Maharashtra	77.00	50	3.25	4.50	5.50‡	4.60	12	Y.
41,00,000	63,00,000	47,240	Canara Bank Ltd.	80.75	50	5.00	7.50	7.50	7.50	12	Y.P.
12,50,000	21,00,000	15,450	Canara Banking Corporation Ltd. ..	75.25	50	5.00	7.50	7.50	7.50	12	Y.P.
'A' 5,99,840				171.50	100'A'	15.00‡	20.00‡	20.00‡	20.00‡		
'B' 16,00,000	53,50,471	34,751	Canara Ind. & Bkg. Syndicate Ltd...	16.75	10'B'		2.00‡	2.00	2.00‡	12	Y.P.
'C' 2,00,000				1.13	1'C'	0.15‡	0.20	0.20	0.20‡		
2,82,50,000	4,13,08,635	23,36,734	Central Bank of India Ltd.	62.00	25	3.50‡	4.30	5.10‡	5.00	12	R.L.Y.
'A' 62,50,000				62.50	25	3.50	4.30	5.10‡	5.00		
50,00,000	75,16,000	13,51,926	Devkaran Nanjee Banking Co. ..	70.00	50	3.50	5.52	4.38	5.50	12	Y.
3,00,00,000	2,00,00,000	50,90,874	Habib Bank Ltd. P.	22.10	5	15%	14.6%	17.5%	20%	12	Y.
1,25,00,000	10,00,000	13,262	Hindustan Commercial Bank	18.50	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
50,00,000	2,85,000	28,889	Hindustan Mercantile Bank	16.00	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
66,60,000	88,01,884	1,48,636	Indian Bank	177.00	100	13.00‡	15.00‡	15.00‡	15.00	12	R.L.Y.
25,19,374				162.00	90	10.40‡	12.00‡	12.00‡	13.50		
81,25,000	78,36,660	2,22,932	Indian Overseas Bank	168.00	100	10.00	12.00	14.00	14.00	12	Y.
15,00,000	15,38,000	21,284	Pandyan Bank Ltd.	23.94xd	25	2.50	3.56	2.50	1.875	12	Y.
1,00,30,910	2,10,93,691	10,37,732	Punjab National Bank—K	21.24	10	2.00	2.00	2.00	2.00	12	Y.
5,62,50,000	5,20,00,000	50,41,856	State Bank of India	357.50	100	16.00	20.00	22.75	23.00	12	Y.
60,00,000	60,00,000	1,45,391	Union Bank of India	8.00	5	0.44	0.57	0.57	0.57	12	H.
2,00,00,000	2,25,00,000	2,07,428	*United Commercial Bank*	89.00	50	8.75	5.50	6.00	6.00	12	R.L.Y.
2,93,61,371	90,74,000	2,39,694	United Bank of India	7.44	10	0.30	0.43	0.43	0.60	12	

PRINCIPAL EXCHANGE BANKS

Dividend (per cent.)

£6,600,000	£7,150,000	£494,910	Chartered Bank	£2-15-0	£1	15†	15†	15†‡	15†	12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£17‡	H.K. $25	sh. 12*	sh. 12*	sh. 15*	sh. 15*	12	Y.
$4,562,400	£3,050,000	£308,058	National and Grindlays Bank Ltd. ..	£1-17-0	sh.15	15†	12‡†	13‡†		12	Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. (i) Interim. xr—Ex-Right.
K—Punjab National Bank—Dividend for 1957 is on shares of Rs. 25 each. C—On Increased Capital.
* *Bb. per Share free of tax.* *N.B.*—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	6	1st December and 1st June ..	Carew & Co.	1939	96.00	1st June .. 1966
4,00,000	6½	1st March and 13th September..	Carew & Co. (2nd mortgage) ..	1941	98.00	28th February .. 1970
21,30,000	6	1st August and 1st February ..	Ravalgaon Sugar	1942	99.75	1st August .. 1952-62
10,00,000	4	1st May and 1st November ..	Ravalgaon Sugar (New)	1944	82.50	1st November .. 1959-64
25,00,000	4½	1st May and 1st November ..	Walchandnagar Industries	1944	96.00	1st November .. 1959-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries	1960	96.50	21st June 1972
COAL						
$0,00,000	6½	30th April and 31st October ..	Bharat Collieries	1944	90.00	30th June 1964
$0,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	105.00	31st October .. 1975
$0,00,000	4½	30th June and 31st December ..	Burrakur Coal Co.	1947	85.00	30th June .. .. 1967 (a)
46,86,000	5½	1st July and 1st January ..	Equitable Coal Co.	1953	100.00	14th December .. 1968 (a)‡
COTTON						
$0,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	13th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1957	85.00	15th November .. 1966 (b)
64,53,000	5T	1st April and 1st October ..	Buckingham and Carnatic	1962	100.25	1st March .. .. 1972 (a)
10,00,000	6½	1st April and 1st October ..	Gokak Mills	1957	100.00	1st April 1967-72
15,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1959	..	1st July 1967-76
66,43,400	6½	1st January and 1st July ..	Shree Nivas	1958	99.50	31st December .. 1976
39,51,000	6½	1st April and 1st October ..	Simplex	1958	98.50	15th October .. 1969-74
90,00,000	5½	1st April and 1st October ..	Lakshmi-Vishnu	1951	94.50	1st June 1966-70
96,00,000	5½	1st March	Tata Mills	1951	90.00	1st June 1966-71
ELECTRICS						
10,00,000	4½	31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1950	89.00	31st March .. 1965 (a)
3,00,00,000	5½	15th June and 15th December..	Ahmedabad Electric Co., Ltd. ..	1940	98.00	15th June 1970-75
96,32,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	97.50	1st April 1970-75
13,00,000	4½	30th June and 31st December ..	Benares Electric Light and Power Co. Ltd.	1949	90.00	31st December .. 1964 (a)
£8,787,874	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	97.75	1st January .. .. 1970 (a)
26,00,000	4	30th June and 31st December ..	Cawnpore Electric Supply Co., Ltd.	1945	90.00	31st December .. 1970
10,50,000	5	1st January and 1st July ..	Ghia (Cherrah) Electric Supply Co., Ltd.	1951	91.00	30th June .. .. 1975 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply ..	1940	93.50	30th September .. 1958-65‡
47,78,000	5	1st March and 1st September ..	Tata Power	1940	94.50	1st July 1970
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	84.50	1st July 1965-70
ENGINEERING						
5,00,000	5½	30th June and 31st December ..	Britannia Engineering	1945	94.00	31st December .. 1969
1,50,00,000	6½	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	105.25	1st January 1971
29,10,000	6½	15th September and 15th March.	Indian Tube Co. (Bearer)	1942	98.75	1st July 1957-62
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd.	1946	84.00	31st May 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	95.00	30th September .. 1950-65
JUTE						
12,00,000	5½	1st October and 1st April ..	Agarpara	1939	92.00	31st March .. 1969
6,00,000	5½	30th June and 31st December ..	Alexandra	1939	91.00	30th June 1969
15,00,000	4	31st December and 30th June ..	Auckland Jute Co. Ltd.	1945	78.00	31st December .. 1964
10,69,000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1946	88.50	30th June 1966
20,63,500	5½	31st March and 30th September..	Dalhousie Jute Co.	1954	90.00	31st March .. 1969 (a)
8,86,000	5	15th January and 15th July ..	Empire	1951	90.00	15th July .. .. 1968 (a)
25,00,000	5½	31st March and 30th September..	Fort Gloster Industries Ltd. ..	1956	96.00	30th September .. 1969
22,40,000	5½	31st March and 30th September..	Gourepore Jute Mills Co., Ltd. ..	1955	92.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1949	90.00	31st December .. 1964 (a)
25,00,000	5½	30th June and 31st December ..	Naihati	1953	99.00	31st March .. 1967 (a)
5,00,000	6½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1959	92.00	14th May 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co. Ltd.	1945	85.00	31st December .. 1964
25,00,000	5	31st March and 30th September..	Reliance Jute Mills Co., Ltd. ..	1950	91.00	30th September .. 1965 (a)
12,00,000	5½	30th June and 31st December ..	Union	1957	96.50	31st March .. 1967
10,00,000	6½	31st January and 31st July ..	Waverley	1925	80.00	31st August .. 1972
RAILWAYS: STEAMSHIP AND TRAMWAYS						
£221,997	4½	1st January and 1st July ..	Calcutta Tramways	1900	£66.10N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051		1st April and 1st October ..		1938	£74.10N	1st October .. 1974
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway ..	1945	*85.00*	31st December .. 1974 (a)
£200,000	4½	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway	1905	£64N	Any time on six months' notice (a)
3,10,56,894	4½	1st March and 1st September ..	Scindia Steam Navigation ..	1949	*97.50*	1st December .. 1968
PLANTING						
3,75,000	6T.F.	31st March and 30th September..	Nilgiri Tea	1955	99.50	1st April .. .. 1958-68†
2,50,000	6T.F.	1st January and 1st July ..	Kallas Rubber Co., Ltd.		100.00	1st July 1958-68
5,04,000	7T	1st April and 1st October ..	Sangameshwar Coffee		100.00	1st April 1960-67
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.00	2nd July 1966-71
10,00,000	5½	1st January and 1st July ..	Aluminium Corporation of India Ltd.	1948	92.00	31st December .. 1965
21,30,000	4½	1st January and 1st July ..	Associated Hotels of India	1948	86.00	31st December .. 1962
8,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	99.00	1st September .. 1969-79(a)§
2,00,00,000	5½	1st April and 1st October ..	Caltex Oil Refining (India) Ltd. ..	1955	100.00	1st October .. 1970
1,00,00,000	5½	31st March and 30th September..	Dalmia Cement (Bharat) Ltd. ..	1946	84.00	30th September .. 1970
1,00,00,000	5½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1946	106.00	1st January .. .. 1973 (a)†
2,00,55,000	5½	1st January and 1st July ..	Indian Cables Co., Ltd.	1954	101.50	30th June .. .. 1969 (a)‡
97,80,000	5½	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	103.00	1st January 1975
3,00,00,000	5½	1st January and 1st July ..	Mettur Chemical Industries	1949	84.00	30th September .. 1964
27,75,000	4	2nd January and 2nd July ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	31st December .. 1972 (a) 30th September .. 1964
45,00,000		30th June and 31st December ..				
75,00,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	85.00N	1st April 1971
1,50,00,000	5½	30th June and 31st December ..	National Rayon	1955	99.00	30th June 1965-70
7,43,350	6	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March 1968-73
1,00,00,000	6	30th June and 31st December ..	Rohtas Industries Ltd.	1946	98.50	31st December .. 1969
10,50,000	5½	1st January and July ..	Shree Gopal Paper Mills Ltd. ..	1944	95.00	15th July 1966
35,00,000	5	1st May and 1st November ..	Esso	1953	99.50	1st July .. .. 1964-68 (a)†‡
50,00,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
2,21,000		1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	100.00N	30th September .. 1966-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
† With option to redeem at *Rs. 101 per cent* after 10 years or at Rs. 100-8 per cent after 13 years. ‡ Any debenture outstanding on 1-6-1969 will be redeemed at par on that date with option to redeem all debentures at 101 per cent on 1st May 1965 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961.
T.—Taxable. T.F.—Tax-free.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 24th May 1962.

	Closing quotations 17-5-1962	High	Low	Closing quotations 24-5-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	209.00	209.00	208.00	208.00
Apollo (2)	2.32	2.32	2.22	2.20
Baroda Rayon (100)	148.50	149.00	147.00	147.00
Bombay Dyeing (25)	69.00	70.40	69.20	70.40
Bradbury (50)	200.00	200.00	197.50	200.00
Central India (100)	156.00	164.00	156.00	160.00
Century Mills (100)	672.50	681.00	668.00	673.00
Coorla Sp. (100)	160.00	—	—	*160.00*
Dawn (50)	161.00	*161.00*	160.00	160.50
Edward Textile (200)	372.50	—	—	372.50
Elphinstone (50)	134.00	135.00	132.50	134.00
Finlay (100)	315.00	315.00	313.00	314.00
Gokak (100)	222.00	224.00	222.00	224.00
Gold Mohur (100)	250.00	—	—	250.00
Gwalior Rayon (10)	58.80	58.80	58.00	58.80
Ind. Unid. Defd. (1)	8.50	8.50	8.50	8.50
Ind. Unid. Ord. (10)	22.20	22.24	—	3.56
Indian Rayon (100)	124.50	125.00	21.32	21.72
Indore Malwa (100)	120.00	120.00	122.00	124.50
Khatau (100)	492.50	495.00	175.00	176.00
Kohinoor (100)	308.50	315.00xd	487.50	491.25
Madhal (100)	898.00	897.50	295.00xd	310.00xd
Minerva Mills (100)	90.00	90.00	888.50	885.00
Model Nagpur (250)	147.00	—	88.00	88.00
Morarji (100)	418.00	421.00	417.00	147.00
Mysore (50)	64.70	—	—	417.00
National Rayons (100)	561.50	567.50	553.00	65.50
New City (100)	181.00	—	—	556.50
New Great (100)	807.00	809.00	806.00	181.00
Phoenix (100)	265.00	270.00	262.50	806.00
Podar Mills (100)	147.00	150.00	148.00	*263.00*
Raymond Woollen (100)	149.00	149.00	146.50	150.00
Sassoon Silk (10)	14.00	—	—	148.50
Sassoon Spg. (10)	64.00	64.00	63.50	14.00
Shrinivas (100)	274.00	276.00xd	260.00xd	63.50
Simplex (50)	175.00	175.00	171.00	264.00xd
Standard (100)	1,022.00	1,042.00	1,001.00	174.50
Svadeshi (100)	286.00	289.00	286.50	1,035.00
Swan (100)	331.25	330.00	327.50	288.50
S. I. Viscose (100)	186.00	187.00	184.00	330.00
Tata Mills (25)	78.50	79.00	—	184.00
Lakshmi-Vishnu (100)	147.00	—	—	78.50
Western India (250)	302.50	—	—	147.00
BANKS				302.50
Bank of India (50)	112.00	118.00	111.00	112.00
Do. (New) (50)	115.00	114.00	111.50	118.00
Bank of Baroda (50)	104.50	104.50	103.50	114.00
Central (25)	61.70xd	62.00	61.00	62.00
Central 'A' (25)	64.00xd	64.00	62.50	62.50
Dena Bank (50)	70.00	—	—	70.00
Punjab National (10)	22.75	23.12	21.24	21.24
Union Bank (5)	7.92	8.00	7.92	8.00
United Com. Bk. (50)	89.00	89.50	88.00	88.00
Maharashtra (50)	77.00	—	—	77.00
ELECTRIC COS.				
Ahmedabad (100)	88.50	91.50	86.00	90.50
Amalgamated (10)	10.88			10.88
Andhra Valley (1,000)	1,015.00	1,015.00	1,010.00	1,015.00
Bom. Sub. El. (100)	104.00	97.00	96.00	96.00
Surat (100)	96.00	—	—	96.00
Tata Hydro (100)	112.50	113.50	112.00	113.00
Tata Power (1,000)	1,167.50	1,170.00	1,105.00	1,110.00
INSURANCE COS.				
British India (10)	12.04	12.04	11.60	12.00
Indian Mercantile (40)	58.00	—	—	58.00
New India (15)	71.00	71.50	70.70	71.00
New India 'A' (15)	72.00	72.20	71.50	72.00
Vulcan (10)	17.12	17.24	17.12	17.24
STEEL COS.				
Ind. Iron (10)	26.25	26.55	26.10	26.40
Mukand Iron (10)	28.50	28.90	28.25	28.50
Tata Steel Ord. (75)	149.00	153.25	149.75	152.00
SUGAR COS.				
Belapur (50)	284.00	286.50	284.00	286.00
Bhopal (10)	21.24	—	—	21.24
Champdany (10)	28.72	28.00	22.72	22.72
Maharashtra (50)	176.00	176.00	176.00	176.00
Phaltan (50)	108.00	107.00	105.00	105.00
Walchand Ind. (100)	159.00	159.50	158.00	159.00
CEMENT COS.				
Associated Cts (100)	161.25	162.50	161.25	162.00
Digvijay Cem. (100)	211.50	213.00	209.50	212.50
Orissa (10)	19.62	20.08	19.48	20.08
MISCELLANEOUS				
Alcock Ashdown (100)	345.00	350.00c&	333.00xd	335.00xd
Amar Dye-Chem (100)	340.00	360.00	338.75	348.50
Bom. Burmah (125)	689.00	698.50	680.00	692.50
Do. (New) (50)	278.75	272.50	268.75	270.00
Br. B. Petrol (1½ sh.)	1.54	1.72	—	1.66
Br. I. Corpo. (5)	10.56	10.56	10.56	10.56
Cooper Eng. (100)	185.50	186.50	184.00	10.24
Colour Chem. (100)	526.00	512.50	504.50	184.50
Hind Cycle (100)	48.00	—	—	507.50
Hindustan Lever (10)	48.75	47.75	47.75	120.00
Hindustan Motors (10)	20.44	20.88	20.44	176.00
I. C. & Invest. Corporation (100)	91.00	91.50	90.00	20.52
Indian Aluminium (100)	557.50	576.00	561.25	91.00
Indian Copper (2½)	5.12	5.12	5.04	571.25
Ind. Inv. Tr. (100)	83.50	87.00	78.00xd	5.08
Larsen & Toubro (100)	87.00	90.50	86.50	90.50
Mahindra & Mahindra (10)	83.25	84.00	83.25	83.65
New Central Jute (10)	19.88	20.00	19.64	19.76
Polychem (50)	17.08	16.80	16.12	16.86
Polson (100)	212.50	217.50	213.75	215.00
Tex. Automobiles (100)	197.00	—	—	197.00
Premier Cen. (80)	185.25	188.00	183.00	185.50
Scindia (20)	170.00	174.00	169.50	169.50
S. S. Shipping (10)	13.40	13.68	13.38	13.44
Shivraj Agri. (10)	14.48	14.48	13.76	13.76
Sirpur Paper (10)	40.50	41.50	39.00	39.50
Synthetics and Chem. (100)	14.44	14.76	14.32	14.40
Tata Chemicals (10)	248.00	252.00	244.00	244.00
Tata Locomotive (10c)	17.36	17.40	16.44	16.64
Tata Oil Mills (25)	370.50	374.50	369.50	373.00
Taxmaco (10)	81.50	82.50	80.50	81.50
Voltas (100)	85.80	85.80	85.00	85.35
W. I. Match (100)	300.50	305.00	298.00	304.00
W. Coast Paper (100)	187.50	309.50xd	296.00xd	297.50
			188.00	188.00

GOVERNMENT SECURITIES	17-5-1962 Rs.	Gross Yield Earlier Redemption	Later Redemption	24-5-1962 Rs.
2½% 1962				
2½% 1963/65	99.25	—	4.13	99.30
3% 1964	93.50	—	4.18	93.50
3% 1965-66	98.65	—	4.22	98.65
3% 1966-68	96.80	3.76	4.27	96.85
2½% 1966 Con. Loan	89.60	3.80	4.29	89.65
2½% 1966 Con. Loan	71.00	4.50	4.30	71.00
2½% 1964 N. P. Bonds	98.75	—	4.00	98.80
2½% 1965 N. P. Bonds	99.65	—	4.25*	99.65
2½% 1967 N. P. Bonds	99.90	—	4.26	99.85
2½% 1974	98.80	—	4.28	98.85
2½% 1964 N.P. Bonds	99.95	—	3.75	99.90
2½% 1969 Loan ..	99.90	—	3.75	99.90
2½% 1968	98.80	—	3.78	98.85
2½% 1966 N.P. Bonds	99.85	—	3.77	99.80
2½% 1968 N.P. Bonds	99.85	—	3.77	99.80
4% 1960 Loan	99.90	—	3.76	99.95
4% 1972 Loan	100.80	—	3.79	100.80
4% 1976 Loan	100.10	—	3.79	99.90
3½% 1966 Bonds ..	99.90	—	3.63	100.10
4% 1960 Loan	99.95	—	4.00	99.90
4% 1961 Loan	99.85	—	4.01	99.95
			4.11	99.85
			4.11	99.90

* Current Income. xd—Ex-dividend. xr—Ex-Right.
CR.—Cum-Right. cd—Cum-dividend.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	95.00	100
BREWERIES AND SUGAR						
Bharat Sugar R.C.	5,06,000	1931	5.00	Dec.	70.00N	100
Bhopal Sugar T.F.C. ..	12,50,000	1937	5.00	April ..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar. Sept.	81.00	100
Cawnpore Sugar Works T.F.C.	10,00,000	1905-24	8.00	Feb. Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C.	7,00,000	1920	7.00	July Apr.	4.02	5
East India Distilleries C. ..	£200,000	1897	9.00	Jan. July	*19.50*	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	60.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec. ..	60.00	100
Partabpore Co. C.	6,00,000	1922	10.00	Oct. ..	11.00	10
Ramnagger Cane T.F.C.	4,00,000	1933-36	6.00	Aug. ..	77.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct. Apr.	61.00	100
Sarth Behar Sugar	5,00,000	1926	7.00	Oct. ..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec. ..	6.00	10
Upper Ganges T.F.C. ..	12,00,000	1932	5.00	Dec. ..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec. ..	70.00N	100
Walchandnagar T.F.C. ..	3,50,000	....	10.00	April May	114.50	100
COAL						
Barrea T.F.C.	14,00,000	1896-97	8.00	Oct. Apr.	80.00	100
Burrakur (1st) T.F.C. ..	22,99,800	1901-10	7.00	Apr. Oct.	93.00	100
Do. (2nd) C.	4,50,000	1946	6.00	.. ..	6.75	10
Equitable T.F.	4,00,000	1895	9.00	Mar. Sept.	81.00	100
Karanpura Collieries C. ..	9,93,500	1946	5.50	.. ..	*54.00*	10
††Khas Kajora C.	1,98,000	1941	5.00	Mar. Sept.	7.00N	10
New Beerbhoom T.F.C. ..	2,00,000	1938	5.00	Jan. July	18.00	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr. Oct.	80.00N	100
COTTON						
Ahmedabad Advance T.F.C. ..	10,00,000	1939	5.00	Apr. Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan. July	106.50	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov. ..	7.50	10
Bowrah 'A' T.F.	8,00,000	1900	8.00	Feb. Aug.	105.00	100
Do. 'B' T.F.	4,00,000	1923	7.00	Feb. Aug.	80.00	100
Bradbury T.F.	14,75,000	1919	7.00	June Dec.	48.50	50
Buckingham & Carnatic C.T.F.	21,80,200	1920	7.50	Jan. July	118.00	100
Chamdadiya C.T.F.	1,00,000	1925	7.00	Apr. ..	83.03xd	100
Central India T.F.	50,00,000	1912	5.00	Apr. Oct.	410.00	100
Century Spg. & Mfg. Co. R. C.	1,25,00,000	1858	8.57	Dec. ..	107.50	100
Coimbatore Pioneer C.T.

DELHI LETTER

TOUGHENING UP IN STEEL

MR. SUBRAMANIAM SEEKS SOME NEW SINEWS

From Our Special Correspondent

NEW DELHI, *22nd May*

THE late Dr. M. Visvesvaraya, in the annals of Indian administration, symbolised the exception of a technician turned statesman and administrator. His methodic approach to problems reflected the operation of a scientific mind. By and large, Ministers in the Union Cabinet as well as in the States have been, unwittingly or wittingly, in collusion with the civil servants who have a non-technical background to suppress the full flowering of the influence of the engineer and the scientist.

The traditional multi-purpose approach and the domination by the civil servant whose seniority in the administrative cadre permits him to overrule a technician have led to odd situations. One such instance was in handling the product of the Nangal Fertiliser Factory which the administrator decided was explosive (on the basis of school chemistry), despite advice to the contrary by the chemical engineers. The result has been that the fertiliser is mixed with chalk before being transported, adding to costs. A similar mixing will be done in a fertiliser factory coming up in one of the steel works in the public sector.

Soviet leaders visiting India, particularly Anastas Mikoyan, are known to have advised Indian Ministers on the need to give more responsibility to the technocrat as the public sector industries grow. They have also suggested that greater decentralisation of authority will help in the efficient operation of the public sector plants. Even Communist China, one of the big proponents of centralisation, has realised that "administrative power vested in leading management personnel of enterprises has been too limited, while industrial departments exercise too much control over the business of enterprises."

During the conference of Asian economic planners organised at New Delhi last year under the auspices of the E.C.A.F.E., it was noted that, "in the actual operation of enterprises of modern scale and complexity, innumerable decisions have to be taken by the man on the spot and it is impossible for a central agency to provide guidance on all such matters without serious loss of time and resources... Where human affairs are to be dealt with in great detail, there are limits to the exercise of compulsion or guidance, and the encouragement of voluntary decisions is likely to achieve better results than the habit of depending upon instructions from the superior. When some decentralisation takes place, various inconsistencies are bound to arise; and one of the functions of a planning administration is to keep such inconsistencies to a minimum, by taking due note of those which are inevitable and by carrying out adjustments in the future programmes accordingly."

American criticism also emanated from Professor Galbraith who came down upon the post office socialism of the civil service.

Failures Frankly Admitted

Over the past few years, such criticism had been falling on deaf ears in Delhi where the inheritors of the British service tried to transplant the civil servants on to jobs not visualised for them by the imperial rulers. Mr. C. Subramaniam, having no firm commitments to the Delhi pattern, has made a frank admission of the failures of the civil service octopus. The admission on the 'misfits' came when he replied to critics in Parliament of the working of the steel plants and heavy industries. Among the points Mr. Subramaniam made were: Hindustan Steel has created a minor 'Delhi' at Ranchi and become more like a secretariat with little autonomy at the plant level. There appears to be a continuous evasion of responsibility. The plants passed the buck on to Hindustan Steel and Hindustan Steel to the Ministry and the Ministry back to Hindustan Steel!

While Mr. Subramaniam would not concede one member's demand that Hindustan Steel be split into different firms, he agreed on the need for a thorough reorganisation of the administrative structure of the steel complex, providing more autonomy at the plant level. He would entrust responsibility to individuals and dismiss them, if they failed to perform satisfactorily. Mr. Subramaniam certainly wants to toughen up the steel structure by building up new sinews in administration by "placing more responsibility on our young men who should think, dare and act." But for such young men, the new Minister will have to look at the flying trapezee—they are certainly not to be found in Government service.

The Steel Minister was irritated by the communist efforts to make a distinction between the performance at Bhilai and that at Durgapur and Rourkela and condemned the attempts to inject a cold war approach in "our public sector projects," but he himself could not avoid adopting a cold war stance. If United States help was not forthcoming, Mr. Subramaniam said, the Bokaro project would not be abandoned, adding: "Fortunately, we are not without friends in the world with the ability, capacity and willingness to extend help." As though to dilute the bitterness of these remarks, Mr. Subramaniam also told Parliament that he found nothing unreasonable in the Americans wanting to make another inquiry into the feasibility of Bokaro. He wanted Parliament to appreciate that, "despite their structure of society and Governmental procedure," they agreed to assist in establishing a public sector project. But the decision to go ahead with Bokaro whatever the American finding makes it clear that Delhi does not consider the American stand reasonable.

The "sick child" among the public sector steel plants (Mr. Subramaniam's description of Rourkela) is soon to receive doses of treatment from teams of Germans. Up to Rs. 30 crores of the West German credit expected this year may be spent on the repair programme to rectify the defects which caused more than twenty-five breakdowns. An Indian delegation which visited Bonn has come to arrangements with the West Germans on the curative measures.

Mr. Swaran Singh, Mr. Malaviya and Mr. Subramaniam may bring a fresh approach to bear upon transport, industry and fuel problems. At the same time, one of the ways to slow the pitch of criticism will be to give Parliament "more intimate association with State enterprises" by appointing a joint committee to supervise the working of public sector enterprises.

Demand Position

Against the total demand of about six million tons of steel in 1961, only about 3.84 million tons were available last year, one million tons imports and 2.84 million tons internal production. Bhilai is the only plant to have reached the full rated capacity and, by April, each of Durgapur's two furnaces gave an average of 1,210 metric tons a day, close to their rated capacity of 1,250 metric tons per day. The third furnace at Durgapur was commissioned on 18th May. The production of ingots at Bhilai in January was even slightly over the installed capacity and Durgapur made rapid advances to make 72,512 metric tons in April, as compared with 52,000 tons last January.

In the third Plan target for pig iron, a gap of half a million tons remains to be bridged, the total target capacity being 1.5 million tons. One million tons are planned to be obtained from the integrated steelworks and, of the schemes for 250,000 tons licensed, only the Kalinga plant is in production. The development of electric furnaces is also slower than envisaged.

The plans for 350,000 tons of special steels by the end of the third Plan have also gone awry. The cost estimates for the Durgapur alloy plant have gone up and planning for the Rourkela sheet mill and the Defence Ministry's plant is lagging behind schedule.

Experts at Yojana Bhavan are also making new projections on the total demand for steel during the remaining period of the Plan and these reveal a dismal prospect. The revised estimates show that steel exports during the third Plan may fetch around Rs. 15 crores, instead of Rs. 90-100 crores envisaged by a panel sometime ago. If the industries are not to be starved, the steel imports may have to go up to more than Rs. 600 crores worth. The additional drain of foreign exchange on the steel account may be a staggering Rs. 600 crores! Over the third Plan period, the shortfall in indigenous steel production as compared with the Plan estimates may be more than 3.0 million tons. The minimum demand to be satisfied will be over 6.0 million tons more than the internal production.

Notices

TEXTILE MACHINERY CORPORATION LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-second Annual General Meeting of TEXTILE MACHINERY CORPORATION LIMITED will be held at the Registered Office of the Company at Belgharia, 24-Parganas, West Bengal, on Friday, the 29th June, 1962, at 4-15 p.m., for the following purposes:

1. To receive and consider the Report of the Directors and to adopt the Audited Accounts of the Company for the year ended 31st December, 1961.
2. To declare dividend on Preference and Equity Shares.
3. (*a*) To appoint a Director in place of Shri D. N. Kapur who retires by rotation and is eligible for re-election.

   (*b*) To appoint a Director in place of Dr. S. C. Law who retires by rotation and is eligible for re-election.

   Dr. S. C. Law can be re-elected as a Director provided a resolution, as required by Section 281 of the Companies Act 1956, is passed. Dr. S. C. Law is a man of wide experience and has been associated with the Company for a long time and has rendered valuable guidance to the Company. It is, therefore, in the interest of the Company to re-elect him on the Board to continue to avail of his valuable advice. The Company has received a special notice pursuant to Section 281 of the Companies Act 1956 from a shareholder of the Company and Special Notice is hereby given that the following resolution will be moved at the meeting.

   "Resolved that Dr. S. C. Law, who retires by rotation and who has attained the age of 70 years be and is hereby re-elected as a Director of the Company and that the age limit prescribed under Section 280 of the Companies Act 1956 shall not apply to him."
4. To appoint Auditors and fix their remuneration.

The Registers of Members of the Company will remain closed from the 11th June, 1962 to 29th June, 1962, both days inclusive.

By Order of the Board,
O. P. JHUNJHUNWALA,
Secretary.

BELGHARIA,
18th May, 1962.

N.B.—(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

(2) Shareholders are requested to notify any change of address failing which the dividend warrants will be posted to their addresses as registered with the Company.

(3) The dividends when declared will be paid to the registered shareholders or to their order or to their bankers on or after 1st August, 1962.

THE TWYFORD TEA COMPANY LIMITED

KOTTAYAM

NOTICE IS HEREBY GIVEN THAT THE Forty-seventh Annual General Meeting of the Shareholders will be held at the Registered Office of the Company at Kottayam, Kerala State, on Monday the 18th June, 1962 at 3.30 p.m., to receive the Directors' Report and Accounts for the year ended 31st December, 1961, to declare a Dividend, to elect a Director, to elect Auditors and to fix their remuneration etc., and to transact any other ordinary business of the Company.

The Transfer Books of the Company will be closed from 11th June to 18th June, 1962, both days inclusive.

By Order of the Board,
PARKINS (PRIVATE) LIMITED,
Managing Agents.

KOTTAYAM,
19th May, 1962.

ASSOCIATED BEARING COMPANY LIMITED

CORRIGENDUM

In the Announcement published in this paper on the 19th instant, it was by oversight omitted to mention that brokerage will also be paid to members of any Recognised Stock Exchange at Rupee one per share allotted in respect of applications bearing their stamp.

COMMERCE

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

VOL. CIV. No. 2668 **BOMBAY, 2nd JUNE 1962** **PRICE Rs. 2**

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

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Comments on the working of companies are based on such facts and figures as are available in the published reports and accounts of the companies concerned. We do not accept responsibility in respect of conclusions drawn from such sources, if the information supplied should prove to have been inadequate.

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PROGRESS IN AGRICULTURE

LOOK at this picture and that—the picture of a slowly but steadily expanding individualist agriculture in India and that of Chinese collectivist agriculture which has now all but collapsed so soon after it was supposed to have leaped forward. There was a time during the last decade when it looked as though Indian agriculture was trailing far behind the Chinese. But the contrast between the two countries today is vastly more favourable to India. Several are the factors which have contributed to this happy result, especially in the last one or two years. There is, firstly, the satisfactory performance on the production front. In 1960-61, for instance, the output of foodgrains in India was of the order of 79.3 million tons. Commercial crops like sugarcane and cotton had also registered further increases in production as compared with the previous year. According to all indications, agricultural production in the 1961-62 (June to July) season is expected, by and large, to be as much as, or even more than, in 1960-61. A little more or a little less than 80 million tons of foodgrains is the estimate for the current year, that is, 1961-62. In particular, rice production now is estimated to be anything between 34 and 35 million tons; wheat is expected to exceed last year's achievement of 10 million tons. As for commercial crops, jute is stated to have touched the level of 8 million bales, while groundnut production has increased by 300,000 tons. It would thus appear that the record level of production attained in the last year of the second Plan has been well maintained in the first year of the third Plan in spite of natural calamities like floods in several parts of the country. That itself is a happy augury for stable progress on the agricultural front.

The second favourable factor that has been in operation over the last one year and more is the comparative stability of foodgrain prices. Thanks to P.L. 480 food imports which have not only relieved the annual marginal food shortage to the tune of about 3 million tons but also restrained the prices in the country as a whole, the wholesale prices of cereals were at the level of 102 points in the all-India index (base: 1952-53=100) in 1961, as compared with 105 in 1960 and 104 in 1959. In particular, prices of both rice and wheat throughout 1961-62 have remained lower than in the previous year. The wholesale prices of raw cotton have remained virtually stable over the months in 1961-62, while those of raw jute have come down from their high level in the previous year. Another favourable factor in the situation is the steady build-up of buffer stocks of foodgrains with the Government. These stocks have recently touched the level of 2.5 million tons, of which rice accounts for 900,000 tons. Since P.L. 480 imports are still coming in, the Government is surely in a position to implement its decision to build up a reserve stock of 5 million tons of foodgrains over the current Plan period.

The outlook for foodgrains production over the rest of the Plan period is no less optimistic. If the recent projection estimates made by the National Council of Applied Economic Research are to be believed, the overall situation with respect to domestic supply and demand may well match closely except for some marginal deficits or surpluses. The Council's finding is that, by about the end of the third Plan, India will reach the stage of transition with regard to the gap between supply and demand. Specifically, the Council has estimated that the 1960-61 deficit of about 3 million tons in foodgrains is likely to be wiped off by 1965-66 and that the third Plan target of 100 million tons may be nearly reached. With an estimated supply of 95.7 million tons in 1965-66 and an anticipated demand of 95.4 million tons in that year, there is, according to the Council, a just chance of a balance between supply and demand without taking into account the requirements for stocks. The situation, thus, in the words of the Council's study itself, is one of cautious optimism which still warrants the need for a full build-up of a reserve stock of 5 million tons to provide a cushion for protecting the economy against price fluctuations and other dangers arising out of any shortage in the supply of foodgrains. This, precisely, is what the Government is determined to do. The hope that Mr. S. K. Patil, Union Food and Agriculture Minister, has expressed, in the course of last week's debate in the Lok Sabha on his Ministry's demands for grants, is certainly reasonable, for the prospect of self-sufficiency being achieved is quite encouraging on current indications.

It must, however, be realised that, in spite of this expected progress towards food self-sufficiency, large sections of the country's population will continue to be in a state of semi-starvation in the sense of inadequate intake of calories. The Food Minister's prescription for this malady is that consumers of cereals should diversify their food habits and eat more non-cereal foods as in the Western countries where one ton of wheat is stated to be sufficient for a family of ten for a year. Mr. Patil's calculation, on the basis of cereal consumption in the West, is that the 80 million tons of foodgrains produced in India could cater to a population of 800 million. The Food Minister has, of course, added in the same breath that it would be difficult for people to change their food habits from cereal consumption to non-cereal foods and other protective foodstuffs. What he seems to have ignored, in this connection, is that non-cereal foods are not produced in adequate quantities today and that protective foodstuffs are far too costly for the low-income groups of the population. It is, therefore, not so much a question of changing food habits as it is one of planning agricultural production in such a way as to make available more non-cereal foods and cheaper protective foodstuffs. Surely, this will involve a higher level of investment in agriculture than the Rs. 1,281 crores provided for in the third Plan for agriculture and irrigation together. Since the resources position will not permit any such step-up in agricultural investment, the Minister's appeal for diversification of food habits is only of academic significance at the present stage of agricultural development. It must be remembered, in this connection, that the pressure of human and animal population together on cultivable land is far greater in India than even in China and that, unless more green fodder can be produced for the consumption of cows and buffaloes from the same land, such protective foodstuffs as milk and milk products cannot be produced in large enough quantities.

The clamant need in this country is for getting a much greater yield than now from the severely limited quantity of cultivable land *per capita*. Already the level of land utilisation in India is so uneconomically high that even marginal lands of very low yielding capacity have been brought under cultivation. The possibility of utilising, to a greater extent, fallows and cultivable wastes is also slender. According to a sample survey conducted in the Kolaba district, nearly 75 per cent of the fallow area is unsuitable for cultivation. The position in respect of cultivable wastes and fallows over the country as a whole may be deemed to be more or less the same as in that district, for the pressure of population on land could not have possibly permitted the non-utilisation of any reasonably cultivable lands. However, the gross

area sown can still increase substantially from the present level of 380 million acres, if irrigation facilities, from both major and minor projects, are created more rapidly so as to facilitate extensive double cropping.

Such double cropping, in its turn, will involve better and more adequate manuring with the help of both organic and inorganic manures. It is here that the situation is far from satisfactory. It has been officially stated that the demand for nitrogenous fertilisers during 1961-62 amounted to about 2.7 million tons in terms of ammonium sulphate, while their availability, including internal production and imports, was only about 1.5 million tons. As the deficit of this order in fertiliser supply cannot be met entirely by imports in view of foreign exchange difficulties, the programme for the establishment of more fertiliser factories in both the public and private sectors would have to be assigned the highest possible priority. But that will involve expenditure of foreign exchange on the imports of plant and machinery for the fertiliser factories. To what extent indigenous fabrication of plant and machinery can reduce the need for imports of foreign machinery is a matter calling for serious examination. At the same time, the widest possible propagation of nitrogenous green manures, as catch crops on irrigated lands, is called for. If a simultaneous drive can be launched for the diversion of as much cowdung as possible from its present use as domestic fuel to utilisation on the fields, it would be possible to fill, by way of organic nitrogen, at least a part of the current and prospective gap in the supply of inorganic nitrogen.

All this, of course, is more easily said than done. The inadequacies of organisation and administration in the matter of agricultural programmes are only too well known. The only hope here is held out by the intensive agricultural districts programme, otherwise known as the "package programme." This programme, which is now in operation in only seven districts of the country, is being extended rather slowly to such other districts as have large extents of land well watered by rain or by irrigation. As irrigation and fertilisation go together and as these twin factors are by far the most important ones for raising agricultural productivity, quicker expansion of the package programme to other eligible districts is absolutely necessary. But it is rather unfortunate that, in *Kharif* 1962-63, the programme has been extended to only six districts. Ways and means must, therefore, be devised for implementing this programme over a much wider area during the third Plan period. Concentration of resources in areas where they can be of optimum benefit from the point of view of maximisation of agricultural production will certainly go a long way towards fulfilling the hope of self-sufficiency entertained in official circles.

BOOSTING TEA EXPORTS

"VERY bright": this was how Mr. Manubhai Shah, Union Minister for International Trade, described the outlook for export of Indian tea in the coming years during question-hour in the Lok Sabha on Thursday last week. The Government, Mr. Shah revealed, was taking a number of steps to promote the sale of Indian tea in both traditional and new markets. And he claimed that the campaign being carried on abroad by the Tea Board has proved fruitful. Evidently, Mr. Shah must have based his views on the findings of the Indian tea delegation which returned recently after an eight-week tour of the U.S., Canada, the U.K., Ireland, the Continent and the United Arab Republic. The delegation, which was led by Mr. A. S. Bam, Chairman of the Tea Board, has already submitted to the Government a "secret" report incorporating "concrete suggestions" for boosting exports. Mr. Bam said at a Press conference in Calcutta (just three days prior to Mr. Shah's statement in the Lok Sabha) that the visit of the delegation, especially to the U.S. and Canada, had created a tremendous impression, since it was after six years that a delegation like this had visited these traditional markets for Indian tea.

It is good that the tea delegation paid particular attention to the U.S. and Canadian markets. It is in these markets that Indian tea has suffered a distinct setback in recent years. The quantity of tea actually shipped from India to the U.S., for instance, during the year 1961 was no more than 22.2 million lbs. (it was actually lower at 18.9 million lbs. in 1960), as against 32.0 million lbs. in 1954. Similarly, shipments to Canada were lower at 15.9 million lbs., as against 19.2 million lbs. (they were higher still at 22.4 million lbs. in 1953). The setback is to be attributed to three factors. In the first place, there is the keen competition from Ceylon and Indonesia. Thus, between 1954 and 1960, U.S. purchases of Ceylon and Indonesian teas have risen from 29.7 million lbs. and 8.4 million lbs. to 40.8 million lbs. and 9.0 million lbs., respectively. The corresponding increase in respect of Canadian purchases is from 16.5 million lbs. and 2.4 million lbs. to 17.6 million lbs. and 30.2 million lbs. Secondly, coffee is said to be a strong rival of tea. Thirdly, instant tea is becoming more and more popular especially in the U.S., but there is as yet no concrete result of research made to prepare instant tea in India. Nevertheless, the prospects for tea exports to the U.S. and Canada cannot be considered bleak. Nor is it correct to say that tea consumption in the U.S. has reached saturation point. Indeed, consumption, according to Mr. Bam, has been increasing at the rate of 2 per cent every year; on the contrary, coffee has almost reached saturation point in America. That there is good scope for pushing up sales of Indian tea in the U.S. market has also been expressed by Mr. Edward C. Parker, Chairman of the Tea Council of the U.S. In the course of a Press interview recently, Mr. Parker observed:

"It seems that, at the present time, we have the most efficient agency for the promotion of tea in the United States. The Tea Council of the U.S.A. has been through a long period of experience and has determined from this experience what their course should be for the future. . . . We think there is a feeling by the members of the tea industry in the United States that instant tea represents an opportunity which has been lacking up to the present time. . . . Now that the very popular iced tea can be produced easily with a product which does not have to be first made hot before it can be iced, we believe that the young people of the country will take to the drink of which their mothers and fathers approve. . . . Now that good instant tea can be used in such an easy manner by the turn of the faucet and the addition of ice, there should be nothing to stop its rapid growth, because the end product compares very well with that made with tea bags or package tea. If we can get the young people of the country to start drinking iced tea at an early age, there is a good chance that some of them will continue in the colder weather to use hot tea at an earlier age than has been done up to the present time."

In this connection, Mr. Parker has drawn attention to the following special aspects of exporting tea which are peculiar to the U.S. and which are different from those involved in shipments to Britain and other countries:

1. In a big part of the U.S., more than 80 per cent of the tea used in the preparation of hot tea is sold in the form of tea bags. India does not use the very fine, light, expensive, flavourful tea that will make a good cup of hot tea, as made with loose tea, if it is realised that it has to punch its way through tea bag paper to become a good cup of tea.

2. At least a third of the tea sold is consumed in the form of iced tea and one of the characteristics the packer looks for in the tea he uses for this purpose is a tea that will not cloud. This is true because, next to taste, the appearance of a glass of iced tea is most important.

3. There is the ever-increasing amount of tea used in the production of instant tea. Unlike tea used for tea bags or package tea, this product must first be subjected to heat to produce an extract and then to more heat for producing a powder and, ultimately, it is the powder that is used to produce a cup of tea in the home. It is generally recognised by packers in the U.S. that Indian tea does not stay with the same blend to produce instant tea as that which is used to produce tea bags and package tea. In fact, the teas used for package tea and tea bags are not exactly similar.

4. Tea generally must stay on the grocer's shelf for a longer period in this country, unlike areas such as England, Australia and other heavy consuming countries. The tea used is that which will stand up well over a period of time.

The tea industry and trade in India will do well to take note of these aspects. If earnest efforts are made to export such types of tea as are required in the U.S., the country can certainly earn more dollars from this beverage. Of special significance is Mr. Parker's plea for continued support to the Tea Council, sending of experienced representatives to serve on the Board of the Council, and arrangement for an Indian tea expert to reside in the U.S. and report his findings to the Government.

To revert to Mr. Bam's Press conference. Apropos the grim forecast (revised) made by the F.A.O. to the effect that the world tea situation might become more serious than was feared earlier and that there might be serious repercussions on prices in future, especially those of low quality tea, Mr. Bam said: "India does not think that there would be a state of overproduction. Therefore, the third Plan target has been set at 900 million lbs."

The question whether the F.A.O.'s forecast is too pessimistic or not, apart, it is somewhat difficult to understand as to why the Indian tea industry and the Government asked the F.A.O., to examine its report (of 1960) in all its details and to confirm or deny its conclusions. One would ask: Could not the Government itself have undertaken a detailed study of the developments in all the tea producing and consuming countries? Such a task is certainly not very difficult, considering that the Government can easily make arrangements to get first-hand reports from the various Embassies, Consulates and Trade Commissioners' offices in different countries. Think, for instance, how the U.S. Department of Agriculture publishes periodical world estimates of some of the more important agricultural commodities. At any rate, so far as the tea industry in India is concerned, there seems to be no point in depending on the Government. The industry itself should take the initiative in the matter. It may be suggested that the Indian Tea Association representing North Indian tea producers and the United Planters' Association of Southern India representing Southern producers should join hands and set up a permanent high-powered research body to make regular studies on the trends in world tea economy. This effort will no doubt entail expenditure, but the expenditure is worth incurring, inasmuch as the findings of the study will enable the tea industry to plan its production and sales in an orderly way.

AUTOMOBILE TRANSPORT

THE country has been passing through a severe transport crisis, but the Neogy Committee on Transport Policy and Co-ordination has yet to complete its enquiry and evolve a firm transport policy which could mobilise all available means of transport in a sort of co-operative endeavour. During the third Plan period itself, such a policy could conceivably assign a bigger role to road transport, so that the estimated gap of 25 million tons of freight traffic could be covered largely by that mode of transport. The potentiality of road transport to solve the transport problem has been well recognised and it is, therefore, appropriate that another organisation of the road transport industry has advanced a strong plea for further incentives to the industry. That representative body is the Federation of Indian Automobile Associations, which is the central organisation of the five regional automobile associations functioning in the country with a total membership of 50,000 car owners. At the third annual general meeting of the Federation held at Bombay last week, Mr. H. N. Ghosh, President, had, in this connection, some useful suggestions to offer. One of these was that road transport should be enabled in the third Plan period to carry 15 million tons *more* of goods traffic. Another suggestion was that a uniform policy should be evolved in the matter of taxation on motor transport. A distressing feature of the present structure of motor vehicles taxation, it may be noted here, is that not only the quantum but also the basis of taxation varies from State to State.

Another concrete suggestion advanced by Mr. Ghosh for the development of motoring in the country is also worthy of note. For instance, there is the need for proper signposting on the roads from the point of view of traffic safety as well as of suitable guidance to travellers. Road signs, such as mandatory signs, cautionary signs and direction signs, would need to be erected on all good roads without any exception. But the authorities have not done full justice to this important work. If this cannot be done for lack of funds, the State Governments should seek the co-operation of the oil and tyre companies which may be in a position to donate the signs for erection.

Tourism, too, will receive a further impetus if road signs and signals come to be internationalised, for tourists by road from other countries to India will, then, not find motoring within this country a heart-breaking proposition. It is rather unfortunate that, while the Government of India has already signed the United Nations' Protocol on Road Signs and Signals, it has not so far chosen to ratify it. The Government's contention seems to be that the change-over to international signs and signals would result in unnecessary expense. But the latest indications are that the Government is slowly veering round to the view that the change-over is inevitable in view of the stand taken by the E.C.A.F.E. authorities. It is to be hoped that the change-over to the international system of road signs and signals will be completed over a period of ten years in terms of the Protocol. More immediately, it should be possible for the Government to introduce the new signs as and when the old ones are due for replacement or renewal.

MARKET GOSSIP

"Black Monday"

THE dramatic collapse of values on the New York, London and Continental stock exchanges and their equally dramatic recovery, both in a brief span of three days, caught the headlines in the world Press this week. Wall Street led the decline on Monday (28th May) when stock values crashed to an extent which is matched perhaps by the slump of 1929. The avalanche of selling, which hit the market, wiped out, within twenty-four hours, some $20,000 million in share values. The Dow Jones index of industrial securities dropped 35 points, the biggest fall in one day. The root cause of the crash was no other than "the realisation that inflation is not here to stay and that business conditions, though good, are not so good as had been expected." The London Exchange swiftly followed suit, and heavy speculative unloading slashed millions of pounds off the overall values of shares. On Tuesday, the *Financial Times* index of ordinary shares climbed down by 18 points. Continental bourses and stock exchanges in other parts of the world, not excluding India, naturally reacted in sympathy.

The sudden unexpected debacle at Wall Street and its chain reactions elsewhere prompted President Kennedy to call an emergency meeting of his top economic and financial advisers who certified that the health of the American economy was perfectly sound and that the sudden slump in the stock market was unwarranted. The Presidents of both New York and London Stock Exchanges also told investors that no calamity had happened and that there was no reason to get panicky. Assured, perhaps, by these words, Wall Street picked up considerable strength on Tuesday and a striking recovery was in evidence. London and other markets again followed suit. Quite a bit of the earlier losses was made good; almost $13,000 million were believed to have been recovered from stocks listed on the New York Exchange on "black Monday."

Whatever be the immediate cause of the precipitous fall in share values the world over, one thing has become clear and that is the delicate nature of the confidence of investors in equities. It looks as though the doubts about the American economy's capacity to maintain the tempo of development, which persist in spite of reassurances by the President's economic advisers and the growing attraction from the point of view of yield of long-term U.S. bonds, have made equities less popular among investors now than ever before.

Aid-India Consortium Meeting

The outcome of the Aid-India Consortium meeting held at Washington on Monday this week is, to say the least, disappointing, although it must be said that there is no cause for despondency. For the Consortium has once again postponed a decision on the quantum of additional aid that might be committed for the first two years of the third Plan. And, what is worse, the postponement is indefinite. It was decided, says the *communique* issued by the World Bank, that the meeting should be adjourned *for several weeks* "to allow the Consortium more time to reach final decisions." It may, of course, be wrong to attribute, as is done by some, the outcome of the latest Washington meeting, too, to political pressures and prejudices against India, as witness the statement in the *communique* that "indications were given at the meeting that a number of members would be able to offer additional aid in 1962-63." Even so, it is rather strange that members other than the U.S. "were not yet ready to make definite announcements." After all, the total additional contribution which Britain, West Germany, France, Canada and Japan had to make for purposes of the U.S. matching requirements was just $220 million, being the gap between the U.S. pledge of $500 million and the combined commitment of $280 million announced *twelve months ago. Surely, this amount* is not beyond the means of the aforesaid countries.

When the previous meeting of the Consortium (held on 30th January) adjourned without taking any decision, we presumed that the postponement had been prompted partly by the need to give sufficient time to rope in countries other than the existing members. For the official statement issued after the meeting had stated that, "at the suggestion of other members of the Consortium, the World Bank agreed to continue to seek to interest other nations in participating in the *financing* of India's development." Two more countries, Austria and the Netherlands, did attend this week's meeting as full members of the Consortium and Belgium also attended the meeting, albeit as an observer. Even with the entry of these new members and even after an interval of full one year, could not the Consortium have announced at least the additional "matching" commitments of $220 million for 1962-63, if not the filling of the estimated deficit of $3,275 million for the entire Plan period or the deficit of $375 million in the first two years?

It is a pity that the urgency of rendering further external assistance required in 1962-63 beyond that already committed has not been adequately recognised. Quite a number of the projects included in the third Plan are in an advanced stage of execution and, unless they are assured of sufficient foreign exchange, the momentum will be slowed down, leading to higher costs. The impact of delay in the grant of assistance will be all the severe because the external assets which India possesses at present are too insufficient to cushion this impact; the total of these assets now stands at *no* more than Rs. 103 crores, a drop of as much as Rs. 47 crores since the beginning of this year. India is no longer in a position to draw down its sterling balances to finance its development, and the country will be hard put to it, particularly in respect of the import of raw materials and components to keep its existing industries going. Nor is there scope for earning large additional foreign exchange by way of exports in the immediate future. The need for the friendly countries of the West to make available aid commensurate with the developmental effort and, what is equally important, aid in a form which will finance not merely individually identifiable projects but the programme of development as a whole, cannot, therefore, be stressed too strongly.

Viewed thus, the continued wide gap between the estimated third Plan foreign exchange requirements ($5,500 million) and the aid offers ($2,225 million) is certainly disquieting. No less disquieting is the long delay between the date of aid authorisations and the date of actual release, which has been due partly to the procedural delays in the release of funds by the aid-giving countries, and partly to the red-tapism and lack of high level efficiency in administration at both Central and State levels in India.

Considering the present tight foreign exchange position of India, the two new loans aggregating £32 million given by the British Government—agreements covering these loans were signed at New Delhi just a week before the Washington meeting of the Aid-India Consortium—is particularly timely. One of the loans, for £22 million, is for the proposed expansion of the plant of the Durgapur steel plant, which has been financed partly through British loans, from one million tons (steel ingots) to 1.6 million tons. The other loan, for £10 million, will be utilised to pay for a wide range of imports from Britain. These two loans, together with the three loans aggregating £45 million signed last year, bring the total of British assistance actually released so far for the third Plan to £77 million. Negotiations on a further loan of £13 million for capital equipment required by a number of projects in fulfilment of the balance of the promised aid of £90 million, we are told, are now progressing. There are two welcome features of all the five British loans. One, they are of a long-term nature, repayable over 25 years, with a grace period of seven years before any capital repayments. Two, the rate of interest charged is reasonable. May be, Britain has, as the U.K. High Commissioner Sir Paul Gore-Booth stated at the loan signing ceremony, its own concerns over its balance of payments and, in 1961, "the Government had to take strong steps to relieve the immediate situation." Nevertheless, Britain must take the lead in filling the shortfall of $220 million in the share of the non-American members of the Consortium to match the proposed American aid of $500 million for the second year of the third Plan.

U.K.-E.C.M. Agreement

The acrimonious debates that characterised the protracted negotiations between Britain and the Common Market over the question of the former's entry into *the latter seem to be coming* to an end. Appreciable progress has been made, for the first time, towards patching up their differences of opinion on substantial issues; and a final settlement of outstanding issues is in prospect. At the Ministerial meeting of the Six and the U.K. held at Brussels on Tuesday and Wednesday this week, agreement was reached on the question of imports of manufactured goods into the expanded Common Market from the developed countries of the Commonwealth, namely, Canada, Australia and New Zealand. Under the agreement, the U.K. will abolish the *existing system of duty-free* imports of manufactures from these countries over a transitional period, at the end of which it will have imposed the common external tariff of the Common Market. The U.K. will apply 30 per cent of common external tariff from the day it joins the bloc, and the remaining 70 per cent in two stages by 1970. *This arrangement will be applicable in the case* of 397 products, as suggested by the U.K. The Six has, of course, made an apparently sizable concession, considering the fact that previously they were not prepared to make such arrangements for more than 57 products. In addition, agreement is also reported to have been reached on the relatively less important issues such as common rules for cartels, free right of establishment, rules regarding quantitative restrictions, movement of labour and capital, wage policy, social security and the question of Northern Ireland.

No final decision, however, has been taken in regard to tariffs on manufactured goods (including cotton textiles) from the Asian members of the Commonwealth. This subject came up for discussion at the meeting, but it was referred back to the Deputies for further study. The specific proposal which Britain has put forward in this connection pertains to the introduction of common external tariffs on imports of these manufactures from countries like India, Pakistan and Ceylon, over a transitional period more or less on the same lines as in the case of Canada, New Zealand and Australia. The proposal is, of course, qualified by the condition that the Six should meet the obligations under the G.A.T.T. arrangement on cotton textiles. This arrangement, however, is not fool-proof and the escape clauses provided therein whittle down its efficacy. So the qualifying condition is mainly of academic significance. According to the British proposal, Indian grey cloth will be subjected to an eventual common tariff of 18 per cent, of which 30 per cent will become applicable probably next year, if the U.K. joins the Common Market by that time. Once the eventual common tariff is imposed, Indian textiles will have to face severe competition from low-priced products, particularly from Japan, in the U.K. market. Obviously, the U.K.'s offer falls far short of the pleas of countries like India. It is disappointing to note that the U.K. has made no provision for any compensation for the loss of preferences in the event of its joining the Common Market, although it had promised originally that it would do everything to safeguard the Commonwealth interests in an expanded Common Market.

The Lame Ducks

One does not always have to turn to the public sector for the lame ducks of industry. For, in fact, there are quite a few of them in the private sector, too, which, though in existence for quite a long time, have failed to stand on their legs, notwithstanding the usual efficiency and talents of private management. But there is a vital difference in the attitudes of the two managements towards the lame ducks. Whereas private managements have boldly admitted their flops—and, if some of them have not done so, the shareholders have brought them to their senses—the Government has persistently denied that some of the ducks it has so carefully nurtured for long have been limping. Consequently, while it could reasonably be expected that the less efficient private sector units would gain strength after some time as a result of the conscious efforts of the managements, it could only be hoped that the public sector units would pick up as a result of chance and luck.

Further proof of such an attitude on the part of the Government to the public sector projects was provided the other day by Mr. Manubhai Shah, Minister for International Trade, when he intervened in the Lok Sabha debate on a non-official resolution tabled by Mr. Balkrishna Wasnik (Congress), asking for a *commission to look into* the lower efficiency and higher cost of public sector undertakings in comparison with their counterparts in the private sector. Opposing the resolution, Mr. Shah said that "unit to unit, size to size, category to category, public sector undertakings have achieved a proud record."

How *proud* is the record can be seen from the facts and figures published by the *Hindustan Times* in an article, "Profit and Loss in the Public Sector," in the issue of 22nd May 1962. The figures relate to 15 public sector industrial companies (National Coal Development Corporation, Air India International, Hindustan Machine Tools, Indian Telephone Industries, Hindustan Antibiotics, Hindustan Cables, National Newsprint and Paper Mills, Shipping Corporation of India, Hindustan Shipyard, Indian Refineries, Oil India, Neyveli Lignite Corporation, Hindustan Steel, Bharat Electronics and Heavy Engineering Corporation) for the year ended 31st March 1961. Among them, Air India International, Hindustan Machine Tools, Indian Telephone Industries, Hindustan Antibiotics, Hindustan Cables and National Newsprint and Paper Mills showed net profits of varying amounts. Dividends were returned only by Hindustan Machine Tools (10 per cent), Indian Telephone (2.5 per cent) and Hindustan Cables (6 per cent). The loss carried forward by the 15 undertakings *taken together* amounted to Rs. 16.55 crores. The total paid-up capital as on 31st March 1962 was Rs. 469.52 crores and was supplemented by reserves, including development rebate reserve, of Rs. 13.08 crores. Fixed loans, predominantly from the Government, amounted to Rs. 370.35 crores. Arrears of depreciation worked out to Rs. 40.95 crores and other liabilities to Rs. 99.89 crores. As against these, current assets totalled Rs. 150.79 crores and cash and bank balances *Rs. 17.88 crores, while expenditure and loss* carried forward stood at Rs. 16.55 crores. The gross block, valued at original cost, was shown at Rs. 605.77 crores and work-in-progress at Rs. 202.80 crores. The interest forgone by the Government on its loans to Hindustan Steel up to 31st March 1961 is about Rs. 25 crores and the arrears of depreciation to be provided on the steel plants alone would be about Rs. 17.57 crores. On the other hand, the Government received dividends of Rs. 4.7 crores in all during the three years ending 1960-61, which, however, were less than the subsidy of Rs. 5.09 crores it paid to Hindustan Shipyard during the same period.

The above figures clearly belie the tall claims of Mr. Manubhai Shah, whose words, unlike *before, smack* of excessive exaggeration. Surely, Mr. Shah is aware that a private sector undertaking starts providing for depreciation and, if possible, development rebate reserve from the very first year's working and pays a reasonable return on capital in its working for the second year. If it does not pay a return on capital after two years of *its inception, it runs the risk of inviting* the wrath of its investors, which is expressed in so many ways, one of them being disinvestment. While it is true that some of the public sector undertakings have still to get over their "gestation period," there are others (listed in the above 15) which came into being several years ago and are still simply crawling. Something would obviously have to be done to ensure the efficient working and management of public sector undertakings. If, as announced by Mr. Shah, a Joint Committee of Parliament is to be set up shortly to supervise their working, no useful purpose would be served by any commission of inquiry, even if set up. On the contrary, it would only expose unduly the State undertakings to embarrassing public scrutiny which, in its turn, might have the effect of interfering with the day-to-day managements decisions. Luckily the mover has withdrawn the non-official resolution. It will, therefore, be for the proposed Joint Committee of Parliament "to watch, superintend and improve the working of these undertakings."

TREND OF SHARES

WALL STREET ECHO

(From Our Own Correspondent)

BOMBAY, 31*st May*

THE Wall Street crash was echoed also by the Indian stock exchanges. Values suffered a sharp shake-out in one single day, on Wednesday, when they opened with sizable losses on bull liquidation, stop-loss selling and virtual lack of support during kerb trading a couple of hours before the start of the official session. During the session, however, selling abated, as reports of a "fantastic" recovery on Wall Street and the London Stock Exchange flowed in. The sudden fall in values in Indian markets induced bears to cover their sales. A mild rally followed the setback on Wednesday itself and was carried a little further today. The week-end closing prices were, therefore, well above the week's lowest levels, though they still disclosed moderate losses on balance.

The setback was more pronounced because of the technically vulnerable position of the markets. It was also as a result of the sentiment having been adversely affected by the adjournment of the Aid-India Consortium's meeting for "several weeks" without any definite commitment on the quantum of additional aid for the second year of third Plan.

This week's setback in the markets has corrected slightly their technical position. But whether it has turned healthy or not would be seen only from tomorrow's carry-over charges in Bombay. The technical position apart, in addition to our political problems, external economic influences have come into prominence now. The behaviour of Wall Street, and still more important, the quantum of foreign aid to us are two overriding considerations now. In a sense, they are also inter-related. Apparently, the waters have been troubled, and fishing in them would be difficult for some time.

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As in the past, so during the week under review, on the occurrence of some unfavourable happenings, it was given again to Dalal Street to absorb largely the shocks of the Wall Street crash, as the country's operators' attention seemed to have been centred on Wednesday only on the Bombay Stock Exchange. This can be attributed to a very large number of shares in Bombay and the great reputation the market has enjoyed for its liquidity.

The worst to suffer were Textiles, Standard closed with a loss of Rs. 17 at Rs. 1,018, Century were Rs. 9.50 down at Rs. 663.50, Khatau lost Rs. 11.25 at Rs. 480, National Rayon showed a loss of Rs. 11.50 at Rs. 545, Bombay Dyeing declined by 80 nP to Rs. 69.60. Kohinoor were seven points lower Rs. 303, and, among Cash scrips, Gold Mohur lost ten points at Rs. 240, Mafatlal showed a loss of Rs. 12.50 at Rs. 572.50 and Indian Rayon were Rs. 6.50 lower at Rs. 118. Reports of threatened closure of the factory due to non-supply of coal brought down Baroda Rayon from Rs. 147 to Rs. 140. Svadeshi, however, were five points better at Rs. 293.50 and Indu Ordinary showed a gain of 32 nP at Rs. 22.04. Tata Ordinary, among Steels, suffered a sharp setback from Rs. 152.50 to Rs. 146, but rallied to close at Rs. 148.25 against Rs. 152 a week ago. Indian Iron were sold down from Rs. 26.65 to Rs. 25.55 and were 40 nP lower at close at Rs. 26. Mukand Iron also showed a loss of 40 nP at Rs. 28.10.

Miscellaneous section followed the general trend. Bombay Burmah declined by Rs. 9.50 to Rs. 683, Indian Dyestuff by Rs. 15 to Rs. 556.25, Amar Dye-Chem by Rs. 8.75 to Rs. 333.75 and Polychem by Rs. 7.50 to Rs. 207.50. Shivrajpur suffered a setback from Rs. 39.50 to Rs. 36.25 following the discouraging speech of the Chairman, and attracted additional margin of Re. 1.12 per share on sellers for having declined by more than 5 per cent from the last clearing rate. Engineering issues showed small losses; Telco of Rs. 4.25 at Rs. 368.75 and Voltas of Rs. 2.50 at Rs. 298.50. Shippings were hard hit on selling pressure; Great Eastern showed a loss of Re. 1.04 at Rs. 12.88 and attracted an interim margin of 90 nP per share on sellers due to a fall of more than 10 per cent from the last clearing rate and Scindia moved down by 68 nP to Rs. 12.76. Sugars and Cements were easy. In the Cash List, the rise in Colour Chem's profit from Rs. 46.54 lakhs to Rs. 95.90 lakhs and a four-point higher taxable dividend of *Rs. 12 per share* on the increased capital for the year ended 31st March 1962 could not arrest the decline in the shares from Rs. 507.50 to Rs. 500. Other cash scrips showed generally moderate losses. Hindustan Wire Glass, however, declined by eight points to Rs. 173 and both Premier Tyres and Permanent Magnets lost Rs. 2.50 each at Rs. 144 and Rs. 235 respectively. Synthetics and Chemicals lost nine points at Rs. 235. The public issue of Paper Products Ltd. for Rs. 16 lakhs was over-subscribed by 15 times.

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Losses were widespread on the Calcutta Stock Exchange. Slected Cash coal and jute shares, however, showed small gains. In the Forward List, Indian Aluminium receded from Rs. 42.81 to Rs. 41.75, Dunlop from Rs. 45 to Rs. 44.25, GKW from Rs. 42.56 to Rs. 41.69 and Burrakur from Rs. 21 to Rs. 20.12. While Birla Jute moved up from Rs. 35.25 to Rs. 35.62, Howrah eased from Rs. 22.87 to Rs. 22.62. Indian Cable closed 56 nP higher at Rs. 37.12. Among Textiles, Dunbar and Jayshree were marked down from Rs. 34.62 to Rs. 33 and from Rs. 16.62 to Rs. 15.37 respectively. In Coals, selected Satgram jumped up from Rs. 135 to Rs. 151, East India improved from Rs. 51.75 to Rs. 55.50 as did K. Jherriah from Rs. 48.75 to Rs. 51. Among Jute shares, Alexandra recovered from Rs. 127 to Rs. 130, Dalhousie from Rs. 130 to Rs. 135 and New Central from Rs. 16.25 to Rs. 16.50, but Reliance declined from Rs. 9.69 to Rs. 8.25 and Champdany from Rs. 146 to Rs. 142.

Burn continued to be fancied among Engineering issues and rose from Rs. 721 to Rs. 735 closely followed by B. I. Electric which improved from Rs. 42.62 to Rs. 50. But other issues showed small losses. Losses predominated in the Miscellaneous section. British Paints declined from Rs. 22.62 to Rs. 21.50, Goodycar from Rs. 48 to Rs. 47, Philips India from Rs. 37.50 to Rs. 35.75 and Rallis India from Rs. 147 to Rs. 145. Bengal Paper showed a loss of 94 nP at Rs. 35.25, despite the increase in the gross profit of the Company from Rs. 50.83 lakhs to Rs. 55.05 lakhs and the dividend per share from Rs. 2.60 to Rs. 2.75 for 1961. Straw Products closed one point lower at Rs. 10.37. The rise from Rs. 52.50 to Rs. 60 in Dyer Meakin featured a quiet Sugar section. Tea shares were easier.

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Sellers outnumbered buyers in Madras and values, wherever changed, showed small losses over the last week. Thus, in the Forward List, Lakshmi fell from Rs. 167 to Rs. 157, Madura declined from Rs. 37.75 to Rs. 36.75, S. I. Viscose came down from Rs. 183.50 to Rs. 175, Aluminium Industries closed 25 nP lower at Rs. 24, Ashok Leyland 10 nP lower at Rs. 8.75, India Cement 12 nP lower at Rs. 6.10, Dalmia Cement 35 nP lower at Rs. 13.20, Mettur Chemical 10 nP lower at Rs. 13.10, Periakaramalai 11 nP lower at Rs. 3.37 and Consolidated Coffee 55 nP lower at Rs. 18.35. Deccan, Blue Mountain and Ouchterlony Valley showed small losses. In the Cash section, among major losers were Coimbatore Cotton which declined from Rs. 189 to Rs. 186, Travancore Rayon which moved down from Rs. 42.50 to Rs. 40, Coimbatore Spinning which receded from Rs. 81 to Rs. 79, Vasanta which showed a loss of Re. 1.50 at Rs. 290, Textools which came down from Rs. 179 Rs. 178, Madras Rubber which lost one point at Rs. 23.50, Travancore Rubber which receded from Rs. 12.45 to Rs. 12.25 and E.I.D. which suffered a setback from Rs. 40 to Rs. 39.19. Orissa Cement, however, closed 18 nP higher at Rs. 19.75.

CAPITAL MARKET NEWS

NEW ISSUE

SUBSCRIPTION lists for the public issue of Rs. 12 lakhs in equity shares of Rs. 10 each by the **Hind Rectifiers Ltd.**, Bombay, will open on the 7th inst. and close either on the 13th or 9th inst. The Company was incorporated on 25th April 1958 and has converted itself into a public limited company from 11th May 1961. It was formed to take over from the Kaycee Industries Ltd. the business of manufacture of rectifier apparatus carried on by it in technical collaboration with the Westinghouse Brake and Signal Company Ltd. of Britain. The Company has now installed a plant for the production of selenium rectifier plates which are the basic components of the rectifier equipment. It proposes to manufacture also silicon diodes and controlled rectifiers for which the plant has been ordered and is expected to be commissioned this year. This will be the first plant in the country for the manufacture of silicon diodes for power. Progressively, the Company would increase activities and manufacture transistors for power and signalling.

Out of its authorised capital of Rs. 30 lakhs, the Company has already issued Rs. 5 lakhs. It is now issuing shares worth Rs. 20 lakhs. The existing shareholders are taking up shares worth Rs. 5 lakhs and the British firm those of the value of Rs. 3 lakhs. The present issue is proposed to be utilised as additions to fixed assets Rs. 6 lakhs, additional working capital Rs. 5.50 lakhs and repayment of borrowings Rs. 8.50 lakhs. Messrs. R. P. Nevatia and Company is the Managing Agents of the Company.

FRESH ISSUES SANCTIONED

The Controller of Capital Issues has sanctioned the following capital issues to be made within one year:

Hindusthan Sugar Mills Ltd., Bombay, has been granted consent to the issue of Rs. 60 lakhs bonus capital divided into equity shares of Rs. 100 each. This is to be allotted in the ratio of one *bonus share for every equity share held.*

Dyer Meakin Breweries Ltd., Solan (Simla Hills), is to issue bonus shares of the value of Rs. 28,36,160 in the ratio of 1 : 1 on capitalisation of the Company's reserves to a like extent.

Indian Vegetable Products Ltd., Bombay, is to issue bonus shares of the value of Rs. 3,02,500 divided into 3,025 equity shares of Rs. 100 each to be made in the ratio of one bonus share for every seven shares held.

Multimetals Ltd., a new company proposed to be incorporated in Calcutta, has been granted consent to the issue of 7,50,000 shares of Rs. 10 each for cash at par. Out of the capital of Rs. 75 lakhs consented, shares of the value of Rs. 25 lakhs may be issued to Revere Copper and Brass Inc. of New York who are the collaborators. The Company will establish a plant at Kotah for the manufacture of copper/brass rods, tubes, etc. for which a licence has been obtained. The total cost of the scheme is Rs. 150 lakhs.

Structural Engineering Works Ltd., Bombay, is to issue capital of Rs. 45 lakhs divided into 45,000 equity shares of Rs. 100 each for cash at a premium of Rs. 5 per share, to be made to the existing shareholders in the ratio of one new share for one old share held.

Trichy Steel Rolling Mills Ltd., Madurai, will issue equity capital of Rs. 40 lakhs for cash at par. The proceeds of the issue will be utilised for the establishment of a re-rolling mill.

Hindusthan Gum and Chemicals Ltd., a new company, has been granted consent to the issue of capital of Rs. 30 lakhs in 3 lakhs equity shares of Rs. 10 each. The Company is establishing a factory in Hissar District for the manufacture of guar gum. Collaboration with an American firm has been arranged who will invest 50 per cent of the capital, the remaining 50 per cent capital will be subscribed privately.

Special Steels Ltd., Bombay, is to issue capital of Rs. 20 lakhs in equity shares of Rs. 100 each for cash at par. The proceeds of the issue would be utilised for repayment of loans.

Digvijay Cement Company Ltd., Jamnagar, is raising further share capital of Rs. 13.50 lakhs in equity shares of Rs. 100 each at a premium of Rs. 50 per share for cash. The shares will be offered to Messrs. Johns Manville International Corporation U.S., who will collaborate with the Company in the manufacture of asbestos cement.

Mastic Products of India Ltd., a new company proposed to be incorporated in Maharashtra, has been granted consent to issue capital of Rs. 80 lakhs (equity Rs. 65 lakhs and preference Rs. 15 lakhs). Out of the equity issue of Rs. 65 lakhs, the Company will issue shares worth Rs. 23.80 lakhs to Ruberoid Company of New York, U.S.A., for consideration other than cash being the value of plant and machinery to be supplied by them. The Company has obtained a licence for the manufacture of various types of tiles, for which a factory will be established in the Maharashtra State.

The Industrial Development Corporation of Orissa Ltd. is to issue capital of Rs. 50 lakhs in equity shares of Rs. 100 each for cash at par to the State Government of Orissa. The proceeds will be utilised for establishment of a cement and a cable factory.

Bimetal Bearings Ltd., Madras, is raising equity capital of Rs. 40 lakhs (in addition to Rs. 10 lakhs already issued) for cash at par. The proceeds of the issue will be utilised for the manufacture of shell-back bearings, bushings for automobiles etc., in collaboration with Clevite Corporation, Cleveland, Ohio, U.S.A. and Repco Limited, Melbourne, Australia.

The Union Bank of India Ltd., Bombay, will issue further capital of Rs. 40 lakhs (nominal) divided into 8,00,000 equity shares of Rs. 5 each, fully paid-up, for cash at a premium of Re. 0.50 nP per share. The proceeds will be utilised for strengthening the bank's capital base. The pre-sent paid-up capital is Rs. 60 lakhs.

Industrial Tools (Private) Ltd., Calcutta, is to issue 25,000 equity shares of Rs. 100 each for the manufacture of house service meters. The Company will convert itself into a public limited company and offer shares for public subscription.

DIVIDENDS WITHOUT DEPRECIATION PROVISIONS

The Government has drawn the attention of all concerned to the fact that provisions of Section 205 of the Companies Act, 1956, under which no dividend shall be declared or paid without providing for depreciation in the manner specified therein, are mandatory in nature and must be strictly complied with by every company before declaring any dividend.

The Department of Company Law Administration has brought out the actual position obtaining in this regard in a Press note issued on 27th May 1962. The Press note states that, for the purpose of complying with the requirement for depreciation under the Companies Act, it is immaterial as to whether depreciation in respect of any assets is actually admissible under the *Income-tax Law.* It adds that the only provision of the Income-tax Law relevant to this purpose is the one specifying the rates of percentage as contained in the Income-tax Rules for the purpose of determining depreciation on various assets. The note points out that the provisions of the Income-tax Law relating to the admissibility of depreciation allowance for calculating total income of the assessee company are not relevant to the purpose of Section 205, read with Section 350, of the Companies Act.

ANNOUNCEMENTS OF CAPITAL ISSUES

A strict warning against the continuation of the practice, by companies offering shares or debentures to the public, of publishing in newspapers and other publications announcements of the public issue under a note, "this is only an announcement and not a prospectus," which are "usually found to contain copious extracts" from the relevant prospectuses filed by the companies concerned with the Registrar of Companies has been given by the Department of Company Law Administration. In a Press note issued on 26th May 1962, the Department states that announcements of this nature would be tantamount to publication of prospectuses in an abridged form which is not in conformity with the provisions of Section 56 of the Companies Act, 1956. This section provides that every prospectus issued by a company shall state the matters and reports set out and specified in Schedule II of the Act. The Department has made it clear that failure by company promoters and managements to comply strictly with the provisions of the law relating to the issue of prospectuses would not hereafter be condoned by the Government and that any default in this respect would render them liable to the penalties under the law and also to pay compensation to every person who subscribes for any shares or debentures on "the faith of the abridged prospectuses." If a company should find it impossible to publish its prospectus in full in newspapers, the Department has advised it to publish only a mere announcement of its intention to issue capital through a *pro forma* devised by the Government for this purpose.

NEWS IN BRIEF

R-INDIA International will be known as Air-India with effect from the 8th inst.

The State Trading Corporation has finalised deals for the export of 230,000 pairs of shoes valued at Rs. 66 lakhs and handicraft articles valued at Rs. 13 lakhs to the Soviet Union.

Production of coal in India during 1961-62 aggregated 55.32 million tons, as against 55.14 million tons in 1960-61. Of this, the private sector alone accounted for 46.43 million tons, the share of the public sector being 8.89 million tons.

The amount spent so far on the various housing schemes formulated by the Union Ministry of Works, Housing and Supply is Rs. 139 crores. Over 222,000 houses have been completed, while 142,443 are at various stages on construction.

A Director of Incentives and a Director of Transport and Freights have been appointed in the Export Promotion Directorate in the Department of International Trade. The former will look into all cases of incentives and the latter into complaints about delays in the movement of goods meant for export by the railways or other transport.

The Rs. 8-crore precision instruments factory proposed to be set up in the public sector with Russian collaboration will be located at Puthusary near Palghat in Kerala, according to Mr. Pattom Thanu Pillai, the State's Chief Minister. The factory will manufacture pneumatic hydraulic and electric precision instruments.

The Textile Commissioner has constituted a panel for advising him on matters relating to export promotion of non-fabric textile items as well as embroidered textile articles. The Commissioner himself will be the Chairman of the Panel. The Panel will meet periodically to review trends in the export of the above items and recommend suitable promotional measures.

The Central Government has sanctioned licences for the setting up of 11 textile mills in Kerala. Ten mills will have 12,000 spindles each. The remaining mill will be a model spinning (25,000 spindles) and weaving mill producing yarn and cloth of exportable quantity. The Government has also sanctioned another 6,000 spindles for expansion of the public sector spinning mill at Balaramapuram, near Trivandrum.

An agreement covering the joint installation of five generating units with a capacity varying from 50 mw. to 62.5 mw. as adjuncts to the Satpura Thermal Station has been entered into between the Governments of Madhya Pradesh and Rajasthan. The scheme is expected to cost Rs. 30.38 crores and will be borne by the two Governments in the ratio of 60 : 40. The project report is under consideration.

The Government of India has extended upto to 15th inst. the time limit for processing the unprocessed cotton, woollen and rayon or art silk fabrics which were produced before 24th April 1962 without attracting liability to any further excise duty. Such unprocessed fabrics can now be cleared without payment of Central excise duty on processing if they are processed on or before this date.

The Union Government is considering the constitution of an agricultural commission to go into all aspects of agriculture in the country, according to Mr. R. S. Singa, Minister in the Ministry of Food and Agriculture. The opinion of all State Governments on this proposal has been sought and already two State Governments have submitted their views. A final decision is expected to be taken by the Government after obtaining the views of these two States also.

The foreign exchange component of the Railways' third Plan has been raised to Rs. 249 crores with a view to having some additional line capacity works to facilitate coal movement. When the third Plan was finalised, it may be recalled, a foreign exchange component of Rs. 138 crores was estimated. This was raised to Rs. 194.33 crores in December last in the Blue Book presented to the World Bank. But the "actual estimate" requirements against the programme of Rs. 1,325 crores was Rs. 230 crores.

Production of iron ore during the month of March 1962 was 1.72 million metric tons, as compared with 1.02 million tons in the corresponding month last year. Orissa was the principal producing State (507,700 tons), followed by Bihar (287,700 tons), Mysore (141,000 tons), Madhya Pradesh (135,000 tons), Andhra Pradesh (51,000 tons) and Maharashtra (44,000 tons). During the month despatches for consumption in the iron and steel plants aggregated 841,000 tons and those for export amounted to 260,000 tons.

A team of engineers, led by Dr. A. Nagaraja Rao, Chairman, Heavy Engineering Corporation, Ranchi, has left for Soviet Russia and Czechoslovakia to discuss with foreign collaborators matters relating to the establishment of the Heavy Machine-building and Coal-mining Projects at Ranchi and Durgapur, respectively. The scope of a Central Design Institute for heavy machine building and engineering, too, will be discussed. Dr. Nagaraja Rao will also visit West Germany, France and Britain with a view to interviewing Indian engineers working or under training in these countries, and recruiting them for the work of the Corporation. The team will be in Europe for about three weeks.

A new 15-year account under the cumulative time deposit scheme run by the post office has been introduced with effect from the 1st inst. Deposits in this account will be allowed to be made up to a maximum limit of Rs. 300. The existing limit of Rs. 100 in the ten-year account has also been raised to Rs. 200 per month from the 1st inst. The contribution made to the ten and 15-year accounts under this scheme will be entitled to earn a rebate on income-tax, as in the case of life insurance premia and contributions to recognised provident funds, subject to the overall limit of Rs. 10,000 or one-fourth of the total taxable income, whichever is less. The deposits in the ten and 15-year accounts would, on maturity, earn a return of 3.8 and 4.3 per cent, respectively, free of income-tax.

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From Abroad

Hourly wage rates in the West German industry and in the public administration increased by 11 per cent over the year ended February 1962. Monthly rates for office employees also rose by 8.7 per cent.

The Japanese Government has instructed the exchange banks to hold 20 per cent of Euro-dollars and free yen deposits and certain types of short-term foreign exchange loans as reserves for repayment. It has also asked them to assume a cautious attitude to guaranteeing repayment of debts incurred by the Japanese trading companies abroad.

Portugal has decided to accept foreign loans for financing development, after refusing them for the last thiry years. It has now negotiated foreign credits worth 4,500 million escudos (about £56 million) towards the cost of the second four-year Development Plan. The suppliers of credit include the World Bank, the U.S. Import and Export Bank and several American private banks.

The Government of Ghana has signed an agreement with the Czechoslovak foreign trade corporation *Kovo* for the supply of a £300,000 tanning factory on long-term credit. Besides supplying the plant, the Czechs will supervise the construction and train Ghananian personnel. Ghana has also signed an agreement with Yugoslavia for another long-term credit for the supply of a plant for processing pineapples, tomatoes and mangoes.

An official Bill tabled in the Ceylonese Parliament provides for compulsory employment of Ceylonese nationals in estates in preference to foreigners. The Bill will also bestow powers on the Labour Minister to decide what class of estates should employ nationals and their quota for each estate. In April last, it was decided that half the new recruits to estates should be Ceylonese citizens. At present, the number of Indian labourers in tea estates is 396,000 (as against 104,000 Ceylonese) and in rubber estates 39,000 (as against 80,000).

PERSONAL

MR. M. C. Chagla, India's High Commissioner-designate in the U.K., presented his credentials to Queen Elizabeth II this week.

Mr. M. Sunder Ram Shetty has been elected Chairman of the Vijaya Bank Ltd., Mangalore.

Mr. B. K. Sanyal, senior official of the Ministry of External Affairs, has taken over charge as the Chief Secretary to the Government of Goa.

Mr. H. D. Dennis, Vice-President of Caltex (India) Ltd., and Managing Director of the Visakhapatnam Refinery, has been appointed the Chief Executive Officer in India for Caltex with effect from the 1st inst. In this capacity, he will serve as the Resident Vice-President of Caltex (India) Ltd. with headquarters at Bombay. Concurrently Mr. Dennis also becomes Managing Director of Caltex Oil Refining (India) Ltd. Mr. Dennis takes over these positions from Mr. J. R. Price who has been transferred to Sydney (Australia) where he will function as the Chief Representative for Caltex in Australia and New Zealand.

MONSOON PRECAUTION—
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Even 20 miles per hour can be a dangerous speed on a wet and slippery road—if your tyres are worn, there is every chance of skidding.

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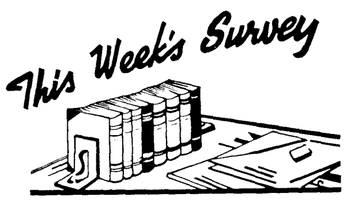

LONG-TERM POWER PLANNING

THE shortfall, to the tune of 1.3 million kw., in the achievement of the second Plan's target of power generating capacity, would appear to have been at least partly made good in the first year of the third Plan, if the estimate contained in the report of the Union Ministry of Irrigation and Power for 1961-62 is to be believed. According to this estimate, as much as 678,000 kw. of additional generating capacity should have been commissioned during 1961-62, as against the third Plan's target of 600,000 kw. for that year. In spite of this achievement, there is currently a serious power shortage in several parts of the country. The latest instance of such a shortage is provided by the 20 per cent power cut which has been enforced since 1st April in the nine Telengana districts of Andhra. The report has it that this cut may have to be extended to the remaining eleven districts of that State. In the Bombay-Poona region, the power supply position continues to be one of anxiety; it is expected to improve only after the commissioning by the Tatas of their fourth 125,000-kw. thermal unit at Trombay. In the Bihar-Bengal region, the power situation is no better and a controversy is going on there about the estimated load demand. Practically throughout the country the growth in power demand continues to be more rapid than installation of generating capacity. Efforts to go ahead with the construction of power projects in the earlier years of the third Plan are fortunately not being hindered by foreign exchange difficulties, for most of the projects have been tied up with the assistance and credits available from friendly foreign countries. It is authoritatively stated that out of the total estimated foreign exchange requirements of Rs. 330 crores for the power schemes in the third Plan, the amount released during 1961-62 has been of the order of Rs. 110 crores. In 1962-63, the amount of foreign exchange that will be released for the projects will be Rs. 170 crores, thereby leaving only about Rs. 50 crores for commitments during the last three years of the Plan. There will, thus, be no undue delay in the execution of power projects on account of foreign exchange.

But the easier availability of foreign exchange may still not mean expeditious execution of power projects unless more active administrative measures are launched here and now. Two concrete steps suggested by Mr. H. M. Patel, I.C.S. (Retd.), in an article in last week's issue of this journal, are worthy of note in this connection. The first suggestion is that a Central Generation Board should be set up for establishing large power stations at the most convenient and efficient centres and for making available to State Electricity Boards the power generated by such stations. The advantage claimed by Mr. Patel for this arrangement is that hydro-electric development can be so phased as to add progressively more and more power to the total pool available for the use of all the States. In other words, the power generated by a station established by the proposed Board in one State could be distributed to neighbouring States as may be decided upon by the Board. The other suggestion advanced by Mr. Patel is that a separate body should be established for planning the total requirements of power of the country and for allocating the power generated according to the requirements of each State from the most convenient centres of power generation. Under this arrangement, the State Electricity Boards will, in effect, be purchasing power in bulk from the Central power allocating body. Mr. Patel's idea is that the central body for the planning and allocation of power will have to work not on a five-year basis, but on a basis of much longer term. A similar suggestion has also been made by Mr. K. L. Rao, a former member of the Central Water and Power Commission. His proposal is that power projects should be planned ten or fifteen years ahead. The Sachdev Committee, which recently examined the question of power shortage in the eastern region, has made some such suggestion as far as the fourth Plan is concerned.

These suggestions, which are manifestly constructive, can be usefully examined by the authorities if the power shortage is not to continue into the fourth Plan period. But the authorities seem to be almost fatalistically resigned to the prospect of a continuing power shortage. In fact, Mr. O. V. Alagesan, Union Minister of State in the Ministry of Irrigation and Power, has himself admitted that even if all the power projects of the third Plan were successfully completed, there would still be a shortage of half a million kw. in the country as a whole by 1965-66. To say, as the Minister has stated, that this shortage is inevitable since the demand for power is running ahead of supply is to admit the failure of planning in two crucial sectors. After all, industrial development is supposed to be planned in the light of possible power development. If industrial projects are completed as a matter of greater urgency than power projects, industrial capacities are bound to remain partially idle if adequate supplies of power are not available. To put it in another way, unless the power projects which are to cater to the needs of particular new industries are completed in time, there is no particular virtue in going ahead with the industrial projects themselves. How better co-ordination can be effected in the matter of power planning and industrial planning is a matter for more careful study. An instance of lack of co-ordination in this respect is to be found in Andhra Pradesh where, besides the Rs. 25-crore fertiliser factory at Kothagudem and the Rs. 20-crore heavy electrical factory at Hyderabad, as many as 66 industrial units, requiring in all 182 MW of power, have been licensed already without strict regard to the prospective availability of power in adequate quantities and in good time. Obviously, the progress of industrial production will be hindered by the slower pace of power development. Given a more reliable estimate of future load demand, better co-ordination between industrial planning and power planning and greater co-operation between the States in the matter of power generation, it may be possible to avoid the recurrence of a serious power crisis in the beginning of the fourth Plan.

A.-I.M.O. ON KERALA DEVELOPMENT

Two reports on the industrial development of Kerala have been published this month—one covering the techno-economic survey of Kerala undertaken by the National Council of Applied Economic Research (N.C.A.E.R.) and the other drawn up by the Industrial Delegation of the All-India Manufacturers' Organisation (A.-I.M.O.). Unlike the N.C.A.E.R. survey, which is an exhaustive study of the prospects for development of Kerala based on a comprehensive assessment of the resources of the State, the A-I.M.O.'s report is an impressionist account of the industrial potentialities of the State by a group of industrialists who visited the State early this year at the invitation of the Government of Kerala. The object of the delegation's visit was to study and observe on the spot the climate for rapid industrialisation with a view to (1) creating industry-mindedness among the local population, (2) focussing attention of industrialists and businessmen on development possibilities in Kerala, (3) assisting local entrepreneurs to take advantage of the industrial opportunities available in the State, (4) suggesting industries that can be profitably started in the State, (5) finding investment prospects for entrepreneurs from outside the State, and (6) for promoting goodwill among industrialists and businessmen of Kerala and their confreres outside the State.

The A-I.M.O. Delegation's report confirms the conclusion of the N.C.A.E.R. survey that Kerala offers plenty of scope for a wide variety of industries—large-scale, medium and small-scale. Abundant natural resources, cheap electricity and good transport and communications make Kerala suitable for the establishment of heavy large-scale industries.

By far the most significant observations of the Delegation from the point of attracting the State entrepreneurs and capital from outside are those relating to the climate for industrialisation, the labour situation and the attitude of the Government. In fact there is still considerable misapprehension and misunderstanding among industrialists and businessmen outside the State about these aspects of industrialisation of the State. The A.-I.M.O. Delegation's findings should enable a more objective appreciation of the actual conditions prevailing in the State. The Delegation has found that wage levels in the State are fair and individual labour productivity higher than in other parts of India. The labour force is educated and conscious of its rights. The irresponsible labour leadership, which has played no mean part in scaring away from the State potential investors, is dying out in Kerala and the management is becoming more imaginative than before. It has also noted that good industrial relations are prevailing all over the State and almost all organised industries have concluded long-term agreements with their unions prohibiting strikes and lock-outs and recognising negotiations as the ideal means for settling labour disputes. The State Government, according to the Delegation, is anxious to develop the State industrially as quickly as possible.

As additional measures, the Delegation has suggested the appointment of a technical officer in the Directorate of Industries for developing ancillary industries. Arrangements should also be made to supply to prospective entrepreneurs the required designs, specifications, samples and project reports of such items which could be easily manufactured in the State. The Delegation has advised the Kerala Government to lay more emphasis on district industrialisation on the basis of Dr. M. Visveswaraya's scheme for "District Industrialisation." Other suggestions of the Delegation include creation of a free trade zone near about Cochin, further development of road and water transport and wider publicity to the facilities and scope offered by Kerala to industrialists.

A notable suggestion of the Delegation is that the Government should offer equity participation to the local investors in some of the prosperous Government-controlled undertakings and that the money realised from selling its holdings should be utilised for starting new industries. This is a suggestion worth considering, for it will, to some extent, supplement the meagre volume of venture capital forthcoming for investment in the State.

OUTLOOK FOR EXPORTS

With the third Plan gaining momentum, the foreign exchange situation is becoming more and more precarious. India's foreign exchange reserves have now fallen to a disturbingly low level. From about Rs. 150 crores in the beginning of 1962, they have declined by over 30 per cent to Rs. 103 crores in a matter of less than five months. The dilly-dallying of the Aid-India Club to make a firm aid commitment for the second year of the third Plan has aggravated the difficulties, with the result that the prospect of resuming maintenance and development imports on an adequate level remains uncertain. This trend would not have been a source of vital concern but for the fact that conditions for the promotion of exports are none too encouraging both within the country and in overseas markets. Within the country, industrial production has been lagging behind, as a cumulative result of shortages of power, coal and raw materials, besides transport bottlenecks. No less disquieting is the fact that agricultural output has also failed to improve commensurate with the increase in demand for food and raw materials. Reports of slowing down of industrial activity from the latter half of 1961 in some of the major West European countries have created a new element of uncertainty in the short-term outlook for exports. Besides, as is well known, India's exports, both traditional and new items, are encountering persistently increasing competition in world markets. On top of this, there is the fear of some dislocation of established patterns of trade when the U.K. joins the Common Market, which, according to competent observers, is a foregone conclusion.

It is, however, a matter of gratification that these adverse circumstances have not led to any defeatist attitude on the part of the Government of India. On the contrary, the Government seems to be making a determined bid to regain lost markets abroad, expand existing ones and explore new avenues. It would appear that, at a top level meeting of the Planning Commission and Union Ministers for Commerce and Industry, International Trade and Industry, held early this week, an export target of Rs. 725 crores has been fixed for the fiscal year 1962-63. This represents an increase of as much as Rs. 60 crores, or 9 per cent, as compared with the previous year, when actual exports increased by less than 4 per cent to Rs. 665 crores. The rate of growth of exports is thus proposed to be more than doubled in 1962-63 from the previous year's level. The aggregate target is still quite modest, considered against the background of the overall third Plan target of Rs. 3,700-3,800 crores, or an annual average of Rs. 740-760 crores. Considering the several imponderables in the way of exports, some of which were mentioned at the outset, this target is only of academic significance.

Be that as it may, the increase in exports is expected to be attained mainly by raising those of tea, coffee and other plantation products (by about Rs. 15 crores), minerals (by about Rs. 8 crores) and other miscellaneous items (by Rs. 10 crores), while the shipment of textiles is expected to be maintained. In respect of textiles, in particular, one is doubtful whether the exports can be maintained. For there is no sign of any abatement of the severe competition in world markets for India's cotton textiles, particularly from Japan, Hong Kong, etc. What is more, it is quite possible that earnings from the export of jute goods will decline from the high level attained in the previous two years resulting from an inflation in raw jute prices. The jute situation has now eased, with a better crop in 1961-62. This is bound to make much difference in the total textile exports. With regard to other items like manganese ore, much will depend on granting adequate incentives to manufacturers and exporters. The newly-created Ministry of International Trade is, of course, seized of the matter. These incentives are, no doubt, only palliatives. But, in the short-run, there is apparently no other alternative.

Apart from incentives, there is urgent need for granting freight concessions and expediting the transport of goods for exports. It is to be hoped, in this connection, that the Railway Ministry will endorse a plan, suggested by the Ministry of International Trade, designed to give top priority to the haulage of ores and other goods meant for exports, besides reserving a number of wagons exclusively for export purposes. Another disturbing factor is the inadequacy of coal supply to industries. It is gratifying to note here that certain steps are being taken by the Union Ministry of Mines and Fuel to improve the situation.

It would appear that the Government is also examining the possibility of exporting some foodgrains like rice and pulses. The output of foodgrains, no doubt, has tended to recover in 1960-61 and 1961-62, from the setback suffered in 1959-60. But it is still doubtful how much of the staple foodgrains can be released for exports without disturbing their domestic price structure, even if a ready market can be found for them. Further, the scope of their exports will depend much on the pattern of output in the next crop year beginning June 1962 and the nature of the coming monsoon and other factors, which cannot be predicted with any degree of certainty. These exports in any case are not likely to make any large contribution to exports. So also is the case with proposals for shipments of onion, potatoes and chillies. There is, however, no room for undue pessimism, on the export front. Several measures are being devised by the Ministry of International Trade to enhance the competitive capacity of domestic goods in world markets and create a new sense of urgency in the matter. This, indeed, is a redeeming feature of the situation.

DISTRIBUTION OF CHEMICALS

The development of the chemical industry during the last decade has been quite impressive. The manufacture of a wide range of chemicals has been taken up and a strong foundation laid for the development of several basic chemicals. The index of manufactures of chemicals and chemical products (base 1951=100) has gone up by almost three times in ten years to about 280 by 1961. The production of sulphuric acid has gone up from about 99,000 tons in 1950-51 to about 360,000 tons by 1960-61, soda ash from 45,000 to 145,000 tons, caustic soda from 11,000 to 100,000 tons and nitrogenous fertilisers from 9,000 (in terms of nitrogen) to 110,000 tons. Similarly, there has been a rapid progress in respect of hydrochloric acid, sodium bicarbonate, calcium bicarbonate and bleaching powder and other chemicals. Mr. D. P. Kajaria, President of the Indian Chemical Merchants Association, observed at the annual meeting of the Association held at Calcutta on Wednesday this week that even these increases in output had fallen short of requirements within the country. Attributing the high level of prices for chemicals to inadequate production, he called upon the Government to permit larger imports to fill the gap between indigenous production and estimated requirements.

Mr. Kajaria's request for permitting larger imports is apparently sound. But so long as the scarcity of foreign exchange remains acute, the prospect of any sizable increase in imports is to be ruled out. Mr. Kajaria's complaint is not, however, confined to inadequacy of imports. For he was more concerned about the growing share of Government and actual users in the import trade, and the declining role of established traders. He, therefore, pleaded for what he called "a more purposive" policy for imports which would not result in "established importers being squeezed out of their avocations in life." It would have been enlightening had Mr. Kajaria precisely indicated whether and, if so, how many, traders had become unemployed as a result of the present import policy. Unless specific instances are cited, it would be difficult for the trade to convince the Government of its stand. Otherwise, the claim of actual users will naturally continue to receive sympathetic consideration at the hands of the Government. It is time, however, that the established trade was prepared for some perceptible changes in the pattern of imports of chemicals. For India has commenced manufacture of several chemicals which had been previously imported. Obviously, the trade cannot insist on larger imports in such chemicals.

The role of the State Trading Corporation in imports of chemicals also came up for critical comments in Mr. Kajaria's address. His main contention was that, instead of stabilising prices, the Corporation's intervention in imports and distribution of chemicals had only resulted in prices "soaring up to new high levels." Prices of some chemicals imported by the Corporation might have gone up in some cases; but it would have been better if these charges were substantiated by specific data. Mr. Kajaria's complaint that the Corporation has supplanted and ousted normal trade channels is also not supported by any data. In any case, his plea for entrusting the trade with the internal distribution of the chemicals imported by the Corporation deserves to be examined by the authorities. This scheme will work successfully, only if a body like the Chemical Merchants Association undertakes to impose a voluntary code of conduct and checks its members from indulging in unfair trading practices, particularly in those goods which are in short supply.

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MORE ON SCOPE FOR INDEPENDENT AIR OPERATORS

EFFORTS TO FORM AN ASSOCIATION

By Our Aviation Correspondent

A FEW weeks ago, one wrote of the defects—or, what one conceives to be the defects—of the recent amendment of the *Air Corporations* Act. At the risk of being tedious, one returns to this subject. Although the Act, as it now stands, is hesitant and half-hearted, it does provide a toe-hold, however precarious, in the hitherto impregnable stronghold of State monopoly. It is an opportunity—perhaps a very fleeting opportunity—which, effectively exploited, might lead to important results.

On the other hand, if no attempt is made to storm the breach—if the metaphor is not too fanciful—the rigid monopoly, which the State corporations have to date enjoyed by law, they will continue to enjoy by default. The ball, then, is in the 'independent's' court. What—if anything—are they going to do with it? Lacking modern equipment, with negligible financial resources, their most serious weakness is their apparent unwillingness, or inability, to unite. And yet—or so one can only assume—the amendment to the Air Corporations Act must have been due to some pressure from the independents; where there is smoke, there must be some flame. Moreover, there are signs—no more than that—of a move towards closer association. The situation is not entirely lacking in possibilities.

As it so happens, legislation of a similar nature was enacted, some months ago, in Britain. This is now beginning to bear fruit. It may be of inferest, then, to examine what private enterprise, in a country where the State corporations have, hitherto, also monopolised scheduled operation, is making of its new opportunities. One must make it clear, however, that the two pieces of legislation, though similar, are by no means identical. The main difference lies in the far wider scope of the British Air Transport Licensing Act which permits direct competition with the two State corporations. This demonstrates the extent to which ten years of conservative rule has softened up the former fervour for State enterprise. The Indian legislation, on the other hand, reflects the Government's reluctance, as one Member of Parliament put it, "to do violence to the principles of the Industrial Resolution." It demarcates, presumably, the limit to which, at this stage, the Government feels it can go.

Double Thinking

Be that as it may, the British Act is still very much of a compromise. Whilst the stated aim is to give private enterprise "a fair and reasonable opportunity to compete with the two corporations on equal terms," it is also implicit that "the position of the Corporations is not to be undermined." That one suggests is a characteristically British piece of "double thinking." The two aims, in fact, are incompatible. Equal, after all, is an absolute, not a comparative, term. The British genius for compromise may surmount the apparent obstacle but, in the meantime, it must be the cause of considerable embarrassment to the Air Transport Licensing Board—set up under the Act—who have the task of making it work.

The British-independent operators—which, incidentally, sprang from beginnings quite as small as those of their Indian counterparts—are a very mixed bag. At one end of the scale is the "one-man-band" type of operator living, literally, from hand to mouth; at the other end, however, are a few powerful and well financed concerns which have read the signs of the times. These latter are the outcome of mergers and "marriages of convenience"—as, for example, Cunard-Eagle, which is associated with the world-famous Cunard shipping lines. The activities of these larger companies are numerous; they include car-ferry operations to the Continent, world-wide charter services, "inclusive tours" for holiday makers, and the movement of troops under contract to the Government.

In these circumstances, as can be well imagined, there was no dearth of applicants for licences to operate scheduled services. Indeed, to date, the A.T.L.B. has heard more than seventy such applications. The interesting feature, however, is the quick and angry reaction of the corporations. In almost every instance where an independent has been successful in securing an important licence, the corporations have lodged an appeal. Cunard-Eagle, for instance, obtained a licence to operate a limited frequency service across the Atlantic using Boeing 707 jet liners. On appeal by B.O.A.C.—and, one understands, on intervention by the Minister—that licence was rescinded. It is interesting to record, incidentally, that Cunard-Eagle has contrived, nevertheless, to operate a trans-Atlantic service. Using its permanent bases in the Bahamas, it is now able to operate a schedule service on the route Miami-Bahamas-Bermuda-London. This is raiding some of B.O.A.C's richest territory and, be it observed, without having recourse to the A.T.L.B. This, one suggests, is a timely and appropriate demonstration of the resilience and tenacity of private enterprise!

Question of Appeals

To return, however, to the question of appeals. As was inevitable, B.E.A.'s interests were affected to a greater extent than those of B.O.A.C. Twenty-three licences to operate on domestic and European routes were granted to independents. All these licences have been the subject of appeal by B.E.A. The main grounds of those appeals concern, firstly, capacity and, secondly, pooling agreements. B.E.A. complain that they have already purchased all the capacity which will be required for the next five years; as for pooling agreements into which the Corporation has entered with Continental carriers, the incursion of independent operators, B.E.A. complain, will upset, if not invalidate the arrangements made. Are these just the first agonised squawks of the hen whose nest is threatened—or are they a fair and reasonable presentation of the facts? That, no doubt, is the 64-dollar question which the Appeals Commissioner will have to decide.

If the relevant British legislation has blown up quite a storm, the Indian legislation has caused hardly a ripple on the waters of monopoly. There is, however, perhaps one hopeful sign—a move by the independents to form an association of which, one understands, Mr. K. K. Roy, has been invited to be the first President. Mr. Roy, in the affairs of air transport, is an able, experienced, and resourceful leader. In the pre-Corporation era, when private enterprise ran India's scheduled air transport services, Mr. Roy's company, Airways India, became one of the most successful of the then organisations. He will need all his powers of drive—and persuasion—if he is to achieve the same measure of success with his future charge.

This is the day of the big combine; mergers are everywhere in the air and the results can be seen in every form of industry and commerce. If the independent companies aspire to work on lines more rewarding than the kind of "hole-in-a-corner" operation they now individually pursue, something more effective than an association will be required; they must unite. If Mr. Roy can bring this about, it will be quite a "shot in the arm" for the independent cause. An active injection of private enterprise into India's air transport would benefit both the public and the country. It would do Indian Airlines no harm either; they could do with a "shot in the arm" too—a dose of competition.—*All Rights Reserved.*

The Indian Airlines Corporation has planned to revise the pattern of its night air mail services with effect from 1st October next, according to Mr. Ahmed Mohiuddin, Deputy Minister of Civil Aviation. The Corporation has proposed that Delhi, Bombay, Madras and Calcutta will have direct Viscount services at night. A Skymaster service will continue to operate on the Bombay-Nagpur-Calcutta route. Nagpur will have a day connection with Delhi by a Dakota service operation on the Delhi-Gwalior-Bhopal-Nagpur route. No final decision has, however, been taken in this regard.

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ECHOES OF THE BRUSSELS BATTLE

OPENING UP AVENUES IN EUROPE

From Our Special Correspondent

NEW DELHI, *29th May*

DELHI LETTER

BRITISH Minister Edward Heath or one of his senior colleagues was initially expected to come to Delhi in June to take in what one Indian official explained as "a breath of Commonwealth fresh air" before continuing the "Battle of Brussels," but it is now known that Mr. Heath will not be able to come down to the Indian capital in the immediate future for talks. As an alternative, it was suggested by Whitehall that a senior Indian Minister, possibly Mr. Morarji Desai, could go to London for discussions. But Mr. Morarji Desai is busy with the Finance Bill in Parliament, and for the present the matter has been left in the hands of Mr. K. B. Lall who is India's watchdog at Brussels where he is accredited as Ambassador. Mr. Lall has submitted to the European Common Market authorities a memorandum on behalf of the Indian Government on what relations India would envisage having with the European Common Market after Britain takes the European plunge.

India's Commissioner-General for Economic Affairs in Europe used to be posted in London, but when Mr. Lall was appointed to the post last year, the office was shifted to Brussels. The European Six welcomed this shift and the Indian representative has been keeping Delhi well tuned to the political strains of the Euromart negotiations. Mr. Lall met Professor Hallstein, Chairman of the European Economic Commission, on 25th May and gave him the Indian memorandum; copies of it were also sent to the Six. He is due to come to Delhi in June for consultations and to brief the Indian representatives who are attending the conference called in Cairo on the initiative of the United Arab Republic and Yugoslavia to discuss measures to try counter the Euromart influences. India will take part in the conference with ministerial level representation.

India's Stand

India's stand briefly is that not only is it necessary for Britain to obtain makeshift temporary safeguards to maintain the present level of Commonwealth trading with Britain but it would be appropriate ultimately to extend liberal entry for Indian and other Commonwealth goods to the entire European Common Market area. In the long-term it is not only necessary for India to build up on her trade with Britain but expand her trade with Europe as a whole. Among Asian Commonwealth countries India stands to lose the most by Britain's Euromart entry but her shouting over the issue has been at a lower key than, for instance, Australia's and New Zealand's. India has adopted the calm approach because, to quote Mr. Morarji Desai's explanation in Parliament, "prosperous countries are also nervous about maintaining their prosperity. India has no right to tell them that they have no business to safeguard their interests. India can only say that in such arrangements India should not be hurt."

India recognises that it does not lie in Britain's hands to apply her own solution; it will not help anyone if India goes for Britain in anger. India, pursuing patient negotiations, is not to be satisfied with temporary sops permitting present privileged levels of export trade with Britain for a transitional period. What India wants is a permanent solution which will open the doors of Europe and permit liberal trading policies. In Delhi's assessment, Britain, the United States and the Soviet Union (particularly Mr. Khrushchev) have a greater world perspective in trading than the European Six.

When Mr. Peter Thorneycroft was in Delhi last July for discussions immediately after Britain announced her intentions of a European plunge, it was put to him that, with Britain inside a European tariff wall, the Soviet Union would open her doors wide for trading with Asia. In Mr. Thorneycroft's view, Britain would welcome Soviet economic expansion because, if Mr. Khrushchev fulfilled his threats, Russia would have to buy more from abroad. "It would be wonderful," Mr. Thorneycroft said, "if Indians could make the Russians drink as much tea as Britons do!" As a matter of fact, the Indian authorities are hopeful of Indo-Soviet trade quadrupling in the coming decade. India has also at international conferences like that of E.C.A.F.E. at Tokyo complimented the Soviet pattern of balancing trade with India.

Tea, which Mr. Thorneycroft mentioned, comprises the biggest Indo-British trade commodity and is traditionally discriminated against by Germany where the taxes and duties add one hundred and fifty per cent to the price. It is in commodities like tea, coffee and textiles that India wants the European Common Market nations to adopt liberal policies.

While the problems emanating from Britain entering the E.C.M. were casually discussed in Parliament during the budget debate in May, there have been only two detailed published declarations giving the Indian Government's views on the problem. One was a statement by the Finance Minister during a Parliament debate last September and the other a joint declaration after Mr. Thorneycroft's visit. The Indian stand is as follows: There will be serious damage to India's export trade if the United Kingdom were to join the European Community without securing agreement on special measures to safeguard it adequately. The principal exports of India as well as many other developing countries are subjected to high tariffs, internal taxes, and quantitative restrictions of a discriminatory character in some of the countries of the E.E.C. while these products are being admitted duty-free and without restrictions into Britain. If the United Kingdom joins the Common market without suitable provisions for future trade of the Commonwealth from the developing countries, India and other developing countries will find it extremely difficult to maintain and expand their export trade. This is a matter of vital concern to developing countries like India since the earnings of their export trade provide the external resources for their economic development. The credit which India is receiving from Britain and other countries can be repaid only through an expansion of trade.

While diversification of export trade is the aim of Indian policy, it does not mean that India will walk into the Soviet parlour. Mr. Morarji Desai once pointed out that Communist countries too have their economic bloc or, in other words, their discriminatory policies. Delhi is firmly set against any hasty Asian or Afro-Asian common market moves as a counter to the European Common Market. If at all there is any Asian common market in the future, in Delhi's view, it has to emerge as a result of positive reasons within the region rather than as a negative counterblast to external developments.

Traditional Exports to Britain

A big threat from lack of safeguards in Britain's E.C.M. entry would be in cotton fabrics. Britain's purchases of Indian cotton piecegoods have been in some years more than a quarter of India's total cotton textile exports. To protect Lancashire interests there is a voluntary quota on Indian textiles entering Britain but this is an intimate Commonwealth arrangement among India, Pakistan, Hong Kong and Britain. Indian textiles enter Britain free but non-Commonwealth countries' textile exports are subject to a 17½ per cent levy. In addition there is a quota system in Europe which denies India an opportunity to exploit the textile markets.

Tea sales brought more than £62 million sterling from Britain in 1961 out of the total British imports from India valued at £145 million sterling. The Common Market tariff on tea may work out to 18 per cent on loose tea and more than 23 per cent on packaged tea. India is pressing for duty-free entry of tea into the entire European Common Market area.

In the case of jute it is not so much an import duty which worries India because there is already a mark-up system in Britain, but the imposition of quotas. Inter-Asian co-operation, particularly between Indian and Pakistan, can help dictate terms to Europe to some extent in jute but prospects for such Indo-Pakistani co-operation are illusory.

The larger perspective which Delhi takes is that it is by strengthening India's foreign

(*Continued on page* 1006)

A SECOND BUDGET IN OFFING?

THREAT OF MORE ECONOMIC CURBS

(*From Our Own Correspondent*)

LONDON, *25th May*

LONDON LETTER

THE Chancellor of the Exchequer is fully aware that he is implicated as much as the Prime Minister and the Minister of Labour for the breaks in his incomes policy. He does not know what to do next and worried that he cannot bring direct action to bear on employers, is threatening to put curbs on the whole economy. In short, he threatens a second budget on the lines of last year's "July measures."

Nothing could be more disastrous to this country. Employment is almost static; if anything, unemployment is rising slightly allowing for seasonal factors showing that there has been no increased pressure on resources. The trade returns for April, now analysed in full, confirm that exports particularly to Western Europe are rising in a healthy fashion and that to other sterling markets they have now stopped falling.

Bank advances which rose sharply during the first three months of the year have since then actually fallen; yet there has been no increase of pressure by the Government on the banks and the explanation appears to be a lack of desire on the part of borrowers. The banks' ratio of cash to deposits is about 1 per cent higher than it was a year ago. In this climate repressive financial action by the Government could only invoke recession.

The Prime Minister has emphasised that incomes must be matched with production but he has not spelled this out in precise terms by saying that in the Government's view such and such industries have no right to give increases and that others have. He has lacked the courage to castigate where increases were justified and to give increases where the failure of recruitment has shown that the industry is underpaid. In the latter category come the nurses who are not prepared to accept a 2½ per cent pay increase—the Government's norm—and the probation officers who have for years been awaiting a radical upward adjustment of their salary scales.

The Wages Question

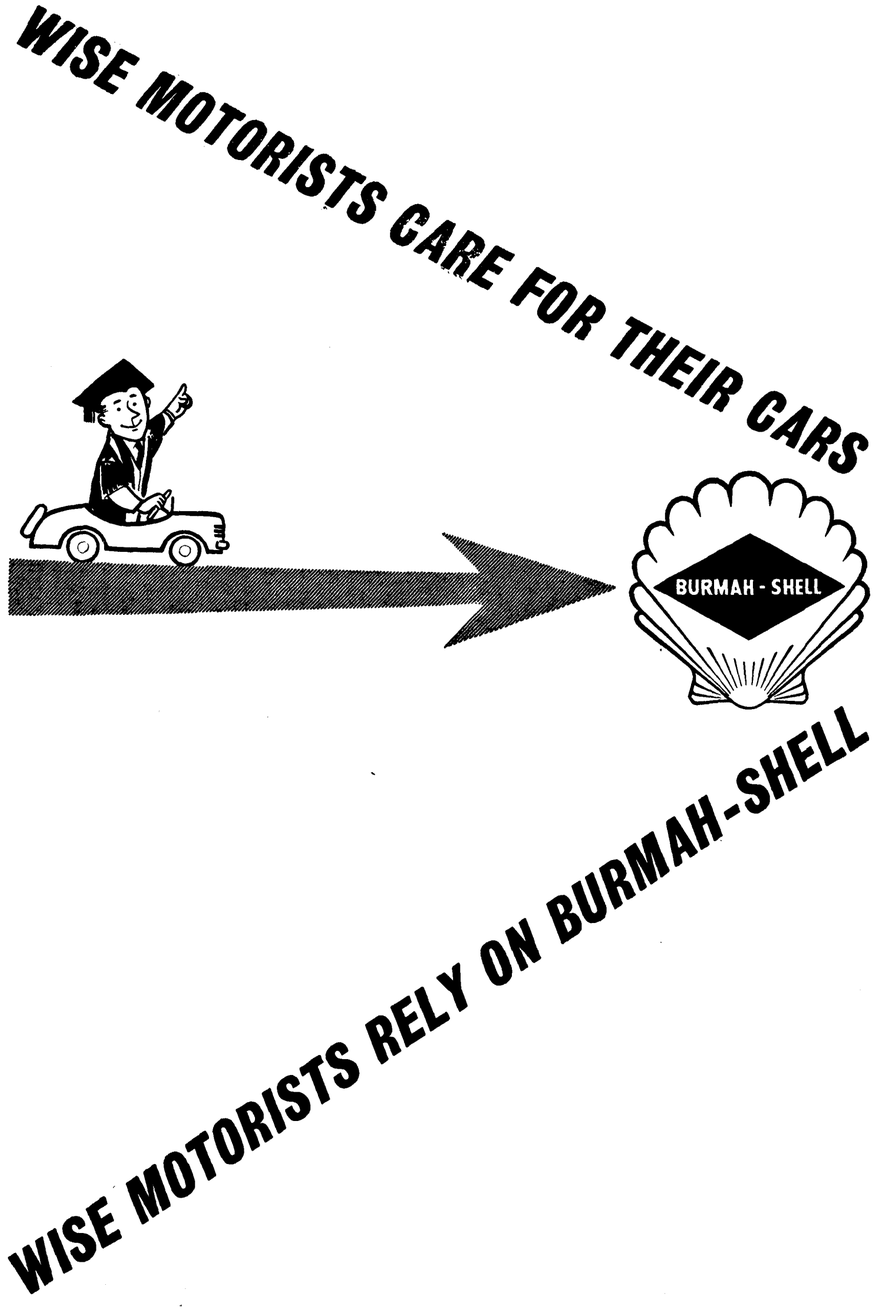
Recruitment is surely the essence of a wages policy. If an industry or profession cannot recruit the number of workers it needs surely that is evidence that the rate of pay is inadequate to attract enough employees. Similarly, if an industry has more labour than it needs and if the trade union of that industry is correspondingly bellicose, that is the evidence that the rates of pay are unduly high.

The trade unions tend to think in terms of equality in the sense of giving everyone the same pay increases. This is nonsense and yet the same nonsense is broadly repeated by the Government when it makes a fetish of a 2½ per cent figure regardless of the circumstances of the industry.

And yet to go against this simple formula is to invite criticism and, more than that, possible industrial disputes with those industries or sections which, whatever their recruitment position, want to get more money for their workers.

Latest of the unions to protest against this levelling process have been the musicians who were offered, in fact, a 3¾ per cent pay rise but who, because for a long time they have been trying to get recognition that they deserved to be put on a higher level altogether, are now going to come out at the end of the first week in June. Music in London will then be stilled unless some compromise is found! It will be only too easy for the Government to regard musicians as non-essential contributors to the economy but it is a live and active Government that is able to see where general principles must be modified whether the modification is up or down.—*All Rights Reserved.*

Prinex, one of the British subsidiaries of Courtaulds, has secured a £6-million contract from Soviet Russia for the supply of plant and machinery to produce triacetate fibres in Lithuania. This contract raises the total value of contracts for plants secured by Courtaulds group from the Communist bloc to £29 million. The first was for a £4-million acetate plant for Russia in 1959, followed by another £15-million order for other plants. Besides, Yugoslavia and Poland have also bought an acrylic fibre plant, each costing £2 million.



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OUR PLANNING: POINTS TO PONDER

IMPROVEMENT IN ADMINISTRATION IMPERATIVE

By Prof. S. S. Jhanwar

GOVERNMENT ARTS AND COMMERCE COLLEGE, INDORE

AFTER more than a decade of planning, it is worthwhile our pausing seriously to think about our goals, direction, methods and the pace at which we are moving. In fact, such evaluations are a part of proper management and planning. During the first two Plans, we spent about Rs. 10,000 crores in the public and private sectors and, during the first year of the third Plan we have incurred an expenditure of about Rs. 2.000 crores on "development." No industrialist or manager will be satisfied with anything less than 10 per cent return on his investments. The return to our national economy from all these huge investments has, however, been rather meagre. In the first Plan period, the national income in real terms rose by an average annual rate of 1.8 per cent, as compared with population growth of 1.6 per cent per annum. In 1948-49, our national product was of the value of Rs. 8.650 crores, in 1950-51. it was Rs. 9,530 crores(Rs. 8,850 crores at constant (1948-49) prices) and, in 1955-56, it rose to Rs. 9,980 crores (Rs. 10,480 crores at constant prices). The net addition to the incomes in the economy was, thus, only marginal. In the second Plan, the trend was erratic and gave an annual average of about 2 per cent for the first two years. In the third year, that is, 1957-58, there was a significant fall of 2.7 per cent over the previous year. And, unfortunately, the 25 per cent anticipated increase in national income during the second Plan period has not at all been achieved. And if, as reported, during this period the income-disparities have increased, the plight of the masses may well be imagined. To add, the population has been increasing at a rate of about 2 per cent per annum. The result is that the *per capita* income in real terms during the two Plan periods has not increased even by 2 per cent per annum. These facts and figures should call for a good deal of thinking and heart-searching. Taking an example, if through loaned or gifted wheat, or due to special favours of nature in a particular year, we are temporarily able to "solve" the food problem, that is hardly a matter for jubilation, as it does not give any evidence of our own efforts and achievements.

Let us admit that our Planning has not yet been essentially and effectively very successful and that we have, by and large, failed our plans. This is not to say anything about planning as such, but about our planning and about the methods of its implementation. Mary Parker Follett stated a few years ago—these words have yet a special significance for our planners and authorities—that "those who are giving their time and thought to national planning are performing one of the most needed services in the world at the present, but I think that, in their preoccupation with *what* needs to be done, they are not always giving enough attention to *how* it shall be done."

The "How of Planning" Ignored

Unfortunately, we depend too much on financial budgeting and financial planning. What, however, are more necessary and important are target and performance budgeting, evaluation of programmes and proper control. *The How of Planning* has been very much ignored by us. The result is that we cannot say with certitude and exactitude where all the Rs. 12,000 crores spent by us since 1951 have gone. With such a colossal sum, each one of our countrymen should have got a good facelift, if the whole amount had been properly utilised. However, various scandals and deals that have come to light (together with those which have not come to light) and the reports of Audit, and of the Public Accounts and Estimates Committees tell a good deal about the wrong side of the balance-sheet of our national household management. A large part of our funds appears to have gone down the drain or improperly and inefficiently spent. Mere expansion of public spendings does not bring about socialism or welfare. Expenditure has to be judicious, economical and productive: the costs and benefits in terms of targets and factual achievements should be compared, and proper control and reporting should be constantly and consistently enforced and followed. But do we not lack many of these in our working?

Many of those entrusted with our finances and funds are not able to appreciate their role or to perform their duties properly. The administration should do its work with promptness, efficiency, economy and integrity. These are the qualities required in each civil servant. Mr. Appleby and others have emphasised these facts and requirements over and over again. Many other suggestions for improving our services and methods of work and administration have also been given. On our administration depends the implementation of our plans and the proper utilisation of the allotted money. Then, the administrative personnel should not become too much authoritative, nor should concentration of power and Statism be permitted to grow. The administrative personnel should feel that they are servants of the people, not masters; and, of course, they should be secure from unjustified and uninformed public criticism and from political pressure. As Barbara Wootton aptly puts it, "a happy and fruitful marriage between freedom and planning can be arranged, but, here, success or failure turns on the behaviour of the actual men and women who have the responsibility of planning: on the measures in which positions of power (*including the Minister's office*—this addition in italics is the author's) are filled by men and women who care for the freedom of others and in whom this love of liberty is not subsequently stifled by the habit of authority." It is really very high time we improved our administration and management, for it is these executive officers and other persons who ultimately spend the money, use the resources, and come into contact with the masses. They can deliver the goods, if they can be injected a little more with values and sense of duty, and if the more efficient, effective and honest among them are duly rewarded and the inefficient or dishonest adequately punished. As it is, administrative deficiencies are, in my view, one of the most disturbing stumbling blocks to our economic (and non-economic) progress today. That is primarily why, as revealed in a recent United Nations Survey, India ranks twenty-fourth among 30 developing nations from the point of view of development and its rate of development is 3 per cent every year, as compared with tiny Japan's rate of 10 per cent per annum.

Family Limitation

Then, most of our efforts for economic betterment are being negatived by the phenomenal growth in our numbers. Unless our population expansion is checked, our plans will not be successful. We are multiplying ourselves much too fast and, unless we multiply less, we shall not be able to divide more. The yearly *net addition* to our population at present is of the order of more than 8 million persons; and with its cumulative effect, this population expansion assumes more serious dimensions. As it is, every year we now add to our teeming millions the whole population of Switzerland (52 lakhs), New Zealand (23 lakhs) and Bhutan (6.6 lakhs) put together. This is quite alarming —more so for the most densely populated and rather backward country like ours. Population expansion also aggravates our already serious unemployment problem. It is, therefore, extremely necessary to have a sound population policy and programme. In the third Plan, we do propose to do something in this direction, but there is need compulsorily to "operate" the husband (*Vasectomy*) or the wife (*Salpingectomy*) after four live children are born and are alive. Other *methods* of family planning should also be utilised. The concept of Planned Parenthood must reach every village and, here, there is ample scope for proper publicity and education.

Savings, capital formation and investible surplus in our country should also be properly assessed and studied by our planners. There is need greatly to improve our capital formation. Of course, the returns on the works in which this capital will be utilised should also be attractive. Productivity should be improved. Then, consumption has to be within limits and control in a planned economy.

Public Debt

Another disturbing factor is our mounting public debt. By the end of 1962-63, the total interest-bearing obligations (including unfunded debt) of the Government of India are likely to go up to about Rs. 8,000 crores. Of these, about Rs. 6,400 crores will be debt raised in India and the rest, about Rs. 1,600 crores, will be external loans. Besides these external loans, we expect foreign aid also. These huge figures of our indebtedness should make us think more seriously about this matter. We shall be required to pay about Rs. 200 crores as interest on these obligations. Despite the position that we have certain interest-yielding assets also, the problem remains whether we can go on borrowing in the manner in which we have done so during the last few years. Our projects in the public sector are not yet providing us the promised and much-publicised returns and the stage of self-generating economy appears to be farther away than what the authorities would have us believe. Yet, all these loans will have to be repaid in time, unless *Charvak* comes to exercise our minds. In this connection, therefore, Prof. Galbraith's following warning should be heeded by all of us:

"Borrowing from abroad should not become a substitute for earning from abroad. The adoption of inappropriate technology, such as elaborate labour-saving devices, might only waste scarce resources and might also aggravate problems of unemployment. The organisation and services appropriate to advanced nations might be costly hindrances to less developed lands. Earning depends on efficient and low cost production that takes advantage of the tendencies of nations in more advanced stages. I venture to think that any friend of India will view with some concern the rather uninteresting behaviour of Indian exports in the last five years. It is doubtful if aid, however generous, can ever be a substitute for such investment earning and for the independence and self-confidence they accord."

Hence, let us not go on borrowing, as if repayment is the creditor's worry!

"MANAGEMENT IN THE THIRD PLAN"

Very little effort has been made so far by the management of public enterprises and Government departments to ensure effective control of the activities in their charge. This view has been expressed by Professor A. S. Deshpande of the Department of Business Management, University of Bombay, in a brochure entitled, *Management In the Third Plan*, just published by the Society for the Propagation of Democratic Thought, Calcutta. He points out that this inadequate control has led to heavy losses not only of material resources but also of human energy, lower efficiency, higher costs and a bad reputation for the whole policy of State ownership and management.

Stressing the need for efficient management, Prof. Deshpande says that industrial enterprises in the public sector account for Rs. 1,500 crores out of the total outlay of Rs. 7,250 crores in the public sector in the third Five-year Plan. A substantial part of this investment will have to come ultimately from the general public through direct and indirect taxes. Besides, inefficient management will impose an additional sacrifice on the general public in the form of higher prices and/or lower quality of their products and services.

The author suggests that the top management must have a sound organisation structure. Its basic requirements are: (1) grouping of different activities, (2) selecting proper persons to head each of these groups, and (3) defining clearly the authority and responsibility of each of these heads. Such organisation structure will ensure that each individual in the organisation knows from whom he has to take instructions and to whom he is to give instructions, that is to say, to whom he is responsible and who are responsible to him.

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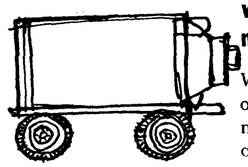

who puts the wheels on milk cans?

We do—but not exactly on cans! Large dairies need large quantities of milk. And it has to be collected in time.
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...but in the tropics it's a different story. Foodstuffs deteriorate fast. Take milk, for instance. *Tons* of it! That is what a large dairy handles—*every* day! Milk is collected from distant centres, weighed, tested, clarified, pasteurised and chilled. It's then stored in insulated tanks or cold stores that keep the milk cool, safe from bacteria. Next comes filling and capping of lakhs of bottles—bottles that have already been washed, sterilised and dried. A complicated process? Certainly. Something that cannot be done well enough – fast enough—without special plant and the know-how—exactly what L & T provides.

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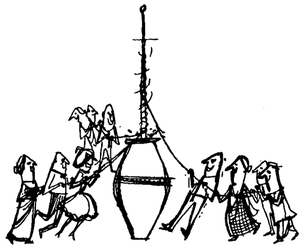

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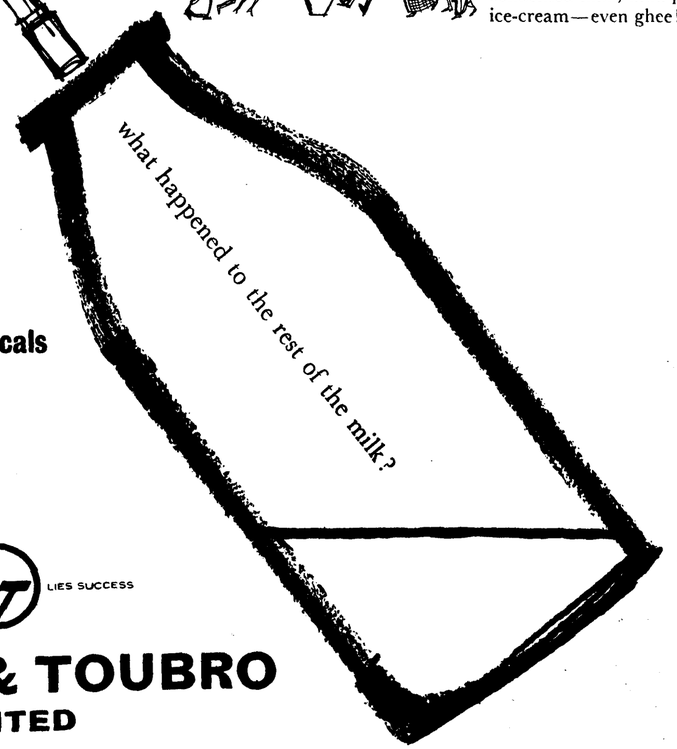

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HARSH SHORT-STAPLE COTTON

KEEN COMPETITION FROM RAYON AND SYNTHETICS

HARSH short-staple cotton occupies a unique position in the world's cotton economy. This cotton, though it accounts for less than two per cent of total production, is greatly preferred to other cottons and competing materials for numerous specialised uses. Among these are manufacture of absorbent cotton, mattress filling, mixing with wool in blanket manufacture and production of coarse yarns up to 10 counts. The main types of harsh short-staple cotton are Bengal *Deshi* variety of India, all *Deshi* varieties of Pakistan and Assam and Comilla types grown in both India and Pakistan and, to a lesser extent, the B.C.F. variety of Burma. The world production of harsh short-staple cotton in recent years has been of the order of 500,000-600,000 bales (of 478 lbs. each), more than half of which is grown in India. The following table indicates the trend of production of harsh short-staple cotton in India and Pakistan during the last five years:

(In 1,000 bales of 478 lbs.)

Season	India	Pakistan	Total
1957-58	391	191	582
1958-59	335	145	480
1959-60	364	138	502
1960-61	381	157	853
1961-62 (preliminary)	450	163	613

A substantial portion of India's production is consumed domestically, for both mill and non-mill uses, while practically the entire output of Pakistan and Burma is exported. Although production of harsh short-staples in Pakistan is only about one-third that of India, as an exporter of this cotton, Pakistan ranks roughly on a par with India. Burma, though it exports less than either India or Pakistan, has also become increasingly important.

Owing to the specialised nature of demand, even a relatively small imbalance between supply and demand can often have sharp repercussions on prices. This was true in the 1959-60 season when exportable supplies were barely adequate to meet import requirements and prices rose sharply. The same was true during the major part of the 1960-61 season until it was realised that supplies were in excess of demand. During the early months of the present season, prices declined sharply, due to increased availability and temporarily slack demand, but a recovery took place in November which has been sustained to the present time.

Exports of harsh short-staple cotton in 1960-61 declined by about 25 per cent, as compared with 1959-60. At approximately 275,000 bales, shipments during the season were the smallest since the early 1950s. For the present season, the outlook for exports is relatively favourable, according to the International Cotton Advisory Committee, Washington. In a review of the harsh short-staple cotton situation, the Committee estimates that the total exports of this type of cotton from all countries during 1961-62 should exceed the unusually low level reached in 1960-61 by a fair margin. Demand was lethargic during the opening months of the season, but improved considerably late in October and November attributable partly to seasonal factors. Supplies are ample, thanks to a record crop of Bengal *Deshi* in India, and prices are much lower than a year ago. The Committee's broad assessment of the harsh short-staple cotton in each of the three principal producing countries is as follows:

India

Production of harsh short-staples in India has been rising over the past several years, and preliminary indications are that the 1961-62 crop may reach a post-war record of around 450,000 bales (of 478 lbs. each). Even in 1959-60, when the overall Indian crop was a near-failure, production of harsh short-staples actually increased. In direct contrast to the other countries producing these cottons, there is, in India, a considerable domestic demand for its Bengal *Deshi* variety, both for mill and non-mill uses. After first ensuring that supplies would be sufficient to meet local requirements, any surplus has been allowed for export through a system of periodic allocations. A relatively tight supply situation developed in the 1959-60 season, and only 123,000 bales of new crop Bengal *Deshi* were allowed for export during that season. For the 1961-62 season, the Government of India authorised on 23rd September 1961 the release of 103,000 bales of Bengal *Deshi* for shipment up to 31st March 1962. At the same time, it was stated that a minimum of 123,000 bales would be released during the season and more, if conditions warranted. The granting of such a large interim quota so early in the season was in direct contrast to the piecemeal allocations of prior years, and reflected the expectation of larger supplies this season. Following a disappointing start, the interim quota was filled by the end of November, as demand increased sharply in late October and November. On 22nd January 1962, a further export quota of 62,000 bales of Bengal *Deshi* was authorised and this was filled within three days of the first date of acceptance of applications. It was further reported that substantial business had already been booked with Japan in anticipation of release of this quota. One factor, which could account for the recent revival of interest in Bengals, is the poor crop prospects for other varieties in India, and to this end, there could be some substitution of Bengal *Deshi* for certain other short-staple varieties, which have so far not been allowed for export this season.

Price Trend

Prices of Bengal *Deshi* have been at or near ceiling levels during the past two seasons. A sharp drop of up to 2 cents a pound occurred during August and September 1961, at a time when overseas demand was very subdued. However, prices rose again to the ceilings early in November in line with renewed interest from Japan, and have remained there ever since. Despite the prospect of a record crop, the statistical position of Bengal *Deshi* cotton continues to be strong.

Exports of harsh staple from India (including Assam/Comillas) have averaged around 150,000 bales per year during the last four seasons. For the present season, it is a virtual certainty that total harsh short-staple exports from India will be the largest for many years. Japan continues to be the principal customer, accounting for nearly 90 per cent of the total quantity exported.

The following table gives the destination-wise breakdown of exports of Bengal *Deshi* from India during the four years ended 1960-61:

(In '000 bales of 478 lbs. each)

Destination	Year beginning 1st August			
	1957-58	1958-59	1959-60	1960-61
Australia	1.5	0.5	0.9	0.1
Belgium	0.3	0.1	0.1	0.1
France	10.2	12.5	3.7	6.9
W. Germany	0.1	4.3	0.5	0.9
Hong Kong	0.6	0.3	*	0.1
Italy	0.9	0.5	0.2	0.6
Japan	138.1	106.9	135.1	123.5
Netherlands	0.6	1.4	0.2	0.2
United Kingdom ..	1.1	3.6	1.5	2.3
United States ..	6.5	8.9	6.3	5.0
Others	0.6	0.6	4.7	0.6
Total ..	160.5	139.6	153.2	140.3
Percentage of Japan to the total	86.0	77.0	88.0	88.0

* Less than 50 bales.

Pakistan

Production of harsh short-staples (*Deshi* types) in Pakistan has increased slightly during the past two years, but has not regained the levels prevailing earlier. The situation in this country is quite different from that in India in that there are no restrictions on the volume of exports and only negligible quantities are consumed within the country. Pakistan is, therefore, vitally concerned that the level of production be commensurate with the potential foreign demand to avoid accumulation of stocks and wide swings in price. Unfortunately, this has not always been the case, and the Government has been compelled to intervene. In July 1958, for example, the *Deshi* Cotton Export Incentive Scheme was promulgated in an effort to move the huge surpluses accumulated from the 1957-58 crop. In addition, the Government, over the past three years, has more than halved the export duty on *Deshi* cottons, and in August 1961, even abolished the tax on East Pakistan Comilla types. Despite these efforts, exports of Pakistan *Deshi* cottons have declined considerably, with total 1960-61 shipments having been lower by about a third, as compared with a year earlier, and unsold stocks at the end of the season were several times greater than normal. For the 1961-62 season, supplies are much larger, due in part to a slight increase in production but mainly to the increased carryover. The overwhelming dependence on export demand for Pakistan *Deshis* has resulted in an extremely sensitive local market, and price gyrations have been frequent. Pakistan, like India, is largely dependent on the Japanese market for its harsh short-staple cotton, but to a somewhat lesser degree. Whereas 85-90 per cent of India's exports of these cottons are normally to Japan, the share of Pakistan's exports held by Japan is around 70 per cent or less. In the past few years, the United Kingdom, United States, and several communist areas have been important markets for Pakistani *Deshi* cottons.

Burmese harsh short-staple cotton is becoming more and more a factor in this limited market. Annual production is in the neighbourhood of 60,000 bales per year, most of which is exported. About one-third to one-half the total quantity exported goes to Japan, with the remainder principally to the United Kingdom, Mainland China, the Federal Republic of Germany, and Netherlands. The United States has recently assumed greater importance also. Although Burmese cotton is less harsh than the competing Indian and Pakistani styles, it is generally conceded to be a reasonable substitute and prices for BCF 4, the principal export type, have been fully competitive. Harsh short-staples are exported both by the private trade and the Government-sponsored Union of Burma Co-operative Wholesale Society.

Under a new Four-year Plan beginning in 1960-61, top priority was given to agriculture, in order to increase exports and foreign exchange earnings, and to work toward eventual self-sufficiency. It is hoped that cotton production will be expanded considerably, but only in longer-staple varieties, where yields are reported to be several times greater than those for the native short-staples. On the other hand, the BCF variety is said to be very resistant to diseases and pests, and, as exports of this type are now well established, it would seem that there is little likelihood of any major decline in short-staple production.

Consumption

The distribution of consumption of harsh short-staples can be divided basically into three groups: Japan, India, and the rest of the world. Japan is the most important consumer, and overwhelmingly, the number one export market. Most of the consumption here is in non-mill use, for manufacturing absorbent cotton and for padding in mattresses. When the I.C.A.C. made its last survey of the harsh short-staple situation two years ago, the Japanese Government summed up the probable future consumption trend as follows. "For padding and medical use, the consumption of these cottons will decrease appreciably due to the competition from synthetic and rayon fibres." This has apparently proved to be the case, for consumption of Indian, Pakistan, and Burmese cotton in non-mill uses actually declined by 30 per cent between 1958-59 and 1960-61. This sharp reversal is of special significance because, during the same period, cotton consumption of all growths by the Japanese cotton industry increased by about 40 per cent. In India, mill consumption of all cottons has steadily increased over the past three years, but harsh short-staples have not shared in this increase. Consumption of Bengal *Deshi* by Indian mills has remained constant at approximately 85,000 bales per year since the 1958-59 season but this is some 30 per cent below the level prevailing in the mid-1950s. In addition, substantial quantities have historically been used in hand spinning and other household uses, but it is not known whether any expansion or contraction has taken place recently. Elsewhere, principally Western Europe and the United States, consumption has continued to decline. Based primarily on export data, consumption of harsh short-staples in Western Europe in 1960-61 was off by about a third compared to a year earlier, and as compared with the mid-1950s, the decline has been close to 60 per cent. Similar large reductions have taken place in the United States.

Outlook

As regards the long-term outlook for harsh short-staple cotton, the International Cotton Advisory Committee strikes a somewhat pessimistic note. According to it, for a number of years, there has been increasing substitution, involving rayon and various synthetics, in the traditional harsh short-staple market. In addition, important developments of comparatively recent origin have been the greater use of plastic materials in medicinal uses and the growing

(*Continued on page 1006*)

COTTON TEXTILE DELEGATION MEETS PRIME MINISTER

IMPORTS MUST BE LIMITED TO ONE-FIFTH OF HOME CONSUMPTION

From Our Special Correspondent

MANCHESTER, 22*nd May*

MANCHESTER LETTER

THERE was no immediate reaction from the British Government following last week's talks at London between a delegation of Lancashire cotton employers and union leaders and the Prime Minister when the current problems of the industry were discussed. The Government have, however, promised to issue a statement on the result of the talks shortly.

The delegation—and the Government too, for that matter—was perhaps hamstrung by extraneous factors, dependent on how other countries interpret and support the rules of the international arrangement which has yet to be formally ratified. This pact, in turn, is subject to variation, according to the attitudes adopted by the European nations involved in the Common Market discussions with the British Government.

One-fifth the Maximum

The official view of Lancashire trade leaders is that imports into Britain and the European countries should be stabilised at around 20 per cent of home consumption. This would mean a sharp increase in arrivals into the Continent and much smaller shipments into Britain. On the basis of grey cloth imports alone, some significance can be read into the fact that arrivals from India, Pakistan and Hong Kong in the first quarter of the current year were running at a rate very similar to the annual total of 350 million yards recorded in 1959. The deputation urged the Government to undertake future negotiations with the three countries concerned on such a basis, instead of the current ceiling, which is at a much higher level. More specific identification of individual ceilings should be included in the forthcoming talks, it was suggested, as an overall limitation can lead to a perceptible switching of production to certain goods, with obvious detriment to sectional interests at home.

Extending the Breathing Space

Government support for the Geneva arrangements is, of course, an integral part of Lancashire's case and, unless this is given and disruption swiftly claimed even before it occurs, the attempt to secure an orderly regulation of trade in cotton goods will have failed so far as the Lancashire industry is concerned. Britain's special position, by virtue of the substantial imports already accepted, should certainly qualify for exceptional treatment, avoiding the necessity of gradually opening the door still further to supplies from the developing areas.

The 1959 reorganisation scheme was constantly described as offering a breathing space for Lancashire. Within a few months of its launching, the pace of this breathing became fast and furious, but, subsequently, it has been far more laboured. Now it is being proposed that the closing date for applications to re-equip with the aid of the 25 per cent subsidy should be extended.

Expenditure of public money on such ventures is always the subject of close scrutiny and the Government would have to answer searching questions if the financial assistance was open-ended. The claim, however, can be justified on the basis of the paradoxical situation which has arisen through the giving of cash for re-equipment with one hand and the failure to bar the way against undermining imports on the other.

How Much Modernisation?

Details about the extent and progress of the Government-sponsored reorganisation scheme, together with the views and outlook of several of the most influential people in the trade today, are included in the latest report of the Government's Estimates Committee dealing with the assistance given to the cotton industry. Final figures relating to re-equipment must obviously await the completion of the schemes, but it is now possible to make reliable estimates of the extent of the modernisation which is already in progress or is planned for the future.

According to a memorandum submitted to the committee by the Cotton Board, an analysis of applications approved in principle up to the end of January shows that, if these proposals were fully carried out, they would represent the installation of about 500,000 new ring spindles, some 16,000 new doubling spindles and about 8,000 new looms, nearly all automatic. These figures, however, do not take into account the substantial modernisation of existing machinery, nor do they cover subsequent applications for the re-equipment grant which have been proceeding at a rather higher level during the subsequent three months. By the end of April, in fact, applications for the subsidy had reached a figure of almost £43 million, involving the Government in the payment of £10,741,000.

Actual claims paid at that point were valued at almost £8 million, of which the Government's share was £2 million. Within the individual sections, the total value of applications for the modernisation grant amounted to £21,440,570 in spinning; £888,148 in doubling; £17,622,788 in weaving and £3,012,110 in finishing. The rate of applications, which in the first four months of the scheme totalled £13 million for spinning, doubling and weaving, later showed a very substantial drop, running at about £270,000 weekly in the second half of 1961. Lord Rochdale, in his evidence to the committee, expressed surprise that this fall had been so severe and had persisted for so long, although he recognised that it reflected the crisis of confidence which was still affecting the industry. No doubt stimulated by the approach of the closing date for applications, the rate has now risen again, reaching a value of just under £500,000 per week by last month.

Paid for Scrapping

So far as actual scrapping of machinery in the producing sections is concerned, the redundancy programme was completed officially at the end of March 1960. As a result, 48 per cent of the spinning plant in place before the scheme was launched was eliminated, 34 per cent of doubling machinery and 38 per cent of weaving capacity. The Government's share of compensation for this scrapping is estimated at £10,638,000, of which £6,142,000 were for spinning and £4,265,000 for weaving.

The final date for scrapping of finishing machinery was the end of 1961 and the percentage of total capacity scrapped by this date in the woven cloth section was 16.7 in bleaching, 23.5 in dyeing, 17.6 in printing and 26.3 in yarn processing. After all formalities have been completed, the Government payments are estimated at £1,206,000, the major recipients being the dyeing branch with £700,000 and printing with £300,000.

Under cross-examination, Board of Trade officials and individual members of the industry gave their views on the administration of the scheme, its progress and its value in practice. At the outset, the "magic" figure of £30 million, so widely quoted as a gift to "starving millowners," was put in its proper context. "It was always a rough estimate; it was never a commitment, it is not written into the Act at all," was the comment made by an Under-Secretary at the Board of Trade. In actual fact, from the figures given above, the ultimate likely to be provided from public funds will be below £25 million.

Throughout the hearings, the trade leaders without exception emphasised that shift working was essential, if Lancashire was to compete with her European rivals, particularly in view of the Common Market project. Much discussion took place on the provision of machinery. Several witnesses attested to the great technical progress made in the last five years, particularly in spinning plant. It was suggested that the main reason for this improvement after a long period in which relatively little advance had occurred was due to the higher wage rates being paid all over the world and the consequent call for labour-saving machinery.

Automation Round the Corner

Both Mr. C. E. Harrison and Mr. Eric Cartwright anticipated that a very high degree of automation could be expected within the next decade. Mr. Cartwright said that, in a year or two, we should be getting towards the end of the development of conventional machinery in spinning.

An indication of the heavy investment needed to modernise the industry was given by Mr. Harrison, who declared that a spinning mill could not be re-equipped for under £1 million. Asked why the pace of re-equipment had been so slow, he replied; "I do not see how you could justify an investment of that order just to remain as a sub-contractor to some weaver who is the sub-contractor of the merchant who is himself at the mercy of the chain stores."

Shift Work Analysis

Recent returns issued by the Cotton Board have disclosed the amount of machinery in the spinning section engaged on shift work. In the final quarter of last year, 1,140,000 ring spindles were on two shifts, as were 250,000 mule spindles, 44,000 waste spindles and 233,000 doubling spindles. Three-shift working was confined to 180,000 ring spindles, 10,000 waste spinning spindles and 52,000 doubling spindles. On evening shifts, the respective numbers were 1,180,000 ring, 14,000 waste and 56,000 doubling spindles.

Comparable statistics in the weaving branch have not formerly been given, but, in an appendix to the report, the Cotton Board indicates that, in the fourth quarter of 1961, 31,000 looms were working two shifts, 16,000 three shifts, 7,000 an evening shift and 94,000 a single shift.—*All Rights Reserved.*

DEMAND FOR RUBBER RISING FAST

ENERGETIC ACTION TO STEP UP OUTPUT WANTED

"RUBBER occupies a key position in industrial development and for defence. In view of the uncertainties of the international situation, dependence on imports may be inadvisable.... Their (plantations) rehabilitation demands immediate attention." It was in these words that the Planning Commission underlined the importance of developing the rubber industry in the first Five-year Plan. Several measures were, in fact, initiated to augment production of natural rubber partly through replanting a part of the existing area and partly by bringing new land under cultivation. And the measures did lead to a rise in output, from less than 15,600 tons in 1950 to 23,444 tons in 1956. The progress of development, however, slackened considerably during the second Plan period, the actual output in 1961 being only 27,000 tons, or an addition of just 3,556 tons in five years, though it is somewhat significant that the average per-acre yield of rubber improved from 284.4 lbs. in the first Plan (1951-55) to 306.9 lbs. in the second Plan (1956-60). Judging from this experience, it is clear that, unless more effective steps are taken both by way of promoting expansion and intensive cultivation, the third Plan production target of 45,000 tons—that is, an additional output of 18,000 tons or an increase of 70 per cent—will simply not be fulfilled. Commenting on the progress of development in rubber industry, the Estimates Committee of the second Lok Sabha (in its report dated December 1961) said:

"It was a very timely step that the Government took soon after freedom to constitute the Rubber Board. The Committee, however, regret that the measures that the Government and the Board have taken all these many years have proved totally inadequate for the purpose of making the country self-sufficient in rubber. ... While the Committee have their doubt about the achievement of the production target of 45,000 tons by 1965, which the Board have placed before themselves, they hope that the board would do everything to realise it. If a concerted drive is made to improve the methods of cultivation, it may not be impossible to attain the target."

Dependence on Imports

The need for energetic action to grow more rubber is urgent in all conscience, what with the rapid pace at which the demand for this material is expanding. Even if the third Plan target of 45,000 tons were achieved, there would still be a shortfall of 9,300 tons, the estimated consumption in 1965-66 being put at 54,300 tons, which is expected to increase further to 107,000 tons by 1970 and 171,000 tons in 1975. To the extent indigenous production fails to keep pace with such a rise in consumption, there will be waste of foreign exchange on imports. At current prices, every 100 tons of rubber involve a foreign exchange expenditure of Rs. 3.70 lakhs. Although over sixty years have elapsed since rubber production was taken up in India on a commercial scale, the country continues to depend heavily on imports, since production has lagged far behind production, as Table I shows.

It is somewhat disquieting that no serious attempts have yet been made to undertake a general survey for determining the suitability and availability of land for rubber cultivation in the country as a whole. Such a survey, as the Estimates Committee rightly pointed out, is an essential prerequisite for planned development, and the Rubber Board will do well to make a beginning, at least now. Possible steps will have to be taken simultaneously to extend the area of rubber cultivation—the total new planted area at the end of 1960 was about 290,828 acres (out of the total area of 321,002 acres)—and to replant the areas already existing. The replanting scheme of 1957, it will be recalled, aimed at replanting 70,000 acres of land in ten years at the rate of 7,000 acres per annum. By the end of 1959, the total replanted area was of the order of 10,646 acres, as against the target of 21,000 acres, or a shortfall of 50 per cent. After the increase in subsidy to Rs. 1,000 per acre, the targets for replanting were revised to a total of 52,500 acres in 1965 (7,500 acres in 1960, 8,000 acres in 1961, 8,500 acres in 1962, 9,000 acres in 1963, 9,500 acres in 1964 and 10,000 acres in 1965). Whether it is new planting or replanting, special care will have to be taken to ensure that only high-yielding varieties of seedlings are made available and used. This is important because the present all-India average yield is very poor, being about 320 lbs. (1960), as against 417 lbs. in Ceylon and Malaya. The latter country, we are told, has produced a strain of rubber plant which can come into bearing within about four years, instead of the normal eight-year period, and will yield 800 lbs. in the very first year of tapping.

Viewed thus, it is, indeed, gratifying that, in India, too, several methods have lately been contemplated to increase production. One of them pertains to demonstration trials in certain regions of the country to demonstrate to rubber growers the possibilities of increasing the yield of rubber from existing plantations and thus induce them to take to improved and scientific methods of cultivation. In these trials, all the three methods for boosting production, namely, spraying fungicides against diseases, manuring and application of yield stimulants are to be adopted on selected holdings in each region. It has been decided to lay down demonstration trials at five centres at present. They are Kulasekharam in Kanyakumari district, Punalur in Quilon district, Puthuppally in Kottayam district, Thodupuzha in Ernakulam district and Taliparamba in Cannanore district. The trials at these places are expected to provide the Rubber Board with adequate information to formulate long-term plans for increasing production. It may also serve as models for small growers to adopt better methods of cultivation.

Synthetic Rubber

In view of the wide gap between the production of and demand for natural rubber, it is not surprising that the consumption of synthetic rubber has gone up quite markedly, especially in the past six years, from a bare 106 tons in 1955 to 9,600 tons in 1961. The share of synthetic rubber in the total used in 1961 was almost 17 per cent, as against just 0.3 per cent six years before. This, however, is much below that in the U.S. (55 per cent), France (24 per cent), the U.K. (23 per cent) and W. Germany (22 per cent). The share will, of course, increase in the coming years after the synthetic rubber plant now being put up at Bareilly by Synthetics and Chemicals Ltd. starts working on a full scale; production is expected to commence sometime next year. The target for production fixed in the third Plan is 50,000 tons by 1965-66. Inasmuch as the manufacture and consumption of synthetic rubber will doubtless have a large impact on natural rubber, the need for a co-ordinated approach between the Rubber Board and the Development Wing, as suggested by the Estimates Committee, cannot be stressed too strongly.

In assessing the outlook for natural and synthetic rubber in India, one has to bear in mind the recent trends in the world rubber economy. A review of these trends reveals a remarkable expansion of synthetic rubber output and consumption in the past decade. Thus, in this decade, the aggregate world production has gone up by as much as 291 per cent (from 534,624 tons in 1950 to 1.93 million tons in 1961), while the natural rubber output has risen by just 13 per cent from 1.86 million tons to 2.10 million tons. The production of reclaimed rubber continues to be low. The details are given in Tables II, III and IV. In view of these trends, the producers of natural rubber are naturally worried about the future of their product. They have, therefore, reason to feel gratified at the confidence in the ability of natural rubber to maintain its position in the years ahead expressed by the Chairman of the Rubber Growers' Association, Mr. Charles Jackson, at the annual meeting held at London last week. Declaring that he was not unmindful of the problems to be faced, Mr. Jackson said: "The full impact of the new stereo-regular synthetic rubbers has not been felt, and we must be prepared to see these improve in quality and decline in price. Nevertheless, given the co-operation of Governments and of organised labour, our industry should continue to play its full part in supporting the economy and forwarding the welfare of the developing countries with which it is concerned."

Outlook for Natural Rubber

A special reference to the emergence of new synthetic rubbers was made by Sir G. Edward Beharrell, Chairman of the Dunlop Rubber Company Ltd. when he addressed the annual meeting of the Company at London on 21st May 1962. Sir Edward admitted that there would be extreme competition between natural and synthetic rubber (like cis-polyisoprene), but said: "It may be that recently the real advantages and potentiality of natural rubber have been underplayed, if not absolutely, certainly relative to the prominence given to synthetic rubbers.... A succession of new synthetics, many of them specially tailored for particular jobs, have certainly attracted attention to themselves, but, in a multitude of applications, natural rubber goes quietly on and it remains an adaptable raw material, often incorporating the best compromise of a number of desirable qualities.... It should not be assumed too readily that victory in a price war would go to the synthetic rubber. Natural rubber has shown in the last energetic resilience when it comes to looking after itself. More accurately, it is a tree that repays looking after." As he has pertinently remarked, constant research in the laboratory and careful organisation have brought doubled yields per acre, and, additionally, by paying more attention to grading and blending, the rubber growers can now market a more uniform product in a condition which is more acceptable to manufacturers.

TABLE I: *Rubber in India*
(In metric tonnes)

	1961	1960	1959	1958
Production*	26,992	25,192	23,772	24,717
Imports	30,685	31,415	19,466	15,647
Of which:				
Natural	21,693	22,949	14,718	12,068
Synthetic	8,992	8,466	4,748	3,579
Total supply	57,677	56,607	43,238	40,364
Total consumption	57,019	52,502	43,692	38,616
Of which:				
Natural	48,319	45,941	39,282	35,312
Synthetic	9,000	6,561	4,410	3,304

TABLE II: *Natural Rubber*
(In long tons)

Countries	1961	1960	1959	1950
Production:				
India	26,570	24,794	23,896	15,599
Malaya	738,480	810,488	697,766	894,090
Indonesia	659,556	629,808	693,487	696,472
Ceylon	96,047	97,277	91,695	118,500
Vietnam	75,936	75,401	74,183	38,399
Cambodia	39,346	36,523	33,924	16,075
Thailand	181,672	167,165	170,256	112,284
Sarawak	47,313	49,658	48,424	55,615
Rest of Asia and Oceania	41,184	40,250	41,750	41,750
Africa	130,500	125,500	141,000	55,250
Brazil	23,532	22,735	21,109	19,402
Latin America	7,000	7,000	7,000	7,500
Total	2,067,138	2,096,594	2,038,990	1,859,886
Consumption:				
India	46,823	45,215	38,663	17,725
U.S.A.	425,441	479,048	555,044	720,269
U.K.	166,476	179,900	184,100	219,668
France	124,740	27,348	133,487	102,616
W. Germany	140,016	145,700	144,075	78,602
Netherlands	20,724	20,524	21,238	14,291
Australia	29,388	36,938	37,845	24,152
Brazil	40,416	45,166	44,453	28,891
Canada	31,680	35,179	44,271	46,110
Japan	169,584	185,680	128,170	69,056
China	75,816	139,750	144,250	70,000

TABLE III: *Synthetic Rubber*
(In long tons)

Countries	1961	1960	1959	1950
Production:				
U.S.A.	1,381,945	1,436,442	1,379,652	476,184
Canada	164,004	159,672	100,662	58,440
W. Germany	84,300	79,792	48,128	..
United Kingdom	101,508	90,015	56,990	..
Italy	80,800	70,000	47,000	..
France	34,320	17,216	5,927	..
Japan	45,480	18,776	1,255	..
Total	1,892,417	1,871,914	1,689,602	534,624
Consumption:				
India	9,591	6,457	4,340	1
U.S.A.	1,096,152	1,079,245	1,072,725	588,269
United Kingdom	110,508	111,100	76,300	2,727
France	92,676	90,778	66,212	7,400
W. Germany	115,908	104,136	76,485	3,372
Netherlands	12,624	11,526	7,504	808
Australia	23,736	25,487	16,584	320
Brazil	20,544	16,290	9,375	41
Canada	61,968	55,856	57,204	22,588
Japan	88,418	60,610	16,520	63
China	26,484	15,756	5,500	..

TABLE IV: *Reclaim Rubber*
(In long tons)

Countries	1961	1960	1959	1950
Production:				
U.S.A.	260,468	292,796	304,145	313,006
Canada	5,564	6,544	6,229	4,456
Brazil	9,828	9,940	7,734	3,023
W. Germany	45,492	49,292	43,031	18,857
United Kingdom	..	45,524	45,981	30,083
Australia	8,976	11,252	9,378	9,248
Total	330,328	415,357	413,498	377,673
Consumption:				
India	5,929	5,321	4,451	..
U.S.A.	266,425	276,515	290,410	303,733
U.K.	30,684	35,658	35,643	24,999
France	42,456	29,545	28,469	14,410
W. Germany	9,800	45,944	41,736	15,839
Australia	9,576	11,261	9,385	3,173
Brazil	16,092	9,813	8,027	3,023
Canada	..	15,945	17,073	12,959

Note:—Figures for the year 1961 are estimates projected on the basis of the latest available data. * Natural rubber only.

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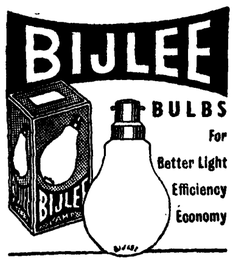

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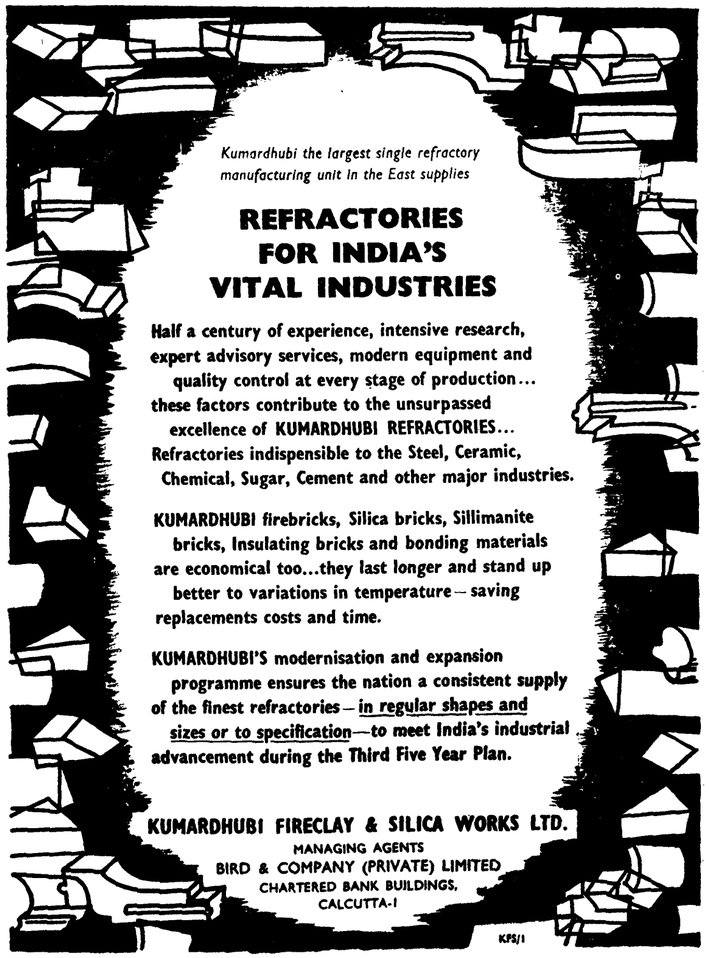

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IMMEDIATE RISK COVER IN LIFE INSURANCE

A PRACTICAL SUGGESTION

THE Life Insurance Corporation of India is now insisting upon the payment in full of the first premium along with the proposal. Many reasons are advanced for imposing this condition. It is said that advance payment of premium will (1) discourage rebating by agents, (2) bring forth proposals only from parties genuinely interested in insuring their lives, (3) discourage agents from artificially boosting business figures, (4) narrow the gap between the introduced and completed business which is now very large, and (5) reduce the strain on administration during the year-end when agents introduce bulk business in their anxiety to complete their quota, a practice which the Corporation, too, welcomes as it helps in reaching its Five-year Plan targets. This certainly is an impressive catalogue. But there is one good reason for the proposer not to pay the premium in advance and that is that the money does not earn interest while it also does not cover the risk until the proposal is accepted. In other words, during the period between the date of payment of premium and the date of assumption of risk by the Corporation, the money remains practically idle. A prudent, calculating person may find this adequate reason for not paying the full first premium along with the proposal. This difficulty, however, could be overcome if a satisfactory arrangement, which will reconcile the interests of both the proposer and the Corporation, is made. A method of doing so has been suggested by Mr. J. A. Mansoor, Divisional Manager (North Bombay), of the Life Insurance Corporation, in the March issue of *Yogakshema*, the House Magazine of the Life Insurance Corporation. He has suggested that, in order to encourage the proposer to pay the full first instalment of the proposal, the Corporation must give him something in return. This could be the immediate assumption of risks, for a temporary period of two weeks from the date of payment of premium or till the date of acceptance of the proposal, whichever is later, subject to two conditions. First, the proposer had not consulted a doctor for six months prior to the date of the proposal and, second, the temporary sum assured would be proportionate to the actual mode of payment of premium, that is, full sum assured, if premium is paid yearly and half sum assured if paid half-yearly.

This proposition, according to its author, is also actuarially sound. The crude death rate for the Corporation in the two inter-valuation periods ended 31st December 1959 was 3.84 per thousand insured population. The death rate in the first year after medical examination (or, in non-medical cases, after risk date) would be not higher than 3.84 per cent per 1,000 or 0.16 per 1,000 in the first fortnight. Calculated on this basis, against a possible payment of 16 nP per insured person, by way of early claim, the Corporation would get 15 nP by way of interest on the premium deposited on the assumption of an average yearly premium of Rs. 45 per thousand sum assured.

In order, however, to be on the safe side it is suggested that, until such time as the Corporation gains experience of the working of the scheme, the risk assumed could be limited to half the sum assured in the event of an early claim arising in respect of yearly premium, with proportionate reduction for others according to the mode of payment. A limit can also be put on the sum assured under the scheme of immediate risk cover of, say, Rs. 50,000 and the age at entry, say 40. Another safeguard could be the stipulation that no claim arising from the death of persons engaged in hazardous occupations, mountaineering, etc. nor claim by death due to air accident, would be entertained.

The suggestion is well worth consideration by the Corporation. Its chief merit is that it takes into account the common sense, business principle and is, at the same time, actuarially sound. In fact, at least one company before nationalisation used to grant immediate risk cover and issued temporary cover notes. Care should, however, be taken to see that, in the anxiety to be on the safe side, the scheme should not be hedged in by too many conditions and safeguards as to make it unattractive to prospective, clients.

NEW LIFE INSURANCE BUSINESS IN FIRST QUARTER OF 1962

New business done by the Life Insurance Corporation of India during the first quarter of 1962 aggregated Rs. 38.24 crores, as against Rs. 29.81 crores in the corresponding quarter of last year. The bulk of this, amounting to Rs. 37.58 crores, is accounted for by business in India, the share of foreign business being just Rs. 66 lakhs, as against Rs. 29.17 crores and Rs. 64 lakhs, respectively, a year before. The gap between introduced business and completed business continued to be wide, though the percentage of completion was higher at 49.4 per cent, as against 42.1 per cent. This is perhaps due to the greater insistence on the part of field force on the collection of full first premium along with the proposal. The number of policies issued during the first quarter increased by 16,855; as on 31st March 1962, it stood at 100,286, as compared with 83,431 on the same date last year. The table below gives comparative figures of new business introduced and completed during the period:

(Rs. in crores)

	1962 (January-March)		1961 (January-March)	
	Introduced	Completed	Introduced	Completed
In India	75.77	37.58	68.97	29.17
Outside India ..	1.71	0.66	1.74	0.64
Total ..	77.48	38.24	70.71	29.81

Division-wise, new business introduced rose by 22.4 per cent in the Northern Division and completed business by 57.5 per cent, as compared with the first quarter of 1961. As far as the Central Zone is concerned, only the Kanpur Division has been able to show an increase of over 25 per cent in the introduced business. The Eastern Zone, which occupied the second place as at the end of 1961, is, at the end of the first quarter of 1962, at the bottom of the list. The Southern Zone continues as the undisputed leader from the point of view of total production. In the Western Zone, Ahmedabad and Surat Divisions, which had shown good increases for the first quarter of 1961, as compared with the corresponding period of 1960, have once again, shown further good increases of 25.1 per cent and 38.1 per cent respectively, in their introduced business for 1962.

HERCULES INSURANCE COMPANY

A notable rise of Rs. 5.54 lakhs to Rs. 78.88 lakhs in the net premium income is disclosed by the audited accounts of the Hercules Insurance Company (Managing Director: Mr. E. K. Srinivasan, Calcutta) for the year ended 31st December 1961. The increase is mainly accounted for by the accident and marine departments which together yielded a net premium of Rs. 35.80 lakhs, as against Rs. 30.31 lakhs in the previous year. Fire premium was also higher, albeit fractionally, at Rs. 43.08 lakhs, as against Rs. 43.03 lakhs in 1960. Claims experience, too, was more favourable, having been just over 50 per cent in the three departments taken together, as compared with 55 per cent in the previous year. Commission and expenses of management were lower at Rs. 24.80 lakhs, as against Rs. 25.35 lakhs in the previous year. Consequently, the underwriting profit increased from Rs. 5.95 lakhs to Rs. 9.82 lakhs, and net profit from Rs. 6.81 lakhs to Rs. 10.20 lakhs. The bulk of this came from the fire department which contributed Rs. 6.07 lakhs, as against Rs. 2.15 lakhs. The accident and marine departments showed a surplus of Rs. 1.84 lakh and Rs. 1.91 lakh, as against Rs. 1.32 lakh and Rs. 2.48 lakhs, respectively.

As in 1960 so during the year under review, the fire and accident funds are maintained at 50 per cent of the premium and marine fund at 100 per cent. The table below gives the salient features of the Company's working during the three years ended 31st December 1961:

(In lakhs of rupees)

	Year ended 31st December		
	1961	1960	1959
Fire:			
Premium	43.08	43.03	41.48
Claims	20.85	21.58	20.00
Commission and expenses ..	16.59	18.58	16.58
Fire fund	21.57	21.51	20.74
Accident:			
Premium	14.37	11.51	9.96
Claims	6.99	6.19	5.07
Commission and expenses ..	4.19	3.20	2.90
Accident fund	7.18	5.57	4.98
Marine:			
Premium	21.43	18.80	17.98
Claims	12.77	11.87	11.41
Commission and expenses ..	4.11	3.62	3.43
Marine fund	21.42	18.80	17.98
Net profit	10.20	6.81	6.56
Provision for taxation ..	6.51	4.54	4.38
Dividend	5.80	5.40	5.80
Carry forward	(26.25%) 3.94	(22.50%) 3.78	(22.5%) 3.51

The departmental contribution to the profit and loss account amounted to Rs. 9.82 lakhs, as against Rs. 5.95 lakhs in the previous year. Interest and dividends, less income-tax thereon, aggregated Rs. 5.68 lakhs and other miscellaneous incomes (including profits on sale of investments) Rs. 2.58 lakhs. After providing Rs. 6.51 lakhs for taxation, as against Rs. 4.54 lakhs in the previous year, the disposable balance, including the amount brought forward from last year's account, is Rs. 13.98 lakhs. From this, a sum of Rs. 2.25 lakhs has been transferred to the general reserve and Rs. 1.50 lakh to the staff retirement benefit reserve. The proposed dividend of Rs. 2.625, taxable, as against Rs. 2.25 distributed in the previous year, will absorb Rs. 6.30 lakhs leaving the balance of Rs. 3.94 lakhs to be carried forward. It may be noted here that this is the eighth consecutive year for which the Company has paid a dividend. As a result of the year's working, the total funds of the Company increased by Rs. 7.98 lakhs to Rs. 1.10 crore, comprising a capital of Rs. 24 lakhs and reserves and funds of Rs. 86.40 lakhs.

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CHAIRMAN'S SPEECH

GUEST, KEEN, WILLIAMS, LIMITED

Statement by the Chairman, Sir Raghavan Pillai on the occasion of the 32nd Annual General Meeting held in Calcutta on 31st May 1962

"IT is with especial pleasure that I welcome you to this, the 32nd Annual General Meeting of your Company and, for me, the first at which I have the privilege of meeting and addressing you.

The Directors' report and accounts have been in your hands for some time, and, with your permission, I shall take them as read.

Board of Directors

You will all today miss a familiar figure —that of Sir Henry Williams, who, to our great regret, resigned from his post as Managing Director at the end of March this year. As Managing Director, and throughout his association with your Company, he served the interests of the Company with singular devotion and ability, and brought distinction both to himself and to the Company by his achievements in other fields of activity. The Company owes much to his foresight and initiative during a period of rapid development and modernisation, and I am sure it will be your wish that I should, on behalf of us all, express to him our appreciation and thanks as well as our cordial good wishes for the future.

I have also regretfully to report to you the retirement from the Board of Mr. R. Catlow who was Chairman from 1953 to 1961. It is a matter of personal disappointment to me that his retirement should have come so soon, and I would like to place on record our indebtedness to him for the valuable assistance he has throughout given us and for his wise guidance of the affairs of the Company.

Sir Henry Williams is succeeded by Mr. W. Morrice, and application has been made to the Government of India for approval of Mr. Morrice's appointment as Managing Director from 1st April.

It is the intention that Mr. M. M. Malkani and Mr. R. A. Binns, who are at present managers of major sales departments, should join the Board, and this is the subject of resolutions later at today's meeting.

Production and Current Developments

1961 has, for your Company, been a year of technical progress and consolidation. The major plant expansions that have been executed in recent years are now approaching maturity, and this is reflected in a rise in sales and trading profit. But it will be understood from the accounts that the maximum benefit of recent developments has not yet been enjoyed to its fullest extent and some of the newer items of production plant are still being worked up to the desired level of productive efficiency.

Calcutta Works

The new rolling mills at Calcutta were fully in operation at the beginning of 1961. Output has since been rising steadily, and is continuing to improve. A noteworthy advance occurred early in the year when the responsibility for supplying mild steel rods to Bhandup Works was successfully undertaken by the new mills. Before this the wire rods, which are the main item of raw material for Bhandup Works, had to be imported. There was, however, no improvement in the supply of special steel billets, and in rolling bars for outside sale the mills had to rely for raw material on the output of the Company's own steelmaking furnaces—which fortunately operated at a very high level of efficiency—supplemented by the meagre tonnage that could be spared by the major steel producers in India. This deficiency of raw material severely limited sales in the Steel Division which showed little improvement over the previous year's figure in spite of the rise in the total tonnage of bars and rods rolled.

The supply of raw material in the category of mild steel billets, however, has greatly improved, and the position during the latter months of the year was generally satisfactory.

A new production shop came into being during 1961 for the manufacture of bright steel bars, and the plant was in production before the end of the year. Despatches of finished bars did not start early enough for the year's trading results to be affected appreciably, but this department will contribute to the Company's earnings during the current year.

In the Engineering Division, which mainly embraces railway track, signalling and wagon materials as well as automobile components, output of forged items showed some improvement and emphasis is being given to the development of new lines which demand a higher standard of quality and precision. This evolution is proceeding successfully, assisted by current additions to toolmaking facilities, and our country's new and growing engineering industries can rely on the continuance of this technical advancement.

The output of certain products destined for the railways was limited by a temporary lack of demand, and in the case of the crossing sleeper department it was not possible to operate the plant with any degree of efficiency owing to raw material shortage. This special material is however planned for production in India in due course by Hindustan Steel Ltd.

In spite of increased competition both production and sales of bolts, nuts and rivets in the Fastenings Division were stepped up in 1961, and the efforts of the works management are now aligned on the further improvement of plant maintenance and productive performance.

Operations in Calcutta Works were disrupted by the power crisis, which, as many shareholders will recall, occurred early in 1961, and earnings were adversely affected to an appreciable extent.

Bhandup Works

The level of production of the light fastenings made at the screw works at Bhandup and the sales of those products were the highest achieved since output in that unit first started in 1953. During the year a substantial expansion of capacity for making machine screws was established and consolidated and the manufacture of self-tapping screws was started. Whilst the output of this works constitutes only a small element of your Company's turnover it is an up-to-date unit of which we can be justifiably proud.

Exports

I am pleased to report an increase in the Company's contribution to India's export earnings. Disregarding the export of a large quantity of fasteners in 1960 in abnormal conditions of world demand, which could be regarded only as a windfall, the Company's export sales rose almost threefold in 1961, and the sales organisation is being adjusted by the establishment of a centralised export section to handle the increased volume of business.

Operating Results and Dividends

You will have noted in the Accounts that total sales amounted to Rs. 10,65,88,480 compared with Rs. 9,66,62,652 in the previous year. It will be understood from my earlier remarks that the increase would have been considerably larger had it not been for the shortage of certain categories of raw materials.

The Company's trading profit before tax, Rs. 83,83,644, shows an increase of Rs. 11,70,884 over the previous year's figure, and the total net surplus on the year's trading before tax, including enhanced dividends from subsidiary companies, amounts to Rs. 1,04,26,264 compared with Rs. 87,72,760 for 1960.

Provision for taxation however is considerably higher than for 1960 when a larger value of new plant was capitalised and greater tax benefit was derived from development rebate. The surplus after taxation is therefore Rs. 63,07,072 for the year under review, an increase of only Rs. 1,40,357 over the previous year's figure.

It would be appropriate to mention at this point that additions to fixed assets, whilst less than the previous year's figure of Rs. 1,55,24,647 remained at a high level and amounted to Rs. 1,05,48,241 in 1961.

The amount of Rs. 12,21,405 is statutorily transferred to Development Rebate Reserve, and featuring in appropriations for the first time is the transfer of Rs. 5,00,000 to a Sinking Fund which has been created under the terms of the Trust Deed covering Debentures issued in 1958.

Bearing in mind the continuing improvements to production facilities which have been made in the past two years, which can be expected to contribute to earnings in the future, and having regard to profits retained in past years, it has been considered appropriate to transfer Rs. 11,23,813 from General Reserve. An interim dividend of Re. 0.60 per share has already been paid and your Directors now recommend a final dividend for the 52 weeks ended 30th December 1961 of Re. 0.80 per share.

Before concluding my remarks on the accounts I feel that I should draw your attention to the current Budget proposals for increased corporate taxation. If these proposals are enacted an additional tax liability of Rs. 2.7 lakhs will accrue on the Company's profits in 1961.

Subsidiary Companies

Sankey Electrical Stampings Ltd., your Company's major subsidiary, achieved a considerable increase in turnover during the year and has in hand plans for further substantial expansion of capacity and diversification of the industries served.

Nettlefolds of India Ltd., the wholly owned subsidiary which was formed in 1953 to market the products of the Bhandup Works, is being wound up, it being considered that the need for a separate selling company no longer exists. The sales organisation now becomes a part of your Company's selling structure.

The Future

Turning now to the future, I am glad to tell you that the Government of India have approved the Company's plans for the substantial expansion of the steelmaking plant from 12,000 tonnes to 45,000 tonnes per year and an associated small increase in rolling capacity. This assured supply of special steels, which can be made under the Company's direct control will undoubtedly be of great benefit particularly in view of the current trend towards precision and high specification products. The project is still in the stage of detailed planning, but the present indication is that initial production will start in 1964.

A number of new lines are in the process of development, including various categories of special steel bars and rods, and an agreement has been concluded with Sandvikens Jernverks Aktiebolag of Sweden covering the manufacture of hollow alloy steel bars for rock drills, subject to Government approval. Plans are also being drawn up for making several types of fastenings hitherto not produced in India to a satisfactory standard of quality.

In the context of development, I should like to pay tribute to the unfailing and invaluable assistance that is rendered by the Company's technical consultants and associates, Guest, Keen and Nettlefolds Ltd. Apart from making available their immense fund of technical knowledge they have recently agreed to assist your Company and its subsidiary in their needs for foreign exchange by placing at their disposal a sterling loan of some £1¼ million to be utilised for the import of essential plant and equipment. This facility is at present being considered by the Government of India.

The growth and improvement of the Company's production units, which has reached a peak over the past two years, is a constant and continuing process, and, whilst the energies of the Company's management are at present mainly directed to bringing recent development projects to a full revenue-earning state, attention is being given to the refocussing of existing manufacturing facilities in sympathy with the changing needs of India's industries and simultaneously to promoting the birth of new ventures.

In India today industry must be bold in meeting the challenge of technological change and progress, inspired by the promise of future rewards to be shared with the community

(Continued on page 1006)

THE SAVAMALAI ESTATES LIMITED

MR. M. S. P. RAJES' SPEECH AT ANNUAL MEETING

INCREASE IN SELLING PRICES OF COFFEE INEVITABLE

SATISFACTION at the new system of open auctions for export coffee introduced by the Coffee Board was expressed by Mr. M. S. P. Rajes, Director, the Savamalai Estates Ltd., in the course of his speech at the Thirty-second Annual General Meeting of the Company held at Coimbatore on Tuesday, 22nd May 1962. Drawing attention to the marked reduction in the 1961-62 season's coffee crop, Mr. Rajes stated that the original allocations between export and internal markets might have to be revised. The lesser quantities available, he added, might well result in the higher export prices being maintained and possibly improved. He declared that, with a markedly reduced crop, an increase in selling prices of coffee regardless of quality was inevitable.

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

"GENTLEMEN,

"I have much pleasure in welcoming you to the thirty-second annual general meeting of your Company. The audited accounts and report of the Directors for the year ended 30th November 1961 have been in your hands for the statutory period and, with your permission, I propose to take them as read. You will note that we have made some alterations in the layout of the accounts this year, and I hope you will find these give a clearer presentation. If you have any queries on the accounts, I shall be glad to answer them later.

"Along with the accounts the Chairman's statement has been incorporated which comments on the accounts and reviews the Company's working during the year just passed. Under the circumstances, my address can be made much shorter than usual and, although I will deal with future prospects, I will concentrate more on some of the problems facing the coffee industry today which are of vital concern to the future working of our Company.

"The record crop of 291 tonnes harvested last season did not produce a record profit. Nevertheless, the modest increase in the net profit after tax leaving the available balance in the appropriation account of Rs. 1,45,601, as compared with Rs. 1,23,628 last year when a dividend of 14 per cent was declared, enabled your Directors to recommend an increased dividend of 16 per cent this year, thus compensating for the small cut made last year. This dividend will absorb a sum of Rs. 88,027.

Meagre Return

"After the record Indian coffee crop of 67,794 tonnes in 1960-61, of which no less than 32,271 tonnes have been sold for export, we have witnessed a steady decline throughout the year in the prices at which our coffee has been sold for export. When the Chairman of the last General Meeting addressed you, he expressed concern at this trend and held out no hope of a points value for the 1960-61 crop greater than Rs. 2.00. So far we have been paid Re. 1.90 per point and the present indications are that the most we can expect is about Rs. 2.06. It is in the light of this meagre return that the grower may perhaps be excused for expressing his great concern in the marketing arrangements made for his coffee over which he has no control.

"At a time when the emphasis is on the grower to produce better quality coffee and thereby enable Indian coffee to earn a high reputation in world markets, coffee which is obviously unfit for export is being exposed for sale in export auctions. By this I mean coffee which at its original assessment after curing when it may be said to be at its best was only rated F.A.Q.-4. And yet arabica cherry and gleanings of an original assessment no higher than this are being exposed in current export auctions alongside the best plantation of the new 1961-62 crop. While one can appreciate the desire for maximum exports so as to earn foreign exchange, one can only wonder what the repercussions of such a policy will be on the efforts being made to re-establish a reputation for quality.

"It is gratifying that the new system of open auctions for export coffee introduced by the Coffee Board at its first sale in January 1962 has got off to a good start, and that plantation A, which sold in January 1961 at prices ranging from Rs. 186 to Rs. 198, was sold in January 1962 from between Rs. 191 to Rs. 220. There has been keen demand for all growths and grades and the trend in prices has been maintained at the subsequent open auctions, indeed the price of plantation A has now reached Rs. 264. The total coffee crop for 1961-62 was originally estimated at about 57,000 tonnes. Later estimates caused these to be reduced to about 49,000 tonnes and there are now indications that the eventual crop will be very much lower—possibly somewhere in the region of 43,000 tonnes. Thus, the original allocations between the export and internal markets may have to be revised, and the lesser quantities available may well result in the higher export prices being maintained and possibly improved. If so, 1961-62 payments might well be nearer Rs. 2.30 per point.

"With such a very much reduced crop, an increase in selling prices regardless of quality is inevitable and we are already seeing the measures taken to prevent any undue rise in prices in the local market. With effect from the Pool Sale today, the quantity of plantation coffee that may be purchased by any one dealer is being limited to 5 tonnes. This may have an effect the opposite of what was intended.

Road and Power

"Many of you are perhaps not aware that our Manamboli Estate is in rather an isolated position being almost 12 miles from Valparai. The last two miles of the road which leads off to our estate is of poor surface and not easily motorable. It is, therefore, with considerable interest that we learn that the Power House No. 1 of the Sholayar hydro-electric scheme is going to be constructed in the reserve forest situated on the western side of our estate at a distance of about three miles from our boundary. A first-class motorable road with concrete bridges is now being constructed by the Public Works Department starting from a point beside our Robusta fields and, although we have not yet been officially notified, there can be no other object in Government starting a road from that point to the power house than to eventually use our road as an outlet road. If this should indeed be the case, we can look forward to easier communications and perhaps to electricity being brought to our estate.

Labour

"Our relations with labour continue to be good, although there are signs that we may be running into a rather difficult period. A short strike took place in January 1962 on the issue of the 1960 labour bonus for which a settlement had already been signed by the concerned labour union and the Association of Planters of the State of Madras representing all employers. Under the terms of this agreement, a bonus of 5 per cent of the total cash earnings for coffee estates was duly paid to labour. Subsequently a splinter group of the unions served notice on us and other coffee estates within the Anamallais repudiating the agreement and demanding that we should pay a higher rate of bonus than that which was fixed under the agreement. Although conciliation proceedings before the Labour Commissioner were held, labour adopted go-slow tactics followed by a four-day strike. Unfortunately when the strike ceased, the Government took no further action in the matter on the grounds that the workers were now working peacefully. Negotiations for bonus to labour for 1961 have now been started and it is already apparent that coffee estates within the Anamallais are being singled out by the unions with demands for a bonus to labour higher than that payable in other districts.

Wage Award

"As will doubtless have been seen from newspapers, tea and rubber workers have been given an interim wage increase by the respective Wage Boards. So far no decisions have been reached as far as coffee workers are concerned. The employers feel that the state of the industry generally is hardly able to bear any substantial increase in wages. It, therefore, remains to be seen what the outcome will be and what effect the Wage Board's study of the industry's problems will have on costs. I can assure you, however, that the utmost possible economy will be exercised on all estate and other expenditure.

"Turning to the current year, you may recall that blossom estimates last year indicated a crop of 220 tonnes. We have held to this estimate throughout the year, but, at the end of April, the crop harvested was 207 tonnes with gleaning in progress, it seems likely that there may be a slight shortfall on the original estimate.

"I am glad to report, however, that prospects for next year are excellent. With unusually favourable rains this year, the blossom estimates have been put at 90 tonnes Arabica and 250 tonnes Robusta, making a total of 340 tonnes.

"While your Directors have deferred any further expansion in the planted acreage of the estates, they have considered it advisable to prepare for the day when further planting might be expedient. Accordingly we have recently advertised the sale of trees within an area of 80 acres which it is proposed to clear fell, always provided a satisfactory price can be obtained and the necessary Government permission is forthcoming.

"It only remains for me to express the thanks of the Board and shareholders to the Manager, Mr. E. J. Bosen, his staff and labour for their continued good work during the year. Our thanks are also due to Peirce, Leslie and Co., Ltd., for their services as Secretaries and Treasurers."

A collaboration arrangement between Messrs. Tata Industries (Private) Ltd., Bombay, and Messrs. James Finlay and Co., Calcutta, a company incorporated in the U.K., for establishing a tea packaging company to market "packet teas" in India and abroad has been approved by the Union Government, according to Mr. Nityanand Kanungo, Minister for Industry. The foreign Company has been allowed 49 per cent financial participation. The new company is expected to boost tea sales abroad with a view to earning more foreign exchange.

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EXPORT OF OIL FROM COMMUNIST COUNTRIES

THREEFOLD INCREASE IN THREE YEARS

[About one-tenth of Western Europe's gross oil imports now comes from the Soviet bloc. But the proportion varies greatly from practically nothing for the U.K. and 3 per cent for France, to 10 per cent for West Germany, 13 per cent for Italy and 77 per cent for Finland. Western Europe accounts for about two-thirds of total communist oil exports to the free world, which rose by a further 7 million tons to over 30 million tons last year. Outside Europe the main buyers are Cuba, Japan and Egypt, in that order. Continued growth of this East-West trade must be expected, though probably not at the rapid rate witnessed in recent years.]

SHIPMENTS of oil from the Communist bloc —very largely the U.S.S.R.—to the free world continue to grow apace. This East-West trade, though giving rise to heart-searching in the oil industry of the West, flourishes because it is advantageous to those who engage in it. For the Russians, oil is a highly convenient means of paying for essential imports; and it accounts for about one-sixth of the value of all Russian exports to the free world. For industrialised nations of the West, the Soviet bloc offers an expanding market for manufactured goods of all kinds. Assuming that peace is preserved, this trade will doubtless continue to grow. The only question is what rate of advance can be expected.

Total deliveries of crude and products from the Soviet bloc to the rest of the world trebled in three years, from 7.7 million tons in 1957 to 23.5 million in 1960. Last year they rose by seven million tons or 29 per cent to reach an estimated total of 30.4 million metric tons. Rather more than 27½ million tons came from the Soviet Union and most of the remainder from Rumania. Of the total, about half now consists of crude oil and half of products. These exports have grown proportionately more rapidly than production: last year's sales to the free world were equivalent to 17 per cent of crude oil production in the Soviet zone (excluding China), which compares with a percentage of 14½ in the preceding year and of only 7 per cent four years earlier.

Of the extra 7 million tons of Communist oil absorbed by the Western world in 1961, about 6½ million tons was accounted for by five major buyers—Italy, W. Germany, Sweden, Cuba and Japan. An analysis of the trade (crude plus products) by country of destination is given in the table, which reveals that nearly two-thirds of the total was consigned to Western Europe.

Principal Buyers

The largest purchaser of all is Italy. And there are many in that country as well as elsewhere who are disturbed by the growth of this trade. Out of total oil imports into Italy of 35.4 million tons in 1961, about 6.5 million, or nearly one-fifth, came from behind the iron curtain; this was 1.7 million tons more than in 1960. The State-owned E.N.I. is the biggest single Italian buyer. It has an agreement with the Russians for the exchange of oil against steel pipes, synthetic rubber, etc., and imported 2.4 million tons of crude from Russia alone in 1961, out of its total imports of 6.5 million tons. What disturbs Italy's partners in the Common Market—not to mention oil marketers—is the regional dependence on Communist supplies which is being created by exports of products from Italian refineries treating Russian crude: for the country's refinery capacity is far more than sufficient to cover its home requirements. Italy has, however, rejected proposals, agreed to by its partners but now invalidated, for the voluntary limitation by E.E.C. members of oil imports from the Soviet bloc; and all the indications are that the trade will continue to grow.

The open conflict over East Germany notwithstanding, West German imports from the bloc rose last year by a million tons to 3.9 million tons. However, they remained a long way behind those of Italy, both in tonnage and as a percentage of total oil purchases abroad. Coming to a very small extent from East Germany, but mainly from the Black Sea, they accounted for one-tenth of total W. German oil imports in 1961. Increases in crude oil purchases from Russia must be expected when E.N.I.'s refinery in Bavaria starts working in 1963.

France—whose Government, like most others in Western Europe, only unwillingly includes oil in its bilateral trading agreements with U.S.S.R.—took 150,000 tons less from the Soviet bloc last year, in face of rapidly growing supplies from the Sahara. France took about a million tons, out of total oil imports of 37 million, and her agreement with the U.S.S.R. provides for unchanged quotas for this year—which may not, in practice, be fulfilled. Shipments from the Soviet zone to Belgium in 1961 rose by 90,000 tons to 380,000 tons, but those to the Netherlands remained at 50,000 tons, by far the smallest of any Common Market country. The E.E.C. countries together took 12.3 million tons, or almost 10 per cent of their oil imports from all sources—the proportion suggested by M. Marjolin as the safe upper limit. They thus accounted for two-fifths of the Communist bloc's total oil exports to the free world.

Third on the list of European buyers after Italy and Germany, and even more dependent than they on Communist sources, is Sweden. Her purchases jumped by half a million tons to 2.5 million last year, and thus represented almost a fifth of her total oil imports. However, the trade agreement provides for only a modest increase to 2.8-3.1 million tons by 1964. As regards other Scandinavian countries, Finland's purchases from the bloc were already covering 85 per cent of the country's needs and were virtually unchanged last year at just over 2.3 million tons. But they are expected to reach 2.6 o 2.9 million tons this year. Norway, which took 80,000 tons less last year than in 1960, envisages a slight increase. Denmark, which is estimated to have imported 250,000 tons from Russia in 1961, has undertaken to buy a total of 800,000 tons (mostly fuel oil) over the two-year period 1962-63, in return for higher Russian imports of dairy produce.

Russia's deliveries to Austria in exchange for reparations oil were halved to 250,000 tons last year, the agreement having expired on 30th June 1961. Commercial deliveries from Soviet bloc sources amounted to another 750,000 tons, so that the total was much the same as in 1960. With the advantage of propinquity, a gradual expansion of the trade is envisaged up to 1965. Greece took only a slightly larger quantity (1.09 million tons) than in 1960, but this represented 45 per cent of her total oil imports. Iceland is taking rather less Russian oil—which, however, covers most of her civilian needs. Yugoslavia has almost reached the goal of oil self-sufficiency and now imports only nominal quantities. Among the lesser European buyers of Soviet oil is the United Kingdom, though this is the world's second oil importer after the U.S.A. Low sulphur fuel oil is imported by U.K. cement manufacturers, while some lubricants stock is also purchased. Being keen to break into the general oil market, the Russians have hinted at their willingness to place substantial orders for U.K. manufactures. But the British Government has lately reiterated its unwillingness to permit additional imports of Soviet oil.

As will be seen from the table, every country in Western Europe except Eire and Spain is now a regular importer of Soviet oil in greater or lesser degree.

Outside Europe, the biggest buyer is Cuba. However, the quantity shipped last year fell 800,000 tons short of the 3,500,000 tons of crude and 950,000 tons of products specified in the trade agreement with the U.S.S.R., though unspecified quantities of Rumanian oil were also to be supplied. The big increase shown in the table does not mean that shipments are expanding rapidly: it reflects the fact that the trade agreement between the two countries was not signed until June 1960. (Shipments from Western sources did not cease until the autumn of that year). The combined capacity of the three refineries expropriated by the Cubans is about 4 million tons a year, and there are reports that, for technical reasons, they cannot work to capacity. There would therefore seem to be limited scope for further increases in imports of Soviet crude until the new 30-40,000 b/d refinery which the Russians have promised to provide is built. Shipments to Egypt, at 2.3 million tons of crude and products, are now likely to level off, for the current agreement provides for a similar quantity of crude and a rather smaller quantity of products.

But the same is certainly not true of Japan. Pressed to find markets for her manufactures, that country purchased some 3 million tons of oil from the Russians last year, or almost twice the quantity specified in the trade agreement. And the Russians, having only recently secured a foothold in this large and rapidly expanding market, are keen to take full advantage of it. This year's shipments may considerably exceed the 3.4 million tons of crude and black oils provided for in the agreement; and one may wonder what still higher quantities will figure in the new trade treaty for 1963 and later years. Idemitsu, the largest Japanese-owned refiner and marketer, is the biggest buyer and has already signed a six-year agreement with the Soviet Union.

Inadequate Transport

The Communists' oil trade with the rest of the world is generally conducted on a c.i.f. basis, the sellers being responsible for shipment. With a tanker fleet of no more than 1.4 million tons deadweight, the bloc now has nothing like enough tonnage of its own to provide the requisite transport. However, the Russians have been purchasing second-hand tankers, building vessels in their own yards, and placing orders for tankers in other countries—e.g., Italy and Japan. They are believed to have about a million d.w. tons on order at present. They are also deepening and improving their Black Sea and Baltic ports to accommodate the larger vessels now in prospect.

Meanwhile, the Russians remain largely dependent on free world tanker owners, their general practice being, not to take ships on charter, but to make contracts with owners for the delivery of specified quantities of oil. U.S. owners, who, by edict of their government, cannot take part in this trade—and, in any case, could not compete against other Western owners—tried last month to persuade their government to black-list shipping companies which carried Soviet oil. European owners, desperately seeking employment for their vessels, have, however, protested that while their countries are in friendly relations with the Soviet bloc they must be free to carry Russian oil without threat of reprisals. An earlier effort by Jersey Standard to discourage owners from carrying Russian oil failed completely.

That the trade is on a c.i.f. basis is one of the factors complicating any comparison of Russian and Western basic oil prices. Even if Russian f.o.b. prices were equivalent to Persian Gulf postings for comparable crudes, the Russians would have a competitive advantage in Western Europe of the order of 22s. a ton or, say, 44 cents a barrel at current A.F.R.A. freight rates, simply because their Black Sea ports are nearly 3,000 miles nearer the consumer. Another complication is the bilateral character of the transactions, particularly so far as the trade with non-European countries is concerned. While the actual buyer of Russian oil will be concerned with the price he has to pay, a truly

(Continued on page 1003).

Estimated Soviet Bloc (a) Exports to Rest of World
(Thousand metric tons)

	1958	1959	1960	1961	% Change 1960-61	Approx. % of 1961 oil imports (b)
Europe						
Italy	1,180	3,150	4,840	6,500	+ 34	18
W. Germany	1,100	2,160	2,900	3,900	+ 34	10
Sweden	930	1,510	2,030	2,510	+ 24	19
Finland	1,360	2,070	2,300	2,320	+ 1	77
Greece	430	490	1,040	1,090	+ 5	45
France	1,020	1,190	1,160	1,010	— 13	3
Austria	380	900	1,100	1,010	— 8	55
Belgium	90	300	290	380	+ 31	3
Iceland	330	370	340	300	— 12	89
Norway	200	410	350	270	+ 23	6
Denmark	50	110	160	250	+ 56	4
U.K.	40	110	240	80	— 50	..
Switzerland	30	80	70	80	+ 14	2
Netherlands	100	70	50	50	..	..
Turkey	..	..	10	50	+400	3
Yugoslavia	470	510	520	40	— 92	1
Portugal	50	20	50	20	— 60	..
Latin America						
Cuba	..	..	2,160	3,650	+ 69	100
Brazil	..	60	160	320	+100	10
Uruguay	220	500	70	25	— 64	2
Argentina	1,040	500	10	15	+ 50	..
Asia and Africa						
Japan	10	130	1,400	3,000	+114	8
Egypt	2,290	2,180	1,520	2,300	+ 51	65
Morocco	30	60	40	320	+700	45
Syria	270	490	270	175	— 35	20
India	..	30	20	160	+700	2
Lebanon	..	70	90	100	+ 11	15
Tunisia	20	10	10	60	+500	10
Others	110	230	300	375	+ 25	..
Total Free World	11,750	17,800	23,500	30,400	+ 29	
% Increase over previous year	..	51	32	29	..	
Soviet bloc production (c)	125,975	142,943	161,749	180,250	+ 11	
% Exported	9.3	12.5	14.5	16.9	..	

(a) Virtually all from U.S.S.R. and Rumania.
(b) From all sources.
(c) Excluding China.

NEW PRODUCTS AND PROCESSES

Simple Viscosity Meter

THIS meter is manufactured by a Rotterdam instrument works and is designed for a variety of industrial applications. Its operating principle is as follows: an electrically driven gear pump continuously draws off a small but constant volume of fluid from the main flow and pumps it through a capillary tube. Since the flow is laminar, the differential pressure between the beginning and end of this capillary tube is almost directly proportional to the viscosity of the fluid. Depending on the purpose for which the instrument is to be used; it can be supplied for continuous and direct indication or with a pneumatic pressure differential transmitter for automatic controlling and registration purposes. In the former version, a pressure differential transmitter indicates the viscosity on a scale that can be calibrated in such units as seconds, Redwood No. 1. If the fluid is liquid fuel, use can be made at the same time of a temperature scale which indicates the degree of temperature correction to be applied to bring the oil to the desired viscosity. In the recording and/or automatic control models, a pressure differential transmitter is used which produces a pneumatic impulse. This signal operates a recorder or control unit, which records the viscosity or controls a correction factor such as temperature.

Economic Metal Pressing

Appreciable economies in the manufacture of a wide variety of steel components at present produced by hot-forging and machining methods can be achieved, it is claimed, by using a new cold-forming press developed by Fielding and Platt, of Gloucester, England. The press, available in two *basic size ranges* (150-500 and 700-1,000 tons), is of unusual appearance as the dies, pressing rams and all other components, except the pushbotton control desk and hydraulic power unit are contained inside a seamless steel tube less than 3 feet in diameter. It is designed primarily for use with one or more similar presses, each of which would perform a single stage in a series of shaping operations. No pre-heating of the metal is necessary. The operator merely places a cold steel billet in the machines and presses a botton. The ram then, within a few seconds, squeezes the metal into shape. The most powerful *model in the range*—the 1,000 ton version—is stated to cost about as much as a conventional press of half the power. Savings in metal can also be obtained, it is claimed.

Disinfectant Soap

Public health does not depend entirely on medicines but also on hygiene and, in particular, the disinfection of the body and the hands, especially when the danger of infection is high: manual work, unavoidable repeated contacts with persons who may be infected, periods spent in areas where endemic or epidemic diseases are rife, etc. Frequently ordinary soap is not sufficient to disinfect the hands, but people are sometimes rather loath to use disinfectant soaps partly because of their smell. An independent Swiss soap factory recently produced a disinfectant soap which has given extremely good results. Made with antiseptics of Swiss origin, "Sano-Septic" possesses a high bactericidal effect, as scientific tests have conclusively proved, and also acts as a deodorant; its detergent power is in no way decreased and it is not at all harsh. This new Swiss product, which has a pleasant and subtle odour, will be useful wherever disinfection has to be carried out on a large scale.

Car Without Gear or Clutch

A car without gearbox or clutch made its first public appearance recently at the British National Engineering Laboratory, East Kilbride, Scotland. The car, a Triumph Herald family saloon, instead of the normal transmission has a hydrostatic system designed and developed by the laboratory's engineers. The clutch pedal is replaced by a foot-control which, when rocked forward with the toe, varies the gear ratio from the lowest to overdrive, and when rocked backwards with the heel engages reverse. The lowest gear enables the car to be driven steadily up a steep incline or to be inched forward at very low speed. The car can be driven backwards and forwards by using one pedal only, leaving the hands free for steering and signalling. The engine can be used for braking in the usual way.

The only connection between the engine and the motors driving the rear wheels is a metal pipe containing hydraulic fluid. The engine can thus be put wherever the designer wishes. It drives an oil pump in which the stroke of the pistons can be varied to control the amount of oil delivered. The high-pressure oil is fed to two motors, one for each rear wheel. These motors also have a control for altering the stroke of the pistons in order to give overdrive ratios. Each motor drives its wheel through a reduction gear but there is no differential mechanism—this is provided by the oil circuit.

Storage Tank for Corrosive Liquids

A range of storage tanks is being produced by Turner and Brown, of Bolton, Lancs., England, for acids, alkalis and other corrosive liquids. They are sold under the trade mark, Turbro-Cyclone. The tanks are constructed from rigid p.v.c. sheet which is bonded and wrapped with resin-impregnated glass fibre. They are light in weight and the company claims that they will give a long maintenance-free working life. Tanks of additional strength and rigidity are also being offered in wire-reinforced p.v.c. the same glass fibre bonded technique being used. The tanks will be designed to specification up to a maximum size of 20 by 6 by 6 feet. A gauge fitted externally enables checks to be made on the contents.

DUNLOP RUBBER COMPANY LIMITED

FURTHER STEADY PROGRESS

CHAIRMAN, SIR G. EDWARD BEHARRELL'S SPEECH AT ANNUAL MEETING

THE Sixty-third Annual General Meeting of the Dunlop Rubber Company Limited was held on 21st May at London. Sir G. Edward Beharrell, the Chairman, who presided, in the course of his speech, said:

"The year 1961 was not without its difficulties with a much lower level of activity in the vehicle and some other industries, particularly in the United Kingdom, resulting in overcapacity. There were also problems in some overseas countries where we operate. In consequence, intensely competitive conditions prevailed throughout the year and, in these circumstances, we were fortunate to be able to increase our sales volume.

"We were also fortunate that, during the year, there was much greater stability, and a generally lower level of natural rubber prices than in 1960. We were able still further to increase the proportion of synthetic rubber used from 44 per cent to 47 per cent, and, together, these two factors gave us a considerable cost benefit. Inevitably much of the benefit was absorbed by lower selling prices and increased labour costs again amounted to a considerable figure. Nevertheless, we were able to improve our margin of profit from 5.1 per cent to 5.6 per cent and the whole organisation is exerting every effort to maintain this. It must, however, be recognised that, as tariffs fall, pressure from customers for lower prices as well as the pressure from labour for higher wages together constitute a major problem facing industry. As a Group we are doing everything possible to achieve economies in other directions, particularly by the modernisation of plant and equipment and by a continual review of our activities and organisational structure.

Exports Scale New Peak

"We did well overseas, with profits about 12 per cent higher than in 1960. These results were helped by record exports from the United Kingdom which were 13 per cent higher than in the previous year.

"It is interesting to note that, at this time last year, the Directors reported that for 1960 United Kingdom profits were 15 per cent higher than in the previous year and that overseas profits were 10 per cent down. For 1961 the position was reversed although for the United Kingdom the reduction was quite small. But the *significance of these movements* lies in the fact that, territorially, the Group's activities are well spread so that the effect of temporarily difficult trading conditions in some countries is cushioned, as it was in the United Kingdom last year.

Diversification

"We are endeavouring to achieve a similar position as regards our range of activities because we recognise that the proportion of our business in tyres—about 70 per cent—is high, and this business is becoming more and more competitive. I want stockholders to know that the Board is giving much attention to the expansion of our other interests and the development of new activities.

"The establishment of a rubber reclaiming plant, in association with the U.S. Rubber Reclaim Company, and the manufacture of synthetic gutta-percha for golf balls by a new Dunlop process, are examples of what we are doing. Yet another can be seen in the announcement, at the end of last month, that Dunlop disc brakes are to be adopted by the Studebaker Corporation in the United States for their new 'Avanti' model. The work involved in developing a product of this kind takes time to mature; but the news is particularly encouraging for us because it is the first instance of this type of disc brake, pioneered by Dunlop, being fitted on a production car by a manufacturer in that country.

Natural and Synthetic

"The emergence of new synthetic rubbers is a regular occurrence. Perhaps one of the more remarkable at present in the chemist's mortar is cis-polyisoprene. In its chemical composition it is the equivalent of natural rubber, but, in the way that theory and practice have of not coinciding, it is not the technical equivalent. There is a technological gap to be filled. However, we do know that, in certain important respects, especially in tensile strength, resistance to wear and stickness or 'tack,' it behaves in a similar, if somewhat inferior, manner to natural rubber. On the other hand, it probably has some advantages over natural rubber.

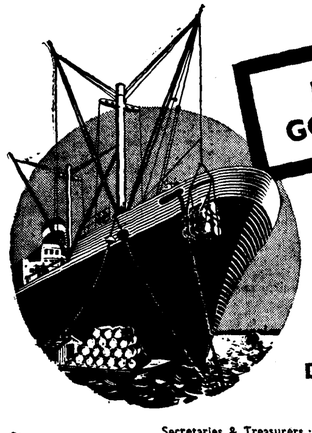
"Another polyisoprene, trans-polyisoprene, is synthetic gutta-percha. Gutta-percha, which is mainly used in golf ball covers, has been in short supply; indeed, it has tended to disappear from the market. In a pilot plant we have solved the manufacturing problems associated with the synthetic product, and we are now building a plant to make it.

"Your Company's attitude towards natural rubber is best summed up in the decision to establish another plantation in Nigeria, and to re-plant steadily in Malaya. At the same time we are planting oil palm in Malaya, in a number of small trial plots where the soil appears suitable before deciding whether to follow the example of the Malayan Government by having a tropical agricultural unit, not necessarily confined to rubber.

Outlook for Current Year

"At this stage it is too early to know what our results are likely to be for the year as a whole; I hope that we can maintain our 1961 figures although, with the influences to which I have referred earlier, this will not be easy; but I can say that all possible efforts are being made by the managements of our Divisions and Companies to improve the efficiency and competitive attack of all parts of the Group."

The report was adopted.



RED LEAD GOES ABROAD

Red Lead, manufactured by D. Waldie & Co. (Lead Oxides) Ltd. in India, is now being exported to Cambodia and the Far Eastern countries. This makes yet another item for India's export drive to earn valuable foreign exchange.

A proved anticorrosive primer Red Lead has been extensively used by engineers for over 100 years all over the world for protection of metal structures, bridges, ships and buildings from rust and corrosion damage.

D. WALDIE & CO. (LEAD OXIDES) LTD.,
Gillander House,
Netaji Subhas Road, Calcutta-1

Secretaries & Treasurers: Gillanders Arbuthnot & Co. Ltd.,
CALCUTTA BOMBAY MADRAS NEW DELHI KANPUR

DWC-7

BRITAIN AND COMMON MARKET

BUSINESSMEN CALL FOR STEPS TO SAFEGUARD COMMONWEALTH TRADE

THE timing of the twenty-first Congress of the Federation of Commonwealth and British Chambers of Commerce, held last week at London, could not have been more appropriate. For the Commonwealth trading system is facing currently one of the most crucial challenges in its history, with the U.K. poised for possible entry into the Common Market. Negotiations between the Six and Britain are now reaching the final phase, and, naturally, the actual bargaining in respect of the role of Commonwealth preferences in an expanded Common Market is gaining momentum at Brussels. The Congress, inaugurated by the Queen, was concerned primarily with the impact of U.K.'s entry into the Common Market on the Commonwealth trade. Significantly enough, the three-hundred Commonwealth businessmen who attended the conference appeared to be much apprehensive about the dislocation of established trade in the event of Britain joining the Six. In the final report, released by the Congress at the conclusion of discussions, which were held *in camera*, it has been stressed that "the Congress views with concern the possibility of irrevocable commitments and a rigid time-table with regard to any transitional arrangements that may result in those arrangements being inadequate in actual practice to safeguard vulnerable economies." The Congress has gone a step further and has warned that it will be even more concerned if the outcome of the negotiations were to lead to a split among the Commonwealth countries and "the impairment of the strength of the Commonwealth."

Continuous Consultations

The Congress has called upon the Governments concerned to make sufficient provision to offset "important changes in established trade that would take place" when Britain joins the Common Market. It has clearly stated that this must take the form of adequate compensation through increased trading opportunities in line with the doctrine of comparable outlets, "together with a natural growth factor for both existing and new products, particularly vital to the less-developed countries." In this context, the Congress has urged that there was a vital need for previous and continuous consultations among Britain and Commonwealth countries individually and collectively, where similar interests were involved. It has also reiterated its desire that expansion of world trade must have as its aim the increasing prosperity and raising of living standards of all peoples and "should not be directed to the local advantage of any region at the expense of others."

It is only natural that the Commonwealth businessmen should have expressed their concern over the possible eventual dismantling of Commonwealth preferences in the event of the U.K.'s economic integration with other Western European countries. For the British connection is the sole unifying factor of the Commonwealth system. "Overseas Commonwealth countries do accord each other certain special privileges, but once the keystone was removed, the whole structure would fall crumbling into ruins." At present, the Commonwealth is the world's largest preferential trading organisation, with most of the countries, including India, having a large share of their foreign trade with the U.K. The total Commonwealth exports, including those of the U.K., are now of the order of £9,000 million annually, representing over 25 per cent of total world exports (excluding trade between members of the Soviet bloc). Its aggregate imports, at over £10,000 million, work out at about 30 per cent of world imports.

India's foreign trade is largely oriented towards the Commonwealth, particularly the U.K. About 45 per cent (just less than half) of its exports are taken up by Commonwealth countries, including U.K.'s overseas territories. Besides, the share of the Commonwealth in its imports is about 30 per cent. Recent trends in India's trade with Commonwealth countries (including territories) are shown in the accompanying table.

To revert to the London conference of the Commonwealth businessmen. The spokesmen of the British Government, who addressed the Congress, affirmed the U.K.'s desire to do as best as it can to safeguard the Commonwealth interests. Mr. F. Erroll, President of the Board of Trade, assured the Congress of Britain's determination to safeguard Commonwealth trade, if the U.K. enters the Common Market. Defending the decision of the Government to negotiate with the Six, Mr. Erroll observed that the U.K.'s entry into the Common Market would "promote a more rapid expansion of the British economy and of European markets as a whole," from which the Commonwealth could benefit. Although he emphasised the British desire to secure necessary safeguards for Commonwealth interests, he was certain that there would be "some diversion and change as well as a general growth of trade." In this connection, he urged the exporters in the Commonwealth to plan on the basis that "in the long run their goods must stand or fall by their quality and competitiveness."

U.K.'s Approach

Meanwhile, a booklet called *Britain and European Communities*, published by the U.K. Government, seeks to elaborate the British approach towards the Common Market. It says that, if Britain joined the Common Market, its opportunities would increase and there would be a strong impulse to greater efficiency. It adds that, although the U.K. is prepared to accept treaty obligations and methods of integration, some of the decisions on matters of details may require "adaptation to meet the needs of a larger grouping and the special circumstances of new members."

On the question of Commonwealth trade in particular, the booklet points out that it is flexible and changing already. There has been a tendency in the other Commonwealth countries to broaden their sources of supply and their outlets for exports. There has also been an increase in British trade with the markets of Western Europe and the U.S. It is said that, if Britain joined the Common Market, this process might be accelerated. The present arrangements for Commonwealth trade, of which preferences are a part, will undergo some change, but changes are taking place in any event, and the importance of Commonwealth preference has diminished over a period of years. But trade between Britain and the rest of the Commonwealth must in any circumstance continue to be of great importance. Trade with the Commonwealth has been a major part of Britain's total trade. In 1961, no less than 36 per cent of Britain's exports and imports went to or came from the Commonwealth, slightly more than Britain's trade with Western Europe. According to the booklet, if British membership of the Common Market brought greater prosperity to Britain, Commonwealth exporters should find Britain to be a better market for them. Stressing that aid and investment in the Commonwealth would continue, the booklet adds that this would be possible only if Britain is economically strong. One of the reasons why the U.K. wants to join the Common Market, according to it, is that Britain would become stronger, if she responded to its challenge. It will then be easier for Britain, says the booklet, to increase the flow of aid and investment to the Commonwealth.

U.K.-E.E.C. RECIPROCAL TARIFF CUT

A substantial reduction in tariff barriers on a reciprocal basis is expected to result from a bilateral tariff agreement which the British Government has concluded with the European Economic Community, following a similar agreement signed between the latter and the U.S. in March last. Under the agreement, the Community has undertaken to reduce duties in their common tariff on products in which British trade in 1959 was worth about £36 million. In addition, British exports will benefit from reductions in the common tariff as a result of agreements between the Community and third countries. Besides, Britain has concluded with the Community an agreement for new tariff concessions, generally by one-fifth, on a wide range of products. British trade with the Community in these products was worth about £173 million in 1959. In the other direction, imports into Britain from the Community, valued in 1959 at £115 million, will benefit from a similar tariff cut by Britain. The new bilateral agreement will expand U.K.-E.E.C. trade. Since it forms part of the so-called "Dillon round" of the General Agreement on Tariffs and Trade (G.A.T.T.), which began in Geneva in September 1960, it will mean that concessions will also be made to other members of the G.A.T.T. under the operation of the "most-favoured-nation" clause.

Commonwealth trade with Britain, it is said, will not be adversely affected by this agreement. Most Commonwealth exports enter Britain free of duty. There is, however, a range of products in which Commonwealth countries enjoy a margin of preference over foreign countries. Where, as a result of the new agreement with the European Economic Community, these Commonwealth preferences are affected by concessions made by Britain to the Common Market countries—and the items concerned are mainly textiles containing man-made fibres—the British Government had decidedto reduce these preferential rates proportionately, so that Commonwealth countries will continue to enjoy the same relative amount of preference on these items as before.

India's exports (including re-exports) were lower in the month of April 1962 at Rs. 51.42 crores, as compared with Rs. 59.89 crores in the previous month and Rs. 52.40 crores (revised) in the corresponding month of the previous month. Imports too fell to Rs. 83.33 crores, from Rs. 98.33 crores and Rs. 92.11 crores, respectively. Thus the adverse balance of trade in April at Rs. 32.43 crores was smaller by about Rs. 6 crores and about Rs. 7 crores, respectively, as compared with March 1962 and April 1961. During the first four months ended April 1962, exports aggregated to Rs. 216 crores, which shows an increase of just Rs. 4 crores, as compared with January-April 1961. There was, however, a sharp fall in imports, that is, by Rs. 28 crores to Rs. 322 crores. Consequently, adverse balance of trade narrowed down during the period by Rs. 31 crores to Rs. 106 crores.

India's Trade With Commonwealth

(Value in rupees lakhs)

	Exports			Imports		
	1961	1960	1959	1961	1960	1959
Britain	164,12	174,37	171,71	200,26	211,51	184,18
Canada	17,42	17,04	15,19	17,46	15,18	5,51
Australia	16,66	21,60	19,15	17,60	23,06	13,55
New Zealand	7,01	7,85	4,72	1,35	1,49	1,06
South Africa	10	9	3	1	..	1
Pakistan	9,94	10,15	6,34	11,53	15,18	5,51
Ceylon	1702	19,24	22,28	4,41	3,97	6,05
Ghana	2,48	1,70	1,15	10	68	51
Malaya	7,80	4,74	4,90	12,57	13,67	10,56
Rhodesia and Nyasaland	2,39	1,43	1,12	11,81	14,82	1,109
Nigeria	7,84	5,02	3,97	1,44	51	27
Tanganyika	2,72	2,23	2,71	3,55	5,81	3,31
Kenya	5,70	4,72	4,89	10,14	14,12	11,64
Uganda	74	63	60	1,61	1,34	64
Jamaica	26	22	20	69	54	36
Trinidad and Tobago	29	38	35	..	..	2
Hong Kong	3,10	2,52	3,33	1,24	1,63	99
Singapore	8,48	6,92	7,65	9,16	11,60	9,09
Aden	5,60	5,15	5,62	2,44	1,62	1,26
Mauritius	1,29	1,06	98	2	3	..
Fiji	79	64	70	..	..	..
British Guiana	29	41	33	..	..	..
Seychelles	12	8	10	..	..	..
Zanzibar and Pemba	35	37	40	56	56	56
Gambia	43	16	8	1,87	2,32	3,61
Sierra Leone	79	52	29	..	..	..
Cyprus	41	27	44	..	..	..
Qatar and Trucial Oman	2,18	1,92	2,02	1	..	..
Bahrein	2,11	2,18	2,39	3,11	..	..
Kuwait	4,02	3,41	3,90	4,84	14	6
Other Commonwealth territories	54	58	54	39	4,69	4,23
				5	6	5,15
Total Commonwealth	292,99	297,78	288,08	318,22	345,47	278,27
India's aggregate trade	664,66	633,82	620,73	1,014,63	1,091,93	940,39
Percentage share of Commonwealth in India's foreign trade	44	47	46	31	32	30

ORISSA CEMENT JUSTIFIES INVESTORS' CONFIDENCE

FURTHER IMPROVEMENT—RESERVES STRENGTHENED

FOR sometime past the ordinary shares of Orissa Cement Ltd. [Managing Agents: Dalmia Agencies (Private) Ltd., New Delhi] have been strongly fancied on the Bombay Stock Exchange. As compared with the low level of Rs. 15.64 early this year, they are now standing at Rs. 20.28 *cum-div.*, a cent per cent appreciation in the fully paid-up value of Rs. 10 per share since they were listed on the Exchange. Apart from the reappearance of tight supply position in cement and the expected reconsideration of the revised ex-works retention prices, announced by the Government in November last following the adoption of a part of the Tariff Commission's recommendations, the strength in these shares has been due also to growing confidence of investors in the Company's working, which is justified by the results for the year ended 31st December 1961. The highlights of working are (*a*) an increase of Rs. 100 lakhs to Rs. 534.30 lakhs in sales realisations; (*b*) a rise of Rs. 44.12 lakhs to Rs. 160.59 lakhs in gross profit; (*c*) an improvement in the profit-margin (ratio of gross profit to sales) from 26.8 per cent to 30 per cent; and (*d*) a plough-back of nearly 48 per cent of the distributable profit (Rs. 34.29 lakhs out of Rs. 71.66 lakhs), while maintaining the equity dividend at the previous year's level of 15 per cent, subject to tax.

Production of cement crossed the 1960 high level of 357,000 tonnes and reached a new record of 373,000 tonnes during the year and the clinker output was at a new peak of 335,000 tonnes. Cement despatches improved from 355,000 tonnes to 363,000 tonnes. Among refractories, the output (in thousand tonnes) of basic bricks rose from 9.41 to 18.05, of silica bricks from 19.18 to 24.39 and of fireclay bricks from 10.61 to 19.79; the despatches (in thousand tonnes) showing a corresponding improvement from 9.30 to 16.24, from 19.93 to 21.60 and from 11.32 to 17.07, respectively. As a result of higher production, the cost of raw materials and stores increased from Rs. 148.91 lakhs to Rs. 203.04 lakhs and so did other expenses from Rs. 98.95 lakhs to Rs. 116.58 lakhs. Staff expenses also rose further from Rs. 64.79 lakhs to Rs. 77.10 lakhs, reflecting presumably a four-year bonus agreement entered with the labour union during the year.

While the provision for depreciation has been reduced from Rs. 38.65 lakhs to Rs. 36.82 lakhs, that for taxation has been raised substantially again from Rs. 28.50 lakhs to Rs. 44 lakhs perhaps to cover the 1959 deficiency. Out of Rs. 34.29 lakhs transferred to reserves, Rs. 30 lakhs have gone to general reserve. After providing Rs. 33.75 lakhs for equity dividend and Rs. 2.34 lakhs for preference dividend, the surplus of Rs. 1.11 lakh that has been carried forward is adequate as compared with Rs. 0.52 lakh brought in.

The table below gives a synopsis of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds (including internal consumption	534.30	434.23	274.09	281.50
Closing stocks	54.99	45.76	58.79	33.00
Other incomes	13.77	7.92	7.75	2.41
Raw materials and stores consumed	203.04	148.91	95.04	83.90
Staff expenses	77.10	64.79	48.96	42.44
Other expenses	116.58	98.95	83.43	84.35
Gross profit	160.59	116.47	80.15	84.42
Provision for—Depreciation	36.82	38.65	37.69	33.10
Taxation	44.00	28.50	9.85	19.87
Managing Agents' commission	8.11	6.93	5.07	5.78
Net profit	71.66	42.39	27.54	25.67
Excess provisions written back	..	..	0.18	0.99
To reserves	34.29	14.01	11.10	21.23
Dividends—Preference	2.34†	2.88†	1.80†	1.80
Ordinary	33.75 (15%)†	33.75 (15%)†	24.75 (11%)†	22.50 (15%)
Carry forward	1.11	0.52	8.77	18.69
Market value of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	20.28	16.36	15.32	17.12	14.48-cr
Low	15.64	13.00	12.64	11.72	11.72-xr

† Subject to deduction of tax.

The increase in the profit for the year under review is attributed by the Directors largely to the all-round improvement in the refractories division. The improvement in the despatches of cement and clinker was less than expected because of the continued difficulties in securing sufficient supply of watertight wagons. Thanks to the amendments (with effect from April this year) to the Income-tax Rules which did not permit the shareholders to enjoy full benefit of the tax exemptions available to the Company under Section 15C, the shareholders will enjoy in the 1961 dividend the benefit of the past undistributed profit of Rs. 22.63 lakhs, which has been determined as tax-exempt plus the amount that may be determined as 'tax-exempt out of the profit for the year under review. While the Cement Manufacturers Association has pleaded for reconsideration of the retention prices, the Company has made a separate representation in this regard in the light of the various increases in costs consequent on Governmental action, including the 15 per cent duty on electricity levied by the Government of Orissa with effect from 16th October 1961. It is stated by the Directors that, since the increases in costs have occurred after the completion of the Tariff Commission inquiry, their incidence was not included in the cost computations. However, a decision on the arbitration in the dispute with the Orissa Government regarding the electricity charges is expected before the end of this year. As the import licences for the requisite equipment for the expansion of the basic refractory section were issued at the end of November last, sufficient progress could not be made in regard to the expansion plans. It is hoped that the new basic refractory unit and the first stage of the chemically bonded bricks project would now be completed in the beginning of 1963.

The financial position of the Company is sound. Its paid-up capital of Rs. 265 lakhs, of which Rs. 225 lakhs are equity and the balance preference, is supplemented by reserves and surplus aggregating Rs. 115.27 lakhs. The Company has reduced its secured liability from Rs. 131.30 lakhs to Rs. 75.86 lakhs (bank borrowings from Rs. 46.80 lakhs to Rs. 5.18 lakhs, Industrial Finance Corporation loan from Rs. 83.25 lakhs to Rs. 69.50 lakhs and Central Government loan from Rs. 1.26 lakh to Rs. 1.20 lakh). Current liabilities and provisions amount to Rs. 137.08 lakhs. As against these, current assets, including book debts, aggregate Rs. 228.21 lakhs, and investments amount to Rs. 23.82 lakhs, as against Rs. 10.96 lakhs in the previous year. The gross block increased during the year from Rs. 563.66 lakhs to Rs. 592.02 lakhs, and has been written down to Rs. 331.57 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 20.28 *cum-div.*, and offer, on an *ex-div.* basis, a net yield of 5.4 per cent per annum.

(Concluded from next column)

all current liabilities, provisions and borrowings put together.

Throughout the year under review, all the three furnaces of the Company were in operation, except during the month of January 1961 when the factory had to be closed down due to labour trouble. Further, one of the furnaces was shut down during October 1961 for repairs and relining.

With the completion of shipments of the allotted quota under the Indo-U.S. barter deal, experiments were conducted for the production of other alloys. The Directors report that the Company has been successful in producing good quality silico-manganese and ferro-silicon and that it is now in a position to divert a part of its capacity to production of other alloys as and when circumstances require.

As for the current year and thereafter, the Directors state that, apart from effecting deliveries under the barter deal and to Hindustan Steel, a private barter agreement for supply of ferro-manganese has also been signed. Further satisfactory progress towards the installation of electrolytic manganese and manganese sulphate plants has also been reported. Negotiations with a reputed foreign firm for technical assistance in the production of low carbon alloys are also proceeding well.

The Rs. 100 fully paid ordinary shares of the Company are at present quoted at Rs. 154.00 *cum-div.* On *ex-div.* basis, the price fetches a net yield of about 5.3 per cent per annum.

SALES OF FERRO-ALLOYS RECEDE

DIVIDEND, HOWEVER, STEPPED UP

THERE was a decline in the turnover of the Ferro-Alloys Corporation Ltd. (Managing Agents: Messrs. Saraf Mor and Company Private Ltd., Tumsar) during the year ended 31st December 1961, the actual aggregate sales realisation being Rs. 291.03 lakhs, as against Rs. 326.40 lakhs in 1960, or a fall of 11 per cent. This fall has been ascribed by the Directors to two factors: one, the delay in placing orders by the Hindustan Steel Limited on account of the differences over the basis of allocation of order for supply among the various producers of ferro-manganese and the price to be paid for such supplies, and two, the non-inclusion in the sales proceeds of the last consignment of ferro-manganese shipped under the barter deal due to the non-finalisation of accounts pertaining thereto till the closure of the books of accounts. The gross profit has also dropped in consonance with the turnover from Rs. 40.15 lakhs to Rs. 36.09 lakhs. Conditions, however, would have been much different had it not been for the sharp increase in certain items of expenditure, notably freight and repairs and renewals, and the fact that stocks with a higher valuation of earlier years had to be sold off during the year under review. It is interesting to note that, despite these adverse factors, there has been a slight improvement in the profit-margin (ratio of gross profit to sales) from 12.2 per cent to 12.4 per cent. Provision for Managing Agents' commission has been trebled from Rs. 0.62 lakh to Rs. 1.87 lakh, while that for depreciation has been stepped down a little by Rs. 65,000 to Rs. 8.47 lakhs. With the lossess of prior years fully recouped, the profit of the Company has now become liable for taxation and, accordingly, a provision for taxation has been made to the extent of Rs. 5.50 lakhs, as against nil a year ago. The net profit is, therefore, lower by Rs. 10.16 lakhs at Rs. 20.25 lakhs. After transferring from this Rs. 4.05 lakhs to various reserves and setting aside Rs. 1.56 lakh for payment of preferred dividends, the Directors have found enough funds to warrant a higher ordinary dividend on increased capital (Rs. 100 lakhs); the dividend proposed is 11 per cent (subject to deduction of tax) claiming Rs. 8.80 lakhs. The dividend distributed in 1960 was 8 per cent (taxable) on a capital of Rs. 59.87 lakhs. A small surplus of Rs. 29,968 is being carried forward, as against a loss of Rs. 5.54 lakhs brought in.

The operating results of the Company for the past four years are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales	291.03	326.40	42.43	3.63
Other income	0.23	0.14	0.05	0.09
Closing stocks of finished goods	117.20	119.47	158.72	90.31
Raw materials, stores and spares consumed	147.02	140.73	56.14	58.13
Salaries, wages and benefits	9.89	7.21	5.52	6.26
Other expenses	95.99	99.20	41.45	31.73
Gross profit	36.09	40.15	7.78	2.91
Managing Agents' commission	1.87	0.62	0.10	0.10
Provision for—Depreciation	8.47	9.12	9.02	9.75
Taxation	5.50	..	..	..
Net profit	20.25	30.41	—1.34	—6.94
Transfer from reserves	..	4.50	..	..
To reserves and provisions	4.05	14.50	..	..
Preference dividends for prior years	..	5.25	..	..
Dividends—Preference	1.56	1.56	..	..
Ordinary	8.80	8.18	..	..
	(11%)*	(8%)*	..	..
Carry forward	0.30	—5.54	—25.65	—23.8

Market value of ordinary share (In rupees)	1962	1961	1960	1959
High	174.00	190.00	235.00	100.00
Low	152.00	132.00	99.00	90.00

* Subject to deduction of tax.

With the issue, during the year, of Rs. 40 lakhs worth of rights equity shares, the share capital of the Company as at 31st December 1961 has risen to Rs. 1 crore, of which Rs. 20 lakhs are in 6 per cent cumulative preference shares of Rs. 100 each and the balance in 80,000 ordinary shares of Rs. 100 each. This is supplemented by Rs. 19.14 lakhs standing to the credit of reserves and surplus. Against total capital funds of Rs. 119.14 lakhs, the net block amounts to Rs. 95.36 lakhs and has been arrived at by deducting Rs. 35.98 lakhs, as the accumulated depreciation, from a gross block worth Rs. 131.10 lakhs. Investments, current assets, and loans and advances aggregate Rs. 172.20 lakhs or Rs. 23.78 lakhs more than

(Continued in previous column)

PHILIPS INDIA'S SALES RISE MARKEDLY

EXPANSION SCHEMES WELL UNDER WAY

A SUBSTANTIAL progress in terms of both production and sales has been reported by the Philips India Ltd. (Chairman and Managing Director: Mr. W. A. C. H. Bosschaart, Calcutta) for the year ended 31st December 1961. Sales have shot up from Rs. 555.12 lakhs to Rs. 682.06 lakhs recording an increase of Rs. 126.94 lakhs, or 23 per cent. Excluding the excise duty on radio sets, which came into effect from March 1961, the increase works out to about 18 per cent. In view of higher sales and larger closing stocks of Rs. 293.80 lakhs, as against Rs. 195.56 lakhs in the previous year, it is clear that there must have been a considerable expansion of production. But the gross profit has risen only slightly from Rs. 91.52 lakhs to Rs. 93.63 lakhs, with the result that the profit-margin (ratio of gross profit to sales) which appreciated in the previous year from 14.8 per cent to 16.4 per cent has fallen to 13.7 per cent. This setback, we are told, would have been less pronounced but for the influence of excise duty. The lower profit-margin is attributed by the Directors mainly to the expenses incurred in order to accelerate the process of integration and commence manufacture in the light factory (acquired at Bombay in December 1960), as also to the heavy interest charges paid to cover large borrowings required to sustain increased activities. The Directors add that, because of the usual time-lag, the benefits of such expansion are not realised in the short run.

During the year, expenses soared; prime costs from Rs. 283.57 lakhs to Rs. 313.43 lakhs, staff expenses from Rs. 101.15 lakhs to Rs. 118.42 lakhs and other expenses from Rs. 82.77 lakhs to Rs. 117.55 lakhs. Overdraft interest, included in other expenses, was Rs. 7.75 lakhs, as against Rs. 2.42 lakhs in the previous year. The excise burden amounted to Rs. 41.39 lakhs. Provision for taxation has been raised from Rs. 33.50 lakhs to Rs. 36 lakhs, but that for depreciation at Rs. 19.44 lakhs is nearly the same as in the previous year. The net profit has, in fact, moved down a little, from Rs. 38.98 lakhs to Rs. 38.19 lakhs. A sum of Rs. 2 lakhs (*nil* in the preceding year) has been transferred to the reserve for stock risk, Rs. 3 lakhs (Rs. 2.90 lakhs) appropriated to development rebate reserve and Rs. 5.99 lakhs (Rs. 9.52 lakhs) set aside for miscellaneous provisions. The return to shareholders has been maintained at 12 per cent, taxable, per annum. The carry forward is Rs. 1.43 lakh, as against Rs. 64,000 brought in.

A fair idea of the Company's working in the past four years can be had from the comparative table below:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	682.06	555.12	490.95	448.14
Other income	2.36	3.88	3.70	4.90
Closing stocks	293.80	195.56	148.84	156.25
Consumption of goods	313.43	283.57	257.93	246.00
Excise duty	41.39	..	..	..
Staff expenses	118.42	101.15	83.80	70.70
Other expenses	117.55	82.77	80.82	74.77
Gross profit	93.63	91.52	72.59	61.58
Provision for—				
Depreciation	19.44	19.04	11.17	8.02
Taxation	36.00	33.50	28.06	27.76
Net profit	38.19	38.98	33.36	25.80
Transfer from reserves	..	..	..	3.00
Transfer to reserves	2.00	..	1.00	3.00
To development rebate reserve	3.00	2.90	3.25	4.80
To miscellaneous provisions	5.99	9.52	2.60	..
Dividend	26.40 (12%)*	26.40 (12%)*	26.40 (12%)*	21.78 (8.5%)
Carry forward	1.43	0.64	0.47	0.36
Market value of ordinary share (In rupees):	1961	1960	1959	1958
High	38.12	35.37	24.87	16.62
Low	26.00	23.50	16.25	13.69

* Subject to deduction of tax.

The Company's Bombay factory involved more extensive repairs to old plant and machinery than what appeared necessary at the time of its take-over. However, after several trial runs, effective production of lamps of standard quality commenced from the end of the year, and steps are being taken to increase progressively the rate of production commensurate with the factory's sanctioned capacity. Following the Government's approval, efforts are being made to start production also of allied products like burners for gas discharge lamps and glow-switches for fluorescent starters. The proposed expansion of the factory at Loni is being implemented, while there was a significant increase during the year in the production of existing items, such as loudspeakers, "multi-function" switches, potentiometers, ceramic and variable condensers, and trimmers of different types. The indigenous content of a radio set in terms of local and foreign currencies spent on materials was 70 per cent in 1961, recording an increase of 16 per cent over the preceding two years and of 20 per cent over 1958. With the acceleration of the process of integration and the availability of materials like valves, the indigenous content is expected to show an appreciable increase in future. The factory at Calcutta, in addition to fulfilling the manufacturing programme for radio sets, turned out during the year a larger number of fluorescent light fittings and various electrical accessories and made an important contribution to the year's turnover.

Production in collaboration with third parties running small-scale industries in various sectors, such as electronic measuring instruments, industrial D.C. units, public address equipment, amplifier and cinema projectors, showed a notable progress during the year. The object of the Company is to manufacture progressively a larger percentage of products locally as well as to increase substantially the production of finished goods to meet the ever-growing demands. It has concluded arrangements for foreign loans to cover imports of capital equipment needed for implementing the initial stages of the expansion schemes. While the indigenous production would save foreign exchange for the country, the Company is exploring the possibilities of exporting the products, the immediate prospects for which are somewhat limited. Thanks to expansion schemes, particularly in the Bombay factory, the number of Philips employees has risen from 2,137 to 2,469 during the year. The training of supervisory and managerial staff by fully utilising the facilities available in the country and abroad has continued to receive the attention of management.

The financial position of the Company is fairly good. Its paid-up capital of Rs. 220 lakhs is backed by reserves and surplus of Rs. 65.27 lakhs. Bank borrowings increased during the year from Rs. 101.02 lakhs to Rs. 186.19 lakhs, and other liabilities and provisions aggregated Rs. 216.22 lakhs. As against these, current assets, loans and advances total Rs. 519.38 lakhs. Investments of Rs. 2.65 lakhs comprise Rs. 56,000 in Government securities and Rs. 2.09 lakhs in partnership firms. The gross block increased during the year from Rs. 216.95 lakhs to Rs. 244.48 lakhs and has been written down to Rs. 159.70 lakhs. Inclusive of the capital expenditure in progress, it is shown in the balance-sheet at Rs. 165.65 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 37.50 *cum-div.* On *ex-div.* basis, they offer a net yield of 2.3 per cent per annum.

PODAR MILLS EARN MORE

Thanks to the modernisation programme initiated a few years ago and now nearing completion, the gross sales proceeds of the Podar Mills Ltd. (Managing Agents: Messrs. Podar Sons Private Ltd., Bombay) for the year ended 31st December 1961 have reached an all-time high of Rs. 228.36 lakhs, as compared with the previous year's level of Rs. 173.60 lakhs, notwithstanding the continuance of the scheme of voluntary price regulation enforced by the Indian Cotton Mills' Federation since January 1961. Consequent on this improvement in turnover and a high total output, as evidenced by the increased closing inventory of cloth, yarn and waste, the gross profit has risen to Rs. 30.80 lakhs from Rs. 24.95 lakhs a year ago. Unfortunately, by far the largest portion of the gross profit has been claimed by essential provisions, Rs. 2.44 lakhs (Rs. 1.80 lakh) for Managing Agents' commission, Rs. 6.73 lakhs (Rs. 6.68 lakhs) for depreciation, and as much as Rs. 13.50 lakhs (or more than twice that during the preceding year) for taxation. The result is that the net profit is slightly lower at Rs. 8.13 lakhs, as against Rs. 9.97 lakhs during 1960. Despite this fall in the net profit, the Directors have proposed to maintain the ordinary dividend at 12 per cent (including a bonus of 2 per cent), subject to deduction of tax, even after crediting a higher sum of Rs. 3.20 lakhs, as against Rs. 1.75 lakh to various reserves and setting aside Rs. 57,000, as previously, to meet the preferred dividend liability in respect of the year. The equity dividend claims Rs. 5.40 lakhs, leaving Rs. 1.36 lakh to be carried forward, as compared with Rs. 2.41 lakhs brought in.

With the implementation of the modernisation and renovation programme of the mills practically over, expenditure on account of the acquisition of new assets during the year amounted to only Rs. 5.50 lakhs and this has raised the gross block to Rs. 93.13 lakhs. On deducting from this Rs. 44.99 lakhs as the depreciation earned to date, the net block, as at 31st December 1961, works out to Rs. 48.14 lakhs. Out of the total investments of Rs. 41.59 lakhs, investments worth Rs. 39.94 lakhs are in shares of subsidiary companies alone, while quoted investments have nearly doubled in value from Rs. 13.62 lakhs to Rs. 27.96 lakhs. Current assets and loans and advances aggregate Rs. 105.03 lakhs which adequately cover current liabilities and provisions amounting to Rs. 48.07 lakhs plus secured and unsecured loans totalling Rs. 32.00 lakhs. The share capital of Rs. 65 lakhs, consisting of Rs. 10 lakhs in preference shares and the balance in equities, is backed by Rs. 49.69 lakhs in reserves and surplus. The financial position of the Company is, therefore, sound, inasmuch as the share capital is well supported by reserves, current liabilities are adequately covered by current assets, and the gross block has been written down to half its original cost.

The progress made by the Company during the past four years is well brought out by the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds (gross)	2,28.36	1,73.60	1,78.25	1,56.50
Other income	9.90	5.96	8.31	2.90
Closing stocks of cloth, yarn and waste	51.29	33.67	17.17	38.07
Raw materials and stores consumed	1,45.46	1,16.07	1,00.50	93.78
Salaries, wages and benefits	58.54	42.73	41.57	37.65
Other expenses	21.08	12.32	12.15	10.69
Gross profit	30.80	24.95	11.42	5.36
Managing Agents' commission	2.44	1.80	0.49	0.24
Provision for—				
Depreciation	6.73	6.68	5.75	3.80
Taxation	13.50	6.50	..	..
Net profit	8.13	9.97	5.18	1.32
Withdrawals from reserves and provisions	..	..	3.00	7.60
To reserves and provisions	3.20	1.75	2.70	2.75
Dividends—				
Preference	0.57	0.57	0.57	0.40
Ordinary	5.40 (D. 10% +B. 2%)*	5.40 (D. 10% +B. 2%)*	4.95 (D. 10% +B. 2%)*	7.20 (D. 10% +B. 8%)
Carry forward	1.36	2.41	0.16	0.20
Market value of ordinary share (In rupees)	1962	1961	1960	1959	1958
High	1,61.00	1,60.00	1,83.00	1,86.00†	1,52.00
Low	1,40.00	1,28.00	1,30.00	1,25.00‡	1,27.00

* Subject to deduction of tax. † *cr.* ‡ *xr.*

The Rs. 100 fully paid ordinary share of the Company is listed on the Bombay Stock Exchange and is currently quoted at Rs. 150.00 *cum-div.* The net yield on an *ex-div.* basis works out to nearly 6 per cent per annum.

INDIAN RUBBER REGENERATING CO., LTD.

The Directors of the Indian Rubber Regenerating Company Ltd. (Chairman: Mr. K. M. Philip, Bombay) state, in their first annual report for the period 20th December 1960 to 31st March 1962, that the Company's factory would go into production in January next. Orders for the entire machinery required to be imported are placed with the suppliers in West Germany. A part of the machinery is scheduled to arrive by June and the balance by the middle of October this year, when the factory buildings would be ready. Orders for indigenous machinery have also been finalised. The layout of both foundations and erection of machinery has been completed, and the erection work is expected to be over by the end of December this year. The Company has arranged to purchase a plot of land admeasuring about 30,000 sq. yards at Kolset near Thana. The layout of the factory buildings is ready, orders for structural work have been placed and cement required for construction is secured. Power will be secured from the Koyna project.

It will be recalled that the Company was incorporated on 20th December 1960. It issued 35,000 equity shares of Rs. 100 each out of its authorised capital of Rs. 1 crore and offered 17,150 shares to the public and the issue was oversubscribed. It has been licensed to manufacture 2,400 tons of reclaim rubber a year on single-shift basis and raise production to 4,800 tons. As the immediate demand for reclaim rubber is more than 4,800 tons a year and all the raw materials are indigenously available, it proposes to work the factory on three shifts as early as possible. With indigenous machinery, it has started at Kurla a rubber compound mixing mill to cater to the requirements of small-scale rubber manufacturers. The trial production has been successful and a good number of orders have been secured from consumers in and around Bombay. During the period under report, it incurred expenditure of Rs. 1.21 lakh on construction, which is brought under expenditure during construction account and will be capitalised on completion of the erection work. It earned Rs. 33,824 by way of interest, sundry receipts and trading. After providing taxation and other expenses amounting to Rs. 36,522, a debit balance of Rs. 2,698 has been transferred to the balance-sheet.

HINDUSTAN ALUMINIUM CORPORATION

Just two years after the "earth-breaking" ceremony of the aluminium factory of The Hindustan Aluminium Corporation Ltd., at the Rihand dam site at Renukoot in Uttar Pradesh, the first batch of aluminium was produced on 23rd May 1962 from the imported alumina. The credit for this achievement goes to the joint untiring efforts of the Kaiser and Hindalco technicians and administrative staff, who in spite of heavy odds of weather, transportation problems, etc., worked day and night to achieve this. The alumina plant is expected to go into operation within the next three months. Aluminium ingots will start going into the market within the next few days, making this much needed metal available to the industrial and commercial needs of the country and saving precious foreign exchange.

ALL-INDIA GENERAL INSURANCE

PREMIUM INCOME RISES

CONSIDERING the keen competition in the business and the reduction in fire premium rate, the perceptible improvement in gross and net premium income earned by the All-India General Insurance Company Ltd. (Secretary: Mr. P. S. Parameswaran, Bombay) during the year ended 31st December 1961 is, indeed, very notable. The gross premium aggregated Rs. 30.21 lakhs, as against Rs. 25.71 lakhs in the previous year. Reflecting this rise, the net premium increased from Rs. 20.44 lakhs in 1960 to Rs. 22.03 lakhs in 1961. Equally notable is the fact that, in spite of the all-round increase in costs, the Company was able to keep its expenses under control and also to strengthen its reserves by more than a lakh of rupees. The increase in net premium was, of course, accounted for entirely by the miscellaneous department where the net premium rose from Rs. 7.17 lakhs to Rs. 9.27 lakhs. Net premium in the fire and marine department, on the other hand, declined slightly. The decrease in fire premium was due partly to the statutory cession of 20 per cent of its fire premium which the Company had to give to the two reinsurance companies in return for only 50 per cent reciprocity.

Claims experience in the fire department, especially in respect of foreign treaty business, was adverse. Total claims paid and outstanding amounted to Rs. 4.15 lakhs, as against Rs. 3.76 lakhs in the previous year. Commission and expenses aggregated Rs. 5.32 lakhs, as against Rs. 5.56 lakhs in 1960. After transferring Rs. 5.64 lakhs or 48 per cent of net premium to the reserve for unexpired risks and providing Rs. 23,486 as additional reserve, the accounts show a surplus of Rs. 2.17 lakhs. In the marine department, claims increased sharply from Rs. 88,000 to Rs. 1.91 lakh, due mainly to the fact that the Company received during the year from the Indian Insurance Companies' Association Pool marine insurance business covering the three public sector steel plants during the years 1957 to 1960, which proved to be disastrous. Thus, as against a premium income of Rs. 32,826 from this business, total claims paid and outstanding amounted to Rs. 1.19 lakh. This was naturally reflected in the accounts which, after meeting commission and expenses and maintaining reserves for unexpired risks at 100 per cent of premium income, shows a deficit of Rs. 96,741, as against Rs. 34,914 in the previous year.

In the miscellaneous department, net premium, as noted above, rose by Rs. 2.10 lakhs to Rs. 9.27 lakhs. The largest contributor to this account was the motor business which, as usual, proved to be unprofitable. The cost per claim continued to creep upwards. Claims paid and outstanding during the year amounted to Rs. 4.99 lakhs, as against Rs. 3.11 lakhs in 1960. Commission and expenses, too, were higher at Rs. 4.56 lakhs, as against Rs. 3.57 lakhs in the previous year. After earmarking Rs. 4.63 lakhs, or 50 per cent of premium, to the reserves for unexpired risk, there is a loss of Rs. 1.41 lakh which has been transferred to the profit and loss account. The following table summarises the salient features of the working of the company during the three years ended 31st December 1961:

(In lakhs of rupees)

	For the year ended 31st December		
	1961	1960	1959
Fire:			
Net premium	11.74	11.85	8.69
Claims paid and outstanding	4.15	3.76	2.70
Commission, expenses, etc.	5.32	5.56	4.85
Fire fund	5.87	5.69	4.00
Miscellaneous:			
Net premium	9.27	7.17	4.83
Claims paid and outstanding	4.99	3.11	2.36
Commission, expenses, etc.	4.56	3.57	2.77
Miscellaneous fund	4.63	3.44	2.22
Marine:			
Net premium	1.02	1.42	1.12
Claims paid and outstanding	1.91	0.88	0.55
Commission, expenses, etc.	0.48	0.56	0.50
Marine fund	1.02	1.95	1.01
Net profit	0.13	0.11	0.09
Dividend	Nil	Nil	Nil
Carry forward	0.57	0.44	0.21

After setting off the profit in the fire department against loss in marine and accident departments, there is a net underwriting loss of Rs. 20,600. This has been made good by income from interest and dividends, less tax thereon, and other miscellaneous receipts amounting to Rs. 53,615.18, leaving a net profit of Rs. 13,007. This amount and the sum of Rs. 43,813 brought forward from last year's account have been carried forward. The Company had, as on 31st December 1961, funds and reserves aggregating Rs. 25.08 lakhs.

Reviewing the main developments in general insurance during the year under review, Mr. Ramnath A. Podar, the Chairman, stated, in the course of his speech at the annual meeting of the Company held at Bombay on Friday, 25th May, that, under pressure from the Government, the Tariff Committee had agreed to a further reduction of 15 per cent in the fire premium rates which would come into effect from 1st July next. This move, he said, was intended to eliminate the malpractices which continued to plague the industry. In this connection, he observed: "In view of the fact that the two previous reductions in the rates have had no effect on the market condition, it is doubtful whether the suggested remedy will prove effective. So far as your Company is concerned, we welcome any move which will put an end to the evil of rebating and thus put the industry on a sound footing."

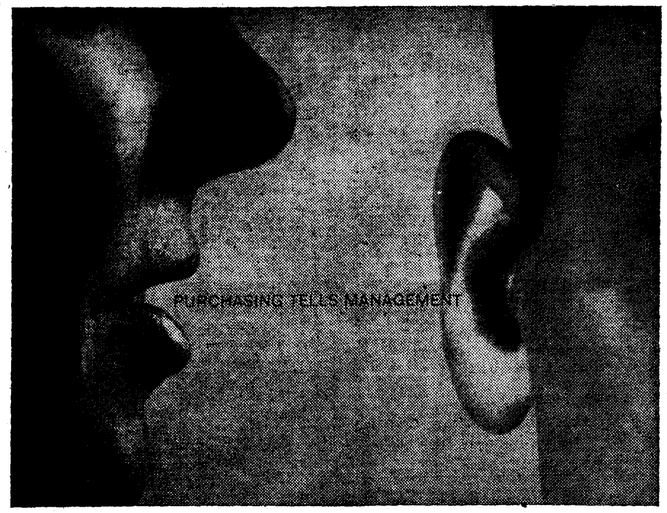
"INDIA'S CORPORATE GIANTS IN WORLD FOCUS"

Apropos the article on the above subject by Dr. Raj K. Nigam, appearing in our issues dated 28th April (*vide* pages 762-63) and 5th May (*vide* pages 816-17), Mr. P. K. Talapatra of Calcutta, writes, in a communication to us, as follows:

"I have read the article with great interest. In the first instance, may I present my compliments to the writer for having brought this important subject to the fore and having pointed out the extremely small stature of our industry as compared to other developed nations?

"At the same time, however, I do feel that the article has several inaccuracies. The author has, in the column of automobile manufacture, taken Premier Automobiles from amongst Indian companies, presumably on the assumption that it is the biggest automobile manufacturer in the country. I find from the balance-sheet of Hindustan Motors dated 8th June 1961 that the sales for the year 1960-61 amounted to Rs. 30,45,39,886, i.e., almost 50 per cent higher than the production of Premier Automobiles. I also find that the tabulations have been prepared rather shabbily and many differences exist between the various tabulations. For instance, in Table II, rupee sales of Volkswagenwerk have been shown as Rs. 524 crores and, in Table III, the same figure has been shown as Rs. 522 crores only. A similar difference also exists in the figure of total assets of this Company in the two tables. There are few more such parallel cases which you will note after proper scrutiny of the tables.

"Lastly, I would comment on the second paragraph of this article. I must frankly express my complete disagreement with the contents of this paragraph. While I am not quite sure what the writer means in feeling a greater sense of satisfaction from the fact that Hindustan Steel is a public sector undertaking, I must point out that it is patently wrong to compare the size of such an undertaking with the other corporations listed. The author must realise that most of the foreign corporations listed by him are joint-stock companies, non-Government-owned, which started with comparatively modest beginnings and by dint of sound working and management have carved out a place for themselves which they now hold in world commerce. On the other hand, Hindusthan Steel is a monolithic body created in one stroke with the taxpayers' money and, therefore, there is no special credit in its achieving this size. I may add that, although its assets are so large, its production is absolutely negligible in proportion and for such purposes of comparison, production forms a truer guide for the ranking of a corporation. Mere creation of assets in this manner is no criterion of efficiency unless matched with productivity. I will not go into the sordid details of cost, efficiency and management of this public sector concern, because that would form another story by itself."



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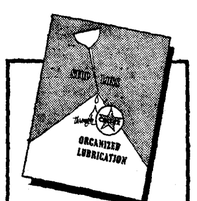

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SYNOPSES OF COMPANY REPORTS

Arvind Mills Ltd.

(*Managing Agents:* Messrs. Narottam Lalbhai & Co., Ahmedabad.)

31st *Annual General Meeting*—4th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	3,82.18	3,73,87
Closing stock	68,78	40,69
Gross profit	1,06,02	1,07,72
Transfer to Managing Agents' remuneration	8,11	8,02
,, ,, depreciation	24,82	18,36
,, ,, provision for development rebate	22,50	4,00
,, ,, ,, taxation	30,00	88,00
Net profit	20,59	38,44
Adjustments	12,89†	1,58
Appropriations:		
Total available balance	33,48	40,02
Transfer to capital redemption reserve	5,25	Nil
,, ,, general reserve	Nil	11,00
To interim dividend (taxable) Ordinary	9,00 (15%)	9,00 (15%)
Proposed (final) dividends (taxable) 5% C. Preference	26	26
Proposed (final) dividends (taxable) 4½% C. Preference	47	47
Proposed (final) dividends (taxable) 4½% 'B' and 'C' Red and C. Preference	47	47
Proposed (final) dividends (taxable) Ordinary.	18,00 (30%)	18,00 (30%)
Total dividend	[45%]*	[45%]
Carry forward	3	32*

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

† This includes a sum of Rs. 12,07,888 transferred from general reserve.

* Ordinary dividend is on a paid-up capital of *Rs. 60,00,000.*

Extracts from the Directors' report: During the year under review, the trading conditions remained favourable. The manufacturing cost increased further because of higher prices of cotton and rise in the prices of store materials, spare parts, chemicals, dyes and also miscellaneous items. The dearness allowance payable to the employees also remained on a high level.

A start was made in May 1961 in the operation of the additional plant of 15,200 spindles and 192 looms, and it has started running fully from February 1962.

During the year, a sum of Rs. 89,81,422 has been spent on extension of buildings and installation of machinery and equipment on mills' reorganisation and renovation programme.

The installed capacity of the mills is 77,648 ring spindles, 5,388 doubling spindles, 1,216 ordinary looms and 192 automatic looms, with complete dyeing, bleaching and printing plants.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,26,25,000	Gross block	4,39,00,397
Reserves and surplus	2,89,19,331	—Depreciation	1,81,08,201
Other liabilities	1,62,01,946		
		Net block	2,57,92,786
		Current assets	2,45,41,116
		Investments	68,19,599
		Cash	5,93,326
	Rs. 5,77,46,777		Rs. 5,77,46,777

* Paid-up capital consists of:—(*a*) 5,250 five per cent. cumulative preference shares of Rs. 100 each; (*b*) 10,500—4½ per cent. cumulative preference shares of Rs. 100 each; (*c*) 4½ per cent. 'B' class redeemable cumulative preference shares of Rs. 100 each; (*d*) 4½ per cent. 'C' class redeemable cumulative preference shares of Rs. 100 each and (*e*) 1,00,000 ordinary shares of Rs. 100 each of the above 26,250 preference shares and 94,750 ordinary shares have been allotted as fully paid Bonus shares by way of capitalisation of resources.

Binani Metal Works Ltd.

(*Managing Director:* Mr. G. D. Binani, Calcutta.)

21*st Annual General Meeting*—18th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales (gross)	1,76,72	1,41,90
Income from conversion, fabrication, machinery and repairing	2,30	3,19
Closing stocks	26,85	42,18
Gross profit	13,92	3,93
Transfer to depreciation	1,26	96
,, ,, provision for taxation	6,00	1,30
Net profit	6,66	1,67
Adjustments*	10	49
Appropriations:		
Total available balance	6,46	2,16
To adjustments relating to previous years	3	4
Transfer to development rebate reserve	90	19
,, ,, general reserve	1,00	25
Proposed dividend (taxable) equity	4,00† (10%)	1,62‡ (25%)
Carry forward	58	5

* Adjustments represent the balance brought forward from the previous year and other credit items.

† On a paid-up capital of Rs. 40 lakhs.

‡ Dividend on a paid-up capital of Rs. 6.50 lakhs.

Extracts from the Directors' report: The result of the year under review has been one of further progress in terms of increased production and sales. Total sales amounted to Rs. 1.76 crores as against Rs. 1.41 crore last year.

Improved production methods have been adopted and as envisaged in the previous year's report, the streamlining of the operations has reflected in better yields.

Of the new schemes, sanctioned by the Government, the installation of plant and equipment for the tool room project is proceeding satisfactorily. The German expert, whose appointment was approved by the Government, has joined the company and the strength of the local technical staff has also been augmented. With the existing machines supplemented by local purchases, production of simple Dies and Moulds is expected to commence shortly. Efforts are being made to put in more machines so that the project can get into full swing before end of the year 1962.

The Government's approval of the proposed collaboration arrangement for the Milling machine project has been received. Request for the grant of foreign exchange for the import of capital goods required for implementing the project is under Government consideration.

In view of large indigenous capacity available for the production of *Cast Iron Castings*, the Directors feel that it will not be in the best interests of the Company to pursue this line of production for the time being.

The preliminary expenses of the Public Issue have amounted to Rs. 1,57,048.15 as against the estimate of Rs. 1,10,000.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	40,00,000	Gross block	27,62,178
Reserves and surplus	5,53,500	—Depreciation	12,27,063
Other liabilities	26,64,304		
		Net block	15,35,115
		Current assets	55,06,520
		Investments	5,836
		Cash	65,635
		Miscellaneous expenditure and losses	1,04,698
	Rs. 72,17,804		Rs. 72,17,804

* Paid-up capital consists of 4,00,000 equity shares of Rs. 10 each, fully paid up in cash. The subscribed capital was increased during the year from Rs. 6,50,000 to Rs. 40,00,000 by the issue of 3,35,000 shares of Rs. 10 each.

Ceat Tyres of India Ltd.

(*Chairman:* Mr. A. D. Shroff, Bombay. Managing Director and General Manager: Mr. F. Acutis, Bombay.)

4*th Annual General Meeting*—11th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	3,01,59	1,37,26
Closing stock—		
Raw materials	33,36	36,20
Work-in-progress	9,94	6,51
Finished goods	12,07	1,16
Gross profit (+) or loss (—)	+49,36	— 8,04*
Transfer to depreciation	15,86	12,80
Net profit (+) or loss (—)	+35,50	— 8,04
Appropriations:		
To adjustment of loss brought forward	8,04	Nil
,, miscellaneous expenditure written off	2,93	Nil
Transfer to development reserve	22,87	Nil
Dividend	Nil	Nil
Carry forward credit (+) or debit (—)	+1,66	— 8,04

* Represents loss for 1960 after making provision for depreciation.

Extracts from the Directors' report: *Operations*: Except for few items of machinery required to attain the licensed capacity of 1,000 Metric Tons per month, the licences for plant and capital equipment have been granted, and the Directors have pleasure in reporting satisfactory progress in the expansion programme. Provided raw material licences are received as per schedule, the Directors anticipate to reach the target by early 1963. The increase in the rates of customs tariff, cess duty on indigenous natural rubber and the enhanced price of rayon cord have resulted in higher costs of production.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	2,75,00,000	Gross block	1,65,65,017
Reserves and surplus	65,14,198	—Depreciation	26,27,230
Other liabilities	46,50,034		
		Net block	1,42,38,787
		Block-in-progress	7,84,659
		Current assets	1,28,12,641
		Cash	1,09,75,145
	Rs. 3,87,64,232		Rs. 3,87,64,232

* Paid-up capital consists of 2,75,000 ordinary shares of Rs. 100 each. The undermentioned number of shares of Rs. 100 each fully paid are held by the CEAT group:—
CEAT International, Lausanne, Switzerland, 96,390:
CEAT S.p.A., Turin, Italy, 84,425 and
CEAT Gomma, S.p.A., Turin, Italy, 84,425.

Chemo-Pharma Laboratories Ltd.

(*Managing Agents:* Messrs. Nadkarni & Co., Bombay.)

20*th Annual General Meeting*—18th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales (gross)	41,93	32,70
Closing stock of raw materials, finished goods, etc.	13,88	12,80
Gross profit	4,39	3,25
Transfer to Managing Agents' commission	33	25
,, ,, depreciation	1,04	76
,, ,, development rebate reserve	22	Nil
,, ,, provision for doubtful debts	3	Nil
,, ,, provision for taxation	1,27	1,16
Net profit	1,50	1,08
Adjustments	4	9*
Appropriations:		
Total available balance	1,54	1,17
Transfer to general reserve	30	20
To filing fee on increase in share capital	3	Nil
Proposed dividend (taxable) equity	1,20 (12%)	93 (10%)
Carry forward	1	4

N.B.—Adjustments include the balance brought forward from the previous year and other credit items if any.

* This includes Rs. 7,000 being reserve for doubtful debts written back.

Extracts from the Directors' report: The net sales of Rs. 39,79,322 are higher by Rs. 7,09,328 than the previous year. It is gratifying to find that the sales are showing an increasingly upward trend. The new areas that were opened up in the last year are showing some progress and the sales are accordingly expected to be considerably higher in the year 1962.

The sales of *Bismuth Salts* have shown an increase over the previous year and *Niacin* and *Niacinamide* have also started moving and about 75 per cent of the production of the installed capacity is expected to be reached during the year 1962.

Collaboration arrangements for the manufacture of specialised products of the Lakeside Laboratories, Inc., Milwaukee 1, Wisconsin, U.S.A. and the Endo Drug Corporation, New York, U.S.A. have been finalised and the products have since been put on the market.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	9,99,937	Gross block	15,65,822
Reserves and surplus	2,64,515	—Depreciation	7,97,013
Other liabilities	18,68,946		
		Net block	7,68,809
		Current assets	23,43,559
		Investments	18
		Cash	11,012
	Rs. 31,23,398		Rs. 31,23,398

* Paid-up capital consists of 40,000 equity shares of Rs. 25 each fully paid up. Calls unpaid amount to Rs. 63.

Travancore Rubber and Tea Co., Ltd.

[*Managing Agents:* Messrs. Aspinwall and Co. (Travancore) Ltd., Alleppey.]

18*th Annual General Meeting*—15th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales:		
1961 season crop {Tea / Rubber	25,73	24,65
Gross profit	18,80	17,33
Transfer to Managing Agents' commission	13,98	13,07
,, ,, depreciation	1,26	1,22
,, ,, provision for income-tax	1,58	1,43
,, ,, provision for agricultural income-tax	82	96
Net profit	5,23	5,31
Adjustments	5,09	4,75
Appropriations:	11	4
Total available balance		
Transfer to development rebate reserve	5,20	4,79
To payment of preference dividend (taxable).	*	†
,, ,, ,, interim dividend (taxable) ordinary	98‡	98‡
	1,64	1,64
Proposed final dividend (taxable) ordinary	(4%)	(4%)
	2,46	2,05
Total ordinary dividend	(6%)	(5%)
Carry forward	[10%]	[9%]
	12	11

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

* Only a small sum of Rs. 55.

† Represents a small sum of Rs. 173.

‡ Preference dividend is calculated at 6.129 per cent.

Extracts from the Directors' report: Rubber: The crop harvested during the year was 6,26,992 kgs. (5,50,862 kgs. for 1960) as against an estimate of 5,30,703 kgs., or an increase over estimate of 96,289 kgs. and 76,130 kgs. more than the crop harvested during 1960. 1961 has established a fresh record for rubber crop in spite of the abnormal South-West Monsoon resulting in a heavy toll of tapping days. The main reason for the improved crop return is the intensification of the tapping system, more particularly in those areas scheduled for rehabilitation in the years ahead. The average sale price obtained per kgm. was 316.61 nP against 330.62 obtained in 1960. As in past years, a portion of the rubber crop was sold with advantage on the estate as liquid latex.

It is estimated that a crop of 7,25,000 kgs. rubber will be collected during 1962 at an estimated estate expenditure of 162.47 nP per kgm.

Tea: The crop harvested was 5,78,898 kgs. (5,68,260 kgs. for 1960) which is 26,647 kgs. below estimate and 10,638 kgs. over the crop for the year 1960. This is most satisfactory when taking into account the adverse weather conditions experience during the year under review. The average sale price per kgm. was 438.40 nP (436.39 for 1960).

In 1962 it is estimated that the tea crop will be 5,86,000 kgs. to be secured at an estimated estate expenditure of 310.15 nP per kgm.

Development: Since the inception of the Company the total acreage planted with High Yielding Rubber has increased from 946.88 acres as at the end of 1960 to 1,231.29 acres as at the end of 1961. The position as at the end of 1962 is assessed at 1,499.55 acres.

The year records the heaviest South-West Monsoon rains from mid-May to mid-August since the 1924 floods. In consequence the incidence of Phytopthora disease in rubber was as severe as has been experienced throughout the history of South Indian rubber. A development trial of protecting rubber by aerial spraying with oil-based formulations was conducted during the year when 1,112 acres of the Company's high yielding rubber was aerial sprayed by both a helicopter and a fixed wing aircraft. In spite of the severity of Phytopthora, leaf retention was entirely encouraging. In consequence in the 1962 season it is proposed to aerial spray 2,525 acres in the control of Phytopthora.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	57,00,000	Gross block	94,29,715
Reserves and surplus	15,19,661	—Depreciation	23,78,761
Other liabilities	15,39,445		
		Net block	70,55,954
		Current assets	9,36,739
		Investments	4,00,000
		Cash	3,66,413
	Rs. 87,59,106		Rs. 87,59,106

* Paid-up capital consists of 1,60,000 six per cent. tax-free cumulative preference shares of Rs. 10 each fully paid up and 4,10,000 ordinary shares of Rs. 10 each fully paid up. Of this 10,000 ordinary shares are allotted as fully paid pursuant to a contract without payments being received in cash.

Notices

NEW INDIA INVESTMENT CORPORATION LIMITED

NOTICE IS HEREBY GIVEN THAT THE Twenty-fifth Ordinary General Meeting of the shareholders of New India Investment Corporation Ltd. will be held at the registered office of the Company at 9, Brabourne Road, Calcutta, on Friday the 29th June, 1962, at 4.30 p.m. to transact the following business:—

(1) To receive and adopt the Directors' report and audited Profit and Loss Accounts and Balance Sheet for the year ended 31st December 1961.

(2) To declare dividends as recommended by the Directors.

(3) (*a*) To appoint a Director in place of Mr. D. C. B. Pilkington, as an alternate Director to Sir Walter Michelmore, who retires by rotation and being eligible offers himself for re-election.

(*b*) To appoint a Director in place of Sir Badridas Goenka, who has attained the age of 78 years and who retires by rotation and is an associate of Messrs. Ramdutt Ramkissendass, Secretaries and Treasurers of the Company, his appointment needs a special resolution under Section 261 read with Section 379 of Companies Act, 1956 and for which special notice has been received from a shareholder also declaring that age limit prescribed under Section 280 of the Companies Act, 1956, shall not apply to Sir Badridas Goenka.

In this connection to consider and if thought fit to pass the following special resolution of which special notice as required under Section 190 and Section 261 read with Section 379 of the Companies Act, 1956, as well as under Section 280 (2) of the said Act has been received from a shareholder intimating his intention to propose the name of Sir Badridas Goenka by special resolution to be re-elected as a Director of the Company. The said notice also contains explanatory statement required under Section 173 of the said Act.

(4) To appoint Auditors and fix their remuneration.

(5) To transact any other ordinary business.

The share transfer register of the Company will be closed from 22nd to 29th June, 1962, both days inclusive.

By Order of the Board,

(Sd.) RAMDUTT RAMKISSENDASS,

Secretaries & Treasurers.

CALCUTTA, 18*th May*, 1962.

Notes: (a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(*b*) The dividends will be paid on or after 15th July 1962 to those shareholders whose names appear on Company's books on 29th June 1962 or to their mandatees. No application for warrants will be necessary.

Explanatory Statement Under Section 173

In the special notice given to the Company of the resolution under item 3(b) of the above it has been stated that Sir Badridas Goenka has been associated since the inception of the Company and has most intimate knowledge of the Company affairs, and it is very desirable that the Company should continue to avail of his valuable advices and experienced guidance as a member of the Board.

BRITISH INDIA ELECTRIC CONSTRUCTION COMPANY LIMITED

THE BOARD OF DIRECTORS OF THE Company has decided to recommend to the forthcoming Annual General Meeting, the payment of a Dividend of 20 per cent for the year ended 31st December, 1961.

BALMER LAWRIE & CO. LTD.,
D. MANSON,
Managing Director,
Managing Agents.

21, NETAJI SUBHAS ROAD,
CALCUTTA,
22*nd May*, 1962.

SHAW WALLACE & COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Sixteenth Annual General Meeting of the Members will be held at the Registered Office of the Company, 4, Bankshall Street, Calcutta, on the 29th June, 1962, at 3 p.m., for the following purposes:—

(1) To consider the Profit and Loss Account for the year ended 31st December, 1961, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.

(2) To declare a Dividend on the Ordinary Shares.

(3) To appoint Auditors and to fix their remuneration.

(4) To elect Directors in the place of three Directors retiring.

(5) AS SPECIAL BUSINESS to consider and, if thought fit, to pass, with or without modification, the following Resolution:—

As an Ordinary Resolution—

"That approval be and is hereby accorded to the undernoted investments—

(*a*) 25 Ordinary Shares of Rs. 100 each in Matheson, Bosanquet & Co., Ltd. at a cost of Rs. 14,513.

(*b*) 247 Ordinary Shares of Rs. 10 each in Wallwood Plantations & Agency Co. Ltd. at a cost of Rs. 3,568."

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 has been forwarded to the Members of the Company.

The Share Transfer Register of the Company's Ordinary Shares will be closed from 20th June to 29th June, 1962, both days inclusive.

N.B.—A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.

By Order of the Board,
D. A. HOUGHTON,
Calcutta Director & Secretary.

4, BANKSHALL STREET,
CALCUTTA,
Dated, 17th May, 1962.

THE STANDARD COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the abovenamed Company that an Annual General Meeting of the Company will be held at the Registered Office, Chartered Bank Buildings, Calcutta, at 4.00 p.m. on Friday, the 22nd June, 1962, for the following purposes:

1. To consider and approve the Audited Accounts of the Company for the year ended 31st December, 1961, and to receive the Directors' and Auditors' Reports thereon.
2. To declare the Dividend recommended by the Directors.
3. To appoint a Director in the place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following Ordinary resolution of which a notice has been given to the Company under Section 257 of the Companies Act, 1956.

"THAT Mr. D. C. B. Pilkington be and is hereby appointed a Director of the Company."

The Share Transfer Register of the Company will be closed from 11th June, 1962 to 22nd June, 1962, both days inclusive.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LIMITED,
Secretaries.

CHARTERED BANK BUILDINGS,
CALCUTTA, 11*th May*, 1962.

Note:—(a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(*b*) The Dividend, if declared, will be paid on or after 2nd July, 1962, to those Shareholders so entitled whose names appear in the Company's books on the 22nd June, 1962 or to their mandatees. No application for Dividend Warrants will be necessary.

EXPLANATORY STATEMENT

With regard to Item No. 5, it is pointed out that Mr. D. C. B. Pilkington was appointed an additional Director and the Chairman of the Board with effect from 20th March, 1962. In terms of Section 260 of the Companies Act, 1956, he now vacates his office and in view of his vast experience in the affairs of the Company your Directors recommend his re-appointment to the Board as being in the best interest of the Company.

BRITISH PAINTS (INDIA) LIMITED

Registered Office:
32, CHOWRINGHEE ROAD, CALCUTTA

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-eighth Annual General Meeting of the Shareholders of the above Company will be held at the Registered Office of the Company at 32, Chowringhee Road, Calcutta, on Wednesday, the 27th June, 1962, at 11 a.m., to transact the following business:—

1. To receive the Report of the Directors and to adopt the Audited Accounts for the year ended 31st December, 1961.
2. To declare a Dividend.
3. To elect a Director.
4. To appoint Auditors and to fix their remuneration, and,
5. To transact any other ordinary business that may be brought before the meeting.

By Order of the Board,
S. R. ROY,
Secretary.

Dated at 32, Chowringhee Road, Calcutta-16, the 28th day of May, 1962.

N.B. (1) The Share Transfer Books of the *Company* will be closed from the 11th June, 1962 to the 27th June, 1962, both days inclusive.

(2) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.

(3) Subject to the confirmation of the Members in the Meeting the relative Dividend Warrants in respect of the Shares registered in the Books of the Company on the date of the Annual General Meeting will be ready for despatch on the 2nd day of July, 1962, to the Holders thereof.

TRITON INSURANCE COMPANY LIMITED

NOTICE TO MEMBERS

THE BOARD OF DIRECTORS OF THE Triton Insurance Company Limited hereby give notice that the ANNUAL GENERAL MEETING OF MEMBERS will be held at the Company's Registered Office, 4, Clive Row, Calcutta, on Thursday the Twenty-eighth day of June, 1962, at 3.30 p.m., to receive and consider the Audited Accounts for the year ended 31st December, 1961, the Balance Sheet as at that date, the Report of the Board of Directors and the Auditors thereon; to declare a Dividend; to appoint Directors; and to appoint Auditors and to fix their remuneration.

A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead and such proxy need not be a member of the Company.

The Share Transfer Books of the Company will be closed from 15th June to 28th June 1962, both days inclusive, and the dividend, if declared, will be paid on and after 9th July, 1962, to those Members whose names are on the Register of Members on 28th June, 1962.

By Order of the Board,
D. FORDWOOD,
Secretary.

4, CLIVE ROW,
CALCUTTA, 18*th May*, 1962.

THE INDORE MALWA UNITED MILLS LIMITED

Registered Office :

Seksaria Chambers, 139, Medows Street, Fort, BOMBAY

NOTICE

THE FIFTY-FIFTH ANNUAL GENERAL Meeting of the Indore Malwa United Mills Ltd. will be held at the above address on Tuesday, the 26th day of June, 1962 at 4 p.m., to transact the following business:—

1. To receive and adopt the Directors' Report and the audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1961.
2. To declare a Dividend.
3. To appoint a Director in place of Shri Kudilal Govindram Seksaria who retires from office by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Piarelal Sheoparshad Seksaria who retires from office by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass, with or without modification, the following resolutions:

As Ordinary Resolutions:

6. "RESOLVED that the Company gives its approval to the extension of the term of the office of Messrs. Madhya Bharat Textile Agents, Indore, as the sole selling agents of the Company for the sale of piece goods and yarn manufactured by the Company under the sole selling agency agreement dated 25th June, 1955 made between the Company and the partners of the said Messrs. Madhya Bharat Textile Agents, Indore, upto 31st December, 1961 on the same terms and conditions contained in the said sole selling agency agreement dated 25th June, 1955.

"FURTHER RESOLVED that the Company gives its approval to the extension of the term of office of Messrs. Madhya Bharat Textile Agents, Indore, as the sole selling agents of the Company under the sole selling agency agreement dated 25th June, 1955 made between the Company and the partners of the said Messrs. Madhya Bharat Textile Agents, Indore, for a further period of three years from 1st January, 1962 to 31st December, 1964 on the terms and conditions contained in the supplemental agreement dated the 1st day of January, 1962."

7. "RESOLVED that the Company gives its approval to the appointment of Messrs. Satyanarayan Kabra & Co., Bombay, as the guarantee brokers of the Company for the sale of yarn manufactured by the Company under the agreement dated 14th February, 1962 made between the Company and the partners of the said firm of Messrs. Satyanarayan Kabra & Co., Bombay.

As Special Resolutions:

8. "RESOLVED that the Company hereby accords its consent under Section 314 of the Companies Act, 1956, and other applicable sections, if any, of the said Act to Shri Sajjan Singh Mehta, who is a relative of Shri Chandansinha Sagatmal Bharaktiya, a Director of the Company, holding and continuing to hold office of profit under the Company as an employee on a basic salary of Rs. 710 per month in the scale of Rs. 500-50-750, together with conveyance allowance of Rs. 75 per month and usual allowances and the benefits, amenities and facilities applicable to other employees occupying similar posts with authority to the Board of Directors to sanction at their discretion and in due course promotion to the next higher grade of Rs. 750-80-1,150 and to sanction double or higher increments or to withhold such increments within such higher grade as they may deem fit and proper."

9. "RESOLVED that the Articles of Association of the Company be altered in the manner following:—

(a) In Article 2 substitute the following for the definition of "Branch Office":—

"Branch Office" means any establishment described as a branch by the Company and any establishment carrying on either the same or substantially the same activity as that carried on by the Head Office of the Company or any establishment engaged in production, processing or manufacture, but does not include any establishment specified in any order made by the Central Government under Section 8 of the Act."

(b) For Article 12 substitute the following Article:—

"12. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act be varied, modified or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution at a separate meeting of the holders of the issued shares of that class and all the provisions contained in these Articles, as to General Meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting."

(c) Delete sub-clause (3) of Article 85.

(d) In sub-clause (k) of sub-clause (1) of Article 130 add the words "involving moral turpitude" after the word "offence."

(e) After sub-clause (4) of Article 131 add the following sub-clause as (4A):—

"(4A) Nothing in sub-clauses (2), (3) and (4) shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one of the Directors of the Company or two or more of them together holds or hold not more than 2 per cent of the paid-up share capital in the other company.

(f) In sub-clause (ii) of Proviso to sub-clause (5) of Article 131 omit ';' at the end and add the words "or on his being a member holding not more than 2 per cent of the paid-up capital of the Company"; at the end after the words "by the Company."

(g) For Article 144 substitute the following Article:—

"144 (1) Subject to the provisions of the Act and these Articles any person who is not a retiring Director shall be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him has at least fourteen clear days before the meeting left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be.

(2) Every person (other than a person who has left at the office of the Company a notice under Section 257 signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, his consent in writing to act as a Director, if appointed.

(3) A person other than a Director re-appointed after retirement by rotation shall not act as a Director of the Company unless he has within 30 days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

(4) Whenever notice referred to in sub-clause (1) of this Article is received, the Company shall inform its members of the candidature of the person for the office of Director or the intention of a member to propose such person as a candidate for that office either by serving individual notices on the members not less than seven days before the meeting or by advertisement in the manner provided by sub-section 1 (A) of Section 257 of the Act."

(h) Delete Article 134.

(i) For Article 185 substitute the following Article:—

"185. (a) Subject to the provisions of Sections 78, 80 and 205 of the Act any General Meeting may resolve that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Account or any monies, investments or other assets forming part of the undivided profits standing to the credit of the General Reserve, Reserve or any Reserve Fund or other fund of the Company or in the hands of the Company and available for dividends be capitalised:

(i) by the issue and distribution as fully paid bonus shares, or

(ii) by crediting shares of the Company which may have been issued to and are not fully paid up with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to members as fully paid bonus shares.

(b) Such issue and distribution under (a) (i) above and such payment to the credit of unpaid share capital under (a) (ii) above shall be made to, among and in favour of members or any class of them or any of them entitled thereto in accordance with their respective rights and interests and in proportion to the amount of capital paid-up on the shares held by them respectively in respect of which such distribution under (a) (i) or payment under (a) (ii) shall be made on the footing that such members become entitled thereto as capital.

(c) The Directors shall give effect to any such resolution and apply such portion of the profits, General Reserve, Reserve or Reserve Fund or any other Fund or account as aforesaid as may be required for the purpose of making payment in full for the shares so distributed under (a) (i) above or, (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under (a) (ii) above;

Provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the capitalised sum.

(d) For the purpose of giving effect to any resolution under the foregoing Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed or that fractions of less value than Rupee 1 may be disregarded in order to adjust the rights of all parties and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Directors. Where deemed requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective."

(j) "The printing errors appearing in the Articles mentioned hereunder be corrected as specified against such articles:—

Page No.	Article No.	Line	For the word	Substitute the word/s
19	39	6	"charges"	"Shares"
23	59	1	"refuse"	"refuses"
24	64	8	"case"	"case where"
27	74 (f)	3	"of"	"for"
31	85 (2)	2	"re-election"	"intention"

By Order of the Board,
K. L. SEKSARIA,
Chairman.

BOMBAY, 7th April, 1962.

N.B.—1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

2. The Share Transfer Books of the Company will remain closed from Monday, the 11th June, 1962 to Tuesday, the 26th June, 1962, both days inclusive.

3. The dividend, when sanctioned will be made payable on and after the 2nd July 1962, to those members whose names stand on the Register of the Company on the 11th June, 1962, at the Registered Office of the Company, Fort, Bombay 1, and/or at the Mill Office, Indore, (M.P.) upon presentation of Dividend Warrants which will be posted to each member to his last given address.

4. A member is requested to notify immediately any change of address to the Company.

5. Explanatory statements as required under Section 173 of the Companies Act, 1956 are being sent to the shareholders alongwith the Balance-Sheet by post.

BALMER LAWRIE & COMPANY LIMITED

THE BOARD OF DIRECTORS OF THE COMpany has decided to recommend to the forthcoming Annual General Meeting, the payment of a Final Dividend of 18 per cent for the year ended 31st December, 1961.

BALMER LAWRIE & CO. LTD.,
D. MANSON,
Managing Director.

21, NETAJI SUBHAS ROAD,
CALCUTTA.
26th May, 1962.

ORISSA CEMENT LIMITED
RAJGANGPUR

THE TWELFTH ANNUAL GENERAL MEETing of the Shareholders of the Company will be held at Rajgangpur, the Registered Office of the Company, on 18th June, 1962, at 11.30 a.m. Notices of the meeting setting out the agenda and explanatory Statement on the special business to be transacted thereat have been sent by post.

By Order of the Board,
S. C. AGGARWAL,
Secretary.

Dated: 22nd May, 1962.

THE PEERMADE TEA COMPANY LIMITED

(Incorporated in India)

NOTICE IS HEREBY GIVEN THAT THE Twenty-fourth Annual General Meeting of the Shareholders will be held at the Registered Office of the Company at Chavadi Parambu, North Commercial Canal Road, Alleppey, at 10.30 a.m. on Thursday, 28th June, 1962, to transact the following business:—

1. To receive and adopt the Audited Accounts and Balance Sheet for the year ended 31st December, 1961 and the Report of the Directors and Auditors.
2. To declare a Dividend.
3. To elect a Director.
4. To appoint Auditors.
5. To consider and, if thought fit, to pass the following Special Resolution which will be moved as a Special Resolution:—

"Resolved that the Regulations contained in the Printed document submitted to this meeting and for the purpose of identification signed by the Chairman of this meeting, be and are hereby approved and that such Regulations be and are hereby adopted as the Articles of Association of the Company for and to the exclusion of all existing Articles."

The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under Item 5 above as also a copy of the proposed Draft new set of Articles of Association, are being posted to all members.

The transfer books of the Company will be closed from 15th June 1962 to 1st July, 1962, both days inclusive.

Any member unable to attend personally is entitled to appoint any person (whether a member or not) as his proxy to attend and vote instead of himself subject to the provisions of Section 176 of the Companies Act, 1956. Such proxy should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

By Order of the Board,
THE PEERMADE TEA COMPANY LIMITED,
Per Pro. ASPINWALL & CO. (TRAVANCORE) LIMITED,
C. PRABHAKARAN,
Secretaries.

ALLEPPEY, *28th May, 1962.*

Note: The dividend, if declared, will be paid on or after the 15th July 1962 to those shareholders whose names appear in the Company's Books on the 28th June, 1962 or to their Mandatees.

THE SINGARENI COLLIERIES COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-first Annual General Meeting of the Shareholders of The Singareni Collieries Company Limited, will be held on Thursday, the 28th of June 1962, at 12 noon at the Registered Office of the Company, "Meher Manzil," Khairatabad, Hyderabad (A.P.), to transact the following business:

1. To confirm the minutes of the Fortieth Annual General Meeting of the Shareholders of the Company, held on 30th September 1961.
2. To receive and adopt the Directors' Report and the Audited Statement of Accounts for the year ended 31st December 1961.
3. To sanction the declaration of a Dividend.
4. To note the Charities and Donations paid by your Directors.
5. (a) To appoint Directors in place of Shriyuts S. N. Sahgal and M. A. Abbasi who retire in accordance with Section 256 (1) and (2) of Companies Act, 1956 and Article 93 of the Articles of Association of the Company. They are eligible for re-election.

   (b) To appoint Directors in place of Shriyuts M. P. Pai, and I. J. Naidu who retire under Article 98 of the Articles of Association of the Company and are eligible for re-election.
6. To note a request has been made to the Central Government under Section 619(2) of the Companies Act, 1956, for the reappointment of Messrs. S. B. Billimoria & Co., Chartered Accountants, as Statutory Auditors of the Company for the year 1962, on a remuneration of Rs. 7,000 plus Travelling and other expenses as may be approved by the Board of Directors.
7. To transact any other business that may be brought forward by the Chairman.

Note.—1. The Transfer Books of the Company will remain closed for the purpose of Dividend from 14th June 1962 to 28th June 1962 (both days inclusive).

2. Subject to the Directors' recommendation being accepted, Dividend Warrants will be posted by 30th July, 1962.

3. Shareholders are requested to give immediate notice to the Company of any change of address.

4. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote, instead of himself and that such proxy need not be a member.

By Order of the Board,
R. DWARKA PERSHAD,
Secretary.

"MEHER MANZIL"
KHAIRATABAD P.O.,
HYDERABAD (A.P.)
Dated 22nd May 1962.

ENGINEERING

(Concluded from page 994)

valid comparison from a country's point of view has also to take into account what the Russians pay for their countervailing imports.

Nevertheless, the prices of Western oil companies have been undercut by the Russians in certain markets, though Soviet leaders have been at pains to convince the Arabs, as they tried to convince Dr. Perez Alfonzo when he visited Moscow last year, that they have no interest in forcing down the level of oil prices. However, price may sometimes be a secondary consideration, outweighed by the offer of a barter deal for surplus products, or the possibility of making payment in local currency.

Be that as it may, Soviet export prices for products are likely to be generally higher this year. There is evidence that certain shortfalls in the supply of products have delayed deliveries (e.g. to Greece) and have led the export organisation to quote higher prices to buyers in Germany, the Benelux countries and perhaps Sweden. Another straw in the wind is the decision of the Soviet authorities to make significant increases in crude oil prices within the U.S.S.R. at the end of this year, to take full account of prospecting costs. (This is part of a general revision of industrial prices, upwards and downwards.) The effect on the inland market is apparently to be minimised by adjustments in transport charges, but it looks as though the central export organisation will have to pay higher prices to the producing entity. If so, it will certainly seek to pass on the increase to overseas buyers.

Without knowing the size of any such increase it is not possible to say what its impact will be on the demand for Soviet oil. But we may bear in mind that the oil producing countries and companies in the free world too would welcome somewhat higher prices for their oil. So long as the U.S.S.R. remains a large importer of manufactured goods and raw commodities she will have to find markets for commensurate exports. The export potential of the bloc mainly depends: (a) on the progress of Russian crude oil production, which is due to rise by 10 per cent a year, from 166 million tons in 1961 to possibly 260 million tons in 1965 and to 390 million in 1970; (b) on the growth of home consumption—itself influenced by the ample availability of alternative fuels, particularly coal and natural gas; and (c) on new or improved transport facilities to the export terminals. It can therefore be estimated only with a wide margin of error.

As shown in the accompanying table, Soviet bloc exports to the free world have grown faster than crude oil production, the proportion of production absorbed by exports having risen in four years from seven to 17 per cent. And it is an avowed aim of the Russian Government to establish—or, to be historical, re-establish—itself as a major oil supplier to the world at large. If last year's export proportion of 17 per cent were maintained, this would imply total Russian oil exports of about 44 million tons in 1965. This is in line with the estimate arrived at, by more elaborate analysis, by Mr. Robert E. Ebel. Allowing a small additional tonnage for the rest of the bloc, this would represent an annual increase of little more than 10 per cent compound in Soviet bloc exports, which in the light of recent experience seems a modest projection.

Export potential is, however, only one aspect of the problem: there is also the question of markets. The Russians cannot hope for further important new outlets such as Cuba, and there is resistance in many quarters to imports of Soviet oil. The possible willing buyers of Russian oil in the larger markets of Western Europe have already been tapped. Their future offtake is likely to be limited by the growth of these buyers' own trade—and expansion will not be easy in view of the new entrants into European markets. Additional outlets may, however, still come when Governments feel constrained to impose the importation of Russian oil as a counterpart to larger Russian purchases. This is particularly applicable to raw commodity exporting countries with surplus crops that cannot otherwise be disposed of. But these countries are all relatively small consumers of oil, and there are usually obstacles to any big rise in imports from Communist sources. All in all, unless any major change occurs, one must expect a continued growth in Russian oil exports, though not perhaps the rapid advance witnessed in recent years.—*By Special Arrangement with Petroleum Press Service.*

CALL MONEY RATE RECEDES

(From Our Own Correspondent)

BOMBAY, *30th May*

Even before these lines appear in print—on *Friday, 1st June—the revised Inter-Bank Agreement* on rates of interest on term deposits will have come into force. The salient features of the *new Agreement* were given in this *column* last week and it will be seen therefrom that the short-term money market will henceforth have four rates of interest, one standard rate payable by big banks and three other rates payable by medium, small and smaller banks. The eight subsidiaries of the State Bank of India are proposed to be accorded the status of medium banks, paying ½ per cent more than the standard rate and an additional ½ per cent. if their deposits decline over a period, say, six months. The Chairman of the State Bank has suggested that the subsidiaries be permitted to use their discretionary right to pay more in regions where they face competition from other small banks as well as for deposit accounts on which they are already paying ½ per cent more than the standard rate under the old Agreement. This suggestion is expected to be considered by the Indian Banks Association tomorrow (that is, Thursday, 31st May).

The easy trend noted in the short-term money market last week gathered momentum during the week under review. Funds available were plentiful, while demand continued to be slack, signifying the end of the busy season. Consequently, the inter-bank call money rate receded further from 3¾ per cent to 3 per cent. The rates of interest for short-term deposits were unchanged. But the rate on Government of India's 91 days' Treasury Bills declined slightly from 2.590 per cent to 2.540 per cent per annum. The amount invited, the amount offered and the amount accepted were all same as in the previous weeks, that is, Rs. 2 crores. The sales of 91 days' Intermediate Treasury Bills fetched a smaller amount of Rs. 11 lakhs, as against Rs. 15 lakhs in the previous week and Rs. 16.75 lakhs in the week preceding it. Sales of both types of Bills are being continued.

There was a further drop of Rs. 5.08 crores in the foreign assets held by the Reserve Bank during the week ended 25th May 1962. The total of these assets now stand at Rs. 109.80 crores, a fall of nearly Rs. 48 crores since the beginning of this year.

Notes in circulation registered a fall of over Rs. 24.81 crores in the aforesaid week. Notes held in the Banking Department, however, were higher by Rs. 25.29 crores, so that the total notes issued show a rise of Rs. 48 lakhs. In view of easy money conditions, the banks' borrowings from the Reserve Bank against usance bills declined by Rs. 3.19 crores to Rs. 3.73 crores. Other loans and advances also showed a sizable fall of Rs. 7.40 crores. Deposits of banks with the Reserve Bank rose by Rs. 1.82 crore to stand at Rs. 89.12 crores. Deposits of Central Government receded by Rs. 3.74 crores, while those of other Governments improved by Rs. 3.54 crores.

The scheduled banks' statement for the week ended 18th May 1962 discloses a rise of Rs. 7.48 crores in deposits, whereas inter-bank borrowings declined by Rs. 57 lakhs. Bank credit fell by Rs. 3.66 lakhs. Of this decline, bills purchased and discounted alone accounted for Rs. 3.59 crores, the share of "advances" being Rs. 7.44 lakhs. Investments, too, receded by Rs. 4.33 crores.

The advances of the State Bank receded by Rs. 1.82 crore during the week ended 18th May 1962. Investments also receded by Rs. 4 crores. There was, however, a rise of Rs. 2.89 crores in cash, Rs. 2.60 crores in other assets, Rs. 99 lakhs in bills payable, Rs. 67 lakhs in deposits and Rs. 53 lakhs in other liabilities.

All Central Government loans in the Gilt-edged market continued unchanged at last week's levels. Among State loans, there were inquiries for 1972 U.P., Madhya Pradesh, Bihar, Orissa, Mysore and Rajasthan, the quotations showing a rise of 5 to 10 nP. In the group of loans maturing in 1970, U.P. rose by 20 nP, Madhya Pradesh, Bihar, Orissa and Rajasthan by 10 nP each, and Mysore by 5 nP. 1969 Rajasthan gathered 15 nP. Other State loans were all unchanged.

In the foreign exchange market, £ sterling ruled slightly easy, with the New York on London rate showing a small decline. Locally, the banks' selling rate for ready T.T. on New York rose by 50 nP to Rs. 476.50. Their buying rate also went up by 25 nP to Rs. 473.00. The banks' selling and buying rates for Canadian dollars receded by 25 nP each to Rs. 439.25 and Rs. 431.50 (per 100 dollars), respectively.

KIPS DULL

(From Our Own Correspondent)

MADRAS, *26th May*

Arrivals of E.I. tanned cowhides from the tanneries were larger than last week, and that of calf restricted. Demand for shipment was moderately good for good marks of better class tannages, but poor for F.A.Q. types. Inland offtake of low grade kips was slow and prices were easy. There were several inquiries for cowcalf in 2/2½ lbs. average, but stocks were small. There was no change in the buffhides and calf section.

There was dull trading in the tanned skins market. Export orders were patchy, and were mostly confined to lightweight goat skins from importers on the Continent, which hitherto, had been somewhat neglected. U.S. buyers were interested in heavyweight goat skins and sellers were reserved as stocks available were small. Inquiries for sheep skins were negligible; and small quantities of lower ends in lightweight sheep middle class tannages were sold at low prices for financial reasons.

PREMIA ON SPOT BULLION FALL

(From Our Own Correspondent)

BOMBAY, *30th May*

Trading in the bullion market this week was highlighted by a decline in the fancy premia (which were exceptionally high last week) commanded recently by both ready gold and silver over the current Jeth futures contract. The premia fell because of a rise in arrivals and relatively small offtake. The futures section moved irregularly both ways, after a slightly lower start, on alternate spells of realising and bear covering. Confidence to follow the rise was, however, lacking. The upcountry operators, having gone short in the recent past, were the main buyers. Higher levels attracted spot house selling. Closing prices showed a mixed trend; gold was steadier, but silver was easy.

The premium on spot gold over futures, which had shot up last week from Re. 1.90 to Rs. 4.60, declined to Rs. 3 at the start of this week, moved up to Rs. 3.50, but fell later to Rs. 2.60. Similarly, the premium on ready silver over futures, having appreciated by 50 nP to Rs. 3 last week, was 25 nP lower at Rs. 2.75 as the week opened and came down subsequently to Re. 1.

The average daily arrivals in gold improved by 1,000 tolas to 7,000 tolas and the offtake shrank by as much as 4,000 tolas to 5,000 tolas. In silver, the average daily arrivals were more than double at 25 bars and the offtake declined from 16 bars to 11 bars.

The dollar price of gold in the London bullion market moved up from $35.07½ to $35.08½ per fine ounce. Ready gold in London also picked up from 249s. 4¾d. to 249s. 8d. per fine ounce. However, ready and forward silver were unchanged at 84⅜d. and 84½d., respectively, as was silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	30-5-62 (closing)	High	Low	23-5-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready .99 fine)	126.15	127.10	125.10	126.25
Jeth*	123.40	123.60	122.10	122.30
Sovereign	99.25	99.25	98.50	98.50
SILVER				
Ready (.996 fine)	218.85	221.75	217.80	221.80
Jeth†	217.35	219.25	216.80	216.80
London—				
Gold	249s.8d.	249s.8d.	249s.6½d.	249s.4½d.
Silver Ready	84⅜d.	—	—	84⅛d.
Silver Forward	84⅛d.	—	—	84⅛d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

ART SILK YARN EASY

(From Our Own Correspondent)

BOMBAY, *30th May*

The yarn market ruled distinctly easy during the week under review. Art silk yarns were subjected to renewed selling pressure which followed reports that the Government of India would shortly announce the revised scheme for export promotion of rayon fabrics, under which yarn would be supplied to manufacturer-exporter from a pool of imported yarn that is proposed to be established. It is said that foreign manufacturers are agreeable to the formation of a pool in Bombay. Under the existing scheme, which expires tomorrow, import licences are issued directly to manufacturer-exporters. There was, besides, a lull in the spot market. Amilan (20×1) June 1962 contract climbed down by Rs. 90 to Rs. 3,850. August contract slumped by Rs. 80 to Rs. 3,940. Spot National Rayons 120 Bt. cones 1st grade declined by 32 nP to Rs. 15.43. 150 Bt. cones 1st grade fell by 27 nP to Rs. 13.68. 120 denier and 150 denier Japan and Italy were dull at last week's levels.

The staple fibre section was weak, in view of larger selling by manufacturers in upcountry centres. 40×2 June and August contracts went down by Rs. 17 each to Rs. 690 and Rs. 710, respectively. Spot Kohinoors shed 22 nP to Rs. 7.70. Citys eased by 18 nP to Rs. 7.83 and Hinds by 11 nP to Rs. 7.77.

Cotton yarns were featureless. Operators took note of the Finance Minister's rejection of the plea for exempting cotton powerlooms from excise duty. 32 counts Maduras lost 50 nP to Rs. 30.50. 10 counts Podars were quiet at Rs. 17.50, as also 20 counts Podars at Rs. 21.75 and 40 counts T.T. Corins at Rs. 33.75.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	30-5-1962	23-5-1962
Art silk yarn—	Rs.	Rs.
20/1 Amilon (100 kg.)—		
June	3,850.00	3,940.00
August	3,940.00	4,020.00
(120 Japan (per 100 kg.) ..	2,205.00	2,205.00
150 Japan (per 100 kg.) ..	1,984.00	1,984.00
120 Italy (per 100 kg.) ..	1,902.00	1,902.00
150 Italy (per 100 kg.) ..	1,736.00	1,736.00
½ Nat. Ray. 150 Bt. 1 (per kg.) ..	13.68	13.95
Staple fibre yarn (40 × 2)—		
June	690.00	707.00
August	710.00	727.00
Kohinoor (per kg.)	7.70	7.92
Cotton yarn (per bundle of 10 lbs.)		
10s Podar	17.50	17.50
20s Podar	21.75	21.75
32s Madura	30.50	31.00
40s T. T. Corin	33.75	33.75
60s Mahindra	—	55.50

COTTON FUTURES DECLINE

(From Our Own Correspondent)

BOMBAY, *30th May*

Easy conditions prevailed in the cotton futures market during the week. There was persistent selling by both local and upcountry operators prompted presumably by hopes of an early start of the monsoon. The negotiations now going on between India and Pakistan for the supply to this country of 100,000 bales of Pakistan cotton against shipment of coal were bearishly interpreted because it was thought that, should they bear fruit, the shortage of medium-staple cotton would be considerably relieved. Under pressure of large-scale buying orders the Jarilla March 1963 contract sharply receded from Rs. 715 to Rs. 705.50 at the close yesterday. The market ruled fairly steady today and the contract finished at Rs. 709.25, showing a net loss of Rs. 5.75 over the week.

The trend of prices (in rupees) of the contract during the week is indicated below:

30-5-62	High	Low	23-5-62
709.25	714.50	705	715

The spot market at Sewri reported good mill demand for popular varieties such as 197/3, Vijay, Digvijay, Surti, Laxmi L.147 and Co2. However, as most of the mills had not received their last instalment of the quota for indigenous cotton, turnover was limited. Meanwhile, the Textile Commissioner has issued a warning to mills against purchasing cotton without a valid quota which, it has been pointed out, is an offence under the Cotton Control Order.

In the export section, some stray business was done in superfine Bengal Deshi. There is still a balance of over 10,000 bales to complete the last quota of 70,000 bales.

Demand for foreign cotton centred mainly round U.S. and Sudan, East African and Pakistan cotton.

The detailed procedure for allottment and licensing of the American cotton under the P.L. 480 agreement, signed on 17th May, has been announced by the Textile Commissioner. The quantity will be divided equally between the two staple categories, that is, 1.1/16" and above but below 1.3/16" and 1" and below but not less than 13/16". Thus the quantity available for allotment will be 1,10,000 bales (of 400 lbs. each) in each category. Cotton stapling 1.1/16" and above but below 1.3/16" will be allotted to mills on the basis of their consumption of cotton of similar stapling during the calendar year 1960. Cotton stapling 1" and below but not less than 13/16" will be allocated to mills to meet their shortage of medium and long-staple varieties. During the current year, the supply of indigenous cotton of these varieties was only to the extent of 85 per cent of their consumption in the season 1960-61. The supplies were, therefore, short of their requirements to the extent of 15 per cent. The purchase authorisation, under this P.L. 480 programme is subject to the condition that the entire quantity is shipped from the United States by 31st July 1962. The entire quantity of 2,20,000 bales has to be bought by India by end-July 1962.

The following are the latest available Spot quotations—in rupees per candy of 784 lbs.— from Sewri:

Bengal Deshi 689; Ganganagar 630; Hubli Laxmi 1,171; American 1" cotton (on sample) 1,200; Mwanza 1,115; Sudan XG2L 1,417.

Karachi cotton futures ruled firm during the week. N.T.R.G. May and July contracts rallied on keen mill and trade support, prompted by reports that India might purchase 100,000 bales of Pakistan cotton if present negotiations were to succeed. The former rose from Rs. 71.00 to Rs. 72.90 and the latter from Rs. 69.90 to Rs. 73.50. Towards the close, however, switchover of purchases from the May to the July contract resulted in a decline of the latter which finished at Rs. 70.80.

Cotton futures in Liverpool suffered a setback during the week. Values receded on selling by Commission Houses and local traders prompted by lower New York advices and the slow offtake in the yarn and piecegoods market. Both the American and American type contracts receded. Sudan contracts, however, ruled quietly steady. Prices remained unchanged.

The collapse of stock values on Wall Street and the general nervousness caused by it among investors adversely affected sentiment in the New York cotton futures market also. Futures values receded on selling prompted by the weakness of the stock market. The easiness of other commodity markets further accelerated the downward trend. Over the week, prices showed appreciable net changes. Spot prices however, ruled steady.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	29-5-62	22-5-62	14-5-62
New York spot	35.75	35.75	35.75
July	34.73	34.76	34.73
October	34.49	34.72	34.53
December	34.36	34.72	—

BLACK PEPPER QUIET

(From Our Own Correspondent)

BOMBAY, *30th May*

Malabar black pepper ruled quiet during the week, as New York withdrew as buyers, the majority of the dealers having gone out of the city for attending the yearly Convention. Spot in New York was marked down to $0.36½. Singapore, after last week's rapid rise, reacted, black pepper having gone down to Str.$117½ and white to Str.$145.

Ungarbled at the assembling centres in India was down to Rs. 309 and garbled to Rs. 315 and July delivery to Rs. 328. At the time of writing, however, the market improved, ungarbled having been done at Rs. 312½ and garbled at Rs. 322½. July delivery improved to Rs. 332-34.

The debacle on Wall Street on "Black Monday" failed to have any effect on pepper in New York, as the stocks are reported to be comparatively poor and consequently the dealers there are anxious to cover their requirements for the coming autumn, as, otherwise, they might miss the bus, in view of the scarcity of offers both from Singapore and India. As is usual in pepper, the growers at the origins become reserved once they see that the market is rising following anxious inquiries from New York and Europe. Prominent holder of Lampong at Singapore is not showing any anxiety to sell unless at his price, as the stock in the hands of second-hands are getting poorer and India is not pressing. The stock in consuming countries is considered insufficient and as such the dealers shall have to come to the market, if not now after a month or so. The deterioration in the political situation in Laos, Indonesia, India, Pakistan and China is a supporting factor.

Ready pepper in Bombay is nominally quoted at Rs. 170 per 50 kilos.

TEA EASIER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *24th May*

A total of 793,000 kgs. were offered in Sale No. 21 held on the 22nd inst. Quality in general showed a further seasonal decline. There were, however, a few Nilgiri invoices which were well maintained. The market opened to a useful demand, but eased off towards the close. Brighter low medium and medium brokens were easier by 10 to 15 nP. A few inferior varieties under this category, however, registered further declines. Corresponding fannings met with better support and were fully firm and sometimes dearer. There was fair support for good mediums, but these were generally easier by 25 nP and in some cases more. Highgrown brokens were irregularly easier except a few invoices where quality was maintained. Similar fannings met with strong inquiry and sold at around last rates. Clean black leaf descriptions were fully firm, with their fannings sometimes dearer. Although unorthodox descriptions sold readily, these inclined easier. A few legg-cut lines, however, sold well. There was good enquiry for whole leaf grades which were steady. Tippy teas on offer met with good support.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.90-4.20	4.40-4.55
Mediums	4.20-4.80	4.55-4.65
Good mediums	4.75-5.50	4.70-5.15
Nilgiri B.O.P.	4.50-6.20	4.55-5.80

The average price realised in sale No. 21 was Rs. 4.42 per kg. as against Rs. 4.59 a week ago and Rs. 4.58 in the corresponding sale last year.

Offering in dust sale No. 21 held today aggregated 463,000 kgs. The market met with good general demand. Low mediums and mediums evoked fair support, but these were easier by up to 30 nP. A few cleaner types under this category however were about steady. There was useful support for good mediums, but these also shared in the downward trend of the market. At the beginning of the sale, there was strong demand for highgrowns which were often dearer, but towards the close, there was a slightly easier tendency for these types. There was keen competition for C.T.Cs which were generally dearer, whilst C.T.C. types and legg-cut types met with less support and were a little easier. Milled and fibrous kinds sold readily at a discount. Clean black grainy descriptions sold at around last rates.

The average price realised in dust sale No. 21 was Rs. 3.35 per kg. as compared with Rs. 3.67 a week ago and Rs. 3.91 in the corresponding sale last year.

Colombo: This week's sale met with good demand. Best western and useful medium brokens were steady on last week's rates, whilst below best were dearer by 10 to 15 cents. Uvas were also slightly dearer with the exception of the plainest kinds which were lower.

London: North Indian and other growths: In Monday's auction there was good general demand. All descriptions were strong to dearer with the exception of the thin liquoring and stalky Africans and Argentines.

Ceylon and South Indians: 28,893 packages were offered in Tuesday's sale, of which 7,625 packages came from South India. There was useful demand with both Ceylons and South Indians selling at firm to dearer rates.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire as follows:

"Sale No. 22: 778,000 kgs. offered. Market opened with fair demand, but eased considerably towards close. Low medium and medium brokens upto 30 nP easier. Similar fannings 10 to 20 nP easier. Good mediums barely steady. Highgrowns easier. Unorthodox neglected."

OILSEEDS EASY

(From Our Own Correspondent)

BOMBAY, *30th May*

In distinct contrast to the firm tone that prevailed last week, oilseeds drifted lower during the week under review on persistent selling. Groundnuts were particularly depressed, thanks to easing monsoon and the prospects of larger arrivals from the South. There was, however, some recovery in the late sessions of the week on hopes of export promotion schemes for groundnut oil and linseed oil. Today, again the market experienced a sharp setback, following reports of the crash in the New York Stock Exchange, though in the evening, the sentiment improved on news that the New York stocks were staging a rally. A notable development of the week was the commencement of September 1962 contracts in groundnuts and groundnut oil on the 24th inst. Castorseeds were listless, with no encouraging inquiries for exports of castor oil. Linseed, too, ruled easy. Cottonseeds suffered a sharp fall in sympathy with raw cotton.

The Government of India has decided to allow drawback of customs and Central excise duties paid on materials used in the manufacture of copra cake (expeller or rotary) and deoiled cake. The rate of drawback is placed at Rs. 210 per metric tonne. This move did not have any perceptible effect on the market.

Groundnut July 1962 contract was hammered down from Rs. 212.37 to Rs. 203.87 by Monday and, after rising to Rs. 205.37, it slumped to Rs. 201.50 today before closing at Rs. 204.62. The net loss over the week was Rs. 7.75. September 1962 contract closed lower at Rs. 207.75, as compared with Rs. 214.37 on the opening day (Thursday). Nizam bold fell from Rs. 45.50 to Rs. 42.51 before winding finally at Rs. 43. Oil ex-mill lost 75 nP to Rs. 17.65 and railway receipts 65 nP to Rs. 17.45. Oil July contract eased by 35 nP to Rs. 17.65. May contract shed 25 nP to Rs. 17.30.

Castorseed September 1962 contract fell by Rs. 4 to Rs. 161.25. June 1962 contract declined by Rs. 2.87 to Rs. 161.75. Madras small and Kanpurs softened by 62 nP each to Rs. 32.25 and Rs. 31, respectively. Oil B.S.S. dropped 55 nP to Rs. 13.10. Oil Commercial lost a like amount to Rs. 12.60.

Linseed September 1962 contract gave way from Rs. 39.50 to Rs. 38.56. June 1962 contract receded by 44 nP to Rs. 38.31. Bold ready reacted by 62 nP to Rs. 37. Linseed oil was dull at Rs. 14.55.

Cottonseed September 1962 contract was marked down by Rs. 4.75 to Rs. 97.25. July contract fell by Rs. 3.50 to Rs. 96. White declined by Re. 1.25 to Rs. 19.75. Both non-white and Berar shed 50 nP each to Rs. 20.50.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 30th May as compared with those of the two previous weeks:

	30-5-1962	23-5-1962	16-5-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	208.37	208.37	203.62
July 1962	204.62	212.37	210.12
Nizam bold	43.00	45.50	43.25
Khandesh quality	43.50	45.75	44.00
Oil ex-mill ready*	17.65	18.40	18.05
Railway receipts*	17.45	18.10	17.85
Oil May 1962	17.30	17.55	17.15
Castorseed			
June 1962	161.75	164.62	164.87
September 1962	161.25	165.25	165.87
Madras	32.25	32.87	33.00
Ready Kanpur	31.00	31.62	32.00
Oil B.S.S.†	13.10	13.65	13.90
Oil commercial†	12.60	13.15	13.30
Linseed			
June 1962	38.31	38.75	37.75
September 1962	38.56	39.50	38.50
Bold ready	37.00	37.62	36.50
Oil ready†	14.55	14.55	14.45
Cottonseed July 1962 ..	96.00	99.50	99.50
N'gar seed	35.00	35.00	34.75
Kardi seed	25.50	25.50	25.00

* Rates include excise duty but exclude sales tax.

† Rates exclude both excise duty and sales tax.

N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

EXPORT TEAS FIRM

(From Our Own Correspondent)

CALCUTTA, *29th May*

The new season's second tea export sale was held here yesterday. The tone was almost firm, but as representative lots were not adequate, no quotations were issued. Bidding was hesitant, as buyers were waiting for more quality teas to come forward. Tea bookings were about normal during the week, but forward space for the Continent and the United Kingdom was difficult to obtain.

Tea stocks in the U.K. fell by one million lbs. to 128¾ million lbs. in the week ended 18th May, and this together with the continued high demand in London underlined the need of stockists there to replenish their stocks. During last week's sales

in Mincing Lane, North Indian teas were fully firm. Although North India's last crop rose by 66 million lbs., exports from this area to the United Kingdom recorded a sharp decline by 8.25 million lbs. Speaking in the Lok Sabha, Mr. Manubhai Shah, Minister for International Trade, was optimistic about India's ability to reverse the declining trend in tea exports. The Minister was obviously referring to the recent reduction in export duty. While the duty reduction would certainly help the industry, it is unfortunate that the Government should not realise that the days of levying a duty on exports have ended since long. The abolition of the duty alone would bring in the desired result, which is to capture the lost markets.

The industry is looking forward to Britain's projected entry into the European Common Market. For, with the proposed reduction in duties, India hopes to widen her market for tea. A recent survey had revealed that consumption of tea in West Germany was not rising in view of high taxes there, which amount to 20 deutsche marks a pound.

With the new excise levies on aluminium foils and plywood, the tea industry is in for a period of rising packaging costs. Despite increased production, the finances of the industry are in a deplorable state. Although in the 1961-62 season teas sold in both export as well as internal sales were higher, average prices realised were lower than in the previous season. Thus, while dusts sold for internal consumption rose from 759,129 to 964,427 packages, the average price realised was only Rs. 4.82 a kg. as against Rs. 5.19 a kg. Similarly, in the export auctions, packages sold numbered 2,272,870, recording a rise of 217,402 packages, but the price realised fell from Rs. 5.34 to Rs. 4.66 a kg. It is to be hoped that increase costs this year would be made good by increased output and a spread over a larger crop.

The majority of the gardens continue to suspect the outlook for plain teas. While the quality teas for export are assured of good demand (the export duty reduction is expected to stimulate foreign demand) the plain orthodox teas, representing a fourth of north India's production, have been faced with a declining market, as their prices abroad are much below the cost of production and at home consumers are going more for stronger liquoring C.T.C. teas. In the event of another bumper crop, it can easily be seen that prices of plain teas would slump.

With the growing tea habit in many Asian and African countries and the possibility of Britain's entry into the E.C.M. being followed by an increase in European consumption, it is unlikely that there would be any surplus problem in 1962. While such problem has been anticipated by the F.A.O. by 1966, tea trade circles dismiss the gloomy forecast. This year, both India and Pakistan anticipate a higher crop. In 1961-62, Pakistan's output increased by 40.5 per cent, or 17 million lbs., to 59 million lbs. Pakistan plans to increase the output to 80 million lbs. by 1970.

All is not well with the gardens in Indonesia, and the output is not expected to rise. The industry in Ceylon is also facing numerous problems, and, while generally the output has increased from year to year, it is apprehended that it may not do so this year. The overall rise in production is expected to be more or less equal to the rise in demand, and the poor carry-forward from the last season enhances the general expectation of good outlook. In 1961-62, India's offtake was estimated at 320 million lbs. which was higher by 54 million lbs. as compared to the previous season. However, considering that no stocks were carried over at the beginning of the 1961-62 season because of the drought of 1961, the trade upheld the earlier estimate of internal consumption of 300 million lbs. Despite the increase in excise duty, internal consumption is expected to rise further.

There was fair demand for dusts on offer during last week's sale for internal consumption, which amounted to 28,316 packages. Clean legg-cut teas were well supported, while the plainer fibrous ones were irregular and easier. An irregularly easier trend was also recorded in the plain orthodox varieties. Assams accounted for a decline of as much as 50 nP per kg. Good support was accorded to the clean leaf C.T.Cs. while fibrous teas eased. The quotations per one kg. (in rupees), inclusive of excise duty, were: Good Assam C.T.C. dust 6.10 to 6.40, medium Assam C.T.C. dust 5.60 to 5.80, legg-cut dust 3.90 to 4.10, medium Assam dust 3.50 to 3.80 and plain orthodox dust 3.00 to 3.20. Leaf on offer, amounting to 159 chests, gained in prices.

Offerings at yesterday's export sales were mainly Darjeelings and totalled 28,468 packages. Good support was accorded to C.T.C. teas and the lots possessing brighter liquors, and clean leaf appearances eclipsed fannings. Among Darjeelings, withdrawals were heavy, and the few flavoury teas realised prices well below valuations. Orthodox teas accounted for a decline of 10 nP to 20 nP a kg., best bright liquoring teas received greater attention, and B.O.Ps and fannings being most favoured.

JUTE GOODS MOVE UP

(From Our Own Correspondent)

CALCUTTA, *29th May*

As anticipated, the U.S. is now more active, and the support from this source during the week under review was reflected in prices for hessian being marked higher. U.S. buyers showed keen interest in forward positions. Covering demand developed as a result and speculators contributed their own share to push up prices. In comparison, demand for sacking was lower, with the result that the premium for ready goods disappeared completely. The report that Pakistan was quoting attractively low prices for cornsacks and so it was

Notice

THE SENDRA COAL COMPANY LIMITED

THE BOARD OF DIRECTORS HAS DECIDED to recommend to the forthcoming Annual General Meeting of the Members the following dividend for the year ended 31st December, 1961, subject to deduction of tax.

On the 128,400 issued Ordinary Shares at 3½ per cent per annum.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LIMITED,
Secretaries.

CHARTERED BANK BUILDINGS,
CALCUTTA, *24th May*, 1962.

able to get substantial business from Australia during the week was noted with concern. Firm advices from the burlap market of New York were an inspiration to stockists of hessian, and the sharp rise in prices there was attributed to the hold-up of shipments from the Calcutta port due to the recent pilots' strike. Importers at New York were unable to meet buying orders in full for lack of adequate stocks. It was stated that, had it not been for resistance offered by buyers, prices at New York would have gone up further. The publication of details relating to April production was also a bullish factor, since the overall output at 97,000 tonnes was lower by 800 tonnes as compared with March. Output in hessian was only 37,000 tonnes, showing a fall of 1,400 tonnes; sacking at 45,000 tonnes accounted for a decline of only 200 tonnes, while miscellaneous constructions improved by 800 tonnes at 15,000 tonnes. The fact that, despite good demand, hessian production showed a much greater decline than heavy goods had been due to the poor availability of fibre fit for hessian. On the other hand, inferior types of fibre, which can be only utilised in the manufacture of heavy goods, are in abundant stock with mills.

Steadier conditions were in evidence in the fibre market during the week, thanks to a fall in arrivals. This was indicative of the fact that old fibre still awaiting marketing was not much. Sellers were reserved and demanded higher prices. Mills were active buyers. The greater support now being accorded by the Buffer Stock Association was also a factor leading to prices in upcountry rising to above Calcutta's parity. After a meeting of the Committee of the Buffer Stock Association held here late last week, it was announced that a fresh quota of 250,000 maunds was being released for purchase by the Association. The value of this quantity would be approximately Rs. 60 lakhs. Purchases by the Association had already aggregated 750,000 maunds valued at about Rs. 2 crores. Now that formalities with the State Bank of India with regard to the financing of buffer stock purchases have been completed, payment for the earlier purchases are being made. With the possibility of a decline in acreage under jute now being sown, it may be said that the worst phase of the declining fibre prices has practically ended. Contrary to earlier expectations that there would be no demand for India's inferior fibre in overseas countries, inquiries have been received for these varieties from several countries. This is also a reason for the steady trend in fibre prices during the week. The Government has already increased the export quota by another 100,000 bales. Since all these desiring to export would be permitted to do so within the overall quota of 200,000 bales, the mesta varieties, which can be exported, drew good attention of buyers. Since prices are much lower in Pakistan, it cannot be that the West European countries would buy fibre from India at the existing Calcutta rates. However, the same cannot be said with regard to Communist countries which have rupee funds blocked in India.

After the recent sowings, there had been no rains, and this is now becoming a matter of anxiety. If rains are delayed, there is the apprehension that the crop would be late, and recourse to re-sowing may have to be taken in areas where young plants may have dried up. Note was taken of the hope expressed by Mr. S. K. Patil, the Union Minister for Food and Agriculture, that fibre prices would rule at a point somewhat higher than the agreed minimum of Rs. 30 a maund. In fact, this week's trend also strengthens that hope. While all concerned would readily agree that farmers must be ensured of fair prices, it should be kept in mind that prices should not move up to such a level as to encourage substitutes and producers in other competing countries. It is to be hoped that the committee of Congress M.Ps from the Jute-growing States, which has been formed to advise the Agriculture Minister at the party level in the matter of minimum prices, would examine all aspects before determining the quantum of a fair price.

While the mills are as earnest as the Government to ensure fair prices to farmers, they do not agree that prices at any time this season have been lower than cost of production. Actually, increased production should lower costs and raise profits. It is to be doubted if the Government's decision to export fibre has been made on examining all factors. First, a fall in acreage is anticipated, and the crop would surely be lower than the last one. Secondly, in view of the decision by mills to increase spinning capacity and the greater demand for jute goods for both internal consumption and export, the mills would require to consume more fibre. Thirdly, fibre that India is exporting would lead to loss of business in goods with overseas countries to that extent. Thus, it would be better if this year's surplus could be retained within the country. However, the decision to export fibre is now irrecoverable, since commitments have already been made with foreign buyers. May/June fibre was quoted as follows:

Assam bottoms Rs. 30 per maund, Northern Bottoms Rs. 29.50, and daissee bottoms Rs. 32.00.

On Tuesday last, forward rates for hessian 40" 10 oz. advanced following keen inquiries from the U.S. for delivery up to February next. At Rs. 49.50 Oct.-Dec. hessian 40" 10 oz. gained 50 nP. Reports of active conditions in the U.S. burlap market also led to steadiness. However, there were no inquiries for ready B. twills, which, therefore, eased from Rs. 125.75 to Rs. 125.25. Inquiries for hessian from the U.S. realeased a fresh wave of speculative support and, on Wednesday, this was reflected in ready hessian 40" 10 oz. scoring by Re. 1.25 to Rs. 56.25. B. twills were unchanged and quiet at Rs. 125.25, with no squeeze for ready goods and consequent elimination of premium. On Thursday, business passing was limited, but since speculators were "active hessian 40" 10 oz. added a further gain at Rs. 56.75. In sympathy, B. twills closed firmer at Rs. 125.75. Business with the U.S. soon followed and, though it was of a scattered nature, the volume was adequate to push up the price to Rs. 57. With no demand, the firmness in B. twills could not be maintained, and the quotation eased to Rs. 125.50. Over the week-end, excepting for some covering business, there was little activity. B. twills eased to Rs. 125, but ready hessian 40" 10 oz. was unchanged at Rs. 57.00. Prices yesterday were maintained at these levels, and the overseas inquiries for non-standard constructions were a feature. Overseas inquiries for hessian were subdued, but local buying of both ready as well as forward goods maintained the quotations at unchanged levels.

METALS QUIET

(From Our Own Correspondent)

CALCUTTA, *29th May*

Trading was quiet in the local metal market during the week under review. Excepting copper, *other metals on the London Metal Exchange recorded an easier tone.* Confusion exists as to the procedure which manufacturers of excisable copper and brass semis should follow for applying for rebate of excise duty of Rs. 100 per metric ton which has been levied on copper ingots, if production of the former is from the latter. No mention has been made with regard to production of semis from copper scrap, but it is to be presumed that production from scrap is also eligible for the rebate, since scrap can result only from duty-paid ingots. Another presumption is that the rebate on brass semis would not be at the rate of Rs. 100 per metric ton, but only in proportion to the copper content. The claim for refund is applicable from 23rd April. Manufacturers are desirous of knowing whether this claim for the rebate could be made on production from import-duty-paid copper ingots imported before 23rd April.

During the week, spot copper opened at £234 a ton on the London Metal Exchange, but soon firmed up to £234½. On the other hand, the forward metal received little attention and this was reflected in the price declining from £232½ to £231½ a ton. In Calcutta, copper scrap supplies continued tight and the metal was fully firm. Tin, in London, closed at £919 a ton, after being done at £916 against £920 earlier in the week. Locally, tin was quiet at Rs. 1,669.25 per 100 kgs. Zinc softened further due to lack of buying support against the background of shortage of copper. In London, the metal eased from £68¾ a ton to £67¾.

DELHI LETTER

(Concluded from page 982)

trading policies that the menacing effects of the European Common Market can be overcome. India's declared effort to boost her export earnings in the decade of the sixties is recognised to be an uphill task, unless Indian industries can be persuaded or coerced into exporting despite the huge attractions of the home market.

It is also pointed out in Delhi that, for example, France is gaining a bigger stake in trade with India. India has been a market for French fighter planes and now France hopes to sell passenger airliners and helicopters to India which is also a potential market for other sophisticated French capital goods. Britain as a suppliant before Europe is not in a strong position today. India hopes to use the vested interests in trade which France will develop in the coming years to make dents in the European wall. Germany is considered a harder nut.

Even if some of the British proposals fall to the ground in Brussels, India's strategy will be to go on patiently with efforts to open up Europe. In these endeavours the impression in Delhi is that Soviet and American policies will play as much part as the efforts of the Commonwealth countries distressed over Britain's coming entry into Europe.

Shortfall in Synthetic Rubber

The Planning Commission and the Commerce and Industry Ministry have come to the conclusion that synthetic rubber is one of the various industrial products in which there will be a shortfall. The target of 50,000 tons is unlikely to be achieved during the current Plan. Work has begun only on the Bareilly factory with 30,000 tons annual capacity; foreign exchange and collaborators have yet to be found for the balance of 20,000 tons.

The estimates of demand for raw rubber in the country are also under revision. From less than 23,000 tons in 1951, rubber consumption rose to nearly 64,000 tons in 1961 and, this year, the demand will be at least 72,000 tons. The breakup of the current year's rubber demand is 48,000 tons natural, 18,000 tons synthetic and the balance reclaimed. The import of natural and synthetic rubber this year is expected to total about 48,000 tons. But next year, with the Bareilly factory going into production there will be a quick drop in the rubber imports. But this reduction will be temporary, because, by the end of the third Plan, the demand for rubber will total more than 140,000 tons, as against the original third Plan estimate of less than 100,000 tons. With indigenous production of 40,000 tons of natural rubber, 30,000 tons of synthetic and 10,000 tons of reclaimed, by 1965-66, the imports will go up to 60,000 tons.

The spurt in demand stems from the expansion of the tyre industry far beyond the levels first envisaged in the third Plan. The initial target was to raise automobile tyre capacity from 1.67 million to 3.7 million and actual production from 1.35 million tyres to three million a year. But even before the end of the first year of the third Plan, the capacity licensed for tyre units aggregates 3.94 million tyres a year. The present plans are to increase the capacity to 5.2 million tyres a year.

COTTON

(Concluded from page 986)

trend towards foam rubber in automobile upholstery and mattresses. This has been particularly evident in the United States and Western Europe, where the largest proportionate displacement has taken place over the past decade. More recently, the same trend has appeared in Japan. The marked switch away from harsh short-staples has its origin in the early post-Korean years when export availabilities were barely adequate and, at times, inadequate, to meet demand. Prices rose to exceptional levels, and traditional users began to look for suitable substitutes, such as rayon, synthetics, and cotton waste. Once the changeover had been accomplished and public acceptance of a slightly different product had been assured, there was less incentive to return to the use of harsh short-staples and, to this extent, therefore, the loss may be a permanent one. This aspect has been typical of the United States, and Western Europe. During this period of transition and in complete contrast to the situation in other countries, consumption in non-mill uses in Japan rose spectacularly up to 1958-59. As noted earlier, however, the pendulum has now swung the other way and non-mill consumption has turned down sharply.

Producing countries, for their part, have been striving to improve these short-staple varieties without loss of the desirable, harsh, characteristics of the fibre, and to attain better yields in order to compete for land with the higher-yielding longer staples. A large majority of the traditional users, basically prefer these cottons to competing materials, but in most cases, uncertainty of supplies and price considerations have been the prime motivations in switching to other fibres or materials. The continuing encroachment of rayon and synthetics in fields once the exclusive domain of harsh Asiatic cottons accentuates the need for promotional efforts but, so far, little actual promotion work has been done. While there will probably always be a certain minimum demand, the long-term outlook can hardly be described as promising. Experience of the past indicates that when long-established markets for harsh short-staples have been lost, they generally have not been regained. With the exception of sporadic shipments to Mainland China and Eastern Europe—usually through barter arrangements—no really new markets have been created. A vigorous promotion campaign, coupled with assurances of adequate supplies and stable prices, could do much to revive interest in these cottons and possibly reverse the growing trend towards rayon and synthetic substitution.

GUEST, KEEN, WILLIAMS, LIMITED

(Concluded from page 992)

rather than by the hope of immediate monetary gain. This obligation your Company is constantly striving to fulfil, and it will be the endeavour of your Directors to ensure that the Company is progressively more able to contribute to, and share in, the expanding prosperity of our country.

The successful working of an organisation such as ours depends on the loyal and co-operative effort of its personnel. I am happy to say that the staff and all employees of your Company have maintained their tradition of loyal service, and I should like to thank them, on behalf of us all, for their continued good work."

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

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 25th May, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	49,00,89,000
(2) Other Governments	15,88,91,000
(b) Banks	89,11,74,000
(c) Others	150,65,92,000
Bills Payable	37,37,01,000
Other Liabilities	71,85,49,000
Rupees	554,89,99,000

ASSETS	Rs.
Notes	41,63,60,000
Rupee Coin	2,21,000
Subsidiary Coin	2,95,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	63,48,20,000
Balances held abroad*	6 11,80,000
Loans and Advances to Governments†	104 17,92,000
Other Loans and Advances	121 73,92,000
Investments	180,30,99,000
Other Assets	37,36,30,000
Rupees	554,89,99,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs 3,73,60,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	41,63,60,000	
Notes in circulation	2121,84,55,000	
Total Notes issued		2163,48,15,000
Total Liabilities		2163,48,15,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,04,000	
(b) Held outside India		
Foreign Securities	96,50,07,000	
Total of A		214,26,11,000
B. Rupee Coin		114,85,26,000
Government of India Rupee Securities		1834,36,78,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2163,48,15,000

State Bank of India

Statement of Affairs for the week ended 25th May, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		82,00,00,000
Borrowings from Other Banking Companies, Agents, etc.		575,62,25,000
Bills Payable		24,00,000
Bills for Collection being Bills receivable as per contra		12,00,88,000
Acceptances, Endorsements and Other Obligations per contra		2,64,38,000
Other Liabilities (including Inter-Office Adjustments)		7,03,35,000
Total .. Rs.		7,28,46,000
		618,70,83,000

PROPERTY AND ASSETS‡	Rs.	Rs.
Cash in hand and with Reserve Bank		22,04,12,000
Balances with other Banks		2,52,45,000
Money at Call and Short Notice		3,06,67,000
INVESTMENTS—		
Government and other Trustee Securities	237,68,12,000	
Other Authorised Investments	9,07,11,000	
		246,75,23,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	277,23,38,000	
Bills Discounted and Purchased	17,01,21,000	
		294,26,59,000
Bills Receivable being Bills fo Collection as per contra		2,64,38,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		7,03,35,000
Premises less Depreciation		1,93,08,000
Furniture and Fixtures less Depreciation		1,53,28,000
Other Assets (including Inter-Office Adjustments)		36,91,68,000
Total .. Rs.		618,70,83,000

State Bank of Pakistan

Statement of Affairs for the week ended 18th May, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	13,97,44,000
(b) Provincial Governments	4,51,24,000
(c) Banks	23,47,75,000
(d) Others	97,69,44,000
Bills Payable	31,76,000
Other Liabilities	22,17,18,000
Rupees	176,79,81,000

ASSETS	Rs.
Notes	11,51,64,000
Rupee Coin	15,000
Subsidiary Coin	31,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	31,71,94,000
Loans and Advances to Governments	0,21,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	61,10,91,000
Investments	53,98,74,000
Other Assets	12,25,12,000
Rupees	176,79,81,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	11,51,64,000	
Notes in circulation	381,55,00,000	
Total Notes issued		393,06,73,000
Total Liabilities		393,06,73,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	65,87,94,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	133,90,02,000
B. Rupee Coin	2,79,85,000	
Government of Pakistan Securities	250,46,80,000	
Internal bills of exchange and other commercial paper	....	253,26,65,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	5,90,06,000
Total Assets	....	393,06,73,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 36.49 per cent.

EXCHANGE RATES

	30th May 1962	23rd May 1962
London on New York S. per Dollar	2.8099-2.8102	2.8120-2.8123
New York on London Cents per £	281.010-281.040	281.200-281.420
London on Paris .. .. Fcs.	13.7650-13.7670	13.7765-13.7785
London on Berne .. Sw. Fcs.	12.1230-12.1250	10.1055-10.1075
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. .. s.	1-5 1/32	1-5 1/32
Buyers D.D. .. .. .. s.	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. .. Rs.	476.50	476.00
Buyers T.T. .. .. Rs.	473.00	472.75
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	439.25	439.50
Buyers T.T.	431.50	431.75
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.70	102.80
Buyers T.T.	103.80	103.90
Swiss Francs—		
Sellers T.T. D.D.	90.40	90.60
Buyers T.T.	91.40	91.60
Deutsche Marks—		
Sellers T.T. D.D.	83.60	83.90
Buyers T.T.	84.60	84.80
Italian Lire—		
Sellers T.T. D.D.	12,990	13,005
Buyers T.T.	13,165	13,180
Swedish Kroner—		
Sellers T.T. D.D.	107.90	108.00
Buyers T.T.	109.00	109.10
Belgian Francs—		
Sellers T.T. D.D.	1,040	1,042
Buyers T.T.	1,056	1,056
Dutch Guilders—		
Sellers T.T. D.D.	75.30	75.40
Buyers T.T.	76.10	76.20
Hongkong Dollars—		
Sellers T.T. D.D.	119.90	119.90
Buyers T.T.	120.90	120.90

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	18-5-62	11-5-62	19-5-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	50,85	50,16	48,27
(ii) From others	778,37	776,91	703,27
(b) Borrowings from banks	29,49	27,13	31,80
(c) Others	59,43	58,72	54,55
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	19,17	18,96	17,91
(ii) From others	1,190,83	1,188,42	1,055,90
(b) Borrowings from banks	12,87	12,49	15,30
(c) Others	10,09	10,08	22,73
3. Aggregate deposits [(i) (a) (ii) + 2 (a) (ii)]	1,969,19	1,965,33	1,759,17
4. Borrowings from Reserve Bank	12,48	21,98	30,12
(a) Against usance bills and/or promissory notes	6,98	11,21	16,27
(b) Others	5,66	10,76	13,85
5. Borrowings from State Bank and/or a notified Bank	19,29	20,25	12,31
6. Cash	53,79	52,59	47,72
7. Balances with Reserve Bank	86,17	82,92	70,56
8. Cash and balances with Reserve Bank	139,97	135,50	118,28
9. 8 as per cent of 3	7,11	6,89	6,72
10. Balance with other banks in current account	17,83	17,22	15,14
11. Money at call and short notice	49,94	50,86	49,09
12. Investments in Government securities	570,44	574,77	543,31
13. 12 as per cent of 3	28,97	29,25	30,88
14. Advances—			
(a) Loans, cash credits and overdrafts	1,212,87	1,212,94	1,095,84
(b) Due from banks	5,18	5,55	7,65
15. Inland bills purchased and discounted	174,46	176,34	142,87
16. Foreign bills purchased and discounted	45,17	46,89	40,74
17. Total Bank Credit [15 (a) + 16 + 17]	1,432,50	1,436,17	1,285,45
18. 17 as per cent of 3	72,75	73,07	73,07

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	12th May 1962	5th May 1962	13th May 1961	March 1962	March 1961	Percentage of Increase (+) or Decrease (−) in March 1962 as compared with March 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	123.8	122.1	117 6	119.2	117.5	+ 1 4	118 5	120.2 P
Cereals	192	103 8	103.8	99 5	102.2	100.2	+ 2 0	101 6	105.3
Pulses	43	90 0	95.8	87 1	94.1	92-8	+ 1 4	91 2	96.8
Fruits and Vegetables	23	134 6	140.2	119 6	132 9	108.4	+22 6	131 3	121.1 P
Milk and Ghee	84	131 8	124.6	116.5	118 8	115.8	+ 2 6	118 1	118.5
Edible Oils	47	151 5	152.9	160 3	153 0	169.8	— 6 6	168 2	148.6
Fish, Eggs and Meat	17	129 1	132.2	127 3	141 7	123 6	+14 6	131 0	121.1
Sugar and Gur	45	128-9	128.8	121 1	120.2	117.3	+ 2.5	120 7	130.6
Others	50	160 6	160.7	167 0	159.2	166.8	— 4.6	172.9	168.4 P
Liquor and Tobacco	21	99.8	99.8	113 4	99.8	113 4	—12.0	103.8	106.4
Tobacco	20	102.4	101.1	105 4	96.3	110.7	—13 0	100 6	104.8
Fuel, Power, Light and Lubricants	155	122 3	122.4	121.6	123.1	121.9	+ 1 0	121 8	118.5 P
Industrial Raw Materials	61	136 8	135.8	158.9	158.3	159.1	—14 4	147 7	138.3
Fibres	60	129 6	126.5	168 3	128.5	176.9	—27 4	150 0	139.3
Oilseeds	2	149 6	150.9	157 2	149.3	159.7	— 6.5	157 8	144.9
Minerals	32	93 8*	93.8	95 2*	94.5	96.2	— 0.7	95.1	97.6
Others	196	127 2	126.8	128 0*	129.1	128.3	+ 0 6	127 9	129.0
Manufacture	41	126 9	126.4	127.2	126.4	129.7	— 2.5	127 6	126.6
Intermediate Products	349	136 8	136.3	136 9	135.5	137.3	— 1 3	138 4	127.1
Finished Products	147	125.5	125.3	125 6	125.8	128.4	— 2.7	126 5	125.5
Textiles		124.7	124.6	129 0	125.2	134.0	— 6.6	127.7	121.2
Cotton		128.6*	126.6*	127.7*	122.2	126.8	+ 1.1	127.5	127.5
Jute		112 3	112.3*	139 2	117.4	161.6	—27.4	133.9	115.2
Woollen		127 5*	127.5*	116 6*	125.4	110.1	+13.9	119.0	107.6
Silk and Rayon		129 0	129.0*	115.6	126.5	117.1	+ 8.0	118.4	108.6
Metal Products	12	158.2	158.2	151 4	153.0	151.2	+ 0.5	147.1	147.9
Chemicals	20	112 6	112.2	107 1	112.0	105.1	+ 7.1	108.7	104.7
Oilcakes	10	151 0	151.0	142 7	149.0	145.4	+ 2.5	146.3	140.2
Machinery and Transport Equipment	31	117.5	117.5	112.7	116.3	113.6	+ 2.3	113.6	110.7
Others	30	124 8	124.2	119 2	122 1	118.6	+ 3 0	120.3	116 0
All Commodities	1.000	125.9	125.1	125.0	123.6	127.5	— 3 1	125.8	122.9 P

Note:— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised * Estimated.

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 19th May 1962 P	12th April 1962	14th April 1962	13th May 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.6	100.6	100.6	101.1
2. Government of India	100.5	100.5	100.5	101.0
3. State Government	102.0	102.0	102.0	101.9
4. Municipal, Port Trust, etc.	99.1	99.1	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	100.9	101.0	101.0	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.5	82.5	82.4	84.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	195.5	195.1	192.7	179.2
8. *Agriculture and Allied Activities : Total**	168.4	165.9	162 5	171.9
9. Tea Plantations	157.8	158.1	155.2	167.5
10. Coffee Plantations	180.7	159.2	154.8	180.1
11. Rubber Plantations	170.5	169.6	169.7	170.6
12. *Mining and Quarrying : Total*	165.0	164.5	158.3	165.1
13. Coal	128 4	127 8	115.5	129.3
14. Other Mining	190 1	189.7	187.6	189.6
15. *Processing and Manufacturing : Total*	218.9			
	224 0	213.5	210.7	193.5
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	143.1	224.5	224.1	197.1
17. Sugar	196.4	143.3	143.7	169.4
18. Cotton Textiles	196.6	196.7	199.8	162.8
19. Jute Textiles	1306.4	106.3	106.2	91.1
20. Silk and Woollen		1320.9	1274.4	1147.7
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	214.8	212.7	205.8	205.8
22. Iron and Steel	166.6	164.2	157.9	171.1
23. Transport Equipment	401.9	403.0	396.9	403.1
24. Electrical Machinery	180.9	179.8	176.5	162.7
25. Machinery other than Transport and Electrical	253 4	250 4	238.1	218.5
26. Basic Industrial Chemicals	206.4	207 1	206.3	218.3
27. *Processing and Mfg. (Others): Total**	161 6	161.7	178.8	159.8
28. Cement	169.6	169.6	165.2	141.9
29. Paper	232 0	231.4	229.7	209.3
30. *Other Industries : Total**	117.0	116.3	115.7	108.3
31. Electricity Generation and Supply	86.8	86.6	86 5	80.2
32. Trading	131 1	132.8	126.5	126.3
33. Shipping and Other Transport	99.7	98.7	96.5	100.5
34. Construction	319.5	308.8	299.5	278.0
35. *Financial : Total*	217.7	217.5	220.7	190.9
36. Banks	244.9	245.0	250.6	214.2
37. Insurance	168.8	167.4	163.0	146.0
38. Investment Trusts	94.0	94.0	93.1	91.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	204.2	206.0	200 9	185.6
40. Calcutta	181.1	180 3	178.2	165 7
41. Madras	202.2	202.1	203.4	192.2
42. Delhi	256.2	257.1	253 6	230.0

* Including Miscellaneous. † Including Edible and Vegetable Oils.
P—Provisional.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Bombay Inland—		
Cotton Receipts	Week ended 24th May, 1962*	10,156(J)
	Corresponding week, 1961	90,509(J)
	1st Sept. to 24th May, 1961-62	1,551,264*
	Corresponding period, 1960-61	1,982,948*
Cotton Exports	Week ended 24th May, 1962	5,255
	Corresponding week, 1961	7,492
	1st Sept. to 24th May, 1961-62	275,897
	Corresponding period, 1960-61	244,263
Mill Consumption (Estimated)	1st Sept. to 24th May, 1961-62	981,134
	Corresponding period, 1960-61	921,370
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 24th May, 1962	628,742
	Corresponding date, 1961	653,531
		In Bales of 392 lbs. nett.
Consumption of Cotton— Indian	January, 1962	401,040
Foreign		90,174
Indian	Five months ended Jan., 1961-62	1,947,509
Foreign		468,967
Indian	Same Period, 1960-61	1,640,193
Foreign		544,674
Stocks (Mills and Elsewhere)— Indian	As on 31st Jan., 1962	1,076,491
Foreign		301,417
Indian	As on 31st Jan., 1961	987,795
Foreign		327,811

Particulars		From 1st Sept. to 28th May 1961-62 In Bales of 180 Kilograms	From 1st Sept. to 28th May 1960-61 In Bales of 180 Kilograms
From Bombay Cotton Shipments to—			
United Kingdom	..	2,959	2,295
Continent	..	20,598	12,583
Hongkong	..	11,322	10,066
China	..	—	67
Japan	..	131,940	143,015
U.S.A.	..	17,499	3,887
Other countries	..	517	240
Total to all foreign countries	..	184,835	172,153
Coastal Ports	..	93,228 (a)	77,738 (b)
Total	..	278,063	249,891

Particulars			(Bales of 180 Kgs.)
Cotton Exports from Bombay (by sea)	During March, 1962	..	26,934
	During March, 1961	..	34,120
	1st Sept. to 31st Mar., 1962	..	139,387
	1st Sept. to 31st Mar., 1961	..	102,381
			(Bales of 392 lbs.)
Cotton Pressed in India † (In running bales)	Week ended 11th May, 1962	..	29,773
	Corresponding week, 1961	..	68,736
	1st Sept. to 11th May, 1961-62	..	2,316,403
	Corresponding period, 1960-61	..	3,772,879
Karachi (Pakistan)— Receipts	1st Sept. to 3rd May, 1961-62	..	963 644
	Corresponding period, 1960-61	..	829,926
Exports	1st Sept. to 3rd May, 1961-62	..	468,981
	Corresponding period, 1960-61	..	431,797

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. (b) From Sept. 1960 to April, 1961. (a) From Sept. 1961 to Mar., 1962.
— Not Received. A-Adjusted.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1936-39	116,17,48,000	1963-65	98 65
3 % Loan	1950	99,33,10,000	1964	96 65
3 % Fg. Loan	1943	1,10,11,78,000	1966-68	96 30
3 % Dev. Loan	1945	1,15,05,83,000	1970-75	89 65
2½ % Loan	1946	14,77,48,000	1976	82 50
2½ % Loan	1947	75,86,72,000	1952	99 30
2½ % N. P. Loan	1954	1,58,17,94,000	1964	99 65
2½ % N. P. Bonds (2nd Series)	1955	1,58,67,92,000	1965	99 65
2½ % Loan	1956	1,07,27,36,000	1962	99 90
2½ % N. P. Bonds	1956	1,03,81,85,000	1967	98 80
2½ % Loan	1946	86,68,58,000	1974	99 25
2½ % N. P. Bonds (4th Series)	1957	56,99,80,000	1967	99 85
4 % Loan	1957	49,17,27,000	1972	100 20
2½ % Loan	1958	88,05,92,000	1968	99 95
2½ % Loan	1958	70,00,00,000	1966	98 60
2½ % Loan N.P.B.	1958	84,53,90,000	1968	99 85
4 % Loan	1958	49,61,44,000	1972	100 20
2½ % Loan	1959	1,47,90,93,000	1969	99 25
4 % Loan	1959	81,06,39,000	1979	99 80
4 % Loan	1960	99,48,000	1980	99 25
3½ % Loan	1960	82,65,41,000	1966	99 65
4 % Loan	1961	65,63,00,000	1981	98 50
NON-TERMINABLE LOANS				
3 % Loan	(1896-97)	8,93,25,000	M.	70 50
3 % Loan	1948	2,65,91,85,000	K.	71 00
STATE LOANS				
4 % Andhra	1955	5,00,16,000	1st Sept. 1967	98 25
4 % Andhra	1956	6,66,15,000	3rd Sept. 1968	98 25
4½ % Andhra	1958	8,48,92,000	15th July 1970	98 50
4 % Andhra	1959	10,67,75,000	19th Aug. 1971	97 75
4 % Andhra	1960	9,85,55,000	29th Aug. 1969	98 25
4½ % Andhra	1961	11,00,00,000	Sept. 1972	98 25
5 % Maharastra	1949	5,90,97,000	1st Aug. 1965	100 00
3½ % Maharastra	1951	3,78,41,000	17th Sept. 1963	100 00
4 % Maharastra	1958	5,02,55,000	15th July 1968	100 00
4 % Maharastra	1952	3,34,33,000	1st Aug. 1964	100 00
4 % Maharastra	1955	4,41,35,000	1st Sept. 1967	99 25
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	99 10
4½ % Maharastra	1957	6,47,37,000	16th Sept. 1969	100 25
4½ % Maharastra	1958	6,48,25,000	15th July 1970	100 25
4½ % Maharastra	1959	5,91,46,000	19th Aug. 1971	100 25
4 % Maharastra	1959	6,68,14,000	19th Aug. 1971	99 25
4 % Maharastra	1960	10,98,86,000	29th Aug. 1969	99 25
4½ % Maharastra	1961	10,77,00,000	Sept. 1972	99 90
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98 00
4 % Bihar	1956	2,18,41,000	3rd Sept. 1968	98 00
4 % Bihar	1958	2,76,71,000	15th Oct. 1970	98 35
4½ % Bihar	1959	3,32,22,000	19th Aug. 1971	97 75
4 % Bihar	1960	3,32,22,000	29th Aug. 1969	97 75
4½ % Bihar	1961	3,30,00,000	Sept. 1972	98 35
4 % Gujarat	1960	5,49,22,000	29th Aug. 1969	99 20
4½ % Gujarat	1961	6,07,00,000	Sept. 1972	99 85
3½ % Howrah Bridge (New)	1936-37	1,95,96,700	1956-66	94 50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98 50
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98 25
4½ % Madras	1951	3,01,49,200	17th Sept. 1963	98 75
4 % Madras	1958	10,32,71,000	15th July 1968	100.00
4 % Madras	1955	5,24,91,200	1st Aug. 1964	99.75
4 % Madras	1956	10,47,17,000	1st Sept. 1967	98 50
4 % Madras	1956	12,53,56,000	3rd Sept. 1968	98 50
4½ % Madras	1958	5,44,57,000	15th July 1970	98.30
4 % Madras	1958	5,72,72,000	19th Aug. 1971	97.90
4 % Madras	1960	12,20,45,000	29th Aug. 1969	98 25
4½ % Madras	1961	10,50,00,000	Sept. 1972	98.50
4 % Mysore(J)	1955	2,95,85,200	1st Dec. 1955-65	100.50
4 % Mysore	1955	3,33,47,000	15th July 1965	100.00
4 % Mysore	1956	1,54,54,000	1st Sept. 1967	98 50
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.25
4½ % Mysore	1957	3,34,36,000	16th Sept. 1969	98.50
4½ % Mysore	1958	5,51,62,000	15th July 1970	98 50
4 % Mysore	1959	5,42,46,000	19th Aug. 1971	97.85
4 % Mysore	1960	4,37,73,000	29th Aug. 1969	98 25
4½ % Mysore	1961	7,48,00,000	Sept. 1972	98 50
3 % M.P.	1948	2,05,29,000	15th Sept. 1964	96.80
3½ % M.P.	1944	1,02,18,100	17th Sept. 1962	100 00
4 % M.P.	1953	1,10,18,000	15th July 1963	99 75
4 % M.P.	1955	1,83,12,000	1st Sept. 1967	98.00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.00
4½ % M.P.	1958	2,21,35,000	15th July 1970	98 35
4 % M.P.	1959	3,28,25,000	19th Aug. 1971	97.75
4 % M.P.	1960	5,16,25,000	29th Aug. 1969	97.75
4½ % M.P.	1961	5,04,00,000	Sept. 1972	98 35
4 % Saurashtra	1955	2,45,39,000	1st Sept. 1967	98 50
4 % Saurashtra	1956	2,52,56,000	3rd Sept. 1968	98.25
4 % Kerala	1953	3,25,81,000	15th July 1963	99 15
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98 00
4 % Kerala	1958	3,27,10,000	15th July 1970	98 25
4 % Kerala	1959	3,47,05,000	19th Aug. 1971	97.75
4 % Kerala	1960	4,00,00,000	29th Aug. 1969	98 00
4½ % Kerala	1961	4,94,00,000	Sept. 1972	98 00
2½ % U.P.S.A.	1953	44,96,96,000		44.00
2½ % U.P.	1954	1,54,30,000	15th Sept. 1961-66	92 75
3½ % U.P.	1961	1,32,99,000	17th Sept. 1962	100.00
4 % U.P.	1962	5,92,14,000	1st Aug. 1967	99.90
4 % U.P.	1958	5,58,25,000	15th July 1968	100.00
4 % U.P.	1955	9,10,71,000	1st Sept. 1967	98 50
4 % U.P.	1956	8,48,28,000	3rd Sept. 1968	98 50

PORT TRUST LOANS

Amount	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				
58,50,000	4	1904	1964	
58,50,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1968	97.00
40,00,000	4	1908	1970	
66,00,000	4	1910	1971	
75,00,000	4	1911	1972	
50,00,000	4	1912	1973	
1,10,00,000	4	1913*	1950	D
14,85,878	4	1913*	1974	95.00
80,00,000	4	1913	1974	95.00
88,25,000	4	1914	1976	
10,00,000	4	1915*	1950	
55,00,000	4	1915*	1975	
12,50,000	4½	1925*	1965	
54,58,000	5½	1925*	1975	
14,00,000	5½	1926*	1956	D
48,04,000	5½	1926*	1960	
10,00,000	5½	1938*	1968	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.				Rs.
90,24,900	4	1914	1974	98 25
76,90,100	4	1915	1975	98 25
50,00,000C	2½†	1921	1981	144.00N
60,00,000	4½	1921	1981	98 00
60,00,000	3½	1925	1985	99 00
55,00,000	3	1925	1968-88	93 00
50,00,000	3	1945	2005	74.00
50,00,000	3	1945	1975	84.00
50,00,000	3	1946	1976	84.75
50,00,000	3	1946	2006	74.00
50,00,000	3½	1947	1977	79.50
50,00,000	3	1948	1978	82.75
50,00,000	3	1949	1979	82.00
2,00,57,318	3½	1951	1966	99 00
1,00,00,000	4	1955	1985	99 00
92,19,000†	4	1952	1964	99 00
88,87,000†	4	1953	1966	99 00
2,50,00,000	4	1955	1967	98.50
1,67,50,000	4	1956	1968	98 50
2,09,10,500	4½	1957	1969	99 25
4,40,00,000	4½	1958	1970	99 25
5,30,00,000	4	1959	1971	98.00
MADRAS				
Rs.				Rs.
28,48,275	3½	1947	1977	A
9,68,000†	3	1947	1977	
3,00,000†	3	1949	1979	
45,00,000†	4½	1954	1984	

STERLING LOANS

£892,600	3	1922	1952-62	£61
£901,000	3	1923	1954-64	£61
£554,100	3½	1933	1963	596

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
BOMBAY				
Rs.				
50,00,000	4	1902	1962	
50,00,000	4	1903	1963	
50,00,000	4	1904	1964	
20,00,000	4	1905	1965	97.75
20,00,000	4	1905	1965	N
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
13,00,000	4	1913	1973	
50,00,000	4	1914	1974	97.50
25,00,000	4	1916	1976	N
40,00,000	5	1919	1957-79	118.90
64,00,000	4	1920	1955-80	
25,00,000	5	1920	1955-80	115.00N
40,00,000	4	1927	1961-70	98.00N
10,00,000	5	1936	1946	
STERLING LOANS				
£566,600		1909*	1968	£95 50
£585,600		1910	1970	£95.50N
CALCUTTA				
Rs.				Rs.
50,80,000	4	1924	1964	99 25
25,00,000	3½	1925	1965	96.00
30,00,000	3	1926	1966	92 50
50,00,000	3	1927	1967	92 00
29,00,000	3	1928	1968-68	92 00
80,60,000	4	1953	1963	100.00
2,00,00,000	4	1954	1968	98 50
1,00,00,000	4	1955	1970	98.25
1,00,00,000	4	1956	1971	98.00
1,00,00,000	4	1957	1972	98.00
1,00,00,000	4	1958	1973	98.00
1,00,00,000	4	1959	1974	96 75

MUNICIPAL LOANS

Rs.			BOMBAY	Rs.
5,25,00,000	3½	1947	1977	88.25
2,13,14,500	3½	1948	1978	88.25
4,00,00,000	3½	1949	1966	95 00
2,69,21,472	3½	1950	1964	99 00
2,00,57,318	3½	1951	1966	99 00
1,80,00,000	4	1955	1965	99 00
92,19,000†	4	1952	1964	99 00
88,87,000†	4	1953	1966	99 00
2,50,00,000	4	1955	1967	98.50
1,67,50,000	4	1956	1968	98 50
2,09,10,500	4½	1957	1969	99 25
4,40,00,000	4½	1958	1970	99 25
5,30,00,000	4	1959	1971	98.00
Rs.			CALCUTTA	Rs.†
10,00,000	5½	1922	1962	100 75N
35,91,000	3½	1925	1965	96.00
50,00,000	3	1926	1966	92 50
47,50,000	3	1928	1968	92.50
21,10,000	3½	1942	1972	92.00
66,88,000	3½	1951	1966	99.50
87,36,000	4	1952	1962	99 75
72,50,000	4½	1954	1979	100.00
2,22,72,000	4	1955	1985	97 25N
73,84,000	4½	1958	1988	101.00
1,67,32,000	4½	1958	1970	101.00N
Rs.			MADRAS	Rs
15,00,000	3½	1951	1961	107 00N
15,00,000	3½	1962	1962	107 50N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,65,59,000	15th July 1970	98.50
4 % U.P.	1959	8,88,86,000	19th Aug. 1971	97.75
4 % U.P.	1960	7,79,16,000	29th Aug. 1969	98 40
4½ % U.P.	1961	6,60,00,000	Sept. 1972	98 50
4 % Rajasthan	1953	3,14,19,000.	3rd Sept. 1968	98 25
4½ % Rajasthan	1958	2,79,88,000	15th July 1970	98.25
4 % Rajasthan	1959	3,84,19,000	19th Aug. 1971	98 00
4 % Rajasthan	1960	5,09,74,000	29th Aug. 1969	98 25
4 % Rajasthan	1961	4,40,00,000	Sept. 1972	98 35
4½ % Orissa	1954	3,09,34,000	3rd Sept. 1968	98.10
4½ % Orissa	1958	3,28,58,000	15th July 1970	98 35
4 % Orissa	1959	3,82,30,000	19th Aug. 1971	97.75
4 % Orissa	1960	4,00,00,000	29th Aug. 1969	97.75
4½ % Orissa	1961	5,50,00,000	Sept. 1972	98 35
4 % M. Bharat†	1948	1,04,77,000	15th July 1963	99.75
4 % M. Bharat†	1956	1,11,26,000	3rd Sept 1968	98 00
4 % W. Bengal	1951	1,75,00,000	17th Sept. 1962	100 00
4 % W. Bengal	1952	5,00,00,000	1st Aug. 1964	99 85
4 % W. Bengal	1953	3,60,23,000	15th July 1963	99.85
4 % W. Bengal	1955	7,58,72,000	1st Sept. 1967	100.00
4 % W. Bengal	1956	7,11,46,000	3rd Sept. 1968	99 00
4 % W. Bengal	1958	5,10,50,000	15th July 1970	99 00
4½ % W. Bengal	1959	7,69,62,000	19th Aug. 1971	100 00
4 % W. Bengal	1960	7,01,32,000	29th Aug. 1969	98.50
4½ % W. Bengal	1961	7,31,00,000	Sept. 1972	99 00
4 % Assam	1959	2,76,40,000	19th Aug. 1971	99 30
4 % Punjab	1960	2,18,87,000	29th Aug. 1969	98 85
4½ % Punjab	1961	3,18,00,000	Sept. 1972	98 25

* Loans held entirely by the Trustees. † Bombay State Transport

ABBREVIATIONS. N—Nominal. (J) Income-tax free. Domestic Loan not marketable
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. ‡ Rate of Interest reduced from 6 to 4 per cent with effect from 1st April 1962.
†† Rate of Interest reduced from 6 to 5 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 5½ to 4 per cent with effect from 1st April 1962.
†—Interest free for first 15 years. (—Interest free for first 7 years. Z—Ex nine instalments but inclusive of accrued interest.
M—At the option of the Government after three months' notice. K—On September 1962 or later at the option of the Government after three months' notice.
T—Liability taken over by Madhya Pradesh.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 31st May 1962.

	Closing quotations 24-5-1962	High	Low	Closing quotations 31-5-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Abm. Adv. (100)	208.00	—	—	208.00
Apollo (2)	2.24	2.24	2.12	2.24
Baroda Rayon (100)	147.00	147.00	136.00	140.00
Bombay Dyeing (25)	70.40	70.40	68.20	69.60
Bradbury (50)	200.00	—	—	200.00
Central India (100)	163.00	164.00	154.00	159.00
Century Mills (100)	673.00	675.00	650.00	663.50
Coorla Sp. (100)	160.00	—	—	160.00
Dawn (50)	160.50	160.50	154.00	156.00
Edward Textile (200)	372.50	—	—	372.50
Elphinstone (50)	134.00	135.00	127.00	131.00
Finlay (100)	314.00	315.00	300.00	310.00
Gokak (100)	224.00	225.00	212.00	221.00
Gobi Mohur (100)	250.00	250.00	235.00	240.00
Gwalior Rayon (10)	58.80	58.50	56.50	57.50
Ind. Untd. Defd. (1)	3.56	3.56	3.30	3.46
Ind. Untd. Ord. (10)	21.72	22.04	21.52	22.04
Indian Rayon (100)	124.50	124.50	112.00	118.00
Indore Malwa (100)	176.00	180.00	176.00	180.00
Khatau (100)	491.25	490.00	472.50	480.00
Kohinoor (100)	310.00xd	310.50	297.00	303.00
Mafatlal (100)	885.00	885.00	867.50	872.50
Minerva Mills (100)	88.00	88.00	87.00	88.00
Model Nagpur (250)	147.00	147.00	133.00	133.00
Morarji (100)	417.00	416.00	402.00	414.00
Mysore (50)	63.50	64.00	62.50	62.50
National Rayons (100)	556.50	561.50	541.00	545.00
New City (100)	181.00	—	—	181.00
New Great (100)	306.00	311.00	305.00	307.00
Phoenix (100)	263.00	264.00	251.00	259.00
Podar Mills (100)	150.00	150.00	145.00	148.00
Ray Woolen (100)	148.50	148.50	148.00	148.50
Sassoon Silk (10)	14.00	—	—	14.00
Sassoon Spg. (10)	63.50	63.50	61.00	61.20
Shrinivas (100)	264.00xd	266.00	255.00	262.00
Simplex (50)	174.50	178.50	173.50	177.00
Standard (100)	1,035.00	1,043.00	985.00	1,018.00
Svadeshi (100)	288.50	294.50	283.50	293.50
Swan (100)	330.00	330.00	320.00	320.00
S. L. Varese (100)	184.00	184.50	174.00	179.00
Tata Mills (25)	78.50	78.50	74.20	77.50
Lakshmi-Vishnu (100)	147.00	147.00xd	143.00xd	143.00xd
Western India (250)	802.50	—	—	802.50
BANKS				
Bank of India (50)	112.00	112.00	111.00	111.50
Do. (New) (50)	112.00	113.00	112.50	112.50
Bank of Baroda (50)	104.50	104.50	104.00	104.50
Central (25)	62.00	62.30	61.50	62.00
Central 'A' (25)	62.50	63.30	62.50	62.70
Dena Bank (50)	70.00	—	—	70.00
Punjab National (10)	21.24	21.40	21.24	21.24
Union Bank (5)	8.00	8.00	7.96	8.00
United Com. (50)	88.00	88.00	86.00	88.00
Maharashtra (50)	77.00	—	—	77.00
ELECTRIC COS.				
Ahmedabad (100)	90.50	90.50	89.00	89.80
Amalgamated (10)	10.28	—	—	10.28
Andhra Valley (1,000)	1,012.50	1,015.00	1,011.25	1,015.00
Bom. Gas, El. (100)	103.50	103.50	102.00	103.50
Surat (100)	96.00	97.00	96.00	96.00
Tata Hydro (100)	112.50	113.00	112.50	113.00
Tata Power (1,000)	1,110.00	1,110.00	1,100.00	1,103.75
INSURANCE COS.				
British India (10)	12.00	12.50	12.00	12.50
Indian Mercantile(40)	58.00	—	—	58.00
New India (10)	71.00	71.00	70.00	71.00
New India 'A' (15)	72.00	72.00	71.00	71.50
Vulcan (10)	17.24	—	—	17.24
STEEL COS.				
Ind. Iron (10)	26.40	26.65	25.55	25.95
Mukand Iron (10)	28.50	28.60	27.10	28.10
Tata Steel Ord. (75)	152.00	152.50	146.00	148.25
SUGAR COS.				
Belapur (50)	236.00	237.00	227.00	233.00
Bhopal (10)	21.24	—	—	21.24
Chandeo (12.50)	22.76	—	—	22.76
Mahalaxmi (50)	176.00	—	—	176.00
Phaltan (50)	177.00	177.00	174.00	176.50
Walchand Ind. (100)	159.00	159.00	156.00	157.00
CEMENT COS.				
Associated Cts (100)	168.00	—	—	—
Digvijay (100)	162.75	162.75	158.25	160.00
Orissa (10)	212.50	212.50	204.00	209.00
	20.08	20.28	19.76	19.92
MISCELLANEOUS				
Alcock Ashdown (100)	336.00xd	336.00	324.00	331.00
Amar Dye-Chem (100)	342.50	342.50	325.00	333.75
Bom. Batmah (125)	692.50	693.50	666.00	683.00
Do. (New) (50)	270.00	271.25	270.00	270.00
Br. B. Petrol (11 sh.)	1.66	1.66	1.44	1.58
Br. I. Corpo. (5)	10.24	10.52	9.48	9.48
Cooper Eng. (100)	184.50	—	—	186.00
Colour Chem. (100)	507.50	506.25	475.00	500.00
Hind Cycle (100)	120.00	—	—	120.00
Hindustan Lever (10)	48.50	51.00	48.50	50.50
Hindustan Motors (10)	20.52	20.64	19.48	19.96
I. C. & Invest. Corporation (100)	91.00	—	—	91.00
Indian Dyestuff (100)	571.25	—	—	556.25
Indian Copper (2 sh.)	5.06	5.12	4.96	5.06
Ind. Inv. Tr. (100)	78.00xd	—	—	78.00
Killicks (100)	90.50	95.00	92.00	93.50
Larsen & Toubro (10)	33.96	33.60	32.25	33.25
Mahindra & Mahindra (10)	—	—	—	—
New Central Jute (10)	19.76	19.76	19.00	19.24
Polychem Ord (100)	16.96	—	—	16.24
Poison (100)	216.00	215.00	202.50	207.50
Pre. Automobiles (100)	197.00	198.00	197.00	198.00
Premier Con. (80)	136.50	137.00	129.00	133.00
Scindia (20)	169.50	169.00	161.00	167.00
G. E. Shipping (10)	13.44	13.46	12.44	12.76
Shreyas Pur (10)	13.92	13.92	12.80	12.88
Siyaji Paper (10)	39.50	41.25	34.50	36.25
Synthetics and Chem. (100)	14.40	14.36	13.72	13.78
Tata Chemicals (10)	244.00	245.00	222.00	235.00
Tata Investment (100)	16.84	16.88	16.40	16.64
Tata Oil (25)	373.00	382.50	359.00	368.75
Texmaco (10)	81.50	81.50	79.00	81.00
Voltas (100)	25.35	25.75	24.70	25.25
W. I. Match (100)	304.00	304.50	291.50	298.50
W. Coast Paper (100)	297.50	298.00	291.50	295.00
	185.00	196.00	178.00	180.00

GOVERNMENT SECURITIES	24-5-1962 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	31-5-1962 Rs.
2½% 1962	—	—	—	—
2½% 1976	99 30	—	4 18	99.30
3 % 1964	83.50	—	4 18	83.50
3 % 1963-65	98.65	—	4 33	98.65
3 % 1966-68	96.30	—	4 37	96.60
3½% 1970-75 1st Per.	88.30	3 76	4 30	88.60
3½% 1986 Con. Loan.	89.80	4.00	4 33	89.80
3½% 1961 N. P. Loan.	97.00	4.50	4 60	97.00
3½% 1965 N. P. Bonds	99.85	—	4.23*	71.00
3½% 1962	99.85	—	3.56	99.80
3½% 1967 N. P. Bonds	99.90	—	3 64	99.90
3½% 1974	98.80	—	3 68	99.80
3½% 1967 N.P. Bonds	99.25	—	3 75	99.25
3½% 1969 Loan	99.90	—	3 86	99.90
3½% 1964	99.80	—	3 72	99.80
3½% 1963 N.P. Bonds	98.80	—	3 77	98.80
3½% 1968 N.P. Bonds	99.95	—	3.78	99.90
3½% 1978 Loan	99.80	—	3 78	99.80
4 % 1972 Loan	99.30	—	3 99	99.30
4 % 1979 Loan	100.10	—	3.96	100.10
4½% 1966 Bonds	99.30	—	3 99	100.10
4 % 1980 Loan	99.85	—	4 02

Synthetic fibre, according to the Federation, can be used as a substitute for raw cotton. This suggestion ignores two relevant points, namely, the foreign exchange requirement of pulp imports for making synthetic fibre and the unsuitability of mixed cotton and synthetic fibre fabrics for export purposes. The answer to the problem of raw cotton imports (Rs. 80 crores in 1960-61) should be sought in two ways: one, by producing more wheat indigenously and requesting the U.S. Government to divert a part of the allocation for wheat under the P.L. 480 agreement to raw cotton supplies; and, secondly, by providing more irrigation and other facilities for cotton-growing so as to increase the yield per acre greatly.

The Federation's suggestion regarding mineral oils is eminently realistic in the light of its finding that "the programmes for exploration of oil and for setting up of refineries have suffered a serious setback on account of the Government's restrictive approach." The plea is for "a liberal policy which may enable the private industry also to participate." But the Federation's plea for permitting the existing refineries to import more crude oil for utilising their "spare" capacity does not refer to the question of their expansion as such. It would be pertinent to add here that, if the private refineries are allowed to expand their present capacities on practical considerations, there will be a lot of foreign exchange saving, as crude imports cost less than product imports, besides yielding a lot of valuable by-products as raw materials for other industries. In this way, a substantial reduction in the import bill of Rs. 70 crores per annum is possible in the near future if Mr. K. D. Malaviya displays greater realism and flexibility than he has so far shown in his dealings with the oil companies. Perhaps, the easiest way to effect import saving on oil in the next five or ten years would be to permit the oil companies to participate in the exploration and development of petroleum on mutually beneficial terms.

What is required for this as well as for other import-saving measures is a pragmatic perspective. The Federation's particular emphasis on the triple need for a higher priority to the establishment of import-saving industries, for liberal imports of machine tools to manufacture components and industrial machinery and for an appropriate change in the industrial licensing policy is unexceptionable. Only care must be taken to ensure that the quality of indigenous production is of a higher order, so that the goods manufactured on the Indian-made machines and components can compare favourably with those in the world markets in terms of both quality and price. In short, steps taken to effect import saving should not turn out to be handicaps to export promotion. The Federation's further view that ideological considerations should not stand in the way of granting industrial licences to entrepreneurs who can implement the schemes expeditiously is one with which this journal is in full agreement.

COAL PRICES AND COAL TRANSPORT

THANKS to the responsive attitude displayed by the Union Minister for Mines and Fuel, Mr. K. D. Malaviya, in recent weeks, the country's coal policy is agreeably in the process of revision in some crucial respects. There is, for instance, under the current consideration of the Ministry, the coal industry's request for a flat price increase of Rs. 5.43 a ton. The expected increase is intended to cover the increases (Rs. 3.19 a ton) in the cost of production, the cost (Re. 1.09) of servicing the Rs. 60-crore capital investment in the third Plan, a provision of 65 nP for repayment of borrowing and a depletion allowance of 50 nP. As the present prices of coal are recognised even in official circles to be unremunerative, a decision to allow some price increase is stated to have already been taken, though it is yet to be announced. But the Government would like this increase, so say the reports from New Delhi, to be nothing more than modest. Some say that it would range from 38 nP to Re. 1.50 a ton of grade II coal and that it would be confined only to certain categories of high grade coal. As this proposal falls very much short of the industry's expectation, the authorities are credited with the idea of supplementing it by a production bonus which, presumably, could be financed only from the difference between a higher selling price and the industry's retention price. The industry, however, has reiterated its original stand in its latest representations. It is not unlikely that, in the forthcoming meeting between the industry's representatives and the officials of the Ministry this week, a more liberal price increase will be conceded.

Whether or not the long overdue price increase is supplemented by a production bonus to which, in any case, serious objection has been taken on the ground that it might encourage short-sighted slaughter mining, the industry would do well to accept cheerfully now whatever increase is conceded and to ask for more a year or so later when its third Plan investment programme gets fully under way. Already much valuable time has been lost and the industry's expansion programme, with its concomitant in the utilisation of the World Bank loan to private collieries, cannot be delayed any longer. Now that some price increase is going to be sanctioned, the industry must welcome it as a promising first step in the direction of providing an adequate price incentive for greater coal production. For the rest, the industry may have to reconcile itself to a process of patient persuasion, now that Mr. K. D. Malaviya, a hard bargainer, is at the helm.

Even if the price hurdle and other impediments to expansion in production are removed, there will still remain the acute problem of coal transport, especially in the Bengal-Bihar industrial area. Several proposals have been under the Government's consideration in this connection. One of them is to launch a Rs. 8-crore crash road programme for enabling more coal to be moved by heavy trucks to Calcutta. This programme envisages improvements to the Grand Trunk Road, over a stretch of 250 miles between Calcutta and Topchanchi, for facilitating coal haulage by heavy trucks of the type expected to be made available by the Defence Ministry's establishments. It assumes that the Defence establishments will be in a position to supply the trucks, but the assumption appears to be of doubtful validity. Even granting that the trucks will be available in time and in sufficient numbers, the problem of higher cost of haulage by road will still be there. So Mr. Malaviya's reported offer to offset it through a subsidy, like the one now being given for supplies moving by the rail-*cum*-sea route, is quite encouraging. Industrial consumers of coal in the Calcutta area have been asking all along precisely for this, and they will only be too glad to move more coal by road if the subsidy is given and the vehicles are available. If at least 6 million tons a year, as against the actual 3 million tons in 1961-62 and Mr. Malaviya's own target of 10 million tons, can be moved by road during the rest of the third Plan period, it will come as a great relief to the consuming industries as well as to the hard-pressed railways. Only, the cost to the economy as a whole will be pretty high. Be that as it may, what is immediately needed is the assignment of the highest priority to this road haulage plan.

Another official proposal is to improve feeder roads now looked after by State Governments or district boards in the Bengal-Bihar region. This proposal also envisages improvements to roads linking coal areas with riverside jetties from which more coal could be carried by boats and barges up to Allahabad. The idea here is to break the bottleneck caused by congestion in the Moghulsarai railway yard. Some relief could conceivably come to the railways from this plan. But its potentialities seem to have been exaggerated, for haulage of some three to five million tons of coal by river and through the D.V.C. Canal, as now proposed, will be a formidable task in the present undeveloped state of inland navigation. The practical difficulties, in this connection, are several. For one thing, power tugs for operating countrycraft are not readily available and steel sheets required for their manufacture, being already in short supply, cannot be easily diverted from the wagon-building units which themselves are now working below capacity. For another, the ordnance factories, which are expected to manufacture the power tugs, may or may not be in a position to turn out an adequate number of them in the next two months. There is also the question of higher cost involved in the movement of coal by river. Above all, more funds would have to be allocated to any programme covering the creation of new facilities for river transport; here the Planning Commission's objections are foreseen. For all these reasons, the short-term plan for coal movement by river and canal is a difficult proposition. As it will take a longer time to develop river transport for moving several million tons of coal, the only programme, which is immediately feasible, is the one covering the Grand Trunk Road to Calcutta and its feeder roads. Further relief could, however, be had from greater efficiency in the operations of railways in terms of improved wagon turn-round, increased speed of goods trains, quicker loading and unloading, and further rationalisation of block rakes and half-rakes. In fine, the Railway Ministry has the major responsibility for coal movement and, as such, it must be more active in improving the railways' performance all the time than in answering criticism which, not unoften, is well merited.

DEFENCE INDUSTRIES

THERE is doubtless some justification for the establishment, by the Union Defence Ministry, of industrial capacity in several lines other than purely armament manufacture. In an emergency like war, the army's requirements of industrial goods are bound to go up many times. But the country's industrial sector may not be able to meet all these requirements without further ignoring consumer needs which are already not being met fully. If there is some stand-by industrial capacity with the defence forces in terms not only of factory establishments and machines but also of trained personnel, it can be utilised for meeting at least a part of the additional requirements of the army. The United Kingdom, for instance, has some shadow factories which do not produce currently but which will go into production in an emergency. But in a country like India whose resources of development capital, both domestic and foreign, are far too scarce in relation to the competing demands on them, industrial capacity cannot be created only to be kept idle. It can also be readily recognised that the creation of industrial capacity, which can be established only over a period of time, cannot be postponed till an emergency actually sets in. The Defence Ministry in India, it must be said to its credit, has resolved this dilemma by creating some industrial capacity and by utilising it, as fully as possible, for current production.

Such production is of the aggregate value of about Rs. 50 crores per annum now, as compared with Rs. 15 crores four or five years ago. A good part of this current production is accounted for by the Hindustan Aircraft (Rs. 8.3 crores) and the Bharat Electronics (Rs. 2.5 crores), while the balance is contributed by ordnance factories and corporations like Mazagon Docks and Garden Reach. This is, no doubt, a good performance. But it is of questionable wisdom on the part of the Defence Production Organisation to take up lines of manufacture which can be left to private industries where they have the requisite installed capacities or can create or expand them more easily at a lower capital cost. For instance, the manufacture of trucks, it is said, could have been left to the private automobile industry. The Defence Minister, Mr. V. K. Krishna Menon, has, of course, sought to justify their manufacture in the ordnance factories by a reference to the advice of the Directorate-General of Supplies and Disposals. This question, however, has now passed beyond the stage of controversy for the trucks are already being produced by the defence establishments. The only point of interest to the public now is whether an adequate number of these heavy trucks, which are claimed to have an indigenous content of 62 per cent and to be relatively cheap, will be available for moving coal and other materials by road to the areas required.

Leaving aside the question of trucks, one still finds that certain items like coffee machines, milk evaporating machines, sound projectors, radio valves, and so on are being manufactured in the defence establishments. These are lines of manufacture which could conceivably be taken up by engineering and other industries in the private sector. Whether the Defence Ministry had fully explored the possibilities for their manufacture in the private sector is not known, and Mr. Krishna Menon, too, has not been quite enlightening on this aspect. The question of ideology does not arise here, because the Defence Ministry has had no hesitation in taking the help of the private sector in such foreign countries as the U.K., West Germany and the Netherlands. It is quite common practice in almost all the democratic countries in the West to share the task of manufacturing defence requirements with the private sector. If the Defence Production Organisation in India is not to over-extend itself and bite more than it can chew, it should evolve and operate a well-planned programme instead of taking up, in a haphazard and unco-ordinated manner, different lines of manufacture on the spur of the moment.

MARKET GOSSIP

Speculation Dead, Long Live Speculation!

PRIME Minister Nehru has ended one type of speculation, but has revived another. By appointing Mr. T. T. Krishnamachari as a Minister Without Portfolio in his Cabinet, he has put an end to all speculation about T.T.K.'s political career. In doing so, he has generated fresh speculation as to what T.T.K. will do and how his actions will affect business sentiment. There is also the additional speculation that, after a few months, he will be given an important portfolio. The result of all this speculation is a feeling of uncertainty in business circles and uneasiness in share markets. It would be no exaggeration to say that the business community has received T.T.K.'s reappointment as a Minister with a certain amount of trepidation. The blame for it rests with T.T.K. himself, because, quite apart from his quixotic actions in 1956, 1957 and 1958 in the name of socialism, even some of his recent observations, brief though they were, revealed that he would like to make some fundamental changes in the present economic policies of the Government, changes which would be unfavourable to the private sector and individual investors. These observations make many wonder whether he will, once again, prove to be a bull in a china shop. The key to the puzzle is in T.T.K.'s own hands.

It is common knowledge that Mr. Nehru offered a full-fledged Minister's post to T.T.K. even when he first formed the Cabinet after the General Elections and that the offer was declined. The reason, according to a well-informed political correspondent in New Delhi, was T.T.K.'s exaggerated sense of self-esteem. Since then, there have been reports that both the Prime Minister and T.T.K. have had prolonged correspondence. It is not known what assurances were sought by the latter and to what extent they have been met by the former. Events will show in course of time.

Although a Minister Without Portfolio, he is not a Minister without any specific tasks. His chief task, according to reports in the daily Press on Thursday, will be to co-ordinate the activities of the various economic Ministries. In other words, he will be a Co-ordination Minister with a finger in each of the Ministries. The aim in this task of co-ordination will be to break the bottlenecks and to solve the shortages that are hampering production. This will be a thankless task. Each one of the Ministries concerned will be inclined to regard him as an intruder. Again, the bottlenecks and scarcities are the outcome of many years of economic bunglings, including some by T.T.K. in the past when he was a Minister, and they cannot be easily overcome within a short period. On the contrary, he may aggravate them by importing his prejudices and predilections in his attempts to solve them.

It must, however, be said to the credit of T.T.K. that some businessmen, who have become tired of the exasperating lethargy and red-tape of the bureaucracy in New Delhi, characteristics which have converted even the born optimists into voluble pessimists, are happy over his appointment as a Cabinet Minister. They are not unaware of his post-Mundhra bias against the business community as a whole and his fanatical devotion to the so-called socialism of the Congress Party. But they respect his dynamism and are hopeful that he will do something effective to get the economic wheels run faster. They say in effect: "Never mind what he says about, or does to, the private sector. If he succeeds in overcoming the crucial shortages and improving the efficiency of Administration, he will be rendering yeoman service to the country." One has to wait and see to what extent this hope will be fulfilled by events in the coming months.

For some days past, the share markets have been expecting the reinclusion of T.T.K. in the Cabinet. The possibility of this event aggravated the downward trend generated by the slump on overseas stock exchanges led by Wall Street. On Wednesday this week, when T.T.K.'s appointment was a certainty, many speculative counters touched the lowest level in the current downward trend. On the next day, they improved to some extent, but that was due to short-covering and not to any revival of confidence in T.T.K. Since there is a lot of speculation and misgiving about his economic philosophy, it would be a good thing if T.T.K. were to take the earliest available opportunity to clarify his stand on the basic economic policies and issues.

Whither Shares?

The slump in Wall Street and the European Stock Exchanges is only of psychological importance to stock exchanges in this country. It is clear beyond doubt, whatever the Western pundits may say, that equities in Wall Street and to some extent in European countries had gone up too high in relation to the rate of economic growth and yields. "The most commonly accepted view," to quote the latest (June) *Monthly Letter* of the First National City Bank of New York, "is that the stock market and price-earnings ratios had gotten far out of touch with the harsh competitive realities of business life and were overdue for correction." Other reasons that are not so well known are political, as, for instance, the fear of "another Korea" in South-East Asia. There is also a wider realisation that the growth of U.S. economy is running at a lower rate than was expected earlier, that there is a limit beyond which equities cannot go even on considerations of their being a hedge against inflation and that that limit had nearly been reached. Some say that the shake-out in Wall Street and elsewhere is a clear warning of the "new, and formidable, special problems" which the advanced industrial economies will have to face in the 'sixties. Thus, the London *Economist* says: "The United States naturally meets them (the special problems) first; it also, habitually, recognises them earlier than other economies might. To confuse them with the problems of 1929 merely fogs the new challenge with the old fear. One should not underrate the stock market's nose for detecting uncertainties in the economic climate; but the uncertainties of 1962—and beyond—will not go away with a Wall Street rally. This week we have got perhaps, in these intimations of instability, a whiff of the future—and just a glimpse of the test in competitive progress that the free countries have to face."

This, however, is a long-range view. What it means, in effect, is that the scope for any further marked general advance in equities is very limited and remote. The stock market psychology is such that, when values have reached the top or near-top, they must fall, because profit-taking and selling by disgruntled and disappointed investors who entered the market at high levels will ensue.

So far as the stock exchanges in India are concerned, the position is somewhat different. Undoubtedly many equities are overvalued, in the sense that they have discounted the fruits of expansion four to five years ahead. There is many a scrip which has been manipulated. After the budget, there has been a strong bull position in some of the speculative counters, as is evident from the high *budla* rates in the last settlement. These unhealthy features will have to be corrected. The crash in Wall Street first and then T.T.K.'s return to the Union Cabinet have already triggered this corrective movement, which may have some more ground to be covered. But, once this technical correction is over, the markets may present a steadier appearance again, provided the Government's economic policies are not altered to the detriment of investors, and political stability is not disturbed.

The serious foreign exchange situation is both a bearish and bullish factor. Imports of raw materials, components and capital goods may have to bear a further cut. This, in turn, will adversely affect some industries. But, at the same time, it may widen the scope for domestic industries and compel the Government to provide liberal concessions for promoting exports. Further, the number of new company flotations may fall; the Government has already begun to follow a restrictive policy in this direction. Consequently, the quantum of savings seeking investment in the shares of existing companies will tend to increase. It will be more so, if investment in housing becomes even more difficult than is the case now on account of shortage of cement, steel and timber.

Bullion for Jari Goods

A report appearing in a section of the Press on the 5th inst. that the Reserve Bank of India has decided to sell bullion at international rates to the *jari* industry in the country in a bid to boost the export of *jari* goods created considerable easiness in the local bullion market on that day, with ready silver, below .999, sold down to Rs. 214.85 per kg. (85.7 tolas), as against the previous day's highest of Rs. 216.80, and the current *Jeth* futures contract declining to Rs. 215.35 from the previous day's best level of Rs. 217.30. Apparently, the operators are worried over the report and are much confused about the exact implications of sale of bullion by the Reserve Bank to the *jari* industry, if at all it has agreed to do so. It will be interesting for them to know, therefore, that authoritative circles are unaware of any proposal by the Bank to sell bullion to the *jari* industry and confirm that the Bank has neither sold nor proposes to sell, at least in the near future, any bullion to the industry in question. It seems from what Mr. Ranchoddas Popawala, President of the All-India *Jari* Federation, is reported to have said at Surat on the 4th inst., that the proposal is only an idea mooted by the Union Minister for International Trade, and placed before the Finance Ministry for its consideration. In other words, it is still premature to say whether or not it will fructify.

Considering that bullion prices in India are the highest in the world and considerably above the international parity, Mr. Popawala is right in saying that supply of bullion at international rates would give a great impetus to the *jari* industry. He has estimated that the annual output of *jari* goods in Surat, the largest producing centre in the country, would rise from Rs. 9 crores at present to Rs. 12 crores. At the same time, as production costs would be reduced from the present high levels, the industry would be able to succeed in exporting more goods and in competing more efficiently with France, India's main rival in the export markets.

As a part of his all-out export drive, Mr. Manubhai Shah is reported to have asked Mr. Popawala, who is going to Nice to attend the Lions International Convention, to visit the *jari* producing centres in France and report to him of his impressions. Mr. Jayantilal Jariwala, President of the Surat Chamber of Commerce, has already proceeded on an extensive tour of West Asian and European countries to explore the possibilities of expanding the export of *jari* goods and art silk cloth to these countries. The Government is also said to be considering a proposal to send abroad an official delegation of *jari* experts to ascertain the market for *jari* goods, the final decision on which is expected to be taken after Mr. Popawala submits his report on his forthcoming visit to France.

Granting that the Finance Ministry would like to authorise the Reserve Bank to sell bullion at international rates to the *jari* industry, it would obviously wait for all these developments to materialise before directing the Bank to do so. It may be mentioned here that the proposal to sell bullion for industrial use is not novel, as the central banks in some of the Western countries do sell the precious metals for such use. Only, such sales are confined to essential and key industries. Even in India, there has been a practice since the last war to allow, as an exception, manufacturers of jewellery to import bullion and sell abroad jewellery made out of it. But because of the several regulations and formalities associated with it and the limited margin on competitive exports, the practice is said to have found no great favour with jewellery manufacturers. Perhaps sale of bullion for *jari* goods by the Reserve Bank might be an extension of this practice. But before authorising the Reserve Bank to sell bullion, the Government will have to devise a suitable scheme to ensure the use of such bullion only in the manufacture of *jari* goods meant for export, to determine the price at which these goods are to be exported and the margin available to the industry, and, above all, to keep off the possible malpractices by the industry after purchasing such bullion. All this will take time. Clearly, the Reserve Bank is not going to sell bullion tomorrow or even after a few months. And even when it sells, the quantity involved will be small and that, too, will be passed on directly to the *jari* manufacturers.

Deposit Rates Agreement

It is too early to write about the effects of the revised inter-bank agreement on the rates of interest for term deposits under which medium banks and small banks are allowed to pay ¼ per cent more and ¼ per cent more than the standard maximum rates. It is only a week now since the new agreement came into force. Some of the banks in the private sector are sore over the concession given to the State Bank of India subsidiaries. In Bombay, all of them, except one, are said to be using their descretion to pay ¼ per cent more than the standard rates. They are perfectly within the terms of the agreement in doing so, as other small banks are operating in this city. The first party to take full advantage of the differential rates of interest offered by the medium and State Bank's subsidiaries is the Municipal Corporation. Hitherto, the practice of this party was to place its funds in deposits with big banks first to the maximum limits allotted to them and then with medium banks and State Bank associates. But now it is reported to be doing the other way. It first exhausts the limits with banks offering higher rates of interest and then goes to the big banks. Only a beginning has been made on these lines and the trend may be quite perceptible next week, when sizable amounts of deposits mature for renewal. Similarly, the L.I.C. is expected to follow suit and so also other institutional depositors. For all of them, which maintain a sizable amount of funds as term deposits, even ¼ per cent makes a substantial difference. Since the subsidiaries of the State Bank are as good as the State Bank of India and they can pay ¼ per cent more than the big banks, they may be the first favourites with large institutional depositors.

Meanwhile, there has been some pull in the short-term money market since Tuesday this week. Before that, money was pretty easy, with a few lenders in the inter-bank section ready to be content with even 2½ per cent for call money. Several of them even preferred to invest large sums in Treasury Bills on which the yield was only a little over 2½ per cent. But, on Tuesday, the inter-bank call rate spurted to 3¾ per cent and further to 3½ per cent on Wednesday at which level borrowers were over on Thursday. This sudden development in the midst of the slack season has been a puzzle to many banks. Some, however, say that a lot of money has been held up by a large accumulation of cotton textile stocks. The offtake of cloth and yarn from mills has greatly slowed down since the Central Budget in the hope that the Finance Minister will give some significant relief in the heavy additions he made in the excise duties. The position is expected to become a little easier when this accumulation is substantially reduced.

Tata Robins-Fraser Ltd.

Tata Robins-Fraser Ltd., which has been authorised recently to issue equity capital of Rs. 60 lakhs in shares of Rs. 100 each, is a new company formed in Bihar for the manufacture, designing and erection of some of the principal equipments used by heavy engineering units, mines and collieries. The Company will have two divisions—manufacturing and engineering. Among the items to be produced by the manufacturing division will be the materials handling equipment, belt conveyors, wagon tipplers, speed reducers, crushers, feeders and screens, which are used for transporting and crushing stone, coal, coke, iron ore, etc. The engineering division will undertake "turn key" jobs for the use of these equipments and enter into package contracts for installing conveyor systems for mineral processing, coal preparation projects and similar other plants. It will design the projects, prepare a report on them, install the machinery manufactured by the Company and render engineering services.

The Company has secured technical collaboration of Hewitt-Robins Inc., U.S., and Fraser and Chalmers Engineering Works of the G.E.C., U.K., which have been engaged for long in the manufacture of engineering equipment and, though situated in different countries, are said to be working in close association. These two firms would provide the Company, on a certain agreed fee, the know-how and advice it on the purchase of plant and machinery, which would be made not necessarily from Britain or the U.S. They will also sub-

(*Continued on next page*)

TREND OF SHARES

REACTION CRIES A HALT

(From Our Own Correspondent)

BOMBAY, *7th June*

WITH a further sharp all-round decline followed by a mild rally that gathered some foothold near the week-end, the first major reaction in equities since the tax proposals were announced, which wiped off, in some cases, about 50 per cent of the post-budget gains, seemed to have cried a halt. The position of the markets suggests that the rally should gain in strength in the following days. One main reason why it should do so is that the reaction has been quite heavy and it has brought down equities to strong support levels. Besides, once values rise, one would hear repeatedly of such arguments as the impending announcement of steel retention prices, rise in the selling prices for coal and paper and some relief in the excise duty on cloth. Whether the rally would mark the continuation of the primary uptrend or not time alone can say. However, it may be mentioned here that, in the light of the patchy clouds of economic and political uncertainties that have gathered recently over the country, some among the market analysts are inclined to believe that the stock markets are making a major shift in their main trend. But that remains to be seen.

During the week, values on the stock markets declined further on persistent bull liquidation and some bear pressure due to disquieting reports about aid for the second year of the third Plan and the consequent hitch in the economic development of the country, the extremely low level of the country's foreign balances, shortages of industrial raw materials and difficulties in the infra-structural facilities like fuel, power and transport and a renewed setback in Wall Street. For the major part of the week, support was virtually absent, and setbacks met only with some bear covering. Near the week-end, some cautious support was in evidence, and, notwithstanding the re-entry of the much feared Mr. T. T. Krishnamachari into the Cabinet, some leading counters tended to rally as the prominent bear operators covered their sales. Nonetheless, losses predominated.

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In Dalal Street, Tata Steel Ordinary were particularly active and rallied swiftly at the week-end on fresh support and bear covering and imparted a steadying effect to the entire market at lower levels. The shares had dipped from Rs. 149.75 to Rs. 147 initially during the week, but rallied to close one point higher on balance at Rs. 149.25. Apart from the rise in the Company's output of salable steel from 110,000 tonnes to 115,600 tonnes in May, support for these shares was also due to their relative "cheapness" and the proximity of the Company's dividend and the steel retention price announcements. Indian Iron, on the other hand, faltered on sizable Calcutta unloading, despite a rise in the Company's output of salable steel from 47,747 tonnes to 68,574 tonnes in May and, after declining from Rs. 26.25 to Rs. 25.65 rallied to close 15 nP lower on balance at Rs. 25.85.

Leading Textiles showed considerable weakness. The much fancied Century were out of favour, although quoted *ex-div.*, and closed Rs. 3.90 lower at Rs. 647. National Rayon showed a loss of Rs. 12.50 at Rs. 532.50. Standard finished nine points lower at Rs. 1,009, and Mafatlal, in the Cash List, showed a loss of Rs. 21.50 at Rs. 845. Bombay Dyeing finished at Rs. 69, as against Rs. 69.60 a week before. Apollo were 6 nP lower at Rs. 2.18, and the rise in the Company's gross profit in 1961 from Rs. 25.77 lakhs to Rs. 28.88 lakhs was ignored, as the dividend has been skipped for the fifth time in succession. Indu Mills shares were also easier in the face of an encouraging report of the Company for 1961, showing a rise in the gross profit from Rs. 112.07 lakhs to Rs. 181.60 lakhs. But Khatau close Rs. 7.50 higher at Rs. 487.50 and Kohinoor were a share better at Rs. 303.50.

Bombay Burmah came into prominence in the Miscellaneous section, and, after declining from Rs. 683 to Rs. 669, staged a strong recovery to close at Rs. 684 as against Rs. 683 a week ago. Rising by 30 nP on balance to Rs. 1.88, B.B. Petrol attracted a margin of 8 nP per share against bulls, as the rise was more than 10 per cent from the last clearing rates. But other issues were easier, with Amar Dye-Chem Rs. 8.75 down at Rs. 325 and Poly Chem and Indian Dyestuff both losing Rs. 7.50 at Rs. 200 and Rs. 548.75 respectively. Engineering shares were also easy, with Telco falling from Rs. 367 to Rs. 354, largely because of the huge bull position of one single operator, though, at close, the shares looked up a little to Rs. 362.50. Shippings, Sugars and Cements were dull and generally easy. Losses were widespread in the Cash section, where Associated Rubber declined by Rs. 26.25 to Rs. 108.75, Colour Chems by Rs. 15 to Rs. 485, Dharamsi by Rs. 20 to Rs. 172.50, Jyoti (old) by Rs. 8.75 to Rs. 198.75, Alembic by Rs. 7.50 to Rs. 222.50, Permanent Magnets by Rs. 7.50 to Rs. 227.50, Ceat Tyres also by Rs. 7.50 to Rs. 172.50, and Hindustan Wired Glass and Synthetics both by Rs. 7 to Rs. 166 and Rs. 228, respectively.

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In Calcutta, Forward shares suffered sharp reserves. Orient Paper fell from Rs. 44 to Rs. 42.10 and Shree Gopal from Rs. 27.75 to Rs. 26.50, although the latter Company showed a rise in its sales from Rs. 4.69 crores to Rs. 6.45 crores and of Rs. 30.01 lakhs to Rs. 120.84 lakhs in its gross profit for 1961. A setback of Rs. 1.50 was noted in G.K.W. at Rs. 40.19 and in Dunlop at Rs. 42.75. Birla Jute receded from Rs. 35.62 to Rs. 34 and Howrah from Rs. 22.62 to Rs. 21.50. J.K. Cotton were sold down from Rs. 20.69 to Rs. 19.25 in line with a setback in the Company's gross profit in 1961 from Rs. 91.91 lakhs to Rs. 73.39 lakhs. Indian Aluminium moved down from Rs. 41.75 to Rs. 40.50 and Texmaco from Rs. 25.70 to Rs. 25.05. In the Cash List, among Coals, Bengal reacted sharply from Rs. 399 to Rs. 384.50, after the successive sharp gains in the past few weeks. East Indian receded from Rs. 55.50 to Rs. 53. But North Beerbhoom looked up from Rs. 23.25 to Rs. 23.69 as did Raneegunge from Rs. 16.25 to Rs. 16.75. Jutes gave way to bull liquidation, with Union declining from Rs. 188 to Rs. 166, Nuddea from Rs. 72 to Rs. 62 and Anglo-India from Rs. 252 to Rs. 236. But Gouripore edged up from Rs. 495 to Rs. 504. In the Engineering section, Burn reacted from Rs. 735 to Rs. 720 on corrective profit-taking. Others were shaded, but Binani moved up from Rs. 12 to Rs. 12.69. The Miscellaneous section showed small variations, but Shaw Wallace slipped down from Rs. 24.06 to Rs. 22 and Usha Martin from Rs 18 to Rs. 16.31, while Anglo Bros. improved from Rs. 22.56 to Rs. 23.94. Sugars and Tea shares were quiet.

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Small movements and a quiet tone were the features of trading in Madras. At close, a few shares showed minor variations either way. Thus, in the Forward List, S.I. Viscose showed a loss of Rs. 2.50 at Rs. 172.50, but Madura were 25 nP better at Rs. 37, Aluminium Industries closed 5 nP higher on balance at Rs. 24.05, but Ashok Leyland were 20 nP easier at Rs. 8.55, India Cement were 8 nP better at Rs. 6.18, but Dalmia Cement showed a loss of 10 nP at Rs. 13.10 (reflecting the disappointment over a small increase in the Company's gross profit in 1961 from Rs. 83.86 lakhs to Rs. 84.03 lakhs, despite a substantial improvement in the production of clinker and cement, which increased sales from Rs. 31.01 lakhs to Rs. 410.77 lakhs), Blue Mountains eased from Rs. 2.45 to Rs. 2.42, but Periakaramalai looked up from Rs. 3.37 to Rs. 3.40, Consolidated Coffee were 5 nP better at Rs. 18.40, but Ouchterlony Valley moved down from Rs. 3.75. Cochin Malabar were a shade easy at Rs. 7.03, and Deccan Sugar were 10 nP lower at Rs. 10. The 15 nP improvement to Rs. 20.55 in Peermade tea was due to the declaration of a final dividend of 17.5 per cent, making a total of 25 per cent, for 1961, and provided a feature of trading in Plantings. Haileyburia, however, eased from Rs. 13.60 to Rs. 13.12. Coffee Lands also declined from Rs. 15.50 to Rs. 15.25 and so did Malankara Rubber from Rs. 16.90 to Rs. 16.50. In Textiles, Cannanore eased further from Rs. 132 to Rs. 130. Coimbatore Pioneer from Rs. 300 to Rs. 296 and Coimbatore Spinning from Rs. 79 to Rs. 76. Miscellaneous issues were easy, with Textools moving down from Rs. 178 to Rs. 175.50 and Madras Rubber from Rs. 23.50 to Rs. 23.

CAPITAL MARKET NEWS

NEW ISSUE

NEIVELI Ceramics and Refractories Ltd., a new company incorporated in Madras in May 1960, has taken over the licence allotted to the famous South Indian firm of industrialists, Seshasayee Brothers (Private) Ltd., for the manufacture of 1,200 tons (now raised to 1,800 tons) of sanitarywares, 1,800 tons of glazed wall tiles and 3,000 tons of glazed stoneware pipes. It is to enter the capital market soon with a public issue (its size is yet to be determined) out of the Rs. 45 lakhs of share capital it proposes to issue. Its authorised capital is Rs. 1 crore, made up of 7 lakh equity shares of Rs. 10 each and 3 lakh 9 per cent taxable, cumulative preference shares of Rs. 10 each. Out of this, it proposes to issue equity capital of Rs. 42 lakhs and preference of Rs. 3 lakhs.

The Company is setting up its plant at Vadalur (Madras State) near the Neyveli Lignite Mines, from where the raw materials will be easily available. It has secured the technical collaboration of Elemental Bankeramik Vertriebs GmbH, a subsidiary of a leading West German firm in the line, Keramag AG. The foreign collaborator will also take up shares worth Rs. 1.77 lakh. Tranz Kirchfeld GmbH, West Germany, which has agreed to supply the plant and machinery for the project, will also subscribe for shares of the value of Rs. 2 lakhs. The total capital outlay on the project is estimated at Rs. 75 lakhs and will be met by the share capital issue of Rs. 45 lakhs, a loan of Rs. 20 lakhs from the Industrial Credit and Investment Corporation of India and bank borrowings of Rs. 10 lakhs. The Company is said to be operating a pilot plant, producing 15 tons of sanitarywares per month, which will be integrated with the main plant.

RIGHTS ISSUES

The Directors of the **Apollo Mills Ltd.** propose to raise, subject to the consent of the Controller of Capital Issues, the authorised and issued capital of the Company from Rs. 50 lakhs to Rs. 1 crore by the issue of 25 lakh ordinary shares of Rs. 2 each. The new shares will be offered to the existing shareholders as rights shares in the proportion of one new share for every two shares held on such date as might be fixed by the Directors. The new shares will rank *pari passu* with the existing shares in all respects and will be eligible for dividend from the current year on a *pro rata* basis.

Another company to issue rights shares is the **General Industrial Society Ltd.** (formerly known as the Gondalpara Jute Mills Ltd.). The Company is issuing new 2.16 lakh ordinary shares of Rs. 10 each at a premium of Rs. 3.50 per share to the shareholders as on the 29th inst. as rights shares in the proportion of two shares for every share held by them.

BONUS ISSUES

The General Industrial Society Ltd. is also issuing 1.08 lakh ordinary shares of Rs. 10 each as fully paid bonus shares to the shareholders as on the 29th inst. in the proportion of one share for every share held by them.

The Directors of the **Hindusthan Sugar Mills** propose to act on the sanction received by them from the Controller of Capital Issues to issue 60,000 ordinary shares of Rs. 100 each as fully paid bonus shares to the existing shareholders in the proportion of one bonus share for every share held by them.

SARDESAI BROTHERS LTD.

The Directors of Sardesai Brothers Ltd. have, with the approval of the Bombay Stock Exchange, finalised the allotment scheme for the Company's recent public issue of 17,500 equity shares of Rs. 100 each, for which 5,875 applications for 102,080 shares were received. Five shares will be allotted to one out of three applicants in the category of five shares, to one out of two in the category of 10 shares, to three out of four in the category of 15 to 20 shares and to every applicant in the category of 25 to 55 shares. Those who had asked for 60 to 90 shares will get 10 shares, for 100 to 110 shares 15 to 200 shares 25 shares. The applicants for 1,000 shares will get 50 shares, those for 3,000 shares 130 shares and those for 5,000 shares 190 shares.

HINDUSTAN LEVER'S BONUS ISSUE

Hindustan Lever Ltd. has completed the issue of share certificates in pursuance of a resolution passed at the Company's annual general meeting held on 18th April last to issue 12 bonus shares for every 25 ordinary shares held by the shareholders as on 10th May 1962. The Directors passed a resolution authorising the allotment of the shares on 25th May, and the Company's office posted the entire lot of about 17,350 certificates to approximately 14,000 shareholders all over the country within five days thereafter, although it could have taken its own time within the legally permissible limit of three months or even more under certain circumstances from the date of the resolution authorising the issue.

STOCK EXCHANGES QUOTATIONS

J. R. Motishaw and Company, a well-known firm of stock and share brokers in Bombay, has brought out *Stock Exchanges Quotations*, an 84-page booklet, giving the quotations of all the shares, securities and debentures officially listed on the seven recognised stock exchanges (Bombay, Calcutta, Madras, Delhi, Ahmedabad, Hyderabad and Indore) as at the end of the Samvat years 2016 and 2017 and as at 23rd December 1960 and 22nd December 1961 and as on 29th March 1961 and 30th March 1962, covering the three important dates for the yearly accounting and tax purposes, with a facility to compare the quotations as on these respective dates with those as on 4th January 1954. The booklet is essentially for private circulation and will be handy for the taxpayers among the firm's clients who have to pay wealth tax and/or capital gains tax.

(Concluded from previous page)

scribe to 49 per cent or Rs. 29.40 lakhs, of the issued capital of the Company, and this subscription will cover the foreign exchange component of the project, representing mainly the cost of plant and machinery. The balance of the issued capital, which is 51 per cent or Rs. 30.60 lakhs, will be subscribed to by the Tata Iron and Steel Company Ltd., in which case the Company will be a subsidiary of T.I.S.Co. The management of T.I.S.Co. is, however, considering a proposal to offer some 3 per cent of its share in the issued capital of the Company to either one or more of some of the Tata companies. As the issued capital of the Company will be subscribed by the existing companies, the question of a public issue does not arise. At the same time, it will not be possible to offer the shares of the new Company to the T.I.S.Co. shareholders, as their number is too large in relation to the share of T.I.S.Co. in the capital of the Company.

The Company's plant will be located at Jamshedpur. It will take at least two years to go into production. The collaboration agreement with the two foreign firms will bring the Company the benefits of the orders entered into by them at present and in future with Indian firms. The present orders are estimated at Rs. 4 crores. There will be an equal Indian and foreign representation on the Board of the Company, with one of the Tata luminaries as Chairman.

Notice

THE ALEXANDRA JUTE MILLS LIMITED

ANNUAL GENERAL MEETING

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 15th June, 1962 to 29th June, 1962, both days inclusive.

By Order of the Board,
McLEOD & Co. LTD.,
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Director,
Managing Agents.

3, NETAJI SUBHAS ROAD,
CALCUTTA,
2nd June, 1962.

NEWS IN BRIEF

THE Government of India is contemplating to constitute a study team for reviewing the progress of various irrigation projects and examining the question of timely utilisation of the irrigation potential generated.

A national institute for textile hand printing is proposed to be set up by the Government of India at Ahmedabad shortly. Another national institute for advanced training in the manufacture of dolls and toys will be established in Bombay.

The Life Insurance Corporation has agreed to advance loans to co-operative societies and joint stock companies which propose to set up industrial estates to the extent of 60 per cent of their total cost against a cent per cent guarantee of repayment of the principal and interest thereon by the concerned State Government.

The Film Finance Corporation Ltd. has sanctioned a loan of Rs. 1.2 lakhs to Messrs. Chitra Sharda of Poona for the production of a Marathi Picture. The loan will be paid in instalments and bear an interest of 9 per cent per annum, subject to a rebate of interest for early repayment as provided in the by-laws and regulations of the Corporation.

The Congress Working Committee has appointed a seven-man sub-committee to report on the present economic trends in the country. The sub-committee, which will go into a critical reappraisal of the economic situation, consists of: Mr. Gulzarilal Nanda (Convenor), Mr. U. N. Dhebar, Mr. Morarji Desai, Mr. V. K. Krishna Menon, Mr. C. Subramaniam, Mr. Harekrishna Mehtab and Mr. Sadiq Ali.

Crude oil from the Digboi oilfields in Assam will start flowing into Barauni Oil Refinery by the end of this year when the nine pumping and 17 repeater stations needed for the smooth flow of oil are expected to be completed. The laying of the pipeline from Naharkatiya (Assam) to Barauni, a length of 720 miles, is being done by a German-Italian firm at a cost of about Rs. 5 crores to carry crude oil from Digboi and is expected to be completed shortly.

An Industrial Training Institute for displaced persons and *adivasis* is being set up at Jeypore in the Dandakaranya area. It will train 204 persons annually. The Institute, which is being set up at a cost of Rs. 19.42 lakhs, will give training in fifteen trades, including blacksmithy, carpentry and draughtsmanship. Meanwhile, a total of 4,882 displaced families have arrived in Dandakaranya area from West Bengal upto 15th May 1962.

The Government of India has sent a circular to all the State Governments, Universities and technical institutions, urging them to implement the recommendations of the Thacker Committee on the introduction of the metric system in technical institutions. It is emphasised that all graduates and diploma holders in engineering and technology should be in a position to adopt the new system in their professional work as quickly as possible.

The revised estimate of surpluses from public sector enterprises during the third Plan period is Rs. 450 crores, as against the original estimate of Rs. 440 crores. This was disclosed in the Lok Sabha recently by Mr. Gulzarilal Nanda, Minister for Planning, Labour and Employment. The break-up of this total is as follows: Central: steel plants Rs. 111 crores, fertiliser factories Rs. 33 crores, Posts and Telegraps Rs. 28 crores and other enterprises Rs. 128 crores. The States: Electricity Boards Rs. 110 crores, road transport undertakings Rs. 20 crores and industrial enterprises and other departmental schemes Rs. 20 crores.

A scheme for the manufacture of "baby" tractors to meet the increasing demand for such tractors in the country is being considered by the Central Government. In 1961, the number of tractors in the country was 34,000, as against 21,000 in 1956. While no deliberate effort is being made by the Government to make the farmers switch over to tractors, incentives are being given to them. These incentives include exemption of agricultural tractors from customs and excise duties, grant of *taccavi* loans to farmers to purchase tractors and other agricultural machinery and exemption from local taxes like sales tax in most of the States.

Licences have been granted for establishing 21 new cement factories during the third Plan period, according to Mr. C. Subramaniam, Union Minister for Steel and Heavy Industries. Of them, four units will be in Gujarat, three each in Madras and Madhya Pradesh, two each in Andhra Pradesh and Mysore and one each in Assam, Orissa, the Punjab, Rajasthan, Maharashtra, Jammu and Kashmir and Himachal Pradesh. When all these factories go into production, the installed capacity of the industry will aggregate 15.24 million tons, the rate of output being about 13 million tons per annum.

The Government of India has decided to enforce quality control and pre-shipment inspection of exports without any legislative compulsion. Each Export Promotion Council will be asked to prescribe minimum standards and export incentives, and entitlement benefits will be available only to those exporters whose goods conform to these norms. In the case of all commodities, except engineering goods, pre-shipment inspection will be carried out by nominees of the Export Promotion Council. In the case of engineering goods, it is proposed to ask the Inspection Directorate of the Directorate-General of Supplies to carry out pre-shipment inspection of all exports according to I.S.I. standards and such other specifications as may be prescribed by the Export Promotion Council.

A delegation from the Department of Atomic Energy, consisting of Mr. M. N. Chakravarti (Tarapur Project Administrator), Dr. M. R. Srinivasan and Mr. M. Dayal, has left on a tour of France, the U.S. and the U.K. in connection with the Tarapur Atomic Power Project. Seven tenders were received for the construction of the atomic power station and they have been evaluated in detail from the technical and financial angles. The delegation will hold a final round of discussion with some of the tenderers and with the public authorities concerned in the countries from which the tenders have been received. They will be visiting atomic power stations which are either in operation or in an advanced stage of construction in these countries and in Italy. It is expected that a final decision on the tenders will be taken soon after these discussions are over.

* * * *

From Abroad

Negotiations on Norway's application to join the European Common Market will begin at Brussels in the first week of next month.

The World Bank has decided to grant a loan of $2.9 million to Ethiopia in order to finance the development and expansion of telephone and telegraphic services.

China has requested Rhodesia to supply large quantities of maize. Reports from China indicate large-scale damage to food crops on account of floods, hailstorms and drought during the current season.

Japan proposes to set up an Association for Overseas Technical Co-operation in order to intensify its assistance to the less developed countries. The Association will be under the jurisdiction of the Foreign Ministry.

The West German Government proposes to denationalise Viag, an industrial holding company with interests in electric power, aluminium and nitrogenous fertilisers. The Government will issue people's shares, as in the case of Volkswagen.

PERSONAL

MR. P. A. Gopalkrishnan, I.C.S., until recently Chairman of the Life Insurance Corporation, has taken over charge as the Managing Director of the Government-owned Indian Oil Company from Mr. B. Arora.

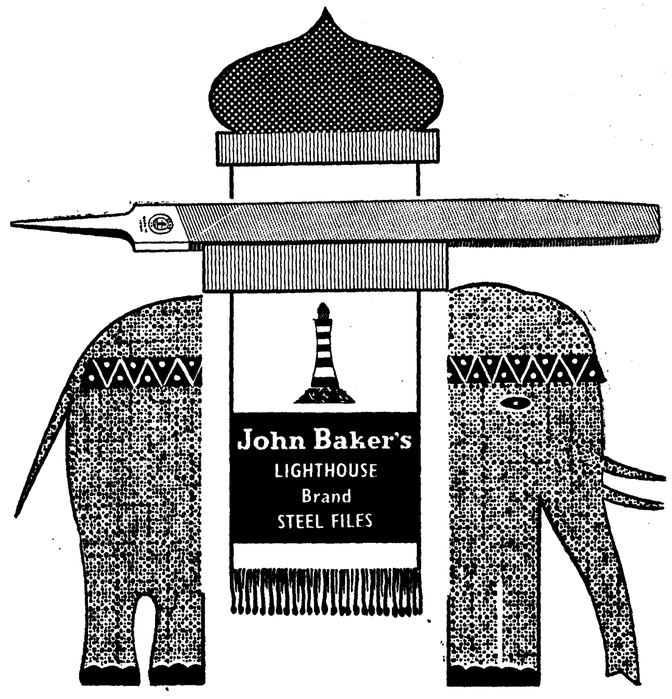
Mr. Ramdas Kilachand has been elected President of the Bombay Oilseeds and Oils Exchange Ltd. for 1962-63. Mr. Chandulal Kasturchand and Mr. Gokalchand J. Agrawal have been elected Senior and Junior Vice-Presidents, respectively.

Mr. R. Muttusamy, Superintendent of Training, Bhilai Steel Plant, has left for Colombo to assist the Ceylon Steel Corporation to formulate a training programme for its technical personnel who will be subsequently trained further in India's steel works. The personnel will be employed by the Corporation in a rolling mill to be set up in Ceylon shortly.

Mr. H. V. R. Iengar, the erstwhile Governor of the Reserve Bank of India who had recently joined the Board of Directors of the Indian Aluminium Co. Ltd., Calcutta, has been appointed Financial and Economic Adviser of the Company with effect from 1st May 1962, in the place of Mr. K. C. Mahindra, a well-known businessman and the chief of the house of Mahindra and Mahindra. Mr. Iengar will hold this position in addition to his capacity as the Chairman and Managing Director of the E.I.D., Madras.

East Germany has approached the West German Government for long-term purchases of certain goods on credits. One proposal relates to the buying of three million tons of West German coal (costing £20 million) annually over a period of ten years and another covers supply of industrial equipment worth DM 45 million.

What is claimed to be world's smallest seven-transistor superhet radio is now being produced by the Standard Radio Corporation of Tokyo. It is just under 2 inches long, 1¾ inches wide and ¾ inch deep and weighs 3 ounces. The set has a special circuit and new miniature resistor and condenser. A dynamic speaker does away with the need for an output transformer. Power comes from two mercury cells. About 5,000 of these sets will be made a month to retail in Japan at a price of about £8 each.



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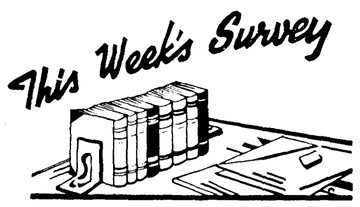

SOVIET AGRICULTURAL POLICY

THE sharp increase in the retail prices of meat and dairy products in the Soviet Union with effect from 1st June 1962, as decreed by the Government, is regarded by Western observers of Soviet affairs as a major departure in Soviet economic policy. For one thing, it indicates the failure of other measures such as higher investment in agriculture and tax reliefs which were introduced in the past with a view to securing higher production and constitutes a recognition of the importance of price incentives in agricultural production. For another, it means that the policy of pampering factory workers, to the relative neglect of farmers, is yielding place to one of encouraging the latter to produce more by ensuring a higher return for their produce. It is clear beyond doubt that, even in a country under dictatorship and central control, increases in production cannot be secured through mere fiats or threats and that profit-motive plays a no less significant part than in the free countries.

The rise in prices is as much as 25 per cent for butter and 30 per cent for meat. As if to compensate the consumer for the increase, the price of sugar has been cut simultaneously by 5 per cent and that of rayon fabrics by 20 per cent.

Explaining the reasons for the increase in food prices, Prime Minister Khrushchev said this week at Moscow that, in the absence of an alternative course of action, it was necessary to raise more money for agriculture. The international political situation being what it was, expenditure on defence and heavy industries, he pointed out, could not be cut. Mr. Khrushchev also frankly admitted the existence of acute inflation in Russia. He said that there had been a disproportionate rise in money incomes (wages and salaries) in the Soviet Union which resulted in a situation in which too much money was chasing too few goods. The rise in price was, therefore, meant to curb the excessive demand. This line of reasoning may sound strange to those who are accustomed to think that rise in prices of essential goods will aggravate inflation, instead of checking it. But a little reflection will show that what has happened is only a recognition of suppressed inflation which invariably takes place in all controlled economies, including India. The Soviet Government must have tried to hold down the prices of food only to find that this policy was having an adverse effect on production. Further, it must have found that lower prices of food, in the context of rising money incomes, left more money in the hands of people for being spent on other goods, including luxuries. One way of meeting this situation in a country like Russia is to increase the prices of necessities, so that less money will be available with the people for buying other goods.

The price increase is only a part of a major drive for increasing agricultural production and productivity. Mr. Khrushchev confidently predicted that, in a year or two, Soviet agriculture "will rise up, as on yeast" because the price incentive is being supplemented by direct assistance to farmers such as provision of more tractors, fertilisers, and agricultural machines and implements. It remains to be seen whether these incentives alone will be sufficient to make Soviet agriculture as efficient as, say, agriculture in the U.S. After all, the benefits of price and facility incentives on production will not be so impressive under collectivist farming as under peasant proprietorship. Will Mr. Khrushchev, who is considered as a realist, make any fundamental departure in the basic tenets of collectivism and State-ownership? Some are optimistic enough to feel that he may, because, for him, Russia and its newly won empire are more important than Communism.

The economic background to the present policy changes in U.S.S.R. deserves special mention. Between 1953 and 1961, Soviet population increased by 29 million. The major portion of this increase was accounted for by the urban population which alone rose by 28 million. Personal incomes increased by 87 per cent during this period, while agricultural production and productivity lagged far behind. Measures taken so far to increase agricultural production proved to be of not much avail. The Soviet authorities are now counting on the price increase to secure more production. It is expected to have a twofold effect. It will, on the one hand, reduce the demand for meat and dairy products, which are major items of expenditure in the budget of the average Soviet family, and, on the other, induce farmers to produce more, thereby bringing parity between supply and demand. It is a tribute to the efficiency of the price mechanism, so typical of capitalist economies, that even the centrally planned economies of communist countries are forced to have recourse to it for correcting imbalances between supply and demand.

INDO-PAK TRADE

It is encouraging to note that the controversies between India and Pakistan on political issues have not hindered the plans for mutual trade. In fact, trade between the two countries is expected to go up considerably during 1962-63, following negotiations held last week at New Delhi between the representatives of this country and a Pak delegation. The trade between the two countries, it may be noted, is guided by the three-year bilateral trade agreement signed in 1960. Under the arrangement now concluded, for the next one year ending March 1963, India will import 100,000 bales of raw cotton, valued at Rs. 5 crores, and supply, in turn, 130,000 tons of coal per month, or 1.56 million tons per annum. While Pakistan will pay in sterling for the entire coal, India will pay for raw cotton in rupees to the extent of Rs. 2.1 crores and only the balance in sterling. Under the special payments arrangements, there will be exchange of goods worth Rs. 4.05 crores each way in 1962-63, which is Rs. 5,00,000 less than last year. It is agreed that the unutilised amounts of the ceilings of the last two years will be carried over into the third year. In addition, the ceilings fixed under this arrangement for the third year are Rs. 40 lakhs for fruits and Rs. 115 lakhs for import of miscellaneous commodities by each country. Further, India is entitled to import jute cuttings worth Rs. 40 lakhs, apart from raw cotton (Rs. 2.1 crores). The ceiling for the import of Indian coal by Pakistan is fixed at Rs. 180 lakhs and for iron and steel items, bidi leaves, railway material and cement, etc., at Rs. 70 lakhs.

It is gratifying to find that India will be able to import more raw cotton this year from Pakistan than last year under the special payments arrangements. It may be recalled that, last year, the ceiling for raw cotton was only Rs. 1.5 crore. In view of India's acute foreign exchange difficulties and great shortage of raw cotton, this measure is particularly welcome. Besides, Pak cotton is an identical substitute for Indian cotton, unlike that bought from countries like the U.S. Another feature of the agreement is the reduction of ceiling on jute cuttings from Rs. 1 crore last year to Rs. 40 lakhs. This has been necessitated by the bumper jute crop in India in 1961-62. On the other hand, Pakistan will also be benefited considerably, particularly in regard to the supply of coal. It is to be noted that India has agreed to release coal for exports, despite the general shortage of this fuel.

The following table shows the trend of India's exports to, and imports from, Pakistan during the last ten years:

(Value in lakhs of rupees)

	Exports	Imports	Balance of trade
1952	46,34	29,14	+ 17,20
1953	7,62	19,41	— 11,79
1954	10,09	17,82	— 7,73
1955	8,71	25,08	— 16,37
1956	8,08	20,91	— 12,83
1957	6,77	13,40	— 6,63
1958	6,27	7,16	+ 89
1959	6,33	5,51	+ 82
1960	10,15	11,53	— 1,38
1961	9,94	15,18	— 5,24

It will be seen from the above table that the total trade between the two countries fell sizably since 1952 to touch a low of about Rs. 12 crores in 1959. But, since the signing of the trade agreement in 1960, the trend has been generally upward. It is, however, to be noted that India's exports to Pakistan are not quite satisfactory, with the result that there has been a substantial adverse balance in its trade with Pakistan. It has been stressed by those who have studied the market conditions in Pakistan that India's publicity campaigns there are quite negligible. Given better and more organised export promotion campaigns in that country, exports can yet be stepped up considerably.

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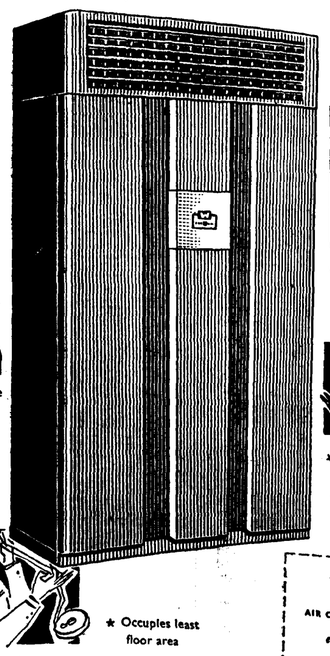

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WORLD AGRICULTURE PROSPECTS

Two interesting reports on the prospects for world agricultural commodities during the sixties—that is, 1969-70—have been published, one by the U.N. Food and Agriculture Organisation and the other by the National Institute of Economic and Social Research in the U.K. The actual reports are not yet available; only brief summaries of the reports have appeared in the Press. It is seen therefrom that both the F.A.O. and the Institute have painted a rather "unpleasant picture" in regard to the future of agricultural commodities. And both have urged the need for a reorientation in the policies of the developed economies in favour of primary producers.

The Institute, basing itself on its own study of 14 commodities which together account for about three-quarters of world trade in food, beverages and tobacco, has clearly warned that, unless such a modification is effected, the exports of foodstuffs from the primary producing countries will rise "much more slowly" than in the years 1948-60. It is stated that the aggregate value of primary producers' exports of select commodities in the last decade (the fifties), which was only $5,700 million, would have been higher by another $2,800 million, if only they had kept pace with the rise in money incomes in industrial countries. The Institute has advised the primary producers to process more of their goods to obtain higher export earnings. In this connection, it points out that the tropical and semi-tropical products may hold out "the most promising prospects" for primary producers, because the industrial countries cannot normally produce them for themselves.

The F.A.O.'s warning is more explicit than the Institute's. Unless the policies of the industrial countries are modified, it declares, there may be further additions to the already excessive stocks of agricultural products which are depressing prices, though no worsening of the chronic overproduction of agricultural products is foreseen. The F.A.O. has ruled out the possibility of any improvement in the terms of trade of producers of temperate agricultural products in the sixties. Even on the most favourable assumptions, the rise in the value of exports of tropical and semi-tropical products is not expected to be greater than the growth of population in the low-income countries. A specific suggestion made by the F.A.O. is to the effect that production must be restricted and that more aid should be given to the underdeveloped countries, so that they will be in a position to absorb larger quantities of foodstuffs which they cannot otherwise pay for. While the F.A.O.'s plea for more aid is quite gratifying, the leaning towards restrictions (on production), as our London contemporary, *The Economist*, has observed, might be questionable, unless used as a temporary stopgap.

The F.A.O.'s projections relating to foodgrains, in particular, reveal that, between now and 1970, the Asian and other underdeveloped countries will be faced with a serious imbalance or deficits. Thus, they are confronted with the prospects of a surplus in commercial crops, on the one hand, and an acute shortage of food, on the other. This is undoubtedly a very unpleasant outlook. The cereal deficit in the low-income countries of Asia, Africa and Latin America is likely to be, so we are told by the F.A.O., more than double the present level—that is, 31 million tons, as against 12 million tons, with wheat alone accounting for 20 million tons—if their development programmes go slow or are not fully implemented. The widening deficit is in contrast to the anticipated exportable surpluses in Australia, Canada and the U.S., and the "complete self-sufficiency" in the European Common Market countries. It is calculated that, mainly because of the estimated production increases in North America, especially in the U.S., the world surplus of wheat and coarse grains in 1970 would be at least three times as large as they were in 1957-59. Pointing out that the current production trends in the advanced countries provide considerable scope for enlarging food aid programmes, the F.A.O. is reported to have observed as follows:

"The projected world wheat surplus would be large enough to fill the gap which might occur in these poorer regions, even if, for one reason or another, their wheat production in 1970 were no larger than in 1958 and, if their wheat consumption were to rise by 70 per cent (i.e. corresponding to a 33 per cent increase in total and 27 per cent increase in *per caput* consumption), as implied by the high-income assumption of 5 per cent increase in G.N.P. per year. Rice would be most useful in food-aid programmes, but the surplus in high-income countries is likely to be small. Some quantities of grains other than wheat and rice, especially sorghum, could also be used in such programmes, but the disposal of the huge projected surplus of coarse grains, maize in particular, would raise very difficult problems."

The F.A.O. has referred to what it calls a real conflict between the self-sufficiency policies of several rice importing countries and the plans of the rice exporting countries. It therefore emphasises that the market would have to be kept under careful review, particularly in view of the possible changes in the position of China and the tendency of surpluses in competing grains. An important point to which the F.A.O. has done well to draw attention is the likely continuance, in the underdeveloped countries, of such handicaps as a relatively low level of education, scarcity of capital, inadequate marketing, credit and expansion facilities, as well as the general lack of incentives to increase output. It is needless to add that it is on the removal of all these handicaps and on the basic technological improvements that would largely depend the tempo of economic growth in the underdeveloped countries.

FOOD SITUATION

The food situation has shown signs of improvement during the last two years, mainly on account of larger production and imports. But it is still too early to say that India has turned the corner on the food front. For domestic production is yet to attain a rate of growth that will be substantially higher than the rate of growth of population, providing, at the same time, a margin for the income elasticity of demand. Moreover, while production has increased to some extent, there has not been any perceptible decline in prices, which is long overdue and necessary to give relief to consumers. The foodgrains output rose from 65.8 million tons in 1955-56, the base year of the second Plan, to 79.3 million tons by 1960-61, and is estimated to have touched 80 million tons in the 1961-62 crop year. Nevertheless, the wholesale price index (1952-53=100) for cereals, for instance, was higher at 102 during the financial year 1961-62, as against 100 in the previous year and 88 in 1955-56. What is the reason for this lack of correlation between prices and production? Mr. M. H. Hasham Premji, President of the All-India Foodgrains Association, in his address at the annual conference of the Association held last week-end at New Delhi, observed that the lack of correlation between prices and output was due mainly to such internal factors as controls and zonal curbs which disturbed the smooth functioning of the distributive channel. Further, several external factors, such as the rapid growth of population and the rising levels of *per capita* consumption, affected the price situation.

Mr. Hasham Premji was particularly concerned about the existing zonal restrictions on the movement of rice within the country. He felt that the price stability could be ensured not by irksome controls on distribution, but by increasing output and permitting unrestricted movement of foodgrains throughout the country. Referring to the removal of restrictions on the movement of wheat in May 1961, he pointed out that this had a salutary effect on equalising the price level all over the country. This measure, according to him, had brought down the high prices of wheat in deficit States, with prices in the surplus States remaining steady. In regard to certain States, Mr. Hasham Premji's conclusion may be correct. But the wholesale price index for wheat on an all-India basis has gone up, albeit slightly, that is, from 90 in

(Continued on page 1048)

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PLAN UNDER DARK CLOUDS

LENGTHENING SHADOWS OF AID DELAYS

From Our Special Correspondent

NEW DELHI, *5th June*

DELHI LETTER

IT has never been so good: that's what Food Minister Patil told the grain dealers' convention in Delhi. These remarks apply only to the food front which has been strengthened by P.L. 480, stability in prices and production. For the rest of the economy, it has, perhaps, been never so bad.

The external and internal factors have conspired to add up to create a situation which, it is feared, may be the worst since planned development was launched. Against the immediate effects of the reluctance of the Aid-India Consortium to dig deeper into its pockets and the long-term prospects of European discrimination against Asian countries, the reaction in Delhi was one of despondent helplessness.

The good chit from the latest World Bank Mission and the efforts of Mr. Black have failed to deliver the goods. From the level of aid originally expected from the United States, there is a ninety-million-dollar cut, resulting from the decision of the U.S. Congress to limit the assistance this Plan year to last year's quota. Even these doses may be rationed, if the aiders other than the United States do not provide matching assistance.

The British surrender of several privileges of the Commonwealth under pressure at Brussels is also disquieting to Delhi. Along with the suggestion of reducing Commonwealth preferences in commodities like cotton textiles to the extent of 30 per cent as soon as Britain joins the European Common Market, Britain tried to soften the shock by promising a review of the position at the end of one year's operation of the first stage reduction in preferences. But Delhi is certain that India will suffer severely even in the first stage of tariff changes by Britain.

German Chancellor Adenauer has come out openly against Europe taking on any Commonwealth burdens and, when the Commonwealth Prime Ministers meet in London in September, all the decisions may have been cut and dried, making it impossible to make adjustments. Some quarters in Delhi advocate a direct appeal by Prime Minister Nehru to General de Gaulle and Dr. Adenauer. Some would have India, Pakistan and Ceylon join hands in trying to win some European concessions.

Even in the aid already promised by West Germany there may be further delays. Reports received here last week-end showed that the development aid committee of the West German Parliament had decided that assistance for the expansion of the Rourkela steelworks to 1.8 million tons be provided only after the plant reaches the full capacity of one million tons in the first stage. With so many repairs needed at Rourkela to remove the causes of more than two dozen breakdowns, the German-aided plant will take a year or a year and a half to recoup its health and reach a steady rate of production. *Full one million ton production may take* longer.

Most of the assistance so far offered by West Germany to this country is for Rourkela plant expansion and the latest trend of thinking *in Germany means that German aid flow* will be delayed, further upsetting the already dislocated steel expansion programme.

The West Germans were first believed to have been satisfied with the arrangements made recently by an Indian delegation in talks in Bonn for the rectification of the plant's affairs. But the present decision would indicate some West German reservations. After initial delays, the Bhilai and Durgapur expansion plans are getting smoothly under way, and Hindustan Steel, which already has received world-wide tenders for Rourkela expansion, was expecting to place the orders for machinery by September. Unless the latest West German decision can be reversed, Rourkela expansion will be further delayed.

In this clouded aid atmosphere, one bright spot is the reported willingness of Britain to provide about Rs. 46 crores (£35 million) more assistance in addition to £90 million already committed. This assistance will not be tied to specific projects, it is understood. This will help meet some of the day-to-day import requirements for industries. Consultations have already begun in London and Delhi on the new British offer which the British representative is believed to have mentioned at the Aid-India Consortium meeting in Washington. This will take the British contributions to the third Plan further to £125 *million*.

Another prospect is more Soviet assistance which will be discussed with Mr. Anastas Mikoyan or another senior Soviet Minister expected to arrive in Delhi in the next few months.

Mr. Nehru used the opportunity provided by the presence of State Chief Ministers for the National Integration Conference to discuss the aid blight afflicting immediate prospects of various Plan programmes. The meeting yesterday was also attended by Mr. Nanda and other Planning Commission members. The conference touched upon the problem of pruning such projects as were included in the third Plan but had not yet received external aid support. The Planning Commission was firm in telling the States that they should not for the present add any project which may need foreign exchange

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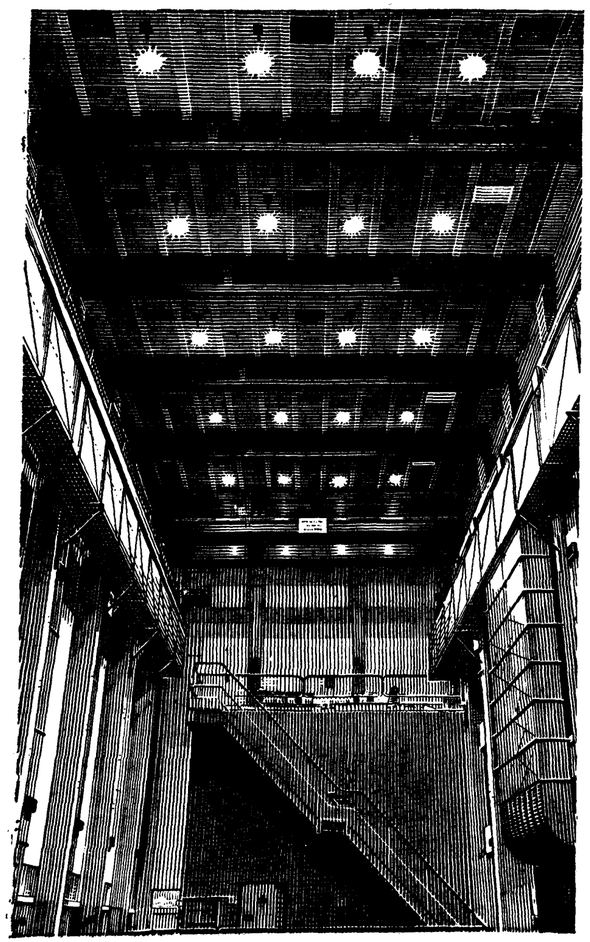
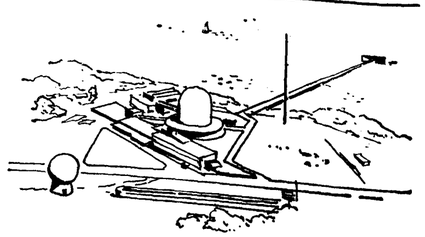


ZERLINA



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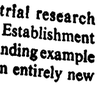

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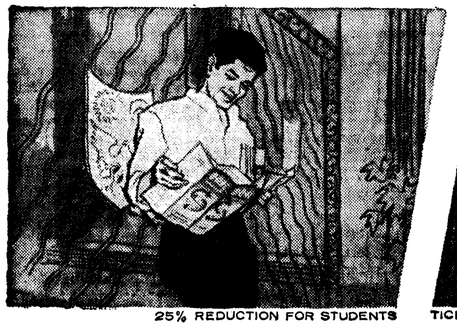

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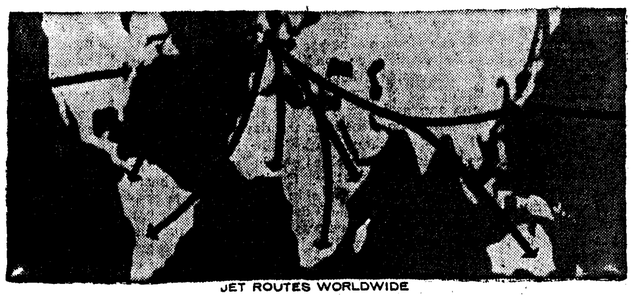

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AMERICAN LETTER

UTTER CONFUSION DOMINATES ECONOMIC SCENE

LACK OF RIGHT LEADERSHIP

From Our Special Correspondent

NEW YORK, 1st *June*

THE contemporary American scene is one of utter confusion. It varies in degree according to the geographical location. The East coast of the United States is experiencing the worst shock. In cities like Minneapolis and St. Louis, the stock market crash of May did not have the same psychological impact.

But the paper loss of some $20.000 million in stock values in one trading day on the New York Stock Exchange is causing some real soul-searching as did the first Russian Sputnik for which the American public was not prepared at all. The stock market crash, the worst since 1929, came as a stinging blow to morale.

As mentioned in previous despatches, the recent halting and receding performance in the stock markets this year had been referred to as "the Kennedy bear market." The crash was a resounding note of lack of confidence in the Kennedy Administration, its policies towards business and industry and the economic future of the United States itself. The severity of the movement is illustrated by the fact that, of the 1,375 issues traded, 1,221 declined and 9,350,000 shares changed hands between 10 a.m. and 3.30 p.m.

An Irony

Prices have come back somewhat since, backed by institutional investors who recognised bargains. But the underlying lack of confidence among investors remains. That the event occurred on the eve of President Kennedy's 45th birthday was an irony. He inherited several million dollars that day. The response from Washington was disappointing.

Administration spokesmen, including the Secretary of the Treasury, suggested that everything was fine and there was no reason for the crash. This was reminiscent of the *pronunciamenti* of the Hoover Administration during the great depression that everything would turn out to be all right in the end. Some courageous legislators have been suggesting tax cuts and other bold measures to restore confidence.

But it is not that easy. President Kennedy has yet to live down his unconstitutional interference with business in the matter of raising steel prices and the impetuous actions of his brother Robert who is Attorney General are not helping matters. The pity is that, among the "loyal opposition," there is not one outstanding leader who has voiced constructive remedial action of a specific nature.

Kennedy Government in Tough Spot

Perhaps, most disturbing of all has been the overseas reaction. The major West European stock exchanges sold off in sympathy with New York and the outflow of gold continues. So far this year, the U.S. has lost more than $410 million of its monetary gold stocks on top of the $1,000 million loss last year, the first year of the Kennedy Administration. Owing to the volatility of the American temperament, the stock market crash has all but eradicated the psychological buoyancy created by the successful space flight of Commander Scott Carpenter. The blunt truth of the matter is that investors have been selling the U.S. short and they have put the Kennedy Administration on the spot.

And it is a rather touch spot. Reassuring words are no longer the answer. Neither are promises of a new golden era, nor the prospects of remedial legislation which may or may not be enacted in the next session of Congress. In the meantime, punitive tax laws boomerang against the U.S. Treasury in terms of lower tax revenues.

Indeed, there is apprehension that another recession may be in the offing. Steel production at only 60 per cent of capacity at this time of the year is a pretty sad commentary, even though some of the reduction is due to previous hoarding for fear of a steel strike. One school of analysts, as could be expected, suggests that the stock market crash was nothing but a technical correction. They say that prices of stocks were unrealistically high, as much as 30-times earnings in most cases.

Bankers are calling for caution, since the expected boom of the "fabulous sixties" does not seem to be developing, although business conditions as a whole are really not bad at all with only 5½ million people registered as unemployed out of a population of 185 million. What I mean to convey is that, at this writing, there is a masochistic psychosis in business and financial circles bordering on schizophrenia. This goes so far that it is suggested in some quarters that, "if the classical pattern is followed, only a real national emergency, meaning a war, can reverse the present trend." The thought here is that the depression of the 1930s was eradicated only by the Second World War.

Indeed, this seems a bit farfetched, but it is, nevertheless, the topic of conversation in Wall Street and in luncheon clubs. In the same circles, there is also some disappointment that not even a little bit of inflation has been developing in the past period of expanding business. Everybody is, of course, against inflation in theory, but just a little bit, these people feel, would help to bolster the stock market and bolster confidence, generally.

This is what I meant at the outset when I said that confusion abounded here. Perhaps, this is caused by a lack of leadership either at Washington or among businessmen. There simply is no outstanding personality. The picture is also blurred by the uncovering of scandals in all strata of society in both Government and business.

Aside from all this and generalising the present U.S. business situation, it may be said that the economy is working its way through a tough, competitive, inflationless and transitional period. Nobody can be quite certain when that period will end and whence the path will lead.

Four Main Elements

For the past several years, the U.S. economy has seen a relatively slow long-term growth rate which is one of the causes for concern. There have been relatively mild short-term expansions and contractions, mild but persistent unemployment, difficulty in finding new investment opportunities, a struggle to maintain profits and continuing Federal budget deficits even at war-time tax rates.

Big Government has become bigger. Ferociously competitive conditions in domestic and foreign markets have become the order of the day. The easy ways of post-war inflation are past and, as I said before, to the regret of some of those who remember the days.

The short-term outlook for business seems moderately favourable, on the whole. Inventories are conservative. Capital spending bears a conservative relationship to the corporate cash flow and the rate of debt formation has not been excessive. Business trends at the present time may suggest little growth, but there are certainly no indications that another recession is imminent as the emotionalists suggest.

There are four main elements in the uncertain business picture at this time. They include intensified world competition for industrial markets, the disappearance of inflationary influences which were present in the 1950s, high and rising Government spending with an unprecedented tax burden. At this point, the Government sector shares, to the degree of 20 per cent, in the American flow of output and income.—*All Rights Reserved.*

The U.S. balance of payments continued to improve during the months of April and May and, barring some sudden deterioration during June, the deficit for the first half of the year is expected to hit an annual rate of about $1,500 million. This represents a marked improvement over the $2,400 million deficit for the whole of 1961. The deficit so far in the second quarter is running at an annual rate of $1,300 million, as compared with $1,800 million in the first. While the large U.S. trade surplus has been holding fairly steady despite some expected increase in imports, short-term capital movements have not yet posed any major problem. In addition, there appears to be some falling off in the long-term capital outflow. It appears that investment in Europe is losing some of its appeal, as industrial activity there slackens, and many small companies, which hastened to jump on the Common Market bandwagon, are beginning to have second thoughts. The Tax Bill now before Congress would also tend to limit overseas investment, though its chances of passage are considered doubtful.

LONDON LETTER

THE MERRY-GO-ROUND

FURTHER REPAYMENT TO I.M.F.

(*From Our Own Correspondent*)

LONDON, 1st *June*

NO one in the City this week thinks that the rally on Wall Street which almost wiped out the losses of the previous day is the last that will be heard of a Stock Market slump. On the first day of the week, the City noted with apprehension that Wall Street fell more sharply than at any time since October 1929. Inevitably, the fear that history might repeat itself was born, but the fact that the fear still exists in the City, as in the Continental Bourses and in Wall Street, does not mean that it is generally supposed that the markets will take another nose-dive. What it does mean is that uncertainty exists. Maybe the markets will recover; maybe they will go down; more likely they will go up and down. The industrial and commercial pointers all refute the suggestion of a basic weakness, while the excessively high prices that have ruled for some time indicate the need for readjustment. Thus speaks logic, but markets do not move in logical terms.

As if to show that the British Constitution in all its aspects is impervious to the quakings on Wall Street, the Bank of England and the Treasury have hoisted a signal that the pound is strong within and without. The external strength of the pound is proven by the repayment to the International Monetary Fund of a further £25 million of the drawings made nine months ago of £538 million. That international overdraft has now been reduced by this fifth successive payment to £229 million; the difference is one index of the inflow of hot money into this country. At the same time, £18 million of sterling has been sold to the Federal Reserve System against dollars—thus giving practical evidence of the willingness of the U.K. and of the ability of the pound sterling to help the dollar. It is no mean thing in one month to have found £43 million of foreign exchange surplus to this country's requirements.

Internally, the Treasury has agreed that the Bank should refund the extra 1 per cent of special deposits which the clearing banks were required to pay in as part of the crisis measures of last year. The Bank still holds the 2 per cent of special deposits which they had required prior to the "second Budget" of July. Repayment amounts to £77 million and provides that much extra basis for an increase in advances by the clearing banks. Although these banks, together with other finance institutions in the country, have been urged by the Governor of the Bank of England to put export finance first in any credit liberalisation, the very fact that this latest measure is not accompanied by the usual disclaimer of any intention to liberalise credit means that, provided the borrowers can be found, credit will, indeed, be easier.

No Incompatibility

The Government, in short, have been impressed by the relative sluggishness of the economy and are taking the risk that they might encourage inflation. There is no incompatibility between this measure of relaxation and the Chancellor's warning that, if signs of inflation appear, he will reimpose the "July measures." It has been rubbed in that the reins on credit are too tight, but the Chancellor is still justified in saying that, if the economy does get out of hand, he will step in and stop it!

What is incongruous is that events should so far have overtaken the Chancellor in the shape of jittery markets as to make it obvious that what the "little expansionists" have been saying for some time is right—that the real danger facing this country is not inflation but stagnation.

As ever, the dangers of stagnation are much greater in the more volatile American economy than they are in the U.K., but since neither this country nor the Common Market countries can hope to remain immune from any major movements in the American economy, what goes on the other side of the Atlantic dominates sentiment here. It is a fairly safe bet, therefore, to say that, in the weeks ahead, emphasis here is going to be on relaxation rather than restriction.

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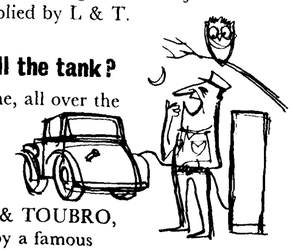

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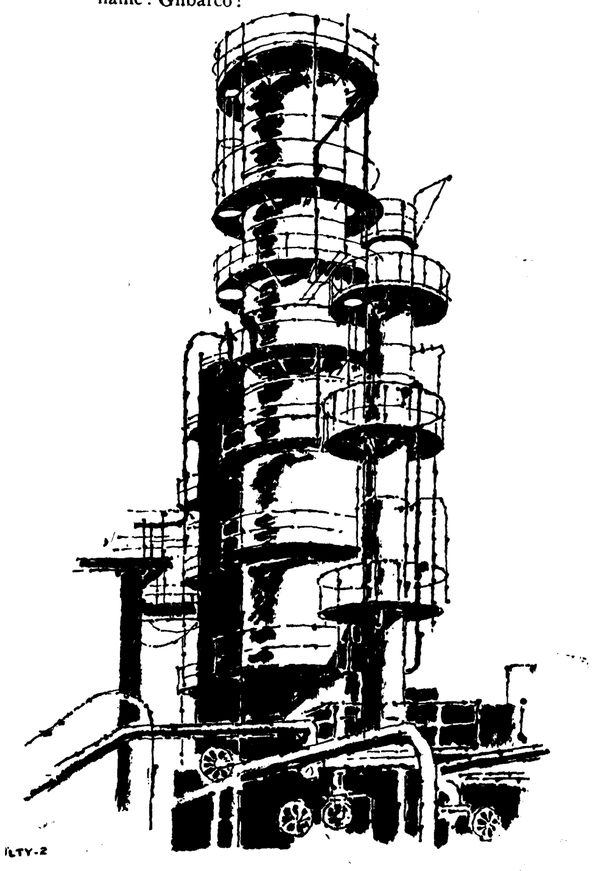

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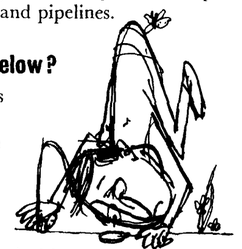

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TREND OF DEPOSIT RATES IN U.S.

HIGHER LEVELS ATTRACT MORE TIME FUNDS

THE growth of savings and time deposits in commercial banks in the U.S. appears to have slowed down in recent weeks. This, however, follows an extraordinary advance in the first quarter running to over $6 billion. This is two-thirds of the total record increase of last year and, indeed, exceeds the annual total for any other post-war year with the exception of 1958, according to an analysis by the Economic Research Department of the Chase Manhattan Bank, New York, in its latest monthly feature *Business in Brief*.

A major factor explaining the stepped-up flow of time money into commercial banks this year has, of course, been the higher rates on time and savings deposits by thousands of U.S. banks in response to the changes in Regulation Q of the Federal Reserve. As of the first of this year, member-banks—and non-member insured banks under an identical ruling of the Federal Deposit Insurance Corporation—were permitted to move to the following new schedule of rates:

Maximum Interest Rates Payable on Time and Savings Deposits under Regulation Q

Type of Deposit	*Jan. 1, 1957–Dec. 31, 1961*	*Effective Jan. 1, 1962*
	Per cent.	Per cent.
Savings deposits in Bank:		
For one year or more ..	3	4
For less than one year ..	3	3½
Other Time Deposits payable:		
In one year or more ..	3	4
In 6 months to one year ..	3	3½
In 90 days to six months ..	2½	2½
In 30 days to 90 days ..	1	1

A sample poll of member banks taken by the Federal Reserve in mid-January showed that, even by that time, about one-half of all member-banks had raised their rates on savings deposits, with 21 per cent going to 4 per cent. The increases, moreover, were heavily concentrated among the larger banks, so that 83 per cent of all banks with deposits of over $500 million increased their rates, 49 per cent moving to the new maximum of 4 per cent.

A similar, but even more pronounced pattern, was observed in respect of rates on time deposits, that is, funds deposited under a firm contract for a specified maturity. The survey indicated that 68 per cent of all member-banks had raised their maximum rates on such deposits—with 98 per cent of banks with more than $500 million in deposits increasing their maximum rates. As rates on time deposits are normally set according to the prevailing levels of open market rates, however, not all banks have been paying the stated maximum for funds of six months or longer.

In the period since the January poll, a number of additional banks have announced increases in rates on time and savings deposits. This includes institutions in such major cities as Detroit, Minneapolis, San Francisco, and Chicago. Thus by the end of April, the large majority of time and savings deposits in the U.S. banks had been affected to some degree by increased rates.

At the same time, other factors have also been partially responsible for the flood of time money into the banks. A major cause of the record growth in savings deposits in 1961 was the fact that short-term open market rates were below those paid by the banks on savings deposits. This situation has continued during 1962. Moreover, the hesitation in the rate of advance of the economy which took place in the first part of this year has led to an at least temporary building up of time and savings balances.

Sources of Funds

The increased rates on commercial bank time money have not slowed down the deposit growth of other competing savings institutions. Deposits with mutual savings banks and shares of savings and loan associations—many of which have also increased their rates since the first of the year—rose by only $49 million less in the first four months of 1962 than in the equivalent period of last year.

One other competing savings medium, however, has been adversely affected. U.S. savings bonds outstanding decreased by $101 million in the first four months of this year. In the equivalent period in 1961, there was an increase of $50 million.

A portion of the increased time funds seems to have been obtained from the banks themselves—through a reduction of demand deposits. Some of this reduction represents a direct conversion of demand deposits into time and savings accounts to take advantage of the higher rates. At the same time, a part of the inflow of time funds appears to be a by-product of transactions in other financial markets—for example, a sale of stock and the deposit of the proceeds in a time account.

Portfolio Policy

These increased rates have placed a heavy burden of additional costs on the commercial banks, for they involve not only the payment of a higher rate on new deposits, but also an extra ½ per cent or 1 per cent on the savings deposits which the bank already holds. While this is partially offset by lower reserve requirements, and by the fact that, in the long run, the higher rates should enable commercial banks to compete more effectively for savings, the short-term impact on costs may be heavy indeed.

In order to offset these increased costs in the absence of a particularly strong loan demand, the commercial banks have invested in longer-term, higher-yielding assets. A major shift has been to increased investment in State and Local securities to take advantage of their tax-exempt status. In the first four months of 1962, those banks which report weekly to the Federal Reserve added $1,662 million to their holdings of securities other than Government—which consist almost entirely of State and Local obligations. In addition, these banks increased their mortgage holdings by $441 million, and, while liquidating $3,293 million of Government securities maturing in less than five years, built up their holdings of longer-term Government loans by $1,143 million, or 33.6 per cent.

The increased investment of the banks in longer-term securities has had two results. The first has been to reduce yields. In the falling level of intermediate and long-term interest rates which has prevailed since the start of the year, bank purchasing has been a major factor in depressing the returns on State and Local securities, and has had perceptible effects in the mortgage and Government markets, as well as indirect effects on other long-term rates.

A second effect of a lengthening of portfolios is, of course, a reduction in bank liquidity. Nevertheless, liquidity—as measured by the ratio of cash and short-term Governments to total assets, or by the ratio of loans to deposits—still remains fairly high by the standards of the past several years. Therefore, banks remain in a position to accommodate a considerable increase in loans if demands in the latter part of the year should call for it.

Looking Ahead

The major portion of the adjustments to the new higher rates on time money now seems to have taken place. Moreover, in previous periods of business recovery, the rate of increase in bank time deposits was slower as the recovery gained momentum. It would, therefore, be expected that the growth of time and savings deposits would continue to be slower in the coming months than in the first quarter of this year. Yet, at the same time, the new levels of rates should allow the commercial banks to compete more effectively for time and savings funds. This, in turn, implies a continued greater bank interest in the municipal and mortgage markets—and perhaps in consumer credit as well.

KRISHNARAM BALDEO BANK (PRIVATE) LTD.

The Krishnaram Baldeo Bank (Private) Ltd. (Manager: Mr. M. S. Banker, Lashkar, Gwalior), which is a recognised scheduled bank, has suffered a setback in its profit before taxation from Rs. 3.96 lakhs to Rs. 1.73 lakh for the year ended 31st December 1961. However, as far as banking business is concerned, the Bank has fared well. What adversely affected its profit was a decline in its income from non-banking sources. Thus, despite a sizable drop in advances from Rs. 110.79 lakhs to Rs. 80.93 lakhs over the year and slightly lower investments at Rs. 89.44 lakhs as compared with Rs. 89.91 lakhs in the previous year, its income from banking business has gone up from Rs. 8.06 lakhs to Rs. 10.71 lakhs due obviously largely to more favourable terms of lending. But the income from other sources has come down from Rs. 3.59 lakhs to some Rs. 44,000. It was rather high in the previous year because it included a profit of Rs. 3.34 lakhs out of sale of investments.

Taking the year-end figures, deposits of the Bank show a rise of Rs. 16.25 lakhs to Rs. 205.08 lakhs. This has resulted in higher outward interest of Rs. 5.34 lakhs as compared with Rs. 4.66 lakhs a year before. Borrowings from other banks are again shown as *nil*. Staff expenses have increased from Rs. 1.74 lakh to Rs. 2.78 lakhs during the year, but other expenses at Rs. 0.97 lakh are more or less the same as in the previous year. Depreciation has claimed some Rs. 2,000 more at Rs. 32,621. But the provision for taxation has been reduced from Rs. 2.23 lakhs to Rs. 0.30 lakh. The amount transferred to the staff gratuity fund is lower by Rs. 2,000 at Rs. 10,500, but the reserve fund has received Rs. 50,000 and the contingency reserve Rs. 22,301, as against nothing in either case in the previous year. The taxable dividend has been slashed from Rs. 3.90 to Re. one per share of Rs. 50 each.

The credit ratio has slumped from 58.6 per cent to 39.4 per cent due to the divergent trends in deposits and advances referred to earlier. The ratio of investments to deposits has also receded by four points to 43.6 per cent. But at the year-end, cash balances were more than double at Rs. 90.71 lakhs. Consequently, their ratio to deposits has jumped up from 23.6 per cent to 44.2 per cent. The liquidity ratio is as high as 87.8 per cent against 71.2 per cent in the previous year. However, nearly 44 per cent of the investments are in shares and debentures. The ratio of the Bank's "own funds" to deposits works out to 32.5 per cent, as against 35 per cent a year ago.

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A 'bank' operating on Sundays only was started in 1799 by the Rev. Joseph Smith of Wendover. The object was to help the poorer sections of his congregation who were often in distress during the winter. The Rev. Smith encouraged them to bring pennies to church on Sundays during the summer, on the understanding that they'd be returned at Christmas increased by one-third "to enable them to purchase a warm garment, half a load of wool or any other domestic comfort they may want at the most inclement season."

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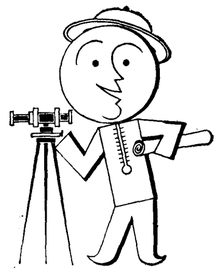

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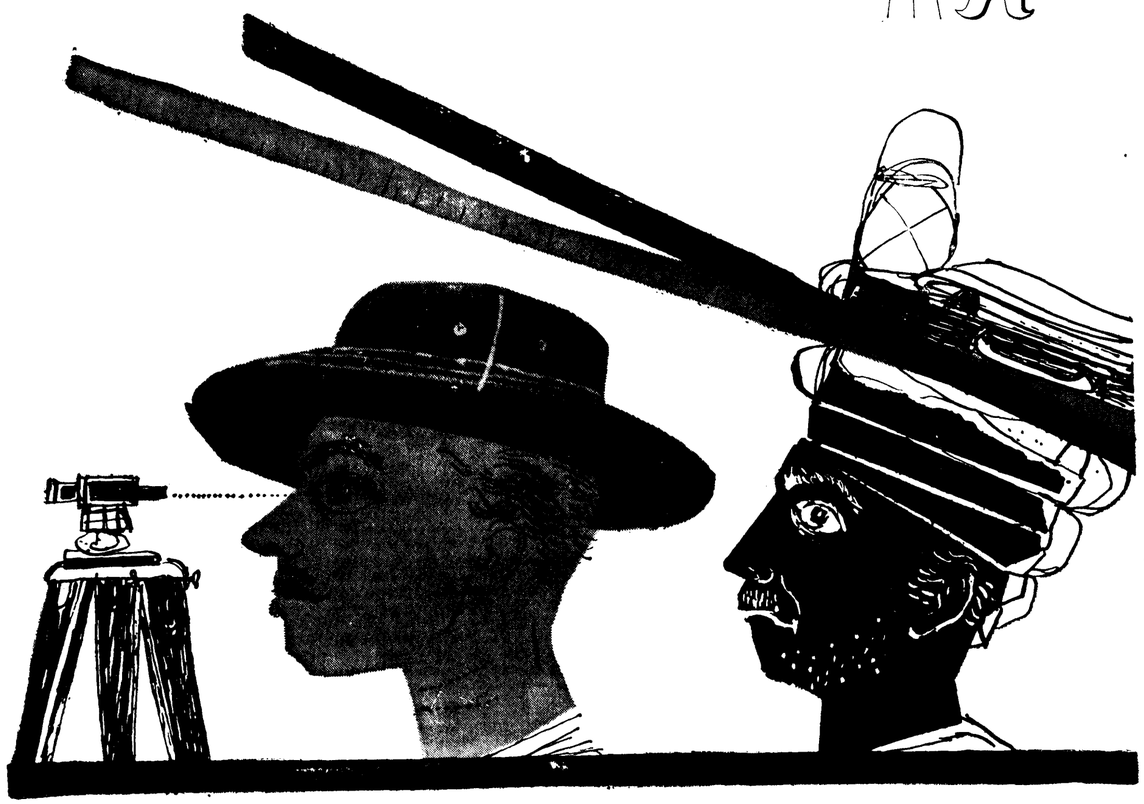

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WORLD COTTON SITUATION

I.C.A.C.'S ASSESSMENT OF FUTURE PROSPECTS

A COMPREHENSIVE assessment of the world cotton situation was made by the International Cotton Advisory Committee at its ten-day annual conference held at Washington from 14th to 24th May. The statement issued at the conclusion of the meeting has brought out certain interesting trends in the world cotton economy. It will be seen therefrom that the overall statistical position of cotton remains strong, with acreage and consumption at record levels, that there is a reasonable degree of stability of cotton prices in world markets, that most of the countries may dispose of the bulk of their exportable surplus and that as demand will exceed production by a substantial margin during the current season, stocks at the end of the season will decline by one million bales to a level which will be the lowest since 1953. Apparently, this decline is due to the fall of half a million bales in production during the season at a time when consumption is maintained at a high level. Although the overall supply and demand relationship has thus moved nearer to parity, the Committee has warned that cotton's problems, some transitory, others more fundamental, remain.

The Washington conference was marked by criticisms levelled against the U.S. cotton policies by some member-countries. The Committee itself thought it fit to adopt a special resolution on this subject, which is only to be expected, considering that, since the U.S. is the largest producer and consumer of cotton, its policies continue to exert a profound influence on the world cotton economy. It was generally felt by the member countries that the present U.S. policies had not been successful in finding solutions to some of the fibre's basic problems. The Committee, however, did take note, with considerable interest, of the statement by the U.S. delegation that consideration was currently being given to a number of plans to introduce a greater element of freedom in the matter of cotton production and to reduce or eliminate the differential between domestic and export prices. Such a move, it was felt, would provide a sounder basis for determining the true relationship between supply and demand.

Recent Trends

The discussions at the Washington Conference were held against the background of the world cotton economy as presented by the Committee's Secretariat in the course of a review specially prepared for the conference. The review not only indicated the statistical position of cotton in the current (1961-62) season but also assessed the future prospects of cotton *vis-a-vis* rayon and other competing fibres. Included in the review are the following figures relating to the supply and disappearance of cotton in the current season:

(In million bales of 478 lbs.)

	1958-59	1959-60	1960-61	1961-62 (estimated)
Stocks (1st August) ..	20.7	19.7	19.1	19.1
Production—				
United States ..	11.5	14.5	14.4	14.3
U.S.S.R. and E. Europe ..	7.0	7.5	7.0	7.1
Other Countries ..	17.6	16.8	19.0	18.5
Total ..	36.1	38.8	40.4	39.9
Total supply ..	56.8	58.5	59.5	59.0
Consumption—				
United States ..	8.7	9.0	8.3	9.0
U.S.S.R. and E. Europe ..	8.0	8.4	8.7	8.8
Other Countries ..	20.4	22.1	23.1	23.0
Total ..	37.1	39.5	40.1	40.8
Destroyed ..	0.2	0.2	0.1	0.1
Net exports to Mainland China ..	—0.2	0.1	0.2	0.2
Total disappearance ..	37.1	39.8	40.4	41.1

It will be seen from the above table that, with production and disappearance in fine balance last season, the opening carryover on 1st August 1901 was virtually unchanged. Production in 1961-62, however, is estimated lower by about half a million bales, as compared with 1960-61, despite a marked increase in area from 66.7 million acres to 70 million acres. The reduction was due to lower yields in Egypt, India and Uganda and smaller acreage in Mexico.

Notwithstanding the frequent ups and downs in the textile cycle, cotton consumption continues, with almost monotonous regularity, to set new records. The explanation for this lies partly in the uninterrupted expansion in consumption outside the more traditional textile manufacturing centres and partly in the differences in the timing of the textile cycle. A further boost to world consumption has been given by the marked upswing in India where, although there are continuing difficulties in the supply of raw cotton, consumption is running at a record level. Total world consumption during 1961-62 is placed higher at 40.8 million bales, that is, 700,000 bales more than in 1960-61. Commenting on the prospect for the future, the Committee makes the following interesting observations:

"With much of the world's population still ill-clad, and as a counterpart to the increased production potential, the fact that cotton consumption will set a new record is indeed encouraging. Undue optimism on this score, however, must be tempered by the intense competition from the man-made fibres where the rate of increase far surpasses that for cotton and which has inevitably resulted in a decline in cotton's share of the total fibre market. There are other problems, too—problems concerned with changes in the geographical location of the textile industry and the resultant developments in textile trade. Though the continued upswing in cotton consumption can be attributed primarily to an increase in domestic demand, increased reliance on textile exports to sustain a higher level of consumption is typical of some countries. This has led to radical changes in the pattern of textile trade which in turn has had a decided impact on the cotton industries of certain countries. The United Kingdom is the classic example, where the reversion to a major net importer of cotton textiles has brought mill consumption to less than half what it was ten years ago. For their part, however, textile exporters still have to contend with a formidable array of tariffs, quotas, etc. and latterly the possible imposition of an equalisation fee on cotton textile imports into the United States."

Exports

Increased consumption and purchases for stock by net importing countries carried exports to record new levels in the two previous seasons. The reverse seems to be the case now and, consequently, total exports during 1961-62 are expected to be lower at 15.0 million bales (as compared with 16.6 million bales in 1960-61), comprising 5 million bales from the U.S. and 10 million bales from other countries. In the present circumstances, any reduction in total trade automatically means an almost corresponding reduction in exports from the U.S. Thus, U.S. exports are estimated at no more than 5 million bales, as against 6.6 million bales in 1960-61.

As regards the outlook for world cotton exports, the Committee analyses, the probable future trends in stocks, production, consumption, trade and prices. Its assessment of each of these aspects may be summarised as follows:

Stocks: With disappearance likely to exceed production by a wide margin, end-season stocks will fall to their lowest level in almost ten years. Opening stocks next season would be down by as much as a million bales. Of equal significance, however, are the changes which are likely to occur in the pattern of stocks, particularly in the division of stocks between exporting and importing countries.

Production: A tentative estimate at present is that total acreage should be at least on a par with the present level, but the paramount factor in the crop outlook for next season would be the assumption of a return to more normal production in Egypt, India and Uganda which, other things being equal, would result in an increase in total production.

Consumption: Although it would be impossible to attempt to give any precise estimate of how much cotton will be consumed next season, it is an undisputed fact that consumption continues to set new records with each successive season. However, there are signs that the curve may be flattening out. In other words, the rate of increase is slowing down, which is not altogether unexpected because, as consumption moves to higher levels, a greater absolute increase becomes necessary to maintain the same rate of increase. Cotton continues to face stiff competition from man-made fibres from outside—cotton consumption is rising but its share of the total market for textile fibres has fallen. Rayon's share, too, has declined in recent years, but the non-cellulosic fibres continue to forge ahead. Inter-fibre competition is always volatile with new developments turning the scale first one way and then another. Cotton still faces intense competition from rayon and here two developments, of comparatively recent origin, have occurred which could have a decided impact on the outlook for cotton consumption—a widening in the price advantage enjoyed by rayon and the introduction of high modulus rayons. At the same time, the production and variety of non-cellulosic fibres continue to increase and there have been many price reductions in the past year. Another really vital factor in cotton's future is what happens to the overall economy.

International trade: If trade in 1962-63 follows roughly the same pattern as in the last two seasons, any fluctuations in the total volume of trade will be reflected mainly in the level of exports from the U.S. Elsewhere, with a return to normal production in Egypt and Uganda, a prospective increase in acreage in some countries, and an increased carryover in Brazil and Sudan, there could be some increase in export availabilities. The reduction in stocks in most importing countries this season has served to depress the level of cotton exports but, with stocks now near the minimum in most instances, the impact of stock policy on the volume of trade, at least on the downside, should be much less important. The vital consideration will be the level of consumption in net improting countries about which it is possible to be guardedly optimistic.

Price: With the price supports in the U.S. virtually at the same level as in 1961-62 and the same initial rate of export payment, there is little reason to expect that there will be any major deviation in the general price level of Upland type cottons next season, though the market for extra-long staples may still remain precarious, particularly if there is an increase in production. Finally, there is the possibility of a change in cotton policy in the United States at some future date.

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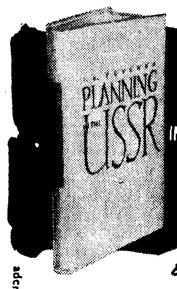

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STRONG OPPOSITION TO CEILING PACTS

NEW JOINT COMMITTEE PLANNED TO PROBE COTTON WAGES

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, 29*th May*

STRONG opposition to the British Government's apparent acceptance of the terms proposed by Hong Kong for an extension of the current agreement on cotton imports has been voiced by the Lancashire cotton industry. Millowners protested that a new three-year pact with the Colony, India and Pakistan had been fixed up without consultation with the industry, and that a continuation of the present rate of import ceilings would mean the complete disruption of the trade. "The announcement," said Lord Rochdale, Chairman of the Cotton Board, "although it recognises the need to secure greater stability of trade in cotton textiles, will cause the most bitter disappointment in Lancashire, because it involves no reduction in the ceiling figures." Welcoming the inclusion of yarns in the pact, although, not the basic year chosen, Lord Rochdale said: "Further comment should be left until the comprehensive statement on the subject has been made by the President of the Board of Trade."

Telegrams to Prime Minister

Not content with mere statements, the leaders of the two major organisations in the spinning and weaving sections of the trade sent telegrams direct to the Prime Minister. Mr. Michael Grey, Chairman of the U.K. Textile Manufacturers Association, said that the industry was gravely perturbed and disappointed at the proposed terms. "The perpetuation of the excessively high 1961 ceiling limits, which have already contributed to disruption in the industry is highly unsatisfactory and unreasonable," he declared, and added: "New cloth ceilings should be fixed at the level of current imports."

Mr. Fred Dunkerley, President of the British Spinners and Doublers Association, said that the levels of quotas suggested were much too high. "Imports of cloth and garments at the ceilings permitted by present agreements and yarn imports at 1961 levels will result in loss of public money," he warned. "They will result in failure to achieve the aims of the reorganisation scheme which was based on 1959 imports." Confidence should be restored by a downward revision of ceiling figures of cloth and made-up goods and the stabilisation of yarn imports at 1959 levels.

Under current arrangements, which it is now suggested should be maintained until the end of 1965, a quota limit of 185 million yards annually of cotton cloth can be supplied by Hong Kong for retention in the British home market. India can supply a maximum of 195 million yards a year and Pakistan 42,400,000 yards.

In cotton circles, the attitude of British politicians is regarded as quite incomprehensible and lacking in reality. The sharp curtailment of arrivals of foreign goods over the past six months or more seemingly satisfies the Government that the danger is past. The gap between the current rate of actual arrivals and the 1962 ceiling figures is, however, wide enough to give producers abroad big opportunities as soon as demand quickens.

Local traders know very well that, when business begins to broaden, the tendency will be for foreign supplies to be sought and, as the pipelines are emptied, the flood of imports will begin again. So the trade cycle, now complicated by the intrusion of overseas industries with export surpluses, will continue with increasing intensity; each time it turns, the share available for Lancashire under present conditions must become smaller.

The Lancashire cotton Industry's case has been presented time and again in varying forms, all of which make it fundamentally clear that the overall ceilings on imports from the three Eastern Commonwealth areas exceed reasonable bounds. A deaf ear is turned to these entreaties, but Kong Kong in particular can play upon the sympathies of politicians to a phenomenal extent.

Wages for Workers

Long-term plans to streamline the wage structure of the Lancashire cotton industry and standardise conditions of employment may follow the establishment of a new joint committee representing both employers and trade unions in the spinning and weaving brandhes, if the scheme is approved by the major organisations in the trade. This is the result of a recommendation by the negotiating committees of the millowners and unions, following their meeting in Manchester to consider the nine-month-old wage claim for a 10 per cent advance submitted on behalf of about 165,000 operatives. The demand was rejected last year, but has subsequently been renewed.

The joint meeting decided to recommend to their respective organisations that a very small joint committee should be set up to examine further the present wage claim. It was suggested that this committee might also consider the long-term questions of wage structures and conditions of employment.

Sir Alfred Roberts, Secretary of the Card-room Workers Amalgamation, stated that it was obvious that the state of trade had played a big part in colouring the employers' views on the wage claim, so that they had been reluctant to make any gesture at the moment. It is over two years since workers in the cotton trade received a wage increase.

Well Below the Ceilings

The downward trend of both imports and exports continued during April, and returns now issued by the Board of Trade can be summarised as follows:

Total imports of cotton cloth last month were the lowest since August 1959, being 41,029,000 yards, of which 30,773,000 yards were grey cloth. Combined arrivals of unbleached and finished fabrics for the four months amounted to 188,185,000 yards, as against 281,320,000 yards for the same period last year.

Grey cloth arrivals from India in the four months aggregated nearly 57,000,000 yards, a drop of almost 20,000,000 yards on last year, as against the current ceiling of all types of cotton cloth of 195,000,000 yards. Shipments from Hong Kong barely exceeded 19,000,000 yards of grey cloth over the four months, as against 27,000,000 yards and the annual ceiling of 185,000,000 yards. Pakistan sent nearly 9,000,000 yards, as against 6,400,000 yards, and the ceiling of 42,400,000 yards.

Cotton yarn arrivals to the end of April amounted to 12,343,000 lbs., as against 15,654,000 lbs. last year, while the only section in which more goods were supplied from abroad was man-made fibre cloth, where imports were 25,029,000 yards, as against 23,679,000 yards.

Never before during the past century have exports of cotton cloth fallen below 20,000,000 yards in a month, but this happened in April when only 18,749,000 yards were shipped overseas. The four-month total of 83,725,000 yards compared with 108,449,000 yards exported in 1961.

April shipments of cotton yarn, oddly enough, were higher than in any month since last May, the total of 1,323,459 lbs. exceeding the 1961 monthly average. Exports of man-made fibre yarns, however, are now about five times bigger than those of cotton yarns both by volume and by value.—*All Rights Reserved.*

DISTRIBUTION OF WORSTED YARN

At a meeting of the Distribution Committee of the Development Council for the Woollen Industry held at Bombay on 31st May under the chairmanship of Mr. R. K. Birla, it was decided that the mechanism of distribution of worsted weaving yarn to the small-scale weaving sector should be worked out by a regional committee in Amritsar. The Committee will consist of Mr. Constantinices, Mr. Mahajan and Mr. Jagadish Behl and the scheme will be implemented from 1st July next. It was also decided that the surplus grey hand-knitting yarn should be distributed to hand-knitting processors on the basis of their past performance. This scheme will also be implemented from 1st July.

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INSURANCE IN WESTERN EUROPE

A MAJOR SOURCE OF INVISIBLE EARNINGS

By R. Ewart Williams

[Momentous changes are in prospect in both the structure and scope of insurance in Western Europe. At present, despite its being a truly international business, insurance is subject to national laws and each country has its own method of regulating insurance. But the vanishing contours of economic isolation and the altered nature and size of the risk to be covered are forcing European insurers to adapt themselves to the new conditions of economic co-operation. A background to this unfolding drama is provided by the author of the article which is reproduced below from the May 1962 issue of E.F.T.A. Bulletin, *published by the European Free Trade Association.—*ED.*]*

THE operations of insurance companies today are increasingly spilling over national boundaries. The big insurance markets of Britain, Switzerland, West Germany and France—and to a lesser extent Italy, Belgium, the Netherlands and Scandinavia—now have a substantial volume of direct business outside their own countries. But it is the vast system of indirect business obtained through reinsurance which accounts for the bulk of these international transactions.

Reinsurance provides a means by which a local company can undertake a risk far beyond its own capacity by off-loading a substantial proportion of it with other companies. In an address to a London insurance audience Dr. E. Froelich, a leading Swiss reinsurer, gave a fascinating picture of its complexity. He said: "There are many layers of insurance, reinsurance of reinsurance, one on top of the other. They pass from the direct underwriter straight to the first layer, on to the second and then to the third layer, but in many cases they may be channelled back from the third layer for example to the second and so on. The risk is spread criss-cross over the insurance community of the whole world, and this entirely automatically.

"The total loss of the Andrea Doria in 1956 throws a light on how such a commitment exceeding £6 million was distributed. Emanating from one Italian company, this risk came to be placed chiefly in the London market, and from there it went back to companies on the Continent and in the United States. From the latter it found its way back again to European carriers. The reinsurance department of one Swiss company received the risk from 14 companies, situated in five different countries and part of that risk was distributed over 25 companies in seven different countries."

Pioneers in Reinsurance

Reinsurance was first developed on a large scale in the insurance markets of Germany and Switzerland, which were helped in developing it internationally by the fact that from 1746 until 1864 reinsurance was forbidden by law in Britain. In both countries the business was sufficiently attractive to justify the setting up of specialist companies which handled only reinsurance and did no direct insurance, although in the course of time many of the big reinsurance companies also established subsidiaries to deal in direct insurance. Today the share of the specialist reinsurers in these two countries is about 70 per cent. Elsewhere on the European continent the ratio is about 50 : 50.

When the ban on reinsurance was lifted in the United Kingdom, the main British companies writing direct insurance had already established a network of branches and agents throughout the world which underwrote business directly in the various countries, and as local insurance industries developed they were well placed to maintain their position by taking a share of the growing reinsurance business. Thus they felt no need to establish specialist reinsurance companies since they had the resources and technical knowledge to handle the business themselves. Moreover the existence of Lloyd's as a unique type of insurance organisation brought a great deal of reinsurance, particularly marine, to the London market.

Important Force

However, the two World Wars brought considerable changes in the reinsurance market. The economic blockade of the First World War affected Germany's capacity to operate on an international scale, and the German insurance market lost a great deal of reinsurance business to Switzerland and the growing London market.

This situation was repeated in the Second World War, and the German economic collapse which followed it. The West German companies had to await the post-war currency reform and economic recovery before they could again operate internationally, but there has been a remarkable recovery of recent years and today West Germany again is an important force in the reinsurance market.

The international business transacted by their insurance companies provided an important source of "invisible" income for Western European countries. Recent figures published by the Swiss Federal Insurance Office showed that about 64 per cent of the premiums collected by the Swiss insurance companies concerned either direct or indirect transactions abroad.

Excluding life assurance, some 70 per cent of the premium income of the British insurance companies is earned overseas while the proportion of Lloyd's has been put at 60 per cent. This suggests that the combined premium income earned abroad is not less than £850 million a year.

Investment Income

Of course, these are gross figures and do not represent profits. From the income has to be deducted the sums paid in claims and the costs of administration, and both of these have been so heavy in recent years that underwriting profits have been small or even non-existent. The fact that companies have been able to show overall profits in foreign business is because they have earned more on their investments. Just how important this last item can be is reflected in 1960 figures, which show that the ten leading British companies operating in the United States (which is the biggest single source of income for the British market) had assets there of over £650 millions and their investment earnings are about £20 million a year. In addition Lloyd's maintains large trust funds in the United States as security for the business transacted there.

Exactly how much Western European insurance companies contribute from all their operations to their countries' foreign earnings is difficult to determine. Of the two main beneficiaries, Britain and Switzerland, the British do not disclose net insurance income (that is the balance of underwriting profits and losses plus income from foreign investments) separately. However, reliable estimates suggests that it is considerable. In 1960 the Swiss balance of payments figures on current account showed that insurance earnings contributed a surplus of 125 million Swiss Francs.

Restrictions Under Review

Figures of this kind may soon be completely outdated however. For recent trends suggest that the European insurance industry is on the threshold of some radical changes in its structure. There is an increasing pressure towards liberalisation of insurance in Western Europe. At present each country has its own laws governing insurance and its own method of regulating insurance business. As the O.E.E.C. pointed out in its 1961 annual review, a number of European countries control the practice of insurance partly to protect the insured and to safeguard certain standards which are considered essential for an industry which has in its keeping a large portion of a nation's savings, but also to protect domestic insurers from foreign competition.

Foreign direct insurers may, as a rule, establish themselves in member countries' territories provided they comply with the deposit and guarantee requirements which the national insurers have to meet. Such restrictions as exist on direct insurance are concerned only with a limited range of risks.

For several years the O.E.E.C. had a committee working on a plan whereby there would be greater freedom for insurance business to be placed in the best market, notwithstanding that this might mean insuring abroad. There has been also a committee, composed of representatives of the insurance industry in the various countries, which has been working to achieve coordination of ideas on some of these important problems.

Within the last few months the members of the European Economic Community have planned to achieve complete freedom of direct insurance other than life insurance throughout their territories by 1967 and life insurance by 1969. This will mean that, for example, a company registered in France will be free to offer any kind of insurance anywhere within the E.E.C. territories. Such a timetable will involve a vast amount of work, particularly in reconciling the legal aspects of insurance.

Larger Units

It is possible, however, that liberalisation will be hastened by the trend towards the organisation of industry into larger units. This is confronting insurers with what is today their major problem—the provision of adequate underwriting capacity to meet these growing industrial needs. The concentration of millions of pounds' worth of machinery under one roof, all capable of being destroyed in one major fire, necessarily creates a technical underwriting situation in which full use has to be made of all available insurance and reinsurance facilities. One factor contributing to this is that many insurance companies are under-capitalised for the scale of operations likely to be required of them in the future.

To meet this situation the insurance market is itself tending to organise into larger units more capable of providing the cover and service needed by modern economic conditions. Already it is a commonplace for the big insurance companies to have branches in neighbouring territories but, as the Western countries get closer together, there is a likelihood that there will be amalgamations and take-overs on an international basis. This is leading to a greater desire for uniformity in insurance between the different European countries. The trend is being reinforced by the growing extent of American investment in Western Europe which is leading to a growing demand for insurance cover which can be underwritten on a global basis (and is in line with American practice).

Such changes may have an important influence upon insurance's role as an earner of foreign exchange. There will be gains and losses, and it is impossible at this stage to predict whether any particular countries will benefit more than others. The general expectation is that the world growth in demand for insurance will favour those **Western European** countries which are organised already on an international scale but that there will be plenty of business for everybody.

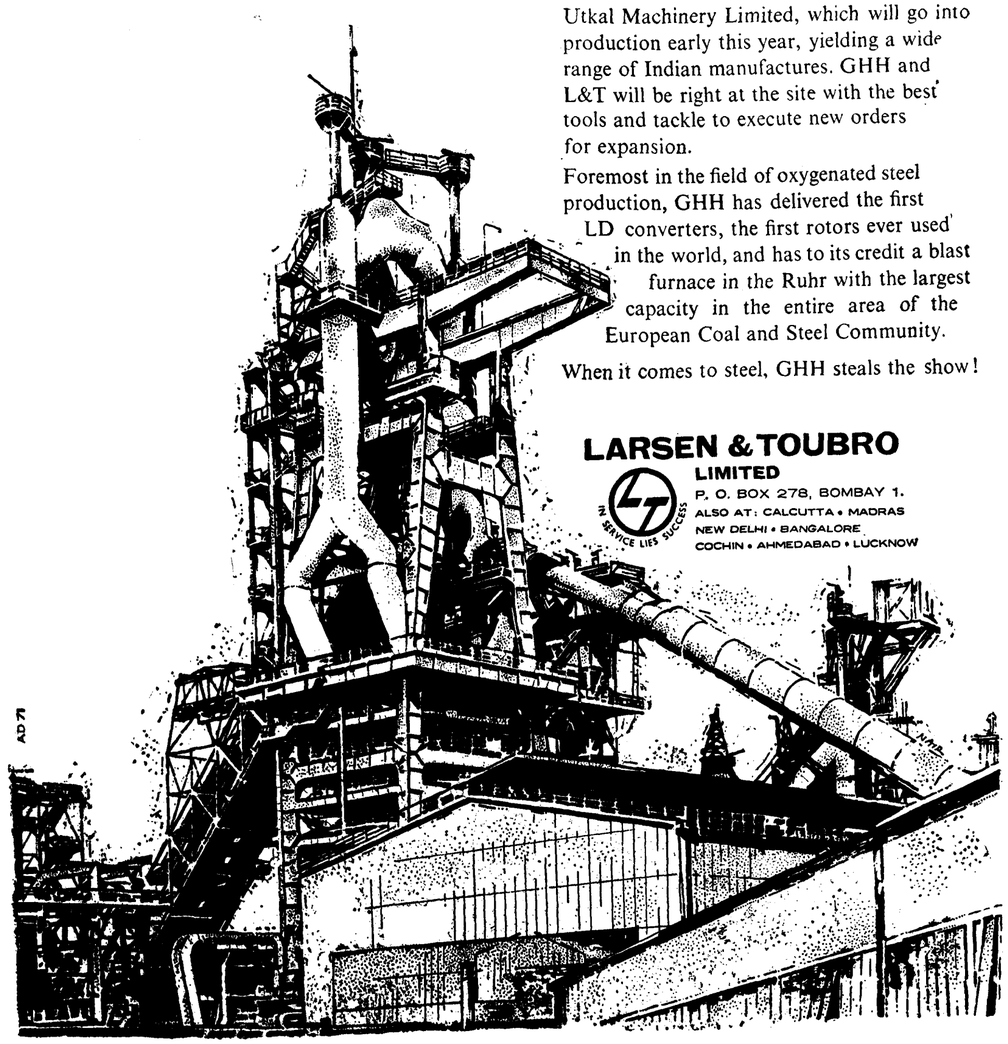
MORTGAGE LOANS ON IMMOVABLE PROPERTY

The scheme for the grant of loans on mortgage of property by the Life Insurance Corporation has now been extended to 13 centres in addition to the 8 cities where the scheme has been in operation for the past two years. Initially the scheme was introduced in the cities of Bombay, Calcutta, Delhi, Madras, Hyderabad, Ahmedabad, Kanpur and Bangalore. As launching of such scheme needs certain experience, trained personnel and other administrative machinery, extension is being considered by stages. The new decision to this effect has now been taken in light of the working of the previous scheme and the needs of the areas selected. The scheme will come into effect immediately in the cities of Chandigarh, Jammu, Jaipur, Indore, Lucknow, Gauhati, Cattack, Patna, Coimbatore, Trivandrum, Ernakulam, Poona and Baroda. Each of these centres, it is said has been selected either on account of its population or its importance or both, since it is the policy of the Corporation to see that an increasingly large section of the public is offered the benefit of the scheme. Loans will be granted only on the security of approved properties based on factors such as location, type of property, marketability, etc.

The 19th annual general meeting of the Export Credit Insurance Organisations—the Berne Union—was held in Aix-en-Province from 23rd to the 27th May 1962, under the chairmanship of Mr. A. Thomas of the Office National du Ducroire. Meeting and observers from the World Bank and the Inter-American Development Bank were present. The attention of the Meeting was centred mainly on the usual review of the economic outlook of various importing countries and trend of payment terms for goods. The Meeting recognised that a clear distinction had to be made between normal export business and economic assistance to countries in course of development. In this connection the Meeting recalled that the Berne Union had repeatedly expressed the hope that progress would be made in establishing a system of international co-ordination on a Governmental level. It was noted with satisfaction that progress had already been made in this direction within the E.E.C. and that the understandings existing within the Union had provided the basis for these developments. Recent initiatives in the O.E.C.D. are an encouraging sign that the collaboration established within the E.E.C. may be extended more widely amongst other exporting countries.

the sinew of industry

STEEL



To the Rourkela works, in the heart of India's Ruhr, Gutehoffnungshutte has supplied the heart of the steel plant—three 1000-ton blast furnaces, a 2400-ton pig casting machine and four scale cars.

Soon, the heart of India's Ruhr will throb with new activity, when plant and epuipment for the iron and steel industry will be manufactured in the vicinity of Rourkela itself. GHH's collaboration with Larsen & Toubro has borne fruit in a new venture, Utkal Machinery Limited, which will go into production early this year, yielding a wide range of Indian manufactures. GHH and L&T will be right at the site with the best tools and tackle to execute new orders for expansion.

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NEW BILL SEEKS TO REVISE PRESENT SYSTEM

THE eyes of India and all other sugar exporting countries in the free world are now turned to Washington whereat the U.S. Congress is debating the Administration's Sugar Bill which seeks to fix a basic annual quota of consumption and divide it between the domestic producers and overseas suppliers. Latest indications are that the Bill will be finally passed before the end of this month. India has been pleading with the U.S. Government for *permanent quota for sugar*. Mr. D. O. Puri, President of the Indian Sugar Mills Association, has been in Washington for the last three weeks in this connection. The plea *is based chiefly on two grounds*. In the first place, a permanent quota for Indian sugar in the U.S. market will enable the country to earn the foreign exchange so urgently needed to put through the various development projects included in the third Plan. Secondly, to the extent sugar is exported, the heavy burden, especially financial, on the sugar industry as a result of large accumulations of stocks will be reduced. The total stocks with mills towards the close of April 1962 amounted to almost 2.4 million tons and the current season is expected to end (on 31st October 1962) with a closing stock of anywhere between 1.1 and 1.5 million tons.

A quota for India will have to be fixed out of the combined total of 2.58 million tons allocated to "friendly" foreign producers under the Bill. This aggregate allocation, which is also called the "Cuban quota," represents no more than one-fourth of the basic annual U.S. quota fixed at 9.70 million tons. Of the balance of 7.12 million tons, a quota of 2.65 million tons is allotted to the domestic beet sugar producers. 895.000 tons to cane sugar producers, 1.11 million tons to Hawaii, 1.14 million tons to Puerto Rico, 980 000 tons to Philippines, 15,000 tons to U.S. Virgin Islands, and 325.723 tons to all other foreign suppliers. The allocation of 2.58 million tons to the friendly foreign countries will be distributed on a first-come-first-served basis, the sugar so procured being paid for at world market prices.

Opposing Views

The Bill includes a specific provision under which the premium paid on sugar bought from these countries—the premium is about 50 to 60 per cent more than the currently ruling world prices—will gradually be eliminated over a period of five years, with a 20 per cent cut each year, except in the case of the Philippines, Puerto Rico and the Virgin Islands. Sometime ago, it was widely feared that the practice of paying premium would be dispensed with straightaway. Referring to this provision, Mr. Oriville Freeman, U.S. Secretary of Agriculture, stated, in his testimony before the House Agriculture Committee, that, by dropping the payment of premium to foreign suppliers, the U.S. Treasury would save about $155 million a year by 1966. In a similar testimony, Mr. Griffith Johnson, Assistant Secretary of State, said: "Over-riding foreign policy reasons dictate that quota premiums for foreign suppliers are abandoned." Such an abandonment and a switch-over to a system of global procurement on a first-come-first-served basis would, according to him, diminish the build-up of foreign vested interests in the U.S. sugar market and also help improve the U.S. balance of payments. The Chairman of the Committee, Mr. Harold Cooley, however, disagreed with these views. He is reported to have stated:

"The proposal to drop the premium is fallacious.... The global system of procurement would be fatal, forcing the U.S. to scramble for sugar in an open world market and return to the chaotic situation experienced before the sugar programme was first enacted.... The Soviet Union would manipulate sugar prices and thus increase the cost of sugar to the U.S. by as much as 20 cents a pound.... I would move for a revision of the Administration proposals, so that the reallocation of the Cuban quota is specified in the legislation itself and not left to the operation of the principle of first-come-first-served.... The likely priority of reallocation of Cuban quota would first be the smaller exporting nations of Latin America, followed by the Philippines and the larger full duty countries, and then the world market."

It remains to be seen as to which of the two views will ultimately prevail. If the Administration were to succeed in obtaining the consent of the Congress to its proposal, India will have to compete along with other producing countries for a share in the U.S. market, since no definite quota will be allotted to it. And, what is worse, thanks to the proposed gradual elimination of premium, the loss on sugar exports to the U.S. will be bigger than it has been under the existing quota arrangement. It may be noted here that, even with the premium of about 50 per cent, the loss on exports to the U.S. is quite considerable. The officially estimated loss in 1960-61 is Rs. 241 per ton (the price realised was Rs. 550 per ton), as against Rs. 430 per ton on sugar exported to other markets (the price realised was Rs. 380 per ton).

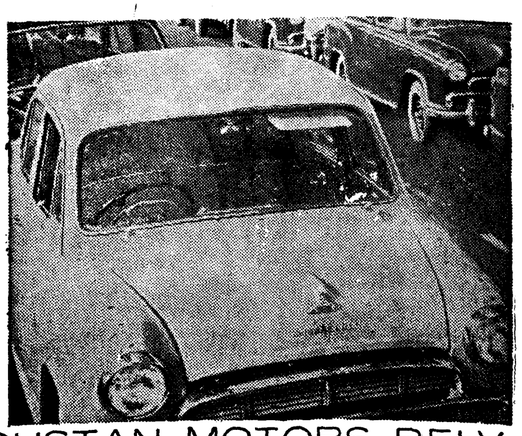
World Sugar Market

Be that as it may, in view of the uncertainty over the terms of the Sugar Bill, particularly in regard to the way in which the "Cuban quota" will be settled, the world sugar markets are ruling quiet "without showing any potential for sudden movement in either direction. Sugar in London, for instance, has been quoted at £24-£24½ per ton since early last month. There are said to be offers of second-hand Brazilian and European sugar, but dealers are not pressing the market. To quote a recent report in the London *Financial Times*: "Generally, they (sugar dealers) have succeeded... in restraining the market from taking an upward path and, in the absence of important events, they are likely to continue to do so."

As for long-term prospects, the same report says:

"Long-term factors are at the moment unresolved, and this accounts for the determination of the market to wait on events. Though the technical position would justify higher world prices, the long-term uncertainties will probably act as a restraint for some weeks ahead. Most outstanding among the unknowns is the sugar Bill now before the U.S. Congress. The uncertainty does not centre round the terms of the new Act which will probably go forward on the general lines already determined. For the most important question is the allocation of the Cuban share of the quota and this will not be written into the Act.... Most interest revolves round the size of the Brazilian share of the Cuban quota, which will be in the form of a 'non-quota.' Brazil would not, in fact, gain a position from which it would be able to claim a right to an extension of an annual quota granted on an *ad hoc* basis this summer. But, although the disposal of the Cuban quota would not be regarded as a firm precedent for subsequent years, it is of importance, because the Brazilians are already holding at least 100,000 tons of sugar in reserve in the expectation that they will get a substantial share of the Cuban quota. The disposal of this reserve to the U.S. would have some effect on world prices, since the weight of Brazilian supplies on the world market would clearly be reduced."

Meanwhile, there are rumours that there will be an *ad hoc* arrangement outside the framework of the Sugar Bill for the allocation of the "Cuban quota." The arrangement is expected to be announced when the Bill is passed.



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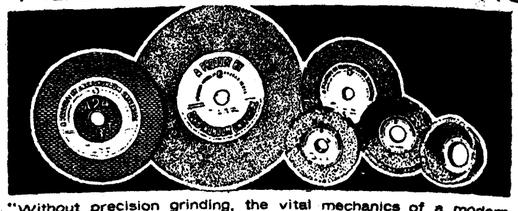

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STEEL EXPANSION LAGGING BEHIND

BRITISH-TYPE STEEL BOARD UNSUITABLE

THE third Plan's target for the steel industry is 10.2 million ingot tons by way of installed capacity. The share of the private sector in this target is 3.2 million tons, and this includes the existing capacity of 3.0 million tons with the T.I.S.Co. and I.I.S.Co. together. The expansion of capacity to the tune of 0.2 million tons in the private sector is expected to come from the installation of scrap-based electric furnaces. The share of the public sector in the overall target of 10.2 million tons is 7.0 million tons, and this includes the existing aggregate capacity of 3.0 million tons with the four State-owned steel plants, namely, Bhilai, Rourkela, Durgapur and Mysore Iron and Steel Works. The balance of 4.0 million tons will be accounted for by the expansion of the four plants and by the construction of another steel plant at Bokaro with an initial capacity of one million tons of ingot. It will thus be seen that almost the entire expansion in the steel industry is the responsibility of the public sector.

But, already, the first year of the third Plan has ended and the expansion programme is yet to get under way. The programme is now about a year behind schedule. As Mr. N. N. Wanchoo, Secretary to the Department of Iron and Steel in the Union Ministry of Steel and Heavy Industries, admitted at a Press conference held by him at New Delhi on 31st May soon after his return from a visit to Bonn, Washington and London, orders for the expansion of the three public sector steel plants should have been placed by the end of the first year of the third Plan. These orders are now expected to be placed only by the end of the second year. On present indications, it is only the Bhilai plant that will embark upon its expansion sooner than either Rourkela or Durgapur, for the agreement with the Russians for its expansion has already been completed. The tenders for additional equipment for the expansion of the Rourkela plant have been received, but it will take two to three years, according to Mr. Wanchoo, to complete the work after firm orders have been placed. In the case of the Durgapur plant, even quotations have not yet been received.

As for the proposed new plant at Bokaro which the United States has offered to construct, some further delay is foreseen, for the team of American experts, expected to arrive in India in the third week of the current month, will take six or seven months to complete a general techno-economic study of the Bokaro project on behalf of the U.S. Government. If the study team's report satisfies the U.S. Government of the viability of the project, actual negotiations for American financial assistance are likely to commence only early next year. Mr. Wanchoo's statement that, even if the U.S. aid plan were not to materialise, the Government of India would go ahead with the project is an instance of bravado. Such an attitude may only complicate and delay the negotiations with the United States which may not have *wholly* reconciled itself to the idea of non-participation by the American steel companies in the capital structure of the project. It would appear from this review of progress, to date, of the steel expansion programme, that all the 4.0 million tons of additional capacity may not come to be actually installed by the end of the third Plan. A large part of the programme may, therefore, spill over into the fourth Plan.

The record of the public sector in the matter of construction and management of the steel plants has so far been anything but good. The Hindustan Steel Corporation, which is a Government company, has not been noticeably efficient in organising production, especially at Rourkela and Durgapur. The slow progress towards the attainment of capacity production, more particularly in the Rourkela plant, cannot be wholly explained by the administrative control of the Department of Steel, for there have been some delays caused otherwise too. Still, it would not be far wrong to infer that the Hindustan Steel Corporation, controlled as it has been by the Ministry, might have sought to avoid responsibility for some vital management decisions. If this tendency to avoid responsibility is to be rectified, there can be no real alternative to giving more and more autonomy to the Corporation in its day-to-day activities. That this is going to be done has already been indicated by Mr. C. Subramaniam, Minister for Heavy Industries and Steel, in the course of his reply to the recent Lok Sabha debate on the demands for grants for his Ministry. As far as the Department of Steel, which is administratively responsible for the public sector steel plants and is also responsible for the further development of capacity for the production of steel, is concerned, greater expeditiousness in the matter of decision-taking is certainly expected of it. In so far as delays are caused by the Department of Steel, it will be for the new Minister to reduce them as much as possible.

Since the Hindustan Steel Corporation has been in charge not only of the operation of the public sector plants but also of their construction, it has presumably had some physical difficulty in discharging the twin responsibilities equally efficiently. Perhaps to avoid a similar difficulty in future when the existing plants have to be operated efficiently and the expansion projects, as well as the proposed new plant at Bokaro, have to be constructed according to schedule, the Government has been considering a proposal to establish an Iron and Steel Board like the one functioning in Britain. In pursuance of this proposal, Mr. Wanchoo has also studied, during his recent visit to Britain, the working of the Iron and Steel Board there. It is not known what the results of his study are. But, whatever be his impressions, there seems to be no care for replacing the Hindustan Steel Corporation by an Iron and Steel Board of the kind functioning in Britain. This statutory Board in Britain, it may be noted here, has been set up under the Iron and Steel Act, 1953, which repealed the steel nationalisation legislation of 1949. It only exercises a general supervision over the iron and steel industry; its members are appointed by the Government and it is financed by levies on the units of the industry. The Board is empowered to make this levy. It also discharges the function of sanctioning price increases for steel—a function which, in India, is being discharged by the Government on the recommendation of the Tariff Commission.

There can be no question of replacing the Hindustan Steel Corporation by a Board of that type, for the former is in charge of construction, expansion and operation of the public sector plants in this country whereas the latter has only the limited function of supervising the iron and steel industry which, in Britain, is almost entirely in the private sector. In India, the function of supervision over the entire iron and steel industry is already being exercised by the Department of Steel in the Ministry of Heavy Industries. What is needed in India is not one more statutory body but the impartation of greater vigour and efficiency to the two existing agencies which, by now, should also be in a position to learn from their own experiences in the recent past.

BOILER TECHNOLOGY

Measures to bring boiler technology in India in line with the standards reached in industrially more advanced countries were discussed at the thirty-second meeting of the Central Boiler Board held at Shillong from 21st to 26th May. The meeting was attended by the Chief Inspectors of Boilers of State Governments and the representatives of coal industry, railways and manufacturers of boilers. It was announced at the meeting that the Board's manufacturing programme included the building of boilers of latest design. The Board's aim, it was further stated, was to see that the demand for higher capacity boilers, using increased steam pressures and temperatures, could be met in full from indigenous sources. In pursuance of this aim, it was proposed to import foreign experts to form the core of an inspection organisation at the Centre for providing competent inspection facilities to the industries in the initial stages of development as well as for training the existing inspectorates in the advanced techniques of inspection during construction. The constitution of the proposed body would be the responsibility of the Central Government, while its effective utilisation would be a co-operative effort of the Central and State Governments. It was also made clear at the meeting that the services of foreign experts would be dispensed with when the country's own inspectors had developed the necessary expertise.

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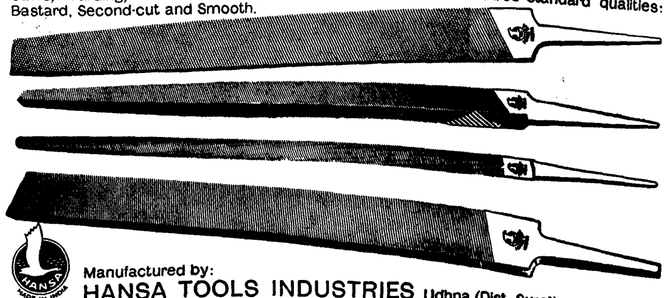

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NEW PRODUCTS AND PROCESSES

Heavy Duty Welder

A NEW, heavy duty welding machine for use on pipelines, refineries and all heavy field construction work is being manufactured by the Lincoln Electric Company (Australia) Pty. Ltd., of Sydney. It combines up-to-date design, robust construction, long economical life, compactness, light weight and mobility. It weighs only 15 cwt. Known as the "Shield Arc 350 D," the new machine is the result of many years' experience by Lincoln Electric in the design and construction of engine-driven welders. The diesel-powered machine is offered at a price much lower than previous large petrol-driven models designed and manufactured by Lincoln. Output current range of 40-400 amps permits the use of large electrodes for economical welding. Independent selection of welding voltage and amperage enables maximum speed and ease of welding under all conditions of joint and position. The engine and welding generator are carefully matched to provide unchanging arc conditions and the units are close coupled for compactness and weight saving.

Specially formed steel channels provide extreme rigidity for chassis and steel canopy.

The all-steel canopy has hinged side panels permitting easy access to engine and welding generator. Rubber mountings for generator and engine absorb vibration.

Smooth economical diesel power for the welder is provided by a water-cooled 32 b.h.p. Australian manufactured Perkins P3 engine.

This rugged unit will operate for longer periods between overhauls than petrol engines, and give long, trouble-free on-the-job operation.

The trailer type under-carriage for road use is provided as an optional extra. Other optionals are: lock-up kit for the canopy and an auxiliary power outlet providing 1 kw. of 110 volt power.

Portable Power Unit

Plumbers and engineers can now eliminate many laborious and time-wasting manual operations by installing a portable power drive unit manufactured by Torque Leader Tools Pty. Ltd., of Melbourne, Australia.

It is adaptable wherever power is needed for pulling, lifting, cranking or turning.

Basically a powered lever, the Torque Leader "168" consists of a worm and ring gear assembly powered by a reversible ½ h.p. electric motor.

The ring gear accepts a wide variety of adaptors to suit almost any plumber's die or square shaft drive which is normally used by hand. The entire unit is housed in a high tensile aluminium case which makes it a light compact tool for on-the-spot operations. The firm claims that with the Torque Leader "168" a 2 in. BSP thread can be cut with a conventional die head in a little over 2 minutes and a 4 in. thread in only 8 minutes.

The tool, with adaptors and dies, weighs only 33 lb.

Features of the "168" include hardened gears running on ball bearings, forward/reverse switch, and insulated handle which can be clamped anywhere through 180 degrees for safe control in tight corners. The tool is packed in a fitted carrying case with a half gallon can of special cutting oil, a cutting oil applicator, two adaptors and a handle locking key. Replacement cans of cutting oil adaptors for the most commonly-used hand dies are also available and the company provides advice and will design special adaptors to suit customer requirements.

Rapid Analysis of Coal

A new process for the rapid analysis of coal to determine its ash and moisture content has been evolved at the Central Fuel Research Institute, Jealgora. Through this process, coal samples can now be analysed in ten minutes, as against eight hours taken by the earlier known processes.

Another advantage of the new method is that it is also applicable to wet coal which emerges from coal washing plants. It does away with the need for drying, crushing and ignition, thereby enabling both continuous operation of the washing plants and proper control over the quality of washed coal.

Coal is one of the basic raw materials for almost all the major industries and the quality of coal has a vital bearing not only on the efficiency of production but also, in several cases, on the life of heating systems. The percentage of ash present and the physical and chemical nature of ash are the primary factors which determine the quality of coal with respect to its calorific value and other characteristics.

Iron and steel works, cement and fertilisers industries and the railways are some of the major consumers of coal and the consignments received from day to day vary considerably in their ash content. Before use every bulk consignment is to be analysed. The methods of analysis currently in use are time-consuming—one analysis taking about eight hours.

New Oat Variety for Breakfast Food

A new oat variety for breakfast food industry has been introduced by the Indian Agricultural Research Institute, New Delhi. The Plant Introduction Organisation of the Institute, which procures from all over the world plant material which could be directly or indirectly utilised to meet the requirements of this country, has introduced the Australian oat variety 'Kent' which yields grains of the desired milling quality for the breakfast food industry. This newly started industry in the country has been facing considerable difficulties because of the non-availability of local material of desired quality and shortage of foreign exchange for purposes of import. Trials conducted with a set of Australian, American and European varieties showed that the variety 'Kent' is highly satisfactory. Efforts are now being made to multiply its seeds.

Manufacture of Puppet Leather

The Central Leather Research Institute, Madras, has developed a new process for making puppet leather using sulpho-chlorinated oil. The leather produced by this process is readily wettable and washable, and also preserves the natural shine and colour of the original skin. The process is suitable for tanning on a cottage scale.

New Process for Fish Preservation

An adjunct to preservation of fish by traditional methods such as sun-drying and salting has been found out as a result of investigations carried out at the Fisheries Technological Research Station, Ernakulam. This new process makes use of the chemical, propionic acid, and is very effective in suppressing red halophile growth and mould attack in wet-salted and pickled fish and considerably increases the storage life of fish. Propionic acid can be safely used for fish preservation. It has already been listed under permissible food additives in Germany and the U.S.A. It is a natural constituent of cheese and dairy products. Propionic acid can be incorporated easily since its sodium and calcium salts are soluble white powders which can be pre-mixed with the salt employed for curing.

Shrink-proofing Woollens

Progress in perfecting a process, which imparts shrink resistance to woollen garments and improves their washability, was recently reported in Albany, California, by research scientists of the United States Department of Agriculture (U.S.D.A.). The process, called interfacial polymerisation (I.F.P.) is particularly adaptable to garments that once had to be handled with care in cleaning to prevent consequent misshapen appearance.

I.F.P. is a unique way of anchoring minute quantities of resin on tiny wool fibres. Only a fraction of an ounce of resin is needed to treat a pair of slacks or a skirt. The resin reduces the tendency of wool fibres to tangle and mesh or "felt" and thus to shrink during washing. Largest test of the process is now taking place in the U.S. armed forces with initial reports of satisfactory results. Several thousand yards of wool were I.F.P.-treated and made into uniforms. The results of the treatment hold high promise for easy-care slacks, sweaters, socks and uniforms. Textile manufacturers generally, have rated I.F.P. as the best treatment yet developed in the long search for processes that would control wool shrinkage and help woollens to maintain their appearance and finish. The problem remaining is turning the laboratory method into a universal low-cost, rapid and efficient commercial process. Wool and mohair laboratory scientists in the U.S. Department of Agriculture are continuing to refine I.F.P. Studies indicate that moth-proofing treatments can be combined with I.F.P. to insure garments against insect damage as well. Some ground has been gained in determining that woollen yarns can be I.F.P.-treated before initial weaving.

Machine for Drying Rice

A new machine for drying parboiled rice which is quick and efficient has been introduced in rice-growing countries by a British firm (Alvan Blanch Development Company, Ltd., Chelworth, Malmesbury, Wiltshire). It is announced that 15 of the firm's grain driers have gone to Ceylon—an order worth over £12,000. Another 10 are to follow soon. Only small modifications have been necessary to the standard British type of grain drier. The main one has been the removal of the cold-air unit and an enlargement of the hot-air factor. The parboiled rice starts off with a moisture content of about 50 per cent and this has to be reduced to 10 per cent—a removal requirement of 40 per cent, about eight times the normal need for grain in Britain. The traditional method of drying rice paddy by spreading it out and turning it in the sun has hazards in wet weather. The new drier, it is claimed, provides the answer to the problem.

Automatic Venting Filter

A new automatic venting filter for use in conjunction with pneumatic conveying systems has been developed by a British firm of dust extraction specialists. The unit, compact in size, can be used for catching dust from a variety of powdered or granular materials, and is fixed at the air discharge point on the receptacle into which the material is being blown. While embodying the fundamental dynamic air flow characteristics generally associated with some blow ring type filters, the unit employs limited quantities of compressed air as a cleaning medium and has the advantage of having no mechanical moving parts. This assures low maintenance costs and reliability of operation, and virtually 100 per sent filtration efficiency is claimed.

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KRISHNARAM BALDEO BANK PRIVATE LIMITED

(A SCHEDULED BANK)

Registered Office: **JAYAJEE CHOWK, LASHKAR, GWALIOR**

FOURTH ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors submit to the Shareholders the Balance Sheet and Profit and Loss Account for the year ended 31st December, 1961, together with the Auditors' Report.

	Rs. nP
During the year the working of the Bank has been satisfactory and after making the necessary and usual provisions the Bank has made a profit of	1,72,891.34
The following appropriations have been made :	
Amount provided for Taxes	30,000.00
Amount provided for Gratuity	10,500.00
Amount transferred to Reserve Fund	50,000.00
Amount transferred to Contingency Reserve	22,301.51
The Directors now propose :—	
To pay dividend for the year ended 31st December, 1961, at the rate of Re. 1 per share subject to deduction of tax at the prescribed rates which will absorb	50,000.00
To carry forward to the next year's account	10,089.83
Total .. Rs.	1,72,891.34

Under Article 149 of the Articles of Association of the Company Directors Col. Brijraj Narain and Shri D. P. Mandella retire by rotation but are eligible and offer themselves for re-election.

The Directors wish to record their deep sorrow at the sad and premature demise of His Highness Maharaja Jiwajirao Scindia. It was due to his experience, untiring efforts and keen interest that this Bank achieved its present stature and in His Highness's untimely and sudden demise the Bank has lost its greatest benefactor.

The Directors convey their thanks to all the constituents of the Bank for their support to the Institution.

The Shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration

By Order of the Board,

(Sd.) BRIJRAJ NARAIN,
L. B. SETHI,
R. B. VAISHYA, } *Directors.*

GWALIOR, *26th March*, 1962.

BALANCE SHEET AS AT 31st DECEMBER, 1961.

Previous Year Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
1,00,00,000	AUTHORISED CAPITAL— 1,00,000 Ordinary Shares of Rs. 100 each ..	1,00,00,000.00	
50,00,000	ISSUED CAPITAL— 50,000 Ordinary Shares of Rs. 100 each ..	50,00,000.00	
	SUBSCRIBED CAPITAL—		
5,050	(a) 101 Ordinary Shares of Rs. 100 each, Rs. 10,100. Amount called up at Rs. 50 per share	5,050.00	
24,94,950	(b) 49,899 Ordinary Shares of Rs. 100 each, Rs. 49,89,900. Amount called up at Rs. 50 per share for consideration other than cash ..	24,94,950.00	
....	LESS—Calls unpaid	....	
....	ADD—Forfeited Shares	....	
25,00,000			25,00,000.00
	2. Reserve Fund and Other Reserves—		
25,75,000	(a) Reserve Fund	26,25,000.00	
15,50,000	(b) General Contingency Fund	15,50,000.00	
41,25,000			41,75,000.00
	3. Deposits and Other Accounts—		
94,65,182	Fixed Deposit and Three Years Cash Certificates ..	1,01,23,010.05	
65,80,121	Savings Bank Deposits	65,97,422.09	
28,38,048	Current Accounts, Call Deposits, Contingency Accounts, etc.	37,87,434.78	
1,88,83,351			2,05,07,867.82
	4. Borrowings from Other Banking Companies, Agents, etc.—		
....	(i) In India	....	
....	(ii) Outside India	....	
	PARTICULARS— Rs.		
	(i) Secured .. .. Nil		
	(ii) Unsecured .. .. .. Nil		
			....
8,149	**5. Bills Payable**		12,151.23
	6. Bills for Collection Being Bills Receivable as per contra—		
1,19,813	(i) Payable in India	2,63,097.29	
....	(ii) Payable outside India	....	
1,19,813			2,63,097.29
	7. Other Liabilities—		
63,500	(i) Provision for Gratuity	74,000.00	
45	(ii) Unclaimed Dividend	....	
63,545			74,000.00
24,500	**8. Acceptances, Endorsements and Other Obligations** as per contra		61,250.00
	9. Profit and Loss Account—		
1,86,750	Balance as per Balance Sheet as at 31st December, 1960	1,72,698.49	
....	ADD—Amount drawn from General Contingency Fund	22,301.51	
1,86,750		1,95,000.00	
1,75,000	LESS—Dividend at Rs. 3.90 per share for the period ended 31st December, 1960	1,95,000.00	
11,750		....	
3,96,448	Profit for the year ended 1961	1,72,891.34	
4,08,198		1,72,891.34	
2,23,000	LESS—Appropriations— Rs. nP		
	(i) Amount provided for taxes .. 30,000.00		
12,500	(ii) Amount transferred to Staff Gratuity Fund 10,500.00		
....	(iii) Amount transferred to Reserve Fund 50,000.00		
....	(iv) Amount transferred to Contingency Reserve 22,301.51		
2,35,500		1,12,801.51	
1,72,698			60,089.83
	10. Contingent Liabilities—		
Rs.	(i) On investments in shares of Joint Stock Companies and Banks	Rs. nP 86,150.00	
86,150	(ii) Claims against the Banking Company not acknowledged		
14,517	as debts	....	
	NOTE :—The actual amount of the Liability arising from future gratuities payable to staff has not been ascertained but is greater than the amount provided.		
2,58,97,056	Total .. Rs.		2,76,53,456.17

Previous Year Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
19,32,569	Cash in hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes) ..		14,20,055.05
	2. Balances with Other Banks—		
	In Current Accounts—		
12,07,345	(i) In India	7,81,443.16	
69,390	(ii) Outside India (In Pakistan)	69,535.72	
12,76,735			8,50,978.88
12,50,000	**3. Money at Call and Short Notice**		68,00,000.00
	4. Investments (at Book Value)—		
	(I) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments ..		
52,52,638	Face Value .. Rs. 54,11,700.00 Market Value .. Rs. 53,76,032.65	53,62,416.09	
19,25,925	(II) Shares	19,31,128.64	
	Fully Paid—		
	(a) Preference .. Rs. 5,99,909.65		
	(b) Ordinary .. Rs. 11,40,814.25		
	Rs. 17,40,723.90		
	Partly Paid—		
	(a) Preference .. Rs.		
	(b) Ordinary .. Rs. 1,90,404.74		
	Rs. 1,90,404.74		
	Market Value .. Rs. 22,22,021.49		
18,12,012	(III) Debentures or Bonds	16,50,856.86	
	Face Value .. Rs. 18,03,500.00 Market Value .. Rs. 15,99,207.50		
....	(IV) Other Investments	....	
....	(V) Gold	....	
89,90,575			89,44,401.59
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	(I) Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
1,05,81,067	(i) In India .. 72,06,215.33		
....	(ii) Outside India		
1,05,81,067		72,06,215.33	
	(II) Bills Discounted and Purchased—		
4,97,724	(i) Payable in India .. 8,86,424.05		
....	(ii) Outside India		
4,97,724		8,86,424.05	
1,10,78,791	(Particulars as per separate Schedule attached)		80,92,639.38
	6. Bills Receivable Being Bills for Collection as per contra—		
1,19,813	(i) Payable in India	2,63,097.29	
....	(ii) Payable outside India	....	
1,19,813			2,63,097.29
24,500	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		61,250.00
	8. Premises—		
8,99,297	Cost as per last Balance Sheet	9,26,330.52	
50,000	Additions during the year	....	
9,49,297		9,26,330.52	
22,967	LESS—Depreciation	23,013.51	
9,26,330			9,03,317.01
	9. Furniture and Fixtures—		
98,367	Balance as per last Balance Sheet	1,15,267.59	
24,306	ADD—Additions less Sales made during the year 1961	18,074.94	
1,22,673		1,33,342.53	
7,405	LESS—Amount written off to date for depreciation..	9,608.45	
1,15,268			1,23,734.08
	10. Other Assets—		
26,309	Stamps and Stationery	26,875.65	
1,29,416	Interest accrued	1,44,865.82	
2,696	Advance Payments	2,993.12	
24,054	Branch Adjustment	19,248.30	
1,82,475			1,93,982.89
....	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		....
2,58,97,056	Total .. Rs.		2,76,53,456.17

KRISHNARAM BALDEO BANK PRIVATE LIMITED—*(Continued)*

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1961.

Previous Year Rs.	EXPENDITURE	Rs. nP	Rs. nP	Previous Year Rs.	INCOME (Less provisions made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. nP	Rs. nP
4,65,809	1. Interest paid on Deposits, Borrowings, etc. ..		5,34,494.93	7,74,898	1. Interest and Discount		10,25,338.37
	2. Salaries and Allowances and Provident Fund—			31,032	2. Commission, Exchange and Brokerage		46,139.77
21,794	To Manager	32,703.13		....	3. Rents		....
1,52,571	To Others	2,45,694.66					
1,74,365			2,78,397.79		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..		17,605.28
5,144	3. Directors' and Local Committee Members' Fees and Allowances		4,461.64				
17,277	4. Rent, Taxes, Insurance, Lighting, etc.		20,026.40	3,34,438			
5,281	5. Law Charges		6,698.74		5. Net Profit on Revaluation of Investments, Gold and Silver, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..		....
5,455	6. Postage, Telegrams and Stamps		8,115.69				
1,500	7. Auditors' Fees		1,700.00	....			
	8. Depreciation on and Repairs to the Banking Company's Property		32,621.96		6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets		....
30,594							
23,087	9. Stationery, Printing, Advertisements, etc.		8,969.03	....			
	10. Loss from Sale of or Dealing with Non-Banking Assets		....				25,477.25
....				24,758	7. Other Receipts		
40,186	11. Other Expenditure		46,183.15				
3,96,448	12. Balance of Profit (subject to Taxation)		1,72,891.34				
11,65,126	Total .. Rs.		11,14,560.67	11,65,126	Total .. Rs.		11,14,560.67

Schedule of Particulars of Advances Required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December 1961.

Previous Year Rs.		Rs. nP	Previous Year Rs.		Rs. nP
1,06,99,940	(i) Debts considered good in respect of which the Banking Company is fully secured	79,78,941.53	Nil	(v) Debts due by directors or officers of the Banking Company or any of them either severally or jointly with any other persons	Nil
3,56,357	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security	1,07,714.90	14,86,686	(vi) Debts due by companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies, as members	2,72,315.88
22,494	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	5,982.95	Nil	(vii) Maximum total amount of advances including temporary advances, made at any time during the year to directors or managers or officers of the Banking Company or any of them either severally or jointly with any other persons	Nil
Nil	(iv) Debts considered *doubtful* or bad, not provided for	Nil		(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members ..	4,57,193.79
1,10,78,791	Total .. Rs.	80,92,639.38	16,68,395	(ix) Due from Banking Companies	Nil
			Nil		

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of the Krishnaram Baldeo Bank Private Ltd. as at 31st December, 1961, and also the annexed Profit and Loss Account of the Bank for the year ended upon that date (annexed thereto).

2. We report that :—

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank ;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books ;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account ;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet together with the notes thereon, gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1961, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

(Sd.) P. C. HANSOTIA & CO.,
Chartered Accountants.

GWALIOR, *26th March*, 1962.

As per our report of date

(Sd.) P. C. HANSOTIA & CO.
Chartered Accountants.

(Sd.) M. S. AGNIHOTRI.
Secretary.

(Sd.) M. S. BANKER.
Manager.

(Sd.) BRIJRAJ NARAIN.
(Sd.) L. B. SETHI.
(Sd.) R. B. VAISHYA. } *Directors.*

GWALIOR, *26th March*, 1962.

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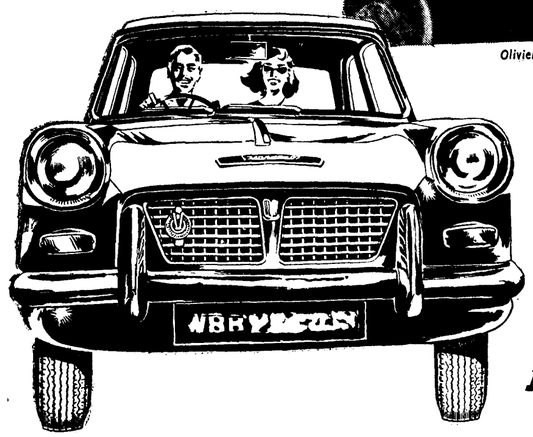

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RESULTS OF INDIA REINSURANCE CORPORATION ENCOURAGING

DIVIDEND STEPPED UP

THE working results of the India Reinsurance Corporation (General Manager: Mr. R. M. Desai, Bombay) during the year ended 31st December 1961 reflect the generally favourable conditions under which the general insurance business was carried on in the country last year. Total gross premium written by the Corporation jumped up from Rs. 3.80 crores to Rs. 5.06 crores. The net premium too advanced from Rs. 1.90 crore to Rs. 2.59 crores. This rise in premium income, coupled with a more favourable claims experience, of 40.91 per cent, as against 50.51 per cent in the previous year, lower commission cost and management expenses, resulted in a larger underwriting profit of Rs. 5.25 lakhs (2.03 per cent of net premium income), as against a mere Rs. 50,949, 0.27 per cent of net premium, in the previous year. The net profit, too, increased from Rs. 6.54 lakhs to Rs. 9.79 lakhs and the dividend has been stepped up from six per cent per annum to eight per cent per annum, both subject to deduction of tax. The following table summarises the salient features of the working of the Corporation during the three years ended 31st December 1961:

(In lakhs of rupees)

	For the year ended 31st December		
	1961	1960	1959
Fire :			
Net premium	114.00	83.21	91.00
Net claims	46.90	37.68	41.54
	(42.9)	(45.3)	(45.6)
Commission and other charges.	44.91	32.62	33.49
	(39.4)	(39.2)	(36.8)
Expenses of management	2.84	2.31	2.10
	(2.5)	(2.8)	(2.3)
Fire fund	57.00	41.60	41.90
Marine :			
Net premium	59.68	41.57	39.43
Net claims	38.90	30.77	29.77
	(65.2)	(74.0)	(75.5)
Commission and other charges.	14.53	9.43	9.60
	(24.3)	(22.7)	(24.3)
Expenses of management	0.74	0.58	0.45
	(1.3)	(1.4)	(1.2)
Marine fund	59.68	41.57	20.77
Miscellaneous :			
Net premium	85.17	65.59	51.99
Net claims	33.61	27.72	27.09
	(39.5)	(42.2)	(52.1)
Commission and other charges.	28.13	20.98	17.12
	(33.0)	(32.0)	(32.9)
Expenses of management	1.59	1.36	0.9
	(1.9)	(2.1)	(1.7)
Miscellaneous fund	42.58	32.79	24.05
Net profit	9.79	6.54	5.22
Provision for taxation	3.50	2.80	2.80
Dividend	8.00	6.00	5.00
	(8%)	(6%)	(5%)
Carry forward	2.58	0.78	0.24

Departmentwise, the experience of Indian business in the fire section was excellent. Net premium in the fire department amounted to Rs. 1.14 crore, as against Rs. 83 lakhs in the previous year. This rise, though substantial in absolute terms, is, however, not very significant when compared with the rise in aggregate gross premium income (in all the departments taken together) from Rs. 3.80 crores to Rs. 5.06 crores. There are two reasons for this less than proportionate rise in the net premium of the fire section. One, the retrocession of business by the Corporation to member-companies against their compulsory cession was increased from 45 per cent in 1960 to 50 per cent in 1961. Two, in order to give further advantage to Indian companies, who make additional voluntary cessions in its favour, the Corporation gave them a much larger proportion of its reciprocity out of Indian business. Although the increase in net premium income in India is small, there has been a very substantial increase in the premium income under the foreign treaty acceptances, because of the higher reciprocity secured in the year under review. Explaining this point further, Mr. A. D. Shroff, Chairman of the Corporation, says in his statement to shareholders thus:

"The experience in respect of fire treaties accepted from companies in the United Kingdom has fortunately improved to some extent as compared with the past few years, and we have been able to realise a small profit on this portfolio. The results of our incoming treaties from other territories have been very satisfactory with the exception of a couple of serious losses due to fire conflagrations. The growth in the volume and the excellent profitability of the fire facultative business written by the Corporation has been maintained during the year 1961. The Reinsurance Exchange at Bombay continues to work smoothly and is fulfilling its role of increasing the absorption capacity of the Indian market for fire business."

Claims in the fire department declined from 45.3 per cent of net premium to 42.9 per cent. Commission and other charges were, however, fractionally higher at 39.4 per cent, as against 39.2 per cent in the previous year, while expenses of management were lower at 2.5 per cent, as against 2.8 per cent in 1960. After transferring Rs. 15.41 lakhs to the reserve for unexpired risks, which now stands at Rs. 5.7 lakhs, being 50 per cent of premium, there is an underwriting profit of Rs. 3.33 lakhs.

In the marine department, there has been a substantial increase in net premium income both in India and abroad. Claims at the same time declined from 74 per cent to 65.2 per cent. Commissions and other charges aggregated Rs. 14.53 lakhs (24.3 per cent), as against Rs. 9.43 lakhs (22.7 per cent) in the previous year. Expenses of management were lower at 1.3 per cent of premium, as against 1.4 per cent in 1960. After earmarking Rs. 18.10 lakhs to the reserve for unexpired risks, which now stands at Rs. 59.68 lakhs (100 per cent of premium), the accounts show a deficit of Rs. 11.18 lakhs. This is, however, much lower than the debit of Rs. 19.13 lakhs in the previous year. It will be interesting to quote here the observations of Mr. Shroff on the working of this department:

"Cargo premium income in India, which was relatively steady up to 1959, increased substantially in 1960, and there has been an even larger increase during the year 1961; the underwriting result of this business, however, has continued to be marginal. Substantial stepping up of our retained premium on Indian hull business has enabled us in the year under review to take full advantage of the excellent profit yielded by the business. As regards the foreign treaties, it is somewhat too early to have a precise idea about the ultimate experience, as most of these treaties have been on our books only for the last few years, but from whatever results are available, it appears that the portfolio is running satisfactorily."

In the miscellaneous department, there was a further substantial growth in premium income and the overall experience of this business was satisfactory. A part of this increase was, perhaps, due to the higher hire-purchase guarantee business done by the Corporation. Aviation business also showed a very high profit, there having been no loss of any significance during the whole year. The introduction of Boeing jet aircraft, with its high insured values and large amount of cover for liabilities, has, however, necessitated reinsuring abroad a very large portion of this business. Net premium income from miscellaneous business rose from Rs. 65.59 lakhs to Rs. 85.17 lakhs. Net claims aggregated Rs. 33.61 lakhs (39.5 per cent), as against Rs. 27.72 lakhs (42.2 per cent) in the previous year. Commission and other charges were, however, higher at Rs. 28.13 lakhs (33.0 per cent), as against Rs. 20.98 lakhs (32.0 per cent) in the previous year. Expenses of management were lower at Rs. 1.59 lakh (1.9 per cent), as against Rs. 1.36 lakh (2.1 per cent) in the previous year. After transferring Rs. 9.79 lakhs to the reserve for unexpired risks, which stands at Rs. 42.58 lakhs (50 per cent of premium), there is an underwriting profit in the department of Rs. 13.10 lakhs, an increase of Rs. 5.52 lakhs over that for 1960.

After crediting interest, dividend from investments and other miscellaneous receipts, amounting to Rs. 8.07 lakhs, and the net underwriting profit of Rs. 5.25 lakhs to the profit and loss account and debiting the expenses of management not applicable to any particular fund and after making a provision of Rs. 3.50 lakhs for taxation, there is a net profit of Rs. 9.79 lakhs to which has been added Rs. 78,370 brought in from the previous year, making available Rs. 10.58 lakhs for distribution. The proposed dividend of 8 per cent, subject to tax, will absorb Rs. 8 lakhs, leaving a balance of Rs. 2.58 lakhs to be carried forward. The Corporation had, as on 31st December 1961, capital and reserves aggregating Rs. 2.59 crores, comprising a paid-up capital of Rs. 1 crore and departmental reserves amounting to Rs. 1.59 crore.

A noteworthy feature of the Corporation's efforts to increase its business in 1961 was the establishment of two branch offices in Australia and development of connections in South-East Asia and the Far East. This step was taken only after careful exploration of the possibilities of expanding its business in these territories.

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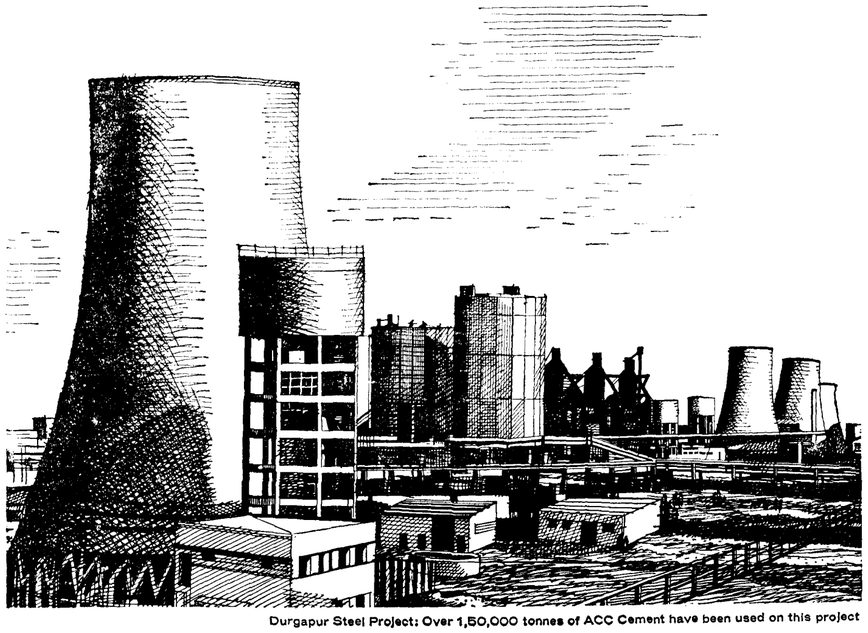

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U.K.'S PLAN TO IMPOSE COMMON TARIFF ON TEXTILES

MR. LALL VOICES INDIA'S CONCERN

BRITAIN has submitted a new set of proposals to the Common Market on the question of imposing common tariffs on imports from Asian members of the Commonwealth, in the event of its joining the Six. A reference to the proposals was made on page 975 of *Commerce* of last week. Although full details of the British proposals have not been released, their broad pattern is no more in doubt. The proposals, which are in the nature of a package deal, seek to apply the common external tariff of the Six on imports of cotton textiles (at the rate of 18 per cent) from India, Pakistan and Ceylon over a transitional period. In effect, this would mean abolition of the present system of duty-free entry. The U.K., of course, will apply the Common Market external tariff only by stages. Thus, 30 per cent of the Common Market tariff will be enforced soon after the U.K. joins the Six; and the remaining 70 per cent will be brought into force in two stages before 1970. Provision is also made for a review of the situation at the end of the first stage of the transitional period, in case the trade in cotton textiles were to be adversely affected by that time. All the same, the proposed change will mean a considerable hardship to Indian textiles which are already handicapped by the relatively higher cost of production as compared with its competitors. Besides the above proposal, the British plan envisages the application of *nil* tariffs on some other manufactures and tropical products like tea. Further, duty-free quotas have also been advocated for another group of manufactures and agricultural products like tobacco.

Asian Commonwealth Countries

It will be some time before the reaction of the Six to the new proposals are known. Meanwhile, India and other Asian members of the Commonwealth have made no secret of their deep concern over the U.K.'s latest move, particularly in respect of cotton textiles, as they would mean a distinct reduction in the preferential tariffs which their products now enjoy in the British market and their total elimination at a later date. India, in particular, has reacted sharply to the new proposals, unlike in the past when it chose to remain silent on its stand towards the U.K.'s entry into the Common Market. Mr. K. B. Lall, head of India's mission to the European Economic Community, candidly observed at a Press conference at Brussels that the U.K.'s package offer had come as a disappointment to India and other countries. He held the view, very rightly in our opinion, that the application of 18 per cent duty on import of cotton textile was not a sensible way of helping a developing country. He gave two very good reasons to justify his statement. In the first place, the move, if implemented, would lead to a perceptible reduction in India's exports to the U.K., its major overseas market. Exports of cotton textiles to the U.K. have been yielding foreign exchange of the order of Rs. 18 crores per annum on an average. Secondly, it would impair India's capacity to import essential machinery and equipments and to service and repay the loans she has been taking from the U.K. and other foreign countries. Referring to the provision made for consultations at the end of the first stage, Mr. Lall commented that, by that time, India would have already suffered considerable damage and that its payments position was so critical that it could not afford to take any such risks. Instead, the wise thing to do would be to let India continue to have the freedom of access to Britain and to lower the tariff barriers in continental Europe and then to review the position if it were found that the interests of Britain and Europe had actually suffered.

Mr. Lall's concern will be widely shared not only in India but also by other Asian Commonwealth countries. It now looks as though the U.K., in its anxiety to join the Common Market, is prepared to grant large concessions to the Six in Commonwealth preferences. This in itself would not have been a source of concern, had the U.K. made adequate arrangements for safeguarding the Commonwealth interests in an expanded Common Market and thereby avoid any appreciable dislocation in established patterns of trade. At the moment, there is no reason to think that it is prepared to go the whole hog on this issue; on the contrary, it seems to be taking a position which is not in full consonance with its earlier assurances to Commonwealth countries.

The Commonwealth trading system, which accounts for as much as 25 per cent of total world trade, is sustained largely by a wide range of preferential tariffs mutually granted by the members. The U.K.'s entry into the Common Market and its adherence to the common external tariff as under the Treaty of Rome will seriously disturb a pattern of trade evolved over a period of decades, unless the Common Market is prepared to display a more accommodating attitude towards the members of the Commonwealth than it has done to date. In this context, a comprehensive review of the recent pattern of trade of Commonwealth countries, prepared by the Commonwealth Economic Committee, London, is of topical interest. Entitled *Commonwealth Trade in 1960-61*, the publication seeks to examine the role of the Commonwealth in world trade. In 1960, Commonwealth exports accounted for 24 per cent of world exports (excluding those of the Sino-Soviet bloc) a slightly lower proportion than that during the three preceding years. The Commonwealth imports at about 27 per cent in that years shared fully in the world import boom. By the first half of 1961, there was very little further change in either Commonwealth exports or imports, as compared with the same period in 1960. There was, however, a setback in exports from a number of less developed countries, which was, however, made good by the growth of exports from developed countries of the Commonwealth. Table I shows the trends in world trade by major areas and the share of the Commonwealth since 1955.

World Trade

It will be seen from Table I that the share of the Commonwealth in 1961 (annual rate based on the figure for the first six months) in world exports was 9.9 per cent, which compares well with 9.8 per cent in 1960 and 8 per cent in 1955. Similarly, the percentage of imports by the Commonwealth was higher at 11.7, as against 11.7 and 10.3, respectively. An important trend to be noted here is that the U.S., Common Market and Japan continue to supply an increasing share of world markets for manufactured goods at the expense of two leading Commonwealth suppliers of these goods, namely, the U.K. and Canada. Accordingly, while world exports of manufactured goods rose by 15 per cent in 1960, with high rates for exports from the U.S., Common Market and Japan, the U.K. and Canada were able to expand their exports of these goods at only half this rate.

Considering the generally high level of world industrial activity, the performance of primary commodities exported by the less-developed countries is admitted as "disappointing." There was a 5 per cent gain in the volume of world exports of agricultural commodities in 1960. But the increase was accounted for mainly by the exceptionally high shipments of cotton from the U.S., partly under aid and partly under commercial exchanges with European countries. On the contrary, for the main Commonwealth countries, there were few commodities for which the quantity exported expanded substantially in 1960 over the previous year "without weakening in prices." Prices of world primary products as a whole, says the review, were slightly lower in 1960 than in 1959, and were still falling at the beginning of 1961.

In the sphere of manufactured goods, although the Commonwealth has encountered increasing competition from other developed countries, its aggregate exports were still higher. Shipments of machinery and electrical goods from the Commonwealth, for instance, rose by 8 per cent in 1960, but total world exports in these commodities rose by as much as 16 per cent. But the review points out certain encouraging results in exports from some of the developing countries. Mention is made here of the increasing shipments of light engineering goods from India, cotton textiles from Pakistan and general manufactures from Hong Kong. A feature of exports in the first half of 1961 was the decline in the share of Malaya, Ceylon, Rhodesia and Nyasaland, Ghana and Nigeria, as a result of lower prices for such commodities as rubber, copper and cocoa.

(*Continued on page 1040*)

TABLE I: *World Trade By Major Areas*

(Value in £ thousand million)

	1955	1959	1960	1961*
World exports (f.o.b.)†	30.2	36.4	40.5	41.8
Of which : Commonwealth	8.0	9.3	9.8	9.9
Percentage share of world trade :				
Commonwealth	26.6	25.5	24.1	23.6
United States	18.4	17.3	18.1	17.8
Latin America	10.5	9.0	8.3	..
Common Market	21.7	24.8	26.2	26.9
E.F.T.A.(Continental) ..	6.8	7.2	7.3	7.2
Japan	2.4	3.4	3.6	3.4
Rest of world	13.6	12.8	12.4	..
World imports (c.i.f.)†	31.9	38.1	42.5	43.6
Of which : Commonwealth ..	9.3	10.3	11.7	11.7
Percentage share of world trade :				
Commonwealth	29.1	27.1	27.4	26.9
United States	13.9	15.6	13.5	12.3
Latin America	9.7	8.5	7.9	..
Common Market	21.6	22.8	24.9	26.1
E.F.T.A. (Continental) ..	7.9	8.3	8.7	9.1
Japan	2.8	3.4	3.8	4.5
Rest of world	15.0	14.3	13.8	..

* Estimated January-June annual rate.
† Excluding the trade of Communist bloc.

TABLE II: *Trade of the Commonwealth With Main Trading Areas*

(Value in £ million)

	1956	1958	1959	1960
Exports to :				
Commonwealth	3,463	3,242	3,399	3,658
United States	1,638	1,707	1,973	1,828
Common Market	1,118	1,071	1,174	1,286
E.F.T.A. (Continental) ..	434	428	463	505
Eastern Europe	156	188	219	248
China	51	80	76	82
Japan	270	242	336	370
Other Countries	1,377	1,396	1,398	1,531
Total ..	8,507	8,334	9,038	9,508
Imports from :				
Commonwealth	3,623	3,405	3,489	3,782
United States	2,267	2,080	2,214	2,535
Common Market	996	1,050	1,145	1,335
E.F.T.A. (Continental) ..	515	515	520	615
Eastern Europe	145	154	168	200
China	114	163	135	148
Japan	241	267	276	402
Other Countries	1,743	1,821	2,032	2,129
Total ..	9,644	9,454	9,979	11,146

TABLE III: *Intra-Commonwealth Trade*

(Value in £ million)

	Exports				Imports			
	1956	1958	1959	1960	1956	1958	1959	1960
Exports to other Commonwealth Countries :								
United Kingdom	1,268 (39)	1,240 (37)	1,246 (36)	1,328 (36)	1,472 (38)	1,297 (35)	1,395 (35)	1,469 (32)
Canada	363 (21)	373 (21)	378 (20)	443 (22)	254 (12)	267 (14)	305 (15)	303 (15)
Australia	334 (49)	310 (53)	331 (46)	347 (50)	353 (58)	353 (56)	348 (53)	414 (49)
New Zealand	199 (72)	160 (64)	188 (64)	186 (61)	181 (77)	199 (79)	154 (75)	182 (72)
India	226* (50)	215 (49)	213 (46)	220 (46)	248* (40)	213 (32)	225 (32)	250 (33)
Pakistan	41 (34)	29 (27)	41 (36)	51 (36)	48 (32)	41 (29)	39 (31)	65 (28)
Ceylon	63 (51)	66 (53)	61 (47)	68 (47)	55 (45)	59 (46)	72 (48)	70 (47)
Ghana	26 (33)	31 (33)	28 (27)	30 (29)	47 (53)	41 (46)	52 (46)	54 (42)
Federation of Malaya	.. ..	108 (49)	123 (43)	143 (42)	.. ..	90 (46)	89 (44)	103 (41)
,, ,, Nigeria	87 (65)	77 (57)	85 (52)	82 (50)	81 (53)	84 (51)	90 (51)	103 (48)
,, ,, Rhodesia and Nyasaland ..	114 (63)	77 (56)	100 (54)	107 (52)	77 (48)	72 (46)	66 (44)	63 (40)
Other Commonwealth Countries	597 (53)	556 (49)	605 (50)	658 (51)	671 (49)	689 (50)	654 (45)	706 (44)
Total intra-Commonwealth trade ..	3,463 (41)	3,242 (39)	3,399 (38)	3,658 (38)	3,623 (38)	3,405 (36)	3,489 (35)	3,782 (34)

* Year ended 31st March.
N.B.—Figures in brackets relate to the percentage shares of each country's exports or imports to the total.

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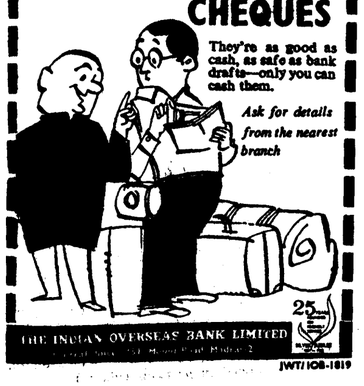

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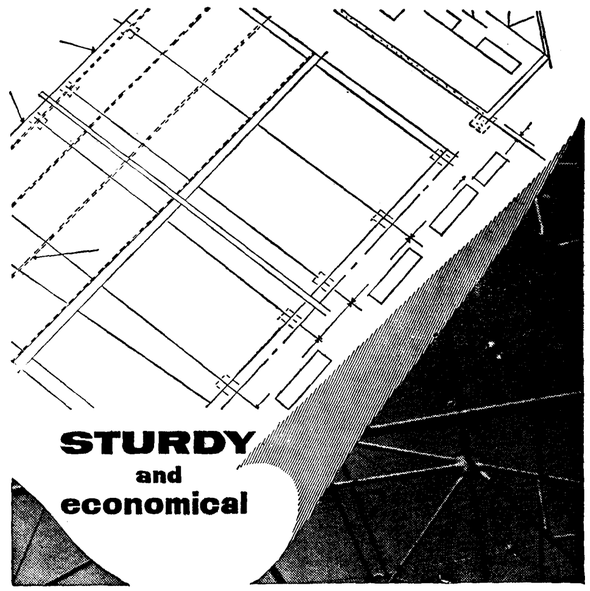

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THE Elphinstone Spinning and Weaving Mills Company Ltd. (Chairman: Mr. B. L. Jalan, Bombay) has staged an all-round improvement during the year ended 31st December 1961. Sales have recorded a handsome rise of Rs. 62.86 lakhs to Rs. 289.57 lakhs, in contrast to the drop of Rs. 13.69 lakhs to Rs. 226.71 lakhs in the previous year. The gross profit, which had shot up in 1960 from Rs. 18.54 lakhs to Rs. 35.83 lakhs, that is, by 93.2 per cent, has increased further by 19.1 per cent to Rs. 42.78 lakhs. The profit-margin (ratio of gross profit to sales) for the year under review is, of course, lower at 14.7 per cent, that for 1960 being 16 per cent. But it must be noted that the previous year's high figure of 16 per cent was due more to the spurt in profit and partly the setback in sales. Production, reflected in higher sales and larger inventory, also increased during the year. Once again, the Directors have passed on to investors the benefits of recovery from the 1957 and 1958 setbacks by stepping up the return on the Rs. 50 fully paid ordinary share from 18 per cent to 22 per cent per annum, subject to tax. The net return per share works out to 15.4 per cent and is the maximum at least since 1948.

One is inclined to agree with the Directors that the investors would find the working results for the year satisfactory, particularly when, on the one hand, trading conditions were rather dull and manufacturing costs continued to rise due to higher prices of cotton and enhanced labour charges and, on the other, voluntary control and stepping of prices on cloth continued all throughout, and what is worse, natural calamities and persistent stringency in the money market affected the normal offtake of the Company's products by local merchants. As compared with the previous year, expenses on raw materials, stores and spares were higher by some Rs. 20 lakhs at Rs. 149.19 lakhs, staff expenses by more than Rs. 11 lakhs at Rs. 82.82 lakhs (to the extent of Rs. 6 lakhs because of an *ad hoc* provision for bonus pending the fixation of the formula by the Bonus Commission), and other expenses by nearly Rs. 14 lakhs at Rs. 38.17 lakhs. After providing Rs. 8.08 lakhs (Rs. 6.30 lakhs in 1960) for depreciation and Rs. 16 lakhs (Rs. 7 lakhs) for taxation, the net profit works out to Rs. 18.70 lakhs, as against Rs. 22.53 lakhs a year before. While the proposed higher dividend absorbs Rs. 6.60 lakhs, as against Rs. 5.40 lakhs in the previous year, the amount transferred to reserves has been Rs. 9.01 lakhs, as against Rs. 14.54 lakhs. The carry forward is Rs. 1.37 lakh, as against Rs. 1.06 lakh brought in.

The table below gives a fair idea of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	289.57	226.71	240.40	177.56
Closing stocks	89.31	63.24	36.90	75.72
Other income	2.32	3.81	3.80	0.96
Raw materials, stores and spares consumed	149.19	129.78	104.58	104.22
Staff expenses	82.82	71.35	60.26	57.33
Other expenses	38.17	24.90	22.00	24.87
Gross profit or loss (—)	42.78	35.83	18.54	—4.58
Provision for—				
Depreciation	8.08	6.30	..	..
Taxation	16.00	7.00	..	..
Net profit or loss (—)	18.70	22.53	18.54	—4.58
Provisions written back, tax refund, etc.	..	0.25	..	..
Transfer to reserves	9.01	14.54	8.19	..
Provision for doubtful debts and charity fund	1.03	0.27	0.15	..
Dividends—				
Preference	1.75*	1.75*	5.25*†	..
Ordinary	6.60 (22%)*	5.40 (18%)*	4.20 (14%)	..
Carry forward	1.37	1.06	0.24	—5.52

Market value of ordinary shares (In rupees):	1962	1961	1960	1959	1958
High	142.00	126.00	67.00	48.00	48.00
Low	111.00	55.00	35.00	30.00	32.00

* Subject to deduction of tax.
† Dividend for three years.

The Rs. 50 fully paid ordinary shares are going quite strong. On the 2nd inst. they were quoted on the Bombay Stock Exchange at Rs. 146, a rise of Rs. 35 since the beginning of the year under review, that higher ceiling prices ed last year were Rs. 126 and Rs. 55, respectively. Even at their current quotation of Rs. 132 *cum-div.*, the shares fetch an attractive net yield of 12.3 per cent per annum.

Modernising and renovating its plant and equipment, the Company installed, during the year, machinery valued at Rs. 14.83 lakhs, which included one back filling machine, a Barber Colman Winding and warping machine, three cloth inspection machines, one R.K.I. make O.M.S. ring frame and an embossing calender for the leather cloth division. Machinery and equipment valued at Rs. 9.63 lakhs, including 48 Textime automatic looms and a mercerising range, were received during the year. These have since been erected and put into operation. The looms, however, are having teething troubles. Three high-speed drawing frames are in the course of being received, against an order for five frames placed by the Company. Orders have also been placed for five ring frames of N.M.M. make and one Cocker's H.S. slasher sizing machine from the U.S. The purchase of the block of the Moon Mills Ltd. for Rs. 35 lakhs was completed in August last.

The financial position of the Company is satisfactory. Its paid-up capital of Rs. 55 lakhs, of which equity is Rs. 30 lakhs, is supplemented by reserves and surplus amounting to Rs. 52.34 lakhs. Its secured loans of Rs. 75.58 lakhs include bank borrowings of Rs. 49.35 lakhs (Rs. 28.46 lakhs a year before) and a loan from the National Industrial Development Corporation Ltd. of Rs. 26.23 lakhs (Rs. 22.97 lakhs). Unsecured loans amount to Rs. 1.75 lakh and other liabilities and provisions to Rs. 90.77 lakhs. Excluding the N.I.D.C loan, the Company's indebtedness to outsiders aggregates Rs. 141.87 lakhs, to cover which are available current assets, including book debts but excluding investments, of Rs. 144.70 lakhs. Investments of Rs. 56,000 comprise Rs. 14,000 quoted and Rs. 43,000 unquoted. The quoted investments command a market value of Rs. 11,000 and are lodged as deposits with the Central Excise Collectorate. The gross block increased during the year from Rs. 164.81 lakhs to Rs. 225.40 lakhs and has been written down to Rs. 130.17 lakhs. Depreciation for 1958 and 1959, amounting to Rs. 9.35 lakhs, has not been provided for. No depreciation has been provided on the assets of the Moon Mills Ltd., as they had not been put to use during the year.

(*Concluded from next column*)

appropriation to reserves has been restricted to a transfer of Rs. 4.58 lakhs, as against Rs. 7.16 lakhs a year before, to development rebate reserve.

Production from the various departments was satisfactory during the year under review, and the working results for the first three months of the current year are said to be "very encouraging." It will be recalled that, in their report for 1960, the Directors had stated that the extension of the expansion programme in 1961 envisaged a further expansion of the penicillin, yeast and superphosphate plants and that orders for the necessary capital goods would be placed after the Government's sanction for foreign exchange was received. In this connection, we are told, the Company negotiated and was granted a foreign exchange loan of Rs. 16.30 lakhs by the Industrial Credit and Investment Corporation of India. Until the middle of last month, the import licences for the equipment were still awaited.

The Company's financial position has been strained a little more during the year, which can, however, be understood in the light of a continuous expansion programme. Its loan liability has increased from Rs. 93.15 lakhs to Rs. 118.81 lakhs and its current liabilities and provisions also show a rise from Rs. 79.74 lakhs to Rs. 91.29 lakhs. The total indebtedness as at the year-end works out to Rs. 273.10 lakhs as against Rs. 172.89 lakhs in the previous year, and the current assets, including book debts but excluding investments, aggregating Rs. 172.89 lakhs (Rs. 148.56 lakhs a year before) are again inadequate to cover this liability. Investments, amounting to Rs. 36.13 lakhs, comprise Rs. 16.76 lakhs quoted and Rs. 19.37 lakhs unquoted. The quoted investments, having a market value of Rs. 30.49 lakhs, are, however, pledged against bank borrowings. However, the Company has tried to maintain a healthy ratio of its own funds to borrowings by raising the capital three times in the past four years. Thus, as against borrowings of Rs. 118.81 lakhs, the capital of Rs. 110.00 lakhs and reserves of Rs. 59.74 lakhs make a total of Rs. 169.74 lakhs. The gross block met with a net addition of Rs. 29.15 lakhs to Rs. 267.03 lakhs during the year. It has been written down adequately to Rs. 170.82 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 231.25 *ex-right, cum-div.* On the *ex-div.* basis, they offer a net annual yield of 4.4 per cent.

ALEMBIC CHEMICAL HIT BY AN ACCIDENT

DIVIDEND, HOWEVER, MAINTAINED

THERE was some disturbance in the working of the antibiotics division of the Alembic Chemical Works Company Ltd. (Managing Agents: Messrs. Rayuma Services, Baroda) in the last quarter of 1961 because of the defects noticed in the vials filling process. Although this was "in no way connected" with the penicillin plant, it affected the filling of all antibiotics including penicillin, and called for an immediate thorough check of the filling process, necessitating stoppage of further filling and freezing of all stocks of filled vials. Ultimately, all sales of the antibiotic products were brought to a standstill. All this told rather heavily on the performance of the Company during the year which ended on 31st December. The progressive growth in sales and profit noted in previous years suffered a setback. Sales realisation which had gone up by some Rs. 38 lakhs in 1960, has recorded only a small improvement from Rs. 261.43 lakhs to Rs. 283.90 lakhs in 1961 and the gross profit has actually moved down from Rs. 46.75 lakhs to Rs. 41.68 lakhs. Measured in terms of profit-margin (ratio of gross profit to sales), the effects of the disturbed working of the antibiotics division are quite marked, for it has dropped from 17.8 per cent to 14.6 per cent, wiping out all the improvement recorded from 1957 to 1960. Moreover, last year's results are in contrast to those witnessed in the preceding four years, when sales, gross profit and profit-margin progressively improved year after year. However, the Directors have deemed the setback as "temporary," and quite rightly so because (*a*) it was due to some unforeseen circumstances, and (*b*) the Company's position is quite satisfactory as a result of a continuous expansion programme for the past few years. Therefore, in spite of insufficient profit, they have maintained the equity dividend at 14 per cent per annum, taxable, and that too on the capital increased by the issue of 10,000 new shares. This has been made possible by withdrawing Rs. 3.85 lakhs from the dividend equalisation fund. Perhaps the 2 per cent cut in the previous year might also have deterred the Directors from proposing any further reduction in the dividend.

An insight into the Company's working in the past four years can be had from the comparative table below:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	283.90	261.43	223.95	192.78
Closing stocks	94.71	80.29	50.50	40.89
Other income	4.99	4.41	3.59	3.21
Raw materials and stores consumed	148.74	136.08	135.27	139.26
Excise duty	21.87	6.86	5.78	4.94
Staff expenses	50.72	44.03	39.87	31.41
Other expenses	43.50	38.27	32.22	27.76
Gross profit	41.68	46.75	41.79	35.19
Provision for—				
Depreciation	18.05	12.52	9.41	6.75
Taxation	8.25	10.20	10.50	10.50
Managing Agents' remuneration	1.69	3.12	2.01	1.62
Net profit	13.69	20.91	8.24	2.84
Provisions written back	0.29	..	18.64	15.10
Transfer from reserves	3.85	..	0.60	..
To gratuity reserve	..	..	..	..
Transfer to reserves	..	..	1.00	1.50
Development rebate	4.58	7.16	1.00	2.25
Dividends—				
Preference	0.87*	0.87*	0.87*	0.67
Ordinary	13.07 (14%)*	11.90 (14%)*	10.80 (16%)*†	5.78 (12%)§
Carry forward	0.48	1.17	0.20	0.53

Market value of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	285.00cr	282.50	300.00	213.00cr	169.00cr
Low	228.00xr	230.00	208.00	153.00xr	114.00xr

* Subject to deduction of tax.
† Including on 10,000 new shares for 10 months.
‡ Including on 20,000 new shares.
§ Including on 23,000 new shares.

The decline in the profit-margin has also been due to rising costs and higher excise following the imposition of a Central levy of 10 per cent *ad valorem*, with effect from 1st March 1961, on all proprietary medicines not containing alcohol. The excise bill rose sharply from Rs. 6.86 lakhs to Rs. 21.87 lakhs. The cost of raw materials and stores increased from Rs. 136.08 lakhs to Rs. 148.74 lakhs and so did staff expenses from Rs. 44.03 lakhs to Rs. 50.72 lakhs as also other expenses from Rs. 38.27 lakhs to Rs. 43.50 lakhs. Because of expansion, the provision for depreciation has been raised from Rs. 12.52 lakhs to Rs. 18.05 lakhs. But the decline in gross profit has warranted a reduction in the provision for taxation from Rs. 10.20 lakhs to Rs. 8.25 lakhs and has brought down the Managing Agents' remuneration from Rs. 3.12 lakhs to Rs. 1.69 lakh. After making these provisions, the net profit has suffered a bigger fall than the gross profit, that is, from Rs. 20.91 lakhs to Rs. 13.69 lakhs. Once again,

(*Continued in previous column*)

TWO JARDINE HENDERSON GROUP JUTE MILLS SUFFER LOSSES

OUTLOOK FOR 1962, HOWEVER, ENCOURAGING

IT can be stated with certainty that the year 1961 will long be remembered as one of particular difficulty in the history of the Indian jute industry which over many years has experienced extremes of prosperity and adversity. During the major part of the year, the one single factor which governed profitable operations of individual mills was the shortage of jute, occasioned partly by a lower indigenous crop and partly by lack of imports of jute cuttings from Pakistan. And if 1960 was in this respect bad enough, 1961 proved worse. Whereas, on previous similar occasions, the industry could resort to heavy sealing of looms, along with curtailment in working hours, it had to contend during 1961 with shorter working weeks despite unfavourable impact on costs, in order to soften to some extent the impact on workers' earnings. As if this was not enough, the industry had to resort to block closure of mills for a period of one week at a time twice during the year. These adverse trading conditions brought in their wake serious disparities between manufacturing costs and selling prices obtainable for goods which were basically responsible for the heavy losses incurred by many a mill. The annual reports of the two jute mills belonging to the Jardine Henderson Group, namely, Kamarhatty Company Ltd. and Kanknarrah Company Ltd., for the year ended 31st December 1961, reveal that these mills have proved no exception to this general state of affairs.

Kamarhatty Company

Notwithstanding a rise of Rs. 21.98 lakhs to Rs. 431.71 lakhs in sales, due no doubt to the high ruling prices of jute goods, a modest increase of Rs. 3.40 lakhs to Rs. 4.76 lakhs in other income and an appreciation of Rs. 12.06 lakhs to Rs. 84.59 lakhs in closing stocks of jute, work-in-progress, and finished goods, the Kamarhatty Company has reported a loss of Rs. 6.36 lakhs (in contrast to a profit of Rs. 9.58 lakhs earned in 1960), before providing for Managing Agents' commission, depreciation and taxation. In view of the loss sustained during the year, provision for Managing Agents' commission has been made to the minimum agreed extent, that is, Rs. 50,000, while that for taxation has quite naturally been completely suspended. Provision for depreciation is also lower at Rs. 6.90 lakhs, as against Rs. 7.88 lakhs. The year's operations, thus, show a net loss of Rs. 13.76 lakhs, whereas the working results for 1960 showed a net profit of Rs. 48,000. This position has been worsened further by the credit of Rs. 3.85 lakhs to provision for doubtful debts, so that the debit balance transferred to the appropriation account comes to Rs. 17.61 lakhs. In view of the loss suffered during the year and not being inclined towards a further deterioration of the reserve position, the Directors have passed over both preferred and equity dividends and have, after adjusting the surplus of Rs. 39,774 brought in from the previous accounting period, carried forward a loss of Rs. 17.21 lakhs to the balance-sheet.

After adjusting the aforesaid loss, the reserves of the Company show a decline from Rs. 27.60 lakhs to Rs. 10.00 lakhs, against an unchanged share capital of Rs. 59.20 lakhs. Secured and unsecured loans have also fortunately shown a decrease from Rs. 91.59 lakhs to Rs. 82.64 lakhs and so have current liabilities and provisions, albeit moderately, from Rs. 34.50 lakhs to Rs. 31.19 lakhs.

On the assets side, the net block is valued at Rs. 56.25 lakhs and has been obtained by reducing a gross block of Rs. 200.18 lakhs by Rs. 147.20 lakhs, being the amount of accumulated depreciation and adding to the balance of Rs. 3.27 lakhs as cost of capital work in progress. Investments, including share of Jardines Mills Agencies Ltd., amount to Rs. 3.26 lakhs, while current assets, loans and advances aggregate Rs. 123.51 lakhs. On the whole, the financial position of the Company as revealed by its balance as at 31st December 1961 appears fairly strong.

Since the installation of the modern preparing and spinning machinery in the Company's 'B' Mill in 1957, it has been found that the complement of spindles has been inadequate to produce at all times the quantity of yarn required to serve the loomage being worked. More recently, with the progressive unsealing of looms, shortage of spinning capacity has been more keenly felt. In the circumstances, the Directors decided to install seven additional spinning frames, in addition to two sacking weft drawing frames. Certain units of this new machinery has been installed since the beginning of this year and the balance is expected to be in production by the end of June 1962. There is no doubt that these additions will lead to an increase in the working efficiency of the mills. The Company's application for licences to import additional machinery for the beaming department was rejected on the grounds, it is understood, that machinery of the type required is to be manufactured under licence in this country.

Kanknarrah Company

Owing to cut-back in production referred to earlier and power shortage, the gross profit of the Kanknarrah Company Ltd. continued, during 1961, its downward journey with more vigour and the Company has completed the year with a loss of Rs. 6.72 lakhs (in place of a profit of Rs. 6.57 lakhs) prior to charging Managing Agents' commission, depreciation and taxation. The loss sustained during the year has restricted, as previously, the provision for Managing Agents' commission to Rs. 50.000, while no provision for taxation has been found necessary. Provision for depreciation, however, has been lowered slightly from Rs. 6.88 lakhs to Rs. 6.13 lakhs. The net loss has, therefore, risen quite sharply from 81,000 to Rs. 13.35 lakhs. After transferring Rs. 2.67 lakhs to provision for doubtful debts and adjusting the debit balance of Rs. 14.78 lakhs brought in, the adverse balance carried forward to the profit and loss account has again increased to Rs. 30.80 lakhs, or very nearly equal to that for the year 1957. It will thus be noted that whatever progress the Company had managed to achieve during the past two years is now nearly completely lost to it.

As regards the prospects for current year, the Directors of both the Mills report that, with adequate supplies of raw jute and a satisfactory margin between cost of raw material and finished goods price, profitable working has been possible since the last quarter of 1961 and the results achieved during the first quarter of 1962 are encouraging.

(In lakhs of rupees)

	Kamarhatty				Kanknarrah			
	For the year ended 31st December				For the year ended 31st December			
	1961	1960	1959	1958	1961	1960	1959	1958
Sales	431.71	409.78	377.13	389.58	372.16	366.58	327.29	349.40
Other income	4.76	1.36	1.26	2.60	1.19	1.99	1.48	1.97
Closing stocks of jute, work-in-progress and finished goods	84.59	72.53	42.35	79.67	60.99	54.86	46.81	82.17
Jute yarns, gunny purchases and stores consumed	339.54	302.62	169.32	236.23	267.80	253.42	180.63	223.65
Other expenses	115.85	129.04	131.58	127.10	107.90	118.13	125.71	121.52
Gross profit	— 6.36	9.58	40.17	35.87	— 6.72	6.57	27.57	19.32
Managing Agents' commission	0.50	0.50	3.12	2.01	0.50	0.50	2.05	0.50
Provision for—								
Depreciation	6.90	7.88	8.77	10.21	6.18	6.88	7.69	8.75
Taxation	..	0.72	5.50	0.43	..	..	..	0.24
Net profit	—13.76	0.48	22.78	23.22	—13.35	— 0.81	17.83	9.83
Withdrawal from reserves and provisions	..	0.11	0.05	0.06	..	0.06	0.50	0.08
To reserves and provisions	3.85	1.36	10.40	0.20	2.67	0.85	0.23	0.10
Miscellaneous write-offs	..	..	..	18.02	..	..	..	..
Preference dividends for prior years	..	0.08	..	1.92	..	..	..	..
Dividends—								
Preference	..	1.25*	1.17*	0.96	..	..	..	..
Ordinary	..	2.16 (6%)*	2.64 (15%)*	2.16 (5%)	..	..	..	..
Carry forward	—17.21	0.40	2.66	0.03	—30.80	—14.78	—13.68	—31.78

Market price of ordinary share (in rupees):	1962	1961	1960	1959	1958	1962	1961	1960	1959	1958
High	204.00	161.00	186.00	219.00	187.00	178.00	91.00	126.00	125.00	107.00
Low	133.00	122.00	135.00	155.00	171.00	77.00	58.00	71.00	85.50	40.05

* Subject to deduction of tax.

PROFIT OF DIGVIJAY CEMENT RISES

PIPES AND ROOFING SHEETS PROJECT

THE gross sales realisation of the Shree Digvijay Cement Company Ltd. (Managing Agents: Messrs. Shree Laxmi Agents Ltd., Sikka, Gujarat) for the year ended 31st December 1961 has undergone a slight recession as a result of the interaction between a lower overall output of cement during the year and a higher retention price effective from 1st November 1961. The actual sale proceeds in 1961 aggregated Rs. 318.02 lakhs, a drop of Rs. 8.21 lakhs as compared with the previous year. But the gross profit has improved by over 50 per cent, from Rs. 43.93 lakhs to Rs. 65.28 lakhs, even though the cost of raw materials and stores consumed as well as other expenses have both gone up, the former by Rs. 3.74 lakhs to Rs. 121.09 lakhs and the latter by as much as Rs. 11.83 lakhs to Rs. 168.22 lakhs. The only reasons which can perhaps explain away this apparent anomaly are, first, the rise of more than Rs. 20.00 lakhs to Rs. 26.10 lakhs in the value of the closing stocks of slurry, clinker and cement and, second, the sharp increase in other income consequent on the receipt, for the first time, of a gross dividend of Rs. 10.77 lakhs from the Companys' subsidiary, the West Coast Paper Mills Ltd.

This betterment in the gross profit has naturally attracted a higher provision for Managing Agents' commission (Rs. 3.71 lakhs, as against Rs. 1.64 lakh), as well as for taxation (Rs. 14.50 lakhs, as against Rs. 10.25 lakhs). Provision for depreciation, however, has been stepped up only nominally from Rs. 18.08 lakhs to Rs. 18.86 lakhs. Notwithstanding this increase in essential provisions, the net profit has more than doubled and now stands at Rs. 28.21 lakhs, as compared with Rs. 13.96 lakhs a year before. Out of this, a sum of Rs. 7.01 lakhs has been credited to the various reserves, the major recipient being the development rebate reserve which gets Rs. 6.23 lakhs, as against Rs. 1.21 lakh during 1960. From the balance that remains, the Directors have, after setting aside Rs. 5.20 lakhs for payment of preferred dividends for the year, proposed a slightly higher equity dividend of 10 per cent subject to deduction of tax, absorbing Rs. 13.44 lakhs. The carry forward is substantially higher at Rs. 2.58 lakhs, as against Rs. 1,550 brought in.

The results of operation of the Company for the four-year period 1958-61, inclusive, are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds (gross)	318.02	326.23	277.23	241.90
Other income	10.57	1.84	5.21	3.59
Closing stocks	26.10	6.03	12.69	20.70
Raw materials, packing materials, stores and spares consumed	121.09	117.35	90.45	80.39
Other expenses	168.22	156.39	135.89	124.48
Gross profit	65.28	43.93	48.09	42.65
Managing Agents' commission	3.71	1.64	2.06	1.62
Provision for—				
Depreciation	18.86	18.08	19.41	20.48
Taxation	14.50	10.25	10.40	6.90
Net profit	28.21	13.96	16.22	13.70
Withdrawals from reserves and provisions	..	4.07	4.50	8.00
To reserves	7.01	1.21	3.00	6.90
Dividends—				
Preference	5.20*	5.20*	5.71*	4.00
Ordinary	13.44 (10%)*	12.10 (9%)*	12.10 (9%)*	12.10 (9%)
Carry forward	2.58	0.02	0.49	0.58

Market value of ordinary share (In rupees):	1961	1960	1959	1958
High	..	182.00	161.00	162.25
Low	..	140.00	129.00	127.00

* Subject to deduction of tax.

The financial position of the Company as revealed by its balance-sheet as at 31st December 1961 can be said to be only moderately good. The share capital stands unchanged at Rs. 214.48 lakhs, of which Rs. 79.94 lakhs are in 5 per cent preference shares of Rs. 100 each and the balance in equities. The capital is backed by Rs. 62.84 lakhs in reserves and surplus. Against this secured and unsecured loans aggregate Rs. 189.48 lakhs, in addition to current liabilities and provisions amounting to Rs. 70.60 lakhs. The net block is worth Rs. 273.02 lakhs and has been obtained by reducing a gross block of Rs. 475.30 lakhs by Rs. 202.28 lakhs being the depreciation earned to date. Building under construction and plant and machinery under erection are valued at Rs. 21.00 lakhs. Investments at cost are placed at Rs. 79.09 lakhs, out of which Rs. 75.59 lakhs are in the shares of the West Coast Paper Mills

Ltd., a subsidiary. Current assets, loans and advances amount to Rs. 164·29 lakhs.

The output of clinker during the year under review was 423,000 tonnes, as against 412,000 tonnes attained in the previous year. One of the clinker grinding mills had to be stopped for about four months for major overhaul and, though the loss in output of cement on this account was partly compensated by the clinker grinding mill at Bombay which was commissioned in the middle of October 1961, the overhaul output of cement at 404,000 tonnes indicated a decline as compared with the output achieved in the previous year.

As for the asbestos cement pipes and sheet making plant which is being erected near Ahmedabad, the Directors state as under:

"The plant will have, in the initial stages, an output of 32,000 tons per year of asbestos cement pipes and roofing sheets. Almost the entire plant and machinery has already arrived at the site and the construction of the factory and other buildings is making good progress. The machinery suppliers have deputed their senior erector for the installation of the machinery and the entire plant is expected to be ready to commence operations within the next few months. There is a good demand for both sheets and pipes, and it is hoped that the products of this new project will command excellent market. The Company had finalised negotiations with the world-reputed firm of Messrs. Johns Manville International Corporation, New York, for both technical and financial collaboration and the agreement containing the terms and conditions for the same has been pending for Government of India's approval for some considerable period. The technical agreement has been finally approved by the Government and the Directors have sent the same duly signed to the collaborators. The financial participation by Messrs. Johns Manville International Corporation was first rejected by the Government, but, on a further representation, the same has been approved in principle. The price for shares for investment of 10 per cent equity capital by Messrs. Johns Manville International Corporation is now under the consideration of the Government and a final decision is expected shortly. Thus the collaboration is likely to take final shape shortly and the Directors are confident that the new project would benefit substantially under this arrangement."

The Rs. 100·00 fully paid ordinary share is being currently quoted at Rs. 209·00 cum-div. and fetches, on ex-div. basis, a net return of about 3·5 per cent on investment.

PRESTOLITE OF INDIA LTD.

A public company called Prestolite of India Ltd. has been registered at New Delhi with Mr. Indar Singh as the Managing Director. The Company proposes to manufacture, in collaboration with the Electric Autolite Company of the U.S., one of the world's largest independent manufacturers of automotive electrical equipments, automotive electrical components of latest design for original equipment and for replacement under the trade mark "Prestolite." The products include ignition coils, voltage regulators, lamps, horns, horn relays, distributors and miscellaneous electricals replacement parts. Most of the above items are at present being imported. Mr. Indar Singh visited the U.S. recently and signed an agreement for both technical and financial collaboration with the Electric Autolite Company. The foreign company will subscribe to equity shares in Prestolite of India Ltd. to the extent of 44 per cent of the issued capital; the investment will cover the entire requirements of foreign exchange for the imported plant and machinery for the project.

Prestolite of India Ltd. will have an authorised capital of Rs. 1 crore, divided into 750,000 equity shares of Rs. 10 each and 25,000 preference shares of Rs. 100 each. The present issue will be for 400,000 equity shares of a total value of Rs. 40 lakhs. Out of this, the Electric Autolite Company will subscribe for shares of the value of Rs. 17·5 lakhs. The factory will be located at Faridabad; the necessary land has been already purchased and the construction of the factory will start shortly.

The Electric Autolite Company will also be represented on the Board. At a Press conference in New Delhi recently, Mr. J. J. Bohmrich, Vice-President of the American company, said that the company designed and produced automobile electrical equipment for original equipment usage by vehicle manufacturers in the U.S., Canada, France, Mexico, Venezuela, Brazil, Argentina and Belgium at the present time. According to him, for the growing replacement parts needs of the passenger and commercial vehicles on the highways in India and throughout the world, the Electric Autolite Company, through its new subsidiary, Prestolite International Corporation, is now engineering and making available "Universal" replacement parts for all popular makes of cars and trucks.

HINDUSTAN ALUMINIUM CORPORATION

The Hindustan Aluminium Corporation Ltd. (*Managing Agents: Messrs. Birla Gwalior* (Private) Ltd., Bombay) produced the first batch of aluminium from the imported alumina on 23rd May last, just two years after the "earth-breaking" ceremony of its factory at the Rihand dam site at Renukoot in Uttar Pradesh. Such progress has been made possible by the construction of all the factory and residential buildings and the erection of the major portion of the plant in a short time of less than 18 months. The Rihand dam power station was commissioned in February last and the transmission lines from the power house to the Company have already been energised. The alumina section of the plant is expected to be ready sometime during the third quarter of this year, when the entire plant is expected to be turned for regular production. In view of the growing demand for aluminium in the country, especially in the making of A.C.S.R. conductors that would replace copper conductors, the Company has applied for expansion of its present capacity from 20,000 metric tons to 50,000 metric tons of aluminium ingots per year. For this purpose, it would be necessary for the Company to set up its own thermal power station, for which also it has sought the Government's permission. The import licence for fabrication facilities, which were delayed further, are expected to be received soon, and an order for the equipment would be placed immediately.

The profit and loss account of the Company for the year ended 31st December 1961 shows a deficit of Rs. 1·88 lakh after transferring Rs. 39·80 lakhs to the "expenditure during construction account," but before making any provision for depreciation and taxation. The deficit has been set off against last year's surplus of Rs. 2·12 lakhs brought forward, and thus a net surplus of Rs. 0·23 lakh has been carried forward. The total expenditure up to 31st December 1961 under the head "expenditure during construction period," as shown in the balance-sheet, amounts to Rs. 49·73 lakhs and, on the costruction of the plant this year, would be adjusted under appropriate headings in the block account. It will be recalled that, out of its authorised capital of Rs. 20 crores, comprising Rs. 10 crores in equity shares of Rs. 10 each, Rs. 2·50 crores in 9 per cent, taxable, redeemable cumulative preference shares of Rs. 100 each, and Rs. 7·50 crores in unclassified shares of Rs. 10 each, the Company has issued equity shares of Rs. 6 crores, of which those worth Rs. 60 lakhs have been allotted for consideration other than cash, and preference shares of Rs. 2·50 crores. The issued capital has been fully called and paid but for calls in arrears of Rs. 4·46 lakhs. The construction work-in-progress stood at the year-end at Rs. 10·45 crores, as against Rs. 2·46 crores a year before. The Minerals and Minerals Ltd., the Company's wholly-owned subsidiary, realised Rs. 4·51 lakhs, as against Rs. 3·56 lakhs in the previous year, from bauxite sales during the year ended 31st December 1961. Its earnings by way of coal raising is shown as nil, as against Rs. 5·12 lakhs a year ago. During the year, it earned a gross profit of Rs. 11,627.

COMMERCE AND INDUSTRY

(Concluded from page 1036)

The review provides a detailed picture of intra-Commonwealth trade. Trade between Commonwealth countries themselves expanded appreciably in 1960; it represented a slightly higher proportion of their total exports (38·5 per cent) than in 1959 but a further slight decline in the proportion of their total imports (34 per cent). In recent years the United Kingdom has gradually sent an increasing proportion of total exports to non-Commonwealth countries and has taken a higher percentage of imports from them. Nevertheless, on average the relative importance of the United Kingdom to other Commonwealth countries in trade both ways, over a fifth, diminished very little between 1957 and 1960. Table III shows exports and imports by each of the Commonwealth countries from other members of the Commonwealth during the period 1956 to 1960.

Table II shows the extent of Commonwealth trade with other major trading areas and leading industrialised countries during 1956-60. The general trend towards diversification of Commonwealth markets and suppliers continued in the period reviewed. The trade of the Commonwealth as a whole with all main non-Commonwealth trading partners expanded except for exports to the U.S. The Commonwealth share in the U.S. imports and exports remained at about 35 per cent, but the U.S. imports in general contracted from the very high 1959 figure, and this affected a number of Commonwealth countries, including Canada and Britain. U.S. exports to the Commonwealth expanded by almost a fifth between 1959 and 1960 and much exceeded the high 1957 level. Important four-year agreements, it may be noted, were signed with India in May 1960 and with Pakistan in October 1961, to supply them with grain and other agricultural material against grants or credit repayable in rupees. The review also describes trade developments between the Commonwealth and other major markets, the Common Market, the European Free Trade Association, Japan, Eastern Europe and Mainland China. In 1960, trade with the Common Market accounted for 14 per cent of Commonwealth exports and 12 per cent of Commonwealth imports. These trade flows each represented nearly a fifth of the Common Market's trade outside the Customs Union. Exports from the United Kingdom to the Six expanded quite rapidly between 1958 and 1960, but recent trends for other Commonwealth countries varied. Commonwealth imports from the Common Market have been growing fast, and Britain now imports manufactured goods from this market to the same value as those exported to it.

Notices

BENGAL POTTERIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fiftieth Annual General Meeting of the Bengal Potteries Limited will be held at the registered office of the Company at 45, Tangra Road, Calcutta, on Friday the 29th June 1962, at 4 p.m., to transact the following items of business:—

(1) To receive and adopt the Directors' Report, the audited Balance Sheet and the Profit and Loss Account for the year ended 31st December 1961.

(2) To declare a Dividend.

(3) To elect Directors in place of those retiring.

(4) To consider and if thought fit to pass the following Resolution as an Ordinary Resolution:—

"RESOLVED that the Members of the Company approve of the appointment and continuation as a Director of Bengal Potteries Ltd., of Dr. H. L. Dey who has attained the age of over 65 years, and declare that the age limit of 65 years as specified in Section 280 of the Companies Act 1956 shall not apply to him."

Explanatory Statement under Section 173(2) of the Companies Act 1956, regarding Ordinary Resolution under Section 281

Special notice has been received by the Company on 30th May, 1962, of this Resolution from three of its Members under the provision of Section 281 of the Companies Act 1956.

Dr. H. L. Dey is a retiring Director of the Company and has attained the age of over 65 years. If appointed Shri Dey will get remuneration from the Company as provided in its Articles of Association, and he is interested to that extent. Save as aforesaid no other Director or the Managing Agents have any concern or interest in the above resolution.

(5) To appoint Auditors for the current year and to fix their remuneration.

The Share Transfer Register of the Company will be closed from 15th June to 10th July 1962, both days inclusive.

A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

By Order of the Board of Directors,

BHARAT RAM BHAGAT & COMPANY,
Managing Agents.

45, TANGRA ROAD, CALCUTTA.
Dated, 2nd June, 1962.

INDIAN ALUMINIUM COMPANY LIMITED

31 Chowringhee Road
CALCUTTA-16

NOTICE IS HEREBY GIVEN THAT THE Company's Transfer Register respecting 6¼ per cent Debenture Stock 1970-75 will remain closed from 15th June 1962 to 1st July 1962, both days inclusive, in connection with the payment of interest on 1st July 1962.

INDIAN ALUMINIUM COMPANY LIMITED,
ANDREW YULE & COMPANY LIMITED,
A. S. MACLAREN,
Secretary,
Registrars.

Registrar's Office:
8 CLIVE ROW,
CALCUTTA-1.
P.O. Box 150
5th June 1962.

SYNOPSES OF COMPANY REPORTS

Twyford Tea Co., Ltd.

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

47th Annual General Meeting.—18th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Tea sales	20,62	21,85
Closing stock of tea	5,58	4,52
Gross profit	3,12	4,27
Transfer to Managing Agents' remuneration	21	38
,, ,, depreciation	86	44
,, ,, provision for taxation	55	1,80
,, ,, development rebate reserve	77	Nil
Net profit	73	1,65
Adjustments	33*	†
Appropriations:		
Total available balance	1,06	1,65
Proposed dividend (taxable) equity	95 (6%)	1,57 (10%)
Carried forward	11	8

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

* This includes Rs. 25,000 transferred from dividend equalisation reserve.

† Only a small sum of Rs. 565.

Extracts from the Directors' report: Crop and Price: 4,72,419 (4,89,333 kgs. for 1960) kilograms tea was produced during the year under report against an estimate of 5,09,625 kilograms. The cost of production was 360 cents per kilogram against 350 cents per kilogram in 1960. The average price was 447 cents against 454 cents per kilogram in 1960. The stock of tea remaining unsold as at 31st December 1961 was 1,30,960·70 kilograms, all of which has been since sold.

The estimates for the year ending 31st December 1962 is 5,10,000 kilograms to be produced at a cost of 391·81 cents per kilogram. The crop on 30th April 1962 is 1,56,486 kilograms against 1,41,877 kilograms in 1961.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	15,75,000	Gross block	33,73,717
Reserves and surplus	16,64,306	—Depreciation	4,33,348
Other liabilities	6,01,856		
		Net block	29,40,369
		Current assets	8,93,865
		Investments	1,101
		Cash	5,827
Rs.	38,41,162	Rs.	38,41,162

* Paid-up capital consists of 1,57,500 equity shares of Rs. 10 each fully paid up. Out of this 24,615 equity shares are allotted as fully paid up by way of bonus shares on capitalisation of general reserve and 15,000 equity shares are allotted in lieu of dividends.

South India Viscose Ltd.

(*Chairman and Managing Director:* Mr. R. Venkataswamy, Coimbatore.)

4th Annual General Meeting—22nd June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sale of finished goods	69,99	Nil
Sale of waste	16	Nil
Closing stock of finished goods, raw materials, etc.	36,28	5,35
Gross profit	19,07	2,08
Transfer to depreciation	17,96	Nil
Net profit	1,11	2,08
Appropriations:		
Transfer to development rebate reserve	Nil	2,08
Dividend	Nil	Nil
Carry forward	1,11	Nil

Extracts from the Directors' report: The erection work of the plant commenced only in July 1960 after the first shipment of machinery arrived. The production of *carbon di-sulphide* was started late in December 1960, *Sulphuric Acid* late in July 1961 and the first production of *staple fibre* in the last week of May 1961. Staple fibre reached the full production target of 10 tons per day in July 1961. The *rayon yarn* plant was commissioned late in October 1961 and it has reached *production of 5.5 tons against* the target of 10 tons per day. At present, only 22 frames out of 41 frames are working. Though 13 spinning frames are kept ready they could not be put into operation due to Government's restriction in the matter of supply of electric power. The Company expects to get full power supply by June 1962. It may be possible to reach full production of 10 tons of rayon yarn per day by July 1962.

The *staple fibre* and *rayon yarn* produced by the South India Viscose Ltd., with the guidance of the Company's Italian Collaborators, have been tested in the laboratories of Snia Viscosa in Italy and found to be of the same international standard and specification as the Italian Rayon Products of Snia Viscosa. The Company's *Rayon yarn* enjoys the same popularity in the Indian market as the foreign Rayon yarn.

The year's working has resulted in a net profit of Rs. 1,11,024. The directors could not provide the full amount of depreciation computed according to income-tax rules, i.e., Rs. 71,05,075. The depreciation provided namely Rs. 17,95,915 is about 25·3 per cent of the same.

Production: 1,894 tons of staple fibre was produced upto the end of the year. Though the machinery proved its capacity for an extra 10 per cent production, yet the production could not be maintained for want of adequate quantities of wood pulp. 148 tons of *Rayon Yarn* were produced during the year. The Company experienced difficulty in securing high grade wood pulp. 2,939 tons of *Sulphuric Acid* and 612 tons of *Carbon-di-Sulphide* were produced during the year.

Sales: 1,880 tons of *Staple-fibre* were sold during the year against allotment made by the Textile Commissioner. There were no sales of *Rayon Yarn* during the year as the orders of distribution were received late in the year. *Sulphuric Acid* and *Carbon di-Sulphide* were mainly consumed in the manufacture of *Staple fibre* and Rayon Yarn.

The Italian Collaborators have been allotted shares in accordance with the directions of the Central Government. 9,056 shares mentioned as reserve for allotment to Italian Collaborators refers to the position as at 31st December 1961. Subsequently 3,722 shares have been allotted and 5,334 shares are yet to be allotted as the terms of the collaboration agreement are not consistent with the directions of Government of India.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	4,80,83,715	Gross block	8,49,66,349
Reserves and surplus	8,10,271	—Depreciation	18,80,002
Other liabilities	4,27,63,980		
		Net block	8,30,82,347
		Current assets	73,82,997
		Investments	47,000
		Cash	11,34,962
		Miscellaneous expenditure	10,660
Rs.	9,16,57,966	Rs.	9,16,57,966

* Paid-up capital consists of 4,80,944 equity shares of Rs. 100 each. Of this calls in arrears amount to Rs. 10,685.

Basmatia Tea Co., Ltd.

(*Secretaries & Treasurers:* Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—31st May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales of tea	18,59	20,81
Closing stock of tea	8,51	8,21
Gross profit	5,74	5,38
Transfer to Managing Agents' remuneration	Nil	29
,, ,, Secretaries' and Treasurers' commission	36	13
,, ,, depreciation	89	75
,, ,, provision for taxation	1,90	1,63
Net profit	2,59	2,58
Adjustments	55*	44
Appropriations:		
Total available balance	3,14	3,02
Transfer to general reserve	70	70
,, ,, development rebate reserve	5	9
Proposed dividend (taxable) ordinary	1,91† (22½%)	1,79‡ (35%)
Carry forward	43	44

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

* Includes Rs. 10,000 being excess tax provision in respect of previous years written back.

† Dividend for 1961 is on a paid-up capital of Rs. 7,65,000.

‡ The dividend for 1960 was on a paid-up capital of Rs. 5,10,000.

Extracts from the Directors' report: Weather conditions were favourable for growth and a record crop of 3,136 quintals was secured, an increase of 489 quintals on the previous season's crop. The tea market was less satisfactory, however, and the crop sold at an average price of Rs. 6.01 per kg. compared with an average of Rs. 7.21 per kg. for the 1960 crop. Capital expenditure incurred during the *1961 season amounted to* Rs. 3,16,590 and represents the cost of constructing labour and staff quarters, machinery for the factory, the purchase of an area of land and an extension of the tea area.

Estimates for the current season have been framed for a crop of 2,900 quintals.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	7,65,000	Gross block	23,69,094
Reserves and surplus	11,04,227	—Depreciation	8,49,351
Other liabilities	11,98,109		
		Net block	15,19,743
		Current assets	14,28,231
		Investments	77,725
		Cash	41,637
Rs.	30,67,336	Rs.	30,67,336

* Paid-up capital consists of 76,500 ordinary shares of Rs. 10 each, fully paid up. Out of this 42,500 ordinary shares of Rs. 10 each are issued as fully paid up by way of bonus shares on capitalisation of general reserve.

Kumardhubhi Engineering Works Ltd.

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

Annual General Meeting—31st May 1962.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1961	1960
Sales	2,01,63	1,58,80
Gross profit	14,80	14,66
Transfer to Managing Agents' commission	80	67
,, ,, depreciation	6,20	5,10
,, ,, provision for taxation	3,65	2,64
,, ,, statutory development rebate reserve	38	63
,, ,, provision for bad and doubtful debts	*	50
Net profit	3,77	5,11
Adjustments	38	31
Appropriations:		
Total available balance	4,15	5,42
Transfer to debenture redemption reserve	Nil	1,00
,, ,, general reserve	Nil	50
Proposed dividends (taxable) 5% C. preference	78†	78†
,, ,, ordinary	3,23 (11·66%)	2,76 (10%)
Amount per ordinary share	[Re. 0·35]	[Re. 0·30]
Carry forward	14	38

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

* A small sum of Rs. 162.

† Preference dividend is calculated at 6·5 per cent.

Extracts from the Directors' report: Market conditions improved considerably during the year under review. The acceptance of the third Plan and the consequent increase of activity produced a marked change in the demand pattern and orders began to flow in at an ever increasing pace from the middle of 1961. Firm orders on the books now will carry the Company through the middle of the next year.

The Foundry was fully loaded throughout the year and the output showed an increase of 12.58 per cent over the previous year. The Structural Steel Work production however shows an increase of 4.05 per cent only as the availability of matching steel continued to be difficult throughout the year.

Accounts in brief as at 30th November 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	39,64,800	Gross block	98,41,548
4% debentures	10,00,000	—Depreciation	44,29,696
Reserves and surplus	49,11,848		
Other liabilities	1,38,87,556	Net block	54,11,852
		Block-in-progress	54,501
		Current assets	1,81,00,562
		Investments	82,732
		Cash	48,557
Rs.	2,37,64,204	Rs.	2,37,64,204

* Paid-up capital consists of 9,21,600 ordinary shares of Rs. 8 each fully paid up and 12,000 five per cent. cumulative preference shares of Rs. 100 each fully paid up.

Peermade Tea Co., Ltd.

[*Secretaries:* Messrs. Aspinwall and Co. (Travancore) Ltd., Alleppey, Kerala State.]

24th Annual General Meeting—28th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Tea sales [1961=10,83,565 kgs.] (gross)	47,59	45,30
Gross profit	13,50	11,36
Transfer to Secretaries' remuneration	60	58
,, ,, depreciation	1,60	1,57
,, ,, income-tax	2,19	1,69
,, ,, agricultural income-tax	3,29	2,63
Net profit	5,82	4,89
Adjustments	50	57
Appropriations:		
Total available balance	6,32	5,46
Transfer to development rebate reserve	1	15
,, ,, capital reserve	23	1
,, ,, general reserve	1,00	1,00
To payment of interim dividend (taxable) ordinary	1,28 (7½%)	1,28 (7½%)
,, ,, dividend (taxable) 6% C. preference	10*	10*
Proposed final dividend (taxable) ordinary	2,98 (17½%)	2,55 (15%)
Total ordinary dividend	[25%]	[22½%]
Carry forward	72	97

N.B.—Adjustments represent the credit balance brought forward from the previous year; excess tax provision written back and other credit items.

* Preference dividend is calculated at 6·765 per cent.

Extracts from the Directors' report: Crop: The 1961 crop of 10,83,565 kgs. represents an all time record and exceeded the previous record of 1959 by 43,327 kgs.

Comparative crop results:

Year	Crop kgs.	Yield per acre kgs.	Average sale price nP. per kg.	Net profit nP. per kg.
1957	10,22,823	657	363.35	20.09
1958	9,49,363	610	358.80	14.06
1959	10,40,238	668	409.88	48.25
1960	10,05,181	646	428.93	47.33
1961	10,83,565	696	420.00	51.54

For 1962 the Manager has estimated a crop of 10,00,000 kgs. at an Estate expenditure of 290.09 nP per kg.

The area under tea is 1,560.15 acres. During the year 76.43 acres of the reserve land not suitable for tea planting were sold. A trial is being made with Arecanut palms and during the year 1.32 acres were planted up.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	18,50,000	Gross block	44,88,202
Reserves and surplus	13,54,597	—Depreciation	17,51,626
Other liabilities	11,56,571		
		Net block	27,36,576
		Current assets, etc.	10,55,215
		Investments	1,07,002
		Cash	3,72,376
Rs.	43,61,168	Rs.	43,61,168

* Paid-up capital consists of 1,500 six per cent. cumulative preference shares of Rs. 100 each fully paid up and 1,70,000 ordinary shares of Rs. 10 each fully paid up. Out of this 85,000 ordinary shares are issued as fully paid-up bonus shares by capitalisation of reserves.

Standard Coal Co., Ltd.

[*Secretaries:* Messrs. F. W. Heilgers and Co., (Private) Ltd., Calcutta.]

Annual General Meeting—22nd June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Income from investments	1,48	1,53
Gross profit	1,91	2,25
Transfer to Secretaries' remuneration	6	6
,, ,, provision for taxation	89	1,08
Net profit	96	1,16
Adjustments	23	25
Appropriations:		
Total available balance	1,19	1,41
Proposed dividend (taxable) ordinary	80 (10%)	1,20 (15%)
Carry forward	39	21

N.B.—Adjustments include the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: The Company's portfolio is representative of investments which are quoted on the Calcutta Stock Exchange with the exception of certain shares costing Rs. 1,50,000 for which no quotation is available. The total of the market value of the investments as at 31st December 1961, for which quotations are available together with unquoted investments as valued by the Directors amounts to Rs. 34,38,073.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	8,00,000	Gross block	1,53,707
Reserves and surplus	15,87,877	—Depreciation	23,706
Other liabilities	4,27,218		
		Net block	1,30,001
		Investments	26,76,159
		Current assets	6,839
		Cash	2,096
Rs.	28,15,095	Rs.	28,15,095

* Paid-up capital consists of 80,000 ordinary shares of Rs. 10 each fully called up.

Notices

THE ASSOCIATED RUBBER INDUSTRIES LIMITED

REMINDER

MEMBERS ARE HEREBY REMINDED THAT the Nineteenth Annual General Meeting of the Company will be held at the Registered Office of the Company, Union Bank Building, 4th Floor, Apollo Street, Fort, Bombay, on Monday, the 25th day of June 1962, at 4 p.m., for the purpose of transacting the following business:

1. To receive and adopt the Directors' Report, Audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1961.
2. To declare a dividend on Preference Shares.
3. To appoint a Director in place of Shri Kishore M. Premchand who retires from office by rotation but being eligible offers himself for re-election.
4. To appoint a Director in place of Shri Suman C. Sheth who retires from office by rotation but being eligible offers himself for re-election.
5. To appoint a Director in place of Shri Shashikant B. Pattani who retires from office by rotation but being eligible offers himself for re-election.
6. To appoint Auditors for the current year and to fix their remuneration.
7. To consider, and if thought fit, to pass the following resolution:

"RESOLVED that the consent of the Company be and is hereby accorded under the provisions of Section 293(1) (*d*) of the Companies Act, 1956 (as amended by the Companies (Amendment) Act, 1960) to the Board of Directors of the Company borrowing from time to time all such sums of money as they may deem requisite or proper for the purpose of the business of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from Temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose; provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 50 lacs at any one time."

8. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 163(1) of the Companies Act, 1956, the registers, indexes, returns, books, certificates and documents of the Company required to be maintained and kept open for inspection under Section 163 of the Companies Act, 1956, or any other applicable provisions, be kept open for such inspection, by the persons entitled thereto to the extent, in the manner and on payment of the fees specified in the relevant provisions, at the Registered Office of the Company between the hours of 11-30 a.m. and 2 p.m. on all working days excluding Saturdays, Sundays and Public Holidays."

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

(*a*) "RESOLVED that subject to the consent of the Central Government under the provisions of the Capital Issues (Control) Act, 1947, being obtained by the Company, out of the unissued 15,000 Equity Shares of the Company of Rs. 100 each, 1,000 shares of Rs. 100 each be issued as New Equity Shares ranking in all respects *pari passu* with the existing Equity Shares of the Company."

(*b*) "RESOLVED that subject to the consent of the Central Government under the provisions of the Capital Issues (Control) Act, 1947, being obtained by the Company, it is desirable to capitalise a sum of Rs. 1,00,000 being part of the amount standing to the credit of the General Reserve Account, and accordingly a special capital bonus of Rs. 1,00,000 be declared and that such bonus be applied on behalf of the persons who on such date as may be fixed by the Directors of the Company after obtaining the consent of the Central Government as aforesaid were holders of 10,000 Equity Shares of the Company in payment in full for 1,000 New Equity Shares of the Company of Rs. 100 each and that such 1,000 New Equity Shares credited as fully paid up be accordingly allotted to such persons respectively in the proportion of one such New Equity Share for every ten of the said 10,000 Shares then held by such persons respectively and that such New Equity Shares so distributed shall be treated for all purposes as an increase of the nominal amount of the capital of the Company held by each such Shareholder and not as income."

Notes:—(*a*) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(*b*) The Transfer Books of the Company will be closed from Monday, 4th June 1962 to Monday, 25th June 1962 (both days inclusive).

(*c*) The dividend when sanctioned will be made payable on and after 27th July 1962 to those Preference Shareholders whose names stand on the Register of Members on 25th June 1962.

By Order of the Board,
For and on behalf of,
ASSOCIATED RUBBER INDUSTRIES LTD.,
K. M. PREMCHAND,
Chairman.

UNION BANK BUILDING,
APOLLO STREET,
FORT, BOMBAY.
17th May, 1962.

Explanatory Statement as required by Section 173 of the Companies Act, 1956, has been forwarded to members of the Company.

THE SENDRA COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the abovenamed Company that an Annual General Meeting of the Company will be held at the Registered Office, Chartered Bank Buildings, Calcutta, on Wednesday, the 27th June, 1962, at 4.00 p.m., for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st December, 1961, the Balance Sheet as at that date and the Directors' and Auditors' *Reports thereon.*
2. To declare the Dividend recommended by the Directors.
3. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

4. To appoint a Director in the place of a retiring Director and in this connection to consider and if thought fit, to pass the following resolution of which a special notice as prescribed by Section 281 of the Companies Act, 1956 has been given to this Company.

"That Mr. S. B. Bose who has attained the age of 74 years and who retires from the Board by rotation be and is hereby reappointed a Director of the Company and it is hereby specifically declared that the age limit prescribed by Section 280 of the Companies Act 1956, shall not apply to him."

5. To consider and if thought fit, to pass the following resolution which will be proposed as a special resolution.

"That in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act 1956, authority be and is hereby accorded to the continuance of a payment to the Directors of the Company of a commission (to be divided between them in such a manner as they shall from time to time determine) of 1 per cent of the net profits of the Company in each financial year over the period of five years extending up to and including the financial year of the Company ending on 31st December, 1966."

The Share Transfer Register of the Company will be closed from the 20th June 1962 to the 27th June 1962, both days inclusive.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LIMITED,
Secretaries.

CHARTERED BANK BUILDINGS,
CALCUTTA, *25th May*, 1962.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(*b*) The Dividend, if declared, will be paid on or after 16th July, 1962 to those shareholders so entitled whose names appear in the Company's books on the 27th June, 1962, or to their mandatees. No application for Dividend Warrants will be necessary.

Explanatory Statement for the Special Resolutions Above

Item No. 4 above. In the Special Notice given to the Company of the intention of a member to move this resolution, it has been stated that as the services of Mr. S. B. Bose aged 74 years, have proved most useful to the Company, he having considerable experience and personal knowledge of the affairs of the Company, should continue to remain on the Board of Directors of the Company and that the age limit imposed by Section 280 of the Companies Act, 1956 shall not apply to him.

Item No. 5 above. The remuneration of your Directors is regulated by Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act 1956. The Directors of the Company are entitled to be remunerated for their services by a fee of Rs. 200 per meeting to be divided amongst those present at such meeting of the Board and a commission of 1 per cent of the net profits of the Company in each financial year, the latter having been permitted for five years expiring with the Company's financial year which ended on 31st December, 1961.

It is proposed that the Directors should continue to be remunerated in the manner prescribed in Article 97 of the Articles of Association of the Company that is by way of fees for meetings attended and a commission of 1 per cent of the net profit of the Company up to and including the financial year of the Company ending on 31st December, 1966.

Each Director of the Company is interested in the Special Resolution to the extent of the remuneration proposed to be paid to him. The Directors of your Company hold shares in the Capital of your Company as hereunder—

Mr. P. Prashad holds 101 Ordinary Shares.
Mr. S. B. Bose holds 100 Ordinary Shares.
Mr. P. K. Mukerji holds 100 Ordinary Shares.
Dr. D. N. Kapur (Alternate Director to Mr. R. G. Edwards) holds 100 Ordinary Shares.

THE BENGAL PAPFR MILL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held today it was decided to recommend the following dividends to the forthcoming Annual General Meeting of the Members:

On Cumulative Preference Shares—Final Dividend @ 4.1%.
On 'A' Cumulative Preference Shares—Final Dividend @ 4.1%.
On 'B' Cumulative Redeemable Preference Shares—Final Dividend @ 3.16%. Subject to deduction of Income-tax at Company's rate of 25%.
On 5,40,000 Ordinary Shares of Rs. 10/- each—Dividend @ Rs. 2.75 nP per share.

All dividends are subject to deduction of tax under Section 194 of Income-tax Act 1961.

By Order of the Board,
H. P. DHANUKA,
Director.

Registered Office:
14, NETAJI SUBHAS ROAD,
CALCUTTA.
28th May, 1962.

THE BENGAL PAPER MILL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE ANnual General Meeting of the Company (being the one hundred and thirty-eighth Ordinary General Meeting) will be held at the Registered Office of the Company, 14, Netaji Subhas Road, Calcutta, on Friday the 29th June, 1962, at 3-30 p.m., for the following purposes:

1. To receive and consider the Report of the Directors and to adopt the audited accounts of the Company for the year ended 31st December, 1961.
2. To declare dividends on Preference and Ordinary Shares.
3. To elect Directors in place of those who retire by rotation.
4. To appoint Auditors and fix their remuneration.
5. Special Business:—

To consider and if thought fit to pass with or without modifications the following resolution:

To be proposed as an Ordinary Resolution:

"That Maharajadhiraja Bahadur, Sir U. C. Mahtab, K.C.I.E., of Burdwan, be and is hereby appointed a Director of the Company."

Notice is hereby given that the Share Transfer Books of the Company shall remain closed from 20th June to 29th June, 1962, both days inclusive.

By Order of the Board,
THE BENGAL PAPER MILL COMPANY LTD.,
H. P. DHANUKA,
Director.

Registered Office:
14, NETAJI SUBHAS ROAD,
CALCUTTA,
28th May, 1962.

Note: (i) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

(ii) Explanatory Statement has been annexed to the copies of this notice posted to the members.

THE BANK OF INDIA LIMITED

INCREASE OF CAPITAL AND THE ISSUE OF NEW SHARES

Issue of 2,00,000 Ordinary Shares of Rs. 100 each, Rs. 50 per share paid-up, for cash, at a premium of Rs. 20 per share

NOTICE

WITH REFERENCE TO THE INCREASE OF capital of The Bank of India Ltd. and the issue of new shares sanctioned by the shareholders at the 56th Annual General Meeting on 15th March, 1962, and the Letters of Offer dated 12th April, 1962, sent to shareholders thereunder, the following resolution was passed by the Board of Directors of the Bank on 31st May, 1962.

"*It was Resolved* that the time for—

(*a*) acceptance by shareholders of the offer of new ordinary shares to which they are entitled;

(*b*) renunciation by shareholders of their right to such new ordinary shares in favour of their nominees and the application by such nominees for new ordinary shares renounced in their favour;

(*c*) application by shareholders for additional new ordinary shares;

—in terms of the Letter of Offer dated 12th April, 1962, be and the same is extended from 31st May, 1962, up to the 23rd day of June, 1962, and that notices to this effect be inserted in the press."

Dated at Bombay this thirty-first day of May, 1962.

S. J. RUSTOMJI,
Acting General Manager.

THE ALEMBIC CHEMICAL WORKS COMPANY LIMITED

Registered Office:
Alembic Road, Industrial Area
BARODA-3

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-fifth Annual General Meeting of the Members of The Alembic Chemical Works Co. Ltd., will be held at Baroda, at the Registered Office of the Company (Alembic Road, Industrial Area) on Thursday the 21st June 1962, at 4-00 p.m., to transact the following business:

1. To receive Director's Report and Audited Accounts for the year ending 31st December 1961.
2. To declare Dividends.
3. To elect Directors.
4. To appoint Auditors.

and to do other Special Business specified in the Notice posted to every shareholder.

Notes: 1. Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.

2. The Transfer Books of the Company will remain closed from Monday the 11th June 1962 to Thursday the 21st June 1962 (both days inclusive).

By Order of the Board,
FOR RAYUMA SERVICES,
RAMAN B. AMIN,
Partner,
Managing Agents.

THE INDO-BURMA PETROLEUM COMPANY LIMITED

Registered Office:
Gillander House, Netaji Subhas Road
CALCUTTA-1

NOTICE IS HEREBY GIVEN THAT THE Preference Register of Members of the Company will be closed from the 11th June 1962 to 2nd July 1962, both days inclusive, for payment of the dividend for the half-year ending 30th June 1962 on the 2nd July 1962 at the rate of Rs. 2.914 per share (being the stipulated dividend of Rs. 3.50 per share increased by 11 per cent to Rs. 3.885 less Rs. 0.971 being Income Tax at the proposed Company's rate of 25 per cent) subject to tax being deducted therefrom in accordance with the provisions of Section 194 of the Indian Income Tax Act, 1961.

By Order of the Board,
STEEL BROTHERS AND COMPANY LIMITED,
Managing Agents.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA-1.
28th May, 1962.

THE RAJKUMAR MILLS LIMITED
INDORE

Registered Office:
7, New Dewas Road, Indore

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-ninth Annual General Meeting of the Shareholders of the above Company will be held at the Registered Office of the Company at 7, New Dewas Road, Indore, on Saturday, the 30th June, 1962 at 12 noon, to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1961.
2. To sanction the declaration of a Dividend.
3. To appoint a Director in place of Shri R. C. Jall, M.A., LL.B., M.L.A., who retires by rotation and is eligible for re-appointment and in respect of whose re-appointment, to consider and, if thought fit, to pass the following Resolution as a Special Resolution of which a Special Notice under Sections 190, 261 and 281 of the Companies Act, 1956, has been received by the Company.

SPECIAL RESOLUTION

"RESOLVED that pursuant to the provisions of Sections 261 and 281 and other applicable provisions, if any, of The Companies Act, 1956, Shri R. C. Jall, M.A., LL.B., M.L.A., who retires by rotation and who is a Permanent Director and Member of Messrs. Jall Brothers (Private) Ltd., the Managing Agents of the Company and who has attained the age of 78 years, be and is hereby appointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act, shall not apply to him."

The reasons which make the Special Resolution necessary are more fully dealt with in the Explanatory Statement being posted to the Shareholders individually which for the purpose of the said Section 261 shall be deemed to be incorporated in this Notice.

4. To appoint a Director in place of Shri J. C. Jall who retires by rotation and is eligible for re-appointment and in respect of whose re-appointment, to consider and, if thought fit, to pass the following Resolution as a Special Resolution of which a Special Notice under Sections 190, 261 and 281 of The Companies Act, 1956 has been received by the Company.

SPECIAL RESOLUTION

"RESOLVED that pursuant to the provisions of Sections 261 and 281 and other applicable provisions, if any, of The Companies Act, 1956 Shri J. C. Jall, who retires by rotation and who is a Director and Member of Messrs. Jall Brothers (Private) Ltd., the Managing Agents of the Company and who has attained the age of 73 years, be and is hereby appointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors prescribed under Section 280 of the said Act, shall not apply to him."

The reasons which make the Special Resolution necessary are more fully dealt with in the Explanatory Statement being posted to the Shareholders individually which for the purpose of the said Section 261 shall be deemed to be incorporated in this Notice.

5. To appoint Auditors for the current year to fix their remuneration.

By Order of the Board,
FOR THE RAJKUMAR MILLS LTD.,
FOR JALL BROTHERS (PRIVATE) LTD.,
R. C. JALL,
Permanent Director,
Managing Agents.

INDORE:
Dated 5th June, 1962.

Notes:—(1) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member.

(2) The Share Transfer Books of the Company will remain closed from Saturday, the 23rd June, 1962 to Saturday, the 30th June, 1962, both days inclusive.

(3) The Dividend, if sanctioned, will be made payable on and after 16th July, 1962 to those Shareholders whose names stand on the Register of Members on Saturday, the 23rd June, 1962, at the Registered Office of the Company between 12 noon to 3 p.m. on all working days.

(4) Shareholders are requested to immediately notify to the Company, change in their addresses, if any, failing which the Dividend Warrants will be posted to their addresses as registered with the Company.

(5) The relative Explanatory Statements pursuant to Section 173 of The Companies Act, 1956 in respect of the special business under items No. 3 and 4 set out above are being posted to the Shareholders individually along with the Notice of the Annual General Meeting.

NEW INTER-BANK AGREEMENT COMES INTO FORCE

(From Our Own Correspondent)

BOMBAY, *6th June*

The All-India Inter-bank Agreement on maximum rates of interest on deposits has at last been saved. The objection raised by the subsidiaries of the State Bank of India to their being clubbed with the big banks (having deposits of over Rs. 50 crores) which at one time appeared as a serious hurdle was wisely met by the Indian Banks' Association. After some initial hesitation, the Association accepted the proposal made by Mr. B. Venkatappiah, Chairman of the State Bank of India, referred to in these columns last week. Consequently, the State Bank's subsidiaries will enjoy the differential benefit accorded to the medium banks *plus* the freedom to quote ½ per cent more than the latter in certain circumstances. This freedom, though qualified, places them on a par with the small banks, that is, those with deposits of more than Rs. 10 crores, but upto and including Rs. 25 crores. Thus, normally, the State Bank's subsidiaries are entitled to quote the standard rates plus ½ per cent, but may, in the discretion of their General Managers, quote a further ½ per cent more, if (1) there is another small bank operating in the area or to prevent or counteract a decline in deposits.

Another rider made to the amended agreement in the last minute seeks to safeguard the interests of big banks. According to it, the higher rates which the medium banks and small banks, including the State Bank's associates, are permitted to quote are "subject to immediate revision, if it is found that they affect the interests of big banks adversely to an appreciable extent." In effect, this rider means that the amended Agreement, which cannot be revoked before 31st March 1964, can be subjected to further modifications if any of the big banks feels the need for it.

The maximum standard rates of interest are as follows:

(*a*) For notice money at a withdrawal notice of 3 days or more .. .. 3% p.a.

(*b*) For term deposits—

	Period of deposit		
	of.....and over	upto and including....	
(i) ..	3 days	30 days	3% p.a.
(ii) ..	31 days	60 days	3½% p.a.
(iii) ..	61 days	90 days	3¾% p.a.
	of.....and over	but less than	
(iv) ..	91 days	12 months	3¾% p.a.
(v) ..	12 months	24 months	4% p.a.
(vi) ..	24 months	48 months	4½% p.a.
(vii) ..	48 months	60 months	4¾% p.a.
(viii) ..	60 months	....	5% p.a.

The aforesaid rates are payable by the undermentioned banks:

(i) *Banks Incorporated Outside India*: American Express Co., Inc., Bank of China, Bank of Tokyo Ltd., British Bank of the Middle East, Chartered Bank, Comptoir National d'Escompte de Paris, Eastern Bank Ltd., First National City Bank, Habib Bank Ltd., Hongkong and Shanghai Banking Corporation, Mercantile Bank Ltd., Mitsui Bank Ltd., National and Grindlays Bank Ltd., and the Netherlands Trading Society.

(ii) *Banks Incorporated in India with Deposits of over Rs. 50 crores*: Allahabad Bank Ltd., Bank of Baroda Ltd., Bank of India Ltd., Central Bank of India Ltd., Punjab National Bank Ltd., United Bank of India Ltd., and United Commercial Bank Ltd.

It will be noted that all the foreign banks operating in India have been grouped with big Indian banks, irrespective of the size of the deposits they have gathered in India. It would appear that the Exchange Banks have agreed to this arrangement.

The following medium banks, which are all incorporated in India, with deposits of more than Rs. 25 crores but upto and including Rs. 50 crores are allowed to quote ½ per cent more than the standard rates:

Canara Bank Ltd., Devkaran Nanjee Banking Co., Ltd., Indian Bank Ltd., Indian Overseas Bank Ltd., and Union Bank of India Ltd.

The following banks, classified as small with deposits of more than Rs. 10 crores but upto and including Rs. 25 crores, are allowed to quote ½ per cent more than the standard rates, with special provisos for the State Bank's associates as already mentioned:

Bank of Maharashtra Ltd., Canara Industrial and Banking Syndicate Ltd., State Bank of Bikaner, State Bank of Hyderabad, State Bank of Indore, State Bank of Jaipur, State Bank of Mysore, State Bank of Patiala, State Bank of Saurashtra and State Bank of Travancore.

Among the smaller banks with deposits of Rs. 10 crores and less, the Bank of Behar Ltd. and Krishnaram Baldeo Bank (P) Ltd., have agreed to abide by the Agreement.

The revised inter-bank Agreement came into force with effect from 1st June 1962. Since then, the rates for term deposits have been standing at the maximum rates prescribed for the different categories of banks. There has been a slight improvement in the demand for funds and the inter-bank call money rate is presently at 3½ per cent, after remaining at 3 per cent during the major part of the week. But the basic trend of the short-term money market must be said to be easy. **The 91 days Treasury Bill rate has gone down further to 2.5 per cent from 2.540 per cent a week ago and 2.590 per cent a fortnight ago. Although tenders invited were only for Rs. 2 crores, the amount offered was as large as Rs. 4 crores, out of which only Rs. 2 crores were accepted. Besides,** sales of Intermediate Treasury Bills fetched another sum of Rs. 4 crores, as against a mere Rs. 11 lakhs in the previous week. Despite this sudden revival of demand for Treasury Bills on such a large scale, the authorities have not cared to step up the tender limit for the coming week.

There has been a further fall in the foreign assets held by the Reserve Bank as of 1st June, 1962; the exact decline was Rs. 1.15 crore, bringing the total down to Rs. 101.50 crores.

BULLION EASY

(From Our Own Correspondent)

BOMBAY, *6th June*

The bullion market depicted a distinctly easy trend during the week under review. Arrivals of both gold and silver were quite heavy, while offtake continued to be restricted. Rumours that the Reserve Bank of India would shortly sell silver to the *jari* industry at world prices with a view to promoting exports of *jari* and *jari* goods also imparted weakness. Several bull operators were anxious to unload their stocks as much as possible. Consequently, values suffered a setback. At lower levels today, there was some support, but the recovery was halting, so that today's closing rates were well below those prevailing a week before.

The high premium commanded by ready silver over the forward (*Jeth* settlement) in the past few weeks disappeared completely. In fact, the ready metal was quoted at a discount, the actual discount today being 50 nP. In gold, the premium on spot over futures declined further from Rs. 2.75 on Wednesday last week to Re. 1 today. Over the week, ready silver receded by Rs. 2.80 to Rs. 215.55 and ready gold by Re. 1.40 to Rs. 124.75.

The rumours regarding sale of silver by the Reserve Bank stemmed from the statement made at Surat this week by the President of the All-India *Jari* Federation. According to the President, Surat produces *jari* goods worth Rs. 9 crores annually. The actual silver consumption is estimated at about 750 to 800 bars worth Rs. 45 to 50 lakhs. For every Rs. 1.5 lakh worth of additional *jari* produced, it is said, there will be a demand for one bar of silver.

The daily average arrivals during the week under review were 7,600 tolas or gold and 55 bars of silver, as against 7,000 tolas and 25 bars, respectively, in the previous week. The average offtake was 4,800 tolas of gold (5,000 tolas last week) and 9 bars of silver (11 bars).

A notable event of the week was the commencement of business in the *Bhadrapad* (September) settlement in both gold and silver on Monday the 4th inst. The starting rates were Rs. 122.60 and Rs. 216.90, respectively. The two settlements encountered selling and drifted downward. The declining tendency persisted yesterday and today too. The rate for transferring commitments from the *Jeth* (June) to the *Bhadrapad* settlement was against bears throughout, the actual rate today being Re. 1.40 in gold (as against Re. 1.80 on the opening day) and 40 nP (same) in silver.

The dollar price of gold in the London bullion market receded from $35.08¾ to $35.07½ per fine ounce. Ready gold, however, firmed up by 3¾d. to 249s. 11¾d. Ready and forward silver were unchanged, the former at 84¾d. and the latter at 84½d., as also silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	6-6-62 (closing)	High	Low	30-5-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	124.75	126.90	124.50	126.15
*Jeth**	123.75	124.40	123.25	123.40
Bhadrapad ..	215.65	217.15	215.35	216.90§
Sovereign	99.00	99.25	99.00	99.25
SILVER				
Ready (.999 fine)	215.55	217.05	214.85	216.35
*Jeth**	216.05	217.30	215.35	217.35
Bhadrapad ..	122.35	122.60	122.20	122.60§
London—				
Gold	249s.11¾d.	249s.11¾d.	249s.8¼d.	249s.8d.
Silver Ready	84¼d.	—	—	84¼d.
Silver Forward	84½d.	—	—	84½d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.

§ Opening rates

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

KIPS EASIER

(From Our Own Correspondent)

MADRAS, *4th June*

The Madras kips market for F.A.Q. types was a shade easier this week in all sections except cowcalf. Buyers from the U.K. have, however, seeking lower levels for the better class tannages while tanners are holding on to the last established prices. Local demand has continued to be poor There were patchy inquiries for the tanned goat skins in 11/12 lbs. and 22/24 lbs. average at unchanged prices, but the lower selections and other average weights were neglected. Export trading in the tanned sheep skins middle class was small and in prime classes *nil*.

In the German Auctions held last week, clearance of stocks was very small in sheep skins, and selective in goat skins. Poor parcels were neglected. Total shipments during May were 2,056 bales tanned cowhides, 247 cowcalf, 30 buffhides, 672 buffcalf, 405 goat skins and 172 sheep to the U.K.; 38 cowcalf 1 buffhide, 42 buffcalf 605 goat and 247 sheepskins to the Continent; 53 buffs 130 buffcalf and 398 goat skins to the U.S.A.; and 14 goat and 297 sheep skins to Japan.

COTTON FUTURES STEADY

(From Our Own Correspondent)

BOMBAY, *6th June*

The cotton futures market; which ruled firm during the early part of the week, turned easy on Monday, following the news that Pakistan had agreed to supply 100,000 bales of cotton to India. Under an agreement to this effect signed on the 2nd inst. at New Delhi, payment for the cotton will be made partly in rupees (Rs. 2.1 crores) and the balance Rs. 2.9 crores) in sterling. The easiness, however, was a passing phase. The market picked up strength the next day, thanks to short-covering and fresh support induced by the realisation that, the supply position of cotton being what it is, the 100,000 bales of Pakistan cotton to be imported are unlikely to relieve the shortage of cotton to any appreciable extent. This, coupled with reports of unsatisfactory progress of the monsoon and the continued firmness of the spot market, imparted strength to futures. The Jarilla March 1962 contract rallied from Rs. 709 on Monday, the lowest level touched during the week, to Rs. 716 yesterday. This level, however, attracted profit-taking and the contract finished lower at Rs. 712. The trend of the market was steady today. The range of fluctuation in the price of the contract is indicated below:

	6-6-62	*High*	*Low*	30-5-62
I.C.C. Jarilla March 1963 ..	712	716	709	709.25

In the spot market, the usual mill interest was noted in such varieties as Laxmi, Vijay, Digvijay, L.147 and 197/3. Prices ruled steady, despite the signing of an Indo-Pak agreement covering 100,000 bales of Pakistan cotton. Among foreign growths, American cotton, both short and long staple, was in the limelight. Mills booked sizable quantities of Middling 1-5/32" cotton in which there was a scarcity of offerings. Moderate business was also put through in higher grade Sudans and East African cotton.

There was little improvement in the demand for Bengal *Deshi*. Sales registered against the recent quota of 70,000 bales till the 1st inst. aggregated only 52,309 bales. Shippers are apprehensive that, in view of the slow demand for Bengal *Deshi* and the need to conserve supplies of cotton no further quota may be released in the remaining period of the current season. It was officially notified on Tuesday, 29th May, that the ceiling fixed for the export of Bengal *Deshi* to Yugoslavia (Rs. 20 lakhs) had been reached.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the (Select) 875. Hubli Jaydhar 1,105; Laxmi 1,180; American G.M. 1-5/32" 1,328; 1-1/16" Staple 1,265; B.P. 52 1.360.

Karachi cotton futures market ruled firm during the week. The firmness was induced by the news of the signing of an Indo-Pak trade agreement providing for the import by India of 100,000 bales of Pakistan cotton. A general buying movement was initiated and futures prices consequently rallied. Good export inquiries helped sentiment. N.T.R.G. July rose from Rs. 70.30 last week-end to Rs. 72. The new crop contract (January 1963) firmed up from Rs. 73.10 to Rs. 74.50.

Quiet conditions prevailed in the Liverpool cotton futures market during the week. Barring the July delivery of both the American and American type contracts, which ruled steady, the trend of futures prices was generally downward. Lower advices from the spot market and lack of demand from spinners discouraged support with the result that futures values drifted downwards. Sudan cotton contracts too were subdued. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: July 23.90; October 23.75; December 23.85; March 24.00.

American cotton mixed growth contract: July 24.30; October 24.10; December 24.20.

Sudan: July, September, November 29.00.

New York cotton futures market ruled firm during the week. The recovery on Wall Street coupled with better export and domestic spinner inquiries imparted strength to the market. Activity mainly centred round new crop.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	5-6-62	29-5-62	22-5-62
New York Spot	35.90	35.75	35.75
July	34.80	34.73	34.76
October	34.68	34.49	34.72
December	34.57	34.36	34.72

ART SILK FABRICS EXPORT SCHEME

(From Our Own Correspondent)

BOMBAY, *6th June*

It looks as though there will be some delay in the revision of the Export Promotion Scheme for Art Silk Fabrics. Otherwise, it is somewhat difficult to explain the issue of a special Press note (dated the 1st inst.), by the Textile Commissioner, which says that the present Scheme "will continue to remain in force until it is revived," although the Scheme is due to expire only on the 30th inst. Apparently, the Government of India must not have finally made up its mind regarding the various suggestions put forward by the Textile Commissioner, as well by the weaving interests and trade circles. Meanwhile, the yarn traders are awaiting with great interest the deliberations of the first meeting of the Board of Trade scheduled to be held at New Delhi on Saturday the 9th inst.

In view of the continued uncertainty regarding the revised Export Promotion Scheme, business put through in imported art silk yarns during the week under review was restricted, with values remaining unchanged except in the case of 150 Japan which picked up Rs. 5 to Rs. 1,989. Amilon (20×1) yarn futures met with good support. The August contract spurted by Rs. 45 to Rs. 3,985 and the June position scored a gain of Rs. 40 to Rs. 3,890. Spot indigenous yarns were well favoured, National Rayons 150 Bt. cones 1st grade advancing by 55 nP to Rs. 14.23 and 120 Bt. cones 1st grade by 10 nP to Rs. 15.53.

Staple fibre yarns were firm on encouraging reports from consuming centres. 40×2 August contract hardened by Rs. 6 to Rs. 716. June delivery gathered Rs. 5 to Rs. 695. Spot Kohinoors jumped up by 26 nP to Rs. 7.96. Citys were fully steady at Rs. 7.83 and Hinds at Rs. 7.77.

Cotton yarns ruled easy, following the decision of the Maharashtra Government to raise the rate of sales tax on yarn from the present level of 1 per cent to 2 per cent. Ten counts Prahalads declined by 12 nP to Rs. 17.75. 40 counts TT Corins dropped 38 nP to Rs. 34.37. Maduras shed 12 nP to Rs. 35.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	6-6-1962	30-5-1962
	Rs.	Rs.
Art silk yarn—		
80/1 Amilon (100 kg.)—		
June	3,890.00	3,850.00
August	3,985.00	3,940.00
150 Japan (per 100 kg.)	2,205.00	2,205.00
150 Japan (per 100 kg.)	1,984.00	1,984.00
120 Italy (per 100 kg.)	1,902.00	1,902.00
150 Italy (per 100 kg.)	1,739.00	1,736.00
Nat. Ray. 150 Bt. 1 (per kg.) ..	14.23	13.68
Staple fibre yarn (40×2)—		
June	695.00	690.00
August	716.00	710.00‡
Kohinoor (per kg.)	7.96	7.70
Cotton yarn (per bundle of 10 lbs.)		
10s Podar	17.50	17.50
20s Podar	21.75	21.75
32s Maduras	30.50	30.50
40s T. T. Corin	34.37	33.75
50s Indra	40.50	40.50

SUGAR PRICES DECLINE

(From Our Own Correspondent)

HAPUR, *4th June*

Slack demand from outstations and selling pressure by mills accounted for an easy trend in sugar here this week, and the mill delivery prices of D29 and E29 quality—mostly inferior—eased by about 50 nP per maund, though they were still higher by about Rs. 2 a maund than the former controlled levels. Inquiries for forward deals were also poor due to an uncertain pricetrend. Spot delivery prices eased by about 75 nP per quintal.

Buyers' resistance and mill selling produced an easy trend in the Muzaffarnagar market also. Several mills were still holding quotas of even last month's release. Practically all the factories were reported to have closed their production season in this part of the country, while in east U.P. production was expected to continue till the end of this month thanks to good cane supplies, notwithstanding lower percentage recovery.

Khandsari, however, ruled steady, thanks to demand from Punjab and Rajasthan. Besides the local seasonal demand was also on the increase. But prices did not show any appreciable changes.

Gur ruled quiet. Following the revival of loading facilities, offtake in the week-end was six wagonloads to Gujarat side. Local stock was poor around 10,000 maunds, as against last year's corresponding level of 40,000 maunds. *Shakker* stocks with trade were also poor and prices were unchanged, thanks to good demand. Week-end prices were:—*Gur* superior Rs. 50.91, *dara* Rs. 48.23 and *shakker* Rs. 61.62 per quintal.

Gur prices were depressed in the Muzaffarnagar market, as demand was slack. Total *gur* and *shakker* arrivals there during the current season were around 14.40 lakh maunds as against 13.67 lakh maunds during the full season last year, and stocks were now put at 1.15 lakh maunds.

Gur futures declined sharply and the *Fagun* contract was quoted at the worst level of the week of Rs. 19.13 as against the opening level of Rs. 19.44 and the highest in the mid-session of at Rs. 19.56. Cane crop prospects were still uncertain due to the adverse effect of pests.

EXPORT QUOTA FOR GROUNDNUTS

(From Our Own Correspondent)

BOMBAY, *6th June*

A quota of 5,000 tons of H.P.S. groundnuts (in shell) has been released for exports. All shippers, including established exporters and co-operative societies, are eligible for making exports under the quota. Exports will be licensed freely on shipping bills supported by evidence of sale contract. The Government's decision to allow exports of groundnuts-in-shell has apparently been prompted by the feeling that the quota for 20,000 tons of H.P.S. in kernels released last month may not, in fact, be utilised, especially in the light of fear expressed by shippers that kernels will get damaged during the rainy season. The new quota was widely welcomed by traders.

The release of new quota and the reports that the State Trading Corporation had entered into large export commitments in groundnut oil with overseas buyers imparted a bullish fervour to the market. There were also reports suggesting direct purchases of seeds by the S.T.C., particularly at certain producing centres. Linseeds moved up on rumours that the S.T.C. was export some linseed oil to Australia.

In sympathy, cottonseeds ruled firm. Castorseeds, however, were easy, owing to lack of any overseas enquiries for castor oil, besides difficulties in securing freight for shipment of castor oil to the U.K. as the S.T.C. appeared to have booked freight for the export of considerable groundnut oil.

Groundnut September 1962 contract rose by Rs. 3.50 to Rs. 211.25 and July 1962 contract by Rs. 3.38 to Rs. 208. Nizam bold advanced by Rs. 1.50 to Rs. 44.50. Khandesh quality improved by a like amount to Rs. 45. Oil July 1962 contract hardened by 50 nP to Rs. 17.80 and September 1962 contract by 45 nP to Rs. 18.10. Oil ex-mill was higher by 85 nP to Rs. 18.50.

Linseed June 1962 increased by a rupee to Rs. 39.31. September 1962 contract put on 94 nP to Rs. 39.50. Bold ready closed higher at Rs. 38.37, as against Rs. 37. Linseed oil rose by 70 nP to Rs. 15.25.

Castorseed June 1962 contract dropped Rs. 3.75 to Rs. 158. Madras Small eased by 50 nP to Rs. 31.75. Oil B.S.S. lost 25 nP to Rs. 12.85 and Commercial 40 nP to Rs. 12.20.

Among cotton seeds, July 1962 contract was marked up by Rs. 2 to Rs. 98. September 1962 contract rose by Re. 1.75 to Rs. 99.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 6th June, as compared with those of the two previous weeks:

	6-6-1962	30-5-1962	23-5-1962
Groundnut	Rs.	Rs.	Rs.
May 1962	208.00	—	208.37
July 1962	211.25	204.62	212.37
Nizam bold	44.50	43.00	45.50
Khandesh quality	45.00	43.50	45.75
Oil ex-mill ready*	18.50	17.65	18.40
Railway receipts*	18.15	17.45	18.10
Oil May 1962	17.80	17.80	17.55
Castorseed			
June 1962	158.00	161.75	164.62
September 1962	161.75	161.25	165.25
Ready Madras	31.75	32.25	32.87
Ready Kanpur	30.50	31.00	31.62
Oil B.S.S.†	12.85	13.10	13.65
Oil commercial†	12.20	12.60	13.15
Linseed			
June 1962	39.31	38.31	38.75
September 1962	39.50	38.56	39.50
Bold ready	38.37	37.00	37.62
Oil ready†	15.25	14.55	14.55
Cottonseed July 1962	98.00	96.00	99.50
Niger seed	99.00	95.00	95.00
Kardi seed	25.50	25.50	25.50

* Rates include excise duty but exclude sales tax.

† Rates exclude both excise duty and sales tax.

N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

DUST TEAS EASY

(From Our Own Correspondent)

CALCUTTA, *5th June*

In the internal tea sale held here last week, demand for dusts was poor, and prices eased as a result. If the trend in London auctions is any guide, demand for quality teas during the forthcoming export sales would be very keen. For, all quality teas during the last week's sales in Mincing Lane commanded good attention at rising prices. Better liquoring Assams were in particular favour.

Inquiries received from the United States have confirmed the earlier belief among trade circles that the tea drinking habit is gradually changing there and that Americans show a marked preference for instant tea. In this space age, a thing done with terrific acceleration has got its own value. India's desire to export more tea to the U.S.A. can succeed, if instant tea can be manufactured. Such an impression is gaining ground in the trade. Meanwhile, it has been indicated that, as one of the numerous measures to promote sales in the traditional and new foreign markets as envisaged by the Union Minister for International Trade, the Tea Board is arranging to publicise more about tea in West Asian and other countries, and particularly in the U.S.A., the U.K. and Canada through display of photographs which would depict picturesque scenes of tea-growing areas of Assam and West Bengal and narrate, in brief, the story of tea. Several pictures have already been taken and are being processed in the U.K. It is planned to exhibit these pictures also in India. It is not known why south Indian growing areas have been omitted in this picture publicity. A few pictures of the growing areas on the picturesque Nilgiri hills would only enrich the value of the exhibits.

It is to be hoped that the exhibition of these pictures in the U.K. should lead to greater interest in tea among the people. Note should be taken in this connection that the tea drinking habit in the U.K. is also changing fast. The British are now changing to alcoholic and milk drinks and coffee. About three decades ago, imports of coffee into the U.K. were only 16,000 tons, but are now about 40,000 tons, an increase of 250 per cent.

The existence of bilateral trade agreements with the several Soviet bloc countries has made it possible for India to increase exports of tea as a whole, while efforts to increase exports to the traditional markets have not met with the desired measure of success. Tea circles would much desire more intensive campaigns in the traditional markets, such as the U.S.A., U.K., New Zealand, Canada and Australia. The standards of living in these countries are much higher than in African nations and south America with whom also India has concluded bilateral trade pacts. The living standards in Communist countries are also known to be lower than in the Western countries. It is fact that the very existence of these agreements has directly contributed to lowering exports of orthodox teas to the traditional markets.

Although increased world production of tea in 1961 was entirely absorbed and there was no glut in the markets, note should be taken of consistent attempts by several producing countries to increase their acreage. Both India and Pakistan are aiming at a gradual increase in the next five years. Ceylon is trying to reduce the cost of production by increasing output. Japan is growing more tea than in the recent past. Formosa has now established export markets for its tea which is a favourite in London auctions. Some other countries such as Iran, the U.S.S.R. and Turkey, encouraged by their successful attempts to grow tea, have plans to raise their outputs. Among other growing countries, which have in recent years increased acreage in a mentionable way, are Argentina, Peru and East Africa.

From the foregoing it is evident that all producing areas would make a strong bid to capture more markets. Although a glut is not feared this year, the trade emphasises the importance of maintaining a satisfactory home market. The recent increase in excise duties, if passed on to consumers, might retard the growth of the internal market. However, there is also an opinion in the trade that the changes in the excise duty would not affect internal consumption in view of the improving standard of living and increased emphasis on prohibition throughout the country. The boredom of the industrial worker would naturally increase his natural desire for diversion, leading to a welcome cup of tea during intervals.

Another subject, which is causing anxiety in the trade, is the growing tendency among gardens to produce more C.T.C. teas even at the cost of orthodox teas. If this trend continues any longer, prices of the latter might increase and affect efforts being made to encourage greater exports to traditional markets. In the export auctions in 1961-62, prices realised were generally lower in comparison with the previous season, and yet exports failed to improve to the degree required by the increased crop. Export duty reduction would have certainly led to decreased production costs if only other charges had not increased. In this year's railway budget, freight rates have been increased. The excise duty on aluminium foils and plywood would also contribute to increased packing costs. Further, the general rise in prices in the country would eventually mean increased wage bills.

At last week's internal sale, dusts totalled 29,755 packages. As demand petered out with the progress of the sale, conditions became weak. Plain orthodox teas met with more inquiry, but an irregular trend was recorded in prices. Assams eased liberally, but bright liquorings were about firm. Legg-cut teas realised lower prices. On the other hand, clean teas were firm. C.T.C. eased as the sale progressed and fibrous were difficult to sell. The quotations per one kg. in rupees (inclusive of excise duty) were: Good Assam C.T.C. dust 6.10 to 6.30, medium Assam C.T.C. dust 5.40 to 5.70, legg-cut dust 3.70 to 4.00 (*nominal*), medium Assam dust 3.30 to 3.60 and plain orthodox dust 2.90 to 3.10. Leaf, on offer, amounted to 51 chests only, which met with good demand.

JUTES FIRM

(From Our Own Correspondent)

CALCUTTA, *5th June*

Following keen buying interest in hessian by the U.S., fully steady conditions prevailed in the jute goods market during the week under review, while the reported decision of the Government of India to assure a minimum price of Rs. 30 a maund to farmers in respect of the forthcoming crop led to greater firmness in fibre prices. Purchases of hessian were indeed substantial and, as a result, ready hessian 40" 10 oz. shot up at one time to as high as Rs. 60.50, as against Rs. 57 earlier in the week. Support from other overseas interests was also not lacking. There was reason to indicate that overseas buyers believed that prices, which had touched rockbottom levels, had started rising. This accounted for the good volume of business put through in the week. U.S. stockists are now purchasing for replenishment. The belief that the mills would not be able to increase hessian output beyond the present level lent a bullish hand. The news that a steamer had been declared for June for Argentine and that this country would lift about 40,000 bales of hessian for shipment between now and September was noted with much enthusiasm. It was also a factor for this week's upward trend in hessian.

The statistical position in hessian was considered very sound against the background of overseas buyers showing interest in forward positions. Hitherto, they had been refraining from showing much interest in forward deliveries on the assumption that the difference between prices for ready and forward goods should be wider. Business was done up to December positions, and this indicated that the backwardation was entirely satisfactory. In comparison with hessian, interest in sacking goods was of a lukewarm nature, but a late rally leading to fractional rise in prices was recorded in sympathy with continued keen demand for hessian. Present prices for the different constructions of heavy goods should be considered attractive. However, a rise was not overruled in the event of early Cuban interest. Cuba is now keeping away from the market, but it is thought that it would shortly begin covering requirements for this year. Australia is reported to be edging for a greater farm output, thanks to excellent weather conditions. As such, Australian requirements for heavy goods may be greater than usual. If, therefore, Australia and Cuba were to show greater interest, sacking prices should move up. Further, purchases by Communist countries, which have rupee accounts in India, are expected to continue.

Now that overseas demand for goods has increased, vigilance is necessary to ensure that prices do not rise unreasonably so as to lessen the competitive power. Fibre prices in Pakistan are much lower than in India, but the Pakistan mills are unable to meet overseas demand in full. However, these mills are endeavouring to increase production, and a planned increase in loomage is already being executed. Viewed thus, the reported decision of the Government of India at the recent meetings of the Planning Commission and the Union Ministries of Food and Agriculture and Community Development to assure a minimum price of Rs. 30 a maund without prior consultations with the representatives of the Indian mills industry is considered unfortunate. It is to be hoped that the decision at the meetings referred to is only a recommendation for further consideration at a still higher level. For, as pointed out in a statement by the Indian Jute Mills Association, the Association had previously arranged to discuss the question of fibre prices with the Government in June, and as such it had no doubt that no such decision had been taken without prior consultation with the industry. The statement added that, from its experience of the sugar industry, the Government was obviously aware of the danger of fixing raw material prices at a level which adversely affected the export trade in the finished product.

Prices of fibre in Pakistan and Thailand are much lower than in India. As pointed out by the I.J.M.A., the cost of production in India per ton of finished goods is Rs. 300 higher than in Pakistan. That this gap would only increase is a logical conclusion if steps are taken in India to assure farmers of a minimum price of Rs. 30 a maund. Hitherto, mill circles were under the belief that the minimum price of Rs. 30 a maund was applicable for the outstanding quantity of the old crop and that a minimum price, if at all one should be fixed for the next crop, can only be after taking all circumstances into consideration. The I.J.M.A. is one with the Government in the desire to ensure an economic price to cultivators; however, the export potential of the industry should also be safeguarded at the same time. The industry is the best foreign exchange earner of the country, and contributes to Government coffers foreign exchange to the tune of Rs. 145 crores a year. It is to be hoped that the Government discusses the question of prices for the next crop with the I.J.M.A. representatives. It is felt that, now that foreign demand for goods has developed satisfactorily, nothing should be done to increase prices of goods. Although fibre prices were firm during the week, the Government's decision did not lead to any rise in prices. That is a measure of the current level of high stocks. The Government was also reported to have decided that the Buffer Stock Association should make increased purchases. It was further decided that a representative of growers should be taken on the Association which now consists of representatives of Government and mills only. The Government was in favour of marketing jute through co-operative societies. Although this aim should be desirable, it cannot be achieved without better organisation of farmers and a helping hand of Government officials in this regard. If only mills are enabled to purchase from such societies, both farmers and mills stand to benefit.

During the week, middles were shown much attention by mills in the fibre market. Offerings were extremely limited. The break in the dry weather conditions and the occurrence of widespread rains in several jute areas was noted with satisfaction, and this led to limited interest generally in the lower varieties. The report that no export trade in fibre had as yet taken place was noted. Sellers of bottoms desired to dispose of remnants of their stocks at cheaper rates, but demand was subdued.

On Tuesday last, there was selling pressure in the futures market and, as a result, ready B. twills eased from Rs. 125 to Rs. 123. However, hessian was much in the forefront on account of short-covering in near and ready deliveries and, although overseas interest was subdued, ready hessian 40" 10 oz. was maintained firm at Rs. 57. Not much significant note was taken of the fall in April despatches of jute goods, figures in respect of which were released during the week. Export despatches fell from 66,400 tonnes in March to 54,300 tonnes in the following month, with hessian showing a fall of nearly 9,000 tonnes to 25,300 tonnes. The fall in despatches against local purposes was only lower by 3,800 tonnes at 28,000 tonnes. On Wednesday, ready hessian 40" 10 oz. added a fractional gain at Rs. 57.25, following more overseas inquiries. On the other hand, absence of interest forced down ready B. twills to Rs. 122.75. Activity in the futures market became keener, and demand on account of covering business continued undiminished. As a result, ready hessian 40" 10 oz. spurted to Rs. 58 on Thursday, although B. twills remained unchanged at Rs. 122.75. Heavy bear-covering was a feature on Friday, and ready hessian 40" 10 oz. reached a high of Rs. 60.50. Profit-taking soon intervened to reduce the gain to Rs. 58.50. In sympathy, ready B. twills firmed up to Rs. 123. There was selling pressure in the futures market during the week-end and, as a result, easier conditions were in evidence in ready goods. However, covering demand prevented a larger decline. Ready hessian 40" 10 oz. quoted at Rs. 58.25 and B. twills at Rs. 123.00. In the earlier part of yesterday conditions became easier but as covering business for ready goods at lower prices was released prices recovered and closed above the lowest levels of the day, although hessian was lower on balance. Thus ready hessian 40" 10 oz. finished at Rs. 56.75, but ready B. twills rose to Rs. 124.20.

MIXED TREND IN METALS

(From Our Own Correspondent)

CALCUTTA, *5th June*

While, following the London trend, tin eased here this week under bearish influence of renewed expectations of imminent releases from the U.S. strategic stockpile, zinc and copper were fully firm due to the prevailing shortages. The postponed decision of the Aid-India Consortium on further aid to India was viewed by the trade with concern.

In London, tin eased from £917 a ton to £910. In the Far East markets, too, an easier trend was recorded. In Calcutta, the price eased from Rs. 1,641.50 to Rs. 1,622.00 per 100 kgs. Upcountry demand in Calcutta could not be responded to in full in view of the railway booking restrictions to certain areas. Stocks increased as a result of larger arrivals. Although the U.S. Administration is expected to be finally authorised by the Congress to release tin from stocks, there is much uncertainty about the price at which the releases would be effected. Producing countries, viz., Nigeria, Indonesia, Malaya, the Congo and Thailand have demanded an assurance from the U.S. that the price would not be lower than £965 a ton. However, consuming countries have naturally regarded the price as too high. In deference to the wishes of the International Tin Council, the U.S. has agreed to consult the Council and the principally concerned countries before releasing the stocks. Such consultations could only be held after the Administration is empowered by the Congress to effect the releases. Until the U.S. releases are absorbed by actual consumption, world production is not likely to increase in any marked way. It is taken for granted that the gap between production and consumption this year could only be filled in by the U.S. stocks on which depends the future price trend. It is more than likely that the U.S. releases would be in stages.

In London, spot copper advanced by £1 a ton to £235. The rise followed good demand for the cash metal. In Calcutta, utensil copper received attention at Rs. 522.50 per 100 kgs., as against Rs. 519.25 before. Berry scrap was unchanged but fully firm, at Rs. 570.50.

While manufacturers of copper and brass sheets and plates are permitted to claim rebate of Rs. 100 per tonne in the excise duty on these products produce from the duty-paid copper ingots, nothing is known about the question of a similar rebate on copper and brass strips, tubes and pipes produced from the duty-paid virgin metals. It is to be presumed that the omission of the full details in this regard in the Finance Bill is an error, but, until clarification comes from New Delhi, the excise authorities will naturally stick to the letter of the law, thus forcing manufacturers to block further sums in excise duties. In other words, this would mean that the excise duty on certain brass and copper semis would stand increased from Rs. 300 per tonne to Rs. 400 in practice for some time to come.

Already considerable sums have been blocked with the Government in view of the arbitrary interpretation by the excise authorities as to the sizes of sheets and circles on which the duty of Rs. 300 per tonne has been enforced from last year. When this duty was levied, the excise authorities ruled that squares and flats of all sizes came within its scope. The industry did not agree with this interpretation, but was left with the only alternative to pay the duty under protest, while appealing to higher authorities for a clarification. At the beginning of April, in accordance with the interpretation of the Indian Standards Institution, the excise authorities clarified that squares and flats above ¾" in thickness and/or size do not come within the meaning of strips and plates and thus do not attract the duty. The industry has now claimed refund of duty paid on these products under protest since March 1961. It is regrettable that claims for refunds move very slowly in Government offices. It is also a one-sided rule that while the Government can claim short-payment of duty at any time after the original payment of duty by a manufacturer, the industry is debarred claims of refund of duty paid in excess after three months of the original payment of duty. The industry's representations to convert the *ad valorem* duty of 10 per cent on copper and brass tubes and pipes to a specific duty has so far fallen on deaf ears. If only this reasonable demand is accepted the tablework could be avoided considerably, without reducing revenue.

There was good support for zinc during the week in view of the recent decline. The price was firm at Rs. 228.50 per 100 kgs. Virgin lead was also firm at Rs. 132 per 100 kgs. In London, spot zinc opened at £68 a ton, but eased to £67¾.

FOODGRAINS QUIET

(From Our Own Correspondent)

HAPUR, *4th June*

After ruling steady for the past several weeks, foodgrains turned quiet here this week, thanks to better arrivals of *rabi* grains in the market. But, as against a bumper crop arrivals were still poor. The Union Food Minister, Mr. S. K. Patil, has regarded the food situation in the country as satisfactory. Wheat production, estimated at 115 lakh tons, has exceeded the previous season's outturn by about 9 lakh tons and rice is also plentiful and the granaries are full.

Wheat was sluggish during the week and on Monday, was quoted at Rs. 38.50 per quintal for the average quality and up to Rs. 45.56 for the better farm produce. Daily arrivals improved to an average of 1,500 to 2,000 maunds and, as consumer demand was a little poor, the major part of arrivals went into stock formation, with the result that the local stocks increased to 45,000 maunds. Rice ruled steady on good demand in the face of poor arrivals. Stocks here were also low, estimated around 10,000 maunds. Week-end prices of rice (in rupees per quintal) were:—*Basmati* superior 80.38 to 96.45, *sela* 75.02 to 80.38, *mainpuri sela* 56.26, *ramajwayan sela* 66.98 *raimunia sela* 69.66 and *gadda kutcha* 52.92.

Gram was slightly depressed, to be quoted near the week-end at Rs. 39.52 to Rs. 40.87 per quintal according to quality. Gram arrivals were mostly from Punjab and averaged 1,000 maunds daily. Local stock was around 20,000 maunds. Barley, too, was depressed at Rs. 27.46 and so was *bejhar* at Rs. 26.79 to Rs. 29.47 per quintal according to quality. Stocks of these grains—barley were still poor. *Methi* was quoted at Rs. 61.62 to Rs. 64.30 per quintal. Demand from Bengal was slack, with daily arrivals around 150 to 200 maunds. *Juwar* and *guwar* were still in request for seed purposes and so was *bajra*. The prices were:—*Juwar* Rs. 38.85 to Rs. 41.53, *guwar* Rs. 38.85 to Rs. 40.19 and *bajra* Rs. 37.95 per quintal.

Among pulses, peas and *arhar* were steady for the major part of the week on stockist support, but eased near the week-end because of increased stocks and in sympathy with the general trend in cereals. Daily arrivals of peas were around 1,500 maunds, and part of them were from east U.P. Loading facilities were comfortable in the week-end, which accounted for despatches of 14 wagonloads to Madras and M.P. But local stock of peas was around 71,000 maunds. *Arhar* arrivals from Gujarat were good, but were poor locally due to the virtual failure of crop in this area. Total arrivals during the week were five wagonloads and were readily lifted for conversion into *dal*. *Urd* continued steady on good consumer demand, but other sections were quiet, with prices (in rupees per quintal) at:— *Peas dara* 30.81 to 31.38, farm white 33.49 to 36.17, peas *dal* 36.17, *arhar* 46.79 to 53.58, *arhar dal* 64.30 to 72.34, *urd* 68.66, *moong* 53.58, *moong dal* 61.62, *masoor* 41.43 to 49.57, *massor dal* 53.58 and gram dal 48.23.

LINSEED FIRM

(From Our Own Correspondent)

CALCUTTA, *4th June*

Linseed continued to be firmly held here this week, and sellers were reserved. The local stock-position is very poor. Arrivals have been scarce. The oil market was firm in sympathy with seeds and other oils. Local demand was good, but sellers were reluctant to do much business owing to poor arrivals of seeds. The oilcake market was stagnant. Local demand for forward deliveries was falling off a bit and prices were a little easier. The latest quotation for the June delivery was Rs. 77.70 per quintal.

Notice

THE BOMBAY FIRE AND GENERAL INSURANCE COMPANY, LIMITED

Registered Office:

Moti Mahal, Jamshedji Tata Road, Bombay 1

NOTICE

TO THE MEMBERS,

NOTICE IS HEREBY GIVEN THAT THE Twenty-Seventh ORDINARY GENERAL MEETING of the Members of THE BOMBAY FIRE & GENERAL INSURANCE COMPANY LIMITED, will be held at Henley House, Graham Road, Ballard Estate, Bombay, on TUESDAY, the 3rd July 1962, at 3 p.m. (S.T.), to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Revenue Accounts, Profit and Loss Account, Profit and Loss Appropriation Account and Balance Sheet for the year ended 31st December 1961.
2. To elect Directors in place of Mr. Manoobhai Doongursee and Mr. F. H. Kemple, who retire under Article 145 of the Articles of Association of the Company and offer themselves for re-election.
3. To appoint Auditors for the current year and to fix their remuneration.
4. To consider and if thought fit, to pass with or without modification the following Resolution for audit of the Accounts of the Company's Branch Offices by persons qualified to act as Auditors.

"RESOLVED that the Board of Directors be and is hereby authorised to appoint such persons qualified to act as Auditors in consultation with the Company's Auditors on such terms and conditions, for audit of the accounts for the year ending 31st December 1962 of the Branch Offices of the Company, whether existing or new Branches to be opened hereafter as the Board of Directors may decide upon from time to time."

The Transfer Books of the Company will remain closed from 26th June 1962 to 3rd July 1962 (both days inclusive).

A Member entitled to attend and vote at the General Meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of himself. The proxy need not be a Member of the Company.

By Order of the Board,
K. K. DASTUR,
Manager.

BOMBAY, *2nd June 1962.*

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 1st June, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	50,05,46,000
(2) Other Governments	13,07,21,000
(b) Banks	89,37,67,000
(c) Others	150,27,66,000
Bills Payable	37,34,60,000
Other Liabilities	71,35,12,000
Rupees	553,37,72,000

ASSETS	Rs.
Notes	35,05,76,000
Rupee Coin	7,40,000
Subsidiary Coin	3,17,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	52,44,87,000
Balances held abroad*	8,81,73,000
Loans and Advances to Governments†	103,78,71,000
Other Loans and Advances	122,18,64,000
Investments	192,66,33,000
Other Assets	38,31,11,000
Rupees	553,37,72,000

* Includes Cash & Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 2,55,00,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	35,05,76,000	
Notes in circulation	2112,61,45,000	
Total Notes issued		2147,67,21,000
Total Liabilities		2147,67,21,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	....	
Foreign Securities	92,68,17,000	
Total of A		210,44,27,000
B. Rupee Coin		114,04,08,000
Government of India Rupee Securities		1823,18,86,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2147,67,21,000

State Bank of India

Statement of Affairs for the week ended 1st June, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		575,39,31,000
Borrowings from Other Banking Companies, Agents, etc.		17,00,000
Bills Payable		12,19,72,000
Bills for Collection being Bills receivable as per contra		2,60,99,000
Acceptances, Endorsements and Other Obligations per contra		7,13,69,000
Other Liabilities (including Inter-Office Adjustments)		7,87,27,000
Total .. Rs.		619,20,48,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		26,03,79,000
Balances with other Banks		2,61,10,000
Money at Call and Short Notice		3,13,33,000
INVESTMENTS—		
Government and other Trustee Securities	Rs. 234,96,95,000	
Other Authorised Investments	9,08,96,000	
		244,05,91,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 277,22,20,000	
Bills Discounted and Purchased	17,28,41,000	
		294,50,61,000
Bills Receivable being Bills for Collection as per contra		2,60,99,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		7,13,69,000
Premises less Depreciation		1,93,31,000
Furniture and Fixtures less Depreciation		1,55,51,000
Other Assets (including Inter-Office Adjustments)		35,02,24,000
Total .. Rs.		619,20,48,000

State Bank of Pakistan

Statement of Affairs for the week ended 25th May, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits:—	
(a) Central Government	18,38,96,000
(b) Provincial Governments	4,92,76,000
(c) Banks	22,56,13,000
(d) Others	98,90,86,000
Bills Payable	24,94,000
Other Liabilities	21,84,86,000
Rupees	176,53,51,000

ASSETS	Rs.
Notes	18,11,96,000
Rupee Coin	18,000
Subsidiary Coin	34,000
Bills Purchased and Discounted:—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	31,60,01,000
Loans and Advances to Governments	5,70,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	54,84,38,000
Investments	63,98,74,000
Other Assets	12,21,90,000
Rupees	176,53,51,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,11,96,000	
Notes in circulation	375,36,28,000	
Total Notes issued		393,48,24,000
Total Liabilities		393,48,24,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	65,87,94,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	133,90,02,000
B. Rupee Coin	3,21,36,000	
Government of Pakistan Securities	250,46,80,000	
Internal bills of exchange and other commercial paper	....	253,68,16,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	18,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,81,000	
		5,90,06,000
Total Assets		393,48,24,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued: 35.45 per cent.

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	25-5-62	18-5-62	26-5-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	51,23	50,85	46,65
(ii) From others	783,25	778,37	702,56
(b) Borrowings from banks	30,63	26,46	36,18
(c) Others	59,75	59,43	52,71
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	17,58	19,17	17,50
(ii) From others	1,200,00	1,190,83	1,060,01
(b) Borrowings from banks	13,35	12,87	15,32
(c) Others	10,02	10,09	22,72
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,983,24	1,969,19	1,762,58
4. Borrowings from Reserve Bank	4,70	12,48	24,20
(a) Against usance bills and/or promissory notes	3,73	6,93	12,65
(b) Others	97	5,56	11,55
5. Borrowings from State Bank and/or a notified Bank	17,40	19,29	12,82
6. Cash	52,15	58,79	46,74
7. Balances with Reserve Bank	85,85	86,17	73,88
8. Cash and balances with Reserve Bank	138,00	139,97	120,62
9. 8 as per cent of 3	6,96	7,11	6,84
10. Balance with other banks in current account	18,02	17,88	15,55
11. Money at call and short notice	55,67	49,94	52,61
12. Investments in Government securities	583,31	570,44	549,63
13. 12 as per cent of 3	29,41	28,97	31,18
14. Advances—			
(a) Loans, cash credits and overdrafts	1,212,05	1,212,87	1,091,36
(b) Due from banks	4,98	5,18	6,72
15. Inland bills purchased and discounted	170,80	174,46	141,51
16. Foreign bills purchased and discounted	44,88	45,17	46,47
17. Total Bank Credit [14 (a)+15+16]	1,427,72	1,432,50	1,279,33
18. 17 as per cent of 3	71,99	72,75	72,58

EXCHANGE RATES

	6th June 1962	30th May 1962
London on New York $, per Dollar	2.8056-2.8058	2.8099-2.8102
New York on London Cents per £	280.580-280.600	281.010-281.040
London on Paris .. Fcs.	13.7465-13.7485	13.7650-13.7670
London on Berne .. Sw. Fcs.	12.1050-12.1070	12.1230-12.1250
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-5 1/32	1-5 1/32
Buyers D.D. .. .. s.	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs.	477.00	476.50
Buyers T.T. .. .. Rs.	473.75	473.00
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	440.00	439.25
Buyers T.T. .. .. "	432.25	431.50
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.60	102.70
Buyers T.T. .. .. "	103.60	103.80
Swiss Francs—		
Sellers T.T. D.D. .. "	90.30	90.40
Buyers T.T. .. .. "	91.30	91.40
Deutsche Marks—		
Sellers T.T. D.D. .. "	83.60	83.60
Buyers T.T. .. .. "	84.50	84.60
Italian Lire—		
Sellers T.T. D.D. .. "	12,970	12,990
Buyers T.T. .. .. "	13,145	13,165
Swedish Kroner—		
Sellers T.T. D.D. .. "	107.80	107.90
Buyers T.T. .. .. "	108.90	109.00
Belgian Francs—		
Sellers T.T. D.D. .. "	1,039	1,040
Buyers T.T. .. .. "	1,055	1,056
Dutch Guilders—		
Sellers T.T. D.D. .. "	75.20	75.30
Buyers T.T. .. .. "	76.10	76.10
Hongkong Dollars—		
Sellers T.T. D.D. .. "	119.90	119.90
Buyers T.T. .. .. "	120.90	120.90

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	19th May 1962	12th May 1962	20th May 1961	March 1962	March 1961	Percentage of Increase (+) or Decrease (−) in March 1962 as compared with March 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	124.9	124.0R	116.2	119.2	117.5	+ 1.4	119.6	120.2 P
Cereals	192	104.0	103.8	99.7	102.2	100.2	+ 2.0	101.6	106.3
Pulses	48	99.1	98.1	87.5	94.1	92.5	+ 1.4	91.2	92.6
Fruits and Vegetables	23	143.5	137.6R	124.7	133.9	108.4	+23.6	121.3	121.1 P
Milk and Ghee	84	130.5	131.8	109.5	118.8	115.8	+ 2.6	115.1	115.5
Edible Oils	47	151.8	151.5	158.9	153.0	163.8	− 6.6	151.0	143.8
Fish, Eggs and Meat	17	139.0	140.0R	124.8	140.2	123.6	+14.6	131.0	121.1
Sugar and Gur	48	131.5	128.9	120.1	120.2	117.3	+ 2.5	120.7	132.6
Others	50	172.5*	169.5R	164.9	159.2	166.8	− 4.5	162.9	164.9
Liquor and Tobacco	21	102.4	102.6	98.9	98.6	113.6	−13.2	103.6	106.4
Tobacco	..	99.1	99.1	95.3	96.3	110.7	−13.0	100.6	104.8
Fuel, Power, Light and Lubricants	38	122.4	122.3	121.6	123.1	121.9	+ 1.0	121.8	118.8 P
Industrial Raw Materials	155	134.3	134.8	153.5	136.2	158.1	−14.4	147.7	138.8
Fibres	51	124.9	125.7	156.0	128.5	176.9	−27.4	150.0	139.2
Oilseeds	60	149.4	149.6	156.6	149.3	159.7	− 6.5	157.8	144.9
Minerals	2	93.8*	93.8*	95.6	94.5	95.2	− 0.7	96.1	97.5
Others	32	122.5	127.3	127.4	120.1	128.3	+ 0.6	127.9	129.0
Manufactures	299	127.2	127.0R	128.7	128.4	129.7	− 2.5	127.9	128.8
Intermediate Products	41	137.4	136.7R	136.7	135.8	137.3	− 1.1	134.4	127.1
Finished Products	249	125.6	126.5	125.1	124.9	128.4	− 2.7	125.2	119.8
Textiles	147	124.6	124.7	123.2	125.2	134.0	− 6.6	127.7	121.2
Cotton	..	128.8*	128.8*	127.6*	128.2	126.8	+ 1.1	127.5	127.5
Jute	..	127.5*	127.5*	119.6*	125.4	110.1	+13.9	118.0	107.6
Woollen	..	129.0*	129.0	114.9*	126.5	117.1	+ 8.0	118.4	102.6
Silk and Rayon	12	158.2	158.2	151.4	152.0	151.2	+ 0.5	147.1	147.9
Metal Products	26	112.6	112.6	107.1	112.6	105.1	+ 7.1	106.7	104.7
Chemicals	10	152.9*	151.9	141.3	149.0	145.4	+ 2.5	146.3	140.2
Oil Cakes	21	117.5	117.5	112.8	116.3	113.6	+ 3.3	113.6	110.7
Machinery and Transport Equipment	30	124.9	124.8	119.0	122.1	118.6	+ 3.0	120.5	116.0
Others	..	..	..	..	..	..	..	..	..
All Commodities	1,000	128.5	128.0R	124.9	123.6	127.5	− 3.1	125.8	122.9 P

Note:— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated.

EXCHANGE RATES

	6th June 1962	30th May 1962
London on New York $, per Dollar	2.8056-2.8058	2.8099-2.8102
New York on London Cents per £	280.580-280.600	281.010-281.040
London on Paris .. Fcs.	13.7465-13.7485	13.7650-13.7670
London on Berne .. Sw. Fcs.	12.1050-12.1070	12.1230-12.1250
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-5 1/32	1-5 1/32
Buyers D.D. .. .. s.	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs.	477.00	476.50
Buyers T.T. .. .. Rs.	473.75	473.00
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	440.00	439.25
Buyers T.T. .. .. "	432.25	431.50
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.60	102.70
Buyers T.T. .. .. "	103.60	103.80
Swiss Francs—		
Sellers T.T. D.D. .. "	90.30	90.40
Buyers T.T. .. .. "	91.30	91.40
Deutsche Marks—		
Sellers T.T. D.D. .. "	83.60	83.60
Buyers T.T. .. .. "	84.50	84.60
Italian Lire—		
Sellers T.T. D.D. .. "	12,970	12,990
Buyers T.T. .. .. "	13,145	13,165
Swedish Kroner—		
Sellers T.T. D.D. .. "	107.80	107.90
Buyers T.T. .. .. "	108.90	109.00
Belgian Francs—		
Sellers T.T. D.D. .. "	1,039	1,040
Buyers T.T. .. .. "	1,055	1,056
Dutch Guilders—		
Sellers T.T. D.D. .. "	75.20	75.30
Buyers T.T. .. .. "	76.10	76.10
Hongkong Dollars—		
Sellers T.T. D.D. .. "	119.90	119.90
Buyers T.T. .. .. "	120.90	120.90

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 26th May 1962	19th April 1962	28th April 1962P	27th May 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.6	100.6	100.6	101.1
2. Government of India	100.5	100.5	100.5	100.9
3. State Government	102.6	102.0	102.0	101.9
4. Municipal, Port Trust, etc.	99.1	99.1	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	100.2	100.8	101.0	100.7
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.3	82.5	82.3	84.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	194.9	195.5	192.9	181.3
8. Agriculture and Allied Activities: Total*	165.2	166.4	164.3	173.4
9. Tea Plantations	157.1	157.8	156.7	168.1
10. Coffee Plantations	159.5	160.7	159.3	179.1
11. Rubber Plantations	169.8	170.5	168.8	173.0
12. Mining and Quarrying: Total	168.5	168.0	161.2	168.3
13. Coal	135.3	134.4	122.0	128.9
14. Other Mining	191.3	190.1 213.9	187.6	191.9
15. Processing and Manufacturing: Total	213.1	214.0	211 0	195.9
16. Processing and Mfg. (Food-stuffs, Textiles, etc.): Total*†	221.8	143.1	222 8	200.0
17. Sugar	141.0	140.4	143.4	167.8
18. Cotton Textiles	104.7	106.6	106 6	165.4
19. Jute Textiles	106.1	1306.4	107.6	89 4
20. Silk and Woollen	1288.8		1301.0	1198.7
21. Processing and Mfg. (Metals, Chemicals, etc.): Total*	215.3	214.6	208 5	206.2
22. Iron and Steel	168.0	166.6	161.7	174 7
23. Transport Equipment	403.1	401.9	397.2	418.7
24. Electrical Machinery	183.7	180 9	177.6	162.2
25. Machinery other than Transport and Electrical	253 0	253 4	242.4	218.7
26. Basic Industrial Chemicals	202.5	206.4	208.4	217.0
27. Processing and Mfg. (Others): Total*	182.4	181 6	179.8	160.9
28. Cement	169 1	169 5	167 2	145 6
29. Paper	236 9	232 0	229 6	206 7
30. Other Industries: Total*	116.7	117.0	114.9	109.9
31. Electricity Generation and Supply	86.5	86.8	86 4	81.5
32. Trading	127.1	134.4	138.4	127.1
33. Shipping and Other Transport	97.6	99.7	95 6	101.6
34. Construction	322.7	319.6	301.3	283.6
35. Financial: Total	216.5	217.7	216 3	196 1
36. Banks	240.8	244 9	245 0	215 3
37. Insurance	173.2	168 8	164.0	148.2
38. Investment Trusts	93.3	94.0	93.6	91.8
VARIABLE DIVIDEND INDUSTRIA

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	17th Mar., 1960	4.50	5
Belgium	22nd Jan., 1962	4.25	4
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	...	2
Canada †	...	3.44	3.49
Ceylon	13th Aug., 1960	2.50	4
Chile	Feb., 1957	4.50	6
Denmark	23rd May, 1961	5.5	6.5
Equador	8th May, 1948	7	10
Egypt	15th Nov., 1952	3.50	3
El Salvador	June, 1961	5.5	6
Finland	Mar., 1959	6.50	6.75
France	6th Oct., 1960	4	3.50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Mar., 1962	5.5	5.5
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	25th April 1962	3.50	4
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	...	2
South Africa	7th Dec., 1961	5	4.50
Spain	June 1961	4.6	4
Sweden	6th April, 1962	5	4.50
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	20th April 1962	5	4.50
U.S.S.R.	1st Jan., 1938	3	4
U.S.A.	12th Aug., 1960	3.50	3
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores or rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1962					
27th February	2.00	2.35	2.00	2.580	99.355
28th Feb. to 3rd Mar.*	0.02	—	0.03	—	99.371
6th March	2.00	2.00	2.00	2.585	99.350
7th to 10th March*	1.29	—	1.29	—	99.371
13th March	2.00	2.00	2.00	2.585	99.350
21st to 24th Mar.,*	0.05	—	0.05	—	99.366
27th March	2.00	2.00	2.00	2.640	99.340
28th to 31st Mar.,*	0.02	—	0.02	—	99.356
3rd April	2.00	2.00	2.00	2.640	99.340
Total amount outstanding					
4th to 7th April*	0.01	—	0.01	—	99.356
10th April	2.00	2.07	2.00	2.640	99.340
11th to 14th April*	0.10	—	0.10	—	99.356
16th April	2.00	2.00	2.000	2.620	99.345
17th to 21st April*	0.57	—	0.57	—	99.361
24th April	2.00	2.00	2.00	2.580	99.355
25th to 28th April*	0.35	—	0.35	—	99.371
30th April	2.00	2.00	2.00	2.580	99.355
1st to 5th May*	0.15	—	0.15	—	99.371
8th May	2.00	2.00	2.00	2.580	99.355
9th to 12th May*	0.17	—	0.17	—	99.371
14th May	2.00	2.00	2.00	2.590	99.350
15th to 19th May*	0.15	—	0.15	—	99.371
22nd May	2.00	2.00	2.00	2.590	99.350
Total amount outstanding	29.05		29.05		

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1958	1,098,300T	1,106,900T	786,900T
Do. 31st March, 1959	1,137,500T	1,149,000T	824,700T
Do. 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,588,000	1,633,000	1,263,000
Do. 31st March, 1962	1,647,800	1,643,400	1,317,700
April 1961	135,700	136,000	106,000
May	142,000	136,800	105,300
Jan., 1962	155,300	148,700	119,000
Feb., "	139,400	138,300	108,000
Mar., "	156,600	146,900	123,000
April "	144,400	143,600	110,000
May "	146,400	145,800	115,600
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1958	788,946T	507,580T	412,042T
Do. 31st March, 1959	959,933T	603,205T	497,551T
Do. 31st March, 1960	1,070,470	840,315	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Do. 31st March, 1962	1,187,397	934,499	754,951
April 1961	99,381	69,710	51,144
May	100,815	70,912	42,165
Jan., 1962	86,754	78,574	74,121
Feb., "	97,258	75,949	53,600
Mar., "	113,178	86,241	56,294
April "	109,726	83,906	47,747
May "	112,269	85,155	66,574

T—Figures in Tons.

CLEARING HOUSE RETURNS

Centre	Week ended 1st June, 1962 Number of Cheques	Amount Rs.	Week ended 25th May, 1962 Number of Cheques	Amount Rs.
Bombay	4,56,129	102,47,87,000	4,44,000	97,61,00,000
Calcutta	2,11,000	91,35,00,000	2,05,000	80,36,00,000
Madras	98,184	14,77,19,070	1,08,000	14,34,00,000
New Delhi	...	...	53,000	11,86,00,000
Kanpur	25,000	5,26,00,000	27,000	5,49,00,000
Bangalore	22,000	4,96,00,000	25,000	4,81,00,000
Nagpur	9,000	1,58,00,000	9 000	1,61,00,000
All Centres				
1955-56	...	...	45,284,000	9,774,67,00,000
1956-57	...	...	50,196,000	10,999,00,00,000
1960-61	...	...	54,809,000	12,550,00,00,000
1961-62	...	...	59,946,000	13,605,00,000
Jan., 1961	...	...	4,916,000	1,104,98,00,000
Feb., "	...	...	4,462,000	1,027,04,00,000
Mar., "	...	...	4,753,000	1,121,85,00,000
April "	...	...	4,971,000	1,194,75,00,000
Oct., "	...	...	4,870,000	1,047,02,00,000
Nov., "	...	...	4,986,000	1,094,39,00,000
Dec., "	...	...	4,940 000	1,173,96,00,000
Jan., 1962	...	...	5,908,000	1,344,75,50,000
Feb., "	...	...	4,880,000	1,107,18,00,000
Mar., "	...	...	5,533,000	1,231,85,50,000

DELHI LETTER

(Concluded from page 1016)

(Dr. B. C. Roy and Mr. B. P. Chaliha, the champions of a policy of defiance of Central direction, by a strange coincidence were not present at the meeting.)

The State Chief Ministers, in general, are understood to have agreed that, whatever the prospects of external aid, the plans for raising internal resources should remain unchanged. In case of shortfall in foreign exchange resources, projects requiring only rupees will be taken up. Of the total third Plan outlay of Rs. 3,847 crores for the States, the expenditure in the first year was scheduled to be Rs. 550 crores, or 14.3 per cent. The planned expenditure in the second year is Rs. 716 crores, or 18.6 per cent. The States had by and large held over their taxation plans for the current year until after the elections. The Planning Commission will hold a series of talks with State Ministers after the taxation budgets are presented by all States and the full picture of the resources for the current year emerges.

Planning and Integration

Orientation of economic development as a means of national integration was the subject of an exhaustive note from the Planning Commission to the Integration Conference. The Commission said that, in the short-term, the needs of the economy as a whole may call for a greater concentration of resources in some directions than in others, but economics of scale and location acquire greater importance as planned development proceeds. In preparing the long-term development plan for fifteen years, the Planning Commission will make every effort to take into account the needs as well as the possibilities of development in different regions. The Planning Commission has appointed a committee on natural resources and a special division to study the resources potential of various regions.

The techno-economic surveys of various States done by the National Council of Applied Economic Research have already focussed attention on the physical potentialities of regions, although the economic feasibility is an entirely different question. The regional approach has been emphasised by the Centre in the choice of some major public sector projects in the third Plan and in spreading the new licensing for textile mills Delhi has been able to carry over some of this emphasis into the private sector. However, in the private sector the regional emphasis cannot be proceeded with far, because of the tendency of industrialists to precipitate towards areas where natural conditions—in facilities or labour—exist. Further, there is a varying degree of competence among State administrations to provide certain minimum infrastructural facilities and, in this respect, Maharashtra, Bengal, Punjab and Madras will be able to score over the others for a long time to come.

The N.C.A.E.R's recent survey of the Punjab says: "The ingenuity of the Punjabi worker is a great asset to the economy. It is said that he can produce anything if he has a model. His methods may be rough, but he is eager to learn new techhniques to perfect them. In the absence of metallic ores, the importance of perfection of skills in attracting new investments can hardly be exaggerated." The qualities of the people in the Punjab more than perhaps offset the meagreness of the natural endowments of the State.

The N.C.A.E.R. survey on Orissa, which was released along with that on Punjab, shows Orissa as an outstanding example of a State remaining backward, despite rich endowment of natural resources. While the *per capita* income in the Punjab is far above the national average, in Orissa it is far below the national average.

A successful experiment in planned efforts to develop the depressed areas has been undertaken in Yugoslavia and this has many fans at Yojana Bhavan. An adaptation of the Yugoslav model to Indian conditions could mean that the more backward States should be able to obtain loans from a central fund at lower rates of interest than those who have a more developed economy. Private industrialists who would invest in the less developed regions would also have to be assisted through favourable terms which may mean low interest loans or tax concessions.

According to the planners' note to the Integration conference, the following are the main directions in which action to secure more rapid development of backward areas is being intensified:

1. State Governments have identified the markedly backward areas in each State which call for special measures for accelerated development. The Planning Commission will help implement development programmes in these areas.

2. The rural works programme, in order to ensure employment to all persons in the slack agricultural season, is being concentrated in areas suffering from considerable unemployment and underemployment. The ultimate aim is to provide work in this way for 25 lakh people.

3. Many of the large projects are being located in comparatively less developed areas.

4. Greater facilities for education and technical training.

5. It is proposed to undertake this year forty rural industries projects each covering three to five lakh people. The emphasis will be on co-ordinated development of agriculture, small industries, communications and social services. This will ultimately help in the establishment of a balanced and diversified rural economy.

With effect from the current assessment year, all persons who have taxable incomes are required to furnish voluntarily return of their income in a prescribed form. The return has to be furnished before the 30th inst., or, in the case of persons having income from business, before the expiry of six months from the end of the relevant accounting year, whichever is later. In special cases, these time limits will be extended upto a prescribed maximum by the Income-tax Officer on an application being made to him in this regard. However, as this is the first year during which the new procedure is being introduced, it has been decided by the Government to extend the time limit by one month in all cases without any application being made in that regard. Thus, assessees may file their returns of income before 31st July 1962, or, where they have business income, the expiry of seven months from the end of the relevant accounting year, whichever is later.

The Government of India is considering proposals for laying pipelines for the transport of oil and gas in order to give relief to the railways. The proposals include the construction of a product pipeline between Calcutta, Barauni and Delhi for carrying initially 1·5 million metric tons of white products and another between Gauhati and Sillguri for carrying about 500,000 metric tons of such products. Another pipeline from the proposed Gujarat refinery to Ahmedabad for carrying initially about 600,000 metric tons of products annually is also being considered. It is also proposed to lay two crude oil pipelines from Ankleshwar and Kalol oilfields to the Gujarat refinery site for carrying initially about one million metric tons each annually. Three gas pipelines, namely, Ankleshwar-Uttran Cambay-Dhuvaran and Kalol-Ahmedabad for carrying initially about one million c.m. of gas daily are also included in the scheme. The technical, economic and other aspects of these schemes which have a bearing on rail transport and also the quantum of relief to be provided to the railways in consequence are also being studied by the Government.

SURVEY

(Concluded from page 1015)

1960-61 to 91 in 1961-62, but this is still much lower, as compared with 96 in 1959-60 and 105 prices would have gone up still further, had the zonal restrictions on wheat been maintained.

But this does not mean that the case for the abolition of zonal curbs on rice is not sound. With considerable improvement in the supply position, this step is bound to remove some impediments in the way of free flow of marketable surplus. From this point of view, Mr. S. K. Patil's broad hint that the Government was considering the question of removing zonal restrictions on rice is to be welcomed. He, however, mentioned that some States were still against the removal of zonal barriers. Since the Government has adequate stocks of foodgrains for restraining any sudden revival of upward trend in prices, there seems to be no reason why some States should object to the removal of zonal restrictions. The permanent solution for the problem of foodgrain prices will still be elusive, unless output is stepped up steadily commensurate with the increasing requirements of the country. This well-known point needs to be stressed, particularly because the scope for imports, too, is becoming limited in the context of the precarious balance of payments position and the growing foreign exchange requirements for other purposes under the third Plan. Mr. Hasham Premji's plea for intensifying the programmes for irrigation, fertilisers, improved seeds and better implements is quite pertinent in this connection. For it is only with the aid of such measures that agricultural productivity in the country can be improved.

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares. P.O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. i.—Interim Dividend.

Shares:—If a company has different classes of shares—as for example, 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up per share.'

Accounts:—Figures in the "Accounts Closed" column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share 1958	1959	1960	1961	Accounts Closed	References
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
17,32,200	9,88,622	40,70,472	25,34,396	2,333	Magnalal Bhagwandas & Co.	...	...	Ambika Silk Mills Co., Ltd.	202.50	100	12.00	12.00	15.00		12	Y.
50,00,000		1,15,07,428	49,16,604	—29,00,387	Rajputana Text. (Agencies) Pvt. Ltd.	45,180	903	Apollo Mills	2.16	2	*Nil*	*Nil*	*Nil*		12	Y.
40,00,000	11,54,641	1,21,07,426	85,20,353	2,99,665	Gulabchand Jain, Esq. (Chairman)	50,596	1,021	B. R. Cotton Mills	65.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
40,00,000	3,79,10,818	12,21,54,130	6,17,67,811	69,060	Nowrojee Wadia & Sons (Pvt.) Ltd.	2,18,492	4,320	Bombay Dyeing & Mfg.	65.50	25	2.50	3.50	3.50	3.50	12	Y.
2,50,98,000	2,84,495	89,50,981	57,95,303	3,37,599	Birla Gwalior Private Ltd.	44,784	860	Bradbury Mills	192.50	50	7.50	5.00	5.00	12.50	3	Y.P.
10,00,000	3,92,41,321	12,02,96,743	5,48,88,915	3,83,649	Birla Gwalior Private Ltd.	1,70,392	3,033	Century Spg. & Mfg.	643.00xd	100	22.00	31.50	30.00	30.00	12	Y.P.
2,54,00,900	25,13,005	1,36,00,429	84,16,840	84,762	Cowasjee Jehangir & Co. Pvt. Ltd.	31,460	680	Coorla Spg. & Wvg.	160.00	100	12.50*	7.50	11.00	11.00	3	Y.
25,00,000	29,08,230	1,02,39,815	68,42,312	2,06,875	Tamarain Sons Private Ltd.	44,660	...	Dawn Mills	153.00	50	5.00	10.00	15.00	15.00	3	Y.
28,00,000	26,28,313	98,91,168	67,85,681	2,29,973	Puranmal Bubna Sons	47,356	928	Edward Textiles	372.50	200	15.00	18.00	18.00		12	Y.P.
24,00,000	50,97,407	2,15,76,979	95,23,588	1,36,630	B. L. Jalan, Esq. (Chairman)	49,900	884	Elphinstone Spg. & Wvg.	130.00	50	*Nil*	7.00	9.00	11.00	12	Y.
25,98,050	74,85,055	2,12,84,043	1,29,92,207	20,894	James Finlay & Co., Ltd.	63,212	784	Finlay Mills	306 00	100	16.00	28.00	23.00	23.00	12	Y.
50,00,000	57,09,239	1,12,19,385	70,63,397	5,062	James Finlay & Co., Ltd.	45,768	1,020	Gold Mohur Mills Ltd.	240 00	100	15.00	21.50	21.50	21.50	12	Y.
50,00,000	1,25,44,198	2,25,95,573	1,58,60,765	21,340	K. M. D. Thackersey, Esq. (Chairman)	45,448	1,120	Hindoostan Spg. & Wvg. Mills	6,850.00	1,000	350.00	250.00	500.00	500.00	3	Y.P.
12,00,000	...	...	...	...	...	...	...	...	21.50	10 000.	*Nil*	*Nil*	*Nil*	0.80	13	Y.
0.2,00,00,000	41,70,614	5,28,11,146	4,01,32,001	9,69,881	M. D. Bhat, Esq. (Chairman)	2,46,388	6,265	India United Mills	3.30	0 1D.	*Nil*	*Nil*	*Nil*	0.1325		
B. 50,00,000	1,02,72,488	1,98,48,923	1,45,88,123	9,508	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	3,225.00	1,000	225.00	200.00	232.00	250.00	3	Y.P.
18,00,000	87,09,165	3,09,58,371	2,84,69,582	98,194	Khatau Makanji & Co. (Pvt.) Ltd.	1,00,000	1,500	Khatau Makanji Spg. & Wvg.	477.50	100	10.00	16.00	32.00	16.00	6	Y.P.
58,58,000	1,07,07,221	4,48,95,914	3,17,65,599	1,555	Kilachi Industries Ltd.	1,20,504	1,848	Kohinoor Mills	310.25	100	10.00	9.50	15.00	18.00	12	Y.
1,00,00,000	47,99,222	1,60,48,470	82,72,959	29,825	N. Sirur & Co. Private Ltd.	49,200	544	Modern Mills	76.00	50	3.00	5.00	6.00	6.00	6	Y.
46,47,350	60,80,557	3,25,38,719	2,31,00,780	1,54,822	Piramal Sons Private Ltd.	71,604	1,642	Morarjee Goculdas Spg. & Wvg.	407.00	100	14.00	22.00	22.00	22.00	12	Y.P.T.
1,00,75,000	2,23,52,150	16,69,41,993	6,87,34,428	93,407	Chhaganlal Parekh & Co.	...	...	National Rayon Corporation	527.00	100	*Nil*	*Nil*	*Nil*		12	Y.
2,41,12,100	13,50,79,787	91,36,187	43,70,078	2,44,930	Chhaganlal Parekh & Co. Ltd.	...	...	New City of Bombay Mfg.	181.00	100	*Nil*	*Nil*	*Nil*		12	Y.
24,00,000	5,24,710	1,40,92,236	76,50,088	1,54,537	H. V. Gandhi, Esq. (Chairman)	45,944	480	New Great Spg. & Wvg.	306.00	100	*Nil*	*Nil*	*Nil*	12.00	12	Y.P.
90,00,000	55,35,221	1,89,77,617	1,29,35,901	4,01,084	Sahu S. P. Jain, Esq. (Chairman)	49,012	956	New Great Spg. & Wvg.	240.00	100	10.00	10.00	15.00	20.00	3	Y.
48,00,000	48,35,005	93,12,805	44,90,116	1,38,370	Ramnarain Sons Private Ltd.	69,232	1,190	Phoenix Mills	146.50	100	18.00*	12.00*	12.00*	12.00*	12	Y.P.
58,00,000	33,35,000	1,98,23,028	98,72,399	2,94,891	J. K. (Bombay) Private Ltd.	53,000	930	Podar Mills	147.50	100	8.00	11.50	12.00	12.00	12	Y.P.
75,00,000	2,05,960	33,62,408	21,05,878	—32,262	R. A. Podar, Esq. (Chairman)	...	...	Raymond Woollen Mills Ltd.	14.00	10	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
10,00,000	1,46,61,503	3,73,84,242	2,03,82,794	30,196	M. G. Investment Corp. Private Ltd.	96,488	2,127	Sassoon & Wvg.	59.80	10	2.00	2.50	1.70	2.00	12	Y.P.
90,00,000	87,99,257	2,37,58,801	93,55,714	1,00,435	Marwar Textiles (Agency) Pvt. Ltd.	77,436	1,620	Sassoon & Allliance Silk Mills	260.00	100	10.00	15.00	18.00	20.00	12	Y.P.
50 48,000	38,44,035	2,39,26,360	1,17,07,182	29,044	S. R. Damani, Esq. (Chairman)	49,840	1,232	Sassoon Spg. & Wvg.	174.00	50	5.00	5.00	7.50	7.50	3	Y.
1,53,65,000	2,70,39,064	4,95,44,945	2,80,44,764	1,74,874	Mafatlal Gagalbhai & Sons	97,588	2,400	Standard Mills	1,003.00	100	25.00	30.00	30.00	30.00	12	Y.P.
1,00,00,000	1,12,73,408	3,86,61,924	2,12,35,833	24,559	Tata Industries Private Ltd.	78,023	2,000	Svadeshi Mills	274.25xd	100	15.00	25.00	35.00	35.00	12	Y.P.
60,00,000	58,84,487	2,16,65,521	1,34,20,892	10,399	James Finlay & Co., Ltd.	49,328	550	Swan Mills	320.00	100	25.00	35.00	35.00	35.00	12	Y.
65,57,875	89,75,288	3,27,28,804	1,86,44,806	30,469	Tata Industries Private Ltd.	70,840	1,770	Tata Mills	21.00xd	25	1.50	2.50	5.00	5.50	12	Y.P.
22,00,000	66,01,589	1,16,62,135	71,22,479	72,725	Mangaldas Mohta & Co. Private Ltd.	50,056	944	Victoria Mills Ltd.	465.00	100	20.00*	20.00	25.00		12	Y.P.
12,00,000	1,13,45,044	2,05,55,799	1,36,35,283	14,089	K. M. D. Thackersey, Esq. (Chairman)	54,664	1,262	Western India Spg. & Mfg.	802.50	250	31.25	31.25	116.00	125.00	12	Y.P.
AHMEDABAD																
40,00,000	70,20,828	2,28,05,227	1,02,42,114	10,945	Tata Industries Private Ltd.	51,976	1,016	Ahmedabad Advance Mills	208.00	100	5.00	4.90	16.00	12.00	12	Y.P.
29,63,000	1,17,06,572	1,66,77,923	1,03,38,076	87,710	Hutheesing Sons & Co.	44,220	956	Arvna Mills	696.00xd	100	25.00	25.00	30.00	35.00	12	Y.P.
1,00,00,000	2,89,17,047	4,39,00,937	1,81,08,201	2,734	Narottam Lalbhai & Co.	49,036	1,408	Arvind Mills	1,002.00xd	100	28.00	40.00	45.00	45.00	12	Y.P.
30,40,000	81,58,686	1,86,47,290	80,38,793	20,018	Mangaldas & Brother (Pvt.) Ltd.	40,368	953	Aryodaya Ginning & Mfg.	480.00	100	20.00	25.00	30.00	35.00	12	Y.P.
29,60,800	1,46,03,729	2,25,93,906	94,70,571	36,671	Lalbhai Dalpatbhai & Co.	37,356	915	Asoka Mills	765 00	100	25.00	22.00	31.00	34.00§	3	Y.P.
2,06,25,000	3,68,45,308	9,86,80,261	4,70,25,366	16,05,882	Karamchand Premchand Pvt. Ltd	1,39,120	2,380	Calico	1,075.00	250	87.00*	85.00		50.00	3	Y.P.
71,50,250	1,56,06,456	3,50,46,056	1,34,40,574	Tricumlal Bhoglal & Co. Ltd.	45,826	866	New Commercial Mills	455.00	250	45.00*	35.00*	60.00	45 00	12	Y.
98,39,875	2,94,45,869	3,20,26,884	1,61,20,553	3,30,561	Mafatlal Chandulal & Co., Ltd.	51,112	907	New Shorrock Spg. & Wvg.	1,668.00	100	20.00	25.00	30.00	35.00	12	Y.
24,72,500	75,89,714	1,13,89,485	56,84,264	7,333	Jagabhai Bhoglal Nanavaty & Co.	25,560	573	Natan Mills	467.50	100	20.00	25.00	30.00	40.00	12	Y.P.
50,00,000	82,38,104	1,60,01,490	90,92,001	47,719	Lalbhai Dalpatbhai & Co.	35,600	660	Raipur Mfg.	720.00	100	10.00	10.00	10.00		12	Y.
45,75,000	28,72,702	1,68,60,187	94,85,502	634	Rohitbhai Chinubhai, Esq. (Chairman)	37,340	648	Rohit Mills	232.50	100	30.00*	45.00	50 00	*Nil*	12	Y.P.
63,75,000	4,05,93,766	2,79,09,326	1,75,09,252	1,87,159	Harivallabhdas Kakdas & Co.	94,128	1,619	Shri Ambica Mills	1,852.00	100	...	...	...	...	12	Y.P.
WEST BENGAL																
15,00,000	3,83,786	40,82,445	27,11,920	15,766	Calcutta Jagoney Private Ltd.	13,044	356	Basanti Cotton Mills	7.81	10	0.50	*Nil*	0.30		12	Y.P.
7,11,280																
1,90,620	3,62,600	1,03,05,007	68,71,408	—8,60,950	D. N. Bhattacharjee, Esq. (Mg. Director)	38,916	995	Bengal Luxmi Cotton Mill	85.00N	40	*Nil*	*Nil*	*Nil*	2 00	3	Y.P.
1,70,000								Bharat Commerce & Indust.	26.62	10	*Nil*	*Nil*	0.50		12	Y.P.
60,00,000	4,70,350	83,81,236	19,64,236	94,875	H. E. Sugia. Esq. (Mg. Director)			Bowreah Cotton Mills	32.50xD	10	*Nil*	*Nil*	1.00	2.00	12	Y.P.T.
24,00,000	31,39,700	1,80,34,149	86,59,084	2,15,857	Kettlewell Bullen & Co., Ltd.	42,812	841	Dunbar Mills	33.00	10	*Nil*	1.00	2.00	2.00	12	Y.
36,00,000	46,09,112	1,67,85,936	1,13,88,092	2,29,207	Kettlewell Bullen & Co., Ltd.	43,064	800	Jay Shree Textiles Ltd.	15.75	10	*Nil*	0.80	1.00	1.00	12	Y.
50,08,500	24,71,800	1,01,55,885	50,11,365	87,266	Birla Brothers Private Ltd.	31,06	206	Kesoram Ind. & Cotton Mills	11.00	10	*Nil*	0.25	0.25	0.50	3	Y.P.
1,60,00,000	2,98,94,557	7,99,50,481	3,14,69,908	3,44,919	Birla Brothers Private Ltd.	75,040	1,992	Rampooria Cotton Mills	11 00	10	0.50	*Nil*			6	Y.
Q. 19,67,760	78,492	50,99,829	32,32,579	—*21,450	Hasareemal Hemraj ...	23,036	795		2.50N	1D	*Nil*	*Nil*				
D. 5,00,000																
SOUTH INDIA AND OTHER CENTRES																
29,99,525	9,71,634	82,71,024	24,60,179	1,71,575	Kothari & Sons	24,000	...	Adoni Spg. & Wvg. Co., Ltd.	10.87	10	*Nil*	*Nil*	0.80	0.80	12	Y.P.
80,00,000	81,50,000	77,28,088	28,12,533	33,093	Best & Co. (Pondicherry) Pvt. Ltd.	42,656	1,055	Anglo-French Textiles Ltd.	158.00	100	6.00	11.00	15.00	16.00	12	Y.P.
50,00,000	7,40,000	85,15,546	32,26,413	286	Sen & Co.	25,984	...	Asher Textiles Ltd.	230.00	100	6.00	6.00	6.00		9	Y.
75,00,000	19,55,192	2,16,37,183	81,44,425	3,120	O. S. Tyabjee, Esq. (Mg. Director)	56,126	725	Asan Jahi Mills	36.00	100	10.00	10.00	10.00	18.00	12	Y.P.
1,51,50,000	1,66,76,867	41,16,85,499	3,35,46,441	2,25,402	B. F. G. Hunter, Esq. (Chairman)	46,246	1,167	Bangalore Woollen	243.00	100	*Nil*	*Nil*	*Nil*		12	Y.
4,75,44,225	6,30,205	5,94,49,233	4,11,814	Geokwad Chimal & Co. Private Ltd.	...	...	Baroda Rayon Corporation	139.00	100	*Nil*	*Nil*	*Nil*	2.00	3	Y.
93,95,950	1,12,56,518	1,76,41,824	1,27,43,788	1,54,591	Birla Brothers Private Ltd.	39,896	1,064	Birla Cotton Spg. & Wvg.	37.50	10	0.75	*Nil*	0.75	1.00	12	Y.P.T.
1,78,47,800	3,33,27,954	9,29,93,071	5,55,44,491	2,15,318	B. F. G. Hunter, Esq. (Chairman)	1,30,288	2,752	Birla Cotton Spg. & Wvg.	265.00	100	16.00	16.00	18.00	18.00	12	Y.P.T.
20,60,000	4,27,999	28,99,300	4,07,991	5,247	G. N. Sam & Co.	17,356	4	Bhatinghan & Co. Mills	13.00	10	*Nil*	*Nil*	0.90	1.20	12	Y.

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,13,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	11.81	10	0.25	0.50	1.00	0.25	3	Y.P.T.
5,00,000	16,40,000	77,47,320	49,41,324	2,22,948	McLeod & Co., Ltd.	456	Alexandra	300.00	100	10.00	15.00	44.00	30.00	3	Y.P.T.
30,00,000	9,08,850	1,44,87,735	1,04,85,923	—1,17,975	McLeod & Co., Ltd.	1,294	Alliance	130.00	100	Nil	Nil	44.00	Nil	12	Y.P.T.
49,20,700	85,71,000	2,80,86,747	1,84,94,034	5,74,363	Duncan Brothers & Co., Ltd.	2,561	Angio-India	235.00	100	10.00	12.50	20.00	Nil	5	Y.P.
40,00,000	28,14,827	1,46,86,173	88,52,153	45,981	Bird & Co. Private Ltd. ..	810	Auckland	168.00	100	5.00	20.00	20.00	7.50	3	Y.P.
29,00,000	34,84,417	1,47,50,373	85,10,664	1,00,757	Birla Brothers Private Ltd. ..	959	Bally	310.00	100	6.00	10.00	27.00	12.00	3	Y.P.T.
£275,000	£242,859	£1,372,653	£967,103	£95,080	Sir John H. Burder (Chairman)	1,889	Barnagore	189.00	£5	Nil	10sh.	£1.10sh	10 Sh.	3	Y.P.
45,00,000	26,91,700	70,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	600	Bengal	10.31	10	0.50	0.50	1.00	0.25	3	Y.P.
91,25,000	$10,27,813	8,17,63,760	2,90,00,714	1,83,905	Birla Brothers Private Ltd. ..	1,373	Birla	34.56	10	1.00	0.50	0.50	Nil	3	Y.P.
38,00,000	10,40,080	1,26,16,150	74,88,636	—8,07,564	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	183.00	100	6.00	15.00	1.00	1.50	3	Y.P.T.
7,43,380	4,000	45,02,280	35,10,243	—1,47,560	Jayaram & Sons	502	Calcutta Jute Mfg.	8.37	10	Nil	0.50	10.00	1.50	3	Y.P.
10,00,000	28,17,882	92,95,041	54,68,981	11,777	M.	616	Caledonian	206.00xd	100	Nil	Nil	Nil	Nil	10	Y.P.
88,16,400	$2,28,226	2,14,54,087	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	690	Champdany	142.00	100	Nil	7.00	12.00	5.00	12	Y.P.T.
38,55,250	53,20,004	1,27,98,440	62,83,418	1,21,441	Andrew Yule & Co., Ltd. ..	1,131	Cheviot	25.12	10	0.50	1.25	7.00	10.00	11	Y.P.
30,15,000	31,67,621	1,26,04,229	74,40,619	—7,56,279	McLeod & Co., Ltd.	500	Chitavalsah	12.37	10	0.50	1.25	Nil	0.50	3	Y.
34,00,000	9,00,000	82,54,029	61,31,208	—3,09,256	M.	669	Clive	9.25	10	Nil	1.25	1.50	Nil	11	Y.P.
31,49,200	14,68,891	1,10,14,699	69,67,313	9,802	Bird & Co. Private Ltd. ..	766	Dalhousie	127.00	100	Nil	Nil	1.00	Nil	7	Y.P.T.
56,00,000	51,26,797	1,52,41,028	53,33,035	—8,06,540	Andrew Yule & Co., Ltd. ..	779	Delta	191.00	100	Nil	Nil	1.00	1.00	3	Y.P.
15,00,000	38,81,700	2,15,14,250	79,24,556	48,572	McLeod & Co., Ltd.	500	Empire	17.37	10	1.00	14.00	7.50	Nil	3	Y.P.
83,00,000	81,72,389	3,52,62,387	1,80,85,987	72,355	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd. ..	470.00	100	10.00	1.25	10.00	11.25	11	Y.P.
21,00,000	19,81,918	1,32,23,393	76,17,723	1,94,899	Bangur Bros., Ltd.	1,014	Fort William	28.44	10	1.50	20.00	25.00	0.75	7	Y.P.T.
34,32,100	5,16,898	2,24,66,716	1,48,80,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	14.56	10	Nil	Nil	1.00	3	3	Y.P.T. Y.P.T.
10,80,000	84,36,246	98,03,727	53,00,178	14,067	M.	607	General Ind. Society Ltd.	55.00	100	Nil	Nil	1.00	3		
24,00,000	84,36,268	2,74,15,455	1,81,96,760	82,035	Macneill & Barry Ltd.	1,594	Gourepore	504.00	100	20.00	25.00	4.00	3	3	Y.P.
40,30,000	71,35,723	1,53,01,146	76,47,784	2,85,890	Bangur Bros., Ltd.	1,078	Hastings	115.00N	100	5.00	6.00	30.00	25.00	12	Y.P.
16,20,000	$1,69,633	83,48,980	55,07,773	38,329	J. & R. Hutcheson Private Ltd.	720	Hooghly	29.00	10	Nil	6.00	6.00	3	3	Y.P.
65,62,500	42,62,842	2,25,18,876	1,45,23,467	97,720	Jardine Henderson Ltd. ..	1,940	Howrah	21.75	10	Nil	0.50	1.00	2.00	3	Y.P.
52,50,000	58,73,191	2,21,04,272	1,38,99,274	1,62,375	Ramdutt Ramkissendas	2,272	Hukumchand	25.62	7.50	1.50	1.00	1.25	1.00	3	Y.P.
87,50,000	28,63,965	1,86,83,015	1,09,04,164	76,164	M.	790	India	16.00	10	1.50	12.50	1.50	2.50	3	Y.P.T.
24,00,000	9,99,568	2,00,18,513	1,47,19,819	—17,20,761	Jardine Henderson Ltd. ..	1,797	Kamarhatty	188.00	100	1.50	6.00	20.00	1.50	3	Y.
'8'19,20,000								188.00N	'B'100	5.00	20.00	5.00	Nil		
38,00,000								121.50	100	Nil	Nil	5.00	Nil	12	Y.P.T.
'8'24,00,000	....	1,78,14,456	1,25,51,530	—30,30,212	Jardine Henderson Ltd. ..	1,527	Kankanarrah	121.00N	'B'100	Nil	Nil	Nil	Nil		
23,00,000	57,46,000	1,59,67,739	1,08,91,650	2,61,205	McLeod & Co., Ltd.	703	Kelvin	200.00	100	12.50	14.00'C	Nil	Nil	12	Y.P.T.
54,00,000	23,98,564	2,18,73,559	1,39,30,172	300	Anderson Wright Ltd.	1,530	Khardah	17.31	10	0.80	2.00	15.00	15.00	5	Y.P.
59,85,600	47,39,756	2,07,21,456	1,33,78,784	62,406	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	160.00	100	5.00	10.00	2.00	0.50	5	Y.P.
24,48,000	6,04,572	1,08,23,825	71,08,446	—3,54,448	Bird & Co. Private Ltd. ..	931	Lansdowne	137.50	100	Nil	Nil	20.00	0.50	3	Y.P.
33,00,000	14,15,430	85,77,636	42,23,242	54,949	Bird & Co. Private Ltd. ..	840	Lawrence	171.00	100	Nil	Nil	7.00	Nil	3	Y.P.T.
31,85,200	44,95,037	2,38,57,106	1,46,72,214	84,905	M.	1,294	Manna	13.00	10	1.75	2.00	Nil	15.00	3	Y.P.
29,98,900	34,36,392	1,64,53,185	94,33,205	—11,40,635	M.	315	Nalhati	112.00	100	Nil	1.00	1.20	15.00	3	Y.P.
20,00,000	11,82,460	36,57,072	27,63,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.75	0.50	1.25	3	Y.P.T.
36,00,000	62,63,706	1,06,02,939	25,02,498	41,329	M.	852	National	22.75	10	0.75	1.00	0.75	0.50	3	Y.P.T.
20,25,000	33,13,272	73,06,659	37,45,740	59,869	McLeod & Co., Ltd.	316	Nellimarla Jute	12.12	10	1.00	1.40	0.75	1.00	10	Y.T.
2,85,45,379	2,60,72,020	9,66,78,531	1,71,72,801	Nil	Sahu Jain Ltd.	1,745	New Central	16.00	10	1.50	1.40	0.30	0.50	10	Y.P.
38,79,888	51,93,617	1,30,21,348	77,30,533	52,374	Bird & Co. Private Ltd. ..	567	Northbrook	30.06	10	Nil	1.25	1.50	1.50	7	Y.P.T.
32,79,500	41,28,236	2,23,50,331	1,19,31,974	1,95,322	Macneill & Barry Ltd.	1,292	Nuddea	62.00	50	2.50	5.00	3.00	3.00	3	Y.P.T.
25,00,000	11,44,471	1,06,51,380	78,95,872	4,940	McLeod & Co., Ltd.	498	Presidency	5.37	5	0.37½	0.50	4.00	3.00	3	Y.P.T.
30,00,000	73,604	36,55,345	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd. ..	395	Rameshwara	9.12	10	Nil	Nil	0.40	0.50	3	Y.
49,50,000		1,24,88,157	67,33,074	—35,32,381	Jardine Henderson Ltd.	1,276	Reliance	8.31	10	Nil	Nil	Nil	Nil	3	Y.P.
£600,000	£400,055	£1,495,548	£859,102	£23,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	6%†	Nil	Nil	Nil	3	Y.P.
30,00,000	19,67,206	1,24,56,559	91,65,688	69,519	Bagaria More & Co., Ltd.	911	Shree Ambica	35.00	10	0.50	10%†	6%†	Nil	3	Y.P.T.
14,50,000	15,98,900	75,51,195	53,53,139	16,186	Hindustan Investment Corpn. Ltd.	491	Soorah	24.00xd	10	1.50	2.50	2.50	2.50	12	Y.P.
£600,000	£420,965	£1,276,168	£743,619	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,704	Titaghur	9.50N	£1	8%†	10%†	2.50	2.50	3	Y.P.
35,35,000	$7,94,654	93,18,707	55,10,623	8,800	Bird & Co. Private Ltd. ..	1,326	Union	166.00	100	15.00	10%†	6%†	2.50	12	Y.P.
5,000,000	£279,325	£1,285,223	£611,722	£17,815	Thomas Duff & Co. (India) Pvt. Ltd.	1,321	Victoria	9.50N	£1	6%†	10%†	6.00	6.00	12	Y.P.
2,50,000	7,20,008	82,36,786	45,97,647	96,014	McLeod & Co., Ltd.	447	Waverley	6.37	1	Nil	0.25	0.30	0.30	12	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES															
16,08,900	4,83,541	17,78,041	5,77,668	16,616	Yeung India Agencies Private Ltd...	572	Balanoor Tea and Rubber ..	18.75	10	1.75	1.50	1.50	1.50	3	Y.P.
58,92,542	22,19,747	84,13,767	15,15,173	78,105	Kothari & Sons (Agts. Pvt. Ltd.	3,553	Bhise Mountain	2.43	1	0.25	0.25	0.25	0.20	3	Y.
5,50,000	8,99,532	17,03,426	3,74,494	14,168	K. Anantaraman, Esq. (Mg. Director)	845	Chandramalai Estates Ltd.	2.50	2	0.25	0.25	0.25	0.20	3	Y.
14,00,180	14,42,662	27,69,905	9,36,641	48,658	Peirce, Leslie & Co., Ltd. ..	1,714	Chembra Peak Estates ..	3.45	2	0.25	0.20	0.20	0.20	3	Y.
5,66,420	19,20,088	34,05,622	2,29,388	24,732	Matheson Beauepair & Co. Pvt. Ltd.	522	Coonoor Tea	28.00	10	2.00	2.00	2.00	2.00	3	Y.
4,80,000	5,19,338	13,74,821	3,42,244	5,130	Srinivas Agencies	661	Deep Tea	4.96	2	0.40	0.40	0.40	0.40	3	Y.
6,60,000	4,81,315	13,61,926	3,69,201	656	P. G. Krishna Iyer, Esq. (Mg. Director)	352	Devashola (Nilgiri) Tea ..	26.05xr	10	2.50	2.50	2.50	2.50	3	Y.
10,74,650	3,81,046	11,60,946	2,46,302	13,286	Yeung India Agencies Private Ltd...	447	Devon Tea	18.50	10	1.75	1.50	1.50	1.50	3	Y.
5,00,000	1,57,606	4,14,183	1,04,787	4,494	M.	155	Emerald Valley Estates ..	5.55	10	0.50	0.50	0.50	0.50	3	Y.
25,00,000	18,55,500	58,71,686	10,31,843	77,135	Parkins Private Ltd.	1,566	Halleybury	12.16xd	10	2.00	2.00	2.00	Nil	12	Y.
9,60,000	3,86,159	18,77,488	8,94,129	59,573	Peirce, Leslie & Co., Ltd. ..	495	Kalasa Tea	8.55	2	0.25	0.25	0.25	0.20	3	Y.
2,17,976	9,40,446	24,52,008	6,54,021	10,852	Peirce, Leslie & Co., Ltd. ..	1,275	Kil Kotagiri Tea	5.07	2	0.22	0.25	0.25	0.20	3	Y.
6,90,000	2,14,272	12,67,080	1,15,811	879	P. S. Oommen & Co. Pvt. Ltd.	362	Karuharmala Plant. Ltd. ..	5.07	10	0.50	0.75	0.50	0.50	3	Y.
5,00,000	1,21,604	10,04,528	93,287	32,559	Mathesen Beauepair & Co. Ltd.	268	Lucky Valley	10.40xd	10	1.00	1.00	Nil	0.40	10	Y.P.
2,50,000	7,000	3,45,587	71,789		Vasantha & Co. (Trichy) Pvt. Ltd.	125	Manat Estates Ltd.	2.10	1	0.24	0.10	0.20	1.00	12	Y.
3,00,000	6,16,504	14,45,987	3,15,788	1,740	Kayen Thomas, Esq. (Mg. Director).	560	Mimalley	20.00	25	1.75	1.00	0.75	0.50	12	Y.
86,00,000	23,87,894	86,09,896	16,12,180	16,820	A. V. Thomas & Co. (India) Ltd.	2,829	Neelamalai	8.85	5	0.37	0.37	0.75	0.50	3	Y.
15,00,000	7,04,387	23,03,725	6,12,288	27,999	A. V. Thomas & Co., Ltd. ..	1,464	Nellianpathy	3.88	2	0.30	0.30	0.37	0.37	3	Y.
14,06,250	4,45,540	20,87,155	4,55,851	20,799	A. V. Thomas & Co., Ltd. ..	1,052	Nilgiri Tea	9.10	5	0.40	0.40	0.50	0.50	3	Y.
23,10,000	5,77,357	35,77,599	13,53,272	22,735	Harrisons & Crosfield Ltd. ..	1,326	Nonsuch Tea	22.25	10	2.50	2.50	2.50	2.50	3	Y.
14,58,960	16,87,314	33,02,719	6,08,115	40,696	P. S. M. Mahyoozr, Esq. (Chairman)	579	Parkside	23.00	10	2.50	2.75	2.50	2.00	Y.P.T.	
6,00,000	6,83,906	1,53,792	59,947	2,51,170	S. Sivaramakrishna Aiyar, Esq.	709	Peninsular Plantations Ltd.	22.10	10	1.50	1.50	1.75	2.25	3	Y.
17,60,000	12,82,318	44,58,202	17,51,626	72,279	Agastyaal & Co. (Travancore) Ltd.	1,544	Peermade	20.55xd	10	1.50	1.50	2.00	2.00	3	Y.
97,94,200	80,24,711	1,18,81,238	29,12,998	66,407	Peirce, Leslie & Co., Ltd. ..	2,718	Periakaramalai	3.40	2	0.20	0.25	0.25	0.25	3	Y.
13,50,000	2,90,500	13,53,599	1,44,228	3,047	A. V. Thomas & Co. (India) Ltd.	565	Sherveey Estates Ltd.	1.53	1	0.15	0.15	0.37	0.40	12	Y.
9,00,000	12,71,772	25,90,857	9,11,570	4,140	T. Stanes & Co., Ltd.	1,127	Stanes Amalgamated	15.75	10	0.80	0.80	0.75	0.75	3	Y.
1,25,000	15,000	2,18,902	11,389	490	M.	216	Switzen Estates	2.82	2	0.15	0.15	0.75	1.50	3	Y.
18,50,000	11,79,240	33,21,228	4,17,990	2,884	Srinivas Agencies	1,031	Tekayar Tea	3.82	2	0.12	0.10	0.25	0.25	3	Y.
18,75,000	16,53,000	33,75,717	4,33,545	11,305	Parkins Private Ltd.	1,215	Tyerfield	9.65xd	10	1.50	1.50	1.00'C	1.00	3	Y.
31,28,220	14,52,765	49,96,418	19,93,195	30,105	T. Stanes & Co., Ltd.	1,771	United Nilgiri	21.12	10	1.00	1.00	1.00	0.80	12	Y.
47,85,000	18,09,057	75,54,459	10,36,261	91,703	Kothari Mahta & Co. Pvt. Ltd.	997	Waterfall	2.28	2	0.25	0.25	0.10	0.20	12	Y.
RUBBER AND OTHERS															
6,00,000	5,52,435	16,88,453	4,57,025	20,305	Ramani & Co. Pvt. Ltd.	276	Alagewar Estates Ltd.‡	3.00	1	0.30	0.15	0.15	0.30	3	
6,75,000	2,85,537	19,38,013	3,50,055	14,796	K. N. Neelakantan, Esq. (Mg. Director)	1,706	Amalgamated Coffee Estates Ltd.	11.06	10	0.80	0.75	1.00	1.00	3	Y.
3,50,000	5,92,085	14,45,304	1,89,925	48,810	A. V. George & Co., Ltd. ..	829	Anamalan Rubber Co., Ltd. ..	10.50xd	10	1.00	1.50	1.50	1.50	3	Y.
12,07,320	5,52,040	21,06,921	3,74,016	3,563	Associated Planters Private Ltd.	1,247	Associated Estates Ltd. ..	2.00	1	0.75	0.50	0.50	0.50	12	Y.P.T.
4,85,200	4,50,000	8,61,867	1,01,113	22,299	Young India Agencies Pvt. Ltd.	316	Badra Coffee Estates Ltd. ..	2.15	1	0.25	0.25	0.40	0.20	12	Y.
4,20,000	1,62,748	7,34,967	1,16,823	2,422	A. V. Thomas & Co. (Mysore)	379	Balasadkin Coffee & Produce..	6.35	2	0.25	0.25	0.625	0.20	3	Y.
5,00,000	2,15,000	4,08,856	62,711	4,065	Planting Agencies (Private) Ltd.	274	Balasadkin Plantations	1.90	1	0.25	0.15	0.15	0.10	3	Y.
3,66,115	3,56,258	12,50,384	13,674	674	T. K. Oommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd. ..	2.53	1	0.25	0.25	0.25	0.10	3	Y.
36,71,277	20,32,511	66,36,015	9,05,287	10,145	Peirce, Leslie & Co., Ltd. ..	3,205	Cochin Malabar	7.00	1	0.50'C	0.45	0.625	0.80	3	Y.
20,25,000	23,51,494	15,14,247	1,96,703	2,794	Cons. Coffee Estates (Secretary)	1,035	Consolidated Lands and Industries	15.25	10	2.00	2.50	2.00	2.00	3	Y.
71,25,000	70,70,102	1,65,00,964	45,70,818	2,26,719	C. L. Maida, Esq. (Mg. Director)	2,523	Consolidated Coffee	16.40	10	2.00	2.50	2.00	1.50	3	Y.
6,00,000	3,08,735	14,96,296	90,289	2,116	Associated Planters Private Ltd.	1,480	Cothanad Plantations	10.10	10	1.50	1.50	1.50	2.00	3	Y.
4,05,000	2,25,000	3,37,391	94,352	24,416	Peirce, Leslie & Co., Ltd. ..	686	Devereedy Estates (Coffee) ..	4.20	2	1.00	0.50	0.50	0.40	3	Y.
13,00,000	11,10,000	23,85,351	7,48,486	22,299	A. V. Thomas & Co., Ltd. ..	1,291	Highland Products	13.75	10	1.50	1.50	1.50	0.50	3	Y.
11,25,795	11,77,795	21,15,425	3,43,544	21,972	A. V. George & Co., Ltd. ..	1,545	Kallas Rubber Co., Ltd.	5.00	2	0.50	0.50	0.50	0.50	3	Y.
6,00,000	6,52,564	19,42,529	3,96,651	3,912	A. V. Thomas & Co., Ltd. ..	1,070	Kalpetta Estates	11.87	10	1.00'C	1.00	1.25	0.80	12	Y.
4,80,000	2,90,000	9,17,596	1,46,758	24,066	Peirce, Leslie & Co., Ltd. ..	1,170	Kottagode Estates Ltd.	4.16	2	0.40'C	0.40	0.50	0.50	3	Y.
12,50,000	5,47,456	23,25,288	4,46,872	47	K. T. Thomas Kathanar, Esq.	2,143	Malankara Rubber	16.90	10	1.75'C	1.50	1.50	1.50	4	Y.
40,00,000	2,50,000	8,43,096	61,846	3,394	Associated Planters Pvt. Ltd.	986	Marvara Rubbers Ltd.	8.30	1	1.00	1.00	1.00	1.00	16	Y.
2,25,000	14,36,542	97,34,797	12,48,990	4,478	A. V. Thomas & Co., Ltd. ..	1,231	Mittimal Rubber	11.40	10	1.00'C	1.00	1.00	1.00	3	Y.
2,25,000	4,12,607	17,15,256	3,20,209	5,116	A. V. George & Co., Ltd. ..	1,231	Nanany Rubber	24.65xd	10	1.50	1.50	1.50	1.50	3	Y.
2,00,000	4,74,843	5,94,232	55,572	2,514	Associated Planters Private Ltd.	1,268	Nilambur Rubber Co.	14.50	10	2.00	1.50	1.50	1.50	3	Y.
10,45,960	26,55,583	55,11,761	20,57,781	10,888	Peirce, Leslie & Co., Ltd. ..	4,476	Ouchterlony Valley Estates ..	3.85xd	2	0.30	0.30	0.30	0.24	3	Y.
6,50,080	5,71,464	7,97,782	88,079	59,821	Peirce, Leslie & Co., Ltd. ..	1,241	Rahmath Coffee Ltd.	2.70	1	0.25	0.25	0.25	0.20	3	Y.
16,50,000	2,29,215	28,27,018	7,37,926	797	Agastyaal & Co., Ltd.	2,617	Pallangode Rubber	1.75	1	0.06	0.06	0.06	0.12	3	Y.
13,50,000	9,23,424	49,71,627	5,09,879	2,790	A. V. Thomas & Co., Ltd. ..	2,201	Rajagiri Rubber	20.75	10	2.00	2.00	2.00	2.00	3	Y.
2,50,000	1,54,963	3,80,760	47,974	1,484	Associated Planters Private Ltd.	1,252	Rahmath Coffee Ltd.	11.15	5	2.00	2.00	2.00	2.00	3	Y.
5,50,170	3,35,000	9,74,120	1,06,562	19,574	Peirce, Leslie & Co., Ltd. ..	1,785	Revenalad Estates Ltd.	3.12xd	2	0.25'C	0.25	0.25	0.25	20EH	
12,00,000	2,35,000	19,78,850	1,56,966	4,075	Peirce Agencies	1,182	Sangameshwar Coffee Estates	1.52	2	0.12	0.12	0.12	0.12	3	Y.
10,00,000	2,86,139	22,58,303	1,82,267	4,884	Tezpur Tea Agencies Private Ltd.	1,444	Teabay Rubber (India) Ltd. ..	6.45	10	0.50	0.50	0.50	0.12	3	Y.
2,25,000	2,53,474	14,21,005	57,772	12,559	Agastyaal & Co., Ltd.	887	Thannayathy Rubber	15.90xd	10	2.00	2.00	Nil	3	Y.	
9,15,900	10,50,000	15,05,266	1,90,378	5,084	Peirce, Leslie & Co., Ltd. ..	2,991	Thiruvadi Rubber Co., Ltd. ..	1.53	1	0.10	0.07	0.09	0.09	3	Y.
6,60,000	45,748	8,26,446	1,80,988	4,486	Rapon Thomas, Esq. (Mg. Director)	1,276	Travancore Rubber & Tea ..	12.25xd	10	1.00	1.00	1.00	0.87	12	Y.
41,50,000	15,07,000	94,29,715	25,75,765	11,075	Agastyaal & Co. (Travancore) Ltd.	5,227	Tropical Plantations Co. ..	10.55xd	10	1.50	1.50	0.75	0.90	3	Y.
20,00,000	1,91,000	33,48,191	9,98,484	223	P. T. Thomas, Esq. (Mg. Director)	2,197	Tropical Plantations Co. ..	18.75xd	25	1.50	2.50	2.50	1.00	3	Y.
6,00,000	4,94,000	17,83,416	1,27,426	16,655	P. L. J. Joseph, Esq. (Chairman)	1,240	Valiamalai Rubber & Co. ..	5.50	5	0.50	0.50	0.50	2.00	3	Y.
5,00,000	4,25,000	10,20,120	1,18,755	7,561	A. V. George & Co., Ltd. ..	508	Udagagiri Rubber Co., Ltd. ..	19.50	10	0.75	1.50	1.50	1.50	3	Y.
3,80,010	5,47,051	10,34,166	54,798	9,285	S. Padmanabha Aiyar, Esq. (Chairman)	1,116	Valliamalai Rubber Co., Ltd. ..	31.70	10	0.50	0.50	0.50	0.10	3	Y.
12,00,000	13,40,902	16,15,277	1,52,186	1,12,013	Peirce, Leslie & Co., Ltd. ..	1,090	Warkworth Estates Ltd.	2.80xd	2	0.30	0.30	0.30	0.20	3	Y.
6,00,000	97,209	13,65,464	1,02,351	29,913	M.	366	Woodland Estates	7.85	10	0.50	0.50	0.60	0.60	3	Y.

V—Includes 60 nP for 30-6-1954. 'C'—On increased capital * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

| Paid-

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
30,00,000	....	47,28,258	20,57,464	29,863	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd. ..	13.19	10	*Nil*	*Nil*	0.60	0.60	3	Y.
18,50,000	13,50,919	20,56,614	10,75,787	12,385	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.24	10	3.50	2.00	2.00	3.00	9	Y.
66,26,146	19,77,396	1,61,24,989	62,22,100	1,703	Bharat Ram Bharat & Co. ..	Bengal Potteries	7.10	2½	0.25	0.350	0.375		3	Y.P.
10,00,000	32,20,617	99,22,356	46,37,856	59,420	Bird & Co. Private Ltd. ..	Biera Stone Lime Co. ..	35.62	10	1.75	1.87	3.00		12	Y.
14,17,800	16,19,274	43,65,882	17,10,887	7,448	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	201.25	100	10.00	12.86	12.86		3	Y.
80,00,000	18,84,086	1,31,10,243	35,98,333	20,986	Sarai Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	154.00	100	*Nil*	*Nil*	8.00	15.00	9	Y.P.
£1,37,1,300	**£3,44,206**	**£3,61,4,146**	**£2,08,1,108**	**£118,750**	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation ..	5.04	Sh. 2	0.24	0.36	0.36		12	Y.P.
₹5,00,000 } 0.15,00,000 }	**26,84,000**	45,04,655	13,23,593	2,56,452	Bird & Co. Private Ltd... ..	Karanpura Development	16.87	10	*Nil*	1.50	1.50		12	Y.
80,00,000	....	1,14,21,419	5,78,268	8,68,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd. ..	82.00	100	*Nil*	0.50	0.50		12	Y.
30,00,000	46,53,199	1,32,99,114	72,67,458	34,654	Bird & Co. Private Ltd. ..	Kumardhubi Fireclay and Silica Works.	26.00N	10	1.25	1.80	1.80	1.80	12	Y.P.
79,09,100	10,88,782	1,22,10,836	72,28,302	2,10,253	Sir Indra Singh, Kt., (Chairman)	Metal Corporation of India Ltd. ..	13.06	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
8,00,000	5,82,678	14,95,182	8,24,135	2,656	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	18.50	10	1.00*	1.00*	1.42½	1.20	3	Y.P.T.
30,00,000	64,15,230	71,67,922	30,76,350	1,16,099	Bird & Co. Private Ltd. ..	Orissa Minerals	42.00	10	2.50	3.60	3.60	2.80	9	Y.
3,50,000	17,29,249	92,49,901	49,48,489	37,499	A. V. Gharpure, Esq. (Chairman) ..	Parshuram Pottery Works Co. Ltd. ..	101.00	25	3.75	3.75	5.36	5.36	6	Y.
20,86,650	54,10,475	1,10,96,407	49,48,144	—7,04,525	Kilnick Industries Ltd.	Shivrajpur Syndicate	36.50	10	3.00*	5.00	3.00*	*Nil*	11	Y.
CHEMICAL														
24,00,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers ..	95.00	100	....	....	....	....		
95,00,000	59,26,309	2,67,02,864	96,20,656	48,022	Bhallai Amin & Sons (Private) Ltd. ..	Alembic Chemical Works Co. ..	226.50	100	12.00	16.00	14.00	14.00	12	Y.P.
3,10,00,000	1,97,50,273	6,36,11,695	1,63,10,292	1,16,274	Imperial Chemical Industries (India) Private Ltd. ..	Alkali and Chem. Corpn. of India ..	45.87	10	0.80	0.95	1.20	1.50	9	Y.P.
88,98,875	76 14 312	1,34,46 697	86,87,142	85,560	Amritlal & Co. Private Ltd. ..	Amar Dye-Chem. Ltd. ..	822.50	100	*Nil*	12.00	12.00	9.00	12	Y.P.
39,76,700	40,23,581	1,77,41,520	68,66,368	51,617	Kasturbhai Lalbhai & Co. ..	Anil Starch Products Ltd. ..	760.00	100	20.00*	28.00*	30.00*	30.00*	12	Y.P.
2,41,84,550	1,23,58,362	5,48,52,735	1,45,58,475	2,38,210	Lalbhai Sons & Co. ..	Atul Products Ltd.	480.00xd	100	10.00	12.00	12.00	12.00	12	Y.P.
1,00,00,000	66,84,606	1,50,89,951	77,12,538	1,50,717	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar. ..	104.00	100	6.00	7.00	7.00	12.00	12	Y.
1,00,00,000	28,71,461	1,06 12 885	15,44,929	30 077	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	485.00	100	*Nil*	*Nil*	*Nil*	10.00	3	Y.P.T.
9,99,937	2,53,843	15,65,822	7,97,013	672	Vadilal & Co.	Chemo-Pharm. Laboratories Ltd. ..	85.00	25	2.00	2.50	2.50	3.00	3	Y.
21,83,830	10,80,583	1,37,77,758	53,97,004	9,125	Dharamal Morarji & Co. ..	Dharamsi Morarji Chemical Co., Ltd. ..	172.50	50	6.00	6.00	1.80	3.00	12	Y.
1,07,36,800	59,02,516	5,26,79,418	1,42,87,709	1,32,263	Sahu Bros. (Saurashtra) Private Ltd. ..	Dhrangadhra Chemicals ..	120.00	100	6.00	4.00(c)	*Nil*	8.00	12	Y.
3,46,06,075	38,17,000	6,56,26,587	3,06,35,610	26,13,156	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	7.80xd	10	0.40	0.60	0.60		3	Y.P.
1,49,96,200	89,44,101	48,84,456	17,56,571	78,892	Malatlal Gagalbhai & Sons ..	Indian Dyestuffs Industries Ltd. ..	540.00	100	*Nil*	*Nil*	6.00	6.00	12	Y.
12,00,000	6,50,911	27,89,148	14,86,985	55,617	Jai H. Mehta	Kemp & Co.	325.00	200	15.00	20.00	6.00	6.00	3	Y.P.
80,01,535	24,87,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mettur Chemical	18.10	10	0.87½	0.88	1.25	25.00	3	Y.
24,11,200	10,47,776	66,46,879	48,55,257	8,514	T. Shanmuna, Esq. (Chairman) ..	Mysore Chemicals and Fertilisers Ltd.	19.50	10	0.50	0.50	1.25	1.25	3	Y.
4,00,000	4,55,261	12,57,687	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemical Mfg.	21.75	10	2.00	2.50	1.00	1.00	3	Y.P.T.
40,90,000	26,33,816	65,06,379	16,88,584	1,54,708	Ramdas Kilachand, Esq. (Chairman) ..	Polychem. Ltd.	200.00	50	*Nil*	8.00	5.50	2.00	3	Y.P.
15,00,000	11,17,980	34,89,082	21,90,718	3,10,028	Rangnu Brothers Ltd.	Phosphate Co., Ltd.	263.00	100	25.00	45.00	85.00	25.00	3	Y.P.
10,90,900	15,32,251	28,75,181	16,16,060	1,22,545	C. A. Buxton	Smith Stanistreet & Co. ..	15.50	5	0.80°C	1.25	1.25	1.25	6	Y.
4,80,00,000	....	1,41,20,622	31,717	3,87,220	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd. ..	226.00	100	....	....	....	*Nil*	3	Y.P.
3,51,96,900	59,67,561	7,09,65,786	2,29,10,386	3,571	Tata Industries Private Ltd.	Tata Chemicals	16.12	10Old	0.75	0.525	0.60	0.65	3	Y.
18,00,000	2,92,249	21,75,764	..7,74,221	56,848	P. Krishnamoorthy Esq. (Mg. Director)	Travancore Chemical Mfg. Co., Ltd.	24.50	10	0.70	1.00	1.50	2.00	3	Y.P.T.
25,20,000	....	8,87,362	606	—5,45,880	Mr. M. J. Valdya (Chairman)	Travancore Electro-chemical Ind:	95.00	100	*Nil*	*Nil*	*Nil*	2.00	3	Y.P.
14,81,250	....	5,72,958	1,806	2,159	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd. ..	212.50	100	..	..	..	..	12	Y.
													12	Y.
ELECTRIC (BOMBAY														
9,74,78,395	1,47,38,524	16,04,61,688	4,52,57,864	422	Kilnick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	90.00	100	6.50	5.75	7.00	7.00	3	Y.T.
81,56,250	26,20,222	2,56,78,933	68,34,925	18,58,834	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.28	10	0.85	0.90	1.00*		3	Y.P.
3,62,77,000	1,01,96,442	11,78,08,745	2,80,12,670	80,548	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,025.00	100	80.00*	80.00*	80.00*	80.00*	3	Y.P.
1,75,00,000	99,08,640	4,61,03,774	1,11,97,816	4,522	Kilnick Industries Ltd.	Bombay Suburban Electric Supply ..	108.50	100	7.00	7.50	8.00	85.00*	3	Y.P.T.
7,87,220	1,03,967	16,97,245	8,70,226	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developments.	7.00	10	0.50	0.60	0.60	8.00	3	Y.
48,30,000	12,56,813	1,57,72,704	61,59,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	61.00	100	7.50	8.00	9.50	8.25	3	Y.P.
70,00,000	20,61,519	1,72,01,819	66,35,377	1,914	Kilnick Industries Ltd.	Surat Electricity	96.50	100	7.50	8.00	9.50	8.25	3	Y.P.T.
3,99,99,875	1,23,08,557	8,51,68,079	2,08,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	113.00	100	8.00*	8.00*	7.50	8.00	3	Y.P.
5,15,86,000	3,10,84,482	20,78,53,061	4,81,56,686	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,106.25	1,000	80.00*	80.00*	80.00*	85.00*	3	Y.P.
West Bengal and Other Centres														
19,98,600	49,57,868	1,79,22,870	42,68,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	126.00	100	10.00	10.00	11.00	11.00	3	Y.
8,00,000	15,46,067	58,88,610	24,21,818	24,137	Martin Burn Ltd.	Barailly Electric Supply	11.50	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	48,76,469	1,78,08,355	51,62,951	46,844	Martin Burn Ltd.	Benaras Electric Light & Power Co. ..	12.25	10	1.00	1.00	1.10	1.10	3	Y.T.
5,91,485	6,92,269	24,06,767	12,04,189	99,230	Octavius Steel & Co., Ltd. ..	Bhagalpur Electric Supply	6 12	5	0.40	0.40	0.64		3	Y.T.
64,202,646	89,457,172	835,950,954	814,225,963	8124,585	Harry Burn, Esq. (Chairman) ..	Calcutta Electric Supply	15.19	61	7%	7%	7%	7%	3	Y.T.
6,60,090	7,55 075	87,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd. ..	Cuttack Electric Supply	12 62	10	0.85	0.85	0.75	74%	3	Y.T.
48,20,000	27,18,468	1,06,87,886	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Darjeeling Power Supply	94.00	100	7.00	7.50	1.00	8.00	3	Y.P.T.
1,54,540	1,62,428	4,61,09,274	15,91,084	42,694	Moran Lall & Sons	Jhanel Electric Supply	6.00	10	0.624	0.624	0.60	10.00	3	Y.T.
22,49,700	28,00,194	1,12,04,249	42,98,578	82,593	Martin Burn Ltd.	Jubbulpore Electric Supply	11.12	10	0.92	0.92	1.00	1.00	3	Y.T.
5,82,390	4,52,535	27,46,518	13,98,792	40,204	Octavius Steel & Co., Ltd. ..	MuzaffarporeElectric Supply	11.80	10	1.00	1.00	1.25	1.00	3	Y.
86,07,380	40,44,800	1,41,54,880	58,06,270	75,727	Octavius Steel & Co., Ltd. ..	Patna Electric Supply	11.19	10	0.75	0.75	1.00	1.25	3	Y.
9,10,000	2,55,304	15,86,883	6,29,467	5,842	Octavius Steel & Co., Ltd. ..	Shahjahanpur Electric Supply	6.75	10	0.50	0.50	0.50		3	Y.
16,80,000	14,98,612	80,57,155	46,54,591	11,020	Bird & Co. Private Ltd.	Sijuah (Dhenkal) Elec. Supply Co. ..	8.87	10	0.68	0.75	1.00	0.625	3	Y.
29,92,900	20,44,900	2,22,90,156	74,37,284	11,885	Seshasaye Bros. Private Ltd. ..	South Madras Electric Supply Corpn.	10.05	5	0.40	0.50	0.50	0.90°C	3	Y.
5,00,000	12,50,396	57,75,615	13,66,448	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	15 25	10	1.25	1.25	1.25	1.25	3	Y.T.
56,00,000	76,01,918	4,29,48,755	1,54,85,172	99,174	Martin Burn Ltd.	U. P. Electric Supply Co.	128 00	00	10.00	10.00	10.00	11.00	3	Y.T.
8,00,000	11,41,474	46,63,814	18,15,572	84,018	Chandrie & Co. Private Ltd. ..	Vallere Electric Corporation	14.75	10	1.00	1.00	1.00	1.50	1.429	3	Y.
ENGINEERING (Bombay)														
42,91,300	57,58,264	77,94,075	61,99,616	24,806	Turner Morrison & Co. Private Ltd. ..	Alcock Ashdown & Co., Ltd.	332.00	100	12.50	17.00	17.00	22.50	12	Y.
19,99,060	4,35,000	23,00,166	9,62,245	49,445	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	111.25xd	50	3.00	4.00		9.00*	12	Y.
45,20,000	62,93,266	1,40,18,591		75,166	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	183 00	100	10.00*	15.00*	15.00*	18.00*C*	12	Y.
46,80,000	9,80,109	58,51,178	22,34,229	28,756	Dhanmull & Co.	Hindustan Electric Co., Ltd.	66.25	10	1.00	1.00	1.00		3	Y.
60*00,000	1,08,96,455	2,46,93,230	1,46,51,540	30,545	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	177 50	100	9.00	10.00	10.00	4.00	9	Y.
6,00,000	4,57,222	2 06,518	1,38,658	4,607	T. V. Saddeley, Esq. (Chairman) ..	Jost's Engineering	99 50	50	5 00	5.00	15.00*C*	15.00	6	Y.P.T.
50,00,000	14,47,412	78,14,760	26 07,388	11,756	Adnem Services	Jyoti Ltd.	198 75	100	12.00	12.00	4.00	5.00	3	Y.
44,00,250	5,18,949	79,00,166	37,12,990	5,162	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	15.76	10	0.50	0.775	12.00	12.00	12	Y.
55,42,00,000	94,93,324	1,36,56,387	75,91,505	11,174	Kirloskar Bros. Ltd.	Kirloskar Bros. Ltd.	55.00	25	2.50	3.00	0.80	0.90	9	Y.
48,72,400	40,84,021	1,11,74,204	49,95,960	1,709	Kirloskar Associates	Kirloskar Electric Co. Ltd.	23.50	10	0.75	1.00	0.90	2.50	7	Y.
87,50,000	49 67,710	1,14,25,996	39,15,988	2,86,450	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	44.80	10	1.00	1.00	1.10	1.10	6	Y.
15,00,000	4,58,946	25,18,944	6,77,094	5,688	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	847.50	100	1.00	1.00	1.45	1.50	3	Y.
1,10 00,000	86,76,765	1,21,61,582	37,48,210	98,848	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	32.25	10	1.25	1.25	1.80*C*	12.50	3	Y.P.
5,28,000 } 15,50,000 }	1,23,086	1,03,47,668	23,03,821	—2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)	Lakshmiratan Eng.	3.64	5	*Nil*	*Nil*	*Nil*	1.80	3	Y.P.
14,15,040 } 45,85,000 }	....	19,57,847	....	—1,55,991	B. L. Kacheria, Esq. (Secretary) ..	Lynx Machinery	7.76	10	..	..	*Nil*		9	Y.P.
1,82,00,000	53,67,088	1,74,90,463	59,61,076	2,55,040	K. C. Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	18.52	10	2.20	1.25	1.25		11	Y.
20,00,000	78,422	46,82,025	16,73,677	40,424	Prithivraj Sons	Man Industrial Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	1.25	1.50*	3	Y.
11,00,000	1,72,712	41,60,471	25,05,496	2,771	P. Jhunjhunwala, Esq. (Mg. Director) ..	McKenzies	156.00	100	*Nil*	*Nil*	*Nil*		10	Y.P.
41,32,910	57,00,000	1,38,14,471	50,48,402	....	Jeevan Prem Ltd.	Mukand Iron & Steel	26.25xr	10	1.20	1.00*	1.26	1.20	7	Y.P.
87,50,000	42,31,615	1,28,07,888	60,90,019	3,734	Kirloskar Associates	Mysore Kirloskar Ltd.	175 50	100	7.50	12.00	1.26	1.20	3	Y.P.
18,56,000	11,14,847	32,20,008	12,76,236	21,522	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd. ..	118 00	50	4.50	6.00	12.00	12.00	6	Y.
50,00,000	9 80,193	92,30,855	20,73,762	17,923	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	88.20	50		6.00	6.00	6.00	6	Y.
38,99,970	1,26,15,498	10,42,140	2,18,279	88,651	Walchand & Co. Private Ltd.	Premier Construction	240.00	100	12.00	12.00	12.00	9.00	3	Y.
30,00,000	12,07,375	1,09,98,988	48,88,995	9,319	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd. ..	161.00	100	12.00	12.00	12.00	12.00	12	Y.P.
87,34,42,550	87,46,97,973	1,55,41,78,192	66,76,78,142	94,084	Tata Industries Private Ltd.	Tata Iron and Steel	147 75	75 Old	6.00	6.00	12.00	12.00	12	Y.P.
7,99,97,800	2,88,57,408	24,80,95,291	11,17,81,117	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	357 00	100	9.00	9.00	9.72°C	10.80*	3	Y.P.
19,81,000	8,85,000	23,97,726	8,10,644	17,016	T. Maneklal Mfg. Co.	T. Maneklal Mfg. Co.	700.00	100	10.00	14.00	15.50	14.50	3	Y.P.
22,04,980	16,28,714	47,41,054	9,54,180	16,97,975	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	45.50	10	2.25	2.00	15.50		3	Y.T.
55,00,000	80,22,811	1,20,75,902	50,64,169	3,75,955	S. K. Bandoo, Esq. (Mg. Director) ..	Voltas Ltd.	292.00	100	9.00	8.00	8.00	8.25	3	Y.
70,00,000	.... ₹	10,49,952	₹ 14,291	22,584	R. H. Toprani, Esq. (Secretary) ..	Zenith Steel Pipes Ltd	17.00	10	..	..	15.00	14.00	3	Y.
												Nil	6	Y.
West Bengal and Other Centres														
6,00,000	1,06,470	26,89 661	18,48,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	13.00	10	*Nil*	1.50				
66,66,660	31,83,921	1,06,57 977	71,22,125	47,000	M.	Bharsia Electric Steel	15.19	10	1.25	1.50	1.50	1.00	12	Y.P.T.
40,00,000	5,00,390	27,62,178	12,27,083	52,670	G. D. Binani, Esq. (Mg. Director) ..	Binani Metal Works Ltd.	37.00	10		0.95	1.00	1.00	12	Y.
1,75,00,000	1,04,54,515	1,20,19,358	21,80,084	5,014	Y. D. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd. ..	37.00	10	1.25	2.25	2.50	2.50	12	Y.
13,00,000	35,25,754	83,27,611	34,75,098	1,87,999	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	58 00N	10	2.00*B*	2.00	2.00	2.50	12	Y.
12,38,676	7,04,341	39,97,836	14,99,985	92,996	Heilmox Wilson & Co., Ltd.	Britannia Building and Iron	8 50	10	0.50	0.60	2.00		12	Y.
20,00,000	44,89,966	1,31,00,560	58,18,694	1,86,852	McLeod & Co., Ltd.	Britannia Engineering	11.87	10	0.80	0.80			12	Y.
5,96,960	11,27,357	26,52,140	10,16,802	31,788	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	50.00	10	2.00	1.00	1.00		12	Y.
24,00,000	2,66,26,886	5,20 70,026	2,25,09,549	1,21,844	Martin Burn Ltd.	Burn & Co.	720.00	100	20.00	2.50	4.50		12	Y.P.T.
1,00,00,000	11,26,223	50,92,000	4,66,284	1,62,264	M.	Calcutta Steel Co., Ltd.	17 05	10		25.00	25.00	25.00	12	Y.P.
1,92,00,000	12,33,028	1,39,66,744	10,15,000	5,17,174	R. L. Malhotra, Esq.	Central India Machinery Mfg. Co. Ltd.	10 00N	10	*Nil*	*Nil*	6 25	25.50	12	Y.
80,00,000	16,00,000	1,25,47 315	27 99,099	1,64,772	J. Palmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	12 06	10	*Nil*	*Nil*	*Nil*	1.50	4	Y.P.
60,93,400	15,17,000	46,46,941	15,86,188	8,574	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	15 25	10	*Nil*	*Nil*	*Nil*		3	Y.
56,00,000	22,27,652	49,26,966	9,79,186	2,477	Harparshad & Co. Private Ltd. ..	Escorts Ltd.	20.00	10	1.00	0.50	1.00	1.00	9	Y.P.
4,00,00,000	6,76,06,738	9,28,09,410	2,04,79,767	....	N. R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	41.12	10	2.00	2.00	1.00	1.00	9	
12,56,900	6,00,000	21,58,962	11,87,127	61,847	Martin Burn Ltd.	Hoogbly Docking	138 12	10	1.00	2.00	2.00		10	Y.
18,00,00,000	24,26,27,622	87,16,56,000	17,24,44,000	16,41,911	Martin Burn Ltd.	Indian Iron and Steel	25.65	50	1.00*C*	1.00	1.00*C*	1.40	12	Y.P.
29,56,075	67,87,984	1,21,14,677	76,29,098	58,466	Martin Burn Ltd.	Indian Standard Wagon	208.00	25	1.00	1.00	*Nil*		12	Y.P.
94,53,150	2,62,04,628	2,22,96,580	1,52,64,926	10,91,466	Indra Sindh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	55 37	10	0.10	0.10	1.50	0.125	3	Y.
26,820							14.50	O. 1	4.00	6.00	7.125	7.125	3	Y.P.
46,32,732	3,71,841	36,01,297	15,94,384	10 662	C. R. Rameswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	12.40	10	0.40	0.162	2.30			
1,97,48,782	90,64,288	4,34,86,950	1,09,45,606	7,178	Madan Mohanlal Shriram & Co. Pvt. Ltd. ..			10	0.70	0.70	0.22	1.25	3	Y.
22,00,000	49,31,000	81,02,682	25,40,754	96,487	J. K. Industries Private Ltd.	Jay Engineering Works, Ltd.	29.12	10	1.20	1.20	1.716	1.715	3	Y.P.
2,05,90,000	1,98,14,818	3,89,58,884	1,25,15,733	....	Mr. K. S. Basu (Secretary)	J. K. Steel Ltd.	19 00	10	1.25	1.25	2.00	2.00	3	Y.
27,50,000	45,98,280	98,47,186	44,29,696	13,579	Bird & Co. Private Ltd.	Jessop & Co.	24.25	10	0.80	0.832	2.00	2.00	3	Y.P.
10,50,000	13,54,315	19,47,135	13,45,082	—5,53,659	Marshalls (Direction) Private Ltd. ..	Kumardhubi Engineering Works ..	9 12	2	0.80	0.80	0.80	0.80	3	Y.P.
49,95,000	18,56,926	1,44,34,142	38,32,008	—7,06,389	M.	Marshall Sons & Co. (India), Ltd. ..	3 87	5	0.30	0.30*C*	0.858		3	Y.P.
60,00,000	24,06,943	76,56,140	24,16,313	4,55,128	S. S. Ind. Development Co., Ltd. ..	National Iron and Steel Co., Ltd. ..	5.50	10	0.40	0.30	0.35		11	Y.P.
6,00,000	19,56,090	21,20,671	20,15,012	15 603	The British India Corpn. Ltd. ..	Richardson & Cruddas Ltd.	8.00	10	0.62	0.75	*Nil*	*Nil*	3	Y.P.
1,50,00,000	56,57,153	4,86,97,471	3,18,21,161	58,787	Birla Brothers Private Ltd.	Saran Engineering Co.	9 50	4	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
99,84,400	14,81,916	77,82,900	30,25,434	17,127	Rahamdarsen & Co.	Textool Co., Ltd.	176.00	100	12 00	2.00	0.85	0.40	6	Y.
										2.00	1.00		6	Y.
										15.00	15.00	15.00	4	

MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
60,50,000	2,17,59,602	4,00,13,820	1,14,17,317	1,86,167	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd. ..	18.56	10	0.90	1.00	1.20	1.20	3	Y.P.T
1,00,10,000	47,93,750	1,51,27,464	66,45,037	5,01,060	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd. ..	24.05	10	1.25	1.25	1.50	1.50	3	Y.
30,00,000	37,89,988	40,22,455	27,01,150	2,09,446	Turner Morrison & Co. Private Ltd. ..	Angelo Bros., Ltd.	23.94	10	1.50	2.00	2.50*	2.25	3	Y.
3,44,97,135	45,25,000	3,76,67,656	98,82,595	90,790	A. L. Lokhie, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	8.65	5	0.30	0.40	0.50	0.50	3	Y.
30,00,000	28,53,816	49,94,329	24,88,553	1,49,964	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	28.00xd	10	1.50	1.50	2.00	2.00	3	Y.
1,18,00,000	88,61,435	1,02,25,165	56,36,439	8,24,384	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (B) Ltd. A. ..	30.87	10	3.40	4.00	5.00*	12	Y.	
50,00,000	39,46,631	1,09,70,995	44,95,884	1,55,433	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	9.00N	10	0.60	Nil	Nil	1.50	8	Y.P.T.
80,01,400	98,40,909	79,91,396	41,74,564	5,75,408	G. D. Wilson, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	287.00	100	20.00	25.00	25.00	12	Y.	
12,00,000	26,61,133	37,85,100	33,62,206	1,68,614	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co., Ltd.	31.40xd	10	2.50	4.00	4.00	4.00	12	Y.
20,00,000	9,27,188	66,75,795‖		50,929	Levelock & Lewis	Birla Investment Ltd.	12.37	10	0.70	1.10	2.50	2.50	12	Y.
68,87,998	72,69,258	1,48,96,874	60 07,477	2,84,270	R. Julius Scott, Esq. (Mg. Director) ..	Britannia Biscuits	40.25	10	1.20	1.40	1.60	1.00	9	Y.P.
3,25,00,000	2,01,22,345	3,10,21,523	2,42,53,080	3,91,983	H. S. Chaturvedi, Esq. (Mg. Director) ..	British India Corporation Ltd. ..	9.56	5	Nil	1.40	2.50	3.00*	12	Y.P.T.
50,00,000	40,83,964	45,87,981	24,73,317	19,950	A. V. Nibjets, Esq. (Mg. Director) ..	British Paints (India) Ltd.	25.00	10	1.00	1.00	0.20	0.35	12	Y.P.
1,38,50,000	14,74,453	1,91,70,148		2,49,217	Andrew Yule & Co., Ltd.	Clive Row Investment	8.50	10	0.75	0.85‖	1.25	1.25	12	Y.
5,90,650	8,00,000	40,54,436	20,35,533	2,727	M.	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.75	0.75	12	Y.
4,50,00,000	4,82,74,162	10,91,58,553	4,60,25,377	25,88,694	M. L. Dexen, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	43.19	10	1.62	2.15	1.00	1.00	12	Y.P.T.
90,00,000	1,12,80,000	81,00,870	31,00,870	4,55,731	E. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	163.00	100	10.00	14.00	2.00	12	Y.P.T.	
17,50,355	1,70,20,004	85,90,651	27,71,678	12,605	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	57.37	5	0.75	0.80	1.25	1.50	12	Y.
51,26,000	61,19,702	1,64,39,363‖		2,67,765	Bird & Co. Private Ltd.	Eastern Investment Ltd.	137.00	100	9.00	14.00	14.00	14.00	3	Y.
12,48,250		4,92,655	6,866	23,611	M.	East Anglia Plastics (India) Ltd. ..	19.00	10					12	Y.
44,95,740	4,87,249	59,44,058	12,33,011	4,118	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	13.10xd	10					12	R.L.Y.
49,12,888	89,64,990	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	24.00N	12.50	1.50	0.50	0.50	Nil	3	Y.P.
14,00,000	15,80,821	38,09,852	23,58,830	70,927	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	245.00	100	15.00	17.00	1.60	9	Y.P.	
7,80,000	4,80,000	1,21,695	43,881	5,551	Gany & Co.	General Agents & Trustees Ltd.	10.70	10	1.25	1.25	20.00	3	Y.	
13,07,875		2,41,968	1,336	—1,05,203	National Rubber Mfrs. Ltd.	General Tyres Ltd.	6.25	5		1.25		3	Y.	
45,00,000	36,24,800	80,57,755	15,91,667	1,71,233	F. E. G. Woodbine Parish, Esq. ..	Gillanders Arbuthnot & Co., Ltd. ..	15.19	10	1.00	1.00	Nil	6	Y.	
48,00,000	5,22,596	81,06,336	46,22,420	17,00,077	D. R. Harris, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	37.50	10	2.00	2.00	4.00	12	Y.P.	
2,00,15,000	1,74,05,733	3,65,85,503	37,75,365	1,46,310	R. E. O. Carey, Esq. (Mg. Director)	Goodyear India Ltd.	46.12	10			4.00	3	Y.P.	
30,00,000	18,10,650	88,65,436	43,28,959	21,232	B. P. R. Syndicate	Great Eastern Hotel	225.00	250	15.00	15.00	15.00	12	Y.	
4,96,12,350	1,35,51,450	8,83,47,837	8,84,91,947	2,75,652	Birla Brothers Private Ltd.	Hindustan Motors	19.55	10	Nil	0.50	22.50	12	Y.	
30,00,000	18,16,923	1,12,52,910	46,00,000	94,191	Talukdar Law & Co. Private Ltd. ..	Hindustan Pilkington Glass	23.00	10	0.60	1.50	0.90	1.20	3	Y.P.
26,70,000		1,00,469		1,00,469	Ramprasad Murlidhar & Co.	Hindustan Twyfords Ltd.	17.87	10		1.00	1.20	1.20	12	Y.
15,16,00,000	9,75,09,562	11,57,27,807	3,27,09,953	26,96,288	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	11.56	10	0.70	0.50	Nil	3	Y.P.	
3,98,80,840	3,45,10,960	15,72,21,510	4,82,74,119	1,92,633	C. C. Mahindra, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	41.00	10	0.70	1.50	0.80	0.90	3	Y.
3,55,77,700	2,29,18,801	3,17,93,518	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman) ..	Indian Cables	36.50	10	1.50*	2.00*	2.25	2.25	3	Y.P.T.
2,50,00,000	2,11,58,409	6,63,93,165	2,91,21,989	18,06,872	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	46.25	10	1.00	1.50	2.25	3	Y.P.	
22,93,375	1,06,104	54,89,157	21,21,850	2,935	M.	Indian Plastics Ltd.	10.50	10	Nil	Nil	1.50	9	Y.	
8,37,970	7,54,879	19,61,278	11,61,643	1,33,685	M.	Indian Rubber Manufacturers	21.00	10	1.00	1.50	Nil	3	Y.P.	
45,93,650		88,01,515	1,27,693	—6,39,700	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	16.50	10			2.00	3	Y.P.	
5,00,00,000	74,12,017	43,77,076	17,14,757	57,591	Sir John Brown, C.A. (Chairman) ..	Jardine Henderson	85.50	100	2.50	5.00	7.00	7.00	3	Y.P.
18,80,000	1,48,240	18,02,095	13,27,977	17,187	T. J. Agro, Private Ltd.	Madhya Pradesh Industries Ltd. ..	9.94	10	0.75	0.75	0.40	1	Y.	
1,47,12,250	1,21,48,546	90,45,005	20,25,254	2,45,501	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	29.00	10	2.13*	2.00	1.00	3	Y.P.	
18,00,000	8,60,000	23,46,291	8,49,181	14,953	Vithal Maliya, Esq. (Chairman) ..	McDowell & Co., Ltd.	94.12	10	2.00	2.75	2.75	9	Y.P.	
60,00,000 } 3,00,000 }	78,79,891	81,06,009	13,63,608	2,18,017	M.	McLeod & Co.	{215.00 —	O. 100 D.O.10	2.50	3.00	2.75	12	Y.	
1,01,00,000	1,82,75,161	2,61,57,826	1,40,28,040	29,86,978	K. C. Mahindra, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	61.62	10	0.75	1.00	1.00	12	Y.P.	
28,80,000	7,90,891	16,14,284	7,39,756	3,595	E. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd. ..	225.00	100	11.00	1.75	2.50	3	Y.P.	
6,56,250	9,01,514	12,77,159	7,66,152	12,866	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	83.25	10	11.00	16.00	24.00	2.50	3	Y.P.
10,00,000	2,23,080	20,39,182	12,41,906	11,483	N. Y. SiddaRangappa, Esq. (Chairman)	Mysore Tobacco	7.90	10	1.25	1.40	2.00	2.50	3	Y.
90,00,000	1,60,09,810	1,39,45,856	57,73,861	50,186	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Rasulated Cable Co.	46.37	10	2.00	2.00	2.00	Nil	3	Y.
30,00,000	31,10,855	51,52,475	29,05,655	37,385	Do.	National Pipes & Tubes Co., Ltd. ..	35.75	10	2.00	2.00	2.50	2.50	3	Y.P.
40,00,000	56,76,100	81,69,908	41,41,925	39,253	Do.	National Rolling & Steel Ropes	22.69	10	1.00	2.00	2.00	2.00	4	Y.
50,00,000	15,06,140	1,16,09,145	45,51,743	38,466	K. N. Mookerjee, Esq. (Mg. Director)	National Tea Manufacturers Ltd. ..	13.25	10	0.60	0.75	1.00	1.50	6	Y.
19,97,900	1,17,55,085	1,50,40,345	81,18,295	9,88,725	B. N. Bilas & Co. Private Ltd. ..	National Tobacco Co.	15.94	10	0.60	0.85	1.00	1.50	4	Y.
33,33,100	11,02,881	40,65,244‖		45,497	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	42.20	75	3.75	3.75	1.60	0.65	12	Y.P.
15,00,000	7,02,000	15,17,555	7,24,601	1,81,161	Parry & Co., Ltd.	Parrys Confectionary Ltd.	5.45	1	0.20	0.20			12	Y.
2,20,00,000	63,83,140	2,44,48,270	84,78,320	1,45,484	W. A. C. H. Dunchaart Esq. (Chairman)	Phillips Carbon Ltd.	36.12	10	0.85	1.20	0.80	0.80	3	Y.
60,00,000		4,88,083		—1,76,940	Duncan Brothers & Co., Ltd.	Phillips Carbon	24.87	5			1.20	1.20	3	Y.
15,00,000	1,09,481	8,89,781	2,90,184	2,555	A. V. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd.	3.90	5	0.375	Nil	Nil	3	Y.	
85,80,738	17,25,287	48,65,614	24,00,977	43,557	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	20.00	10	1.00	1.00	0.375	Nil	12	Y.
2,22,50,000	3,12,22,805	71,06,250	26,01,950	4,98,553	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	144.00	100	1.00	2.00	2.50	1.80	3	Y.P.
4,98,80,000	2,54,80,000	15,98,24,741	6,76,85,625	5,96,527	Sahu Jain Ltd.	Rohtas Industries	16.00	10	2.00	Nil	4.00	8.50	3	Y.P.
70,00,000	61,94,790	2,88,28,580	94,55,276	7,622	K. D. Gangull, Esq. (Secretary) ..	Sahu Jain Industries	19.25	10	0.60	0.80	2.00	1.80	3	Y.
31,60,000		60,35,111	5,25,154	—14,25,550	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	46.00	10		0.80	0.80	0.80	9	Y.P.
15,00,000 } 6,75,000 }	1,01,890	19,67,084	5,81,233	3,023	Mr. M. A. Chidambaram (Chairman).	Southeren Ind. Corperation	{ 9.25xd	10 7.50	Nil	Nil	Nil	Nil	12	Y.P.
49,80,000	3,82,300	88,96,520	3,68,618	—11,26,061	Mr. N. Ranganadhan (Mg. Director) ..	Southern Structurals	11.25	10	Nil	1.50	1.80			
75,00,000	56,68,000	1,87,90,319	37,68,411	5,13,666	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	23.75	10	1.00	Nil	Nil	0.325	3	Y.
40,00,000	91,02,371	1,59,18,519	81,60,432	9,87,252	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	23.70xd	10	1.50	1.50	1.50	1.50	12	Y.
67,00,000	24,60,000	1,35,94,000	30,75,773	3,974	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	16.62	10	0.75	0.80	0.80	1.80	6	Y.P.
1,40,00,000	1,15,76,311	1,21,31,733	16,54,667	98,398	J. K. Agents Private Ltd.	Straw Products Ltd. $.	11.37	10	0.60	0.80	0.80		4	Y.P.
9,98,980	48,665	18,55,927	8,49,209	2,972	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	6.80xd	10	0.40	0.60	0.60		12	Y.
12,80,800	16,85,858	14,00,718	7,70,662	91,515	M. H. Stones, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	31.00	10	2.00	2.50	2.75	0.70	12	Y.
2,50,00,000	1,56,21,814	3,07,55,085	93,65,418	13,28,253	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	290.00	100	10.00	10.00	10.00	1.50	9	Y.
30,58,850	29,686	68,66,925	17,68,888	56,208	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd.	7.78	10	Nil	Nil	10.00	9	Y.	
3,50,00,000	2,48,69,276	7,17,52,481	1,49,63,561	42,35,939	J. E. Galloway, Esq. (Mg. Director)	Union Carbide India Ltd.	53.12	10	1.40	1.80			9	Y.P.
1,00,00,000	1,04,61,314	1,19,56,050	37,84,924	1,92,390	Vithal Maliya, Esq. (Chairman) ..	United Breweries	82.00	10	1.40	1.80	1.80	12	Y.	
2,00,000	6,61,791	9,11,158	6,18,898	10,571	Shaw Wallace & Co., Ltd.	United Liver Mills Ltd.	32.00	10	2.75	5.25	5.50	6.00	3	Y.
21,50,200	27,66,450	1,02,78,923	35,99,149	6,364	A. K. Kaderkutty Esq. (Mg. Director)	Western India Plywoods Ltd.	205.00	100	19.00	19.00	19.00	1.00	11	Y.
												12.00	3	Y.P.
TRANSPORT														
20,00,000	27,13,587	53,71,269	23,06,464	11,765	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	117.00	100	6.00	8.00	7.50	7.50	12	Y.P.
1,00,80,000	91,32,793	4,36,99,781	2,35,57,012	—8,10,589	Dinshaw (Private) Ltd.	Bharat Line	4.06	10	1.20*	Nil	Nil		10	Y.P.
60,00,000 }	2,08,62,445	8,16,52,906	2,55,75,629	1,85,750	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	{ 18.00 6.40	10 5(New)	1.80	1.50	Nil	0.75	12	Y.
90,00,000 }									0.90	0.90	0.225	0.50	3	
4655,550	£1,242,443	£5,811,271	£3,538,891	—£3,866	Kilburn & Co. Private Ltd.	India Generation Navigation & Rly. Co.	61.00	£10	Nil	Nil	Nil	0.30	6	Y.P.
3,47,50,000	2,46,51,885	28,76,87,961	5,76,03,817	—41,04,534	Lionel Edwards (Private) Ltd.	India Steamship Co.	7.25	10	1.00	1.00	1.00	Nil	12	Y.P.
2,52,12,292	11,19,96,184	36,12,01,740	17,55,38,414	2,62,887	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	12.56	50	1.25	1.80	0.60	0.60	3	Y.P.
£3,48,500							{ 3.81	O. 1	0.14	0.20	0.20		3	Y.P.
P.O.2,10,200	24,07,422	13,85,807	9,51,870	1,60,969	R. R. Ayyar Esq. (Manager)	Walford Transport Ltd.	2.76	P.O. 1	0.12	0.15	0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	20,30,709	1,39,22,812	86,35,843	28,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	24.00	10	1.25	1.50	1.00	1.25	3	Y.
15,00,000	6,00,373	41,36,413	36,75,443	—2,58,154	Tardine Henderson Ltd.	Barrares Coke	26.75	10	0.80	Nil	Nil	Nil	3	Y.
4,49,350	1,52,888	11,57,089	6,92,083	3,392	Kalyanji Mavji & Co.	Bengal-Bhatdee	6.00	10	0.25	Nil			3	Y.
1,20,00,000	2,44,80,490	7,89,11,886	5,07,62,864	10,42,254	Bengal Coal Co.	Bengal Coal	27.00	100	17.50	25.00	0.60		3	Y.
2,25,000	5,17,944	23,13,382	21,69,161	4,118	M.	Bengal-Nagpur	20.00	10	Nil	Nil	25.00	21.00	12	Y.
40,00,000	64,225	1,26,84,544	69,95,124	—1,92,086	Sahu Jain Ltd.	Bhagat Collieries	4.06	10	0.60	Nil	1.00		10	Y.P.
7,15,000	8,81,772	59,01,884	37,09,468	—6,87,301	M.	Bhimbanaraee	9.00N	10	Nil	Nil	Nil	Nil	12	Y.
7,50,000	21,75,444	48,15,443	28,83,008	31,361	F. W. Heilgers & Co. (Private) Ltd.	Borres	0.75	10	0.75	1.00	1.50		6	Y.P.T.
90,72,480	1,45,79,787	4,53,59,960	3,58,25,119	58,154	Bird & Co. Private Ltd.	Burrakur	19.62	10	0.875	1.00	1.50	1.25	12	Y.T.
48,87,750	6,32,979	82,38,292	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	12.75	10	0.50	0.50	1.50	1.80	12	Y.P.
5,00,000	11,99,490	54,18,467	35,46,265	—1,25,641	Jain Industries	Central Kurkend	5.00N	10	0.50	Nil	0.80	1.00	3	Y.P.T.
3,50,500	1,55,159	5,99,750(k)		7,043	F. W. Heilgers & Co. (Private) Ltd.	Churlia	3.06	4	0.20	0.12	Nil		3	Y.
16,00,000	....	59,92,969	34,77,254	86,121	M.	Dhemo Main	6.87	10	Nil	Nil	0.12		12	Y.
£340,000	£439,207	£1,464,191	£857,968	£16,220	Jardine Henderson Ltd.	East Indian	59.00	61	1.00	1.25	Nil		12	Y.
23,83,700	1,16,22,197	4,94,15,596	3,48,60,339	1,10,574	Macneill & Barry Ltd.	Equitable	29.25	10	1.50	0.75	1.00	2.00	4	Y.
15,00,000	40,000	27,42,664	9,85,628	—4,84,285	Bhatter's Agency Ltd.	Ghusick and Maalia	12.44N	10	Nil	Nil	1.50		4	Y.
13,00,000	2,08,371	44,46,519	29,14,542	797	Kilick Industries Ltd.	Hingir-Rampur	8.00	50	Nil	Nil	Nil	Nil	12	Y.P.T.
2,08,000		26,07,213	20,64,191	—3,65,025	M.	Hurriladih	8.12	10	Nil	Nil	Nil	Nil	3	Y.
20,00,000	7,64,717	45,56,322	12,99,632	49,019	Bird & Co. Private Ltd.	Karanpura Collieries	22.00	10	5.00	5.00	Nil	6	Y.P.	
14,86,450	16,16,178	59,54,522	41,77,254	1,35,677	Andrew Yule & Co., Ltd.	Katras Jherriah	51.00	10	0.50	0.50	7.50	10.00	12	Y.
9,00,000	10,25,702	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd. ..	Lakurka	13.25xd N	10	1.00	0.75	0.50	3	Y.P.	
7,48,240	54,787	13,81,580	10,27,041	8,967	Tantia Brothers Private Ltd.	Nastra	7.25	10	0.75	0.40	0.40	1	Y.	
21,97,210	24,47,283	1,49,65,816	1,11,11,826	93,645	Andrew Yule & Co., Ltd.	New Beerbhoom	22.69	10	1.00	1.50	1.00	3	Y.P.	
6,00,000	5,90,206	12,37,188	3,80,190	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	15.50	10	0.50	0.80	1.00	12	Y.	
1,15,000 } 1,57,500 }	3,84,525	12,06,896	9,00,464	23,053	M.	North West	{ 17.25	10 7.50	1.12	1.50	1.50	0.90	3	Y.
7,50,000	18,20,926	2,92,588	22,84,209(k)	85,286	P. Prashad, Esq. (Chairman) ..	Ondal	13.50N	10	0.56	0.75	1.50		3	Y.P.
2,54,000	1,57,203	35,54,745	15,15,987	1,617	Deepchand Kidarnath	Parasea	11.50N	10	0.50	0.75	1.00		12	Y.P.
16,75,000	22,54,500	58,62,260	51,17,309	62,139	Shaw Wallace & Co., Ltd.	Peach Valley	18.81	10	2.00	0.62	0.125		12	Y.P.
22,50,500	20,46,121	1,89,19,235	1,10,16,981	50,804	M.	Rameegunge	16.75	10	1.00	1.00	1.00	1.00	12	Y.P.T.
15,50,000	11,21,259	32,62,227	25,97,256	29,527	Shaw Wallace & Co., Ltd.	Rewa	29.12	10	1.00	1.00	1.50	1.70	3	Y.
27,50,000	28,90,579	1,13,26,341	82,45,379	94,902	M.	Samla Collieries	9.00N	10	0.50	0.70	0.70		3	Y.
10,50,000	3,56,010	24,55,082	9,66,414	3,494	S. D. Sethia & Co. Private Ltd. ..	Selected Sctgram Collieries.	151.00	100	12.50	16.00	1.00		12	Y.
2,50,000	12,23,716	32,20,082	21,46,076	67,383	Andrew Yule & Co., Ltd.	Seoljore	45.00	7	1.75	2.00	16.00		12	Y.
4,50,000	4,89,846		15,752	1,111	F. W. Heilgers & Co. (Private) Ltd.	Sendra	7.50	10	0.75	0.75	0.80	8.001	12	Y.
3,60,00,000	78,62,511	8,26,23,180	3,53,85,469	—11,26,061	Mr. N. Ranganadhan (Mg. Director) ..	Singareni	10.00	10	0.75	0.75	0.80	8.00	12	Y.P.
17,50,000	7,71,506	48,97,088	23,47,469	—1,54,124	S. M. Smith, Esq. (Chairman)	South Kasuapara	9.75	10	0.75	0.75	0.75		12	Y.
6,00,000	18,48,992	1,58,797	26,76,156(k)	88,906	C. W. Stephenson, Esq.	Standard	16.00	10	1.25	1.50	0.80		12	Y.
1,56,000	2,54,570	20,49,570	13,45,987	—41,100	B. M. Varma, Esq. (Mg. Director) ..	Union	10.25	10	0.25	0.50	Nil	1.00	12	Y.
45,92,800	5,90,557	94,20,910	38,51,821	15,623	Hindustan Investment Corpn. Ltd.	Western Bengal	10.65	10	0.40	Nil	Nil		12	Y.
7,80,000	....	99,22,311	32,69,780	26,311	M.	West Jamuria	9.87	10	Nil	Nil	0.60	0.75	3	Y.
											0.60		12	Y.

S.—The reserves of Sarawak Products Ltd. include a non-distributable amount of Rs. 63,40,554 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1956.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors. N.B.—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. ‖ Investment at cost. * Includes bonus.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lak

PREFERENCE SHARES

Company.	Amount Issued Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.		Latest available Quotation Rs.	Paid-up per Share. Rs.
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar.	Sept.	95.00	100
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,06,000	1931	5.00	Dec.	..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	..	84.50	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.00	Mar.	Sep.	80.00	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb.	Aug.	118.00	100
Deccan Sugar & Abkhar 'A' T.F.C..	7,00,000	1920	7.00	July	Apr.	4.92xd	5
East India Distilleries C. ..	£200,000	1887	9.00	Jan.	July	19.50xd	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec.	..	60.00	100
Do. (Non-redeem.)	5,00,000	1940	7.00	Dec.	..	60.00	100
Partabpore Co. C.	6,00,000	1922	10.00	Oct.	..	11.00	10
Rammagar Cane T.F.C.	4,00,000	1935-36	6.00	Aug.	..	77.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct.	Apr.	61.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct.	..	20.00N	100
Travancore C.T.F.	15,00,000	1944	5.00	Dec.	..	6.90	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec.	..	90.00N	100
Do. C.R.O.	15,00,000	1946	5.00	Dec.	..	70.00N	100
Walchandnagar T.F.C.	3,50,000	..	10.00	April	May	114.50	100
COAL							
Borrea T.F.C.	14,00,000	1896-97	5.56	Oct.	Apr.	80.00	100
Barrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr.	Oct.	93.00	100
Do. (2nd) C.	4,50,000	1946	6.00	..	..	9.00	10
Equitable T.F.	10,00,000	1895	6.00	Mar.	Sept.	81.00	100
Karanpura Collieries C	9,89,500	1946	5.50	..	..	54.00	10
††Khas Kajora C.	1,95,000	1941	5.00	Mar.	Sept.	7.00N	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan.	July	10.00	10
Ondal T.F.C.	2,00,000	1898-99	6.00	Apr.	Oct.	80.00N	100
COTTON							
Ahmedabad Advance T.F.C. ..	10,00,000	1919	5.00	Apr.	Oct.	70.50	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan.	July	106.63	100
Basanti Cotton T.F.	5,00,000	1928	6.25	Nov.	..	7.50	10
Bowreah 'A' T.F.	6,00,000	1890	8.00	Feb.	Aug.	105.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb.	Aug.	80.00	100
Bradbury T.F.	14,75,000	1918	7.00	June	Dec.	48.50	100
Buckingham & Carnatic C.T.F. ..	21,20,200	1920	7.00	Jan.	July	118.00xd	100
Cambodia C.T.F.	1,00,000	1922	7.00	Apr.	..	83.03	100
Central India T.F.	50,00,000	1912	5.00	Apr.	Oct.	410.00	100
Century Spg. & Mfg. Co. R. C. ..	1,25,00,000	1958	5.57	Dec.	..	107.25	100
Coimbatore Pioneer C.T.F.	1,00,000	1935	6.50	June	..	78.50xd	100
Elgin T.F.C.	11,00,000	1912	6.00	May	..	110.00	100
Elgin 'B' T.F.C.	4,20,000	1948	5.00	July	..	6.50	10
Elphinstone C.	25,00,000	1919	7.00	May	Nov.	73.00	100
Kesoram T.F.C.	29,90,000	1919	7.00	June	Dec.	91.00	100
Khatau Makanji (2nd) T.F. ..	20,92,500	1947	4.00	Nov.	..	77.00	100
Kothari C.T.F.	18,00,000	1937	6.00	Dec.	..	8.05	10
Kothari 'B' (Pref.) T.F.C. ..	6,00,000	....	6.00	..	..	8.40	10
Lakshmi Cotton (Bombay) C. ..	6,00,000	1896	5.00	..	..	151.25	100
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	4.00	Jan.	..	66.00	100
Mysore Spg. C.	7,45,000	1944	4.50	..	..	20.00	50
National Rayon C.	1,74,44,700	1947	5.55	..	..	72.50	100
New Great .. C.	5,00,000	1919	5.50	Mar.	..	107.00	500
Podar Mills .. C.	10,00,000	1943	5.75	Feb.	..	66.00	100
Rajalakshmi C. T.F.	2,00,000	1932	6.50	Apr.	..	42.04xd	50
Shree Niwas Cotton T.F.C.R. ..	4,50,000	1944	6.00	..	..	65.00	100
Swadeshi T.F.C.	15,00,000	1895	5.00	Apr.	Oct.	87.00	100
Swadeshi (Kanpur) C.	25,00,000	1937	5.57	June	..	68.00	100
Travancore Rayon C.T.F.	50,00,000	....	5.00	May	..	7.00xd	10
Vasanta (1st) C.T.F.	2,50,000	1931	6.00	Apr.	Oct.	92.04	100
Do. (2nd) C.T.F.	1,50,000	1936	6.00	..	..	91.27	100
Lakshmi-Vishnu	15,66,500	1908	7.00	Apr.	..	885.00	500
ELECTRICS							
Andhra Valley Power Supply C ..	49,84,000	1917	7.00	May	Nov.	985.00	1,000
Amalgamated Electric T.F.C. ..	£4,15,000	....	5.50	..	..	69.50	100
Calcutta Electric T.F.C.	19,09,000	1909-13	5.69(5)	June	Dec.	8.37	£1
Poona Electric C.	4,00,000	1925	7.00	June	Dec.	101.00	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept.	Dec.	{ 8.00	100
Do. (2nd) C.T.F.	5,00,000	1940	5.50			7.95	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr.	..	107.00	100
Tata Hydro Electric Power C. ..	89,28,000	1907	7.00	May	Nov.	97.50	100
Tata Power T.C.	86,97,000	1918	7.50	May	Nov.	1,025.00	1,000
Vellore C.	1,25,000	1938	6.00	Dec.	..	6.00	10
ENGINEERING							
Arthur Butler (Muzaffarpore) T.F.C.	1,80,000	1919	7.00	Mar.	..	12.00	10
Burn & Co. Ltd. (1st) T.F.C. ..	13,00,000	1936-38	7.00	Feb.	Aug.	109.00	100
Do. (2nd) T.F.C. ..	15,00,000	1938	6.00	Feb.	Aug.	100.00	101
Indian Iron and Steel Co., Ltd. T.F.C.	2,69,95,400	1950	5.00	Dec.	..	84.00	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June	..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.00	May	Nov.	74.00	100
Kamani Engineering C.B.	15,00,000	1945	5.50	July	..	45.00	100
†††Kumardhubi Engineering T.F.C.	12,00,000	1915	4.00	June	Dec.	71.25N	100
Larsen and Toubro Ltd. T.F.R. ..	15,00,000	1946-47-51	5.00	..	..	88.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May	..	98.00	100
McKenzies (1st) T.F.C.	5,50,000	1907	5.50	..	..	51.00	100
Premier-Construction (1st)	10,00,000	....	6.25	..	..	78.00	100
Do. do. (2nd) C. ..	15,00,000	1938	6.25	..	..	68.50	100
Do. do. (3rd) C. ..	56,25,000	1947	4.50	..	..	5.08	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.00	Nov.	..	185.50	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.00	May	..	104.75	100
JUTE							
Agarpara T.F.C.	10,00,000	1927	7.00	Jan.	July	90.00	100
Alexandra T.F.C.	9,00,000	1905	7.00	Feb.	Aug.	90.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar.	Sept.	65.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May	Nov.	94.00	100
Auckland C.	10,00,000	1909	5.50	May	Nov.	73.00	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June	Dec.	56.00	100
Bally T.F.C.	30,00,000	1918	7.00	Apr.	Oct.	94.00	100
Barnagore C.	£200,000	1896	6.00	May	Nov.	88.00	25
Birla C.	28,64,200	1919	7.50	June	Dec.	92.00	100
Budge-Budge T.F.C.	9,00,000	1924	7.00	May	Nov.	90.00	100
Calcutta T.F.C.	5,00,000	1884	6.50	Jan.	July	80.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June	Dec.	90.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June	Dec.	90.00	100
Chitavalsah T.F.C.	5,00,000	1923	7.00	Mar.	Sept.	90.00	100
Clive (1st Pref.) T.F.C.	5,00,000	1908	6.00	May	Nov.	65.00	100
Do. (A) (2nd Pref.) T.F.C. ..	5,00,000	1908	7.00	May	Nov.	70.00	100
Dalhousie T.F.C.	15,00,000	1906-18	7.00	May	Nov.	90.00	100
Delta T.F.C.	5,00,000	1897	5.00	June	Dec.	70.00	100
Empire T.F.C.	10,00,000	1918	7.00	Feb.	Aug.	87.00	100
Fort Gloster T.F.C.	14,00,000	1896-98	7.00	May	Nov.	95.00	100
Do. (2nd Pref.) T.F.C. ..	7,00,000	1948	5.00	..	..	68.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May	Nov.	91.00	100
Ganges T.F.C.	5,00,000	1916	5.00	June	Dec.	102.00	100
Gourepore T.F.C.	26,50,000	1895-04	6.00	May	Nov.	85.00	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar.	Sept.	81.00	100
Hooghly T.F.	11,76,000	1918	10.00	May	Nov.	10.87	10
Howrah T.F.C.	8,75,000	1890	7.00	May	Nov.	91.00	100
Do. T.F.C. (f)	17,50,000	1908-09	7.00	May	Nov.	91.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June	Dec.	91.25	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb.	Aug.	78.00	100
Kankinarrah T.F.C.	10,00,000	1900	6.00	Feb.	Aug.	100.00	100
JUTE—*Continued*							
Kelvin T.F.C.	10,00,000	1907	7.00	Mar.	Sept.	90.00	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May	Nov.	78.00	100
Kinnison T.F.C.	15,00,000	1900-13	7.00	May	Nov.	91.00	100
Lansdowne T.F.C.	15,00,000	1906	7.00	May	Nov.	91.00	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May	Nov.	90.00	100
Do. (B) T.F.C.	10,00,000	..	7.00	May	Nov.	91.00	100
Nalhati T.F.C.	7,50,000	1905	5.50	Dec.	..	71.00	100
Do. (2nd) (j) T.F.C.B.	10,00,000	1945	7.00	May	Nov.	115.00	100
National T.F.C.	5,00,000	1917	4.50	June	Dec.	90.00	100
Nellimarra T.F.C.	5,00,000	1939	7.00	May	Nov.	80.00	100
New Central T.F.C.R.	33,00,000	1915	6.00	Apr.	Oct.	74.00	100
Northbrook T.F.C.	15,00,000	1900	7.00	Jan.	July	91.00	100
Reliance T.F.C.	20,00,000	1906-12	5.50	May	Nov.	70.00	100
Samnuggur C.	£150,000	1901	7.00	May	Nov.	82.00	100
Soorah T.F.C.	10,00,000	1920	6.00	Feb.	Aug.	Sh. 21.50N	£1
Shree Ambica T.F.C.	11,70,000	1927	7.50	Feb.	Aug.	94.00	100
Titaghur C.	£150,000	1897	7.50	Mar.	Sept.	92.75	100
Union T.F.C.	6,00,000	1901-02	6.00	Feb.	Aug.	Sh. 21.50	£1
Victoria C.	£150,000	1898	6.00	May	Nov.	91.00	100
Waverley, T.F.C. (f)	7,50,000	1913	10.00	Feb.	Aug.	Sh. 21.50	£1
				Mar.	Sept.	41.00	50
RAILWAYS; STEAMSHIP AND TRAMWAYS							
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov	..	..	..
Calcutta Tramways C.	£250,000	1906	5.00	Apr.	Oct.	50.00	50
Indian General Nav. & Rly. C. ..	£244,030	1899	6.00	Mar.	Nov.	7.25	£1
India Steamship (w) T.F.C.R. ..	25,00,000	1928	6.00	..	..	65.00	100
TEA							
Amluckie Tea T.F.C.	75,000	1902-03	7.00	May	Nov.	29.25	10
†††Banarhat Tea T.F.C.	4,00,000	1900-08	6.50	Jan.	July	93.00	100
Birpara T.F.C.	1,00,000	1900-02	6.50	Jan.	July	96.00	100
Choonabhutti T.F.C.	2,00,000	1914	6.50	Jan.	July	96.00	100
Gladie C.	2,00,000	1894	6.00	Sept	..	93.00	100
Hantapara T.F.C.	50,000	1901	6.00	Jan.	..	59.00	100
Hasimara T.F.C.	3,00,000	1904	7.00	Jan.	..	96.00	100
Kingsley Golaghat T.F.	2,40,000	1897	6.00	Dec.	..	89.00	100
Mobeema T.F.C.	3,20,000	1929	6.00	May	Nov.	83.00	100
New Doors T.F.C.	2,00,000	1907	6.00	Jan.	July	93.00	100
New Samaabagh T.F.C.	1,00,000	1908	6.00	Nov.	..	5.31	10
†††Okayti T.F.R.C.	50,000	1888	6.00	Dec.	..	90.00	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan.	..	85.00	100
Saion River T.F.C.	1,00,000	1908	6.00	Jan.	..	89.00	100
***Tyrora C.	2,05,000	1922	6.00	Jan.	..	89.00	100
Tiribannah T.F.C.	1,00,000	1922	10.00	May	Nov.	10.12	10
						12.81	10
PLANTING							
Be Be Rubber C.	1,43,000	1944	6.25	..	..	1.97	5
Do. do. (2nd) T.F.R.C.	5,00,000	1944	6.25	..	..	6.18	10
Cochin Malabar C.T.F.	1,13,800	1923	7.00	June	..	48.50xd	50
Coffee Lands C.T.F.	10,40,600	..	5.00	..	..	68.00	100
Coonoor Tea C.	1,50,000	1926	6.00	Apr.	..	77.36	100
Cottanad C.T.F.R.	1,00,000	1927	7.50	Nov.	..	8.88	10
Devon Tea C.T.F.	2,00,000	1926	7.00	July	..	82.50	100
Highland Produce C.T.F.	3,00,000	..	6.00	July	Jan.	7.25	10
Neelamalai C.T.F.	18,00,000	1943	5.00	Jan.	July	8.88	10
Nilgiri Tea C.T.F.	2,81,250	1942	6.50	July	..	8.05	5
Pallangode C.T.F.	1,50,000	1943	6.00	Mar.	..	7.14	10
Teakoy Rubber C.T.F.	6,00,000	..	8.00	Mar.	Sept.	8.70	10
T. R. & T. Co. C.T.F.	16,00,000	..	6.00	June	Dec.	7.91	10
Waterfalls R.C.T.F	5,00,000	1943	6.00	May	..		
MISCELLANEOUS							
Alembic Chemicals (1st)	5,00,000	..	6.25	June	..	99.00	100
Do. do. (2nd) T.F.R.C.	5,00,000	..	6.25	June	..	99.00	100
Alkali & Chemicals T.F.C.	21,00,000	1937	5.00	Apr.	..	86.00	100
Aluminium Corpn. (1st) C.	1,00,000	1928	7.00(f)	..	..	98.00	100
Andhra Cement C.	2,48,800	1937	6.50	Feb.	June	99.75xd	100
Associated Hotels of India C. ..	21,67,000	1916	7.00	May	Sept.	80.00	100
Bengal Chemicals T.F.C.	9,00,000	1925	7.50	Aug.	..	1.62	10
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar.	Sept.	49.00	50
Do. "A" T.F.C.	4,00,000	1923	7.00	Mar.	Sept.	98.00	100
Do. "B" T.R.C.	20,00,000	1948	7.00	..	..	98.00	100
Bengal Timber Trading T.F.C. ..	3,00,000	1894	4.50	Aug.	..	62.00	100
Britannia Biscuit T.F.C.	15,450	1921	8.00	Feb.	Aug.	7.00	100
British Ceylon Corporation C. ..	17,50,000	1913	6.00	Feb.	Aug.	11.00	10
British India Corporation T.F.C.	81,00,000	1920	6.00	Feb.	Aug.	2.90N	5
Dalmia Cement (Bharat) C.	61,58,210	1937	7.50	Sept.	..	102.50	100
Dhrangadhra Chemicals T.F.C.R.	21,91,900	1956	7.50	..	..	8.35xd	10
Shree Digvijay Cement T.F.R.C. ..	70,45,875	1944	6.00	Dec.	..	96.00	100
Dunlop Rubber Co. (1st) C.	20,00,000	1926	6.00	June	Dec.	75.50	100
Dunlop Rubber Co. (2nd) C.	40,00,000	1926	5.5	Apr.	..	106.50	100
General Investment Trust (1st) T.F.C.	1,00,000	1946	5.00	Feb.	..	71.00	100
Do. (2nd)	1,00,000	..	5.00	Feb.	Aug.	86.00	100
Gillanders Arbuthnot(f) R.C. ..	25,00,000	..	6.00	Feb.	Aug.	87.00	100
Hindustan Motors R. C.	1,60,87,250	1954	6.00	Apr.	Oct.	67.50	100
Humayun Properties T.F.C.	12,00,000	1923	6.87	Mar.	..	907.00	100
India Cement C.	29,85,000	1946	6.00	..	..	8.50	10
Indian Aluminium (g) C.B.	40,00,000	1945	5.00	Oct.	..	78.84	100
Indo-Burma Petroleum C.	50,00,000	1921	7.00	June	..	68.00	100
Indian Cable (m) C.	12,87,750	1923	7.00	Jan.	July	91.00	100
India Rubber Mfrs. (s) T.F.C.R. ..	8,25,000	..	5.00	June	Dec.	88.00	10
Jardine Henderson C.	40,00,000	1946	5.50	Apr.	..	59.50	100
Ketlewell and Bullen (1st) C. ..	20,00,000	..	5.50	Dec.	..	58.50	100
Do. do. (2nd) T.F.C.	10,00,000	..	4.50	May	..	58.50	100
Kumardhubi Fireclay & Silica C.B.	2,00,000	1916	4.00	May	..	55.00	100
Martin Burn (1) T.F.C.R.	30,00,000	1946	7.00	June	Dec.	94.00	100
McLeod and Co. (1st) C.	10,00,000	1930	5.00	Apr.	Oct.	84.50N	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July	Jan.	85.50	100
Metal Box Co. C.R.	20,00,000	..	6.00	..	..	47.00	100
Metzur Chemicals (Old) C.T.F. ..	20,00,000	1903-18	6.00	Feb.	Sept.	89.25	100
Mysore Chemicals Mfrs. C.T.F. ..	2,00,000	1930	6.00	June	..	89.00	100
Mysore Lampe R.C.T.F.	3,50,000	..	4.00	Aug	..	10.12	10
National Tobacco (Old) (p) T.F.C.R.	25,00,000	..	5.00	Mar.	Sept.	7.88	10
Do. do. (New) (q) T.F.C.R. ..	19,98,000	..	4.50	Mar.	Sept.	5.38	10
Orient Paper T.F.C.R.	20,00,000	1936	5.50	Jan.	..	68.00	100
Do. (2nd) (r) C.B.	15,00,000	..	5.50	Apr.	Oct.	60.00	100
Rohtas Industries (Old) T.F.C. ..	20,00,000	1936	7.00-9.00	Apr.	..	65.00	100
Do. do. (New) T.F.C.	85,04,700	..	4.25	Apr.	..	101.00	100
†Smith Stanistreet & Co. T.F. ..	5,00,000	1920	10.00	Feb.	Aug.	55.25	100
Spencer & Co. "A" C.	25,20,000	1936	6.50	Jan.	July	66.00	100
Do. "B" C.	25,20,000	1923	8.50	Jan.	July	7.20	10
Esso C.	75,00,000	1955	6.00	June	..	10.85	10
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar.	Sept.	88.50	100
Tata Chemicals C.	59,97,000	..	7.14	..	..	70.00	100
Tata Oil Mills C.	23,88,800	1946	4.50	July	..	86.30	100
Titagur Paper Mills T.F.C.	11,50,000	1890	8.00	Jan.	..	68.00	100
Do. do. (2nd) T.F.C.	16,00,000	1934	4.50	Jan.	June	111.00	100
				Jan.	July	71.00	100

All preference shares are taxable unless otherwise stated.

***These shares carry the right of a preferential dividend at the rate of 5 per cent (of which only 5 per cent (cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 3 per cent per annum and also to participate in further dividend of 3 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

§ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1956 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (t) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 8 per cent. (l) Redeemable at par after 31st March 1952 on 6 months' notice. (m) Participating upto 8 per cent. (i) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 17th December 1954. (o) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st January 1964. (q) Redeemable at par after 1st January 1964. (s) Redeemable at par after 1st October 1956 on 3 months' notice. (u) Redeemable at par on 3 months' notice. (v) Issued at a premium of Rs. 10 per share on various dates. (w) Redeemable at any time 3 years after the date of issue at par on 3 months' notice. (x) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. (y)—Partly paid.

COMMERCE

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

VOL. CIV. No. 2670 BOMBAY, 16th JUNE 1962 PRICE Rs. 2

PROBLEM OF EXTERNAL RESOURCES

THE foreign exchange crisis confronting this country is not an overnight development. It has been brewing for quite some time and the dire warning "export or perish" has been sounded many a time. Only, it failed to stir the country to an extent necessary to make the export promotion campaign a success. In December 1959, when the external reserves (excluding gold) was Rs. 205 crores, that is, twice as much as the present figure of Rs. 102 crores, we remarked that the level of these reserves was "miserably low" and served "as a sharp reminder of this country's absolute dependence on friendly foreign nations" for its economic growth. Yet, a year later, the third Five-year Plan, involving an outlay of over Rs. 10,000 crores with a foreign exchange component of Rs. 3,000 crores, was drafted. At the time the third Plan was finalised, the foreign exchange reserves were even less, roughly at Rs. 136 crores. And still India decided to go ahead with the implementation of the Plan. One may think that it was foolhardy on the part of India to have undertaken such a plan at a time when not only its foreign exchange reserves were so low but its own competitive capacity in world markets was known to be poor. Indeed, there were many who said so and had argued for a relatively smaller plan. But the Government of India and the vast majority of knowledgeable sections of the community felt that a plan of the magnitude of the third Plan was necessary, in order to meet even the bare requirements of a population of over 400 million with a sharp rate of annual growth. Unlike in the case of the second Plan, the Government took special care to consult the foreign Governments about the extent to which they would be willing to assist the country in the implementation of the third Plan. More than one foreign delegation visited the country and held discussions with the Government and the Planning Commission, the most important of them being the Oliver Frank's mission under the auspices of the World Bank. There were reasonably clear indications that India would get sufficient help to implement the third Plan. This calculation, however, has not fully materialised. The Western nations that had promised help are now reluctant to render all the aid that India needs. It is this development that has converted a chronic malady into a crisis, calling for the introduction of emergency measures to cut imports and push up exports.

There are many reasons for the decline in the enthusiasm of Western countries to aid India in its battle for economic progress. If reports appearing in the Press are any indication, they are mostly political. Circumstances beyond its control have forced this country to step up the defence expenditure and to explore the possibility of securing military equipment even from Russia. Pakistan, too, is taking advantage of India's economic weakness and political preoccupations to antagonise the common friends against this country. Some politicians in the U.S., which has so far liberally helped India, are trying to secure a cut in the assistance because of their political prejudices against the Union Government. Britain and the Continental countries have their own preoccupations with the Commonwealth. Further, the uncertainty clouding the size of U.S. assistance has encouraged them to delay their final decision. The adjournment of the Aid-India Club meeting towards the close of last month without fixing a definite date for the next meeting has made matters worse. There have been delays on the part of some members of the Club even in making available the credit they had already promised. The import of politics into the question of foreign aid is unfortunate and irrelevant. Prime Minister Nehru had made it clear right from the beginning that foreign aid with political strings would be unacceptable to India. But the U.S. is a democratic country and so are the other Western nations. None can prevent their political leaders and the Press from saying what they like, a freedom which their *confreres* in India fully enjoy and any encroachment into which is strongly resented by them. We must, therefore, be patient and not lose our temper. The Government of India, on its part, must not slacken its efforts to get the foreign aid required to implement the Plan. Mr. Morarji Desai's statement in Parliament last week (8th June) is reassuring on this point. He said that negotiations with countries which had given promises of assistance last year were continuing and that further efforts would be made to ensure that as much of the foreign assistance as possible was disbursed during the current year. It is reasonable to hope that the Governments of the members of the Aid-India Club have a better understanding of India's political and economic situation than some of their politicians and newspapers and that, therefore, they will appreciate the urgency of the need for replenishing its foreign exchange till.

The answer to the question as to what India should do in case the Aid-India Club fails to meet its full requirements of foreign exchange is apparent enough. In that unfortunate event, the Plan will have to be pruned to suit the size of resources available, care being taken to ensure that capacity and employment already created are not starved of the resources necessary to keep them going. Such a development will clearly mean that India's friends in the West do not want it to grow fast and that their professions in recent years had a larger element of tall talk than one had discounted. After all, the economy of every member of the Aid-India Club is strong enough to afford the assistance which this country requires. One is aware of the balance of payments difficulties of the U.S., but there is not even the remotest chance of finding a solution to that problem by cutting down economic aid to India.

While every effort must be made to obtain the maximum amount of foreign aid in the form of long-term loans at low

minimum. As its import surplus is largely due to developmental imports, the balance of payments problem is a long-term one. Consequently, the second line of defence provided by the I.M.F. is not of much use. To borrow from the Fund is only to secure a respite. There are only two ways in which India's foreign exchange needs can be met, exports and import of long-term capital in the form of both Government-to-Government loans and private capital. Since foreign Governments are beginning to show signs of getting tired of India, it is advisable not to depend too much on them. This is not to say that they are right and that India should give up its attempt at persuading them to spare a part of their savings for its development. But prudence demands that this country should try to reduce its dependence on others. Further, a higher level of exports is necessary to give confidence to foreign private investors that the projects they help establish in India will not be starved of raw materials, stores, spare parts and machinery for replacement, and that they can freely remit the dividends to their country. Businessmen in this country must consider it their patriotic duty to earn and save foreign exchange, as well as to surrender whatever wealth they have hidden abroad. The Government will do well to give them general amnesty for a specified period, provided they pay the taxes due, if any. It is obvious that, in the present circumstances, if businessmen do not co-operate with the Government wholeheartedly, the alternative will be too many irksome controls and a reduction in the scope for expanding their operations. The Government, on its part, will have to amend those economic policies which stand in the way of reducing cost of production and improving efficiency. Export incentives can only be palliatives and not a cure to the malady of high cost. Ultimately, it is only by making the goods competitive in world markets that India can hope to attain economic viability. Since sustained success on the export front requires many years of hard work, the sooner this country starts with the real measures (that is, those that will yield enduring results) for improving its efficiency and strength the better.

INDIA'S STAND AT BRUSSELS

THE Brussels negotiations relating to Britain's application for membership of the European Economic Community have just entered their crucial phase. The nub of the problem now is whether and what arrangements can be devised to safeguard the vital trading interests of the Commonwealth countries which, not being direct parties to the negotiations, depend almost entirely on the British Government to wring out concessions from the Common Market of the Six. The Commonwealth countries may feel gratified that the British Government is alive to its responsibility and that it is standing by its promise not to join the E.E.C. unless arrangements can be made to maintain the Commonwealth's present opportunities to trade with Britain and with Europe. This promise, so forcefully reiterated by the Commonwealth Secretary, Mr. Duncan Sandys, in the House of Commons on the 7th instant, should help allay some at least of the doubts and fears widely prevalent in the Commonwealth. But a few of the misgivings will continue to remain till the negotiations are completed and a satisfactory overall package emerges. As of today, the Commonwealth countries are in no position to feel fully satisfied with the course of negotiations at Brussels, the following concluding passage in Mr. Duncan Sandys' speech in the latest Commons debate notwithstanding:

"If our admission to Europe should involve the disruption of the Commonwealth, that is an entrance fee which we are not prepared to pay. On the other hand, if the terms are fair, I am unshakably convinced that Britain's entry into the European Community will be good for Britain, good for Europe, good for the Commonwealth, and good for the stability and progress of the world."

If Mr. Duncan Sandys has made this reassuring statement, he has also made several other observations which are rather disquieting. There are, for instance, the points he has made in regard to the rights of entry and preference enjoyed by Commonwealth countries in their traditional British market. The first point is that the Ottawa agreements, which apply only to the signatories in 1932 and provide certain general rights of entry and preference, are subject to revocation at six months' notice on either side. The second point is that it is not any good looking, purely from the legal standpoint, at the question of rights conferred by specific agreements—that is, agreements governing particular commodities for a specified number of years—between Britain and certain Commonwealth countries. There is, thirdly, the point that even Commonwealth producers whose products are not covered by specific agreements "have known that they could not necessarily count on free entry for unlimited quantities for all products for all time." Mr. Sandys has, of course, admitted that these Commonwealth producers "have quite naturally taken it for granted that they could continue to have easy access to the British market." And he has also admitted that "even those which have legally binding pacts have never contemplated the possibility that the British market could be closed to them at the end of the period specified in the agreement." This admission, however, makes no difference to the forthright way in which the legal basis of the rights and preferences enjoyed by Commonwealth countries in the British market has been sought to be undermined. One wonders if any Commonwealth country can now continue to take its stand on "rights" and hope to be supported by Britain.

That brings the subject straight to India's own stand. Relevant in this context is the following passage in Mr. Manubhai Shah's Lok Sabha statement of 12th instant on the course of the Brussels negotiations:

"U.K.'s entry into the Common Market would create a fresh set of problems for us, because of the fact that our trade with the U.K. has been built over a long period of years on the basis of freedom from tariffs as well as quotas and certain guaranteed margins of preferences. It is clear that, if our *long-established rights* (italics ours) under the Indo-U.K. Trade Agreement are replaced by a restricted regime, our trade will suffer great damage."

The reference in the above passage to India's *long-established rights* in the British market may not be of avail any longer, for Mr. Duncan Sandys himself has stated, without mincing words, that "the Six are, not unnaturally, reluctant to give precise and perpetual guarantees for the entry of Commonwealth produce such as we ourselves have never felt able to give" and that "any trading arrangements which we have made with the Commonwealth have always been the subject of periodic review." What India and other Commonwealth countries are virtually asked to hope for is contained in the following two significant paragraphs of Mr. Sandys' speech:

"Broadly speaking, we are endeavouring to negotiate for an initial period arrangements which will, as far as possible, assure to Commonwealth producers trading opportunities in Britain and in Europe equivalent to those which they at present enjoy. That is what we mean in this connection by the term 'comparable outlets.'

"But that, of course, is not enough. The Commonwealth producers must have some assurance of continuity after the initial period. Commonwealth producers must have confidence that, over the years, the enlarged Community will continue to treat them fairly in the same way as they are confident of fair treatment at present from Britain."

It would appear from this statement that India, for instance, cannot depend entirely on the British Government to plead for adequate safeguards for its (India's) trade. In fact, a British paper, submitted to the ministerial meeting in Brussels on 30th May, has already conceded the first round to the Six by taking into account the latter's "reluctance to accept a solution based on complete duty-free entry" for the exports of India, Pakistan and Ceylon. Its concrete proposals, on which decisions are expected to be taken at the next ministerial meeting scheduled for 27th instant, cover cotton textiles, jute goods, other manufactures and tropical products. Regarding cotton textiles, the British proposal is that the common external tariff (15 per cent on coarse grey cloth) of the enlarged Community should be applied in three steps—the first one of 30 per cent to be taken on Britain's entry, the second one of 30 per cent to be taken if statistics covering a period of 12 months following the first move showed that the trade had not been damaged and the final step of application of the full tariff to be taken when the full tariff was applied by member-countries generally. It is a part of this proposal that member-countries be persuaded to relax quota restrictions if periodical reviews of cotton textile imports showed that their volume has fallen below an agreed level. As for jute goods, no clear-cut proposals seem to have been made. In the group of "other manufactures," a *nil* tariff has been proposed for East India hips and for certain articles of special interest to India and Pakistan but not produced on any scale in the Six, such as certain types of sports goods. For other manufactured goods in this category, duty-free quotas, with reasonable opportunities for growth, have been proposed in the British paper. The proposals covering tropical products are: (i) a *nil* tariff for tea and for a number of other items of which these countries—India, Pakistan and Ceylon—are the major producers and of which there is no major production in the existing associates of the Common Market or in Commonwealth countries and territories to which Britain would wish an offer of association to be made; and (ii) duty-free quotas in the enlarged Community for the remaining tropical products and for certain processed and miscellaneous agricultural products, including tobacco.

Even a cursory glance at these proposals made by Britain for dealing with imports from India, Pakistan and Ceylon would show that there are several conditions and reservations attached to them. That these proposals do not concede much and will not, therefore, be found wholly acceptable to these countries should be apparent. Even if that is not quite apparent, the Government of India's recent memorandum to the E.E.C., a copy of which was placed on the table of the Lok Sabha on the 12th instant, should make it so. This memorandum has suggested some practical solutions within the framework of the Treaty of Rome. These are:

(1) *Nil* tariffs to be established as the common external tariff for primary products, semi-processed and some processed products which now enjoy the right of quota-free and duty-free entry into Britain. The products suitable for free entry would include tea, spices, vegetable oils, coarse grey cloth, jute manufactures, coir products, hand-knitted carpets, East India kips, finished leather and leather manufactures.

(2) Since it will clearly be impracticable to accord duty-free treatment over the enlarged Community (as a whole) to all the Indian products eligible by convention and contractual obligations to such treatment in the U.K., the Indian products for which a zero tariff does not prove to be acceptable by the Community may be protected by means of a Protocol to the Treaty of Rome which relates "to goods originating in and coming from certain countries and enjoying special treatment on import restriction into one of the member States." In other words, goods originating from India may be accorded in the U.K. the same treatment as is accorded to the goods imported into France from Morocco, Tunisia, etc.

(3) Deep cuts in the common external tariff on items of special interest to India may be considered. In this connection, attention is invited to Article XXIV of G.A.T.T., according to which a customs union is not expected to adopt a common tariff which is more restrictive in its effect than the tariff previously enforced in member States.

There is clearly a big gulf between these Indian proposals and the British proposals covering the three similarly situated Commonwealth countries, namely, India, Pakistan and Ceylon. Whether the gulf can be bridged or at least narrowed will be known only after Mr. Duncan Sandys has concluded his discussions at New Delhi next week and the attitude of the member-countries of the E.E.C. is fully revealed at the forthcoming ministerial meeting of the Community on 27th June. This country can still hope for a reasonable compromise. This hope may not be wholly unwarranted, for we have it on the authority of the Lord Privy Seal, Mr. Edward Heath, who is Britain's principal negotiator at Brussels, that, while the E.E.C. attached immense importance to the common tariff, it was not so rigid as to say that exceptions were impossible.

While there is at present practically no tariff wall in Britain against Indian goods, the position following the former's entry into the Common Market will be a tariff barrier of 5 to 15 per cent on semi-processed products, 8 to 32 per cent on industrial products like cotton textiles and jute goods, and 50 per cent or more on items like unmanufactured tobacco, unless, of course, a compromise is reached. Otherwise, the common external tariff of the enlarged Community, coupled with the reverse preference now granted to the E.E.C.'s overseas colonies and associated territories, would inflict on Indian exporters a price disadvantage ranging upto 30 or 40 per cent in some cases. There is, therefore, no point in describing the *general* level of the common tariff as being relatively low, for its incidence on different groups of Indian exports will be much heavier. Unless India's case is conceded in a large measure, it is difficult to see how this country can maintain, in the years to come, exports to Britain at their present level of a quarter of all its overseas exports (Rs. 660-670 crores) and also hope to reduce the current annual deficit of about Rs. 130 crores in its trade with the six member-countries of the E.E.C.

MARKET GOSSIP

Why Compel Banks?

REPORTS from New Delhi suggest that the Government of India proposes to resort to legislation which will compel banks to invest a larger proportion of their resources in Government securities than they do at present. We had heard of this possibility a fortnight ago, but thought there was still room enough to negotiate a convention with the Reserve Bank on this much discussed question as was done in regard to the ratio of "own funds" to deposits. It is now said that the Government intends to give legal sanction to this convention also. It is not even six months since the convention came into force and almost all banks of any consequence, as well as a number of small banks, have initiated measures to carry out the spirit of the convention. One, therefore, fails to understand why the Government is thinking in terms of giving statutory recognition to the convention. If it does, it will rob the convention of the charm of a gentlemen's agreement and suggest that the Government has no confidence in the undertaking given by Indian banks. It will also constitute a reflection on the Reserve Bank. Further, both the Government and the banking system will go down in the esteem of other countries.

The chief reason why a convention was preferred to legislation was that, for a reform of this complicated nature, the former was more suitable than the latter, for it provided for a certain amount of flexibility. As the base to which the ratio is related is liable to fluctuation and is expansionary in character in times of inflation such as the present, the need for flexibility is indispensable. A feature of the convention, it will be recalled in this connection, is that it contains no time limit for attaining the ratio of six per cent. The implication here is that banks should ceaselessly strive to reach that goal as and when capital market conditions and their own profits position were favourable for doing so. If there is to be legislation on this issue, can this feature be retained as it is? Incidentally, there is no major country in the free world where banks are subjected to such a statutory control. If the Government of India is anxious to establish world records, there are surely more worthy fields in which it can try to do so.

The fundamental object of the aforesaid reform was to make sure that the banks would regularly set aside a specified portion of their profits even after their published reserves had attained a level equal to their paid-up capital. In recent years, most of the big banks were not making any addition at all to their published reserves, because they had satisfied the legal requirement long ago. Hence, the need for some such step was there. But the convention is so drawn up that, for a long time to come, almost every bank, big or small, will have to earmark a part of its profit in order to enhance its reserve fund. At first, there appeared to be some room for escape in the definition of "declared profit." 20 per cent of which is transferable to the reserve fund. But even this was plugged later on by the Reserve Bank by defining the formula for arriving at the declared profit. In view of all this, it is unnecessary to amend the Banking Companies Act for giving statutory backing to the convention.

If a convention could be negotiated with banks on a complicated issue like the ratio of capital funds to deposits, there is no reason why a similar arrangement cannot be made in regard to the relatively simpler issue of liquidity ratio. The banks have always been maintaining a liquidity ratio higher than that proposed by the Reserve Bank last year. If at times some of them found it necessary to go below the customary level, it was because of the pressure of demand for funds from trade and industry. In any case, the Reserve Bank has already enough powers to call upon the banks to maintain higher cash reserves (what is commonly known as variable reserve ratio), in case it found them to be indulging in "overtrading." If the object of the proposed move is to make sure that the banks bought and held more Government loans than they have been doing in the past two years, all that it has to do is to make such investments more attractive. That solution will be a good thing for the Government itself in more than one respect.

Tax Concessions

There is no cause for disappointment over the changes made by Mr. Morarji Desai in his original taxation proposals. It is true that the concessions (announced in the Lok Sabha on Tuesday this week, while moving for consideration the Finance Bill 1962-63) are only minor and marginal in character. The effect of reliefs announced by him will mean a loss of only Rs. 1.16 crore in a full financial year. But the Finance Minister had clearly ruled out any possibility of major adjustments in tax proposals even when he replied to the debate on the budget in both Houses of Parliament last month. Nor would it be correct to say that the Finance Minister has not respected the public reaction to his original proposals as expressed in the Press and on platform, as well as in the course of speeches made by Members of Parliament during the debate on the budget. For the original tax proposals certainly displayed not only realism but also boldness on the part of Mr. Desai who has sought to raise the resources required in a manner that is politically feasible and least inflationary. No one will deny that additional taxation imposes a burden of sacrifice on the people. But it has to be recognised that such a sacrifice is necessary, unless, of course, one suggests, as some cynics do, that it is better to curtail the Plan to a considerable extent or even to scrap it. There are, as Mr. Desai has reiterated, only two alternatives to higher levels of taxation, namely, inflation or stagnation. The country cannot certainly afford either. It is from this point of view that the overall size of the tax effort has to be looked at.

In the sphere of direct taxation, the Finance Minister has not proposed any modifications except on three points of drafting and one in regard to long-term capital losses. To take the latter first, The Finance Minister's proposal to allow future losses in respect of long-term capital assets to be carried forward for a period of four years is quite equitable, though the period could be extended for eight years as in the case of losses assessed upto the assessment year 1961-62. The reliefs given as a result of the proposed three amendments of drafting or clarificatory nature in respect of direct taxes are: (*a*) the share of a partner in the tax paid by a registered firm need not necessarily be regarded as unearned income; (*b*) the whole of a business loss will be carried forward for being set off against business profits of subsequent years where the assessee has no income under any other head in the year in which the loss is incurred; (*c*) the definition of subsidiary company will apply not only for the purpose of regular assessment but also for that of deduction of tax at source from dividends paid by a subsidiary company to the holding company. In the case of Wealth Tax Act, only one amendment is proposed: to raise the figure of 2 per cent mentioned in Rule 2 of the Schedule to 2.5 per cent; this has been done in order to bring it in conformity with the change in the maximum slab rate from 2 to 2.5 per cent. Rule 2 pertains to the net wealth of assessee not being a company which includes the value of any shares in a company.

The most notable concession announced by the Finance Minister in the sphere of indirect taxation covers, as is only to be expected, both the organised (mills) and the decentralised (handlooms and powerlooms) sectors of the cotton textile industry. It was these sectors which led a strong attack on the upward revision in rates of excise duties. Mr. Desai has done well to reduce the excise duty on mercerised and water-proofed (including rubberisation) mill fabrics by 15 nP to 10 nP per square metre on coarse and medium B cloth (average count of below 26s) and by 10 nP to 15 nP on medium A, fine and superfine fabrics (higher average counts). The incidence of the original uniform rate of 25 nP per square metre was rather heavy and this was especially so in the case of persons using coarser categories of cloth. The textile interests had impressively contended that the high rate of duty proposed might seriously affect the demand for such cloth and thus affect overall offtake. Candidly enough, the Finance Minister has admitted that this argument is not wholly without substance. Moreover, by reducing the tax burden, the Minister has encouraged the process of mercerising which is an important one in that it increases the durability of cloth.

The handloom sector has received a special consideration at the hands of Mr. Desai. All single cotton yarns (whether bleached or gray) as well as unprocessed (grey) folded yarns upto 40 counts issued in hanks are now totally exempted from payment of excise duty. The exemption certainly affords substantial relief to the handlooms that use predominantly yarns below 40 counts. Some relief is also afforded to the handlooms—this concession is extended to the powerloom sector too—which get their fabrics processed by independent operators, as a result of the reduction in the effective rates of excise duty to four-fifths of the standard rates. Incidentally, the independent processing units, which were in existence on 24th April 1962 but which were not required to take out a central excise licence, are now given the benefit of exemption for the first 20,000 square metres of cloth bleached, dyed or printed by them in any month.

Besides the concession in respect of processed cloth, the powerlooms are now allowed to pay excise duty at half the standard rates for the period upto 28th February 1963 and at three-fourth of standard rates during the year ending 29th February 1964. This relief is considered necessary to enable the powerloom sector to readjust its economy and also to work out schemes to ensure that they get yarn at a reasonable price. Corresponding marginal reliefs in the rates of compounded levy for units having 5 to 49 looms, we are told, is being simultaneously proposed.

Being a Gandhian, Mr. Desai could not possibly overlook the interest of the *khadi* industry. He has proposed to exempt cloth certified to be genuine *khadi* from the processing duty, even if such processing is done by power. He has also not overlooked the interest of small-scale producers of woollen fabrics who do not possess their own processing facilities. Thus, woollen fabrics produced on handlooms or powerlooms not having their own spinning plants will be charged only two-thirds of the standard rates, if such fabrics are processed in units which are not in any way connected with a spinning or weaving mill.

The other tax concessions announced by Mr. Desai are listed below for purposes of record:

Newsprint: Excise duty on indigenous newsprint is to be reduced from 22 nP to 5 nP per kg., with a corresponding downward revision in the countervailing duty on imported newsprint.

Medicines (pencillin, streptomycin, quinine, insulin and a few other remedies commonly used as basic remedies): Excise duty is to be lowered from 7½ to 2½ per cent *ad valorem*.

Fertilisers: Ammonia and carbondioxide used for the manufacture of fertilisers in the same factory will be subjected to a nominal duty of Rs. 25 per tonne, as against the standard rates of Rs. 125 and Rs. 500, respectively. Nitric acid (for fertiliser production) is completely exempted from duty.

Coal tar: This is completely exempted.

Tele-communication cables and winding wires: *Ad valorem* duty is to be reduced from 15 to 5 per cent.

The three small-scale industries which have secured similar tax reliefs are hydrochloric and nitric acids, coarse plywoods and re-rollers. Full tax exemption is granted to all units producing without the use of power not more than 50 tons per annum of hydrochloric and nitric acids, provided duty-paid sulphuric acid is used in their manufacture (the quantity of nitric acid which is a high value item, included in this total of 50 tons is proposed to be confined to 15 tons per annum only); to coarse plywoods used mostly in the manufacture of packing cases when produced in units whose total output in a year does not exceed 4,000 square metres and which do not use power in such manufacture except for the purpose of making veneers; and to all re-rollers who use mainly re-rollable scrap and who do not ordinarily get a quota of billets exceeding 10 tons a year, provided the re-rollable scrap or billets used by them for re-rolling have themselves paid duty at appropriate rates.

The aforesaid concessions, it is gratifying, have been given retrospective effect (except in the case of countervailing duty on imported newsprint), a welcome departure from the normal practice of giving "prospective effect." This decision gives relief not to consumers but to the industries concerned, inasmuch as the incidence of the originally proposed duties has already been passed on to consumers. Equally gratifying is Mr. Desai's assurance that steps are being taken in several directions to simplify procedures particularly those relating to *ad valorem* assessments.

"Investive Wages"—A German Innovation?

Conscious effort to encourage wider share-ownership has been a feature of post-war economic policies in most of the free countries of the West. The philosophy behind this policy is that the right to own property is fundamental and that ownership of property, in addition to creating for its possessor a stake in the society, also gives the individual a sense of personal freedom and independence and greater chance for seizing the opportunities in the industrial world. There is also the consideration that property ownership on a large-scale is necessary to maintain the vitality and stability of a social and economic system based on private enterprise. In other words, it is realised that the best method of protecting capitalism, that is, a social order based on private ownership of property, is to make every one a capitalist.

The U.S., Germany and Britain are in the forefront of nations which seek to achieve a wider diffusion of ownership of property. As a result of efforts made by official and voluntary bodies, and the natural instinct of every individual to acquire and own property, coupled with the high levels of income and security of employment (an ordinary industrial worker in any of these countries today enjoys the income and standard of higher middle class people in this country), the number of shareowners has increased in the past decade from one million to 3.5 million in Britain and from 6.5 million to 15 million in the U.S. A new campaign for promoting wider shareownership is planned in Britain to which support has been assured by some prominent members of Parliament, industrialists and the Government. W. Germany seems to have gone further ahead in this sphere than any other country. The Federal Government, in its Declaration of October 1957, gave wide dispersal of property a foremost place in its social policy programmes. Many novel steps have been taken in that country to facilitate and encourage formation of private assets primarily by those having small or moderate means. These include provision of fiscal and other incentives to save, direct subsidising of the savings capacity of the individual savers and creation of facilities for profitable investment. People's share is one of the many new innovations introduced with a view to providing profitable avenues of investment. The people's share has not been juristically defined. It only signifies that shares, divided into small values, of economically sound enterprises are issued to large sections of the population at a favourable rate and that a wide distribution of the shares must be maintained. This is sought to be achieved by "privatising" of publicly-owned enterprises. As a first step towards the introduction of people's shares, in the spring of 1959, a partial privatising of "Preussag," a leading industrial concern, was accomplished by offering shares worth DM 30 million for public subscription. These were subscribed within a few days by some 216,000 investors and the Government had to release a further DM 53 million worth of Federally-owned shares. The next notable step was the partial "privatisation" of Volkswagen Works which too proved a tremendous success.

One more innovation for enlarging the ownership of shares has been proposed in Germany. This is "investive wage" which bids fair to be the number one topic of social and political discussion in that country. The term "investive wage" denotes a share of wages or salaries that is not paid to the employee or worker in cash. This share may be invested either in the shares of the company where the employee works or put in an investment fund for purposes of investment in shares of other companies. In this manner, participation of the working population in the ownership of the means of

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TREND OF SHARES

NEW LOWS ON BEAR PRESSURE

(From Our Own Correspondent)

BOMBAY, 14th June

SELLING pressure on stock exchanges continued unabated this week—in fact, it increased as the week progressed—prices fell to new low levels and the previous week-end mild rally proved but a mirage. Almost every day, prices dipped further and, at close, were around the lowest levels of the week, showing all-round moderate losses on balance. Unnerved by the non-stop fall in values, tired bulls liquidated. Support was conspicuously absent; only the erstwhile sellers were buyers at lower levels. Sentiment was demoralised and the tone distinctly weak. Bears were dominant.

The extension of the setback this week, which brought down values on the Bombay Stock Exchange, in particular, either to around or even lower than the pre-budget low levels, only reflected the deep concern of the markets over uncertain prospects for foreign aid for the current year of the third Plan, the 15 per cent cut in the import licences for actual users to conserve foreign exchange and the resultant shortage of imported raw materials and difficulties in importing plant and equipment, the official admission of the difficulties in the infra-structural facilities like fuel, power and transport, fears of an adverse turn in the situation across the country's borders, the continuance of a bearish trend on Wall Street, and, last but not least, reports of unsteady health of Prime Minister Nehru. The trend of the market this week strikingly confirms a common feature of stock exchanges, namely, that almost all are sellers around the low levels and buyers at the top levels. For some of these factors have not cropped up all of a sudden. But, whereas nobody wanted to sell equities some five weeks ago, few want to buy them today.

True, there was hardly anything in the news to provoke one to buy. Even the tax reliefs announced on Tuesday, turned out to be marginal, though subsequently the Finance Minister confirmed that the net gain to the textile industry alone would be roughly Rs. 8 crores. But, at the same time, the authorities have deemed the economic uncertainties and difficulties to be a worthy of challenge, and have assured the people that, notwithstanding these problems, the implementation of the Plan would not be slowed down. Then, the announcement of higher steel retention prices is much more proximate now than what it was a month ago. The selling prices of coal have been raised, albeit on a small scale and it is expected that those for cement and paper would be increased soon. It is believed that the import cuts would boost prices of manufactured goods. At the current low levels, business in shares has shrunk considerably. Finally, the same Mr. Morarji Desai, having a keen sense of awareness to a healthy industrial and investment climate in the country, is very much there in the Central Cabinet and, according to Mr. Nehru himself, he holds a high rank in the Cabinet. All this is too well known to the stock market operators but seems to have been conveniently forgotten by them for the moment.

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Dalal Street reeled under fresh blows from bears and some nervous bull liquidation. Sentiment deteriorated considerably near the close. As the much expected reliefs in taxes were only marginal, a fresh selling wave enveloped the market, with its barometer, Tata Steel Ordinary, breaking the hard-tested resistance level of Rs. 147.50 and declining to Rs. 146.75. Buyers were hard to find, and the proposed *hartal* by jobbers and brokers on Monday and Tuesday next against the proposed increase in stamp duty in the State budget acted as a restraining influence. Cash scrips also showed small price-cracks. Reflecting the market's anxiety over the import cuts, the unofficial quotations for new shares broke rather sharply on a selling wave. Thus, the quotation for Tak Machinery came down from Rs. 60 to Rs. 40, for SKF from Rs. 120 to Rs. 95, for Kirloskar Cummins from Rs. 108 to Rs. 90, for Paper Products from Rs. 38 to Rs. 32, for Hindustan Kokuku from Rs. 55 to Rs. 45, for United Carbon from Rs. 90 to Rs. 75 and for Steel and Allied Products from Rs. 135 to Rs. 120.

Although the selling pressure was over a broad front, it was concentrated on Century and National Rayon; the former slumped from Rs. 648 to Rs. 620.50, to close 22 points lower on balance at Rs. 625, and the latter fell from Rs. 531.50 to Rs. 509, showing a loss of Rs. 20 at close over the previous week-end level of Rs. 532.50. Standard also showed a big loss of Rs. 39 at Rs. 970. Khatau declined by Rs. 15 to Rs. 472.50. Bombay Dyeing were one point lower at Rs. 68. Kohinoor and Gokak were down by Rs. 6.50 each at Rs. 287 and Rs. 209.50, respectively, while Finlay declined from Rs. 310 to Rs. 303. Svadeshi from Rs 276 to Rs. 274, Tata Mills from Rs. 71.20 to Rs. 68.50 and Phoenix from Rs. 248 to Rs. 240. Mafatlal, in the Cash section, came down from Rs. 845 to Rs. 820 and Gwalior Rayon were 80 nP lower at Rs. 56, despite the increase in the dividend from Rs. 2.25 to Rs. 2.50 per share for the year to 31st March 1962, following a substantial improvement in the sales from Rs. 10.60 crores to Rs. 12.07 crores and in the gross profit from Rs. 3.8 crores to Rs. 4.4 crores.

Among Steels, while Tata Ordinary finished Re. 1.75 lower at Rs. 147.50 and Mukand Iron were down by 80 nP at Rs. 25.50, Indian Iron showed a loss of only 15 nP at Rs. 25.70.

A slump from Rs. 548.75 to Rs. 500 in Indian Dyestuff, calling for the first automatic interim margin of Rs. 31.25 per share on bears, was a feature in the Miscellaneous section. The previous week's promising recovery in Bombay Burmah proved short-lived, as the shares receded again from Rs. 684 to Rs. 668. Amar Dye-Chem suffered a setback from Rs. 325 to Rs. 308.75 and Poly Chem were 10 points lower at Rs. 190. Hindustan Motors closed unchanged at Rs. 19.52, but Premier Auto were easy at Rs. 131. In the Engineering section, Telco came down from Rs. 362.50 to Rs. 354, Voltas were down by 11 points at Rs. 284 and Alcock showed a loss of four points at Rs. 227. Scindia declined by 36 nP to Rs. 12.32 and Great Eastern by 40 nP to Rs. 12.60. A.C.C. came down from Rs. 158.75 to Rs. 156 and Digvijay from Rs. 206 to Rs. 204, and Belapur, among Sugars, from Rs. 231 to Rs. 225. In the Cash List, plus signs were few. The big losers were Hindustan Electric from Rs. 256.25 to Rs. 240, Colour Chem from Rs. 485 to Rs. 466.25, Synthetics from Rs. 228 to Rs. 216, T. Maneklal from Rs. 700 to Rs. 680 and Chemicoat from Rs. 210 to Rs. 202. United Motors, however, rose from Rs. 20 to Rs. 30.

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In Calcutta, while the majority of the counters showed losses on balance, select speculatives rallied after early decline, but had recovered only a part of the ground lost in the previous week. Thus, Birla Juts showed a gain of 81 nP at Rs. 34.81, Dunlop of 44 nP at Rs. 43.19, Howrah Jute of Re. 1.25 at Rs. 22.75, Indian Cable of 63 nP at Rs. 37, Orient Paper of Re. 1.05 at Rs. 43.25, Shree Gopal of 50 nP at Rs. 27, Texmaco of 45 nP at Rs. 25.50 and J.K. Cotton of 37 nP at Rs. 19.62. However, Burrakur Coal showed a further loss of 50 nP at Rs. 18.94, Kesoram of 69 nP at Rs. 30.06 and G.K.W. of 38 nP at Rs. 39.81.

In the Cash List, among Textiles, Bowreah receded from Rs. 32.50 to Rs. 29.62 and Jagtjit from Rs. 27.50 to Rs. 23.50. East Indian Coal declined further from Rs. 53 to Rs. 49.50. Jutes generally rallied; Delta showed a gain of Rs. 14 at Rs. 205, Dalhousie of Rs. 6 at Rs. 133, and Anglo-India of Rs. 5 at Rs. 241, but Alliance declined from Rs. 130 to Rs. 121. Engineering issues continued easy, with Burn declining further from Rs. 720 to Rs. 699. Assam Sillimanite moved up from Rs. 13.25 to Rs. 14.69 and Bengal Chemical gained one point at Rs. 105. Miscellaneous issues showed further moderate losses. Dr. Paul were one point lower at Rs. 23, Hind. Twyford moved down from Rs. 17.81 to Rs. 17.06. National Rubber receded from Rs. 13.25 to Rs. 12.12, Rallis were traded two points lower at Rs. 142 and Union Carbide came down from Rs. 52.12 to Rs. 50.50, but N.I. Cable recovered from Rs. 46.37 to Rs. 49. Sugars and Teas were quietly steady.

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The Madras Stock Exchange was easier in restricted dealings. However, some Miscellaneous and Rubber issues showed small gains in the Forward List. Lakshmi declined from Rs. 157 to Rs. 151 and Madura from Rs. 37 to Rs. 36.15 as did S.I. Viscose from Rs. 172.50 to Rs. 166. Ashok Leyland slipped down from Rs. 8.55 to Rs. 8.45 and Mettur Chemicals from Rs. 13.10 to Rs. 13.05. Blue Mountains receded from Rs. 2.42 to Rs. 2.38, Periakaramalai from Rs. 3.40 to Rs. 3.38 and Ouchterlony Valley from Rs. 3.75 to Rs. 3.73. But India Cement looked up from Rs. 6.18 to Rs. 6.20, Consolidated Coffee from Rs. 18.40 to Rs. 18.44 and Cochin Malabar from Rs. 7.03 to Rs. 7.10. In the Cash List, while Bangalore Woollen moved up from Rs. 243 to Rs. 245, Kothari eased further from Rs. 11 to Rs. 10.87; Textools edged forward from Rs. 175.50 to Rs. 176, Andhra Cement from Rs. 10.37 to Rs. 10.50, Orissa Cement from Rs. 19.90 to Rs. 20 and F.A.C.Ts from Rs. 7.80 to Rs. 7.85, but Tube Investments declined from Rs. 290 to Rs. 286, Western India Products from Rs. 205 to Rs. 195 and Madras Rubber from Rs. 23 to Rs. 22.30; E.I.D. looked up from Rs. 39.25 to Rs. 39.50, but Cauvery suffered a setback from Rs. 101.50 to Rs. 99.50; Manankara Rubber gained 40 nP at Rs. 16.90, but Midland slipped down from Rs. 11.40 to Rs. 11.20. Kil Kotagiri moved down from Rs. 3.40 to Rs. 3.38.

CAPITAL MARKET NEWS

NEW ISSUES

ASSAM Sillimanite Ltd. of Gauhati, Assam, incorporated on 6th August 1951 and engaged mainly in the business of mining of natural Khasi sillimanite in the Khasi and Jaintia Hills of Assam, is launching an ambitious refractory project and raising for the purpose its present paid-up equity capital of Rs. 30 lakhs to Rs. 1 crore by the issue of 7 lakh new shares of Rs. 10 each. A part of the additional capital, Rs. 24 lakhs, is to be offered to the public. The subscription lists will open on the 18th inst. and close after a week from that date, or earlier at the discretion of the Directors, but not before the 20th inst. The entire public issue has been underwritten, among others, by the Industrial Finance Corporation of India and the Life Insurance Corporation of India. The Company has entered into a technical collaboration agreement with Messrs. Vereinigte Grossalmeroder, Thonwerke, West Germany, to whom it is issuing 60,000 shares. A total of 2.90 lakh shares has been reserved for allotment to the International Finance Corporation of Washington in consideration for its agreeing to provide big long-term loans for the project. Sixty thousand shares are offered as rights shares to the existing shareholders. The L.I.C. will be allotted 50,000 shares against the underwriting arrangements.

The project, for which a new plant will be set up at Ramgarh, Bihar, is to be implemented in two stages. The annual production in the first stage, for which the plant and machinery will be installed before the end of this year and commissioned into production before the latter half of 1963, will comprise 19,000 tons of fireclay special bricks and shapes, 4,000 tons of sillimanite bricks and shapes, 2,900 tons of insulating bricks, 3,600 tons of fireclay mortars and mixes and 400 tons of sillimanite mortars and mixes and make a total of 29,000 tons. In the second stage, to be taken up after the first stage has gone into production, the annual capacity envisaged is of 17,000 tons, made up of 6,000 tons of chrome-mag bricks and shapes, 3,000 tons of mag-chrome bricks and shapes, 3,000 tons of magnesite bricks and shapes and 5,000 tons of magnesite ramming mixes. The aggregate capacity will thus be 46,000 tons. The Company has been granted a licence worth Rs. 65 lakhs for the import of plant and machinery for the two stages of production. Meanwhile, a preliminary project in the form of an initial plant with all indigenous machinery and equipment and an installed capacity of 3,000 tons per year has been installed at the plant site and was started in February/March 1961. After completing trial runs, production has been built up to a present monthly average of 200 tons. Extensive deposits of fireclays, which will constitute 85 per cent of the raw materials requirements for the first stage of production, are located within 15 miles of the factory site. In addition, the Company owns vast deposits of sillimanite ore and is expected to obtain mining concessions for other essential raw materials such as kyanite, chromite, pyrophyllite and magnesite in Bihar, Orissa and U.P.

All metallurgical industries, steel plants, glass, pottery, enamel, cement and power industries are dependent on a regular supply of refractories not only for their original construction but also for their continued operation. It is reckoned that each ton of steel uses between 150 and 200 lbs. of refractory material and rotary kilns used for manufacturing cement require relining with refractory material every 12 months. With the envisaged steel capacity in the country of 10 million tons per annum at the end of the third Plan, demand for refractories would be about 1.60 million tons a year, of which steel plants alone would account for 1.15 million tons. It is proposed to raise the installed capacity of the refractory industry to 2 million tons at the end of the third Plan. Even after all the schemes licensed so far are implemented, it is estimated that there would be an uncovered gap in demand of 0.50 million tons per annum. At present, refractories production in the country is placed at 0.52 million tons a year. Annual imports approximate Rs. 3 crores. The development of the indigenous industry would, therefore, mean considerable saving in foreign exchange.

The I.F.C., Washington, is advancing the Company a dollar loan of Rs. 44 lakhs ($924,000) for the completion of the first stage of the project and a further loan of Rs. 21 lakhs ($441,000) for the second stage. Under the investment agreement, the I.F.C. has been granted the option, to be exercised at any time up to and including 1st April 1974, to subscribe at par up to 290,000 ordinary shares and to pay the purchase price in promissory notes. The agreement also provides that, in addition to the interest and commitment charges and the benefit of stock option, the I.F.C. will be entitled to participate in the available net profits of the Company (after providing for a dividend of 10 per cent on the nominal amount of the issued shares) up to 30 per cent each for 1963, 1964 and 1965, and thereafter on a reducing scale up to 3 per cent in 1974 and no more thereafter. Sales of the Company have steadily increased from Rs. 17.04 lakhs in 1959 to Rs. 25.26 lakhs in 1961 and the gross profit has similarly gone up from Rs. 3.11 lakhs to Rs. 7.25 lakhs. Last year, the Company paid a taxable dividend of 6 per cent per annum on the equity shares.

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Subscription lists for the public issue of Rs. 15 lakhs—Rs. 10 lakhs in equity shares of Rs. 10 each and Rs. 5 lakhs in 50,000 9.286 per cent taxable cumulative redeemable preference shares, also of Rs. 10 each—by Zenith Lamps and Electricals Ltd., Madras, will open on the 14th inst. and close either on the 18th or the 21st inst. The Company, incorporated on 12th May 1961 at Madras, is setting up a factory for manufacturing fluorescent tubes, with an annual capacity of 1.2 million pieces. It has secured technical collaboration of Messrs. United Incandescent Lamp and Electrical Company Ltd., of Budapest, Hungary, well known as the manufacturers of the world-famous *Tungsram* lamps. As the plant and machinery to be installed are fully automatic, it is stated, no royalty is to be paid to the foreign collaborator. The Company has obtained licences for the import of plant and machinery of Rs. 16.84 lakhs, comprising Rs. 13.52 lakhs for the fluorescent tubes plant and Rs. 3.32 lakhs for its adjunct glass tube drawing plant. The total outlay on the tube plant is estimated at Rs. 41.70 lakhs and on the glass factory at Rs. 38.30 lakhs, making an aggregate total of Rs. 75 lakhs. The factory will be located at Madhavaram, about six miles from the Madras Central Station. The Company will be the second manufacturer, after the Elmi group of manufacturers, of fluorescent tubes in the country, but its plant, designed to turn out 600 to 650 tubes an hour, will be the biggest of the existing plants. The actual installed capacity for fluorescent tubes in the country is nearly 2 million pieces per annum, as against the estimated demand of 6 million tubes. The restricted supplies, it is said, fetched an unofficial premium of 100 per cent on a single tube.

RIGHTS ISSUES

The East Indian Coal Company Ltd., Calcutta, proposes to issue to the existing shareholders three new shares for every five shares held at 33s. or Rs. 22, per £1 share, that is, at a premium of 18s. or Rs. 8.67 per share. The Company is making the necessary applications to the Controller of Capital Issues and British Treasury.

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The shareholders of **Kalpetta Estates Ltd.**, Madras, are to be issued by the Company 40,000 rights equity shares of Rs. 10 each at par in the proportion of one share for every two shares held.

NEWS IN BRIEF

THE question of fixing floor or minimum prices for all agricultural commodities is being considered by the Government of India, according to Mr. S. K. Patil, Union Minister for Food and Agriculture.

A team of the Central Geological Survey has discovered traces of silver, uranium, copper and cobalt at the Parbati Valley (Kangara district) in the Punjab. Heavy drilling operations are expected to commence at the site shortly.

A four-member delegation of dry prawn exporters sponsored by the Marine Products Export Promotion Council has left on a week's tour of Burma for exploring the possibilities of increasing prawn exports to that country.

The National Building Construction Corporation proposes to install two mechanised brick plants, one in Madras State and the other at New Delhi. The Madras plant is expected to cost Rs. 20 lakhs. It will use furnace oil as fuel, instead of coal.

The two blast furnaces of the Rourkela Steel Plant in the public sector produced 2,134 tonnes of hot metal in 24 hours last week. This was a record production which exceeded even the aggregate rated capacity (2,000 tonnes) of the two furnaces. The third blast furnace of the Rourkela Plant is getting ready for lighting.

The Indian Oil Company Ltd. has been negotiating with several parties in Eastern and Western Europe and the U.S. for import of lubricants. Disclosing this in the Lok Sabha the other day, Mr. R. Hajarnavis, Deputy Minister for Mines and Fuel, pointed out that no deal had been settled so far, except for the import of 2,000 tons of transformer oil and 6,000 tons of axle oil from Rumania.

A delegation led by Mr. M. R. Sachdev, Secretary in the Union Ministry of Irrigation and Power, has left for Washington to negotiate a loan agreement with the World Bank and International Development Association for the Sone Barrage project in Bihar. The delegation will also negotiate with these organisations loans for the Koyna and Purna projects in Maharashtra State.

The Indian Merchants' Chamber, Bombay, has submitted to the Government of India a memorandum urging an independent inquiry into the working of communication services. The Chamber has stated that, while progress in the direction of providing additional facilities is slow, services of telephones and telegraphs departments continue to reveal serious shortcomings.

The Government-owned Indian Oil Company made its first sale of petrol last week. The I.O.C., up to now selling 'Jyoti' kerosene and high speed diesel oil only in Bombay, will from now on market petrol also. The I.O.C.'s first sale of petrol is for the Poona Municipal Corporation's large fleet of goods carriers, conservancy vehicles and motor cars.

A Japanese firm, the O.M. Ltd., Osaka, Japan, has agreed to provide technical collaboration for the manufacture of super-high draft ring frames, proposed to be taken up by a Coimbatore firm, Messrs. Ramakrishna Industrials, manufacturers of textile machinery. The Japanese firm will receive royalty for supplying technical know-how for the ring frames which are claimed to be the latest techniques in cotton spinning industry.

An industrial licence has been granted for the establishment of the first jute mill in the co-operative sector in Assam. The proposed mill will have 150 looms and is expected to cost Rs. 120 lakhs. This is one of the major co-operative ventures in the State, second only to the co-operative sugar mill at Dergaon in the Sibsagar district. The Industrial Finance Corporation has agreed to give a loan of Rs. 40 lakhs to the jute mill, if a share capital of an equal amount is raised from the members of the society.

The Orissa Government has set up a nine-member Planning Board with the Chief Minister as Chairman to prepare a long-term development plan for the State. The decision is in pursuance of the Planning Commission's call to all States to take measures for strengthening the machinery for planning at State level. The Board will gather economic and technical data essential for planning and modify the third Plan schemes, if necessary, to dovetail them to the proposed long-term plan.

An official team, led by the Secretary for Transport, Mr. G. Venkateswara Ayyar, has left for Washington to finalise the terms of a loan from the International Development Association (I.D.A.) for the expansion of the Bombay port. The loan is expected to cover the foreign exchange cost of the expansion programme, namely, Rs. 9 crores. The total expenditure for the programme is estimated at over Rs. 26 crores. The I.D.A. loan will be interest-free, barring a small service charge.

The Steel Foundry Works at Chittaranjan is expected to go into production by the end of 1963. It is expected to attain full production by 1966. The civil engineering works have already been taken in hand. The foundry, which has been set up in collaboration with a leading British firm, has a capacity of about 10,000 tons of steel castings. It will also produce alloy steel plants and castings, bogie casting for diesel electrical locomotives, electric locomotive castings, bogie castings and roller bearing axle boxes for carriages and wagons.

The construction of the Bhakra Dam is likely to be completed by the end of October 1962. About 99.44 per cent of the concreting work of the dam had been completed by the end of April 1962. The highest level attained was 1,699.5 feet, that is, 739.5 feet above the deepest foundation, against the total height of 740 feet. The power house on the left side of the Dam has been completed and the one on the right side is in the preliminary stage of construction. The expenditure incurred on the Dam up to the end of February 1962 was Rs. 60.48 crores.

The Government of India has raised the prices of the various grades of coal with effect from the 13th inst. The actual increase is Re. 1.50 per ton for non-coking coal of grade selected A and coking grades of A, B and C, Re. 1 for selected B of non-coking and D and E coking varieties, 75 nP for grade I (non-coking) and grades F, G and H (coking) and 38 nP for grades HH, J, K and L (coking) and grade II (non-coking). It is proposed to fix a ceiling at Rs. 2.50 per ton on the prices of coking coal of HH to L grades and non-coking coal of grade II. The grades HH to L of coking coal will also be converted into one grade HH.

The Government of India has decided to reduce by one-third the existing rates of compounded excise levy on *khandsari* for the period from 1st July to 31st October 1962. This decision is a sequel to the representation made by the industry that, during the gawalat period, the recovery of sugar being low, the previous rates operated to their disadvantage. The alternative procedure of compounded levy, it will be recalled, was introduced in 1960 and suitable rates of compounded levy were fixed for the convenience of the manufacturers of *khandsari* sugar in the matter of maintaining accounts and discharging other obligations under the Central Excise Law.

Air-India has decided to build a workshop for the overhaul of Rolls Royce engines and a test house, together costing Rs. 50 lakhs, according to Mr. K. K. Unni, Assistant General Manager of the Company. With a fleet of six Boeing 707-International jets, Air-India has a scheduled daily Boeing service to London and New York, two services a week each to Tokyo and Nairobi, and one service a week to Sydney and Moscow each. It has also introduced a weekly Comet jet service to Jakarta and Kuwait, and a weekly Comet service between Madras and Singapore. In 1961-62, 1,43,930 passengers were carried on all the routes of Air-India, as against 1,18,452 in 1960-61.

A French team of experts has signed two contracts with the Government of India for the supply and eventual collaboration in the progressive manufacture of Alouette III helicopter in Bangalore and Kanpur. To begin with, the French company will supply five helicopters for immediate use in the border roads programme. These five machines are likely to be delivered by the end of this year. The manufacturing programme aims at turning out 100 helicopters per annum. In the beginning, only the superstructures and the parts will be manufactured here. The engines will be imported from France. In course of time, the "Durboprop" engine will also be manufactured in Bangalore.

Madras will soon have a modern factory for manufacturing fluorescent tubes. The Zenith Lamps and Electricals Limited has already secured the licence. The Company will secure technical know-how from the United Incandescent Lamp and Electrical Company Ltd. of Budapest (Hungary) which is well known for the manufacture of lamps, television tubes and electronic valves under the name of "Tungsram." The initial capacity (single-shift basis) of the plant, which is fully automatic, is of the order of 650-700 tubes per hour and forms the biggest single unit in India. The Company's technical personnel will be trained in the *Tungsram's* factories and laboratories in Hungary. Hungarian technicians will supervise the installation of the plant and production in India in the initial stages. The Company has been able to get all this assistance in consideration of their purchasing the plant and equipment from the collaborators, payment being made in deferred instalments. The Company has a phased programme of manufacturing all the components which have at present to be imported. A glass factory for manufacturing all varieties of glass tubes and rods will be established in the immediate future, preliminary arrangements for which have already been completed.

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From Abroad

Drought has led to widespread damage of cotton crop in China, particularly in Honan, Shantung and Szechuan provinces.

The Pakistan Government proposes to fix statutory internal minimum price for the lower variety of jute in order to check the present downward trend.

The Japanese Honda Motor-cycle Company proposes to put up a plant in Belgium with a capacity to produce 10,000 motor cycles per month.

The twentieth session of the contracting parties to the General Agreement on Tariffs and Trade (G.A.T.T) will be held from 24th October to 16th November next.

The British Board of Trade is considering a proposal to exempt from any import duty rare earth minerals and their concentrates containing rare earth compounds of not less than 40 per cent and not more than 95 per cent by weight calculated as rare earth oxides.

PERSONAL

MR. T. T. Krishnamachari, Union Minister without portfolio, has been appointed a member of the Planning Commission.

Mr. K. B. Lall, India's Ambassador to the European Economic Community, Brussels, has arrived in New Delhi in connection with the visit of Mr. D. Sandys, British Secretary for Commonwealth Affairs.

Dr. (Mrs.) Maitreyee Bose, M.L.A., a prominent labour leader of West Bengal, has been elected President of the Indian National Trade Union Congress for the year 1962-63 in the place of Mr. Michael John.

Dr. Z. I. Kertesz of the U.S. has been appointed Chief of the Food Science and Technology Branch of the Nutrition Division of the U.N. Food and Agriculture Organisation *vice* Dr. A. G. van Veen of the Netherlands, who has joined the Cornell University of Ithaca, New York, as the head of the Department of International Nutrition.

Mr. Duncan Sandys, Britain's Commonwealth Secretary, is scheduled to arrive in New Delhi on Friday the 15th inst. During his five-day stay in the capital, he will meet the Prime Minister, the Finance Minister and other Government representatives and apprise them of the latest developments in regard to Britain's proposed entry into the European Common Market.

The price of tin on the London Metal Exchange fell below £900 per ton, for the first time since last June, when the buffer stock held by the International Tin Council was exhausted. The decline is attributed to lack of buying on account of uncertainty in regard to the release of U.S. strategic stockpiles.

The U.S. Agency for International Development has granted a loan of $5.3 million for the construction of a new tyre factory in Turkey. The plant, which will be put up by the U.S. Royal Lastik, a Turkish subsidiary of the U.S. Rubber Company, is expected to meet one-third of the total requirements of tyres in that country.

An agreement seeking to ensure complete economic unity between Arab States within ten years has just been signed at a meeting of the Arab League Economic Council at Cairo. The signatories include Egypt, Syria, Jordan, Morocco and Kuwait. Iraq and Saudi Arabia, however, have not yet signed the agreement.

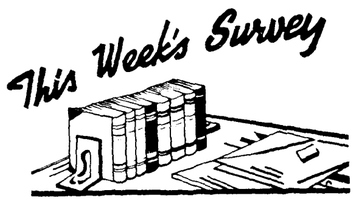
The International Monetary Fund has entered into a stand-by arrangement with Ecuador authorising the latter to draw up $5 million during the next one year in currencies held by the Fund. Ecuador had drawn $10 million from the Fund from an earlier stand-by arrangement, which expired last week. The new arrangement is designed to provide continuing support for Ecuador's stabilisation programme started about a year ago.

The total world consumption of rubber in 1962 is expected to be of the order of 4.28 million tons, comprising 2.13 million tons of natural rubber and 2.15 million tons of synthetic, according to the International Rubber Study Group. World output is estimated at 4.36 million tons—2.15 million tons of natural and 2.21 million tons of synthetic rubber. It is considered likely that 70,000 tons of natural rubber will be delivered from Government stockpiles in the current year.

World wheat production (excluding that of China) in 1961-62 is placed at 208.5 million tons, a decline of 10 million tons over the previous year, according to the latest edition of *World Wheat Statistics*, the statistical annual of the International Wheat Council. The biggest decline was in North America (from 51.5 million tons to 42.1 million tons), as also in Africa. In Soviet Russia and South America, however, there was some increase in output.

The British Government's programme of research into the development of nuclear propulsion for shipping, according to a reply given by the Minister of Transport, Mr. Ernest Marples, in the House of Commons on the 1st inst., would cost about £3 million over the next three years. The research, which is being carried out by the Atomic Energy Authority in collaboration with the nuclear industry, is aimed at a reactor system that will be economically attractive to a wide range of shipping. An agreement, it may be recalled, has also been signed between the Atomic Energy Authority and a consortium of Belgian companies to develop an advanced version of the pressurised water reactor which has shown promise for marine propulsion.

The British Overseas Airways Corporation and the Cunard Steamship Company, the two leading U.K. overseas transport companies, have jointly formed a new company, called the B.O.A.C.—Cunard, in order "to mount a concentrated attack" on foreign air competition over the North and Mid-Atlantic air-routes. The new Company will take over all the existing scheduled air services run by the BOAC and Cunard Eagle, Cunard Steamship's subsidiary, to a large part of the Western hemisphere (mainly the U.S. and the Caribbean, but excluding Canada). The B.O.A.C. and the Cunard are also expected to work in close collaboration throughout the world in providing air and sea services, especially to encourage the scheme for "one way sea and one way air" across the Atlantic. The two airlines, however, will retain their independence in respect of other services.



EXPORT PROMOTION OR COMMITTEE PROMOTION?

THE first meeting of the newly-constituted Board of Trade held at New Delhi last week-end turned out to be a rather tame affair. Instead of coming to grips with export problems and taking decisions on various measures for export promotion, the Board was largely involved in the mere elaboration of well-known generalities. Mr. Manubhai Shah, Union Minister for International Trade and Chairman of the Board, set the tone of the proceedings with the observation that "the most important task before the country is to create an export climate." There is, of course, nothing new in the stress laid on the export climate. All the committees which have studied the question of export promotion since independence have emphasised this point, but to no very great effect. There are, of course, various ways in which the factors hindering the promotion of export climate can be eliminated. In the first place, there is need for ensuring a steady growth of production, industrial and agricultural. As is well known, the transport bottlenecks, and shortage of coal and power have already hit hard industry, in particular. Secondly, the apathy, if not indifference, of the State Governments on the export front, should be overcome. The Mudaliar Committee on foreign trade, in its recent report has made special mention of this drawback. In the Committee's own words, "several instances have come to our notice where the State Governments have resisted remission of fiscal levies and prevented inter-State movement of raw materials entering into products destined for export markets, purely from their provincial standpoint, unmindful—or at least unconscious—of the effect of their policies on the export drive." Thirdly, exporters should be compensated, in the present circumstances, for the loss suffered by them in world markets, through selective concessions, fiscal reliefs and other incentives, in order to make the export business worthwhile in the short run.

It is, of course, impossible for anybody to prescribe cut-and-dried solutions for all the ills on the export front. But the Board, however, could have given a firm direction to export promotion efforts, had the meeting confined its attention to some of the aforesaid major problems and considered the feasibility of the solutions already suggested for them by various expert bodies. It is disappointing to note, in this connection, that the Board, consisting as it does of several leading businessmen, has not been able to make decisions on various measures of assistance to exporters suggested by the Mudaliar Committee. The Board, has only evaded the issue by postponing its consideration on the ground that the question needs to be further studied in consultation with each industry concerned, as the nature of assistance would vary in different cases. It is not clear whether the Board has in view the formation of another committee for this purpose.

That the Board is enamoured of new committees is no longer in doubt. For it has already decided in favour of the establishment of two new bodies, one on export finance and the other on fair trade practices. We are told that a study group, headed by the Chairman of the Industrial Finance Corporation, has been constituted to examine the question of granting liberalised and widespread credit and guarantee facilities to the export trade. It was only last year that a detailed report on export finance was submitted to the Government by the Kapur Committee. The Government does not seem to have taken any decisions on its recommendations. One is at a loss to know what precisely is the miracle expected from the new study group. Another apparent innovation is the formation of a sub-committee, under the chairmanship of the President of the Federation of Indian Chambers of Commerce and Industry, for evolving a code of fair trade practices. The sub-committee is expected to draw up a draft code of fair commercial practices and prepare a phased programme for implementation. Generally speaking, any student of marketing and distribution will be able to suggest a series of fair trade practices. No doubt, the sub-committee may be able to incorporate the views of industry and trade in the matter. It would appear, however, that this move is largely a reflection of the Board's incapacity to arrive at a quick decision. The Board has also approved of the proposal to establish a Quality Control and Inspection Council. The Council, it is said, will place before the Board the operational programme of quality control and pre-shipment inspection. There is nothing new in this move either. Several measures of quality control and pre-shipment inspection are already administered either officially or by industry in respect of select items. It remains to be seen what the new Council is going to do.

The Board of Trade will serve its purpose well only if it resists the temptation of shirking decisions by appointing new committees. There is no dearth of expert studies on most of the aspects of export trade in this country. The Board will do well to examine the feasibility of implementing the suggestions contained therein and make necessary modifications, if needed. Otherwise, the Board will only duplicate the work already carried out, without itself making any positive contribution to the promotion of export trade.

LABOUR POLICY

For sheer foresight, realism and candour, Mr. Nanda's speech in the Lok Sabha in reply to the debate on the Labour Ministry's demand for grants and his address to the Subjects Committee of the I.N.T.U.C. at Calcutta this week were outstanding. The criticism of the Government's labour policy voiced in the Lok Sabha and at the I.N.T.U.C. session was identical, with the well-worn demand for a better deal for workers and the usual complaint that enough had not been done for labour. But the change in his audience did not influence Mr. Nanda to alter the tone or content of his remarks at Calcutta which concerned the Government's approach to labour questions in the larger context of the development needs of the country. Mr. Nanda emphasised, both in the Lok Sabha and at the I.N.T.U.C. session, that improvement in wages could only be based on improvements in productivity, as, otherwise, an inflationary situation would arise and the process would be self-defeating. According to him, two main obstacles in the way of giving workers higher wages were the disappointingly slow rate of growth in production and strikes which "harmed labourers more than employers." He conceded that, while there was some room even now for improving the conditions of workers, it was only to a very limited extent and that, unless production increased progressively, the scope for improvement would narrow down further.

Stressing the need for increasing production, Mr. Nanda pointed out that, last year, inspite of it being one of the most peaceful years in recent industrial history, the mandays lost through work stoppages amounted to 4.2 million, loss of production was estimated at Rs. 16 crores and of wages at Rs. 2 crores. The actual damage done must have been more than what these figures suggest, for the repercussion of work stoppages spread to the entire economy. Mr. Nanda disclosed that, in view of this loss of production, the Government intended to probe into every case of stoppage in production for determining responsibility and taking suitable action. He advised workers not to resort to strike. Should they find that injustice was being done to them, he wanted them to get in touch with the Labour Minister of the State concerned and request him that "they should be considered on strike" before stopping work. It would, he said, mean an S.O.S. to the Government to take all steps to prevent the strike by setting things right. The implication of this advice is simple. It is that workers should not go on lightning strikes and that they should give a chance to the State Governments concerned to avert the strike. As a piece of rhetoric, Mr. Nanda's remark sounds impressive, but its practicability remains to be tested, especially as there are nowadays more major strikes in the public sector than in the private sector.

Mr. Nanda did well to emphasise the importance of productivity because Mr. Michael John, President of the I.N.T.U.C., in his presidential address, sought to give a dangerous interpretation to the relationship between wages and productivity. According to him, higher productivity, which the employers clamoured for, could be possible only when workers had been given a fair wage and on condition that the additional gains of productivity would be shared by workers. The insistence that higher wages should be conditional on higher productivity was, he said, tantamount to putting the cart before the horse. There is a basic fallacy in this argument, as it ignores that wages and the remuneration for other factors of production have to come from production and that the latter must precede the former. Where is the money for higher wages for workers or, for that matter, higher dividend and taxes to come from except from the fruits of their own effort? The stipulation on sharing the gains of productivity is also questionable. For workers are not the only claimants for the gains of higher productivity, for the simple reason that they alone are not responsible for the improvement in productivity. Mr. John's argument proceeds from the wrong premise that workers are at present being denied a fair share of the fruits of their labour—a premise which, perhaps, explains the militancy of his speech this year. In contrast to this irrational attitude, Mr. Nanda's address reflected restraint and respect for reasons. He admitted that, although the working class had derived considerable benefits and raised their standards of life since independence, a large leeway had still to be made up as a living wage had not been achieved by the majority of workers. He emphasised, at the same time, that one should not forget that millions are unemployed or underemployed in the country. In the circumstances, any pressure for higher wages would, he went on to add, be at the expense of other sections which were no better off and, if a large number pressed their claims, prices would rise and most people would fare worse consequently. He was of the opinion that it was possible to increase production in the present circumstances without much additional investment, if people worked harder, reduced wastage to the minimum and if skills of workers of all grades were raised by suitable training. Increase in production achieved this way, he felt, would be anything like 25 per cent in the next five years.

Mr. Nanda candidly admitted that all was not well in the country or even on the labour front. But he indulged in some vague and airy talk when he sought to elucidate what he had in mind. Thus, he observed that a sense of frustration had set in among the people, because of the Government's failure to establish greater equality among the people and in implementing the Socialist policies. The want and hardship which millions of unemployed and underemployed were going through contrasted with the waste and luxury indulged in by a small group. This, he averred, militated against the generation of enthusiasm among the masses. The *status quo* could not be maintained. There would have to be large-scale social change. The first need was, therefore, to remove all impediments in the way of production which arose because of the system as it is functioning now. Now what exactly does he want to do to change the system and how does he propose to do it within the four corners of the Indian Constitution? It would be better if Mr. Nanda were to spell out the manner in which enthusiasm among the masses could be generated.

FURNACE OIL AND COAL

Since early last year, when the coal shortage set in, the use of furnace oil as a substitute industrial fuel has been advocated and sought to be fostered by the authorities. Faced with a continuing shortage in the supplies of coal, industries, particularly in the Western and Southern regions, are themselves keen on switching over to furnace oil. But there are some practical difficulties in the way. One is the relatively high cost of furnace oil, as compared with that of coal. According to inquiries made recently by the Federation of Indian Chambers of Commerce and Industry from its constituents, the cost of furnace oil works out to Rs. 170 per tonne (Rs. 140 being the present price, ex-port and inclusive of the total excise duty of Rs. 60 *plus* the present railway freight of about Rs. 27 from Bombay port to an inland centre like Baroda plus Rs. 3 by way of sales tax, octroi, etc.). The landed cost of an equivalent quantity of coal, assuming that nearly two tonnes of coal are required to generate as much energy as one tonne of furnace oil, will not exceed Rs. 120 in Baroda, for instance. No doubt, the difference of Rs. 50 (Rs. 170 *minus* Rs. 120) will be reduced by Rs. 13½ representing the proposed 50 per cent rebate in railway freight on the transport of furnace oil from ports to consuming centres. But there will still be a gap of about Rs. 36½ which cannot be covered otherwise than by a corresponding reduction in excise duty. This course, suggested by the Federation in its communication of 6th June 1962 to the Union Finance Ministry, should commend itself to the authorities if they are serious about the use of furnace oil as a substitute fuel.

Another practical difficulty faced by industries, which would very much like to use furnace oil, is the non-availability of foreign exchange for the import of equipment required in the conversion of existing boilers from coal to oil firing. There is also the problem of allocating sufficient foreign exchange to additional imports of furnace oil. The Federation's suggestion, in this connection, is that the existing refineries should be enabled to utilise their capacities fully and produce more petroleum products, including furnace oil, from additional imports of crude oil. As crude imports will involve a smaller expenditure of foreign exchange than imports of products like furnace oil, the Federation's suggestion is certainly worthy of consideration. If, however, the foreign exchange difficulties are not expected to be overcome in the immediate future, the Federation's pleas are not likely to be heard. Greater production of coal and its quicker movement to consuming centres will be more immediately possible and that too, without any additional expenditure of foreign exchange other than that provided by the World Bank loan to private collieries. More immediate efforts to resolve the fuel crisis in the industrial sector would, therefore, have to be made in this direction rather than in that of costlier substitution.

RETURNS FROM IRRIGATION PROJECTS

The basic test of a reasonable financial return to the exchequer from the investment on an irrigation project used to be the sole or main test in the days of British rule. But this criterion of productivity has not been uniformly applied to new irrigation projects taken up for construction in the 'fifties. More especially in the second Plan period, out of the 122 new major and medium projects approved by the Planning Commission, as many as 92 have not satisfied the test of productivity. Substantial secondary gains to the community by way of greater agricultural production and employment and special considerations like regional development or development of backward areas and power generation, have relegated the conventional test to the background. It has thus come about that the 'period' within which an irrigation project must be expected to become paying and the concept of 'benefit' have both been considerably enlarged in recent years. The high cost of new irrigation projects and the time lag between the creation of irrigation potential and its actual utilisation in the fields have necessarily meant that no definite 'period' can be laid down. As 'benefit' can be both tangible and intangible (from the point of view of social welfare) no fixed formula can also be uniformly adopted for measuring it in money terms.

In these circumstances the research session of the Central Board of Irrigation and Power held at Ootacamund early this month has wisely pleaded for the adoption of more comprehensive criteria than the test of financial productivity. This support by the Board only confirms the trend that has already been in operation, and carries the implication that the remaining exploitable water resources cannot be harnessed except at still higher costs. Does all this mean that the vast amounts of public money (mostly secured from public loans on which interest has to be paid) invested in new irrigation projects should not be expected to yield some reasonably adequate return? If so, that would be going too far. Surely the broad aim must be to derive some *direct* and some *indirect* returns to the exchequer. More economic construction, speedier and fuller utilisation of irrigation potential created at the headworks, integration, wherever possible, of irrigation projects with the more remunerative power projects, judicious distribution of water according to the requirements of different crops, evolution of an equitable and generally acceptable structure of water rates and betterment levies, propagation of cultural practices most suitable for irrigated lands, and timely and adequate distribution of fertilisers—these will go a long way towards increasing the returns to both the exchequer and the farmer. The returns to the exchequer, though small in a direct sense, can be substantial in indirect terms, that is, by way of additional land revenue or sales tax on larger marketed surpluses, higher returns from the power part of multi-purpose projects, and so on. The additional returns to the farmer flowing from irrigation will, of course, be all too evident to him.

SMALL-SCALE INDUSTRIES

The Indian Merchants' Chamber deserves to be complimented on arranging a conference of small-scale industrialists in Bombay last week. The Conference, inaugurated by Mr. Nityanand Kanungo, Union Minister for Industry, sought to highlight the problems faced by small industrialists of the western region, covering the States of Maharashtra, Gujarat and Madhya Pradesh. The findings of the conference are, of course, applicable to the generality of small entrepreneurs in other parts of the country as well. The deliberations at the conference have revealed that the problems of the small-scale sector of industries fall within three broad groups, namely, inadequate credit facilities, shortage of raw materials and procedural difficulties in respect of land acquisition and of import licences for machinery and components, etc. It is, however, disappointing to note that the conference has not given adequate attention to the problems of, and prospects, for, dovetailing the programmes of the small-scale sector with those of large-scale industries. There is a growing awareness in the country that small-scale industries can have an integrated role in industrialisation only if they are designed to be ancillary units within the framework of common production programmes, as in Japan or the U.S. The Indian Merchants' Chamber, being a body consisting of many large-scale units, could have profitably utilised the conference for assessing the scope for establishing small units ancillary to large units in this region. Its research wing could have made a thorough study of the problem and, in the light of its findings,

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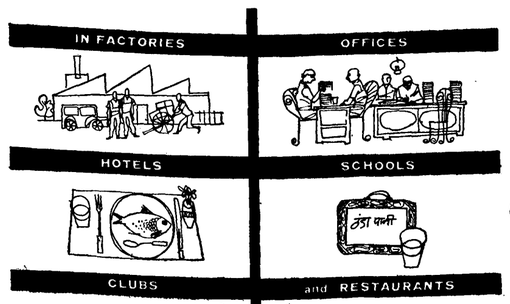

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MAHARASHTRA'S FINANCES BUOYANT

NEW LEVIES ON ROAD TRANSPORT LACK JUSTIFICATION

THAT Maharashtra is one of the most progressive States in the Indian Union is easily proved by some economic indicators. The State income at constant (1955-56) prices, for instance, is estimated to have *increased* by 31 per cent between 1955-56 and 1960-61, while *per capita* income has gone up by 15 per cent over the same period. It is noteworthy that both these rates of growth are somewhat higher than in the national economy as a whole. In 1961-62, however, the State income seems to have declined marginally on account of some setback to agricultural production. Even the volume of industrial production, as indicated by consumption of electricity and growth in factory employment, appears to have only maintained the usual rate of increase of around 6 per cent during the year. Although industrial consumption of electricity has increased by 15 per cent —from 1,853 million kw.h. in 1960-61 to 2,130 million kw.h. in 1961-62—growth in industrial production has still been retarded by the shortages of key materials like cement, steel, equipment, coal and wagon space. But the State's industrial progress, as indicated by the number of licences issued under the Industries (Development and Regulation) Act for new units as well as for substantial expansion of existing ones, has been well maintained in spite of the crucial shortages. It may be recalled, in this connection, that as many as 385 licences (with an aggregate investment potential of Rs. 100 crores) were issued under the aforesaid Act in 1961. Measured in another way, too, that is, in terms of the value added in the manufacturing sector, Maharashtra continues to occupy a leading position in India's industrial sector, contributing as it does, more than 20 per cent of such value in the country as a whole.

If Maharashtra has thus acquired the reputation of being a progressive State, it is due as much to public investment as to private investment. The Plan outlays in the public sector, for instance, increased from Rs. 21 crores in 1956-57 to Rs. 79 crores in 1960-61. The aggregate public outlays in the second Plan period were to the tune of Rs. 225 crores, which were substantially in excess of the original Plan provision of Rs. 204 crores. The State also attracted its customary large share in the nation's private investment outlays. The proposed third Plan outlays in the public sector are of the order of Rs. 390 crores (Rs. 100 crores on revenue account and Rs. 290 crores on capital account), representing an annual average of Rs. 78 crores. In the first year (1961-62) of the current Plan, the public outlays have been of the order of Rs. 68 crores, while in 1962-63 they are expected to be nearly Rs. 80 crores. If public outlays are maintained at this level of Rs. 80 crores or so in the remaining three years of the third Plan, further economic progress in the State may correspond, more or less, to schedule. But this progress can be achieved only if the resources required for public investment come up to expectations.

Here, happily, the State's finances are seen to be in good shape, revealing a certain buoyancy even at the existing levels of taxation. The relevant figures are given below:

(Rs. crores)

		1961-62 (*Revised*)	1962-63 (*Budget*)
I.	*Tax Revenue :*		
	1. Taxes on income (share of income-tax)	6.7	12.0
	2. Taxes on commodities and services :		
	(a) Union excise	7.1	11.4
	(b) State excise	1.2	1.2
	(c) Sales tax	34.5	36.0
	(d) Entertainment tax	2.6	2.6
	(e) Taxes on vehicles	5.5	5.5
	(f) Tax on railway fares	1.4	1.4
	(g) Other taxes and duties	8.7	7.5
	Total (2)	61.2	65.6
	3. Taxes on property and capital transactions :		
	(a) Estate duty	0.4	0.4
	(b) Land revenue	6.9	7.0
	(c) Stamps and registration	5.9	5.9
	Total (3)	13.2	13.3
II.	*Non-tax revenue :*		
	(1) Interest on loans and advances	2.0	6.9
	(2) Receipts from commercial enterprises	10.6	11.3
	(3) Other receipts	22.3	23.4
	Total (II)	34.9	41.6
III.	*Other receipts* (which include share of additional taxes recently levied by the Union Government in the field of divisible taxes and additional revenue arising out of procedural changes in the administration of Sales Tax Law)		4.4

It will be seen from the above figures that the State's tax revenue, *even at the existing levels of taxation*, will have increased by about Rs. 14 crores in 1962-63, as compared with 1961-62. One would have, therefore, thought that, in a situation like this, there was not much need for heavy additional taxation. But that is not the view Mr. S. G. Barve, Maharashtra Finance Minister, has taken in his tax proposals accompanying the budget estimates for 1962-63 submitted to the State's Legislative Assembly on the 7th inst. These regular budget estimates, as distinct from the Financial Statement which had been submitted on 27th March for the purpose of taking a Vote on Account for the first four months of 1962-63, have revealed, as compared with 1961-62, practically no increase in non-development expenditure on revenue account (Rs. 56.2 crores in either year). But the Government's latest proposals to rationalise the pay scales of its employees will involve an additional expenditure of about Rs. 4 crores in the budget year. Further, in the field of development expenditure on revenue account, there has been an increase, the position for 1962-63, as compared with 1961-62, being as follows:

(Rs. crores)

		1961-62 (*Revised*)	1962-63 (*Budget*)
1.	Social services :		
	(a) Plan	4.0	9.5
	(b) Non-Plan	40.2	45.3
2.	Economic services :		
	(a) Plan	9.4	9.0
	(b) Non-Plan	16.1	18.3

It would appear from the above figures that non-Plan development expenditure on revenue account is expected to rise by Rs. 7.3 crores and development expenditure on account of some Plan schemes only by Rs. 4.5 crores. Even so, the buoyancy in revenues, even at the existing levels of taxation, should have taken care of the major portion of the estimated increases aggregating Rs. 17 crores in non-development, non-Plan development and Plan development expenditures. Any additional taxation could, therefore, have been limited to about Rs. 3 crores (being the difference between Rs. 17 crores of additional expenditure and Rs. 14 crores of additional revenue, as compared with 1961-62). Actually, however, the State's Finance Minister has now brought forward new tax proposals (like the increases in sales tax on a variety of goods other than the daily necessaries of life and on coal gas, the levy of sales tax on hand-made *bidis* and *gur*, the increases in stamp duty and entertainment duty, the readjustments in electricity tariff, the education cess on the annual rateable value of urban immovable property and on irrigated land growing cash crops, the increases in sales tax on motor spirits and in motor vehicles tax, and the new tax on freight carried by lorries) which are expected to yield Rs. 5.7 crores over the remaining part of the budget year and Rs. 8.6 crores in a full year. This much additional tax effort in one sweep seems to be too much even for a big and progressive State like Maharashtra. Some at least of the new tax proposals can as well be re-examined either for reducing their incidence or for withdrawing or postponing them.

The most onerous and, thus, the most controversial of the present tax proposals pertain to increases in sales tax on motor spirits and in motor vehicles tax and to an entirely new tax on carriage of goods by road. Motor vehicles and road transport in India are already heavily taxed, carrying as they do the heaviest taxation in the free world. To burden them further with additional imposts is not fair. The increases (from 4 nP to 5 nP per litre of aviation

(*Continued on page 1100*)

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COTTON TEXTILE IMPORTS INTO U.K.

MR. ERROLL'S STATEMENT GOOD IN PARTS

IT is gratifying to find that the British Government has not yielded to the renewed pressure tactics adopted by the domestic cotton textile industry to get official intervention in regard to imports from India and other Commonwealth countries. The Government has decided to accept the Hong Kong textile industry's offer to continue upto the end of 1965 the present ceilings on its exports of cotton piecegoods and made-ups for retention in Britain, subject, however, to the acceptance of similar arrangements on the part of India and Pakistan. This was disclosed in the House of Commons on Wednesday the 6th inst. by the President of the Board of Trade, Mr. Frederick Erroll, while making a statement on Government policy concerning imports of cotton textiles and other matters affecting the industry. It may be recalled that strong—rather very strong—representations seeking Government intervention had been made by the spokesmen of millowners. A month ago, a Cotton Board delegation met the Prime Minister and vigorously urged that the Government must assume responsibility and renew the voluntary ceiling agreements on the basis of actual imports at present. The plea for import curbs on cotton textiles received powerful support from trade unions also. Indeed, the unofficial Textile Action Group staged a public demonstration last week against imports of cotton textiles from the Asian members of the Commonwealth. It led a procession of both millowners and workers through the streets of London, with banners proclaiming the plight of the industry, and a petition was presented to Parliament.

In his statement, Mr. Erroll did admit that a large volume of imports caused serious difficulties to the domestic cotton textile industry. But he made it clear that the Government was bound to take account of the importance of textile exports to the economies of the Commonwealth countries concerned. The Government, he said, believed that the present ceilings were reasonable in all the circumstances and it had been decided to accept them.

The stand thus taken by the British Government reflects a higher sense of responsibility. Apparently, it must have realised that any unilateral action either by the Government or by the industry may injure the trade and the friendly relations existing between Britain and the Commonwealth countries concerned. By rejecting the plea for reducing the present ceilings, the Government has avoided the possibility of adding to the balance of payments difficulties of countries like India which are faced with a critical foreign exchange situation. The ceilings, it may be recalled, are 195 million square yards for India, 184 million square yards for Hong Kong and 42.4 million square yards for Pakistan, whereas the Lancashire millowners want to take the level of actual imports so far this year as the basis for limiting imports. This level is considerably lower than the ceilings.

Despite the refusal of the British Government to concede Lancashire's demand, we feel that the winner of the campaign is Lancashire and not India or Pakistan. For, by continuously keeping up the agitation against imports, Lancashire has stalled the possibility of India asking for either an increase in the ceiling when the present so-called voluntary pact expires or the pre-pact freedom to ship cotton textiles without quotas. After all, the pact was only meant to give the Lancashire industry a respite and not permanent protection. India would be perfectly justified in asking for the restoration of the freedom it had enjoyed in the past for reasons which this journal has mentioned on several occasions previously. It is, however, a moot question now whether the Government of India and/or the millowners would ever make such a demand. Even if they do, the British Government can conveniently point to Lancashire's wild cries and plead its inability to swim against this powerful current. Once again, the British cotton industry has proved that, in any contest, it pays to be on the offensive and that, in diplomacy and strategy, its leaders can beat their Indian counterparts hollow.

The British Government's decision has naturally been welcomed by our London contemporary, *The Financial Times*. The paper says:

"The Government has refused the cotton industry's plea for more protection, and it has been right in doing so.... In fact, there was really no alternative to this tough line.... To cut the possible ceiling on a major section of Commonwealth exports at the present delicate stage of Common Market negotiations would have been almost impossible, while such action would not have squared either with the undertakings which have been entered into under the international textile agreement at Geneva. The Government has, therefore, accepted the Hong Kong plan and, as long as India and Pakistan do the same, the current ceilings will remain in force until the end of 1965."

In effect, by pitching its demand higher than its actual requirements, Lancashire has safely and firmly achieved its goal. It has placed India on the defensive by raising the issue at a time when India has been trying to make sure that it will not be seriously hit, if Britain joins the Common Market. If, for instance, India were to demand, as a counter to Lancashire's proposals, that the ceiling pact be scrapped, it would have alarmed the Continental textile millowners.

The statement of the President of the British Board of Trade that the present system of duty-free imports into Britain of cotton textiles from the Commonwealth countries will continue is welcome, despite his qualification that the Governments and industries concerned would naturally reserve their right to reconsider the matter if, as a result of the Common Market negotiations at Brussels, there were to be any change in this system. It may be noted here that India now possesses a tariff advantage of 17½ per cent for cloth and 7½ per cent for yarn *vis-a-vis* non-Commonwealth countries. How serious the impact will be if this advantage is done away with is well brought out in the following extract from a statement issued sometime ago by the Indian Cotton Mills' Federation:

"Even as it is, the volume of exports from the non-Commonwealth countries to the U.K. has been greatly increasing, that from the E.E.C. countries alone having expanded from 30 million square yards in 1958 to 77 million square yards in 1960. If the exports from the E.E.C. countries could expand so rapidly even when they suffered from a tariff disability of 17½ per cent *vis-a-vis* the Commonwealth countries, it is easy to imagine how much more formidable their competition will be when the position will be reversed and the tariff advantage of the Commonwealth countries of 17½ per cent will be converted into a tariff advantage for E.E.C. countries of something like 15 per cent. The potential of the E.E.C. countries to export textiles is enormous. They are net exporters to outside world, their exports in 1960 (excluding inter-E.E.C. trade) amounting to 49 million lbs. of yarn and 844 million yards of cloth. India's textile exports to U.K. are a vital source for the earning of foreign exchange by this country. In 1960, the foreign exchange earned on this account was Rs. 17.2 crores from cloth and Rs. 90 lakhs from yarn. India will rapidly lose these earnings, if Britain joins the E.E.C. without arranging for the continuance of duty-free imports."

In the course of his statement, Mr. Erroll alluded to the long-term Geneva agreement which is due to come into operation in October next. He revealed that the Government intended to accept it for the U.K., subject to a reservation exempting Britain from obligations to admit increased imports. This is a major qualification which does not appear to be in consonance with the spirit of the Geneva Agreement. If Britain makes such a departure, every other developed country will tend to follow suit, with the result that the whole Geneva undertaking will go to the wall.

The observations of Mr. Erroll on imports of cotton textiles from countries outside the Commonwealth which have taken advantage of the ceilings agreement with India, Pakistan and Hong Kong are, however, agreeable. Thus, he observed that "it would be unfair to those countries which are voluntarily restricting their supplies to this market, if other countries took advantage of such restraint to increase their own sales." And he minced no words when he declared that the countries with no traditional trade in cotton textiles should not count on being able to build up a new market in Britain. It is precisely for this reason that the British Government has decided to introduce a system of open individual licences in place of the present open general licence under which cotton piecegoods can be imported freely from most sources. It is to be hoped that the new system, while it will "quiet the fear of increasing imports from new sources," will not entail fresh restrictions on imports from existing sources.

A WEEK OF TURMOIL

NEW WAGE POLICY MAY HAVE TO BE EVOLVED

(From Our Own Correspondent)

LONDON, *8th June*

LONDON LETTER

ON almost every imaginable economic and political front this has been one of those weeks in which the whole economy seems to writhe and settle down into a different form. First, in the stock markets the account which has just finished has been one of the most tumultuous in the history of the Stock Exchange. Last week began with the market collapse, following Wall Street, of 8 per cent (in the *Financial Times* index, from 283 of industrial shares to 261). The following day came a 5½ per cent recovery, getting three-quarters of the way back to the opening figure; then the decline set in again in fits and starts to end the week at 267 which is 5½ per cent down on the opening. There is nothing very dramatic about the overall fall, big though it is in terms of points, but there is clearly unease that, in spite of no sound economic reason, why the markets should go on deteriorating, as they yet may.

The Chancellor of the Exchequer has also this week seen his wages policy blown sky-high. In spite of his tremendous endeavours to institute a wages policy with the co-operation of business and the Trade Unions and to establish the overall increase in national productivity as the standard for wage increases, negotiation after negotiation has gone against him. Wage negotiations have traditionally been conducted in an atmosphere of what the particular industry can stand or, for public employees, what has been happening elsewhere. In practice the negotiators have been unable to accept the concept of a guiding light in the shape of the index of national productivity. That was the case which the Treasury put up to the Civil Service Arbitration Tribunal in claiming that nearly half a million civil servants should have their pay raised by 2 per cent. The civil servants countered by pointing to the manner in which their pay has dropped behind general levels of remuneration to the tune of about 5 per cent. The Arbitration Tribunal in fact rejected the Treasury argument, they rejected the Chancellor's policy and they awarded the civil servants a 4 per cent rise. Now that the Government's own employees have won this, no respect is likely to remain for the Chancellor's policy. When the new round of industrial wage increases comes up in the autumn, 4 or 5 per cent rather than 2 or 2½ per cent is likely to be the criterion whether national productivity justifies it or not. So the Government will have to look again for a wages policy.

Labour's Win in By-election

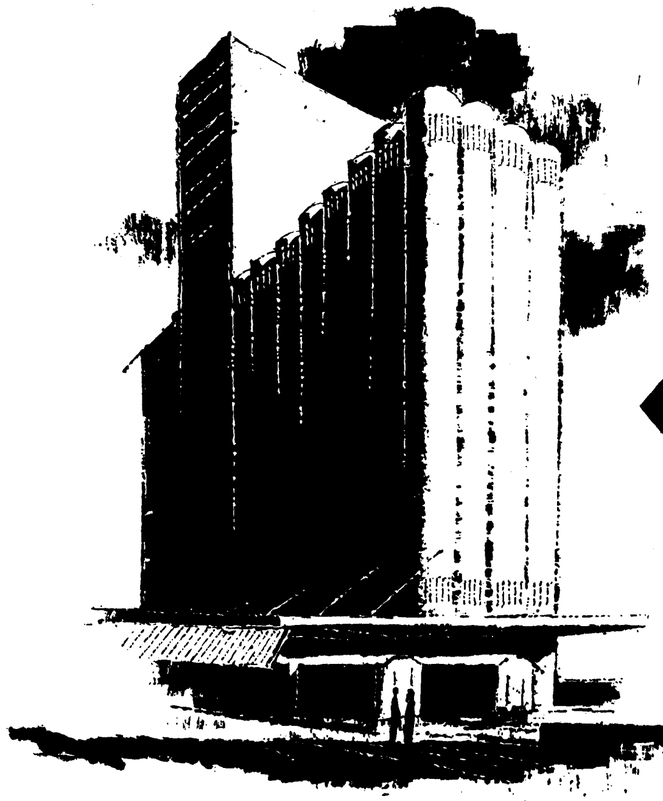
On the political front, the Labour Party won their first seat from the Government in a by-election, increasing their percentage of the poll by 4 per cent and halving, with the help of the Liberals, the Government's vote; although the Liberals were placed third, the fact that they doubled their previous vote is in line with all other indications of their growing attraction to the voter who decides that, if he does not want to see Labour in, he does not necessarily have to vote Conservative. At another by-election the Conservative candidate (an ex-Labour Party man!) held the seat for the Government by a very narrow majority. With 3½ per cent less votes than the Conservative came the Liberal candidate and 5 per cent lower down, the Labour. In both these by-elections the seat was won on a minority vote—in one case the minority Labour and in the other the Conservative. The Government has, of course, plenty of time to manœuvre; they do not have to go to the country for at least two years and much may alter in that time. One can only observe that if the present pattern of opinion develops, the Liberal Party will be in a position, if not to form a Government, then to hold in power whichever of the other parties it chooses.

Negotiations with E.C.M.

Finally, on the international front, the Government is continuing to face criticism about the lack of positive information on the hazards of joining the Common Market. There seems no doubt now that the Prime Minister has pledged Britain's entry more or less on the terms that the Common Market wants. Although

(Continued on page 1093)

A silo—built to accommodate 100,000 tons of foodgrains! If the set-up looks too luxurious, consider *this:* every year in India more than a million tons of foodgrains are destroyed by pests—due to old methods of storage! Colossal wastage? It is. One reason why scientific storage is important—almost next in line to raising food production in India. Today Larsen & Toubro supplies a wide range of plant and equipment in the field of food and agriculture: tractors and implements, earth moving equipment, fertiliser plants, grain silos and food processing plants.



it has a lift.
it has a railway siding.
what is it?

stronger than a pair of bullocks!

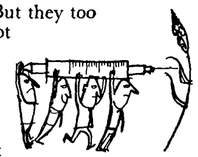
Certainly! And faster. Not the caterpillar—but the tractor that bears the famous name. It ploughs, for instance, about an acre an hour! (A pair of bullocks takes 16 hours!) Impressive? Then think also of the bigger machines: bull-dozers, scrapers, dumpers, traxcavators... all essential equipment for building irrigation dams and canals, clearing forest lands, harrowing and soil conservation.

bread does not grow on trees!

Nor do biscuits, for that matter! Bakeries need flour—large quantities of it every day! Now think of the time it takes to produce one ton of flour *by hand*. And think of the modern Buhler mill that grinds 1,000 tons a day—just one of the plants that L&T now progressively manufactures.

plants do have feelings!

So science has proved. But they too occasionally need a "shot in the arm". Fertilisers, in other words. Essential for healthy growth and increased yield. Every year the demand is growing—and with it the need for fertiliser plants and equipment like the Chemiebau superphosphate plants and other process equipment manufactured by L & T.



which one is eating rice?

Hard to tell the difference—and that exactly is the point. Synthetic rice *looks* similar; it tastes equally good. Then why choose it in place of rice? Because it is three times more nutritious. It is comparatively cheap... two aspects that are important to a country with a food problem. And this is where Buhler come in—with their long experience and know-how.

L & T contributes also to the development of these vital industries:

- **dairy**
- **oil**
- **steel**
- **chemicals & pharmaceuticals**
- **paper**
- **minerals**
- **electricity**
- **transport**
- **construction**

IN SERVICE L&T LIES SUCCESS

LARSEN & TOUBRO
LIMITED

MEDIUM-TERM FINANCE FOR INDUSTRY

REPORT OF RESERVE BANK'S WORKING GROUP

THE planned acceleration of industrial growth in India has brought to the fore the importance of the provision of long and medium-term finance to industry. In the years since independence, several special financial institutions such as the Industrial Finance Corporation of India, State Financial Corporations and the Industrial Credit and Investment Corporation have been set up and they have extended a growing volume of medium and long-term credit to industry. In the context of the future requirements of industrial growth, the scale of operations of the various special institutions will continue to expand and grow in importance. Some of the commercial banks have also, of late, been taking interest in extending formal medium-term loans to industry, assisted partly through facilities available from the Refinance Corporation for Industry. Considering the demand for and supply of term credit to industry, banks will be called upon to supplement to an increasing extent the facilities provided by other financial institutions. The increasing importance of term loans emphasises the need for improving, as well as disseminating more widely, techniques of appraisal of term loan applications. It was considered useful, therefore, to pool existing experience in this field and accordingly the Reserve Bank of India set up a Working Group under the chairmanship of Mr. K. N. R. Ramanujam, Director of Banking Division, Economic Department, Reserve Bank of India, to prepare a report outlining some of the general principles followed by financial institutions extending term loans. The Working Group which consisted of representatives, among others, of the Reserve Bank of India, scheduled banks, financial institutions such as the Industrial Finance Corporation of India, State Financial Corporations and the Industrial Credit and Investment Corporation of India recently submitted its report to the Bank. The Bank has published the report as the approach to term loan applications and the methods of appraisal discussed in the report will be of interest to all financial institutions engaged in term lending. The salient features of the Working Group's study are brought out in the following summary of the report:

Banks and Term Loans

In its report, the Working Group points out that, while several special financial institutions have been established in recent years for the provision of medium and long-term credit for industry, there is still need for a further broadening of the institutional set-up. Banks hitherto have shown caution in extending their term loan commitments, as they consider such loans non-liquid and hence risky. The traditional concepts of liquidity are, however, not applicable to term loans. The liquidity of such loans depends on the "anticipated income" of the borrowers as they are intended to be repaid over a period of years out of the enhanced profits arising from the utilisation of the loans.

It is well known that Indian banks "roll over" a substantial portion of their short-term credit. This amounts, in effect, to medium-term lending and it has not adversely affected the liquidity position of the banks. Actually, the absence of a continuing obligation for full repayment during the tenure of the loan, the liquidity that comes from regular amortisation and the discipline that this imposes on both the banker and the borrower are points in favour of formal term loans as against rolled-over credit. The adoption of formal term lending by at least the larger banks would introduce a certain flexibility in the operations of the Indian banking system.

The present conditions in India are especially favourable to the adoption, to a limited extent, of the practice of formal term lending by banks. Several measures such as the setting up of the Deposit Insurance Corporation have been introduced to add to the strength and stability of the banking system. At the same time, certain limitations concerning the ability of the Indian banking system to extend the scope of banks' activities in this field should also be noted. Already, the credit-deposit ratio of banks is high, resulting in pressure on their liquidity ratio. There is also the fact that term lending is a specialised business which only banks with a certain minimum of resources, personnel and organisation can undertake. Even in the case of an individual bank equipped for the purpose, the amount of term lending that can be undertaken is limited by its overall financial position which is determined, among other things, by the structure of the bank's deposits (i.e. the size of its term deposits), its capital funds and the general level of its advances-deposits ratio.

Aspects of Appraisal

In the assessment of risks involved in loans of longer duration, the criteria used for judging the "soundness" of short-term loans are often unreliable and inadequate. While a static analysis of the balance-sheet position would suffice for a short-term loan, appraisal of term loans requires a dynamic approach, involving, as it does, among others, a projection of future trends of output and sales and estimates of costs, returns and flow of funds. In fact, the standards to be adopted and the methods of analysis required for the appraisal of term loans are more appropriate to investment decisions than short-term lending. However, there can be no standardised approach to appraisal. Even the criterion of profitability that would be normally adopted by financial institutions cannot be applicable in all cases. In the context of capital scarcity in an underdeveloped economy, it may have to be partly tempered by the wider objectives of development.

There are four broad aspects of an appraisal: technical feasibility, economic feasibility, financial or commercial feasibility and managerial competence. It would be neither possible nor necessary to attach equal importance to all these aspects, even when a comprehensive inquiry seems necessary. Each situation should be viewed separately and as a whole. The strong points revealed by one aspect of appraisal may more than offset weaknesses in others. The scope of appraisal and the emphasis placed on each aspect would hence depend on the circumstances of each case.

The examination of technical feasibility consists of an assessment of the various requirements of the actual production process, with a careful inquiry into the availability, accessibility and quality of the goods and services needed.

The economic feasibility aspect has reference to the earning capacity of the project. The immediate sale prospects of an increase in output should be assessed, but it is necessary to go beyond this. On the supply side, the competitive position of the unit concerned should be examined and, on the side of demand, the projection of future trends worked out. This is a complicated matter, since the influence on demand of the different factors varies depending on the nature of the goods produced—consumer, intermediate or capital. Moreover, as they are estimates, they have to be used with due caution. Nonetheless, it should be possible to determine approximately the range over which the demand for any product will move over a given period.

The appraisal of managerial competence is of importance because, in a dynamic economic environment, the ability of an enterprise to forge ahead of others depends upon the quality of its management. The repayment prospects of a loan thus vitally depend upon the competence and integrity of the management.

Financial Appraisal

The most important aspect of term loan appraisal is the financial aspect. No term-lending institution can afford to ignore a comprehensive financial appraisal, except at its own risk. Any temptation to appraise term loans adopting criteria suitable for short-term accommodation must be scrupulously avoided. The term-lending institutions have to ensure that the projects to be handled by them meet the following minimum financial criteria: (i) The estimated cost of the project is reasonable and complete and has a fair chance of materialising; (ii) the financial arrangement is comprehensive, without leaving any gaps and ensures availability of cash as and when needed; (iii) the estimates of earnings and operating costs are as realistic as circumstances permit; and (iv) the borrower's repaying ability, as judged from the project operations, is demonstrable with a reasonable margin of safety.

The basic data required for financial analysis can be grouped under four broad heads.

(1) *Cost of the project*: The capital cost estimates of the project should be comprehensive and require to be reviewed critically. Comparisons of such estimates may be made with those of similar projects entertained earlier by the lending institution. In the estimation of costs, besides the principal items such as land, buildings, machinery, etc., allowance should also be made for working capital requirements which would vary from industry to industry. It is also necessary to ascertain the means of financing the project that is the extent of reliance on share capital, internal resources such as reserves and surplus, long-term borrowings, deferred payments for import requirements, etc. The cost of the project and the means of financing it have to be related to the phasing of the project and arrangements made to secure funds as the need arises. The schedule of disbursement of the loan will have to be drawn up so as to synchronise with the different payments to be effected by the borrowing unit.

(2) *Cost of production and profitability*: In order to avoid an underestimation of the cost of production, care should be taken to see that no element of cost is overlooked. It will be necessary to work out the stage at which the project will break even and start yielding profit. Estimates of earnings will also have to be made up to the time the unit is expected to establish itself in the market and reach a satisfactory level of production at normal costs, i.e., till the special tax benefits expire in order to assess the normal profitability. Further, it is necessary to work out the extent of price fall that can be sustained by the project without incurring loss.

(3) *Cash flow estimates*: To ensure sound financial planning and reasonable assurance of cash availability, the lending institution has to ascertain the schedule of financial requirements of the project. The cash flow estimates of a project would show the various sources of funds including those arising out of profits and depreciation and the application of the funds for different purposes. A study of the figures would indicate the adequacy or otherwise of financial arrangements made by the borrowing unit. The data would also enable the computation of debt-service coverage which, in its turn, serves as an invaluable guide to the lender for determining the repayment terms of the loan, and the restrictive covenants where so warranted. The figures of cash flow estimates provide the link between the balance-sheet of one year with the next.

(4) *Proforma balance-sheets*: There is a difference in the financial appraisal of projects of new concerns and expansions of existing concerns. In the case of the latter, the first step should be the study of their balance-sheets and profit and loss accounts for the past five years or so. The second step should be the preparation of estimates of cash flows for the next four or five years followed by estimates of balance-sheets for the same period. For a new project, all the necessary figures must come from the cash flow estimates, on the basis of which the proforma balance-sheets are compiled.

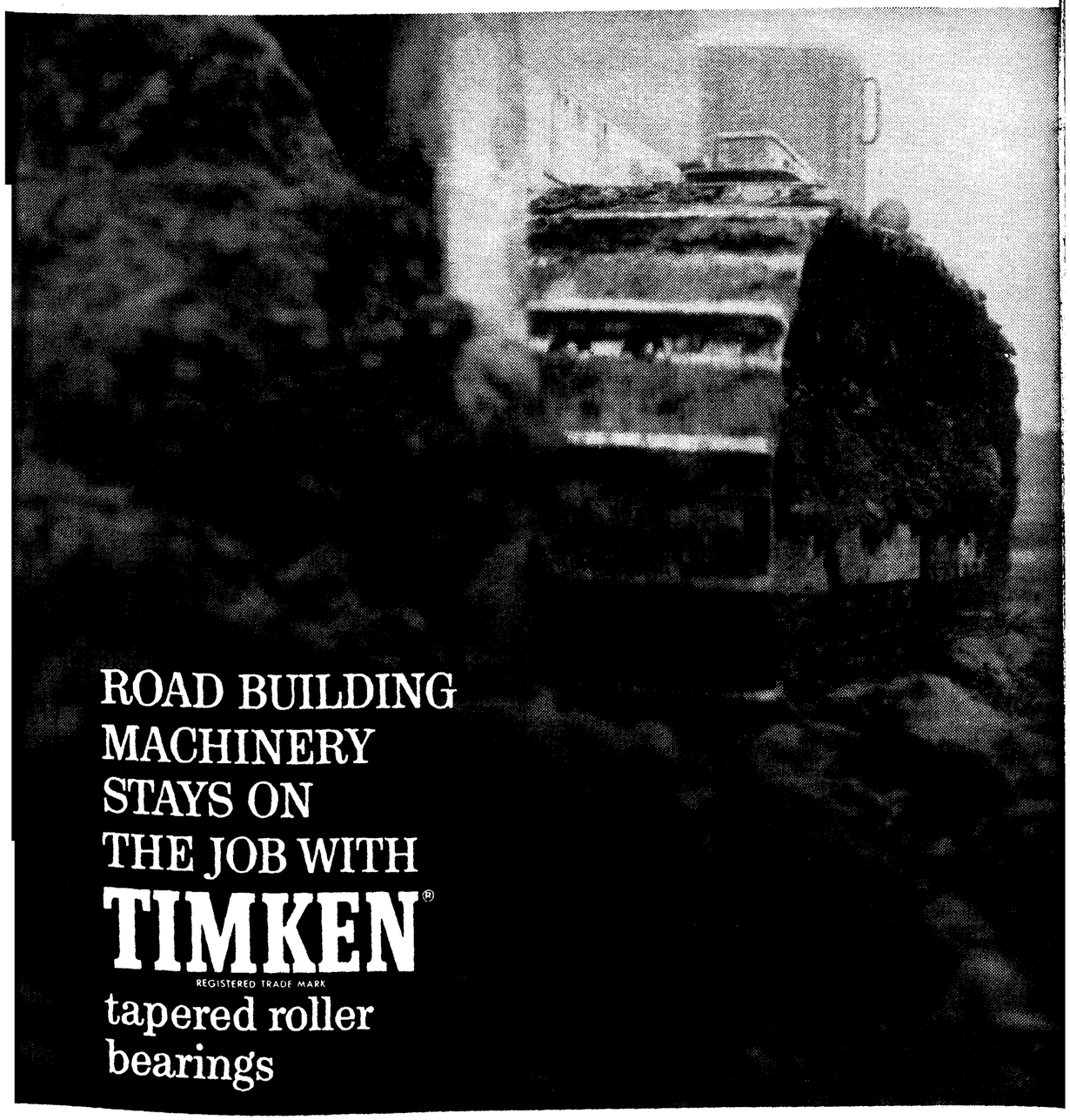
Guidance for Borrowers

The preparation of various statements would, no doubt, involve both time and effort and the borrower may require a step by step guidance in furnishing all the relevant data. Although the information called for from the borrower may be rather detailed and the job of furnishing it somewhat exasperating, the borrower would sooner or later realise that the object of the inquiry is to establish the financial feasibility of the scheme and to see whether there is scope for its modification for the mutual benefit of the parties concerned.

The report has also dealt with the significance of "Ratio studies" as broad indicators of the financial trends of a company. A scrutiny of the financial statements (balance-sheet and profit and loss accounts) over a period of years reveals the trends or patterns in financial structure and inter-relationships between financial facts. The relevance of various ratios for an appraisal is briefly discussed. In this connection, the Working Group has emphasised the role of the debt-equity ratio and observes that, from a lender's point of view, the financial structure of a project should reveal a satisfactory balance of "owned funds," i.e. equity and "borrowed funds," i.e. debt.

It would be prudent for the lending institution to depute an officer to inspect the borrowing concern to varify and supplement the information supplied by them. The pre-sanction inspection and a follow-up of loan pro-

(Continued on page 1093)



SINCE 1899 Men are building roads in impossible places—through steaming jungles and over freezing mountains. Breakdowns here can mean days, not just hours, of delay. But Timken tapered roller bearings keep machines rolling day after day, year after year. They practically eliminate friction. And they're precision-made of case-hardened nickel-rich steel to make them extremely tough and wear-resistant—to assure highest quality. ■ You'll find Timken bearings in almost every kind of machine in the world, making them run better with less maintenance and at lower cost. It's a result of the partnership between Timken Company engineers and the men who design road-building machinery, cars, trucks, railroad rolling stock, farm equipment—a partnership that goes back to 1899. ■ We invite you to use our experience and knowledge to make your product even higher in quality—more competitive. The Timken Roller Bearing Company, Canton, Ohio, U.S.A. Cable: "TIMROSCO". Timken bearings manufactured in Australia, Brazil, Canada, England, France and U.S.A.

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Representative: **Muller & Phipps (India) Pvt. Ltd.** Bombay • Madras • New Delhi

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PROSPECTIVE TRENDS IN WORLD TEXTILE FIBRE CONSUMPTION

WIDE REGIONAL AND NATIONAL DISPARITIES

A STUDY of consumption prospects for textile fibres was sponsored by the International Cotton Advisory Committee, Washington, three years ago in furtherance of its policy of disseminating the maximum amount of information about the present position and future prospects of cotton. Although cotton is still the world's premier textile fibre, its future is intimately bound up with developments in other fibres, natural as well as man-made and hence a study of cotton's future must necessarily involve a simultaneous assessment of the trends in other fibres too. The Committee, therefore, sought the co-operation of other international organisations such as F.A.O., O.E.E.C. and the U.S. Department of Agriculture to make a joint study of all textile fibres. Accordingly, it appointed in 1959 a working group of economists and statisticians concerned with textile fibres in the various international organisations to develop a two-year study programme. The first phase of the study, which involved investigation of the factors affecting consumption of textile fibres, was completed in 1960 and its findings were published in a report entitled *Studies of Factors Affecting Consumption of Textile Fibres*. The second phase concerned with making actual projections of fibre consumption for the different regions of the world. The projections made by the working group, which have now been published in a report entitled *Prospective Trends in Consumption of Textile Fibres*, gives a glimpse of the probable trend and pattern of fibre consumption in the world in 1965 and 1970.

Consumption Defined

Consumption of fibre is defined by the authors of the study as the quantity of cotton, wool and man-made fibres made available for use by final consumers calculated as the mill consumption of fibres plus or minus the fibre content of net trade in textiles. In making projections of future fibre consumption account was taken of trends in population and incomes and their relationship to fibre consumption. Attention was also given to the prospects for supply of additional cotton or other fibres, textile mills capacity, etc., in areas where it was felt these had an important bearing on fibre consumption. In addition, notice was taken, where feasible, of such factors as the vigour and success of promotion programmes, changes in patterns of consumer expenditure, shifts in urban-rural location characteristics of the population etc. No attempt was, however, made to project the proportion of future textile markets which might be taken by a specific fibre, except where indicated by official plans.

The projections were made on the basis of the assumption that (1) there will be no large-scale warfare, (2) continuous efforts will be made to expand trade and increase living standards throughout the world and (3) that there will be no drastic change in the price of textile fibres. World population is expanding at an annual rate of 1.7 per cent and during the period 1955-60 world population rose by 270 million. A comparable increase is expected during the 1960-65 period.

Availability

On a world basis, according to the study, *per capita* fibre availabilities have been rising in the past. By 1949, world *per capita* availability of cotton, wool and man-made fibres had regained the pre-war level of 3.7 kilograms. By 1955, this had reached 4.7 kilograms and continued to expand, touching 5.1 kilograms in 1960. In aggregate terms, availability of all fibres rose from 8.7 million metric tons in 1949 to 12.5 million tons in 1955 and 15 million tons in 1960. It is expected to be 17.6 million tons by 1965. This estimate is based on the assumption that the rate of increase in production will be of the same order as in the 1955-60 period. This would result in a *per capita* availability for the world of 5.4 kilograms in 1965. In other words, the rate of increase in *per capita* availability will be somewhat less than in the 1955-60 period. The table on this page gives the region-wise aggregate and *per capita* availability of textile fibres during the six-year period 1955-60, with projections for 1965 and 1970.

It is evident from this table that the situation in respect of consumption of textile fibres differs widely between regions and even between individual countries within a region. This is probably due to the differences in the rate of population growth and *per capita* income. Thus, the annual rate of population growth ranges from 0.7 per cent in Northern America and Western Europe to 2.7 per cent in Central America. *Per capita* income is as high as over 2,000 dollars in the U.S. whereas it is only 63 dollars in India. In the highest income areas, namely, North America and Oceania, *per capita* fibre consumption at best seems to be only holding its own. In the Continental Western Europe and Japan, on the other hand, *per capita* consumption has been expanding rapidly under the impact of rising incomes but the rate of increase, according to the authors of the study, may "ease off in the years ahead." With the expansion of the textile industry, *per capita* fibre consumption is also rising rapidly in the Near East and in Eastern Europe and the U.S.S.R. and further increases are anticipated. In India, the authors of the study note, although aggregate textile consumption is rising, there seems to be little, if any, sustained increase in *per capita* availability of fibres and, unless the difficult supply problem is satisfactorily solved, the future level of consumption will be related almost entirely to the growth in population.

Aggregate and Per Capita *Availability of Textile Fibres (Cotton, Wool, Rayon and Synthetics) for use by Ultimate Consumers*

Region	Aggregate (in '000 metric tons)				*Per capita* (in kilograms)			
	1955	1960	Projections 1965	Projections 1970	1955	1960	Projections 1965	Projections 1970
North America:								
United States	2,957	2,984	3,175	3,493	17.8	16.5	16.3	16.3
Canada	194	198	225	255	12.3	11.1	11.1	11.1
Total	3,151	3,182	3,400	3,748	17.3*	16.0*	15.8*	15.8*
Latin America	770	909	1,105	1,340	4.3	4.5	4.8	5.1
Western Europe:								
O.E.E.C. Countries	2,382	2,948	3,230	3,680	8.3	9.8	10.4	11.4
Others	237	274	346	408	4.5	4.9	6.0	6.7
Total	2,619	3,222	3,576	4,088	7.7*	9.1*	9.7*	10.6*
Africa	350	383	403	518	1.8	1.8	1.7	1.9
Near East	227	293	402	527	2.8	3.2	4.1	4.6
Far East:								
India	862	942	1,070	1,250	2.2	2.2	2.3	2.4
Japan	541	848	1,000	1,160	6.1	9.1	10.2	11.4
Pakistan	168	180	215	250	2.0	1.9	2.1	2.2
Others	382	430	483	550	1.8	1.7	1.8	1.8
Total	1,953	2,400	2,768	3,210	2.5*	2.8*	2.9*	3.1*
Oceania	128	147	155	174	10.6	10.9	10.6	10.7
Total as above	9,198	10,536	11,810	13,605	5.2*	5.4*	5.6*	5.9*
Eastern Europe	613	792	946	..	6.6	8.2	9.2	..
U.S.S.R.	1,461	1,884	2,333	..	7.4	8.6	10.2	..
China	1,212	1,847	2,370	..	2.0	2.6	2.9	..
Total	3,286	4,473	5,649	..	3.7*	4.3*	4.9*	..
World Total	12,484	15,009	17,459	..	4.7	5.1	5.4	..

* Average for the region.

Notices

THE KARANPURA DEVELOPMENT COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of the Karanpura Development Company Limited, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta on Friday, the 29th June, 1962, at 11-00 a.m., for the following purposes:—

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st December, 1961, and to receive the Directors' and the Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint a Director in place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from the 17th June, 1962 to the 29th June, 1962, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LTD.,
Secretaries & Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, *31st May*, 1962.

Notes: (*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after 23rd July, 1962, to those members so entitled, whose names appear in the Company's books on 29th June, 1962, or to their mandatees. No application for Dividend Warrants will be necessary.

THE KARANPURA DEVELOPMENT COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday, the 31st May, 1962, the following dividends were recommended to be paid for the year ended 31st December, 1961, subject to deduction of tax.

On Ordinary shares at the rate of 5 per cent per annum.

On Founders' shares at the rate of 15 per cent per annum.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *31st May*, 1962.

THE CALCUTTA TRAMWAYS COMPANY LIMITED

(Incorporated in England)

NOTICE IS HEREBY GIVEN THAT THE Preference Shares Transfer Books will be closed from the 17th to 30th June, 1962 (both days inclusive) for the preparation of Dividend Warrants in respect of the Interim Dividend of 2½ per cent, less Income-tax, payable on the 30th June, 1962, on account of the profits for the year ending 31st December, 1962.

By Order of the Board,
E. H. GASKELL,
Acting Agent.

P4, MISSION ROW EXTENSION,
CALCUTTA-1.
5th June, 1962.

HANDLOOM FABRICS FOR EXPORT

With a view to overcoming certain handicaps experienced in regard to exports of handloom fabrics, the Textile Commissioner has announced that, apart from the stamping of individual pieces with the required trade mark which is already in force, the bales packed with goods will also be sealed outside with the seal of the inspecting organisation at the time of packing. This procedure, it is said, will entail supervision of packing to ensure that only inspected and stamped goods are kept in bales at the time of packing and that such packing is done in the presence of the inspecting staff of the Cotton Textiles Fund Committee. The scheme of inspection and quality marking is purely a voluntary one, though it is compulsory for exports to the European and American markets in order to claim export incentives. The scheme is made applicable to "bleeding Madras" irrespective of the destination of export.

PROTEST AGAINST TEXTILE IMPORTS

PROCESSION OF WORKERS AND MILLOWNERS

From Our Special Correspondent

MANCHESTER, *5th June*

MANCHESTER LETTER

A PROCESSION of 3,700 cotton workers, men and women, including millowners, marched through central London this week to protest against the high level of cotton imports and to petition members of Parliament to stop the decline of the industry. The march was organised by the Textile Action Group, the militant body of Lancashire cotton men formed two months ago to press for a cut in the level of imports.

More than 80 coaches took the demonstrators to the capital, and the numbers participating must have impressed the onlookers. Also impressive, even to those who sympathise with the aims of the campaign, was the degree of financial support for the Group disclosed in the list posted on the Manchester Royal Exchange. The amount donated was practically £1,400: the numbers contributing 183.

Significant among the names of the firms and individuals providing monetary backing for the "ginger group" are the companies whose chairmen are also the "top men" of the two main employers' organisations in spinning and weaving. Many other well-established firms in the trade have lent their support. But, while the Textile Action Group was conducting its protest campaign in London, there was some criticism of the movement from a powerful trade union organisation in Lancashire.

The legislative council of United Textile Factory Workers' Association, which represents more than 120,000 cotton workers, said in a resolution while appreciating the circumstances giving rise to the formation of the organisation, that it deplored some of the statements made by T.A.G. leaders about union leaders failing to support the movement. The cotton unions, it pointed out, have not been asked to support T.A.G. officially, although many of their members were associated with it. The unions had been pressing cotton's case in many ways, and criticism should be reserved for the Government instead of being directed against those who were fighting every inch of the way, said the resolution.

Plans for Emergency Conference

The unions announced plans for an emergency conference, being called in the near future, to discuss the cotton crisis. It's not yet known what action will be proposed, but a union spokesman said that the whole situation had now to be assessed, in view of the Government's failure to help Lancashire. With the Whitsun holiday approaching, the official statement promised by the British Government on its intentions regarding the topics raised by the delegation from Lancashire three weeks back can scarcely be delayed much longer.

In view of the uncompromising tone of the earlier note issued when the Hong Kong proposal was first put forward, however, it seems unrealistic to expect any sudden or substantial change of heart among the politicians. Rather, traders feel, the mood may be hardening against Lancashire, despite the validity of her appeal. Sight of the full text of the offer made by Hong Kong adds yet another touch of fear to the anxiety already so widely evident throughout the local industry. Two new avenues of infiltration appear, which were not disclosed in the first abbreviated reports.

Additional Clause

The proposed agreement covers a three-year period from the beginning of 1963 and, in respect of piecegoods and garments, is on the same terms as the current undertaking. Omitted from the earlier message, however, was the subsequent sentence: "With an additional clause covering more fully the situation which might arise if United Kingdom imports from other countries increase."

Lancashire traders feel that Hong Kong has always been particularly sensitive to the idea of other producers "getting in on the act." Clearly there is an underlying threat of unilateral action in the event of competitors gaining ground on the Colony. Many believe that more damaging still is the secrecy surrounding the clause.

The peremptory tone of the statement, with its "take-it-or-leave-it" attitude, is borne out in another sentence, which appears to brook no argument: "The whole offer in respect of yarn, cloth and garments is subject to similar restriction being agreed by India and Pakistan and to any proportionately more advantageous terms accorded to them being extended to Hong Kong."

More Mills to Close

Two more Lancashire spinning units owned by Manchester firms are completing their orders before ceasing production. The Lancashire Cotton Corporation has decided to close its Trent Mill, at Shaw. As part of a general reorganisation, in pursuance with a policy of diversifying into lines which offer the best chance of an adequate return on capital employed, Armitage and Rigby is disposing of its Warrington spinning mill, although weaving is to be concentrated and re-developed and the carpet yarn spinning plant expanded.

Lancashire millowners have expressed "the most profound disappointment" at the Prime Minister's reply to the industry's recent delegation. A resolution passed by the British Spinners' and Doublers Association, one of the biggest trade associations in the Lancashire cotton industry, stressed that the import levels proposed by Hong Kong and apparently accepted by the Government for imports from Commonwealth countries would not allow a firm basis for the continuation of the Government-sponsored reorganisation and re-equipment plans, based on the import ceiling agreed in 1959. The Association pledges full support for the Cotton Board, which, it claims, is pressing the Government "most strongly" for reconsideration of the position and the need for action to restore confidence in Lancashire cotton.

A Lancashire cotton union leader has accused the Government of regarding the industry as "expendable." Mr. James Whitworth, General Secretary of the Operative Spinners Amalgamation, said that the collapse of the Government-sponsored Reorganisation Scheme was typical of the muddle-headed thinking in Government circles.

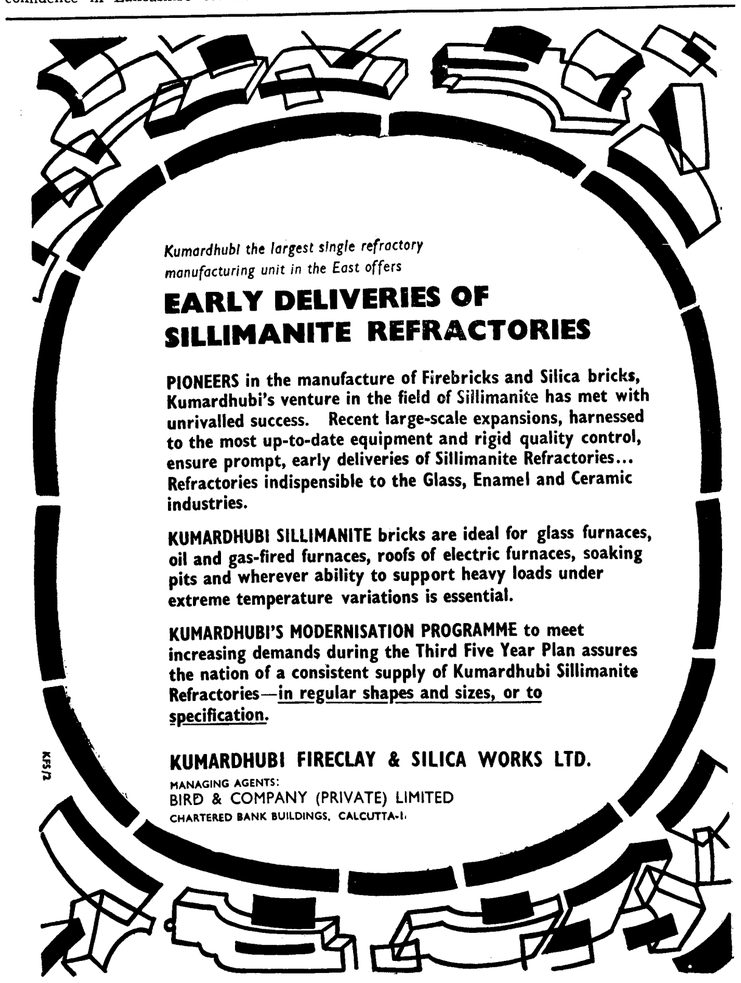
In the crucial period of the reorganisation plan when Lancashire was preparing to scrap 13 million spindles, the Government allowed the country to be swamped with more cheap textiles than ever before. This made the operation practically useless, "putting the industry back to a position even worse than it was in 1959."

The industry was again faced with further contraction and most of the money offered for the reorganisation and re-equipment of the industry was still with the Exchequer. Signs of any improvement in the general state of trade were non-existent and great uncertainty remained for the future.—*All Rights Reserved.*

COMPULSORY EXPORT OF TEXTILES

The Committee of the Indian Cotton Mills' Federation has decided to implement the recommendation of the Cotton Textile Consultative Board fixing the annual export obligation of every mill at 12½ per cent of the turnover of cloth and 3 per cent of the turnover of yarn, with reference to the balance-sheet of any year which ended on a date between 30th June 1961 and 29th June 1962. The export obligation for the six months ending 31st December 1962 will be half of this. The obligation can be fulfilled by a mill by exporting its own product in full or by exporting its own goods in part and by arranging with another mill to export the balance on its behalf. The Committee has also decided that those mills which fail to fulfil their full obligation should contribute to the export effort by paying to the export promotion fund of the Federation, a sum equal to one-eighth of the value by which their export performance falls short of their obligation.

It is estimated that the total export obligation of mills in a full year under the scheme now accepted by the Federation will be around Rs. 65 crores. The export earning of the textile industry during the calendar year 1961 through exports of cloth and yarn was Rs. 49.6 crores.



PROGRESS OF SMALL INDUSTRIES HALTING

COMMITTEE SUGGESTS UNIFORM PATTERN OF AID

THERE would be a uniform pattern of Central and State Government financial assistance for the development of *khadi*, village and small-scale industries, if the Government of India were to accept the recommendations made by the Small Industries Co-ordination Committee's Sub-Committee. The report of the Sub-Committee was presented to the Lok Sabha on the 1st inst. by Mr. Nityanand Kanungo, Union Minister for Industries. The pattern recommended for loans and grants made available by State Governments to industrial co-operatives is as follows:

Loans: 75 per cent of (*a*) working capital or (*b*) value of share capital (the contribution may be higher at 90 per cent in special cases) or (*c*) cost of machinery and equipment, the balance of 25 per cent being raised by the societies themselves. The rate of interest is to be 2½ per cent for a period of ten years except in respect of (*b*) where no time limit is fixed. Repayment of loans may commence two years after the disbursement of the last instalment of loan. The number of instalments mentioned pertain only to (*b*) and that is two instalments.

Grants: Provision of grants for meeting the cost of supervisory and management staff is to be on a tapering scale: 100 per cent during the first year which will be reduced to 75 per cent in second year, 50 per cent in third year, 25 per cent in fourth year and *nil* thereafter. The term "management staff" covers manager, accountant, secretary and other clerical staff, but not the technical staff such as designer, moulder, engineer and salesman.

Utilisation of funds: About 75 per cent of funds (either as loans or as grants) allotted to small-scale industries must be utilised in rural and semi-urban areas, out of which two-thirds are to be earmarked for villages with less than 5,000 population.

Power concession: The benefit of the existing concessional rate for power supply should be made applicable to *all* village and small industries.

Pilot projects: Pattern of assistance should be determined on an *ad hoc* basis. For new schemes, it should be identical with or at least very close to the existing pattern of similar schemes.

The above pattern, it has been suggested, must also apply to the schemes of the Central Social Welfare Board, since it is felt that the existing pattern applicable to these schemes are "very liberal, and, while there may have been justification for it in the initial stages, the continuation of two patterns for similar schemes is no longer necessary. It is also suggested that the schemes for the coir industry must be brought within the purview of the scheme. The Committee has urged the Central Government to drop the policy of giving assistance to States for individual schemes.

A Direct Stake Needed

It will be desirable to have uniformity in the pattern of assistance to village and small industries as recommended to the Committee. The Committee has certainly done well to insist that the institutions or units which are assisted should themselves raise and invest a part of the funds required by them. For, otherwise, they cannot normally be expected to take a keen interest in the success of a venture; they must have a direct stake in it in the form of their own capital. A clear evidence of this need is provided in the second Estimates Committee's report on *Khadi* and Village Industries Commission. It is seen therefrom that the majority of the institutions receiving aid have not started operations and the amount advanced to them has had to be recovered from them. Take the instance of the cottage match industry. Out of the 467 units allotted during the second Plan, only 24 were working at the end of the Plan period, with an aggregate investment of Rs. 2.16 lakhs, as against the disbursement of Rs. 42.03 lakhs. A sum of Rs. 27.64 lakhs was, in fact, recovered and the balance of Rs. 12.23 lakhs was expected to be recovered later. In this connection, the Estimates Committee observes:

"The Committee are not able to appreciate how, when not more than 24 out of 467 units allotted for the cottage match industry are working, the Commission has planned to set up another 200 units during the third Plan. It looks as though the past experience has been no guide to the Commission. They hope that the Commission would review its programme periodically with reference to the actual performance and, before allotting further units, would ensure that the units allotted earlier have actually been set up."

The programme of development drawn up for the village and small industries under the third Plan is considerably larger than in the first and second plans. The programme entails a total outlay of Rs. 164 crores, as against the actual estimated expenditure of Rs. 180 crores incurred in the second Plan period and about Rs. 34 crores in the first Plan period. Such a heavy outlay has been justified on the ground that the development of village and small-scale industries is very vital to the growth of the country's economy in general. Here is what the Planning Commission says in its third Plan report.

"Village and small industries have made a significant contribution in the first and second Plans in realising the objectives of expanded employment, larger production and more equitable distribution. With the larger dimensions of the tasks to be accomplished in the third Plan, their role will be even more important. The objectives of the programmes for these industries as set out in the Industrial Policy Resolution, 1956, and in the second Plan are to create immediate and permanent employment on a large scale at relatively small capital cost, meet a substantial part of the increased demand for consumer goods and simple producers' goods, facilitate mobilisation of resources of capital and skill which might otherwise remain inadequately utilised, and bring about integration of the development of these industries with the rural economy, on the one hand, and large-scale industry, on the other. They also offer a method of ensuring more equitable distribution of the national income and avoiding some of the problems that unplanned urbanisation tends to create. With improvement in techniques and organisation, these industries offer possibilities of growing into an efficient and progressive decentralised sector of the economy providing opportunities of work and income all over the country. One of the principal aims of planning in this field, therefore, is to assist in the adoption of improved techniques and more efficient forms of organisation, so that full advantage is taken of the basic facilities and services available as a result of general economic development and, over a period, the entire sector becomes self-reliant and self-supporting. At the same time, the pace of technical change will have to be so regulated that large-scale technological unemployment with consequent hardship and misery to millions of people is avoided."

Before referring to the progress actually achieved by the village and small industries, it is necessary to remove the confusion that seems to prevail over the concept of small industries. For the purpose of Government assistance, small industries are defined to include all industrial units with fixed capital assets not exceeding Rs. 5 lakhs irrespective of the number of persons employed. The term "small industries" is a broad one which has appropriately been divided in the second Plan report into the following six broad categories:

1. Handloom and powerloom industry (cotton, silk and wool weaving).
2. *Khadi* (traditional and ambar) covering decentralised cotton spinning and *khadi*, as well as wool spinning and weaving.
3. Village industries—handpounding of rice, vegetable oil (*ghani*), leather footwear and tanning (village), *gur* and *khandsari*, cottage match and others.
4. Handicrafts.
5. Small-scale industries.
6. "Other" industries—sericulture and coir spinning-weaving.

Expenditure Incurred

The accompanying table shows the actual expenditure on the development of these industries during the first and second Plan periods, as well as the third Plan provision. This table indicates that the third Plan outlay of Rs. 264 crores is very much more than the combined expenditure of Rs. 214 crores actually incurred in the first two Plan periods. As against the actual expenditure, thus, of Rs. 214 crores during the ten years ended 1960-61, the rise in the value of goods produced by the small industries has been negligible. The aggregate value of production in the year 1959-60 is put at no more than Rs. 1,040 crores, as compared with Rs. 910 crores in 1950-51, representing a rise of just Rs. 130 crores, or an average annual rise of Rs. 14 crores or 14.3 per cent over the nine-year period. Even here, the "real" increase in production (as distinguished from "money" increase) will be much less, if account is taken of the general advance in the price levels.

Expenditure on Small Industries

(In crores of rupees)

	First Plan	Second Plan	Third Plan
Handloom industry*	11.1	31.7	38.0
Khadi	8.4	64.7	72.4
Of which:			
Traditional	..	24.8	37.0
Ambar	..	39.9	35.4
Village industries	4.1	18.0	20.0
Sericulture	1.3	3.1	7.0
Coir industry	0.1	2.0	3.2
Handicrafts	1.0	4.8	8.0
Small-scale industries	5.2	44.4	84.6
Industrial estates	2.5	11.6	30.2
Total	33.7	180.0	264.0

* Including power-looms in the handloom sector.

Handlooms and Powerlooms

The progress made by each of the aforesaid six types of industries in the decentralised sector may now be made. To take the handloom and powerloom industry, "other" industries and handicrafts first. Thanks to the various official props in the form of financial assistance (Rs. 11.1 crores in the first Plan period and Rs. 31.7 crores in the second Plan), tax reliefs and other measures of active encouragement, there has been a quite a notable rise in the production of handloom and powerloom cloth. Between 1951 and 1960, the actual output has gone up from 1,008 million yards to 2,196 million yards. The estimated output in 1961 is 2,592 million yards. This aggregate level of production includes that of powerlooms. The contention of millowners is that the major portion of the total is accounted for by the powerlooms which are not entitled to the assistance given to the handlooms. This contention has not been disproved by the Government and seems to be largely correct. If regard be had to this fact, then the return for the assistance given to the handloom sector has been very poor indeed.

Sericulture

Among "other" industries, the sericulture has achieved some progress. Production of raw silk has risen from 2.5 million lbs. in 1951 to 3.6 million lbs. in 1960. At the end of the second Plan, the industry provided full-time employment to about 35,000 persons and part-time employment to 2.7 million persons. But the high cost of production continued to be the main problem of the industry due largely to the low yield of mulberry per acre, poor yield of cocoons, etc. The third Plan production target for silk is 5.0 million lbs., with an outlay of Rs. 7 crores.

Coir

The progress in coir industry during the first and second Plan periods was generally slow, owing to organisational deficiencies of coir co-operatives, inferior quality of coir yarn on account of inefficient equipment used for spinning, and competition from substitutes in foreign countries. The industry is estimated to provide employment to 800,000 persons.

Handicrafts

In regard to handicrafts, over 100 emporia and sales depots were set up during the second Plan. The annual sales increased from Rs. one crore in 1958-56 to Rs. 2.5 crores in 1960-61. It is estimated that handicrafts, including carpets

Notice

THE ONDAL COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday, the 31st May, 1962, the following dividends were recommended to be paid for the year ended 31st December, 1961, subject to deduction of tax.

On 6½ per cent Cumulative Preference Shares at the rate of 8.45 per cent per annum in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

On Ordinary Shares at the rate of 7½ per cent per annum.

By Order of the Board,

P. PRASHAD,
Chairman.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA.

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worth over Rs. 6 crores, were exported during the last three years of the second Plan. It is claimed that favourable conditions for stable and fuller employment were created for skilled craftsmen which, in turn, resulted in considerable improvement in their earnings. Progress was somewhat retarded by shortage of technical personnel and certain basic raw materials and the difficulty in channelling credit to artisans. The All-India Handicrafts Board is concerned with the development of about 40 different crafts. Specific measures of development are being adopted for 12 of these, namely, carpets, art metalware, hand-printing, ivory, *jari*, wood work, papier mache, lacquerware, cane and bamboo and allied crafts, dolls and toys, pottery and jewellery. The number of handicraft co-operatives at the end of second Plan was 1,600.

Khadi

Excluding handlooms-powerlooms, "other" industries and handicrafts, there remain the *khadi*, village industries and small-scale industries proper. In the *khadi* industry, the results obtained in respect of both production and employment have not been commensurate with the expenditure incurred. The total amount of money actually disbursed as loans and grants during the second Plan period was Rs. 64.7 crores (Rs. 24.8 crores for traditional *khadi* and Rs. 39.9 crores for ambar *khadi*. As against this huge amount, the aggregate production in terms of value during the five years was no more than Rs. 60.79 crores (Rs. 8.22 crores in 1956-57, Rs. 11.48 crores in 1957-58, Rs. 13.76 crores in 1958-59, Rs. 14.14 crores in 1959-60 and Rs. 13.19 crores in 1960-61). The output of *khadi* per rupee worth of outlay has declined from 70 nP in 1957-58 to 44 nP in 1960-61. Expressed in quantitative terms, the production of traditional *khadi*, which had gone up from 41.72 million square yards in 1956-57 to 50.05 million yards in 1957-58, declined thereafter and touched 40.60 million yards, or a shortfall of nearly 21 million yards, as compared with the target of 60.00 million yards. Similarly, there was a sizable shortfall in respect of ambar *khadi*, the actual output in 1960-61 being 23.13 million yards, as against the target of 40.00 million yards, though it was markedly higher than the 1.88 million yards produced in 1956-57, when the implementation of the ambar charkha scheme was in its initial stages. The shortfall in both the cases is attributed to organisational difficulties and problem of accumulated stocks of unsold *khadi*. Alluding to these, the report of the second Estimates Committee (March 1962) observes:

"The ambar project had not been properly planned. It appears that, in the enthusiasm for pushing forward the programme, the basic requisites for its successful functioning were not ensured. Charkhas were allowed to be manufactured and distributed, although they were defective. Adequate repair and servicing arrangements had also not been made. Charkhas had been distributed to artisans who were not fully trained for the job. The Committee hope that more energetic steps would now be taken to overcome the shortcomings in the ambar programme and also to activate the idle charkhas already distributed.... *Khadi* worth Rs. 789.25 lakhs, i.e., about 60 per cent of annual production remained unsold on 31st March 1961."

The average price of *khadi* (including traditional and ambar) continues to be very high, more than Rs. 4 per yard. The price differential between *khadi* and mill cloth varieties between 52 nP to Rs. 2 per yard, which "is large enough to create a consumer preference in favour of non-*khadi* cloth." The Estimates Committee has, therefore, urged the Commission to aim constantly at reducing the price of *khadi*.

Village Industries

The progress achieved by the other village industries also has not been quite encouraging. Despite the expenditure of Rs. 22.1 crores in the first and second Plan periods, the total value of production in 1960-61 was just Rs. 33.26 crores. The breakdown of expenditure in the second Plan and the actual production in 1960-61 is given in the table below:

	Total expenditure during the second Plan (Rs. lakhs)	*Production* 1960-61 (Value—Rs. lakhs)
Processing of cereals and pulses	282.57	363.84
Village oil	582.49	1,669.12
Village leather	304.45	85.50
Cottage match	37.62	1.23
Gur and *khandsari*	146.02	716.55
Palm *gur*	186.62	422.80
Non-edible oil and soap	168.12	34.92
Hand-made paper	101.78	24.23
Bee-keeping	55.36	17.38
Village pottery	97.88	31.92
Fibre	24.75	6.56
Carpentry and blacksmithy	10.33	1.62
Total	1,797.94	3,325.67

It is claimed that, as a result of the activities of the *Khadi* Commission during the second Plan period, the *khadi* industry provided (in 1960-61) full-time employment for 81,000 persons and part-time employment for 1,643,000 persons. The corresponding figures for all the village industries (other than *khadi*) together are 72,000 and 606,000, respectively.

"Small-scale" Industries

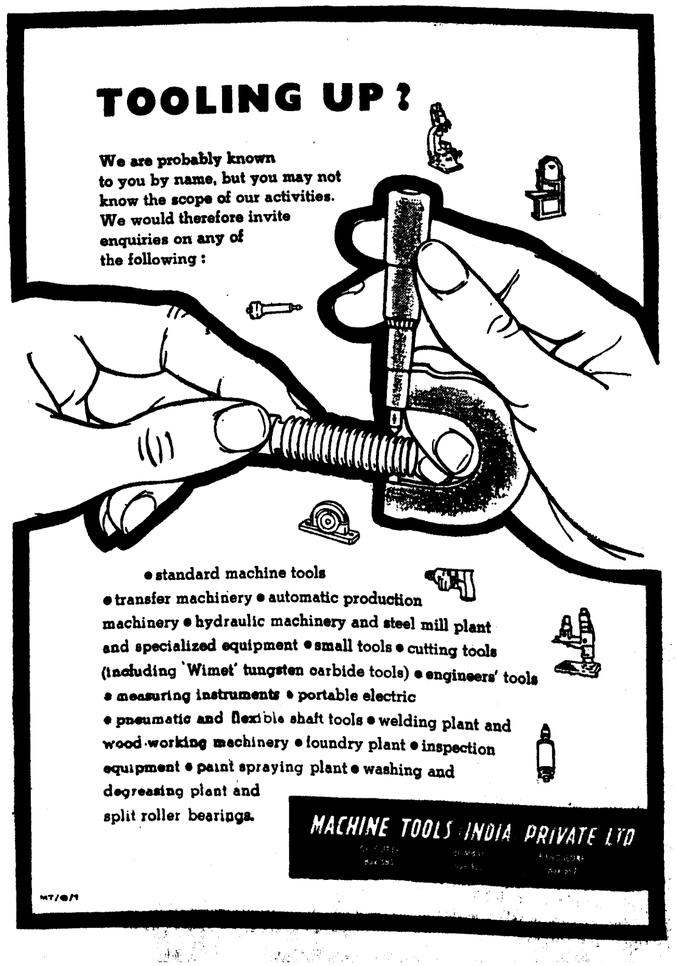
The small-scale industries proper cover, according to the working definition adopted by the Small-scale Industries Board, all units or establishments having a capital investment of less than Rs. 5 lakhs and employing less than 50 persons when using power. The second Plan provided for an outlay of as much as Rs. 55 crores, as against the actual expenditure of Rs. 5.2 crores in the first Plan. But the amount spent was Rs. 44.4 crores. A few industries have registered a notable expansion, as witness the following figures:

	No. of units		*Actual production*	
	1960	1956	1960	1956
Bicycles	150	44	228,000	25,500
Sewing machines	75	35	52,000	23,000
Machine tools	500	344	Rs. 4.0 crores	Rs. 1.3 crore
Electric motors	74	6	..	..
Electric fans	47	22	..	..

A large number of units came into existence for the manufacture of dyestuffs and plastic goods.

Barring the aforesaid industries and a few others, no information is readily available as to the quantitative progress achieved by all the small-scale industries. The Small-scale Industries Board ought to give periodically statistical data relating to the production performance of the different industries, so that the public will be in a position to assess whether the performance is commensurate with the huge expenditure that is being incurred. A lacuna in the programme for the development of small industries has all along been the lack of co-ordinated approach. Viewed thus, the latest decision of the Central Government to constitute advisory committees (attached to the Small Industries Service Institutes) to ensure effective co-ordination among Central and State agencies concerned with the development of small-scale industries, though belated, is to be widely welcomed. The decision is a sequel to the recommendation of a committee appointed in September 1961 to review the functions of the different organisation for the development of small industries. Each Advisory Committee will consist of the State Director of Industries, the Director of Small Industries Service Institute, the Regional Manager of the National Small Industries Corporation, and two non-official representatives of small industries. The Government of India has accepted the Committee's view that it would be inadvisable for the Small Industries Corporations, being set up in different States, to take up the work of supplying machinery, especially those imported to the small units on hire-purchase, as this work is already being done by the National Small Industries Corporation; there need be no objection, however, if any State Corporation is keen on taking up the supply of indigenous machinery on this basis. In the field of training and economic surveys, the Government agrees with the Committee's recommendation that the State Governments should keep in view local conditions and requirements. There is scope for Central and State agencies undertaking programmes of training for small industrialists. The mobile demonstration-cum-training vans now managed by the Central Small Industries Organisation, it is felt, can be utilised more profitably by the State Governments.

The Centre have also accepted the Committee's recommendation that the Indian Standards Institute should constitute a committee to recommend measures for ensuring uniformity in quality marks and standards. For giving marketing assistance to small industries, closer liaison between the National and State Small Industries Corporations has been suggested. Finally, the Government has accepted the Committee's finding that the programme for providing technical advice and guidance for small industrialists should be mainly the responsibility of the Central Small Industries Organisation. But the Small Industries Service Institutes should also be strengthened further, so that they can be organised more effectively as All-India Institutes of Technological Development.



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AB-22

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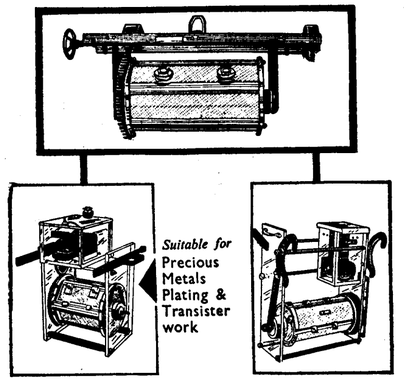

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PROSPECTS FOR TEA ENCOURAGING

"SATISFACTORY OFFTAKE" EXPECTED

TAKING together the world's eight major tea-producing countries (India, Pakistan, Ceylon, Indonesia, British East Africa, Nyasaland, Southern Rhodesia and Mozambique), the share of India alone in the aggregate output and exports comes to more than half. The quantity of tea actually plucked in the calendar year 1961 was over 352 million kg. (1 kg.=2.2 lbs.), out of which 200 million kg. were sold for consumption outside India, representing almost 60 per cent of output *vide* Table A). In spite of this predominant position India has in world tea industry, it does not have the decisive influence on the world tea trade. It is the size of crop in the other producing countries, coupled with the level of offtake by consuming countries, especially Britain, the biggest consumer of tea in the world, that determines the world market trends. No information is yet available as to either of the two latter factors, so that it is difficult to make any definite forecast about the trend of tea prices in the current (1962-63) season. Indeed, the vagaries of the tea market itself are such that one cannot, as Messrs. J. Thomas and Co. (Private) Ltd., a leading firm of tea brokers, Calcutta, point out, in their latest Annual Report (May 1962), be dogmatic about the future trend it may take. It would, however, appear reasonable to suppose, according to this firm, that the opening sales of the 1962 season will be well supported and that, thereafter, the market will inevitably depend, to a great extent, on the crop and supply position not only from North India but also from the other major producing countries.

The Calcutta tea firm considers it "most unlikely" that world production, in general, and North Indian production, in particular, will show the same extent of increase as in the past year, while, from the stand point of demand, the fact that the world consumption has not so far shown signs of lagging too far behind supplies, is also encouraging. The various existing factors, it adds, would appear to ensure a satisfactory offtake of teas at price levels which may not show any substantial change from last season. This view is, of course, qualified by the proviso that "there are no major fluctuations in world supplies." It is recalled, in this connection, that, despite an unprecedented increase in world supplies in the last season (1961-62), there was no indication of a glut of teas in the various consuming countries. Nevertheless, a buyers' market prevailed during the major part of the season, with the result that the average prices of tea were below those in 1960-61, as will be seen from Table B.

Capacity to Export

Speaking from the Indian tea producers point of view, the Annual Report of Messrs. J. Thomas and Co. opines that the steadily expanding internal market should serve to provide an outlet for a substantial proportion of the crop and it is also beyond doubt that quality teas of both orthodox and C.T.C. manufacture will be in good demand. At the same time, the Report emphasises that, since the world tea output is also increasing at a rapid rate and since consumption in India, although a potent factor, has not yet assumed sufficient magnitude to transform a buyers' market into a sellers' market, the marketing conditions will depend ultimately on India's ability to expand its exports.

Alluding to the changes in taxation on tea (*vide* Table C) announced by the Union Finance Minister in the final budget for 1962-63, the Report observes:

"These changes are expected to make Indian teas more competitive on the world markets and should provide a welcome fillip to our exports. However, it should be noted here that the substantially reduced price levels, which prevailed during the last season, did not stimulate exports. It is, therefore, purely a matter for conjecture whether the benefits received by the exporter in the new proposals will make any material difference to exports or whether this relief is not too belated to be of any positive help in regaining some of our markets. For the producer, however, any advantage that he stood to gain by these changes will be offset, to a great extent, by the various increases in excise duty on tea and aluminium foil, as well as increases in freight rates along with new excise duties on plywood, etc., which will entail a greater financial outlay. Moreover, the increase in tax on companies will necessarily mean less profits and therefore less finance to plough back into the industry for expansion and development. It is, however, gratifying to note that earnings from exports have been exempted from this increase."

The move of the Tea Board to intensify its campaign to popularise tea in the U.K., which accounts for more than 60 per cent of India's total tea exports, has been widely welcomed by the trade. Hope is expressed that similar campaigns will be conducted in the other consuming countries the imports into which have shown a "discouraging decline" in the past few years. Apropos the impact on Indian tea of (*a*) the Britain's proposed membership of the European Common Market, and (*b*) the various trade agreements, Messrs. Thomas and Co. state as follows:

"Imports of Indian teas into the U.K. account for about 37 per cent of the combined North and South Indian production, while approximately 1 per cent is imported into the present six members of the European Economic Community, namely, France, Germany, Italy and the Benelux countries. It is, therefore, with more than a passing interest that trade circles in India are viewing the likely entry of Britain into the Common Market. There is considerable speculation as to the effect this would have on the imports of Indian teas to these countries, especially if some of the African countries were to be treated as associate members and their produce is allowed free entry into Britain. This can only put India at a great disadvantage in her trade with the U.K. By and large, however, the formation of the European Common Market has not only stimulated the overall economic growth and trade within the member countries but has also increased their trade with the outside nations. The entry of Britain into the Common Market could, therefore, have only beneficial effects on her own economy and, in turn, also on the economies of her traditional suppliers of goods and produce.

"The various bilateral trade agreements which the Government has effected in the last few years have undoubtedly opened up new markets for Indian teas, but this has also adversely affected India's exports to some of her traditional markets for orthodox teas. In the face of rising manufacturing costs, it is understandable that more and more estates should change over to the more lucrative C.T.C. process not only in Assam but also in the Doars and even in Cachar where a beginning has already been made in the last two or three years. This trend can only be at the expense of orthodox teas, less and less of which will be available from North India in the coming years. These, therefore, are likely to develop inflated values which in turn can only divert demand from the traditional outmarkets to less expensive teas from other producing countries. In popularising Indian teas abroad, therefore, the emphasis will have to be on C.T.C. teas, of which India is, and will continue to be, the premier purveyor."

The Past Season

The prospects for the current tea season have naturally been assessed against the background of the market conditions in the previous (1961-62) season. The Annual Report of Messrs. Thomas and Co. contains a comprehensive review of these conditions. The review reveals that the season in so far as tea leaf is concerned opened on 15th May 1961 when teas from all districts were put up for auction. This was a departure from the practice of two previous years when two auctions confined to Darjeeling teas were held prior to the start of the sales proper. Keen competition from both exporters and internal buyers ensured a higher level of prices than in 1960. The upward trend persisted till the end of July when prices began to decline. The export sales closed on 26th March 1962 "on a note of animation which one would not have normally associated with a year of substantially increased supplies." Nevertheless, the final average prices realised were very low, being Rs. 4.66 per kg., as against Rs. 5.34 a year before and Rs. 5.05 two years before.

In the dust sales, C.T.C. teas played a more dominant role during the season than in the previous season. There was a considerable increase in the quantity on offer which came about, apart from the increased North Indian crop also as a result of many gardens having changed over to the C.T.C. method of manufacture. In addition to this, the high prices paid during the 1960-61 season for dust teas, induced many gardens to increase the percentage of their dust grades. It is estimated that the dust crop for 1961 was approximately 50 million kg., showing an increase of 12 million kg. over 1960 and 13 million kg. over 1959. In other words, despite the crop declining by 5 per cent in 1960, the dust production showed an increase of 2.5 per cent over 1959, while, in 1961, against a crop increase of 12.5 per cent over the previous year, the dust production rose by as much as 31.5 per cent. In spite of the much greater quantity of dusts sold through auctions in Calcutta during 1961-62—an estimated 1.25 million chests as compared to 970,000 chests in 1960-61—there was a good demand throughout the season and, although price levels were not as high as in 1960, they were, nevertheless, considerably in excess of 1959.

Quality Satisfactory

The quality of tea sold during the year under review was generally satisfactory. This is attributed to two factors. In the first place, the growing conditions were conducive to heavy flushes. Secondly, there was the increasing awareness among producers of the importance of maintaining quality on a discriminating buyers market.

London Market

During the major part of the 1961-62 season, the trend of tea prices in London followed that of Calcutta, with values of all descriptions declining steadily until the prospects of a surplus in Indian production receded, when there was a marked turn-round in buying policy and prices rose sharply for quality teas. "The moral," to quote the Report, "would seem to be, therefore, that buyers cannot count on a surplus of good quality teas whatever may be the overall supply position." During 1961, 70.5 million kg. of North Indian teas were shipped direct to the U.K. for sale through the London auctions, as against 60 million kg. in 1960 and 73 million kg. in 1959. Shipments of private sales and forward contracts teas showed an increase from 4.8 million kg. in 1959 to 5.2 million kg. in 1960 to 6.6 million kg. in 1961. Shipping space was readily available throughout the year and the London market was unaffected by strikes and labour disputes. Nevertheless, the practice of offering teas for sale ex-Liverpool and Avonmouth was extended this season and such consignments would not appear to have suffered thereby. This is an innovation encouraged by the buyers, as they have often been severely disrupted by strikes in the London docks in the past.

Exports

Although the quantity of tea shipped from India during the year 1961 was higher than in the previous year, the percentage of exports to the total production continued to decline, the figure for 1961 being 56.9, as against 59.1 in 1960, 64.4 in 1959 and 69.8 in 1958; it was as high as 84.3 in 1953.

Purchases of Indian tea by the U.K., according to the review of Messrs. Thomas & Co., were fairly consistent throughout the year, but less North Indian tea was bought this season than had been expected. While buyers fulfilled their immediate requirements of quality teas, the rapidly increasing crop and the prospect of a large surplus resulted in their preferring to postpone their purchases, as far as possible, to a later date through the London auctions. Imports of North Indian teas into the U.K. amounted to 101.5 million kg. during 1961, as compared with 99.6 million kg. and 104.5 million kg. in 1960 and 1959, respectively. The U.S.S.R., once again, strongly supported the Darjeeling offerings and better quality orthodox leaf and broken grades, but, in addition, a quantity of the more ordinary broken orange pekoes and broken pekoes were also purchased for this country. The current North Indian exports to the U.S.S.R. show an increase on the last two seasons.

While exports to the U.S. also recorded a slight improvement, many of our other established markets showed a depressing falling-away in their imports of North Indian teas. For many years now, Turkey has provided a consistent and valuable outmarket for whole leaf grades, but, from August 1961, purchases by this country were concentrated on broken grades and no interest was shown for whole leaf teas except for those from Darjeeling.

The U.A.R., once again, actively supported this market and, in fulfilling its requirements for black fannings and dusts, it had only limited competition until the later months of the season. This year, for the first time, purchases for this country included a small quantity of legg-cut and C.T.C. dusts. Other Middle East countries have also provided welcome support and contributed largely to the overall increase in exports; of the total increase in exports of 6.6 million kg. over 1960-67, 4.7 million kg. were absorbed by the Middle East countries.

Internal Consumption

As for offtake for internal consumption, better quality offerings, particularly good liquoring C.T.C. descriptions, attracted more marked attention than ever and, if, nevertheless, the minimum policy levels were considerably lower than in 1960, it was only due to lack of competition from exports which enabled the internal buyers to procure their requirements without having to pay high prices. Indeed, Messrs. Thomas and Company say that it was both the wider and greater demand for home consumption that averted what might otherwise have been a major recession in the industry. The quantity of tea consumed internally in 1961 is estimated at about 135 million kg. which is more than one-third of the total crop and represents an increase of 67 per cent over the past decade, whereas the rise in production in the same decade is only 27 per cent. "The existence of such a vast market," to quote the Report, "has already proved

(Continued on page 1100)

TABLE A: *Tea Output and Exports*

(In million kg.)

Year	Production	Exports	Percentage of exports
1952	283.6	186.4	65.7
1953	267.1	225.1	84.3
1954	295.5	199.8	67.6
1955	307.7	163.0	53.0
1956	308.7	232.4	75.3
1957	310.8	198.5	63.9
1958	325.2	227.1	69.8
1959	326.0	209.9	64.4
1960	320.5	189.5	59.1
1961	352.3	200.4	56.9

TABLE B: *Tea Prices*

	Average price per lb.		No. of chests	
	1961-62	1960-61	1961-62	1960-61
	s. d.	s. d.		
Assam	5 1	5 3	948,041	995,707
Darjeeling	4 11½	6 2½	288	228
Dooars and Terai ..	3 8½	4 5½	249,370	305,289
Cachar	3 5½	4 2½	27,575	22,040
Total ..	4 8½	5 0½	1,224,574 (59.3 million kg.)	1,321,244 (60.4 million kg.)

TABLE C: *Taxes on Tea*

	Revised rates		Previous rates	
	Zones	Rate in nP. per kg.	Zones	Rate in nP. per kg.
Central Government taxes :				
Excise duty ..	I	15	I	10
	II	25	II	15
	III	30	III A (N. India)	25
	IV	35	III B (S. India)	25
	V	45	III B	35
Export duty ..	..	..	25	44
State Government taxes :				
Package tax ..	40 nP. per kg.			
Tea cess ..	Rs. 4.40 per quintal.			
W. Bengal octroi ..	6.25 nP. per lb.			
Assam carriage tax* ..	15 nP. per kg.			

Note :—Excise duty is now refundable at the point of export to the extent of 15 nP. per kg. previously, no such refund was allowed.
* The Carriage Tax (Revalidation) Act expired on 31st March 1962.

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APPLICATION FORMS along with copies of the Prospectus can be had from the Registered Office of the Company, from the Managing Agents, or from the Underwriters, Bankers and Brokers whose names and addresses are given below:

UNDERWRITERS

	Amount Rs.
1. INDUSTRIAL FINANCE CORPORATION OF INDIA, Reserve Bank Building, Parliament Street, New Delhi	10,00,000
2. LIFE INSURANCE CORPORATION OF INDIA, Jeevan Kendra, Jamshedji Tata Road, Bombay-1	5,00,000
3. MESSRS. MATADIN KHAITAN & CO., 9, India Exchange Place, Calcutta-1	5,00,000
4. MESSRS. MURARKA BROTHERS, 7, Lyons Range, Calcutta-1 (Jointly)	9,00,000
5. MESSRS. RAMNARAIN KAYAN & CO., 7, Lyons Range, Calcutta-1 (Jointly)	

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EASTERN BANK LTD.—Calcutta, Bombay, Madras.

THE PUNJAB NATIONAL BANK LTD.—at any of its Branches in India.

THE HONGKONG & SHANGHAI BANKING CORPORATION—Calcutta, Bombay.

NATIONAL & GRINDLAYS BANK LTD.—Bombay, Calcutta, Delhi, Kanpur, New Delhi, Madras, Bangalore, Cochin, Gauhati.

FIRST NATIONAL CITY BANK—Calcutta, Bombay.

UNITED BANK OF INDIA LTD.—Gauhati.

BROKERS

Calcutta

M/s Place Siddons & Gough Pvt. Ltd., 6, Lyons Range, Calcutta-1.

M/s Murarka Brothers, 7, Lyons Range, Calcutta-1.

M/s Damodar Chowbay & Co., 7, Lyons Range, Calcutta-1.

M/s Matadin Khaitan & Co., 9, India Exchange Place, Calcutta-1.

M/s Ramnarain Kayan & Co., 7, Lyons Range, Calcutta-1.

M/s N. L. Roy & Co., 7, Lyons Range, Calcutta-1.

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M/s Harbans Singh Mehta & Co., 33, Regal Building, Parliament Street, New Delhi-1.

M/s Raj Paul Chadha & Co., Delite Cinema Building, Asaf Ali Road, New Delhi.

M/s Raja Ram Bhasin & Co., 'Ashiana,' Faiz Bazar, Delhi-6.

Ahmedabad

M/s Chinubhai Chimanlal Dalal, Manek Chowk, Ahmedabad.

Madras

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THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON JUNE 18TH 1962 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON JUNE 25TH 1962, UNLESS CLOSED EARLIER AT THE DISCRETION OF THE DIRECTORS PROVIDED THAT THE SUBSCRIPTION LIST WILL NOT IN ANY EVENT BE CLOSED EARLIER THAN THE CLOSE OF BANKING HOURS ON JUNE 20TH 1962 AND THAT IT WILL BE CLOSED AT THAT DATE IF A FULL SUBSCRIPTION HAS BEEN RECEIVED BY THAT DATE. SHARE CERTIFICATES WILL BE ISSUED WITHIN 4 MONTHS FROM THE DATE OF ALLOTMENT.

The Company commenced business on 25th day of October 1951 and had been principally engaged in the mining and prospecting of Sillimanite and other refractory materials from the Khasi Hills in Assam. It has recently also undertaken extensive prospecting for refractory clays and minerals.

SCOPE AND PROSPECTS

The main aim of the Refractory Project, which the new issue is to help finance, is the establishment of a plant at Ramgarh, in Bihar, for the manufacture, on a large scale, of a special type of Sillimanite and other refractory bricks and shapes to meet the demand of India's growing needs. The Prospectus contains, *inter alia*, details of the land acquired by the Company and details of the pilot plant already in operation.

FOREIGN TECHNICAL COLLABORATION

The Company have entered into a Technical Collaboration agreement with the Vereinigte Grossalmeroder Thonwerke, Grossalmerode, West Germany, and full details are given in the Prospectus.

INTERNATIONAL FINANCE CORPORATION (WASHINGTON) PARTICIPATION

The Company have entered into an agreement with the International Finance Corporation, Washington, whereby the International Finance Corporation, Washington, will lend the total foreign exchange requirements of the project amounting to Rs. 44 lakhs, for the first stage, and Rs. 21 lakhs for the second stage. Full details of the agreement are given in the Prospectus.

The names, addresses and descriptions of the Directors of the Company are:

Name	*Address*	*Occupation and Description*
SRI SHRI MOHAN WAHI ..	18, Kautilya Marg, Diplomatic Enclave, New Delhi.	Senior Partner, United Provinces Commercial Corporation. *Director :* Agrind Fabrications Ltd., Land Reclamation Corpn. Ltd., Indo-Burma Petroleum Co., Ltd., Lewis & Taylor Pvt. Ltd., United Provinces Commercial Corporation Private Ltd.
SRI AMOLAKH CHAND	Jacob Parade, Lashkar, Gwalior.	*Director :* Indian Oil Co., Ltd. (A Government of India Undertaking). *Member :* Life Insurance Corporation of India (Board and Investment Committee). *Director :* U.P. Financial Corporation (A Statutory Corporation), Upper India Couper Paper Mills Ltd., Luoknow.
SRI H. T. BEATTIE	Khargoli Road, Gauhati, Assam.	*Controlling Agent :* R.S.N. Co., Ltd., and I.G.N. & Rly. Co., Ltd., Gauhati.
SRI NIGEL WHITEHEAD ..	49, Hill Park, Malabar Hill, Bombay.	*Director :* Indo-Burma Petroleum Co., Ltd., Balmer Lawrie & Co., Ltd.
SRI KRISHNA MOHAN WAHI ..	103 A,/Block F, New Alipore, Calcutta-33.	*Director :* Agrind Fabrications Ltd., Land Reclamation Corp. Ltd., Lewis & Taylor Pvt. Ltd., Parts Service India Ltd., United Provinces Commercial Corporation Private Ltd.
SRI KRISHNA CHANDRA PANT, M.P.	C. 1/35, Pandara Road, New Delhi.	Consultant in the Chemical Industry. *Technical Director :* Aloo-Chem Limited.

The name and address of the Managing Agents are:
UNITED PROVINCES COMMERCIAL CORPORATION,
6, Ganesh Chandra Avenue,
Calcutta-13.

THE CAPITAL STRUCTURE OF THE COMPANY IS:

AUTHORISED: Rs. 1,00,00,000
Divided into
10,00,000 Equity Shares of Rs. 10 each .. .. Rs. 1,00,00,000

ISSUED, SUBSCRIBED AND FULLY PAID UP:
3,00,000 Equity Shares of Rs. 10 each .. Rs. 30,00,000

RESERVED FOR OPTION:
2,90,000 Equity Shares of Rs. 10 each at par, to International Finance Corporation, Washington .. .. .. Rs. 29,00,000
60,000 Equity Shares of Rs. 10 each at par to Messrs. Vereinigte Grossalmeroder Thonwerke, Grossalmerode, West Germany, for Technical Collaboration .. Rs. 6,00,000

RESERVED FOR EXISTING SHAREHOLDERS:
60,000 Equity Shares of Rs. 10 each at par being A RIGHTS issue of shares to existing shareholders allotted for cash (without underwriting commission or brokerage) .. Rs. 6,00,000

RESERVED FOR LIFE INSURANCE CORPORATION OF INDIA (in satisfaction of underwriting agreement as mentioned in detail in the prospectus):
50,000 Equity Shares of Rs. 10 each at par Rs. 5,00,000
Rs. 76,00,000

NOW OFFERED FOR PUBLIC SUBSCRIPTION
2,40,000 Equity Shares of Rs. 10 each at par .. .. Rs. 24,00,000
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This announcement is not a Prospectus, and persons interested in the matter are urged to apply at once for a copy of the Prospectus for full details.

DEVELOPING UNDERDEVELOPED COUNTRIES

RIVAL SYSTEMS AND COMPARATIVE ADVANTAGE

By Prof. John Kenneth Galbraith
U.S. AMBASSADOR TO INDIA

[The superiority of democratic system for promoting sustained economic development on sound lines in the underdeveloped regions of the world, given certain prerequisites, such as foreign aid and know-how to supplement shortage of domestic resources, was highlighted with conviction by the U.S. Ambassador to India, Prof. John Kenneth Galbraith, while addressing the Commonwealth Club in San Francisco, on 4th June 1962. The text of this interesting address is published on these pages.—Ed.]

ONE of the well-observed features of economic development in the twentieth century is the need to choose between two broad political and economic designs. This choice, one from which developing nations of the eighteenth and nineteenth centuries were conveniently exempt, is between Western constitutional organisation, on the one hand, and Marxian and neo-Marxian policy and economic organisation, on the other.

These are not, as everyone knows, homogeneous alternatives. Wide differences separate a State such as Poland, where the agriculture, and hence close to half the economy, remains in private hands and subject to market influences from the far more completely socialised economy of the Chinese mainland. There are similar distinctions between the non-Marxian economies, which, in this case, are enlarged by terminological preference and political semantics. In Scandinavia, the United Kingdom and modern India, the word socialism is politically evocative. As a result, politicians try to find as much of it as possible. In the United States, steps that would elsewhere be identified with socialist enlightenment—social security, agricultural price guarantees, even the public development of public power sites—are firmly for the purpose of making private enterprise function better.

Also one must be cautious in speaking of a choice between the two designs. Geography and the proximity of military power have had much to do with the decision. Had Poland, to select a country not unaccustomed to movement, been radically relocated after World War II to approximately the position of Paraguay, her subsequent economic and political history would have been rather different. Individuals do commit themselves as a matter of free choice to a Marxian political and economic design. But nations have rarely done so in the normal course of unmanaged elections, a reluctance, incidentally, which was foreseen by both Marx and Lenin. Nevertheless, these broad alternatives exist. My purpose is to weigh their advantages and disadvantages from the standpoint of the developing country. I am aware that an American Ambassador will not be considered by everyone a wholly impartial judge. And, even in this liberal and sophisticated gathering, there would, doubtless, be eyebrow-lifting if my evidence were to lead me to the wrong conclusion.

But the choice merits serious assessment. Much of the present literature consists of declarations of superiority by one side or the other. We share with the Communists a strong faith in the value of robust assertion. Were the advantage all on our side, we would have little reason to worry. But we do worry, and it might be well, accordingly, for us to have a moderately unemotional appraisal of what we have to offer the developing nations as compared with the Communists.

II

The goal of the developing country can be quickly stated: it is to bring itself as rapidly as possible into the twentieth century and with the apparatus of individual and group well-being—food, clothing, education, health services, housing, entertainment and automobiles—which are associated in every mind, urban and rural, bourgeois and Bolshevist, with twentieth century existence. Here and there are some that demur. But, in my observation, the most monastic Christian, the most contemplative Buddhist and the most devout Gandhian cannot be considered completely secure against the charms of the bicycle, motor scooter or transistor radio.

The things associated with modern civilisation are now denied by backwardness and poverty. The task of the two systems is to overcome this poverty. The causes of poverty, in turn, are not simple—although the problem has suffered prodigiously from over-simplification. One cause, clearly, is an oppressive social structure which channels return from the many to the few and which denies the individual the natural reward of his efforts at self-improvement. Another is a feeble, non-existent or corrupt apparatus of public administration which denies to the country the things—law and order, education, investment in roads, power, manufacturing—which are possible only where there is effective public authority. Or poverty may be itself a cause of poverty—it denies the country capital for investment, revenues for education or purchasing power for consumer products which, in turn, are an incentive to effort. This poverty perpetuates itself. Such are the fundamentals that both systems must attack. It is unlikely that the same causes operate in the same form and with the same intensity in any two cases. An effective attack, therefore, requires not only efficient remedies but effective diagnosis of the condition to be cured.

Both systems agree on a number of important points. It is common ground that a shortage of capital is a likely cause of stagnation. Both agree on the need for a massive volume of investment to initiate and stimulate not only economic but social advance. There is agreement also that this investment should be in accordance with a carefully conceived plan. (Here we have paid the Soviets the compliment of appropriating an important idea). There is increasing agreement that a principal object of this investment must be in the educational and cultural improvement of people themselves. The visitor to the more remote parts of Soviet Asia is immediately impressed by the volume of resources going into schools, colleges, adult education programmes and other traditional backwardness of these areas. If, in the years following World War II, we thought too much of investment in terms of physical capital, and too little of the importance of a literate and educated populace, this is an error we are now correcting.

There are, however—and this will doubtless come as a relief—important differences between the two approaches and these are vital. The first lies in the diagnosis of the causes of poverty and the related remedy. The second difference is in the way development is organised. The third is in the political and constitutional environment of development. Let me take up each of these differences in turn.

III

In the Marxian view, poverty is principally caused by institutions which chain the country to its past—which hold it in colonial subjection, which exploit and subjugate the masses and deny them the reward of their labour, which make Government not the efficient servant of the many but the corrupt hand-maiden of the few.

In the predominant Western view, the poor are the victims of their poverty. All societies have capacity for growth; the poor society lacks the resources to invest in growth. Having less than enough for its current needs for food, clothing and shelter, it has nothing for investment in education, improved agriculture, transportation, public utilities or industrial enterprise.

Each of these views leads naturally to a prescription. If institutions hold a country to its past, the answer is the elimination of these institutions. If the problem is the self-perpetuating character of privation, the answer is to provide the catalyzing resources—specifically, economic aid and assistance in its use—which the country cannot supply to itself.

This is the first difference. The Marxian emphasis is on the institutions that inhibit progress and the need to eliminate them. Our emphasis is on the self-perpetuating character of poverty and the catalysing role of aid. It will be noted that each system has a cause and remedy that is not without convenience to itself. The Soviets, at least until recently, were short of capital. They had a revolution which could be exported at moderate expense. Accordingly, it was convenient to associate backwardness with colonialism, feudalism and repressive capitalism, all of which could be eliminated by revolution. By contrast, we had capital. This we could export with greater ease than comprehensive social change.

IV

The second difference is in the way development is organised. Although there is room for some national preference, and heresy cannot be entirely eliminated, the Marxian commitment is still to State ownership of the means of production—of land, capital plant and natural resources. Private ownership of productive resources and their use for private gain is one of the retarding institutions. Its elimination leaves the State in possession and this continues. Incentives to individual and group effort are strongly supported. But incentives which use the device of property-ownership to combine reward for individual effort with regard for management of property are excluded in principle and in large measure in practice.

The non-Marxian design for organising development is not so easily characterised. In the past, many countries—Japan, Germany, Canada and, to a remarkable degree, also the United States—have made State ownership of canals, turnpikes, railroads, electric power and other utilities, and even steel mills, the fulcrum of development policy. India, Egypt and some South American countries are taking the same course today. However, the main and indeed overwhelming reliance in non-Marxian development, both in agriculture and industry, is on private ownership of productive plant. This is true of countries, such as India, which choose to describe themselves as socialist.

V

The foregoing differences are sufficiently sharp, so that we can relate them to results. And, in Eastern Europe and China, not to mention the much older case of the Soviet Union, there is now an ample experience of Marxian development on which to draw.

Two major advantages lie with the Western or non-Marxian alternatives. There is, we have anciently been advised, a certain physical difficulty in extracting blood from a stone. This, however, is comparatively easy as compared with getting savings out of a poor society. When people do not have enough to eat, they are loath to forgo any part of their meal in order to eat better in the future. Pleas on behalf of children and grandchildren leave the man of simple, uncomplicated intelligence unmoved; he reflects that starvation will prevent his having children and, *pro tanto*, grandchildren as well. But Marxian no less than non-Marxian societies must have savings—without them, there can be no growth. Accordingly, the Western pattern of development, with its prospect of assistance from outside the country, eases one of the most painful problems of development. This is why economic aid has become such an important feature of Western foreign policy. It is the process by which savings are transferred from countries where saving is comparatively unpainful to those where it is very painful. It exploits one of the major advantages of our system.

The Communist countries are not without resources in this respect. The Soviet Union, though its capacity has been far less than ours, has spared some savings for other countries. Communist economies and political organisation deal more effectively—or ruthlessly—with unproductive and excessively luxurious consumption, of which there is always some and may be much, in the poor country. And Communist organisation can, within limit, squeeze blood from its turnip. The penalty is the pain and this cannot be avoided. The rioting in Poland in 1956 which brought Mr. Gomulka to power was occasioned in large measure by the enforcement of a rate of saving that was too grim for the people to bear. These last years on the Chinese mainland have evidently been ones of serious trouble and tension. Part of the problem is inherent in socialist organisation of agriculture to which I will advert in a moment. But some has certainly been the consequence of squeezing a large volume of savings out of a very poor population.

The larger consequence is that Marxian development risks the alienation of the people as non-Marxian development does not. It seems doubtful if a majority of the Chinese people are very pleased with their Government and would vote for it in an uninhibited poll. By contrast, in India, after a decade of development, there has been overwhelming vote for the Government that led the task. If the Indian Government has had to subtract the $7.3 billions it has received from the West in overseas loans and grants since independence from the meagre incomes—an average of about $70 per year—of its own people, its popularity might well have suffered. We see in India, in remarkably clear relief, the advantages of the Western design in providing capital.

VI

The second and equally substantial advantage of Western development is in the matter of agriculture. Industry, on the record at least, is fairly tolerant as to forms of organisation. American industry works well under private ownership. Even the most reluctant among us must agree that the Soviets have made considerable progress with socialism. So no decisive contrast can be registered here. But the undeveloped country is, by definition, a pastoral or agrarian community. The agricultural policy is, accordingly, vital. And it is far from clear, as a practical matter, whether it is possible to socialise a small-scale, densely-populated peasant agriculture. Even in the Soviet Union, the agricultural problem has not been wholly solved. And here, at least, there is no serious talk of catching up. Each year we extend our advantage in man-hour productivity without effort and somewhat to our regret. Outside the Soviet Union, agriculture has been even more of a problem. Poland and Yugoslavia have had to revert to private ownership. In China, by all external evidence, the effort to socialise agriculture has brought a serious crisis. Certainly, it has forced her to turn to the West for the largest food imports in history.

There are good reasons for this failure. Farmers, when they are small and numerous, cannot be brought unwillingly into a State-run system of agriculture, for they can defeat any system that is available for their control. The employees of a factory, like the men of an army, are subject to external discipline. Failure in performance can be detected, judged and penalised. (The same rule holds for certain types of plantation agriculture.) A scattered peasantry, carrying on the diverse tasks of crop, especially of livestock husbandry, cannot be so regimented. As a consequence, productivity falls off. Working for others, the farmer works at the minimum rather than the maximum, and the difference between the two is enormous. He can be made to work at the maximum by giving him land to work and rewarding him with the fruits of his labour or some substantial share to consume or exchange as he wishes. But this is to restore individual proprietorship—private capitalism—which its doctrine excludes.

One day the Marxian economies may succeed in socialising agriculture—no effort is being spared. And the ability of the small man in agriculture to sabotage a system he dislikes or which treats him badly is not confined to communism. It is the reason for the low-productivity and backwardness of the *latifundia* of Latin America and the feudal domains of the Middle East. But the fact that it accepts independent agricultural proprietorship is the second clear advantage of Western development.

VII

I come now to a disadvantage of Western development. The Marxian alternative, I have noted, emphasises the destruction of the bonds that tie the economy to the past. Our emphasis is on capital, education, technical assistance and the other instruments that allow of change. Until recently at least, we have been tempted to suppose that any society is a platform on which, given these missing elements, development can be built.

In fact, institutions do chain economies to the past and the breaking of these chains is essential for progress. The promise that this will be done is a valid and an appealing part of the Marxian case. There is no chance of agricultural development in the underdeveloped and hence agricultural country under systems of absentee landlordism, with the workers or sharecroppers confined by law and tradition to a minor share of a meagre product. And feudal systems of farming extend their corrupting influence to Government, to the provision of public sinecures to those who lack a claim on the land, to the milking of middle class and industrial enterprise and to the destruction of incentives and the morale of the society itself. "In our country," a South American guide once told me, "those who do the least get the most. I hear that, in the United States, it is the other way around. "It's a better system." Progress does require the radical elimination of retarding institutions. If elimination can be had from no other source, the Marxian alternative will sooner or later be tried. The revolution they offer here, we should remind ourselves, is less the Russian Revolution than the French Revolution.

VIII

I come now to the final point of comparison—one, unfortunately, which has been much damaged by bad rhetoric. From the earliest days of their development, personal liberty, equal justice under law and constitutional government have been important to Englishmen and to Americans. They have not been the exclusive concern of everyone, but we have never supposed they were the monopoly of the esoteric and privileged minority.

And so it is in the undeveloped country today. The Andean Indian and the landless worker in the Indian village do have a preoccupying concern with keeping themselves fed. But the general yearning for the dignity of democratic and constitutional government is very great. No people who live under a dictatorship ever feel themselves to be first-class citizens.

There can be little question that most people believe that liberty and constitutional process are safer with the Western than with the Marxian alternative. We have not, in my view, made as much of this advantage as we might. But the Communists are under the considerable handicap that their alternative involves a step into the dark. And while the details are obscure, most people know that it does not involve free selection of rulers by the governed, *habeas corpus*, equal justice under law and a voluntary return to other economic arrangements should the experiment prove unpalatable.

IX

On first assessment, then, the advantage of the non-Marxian alternative for the developing country is considerable. It promises at least a partial avoidance of the pain that for the poor country is inherent in finding savings for investment and growth. It promises an acceptable and viable system of agriculture than a certain unpalatable and possibly unworkable one. And it offers personal liberty and constitutional process. Against this the Marxian alternative promises a more rigorous attack on the institutions—the unproductive claims on revenue and especially the feudal control of land—which exclude change.

But this is not a game where one can count the cards and decide the winner. Some cards count far more than others and there is the unfortunate possibility that some good cards will not get played.

The Marxian promise can be decisive. That is because the things we offer are only effective and attractive after the retarding institutions are eliminated. In a country where land and other resources are held by and operated for the benefit of a slight minority, and where the apparatus of Government serves principally to reinforce such privilege, aid is not in much use. It will also benefit not the many, but the few. Our promise of independent proprietorship is obviously nullified so long as land remains in the hands of the few. And personal liberty and constitutional Government have little meaning in countries where Government is of the privileged, for the rich.

We must, in short, meet the Marxian promise of reform of retarding institutions. We cannot organise revolutions. We can place our influence solidly on the side of reform. Having done this, our cards give us a clear advantage. To be sure, we must play them. We must make good with aid on our promise of a less painful savings and investment process. We must give firm support to the small farmer. We must be clear in our commitment to constitutional process and personal liberty. We cannot suppose that these are wanted only by people of Anglo-Saxon origin of good income. And we must not excuse dictatorship on grounds of anti-communism or convenience in the absence of visible alternatives. The price of doing so, as we have so painfully learned, is disaster magnified by postponement.

These are highly practical matters. If there are no advantages in our alternative, it won't be chosen. The first resort to the Marxian alternative in this hemisphere was in a country where the concentration of wealth and land ownership was extreme, where these had extended a corrupting influence to other economic life and to Government, and where dictatorship had been endemic. This being the experience with the Western alternative, it was not remarkable that so many were so little perturbed by the alternative. India, in face of formidable difficulties, is firmly committed to development on the Western model. That is because, already in British India, and over the whole country at the time of independence, there was a strong attack on retarding institutions—especially on the feudal claims of princes, *zamindars* and great landlords and Government, which was an extension of this landed power; because a substantial measure of peasant ownership had replaced the old system; because aid from outside eased the problem of supply capital; and because people felt secure in the protection of constitutional guarantees and representative Government.

The lesson is clear. The advantages are with us. We must, however, have confidence in them and exploit them to the full.

THE INVESTOR'S INDIA YEAR-BOOK (1962)

Compiled by the well-known Calcutta firm of stock-brokers, Place, Siddons and Gough (Private) Ltd., *The Investor's India Year-Book* (Publishers: Orient Longmans Ltd. Price: Rs. 20) has for long served as a ready reckoner and reliable reference volume on public limited joint-stock companies in the private sector. Exhaustive and complete, but at the same time brief and to the point, covering the vital information on the fast increasing number of companies in our ever-expanding industrial sphere, the *Year-Book* has been an unfailing guide to investors, investment consultants, share and stock brokers, company analysts, specialists and secretaries, accountants and auditors and last but not the least, financial journalists. Indeed, the publishers could be justifiably proud and deserve to be complimented by all these quarters for having promptly brought out the latest 1962 *Year-Book*, which is its forty-eighth edition. Including the six-page index, the latest edition carries 417 pages, 17 pages more than in 1961, which speaks for the publishers' awareness to make the *Year-Book* all-embracing by including within its fold a maximum possible number of new companies. It is equipped with the latest available financial positions of the companies. It carries its usual features like a brief review of the country's major industries, stock and money markets, outlook for investment, representative price movements of the securities, debentures and shares quoted on the Calcutta Stock Exchange and a list of some important new capital issues offered to the public between January 1961 and February 1962.

WALL STREET AND THE WORLD ECONOMY

RECENT FALL WAS AN IRRATIONAL ABERRATION

By W. T. C. King
EDITOR OF THE BANKER

LONDON, 3rd *June* 1962

THE international financial markets have witnessed in this past month one of the most spectacular happenings in modern times—the extraordinary nosedive taken by the New York Stock Exchange on "Black Monday," the almost equally dramatic recovery on the following day, and the violent repercussions of these spasms upon other international security markets. Wall Street had been tending downwards from the beginning of this year: by the last week of May, the Dow Jones index of 30 common stocks was fully 100 points below the 1962 high point of 726 set on 3rd January and 113 points below its all-time high of 735 reached last year. Then, without warning, the weakness was violently intensified. On Friday (25th May), the slithering market lopped another 11 points from the Dow Jones index, and on the crucial Monday (28th May) it plummetted by nearly 35 points to 5¾ per cent in a single day—by far the worst crack since the panic days of the great 1929 crash. At this worst point, the decline from the peak was equivalent to rather over 21 per cent.

The frightening aspect of this violent movement, and the consideration that most disturbed observers overseas, is that at the time nobody could explain precisely why it happened. And since a major weakness that is unexplained is the most disquieting of all threats to sensitive market mechanisms that depend on confidence, the repercussions on overseas exchanges were immediate and no less violent. In London on the following day, sales from New York and from some other overseas centres—probably quite modest sales—precautionary marking down by jobbers, and a fairly widespread offering from private domestic holders drove prices down even faster than they had fallen in New York. The industrial share index compiled by the *Financial Times* slumped by 18 points to 261.3—a fall equivalent to no less than 6¾ per cent. To find a single day's fall even remotely approaching that it was necessary to go back to the Munich crisis of 1938 (when there was a fall of 5.4 per cent). At that worst point, London's decline from its January peak was rather less than Wall Street's (at June under 16 per cent) but its decline from the all-time peak of May 1961) was considerably greater—at over 28 per cent. In Western Germany, where the market dipped by about 5 per cent on 29th May, the decline from the end-1961 point was a shade more than that; and from the all-time peak (August 1960) it reached 40 per cent.

Recovery

A hardly less astonishing aspect of these convulsions is that most of the losses were made good on the following day. The pundits having all asserted that there was neither justification nor reason for Wall Street's Black Monday, and the Secretary to the U.S. Treasury having confidently proclaimed the pessimism of New York bankers and brokers to be flatly at variance with the trend of the American economy, on 29th May, first the professional and institutional investors and then some private buyers returned in force to the market. After a further severe fall in the opening dealings and a huge turnover, the market rebounded even more violently than it had fallen on the Monday. In the final hours of trading on the Tuesday, the Dow Jones average rose by some 40 points, to close at a shade under 604. News of this spectacular rebound naturally did not reach European centres until long after markets had closed after their own day of fright and collapse. But on the Wednesday their rebound was no less violent. In London, in spite of some tailing off towards the close, the day's gain in the *Financial Times* index was over 15 points—the largest day's leap ever recorded, with the one exception of that which followed the Tory victory at the general election of 1959—carrying it back to 276.6, or less than 3 points lower than when the tornado struck.

In some Continental markets, there were even bigger rallies; in Frankfurt one of some 9 per cent. Wall Street, meanwhile, had used a day's holiday to catch up on some of its mountainous arrears of paperwork (and to track down a disconcertingly large number of mistakes); and when it resumed business on 31st May, climbed a little further, so that, by the end of this extraordinary week, the Dow Jones average, at 611.05, was at virtually the point at which it had opened.

The Irrational

These happenings may be less portentous than they were spectacular; but it is absurd to suppose as some comments have seemed to imply, that they can now be dismissed as of little account, merely because the price falls were in many instances substantially made good. The parallel with 1929, which many people in New York thought they were seeing on 29th May 1962 was never in fact a rational one. But the first lesson to be drawn from this experience is that, in spite of all the improvements in investment habits and technique and all the safeguards against speculative excesses that have grown up in these past 30 years, the markets can still be at the mercy of the irrational. When a decline as violent and as sudden as that of Black Monday occurs without a sudden and violent new case, it must be in some measure irrational. And though many rational elements may be discerned, the attempt to explain afterwards why it happened is, indeed, an exercise in rationalisation.

The U.S. stock market, quite apart from this culminating aberration had been falling for six months, during a period in which the U.S. economy had been expanding, and in which the U.S. Government was and is confident that it will expand further—at least through the remainder of 1962 and possibly well into 1963. For this contradiction, if such it was, two principal explanations are put forward by most commentators. In the first place, in the United States, even more obviously than in some other advanced investing communities, the cult of the equity stock and the pursuit of the rewards of "growth" had been pushed to lengths at which hopes of capital gains had long overshadowed considerations of current dividend and earnings yields—and at which, given the highly organised mechanisms for the sale of stocks to an ever widening circle of investors, market prices were pushed to levels that discounted the possibilities of growth for long periods ahead. An analysis published here some weeks ago by Mr. Harold Wincott showed that prices began to lose their normal contact with dividends and earnings about seven years ago. Up to the middle 1950s, the 500 common stocks in standard and poors index were selling on the average at prices equivalent to 12½ years purchase of their earnings, whereas, by last year, prices had risen to the equivalent of 20 years purchase—even though the earnings themselves had scarcely risen on balance, over these of six or seven years ago.

Squeeze on Profits

For much of this period the pundits had been saying that this process could not go on indefinitely; but since it had gone on much longer than most of them ever expected, few could predict with any assurance when and how it would end. But this year the braking forces began to pile up. Most influential among them was the growing conviction in Wall Street and among other professional investors that even though growth of the economy continued, it was unlikely to bring commensurate gains to profits. In many spheres of American business, as in business in Britain, growing sensitiveness to international competition at a time of rising domestic costs has put a squeeze on profit margins. And the fear of an intensified squeeze has been fostered by the traditional conviction on Wall Street that a democratic President must be hostile to business—conviction that burst into new life after President Kennedy's tough and successful intervention to enforce a retraction of the increase in steel prices a few weeks ago. On top of this came further evidence that the second phase of the U.S. economy's climb after its recession was proving less vigorous than the first phase, and distinctly less so than the Administration had been predicting—yet the Government was showing no haste to apply new stimuli.

In all these forces, there was reason enough for the stock market's down trend over the months. And, since Wall Street's pessimism, whether justified or not, accentuated the movement, the culmination can be regarded as the product of the momentum itself: for, as the decline progressively uncovered investors' positions carried on credit (and these were certainly larger and more widespread than had been supposed), increasing pressure from the banks and other lenders for the making up of margins had to be satisfied by sales. In this sense, the collapse followed the classical pattern of all *crisis de confidence;* but there was never any risk of a spiralling on the scale of 1929. The slightly vulnerable credit position of the market could not be compared to the shaky and unrealistic superstructure of 30 years ago, and this time there is a sure basis of a fundamentally sound economy.

Effects to Come

There were, then, some rational grounds for the collapse—and, equally clearly rational grounds for the rebound. But after this evidence of the way in which the irrational can take charge, few dare predict the immediate course of the market and of business confidence. It will be surprising if the shocks of end-day do not leave some marks on the U.S. economy itself—through the added caution that is likely to be induced in the minds of America's entrepreneurs as they decide their programmes for capital investment and for stockbuilding, and probably, too, in the minds of buyers of consumer durables and motor cars. If this influence is perceptible, and if it is not quickly neutralised by some other injection of demand, the "real" effects of the paroxysm in the U.S. stock market will percolate through to the world economy in a few months time—and perhaps will be felt in Britain in some loss of momentum in the hoped for surge in exports. For the present, however, Britain's exports are doing well: they have risen steadily, though not sharply, for four successive months, and the prospect for the balance of payments this year looks reassuring.

Notice

THE ONDAL COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE ONDAL COAL COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday, the 29th June, 1962, at 10-30 a.m., for the following purposes:—

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st December, 1961, and to receive the Directors' and the Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint a Director in place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from the 17th to the 29th June, 1962, both days inclusive.

By Order of the Board,

P. PRASHAD,
Chairman.

CHARTERED BANK BUILDINGS,
CALCUTTA, *31st May,* 1962.

Notes: (a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(b) The Dividends, if declared, will be paid on or after 23rd July, 1962, to those shareholders so entitled whose names appear in the Company's books on the 29th June, 1962, or to their mandatees. No application for Dividend Warrants will be necessary.

AMAR DYE-CHEM LIMITED

GOVERNMENT'S VACILLATING POLICY AFFECTS PROFITS

CHAIRMAN, MR. A. K. DOSHI, ON NEW CAPITAL ISSUE

THE following is the speech of the Chairman, Mr. A. K. Doshi, delivered at the Eighth Annual General Meeting of the Share-holders of Amar Dye-Chem Limited on Monday, June 11, 1962:

"GENTLEMEN,

"On behalf of the Board of Directors, the Management of the Company and myself, I have great pleasure in extending to you a cordial welcome to this Eighth Annual General Meeting of the Company and placing before you for consideration the Directors' Report on the working of the Company for the year ended 31st December 1961, together with the Statement of Accounts for that period. These have been in your hands for some time now and with your permission, I shall take them as read.

"You will have noticed that we have, this year for the first time, incorporated in the Report various charts on production and sales performance, and I am sure this will give you an insight into the affairs of the Company.

Working Results

"The net profit of Rs. 51,07,832 for the year shows a decrease of Rs. 3,16,652 from the last net gain of Rs. 54,24,484. These profits have enabled your Directors to add this year also to the General Reserve Fund a substantial sum of Rs. 12,50,000. This amount will be adjusted after making allowance for higher depreciation and change in Tax Structure as will be discussed hereafter.

"From the Accounts you will observe that the Company has also been able, this year, to set aside a sum of Rs. 5 lakhs towards Redemption of 20,000 Redeemable Cumulative 6 per cent (tax-free) Preference Shares of Rs. 100 each, and thus transfer the amount to the 'Redemption Reserve Fund.'

"The Shareholders will appreciate that, in order to plough back a part of the profits of the Company, your Directors have thought wise to prune the dividend this year. One of the primary considerations is to finance—partly of course—the large expansion programme involving an additional outlay of about Rs. 2 crores within the next two or three years. This is mainly for the different Intermediate Plants and although it will not add to the profits of the Company, it will save a considerable amount of foreign exchange and make your Company's production almost independent of imports.

Sales and Trading Conditions

"This is the sixth year of our commercial production. You will find that the net realisation—on total sales of Company's products—falls short by Rs. 6 lakhs as compared to 1960. This was mainly due to the vacillating policy of the Government and the abolition from 1st September 1961, of the Tariff Value on imports of Amarthols and Fast Bases.

"Import duty of 20 per cent was up to now levied on a tariff value which was on an average of the domestic price of various products and a countervailing duty of 15 per cent was levied to offset the effects of an equal amount of Excise Duty, about which I have already referred to in my last year's speech. However, with this change, the import duty and the countervailing duty were assessed from 1st September 1961 on the invoice price of imported products and this being much lower than the domestic price, in some cases, the total duty of 35 per cent on invoice value was even less than 15 per cent excise duty on the domestic selling price. It is difficult to understand the reasons that prompted the Government to make this change, but after several representations to the Ministry of Commerce and Industry, the only solution that they could find out was to ban the imports of most of the items manufactured by the Company. However, in the meantime, large imports took place at much lower rates than the Company's selling prices and this has affected the sales of the Company during the latter part of last year.

"This adverse effect is still continuing and the sales of the Company's products during the first five months of this year have been much smaller than in the corresponding period during the last year. Unfortunately, the production of T.P.M. Dyes has also been delayed due to the Government of India taking over one year to grant the import licence for some equipments and we are afraid that we shall be able to start production only next year. It will therefore not supplement the Company's production and sales during the current year.

Production

"Due to large-scale imports as mentioned earlier and the imports from Rupee Payment Countries, through S.T.C. as well as against Export Promotion Schemes, the production of the Fast Base Plant had to be curtailed and it almost worked at two-thirds of its capacity during most of the year. We have added two more products to the production programme, namely, Scarlet G and Red GL Base, but we are unable to produce and sell these items at the present moment as our production cost is much higher and the stocks of the cheap imported material are still plenty in the market. We shall be able to produce and sell these items only after the imported stocks have depleted.

"It is generally believed that imports of dyestuffs are considerably restricted and there is on the whole shortage of dyestuffs and the industry is fully protected. However, you will see from the particulars given below that it is not exactly so and at present the dyestuff industry is passing rather through a difficult period, due to overstock of imported products and slackness in consumption of dyes.

(Value in crores of rupees)

	1958	1959	1960	1961
Import of coal tar dyes ...	8.13	8.14	10.31	12.40

"I do hope that the Government will take notice of it and correct the situation by stopping the wastage of foreign exchange on imported products and encouraging local production for which large sums of money have already been invested. Although the prices of indigenous production may look higher to the consumer, the manufacturers are not responsible for it as all the raw materials are two to three times more expensive in our country than in international markets and the industry is subjected to excise duty at various stages. In spite of this situation, it is a fact that the Dyestuff Industry is saving a considerable amount of foreign exchange and your Company alone has saved slightly over Rs. 53 lakhs of foreign exchange during the year 1961.

Coal and Fuel

"You will notice that the expenses of the Company have gone up during the year 1961 and a part of it consists of increase in expense on fuel. This is mainly due to the fact that the Company was forced to use oil during a considerable part of the year as coal supply was very irregular and far lower than the requirement. In fact, the Company has been requesting the Coal Controller since the last one year to increase its quota of coal in view of the enhanced requirements, but instead of doing so, we have recently been advised of a cut in the quota which has been sanctioned to the Company five or six years ago. However, this bottleneck in the coal supply is well-known to all of you and the energies of the authorities as well as various chambers have been directed to solve this problem in the best possible manner. It is the good fortune of the Company that it had purchased a second-hand Oil-fired Marine Boiler in 1955 for use during emergency. This has avoided complete closure of the Plant.

Exports

"I am glad to inform you that the Company has opened a special Export Department with a view to earn foreign exchange and have been able to obtain orders within the last five months to the tune of approximately Rs. 1 lakh. The exports are being done at comparatively much lower prices and do not contribute much to the profits of the Company, but it is being done to fulfil our obligation towards the economy of the country.

"You will be glad to note that, with the opening of the new Ministry of International Trade, the Government is reviewing the whole picture of exports in a realistic manner and we have been assured of a subsidy—partly in cash and partly in kind—towards the losses that we may incur on exports.

Finance Bill, 1962

"As you are aware, the Finance Bill of 1962 has increased the Corporation Tax from 45 per cent to 50 per cent. Whilst this will adversely affect the retained profits of the Company, I am glad to inform you that the Government has accepted the contention of the chemical industry that the percentage of depreciation allowed up till now was not adequate in view of quicker deterioration of Chemical Plants due to corrosion and they have now increased it from 10 per cent to 15 per cent for a single shift. This will mean that your Company's tax liabilities for the year 1961 will be increased by about Rs. 0.98 lakh. This has happened after the accounts were published and therefore will change the picture slightly and reduce the amount carried to the General Reserve.

"You are also aware of the fact that this year's Finance Bill also brings in excise duty on all Acids and Gases and this will further increase the cost of production of the Company's goods. In spite of that, the Company at the present moment does not think it advisable to increase their prices, but on the other hand has reduced the prices of a few products in order to meet competition and increase its turnover.

Issue of Capital

"I had referred in my last speech to the proposal for issue of a fresh capital of Rs. 80 lakhs to cope with the additional requirements of capital for expansion programme. As the Government insisted on a high premium, the Company did not proceed with the said application but tried to carry on with its internal resources and borrowings. The Finance Minister, in the last budget speech, advised that the industry should rely more on equity capital rather than on borrowings. Thus, the industry is faced with an intricate situation. On the one hand, the Government advised the industry to broadbase its equity capital structure and, on the other hand, compels the Company to issue it at a high premium. Even then, it is necessary that the Company will have to increase its Capital to fulfil the programme already undertaken and are renewing the application to the Controller of Capital Issues for increasing the Capital by Rs. 90 lakhs.

Labour

"I am glad to report that relations with labour continued to be satisfactory. The construction of Residential Buildings, the Recreation Centre and our programme for various welfare measures have all contributed considerably to the achievement of this end.

"Negotiations are going on with the Union for grant of Bonus for the working of the year 1961 and we are hopeful of arriving at a satisfactory solution. I hope that this will be the last time that these protracted negotiations have to be carried on, as the Government of India has appointed a Bonus Commission with a hope that they will arrive at some formula which would simplify this intricate system of calculating Bonus. In this connection, I would like to comment that it is desirable to discontinue the system of Bonus and give a fair wage to the workers, but at the same time this wage should be linked up with productivity. Although in the Chemical Industry, the Labour's contribution to the actual production is very little, it has been found that the stress on improving efficiency and productivity is not being given whilst putting up demands for higher wages and higher bonus.

Conclusion

"Before I conclude, I wish to take this opportunity to thank all my colleagues on the Board for their invaluable support during the year under review. I am sure you will join me in expressing our warm appreciation of the cordial relations maintained between the Management and the Labour and the loyalty and devotion of the Officers and Staff of the Company who have contributed in large measure to the smooth running of the plants and in achieving a satisfactory working of the Organisation throughout the year under review.

"Thank you, gentlemen."

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

NEW INDIA SCALES YET ANOTHER PEAK

RESERVES STRENGTHENED—DIVIDEND SAME

THE results of the New India Assurance Company Ltd. (Managing Director: Mr. B. K. Shah, Bombay) for the year ended 31st December 1961 present a refreshing contrast to the generally poor record of general insurers in the country. For it has not only maintained the progress made in the previous years, which itself had been striking, but improved upon it to an extent that it has left other insurers far behind. The gross profit, subject to tax, almost doubled from Rs. 69.7 lakhs for 1960 to Rs. 128.2 lakhs for 1961. The net profit at Rs. 74.57 lakhs, though considerably less than the gross profit, is still higher than the previous year's figure by Rs. 15.55 lakhs. The underwriting profit, including interest earned on departmental funds, has jumped up to Rs. 102.7 lakhs from Rs. 45.4 lakhs in the previous year and works out to 8.1 per cent of net premium, as against a mere 4.2 per cent in 1960. This remarkable improvement is the result of a substantial rise in the combined net premium (fire, marine and miscellaneous) from Rs. 10.87 crores in 1960 to Rs. 12.65 crores in 1961 and a significant improvement in the disbursements position. Thus, the claims cost, at 50.3 per cent, was lower than that in the previous year when it was 52.6 per cent. Similarly, the commission and expenses paid were also lower at 35.7 per cent, as against 36.2 per cent in 1960. In spite of the higher profit, the Directors have decided only to maintain the dividend at last year's level of Rs. 4.50 per share, subject to tax. The bulk of the profit has been utilised to strengthen the reserves and provision for taxation. Thus, a sum of Rs. 20.60 lakhs has been transferred to the general reserve and Rs. 5 lakhs to the exchange reserve, as against a mere Rs. 15 lakhs added to the dividend equalisation reserve last year. The provision for taxation has been stepped up from a modest amount of Rs. 10.72 lakhs to as much as Rs. 58.95 lakhs, of which a sum of Rs. 5.30 lakhs represents the provision for taxation in respect of past receipts of compensation for compulsory acquisition of life business.

In addition to the dividend, the Company proposes to pay, as in the previous year, a special bonus of Re. 1.20 per share, subject to deduction of tax; this is to be paid out of the capital reserve built up from the compensation received from the Life Insurance Corporation of India in respect of the life insurance taken over by it. The net distribution to shareholders works out to Rs. 3.99 per share which is the same as in the previous year.

The following table summarises the salient features of the Company's working during the past three years:

(In lakhs of rupees)

	For the year ended 31st December		
	1961	1960	1959
Fire:			
Net premium	442.40	406.95	346.75
Claims paid and outstanding	165.05	176.74	119.94
	(37.3)	(43.4)	(34.6)
Commission, expenses, etc.	196.89	178.63	148.15
	(44.5)	(43.9)	(42.7)
Underwriting profit (+) or loss (—)	+72.33	+28.28	+66.16
Fire fund	221.20	245.00	214.00
Marine:			
Net premium	244.00	210.37	196.78
Claims paid and outstanding	180.88	134.11	150.87
	(74.1)	(63.7)	(76.7)
Commission, expenses, etc.	60.50	54.67	54.40
	(24.8)	(26.0)	(27.6)
Underwriting profit (+) or loss (—)	—20.74	+15.17	—1.15
Marine fund	244.00	211.00	211.00
Miscellaneous:			
Net premium	573.02	469.51	342.79
Claims paid and outstanding	290.47	200.65	173.92
	(50.2)	(55.5)	(50.7)
Commission, expenses, etc.	194.54	160.73	120.06
	(33.6)	(34.2)	(35.0)
Underwriting profit (+) or loss (—)	+51.06	+1.22	+7.01
Miscellaneous fund	289.46	247.00	192.00
Net profit	74.57	59.02	55.06
Provision for taxation	58.95	10.72	37.75
Dividend	42.73	42.73	42.73
	(30%)	(30%)	(30%)
Bonus to shareholders	11.39	11.39	11.39
	(8%)	(8%)	(8%)
Carry forward	3.78	2.85	1.56

Note:—Figures in bracket represent percentage to net premium income.

It is evident from the above table that the fire department contributed the bulk of the profits, with the underwriting surplus rising from Rs. 28.98 lakhs to Rs. 72.33 lakhs. With a profit of Rs. 51.06 lakhs, the miscellaneous department was a close runner-up. In fact, the profit in the miscellaneous department showed a spectacular rise from a nominal sum of Rs. 1.22 lakh in 1960 to as much as Rs. 51.06 lakhs in the year under review. This was the combined outcome of a sharp spurt in premium income from Rs. 4.69 crores to Rs. 5.78 crores and lower claims cost (50.2 per cent, as against 55.5 per cent in 1960) and commission and expenses (33.6 per cent as against 34.2 per cent in the previous year). Reflecting the adverse wind of higher claims, the marine account, however, has shown a deficit of Rs. 20.74 lakhs, in striking contrast to a surplus of Rs. 15.17 lakhs in the previous year. This adverse result has occurred, in spite of a rise in the premium income from Rs. 2.10 crores to Rs. 2.44 crores and a decline in commission and expenses from 26.0 per cent to 24.8 per cent.

The net departmental contribution to the profit and loss account (the underwriting profit) is Rs. 102.7 lakhs, as against Rs. 45.4 lakhs in the previous year. After taking into account other income and outgo, the gross profit (subject to tax) is Rs. 128.22 lakhs. Out of this, a sum of Rs. 53.65 lakhs has been earmarked as provision for taxation, leaving a balance of Rs. 74.57 lakhs. This, together with Rs. 2.85 lakhs brought from the previous year's account makes available for distribution Rs. 77.41 lakhs. Of this amount, Rs. 20.60 lakhs have been transferred to the general reserve and Rs. 5 lakhs to the exchange reserve. As noted above, a sum of Rs. 5.30 lakhs has been earmarked as provision for taxation in respect of past receipts of compensation from the L.I.C. According to the Chairman of the Company, Mr. A. D. Shroff, this provision has been necessitated, as the Company has now been assessed to capital gains tax in respect of the compensation received. The Company has, however, not accepted this decision and has preferred an appeal therefrom.

The investments of the Company, as on 31st December 1961, amounted to Rs. 10.62 crores (market value), as against the book value of Rs. 9.50 crores, showing a capital appreciation of Rs. 1.12 crore. There is in addition a free investment reserve of Rs. 25 lakhs.

In his statement to shareholders circulated along with the audited accounts, the Chairman, Mr. A. D. Shroff, makes the following significant observation about the progress of the Company and the prospects for it:

"As you are aware, the Company's organisation was severely disrupted by the nationalisation of life insurance business. We had, therefore, to create a new organisation. I am glad to say that the Company has succeeded in building up an effective and active organisation during the period of last five years.

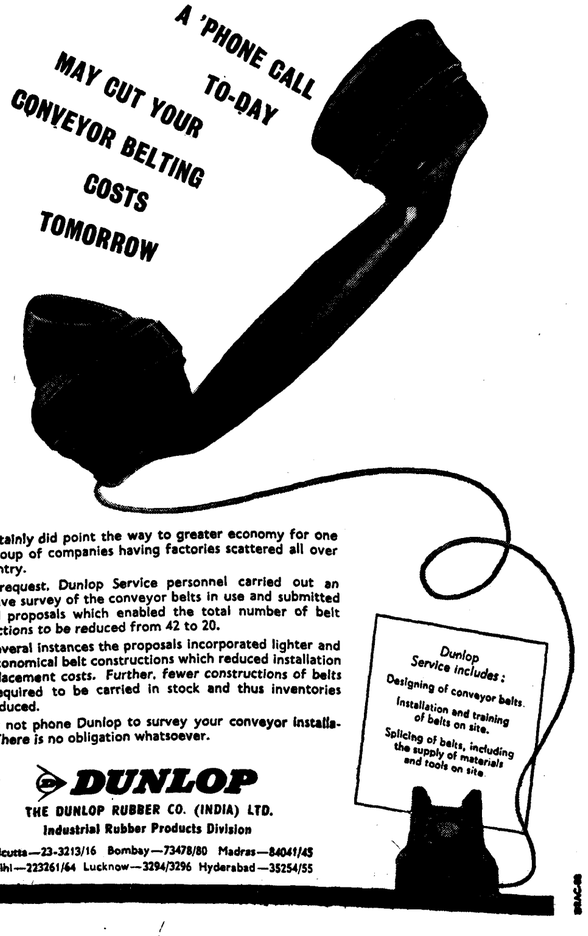
"The Company's policy is to be selective in its underwriting. This selection has to be made by the field staff through rejection of undesirable risks. The field staff have also to take active measures to minimise claims through a planned programme of precautions to be taken at the inception of the assumption of risks to prevent loss occurrence. This called for a well trained and effectively controlled field staff.

"I am happy to inform you that during the last five years our field staff has been gaining underwriting experience and the management are able to exercise a more effective control in the acceptance of risks and in claims minimisation. The effect of this process must result in a continuous improvement in the Company's working.

"I, therefore, look forward to the future of the Company with confidence."

Commenting briefly on the main developments in the field of general insurance in the country, Mr. Shroff says:

"It gives me great satisfaction to inform you that the efforts of the Executive Committee of the General Insurance Council to devise effective measures to place general insurance business in India on a sound footing are bearing fruit. The Administrative Machinery is being reorganised and enlarged to ensure compliance with the Code of Conduct by all insurers. It has also been decided that no insurer will deflect the field workers of another insurer by offering to pay a remuneration higher than his existing remuneration or higher than what is permissible under the Code of Conduct. Also, that no insurer shall deflect the business of another insurer by unfair means. A Mutual Assistance Pool for a period of three years is being established to enable every insurer operating in India to readjust his working to the requirements of the Insurance Act and the Code of Conduct within the shortest possible time. These measures have our fullest support. As I have often stated in the past, Indian insurance has a big part to play in the developing economy of our country. No efforts should, therefore, be spared to integrate and strengthen the working of companies in the country."



This certainly did point the way to greater economy for one large group of companies having factories scattered all over the country.

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INTEGRATED INVESTMENT BY OIL COMPANIES

CURRENT PROFIT LEVELS TOO LOW TO ENSURE EXPANSION

IN a free economy, demand is the ultimate determinant of business expansion, but it is capital investment which makes expansion possible. And willingness to inject fresh supplies of capital into a business will depend in large measure on prospective profits. These truths are more relevant to the oil industry than to many others, for oil is such a capital-intensive business: at every stage it has to employ large-scale plant and equipment—rigs, refineries, tankers, pipelines, service stations. Investment in the various sectors must, moreover, proceed more or less simultaneously to ensure the orderly expansion of the whole. To pour money into the development of an oilfield, for example, without providing the refining capacity and transport facilities needed to bring the products to market, would be futile and foolish.

Simple and self-evident as the foregoing statements may be, lack of appreciation of the realities that underlie them is often at the root of questionings about oil companies' seemingly large profits, and about the justification for integrated operations from the well to the consumer. It will be recalled that towards the end of last year the Organisation of Petroleum Exporting Countries (O.P.E.C.) commissioned three economic consultants—from the U.S., U.K. and Italy—to make separate studies to see how the earnings of the major international oil companies compared with those of other industries and international concerns. The consultants have now reported, and their findings will, it is believed, show that earnings from integrated oil activities are no higher than in other comparable industries—and in some instances, less.

Return on Capital

Their findings can hardly be otherwise. Even the hard-hitting Venezuelan Minister of Mines and Hydrocarbons, Dr. Perez Alfonzo, by no means generously disposed towards the oil industry, publicly acknowledged at the recent Oil Congress in Caracas that the return on the oil companies' investments in Venezuela (in the exploration/producing/refining sectors) was not at present sufficient to attract new investment. It might be thought that an integrated company with oil production in the Middle East alone would fare differently. This is not evident from British Petroleum's 1961 accounts. Obtaining virtually the whole of its oil in the Middle East, B.P. earned in 1961, from the whole of its integrated operations, only 9.2 per cent on the average capital employed (compared, it might be added, with 14.4 per cent in 1957). Royal Dutch-Shell and Jersey Standard, the two largest and most ramified groups, earned last year 8.5 and 10.7 per cent, respectively, on the capital they employed. Very few, if any, ordinary local businesses in Venezuela, the Middle East, or elsewhere, work with such a small return on investment. And they carry none of the heavy risks which the oil industry has to bear in the exploration/production phase of the business.

This "profit," even at the modest rate earned by the oil companies, is by no means what shareholders receive in the form of dividends, as the reviews of the major companies' accounts clearly show. In the case of B.P. and Royal Dutch/Shell, only about two-fifths of their net income went to pay dividends, while the proportion for Jersey Standard was two-thirds; the rest was used to help finance capital expenditure. Last year B.P. made investments of £124 million, of which £84 million was in tankers, refineries and marketing, etc. The Royal Dutch/Shell group invested a total of £374 million; of the £329 million shown in its consolidated accounts and analysed by sector, less than half was for exploration and production. For Jersey Standard the corresponding proportion was 37½ per cent.

Earnings Per Ton

The idea that earnings per ton are higher on oil production than on the other operations is a familiar one. It is, however, misleading. In a highly integrated concern it is quite unrealistic to isolate one phase of the business from the rest. Profits on oil production can be earned only because of the continuous investment in the related operations of transport, refining and distribution. To sustain, or raise, the revenues of the crude oil exporting countries a number of factors in the long process from searching for oil to delivering the finished product to the consumer must be in the right relationship with one another. The level of prices must be such as to enable oil to compete against other sources of energy and to encourage higher consumption. This should ensure a rising volume of trade which, in turn, helps to keep unit costs low. Price and volume, coupled with the pursuit of lowest operating costs, determine the level of profits. And the way in which profits are shared between the oil exporting countries and the operating companies influences the level of company investment—which provides the whole range of facilities needed to cater for future expansion.

In his report to shareholders this year's B.P.'s chairman draws a simple but telling analogy between an integrated oil company's activities and those of a village baker. "To say that an oil company makes a profit at the producing stage is like saying that the profit of the village baker is derived from mixing his dough. The baker cannot make a profit until he has bought an oven, and probably a van as well, and has baked and delivered his bread and been paid for it. The only figure that really matters in the case of an integrated oil company is the net income after tax remaining with the group when the results of all its constituent elements have been set one against the other."

The fact that, for 50-50 profit-sharing purposes, oil production is treated in isolation tends to encourage its artificial separation from the rest of the industry's activities. This separate treatment has proved to be of great financial advantage to the Governments of some of the oil exporting countries. This advantage is enhanced today by the fact that posted prices for Middle East crudes, upon which the shared profits are calculated, are higher than realised prices—and certainly out of line with the prices obtained for the products made from the crude oil. The companies' profits suffer a corresponding disadvantage. Thus, last year B.P. paid to Middle East oil producing countries under 50-50 profit-sharing arrangements over £126 million, while its own net income, after providing £47 million for depreciation, was only £60 million.

There are various reasons for this disproportion which, for some years now, has been growing wider. If it were to persist, it could have adverse effects upon the level of investment for future expansion. At the present time oil production is, in effect, drawing tribute from the rest of the associated activities—evidence, if any were needed, of the unity of oil operations as a whole.—*(By Special Arrangement with the Petroleum Press Service.)*

B.O.A.C. AND CUNARD FORM NEW COMPANY

The British Overseas Airways Corporation and the Cunard Steamship Company have joined in the formation of a new company, to be called B.O.A.C.-Gunard Ltd., to mount the biggest British effort ever on Atlantic air routes. An agreement was signed in London on 6th June 1962 under which B.O.A.C. contributes 70 per cent and Cunard 30 per cent of the capital of the new company. The authorised capital will be £30,000,000. B.O.A.C. will put in eight of its Rolls-Royce Boeing 707 aircraft, Cunard its two Boeing 707s, and both will put in their subsidiary companies in the Bahamas and Bermuda.

The Board of the new company will consist of Sir Matthew Slattery (Chairman of B.O.A.C.) as Chairman, Sir John Brocklebank (Chairman of Cunard) as Deputy Chairman, together with Sir Basil Smallpeice.

As from 24th June all British scheduled air services in an area defined as the United Kingdom, on the one hand, and the United States of America, east of longitude 100° west, plus Mexico, Central America, and the Caribbean with extensions to Peru, Ecuador, Colombia, Venezuela and British Guiana on the other, will be operatel on behalf of the new company. Co-ordination of these services with B.O.A.C.'s other worldwide services will result in a single integrated route network serving most principal cities of the world. These services will be marketed as soon as practicable in the name BOAC-Cunard. All other B.O.A.C. services, including those to Canada and those transitting the new company's area to points beyod, for example across the Pacific, will remain in B.O.A.C.'s name.

BOAC-Cunard will continue to operate all existing B.O.A.C. 707, Britannia and Freighter Atlantic services within the area together with the "Gulfstream" 707 services from London to Bermuda, Nassau, Miami and Jamaica recently begun by Cunard-Eagle Ltd. Until any necessary amendments have been obtained to current route licences, these services will continue to operate in the present names of the actual operators. B.O.A.'s existing commercial pooling arrangements are not affected by the creation of BOAC-Cunard. B.O.A.C. is taking steps to see that its obligations to Air-India and Qantas, to British West Indian Airways, and to Trans-Canada Air Lines are fully honoured by the new company.

A.E.I. POWER CABLING FOR NEW STEELWORKS IN BRITAIN

Main power cabling for the largest and most advanced steelworks in Europe has now been virtually completed by Associated Electrical Industries Limited. At the Richard Thomas and Baldwins fully integrated continuous strip mill under construction at Llanwern, near Newport (Mon.), A.E.I. Construction (Cables and Lines) Division has installed over 40 miles of 33 kilovolt and 11 kilovolt power cables. The cable was manufactured by A.E.I. Cable Division. The contract included the design and installation of about 500 tons of galvanised supporting steelwork for the cables.

The steelworks, built on piles on 2,800 acres of marshland, is three miles long. Most of the cabling in this impressive installation lies hidden underground in nearly three miles of concrete lined tunnels.

All the 33 kV cables are 0.4 sq. in. three-core solid types, screened, paper-insulated lead alloy sheathed and steel wire armoured, with a black P.V.C. oversheath for additional protection and identification (all the cabling at the Spencer Works is colour-coded according to voltage). A total of 23,300 yards of this type of cable was installed. The 11 kV. cabling is of non-draining FIND type, of single-core or three-core construction, with a grey P.V.C. oversheath; 37,186 yards of three-core and 13,611 yards of single-core were installed. Altogether, nearly 42 miles of A.E.I. high voltage power cable was supplied and installed.

RAILWAYS IN THE E.C.A.F.E. REGION

The bulk of inland transport in the E.C.A.F.E. region continues to be carried by railways. But these, by and large, are inadequate to meet the growing demands for additional traffic resulting from the developing economy of the countries of the region. The E.C.A.F.E., therefore, continues to take an active interest in promoting railway development. This interest has been sustained by the studies and discussions of the Railway Sub-Committee of the E.C.A.F.E.'s Inland Transport and Communications Committee. The latest session of the Sub-Committee discussed, on the basis of reports prepared by the E.C.A.F.E. Secretariat, such topics as a comparative study of railway administration, the increased use of containers for freight traffic and a progress report on diesel locomotion.

The report on railway administration notes that public ownership with governmental control is a common feature of most railways of the region. This has resulted in problems of harmonising commercial railway policy with the public interest since the railways have to provide the cheapest possible services for the public and yet, at the same time, be as self-supporting as possible. The report recommends that the operational and commercial functions of the railways should be separate. The use of containers for transporting freight has also been recommended on the ground that they have proved both more economic and more efficient in the advanced countries of the world. As containers offer the advantages of combined transportation by rail and/or road and sea, they enable railways to improve their operation and protect their traffic by introducing door-to-door services. As for diesel locomotion, it is noted that most of the railways of the region have already introduced it and are extending its use.

MEETING BRITAIN'S ELECTRICITY DEMAND IN 1970s

Sir Roger Makins, Chairman of the British Atomic Energy Authority, has predicted that, in the early 1970s, the installation of nuclear power stations at a rate faster than one every year will be necessary if Britain's electricity needs are to be met. By the end of the 1970s, Sir Roger said, in an address to the Nuclear Energy Society in London, electricity production would need energy equivalent to 180,000,000 tons of coal a year, or nearly all of what the coal industry was planning to produce. This, he said, could only be done by importing oil on a larger scale, or by installing nuclear power stations. The second course would be favoured because nuclear power for base load would be as cheap as that from conventional power stations "by the early 1970s."

Sir Roger said that the advanced gas-cooled reactor, a prototype of which was now being completed at Windscale, Cumberland, would immediately produce power at the same cost as conventional power stations, and that eventually the cost of power might fall to 0.45d. a unit (compared with 0.5 to 0.55d. from good conventional stations at present). On the fast reactor system being built at Dounreay, Scotland, which is reckoned to be the most hopeful way of producing atomic power in the 1970s, Sir Roger said that a decision had now been taken to start building a commercial prototype in 1963 or 1964.

NEW PRODUCTS AND PROCESSES

New Range of Synthetic Fibres

A COMPLETELY new range of fabrics from man-made fibres such as Acrilan, Courteile, Terylene, nylon, etc., is foreseen as a result of scientific work done at the Linen Industry Research Association laboratory at Lambeg, near Belfast, reports the Scientific Editor of the *Financial Times*, London. This has led to a double process applied to such fibres. When gathered together in a "tow," before spinning into yarn, they are given a physical treatment that builds in a desired property, such as, for example, crease-resistance for clothes or resilience for carpet pile. A second part of the process, a heat treatment, at the yarn stage or in the weaving of fabric, brings out the latent property. The result is that man-made fibres can be made to produce fabrics with qualities more like the best ones of, say, wool, or with qualities of drape, or with many qualities not yet fully achieved with the synthetic fibres. The yarns have an openness of structure that gives warmth with lightness. The yarns so processed are given the name AtoZ. The processes are completely patented and commercial exploitation is arranged by Shirley Developments, of Manchester. So far Chemstrand and Courtaulds in the U.K. have signed licences for the use of the process, which is a cheap and quick one, on acrylic fibres—that is, Acrilan and Courtelle respectively.

New Safety System for Oil Pipline

A new pipeline safety system which automatically shuts down valves if a leak or break develops is to be installed in a section of the new Assam oil pipeline where it crosses the Brahmaputra river. The safety apparatus was demonstrated in Britain recently to representatives of Government agencies and oil and construction companies by the Oil Well Engineering Company, of Stockport, England. The installation in India will be one of the first. Growth of pipelines throughout the world has caused misgivings among public authorities about the hazards from leaks and breaks, especially where pipelines cross bridges or run through rivers and occupied areas. In India, where Oil India Ltd. (in which the Government of India and the Burmah Oil Company are equal partners) has a 720-mile-long line running over some 30 railway bridges, many more rivers and a number of roads, the Government has insisted on manned valves at either end of vital sections. With this in mind, engineers set to work to develop the Casomatic system now demonstrated. Under this system, sections of line which might be subject to outside hazards, or cross over or through vital safety points, are given an airtight sleeve of large piping, which is filled with compressed air at, for instance, 50 lbs. per square inch. A break in the sleeved pipe will raise the pressure and at 80 lbs. per square inch valves at either end will automatically begin to close and the oil or gas escaping through the leak will be contained within the outer casing. Should the outer casing fracture through, for example, a river flooding and moving the entire pipeline, the pressure will go down and at 20 lbs. per square inch again the valves will automatically close, so that if the actual pipeline breaks before maintenance can be undertaken the amount of oil released will be limited. The system can be installed over any length of pipe.

Automated Power Stations

An automatically controlled turbine run-up system described as an important step towards the automation of power stations has been set up by a British firm, Associated Electrical Industries Ltd. The equipment, mainly of electrical content, provides for the running-up to speed under automatic control of a large turbine generator set prior to the generator being synchronised to a power system. Since August last the system has been under test operation at power stations in Britain. It is suggested that the rate of starting a turbine must be programmed according to the length of time that the turbine has been shut down, to ensure that the incoming steam flow is so regulated that thermal stresses remain within safe limits. Sensing devices monitor abnormal conditions such as excessive pedestal vibration, high shaft eccentricity or low condenser vacuum. Should any parameter exceed a predetermined limit, the turbine speed is held constant; if the signal rises to a second limit it is decelerated; and in greater emergency the set is shut down. All these facilities are provided automatically by the equipment.

Cable Sealing Tool

A new hand tool for the final stage in waterproofing the ends of mineral insulated cables has been developed by a British firm, British Insulated Callender's Cables Ltd. To fit a seal a rotary stripping tool removes the sheath in one continuous strip. Next a brass sealing pot which cuts its own thread in the sheath is screwed on to a cable end with a pot wrench. Then a sealing disc, pierced with as many holes as there are conductors, is passed over the conductors and brought close to the metal pot which is then filled with moisture resisting compound. Finally, the disc is entered into the mouth of the pot and crimped. The new tool has been designed to crimp the mouth of the pot and retain the sealing disc in position. It will perform innumerable crimps with ease and simplicity, and is virtually indestructible. Both the screw and the die plate are quickly removable, if necessary, for cleaning. The body of the tool sits comfortably in the hand and can be held rigid when screwing down during the crimping operation.

Gas Chromotograph

A machine which is so sensitive that it can measure a draft of as little as 5 cubic centimetres in a fortnight and yet is robust enough to withstand considerable rough handling in transit and still retain its sensitivity, has been perfected by a British firm, namely, Griffin and George Ltd. The apparatus is a gas chromotograph for analysing accurately the components of gases, liquids and solids. The method basically is that the substance to be analysed into its component parts is injected into an analytical column after vapourisation. The column contains a very thin film of liquid or a solid known as a stationary phase. Through this the substance is carried by a carrier gas and as a result breaks up into its component parts which arrive at the other end of the column at different intervals where their densities are measured and recorded on graphs. The instrument is of particular value to the chemical and oil industries and in forensic medicine.

New Fleece Fabrics

An Austrian enterprise, Bunzl and Biach, A.G., Vienna, has added to its production programme, mainly including processing of re-used wool and cotton, the regeneration of synthetic fibres, a field that has been neglected upto now. Development work in the field of non-woven fabrics has made it possible for the enterprise to turn out fleece fabrics, the use of which is no longer confined to the textile sector. Such fabrics can be used for manifold technical purposes. Impregnated with bitumen, they serve, among others, as insulating material in civil engineering, for water pipes, etc., instead of glass fibres. By glueing the fabrics on to building or insulating boards, they are protected against condensating water. Moreover, the fabrics may be used for carpets with glued on pile, for filtering purposes of all kinds and even for bookbinding.

New Building Material

A new building material has been evolved for Mirny, the centre of the Soviet diamond industry, lying in cold Yakutia (Siberia). The new material is extremely light blocks of aluminium and foam plastics. Oblong blocks are made of aluminium sheets and their interior is filled with porous synthetic material. They are so light that they can be carried by aircraft or helicopter. Besides, the pressure of the finished buildings on the soil is 95 per cent less and this is of great importance in conditions of permafrost. A three-storey house can be built in two days by means of one belt conveyor without any hoisting equipment. The blocks are connected by a special synthetic glue. Houses made of aluminium blocks are handsome and warm and have splendid insulating properties.

Liquid Nitrogen from Natural Gas

Construction has begun in Lithuania (U.S.S.R.) of a plant to produce liquid nitrogen out of natural gas. It is being built on decision of the Republic's Government to increase the production of mineral fertilizer. The plant, whose annual capacity is to be more than double the annual consumption of nitrogen fertilizer by Lithuanian agriculture, will be completed in two years. The gas coming to the Republic from the Dashava deposit, the Ukraine, will serve as raw material. The new enterprise will also supply agriculture with combined fertiliser.

Anti-bleach Process

Cellulose fibres and cotton fabrics, used for making tents, shop blinds, and sunshades, and for covering deckchairs, frequently bleach in strong sunlight. Because of this they have to be treated, during manufacture, with special protective chemicals. A Swiss firm claims that it has found a better way of doing this than that used hitherto. Dry heat is not used to persuade the chemicals to react with the cloth—high pressure steam is used instead. The company says that this makes it possible to use much lower temperatures and, as a consequence, the treated fabric tends to be much stronger. Protection against bleaching and rotting is claimed to be excellent.

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POSTS AND TELEGRAPHS

NEED FOR IMPROVING OPERATIONAL EFFICIENCY

THERE has been growing pressure of demand for better and quicker communication facilities in India, with the expansion of industrial and commercial activities. Appropriately enough, the growth of communications has received a good deal of attention in the Five-year Plans. The development of posts, telegraphs and telephones accounted for an expenditure of Rs. 40 crores in the first Plan, which was raised to Rs. 51 crores in the second. In the third Plan, a sum of Rs. 78 crores has been set apart for this purpose. Of this amount, the expansion of local telephones alone is expected to absorb Rs. 35 crores, excluding Rs. 6 crores for trunk telephones. Thus, the development programmes of communication facilities, which have gained momentum during the two Plans, have been assigned a distinctly bigger role in the third Plan.

It may be recalled here that, between 1950-51 and 1960-61, the total number of postal articles handled by the Posts and Telegraphs Department rose by 80 per cent, that is, from 2,270 million to 4,054 million. The number of telegrams handled increased during the same period by 43 per cent (from 27.9 million to 40 million). There was a fivefold increase in the number of trunk calls, that is, from 7.1 million to 34 million. These data go to show the increasing demand made on postal, telegraphs and telephone services in the country. It must, however, be stressed that, while the communication facilities have been expanded considerably, a lot more still remains to be done to improve the quality of services offered.

Third Plan Targets

The third Plan envisages an expansion of communication facilities in urban centres and there extension to rural areas. It is proposed to examine in some detail the programme for the development of posts, telegraphs and telephones in the current Plan, against the perspective of development already achieved in the first and second Plans. To take the postal services first. The total number of post offices, which had risen from 36,000 in 1950-51 to 55,000 in 1955-56 and still further to 77,000 in 1960-61, is proposed to be increased to 94,000 by the end of the third Plan. The objective in this respect is, as was laid down in the first Plan, to serve, besides all administrative headquarters such as *tehsils, talukas* and *thanas,* every group of villages located within a radius of two miles and having a total population of 2,000, provided the annual loss involved was not more than Rs. 750 and that there was no post office within a distance of three miles. The conditions for opening new post offices were liberalised subsequently, particularly for the headquarters of community development and national extension service blocks and places having authorised schools. During the third Plan, it is proposed to lay greater stress on the postal development of underdeveloped and backward areas and, with this objective, it has been decided to open 200 past offices in very backward areas during the Plan period at a specially enhanced permissible limit of loss of Rs. 2,500 per annum per post office and regardless of the considerations of distance from the nearest post office and population served. This number will be in addition to the number of offices that will be opened under the already relaxed permissible limit of loss of Rs. 1,000 per annum per post office applicable for such areas.

The programme for the development of telegraph services is quite impressive. The number of telegraph offices increased from 3,600 in 1950-51 to 5,100 in 1955-56 and further to 6,450 in 1960-61. It is proposed to install 2,000 new telegraph offices during the third Plan period. In order to minimise the delay in delivery of telegrams, the P. and T. Department has plans to install on an extensive scale devices like teleprinters and tape-relay systems. Meanwhile, complaints of delays in transmission and delivery of telegrams in cities like Bombay, Calcutta, Madras and New Delhi are mounting. It is even alleged that telegrams are being sent by post. The system of phonogram is also not working satisfactorily, apparently in view of the deficiencies in the functioning of telephones. If, on receipt of telegram with a telephone number, the telegraph office finds that the number concerned is either engaged for sometime or cannot be had due to some fault or other, the message is simply sent by post, which takes two days to reach the addressee, instead of being sent through the usual telegraph messenger.

In respect of telephones, the third Plan envisages the installation of as many as 200,000 new direct telephone connections, in addition to the conversion of 50,000 manual lines into auto-lines. At the end of the second Plan, the total number of telephones stood at 460,000, as against 280,000 in 1955-56 and 168,000 in 1950-51. The third Plan also seeks to set up automatic exchanges in 45 towns, apart from expanding the 32 auto exchanges in the country. The programme for trunk telephones provides for the installation of ten trunk automatic exchanges, a number of additional manual exchanges and about 2,000 public call offices. It is also proposed to meet the heavy demand for trunk telephones between important stations by inroducing subscriber-to-subscriber dialling service. Provision is also made for the completion of the project for laying coaxial cables between Delhi and Calcutta, and Delhi and Bombay, which was taken up in the second Plan. Besides, the third Plan provides for laying coaxial cables between Bombay, Madras and Coimbatore, and between Bombay and Nagpur, and Delhi and Amritsar.

Recent Trends

The various schemes outlined above are now under execution. An idea of the progress made by the Posts and Telegraphs during the first year of the third Plan is provided in the Annual Report of the Ministry of Transport and Communications (Posts and Telegraph Board) for 1961-62 as well as in a booklet entitled *Activities—1961-62,* published by the P. and T. Board. According to these publications, during 1961-62 (upto the end of February), 5,740 post offices were opened, of which as many as 5,466 were in rural areas. The number of post offices established in 1961-62 has thus apparently exceeded the target (annual average of 3,400). Besides, 410 branch offices and E.D. sub-offices were upgraded into departmental sub-offices. This upgrading, it may be noted, has also helped in the extension of savings banks facilities and in the improvement of mail arrangement in rural areas. Incidentally, for the convenience of savings bank depositors, a new scheme, called "teller system," has been introduced at the New Delhi post office, for the first time. The special features of this system are (1) deposits and withdrawals can be made without presentation of pass books, (2) the time taken for paying-in funds will be reduced by more than half and (3) withdrawals of amounts upto Rs. 250 will be allowed by the counter clerk on his own authority, thus reducing the time required for a transaction to about one-fourth. The authorities will do well to consider the extension of this system to other urban centres as well.

The progress of the programmes for the development of telegraphs, however, has been slow. As against the third Plan target of 400 (annual average), the number of telegraph offices opened during 1961-62 was only 290. The total number of telegraph offices in the country, as at the end of March 1962, was 6,740. The total number of telephones at the end of 1961 was 498,000, showing an increase of 35,000 during the period April-December 1961. During the whole year 1961-62, 215 new exchanges were opened and 245 existing exchanges were either expanded or rehabilitated. The equipped capacity of telephone system has gone up from 412,620 to 450,000.

The total number of persons employed by the Posts and Telegraphs Department is estimated at 400,000 as at the end of March 1962, which compares well with 382,000 a year back. The increase is attributed to larger traffic. The annual report also places the number of total postal articles handled at 4,252 million, telegrams at 39.2 million and effective trunk calls put through at 32.5 million. While the volume of work handled by the Department is quite sizable, it is disappointing to find that the number of complaints about delays and mistakes in transmission is increasing fast. During the calendar year 1961, the Complaints Organisation received 532,122 complaints (of which 531,522 are said to have been "disposed off"), an increase of about 6,600, as compared with 1960. This works out to 0.0125 per cent of the total traffic, as against 0.0129 in 1960 and 1959 and 0.0135 in 1958. These figures, it may be noted, relate only to those complaints registered with the Department. The complaints not brought to the notice of the Department must be much more. The poor response to complaints and the laconic reply that one gets months after the complaints are lodged have served as effective deterrents to registering complaints with the postal, telegraphic and telephone authorities and induced a sort of fatalistic attitude among the users of these services.

Federation's Complaint

Since individual complaints have not been of much avail, it is gratifying to find that the Federation of Indian Chambers of Commerce and Industry, New Delhi, has taken up the matter. Calling attention to the fact that the telephone system is virtually "in a state of dolperienced by the general public and business community all over the country in the following words:

"So far as local service is concerned, the subscribers have to put up with wrong connections, disturbance—atmospheric, mechanical and human—during conversation, lack of proper audibility and bad reception. And, as for trunk calls, the grievances, add up to a formidable list: delay in booking of trunk calls, delay in answering trunk enquiry positions, giving wrong information about the probable delay in maturing a trunk call, overhearing the subscriber's conversation intentionally or unintentionally, operators speaking to each other on the same circuit while the call is in progress and a host of other impediments and annoyances. In the so-called direct trunk system, the calls are just cut off, and there is no means by which the telephone operators can be contacted except by dialling 'Complaints' which more often than not are unheeded. In point of fact, the subscribers have to face these annoyances after getting, with considerable difficulty, a call through, whether ordinary or urgent. Incidentally, this artificial distinction between ordinary and urgent calls at separate rates seems to be a peculiar feature obtaining in our country. Elsewhere, all trunk calls are rightly treated as urgent; the connection is secured within a minute, the average time being only twelve seconds; and a subscriber can dial a trunk call directly too.

"Conditioned and reconciled as Indian subscribers are to the delay in obtaining trunk calls, they find that during the past few months the position has further deteriorated. A trunk call between principal cities which perhaps used to take anything like two to three hours to fructify takes now as long as six to eight hours—on the first inquiry, advice of four-hour delay seems to be the norm rather than the exception, and from then on the standard answer is two-hour delay. And it is not quite uncommon that on a few days in a week it is reported that the lines are out of order."

The public has had to put up with the aforesaid grievances for so long that it is high time effective steps were taken to ensure a better deal to the users of telephone. The Federation is, therefore, quite justified in asking for an immediate inquiry into the situation.

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Defalcations

Quite a few disquieting instances of actual defalcations and losses of public money in the Department have been brought to light in the audit report for 1961-62. The number of such cases was as many as 1,308 involving a total loss of Rs. 7.43 lakhs. While the number of cases showed a decline of just 104 over 1959-60, the amount involved actually increased by as much as Rs. 60,000. As in the past, the employees of the Department were responsible for the bulk of these losses, 65 per cent to be precise. In 308 cases, involving an amount of Rs. 2.18 lakhs (29 per cent), responsibility for the loss had not been fixed so far.

The audit report has also revealed instances of short recoveries and failure to issue bills to the extent of Rs. 12.97 lakhs in the telephone revenue accounts. The short collection is attributed to incorrect valuation of trunk call tickets. The other types of irregularities in this connection, were: (*a*) delay in the issue of advice notes intimating installation, etc., of telephones, (*b*) arrears in pairing work of inward and outward trunk call tickets, and (*c*) delay in verification of late fee bills. A large number of other defaults and infructuous expenditure have been pointed out by the Audit. These include unco-ordinated execution of development works, defects in stores purchase and control and non-utilisation of vacant departmental buildings. These defects only show that there is still considerable room for improvement not only in the quality of services offered to the public, but also in the general administration and execution of projects. If the recently constituted P. and T. Board succeeds in ensuring a greater measure of efficiency in the operation of the posts, telegraphs and telephone systems, it will have justified its existence. One, however, should not be surprised if this turns out to be a forlorn hope, for the Board is such an unwieldy body that it is highly doubtful whether it will be in a position to render any useful work. Only a Union Minister with drive, vision and readiness to compel the lazy workers either to leave the service or work hard can set matters right. When will such a Minister come into being?

TROMBAY FERTILISER PROJECT

The Trombay Fertiliser factory in the public sector, now being put up by the Fertiliser Corporation of India Ltd., near Bombay City, is expected to go into production—according to schedule—in April 1964. This was disclosed by Mr. C. Subramaniam, Union Minister for Steel and Heavy Industries, in the Lok Sabha the other day. The factory will have an installed capacity of 254,000 tonnes of nitrophosphate, a complex fertiliser containing two soil nutrients (nitrogen and phosphate), and 97,500 tonnes of urea per year. Of the 825 acres of land proposed to be acquired for the construction of the factory and a residential colony, an area of 534 acres has already been secured by the Corporation. Steps are being taken to acquire the rest of the land. Since the factory area is low-lying, 38.6 million c.ft. of earth-filling is involved. Of this, 16.6 million c.ft. of earth-filling has already been completed.

Contracts for design, engineering and supply of plant and machinery for ammonia, urea, nitric acid and nitrophosphate have been placed with two U.S. firms. The contracts for the design, engineering and supply of equipment for the sulphuric acid plant, steam generating plant, yard piping system, bagging and material handling plant and water treatment plant are currently under consideration and will be placed shortly. The equipments offered by one of the U.S. firms has already started arriving in Bombay. It is expected that all the equipments to be supplied by this firm will have been imported by the end of this year.

In respect of the supply of raw materials, the Corporation has already signed contracts with the Trombay oil refineries for petroleum naphtha and refinery gas. Besides, the Corporation is negotiating with some foreign parties to secure rock phosphate for the factory. The Municipal Corporation has agreed to supply the required quantity of water for factory use. An agreement is also expected to be signed shortly with the Tata Power Company for the provision of electric power.

Construction of the various structures of the factory has been taken up. Two warehouses and an administrative building have already been constructed. Work on the factory boundary wall, service building, roads and sewers is in progress. The piling work in the nitric acid plant and the compressor foundation work are now in progress at the site. Earthwork is also going on for the construction of two silos for finished products.

Construction work on staff quarters is also in progress. Two hundred and forty units of type I quarters are ready for occupation and another 240 units will be ready by the end of June 1962. All the 1,750 units of quarters, which have been planned, are expected to be available for occupation by January 1963.

Sixty-five graduate engineers in chemical, mechanical, electrical and instrument engineering are currently under training in the existing factories of the Corporation. These engineers will hold supervisory positions in the new factory. Two hundred trade apprentices and 60 apprentice supervisors are being recruited currently for intensive training in the existing units of the Corporation for operation and maintenance positions.

SHEET GLASS INDUSTRY

A public enquiry into the question of continuance of tariff protection to the sheet glass industry beyond the current year ending December, was held in Bombay last week, with Mr. K. R. P. Aiyangar, Chairman of the Tariff Commission, presiding. The industry, it may be recalled, has been enjoying protection since 1950; the existing rate of protective duty is 70 per cent *ad valorem.* It, however, has not been able to stand on its own feet, presumably on account of several handicaps, such as increasing prices of all the basic raw materials, enhanced railway freight rates, expensive road transport and transport bottlenecks. There are now four units engaged in the production of sheet glass, namely, the Hindustan Pilkington Glass Works Ltd., Calcutta, the Indo-Asahi Glass Company, the Seraikella Glass Works and the U.P. Glass Works. No new units have gone into production since 1960 when the last tariff enquiry was held. Two units had actually been licensed at the time of the last enquiry; they were Madras Sheet Glass Works Private Ltd., and the Indo-Belgium Glass Works Private Ltd., Madras. Explaining the reasons for their inability to commence production, Mr. Aiyangar observed that, while the former unit still awaited the grant of import licence for oil-burning equipment for its furnace, the latter had to cancel Belgian collaboration and was now on the look out for West German or American collaborators.

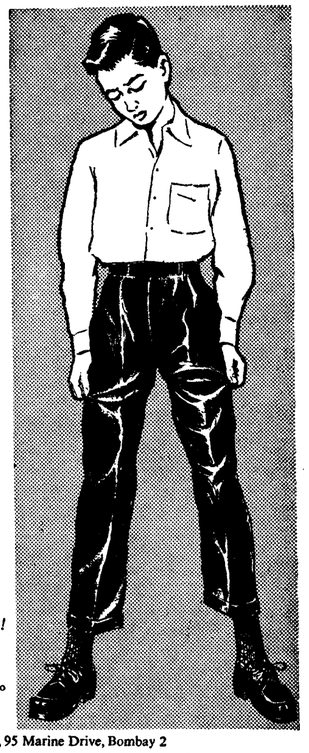
The aggregate capacity of the four units under operation, however, has gone up from 10,573 million sq. metres (113.80 million sq. ft.) per year in 1960 to 13,101 sq. metres (141 million sq. ft.) in 1961, according to figures made available by the producers. But the Development Wing puts the current capacity at only 11,234 million sq. metres (120.92 million sq. ft.). There is a similar divergence in the estimates of production as well. According to the industry, output increased, albeit slightly, from 8,246 million sq. metres to 8,282 million sq. metres. But the Development Wing holds the view that output actually declined from 7,542 million sq. metres to 6,961 million sq. metres. It is rather surprising that there should be such divergence in the data pertaining to capacity and production, considering that only four units are in existence. Surely, it should be possible to verify the industry's claims and resolve the difference of opinion. It is, however, significant to note that the output of thicker varieties of sheet glass required for mirror-making, safety glass, table-tops and others for industrial applications has increased markedly. It may be noted here that licences have been given to three new units, two to be set up in Gujarat and the third at Calcutta. When all the five units licensed so far (including the two Madras units licensed earlier) are commissioned, the capacity of the sheet glass industry will go up to 20.48 million sq. metres (220.50 million sq. ft.). There is, however, no certainty as to when and how many of these units will commence production.

There has been a perceptible improvement in domestic demand as well. The total apparent consumption of sheet glass (including imports) has gone up from 8.265 million sq. metres in 1960 to 8.689 million sq. metres in 1961. Owing to stringent restriction, imports were on a small scale, being of the value of Rs. 5 lakhs in 1961, as against Rs. 6 lakhs in 1960. Imports consisted mainly of thick varieties of glass and certain coloured types.

The principal raw materials required for the manufacture of sheet glass are sand, heavy soda ash, limestone, sodium sulphate, dolomite and arsenic. Barring heavy soda ash and to some extent sodium sulphate, other chemicals are available indigenously. Apart from the increase in prices of several chemicals, the quality of raw materials is also said to be not consistent. The quality of the sheet glass, too, is not uniformly good, although there has been some improvement of late. It is stated that if quality is stepped up further and costs reduced by expanding output and increasing fuel efficiency, sheet glass will be able to find fairly large export markets.

The Birthday Gift

Mother stitched a pair of trousers for his birthday and sent them to the laundry so that they would look fresh, crisp, new. But they shrunk—she had forgotten to look for the label 'Sanforized'!



If only she'd taken a little more care in the selection of the fabric, these trousers would have retained their immaculate fit even after many, many washings.

Make certain you get the full measure of value of the material you buy—

Look for SANFORIZED REGD TO MK *on the label*

and your clothes will never shrink out of fit!

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For information: 'Sanforized' Service, 95 Marine Drive, Bombay 2

The trademark 'SANFORIZED'—registered and trusted in 129 countries of the world—is a vital force for the export of Indian textiles.

mar. SAN. 266

TEXMACO STAGES A COME-BACK

DIVIDEND, HOWEVER, UNCHANGED

THE Textile Machinery Corporation Ltd. [Managing Agents: Messrs. Birla Brothers (Private) Ltd., Belgharia, West Bengal] has staged, during the year ended 31st December 1961, a promising come-back from the distinct setback suffered in the previous year. Indeed, the results for the year warrant the conclusion that 1960 was an exceptionally bad year in the Company's history. To illustrate, the realisations from sales and internal consumption have shot up by Rs. 189.58 lakhs to Rs. 777.46 lakhs—the highest on record—as against a fall of Rs. 26.18 lakhs to Rs. 587.88 lakhs in the previous year, with sales alone improving from Rs. 552.76 lakhs to Rs. 744.01 lakhs and being well above Rs. 576.86 lakhs in 1959. The gross profit, which had declined from Rs. 92.95 lakhs to Rs. 61.30 lakhs in the previous year, has recovered to Rs. 80.67 lakhs. It can be seen that the rise in profit is not proportionate to that in sales. Consequently, the profit-margin (ratio of gross profit to sales) has remained unchanged over the year at 10.3 per cent. Again, while welcoming the recovery in the Company's working results, the investors will doubtless be disappointed to find that the return on their investments will only be maintained at 10 per cent per annum, subject to tax, to which level it was brought down in the previous year from 20 per cent paid for 1959.

Go-slow tactics and sporadic strikes by labour, shortage of certain types of raw materials and rising costs of production—the disturbing features of 1960—continued during the year under review also, but were largely brought under control near its end, while efforts made and being continued to overcome the year's new obstacle, namely, cut in power, are expected to meet with a fair measure of success. The Directors state that the efforts of the management to get over these problems reflected in higher production and better efficiency during the year, but their impact on profit, being gradual, would be felt adequately only in the current year.

The essential provisions are higher: depreciation Rs. 24.37 lakhs, as against Rs. 21.84 lakhs in the previous year, and taxation Rs. 19.81 lakhs, as against Rs. 9.35 lakhs. Managing Agents' remuneration has also increased from Rs. 2.59 lakhs to Rs. 3.63 lakhs. The net profit, as a result, has shown only a small rise of about Rs. 5 lakhs to Rs. 32.86 lakhs, but is sufficient to cover the preference and equity dividends, besides allowing for a transfer of Rs. 6.45 lakhs (Rs. 4.25 lakhs in the previous year) to reserves and provisions, without drawing, unlike in the previous year when Rs. 2.50 lakhs were transferred, any amount from the reserves.

A synopsis of the Company's working in the past four years is provided in the table below:

(In lakh of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales and internal consumption	777.46	587.88	614.06	583.84
Other income	18.31	6.30	8.69	6.65
Closing stocks	158.25	197.30	138.01	115.99
Raw materials, stores and spares consumed	440.13	396.11	374.80	371.18
Staff expenses	139.15	126.83	112.25	90.54
Royalty and excise duty	3.00	2.47	3.40	3.09
Other expenses	83.77	66.76	61.37	50.11
Gross profit	80.67	61.30	92.95	109.34
Provision for—				
Depreciation	24.37	21.84	25.05	24.50
Taxation	19.81	9.35	25.44	41.00
Managing Agents' remuneration	3.63	2.59	6.08	8.43
Net profit	32.86	27.52	36.41	35.41
Transfer from reserves	..	2.50	..	..
To reserves and provisions	6.45	4.25	3.50	11.40
Dividends—				
Preference	11.36*	10.56*	2.90*	1.68
Ordinary	15.00	15.00	30.00	22.50
	(10%)*	(10%)*	(20%)*	(15%)
Carry forward	0.63	0.59	0.37	0.37

Market value of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	25.75	24.76	29.40	26.95	23.35
Low	19.76	16.24	21.50	20.60	15.42

* Subject to deduction of tax.

In the light of what has been said earlier, production in all branches of the textile division increased during the year. Ring frames and carding engines showed a substantial improvement. The assembly of drawing frames was begun. Simplex frames development proceeded speedily; the first frame would be ready this year. Production in the textile division is expected to rise further this year, and orders for all types of machinery are quite adequate. The working of the heavy engineering division, where water tube, Lancashire and vertical boilers, complete sugar manufacturing plant, railway wagons of different varieties and heavy structural items are produced, showed a commendable improvement, and is expected to improve further this year. The first water tube boiler, produced by the Company, was installed and is working satisfactorily. The first sugar milling plant is under production and expected to be delivered by this year-end. The whole of the plant, except the engines, is being manufactured in the Company's works. The steel foundry showed a substantial improvement and would work better this year.

The Company is launching an ambitious programme for the manufacture of textile machinery to meet the country's needs. It will require installation of a number of new machines and renovation of the existing plant. Its implementation will be at the rate of the availability of the necessary import licences. Manufacturing the Texmaco Ward Capstan lathes in collaboration with the well-known firm of Messrs. H.W. Ward and Co., Ltd., of Britain, the Company produced during the year lathe number 3 Ward and delivered the initial products to the satisfaction of the buyer. A phased programme to increase production of lathes is to be implemented this year. It is also proposed to manufacture the more complicated 7-combination Turret lathe under a modern plant now being set up. Efforts are being made to arrange the necessary foreign exchange for the import of plant and equipment for the Company's proposed project for the manufacture of cast iron spun pipes in Maharashtra. With more efficient working and the satisfactory progress of the expansion schemes in hand, one can agree with the Directors that the working results of the Company in the current year would be appreciably better.

The financial position of the Company is sound. Its paid-up capital of Rs. 289.96 lakhs, of which Rs. 150 lakhs is in equity shares and the rest in three different classes of preference shares, is supplemented by reserves and surplus aggregating Rs. 62 lakhs. Its secured loans from banks have increased during the year by some Rs. 3 lakhs to Rs. 304.46 lakhs. The bulk of these are secured against current assets, etc., and to the extent of Rs. 71.34 lakhs against usance bills. Unsecured loans have gone up from Rs. 1.52 lakh to Rs. 22.23 lakhs mainly following the issue of a loan of Rs. 20.55 lakhs by the Managing Agents. Current liabilities and provisions amount to Rs. 583.62 lakhs. The Company's total indebtedness to outsiders amounts to Rs. 910.32 lakhs. This is quite a large sum, though adequately covered by current assets and book debts of Rs. 980.40 lakhs. Investments are shown at Rs. 4.92 lakhs, almost all of which are unquoted. The gross block increased during the year from Rs. 486.97 lakhs to Rs. 514.92 lakhs, and has been written down to Rs. 272.89 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted, on the Calcutta Stock Exchange at Rs. 26.10 *cum-div.* and, on the *ex-div.* basis, offer a net yield of 2.7 per cent.

PREMIER TYRES LTD.

The factory of the Premier Tyres Ltd. [Managing Agents: Messrs. Indo-Orient Agencies (Private) Ltd., Bombay] has gone into production from 27th May last, about five months after the end of the Company's second year of working. All the necessary plant and equipment, ordered by the Company from abroad, arrived by the beginning of this year, and the major portion was received at site before 1961 was out. The trial runs of machinery were completed well in advance of the start of production. Last year, the Company also entered into a fresh technical agreement with its collaborator, the United States Rubber Company of New York, which is one of the foremost rubber tyre manufacturers in the world. Early this year, the Company was granted a loan of Rs. 30 lakhs by the Agency for International Development, Washington, U.S.A., and has utilised half of it against bank cash credit facilities.

It will be recalled that the Company has issued capital of Rs. 150 lakhs in equity shares of Rs. 100 each and of Rs. 50 lakhs in 6.5 per cent, tax-free, cumulative redeemable preference shares of a like denomination. It made the second and final call of Rs. 25 per share on both equity and preference shares on 15th May 1961, payable within two months since then. As on 31st December 1961, there was a balance of Rs. 2.38 lakhs, representing allotment and calls in arrears, which, however, had declined to Rs. 1.56 lakh by 8th May last. The block of the Company is shown in the balance-sheet at Rs. 186.49 lakhs, comprising plant and machinery at Rs. 136.79 lakhs, buildings at Rs. 32.46 lakhs, land at Rs. 5.38 lakhs and other assets of Rs. 11.86 lakhs.

BRITISH PAINTS' SALES UP, BUT PROFIT DOWN

A RISE of 12.5 per cent, or Rs. 23.58 lakhs, to Rs. 211.32 lakhs in sales during the year ended 31st December 1961 has, however, fetched British Paints [India] Ltd. (Chairman: Mr. D. P. Dunderdale, Calcutta) a lower gross profit of Rs. 15.93 lakhs, as compared with Rs. 16.67 lakhs in the preceding year. The profit-margin (ratio of gross profit to sales) of the Company has shrunk further from 8.8 per cent to 7.5 per cent. This lower margin of profit, we are told, was due to increases in costs of raw materials, packages and operating expenses, to meet which the Company increased the prices of paint products in spite of severe competition. While the exact price-rise is not revealed, it appears from the results that, due to competition the full increase in costs could not be passed on to consumers. After being stagnant in 1958 at the 1957 level of Rs. 134.04 lakhs, sales of the Company steadily rose in the past three years. However, from 1958 onwards, the profit-margin rose but once in 1959, from 8.2 per cent to 9.5 per cent to be precise, because the cost inflation, having crept in 1959, had increased further since then.

The lower gross profit has necessitated a reduction in the provision for depreciation from Rs. 3.09 lakhs to Rs. 2.88 lakhs as also in that for taxation from Rs. 6.82 lakhs to Rs. 6.40 lakhs. The net profit, therefore, shows a marginal setback from Rs. 6.76 lakhs to Rs. 6.65 lakhs. The taxable return to the shareholders has, however, been maintained at the previous year's level of 12.5 per cent (to which it was raised from 10 per cent paid for 1959) on the capital increased by the issue of 2.16 lakh ordinary shares of Rs. 10 each at a premium of Rs. 5 per share towards the close of 1960. But this has been made possible by cutting down the transfers to reserves from Rs. 3.63 lakhs to only Rs. 1.75 lakh.

The following comparative table clearly brings out the salient features of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales	211.32	187.74	166.91	134.04
Other income	0.55	1.13	0.45	0.54
Closing stocks of finished goods	19.68	20.48	15.32	16.03
Raw materials, stores and spares consumed	109.72	101.78	85.43	69.86
Finished goods purchased	0.07	0.41	0.60	0.41
Staff expenses	39.47	35.32	31.07	26.77
Other expenses	42.90	40.00	33.70	29.40
Gross profit	15.93	16.67	15.85	10.98
Provision for—				
Depreciation	2.88	3.09	2.56	1.67
Taxation	6.40	6.82	6.57	5.68
Net profit	6.65	6.76	6.72	5.33
Provisions written back	1.56	0.43	0.24	0.18
Transfer to reserves	1.75	3.63	4.10	1.75
Sundry provisions	..	..	0.02	..
Dividend	6.25	3.55	2.84	1.04
	(12.5%)*	(12.5%)*	(10%)*	(10%)
Carry forward	0.20	0.21	0.20	0.20

* Subject to deduction of tax.

The Rs. 23-lakh increase in sales during the year came to the extent of Rs. 16 lakhs (Rs. 5 lakhs in 1960) from paints products and to the extent of Rs. 7 lakhs (Rs. 14 lakhs) from synthetic resin products. As profitability of synthetic resin products is better, added efforts are being made to increase their sale and exploit the existing good demand for them in the country. The position in regard to the proposal of the Company to manufacture, in collaboration with a foreign company, a special type of protective coating, which is said to be not manufactured in the country, is being reviewed afresh by the Directors due to some difficulties in implementing the scheme as originally envisaged.

Between 1957 and 1961, the Company's balance-sheet has assumed a sounder position. The gross block has grown by Rs. 20 lakhs to Rs. 45 lakhs and reserves by Rs. 21 lakhs to Rs. 41 lakhs, out of which general reserve amounts to Rs. 29 lakhs. During the year, the addition to the gross block worked out to Rs. 2.35 lakhs. The net block at the year-end is shown at Rs. 21.15 lakhs. The paid-up capital of Rs. 50 lakhs, all in equity shares of Rs. 10 each, is supplemented by reserves and surplus aggregating Rs. 41.04 lakhs. The total indebtedness to outsiders amounts to Rs. 52.40 lakhs and is comfortably covered by current assets, loans and advances of the order of Rs. 122.26 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are being quoted at Rs. 24.62 *cum-div.* On an *ex-div.* basis, they offer a net yield of 3.6 per cent per annum.

PHYSICAL PERFORMANCE OF DALMIA CEMENT EXCELLENT

BUT FINANCIAL RESULTS DISAPPOINTING

RECORD production, despatches and sales, but disappointing financial results—this, in brief, sums up the performance of Dalmia Cement (Bharat) Ltd. [Managing Agents: Messrs. Hari Brothers (Private) Ltd., Dalmiapuram, Madras] during the year ending 31st December 1961. Cement production improved by 4.4 per cent, from 3.89 lakh tonnes to 4.06 lakh tonnes. Clinker production staged a sharp rise of 18.9 per cent, from 3.49 lakh tonnes to 4.15 lakh tonnes. Cement despatches increased by 5.2 per cent, from 3.87 lakh tonnes to 4.07 lakh tonnes. On top of a spurt of 49 per cent in the previous year, sales rose by a further 5 per cent from Rs. 391.02 lakhs to Rs. 410.77 lakhs. But the gross profit shows only a marginal improvement from Rs. 83.86 lakhs to Rs. 84.03 lakhs. Consequently, the profit-margin (ratio of gross profit to sales) has slipped down further by one full point to 20.4 per cent.

In retrospect, the year's financial results are much disappointing. In the previous year, an overall increase of 42.6 per cent (14.9 per cent in 1959) in production had resulted in a rise of 38.4 per cent (57.3 per cent in 1959) in gross profit, which again was not quite satisfactory, as the profit-margin had, in fact, receded from 23 per cent to 21.4 per cent. The Directors had attributed this setback in profit-margin to clinker production having lagged behind capacity as also to increase in costs. What is disheartening to hear from the Directors now is that, whereas there is scope for the cement division of the Company to improve further following the increase from Rs. 55.54 to Rs. 69.50 in the ex-works retention price per tonne of naked cement payable to the Company with effect from 1st November 1961, the much desired increase in clinker production, which came about during the year, failed to leave any mark on profit presumably because there was a decline in profit from the ceramics division on account of higher production costs, due, in particular, to increase in wages and cost of coal and other materials.

Although the provision for depreciation has been reduced from Rs. 26.07 lakhs to Rs. 23.85 lakhs and Managing Agents' remuneration is lower at Rs. 4.90 lakhs as compared with Rs. 5.26 lakhs in the previous year, the increased provision of Rs. 24 lakhs for taxation, as against Rs. 19.50 lakhs a year ago, has brought down the net profit from Rs. 33.02 lakhs to Rs. 31.28 lakhs. After transferring Rs. 6.73 lakhs (Rs. 9.33 lakhs in 1960) to reserves, the preference, equity and deferred dividends have been maintained at the previous year's levels and the surplus of Rs. 0.19 lakh is carried forward as against Rs. 0.97 lakh brought in.

A synoptical view of the Company's working in the past four years can be had from the table below:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales and self consumption	410.77	391.02	262.29	190.32
Other income	26.03	16.82	5.80	6.58
Closing stocks	45.88	80.22	83.01	20.33
Raw materials, stores and spares consumed	42.17	42.21	29.71	26.03
Power and fuel	106.46	73.41	54.68	44.62
Staff expenses	62.84	54.06	46.40	36.74
Royalty and cess	7.56	8.07	5.45	4.06
Other expenses	149.39	143.44	88.38	54.02
Gross profit	84.03	83.86	60.55	38.48
Provision for—				
Depreciation	23.85	26.07	10.84	6.23
Taxation	24.00	19.50	10.85	17.50
Managing Agents' remuneration	4.90	5.26	5.21	3.80
Net profit	31.28	33.02	34.16	11.45
Transfer from reserves	..	2.26	20.20	12.26
To reserves	6.73	9.33	28.52	10.27
Dividends—				
Preference	4.80	4.80	5.28	3.69
	(7.8%)*	(7.8%)*	(8.57%)*	(6%)
Ordinary	19.99	19.99	19.99	16.60
	(12%)*	(12%)*	(12%)*	(10%)
Deferred	0.60	0.60	0.60	0.50
	(12%)*	(12%)*	(12%)*	(10%)
Carry forward	0.19	0.97	0.26	0.22

Market value of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	14.00	12.88	12.68	11.52	12.24
Low	11.76	10.76	11.00	9.08	9.04

* Subject to deduction of tax.

As the high grade iron ore contract for 1961-62 was finalised between the State Trading Corporation of India and the Japanese buyers only in October last, shipments from the Company's mines showed a decline from 1.88 lakh tons to 1.17 lakh tons. There is an element of uncertainty regarding future exports of high grade iron ore to Japan from the Company's mines and the Bellary-Hospet area generally, and it is proposed to watch further developments before expanding the mining activities. The magnesite business carried on by Messrs. Dalmia Magnesite Corporation (a partnership of the Magnesite Corporation of India and the Company) was satisfactory, as is evident from the increase in the Company's share of profit from Rs. 10.46 lakhs to Rs. 19.30 lakhs. The necessary import licences for the expansion programme of the Salem works are awaited. The doubling of the output of raw magnesite required for the expansion programme presents various difficulties including the disposal of the large quantities of overburden and waste material. We are told that, of the total mined material, only about 10 per cent is usable good quality raw magnesite and the rest is intermixed with spoils, waste or overburden which have to be separated and dumped away from the mines. These problems are being studied along with the possibility of beneficiation of the raw magnesite ore. A scheme to convert the Magnesite Corporation of India into a wholly-owned subsidiary of the Company has been submitted before the Madras High Court and will be considered by the general body at the Company's ensuing annual meeting. Under the scheme, the shareholders of the Corporation would be entitled to receive one ordinary or preference share of the Company in lieu of each ordinary or preference shares held by them in the Corporation.

Dalmia Cement Ltd., a subsidiary of the Company, earned, after providing for depreciation, taxation and Managing Agents' commission, a net profit of Rs. 8.87 lakhs during the year ended 30th September 1961, as against Rs. 6.82 lakhs a year before. It was permitted to export 20,000 tonnes of cement from the Dandot works in West Pakistan to India without any letter of credit and the amount realised from the sale was adjusted against the remittable profit.

The Company has a paid-up capital of Rs. 232.58 lakhs—Rs. 166 lakhs in equity shares, Rs. 61.58 lakhs in preference shares and Rs. 5 lakhs in deferred shares—and is supplemented by reserves and surplus aggregating Rs. 78.97 lakhs. Its liability to outsiders totals Rs. 404.52 lakhs, comprising secured loans (mostly bank borrowings) of Rs. 57.65 lakhs, unsecured loans (including Rs. 120.66 lakhs from the subsidiary) of Rs. 175.76 lakhs and current liabilities and provisions of Rs. 171.11 lakhs. To cover this liability are available current assets and book debts of Rs. 312.07 lakhs and investments of Rs. 204.34 lakhs, of which those quoted amount to Rs. 21.41 lakhs and command a market value of Rs. 22.04 lakhs. A great bulk of the investments—Rs. 164.10 lakhs, to be precise—are in Dalmia Cement Ltd., the assets of which are all in Pakistan. For the present, the return on this investment is practically nil and the realisability of the investment and the transfer of the amount to India depends on the sweet will of the Pakistan Government. The gross block increased during the year from Rs. 285.75 lakhs to Rs. 301.69 lakhs, and depreciation provided on it up to the year-end amounts to Rs. 109.90 lakhs. Inclusive of expenses on construction in progress of Rs. 7.88 lakhs, the net block is shown at Rs. 199.67 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are being quoted at Rs. 13.36 *cum-div.* and offer, on the *ex-div.* basis, a net annual yield of 6.7 per cent.

ELECTRO-EQUIPMENTS CORPORATION

The new plant for the manufacture of electric meters, set up by the Electro-Equipment Corporation at Mulund, has now gone into full-scale commercial production. This was disclosed by Mr. Shyam Lal Khemka, a Director of the Company, at a Press conference held in Bombay last week-end. It is expected that, by the end of 1962, the factory will achieve an annual average rate of output of 50,000 single-phase house-service metres, as against 30,000 originally envisaged. The E.E.C. metres, being manufactured in collaboration with the well-known Polish firm, Cekop, are designed to achieve a high standard of performance, conforming to I.S.S.-722.

In the meantime, the Corporation is contemplating to step up the annual installed capacity to 120,000 metres. It has also plans to diversify production in such a way as to take up the manufacture of three-phase meters as well, probably next year. Negotiations for this purpose have already been initiated with foreign collaborators.

RAYMOND WOOLLEN

RESERVES STRENGTHENED FURTHER

NOTWITHSTANDING rising manufacturing and labour costs, higher overheads and an enhanced excise duty, the operating results of the Raymond Woollen Mills Ltd. [Managing Agents: Messrs. J.K. (Bombay) Private Ltd., Bombay] for the year ended 31st December 1961, have shown a further moderate improvement. Thus, receipts from sale of cloth, yarn and engineers' files have gone up by 4.8 per cent from Rs. 305.69 lakhs to Rs. 320.22 lakhs, thanks mainly to increased sales by the Company's own retail establishments. This expansion in turnover has, as a matter of course, brought about an improvement of Rs. 3.17 lakhs to Rs. 54.12 lakhs in the gross profit. This besides, the ratio of gross profit to sales has maintained an upward trend such being 16.90 per cent, for the year under review, as against 16.67 per cent for 1960, and 16.09 per cent for 1959. The net profit has also gone up by Rs. 5.33 lakhs to Rs. 23.81 lakhs, but this has been due to a lower provision of Rs. 3.64 lakhs, as against Rs. 3.91 lakhs previously, for Managing Agents' commission, and a more than 50 per cent reduction in the provision for depreciation from Rs. 11.56 lakhs to Rs. 5.67 lakhs consequent on the change in the method of computation, even though the provision for taxation is higher by Rs. 4.00 lakhs at Rs. 21.00 lakhs as a result of the enhancement in the rate of corporate taxation.

Nevertheless, if the dividend on ordinary shares has only been maintained at 12 per cent, subject to deduction of tax, it is because of a heavier transfer of Rs. 11.40 lakhs, as against Rs. 7.25 lakhs a year ago, to reserves. Even then, the carry forward is higher at Rs. 2.95 lakhs as compared with Rs. 1.17 lakh brought in. The Directors have thus followed a conservative policy in regard to the appropriation of profits.

It will be observed from the following comparative table, depicting the progress made by the Company during the past four years, that sales have increased consistently from Rs. 216.72 lakhs in 1958 to Rs. 320.22 lakhs during the year under review. The gross profit has also improved in consonance with the turnover and has not only more than doubled during the four-year period, but has actually been earned at an increasing percentage of the gross sales proceeds:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale of cloth, yarn and fibres	320.22	305.69	262.26	216.72
Closing stocks of finished goods	64.99	70.33	77.46	94.04
Excise duty	31.87	28.20	18.27	15.25
Raw materials and stores consumed	134.65	138.89	107.33	128.24
Other expenses	96.72	87.18	78.88	71.97
Gross profit	54.12	50.95	42.20	23.83
Managing Agents' commission	3.64	3.91	3.22	1.48
Provision for—				
Depreciation	5.67	11.56	9.00	6.86
Taxation	21.00	17.00	13.50	2.92
Net profit	23.81	18.48	16.48	12.58
Transfer from reserves	..	..	2.20	7.25
Bonus to employees	..	..	2.20	..
To reserves	11.40	7.25	5.50	10.90
Dividends—				
Preference	1.62*	1.62*	1.72*	1.25
Ordinary	9.00	9.00	8.62	6.00
	(12%)*	(12%)*	(11.5%)*	(8%)
Carry forward	2.95	1.17	0.57	2.20

* Subject to deduction of tax.

The working of the Engineers' Files Division was not very satisfactory for the greater part of the year. In order to improve the working of this division, the Directors have entered into an agreement with labour under which an increase in wages is to be linked with an undertaking to increase the output by 50 per cent. It is heartening to note that effects of this reform are already being felt and the results shown during the current year so far have been satisfactory.

The issued share capital of the Company, as at 31st December 1961, comprises Rs. 25 lakhs in preference shares of Rs. 100 each and Rs. 75 lakhs in ordinary shares of Rs. 100 each. This is supported by reserves and surplus amounting to Rs. 41.30 lakhs. Against these owned funds of Rs. 141.30 lakhs, secured and unsecured loans aggregate Rs. 57.86 lakhs and current liabilities Rs. 94.07 lakhs. With the inclusion of Rs. 14.55 lakhs worth of new assets acquired during the year, the gross block at cost stands at Rs. 198.23 lakhs and has been well depreciated to Rs. 99.51 lakhs. Investments, current assets and loans and advances total Rs. 193.73 lakhs, that is, well in excess of indebtedness to outsiders.

SYNOPSES OF COMPANY REPORTS

Clive Row Investment Holding Co., Ltd.

(*Secretaries*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—20th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Income from investments	16,60	17,83
Gross profit	15,53	16,87
Transfer to Secretaries' remuneration	90	90
,, ,, provision for taxation	4,25	5,51
Net profit	10,38	10,46
Adjustments	2,52	3,16•
Appropriations:		
Total available balance	12,90	13,62
To interim dividend (taxable) ordinary	3,47 (2½%)	3,47 (2½%)
Proposed final dividend (taxable) ordinary	6,94 (5%)	7,63 (5½%)
Total dividend for the year	10,41 [7½%]	11,10 [8%]
Carry forward	2,49	2,52

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items if any.

• This includes Rs. 1,00,000 being excess provision for taxation provided in previous years.

Extracts from the Directors' report: Investment income for the year 1961 showed a decrease compared with 1960 and reflected the difficult conditions in the Jute Industry and slightly less satisfactory results from Coal and Tea investments.

The Company's portfolio during the year under review was substantially unchanged from 1960. Since the close of the year there have been some changes and this has resulted in a reduction of approximately Rs. 10,00,000 in the Company's unsecured loans.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.*
Capital*	1,38,83,000	Investments	1,01,89,139
Reserves and surplus	17,28,670	Current assets	11,56,790
Other liabilities	47,52,875	Cash	15,566
	Rs. 2,03,61,545		Rs. 2,03,61,545

* Paid-up capital consists of 13,88,000 ordinary shares of Rs. 10 each.

Associated Rubber Industries Ltd.

(*Chairman*: Mr. K. M. Premchand, Bombay.)

19*th Annual General Meeting*—25th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sale of finished products	37,32	38,30
Closing stock:		
Finished goods	2,35	1,86
Goods in process	1,12	1,12
Gross profit	4,69	8,05
Transfer to Managing Agents' commission	8	53
,, ,, depreciation	2,39	1,76
,, ,, provision for taxation	50	2,12
,, ,, development rebate reserve	91	23
Net profit	81	3,36
Adjustments	5	5
Appropriations:		
Total available balance	86	3,41
To bonus for 1959	Nil	82
Transfer to debenture redemption reserve	75	68
Proposed dividends (taxable) preference	Nil	75
,, ,, equity	(Nil)	(10%)
Carry forward	11	5

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items if any.

Extracts from the Directors' report: In view of insufficiency of profits the Directors regret that no dividend can be paid on the equity shares. However, subject to the consent of the Controller of Capital Issues being received, it is proposed to capitalise Rs. 1 lakh out of the reserves and give one bonus share of Rs. 100 each for every 10 shares held to those equity shareholders whose names stand on the Register of Members on such date as may be fixed by the Directors.

The results of the operations for this year have been disappointing. The gross earnings have fallen from Rs. 8.34 lakhs in 1960 to Rs. 4.92 lakhs showing a reduction of Rs. 3.42 lakhs. The fall in profits of the year under report is due to the adjustment in the production pattern necessitated by the transfer of Synthetic Rubber Cots and Aprons manufacture to Inarco Ltd. Inarco Limited is a Company in which Armstrong Cork Co. Ltd., holds 50 per cent equity capital and this Company holds the other 50 per cent. The production of Synthetic Rubber Cots and Aprons at the Thana Factory of Inarco Limited is steadily increasing and it is hoped that the Company will receive the first dividend from its investment in Inarco's shares in 1963.

Increasing costs of raw materials due to imposition of excise duties and increases in import duties, higher packing and freight charges and most of all the imposition of a cess of 30 nP per kg. on raw rubber have increased the manufacturing costs by about 10 per cent.

The installation of the new Footwear Machinery for production of moulded shoes also affected the normal production programmes. The profit margin per unit of production is small in footwear but it is one of the few items capable of mass production in the Company's plant and the Directors hope that once this line is properly established it will contribute its reasonable share to the Company's earnings.

The Directors are also taking steps to increase the range of industrial rubber goods the market for which must expand as the industrial tempo rises in the country. Difficulties in getting import licences for new equipment and shortage of capital resources, however, limit the rate of expansion in this line.

In order to meet the increasing need of funds for the working capital of the Company and in order to take up 500 right shares offered by Inarco Limited, the paid up capital of the Company was increased by issue of 2,500 Equity Shares in May 1961. These shares become *pari passu* with the previous issues from the beginning of 1962 accounts.

On account of non-availability of latex rubber during a considerable part of 1961, the latex plant could not be worked to its installed capacity.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	17,50,000	Gross block	32,93,100
6% debentures	8,00,000	—Depreciation	12,95,812
Reserves and surplus	5,03,328		
Other liabilities	19,31,819	Net block	19,97,288
		Current assets	24,83,297
		Investments	4,55,000
		Cash	49,562
	Rs. 49,85,147		Rs. 49,85,147

* Paid-up capital consists of 7,500 seven per cent. cumulative preference shares of Rs. 100 each redeemable after 1968 and 10,000 equity shares of Rs. 100 each.

Mothola Co., Ltd.

(*Managing Agents*: Messrs. Kettlewell Bullen and Co., Ltd., Calcutta.)

88*th Annual General Meeting*—27th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sale of tea and green leaves	58	86
Sale of shares	80	5,80
Stock of shares	27	94
Other income	1,06	1,23
Gross profit	97	1,31
Transfer to Managing Agents' remuneration	25	25
,, ,, provision for taxation	40	45
Net profit	32	61
Adjustments	53	31
Appropriations:		
Total available balance	85	92
Proposed dividend (taxable) ordinary	(30%)	(30%)
Carry forward	40	47

N.B.—Adjustments represent the balance brought forward from the previous year and credit items if any.

Extracts from the Directors' report: *Season 1961*: The Company's Estate this year produced 83,921 kgs. of green leaves in excess of about 20 per cent as compared to 68,951 kgs. of the year before which was sold to Joonktollee Tea Estate. This excess production was mainly attributable to increased tea bearing area and also for the forced growth of leaves due to abundant and heavy rainfall of 93" as against 68" of the year before.

An area of about 10 acres was put under plantation and the total acreage under tea now stands at approximately 135 acres. Infilling was also carried out to make the plantation even. Tea as well as share nurseries were also put up.

It is hoped that the balance of approximately 36 acres of plantation on virgin soil against total permissible area of 171.29 acres will be put under plantation during the ensuing season.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,50,000	Gross block	2,82,204
Reserves and surplus	14,06,017	—Depreciation	10,605
Other liabilities	3,98,175		
		Net block	2,71,599
		Current assets	16,61,017
		Cash	21,576
	Rs. 19,54,192		Rs. 19,54,192

* Paid-up capital consists of 1,500 ordinary shares of Rs. 100 each fully paid up. Of this above shares, 300 shares are allotted as fully paid up pursuant to a contract without payment being received in cash, 843 ordinary shares of Rs. 100 each are held by Kettlewell Bullen & Co., Ltd.

Binod Mills Co., Ltd.

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

50*th Annual General Meeting*—Held on 6th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sale of goods and services	3,38,39	3,25,05
Other income	9,37	10,40
Closing stocks	1,28,29	73,76
Gross profit	50,36	33,44
Transfer to depreciation	9,81	6,79
,, ,, provision for taxation	21,00	13,00
Net profit	19,55	13,65
Adjustments	3,09	1,83
Appropriations:		
Total available balance	22,64	15,48
Transfer to development rebate reserve	63	32
,, ,, provision for taxation for previous years	Nil	1,25
,, ,, debits relating to previous years	16	1,50
,, ,, depreciation for previous years	Nil	4,54
Proposed dividend (taxable) ordinary	12,00 (20%)	7,50 (12½%)
Carry forward	9,85	37

N.B.—Adjustments represent the balance brought forward from the previous year; profit on sale of investments and other credit items.

Extracts from the Directors' report: *Loan From N.I.D.C.*: During the year under report a sum of Rs. 54,100 was repaid to the said Corporation being the sale proceeds of the old and obsolete machinery and towards the release of land intended for the new Bimal Mills unit. The first instalment amounting to Rs. 1,33,338 towards repayment of loan has also been paid during the year 1962.

The results of the year 1961 are quite satisfactory. During the year under report the demand in the home market remained steady during the first half of the year. But in the later half there has been a considerable slackness with unfavourable effect on the profits, sales and inventories. The Company is making changes in its production pattern to be in gear with the changing consumer tastes.

In the export markets, in spite of best efforts, the sales could not be maintained at the level of 1960. This has mainly been due to severe competition from Pakistan, Hongkong and China. Besides, the middle Eastern markets for Indian goods have also shrunk considerably, as textile mills are coming up in many of those countries. Prospects for export sales in the current year also do not seem to be very bright.

The current year, 1962, is facing acute shortage of cotton, and prices are continuously rising. This has affected the profits considerably. Besides, the second part of Cotton Textile Wage Board Award has been implemented from 1st January 1962, giving a rise of Rs. 2 in basic wages per month to the employees. This would result in increasing the annual wage bill by about Rs. 1,20,000. From 1st April 1962 employers' contribution to Employees State Insurance has to be doubled. Added to all this lower prices of cloth and slack demand, the results of 1962 cannot be expected to be as good as those of 1961.

New Mills: As reported last year, Government has granted permission for installing 17,506 spindles and 380 looms. The Directors have decided to put these in a new unit to be called Bimal Mills. Messrs. Gherzi Eastern Ltd., Bombay, a well known Swiss firm, have been appointed as consultants for the project. The plans are ready and building contracts have been given to Messrs. Gammon India Pvt. Ltd., Bombay. Orders for spinning, winding and warping machinery have already been placed, and the balance are being finalised. Looking to the progress, it is hoped that the Mill will go into production by 1963, and that it will be one of the most modern textile units of the country. The total capital outlay for the project would be around Rs. 2.25 crores. A sum of Rs. 59,00,000 is being raised by fresh capital issue. An application has been made to the Industrial Finance Corporation for a loan of Rs. 1,05,00,000.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	60,00,000	Gross block	2,06,67,775
Reserves and surplus	48,02,259	—Depreciation	1,23,70,015
Other liabilities	1,92,10,915		
		Net block	82,97,760
		Block-in-progress	9,18,866
		Current assets	1,97,68,590
		Investments	8 56,580
		Cash	1,71,378
	Rs. 3,00,13,174		Rs. 3,00,13,174

* Paid up capital consists of 60,000 ordinary shares of Rs. 100 each fully paid up. Out of this 40,000 ordinary shares were allotted as fully paid up Bonus shares, by way of capitalisation of reserves in 1949.

New Great Eastern Spinning and Weaving Co., Ltd.

(*Chairman*: Mr. Sahu Shriyans Prasad Jain, Bombay.)

88*th Annual General Meeting*—12th June 1962.

Working Results:

Spindles—49,012. Looms—956.

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales of cloth, yarn and waste	2,85,11	2,25,30
Profit under Export Incentive Scheme	4,08	10,23
Closing stock—cloth, yarn, waste, etc.	61,22	58,26
Gross profit	23,93	12,00
Transfer to depreciation	7,74	5,28
,, ,, development rebate reserve	2,33	2,61
Net profit	13,86	4,01
Adjustments credit (+) or debit (—)	8,27 —	10,72
Appropriations:		
Total available balance	13,86	5,15•
To adjustment of loss brought forward	8,27	10,72
Proposed dividends (taxable) 5½% C. preference	44	88†
,, ,, ,, equity	3,60 (12%)	Nil (Nil)
To compensation for loss of wages due to short working in 1951-52	‡	1,82
Carry forward credit (+) or debit (—)	+ 1,55 —	8,27

N.B.—Adjustments represent the debit balances brought forward from the previous year.

• This includes Rs. 47,016 being excess provision for development rebate reserve for 1958, written back and Rs. 47,708 being provision for old employees' pension, gratuity and welfare fund written back.

† Preference dividend for 1959 and 1960.

‡ Only a small sum of Rs. 308.14.

Extracts from the Directors' report: The improvement in the working of this Company reflects the increased attention being paid by the Directors to streamline the working for achieving the maximum productivity in the mills. The Directors are happy to note that the renovation programme initiated by them soon after they undertook the management, is bearing results. They visualise a further improvement in the working of this mills when the major portion of the renovation programme is completed by the end of the current year.

Processing Charges: The Directors particularly draw the shareholders' attention to the processors during the year. They wish to mention that erection of the modern process house machinery will be completed by the end of June, 1962, and thereafter the outside processing work will practically stop. The mills will then be in a position not only to standardise the quality of the goods but also to effect considerable savings in the processing charges.

A fire broke out in the carding department of the mills on 2nd January 1962. The services of the Fire Brigade were immediately summoned. Owing to damage suffered by plant, building and machinery as a result of this fire, the mills had to remain closed for some time. The Directors made every possible effort to re-start the mills as early as possible and this was done in a record time of 18 days when the mills were re-started on a partial basis. The mills gradually came to full production shortly thereafter.

Future Outlook: The future outlook of the mills appears to be bright. With the completion of the renovation programme and the installation of machinery which has already arrived, chances of augmenting the profit earning capacity of the mills appear to be encouraging. The Directors are glad to report that the mills have received a printing quota and the printing plant is expected to be installed by the end of this year. This will further help to increase the profits of the mills.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	38,00,000	Gross block	1,40,92 236
Reserves and surplus	6,79,240	—Depreciation	76,50,088
Other liabilities	1,50,36,575		
		Net block	64,42,148
		Block-in-progress	10,84,592
		Current assets	1,16,59,973
		Investments	18,077
		Cash	3,10 821
	Rs. 1,95,15,821		Rs. 1,95,15,821

* Paid-up capital consists of 30,000 ordinary (equity) shares of Rs. 100 each fully paid up and 4,000—5½ per cent. cumulative preference shares of Rs. 200 each fully paid up. Of the above shares, 15,000 ordinary shares of Rs. 100 each are allotted as fully paid up by way of bonus shares by way of capitalisation of reserves.

Radhakrishna Mills Ltd.

(*Managing Agents*: Messrs. A. G. Gurusamy Naidu and Co., Peelamedu, Coimbatore.)

38*th Annual General Meeting*—21*st June* 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sale of yarn and cloth	2,26,06	1,90,13
Closing stocks of yarn and cloth	27,05	32,02
Gross profit	27,44	26,69
Transfer to Managing Agents' remuneration	2,04	1,96
,, ,, depreciation	5,38	5,54
Net profit	20,02	19,19
Adjustments	2	3
Appropriations:		
Total available balance	20,04	19,22
Transfer to contingency reserve	11,52	10,90
,, ,, development rebate reserve	61	73
Proposed dividend (taxable) equity	7,88 (12½%)	7,57 (12%)
Carry forward	3	2

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

Extracts from the Directors' report: The trading conditions were favourable during the year enabling the mills to earn decent profits. As in the previous year supplies of cotton could be bought only within the quota limits fixed by the Textile Commissioner. Yarn prices were encouraging and cloth prices were also not unfavourable during the year. The depots opened by the Company were maintained during the year also and as in the previous years a certain amount of export business was also done. A sum of Rs. 3,72,738 has been paid by way of bonus to staff and operatives for the year 1960 in addition to a sum of Rs. 85,027 paid on this account in that year itself. Combing machinery costing approximately Rs. 3,40,000 arrived by the end of the year and were in the process of erection. These have been commissioned in 1962 and are now working.

The income-tax assessments of the Company upto and inclusive of the year ending 31st December 1959 have been completed and the liability on this account has been met out of the contingency reserve.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	63,13,120	Gross block	1,21,09,280
Reserves and surplus	34,84,995	—Depreciation	76,75,687
Other liabilities	39,26,452		
		Net block	44,33,593
		Current assets	52,45,243
		Investments	39,66,225
		Cash	79,506
	Rs. 1,37,24,567		Rs. 1,37,24,567

* Paid-up capital consists of 2,52,180 equity shares of Rs. 25 each fully paid up. Of this 1,17,684 equity shares of Rs. 25 each are allotted as fully paid-up bonus shares by capitalisation of reserves.

Indian Standard Wagon Co., Ltd.

(*Managing Agents*: Messrs. Martin Burn Ltd., Calcutta.)

43*rd Annual General Meeting*—29th June 1962.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1962	1961
Sales (finished and semi-finished goods)	4,89,19	4,75,72
Closing stocks—		
Raw materials	12,80	8,44
Raw materials for orders in progress	2,13,76	80,76
Work-in-progress at prime cost	2,07,85	1,38,73
Gross profit	87,32	63,65
Transfer to Managing Agents' remuneration	5,50	4,09
,, ,, depreciation	6,30	7,39
,, ,, provision for taxation	42,00	24,50
,, ,, statutory development rebate reserve	46	23
,, ,, provision for labour profit-sharing bonus	Nil	5,75
,, ,, provision for labour retiring gratuity	7,55	2,02
Net profit	25,51	19,67
Adjustments	53	48
Appropriations:		
Total available balance	26,04	20,15
Transfer to general development reserve	5,28	31
,, ,, plant replacement reserve	Nil	5,00
,, ,, general reserve	7,07	1,00
To additional preference dividend for 1960	Nil	41
Proposed dividends (taxable) 7% preference	1,79	1,79
,, ,, ordinary	11,11 (28.5%)	11,11 (28.5%)
Carry forward	79	53

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

Extracts from the Directors' report: The provision for taxation is at the increased rate of Company tax announced recently in Parliament by the Finance Minister and there is included the tax of 12½ per cent to be levied on the issue of bonus shares. Shareholders will have received the circular letter issued by the Board of Directors detailing recommendations regarding the issue of bonus shares.

The additions to reserves this year are Rs. 7,07,000 to general reserve and Rs. 5,28,516 to general development reserve. These further reserves are necessary to ensure progress towards the complete modernisation of the plant.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	59,34,575	Gross block	1,20,24,468
Reserves and surplus	96,47,703	—Depreciation	82,40,537
Other liabilities	5,20,79,020		
		Net block	46,83,931
		Block in progress	2,60,828
		Current assets	5,83,85,512
		Investments	2,69,827
		Cash	40,61,260
	Rs. 6,76,61,358		Rs. 6,76,61,358

* Paid-up capital consists of 19,665 seven per cent. cumulative preference shares of Rs. 100 each and 1,55,940 ordinary shares of Rs. 25 each fully paid up. Of the above 1,16,955 ordinary shares of Rs. 25 each are issued as bonus shares fully paid without payment in cash by capitalisation of reserves.

Rajalakshmi Mills Ltd.

(*Managing Agents*: Messrs. B. Rangaswamy Naidu and Sons, Coimbatore.)

29*th Annual General Meeting*—19th May 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales—		
Finished goods	1,38,73	1,28,70
Raw materials	8	*
Waste	93	96
Gross profit	29,26	21,20
Transfer to Managing Agents' remuneration	1,02	1,40
,, ,, depreciation	5,66	5,18
,, ,, provision for taxation	8,00	2,50
Net profit	13,68	11,12
Adjustments	Nil	44†
Appropriations:		
Total available balance	13,68	11,56
To development rebate reserve	1,20	7,03
To bonus for 1961	2,90	Nil
To additional bonus for 1960	2,90	Nil
To donations and charity	80	2
To provision for B. R. Naidu Trust	10	10
To income-tax on Government Bonds for previous year	3	Nil
Proposed dividend (taxable) preference	17½	21‡‡
,, ,, ,, equity	5,99 (20%)	3,60 (12%)
Carry forward	9	Nil

* Only a small sum of Rs. 338.

† Represents Rs. 43,607 being excess provision for bonus.

‡ Includes Rs. 3,900 being additional preference dividend for 1959.

‡‡ Preference dividend is calculated at 8.45 per cent.

Extracts from the Directors' report: The Directors are happy to report that the working of the Company during the year was very satisfactory.

The Company has to modernise the machines of 1932 make in stages which may cost about Rs. 70 lakhs. Steps are being taken to finance the project.

The proposal to erect a Mill at Dindugal as contemplated originally was given up. It has been decided to erect the Mill at Karamadai, near Mettoppalayam on the main road. The place selected for the construction of staple fibre unit is near to South India Viscose Ltd., who will be supplying the necessary raw materials. The necessary building plans have been approved and the Company is taking efforts to construct the building as quickly as possible. Further necessary machinery have been ordered and the Company expects the delivery in the middle of 1963. The Directors hope to run the factory in the last quarter of 1963 or early in 1964.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	31,97,347	Gross block	1,06,05,446
Reserves and surplus	37,46,052	—Depreciation	53,68,739
Other liabilities	30,93,238		
		Net block	52,36,707
		Current assets	36,06,496
		Investments	7,46,125
		Cash	4,47,309
	Rs. 1,00,36,637		Rs. 1,00,36,637

* Paid-up capital consists of 4,000 equity shares of Rs. 50 each with a preferential right to 6½ per cent. tax-free cumulative dividend and 60,000 equity shares of Rs. 50 each. Calls in arrears amount to Rs. 2,653.

Savamalai Estates Ltd.

(*Secretaries and Treasurers*: Messrs. Peirce Leslie and Co., Ltd., Coimbatore.)

32*nd Annual General Meeting*—22nd May 1962.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1961	1960
Income from 1960-61 coffee crop	6,65	5,70
Gross profit	2,82	2,29
Transfer to Secretaries of Treasurers' remuneration	20	16
,, ,, depreciation	26	24
,, ,, provision for taxation	1,15	76
Net profit	1,24	1,11
Adjustments	22	13
Appropriations:		
Total available balance	1,46	1,24
Transfer to provision for gratuity	38	Nil
,, ,, general reserve	Nil	25
Proposed dividend (taxable) Equity	88 (16%)	77 (14%)
Carry forward	20	22

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

Extracts from the Directors' report: *Coffee*: The Crop harvested amounted to 291.824 tonnes, (1959-60—223.006 tonnes) and this has been valued at Rs. 1.90 per point.

Accounts in brief as at 30th November 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	5,50,170	Gross block	9,74,120
Reserves and surplus	3,44,574	—Depreciation	1,66,562
Other liabilities	3,08,669		
		Net block	8,07,558
		Current assets	3,12,821
		Investments	1
		Cash	83,033
	Rs. 12,03,413		Rs. 12,03,413

* Paid-up capital consists of 2,75,085 equity shares of Rs. 2 each fully paid up.

Jyoti Ltd.

(*Managing Agents*: Messrs. Adnem Services, Baroda.)

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	1,72,55	1,34,80
Closing stock—raw materials, finished goods and work-in-progress	91,26	76,26
Gross profit	18,00	15,14
Transfer to Managing Agents' remuneration	93	77
,, ,, depreciation	4,02	3,59
,, ,, development rebate	1,85	43
,, ,, provision for taxation	4,05	4,70
Net profit	6,25	5,65
Adjustments	15	10
Appropriations:		
Total available balance	6,40	5,75
Transfer to gratuity reserve	50	70
,, ,, reserve for doubtful debts	10	10
Proposed dividend (taxable) equity	5,68• (12%)	4,80† (12%)
Carry forward	12	16

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

• The dividend for 1961 is on the increased ordinary capital of Rs. 50 lakhs.

†Dividend for 1960 is on a paid-up capital of Rs. 40 lakhs.

Extracts from the Directors' report: *Sales and manufacture*: Sales for the year have gone up to Rs. 1,72,54,808 from Rs. 1,34,29,753 of last year. This increase is a little over 28 per cent and can be considered satisfactory.

Demand of various types of pumps—small and large—and also demand for medium and large electric motors is continuously increasing. In the case of *Hydro-Electric Generating Sets*, most of the development work is over and we are now on the way to produce regularly such equipment. These sets are required in large number to augment electric supply from small streams and irrigation canals. The order books of the Company are very satisfactorily filled.

Expansion: During the year under review, the Company entered into collaboration with Messrs. Gilbert Gilkes & Gordon Limited of Kendal U.K., for the manufacture of (a) *High Head Turbines*, and (b) *Low Head Turbines* in large sizes. The Company have also entered into collaboration with Messrs. Messwander-Bau for the manufacture of *Instrument Transformers* required for *Switchboard* production.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	50,00,000	Gross block	73,14,750
Reserves and surplus	14,50,168	—Depreciation	26,07,438
Other liabilities	1,10,86,693		
		Net block	47,07,312
		Current assets	1,25,29 411
		Investments	2,03,927
		Cash	57,141
	Rs. 1,74 97,861		Rs. 1,74,97,861

* Paid-up capital consists of 50,000 equity shares of Rs. 100 each fully paid up

Notice

THE BORREA COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of The Borrea Coal Company, Limited, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday, the 29th June, 1962, at 10-40 a.m., for the following purposes:—

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st December, 1961, and to receive the Directors' and the Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint a Director in place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from the 17th to the 29th June, 1962, both days inclusive.

By Order of the Board.

F. W. HEILGERS & CO. (PRIVATE) LTD.,
Secretaries & Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, 31*st May*, 1962.

Notes: (a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(b) The Dividends, if declared, will be paid on or after 23rd July, 1962, to those shareholders so entitled whose names appear in the Company's books on the 29th June, 1962, or to their mandatees. No application for Dividend Warrants will be necessary.

Notices

BALMER LAWRIE AND COMPANY LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the abovenamed Company that the Annual General Meeting will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Friday, 29th June, 1962, at 12.30 p.m., to consider the Accounts of the Company for the year ended 31st December, 1961, and to transact other ordinary business and the undernoted special business.

SPECIAL BUSINESS

NOTICE is also hereby given of the following Resolution, which will be proposed as an Ordinary Resolution, of which Special Notice dated 28th May, 1962, as required by Section 281 of the Companies Act, 1956, has been received:

"That pursuant to the provisions of Section 281 of the Companies Act, 1956, it is hereby declared that the age limit imposed by Section 280 of that Act shall not apply to Sir Dhirendra Nath Mitra, a Director of the Company, who has attained the age of 71 years, and who retires in rotation and, being eligible, offers himself for re-appointment, and that the said Sir Dhirendra Nath Mitra be and is hereby re-appointed a Director of the Company."

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 11th June, 1962 to 29th June, 1962, both days inclusive.

By Order of the Board,
C. G. MONTGOMERY,
Managing Director.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *29th May*, 1962.

Note: A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

PREMIER TYRES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SECOND ANNUAL GENERAL MEETING of the above-named Company will be held at the Registered Office of the Company at Maneckjee Wadia Building, 127, Mahatma Gandhi Road, Fort, Bombay, on Friday, the 29th June 1962, at 4 p.m., to transact the following business:—

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account of the Company for the year ended 31st December 1961, and the audited Balance Sheet as at 31st December 1961.
2. To appoint a Director in place of Shri D. N. Khandke, a first Director of the Company, who retires by rotation and is eligible for re-appointment; and to consider and, if thought fit, to pass the following Resolution as a Special Resolution in respect of which a special notice, as required by Section 261 of the Companies Act, 1956, has been received by the Company:

   RESOLVED:—"That pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Shri D. N. Khandke, a first Director of the Company, who retires by rotation and who is a Director of Indo-Orient Agencies Private Limited, the Managing Agents of the Company, and hence an associate of the Managing Agents be and is hereby re-appointed as Director of the Company."
3. To appoint a Director in place of Shri Chandrakant S. Desai, a first Director of the Company, who retires by rotation and is eligible for re-appointment; and to consider and, if thought fit, to pass the following Resolution as a Special Resolution in respect of which a special notice, as required by Section 261 of the Companies Act, 1956, has been received by the Company:

   RESOLVED:—"That pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Shri Chandrakant S. Desai, a first Director of the Company, who retires by rotation and who is a Director of Indo-Orient Agencies Private Limited, the Managing Agents of the Company, and hence an associate of the Managing Agents, be and is hereby re-appointed as Director of the Company."
4. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

   RESOLVED:—"That pursuant to Section 360 and any other applicable provisions of the Companies Act, 1956, as amended by Companies (Amendment) Act, 1960, the Company hereby approves, confirms and consents to the contracts or arrangements, if any, to be entered into between the Company and:—

   The United Salt Works and Industries Limited,—Sir H. C. Dinshaw's Dairy and Live Stock Farm,—Urmi Cheese and Chemicals Limited,—Messrs. Shivlal Desai and Sons,—Interocean Services Corporation Private Limited,—Electrical Instruments Manufacturing Company Limited, —Premier Export House Limited,—Arya Varat Lokhan Udyog Private Limited,—Messrs. Bhawoo Kashinath and Company, —Shree Changdeo Sugar Mills Limited,—being the Associates of Indo-Orient Agencies Private Limited, Bombay, Managing Agents of the Company, for the purchases and/or sales of the Company's products; raw materials, machineries, equipments and stores, and/or any other materials, provided that the prices at which the aforesaid goods and articles will be supplied to or by the Company, will be at the rates ruling at the time of delivery or at rates which are not less favourable to the Company."
5. To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board,
J. B. JIJIBHOY,
Secretary.

MANECKJEE WADIA BUILDING,
127, MAHATMA GANDHI ROAD,
FORT, BOMBAY.
Dated, 8th May, 1962.

Notes:—(*a*) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business under the Item Nos. 2, 3 and 4 set out above has been forwarded to the members of the Company.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(*c*) The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 1st June 1962, to Tuesday, the 26th June 1962 (both days inclusive).

BRIDGE AND ROOF COMPANY (INDIA) LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Annual General Meeting (being the seventy-eighth Ordinary General Meeting of the Company) will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Friday, 29th June, 1962, at noon, to consider the Accounts of the Company for the year ended 31st December, 1961, to transact other ordinary business.

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 15th June, 1962 to 29th June, 1962, both days inclusive.

By Order of the Board,
BALMER LAWRIE & CO. LTD.,
C. G. MONTGOMERY,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *30th May*, 1962.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

THE GENERAL INDUSTRIAL SOCIETY LIMITED

Registered Office:
15, India Exchange Place
CALCUTTA-1

NOTICE

THE BOARD OF DIRECTORS OF THE Company have, at their Meeting held on the 4th June, 1962, decided to issue 2,16,000 new Ordinary Shares of Rs. 10 each in the capital of the Company for cash at a premium of Rs. 3.50 nP per share to be offered in the first instance to the holders of existing 1,08,000 Ordinary Shares as appearing in the books of the Company as on 29th June, 1962, in the proportion of two new Ordinary Shares for each existing Ordinary Share held.

The Directors have further decided to capitalise part of the General Reserve Fund of the Company and to issue 1,08,000 Ordinary Shares as fully paid Bonus Shares to the holders of existing Ordinary Shares as aforesaid as on the said date, i.e. the 29th June, 1962, in the ratio of one such Bonus Share for each existing Ordinary Share held.

The Directors have also recommended a payment of Dividend at Re. 1 per share subject to deduction of tax at source.

The consent of the Central Government for the issue of new Ordinary Shares as aforesaid has already been obtained by the Company.

For the purpose of such issue, the share Transfer Book and the Register of Members of the Company will remain closed from 22nd June, 1962 to 29th June, 1962, both days inclusive.

By Order of the Board,
For THE GENERAL INDUSTRIAL SOCIETY LIMITED,
K. C. BAGRI,
Secretary.

15, INDIA EXCHANGE PLACE,
CALCUTTA-1.
Dated, the 4th June, 1962.

THE ELLORE ELECTRIC SUPPLY CORPORATION LIMITED

(*Registered Office*: MADRAS-1)

INTERIM DIVIDEND ANNOUNCEMENT

THE SHAREHOLDERS AT THEIR EXTRA-Ordinary General Meeting held on 19th May, 1962 have resolved to pay an Interim Dividend of Rs. 5 per share subject to deduction of tax from the compensation amount received from the Government of Andhra Pradesh on the acquisition of the Ellore Electrical Undertaking.

It is hereby notified that the said Interim Dividend will be paid on 25th June, 1962.

The Share Transfer Books will remain closed from 17th June 1962 to 25th June, 1962 (both days inclusive).

(By Order of the Board),
For CHANDRIE & Co. (PRIVATE) LTD.,
S. VENKATARAMAN,
Director,
Managing Agents.

20, 2ND LINE BEACH,
MADRAS 1.
31st May 1962.

DALMIA CEMENT (BHARAT) LIMITED

DALMIAPURAM

THE TENTH ANNUAL GENERAL MEETING of the Shareholders of the Company will be held at Dalmiapuram, the Registered Office of the Company, on 29th June, 1962, at 11.00 a.m. Notices of the meeting setting out the agenda and explanatory Statement on the special business to be transacted thereat have been sent by post.

By Order of the Board,
S. C. AGGARWAL,
Secretary.

Dated: *5th June*, 1962.

BANKING

(*Concluded from page* 1068)

posals in order to keep a watch on the progress of the project are of considerable importance. These are, in essence, an extension of financial appraisal and form automatically a part of the work of lending institutions.

On the basis of a thorough financial appraisal, the terms and conditions of the loan are settled. In drawing up the terms of the loan, the principal consideration should be that they should not impose any strain on the concern and provide a reasonable measure of certainty for financial viability, while, at the same time, allowing a margin of safety to the lending institution.

An important matter for determination is the rate of interest and the periodicity of its application. Some of our term-lending institutions charge a uniform basic rate of interest on all loans; the Working Group has expressed the hope that, in course of time, the rates of interest will be varied according to the degree of risk involved.

The Working Group points out the lack of financial data in respect of specific industries and suggests the publication of data relating to companies grouped by size for each industry. The Group also stresses the importance of adequate training in industrial financing to staff employed in financial institutions specialising in term-lending.

Security considerations which are of prime importance in short-term lending are significant for term lending also, especially in India, where information on creditworthiness of borrowers is not readily available and much groundwork has yet to be done in the establishment of credit information bureaux. However, security cover of the loan should not be regarded as a substitute for a scientific financial assessment. Loan proposals should be examined from the point of view of both commercial profitability and the nature of security offered.

The security generally accepted by Indian term-lending institutions comprise existing industrial assets, assets to be acquired from the loans and non-industrial assets as supplemental security. Agricultural land, however, is generally not accepted. Personal guarantees of the directors/managing agents are also obtained as a measure of abundant caution. The nature of charge for industrial loans is usually a mortgage on the fixed assets. The creation of a legal mortgage involves heavy expenses by way of stamp duty and registration charges and, if the loan is required for a relatively short period of five years or so, taking of equitable mortgages would be economical from the borrower's point of view and not so risky from the point of view of the lending institution. However, equitable mortgages are not suitable for long-term loans and it will be safer and desirable to insist on legal mortgages so that in case it becomes necessary, the mortgage could be enforced without intervention of the Court.

For the purpose of assessing the value of security, the assets may be valued on the basis of their book value, current market value or replacement value. In valuing them, it would be expedient to combine one or more of the above methods depending on the type of the asset so that the valuation finally adopted might safeguard the interests of the lending institution and also be equitable to the borrower. A proper valuation of security requires the assistance of technical and legal experts.

Where the total accommodation required by a concern is too large for a single institution to provide, assistance from another institution is difficult to obtain, mainly because fixed assets are already charged and a second charge is generally not favoured. Some form of participation arrangement on the part of different financial institutions would be necessary. Such arrangements can also serve other purposes such as underwriting of shares, issuing guarantees, etc.

The Working Group feels that periodical exchange of views and experiences of the various term-lending institutions would be useful. It is suggested that the annual conferences of State Financial Corporations should be enlarged so as to cover commercial banks which are prominent in extending medium-term loans.

Term Loans to Small-scale Industries

The Working Group has emphasised the special place of a preferred sector like small-scale industries and has discussed the somewhat different approach which banks and other lending institutions should adopt in catering to their requirements and in appraising their creditworthiness. The comprehensive criteria applied to term loan applications from medium and large-scale industries cannot be always used in respect of small-scale industries. These industries, because of certain features inherent in their structure, experience difficulty even in obtaining working capital; they deserve special treatment, because of their relatively high employment potential. The small-scale industrial sector has grown rapidly under the impetus of the promotional measures undertaken by Government. The provision of adequate finance to the sector is hence of great importance.

Although there are different categories of small industries, this sector as a whole faces certain peculiar problems which will have to be borne in mind in evolving measures to cater to its financial requirements. For instance, most small-scale units are unable to offer adequate security against loans. It is also difficult for them to specialise and produce goods of standard quality and they are frequently unable to import the requisite raw materials on the specialised type of machinery or secure deferred payment facilities. These industries are also unable to supply the complicated information required by lending institutions or offer security acceptable to them. The institutions which normally respond to a certain extent to the needs of small industries are smaller banks. However, the resources of these banks are limited and, if the bigger banks with large resources and branch organisation do not adopt a promotional view and extend assistance to small industries, they would be forced to borrow from non-institutional lenders. Both lending institutions and borrowing units have to adjust their attitudes in various ways if institutional credit to this sector is to play a vital role.

The attitude of lending institutions should be practical and flexible rather than strictly legal. They may liberalise their security requirements and adjust the interest rate and period of repayment with reference to the earning capacity of the unit. To enable financial institutions to liberalise their lending criteria, the Government of India has introduced the Credit Guarantee Scheme which is operated by the Reserve Bank and the institutions can avail themselves of the facilities in order to cover a part of their risk. The small-scale industries, on their part, should improve their methods of operations and make their proposals acceptable to the lending institutions. Lack of finance is often not the cause but the result of difficulties in other spheres and it is common knowledge that small-scale industries need non-financial assistance in the form of marketing, technical guidance, and training in management, etc. Several measures have been taken by Government in this regard but still more has to be done. Above all, there is a need for greater co-ordination at all levels between the financial institutions and non-financial institutions and agencies engaged in promoting small industries.

BANK OF MADURA LTD.

Bank of Madura Limited (Secretary: Mr. T. K. Ramasubramaniam, Madurai) has fared better during the year ended 31st December 1961. Profit before depreciation during the year shows a substantial improvement to Rs. 5.95 lakhs from Rs. 2.54 lakhs in the preceding year. Income from interest and discount has increased from Rs. 15.77 lakhs to Rs. 21.67 lakhs, and that from other sources from Rs. 3.83 lakhs to Rs. 6.38 lakhs, including by way of commission, exchange and brokerage of Rs. 3.43 lakhs as against Rs. 2.30 lakhs in the previous year. Interest paid on deposits and borrowings amounts to Rs. 14.86 lakhs as against Rs. 11.28 lakhs a year before. Expenses, including salary bill of Rs. 4.79 lakhs as against Rs. 3.78 lakhs in the previous year, have gone up from Rs. 5.57 lakhs to Rs. 7.00 lakhs. The provision for depreciation is Rs. 0.24 lakh as against Rs. 0.22 lakh a year before. Taxation claims Rs. 2.48 lakhs (Rs. 0.75 lakh in the previous year), statutory reserve fund gets Rs. 1.93 lakh (Rs. 0.47 lakh) and contingent fund Rs. 0.13 lakh (Rs. 0.10 lakh). The provision for bonus to staff has been doubled to Rs. 0.34 lakh. The dividend has been maintained at the previous year's level of 6 per cent, subject to tax, which absorbs Rs. 0.83 lakh, leaving Rs. 0.02 lakh to be carried forward against Rs. 0.02 lakh brought in.

The year's improved results owe largely to a sizable increase in deposits from Rs. 379.87 lakhs to Rs. 526.53 lakhs. Advances have gone up but modestly from Rs. 219.24 lakhs to Rs. 261.37 lakhs. The investment portfolio has increased from Rs. 76.28 lakhs to Rs. 104.68 lakhs. The paid-up capital of the Bank at the end of the year stood at Rs. 13.92 lakhs, practically the same as in the previous year. Reserves and surplus have increased from Rs. 5.60 lakhs to Rs. 6.07 lakhs. Borrowings from other banks were again *nil*. Cash balances at Rs. 191.26 lakhs show an improvement of Rs. 81.33 lakhs over the previous year's position.

An initial par value for the Portuguese escudo, at 28.75 escudos per U.S. dollar, has been established by agreement between the Government of Portugal and the International Monetary Fund.

The parities for the Portuguese escudo in terms of gold and in terms of the United States dollar of the weight and fineness in effect on 1st July 1944 are as follows:

0.030 910 3 gram of fine gold per Portuguese escudo; 1,006.25 Portuguese escudos per troy ounce of fine gold; 28.750 0 Portuguese escudos per U.S. dollar; 3.478 26 U.S. cents per Portuguese escudo.

SURVEY

(*Concluded from page* 1063)

the co-operation of small entrepreneurs could have been sought for the purpose. This can yet be done.

The discussion of the general problems of small industry followed the familiar pattern. On the question of credit supply, Mr. P. V. Gandhi, President of the Chamber, urged the Government for a more co-ordinated arrangement. He suggested the extension of the existing scheme of guaranteed credit to the small-scale sector, in order to enable the commercial banks to play an increasing role in this field. He also pleaded for the integration of the private credit agencies, on which a large section of the small-scale sector relied, with the modern banking structure. Mr. Gandhi, however, did not elaborate the theme or show how the integration could be brought about. Mr. Kanungo, while dealing with the question of credit, observed that the Government would welcome the growing participation of commercial banks in financing small industries. Apart from this broad hint, he too did not outline any new specific scheme for the purpose. The commercial banks, at any rate, cannot be expected to meet the full requirements of small entrepreneurs. In this context, the proposal made by Mr. Gandhi for establishing specialised agencies for the supply of credit to this sector, as in Japan, deserves to be seriously considered by the authorities. Mr. Gandhi's plea that systematic surveys on the scope for developing small industries in all regions should be conducted by non-official agencies is also quite pertinent, considering the need for avoiding their haphazard growth. No doubt, several such surveys have so far been carried out at the official and non-official levels. Presumably much remains to be done in this direction, in view of the increasing need for indigenous manufacture of spare parts and components which are now being imported.

LONDON LETTER

(*Concluded from page* 1066)

there is no question whatsoever about the extreme competence with which the British delegation is handling the negotiations, the Opposition is still able to insist that on the vital fronts of Commonwealth trade and agriculture the price which the Common Market will expect Britain to pay for entry is still unknown; their concern is that Britain does not sign a blank cheque to enter at any price and that, before final decisions are taken, the terms and their implications shall be clearly known and the final discussions take place with exact information. That this information is not yet forthcoming is no fault of the Government or the negotiators—the latter are trying to see what are the best terms they can get. When those are known they will be made public.

Notice

THE BORREA COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday, the 31st May, 1962, the following dividends were recommended to be paid for the year ended 31st December, 1961, subject to deduction of tax.

On 6¼ per cent Cumulative Preference Shares at the rate of 8.45 per cent per annum in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

On Ordinary Shares at the rate of 15 per cent per annum.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LTD.,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA.

FERRO ALLOYS CORPORATION LTD.

PROBLEMS OF FERRO-MANGANESE INDUSTRY

MR. DURGAPRASAD SARAF URGES GOVERNMENT TO SOLVE THEM

THE main problems facing the ferro-manganese industry were highlighted by Mr. Durgaprasad Saraf, Chairman of Ferro Alloys Corporation Ltd., in his speech at the Sixth Annual General Meeting of the Company held at Tumsar (Maharashtra State) on Monday, 4th June 1962. Mr. Saraf drew particular attention to the increasing competition faced by the Indian ferro-manganese in foreign markets. According to him, although ferro-manganese manufacture in the country enjoyed a basic advantage in that manganese ore was locally available, instead of having to import it as some countries are forced to do, there are other disadvantages such as high electricity charges, railway freight, poor quality of coke and heavy taxation. Consequently, Indian ferro-manganese is unable to compete in world markets. This problem, the Chairman averred, could be solved only by the Government.

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

"GENTLEMEN,

"I deem it great privilege and pleasure to have this opportunity to accord you all a very hearty welcome to this sixth annual general meeting of the Company.

"The statement of annual accounts for the year 1961 and the Directors' report thereon have been with you for some time now, and therefore, with your permission, I shall take them as read.

"Since the Directors' report has dealt at length on the operational and accounts aspects, I do not propose to dilate at any length on these points except to submit to you that a glance at the balance-sheet and the profit and loss account would indicate an all-round improvement made by your Company during the year.

"The unsecured loans stand reduced to a mere Rs. 2.11 lakhs from Rs. 103.91 lakhs and out of the secured loans of Rs. 84.74 lakhs a sum of Rs. 42.67 lakhs have already been paid in the current year. In addition, the balance of the previous year's losses, amounting to Rs. 5.54 lakhs, have been wiped out and further, a general reserve of Rs. 3.50 lakhs has been created. The total reserves and surplus now amount to Rs. 19.14 lakhs as against Rs. 14.50 lakhs in 1960.

"Your Directors have decided that the shareholders should receive their due share of profits in the gains made by the Company and have, therefore, recommended payment of dividends at the increased rate of Rs. 11 per share on the total equity capital which, you are aware, was doubled during the year 1961.

Satisfactory Progress

"Indeed the progress made by your Company is satisfactory, but the situation of the ferro-manganese industry as such is far from being one over which we could be complacent.

"The recently completed Indo-U.S. barter deal helped the Indian ferro-manganese industry to export approximately 1,00,000 tons of its surplus production which assisted the ferro-manganese industry to some extent to stabilise itself. But, after the conclusion of the barter, the problem of disposal of about 1,00,000 tons of ferro-manganese every year, which was planned to be produced for purposes of export, crops up again, since, under the existing circumstances, the Indian ferro-manganese is unable to compete in the world market. Unless either the surplus production capacity of 1,00,000 tons of ferro-manganese is utilised for production of other alloys or suitable conditions created for export of the surplus produce, the industry shall be facing serious difficulties.

"I may mention that ferro-manganese manufactured in many other countries meets the world competition very successfully, though all the countries manufacturing ferro-manganese do not enjoy the basic advantage of availability of their own manganese ore, the main raw material for the industry. They depend on imported manganese ore. We have all the raw materials that we need for our ferro-manganese, yet we are unable to meet the competition in the world market. The main reason for this is that our initial gain on account of availability of all the raw materials in our country is rendered nugatory by adverse factors such as high electricity tariffs, unbearably high rate of railway freight for transport of manganese ore, ferro-manganese and other raw materials, inferior quality of coke and the heavy incidence of sales tax. These are some of the problems of the industry which only the Government can solve.

High Freight Charges

"The ferro-manganese industry is paying over Rs. 100 per ton to the Indian railways for carrying their raw materials and finished products. This is quite exorbitant and unbearable for the industry. Recently the Government announced a reduction of 50 per cent of railway freight on movement of manganese ore for export purposes but so far no such reduction has been granted for movement of manganese ore for consumption in the ferro-manganese industry which is supposed to export a major portion of its finished produce to foreign countries. In virtue, this is a concession on export of raw materials in preference to the export of semi-finished produce.

"Another important problem of the industry is the acute short supply of wagons for movement of manganese ore and other raw materials to the factories. On several occasions, furnaces had to be shut down for want of raw materials which could not be transported to the factory on account of short supply of wagons. Regular supply of raw-materials to the factories is most vital for the proper and efficient running of any industry and it is, therefore, for the Government to provide the necessary transport facilities to our industry.

Wanchoo Committee

"Recently the Government have appointed a committee under the chairmanship of Mr. N. N. Wanchoo, Secretary to the Ministry of Steel and Heavy Industries, to study various problems of the ferro-manganese industry. I am sure that, in view of the export target fixed by the Government for ferro-manganese during the third Five-year Plan and in view of the difficulties experienced by this industry, which is mainly dependent on the export market, the Committee would make suitable recommendations for granting relief to the industry so that it may be able to face the world competition successfully. It must be mentioned here that the ferro-manganese industry does not require any foreign exchange for import of raw materials but on the other hand it is one which is capable of earning substantial foreign exchange which we now need most.

"In this respect the creation by the Government of a separate Ministry for international trade is a very happy and welcome feature. We hope that the Ministry will work vigorously for boosting up the country's exports and find out ways for expeditious disposal of the surplus products of the country.

"Before I conclude I wish to express my gratitude to you all and to all my colleagues on the Board for the support and co-operation. I also thank the workers and the staff of the Company for their hard work and hope they will continue to work with the same zeal and enthusiasm for the smooth and efficient working of the Company."

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

REGIONAL TRAINING CENTRE

The Government of India, in collaboration with U.N.E.S.C.O., has established in New Delhi, a Regional Centre for the training of educational planners, administrators and supervisors in Asia. The Centre has started functioning in the premises of the Indian Institute of Public Administration, Indraprastha Estate, New Delhi. The Centre will provide short in-service training courses for officers of the various ministries or departments of education of participating Asian Member countries and Associate Members of U.N.E.S.C.O., undertake and promote research in the technique of educational planning, administration and supervision and place the results at the disposal of such Member States and Associate Members, and assist such States, upon request, in organising educational planning services and in holding national training courses. Mr. A. V. Pai, I.C.S. (retd.), and Mr. R. S. Chitkara, Assistant Educational Adviser in the Ministry of Education, have been appointed Director and Deputy Director, respectively.

TRAVANCORE OGALE GLASS MFG. CO., LTD.

MR. CHATTANATHA KARAYALAR'S SPEECH

THE Annual General Meeting of the Travancore Ogale Glass Manufacturing Company Ltd. was held at Alwaye on Friday, 1st June 1962. Addressing the meeting, Mr. S. Chattanatha Karayalar, M.P., Chairman of the Company, emphasised that, in the interests of the prosperity of the Industry and, consequently, that of workers, it was necessary not only to maintain peace in industry but also to see that productivity was stepped up far above the wages. The Chairman thought that the future for the Company in the years to come was bright in the context of developments taking place and envisaged by the Company.

The following is the text of Mr. Chattanatha Karayalar's speech:

"You will have observed from the profit and loss account that the year's sales, profit, and the proposed dividend at 7 per cent show improvement over last year's results. The working for the current year so far has been satisfactory and I have reason to hope that this year would prove to be a prosperous year for the Company.

Great Potentialities

"In a climate of uninterrupted peace and harmonious relationship, this industry has great potentialities. Our record for the last few years bears eloquent testimony to this aspect of the industry. When I spoke to you two years ago, I assured the employees that, with continuous production and improved earnings of the Company, they would continue to share in the prosperity of the Company. This aim of ours has been progressively achieved. Over the past ten years, the monthly average earnings of the workers have gradually risen and have almost doubled. In the interest of the prosperity of the industry and consequently that of the workers, it is necessary not only to maintain peace in the industry but also to see that the productivity is stepped up far above the wages.

"As from 1st April 1962, the Government of Kerala have introduced on sale of glassware single-point sales tax at 7 per cent, in the place of 2 per cent multipoint sales tax. Similarly, the Central Government have increased the employers' contribution to the Employees' State Insurance Scheme from 1¼ per cent to 2½ per cent of the total wage bill. The railway freight is increased from 1st July 1962. All these go to add to the burden on the consumer. The Central Government have announced increase in the tax on corporate profits from 45 per cent to 50 per cent. This increase works out to more than 11 per cent. This will reduce the balance available for distribution of dividends to shareholders and the resources available to the Company for ploughing back into the business.

Bottles

"Before I conclude, I like to mention that the Government of India are establishing a big chemical plant for manufacturing various kinds of drugs with Russian collaboration at Neriamangalam which is about 30 miles away from Alwaye. This concern would be requiring large quantities of bottles. We shall endeavour to secure this business. This line of activity will increase the total turnover considerably which will in turn improve the earnings of the Company.

"During the past few years we have been able to maintain steady progress, each year being better than the previous one. We have now reached a stage when we can look forward with hope and confidence. I foresee a bright future for the Company in the years to come in the context of the developments taking place and envisaged by us."

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

MONEY USABLE

(From Our Own Correspondent)

BOMBAY, 13th June

For this time of year, when the traditional slack season is well under way, the demand for funds must be said to be pretty good. Banks find that money is still usable, but they have no difficulty in getting their requirements whenever they are short of floating funds. Only, they have to pay a little more. Thus, inter-bank call money rate which had gone up last week from 3 per cent to 3½ per cent, has risen further since Monday this week to 3¾ per cent. In Calcutta, it is higher still at 4 to 4¼ per cent. There is no change in the short-term deposit rates and no bank is willing to quote anything below the maximum levels under the Inter-bank Agreement, lest it should lose its deposits to competitors.

The 91-day Treasury Bills of the Government of India were well fancied for the second week in succession. For the Bills sold under the tender system, the amount offered was Rs. 3.25 crores, as against an invitation of Rs. 2 crores. Only Rs. 2 crores were accepted, at the average rate of 2.510 per cent per annum which is 0.010 per cent more than that paid in the previous week. Sales of Intermediate Treasury Bills fetched a large sum of Rs. 130.25 lakhs. It is true that, in the previous week, the amount offered against the Rs. 2 crores of tenders was larger at Rs. 4 crores and so also the sale of Intermediates at Rs. 2 crores. But the response this week was still far greater than it in any of the preceding weeks this year.

After following a downward trend for eleven successive weeks, foreign assets held by the Reserve Bank have improved fractionally—by Rs. 1.13 crore, to be precise—to stand at Rs. 102.63 crores. This is one of the noteworthy features disclosed by the Bank's statement for the week ended 8th June 1962. Another is a rise of Rs. 2.95 crores in the Bank's advances to scheduled banks against usance bills, bringing the amount outstanding to Rs. 5.50 crores. Since other loans and advances (of which those against usance bills are only a part) have gone up by Rs. 7.48 crores, it looks as though banks' borrowings from the Reserve Bank against other securities also must have gone up. Nonetheless, their deposits with the Bank have gone down by Rs. 4.31 crores. These variations reflect the continued demand for funds in the short-term money market.

The Gilt-edged market witnessed some activity in the State loan section at hardening rates. The 4 per cent medium-term loans of Orissa (1967 and 1968) and Uttar Pradesh (4 per cent 1969), in particular, gained 10 to 15 nP. There was, however, a slight fall of 10 nP in 4 per cent 1972 U.P. and of 55 nP in 4 per cent Andhra 1971. Among Central loans, 3 per cent 1986 Conversion improved by 5 nP to Rs. 71.05 and so also 3 per cent 1984 to Rs. 99.90. 4 per cent 1973, however, were lower by 5 nP at Rs. 100.05.

In the foreign exchange market, the pound sterling ruled steady. The spot rate for New York on London was a shade higher at 280.780-280.820 cents per £ and three months' forward at 280.260-280.300 cents. Locally, the banks' selling rate for T.T. U.S. dollars was Rs. 476.75, that is, 25 nP lower than last week. Their buying rate was 50 nP lower at Rs. 473.25 per 100 dollars.

FAIR DEMAND FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 7th June

A total of 723,000 kgs. were offered in sale No. 23 held on the 5th inst. Quality of teas from all districts showed a further seasonal decline. The market met fair demand but at lower rates. High-grown brokens met limited enquiry and were irregular but sometimes firm. Similar fannings however met less support and were much easier. The best good mediums on offer were barely steady while others in this category were lower. Low mediums and mediums were up to 25 nP below last week's prices and sometimes more. Brighter sorts, however, were 10 to 20 nP easier. Clean black leaf descriptions sold well at slightly lower rates. Whole leaf grades met less support and showed a lowering in prices. Unorthodox types met poor demand and were lower. Plainest and more stalky descriptions were much easier, particularly fannings.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.50-4.00	4.25-4.40
Mediums	3.80-4.30	4.40-4.55
Good mediums	4.30-5.50	4.55-4.85
Nilgiri B.O.P.	4.00-5.75	4.50-5.65

The average price realised in sale No. 23 was Rs. 3.96 per kg. as against Rs. 4.26 a week ago and Rs. 4.43 in the corresponding sale last year.

Offering in dust sale No. 23 held today amounted to 497,000 kgs. The market met with good demand but prices were somewhat irregular and inclined easier towards the close. Plain and low mediums met good support but were irregularly up to 10 nP and sometimes more. Coloury mediums were in good demand at rates barely steady on last. Highgrowns were in less inquiry and were much easier. Unorthodox types met fair demand but were a little easier. There was more interest shown in residuals but these also followed an easier tendency.

The average price realised in dust sale No. 23 was Rs. 3.24 per kg. as compared with Rs. 3.25 a week ago and Rs. 4.06 in the corresponding sale last year.

London: North Indian and other growths: In Monday's sale there was good demand for the 25,858 packages on offer. Best liquoring Assams were quoted fully firm. The best Africans on offer were sometimes a little easier but there was keen competition for medium and lowgrown varieties which advanced by 1d. to 3d. per lb. In Wednesday's sale best liquoring Africans came to a lower market while other descriptions were irregular and often easier.

Ceylon and South Indians: 23,976 packages of Ceylon teas were on offer. Low mediums were in good demand at fully firm prices but others were irregular and often lower. The 5,742 packages of South Indian teas came to a good market and prices were generally firm except for those invoices of inferior quality which were a little easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No. 24:* A total of 854,000 kgs. offered. Good demand. Plain and low mediums brokens irregular, but generally firm. Similar fannings about 10 nP easier. Good medium brokens sometimes lower. Fannings firm. Highgrowns easier."

BULLION FIRM

(From Our Own Correspondent)

BOMBAY, 13th June

The bullion market ruled firm in the first three sessions of the week under review, but developed a sagging tendency on Monday which persisted till today, when the market picked up strength again. Early in the week, both gold and silver met with good buying support induced by better offtake of spot and encouraging reports from upcountry centres. The floating stocks in the market were said to be low—about 27,000 tolas of gold and 700 bars of silver—and operators feared that the stocks would dwindle further as a result of poor arrivals, especially of contraband gold in view of stricter vigilance by the Customs. Consequently, prices registered an improvement. The upward trend was halted on Monday the 11th inst. when larger arrivals, coupled with reduced offtake, led to a decline in prices. The decline gathered momentum yesterday, as fresh buying inquiries were absent. Today, there was a recovery in prices which followed short-covering induced by firm spot advices. The recovery was so marked that today's closing rates for both gold and silver were well above those prevailing a week ago. The undertone of the market at the time of writing was distinctly firm.

The daily average offtake of gold during the week was higher than in the previous week (6,400 tolas, as against 4,800 tolas), whereas that of silver was lower (8 bars, as against 9 bars). Arrivals of both the metals were smaller, the daily average being 6,800 tolas of gold and 41 bars of silver, as against 7,600 tolas and 55 bars, respectively.

The *Jeth* settlement in gold, which is due to expire on Monday the 18th inst., advanced from Rs. 123.75 to Rs. 125.45 on Saturday (9th) but declined thereafter and touched a low of Rs. 124.80 on Monday. The settlement, however, recovered to Rs. 125.90 today. The *Bhadrapad* (September) settlement began the week at Rs. 122.60 as against the previous close of Rs. 122.35, and, after rising to Rs. 123.30, on Saturday, receded to Rs. 122.85 before finishing at Rs. 123.70 today. The rate for transferring commitments from the *Jeth* to the *Bhadrapad* settlement continued to be against bears throughout the week, the actual rate rising from Re. 1.40 last week-end to Rs. 2.20 today. Margin at the rate of Rs. 20 per 10 grams on outstanding purchase was in force during the whole of the week.

There was a fall in the premium commanded by ready gold over the forward (*Jeth* settlement), from Re. 1 on Wednesday last week to 50 nP today when the spot rate stood at as high as Rs. 126.40, as against Rs. 124.75.

In silver, the *Jeth* (19th June) settlement improved from Rs. 216.05 to Rs. 216.45 on Saturday, eased to Rs. 215.40 on Monday, but recovered thereafter and touched Rs. 216.20 today. The *Bhadrapad* (17th September) settlement fluctuated between Rs. 216.10 and Rs. 215.30 before closing at Rs. 216. The backwardation rate (*badli* payable by bears) declined from 40 nP last week to 20 nP today.

Ready silver improved from Rs. 215.55 to Rs. 215.95 on the 9th inst. After receding to Rs. 214.80 yesterday, the metal recovered to Rs. 215.50. At this rate, the discount under the forward (*Jeth* settlement) was 70 nP, as against 50 nP on Wednesday last week.

The dollar price of gold in the London bullion market firmed up from $35.07½ to $35.10½ per fine ounce. Ready gold, too, advanced from 249s. 11¼d. to 250s. 0½d. Ready and forward silver, however, continued unchanged at 84½d. and 84¼d. respectively, as also silver in New York at 101.50 cents.

The following table shows the trend of prices during the week under review:

	13-6-62 (closing)	High	Low	6-6-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	126.40	126.40	125.10	124.75
*Jeth**	125.90	125.90	124.05	123.75
*Bhadrapad*** ..	123.70	123.70	122.60	122.85
Sovereign	98.50	99.25	98.50	99.00
SILVER				
Ready (.999 fine)	215.50	215.95	214.80	215.55
*Jeth**	216.20	216.45	215.40	216.05
Bhadrapad †† ..	216.00	216.10	215.30	215.65
London—				
Gold	250s.0½d.	250s.0½d.	249s.11¼d.	249s.11¾d.
Silver Ready	84⅛d.	—	—	84⅛d.
Silver Forward	84¼d.	—	—	84¼d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.
** 15th September settlement. †† 17th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.7 tolas). London and New York quotations are per ounce.

COTTON FUTURES ADVANCE

(From Our Own Correspondent)

BOMBAY, 13th June

Barring occasional bouts of selling by upcountry operators, which resulted in temporary setbacks, the cotton futures market depicted a firm trend during the major part of the week under review. The main factors that imparted strength to the market were reports of slow progress of the monsoon and cloudy weather in some cotton-growing areas and the sustained firmness of spot prices which, in spite of the quota announcement for American and Pakistan cotton, continued to rule as firm as ever. The crisis in the foreign exchange position, apart from the limited availability of cotton abroad, indicated that the prospects for importing foreign cotton to relieve the shortage in domestic supplies were none too encouraging. These considerations were enough to give a bullish twist to the market. Under pressure of sustained buying, the Jarilla March contract rose from Rs. 715.50 last week-end to Rs. 721.25 yesterday before finishing at Rs. 717.50. The contract ruled steady today, with the undertone remaining firm. The range of fluctuation of the contract during the week is indicated below:

	13-6-62	High	Low	6-6-62
Jarilla March				
1963 ...	717.50	721.25	713.25	715.50

Cotton traders are perturbed over the rise in sales tax on cotton by one per cent to two per cent proposed by the Maharashtra Finance Minister. They fear that this would encourage buyers to purchase cotton from other States and get it consigned in their own name to avoid payment of the increased rate of tax.

In the spot market at Sewri, activity was limited. It would appear that several mills had not received the balance quota of indigenous cotton for the current season and hence could not buy cotton. Prices, however, ruled firm. The import quotas for Pakistan cotton and U.S. short staples have not produced any appreciable effect on the price trend.

Export demand for Bengal *Deshi* continued to be sluggish. Barring stray covering by shippers no sizable fresh business was reported. A move is reported to be afoot to get Bengal *Deshi* cotton put on Open General Licence (OGL) for purposes of export. At present, export of Bengal *Deshi* is subject to many restrictions. A section of the trade feels that if Bengal *Deshi* cotton is brought under OGL its export could be speeded up. Among foreign cotton, American and Pakistan cotton attracted the attention of spinners. But owing to the high price of U.S. cotton and the small quota, mills were seen going in for local substitute cottons, which are relatively cheaper, in preference to imported ones. Business in Pakistan cotton was only moderate. Most mills preferred to wait for the actual allotments to be made in their favour before entering into commitments. A limited volume of business was, however, put through on a subject-to-licence basis.

A notification issued by the Textile Commissioner, explains that a total quantity of 100,000 bales of Pakistan cotton will be allowed for import under the latest Indo-Pakistan Trade Agreement. Of this, a quantity of 42,000 bales should be shipped before 31st July 1962 and the balance not later than 30th November 1962. The total quantity of 100,000 bales will be allocated to mills to make good the balance of 25 per cent of the shortage in domestic supply of medium and long-staple varieties. While working out the quotas for individual mills, an *ad hoc* reduction will be made so as to allow for the unadjusted foreign "B" bottom received by them after 1st September 1961. With the allocation of this quantity, it is claimed, the supply of medium and long-staple varieties during the current season is made to equal the consumption of these varieties during the 1960-61 season.

Sudan and East African cotton were relatively neglected. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market in Sewri:

Bengal *Deshi* 680; Wagad 880; Hubli Jaydhar 1,110; Gadag Laxmi 1,170. B.P.52 1,335; American one inch Good Middling 1,190; Elpaso 1,590.

Cotton futures in Karachi picked up further strength during the week under review. Good export inquiries from India and moderate domestic mill demand led to an appreciable improvement in values. N.T.R.G. July contract firmed up from Rs. 72 to Rs. 72.65, but receded to close at Rs. 71.80. The January contract improved from Rs. 74.50 to Rs. 75.45. The following are the latest available quotations—in rupees per maund of 82 lbs.—for a few popular varieties of Pakistan prevailing at Karachi: Sind *Deshi* 69; Punjab *Deshi* 64; 4F Punjab Roller 77.50; S.G. 83.50; L.S.S. Punjab Roller 80.00; S.G. 85.; N.T. Roller 83; S.G. 87.

Fully steady conditions prevailed in the Liverpool cotton futures market during the week. Good spinner demand in both spot and futures sections and quicker movement of stocks in the yarn and piecegoods market imparted strength to the market. Both the American and American type contracts improved on good support. The rise in prices would have been more marked but for lower advices from New York. Sudan cotton contracts were quiet and unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: July 24.00; October 23.80; December 23.90.

American cotton mixed growth contract: July 24.40; October 24.15; December 24.25.

Sudan: July, September, November 29.

New York cotton futures market ruled easy during the week. Futures values receded on sell-

ing prompted by the expectation of larger crop and lower price support during the new season beginning on 1st August. Lower levels attracted support induced by the continued firmness of the spot market. Net change in values was, therefore, negligible.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	12-6-62	5-6-62	29-5-62
New York Spot	35.90	35.90	35.75
July	34.73	34.80	34.73
October	34.54	34 68	34.49
December	34.46	34.57	34.36

GROUNDNUTS MOVE UP

(From Our Own Correspondent)

BOMBAY, 13th *June*

Firm conditions prevailed in the oilseeds market during the week under review, barring castorseeds which lacked support in the absence of overseas enquiries for castor oil. Groundnuts made a strident advance, thanks to larger offtake by *vanaspati* manufacturers and crushers in the wake of reduced offerings, with the coastal trade from Saurashtra remaining suspended owing to rains. Certain parties who were reported to have entered into commitments with the State Trading Corporation were also making purchases. It was stated that the S.T.C., in turn, had entered into deals with parties in the U.K. and Burma for the export of about 10,000 tons of groundnut oil. Linseed ruled fully steady on encouraging advices from sarson markets in North India. The local stocks of ready linseed were also low. There was good support for cottonseeds.

The groundnut September 1962 contract spurted from Rs. 211.25 to Rs. 215, before finishing at Rs. 214.75, with a net gain of Rs. 3.50. July 1962 contract advanced by Rs. 3.37 to Rs. 211.37. Nizam bold put on a rupee to Rs. 45.50. Khandesh quality improved by 75 nP to Rs. 45.75. Oil ex-mill and Railway receipts hardened by 50 nP each to Rs. 19 and Rs. 18.65, respectively. Oil July 1962 contract picked up 35 nP to Rs. 18.15. September contract gained a like amount to Rs. 18.45.

Linseed July 1962 contract hardened by 56 nP to Rs. 39.87; it had touched Rs. 40.06 earlier in the week. September contract closed higher by 37 nP at Rs. 39.87. Bold ready gathered 88 nP to Rs. 39.25. Linseed oil was done at Rs. 14.40, as against Rs. 15.25.

Cottonseeds elicited good support. September 1962 contract spurted by Rs. 3.50 to Rs. 102.50. July contract increased by Rs. 2.50 to Rs. 100.50. Whites were higher by 10 nP at Rs. 19.30. Both non-white and Berar also gained a like amount of Rs. 20.60.

Castorseeds, however, ruled easy. September 1962 contract, which had risen from Rs. 161.75 to Rs. 163.75 in the earlier sessions, gave way subsequently to Rs. 161.25. June 1962 contract declined by 50 nP to Rs. 157.50. Ready Madras dropped by 12 nP to Rs. 31.62. Kanpur was neglected at Rs. 30.50. Oil B.S.S. shed 10 nP to Rs. 12.75 and commercial 5 nP to Rs. 12.15.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 13th June, as compared with those of the two previous weeks:

	13-6-1962	6-6-1962	30-5-1962
	Rs.	Rs.	Rs.
Groundnut			
May 1962	211.37	208.00	—
July 1962	214.75	211.25	204.62
Nizam bold	45.50	44.50	43.00
Khandesh quality	45.75	45.00	43.50
Oil ex-mill ready*	19.00	18.50	17.65
Railway receipts*	18.65	18.15	17.45
Oil July 1962	18.15	17.80	17.30
Castorseed			
June 1962	157.50	158.00	161.75
September 1962	161.25	161.75	161.25
Ready Madras	31.62	31.75	32.25
Ready Kanpur	30.50	30.50	31.00
Oil B.S.S.†	12.75	12.85	13.10
Oil commercial†	12.15	12.20	12.60
Linseed			
June 1962	39.87	39.31	38 31
September 1962	39.87	39.50	38.56
Bold ready	39.25	38.37	37.00
Oil ready†	15.40	15.25	14.55
Cottonseed July 1962	100.50	98.00	96.00
Niger seed	35.00	99 00	35.00
Kardi seed	25.00	25.50	25.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 280 kilograms, except linseeds for which rates are per 56 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

STAPLE FIBRE YARN PRICES RAISED

(From Our Own Correspondent)

BOMBAY, 13th *June*

This week was notable for some developments of import to the yarn market. The Textile Commissioner was reported to have informed the Surat art silk weaving mills that the revised Export Promotion Scheme for fabrics would be notified early next month and that the Scheme would be enforced from 1st August 1962. Meanwhile, there are rumours that the Continental art silk suppliers have agreed to the Government of India's proposal envisaging the creation of a pool of imported yarn in Bombay for being distributed to manufacturer-exporters under the revised Scheme. A final decision is expected to be taken by these suppliers at their meeting scheduled to be held in Italy on Friday the 15th inst. The prices of yarn made available from out of the proposed pool will be the average of international prices prevailing during the preceding three months or so. Two other notable developments pertain to the upward revision in the prices of staple fibre yarn effected by the Indian Cotton Mills Federation and the tax concessions for cotton yarn and handloom-powerloom sector announced by the Union Finance Minister in Parliament yesterday (Tuesday).

In view of the increase in excise duty on staple fibre from 75 nP to Re. 1 per kg. under the Budget proposals of 1962-63, the Committee of the Indian Cotton Mills Federation, in consultation with the Textile Commissioner, has revised the schedule of ceiling prices for staple fibre yarn as follows:

(In Rs. per bundle of 10 lbs. hank yarn)

Counts	*Ex-mill prices* Revised	Old	*Differentials* Doubled yarn	Yarns on cones
20s ...	29.75	28.55	3.10	2.85
30s ...	32.25	31.05	3.90	3.20
40s ...	35.25	34.05	4.50	3.50
44s ...	36.45	—	—	—

Note: The differentials for intermediate goods, doubled yarns and yarn on cones are the same as those hitherto in force.

The tax concessions announced by the Finance Minister are given below:

Cotton yarns: All single cotton yarns whether bleached or grey as well as unprocessed (grey) folded yarns upto 40 counts, if issued in hanks, are totally exempted from excise duty.

Powerlooms: The units having between 50 and 300 looms will be allowed to pay excise duty at half the standard rates for the period up to 28th February 1963 and at three-fourths of standard rate during the year ending 29th February 1964. Corresponding marginal relief in the rates of compounding levy for units having 5 to 49 looms is also being simultaneously proposed.

Processed cloth: The effective rates of excise duty on cloth produced by handlooms and/or powerlooms—the major portion of the cloth is taken to independent operators for processing—is to be reduced to four-fifths of the standard rate which itself has been reduced from 25 nP to 10 nP per square metre in respect of coarse and medium B categories (average count of below 26s) and from 25 nP to 15 nP in the case of medium A, fine and superfine categories.

Processing units: Independent processing units which were in existence on 24th April 1962 but were not required to take out a Central excise licence, because they were confining their activities solely to the processing of handloom or exempted powerloom fabrics, will be given the benefit of exemption for the first 20,000 square metres of cloth bleached, dyed or printed by them in any month. This is in partial relaxation of the condition which at present procluded them from availing of this concession on the ground that they had not been licensed before 23rd April 1962.

The trend of the yarn market during the week was distinctly bullish. Art silk yarns registered handsome gains, owing to persistent buying support and scarcity of supplies. Staple fibre yarns were quoted higher, reflecting the rise in ex-mill prices. Cotton yarns tended to move up on hopes of enlarged demand from consuming centres, in view of the latest concessions in excise duty.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	13-6-1962	6-6-1962
	Rs	Rs.
Art silk yarn—		
20/1 Amilon (100 kg.)—		
June	4,005.00	3,890.00
August	4,180.00	3,985.00
120 Japan (per 100 kg.)	2,205 00	2,295.00
150 Japan (per 100 kg.)	1,984.00	1,984.00
120 Italy (per 100 kg.)	1,902.00	1,902.00
150 Italy (per 100 kg.)	1,736.00	1,736.00
Nat. Ray. 150 Bt. 1 (per kg.)	15.40	14.23
Staple fibre yarn (40 × 2)—		
June	744.00	695.00
August	770.00	716.00
Kohinoor (per kg.)	8.38	7.96
Cotton yarn (per bundle of 10 lbs.)		
10s Podar	17.50	17.50
20s Podar	21.75	21.75
32s Madura	30.75	30.50
40s T. T. Corin	35.00	34.37
60s Finlay	72.50	—

PEPPER MOVES NARROWLY

(Messrs. Parekh and Co.)

BOMBAY, 13th *June*

Malabar black pepper moved within a narrow range during the fortnight, the highest and the lowest for garbled being Rs. 320 and Rs. 315, respectively.

In view of the proximity of the autumn season in the U.S., New York dealers whose pipelines are barely filled are anxious buyers, but, as long as the going is good, they prefer buying without exciting the origins. Spot in New York is moving between $0.37 and $0.38½. Singapore remained fairly steady at Str.$120 for black and Str.$152½ for white, with little business. The present attitude of withholding sales by the semi-State Trading Organisation, which is holding the majority of the stock of Lampong, has become an enigma to most Chinese dealers in Singapore. As such, they

(Continued in next page)

WELLMAN INCANDESCENT

WELLMAN INCANDESCENT FORM AN INDIAN COMPANY

The Wellman Smith Owen Engineering Corporation Ltd. and The Incandescent Heat Company Ltd. have formed a company in India. The new organisation will be known as

WELLMAN INCANDESCENT INDIA LTD.

This new step has been taken by the Wellman Incandescent combine for the purpose of manufacturing in India heavy industrial equipment including Steelworks Plant, Furnaces and Ovens, Cranes and other Mechanical Handling Equipment which have hitherto been imported into India. Thus the formation of the new company implies not only a saving in valuable foreign exchange but also the birth of a new heavy industry in the country.

WELLMAN INCANDESCENT INDIA LTD.
6 HARINGTON STREET, CALCUTTA-16

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MR. DESAI'S SALVAGE OPERATIONS

From Our Special Correspondent

NEW DELHI, 12th *June*

DELHI LETTER

WHEN Mr. Morarji Desai, Finance Minister, made the statement in Parliament last week that "the Plan is not slowing down," it was only natural that several M.Ps should sneer at it and point out that the appointment of Mr. T. T. Krishnamachari as Minister without portfolio was specifically for overloading measures to rectify the lack of coordinated direction which blocked progress in several important sectors of the economy. Even as Mr. Desai announced the import restrictions to dilute the effects of temporary foreign exchange insolvency, he added a warning that the hungry days would be with us for a long time to come. He declared: "The social discipline and the solidarity that we need today to put our foreign exchange position in order will be needed in an increasing measure in the years to come, if we have to carry forward our plans of development in a steadfast and confident manner." Platitudinously, he added: "And there comes a point in the history of every nation when it must demonstrate that it is prepared to take whatever action that may be necessary to pursue the paramount objectives so vital to its ends of dignity and purpose."

Coming down from the plane of platitudes closer to the realities of the Plan implementation, the Finance Minister said: "The economy will gain in strength, if the projects for which foreign exchange has already been assured are completed as soon as possible.... In respect of the remaining projects also, we should go ahead with all the preparatory work, so that they could be speedily executed as soon as foreign exchange has been arranged." Mr. Desai did not hide the disappointment over the failure of the Aid-India Consortium to deliver more assistance in India's time of need. To quote him: "We have been less successful in obtaining and utilising external assistance required for financing imports necessary for our developing economy." The doses of foreign aid needed now are far larger than the friendly foreign nations' injections which salvaged the second Plan and present internal endeavours are only like scrounging for the crumbs.

Plugging Loopholes

There are doubts on the extent of the import restrictions the economy can take without endangering further its emaciated condition. The private sector's growth at rates faster than originally envisaged offset the stunting of the public sector in the last Plan, but drastic import inhibitions may retard such resilience in the current Plan. Mr. Morarji Desai promised to try to plug the many loopholes through which there is a drain of foreign exchange. This means regulations restricting travel by Indians abroad and intensification of measures against smuggling. One estimate of the drain of foreign exchange through illegal channels is Rs. 50 crores a year and 40 per cent of it is said to be through the Pan-Malayan region.

Singapore may not be the centre of gold smuggling into India, but it obviously has become a major clearing house for illegal payments. It is said that the legal remittances from the Pan-Malayan region into India fell to a trickle of Rs. 3 crores last year from about Rs. 20 crores some years ago. The agents of the smugglers and others have succeeded in persuading Indians in Singapore to switch to black market channels for sending money home by offering the attraction of a 50 per cent gain in the exchange rate. To allay the fear of the remitter over risks in illegal despatch, the agent often first makes the payment to the relative in India and collects the Straits dollars from the remitter later. In the corridors of Connaught Place or in the shops in Janpath and even in the tourist taxi stands, the foreign tourist visiting Delhi can also without much ado get six rupees to the U.S. dollar.

An interesting side effect of the new fiat on foreign travel was the rush last week-end for air bookings. The sale of air tickets in Delhi last Saturday is estimated in one report at Rs. 14 lakhs, about ten times the normal sales. It seems that travel agents made bookings with pre-dating, to circumvent temporarily the Finance Ministry ban on sale of tickets without a Reserve Bank clearance on grant of foreign exchange for travel.

After cutting the frills of foreign exchange wastage, the Finance Minister prepared himself for more strenuous salvage operations. After Mr. Desai told the British Government that he would be unable to visit London in June, the plans for the visit of Mr. Duncan Sandys to India and Pakistan were announced. During his stay in New Delhi from 15th to 19th June, Mr. Sandys will meet the Prime Minister and the Finance Minister and give them a personal explanation of the British surrender at Brussels. He is also reputed to come briefed for a discussion of a variety of other subjects covering a whole range of Indo-British relations and the Indian plans for the purchase of Soviet MIG 21 fighter planes. It is already clear that Delhi does not consider the British memo to the European Six as a correct basis for Britain's negotiations to bargain away the Commonwealth preferences. India suggests that the Indian memorandum, outlining ways for greater entry of Indian goods into Europe, should form the basis for discussions to decide on India's future trade relations with Europe plus Britain.

Mr. Desai has decided to go to Geneva on 9th July to attend a meeting of the U.N. Economic and Social Council and then visit Paris, Bonn and London to meet General de Gaulle, Dr. Erhard and Mr. Macmillan. The trends of thinking in Germany on assistance to India have at no time been generous, and there has been a further stiffening recently. Mr. Morarji Desai's efforts next month may largely be confined to persuading Western friends to pump in immediately some interim aid to help overcome India's exchange crisis while the larger perspectives of assistance remain to be discussed anew by the Aid-India Consortium.

Export Efforts

Mr. Desai's statement contained an almost casual reference to the need to increase exports, and Mr. Manubhai Shah, Minister for International Trade, intervening in the Lok Sabha debate on budget demands for the Commerce and Industry Ministry, outlined three of the various measures being considered by the Government. A study group is working out proposals for the provision of working capital on a larger scale to exporters; the Government is planning to introduce a scheme of short-term deferred payments to expand Indian exports to developing countries in Africa; and talks are taking place with some foreign banks to start a revolving fund of Rs. 10 crores for short-term credit to exporters. Separate wings in the Ministries of Agriculture, Railway, Mines and Fuel and Steel and Heavy Industries will help export promotion.

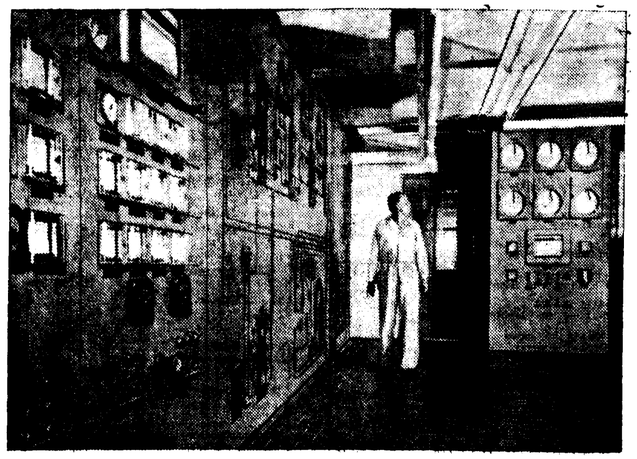
One of the new-fangled decorations is a Director of Incentives. The idea for the award of *Vanijya Nipuna* titles has been laughed out, but details of incentives to be granted to exporters have yet to be formulated. For the present, the Director of Incentives will operate more as a central complaints officer, to whom exporters can go to seek help in solving their difficulties. More State trading wings are on the anvil and one M.P. commented that these will perhaps end up by having a central co-ordinator for all State trading!

(Concluded from previous page)

are offering sparingly to New York. As a consequence, sooner than later, New York dealers shall have to look to India for their autumn requirements which average 1,500 tons per month.

Ungarbled moved between Rs. 309.50 and Rs. 305.50 and garbled between Rs. 320 and Rs. 315. July delivery shuttled between Rs. 328 and Rs. 334. Calicut is quoting Rs. 300.

The attitude of Indian growers in releasing stocks whenever there is demand is reponsible for the present steady to quiet tendency of the market. Inland demand is likely to pick up, in view of the higher prices now demanded by importers for the imported spices because of the present drastic cut in imports.



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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 8th June, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	52,70,21,000
(2) Other Governments	8,30,86,000
(b) Banks	85,06,09,000
(c) Others	148,64,98,000
Bills Payable	33,25,42,000
Other Liabilities	70,25,92,000
Rupees	530,25,58,000

ASSETS	Rs.
Notes	19,10,91,000
Rupee Coin	1,94,000
Subsidiary Coin	3,12,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	56,18,52,000
Balances held abroad*	9,94,70,000
Loans and Advances to Governments†	111,31,56,000
Other Loans and Advances	129,66,49,000
Investments	174,35,61,000
Other Assets	38,62,73,000
Rupees	539,25,58,000

* Includes Cash and Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 5,50,50,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	19,10,91,000	
Notes in circulation	2141,30,37,000	
Total Notes issued		2160,41,28,000
Total Liabilities		2160,41,28,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	92,65,17,000	
Total of A		210,44,27,000
B. Rupee Coin		111,77,75,000
Government of India Rupee Securities		1838,19,26,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2160,41,28,000

State Bank of India

Statement of Affairs for the week ended 8th June, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		571,23,42,000
Borrowings from Other Banking Companies, Agents, etc.		20,00,000
Bills Payable		12,31,80,000
Bills for Collection being Bills receivable as per contra		2,65,00,000
Acceptances, Endorsements and Other Obligations per contra		7,14,19,000
Other Liabilities (including Inter-Office Adjustments)		8,13,99,000
Total Rs.		615,53,90,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		20,83,73,000
Balances with other Banks		4,19,57,000
Money at Call and Short Notice		1,80,00,000
INVESTMENTS—		
Government and other Trustee Securities	228,30,53,000	
Other Authorised Investments	8,95,96,000	
		237,26,49,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	277,94,84,000	
Bills Discounted and Purchased	17,00,49,000	
		294,99,13,000
Bills Receivable being Bills for Collection as per contra		2,65,00,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		7,14,19,000
Premises less Depreciation		1,93,30,000
Furniture and Fixtures less Depreciation		1,55,24,000
Other Assets (including Inter-Office Adjustments)		43,17,25,000
Total Rs.		615,53,90,000

State Bank of Pakistan

Statement of Affairs for the week ended 1st June, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,65,00,000
Rural Credit Fund	2,00,00,000
Deposits :—	
(a) Central Government	....
(b) Provincial Governments	16,90,09,000
(c) Banks	8,14,18,000
(d) Others	22,45,27,000
Bills Payable	97,36,63,000
Other Liabilities	25,54,000
	21,67,99,000
Rupees	176,44,61,000

ASSETS	Rs.
Notes	....
Rupee Coin	15,18,03,000
Subsidiary Coin	19,000
Bills Purchased and Discounted :—	37,000
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	30,24,30,000
Loans and Advances to Governments	4,74,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	....
Investments	54,88,37,000
Other Assets	58,06,74,000
	12,40,61,000
Rupees	176,44,61,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	15,18,03,000	
Notes in circulation	373,38,25,000	
Total Notes issued	....	388,56,28,000
Total Liabilities	....	388,56,28,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion		
Silver Bullion	25,00,44,000	
Foreign Securities	65,87,94,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin		
Government of Pakistan Securities	3,29,40,000	183,90,02,000
Internal bills of exchange and other commercial paper	245,46,80,000	
	....	
II Held with the Reserve Bank of India pending transfer to Pakistan :—		248,76,20,000
Gold Coin and Bullion		
Sterling Securities	19,02,000	
Government of India Securities	4,40,63,000	
Rupee Coin	1,00,90,000	
	29,51,000	
Total Assets	....	5,90,06,000
		388,56,28,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.90 per cent.

EXCHANGE RATES

	13th June 1962	6th June 1962
London on New York & per Dollar	2.8078-2.8081	2.8056-2.8058
New York on London Cents per £	280 780-280 820	280 560-280 600
London on Paris .. .. Fcs.	13.7565-13.7585	13.7465-13.7485
London on Berne .. Sw. Fcs.	12.1130-12.1150	12.1050-12.1070
Pound Sterling—		
Sellers T.T. D.D. Spot s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months s.	1-5 15/16	1-5 15/16
Buyers T.T. s.	1-5 1/32	1-5 1/32
Buyers D.D. s.	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. Rs.	476.75	477.00
Buyers T.T. Rs.	473.25	473.75
Canadian Dollars—		
Sellers T.T. D.D... Rs. to $100	439.50	440.00
Buyers T.T. "	432.00	432.25
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.70	102.60
Buyers T.T. "	103.70	103.60
Swiss Francs—		
Sellers T.T. D.D... "	90.40	90.30
Buyers T.T. "	91.30	91.20
Deutsche Marks—		
Sellers T.T. D.D... "	83.70	83.60
Buyers T.T. "	84.60	84.50
Italian Lire—		
Sellers T.T. D.D... "	12,980	12,970
Buyers T.T. "	13,155	13,145
Swedish Kroner—		
Sellers T.T. D.D... "	107.80	107.80
Buyers T.T. "	108.90	108.90
Belgian Francs—		
Sellers T.T. D.D... "	1,039	1,039
Buyers T.T. "	1,055	1,055
Dutch Guilders—		
Sellers T.T. D.D... "	75.40	75 20
Buyers T.T. "	76.30	76.10
Hongkong Dollars—		
Sellers T.T. D.D... "	119.90	119.90
Buyers T.T. "	120.90	120.90

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	1-6-62	25-5-62	2-6-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	51,33	51,23	49,09
(ii) From others	780,57	783,25	699 53
(b) Borrowings from banks	32,79	30,03	28,06
(c) Others	60,10	59,75	52,97
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	19,47	17,58	17,41
(ii) From others	1,201,88	1,200,00	1,087,01
(b) Borrowings from banks	13,34	13,35	15,31
(c) Others	10,53	10,02	22,71
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,982,45	1,983,24	1,766,54
4. Borrowings from Reserve Bank	4,85	4,70	29,27
(a) Against usance bills and/or promissory notes	2,55	3,73	13,06
(b) Others	2,30	97	16,21
5. Borrowings from State Bank and/or a notified Bank	18,78	17,40	12,77
6. Cash	50,15	52,15	46,77
7. Balances with Reserve Bank	80,02	85,85	78,49
8. Cash and balances with Reserve Bank	130,17	138,00	125,26
9. S as per cent of 3	6.57	6.96	7.09
10. Balance with other banks in current account	18,15	18,02	14,77
11. Money at call and short notice	56,71	55,67	43,17
12. Investments in Government securities	586,91	583,31	550,94
13. 12 as per cent of 3	29,61	29,41	31,19
14. Advances—			
(a) Loans, cash credits and overdrafts	1,220,67	1,212,05	1,094,21
(b) Due from banks	5,55	4,98	7,67
15. Inland bills purchased and discounted	166,96	170,80	142,94
16. Foreign bills purchased and discounted	45,69	44,88	45,95
17. Total Bank Credit [14 (a)+15+16]	1,433,32	1,427,72	1,283,10
18. 17 as per cent of 3	72,30	71,99	72,63

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1952-53=100)

Particulars	Weight	26th May 1962	19th May 1962	27th May 1961	March 1962	March 1961	Percentage of Increase (+) or Decrease (—) in March 1962 as compared with March 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	125.4	125.0R	117.4	119.2	117.5	+ 1.4	119.5	120.2 R
Cereals	192	104 5	104.0	100.5	102.2	100.2	+ 2.0	101.6	106.2
Pulses	43	102.4	99.1	88.4	94.1	92.8	+ 1.4	91.3	93.6
Fruits and Vegetables	23	144 9	143.5	122.4	132.9	108.4	+22.6	121.2	121.1 R
Milk and Ghee	84	130 6	130.5	112.1	118.8	115.8	+ 2.6	115.1	115.5
Edible Oils	47	152 0	151.8	160.9	153.0	163.8	— 6.6	158.2	149.6
Fish, Eggs and Meat	17	141.7	142.3	128.4	141.7	123.6	+14.6	131.0	121.5
Sugar and Gur	48	129 5	131.5	118.9	120.2	117.3	+ 2.5	120.7	128.6 R
Others	50	172.9*	172.5*	167.3	159.2	166 8	— 4.6	178.9	168.4 R
Liquor and Tobacco	21	102.1	102.4	98.9	98.8	113.4	—12.9	103.8	106.4
Tobacco	..	94.7	99.1	90.3	103.8	118.0	—13.0	100.6	104.8
Fuel, Power, Light and Lubricants	30	122 3	122.3R	121.6	123.1	121.9	+ 1.0	121.8	118.9 R
Industrial Raw Materials	155	134 7	134 3	132.2	136.2	139.1	— 1.4	147.7	138.2
Fibres	61	125 8	124.9	124.4	125.5	176.9	—27.4	150.0	139.3
Oilseeds	60	149.9	149.4	157 0	149.3	159.7	— 6.5	157.8	144.9
Minerals	2	93 8*	93.8*	95.0*	94.5	95.2	+ 0.7	95.1	97.5
Others	32	126.1*	126.5	127 4	129.1	128.3	+ 0.6	127.9	129.0
Manufactures	290	127.9	127 2	126 9	128.4	129.7	— 2.5	127 6	126.8
Intermediate Products	41	136.3	137.4	137 1	135 5	137 3	— 1.3	138.4	127.1
Finished Products	249	126.2	125 5	125 2	124 9	124 0	+ 0.7	125.5	118.8
Textiles	147	125 6	124.6	129 1	125.2	134 0	— 6.6	127.7	121.2
Cotton	..	128.8*	128.8*	127 6	128.2	126.8	+ 1.1	127.5	127.5
Jute	..	116 1	112.2	135 6	117.4	161.8	—27.4	133.9	115.2
Woollen	..	127 5*	127.5*	122.7	125.4	110.1	+13.9	119.0	107.8
Silk and RaYon	..	129.3*	129.0*	114.9*	126.5	117.1	+ 8.0	116.4	102.6
Metal Products	12	158.2	158 2	151 4	152 0	151.2	+ 0.5	147.1	147.6
Chemicals	20	112.6	112 6	108 7	112.6	105.1	+ 7.1	108.7	104.7
Oil Cakes	10	154 1	152.0R	142 0	149.0	145.4	+ 2.5	146.3	140 2
Machinery and Transport Equipment	31	117.5	117.5	112.8	116 3	112.6	+ 3 3	113.6	107
Others	30	125.1	124 9	119 0	122 1	118.6	+ 3 0	120.2	116.0
All Commodities	1 000	127.0	126 5	125.3	123.6	127.5	— 3.1	125.8	122.9 R

Note :— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.
R—Revised. * Estimated.

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 2nd June 1962	26th May 1962	5th May 1962	3rd June 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.6	100.8	100.8	101 0
2. Government of India	100 5	100 5	100.5	101 0
3. State Governments	102 0	102.0	102.0	102 0
4. Municipal, Port Trust, etc.	99.1	99.1	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	100.0	100.2	101.0	101 0
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.1	82.3	82.8	84.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	193.1	194.9	198.1	182.1
8. *Agriculture and Allied Activities : Total*	6	6	6	6
9. Tea Plantations	163.5	168.2	168 9	173 1
10. Coffee Plantations	155 2	157.1	158 1	167 7
11. Rubber Plantations	157.8	159.3	159 3	176 4
12. *Mining and Quarrying : Total*	170.0	169.8	169 6	174 2
13. Coal	166 6	166.6	164 5	167 4
14. Other Mining	134 3	135.1	127 8	131 7
15. *Processing and Manufacturing : Total*	188.7	191.8	189.7	191.9
16. *Processing and Mfg. (Food, stuffs, Textiles, etc.): Total*	211 0	213.1	213 5	198 9
17. Sugar	218.2	221.8	224 5	200.4
18. Cotton Textiles	139 9	141.0	143 8	164 4
19. Jute Textiles	199 5	194 7	196 7	166 9
20. Silk and Woollen	108.1	106.1	106.3	88 9
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total*	1,260.6	1288.3	1320.9	1205.7
22. Iron and Steel	212 2	218 3	212.7	210.3
23. Transport Equipment	165 5	168 0	164 2	177 6
24. Electrical Machinery	396 1	408 1	408 0	424 9
25. Machinery other than Transport and Electrical	183.9	188.7	179.8	163.7
26. Basic Industrial Chemicals	252.1	253 0	250 4	219.0
27. *Processing and Mfg. (Others): Total*	201.8	208.5	207.1	218.9
28. Cement	181 7	182 4	181 7	181.1
29. Paper	168 6	169 1	169 6	143 8
30. *Other Industries : Total*	234 8	235 9	231 4	216 0
31. Electricity Generation and Supply	116 5	118.7	116 3	119 6
32. Trading	86.4	86.5	86 6	81.4
33. Shipping and Other Transport	131 1	130 8	132 8	131.5
34. Construction	98 0	97 6	98 7	100 9
35. *Financial : Total*	324 7	325 7	326 9	264 4
36. Banks	213 4	215.5	217 6	193 7
37. Insurance	238 6	240 8	245 0	216 3
38. Investment Trusts	172 0	173 2	167 5	153.0
	90.6	93.3	94.0	91.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	202 7	203.1	201 4	190.5
40. Calcutta	180 7	181.0	178 3	147.0
41. Madras	198 3	200.4	201 3	192 8
42. Delhi	250.9	255.0	253 4	247 1

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P=Provisional.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	February 1962	February 1961	April to Feb., (eleven months) 1961-62	April to Feb., (eleven months) 1960-61
Exports	46,96	51,20	605.00	576.19
Re-exports	76	34	4,63	9.47
Total Exports	47,72	51,63	609.63	585.66
Imports	70,43	82,18	886,32	1,023.69
Overall Balance of Trade	—22,71	—30,55	—276,69	—438,03
Exports—				
Tea	6,44	7,56	115,27	116,80
Jute yarns and manufactures	10,66	12,73	134,72	132,02
Cotton yarns and manufactures	4,60	5,38	49,50	58,82
Metallic ores and metal scrap	2,82	3,35	33,64	35,22
Cotton, raw and waste	1,56	1,45	18,20	9,83
Oils—vegetable, mineral and animal	1,25	46	9 41	13.04
Fruits and vegetables	1,74	2,52	23.35	23.36
Tobacco	61	86	10.09	11.28
Mica	67	86	8.64	9 29
Wool and other animal hair	43	53	8,68	6.97
Gums, resins and lac	50	82	6.00	8.08
Spices	1,80	1,90	15,59	14.83
Hides and skins, raw	1,23	1,19	7,85	9.13
Imports—				
Machinery	21,01	22,05	206.36	237.69
Iron and Steel	7,68	8,79	90,19	113.44
Oils—vegetable, mineral and animal	4,01	2,38	70,13	70,12
Chemicals, drugs and medicines	6,38	6,36	81,32	86,05
Electrical goods and apparatus	3,84	5,03	57,68	51,91
Vehicles (excluding aircraft, ships and boats)	3,68	4,06	37,45	53,31
Cotton, raw and waste	5,48	7,66	58,46	76,53
Fruits and vegetables	80	1,40	12,08	17.17
Paper, pasteboard, etc.	1,37	1,00	13,87	11.35
Dyes and colours	1,12	99	13.43	12.10
Spices	13	8	1,53	1.72
Woollen and worsted fabrics	1	..	15	18
Cotton fabrics	2	4	37	64
Rice	67	81	9,11	20.89
Wheat and spelt	1,44	9,01	39,73	134,50

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3 50	6
Austria	17th Mar., 1960	4 50	5
Belgium	22nd Mar., 1962	4.25	4
Bolivia	30th Sept., 1950	5	6
Burma	Feb., 1948	3	3
Canada †		3.44	3.49
Ceylon	13th Aug., 1960	3 50	4
Chile	Feb., 1957	4 50	6
Denmark	23rd May, 1961	5.5	6.5
Ecuador	8th May, 1948	7	10
Egypt	15th Nov., 1962	3 50	3
El Salvador	June, 1961	5.5	6
Finland	Mar., 1959	6.50	6 75
France	6th Oct., 1960	4	3 50
Greece	May, 1956	9	10
India	16th May, 1957	3.50	4
Indonesia	1st April, 1946	4	3
Ireland	2nd Mar., 1962	5.56	5.34
Italy	7th June, 1958	4	3.50
Japan	29th Sept., 1961	6.90	7.30
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4 50
Netherlands	25th April 1962	3.50	4
New Zealand	24th Mar., 1961	5	6
Norway	14th Feb., 1956	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	8	6
Portugal	12th Jan., 1944	..	2
South Africa	13th June 1962	4.50	4
Spain	June 1961	4.6	4
Sweden	6th April, 1962	5	4.50
Switzerland	26th Feb., 1959	2.50	3.45
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	20th April 1962	5	4.50
U.S.S.R.	1st July, 1936	3	4
U.S.A.	12th Aug., 1960	3.50	3
West Germany	5th May, 1961	3.50	3

† Bank Rate in Canada fluctuates in tune with Treasury Bill Rate. The latest available rate is shown here, as compared with that for the preceding week.

YIELDS ON INDUSTRIAL SECURITIES—ALL-INDIA

(Per cent. per annum, tax-free)

Average of months/month	1961-62	1960-61	April 1962	April 1961
Central Government Securities :				
(a) 3% conversion loan 1996 or later†	2.91	2.85	2.96	2.85
(b) Others†	2.71	2.68	2.78	2.67
Debentures	4.15	4.11	4.17	4.15
Preference Shares	5.64	5.32	5.77	5.40
Variable Dividend Industrial Securities	4.68	4.88	4.70	4.65
Agriculture and Allied Activities‡	5.74	5.80	6.02	5.66
(a) Tea Plantations	5 94	6.01	6.16	6 00
(b) Coffee Plantations	4.74	5.12	5.73	3.70
(c) Rubber Plantations	6.56	6.33	7.07	6.16
Mining and Quarrying	5.15	5.31	5.37	4.60
(a) Coal	4.13	4.56	4.41	3.63
(b) Other Mining	5.85	5.82	6.03	5.27
Processing and Manufacturing	4.27	4.35	4.31	4.20
Foodstuffs, Textiles, etc.‡ ††	4 22	4.26	4 29	4.09
(a) Sugar	5 62	5.80	6.13	5 08
(b) Cotton Textiles	3.72	3 47	3.99	3 56
(c) Jute Textiles	5 54	6.15	4 70	5 63
(d) Silk and Woollen	2.92	3.17	2.84	3.05
Metals and Chemicals‡	4 22	4 18	4 39	4 08
(a) Iron and Steel	4 69	4 25	4 98	4 40
(b) Transport Equipment	3 77	3 38	4 25	3 48
(c) Electrical Machinery	4 46	4 03	4 16	4 49
(d) Other Machinery	3 46	4 07	3 31	3 47
(e) Basic Ind. Chemicals	3.64	3 59	4.64	3.53
Others	4 52	4 90	4 22	4 72
(a) Cement	4 77	5 21	4 48	4 95
(b) Paper	4.54	4.76	3.91	4.76
Other Industries	5.28	6.05	5.16	5.53
(a) Electricity Generation and Supply	5 42	6 28	5 50	5 69
(b) Trading	6.74	8.38	6.54	7.07
(c) Shipping and Other Transport	4 40	5.17	4 11	4.74
(d) Construction	3.98	4.49	3.54	4.33
Financial	5 84	6 31	5 56	6 15
(a) Banks	5 42	5 93	5 19	5 75
(b) Insurance	7 07	7 56	6 73	7 24
(c) Investment Trusts	6.72	6.85	6.19	7.13

† Running Yield. Average of four loans (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979.
‡ Including 'Miscellaneous'. †† Including Edible and Vegetable Oils.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores or rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1962					
20th March	2.00	2.50	2.00	2.610	99.345
21st to 24th Mar.*	0.05	—	0.05	—	99.306
27th March	2.00	2.00	2.00	2.640	99.340
28th to 31st Mar.*	0.02	—	0.02	—	99.356
3rd April	2.00	2.00	2.00	2.640	99.340
4th to 7th April*	0.01	—	0.01	—	99.356
10th April	2.00	2.07	2.00	2.640	99.340
11th to 14th April*	0.10	—	0.10	—	99.356
18th April	2.00	2.00	2.000	2.620	99.345
17th to 21st April*	0.57	—	0.57	—	99.301
24th April	2.00	2.00	2.00	2.580	99.355
25th to 28th April*	0.35	—	0.35	—	99.371
30th April	2.00	2.00	2.00	2.580	99.355
1st to 5th May*	0.15	—	0.15	—	99.371
8th May	2.00	2.00	2.00	2.580	99.355
9th to 12th May*	0.17	—	0.17	—	99.371
15th May	2.00	2.00	2.00	2.590	99.350
15th to 19th May*	0.15	—	0.15	—	99.371
22nd May	2.00	2.00	2.00	2.500	99.350
23rd to 26th May*	0.11	—	0.11	—	99.371
29th May	2.00	2.00	2.00	2.540	99.365
30th May to 2nd June*	4.00	—	4.00	—	99.381
5th June	2.00	4.00	2.00	2.500	99.375
6th to 9th June*	1.30	—	1.30	—	99.391
12th June	2.00	3.25	2.00	2.510	99.370
Total amount outstanding	34 27		34 27		

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad	Sholapur†	Kanpur	Nagpur	Calcutta§	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore
1959 Average	116	805	110	813	98	120	887	124	113	105	103	123	109	131
1959 "	120	412	125	840	98	132	887	133	120	106	98	125	108	140
1960 "	124	420	120	857	98	136	898	143	120	107	103	120	109	146
Dec. 1960	124	419	120	869	100	134	887	151	121	110	102	121	108	148
January 1961	123	419	119	858	100	131	887	146	122	111	103	120	109	148
February "	123	420	119	862	100	130	892	147	123	111	103	119	109	148
March "	124	422	119	849	101	132	895	148	124	111	104	121	109	149
April "	124	428	119	849	99	130	892	149	125	111	104	120	109	150
May "	124	431	119	845	97	130	892	148	126	112	104	120	110	149
June "	125	435	122	840	99	132	892	148	127	112	104	121	110	150
July "	127	433	122	840	99	132	896	148	130	113	106	122	110	151
August "	128	438	122	857	101	132	896	149	130	115	107	124	111	151
Sept. "	128	436	122	859	103	133	416	148	128	114	108	124	112	151
Oct. "	128	436	122	855	103	132	416	148	128	114	108	124	112	151
Nov. "	128P	434	122	854	104	133	418	149	127	113	110	128	114	151
Dec. "	128P	434	122	841	106	132	421	149	129	115	109	129	115	151
January 1962	128P	435	122	856	104	131	418	149	130	115	108	129	116	151
February "	127P	434	119P	302	105	131	402	149	129	115P	109	127	117	152
March "	127P	430	121	..	105	..	..	149	129	113	109	127	..	152

*June 1934=100. †Jan. 1928=100. §1939=100. P=Provisional.

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1957-58	8,856	1,310	811	148	67	31

MAHARASHTRA'S FINANCES BUOYANT

(*Concluded from page 1064*)

spirit, from 1 nP to 3 nP per litre of vaporising oil, from 2 nP to 5 nP per litre of high speed diesel oil and from 9 nP to 11 nP of ordinary petrol) in the motor spirit taxation rates alone are expected to yield Rs. 89 lakhs in the rest of the budget year while the increase (by Rs. 12 per seat in excess of four seats in the motor vehicles (stage carriages) tax will bring in Rs. 16 lakhs. But a saving feature of these additional tax proposals is that as much as Rs. 61 lakhs out of their aggregate yield of Rs. 105 lakhs (Rs. 89 lakhs *plus* Rs. 16 lakhs) will get transferred to the State Road Fund. No such saving merit, however, is found in the new proposal for a tax on carriage of goods by road. This tax, which will be based on the freight actually charged by public carriers (lorries), can be levied at a rate upto 5 per cent, although the rate proposed for the present is only 3 per cent. Even at the rate of 3 per cent the tax is expected to yield Rs. 60 lakhs in the rest of the budget year. This is bound to operate as an onerous levy, on top of the usual taxes on motor spirit and motor vehicles, on lorry transport which has the potentiality to ease the transport situation. The Maharashtra Finance Minister has sought to justify it on the ground that the Railways have recently increased their goods tariffs by 10 per cent on the average and that the erstwhile balance between the Railway tariff and the road transport rates can thereby be restored. The State Government's concern with the balance between the freight rates charged by railways and lorries is difficult to understand. It is the State Government's responsibility to encourage and develop road transport. Such encouragement is doubly more necessary at the present time when road transport is being called upon to supplement, on a bigger scale, the effort of the railways. Second thoughts should, therefore, be brought to bear on the new tax proposals which have the effect of increasing the already heavy incidence of taxes on road transport.

The other tax proposals are far less controversial, and no serious objection can, therefore, be taken to them. For instance, the increases in sales tax on items like foam rubber articles, vacuum flasks, certain classes of confectionery, tinned provisions, toilet articles, ladies' handbags, suit cases, domestic electrical appliances, perfumes and cosmetics, articles of ivory, sandalwood and marble are certainly equitable, for these are articles which could be regarded as near-luxuries. The slight increases proposed in the rates of tax applicable to raw cotton, cotton yarn, paints and varnishes, lacquers, floor tiles and Mangalore tiles are also not likely to have any appreciable impact on the sale prices of the final products. As most of the daily necessaries of life like cereals and pulses, salt, bread, chillies, fresh vegetables and fruit, firewood and charcoal continue to be exempted from sales tax, the pattern of this tax is agreeably becoming one of adjustment to the capacity of the individual to pay. Being the mainstay of the taxation structure in the State, the sales tax has also necessarily to meet a part of the requirement for additional resources. It is, therefore, good to see that the proposed measures in this field will bring in Rs. 127 lakhs during the current year.

The proposed flat surcharge of 10 per cent on the amount of stamp duty payable at the present rates on certain important classes of documents does not seem to be excessive, for it is expected to yield only Rs. 30 lakhs in the current year. The increases proposed in the entertainment duty rates pertaining to racecourse and cinema tickets will bring in Rs. 57 lakhs. The readjustments proposed in the electricity tariff so as to increase the present concessional rates charged for the use of power other than for lights and fans in residential and commercial premises will make for a more rational structure of electricity duties. As the existing concessional rates applicable to essential uses of power in industry and agriculture will continue substantially unchanged, the proposed readjustments, which will bring in Rs. 42 lakhs, may be accepted without difficulty.

As for the proposed education cess which is expected to get Rs. 1 crore from the rural areas and an equal amount from the urban areas, it has every justification in the context of the general upsurge of interest in education and the rather slow increase in educational facilities. If anything, it can be made to yield doubly more in the rural areas where the incidence of land revenue is relatively low in the present state of agricultural prices. As irrigated lands constitute a relatively smaller proportion of cultivated area in Maharashtra than in several other States and as even foodgrains fetch better money returns now, the education cess can be usefully applied to all lands instead of being limited, as now proposed, principally to irrigated lands growing cash crops. Only the rate of cess may then have to be less than in the case of irrigated lands growing cash crops. It would be eminently reasonable to raise at least Rs. 2 crores from agricultural lands through the education cess, thereby making up, partly at least, for the present low, and virtually static, yield of land revenue. That, incidentally, would also enable the withdrawal of the additional tax proposals pertaining to road transport.

MARKET GOSSIP

(*Concluded from page 1059*)

production will be achieved. In terms of economic effect, this means that wage increases, as they are now effected by collective bargaining, would indirectly benefit the individual company and the economy as a whole, as they do not involve any price increases. The investive wage has been suggested by the ruling party, namely, the Christian Democratic Party, and the workers led by this organisation are reported to be in favour of this social innovation. The proposal is as yet in a nebulous stage. The Federal Economics Minister, Dr. Ludwig Erhard, and the Minister for Labour, Prof. Theodor Blank, are said to be studying the scheme. They are expected to submit suitable proposals to Parliament for legislation.

Critics of investive wage, among whom there are both employers and trade union leaders, however, point out that investive wage scheme has many disadvantages. They are: (1) it is a statutory form of compulsory savings which curtails the freedom of the individuals; (2) it involves compulsory grant by employers year after year of ever greater powers to workers in the affairs of the Company, if the objective of co-ownership or participation is to be achieved; (3) employees will lose their freedom to dispose of their wages as they want; and (4) there is also the risk of the employees losing their savings in case of the failure of the Company against which they cannot protect themselves as effectively as the entrepreneur, for the decision on the form of investment of savings would not be left to the workers.

It cannot be said at present whether the proposal will find its way to the statute book. But it is certain that public discussion and debates about its merits and demerits will continue for some time. Independent observers, who have been watching the trends in W. German social and economic thinking, feel that the proposal fits into the pattern of the new economic and political concept of the Bonn Government, which has, of late, endeavoured hard to fight both the emergence of an excessive boom and the exaggerated demands of employers and workers alike. Its object in doing so was to follow a neutral course that would be beneficial to the entire nation.

PLANTING

(*Concluded from page 1076*)

to be of vital importance to the industry, and it is clear that its economy will, in years to come, depend more and more on this market's development."

The conveyance of the 1961 crop to Calcutta was effected without any major hitch. Nearly 575,000 more chests were brought to Calcutta. The public warehouse accommodation in the Port was increased from 550,000 chests to 620,000 chests and private warehouse capacity from 450,000 chests to 500,000 chests. Owing to this additional space and also due to the fact that there was no delay in deliveries, there was no congestion at the Port at any time. Movement of teas through the Port was smooth. If the third Plan production target of 408 million kg. were to be hit successfully, nearly 900,000 chests would need to be brought to Calcutta from the tea districts of North India in 1965 over and above the 5.0 million chests transported in 1961. Pointing to this aspect, Messrs. Thomas and Company say:

"It is hoped that the authorities will not allow this important aspect to be overlooked and that steps will be taken to ensure that the existing transport facilities are extended to keep pace with the expanding needs of the industry. It may be mentioned, in this context, that the new bridge at Pandu over the Brahmaputra river will prove to be a great boon to the industry when it is completed by speeding up the carriage of tea to Calcutta."

Notice

SELECTED SATGRAM COLLIERIES LIMITED

NOTICE IS HEREBY GIVEN THAT THE Seventeenth Annual General Meeting of the Shareholders of the Selected Satgram Collieries Limited will be held on Friday, the 29th June, 1962, at 4 p.m., at its registered office, F-2 Gillander House, 8, Netaji Subhas Road, Calcutta-1, to transact the following business:—

1. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account and Balance Sheet for the year ended 31st December, 1961.
2. To declare dividends.
3. To elect a Director in place of Shri D. N. Mehta, who retires by rotation and is eligible for re-election.
4. To elect a Director in place of Shri C. M. Dave, who retires by rotation and is eligible for re-election.
5. To appoint Auditors for the current year and to fix their remuneration.

To consider, and if thought fit, to pass the following resolutions, with or without modification, as Ordinary and Special Resolutions—

ORDINARY RESOLUTION

6. "RESOLVED that Shri Mathuradas M. Parekh whose term of office expires in pursuance of Section 260 of the Companies Act, 1956, be and he is hereby appointed a Director of the Company."
7. "RESOLVED that Shri Baidyanath Banerjee whose term of office expires in pursuance of Section 260 of the Companies Act, 1956 be and he is hereby appointed a Director of the Company."
8. "RESOLVED that the registers, indexes, returns, books, certificates and documents of the Company required to be maintained and kept open for inspection under the provisions of the Companies Act, 1956, and particularly under Sections 49, 118, 136, 143, 144, 150, 151, 152, 163, 193, 196, 301-304, 307, 356-360, 362, 370, 372 and Schedule VIII to the Act be kept open for such inspection by the persons entitled thereto to the extent, in the manner and on payment of fees, if any, specified in the aforesaid provisions, at the Registered Office of the Company between the hours of 10 a.m. to 1 p.m. on any working day except when the said Registers and Books are closed or the said documents are not available for inspection under the provisions of the Companies Act, 1956 or of the Articles of Association of the Company, provided however that the register required to be maintained under Section 307 of the Act shall be open for inspection of the persons entitled thereto on the days and at the times mentioned above during the period prescribed by sub-section 5(*a*) of Section 307."

SPECIAL RESOLUTION

9. "RESOLVED that the Company be and is hereby authorised to increase the monthly office rent of Rs. 200 to Rs. 1,500 and that the said sum of Rs. 1,500 per month be paid from the 1st January 1962 to the Managing Agents of the Company by way of reimbursement for the office accommodation provided by them to the Company at Calcutta."
10. "RESOLVED that the Company hereby approves and confirms the arrangement being made by the Company with its Managing Agents for the purpose of its business to use and occupy the office premises rented by the Managing Agents at Nagpur and in consideration of such use and occupation pay half of the unapportioned expenses to the Managing Agents, Messrs. S. D. Shethia & Co., Private Ltd. from the 1st January 1962."

The Transfer Books of the Company will be closed from Thursday, the 14th June, 1962 to Friday, the 29th June, 1962, both days inclusive.

By Order of the Board,
For and on behalf of
SELECTED SATGRAM COLLIERIES LIMITED,
For S. D. SHETHIA & Co. PRIVATE LTD.,
M. D. SHETHIA,
Managing Director,
Managing Agents.

CALCUTTA:
25th May, 1962.

Notes:—(*a*) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

(*b*) The Dividend, when declared, will be made payable at the Bank of Baroda Ltd. or said after 16th July, 1962 to those shareholders whose names stand on the Register on the 13th June, 1962.

(*c*) Explanatory statement pursuant to Section 173 of the Companies Act, 1956 has been forwarded to the shareholders of the Company together with this notice.

COMMERCE

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

VOL. CIV. No. 2671 BOMBAY, 23rd JUNE 1962 PRICE Rs. 2

INDIA AND EUROPEAN COMMON MARKET

THERE seems to be an impression in some quarters that the Government of India has been complacent about the need for safeguarding India's interests against the adverse effects of Britain's entry into the European Common Market. Another impression is that there is complete agreement of minds between India and Britain on what the latter should and could do to protect the trade of the former once it becomes a member of the Common Market. Neither of these impressions is substantially correct. It is true that the Government of India did not bother very much to study the implications of the Common Market when it was first formed. But that was understandable, for (*a*) India's exports to the six Common Market countries were not appreciable, (*b*) no new handicaps were involved, and (*c*) the promoters of the customs union had reiterated on more than one occasion that they would not do anything that was contrary to their obligations under the G.A.T.T. Once Britain decided to throw in its lot with the Common Market, the Government began to make serious attempts to study the implications to India's export trade and very soon appointed a special officer of high calibre, with the status of an ambassador, to keep a close watch over the developments, to advise the Government and to represent India in the countries concerned. The Government's only fault was that it did not take appropriate steps to educate public opinion in this country about the significance of what was happening in Europe.

Some say that the Government of India should have represented its case directly to the six members of the Common Market, both collectively and individually, instead of solely depending upon the U.K. Government for protecting this country's interest. This argument, evidently based on hindsight, is also not wholly tenable. Apart from the fact that India's Ambassador to the European Economic Community has been functioning at Brussels for six months, as against the seven months during which Britain has been actively negotiating with the Common Market countries, the British Government has repeatedly stated in no unmistakable terms that it would do everything possible to safeguard the interests of Commonwealth members and that, if a choice had to be made between Commonwealth and Common Market, it would certainly stick to the former. Further, till very recently, none knew the extent to which Britain was prepared to go in order to be a member of the Common Market. It is only in the course of the last three weeks or so that this country got an idea in this respect. The British proposals to the Common Market, outlining the handicaps it will impose on the exports of this sub-continent (including Ceylon) to the British market as part of the price for Common Market membership, came to light only early this month. And they were promptly and lucidly opposed by Mr. K. B. Lall, the Indian representative in Europe. It was highly improper for the British Government to have made those proposals to the Common Market without prior consultation with the Government of India.

The actions and observations of British Ministers during the past one month or so clearly suggest that there is considerable difference between the British proposals and India's minimum needs and that it is no use depending on Britain alone for safeguarding India's interests. Britain is no longer keen on preserving the advantages gained by India, Pakistan and Ceylon under the system of Commonwealth preferences. It would surely not mind effecting some compromises on them, if that would please the Common Market countries. Apparently, Britain is more anxious to join the Common Market than its earlier statements led one to believe. It is not suggested that there are no redeeming features at all in the British Government's suggestions for protecting India's interests. Only, they do not go far enough. While exports of tea and certain other agricultural commodities may not suffer under the British Plan, such simple manufactured goods as cotton textiles, jute goods, and light engineering products will be faced with sizable tariffs in the British market the moment that country becomes a member of the E.C.M. What is more, these tariffs will grow with the passage of time, as Britain will have to adopt the uniform external tariffs prescribed by the E.C.M. It would appear from the statement of Mr. Morarji Desai in the Lok Sabha on Thursday this week that his talks with Mr. Duncan Sandys, the British Minister for Commonwealth Relations, have not been quite fruitful and that India will have to strive hard through direct talks with all the members of the E.C.M., as well as Britain, to get the proposed handicaps out of its way or substantially reduced. It is a good thing, therefore, that Mr. Morarji Desai himself is proceeding to Western Europe on 1st July to discuss the question with all the Governments concerned.

The comprehensive memorandum, which the Government of India has already submitted to every one of the six members of the E.C.M. and a copy of which was presented to the Lok Sabha last week, is a well-reasoned document, setting out India's case. It is a plea for fair play and justice and not a protest. The Government has persuasively argued the need for India earning more foreign exchange through exports, brought out the crucial importance of British and Continental markets to Indian goods, and emphasised the point that its suggestions are quite in keeping with the spirit and letter of G.A.T.T. It has tried to disabuse the misgiving sedulously sought to be created by the British textile interests that imports of Indian industrial products would lead to a disruption of domestic markets and cause unemployment in the European countries. In any case, it has given the assurance that, "if any difficulties of a serious nature were to arise," it "would be prepared to co-operate with the countries concerned in evolving suitable arrangements to deal with them." In fine, anyone who studies that memorandum dispassionately will find that the Government is fully aware of the implications of the momentous move for integration in Western Europe, and can be depended upon to protect the country's interests to the extent humanly possible. The Government of India has made it clear beyond doubt that it is not opposed to Britain joining the Common Market even though it involves the risk of weakening the Commonwealth ties. It has not raised any political issues or looked at the development from the political angle as is done by the U.S. and certain others. It is concerned with only the economic damages which this country will suffer, or, in other words, with bread and butter.

As a result of Britain's move to join the Common Market, "India is confronted," to quote from the Government's memorandum to the E.C.M. countries, "with the prospect of a high tariff wall against almost the whole range of its products in the market of its major trading partner." Such a situation did not arise when the E.C.M. was first brought into existence, because the trading problems of a considerable number of countries in varying constitutional relationships with the member-States of the Community were solved without damage to the interests of the countries concerned and without a tariff being imposed on trade which had not been subject to tariff before. It would not have cropped up now, if similar treatment had been extended to the Commonwealth countries as a whole. But the "Six" are not prepared to do so, under the specious argument that their ultimate aim is a political union of European countries that would stand as a bulwark against Communism. India has no objection to their desire to remain as an exclusive European club and does not in any case wish to get involved in the cold-war politics. It only wants to make sure that its efforts to achieve viability on the external account are not undermined by Britain's entry into the Common Market. The safeguards that India seeks are not extravagant; they are nothing more than those that are provided for in paragraphs 4, 5 and 9 of Article XXIV of G.A.T.T. If the European countries are far-sighted enough to realise that India, too, is aiming at preserving democracy as is understood and practised by them, it will not be difficult for them to appreciate, as well as concede, this country's quite reasonable stand.

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DISARMAMENT AND DEVELOPING COUNTRIES

LET us assume, for the nonce, that the Great Powers who are members of the 18-nation Disarmament Committee will ultimately summon the wisdom to agree, in terms of the U.N. General Assembly Resolution of 1959, on "measures leading towards the goal of general and complete disarmament under effective international control." What a tremendous psychological change will then come over the world scene! The change will be no other than a sense of relief to mankind which has been subjected to a threat of mass destruction. And the new consciousness that the resources which have made this threat possible will be switched over to the tasks of social and economic progress will add further to that sense of relief. One has only to recall here the generally accepted estimate that the world is spending roughly 120 billion U.S. dollars annually on military account at the present time and maintaining 20 million persons in its armed forces. The figure of $120 billion, incidentally, is equivalent to about 8-9 per cent of the world's annual output of all goods and services and to about one-half of the total resources set aside

each year for gross capital formation throughout the world. And it is close to the value of world exports of all goods and commodities in a year and is nearly of the same order of magnitude as the entire national income of all the underdeveloped countries. Since expenditure on alternate security arrangements under the auspices of the United Nations is bound to be small in relation to current expenditure, the above figure provides an approximate measure of the volume of resources that would be liberated by disarmament for peaceful purposes, such as for raising standards of personal consumption, expanding or modernising productive capacity through investment in new plant and equipment, promoting housing construction, urban renewal and rural development, and improving and expanding facilities for education, health, welfare, social security, cultural development and scientific research.

Such a picture of freed resources in global terms conceals, however, the fact of wide disparity between advanced countries and underdeveloped countries. As nearly 85 per cent of the world's aggregate annual military outlay ($120 billion) is accounted for by Canada, West Germany, France, Communist China, Russia, Britain and the United States, the great bulk of the resources released by disarmament would be concentrated in these seven countries. The total military expenditure in all the underdeveloped countries, on the other hand, amounts to hardly a tenth of that of the industrial countries in the free world. The resources that would be released by disarmament in the underdeveloped countries would thus be relatively small. But a substantial part of these freed resources would be represented by scarce foreign exchange, for these underdeveloped countries now rely mostly upon imports for their supplies of military goods and equipment. If, besides this saving in foreign exchange, larger aid in the form of both capital equipment and technical assistance were also available to the underdeveloped countries from the industrially advanced ones, the resources freed by disarmament would accelerate economic development in the poorer parts of the world.

It is in this context that the chapter devoted to "the effects of disarmament on the volume and framework of aid for economic development" in the U.N. Consultative Group's *Report on the Economic and Social Consequences of Disarmament* acquires particular significance. That an acceleration of the rate of growth of underdeveloped countries can be brought about by the resources released by disarmament is, of course, clear. But the question is whether these countries would be able to absorb a considerably larger flow of productive investment. In the considered opinion of the Group, they can, provided the necessary national development programmes and social and institutional reforms are effectively realised. The consequent effect upon the rate of growth is illustrated by the Group through a hypothetical example. It is assumed here that the underdeveloped countries would be devoting half of their own resources liberated by disarmament to investment in productive capacity and that, at the same time, the rate of total capital flow from the more advanced countries (both private enterprise and centrally planned) would rise to around $15 billion annually, or somewhat more than one per cent of their aggregate national product. This, according to the Group, is a modest increase, in view of the 8 or 9 per cent they (the advanced countries) now devote to military purposes. Under these conditions, the less advanced countries might be expected to increase their annual rate of growth of national product from, say, 3 per cent to 5 per cent. This could mean a trebling of the rate of increase in *per capita* income from one per cent to 3 per cent on the assumption of an annual rate of population growth of around 2 per cent.

Even if aid on the scale visualised in the *example given above is possible, there is still* the question whether *disarmament would* release in the advanced countries adequate quantities of the particular resources required by the underdeveloped countries. The U.N. Group has answered the question as follows:

"In the longer run, productive capacities (in the advanced countries) can be adapted to any changed patterns of demand and, provided that the needs of underdeveloped countries are known in sufficient detail, no serious problems should arise in matching resources to uses. Even in the short run, however, it seems probable that a significantly large proportion of the resources absorbed for military use would indeed prove to be of a type useful for investment in underdeveloped countries. An important proportion of military expenditure absorbs the output of heavy industry and of the engineering and construction industries. The output of these industrial sectors could undoubtedly make a valuable contribution to the industrialisation of the less developed areas and to their accumulation of social capital. Transportation and communication equipment, for example, is an important component of military expenditure and is urgently required by underdeveloped countries... Disarmament would also release personnel, such as scientific research workers and engineers, who could be utilised for other purposes. In the event of disarmament, it should prove possible for the industrialised countries to provide greater technical assistance (to underdeveloped countries).... Furthermore, disarmament would free from military service in both the more advanced and the less developed countries large groups of young people. Past experience in utilising their goodwill and enthusiasm in a number of countries indicates that, when completely freed from military preoccupations, many of them could make an important contribution to economic and social development in underdeveloped areas."

The developing countries cannot, of course, take it for granted that a large part of the resources freed by disarmament in the more advanced countries would be automatically available for aid purposes. There are, it must be remembered, urgently competing claims on such freed resources in the advanced countries themselves. The United States, for instance, can absorb much or most of any resources released by disarmament in increased domestic personal consumption, in expansion of industrial capacities as a firm basis for further increases in consumption and in social investment, that is, investment in education, highways, urban renewal, water-supply and conservation, health and hospitals, and research and development. This, incidentally, gives the lie to the communist propaganda theme that "capitalist countries cannot afford to disarm, as their economies are propped up by armament industries." Such difficulties as the advanced countries are likely to have in the wake of disarmament will be inevitable in the brief period of transition, for "it takes time to turn swords into ploughshares or to make an office clerk or factory worker out of a soldier." Even so, it is claimed that the productive capacities released from military use would be immediately adaptable to the increased output of consumer durables and industrial equipment. Their adaptation to the production of houses, food, clothing or educational facilities alone may take a little more time. Be that as it may, there can be no gainsaying the serious possibility that the financial resources saved through disarmament in the advanced countries might be more or less rapidly absorbed by purely national aims. But the rich countries in the northern part of the globe cannot, in fairness, go on adding to their wealth and raising their living standards, while the poor countries in the southern part of the globe continue to suffer from abysmal ignorance and poverty. Surely, the haves among the nations have to think of the have-nots also and take appropriate measures to bridge the ever-widening gap between them. The U.N. Group has, therefore, done well to emphasise that "an appropriate proportion of these resources released by disarmament should be allocated to international aid in its various forms simultaneously with their use for domestic purposes." That the resources so channelled to the developing countries should largely take the form of grants or "soft" loans is the U.N. Group's view. This approach needs no elaborate justification in the context of the balance of payments difficulties which make matters worse for the underdeveloped countries with their heavy accumulated indebtedness. If only disarmament comes ... but, then, why count the chickens before they are hatched?

Military Expenditure in Selected Countries

Country	Military Budget Expenditure (Average 1957-59)	Military Budget Expenditure as percentage of Gross Domestic Product (Average 1957-59)	Military Budget Expenditure as percentage of Gross Domestic Fixed Capital Formation (Average 1957-59)
I. *Industrial Private Enterprise Countries:*			
Canada (million dollars)	1,533	4.6	18.4
United States (million dollars)	44,613	9.3	58.3
Japan (billion yen)	181	1.6	6.0
Austria (million schillings)	1,896	1.5	6.6
Belgium (million francs)	17,039	3.1	18.1
Denmark (million kroner)	976	2.8	15.6
Finland (billion markkaa)	21	1.7	6.6
France (million new francs)	14,713	6.2	34.7
West Germany (million Deutche mark)	8,591	3.7	16.7
Italy (billion lire)	530	3.2	14.9
Netherlands (million guilders)	1,570	4.3	17.9
Norway (million kroner)	1,004	3.4	11.6
Sweden (million kronor)	2,620	4.7	22.4
Switzerland (million francs)	974	3.0	12.7
United Kingdom (million pounds)	1,467	6.5	42.1
Australia (million pounds)	179	3.0	11.8
New Zealand (million pounds)	26	2.2	10.4
II. *Underdeveloped Private Enterprise Countries:*			
Sudan (million pounds)	4	..	12.3
Union of South Africa (million £)	20	0.8	3.8
Argentina (million pesos)	11,257	2.4	13.0
Brazil (billion cruzeiros)	40	2.8	22.4
Chile (million escudos)	82	2.6	25.6
Colombia (million pesos)	290	1.4	8.8
Costa Rica (million colones)	13	0.5	3.0
Ecuador (million sucres)	231	2.2	17.6

Country	Military Budget Expenditure (Average 1957-59)	Military Budget Expenditure as percentage of Gross Domestic Product (Average 1957-59)	Military Budget Expenditure as percentage of Gross Domestic Fixed Capital Formation (Average 1957-59)
II. *Underdeveloped Private Enterprise Countries—contd.)*			
El Salvador (million colones)	18	1.5	..
Guatemala (million quetzales)	10	1.5	10.2
Mexico (million pesos)	875	0.8	5.3
Peru (million soles)	1,175	3.3	13.2
Venezuela (million bolivares)	541	2.2	8.7
Burma (million kyats)	393	7.3	37.2
Ceylon (million rupees)	59	1.0	8.2
China (Taiwan)	..	10.8	..
India (million rupees)	2,808	2.4	..
Indonesia (million rupiah)	8,642	4.6	104.6
Israel (million pounds)	222	6.3	24.8
South Korea (billion hwan)	127	7.4	57.8
Lebanon (million pounds)	42	3.0	..
Pakistan	..	3.0	..
Philippines (million pesos)	174	1.6	19.7
Thailand (million baht)	1,465	3.2	21.5
Turkey (million lires)	1,021	2.6	18.3
Greece (million drachmas)	4,550	5.4	29.5
Portugal (million escudos)	1,800	3.1	19.5
III. *Centrally Planned Countries:*			
Bulgaria (million leva)	1,632	4.5	22.7
China, Mainland (million yuan)	5,437	4.4	27.8
Czechoslovakia (million korun)	9,014	..	28.0
East Germany (million marks)	1,650	2.5	16.8
Hungary (million forints)	2,206	1.9	10.6
Poland (million zloty)	11,872	3.7	22.1
Romania (million lei)	3,620	..	23.1
Soviet Union (million roubles)	94,100	6.9	34.4
Yugoslavia (million dinars)	177,500	9.0	27.8

RAILWAY ACCIDENTS

THE two-hour debate in the Lok Sabha this week on railway accidents was a sequel to the four recent accidents, including the rather serious one near Hubli to the Poona-Bangalore Express. It has served to highlight the major causes for the recurrence of such accidents. The first and foremost cause is, of course, the negligence of railwaymen, for the Railway Ministry's own analysis of the causes of accidents in recent years has established that disregard of rudimentary precautions by staff has been responsible for a majority of accidents. That this human factor of carelessness and inefficiency is probably in operation to a greater extent than ever before could be inferred from Mr. Frank Anthony's speech in the Lok Sabha debate. If his allegations are to be believed, the recent policy of the railway authorities to promote men according to a quota reserved for the Scheduled Castes, even though some of them "are hopelessly inexperienced and unqualified," is impairing morale and efficiency. There is also the increasing lack of a sense of responsibility among the Class IV staff. Human lapses apart, operational efficiency is impaired because loco drivers have to take out defective engines in several cases. Presumably these allegations will also be examined by the Kunzru Committee which is now inquiring into the causes of railway accidents, with a view to recommending measures for reducing their number and frequency.

This Committee, which has been invested with wide powers to go into every question relating to accidents, may also be expected to examine how far mechanical failures and track failures are responsible for them. An allegation made by Mr. Nath Pai, another member of the Lok Sabha, in this connection is that loco drivers have to run "worn-out engines on weakened tracks supported by rotting sleepers." The Railway Minister, Mr. Swaran Singh, has himself admitted that there is a heavy backlog of track renewals and sleeper replacements and that the situation pertaining to track maintenance is not what he would like it to be. It may be relevant to recall here that, in the second Plan period, only 9,959 kilometres of rails and 11,364 kilometres of sleepers were actually renewed at an aggregate cost of about Rs. 189 crores, as against the planned target of 12,875 kilometres of rail renewals and of the same distance of sleeper renewals. As on 31st March 1961, the arrears of track and rail renewals amounted to 8,470 kilometres and those of sleeper renewals to 2,165 kilometres. The exact position in respect of bridge maintenance is not quite clear. This question, which is related to track maintenance and renewals, calls for serious study, as also the condition of railway workshops which repair the locomotives. Since the Railway Minister has ruled out the need for two separate expert committees covering tracks and bridges, and workshops and locomotives, the responsibility of the Kunzru Committee to examine these aspects is all the more heavy.

MARKET GOSSIP

India Gets U.S. Sugar Quota

SOMETHING is better than nothing. India has secured, along with fourteen other countries, a permanent quota for sugar in the U.S. market for the first time under the Sugar Bill as approved by the U.S. House of Representatives on Tuesday this week. The quota fixed is no doubt very small, a bare 30,000 tons annually. But India will also get, in addition, an *ad hoc* allocation of 100,000 tons from out of the "Cuban quota" of 2.58 million tons reserved for reassignment, if there were to be a change of Government in that country. In effect, this allocation, too, may be regarded as a permanent quota, because the prospects of Cuba throwing off its Communist yoke and returning to the family of free American nations in the foreseeable future are slender. In other words, the total quantity of sugar that India can export to the U.S. every year will be 130,000 tons, which represents about 5.0 per cent of the current rate of output (white sugar only).

India has reason to feel gratified not merely at the grant of a U.S. sugar quota but also at the rejection, by the House of Representatives, of the Administration's request to eliminate the premium of about two cents per lb. (over the prevailing world prices) that the U.S. pays to overseas sugar producers. Thus, for every ton of sugar shipped to the U.S., the price realised will be approximately Rs. 543, as against Rs. 330 per ton on sugar exported to other markets. Even after obtaining such a higher price, the loss on exports to the U.S. will, of course, be quite considerable, say, about Rs. 250 per ton. It must, however, be admitted that, as against this loss, there is the vital consideration of earning the foreign exchange so urgently needed, not to speak of relief, however slight, from the pressure of heavy stocks of sugar. Taking the average price of Rs. 543 per ton, the total foreign exchange that the country will earn by selling 130,000 tons of sugar annually to the U.S. comes to more than Rs. 7.05 crores, a tidy sum, indeed, whereas the loss incurred works out to Rs. 3.25 crores. While welcoming this U.S. help to India, it is necessary to add that the present allocation is smaller than the quantity bought by it last year, when it took some 175,000 tons of sugar. Considerations of consistency alone demand that the U.S. should have allotted a total quota that would have compared favourably with that of last year.

The fourteen other countries which will also receive permanent U.S. quota are Brazil (190,000 tons), British West Indies (100,000 tons), Australia (50,000 tons), French West Indies (40,000 tons), Colombia (35,000 tons), Ecuador (30,000 tons), Guatemala, Argentina and South Africa (20,000 tons each), El Salvador, Paraguay, British Honduras, Fiji and Mauritius (10,000 tons each). Receiving a temporary share of Cuba's quota under the legislation will be, besides India, the Philippines, Peru, Dominican Republic, Mexico, Brazil and British West Indies (150,000 tons each), Australia, Taiwan, South Africa and Mauritius (100,000 tons each). The permanent and *ad hoc* quotas allotted to "friendly" foreign producers together amount to 1,985,000 tons, a quantity which represents over one-fifth of the aggregate U.S. demand for sugar put at 9.7 million tons a year. The balance of 7,715,000 tons is distributed among the domestic sugar producers, Hawaii, Puerto Rico, Virgin Islands, the Philippines, and other foreign suppliers.

Punjab Financial Corporation

A rather piquant situation had developed at the ninth annual meeting of the Punjab Financial Corporation held at Chandigarh on Thursday the 14th inst. The meeting was marked by a scathing attack on the working results of the Corporation by the 152 private shareholders together owning more than three per cent of the total issued capital of Rs. 100 lakhs. The Corporation's standing in the capital market, it was alleged, was very low, as was evidenced by the "little" market value of shares and the inability of shareholders to sell their holdings, for want of buyers. Protesting against the management's "inaction" in dealing with their requests for help in disposing of the shares, the shareholders were reported to have demanded that the State Government should immediately buy the shares from them.

The reaction of the Government to this demand is not known. It is true that the Punjab Financial Corporation Act 1951 contains a clear provision (sub-section 1 of Section 6) under which both the repayment of principal and the payment of an annual minimum dividend at 3 per cent are guaranteed by the State Government. But the guarantee of repayment of capital arises, we presume, only when the Corporation goes into liquidation and not whenever any shareholder or shareholders want to sell off their holdings. Whatever be the provocation for the "private" shareholders to demand repayment, the affairs of the Corporation are not so bad as has been alleged. On the contrary, there has of late been a distinct improvement in working results. The net profit of the Corporation for the year ended 31st March 1962 is higher at Rs. 6.60 lakhs, as against Rs. 5.30 lakhs in 1960-61 and Rs. 4.12 lakhs in 1959-60. The level of profit is much higher than what is needed to pay the minimum dividend of 3 per cent, namely, Rs. 3 lakhs. In view of the improvement in profits, the subvention from the State Government has been reduced further; the actual subvention received in respect of 1960-61 was just Rs. 53,876. Profits may be expected to increase further in the current and ensuing years, now that the Corporation has been given additional borrowing powers and its jurisdiction will soon be extended to Himachal Pradesh. The loans disbursed by the Corporation have gone up in recent years, from Rs. 22 lakhs in 1956-57 to Rs. 57 lakhs in 1960-61 and the figure for 1961-62 must have been higher still. The aggregate assets of the Corporation as on 31st March 1961 stood at Rs. 247 lakhs, as against Rs. 171 lakhs a year before and Rs. 39 lakhs at the end of March 1956.

Born in 1812, Still Going Strong!

Born in 1812, and still going strong! This is the story of one of the world's biggest banks, the First National City Bank, which has played, in its 150 years completed on the 16th of this month, the role of a dynamic leading banker the world over. Believing as it does in the maxim that time without change produces only age, the Bank has grown young with the years.

Founded as the City Bank of New York by a group of public-spirited businessmen in a modest, colonial building at 52, Wall Street, on 16th June 1812, that is, just two days before the war broke out with England, the Bank helped fill the void created by the closure of Alexander Hamilton's First Bank of the United States. From financing the war of 1812 to branching itself out into 30 countries overseas, the Bank has lived through 13 major depressions and six more wars, including the Great Depression and the two World Wars. The first entry painstakingly entered by hand in the Bank's bulky ledger was a deposit of $100. From a mere $500,000 in the early days, the deposits have now climbed to more than eight billion dollars. The Capital funds of the Bank have grown a thousand times from $800,000 in 1812. And this marks an 80-fold increase in New York City's population which was just 96,000 a century and a half ago. The small staff that manned the Bank's original two-storey structure has evolved into a world-wide organisation of 20,000, including 7,000 employees at 87 branches in 30 countries overseas and 13,000 domestically engaged, including those at 91 branches in Greater New York.

Twice renamed, first in 1865 as the National City Bank of New York under the newly passed National Banking Act and then in 1955 as the First National City Bank of New York following a merger with the First National Bank of the City of New York, the Bank is now called, for reasons of brevity, First National City Bank. In 1908, the Bank moved from 52 to 55, Wall Street, the site of the famous Merchants' Exchange which had been destroyed by the Great Fire of 1835. Besides its home in Wall Street, the Bank opened in the spring of 1961, its 41-storey uptown headquarters at 399, Park Avenue, New York. Here are consolidated the operations and service divisions employing the most modern equipment and facilities. Thus, the Bank serves the nation's financial centre downtown from its Wall Street Office and the corporate management centre of the nation uptown from its Park Avenue office.

The Bank began its operations in India in 1903, when it opened two branches, one at Bombay and another at Calcutta. It proposes to open next month a third office in Madras. Fully equipped to handle all types of exchange and commercial banking transactions, the Bank's branches enjoy a reputation for efficiently dealing with all the functions of a bank. What is more, with the launching of a programme of planned development of the country, the Bank has been keeping in close touch with fresh developments in the economy. Foreign investors are provided with all the help and information that they need in the successful completion of their preliminary surveys of the investment climate and the opportunities for investment in particular industries in India. The bringing together of suitable collaborators is also one of the specialised functions of the Bank.

Forged Cheque—Whose Liability?

The Calcutta High Court has decided a case involving an interesting point of law regarding the liability of the receiving bank to refund the amount of a forged "a/c payee only" crossed cheque to the paying bank which honours the forged cheque by a *bona fide* mistake. This development is of interest to every banker, as the judgment is the first of its kind in India. Briefly, the facts of the case are as follows:

The Pearl Assurance Company Ltd., Calcutta, had a current account with a Calcutta branch of the Imperial Bank of India (now the State Bank of India). In May 1954, three cheque leaves bearing serial numbers much ahead of the numbers then being used were found torn off and missing from the cheque book supplied by the Bank to the Company. Somebody unknown to the parties to the suit forged on one of the three cheque forms the signature of the drawer who was one of the few officers of the Company authorised to sign cheques on its behalf. The forged cheque was for Rs. 5,775 and was dated 11th May 1954. It bore the rubber stamp "a/c payee only" and another of the Company below the drawer's signature and carried the name of the payee as "Srish Chandra Dey and Benoyendra Nath Sil," a firm of bullion merchants of Barabazar. The payee was a constituent of the United Bank of India Ltd. and had deposited the forged cheque in its account with the Bank. The cheque was honoured by the Imperial Bank through the clearing house and the United Bank credited it to the account of the payee. Later, the forgery was detected and thereupon the United Bank debited the amount of that cheque in the account of the payee and has been keeping the amount in the "suspense account" ever since.

In September 1955, the State Bank of India, as successor to the Imperial Bank, filed a suit, in the Calcutta High Court against the United Bank and the payee as the defendants for, among other reliefs, recovery of Rs. 5,775 which had been paid by the Imperial Bank by mistake. The State Bank called witnesses to prove the forgery and the payment made by it under *bona fide* mistake thinking that the signature was genuine. The United Bank in its evidence submitted that there was no negligence on its part in doing what it had done, that is, presenting the cheque for encashment through the clearing house.

His Lordship Mr. Justice Datta, who heard the case, declared in his judgment that the plaintiff was entitled to recover the amount of the cheque (Rs. 5,775) with interest at 6 per cent per annum from the United Bank and that the plaintiff (the State Bank) alone was entitled to that sum. His Lordship further held that, when the alleged signature of the drawer of the cheque was a forged one, the cheque was no cheque at all and therefore the banker was not protected under Section 131 of the Negotiable Instruments Act. He added that, under Section 72 of the Indian Contract Act, it was the plaintiff alone who could sue the defendants for the recovery of the sum and not the Pearl Assurance Company Ltd. The relationship of a banker and its constituent, His Lordship observed, was that of a debtor and a creditor and the property in the amount of the cheque at the time of payment was with the plaintiff bank.

The aforesaid brief report of the case published in the daily Press does not convey a full picture of the case nor does it give details of the points decided by His Lordship. Nevertheless, it is clear that the receiving bank was held liable to refund the amount of the forged cheque to the paying bank. The receiving bank is, therefore, supposed to satisfy itself that the cheque on other banks presented through it for collection are genuine, for, if they prove to be forged, the liability will not be that of the paying banks.

New Indo-U.S. Camphor Project

More details are now available of the proposed camphor project to be undertaken by Indian Camphor Ltd., a new company formed in Maharashtra State, in technical collaboration with the famous American manufacturers in the field, Glidden International, C.A. The plant will be set up at Kalyan or Goregaon, the growing industrial suburb of Bombay. The Company has been licensed to produce 1,020 tons of camphor in a year. Dipentine will be the principal by-product and aromatic chemicals the main derivatives. The capital outlay on the project is estimated at Rs. 125 lakhs, of which Rs. 93 lakhs will be on block investments. It is to be met out of equity capital issue of Rs. 57 lakhs, institutional loans of Rs. 46.50 lakhs and borrowings of Rs. 21.50 lakhs. The institutional loans are expected to be finalised soon. The foreign exchange component of the project is Rs. 25 lakhs, being the cost of imported plant and machinery, and has been covered under the normal quota of funds set aside by the authorities for new ventures. Turpentine, the raw material for camphor, is available indigenously. The Company is to offer to the public, in September or October this year, shares worth Rs. 29 lakhs. The Directors, promoters, etc., will subscribe for shares of the value of Rs. 28 lakhs. The collaborating American firm is to be offered no share in the equity capital, but will be offered a royalty and technical fees. The plant will be commissioned into production within a year from the time of the public issue. The Company has been promoted by Mr. Popatlal N. Shah of Messrs. Biddle Sawyer and Company (India) (Private) Ltd., Bombay.

British Banks and the E.C.M.

British bankers, like other thinking sections of the commercial community in that country, are currently exercised over the probable effects on their business of U.K.'s possible entry into the European Common Market. Reticence being one of their professional virtues, bankers are less vocal, even about matters which have nothing to do with their customers' problems which they are supposed to keep secret. Mr. R. D. Fairbairn, General Manager of the Clydesdale and North of Scotland Bank, did not, therefore, violate any professional code of ethics when he chose to think aloud on this subject, last week. He did this in his presidential address to the annual meeting of the Institute of Bankers of Scotland. Mr. Fairbairn felt that, if Britain entered the Common Market, British banks would face the possibility of increased competition from Government and Government-assisted institutions in the banking sphere. His explanation for coming to this conclusion was that there were important differences between British and Continental banking practices. First, there existed throughout the Continent of Europe, the "giro systems," which the Government controlled through the post office and which were not always run on a commercial basis. Secondly, in some European countries at least, savings banks were permitted to issue cheque books and to compete with commercial banks in lending business. Mr. Fairbairn conceded that British banks could not object to competition, but they were entitled, he asserted, to expect that, if the State competed with them directly or indirectly, it should be on equal terms. A giro system, he pointed out, ran at a loss and the remission of taxes on savings bank interest allowed in European countries were always represented as concessions to the small man. But experience was that advantage was taken of such concessions by people who were anything but small and that, when a service had fully developed to fulfil its intended role, it began to compete for commercial as well as private business and for overseas transmission as well as for internal transfers. Mr. Fairbairn's advice to British bankers in this matter was to direct all their efforts to make their own methods

(*Continued on page* 1144)

TREND OF SHARES

RECOVERY SETS IN

(From Our Own Correspondent)

BOMBAY, 21st *June*

THE seemingly non-stop fall on the stock exchanges witnessed during the past few weeks did stop at last this week, and a recovery phase set in as lower levels attracted bear covering as also some cautious renewed bull support. Coming as it did after a considerable decline in values, the recovery was naturally slow and painful. It was clearly discernible in Bombay, restricted in Calcutta because of the settlement on Wednesday and hardly noticeable in Madras due to lack of any speculative force. All the same, all the three principal markets displayed, in contrast to marked weakness in the previous week, a quietly steady tone at close. At the time of writing, there are expectations that the recovery might continue in the coming week also.

Sentiment was favourably influenced during the week under review by the realisation that it would be hazardous for the bears to sell further. The technical position of the markets was clearly oversold, though the carry-forward rates in both Bombay and Calcutta did not bear it out presumably because partly they were influenced by the slightly dear money conditions and partly due to some bear manoevres. Cautious optimism about foreign aid prospects taking a promising turn in the near future with the possible postponement of the proposed MIG deal, a better appreciation of India's standpoint on Kashmir at the U.N., the statement from Prime Minister Nehru that our position across the northern border had improved over that of the Chinese and the flow of some encouraging corporate news, all these were the contributory factors to the recovery. Professional bulls slowly renewed their buying. The small fry was also back in the markets in its inimitable way. The volume of business was, however, below normal, as caution was the keynote of trading.

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Dalal Street was in jitters on Friday, as bears pressed more sales to knock off the most favourable settlement rates. Values dipped even further after the settlement. But a small backwardation in Telco cautioned sellers. As the new account opened on Monday, there was, as it were, a sudden general awareness of the low levels to which values had fallen. Fresh selling was absent. On the contrary, bears themselves were buyers and, in turn, attracted support from the professional bulls. Sentiment took a turn for the better and improved as it was reported that, apart from some teething troubles, there was nothing seriously wrong with the tyre cord plant of National Rayon and that the Company would not be affected by the proposed cut in the rayon pulp imports, as it would be made good by imports under the export promotion scheme. The improvement of 4.5 lakh lbs. to 80 lakh lbs. in Bombay Burmah's tea crop for the financial year ended 31st May 1962 provided another stimulant.

Almost all the sections closed the week higher than the previous week's levels. If any scrip were to be singled out for a brilliant performance, it was National Rayon which staged a smart recovery from Rs. 503 to Rs. 526 and closed 13 points higher on balance at Rs. 525.50. Hindustan Motors were another bright feature and gained 44 nP at Rs. 19.96 following the increase in the dividend from 12 per cent to 12.50 per cent, subject to tax, for the year ended 31st March 1962 in line with a higher profit (after providing for depreciation, taxation and development rebate) of Rs. 149.69 lakhs as compared with Rs. 136.21 lakhs for the previous year.

Among other Textiles, Century and Kohinoor recovered by Rs. 7.50 each to Rs. 632.50 and Rs. 304.50, respectively, on renewed support. Standard were up by 18 points at Rs. 988 and Khatau by 10 points at Rs. 482.50. Gwalior Rayon, in the Cash List, rose sharply from Rs. 56 to Rs. 63 following the permission given by the stock exchange to trade in small lots of 25, instead of 100 as hitherto. There were also rumours that the scrip might be listed on the forward account. Mafatlal moved up from Rs. 820 to Rs. 837.50. But the cleared share, Simplex, showed a loss of two points at Rs. 168.50, despite the improvement in the results which are given elsewhere in this issue. In the Miscellaneous section, Bombay Burmah improved from Rs. 668 to Rs. 678. West Coast showed a gain of Rs. 9 at Rs. 181. Sugars and Cements were actively supported, with Belapur recording a rise of Rs. 6.50 to Rs. 231.50 and Digvijay of Rs. 4.50 to Rs. 208.50. Shippings were quiet.

The barometer of the market, Tata Steel Ordinary, were exceptionally subdued on speculation over the dividend and due to selling caused by rumours of a rights issue on a premium of Rs. 30 per share. The scrip was sold down to Rs. 145, but subsequently rallied to finish at Rs. 147.25. Indian Iron met with active support from Calcutta and improved to close with a gain of 35 nP at Rs. 25.85. Mukand Iron were 40 nP better at Rs. 26.10. Activity in the Cash Section was limited and changes on balance were small. However, Synthetics improved by Rs. 15 to Rs. 231, New Standard Engineering by Rs. 10 to Rs. 230 and Colour Chem by Rs. 8.75 to Rs. 475.

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Stray selling at higher levels and restricted support due to the settlement produced a mixed price pattern at close in Calcutta. The much-fancied jute shares were, however, particularly subdued. Cleared shares showed small variations either way. But Dunlop, as an exception, reacted from Rs. 43.19 to Rs. 41.75. Howrah Jute finished 75 nP lower at Rs. 22. GKW looked up from Rs. 39.81 to Rs. 40.25. J.K. Rayon also moved up further from Rs. 19.62 to Rs. 20. Orissa Cement closed 19 nP higher on balance at Rs. 20.19. Among Cash counters in Jutes, Delta suffered a setback of 19 points to Rs. 451 and Bally of 13 points to Rs. 296. Anglo-India were nine points lower at Rs. 232 and Dalhousie showed a loss of Rs. 9.50 at Rs. 195.50. Alliance, as an exception, looked up from Rs. 121 to Rs. 124.50.

Among Coals, Bengal receded further from Rs. 384 to Rs. 370 as did Amalgamated from Rs. 24 to Rs. 21.94, but Selected Satgram were two points better at Rs. 153. In the Engineering section, Burn slipped down from Rs. 699 to Rs. 695 and Braithwaite from Rs. 37.12 to Rs. 35.75 as also William Powell from Rs. 3.56 to Rs. 3.19. Cements and Chemicals were steadier, with Alkali rising from Rs. 45.19 to Rs. 46. Miscellaneous issues lacked speculative force. Britannia Biscuits moved down from Rs. 46.25 to Rs. 44.12 and Associated Battery from Rs. 31 to Rs. 30.12, but Indian Oxygen looked up from Rs. 46.12 to Rs. 46.37. Isaac Holdens were weak around Rs. 16.25 against Rs. 16.81 a week ago, but Shaw Wallace improved from Rs. 22 to Rs. 24.50. Tide Water Oil were in demand and looked up from Rs. 24.06 to Rs. 25.50. Paper shares were easy, with Indian Paper Pulp declining from Rs. 22.06 to Rs. 21.25 and Titaghur from Rs. 42.06 to Rs. 41.50. Sugars were steady, but Dyer Meakin reacted from Rs. 58 to Rs. 56.75. Tea shares were generally well held around the previous week's levels. But East India eased from Rs. 20.06 to Rs. 18.87, Tezpore from Rs. 16.50 to Rs. 15.12 and Marga Hope from Rs. 12.75 to Rs. 12.19.

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Enthusiasm was lacking in the Madras share market, with operators inclined to await developments in Bombay and Calcutta. Activity was restricted to isolated selected counters. The popular South India Viscose, for instance improved from Rs. 166 to Rs. 174. Lakshmi Mills, in the Forward List, edged forward from Rs. 151 to Rs. 152 and Madura from Rs. 36.15 to Rs. 36.25. But Travancore Rayon closed 50 nP lower at Rs. 38.50. Aluminium Industries eased from Rs. 24.05 to Rs. 23.75 and Ashok Leyland from Rs. 8.45 to Rs. 8.40. But F.A.C.Ts were in demand and improved from Rs. 7.85 to Rs. 8.10. W.I. Products also recovered from Rs. 195 to Rs. 196.50, after having suffered a 10-point setback in the previous week. Sugar shares were steady and Cauvery looked up from Rs. 99.50 to Rs. 100. Plantings were quietly steady, with the exception of Highland which slipped down from Rs. 13.75 to Rs. 13.37 and United Nilgiri which turned lower from Rs. 21.12 to Rs. 20.75.

CAPITAL MARKET NEWS

NEW ISSUES

NEIVELI **Ceramics and Refractories Ltd.**, a new venture promoted by the South's well-known industrial house of Messrs. Seshasayee Brothers (Private) Ltd., for the manufacture of sanitaryware, is entering the market on 2nd July and proposes to stay till 9th July 1962 to raise subscription to its public issue of Rs. 25 lakhs in equity shares of Rs. 10 each. The entire public issue has been underwritten collectively by the Madras Industrial Investment Corporation Ltd., the Bank of India Ltd. and some share brokers. The Company is setting up a Rs. 75-lakh project at Vandalur (Madras State) for the manufacture of 1,800 tons per annum of high quality sanitaryware. In addition, it proposes to manufacture at a subsequent stage, 1,800 tons of glazed wall tiles and 3,000 tons of glazed stoneware pipes per annum. The Rs. 75 lakhs of outlay represents Rs. 65 lakhs of block investment and Rs. 10 lakhs as working capital. It will be met by way of a share capital issue of Rs. 45 lakhs, a loan of Rs. 20 lakhs from the Industrial Credit and Investment Corporation of India and bank borrowings of Rs. 10 lakhs. The Company has secured financial and technical collaboration from the world-famous West German sanitaryware manufacturing group, Keramag AG of Ratingen.

The issued capital of Rs. 45 lakhs is made up of Rs. 3 lakhs in 9 per cent, taxable, cumulative preference shares of Rs. 10 each and Rs. 42 lakhs in equity shares of a like denomination. The entire preference capital has already been taken up by various insurance companies. Out of the equity issue, the Directors, Managing Agents and their associates will take up shares worth Rs. 8.23 lakhs, the West German firm will subscribe to shares of the value of Rs. 3.77 lakhs and the Life Insurance Corporation of India has agreed to underwrite and take up shares worth Rs. 5 lakhs.

The Company has already purchased land for the project. The factory site is ideal, as supplies of raw materials like fine quality clay will be available from the nearby Neyveli lignite mines. Other materials such as quartz and feldspar are also said to be available from the adjoining places. The Company has already erected a pilot plant which is in production and will be integrated with the main plant when it is commissioned. Prototypes have been manufactured on the basis of the pilot plant's capacity of 15 tons a month. The miniature plant will help the operatives gain initial experience. A licence to import plant and machinery of the value of Rs. 15 lakhs has been secured. This foreign exchange component of the project has been covered under the I.C.I.C.I. loan. Orders for the plant and machinery have been placed with foreign suppliers and shipments are expected to arrive in time to establish commercial production in 1963. Mr. S. Narayanswamy is the Chairman of the Company.

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Subscription lists for the public issue of 10,385 9.3 per cent, taxable, cumulative redeemable preference shares of Rs. 100 each and 25,000 equity shares also of a like denomination by **Panyam Cements and Mineral Industries Ltd.** will open on 25th June and close on 2nd July, or earlier, but not before 27th June 1962. The entire public issue has been underwritten. The proceeds of the issue will be utilised towards financing the expansion programme of the Company. The Company has obtained a licence to increase the capacity of its factory to 500 tonnes per day by installing an additional plant with a daily capacity of 300 to 330 tonnes.

The Company was incorporated in June 1955 in Andhra. Its factory at Bugganipalli commenced production on 1st January 1959 and has been producing cement at the sanctioned capacity of 200 tons per day. The Company earned a profit of Rs. 11.78 lakhs for the year ended 31st August 1961 as against Rs. 8.08 lakhs for the previous year, after raising the provision for depreciation from Rs. 9.32 lakhs to Rs. 10.18 lakhs. Sales rose from Rs. 62.72 lakhs to Rs. 65.07 lakhs. Arrears of preference dividend up to 31st August 1960 have been declared. After wiping out a debit balance of Rs. 7.50 lakhs brought in and making necessary adjustments, the Company carried forward last year a surplus of Rs. 9,694.

ANNOUNCEMENT

STATE BANK OF PATIALA

have pleasure to announce that, in pursuance of their "objective to promote Savings," THE INTEREST **RATE** on Savings Bank Accounts will be raised as from the 1st July, 1962, from 2½ per cent to 3 per cent per annum.

FRESH ISSUES SANCTIONED

Given below are the details of the fresh capital issues which have been sanctioned recently by the Controller of Capital Issues:

Heavy Engineering Corporation Ltd., a Central Government undertaking, having a paid-up capital of Rs. 2,564.49 lakhs, has been accorded consent to issue further capital of Rs. 1,600 lakhs in equity shares of Rs. 1,000 each to be subscribed by the Government of India for cash at par.

Lakshmi-Rieter Machine Works Ltd., Madras, has been granted consent to issue equity capital of Rs. 250 lakhs of which shares of the value not exceeding Rs. 18 lakhs will be issued to the foreign collaborators, Messrs. Rieter Machine Works Limited, Switzerland, and the balance (except 10 per cent of the issue to be subscribed by the promoters) will be offered to the public by prospectus. The proceeds of the issue will be utilised for the manufacture of complete textile spinning machinery.

Tata Oil Mills Ltd., Bombay, has been granted consent to the issue of Rs. 35,03,750 (nominal) divided into 1,40,150 equity shares of Rs. 25 each, to be issued for cash at a premium of Rs. 15 per share. The shares will be offered to the existing shareholders of the Company in the ratio of one new share for every two shares held. The proceeds of the issue will be utilised on the expansion programme of the Company.

Phillips Carbon Black Ltd., Calcutta, has been granted consent to issue 3,12,500 equity shares of Rs. 10 each for cash at a premium of Rs. 3 per share. The Company's existing capital is Rs. 125 lakhs. The issue will be made to the existing shareholders. The capital is required for expansion.

Biermans Paper Coating Mills Ltd., Delhi, has been granted consent to the issue of share capital of Rs. 30 lakhs in equity shares of Rs. 100 each for cash at par. Out of this, shares not exceeding 40 per cent would be offered to Messrs. Leonard and Bierman S.A., Belgium. The proceeds will be used for the manufacture of coated art paper and board of all kinds.

Kirloskar Brothers Ltd., Bombay, has been granted consent to the issue of capital of Rs. 25 lakhs in 40,000 equity shares of Rs. 25 each to be issued for cash at a premium of Rs. 12 per share and 60,000 9 per cent (subject to tax) preference shares of Rs. 25 each for cash at par. The proceeds will be utilised for augmenting the Company's liquid resources. The present paid-up capital of Rs. 55,00,710 is in equity shares.

Hoisting Equipment Company Ltd., Hyderabad, has been granted consent to the issue of capital of Rs. 15 lakhs in 1,25,000 equity and 25,000 preference shares of Rs. 10 each carrying a dividend of 9.3 per cent free of Company's tax but subject to deduction of all taxes at the prescribed rates for cash at par. Out of this 15,000 equity shares will be issued to the foreign collaborators, Messrs. Ateliers D'orleans, France, for other than cash in lieu of technical know-how. The proceeds will be utilised for the manufacture of electric hoists.

The Karur Vysya Bank Ltd., Karur, has been granted consent to the issue of further capital of Rs. 2.50 lakhs (nominal) divided into 10,000 equity shares of Rs. 25 each to be fully paid-up, for cash at a premium of Rs. 2.50 per share. The proceeds will be utilised for strengthening the bank's capital base. The present paid-up capital is Rs. 10 lakhs.

NEWS IN BRIEF

SOVIET Russia has offered to buy Indian bananas worth Rs. 2 crores annually in the next three years.

The Government of India proposes to formulate a comprehensive Bill which seeks to revise the present law relating to patents.

The Gujarat Government proposes to give individual artisans intending to establish small-scale industries loans at a concessional rate of interest at 3 per cent.

The question of high prices of drugs manufactured in India is being studied by a technical sub-committee of the Development Council for Drugs and Pharmaceuticals.

Manufacture of cameras in collaboration with a Japanese firm will start at Durgapur from the third quarter of 1963, according to Mr. Nityanand Kanungo, Union Minister for Industry.

The public sector watch plant at the Hindustan Machine Tools in Bangalore has assembled 15,000 watches since July 1961, when it commenced operations. Over 13,000 watches have already been sold.

The State Trading Corporation is currently negotiating with private firms in the U.S. and Britain a barter deal for export of 100,000 tons of manganese ore in exchange for terylene fibre. Similar deals with other countries, covering shipments of 1.5-2 million tons of manganese ore, are also being contemplated.

A team of U.S. experts has arrived in India to undertake a techno-economic survey of the proposed Bokaro steel plant. The team will confine itself to the appraisal of the suitability of Bokaro as a site for the plant. The actual decision on the financial aid for the project will be taken only after the study team has submitted its report.

Preliminary reports on the tests conducted in East Germany and Norway, as also in Jamshedpur, to determine the suitability of lignite for the production of iron have confirmed the earlier indications that it is technically feasible to produce iron with iron ore, available at Salem, Madras, and lignite coke from Neyveli. Further tests are in progress, which will throw more light on the technical aspects and the economic feasibility of the iron project in the South.

The Gujarat Government proposes to take over a private firm, the Walsura Private Ltd., Kandla, in order to promote the export of "jhinga" fish available abundantly in the Gulf of Cambay and the banks of Lakhiyasur in the Saurashtra region. The State Fisheries Co-operative Association has appointed an eight-man committee to go into the details of the take-over. The firm is engaged in canning "jhinga" fish for export to Australia, England, Burma, Ceylon and other countries.

Under an agreement finalised at a tripartite conference held at Madras this week, workers of tea estates will get 11 per cent of their earnings in 1961 as bonus for the year (same as in 1960) and those in coffee estates 5 per cent (as against 6¼ per cent in 1960). The workers of Yercaud coffee estates will, however, get only 3 per cent. In the rubber estates in the Kanyakumari district, the 6¼ per cent bonus now in operation under an interim award has been raised to 9 per cent.

A second ferro-silicon plant, set up by the Mysore Iron and Steel Works, Bhadravati, was commissioned by Mr. Subramaniam, Union Minister for Steel and Heavy Industries, last week. The new plant, which raises the production capacity of ferro-silicon in the factory from 5,000 tons to 20,000 tons annually, cost Rs. 1.3 crore. It has been put up in collaboration with a Norwegian firm. The Bhadravati Steel Works is the only unit in India manufacturing ferro-silicon at present.

The fifth annual conference of the European Market Association of Advertising Agencies will be held at London on 13th and 14th September next. The Conference will review developments in trade between member countries and formulate policy to expand inter-country marketing and advertising liaison. A feature of the meeting will be the presentation of an annual award to the agency submitting the advertisement that has visually communicated its message most successfully. The trophy is a golden globe, the symbol used by E.M.A. members to indicate their association with the group.

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From Abroad

The Government of Argentina has banned all imports other than those not manufactured within the country.

The Ghana Government has undertaken the construction of a factory for the manufacture of plastic footwear. The factory is expected to go into production by the end of this year.

The U.K. Leyland Motors has secured a £1.5 million contract for the supply of 202 buses from Uruguay against keen competition from Italy, Germany and Japan. The order comes from a leading co-operative transport company.

Japan will buy about 45 million tons of iron ore annually from Australia, according to a Japanese steel industry delegation which is now in Melbourne assessing the prospects of entering into farther long-term contracts with Australian mine-owners.

Sierra Leone has formulated a five-year development Plan involving a total outlay of £138 million, of which £82 million are expected to be obtained as foreign aid. Under the Plan, it is proposed to cultivate bananas, rubber and sugar on a plantation basis in co-operation with the repatriate companies. A World Bank mission is expected to visit the country shortly in connection with the development.

The U.S. Congress has passed a Bill, giving President authority to restrict imports of cotton textiles from countries abstaining from the International Cotton Textile Agreement. The new agreement goes into effect from 1st October for a period of five years. The President will take such action, however, only if necessary to carry out the aims of the agreement. He already can enforce the agreement with regard to participating countries.

The U.S. Administration has drafted a plan for releasing stockpiles worth $600-800 million annually. The rate of release represents about ten times the present disposal rate. The value of strategic materials held in stockpile is estimated at $7,700 million, of which the surplus portion accounts for $3,400 million. The major commodities are tin, rubber, aluminium, chromite, cobalt, copper, lead, manganese, molybdenum, nickel, tungsten and zinc.

The world's first commercial atomic power station at Berkeley, in the U.K. started supplying electricity for household purposes last week. To begin with, the station will only supplement local supplies. But in a few months, it will produce enough power to supply a town with a population of about 140,000. The station has been built at a cost of £44 million—more than three times the cost of a coal-fired station of the same capacity. The cost of the power it produces is put at one penny—a third more than that produced from coal.

The U.S. firm, the Firestone Tyre and Rubber Company, is planning to put up a tyre-manufacturing plant at Thailand, the first of its kind there. The company has received from the Thailand Government investment privileges for the construction of the plant which will produce automobile and truck tyres in Bangkok under the Firestone brand. Firestone will be principal stockholder and will operate the Thai Company. Firestone's investment will be insured under the investment guarantee programme of the Agency for International Development of the U.S. State Department. A portion of the financing is being arranged through the Export-Import Bank. Thailand is the world's third largest exporter of natural rubber.

PERSONAL

PROF. J. K. Galbraith, U.S. Ambassador in India, returned to New Delhi on Monday this week, after consultations with the U.S. Government.

Mr. Deba Priya Mukherjee, Chief Adviser, Personnel and Industrial Relations, Philips India Ltd., Calcutta, has been appointed a full-time Director of the Company.

Mr. Milan Simanek has been appointed District Manager of Czechoslovak Airlines (C.S.A.) in India *vice* Mr. Ludwik Homulka who has been transferred to Prague.

Mr. G. S. Gaitonde, formerly Joint Secretary and Legal Adviser to the Government of India, has been appointed President of the Income-tax Appellae Tribunal. He took over charge of his new assignment on Friday last week.

Mr. T. T. Krishnamachari, Union Minister without portfolio, will co-ordinate the Ministries concerned on any economic subject that may be referred to him by the Prime Minister, according to an order issued by the President.

Export duty on tea has been reduced in Pakistan from 25 paisa to 15 paisa, under the Budget proposals for 1962-63 presented to the National Assembly last week. The customs duty on ghee, poultry and dried eggs is abolished. The excise duty on art silk yarn has been reduced from 60 paisa to 31 paisa while that on *khandsari*, sitta salt and betelnuts has been abolished. Sales tax has been removed from a number of items. In the direct tax field, the refugee tax on income has been abolished; earned income limit has been raised from Rs. 4,000 to Rs. 6,000; income from creative writings has been exempted from income-tax; the exemption limit for dividend income raised from Rs. 1,000 to Rs. 1,000 plus 20 per cent of the balance; and for power occupants of houses, the property tax exemption limit has been raised from the gross annual letting value of Rs. 2,400 to Rs. 4,800. Concessions to industry include a depletion allowance of 15 per cent of income to mining concerns which are not eligible for tax holiday and a development allowance of 20 per cent of the original cost of plant and machinery installed after 30th June 1962, in substitution of initial and additional depreciation allowances.

IPOC-(6)

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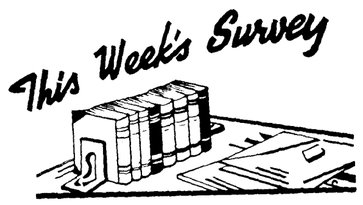


GENERAL INSURANCE

THE clarification of the Government's stand on nationalisation of general insurance made by Mr. Morarji Desai, Union Minister for Finance, in the course of his reply to the debate on the Finance Bill in the Lok Sabha this week, should serve to remove the apprehension in the minds of insurers about their immediate future. We say immediate future advisedly, because Mr. Desai's statement does not contain any indication that nationalisation of general insurance is ruled out once and for all. According to him, there is not much money in general insurance and the risks attendant on nationalisation are grave and great and he would not, therefore, advise the Government to undertake nationalisation. He also added that nationalisation was an instrument of convenience and not a religion for him. While the spirit of the statement is such as not to warrant any fear that general insurance will be nationalised in the foreseeable future, the words italicised indicate that nationalisation cannot be regarded as entirely unlikely. For, on the Minister's own admission, it is convenience not principle which influences a decision on nationalisation. The implication is that, if the industry builds up sufficient reserves and becomes more profitable than it is today, in other words, if there is scope for raising money for the Plan, the Government would not be averse to nationalising general insurance as it did life insurance.

Mr. Desai did not make it clear whether the risks attendant on nationalisation were peculiar to general insurance or that they are the same as that present in the case of life insurance. But the latter did not deter the Government from nationalising life insurance, obviously because it found that there was enough money in life insurance for the Plans to make the risk worthwhile. It is, therefore, clear that it is the absence of money in general insurance, rather than any conscientious objection to nationalisation that has made the Government reluctant to take over general insurance. This attitude is not flattering to the Government, nor is it conducive to building up general insurance into an efficient and financially strong industry. For if, by improving its finances, the industry were liable to attract nationalisation, it would prefer not to pull itself together financially. The managements of insurance companies will be more interested in distributing as much dividend as possible to their shareholders than in building up reserves. Further, the current efforts at weeding out corruption and malpractices and putting general insurance on a sound footing would be futile. If, therefore, the Government is serious about strengthening general insurance, it should give a categorical assurance that, if the industry were run efficiently, soundly and with integrity, it would not be nationalised. It is the proper functioning of the industry and not its ability to fatten the exchequer that should be the criterion to decide whether or not an industry deserves to be nationalised.

COAL PRICES INCREASE

The Government of India announced last week the long-awaited increases in the prices of various grades of coal. The sanctioned increases, as will be seen from the details given below, range from Re. 0.38 per ton to Re. 1.50 per ton:

	Rs. per ton
Non-Coking Coal :	
Grade II	0.38
Grade I	0.75
Selected B	1.00
Selected A	1.50
Coking Coal :	
Grades HH, J, K, and L	0.38
Grades F, G and H	0.75
Grades D and E	1.00
Grades A, B and C	1.50

These price increases have patently fallen very much short of the coal industry's expectation of a flat increase of Rs. 5.43 a ton to compensate it for the higher cost of production, the cost of servicing its capital investment programme in the third Plan period, etc. But that is not all, for the Government has now fixed a ceiling on the prices of coking coal of HH to L grades (converted into one grade HH) and non-coking coal of Grade II at Rs. 20.50 per ton. The marginal price increases, coupled with the ceiling price for certain grades, are disappointing, and the following comments by Mr. G. D. Somani, Vice-President of the Indian Merchants' Chamber, in his speech at the first quarterly general meeting of the Chamber on the 19th instant, might convince the authorities that there would be no serious objection from the side of consuming industries to a possible bigger increase in coal price:

"The coal industry has been agitating the need for fixing an economic price for coal. After protracted consultations and considerations in regard to the matter, the Government has now announced some marginal increases in the price of coal. While the step taken by Government is no doubt to be welcomed, it must be emphasised that the increase is not adequate to enable the industry to fulfil its expansion programme. It is conceded that the price of such a basic material as coal has to be kept under control. But this consideration should not be allowed to come in the way of the prime requirement of enabling the industry to adequately increase its production to meet the growing requirements of coal for industries in the country. It is to be hoped that the Government of India will keep this matter under constant review, for an incentive in the form of adequate revision in the price of coal is so essential for encouraging increased coal production."

As for the Government's decision to limit the price of certain grades to Rs. 20.50 per ton, the reactions from the coal industry's side have been most unfavourable. According to the Indian Mining Federation and the Indian Colliery Owners' Association, the ceiling price will discourage the raising of particular grades of coal from deeper seams in the Jharia-Raniganj fields. The demand for grade II coal alone is expected to exceed 10 million tons per annum during the current Plan period, and there is bound to be increased reliance on the particular coal grades which have just been subjected to a price ceiling. This retrograde step, it is feared, will retard the industry's efforts to increase the production of these grades of coal. If the authorities think that the railways, which use the grade II coal in large quantities, stand to benefit from this price limitation, they should not forget that, if production falls or does not increase adequately, the brick, cement and textile industries which depend on this grade of coal will be subjected to hardship. Again, if production of soft coke, which is in great demand for domestic purposes, does not also rise because of the price limitation, the housewife in North India will have a harder time of it. While this journal welcomes the price increase as a promising first step in the direction of providing an adequate price incentive for greater coal production, it is unable to support the ceiling step in respect of some grades of coal which will have to be produced on a larger scale in the years to come. The authorities should reconsider the latter question in the interests of greater production.

INVESTMENT CENTRE

The Indian Investment Centre, which began functioning on 16th February 1961, has been making slow but steady progress, thanks to the dynamic leadership of Mr. G. L. Mehta, who is the Chairman of the Centre, and the hard work put in by a team of efficient personnel, both Indian and American, under the leadership of Mr. R. S. Bhatt, the Executive Director. That the Centre has already become popular among businessmen in both India and abroad is clearly evident from the growing number of inquiries and project proposals received by the Centre: nearly 1,500, including 64 proposals from Indian companies which provided complete information on projects. Of special significance is the Centre's role in promoting the setting up of joint ventures. As a result of the assistance given by the Centre, according to Mr. Mehta, who addressed the first annual general meeting of the Centre at Bombay on Thursday this week, three proposals from Indian businessmen for collaboration with foreign firms and one proposal from a foreign enterprise for a joint venture with an Indian partner have actually matured. The three "Indian" proposals cover grinders, insulators and lightning arresters, and steel forgings, the foreign collaboration being British in the case of the first and American in respect of the remaining two. The "foreign" proposal, emanating from American firms, covers wood-working machinery.

Besides the aforesaid proposals, which have already fructified, negotiations are said to be in an advanced stage in regard to eight "Indian" proposals and an equal number of "foreign" proposals. Of the latter, five U.S. corporations have chosen their Indian partners and agreements embodying terms of collaboration are now awaiting Government approval. Five other proposals are under negotiation. In addition, six foreign companies have indicated their interest in coming to India; they are making detailed inquiries about the location and size of projects and suitable Indian partners for joint ventures. The inquiries pertain to a wide range of industries—electronic small tools, piston pumps, plastic injection moulding machines, industrial control equipment, precision castings, earth-moving equipment, hydraulic equipment, rubber contraceptives, generators, heavy chemicals and insecticides, machine tools, malt and malt preparations, wood-working machinery, aluminium foil and glass-lined equipment.

Mr. Mehta revealed in his speech that, during the year, 57 foreign companies requested the Centre to help them find suitable Indian parties for joint ventures. The bulk of these, as is only to be expected, was accounted for by the U.S., the number of companies being 43. Of the balance of 14 companies, eight were from the U.K., three from West Germany, two from Switzerland and one from the Netherlands. Mr. Mehta also revealed that inquiries had been received from consulting firms in India as well as in the capital-exporting countries for establishing joint ventures. Incidentally, Mr. Mehta indicated the Centre's method of dealing with inquiries from Indian and foreign entrepreneurs. The method is as follows:

After complete information has been received in a check-list sent by the Centre to Indian businessmen, the project is examined by technical advisers and foreign experts attached to the Centre in order to assess its technical soundness and financial viability. Special emphasis is laid on the economic size of the proposed unit, estimated capital outlay, particularly the estimated cost of fixed assets, sources of finance, and the estimates of cost of production and the margin of profit. After the proposal has been processed by the Centre, it is sent abroad. As a rule, inquiries are sent abroad from entrepreneurs who hold either an industrial licence or a letter of intent from the Government. The Centre does not circulate a proposal simultaneously to a number of firms in the same country. It now forwards proposals to three or four countries at the same time, but retains the confidential approach to one firm at a time in each country. This method has proved effective and response from foreign firms is obtained in a much shorter time.

When the New York office forwards it to the head office at Delhi, all relevant information on the industry is collected and its scope and prospects in India are indicated. Supported by this information, the foreign firm sends its representative to India. After discussions with the officers of the Centre on various aspects of the proposal, Government policies and possible terms of collaboration, the company's representative investigates the availability of raw materials and market prospects of the products his firm proposes to manufacture. Sometimes the representative, if he is so authorised, selects the partner and formulates the terms of technical collaboration and financial participation. In many cases, however, this has to be done at the headquarters of the foreign firm. After the Indian partner is selected and the terms of collaboration are agreed upon, the agreement is submitted for Government's approval.

It is, indeed, encouraging to hear from Mr. Mehta that some of the largest corporations abroad are evincing interest in investment in India. Three factors, he felt, appeared to impress foreign investors about India, namely, political stability, financial integrity and vast potential market. The Centre has done well to draw up a programme of industrial surveys and feasibility studies of specific industries which have a high priority. If the pace of the country's economic development is to be accelerated, larger and larger inflow of private foreign capital is imperative. It is precisely with the objective of ensuring such an inflow that the Indian Investment Centre has been started. There is no doubt that the Centre will fully achieve this objective, provided, of course, the planners and powers-that-be in India take care to see that a congenial investment climate is maintained.

JUTE INDUSTRY

Conditions in jute industry and trade continue to be quite encouraging. Production of jute goods is being maintained at the maximum level, thanks to the easy availability of raw jute at a reasonable price. The total quantity of sackings, hessians and other goods actually produced in the first five months of the current calendar year was as high as 475,600 tons, as compared with 406,600 tons in the corresponding period of 1961. The figure of 475,600 tons is said to be the highest level of production for the first five months of any year since 1956 and this was achieved despite a prolonged strike in one of the larger mills. The marked increase in output has been accompanied by an equally marked expansion of offtake for exports which

in the five months ended May 1962 aggregated 350,000 tons, as against 269,700 tons a year before, so that the closing stocks with mills as on 31st May 1961 was lower at 82,500 tons, as against 92,000 tons on the same date last year. The figure would, indeed, have been much lower but for two factors. One, earlier in the month of May 1962, there were delays in the despatch of jute goods from the mills due partly to the acute shortage of boats resulting from the strike by Hooghly pilots and partly to complications over excise regulations as envisaged in the Central Government Budget for 1962-63. Two, offtake for internal consumption was somewhat lower: 102,200 tons, as against 127,100 tons. The following table shows the statistical position of jute goods in the first five months of 1962 as compared with the same period last year:

(In tons)

	January-May	
	1962	1961
Opening stock	59,100	80,200
Production	475,600	408,600
Total supply	534,700	488,800
Total despatches	452,200	396,800
Of which :		
Internal consumption	102,200	127,100
Exports	350,000	269,700
Closing stocks as at the end of May	82,500	92,000

The present maximum level of production in jute mills is expected to continue up to the end of next month and probably even thereafter, subject, of course, to the decision of the I.J.M.A. Committee. At a meeting held at Calcutta on the 11th inst., the Committee decided to continue the maximum level from the end of this month to the end of next month. The decision was based on the ground that, although the end-May stocks of jute goods were higher (for reasons already mentioned), the offtake had been well maintained. In order to facilitate the maximum level of production, the I.J.M.A. Committee has decided to reduce, with effect from 1st July 1962, the percentage of sealed looms in the total registered complement from 9 to 5. Such a reduction will obviate the difficulties of many mills which currently have to purchase their requirements of loom hours from out of the accumulated balances of other mills.

The rise in exports of jute goods in the past few months must be attributed principally to the notable improvement in burlap consumption in the U.S., India's biggest customer for jute manufactures. The actual consumption during January-May 1962 amounted to 384 million yards, as against 332 million yards a year before. The high level of demand for Indian jute goods from the U.S. as well as from other countries may be expected to persist in the coming months also, provided prices do not rise unduly. B. twills are now quoted at Rs. 126.15 per 100 bags, as against Rs. 152 a year before, while hessians (40" x 10 oz.) are quoted higher at Rs. 59.25 per 100 yards, as against Rs. 48. The relatively higher quotation for hessian is due not to any manipulation by the industry or trade but to the imposition of excise duty at the rate of Rs. 250 per metric ton (Rs. 125 per ton on all other jute manufactures). This duty is payable by only domestic consumers and exports are free from it.

The upward trend of both production and exports of jute goods is expected to continue in the remaining months of the year also, a justifiable expectation, indeed, considering the plentiful supplies of raw jute and buoyant overseas demand for jute manufactures till the time of writing. Since the mills are buying raw jute on their own account, the jute market is ruling strong. The Buffer Stock Association has, therefore, decided to suspend further purchase allocations for the present. It may be noted here that the Association has so far issued purchase quotas aggregating 1,125,000 maunds of jute worth over Rs. 2.8 crores.

It is certainly creditable that the building up of this buffer stock has been accomplished in the face of many difficulties. The Association, for instance, was required to begin its operations not only before it was itself properly organised to do so but even before the necessary arrangements for financing the purchases had been made. Again, the procedure for financing the buffer stock through advances from the State Bank of India is said to be extremely complicated, involving a great deal of documentation. Thus, as against the purchases already made to the value of more than Rs. 2.8 crores, the Bank has advanced to date only Rs. 16 lakhs. Even in respect of the first instalment of buffer stock purchases made in the middle of April, payments are still outstanding. Another difficulty with which the Association has had to contend is that of storage accommodation. Besides the 1,125,000 maunds of buffer stock jute, the mills are also holding, it must be noted, the equivalent of more than five months' consumption on their own account. For lack of godown space, some of this jute has been stored out-of-doors in mills' compounds. And, with the arrival of the monsoon, the storage problem has been greatly accentuated. In spite of all these handicaps, the Buffer Stock Association has been operating successfully and jute prices have been maintained at levels far above those prevailing in Pakistan where new crop jute (basis bottoms) is quoted at Rs. 19 per maund, as against Rs. 28.50 for Assam bottoms at Calcutta. The floor price fixed is Rs. 30 per maund. It is not known whether the same price will be made applicable for the ensuing season due to begin on the 1st of next month.

DIVERSIFICATION OF EXPORTS

The old adage that it is unwise to put all one's eggs in one basket applies with particular force to exports. It is indeed unwise, if not risky, to depend for exports on a limited range of products. Equally inadvisable is the reliance of a country on a limited range of markets. From this standpoint, the structure, pattern and direction of India's exports leave much to be desired. There is, of course, a general recognition at present of the importance of diversifying the composition of exports, although much confusion still prevails on the question of the relative importance of traditional exports vis-a-vis new products, particularly industrial goods. This sort of confusion was in evidence even at the recent deliberations of the high-power body for export promotion, namely, the Board of Trade. According to the official version of the proceedings of the meeting, the three staple exporting industries, plantation crops, cotton textiles and jute goods, which account for 50 per cent of total exports, will be given "greater attention." But, as if to satisfy the protagonists of diversification, the next sentence says that facilities to be extended to engineering goods and chemicals and allied products will also be given "special priority." Thus, while the Board seeks to give "greater attention" to traditional exports, new items, it appears, will also have "special priority." This, of course, may mean anything or nothing. Irrespective of these ambiguities, it is gratifying to find that the Board does not underrate the importance of diversification of the structure of exports.

But neither the Board nor the newly-constituted Ministry of International Trade seems to have devoted adequate attention to, and taken necessary steps for, diversifying the direction of India's trade. Over 40 per cent of India's exports go to the U.K. and the U.S. alone, and another 25 per cent is shared by five countries, namely, Japan, Russia, West Germany, Canada and Australia. The balance is accounted for by a wide range of other countries. Thus, India's exports are at a low level, not only to developing countries in Asia and Africa, but also to several developed countries of Western Europe. In this context, it is only appropriate that Mr. Chinoobhai C. Javeri, President of the All-India Exporters' Chamber, should have stressed, in his speech at the annual meeting of the Chamber on Wednesday this week, the need for seeking new outlets for India's exports. He laid particular emphasis on developing Asian and African markets. The new economic trends in the countries of Asia and Africa, he said, would have a tremendous impact on India's trade with them "because they are our natural markets with immense potentialities." He observed that, on account of similarities in economic conditions, cordial political relations and the progress already achieved in this country, Afro-Asian countries were looking to India for help both by way of collaboration and supply of technical know-how. According to him, if this was done "even in a small way," it would foster goodwill and create demand for Indian machinery and equipment.

Mr. Javeri's suggestion for collaboration is, no doubt, commendable; this measure has also been emphasised by some trade delegations which toured some of the Afro-Asian countries. But one should not minimise the difficulties involved. In view of the acute shortage of capital and technical know-how for developing even the domestic resources, the prospect for channelising them to overseas countries should not be exaggerated. Still, it may be that some of the leading industrial houses in this country do have the wherewithal to venture on a limited scale. India, for instance, can help the Afro-Asian countries in the establishment of textiles, sugar, cement and vegetable oil industries. Some plans, in fact, are already in the air to put up some manufacturing plants in countries like Nepal, Ceylon and Ethiopia. And this trend needs to be strengthened and developed. It would be better if some of the trade bodies themselves were to assess the scope for collaboration and specify the prospective fields in select countries, for such ventures. Meanwhile, the Board of Trade would do well to set up some special regional export cells, as has been done by the U.K. in respect of the dollar area, Western Europe, etc. Such export cells can concentrate attention on export promotion with respect to specific regions and collect and disseminate necessary information among exporters.

One controversial question relating to export promotion is the actual agency for effecting shipments and the relative role of manufacturers, exporters and State trading bodies. On this issue, Mr. Javeri regretted that the role of exporters was not sufficiently appreciated either by Government or by industry. He complained, in this connection, that, in respect of a number of items, incentives were given to the manufacturer only, "though it is the exporter who books the business, assumes risk and carries out all the export formalities." While it is essential not to minimise the importance of actual exporters, it should not be forgotten that manufacturers have also a strong claim for incentives by way of import entitlements and other means of help, in order to sustain the tempo of production and to improve the competitive capacity by reducing costs. Exporters' complaints on specific commodities, however, deserve to be looked into by the authorities, in case any avoidable discrimination against them is involved. As Mr. Manubhai Shah, Union Minister for International Trade, observed in a message to the Chamber, both merchant-exporters and manufacturer-exporters have a vital role to play and both are indispensable. Mr. Shah did well to remind exporters, in this connection, that, while it might be possible for the community to stand by the exporters in meeting to some extent the losses incurred in international trade, "nothing can compensate for quality and after-sales service."

BUDGETARY POLICY

In his speech at the first quarterly general meeting of the members of the Indian Merchants' Chamber held at Bombay on 19th June, Mr. Pravinchandra V. Gandhi, President of the Chamber, did well to underline the importance to planning of proper budgetary policies and procedures. In a planned economy, budget and budgetary policies are not mere conventional fiscal weapons. They have a deeper significance, because they are the instrument for stimulating savings and channelising them to productive investments according to Plan priority. It is, therefore, essential, as Mr. Gandhi pointed out, that the budget reflects a true picture of the state of affairs in the economy and indicates, as accurately as possible, the probable effect of budgetary changes on the economy. This is not the case at present. In Mr. Gandhi's opinion, there are several deficiencies and defects in the presentation of the financial data in the budget. He has, therefore, suggested that, in respect of Plan expenditure, the conflicting data that are currently presented should be reconciled with a view to showing clearly the interrelation of the various correlated magnitudes. A separate statement reviewing the Plan expenditure and estimates both for developmental and non-developmental purposes classified under revenue and capital heads should, according to him, be presented along with the budget. At present, the manner of presenting the budgetary accounts is far from satisfactory, as they do not indicate how much of the Plan targets are being fulfilled in physical as well as financial terms.

Mr. Gandhi also criticised the chronic tendency of the Government to underestimate the revenue receipts and agreed with the Public Accounts Committee that this was not desirable. Mr. Gandhi did not dilate further on this point, but it is obvious that, while there might be something to be said for this method of psychologically preparing the public to bear the burden of additional taxation, a deliberate and gross

(Continued on page 1132)

GETTING THE BEST FROM EUROPE

MR. DESAI ADVANCES TRIP BY A WEEK

From Our Special Correspondent

NEW DELHI, 19*th June*

DELHI LETTER

IN talks with Finance Minister Morarji Desai, International Trade Minister Manubhai Shah and Prime Minister Nehru, the British Commonwealth Secretary, Mr. Duncan Sandys, showed all the cards that Britain has dealt out at Brussels—and the impression in Delhi was that Britain had not much of a game to play; all the aces were in the hands of the European Six. When Mr. Sandys left for Pakistan this afternoon, he had had a full briefing of India's fears, hopes and suspicions—fears about the damage to foreign trade, hopes about preserving some Commonwealth privileges, and suspicions of the political developments in Europe. After four days of threadbare discussions on the impact of the Brussels negotiations on the Indian economy and the concessions which India wants, it was officially stated by both Indian and British spokesmen that the talks led to a broader understanding of each other's difficulties.

Mr. Sandys came to Delhi with limited objectives and, therefore, coming to understand one another more was not difficult. The aim of his trip, as officially explained, was to acquaint himself fully with the Indian stand. As a matter of fact, Mr. Sandys is said to have explained to Indian Ministers the virtual inability of Britain to do much to protect India's interests. Having refused the red carpet invitation to enter the Common Market in Europe some years ago, Britain was today knocking hard at the doors of the Inner Six in a submissive mood. As one Indian spokesman explained to me: "When Mr. Peter Thorneycroft visited Delhi last summer soon after Britain announced her intention to take the plunge into Europe, the British leaders were deluding themselves into believing that their entry would make the European club more outward looking. As of today such hopes appear to be totally invalid."

Towards the end of next week, there will be a series of Ministerial meetings in Brussels to take the crucial decisions on Britain's entry and Commonwealth trade and Mr. Sandys tried to persuade Mr. Morarji Desai to make an immediate dash to Europe for a last minute bid before these meetings. But such dramatic moves ill fit the temper of Mr. Morarji Desai's well-considered and cool behaviour, and the most the Finance Minister would do was to advance his projected European trip by a week or so. Mr. Desai now plans to reach London on 2nd July for talks with British leaders, including perhaps Prime Minister Macmillan. Then he will go to Paris and Bonn to have discussions with General de Gaulle and Dr. Erhard, and later attend the session of the U.N. Economic and Social Council. When the representatives of the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers met Mr. Sandys yesterday, they emphasised the stable Indo-British commercial links. The F.I.C.C.I. stand was: Indian businessmen are prepared to adjust to the changing international trade conditions, but, if these changes are sought to be imposed by Governments without relation to consumer preferences, adjustments become difficult; India's ability to continue large-scale machinery imports from Britain will be related to India's capacity to export to Britain after she joins the Common Market.

The series of meetings between Mr. Sandys and Indian Ministers and working groups of senior Indian and British officials led to the drafting of a note to the British Cabinet on the Indian position. The British negotiators at Brussels will be briefed further on the basis of the detailed document. Mr. Sandys put forward a weak excuse to explain Britain's failure to advocate India's case fully in its proposals submitted to the Inner Six in May. When the British negotiators prepared their proposals, Mr. Sandys argued, they did not have with them the Indian proposals. This argument did not cut much ice with Indian officials, because Britain all along had been aware of the Indian thinking on the need for a liberal trade policy in Europe.

The Indian request is that the European Six do not take the final decisions at the meetings next week on matters concerning India's trade with regard to such demands by Delhi as are not immediately acceptable to them. India wants the decisions to be deferred until after Mr. Morarji Desai meets European leaders.

A major difference between the Indian and British attitudes, as they crystallised during the Delhi talks, is that India wants the nil-tariff rule to apply to a larger number of items than Britain envisages. On such items in which there may be a gradual reduction of Commonwealth preferences India wants the concessions to continue far beyond 1970. The Government agrees by and large with Indian businessmen's views that these gradual reductions in preferences take effect through a transitional period extending to five years beyond the deadline of 1970 at present fixed by the Europeans for common tariffs.

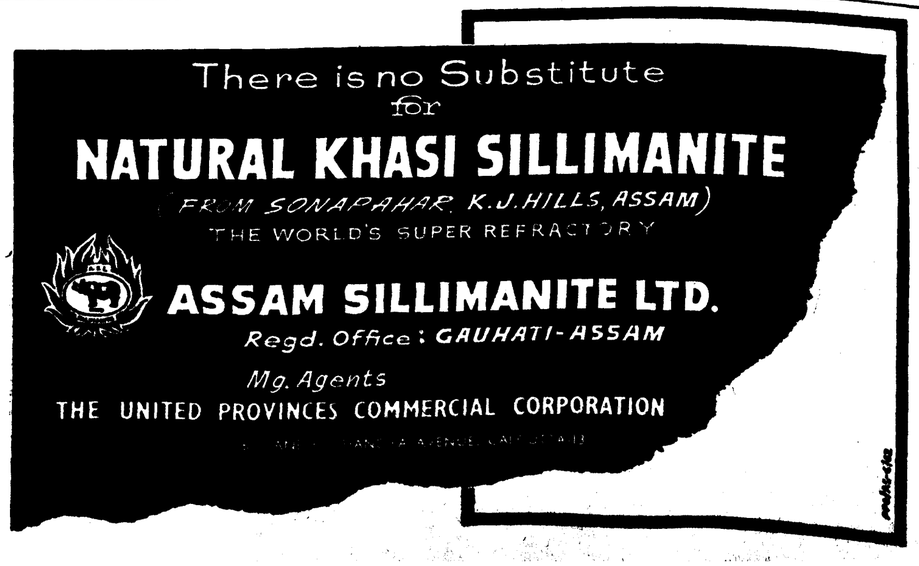
On the eve of the Sandys' visit, Prime Minister Nehru said that there was some hope of India succeeding in its efforts to preserve the level of exports. In his view, the political coming together of European nations was a matter of concern. He said: "If the policies united Europe pursues are liberal, it is good; otherwise, it will help reactionary forces." According to Mr. Nehru, economic relations are the strongest bonds among the Commonwealth nations today. No member of the Commonwealth, to Mr. Nehru's knowledge, wants these ties to weaken. But Britain's joining the European Common Market will injure and weaken these Commonwealth links.

The Prime Minister tended to minimise the possible danger to trade, but indicated his political reservations about the emerging powerful European bloc. Mr. Manubhai Shah, on the other hand, has expressed more alarm over the possible damage to India's foreign trade. In Mr. Manubhai Shah's view, if the Commonwealth trade privileges are taken away and India's prospects for increased trade whittled down by European tariff walls, India may find herself in a difficult position in regard to foreign debt repayments. Mr. Shah told Parliament, in answer to questions: "We hope that negotiations between Britain and the E.C.M. countries regarding the U.K.'s entry into the E.C.M. will result not only in avoiding damage to our existing trade but would facilitate Indian exports getting an increasing share in the imports of the enlarged European community." Will this hope materialise or merely turn out to be wishful thinking?

The Prime Minister's optimism about preserving exports was soon followed by reports from Brussels that the Inner Six have tended to agree to a British proposal that, at some stage, the enlarged European Community should have comprehensive trade agreements with India, Pakistan and Ceylon. As far as tea and jute are concerned, it is now believed that they will have more or less full protection until 1970 for entry into Britain. The understanding on tea will relieve Ceylon's worries to a large extent.

In the nuances of emphasis by the Prime Minister and the International Trade Minister —with the Finance Minister making no public comments on the subject over a long period— some observers try to see differences in approach by various members of the Cabinet concerned with the European Common Market problem. In the Rajya Sabha yesterday, Mr. Bhupesh Gupta, a Communist M.P., characterised the Indian memorandum to the European Six as "reflecting a cringing attitude." Mr. Gupta thought that the Prime Minister tried to view the European developments from a critical angle, but the memorandum did not. Mr. Morarji Desai strongly repudiated the implications in Mr. Gupta's criticism.

The aggregate value of minerals (other than petroleum and minerals declared as prescribed substances under the Atomic Energy Act, 1948) produced in India during the year 1961 was Rs. 174.3 crores, as compared with Rs. 163.2 crores in the previous year, rspresenting an increase of 7 per cent. The increase was due mainly to the higher output of coal, iron ore, bauxite, dolomite and limestone and higher prices of gold bullion and salt. Coal, with an output of 56.1 million metric tons, was the leading commodity and was valued at Rs. 117.2 crores, which was about 67 per cent of the total value of mineral production. Production of metallic minerals was valued at Rs. 28.2 crores, which was 16 per cent of the total value of mineral production. The ferrous group of minerals accounted for Rs. 17.9 crores, which was almost the same as in 1960 and the non-ferrous group of minerals for Rs. 10.3 crores, as compared with Rs. 10.6 crores in 1960.



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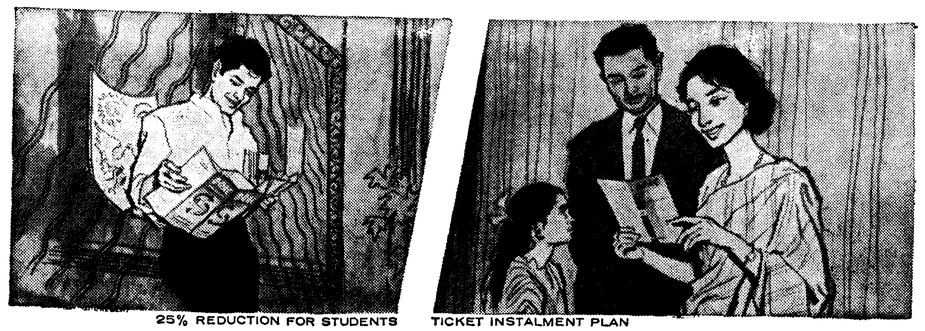

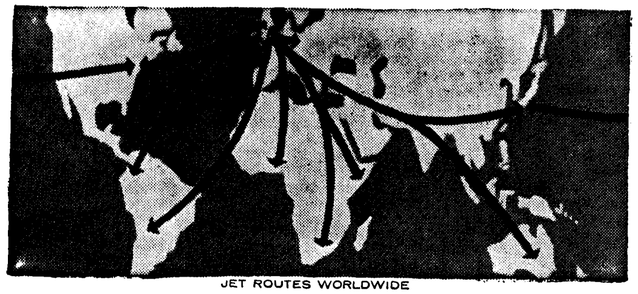

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AMERICAN LETTER

BUSINESS LEADERS SULLEN

HIGH LEVEL OF CONSUMER EXPENDITURE REFLECTS PUBLIC CONFIDENCE

From Our Special Correspondent

NEW YORK, 16*th June*

THE American obsession with the stock market continues. In recent days, prices reached a four-year low in between buying sprees. Everyone is more than concerned. Treasury Secretary Dillon, a former Wall Street man himself, made the statement that, since, on the average, stock prices have fallen to 15 times earnings, everything should be straightened out.

The subject came up also at one of President Kennedy's recent Press conferences. In many business quarters, the stock market break is attributed in a large measure to what is regarded as a hostile attitude of the present Administration towards business and industry. A reporter asked the President whether he had read a column in the influential *St. Louis Post-Dispatch* to that effect. Mr. Kennedy laughed it off. The incident was amusing to insiders, because the White House had just cancelled its numerous subscriptions to the *New York Herald Tribune*, presumably because the paper was a bit too critical, and had replaced the *Tribune* with the *St. Louis Post-Dispatch*.

One technical aspect which contributed to the hectic market movements during periods of heavy volume has been the inadequacy of the reporting system. Several years ago, the Exchange installed new high speed tickers which worked all right under normal trading conditions. But, during the worst days recently, the ticker was more than two hours late in reporting quotations, so that buyers and sellers were in the dark about the fate of their investments during that time. As this is being written, the market is going up and the ticker is 35 minutes late.

Gold Loss

Aside from these emotional and technical considerations, the analysts are wondering whether or not traders and investors actually foresee another recession. Of course, the continued gold outflow is a matter of grave anxiety. Monetary gold stocks have now reached about $16,000 million, as compared with $24.600 million in 1949. The Federal Reserve Ratio, late in May, dropped to 34.4 per cent. Some Senators in Washington call it the most serious issue facing the U.S. Senator Harry F. Byrd of Virginia is the spokesman for this group.

The reasoning of Mr. Byrd is this. Of the $16.000 million gold which are left, some $12,000 million are required to back the dollar. In theory, foreign claims against the U.S. may run as high as $18.000 to $20,000 million. About $10,000 million are earmarked for foreign account. Regardless of the bookkeeping, the margin of safety is getting thinner.

If the margin gets too thin, the argument goes, there would be only two unthinkable alternatives. Raising the gold price and devalue the U.S. dollar, or refuse to honour claims against the dollar in gold. Beyond the borders of the U.S., it would affect all other currencies which are tied to the dollar, besides creating a very bad psychological reaction. Hence, there are some faint bugle calls for austerity, instead of more spending by the Government which has been the heretofore accepted formula. The Federal Budget is certainly going to show a deficit and it would seem a miracle if the same would not be true for the fiscal year beginning 1st July. The pressure on profit-margins of industrial corporations continues. The promised reduction of taxes as from 1st January might help in the long run, but not immediately, since tax revenues would probably shrink in the initial stages. Besides, lower taxes are still in the talking stage and have yet to materialise.

Current Economic Indices

While the future is shrouded in mystery, current statistics certainly do not foreshadow disaster. The June *Monthly Review* of the Federal Reserve Bank of New York summed up the situation thus: "Economic activity scored widespread gains in April and further advances appear to be indicated for May. Consumer demands showed particular strength as retail sales and the number of housing units started rose further following sharp previous upsurges. In May, automobile and department store sales pointed toward new highs and recent information on consumer spending suggests further gains in the months ahead."

But the pace of the advance is still moderate. There is still much unused human and material capacity. There was an increase in employment in May to 68.2 million, a new high, but the labour force expanded, too, so that unemployment remained at 5.4 per cent. Steel capacity operations are also fairly low. At the same time, the auto industry alone is using more steel than in any year since 1955.

Savings of all forms have been expanding largely because of higher interest rates paid by banks. The latest published figures on personal income gave an annual rate of $548,300 million, against $500.800 million last year. Consumer expenditures were $352,000 million, against $330,700 in 1961. Unfilled orders on the books of manufacturers have been gaining and farm income has been higher.

The Gross National Product for the first quarter of the year was running at an annual rate of $548,000 million, as compared with $500.800 million 12 months previously. Hire-purchase credit in April registered the largest month-to-month rise in two years by $517 million to $43,300 million. It speaks well for popular confidence and bodes well for retail trade.

United Nations' Bond Issue

The gap has been closed, temporarily at least, in what seemed like an urgent financial emergency for the United Nations. So far, 36 countries have purchased, or announced their intention to buy, U.N. bonds, totalling about $66 million. Purchases or pledges of more than $1 million were made by Denmark, Finland, Italy, Norway, Sweden, Australia, Canada, West Germany, India ($2,000,000), Holland, New Zealand, Nigeria, Switzerland and the United Kingdom,

So far as the U.S. is concerned, the matter is still pending in Congress, but it seems to me as though Washington will wait until the whole tally is tabulated and then make up whatever difference and gap there may be. Up to this point, there have been no purchases or pledges by any of the Communist countries, but that is now a standard operating procedure. They pay only when pressed. For example, the U.N. Soviet Delegation has a mansion with spacious grounds on Long Island. This is the second time Russia has not paid local taxes on the property. They wait until the tax lien is being sold to be auctioned off and then come along with a settlement.

Australian Firm in Wall Street

Roland Walton & Co., members of the Sydney Stock Exchange, have opened an office in New York headed by one of the partners of the firm, David McLeod. He told me that his company is the only one maintaining offices abroad. In addition to a branch at Melbourne, and New York, they have a branch at Hong Kong.

Asked about the general aim of the New York operation, he replied that they wanted to interest more American investment people to have a look at Australia. He is preaching that Australia is the size of the U.S. with only about 12 million population, has a temperate climate, a very modest tax structure and that its future growth would be considerably greater than those of the industrial countries of the world, since the Continent contains the chief natural resources necessary for development.—*All Rights Reserved.*

COST OF GOVERNMENT

The cost of Government in the United States, Federal, State and local, has risen from $10,200 million in 1929 to $162,000 million today. This means that, in 1929, Government spending cost every American $84, as compared with $399 in 1949 and $848 today. The main reasons are the increased cost of defence, spending on social security and other welfare measures, and foreign aid. Since 1958, prices of consumer goods have gone up by 2.1 per cent and factory workers' wages by 12.8 per cent, but the cost of Government has climbed down by 19 per cent.

LONDON LETTER

WALL STREET IGNORED

SUBDUED OPTIMISM ABOUT BUSINESS OUTLOOK

From Our Own Correspondent

LONDON, 16*th June*

WALL Street has not yet settled down, it seems. This week the market has, once again, reached a sudden "low" and yesterday the index dropped 11.04 points to 563.0, with the result that the market is now 23 per cent below the all-time peak reached last December. The Kennedy Administration probably very sensibly, refuses to be panicked into action, doubtless being persuaded that most of the alarm has been confined to investors and not to the general public or to the business world. Dangling the bait of jam tomorrow but not today, the Administration is obviously anxious to withhold any tax relief until next year's promised cut.

The London Stock Market has, once again, proved a bulwark of solidarity and the fresh overnight slump on Wall Street was completely ignored. Obviously, though, there is no reason for complacency: U.K. prices are not yet at a level to insulate the economy against a further and more settled slump across the Atlantic.

The Federation of British Industries has just published the results of their latest four-monthly survey of industrial trends and this confirms that, while optimism pervades, genuine expansion in the economy still needs the final push to reach achievement. According to the Survey, there has been a continued increase in capacity, but no growth in activity: a shortage of orders is becoming more and more the most important factor limiting the level of output, and, inevitably, industry is planning to spend less on investment. Figures published by the Board of Trade show a small fall in capital expenditure in the first quarter of 1962. (Shortage of skilled labour which up to a year ago was regarded as the main obstacle to growth, now presents a major problem to only a very small section of industry.) Another underlying and allied reason for the stagnation is the pressure of costs on profit-margins. Firms are obviously waging a losing battle against rising costs, one of their weapons being to cut stock-piling to the minimum, particularly of raw materials, and figures show that stocks fell farther in the first quarter of 1962 than in any quarter over the past five years.

The really encouraging aspect of the Survey is the reported improvement in export business and anticipation of a further rise in sales to foreign markets. Here, too, the industry shows increasing awareness of the prospects the Common Market has to offer.

Six hundred and sixty-six firms responded to the questionnaire prepared by the Federation of British Industries and the table below shows the balance of ups and downs over four-month periods during the last two years:

	Past 4 months to			
	Oct. 1960	*Oct.* 1961	*Feb.* 1962	*June* 1962
Level of output ..	+29	+ 7	— 4	Nil
Level of export deliveries ..	+ 8	+ 7	+10	+17
Length of order books total ..	+10	—18	—27	—19
Rate of new orders:				
Total	+14	— 9	—14	— 6
Exports	+ 2	— 5	+ 2	+10
Stocks of finished goods ..	+ 1	+ 6	+16	+ 6

(The excess (+) or shortfall (—) on the percentage of those answering "Up" over those answering "Down.")

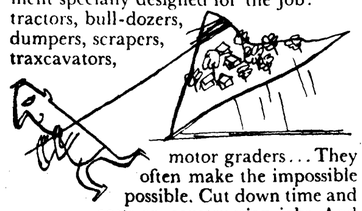
The sobering conclusion to be drawn from the Survey is that, although there are stronger hopes that production and orders are going to increase, the latest evidence of actual performance does little to substantiate them. On the whole, it is hard to reconcile the recent expressions of optimism emanating from the Government with the results of this F.B.I. Report. One factor on the side of the optimists, however, is that preparation of the Survey preceded the Government's latest relaxations—the return of some of the banks' special deposits and an easing of hire-purchase controls. These measures may well prove the stimulus necessary to give the economy that extra boost—and, providing there are no fresh disasters on Wall Street, to give London equities firm ground for a rally in the coming months.—*All Rights Reserved.*

What happens when lightning strikes a transmission tower?

Imagine a city with its power supply cut off! No lights, no air conditioning, no electric trains or trams! No factories and mills. No theatres... *That* is what happens, unless electrical systems are adequately protected—by switchgear, control and relay panels, like the ones manufactured by Larsen & Toubro. But that is not all! L & T today supplies a wide range of equipment vital to many aspects of the electrical networks—from the generation of power to its control and distribution!

man can move mountains...

But not by faith alone! He needs equipment specially designed for the job: tractors, bull-dozers, dumpers, scrapers, traxcavators,



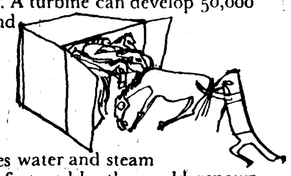
motor graders... They often make the impossible possible. Cut down time and costs on construction jobs. And that is what Caterpillar equipment is doing—helping to build giant dams for hydro-electric projects all over India.

next time when the power fails...

Be thankful the fuse has done its job! Prevented an accident in your house, perhaps—or saved costly equipment from damage. And in large factories, switchgear performs the same function. Cuts off power when it must—and protects equipment worth millions of rupees! Ensures at other times an unbroken flow of current—and prevents loss of vital production time!

50,000 horses on the job?

That is right. Not the horses—but the power they represent. A turbine can develop 50,000 horsepower and much more! Convert the force of water or steam to drive huge generators. L & T supplies water and steam turbines manufactured by the world-renowned German firms of VOITH and GHH.



guardian angel?

Yes! That's what control and relay panels are. They prevent burning out of giant generators and transformers—avoid damage that might run into crores! L & T designs and manufactures equipment of this type—veritably watchdogs of electrical networks!

L & T contributes also to the development of these vital industries:

- dairy
- oil
- steel
- food & agriculture
- chemicals & pharmaceuticals
- paper
- minerals
- transport
- construction

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LARSEN & TOUBRO LIMITED

I.M.F. ON EXCHANGE RESTRICTIONS

PROGRESS OF RELAXATION CONTINUES

"COMMERCE is the life blood of a free society. We must see to it that the arteries which carry the blood-stream are not clogged again, as they have been in the past, by artificial barriers created through senseless economic rivalries." This was the message which the late Mr. Roosevelt, the then President of the U.S., had sent to the historic International Monetary and Financial Conference which began at Bretton Woods, New Hampshire, on 1st July 1944. More specific was the statement by Mr. Henry Morgenthau (Jr.), the then U.S. Secretary of Treasury and President of the Conference, that "the first problem is to stabilise currencies and keep them so through frequent consultations between nations...." It was to ensure such stability and with the objective of establishing a multilateral system of trade and payments that the International Monetary Fund—I.M.F., for short—was set up. Although the Fund cannot be said to have achieved this objective even after over sixteen years of working, it has to be admitted that, but for the Fund, the majority of countries would have continued to use the machinery of exchange control to prevent the dissipation of their exchange resources and the weakening of their international economic position through flight of capital. Indeed, thanks largely to the fund, the free world is today having a pattern of exchange rates which are consistent with the maintenance of international equilibrium and stability of international currency values.

A clear indication of the sustained progress that has been made towards the achievement of the purposes of the Fund is provided in the latest (thirteenth) Annual Report on exchange restrictions just published by the Fund; the Report covers the calendar year 1961 and the first three months of 1962. During this period, the changes in exchange systems and restrictions continued the trend of preceding years. Additional steps were taken to liberalise trade and exchanges, as part of the trend to free international payments from restrictions which have been reinformed by the resumption of convertibility of the leading currencies. What was more, major exchange reforms were undertaken in a number of countries—Costa Rica, Ecuador, Israel, the Philippines, the United Arab Republic and Yugoslavia. Further, reliance on bilateral agreements was reduced, and several multiple exchange rate systems were simplified. The progress in all these directions is particularly significant, because it reflects, to quote the Report, "a determination on the part of a number of countries to reduce their reliance on exchange restrictions," even though some of them experienced balance of payments difficulties.

Convertibility

The two major currencies used in international payments which have been subject to various stresses and strains in world exchange markets in the past twelve months are the U.S. dollar and sterling. These stresses and strains brought under pressure the whole international payments system by reason of the rather sharp movements of short-term capital which were made possible largely by the freedom that has been in existence in most countries for non-residents (but not necessarily residents) to exchange one currency for another. The countries concerned have, however, avoided the introduction of exchange restrictions on such capital movements, and there has been "considerable international co-operation" among the central banks of the leading industrial countries to counteract the effect of these movements and to discourage them by giving official support to one another's currencies. It may be recalled here that large-scale assistance was obtained from the Fund by Britain, the great bulk of which has been returned by now.

The year 1961 was notable for two other welcome developments. One, the U.S. and West Germany entered into arrangements to reduce the wide spread between spot and forward rates—this followed the revaluation of the Deutsche mark (as well as Netherlands guilder) in March 1961—and hence to lessen the flow of short-term funds. The arrangements were subsequently broadened to include Swiss franc, Italian lira and the Netherlands guilder. Two, Canada returned to a fixed par value system, in the place of fluctuating rates.

It is indeed gratifying to learn from the Report that, taking the world as a whole, restrictions on trade and payments are today less than they have been for some decades. To quote the Report:

"The number of countries which maintain such restrictions for balance of payments reasons has been appreciably lessened, and this is particularly true of the countries of Western Europe, although they retain restrictions for protective purposes, predominantly on agricultural items. Discrimination against particular Fund members or groups of Fund members has also materially diminished in the past few years, but continues to be significant, especially with regard to certain countries in Asia. Now that the currencies of the major trading countries are convertible, the need and justification for discrimination for balance of payments reasons has virtually disappeared. The decline in recourse to discrimination has been most marked in imports from and payments to the dollar area, and also to an appreciable extent in imports from Japan, and, some countries have abandoned this particular discrimination entirely."

As for the less developed countries, it is true that many of them continue to have recourse to restrictions on imports. But such restrictions are necessitated by balance of payments considerations arising from their development programmes of long-term nature or with certain excessive import demand arising from domestic inflation.

It is equally gratifying to hear that, on balance, the reliance on multiple currency practices continued to decline. The last vestiges of such practices disappeared from the exchange systems of Denmark, Jordan and Yugoslavia. Israel unified its exchange system, except for certain transactions in securities, and Costa Rica took similar action, except for a tax on sales of exchange by foreign-owned banana companies. The United Arab Republic is replacing its multiple rate structure with a single rate. The multiple exchange rate systems of Brazil, Ecuador, the Philippines, and Viet Nam were simplified. However, Chile introduced a dual market system and Korea reintroduced multiple rates on exports. Venezuela's multiple rate system became more complex, but recent measures have made it more realistic. Eleven countries still operate multiple exchange rate systems of some significance: Chile, Ecuador, Nicaragua, the Philippines, and Viet Nam have only two effective exchange rates, but Afghanistan, Brazil, Colombia, Indonesia, Korea and Venezuela have more complicated systems.

Another noteworthy feature has been the persistent marked decline in bilateral payments arrangements between the Fund and member-countries. The number of such agreements entered into between members as on 31st March 1962 was 62, as against 75 a year before, while the number of agreements with non-member-countries was higher at 171, as against 150. Bilateral trade agreements continue in force between countries which do not maintain bilateral payments agreements, but the scope of their application tends to become smaller with the increasing liberalisation of import policies.

Advance Deposits

Among other developments, the I.M.F. Report points to the use of what is called the advance deposit requirements, usually as a prerequisite for obtaining import licences or for clearing goods through customs, though sometimes as part of the exchange system. No clear trend is discernible in this respect. In general, reliance on this device has not materially changed, but there have been many changes in its application. Only fourteen countries now operate this device. Even here, the requirements are not applied in a number of cases against imports from certain countries and, in a few countries, the advance deposit is refunded at the time payment is made for import, while, in several others, the deposits are retained for a fixed period regardless of the time of import or payment. In most of the countries, the advance deposit requirements are considered to be important in restricting the demand for imports.

The Report also refers to capital payments. According to its review, in most countries, capital owned by persons not resident in those countries can be repatriated, although this repatriation is not always possible for all capital transfers through the official market and may be feasible only at some less advantageous rate, depending on the exchange control system and the exchange rate conditions in the country concerned. On the other hand, in countries which operate systems of exchange control, the freedom of residents to export their capital at the official market rate is limited to approved direct investments abroad, and portfolio investment is usually possible only to the extent that other residents of the same country are disinvesting their foreign security holdings. Certain Western European countries permit capital transactions related to dealings in foreign securities, and to dealings in domestic securities by non-residents, to be carried out in markets separated from those for current transactions. In these markets, the exchange rates may at times exceed the exchange rate margins permitted by the Fund. During the past twelve months, these exchange quotations remained, with minor exceptions, within these margins.

In regard to regional economic agreements, the I.M.F. Report claims further progress in the integration of the economic policies of the six European Common Market countries (Belgium, France, Italy, Luxembourg, Netherlands and West Germany), as well as in the gradual elimination of trade barriers within the Market, as envisaged by the Treaty of Rome. An agreement for association between Greece and the Market was signed in July 1961. Eight more countries have applied for membership—Austria, Denmark, Ireland, Norway, Spain, Sweden, Switzerland and the U.K. The U.S. has concluded tariff negotiations with the E.E.C., the U.K. and 24 other countries; the concessions are expected to involve a 20 per cent cut in tariffs on the imports of many industrial products. The European Free Trade Association member-countries (Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the U.K.) have made further progress in reducing intra-regional tariffs as well as in increasing their remaining internal import quotas. The Organisation for Economic Co-operation and Development came into being on 30th September 1961. The five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) have brought into effect, with effect from March 1962, an agreement among their central banks on short-term credits. The Latin American Free Trade Association came into force on 1st June 1961 after ratification by all the seven original signatory countries (Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay). The contracting parties to the General Treaty of Central American Economic Integration (El Salvador, Guatemala, Honduras and Nicaragua) commenced work on the implementation of the Treaty's provision for the establishment of a Common Market among themselves. On 2nd August 1961, a preferential trade agreement was signed by Costa Rica, Panama and Nicaragua, providing, among other things, for free or preferential treatment of trade among the contracting parties, as well as for exemption from quantitative restrictions other than those agreed upon by the parties concerned.

Opinions are sharply divided on the issue as to whether the formation of regional economic blocs is conducive to the promotion of world trade and prosperity. Many independent economic thinkers and dispassionate observers are of the view that it would be better to approach the problems of integrating economic policies and elimination of trade barriers on a world-wide basis, instead of through regional blocs. Some even ask: Why should there be regional blocs, when the same objectives can as well, and ought to, be fulfilled successfully through the mechanism of the G.A.T.T. and the I.M.F.? Some others have gone to the extent of warning that regional economic blocs will undo whatever progress the G.A.T.T. and the I.M.F. have achieved and that the whole world trade will in course of time be converted into hostile compartments. As it is, the European Common Market has become a powerful force in world trade. The aggregate official gold and foreign exchange holdings of the C.M. countries have gone up quite considerably in recent years. They stood at as high as $16,272 million towards the close of 1961, as compared with a bare $8,384 million at the end of 1955 as the table at the bottom of the page shows. Conversely, there has been a decline in the holdings of a number of other countries. In the case of India, for instance, while gold holdings continue unchanged at $247 million, foreign exchange holdings have dwindled by $1,201 million to $418 million between 1955 and 1961. As for Pakistan, the holdings of gold have risen from $48 million to $52 million, whereas those of foreign exchange have receded from $349 million to $324 million; they were lower still at $216 million towards the close of March 1962. The fears regarding the possible impact of regional economic blocs on world trade are not altogether unwarranted. The growth of world trade has already tended to slow down considerably. The total free world exports during the year 1961, for instance, increased by only 4.4 per cent, as against 10.4 per cent in 1960 and 6.0 per cent in 1959. To give the actual figures, the f.o.b. value of these exports in 1961 was $118,500 million, as against $113,530 million in 1960, $101,890 million in 1959 and $96,110 million in 1958.

In particular, the share of primary producing countries in world trade continues to decline. It is rather disquieting that, while there was "rapid progress" in the exchange of goods between industrial countries during the year 1961, these countries' imports of raw materials did not, according to the I.M.F. Report, keep pace with the growth of their industrial production. It would be a good thing if the I.M.F. were to make, with the help of its expert staff, an impartial appraisal of the possible effects of such regional trade groupings as the Common Market on world trade and to say candidly whether or not they are in keeping with the ideals of its founders. We look forward to such a frank assessment in the near future.

Official Gold and Foreign Exchange Holdings

(End of period: In million U.S. dollars)

Country	Gold					Foreign Exchange				
	I Quarter 1962	1961	1960	1959	1955	I Quarter 1962	1961	1960	1959	1955
India	247	247	247	247	247	N.A.	418	423	567	1,619
Pakistan	53	52	52	50	48	216	324	363	350	349
Burma	—	—	—	—	—	108	112	125	141	92
Ceylon	—	—	—	—	—	N.A.	90	59	133	204
Malaya	167	162	147	154	144	840	824	746	650	478
Australia	1	1	35	34	43	1,037	1,166	696	1,072	991
New Zealand	964	946	885	960	1,134	111	95	142	183	144
Canada	N.A.	2,300	2,800	2,500	2,050	752	1,118	951	917	778
U.K.						N.A.	1,024	439	250	108
Common Market:										
W. Germany	3,666	3,664	2,971	2,637	920	2,422	2,878	2,766	1,896	2,015
France	2,171	2,121	1,641	1,290	942	1,050	816	429	430	970
Italy	N.A.	2,225	2,203	1,749	352	N.A.	1,194	878	1,204	818
Netherlands	1,591	1,581	1,451	1,132	865	764	184	291	207	355
Belgium-Luxembourg	1,297	1,248	1,170	1,134	928	365	409	252	88	319
Total Common Market	N.A.	10,839	9,436	7,942	4,007	N.A.	5,483	5,614	3,825	4,577
U.S.A.	16,643	16,947	17,804	19,507	21,753	N.A.	116	—	—	—
Japan	N.A.	272*	247	244	85	N.A.	1,339*	1,577	1,077	746
Austria	344	303	293	292	71	493	524	404	366	290
Norway	30	30	30	30	45	212	248	252	226	190
Sweden	181	180	170	191	276	509	492	320	249	221
Switzerland	2,444	2,560	2,185	1,984	1,597	186	200	196	189	250

— Nil. * End of third quarter. N.A. = Not available. Source: *International Financial Statistics.*

The Third Five Year Plan
Bird-Heilgers' part in it...

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A SIMPLE PHRASE...
...VITALLY IMPORTANT!

"...special emphasis is being placed on... steel and machine-building and the manufacture of producer goods". The Third Plan very rightly stresses the need for rapid industrial development. Every new project for domestic production creates employment, saves foreign exchange, adds to the national striving for economic independence. The expansion of indigenous manufacture is critically important, and Bird-Heilgers is deeply committed to this decisive aspect of the Plan.

Steel for a solid industrial base

Steel is the very life-blood of an economy. Industries, utilities, homes, all depend on steel. Steady steel production depends, in turn, on the uninterrupted supply of minerals to the nation's blast furnaces. Bird-Heilgers supplies these minerals. Between 1957 and 1961, the group's output of minerals—coal, dolomite, iron and manganese ore and limestone—shot up almost 100% to well over 6,000,000 tons. The group will continue to help meet demand...to feed the blast furnaces with the minerals they must have.

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A vast range of products, hitherto imported, are now manufactured in India by Bird-Heilgers. The group produces jute goods, paper and board, water treatment equipment, air compressors and springs, castings and fabricated steel. The refractory manufacturing plant is the largest single unit in the East. A factory for the production of coal washeries was the first in India.

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U.N. DEVELOPMENT DECADE

TARGETS AND PROPOSALS FOR ACTION

THE sixties through which the world is passing have been designated by the United Nations as the Development Decade. This is stated to be a crucial decade for the less developed countries which have inherited from the last decade a host of unsolved problems. There is, firstly, the problem of developing and organising more effective planning. The general picture is still one in which the majority of countries have either no development plans, or at best have elements of development plans in the form of general projections, or public investment programmes, or plans lacking in implementation. If a true development plan is one that represents an action programme for the public and private sectors of the economy alike, takes full account of the necessary sacrifices and mobilises the necessary resources, and offers opportunities for the development of the latent resources of the country, then this kind of plan is still the exception rather than the rule.

The second problem is posed by the failure of the proceeds derived by underdeveloped countries from export sales of primary commodities or of manufactured goods to develop the dynamic growth which would be necessary to finance their economic development at acceptable growth rates. The well-maintained stable growth in the main industrial countries has by itself proved to be insufficient to give greater stability to commodity prices. One of the reasons for this is the failure on the part of advanced countries to treat the exports of developing countries in a manner which is in keeping with the recognised primary importance of the development of these exports for the balanced growth of the world economy.

There is, thirdly, the problem of inadequate long-term capital flows and assistance from the wealthier countries to the developing countries. True, in the later part of the last decade, the total net flow of capital and assistance to low-income countries increased considerably. Such flow, however, remained considerably less than one per cent of the combined national income of the wealthier countries. Worse still, much of it was made available on a basis that offered no real assurance of its continuity to individual countries; it remained split up amongst a multiplicity of sources, forms and purposes; and the share of multilateral aid through the United Nations system remained small. Furthermore, the fall in commodity prices in the later years of the last decade nullified much of the net increase in the assistance given to the developing countries. There was, again, no clear evidence that a satisfactory basis had been found for a sustained, assured and more widely distributed flow of private capital to developing countries. The present need, in the context of the mounting pressure of commitments for repayment of principal and interest or profits on previous investments and the uncertainty and lack of dynamism of export earnings in many underdeveloped countries, is for increasing the proportion of assistance in forms that would bear less heavily on the balance of payments than conventional loans.

The failure of agricultural output in the developing countries to increase substantially faster than their populations represents the fourth problem. It is stated that the disparity in standards of nutrition is now greater than ever and that the number of human beings living in conditions of hunger and malnutrition is now larger than ever before in the history of the world. The rise in agricultural productivity is not sufficient at the present rate to provide the surpluses which are essential if the industrialisation of the underdeveloped countries and accelerated growth of national income are to be achieved.

Another problem facing the underdeveloped countries pertains to industrialisation. While it is true that industrialisation is gradually developing, manufacturing industry still accounts for less than one-fifth of the low output of these countries and the volume of employment thus far provided by industries has been insufficient to prevent growing unemployment and underemployment.

The effort to bring science and technology to bear upon the special problems of the underdeveloped countries is still not adequate. This is yet another problem, and it is largely due to the continuing and increasing burden of armaments. Heavy financial resources and skilled personnel, part of which might otherwise be devoted to the problems of the developing countries, are pre-empted by the armaments race. Further, there is, in the developing countries themselves, the crucial lack of trained people capable of using advances in technology; and the heavy capital requirements of new processes are also beyond the capacity of the underdeveloped countries. The large scale on which new processes operate and their orientation towards advanced sectors make advanced technology less and less directly applicable to the specific needs of the developing countries.

While highlighting these six major problems confronting the less developed countries, the Acting Secretary-General of the U.N., in his report just submitted to the U.N. Economic and Social Council, has also referred to the problem of how best to deal with the social aspects of economic development. While there has been increasing recognition that social reform is a necessary condition of economic improvement, such recognition, according to the Acting Secretary-General, U Thant, has not yet come to guide practical policies everywhere. The slow pace of progress (more of the order of 1 per cent per annum than 2 per cent in the growth of *per capita* income) in the underdeveloped countries, taken as a group, during the last decade and the continuance of their familiar problems at the opening of the "development decade" have been considered by the Acting Secretary-General in the context of the rapid growth of population. This is how he has summed up the situation:

"Progress toward a higher average level of living in the world as a whole is held back also by the shifting balance of population distribution which results from higher rates of population growth in developing countries than in wealthier countries. As the developing countries account for a larger and larger proportion of world population increases, they tend to offset the improvement of conditions in the world as a whole which would otherwise be brought about by the gains in individual countries. At any rate, the actual number of human beings living in distress and unacceptable poverty has almost certainly increased rather than diminished. This is the combined result of the rapid growth of population in the poorer countries and their failure to join fully in the general march of progress. Even in education, a field in which many underdeveloped countries have made important achievements during the last decade, the progress has not been enough to justify any complacency. In spite of the efforts to stamp out illiteracy, the number of illiterate people may increase, rather than diminish, as a result of the relentless growth of population. In India, for example, although the census figures for 1951 and 1961 show an increase of more than 40 million during the decade in the number of persons able to read and write, even this accomplishment was not enough to prevent the number of illiterates from increasing by more than 11 million in the age group five years and over."

The U.N. General Assembly has already laid down a quantitative objective which must be achieved if the situation described above is to be remedied. This objective is a minimum annual rate of growth of aggregate national income of 5 per cent in all or in the great majority of underdeveloped countries by 1970. As the third year of the current decade is already on, the question arises as to what should be the rate of growth during the rest of the decade. According to the Acting Secretary-General, the average rate of increase of the aggregate incomes of all underdeveloped countries during the remainder of the decade should be not less than 5 per cent, and it would be desirable if, towards the end of the decade, it could be as high as 6 per cent or more. As the growth rate of national incomes of all underdeveloped countries, together, is about 3½ per cent per year, the immediate task will be to raise this growth rate during the coming few years by 1½ per cent to at least 5 per cent and to increase it by a further 1½ per cent to over 6 per cent per annum at the end of the decade. Elaborating this, the Acting Secretary-General says in his report:

"A growth rate of aggregate real incomes of 5 per cent per annum—assuming a continuation of the present rate of population increase—would permit a doubling of the personal standard of living (even given the necessary rates of savings and reinvestment of incremental income) within a period of twenty-five to thirty years; this would mean a real improvement within the working lifetime of individual citizens. It should be emphasised, however, that a 5 per cent annual increase in aggregate incomes of the underdeveloped countries is to be met. Besides a strengthening of the U.N. Industrial Development Centre at Headquarters, the Acting Secretary-General proposes greater support of industrial planning and project programming; extension of industrial advisory services; promotion of small industries, with emphasis on the establishment of industrial estates; and industrial training.

(6) In the field of housing, the Acting Secretary-General estimates that, in Africa, Asia and Latin America, from 19-24 million dwellings should be constructed annually throughout the decade 1960-70 to eliminate existing shortages in 30 years, to house the increase in population and to meet current obsolescence.

(7) If the proposed health targets for the underdeveloped countries are met, each will have, by 1970, one physician per 10,000 persons; one nurse per 5,000; one technician (laboratory, X-ray, etc.) per 5,000; one health auxiliary per 1,000, one sanitarian per 15,000; and one sanitary engineer per 250,000 persons. A realistic appraisal of the health situation in individual countries is urged, together with the development of minimum basic health services.

For achieving the objectives of the Development Decade, not only bilateral aid and capital flow are visualised, but also an expansion in multilateral assistance through the United Nations and its specialised agencies. The Acting Secretary-General has specifically proposed in the latter connection a substantial increase in the resources of the International Development Association and an addition of $25 million yearly, over the decade, to the immediate target figure of $150 million annually for the U.N. Expanded Programme of Technical Assistance and the U.N. Special Fund. All in all, an additional net flow of $4-5 billion a year of capital and assistance to the developing countries over the current decade is considered absolutely necessary. Its break-up into private and public capital or into bilateral and multilateral categories is, however, not foreseen in detail in the Acting Secretary-General's report.

"It is useful to realise that a special premium or bonus is attached to any intensification of progress in underdeveloped countries. If the rate of growth of aggregate incomes is 3 per cent, while population increases by 2 per cent, the improvement of the average standard of living would only be 1 per cent and two-thirds of the increase is required to provide for the increase in population. But, if the increase in aggregate income is doubled to 6 per cent, the improvement is raised from 1 per cent to 4 per cent, i.e., it is not doubled but quadrupled. This consideration should act as a special spur to intensify efforts, both within and outside the underdeveloped countries, to gain an early momentum and save in the long run on the resources needed for a task which all agree will have to be achieved sooner or later.

A related consideration is that, if the acceleration of the rate of growth of income goes hand in hand with improvements in internal income distribution, and if the social benefits of the improvements are widespread, the number of people living below an acceptable minimum standard can be reduced at an even faster rate than the mere increase in aggregate income would suggest."

The magnitude of the global efforts required has also been envisaged by the Acting Secretary-General on the basis of the above assumptions. His calculation is that, since the national incomes of the wealthier countries are now a high multiple of the aggregate incomes of the developing countries (being 10 : 1), a flow of capital representing one per cent of the incomes of the developed countries would add about 10 per cent to the national incomes of the underdeveloped countries and about 100 per cent to their present net capital formation. If the net flow of capital on suitable terms could be raised now to one per cent of the combined national incomes of the wealthier countries, and effectively used, this alone could raise the growth rate of aggregate incomes of developing countries at least half way from the present 3½ per cent to the initial target of 5 per cent each year. A part of the external foreign exchange resources required for increasing the growth rate of aggregate incomes to 5 per cent initially and later to 6 per cent and more could come from an improvement in the trade position of the developing countries. If their terms of trade could be improved by 10 per cent over the present level and kept at this level during the development decade and if, in addition, underdeveloped countries were also enabled to improve their present share in world trade from 26 per cent to 28 per cent and maintain this share throughout the decade, the gap in the foreign exchange requirements for the accelerated rate of growth would be covered. Aid and trade, together, are thus required on the scales suggested. All this, of course, presupposes that the developing countries would be able to mobilise adequate internal resources.

The specific proposals made by the Acting Secretary-General for realising the objectives of the "Development Decade" are as follows:

(1) High priority should be given by the United Nations system to the working out of development plans, and assistance in carrying them out by the mobilisation of an underdeveloped country's own resources and by securing external assistance and co-operation.

(2) Emphasis on the mobilisation of human resources must include better utilisation of the labour force by creating higher levels of productive employment; improving the quality of the labour force by vocational education and training; and enlisting popular support for the tasks of national development, and the participation of broad social groups in them. Particular attention must also be given to the problems and needs of children and young people.

(3) A major task will be to meet the food requirements of an increasing population and, at the same time, provide for moderately improved nutrition. The adoption of modern agricultural practices will be necessary in order to meet the requisite annual increase in food supplies of between 3.8 and 4.3 per cent annually.

(4) To meet the expected large increase in requests for projects to develop natural resources, it will be necessary to expand cartographic services; intensify surveys of water needs and resources; prepare the groundwork for integrated development of international river basins; intensify work on rapid mineral exploration and promote co-operation between neighbouring countries in this field; survey energy needs and resources; and develop small power units in rural areas.

(5) Manufacturing output in the developing countries will have to increase by no less than 130 per cent if the goal of an increase of 5 per cent per year in aggregate incomes of the underdeveloped countries is to be met. Besides a strengthening of the U.N. Industrial Development Centre at Headquarters, the Acting Secretary-General proposes greater support of industrial planning and project programming; extension of industrial advisory services; promotion of small industries, with emphasis on the establishment of industrial estates; and industrial training.

(6) In the field of housing, the Acting Secretary-General estimates that, in Africa, Asia and Latin America, from 19-24 million dwellings should be constructed annually throughout the decade 1960-70 to eliminate existing shortages in 30 years, to house the increase in population and to meet current obsolescence.

(7) If the proposed health targets for the underdeveloped countries are met, each will have, by 1970, one physician per 10,000 persons; one nurse per 5,000; one technician (laboratory, X-ray, etc.) per 5,000; one health auxiliary per 1,000, one sanitarian per 15,000; and one sanitary engineer per 250,000 persons. A realistic appraisal of the health situation in individual countries is urged, together with the development of minimum basic health services.

For achieving the objectives of the Development Decade, not only bilateral aid and capital flow are visualised, but also an expansion in multilateral assistance through the United Nations and its specialised agencies. The Acting Secretary-General has specifically proposed in the latter connection a substantial increase in the resources of the International Development Association and an addition of $25 million yearly, over the decade, to the immediate target figure of $150 million annually for the U.N. Expanded Programme of Technical Assistance and the U.N. Special Fund. All in all, an additional net flow of $4-5 billion a year of capital and assistance to the developing countries over the current decade is considered absolutely necessary. Its break-up into private and public capital or into bilateral and multilateral categories is, however, not foreseen in detail in the Acting Secretary-General's report.

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Sri O. M. SP. L. M. Meyyappa Chettiar

G. S. SUNDARAM, *Secretary.*

Notice

THE BANK OF INDIA LIMITED

INCREASE OF CAPITAL AND ISSUE OF NEW SHARES

Issue of 2,00,000 Ordinary Shares of Rs. 100/ each Rs. 50/ per share paid-up, for cash, at a premium of Rs. 20/ per share.

NOTICE IS HEREBY GIVEN THAT THE time for:

(*a*) acceptance by shareholders of the offer of new ordinary shares to which they are entitled;

(*b*) renunciation by shareholders of their right to such new ordinary shares in favour of their nominees and the application by such nominees for new ordinary shares renounced in their favour;

(*c*) application by shareholders for additional new ordinary shares;

has been further extended by the Board of Directors from the 23rd day of June 1962 up to the 5th day of July 1962.

Shareholders are hereby informed that no further extension of time whatever will be given after the 5th day of July 1962.

Dated at Bombay this 18th day of June 1962.

By Order of the Board of Directors,

S. J. RUSTOMJI,
Acting General Manager.

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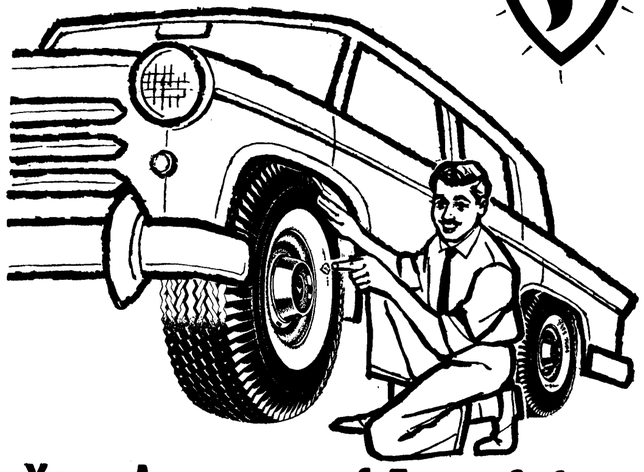

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GOVERNMENT REJECTS COTTON INDUSTRY'S PLEAS

ACTION GROUP SEEKS ROYAL INTERVENTION

From Our Special Correspondent

MANCHESTER, 12*th June*

MANCHESTER LETTER

THE British Government has accepted the offer of the Hong Kong Government to continue until the end of 1965 the current ceilings on their exports of cotton piecegoods and made-up goods for retention in this country, subject to the acceptance of similar arrangements by India and Pakistan. Cotton textiles from Commonwealth countries will continue to enter duty-free. Hong Kong will, in addition, limit yarn exports to the 1961 rate.

The Government has also decided not to extend the period for applications for re-equipment grants under the Cotton Industry Act, 1959 beyond 8th July, but the industry is reminded that applicants would still have another year to place their orders with machinery makers, and up to July 1964, to complete installation. The Government has accepted the long-term G.A.T.T. agreement, which is to come into operation in October, subject to a reservation exempting Britain from the obligation to admit increased imports.

These decisions were announced in the House of Commons by the President of the Board of Trade, Mr. Frederick Erroll, who was severely criticised by Labour and Conservative members from the cotton textile constituencies. In general, their complaints were that a lower ceiling for imports from Hong Kong should have been fixed and that the period for re-equipment grant applications extended. They claim that a lower ceiling would have restored some confidence to the industry and that, when that had happened, more applications would be made for re-equipment grants.

A Cotton Board spokesman said in Manchester that there would be "intense disappointment" throughout the trade that there was to be no reduction in the imports ceilings. "That has been the main basis of repeated representations made to the Government," he added. The Board is to study the full text of the Board of Trade statement before making a detailed statement.

Mr. John McCann, leader of the Textile Action Group, which last week organised a mass protest march of cotton workers through London, predicted further mill closures following the statement. "I would not like to hazard a guess at the number of mills which will now decide to put up the shutters," he declared.

Textile Imports "Unsatisfactory"

Mr. Fred Dunkerley, President of the British Spinners' and Doublers' Association, said that the position regarding textile imports was "totally unsatisfactory," and he called the statements made by the President of the Board of Trade "intensely disappointing." But he welcomed the fact that yarn was included in the Commonwealth agreements for the first time and that a new system of individual licences was being introduced which would enable the Government to take speedy action where increased imports from any source threatened or caused disruption. It was also satisfactory that the Government had given a firm assurance that they accepted the long-term Geneva agreement subject to the reservation exempting the industry from obligations to admit increased imports.

But much depended on the firmness and speed with which the Government made use of the possibilities open to it under the agreement, particularly when dumping or subsidies were suspected or proved. Mr. Dunkerley warned that, if imports rose to the levels now agreed to by the Government, public and private money which was invested in the reorganisation of the industry would be wasted. There was a potential surplus of at least 140 million square yards in the case of cloth and 50 million lbs. in the case of yarn and, if this entered the market, it would lead to the closure of more mills.

Saying that the Government decision on imports was unfairly weighted against the people of this country, Mr. Dunkerley said that it would not be long before other industries were similarly affected, and the Government would have to take firm action. It was wrong that the Lancashire cotton industry should be not only the first, but the biggest sufferer. The Association for which he was speaking represents about 300 spinning firms.

Plan To Freeze-out Foreign Goods

Cotton industry leaders who are bitterly disappointed at the Government's refusal to help their industry fight imports may be asked to try a plan to freeze-out foreign goods which are hitting their trade. The plan is to persuade British merchants not to handle imported goods or cloth.

Some industry leaders feel an independent "trade barrier" is the only hope for the Lancashire cotton industry.

Alderman J. W. Whitworth, General Secretary of the Association of Operative Spinners, said that he intended putting the idea forward at next Tuesday's meeting of the Cotton Board. "Even though the ceilings have been fixed we are not bound to take imports of that amount. I think arrangements could be made within the trade not to accept imports," he said. Unless positive moves of this kind were made the industry faced a further contraction of up to 16 per cent, he warned.

Cotton Unions To Meet

Lancashire's most powerful cotton union organisation—the United Textile Factory Workers' Association—is making plans for an emergency conference to discuss the crisis in the cotton industry. The Association—which represents over 120,000 employees in various textile unions—is calling cotton workers to Manchester for a mass meeting on 20th June.

Association Secretary Mr. James Milhench said that more than 800 millworkers were expected to attend the meeting. "The main item will be the question of foreign textile imports, and the effect on our livelihood," he declared. Cotton workers are being urged to take half a day off work to attend the meeting. "We are confident that people will take the time to attend."

The Textile Action Group, which on Monday organised a protest march of 3,700 cotton workers through London, stated that it had not been informed of the meeting. But the Chairman, Mr. John McCann, said: "If the meeting is open to the public we would be glad to attend, and give whatever support we could."

Fewer Workers

Lancashire cotton mills are losing more workers, weaving less cloth, and spinning smaller quantities of yarn every month. Latest figures issued by the Cotton Board in Manchester confirm that protestations by the trade that imports must be curbed to give the home industry a chance to compete with rivals are backed with solid facts. Another 2,100 workers left the industry in April, bringing the total manpower strength down to 161,990. Over 7,600 cotton workers have now left the cotton trade since the beginning of the year, and the labour force is the lowest in living memory.

Average weekly yarn output for the four weeks ended 28th April aggregated 11,210,000 lbs., as compared with 12,870,000 lbs. for the previous month. In the same period last year, the figure was 14,330,000 lbs. Cloth output per week fell from 34,480,000 yards to 31,030,000 yards, as compared with 37,760,000 yards in the same period last year.

T.A.G. Writes to Queen

The unofficial Textile Action Group, which numbers among its supporters leaders of the main employers' organisations in the cotton spinning and weaving industries, has appealed for Royal intervention in the dispute between the cotton trade and the Government. It is seeking an audience with the Queen or Prince Philip to ask for assistance.

A letter sent by the Chairman of the Group, Mr. McCann, to the Queen said that approaches from the industry to the Government had met with no response, and the anxiety felt by these loyal subjects was such that 3,727 of them went to London to protest earlier in the week. The letter to the Queen asked her to intercede on behalf of the industry, and said that the group would be honoured to visit London or elsewhere to talk about the serious situation.

The Prime Minister, in reply to a letter from the T.A.G. asking him to take action to save the industry from the threat of foreign imports, suggested that the Group should send a memorandum to the Board of Trade. In a letter to Mr. Macmillan, the T.A.G. said they felt this would be a waste of time. It pointed out that their objective now was not negotiation, but action, and would be based on the assumption that they would beat the Government in this battle. It was criminal for the people of the North West to be sacrificed, added the letter to Mr. Macmillan.—*All Rights Reserved.*

Notices

STATE BANK OF INDIA

NOTICE

WITH REFERENCE TO THE NOTICE OF the 2nd May 1962 issued in terms of Regulation 29(2) of the State Bank of India General Regulations regarding the holding of a Local Meeting of the shareholders of the State Bank of India on the Branch Register of shareholders at the Bombay Local Head Office of the Bank for the sole purpose of electing a person to be a Director of the Central Board in pursuance of Section 19 (1)(c) of the State Bank of India Act, 1955, to fill the vacancy which will arise on the 1st July 1962 through the retirement of Shri J. D. Choksi, NOTICE IS HEREBY GIVEN that I have accepted as valid the nomination proposing the name of Shri J. D. Choksi of Bombay House, Bruce Street, Bombay, as a candidate for election as a Director of the Central Board of the State Bank of India. The said nomination being the only valid nomination received, Shri J. D. Choksi shall be deemed to be elected a Director of the Central Board of the Bank at the said Local Meeting of the shareholders proposed to be held on the 27th June 1962 which Meeting in terms of Regulation 40(1) of the said General Regulations now stands cancelled.

R. N. CHETTUR,
Secretary & Treasurer,
State Bank of India,
Bombay.

13*th June*, 1962.

SHAW WALLACE AND COMPANY LIMITED

DIVIDEND ON PREFERENCE SHARES

THE DIRECTORS HAVE DECLARED A First Interim Dividend of Rs. 2.4975 per share (i.e. Rs. 3.00 per share increased in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960 less Income Tax at the Company's rate of 25 per cent in accordance with the proposals contained in The Finance (No. 2) Bill, 1962, subject to deduction of tax under Section 194 of the Income Tax Act 1961 on the Company's Preference Shares in respect of the year ending on the 31st December, 1962, payable to Members whose names appear in the Preference Shares Register of the Company on the 16th July, 1962. Warrants will be posted on or after the aforementioned date to the addresses or in accordance with the instructions recorded in the Company's books.

The Transfer Register of the Preference Shares will be closed from the 9th to the 16th July, 1962 both days inclusive.

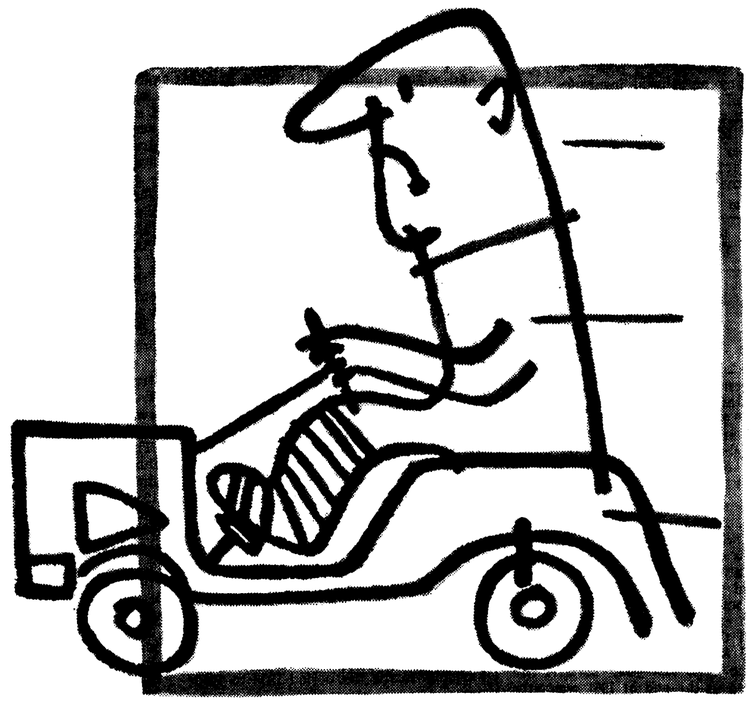
In the event of a reduction in the proposed Company's rate of tax for the current financial year on enactment of the Finance Bill, the excess tax deducted will be refunded.

By Order of the Board,
D. A. HOUGHTON,
Calcutta Director & Secretary.

Registered Office:
4, BANKSHALL STREET,
CALCUTTA-1.
11*th June*, 1962.

The wise motorist says

"Don't use the clutch as a foot-rest"



After changing gear remove your foot completely from the clutch. The lazy driver is a wasteful driver. Constant pressure on the clutch means more strain on the engine, more petrol consumed. It wears out the clutch plate and shoots up motoring costs.

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By JOHN and ROW, Advocates, Madras
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GENERAL INSURANCE SINCE 1955

INDUSTRIAL PRODUCTION MAINTAINS THE LEAD

FROM the point of view of growth of business, 1960 was one of the best years for general insurance in India, next only perhaps to 1955, a peak year. According to the *Indian Insurance Yearbook*, 1961, incorporating the figures for 1960, which has just been published, the index of general insurance business (base 1951=100) rose during 1960, by 11.8 points to 169.7, as compared with the rise by 13.1 points to 135.3 in 1955. Again, unlike in 1955, when the rise in the index for general insurance exceeded that in the index of industrial production which stood at 122.4, as against 112.4 in the previous year, in 1960, the index of general insurance rose less than in proportion to the rise in the index of industrial production which went up by as much as 18.4 points to 170.3. Thus, the tendency of general insurance business to lag behind industrial production, which was noted during the past few years, persisted during the year under review also. The following table gives the trend of industrial production and general insurance business in the country during the period 1953-60:

Index Number of General Insurance in India

	Index number of general insurance business in India	General index number of industrial production
1953	104.7	105.6
1954	112.2	112.0
1955	135.3	122.4
1956	139.9	132.6
1957	140.4	137.3
1958	146.8	139.7
1959	157.9	151.9
1960	169.7	170.3

It will be seen from the table that the index number of industrial production went up by as many as 18.4 points in 1960, as compared with 12.2 in 1959 and a mere 2.4 in 1958, whereas the index number of general insurance business recorded a rise of only 11.8 in 1960, as against 11.1 in 1959 and 6.4 in 1958.

In terms of absolute figures of premium income, however, 1960 was the highest year on record so far, disclosing a perceptible increase over the business done both in 1959 and 1955. A noteworthy feature was that the larger business, as compared with 1959, was transacted by a smaller number of companies, 166 (comprising 88 Indian and 78 non-Indian), as against 177 companies at the end of 1959, of which 90 were Indian and 87 non-Indian. Eleven more insurers ceased to exist last year, so that the number of insured at the end of 1961 was only 155, of which 82 were Indian and 73 non-Indian. The contraction in the number of companies has been going on for some years, as witness the fact that there were as many as 198 companies (98 Indian and 100 foreign) registered on 31st August 1956, the day preceding the establishment of the Life Insurance Corporation of India, transacting one or more classes of business. Thus, the casualty rate of general insurers since nationalisation of life insurance has been heavy but quite welcome. Even now there are too many insurers, having regard both to the present and prospective size of business. It will be seen that, since the advent of nationalisation of life insurance, the Indian companies have fallen by 16 and the foreign by 27. Again, the foreign companies, which were in absolute majority in terms of numbers, became a minority by the close of last year.

State-wise Distribution

The geographical distribution of the 185 insurers (94 Indian and 91 foreign) who transacted general insurance business during the year ended 31st December 1960 indicates that Maharashtra had the largest number of insurers registered in the State, namely, 40 insurers, having a total net premium income in and outside India of Rs. 22.53 crores out of a total net premium income (for all Indian insurers) of Rs. 32.94 crores. West Bengal had 17 insurers which accounted for a total net premium income of Rs. 6.55 crores, Madras had 14 insurers having a premium income of 1.63 crore, Gujarat 7 with a premium of Rs. 1.04 crore and Delhi an equal number with a premium of Rs. 85.84 lakhs. Other States accounted for 9 companies and had, in all, a total net premium income of Rs. 32.97 lakhs.

Out of the 91 foreign insurers operating in the country, the majority, namely 56, including one insurer holding a standing contract with Lloyd's of London, were incorporated in Britain. They accounted for a total net premium income of Rs. 5.65 crores out of a total of Rs. 7.99 crores collected by the foreign insurers. New Zealand had only 3 companies doing business in India but these constituted, in terms of premium income, the second largest national group, accounting for a net premium of Rs. 76.75 lakhs. American companies were nine in number, and French, Swiss, Australian and Hong Kong four each. Two companies were incorporated in Canada, while Sweden, Kenya, Italy, Indonesia and Ceylon accounted for one each.

Trend of Premium

An analysis of gross and net premium written in India reveals some interesting trends. The gross premium written direct in India during 1960 in all classes (fire, marine and miscellaneous) of insurance business aggregated Rs. 9.19 crores, Rs. 5.79 crores and Rs. 12.11 crores, respectively, amounting in all to Rs. 27.08 crores for Indian insurers, was double that in 1955 when gross premium amounted to Rs. 14.77 crores. As compared with this, gross premium written direct in India by non-Indian insurers during 1960 amounted to Rs. 11.04 crores, comprising Rs. 5.17 crores in the fire department, Rs. 2.76 crores in the marine department and Rs. 3.11 crores in the miscellaneous department, as against a total of Rs. 9.33 crores in all the three departments in 1955, representing only an increase of 18.3 per cent. It will thus be seen that Indian companies accounted for the major share of the increase in gross premium written direct in India. Thus the share of Indian insurers in the gross premium written direct in India increased from 59.6 per cent of the total in 1955 to 71 per cent in 1960 whereas the share of non-Indian insurers declined from 40.4 per cent in 1955 to 29 per cent in 1960. The same is the position in regard to net premium also. Net premium income in India of Indian insurers amounted to Rs. 18.51 crores in 1960, as against Rs. 7.59 crores in 1955. Net premium in India of non-Indian insurers amounted to Rs. 7.99 crores in 1960, as against Rs. 6.82 crores in 1955. Percentage-wise, the share of Indian insurers in the total net premium income rose from 52.7 per cent in 1955 to 69.8 per cent in 1960, whereas that of non-Indian insurers declined from 47.3 per cent to 30.2 per cent during the same period. The following table indicates the trend of gross and net premium income during the period 1955 to 1960:

Trend of General Insurance at a Glance
(In lakhs of rupees)

Year	Fire		Marine		Miscellaneous		Total	
	Indian insurers	Non-Indian insurers	Indian insurers	Non-Indian insurers	Indian insurers	Non-Indian insurers	Indian insurers	Non-Indian insurers
Gross premium written direct in India:								
1955	601.35	442.73	331.83	267.15	443.92	222.95	1,377.10	932.83
1956	737.54	468.98	394.09	266.36	517.59	223.91	1,649.22	958.25
1957	719.33	470.34	438.76	266.23	638.61	251.60	1,796.70	987.17
1958	794.56	471.41	444.86	232.26	765.77	262.89	2,005.18	966.56
1959	871.77	501.28	510.49	240.64	919.08	278.79	2,301.34	1,020.71
1960 (provisional)	918.65	516.57	579.15	276.55	1,210.83	310.57	2,708.63	1,103.69
Net premium income in India:								
1955	277.47	284.68	147.17	193.26	334.41	208.70	759.05	686.64
1956	336.66	300.23	167.56	197.73	401.87	199.66	906.08	697.62
1957	377.96	313.48	209.33	190.96	508.04	213.93	1,096.22	718.39
1958	436.57	323.23	258.85	171.55	602.09	225.08	1,297.51	719.84
1959	513.85	318.62	261.89	180.83	725.98	245.27	1,501.72	744.71
1960 (provisional)	593.42	317.64	309.04	205.04	948.95	276.51	1,851.41	799.19

The gross premium written direct outside India by Indian insurers amounted to Rs. 8.65 crores made up of Rs. 2.35 crores in the fire, Rs. 1.97 crore in the marine and Rs. 4.33 crores in the miscellaneous departments, respectively, as compared with a combined net premium of Rs. 5.81 crores in 1955. While the table indicates the broad trend of net and gross premium in the fire, marine and miscellaneous insurance, it is noteworthy that, during the period 1955-60, the share of Indian and non-Indian insurers in the total has shown a considerable change in favour of India.

The proportion of fire insurance business in the total gross premium written direct in India by Indian insurers has fallen from 44 per cent in the year 1955 to 34 per cent in the year 1960 and the proportion of miscellaneous insurance business has gone up from 32 per cent in the year 1955 to 45 per cent in the year 1960 while the proportion of marine insurance business has slightly fallen from 24 per cent in the year 1955 to 21 per cent in the year 1960. The trend is the result of a faster increase in the gross premium written direct in India in miscellaneous insurance business, as compared to the increase in fire and marine insurance business.

In the gross premium written direct outside India by Indian insurers, the proportion of fire insurance business has decreased from 35 per cent in the year 1955 to 27 per cent in the year 1960 and the proportion of marine insurance business has decreased from 33 per cent in the year 1955 to 23 per cent in the year 1960 while the proportion of miscellaneous insurance business has gone up from 32 per cent in the year 1955 to 50 per cent in the year 1960. This is because the gross premium written direct in miscellaneous insurance business during the year 1960 is more than twice that written in the year 1955 while the gross premium written direct in the other two classes during the year 1960 is only slightly more than that written during the year 1955.

For the non-Indian insurers, 47 per cent of the total gross premium written direct in India during the year 1960 came from fire insurance business, 25 per cent from marine insurance business and 28 per cent from the miscellaneous insurance business. The composition during the year 1955 was 47 per cent for fire, 29 per cent for marine and 24 per cent for miscellaneous insurance business. The change in the proportions of marine and miscellaneous insurance business is accounted for by the fact that the increase in premium income in fire and miscellaneous insurance business in the year 1960 over that in the year 1955 is much greater than that in marine insurance business.

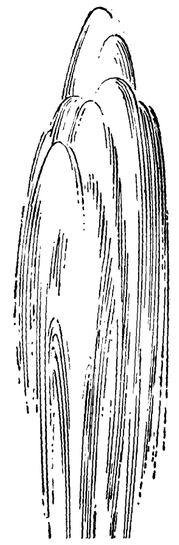
Income and Outgo

While gross and net premiums broadly indicate the trend of business, it is the income and outgo position that shows how far the year's working had led to the strengthening of the financial position of companies. The total income of all Indian insurers amounted to Rs. 33.48 crores, of which Rs. 18.51 crores were from premium income in India and Rs. 14.43 crores from premium outside India. Of the balance, Rs. 50 lakhs were accounted for by interest, dividends and rents and Rs. 4 lakhs by other income. Total outgo amounted to Rs. 29.68 crores, of which Rs. 16.84 crores related to claims, Rs. 4.40 crores were commission, Rs. 8.24 crores expenses and Rs. 0.20 crore miscellaneous outgo. The excess of income over outgo amounted to Rs. 3.8 crores. Of this, Rs. 2.75 crores were absorbed in strengthening the reserve for unexpired risks, leaving an underwriting profit of Rs. 1.05 crore. This profit of Rs. 1.05 crore *minus* a deficit of Rs. 12 lakhs brought forward from the previous year *plus* Rs. 1.06 crore being interest earned (not relating to any particular account) and Rs. 56 lakhs being miscellaneous income made available Rs. 2.55 crores which were appropriated as follows (Rs. in lakhs): Expenses of management 22, taxation 72, transfers to particular funds or accounts 34, dividend 28, miscellaneous outgo 23 and carry forward 77. It will thus be seen that what the Government got by way of taxes (Rs. 72 lakhs) was 2½ times the amount the shareholders got by way of dividend (Rs. 28 lakhs).

Underwriting Experience

A comparison of the underwriting experience of Indian and non-Indian insurers over the years 1955-60 shows that, during the period, the claims experience of non-Indian insurers was better than that of Indian insurers in all classes of general insurance business. Non-Indian insurers, however, paid a higher percentage as commission in all classes of general insurance business during the period except for the years 1958 and 1959 in respect of fire business. Expenses of management, including taxes and miscellaneous outgo, of non-Indian

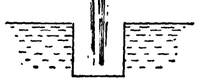
(*Continued on page 1131*)



MODERN DIVINING ROD

Operated by skilled men, seismic surveys can probe the earth to track underground rock structures that may contain petroleum. Shock waves created by small charges of dynamite travel down, hit the rock formation and bounce back again, to be recorded on the surface by sensitive instruments which produce an X-ray picture, as it were, of the earth's crust. If the picture looks favourable, the next step is to drill a test well.

Geological and geophysical techniques have made oil exploration less of a leap in the dark than it used to be, yet even with scientific aids like the seismic survey it is the drill alone that gives certain knowledge of the presence-or absence-of oil.



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(146)

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FIRST FIVE YEARS OF COMPANIES ACT, 1956—I

PLEA FOR FURTHER AMENDMENT INOPPORTUNE

By A Special Correspondent

OUR country's biggest legislative measure, namely, the Companies Act, 1956, completed the first five years of its operation on 31st March 1961 and a full account of its working during the quinquennial period ended 1960-61 became available to the public in the Fifth Statutory Report presented by the Department of Company Law Administration to the Rajya Sabha and the old Lok Sabha on the 29th and 30th March 1962. Provisions of Section 638 of the Companies Act, 1956, impose a compulsory obligation on the Government to present an annual Report on the working and administration of the Act to Parliament. Thanks to the wisdom of our Parliament which incorporated this innovation in the gargantuan Companies Act that a detailed account of the functioning of the corporate sector, the administrative policies of the Government and their repercussions on the corporate sector, the effectiveness of the various restrictive provisions of the Act specially provided for to check various types of bad company practices, the emergence of new objectionable and pernicious company practices and the development of ingenious ways of circumventing the provisions of law, is available to the public every year.

So far, this Report has been made available somewhat belatedly every year as the Government took full advantage of the latitude of time allowed by the aforesaid provisions of the Act which require that "the Central Government shall cause a general annual report on the working and administration of the Act to be prepared and laid before both Houses of Parliament within one year of the close of the year to which the report relates." Notwithstanding this delay, which ought not to be allowed to continue if informed public opinion on the current problems of the corporate sector is to be developed in the country, the Report is an extremely useful document, insofar as it is quite distinct from the general complexion of other administrative reports brought out by the various Government departments and agencies in which cases the paramount aim of the reporting authority appears to be to merely make a formal compliance of an obligation forced upon or self-invited by them and to fill it up with trivialities and factual information of lesser importance and thus avoid the material details about the Government policies and the exercise of discretionary powers by them which in fact should be the real core and heart of any Government report.

Mass of Facts

It is, however, heartening to see that the Statutory Report on the working of the Companies Act is packed with a mass of facts and figures from which a good many broad conclusions and trends are also boldly drawn and developed by the Department of Company Law Administration according to their own light and interpretation of the provisions of the Companies Act with which one may not always partially or wholly agree. This Report is also remarkable in another respect too in that it sets out in great detail the important Government policies and decisions, though it does not always give the reasons and background which led to the solidification of official thinking in the form of those vital decisions. For the detailed presentation of information in the Report, it must be conceded, our thanks are in no small measure due to the Administrative Department in charge of the working of the Companies Act, namely, the Department of Company Law Administration which has chosen the Annual Report prepared by the U.S. Securities and Exchange Commission as the model, instead of the thin statistical statutory report prepared by the U.K. Board of Trade under the provisions of Section 451 of the English Companies Act, 1948, from which the idea of preparing such a report had been borrowed by the framers of the Companies Act in our country.

The preparation and publication of the Statutory Report on the working of the Companies Act and its examination in Parliament and by the public at large serves more than one purpose. First, insofar as the Report exposes the Government policies and the Government's ways of working a particular piece of law to the open public view, better public relations are fostered and an atmosphere of trust and confidence in Government is created. Secondly, with the removal of the veil of secrecy and mystery surrounding the Government policies, the area of public criticism of Government policies, which is, indeed, very wide and vague when people are ignorant and ill-informed, is considerably narrowed down and the resultant healthy and informed criticism leads to a reduction of arbitrariness in Government decisions and checks the possibilities of collusion between the Government and the anti-social or interested elements of the society. Thirdly, the publication of a well-documented statutory report helps Parliament and the public in assessing as to how far the provisions of law and the administrative machinery have been able effectively to check the evil practices, protect the public interests and promote the socio-economic objectives set before the country by the Government. Fourthly, the Report leads to the dispelling of the belief, if any is currently held, that the Government had no settled policies or they took *ad hoc* decisions influenced by corrosive factors or influences.

These in brief are some of the important benefits that accrue from the report of the type required to be prepared under the Companies Act. One would, therefore, in the larger interests of the society, like that other Government Departments are also called upon to make compulsory annual reports on important economic laws such as the Industries (Development and Regulation) Act, Securities Contracts (Regulation) Act, Control of Capital Issues Act so that the democratic pressures and forces have their full impact on the Government policies. As it is, even the small coterie of the best informed people in the country on economic matters know precious little about the working of many laws in the land, and it is no wonder that many provisions of those laws may be dead letters, remaining unused for years or may be irksome burdens on the concerned sections of the society helping only the bureaucracy to proliferate and prosper by turning out piles of unproductive paper work.

Criticisms Against the Act

So much about the importance of the statutory reports on the working of the Companies Act which provide the sinews for the present series of articles. But here, before coming to outline the main highlights of the working of the Companies Act during the last five years and to set out the long string of achievements claimed by the Department of Company Law Administration for itself, it would but be pertinent to allude to various criticisms levelled against the Companies Act and the Department administering it at the time the present Company Law was passed in 1955 and thereafter during the last five years, as a proper assessment of the working of the Act cannot be made without keeping them in the background. The Government, however, is chary of making an assessment of the working of the Act, as it seems to feel that "the assessment of the full impact of a major piece of comprehensive legislation like the Companies Act, which is designed not only to regulate the day-to-day working of the joint-stock companies but also aims at influencing the behaviour pattern of company management in a more fundamental sense than mere routine enforcement of the provisions of the Companies Act could expect to do, requires a much longer experience of the working of the Act than has been available during the last five years."

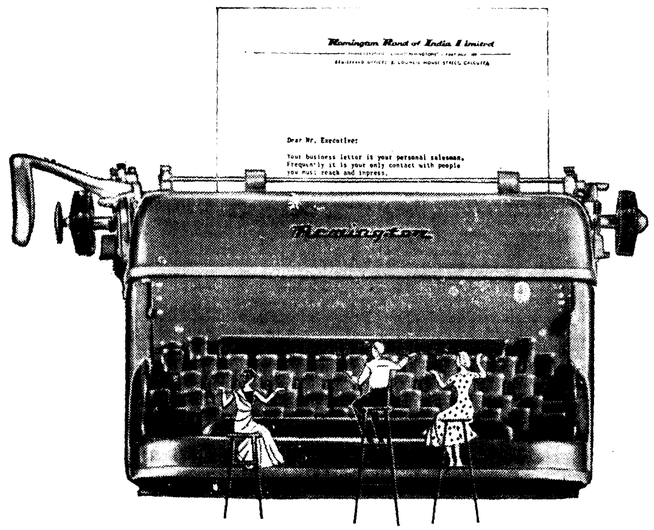
Viewed against this perspective that the Company Law is to attempt "to bring about some far-reaching structural changes in the organisation and working of the corporate sector," the five-year period is, of course, very short, but, on a lower plane of judgment as to how far the grossest types of abuses in company management and corporate finance (which in the past had undermined the confidence of the general public and the investors and thus hindered the growth of the country's industrial potentials) have been controlled and curbed, an assessment can be attempted at this stage. In fact, so far as the change in the behaviour pattern of the companies is concerned, its harmonisation with the larger interests of the society and the long-term objectives of a welfare State as are enshrined in our Constitution would, in a very large measure, be brought about only by an effective play of the democratic pressures in the country and not by the penal provisions of any law or by sending round strongly worded warnings or bigstick actions by the Administrative machinery; the latter types of attempts, in effect, are likely to make the honest management shy and timid and the bad one more insolent and ingenious in devising newer and newer types of bad company practices. Thus, it is a somewhat misplaced belief that the conversion of company 'soul' and 'image' from bad to good could be brought about by a strong law having penal pendants attached to its various provisions. In fact, this big task will have to be left, to a very large extent, to social pressures and voluntary non-governmental organisations in the field of trade and industry which will generate a sense of self-introspection and self-realisation among the people in relation to their duty towards the society and the country.

Federation's Move

Among the economic laws in force in the country, the Companies Act is the most criticised law. Unlike the Finance Acts which give rise to a spurt of sharp criticisms at the time the taxation measures are announced which later on more or less fade out of the focus of public attention, the present Companies Act continues to be perennially under fire since the very early days of its codification and enforcement and, as yet, there are no signs on the horizon that the business class in the country has in any way relented from its original position of hostility and opposition to this measure and decided to live with the existing Companies Act and abide by its provisions in the spirit they have been designed and not under any sort of protest. The impression that the business community in the country still continues to be strongly opposed to this measure is clear from a recent decision of the country's premier business organisation, the Federation of Indian Chambers of Commerce and Industry, to elicit the views of the business community as to which provisions of the Companies Act are in their opinion redundant, irksome and non-essential and entail undue burdens on the company without any compensating advantages or without serving any useful purpose. The Federation has asked them also to point out instances where the clarifications and interpretations of the Act by the Department of Company Law Administration which throw more onerous responsibilities and obligations on the managements and companies, are not warranted by the provisions of the Act. It has also asked for suggestions for deletion or amendment of the provisions of the Act as also of the rules and forms prescribed under the Act. The present move on the part of the Federation to issue a strongly worded circular to its constituent members is symptomatic of the strong current of discontent running under the apparent surface of smooth relations between the Government and industry.

The strong tone of disapproval which underlines the Federation circular issued after five years of administration of the Companies Act can be compared with the vehemence of criticism demonstrated by many a critic of the present Companies Act at the time of its passing in December 1955. This comparison would show that, even after five years, the criticism of the Act continues to run as high is in 1955 when one commentator criticised the Companies Act in the following words:

"The restrictions, prohibitions and inhibitions attributable to the various influences that shaped this law have made it so cumbrous and restrictive that it is sure to make the working of the corporate sector sluggish and retard its growth. The law has become complex and rigid in content, confusing and unworkable in practice. The unending applications for Government approval will introduce red-tape, and make its working dilatory. The Government has allowed its obsession with eliminating abuses and its ideological bias to undermine the efficiency of the working of companies with unnecessary restrictions. Bureaucratic delays and involved procedure will make it difficult for the honest and the scrupulous to function. The difficulty will be particularly great for new comers and smaller companies who will neither have the adequate organisation nor the resources to cope with legal formalities. The complexity of the law will keep the cost of administration high, and require the diversion of energy from productive work to administrative work, thus increasing the overheads and sapping the energy



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of the management. It will also accentuate the tendency of companies to agglomerate in places like Bombay and Calcuttta, where legal services and other facilities are available, to the neglect of the countryside, the industrialisation of which ought to be encouraged. The grant of powers to the Government will make the administration of the law a major problem and will make the efficient functioning of companies difficult."

It was further mentioned by the same commentator that the Government would have to grant sanctions, approvals, and consents under about a hundred sections of the Act and it will have to do so in the case of 30,000 companies. It will also have to examine whether it should relax the provisions in particular cases. This will be so even in small matters like the grant of petty increments in the salaries and managers. Being burdened with this task of approving routine applications the Administration might tend to neglect or fail to give sufficient attention to important matters under the Act.

Major Strands

Thus, the criticisms of the Act and the Administrative machinery have been strong and superabundant and have also been voiced in varying modes of expressions and at various occasions by the critics. From the tangled web of criticisms one could sort out about a dozen major strands which deserve to be considered in assessing the working of the Companies Act. First, it has been pointed out that the Companies Act is inordinately lengthy, complex and rigid. It is a vast jungle of 658 sections with thick undergrowth of sub-sections, provisos, schedules and attended to by a complex jumble of rules, regulations and forms prescribed thereunder. The complexities of structure, involved language, drafting vagueness and obscurities in the material provisions have made the law a favourite hunting ground for the unscrupulous management and a paradise for lawyers. Secondly, it is said that the provisions are so complicated and technical that most shareholders who are the immediate interested party whose interests are sought to be protected by the Act cannot at all understand them. Thirdly, it is alleged that the Act has been conceived in a punitive spirit and is virtually a penal code which must necessarily have an adverse effect on the honest and straightforward business and managerial class. Fourthly, it is advanced that the Act leaves too much to the subjective judgment of the officials. The powers given to the Government are of omnibus nature and are ill-defined at places and, therefore, they leave too much room for exercise of administrative discretions and issue of administrative fiats. Fifthly, there is too much of over-regulation by Government who are interpolated in even apparently minor matters. This undue assession of authority to the Government in our country who are keen to abridge on slender grounds the area of freedom of initiative and enterprise in the private sector, is likely to be misused by inadequately trained administrative staff and abused by the unscrupulous politicians at the helm of affairs in the Government at any time. Sixthly, there is every possibility of bureaucratic delays and harassment. Also because of the wide spread of the area of interference by the Government, there is every chance of frittering away of time and energies of the Government on relatively small matters and consequently neglect of the big offences under law and the instances of gross abuses would go unpunished and undetected.

Seventhly, the arbitrary nature of the many provisions of law, particularly those relating to managerial personnel, put a high premium on mediocrity and unnecessarily curb the enthusiasm of capable and talented people from entering into the corporate field as they would find the scope of their activity and reward for their work considerably reduced. In the result, this dilution of managerial talents will be reflected in the general deterioration in the performance of the companies in productive spheres. Eighthly, a plethora of returns and forms required to be furnished by company managements without any corresponding utility is likely to increase the administrative cost of companies and would also be a constant source of irritation and botheration to them. Ninthly, the Act has created an atmosphere of uncertainty which cannot but adversely affect the smooth working of companies which is so vital at the present juncture of rapid industrial development of the country. Tenthly, the administrative set-up is and will for a pretty long time be too poorly equipped to satisfactorily shoulder the overcentralised powers and control under the law. Also, the overcentralisation of powers in the hands of the officials is the negation of advice given to the private sector that the powers of the managerial class should be clipped and sized down, so that a concentration of authority does not take place. Eleventhly, the various inherent complexities of law and administrative procedures set out by the Government would hinder the participation of foreign capital in the corporate enterprises in this country. And, lastly, it has been also urged that, for the administration of an Act of this type, it would have been better to create an autonomous authority of the type of the U.S. Securities and Exchange Commission which should have been given the administration of the other laws relating to stock exchanges, capital issues, etc., besides that of the Companies Act. Thus, with such an authority, the bad features of Government administration would have been removed.

Radicals' Objections

All the foregoing criticisms have been advanced from the side of the business and commercial community. Apart from these, the more radical quarters in the country have criticised the Act as a hotchpotch thing which leaves the basic question of checking and breaking up the concentration of economic power and wealth in the corporate sphere by and large unsolved and unassaulted. These quarters also complain that a partisan spirit has been shown to the managing agency system which has been given a fresh lease of life with good many loopholes in the law to make their existence profitable and worth their while.

In answer to the foregoing criticisms the Government made their views widely known both at the time when the present Companies Act was debated in Parliament in 1955 and in the subsequent years. Taking up first the drafting anomalies, the Government took the wind out of the sails of their critics in 1957, when they appointed an expert committee under the chairmanship of Mr. A. V. Vishwanatha Sastri, a retired judge of the Madras High Court, *inter alia*, to suggest amendments in the Act to remove such drafting defects and obscurities as may have interfered with the smooth working of the Act and suggest changes in the form or structure of the Act necessary or desirable to simplify it. The Committee was also asked to suggest amendments to overcome such practical difficulties in its working as may have been encountered since it came into force and to ensure the better fulfilment of the purposes underlying the Act. The appointment of this Committee on which the officials were in a minority of one as against four non-officials, of whom two, including the Chairman, were legal experts and the other two, eminent chartered accountants, of whom one represented a leading English managing agency house of Calcutta, enormously pleased the business circles but the recommendations of this Committee and the resulting Companies Amendment Act of 1960 which later came to incorporate a further series of stringent sections such as those relating to the private companies which under certain circumstances were to be deemed to be public companies, the imposition of a compulsory obligation on private companies to submit profit and loss accounts to the Government, the confirment of powers on Government to direct special audit in certain cases, the enlargement of powers of Registrars of Companies and Inspectors conducting investigations, the declaration of certain persons connected with managing agents to be deemed as managing agents, the incorporation of new provisions requiring Government approval in the case of appointment of sole selling agents, the extension of the scope of the provisions governing inter-corporate loans and investments, the provision of levy of "penal" or "additional" fees in case of default in filing statutory documents with the Registrar of Companies, etc., utterly disappointed and confounded the business community.

The Committee expressed itself against any major change in the form or structure of the Act. It also refrained from recommending any changes of matters of major policy, as in its opinion it was too premature to alter such provisions so soon after their enactment after prolonged deliberation both inside and outside the legislature. The Committee focussed its attention mainly on practical difficulties experienced in the course of the working of the Act and the interpretation of its provisions and also made recommendations with a view to plugging loopholes, supplying omissions, clarifying amendments involving modification of over 150 sections, the majority of which were of a technical nature designed to remove obscurities or to clarify the intentions of the legislature; it was only in respect of about a score of sections that the Committee suggested substantial changes. With this experience at hand, one could say, with a fair degree of certainty, that the latest demand for the review of the scheme and working of the Companies Act with the ultimate aim of getting the irksome provisions of the Act suitably changed in favour of the private sector, is fraught with serious risks. While some provisions of the Act may be straightened in the drafting sense and some cumbrous requirements of law may be streamlined or even dropped, in the present atmosphere prevailing in the country, which favours extension of concept of social control over individual or private activities, there is every likelihood of the clamping of some additional restrictions over private business enterprise and management class on the basis of the study of instances of unsound company practices observed in the course of the administration of the Companies Act in recent years. These instances are prominently listed in a separate chapter in the Annual Statutory Reports of the Department of Company Law Administration. Prudence demands that they be given due heed to by the private sector.

Thus, while the Government have admitted the existence of legal ambiguities and lacunæ in the provisions of the Companies Act, they have also justified the complexity of the present law. According to official spokesmen, the complexity of Company Law is the inevitable result of industrial and business organisations and their activities which are day-by-day becoming more and more complicated and, in the result, require a close watch, as these have wide and serious repercussions on the society. Moreover, the law was bound to get more complicated in future with the economic development of the country and the growth and diversification of business. Simplification of the Companies Act is, therefore, not to be expected at all. The plethora of provisions in the Companies Act in particular, and of laws and regulations hamstringing the development of industry in general has been justified by the officials of the Department of Company Law by the plea that "the laws were the products of circumstances and needs of a particular time." However, as regards the present formidable size of the Companies Act, the Government's view is that it is of the same size as the English Companies Act, with this difference, that the number of sections in the Indian Companies Act has increased by the splitting and hiving off of many sections of the English Companies Act. Further, it has also been explained that the Indian Companies Act has become big, as the Government wanted it to be a "self-contained, complete and exhaustive exposition of the law governing joint-stock companies" in the country.

As to the criticism that too many restrictive provisions have been incorporated in the Act, the Government has adduced historical, as well as ideological, reasons. Taking up the historical justification first, it has pointed out that several important factors contributed to the introduction of stringent provisions in the Company Law some of which are detailed and complicated only on account of the need to prescribe conditions that will ensure a minimum code of good behaviour on the part of company managements

(*To be continued*)

Notice

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE

THE ORDINARY SHARE REGISTER AND Transfer Books of the Company will be closed from Monday, the 23rd July 1962 to Monday, the 13th August 1962, both days inclusive, for the purpose of payment in due course of dividend on Ordinary Shares in the Company for the year ended 31st March 1962. The dividend when declared will be paid to those Shareholders whose names appear on the Company's Register of Members for Ordinary Shares on the 13th August, 1962, or to their mandatees.

By Order of the Board,
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Managing Agents.

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12th June, 1962.

ANNUAL MEETING OF ORISSA CEMENT
INSTALLED CAPACITY OF REFRACTORY INDUSTRY ADEQUATE
CHAIRMAN, MR. J. DALMIA CALLS FOR CAREFUL PLANNING

IN his speech at the Twelfth Annual General Meeting of Orissa Cement Ltd., held at Rajgangpur (Orissa State) on Monday the 18th June 1962, Mr. Jaidayal Dalmia, the Chairman of the Company, dwelt at length on an important aspect of the refractory industry. Mr. Dalmia pointed out that, owing to growth of steel production at a rate lower than anticipated and the rapid improvement in the furnace operating technique, which cut down the consumption of basic refractories and the growing preference for L.D. process of making steel, which requires very little quantity of basic refractories, the installed capacity of the refractory industry at the end of the third Plan, which would be in the neighbourhood of 150,000 tonnes, would be sufficient to meet the estimated requirement of about 100,000 tonnes. There should, therefore, according to Mr. Dalmia, be no apprehension about any shortfall in capacity. On the other hand, careful planning was called for in the creation of additional capacity.

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

"FRIENDS,

"I extend to you all a very cordial welcome to Rajgangpur on the occasion of the twelfth annual general meeting of your Company. The accounts for the year 1961 and the report of your Directors have been circulated. Though your Directors have decided to maintain the dividend on equity shares at 15 per cent, the net value of the dividend to the shareholders will be better, compared to the previous year as 81.60 per cent of the dividend is being paid out of tax-exempt profit.

"The current ex-works prices of cement fixed by Government effective 1st November 1961, are subject to adjustments from time to time for variations in cost arising from any governmental action or increase in the charges for power or fuel. The representation made by your Company for grant of increase in its retention price on the basis of the escalator clause, has been pending with the Government, since over four months. If price increases are not given retrospective effect, as Government is generally reluctant to do, the industry is left to suffer during the intervening period. It is, therefore, necessary to make the escalator clause meaningful and of real benefit to the industry, that an efficient method is evolved so that requests for price increase based on the escalator clause get prompt consideration and expeditious disposal.

Refractory Industry

"I would now like to deal with some aspects of the refractory industry. Last year, I had referred to the uncertainty regarding the pattern and quantum of the future demand of refractories due to the uncertainty of the consumption rate of refractories per ton of steel produced. Recently, the consumption rate of refractories for steel production is being placed at a much lower level than before. The forecast of the demand for refractories by the end of the third Five-year Plan was based on the steel production capacity reaching a target of 10 million tons per annum by that time. This expansion is, however, well behind schedule and it is expected that the 10 million tons capacity may not be achieved until 1966-67. As a result of this, the operational requirements of refractories by the steel industry must be correlated to an annual steel production of only about six million tons until such time as this expansion is effected. As a result of the foregoing two factors, the forecast of the total annual demand of refractories has had to be altered radically. The estimates made by the refractories panel place the annual requirement of all kinds of refractories upto the period 1963-64 at 6.35 lakh tonnes and the anticipated annual production by then, at 10.51 lakh tonnes. In the case both of fireclay and silica refractories, the anticipated production far exceeds the estimated consumption by 1963-64.

Future Requirements

"With regard to basic refractories, it would be found that, on the basis of 6 million tons annual production of steel, the production of basic refractories will work out to approximately 27 lbs. per ton of steel, which is much on the high side. In this connection, mention might be made that, due to the rapid changes and improvement in the furnace operating techniques, the consumption of basic refractories is going down at a very fast rate. Reports have been received from the U.S.A. about a consumption figure as low as 3 lbs. per ton of steel. However, this low figure is resulting from a considerable advance in operating conditions and technique of the running of the furnaces, and the same yard-stick cannot be applied immediately to Indian conditions. The approximate figures for Indian conditions with the modern plants, which we are having, would lie between 10 and 17 lbs. per ton of ingot steel. Further, it is to be noted that the demand for basic refractories might not go up proportionate to the expansion schemes for production of steel which we are likely to have in future because of the growing preference for the L.D. process for the manufacture of steel which requires very little quantity of basic refractories. This point has also to be borne in mind while assessing the future requirement of the fourth Five-year Plan, due to further expansion of the steel industry. Under the above circumstances, it is felt that, by the end of the third Five-year Plan, with the completion of all the expansions of the basic refractories capacity which are in hand, the likely annual capacity would be in the neighbourhood of 1,50,000 tons, against an estimated requirement of maximum 1,00,000 tons. There should, therefore, be no apprehension about any shortfall in the capacity for the manufacture of basic refractories.

Careful Planning Needed

"The present situation emphasises the need of very careful planning in the creation of fresh capacity for refractories. As mentioned above, even in 1966-67, when the steel production would reach a level of 10 million tons per annum, the demand for refractories would be met fully by the indigenous capacity—rather, in the case of firebricks as well as basic bricks, there could still be substantial surplus capacity which could be utilised for the constructional requirements of the steel plants in the fourth Five-year Plan. Further, due to gradual conversion of all open hearth furnaces into all basic furnaces there is likely to be sufficient surplus capacity in the silica bricks due to which a part of the capacity of silica bricks can very conveniently be switched on to the manufacture of basic bricks, thus increasing further the capacity for production of basic refractories.

"I wish to refer to the tendency of certain States to refuse the mining of their deposits of minerals required by the refractory industry for use outside their boundaries. While the underlying principle of developing industries in their own territories is doubtless laudable, such parochial restrictions should not be imposed on an industry which is of national importance and which caters to the needs of such an all-India industry, as steel. While a composite refractory plant can be set up at only one site, chosen for various considerations, the raw materials for such a plant have to be obtained from all parts of India. It is hoped that the Government of India and the State Governments will take due regard of this and make it easier for this important industry to obain its requirements of essential raw materials.

Workload Study

"I am glad to report that industrial peace continues to be maintained at your Rajgangpur works and the relations between the management and the workers have been and remain cordial. I am, however, disappointed at the delay in the study of workloads which was decided upon by the Government of India while accepting the recommendations of the Central Wage Board for the Cement Industry. Out of 34 cement factories in the country, so far workload studies have been undertaken at only three plants. The study of workloads would provide valuable data for increasing productivity in the industry. Since the wage increases recommended by the Cement Wage Board were not linked to an increase in labour productivity, the burden of the rise in wage bill had fallen on the consumers by way of higher cement price. This was done despite the policy of the Government of India that increase in wages should flow mainly from increased productivity. The study of workloads will help at least in future, to consider demands for wage revisions alongside possible increases in productivity. I would, therefore, urge that due importance should be given to the workload study programme and it should be activated and extended to all the plants without further delay.

"Before I conclude, I wish to express our sincere appreciation of the hard work and co-operation of all the employees of your Company which have contributed in no small measure to the progress which your Company has made. *Jai Hind.*"

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

NEW PRODUCTS AND PROCESSES

Superconducting Wire

SUPERCONDUCTION, not so long ago of purely academic interest, is now becoming a normal technique for some branches of electronics. It is the phenomenon, met with near the absolute zero of temperature, of complete loss of resistance so that immense currents can be created by small voltages. Some metals and alloys exhibit the phenomenon more than others. One is a niobium-zirconium alloy. Associated Electrical Industries, Crown House, Aldwych, London, W.C.2, has now announced that it has developed techniques for producing wire of this alloy down to five-thousandths of an inch. Previously the wire was obtainable only from the U.S. Magnets of superconducting wire can be made very small and yet create enormous magnetic fields. These are of interest in certain future-looking aspects of computers and in plasma physics, the fundamental study of which is a necessary part of thermonuclear research.

Rotary Bag-filling Unit

A Dutch firm bas produced a rotary bag-filling unit capable of handling granular or powdered products, such as flour and feeding flour, cereals, seed, sugar, synthetic fertiliser, etc. The bags, which have to be open at the top, may be made of either paper or jute. The unit consists of two or more funnel-shaped hoppers positioned above a turntable with four or eight cylindrical filling outlets (bagging mouths). At the top of the unit two weighing devices must be installed to weigh off the products. The turntable rotates discotinuously and everytime it stops there are two bagging mouths immediately under the hoppers. The first step in the operating cycle is the clamping of empty bags round the bagging mouths that rotate past the operator. The bagging mouths and bags move round until they are under one of the hoppers. A signal is then automatically given which causes one of the weighing devices to discharge its contents through the appropriate hopper. The unit works intermittently, so that the bags are filled by the two hoppers alternately. The air escapes from the bags via the double walls of the bagging mouths. A safeguard has been incorporated to prevent discharge taking place without their being a bag suspended from the filling outlet. During this cycle, the contents of the bag can be made as compact as possible with the aid of a shaker. At the end of the cycle the bags are automatically transferred to a conveyor belt. Only one person is required to operate the unit, his job being to clamp on the empty bags. The capacity of the unit is 600 bags an hour. If the bags are filled with 100 kg. (2 cwt.) of product, this is equivalent to 60 metric tons of product an hour. The unit is powered by a 1½ h.p. electric motor. If desired, the unit can be supplied complete with a dust jacket. The space inside the jacket, in which the operator also stands, can then be kept dust-free by an exhaustor. This rotary unit does not require a great deal of space nor much maintenance. It can be adapted to meet the particular requirements of any company.

Colouring Trees

A British firm of wood veneer producers, Aaronson Brothers Ltd., Hertfordshire, have patented a process by which colours are introduced into living trees, blending naturally with the grain and figuring of the wood. The process is secret. It is claimed that it takes only a few days for the colour to premeate the entire system of the tree. When the leaves turn colour the process is completed, the tree can be felled and the veneers obtained. The colours are fast to light. Any colours can be introduced, singly or in variety, and the resulting veneers capture the contemporary mood for colour while retaining the traditional beauty and utility of wood. The timber chosen for this new decorative development is beech. Already demand for many parts of the world is tremendous and before long the new veneers will be seen as surface decoration in ships and shops, exhibitions and theatres, in the boardroom, the showroom—in fact, anywhere that wood is used as a decorative material.

PAKISTAN'S NEW CONSTITUTION

ECONOMIC AND FINANCIAL PROVISIONS

By Dr. Anwar Iqbal Qureshi

(With the termination of Martial Law and the promulgation of a new Constitution for the Republic of Pakistan on the 8th instant, a new chapter has opened in the annals of that country. This Constitution, which envisages a federal, presidential form of Government, has several novel features. One of these is that the National Assembly (elected by an electoral college consisting of the members of basic democracies which, in turn, are elected by adult franchise) can override, by a two-thirds majority vote, a Presidential veto of its legislation, unless the President refers the matter to a referendum. Another feature is that the Constitution may be amended, if two-thirds of the Assembly and the President agree. However, a three-fourths majority of the House can override the President's veto of an amendment unless he refers the matter to a referendum or dissolves the Assembly and also seeks re-election himself. A system of indirect elections and a provision for referendum are thus the distinguishing characteristics of the Pakistan Constitution. Apart from the detailed provisions pertaining to the system of government at the national and provincial levels, there are several provisions dealing with financial and economic matters. The following article by Dr. Anwar Iqbal Qureshi, Economic Adviser to the Government of Pakistan, Ministry of Finance, provides a factual account of the provisions.—ED.)

A GREAT deal of thought has gone into the financial and economic provisions of Pakistan's new Constitution. They must be considered in the context of the whole document which sets up a delicate but harmonious system of checks and balances. They also derive from the recommendations of the numerous Commissions and expert Committees—on land reform, agriculture, education, finance, credit and prices, and so on—which were named by the present regime to advise on the deep-seated economic problems which faced it upon its accession to power and to recommend policies and measures for far-reaching economic reform.

At the time of independence the Centre had very meagre financial resources but had to assume broad responsibilities. Perforce it took over important Provincial activities and revenues, which reduced their autonomy and left them only limited and inelastic resources.

The new Constitution radically alters the financial relations between the Provinces and the Centre, greatly enlarging the economic scope of the former. The list of subjects exclusively reserved for the Centre is now restricted to Finance, Foreign Relations, Banking and Currency, Economic Planning and a few other limited spheres. This constitutes a significant accession to the strength and autonomy of the Provinces. For example, the Railways, which throughout their history in the Indo-Pakistan sub-continent, have been controlled by the Centre, will be entrusted to the Provinces from the 1st of July 1962. The Pakistan Industrial Development Corporation is being bifurcated into two Provincial Corporations with the special object of accelerating the tempo of industrialisation in East Pakistan.

In order to provide more funds to the Provinces, the sources of Provincial finances have been increased by the President, on recommendations made by the Finance Commission set up in December 1961, which are reflected in the new Constitution.

Financial Procedure

Of particular significance is Chapter 4 of the Constitution, which deals with financial procedures of the Centre. The basic principle of "no taxation without representation" is confirmed by the provision that no tax can be levied without the express approval and authority of the Legislature. That new taxes will be needed to meet the needs of our developing economy cannot be denied, but their amount and incidence must be determined by the Legislature.

The Legislature will not be able, however, to stop existing expenditure; they will have the right to discuss it but not to vote. This may seem a severe limitation on legislative rights, but the experience of the past counsels the need for some safeguard against a deadlock. It is essential that normal administrative and other commitments be honoured, otherwise the whole machinery of Government is put in jeopardy.

The financial provisions in the Constitution provide for decentralisation and aim at introducing financial stability. In short, economic and financial provisions in the Constitution have introduced measures which will exert a powerful influence on the pattern of production, consumption, distribution, investment, savings and inter-provincial and international trade. The spirit of the Constitution is to move away from an extensive use of direct controls, which has tended to retard the pace of development and rely mainly on fiscal and monetary measures to regulate the economy.

Decentralisation of Central Institutions

The new Constitution has given far-reaching powers to the Provincial Governments in several sections of the economy. It was also felt that the position of Central Institutions which provide funds or assist in development should also be reviewed with a view to find out the possibilities of decentralising these.

A committee, headed by the Cabinet Secretary, was appointed on the orders of the President to investigate immediately the decentralisation of powers of all institutions which provide funds or assist in development such as the State Bank, the Pakistan Industrial Credit and Investment Corporation, the Agricultural Development Bank, the Pakistan Industrial Development Corporation, etc. The President desired that the Dacca and Lahore branches of these institutions should have full powers to sanction funds locally, so that the medium and small customers did not have to travel to Karachi. He also directed examination of the question if the headquarters of these institutions could be located in East Pakistan.

The report of the Committee on Decentralisation of Institutions and the Government's decisions thereon were announced on 21st March 1962. The Committee came to the conclusion that "only such functions should be retained at the head office as cannot be pushed down to the Provincial or regional branches without serious detriment to the working of the organisation. All other functions should be decentralised. Even in respect of functions retained at the head office, the Committee recommended maximum delegation of powers to the regional offices for meeting the day-to-day needs and requirements of the people in such matters as the processing of their loan applications, administrative control over staff, appraisal of schemes and projects and so on." The Committee also made proposals regarding the organisational readjustments that would be required to equip regional offices for their enlarged responsibilities. The question of shifting the headquarters of the institutions or of their bifurcation in provincial bodies has also been considered for each institution.

The Committee was able to reach a substantial measure of agreement in respect of most of the institutions. The only exceptions were the Pakistan Industrial Development Corporation and the Industrial Development Bank, in respect of which the members held divergent views. The opinion in the Committee being divided between irreconcilable points of view, the Committee observed: "It has not been possible for us to make a unanimous recommendation in regard to either of these two institutions. We have, however, discussed the different points of view in some details so that a decision could be taken by the Government in the light of relevant factors."

State Bank of Pakistan

In the case of the State Bank, the Committee recommended that the headquarters of the Bank should remain at Karachi which is the most suitable place, being the most important centre of business and commerce in the country and the hub of the market. The Committee suggested that as soon as a set-up for the co-ordination of the economic research had been created by the Government, preparation and publication of economic fiscal data on a regional basis should be entrusted to this organisation.

As regards the further delegation of powers in the different departments of the State Bank of Pakistan to its regional offices in East and West Pakistan, the report says that in some matters "pertaining to the banking control department, the State Bank has at our request made suggestions for further delegation of powers to the regional offices in respect of such items as approval of the parties for sanction of limits under the bills rediscounting scheme, issue of licences for opening of offices by (scheduled and non-scheduled) banks and grant of permission to them to open an account with the State Bank, disposal of movable and immovable property, and so on."

The report further says: "They have also recommended the strengthening of the inspection units in the Provinces by appointing a Deputy Chief Officer at Lahore, an additional Deputy Chief Officer at Dacca and the grant of larger discretion to them in the consideration of inspection reports. The Deputy Governor, Dacca, will have full powers to take decisions on reports in respect of banks having their principal office in East Pakistan."

P.I.C.I.C.

In regard to the Pakistan Industrial Credit and Investment Corporation, the Committee found themselves generally in agreement with the reasons advanced by P.I.C.I.C. for retaining its headquarters at Karachi, and, therefore, did not suggest any change. Briefly, the reasons were that Karachi is the country's commercial business and financial centre.

As regards the strengthening of its regional offices in Dacca and Lahore, the Committee recommended that these offices should be strengthened by increase of staff as proposed by P.I.C.I.C. and that further additions to the staff could be made later if increase in the workload justified it.

It further recommended that the expert appraisal staff at the head office should pay regular visits to the Dacca and Lahore offices for advice and guidance and the frequency of these visits should be laid down for the benefit of the prospective investors.

Agricultural Development Bank

As regards the Agricultural Development Bank, the Committee emphasised that the proposal to appoint a general manager of the Bank at Dacca, having wide administrative powers and the powers of sanctioning loans upto Rs. 1 lakh to individuals and Rs. 2.5 lakhs to corporate bodies should be implemented quickly to meet the requirements of East Pakistan.

The Committee also considered it necessary that the headquarters of the Bank should remain in Karachi because it is the country's main money market; and also because of the administrative difficulties of effecting a move elsewhere.

Investment Promotion Bureau

On the question of shifting the headquarters of the Investment Promotion Bureau demand was made by the Provincial representatives. The Committee remarked that apart from the suitability of Karachi from the point of foreign investment, the Director General had to be in constant touch with the P.I.C.I.C., the Central Government and other agencies located in Karachi. It, therefore, recommended that the headquarters of the Bureau should be retained in Karachi.

The Committee emphasised in its report that the promotional activity of the Bureau should be stepped up in East Pakistan and felt that this could be realised only by interesting the foreign investor in specific projects. The Committee considered that investment promotion could not be done in a vacuum; it had to be related to projects and clear guide-lines must, therefore, be made available to the foreign investor in the form of a portfolio of schemes to serve as a kind of ready reference for him. The Committee noted that the Central Government had appointed a committee to go into the matter and this committee had been asked to suggest the organisation that should be created to prepare a portfolio of projects for prospective foreign investor. The report suggested that the concrete lines on which the promotional activity of the Bureau might be stepped up in East Pakistan should be considered in the light of the recommendations made by that Committee.

The Committee felt that there should be greater co-ordination in the working of the agencies operating on the Industrial Investment Schedule, i.e. the Central Permission Committee, the Provincial Permission Committee, P.I.C.I.C. and Industrial Development Bank, apart from operations through bonus vouchers. The Committee considered that the most practical way of ensuring this co-ordination would be through the Director-General, Investment Promotion Bureau, who is associated with the working of all the agencies. The Committee, therefore, recommended that the Investment Promotion Bureau should undertake the responsibility of furnishing information on a regular basis to all concerned, including the Provincial Governments, in respect of sanctioned schemes for this purpose.

Council of Scientific and Industrial Research

In the case of the Council of Scientific and Industrial Research, the Committee suggested that its headquarters should be retained in Karachi and the functions of policy, planning and co-ordination in the field of scientific research should continue to be performed by its head office to avoid duplication and overlapping. It further recommended that new draft constitution of the Council should be sent to the Provincial Governments for their comments before it is finalised.

Central Technical Assistance Centre

In the case of the Central Technical Assistance Centre the report says that the reorganisation proposal which had been submitted to the Ministry of Industries should be quickly implemented in order to meet more fully the requirements of the Provinces. Under this proposal, the Project Director will be the Chief Administrative Head concerned with the laying down of national policies, watching of progress and issue of general directions. The field Directors will be given the powers currently enjoyed by the Project Director and their present powers will be delegated to the deputy directors at Karachi and Dacca.

The Committee also urged that greater publicity should be arranged for the services provided by this centre by bringing out suitable pamphlets and brochures and by other means.

Pakistan Insurance Corporation

As regards the Pakistan Insurance Corporation, the Committee was of the view that its functions did not admit of much decentralisation because of the fact that it did not deal direct with the members of the public as its business was primarily with insurance companies. In the opinion of the Committee, however, some steps could be taken to secure for the Provinces greater benefit from the business handled by the Corporations. For this purpose the functions of the Corporation were considered under five heads, namely, treaty and compulsory re-insurance; administration of national co-insurance scheme; promotion of new insurance companies; faculative re-insurance and training facilities for insurance personnel.

In respect of treaty and compulsory reinsurance, the Committee recommended that the insurance companies should submit their periodical returns to the head office through the local office of P.I.C. In regard to the national co-insurance scheme, weightage should be given to smaller companies subject to their financial soundness. In order to spread the benefits of business handled by P.I.C. to the Provinces, it was recommended that the Corporation should invest more funds from its available surplus in institutions providing credit for medium and small-scale industries; subject to an adequate return not below the bank rate. The Committee remarked that for this purpose the Corporation's investment portfolio should be re-examined and the present rules and instructions modified, where necessary.

As regards the headquarters of the Corporation, the Committee recommended that this should remain at Karachi because "the most important function of the Corporation being reinsurance; its location in Karachi would ensure the best facilities for this purpose at reasonable rates and maintain for it a position of strength in concluding reinsurance treaties in the international market."

Planning Commission

Finally, the Committee dealt with the Planning Commission. In the opinion of the Committee the functions of the Central Planning Authority of the country cannot be the subject of much decentralisation. The preparation of periodical plans and of the annual development programmes within their framework will have to be done by a central organisation fully equipped to handle this high responsibility. The Committee, therefore, expressed the opinion that it would not serve any useful purpose to create a cell of the commission in Dacca and that, instead, it would be more useful to develop two-way traffic between the Commission and the Planning and Development Departments in the Provinces.

According to the Committee, twofold action will be required for this purpose, namely; (a) to strengthen the existing machinery for planning in the Provincial Governments; and (b) to establish a more purposeful relationship between this machinery and the Commission.

As regards the first requirement, the report says that the set-up in East Pakistan is already organised on the lines of the Central set-up. The Planning and Development Department is divided into a Planning Division (with one Chief Economist, and Deputy and four Assistant Chief Economists and four Research Officers) and a Projects Division (with one Project Director, assisted by a Joint Director and six progress officers).

In West Pakistan, the report observes, the Planning and Development Department has a much smaller set-up. The Committee stated: "We understand that the Provincial Reorganisation Committee has already recommended that the West Pakistan set-up should be reorganised on the lines of the East Pakistan set-up." In the opinion of the Committee, this was necessary if the Provincial Governments were to do an effective job in the Planning field.

The Committee remarked that this job will now have to be far more than the mere collection and packaging of un-co-ordinated schemes. It should increasingly be the conversion of these schemes into integrated and internally consistent programmes, their effective processing and progress evaluation—which, taken together, constitute effective planning on a continuing basis.

As regards the second requirement, namely, the establishment of a more purposeful relationship between the existing machinery in the Provinces and the Commission, the Committee suggested the following steps:

(a) The Planning Commission should hold a quarterly meeting with the Provincial additional Chief Secretaries (Development) to consider problems of planning and implementation of development schemes;

(b) The Commission should move as a body to Dacca once a quarter for an extended stay of two to three weeks at a time;

(c) The Chiefs of Economic and other sections should pay regular visits to Dacca according to a prescribed frequency; and

(d) The proposal to attach suitable officers of the Provincial Governments to the Commission for training in the concepts and techniques of planning should be quickly implemented.

Government's Decisions

The report of the Committee was considered by the Governors' Conference. The Governors' Conference accepted the recommendations of the Committee, subject to the following remarks:—

Industrial Development Bank: The headquarters of the Industrial Development Bank should remain at Karachi for the time being. *House Building Finance Corporation*: There should not be two corporations as recommended by the Committee but the headquarters of the House Building Finance Corporation should be transferred to Dacca. *Pakistan Industrial Development Corporation*: The P.I.D.C. should be bifurcated into two Provincial Corporations, each with a separate charter and Board of Directors.

"It was further decided that in order to economise in technical manpower and resources the amalgamation of the Mineral Development Corporation, the Oil and Gas Corporation (proposed), the Small Scale Industries Corporation and the Forest Industries Development Corporation with the Provincial P.I.D.C. should be examined urgently by a Committee consisting of the Secretary, Ministry of Industries, the Secretary, Ministry of Finance, and the Additional Chief Secretaries of the two Provinces.

"The Planning Departments in the Provinces should be further reinforced to enable more effective planning in the Provinces. If the services of foreign experts are required by the Provincial Governments the necessary foreign exchange will be provided by the Central Government."

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STRUCTURE OF ASIA'S FOREIGN TRADE

SHARE OF INTRA-REGIONAL EXPORTS DECLINES

THE formation of trade blocs, particularly the European Common Market, has opened a new vista of regional co-operation which has attracted the attention of those in other parts of the world. It is only appropriate, therefore, that the question of promoting regional co-operation should have received more than casual interest among economists and politicians alike in Asia and the Far East. One of the factors that stands in the way of establishment of a trade bloc in Asia is, as is well known, the relatively small proportion of intra-regional trade among the countries of Asia and the Far East. It is rather disheartening to note that, of late, the share of intra-regional trade has actually tended to decline. According to the *Economic Survey of Asia and the Far East* 1961 (price U.S. $3.00), brought out by the U.N. Economic Commission for Asia and the Far East, the share of trade which the countries of this region conduct with one another has fallen from 36 per cent in 1953 to 33 per cent in 1960. Much of this relative decline is explained by the stagnation of Japan's exports to other E.C.A.F.E. countries—between 1956 and 1959, they declined from 36 to 28 per cent. India's exports to E.C.A.F.E. countries have been similarly stagnant, "although the relative share has not declined because India's total exports have also been stationary." Increasing industrialisation in the smaller E.C.A.F.E. countries, especially in regard to textiles, accounts for some of this change, but the general drive towards self-sufficiency in food as well as in manufactures has also helped to weaken intra-regional trade, as has a shift of consumption in Japan from rice to wheat and from cereals to dairy products and meat.

The percentage of E.C.A.F.E. trade with the U.K. and Continental Western Europe has also declined from 26 per cent to 23 per cent between 1953 and 1960. These declines were mainly the result of expansion in the region's trade with North America (from 22 per cent to 26 per cent), reflecting on the side of imports, larger aid from the U.S. for defence and economic development.

The E.C.A.F.E. region, it may be noted, accounts for about one-tenth of the world trade, excluding the trade of the centrally planned economies with one another. As of 1959, E.C.A.F.E. countries conducted one-third of their trade with one another, one-quarter with North America, one-seventh with continental Western Europe, one-eighth with the U.K. The remaining one-seventh was spread over a wide range of countries. The region is the leading supplier of tropical agricultural products, especially rubber, as well as such minerals as tin and petroleum. Besides, Japan and, to some extent, India supply a wide range of manufactured goods both for other countries of the region and elsewhere.

Communist Countries

Exports from the centrally planned economies of Asia aggregated $2.2 billion (of which China accounted for $2 billion), as against those from other E.C.A.F.E. countries estimated at $11.5 billion. Only 16 per cent. of the exports of Communist countries in Asia went to the other E.C.A.F.E. countries, as by far the greater part, 72 per cent, was taken up by Eastern Europe. They supplied 9 per cent of exports to Western Europe and only 3 per cent to the rest of the world. Of their imports, Eastern Europe accounted for 69 per cent, roughly matching the corresponding exports. But they had a trade surplus with other E.C.A.F.E. countries, from which they drew only 8 per cent of their imports. With Western Europe, from where they imported 19 per cent of their requirements, they have had a trade deficit.

No data have been released by mainland China for its external trade since 1958, but from such information as is available it appears from this that, after reaching a peak in 1959, mainland China's trade fell somewhat in 1960 and declined more rapidly in the first half of 1961. The explanation, of course, is the succession of crop failure which greatly reduced capacity to export agricultural and light industry products. Exports to the Soviet Union, mainland China's principal market had declined by almost one-third in 1960 and probably fell further in 1961. Both exports to, and imports from, Western Europe appear to have fallen by more than 40 per cent in 1961; exports to the United Kingdom over the first ten months fell by 37 per cent and imports by 58 per cent. Over the first nine months of the year, exports to West Germany fell by one-half, and imports by one-third. Hong Kong is mainland China's largest trading partner in the E.C.A.F.E. region, and during the first eight months of 1961, its imports from mainland China fell by 26 per cent and the corresponding exports by 11 per cent. Trade with all E.C.A.F.E. countries appears to have declined by one-fifth for exports and by two-fifths for imports. Other notable developments were the cessation of food exports, the sacrifice of imports of capital goods for imports of food and, after October 1960, a big export of gold and silver bullion. In 1961, mainland China made trade agreements with some twenty countries; in the E.C.A.F.E. region with Afghanistan, Burma, Ceylon, North Korea, and North Viet-Nam. It also contracted to give loans to Burma and North Viet-Nam, as well as to some countries outside the region. But these were nothing like so significant as the aid mainland China itself received from the Soviet Union (mainly in the form of a postponement of payments for previous deficits) and the short-term credits for wheat imports from both Australia and Canada.

Population and Exports

The E.C.A.F.E. Survey has analysed the intra-regional trade of this region (other than Communist countries) on the basis of a grouping, taking into account certain geographical and economic factors like climate, vegetation, major crops, levels of development and foreign trade. The following table shows the percentage distribution of the region's population and its aggregate exports as they were in 1959:

	Population		Exports	
	In millions	Per cent. of total	Billion $	Per cent of total
Japan	92.4	10.4	3.46	30.1
Oceanic Asia (a)	143.6	16.2	2.95	25.7
Free Ports (b)	4.4	0.5	1.70	14.8
Continental South-East Asia (c)	63.8	7.2	0.72	6.2
Indo-Pakistan Sub-Continent	515.8	58.1	1.63	14.2
Northern Continental Countries (d)	67.8	7.6	1.04	9.0
Total	887.7	100.0	11.49	100.0

(a) British Borneo, Ceylon, China: Taiwan, Federation of Malaya, Indonesia and the Philippines.
(b) Hong Kong and Singapore.
(c) *Burma, Cambodia, Thailand and South Vietnam.*
(d) Afghanistan, Iran, Laos, Nepal and South Korea.
N.B.—Centrally-planned economies are excluded from the table.

It will be seen from the table that Japan, with just over 10 per cent of population of the region, accounts for as much as 30 per cent of the region's exports. Oceanic Asia constituted the largest exporting group, after Japan; this group represents leading exporters of rubber, copra, palm kernels, vegetable oils, tin, sugar and hemp. The Continental South East Asian countries are the biggest rice exporters of the region, supplying every country in Oceanic Asia (except China: Taiwan.) All the petroleum exports of the region are provided by two countries of Oceanic Asia—Indonesia and Brunei—and by Iran, which is grouped among the Northern Continental countries. The major exporters of tea are India, Pakistan and Ceylon.

The table at the bottom of the page shows the pattern of the region's exports, both within the region and with other countries, as of 1959. It will be seen from the table that Japan stands head and shoulders above other groups of countries on the export front. But most of its trade is with countries outside the region, being only second to Oceanic Asia as an intra-regional exporter. Oceanic Asia, in turn, ranks second to Japan as an exporter to regions outside the E.C.A.F.E. area; but, unlike Japan, this group exports primary products (instead of manufactures) and sells more to Western Europe than to North America. It is significant to note that the free ports in the region—Hong Kong and Singapore—which share rather equally their exports with this region and others, appear to have larger exports than the whole of Indo-Pakistan sub-continent. Much of their exports, however, comprise re-exports of goods imported both from countries of this region and elsewhere. India and Pakistan together sell much more outside the region than within it, and much more to Western Europe than to North America.

Among E.C.A.F.E. countries, Japan was the most important supplier to Continental South East Asia and the Northern Continental countries, and the second most important supplier to all other country groups. Oceanic Asia was its most important market within the region, followed by Continental South East Asia and the Free Ports. Oceanic Asia exported more within the region than Japan, but only because Japan, next to the Free Ports, provided its most important market. But Oceanic Asia, and the Free Ports, in turn, gave Continental South East Asia its largest market within the region, although sales to the Indo-Pakistan sub-continent and Japan were not unimportant. Most of the Free Ports' exports, within the region, went to Oceanic Asia, but they also had a considerable trade with Japan. The Northern continental countries did not bulk large in E.C.A.F.E. trade either as sellers or buyers, apart from Iran's sales of petroleum to India and Pakistan. Most of mainland China's comparatively small trade within the region is conducted with the Free Ports, to which it sent more than one-half of the E.C.A.F.E. exports and from which it took more than one-third of its E.C.A.F.E. imports. Oceanic Asia came next in importance for mainland China's E.C.A.F.E. trade, and here Ceylon and Indonesia were in the fore.

Balance of Trade

A study of trade balances (difference between exports f.o.b. and imports c.i.f.) among the countries of the region reveals that Japan is the only country which has a large trade surplus in its trade with the E.C.A.F.E. region. It applies this surplus to meet, in part, an even larger deficit with the rest of the world. An indication of the trend in balance of trade of the countries of the region is provided in the following table:

	Total E.C.A.F.E.	Mainland China	Rest of the world
Japan	+ 209	— 15	— 337
Oceanic Asia	+ 92	— 46	+ 520
Free Ports	— 491	— 166	+ 212
Continental South-East Asia	— 26	— 19	— 174
Indo-Pak sub-continent	— 49	+ 3	— 542
Northern continental countries	+ 34	..	+ 105

After Japan, Oceanic Asia is the other group which has some surplus in trade with the E.C.A.F.E. region. Oceanic Asia, of course, has a large surplus in its trade with other regions. The Indo-Pakistan sub-continent and Continental South East Asia have large deficits outside the E.C.A.F.E. region, but have small deficits with other countries of the region. Foreign aid has largely financed such deficits.

A major feature of the E.C.A.F.E. trade is that all country-groups find their major markets outside the E.C.A.F.E. region, except Continental South East Asia which sells more within the E.C.A.F.E. region than outside it, and, in effect, uses surpluses from rice sales to Oceanic Asia and the Free Ports to help finance imports of manufactures from Japan.

Trade Trends in 1961

The E.C.A.F.E. *Survey* has also dealt with the trends in E.C.A.F.E. trade in 1961. A disappointing feature of 1961, according to the *Survey*, was the failure of exports to increase. Following upon a mild increase in the sale of rubber, but a reduction in that of copra, came heavy falls in prices which reduced export receipts in most countries of Oceanic Asia—more particularly in British Borneo, the Federation of Malaya, Indonesia and the Philippines. Pakistan's exports would also have fallen sharply if a big decrease in jute production, due to bad weather

(*Continued on page* 1131)

E.C.A.F.E.'s Intra-regional Trade

(Value in million dollars)

	Japan	O.A.	F.P.	C.S.E.A.	I-P.	N.C.C.	Total E.C.A.F.E.	Mainland China	Rest of the world
Exports from—									
Japan	..	316	205	219	101	119	960	4	2,493
Oceanic Asia	375	83	503	34	37	36	1,068	77	1,869
Free Ports	104	469	16	94	24	20	727	58	912
Continental South-East Asia	55	161	122	2	57	8	393	2	320
Indo-Pak Sub-Continent	99	75	47	43	24	24	312	17	1,299
Northern Continental Countries	43	19	16	16	118	..	212	..	824
Total E.C.A.F.E.	676	1,113	907	408	361	207	3,672	158	7,657
Mainland China	19	122	224	21	14	..	400	..	1,584

SALES OF SHAW WALLACE RISE MARKEDLY

BUT RISING COSTS AND OTHER FACTORS CUT INTO PROFITS

EVEN though the sales realisation of Shaw Wallace and Company Ltd. (Chairman: Mr. Stanley Mackay Smith, Calcutta) during the year ended 31st December 1961 has maintained an upward trend, rising by 19.5 per cent or Rs. 148.34 lakhs over the previous year's level of Rs. 759.18 lakhs, there has been a perceptible decline, as had been clearly hinted at by the Chairman of the Company at the last annual general meeting, in the gross profit from Rs. 68.49 lakhs to Rs. 59.80 lakhs. Reasons for this setback have been several, the more important amongst them being rising costs, including excise duties, higher transportation charges which the Company had to bear owing to shortage of wagons, plant break-down at one of the factories, prolonged labour trouble experienced by the flour mills in the agency, and initial losses on the new yeast venture. The situation was further worsened due to a lower income of Rs. 51.39 lakhs (Rs. 55.08 lakhs) on account of agency commission and allowances and of Rs. 14.75 lakhs (Rs. 16.93 lakhs) from other sources.

The decline in the gross profit has attracted a lower provision for taxation of Rs. 22.50 lakhs, as against Rs. 25.76 lakhs previously. Provision for depreciation has also been reduced, albeit slightly, by Rs. 34,000 to Rs. 12.02 lakhs. The net profit, as a result, has declined by Rs. 5.09 lakhs to Rs. 25.28 lakhs. And this decline has necessitated a drastic cut in the transfer to reserves from Rs. 11.58 lakhs to just Rs. 1.20 lakh, the entire amount being credited to the development rebate reserve. The dividend on ordinary shares has, nevertheless, been maintained at Re. 1.50 per share or 15 per cent, subject to deduction of tax, after declaring a preference dividend of 5.33 per cent, subject to deduction of tax. The carryforward, however, is substantially higher at Rs. 8.97 lakhs, as against Rs. 5.14 lakhs brought in.

The operating results of the Company for each of the past four years are presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales	907.52	759.18	637.77	546.71
Agency and other commission and allowances	51.39	55.08	51.69	44.61
Other income	14.75	16.93	19.74	17.83
Closing stocks	201.74	173.90	98.89	114.69
Excise duty	55.25	30.92	..	..
Other expenses	859.65	786.55	648.98	557.66
Gross profit	59.80	68.49	65.22	51.49
Provision for—Depreciation	12.02	12.36	8.56	7.04
Taxation	22.50	25.76	22.32	21.75
Net profit	25.28	30.37	34.34	22.70
To reserves	1.20	11.58	15.82	9.12
Dividends—Preference	4.00*	4.00*	4.50*	3.98
Ordinary	11.25 (15%)*	11.25 (15%)*	11.25 (15%)*	7.50 (10%)
Carry forward	8.97	5.14	5.15	4.87
Market price of ordinary share (In rupees):	1962	1961	1960	1959	1958
High	24.62	26.62	26.62	20.25	15.22
Low	21.56	21.87	19.25	15.00	9.87

* Subject to deduction of tax.

The paid-up share capital of the Company is Rs. 150 lakhs, divided equally between 6 per cent taxable cumulative preference shares of Rs. 100 each, and ordinary shares with a face value of Rs. 10 each. Against this, reserves and surplus amount to Rs. 50.85 lakhs. Secured and unsecured loans aggregate Rs. 346.22 lakhs, besides current liabilities of Rs. 200.38 lakhs. The net block is worth Rs. 105.27 lakhs, including capital work in progress, and has been obtained by reducing a gross block of Rs. 153.92 lakhs by the amount of accumulated depreciation of Rs. 48.65 lakhs. Investments are carried in the Company's books at a cost of Rs. 171.94 lakhs and these have a market value of Rs. 95.37 lakhs, of which Rs. 94.01 lakhs are in quoted scrips and the balance is taken up by unquoted scrips. Current assets stand at Rs. 470.24 lakhs.

The Chairman's review pertaining to the working of the major departments of the Company during the year 1961 shows that the intensified drive to sell more fertilisers continued and a very satisfactory increase in tonnage handled was achieved. The quantity of fertilisers available increased as the year progressed and, in some parts of the country, profit margins contracted in keeping with the law of supply and demand. Consequently, notwithstanding the increase in tonnage sold, our profits were barely maintained.

The superphosphate and sulphuric acid factory worked to capacity throughout the year and sales were satisfactory, despite increased competition from other producers which had the effect of reducing margins. The shortage of railway wagons adversely affected profits for the year, as a large proportion of the production had to be moved to the consuming areas by lorry. This type of transport is much more expensive than movement by rail and the additional cost could not be passed on to customers because of price restrictions imposed by Government. The trend of production in the past four years is indicated below.

	Acid (Tons)	Superphosphates 16% basis (Tons)
1961	25,519	68,441
1960	24,150	71,545
1959	9,429	26,849
1958	7,396	23,839
1957	5,770	15,454

As regards agricultural spraying and dusting equipment, a high level of production was maintained throughout the year, but sales, though higher than in 1960, were somewhat disappointing. The Chairman says: "The sale of spraying equipment, however, has a distinctly seasonal character and I am pleased to report that sales during the first quarter of 1962 have surpassed all expectations and the accounts for 1962 will receive the benefit of these efforts....".

The glue factory in Madras achieved a high level of production. At the Calcutta factory, however, a succession of plant break-downs, coupled with prolonged coal supply difficulties and shortage of water, had a most unfortunate impact on profits. It is stated that, while every effort is being made to resume maximum production, it is too early as yet to forecast whether all difficulties will be resolved in sufficient time for the Calcutta plant to make an adequate contribution to the profits for the current year.

The tea and coal companies under the Company's management experienced somewhat unfavourable conditions, the former due to excess world production with consequent low prices and the later due to local difficulties. The packed production of tinplate during the year at 77,045 tons exceed the previous year's record by 3,517 tons. This outstanding performance was made possible by the hard work of the staff and, with adequate supplies of timber throughout the year, the works were able to plan production on econmic and efficient lines. The working of the flour mills under the Company's management suffered due to the go-slow and subversive activities of workers and the two mills were forced to declare a lockout which resulted in a loss of two months' production.

The production problems at the new yeast factory have all been successfully overcome, but selling difficulties are still being experienced due to the large stocks of imported yeast and hops still available in the country. With the ban on the import of this commodity under the new import policy, offtake of the Company's production is expected to increase.

The Rs. 10 paid-up ordinary shares of the Company are quoted at Rs. 22 *cum-div.* On the basis of a net dividend of Rs. 1.05 per share, the yield is about 5 per cent on *ex-div.* basis.

(*Concluded from next column*)

Rs. 1.37 lakh, secured loans, representing bank borrowings, amount to Rs. 56.41 lakhs, as against Rs. 42.68 lakhs in the previous year. Unsecured loans are of Rs. 0.83 lakh. Other liabilities amount to Rs. 48.52 lakhs. The total indebtedness to outsiders thus works out to Rs. 105.76 lakhs and is comfortably covered by current assets and book debts of Rs. 140.95 lakhs. Investments, in unquoted shares and debentures, are shown at Rs. 1.32 lakh. The gross block increased during the year from Rs. 256.25 lakhs to Rs. 290.26 lakhs and is written down very conservatively to Rs. 98.86 lakhs. Along with capital expenditure on fixed assets under construction, the net block is shown at Rs. 100.04 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 35.12 *cum-div.*, and fetch, on *ex-div.* basis, an attractive net yield of about 6 per cent per annum.

BENGAL PAPER DOES WELL

DIVIDEND LOWER, BUT ON HIGHER CAPITAL

VIEWED against the background of uneconomic selling prices for paper, as contended by the industry in its representation to the Government, and yet further increase in production costs, the results of the Bengal Paper Company Ltd. (Chairman: Mr. N. D. Bangur, Calcutta) for the year ended 31st December 1961 are quite satisfactory. Their particularly encouraging feature is that, after having receded slightly from Rs. 52.61 lakhs to Rs. 51.91 lakhs in the previous year, the gross profit has moved up to Rs. 55.05 lakhs during the year in consonance with a further rise in production from 18,105 tonnes to 19,627 tonnes and in sales from Rs. 316.78 lakhs to Rs. 342.60 lakhs. However, this should not refute the industry's plea for higher selling prices. If anything, the results of the Company only support the plea, as the profit-margin (ratio of gross profit to sales)—the measure of prosperity of an industry—has, in fact, moved down further from 16.4 per cent to 16 per cent and shows, at that level, a drop of one full point from the 1959 level.

A glance at the following table will reveal that the production costs as also the excise bill continued to be higher during the year, the former to a certain extent due to inadequate supplies of raw materials and chemicals and transport difficulties. The costs have increased further this year because of higher prices of raw materials and chemicals due to enhancement of the railway freight and levy of an excise duty on various chemicals. The Directors hope that, in revising the selling prices, the Government would give due consideration to these further increases in costs. As the Company's Secretaries and Treasurers, Messrs. Balmer Lawrie and Company Ltd., resigned on 28th April 1960, there is no remuneration due to them since then. However, due to a larger provision of Rs. 13.62 lakhs (Rs. 10.05 lakhs a year ago) for depreciation and Rs. 19.30 lakhs (Rs. 18.17 lakhs) for taxation, the net profit has moved down a little from Rs. 22.62 lakhs to Rs. 22.13 lakhs. The Directors have, therefore, been obliged to propose a cut in the taxable equity dividend from 32 per cent to 27.5 per cent per annum on the Rs. 10 fully paid share, but this is on a higher capital following the issue of 180,000 bonus shares of Rs. 5 each, since converted into 90,000 shares of Rs. 10 each, in the ratio of one for five. At the same time, the profit retained in business is also lower at Rs. 5.69 lakhs, as compared with Rs. 6.79 lakhs in the preceding year.

The table below compares the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	342.60	316.78	307.50	263.21
Closing stocks of finished goods	9.78	4.98	1.78	4.81
Other income	0.76	1.35	0.90	0.80
Raw materials and stores consumed	138.86	126.10	121.99	104.34
Excise duty	47.51	40.38	37.71	34.86
Staff expenses	56.91	54.52	51.04	48.17
Other expenses	54.84	48.43	41.43	39.12
Gross profit	55.05	51.91	52.61	40.89
Provision for—Depreciation	13.62	10.05	4.84	3.45
Taxation	19.30	18.17	18.48	17.67
Secretaries' and Treasurers' remuneration	..	1.07	3.57	2.76
Net profit	22.13	22.62	25.72	17.01
Redemption of debentures	..	0.10	0.10	0.10
Provisions written back	..	0.40	..	..
To reserves	5.69	6.79	9.19	5.33
Dividends—Preference	1.88*	1.88*	1.80*	1.62
Ordinary	14.85† (27.5%)*	14.40 (32%)*	14.40 (32%)*	9.90 (22%)
Carry forward	1.40	1.41	1.35	0.92
Market value of equity share (In rupees):	1962	1961	1960	1959	1958
High	44.40-CR	106.00	107.00	118.00	95.00
Low	33.00-XR	84.00	92.50	80.00	55.00

* Subject to deduction of tax.

† Inclusive of 180,000 bonus shares of Rs. 5 each fully paid, issued in the proportion of one bonus share for five shares held by the shareholders as on 26th February 1962.

Note.—In February 1962, prior to the bonus share issue, the Company sub-divided the Rs. 25 fully paid ordinary shares into shares of Rs. 5 each. After the bonus issue, the shares were consolidated into shares of Rs. 10 each.

The expansion and modernisation scheme, which would increase production to 100 tonnes a day, is making satisfactory progress. Orders for the purchase of equipment from the U.S. and the U.K. have been placed and shipment is expected to commence from August this year. The scheme, we are told, would be completed in the second half of 1963.

The financial position of the Company is sound. Its paid-up capital of Rs. 71 lakhs is backed by reserves and surplus of Rs. 64.17 lakhs. Excluding the debenture liability of

(*Continued in previous column*),

SINGARENI COLLIERIES' PROFIT-MARGIN UP

DIVIDEND CUT RESTORED

RIGHTLY have the Directors of the Singareni Collieries Company Ltd. (Managing Director: Mr. N. K. Guruswamy, I.A.S., Hyderabad) stated in their report to the shareholders that the year ended 31st December 1961 was highly successful for the Company. For the year's working has shown an all-round improvement which is highlighted by a three-point rise to 19 per cent in the profit-margin (ratio of gross profit to sales). In the previous year, the profit-margin had looked up from 15.2 per cent to only about 16 per cent. Sales have maintained their uptrend and improved by Rs. 102.39 lakhs, or 15.5 per cent, to Rs. 760.11 lakhs. But the gross profit has risen relatively more, to be precise, by Rs. 39.63 lakhs, or nearly 38 per cent, to Rs. 144.60 lakhs. As a corollary to the higher profit, the previous year's cut in the taxable dividend from 7.5 per cent to 7 per cent per annum on the Rs. 10 fully paid equity shares following a substantial increase in capital has been fully restored. As the dividend is for the whole year on the increased capital, it has absorbed Rs. 22.50 lakhs, as against Rs. 15.25 lakhs a year before.

It will be clear from the table below that prime costs, staff expenses and all other expenses continued to be higher during the year and royalties and dead rents showed a sharp rise of nearly Rs. 10 lakhs to Rs. 31.72 lakhs. The provision for depreciation has been raised considerably from Rs. 38.73 lakhs to Rs. 58.05 lakhs, but that for taxation has been reduced slightly from Rs. 33.90 lakhs to Rs. 32.50 lakhs, notwithstanding the improvement in the profit. The net profit which had, in fact, moved down from Rs. 31.73 lakhs to Rs. 28.55 lakhs has improved to Rs. 53.63 lakhs. Half of it, Rs. 27.26 lakhs to be precise has been retained in business. While the provisions for bonus to workers has been raised slightly from Rs. 2.80 lakhs to Rs. 3.01 lakhs, the provision for gratuity has been *nil* as against Rs. 8.58 lakhs in the previous year.

The table below gives a fair idea of the Company's working in the past four years.

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds and self-consumption	760.17	657.78	585.56	558.92
Closing stock of coal	7.77	14.59	10.55	9.15
Other income	12.04	5.95	3.16	4.11
Stores, power and fuel consumed	155.46	141.97	112.76	118.23
Staff expenses	377.33	346.93	321.52	306.51
Royalties and dead rents	31.72	21.83	18.73	16.50
Other expenses	55.79	43.38	48.17	47.31
Gross profit	144.60	104.97	88.94	73.91
Provision for—Depreciation	58.05	38.73	31.63	31.31
Taxation	32.50	33.90	22.00	20.00
Secretarial remuneration	0.42	3.73	3.58	3.13
Net profit	53.63	28.55	31.73	19.47
Refund of tax for previous years	0.47	0.11	0.91	0.55
Transfer from reserves	..	7.90	0.82	..
Provision for gratuity	..	8.58	7.50	..
Provision for bonus	3.01	2.80	2.57	2.50
Other provisions	0.50	0.50	0.50	1.02
Transfer to reserves	27.26	10.18	16.89	11.02
Dividend	22.50	15.25	4.74	4.74
	(7.5%)*	(7%)††	(7.5%)*	(7.5%)
Carry forward	0.47	0.11	0.91	0.55
Production of coal (tonnes)	2,795,401	2,491,088	2,220,050	2,116,566
Despatches of coal (tonnes)	2,758,267	2,399,410	2,144,325	2,025,562
Market value of equity shares (In rupees): 1962	1961	1960	1959	1958
High .. 10.50	11.75	12.00	..	17.25
Low .. 9.75	10.50	8.75	..	11.00

* Subject to deduction of tax.

† On increased capital.

Note :—Output and despatches figures for 1959 and 1958 are in tons.

Production during the year increased from 2,491,088 tonnes to 2,795,401 tonnes, reflecting the benefits of the expansion and mechanisation schemes. However, it was much below the target of three million tons, partly because of power shortage. On an average, 21,612 workers were totally employed during the year in the collieries as against 20,917 a year before and the average man-shift increased from 0.39 to 0.42 tonnes. Despatches increased from 2,399,410 tonnes to 2,758,267 tonnes. But wagon shortage led to the accumulation of 27,281 tonnes of coal at the pit-heads as at the year-end. This was despite loading on all days of the week under the scheme of staggering of holidays. It is already known that the expansion scheme under the third Plan to achieve the target of 5.65 million tons per annum by 1965-66 is estimated to cost Rs. 20.33 crores. For the first year of the Plan, that is, last year, the Company received from the Central Government a loan of Rs. 2.50 crores. The production target for the current year has been fixed at 3.2 million tons. The development of new mines in Mandamari, Jangaon and Ramakrishnapur areas is progressing rapidly and coal has been touched in five mines. Some of the mines have been mechanised with the latest equipment such as coal cutting machines, belt conveyors, shuttle cars, loaders, etc.

It is proposed to sink shafts at No. 5 incline and No. 7 incline for the purpose of deep mining and it is planned to equip the new mines with mechanical equipment to produce coal without manual operations from the stage of cutting to that of screening for despatch to consumers. The Company has put into operation at Mandamari a newly constructed screening plant provided with bunkers. An aerial ropeway was constructed for sandstowing operations in the Rudrampur division. Ventilation of the mines is given top priority and huge fans have been installed in each mine. Water spraying to prevent coal dust is carried on where possible. The management-workers relations were cordial, but some strikes and lock-outs resulted in a loss of 3.245 man-days and 2.505 tonnes of production. Normal amenities and medical facilities to the employees are being continued. It is noteworthy that over 80 per cent of the staff and workers have been provided with quarters.

The financial position of the Company is satisfactory. The paid-up capital is unchanged at Rs. 3 crores, after it was raised to that level from Rs. 63.21 lakhs in the previous year. It is backed by reserves and surplus of Rs. 1.04 crore. Secured loans amount to Rs. 339.21 lakhs and comprise Rs. 54.21 lakhs from the Andhra Pradesh Government and Rs. 285 lakhs from the Union Government. Unsecured loans of Rs. 100 lakhs are from the Union Government. Current liabilities and provisions total Rs. 302.57 lakhs. Taking the unsecured loans and current liabilities, etc., the total indebtedness to outsiders amounts to Rs. 402.57 lakhs to cover which are available current assets and book debts of about Rs. 533.20 lakhs. Investments have increased from Rs. 8.43 lakhs to Rs. 8.57 lakhs, out of which Rs. 7.37 lakhs are quoted and command a market value of Rs. 7.22 lakhs. The gross block increased from Rs. 8.26 crores to Rs. 10.14 crores and has been written down to Rs. 6.04 crores.

The Rs. 10 fully paid ordinary shares are currently quoted at par *cum-div.* On the *ex-div.* basis, they offer a yield of 5.5 per cent, free of tax, per annum.

SIMPLEX MILLS' PROFIT JUMPS UP

The preliminary figures relating to the working of the Simplex Mills Company Ltd. (Chairman: Mr. S. R. Damani, Bombay) for the year ended 31st March 1962 are encouraging. Although sales have increased only slightly from Rs. 3.23 crores to Rs. 3.32 crores, the gross profit has jumped up from Rs. 34.42 lakhs to Rs. 55.82 lakhs (including Rs. 39,000 brought forward) and the ratio of profit to sales has risen sharply from 10.4 per cent to 17.2 per cent. The gross profit per Rs. 50 fully paid ordinary share works out to Rs. 46.2. Allocations include Rs. 16.14 lakhs (Rs. 16.20 lakhs in the previous year) for depreciation, Rs. 11.50 lakhs *(nil)* for taxation and Rs. 13.90 lakhs (Rs. 2.80 lakhs) for development rebate reserve. After writing off a part of debenture issue expenses of Rs. 70,000 (Rs. 61,000), the surplus available is Rs. 13.58 lakhs. After a lapse in the previous year, the Company has resumed payment of dividend which has been proposed by the Directors at Rs. 11 taxable, per share of Rs. 50 on the capital as increased by the issue of one bonus share for every five shares held. Additions to plant and machinery, buildings, etc., during the year aggregated Rs. 18.38 lakhs. Outstanding orders for machinery at the end of the year amounted to Rs. 61.73 lakhs.

(Concluded from next column)

lakhs by way of debentures. The unsecured loans represent liability to the subsidiary, the Apcar Collieries Ltd. (in liquidation) in respect of the net assets taken over. Other liabilities and provisions amount to Rs. 99.80 lakhs. Excluding the debenture liability, the total indebtedness works out to Rs. 191.04 lakhs to cover which are available current assets and book debts of Rs. 230.10 lakhs and investments of Rs. 16.07 lakhs, of which Rs. 6.23 lakhs are quoted and command a market value of Rs. 6.25 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 28.50 *cum-div.* and offer, on the *ex-div.* basis, a net annual yield of 2.5 per cent.

WAGON, POWER SHORTAGE HIT EQUITABLE COAL

DIVIDEND CUT BY A THIRD

INSUFFICIENCY of rail transport for coal movement in the first half of last year, severe shortage of electric power in the Raniganj coalfields and periodic shortages of explosives have produced a setback in the gross profit of Equitable Coal Company Ltd. (Managing Agents: Messrs. Macneill and Barry Ltd., Calcutta) for the year ended 31st December 1961. The assistance received by the Company from the scheme to subsidise mines working under adverse conditions has not been of much avail in preventing the downward trend in the profit. As a direct consequence of the failure of infra-structural facilities to come up to expectations, production declined from 1.9 million tonnes to 1.8 million tonnes. Although this meant a slight reduction in the "very considerable increases in colliery working costs which remain unneutralised due to the Government's restrictive price policy," their per unit incidence was heavier than in the previous year. Besides, there was an increase in the percentage of lower grade coal in the Company's raisings. Consequently, the profit-margin (ratio of gross profit to sales) of the Company, which had improved smartly from 4.4 per cent to 8.3 per cent a year before, has slipped down to 6.3 per cent during the year under review. Sales realisations have shown a small rise from Rs. 392.57 lakhs to Rs. 398.57 lakhs, reflecting an increase of some 26,000 tonnes to 1.864 million tonnes in despatches. But this improvement in physical performance has been inadequate to have a favourable effect on the profit.

The investor has been hit badly, as the taxable equity dividend has been cut to 10 per cent per annum (on the Rs. 10 fully paid share) from 15 per cent, to which level it was raised in the previous year from 7.5 per cent paid for 1959. In spite of the lower profit, the provision for taxation has been raised from Rs. 0.85 lakh to Rs. 5.33 lakhs and that for depreciation has been well maintained at Rs. 16.24 lakhs. The Managing Agents' remuneration has been a shade lower at Rs. 1.10 lakh as compared with Rs. 1.33 lakh in the previous year. The amount transferred to reserves is only Rs. 2.77 lakhs as against Rs. 6.60 lakhs a year before.

The table below gives in a nutshell the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	398.57	392.56	383.02	365.61
Other income	13.67	2.88	4.03	2.58
Closing stock of coal	10.74	18.66	7.13	13.22
Stores, power and fuel consumed	56.31	57.32	54.19	47.53
Staff expenses	252.89	248.47	237.71	254.41
Royalties and ground rent	6.27	5.90	6.01	5.60
Other expenses	63.76	72.62	66.01	63.24
Gross profit	25.06	32.65	17.04	19.24
Past adjustments (+) credit (—) debit	+3.27	—1.00	+4.10	+7.62
Provision for—Depreciation	16.24	16.81	12.42	11.01
Taxation	5.33	0.85	..	0.60
Managing Agents' remuneration	1.10	1.33	0.77	1.53
Net profit	5.69	12.66	7.95	13.63
Excess provisions written back	0.50	..	..	0.31
Transfer from reserves	..	..	0.34	0.46
Provisions for cesses and doubtful debts	0.88	1.13	0.34	0.46
To reserves	2.77	6.60	4.50	9.04
Dividends— Preference	..	..	..	..
Ordinary	0.35*	0.31*	0.24*	0.24
	2.96	4.45	2.22	4.44
Carry forward	(10%)*	(15%)*	(7.5%)*	(15%)
	0.34	1.11	1.20	0.36
Raisings of coal (tonnes)	1,825,596	1,892,208	1,836,678	1,790,817
Despatches (tonnes)	1,903,720	1,837,888	1,864,051	1,781,228
Closing stocks (tonnes)	55,451	98,576	39,071	64,744†
Market value of equity shares (In rupees): 1962	1961	1960	1959	1958
High .. 30.25	32.50	31.87	35.00	30.25
Low .. 26.00	26.50	25.75	28.00	28.75

* Subject to deduction of tax. † In tons.

Some idea of the working of the Company's collieries during the year can be had from the following synopsis of the Directors' report:

The seam at the Bhutgoria colliery was exhausted in January and the same position obtained in respect of the Koithee seam at the Charanpur colliery in September. The loss in production, which resulted from the cessation of working in these seams was, however, offset entirely by the output obtained from the Selected Baraboni colliery which was acquired in April in exchange for the Company's Haripur property. Production and despatches in the first four months of the current year are said to be satisfactory. The acquisition of the Selected Baraboni colliery is expected to enable a phased programme of extraction of its overlying Rana seam as also of the Poniati and Koithee seams. The Company's expansion programme included in the third Plan centres round the opening of a new colliery in Mouza Khottadih. While both the technical and financial feasibilities of this venture have been accepted by the screening committees set up in connection with the foreign exchange assistance granted to the private sector by the International Bank for Reconstruction and Development, legal complications have delayed the granting of a licence to the Company for opening the colliery. The financial position of the Company is commendable. Its paid-up capital of Rs. 33.64 lakhs is made up of Rs. 29.64 lakhs equity and Rs. 4 lakhs preference. The equity capital is covered nearly four times by reserves and surplus aggregating Rs. 119.10 lakhs. Borrowings of Rs. 139.11 lakhs comprise secured loans of Rs. 116.41 lakhs and unsecured loans of Rs. 22.70 lakhs. The secured loans include Rs. 47.27

(Continued in previous column)

SYNOPSES OF COMPANY REPORTS

Ambika Silk Mills Co., Ltd.

(*Managing Agents*: Messrs. Manganlal Bhagwandas & Co., Bombay.)

23*rd Annual General Meeting*—Held on 11th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	1,30,22	1,15,77
Closing stock	10,18	11,52
Gross profit	21,07	10,27
Transfer to Managing Agents' remuneration	1,84	74
,, ,, depreciation	2,72	2,83
,, ,, provision for taxation	8,40	3,20
Net profit	8,11	3,50
Adjustments	23†	3
Appropriations:		
Total available balance	8,34	3,53
To goodwill, trade name, etc., written off	15	15
Transfer to development rebate reserve	38	32
To short provision for income-tax for 1960	22	Nil
To short provision for general reserve	3,55	44
Proposed dividend (taxable) equity	4,00	2,60
	(20%)*	(15%)‡
Carry forward	4	2

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items if any.

* Dividend for 1961 is on the increased ordinary capital of Rs. 19,97,800.

† This includes Rs. 20,356 being excess provision in respect of income-tax for the accounting year 1959 (assessment year 1960-61).

‡ The dividend for 1960 was on a paid-up capital of Rs. 17,32,500.

Extracts from the Directors' report: Reference was made in the last year's report to the policy of the Directors to replace, renovate and modernise the existing machineries. As a part of this programme 28 new looms in replacement of old ones have been installed; other looms are being renovated. The increased activities of the Company exerted considerable pressure on the available space and the Directors, therefore, thought it necessary to construct buildings. One building has been completed during the year under report and further constructions have also been taken in hand. It is expected that these facilities will enable the Company to intensify its activity in the printing, processing and allied sections.

In order to partially meet with the needs of a larger working capital, the Company during the year under review increased its subscribed and paid-up capital from Rs. 17,32,500 to Rs. 20,00,000 by issue of 2,675 ordinary (equity) shares of the face value of Rs. 100 each for cash at par. 2,653 shares out of this issue have been taken up by the shareholders as per the scheme leaving a balance of 22 shares.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	19,98,543	Gross block	44,39,632
Reserves and surplus	13,86,114	—Depreciation	27,66,142
Other liabilities	49,64,586		
		Net block	16,73,490
		Goodwill, etc.	15,000
		Block in progress	61,706
		Current assets	65,13,772
		Investments	60,823
		Cash	24,453
	Rs. 83,49,243		Rs. 83,49,243

* Paid-up capital consists of 19,978 equity shares of Rs. 100 each fully paid up. Out of this 1,700 shares are allotted as fully paid up by way of bonus shares by capitalisation of reserves. The capital also includes Rs. 700 on account of forfeited shares (amount originally paid up) and Rs. 43 being excess amount received together with share application money.

Rajkumar Mills Ltd.

[*Managing Agents*: Messrs. Jall Brothers (Private) Ltd., Indore.]

Chairman: Mr. R. C. Jall, Indore.

39*th Annual General Meeting*—30th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales of finished goods	1,37,02	1,46,03
Closing stocks— Finished goods	19,17	4,08
Raw materials	14,48	14,63
Process stock	8,82	7,30
Gross profit	28,27	19,33
Transfer to Managing Agents' remuneration	1,65	Nil
,, ,, depreciation	8,74	2,29
,, ,, provision for taxation	6,10	Nil
Net profit	16,78	17,04
Adjustments	1,61	48
Appropriations: Total available balance	18,39	17,52
To arrears of taxation	11	74
Transfer to development rebate reserve	2,72	38
,, ,, provision for doubtful debts and advances	19	1,53
To arrears of depreciation	Nil	14,00
Proposed dividend (taxable) equity	2,79	Nil
	(5½%)	(Nil)
Carry forward	12,58	87

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: Profits have been satisfactory and the directors have been able to recommend payment of dividend after the year 1948.

The Company's income-tax assessments have been made upto the year 1956. The income-tax appeals are pending for 1946, 1947 and 1952 to 1956 and the wealth tax appeals for the years 1956 to 1958. Reference applications before the Income tax Appellate Tribunal are pending for the years 1942 to 1945 and also for the years 1950 and 1951. Besides, in the matter of Industrial tax and excess profits duty, the Company has obtained a certificate of fitness for leave to appeal in the Supreme Court of India.

The Mills power plant being in precarious condition and on account of non availability of electric power from the Madhya Pradesh Electricity Board, expansion or modernisation could not be undertaken. Additional supply of electric power to the extent of 775 kw. has now been made available by the Madhya Pradesh Electricity Board and arrangements are almost complete for converting the whole Mill to Electric Drive and discontinue working of the old main engine. A plan for renovating some of the machines is also under active consideration of the management.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,68,250	Gross block	57,01,901
Reserves and surplus	19,08,299	—Depreciation	37,44,375
Other liabilities	88,50,923		
		Net block	39,57,527
		Current assets	66,76,301
		Investments	1,19,074
		Cash	12,74,570
	Rs. 1,20,27,472		Rs. 1,20,27,472

* Paid-up capital consists of 25,365 ordinary shares of Rs. 50 each, fully called up. Of the above 5,073 shares are allotted as fully paid-up bonus shares by way of capitalisation of reserves. 91 shares remain to be converted against fractional certificates issued but not yet submitted for conversion.

Indore Malwa United Mills Ltd.

(*Chairman*: Mr. Kudilal G. Seksaria, Bombay.)

55*th Annual General Meeting*—26th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales—Cloth, yarn and waste	3,47,52	3,20,50
Closing stock	70,27	55,34
Gross profit	80,52	27,69
Transfer to depreciation	4,55	10,36
,, ,, development rebate reserve	1,10	39
,, ,, provision for taxation	12,75	Nil
Net profit	12,12	16,94
Adjustments—credit (+) or debit (—)	+16	—12,53
Appropriations: Total available balance	12,28	4,41*
Transferred to general reserve	2,01	Nil
,, ,, dividend equalisation reserve	5,00	Nil
Proposed dividend (taxable) ordinary	5,00	4,25
	(10%)	(8½%)
Carry forward	27	16

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

* This represents amount available for appropriation after adjusting the loss of Rs. 12,53,125 brought forward from 1959 accounts.

Extracts from the Directors' report: The total sales of cloth, yarn and waste increased during the year under review by about Rs. 27 lakhs, due mostly to the increased realisation of yarn. As anticipated in the last year's report, the Company has been able to reach the target of Rs. 50 lakhs for yarn sales. It is hoped that realisation on this account will increase during the current year to Rs. 80 lakhs.

Prospects for the current year will be adversely affected by the short supply of cotton due to the expectation of the coton crop during 1961-62 season being not more than 4.3 million bales and reduced imports, enhanced cost of stores, dyes, chemicals and coal.

Renovation and Modernisation: During the year an expenditure of Rs. 78,638 has been incurred in additions and extensions to the existing buildings. New machineries valued at about Rs. 10 lakhs were received during the year. Out of the same, textile machineries valued at Rs. 5¼ lakhs were added, the main items being 2 Texmaco *Ring Frames*, 4 *High Efficiency Plain Looms*, and one set of *Whitin's Combers*. Out of electrical machinery valued at Rs. 4¾ lakhs received during the year machinery worth Rs. 46,000 only was installed. Installation of the remaining electrical machinery is in progress.

In furtherance of the plan of renovation and modernisation of the Mill's machinery orders to the tune of Rs. 60 lakhs were placed during the year under review, comprising of orders for spinning machinry (Rs. 27.87 lakhs), weaving machinery (Rs. 1.64 lakh), processing machinery (Rs. 14.16 lakhs) and electrical machinery (Rs. 18 lakhs), etc. Machinery worth Rs. 5 lakhs only was received during the year 1961, the remaining one are to be received later.

During the current year further orders for machinery amounting to Rs. 20 lakhs have been placed, comprising of spinning machinery (Rs. 13 lakhs) and processing machinery (Rs. 6 lakhs).

The borrowings from the Company's bankers decreased during the year under review by Rs. 11.76 lakhs. However, since the close of the year and up to the date of the report, the Company's overdraft facilities with the banks have increased by Rs. 25 lakhs to meet purchases of cotton. As regards the financing of capital programme, the same will be met partly from accumulated profits and partly from a loan, negotiations for which are in progress with the Company's Bankers.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	50,00,000	Gross block	1,77,31,573
Reserves and surplus	23,26,590	—Depreciation	1,34,04,615
Other liabilities	1,55,78,172		
		Net block	43,26,958
		Current assets	1,58,42,658
		Investments	26,27,412
		Cash	1,07,734
	Rs. 2,29,04,762		Rs. 2,29,04,762

* Paid-up capital consists of 50,000 ordinary shares of Rs. 100 each, fully paid up. Out of this 30,000 ordinary shares are allotted as fully paid-up bonus shares by way of capitalisation of reserves.

Indo-Burma Petroleum Co., Ltd.

(*Managing Agents*: Messrs. Steel Brothers and Co., Ltd., Calcutta.)

54*th Annual General Meeting*—22nd June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sale of products	1,89,35	1,77,34
Commission earned from sales on consignment account	28,61	24,55
Income from investments (gross)	17,36	24,90
Gross profit	75,90	1,13,12
Transfer to Managing Agents' remuneration	7,04	7,38
,, ,, depreciation	5,25	4,51
,, ,, provision for taxation	31,32	43,26
,, ,, provision for extra Port Trust charges	2	29
,, ,, provision for doubtful debts	23	28
Net profit	32,04	57,45
Adjustments	4,55	82,91*
Appropriations: Total available balance	36,59	1,40,36
Transfer to provision for terminal gratuities	1,00	2,00
,, ,, development rebate reserve	58	85
,, ,, general reserve	2,00	22,50
,, ,, dividend equalisation reserve	Nil	5,00
,, ,, capital reserve	Nil	71,86
To dividend (taxable) 7% T.C. preference	3,11	3,50
To interim dividend (taxable) ordinary	10,00	10,00
	(10%)	(10%)
Proposed final dividend (taxable) ordinary	15,00	20,00
	(15%)	(20%)
Total ordinary dividend	[25%]	[30%]
Carry forward	5,00	4,65

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

* This includes Rs. 71,85,760 being surplus arising on revaluation of investments transferred to capital reserve and Rs. 6,54,806 being investment depreciation reserve written back.

Extracts from the Directors' report: The trend of increased sales in all branch territories has continued but the generally lower margins have persisted. Lower margins are likely to continue.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,50,00,000	Gross block	1,15,72,934
Reserves and surplus	2,61,15,573	—Depreciation	59,62,008
Other liabilities	2,07,10,380		
		Net block	56,10,926
		Current assets	1,65,09,437
		Investments	2,61,80,795
		Cash	1,33,44,794
	Rs. 6,18,25,953		Rs. 6,18,25,953

* Paid-up capital consists of 10,00,000 ordinary shares of Rs. 10 each and 50,000 seven per cent taxable cumulative preference shares of Rs. 100 each all paid in cash. Of the ordinary shares 93,570 shares have been allotted as fully paid up by way of bonus shares.

Colour-Chem Ltd.

(*Chairman*: Mr. Ramniwas R. Ruia, Bombay.)

5*th Annual General Meeting*—5th July 1962.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1962	1961
Sales	2,36,04	1,12,05
Closing stock: Finished goods	14,16	7,10
Work-in-progress	6,76	3,24
Gross profit	1,04,05	46,54
Transfer to provision for gratuity fund	1,00	Nil
,, ,, ,, contingencies	7,15	Nil
,, ,, ,, taxation	41,50	9,50
,, ,, depreciation	8,49	10,53
,, ,, development rebate reserve	4	7,82
Net profit	45,87	18,59
Adjustments	11,82*	1,22†
Appropriations: Total available balance	57,69	19,81
Transfer to special reserve	11,78	11
To adjustment of loss brought forward from 1960	Nil	40
Transfer to general reserve	25,00	9,00
,, ,, dividend equalisation reserve	4,00	2,00
Proposed equity dividend	15,00	8,00
	(12%)‡	(8%)‡
Carry forward	91	90

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

* This includes Rs. 11,50,000 transferred from special reserve—being profits exempt under Section 84 of the Indian Income-tax Act, 1961; for payment of dividends.

† This represents only Rs. 1.22 lakh being excess provision of development reserve during 1959-60.

‡ The dividend for 1961 is free of tax as it was paid out of special reserve.

‡ Out of the dividend of 12 per cent. for 1962, only 2.8 per cent is taxable; the balance of 9.2 per cent is free of tax since it is being paid out of special reserve.

Extracts from the Directors' report: *Production*: The factory of the Company has worked efficiently throughout the year. Production was maintained in line with the availability of raw materials and sales. Production and sales have been satisfactory since the closing of the financial year to the date of this report.

The shortage of raw materials which at one stage threatened to curtail production has been warded off for the present. This has been possible by the Company covering some export promotion licences and the receipt of a rupee payment licence. It is hoped that further relief in this direction may be forthcoming. However, foreign exchange shortage in the country will continue to overshadow the Company's efforts to attain its installed capacity production, until some of the important raw materials become available indigenously.

Phthalocyanine Blue Project, etc.: Additional capital of Rs. 25 lakhs was issued to the Members last year to finance the *Phthalocyanine Blue Project*. The licence to import machinery for the project was received in January last and orders for the same have since been placed with the foreign suppliers. The first consignment has already been received and the balance is expected in the course of the year. Buildings for installing this machinery are under construction and the Company hopes to start manufacture of this item some time in the first half of 1963. The production of some other items is also being planned but the limitations of foreign exchange tend to circumscribe the Company's activities.

Accounts in brief as at 31st March 1962 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,25,00,000	Gross block	1,14,02,816
Reserves and surplus	55,03,040	—Depreciation	23,90,321
Other liabilities	96,40,024		
		Net block	90,12,495
		Block-in-progress	4,85,126
		Current assets	95,72,081
		Cash	86,23,362
	Rs. 2,76,43,064		Rs. 2,76,43,046

* Paid-up capital consists of 1,25,000 equity shares of Rs. 100 each fully paid up in cash.

ELPHINSTONE SPINNING AND WEAVING MILLS COMPANY LTD.

SPEECH OF CHAIRMAN, MR. N. K. JALAN

ADDRESSING the shareholders of the Elphinstone Spinning and Weaving Mills Company Ltd., at their Annual General Meeting held at Bombay on Wednesday, 20th June 1962, Mr. N. K. Jalan, Chairman of the Company, referred to the problem of raw cotton and stressed that the solution for it lay in raising the yield per acre for which there was much scope. Citing yield figures of some comparable cotton-producing countries, Mr. Jalan brought out that, with the largest acreage (of 19 million) in the world under cotton, India's average yield per acre of lint cotton in the last five years was the lowest *at 93 lbs. in relation to Pakistan's 185 lbs., America's 460 lbs. and Egypt's 550 lbs.* To raise the productivity, he called upon the Government to arrange for better seeds and fertilisers and to introduce scientific methods of cultivation. He proposed cultivation of long-staple cotton in the country to conserve foreign exchange. Mr. Jalan welcomed the idea of buffer stock, advocated by the Union Minister for Food and Agriculture, Mr. S. K. Patil, as an obvious necessity. He dubbed the increase in cotton ceiling prices *for the ensuing season as a "serious error"* that would disturb the price stability of both cotton and the end-products, cloth and yarn.

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

"GENTLEMEN,

"It gives me great pleasure to welcome you all to this forty-third annual general meeting of the Company, and with your permission I shall take the report and accounts for the year 1961 which have been in your hands for some time now, as read.

"In the year under review, the gross trading profit was Rs. 48,78,086 as against a profit of Rs. 36,92,770 for the year ended 31st December 1960. I hope you will consider the working results of the year to be very satisfactory especially in the face of a number of unfavourable circumstances in the working caused by the very difficult availability of cotton and the consequent high prices that had to be paid towards the end of the year, increased labour charges, and the increased cost of stores, etc.

"Taxable dividend on ordinary shares has been raised to 22 per cent from 18 per cent paid for 1960 and 14 per cent for 1959, commensurate with the profits made in the respective years.

Modernisation

"The management has continued its programme of modernisation of the mills during the year under review. The spinning section is being modernised with the installation of high drafting equipments of the latest type, conversion of existing ring frames to longer lift of spindles, application of Pneumafil and installation of overhead travelling cleaners. For balancing purposes, we had applied for 5,200 spindles, but I am sorry that we have been allotted only 3,200 spindles though spindles are being given to new-comers. Orders have been placed for 10 new warp ring frames, comprising 4,480 spindles incorporating such of the latest improvements as the indigenous manufacturers could offer. Three new high speed draw frames are under installation at present and further two are due to be delivered shortly.

"It may be mentioned in this connection that in other parts of the world modernisation is taking place with bigger lift frames of 10" to 12" and one process working. In Japan, the cotton mills have perfected the continuous process in which cotton is put in the blow room and yarn is automatically obtained at the delivery point. If we are to compete in the world markets, it is imperative that we should operate on the basis of the latest technological and scientific developments taking place throughout the world.

"Since it seems difficult for the Indian textile industry to have complete modernisation and automation with the machinery presently available from indigenous sources, the Government should allow importation of latest machinery introduced in the world markets today at least until such time as our Indian manufacturers are in a position to produce machineries of the latest designs, so that the cotton textile industry, which is one of the largest earners of foreign exchange for the country, may prevail in the overseas markets. As mentioned by me in last year's report, the Government should take more effective steps to arrange for manufacture within the country machineries of the latest type, design and modifications.

"One set of Barber Colman spooler and warper has now been installed. Forty-eight automatic crankless looms of latest type in replacement of plain ones and one mercerising plant have been put in commission. The erection of a screen printing plant is also nearing completion.

"Order has been placed for one high speed sizing machine and an automatic warp tyeing machine is due to be received. Application for import licence for a singeing machine has been made and putting up of a continuous bleaching plant is under consideration.

Expansion

"The purchase of the block of Moon Mills was completed during the year under review. The scheme of rehabilitation of this unit with the latest types of spinning and other required machinery has been submitted to the National Industrial Development Corporation for the purpose of a loan from them. The application is now being processed.

"The working of the leather cloth division remained satisfactory during the year under review and production and sales registered a 50 per cent rise over the preceding year.

"During the current year, however, there has been a setback in the production and sales of this division. On account of the further restrictive policy of the Government for issuing import licences for the required chemicals used in the production of leather cloth, the locally manufactured chemicals have to be purchased at prohibitive prices. Besides, the recent raising of excise levy on leather cloth has tremendously affected the offtake of this product and this levy, it is feared, will make the working of this division even more difficult.

Exports

"In spite of the best efforts your mills could export cloth only to the extent of about 14 per cent of the production of the year against 27 per cent in the preceding year.

"India could export only about 575 million yards worth Rs. 46 crores of cloth in 1961 as compared to 692 million yards worth Rs. 54 crores in 1960 and 810 million yards valued at Rs. 55 crores in 1959.

"The Cotton Textiles Consultative Board, at its meeting held on 15th May 1962, recommended that the export obligation of every mill should be 12½ per cent of its turnover of cloth and 3 per cent of the turnover of yarn with reference to the balance-sheet of any year which ends on a date between 30th June 1961 and 29th June 1962. In view of our increased cost of production and the emergence of the European Common Market, the feasibility of realising this export target seems difficult.

"In order to encourage more exports of cloth it is necessary that the export incentive scheme be liberalised further. Besides, the export drive should be backed up by a planned programme of intensive research which is hitherto being done only in a very general way.

"Fortunately, the special problems of export organisation are now being specially studied with a definite eye to the special needs of the country. The Minister of International Trade, Mr. Manubhai Shah, has worked on some very useful ideas in this direction. The substitution of the present Foreign Trade Board, a purely official body, by a Board of Trade similar to the one in the United Kingdom is an orientation in the export promotion organisation capable of producing significant results. Similarly, the proposal of the Government to convert the State Trading Corporation into the principal instrument of export promotion is a move in the right direction. It is hoped that these innovations will help the question of export promotion to be put on a sound and really competitive basis.

Cotton

"As you already know, a serious crisis developed in the availability and prices of cotton beginning from the end of the year under review on account of adverse climatic conditions and the consequent very low cotton crop of the season 1961-62.

"Raw cotton, the principal raw material of the cotton mill industry and forming a large element in the cost of production of cloth, has unfortunately remained a constant problem with the industry. Any shortfall in the availability and any increase in the cost of this item will be a highly embarrassing prospect for the industry. It is high time, therefore, that decisive steps are taken to ensure adequate increase in the total output of indigenous cotton.

"Although the area under cotton cultivation in this country at present is one crore and ninety lakhs of acres which is the highest in the world, the average yield of last five years of lint cotton per acre is only 93 lbs., which is the lowest as compared with Pakistan's 185 lbs., America's 460 lbs. and Egypt's 550 lbs. And although production of cotton did increase during the first and second Plan periods, the increase has not kept pace with the demand. The increase has been only about 50 per cent while the demand has gone up by approximately double. To ensure intensive cultivation with improved seeds and fertilisers is, therefore, the most essential step towards increased crop. What is needed most at this stage is to make vigorous efforts to increase the yield per acre. It goes without saying that there is much scope for increase in the yield per acre and we have got to achieve it. Unless the yield per acre improves appreciably, the cultivator will not get reasonable price for his crop and naturally will lose all incentives for growing more cotton, a position which should not be allowed to develop. The Government should, therefore, arrange for distribution of improved seeds and fertilisers and also introduce scientific methods of cultivation.

"In order to avert the continuous drain on the country's valuable foreign exchange resources used up in the import of long-staple cotton, it is also necessary that steps be taken to increase the cultivation of this type of cotton in the country.

"Besides, the creation of a buffer stock of cotton as wisely advocated by the Union Minister Mr. S. K. Patil is an obvious necessity. The operation of a buffer stock agency can go a long way in preventing prices from falling to levels which are unremunerative to the growers and at the same time provide a reserve stock to cushion the industry against any future shortage of cotton.

"It is also necessary to think of possible substitutes for cotton as one more step towards easing the too frequent difficult cotton supply position. Import of staple fibre in larger quantities would be cheaper and more beneficial. Lately, consumer preference in India and other countries has turned in the direction of mixed blends in cloth to render the process of substitution even easier.

"By way of an incentive to cultivators and as a partial acceptance of the plea of the trade, ceiling prices of cotton have been decided by the Government to be raised for the crop of the next season. It is doubtful whether this is a step in the right direction. It appears to be a serious error to disturb the stability of cotton prices by pushing them up. The increase in the prices will only accentuate the inflationary pressures in the country which are otherwise being brought under control after a long period of time and it will defeat the very purpose which the higher prices aim to achieve through its inevitable effect on cloth and yarn prices. Even the export of cloth and yarn may be affected further on account of the likely rise in prices of the finished products.

Tariff Commission

"The question of cloth and yarn prices has been referred by the Government of India to the Tariff Commission. It is to be hoped that the Tariff Commission will make a pragmatic approach to the needs of the industry to make larger profits to enable it to plough back substantial portions thereof into its scheme of rehabilitation, modernisation and expansion.

"Again the depreciation allowances granted to the industry are inadequate taking into account the fact that these rates of the depreciation allowance were fixed a long time ago. The Tariff Commission, therefore, while examining the cost structure of the industry, should take into consideration this factor seriously and fix the rates of depreciation allowances in such a manner as may enable the industry to finance the scheme of rehabilitation and modernisation speedily.

"The real solution for the problem, however, is for the Government to create suitable conditions for increasing production, which unfortunately is on the decline during the past few months, and promoting healthy competition.

Bonus

"An *ad hoc* provision has been made in the accounts of the year for Rs. 6 lakhs towards bonus payable to workers and staff.

"Bonus has been paid so far for the year up to 1958 and all negotiations for a settlement by the Association with the representative union of workers having failed, the cases for bonus for the years 1959 and 1960 are pending before the Industrial Court.

"The Government of India has appointed a Bonus Commission to study and make recommendation on the question of bonus as applicable to all industries. It is strongly urged, however, that bonus should be directly related to productivity.

Current and Future Prospects

"In the past, from this very platform I have referred to the highly rigid cost structure of the cotton textile industry and the greatest disability of the inflated cost which this industry has been suffering from for long. Although the prices of yarn and cloth have not been permitted to be revised upwards, prices payable for cotton have gone up considerably. Apart from the increase of Rs. 2 in the basic wages of workers effected from January 1962 in addition to the increase of Rs. 8 given in the basic wages from January 1960 in implementation of the recommendation of the Central Wage Board, the dearness allowance payable to the workers and staff has been continuously on the upward march. Merging of dearness allowance in wage, and consequential increase in provident fund contribution has also increased the cost of production. The employers' contribution to the Employees' State Insurance Scheme has been doubled from 1¼ per cent of the total wages to 2½ per cent with effect from April 1962. The power supply company has proposed to levy a surcharge of 10.5 per cent on their existing tariffs with effect from July 1962. Prices of mill stores have also gone up.

"The capacity to plough back profits has been further affected by the reduction in the rate of development rebate from 25 per cent to 20 per cent with effect from 1st April 1961 and the proposal in the budget for increase in the corporation tax by 5 per cent from 45 per cent to 50 per cent.

"The enhanced rates of excise levies on cloth and yarn in the budget are calculated to act very much adversely on the industry.

"It will, however, be appreciated that, in spite of all these heavy odds confronting us, your Company has been continuously modernising and rehabilitating its machinery in the mills as well as in the leather cloth division and I hope that these improvements will help the Company to partly set off the incidence of higher cost of production.

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

"Thank you."

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

COMMERCE AND INDUSTRY

(Concluded from page 1126)

conditions, had not been counteracted by much higher prices.

Export receipts fell for one important mineral, petroleum, and for at least one important manufacture, textiles. The decline in petroleum, according to the *Survey*, was probably only temportary and was largely associated with difficulties of supply in both Indonesia and Iran. Although receipts from tin rose a little, the future for both rubber and tin, it is said, is clouded by uncertainty about releases from large stockpiles in the United States. Exports of textiles will also become stagnant as a result of the quotas recently imposed on exports to the advanced countries. It would be of great benefit to the E.C.A.F.E. region, the *Survey* emphasises, if the advanced countries could achieve "greater consistency between their own trade policies and their increasingly generous programmes of aid to underdeveloped countries." Foreign aid is of crucial importance to the E.C.A.F.E region, but stability in export markets —or, better still, opportunity for increasing exports—is of even greater economic importance and of more lasting significance.

Had it not been for larger foreign aid in 1961, imports, like export receipts, would have fallen because there was little change in import prices. As it was, imports rose for the whole region, by as much as one-tenth, although part of this increase was financed by a depletion of foreign exchange reserves, more especially in Indonesia, Japan and the Philippines. Problems of balance between aggregate demand and aggregate supply, and between imports and exports, became less acute, and a few countries even achieved a high degree of stability. According to the *Survey* such stability was helped by greater success of Governments in raising the level of public and private saving and in avoiding recourse to the banking system for financing their rising expenditure.

INSURANCE

(Concluded from page 1118)

insurers also accounted for a higher percentage of the gross premium than those for Indian insurers during the period except for the year 1957 in respect of miscellaneous insurance business. The following table gives underwriting experience of Indian and non-Indian insurers during the year 1960:

Underwriting Experience in 1960

(In percentages)

(Ratio to gross premium written direct in India)

	India	Countries other than India	All countries including India
Fire:			
Claims	26.8	25.9	26.5
Commission	14.0	14.2	14.1
Expenses	31.5	33.6	32.2
Balance	27.7	26.3	27.2
Marine:			
Claims	79.3	46.5	68.6
Commission	7.2	8.0	7.7
Expenses	17.3	25.0	19.8
Balance	−3.8	19.7	3.9
Miscellaneous:			
Claims	53.1	49.9	52.4
Commission	12.5	13.5	12.7
Expenses	21.8	31.9	23.9
Balance	12.6	4.7	11.0

The total assets of the Indian insurers as on 31st December 1960 amounted to Rs. 64.04 crores, as compared with Rs. 57.04 crores and Rs. 51.93 crores at the end of the years 1959 and 1958, respectively. The table below indicates the trend of investments during the three years ended 1960:

(In lakhs of rupees)

	As at 31st December		
	1958	1959	1960
Government securities:			
Central	6,33 (12.2)	5,90 (10.3)	5,75 (9.0)
State	1,32 (2.5)	1,66 (2.9)	1,72 (2.7)
Foreign	1,99 (3.8)	1,76 (3.1)	1,88 (2.9)
Municipal, Port and Improvement Trust securities	28 (0.5)	33 (0.6)	31 (0.5)
Debentures of Indian companies	2,50 (4.8)	2,75 (4.8)	2,84 (4.4)
Preference shares of Indian companies	2,84 (5.5)	3,16 (5.5)	3,50 (5.5)
Ordinary shares of Indian companies	8,02 (17.2)	10,09 (17.7)	12,24 (19.1)
Land and house property	86 (1.7)	91 (1.6)	1,29 (2.0)
Deposits, cash and stamps	11,18 (21.5)	12,41 (21.8)	15,14 (23.6)
Loans on mortgage of property	38 (0.7)	49 (0.9)	52 (0.8)
Loans on stocks and shares	9 (0.2)	9 (0.2)	7 (0.1)
Other loans	50 (1.0)	26 (0.4)	15 (0.2)
Agents' balances, outstanding premiums, amounts due from other insurers	11,50 (22.8)	12,80 (22.4)	13,53 (21.1)
Accrued and outstanding interest	22 (0.4)	23 (0.4)	26 (0.4)
Miscellaneous	3,02 (5.8)	4,20 (7.4)	4,89 (7.7)
Total	51,93 (100.0)	57,04 (100.0)	64,04 (100.0)

(Figures in brackets are percentages.)

The total assets in India of the non-Indian insurers as on 31st December 1960 amounted to Rs. 11.64 crores of which 21.9 per cent were invested in securities of Government and public authorities, 21.2 per cent in shares and debentures of Indian companies, 2.5 per cent in land and house property and 30.9 per cent in deposits, cash and stamps.

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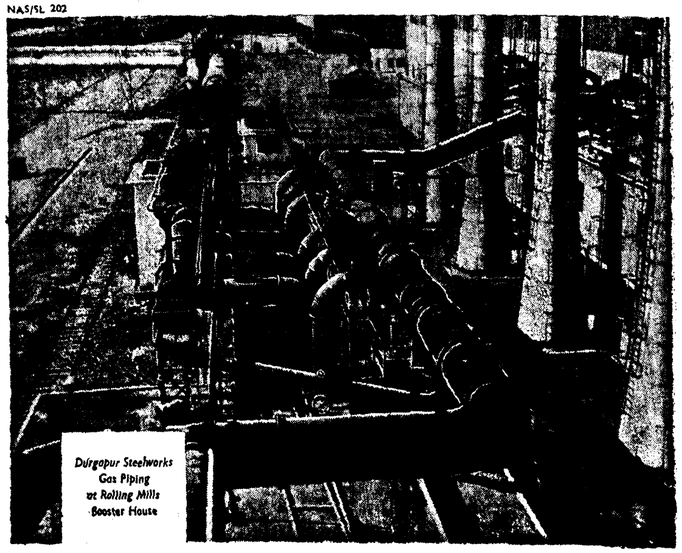


Durgapur Steelworks Gas Piping at Rolling Mills Booster House

SURVEY

(Concluded from page 1107)

underestimate of revenue gives a misleading picture of the budgetary position. He, however, emphasised the need for a careful scrutiny of the items of non-development expenditure and for ensuring that the revenues from additional taxation are not diverted for non-development expenditure. Mr. Gandhi felt that a detailed scrutiny would help considerably to reduce the revenue gap. He wanted it to be accepted in principle that the revenue raised through taxation imposed specifically for the purposes of financing planned development should not be diverted for non-Plan purposes. He contended that the present practice of debiting expenditure of a capital nature to the revenue account, thereby raising the quantum of revenue deficit, was not a sound one.

All these suggestions sound very well on paper, but how far they will be practicable in the present times when the Central budget is of the magnitude of over Rs. 1,000 crores and when defence expenditure is unpredictable is open to doubt. In a period of rising costs, it is, indeed, wiser to err on the side of some underestimation of revenue. Moreover, the gap between the actuals and the estimates is not so wide as is made out by critics like Mr. Gandhi. The absolute amount by which actual revenue exceeds the budget estimate may seem large, but, if the percentage of such increase is taken into account, the excess is only modest. For instance, in 1960-61, the latest year for which actuals are available, the revenue collected was Rs. 971 crores, as compared with the budget estimate of Rs. 896 crores. The difference is thus Rs. 75 crores but it is only 8.4 per cent. Again, for 1961-62, the revised estimates of revenue is Rs. 1,079 crores, as against the budget estimate of Rs. 1,018 crores, the difference being Rs. 61 crores or a little less than six per cent. Can anyone be so precise in estimating a revenue of over Rs. 1,000 crores as to avoid a fluctuation of a magnitude of ten per cent. Anyway, a gap of such a magnitude is not something unheard of in other countries. In fact, in countries like the U.S.A., the gap between the actuals and the budget estimates has happened to be wider. In some years, an estimated surplus had turned out to be a huge deficit. In a developing country like India, the economy of which is subject to many uncertainties, it is difficult to make precise forecasts of either revenue or expenditures. We wonder whether even private business houses, having much smaller budgets than that of the Government of India, would regard an eight per cent margin between their estimates and actuals as something extraordinary. In short, such a criticism of the budget, which has often been indulged by the I.M.C. and the apex commercial body, the Federation, is out of tune with the times and is outmoded by at least a quarter century, if not more.

NEW GREAT INSURANCE CO., LTD.

1961 was a favourable year for the New Great Insurance Company of India Ltd. (General Manager: Mr. M. G. Mody, Baroda). This is borne out by the statement of accounts of the Company for the year ended 31st December 1961. The combined net premium income in all the three departments registered a notable rise from Rs. 94 lakhs in 1960 to Rs. 1.06 crore in 1961. This increase in premium was accounted for by the fire and miscellaneous departments where net premium rose from Rs. 42.24 lakhs and Rs. 32 lakhs in 1960 to Rs. 50.61 lakhs and Rs. 40.40 lakhs respectively in 1961, while net premium in the marine department declined from Rs. 19.50 lakhs to Rs. 14.86 lakhs. Although the marine department thus made a poor showing from the point of view of premium, it wound up the year with a handsome profit of Rs. 2.92 lakhs but for which the net profit of the Company, aggregating Rs. 6.30 lakhs, would have been lower than that for the previous year when it amounted to Rs. 2.76 lakhs, considering that profits in the fire department suffered a sharp setback, receding from Rs. 6.69 lakhs to Rs. 4.16 lakhs, and the accident department continued to show a deficit, though a smaller one, as compared with the previous year. The higher net profit has enabled the Company to step up the dividend by 50 nP to Rs. 3 per share and to strengthen the general reserve by Rs. 3 lakhs.

Department-wise, net premium in the fire department amounted to Rs. 50.61 lakhs and claims to Rs. 22.41 lakhs, as against Rs. 42.24 lakhs and Rs. 14.89 lakhs, respectively, in the previous year. After meeting commission charges and expenses of management and maintaining the reserve for unexpired risks at Rs. 25.31 lakhs, as against Rs. 21.12 lakhs in the previous year, being 50 per cent of premium, the account shows a surplus of Rs. 4.16 lakhs, a decline of Rs. 2.53 lakhs as compared with the experience in 1960.

Net premium and claims in the marine department aggregated Rs. 14.86 lakhs and Rs. 14.31 lakhs, as against Rs. 19.50 lakhs and Rs. 17.02 lakhs, respectively, in the previous year. After meeting commission charges and expenses of management and making the requisite transfers to the reserve for unexpired risks which stand at Rs. 14.86 lakhs, being 100 per cent of premium, there is an underwriting profit of Rs. 2.92 lakhs, as against a loss of Rs. 2.58 lakhs in the previous year.

The miscellaneous account continued to be in the red. Net premium rose from Rs. 31.99 lakhs to Rs. 40.40 lakhs. Net claims amounted to Rs. 22.05 lakhs, as against Rs. 18.04 lakhs. After meeting commission and expenses and maintaining the reserves for unexpired risks at Rs. 20.20 lakhs, being 50 per cent of premium, there is an underwriting loss of Rs. 2.62 lakhs, as against Rs. 3.69 lakhs in the previous year.

The net profit, after taking into account the departmental profits and miscellaneous income and outgo, is Rs. 6,30,342 to which has been added Rs. 30,736 brought in from the previous year to make available Rs. 6,61,078 for appropriation. Out of this amount, a sum of Rs. 40,000 has been transferred to the staff gratuity account and Rs. 3,00,000 to the general reserve. The proposed dividend, which, incidentally, is the thirteenth to be paid by the Company, will absorb Rs. 3 lakhs, leaving a balance of Rs. 21,078 to be carried forward. The Company had, as at 31st December 1961, funds and reserves aggregating Rs. 1.01 crore, including a paid-up capital of Rs. 20 lakhs and departmental funds of Rs. 60.37 lakhs.

Notice

THE TRAVANCORE RUBBER AND TEA COMPANY LIMITED

(Incorporated in India)

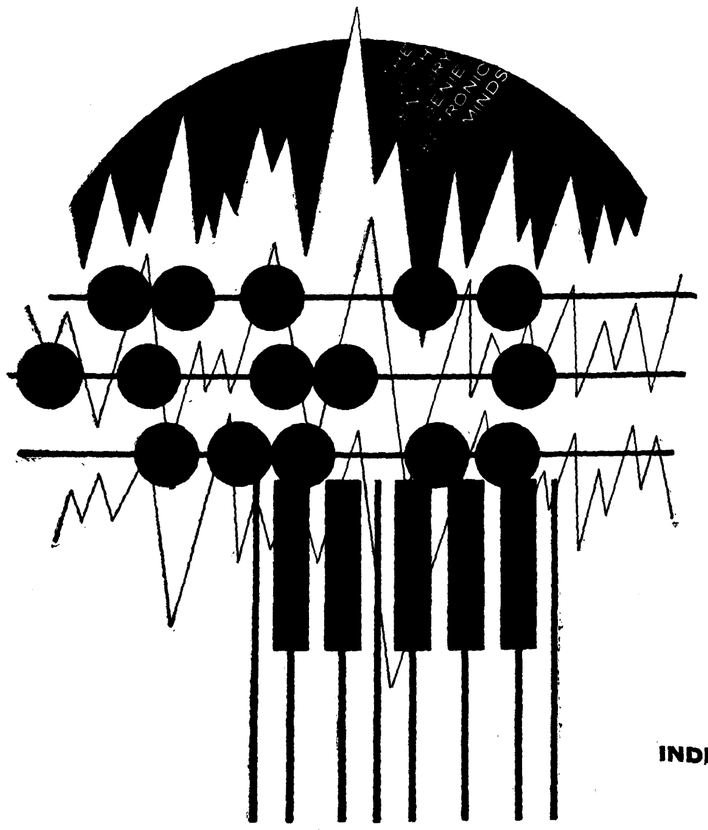
NOTICE IS HEREBY GIVEN THAT THIS Company will pay on the 30th June 1962 to the registered holders as at that date half-yearly interest due on the Preference Shares at the rate of 3.0645 per cent (calculated in accordance with the Preference Shares (Regulation of Dividends) Act 1960), subject to deduction of tax.

Preference Share Transfer Books will be closed from 26th June to 30th June 1962, both days inclusive.

By Order of the Board,
THE TRAVANCORE RUBBER & TEA CO., LTD.,
ASPINWALL & CO. (TRAVANCORE) LTD.,
Managing Agents.

ALLEPPEY, 16th June 1962.

THE BIG HURRY IN THE WORLD OF ELECTRONICS



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IOC-49

MONEY EASY AGAIN

(From Our Own Correspondent)

BOMBAY, 20th June

Short-term money market has become distinctly easier again. Till today, the state of affairs was slightly unfavourable to borrowers as in the past week, but it turned suddenly favourable to them today. Thus, the call money rate in the inter-bank section which was quite steady at 3½ per cent all along the week declined to 3¼ per cent today. Even at this rate, there were more lenders than borrowers.

The rate of interest for short-term deposits are unchanged at the ceiling levels under the Inter-bank Agreement.

The response to 91-days Government of India Treasury Bills was poor, in striking contrast to the good demand for them in the previous two weeks. Thus, the total amount offered was only Rs. 2 crores, same as the amount invited, as against Rs. 3.25 crores last week and Rs. 4 crores a fortnight back. The entire offerings were accepted and the average rate remained unchanged at 2.510 per cent per annum. Sales of intermediate Treasury Bills fetched only Rs. 48 lakhs, as compared with Rs. 130.25 lakhs in the previous week and Rs. 400 lakhs in the week preceding it.

There has been a slight fall of Rs. 93 lakhs in balances held abroad, bringing down the Reserve Bank's holdings of foreign assets, as of 15th June 1962, to Rs. 101.70 crores. There has been a decline of Rs. 5.16 crores in the loans and advances of the Reserve Bank, of which Rs. 1.87 crore is against usance bills of banks.

The Gilt-edged market has been dull and colourless. There has been no change whatever in the rates of Central Government loans. This is true of State loans, too, the only exception being 4¼ per cent 1972 loan of Uttar Pradesh which has gone up by 5 nP at Rs. 98.62. With the time for long-term borrowings by the Central Government close at hand, there is considerable speculation in the market about the forthcoming loans. The Reserve Bank has already suspended sale of Government securities and the Life Insurance Corporation is assiduously building up its cash balance. Market circles expect the new loans to be announced at the end of this month and the list to open by about the middle of next month.

There has been a slight improvement in the value of £ sterling, as a result of which the rupee has looked up a little. Thus, the banks' selling rate for ready T.T. on New York is Rs. 476.50 per 100 dollars, a decline of 25 nP over the week. Their buying rate, however, is unchanged at Rs. 473.25. Abroad, £ sterling has improved by 0.150 cent in terms of U.S. dollar. The latest available rate is 280.930-280.960 cents per £ for ready sterling and 280.330-280.360 for three months' forward. The £ has been fractionally better on most of the Continental exchanges also.

METALS GAIN ON IMPORT CUTS

(From Our Own Correspondent)

CALCUTTA, 19th June

Following the drastic cut in imports, prices of lead, tin and zinc recorded liberal appreciation here during the week under review. International markets did not show much improvements and, in fact, tin touched a new low of £860 in London, after opening at £877. This week's fall has brought the price £5 below the floor level fixed by the International Tin Council. The decline was attributed to lack of adequate buying and poor support from the Continent in view of the uncertainty created by the proposed U.S. releases. Prices in New York as well as Singapore registered modest falls. In Calcutta, the price shot up to Rs. 1,929.00 per 100 kgs., the week's gain being as much as Rs. 207. The price in Bombay gained Rs. 250 at Rs. 1,950. Although buying interest at higher levels was subdued, the rise was due to the prospects of reduced supplies in the face of the deepening foreign exchange crisis and the hardening attitude of the U.S. Congress towards, aid to India.

Copper, tin and zinc being essential metals, it is necessary their imports should be maintained at the existing levels; otherwise there is the apprehension that maintenance of the economic progress would be difficult. Imports of these metals are highly essential, if India's programme for building more machines, which is the only way to reduce imports of capital goods, is to be accelerated. It is to be hoped, therefore, that the Government reviews its decision to cut import of each item.

The steep fall in tin, in London, has been rightly attributed to the uncertainty of the price-trend, caused by the proposed releases from the U.S. strategic stockpile. Bolivia, it was reported, might ask the U.S. to postpone the proposed releases with a view to provide adequate time to consider the pricing-problem for the releases. Meanwhile, it has been explained on behalf of the U.S. that, in the interests of producers as well as consumers, it is essential that early releases from the stockpile are made, as the very fact that America possesses large surpluses affects often the market trend. The releases would bring the price to a more stable equilibrium than at present, after the possible initial fluctuations. Reports from Malaya indicated that releases from the U.S. stockpile were not at all called for, if they were contemplated on the belief that the world was facing an acute shortage in tin. In fact, as the U.S. releases might bring down the price, small producers would have to close down their mines.

In London, electrolytic copper was unchanged at £234 per ton for spot. In Calcutta, scrap prices were fully firm, as the shortage was all the more prominent in view of the delay in the receipt of imports. Electrolytic zinc opened here at Rs. 258 per 100 kgs. and, despite the needs for alloy making in view of lack of matching stocks of copper, hardened to Rs. 273.50. In London, spot zinc fell from £67½ a ton to £66½, and virgin lead from £58¼ a ton to £57⅞. In Calcutta, the price gained from Rs. 135 per 100 kgs. to Rs. 145.75.

BULLION INDECISIVE

(From Our Own Correspondent)

BOMBAY, 20th June

The bullion market moved rather indecisively during the week under review. In the absence of any fresh development, business actually put through was limited, with fluctuations in values confined to a narrow range. Over the week, both gold and silver were a shade lower. The seizure of 2,750 tolas of contraband gold in Bombay this week had apparently no effect.

A feature of trading during the week was the bull operators' tight hold of the maturing *Jeth* (June) settlement in gold despite the margin of Rs. 20 per 10 grams on outstanding purchases. Reflecting this position, the bears were obliged to pay a high *badla* of Rs. 2.25 in gold on Monday the 18th inst. when the settlement ran out at Rs 125.40. In silver, the rate for transferring commitments from the *Jeth* (June) to the *Bhadrapad* (September) settlement continued to be against bears throughout the week, though the actual rate declined from 20 nP on Wednesday last week to 15 nP yesterday, when the *Jeth* settlement went off the board.

Another feature of trading was that the premium commanded by ready gold over the forward (*Jeth* settlement), which stood at 50 nP last week-end, disappeared completely and both rates were at a par on Monday, while, in silver, the premium declined from 70 nP to 40 nP yesterday (Tuesday). This was so, because arrivals of both the metals continued to be well above the offtake of actuals as the following figures pertaining to daily averages show:

	Current week	Previous week
Gold (tolas)		
Arrivals	6,200	6,800
Offtake	5,000	6,400
Silver (bars)		
Arrivals	42	41
Offtake	7	8

The dollar price of gold in the London bullion market improved slightly from $35.10¼ to $35.10⅜ per fine ounce. Ready gold, however, eased by ¼d. to 249s. 11¼d. Ready silver firmed up by ⅛d. to 85d. and forward by ⅜d. to 85⅛d. Silver in New York, however, continued unaltered at 101.50 cents.

The following table shows the trend of prices during the week under review:

	20-6-62 (closing)	High	Low	13-6-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	125.50	126.80	125 20	126.40
*Jeth** ..	125.40	126.60	124.90	125.90
*Bhadrapad*** ..	123.60	124.10	122.95	123.70
Sovereign	98.00	—	—	98.50
SILVER				
Ready (.996 fine)	215.40	216.50	214.80	215.50
*Jeth**	215.80	216.55	215.00	216.20
Bhadrapad †† ..	216.90	216.30	215.05	216.00
London—				
Gold	249s.11¼d.	250s.0¼d.	249s.10¼d.	250s.0¼d.
Silver Ready	85d.	85d.	84⅞d.	84⅛d.
Silver Forward	85⅛d.	85⅛d.	84⅛d.	84⅜d.
New York—				
Silver	101.50 cents	—	—	101.50 cents

* 18th June settlement. † 19th June settlement.
** 15th September settlement. †† 17th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

DULL TRADING IN KIPS

(From Our Own Correspondent)

MADRAS, 18th June

Arrivals of E. I. tanned hides and calf here this week were normal and clearance was halting, as export inquiries were spasmodic. Fair average quality kips were not in demand, except for fifths selection in medium weights cow hides for shipment to the U.K. and extra heavy kips for shipment to East European countries. Inquiries for buffcalf were slack. Prices for buff hides and cowcalf ruled unchanged. Inland demand was dormant.

Export trading in tanned goat and sheep skins was meagre, and importers seemed to be holding off in anticipation of a decline in prices. There were a few inquiries for tanned goat skins, lower selections in light and medium weights for shipment to the Continent and for 22/24 lbs. goat to the U.S.A. There was steady call for middle-class sheep skins for shipment to the Continent at prices last established. Prime and semi-prime sheep skins continued to be neglected, and stocks accumulated with the E.I. tanners.

In sympathy with the weak tone in the skins market, price levels in the raw centres have been declining and this is welcomed by the industry, no doubt. Export demand for skins in the raw state has been negligible.

LINSEED FIRM

(Messrs. A. Bradley and Co.)

CALCUTTA, 18th June

Linseed continued firm here this week. But turnover was rather limited. Millers expect prices to come down as soon as the wagon position improves and arrivals from upcountry increase. The oil market was steady in limited business. Stocks with millers was small. The oilcake market was quiet, as local demand eased off a bit and prices declined. The latest quotation for the June delivery was Rs. 79.04 per quintal.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, 20th June

In the absence of any other major developments to influence the market either way, weather was the dominating factor in the cotton futures market during the week. Report of unsatisfactory rains in some cotton growing areas induced fresh support to the Jarilla March 1963 contract which ruled fully steady. Although there was profit-taking at bulges and selling by upcountry operators which acted as a curb, the sentiment continued to be cheerful. The Jarilla March 1963 contract fluctuated in a narrow range and closed steady at Rs. 719.50 today, as against the last week-end closing of Rs. 718.25. The trend of prices of the contract is indicated below:

	20-6-62 Rs.	*High* Rs.	*Low* Rs.	13-6-62 Rs.
I.C.C. Jarilla March 1963	719.50	719.50	715.50	718.25

Dull trading was reported in the spot market at Sewri. Most of the mills would appear to have exhausted their quota for indigenous cotton. However, needy mills having unutilised quota made moderate purchases of such popular varieties as Laxmi, Surti, 197/3, Vijay, Digvijay, Co2 and L 147. Mills are apprehensive that no further allocation of quota for indigenous cotton might be made. This has induced some of them to go in for foreign cotton which could be good substitutes for indigenous growths. The circular issued by the Union Ministry of Commerce and Industry, amending Clause 6 of the Cotton Control Order, has caused concern among mills. According to the amended clause, the Textile Commissioner may direct mills to sell such quantity of cotton as may be in excess of the quantity which would reasonably be required by the mills for manufacturing yarn in the following three months at such prices or on such conditions as may be specified. This means that the mills may not hold cotton stocks in excess of those required for no more than three months' consumption only. Previously, it may be noted, mills were permitted to hold cotton stocks required for six months' consumption. The new restriction, it is feared, may upset the mill production schedule since spinners would be prevented from entering into long-term commitments in cloth and yarn as they were doing now.

In the absence of domestic mill buying and export demand prices of Bengal *Deshi* tended to become easy. Early in the week, some shippers bought stray lots fine and superfine of Bengal *Deshi* to honour commitments already entered into. Details regarding the import of 100,000 bales of Pakistan cotton were announced on the 13th inst. According to the announcement, the following varieties of Pakistan cotton having a staple length of one inch and below will be allowed for import under the recent agreement: (1) Punjab American 289F (124F, 199F, 289/43, AC 134), (2) Punjab American Sind NT., (3) Punjab American L.S.S., and (4) Punjab American 4F. In the case of all the varieties excepting AC 134, a certificate from the Pakistan Cotton Association Ltd., indicating that the cotton proposed to be imported is one of those varieties, will be necessary. In the case of AC 134, it is necessary to produce a survey certificate of the Pakistan Cotton Association Ltd., certifying that the staple length of that particular lot is one inch or below one inch as the case may be. Allotment letters will be issued by the Textile Commissioner on the strength of which licence to import will be issued. Out of the total quantity of 100,000 bales, 42,000 bales should be shipped before 31st July 1962 while the balance of 58,000 bales may be shipped later, but the shipment period will be up to 30th November 1962.

Demand for other foreign cotton was slack. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 680; Wagad 885; Kalyan 955; Co2 1,150; Gadag Laxmi 1,190; American (on sample) 1,330; Sudan XG3S 1,600; B.P. (W.N.W.G.) 1,305.

Firm conditions prevailed in the Karachi cotton futures market during the week. Keen demand from India and export inquiries from other countries initiated a buying movement which led to a rally in prices. N.T.R.G. July 1962 firmed up from Rs. 71.80 last week-end to Rs. 72.50. The new crop contract, namely, N.T.R.G. January 1963, attracted good support and advanced from Rs. 75.45 last week to Rs. 76.10 before finishing a shade lower at Rs. 75.83. The following are the latest available quotations—in rupees per maund of 82 lbs.—for a few popular varieties of Pakistan cotton prevailing at Karachi:

Sind *Deshi* 69.00; Punjab *Deshi* 65.00; 4F Punjab Roller 77.50; S.G. 83.50; L.S.S. Punjab Roller 79.50; S.G. 85; N.T. Roller 83; S.G. 87; 289F Punjab Roller 89.50; S.G. 98.

Cotton futures on the Liverpool Cotton Exchange ruled steady during the week. Ready and shipment inquiries were quite. Spinner interest was moderate and centred around South American cotton in view of their cheapness as compared with U.S. and other growths. Both the American and American type contracts were quiet and unchanged. The following are the latest available quotations—in pence per lb.—from Liverpool:

American cotton one inch staple contract: July 24.00; October 23.80; December 23.80.

American cotton mixed growth contracts: July 24.40; October 24.15; December 24.15.

Sudan: July 29.00; September 29.00; November 29.00.

New York cotton futures market ruled quietly steady during the week. Values moved narrowly in

thin trading. Net changes over the week were negligible. Spot prices however ruled firm.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	19-6-62	12-6-62	5-6-62
New York Spot	36.10	35.90	35.90
July	34.85	34.73	34.80
October	34.58	34.54	34.68
December	34.40	34.46	34.57

ART SILK YARN—CONTROLS TO GO?

(From Our Own Correspondent)

BOMBAY, *20th June*

The yarn market is thick with rumours that the Government of India will soon abolish controls over the prices and distribution of indigenous art silk yarn. The proposed abolition is considered necessary to put an end to the malpractice, indulged in by some parties, of securing yarn quotas for a large number "ghost" looms and then selling them at fantastically high prices to genuine consumers. It is such malpractices that are responsible for the wide disparity between the controlled prices and the actual ruling prices, the difference in several cases being as much as 50 to 60 per cent. It is pointed out that, if controls on price and distribution are removed and if licences for import of yarn under the Export Promotion Scheme are issued without much delay, prices of art silk yarn will go down, thereby facilitating exports of fabrics.

The Government of India has, however, announced that the applications for import licences under the Export Promotion Scheme will be entertained only once a month, instead of twice. This decision has caused much disappointment among weaving interests and traders who fear that exports of art silk fabrics will suffer a setback. Fears are also expressed over the severe impact of the recently enforced cut of 50 per cent in quotas of established importers and 15 per cent in those of actual users. The cuts in import quotas had led to a sharp rise in prices of both indigenous and imported art silk yarns in the local market last week. Since the rise in prices of Amilon (20 x 1) futures was more than Rs. 200 from the last clearing rates, the Bombay Yarn Merchants Association and Exchange had to arrange for a special clearing. Prices continued to increase during the week under review also, while indigenous yarns were subjected to tired bull liquidation and staged a retreat.

Traders in cotton yarn have noted the report that the Textile Commissioner has drawn up a scheme under which the yarn requirements of weavers will be met to the extent possible by direct linking of the demand with the supplying mills through the Indian Cotton Mills' Federation. The scheme requires bulking of the demand under each count and linking the same with the supplying mills, so that a regular flow of yarn from the producer to the consumer is ensured. This arrangement will cover demands received from apex weavers' co-operative societies in each of the States. To start with, about 18,500 bales of yarn of different counts will be distributed under the scheme to 19 apex weavers' co-operative societies in different States. The distribution will be made with the advice of a committee consisting of the representatives of the apex societies and the industry, and it is expected to cover about 16 per cent of the total free yarn made available by mills for use by the decentralised sectors. It is understood that there would also be firm commitments by co-operative societies to pay for and remove yarn from the mills within the stipulated period of 15 days' time. The whole scheme has been accepted by the mills and it will come into force from early August next.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	20-6-1962	13-6-1962
	Rs.	Rs.
Art silk yarn—		
20/1 Amilon (100 kg.)—		
June	4,115.00	4,065.00
August	4,230.00	4,180.00
120 Japan (per 100 kg.)	2,205.00	2,205.00
150 Japan (per 100 kg.)	1,984.00	1,984.00
120 Italy (per 100 kg.)	1,902.00	1,902.00
150 Italy (per 100 kg.)	1,786.00	1,786.00
Nat. Ray. 150 Bs. 1 (per kg.)	14.87	15.40
Staple fibre yarn (40 x 2)—		
June	737.00	744.00
August	762.00	770.00
Kohinoor (per kg.)	8.47	8.38
Cotton yarn (per bundle of 10 lbs.)		
10s Podar	17.50	17.50
20s Podar	21.75	21.75
32s Madura	30.00	30.75
40s Madura	35.50	36.00
60s Finlay	72.50	72.50

MIXED TRENDS IN SEEDS

(From Our Own Correspondent)

BOMBAY, *20th June*

Mixed trends prevailed in the oilseeds market during the week under review. Groundnuts tended to drift lower, while linseeds and cottonseeds moved up on fresh support. The subdued sentiment in groundnuts was due to larger arrivals of summer crop from Saurashtra and Madras. Reports of favourable rains in some producing centres and beginning of sowing in certain places and also had a bearish effect. Spot castor, too, ruled weak on account of better offerings and lack of good overseas buying enquiries for oil. Castor futures suffered some setback in the early sessions, but, later in the week, there was renewed support at lower levels. The firmness of linseeds was engendered by encouraging reports from sarson markets in North India. In sympathy, cottonseeds put on a cheerful appearance.

Groundnut July 1962 contract eased by 75 nP to Rs. 210.62. September 1962 contract fell initially from Rs. 214.75. to Rs. 212.75, but picked up strength later to close at Rs. 214.50. Nizam bold declined by 25 nP to Rs. 45.25. Khandesh quality was quiet at Rs. 45.75. Oil railway receipts softened by 15 nP to Rs. 18.50. But oil-ex-mill, which had fallen from Rs. 19 to Rs. 18.90, recovered towards the close to Rs. 19.10. September 1962 contract was lower by 5 nP at Rs. 18.40.

Among castorseeds, ready Madras suffered a loss of 50 nP to Rs. 31.12. Kanpur bold fell by 25 nP to Rs. 30.25. Oil commercial wound up the week 25 nP lower at Rs. 11.90. Oil B.S.S. lost 20 nP to Rs. 12.55. September 1962 contract fell from Rs. 161.25 to Rs. 160.75, before closing at Rs. 161.75.

In the linseed section, the September 1962 contract hardened by 50 nP to Rs. 40.37. June 1962 contract rose from Rs. 39.87 to Rs. 40.25, after fluctuating between Rs. 39.81 and Rs. 40.37. Bold ready, which had fallen from Rs. 39.25 to Rs. 39, recovered to the last week's closing level. Linseed oil picked up 10 nP to Rs. 15.50.

Among cottonseeds, July 1962 contract advanced by a rupee to Rs. 101.50. September 1962 contract gained a like amount to Rs. 103.50. Both non-white and Berar strengthened by 40 nP to Rs. 21. White improved by 20 nP to Rs. 19.50.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 20th June, as compared with those of the two previous weeks:

	20-6-1962	13-6-1962	6-6-1962
	Rs.	Rs.	Rs.
Groundnut			
May 1962	210.62	211.37	208.00
July 1962	214.50	214.75	211.25
Nizam bold	45.25	45.50	44.50
Khandesh quality	45.75	45.75	45.00
Oil ex-mill ready*	19.10	19.00	18.80
Railway receipts*	18.50	18.65	18.15
Oil July 1962	18.15	18.15	17.80
Castorseed			
June 1962	160.75	157.50	158.00
September 1962	161.75	161.25	161.75
Ready Madras	31.12	31.62	31.75
Ready Kanpur	30.25	30.50	30.50
Oil B.S.S.†	12.55	12.75	12.85
Oil commercial†	11.90	12.15	12.20
Linseed			
June 1962	40.25	39.87	39.31
September 1962	40.37	39.87	39.50
Bold ready	39.25	39.25	38.37
Oil ready†	15.50	15.40	15.25
Cottonseed July 1962	101.50	100.50	98.00
Niger seed	35.00	35.00	99.00
Kardi seed	25.50	25.00	25.50

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

MEDIUM TEA EASIER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *14th June*

A total of 854,000 kgs. was offered in sale No. 24 held on Tuesday, the 12th inst. Quality of most offerings was plain, but from the Nilgiris a few invoices were quite useful. There was fairly good general demand at lower rates. Nilgiri B.O.Ps met with limited support and declined by 10 to 20 nP following quality, whilst their fannings were irregular and often 30 to 40 nP lower. Good medium brokens eased by 10 to 20 nP following quality, while their fannings were irregular and also sometimes easier. The brighter medium and low medium brokens were barely steady, whereas others were irregular but generally 10 to 20 nP lower. The brighter medium and low medium fannings were irregular. Others, however, were 30 to 40 nP easier. Black leaf brokens were about steady, but there was less enquiry for their fannings. Whole leaf grades came to a lower market. Plainest brokens ruled steady, while their fannings followed the downward trend. Among teas of unorthodox manufacture, the brokens were well supported but fannings came to an easier market. Tippy teas met good support.

The quotations per kg. were:

	1962	1961
	Rs.	Rs.
Low mediums	3.30-4.00	4.15-4.30
Mediums	3.70-4.30	4.30-4.45
Good mediums	4.00-5.25	4.45 4.70
Nilgiri B.O.P.	4.00-5.90	4.50-5.15

The average price realised in sale No. 24 was Rs. 3.95 as against Rs. 3.96 a week ago and Rs. 4.37 in the corresponding sale last year.

Offerings amounted to 438,000 kgs. in dust sale No. 24 held on Thursday, the 14th inst. The market met with better demand, but prices were lower for most descriptions. Low mediums and mediums were well supported at a decline of up to 10 to 15 nP and good medium sorts generally followed this trend. Highgrown dusts sold at irregular rates and were generally easier; a few of the better kinds on offer, however, sold at around past prices. Black leaf descriptions were well supported but sold at a slight discount. Milled and fibrous types shared in the downward trend of the market. There was less demand for unorthodox types which were generally much easier.

The average price realised in dust sale No. 24 was Rs. 3.19 per kg. as compared with Rs. 3.25 a week ago and Rs. 4.01 in the corresponding sale last year.

Colombo: Just over 7 million lbs. were offered and the market opened to a good demand with the better highgrown brokens 10 to 20 cents easier but the plainer sorts, mediums and lowgrowns were steady, but towards the close weakened, with best mediums 10 cents lower and the plainer sorts and uvas 3 to 8 cents easier. More interest was shown in liquoring fannings.

London: There were no sales this week owing to the Whitsun holidays.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No.* 25: 863,000 kgs. offered. Good demand. Low medium and medium brokens irregularly about steady. Fannings easier. Good mediums firm. Poorer highgrowns fully firm, sometimes dearer. Others steady. Unorthodox dearer."

TEA ADVANCES

(From Our Own Correspondent)

CALCUTTA, *19th June*

With the enlargement of representative lots, better conditions are anticipated in the forthcoming export sales here, and quality teas should register a modest increase in prices. If buying support so far has not been as large as earlier expected, it is because overseas buyers have waited to allow prices to stabilise. During last week's internal sale, demand was active and strong and prices registered satisfactory advances.

Following this week's talks between Mr. Duncan Sandys, Britain's Secretary for Commonwealth Relations, and the Government of India, on the problems arising from the proposed entry by the U.K. into the E.C.M., trade circles here believe that the E.C.M. and the U.K. should categorically declare that tea would be allowed a duty-free entry into the Community. If, as has been reported, Britain's proposals to safeguard the Commonwealth trade are meant for a transitional period upto the end of 1966, nothing would prevent the Inner Six to impose their current rates of tariffs after that period. The Finance Minister, Mr. Morarji Desai's objection to such an approach on the part of the U.K. has been hailed by the trade circles. India has rightly insisted on a declaration by the E.C.M. and the U.K. that they would not only ensure but also expand the current level of exports from the underdeveloped countries. The trade circles anticipate an increase in the exports of tea to Europe after 1st January 1963, which is the date provisionally fixed for Britain's entry into the E.C.M. It should be noted that, while duty-free tea would encourage consumption even if a small duty is levied, the current level of consumption in Europe is not going to be affected, as in some of the countries, the present duty is as high as 150 per cent *ad valorem*.

It is important, therefore, for India to increase acreage under tea. For, unless India increases production, it would not be able to get a proper share in the markets awaiting exploration in the E.C.M. countries. The appeal made by the Tea Association of India, Calcutta, to the Government to take prompt measures to remove the export handicaps with which the industry is faced has been timely. The Association's plea is that the present heavy taxation on the tea industry should be reduced. It says that the high transport charges and taxes both by the Centre as well as the States form not an insignificant portion of cost of production.

It has been reported that measures to increase tea exports would include encouragement to expand acreage and replantation. What these measures would exactly be it is not indicated. If only production is increased at diminishing cost of marginal output, selling prices could be so reduced as to invite more interest. With keen competition from other producing countries, where taxes on the industry are much lower than in India, it is difficult to foresee reduction in costs, without lowering the level of taxation. East Africa is now reported to have made considerable improvement in quality. It has just been announced that Pakistan has reduced its export duty on tea by 10 paise to 25 paise per lb.

The common grievance of tea gardens, namely, inadequate supply of fertilisers, appears to have at long last been driven home to New Delhi. For, it has been reported that, despite measures to lessen the gravity of the foreign exchange crisis, the Government has agreed to ensure regular supply of fertilisers to the tea gardens. The distribution arrangements are to be made by the Tea Board. It is also good news that the Kashmir Government is exploring the possibility of growing tea in certain areas of the State. The Government has approached a planters' organisation in South India to make an initial survey.

Keen competition was a feature of last week's internal sales for domestic consumption. Offerings of dusts totalled 32,635 packages. The sales opened with strong and active demand which strengthened further subsequently. Keen competition was offered to C.T.C. dusts which realised high prices. The fibrous teas, which had been a weak spot in the recent sales met with better support at satisfactory prices. Legg-cut teas, although irregular, were generally bid at dearer rates. Orthodox teas and fibrous lots were also dearer. The quotations (in rupees) per one kg., inclusive of excise duty, were: Medium Assam C.T.C. dust 5.50 to 5.80, medium Assam dust 3.30 to 3.80 and plain orthodox dust 3.00 to 3.20. Good Assam C.T.C. dust and legg-cut dusts were unquoted.

RAW JUTE RISES

(From Our Own Correspondent)

CALCUTTA, *19th June*

The striking feature in the jute markets during the week under review was that fibre prices pierced the floor levels and added gains of 50 nP per maund. New crop was quoted at a premium of Rs. 2 a maund. Such a trend pre-supposes that, as and when the new crop becomes available, prices would be higher. By quoting premium even now, the foundation for an upward trend is being laid. Only recently, the Indian Jute Mills Association pointed to the need for fixing minimum prices for the new crop after consultation with the industry and consideration of all circumstances. If new crop prices were to rise, the prices of goods would move up in turn. These developments should be avoided if exports are to be maintained at present levels. The premium for forward jute is attributed to over-anxiety in New Delhi to ensure a fair return to cultivators and fixing minimum prices well in advance.

Demand for ready goods continued to be satisfactory during the week and, as a result, prices were fully firm. A point of note was that, while the quotations for forward sacking goods were nearer to those of ready goods, in respect of hessian constructions this gap was wider. Thus, while January-March B. twills were quoted at Rs. 124.25, as against Rs. 126.25 for spot, 40" 10 oz. hessian for January-March was lower by Rs. 10 at Rs. 49.75. Owing to such a huge difference demand for hessian was better vis-a-vis heavy goods. A factor that imparted strength was that, despite increased production in May, the squeeze in ready goods continues. The total of all goods produced was 99,700 tonnes, a rise of 2,700 tonnes as compared with April 1962. The largest increase was shown in sacking, which aggregated 47,000 tonnes, as against 45,000 tonnes. Hessian increased by 300 tonnes to 37,300 tonnes and miscellaneous goods by 400 tonnes to 15,400 tonnes. The increase in sacking goods, despite considerably lower demand as compared with hessian, was accounted for by the fact that mills possess considerable quantities of inferior grades of fibre fit for the production of heavy goods only. The scarcity in good quality fibre for hessian was duly reflected in the proportion of sacking production to hessian having increased. The continued squeeze in ready goods recognised that the rise in stocks as at the end of May gave an incorrect picture of the statistical position of goods as against the background of good demand accumulated in the period when movements from Calcutta port were at a standstill, in view of the strike by Hooghly pilots.

Meanwhile, the Indian Jute Mills Association has decided that the unrestricted period of production should continue for the month of July also. This decision has been taken in view of the continued good demand for goods and also of poor stocks. Further, mills possess good stocks of fibre which should be made use of as early as possible in order that quality of output would not be affected by the continued storage of old fibre.

During the week, the East India Jute and Hessian Exchange Ltd. obtained the permission of the Forward Markets Commission for trading in raw jute in transferable specific delivery contracts for delivery beyond June 1962 up to September and also to commence trading in these contracts for raw jute for September delivery. The minimum price for these contracts will be Rs. 30 per maund basis Assam bottoms. This, in other words, means that futures contracts in the new crop would be permitted in the new crop only at the current minimum levels. This gives a clue to the reported decision by the Government of India that the minimum prices for the new crop would be the same as now. Closely following the footsteps of the system of minimum prices in India, the East Pakistan Government is now reported to be favouring the idea of fixing statutory minimum prices, at least for the inferior varieties of jute, the current prices of which, it was apprehended, had moved down much below cost of production. These prices, it should be noted, are much below those existing for similar varieties at Calcutta. Such a decision was reported as having taken place at a conference of the Government with jute interests. Although the prospects for the crop were considered to be good, the conference apprehended that the low levels of prices had led to a reduction in acreage and accordingly the crop was estimated to be 15 to 20 per cent lower than last year. The carryover stocks to the next season would be slightly higher than usual. At the conference, the Government was urged to declare its policy for the forthcoming season as early as possible. Pakistan has announced the export prices (in £ per ton) effective from 1st July: Export hearts 73, Outport tossa (4) 80, Export lightnings 85, Outport tossa (2/3) 90, Dundee tossa (4) 95, Dacca tossa (6) 95, Export firsts 95, Dundee tossa (2/3) 100, Crack tossa (4) 102, Mill firsts 103, Dacca tossa (5) 102, Dundee hearts 118, Dacca tossa (4) 118, Mill red 110, Dundee lightnings 125, Dacca tossa 2/3 131, Dundee firsts 135, and Crack tossa (2/3) 115.

That mills in India are fully utilising the present opportunities of increased demand, both internal and external, is evident in that, in the five months to May 1962, exports at 350,000 tons were a record high since 1955, and production at 475,800 tons in the same period was the highest since 1956. Mills now hold fibre approximately sufficient for five months. In addition, the buffer stocks amount to 1,125,000 maunds. In view of the steady conditions in the fibre market, the Committee of the Buffer Stock Association has decided not to purchase any more fibre for the time being. It was also evident that now not much remained of the old crop awaiting marketing. The growing interest in the new crop is also a sign for the same. However, the Committee has stated that buffer stock purchases would be resumed as soon as conditions warrant the same.

During the week, new crop sellers were reserved, and this led the premium for the new crop to increase to Rs. 2 a maund. Old crop was being offered in small quantities. Prices advanced. Thus, June-July Daisee bottoms hardened from Rs. 33.50 to Rs. 34, northern bottoms from Rs. 29.50 to Rs. 30 and Assam bottoms from Rs. 30 to Rs. 30.50.

The goods market opened on Tuesday last against the background of firm conditions. However, overseas buyers declined offers at higher prices. There was also selling pressure from holders. This led to ready hessian 40" 10 oz. declining from Rs. 60 to Rs. 61, and ready B. twills from Rs. 128.25 to Rs. 127.25. The market was closed on Wednesday on account of the public holiday. By Thursday, there was a significant increase in the number of overseas inquiries for hessians as well as heavy goods, but no business took place, in view of lack of stability to prices. There was selling pressure from holders. This was followed by some mills turning as sellers of near as well as ready goods. Ready B. twills moved down to Rs. 59 and B. twills to Rs. 127. Although actual business passing was little, prices were firmly maintained at the previous levels. Conditions over the week-end were steadier and ready hessian 40" 10 oz. hardened to Rs. 59.25, as not only there was good covering demand but reports from the U.S. in regard to May consumption stock figures were encouraging. However, in the absence of real interest, ready B. twills eased to Rs. 126.15. Lack of buying interest forced down B. twills to Rs. 125.40 and selling pressure in the futures market was also large. However, this did not affect prices of hessian constructions, since overseas buyers showed lively interest for varying deliveries in respect of several constructions. Hessian 40" 10 oz. was firm at Rs. 59.25.

WHEAT DEPRESSED

(From Our Own Correspondent)

HAPUR, *18th June*

Quietly steady tone was witnessed in foodgrains here this week as demand was slack in the face of comfortable stocks of rabi grains which increased further. Wheat here eased fractionally to be quoted on Monday at Rs. 36.82 to Rs. 37.51 per quintal for the average quality. The red quality was quoted even lower at Rs. 36.17 per quintal. The farm superior produce was, however, lifted at higher rates, ranging between Rs. 41.53 and Rs. 45.55 per quintal. Daily arrivals declined to an average of 1,000 maunds. Part of the arrivals were from east U.P. Most of the arrivals were lifted by stockists and the local stock swelled to 61,000 maunds. It was further gathered that wheat stocks in the adjoining markets were also quite good. Due to this improved supply position, offtake from the fair-price shops was negligible. Besides, the open market prices were lower than fair-price shop prices. Trade circles were of the opinion that if kharif crop (maize and bajra sowings of which was being done these days) turned out to be good, wheat prices would decline further. The Government has, however, made the announcement to purchase wheat, if prices fall below Rs. 13 to Rs. 14 a maund according to quality in the open market.

Coarse quality rice prices also sought lower levels in sympathy with the trend in wheat. However, the supply position of rice was not quite comfortable, and stocks were only around 10,000 maunds. Arrivals, too, were small. Preparation of land for paddy sowings was being done these days, and actual sowings would commence with the start of monsoon. Gram eased by about Rs. 1.34 per quintal. Daily arrivals, mostly from Punjab, were around 500 to 600 maunds, and the stock with the trade was estimated at 20,000 maunds. Barley and bejhar, too, were quoted slightly lower, and stocks of these grains were small, around 10,000 maunds each. Methi declined due to slack buying support from Bengal. Juwar and guwar continued to attract brisk demand for seed purposes as sowings of kharif crops were in full swing. Prices in other sections were quiet. Week-end prices (in rupees per quintal) were: Rice mainpuri 34.94, gadda kutcha 53.60, raimunia 67, ramajwayan 64.32, basmati 75.02 to 96.45, gram 38.85, Punjab quality 40.19, barley 27.46 to 28.13, bejhar 26.79 to 29.47, maize 32.15, bajra 37.51, guwar 40.19 to 44.21, juwar 38.85 to 42.87 and methi 56.26 to 58.94.

In pulses, peas tended to fall, as loading was restricted during the week. Stocks of peas were heavy around 73,000 maunds and daily arrivals ran down to an average of 500 to 700 maunds. Arhar arrival from Gujarat were small and stocks as yet poor, around 10,000 maunds. Prices, however, were lower in sympathy with the downward trend of peas. Urd prices also drifted lower on easier outside advices. Other pulses ruled steady. Week-end prices (in rupees per quintal) were: Peas dara 30.81 to 31.48, farm white 32.82 to 34.33, peas dal 35.50, arhar 44.21 to 48.23, arhar dal 60.28 to 66.98, urd 66.98, urd dal 80.38, moong 53.58, moong dal 61.62, massor 42.87 to 49.57, massor dal 53.58, gram dal 48.23, moth 45.55 and moth dal 53.58.

SUGAR WEAK

(From Our Own Correspondent)

HAPUR, *18th June*

Sugar continued to be weak here during the week under review, as demand was slack. The mill delivery prices suffered a setback of 6 nP to 19 nP per maund. Traders expect that the monthly quota release to be announced shortly would again be of 2 lakh tonnes. Spot delivery prices were stationary around Rs. 106 per quintal for the Simbhauli produce and at Rs. 103 for the Bulandshar. The latest mill delivery prices were:—D29 Amroha Rs. 38.47, Dhampur Rs. 38.25, Seohara Rs. 38.50, Meerut Rs. 39.19, E29 Simbhauli Rs. 38.87, Bijnore Rs. 38.31 and Dhampur Rs. 38.12 a maund.

Sugar was depressed in the Muzaffarnagar market, as demand again slackened. Stocks with factories were still heavy, of which they were anxious sellers of fresh quota is likely to depress the market further. Rainy conditions also accounted for depressed conditions in the spot market. With the exception of east U.P. and Bihar, cane crushing season has ended. The units still running would terminate operation by the end of the month. Production of sugar has amounted to 26.04 lakh metric tons by the end of May as against 28.75 lakh metric tons during the same period last year, and stocks todate are 23.56 lakh tonnes as against 22.43 lakh tonnes on the corresponding date last year.

Khandsari ruled steady, as demand from Punjab and Rajasthan was brisk and local inquiries were also fair. Prices improved by about 25 nP per maund, and stocks at the producer's end were declining.

Revival of loading facilities in the week-end accounted for a steady trend in gur. Offtake was five wagonloads, mostly to Gujarat, and local stock ran down to 9,000 maunds; the corresponding figure last year being much higher at 35,000 maunds. The prevailing gur price at Rs. 52.26 per quintal for pansera No. 1 (Rs. 19.50 per maund) were higher than the corresponding price last year at Rs. 15.75 per maund and at Rs. 14.81 in 1960. Cane crop had been adversely affected in some areas due to pests but losses were likely to be made good on good rains. Shakker was much in request from Rajasthan and Punjab and ruled steady. Gur futures tended to rise on continued bull support and gur jagun was quoted near the best level of the session at Rs. 19.40 as against the week's opening level of at Rs. 18.98.

Notices

MINERVA MILLS, LIMITED

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE 42nd Annual General Meeting of the above Company will be held at its Registered Office, 70, Forbes Street, Bombay 1, on Friday, the 29th June, 1962, at 4-30 p.m., for the purpose of transacting the following business:—

1. To receive and adopt the Directors' Report and the Audited Statements of Accounts for the year ended 31st December, 1961.
2. To declare a dividend.
3. To appoint Directors in place of those who retire, but are eligible for re-appointment.
4. To appoint Auditors for the current year and to fix their remuneration.
5. To appoint Auditors for the current year for doing the local audit of the account books of the Company's Mills at Bangalore, and to fix their remuneration.

The Transfer Books of the Company will remain closed from 28th May 1962 to 16th June 1962, both days inclusive.

By Order of the Board,
N. SIRUR & Co. PRIVATE LTD.,
Managing Agents,
N. D. SIRUR,
Managing Director.

BOMBAY.
dated 18th May 1962.

Note: (1) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a Member.

(2) Dividend when declared will be made payable at State Bank of India, Bombay, on and after Thursday, the 12th July 1962 to those Shareholders whose names stand on the Register of Members on the 16th June 1962. Dividend Warrants will be made collectable at par at State Bank of India, Bangalore and Bangalore City Branches. Shareholders are requested to intimate change of address, if any.

(3) Detailed Notice is going to the Shareholders individually.

THE LANSDOWNE JUTE COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Equity (ordinary) Share Transfer Books and the Register of Members holding Equity (ordinary) shares in the Capital of the Company will, for the purpose of the general meeting of the Company convened to be held on the 14th July, 1962, be closed from the 7th July, 1962, to the 14th July, 1962, both dates inclusive.

By Order of the Board,
BIRD & Co. (PRIVATE) LIMITED,
D. C. B. PILKINGTON,
Managing Director,
Secretaries & Treasurers.

Registered Office:
CALCUTTA-1, *18th June, 1962.*
CHARTERED BANK BUILDINGS,

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 15th June, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	57,42,90,000
(2) Other Governments	5,16,73,000
(b) Banks	87,13,50,000
(c) Others	148,85,64,000
Bills Payable	39,15,37,000
Other Liabilities	71,46,87,000
Rupees	550,21,07,000

ASSETS	Rs.
Notes	30,02,70,000
Rupee Coin	1,87,000
Subsidiary Coin	3,24,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	56,70,33,000
Balances held abroad*	9,01,90,000
Loans and Advances to Governments†	118,66,66,000
Other Loans and Advances	124,50,67,000
Investments	171,92,28,000
Other Assets	39,22,33,000
Rupees	550,21,07,000

* Includes Cash and Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 3,63,50,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	30,02,70,000	
Notes in circulation	2131,04,40,000	
Total Notes issued		2161,07,10,000
Total Liabilities		2161,07,10,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	92,68,17,000	
Total of A		210,44,27,000
B. Rupee Coin		112,41,07,000
Government of India Rupee Securities		1838,21,76,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2161,07,10,000

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	8-6-62	1-6-62	9-6-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	50.91	51.33	45.18
(ii) From others	766.20	780.57	697.44
(b) Borrowings from banks	27.63	32.79	27.53
(c) Others	58.90	60.10	50.74
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	17.03	19.47	18.43
(ii) From others	1,217.79	1,201.88	1,073.16
(b) Borrowings from banks	15.06	13.34	16.63
(c) Others	10.41	10.53	22.85
3. Aggregate deposits (1) (a) (ii) + 2 (a) (ii)	1,984.60	1,982.45	1,770.61
4. Borrowings from Reserve Bank	12.71	4.85	21.35
(a) Against usance bills and/or promissory notes	5.51	2.55	14.03
(b) Others	7.21	2.30	7.32
5. Borrowings from State Bank and/or a notified Bank	17.04	18.78	12.69
6. Cash	50.75	50.15	46.36
7. Balances with Reserve Bank	76.90	80.02	77.88
8. Cash and balances with Reserve Bank	127.66	130.17	124.23
9. 8 as per cent of 3	6.43	6.57	7.02
10. Balance with other banks in current account	18.12	18.15	15.18
11. Money at call and short notice	54.34	56.71	46.50
12. Investments in Government securities	571.43	586.91	536.80
13. 12 as per cent of 3	28.80	29.61	30.32
14. Advances—			
(a) Loans, cash credits and overdrafts	1,229.85	1,220.67	1,095.19
(b) Due from banks	5.75	5.55	7.90
15. Inland bills purchased and discounted	162.77	166.96	140.58
16. Foreign bills purchased and discounted	44.91	45.69	44.78
17. Total Bank Credit [14 (a)+15+16]	1,437.53	1,433.32	1,280.55
18. 17 as per cent of 3	72.46	72.30	72.32

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weights	2nd June 1962	26th May 1962	3rd June 1961	March 1962	March 1961	Percentage of Increase (+) or Decrease (−) in March 1962 as compared with March 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	128.0	125 4	119 0	119 2	117 5	+ 1 4	116 5	120 2 R
Cereals	192	104 5	104 5	101 0	102 2	100 2	+ 2 0	101 6	106 2
Pulses	43	103 5	102 5 R	90 7	94 1	92 8	+ 1 4	91 3	95 6
Fruits and Vegetables	23	145 6	144 9	121 4	122 9	108 4	+ 22 6	121 2	121 1 R
Milk and Ghee	84	130 5	130 5 R	113 2	118 8	115 8	+ 2 6	115 1	115 5
Edible Oils	47	151 0	152 0	160 9	153 0	163 8	− 6 6	158 2	143 8
Fish, Eggs and Meat	17	144 4	141 7	127 6	141 7	127 6	+ 11 0	141 7	135 6
Sugar and Gur	48	134 3	129 5	119 0	120 2	116 8	+ 2 5	120 7	138 4 R
Others	50	173 3*	172 9*	180 0	159 2	166 8	− 4 6	172 9	168 4 R
Liquor and Tobacco	21	102 1	102 1	101 9	99 8	113 7	− 12 2	100 6	104 6
Tobacco		98 7	98 7	98 0	96 9	110 7	− 13 0	100 6	104 6
Fuel, Power, Light and Lubricants	30	122 2	122 3	123 1	123 1	121 9	+ 1 0	121 8	119 9 R
Industrial Raw Materials	155	135 1	134 9 R	149 3	136 2	159 1	− 14 4	147 7	139 3
Fibres	61	126 0	125 8	155 2	128 5	176 9	− 27 4	150 0	136 3
Oilseeds	60	149 7	150 0 R	156 7	149 3	159 7	− 6 5	158 2	144 9
Minerals	2	93 8*	93 8*	95 2	94 5	95 2	− 0 7	95 1	97 5
Others	32	126 9	126 4 R	127 6	129 1	129 3	+ 0 6	127 9	129 0
Manufactures	290	127 9	127 9	126 7	126 7	126 4	+ 0 2	127 0	120 8
Intermediate Products	41	138 6	138 3	137 7	135 5	137 3	− 1 3	138 4	127 1
Finished Products	249	126 2	126 2	124 9	124 9	125 8	− 0 7	126 1	118 4
Textiles	147	125 6	125 7 R	127 2	126 2	126 8	− 0 5	127 5	127 5
Cotton		128 3*	128 3*	127 2*	128 2	126 8	+ 1 1	127 5	127 5
Jute		115 7	115 7	132 2	117 4	161 6	− 27 4	119 0	107 6
Woollen		127 5*	127 5*	123 7*	125 4	110 1	+ 13 9	116 4	102 6
Silk and Rayon		129 0*	129 0*	116 5*	124 5	117 1	+ 6 3	117 1	117 6
Metal Products	12	158 2	158 2	151 4	155 0	151 2	+ 0 5	147 1	147 6
Chemicals	20	112 6	112 6	109 4	112 0	103 1	+ 7 1	108 7	104 7
Oil Cakes	10	153 3	153 7 R	142 4	149 0	145 4	+ 2 5	146 3	140 2
Machinery and Transport Equipment	31	117 5	117 5	112 7	116 3	112 6	+ 3 3	113 6	110 7
Others	30	125 2	125 1	120 2	122 1	118 6	+ 3 0	120 2	116 9
All Commodities	1,000	127.3	127.0	125.9	123 9	127.5	− 3.1	125.8	122 9 R

Note:— Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated.

State Bank of India

Statement of Affairs for the week ended 15th June, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		8,20,00,000
Borrowings from Other Banking Companies, Agents, etc.		568,76,30,000
Bills Payable		17,00,000
Bills for Collection being Bills receivable as per contra		12,93,41,000
Acceptances, Endorsements and Other Obligations per contra		2,64,76,000
Other Liabilities (including Inter-Office Adjustments)		7,19,90,000
Total .. Rs.		8,27,99,000
		613,81,86,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		22,83,35,000
Balances with other Banks		2,49,00,000
Money at Call and Short Notice		2,20,00,000
INVESTMENTS—		
Government and other Trustee Securities	221,30,74,000	
Other Authorised Investments	8,95,80,000	
		230,26,54,000
ADVANCES—	Rs.	
Loans, Cash Credits, Overdrafts, etc.	276,04,18,000	
Bills Discounted and Purchased	16,87,24,000	
		292,91,42,000
Bills Receivable being Bills for Collection as per contra		2,64,76,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		7,19,90,000
Premises less Depreciation		1,93,35,000
Furniture and Fixtures less Depreciation		1,35,39,000
Other Assets (including Inter-Office Adjustments)		49,73,25,000
Total .. Rs.		613,81,86,000

EXCHANGE RATES

	20th June 1962	13th June 1962
London on New York 8, per Dollar	2 8092-2 8095	2 8078-2 8081
New York on London Cents per £	280 930-280 960	280 780-280 820
London on Paris .. Fcs.	13 7640-13 7665	13 7565-13 7585
London on Berne .. Sw. Fcs.	12.1206-12.1230	12.1130-12.1150
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. s.	1-5 1/32	1-5 1/32
Buyers D.D. .. s.	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. Rs. to $ 100	476 50	476.75
Buyers T.T. Rs. to $ 100	473.25	473.25
Canadian Dollars—		
Sellers T.T. D.D. Rs. to $100	439 25	439.50
Buyers T.T. .. "	431.75	432.00
French Francs—		
Sellers T.T. D.D. per Rs. 100	102 70	102.70
Buyers T.T. .. "	103.80	103.70
Swiss Francs—		
Sellers T.T. D.D. .. "	90.40	90.40
Buyers T.T. .. "	91.40	91.80
Deutsche Marks—		
Sellers T.T. D.D. .. "	83.70	83.70
Buyers T.T. .. "	84.60	84.60
Italian Lire—		
Sellers T.T. D.D. .. "	12.995	12.980
Buyers T.T. .. "	13.165	13.155
Swedish Kroner—		
Sellers T.T. D.D. .. "	107.80	107.80
Buyers T.T. .. "	108.90	108.90
Belgian Francs—		
Sellers T.T. D.D. .. "	1,040	1,039
Buyers T.T. .. "	1,056	1,055
Dutch Guilders—		
Sellers T.T. D.D. .. "	75.30	75.40
Buyers T.T. .. "	76.20	76.30
Hongkong Dollars—		
Sellers T.T. D.D. .. "	120.10	119.90
Buyers T.T. .. "	121 10	120 90

State Bank of Pakistan

Statement of Affairs for the week ended 8th June, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	4,00,00,000
Rural Credit Fund	2,00,00,000
Deposits—	
(a) Central Government	21,81,98,000
(b) Provincial Governments	6,77,05,000
(c) Banks	25,42,54,000
(d) Others	93,94,49,000
Bills Payable	17,59,000
Other Liabilities	22,27,22,000
Rupees	180,05,87,000

ASSETS	Rs.
Notes	12,91,33,000
Rupee Coin	20,000
Subsidiary Coin	41,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	30,26,48,000
Loans and Advances to Governments	8,52,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	56,94,08,000
Investments	59,08,36,000
Other Assets	12,33,01,000
Rupees	180,05,87,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	12,91,33,000	
Notes in circulation	375,50,59,000	
Total Notes issued		388,41,92,000
Total Liabilities		388,41,92,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,04,44,000	
Silver Bullion		
Foreign Securities	65,97,56,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	3,15,04,000	133,99,64,000
Government of Pakistan Securities	245,37,18,000	
Internal bills of exchange and other commercial paper	....	
II Held with the Reserve Bank of India pending transfer to Pakistan :—		248,52,22,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,99,000	
Rupee Coin	29,51,000	
Total Assets	....	5,90,06,000
		388,41,92,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 35.94 per cent.

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 9th June 1962P	2nd June 1962	12th April 1962	10th June 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100 7	100 8	100.8	101 6
2. Government of India	100 5	100 5	100 5	101 0
3. State Government	102 0	102 0	102 0	102 0
4. Municipal, Port Trust, etc.	99.2	99.1	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	99.9	100.2	101.0	101 2
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.9	82.3	82.5	84.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	190.7	193.1	195 1	184 2
8. *Agriculture and Allied activities : Total**	182 6	183.5	186.9	173 5
9. Tea Plantations	154 4	155 2	158 1	167 4
10. Coffee Plantations	156.5	157 8	159 2	179 0
11. Rubber Plantations	109.5	170.0	174 5	174 5
12. *Mining and Quarrying : Total*	184 2	186 6	184 5	166 8
13. Coal	132 4	134 3	127 8	131 3
14. Other Mining	189.4	188.7	189.7	190.8
15. *Processing and Manufacturing : Total*	207.9	211 0	213 5	199.9
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total**	215 3	219.2	224 5	206 5
17. Sugar	137 9	139 9	143 8	165 4
18. Cotton Textiles	190 1	192 5	196 7	169 5
19. Jute Textiles	103 9	106.1	108 2	88.2
20. Silk and Woollen	1230.7	1,260.6	1320.9	1266.0
21. *Processing and Mfg. (Metals, Chemicals, etc.) : Total**	210 9	213 2	212 7	212 2
22. Iron and Steel	164 1	165 5	164 2	180 3
23. Transport Equipment	311.0	321.1	403 0	427.9
24. Electrical Machinery	396 1	398 1	398 1	402 3
25. Machinery other than Transport and Electrical	182 9	188 9	179.8	162.9
26. Basic Industrial Chemicals	249.2	252 1	250.4	219 1
27. *Processing and Mfg. (Others) : Total**	198.8	201 8	207.1	219.0
28. Cement	178 6	181 7	181 7	181 5
29. Paper	167 1	168 6	169 6	144 7
30. *Other Industries : Total**	231 4	234 8	221 4	209 0
31. Electricity Generation and Supply	115 6	116 5	116 3	111.2
32. Trading	86 3	86 4	86 6	81.6
33. Shipping and Other Transport	129 2	131 1	132 8	133 8
34. Construction	94 3	96 0	98 7	101 2
35. *Industrial : Total*	320 4	324 7	388 8	302 4
36. Banks	212 0	213 4	217 5	194 8
37. Insurance	236 7	238 6	245 0	217 4
38. Investment Trusts	171 7	172 0	167 5	154.7
	90.3	90.6	94.0	90.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	198.0	200 7	204 0	183.8
40. Calcutta	177 8	180 1	180 2	182 4
41. Madras	197 4	198 3	202 1	195 5
42. Delhi	248 2	250 9	257.1	248.7

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. P—Provisional.

STOCK & SHARE QUOTATIONS

Abbreviations:—D.—Deferred shares. P.O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. D.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. i.—Interim Dividend.

Shares:—If a company has different classes of shares—as for example, 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up per share.

Accounts:—Figures in the "Accounts Closed" column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Share: 1958	1959	1960	1961	Accounts Closed	References
Rs.	Rs.	Rs.	Rs.	Rs.					Rs	Rs.	Rs nP.	Rs. nP.	Rs. nP.	Rs nP.		
BOMBAY CITY AND ISLAND																
19,07,800	13,81,622	11,39,632	27,66,112	4,432	Magnalal Bhagwandas & Co.	45,180		Ambika Silk Mills Co., Ltd.	202.50	100	12.00	12.00	15.00	20.00	12	Y.
50,00,000	12,53,683	1,61,39,340	83,17,117	1,35,878	Rajputana Textl. (Agencies) Pvt. Ltd.	40,240	903	Apollo Mills	2.30	2	Nil	Nil	Nil	Nil	12	Y.
40,00,000	11,54,641	1,21,07,426	85,20,258	2,99,665	Gulabchand Jain, Esq. (Chairman)	50,596	1,021	B. E. Cotton Mills	68 00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
2,50,98,000	3,79,10,818	12,21,54,130	6,17,67,511	60,669	Nowrosjee Wadia & Sons (Pvt.) Ltd.	2,18,492	4,320	Bombay Dyeing & Mfg.	68 10	25	2 50	3 50	3.50	3.50	12	Y.
10,00,000	2,84,495	83,53,981	57,46,203	1,37,995	Ramniranjan Sons Private Ltd.	44,784	980	Bradbury Mills	149.00	50	7 50	5 00	5 00	12 50	3	Y.P.
2,54,00,900	3,92,41,352	12,42,96,743	5,48,58,815	3,83,649	Birla Gwalior Private Ltd.	1,26,752	2,695	Century Spg. & Mfg.	631 00	100	22 00	31 50	30 00	30 00	12	Y.P.
26,00,000	85,13,005	1,36,00,429	84,16,840	34,762	Cowasjee Jehangir & Co. Pvt. Ltd.	31,460	680	Cooria Spg. & Wvg.	160 00	100	12 50*	7 50	11 00	11 00	3	Y.
29,00,000	29,05,230	1,02,39,816	68,42,312	2,08,873	Ramnarain Sons Private Ltd.	43,960	..	Dawn Mills	151.00	50	5.00	10.00	15.00	15.00	3	Y.
34,00,000	39,32,760	1,22,10,010	71,34,350	2,298	Puramal Bubna Sons	47,356	928	Edward Textiles	365 00	200	15.00	18 00	18.00	18.00	12	Y.P.
29,98,050	59,97,407	2,15,76,979	95,23,588	1,36,630	B. L. Jalan, Esq. (Chairman)	49,900	884	Elphinstone Spg. & Wvg.	122 00	50	Nil	7.00	9 00	11.00	12	Y.
50,00,000	74,83,655	2,12,84,043	1,29,92,207	20,894	James Finlay & Co., Ltd.	63,212	784	Finlay Mills	305 00	100	16.00	28.00	23 00	23.00	12	Y.
50,00,000	57,03,239	1,12,19,365	76,04,367	6,662	James Finlay & Co., Ltd.	45,768	1,020	Gold Mohur Mills Ltd.	225 00	100	15.00	21 50	21.50	21.50	12	Y.
12,00,000	1,24,44,106	2,2 -,95,573	1,53,0 1,765	21,340	K. M. D. Thackersey, Esq. (Chairman)	45,448	1,120	Hindoostan Spg. & Wvg. Mills	6,850 00	1,000	350.00	250.00	500 00	500.00	3	Y.P.
D. 2,00,00,000 / D. 50,00,000	41,70,614	5,28,11,146	4,01,32,001	9,69,881	M. D. Bhat, Esq. (Chairman) ..	2,46,388	6,265	India United Mills ..	22.00 / 3 28	0 100. / 0 1D.	Nil / Nil	Nil / Nil	0 1325		12	Y.
18,00,000	1,02,72,488	1,04,48,928	1 45,88,123	9,508	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	3,225 00	1,000	325 00	200.00	232 00	250.00	3	Y.P.
59,85,000	87 04,165	3,99,58,871	2,84,69,582	98,194	Khatau Makanji & Co. (Pvt.) Ltd.	1,00,000	1,500	Khatau Makanji Spg. & Wvg.	481 25	100	10 00	16 00	32 00	16 00	6	Y.P.
1,00,00,000	1,07 07 211	4 43 95 914	3 17 65,599	1,555	Killick Industries Ltd.	1,20,504	1,848	Kohinoor Mills	305.25	100	10.00	9 50	15 00	18.00	12	Y.
46,47,800	47,90,953	1 00 18	82,72,099	29,325	Sirsi & Co. Private Ltd.	49,200	644	Modern Mills	3.00	5.00	3 00	5.00	6.00	10	12	Y.
31,75,000	60,60,557	3,25,38,719	2,36,00,780	1,54,822	Piramal Sons Private Ltd.	71,604	1,642	Morarjee Goculdas Spg. & Wvg.	408.00	100	15 00	21 50	21 50	24 00	6	Y.P.
2,41,12,100	2,23 52,150	10,69,41,993	6,87,34,426	93,407	Chinai & Co. Private Ltd.	....	..	National Rayon Corporation	516.50	100	14.00	22.00	22 00	22.00	12	Y.P.T.
24,00,000	12,59,787	91 26,187	48 70,078	2,44,926	H. V. Gandhi, Esq. (Chairman)	45,044	680	New City of Bombay Mfg.	181 00	100	Nil	Nil	Nil	Nil	12	Y.
20,00,000	5,24,710	1,40,92,208	76,50,088	1,54,537	Sahu S. P. Jain, Esq. (Chairman)	49,012	956	New Great Spg. & Wvg.	207 00	100	Nil	Nil	Nil	12.00	12	Y.P.
48,00,000	55,45,221	1,89,77,617	1,29,35,901	4,01,084	Ramnarain Sons Private Ltd.	69,232	1,190	Phoenix Mills	231 00	100	10.00	10.00	15.00	20.00	3	Y.
55,00,000	48,32,966	93,12,895	44,09,116	1,36,300	Podar Sons Private Ltd.	32,600	930	Podar Mills	146 00	100	18 00*	12.00*	12 00*	12.00*	12	Y.P.
75,00,000	88,35,100	1,35,23,025	98,72,393	2,04,891	J. K. (Bombay) Private Ltd.	..	..	Raymond Woollen Mills Ltd.	148 50	100	8.00	11.50	12.00	12.00	12	Y.P.
10,00,000	2,65,990	33,62,408	21,65,878	−32,262	R. A. Podar, Esq. (Chairman)	..	..	Sassoon & Alliance Silk Mills	14.00	10	Nil	Nil	Nil	9	Y.
75,40,000	1,46,61,503	3,73,54,242	2,04,82,794	30,196	M. G. Investment Corp. Private Ltd.	96,488	2,127	Sassoon Spg. & Wvg.	59.00	10	2.00	2.50	1.70	2.00	12	Y.
90,00,000	87,99,257	2,37,58,801	93,55,714	1,06,435	Maqwar Textiles (Agency) Pvt. Ltd.	77,432	1,020	Shree Meenaxi Cotton Mills	100.00	100	10.00	15.00	15.00	18.00	12	Y.P.
80,48,000	33,44,005	2,39,26,390	1,17,07,182	39,044	S. R. Damani, Esq. (Chairman)	49,840	1,233	Simplex Mills	169 00	50	6.50	5.00	7.50	Nil	3	Y.T.
1,53,65,000	2,70,39,004	4,95,14,945	2,80,41,784	1,74,874	Mafatlal Gagalbhai & Sons	97,588	2,409	Standard Mills	980.00	100	20 00	20.00*	30.00	25 00	12	Y.P.
1,00,00,000	1,17,78,408	3,86,61,924	2,13,25,833	24,550	Tata Industries Private Ltd.	78,028	2,000	Swadeshi Mills	275.25	100	10 00	14.00	17.00	19.00	12	Y.P.
60,00,000	54,84,487	2,10,55,521	1,34,24,892	10,399	James Finlay & Co., Ltd.	40,328	550	Swan Mills	320.00	100	25.00	35.00	35.00	21.60	12	Y.
65,57,875	80,75,268	3,27,28,804	1,36,44,806	30,489	Tata Industries Private Ltd.	70,840	1,770	Tata Mills	67 50	25	1.50	2.50	5.00	5.50	12	Y.T.
22,00,000	66,01,539	1,16,62,138	71,22,479	78,725	Mangaldas Mehta & Co. Private Ltd.	50,056	944	Victoria Mills Ltd.	452.50	100	20.00*	20.00	25.00	25.00	12	Y.P.
12,00,000	1,13,48,044	2,05,53,799	1,36,88,288	14,039	K. M. D. Thackersey, Esq. (Chairman)	54,664	1,262	Western India Spg. & Mfg.	802 50	250	81.25	81.25	116.00	125.00	12	Y.P.
AHMEDABAD																
40,00,000	70,20,828	2,28,05,227	1,02,42,114	10,945	Tata Industries Private Ltd.	51,976	1,016	Ahmedabad Advance Mills†	190 00	100	5.00	4.90	15.00	12.00	12	Y.P.
29,63,000	1,17,06,572	1,66,77,923	1,03,38,076	87,710	Hutheesing Sons & Co.	44,220	955	Aruna Mills	667 00	100	25.00	25.00	30.00	35.00	12	Y.P.
1,00,00,000	2,89,17,047	4,39,00,937	1,81,05,201	2,784	Narottam Lalbhai & Co.	83,036	1,408	Arvind Mills	986.00	100	38.00	40.00	45.00	45.00	12	Y.P.
36,40,000	51,56,836	1,36,47,290	80,38,792	30,012	Mangaldas & Brother (Pvt.) Ltd.	40,368	953	Arvindya Ginning & Mfg.	470.00	200	25.00	..	..	..	3	Y.P.
29,68,800	1,40,03,729	2,25,03,906	94,70,571	36,671	Lalbhai Dalpatbhai & Co.	37,868	915	Asoka Mills	685 00	100	20.00	25.00	30.00	35.00	12	Y.P.
2,00,25,000	2,62,45,308	9,86,40,261	4,79,25,356	16,05,333	Karamchand Premchand Pvt. Ltd	1,39,120	2,380	Calico	1,056 00	125	25.00	22 00	31.00	34.00‖	3	Y.P.
71,59,250	50,36,456	1,99,03,956	1,24,49,094	30,574	Tricumlal Bhogilal & Co., Ltd.	45,852	866	New Commercial Mills	447.50	250	17.50*	18 00	..	50.00	3	Y.P.
98,39,375	2,91,48,803	2,39,26,884	1,61,20,533	3,30,561	Mafatlal Chandulal & Co., Ltd.	51,112	907	New Shorrock Spg. & Wvg.	1,555.00	125	35.00*	55.00*	60.00	45 00	12	Y.
24,72,500	75 89 714	1,13,89,485	56 81 264	7,388	Jagabhai Bhogilal Nanavaty & Co.	25 560	572	Nutan Mills	485.00	100	20 00	25 00	30 00	35.00	12	Y.P.
50,00,000	82,38,194

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
60,00,000	65,16,166	1,52,12,754	56,66,142	20,726	B. N. Elias & Co. Private Ltd.	879	Agarpara	10.94	10	0.25	0.50	1.00	0.25	3	Y.P.T.
6,00,000	16,59,900	79,11,771	52,40,790	1,40,179	McLeod & Co., Ltd.	456	Alexandra	281.00	100	10.00	15.00	44.00	15.00	12	Y.P.T.
30,00,000	6,06,850	1,44,87,735	1,04,88,923	—1,17,975	McLeod & Co., Ltd.	1,264	Alliance	124.50	100	Nil	Nil	6.00	Nil	5	Y.P.
49,20,700	85,71,000	2,80,85,747	1,84,94,034	3,74,363	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	232.00	100	10.00	12.50	20.00	7.50	3	Y.P.
40,00,000	28,14,827	1,46,86,173	83,52,153	45,981	Bird & Co. Private Ltd.	810	Auckland	165.00	100	5.00	20.00	27.00	12.00	3	Y.
28,00,000	34,84,417	1,47,00,374	85,10,664	1,00,757	Birla Brothers Private Ltd. ..	959	Bally	296.00	100	6.00	10.00	25.00	25.00	3	Y.P.T.
£275,000	£842,859	£1,37,2,653	£967,103	£95,080	Sir John H. Burder (Chairman)	1,889	Barnagore	184.00	£5	Nil	10sh.	£1.10sh	10 Sh.	3	Y.P.
45,00,000	26,91,700	70,48,057	40,86,203	1,33,355	Soorajmull Nagarmull	600	Bengal	10.31	10	0.50	0.50	0.50	0.50	3	Y.P.
91,26,000	3,08,27,813	8,17,03,760	2,90,00,714	1,83,905	Birla Brothers Private Ltd. ..	1,573	Birla	34.62	10	1.00	1.00	1.50	1.50	6	Y.P.T.
20,00,000	10,40,080	1,26,16,150	74,88,638	—8,80,884	Andrew Yule & Co., Ltd.	457.00	Budge-Budge	457.00	100	5.00	15.00	10 00	Nil	10	Y.P.
7,42,380	4,000	48,02,280	35,10,243	—1,47,580	Dayaram & Sons	502	Calcutta Jute Mfg.	8.06	10	Nil	Nil			3	Y.
18,00,000	28,17,882	92,95,691	54,68,981	11,727	M.	616	Caledonian	215.00	100	15.00	12.00	12.00	5.00	11	Y.P.
39,16,400	82,26,229	2,16,54,987	1,21,65,795	1,37,286	James Finlay & Co., Ltd.	600	Champdany	145.00	100	Nil	7.00	10.00	5.00	3	Y.
38,96,250	53,20,004	1,27,98,440	62,83,118	1,21,444	Andrew Yule & Co., Ltd.	1,131	Cheviot	24.31	10	0.50	1.25	Nil	0.50	3	Y.
39,15,000	31,67,621	1,26,04,229	74,40,619	—7,86,279	McLeod & Co., Ltd.	500	Chitavalsah	12.00	10	1.25	1.50	0.50	Nil.	7	Y.P.T.
24,00,000	9,00,000	82,12,630	61,31,208	—3,09,256	M.	969	Clive	9.00	10	Nil	Nil	Nil		3	Y.P.
31,49,200	14,68,891	1,10,14,899	69,67,318	9,803	Bird & Co. Private Ltd.	766	Delta	129.00	100	Nil	Nil	1.00	1.00	3	Y.P.
56,00,000	6,16,504	1,52,41,028	53,93,035	—8,96,549	Andrew Yule & Co., Ltd.	779	Empire	198.00	100	6.00	14.00	7.50	Nil	11	Y.P.T.
15,00,000	38,81,700	1,15,14,250	79,24,556	48,572	McLeod & Co., Ltd.	500	Fort Gloster Industries Ltd. ..	16.50	10	1.00	1.25	1.25	0.75	7	Y.P.T.
65,00,000	41,72,389	2,52,83,257	1,80,83,987	72,356	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Victoria	461.00	100 Old	20.00	20.00	25.00	10.00	7	Y.P.T.
21,90,000	19,81,848	1,32,23,393	76,17,723	1,84,899	Bangur Bros., Ltd.	1,014	Fort William	27.00	10	1.00	1.50	2.25		3	Y.P.T.
84,32,100	5,16,893	2,24,66,716	1,48,90,382	56,359	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	14.50	10	Nil	Nil	1.00		3	Y.P.
10,86,000	35,56,215	1,15,45,587	58,58,897	1,87,596	M.	607	General Ind. Society Ltd. ..	55.12	10	Nil	Nil	1.00		3	Y.P.
24,00,000	34,36,266	2,74,15,455	1,81,66,760	82,085	Macneill & Barry Ltd.	1,394	Gourepore	504.00	100	20.00	25.00	30.00	25.00	3	Y.P.
60,00,000	71,85,723	1,38,64,148	76,47,198	2,85,690	Bangur Bros., Ltd.	1,078	Hastings	115.00N	100	5.00	6.00	6.00		3	Y.P.
14,40,000	31,60,683	85,48,060	55,87,778	38,329	J. & R. Hutchieson Private Ltd.	726	Hooghly	29.00	10	Nil	Nil	0.60	1.00	3	Y.P.
45,62,500	42,62,842	2,25,18,876	1,45,23,467	97,720	Jardine Hendersen Ltd.	1,940	Howrah	22.12	10	Nil	1.00	0.60	1.00	3	Y.P.
22,50,000	38,73,191	3,21,24,274	1,88,99,274	1,62,376	Ramdutt Ramkissendas	2,272	Hukumchand	24.94	7.50	1.50	1.50	1.50	1.00	3	Y.P.T.
37,50,000	26,63,985	1,86,83,015	1,09,04,160	89	M.	790	India	17.00	12.50	1.50	1.50	2.15	2.15	3	Y.P.
24,00,000 }	9,99,568	2,00,18,513	1,47,19,819	—17,20,761	Jardine Hendersen Ltd.	1,797	Kamarhatty	191.00	100	5.00	1.24	1.75	1.50	3	Y.
*B'19,20,000 }								191.00N 'B'100	100	5.00	20.00	5.00	Nil	12	Y.P.T.
38,00,000 }								116.00	100	Nil	Nil	Nil	Nil		
*E'24,00,000 }	....	1,78,14,456	1,25,51,530	—80,80,212	Jardine Hendersen Ltd.	1,527	Kankanrah	116.00N	'B'100	Nil	Nil	Nil	Nil	12	Y.P.T.
28,00,000	57,46,000	1,59,67,739	1,08,91,650	2,61,205	McLeod & Co., Ltd.	702	Kelvin	200.00	100	12.50	14.00'C'	15.00	15.00	5	Y.P.
54,00,000	23,98,564	2,18,73,550	1,39,90,178	300	Anderson Wright Ltd.	1,530	Khardah	17.31	10	0.80	2.00	2.00	0.50	5	Y.P.
25,55,500	47,39,756	1,26,03,784	74,78,754	62,406	E. W. Heligers & Co. Private Ltd.	1,250	Kinnison	154.00	100	5.00	10.00	20.00	7.50	3	Y.P.T.
24,48,000	6,04,572	1,08,28,825	71,08,446	—8,54,448	Bird & Co. Private Ltd.	931	Lanadowne	143.50	100	Nil	Nil	Nil	Nil	3	Y.
28,00,000	14,18,430	85,77,636	42,22,242	54,949	Bird & Co. Private Ltd.	840	Lawrence	171.00	100	Nil	2.00	15.00	15.00	3	Y.P.
31,45,200	44,95,037	2,88,24,105	1,64,75,714	54,805	M.	1,294	Megna	18.05	10	0.374	0.50	0.40	0.30	7	Y.T.
29,93,900	84,86,892	1,64,53,185	94,33,205	—11,60,035	M.	815	Naihati	112.00	100	Nil	1.00	1.20	1.25	3	Y.
30,00,000	11,82,460	36,57,072	27,66,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	9.00	10	0.25	0.375	0.60		3	Y.P.T.
35,00,000	58,63,706	1,08,02,939	56,25,498	41,329	M.	852	National	24.00	10	0.75	1.00	0.75		10	Y.T.
26,25,000	33,13,272	73,06,659	37,45,740	59,869	McLeod & Co., Ltd.	816	Nellimarla Jute	11.94	10	1.00	1.00	1.40	0.30	10	Y.P.
2,55,53,370	2,60,72,020	9,66,78,581	1,71,78,801	Nil	Saha Jain Ltd.	1,745	New Central	15.62	10	1.50	1.40	0.30	0.60	7	Y.P.T.
16,79,550	51,93,617	1,30,21,848	77,30,582	32,274	Bird & Co. Private Ltd.	567	Northbrook	56.25	10	Nil	1.50	1.50	1.50	3	Y.P.T.
66,79,500	41,52,236	2,75,50,231	1,19,31,974	1,37,286	Macneill & Barry Ltd.	1,092	Nuddea	65.25	10	Nil	1.25	3.00	3.00	3	Y.P.T.
35,00,000	11,44,471	1,90,51,880	78,95,872	4,940	McLeod & Co., Ltd.	496	Presidency	5.37	5	2.50	3.00	4.00	3.00	3	Y.
28,00,000	73,604	38,55,345	14,10,449	—9,71,483	Hindustan Investment Corpn. Ltd.	286	Rameshwar	9.19	10	0.374	0.50	0.40	0.30	7	Y.T.
49,50,000		1,24,58,157	67,33,074	—20,32,381	Jardine Hendersen Ltd.	1,276	Reliance	7.75	10	Nil	Nil	Nil	Nil	3	Y.P.
£660,000	£490,065	£1,495,848	£859,162	£28,007	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	Nil	Nil	Nil	Nil	3	Y.P.T.
30,00,000	19,67,300	1,24,50,559	91,65,588	69,519	Ragaria More & Co., Ltd.	911	Shree Ambica	37.00	10	0.50	0.75	10%†	6%†	12	Y.P.
14,00,000	15,86,900	75,61,105	53,55,139	10,198	Hindustan Investment Corpn. Ltd.	461	Soorah	24.00xd	10	0.50	0.60	0.75		3	Y.P.
£600,000	£420,865	£1,276,168	£748,019	£4,740	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	1.50	2.50	2.50	2.50	3	Y.P.
25,35,500	27,94,656	98,18,767	55,10,623	8,800	Bird & Co. Private Ltd.	1,258	Tropical Plantations Co. ..	18.75xd	10	8%†	10%†	6%†		12	Y.P.
£480,000	£279,822	£1,283,223	£611,725	£17,515	Thomas Duff & Co. (India) Pvt. Ltd.	1,331	Union	164.00	100	15.00	20.00	25.00	6.00	3	Y.P.T.
2,50,000	7,20,000	82,36,786	45,97,547	90,614	McLeod & Co., Ltd.	447	Victoria	5.50N	£1	5%†	10%†	6%†		12	Y.P.
							Waverley	5.62	1	Nil	0.25	0.30	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
19,98,900	4,88,841	17,78,941	3,77,868	16,618	Young India Agencies Private Ltd.	579	Balanoor Tea and Rubber ..	13.75	10	1.75	1.50	1.50	1.50	3	Y.P.
33,92,542	22,76,747	84,13,561	18,18,278	78,105	Kothari & Sons (Agn.) Pvt. Ltd.	2,523	Bire Mountain	2.40	2	0.25	0.25	0.20	0.20	6	Y.
5,50,000	5,99,232	17,63,486	5,74,494	14,165	K. Annamma Eaq. (Mg. Director).	548	Chandramalai Estates Ltd. ..	6.50	2	0.25	0.25	0.20	0.20	6	Y.
14,98,180	18,20,938	24,06,622	2,29,383	24,782	Peirce, Leslie & Co., Ltd. ..	1,714	Chembra Peak Estates	3.40	2	0.24	0.24	0.20	0.20	6	Y.
5,56,420	5,19,889	18,74,821	2,42,244	2,130	Srinivas Agencies	361	Cooneor Tea	4.93	2	0.40	0.40	0.30	0.30	6	Y.
4,80,000	6,00,000	13,15,450	4,01,046	1,973	P. G. Krishna Iyer, Esq. (Mg. Director)	356	Devasbola (Nilgiri) Tea ..	26.05xd	10	0.50	0.50	1.75	1.50	3	Y.P.
6,74,850	3,31,040	11,60,946	2,46,802	13,226	Young India Agencies Private Ltd.	465	Deven Tea	13.50xd	10	0.50	0.50	2.00	2.00	3	Y.P.
5,00,000	1,26,500	4,14,313	74,127	4,484	M.	193	Emerald Valley Estates	5.55	5	0.30	1.50	1.50	1.20	12	Y.
25,00,000	24,55,000	54,71,695	10,31,448	77,185	Parkins Private Ltd.	1,586	Halleyburia	13.12xd	10	0.50	1.00			3	Y.P.
6,00,000	8,86,159	16,77,488	3,94,129	59,578	Peirce, Leslie & Co., Ltd. ..	466	Kil Ketagiri Tea	3.55	2	0.25	0.25	0.20	Nil	12	Y.
17,17,076	9,40'446	34,22,908	6,64,021	10,852	Peirce, Leslie & Co., Ltd. ..	1,275	Kurkumala Plant. Ltd.	4.95	2	0.25	0.30	0.40	0.50	3	Y.P.
6,00,000	2,14,272	12,67,080	1,15,811	579	Ipe Cannanore & Co.	302	Kurkumala Plant. Ltd.	5.07	2	0.20	0.20	0.30	0.50	3	Y.P.
5,00,000	1,21,504	10,09,526	93,287	32,559	Macneill & Barry Ltd.	268	Lusky Valley	10.40xd	10	0.50	0.50	0.50	0.50	10	Y.P.
3,50,000	7,000	3,48,587	18,739	....	Vasantha & Co. (Trichy) Pvt. Ltd.	245	Manar Estates Ltd.	2.10	2	1.00	1.00	1.00	0.40	3	Y.
3,00,000	6,16,504	14,43,867	3,15,782	1,740	Kapon Thomas, Esq. (Mg. Director).	560	Mlamallay	36.00	25	0.24	0.10	0.20	0.10	12	Y.
25,00,000	22,23,004	55,03,880	15,15,160	16,820	A. V. Thomas & Co. (India) Ltd.	2,039	Neelamalai	3.95	2	2.75	5.00	5.00	3.50	3	Y.P.
12,00,000	7,04,337	28,08,725	6,12,258	27,999	A. V. Thomas & Co., Ltd. ..	1,484	Nellampathy	2.88	2	0.37	0.37	0.37	0.37	3	Y.P.
14,06,250	7,45,346	39,87,155	6,33,851	26,790	A. V. George & Co., Ltd. ..	1,622	Nilgiri Tea	9.10	10	0.60	0.80	0.80	0.25	3	Y.P.
23,10,000	5,77,357	39,77,599	13,53,272	22,735	Harrisons & Crosfield Ltd. ..	834	Nonsuch Tea	22.25	10	0.50	0.50	0.50	0.50	3	Y.
14,58,960	16,87,314	33,02,719	6,08,115	40,696	P. S. M. Molyneux, Esq. (Chairman)	579	Parkside	23.00	10	1.50	2.00	2.00	0.50	3	Y.P.T.
6,00,000	6,83,306	5,53,792	58,947	2,51,170	S. Sivaramakrishna Aiyar, Esq.	706	Peninsular Plantations Ltd. ..	22.10	10	1.50	2.75	2.75	2.00	3	Y.
17,90,000	12,82,318	44,88,202	17,51,626	72,279	Aspinwall & Co. (Travancore) Ltd.	1,564	Poomadai	20.45xd	10	1.50	2.00	2.50	2.25	6	Y.
87,04,380	80,54,711	1,13,81,288	89,12,960	65,407	Peirce, Leslie & Co., Ltd. ..	3,718	Periakaramalai	3.80	2	0.25	0.25	0.25	0.25	6	Y.
13,50,000	2,96,500	11,58,569	1,44,292	3,047	A. V. Thomas & Co. (India) Ltd.	365	Sheveroy Estates Ltd.	1.60	2	0.20'C'	0.25	0.30	0.30	12	Y.
9,00,000	12,71,773	28,99,827	9,11,370	4,140	T. Stanes & Co., Ltd.	1,137	Stanes Amalgamated	15.75	10	0.15	0.125	0.15	0.15	5	Y.P.
1,25,000	15,000	2,18,302	11,389	499	M.	216	Swiss-ien Estates	2.82	2	0.30	0.30	0.15	0.15	6	Y.
12,50,000	11,78,243	32,25,233	4,11,990	1,854	Srinivas Agencies	1,061	Taiayar Tea	1.92	2	0.15	0.15	1.75	1.50	6	Y.P.
15,75,000	16,53,000	33,73,717	4,33,348	11,306	Parkins Private Ltd.	1,215	Twyford	9.20xd	10	1.50	0.10	0.15	0.15	3	Y.
21,93,220	14,52,765	48,96,418	19,93,195	80,106	T. Stanes & Co., Ltd.	1,771	United Nilgiri	20.75	10	1.50	1.50	1.00	0.50	3	Y.P.
47,25,000	18,09,057	75,54,480	10,36,261	91,793	Kothari Mehta & Co. Pvt. Ltd.	997	Waterfall	2.23	2	0.25	0.25	2.20	2.20	3	Y.
												0.25	0.30	6	Y.P.

RUBBER AND OTHERS

6,00,000	5,52,435	16,85,453	4,57,025	80,365	Ramani & Co. Pvt. Ltd.	875	Alagewar Estates Ltd.	3.00	2	0.20	0.15	0.15	0.20	3	Y.
6,75,000	2,35,527	19,88,033	3,50,665	14,796	K. N. Neelakantan, Esq. (Mg. Director)	2,170	Amalgamated Coffee Estates Ltd.	11.06	10	0.60	0.75	1.00	1.00	3	Y.P.T.
2,50,000	5,92,985	14,45,304	1,89,925	48,610	A. V. George & Co., Ltd. ..	629	Anamdam Rubber Co., Ltd. ..	16.50xd	10	0.60	0.75	1.00	1.00	3	Y.P.T.
12,07,838	2,26,040	21,62,921	2,74,016	9,563	Associated Planters Private Ltd.	1,243	Anaparai Estates Ltd.	2.90	2	0.70	1.00	1.50	1.50	12	Y.P.T.
4,25,000	4,50,000	8,61,867	1,01,113	32,299	Young India Agencies Pvt. Ltd.	610	Badra Coffee Estates Ltd. ..	3.15	2	0.25	0.25	0.40	0.30	12	Y.T.
4,80,000	1,63,748	7,84,567	1,10,889	2,488	A. V. Thomas & Co. (Mysore)	576	Bababudin Coffee & Produce..	6.85	2	0.25	0.25	0.40	0.30	6	Y.T.
3,00,000	2,25,000	4,68,688	62,711	4,963	Planting Agencies (Private) Ltd.	374	Balmadies Plantations	1.90	2	0.25	0.025	0.40	0.30	6	Y.P.
3,65,115	3,86,258	13,50,384	13,674	674	T. K. Oommen, Esq. (Mg. Director).	1,135	Be Be Rubber Estates Ltd. ..	2.53	2	0.25	0.15	0.15	0.10	6	Y.P.
29,01,379	20,88,511	55,26,015	9,62,357	10,145	Peirce, Leslie & Co., Ltd. ..	6,203	Cashin Malabar	7.00	2	0.20'C'	0.25	0.15		6	Y.P.
22,50,000	22,91,494	55,51,333	15,14,347	1,86,793	Cons. Coffee Estates (Secretaries)	2,794	Coffee Lands and Industries ..	15.25	10	2.00	0.45	0.525	0.60	3	Y.P.
71,25,000	70,70,102	1,66,00,964	45,79,313	2,26,719	C. I. Machia, Esq. (Mg. Director)	2,283	Consolidated Coffee Ltd.	16.00	10	2.00	2.50	2.50	1.20	3	Y.P.
6,00,000	9,09,735	14,95,390	98,989	2,116	Associated Planters Private Ltd.	1,439	Cottanad Plantations	10.00	10	1.50	1.50	2.00	2.00	6	Y.P.
4,08,960	2,25,000	9,31,391	94,852	84,416	Peirce, Leslie & Co., Ltd. ..	685	Cowcoody Estates (Coffee) ..	4.20xd	2	1.50	1.50	1.50	1.50	6	Y.P.
18,00,000	12,88,500	34,76,661	8,14,925	32,248	A. V. Thomas & Co., Ltd. ..	5,104	Highland Produce	13.37xd	10	1.50	1.50	0.50	0.50	3	Y.P.
11,85,780	11,77,705	31,18,425	3,48,844	31,978	A. V. George & Co., Ltd. ..	1,543	Kallas Rubber Co., Ltd.	5.07	2	0.50	0.50	0.50	0.50	6	Y.
3,80,000	3,63,504	10,45,450	2,96,051	9,912	A. V. Thomas & Co., Ltd. ..	1,870	Kalpetta Estates	11.87	10	0.50	0.50	1.50	1.50	12	Y.P.
4,80,000	3,90,000	9,83,778	2,17,268	24,066	Peirce, Leslie & Co., Ltd. ..	674	Kumergode Estates Ltd.	4.16	2	0.40'C'	0.25	0.25	0.50	3	Y.P.
18,50,000	5,41,456	22,28,888	4,40,673	47	K. T. Thomas Kathanar, Esq.	2,143	Malankara Rubber	10.90	10	1.70'C'	1.50	0.40	0.35	4	Y.P.
3,25,000	2,50,000	8,43,098	81,358	3,894	Associated Planters Pvt. Ltd.	966	Mercara Rubbers Ltd.	8.30	5	1.00	1.00	1.00	1.00*	3	Y.
40,50,000	14,33,242	57,24,197	12,48,980	8,116	A. V. Thomas & Co., Ltd. ..	4,470	Midland Rubber	11.20	10	1.00'C'	1.00	1.00	1.00*	3	Y.
3,35,000	4,12,607	17,15,258	3,29,209	89,821	A. V. George & Co., Ltd. ..	1,231	Nenmony Rubber	14.50	10	1.50	1.50	1.25	1.25	6	Y.P.
2,00,000	4,74,543	8,94,232	55,672	2,314	Associated Planters Private Ltd.	1,956	Nilambur Rubber Co.	3.73	2	2.00	1.50	1.50	1.50	12	Y.P.
10,15,980	25,58,533	55,51,491	20,57,781	10,333	Peirce, Leslie & Co., Ltd. ..	4,476	Ouchterlony Valley Estates ..	3.73	2	0.20	0.30	1.50		12	Y.P.
6,50,000	5,71,464	7,97,782	88,078	46,714	Peirce, Leslie & Co., Ltd. ..	2,017	Pullingode Rubber	2.67xd	2	0.26	0.30	0.25	0.24	10	Y.P.T.
16,50,000	2,29,315	28,27,018	7,37,890	797	Aspinwall & Co., Ltd.	2,268	Rajagiri Rubber	20.75	10	0.08	0.10	0.30	0.30	3	Y.
18,50,000	9,28,410	49,71,627	5,09,979	2,735	A. V. Thomas & Co., Ltd. ..	422	Rajendra Coffee Ltd.	11.12	5	0.08	0.10	0.10	0.12	3	Y.
2,00,000	1,54,963	3,80,760	47,874	16,675	Associated Planters Private Ltd.	302H	Rangasamy Estates Ltd.	2.60	2	0.20	0.20	2.00	2.00	6	Y.
5,50,170	3,25,000	9,74,120	1,66,562	19,574	Peirce, Leslie & Co., Ltd. ..	1,162	Sangameshwar Coffee Estates.	1.53	1	0.25'C'	0.30	1.25	1.25	6	Y.
12,90,000	2,58,000	19,78,860	1,58,066	4,075	Patco Agencies	911	Teokoy Rubber (India) Ltd. ..	5.45	10	0.06	0.12	0.12	0.32	11	Y.
10,00,000	2,09,139	22,50,803	1,53,357	4,584	East India Agencies Private Ltd.	1,667	Thanapally Rubber	17.50xd	10	0.50	0.60	0.80	0.12	3	Y.P.T.
6,25,000	2,88,474	14,21,005	57,772	12,539	A. V. George & Co., Ltd. ..	2,261	Thirumbadi Rubber Co., Ltd. ..	1.55	1	0.10	0.10	0.08	0.08	3	Y.P.T.
9,15,380	10,80,000	15,05,366	1,90,878	5,084	Peirce, Leslie & Co., Ltd. ..	1,341	Travancore Rubber	12.25xd	10	0.10	0.07	0.07	0.07	12	Y.P.T.
6,00,000	46,749	9,29,449	1,80,536	4,480	Kepee Thomas, Esq. (Mg. Director)	5,227	Travancore Rubber & Tea ..	13.85xd	10	0.50	0.75	1.00	0.24	3	Y.P.
41,00,000	15,07,686	94,29,715	23,73,761	11,975	Aspinwall & Co. (Travancore) Ltd.	1,794	Titaghur	9.50N	£1	0.50	0.75	1.25		3	Y.P.
20,00,000	1,91,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	2,157	Tropical Plantations Co. ..	18.75xd	10	1.50	2.00	2.00	1.00	12	Y.P.
6,00,000	4,90,000	17,68,416	1,27,498	10,458	P. L. J. Joseph, Esq. (Chairman)	1,560	Vaikundam Rubber Co., Ltd. ..	5.50	5	1.00	0.50	0.60	1.00	12	Y.
2,20,000	4,29,500	10,07,855	1,30,403	13,441	A. V. George & Co., Ltd. ..	498	Udayagiri Rubber Co., Ltd. ..	15.50	10	0.75	0.50	0.60		12	Y.
3,80,010	5,47,051	10,84,166	54,782	9,228	S. Padmanabha Aiyar, Esq. (Chairman)	1,118	Valkundam Rubber Co., Ltd. ..	31.70	10	0.50	0.50	0.60	Nil	12	Y.P.T.
12,00,000	12,40,982	18,15,277	1,52,156	1,12,612	Peirce, Leslie & Co., Ltd. ..	1,030	Warthyhully Estates Ltd.	2.75xd	2	0.20	0.25	0.30	0.30	12	Y.
6,95,000	97,309	13,55,464	1,02,251	23,313	M.	896	Woodland Estates	7.85	10	0.50	0.50	1.00	1.00	3	Y.P.T.

V—Incl. dea 60 nP for 59-6-1964. 'C'—On increased capital •

MISCELLANEOUS COMPANIES—*Continued*

CERAMIC; MINING AND QUARRYING

Issued Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts Closed	Reference
30,00,000	....	47,23,258	20,57,464	29,863	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	15.12	10	*Nil*	*Nil*	0.60	0.60	3	Y.
1,50,000	13,50,019	20,56,614	10,75,787	12,385	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	21.24	10	3.50	2.00	2.00	3.00	9	Y.P.
96,28,146	19 77 396	1,61 24 989	63,22 100	1,703	Bharat Ram Bharat & Co.	Bengal Potteries	7.00	24	0.25	0.356	0.375		12	Y.
10,00,000	62,26,517	92,22,366	45,87,856	59,420	Bird & Co. Private Ltd.	Biera Stone Lime Co.	25.50	10	1.75	1.87	3.00		3	Y.
14,17,800	16,19,274	43 65,682	17,10,887	7,448	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd. ..	201 25	100	10.00	12.86	12.86	15.00	3	Y.P.
80,00,000	18,84,086	1,31,10,248	35,98,333	29,078	Sarat Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	154 00	100	*Nil*	*Nil*	8.00	11.00	12	Y.P.
£1,871,300	£2,444,266	£3,614,146	£2,081,038	£118,760	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	5.64	Sh. 2	0.24	0.36	0.36		12	Y.
₹5,00,000	27,81,955	34,18,636	10,76,451	1,40,029	Bird & Co. Private Ltd..	Karanpura Developmenti	16.31	10	*Nil*	1.50	1.50	1.50	12	Y.
₹15,00,000									*Nil*	0.50	0.50	0.50		
80,00,000	....	1,14,21,419	5,78,268	8,63,615	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd. ..	78.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
30,00,000	46,53,199	1 32 99 114	72 67 458	34,654	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	26 00N	10	1.25	1.80	1.80	1.80	12	Y.P.T.
79,99,100	10,83,782	1,22,10,836	72,28,302	2,10,253	Sir Indra Singh, Kt. (Chairman) ..	Mysore Corporation Ltd.	12.56	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
5,00,000	5,82,678	14,95,136	8,34,125	2,656	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	13.50	10	1.00*	1.00*	1.428	1.20	3	Y.
20,00,000	64,15,230	71,67,023	30,76,350	1,16,099	Bird & Co. Private Ltd.	Orissa Minerals	42.37	10	2.50	3.50	3.60	2.80	6	Y.
3,50,000	17,29,249	92,49,901	49,43,489	37,499	A. V. Gharpure, Esq. (Chairman) ..	Parabaram Pottery Works Co. Ltd.	101.00	25	3.75	3.75	5.36	5.36	7	Y.P.
20,86,650	54,10,475	1,10,96,407	49,48,144	−7,04,525	Killick Industries Ltd.	Shivranjan Syndicate	35.00	10	8.00*	5.00	8.00*	*Nil*	11	Y.

CHEMICAL

24,00,000	....	....	....	....	Agri-Chem-Engineers	Adarsh Chemicals & Fertilisers ..	93.00	100	....	....	....	....	12	Y.
95,00,000	59,26,809	2,67,02,864	96,20,656	48,622	Rayona Services	Alembic Chemical Works Co. ..	223.75	100	12.00	16.00	14.00	14.00	12	Y.P.
3,10,00,000	1,97,50,273	6,86,11,695	1,63,10,292	1,16,274	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	44.12	10	0.80	0.95	1.20	1.50	9	Y.P.
82,95,875	76 14 312	1 34 46 697	86,87,142	35,560	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	301.25	100	*Nil*	12.00	12.00	9.00	12	Y.P.
39,76,700	40,23,581	1,77,41,520	68,66,368	51,617	Kasturbhai Lalbhai & Co.	Anil Starch Products Ltd.	705.00	100	20.00*	28.00*	30.00*	30.00*	12	Y.P.
2,41,34,550	1,23,58,362	5,48,52,735	1,45,63,475	2,38,210	Lalbhai Sons & Co.	Atul Products Ltd.	470.50	100	10.00	12.00	12.00	12.00	12	Y.
80,00,000	68 84 606	1,50,85,951	77,12,833	1,80,717	Dr. B. N. Ghose (Managing Director) .	Bengal Chemical and Phar.	105.00	100	6.00	7.00	7.00	10.00	3	Y.P.T.
1,00,00,000	28 71 461	1,06 12 855	15,44,929	30,077	Ramniwas R. Ruia, Esq. (Chairman) .	Chemo-Pharma Laboratories Ltd. ..	470.00	100	*Nil*	*Nil*	*Nil*	8.00	3	
9,09,937	2,53,843	15,65,822	7,97,013	672	Dharamsi & Co.	Dharamsi Morarji Chemical Co., Ltd.	170.00	25	2.00	2.50	2.50	3.00	12	Y.
81,83,300	10,80,833	1,37,77,178	53,97,947	9,125	Dharamsi Morarji & Co.	Dhrangadhra Chemicals	170.00	50	6.00	10.00	*Nil*	8.00	12	Y.
1,07,36,600	59,02,516	5,26,79,418	1,42,87,709	1,32,263	Sahu Jivan (Saurashtra) Private Ltd. .	F. A. C. T.	117.00	100	6.00	4.00(e)	*Nil*	6.00	3	Y.
3,46,06,075	65,92,000	8,01,87,472	3,43,71,939	33,01,196	M. K. R. Nayar, Esq. (Mg. Director) .	Indian Dyestuffs Industries Ltd. ..	7.85Sed	10	0.40	0.60	0.60	0.60	12	Y.
1,49,98,200	39 44 101	43,84,466	17,66,571	78,323	Maganlal Gagalbhai & Sons	Kemp & Co.	495.10	100	*Nil*	*Nil*	6.00	6.00	3	Y.P.
12,00,000	6,60,911	27,80,148	14,86,985	55,617	Jai B. Mehta	Mettur Chemicals	315.00	200	15.00	20.00	25.00	25.00	3	Y.
80,01,535	24,37,965	1,56,17,773	81,56,950	15,829	Seshasayee Brothers Private Ltd. ..	Mysore Chemicals and Fertilizers ..	13.05	10	0.87½	0.88	1.25'C'	1.25	3	Y.P.T.
24,81,200	10,47,778	55,45,879	18,53,267	8,511	T. Shanmuga, Esq. (Chairman)	Mysore Chemical Mfg.	51.25	10	0.50	0.50	1.00	1.00	3	Y.
8,00,000	4,55,261	12,57,587	6,70,322	1,45,072	S. Ramanathan, Esq. (Mg. Director) ..	Polychem. Ltd.	21 75	10	2.00	2.00	2.00	2.00	3	Y.P.
40,00,000	36 33 816	65 05 879	16 83 684	1,54,703	Ramdas Kilachand, Esq. (Chairman) ..	Phosphate Co., Ltd.	193.75	50	*Nil*	3.00	5.50	7.50	3	Y.P.
15,00,000	11,17,980	34,80,082	21,90,718	2,10,028	Bangur Brothers Ltd.	Smith Stanistreet & Co.	263 00	100	25.00	45.00	35.00	25.00	6	Y.P.
19,90,968	15,32,251	28,75,181	16,16,060	1,22,545	C. A. Buxton	Synthetics & Chemicals Ltd.	16 44	5	0.80'C'	1.25	1.25	1.25	6	Y.
4,50,00,000	....	1,41,20,622	31,717	3,87,260	Tulsidas Kilachand, Esq. (Chairman) .		225.00	100	....	....	....	1.25	6	Y.P.
3,51,96,000	59,67,561	7,09,65,786	2,29,10,386	3,571	Tata Industries Private Ltd.	Tata Chemicals	16.00	100Id	0.75	0.625	0.60	0.65	6	Y.P.T.
18,00,000	2,92,249	21,75,764	7,74,231	56,348	P. Krishnaswamy, Esq. (Mg. Director) .	Travancore Chemical Mfg. Co., Ltd.	24.50	10	0.70	1.00	1.50	2.00	3	Y.P.
25,20,000	....	8,87,362	608	−5,46,880	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Indr. ..	95.00	100	*N*	*Nil*	*Nil*	*Nil*	3	
14,81,250	....	5,72,968	1,306	2,169	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	176.25	100	..	..	..	*Nil*	12	Y.

ELECTRIC (BOMBAY)

8,74,78,895	1,47,38,524	16,04,61,688	4,52,57,664	422	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	89.00	100	6.50	6.75	7.00	7.00	3	
81,56,250	26,20,222	2,58,78,938	68,34,923	18,52,884	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	10.12	10	0.85	0.90	1.00*	1.00	3	Y.T.
8,02,77,000	1,01,95,442	11,78,06,745	2,80,17,570	80,342	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,017.50	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.T.
1,75,00,000	99,08,640	4 01 08 740	1,11 97,816	4,522	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	108.25	100	7.00	7.50	8.00	8.00	3	Y.P.T.
7,97,929	1,03,967	16,97,285	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developments	7.00	10	0.50	0.60	0.66	0.66	3	Y.
48,39,000	12,56,818	1,57,72,704	61,68,560	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	101.00	100	7.50	8.00	9.50	8.25	3	Y.P.T.
2,00,00,000	81,26,526	2,76,72,819	66,38,377	1,914	Killick Industries Ltd.	Surat Electricity	95.00	100	7.00	7.50	8.00	8.00	3	Y.P.T.
3,99,99,875	1,28,03,557	8,51 68,079	2,08,75,169	26,096	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	113.00	100	8.00*	8.00*	8.50*	8.00*	3	Y.P.
5,15,36,000	3,10,84,482	20,78,58,061	4,81,56,686	32,801	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,166.25	1,000	80.00*	80.00*	85.00*	80.00*	3	Y.P.

West Bengal and Other Centres

19,99,600	49,57,883	1,79,22,870	42,63,962	47,416	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	118.00	100	10.00	10.00	11.00	11.00	3	Y.T.
8,00,000	15,46,067	66,82,610	24,21,815	24,137	Martin Burn Ltd.	Bareilly Electric Supply	11.75	10	1.00	1.00	1.10	1.10	3	Y.T.
17,00,000	48,76,469	1,78,08,855	51,62,951	40,844	Martin Burn Ltd.	Benaras Electric Light & Power Co.	12.25	5	1.00	1.00	1.10	1.10	3	Y.T.
5,91,485	6,92,459	24,06,757	12,04,438	39,820	Octavius Steel & Co., Ltd.	Bhagalpur Electric Supply	6 12	5	0.40	0.40	0.44		3	Y.T.
44,225,546	49,457,172	£35,950,954	£14,225,963	£124,585	Harry Burn, Esq. (Chairman)	Calcutta Electric Supply	15.00	£1	7%*	7%*	7%*	74%*	3	
6,60,000	7,55 075	37 78 204	11,86,451	42,063	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12.62	10	0.85	0.85	0.75	1.00	3	Y.P.T.
48,20,000	27,18,468	1,05,87,869	40,08,012	4,06,119	Andrew Yule & Co., Ltd.	Darjeeling Electric Supply	94 00	100	7.00	7.50	10.00	10.00	3	Y.P.
5,34,640	1,42,426	15,91,994	5,91,424	42,694	Meenna Lall & Sons	Jhansi Electric Supply	6 00	10	0.624	0.62	0.70	0.70	3	Y.T.
22,49,700	28,00,194	1,12,04,249	42,93,573	32,593	Martin Burn Ltd.	Jubbulpore Electric Supply	11.00	10	0.92	0.93	1.00	*Nil*	3	Y.T.
5,82,390	4,52,585	37,46,515	18,93,792	40,204	Octavius Steel & Co., Ltd.	Moradabad Electricity Supply	11.50	10	1.00	1.00	1.00	1.00	3	Y.T.
83,07,380	40 44 800	1441 84 880	366 06 270	76,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	11 10	10	0 75	0 75	0 75	0 75	3	Y.T.
9,10,000	2,56,304	15,86,888	6,29,467	5,842	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	7.30	10	0.50	0.50	0.625	0.625	3	Y.T.
16,80,000	14,98,612	80,57,155	46,54,691	11,620	Bird & Co. Private Ltd.	Sitapur Electric Supply Co.	9.00	10	0.60	0.75	1.00	0.90	3	Y.T.
99,99,960	29,97,964	2,27,50,594	74,27,264	11,583	Seshasayee Bros. Private Ltd. ..	South Madras Electric Supply Corpn.	10 00	10	0.60	0.60	0.80	0.90	3	Y.T.
5,00,000	12,50,896	57,75,815	18,66,448	36,126	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	15 25	10	1.25	1.25	0 99'C'	0.90	3	Y.P.T.
55,00,000	76,01,918	4,29,48,755	1,54,85,172	89,174	Martin Burn Ltd.	U. P. Electric Supply Co.	127 00	60	10.00	10.00	11.00	11.00	3	Y.
8,00,000	11,41,474	†46,63,814	†18,15,572	$34,018	Chandrie & Co. Private Ltd.	Vellore Electric Corporation)	14.50	10	1.00	1.00	1.50	1.429	3	Y.

ENGINEERING (Bombay)

42,91,300	57,58,264	77,94,675	61,99,616	24,806	Turner Morrison & Co. Private Ltd.	Alcock Ashdown & Co., Ltd.	326.00	100	12.50	17.00	17.00	22.50	12	Y.
19,99,060	4,85,000	28,00,166	9,62,243	49,445	W. B. Brady & Co., Ltd.	Bharity Engineering Co., Ltd. ..	111.25	50	8.00	8.00	5.50	9.00*	12	Y.
45,20,000	52,93,268	1,40,18,591		75,198	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	182.00	100	10.00*	15.00*	18.00*C'	18.00	6	Y.
49,80,000	6,60,109	58,51,172	22,54,229	38,756	Dharamsinh & Co.	Hindustan Electric Co., Ltd.	240 00	100	7.00	10.00	15.00	18.00	6	Y.
60,00,000	1,08,98,455	2,46,93,830	1,46,51,549	39,845	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	178 00	100	9.00	15.00	18.00*C'	18.00	4	Y.
6,00,000	4,57,222	2 05,518	1,38,658	4,607	Jost's Engineering	Jyoti Ltd.	96 50	50	5.00	5.00	4.00	5.00	3	Y.P.T.
50,00,000	14,47,412	73,14,750	26,07,438	11,756	Adnem Services	Kamani Engineering Corporation ..	185 00	100	12.00	12.00	12.00	12.00	12	Y.
44,98,280	5,18,948	76,96,166	37,12,969	5,162	Kamani Bros. Private Ltd.	Kirloskar Bros. Ltd.	15.76	10	0.50	0.775	0.80	0.90	3	Y.
55,42,00,000	94 93 324	1,36,58,367	75,91,566	11,174	Kirloskar Sons & Co.	Kirloskar Electric Co. Ltd.	55.00	25	2.50	3.00	2.50	2.50	9	Y.
42,72,400	40,84,021	1,11,74,204	49,66,960	1,709	Kirloskar Associates	Kirloskar Oil Engines, Ltd.	28.50	10	0.75	1.00	1.00	1.00	3	Y.
37,50,000	49 67,710	1,14,26 696	38 15,988	38,460	Kirloskar Sons & Co.	Kirloskar Pneumatic Co., Ltd.	45.00	10	1.00	1.00	1.48	1.10	6	Y.
15,00,000	4,58,946	25,18,944	6,77,094	5,688	Kirloskar Industries	Larsen and Toubro Ltd.	347 50	100	....	....	*Nil*	12.50	3	Y.
1,10,00,000	86,76,765	1,21,61,832	37,43,210	98,844	P. & T. (Management) Private Ltd.	Lakshmiratan Engg.	32.65	10	1.25	1.25	1.80'C'	1.80	3	Y.
5,25,000	1,23,086	1,08,47,668	22,98,821	−2,29,446	Prem Kumar Gupta, Esq. (Mg.Director)		3.64	5	*Nil*	*Nil*	*Nil*		9	Y.P.
15,50,000								10	..	..	..	*Nil*		
14,15,040	....	19,57,847	....	−1,55,991	B. L. Kucheria, Esq. (Secretary) ..	Lynx Machinery	7.24	10	..	..	..	*Nil*	7	
45,45,000														
1,32,00,000	53,67,083	1,74,90,463	59,61,076	2,55,040	K. C. Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	18.52	10	2.20	1.25	1.25	1.50*	11	Y.
90,00,000	78,422	46,82,025	16,73,677	40,424	Prithivraj Sons	Man Industrial Corporation Ltd. ..	125.00	100	*Nil*	*Nil*	*Nil*	*Nil*	10	Y.P.
11,00,000	1,75,712	41,50,471	25,55,495	2,771	P. Jhanjhunwala, Esq. (Mg. Director) .	McKenzies	155.00	100	*Nil*	*Nil*	10.00	....	7	Y.P.
61,42,910	57,00,000	1,38,14,415	50,48,402	....	Jeewan Private Ltd.	Mukand Iron & Steel	26.00	10	1.20	1.00*	1.00	1.20	3	Y.P.
57,50,000	42,81,615	1,28,07,888	60,90,019	8,724	Kirloskar Associates	Mysore Kirloskar Ltd.	118.00	50	7.50	12.00	12.00	12.00	3	Y.P.
15 55,000	11,14,847	32,30,008	12,76,286	21,582	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd. ..	86.20	50	4.50	4.50	6.00	6.00	6	Y.
50,00,000	9 89,198	92,80,855	20,78,462	17,988	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	222.50	100	....	9.00	12.00	9.50	3	Y.
38,99,970	1,26,15,498	10,42,140	2,18,279	88,651	Walchand & Co. Private Ltd.	Premier Construction	161 00	50	12.00	18.00	18.50	10.00	3	Y.P.
30,00,000	42,07,875	1,03,38,883	48,38,295	9,310	Dhanat & Sons Private Ltd.	Structural Engineering Works Ltd.	180 00	100	18.00	17.00	12.00	15.00	6	Y.
27,55,42,550	27,66,24,572	1,85,51,78,192	68,75,78,212	34,084	Tata Industries Private Ltd.	Tata Iron and Steel	146 50	75 Old	8.25	6.80	9.72'C'	13.00	6	Y.P.
7,99,97,800	2,88,57,408	24,50,95,291	11,17,31,117	2,47,359	Tata Industries Private Ltd.	Tata Locomotive	365 00	100	9.00	9.00	12.50	14.50	3	Y.P.
19,81,000	2,35,000	8,57,57,720	8,10,544	17,016	T. Mankilal & Co.	T. Mankilal Mfg. Co.	675.00	100	10.00	10.00	10.50		3	Y.T.
82,04,980	18,88,714	17,41,004	9,54,180	16,37,275	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	45.50	10	2.25	3.00	3.00	3.25	3	Y.
55,00,000	80,22,811	1,29,75,902	30,64,160	3,78,955	S. K. Handoo, Esq. (Mg. Director) ..	Voltas Ltd.	284.50	100	9.00	18.00	18.00	18.00	6	Y.
70,00,000	....	10,49,952	4,291	28,584	R. H. Toprani, Esq. (Secretary) ..	Zenith Steel Pipes Ltd	16.60	10	..	..	..	14.00	6	Y.
												Nil	6	Y.

West Bengal and Other Centres

6,00,000	1,66,470	26,89 661	18,48,876	1,80,882	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	13.00	10	*Nil*	*Nil*			10	Y.P.T.
50,00,000	31 88 921	1,08,57 977	71,22,125	47,003	M.	Bharitia Electric Steel	14.56	10	1.25	1.25	1.00	1.00	12	Y.
40,00,000	5,00,880	27,62,178	12,27,263	52,676	G. D. Binani, Esq. (Mg. Director) ..	Binani Metal Works Ltd.	17.00	10	..	0.95	1.00	1.00	12	Y.
56,59,790	1,04,54,515	1,20,19,358	21,80,084	5,914	Y. S. Tayal, Esq. (Secretary)	Braithwaite & Co. (India) Ltd.	36.25	10	1.25	2.25	2.50	2.50	12	Y.
12,00,000	40,28,897	1,00,00,159	63,83,766	1,82,241	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	58.00N	10	2.00'B'	3.00	3.00	2.50	12	Y.
10,00,670	7,04,341	39,97,538	14,98,685	92,966	Holmes Wilson & Co., Ltd.	Britannia Building	8 50	10	0.50	0.50		3.00	12	Y.T.
30,00,000	44,88,365	1,10,30,885	35,16,664	1,88,852	McLeod & Co., Ltd.	Britannia Engineering	12.12	10	0.60	1.00	1.00		3	Y.P.
15,00,000	14,63,600	29,98,468	17,86,192	94,447	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	50.00	10	0.60	2.50	4.50	2.00	12	Y.P.T.
84,00,000	2,55,85,859	8,20,79,060	3,25,00,840	1,21,244	Martin Burn Ltd.	Burn & Co.	695.00	100	20.00	28.50	28.50	28.50	12	Y.P.T.
1,20,00,000	11,36,522	1,30,39,999	6,68,924	1,52,706	.. ..	Calcutta Steel Co., Ltd.	16.37	10	..	..	1.00	1.00	4	Y.
1,00,00,000	12,33,028	1,89,66,744	10,15,000	4,17,174	R. L. Makharia, Esq.	Central India Machinery Mfg. Co. Ltd.	11.87	10	*Nil*	*Nil*	1.50		3	Y.P.
80,00,000	16,00,000	1,25 47 313	27 93,088	1,64,778	J. Jaisia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	15 25	10	*Nil*	*Nil*	1.00	1.00	3	Y.P.T.
60,93,400	15,17,000	46,46,041	15,86,138	8,374	Tirla Brothers Private Ltd.	Elec. Const. & Equipment Co.	15 25	10	1.00	0.50	1.00	1.00	3	Y.
56,00,000	22,27,652	49,26,966	9,79,166	2,477	Harprashad & Co. Private Ltd. ..	Escorts Ltd.	40.37	10	..	2.50	1.60	1.60	12	Y.
4,00,00,000	6 76,06,738	9,28,69,410	2,94,79,767	....	N. R. Pillai, Esq. (Chairman)	Hoochly Docking	138.00	50	5.00	2.40	1.60'C'	1.40	12	Y.P.
12,50,000	3,41,191	11,92,085	42,29,801	−20,24,457	Martin Burn Ltd.	Indian Iron and Steel	25.60	10	1.00'C'	1.00	1.50	1.50	3	Y.P.
12 44,00,000	24,26,37,632	81,16,88,664	17,84,44,548	16,41,911	Martin Burn Ltd.	Indian Standard Wagon	193.00	25	6.00	5.00	5.00	1.00	3	Y.P.
39,68,075	95,69,160	1,29,24,468	82,40,537	78,603	Martin Burn Ltd.		56.62	0.10	4.00	1.82½	7.125	7.125	3	Y.P.
90,85,160	2,52,04,629	2,22,95,589	1,52,64,926	10,98,465	Indra Singh & Sons Private Ltd. ..	Indian Steel Rolling Mills Ltd. ..	14.50	O. 1	0.40	0.16	2.80	1.25	3	Y.P.
28,58,160							12.40	10	0.70	0.70	0.70			
48,82,782	3,71,841	36,01,297	18,94,384	10 662	C. R. Ramaswamy, Esq. (Mg. Director) .							1.25	3	Y.
1,07,45,733	90,64,293	4,84,86,950	1,69,45,698	7,173	Modan Mohanlal Shriram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	28.50	10	1.20	1.20	1.715	1.715	3	Y.P.
						J. K. Steel Ltd.	18.44	10	1.25	1.25	2.00	2.00	3	Y.T.
28,00,000	49,31,000	81,02,683	25,40,754	96,487	J. K. Industries Private Ltd.	Jeecop & Co.	23.75	10	0.60	0.888	0.888	2.00	3	Y.P.T.
2,08,99,000	1,98,14,815	3,89,58,834	1,25,15,788	1,33	Mr. K. S. Basu (Secretary)	Komardhubi Engineering Works ..	7.62	8	0.80	0.80	0.858'C'	0.858	6	Y.P.
27,64,800	48,98,269	98,41,548	44,29,096	18,579	Bird & Co. Private Ltd.	Marshall Sons & Co. (India), Ltd. ..	8 69	2	0.40	0.20	*Nil*	0.35	11	Y.P.
10,50,000	13,54,315	19,47,135	15,45,085	−5,53,689	Bhadralik (Direction) Private Ltd. ..	National Iron and Steel Co., Ltd. ..	5.44	10	0.62	0.75	*Nil*	*Nil*	6	Y.
49,96,000	13,58,398	1,44,84,142	56,52,008	−7,06,889	M.	Richardson & Cruddas Ltd.	8 60	10	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.
60,00,000	24,06,943	76,55,140	24,16,813	4,85,183	S. R. Ind. Development Co., Ltd. ..	Saran Engineering Co.	10.00	4	0.40	0.25	0.35	0.40	3	Y.T.
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MISCELLANEOUS COMPANIES—*Continued.*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
					UNCLASSIFIED (Other Centres)									
68,30,000	2,17,59,502	4,00,13,820	1,14,17,317	1,33,197	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd.	18.37	10	0.90	1.00	1.20	1.20	3	Y.P. F
1,92,00,000	47,93,750	1,51,27,464	66,45,037	2,11,580	Neshamani Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	23.75	10	1.25	1.25	1.80	0.90	3	Y.
30,00,000	37,50,088	36,22,455	27,41,167	2,61,288	Turner Morrison & Co. (Private Ltd.	Angelo Bros. Ltd.	22.00	10	1.50	2.00	2.50*	2.25	3	Y.
24,64,272	42,25,000	3,76,75,056	[illegible]	[illegible]	A. E. J. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	5	5	0.30	0.40	0.40	0.30	9	Y.
30,00,000	28,15,536	[illegible]	[illegible]	[illegible]	A. Hyland and Mrs. Gothberg	Assam Match Co. Ltd.	25.00	10	1.25*	1.80	1.80	2.00*	12	Y.
1,18,00,000	88,61,425	1,02,25,163	68,26,164	1,93,453	[illegible] Esq. (Mg. Director)	Associated Battery Makers (B) Ltd. A.	30.12	10	2.40	4.00	2.50	1.50	3	Y.
96,00,000	33,40,521	1,09,75,098	44,96,334	[illegible]	[illegible] Pvt. Ltd.	Associated Hotels of India ..	10.50N	10	0.60	Nil	Nil	..	3	Y.
1,00,00,000	1,00,41,057	[illegible]	42,70,[illegible]	[illegible]	[illegible] Esq. (Chairman)	Bahlker Lawrie & Co., Ltd.	260.00cd	100	20.00	25.00	25.00	25.00	3	Y.P.T.
12,00,000	29,91,103	[illegible]	[illegible]	[illegible]	Bahmer Lawrie & Co. Ltd.	Bengal Flour Mills Co., Ltd.	81.00	10	3.50	4.50	4.00	2.50	12	Y.
20,00,000	9,00,088	69,[illegible]	[illegible]	[illegible]	Bentinck & Lewis	Bihta Investment Ltd.	12.12	10	0.70	1.10	0.95	1.00	9	Y.P.
48,07,010	72,72,329	1,48,[illegible]	60,97,[illegible]	2,84,279	S. Dutta Gupta, Esq. (Mg. Director)	Britannia Biscuits	45.25	10	1.20	1.40	2.50	2.50*	3	Y.P.T.
8,25,00,000	2,00,[illegible]	5,[illegible]	2,[illegible]	[illegible]	H. S. Chatterjee, Esq. (Mg. Director)	British India Corporation Ltd.	9.36	5	Nil	Nil	0.20	0.35	12	Y.P.T.
5,65,385	4,[illegible]	[illegible]	[illegible]	[illegible]	A. V. Nanik, Esq. (Mg. Director)	Britannia Vimco India Ltd.	23.70	10	1.00	1.00	1.25	1.25	12	Y.P.
50,00,000	14,[illegible]	[illegible]	[illegible]	[illegible]	Andrew Yule & Co., Ltd.	Brooke Bond Investments Ltd.	8.12	10	0.75	0.80	0.80	0.75	12	Y.
1,35,00,000	14,[illegible]	[illegible]	[illegible]	[illegible]	M.	Bullen Flour Mills Co. Ltd.	15.00N	10	1.00	1.00	1.00	1.00	12	Y.
5,00,650	8,50,000	40,[illegible]	[illegible]	[illegible]	M.	Burmah Rubber Co. (India) Ltd.	41.37	10	1.62	2.15	2.15	2.00	12	Y.P.T.
4,50,00,000	4,87,74,162	14,01,[illegible]	[illegible]	[illegible]	M. I. Bosch, Esq. (Mg. Director)	Duncan Brothers & Co., Ltd.	160.00	100	10.00	14.00	14.00	..	12	Y.P.T.
99,00,000	1,12,80,000	33,40,870	2,02,62,100‡‡	4,29,721	K. P. Goenka, Esq. (Chairman)	Dyer Meakin Breweries ..	56.75	5	0.75	0.80	1.25	1.50	12	Y.P.
27,56,855	1,76,50,654	85,09,851	27,71,678	12,655	N. N. Mohan, Esq. (Mg. Director)	Eastern Investment Ltd.	128.00xr	100	9.00	14.00	14.00	14.00	3	Y.
51,26,000	61,10,702	1,04,29,363‡‡	..	2,67,755	Bird & Co. Private Ltd.	East India Pilotage (India) Ltd.	19.00	10	..	..	..	..	12	Y.P.
12,40,250	..	4,92,[illegible]	6,966	4,6[illegible]	M.	Enfield India Ltd.	12.10cd	10	Nil	0.50	0.50	Nil	3	Y.
44,90,000	5,57,666	75,[illegible]	19,17,275	2,114	S. Sankaran, Esq. (Mg. Director)	Esso Standard India Ltd.	1.00	1	0.70	0.60	0.40	0.40	12	Y.P.
49,12,858	59,64,000	1,15,37,[illegible]	57,[illegible]	2,02,362	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	18.12	12.50	1.50	1.80	1.60	1.60	12	Y.P.
18,00,000	15,50,321	38,[illegible]	23,58,869	70,027	Mansell & Barry Ltd.	Ganges Rope Co., Ltd.	231.00	100	15.00	17.00	17.50	20.00	3	Y.
7,50,000	4,20,000	1,21,[illegible]	43,631	5,551	Gany & Co.	General Papers Ltd.	10.70	10	1.25	1.25	1.25	..	3	Y.
89,97,875	..	2,41,[illegible]	..	1,[illegible]	National Rubber Mfrs. Ltd.	General Tyres Ltd.	5.75	5	..	..	..	..	3	Y.
65,00,000	86,84,206	30,67,755	15,97,667	1,71,223	P. E. G. Woodbine Parish, Esq.	Gillanders Arbuthnot & Co., Ltd.	14.81	10	1.00	1.00	1.00	..	3	Y.
48,00,000	5,22,500	81,[illegible]	4,[illegible]	17,[illegible]	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	35.44	10	2.00	2.50	4.00	..	3	Y.P.
2,00,15,000	1,54,59,733	3,05,[illegible]	57,[illegible]	51,86,310	R. E. O'Carey, Esq. (Mg. Director)	Goodyear India Ltd.	45.37	10	..	..	..	1.25	3	Y.P.
30,00,000	18,10,650	88,65,426	43,28,959	21,295	S. P. R. Syndicate	Great Eastern Hotel ..	241.00	250	15.00	15.00	22.50	Nil	12	Y.
4,00,12,150	1,35,51,450	8,85,47,847	8,84,10,047	2,75,652	Birla Brothers Private Ltd.	Hindustan Motors ..	19.76	10	Nil	0.50	0.50	..	3	Y.
60,00,000	18,16,023	1,12,52,014	46,96,050	94,191	Talukdar Law & Co. Private Ltd.	Hindustan Pilkington Glass ..	22.50	10	0.60	1.20	1.20	1.20	3	Y.T.
25,70,000	..	1,00,469	..	..	Razaprasad Murlidhar & Co. ..	Hindustan Tewjiram Ltd. ..	17.00	10	..	..	..	Nil	3	Y.
15,13,60,000	9,75,09,562	11,57,27,807	3,27,09,958	26,95,288	M. F. A. Colleri (Chairman)	Imperial Tobacco Co. of India Ltd.	11.31	10	0.70	0.50	0.80	0.90	3	Y.P.
3,98,80,840	3,45,00,860	13,72,61,310	4,12,80,175	62,31,753	K. C. Mahindra, Esq. (Chairman)	Indian Aluminium Co., Ltd. ..	40.00	10	0.70	1.20	1.50	1.50	3	Y.
2,50,77,700	2,29,18,801	8,17,93,618	1,54,14,358	48,72,642	Sir John Brown, C.A. (Chairman)	Indian Cables	36.81	10	1.50*	1.50*	2.25	2.25	3	Y.P.T.
2,50,00,000	2,11,58,469	6,33,93,165	2,01,21,909	18,05,872	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	46.37	10	1.00	1.50	1.50	1.50	3	Y.T.F.
39,12,375	1,06,104	54,89,157	21,21,520	3,633	M.	Indian Plastics Ltd.	10.50	10	Nil	Nil	Nil	Nil	3	Y.
6,87,970	7,54,870	14,61,878	11,61,643	1,32,065	M.	Indian Rubber Manufacturers ..	10.87	10	1.00	1.50	2.00	Nil	3	Y.P.
74,80,150	..	78,59,316	6,55,989	1,[illegible]	Duncan Brothers & Co., Ltd.	Isaac Hodges (India) Ltd. ..	10.37	10	..	..	Nil	Nil	3	Y.P.
2,00,00,000	74,12,017	45,77,076	17,14,757	5,09,716	Sir John Brown, C.A. (Chairman)	Jardine Henderson	79.50	100	2.50	5.00	7.00	7.00	3	Y.
18,00,000	12,02,095	18,79,279	13,27,977	17,252	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd.	10.19	10	3.50	2.00	1.00	..	3	Y.P.
1,47,12,250	1,21,48,546	90,45,005	20,25,254	2,45,501	T. Leslie Martin, Esq. (Mg. Director).	Martin Burn Ltd.	28.94	10	2.12*	2.75	2.75	..	3	Y.P.
15,00,000	8,00,000	23,46,291	5,49,181	14,958	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	24.12	10	2.00	2.00	2.75	2.75	3	Y.P.
40,26,6080	78,79,891	81,95,909	18,63,608	2,18,017	M.	McLeod & Co.	215.00	O. 100	12.50	15.00	15.00	..	12	Y.
2,00,6080								D.O.10	0.75	1.00	1.00			
1,91,90,000	1,82,75,181	8,61,57,826	1,40,23,040	28,85,972	K. C. Mahindra, Esq. (Chairman)	Metal Box Co. of India Ltd. ..	61.00	10	1.75	1.75	2.50	2.50	3	Y.P.
28,00,000	7,90,891	16,14,284	7,39,760	2,552	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electrical Industries Ltd.	223.50	100	11.00	15.00	24.00	20.00	3	Y.P.
6,25,250	9,51,514	12,77,159	7,66,152	12,866	Mr. J. L. D'Sa (Chairman)	Mysore Lamp Works	33.75	10	1.50	1.50	2.00	2.50	3	Y.
19,00,000	3,28,080	20,89,982	12,41,905	11,453	N. V. Mudaliyappa, Esq. (Director)	Mysore Tobacco	8.62	10	1.25	1.00	1.00	Nil	3	Y.
90,00,000	1,60,09,810	1,59,45,856	57,73,961	50,829	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co. ..	46.00	10	2.00	2.00	2.50	2.50	3	Y.
30,00,000	31,10,865	61,52,470	29,05,655	67,385	Do.	National Pipes & Tubes Co., Ltd.	32.37	10	1.25	1.50	2.00	2.00	3	Y.P.
40,00,000	26,76,100	81,69,903	41,41,025	59,258	Do.	National Rolling & Steel Ropes ..	22.00	10	1.00	1.00	1.00	1.00	3	Y.P.
50,00,000	15,00,145	1,10,01,145	42,88,781	58,466	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd.	12.22	10	0.60	0.60	0.60	0.60	6	Y.
78,97,000	1,21,10,510	1,68,52,205	57,08,157	11,39,128	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	15.94	10	1.10	1.60	1.60	1.60	12	Y.P.
88,88,108	15,02,391	4,956	4,[illegible]	30,992	Ramdutt Ramkissendas. ..	New India Investment Corpn. Ltd.	42.00	75	3.75	6.50	6.50	6.50	12	Y.P.T.
15,00,000	7,02,000	15,17,585	7,24,901	1,81,361	Parry & Co. Ltd.	Parrys Confectionery Ltd. ..	5.30	1	0.50	0.50	0.50	0.50	12	Y.
2,20,00,000	63,83,140	2,44,48,270	84,78,320	1,43,484	W. A. C. H. Bosschaart, Esq.(Chairman)	Phillips India Ltd.	22.50	10	0.85	1.20	0.80	0.20	3	Y.
62,50,000	..	4,86,081	..	1,76,940	Duncan Brothers & Co., Ltd.	Phillips Carbon	25.12	5	..	..	..	Nil	12	Y.
1,00,00,000	1,09,431	8,89,731	2,90,184	2,558	A. Y. Raghava Rao, Esq. (Mg. Director)	Radio & Electricals Ltd. ..	3.90	5	0.375	0.375	Nil	Nil	3	Y.
35,60,738	17,25,287	48,63,614	24,00,077	43,537	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd.	19.37	10	1.60	1.60	1.80	1.80	3	Y.
2,25,00,000	3,15,42,305	71,06,305	36,01,800	4,35,653	Radridas Goenka, Esq. (Chairman)	Rallis India Ltd.	138.50	100	Nil	Nil	4.00	8.50	3	Y.
4,98,80,000	2,54,60,000	16,98,24,741	6,76,83,625	5,96,527	Birla Brothers	Reliance Industries	15.94	10	2.00	1.50	2.00	1.80	3	Y.P.
70,00,000	61,94,700	2,88,25,680	94,62,276	7,622	K. D. Gangull, Esq. (Secretary)	Sen-Raleigh Industries	19.00	10	0.60	0.80	0.80	0.80	9	Y.P.T.
31,50,000	....	63,83,111	5,29,454	14,23,659	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	10.10	10	Nil	Nil	Nil	..	3	Y.P.
15,00,000	1,01,890	19,67,084	5,31,233	3,028	Mr. M. A. Chidambaram (Chairman).	Southeren Ind. Corporation ..	9.00cd	10	Nil	1.50	1.30	..	12	Y.P.
6,25,900							7.50	Nil	Nil	..	0.225	..		
49,80,000	3,82,300	38,06,520	3,65,613	11,26,061	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	11.25	10	Nil	Nil	Nil	..	12	Y.
75,00,000	50,63,984	1,40,58,619	48,64,058	21,315	S. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd. ..	24.50	10	1.00	1.80	1.50	1.50	12	Y.
48,00,000	91,62,371	1,89,14,854	81,60,483	8,57,359	Sir Biren Mukerji, Esq.	Spencer & Co., Ltd.	23.50cd	10	1.50	1.80	1.80	1.80	12	Y.P.
40,00,000	10,40,000	1,62,36,911	50,75,165	1,037	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products ..	16.62cd	10	0.75	0.90	0.90	0.90	6	Y.P.
1,40,00,000	1,23,76,812	5,06,31,915	18,34,316	61,890	J. K. Agents Private Ltd.	Straw Products Ltd.	10.00	10	1.25	1.25	Nil	0.70	12	Y.P.
9,98,980	48,665	18,55,927	8,49,200	2,972	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass ..	6.70cd	10	0.40	0.60	0.60	Nil	3	Y.
11,34,100	10,45,653	34,00,718	7,70,662	91,515	K. H. Stanes, Esq. (Mg. Director)	T. Stanes & Co., Ltd.	31.00	10	2.00	2.75	0.60	0.70	12	Y.
2,50,00,000	1,56,81,814	8,97,56,080	93,05,418	12,08,888	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	286.00	100	10.00	10.00	10.00	10.00	3	Y.
26,25,000	29,686	68,68,938	37,05,838	54,256	Birla Brothers Private Ltd.	Tungabhadra Industries Ltd. ..	7.75	10	Nil	Nil	Nil	10.00	3	Y.
3,00,00,000	2,48,60,275	7,17,75,481	1,49,63,561	42,35,039	J. R. Galloway, Esq. (Mg. Director)	Union Carbide India Ltd. ..	48.50	10	1.40	1.80	1.80	1.80	9	Y.
2,50,00,000	60,00,000	58,88,994	19,50,050	53,924	Vittal Mallya, Esq. (Chairman).	United Breweries	82.00	10	6.00	6.00	6.00	1.80	12	Y.T.
2,00,000	4,61,791	9,11,153	6,18,898	10,571	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd. ..	32.00	10	1.50	2.00	2.00	2.00	3	Y.
31,46,290	87,60,488	1,02,78,928	35,89,149	6,364	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd. ..	196.50	100	19.00	19.00	19.00	12.00	3	Y.P.
					TRANSPORT									
20,00,000	27,18,587	53,71,269	23,96,464	11,765	Andrew Yule & Co., Ltd. ..	Bengal-Assam Steamship Co. ..	115.00xd	100	6.00	3.00	7.50	7.50	12	Y.P.
1,00,00,000	61,32,796	4,36,99,781	2,33,57,012	—38,10,589	Dinshaw (Private) Ltd.	Bharat Line	4.06	10	1.20*	Nil	Nil	..	12	Y.
99,00,000	2,08,62,445	8,16,52,906	2,55,75,629	1,85,750	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern ShippingCo. ..	12.64	10	1.50	1.50	1.00	0.75	3	Y.
20,00,000							6.00	5(New)	0.60	0.60	0.336	0.50	6	Y.
5,65,385	£1,342,443	£5,811,271	£3,638,891	—£3,866	Kilburn & Co. Private Ltd. ..	India General Navigation & Rly. Co. ..	60.50	£10	Nil	Nil	0.60	0.35	6	Y.
3,47,50,000	2,46,51,885	23,76,87,961	5,76,03,317	—41,04,534	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	7.06	10	1.00	1.00	1.00	Nil	12	Y.
1,88,19,225	11,13,95,184	26,12,01,740	11,55,88,414	2,82,887	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co. ..	12.36	20	1.25	1.50	0.60	0.60	3	Y.P.T.
9,40,80,900	26,43,476	16,35,940	10,17,671	1,56,028	R. R. Aiyer, Esq. (Manager) ..	Walford Transport Ltd.	8.75	O. 1	0.14	0.20	0.60	0.60	6	Y.
9,0.2,10,200							2.75	F.O. 1	0.12	0.15	0.20	0.20	12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1958 Rs. nP.	1959 Rs. nP.	1960 Rs. nP.	1961 Rs. nP.	Accounts closed	Reference
25,50,000	29,20,780	1,39,22,812	85,35,843	26,149	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields ..	21.94	10	1.25	1.50	1.00	1.25	3	Y.
12,00,000	5,09,272	41,29,074	24,78,442	—2,59,124	Jardine Henderson Ltd. ..	Barraree Coke	23.69	10	0.80	Nil	Nil	Nil	3	Y.
4,49,350	1,52,388	11,57,089	6,92,033	5,392	Kalyanji Mavji & Co. ..	Bengal-Bhatdee	3.48	10	0.25	Nil	Nil	..	3	Y.
1,20,00,000	2,44,30,490	7,89,11,386	5,07,62,864	10,42,254	Andrew Yule & Co., Ltd. ..	Bengal Coal	370.00	100	17.50	25.00	25.00	21.00	12	Y.
2,50,000	5,45,335	2,83,[illegible]	31,50,[illegible]	16,[illegible]	M.	Bengal-Nagpur	19.50	10	Nil	Nil	Nil	2.50	12	Y.P.
40,00,000	64,225	1,28,84,544	69,95,124	—1,92,086	Sahu Jain Ltd.	Bharat Collieries	3.75	10	0.60	Nil	1.00	Nil	3	Y.
7,15,900	8,81,772	59,01,884	37,69,468	—6,87,301	M.	Bhulnbanarasee	25.69	10	Nil	Nil	Nil	Nil	6	Y.P.T.
7,50,000	22,77,003	45,77,869	29,53,844	33,047	M. W. Hellgers & Co. (Private) Ltd.	Borrea	19.00	10	0.875	1.00	1.50	1.50	12	Y.T.
99,92,400	1,48,79,787	4,53,59,949	2,38,26,119	58,154	Bird & Co. Private Ltd. ..	Burrakur	11.87	10	0.60	0.50	1.38	1.50	12	Y.P.
49,97,750	6,32,979	82,38,203	31,00,614	1,11,870	Hindustan Investment Corpn. Ltd.	Central India	5.00N	10	0.50	0.50	1.30	1.30	3	Y.P.T.
3,00,000	12,99,490	7,95,[illegible]	2,95,541	—1,95,541	Jain Industries	Central Kurkend	7.25	10	Nil	Nil	Nil	1.00	3	Y.
16,00,000	..	59,02,869	34,77,254	86,121	M.	Dhemo Main	49.62	10	Nil	Nil	Nil	..	3	Y.
2,46,900	4429,207	£1,464,191	£857,968	£16,220	Jardine Henderson Ltd. ..	East Indian	1.00	1	1.00	1.25	Nil	..	12	Y.
20,68,780	2,18,76,888	3,65,75,170	3,63,55,116	33,594	Macneill & Barry Ltd. ..	Equitable	1.50	1	0.75	1.00	1.00	1.00	4	Y.
15,00,000	..	27,42,564	9,88,023	—5,84,285	Bhaiter's Agency Ltd. ..	Ghusick and Musli's	39.50	50	Nil	Nil	1.50	1.00	12	Y.P.T.
13,00,000	2,08,371	44,46,519	29,14,342	797	Killick Industries Ltd. ..	Hingir-Rampur	Nil	Nil	Nil	Nil	Nil	..	3	Y.
2,00,000	....	26,07,213	20,64,191	—3,65,025	M.	Hurriladih	Nil	Nil	Nil	Nil	Nil	..	3	Y.
20,00,000	7,64,717	45,86,822	12,93,332	40,019	Bird & Co. Private Ltd. ..	Karanpura Collieries	21.00	10	1.50	2.00	2.00	..	6	Y.P.
14,58,400	16,01,825	61,69,277	42,88,781	1,11,642	Andrew Yule & Co., Ltd. ..	Katras Jherriah	51.00	10	4.50	6.00	7.50	10.00	12	Y.
9,00,000	19,22,762	29,57,644	28,77,712	57,591	H. V. Low & Co. (Private) Ltd.	Lakurka	2.00	10	0.75	0.50	0.50	4.00	2	Y.P.
7,48,246	54,787	13,81,580	10,27,041	8,967	Tantia Brothers Private Ltd.	Nazira	6.31	10	0.75	1.00	0.40	..	4	Y.
81,27,210	24,27,283	1,40,55,319	1,11,11,135	93,545	Andrew Yule & Co., Ltd. ..	New Beerbhoom	14.25	10	1.00	1.00	0.75	..	3	Y.
6,00,000	3,90,306	12,37,138	3,80,199	51,280	Octavius Steel & Co., Ltd.	New Manbhoom	9.50	10	0.80	1.00	1.00	1.00	12	Y.
1,15,000	4,31,409	17,65,275	10,59,556	15,045	M.	North West	20.00N	10	1.50	1.50	0.75	0.90	12	Y.P.
1,57,500							17.25N	7.50	1.13	1.12	1.50	1.50	10	Y.
7,50,000	13,22,545	2,92,538	22,85,007(k)	45,060	P. Prashad, Esq. (Chairman)	Ondal	18.50N	10	0.50	1.12	1.50	2.00	3	Y.
2,54,800	1,37,202	35,04,745	18,15,937	1,617	Deepchand Kishenlall ..	Parasea	19.00	10	0.50	0.50	0.60	0.60	3	Y.
12,75,000	23,54,500	53,62,260	51,27,399	59,130	Shaw Wallace & Co., Ltd. ..	Pench Valley	2.00	10	0.50	0.50	0.125	0.75	12	Y.P.
20,00,000	39,45,121	1,59,19,255	1,10,16,981	50,804	M.	Raneegunge	16.12	10	1.00	1.00	1.00	1.00	12	Y.P.T.
12,50,000	11,31,590	52,02,257	35,97,256	29,537	Shaw Wallace & Co., Ltd. ..	Rewa	29.12	10	1.00	1.00	1.50	1.00	3	Y.
27,50,000	35,00,970	1,12,26,341	38,46,370	26,998	M.	Samla Collieries	8.37xdN	10	1.00	1.00	0.75	1.70	3	Y.
33,59,150	4,97,010	48,62,901	12,99,030	7,238	T. D. Sethia & Co. Private Ltd.	Selected Saigram Collieries.	155.00	100	12.50	0.70	16.80	..	3	Y.
2,50,000	12,23,716	39,20,082	21,46,076	67,383	Andrew Yule & Co., Ltd. ..	Seebpore	45.00	7	1.75	16.80	16.00	..	12	Y.
5,00,000	4,54,648	35,740	13,04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd.	Sendra	7.50	10	Nil	5.00	5.00	14.00	12	Y.
3,60,00,000	1,03,14,525	10,18,84,729	4,10,29,316	47,033	Andrew Yule & Co., Ltd. ..	Singareni	10.00	10	0.75	0.75	0.50	3.00	12	Y.P.
27,12,500	7,71,506	45,87,769	23,47,469	—1,54,124	F. W. Heilgers & Co. (Private) Ltd.	South Karanpara	9.50	10	0.75	0.75	0.70	0.85	12	Y.
3,06,000	1,48,960	1,53,707	26,76,159(k)	38,908	Bird & Co. Private Ltd. ..	Standard	10.00	10	0.75	0.75	0.75	0.75	12	Y.
3,58,000	3,12,980	20,48,970	18,40,987	—41,100	R. M. Varma, Esq. (Mg. Director).	Union	9.75	10	0.25	1.50	0.25	1.50	3	Y.
49,93,000	5,90,557	60,22,311	32,69,789	15,622	Hindustan Investment Corpn. Ltd.	Western Bengal	4.87	10	0.40	Nil	Nil	1.00	3	Y.
7,00,000	....	60,22,311	32,69,789	26,311	M.	West Jamuria	9.75N	10	Nil	0.40	0.60	0.75	12	Y.
										Nil	Nil	Nil	3	Y.
													12	Y.

‡—The reserves of Suraw Products Ltd. include a non-distributable amount of Rs. 63,40,054 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955.

‡‡—Give Row Investment:—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors.

N.B.—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only.

(k) Investments.

§§ Investment at cost.

* Includes bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.	
BANK							
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	95.00	100	
BREWERIES AND SUGAR							
Bharat Sugar R.C.	5,00,000	1931	5.00	Dec. ..	70.00N	100	
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April	84.50	100	
Carew & Co. T.F.R.C.	8,00,000	1875	6.00

MARKET GOSSIP

(Concluded from page 1103)

of transmitting money so efficient, so inexpensive and so widely available that there was no need for a Government-sponsored service to supplement them.

Mr. Fairbairn made it clear that he was stressing these problems, which might be made more acute by the U.K. joining the Common Market, "not as dangers to be feared but as challenges to be accepted by all of us." He felt that the purely economic effects of Britain joining the E.C.M. would, on balance, prove favourable. Banks would be affected both directly and indirectly; directly by European banks' competition in interest rates and charges and indirectly by the experience of customers who would have to be assisted in every way and whatever vicissitudes they might encounter. In Mr Fairbairn's opinion, three aims of the Rome Treaty would affect the banking system directly. They are (1) the harmonisation of national monetary policies, (2) the grant of complete freedom of movement for capital transactions through the progressive elimination of exchange controls, and (3), the liberalisation of banking and insurance services. It was too early to say what widening of interest might become necessary as a result of the liberalisation of banking services. But Mr. Fairbairn felt that, eventually, it could mean the establishment of branch networks covering the whole area or the forging of closer links with banks in other countries. Already several groups of banks mainly concerned with investments had been formed in the countries of the Six. The formation of similar groups of commercial banks could not, he felt, be ruled out.

Insecticides Industry

Agricultural crops in India suffer considerable damage owing to the attack of insects and pests every year. No precise estimate of this damage, however, has been made so far, except for certain States. For instance, the agricultural production team of the Ford Foundation, which studied agricultural problems in this country in 1959, estimated that the Punjab alone suffered a loss of as much as Rs. 18 crores annually on account of damage to crops by insects (of which there are 250 species) and a few species of mammals and anthrapods. This should give one an idea of the colossal extent of damage caused in the whole of India by insects and pests. It is against this background that increasing emphasis is being laid on plant protection programmes as part of the drive for expanding agricultural production. The third Plan stresses the need for popularising the application of insecticides among farmers. It is only natural, therefore, that the insecticides industry should have acquired considerable momentum in recent years. The output of several insecticides, pesticides and fungicides has been going up steadily. The total production of D.D.T., for instance, aggregated 2,820 tonnes in 1961. (as against only 800 tonnes in 1957). B.H.C. (tech) 4,630 tonnes (1,880 tonnes in 1957) and pesticidal formulations (solid) 23,000 tonnes (as against about 18,000 tonnes in 1957). It is estimated that the demand for D.D.T. will go up to 6,000 tonnes by the end of the third Plan and for B.H.C. to 15,000 tonnes. So the prospects for the industry appear to be bright.

A new phase in the Indian farmers' fight against insects and pests will open with the completion of the experiments now being conducted by C.I.B.A., the well-known Swiss firm, on the applicability of some of its insecticides for Indian crops. This firm has developed some new types of agro-chemicals, claimed to be very effective against the attack of various kinds of insects on crops. Dr. G. Heim, Ciba's specialist in agro-chemicals, who left India this week after an extensive tour of the country, claimed, at a Press conference held in Bombay, that the application of Ciba's agro-chemicals would raise production of agricultural crops by 30 to 60 per cent. In countries with similar conditions and problems. Dr. Heim observed, the yield from cotton has been increased by 60 per cent by the use of Ciba's insecticides. It is said that the quality of the crops would also be improved by the use of these agro-chemicals. Ciba, it may be noted, specialises in the manufacture of systematic insectirides which penetrate into the internal plant system and offer resistance against pests and insects. One of the most effective Ciba products is said to be *dimecron*, a formulation based on phosphamidon. According to Dr. Heim, this is the only water-soluable systemic insecticide in the world. The water solubility of this product presents a special advantage for crops grown for edible oils, such as groundnuts, because it eliminates the possible danger of toxic residue in the final products. *Dimecron*, we are told, is already being used in the U.S. and the Middle East and other countries. This product is being tested at the various agricultural research centres in India.

Also being tested in India is a volatile insecticide produced by Ciba, called *nuvan*, a highly potent fumigant and contact insecticide for agricultural pests. *Nuvan* is said to be effective against flies, mosquitoes, gnats, wasps, hornets, mites, lice, fleas, ticks, bedbugs, cockroaches, carpet beetles, ants and silverfish. Other fields of Ciba research and testing in agro-chemicals, which Dr. Heim claims will make a major contribution to pest control, are mineral oil insecticides, against the dormant stages of insects (eggs) and against scales. Ciba's wide range of agro-chemicals also includes effective fungicides for protection of rubber plants, palm trees and hill fruits. Mr. P. Oberer, who is in charge of the world-wide sales of Ciba agro-chemicals, has also arrived in India to explore the consumer potential for these products in this country. But Ciba does not seem to have any immediate plan to put up a plant for the manufacture of these chemicals in India. It is to be hoped, however, that the Company will not hesitate to commence their production in India, if their products find a good market here.

Conference of Telephone Officials

There have been numerous complaints against the telephone system in this country. The business community, in particular, has been hit hard on account of defective telephone services in all the major cities. A reference to the exasperation of telephone users was made in an article in this journal only last week. It is, therefore, gratifying to note that there is some response from the Government to these grievences. Mr. Jagjivan Ram, Union Minister for Transport and Communications, convened a conference of general managers of telephones and other senior officials this week at New Delhi. What transpired at the meeting is still not clear. Obviously, the officials, piqued by persistent complaints, have at last opened their eyes to the plight of telephone users. It will, however, be wishful thinking to expect any immediate remedies for the ills afflicting the telephone system.

It would appear that the officials who participated in the meeting mentioned above attributed the present defects in the telephone system to slow implementation of certain schemes for improvement. The departmental control of telephones system, it appears, makes it difficult for the authorities to take quick decisions for implementing new programmes.

Although the local and trunk telephone systems comprise a wide network throughout the country, four major cities, Bombay, Delhi, Calcutta and Madras alone account for 50 per cent of the load on the systems. If, therefore, the expansion programme now undertaken to provide a large number of telephone circuits linking some of the major cities is put through expeditiously, the pressure of demand on telephone services will be largely eased. The World Bank, it is said, has extended a large loan for the purpose. If this is true, it should be possible to expedite these development projects. The consideration of the question of setting up a corporation should not come in the way of swiftly executing the development schemes.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 21st June 1962.

	Closing quotations 13-6-1962	High	Low	Closing quotations 21-6-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	199.00xd	189.00	188.00	189.00
Apollo (2)	2.16	2.32	2.16	2.30
Baroda Rayon (100)	132.00	142.50	132.00	142.00
Bombay Dyeing (25)	68.10	68.40	67.70	68.30
Bradbury (50)	187.50	190.00	187.50	190.00
Central India (100)	148.00	151.00	147.00	150.00
Century Mills (100)	625.00	634.00	623.00	632.50
Coorla Sp. (100)	160.00	—	—	160.00
Dawn (50)	151.00	152.00	151.00	151.00
Edward Textile (200)	375.00	372.50	365.00	365.00
Elphinstone (50)	127.00	126.00	122.00	122.00
Finlay (100)	303.00	307.00	301.00	306.00
Gokak (100)	209.50	211.00xd	197.00xd	197.00xd
Gold Mohur (100)	235.00	235.00	232.50	235.00
Gwalior Rayon (10)	56.00	63.00	55.50	63.00
Ind. Untd. Defd. (1)	3.22	3.32	3.16	3.30
Ind. Untd. Ord. (10)	21.68	22.08	21.56	22.04
Indian Rayon (100)	110.00	115.00	110.00	115.00
Indore Malwa (100)	180.00	180.00	176.00	179.00
Khatau (100)	472.50	485.00	471.25	482.50
Kohinoor (100)	297.00	307.00	296.50	304.50
Madhal (100)	820.00	837.50	805.00	837.50
Minerva Mills (100)	88.00	—	—	88.00
Model Nagpur (250)	133.00	—	—	—
Monarji (100)	410.00	412.00	405.00	407.00
Mysore (50)	61.00	61.00	60.70	61.00
National Rayons (100)	509.00	526.00	503.00	525.50
New City (100)	181.00	—	—	181.00
New Great (100)	306.00	309.00	305.50	307.00
Phoenix (100)	240.00	237.00	233.00	233.00
Podar Mills (100)	147.00	147.00	144.00	147.00
Raymond Woollen (100)	148.00	148.50	146.50	148.00
Sassoon Silk (10)	14.00	—	—	14.00
Sassoon Spg. (10)	59.00	60.00	59.00	60.00
Shrinivas (100)	260.00	267.00	260.00	265.00
Simplex (50)	170.50	171.00	168.00	168.50
Standard (100)	970.00	991.00	960.00	988.00
Svadeshi (100)	274.00	277.50	272.50	275.75
Swan (100)	320.00	320.00	310.00	310.00
S. I. Viscose (100)	168.00	176.50	166.00	176.50
Tata Mills (25)	68.50	68.50	66.80	67.50
Lakshmi-Vishnu (100)	139.00	140.00	139.00	140.00
Western India (250)	802.50	—	—	802.50
BANKS				
Bank of India (50)	111.50	111.50	111.00	111.00
Do. (New) (50)	118.00	119.50	113.00	118.50
Bank of Baroda (50)	96.00	95.00	88.00	90.00
Central (25)	61.50	62.00	61.50	61.50
Central '24' (25)	63.00	63.00	62.50	63.00
Dena Bank (50)	60.00	—	—	60.00
Punjab National (10)	21.00	21.00	20.76	21.00
Union Bank (5)	7.88	7.88	7.80	7.80
United Com. (50)	87.00	87.00	86.00	86.00
Maharashtra (50)	77.00	—	—	77.00
ELECTRIC COS.				
Ahmedabad (100)	89.00	89.00	88.00	89.00
Amalgamated (10)	10.28	10.28	10.12	10.12
Andhra Valley (1000)	1,015.00	1,020.00	1,015.00	1,017.50
Bom. Sub. El. (100)	103.25	103.25	103.00	103.25
Surat (100)	96.50	96.50	95.50	96.00
Tata Hydro (100)	113.00	113.00	112.50	113.00
Tata Power (1,000)	1,105.00	1,112.50	1,102.50	1,112.50
INSURANCE COS.				
British India (10)	12.52	—	—	12.52
Indian Mercantile (40)	58.00	—	—	58.00
New India (15)	70.50	71.00	70.20	70.50
New India 'A' (15)	71.50	71.80	71.00	71.80
Vulcan (10)	17.24	—	—	17.24
STEEL COS.				
Ind. Iron (10)	25.50	25.90	25.30	25.85
Mukand Iron (10)	25.70	26.10	25.40	26.10
Tata Steel Ord. (75)	147.50	147.50	145.00	147.25
SUGAR COS.				
Belapur (50)	225.00	231.50	224.00	231.50
Bhopal (10)	21.24	—	—	21.24
Changdeo (12.50)	23.24	23.24	23.00	23.00
Maharashtra (50)	171.00	171.00xd	154.00xd	161.00xd
Phaltan (50)	100.00	102.50	99.50	102.50
Walchand Ind. (100)	156.00	157.00	155.50	157.00
CEMENT COS.				
Associated Cts (100)	156.00	158.00	156.00	158.00
Digvijay (100)	204.00	208.00	201.00	206.50
Orissa (10)	19.96	20.24	19.60	20.24
MISCELLANEOUS				
Alcock Ashdown (100)	827.00	827.00	822.00	827.00
Amar Dye-Chem (100)	308.25	310.00xd	296.22xd	305.00xd
Bom. Burmah (125)	668.00	678.00	668.00	678.00
Do. (New) (50)	270.00	268.75	265.00	266.25
Br. B. Petrol (1½ sh.)	1.88	1.94	1.76	1.92
Br. I. Corpo. (5)	9.12	9.36	9.12	9.36
Cooper Eng. (100)	188.25	188.00	182.00	182.00
Colour Chem. (100)	466.25	477.50	463.75	475.00
Hind Cycle (100)	120.00	125.00	115.00	125.00
Hindustan Lever (10)	47.25	48.00	47.25	48.00
Hindustan Motors (10)	19.52	20.00	19.24	19.96
I. C. & Invest. Corporation (100)	89.50	90.00	88.50	90.00
Indian Dyestuff (100)	500.00	507.50	480.00	505.00
Indian Copper (2 sh.)	5.00	5.04	4.78	5.00
Ind. Inv. Tr. (100)	78.00	78.00	77.50	77.50
Kilitoka (100)	90.50	90.50	89.50	89.50
Larsen & Toubro (10)	31.50	33.00	31.40	33.00
Mahindra & Mahindra (10)	18.00	18.88	18.24	18.52
New Central Jute (10)	16.88	16.00	15.60	16.00
Polychem (50)	190.00	196.25	180.00	196.25
Polson (100)	185.50xd	—	—	185.50
Pre. Automobiles (100)	131.00	132.00	129.75	131.50
Premier Cen. (30)	160.00	162.00	159.00	161.50
Scindia (20)	12.32	12.48	12.24	12.40
G. E. Shipping (10)	12.60	12.64	12.60	12.64
Shivrajpur (10)	35.50	36.00	34.25	35.50
Sirpur Paper (10)	13.12	13.32	12.68	13.28
Synthetics and Chem. (100)	216.00	231.00	213.00	231.00
Tata Chemicals (10)	16.04	16.16	15.84	16.12
Tata Locomotive (100)	354.00	359.00	352.50	358.00
Tata Oil (25)	80.00	80.50	78.00	78.50
Texmaco (10)	25.25	25.25	24.88	25.10
Voltas (100)	284.00	285.50	278.00	286.00
W. I. Match (100)	292.00	292.50	290.00	291.50
W. Coast Paper (100)	172.00	182.00	172.00	181.00

GOVERNMENT SECURITIES	13-6-1962	Gross Yield		21-6-1962
		Earlier Redemption	Later Redemption	
	Rs.			Rs.
2½% 1962	99.35	—	4.22	99.35
2½% 1974	83.50	—	4.22	83.50
3 % 1963-65	96.65	—	4.33	96.60
3 % 1966-68	96.85	—	4.37	96.80
3 % 1970-75 1st Dev.	96.85	5.76	5.80	96.80
3 % 1986 Con. Loan	96.85	5.94	5.98	96.80
3½% 1964 N.P. Loan	71.00	4.48	4.66	96.80
3½% 1965 N.P. Bonds	99.45	—	4.23*	71.05
3½% 1966	99.90	—	3.52	99.90
3½% 1967 N.P. Bonds	96.80	—	3.62	99.65
3½% 1972	99.25	—	3.58	96.80
3½% 1987 N.P. Bonds	99.90	—	3.75	99.25
3½% 1969 Loan	96.80	—	3.88	99.90
3½% 1968	96.80	—	3.77	96.80
3½% 1965 N.P. Bonds	99.65	—	3.77	99.05
3½% 1968 N.P. Bonds	96.85	—	3.75	98.80
4 % 1972 Loan	96.85	—	3.84	96.85
4 % 1973 Loan	100.90	—	3.78	96.80
4 % 1979 Loan	100.10	—	3.97	96.80
4½% 1966 Bonds	99.80	—	4.25	100.90
4 % 1980 Loan	99.65	—	3.95	100.05
4 % 1981 Loan	99.25	—	3.96	99.40
	96.80	—	4.05	99.25
		—	4.10	96.80

* Current Income. CR.—Cum-Right. xd—Ex-dividend. xd—Cum-dividend. xr—Ex-Right.

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1958	1959	1960	1961	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
44,89,900	1,12,50,000	6,09,614	Allahabad Bank	396.00	100	18.00	18.00	18.00	18.00	12	Y.P.
1,01,000	26,38,220	12,942	Andhra Bank	94.40	100	6.00	8.00	8.00	8.00	6,12	H.
40,78,300				75.24	85	5.10	6.80	6.80	6.80	12	Y.
1,50,00,000	1,81,24,560	3,02,558	Bank of Baroda	89.00	50	6.00	7.00	8.50	8.50		
2,50,00,000	3,23,00,000	29,16,351	Bank of India	111.00	50	8.00	8.00	10.00	10.00	6,12	R.L.Y.
50,00,000 'A'				113.00	50'A'	8.00	8.00	1.00	10.00		
39,65,310	22,00,000	42,350	Bank of Maharashtra	77.00	50	8.25	4.50	5.50‡	4.50	12	Y.
41,00,000	63,00,000	47,240	Canara Bank Ltd.	80.75	50	5.00	7.50	7.50	7.50	12	Y.P.
12,50,000	21,00,000	15,450	Canara Banking Corporation Ltd.	75.25	50	5.00	7.50	7.50	7.50	12	Y.P.
'A' 5,99,340	53,50,471	34,751	Canara Ind. & Bkg. Syndicate Ltd.	171.50	100'A'	15.00‡	20.00‡	20.00‡	20.00‡	12	Y.P.
'B' 15,00,000				16.75	10'B'		2.00‡	2.00	2.00‡		
'C' 2,00,000				1.18	1'C'	0.15‡	0.20	0.20	0.20‡		
2,02,50,000	4,18,08,635	23,36,734	Central Bank of India Ltd.	61.50	25	3.50	4.30	5.10‡	5.00	12	R.L.Y.
'A' 52,50,000				63.00	25	3.50	4.30	5.10‡	5.00		
50,00,000	75,16,000	13,51,096	Devkaran Nanjee Banking Co.	60.00XR	50	3.50	2.62	4.38	5.50	12	Y.
3,00,00,000	2,00,00,000	50,90,874	Habib Bank Ltd. P.	22.40	5	15%	14.6%	17.5%	20%	12	Y.
1,25,00,000	10,00,000	13,262	Hindustan Commercial Bank	17.25	50	Nil	Nil	Nil	Nil	12	Y.
50,00,000	2,85,000	28,889	Hindustan Mercantile Bank	15.00	50	Nil	Nil	Nil	Nil	12	Y.
60,60,000	88,01,884	1,48,636	Indian Bank	176.00	100	13.00‡	15.00‡	15.00‡	15.00	12	R.L.Y.
25,19,874				162.00	90	10.40‡	12.00‡	13.00‡	13.50		
81,25,000	78,36,660	2,22,933	Indian Overseas Bank	164.50	100	10.00	12.00	14.00	14.00	12	Y.
15,00,000	15,38,000	21,284	Pandyan Bank Ltd.	25.00	25	2.50	3.56	2.50	1.875	12	Y.
1,99,36,910	2,10,38,691	10,37,738	Punjab National Bank—K	21.00	10	2.00	2.00	2.00	2.00	12	Y.
5,62,50,000	8,20,00,000	50,41,356	State Bank of India	357.50	100	16.00	20.00	22.75	23.00	12	Y.
60,00,000	60,00,000	1,48,391	Union Bank of India	7.80	5	0.44	0.57	0.57	0.57	12	Y.
2,00,00,000	2,35,00,000	2,07,428	United Commercial Bank	86.50	50	3.75	5.50	6.00	6.00	12	Y.
2,88,61,371	90,74,000	2,39,694	United Bank of India	8.50	10	0.30	0.43	0.43	0.60	12	R.L.Y.

PRINCIPAL EXCHANGE BANKS

					Dividend (per cent.)						
£6,600,000	£7,150,000	£494,910	Chartered Bank	£2-14-9	£1	15†	15†	15‡†	15†	12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£17	H.K. $25	sh. 12*	sh. 12*	sh. 15*	sh. 15*	12	Y.
£4,562,400	£8,050,000	£308,058	National and Grindlays Bank Ltd.	£2-14-9	sh.15	15†	12††	13††		12	Y.

‡ Includes bonus. K—Punjab National Bank—Dividend for 1957 is on shares of Rs. 25 each. * Sh. per Share free of tax.

P—Figures in Pak rupees. † Less tax. (i) Interim. O—On increased Capital. N.B.—All dividends declared since 31st March 1959 are taxable.

xr—Ex-Right.

COMMERCE

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

VOL. CIV. No. 2672 BOMBAY, 30th JUNE 1962 PRICE Rs. 2

BANKS AND DEPOSIT MOBILISATION

IT is obvious that banks will have to mobilise deposits at a greater pace than they have been able to do in the first and second Plan periods, if they are to fulfil their role as provider of credit needed by the private and public sectors alike to fulfil the third Plan targets. Experience in the past two years clearly indicates that it will not pay them to supplement their deposit resources through borrowings from the Central banking institution. With uncertainties shrouding the third Plan production targets for agriculture, industry and trade and with no specific plan to ensure price stability, one cannot be categorical in estimating the credit that will be required in the remaining four years of the Plan. Indeed, some banks are already concerned over the failure of industrial and agricultural production to come up to expectations and are wondering whether the demand for bank credit will be sufficiently large in the next busy season to keep pace with the growth in deposits now taking place. It may be noted here that, in the first half of 1962 (upto 15th June to be precise), aggregate net deposits of scheduled banks rose by as much as Rs. 178 crores, as against about Rs. 72 crores in the corresponding half-year of 1961, after making adjustments for the transfer of P.L. 480 funds from the State Bank of India to the Reserve Bank, and Rs. 180 crores in the whole of 1961. The slowdown in economic growth, however, may be a passing phase and the situation may improve in course of time. That at any rate seems to be the opinion of banks in general, for it is significant that none of them is prepared to reduce the rates of interest on term deposits. On the contrary, all of them are paying 3 per cent even for three-day deposits when the call money rate is 1¼ to 1½ per cent. It will, therefore, be prudent on the part of banks to proceed on the assumption that the third Plan targets will be realised and strive hard to get more deposits. The prospect of burdensome surpluses of deposits is dim, if not *nil*, and the problem of surplus funds can always be more easily handled than that posed by scarcity of funds.

A rough idea of the amount of credit that banks will be called upon to provide in the remaining years of the third Plan was given by Mr. P. C. Bhattacharyya, Governor of the Reserve Bank of India, in his address to the trainees of the Staff Training College of the State Bank of India at Hyderabad on 26th June 1962. According to him, the credit requirements of trade and industry during the four years 1962-63 to 1965-66 may be anywhere between Rs. 600 and Rs. 700 crores. In addition, banks, as the single largest holders of Government securities, will have to find funds for taking up the major portion of Government loans. The third Plan target of public borrowings is Rs. 800 crores, of which some Rs. 155 crores were raised in the first year, leaving a balance of Rs. 645 crores. Since small savings are unlikely to yield the total of Rs. 600 crores assumed in the Plan, public borrowings will have to be more than the targeted figure. At least, a third, if not more, of such borrowings may have to be supported by banks. On this basis, we reckon that, in the remaining years of the third Plan, banks will have to provide anything between Rs. 900 and Rs. 1,000 crores of credit to both the sectors. As Rs. 10 have to be kept on hand as cash reserve for every Rs. 100 taken as deposit, they will have to raise deposits of the order of Rs. 1,000 to Rs. 1,100 crores in the next four years in order to take care of the needs of both the sectors with comfort and ease. In other words, the deposit accretion will have to be at the rate of Rs. 250 to Rs. 280 crores per annum on an average. The rate of growth achieved in the first half of this year is encouraging enough to warrant the conclusion that an increase of this order is not beyond the limits of practicability. But one can never be so sure, for there will always be ups and downs. In the past ten years, for instance, the year-by-year increase in deposits has not been uniform and there have been periods of acute stringency calling for special measures by the Reserve Bank. If regard be had to these points, one will readily concede that there is no exaggeration in Mr. Bhattacharyya's remark at Hyderabad this week: ".... it would be a mistake to rest on our laurels and let matters continue as they are at present. No effort whatever should be spared to speed up further the rate of deposit growth." The past six months have witnessed some vigorous efforts on the part of banks to accelerate the growth of deposits. In the light of figures quoted earlier, it can be said that they have doubtless yielded significant results. And, considering the future requirements of the country, there is no doubt that they must continue them vigorously and judiciously.

The task of deposit mobilisation that lies ahead of banks may also be viewed against the background of the actual growth of deposits during the fifties that closely correspond to the first and second Plan periods. During the five years ended December 1955 (roughly first Plan period) deposits increased, according to the Reserve Bank's latest publication on *Trend and Progress of Banking in India* during 1961 made available this week, by Rs. 129 crores, that is, at an average rate of 3 per cent per year. In the subsequent five years (roughly second Plan period), the accretion amounted to Rs. 602 crores, or an annual average of 12 per cent. In 1961 alone, the growth was Rs. 180 crores, or 11 per cent. All these figures, it may be noted, are exclusive of P.L. 480 deposits. The impressive rise in deposits last year was assisted by the steps taken by the Government and the Reserve Bank to restore confidence among the public in Indian banking which had suffered a marked setback in the autumn of 1960 following the failure of the Palai Central Bank. Introduction of deposit insurance, merger of some sub-standard banks with better banks, an increase in the rates of interest on deposits, attempts made by quite a few big and medium banks to improve their efficiency and vigorous drive for collecting deposits in various ways, all these steps helped banks in securing larger resources in the past year. Since then, in keeping with an understanding with the Reserve Bank, several banks have taken the initiative to strengthen their capital base through issue of additional capital and transfer of a substantial part of their enhanced profits to reserves. But there are two basic factors responsible for the growth of deposits in the past ten years. They are, as the Reserve Bank's report under reference rightly points out, "an expanded stream of savings flowing from the progressively increasing incomes generated in the two Plan periods and the spread of banking habit geographically over a wider area and more strata of the population assisted by the branch expansion programmes, notably that of the State Bank of India." The continuity of the first factor is assured, thanks to the third Plan, with a heavier outlay than under the second Plan. As for the second factor, there is enough evidence of the banks' keenness to spread the banking habit and steps are being taken by some of the banks to overcome the bottleneck of personnel by opening colleges for training staff in both theory and practice. In fine, the climate and the circumstances for mobilising deposits are favourable and success is assured, if banks are enterprising, a condition to which they seem to be quite alive. The prospects of success will doubtless be brighter still, provided there is better realisation among banks of the incentive value of interest rates on deposits in times such as the present when the demand for savings exceeds the supply.

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PAKISTAN'S ECONOMIC HEALTH

BOTH India and Pakistan inherited in 1947 almost identical economic problems, although the former started with a bigger industrial base and the latter with a better agricultural base. Both the countries have since been developing their economies in ways that have not been wholly identical. How successful they have been in dealing with the basic problems pertaining to population, agriculture, industry and trade could usefully be the subject of a comparative study. But the temptation to institute an economic comparison between the two countries may have to be resisted in the present delicate state of their political relationship. Even non-official opinion, such as that of this journal, may have to be expressed with a sense of responsibility, for otherwise it may

not be appreciated in Pakistan that this country has an abiding interest in its (Pakistan's) economic progress. It is this spirit which informs the approach of this article to the state of Pakistan's economy, as delineated on the pages of its *Economic Survey*: 1961-62—a bulky and comprehensive document received this week in Bombay.

The facts and figures gleaned from this *Survey* tell their own story, when suitably presented and interpreted. This story appropriately starts with the most basic of all basic questions—the question of population growth. Pakistan's population, as revealed by the 1961 census, is 93.8 million which represents an increase of about 24 per cent over the 1951 figure. As much as 54 per cent of the population is concentrated in East Pakistan which comprises only 15.1 per cent of the total area of Pakistan. With only 1.2 million non-Muslims, West Pakistan has virtually no minority problem. It is only East Pakistan, with its 11.2 million non-Muslims, that continues to have a minority problem of some significance. The percentage of literates to total population, as of 1961, is 15.3 in all-Pakistan—17.6 in the Eastern wing and 12.7 in the Western. The corresponding literacy figures for 1951 are, however, not available. The trend of increasing urbanisation is revealed by the percentage of urban population to total population in all-Pakistan; the relevant figures are 10.4 and 13.1, respectively, for 1951 and 1961.

Although foodgrains production has increased from 13.3 million tons in 1950-51 to 15.4 million tons in 1960-61, that is, by 16 per cent, the population increase over the period has been still greater, with the result that Pakistan has now become a net importer of foodgrains. As the *Survey* records, exports of grain, which were over 3 lakh tons in 1950-51, have been replaced by the net imports of over 16 lakh tons ten years later; but the *per capita* availability of grain for domestic consumption has increased hardly at all. The growth of *per capita* income at constant (average of 1949-50 to 1952-53) prices from Rs. 248 in 1950-51 to just Rs. 251 in 1961-62 is a further confirmation of the fact that, at present, the production and population curves are running far too close to each other. If real national income has risen absolutely from Rs. 1,858 crores in 1950-51 to Rs. 2,380 crores in 1961-62, that is, by 28 per cent, so has the population by an almost equal percentage. Thus the conclusion is reached in the *Survey* that the margin for increasing consumption is very narrow and that accumulation of capital, a vital requisite for further production increases in future, is even more severely restricted. Restraint on population growth, it is therefore suggested, should go hand in hand with expansion of production to realise Pakistan's national development goals. But there is no indication in the *Survey* as to whether any family planning movement has been or is being seriously thought of in Pakistan.

The "population-food-national income" situation in Pakistan may seem to suggest that there is something seriously wrong with that country's economic health. That, of course, is true to some extent. For instance, in the agricultural sector, the twin evils of salinity and water-logging have taken and continue to take a heavy toll of canal-irrigated land. In the Punjab part of West Pakistan, out of 13 million acres of canal-irrigated land, 1.3 million acres have completely gone out of cultivation due to salinity, 1.7 million acres are in an advanced stage of deterioration and a further 5.0 million acres are affected in varying degrees. Water-logging in this region is also widespread over an area of 1.4 million acres. A comprehensive ten-year reclamation plan to combat the twin menace at an aggregate cost of about Rs. 600 crores has recently been drawn up by an American Scientific Mission. The only hope for Pakistan's agriculture is held out by this plan. But this cannot be implemented without massive foreign assistance, especially from the United States. There is, secondly, the problem of low yields in agriculture—a problem which, in the opinion of the Pakistan Government, can be solved by "giving encouragement to co-operative farming over individual farming by small landowners." The following drastic remedies decided upon by the Pakistan Government provide, incidentally, a clue to the present situation of stagnation in agriculture:

(1) Small landholders should be encouraged to form co-operative farming societies with the help of incentives in the form of subsidised services and subsidised machinery.

(2) If small landholders do not agree to group themselves into co-operatives even through incentives, disincentives in the form of fiscal measures should be adopted.

(3) One of the conditions of allotment of State land will be that the allottees should, as far as possible, join a co-operative farming society.

(4) In the matter of distribution of available resources, namely, tractors, implements, fertilisers, etc., preference will be given to co-operatives over individual landowners.

Whether co-operative farming, if organised through such indirect coercion, will do the trick and introduce a dynamic element into Pakistan's agriculture remains to be seen. This programme of co-operativisation, like the one for combating the menace of salinity and water-logging, is only of a long-term significance. But, in the short-term, the two agricultural corporations (one for West Pakistan and the other for East Pakistan), set up last year and grant-aided to the tune of R. 90 crores since, may well channel aids to agriculture more efficiently and thereby bring about some increase in productivity. That the short-term outlook for agricultural production is not quite bad could be inferred from the steady rise in the index of all crops (Base: average of 1949-50 to 1952-53=100) from 117 points in 1959-60 to 124 in 1960-61 and 128 in 1961-62.

If the Pakistan Government is thinking more in terms of co-operation than of private enterprise in agriculture, it has fortunately been thinking in terms more of private than of State enterprise in industry. Its realistic approach to industrialisation is summed up by the following paragraphs in the *Survey*:

"Government efforts toward industrial development include a wide variety of incentives, concessions and facilities to the private sector which is expected to play the major role in this field. . . .

"A key feature of Government's industrial policy is to give maximum scope to private enterprise. Only the manufacture of arms and ammunition of war, the production of atomic energy and the field of railways, air transport and telecommunication are reserved for exploitation by the Government. There is also no intention or policy to nationalise industries."

Thanks to this approach, as well as to the generous terms offered to foreign investors, Pakistan's industrial sector has registered some very striking advance in recent years. The index of industrial production (base 1954=100) has risen from 180 in 1959 to 192 in 1960 and 213 in 1961. This growth has, of course, been greatly facilitated by that country's tax policy which is oriented to increasing the availability of goods by encouraging industrial and commercial activity, to creating a fiscal climate attractive to local and foreign invesors, and to rationalising and simplifying the tax structure. Without levying fresh taxes, this tax policy has effectively broadened the tax base, reduced tax evasion, generally improved yields and enabled the Government to offer some tax concessions in the budgets for 1961-62 and 1962-63. The improvement in the all-shares index from 191 on 30th June 1961, to 226 on 30th March 1962, is further evidence of the success of the financial policy during 1961-62 and of the confidence it has engendered in the investing community. The amendment effected in August 1961 in the Insurance Act has permitted insurance companies to invest 60 per cent of their life funds in "approved investments," as against the old limit of 40 per cent. This, along with the abolition in August 1961 of credit restrictions by the State Bank of Pakistan against shares of existing companies and the declaration of favourable results by a number of companies, has presumably led to greater activity on investment account in the stock market.

All this, of course, is indicative of better industrial health. But it would be an exaggeration to say that Pakistan's industrialisation is being financed almost entirely by private investment. It may be noted here that, since the beginning of Pakistan's second Plan, that is, 1st July 1960, loans for the establishment and expansion of a large number of industrial units have been obtained from foreign sources to the tune of $678 million (Rs. 322 crores). There is as yet no very great diversification in industrial production, for the existing industries (such as tea, sugar, vegetable oil, sea salt, cigarettes, cotton textiles, art silk, jute goods, leather, tyres and tubes, superphosphates, ammonium sulphate, sulphuric acid, safety matches, paper and paperboard, paints and varnishes, cement and steel re-rolling) are much fewer than in India. As of 1961, there is a big deficit on foreign trade account (imports Rs. 306 crores and exports Rs. 191 crores) due largely to heavy imports of industrial raw materials. Export promotion measures appear to be slow in their effects. While exports of raw jute brought in Rs. 89.5 crores in 1961, as compared with Rs. 80.6 crores in 1960, and exports of jute manufactures yielded Rs. 34.8 crores in 1961, as against Rs. 24.6 crores in the previous year, exports of hides and skins, raw cotton, cotton yarn and cotton piecegoods declined perceptibly, the loss in earnings on their account aggregating Rs. 23.6 crores. With foreign exchange earnings projected at Rs. 1,125 crores for the second Plan period (1960-65) and foreign exchange expenditures estimated at Rs. 2,220 crores for that period, only foreign aid on the scale required can ensure the success of Pakistan's second Plan and thus strengthen and broaden its industrial base. With Rs. 449 crores of aid already assured by the World Bank Consortium for the second and third years of the Plan and with no serious political conflicts with the aid-giving countries, it is more than likely that Pakistan will get all that it wants on the foreign exchange front. That augurs well for its economic, particularly industrial, development.

ARBITRATION

THE current fancy of trade unions for arbitration would appear to be more the result of disenchantment with the present practice of adjudication than of a careful appraisal of its merits as an alternative method of settling industrial disputes. The Indian National Trade Union Congress (I.N.T.U.C.) has of late turned out to be a passionate advocate of arbitration in both public and private sectors and successive presidents of that foremost trade union organisation have contended that it is the only way of preventing strikes. The Second Pay Commission's endorsement has given a new force to the case for arbitration and the I.N.T.U.C. leaders never miss an opportunity to press for its adoption. The plea was reiterated this week by Mr. S. R. Vasavada, I.N.T.U.C. leader, in his presidential address to the sixth annual convention of the National Federation of Indian Railwaymen, held at Jaipur. Mr. Vasavada said that Mahatma Gandhi had commended arbitration for settling disputes and that those employers and workers who had followed the Mahatma's advice had greatly benefited from it. He contended that all disputes, which are not settled by negotiation, should be settled by arbitration and the arbitration award should be held binding on both parties. In his opinion, this was the only way of saving industry from the chaos of labour unrest.

The Federation passed a resolution which pointed out that the Government was already committed to provide for arbitration in the public sector and that amicable industrial relations could not be maintained and peace secured, unless arbitration was provided for to settle the disputes that might arise from time to time in both the sectors. Neither Mr. Vasavada nor other I.N.T.U.C. leaders who made the same plea in the past would appear to have examined the suitability of arbitration for general adoption in the country. Arbitration is no doubt a refined way of settling disputes and is both popular and effective in the advanced countries of the West. But its scope is limited. Its success depends upon the fulfilment of certain conditions which hardly exist in India. Arbitration as a method of dispute settlement can succeed only in a situation where collective bargaining is fully developed and where wages and conditions of work are already laid down by collective agreements. Arbitration is found to be more effective and successful in the interpretation of existing rights than in the creation of new ones. It is this limited role that arbitration has performed successfully in countries like the U.S.

The success of arbitration also presupposes the existence of unity among the ranks of workers. For the union must take the responsibility for the administration of the award and should also command the confidence of workers, so that it can, if need be, persuade them to accept an award not favourable to them. The multiplicity of unions obtaining in industrial units in this country makes recourse to arbitration extremely difficult, if not totally impossible. It is for these reasons that employers are reluctant to switch over to arbitration from the present arrangement which was forced on them. It is noteworthy that those who now decry adjudication are the very people who were romantic about it some time ago. Actual experience has disillusioned them and now they are entertaining another illusion. But it need not necessarily be an illusion however, provided the trade union leaders take appropriate steps to create the climate necessary for the successful working of arbitration.

MARKET GOSSIP

A Deplorable Move

THE reported move of the Government of India to levy a cess of 25 nP per lb. on indigenous rayon yarn and 10 nP per lb. on staple fibre with the object of providing cash incentives to exporters of rayon fabrics is, to say the least, deplorable. May be, the need for stepping up exports of rayon fabrics is urgent to a degree. Even so, it would be irrational to compel the raw material producers—that is the rayon yarn and staple fibre manufacturing units—to subsidise exports of fabrics. No one would have objected to such a policy if the spinning units had been so prosperous as to be in a position to bear the incidence of any fresh tax impost itself. But the position actually obtaining is distinctly different, whatever may be the conception of the share markets. The cost structure of the rayon spinning industry has tended to be rigid, owing to the all-round increases in the prices of raw materials, stores and accessories and heavier wage bill. On top of this, the industry has been forced to absorb 60 per cent of the additional excise duty imposed in the Central budget for 1961-62. While cost of production has gone up thus, the ex-mill selling prices of yarn continue to remain unchanged, as the industry is compelled to sell yarn at a fixed price and that too in accordance with the system of controlled distribution as enforced by the Textile Commissioner. What is worse, the industry is finding it difficult fully to utilise its production capacity, in view of coal and power shortage, so that the average cost of output is higher than it would otherwise be.

Considering all this, the call for further sacrifice made on the rayon spinners in the name of export promotion is not convincing. Nor can they be asked to agree, as an alternative to the cess proposal, to a scheme under which they will be required to obtain their entire needs of pulp under licences issued to exporters of rayon cloth, as against three-tenths at present. This scheme is considered unfair, as the spinners will be obliged to pay a premium of 50 per cent on the purchase of their entire needs of pulp from exporters of fabrics.

Apropos the official suggestion for augmenting production of finer yarns, the spinners point out that the production pattern cannot be changed all of a sudden. It is further stated that, if a unit were to go finer, its production would be lower and a part of the viscose-making machinery would remain idle. There would also be some surplus labour. Moreover, not all the existing units are equipped for manufacturing finer deniers. Incidentally, it is rather odd that, when the domestic spinners are exhorted to produce more of finer deniers, the S.T.C. should be allowed to import coarser deniers.

If the authorities are really anxious to step up exports of rayon fabrics, they must make an all-out bid to put an end to the malpractices prevalent in this industry and the huge sums of black market profits that are being made by some of the weavers. One of the malpractices pertains to the sales of import licences for yarn at fantastically high premia—200 to 225 per cent of the face value of licences. There is black market in indigenous yarns also. Some parties secure yarn quotas for a large number of ghost looms and then sell them at very high prices to genuine consumers. It is generally believed in market circles that the black market profit usually works out to Rs. 8,000 per loom per year, in addition to the normal profit. It is such malpractices that are responsible for the wide disparity between the controlled prices and the actual ruling prices of rayon yarn, the difference in several cases being as much as 100 per cent. Appropriate measures should be taken for harnessing this black market profit to subsidise exports of rayon fabrics.

Shortsighted Policy

There is a basic contradiction in the Government's policy towards the metal container industry and this is pinpointed by Mr. K. C. Mahindra, Chairman of Metal Box Company of India Ltd., in his annual statement to shareholders published in full elsewhere in this issue (vide page 1174). Mr. Mahindra points out that the efforts of the Company to improve its efficiency and reduce costs are hamstrung by the Government's refusal to grant permission to increase its productive capacity. The Government's policy pertaining to licensing of expansion of existing units or the formation of new ones is to favour those who produce both the goods and the packages for them. This is not conducive to the growth of an efficient metal and other containers industry, because, as Mr. Mahindra rightly emphasises, technological progress demands the application of the latest processes and methods to an increasing volume of production so as to bring down the cost per unit. The long-term consequences of such a policy are obvious: uneconomic fragmentation of the industry, stagnation in technical development and, above all, high-cost product. Mr. Mahindra—and this journal, too—wonders how the Government could continue to turn a blind eye to these implications of its policy and encourage inefficiency.

The Chairman does not for a moment suggest that new units should not be encouraged or that big units should be allowed to grow bigger at the expense of the small. His point is that, if higher production and productivity are the objectives, as indeed they should be, then the Government's policy should be so adjusted as to make its realisation possible. This is not done at present. Mr. Mahindra is at a loss to understand wherefrom the containers, in sufficient numbers and of the requisite quality required to meet the demands of the consumer industry would come, if the Government persisted in its policy of penalising efficiency. Bigness, after all, is not an evil in itself; nor do big units invariably swallow up small ones. In fact, big units can and do encourage small units. Metal Box, according to Mr. Mahindra, is doing everything possible to foster the growth of small-scale industry. It buys raw materials from the small-scale units, provides them with know-how and sells them machinery.

This shortsighted policy of the Government is bound to affect exports also. For it is common knowledge that attractive packaging is a very effective sales aid. A well-packed product is more easily sold than one which is not, even though it is equal or superior in quality to that offered by the competitor. Last year, according to Mr. Mahindra, goods packed in Metal Box containers valued at Rs. 4 crores were exported to over fifty countries. Many of these packages were designed to meet the specific needs and tastes of the highly competitive overseas markets. The high quality of packaging has assisted greatly the sale abroad of prawns, cashewnuts, *vanaspati*, vegetable oils, fruits, toiletries, confectionery and biscuits. As Mr. Mahindra pertinently remarks, quality packaging to meet the requirements of the customers in a particular market is not an expensive frill but a business necessity. Encouragement to the package and container industry to produce more and better quality product must, therefore, form an integral part of the export promotion drive.

Paper Prices

In response to the insistent demand of the paper industry for an upward revision of ceiling prices to offset the rise in production cost, the Government of India has raised the fair ex-works prices of all varieties of paper by 6 nP per kg. (that is, Rs. 60 per metric ton) on an *ad hoc* basis. In addition, the system of rebate of 4 nP per kg. (that is Rs. 40 per metric ton) which the producers were required to give on wholesale purchases in reels has been discontinued. These two benefits, however, have fallen very much short of the expectations of the industry. Nevertheless, the move is a sufficient indication that the Government is convinced about the industry's difficulties arising from the unremunerative price structure recommended by the Tariff Commission on the basis of an inquiry held as early as in the middle of 1959. Since the adoption of the Commission's price formula (with effect from January 1960), the various elements of cost of production have gone up perceptibly. It is estimated that the average production cost of five of the eight paper mills selected for cost investigation by the Commission has gone up by approximately Rs. 150 per tonne since 1958, as a result of the rise in the prices of raw materials, power and fuels alone. The increases in excise duty and freight rates have also reduced the profitability of the industry.

The Government's gesture, although belated and half-hearted, is bound to help revive the confidence of investors in paper ventures at least to some extent. The industry, it may be noted, is expected to invest a sum of as much as Rs. 100 crores during the third Plan period for development and expansion. The annual rated capacity for paper is proposed to be doubled during the Plan period, that is, from 410,000 tons to 820,000 tons, with a corresponding increase in output from 350,000 to 700,000 tons. The present marginal increase in ceiling prices, however, is not sufficient to encourage the development of the paper industry on such a large scale as is now envisaged. The Government will, therefore, do well to raise the prices further and help the industry by other means also, as, for instance, by granting long-term tenure of bamboo-growing areas at concessional rates of royalty and by giving priority to the industry in the matter of transport of both raw materials and finished products.

Indo-U.S. Trade Pact

India has signed an agreement with the U.S. seeking to provide reciprocal concession on several items of trade between the two countries. Under the agreement, which has been finalised under the auspices of the General Agreement on Tariffs and Trade, the U.S. will reduce tariffs on imports from India on 28 items. These items include some of India's major exports to the U.S., namely, cashewnuts, jute manufactures (webbing, bagging and carpets), coir matting, sandalwood oil and bells of brass. India has agreed to grant, in exchange, concessions in import duty on 25 U.S. goods. In the case of 17 of these goods, the concession is in the form of a guarantee not to raise duties above the present levels. The products covered include metal working machinery, specialised textile machinery, earth shifting machinery, machine components, chemical raw materials, milo and sorghum and rrled skimmed powder. Small reductions in the standard rate of duty will also be given for such U.S. products as Stockholm tar, polythylene moulding powder, wood rosin and electric typewriter. It is said that, while agreeing to these concessions, the revenue and development needs of the country have been kept in mind. It may be noted here that the agreement was negotiated at the G.A.T.T. Tariff Conference, which began in September 1960.

It is rather strange that the official Press release has not given any indication of the precise extent of concessions agreed to. Be that as it may, it is to be hoped that the concessions granted now will promote better trade between the two countries. The U.S. is the second largest market for Indian goods, next only to the U.K. India's exports to the U.S. (f.o.b.) amounted to Rs. 115 crores in 1961, or about 17 per cent of the total (as against Rs. 101 crores in 1960 and Rs. 95 crores in 1959). As a source of India's imports, the U.S. ranks first, accounting as it did for Rs. 240 crores (c.i.f.) in 1961 (about 25 per cent of India's total imports), as against Rs. 292 crores and Rs. 218 crores in 1960 and 1959, respectively. Now that commercial ties with the U.K. are being loosened consequent on its determination to be a member of the European Common Market, India will have to strengthen its trade relations with other countries by making special efforts. Accordingly, this latest understanding with the U.S. is doubly welcome.

Canada: New Defences for the Dollar

The drastic programme for strengthening the Canadian dollar announced by the Prime Minister, Mr. John Diefenbaker, on the 24th inst., has not come as a surprise. For, with a fall of over $400 million in the first three weeks of June, making a total of about $1,000 million or 50 per cent from the peak reached in October last, the Canadian dollar and foreign exchange reserves stood in need of massive assistance. The Prime Minister has proposed a drastic remedy for an extraordinary situation.

The specific measures proposed by the Prime Minister are the following:

(1) Temporary duties ranging from 5 per cent to 15 per cent will be imposed on imports of a wide range of goods. This will net in $200 million in a full fiscal year. Simultaneously, duty-free allowance for Canadian tourist purchases abroad will be sharply cut. The combined effect of these two measures is expected to improve the payments position by $300 million a year.

(2) To reinforce Canada's current gold and foreign exchange holdings, estimated at $1,100 million, arrangements have already been made for financial assistance of the order of $1.050 million, comprising $300 million from the I.M.F., $400 million by way of credit from the U.S. Export-Import Bank and $250 million by reciprocal currency arrangements with the U.S. Federal Reserve System, and $100 million, on the same basis, from the U.K.

(3) The Government will launch a programme involving reductions in expenditure amounting to $250 million in a full fiscal year. These reductions, combined with the increased revenues resulting from the import surcharges, would reduce the budgetary deficit by $450 million in a full year.

Along with these measures, it has been decided to abandon the system of variable or floating Bank Rate, which Canada had adopted in mid 1950s, when it was declared that the Bank rate would be maintained not at a fixed level, as is the usual practice in many countries, including India, but at a level exactly ¼ per cent above the Treasury Bill rate. The Bank of Canada's lending rate has now been fixed at 6 per cent, as compared with the floating rate of 5.17 per cent on the 21st inst. It may be recalled here that, after a decade of trial, Canada had abandoned the floating exchange rate some two months ago, on 3rd May 1962, to be precise. Thus, the return of Canada, after having experimented unsuccessfully with two novel arrangements in the monetary sphere, to the conventional practice of fixed exchange rate and Bank rate is complete.

I.C.I's New Drug for Heart Diseases

Imperial Chemical Industries (I.C.I.) has added another feather to its cap, with the discovery of a new drug to combat heart diseases, the number one killer of the old and middle-aged people in the U.S., the U.K. and many other countries. I.C.I. has had many "firsts" to its credit before. Many well-known and widely used drugs, diagnostic agents, and chemicals, such as the Savlon range of disinfectants, Paludrine for malaria, and Flouthane, the newest of anæsthetics, to cite a few examples, have had their origin in the I.C.I.'s laboratories. But the latest drug is said to be unique, in that there is no other such drug in the world. It is, therefore, regarded as a major research achievement for I.C.I.

The new drug is called Atromid and consists of two components, one a male sex hormone and the other a solvent that helps to potentiate the action of the first. The drug is in capsules and is to be administered orally. It reduces the level of fatty substances such as cholesterol and prevents blood-clotting. At present, a considerable section of medical opinion believes that the serum-cholesterol level is related to hardening and narrowing of the arteries which result in heart-muscular cramp (angina) and blocking of narrowed artery by a clot (thrombosis) and various other fatal conditions. Any drug that reduces the serum-cholesterol level is, therefore, considered a useful treatment for cardiovascular diseases. And Atromid does just that, according to the I.C.I. scientists.

Clinical trials of Atromid are going on in the U.K., U.S.A. and many countries of Europe and the Commonwealth and supplies are expected to be available in a couple of months. It is said that a big team of scientists has been doing the work on the discovery of Atromid for over five years. If Atromid proves to be effective in combating heart diseases, their efforts would not have been in vain.

TREND OF SHARES

IRREGULARLY UPWARD

(From Our Own Correspondent)

BOMBAY, *28th June*

AN irregularly upward trend, marking continuation of the previous week's recovery, was in evidence on the stock exchanges this week. Movements were narrow and highly irregular. Absence of fresh bear pressure, short-covering and some cautious bull support at lower levels produced quick-in-succession rallies from setbacks caused by weak bull unloading and lack of support at higher levels. In relation to the quick two-sided movements seen practically on every day of the week, the volume of business was far from encouraging, as the operators were in no mood to go headlong on the current recovery phase.

Like the rainbow, the markets wore all the colours during the week—they turned from steady to easy, to week, to quietly steady, to a little firm and to slightly subdued—and made it difficult to foresee the trend in the near future. But it appeared to be irregularly upward, as the markets seemed to be struggling to stabilise around the low levels.

As for the political uncertainties, it seems, from what has been observed by both Prime Minister Nehru and Defence Minister Krishna Menon, that any serious armed conflict with the country's two aggressive neighbours was unlikely, unless it is unilateraly provoked by them. Mr. Menon said the other day that not only have we sought a peaceful solution of the problems with them but we have also ruled out war with China, as it would lead to a world war. The foreign aid picture should emerge much clearer, possibly quite reassuringly with the visit of the Union Finance Minister to West Europe.

Another factor of serious concern to the market is the shortages in the infra-structural facilities. All that can be said at present about it is that the authorities have moved in seriously in the matter and can reasonably be expected to succeed at least in minimising the mishaps. In the light of this, it is possible that the markets, having recently suffered a sharp fall due to an adverse reckoning of these three factors, might now readjust themselves to the basic factor of industrial health and corporate working.

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Dalal Street blew both hot and cold, but closed on a steady note. Sentiment was influenced by the proximity of the T.I.S.Co. and I.I.S.Co. dividends, renewed speculation about a higher dividend and a rights issue from I.I.S.Co., reports that T.I.S.Co. had no intention to raise its capital in the near future, the expected announcement of an increase in steel retention prices and rumours that the tyre cord plant of National Rayon had entered its second phase of production, which belied earlier fears of some serious trouble with the plant. Sizable bear-covering by a prominent operator in Tata Steel Ordinary on Tuesday and in National Rayon on Thursday also helped the market to emerge steady from alternate bouts of weak bull liquidation and short-covering. However, fresh support was selective, cautious and even halting. Closing prices showed more plus than minus signs.

Sectionwise, Steels were the most active and closed a little higher than in the previous week. Tata Ordinary evoked consistent support at the important level of Rs. 146.50, but failed to break through another significant level of Rs. 148.50 and closed 75 nP higher at Rs. 148. Likewise, Indian Iron found ready buyers at Rs. 25.65, but attracted resistance at Rs. 26.15, and closed 15 nP higher at Rs. 26. Mukand Iron were dull and finished 10 nP lower at Rs. 26. In Textiles, National Rayon reacted sharply from Rs. 524 to Rs. 508.50, as the previous week's smart recovery provoked a certain big operator to unload at the improved levels. However, the shares rallied subsequently to close five points lower on balance at Rs. 520.50. Century were well supported around Rs. 626, but could not make much headway after rising to around Rs. 635, and showed a gain of only one point at Rs. 633.50. Other leading counters closed lower: Bombay Dyeing 60 nP at Rs. 67.70. Kohinoor Rs. 4 at Rs. 300.50. Standard Rs. 14 at Rs. 974 and Svadeshi Rs. 5.75 at Rs. 270. Ruia Group shares were exceptionally firm; Phoenix were 26 points up at Rs. 259 and Dawn nine points higher at Rs. 161. Swan, on the other hand, were particularly weak and showed a loss of 15 points at Rs. 295. Mafatlal closed Rs. 11.25 higher at Rs. 848.75, but other Cash scrips were a shade easy.

Miscellaneous issues fluctuated both ways and closed easy. Bombay Burmah rallied to close Rs. 8.50 lower at Rs. 669.50, after having reacted from Rs. 676.50 to Rs. 662. Likewise, Indian Dyestuff finished Rs. 17.50 lower at Rs. 487.50, after having plunged from Rs. 505 to Rs. 480. Amar Dye-Chem were Rs. 8.75 lower at Rs. 296.25. Telco were subdued and closed six points lower at Rs. 352 on selling induced by the delay in the announcement of the dividend. Voltas were sympathetically marked down from Rs. 286 to Rs. 280.50. Hindustan Motors showed a setback of 20 nP at Rs. 19.76. Cements, Sugars and Shippings were quiet. The Cash section was devoid of much activity. Variations either way were small. Ceat Tyres showed a gain of Rs. 7.50 at Rs. 183.75, but Synthetics closed 10 points lower at Rs. 221.

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Speculative support for the pivotal issues and bear covering contributed to a steady tone in Calcutta. Among speculatives, Howrah Jute showed a gain of 62 nP at Rs. 22.62 and Rohtas and Shree Gopal of 12 nP each at Rs. 16.06 and Rs. 27.37, respectively, but Texmaco closed 55 nP lower at Rs. 24.80 and Kesoram 62 nP lower at Rs. 29.25. Others showed small changes either way. In the Cash section, among Textiles, Birla moved up from Rs. 27.50 to Rs. 30. Bharat Commerce from Rs. 24.50 to Rs. 25.25 and Dunbar from Rs. 30.12 to Rs. 30.50. A recovery from Rs. 49.62 to Rs. 51.37 in East Indian featured trading in Coal shares. North Beerbhoom rallied from Rs. 22.50 to Rs. 23.12. But Selected Satgram closed three points lower at Rs. 150. Among Jute shares, Bally staged a smart come-back from Rs. 296 to Rs. 317, with Budge Budge moving up from Rs. 157 to Rs. 166, Delta from Rs. 195.50 to Rs. 204 and Barnagore from Rs. 184 to Rs. 187. Engineering issues were quiet, excepting Burn which fell from Rs. 695 to Rs. 678.

Miscellaneous section showed an even distribution of gains and losses. Among the prominent issues, Goodyear showed a gain of Re. 1.75 at Rs. 46.25, Issac Holdens of Re. 1.31 at Rs. 17.56, Balmer Lawrie of Rs. 4 at Rs. 264 and Metal Box of Rs. 4.88 at Rs. 64.75, while East Anglia showed a loss of Re. 1.38 at Rs. 18.62, Hindustan Pilkington Glass of Re. 1.25 at Rs. 21.75 and National Tobacco of Re. 1.94 at Rs. 14. Paper shares were better following the announcement of an increase in the selling prices for paper. Ballarpore improved from Rs. 17.94 to Rs. 18.81, Bengal from Rs. 35.19 to Rs. 35.75 and Titaghur from Rs. 41.50 to Rs. 42. Sugars were quiet. Selected Tea shares evoked support, Tezpore looked up from Rs. 15.12 to Rs. 16.31 and Teloijan from Rs. 27.50 to Rs. 27.75, but Soom eased from Rs. 50.25 to Rs. 49.87.

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Trading was restricted to a few selected issues in Madras. Plantings were easy, but elsewhere gains predominated. Periakaramalai closed 4 nP lower at Rs. 3.26, Peermades 15 nP lower at Rs. 20.30, United Nilgiri 38 nP lower at Rs. 20.37 and Ouchterlony Valley 8 nP lower at Rs. 3.65. But Blue Mountain moved up from Rs. 2.40 to Rs. 2.41, Highland from Rs. 13.37 to Rs. 13.40 and Consolidated Coffee from Rs. 18.40 to Rs. 18.45. Sugars were better, with Cauvery improving from Rs. 100 to Rs. 102, Travancore from Rs. 7.20 to Rs. 7.35 and E.I.D. from Rs. 39.50 to Rs. 29.60. But Deccan closed 5 nP lower at Rs. 9.95. Among Textiles, Lakshmi showed a gain of five points at Rs. 157 and Travancore Rayon of 15 nP at Rs. 38.65, but S.I. Viscose eased from Rs. 174 to Rs. 170.50 and Madura from Rs. 36.25 to Rs. 36. In the Miscellaneous section, among Cleared issues, Aluminium Industries looked up from Rs. 23.75 to Rs. 24, Ashok Leyland from Rs. 8.40 to Rs. 8.43 and Dalmia Cement from Rs. 13.10 to Rs. 13.40, and, among non-cleared shares, Travancore Cement gained from Rs. 8.50 to Rs. 8.56. F.A.C.Ts from Rs. 8.10 to Rs. 8.20 and W.I. Products from Rs 196.50 to Rs. 197. But Andhra Cement showed a loss of 10 nP at Rs. 9.70 and Indian Steel Rolling eased from Rs. 12.40 to Rs. 12.20.

CAPITAL MARKET NEWS

NEW ISSUES

THE management of Hind Mills Ltd., Bombay, which has been taken over by Messrs. C. Parikh and Company, is to offer shortly to the public 175,000 equity shares of Rs. 10 each at Rs. 23.25 per share and 10,000 5 per cent, tax-free, cumulative preference shares of Rs. 100 each at par, subject to the permission of the Bombay Stock Exchange authorities. The present paid-up capital of the Company is Rs. 70 lakhs, made up of 500,000 equity shares and 20,000 preference shares. It is proposed that 51 per cent of the equity shares will be taken up by the Ahmedabad Jupiter Spinning, Weaving and Manufacturing Company Ltd. The Directors of the Company and their friends will retain 14 per cent of the total equity shares. The balance of 35 per cent of the shares is offered to the public. Out of the 20,000 preference shares, half will be taken up by institutional investors, and the balance will go to the public. The Company's reserves and surplus aggregated Rs. 12 lakhs as at 30th June 1961.

During 1960-61, the Company earned a net profit of Rs. 18.46 lakhs, as against Rs. 4.08 lakhs

There is much to be said in favour of integrated cost reduction plans suggested by Mr. Puranik. For the co-ordination of technical and administrative aspects of manufacturing operations will go a long way towards ensuring judicious use of available productive resources within a unit and eliminate waste. A resolution passed at the meeting also emphasised the need for improving productivity. It called upon both management and labour to take upon themselves the task of improving productivity by adopting latest techniques. This plea is good so far as it goes. But there remains the question whether trade unions will adopt a more helpful attitude in introducing new techniques. Besides, the Government's policy has also been ambivalent on this issue.

RIGHTS ISSUE

The Directors of **Synthetics and Chemicals Ltd.**, Bombay, propose to issue 125,000 equity shares of Rs. 100 each at a premium of Rs. 20 per share and offer them as rights shares to the existing shareholders in the proportion of five new shares for every 18 shares held by them. The proposed issue has been sanctioned by the Controller of Capital Issues. It will bring in Rs. 1.50 crore, including the premium amount, and help finance the expansion of the Company's capacity from 20,000 tons to 30,000 tons of synthetic rubber per annum, which has been approved by the Government.

FRESH ISSUES SANCTIONED

Given below are the details of the fresh capital issues sanctioned recently by the Controller of Capital Issues.

Indian Oxygen Ltd., Calcutta, has been granted consent to the issue of 1,040,000 equity shares of Rs. 10 each as fully paid-up bonus shares on capitalisation of the Company's free reserves including share premium account. The bonus shares will be issued in the ratio of two bonus shares for every five shares held.

Century Flour Mills Ltd., Madras, has been granted consent to issue bonus shares worth Rs. 4 lakhs in the proportion of one bonus share for every three equity shares held by the existing shareholders.

Seshasayee Wire Ropes Ltd., Ernakulam, has been granted consent to the issue of capital of Rs. 50 lakhs in equity shares of Rs. 10 each for cash at par. Out of this, shares worth Rs. 6.7 lakhs will be issued equally to the two foreign collaborator firms of Japan, namely, Messrs. Ataka and Company Ltd., and Kokoku Iron and Steel Wire Manufacturing Company Ltd. Of the remaining shares to be subscribed by the public, such number of shares as would enable the shares to be listed on the recognised stock exchanges, would be offered to the public by prospectus. The proceeds will be utilised for the manufacture of steel wire rope.

Unichem Laboratories Ltd., which is proposed to be incorporated in Maharashtra, has been granted consent to the issue of capital of Rs. 45 lakhs in equity shares of Rs. 100 each at par. Out of this, 22,500 shares shall be issued for consideration other than cash to the proprietor in consideration of transfer of the net assets of the proprietory concern "Unichem Laboratories" as a going concern, and the balance shares will be issued to the public by a prospectus for cash.

Associated Pulp and Paper Mills Ltd., Ahmedabad, has been granted consent to the issue of capital of Rs. 35 lakhs, in equity shares of Rs. 100 each, for cash at par. Out of this, shares to the extent of about Rs. 8 lakhs will be issued to four Indians, at present resident in Aden. The proceeds will be utilised for the manufacture of paper and pulp.

Harnarain Gopinath General Foods Ltd., Delhi, has been accorded consent to issue Rs. 50 lakhs capital—Rs. 40 lakhs equity and Rs. 10 lakhs preference—for cash at par, out of which Rs. 10 lakhs in preference and Rs. 20 lakhs in equity will be offered to the public by prospectus. The proceeds of the issue will be utilised in setting up a food preservation plant at Shahibabad, U.P.

The Jehlum Spinning and Weaving Mills Ltd., a public company incorporated in the State of Jammu and Kashmir, has been given a fresh consent (in supersession of the earlier one dated 27th February 1962) to the issue of Rs. 40 lakhs divided into 300,000 equity shares of Rs. 10 each, and 10,000 cumulative redeemable preference shares of Rs. 100 each, carrying dividend at 9.3 per cent (gross), for cash at par. The consent order will lapse on 27th February 1963.

The Directors of the Paper Products Ltd., New Delhi, have finalised, in consultation with the authorities of the Delhi Stock Exchange, the basis for allotment of shares in respect of the Company's recent public issue of 16,000 equity shares of Rs. 100 each. There were 8,988 applicants for a total of 255,590 shares. Under the basis for allotment adopted by the Company, the number of proposed allottees will be 2,586. Letters of allotment will be issued shortly.

Notice

THE BANK OF INDIA LIMITED

INCREASE OF CAPITAL AND ISSUE OF NEW SHARES

Issue of 200,000 ordinary shares of Rs. 100 each, Rs. 50 per share paid-up, for cash, at a premium of Rs. 20 per share

SHAREHOLDERS ARE REMINDED THAT the last date for submission of applications with payment for new ordinary shares of the above-mentioned issue is the 5th July, 1962.

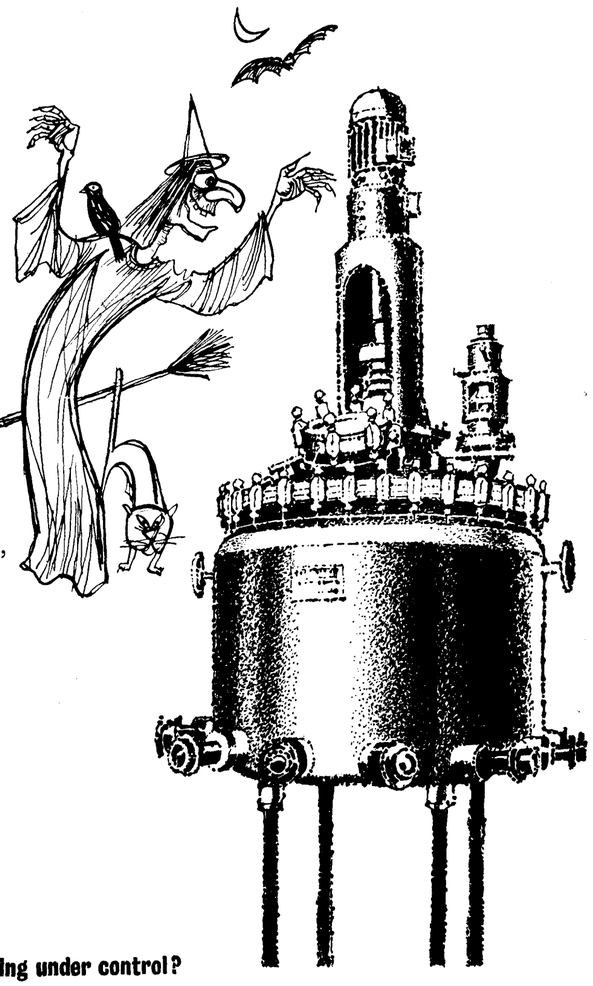
No further extension of time whatever will be given after the said date, namely, 5th July, 1962.

Dated at Bombay this 25th day of June, 1962.

By Order of the Board of Directors,

S. J. RUSTOMJI,

Acting General Manager.



double, double toil and trouble!

The toil is out of it now—so also the magic! Chemistry is no longer a "black art". In some measure, it today enters everything we see and touch—and eat! Its applications are limitless—in the manufacture of chemicals, pharmaceuticals, fertilisers, dyes, plastics, fibres. Millions of tons of these are produced annually—and the demand is growing every day. Which means the industry needs more plant and equipment—and that is what Larsen & Toubro manufactures and supplies: complete chemical plants, process equipment, cooling towers, process control instrumentation and Audco valves.

we don't supply swans!

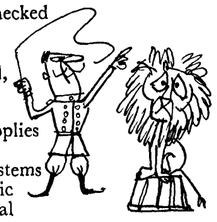
Frankly, we don't even believe in the legend that a swan can separate milk and water! But we know of equipment that can do it—L & T manufactures them! Distillation columns that separate one liquid from another. L & T also specialises in the manufacture of heat exchangers, condensers, reaction vessels, driers and storage tanks, from stainless steel, monel, nickel, copper and aluminium.

it takes more than a pair of hands!

In fact, it's more than a question of manpower—erecting a plant, we mean. There's a lot of thinking and planning—*constructive* thinking that leaves little to chance, saves time, money *and* trouble. And that's the difference between a job done—and a job done well!

everything under control?

It has to be. Control is a vital matter in the chemical industry. Temperature and pressure and flow have to be precisely checked and controlled... When dangerous chemicals are involved, the situation can be really explosive! L & T designs and supplies up-to-date on-line and off-line control systems incorporating electronic computers for industrial and chemical processes.



L & T contributes also to the development of these vital industries:

- dairy
- oil
- steel
- food & agriculture
- paper
- minerals
- electricity
- transport
- construction

not enough water?

It can be a problem—when the demand is, say, for a million gallons an hour! That is why cooling towers are particularly important to the chemical industry. They make it possible to use the same water over and over again—exactly like a car radiator, only on a much larger scale! L & T designs and constructs cooling towers to meet specific industrial needs.

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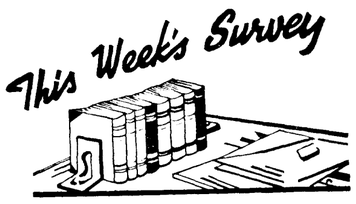

NATIONAL INCOME

ECONOMIC growth in the first year of the third Plan seems to have been somewhat satisfactory, though it has not been up to the expectations of the planners. Even this performance is due largely to the increase, albeit relatively modest, in industrial production. An idea of the growth is conveyed by the national income data for 1961-62, as now provisionally estimated by the Planning Commission. The estimate for the year *at current prices* is Rs. 14,690 crores, as compared with the preliminary estimate of Rs. 14,200 crores for 1960-61, the last year of the second Plan. The percentage increase in the 1961-62 national income is, of course, no more than 3.5, as compared with the previous year. But it must be remembered here that the wholesale price index (1952-53=100) for all commodities had registered a decline from 127.5 points in 1960-61 to 122.9 in 1961-62, that is, by about 3.5 per cent. If this factor of decline in the general level of prices is taken into account, it will be seen that the *real* increase in national income in 1961-62, as compared with 1960-61, should have been higher, probably at between 4.5 and 5 per cent.

This means that the growth of real national income in the first year of the third Plan has perceptibly fallen short of the targeted average annual rise of 6 per cent laid down for the period 1961-66, though it is somewhat better than the average annual rise of 4 per cent in real national income during the second Plan period. The relevant figures of national income at constant (1948-49) prices in 1955-56 (the pre-second Plan year) and in 1960-61 (the last year of the second Plan), it may be recalled, are Rs. 10,480 crores and Rs. 12,690 crores, respectively. Economic growth, measured by the increase in real national product, is thus at a higher level now than in the second Plan period. It cannot be otherwise, for the Plan outlay in the public sector alone in 1961-62 has been as much as Rs. 1,150 crores and the additional employment resulting from that year's development programmes has been reckoned at about 2 million. The increase in *per capita* real income, however, must have been much less in view of the 2.3-2.5 per cent increase in population during the year. But this rather slow improvement in the average Indian's standard of living cannot detract from the fact of national economic growth on a broader front with its increasing employment opportunities and rising levels of production in industry and agriculture. If the 1962-63 foodgrains target of 84 million tons (as compared with the actual output of 80 million tons in 1961-62) comes to be achieved and if industrial production, too, registers in 1962-63 a higher increase than the actual 8 per cent of the previous year, the current rate of growth will at least be maintained. Even for this achievement, more energetic implementation of the annual programmes for coal, steel, cement, fertilisers, power and transport will be required.

PRODUCTIVITY OF INDUSTRIES

At no time did India feel the need for improving the competitive capacity of its industries so much as at present, although opinions still differ as to the precise ways and means of achieving this goal. It is, therefore, in the fitness of things that the All-India Manufacturers' Organisation, at its annual meeting inaugurated by Dr. P. Subbaroyan, the Governor of Maharashtra, in Bombay last week, should have devoted considerable thought to this question. Mr. G. V. Puranik, Chairman of A-I.M.O., in his speech at the meeting, expressed the view that the industry itself could do a great deal in improving productivity. He was candid enough to concede that Indian industries lagged far behind in cost-consciousness, in product design and in the application of industrial research. As instances of such lacunæ, he pointed out that, "practically in every industry," there was still vast scope for better utilisation of plant capacity, avoidance of waste and systematic financial control, particularly over capital expenditure. Mr. Puranik, therefore, did well to stress the need for promoting cost-consciousness at all levels of management. In order to achieve this objective, he suggested that every manufacturing unit should chalk out "a continuous and integrated cost reduction plan" as in Western countries. Such a plan, according to him, should be implemented with the help of cost reduction committees to be set up out of personnel selected from the main prducing departments.

There is much to be said in favour of integrated cost reduction plans suggested by Mr. Puranik. For the co-ordination of technical and administrative aspects of manufacturing operations will go a long way towards ensuring judicious use of available productive resources within a unit and eliminate waste. A resolution passed at the meeting also emphasised the need for improving productivity. It called upon both management and labour to take upon themselves the task of improving productivity by adopting latest techniques. This plea is good so far as it goes. But there remains the question whether trade unions will adopt a more helpful attitude in introducing new techniques. Besides, the Government's policy has also been ambivalent on this issue.

There are several factors inhibiting the improvement in productivity, which are beyond the control of an individual entrepreneur. These include the general shortage and inadequacy of basic raw materials and fuels as well as transport bottlenecks. These questions form the subject matter of another resolution, entitled "prerequisites for the successful implementation of the third Plan," adopted at the meeting. The resolution suggests, among others, expansion of capacity for such industries as machine tools, machine building and synthetic fibres (to compensate for the shortage of cotton), better utilisation of installed capacity for steel, upward revision of the third Plan targets for steel and cement, and encouragement to the private sector for developing the coal industry. There is, of course, nothing new in these suggestions. To say this, however, is not to detract from their continuing importance.

OIL INDIA LIMITED

The proved and indicated oil reserves of Oil India Limited, a joint enterprise of the Government of India and the Burmah Oil Company, are 47 million tons. Its proved and indicated reserves of natural gas are 740,428 million cu. ft. With the existing number of wells drilled so far and those to be completed by the end of 1963, Oil India, it is claimed, would be in a position to supply nearly 3 million tons of crude oil per annum, representing a foreign exchange saving of more than Rs. 20 crores on imports, to the two public sector refineries at Gauhati and Barauni and the Assam Oil Company Refinery at Digboi. If further reserves of oil are discovered, as they are most likely to be, in the new concession area in respect of which an exploration licence is pending with the Assam Government, it would not only mean further saving on imports of crude but would also lead to the expansion of the Gauhati and Barauni refineries. The dispute between the Government of India and the Assam Government over the question of oil royalty to the latter has, however, held up prospecting for the last one year in the new concession area of 1,886 sq. miles east of the existing concession (*vide* page 686 of *Commerce* of 14th April 1962). Unless the dispute is settled and the exploration licence granted promptly, it is feared that the progress of Oil India in the vital field of exploration and development would be impeded. Mr. Khandubhai K. Desai, Chairman of Oil India Limited, has, therefore, strongly pleaded, in his speech at the third annual general meeting of the Company held on the 22nd inst., for an immediate settlement of the matter. Considering that the foreign exchange expenditure on account of Oil India's prospecting programme has already been underwritten by the Burmah Oil Company, it would be most unwise to delay things further.

The Chairman's speech is also notable for its review of the progress of work pertaining to pipelines for transporting crude oil. It is, indeed, remarkable that the Burmah Oil Company (Pipelines) Limited, to which the responsibility for designing and constructing a 720-mile-long pipeline from Nahorkatiya to Gauhati in Assam and then to Barauni in Bihar has been delegated by Oil India, has already completed the first stage of the pipeline to Gauhati in spite of several adverse natural circumstances. Progress on the second stage of the pipeline, that is, from Gauhati to Barauni, is stated to be satisfactory, and the management of Oil India, is hopeful that the second stage will be completed before the Barauni refinery goes on stream early next year. Oil India can be justly proud of the fact that, when this modern and automatic pipeline system traversing a difficult terrain from Nahorkatiya to Barauni is completed, it will rank as the second largest in the East (including the Middle East).

It will be seen from the above review that Oil India is still in the stage of construction and development. That the Company's sales of crude in 1961 were limited to about 300,000 tons should not, therefore, cause any surprise. If, in spite of its unsolved problems, the Company was able to have a net surplus of Rs. 1.15 crore, after providing for depreciation, taxation and development rebate, in the brief period since its incorporation in 1959, it should be deemed a reasonably satisfactory performance. When the entire Oil India project, covering oilfield development and pipeline construction and involving an aggregate cost of Rs. 73 crores, is completed, the Company is bound to show much better financial results. The prospects in this connection seem to be good in the context of the spirit of co-operation and mutual understanding obtaining between the two equal shareholders—the Government of India and the Burmah Oil Company.

TEA EXPORTS

Both Mr. Morarji Desai and Mr. Manubhai Shah have urged almost simultaneously the need for stepping up tea exports. Inaugurating the Silver Jubilee celebrations of the Assam Tea Planters' Association at Jorhat on Sunday this week, Mr. Desai emphasised that the tea industry depended for its continued existence not merely on local consumption but also on its hold on world markets. And he assured the tea growers that the Government was always prepared to come to its aid, because tea production had to be increased and exports augmented to earn more foreign exchange. Just a day prior to this statement—on Saturday the 23rd inst.—Mr. Shah declared, when he addressed the members of the Indian Chamber of Commerce at Calcutta, that the tea industry should earn an extra Rs. 25 crores in foreign exchange in addition to the sum of Rs. 124 crores to Rs. 132 crores per annum that the country earned by exporting tea in the past few years.

The call for greater efforts to promote exports of tea is understandable especially in the context of the acute shortage of foreign exchange which is bound to persist for quite some years to come. But a mere call will be of no avail unless appropriate conditions are created for enabling the Indian tea industry to compete more effectively in world markets. One such condition pertains to the large and stable internal market. In other words, a rigorous export drive, as Mr. P. R. Subramanyam, Chairman of the Twyford Tea Company and Haileyburia Tea Estates, aptly remarked in the course of his speeches at the recent annual meetings of the respective companies, should be made alongside the drive for increasing internal consumption too. Mr. Subramanyam was critical of the emphasis on restricting internal consumption placed by the Union Finance Minister in his winding-up speech to the general debate on the budget. He described this attitude as one which revealed "a lack of understanding of the problems facing the industry." Drawing attention to the common tea, he minced no words when he declared: "For the common tea, our internal market should be the mainstay and, in this case, to talk of restricting consumption is suicidal." There is no exaggeration in this remark, for, by restraining the consumption of common tea, not much surplus is created for export. On the contrary, such a policy inhibits the competitive capacity of a tea producer to export the better tea he grows, inasmuch as he cannot hope to survive for long by getting unremunerative prices on teas sold for both internal and external markets.

Whether it is for augmenting exports or stimulating domestic consumption of tea, three things are absolutely necessary, apart from higher output, namely, reduction in production cost, lower incidence of taxation and improvement in quality. An idea of how the tea industry had been caught last year between enhanced cost of production, on the one side, and decline in prices, on the other, can be had from the following data as furnished by Mr. Subramanyam:

(In cents per kg.)

	Production cost		*Sale price realised*	
	1961	1960	1961	1960
Haileyburia Tea	323	304	441	460
Twyford Tea ...	360	330	447	454

The upward trend of expenditure is attributed to increases in labour welfare expenses, prices of stores, fuel charges, land revenue and cultivation expenses. Not only the excise on tea has been raised but also that on aluminium foils used by the industry in packing tea. Freight rates, too, have been enhanced, along with new excise duties on plywood, etc., all of which will entail a greater financial outlay. Then, there are the taxes levied by State Governments under a number of heads. Viewed against this background, the relief given in the form of a reduction in export duty from 44 nP to 25 nP per kg. is not as appreciable as has been made out by the Union Finance Minister. Mr. Subramanyam no doubt welcome the export duty cut, but felt that, in the context of

(*Continued on page* 1153)

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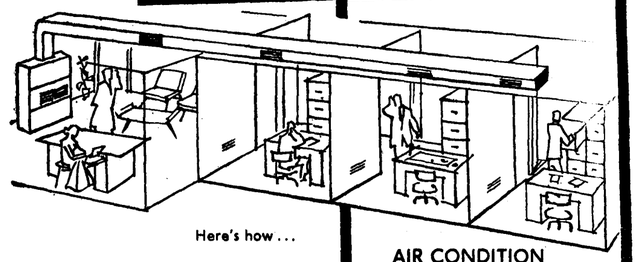

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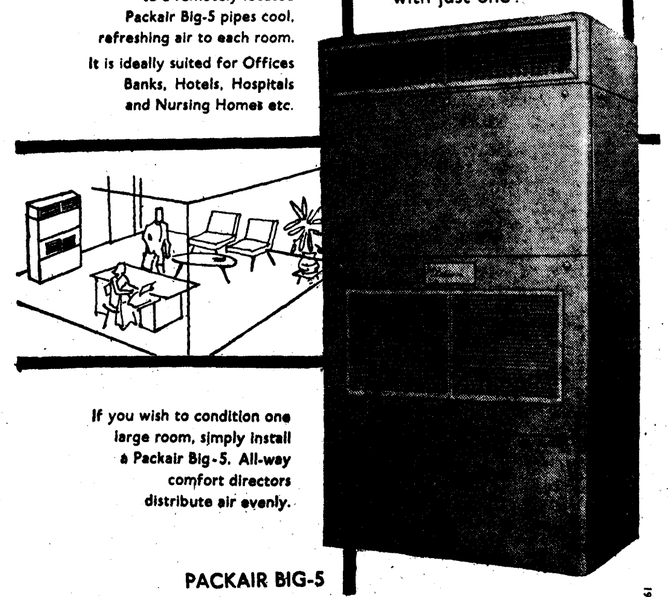

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ACC 126/61

GROWTH *VERSUS* YIELD

TIME FOR RETHINKING

By George Carvelho

[Now that the boom in the share markets has definitely yielded place to a downward trend, many investors are worried as to what they should do. Consequently, the article on this page is timely and useful. It was specially prepared by the author, who has been associated with the stock exchanges for more than two decades, for the Share Market Review *of Messrs. G. M. Pyne, a leading firm of share and stock brokers in Calcutta. It is reproduced in this journal with their kind permission. While pointing out the need for rethinking on the question of growth prospects versus yield considerations, Mr. Carvelho has stressed that investors should not be stampeded into making wholesale liquidation of each and every equity, but only those which have outlived their growth for the time being.—ED.]*

THE Wall Street collapse and recovery and the generally bleak view of investment prospects in India reflected in persistent weakness of share prices raise certain important questions. Has the time come for a critical re-examination of the facile assumption that growth prospects and capital appreciation are the dominant considerations in investment operations and that return or yield is a relatively insignificant matter? Can equities be relied on to serve as a hedge against inflation in the future? Are even blue chips overpriced at present levels, so that growth prospects are discounted and no significant capital appreciation is to be expected? Is this the time for the prudent investor to consider switching from equities to fixed income yielding debentures and preference shares?

Since the beginning of 1958, share prices have been moving more or less continuously upwards at a cumulative rate, as reflected by the Reserve Bank's All India index number of variable dividend industrial securities, of between 10 per cent and 15 per cent a year. This is only an average covering all sections. Those who have concentrated on the more popular investment counters and sought growth in preference to yield, have done very much better. As a result, share prices have risen on the whole, at about double the rate at which the general level of prices moved up and equity holders have thus been protected against the ravages of inflation.

Judging from the trend of the market in the first five months of 1962, it is extremely unlikely that this experience will be repeated. In previous years, share prices generally moved steeply up in the first half of the year and shed some of the gains in the second half. This year, up to the end of May, the overall rise in the index was comparatively meagre, from 187 at the beginning of January to 195 at end May. What is more, there appears little chance of any further rise. On the contrary, the usual post-Budget rise appears to have spent itself and the prevailing mood is one of caution and misgiving.

The upsurge in prices with which the market greeted the sharp increase in direct taxation in the Budget proposals for 1962-63 could be explained only on the naive reasoning that economic development would swell profits so greatly that even after the larger tax bite there would be more left for distribution to shareholders. A number of factors have combined to prick this bubble of self-delusive complacency and to spread awareness of the profit-squeeze that is going on.

Profitability

The Reserve Bank's study of 118 public limited companies, the accounting periods of which ended during the quarter April-June 1961, shows that the trend had begun about a year ago. The important industries covered in this analysis are engineering, shipping, sugar, cotton, paper and chemicals. The 7.6 per cent increase in income from sales was largely offset by higher costs of raw materials and other manufacturing expenses, salaries and wages and provision for depreciation. Nevertheless profits before tax showed an increase of Rs. 2.4 crores. Tax provision absorbed Rs. 1.8 crores out of this, leaving profits after tax nominally higher by Rs. 67 lakhs. As a result the ratio of profits after tax to net worth, which is the measure of profitability that is important for shareholders, was 0.3 per cent lower than for the previous year.

Since then, the squeeze on profits has certainly tightened. In part this is the result of the stresses and strains of development, in which both the availability of resources and their effective mobilisation are subject to limitations. These difficulties have been aggravated by faulty planning and the emergence of the now familiar bottlenecks of coal, power, transport and foreign exchange. Industries struggling with these difficulties and compelled, because of them, to leave substantial productive capacity unutilised, have found themselves burdened with a greatly increased tax load. Their protests have been brushed aside with the bland generalisation that because they operated in a market sheltered from foreign competition and in a developing economy, they could carry the higher taxation without seriously impairing their profit-earning capacity.

The desperate foreign exchange situation and the drastic imports cuts will increase the already grave difficulties of industries. It now appears likely that the third Five-year Plan will be almost impossible to carry out in full. The Aid India Club is dragging its feet in the matter of providing the external resources for the second year of the Plan. On the export front the performance so far has been far short of the Plan requirements. Some improvement may be expected through the efforts of the Minister for International Trade, Mr. Manubhai Shah, and his newly constituted Board of Trade. But if the cotton textile industry is an example of the method of export promotion visualised, more industries may find themselves compelled to export a specified proportion of their output. This cannot but reduce profitability further. The virtual certainty that Britain will join the European Common Market will not make his task easier.

Politically, there is evidence of a strengthening of the leftist elements in the Government and the entry of Mr. Krishnamachari into the Union Cabinet is not likely to arouse enthusiasm among investors. Even Morarji Desai, as his Budget proposals show, appears to find it impossible to resist or expedient to play up to the socialist clamour for giving reduction of inequality precedence over incentives for increasing production, income and employment. Further, the mounting border tension with China and Pakistan and the signs of strain in relations with the U.S.A. could have serious repercussions on the economic outlook through diversion of resources from development to defence and adverse effects on the flow of foreign aid.

Hedge Against Inflation

Against this somewhat sombre background, it is worth while for investors to examine critically the grounds on which their enthusiasm for equity investment have been based. The argument is familiar and is summed up in the claim that equities serve as a hedge against inflation. At a time when the price level is moving up, any sort of fixed-income yielding security, whether Government bonds, debentures of preference shares, suffers from the obvious disadvantage that they are claims to fixed sums of money and fixed money incomes. As the value of money declines with rising prices, the real value, both of the capital and the income from such assets correspondingly falls. If a person buys a bond for Rs. 100, on which he receives 4 per cent interest a year and if the price level rises by 5 per cent a year, he suffers a loss in the sense that the depreciation in the real value of his capital is not even compensated by his interest income. Equities, on the other hand, offer the prospect of rising dividend income as well as capital appreciation and if, as has happened since 1958 in India, the capital appreciates more than the rise in the price level, the investor in equities is obviously better off than his counterpart who holds fixed income yielding assets. Moreover, in a developing economy such as this, so runs the argument, economic growth is sure to be reflected in a rising level of equity prices. The wise investor would therefore concentrate on growth prospects and pay little or no attention to yields.

This is the mentality that is responsible for the spread of the investment habit among the middle income groups, the enthusiasm for new issues with growth prospects and the general preoccupation with growth stocks so noticeable in the last few years. The logic is unexceptionable in the sense that given the premises, no other conclusion is possible. What tends to be ignored is the important matter of whether the premises or assumptions are valid. For the reasons set out above, it would seem that there is at least grave doubt as to whether, under present conditions, we might expect capital appreciation to continue at anything like the rate witnessed since 1958. It is, of course, true that ours is still an underdeveloped economy, but it is necessary to remind ourselves that economic growth is neither automatic nor continuous and so neither is capital appreciation in equities. The business cycle, with its regular, rhythmical succession of booms and slumps that was once so dear to academic economists, may no longer correspond to the course of events in the real world but there is plenty of evidence to show that belief in continuous economic growth may turn out as great a delusion as the nineteenth century faith in continuous progress. In our case, it is possible that even normal economic growth is being inhibited by unimaginative, ideologically inspired interferences with the growth process.

It looks as if share prices, after their four-year rise are now entering a phase of levelling out or even of moderate decline, before the upward trend is resumed. If this reading of the situation is correct, there is clearly urgent need for investors to change their ideas and their methods. A rearrangement of portfolios in the light of the new circumstances seems necessary.

The one field in which this warning does not appear to be necessary is in new issues. Here, if investors are sufficiently discriminating in their choice, there is scope for almost immediate and very substantial capital appreciation. But it must be emphasised that discrimination is of vital importance. Some new issues recently have been flops and the unwary investors have suffered capital loss.

Importance of Yield

So far as shares of existing enterprises are concerned, the prudent investor would be well advised to think less of growth prospects and more of yields. If, as seems likely, we are entering a period of stable instead of expanding industrial activity and profitability, equities lose their charm as a hedge against inflation. For the economy as a whole, aggregate demand may exceed aggregate supply and inflation may persist but this may not be reflected in industrial profits. For a number of commodities, including steel, cement, paper and sugar, manufacturers' selling prices are fixed on Tariff Commission awards at levels that leave only such meagre return on capital as a socialist Government deems necessary. In others, the inflationary pressure originates from the push of cost rather than the pull of demand and in so far as prices rise, this is merely a defensive reaction by producers, which does not improve their position, but merely prevents a deterioration therein. Many producers find themselves squeezed between rising costs and rigid prices.

In such a situation, investors should ask themselves whether a 7 per cent return on preference shares with no prospect of capital appreciation may not be better than a 3 per cent return on an equity investor with extremely nebulous growth prospects. The fact is that unreasoning infatuation with growth and neglect of yield have pushed prices of even the best blue chip equities to levels at which all likely growth prospects appear to be fully discounted. The following table compares the net yield on a representative list of ordinary and preference shares. There are cases where the yield on equities is even below that on Government securities:

	Approx. current price (16-6-1962)	*Net yield % p.a. on last dividend at current price*
Ordinary Shares :	Rs.	
Burn & Company	700.00	2.80
Guest, Keen, Williams ..	40.00	2.40
Indian Standard Wagon ..	195.00	2.56
Alkali & Chemical	44.00	2.40
Associated Battery	30.00	3.50
Dunlop Rubber	41.50	3.30
Indian Aluminium	39.50	2.60
Metal Box	60.00	2.90
Union Carbide	50.00	2.50
Titaghur Paper	41.00	3.40
	Approx. current price	*Net yield % p.a.*
Preference Shares :	Rs.	
Alkali & Chemical	85.00	5.35
Burn & Company 1st ..	108.00	5.90
Burrakar Coal 1st	94.00	6.78
Howrah Mills	92.00	6.93
Kumardhubi Engineering ..	72.25	6.30
McLeod & Company 2nd ..	62.00	7.34
Ramnugger Cane & Sugar ..	78.00	7.00
Textile Machinery 1st ..	88.00	6.25

Price Earnings Ratio

It would be a great help to investors if some simple formula could be devised by which one could tell whether a particular share, at its current market value, is overpriced or not. Yield calculations are not much help because investors with confidence in the growth prospects of their holdings may cheerfully accept very low returns and even, in the case of new issues, no returns at all for quite considerable periods. There is an inevitable element of personal judgment and therefore possibility of differences of opinion in such assessments. For while the current earnings of the concern are a verifiable fact, the magnitude of future earnings is hypothetical. In other words, that is anybody's guess.

Nevertheless, investors have been so incessant in their demand for guidance on this matter that various attempts have been made to devise some sort of formula. One that has been in use in the U.S.A. for some decades is the price-earnings ratio. This is simply the ratio of the market price per share to the annual earnings per share. As a measure of the worth of a share this is superior to the yield rate because while yield is calculated on the basis of the last dividend, the price-earnings ratio relates the price of the share to the profits after tax. Thus a price-earnings ratio of 20 : 1 does not imply a yield rate of 5 per cent. It means that for every Rs. 20 paid by the shareholders as market price of the share, the company earned a net profit of one rupee. When provision is made for reserves, preference dividends and, in India, managing agency remuneration, the distributed profits and therefore the yield would be considerably less. But even so, the earnings per share are certainly relevant to the financial soundness of the company and therefore to its value to investors. A company that follows a conservative dividend policy and ploughed back much of its profits into expansion and modernisation is a better investment than one that paid the same rate of dividend but, for that reason, could not make the same provision for reserves. If these two shares were quoted at the same price, the greater financial strength of the first would be revealed in a lower price-earnings ratio.

A relatively low price-earnings ratio, other things remaining the same, is an attraction to investors. But it should never be blindly followed. It does not absolve the investor from the necessity of studying the financial position of the concern and assessing its growth prospects. Its usefulness lies in the fact that if two companies are regarded as having equally good growth prospects, the investor would be wise to choose the one with the lower price-earnings ratio.

Raskob Formula

How high may the price-earnings ratio be without the share in question being considered overvalued? The 15:1 ratio laid down as a rule by John J. Raskob in the U.S.A. in the 'twenties was regarded at the time as excessively bullish but it enabled him to foretell the 1929 crash on Wall Street. Since then, ideas of growth have undergone a radical transformation, though as recently as 1950, before the Korean war, the 30 stocks in the Dow Jones index showed an average price of six times earnings. In the bull market that dominated the 'fifties, prices were bid up to fantastic heights and at their highest point in 1961 a number of market favourites such as Xerox, Polaroid and IBM recorded prices from 80 to 120 times earnings. In December 1961 when the Dow Jones index touched its highest point, the prices of stocks in the group averaged 23 times earnings. There is general agreement among American investment experts that the rise in prices had been overdone and that the collapse on 29th May, Blue Monday, was the natural consequence of such a situation. The recovery on the following day was powered by the knowledge that the fall had likewise gone too far and that, at the lowest levels, many first class blue chips were available at absurdly low prices in relation to earnings.

Price-earning Ratios for Shares

Name of share	*Approx. current price (16-6-62)*	*Earnings per share*	*Price earnings ratio*
	Rs.	Rs.	
Bengal Coal	378.00	39.0	9.6
Alkali & Chemical ..	44.50	2.4	18.5
Guest Keen Williams ..	40.00	1.4	28.5
Indian Iron	26.00	2.5	10.0
Britannia Biscuits ..	45.00	6.6	6.8
Dunlop Rubber ..	41.50	3.5	11.8
Hindustan Motors ..	19.25	3.1	6.2
Indian Aluminium ..	39.50	2.8	14.1
Indian Cables	37.00	3.5	10.4
Indian Oxygen	46.00	2.2	21.0
Kesoram Cotton ..	29.50	2.6	11.3
Martin Burn	29.00	3.0	9.6
Metal Box	60.00	4.2	14.3
Philips India	33.50	1.7	19.7
Union Carbide	50.00	1.6	31.2
Titaghur Paper	41.00	2.2	18.6
Orient Paper	42.50	2.7	15.7
Birla Jute	34.00	2.3	14.7
Braithwaite	36.00	6.6	5.4

Since investors in India face a similar problem of assessing the worth of shares and judging whether or not they are overvalued, an attempt is made to estimate the price-earnings ratio for 19 blue chips of the Calcutta market. The results are indicated in the table at the foot of column one. For these 19 shares, the current prices range from 31.2 to 5.4 times earnings, with an average of 15 times. For these shares therefore the average is the same as the Raskob figures. But even conservative opinion in the U.S.A. holds that under present conditions, the Raskob formula of 15:1 is too low. Prices equal to 20 times earnings are considered reasonable and as justifying purchases for growth.

India and U.S.A.

It would, of course, be folly to apply a price-earnings ratio considered appropriate in American conditions to the very different situation prevailing in India. On the face of it, growth prospects in an underdeveloped country such as this should be considered to be greater than in an already mature economy such as the U.S.A. This would seem to justify a very much higher ratio for India than for the U.S.A. But this is a one-sided view that takes no account of the immeasurably greater resources of capital, skill and technology available to American industries and the enormous purchasing power of the markets they serve. Even our biggest companies are the most insignificant of pygmies compared to American giant corporations such as G.E.C. or General Motors. With this vastly greater scale of operations and turnover, there comes a corresponding increase in profitability. The price-earnings ratios that appear fantastic to us in India are not entirely the product of exuberant, over-optimistic investor imagination And American industries have the advantage of operating in a country where free enterprise is almost a dogma and anything even faintly savouring of socialism is branded as alien and incompatible with the American way of life. Even the action of President Kennedy in rejecting the steel industry's demand for a price increase has caused charges of socialism to be hurled at him. Indian industries on the contrary have to adjust themselves to the goal of a socialist society and to a degree of regimentation that would be intolerable in America. It is evident therefore that in such countries the much talked of growth prospects in India are not greater but a good deal less than in the U.S.A. We have therefore to adopt a lower price-earnings ratio than would be considered right for the U.S.A.

Even so, a scrutiny of the Indian figures does not appear to support the view that they are too high and that a corrective reaction is called for. While each case has to be judged on its merits and generalisations are dangerous, at least one such broad assessment may be ventured. By and large, share prices at current levels are not excessive but, again subject to exception in special cases, these prices probably discount all reasonable growth prospects. The scope for capital appreciation without overpricing of shares appears restricted.

What then should investors do? I would suggest that the time is ripe for booking of profits on selected equities notwithstanding liability to capital gains tax and switching to good high-yielding preference shares. There is not much danger of heavy capital loss on good equities but equally, there is not much prospect of substantial capital gain. If that is the case, a 7 per cent return on preference shares (net of the 30 per cent deduction at source which the investor has the right to claim) is a better buy than a 3 per cent or 4 per cent net yield on equities. But selectivity is vital, both in deciding what to sell and what to buy. And don't forget to keep some funds available for attractive new issues some of which are in the offing.

SURVEY

(Concluded from page 1151)

Britain's entry into the European Common Market and the need for a sustained and vigorous export drive, the complete removal of export duty would give "the desired shot in the arm which the present reduction cannot accomplish." If, however, the Government is not inclined to accept the plea for the complete abolition of export duty on tea, it must at least reduce the rate of duty further, especially in view of the latest cut in export duty on Pakistan tea from 25 paisa to 15 paisa per lb.

Unless the tea exported from India is accorded special treatment along with the other Commonwealth teas, not only will the advantage of free entry into Britain (as against an import duty of about 11 nP per lb. on non-Commonwealth tea) be denied but the tea might even be subjected to a high duty of over 44 nP (8d.) per lb., if the Common Market tariff were applied. Britain, as is well known, is India's largest customer for tea, accounting as it does for more than 63 per cent of the total exports from this country. The E.E.C. will do well to dispense with this duty altogether, for, after all, the revenue to the E.E.C. countries from such a duty would be negligible, since imports into them amount to only about 40 million lbs. a year.

Notice

THE METAL BOX COMPANY OF INDIA LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Twenty-ninth Annual General Meeting of the Company will be held at the Registered Office, 59C Chowringhee Road, Calcutta, on Wednesday, the 18th day of July 1962, at 12.30 p.m., for the following purposes:

1. To receive and consider the Statement of Accounts for the year ended 31st March 1962 and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To elect Directors.
4. To fix the remuneration of the Auditors.
5. To transact any other ordinary business of the Company.

SPECIAL BUSINESS

The consideration of the following Resolution which will be proposed as a Special Resolution:

"That the consent of the Company be accorded by this Special Resolution with effect from 1st November 1961 to the holding by Mr. T. M. Rama Aiyangar, an Alternate Director, of an office or place of profit under the Company as General Manager, Delhi."

Explanatory Statement and Note

The consent of the Company by Special Resolution is requisite to the holding of his office or place of profit by an Alternate Director of the Company.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.

NOTICE is hereby given that the Ordinary Share Register of the Company will be closed from 2nd July to 18th July 1962, both days inclusive.

By Order of the Board,
F. P. GILBERT,
Secretary.

59C CHOWRINGHEE ROAD, CALCUTTA.
23rd *June* 1962.

PROSPECTS FOR FOREIGN AID FOULED

MR. NANDA'S BRAVADO ON PLAN

From Our Special Correspondent

NEW DELHI, *25th June*

DELHI LETTER

DELHI appears to have reached a point of no return with regard to proposals for the purchase of Soviet-made M.I.G. 21 fighter aircraft. Unless a miracle happens, India will go through with the deal to buy a few M.I.G. craft first and then to set about manufacturing M.I.Gs within the country. First the Western nations called the Indian Government's attention to their concern over the projected M.I.G. deal by making not too 'discreet 'inquiries'; then there was a persuasive approach by U.S. Ambassador Galbraith and the British Commonwealth Relations Secretary, Mr. Duncan Sandys. To this persuasion was coupled offers of British planes supposedly comparable in performance with the M.I.Gs. And, lastly, have come the threats about economic assistance, if the M.I.G. deal is put through. Of course, the threats have not been direct and official; they have been couched in the diplomatic language of how impossible it would be for the democratic aiders to assuage public opinion at home if India were to buy arms from the Soviet Union.

But these have had little effect apparently on Mr. Nehru's basic thinking on the arms purchase issue on which he and the Defence Minister, Mr. Krishna Menon, have received an almost cheering and certainly unanimous mandate from members of Parliament. All parties support the Government since the armaments purchase is directly hinged to the technical superiority of the Pakistani Air Force stemming from the American gift of fighter planes of modern design to Pakistan.

The Western persuaders have found no arguments to puncture the basic logic in Mr. Nehru's and Mr. Menon's arguments which in essence is as follows: according to Indian Air Force experts, the M.I.G. planes are simpler to make than Western planes of comparable performance. Therefore, the time gap between the decision to take M.I.Gs and the building in India of the first prototype would be less than that if India went in for a Western designed plane. Secondly, in the case of the M.I.G., India will have to deal with just one central Soviet authority. If a Western plane is chosen for manufacture, Delhi will have to make a number of deals with numerous firms making aircraft components.

Plain Speaking

In addition, Mr. Nehru appears to be incensed with the lectures by Western leaders on how India should behave in affairs like Kashmir, Goa and the Congo. This led to his plain speaking in Parliament that India will not barter her freedom of action for economic assistance. In other words, it is an admission that the policy of aid without strings, enunciated by Mr. Nehru and successfully implemented by him in the past decade is now coming up against new difficulties. In these circumstances, the Finance Minister, Mr. Morarji Desai, will not have an enviable task when he visits Europe in the first week of July to convince leaders there of India's need for trade concessions and aid injections. While Mr. Nehru may not brand the European Common Market development as a "neocolonialist plot" as some African leaders have, he is nonetheless convinced of the political repercussions.

While Britain's application to the European Economic Community is largely based on economic considerations, the Inner Six introduce a greater political bias in their decisions. And the Western collaborators in India's development are becoming less tolerant of what diplomats in Delhi call India's aggressive non-alignment. In relation to underdeveloped countries' need for aid without strings, officials in Delhi do not pin much hope on efforts at the United Nations Secretariat. According to one official, the "decade of development" may ultimately prove to be the sixties of sorrows for needy countries who have for long been pleading for more aid and more trade. The prospects may be less aid and less trade.

The end of the first post-election Lok Sabha session was on a touch of bravado on the part of a Minister usually not prone to such talking as he did. Planning Minister Nanda's chant during the closing minutes of the session was that the third Five-year Plan will not be pruned, despite various difficulties; neither would it suffer on account of uncertainties of foreign exchange availability. According to Mr. Nanda, 70 per cent of the industrial projects in the Plan were covered with regard to exchange needs and assistance had been secured for 90 per cent of the mining projects. In exchange coverage Mr. Nanda included the promises of aid made by various countries but an assessment of actual aid deliveries would show a big gap.

Strategy in Targets

Mr. Nanda also explained the strategy in the targets which he indirectly admitted were not based on feasibility of resources. He said: "The choice before the planners was to have smaller targets and thus avoid shortfalls or provide cushions against possible imbalances. If the proper cushions are provided, the plans become a struggle between the cushions and strains and the progress may be slow. On the other hand, smaller targets could not be fixed, because no plan will be too ambitious for the country in view of the enormous problems of poverty, growing population and unemployment."

Mr. Nanda listed the factors affecting the tempo of progress of Indian development. Among these was the lack of a regimented economy. There was pressure of decentralisation and the State's regulatory powers were limited, and the country had a mixed economy in which both the private sector and the public sector were functioning.

Mr. Nanda did not elaborate on what he meant by "some measures of ruthlessness" which may be needed to bring about economic discipline. He was "confident" that the leeway in the first two years of the third Plan would be made up during the remaining years of the third Plan and he "assured" Parliament that the targets in national income would be reached, forgetting perhaps that only a day or two earlier the Planning Commission had released estimates of the national income for 1961-62 which showed a disappointing rate of growth. According to these estimates, the national income rose from Rs. 14,236 crores at the end of the second Plan to Rs. 14,690 crores at the end of the first year of the third Plan. This represents a growth rate of 3.5 per cent, or a shortfall of one and a half per cent over the annual target in the third Plan.

The leeway to be made in achieving the third Plan target may be partly reduced by the coming into full capacity operation of several big projects which have been delayed, but it is doubtful whether the progress can be fast enough to meet the revised target of doubling the national income by 1967-68 and of doubling the *per capita* income by 1973-74. In the six years left for the achievement of the national income target, the growth rate will have to accelerate to more than eight per cent, or double the rates achieved during the years under planned development in the country. There is no magic wand with Mr. Nanda or anybody else to make the economy leap forward at this rate.

The rupee coin in the decimal series will be issued from all offices of the Reserve Bank of India with effect from 2nd July 1962 and thereafter from the district treasuries and other important centres in the country. The new coin is minted in pure nickel and is circular in shape and has a serrated edge. It weighs 10 grams and is slightly lighter than the rupee coins which are in circulation. On the reverse, it bears the year of mintage, viz. 1962 and the value of the coin in international numerals, with the word "Rupaya" in Hindi above and the word "Rupee" in English below the numeral. The issue of the new rupee coins does not involve the withdrawal of the present rupee coins in nickel or quaternary alloy which will continue to circulate along with the new coins.

A Public Relations Officer has been appointed in the office of the Chief Control of Imports and Exports, New Delhi, to assist traders in securing information on trade control policy and procedure. The officer will also assist the traders in getting proper indication about the disposal of their cases.

The appointment of the Public Relations Officer follows the recommendation by the Import and Export Policy Committee, under the chairmanship of Mr. Ramaswamy Mudaliar, that such officers should be posted at the headquarters and regional offices of the Import and Export Trade Control Organisation. Steps have been taken to appoint Public Relations Officers at the regional offices also.

THE JENKINS REPORT

SUGGESTIONS FOR IMPROVING COMPANY LAW

(*From Our Own Correspondent*)

LONDON, *22nd June*

LONDON LETTER

A GREAT deal of publicity is being given to the findings of the Jenkins Report, just published. This is the work of a Committee appointed 2½ years ago under the leadership of Lord Jenkins, a Lord of Appeal, and having among its members representatives of financial, industrial, banking and trade union circles, to study the legal structure of British industry, commerce and finance. This structure is based on the Companies Acts of 1947 and 1948 which then followed the recommendations of a similar committee. The instigation for the current enquiry was a spate of somewhat dubious transactions which gave rise to the feeling that the legal framework left the way too easily open to abuse. The Committee's findings, however, solidly back the existing Code whose provisions "have on the whole worked well in practice" and called only for amplification and consolidation to cover legally practices now generally current and acceptable.

Take-over bids, which have earned a place in the forefront of the news over the past year, are supported in the Report as an integral part of accepted business and an essential feature of economic growth and development, but accompanying this acceptance is a recommendation for a comprehensive set of statutory rules for all such operations. The broader social and economic questions did not come within the scope of the study—concentration of economic power and effects on employees.

A New Code

A new code of conduct for company directors has been laid down and, on the question of duties of directors *vis-a-vis* rights of shareholders, the Committee takes a firm line. British company law is based on the assumption that ultimate control over the directors of a company should be exercised by shareholders and, to achieve this end, it is suggested that there is a legal obligation on a company to provide a fuller account of its activities and affairs and that any decision affecting disposal of the company's assets should be subject to shareholders' approval.

Investors would be given added protection in other ways, too. The Committee suggests means of protecting minorities in companies as well as investors holding special classes of shares. On nominee shareholdings, the Committee recommends that beneficial owners of 10 per cent or more of the equity capital of a company be required to notify their interest, and that this should be registered by the company.

Tackling limited liability, it is suggested that private companies should no longer be exempt from filing accounts. Shipping companies would wholly, and insurance companies partially, lose their exemption in the matter of disclosing hidden reserves. Not so the banks, for, traditionally, banks are regarded in a separate light because their stability is a matter of national importance. This, and also the suggestion that there would be no statutory restrictions on voteless shares, are the two major and most controversial issues and are not likely to be lightly dropped if omitted from any ensuing legislation.

The Report has been received in the City with cautious approval. But the implications are also political and obviously a new Companies Act should be high on the list for Government action.

The rise in industrial output in Britain since the beginning of the year is confirmed by the figures given in the index of industrial production for April. The index for April, seasonally adjusted, is provisionally estimated at 114, as compared with 115 for March and 114 for February (1958 taken as 100).

It is pointed out that, in the three months, February-April, the level of British industrial production, on a seasonally adjusted basis, was 2 per cent above the previous three months, thus confirming the rise in output since the beginning of the year. The March figure was influenced exceptionally by the high output of gas and electricity due to the abnormally cold weather.

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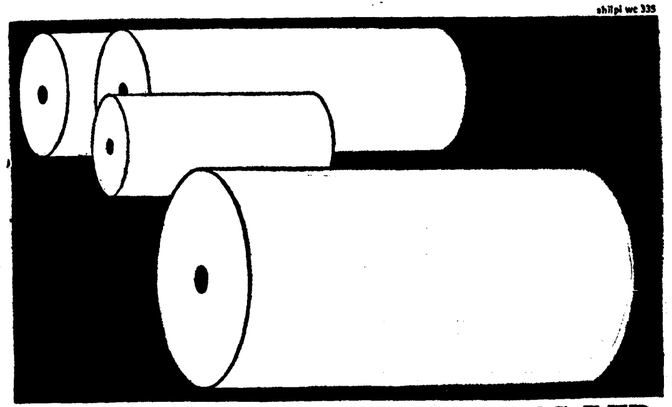

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1961–A YEAR OF RECORD GROWTH IN BANKS' DEPOSITS

SIGNIFICANT OMISSION IN RESERVE BANK'S SURVEY

THE season for the Reserve Bank's annual publications has begun, with the release this week of its statutory report on the *Trend and Progress of Banking in India* during the year ended 31st December 1961. It has been the practice of the Bank to publish this report first and that has been faithfully followed this year. A gratifying feature of the Bank's report is their promptness and punctuality. It is no mean achievement to bring out a comprehensive report of 225 pages, containing all the monetary and banking data and a detailed analysis of the trends disclosed by them, within six months of the close of the year to which they pertain.

The report on banking for 1961 has retained all the features of its predecessors, except one which is conspicuous by its absence and that is the brief chapter entitled "Perspective." Last year, this chapter made quite a hit, as it contained some important suggestions for toning up the banking system. Why has the Bank dropped this chapter in which it used to lecture to banks? Has it exhausted its repertoire of sermons? Or has the banking system improved to such an extent and attained that much perfection as not to need any more paternal advice from the central banking institution? Or has this piece been reserved for another occasion? Or is the omission due to the change of Governor? Whatever be the reason, the omission has made the report a dull, monotonous piece.

As usual, the authors of the report have begun it with a swift account of the economic background to the monetary and banking trends and developments. They say that "the year 1961, which largely covers the first year of the third Plan, was a comfortable one for Indian banking." They have given sufficient reasoning and data to support this conclusion. Giving the highlights of the year at the outset, the report says:

"The pressure on the resources of banks prevalent in 1960 eased during the year and their liquidity position improved a good deal. This was the result, on the one hand, of a large accretion to their deposits and a moderate expansion in volume of bank credit on the other. These trends enabled banks to reduce their indebtedness both to the Reserve Bank and to the banking system abroad. The general economic background was one of a higher tempo of activity in the economy, in an environment of relative price stability. The year also witnessed a new phase in the consolidation of the Indian banking system. Measures designed to improve generally the operational efficiency of banks and especially to strengthen the sector of medium and small banks were taken. Legislation was enacted to set up the Deposit Insurance Corporation for providing some cover against loss to depositors.... By and large, a measure of normalcy governed the operations of banks in contrast to sustained pressure during the previous year. The change was largely in consonance with the improved supply factors."

The following table, extracted from the report, gives a synoptic view of the yearly operations of scheduled banks on the basis of the changes in the sources and uses of their funds:

(In crores of rupees)

		1961	1960
I. Sources			
(a)	Increase in paid-up capital and reserves ..	1.2	1.2
(b)	Increase in deposits (excluding P.L. 480)..	179.9	101.9
(c)	Increase in borrowings from R.B.I. ..	—	49.7
(d)	Inflow of funds from abroad	—	9.0
(e)	Reduction in cash and balances with R.B.I.		
	(i) Impounded	13.6	—
	(ii) Others	—	—
(f)	Reduction in investments (excluding P.L. 480)	—	99.9
	Total ..	194.7	261.7
II. Uses			
(a)	Reduction of borrowings from R.B.I. ..	42.8	..
(b)	Outflow of funds abroad	8.2	—
(c)	Increase in bank credit	113.5	208.1
(d)	Increase in cash and balances with R.B.I.		
	(i) Impounded	—	13.6
	(ii) Others	7.4	34.5
(e)	Increase in investments (excluding P.L. 480)	50.0	—
	Total ..	221.9	256.2
III. Errors and Omissions		+27.2	—5.5

The increase in the aggregate deposits of scheduled banks amounting to Rs. 180 crores or 11 per cent, as against Rs. 102 crores or 7 per cent in 1960, raising their level in December 1961 to a peak of Rs. 1,757 crores, was the largest recorded in a year so far. The number of deposit accounts of scheduled banks increased by 13 per cent (as compared with 7 per cent in 1960), from 5.8 million in 1960 to 6.5 million in 1961. The bulk of the rise in number took place in savings deposits which went up from 3.6 million to 4.1 million. Ownershipwise, the rise in the number of accounts almost wholly took place under personal deposits (710,000 out of an increase of 750,000) and the relative share of personal deposits in the total number of deposit accounts increased by one percentage point to 88 per cent.

The Bank's survey of ownership of deposits in the year ended October 1961 has brought out the following features:

"Of the increase in aggregate deposits of Rs. 170 crores in the year ended October 1961, time deposits accounted for Rs. 107 crores, savings for Rs. 45 crores and demand for Rs. 18 crores. The relative shares of the three types of deposits in the total outstanding changed thus: Time deposits went up from 47 per cent to 48.6 per cent and savings deposits from 16.6 per cent to 17.6 per cent. The share of demand deposits declined from 36.4 per cent to 33.9 per cent. The largest absolute increase in deposits by type of ownership was witnessed in personal deposits, namely, Rs. 102 crores. A further breakdown shows that the best part of the increase in personal deposits occurred under time and savings deposits, Rs. 52 crores and Rs. 44 crores, respectively. Personal deposits constituted 50 per cent of total deposits in October 1961 as compared with 49 per cent in 1960. Business and Government (including quasi-Government) deposits rose by Rs. 30 crores and Rs. 22 crores, respectively, in 1961, in contrast to a decline in each category in 1960. The share of business deposits in total deposits declined from 33 per cent to 32 per cent, while that of Government deposits increased marginally to 7 per cent."

Credit Expansion

The main features of banking trends in the past year as brought out by the Reserve Bank in the annual report under review may now be briefly summarised. In contrast to the record growth of deposits, expansion of scheduled banks' credit to trade and industry during 1961 was at a slower pace. It was only half of what it had been in the previous year, namely, Rs. 114 crores or 10 per cent as against Rs. 208 crores or 23 per cent. As a result, the advances-deposit ratio was marginally lower at 70.8 per cent in December 1961 to 71.6 per cent a year before. The slower rate of growth of industrial output caused by shortages of power, fuel, transport and raw materials, decline in stocks of commodities and goods in certain lines of industry and trade and stable price levels in regard to foodgrains and manufactures are said to be the main cause for the relatively limited demand for bank credit. The comparative figures given below show at a glance the trend of bank credit:

(In crores of rupees)

	1961	1960	1959
January-April	+133	+164	+154
May-October	— 74	— 26	— 80
November-December ..	+ 55	+ 70	+ 18

Of the two measures of general credit restraint introduced in 1960, namely, the additional reserve requirements (March) and the system of quotas and slab rates on lending to scheduled banks by the Reserve Bank (September), the former measure was completely withdrawn in January 1961 for facilitating credit expansion by banks for seasonal purposes as well as for relieving the acute monetary stringency. The system of three-tier rates was continued throughout the year for exercising an overall restraint. For providing an incentive to scheduled banks to increase their lending to small-scale industries and co-operative institutions, the Bank sanctioned additional specified quotas to individual banks to enable them to borrow at Bank rate.

Liquidity

In view of the relatively lighter pressure of demand for credit and the higher rate of deposits growth, the banks first preferred to use their surplus resources to reduce their borrowings from the Reserve Bank which had gone up to a high level of Rs. 94.5 crores by the end of March 1961, when the busy season was at its peak. They had repaid Rs. 56 crores in April alone and brought down their borrowings during the slack season (May-October) by Rs. 32 crores, as compared with Rs. 27 crores in the 1960 slack season. During the first two months of the 1961-62 busy season (that is, November and December 1961), their borrowings from the Reserve Bank rose considerably less (Rs. 12 crores) than in the corresponding period of 1960 (Rs. 45 crores). An analysis of the borrowings at the peak of the busy season in March 1961 disclosed that two-thirds of the amount was borrowed at the maximum rate of 6 per cent, around one-sixth at 5 per cent and the balance of about one-sixth at Bank rate, namely, 4 per cent. The weighted average rate of borrowing worked out to 5.5 per cent in March 1961. At the end of September 1961, the major part (77 per cent) was borrowed at the Bank rate, nearly one-fifth at the rate of 5 per cent and a negligible portion, namely, 3 per cent, carried the maximum rate of 6 per cent. This compared with the position at the end of October 1960 when 45 per cent of total amount was borrowed at the Bank rate, 35 per cent carried the maximum rate and 20 per cent at 5 per cent. It will thus be seen that the effective Bank rate was considerably higher than the nominal Bank rate of 4 per cent.

After giving priority to reducing their borrowings from the Reserve Bank, the banks next paid attention to strengthening their liquidity position in the most remunerative manner possible. Thus, they used a part of their surplus funds to invest in Government securities. Consequently, the Gilt-edged portfolio (other than that due to P.L. 480 deposits) rose during 1961 by Rs. 38.6 crores to Rs. 439 crores, in contrast to a sharp fall of Rs. 95.7 crores in 1960. Nevertheless, because of the relatively high level of deposits, the investment-deposit ratio at the end of 1961 was slightly lower at 29.2 per cent than 29.4 per cent a year before. There was a rise of about Rs. 39 crores in the banks' cash balances also, albeit between the end of March and that of December 1961. The cash ratio as at the end of 1961 was, however, only 8.9 per cent as compared with 10.3 per cent at the close of 1960.

Profits

An analysis of the profit and loss accounts of 27 large Indian scheduled banks each with deposits of Rs. 5 crores and above showed a significant rise in their net profits (after providing for taxation) over the preceding year. During the year, the net profits rose by Rs. 2.8 crores or by nearly 34 per cent to Rs. 11 crores; in 1960, the rise was Rs. 1.1 crore or 15 per cent. Gross earnings (comprising largely interest and discount) increased by Rs. 9.2 crores or by nearly 12 per cent to Rs. 87.3 crores as against a rise of Rs. 5.8 crores or by nearly 8 per cent in 1960. The rise under gross earnings would have been still higher, but for the change in the accounting procedure adopted by most of the banks, viz., deducting from income the provision for taxation. Total expenses during the year rose by Rs. 6.4 crores (9.1 per cent) to Rs. 76.3 crores as compared to a rise of Rs. 4.7 crores (7.2 per cent) in 1960. In 1961, interest paid on deposits and borrowings, which formed the largest component of total expenses, rose by Rs. 2 crores (nearly 6 per cent) to Rs. 36 crores as compared to a rise of Rs. 1.4 crore (4.3 per cent) in 1960. During the year, establishment expenses rose by Rs. 3 crores (11.2 per cent) as against a rise of Rs. 2.2 crores (9 per cent) in 1960. Other expenses accounted for Rs. 10.6 crores of the total expenses in 1961 and rose higher by Rs. 1.4 crore as against Rs. 1.1 crore in 1960.

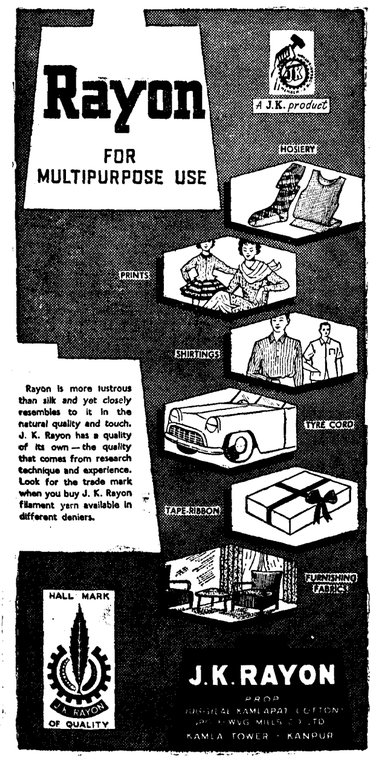
Capital and Reserves

During 1961, paid-up capital and reserves of scheduled banks recorded a rise of Rs. 1.2 crore, i.e. the same as in 1960; the ratio of paid-up capital and reserves to deposits, however, remained unchanged at 4.1 per cent. The rise was entirely due to the increase in reserves of Rs. 1.8 crore partly offset by a fall in paid-up capital of Rs. 0.6 crore; in 1960, paid-up capital and reserves recorded a rise of Rs. 0.6 crore each. The ratio of paid-up capital and reserves to deposits of non-scheduled banks went up to 16.7 per cent from 15.7 per cent at the end of 1960.

Branch Banking

The pace of branch expansion slackened since 1960, after a continuously rising tempo witnessed in the preceding six years. In general, the number of new offices opened is, according to the Report, a more appropriate index of the drive for branch expansion than the overall increase which would have been affected by mergers of non-scheduled banks with scheduled banks or their elevation to the status of scheduled banks, etc. The brisk progress in branch expansion witnessed since 1954 could not be maintained indefinitely, as new branches take time to become viable financially and banks require some breathing space. The State Bank, in particular, after it had completed in June 1960 its branch expansion programme enjoined upon it by statute, planned a lower target for the succeeding quinquennium and opened 46 new offices in 1961, as compared with 91 in 1960 and 115 in 1959. Other banks too felt it necessary to go slow. Besides, the Reserve Bank pursued a more selective policy in branch licensing, with the aim of discouraging opening of branches in over-banked areas, while sanctioning freely applications for opening of offices in areas with little or no banking facilities or where there was scope for expansion.

The total number of offices of commercial banks rose by 84 to 5,111 in 1961, as compared with 180 in 1960. The slower rate of branch expansion was partly due to the sharp fall in the number of offices opened by the State Bank of India. There was a net increase of 246 offices of scheduled banks as against 220 offices in 1960; during the year, 317 offices were closed by them. The number of new offices opened by scheduled banks was only 199, as compared with 268 in the last year; the balance of 118 offices as against 13 offices last year represented those taken over by the scheduled banks from the non-scheduled banks as a sequel to amalgamations, mergers and transfer of assets and liabilities. Although banking companies were granted permission in 1961 to open new offices at 69 centres (as compared with 118 in 1960) which were not served by any bank at all, only fifty-eight offices (as against 97 in 1960) were opened in such places; of these, the State Bank of India accounted for 39 offices or 50 per cent.



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COTTON AND COMPETING FIBRES

PRICE AND QUALITY WILL DETERMINE THEIR FUTURE

AN important point stressed by Dr. Kurt Dietrich, President of the International Cotton Federation, in his speech at the annual congress of the Federation, held at Deuville last week, was the increasing competition which cotton faced from man-made fibres. The growth of man-made fibres has been so rapid in the post-war period that any assessment of the prospects for cotton, wool or silk, the premier natural apparel fibres of the world, must necessarily include a study of the position of man-made fibres. It is for this reason that the annual review of the world cotton situation published by the International Cotton Advisory Committee, Washington, invariably contains a survey of the man-made fibres. This year's review, in addition to giving a picture of the existing position of man-made fibres, also broadly indicates the trend of production and consumption of man-made fibres during the decade 1951-61 and compares it with that of cotton to show cotton's declining share in world fibre consumption. The table I on this page shows the trend of production of man-made fibres during the period 1951-61.

It is evident from the above table that total production of man-made fibres has almost doubled during the period 1951-61. The rate of increase has been about four times that of cotton, although, in absolute terms, the gain in cotton has been greater. For the period as a whole, the greatest absolute gain has been in rayon, but, relatively, the expansion in non-cellulosic fibres has far surpassed that of rayon. Furthermore, the situation has changed recently, with the gain in production, both relatively and in absolute terms, in non-cellulosics. On a world basis, the expansion in the output of non-cellulosic fibres has been continuous, while rayon production has experienced periodic ups and downs. A comparison of the trend of consumption of cotton and man-made fibres shows that, though cotton continues to be the leading textile fibre of the world, its percentage in the total world fibre consumption has been steadily declining. Table II on this page illustrates this position.

Relative Shares

It is noteworthy that, with the exception of one year, namely 1956-57, the trend in cotton consumption has been continuously upward, but its share of the total market for textiles continues to decline. The share of rayons is about the same as it was ten years ago but it too has shown a tendency to decline. Rayon consumption is estimated to have increased in 1961 by about 4 per cent, as compared with 1960. A country-wise analysis of rayon consumption shows a marked reduction in the U.K. and, to a lesser extent, in the U.S. and France, whereas in W. Germany, Italy and some of the smaller producing countries, it has increased. But the greater part of the increase in world consumption occurred in the U.S.S.R. and Eastern Europe.

The increase in production and consumption of the non-cellulosic fibres occurred primarily in Japan and the U.S., though notable gains were also made in many West European countries. On a world basis, the percentage increase in production of non-cellulosics during the period is about the same for filament yarn and staple fibre.

After drawing attention to the aforesaid trend, the review of the International Cotton Advisory Committee adds that though statistics constitute an indispensable tool for analysing how cotton is faring *vis-a-vis* the other fibres, they are not of much avail, unless some attention is also given to the fundamentals behind the changes which are taking place in fibre consumption. There are many changes, but the Committee specifically mentions two, namely, price and technological development which, according to it, may be of particular significance to the future. Its comments on these are as follows:

"Pricewise, the advantage recently has turned in favour of rayon. This can best be demonstrated in the experiences of the United States, but, to some extent, it is also typical of other countries. In the last two years, the increase in cotton and the reduction in rayon prices has had a marked effect on the relative prices of these two fibres. In terms of net cost to the mills, rayon's price advantage in the United States two years ago was from 4 to 7 cents per pound. Now it is generally from 12-15 cents. Never has rayon sold at prices anywhere near this low in comparison with cotton.

Quality

"But price is not all and perhaps not even the most important factor. Developments in the field of quality have been equally startling. In the United States alone, three new names have appeared on the cellulosic horizon—Avril, Avron and Zantrel, which are vastly superior to the early forms of rayon. Basically, these new, high modulus rayons have imparted a new property to rayon that was previously one of cotton's key advantages—a high wet strength. These new rayons are now being promoted as a suitable and profitable blend with cotton in end-uses which were previously all cotton. Although priced considerably higher than regular rayon staples, their potential impact should not be overlooked. All this emphasises, with renewed urgency, the need for a greatly expanded programme of research and promotion for cotton to remain competitive.

"In the non-cellulosics, the range of fibres continues to expand and several reductions in prices were announced in 1961. Courtaulds recently announced a fibre manufactured from chemicals that are both cheap and readily available and one which, it is claimed, will offer strong competition to the existing non-cellulosic fibres.

"Even the non-cellulosic fibres, however, have their problems. According to a recent report on the Common Market, competition has forced down prices and, although this has apparently been offset to some extent by more efficient production, profit margins have shrunk. To meet the situation, the report continues, 'there has been a very definite trend towards vertical integration in the field of synthetic fibres.' By this means producers hope to ensure, among other things, an uninterrupted supply of raw materials at lower prices."

"COTTON IS GOLD"

The 1961-62 Annual Number of the *Cotton Trade Journal* of Memphis (U.S.A.) is, as usual, packed with authoritative and informative articles on every aspect of cotton production, marketing and manufacture in the principal producing and consuming countries of the free world. In an introductory article, Mr. Seton Ross, the Editor and Publisher, observes: "The U.S. Government has discovered that cotton is gold. One of the Administration's impelling motives for stimulating U.S. cotton production and exports is the urgent need to earn more dollars in an effort to reduce the gap in the unfavourable balance of payments and to halt the drain on U.S. gold reserves." Indian readers of the number will be specially interested in the section on this country which carries four articles. Two of them, one by Mr. Pratap Bhogilal, Chairman, Millowners' Association, Bombay, entitled "India Increases Textile Output" and the other by Mr. T. S. Subramanian, Director, A.T.I.R.A., on cotton research are of topical interest. The number is priced at Rs. 14.37 and can be had from Messrs. W. R. Stoessel & Co., 63, New Marine Lines, Bombay 1.

SURVEY OF INDIAN HOSIERY INDUSTRY

Mr. J. C. H. Hurd, head of the School of Textiles at Leicester College of Technology, has arrived in India for an 11-week visit to make a survey of the hosiery industry. The survey, which is being made at the invitation of the Government of India, will take him to Calcutta, Bombay, Madras, and Ludhiana. His conclusions and suggestions for the future development of the industry will be the subject of a report on his return to Britain. Mr. Hurd's tour will include visits to research centres and knitting institutes, one of which is run by a former student of the Leicester School of Textiles. Mr. Hurd, who has held his present post for 15 years, is honorary secretary of Britain's Textile Institute and is president of the International Federation of Knitting Specialists.

REVISED STANDARDS FOR U.S. COTTON

Revised cotton standards developed and approved by a working group representating the U.S. cotton industry and the U.S. Department of Agriculture were recommended for adoption by delegates from the 14 signatories to the Universal Cotton Standards Agreement and by representatives of the cotton industry in U.S.A. at their recent meeting in Washington. The revised standards were recommended after all groups at the conference—U.S. cotton producers, ginners, shippers, exchanges and manufacturers as well as representatives of the overseas signatory associations—had an opportunity to see the physical standards proposed for white, spotted and tinged cotton. The revised standards would more nearly represent the qualities of cotton that are now being marketed.

The Textile Commissioner has provisionally placed the cotton textile mills' production during the month of May 1962 at 71 million kilograms of cotton yarn and 387 million metres of cotton cloth. At the end of May 1962, the composite mills of the cotton textile industry held an estimated stock of 146,000 metric bales as unsold and 149,000 metric bales as sold (unlifted).

TABLE I: *Man-made Fibre Production*

(In '000 metric tons)

Year	Rayon and acetate			Non-cellulosic			Grand total
	Yarn	Staple	Total	Yarn	Staple	Total	
1951	963	855	1,818	76	27	103	1,921
1952	831	773	1,604	92	37	129	1,733
1953	947	930	1,877	113	45	158	2,035
1954	926	1,111	2,037	141	54	195	2,232
1955	1,047	1,237	2,284	180	84	264	2,548
1956	1,025	1,362	2,387	198	109	307	2,694
1957	1,057	1,421	2,478	251	156	407	2,885
1958	964	1,317	2,281	266	152	418	2,699
1959	1,098	1,426	2,524	351	226	577	3,101
1960	1,139	1,468	2,607	420	290	710	3,317
1961	1,161	1,542	2,703	490	336	826	3,529

Source: *Textile Organon.*

TABLE II: *Textile Fibre Consumption*

(In '000 metric tons)

Area and year	Total	Cotton	Wool	Rayon and acetate	Other man-made fibres	Cotton's share (in percentage)
United States:						
1957	2,792.6	1,818.3	161.0	540.3	273.0	65.0
1958	2,648.0	1,744.5	148.6	467.7	258.2	65.9
1959	3,051.7	1,952.9	187.1	570.2	341.2	64.0
1960	2,900.7	1,890.0	175.1	475.5	360.1	65.2
1961	2,860.8	1,842.8	168.0	470.0	380.0	64.4
Western Europe:						
1957	3,177.2	1,673.5	644.8	758.1	100.8	52.7
1958	2,906.2	1,547.8	577.8	673.3	107.3	53.2
1959	3,067.7	1,568.1	633.5	715.7	150.4	51.1
1960	3,329.4	1,693.6	649.3	763.7	222.8	50.9
1961	3,312.0	1,668.0	644.0	750.0	250.0	50.4
India:						
1957	1,049.5	984.4	11.0	53.4	0.7	93.8
1958	996.5	938.8	10.5	44.6	2.6	94.2
1959	1,033.9	962.7	10.0	57.0	4.2	93.1
1960	1,041.0	964.2	10.5	61.7	4.6	92.6
1961	1,119.0	1,040.0	11.0	63.0	5.0	92.9
Japan:						
1957	1,151.6	607.1	85.4	419.3	39.8	52.7
1958	913.5	500.4	73.2	302.4	37.5	54.8
1959	1,077.6	567.0	104.0	357.4	49.2	52.6
1960	1,252.8	670.5	122.7	396.5	64.1	53.5
1961	1,295.0	690.0	130.0	395.0	80.0	53.3
World (excluding E. Europe, U.S.S.R. and China):						
1957	9,858.2	6,396.2	1,081.0	1,997.0	384.0	64.9
1958	9,275.2	6,157.7	977.0	1,750.0	391.0	66.4
1959	10,144.0	6,510.0	1,121.0	1,968.0	545.0	64.2
1960	10,563.0	6,770.0	1,184.0	1,902.0	687.0	64.1
1961	10,725.0	6,840.0	1,135.0	2,000.0	750.0	63.8

"CLEAR WAY" FOR COMMONWEALTH CLOTH

GOVERNMENT'S STAND ON IMPORTS CRITICISED

From Our Special Correspondent

MANCHESTER, 19*th June*

FRAYED tempers, tried to their utmost at the time when the British Government bluntly rejected the Lancashire cotton industry's entire case for some relief from the burden of imports, have had an interval in which to simmer down, and the industry, however disappointed, is now engaged in deciding what to do in the light of the situation as it stands. One thing, indeed, is certain; any uncertainty about the future can be dismissed, as the way ahead is clear enough. The three main Commonwealth areas involved have now been given the go-ahead to send large quantities of cotton goods to this country, and it will be surprising if they do not grasp every advantage offered to fulfil their quotas whenever the market is busy.

MANCHESTER LETTER

At times like the present when everyone is scrambling for orders, even at uneconomic prices, the foreign suppliers can still undercut Lancashire's producers, so that the mills abroad get "the best bite of the cake" in all circumstances. Small wonder that forecasts have already been made that many more local firms will fail to stay the pace and give up the unequal struggle before long.

No Sympathy

Perhaps the unkindest cut of all—and one much felt in Lancashire, if not elsewhere—is the complete lack of sympathy displayed by the Government at all stages of the negotiations. Never in any of the official statements or Parliamentary replies has there been the slightest word of regret about the undermining of a once proud industry, which, for all its faults, has been a wonderful money-spinner for Britain in days gone by.

In contrast, the Government's concern for Eastern industries whose British content has now diminished to vanishing point, passes all understanding. Tolerance for developing areas is an admirable principle, but, when it means casting aside the livelihood of many thousands of workers near at home, to say nothing of the waste of capital, and recently public money, such a theory becomes ludicrous.

Modernisation Outlook

Little more than a fortnight now remains in which schemes for re-equipment can be submitted for participation in the Government subsidy. Some last-minute proposals can certainly be expected, as many firms have been waiting to see whether some relief would be obtained from the overhanging threat of more imports. On the other hand, a number of schemes already put forward may never now see fruition. Mill managements can hardly be blamed for tightening their purse-strings when the future presents such a gloomy appearance.

No Further Aid

Two positive facts emerge from the Government's statement, disappointing as that may be. One is that no further help can really be anticipated from this source and that the industry is left to work out its own salvation as best it can. This has been in the minds of most traders for a long time back, but, while the recent representations have been continuing, the vague possibility of some relief has kept a glimmer of hope alive that "something might be done."

The other feature of the announcement was that the Government is ready to accept the terms of the international G.A.T.T. agreement and to implement the special clause which would preclude the United Kingdom from absorbing larger quantities of goods from the developing areas. Negotiations on the Common Market cannot be divorced from this pact, particularly as the European cotton industries are decidedly wary about the British policy of permitting duty-free entry of such goods from the Commonwealth.

Could It Be Worse?

At the start of the holiday season in the mill towns, when output must of necessity be curtailed by extensive local stoppages, traders have often paused momentarily to assess their position. Any such thoughts on this occasion can scarcely be pleasant or prolonged, as the past in retrospect has been a distinctly frustrating experience.

Turning instead to the future, the outlook is by no means favourable, yet it has the negative aspect of being unlikely to be worse than during the past 12 months or so. De-stocking has continued for most of this period and the absence of fresh business leading to a shortage of contracts has been the dominating influence. In such circumstances, it must be argued that a revival in activity will eventually show itself—what is needed is some stimulating factor to provide the initial impetus.

Wanted—A Stimulus

Weather conditions have this power to change the situation but seasonal trends are not suddenly altered and it is easy to miss the market when replenishment buying comes too late. This may well be the case in 1962, although the prospects opened up by a sunny beginning to June could cause a switch from dullness to a broadening demand.

Production in Europe

In view of the keen attention obviously being directed towards European trade affairs during the critical negotiations about Britain's entry into the Common Market, the publication of statistics covering the area, however belated, cannot be overlooked. Figures for the first half of 1961, collected by the International Cotton Federation some months after the end of the big scrapping scheme in the British cotton trade, provide a more realistic measure of capacity in Western Europe as a whole than those available in earlier years. In the 15 countries concerned more than 5 million spindles were eliminated in 1960, a reduction of 12.6 per cent., following the disposal of 6,500,000 spindles, or 13.9 per cent., during the previous year. Over the two-year period, spindleage in the United Kingdom alone fell by 10,179,000 and in the rest of the area by 1,461,000—approximately 2.7 per cent per annum.

One intentional outcome of the scrapping programme was that the remaining machinery was more fully used: 92 per cent of the spindles in place at the beginning of 1961 were in use for all or part of the first six months of last year, whereas the comparable figure in the first half of 1960 was 84 per cent. The number of spindle-hours worked during the first half of last year was higher than in the comparable period of either of the two previous years.

More Automatic Looms

The reduction of looms in place during this transitional two-year period was smaller in proportion. In 1960, there was a fall of 74,000 looms, or 9 per cent of the total, after the elimination of 51,000 looms, representing six per cent during 1959.

Also noted in the returns is the steady increase in the number of automatic looms installed at the expense of ordinary looms. In the European Economic Community during 1960, the number of ordinary looms declined by 18,000, but an increase of 2,000 automatic looms was reported. Cloth production in Western Europe in the first half of 1961, however, was distinctly higher than in the equivalent period of the previous year.

Plant Sales Pick Up

Earnings from textile machinery exported last year set up a new record, but, in the first quarter of 1962, they showed a decline of nearly £1,100,000. An improvement in the offtake during April, however, brought the volume of plant sent abroad to a higher level than in 1961. The current position, after the first four months, is that shipments amounted to 530,625 cwt., as against 525,214 cwt., the respective values being £21,007,299 and £21,748,174.—*All Rights Reserved.*

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SHARP FALL IN COFFEE PRODUCTION

BUT GROWERS GET SLIGHTLY HIGHER PRICE

THE date of this week's issue of *Commerce*, that is, 30th June 1962, marks the end of the current coffee season which began on 1st July 1961. The season (1961-62) was one of the poorest in the recent history of the Indian coffee industry, at least from the point of view of production. The quantity of seeds actually harvested was no more than 43,000 tonnes, representing a fall of as much as 60 per cent as compared with the 67,794 tonnes produced in the previous season (1960-61). Weather conditions might have had its impact on the size of the coffee crop, but there is no denying that the poor return obtained by coffee growers in the previous season also had its effect. The average "point" value paid by the Coffee Board to growers, which was Rs. 2.45 for the 1958-59 crop, declined to Rs. 2.20 for 1959-60 crop and Rs. 2.06 for 1960-61 crop. This meagre return and the fact that the coffee growers had no control over the marketing arrangements for their coffee must have killed their enthusiasm to produce more.

The position in regard to prices has, however, since improved, especially after the introduction of the new system of open auctions for export coffee by the Board with effect from the beginning of 1962. Thanks to the new system and the keen demand for all growths and grades of coffee, prices have registered a notable rise. Plantation A grade coffee for export is currently ruling in the Virudhunagar market at as high as Rs. 290 per 50 kg., as against Rs. 191-220 early this year and Rs. 186-198 in January 1961. In view of the high export prices, the 1961-62 payments (to coffee growers) are expected to be nearer Rs. 2.30 per point. Even this payment is much less than Rs. 2.81 per point obtained in 1956-57, since when there has been a sharp rise in production costs. The table below gives the pool stocks and sales of coffee out of the current and previous seasons' crop:

Pool Stocks and Sales

(In metric tons)

(Upto 15th May)

	1961-62 crop	1960-61 crop
Receipts into the pool	43,634	67,794
Of which :		
Plantation	21,876	28,984
Arabica cherry	6,320	10,304
Robusta	15,438	28,506
Sold against pool sales, local sales and allotments	3,263	32,755
Of which :		
Plantation	3,066	11,035
Arabica cherry	197	5,058
Robusta	...	16,662
Sold for export	5,656	32,271
Of which :		
Plantation	5,315	17,921
Arabica cherry	36	5,141
Robusta	305	9,209
Balance of stock	34,715	2,768
Of which :		
Plantation	13,495	28
Arabica cherry	6,037	195
Robusta	15,133	2,635

The improvement in prices of coffee, however, is only some consolation. For it has not been of such magnitude to offset the effects of the sharp fall in aggregate production of coffee. Further, despite lower production, the undisposed stocks of coffee at the end of the 1961-62 season are very much higher than those a year ago, in view of the record crop in the previous season.

The need for ensuring a reasonable return to coffee producers is important, for, otherwise, production cannot be expected to be maintained at a high level. It may be noted here that the gap that has to be covered between the actual output of 43,000 tonnes in 1961-62 and the third Plan target of 80,000 tonnes is pretty wide—37,000 tonnes. Unless production is stepped up and simultaneous efforts are made to improve the quality and reduce the cost of production, the prospects for exports will be none too encouraging, what with the huge stocks already hanging on the world market (about 3.9 million tonnes as on 30th September 1961) and the fears of a further substantial increase.

It is against the aforesaid background that the United Nations Acting Secretary General has invited 110 countries to meet at New York on 9th July next "to do something about the world surplus of coffee." The 110 countries include all the 104 U.N. member-States and 6 non-members (West Germany, South Korea, Kuwait, Rhodesian Federation, Switzerland and South Vietnam). The confe-ed to last five or six weeks. It is understood that the Government of India has decided to participate in the conference; the delegation is likely to be led by Mr. H. Sitarama Reddi, Chairman of the Coffee Board. Mr. J. O. Santos, Secretary-General of the International Coffee Study Group, visited New Delhi last week to persuade the Government to join the proposed long-term international coffee agreement which will come into force on 1st October next, if everything goes well.

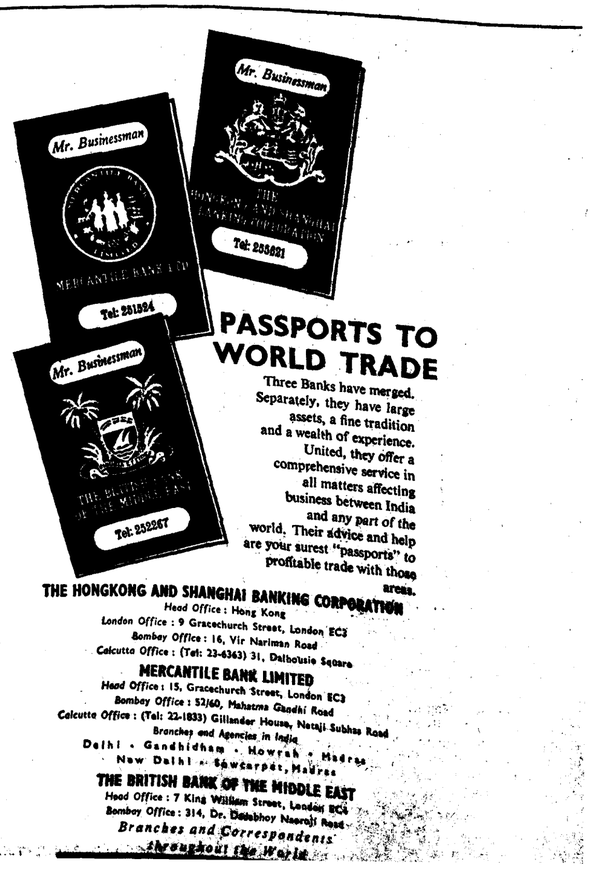
With the decision of the Union Government to participate in the U.N. coffee conference, the question as to whether this country should join the agreement has come up again. The Coffee Board and several planters would appear to have renewed their pressure on the Government to join the agreement. Apparently, they must have been prompted by a fear and a hope. The fear is that, if India stays outside the agreement, its coffee may be denied entry in several consuming countries which may be given the right under the agreement to control imports from non-agreement countries. The hope is that the tariff on coffee imported from the producing countries may be reduced as a measure to boost consumption. As against the plea for seeking the membership of the world coffee agreement, there is the consideration that India may have to subject itself to all the restrictive provisions of such an agreement. The draft agreement, it will be recalled, provides for fixation of export quotas, penalties for excess shipments, minimum selling prices and output targets for producing countries. This consideration is a very important one, especially because India's coffee exports are relatively small and there is the urgent need for augmenting these exports with a view to earning foreign exchange so badly required to push through the various Plan schemes.

India certainly cannot afford to be a party to any move that tends to encroach upon its right to regulate its coffee production, which, by world standards, is still small. The country's final decision about the membership of the long-term coffee agreement will, of course, depend on how far and to what extent the agreement will reconcile the conflicting viewpoints of the producing countries *per se* and between producing and consuming countries. It will be worthwhile to quote here what the London *Financial Times* stated recently in the course of an editorial:

"The difficulty is that the interests of the two sides are still very far apart. Bedevilled as they are by massive stocks and the political influence of their own farmers, the producer-governments are primarily concerned with disposing of as much coffee as possible at the best available price. They are, therefore, working for an agreement which will help them to achieve these objects, while, at the same time, remaining sufficiently flexible to be able to steal a march on their competitors whenever possible. The consumers, however, are more anxious to bring consumption and production into line by the destruction of surplus stocks and capacity, and are in many cases reluctant to carry out a wholesale reduction in their tariffs and other taxes."

It is in this context that the two recommendations made by the U.S. National Coffee Association are significant and indications are that they will be stoutly opposed by the producing countries. First, the quotas that will be fixed under the agreement must include all types of coffee and cover all markets, so that it would be extremely difficult for producers to contravene the new agreement in the way the old has been. Secondly, the coffee producers should commit themselves to a plan for the reduction of surplus stocks and production within a reasonable period of time.

Meanwhile, the coffee interests in India must have noted with concern the latest Press reports suggesting that the Ministers of the six European Common Market countries have decided to reduce the common external tariff for coffee imported from the "associated" countries in Africa and Latin America by 25 per cent with effect from 1st January 1962 and by another 15 per cent in 1963. This decision will doubtless adversely affect India's exports to the Common Market countries which had registered some improvement last year. The E.E.C. duty on coffee is pretty high, being 16 per cent. As the Government of India has clearly stated in its memorandum to the E.E.C., the restrictive effect of such a high tariff on exports would be considerably aggravated by the fact that supplies of coffee from countries and territories associated with the E.E.C. will have duty-free entry into the member-States in later years.



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LINKING CANE PRICE TO SUGAR RECOVERY

GOVERNMENT'S DECISION TO TAKE EFFECT FROM NEXT SEASON

AT long last, the Government of India is reported to have taken the bold decision to link the price of sugarcane to both recovery per cent and quantity with effect from the ensuing crushing season due to commence on 1st November next. The credit for this decision must certainly go, in large measure, to Mr. S. K. Patil, Union Minister for Food and Agriculture. For it is he who has sought to enforce a scheme, although it has been talked about for nearly a decade, and two of his predecessors failed to implement it. But, apparently in his anxiety to avoid political unpopularity, Mr. Patil has perpetuated the defects in the existing system. Full details of the new scheme, which will replace the present defective system of paying for cane on the basis of weight alone irrespective of quality considerations, are not yet available. The broad features of the scheme, however, are said to be as follows:

The minimum (standard) price will, as in the past two seasons continue to be Re. 1.62 per maund on the basis of a recovery of 9.8 per cent. But a scheme of discount or premium will be applied alongside. According to this, a small sum of 1.2 nP per maund will be added or deducted, as the case may be, for every rise or fall of 0.1 per cent in the average certified recovery during the current (1961-62) season.

Two Disquieting Features

The principle behind the above decision is, indeed, a commendable one, but its application in actual practice suffers from two disquieting features. First, the existing minimum price of Re. 1.62 per maund of cane, which is high in all conscience, is being continued and, second, the recovery per cent of 9.8 per cent taken as the average basis is very low. It will be recalled that, when the Government first raised the minimum price from Re. 1.44 per maund (applicable for the seasons from 1953-54 to 1958-59) to Rs. 1.62 just before the commencement of the 1959-60 season, it was clearly stated that the enhanced price was for the 1959-60 season only. Even the old price of Re. 1.44 was regarded as too high in relation to prices of other agricultural commodities. But the higher price of Re. 1.62 was continued during the 1960-61 and 1961-62 season also. It is this policy that has been responsible for the glut of sugarcane supplies and the problem of sugar surplus, so that the Government has had to enforce a compulsory cut in the output of white sugar. Despite this cut in output, there has been a substantial expansion in the area sown to the cane crop. The second official estimate of the cane crop for the season 1961-62 puts the total area at almost 6.00 million acres, as against 5.73 million acres in 1960-61 and 5.22 million acres in 1959-60 to which level it had risen from 4.80 million acres in 1958-59. The area of 4.80 million acres in 1958-59, when the minimum price of cane was Re. 1.44 per maund, was itself pretty large as compared with the area sown in previous years, say, 3.50 million acres in 1953-54. Surely, the agriculturists would not have devoted such a large area to the cultivation of sugarcane if the price had not been very profitable. In addition to this so-called minimum price, which itself was fixed at a very high level, the cane growers has also been getting a share in the profits of sugar mills. Both the efficient and inefficient farmers have been getting the same reward all these years.

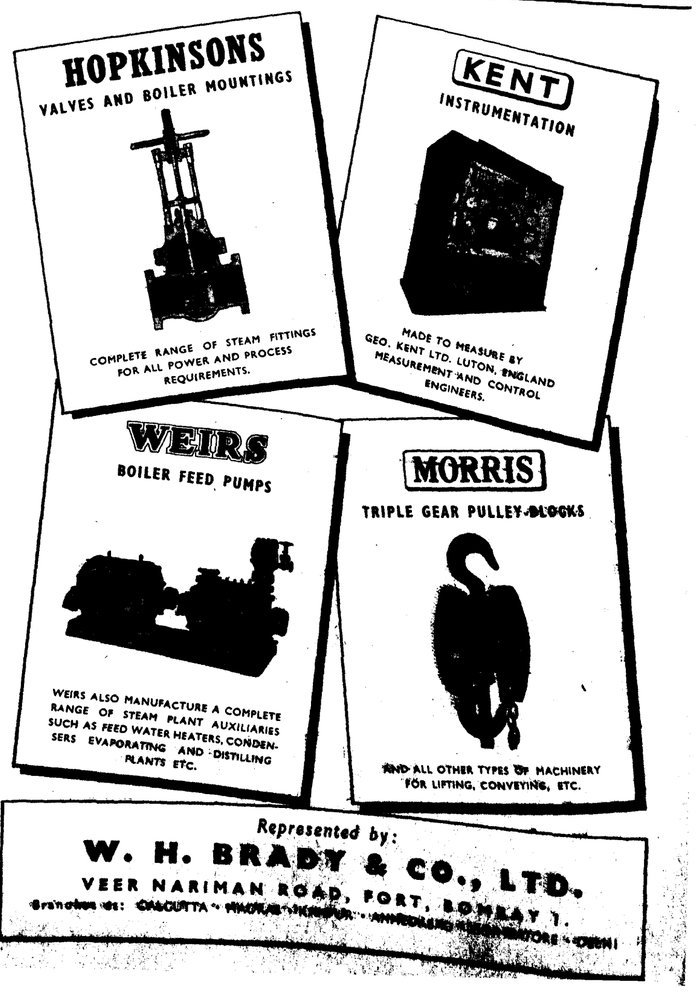
Incidence of High Cost

What is worse, the enhanced price of Re. 1.62 per maund is to be paid under the new scheme for cane with a recovery of just 9.8 per cent, and not the usual basis of 10 per cent that has been regarded as the norm all these years. In effect, therefore, the minimum price per cane with 10 per cent recovery will be higher still—Re. 1.64 2/5 per maund, a rise of another 2.4 nP. With this rise, the incidence of cane cost in the total cost of sugar production will work out to as much as 68-69 per cent. Nowhere in the world, we think, is the incidence of raw material cost in sugar industry so high as it is in India. The Government should have at least linked the present price of Re. 1.62 per maund with the recovery of 10 per cent as had been suggested by the Indian Sugar Mills Association. There is, however, one consolation, and that is that, as a result of the new scheme, the sugar mills will no longer be liable to pay to cane growers a share in the prices of sugar realised by them in excess of what is regarded by the Government as the fair ex-mill prices.

The schedule of adding or deducting at the rate of 1.2 nP for every rise or fall of 0.1 per cent in recovery of sugar in cane seems to be quite reasonable. Wider slabs, as the Sugar Mills Association has pointed out in a memorandum submitted to the Food and Agriculture Ministry, would not be equitable and also not in the interest of growers. The schedule, the Association has further suggested, should operate between the recovery limits of 8.5 per cent and 11 per cent, subject to a minimum of Re. 1.44 per maund. The Association also wants the factor of duration, which has a close bearing on the recovery of sugar, to be taken into account. The limits for duration suggested are 90 days and 180 days. It may be noted here that the cost schedule prepared by the Tariff Commission for the Northern region operates between these limits. An important point made by the Association is that, for determining the cane price, the recovery for the season concerned should be taken into account. This suggestion naturally presupposes payment of an initial price to cane growers, the final price being worked out at the close of the season when the overall recovery duration are known.

The one reason why the system of linking the price of sugarcane to sucrose content has been strongly advocated is that it will lead to an improvement in the quality of cane raised. Hitherto, the agriculturists have not bothered to put in more efforts to grow cane yielding a larger quantity of sugar per acre, as they have been assured of a fixed minimum price on whatever cane they were supplying to the suga mills. Indeed, the continued adoption of thi defective system had all along nullified th otherwise useful cane development work. It is not surprising, therefore, that, barring a few development zones, both the average yield of cane per acre and the recovery per cent continue to be poor, the all-India averages (1960-61) being 14.41 tons and 9.74 per cent, respectively, as against 14.25 tons and 9.92 per cent in 1954-55.

In theory, the new system should encourage the farmer to grow better quality of cane which in turn will result in the release of a part of the area under sugarcane to other agricultural crops, especially foodgrains. It, however, remains to be seen to what extent this will happen, for there is nothing in the new scheme that discourages inefficient sugarcane farming. On the contrary, there is every possibility of still more land being brought under this crop, as the present minimum price of Re. 1.62 per maund is being continued for all practical purposes. We have already pointed out that that price has led to a progressive increase in the area sown to sugarcane crop in recent years. It would be no consolation even if the upward trend were arrested, with the present area being repeated in the coming seasons, for that would only be a negative gain. What is required is a substantial reduction in the present sugarcane acreage, followed by a rise in the yield of cane per acre. For that to happen, the Government ought to have fixed the minimum price at a much lower level, retaining the present minimum as the maximum to be paid for cane with the highest sucrose content, say, 11 per cent, if not 12 per cent. In fine, the Government is making only a half-hearted attempt at implementing a good suggestion. It would not, therefore, be surprising, if the results flowing from its efforts were to be unsatisfactory. It is regrettable to find that Mr. Patil, too, has failed to summon enough political courage to go the whole hog after deciding to pursue the right path.



CONTROLLING EXPENSES OF GENERAL INSURERS

VIOLATIONS GALORE CALL FOR REVISION OF BASIC LIMITS

THE annual report of the Controller of Insurance gives every year detailed information regarding the compliance or non-compliance by general insurers with the regulation relating to limitation of expenses. Considering that the formula limiting expenses under Section 40C of the Indian Insurance Act is of doubtful value, too much significance should not be attributed to these data. Nevertheless, as a broad indication of the trend of expenses of general insurers, they have some value.

Section 40C of the Indian Insurance Act seeks to limit the expenses of management that can be lawfully incurred by an insurer in respect of his general insurance business in India. The basic limits for expenses are prescribed in Rule 17E of the Insurance Rules. The Controller of Insurance is, however, empowered to fix, in consultation with the Executive Committee of the General Insurance Council, the extent of relaxation from these basic limits in respect of any year. Apparently, in fixing the extent of relaxation in a particular year, the Controller takes into account the trading conditions during that year, so as to enable insurers to keep the expenses within reasonable variations from the prescribed limits. In exercise of this power, the Controller of Insurance fixed the extent of relaxation for the year 1951 at 2½ per cent of the gross premium written direct in India during that year. For each of the years 1952 to 1954, the relaxation was fixed at 20 per cent of the fall in the gross premium written direct in India during the year concerned, as compared with the gross premium written direct in India during 1951, subject to a minimum relaxation of 1½ per cent and maximum relaxation of 5 per cent of the gross premium written direct in India during the year concerned. The extent of relaxation was reduced for each of the years 1955 to 1957. Further, fire and miscellaneous insurance business were treated differently from marine insurance. For the years 1958, 1959 and 1960, the extent of relaxation for fire, miscellaneous and marine insurance business alike was fixed at 15 per cent of the fall in the gross premium income written direct in India during the year concerned as compared with 105 per cent of such premium income in the preceding year, subject to a minimum of one per cent and a maximum of 4 per cent of the gross premium.

Trend Since 1955

According to the *Indian Insurance Year-book*, 1961, the number of groups of Indian as well as non-Indian insurers who contravened the provisions of Section 40C of the Act was less during 1960 than in 1959. About half of the groups of insurers who contravened the provisions of Section 40C of the Act during the year 1959 were administered a warning. Out of a total number of 123 groups of insurers, who transacted business during 1960, only 44 groups complied with the provisions of Section 40C of the Act throughout the period from 1955 to 1960, while as many as 33 groups of insurers contravened the provisions four or more times. Of these 33 groups, as many as 30 groups were administered warning once or more. The registration of one insurer, who disregard two warnings, was cancelled last year. The following table gives a classification of the groups of insurers who transacted insurance business during the year according to the number of times they contravened Section 40C of the Act during the six-year period 1955-60:

	Number of groups of insurers		
	Indian	Non-Indian	Total
Groups of insurers who:			
Complied with S. 40C of the Act in all the years	29	15	44
Contravened S. 40C in:			
One out of the six years ..	12	3	15
Two out of the six years ..	8	10	18
Three out of the six years ..	10	5	15
Four or more out of the six years	18	15	33
Total ..	77	46	123

As regards the overall experience, the Controller of Insurance makes the following comment:

"Considering all classes of general insurance business together, groups of insurers who spent less than the basic limits in terms of Rule 17E, wrote almost the same proportion of the total gross premium written direct in India in the year 1960 as in the year 1959. The percentage of the gross direct premium income by which the expenses actually incurred exceeded the basic limits in respect of the groups spending more has decreased from 4.0 per cent in 1958 to 3.3 per cent in 1960. The aggregate experience of all groups over the period from 1958 to 1960 shows that, whereas the actual expenses have exceeded the basic limits both in 1958 and 1959, there is a marginal saving in 1960.

"In respect of fire and miscellaneous insurance business, a higher proportion of the total gross premium written direct in India went to groups of insurers spending less than the basic limits during 1960. The percentage of the expenses incurred in excess of the basic limits by groups, which spent in excess, to the gross premium income written direct in India, which increased from 3.7 per cent in 1958 to 4.2 per cent in 1959, has decreased to 3.9 per cent in 1960. The experience of all groups, except those with a premium income between Rs. 15-20 lakhs and Rs. 27½-35 lakhs, was better during 1960 as compared with 1959.

"In marine insurance business, about two-thirds of the total gross premium written direct in India went to groups of insurers spending less than the basic limits during 1960. The percentage of expenses incurred in excess of the basic limits by groups, which spent in excess, to the gross premium income written direct in India, which had increased from 4.4 per cent in 1958 to 5.1 per cent in 1959 has decreased to 4.1 per cent in 1960. The experience of all groups, except those with a premium income between Rs. 5-10 lakhs and over Rs. 22½ lakhs, was better during 1960 as compared with 1959."

Revision Needed

It is evident from the above that, contrary to the general impression, those insurers who spend more are not necessarily those that write more business. The large number of cases of violation of the law relating to expenses indicates that the basic limits for expenses under Rule 17E, which were fixed in 1950, are out of parity with the increased cost of every item of management expenses. It is so even after making allowance for the relaxation given by the Controller year after year. It is estimated that expenses of management incurred by general insurers have gone up by a minimum of 20 per cent and a maximum of 30 per cent during the period 1950-59. There is therefore, a strong case for a revision of the basic limit of expenses as also a re-examination of the practice of linking expenses with the gross direct premium which has been held to be responsible, partly at least, for the scramble for business and the many malpractices resulting therefrom.

INDIAN MERCANTILE INSURANCE CO., LTD.

The favourable conditions experienced by general insurance business during 1961 are reflected in the results of the Indian Mercantile Insurance Company Ltd. (Manager and Secretary: Mr. C. M. Telivala, Bombay) for the year ended 31st December 1961. The combined net premium income in all the three departments taken together rose to Rs. 43.76 lakhs from Rs. 37.98 lakhs in the previous year. The increase was accounted by the fire and miscellaneous departments, wherein the net premium were higher at Rs. 22.29 lakhs and Rs. 13.61 lakhs, as against Rs. 19.07 lakhs and Rs. 10.75 lakhs respectively, in the previous year. Marine premium, on the other hand, showed a slight decline from Rs. 8.16 lakhs to Rs. 7.86 lakhs.

Claims experience, especially in the fire department, was better. Net claims paid and outstanding amounted to 29.9 per cent in the fire department, 40.6 per cent in the miscellaneous department and 77.4 per cent in the marine department, as against 36.6 per cent, 42 per cent and 69.3 per cent, respectively, in the previous year. Commission and expenses were lower in the fire and marine departments, having been only 44.2 per cent and 28.5 per cent, as against 45.6 per cent and 31.8 per cent in 1960, while, in the miscellaneous department, they were fractionally higher at 44.6 per cent, as against 44.2 per cent in the previous year. The net underwriting profit, that is, profit in the fire and miscellaneous departments minus the loss in the marine department, increased from Rs. 3.41 lakhs in 1960 to Rs. 4.94 lakhs in 1961. This was not so much the result of a substantial increase in the underwriting profit in the fire and miscellaneous departments as an outcome of a reduction in the loss on the marine account from Rs. 1.47 lakh to a mere Rs. 5.260. The net profit is higher at Rs. 6.65 lakhs, as against Rs. 5.69 lakhs in the previous year. The dividend has been maintained at Rs. 6 per share, subject to tax, the same as in the previous year.

The following table summarises the salient features of the working of the Company during the three years 1959, 1960 and 1961:

(In lakhs of rupees)

	Year ended 31st December		
	1961	1960	1959
Fire:			
Net premium	22.29	19.07	20.77
Net claims	6.67	6.98	6.22
Commission and expenses	9.84	8.69	7.78
Underwriting profit (+) or loss (—)	+4.34	+4.41	4.48
Fire fund	11.15	9.54	12.38
Marine:			
Net premium	7.86	8.15	6.69
Net claims	6.08	5.65	5.30
Commission and expenses	2.24	2.69	2.34
Underwriting profit (+) or loss (—)	—0.05	—1.47	—1.76
Marine fund	7.86	8.16	6.69
Miscellaneous:			
Net premium	13.61	10.75	8.61
Net claims	5.52	4.52	5.59
Commission and expenses	6.08	4.75	3.91
Underwriting profit (+) or loss (—)	+0.66	+0.47	—0.61
Miscellaneous fund	6.61	5.37	4.31
Net profit	6.65	5.69	4.05
Dividend	2.54 (15%)	2.54 (15%)	2.26 (13.4%)
Carry forward	3.09	4.21	4.17

As already noted, the departmental contribution to the profit and loss account amounts to Rs. 4.94 lakhs. This, together with Rs. 1.71 lakh being income from the interest, rents and miscellaneous receipts, including profit on sale of investment, aggregating Rs. 3.13 lakhs, less outgo amounting to Rs. 1.41 lakh, yields a total of Rs. 6.65 lakhs to which has been added Rs. 47,000 being the net balance brought in from the previous year, giving a sum of Rs. 7.12 lakhs available for appropriation. Out of this a sum of Rs. 1.50 lakh has been transferred to the general reserve. The proposed dividend absorbs Rs. 2.54 lakhs. The balance of Rs. 3.08 lakhs, subject to taxation for the year 1961, is being carried forward.

The funds and reserves of the Company, as on 31st December 1961, aggregate Rs. 68.74 lakhs, made up of a paid-up capital of Rs. 16.92 lakhs and reserves and surplus of Rs. 51.82 lakhs.

CAR INSURANCE IN SWEDEN

Car insurance premiums in Sweden are to be raised by 20 per cent from the beginning of next October. In the case of some of the smaller companies, the increase may be greater. Higher premiums have been expected for some time since there has been no general change in rates for as long as seven years. In the interval there have been some alterations designed to bring the rates into a more equitable relationship with each other, but this is the first overall rise since 1955.

What has prevented this so far is that there has been considerable competition between the insurance companies, which has in particular taken the form of the offer of higher bonuses for special categories of drivers. One way out of this type of conflict has been the merger. Most of the leading companies reported this year that they were making a loss on their car insurance business. One of the biggest groups reported that last year the total damages paid out exceeded premium income by 10 per cent. The companies have agreed, with the approval of the State insurance authority, to raise the premiums as a consequence, and it would not be surprising to find that bonuses are soon reduced in some cases.

The industry reckons that since 1955 damages paid out have risen by 25 per cent simply as a result of the higher cost of living.

HERCULES INSURANCE CO., LTD.

An error had inadvertently crept into our review of the Hercules Insurance Company, Ltd. published in *Commerce* dated 2nd June 1962, page 990, wherein it was stated that 1961 was the eighth consecutive year for which the Company had paid a dividend. This is not correct. The Company had been paying dividend every year for the last eighteen years and hence the dividend for 1961 is the eighteenth.

An old, well-established trading Company with strategically situated Show Rooms, Service Stations, and Offices in New Delhi, Calcutta, Madras and Bombay and with Associates in the U.K. and Ceylon is looking for Representatives, Sole Selling and Export Agencies from Indigenous Manufacturers of Engineering Products, Scientific and Industrial Instruments, and Consumer Products. Proposals for Sole Selling and Export Agencies and Representatives in other lines will also be considered. Excellent Bank references. Write in confidence to Box No. 994, c/o "Commerce," Brady House, 12/14, Veer Nariman Road, Bombay-1.

FIRST FIVE YEARS OF COMPANIES ACT, 1956—II

BALANCE SHEET OF GENERAL GAINS AND LOSSES

By A Special Correspondent

ON the fundamental plane, it has been urged by the Government spokesmen that the whole concept of company legislation had undergone an almost radical change and the old principle of *laissez faire* has come to be abandoned in modern times in favour of increased Governmental intervention in the conduct of affairs of companies, as the Government is expected to play an active role "in the integration of the activities of a company with the public interest in a welfare State." The concept that company's sole responsibility is to its shareholders has now come to be destroyed with the rise of big and giant-sized companies whose activities have direct effects on the various sections of the society separately and taken together, let alone the shareholders who constitute a tiny fringe in comparison to the rest of the community. As George Goyder, in his latest book *The Responsible Company*, puts it, "the social role of the big company is becoming so important for the community that the way in which big companies discharge their social responsibilities is of immediate concern to all of us." In this connection, on the management's role, he stresses the point that "the balancing of the company's responsibility to the workers, as members of the company, to the consumers of the goods and services it provides and to the community of which it is a citizen, with its primary one of operating at maximum efficiency and lowest cost so as to make profit and discharge its obligations to its shareholders, represents the full scope of management." Viewed from this angle, "increasingly the view has gained ground in recent years that directors of a company are trustees not merely for the owners or shareholders of the company but also for workers, suppliers, consumers, the immediate community and the general public." The apparent failure of the Company managements in India to attune their thinking apparatus to the newly emerging concepts of social responsibility of the company and the prevailing social compulsions of a growing industrial economy has led to the curtailment of the powers and privileges of management under the present Companies Act.

Enlightened Opinion

Thus, the absence of appreciation and assimilation of trusteeship concept is the basic source of complaint against the administrative policies and decisions of the Government who now seem to demand a spontaneous acknowledgement and acceptance of "social responsibility" by those in authority in a company as a moral imperative. Once the harmonisation of views takes place between the business and Government on this fundamental plane, much of the present discord and difficulties in the working of the provisions of the Companies Act are likely to vanish. The enlightened opinion in our country seems to be slowly veering round the Government's view, as is clear from Mr. K. P. Khaitan's observation at a Seminar on Company Law held under the auspices of the Indian Law Society where he said that "a company is no longer to be regarded merely as a legal entity which carries on trade, business or social activities but a company is a special being which affects the life and economy of the nation in such a manner and to such an extent that it must be subjected to a special code of public conduct and responsibilities."

The Government have also made it clear that their aim is to see that a high code of honesty and conduct is developed and followed by company managements. The restrictions imposed under the new Act regarding the number of directorships that can be held by an individual, the limits on managerial remuneration, the restrictions on certain financial powers of the management requiring reference to the general body of shareholders, the interdicting of fiduciary transactions in which managerial personnel are interested, the prescription of a procedure for proper disclosure and the securing of approval to fiduciary transactions by the general body, all these, again, stem from the above desire on the part of the Government.

On the question of detailed regulation the Government's case seems to be based on the fact that company management cannot be left to the judgment and discretion of top personnel as in the U.K. or the U.S.A. for a few very cogent reasons. First, the principles of social responsibility or social obligations of business have not, even in a limited sense, been realised in our country. Secondly, there has been a tardy growth of the sense of fiduciary responsibility in the average company management in the country. Thirdly, there is absence of strong and well organised financial institutions with long traditions of public service to their credit and that a strong unbiassed financial and economic press has yet to emerge in the country which would exercise a restraining influence on the bad elements in the corporate sector through exposure of concealed facts and through guidance given to the public in the country. Fourthly, there is also the absence of a strong and well-developed public opinion with regard to company matters which is prepared to frown severely upon unwarranted deviations from accepted norms of company behaviour and practice. Fifthly, comparatively slow progress has so far been made in the country towards professionalisation of the management of joint-stock enterprise which is already an established fact in the leading countries of the West and which has accounted for far-reaching changes in the character and quality of company management in those countries. It is advanced from official quarters that "the truth is that the particular form and manner in which company practice is best regulated in a country depends not so much on ideological or *a priori* considerations, as on the state of a country's economic and social development, the current manners and moves of the business community particularly of the higher echelons in that community and on a host of other objective factors, not the least important of which are the competence and capacity of its voluntary economic institutions to regulate as a matter of internal discipline the behaviour pattern of the corporate sector."

Administrative Efficiency

As regards the other points of criticism that there would be delays and harassments, penalisations and persecutions and arbitrary handling of cases by inexperienced and untrained staff, the Government have from time to time given fulsome assurances that these would be avoided. For the matters relating to appointment of managerial personnel, their remuneration, etc., a safeguard has been provided in the Act itself in the form of the Advisory Commission. Further, the Government have given the assurance that the decisions of the Commission, which would be a non-official body, would be accepted as far as possible unreservedly. Consequently, the area for arbitrary decisions taken in any brash and brazen manner in such matters has considerably been narrowed down. Further, as the Annual Statutory Reports say, the Government have progressively been trying to build up the necessary expertise inside the Department to look at the problems of the corporate sector with an understanding indulgence and from the technical angle, instead of in any whimsical or quizzical manner against which an alarm had been raised during the debates on the Companies Bill in Parliament in 1955. The Government, as is given out by official quarters, are continuing their efforts to "improve the instruments of execution of policy" by imparting training to the staff even at the lower echelons.

As regards delays and unnecessary harassment of companies, it is learned that there has been a continuous flow of instructions and circulars from the headquarters to the field and regional offices of the Department of Company Law Administration to avoid delays to the fullest possible extent. On these points, there is also the assurance given by the then Minister of Finance, Mr. C. D. Deshmukh, who piloted the Companies Bill in Parliament in 1955. He said that "I am very happy to give the assurances that have been demanded in regard to the administration; first, that it should be adequately staffed, that it should be competent, that red-tape should be reduced to a minimum and that, finally, we should have a new concept of positive helpfulness; that is to say, our aim should be not to trip up the unwary but to assist actively those who seem anxious to observe the law but find themselves somewhat helpless in this welter of legislation."

But, with all these assurances and best of efforts on the part of Government, it would be too presumptuous to say and believe that the instances of delays, harassments and unnecessary irritations to companies have not occurred at all or are not likely to arise in the future. Instances of delays in scrutiny of prospectus and memorandum of association, etc., approval of managerial remuneration, harassment caused in connection with small lapses in filing returns or in giving timely intimations about various matters, etc., have very often been complained of by the business community. One has, however, to be realistic in this regard and look at these lapses with pardonable indulgence so long as something very serious does not occur.

A Criticism Belied

With regard to the criticism that the Companies Act and the Administration would affect the general investment climate for foreign investments and for expansion of corporate activities, it has been stated by the Government that the Companies Act by itself acted as a marginal deterrent factor as compared to the fiscal and labour laws. In fact, the investment climate is the product of interactions of many factors and it would be wrong to ascribe it to any single law or authority. However, notwithstanding the much mistaken view that the Companies Act by itself alone determined the investment climate and affected corporate activities and capital formation, one could say, on the basis of the available evidence furnished by the growth of corporate funds, maintenance of new company registrations on a high plateau except in one year, 1956-57, and the increase in the number of foreign collaborations and the like developments, that the much feared deleterious effects of the Companies Act and of the administrative policies followed by the Department of Company Law Administration were very much exaggerated and have not been realised.

Investors' Confidence

While the business community has found faults with the Act and the Administration, the Government have recorded a number of gains or achievements during the last five-year period in the Annual Statutory Reports. These gains have to be read against the major objectives for which company law was passed in 1955. The more important basic objectives kept in view while framing the new Act were (a) the improvement in the efficiency of corporate businesses as measured by accepted standards of management, (b) the reconciliation of managerial efficiency with the legitimate rights of investors, (c) the safeguarding of creditors and other partners in production and distribution, (d) the attainment of the ultimate ends of the current social and economic policy of the State to be helped and furthered by the working of the corporate business organisations in the country, (e) the reduction of the cost of management in the corporate sector, and (f) the putting an end to unsound and improper practices relating to inter-corporate loans and investments, control of management of companies which developed into alarming proportions during and post World War II years. Really speaking, it was these evils that provoked the Government to pass the present comprehensive company law. The latest Statutory Report has stressed this point in the following words.

"One of the basic objects of the Companies Act was to restore, through its regulatory provisions, the confidence of the general public in business investment which had been rudely shaken during World War II and in the years immediately after it, when, apart from speculative frenzy, large-scale malpractices by company managements had caused considerable damage not only to several public companies but also to the image of joint-stock enterprise as such in the public mind. As investors' confidence was essential to the long-term healthy growth of the country's industrial economy, it was felt that it should be revived without delay through effective administrative and legislative measure of diverse types. One of these measures was the new Companies Act."

The working of the Companies Act and the record of the Department of Company Law Administration will have to be adjudged against these objectives also. In broad terms, the Department of Company Law Administration has claimed the following achievements for itself; a more detailed discussion of some of these gains would be taken up in subsequent paragraphs:

(i) In sharp contrast to the old loose-type of Administrative set-up, the Department has neatly tidied up its offices at the State, Regional and Central levels manned by expert accounting, legal and administrative staff. With this expertise at its disposal, the Department has become "a central clearing house of information and advice to the other Ministries and Departments of Government, whether at the Centre or in the States as also for other Governmental and quasi-governmental authorities in respect of matters connected with the organisation and working of joint-stock enterprise in this country. In this role, the Department has helped the smooth functioning of the corporate bodies in the public sector according to law."

(ii) For the proper management of corporate bodies, the Department has strengthened several new professional disciplines, besides the chartered accountancy, viz., cost and works accounting, management accounting and company secretaryship "on which, in the long run, the standards of company management in the country must largely depend."

(iii) The scrutiny of documents and prompt action in regard to defaults have succeeded in inducing increasingly regular habits on the part of company management and have led to the submission of properly drawn up accounts within the stipulated time limits.

Management Problems

(iv) The scrutiny exercised by the Department over management problems like the appointment of managerial personnel, the terms and tenures of managing agents or managing directors or managers, etc., has reduced the opportunities for large-scale malpractices and, at the same time, instilled a growing sense of social responsibility in the management.

(v) It has succeeded in some measure to cleanse the corporate management in the country of incompetent and burdensome management. "The procedure followed in regard to the cases of the managerial personnel with the help of an independent Company Law Commission ensures that unfit persons are not appointed to top management positions," and that they are appointed on reasonable terms and conditions "such as do not impose a needlessly onerous burden on the companies."

(vi) Through effective vigilance and scrutiny of the special resolutions passed under Section 314 in cases where relatives and associates of the managing agents are appointed to offices or places of profit in a company a wholesome check is exercised on the evils of nepotism and other forms of improper appointment to important executive offices in a company.

(vii) The vigilance exercised over the conversion of public companies into private companies has had some effect in preventing evasion and avoidance of the provisions of law applicable to public companies.

(viii) The administrative scrutiny exercised over company promotions has helped to hold in leash the speculative elements in the corporate sector and to prevent the imposition of excessive unproductive financial burden on public companies.

(ix) The surveillance exercised over inter-company loans and investments has strengthened the financial bases of companies and has prevented unscrupulous elements in trade and industry from making use of public funds largely for their private ends.

(x) The law and the Administration has succeeded in exercising a healthy check on undesirable cornering activities which are detrimental to the public interests.

(xi) The administration of the provisions of law relating to oppression of minorities or mismanagement of company affairs by the majority has played its part in increasing the confidence of investors in joint-stock enterprises.

(xii) The powers conferred on the Administration about investigation into the affairs of companies and the manner in which these powers have been exercised in selecting cases have exercised a wholesome deterrent influence over unscrupulous company managements.

(xiii) The initiative taken by the Administration in respect of several matters connected with the management of companies which in the past were left almost wholly to the judgment of courts of law has already had some effect in changing the attitude of the general public towards the role of the courts of law in mercantile matters and at the same time introduced into the system of judicial administration a sense of perspective and wider horizons in relation to company affairs.

(xiv) The greater disclosure of financial information contained in the annual reports of companies had brought about an increasingly wider and more intensive awareness of the mechanics of company management among the shareholders, the creditors and the general public.

(xv) Such administrative vigilance as is exercised over company accounts and company audits by the Department has helped to develop a sense of responsibility among company auditors and, it is hoped, has strengthened their position *vis-a-vis* the management of companies as guardians of the shareholders and the general public.

(To be continued)

ANNOUNCEMENT

STATE BANK OF PATIALA

have pleasure to announce that, in pursuance of their "objective to promote Savings," THE INTEREST RATE on Savings Bank Accounts will be raised as from the 1st July, 1962, from 2½ per cent to 3 per cent per annum.

SPEECH OF THE CHAIRMAN SHRI R. B. AMIN

At the Fifty-fifth Annual General Meeting of the Shareholders held on 21st June 1962

THE ALEMBIC CHEMICAL WORKS CO., LTD., BARODA 3

LADIES AND GENTLEMEN,

I have great pleasure in welcoming you to the fifty-fifth Annual General Meeting of the Company. The Accounts for the year ended 31st December 1961 and the Directors' Report have been with you, and with your permission, I shall take them as read.

The end of the year under review coincided with the completion of the expansion envisaged and planned in 1957. The Yeast Plant was installed, and started production in 1958. Bottling of insulin and insulin production was started and the filling capacity for CO_2 was increased. The expansion of the Sulphuric Acid Plant will be completed in about four months' time, raising the capacity to 50 tons per day. Insecticides were put on the market. And, then, of course, the Penicillin Plant was planned, designed and was commissioned to production during the same period.

The fixed capital expenditure rose from Rs. 0.93 crore in January 1957 to Rs. 2.67 crores at the end of 1961. During the period of these five years, Rs. 31.60 lakhs were added to the reserve. Even after the amounts utilised (Rs. 7.00 lakhs for issuing bonus shares in 1957 and Rs. 3.85 lakhs for dividend equalisation for 1961), the net increment to reserve is about Rs. 21.00 lakhs. The turnover increased correspondingly, and for the year 1961 was double of that of 1956. This was in spite of the unfortunate setback received in the last quarter of 1961, to which a reference was made by your Directors in their report circulated to you.

Superphosphate Project Dropped

We are in the Third Plan period now, and are also in the midst of a foreign exchange crisis. Any further expansion of industries is hereafter going to be determined, for some time at least, by the foreign exchange available to it, and not necessarily by the opportunities available for expansion. An added factor is the development of the public sector, which seems always to get a priority. Our plans for future expansion, therefore, must take into account these factors and circumstances which seem to be changing fast. In my last year's address to you, I referred to the proposed expansion of the Superphosphate Plant. In view, however, of the setting up of the Gujarat State Fertilisers Company Ltd. which will manufacture nitrogen and phosphoric acid based fertilisers, there is little scope for the manufacture of only superphosphates. We are, therefore, giving up the idea of expansion of this project.

For the expansion of the Penicillin and the yeast Plants (also referred to by me in my last year's address), we ourselves negotiated a loan to cover the foreign exchange cost of the plant with the Industrial Credit and Investment Corporation of India Limited. We thought that by raising a foreign currency loan, repayable over a period of nine years, the Government would be persuaded to allow the imports. During the seven or eight months which have elapsed since our application for import licences, the Government has not yet taken decision for granting import licences for the expansion of Penicillin; but I am glad to say that only this week we have been intimated by the Government of its decision to allow imports of the machinery needed for the Yeast expansion under the D.L.F. programme. With the heavy restrictions on imports of consumer goods and with the steadily increasing demand both for medicinal and bakers yeast, there is need for an increased production of this product.

Ethyl Alcohol Plant

We expect that licence for the Penicillin expansion would also be granted to us by the Government soon. The expansion of the Ethyl Alcohol Plant is under way, and barring unforeseen difficulties, would be completed early next year.

Animal feed is put on the market during the current year.

Under the Finance Bill recently passed by the Lok Sabha, the Union excise duty is levied even on non-patent medicines, if they bear a trade name or bear a monogram, symbol or label of the manufacturer. It may be argued that a trade or brand name on even a non-patent medicine has a sales value; the monogram or a label, however, merely helps to safeguard purity of the drug and makes large-scale manufacture and sale of spurious drugs more difficult. If pilferproof caps would not bear the monogram of the manufacturer, they would not serve the purpose for which they are meant. I do, therefore, hope that the Government will still reconsider its decision and would not insist on the abolition of the monogram, etc. as a condition for exempting a non-patent drug from the excise duty. The reduction of the excise duty to 2½ per cent. on six very important life-saving drugs like penicillin, streptomycin, etc. is welcome.

Before I close, I would like to thank my colleagues on the Board, Managing Agents, staff and workers of the Company for their support and co-operation.

I now commend the Balance Sheet and Profit and Loss Account of the Company and the Directors' Report for your consideration.

Note:—*This does not purport to be the report of the proceedings of the Annual General Meeting.*

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

A copy of the Prospectus has been duly filed with the Registrar of Companies, Madras State, for registration together with the documents specified in this Prospectus, as required by Section 60 of the Companies Act, 1956.

The consent of the Central Government has been obtained to this issue by an order No. R. 33-CCI/62 dated 25th January 1962 of which a complete copy is open to public inspection at the Registered Office of the Company at Tiruchirapalli.

An Industrial Licence No. L/34 (5) N-8/59 dated 8th October 1959 has been obtained from the Central Government for the establishment of this new Industrial Undertaking of which a copy is open to public inspection at the Head Office of the Company. It must be distinctly understood that in giving consent to the capital issue and in granting this licence, the Government of India do not take any responsibility for the financial soundness of this Undertaking or for the correctness of any of the statements made or opinions expressed in regard to it.

The Madras Stock Exchange Limited has agreed to grant official quotation for the equity shares of the Company and permission to deal in them will be granted on the Company complying with the usual and necessary formalities after the closure of the subscription list. An application is also being made to the Bombay Stock Exchange to grant official quotation for the equity shares of the Company.

THE SUBSCRIPTION LIST WILL OPEN AT 10 A.M. ON MONDAY THE 2ND JULY, 1962 AND WILL CLOSE AT 5 P.M. ON MONDAY, THE 9TH JULY, 1962 OR EARLIER AS SOON AS SUBSCRIPTIONS APPROXIMATING TO THE AMOUNT ISSUED HEREUNDER TO THE PUBLIC HAVE BEEN RECEIVED, BUT NOT EARLIER THAN 5 P.M. ON WEDNESDAY, THE 4TH JULY, 1962.

NEIVELI CERAMICS AND REFRACTORIES LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, 1956.)

	Rs.	Rs.
AUTHORISED CAPITAL:		
7,00,000 Equity Shares of Rs. 10 each	70,00,000	
3,00,000 9% Cumulative Preference Shares (subject to deduction of tax) of Rs. 10 each.	30,00,000	
		1,00,00,000
ISSUED CAPITAL:		
4,20,000 Equity Shares of Rs. 10 each	42,00,000	
15,000 9% Cumulative Preference Shares (subject to deduction of tax) of Rs. 10 each.	1,50,000	
15,000 9% Cumulative Redeemable Preference Shares (subject to deduction of tax) of Rs. 10 each	1,50,000	
		45,00,000
SUBSCRIBED AND PAID-UP CAPITAL:		
68,250 Equity Shares of Rs. 10 each (Rs. 5 per Share paid-up)	3,41,250	
15,000 9% Cumulative Preference Shares (subject to deduction of tax) of Rs. 10 each fully paid	1,50,000	
15,000 9% Cumulative Redeemable Preference Shares (subject to deduction of tax) of Rs. 10 each fully paid	1,50,000	
		6,41,250

Out of the above issue, some GENERAL INSURANCE COMPANIES have subscribed for the entire Preference Shares of Rs. 3 lakhs, and therefore, no Preference Shares are now offered to the public.

Out of the issue of Rs. 42 lakhs of Equity Shares, the signatories to the Memorandum have subscribed for 18,000 Equity Shares of the aggregate face value of Rs. 1,80,000. The Directors of The South Madras Industrial Development Company Private Limited, who are the Managing Agents of the Company, their friends, associates and Directors of the Company have subscribed for 50,250 shares of the aggregate face value of Rs. 5,02,500. The friends of the Managing Agents have further agreed to subscribe for 4,050 shares of the aggregate face value of Rs. 40,500. The Madras Motor & General Insurance Company Limited, have agreed to subscribe for 10,000 Equity Shares of the face value of Rs. 1,00,000.

Out of the balance of 3,37,700 Equity Shares of the face value of Rs. 33,77,000, the foreign collaborators, Messrs. ELEMENTAL BAUKERAMIK VERTRIEBS, GmbH., have agreed to take 17,700 Equity Shares of the face value of Rs. 1,77,000 in lieu of one-third instalment of know-how fee payable to them. Messrs. FRANZ KIRCHFELD, GmbH., West Germany, have agreed to subscribe for 20,000 Equity Shares of the face value of Rs. 2,00,000.

The Life Insurance Corporation of India have agreed to underwrite 50,000 EQUITY SHARES of Rs. 10 each and accordingly 50,000 Equity Shares of Rs. 10 each will be allotted as firm allotment to the Life Insurance Corporation of India, who have agreed to subscribe for the same against underwriting arrangements with them.

THIS LEAVES 2,50,000 EQUITY SHARES OF THE FACE VALUE OF Rs. 25,00,000 WHICH IS NOW OFFERED FOR PUBLIC SUBSCRIPTION AT PAR FOR CASH IN TERMS OF THE PROSPECTUS AND IS PAYABLE AS FOLLOWS:

On application	Rs. 2.50 per share.
On allotment	Rs. 2.50 per share.

The balance of Rs. 5 per share is payable and will be called up in two equal instalments at an interval of not less than 3 months between the calls, the first of such calls being made not earlier than three months from the date of allotment. No premium is payable on these shares.

THE EQUITY SHARES HEREIN OFFERED FOR PUBLIC SUBSCRIPTION ARE FULLY UNDERWRITTEN.

BOARD OF DIRECTORS

1. SRI S. NARAYANASWAMY (*Chairman*), Stock Broker, 6, Chittaranjan Road, Madras-18.
2. SRI RUSSI JAL TARAPOREVALA (Businessman), 210, Dr. D. Naoroji Road, Bombay-1.
3. SRI H. M. CHAWALLA (Businessman). Resident Manager of: The Concord of India Insurance Co. Ltd., Bombay. 'Baktavar', Wodehouse Road, Bombay-5.
4. SRI R. CHAKRAVARTHY, M.A., B.L. (Business Executive), 3/1, Rani Jhansi Road, New Delhi-1.
5. SRI C. MUTHIAH MUDALIAR (Landlord), 4, West Car Street, Sirkali, Tanjore Dt.
6. SRI A. KRISHNAMURTHI, (Agriculturist), Alavandipuram, Thyagasamudram Post, Tanjore District.
7. SRI R. SUBBARAYAN (Businessman), 16, West Boulevard Road, Tiruchirapalli.
8. SRI RAJANIKANT MANILAL MEHTA (Businessman), No. 1, First Main Road, Madras-20.
9. SRI P. MARUTHAI PILLAI (Businessman), No. 26, Sterling Road, Madras-34.

MANAGING AGENTS

THE SOUTH MADRAS INDUSTRIAL DEVELOPMENT COMPANY PRIVATE LIMITED. 1, Alexandra Road, Tiruchirapalli-1.

UNDERWRITERS

	Amount underwritten (Equity Shares) In lakhs
Madras:	
Madras Industrial Investment Corporation Ltd., Whites Road, Madras-14 ..	Rs. 10.00
Bank of India Ltd., 10, Armenian Street, Madras-1	Rs. 3.00
Chitra & Co., 322-23, Linghi Chetty Street, Madras-1.	Rs. 2.75
Maconochie & Co., P. B. No. 291, Mercantile Bank Building, Madras-1	Rs. 1.00
Paterson & Co., 22, Rrrabalu Chetty Street, Madras-1	Rs. 1.00
Bombay:	
Life Insurance Corporation of India, Jamshedji Tata Road, Bombay-1	Rs. 5.00
T. H. Vakil, 112, Stock Exchange New Building, Apollo Street, Bombay-1	Rs. 1.50
Jashwantlal V. Bhagat, 5, Hamam Street, Bombay-1	Rs. 1.00
Champaklal Devidas, Agakhan Buildings, Dalal Street, Bombay-1	Rs. 1.00
New Delhi:	
R. K. Relan & Co., United India Life Building, New Delhi-1 ..	Rs. 2.00
P. Roy Company, 3/8, M. M. Road, New Delhi ..	Rs. 1.75
Total:	Rs. 30.00

The Directors are of opinion that the resources of the Underwriters are sufficient to discharge their respective underwriting obligations.

BROKERS

Madras:

Chitra & Co., Madras-1
Maconochie & Co., Madras-1
Paterson & Co., Madras-1
Venkataraman & Co., 322-23, Linghi Chetty Street, Madras-1
Chellam & Co. Private Ltd., 15/55, Big Bazaar Street, Coimbatore-1
M. Nanjappaiah Jahgirdar, 181, Cavalry Road, Bangalore-1

Bombay:

T. H. Vakil, Bombay-1
Jashwantlal V. Bhagat, Bombay-1
Champaklal Devidas, Bombay-1
Merwanjee Bomanjee Dalal, Allahabad Bank Building, Apollo Street, Bombay-1.
P. R. Subramanyam, 70-A, Stock Exchange Building, Apollo Street, Bombay-1
Lewis & Jones, Bank of Baroda Building, Apollo Street, Bombay-1
Navalchand T. Shah & Co., 15, Union Bank Building, Dalal Street, Bombay-1
Mahadevia Brothers, Stock Exchange Old Building, Dalal Street, Bombay

New Delhi:

R. K. Relan & Co., New Delhi-1
P. Roy Company, New Delhi
P. S. Khambete & Co., M-45, Connaught Circus, New Delhi-1

BANKERS

The Bank of India Ltd., 10, Armenian Street, Madras-1.
The United Commercial Bank Ltd., Tiruchirapalli.
The Indian Overseas Bank Ltd., Tiruchirapalli.
Devkaran Nanjee Banking Co. Ltd., Horniman Circle, Bombay-1.

AUDITORS

M/s. Suri & Co., 1/29, Mount Road, Madras-2.

LEGAL ADVISERS

Sri R. Narsimhachari & Sri N. Varadarajan, No. 4, Dr. Rangachari Road, Mylapore, Madras-4.

REGISTERED OFFICE

NO. 1, ALEXANDRA ROAD, CANTONMENT, TIRUCHIRAPALLI-1

OBJECTS

The Company was incorporated on 12th May 1960 for the several purposes set forth in the Memorandum of Association. The following are the main objects of the Company as contained in the Memorandum of Association.

(1) To carry on the business of manufacturers, importers and exporters of and dealers in sanitarywares, ceramic wares, stoneware pipes, glazed wall tiles.

(2) To carry on the business of manufacturers of and dealers in all kinds of bricks, tiles, pipes, pottery, earthenware, china and terracotta and ceramic wares, crockery and to manufacture refractories.

(3) To carry on the business of manufacturers, importers and exporters of and dealers in lining material and furniture.

PROSPECTS

The recent demand for wash basins, closets, sinks and other articles of bathroom and kitchen equipment, has far outstripped supplies in the country. The demand is much in excess of supply.

The current production of Indian sanitaryware is estimated at about 6,000 tons per annum. The estimated demand by the end of 1966 is about 30,000 tons. It looks as if even this estimate has been made on the conservative side. There is therefore considerable scope for expansion of this industry, particularly in South India, where the industry is not developed even to the extent it has developed in Bengal and Bombay States. Sanitaryware being by its nature both heavy in weight and brittle in character, cannot be transported over long distances without incurring heavy railway freight and expenditure involved in careful packing and therefore, the prospects, for sanitaryware industry in South India are distinctly bright.

The Government of India issued an Industrial Licence dated 8th October, 1959 and bearing No. L/34 (5) N-8/59 under the Industries (Development & Regulation) Act of 1951 to Messrs. SESHASAYEE BROS. (PRIVATE) LTD. in the first instance for the manufacture of 1,200 tons of Sanitaryware, 1,800 tons of glazed wall tiles and 3,000 tons of glazed stoneware pipes. This licence was subsequently assigned with the consent of the Government of India in favour of NEIVELI CERAMICS AND REFRACTORIES LIMITED. As regards sanitaryware, the initial licensed capacity of 1,200 tons has since been increased to 1,800 tons per annum. The Company proposes to take up the production of vitreous sanitaryware as the first phase of its programme of production.

SITE, POWER AND RAW MATERIAL

The Directors have chosen Vadalur, near Neivell as convenient location for the factory as this place offers numerous advantages in the matter of raw material supplies, fuel and water. The Company will take advantage of large supply of china-clay that will be made available from Neivell Lignite Mines. High quality quartz, and feldspar, the only other two main ingredients for making sanitaryware, are readily available in the neighbouring districts of Tiruchirapalli and Salem in adequate quantities and can be economically transported to Vadalur. These materials from neighbouring districts are already being used by Messrs. Seshasayee Industries Limited, Vadalur for the manufacture of High Tension and Low Tension insulators and other electrical porcelains.

THE COMPANY HAS PURCHASED ABOUT 16 ACRES OF LAND AT VADALUR to meet not only the immediate requirements of the factory but also to take care of future expansion.

The site of the mill is very near the Railway Station of Vadalur and it is also well connected by National Highways. Thus, road and railway transport facilities are readily available.

Power supply requirements are adequately ensured as the Madras State Electricity Board's H. T. Lines already supply power to the Insulator factory of Messrs. Seshasayee Industries Limited, Vadalur. The State Electricity Board have kindly agreed to meet and fulfil our needs in this behalf.

Good artesian water is available in plenty as this area is well known for artesian wells. Water supply will, therefore, offer no problem.

FOREIGN COLLABORATION

The Company considers itself lucky in having secured the technical and financial collaboration of a leading firm of sanitaryware manufacturers in West Germany, namely, Messrs. ELEMENTAL BAUKERAMIK VERTRIEBS GmbH., a subsidiary of KERAMAG AG, Ratingen (near Dusseldorf) in West Germany. The Keramag group have been in sanitaryware manufacturing business for over 40 years in Europe and have considerable experience in the manufacture of sanitaryware both out of fire-clay and Vitreous china. They own and operate three large-sized factories in Germany, each of which is producing between 18,000 to 20,000 tons of sanitaryware annually. KERAMAG are the first to introduce the process of twin glazing in respect of numerous varieties of ceramic wares they produce. The KERAMAG Group enjoys a very strong domestic market in Germany and Europe and also export part of their output to the South American market, where KERAMAG products are very popular. KERAMAG have examined the technical and financial aspects of this Project and have satisfied themselves as to the gainful character of its operation in this country. They have agreed to subscribe DM 145,000 or the equivalent of Rs. 177,000 in the equity capital of the Company as already mentioned. Messrs. ELEMENTAL BAUKERAMIK VERTRIEBS, GmbH., have agreed for one of their Directors serving on the Board of this Company, at the request of this Company.

The Company is beholden to DR. FRANZ KIRCHFELD (Sr.), Chairman of the well-known firm of Messrs. FRANZ KIRCHFELD, GmbH., one of the leading export houses in Dusseldorf, for helping this Company to get the collaboration of KERAMAG. They have agreed to subscribe for 20,000 equity shares and to be represented in the Board of this Company at the request of this Company.

The technical collaboration agreement and the allotment of equity shares in the manner aforesaid have been approved by the Government of India under their order No. 34(76)/Chem. IV/61 dated 17th October, 1961.

TRAINING OF INDIAN PERSONNEL

In terms of the Collaboration Agreement, M/s. ELEMENTAL BAUKERAMIK VERTRIEBS, GmbH., have agreed to train 15 Indian technicians chosen by this Company in their well equipped and modern factories in Germany. They have further agreed to depute 2 or 3 of their senior technicians to India to help this Company with the erection and commencement of working of the Company. These technicians will stay in India until optimum production is attained by this Company.

BUSINESS MANAGEMENT

The Company will be under the management of the South Madras Industrial Development Company Private Ltd., whose Directors have got considerable experience in industrial management. Some of the Directors of the Company are Directors of companies managed by Messrs. SESHASAYEE BROTHERS (PRIVATE) LIMITED. The combined experience of these Directors will ensure speedy completion and successful implementation of the Project.

Messrs. SESHASAYEE BROTHERS (PRIVATE) LIMITED, who are one of the leading and well-known industrial houses of India are responsible for the conception of this scheme and for negotiations on collaboration with Messrs. ELEMENTAL BAUKERAMIK VERTRIEBS. GmbH. They will be associated with this Project as Business Consultants to the South Madras Industrial Development Company Private Ltd. The remuneration payable to the Business consultants will be met by the Managing Agents and this is not to be reimbursed by the Company.

IMPORT OF PLANT AND MACHINERY AND FOREIGN EXCHANGE REQUIREMENTS

The Government of India have been pleased to issue under their communication dated 25-4-1962 and bearing No. 990669/ICICI/61 HQ-CG. Import Licence to the Company for importing plant and machinery from West Germany for C.I.F. Rs. 15,40,000. This amount of foreign exchange will be found by the Company by borrowing from THE INDUSTRIAL CREDIT & INVESTMENT CORPORATION OF INDIA LIMITED (I.C.I.C.I.), BOMBAY.

The Industrial Credit and Investment Corporation of India Limited have agreed in principle to lend to the Company a sum of Rs. 5 lakhs and also a sum in foreign currencies equivalent to U.S. $315,000 (about Rs. 15 lakhs) as determined by the International Bank for Reconstruction and Development towards a part of the capital expenditure. The Rupee Loan will bear interest at 6¼% per annum and will be repayable in 10 half-yearly instalments commencing from April 1, 1965 and ending on October 1, 1969. The Foreign Exchange Loan will bear interest at 7½% per annum and is repayable in 20 half-yearly instalments commencing from April 1, 1965 and ending on October 1, 1974.

The Loan from the Industrial Credit and Investment Corporation of India Ltd., will be secured by a first legal mortgage of the Company's immovable and movable properties, present and future, subject to the hypothecation of the tangible movable assets in favour of the Company's Bankers for cash credit/overdraft facilities. So long as the loan from the Industrial Credit and Investment Corporation of India Ltd., or any part thereof is outstanding the Industrial Credit and Investment Corporation of India Ltd., shall be entitled to appoint a Director on the Board of the Company, who shall not be liable to retire by rotation nor shall be required to hold qualification shares.

The indigenous component comprises mostly of certain conventional items, electrical equipment, service equipment, etc. These are readily available and are being arranged to be procured from indigenous sources.

CAPITAL OUTLAY AND MINIMUM SUBSCRIPTION

The minimum subscription on which the Directors will proceed to allot is 1,00,000 shares of face value of Rs. 10,00,000.

The capital required to reach the stage of production is estimated as follows:

	Rs.
Land and buildings, etc.	16,76,600
Plant, machinery and tools, etc.	28,23,000
Electric plant power supply, know-how fee, etc. ..	15,09,000
Preliminary expenses, interest on borrowings, etc..	3,81,400
Brokerage and underwriting commission	1,10,000
Working capital	10,00,000
	75,00,000

It is proposed to provide the said sum of Rs. 75 lakhs as follows:

By Share Capital	Rs. 45 lakhs
By loan from I.C.I.C.I.	Rs. 20 lakhs
By Bank borrowings	Rs. 10 lakhs
Total ..	Rs. 75 lakhs

Messrs. SESHASAYEE BROTHERS (PRIVATE) LIMITED and Messrs. SOUTH MADRAS INDUSTRIAL DEVELOPMENT COMPANY PRIVATE LIMITED, who are the Managing Agents of the Company have given an undertaking to this Company that they will procure for this Company at the appropriate time and on terms acceptable to the Directors of the Company loan capital to the extent necessary to meet the shortfall, if any, that may result by reason of the capital cost of the Project exceeding the amount of present issue of Capital and the loan of Rs. 20 lakhs arranged with I.C.I.C.I. and further to the extent of the requirement of the working capital.

PROGRESS ALREADY ACHIEVED

The Company has purchased nearly 16 acres of land at Vadalur. The Company has erected a Pilot Plant for manufacture of 15 tons per month of high quality sanitaryware by the use of Down Draught Kiln. It has already erected buildings and structures worth nearly Rs. 2.5 lakhs representing moulding and kiln furniture section, casting shop, slip house, office building, water supply installations and staff quarters. Machinery worth nearly Rs. 2.5 lakhs in the nature of Ball and Pan Mills, Down Draught Kiln, power equipment etc., have already been purchased and installed. **The Company has succeeded** in establishing trial production. This pilot plant will help the operatives to gain initial experience before they are sent abroad for being trained in the factories of our Technical Collaborators in West Germany.

This pilot plant will be integrated with the main plant when the latter is erected.

In November 1961, two Directors of **Messrs. Elemental Baukeramik Vertriebs, GmbH.,** viz., **Mr. Oehlen** and **Mr. Jung Poppe** arrived in India and visited the factory site and expressed considerable satisfaction with the location of the factory, particularly in terms of the facilities available in the matter of raw material and transportation. After their visit, it was decided to locate the main plant adjacent to the existing pilot plant site.

In January 1962 **Dr. FRANZ KIRCHFELD (Sr.)**, Chairman of **Messrs. FRANZ KIRCHFELD, GmbH.**, visited India and the factory site and he was similarly impressed with the location. M/s. Franz Kirchfeld, GmbH., and our technical collaborators between them help us to place firm orders for plant and machinery and equipment to be imported. Orders are being placed with reputed manufacturers in West Germany and they are expected to be received at site before the end of the current calendar year. In accordance with the time-table drawn up by the Company, the foreign technicians will arrive in India to erect the Tunnel Kiln and commence trial production in the middle of 1963 so that by the end of 1963 the Company expects to reach commercial production.

MANAGING AGENTS

The South Madras Industrial Development Company Private Ltd., No. 1, Alexandra Road, Cantonment, Tiruchirapalli, a Private Limited Company, will be the Managing Agents of this Company for a period of ten years, from the date of incorporation of the Company, viz., 12th May 1960. The said appointment has been approved by the Government under their Order No. 9 (789)—C-III-60 dated 7th February 1961.

The Managing Agents will be paid by way of remuneration and commission on the net profits of the Company at the following rates. 10% on the first Rs. 10 lakhs or fraction thereof and thereafter on the usual scale.

UNDERWRITING COMMISSION

An underwriting commission of 2½% of the face value of the shares will be paid to each of the underwriters in respect of the shares underwritten by them respectively.

BROKERAGE

Brokerage at the rate of 1% will be paid on all allotments made in respect of applications bearing the stamp of bankers, and recognised Brokers. Brokerage at the aforesaid rate will also be paid to the underwriters, in addition to the underwriting commission in respect of allotments made on applications bearing their stamp.

APPLICATION AND ALLOTMENT

APPLICATIONS FOR EQUITY SHARES WHICH MUST BE FOR A MINIMUM OF 25 SHARES SHOULD ONLY BE ON THE BASIS OF FULL PROSPECTUS. THE PROSPECTUS AND APPLICATION FORMS CAN BE HAD FROM THE REGISTERED OFFICE OF THE COMPANY, THE UNDERWRITERS, BROKERS AND BANKERS TO THIS ISSUE.

(Sd.) H. M. CHAWALLA, R. CHAKRAVARTHY, S. NARAYANASWAMY, RAJANIKANT MANILAL MEHTA, RUSSI JAL TARAPOREVALA, C. MUTHIAH MUDALIAR, A. KRISHNAMURTHI, R. SUBBARAYAN, P. MARUTHAI PILLAI.

WEATHER FORECASTING CAPABILITIES OF EARTH SATELLITES

W.M.O.'S REPORT RECOMMENDS TEN-YEAR PLAN

SOME of the satellites launched by the United States and the Soviet Union for space research in the last five years have yielded a large volume of data which could be used for better weather forecasting, more accurate navigation and faster and vaster communications. The American satellites in the Tiros series merit special mention in the context of weather forecasting, for they have sent back television pictures of huge weather disturbances developing in remote areas. As nature uses clouds to draw its own weather map and as satellites of the Tiros type enable meteorologists to both see and use this map, the "weather satellite" is emerging as a powerful tool, complementing existing systems by filling observational voids which exist even within dense data areas. In this connection, the following account by Dr. Harry Wexler, Director, Meteorological Research, U.S. Weather Bureau, on the utility of weather satellites will be read with interest.

"Over the immense oceanic expanses and over sparsely settled land areas, where present meteorological observations are meagre and economic considerations make any significant improvement by conventional techniques prohibitive, the satellite will be especially useful but it will make valuable contributions over other areas too. Less graphic than the clouds, but more important for a basic understanding of atmospheric behaviour are measurements of solar and heat radiation absorbed and emitted by Planet Earth and its atmosphere. The ceaseless attempt by the atmosphere to equalise the radition-caused temperature differences between equator and pole creates wind and weather with phenomena ranging in size from 5,000-mile-long storm families, fronts and jet streams to smaller individual storms like the 300-mile-wide hurricanes and the 200-yard-wide tornadoes. None of these widely different sizes of atmospheric whirls and eddies can be neglected in studying the atmosphere and in predicting its future behaviour."

World Weather Map

Dr. Wexler, who has constructed a hypothetical world weather map based on actual cloud pictures from the Tiros satellites, has also indicated the outlines of a future world meteorological satellite observing system. The observations obtained from such an operational meteorological system, according to him, can also be used by research meteorologists in improving their understanding of world weather, climatic changes and possible paths leading to beneficial weather modification. It is noteworthy that the United States has already made a beginning in limited international release of meteorological satellite information. Thus, weather satellites represent the first important practical application of man's thrust into space and should pave the way for increased co-operation among the nations of the world. It is, therefore, a heartening development that both the United States and the Soviet Union have recently indicated that they intend to set up world centres in Washington and Moscow, within the next three years, for the purpose of developing satellite weather forecasting techniques and that they expect the World Meteorological Organisation (W.M.O.) of the United Nations to co-ordinate the international activities of these centres.

Thanks to the co-operation that has developed between the scientists of both countries (U.S. and U.S.S.R.), a report has also been just drawn up by W.M.O. and submitted to the Economic and Social Council of the U.N. The central finding of this report is that satellites now make it possible to observe clouds and other atmospheric features over the whole world and that these observations, combined with those obtained from weather observing stations on land, on boardship and aircraft and with rocket and balloon observations, should enable detection and tracking of every major storm. And its chief recommendation is that a "World Weather Watch," based on meteorological satellites and a system of world and regional centres, be established to improve and develop existing weather forecasting capabilities.

The various steps recommended in the W.M.O.'s report are to form part of a ten-year plan of action. The first step is to harness the co-operative efforts of member-countries for the rational utilisation of earth satellites for meteorological purposes. Co-ordination of types and scope of observations as well as orbits has been recommended in this connection. Secondly, a "World Weather Watch," which will serve as a co-operative global meteorological observing and prediction system for the orderly preparation and dissemination of processed meteorological information, is to be established. Under this system are to be set up world centres and regional centres which would avoid duplication but would still make available to each meteorological service the data and background information it requires. The world centres (like the ones which the U.S.A. and the U.S.S.R. have offered to set up in Washington and Moscow), which would have access to world-wide data coming from the usual meteorological observations as well as from meteorological satellites, would also have available the elaborate and costly equipment required for processing and piecing together the information obtained from satellites and other sources. The proposed regional centres would make available to all countries in the region of each centre the vast amount of additional data which meteorological satellites provide. These regional centres will not replace but rather assist existing national meteorological services.

Global System

Thirdly, global observations will be needed to work the system of "World Weather Watch." In order to derive the utmost benefits from meteorological satellites, the W.M.O.'s report has prepared a plan for a minimum network of meteorological observations. This plan provides for the establishment of some automatic surface weather observatories and 53 new upper air observatories, of which 20 should be on ships on the high seas. The estimated cost of implementing this plan is $35.7 million for purchase and installation and $16.5 million for annual operation. While the national programmes of some countries are expected to enable this plan to be implemented in part, in other cases (especially in the less-developed areas) financial assistance from international sources such as the U.N. Expanded Programme of Technical Assistance and the U.N. Special Fund, will be necessary. The establishment of a "World Weather Fund" to support the implementation of the W.M.O. plan of action has also been recommended in the report. If and when the ten-year plan is approved by the W.M.O. Executive Committee and endorsed by the U.N. General Assembly, it will be the first major effort in international co-operation in pursuance of the U.N. resolution (December 1961) on "peaceful uses of outer space."

L.D. STEEL FROM BHADRAVATI

The Mysore Iron and Steel Works in Bhadravati will be the second, after Rourkela, to manufacture steel by the extremely economical L.D. process. The already existing plants are at present being extended by Demag by an L.D. and electric steel works, one 800-ton mixer, one three-high blooming mill, one three-high finishing train and the necessary crane and subsidiary equipment. After completion of the extensions 130,000 tons of crude steel will be produced annually in Bhadravati.

In the L.D. process, it may be noted in this connection, pure oxygen is blown on to the hot metal. In this manner heat economy in the converter is considerably improved. It is possible in this process to melt down considerable quantities of scrap. Further, an extremely low nitrogen content is attained, which, to a certain extent, is less than that of open hearth steel simply because air does not come into contact with the hot metal. Because of the high temperature at the point where the oxygen meets the hot metal, the lime which has been added liquefies right at the beginning of the process and forms a reactive slag. Therefore, the dephosphorisation begins much earlier than in orthodox processes. Steel from an L.D. steel works is of roughly the same quality as open hearth steel. Besides the metallurgical advantages, the capital costs of L.D. steel works are lower than those of open hearth steel works.

RAPID ELECTRIFICATION OF WEST GERMAN RAILWAYS

By the beginning of the seventies all steam engines operating on the 31,000-kilometre-long rail network of the Federal Railways of West Germany are to be replaced by electric engines. Almost 4,100 kilometres have up to now been electrified. In a few year's time the change-over to electric engines is to be completed for a track length of 9,000 kilometres. From then on, on one-third of all West German railway lines electric engines will be in operation. They are to be employed in 75 per cent of all transport services of the Federal Railways. While in 1950 almost 90 per cent of all rail kilometres were operated by steam engines, today the percentage has dropped below 50 per cent. During the last five years the Federal Railways expended for the purchase of diesel engines no less than DM 1,400 million (350 million dollars).

These endeavours to rationalise railway service, it is claimed, will also bring about further amenities for the traveller. While security will be increased, the travelling speed is to be accelerated even further. Until a year ago the travelling speed for fast trains reached, on an average, approximately 70 kilometres per hour. In 1958 some lines were already used by trains travelling at a speed of 140 kilometres per hour, and recently a new line on the right side of the river Rhine was commissioned, which can be used by trains going by a maximum speed of 160 kilometres per hour. Experts hold that in a few years' time long-distance trains will be able to travel at a speed of 200 kilometres per hour.

TEST GALLERY FOR MINE SAFETY RESEARCH IN BRITAIN

A reinforced-concrete gallery, nearly a quarter of a mile long, is to be built in Britain for research into the causes and control of explosions in coal mines. The tunnel-shaped gallery—a full-size replica of an underground road in a coal mine—will be constructed above ground for the Ministry of Power's Safety-in-Mines Research Establishment at Buxton, Derbyshire. With its ancillary equipment, it will cost nearly £300,000.

The primary purpose of the gallery is to study, under carefully controlled conditions in which research data can be accurately assessed, the coal-dust explosions. Full-scale explosions—of the kind which can cause a major disaster—will be set off to test various control methods. The whole gallery is designed to stand up to the big explosion pressures which may be encountered during an experiment. To prevent condensation which would affect basic conditions, the gallery walls will be heated by cables cast into the concrete. Also cast in concrete will be instrument boxes to accomodate pressure gauges and other instruments which are being designed by the Safety-in-Mines Research Establishment with a view to giving the maximum information concerning the movement of shock waves and general pressure build-up in the gallery.

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NEW PRODUCTS AND PROCESSES

Weaving Without Shuttle

A METHOD of weaving has been developed at the College of Science and Technology, Manchester, in which the yarn forming the cross thread, or weft, is thrown through the triangular opening made during the weaving process in the longways threads, or warp, of the cloth. An approach has thus been made to the weaver's ideal of not passing anything through the cloth other than the thread. The shuttle has been eliminated and no air or water jets are needed to carry the thread. Weaving speeds can be more than doubled and machine designs made simpler and cheaper. The inventor is Prof. J. J. Vincent, head of the textile technology department of the College. The basic principle is to grip the thread between two rapidly revolving plastic rollers which throw it forward at speeds up to 400 ft. (121.9 m.) a second and project it from distances over 6 ft. (1.82 m.) to keep the thread straight, the rolled speed is progressively reduced mechanically during projection, and to avoid waste the thread is retracted slightly before it is cut off. The loose ends are then tucked in mechanically to form a selvedge before the next thread is thrown. To further simplify the mechanism, Prof. Vincent is now experimenting with conical rollers driven at constant speed to project the thread. At the beginning of projection the thread is first gripped at the widest part of the rollers, which is moving at the highest linear speed. To produce the retardation for straightening, the thread is moved steadily towards the narrow part of the rollers where the linear speed is lower. A prototype loom is now being made by an experimental organisation near Manchester and it is hoped to demonstrate it soon.

Expansion Joint for Road Bridges

A new type of expansion joint for road bridges has been developed by a British firm which specialises in designing and manufacturing rubber anti-vibration devices. The joint has been made to provide a smooth road surface under extreme conditions of expansion and contraction, including those to be found in the tropics and sub-tropics. Under the heaviest loadings, says the firm, the joint maintains a tight seal against water, dirt and grit. It needs no lubrication or maintenance and is free from corrosion and it is also silent in operation. The joint is made up from sections 18 in. (45.7 cm.) long, each consisting of a pad rubber bonded to metal and supported by two intermeshing cantilever units or combs. In assembly, the combs are bolted to metal plates embedded in concrete. The rubber units are then screwed down and bolted together lengthwise to form a continuous strip. Sections of the joint can be replaced without disturbing the concrete deck of the bridge. To reduce alternating stresses to a minimum, the cross-section of the bonded rubber unit has been carefully designed, and the rubber is carried over the lip of the metal side members to prevent exposure of the bonded edge, and achieve the most efficient sealing. For the same reasons, the rubber also projects over the ends of the side members. Steel bars are bonded into the rubber to support it lengthwise on the combs. The inner faces of the steel combs are tapered to facilitate the insertion of rubber pads, which are drawn down into position by bolts screwed into the combs. During this process the rubber is pre-compressed, the amount depending on the ambient temperature. Maximum contraction of the bridge permits the joint to expand 1¼ in. (28.575 mm.) but since this is the same as the pre-compression, the rubber is never in tension.

Fuel Oil Computing Register

A new fuel oil computing register with an easily operated external price control will soon be available in Europe. The manufacturers, the Lockheed Electronics Company, are investigating the possibility of setting up a distributing network. An extended price range will make the machine adaptable to any European currency. The computing register is one of a series of products and systems being developed by Lockheed for use in the production, processing and distribution of petroleum. With the new Lockheed Computing Register, drivers can issue on-the-spot printed invoices for a variety of petroleum products. Adjustment of two control tabs at the top of the register allows drivers to select in the price. After delivery is completed, a single turn of a crank produces a printed invoice which itemises gallons delivered, price per gallon, tax and discount (if any), and the total amount of the transaction. This invoice serves as the customer's bill.

Lockheed Computing Registers, it is claimed by the makers, can replace any registers now in use and can be adapted to all existing fuel oil meters used for consumer deliveries. The register is entirely mechanical in operation, has extremely high impact strength and corrosion resistance. It is 10 inches high, 9 inches square and weighs under 15 lbs.

Boards from Wood Chips

Vermiculite-surfaced chip board with a non-combustible surface has been introduced by Air-screw-Weyroc of Weybridge, Surrey, England. It is to be provided initially in 12 and 18 mm. 8 by 4 feet boards with Vermiculite on one side and sanded on the reverse. The board will sell at 1s. 10½d. and 2s. 3d. per square foot and is suitable for linings, ducting and partitioning. Another company, Tyne Board Company of Willington Quay, Wallsend-on-Tyne, has introduced a new wood particle board for the building industry and also a marine grade chipboard. The wood particle board can be sawn, drilled, planed, jointed, screwed and nailed as with ordinary timber and is available in 12, 15 and 18 mm. thicknesses. The chipboard is available in thicknesses ranging from 9 to 22 mm.

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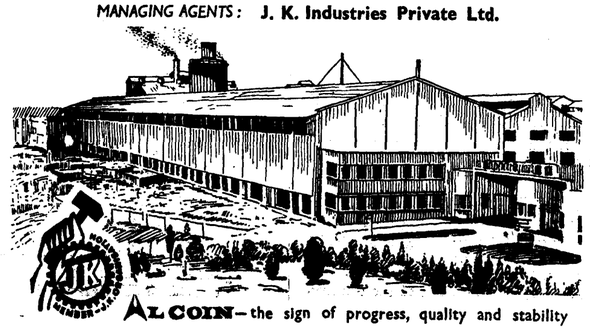

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HAILEYBURIA TEA ESTATES LIMITED

RESTRAINT ON DOMESTIC TEA CONSUMPTION UNWISE

CHAIRMAN, MR. P. R. SUBRAMANYAM, CALLS FOR MORE EXPORT AID

ADDRESSING the Annual General Meeting of the shareholders of Haileyburia Tea Estates Ltd., held at Kottayam (Kerala State) on Monday, 18th June 1962, Mr. P. R. Subramanyam, Chairman of the Company, pointed out that the Union Finance Minister's emphasis on restricting internal consumption of tea, in the course of his reply to the debate on the Central budget in the Lok Sabha, revealed a lack of understanding of the problems of the industry. India's common tea, Mr. Subramanyam averred, could not expect to meet a profitable export market and there was, therefore, no use restricting its consumption within the country to spare more for export. Only quality tea at competitive price could compete effectively abroad and it was, accordingly, necessary to take all possible measures to strengthen the competitive capacity of quality tea.

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

"GENTLEMEN,

"The Directors' report and statement of accounts for the year ended 1961 having been in your hands for the requisite period, I will, with your permission, take them as read.

"The result of the working for 1961, as stated in the Directors' report, after providing Rs. 1,60,904 for depreciation and Rs. 51,000 for development rebate reserve, is a net profit of Rs. 2,97,539.86 to which must be added the sum of Rs. 32,987.29 brought forward from the previous year's account, making a total of Rs. 3,30,527.15.

"Your Directors have recommended for the payment subject to deduction of income-tax of a dividend of 12½ per cent on the equity share capital absorbing Rs. 3,12,500 and 5 per cent on the preference share capital absorbing Rs. 14,000 inclusive of Rs. 1,500 on grossing to the extent of 30 per cent of 40 per cent of the dividend and the balance of Rs. 4,027.15 to be carried forward to next year's account.

Cost of Production Mounts

"You will observe from the balance-sheet already circulated that the cost of production has gone up from 304 cents in 1960 to 323 cents in 1961 per kilogram while the net average sale price realised was 441 cents per kilogram against 460 cents in 1960. The increase in estate expenditure is due to increased welfare expenses, consumption of stores, higher fuel charges, increased land revenue and increase in the cultivation expenses. The donation of Rs. 20,000 to the Mundakayam Medical Trust is the first instalment out of a total contribution of Rs. 37,375 which your Company proposes to make to the Trust on the basis of planted acreage. By this donation, which is exempted from income-tax and agricultural income-tax, your Company's obligations under the Plantation Labour Act 49 of 1951 in respect of group hospitals will be fully covered.

"The fall in sale price is the result of the sharp fall in prices from November 1961. The initial steep fall in November/December was followed by resumption of trading at a much lower level. The prices ruling in the early part of 1962 have been very much below that of the corresponding period in 1961.

Restriction on Consumption Undesirable

"The figures for world production in 1961 indicate an increase of about 112 million pounds over the previous year. Exports from India have not shown any corresponding increase and it is presumed that a good portion has been absorbed in the internal market. The F.A.O. report of the possibility of a world surplus of tea in 1965 has been discounted to a certain extent in official circles in India. While this is understandable in view of the avowedly expansionist thinking of our Government, I consider that any move to restrict internal consumption would not be in the long-term interests of the country.

"I am glad to report that greater awareness of the industry's problems are to be seen in Delhi and Calcutta. While the reduction in export duty is no doubt welcome, I feel that, in the context of Britain's entry in the European Common Market and the need for a sustained and vigorous export drive, the complete removal of export duty would have given the desired shot in the arm which the present reduction cannot accomplish. The recent tour of an Indian Tea Delegation to America and Europe would, I hope, open the eyes of the Tea Board Chairman to the problems of promotion and propaganda in those countries and enable him to devise ways and means for meeting Ceylon competition in all those markets with more success than hitherto.

Unwise Emphasis

"In this connection I consider the emphasis on restricting internal consumption shown in the Finance Minister's winding-up speech replying to the general discussion on the Budget as revealing a lack of understanding of the problems facing the industry. India's common tea cannot expect to meet a profitable export market. Only quality tea at competitive prices will increase our exports. For this purpose of reduction of cost, Government should give full encouragement in whatever manner possible by removal of export duty, by freezing wages if necessary and by giving subsidies in appropriate cases. For the common tea our internal market should be the mainstay and in this case to talk of restricting consumption is suicidal.

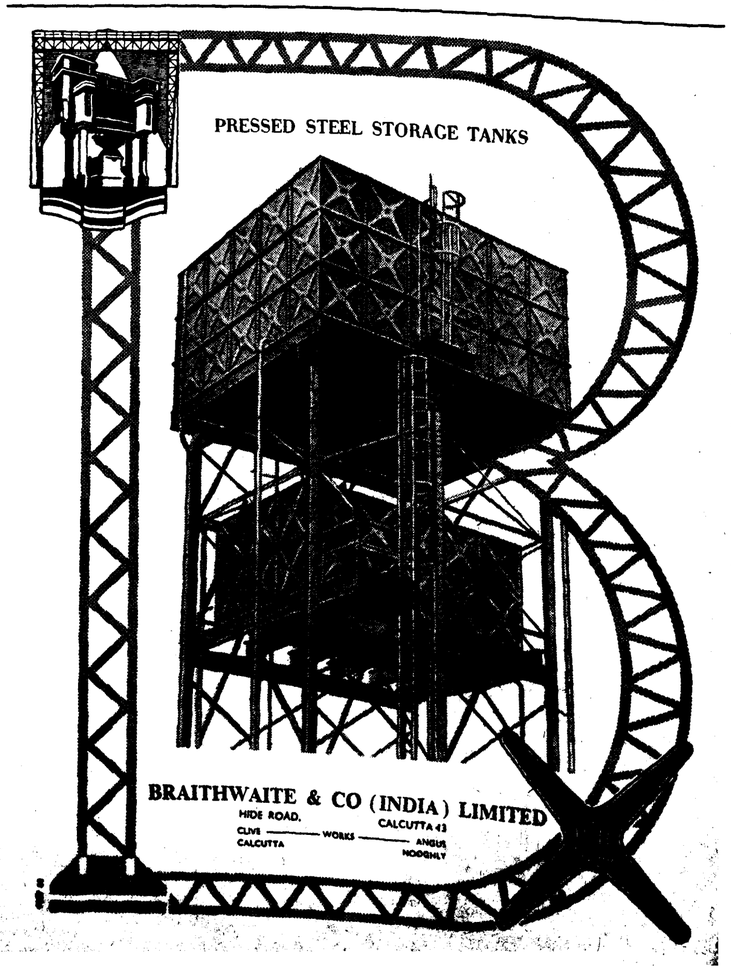
"The improvement to our factories are almost complete and, with the exception of the humidification plant and the winnowing tunnel, all the other machines will be in commission during the year. Our factories will now be able to deal adequately with the increased crops. The premium which teas manufactured by unorthodox methods, i.e., by C.T.C. etc., are getting has set your Board thinking and they are considering ways and means of at least trying this manufacture in one of our factories as a trial measure.

Crop Position

"I am glad to be able to say that the crop as on 31st May 1962 is 1,11,047 kilograms ahead over the previous year and with average weather conditions this increase is likely to be maintained at the end of the year.

"It is customary to give some indication of current year's results. While present price levels are no doubt discouraging, I am inclined to think that there is an undercurrent of strength in the market which should be reflected in steadier prices. If a further wage increase is not imposed on us, with the increased crop now coming in and the better standard of manufacture, the prospects for your Company appear to be reasonably good.

"Our thanks are due to the Managing Agents, the Estate Manager and staff for the way in which they have carried out their duties during the past season. Our thanks are also due to Mr. A. M. Spence, our Visiting Agent, for his valuable advice and assistance."



ANNUAL MEETING OF OIL INDIA LIMITED

SPEECH OF CHAIRMAN, MR. KHANDUBHAI K. DESAI

PROMPT GRANT OF EXPLORATION LICENCE URGED

A STRONG plea for the immediate grant of licence to Oil India Limited to undertake oil exploration work was put forward by Mr. Khandubhai K. Desai, Chairman of the Company, when he addressed the Third Annual General Meeting of the Company held at Duliajan (Assam) on Friday, 22nd June 1962. Any further delay in the matter, Mr. Khandubhai Desai warned, would seriously impede progress in the vital field of exploration and development. He pointed out that, if oil were discovered in the new concession areas in respect of which an exploration licence was pending with the Assam Government, not only would there be saving on further imports of crude but the refineries at Gauhati and Barauni could be expanded further. This, he said, was a matter that should be given priority, especially because Oil India's prospecting programme did not involve any foreign exchange expense, inasmuch as it had already been underwritten by the Burmah Oil Company, the Government's partner in Oil India. He revealed that, with the existing number of wells drilled so far and those to be completed by the end of 1963, Oil India would be in a position to meet its commitments of supplying nearly three million tons of crude a year to the Gauhati, Barauni and Digboi refineries, the foreign exchange saved being more than Rs. 20 crores annually.

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

"GENTLEMEN,

"The report of the Board of Directors gives you an idea of the financial position of your Company and explains in some detail the extent of its operations during the year 1961. I shall refer briefly to some of the salient features in this report later, but I think it is important in the first place for us to realise their context against a more general background.

Consumption of Petroleum Products

"The consumption of petroleum products in a developing economy like India is bound to grow at a rate faster than what has been generally estimated in the past. We are at the present moment still dependent to a very considerable degree on imports both of crude and of products, and this is again dependent on the availability of foreign exchange for such imports. This is of particular relevance at a time like this, when all else is overshadowed by the continuing foreign exchange crisis with which this country is faced. At present, we are spending about Rs. 80 crores every year in foreign exchange on imports of crude oil and petroleum products. It is well to remember this fact when considering or discussing the large-scale programme of oil exploration that has been launched during the last few years by the Government of India. In the public sector, the Oil and Natural Gas Commission propose to spend about Rs. 200 crores on exploration and production operations, and they aim to achieve a production target of about 3½ million tons per year during the final year of the third Five-year Plan. I would like to take this opportunity to congratulate the Oil and Natural Gas Commission on the signal successes they have already achieved in the Gujarat region, and to pay our tribute to the dedicated and unremitting efforts they are making to increase India's oil potential.

Three Million Tons By 1963

"As far as the programmes of your own Company are concerned, Oil India's reserves stand at about 45 million tons of oil and 720,000 million cu. ft. of gas at present and, with the existing number of wells drilled by Oil India so far and those to be completed by the end of 1963, Oil India would be in a position to meet its commitments of supplying nearly 3 million tons a year to the refineries at Gauhati and Barauni and the Assam Oil Company refinery at Digboi. This total production of 3 million tons would mean a foreign exchange saving of more than Rs. 20 crores a year. If we are fortunate to discover oil in the new concession areas in respect of which an exploration licence is pending with the Assam Government, this in turn would greatly assist not only in saving on further imports of crude, but in further expansion of the refineries at Gauhati and Barauni. This is a matter, therefore, which should have priority especially as Oil India's prospecting programme does not involve any foreign exchange expense, as the latter has already been underwritten by the Burmah Oil Company, Government's partner in Oil India. We had originally planned to start work in the new area in October 1961. Unless the exploration licence is granted promptly, it would not be possible to start the work even in the coming cold weather and any further delay would seriously impede progress in the vital field of oil exploration and development.

"Our annual report gives you some idea of the facts and figures of oil drilling and operations during the year 1961.

Transport Through Pipeline

"While the achievement of our production target is all important, special mention should also be made of the transport problem, namely, the construction of the 720-mile long Oil India pipeline from Nahorkatiya to Barauni. The completion of the first stage of this pipeline to Gauhati was delayed due to abnormally heavy rains in the middle of 1961, which led to the suspension of work. However, as soon as this was foreseen, arrangements were made to build up stocks of crude at Gauhati refinery by means of railway tankwagons to enable the refinery to commence operations as scheduled on 1st January 1962. The first stage of the pipeline was actually completed by the beginning of March and pumping of crude oil to the refinery had commenced. We taken this opportunity to congratulate the Burmah Oil Company (Pipe Lines) Limited and the contractors for having done a good job under difficult circumstances. Progress on the second stage from Barauni to Gauhati is satisfactory and we are hopeful that the whole line will be ready when the Barauni Refinery goes on stream early in 1963. This pipeline system traversing a difficult terrain, cutting across three State boundaries is the second largest in the East (including the Middle East) and will be one of the most modern and automatic.

Organisation Takes Shape

"The year 1961, as you would see, has been a momentous one in the history of this young organisation. The Second Supplemental Agreement brought Government's shareholding on a par with that of the Burmah Oil Company, thus giving it parity on the Board of Directors. The first task to which the newly reconstituted Board addressed itself was the setting up of a separate organisation for Oil India.

"As from 1st January 1962, we took over on Oil India's payroll all the staff required—executive, clerical and labour—engaged on Oil India's work who had hitherto been employees of the Assam Oil Company. The organisational set-up, provision for future recruitment, the devolution of powers, and duties to the Managing Director and to the officers in the field and other allied matters have been charted out and are now in actual operative effect. This transition, I am glad to say, has been effected without any friction, and I would like to take this opportunity to convey our grateful thanks for managing Oil India's affairs to Assam Oil Company and for their co-operation since then.

Problems We Had to Face

"Like any other industrial undertaking, however, Oil India has had its own share of difficulties during the year. The new Board was faced almost immediately with a strike by the contractors' labour—but this was fortunately settled in a brief time.

"*Land Acquisition*: Another serious problem that arose was the question of land acquisition for further drilling in our existing concession areas. It is not always possible to acquire land under the Land Acquisition Act 1894 or Rule 119 of the Assam Land and Revenue Regulations. Therefore, we had to resort to private negotiations in certain cases. We were, however, caught on the horns of a dilemma, as we found that adherence to existing procedure for acquisition of land entailed much time and uneconomical use of drilling outfits. Although land could be obtained more quickly by private negotiation, prices spiralled and our continuing to pay high prices became impossible not only because of the excessive cost to the Company but also because of the overall effect on land prices for other industrial ventures within the State. We have sought the co-operation of both the Government of India and the Government of Assam in this regard and we trust that, with their assistance, some solution can be found to this problem.

"*Utilisation of Natural Gas*: The utilisation of natural gas produced along with oil and by itself has presented problems of planning. The Assam Government have now set up a Committee on which Oil India is represented, which would go into these questions regarding market availability of gas, the demands from various consumers, the capital costs involved in storage equipment, the price at which the gas is to be sold, etc. It is gratifying to note that the Assam Government is very keen on fostering and developing gas-based industries in the State.

"*Royalty*: Another important matter to which I would like to refer is the royalty question. I earnestly trust that there would be an early settlement of this question, as this would enable us to proceed more expeditiously with our development programmes.

Financial Position

"As far as our financial position is concerned, I do not think it is necessary for me to go into this in any detail, as this is fully set out in the report before you. As you would see, the financial picture shows that the net surplus after providing for depreciation, taxation and development rebate amounts to Rs. 1.15 crore which is being transferred to the general reserve. Taking into account that we are still in the development stage and our sales in 1961 were limited to about 300,000 tons, I think this can be considered reasonably satisfactory.

"In conclusion, I would like particularly to thank my colleagues from the Board for their co-operation and assistance. From the very beginning, it was realised by both partners in Oil India (the Government of India and the Burmah Oil Company) that the successful working of Oil India with two equal shareholders would depend primarily on a basic understanding and agreement on matters concerning the formulation of policy at the Board level, combined with a certain amount of give and take on both sides. I am glad to say that this system has worked smoothly and successfully. The Board has functioned as a homogeneous team and I trust it would continue to function on the same lines in future. This has been due to the spirit of co-operation shown by both the partners and to their understanding of the common objective, namely, to make this new venture a success.

"Finally, I would like on behalf of your Company to express my appreciation to the staff and workers of Oil India who have given their full loyalty to this new organisation and who have spared no pains to contribute to its successful working. In this connection, I must pay here a tribute to Mr. M. J. Condon, the previous Managing Director of Oil India, who was instrumental in evolving a basis for the Government and the Burmah Oil Company to work together and in making the transition smooth. I would also like to place on record my appreciation of the excellent team work done by our present Managing Director, Mr. J. C. Finlay, and the Financial Director, Mr. Govindan Nair, which has rendered possible the setting up of Oil India on its feet."

OIL ROYALTY FOR ASSAM

Mr. K. D. Malaviya, Minister of Mines and Fuel, confirmed in the Lok Sabha last week that, on the suggestion of the Assam Government, it had been agreed to refer the issue of oil royalty to a third party. Answering questions, Mr. Malaviya said that the Government of India was convinced that the rate of royalty had to be fixed by it, but the Assam Government did not agree with this interpretation and had raised certain constitutional issues. There was no alternative left except to refer the matter to a third party. He stated that recently the Assam Government had asked for a higher royalty. The difference between the royalty now paid and the latest demand of the State Government was Rs. 96 per ton. Asked whether the 15 per cent financial participation in the Indian Oil Company had been offered by the Government of India to the Assam Government *in lieu* of additional royalty, he said that a separate proposal was under consideration for offering the Assam Government some participation in the oil refinery. This proposal had nothing to do with the royalty question.

TWYFORD TEA COMPANY LIMITED

CHAIRMAN, MR. P. R. SUBRAMANYAM'S SPEECH AT ANNUAL MEETING

SUGGESTIONS FOR PROMOTING TEA EXPORTS

A PLEA for giving full encouragement, in whatever manner possible, to export of tea was made by Mr. P.R. Subramanyam, Chairman of the Twyford Tea Company Ltd., in his address to the shareholders of the Company at their Annual General Meeting held on Monday the 18th June at Kottayam (Kerala State). He suggested the removal of export duty, freezing of wages, if necessary, and grant of subsidies in appropriate cases as possible measures the Government could take to stimulate exports.

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

"GENTLEMEN,

"The Directors' report and statement of accounts for the year ended 1961 have been in your hands for the requisite period. I will, with your permission, take them as read.

"The result of the working for 1961 as stated in the Directors' report after providing Rs. 86,301 for depreciation and Rs. 77,500 for development rebate reserve is a net profit of Rs. 72,932.08 to which must be added the sum of Rs. 7,873.88 brought forward from the previous year's account and a sum of Rs. 25,000 transferred from the dividend equalisation reserve making a total of Rs. 1,05,805.96 now available for distribution.

"Your Directors have recommended for the payment, subject to deduction of income-tax, of a dividend of 6 per cent absorbing Rs. 94,500, leaving a balance of Rs. 11,305.96 to be carried forward to next year's account.

"You will observe from the balance-sheet that the cost of production has gone up from 350 cents in 1960 to 360 cents per kilogram in 1961 while the average sale price realised was only 447 cents, against 454 cents per kilogram in 1960. The increase in Estate expenditure is due to increased welfare expenses, consumption of stores, higher fuel charges, increased land revenue and increase in the cultivation expenses. The donation of Rs. 15,000 to the Mundakayam Medical Trust is the first payment out of a total contribution of Rs. 30,200 which your Company proposes to make to the Trust on the basis of planted acreage. By this donation, which is exempted from income-tax and agricultural income-tax, your Company's obligations under the Plantation Labour Act 49 of 1951 in respect of group hospitals will be fully covered.

"The fall in sale price is the result of the fall in prices from November 1961. The initial steep fall in November/December was followed by resumption of trading at a much lower level. The prices ruling in the early part of 1962 have been very much below that of the corresponding period in 1961.

"The results are disappointing. Unfortunately, the unusually heavy rainfall had a depressing effect on crop and the shortfall, together with the provision for the development rebate reserve, has badly affected the net profit.

"The figures for world production in 1961 indicate an increase of about 112 million pounds over the previous year. Exports from India have not shown any corresponding increase and it is presumed that a good portion has been absorbed in the internal market. The F.A.O. report of the possibility of a world surplus of tea in 1965 has been discounted to a certain extent in official circles in India. The controversy has not yet been settled but the following conclusions are inescapable. Increase in crop should not be at the expense of quality or at high cost. A vigorous export drive should be made simultaneously with a drive for increasing internal consumption too. While foreign exchange needs are responsible for the present export-mindedness, the necessity of a large and stable internal market in the long-term interest of the industry should not be lost sight of. In this connection I consider the emphasis on restricting internal consumption shown in the Finance Minister's winding-up speech replying to the general discussion on the Budget as revealing a lack of understanding of the problems facing the industry. India's common tea cannot expect to meet a profitable export market. Only quality tea at competitive prices will increase our export. For this purpose of reduction of cost, Government should give full encouragement in whatever manner possible by removal of export duty, by freezing wages, if necessary, and by giving subsidies in appropriate cases. For the common tea, our internal market should be the mainstay and, in this case, to talk of restricting consumption is suicidal.

"I am glad to report that greater awareness of the industry's problems are to be seen in Delhi and Calcutta. While the reduction in export duty is, no doubt, welcome, I feel that, in the context of Britain's entry in the European Common Market and the need for a sustained and vigorous export drive, the complete removal of export duty would have given the desired shot in the arm which the present reduction cannot accomplish. The recent tour of an Indian Tea Delegation to America and Europe would, I hope, open the eyes of the Tea Board Chairman to the problems of promotion and propaganda in those countries and enable him to devise ways and means for meeting Ceylon competition in all these markets with more success than hitherto.

"I am glad to be able to say that the crop as on 10th June 1962 is 10,574 kilograms ahead over the previous year and with average weather conditions this increase is likely to be maintained at the end of the year.

"It is customary to give some indication of current year's results. While present price levels are no doubt discouraging, I am inclined to think that there is an undercurrent of strength in the market which should be reflected in steadier prices. If a further wage increase is not imposed on us, with the better standard of manufacture and with no need to meet the same depreciation and development rebate commitments as in the previous year, the prospects need not be very gloomy.

"Our thanks are due to the Managing Agents, the Estate Manager and Staff for the way in which they have carried out their duties during the past season. Our thanks are also due to Mr. D. S. McIntyre, our Visiting Agent, for his valuable advice and assistance."

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DALMIA CEMENT (BHARAT) LIMITED

CHAIRMAN, MR. V. H. DALMIA'S VIEWS ON CEMENT SHORTAGE

FULLEST UTILISATION OF EXISTING INSTALLED CAPACITY URGED

THE fullest utilisation of the existing capacity in cement industry was urged by Mr. V. H. Dalmia, Chairman of Dalmia Cement (Bharat) Ltd., in the course of his speech at the Company's Tenth Annual General Meeting, held at Dalmiapuram on Friday, the 29th inst., to meet the problem of cement shortage. The persistent shortage of cement, he said, had induced a review of the expansion plans for the industry. Demand for cement by the end of the third Plan had been revised to 15 million tonnes, he observed, and added that the Government was, therefore, considering revision of the capacity target for the industry from 15.2 million tonnes to 18 million tonnes, an increase of 20 per cent. In 1961, he said, against an installed capacity of 9.4 million tonnes, the actual production was only 8.2 million tonnes. Mr. Dalmia emphasised that it should be possible to obtain appreciably higher production through better utilisation of the existing capacity itself at relatively much less expenditure of valuable foreign exchange, if the required spare parts and equipment were allowed to be imported and the other difficulties, such as coal and wagon supplies, were resolved.

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

"GENTLEMEN,

"I have great pleasure in welcoming you to the tenth annual general meeting of your Company. As usual, I take this opportunity to give a brief review of the working of your Company during the year under report.

"In 1961, the production in all the manufacturing departments has been better compared to the previous year, except for a slight decline in the refractory section. Despite improved production, there is no mentionable increase in the profit earned by your Company on account of all-round increase in costs and growing competition in the products of the ceramics division and also due to the adjustment of bonus to employees for the year 1960, in respect of which no provision was made in that year. The impact of the increase granted to your Company in the ex-works retention price of cement will be felt from the current year onwards.

"I am glad to inform you that 57.75 per cent of the dividend recommended by your Directors will be paid out of the tax-exempt profit. In the computation of the tax-exempt profit available for distribution as dividend, besides the undistributed balances of the earlier years, the Company's share of tax-exempt profits of Messrs. Dalmia Magnesite Corporation has also been included.

Retention Price for Cement

"I would now refer to the decision of the Government of India on the question of cement prices. Taking the view that the system of differential prices, recommended by the Tariff Commission based on individual costs, is not conducive to efficiency and greater production and that there should be a uniform price for the industry so that there is a measure of reward for those units which are able to achieve economies, the Government fixed the uniform ex-works price of naked cement at Rs. 69.50 per tonne for the industry, with provision for extra price in the case of certain high-cost units. The retention price, payable to your Company, stands increased from Rs. 55.54 to Rs. 69.50 per tonne, effective from 1st November 1961. I regret, however, that the revised price was not brought into effect from 1st July 1961, as recommended by the Tariff Commission, considering that the previous price period expired on 30th June 1961.

"The persistent shortage of cement has induced a review of the expansion plans for the industry. The revised estimates now place the demand for cement by the end of the third Plan at 15 million tonnes, and the Government is, therefore, considering revision of the capacity target for the cement industry from 15.2 million tonnes to 18 million tonnes, an increase of 20 per cent. In this context, I would like to say that the fullest utilisation of the existing installed capacity should be accorded paramount importance by the Government as providing a ready means of increasing speedily the production of cement at a time when the country is faced with an increasing shortage of this commodity. In 1961, against an installed capacity of 9.4 million tonnes, the actual production was only 8.2 million tonnes. It should be possible to obtain appreciably higher production through better utilisation of the existing capacity itself at relatively much less expenditure of valuable foreign exchange, if the required spare parts and equipment are allowed to be imported and the other difficulties, such as inadequate or irregular supply of coal, wagons for inward and outward movement to and from cement factories, are resolved. Besides, a scheme of incentives should also be introduced to encourage the maximisation of production. I understand that some such scheme is already under consideration of the Government of India.

Coal Supplies

"During the past few years, there has been a growing realisation that the supplies of coal were not keeping pace with the growing demand of the country's expanding economy. The shortfall was attributed mainly to insufficient rail movement capacity, and, last year, it was sought to augment this by moving coal by the sea-*cum*-rail route. While this has brought a measure of relief, it has not proved sufficient. More recently, however, it has been admitted that the production of coal itself is inadequate and recourse to alternative fuels, is, therefore, considered doubly necessary. The Government of India has, therefore, suggested the conversion to complete, or partial, oil-firing of certain industrial units, including the cement factories, which are situated at long distances from the Bengal/Bihar coalfields and has agreed to grant *ad hoc* increases in the retention prices to cement producers to offset the incidence of the higher cost of oil. The movement of Bengal/Bihar coal by the all-rail route to certain consumers, including several cement factories, was stopped and was replaced by shipments of coal from the Calcutta port following announcement of the scheme to subsidise the movement of coal by sea. In view of this element of compulsion, the Government of India has been requested to modify the subsidy formula in such a manner as would ensure that the cost to the consumer of seaborne coal is exactly the same as the cost by the all-rail route. It is hoped that they will agree to this. There is urgent need for a settlement of the subsidy claims without delay as also for a simplification of the procedure which would eliminate such delays in future. As matters stand at present, the payment of subsidy has not been made till now even against claims submitted more than five months back.

Iron Ore Exports

"Last year, I had referred to the tremendous expansions in the steel industry, which were being planned on a global basis. Since then, however, there have been indications of a partial recession in Japan, which has led to some hesitancy on the part of the Japanese steel industry to increase their commitments abroad in purchasing iron ores. It is hoped that this is only a temporary phase. With the development of new sintering and pelletising processes, low grade ores of various origins are being used more and more extensively by the steel industry in many countries. As a result of this, the importance, hitherto attached to very high-grade ores such as is supplied from your Company's mines, is lessening. The need, therefore, of long-term agreements with various countries for the supplies of such ores from India is greater, particularly when we find that fresh sources of such ore are being exploited in other countries to a larger extent. In view of the urgent need of boosting the country's export trade, particularly where through such exports, free foreign exchange can be earned, the State Trading Corporation of India Ltd. will, doubtless, endeavour to conclude such long-term agreements with various countries as rapidly as possible.

"The Government of India and the Government of Madras have had before them for some time a project for developing the capacity of the Cuddalore port to cope with the increased exports of iron ore and to handle the larger quantities of fertilisers and coal, which are being unloaded at that port. I understand that the plans for this development project have been finally passed, and, it is to be hoped, that the actual work will be taken in hand very soon with the ultimate target, perhaps, of making the Cuddalore port capable of exporting up to one million tons of iron ore per year. To take advantage of the increasing port capacity at Cuddalore and other major and minor ports which are being developed further, however, it is important that the railway capacity for movement of ores should be increased more rapidly. In this connection, it is heartening to note from a recent statement made by Mr. Manubhai Shah, the Minister for International Trade, that the Railway Ministry would be persuaded not only to give top priority to the haulage of ores and other goods for export but also to reserve a number of wagons specifically for export purposes. While your Company's ore business has shown a decline since I spoke to you last, it is hoped that, as a result of possible long-term arrangements for high grade ore exports from India and as a result of the growing port and railway capacities, your Company may also look forward to increased exports of their iron ore.

"The results achieved for their last financial year by Messrs. Dalmia Magnesite Corporation, in which your Company is a partner, continue to show satisfactory progress. The demand for deadburnt magnesite from the steel industry and the refractory industry in the country continues to show an increase. There are indications that this demand may rise steeply by the beginning of the fourth Five-year Plan, by which time the steel industry may reach its target of 10 million tons of steel production per annum. There are also indications of a possible export market, as I had mentioned last year, and recently some small export of deadburnt magnesite has been made by Messrs. Dalmia Magnesite Corporation. In the circumstances, the outlook for the industry is bright even after the contemplated expansions, including the doubling of the capacity at the Salem Works, have been completed.

Factories in Pakistan

"The two cement factories in Pakistan, belonging to your subsidiary, continue to face a variety of problems. Implementation of our programme for rehabilitation and modernisation of these factories is held up on account of the difficulty in getting import facilities for the required spares and equipment. Demand for cement in West Pakistan has been slack, and, as a result, competition has developed. Every effort is being made to revitalise the sales organisation and improve the despatches. I am glad to add that relations between the management and workers at both the factories of your subsidiary in Pakistan have taken a welcome turn. A long-term agreement has been reached at the Shantinagar (Karachi) Works covering wages and other demands. A similar agreement is likely to be concluded with the workers at the Dandot Works also. Both the factories are working well except for the problems created by the lack of rehabilitation of the plant and equipment for reasons which I have just mentioned.

"I wish to refer now to the long-term agreement signed at Dalmiapuram in November 1961 in regard to the payment of bonus to the employees. As a result of the formula by which the quantum of bonus has been linked to the clinker production attained in the relevant year at your Dalmiapuram Works, I am confident that industrial peace would prevail at Dalmiapuram and workers would lend their full co-operation in augmenting production. I wish to express my satisfaction at the growth of sound and cordial relations between your Company and the workers' unions evidenced by increasing willingness to resort to mutual discussions and negotiations for the settlement of outstanding issues. The agreement in regard to bonus is an outstanding example of this growing co-operation.

"Finally, I would like to express, on your behalf and on my own, our appreciation of the services rendered to the Company by all executives, staff and workers.

"Jai Hind."

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

THE METAL BOX COMPANY OF INDIA LIMITED

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

THE Twenty-ninth Annual General Meeting of The Metal Box Company of India Limited will be held on Wednesday the 18th July 1962 at 59C Chowringhee, Calcutta.

The following is a copy of the Review by the Chairman, Mr. K. C. Mahindra, which has already been circulated to members:

Sales

"Your Company's sales have grown steadily over the past year; from Rs. 970 lakhs in 1960-61 to Rs. 1,050 lakhs in the year under review. This increase of 8¼ per cent as compared with 11 per cent last year was not quite as high as expected. However, I see no reason for discouragement or alarm. I would rather interpret the relative shortfall as a useful reminder of how closely our fortunes are linked with those of our customers. Our sales figures are a remarkably accurate barometer of the affairs of the consumer-goods industries. In 1961-62, the high prices of groundnut oil made vanaspati too expensive for some people who had become accustomed to buying it; less toilet powder was bought after an excise duty was imposed in March 1961; in many instances our customers' output was limited by shortages of raw materials, and, as a result, some of those who buy industrial components from us took less than we had expected. Besides, there were rises in costs, particularly affecting raw material. I shall refer to them later. Our customers' problems which adversely affected our sales volume, our greater efforts in export fields and rising costs have caused profit margins to narrow. The solution, insofar as it is within our own control, rests in increased efficiency and increased productivity. I believe that Metal Box, measured by any standards, is an efficient manufacturing organisation and that our pursuit of greater efficiency is relentless. There is, however, a limiting factor, the *volume* of production. Technological progress demands the application of the latest processes and methods to an increasing volume if we are to remain a low-cost producer. But in the case of tin containers our productive capacity is not being increased. Government's policy over the licensing of any expansion of existing units or the formation of new ones continues to favour the man who produces both the goods and the packages for them. I cannot believe that Government can continue to turn a blind eye to the obvious long-term consequences: uneconomic fragmentation of the industry, stagnation in technical development and, above all, a high-cost container for the masses of the people. All around us, industrialists are appealing to be allowed to produce more in order to meet their ever increasing costs. How can the price-line be held so long as Government deliberately fosters the emergence and growth of uneconomic methods?

"I do not wish to be misunderstood: there is no plea whatsoever that large units be allowed to expand at the expense of the small. In Metal Box we have done and are doing everything we can to foster the growth of small-scale industry. We buy materials from it, we provide it with know-how and we sell machinery to it. My point is that if the targets in the Third Plan for the production of consumer goods—milk products, to take only one example—are to be achieved, I just do not see where the containers in the numbers, at the price and in the quality which all these new manufacturers are demanding from the start, are going to come from. We shall have to wait and watch the prices rise, whereas we ought to be getting on with the basic job.

Exports

"In other fields, I am glad to be able to say that we are, indeed, getting on with the job. To conserve foreign exchange, for example, we have extended the manufacture in Calcutta of industrial components and machinery required for can-making and closing, which had to be imported hitherto, and we have made a successful effort to step up our direct exports of packages, machinery, hardware and publicity media. Since we first entered the markets of South East Asia, competition, notably from Japan, has intensified. Despite this, our exports were 36 per cent higher than last year and their value during the year was over Rs. 25 lakhs. We are now one of the first five exporters of engineering goods. The growth in our direct exports, made possible only by constant touring and by offering very low prices, has had its effect on our profits. Nevertheless, we are resolved to maintain a steady growth and hope to achieve a substantial increase in our exports in the current year.

"Our largest contribution in the export field is an indirect one: supplying packaging materials, to international standards of quality, for goods packaged and exported by Indian manufacturers. It is our conviction that every well-packaged Indian product is a potential earner of foreign exchange. This belief is substantiated by the export from India last year in Metal Box packages of goods worth over Rs. 4 crores to more than fifty countries spread all over the globe. Many of these packages were designed to meet the specific needs and tastes of highly competitive overseas markets. My report last year highlighted the part your Company was playing in India's prawn exports. Amongst the other exports, the success of which has been assisted by the high quality standard of our containers, are cashew nuts, vanaspati, vegetable oils, fruit, toiletries, confectionery and biscuits. Here is an important area of achievement at a time when the diversification of India's export pattern is a matter of great urgency.

"To those who participate in the closed economy of India, marketing consumer goods abroad may well be an unfamiliar and novel experience. It has not taken long for the fact to be brought home that, when exporting, quality packaging designed to meet the customers' requirements in a particular market is not an expensive frill but a business necessity.

"An important feature in the year's trading was the increased cost of tinplate. Supplies from the Tinplate Company and Rourkela have often had to be despatched by road rather than by rail at greater expense. Most imported supplies now arrive under D. L. F. from America. In earlier years, tinplate came more cheaply from Japan and the U.K. We have also had to resort to Russian supplies in non-standard sizes at prices even higher than the American. Supplies, albeit at a price, have been reasonably available throughout 1961-62.

"Stocks at the commencement of the new financial year, though slightly less than the previous year, can be considered satisfactory. But the outlook for the current year is clouded by the uncertainty of production at Rourkela which is struggling with the problems involved in starting up a major steel enterprise. In areas where we can make a contribution we are co-operating closely with this new source of supply and it is gratifying to note that the quality of our first consignment of Rourkela tinplate was promising. Quantitative difficulties, however, may take long to overcome and, having regard to the length of time taken to plan imports, it is important that D. L. F. or other imports should continue to be made available on the same scale as last year.

"Deep-drawing mild steel sheet was in satisfactory supply throughout the year. The production of our industrial components is assured for the present orders on hand; but beyond that, production will depend on the availability of imported sheet steel of the special quality required for this type of work.

"The Company's consumption of aluminium sheet and slugs, whilst showing a small increase over the previous year, continued to be limited by the availability of Indian-made supplies and by their high price. With the completion of the Indian Aluminium Company's expansion programme, and the commencement of production by Hindustan Aluminium during this year, it is hoped that consumers of this valuable packaging material will benefit from additional supplies at a lower price.

"The increased excise on foil, now Rs. 600 per tonne, is a discouraging levy on a material which we use exclusively for the tamperproof sealing of tinplate containers and for the development of new laminates for heat-sealed consumer-packages intended for the mass markets.

Research, Design and Development

"The year under review has seen continued success in the efforts by our Research Division to develop high-quality ancillary materials of indigenous manufacture. Recent successes in collaboration with our suppliers include a range of process resistant decorative materials for collapsible tubes and, on an experimental basis, for processed food cans; an enlarged range of high-gloss flexographic inks which enables us to produce Diothene bags to a quality comparable with any polyethylene printing anywhere in the world; and improved light-resistant inks for use on packages and advertising media liable to continuous exposure to daylight. The Canning Advisory Service offered by Research Division to food canners has continued to expand. Considerable development work has been carried out on complex aspects of plastics production and technology.

"Normal product design work continued successfully throughout the year and a number of new products within the scope of our existing machinery were added. The Technical Development Section has made further contributions over the year in the design of new packages, industrial components and machinery. Package development work is primarily directed towards improved pilferproof containers capable of being manufactured and, as far as possible, closed at high speeds. An outstanding development introduced during the year under review was the aluminium 'No-pilfer Diaphragm' designed primarily to seal confectionery containers and make them tamperproof. The use of this development eliminates the need for imported tagger tinplate. We have also developed prototype machinery for addition to our range of sealing equipment for customers re-designed some of our existing plant, and designed new machinery to accelerate production speeds.

"As an important development aimed at providing greater facilities to prawn exporters, we opened in December 1961 our Kerala Service Installation in Cochin which includes a reforming unit. At Calcutta No. 1 a high speed Open Top can-making line of the latest design has been installed to replace obsolete equipment. In the Plastics Works at Calcutta No. 2, machinery for the manufacture of heat-sealing laminates, extrusion-coated products and moulded bottles is being installed. Manufacturing trials, are currently in progress and we expect to go into regular production shortly.

"Also at Calcutta No. 2 steady progress has been maintained in machinery building; currently we are making a range of twenty-five different machines. The fact that some 10 per cent of our output of these machines was exported is an indication of the high standards achieved.

Laminated Papers

"Your Company has recently received permission from the Government of India to manufacture treated and laminated papers and boards and containers made therefrom. Our entry into this field will enable us, using Indian raw materials, to offer precision-made cartons finished to that high standard of quality which is essential for export markets. It will also enable us to develop packaging systems involving the use of tamperproof functional cartons capable of holding semi-solids and possibly liquids, and providing an air-tight seal. This product diversification is a result of the Company's sustained efforts to provide its customers with a complete packaging service. In this, as with all our endeavours, both old and new, we owe much to our associates in the United Kingdom. The new line of laminated papers and boards and containers made therefrom will be substantially assisted by the valuable contribution which our associates can make, and your Company will materially benefit from their long experience in what to us will be a new field of activity.

"In Bombay, with the completion of an additional floor on the administrative block, our present site in Worli is now fully developed. We have, therefore, purchased some twelve acres of land at Deonar 9 miles from Worli. Here, Bombay No. 2 Factory will be built in order to relieve congestion, make room for carton manufacture and improve working conditions at Worli. Preliminary planning has been completed and construction should commence shortly.

Employee Relations

"Good relations between management and employees have continued except for occasional signs of restlessness in Calcutta and Faridabad. The past year was marked by the establishment of representative committees of employees to strengthen bipartite negotiations in all units. To facilitate understanding at all levels management has widely circulated an unequivocal statement of the Company's personnel policy.

"I am glad to report that after three years of unsatisfactory relations in Madras, this last year has seen a marked improvement. The terms and conditions of union recognition have been settled and a five-year agreement resolving differences has been signed. The second three-year agreement on Prosperity Bonus with employees ended with the payment of last year's bonus. Fresh negotiations were started late in 1961 and they have now been concluded in a new three-year agreement.

"We have continued to put emphasis on the training of staff and progress has been made in integrating outside courses available both in India and abroad with facilities within the Company. Two of our Indian officers were given special technical training by our associates in the U.S.A., the Continental Can Company Inc. Sixteen Indian officers were sent for training with Metal Box in the U.K. Seventy-four managers have already undergone the Company's residential course in management and one hundred and fifty-four foremen and supervisors have attended non-residential full-time courses organised by the Company. In time, every member of the Company's management cadre will have participated in a programme of formal training. Our in-company courses have benefited from a visit of the head of Metal Box's Education and Training Division in the U.K., Mr. D. G. Sanders. You will be interested to learn that following his visit, our associated companies in neighbouring lands have decided to send their managers to India to participate in our courses.

"Aside from formal schemes of training, we have charged management in all our units with the important responsibility of on-the-job training and we have generally improved the planning of the career development of our more promising employees. There is, as a result of this training activity, a perceptibly increasing awareness of sound management practice at all levels.

"I thank the employees of the Company for their co-operation and for the fine sense of responsibility which they have contributed over the past year to our progress in the face of some formidable difficulties.

Retirement

"Sir Robert Barlow, who has been a Director of the Company since its formation in 1933, has retired from the Board. I am sure you would wish me to place on record our deep appreciation of the invaluable services rendered by Sir Robert Barlow in the last thirty years. It was his genius that spear-headed the development of the packaging industry in India and if it had not been for his inspiration and foresight this Company could never have aspired to its present position in the Indian economy."

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ELECTRO-EQUIPMENTS CORPORATION LTD.

CHAIRMAN, MR. S. R. DAMANI'S SPEECH

BRIGHT PROSPECTS ENVISAGED

MR. S. R. Damani, Chairman of the Electro-Equipments Corporation Ltd., told the First Annual General Meeting of the Company, held at Bombay on 16th June 1962, that, considering the wide gap between the present installed capacity in the country of 500,000 pieces per year of electric meters and the third Plan requirements of 21 lakh pieces, the prospects for the Company were bright. Recalling that the Company went into production within six months of its formation as a public limited company, Mr. Damani disclosed that it would achieve production of 50,000 meters this year, and added that it was proposed to raise the installed capacity from 60,000 meters per annum to 120,000 meters in the near future. He said that the manufacturing programme would be extended to include production of polyphase meters, for which negotiations with the Government were in progress. He stated that the recent import cuts would not affect the Company, as its imports of meter components from Poland were on rupee payment.

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

"GENTLEMEN,

"I take this opportunity of extending to you all a hearty welcome at this very first meeting of the Company. Your presence here today shows the keen interest you have in the Company, and I attribute the success of our venture to this keen interest evinced by you. I believe it is an edifying reflection of the quantum of interest for the welfare and the success of the Company. It is, as well, a tribute to your desire of knowing everything about the Company's working, its management, its progress and its prospects.

"Your Directors have pleasure in presenting for your consideration and acceptance their first annual report and the audited statements of accounts for the year ended 31st December 1961. They have been with you for the last three weeks and I may, with your permission, take it as read and approved.

Production Started in Six Months

"The measure of confidence of the public in the future prospects of the Company can very well be gauged from the fact that, soon after the offer of the equity shares of the Company was made to the public, the issue was oversubscribed. We are happy to report that this confidence was not misplaced, when I draw your attention to the fact that our factory has gone into production within six months of the formation of the Company as a public limited company. The standard of perfection in the manufacturing of the meters is well maintained so as to command good demand in the market. The credit for this supreme effort of commencement of the working of the factory and maintaining the standard of perfection is due, in no small measure, to the technicians of the foreign collaborators as well as ours, without whose efforts and zeal, the achievements would have been well-nigh impossible.

Future Programme

"Initially, we have started manufacturing the single-phase house-service meters and the production thereof is being systematically stepped up, and, during the current year, we hope to achieve the production of 50,000 meters. We are hopeful of raising our installed capacity from 60,000 meters per annum to 120,000 meters per annum in the near future. Also your Directors propose to extend the manufacturing programme so as to include the manufacture of polyphase meters; negotiations with the Government are continuing. The meters manufactured by us, with the collaboration of Messrs. Cekop, will meet with good initial success in the market and the product will, I am confident, make its name by virtue of its quality and performance. I may add here that the recent announcement of the measures to be taken for the conservation of foreign exchange by the Central Government will not affect us, as our import of meter components are from Poland and in which no foreign exchange is involved as the payments are to be in non-convertible Indian rupees according to the agreement between the two countries.

"The requirements of electrical energy meters, both single-phase and polyphase, directly linked to the electricity supply, rural electrification scheme and industrial developments in various sections, all of which have been accorded high priority in the third Five-year Plan, are estimated at 21 lakh pieces per year, whereas the installed capacity of the existing meter manufacturing units in India is only 500,000 pieces per year, which will leave a big gap between demand and supply. I am sanguine that our products will be well received in the market. On these statistics, I am confident in saying that the future of the Company is quite bright.

"The Company has been able to secure a loan of Rs. 10 lakhs from the Bombay State Financial Corporation, and we are thankful to the Bombay State Financial Corporation for the expeditious sanction.

Accounts

"The accounts for the period under review shows a loss which, being of the capital nature, is being carried forward to the next year. These expenses will be adjusted under their respective heads on completion of the factory installation work.

"Three of your Directors, Mr. S. L. Khemka, Mr. C. P. Khemka and Mr. N. L. Khemka retire by rotation under the Articles of Association of the Company, but being eligible they offer themselves for re-election.

"Messrs. M. L. Bhuwania and Company, the auditors of the Company, also retire at this meeting, but being eligible offer for re-appointment. You are requested to confirm their appointment for a further period of one year, till the conclusion of the next annual general meeting, and also fix their remuneration.

"Before I conclude, I, on behalf of the Board of Directors and the shareholders, would like to convey our deep sense of appreciation for the co-operation of the members of the staff and workers, both at the office and at the factory."

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

Notice

THE DURGAPUR PROJECTS LIMITED

(A West Bengal Government Undertaking)

10, Middleton Row, 1st Floor,
CALCUTTA-16

THE DURGAPUR PROJECTS LTD. INVITE sealed Tenders superscribed on the cover "Tender for Tar Distillation Products" from *bona fide* consumers/dealers for purchase of the following products on a guaranteed monthly offtake basis for a period of one year. Name of products and their monthly production are respectively as follows:—1. Carbolic Oil (Phenol Content 20-25% and 30-35%. 95% distilling between 170°C-208°C,—30 tons; 2. Crude Naphthalene, Hot pressed Quality (Crystalising point: 78°C)—75 tons; 3. Timber Pickling Oil (Creosote Oil) (Blended Wash Oil and Anthracene Oil ISI. Specification No. 218 of 1962)—150 tons. Tenderers will quote prices F.O.R. Durgapur Works, exclusive of all taxes and duties, if any, mentioning guaranteed monthly offtake for one or more items. Successful tenderers shall execute an agreement for the monthly guaranteed offtake of product or products valid for twelve months depositing as security 2½ per cent of the monthly offtake value of each product. Supplies shall be made strictly against advance payment of total value of each consignment or against irrevocable letter of credit to adequate amount. Tenders as indicated above will be received by the Sales Promotion Officer in the office of the Director, Commence and Transportation, The Durgapur Projects Ltd., 10, *Middleton Row* (1st floor), Calcutta-16, upto July 14, 1962. Further Technical details as required will be had from the Sales Promotion Officer at the above address. The Project is not bound to assign any reason for not accepting the lowest or any other offer.

TRAVANCORE CEMENTS LIMITED

SPEECH OF MR. C. S. LOGANATHAN

THE hope that the Government of India would give sympathetic consideration to the cement industry's plea for higher retention price was expressed by Mr. C. S. Loganathan, Chairman of the Travancore Cements Limited, in his speech at the Fifteenth Annual General Meeting of the Company held at Kottayam on Friday, 22nd June 1962. Mr. Loganathan did admit that the increase in cement price allowed from 1st November 1961 gave some relief in meeting the enhanced cost of production, but pointed out that there had since then been again some increase in working cost due to higher railway freight, coal cost, etc. as well as to a rise in raw material prices. The following is the full text of his speech:

"GENTLEMEN,

"I have great pleasure in welcoming you all to the fifteenth annual general meeting of the Company. The audited balance-sheet as at 31st December 1961 and the profit and loss account for the year ended that date and your Directors' report have been in your hands for some time and, with your permission I shall take them as read.

Profit

"The year's working has resulted in a net profit of Rs. 4,99,058, as against Rs. 5,21,843 for the previous year. In the later part of 1961, we were on white cement production and the bulk of it is being sold in 1962. This has resulted, to some extent, in lesser turnover and profit compared to the previous year. The revised price for cement came into effect only from 1st November 1961, even though the term of the previous price fixed in 1958 was to expire by July 1961. The increase in price allowed to us from 1st November 1961, no doubt, gives us some relief in meeting the increased cost of production, but there has been again some increase in working cost, due to increase in railway freight, coal cost, etc. The raw material cost has also gone up, as we have now shifted our dredging operations to 'Vaikom' area which is nearly 10 miles further away from the place where we were collecting our shells in previous years.

"The Cement Manufacturers' Association is taking up the matter with the Ministry of Steel and Heavy Industries to revise the retention price of cement wherever necessary due to increase in coal price, railway freight, electricity charges, royalty on raw materials, etc., since the revision of price in November 1961 and we can reasonably hope that the Government of India will give sympathetic consideration in this matter.

Dividend and Taxation

"The Directors of your Company have recommended payment of 6 per cent dividend subject to tax for 1961 after providing for taxation. As you are aware, the present Company taxation stands at 50 per cent of net profit, as against 45 per cent in the previous year and the divisible profit after taxation is reduced accordingly.

"Relation with staff and labour have been cordial. The period of the long-term truce agreement entered into with the labour unions in 1958 expired on 31st May 1962 and it is hoped that another long-term agreement would be arrived at shortly to maintain industrial peace.

"I wish to bring to your notice with deep regret the death of Sri Parayath E. Raman Menon on 15th February 1962 who was a Director of the Company from the inception. I have no doubt that you will join me to place on record our appreciation of the valuable services rendered by the late Sri Parayath E. Raman Menon to the affairs of the Company.

"I wish to express my gratitude to my fellow Directors for their valuable guidance and service and the Works Manager and all employees of the factory for their work during the year.

"Gentlemen, I thank you all for your presence at this meeting.

"I now request that the Directors' report and the audited accounts for the year 1961 be taken for consideration and adoption."

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

INDORE MALWA UNITED MILLS LIMITED

CHAIRMAN, MR. K. G. SEKSARIA'S SPEECH

"COMPANY WILL DO EVERYTHING IN ITS POWER TO FULFIL ITS QUOTA OF EXPORTS"

THE *Fifty-fifth Annual General Meeting* of the Indore Malwa United Mills Ltd. was held at Bombay on Tuesday, 26th June 1962. Addressing the meeting, Mr. Kudilal Govindram Seksaria, Chairman of the Company, regretted the steadily declining exports when the country needed foreign exchange badly. He referred to the compulsory obligation cast on mills to export during the second half of this year 12½ per cent of their production of cloth and 3 per cent of yarn in the year ending on any day between 30th June 1961 and 29th June 1962 and declared that his Company "will do everything in its power to fulfil its quota of exports." He also referred to the modernisation and renovation which, he said, was going on as per schedule. As for the prospects for the current year, he hoped that, despite adverse factors, the working results would not be less favourable than in 1961.

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

"GENTLEMEN,

"I welcome you to the fifty-fifth annual general meeting of the Company. The Directors' report and the annual accounts of the Company for the year ended 31st December 1961 have been in your hands for sometime and, with your permission, I take them as read.

"You will no doubt be gratified to observe from the Directors' report and the audited accounts that, in spite of high expenses, the Company has been able to show a higher profit of Rs. 30.51 lakhs before providing for depreciation, development rebate and taxation, as compared to Rs. 27.69 lakhs made last year.

Cotton Supply

"During the early part of 1961, the supply position in respect of cotton was quite easy and practically all varieties were available at or below the ceiling prices. This happy position, however, was completely reversed during the latter part of the year. Due to adverse weather conditions in the cotton growing areas, the 1961-62 crop is estimated to be only about 40 lakh bales. As a result, the industry has been experiencing a serious crisis in the supply of cotton and the prices have shot up. The serious position can be seen from the remarks of Shri Manubhai Shah at the meeting of the Cotton Textiles Consultative Board that, in spite of the Government's attempts to arrange for the import of cotton from all fronts, he could not hold out any definite promise in this regard. As far as your Company is concerned, despite a pretty large stock of cotton in hand and the expected allotments of Indian and foreign cotton, the management will be experiencing great difficulty in running the mills fully till new crop arrives in the market.

"Due to plentiful supplies of raw cotton at comparatively low prices during the major part of the year 1961, cloth and yarn output registered a notable rise, the total output being about 5,148 million yards and 1,868 million lbs., as compared with 5,052 million yards and 1,737 million lbs., respectively, in 1960. The production by the textile mills during the year 1961 would have been much more encouraging but for a series of impediments, especially heavy tax imposts and the hurdles lying in the way of modernisation and renovation. This rise in output and the sizable opening stocks with mills resulted in a larger supply being available for consumption and export during the year 1961, the excess over the previous year's figures being about 300 million yards. In terms of *per capita* availability, however, the mill cloth supply was no more than 13.17 yards. Due to decline in exports, the quantity available for domestic consumption was larger. In the natural course this should have resulted in a decline in prices, but due to the stepping up of excise duties on cloth and yarn together with duties on chemicals and dyes, the prices of cloth rose by 3 to 4 per cent, thus neutralising a part of reduction in the prices of cloth and yarn secured from the mill industry by the Government. The year 1961 was a favourable one for the working of the industry, though the cost base was persistently higher due to higher wage bill and enhanced prices for stores, chemicals, dyeing materials and coal.

"At a time when the country needs foreign exchange badly, it is distressing that our exports of cotton textiles, one of the main foreign exchange earners, should be steadily declining. The exports for the year 1961 were 575 million yards, as against 810 million yards in 1959 and 690 million yards in 1960. This trend is still continuing, the export figures for the first five months of this year being only 200 million yards. This problem in the context of foreign exchange crisis has been receiving serious consideration of all concerned and, with the concurrence of the industry, a compulsory obligation has been cast on all mills to export in the second half of the current year 12½ per cent of their production of cloth and 3 per cent of their production of yarn during the year ending on any day between 30th June 1961 and 29th June 1962.

"This Company will do everything in its power to fulfil its quota of exports of cloth and yarn.

"Turning to the affairs of the Company, the profits shown, as stated above, are Rs. 30.51 lakhs, as compared to Rs. 27.69 lakhs last year. The total sales of cloth, yarn and waste increased by about Rs. 27 lakhs, due mostly to the increased realisation of yarn. The cotton consumption has gone up by about Rs. 3 lakhs, stores, dyes and chemicals by Rs. 5 lakhs and wages by Rs. 6 lakhs, largely due to the rise in the D.A. Further, bonus for the year 1959 amounting to Rs. 1.65 lakh and gratuity and retrenchment compensation amounting to Rs. 67,862 have been adjusted against the profits.

Modernisation

"Modernisation and renovation of the mills is going on as per schedule. As on today, out of 51,128 spindles at our mills, 13,600 spindles were replaced by 1961 and, out of the orders placed for the supply of 17,680 new spindles of longer lift, the first ring frame of 680 spindles has been received and is running most satisfactorily since the last two months. The delivery of the remaining spindles is expected to be completed by the middle of next year. In view of the extremely late deliveries offered by the manufacturers, 15,000 spindles are being renovated with high draft system and pneumatic clearer attachments and overhead cleaners. Orders for the renovating materials in this connection have already been placed and deliveries thereof are expected shortly. Further, the Company has applied to the Textile Commissioner for additional 20,000 spindles for balancing purposes. This application is still under consideration.

"Six high speed roving frames ordered last year are expected to be received shortly. Further orders for 10 canfed inters and conversion materials to renovate existing 15 inter frames with UTL 4-F drafting system have been placed.

Machinery Purchase

"Negotiations are going on for the purchase of Barber Colman winding and warping machine and order for the same will be shortly placed. Further, an application for 144 automatic looms for replacement has been made to the Textile Commissioner. In order to modernise our processing department with latest machinery, orders for cloth mercerising range, hot air stenter, pneumatic padding mangles, vertical drying ranges, black-rope type washing machineries, Obermaier German make package dyeing plant, cloth singeing machine, semi-automatic tensionless jiggers, kiers and a mineral *khaki* dyeing plant, costing in the aggregate Rs. 20 lakhs, have been placed. Out of the same, the mineral *khaki* dyeing plant is under erection and the cloth mercerising range and package plants are in transit. In order to use the power to be obtained from the Chambal Hydel Project, the electrification of the mills is in full swing. This is expected to result in some saving and to free the mills to a considerable extent of its dependence upon irregular coal supplies.

"I hasten to add, however, that, during the year under consideration, your mills have not been forced to resort to involuntary closure on account of coal shortage and that, in view of the new measures adopted by the Government of India to accelerate the supply of coal, this contingency is expected not to arise.

"As anticipated last year, the sale of additional yarn to the decentralised sector of the industry during the year 1961 reached the target of Rs. 50 lakhs. The management is continuing its efforts to increase the production of such yarn and I hope that realisation on this account during the current year will reach Rs. 80 lakhs.

"Benefiting by the experience gained from the running of the third shift of the spinning section of the mill to produce additional yarn for catering to the needs of the decentralised sector of the industry, your Directors are considering the running of the waste department of the mills, known as the 'New Mills,' in the third shift as from the first week of July 1962. This will increase the realisation by at least Rs. 5 to Rs. 7 lakhs this year.

Prospects

"As regards the prospects for the current year, the same would have been better than last year, had it not been for the rise in cotton prices, enhanced cost of stores, chemicals and coal, and increase in the wage bill of the Company due to increased D.A. coupled with a further increase of Rs. 2 in the basic wages of the workers as from 1st January 1962, and the enhanced contribution to the E.S.I. scheme. However, I hope that, despite the above adverse factors, the results of the year's working will not be less favourable than in 1961. The recent budget proposals, which have now been passed by Parliament, have enhanced the excise burden on cloth and yarn. But the Hon'ble Finance Minister, while enhancing these duties, has in fact kept in mind to reduce the burden upon the public in general and, with this end in view, he has reduced the excise duty on grey cloth which has given some relief to the poorer section of the community. As your mills are at present producing coarse and medium varieties of cloth, mostly grey, the incidence of excise duties on your mills on the production of such varieties of cloth will be lighter.

"As intimated to you in the notice, we would be transacting some special business in the meeting. In the explanatory note annexed to the notice, the nature of the business has been fully explained to you. I hope you will accord your approval thereto.

"On behalf of the Board and my own, I thank all the officers and other employees of the Company for the good work they have put in during the year.

"Thank you."

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

THE
BRITISH INDIA CORPORATION LTD.
KANPUR

BRANCHES DIVISION

Cawnpore Woollen Mills Branch
New Egerton Woollen Mills Branch
Cooper Allen Branch
North West Tannery Branch
London Office

BEGG SUTHERLAND DIVISION

Secretaries and Treasurers:
The Elgin Mills Company, Limited
Cawnpore Textiles Limited
Brushware Limited
Cawnpore Sugar Works Limited
Champaran Sugar Company, Limited
Saran Engineering Company, Limited

Secretaries for:
Beta Picker Co. Ltd.

Agents for:
The Oriental Fire & General Insurance Co. Ltd.
Royal Exchange Assurance

WORLD TRADE IN SPICES

DECLINE IN PEPPER CONSUMPTION IN THE WEST FEARED

SPICES occupied the pride of place in international trade as early as in the fifteenth and sixteenth centuries. In fact, they were then the main components of commercial intercourse between Asia and Europe; this, incidentally, changed the course of history. Spices were ideal for overseas trade even at a time when transportation facilities were very limited and primitive, owing to their high value per unit of weight and non-perishable qualities. Their relative importance in world trade, however, has declined considerably with the passage of time, reflecting the phenomenal growth of trade in other products. At present, spices account for just less than 0.1 per cent of world trade. Trade in spices, nevertheless, remains important for a number of exporting countries and is the dominant feature in the economy of a few colonial islands. It is also important in the domestic economy of producer countries where domestic consumption is high, and is a significant item of import trade of other countries in the Near East and Far East. But the statistical information on most items of spices is scrappy and far from authentic.

It is, therefore, gratifying to note that the U.N. Food and Agriculture Organisation—F.A.O., for short—has taken the initiative to publish a study on the trends in world production, consumption and marketing of major spices. The study, entitled "*Spices—Trends in World Markets*" (1962), has been prepared by Mrs. M. F. W. Hemming and Mr. George F. Ray of the National Institute of Economic and Social Research, London, in co-operation with the Sugar, Beverages and Horticultural branch of the F.A.O. Commodities Division, at the request of the F.A.O. Committee on Commodity Problems. The study (priced at 2*s.* 6*d.*), includes nine of the major spices, accounting altogether for four-fifths of the world spice trade. These are: pepper, cloves, nutmeg, mace, cardamom, cinnamon, cassia, ginger and pimento.

Instability of Prices

A striking feature common to all spices, according to the F.A.O. study, is the instability of their prices. The main cause of price fluctuations lies in the conditions of production. Spices are generally produced only in a few areas in the tropics and the influence of weather, pests and disease on the level of output is very marked. The following table shows the average world output of major spices between 1958-60 (the latest period for which the data are compiled in the aforesaid study), as compared with 1951-53 and the immediate pre-war period, 1937-39:

TABLE I

(In thousand metric tons)

	1937-39 annual average	1951-53 annual average	1958-60 annual average
Pepper	83.6*	43.6	67.2
Cloves	20.7	17.8	17.2
Nutmeg and mace	8.2	6.6	5.3
Cardamom	3.4	3.0	2.4
Cinnamon and cassia	10.6	8.5	11.1
Ginger	17.5	19.4	20.7
Pimento	4.2	2.8	2.5

* 1935-39 average.

It will be seen from the table that, except for ginger, the output has not yet regained the pre-war levels. The devastating effects of war on spice production in Indonesia account for a *major* part of the decline in total output. The instability in prices has also had a dampening effect on producers.

The influence of production on prices is quite marked in the case of spices, though the impact of price on output is difficult to assess. On this important question of relation between the price and output of spices, the F.A.O. study says as follows:

"It is generally accepted that spice production is responsive to price changes, but, in many cases, this effect is not easy to trace in the overall statistics, let alone to express in quantitative terms. In the first place, the influence of price has, in some cases, been heavily overlaid by other factors (such as war-time destruction and subsequent recovery, or climatic influences). Secondly, price can influence production in several different ways operating with varying time lags: where it affects new planting, this may not show up in output for some years, increased expenditure on manure or insecticides produces results relatively quickly, while an increase in labour devoted to the harvesting of the crop may increase output with no delay at all. Finally, in very poor localities, production may even respond to price negatively, if producers are heavily dependent on cash obtained from spice production for buying the necessities of life, or where alternative production possibilities are very limited or non-existent. Quite apart from such extreme cases, the extent of positive reaction of production to prices varies greatly with the degree of dependence on spice production in the particular producing areas. While the influence of prices on production is not easy to establish, the influence of production on prices is often very striking. Thus, the hurricane which destroyed three-quarters of the nutmeg trees in Granada was followed by a sixfold rise in the wholesale prices of nutmeg."

Demand

Apart from the question of supply, the prospects for increasing the demand for spices, according to the F.A.O. study, are apparently not bright, except in the East. The reason for expecting consumption of spices in the East to expand is the rising standard of living following the efforts that are being made to develop the economies in this region. In the West, which now offers a good market, spices form "a minute item in the family budget" and their consumption is influenced much more by cooking and eating habits than by prices or real income. Technological progress in the food processing industries and the extensive use of refrigeration have exerted an adverse effect on demand for spices employed for preservation purposes. Increased use of processed foods which are acceptable to a wide range of tastes may also have contributed to reduce the need for spices in the higher-income countries where such foods are more common. It may be noted here that the advanced industrial areas of North America and Western Europe still account for over half of the total import market for all the spices taken together, but the share of these countries has nevertheless been falling, as compared with the pre-war levels, in favour of Arab countries and to a lesser extent South America. There has been some declines in the imports of Soviet Union and Eastern Europe (where imports are undertaken by the State) and also of India, which has imposed severe controls on imports of certain spices.

Exports of spices are of outstanding importance to a few insular economies, the extreme cases being Zanzibar and Granada. In the former, cloves alone account for over four-fifths of the total exports and, in the latter, nutmeg and mace for more than one-half. The following table shows the percentage of the export of spices of the major producing countries to their total exports:

TABLE II

	Percentage of export of spices to total exports*	Main spices exported
Zanzibar	81.5	Cloves and clove oil.
Granada	54.0	Nutmeg, mace.
Seychelle Islands	18.8	Cinnamon and its oil.
French Oceania	14.9	Vanilla.
Madagascar	10.3	Cloves and vanilla.
Sarawak	4.7	Pepper.
Jamaica	3.4	Pimento and ginger.
Reunion (Bourbon)	2.3	Vanilla.
Sierra Leone	2.1	Ginger.
Indonesia	1.6	Pepper, nutmeg, cassia, mace.
India	1.5	Pepper, cardamom, ginger.
Malaya and Singapore	1.6	(Re-exports of spices).
Ceylon	1.3	Cinnamon, cardamom.
Spain	0.6	Capsicum.

* Including essential oils distilled.

N.B.—Percentages relate to the year 1955-57 (annual average), except for Sarawak, Ceylon and Spain, for which the average is for the period 1955-58.

Pepper

Pepper is by far the most important of the spices, with the value of exports amounting to about $36 million annually (1958-60), representing about 30 per cent of total world spice exports. The main producers of pepper are India, Indonesia, Sarawak and Ceylon. It will be a disturbing thought for these countries to hear that, owing to relatively low price and negligible income elasticity of pepper in high-income countries and to the technical changes in the food processing industry, "prospects for an increase in consumption do not appear to be bright" in Europe and North America. Despite the increase in world population and *per capita* income since the pre-war period, world pepper consumption has decreased by 20 per cent, the decline being shared mainly by developed countries. The annual *per capita* consumption of pepper in the U.S., the main consumer, fell from 121 in 1935-39 to 100 grams in 1954-58. Similarly, it declined during the same period from 59 to 58 grams in the U.K., from 137 to 83 grams in Sweden and from 80 to 64 grams in West Germany. The table below shows the data of *per capita* consumption for all the important countries:

TABLE III

(Grams per head per year)

	1937-39 (average)	1950-53	1954-58	1954-58 as percentage of 1937-39 level
U.S.	120.65†	78.47	99 79	— 83
U.K.	58.97	33.11	57.61	— 98
Sweden	136.99	44.90	83.46	— 61
Algeria		22.68	59.42	..
Argentina	57.45	8.62	37.65	— 66
Australia		87.20	72.57	..
Austria	7.26	22.23	45.34	+626
Belgium	42.18	23.13	49.90	+118
Brazil	50.35	19.05	24.49	— 49
Canada	81.65	63.50	81.65	100
Mainland China	4.08	..	0.91	..
Denmark	66.68	34.93	67.58	+102
France	60.33	33.57	49.90	— 83
Germany	79.83	32.66	63.50	— 80
Greece	49.90	17.69	40.82	— 82
India	57.15	21.77	34.02	— 59
Indonesia	70.31	14.06	72.57	+103
Iran	20.87	8.17	13.15	— 63
Italy	41.73	17.69	31.75	— 76
Japan	..	0.91	3.18	..
Netherlands	63.95	14.97	35.38	— 55
Peru	..	5.90	27.22	..
U.A.R.*	49.90	28.12	19.50	— 39
Russia	..	..	22.68	..
Yugoslavia	19.96	8.18	10.43	— 52

* Including Syria. † 1935-39.

Nevertheless, the authors of the study are of the view that the outlook is not uniformly discouraging for they feel that the scope for expanding consumption in low-income countries, particularly in producer countries themselves, is fairly good. In these countries, price and income effects are still important. Besides, the relatively monotonous diets and the insignificant role of food processing industries also "favour" a strong demand for pepper.

Exports and Imports

As regards the foreign trade in pepper, the following table shows the trend in exports, re-exports and imports of major trading countries in 1960, as compared with the previous two years and also 1951 and 1937-39:

TABLE IV

(In thousand metric tons)

	1937-39 average	1950	1958	1959	1960
Exports					
Indonesia	51.70	7.11	12.45	28.78	8.18
India	1.17	13.72	19.61	15.47	18.74
Sarawak	2.74	0.31	9.91	8.48	4.17
Cambodia	4.68	1.02	0.61	1.41	1.23
Ceylon	..	0.20	0.71	0.12	0.68
Madagascar	0.15	0.25	0.71	0.90	0.71
Brazil	..	..	0.61	0.75	1.15
Total	60.44	22.61	44.61	55.91	34.85
Re-exports					
U.K.	1.58	0.86	0.15	0.13	0.10
U.S.	1.78	0.10	..	0.14	0.10
Federation of Malaya.	11.33	3.92	30.38	32.98	34.40
Hong Kong	2.54	0.15	0.15	0.13	0.40
Total	17.23	5.20	30.68	33.38	35.00
Imports					
U.S.	25.35	15.04	17.28	17.04	16.90
Federation of Malaya.	10.57	3.61	32.21	46.38	23.90
U.K.	4.37	1.98	3.36	3.40	3.81
Germany*	5.50	1.41	3.58	3.82	2.96
France	2.54	1.82	1.78	1.97	2.14
Italy	1.83	0.91	1.73	1.84	1.74
Canada	0.91	0.97	1.42	1.33	1.46
Australia	..	..	0.86	0.95	1.12
	..	..	0.61	0.83	0.62
Total (including others)	60.98†	24.00†	65.28	80.70	57.75
Russia, Red China and E. Europe	1.98‡	..	6.00	6.40	6.52

* Post-war figures relate to West Germany.
† Estimated. ‡ China only.

A striking feature of exports is the emergence of India as a major supplier of pepper during the post-war period. India has always been a large producer of pepper, but before the war, it consumed most of its production at home. The entrepot trade of the Federation of Malaya and of Singapore largely reflects the exports of Sarawak and Indonesia. While Sarawak succeeded in reducing the proportion of its exports handled through Singapore from 85 to 70 per cent, the disappearance of Dutch traders from Indonesia enabled Singapore merchants to increase their share of Indonesia's exports from 16 per cent in 1938 to 80 per cent in 1958. Apart from Singapore, trade in the traditional re-exporting centres has declined heavily. The role of Hong Kong, which used to act as middleman for Chinese exports, has dwindled almost to nothing. The same is true of the U.S. re-exports. The London market regained its importance after the war, but has lost some of it since 1954.

The main importer of pepper is the U.S. Before the war, it took up some 30 to 40 per cent of total exports. After the war, mainly owing to the pepper shortage, but partly also

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RESULTS OF F.A.C.TS GRATIFYING

EXPANSION TO BE FINANCED BY CENTRAL GOVERNMENT

THANKS to the completion of the first stage of its expansion plan, the benefits of which began to be felt during the year under review, the Fertilisers and Chemicals Travancore Ltd. known familiarly as F.A.C.Ts (Chairman: Mr. T. A. Joseph) was able to record, during the year ended 31st December 1961, an improvement of Rs. 102.63 lakhs to Rs. 411.49 lakhs in the turnover over and above the rise of Rs. 69.25 lakhs realised during 1960. This increase in sales, however, does not fully reflect the improvement in production which the Company was able to achieve, since the retention price of ammonium sulphate was lowered by the Government of India and prices of superphosphate and ammonium chloride had to be drastically cut to meet market conditions. The actual output of major products, in metric tonnes, was substantially higher as will be evident from the following figures, those in brackets relating to the previous year:

Ammonia 20,426 (13,537), sulphuric acid 65,879 (52,827), ammonium sulphate 51,109 (39,813), ammonium phosphate 12,897 (*nil*) and superphosphate 29,185 (39,584).

Although the gross profit has risen from Rs. 80.37 lakhs to Rs. 99.20 lakhs in consonance with the sale proceeds, the rate of increase has been lower due partly to the aforesaid cut in prices and partly to the underutilisation of capacity of the ammonium phosphate plant on account of shortage of ammonia. Provision for Managing Agents' commission has been lowered from Rs. 2.42 lakhs to Rs. 0.95 lakh and represents only the balance of amount payable to the former managing agents. Provision for depreciation, on the other hand has gone up substantially by Rs. 13.66 lakhs to Rs. 38.76 lakhs while a small provision of Rs. 1.50 lakh has also been found necessary, for the first time, for taxation. After making these essential provisions there has accrued a somewhat higher net profit of Rs. 57.98 lakhs as compared with Rs. 52.85 lakhs for the previous year. Ordinary dividend has once again been maintained at 6 per cent, subject to deduction of tax, and absorbs, as before, Rs. 20.76 lakhs. Transfer to reserves, excluding Rs. 2.00 lakhs credited to the provision for staff gratuity, has been raised to Rs. 25.75 lakhs from Rs. 23.55 lakhs previously while the carry forward is higher at Rs. 33.01 lakhs as compared with Rs. 26.13 lakhs brought in.

The working of the Company during the past four years is presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale of products	411.49	308.83	239.58	247.11
Other income	12.89	11.07	15.24	14.08
Closing stocks of finished products	51.84	12.96	11.90	9.27
Raw materials, operating supplies and stores consumed	177.33	117.70	92.12	92.59
Salaries, wages and benefits	64.95	55.07	44.74	38.03
Other expenses	131.78	67.82	52.25	57.05
Gross profit	99.20	80.37	68.84	64.88
Managing Agents' remuneration	0.95	2.42	4.12	3.55
Provisions for—				
Depreciation	38.76	25.10	22.11	21.98
Taxation	1.50	..	1.28	1.39
Net profit	57.99	52.85	40.83	38.06
Transfer to provisions	2.50	2.00	1.50	1.50
reserves	27.75	23.55	3.36	11.26
Ordinary dividends	20.76	20.76	20.76	13.84
	(6%)*	(6%)*	(6%)*	(4%)
Carry forward	33.01	26.13	10.59	4.38
Market price of ordinary share (In rupees):	1961	1960	1959	1958
High	11.35	13.20cd	10.35	7.40
Low	8.50	9.62xd	7.22	3.90

* Subject to deduction of tax.

The farsighted policy of ploughing a large portion of available profits back into the business has helped the Company to supplement its share capital of Rs. 346.06 lakhs (all in equity shares of Rs. 10 each) by reserves amounting to no less than Rs. 98.93 lakhs. Considering that it was only as late as 1958 that the Company was able to recoup fully the deficit brought forward from earlier years, the accumulation of the aforesaid reserves does appear creditable. Since the owned funds were found grossly inadequate to meet the capital expenditure required for the execution of expansion plan, the Company was obliged to lean heavily on borrowings which, as at 31st December 1961, aggregated Rs. 300.62 lakhs. Of this Rs. 227.03 lakhs represented loans from the Industrial Finance Corporation and the balance from banks. In addition to these, current liabilities and provisions totalled Rs. 205.72 lakhs.

On the assets side, the net block is worth Rs. 458.15 lakhs and has been obtained by reducing a gross block of Rs. 801.87 lakhs by Rs. 343.72 lakhs which represents the depreciation earned to date. Besides, development projects under completion are valued at Rs. 137.28 lakhs. Investments, current assets and loans and advances altogether amount to Rs. 355.91 lakhs.

The Company's expansion programme, undertaken a few years ago, continued to make good progress. The first stage was completed by the end of 1960 and the Company came into the market with Factamfos (ammonium phosphate) early in 1961. The electrolytic hydrogen plant, however, could be worked only upto two-thirds of its capacity for want of power. The second stage of the programme, involving the replacement of the existing firewood gasification plant by an oil gasification plant based on naphtha, is expected to be completed by the middle of this year. Arrangements for commencing trial runs in June are complete and commercial production is expected to start by the last quarter of the year. Side by side with this, the Company has taken on hand the third stage of expansion, envisaging the raising of the factory's capacity to 70,000 tons of nitrogen per annum. The programme, scheduled to be completed by 1963-64, involves a capital outlay of nearly Rs. 10.00 crores. The Government of India has agreed to contribute Rs. 8.00 crores for this purpose, Rs. 4.00 crores as equity capital and Rs. 4.00 crores as a loan. The balance Rs. 2.00 crores required will be found from the Company's own reserves and surplus.

An interesting event during the year under review was the signing of an agreement by the Company with Messrs. Power Gas Corporation of the U.K. for the exchange of technical know-how developed by the Company for the manufacture of ammonium sulphate from by-product gypsum obtained from the phosphoric acid plant. According to this agreement Power Gas Corporation Ltd. will be paying to the Company a royalty on a percentage basis on all contracts secured by them for the manufacture of ammonium sulphate out of by-product gypsum. This is, indeed, a great step forward not only for the Company but for Indian industry as a whole.

The Rs. 10.00 fully paid ordinary shares of the Company are currently quoted at Rs. 8.10 *cum-div.* to fetch on *ex-div.* basis a net yield of 5.5 per cent per annum.

MINERVA MILLS RETURN TO DIVIDEND LIST

Thanks to a spurt in sale proceeds from Rs. 128.10 lakhs to Rs. 200.77 lakhs and further improvement in gross profit from Rs. 8.41 lakhs to Rs. 10.13 lakhs during the year ended 31st December 1961, the Minerva Mills Ltd. (Managing Agents: Messrs. N. Sirur and Company (Private) Ltd., Bombay) has returned to the dividend list after a lapse of four years. The Directors have proposed for the year a modest taxable return of 5 per cent per annum on the Rs. 100 fully paid equity shares, which works out to 3.5 per cent net, as against 6 per cent paid in 1956, on the same amount of equity capital of Rs. 29.60 lakhs. Out of the 9,865 8.5 per cent per annum, taxable, redeemable cumulative preference shares of Rs. 100 each, resolved to be issued in October 1960, for which applications were received from 17th February to 31st August 1961, only 3,266 shares are shown as subscribed for till the year-end and the total amount absorbed by way of dividend on these shares amounts to Rs. 0.24 lakh.

It will be recalled that from 1957 to 1959 the Company was in the red. The year's results are a continuation of the recovery noticed in 1960. Costs rose quite sharply during the year largely because of higher production as is reflected in both increased sales and a larger inventory of Rs. 68.63 lakhs as against Rs. 32.53 lakhs in the previous year. The cost of cotton consumed rose by some Rs. 10 lakhs to Rs. 92.25 lakhs. Staff expenses increased from Rs. 45.51 lakhs to Rs. 47 97 lakhs. Other expenses went up by some Rs. 4 lakhs to Rs. 33.34 lakhs. The provision for depreciation has been reduced from Rs. 6.37 lakhs to Rs. 6.16 lakhs. The Managing Agents' remuneration has again been the minimum of Rs. 0.40 lakh. The provision for gratuity has been raised slightly from Rs. 1.15 lakh to Rs. 1.17 lakh. For want of assessable profit, no reserve for development rebate was created in respect of 1959 and 1960. But, as the 1961 profit is assessable, it is necessary to create a statutory reserve amounting to Rs. 3.08 lakhs for which a like amount has been transferred from general reserve. In addition, out of the year's distributable surplus, Rs. 0.45 lakh has been transferred to the reserve for development rebate. After providing for the dividends, there is left a surplus of Rs. 0.24 lakh which is carried forward as against *nothing brought in from* the previous year's profit.

The profit for the year does not take into account a capital gain of Rs. 78,790 from sale of a portion of the Company's land to the Mysore Spinning and Manufacturing Company Ltd. From the capital profit, provision has been made for the capital gains tax amounting to Rs. 23,637 payable thereon and the balance of Rs. 55,153 has been carried to capital reserve. The Directors state in their report to the shareholders that the profit for the year did not come up to their earlier expectations mainly because the implementation of the second phase of the Company's programme for renovation and modernisation had to be temporarily suspended, as the loan sanctioned by the National Industrial Development Council for the purpose could not be availed of pending the execution of the mortgage deed. It is expected that the formalities would be completed soon and the loan would be available by the latest in July this year, when part of the imported machinery, which has already arrived, would be taken delivery of and erected. The 13 double driven ring spinning frames (9,048 spindles), ordered for replacement purposes from the National Machinery Manufacturers Ltd., Bombay, are also said to be getting ready and would be erected in the course of this year. The working efficiency of the plant and equipment would considerably improve and increase the Company's earning capacity once all the new machinery goes into production.

The recent three-year setback on the one hand and the modernisation programme on the other have produced some imbalances in the Company's financial position. Its paid-up capital of Rs. 33.07 lakhs, of which Rs. 29.60 lakhs are in ordinary shares and Rs. 3.27 lakhs in preference shares, is backed by reserves and surplus aggregating only Rs. 9 lakhs. During the year, there was a welcome drop in secured bank borrowings from

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ESSO STANDARD'S RESULTS IMPRESSIVE

ENTIRE PROFIT PLOUGHED BACK

AN improvement of nearly Rs. 2 crores to Rs. 36.01 crores in sales realisations, a rise of about Rs. 90 lakhs to Rs. 418.72 lakhs in gross profit and a two-point increase to 11.6 per cent in the profit-margin (ratio of gross profit to sales) are the highlights of the impressive results of Esso Standard Refining Company of India Ltd., known until March this year, as Standard-Vacuum Refining Company of India Ltd. (Chairman: Mr. J. W. Sinclair, Bombay), for the year ended 31st December 1961. At the same time, however, the return on equity capital of Rs. 225 lakhs in fully paid shares of Rs. 20 each, held entirely by the Esso Standard Eastern, Inc. and its nominees, has been skipped; the entire profit, minus the dividend on preference shares, has been ploughed back. It may be mentioned that, in the past four years, it was only for 1960 that the Company had paid a return of 12 per cent, taxable, on the equity shares.

The year 1961, we are told, was yet another record year for the Company. An average of 40,945 barrels per day of crude oil was processed, as compared with 38,876 barrels a day in 1960, resulting in a total production for the year of about 2,264.80 million litres. The Company sold 2,238.8 million litres as against 2,177.80 million litres in the previous year. Of the total sales, 2,052.20 million litres were in India and the balance of 186.60 million litres, consisting of motor gasoline and asphalt and representing surplus over the requirements of the country, were exported to New Zealand, Australia and Indonesia. Since the refinery went into operation in 1954, the total foreign exchange savings, including export earnings, for the country are estimated at Rs. 26.01 crores.

The table below gives an insight into the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales	36,00.66	34,06.52	29,07.72	27,80.90
Other income	21.93	34.53	39.31	35.93
Cost of products	15,41.49	16,46.43	14,12.41	15,57.95
Excise duty	13,62.43	11,16.92	915.45	624.32
Stores, power and fuel	40.93	61.82	51.07	56.49
Staff expenses	68.11	67.68	78.01	83.15
Other expenses	195.90	219.43	203.22	202.06
Gross profit	418.72	328.77	346.84	292.65
Provision for—				
Depreciation	92.31	01.86	87.13	76.39
Taxation*	144.52	105.69	100.84	81.15
Net profit	181.89	131.22	158.88	135.10
To reserves	181.35	130.70	158.35	134.57
Debenture issue expenses	0.53	0.53	0.53	0.53
Dividends—				
Preference	4.50†	4.50†	4.38†	3.20
Ordinary	..	27.00 (12%)†	..	..

* After taking into account the amount transferred from the reserve for deferred taxation, which was Rs. 13.29 lakhs in 1961, Rs. 10.31 lakhs in 1960, Rs. 8.91 lakhs in 1959 and Rs. 11.95 lakhs in 1958.

† Subject to deduction of tax.

It can be seen from the table above that what has largely contributed to the improvement in the profit-margin is the exercise of thorough cost control which is so vital to as big an oil refinery as that of Esso. Further, the prices of crude also were lower, due to keen competition in world markets. Thus, although the year's operations reached a new peak, the principal item of costs, namely, expenses on the products, has gone down from the previous year's high level of Rs. 16.46 crores to Rs. 15.41 crores, which again is lower than the 1958 level of Rs. 15.58 crores. Other items of costs also show a considerable drop from the previous year's levels. The provision for depreciation has been raised from Rs. 91.86 lakhs to Rs. 92.31 lakhs. Excise duty paid to the Government has more than doubled, from Rs. 6.24 crores to Rs. 13.62 crores, in the past four years. In addition, direct taxation, too, has claimed about Rs. 39 lakhs more at Rs. 144.52 lakhs, and, if the increase in taxes proposed under the Central budget for 1962-63 is taken into account the liability is estimated to rise further by some Rs. 17 lakhs. After making these provisions, the net profit works out to Rs. 181.89 lakhs as against Rs. 131.22 lakhs for 1960. After providing Rs. 0.53 lakh towards writing off debenture expenses, the balance of Rs. 181.35 lakhs has been transferred, as is usual with this Company, to general reserves, from which the dividend on preference shares is provided for.

Preparations for receiving the Ankleshwar crude oil, which were initiated in 1961, bore fruit in February last, when the first shipment was received. During the year under review, facilities for bulk asphalt loading were also completed. A licence for the manufacture of hexane has been received from the Government, and the work in connection with the construction of the necessary plant is in progress.

Financially, the Company is very sound, as can be seen from the position obtaining as at the end of 1961. Its paid-up capital of Rs. 300 lakhs, made up of Rs. 225 lakhs in ordinary shares and Rs. 75 lakhs in 6 per cent cumulative preference shares the whole of which is held by Indian investors, is supplemented by reserves and surplus aggregating as much as Rs. 10.79 crores. Such a high reserve position reflects the policy of the management to reinvestment the profit in expansion and development of the Company's activities rather than declare high dividends and take them home. This policy is an index of this foreign company's continuing confidence in India. It is also of considerable benefit to this country.

VICTORIA MILLS MAKE FURTHER HEADWAY

OUTLOOK PROMISING

FURTHER headway has been made by the Victoria Mills Ltd. [Managing Agents: Messrs: Mangaldas Mehta and Company (Private) Ltd., Bombay] during the year ended 31st December 1961, which is in continuation of the improvement noticed in its performance since 1958. Having moved up from Rs. 210.97 lakhs to Rs. 227.67 lakhs between 1958 and 1960, sales picked up fast to reach Rs. 285.68 lakhs in 1961. Likewise, gross profit for 1961 has risen further to Rs. 36.84 lakhs after having improved from Rs. 14.17 lakhs to Rs. 29.90 lakhs in the preceding three years. With a higher profit, the taxable dividend on the Rs. 100 fully paid equity shares has been maintained at 25 per cent per annum, to which level it was raised in the previous year from 20 per cent paid for 1959, on the capital increased during the year by the issue of fully paid 4,400 bonus shares in the proportion of one share for four shares held. In effect, this means a 25 per cent increase in the return to shareholders.

Mr. Mathuradas Mangaldas Parekh, Chairman of the Company, told the annual general meeting held at Bombay on the 21st of this month that the continuous improvement in the Company's performance for the past four years had been achieved in a period of favourable market conditions, though at the same time costs of production also rose considerably. With the full year's working of the scheme for voluntary price control on cotton textiles, on the one hand, and rising costs, on the other, the Company had to obtain increased profits, according to Mr. Parekh, through optimum utilisation of the machinery, high efficiency at every stage of production and a larger volume of output. During the year under review, the cost of cotton consumed was higher by some Rs. 12 lakhs at Rs. 102.57 lakhs and of stores (included in other expenses as shown in the following table) by some Rs. 10 lakhs at Rs. 51.91 lakhs. Staff expenses increased further from Rs. 68.35 lakhs to Rs. 73.19 lakhs. Consequently, the profit-margin (ratio of gross profit to sales), which had shot up from 8 per cent to 13.1 per cent in the previous year, has receded to 12.8 per cent.

The improvement in absolute profit has warranted a higher provision for taxation at Rs. 9.35 lakhs as compared with Rs. 6 lakhs a year before. The provision for depreciation has also been stepped up from Rs. 5.97 lakhs to Rs. 6.63 lakhs. The Managing Agents' commission has increased from Rs. 1.42 lakh to Rs. 2.13 lakhs. Pending the settlement of the issue in regard to bonus for workers for 1959 and onwards, a provision of Rs. 6.75 lakhs (Rs. 6.25 lakhs in 1960) has been made towards this liability. The amount retained in business under reserves is some Rs. 50,000, as against Rs. 1.91 lakh a year ago, but the carry forward is sizable at Rs. 4.85 lakhs as against Rs. 0.79 lakh brought in.

The table below compares the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	285.68	227.67	219.31	210.97
Closing stocks	44.38	47.99	30.03	33.94
Other income	4.67	4.89	4.64	2.55
Cotton consumed	102.57	90.20	82.85	84.66
Staff expenses	73.19	68.35	62.94	64.79
Other expenses	74.14	62.07	57.01	51.88
Gross profit	36.84	29.90	17.24	14.17
Provision for—				
Depreciation	6.63	5.97	5.53	5.03
Taxation	9.35	6.00	3.65	3.60
Managing Agents' commission	2.13	1.42	1.19	0.91
Net profit	18.73	16.51	6.87	4.64
Refunds and provisions written back	0.11	1.23	..	..
Adjustments of previous years	0.07	3.52	..	..
Provision for bonus	6.75	6.25	..	..
To development rebate reserve	1.50	1.18	0.68	1.28
To reserves	0.50	1.91	2.04	0.43
Dividends—				
4% (tax-free) preference	0.46*	0.46*	0.46*	0.32
Ordinary	5.50 (25%)*	4.40 (25%)*	3.20 (20%)*	2.20 (20%)
Carry forward	4.85	0.79	0.77	0.28
Market value of equity shares (In rupees):	1962	1961	1960	1959	1958
High	473.75	500.00	390.00cr	385.00	280.00
Low	410.00	290.00	297.50xr	235.00	227.50

* Subject to deduction of tax.

Considerable attention has been paid by the Company to modernisation. Thus, the capital investment, since 1954, adds up to about Rs. 1 crore. It is said to have been judiciously spread over the various departments to achieve diversification in production, improvement in the quality of products and reduction in operating costs.

Periscoping the outlook for the current year, the Chairman told the shareholders that it was patchy because of higher cotton prices, further increase in wages following a monthly rise of Rs. 2 per operative since January 1962, double contribution by the employers to the Employees' State Insurance Scheme from April 1962, the latest increases in the excise duties on cloth and finally the 12.5 per cent obligatory export for every cotton textile mill; the bright spots are: the Company's position in regard to cotton is quite good, the raw material shortage would not dislocate or hamper production, the mill is well equipped to adjust its manufactures to the market demand, the operational efficiency of the plant is satisfactory, the Company has been known as a "good" exporter for the past few years, and, finally, the general prospects for cotton textiles are encouraging.

The financial position of the Company is sound. Its paid-up capital of Rs. 30 lakhs of which Rs. 22 lakhs is equity and the rest preference, is supplemented by reserves and surplus aggregating Rs. 68.47 lakhs. Its secured liability has increased from Rs. 28.13 lakhs to Rs. 41.88 lakhs, but unsecured loans have come down slightly from Rs. 23.36 lakhs to Rs. 19.54 lakhs. Other liabilities and provisions amount to Rs. 51.57 lakhs. The total indebtedness to outsiders works out to Rs. 112.99 lakhs, but is adequately covered by current assets and book debts amounting to Rs. 147.73 lakhs. The book value of the gross block as at the year-end is Rs. 140.88 lakhs. It has been written down to Rs 63.03 lakhs.

The Rs. 100 fully paid ordinary shares of the Company offer, at their current market value of Rs. 435.50 *cum-div.*, a net yield of 4 per cent per annum.

STANDARD MOTORS

DIVIDEND REDUCED

THERE was a perceptible decline in the turnover of the Standard Motor Products of India Ltd. (Deputy Chairman: Mr. K. Gopalakrishna, Madras) during the year ended 31st December 1961, with the sales realisation having dropped by Rs. 40.80 lakhs to Rs. 348.95 lakhs despite a higher production of 3,409 vehicles as compared with 3,364 vehicles in 1960. In the absence of any explanatory statement in the Directors' report, it is difficult to understand this anomalous situation, particularly so because the closing stocks of finished goods have also been well depleted. Contrary to this trend in sales, the gross profit has increased, albeit slightly, from Rs. 28.52 lakhs to Rs. 29.08 lakhs, as a result of which the ratio of gross profit to sales has improved to 8.3 per cent from 7.3 per cent during 1960.

In view of the large additions made to the block account during the preceding year, the provision for depreciation has quite naturally increased from Rs. 9.50 lakhs to Rs. 11.08 lakhs while that for taxation is also higher at Rs. 8.25 lakhs as against Rs. 6.60 lakhs previously. These between them have absorbed a major portion of the available gross profit and consequently the net profit has gone down by Rs. 2.67 lakhs to Rs. 9.75 lakhs. Out of this a sum of Rs. 2.00 lakhs (Rs. 3.75 lakhs) has been credited to the development rebate reserve and Rs. 4.46 lakhs have been set aside to meet the liability on account of the preferred dividend for the year under review. Since the balance is not enough to maintain the ordinary dividend at the previous year's level of 9 per cent, subject to deduction of tax, a lower dividend of 7 per cent, subject to deduction of tax, has been proposed. This claims Rs. 3.29 lakhs, leaving Rs. 1,937 to be carried forward as against Rs. 2,974 brought in.

The operating results of the Company for each of the past four years are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sales	348.95	389.75	214.26	231.02
Other income	1.03	2.91	1.59	2.87
Closing stocks of finished goods and in process	40.91	54.09	38.60	23.96
Raw materials, stores, finished goods, etc.	269.31	353.19	180.42	177.25
Other expenses	38.41	21.44	26.92	23.37
Gross profit	29.08	28.52	18.15	8.27
Provision for—				
Depreciation	11.08	9.50	6.79	3.66
Taxation	8.25	6.60	3.50	..
Net profit	9.75	12.42	7.86	4.61
Transfer from reserves and provisions	..	0.02	..	3.76
To reserves	2.00	3.75	3.30	4.00
Dividends—				
Preference	4.46	4.46	2.73	1.87
Ordinary	3.29 (7%)*	4.23 (9%)*	2.30 (9%)*	1.87 (7½%)
Deferred	..	..	..	0.17
Carry forward	0.02	0.03	0.04	0.51

* Subject to deduction of tax.

The financial position of the Company as reflected in its balance-sheet as at 31st December 1961 is moderately strong. The slow rate of earnings has naturally restricted the growth of the reserve position and the share capital of Rs. 100.00 lakhs, consisting of Rs. 50.00 lakhs in preference shares, Rs. 47.00 lakhs in ordinary shares and Rs. 3.00 lakhs in deferred shares, has a backing of only Rs. 26.42 lakhs in the reserves. Secured and unsecured loans aggregate Rs. 92.78 lakhs in addition to current liabilities and provisions amounting to Rs. 46.12 lakhs. A gross block of Rs. 162.37 lakhs, including new assets worth Rs. 26.86 lakhs acquired during the year, has been depreciated to Rs. 111.61 lakhs. Investments, current assets, loans and advances amount to Rs. 153.37 lakhs. Miscellaneous expenditure yet to be recouped is placed at Rs. 33,398.

During the year under review, a new 2-door model, Standard Herald, was introduced and was well received. The necessity of a 4-door model is indicated and till such time as a 4-door model of the Herald is developed and introduced in the market by 1964, the Company intends to fill the gap, with the permission of the Government, by the manufacture of a limited number of Standard Companion Estate cars. As regards the manufacture of 1-ton truck, the Directors state the Company is still in the development stage and by the time the relevant licences are received the manufacture of truck chassis might be extended to 1963-64.

The Rs. 10 paid-up shares of the Company are currently quoted at Rs. 16.62 *cum-div.* In reducing the price to an *ex-div.* basis, the net return on investments works out to about three per cent per annum.

RESULTS OF SELECTED SATGRAM BETTER

DIVIDEND, HOWEVER, PRUNED

SATISFACTORY are the results of the Selected Satgram Collieries Ltd. (Managing Agents: Messrs. S. D. Shethia and Company [Private] Ltd., Calcutta) for the year ended 31st December 1961. For, despite a small setback in sales realisations from Rs. 52.71 lakhs to Rs. 51.07 lakhs, the gross profit has improved further from Rs. 7.36 lakhs to Rs. 9.56 lakhs. That this improvement is due to better market conditions for coal during the year is confirmed by the fact that it would have been more pronounced but for the sizable revenue and capital expenditure incurred on repairs, renewals and replacements in the new Satgram Colliery following the declaration in February 1961 of its Bogra seam as gassy by the Department of Mines, Government of India. Another reason for the improvement in gross profit is that, in spite of increase in operations, costs have been nearly maintained at the previous year's level, with mining and raising charges showing only a small rise from Rs. 25.02 lakhs to Rs. 26.84 lakhs. However, transport difficulties prevented the Company from exploiting fully the market for coal, and hence the setback in sales realisations.

With a higher profit, the provision for depreciation has been raised from Rs. 1.84 lakh to Rs. 2.63 lakhs and so also that for taxation from Rs. 1.89 lakh to Rs. 2.38 lakhs. Managing Agents' remuneration has increased from Rs. 0.65 lakh to Rs. 0.76 lakh. Still the net profit is higher at Rs. 3.79 lakhs as compared with Rs. 2.98 lakhs a year before. The Directors have, therefore, been able to recommend, after transferring Rs. 1.10 lakh (Rs. 1.02 lakh in the previous year) to reserves, a taxable equity dividend of Rs. 14 on a higher capital, following the issue of 20,500 shares of Rs. 100 each on 14th August 1961, as against Rs. 16 paid a year before. Actually, the amount required to pay this lower rate of dividend is higher, as will be seen from the table below, giving a fair idea of the Company's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1961	1960	1959	1958
Sale proceeds	51.07	52.71	44.14	29.81
Other income	4.84	0.05	0.06	0.07
Closing stock of coal	1.10	0.66	0.54	0.97
Mining and raising charges	26.84	25.02	20.52	13.67
Salaries and wages	8.87	8.35	7.76	4.85
Rent, cess and royalty	1.87	1.50	1.47	1.09
Other expenses	9.74	9.70	8.01	5.88
Gross profit	9.56	7.36	6.11	4.12
Provision for—				
Depreciation	2.63	1.84	1.03	0.57
Taxation	2.38	1.89	1.02	1.43
Managing Agents' remuneration	0.76	0.65	0.56	0.80
Net profit	3.79	2.98	2.84	1.32
Transfer to reserves	1.10	1.02	1.09	1.02
Dividend	2.07 (14%)*	2.25 (16%)*	1.56 (16%)*	0.76 (12.5%)
Carry forward	0.07	0.03	0.02	0.04
Raisings of coal (tons)	369,427†	283,851	230,831	155,100
Despatches of coal (tons)	349,043†	263,931	220,770	147,865
Stock at close (tons)	16,105†	9,911†	..	..
Market value of equity shares (In rupees):	1962	1961	1960	1959
High	156.00	156.00	192.00	..
Low	112.00	110.00	160.00	..

* Subject to deduction of tax. † In tonnes.

The New Satgram Colliery caused some unexpected troubles for the Company. Besides extensive repairs, etc., carried out in its Bogra seam, the Satgram seam, raising three-fourths of its production, was completely closed for about two weeks and its 36 dip section for about two months. The output of this colliery suffered also in the latter half of the year because of the extreme shortage of explosives. The Company was granted assistance at 60 nP per ton by the authorities for working gassy mines. However, the other collieries of the Company worked well.

The total raisings by the Company increased from 283,851 to 369,427 tonnes during the year. Despatches also improved from 263,931 to 349,043 tonnes, but the stock at close was higher at 16,105 tonnes as compared with 9,911 tons a year ago. In the current year, we are told, all the collieries have been working satisfactorily, and the last December raising target of 40,000 tonnes has been surpassed. The Company has received the licence for substantial expansion and, in view of the present good market, has decided to expand the existing workshop on a large scale and register it in the name of New Satgram Engineering Works under the Factories Act. The Company has entered into agreement with Messrs. Cekpo, Poland, and Sofremines of Paris for the preparation of a preliminary report for the exploitation of its Dishergarh seam.

The financial position of the Company leaves room for consolidation. Its paid-up capital of Rs. 33.59 lakhs is backed by reserves totalling only Rs. 5.04 lakhs. Its liability to outsiders of Rs. 45.62 lakhs is exceeded by current assets and book debts only by Rs. 2 lakhs at Rs. 47.81 lakhs. The gross block increased from Rs. 34.65 lakhs to Rs. 48.83 lakhs and has been written down to Rs. 36.14 lakhs. But there are still arrears of depreciation of Rs. 12.69 lakhs.

The equity earning in 1961 was Rs. 18.83 and works out to 12.15 per cent on the market value of the shares at Rs. 155. If the dividends received and the rise in share price is taken into account, investment of Rs. 100 in the shares two years ago is now equivalent of Rs. 173, after providing for a normal return of 6 per cent per annum. Currently, the shares are quoted at Rs. 142 *cum-div.* and, on the *ex-div.* basis, at a net yield of 8.8 per cent per annum.

NEW GREAT INSURANCE COMPANY OF INDIA LIMITED

CHAIRMAN, MR. TULSIDAS KILACHAND, CALLS FOR AMENDMENT OF INSURANCE ACT

ADDRESSING the Nineteenth Annual General Meeting of the New Great Insurance Company of India Ltd., held at Baroda on Saturday, 23rd June 1962, Mr. Tulsidas Kilachand, Chairman of the Company, dealt with some of the problems facing the insurance industry. Most of the difficulties of the industry, Mr. Kilachand contended, were due to the plethora of restrictive regulations contained in the Indian Insurance Act and the Code of Conduct for general insurers. Pointing out that the provisions of the Act had become out of date, the Chairman called for a new statute, in a more simplified form, based perhaps on the model of the U.K. Insurance Act. The following are extracts from Mr. Kilachand's speech:

"Recently, all insurers carrying on general insurance business in India have received a circular from the Secretary of the Executive Committee of the General Insurance Council, conveying certain decisions taken by the Executive Committee introducing far-reaching changes in the Code of Conduct and the Administrative Machinery. If it is possible to improve the tone of the market by introducing these changes, nobody will be more happy than I. I am, however, personally of the opinion that these changes, far from assisting in the development of general insurance business, will hamper its growth. In fact, a dispassionate examination of the situation will show that all the difficulties encountered by the industry at present are primarily due to the very nature of the provisions included in the Insurance Act, which are unrelated to facts, and because they are unreal, artificial supports, such as the Code regulations, have become necessary to sustain them.

"The Insurance Act governs the carrying on of general insurance business in India, and was passed as early as in 1938, when both life and general business was in the non-Governmental sector. Life insurance was nationalised over six years ago, with the result, so far as we are concerned, many of the provisions of the Act originally applicable to life business, have become obsolete. It is, therefore, high time that the Insurance Act as a whole was reviewed and, as I had occasion to refer to in my speeches in the past, an Act in a more simplified form, based perhaps on the model of the U.K. Insurance Act, be placed on the Statute Book.

"As mentioned earlier, I am personally convinced that most of our difficulties are due to the plethora of restrictive regulations that are included in the Act and the Code. A smooth and progressive development of the industry on the right lines can only be possible by the removal of all such restrictive provisions that impede its natural growth.

"My views on this subject are shared by the other Directors of your Company. However, since all the insurers in India, both Indian and non-Indian, are, I understand, giving their full support to the recent changes in the Code of Conduct, your Board have also decided to fall in line with other insurers.

Reduction in Fire Premium Rates

"Another point to which I would like to refer is the decision recently arrived at, at the instance of the authorities, to reduce the fire premium rates. This is the third reduction during the last eight years. The first reduction took place in 1955, when the average worked out at about 10 per cent. A similar reduction was effected in 1960, and hardly two years have passed before a further reduction of about 15 per cent is being brought into force from 1st July 1962. I am afraid that this important subject has not received the consideration it deserves on the part of the authorities. We are told that the fire rates have substantial margin of profits, which enables companies to indulge in the so-called unhealthy practices. It should not, however, be overlooked that the previous two reductions, aggregating in all to about 20 per cent in the fire rates, have not succeeded in eliminating such practices to any material extent. There is, therefore, very little justification to presume that yet another reduction will achieve this objective. It is also well known that, comparatively, both marine and miscellaneous accident business have not all proved profitable; yet such practices exist in these two classes of insurance also. It is thus apparent that rates have nothing to do with the so-called malpractices.

Distorted Picture

"Apart from this, insurers have to cater to their clients' requirements for all classes of business, and if they make a profit in the fire department, such profits help them in meeting, to some extent, the losses in the marine and miscellaneous insurance departments. This explains our dependence on the profits of fire business, but if an accusing finger is pointed to such profits alone, and a Nelson eye is kept in regard to the losses in the other departments, the picture becomes distorted. It is, therefore, essential that the problems is tackled as a whole and, viewed from this angle, there is no justification for reducing fire premiums rates and that too in such quick succession.

"We are told that marine and miscellaneous insurance departments should stand on their own merits. Whilst on the subject, it may not be out of place to stress that the unfavourable experience of marine and miscellaneous insurance business is not peculiar to Indian insurers only; it is the same problem with companies the world over. If, therefore, Indian companies unilaterally disturb the marine rate structure, there is every chance of their losing this business to the powerful foreign market.

"However, since a decision has already been taken to reduce the fire rates for the third time from 1st July 1962, I can only hope that this will be the final reduction and that the authorities will refrain from contemplating further reductions, as such a step will only weaken Indian insurers and impair their healthy growth.

"To sum up, I wish to emphasise that, instead of reducing the fire rates on the one hand, and introducing more and more restrictive regulations in the Code on the other, to support the unreal provisions of the existing Insurance Act, it would be far better to amend the Act itself, on the lines suggested by me earlier, with a view to improving the market conditions."

Company's Building

Referring to the Company's building, Mr. Tulsidas Kilachand mentioned that the foundation work had been completed and that the construction of the superstructure had been taken up, but we were still experiencing difficulties in obtaining the required supply of building materials such as cement. If we succeeded in surmounting these handicaps, it was expected that, in the normal course, the building would be completed by the end of 1963.

Expansion Abroad

Mr. Tulsidas Kilachand took the opportunity to mention that the question of starting operations in some of the South East Asian countries where conditions were favourable was under the Company's active consideration, on the basis of a study tour undertaken by an officer of the Company. In this connection, Mr. Kilachand referred to the difficulty in getting permission to do business in foreign countries and observed: "I would like to mention that, before we extend our activities to a foreign country, we are required to obtain the permission of the Reserve Bank of India as well as of the Controller of Insurance. Considerable delay is usually experienced in getting such permission, and I would, therefore, appeal to the authorities concerned to cut red-tapism to the minimum and assist the companies in their expansion projects."

Company's Accounts

Dealing last with the departmental accounts, the Chairman stated that the gross direct premium for the year 1961 was Rs. 60,69,262 in fire, Rs. 48,97,961 in miscellaneous insurance, and Rs. 42,48,244 in marine, whilst the net premiums were Rs. 50,61,495, Rs. 40,40,335 and Rs. 14,85,797 respectively. After providing for losses and expenses, and reserves at 50 per cent in respect of fire and miscellaneous insurance, and 100 per cent for marine, and after adding the balance brought forward from the previous year, the net amount to the credit of the profit and loss appropriation account in all was Rs. 6,61,078. The Directors had transferred Rs. 40,000 to the staff gratuity account and Rs. 3,00,000 to general reserve and had proposed to pay thirteenth dividend on ordinary shares at Rs. 3.00 per share less tax, amounting to Rs. 3,00,000.

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

COMPANY AFFAIRS

(*Concluded from page* 1179)

Rs. 57.25 lakhs to Rs. 49.72 lakhs, and total secured loans, including debentures of Rs. 18.61 lakhs (Rs. 18.59 lakhs in 1960), have come down from Rs. 75.85 lakhs to Rs. 68.32 lakhs. Unsecured loans have also receded slightly from Rs. 21.04 lakhs to Rs. 20.28 lakhs. Current liabilities and provisions amount to Rs. 34.40 lakhs. Excluding debentures, which are a long-term liability, the total indebtedness to outsiders works out to Rs. 104.39 lakhs, as against which are available current assets and book debts of Rs. 111.45 lakhs and investments of Rs. 0.95 lakh. The total borrowings by the Company, excluding debentures, aggregate Rs. 71 lakhs and are more than twice the paid-up capital. The gross block of the Company, which increased from Rs. 106.75 lakhs to Rs. 112.95 lakhs during the year, has been written down to Rs. 52.06 lakhs.

The Rs. 100 fully paid ordinary shares are currently quoted at Rs. 88 *cum-div.* On the *ex-div.* basis, they offer a yield of 4.1 per cent per annum, free of tax.

NATIONAL AND GRINDLAYS BANK LIMITED

(Amalgamating National Bank of India Limited, Grindlays Bank Limited and the Eastern Branches of Lloyds Bank Limited.)

Incorporated in the United Kingdom. Liability of Members is Limited.

Authorised Capital	...	**£ 9,000,000**
Issued and Paid-up Capital	...	**£ 5,703,000**
Reserve Fund	...	**£ 4,760,400**

Head Office: 26, BISHOPSGATE, LONDON, E. C. 2.

The Bank conducts all classes of Banking and Exchange Business throughout the world.

Bombay Branches:

90, Mahatma Gandhi Road.
270/272, Dr Dadabhoy Naoroji Road, (Lloyds Branch).
Mint Rood, (Corner of Mint Road and Sir P M. Road).
21/29, Princess Street, (Lloyds Branch).
117—119, Kazi Syed Street, Mandvi.
65F, Linking Road, Santa Cruz.

NGB/28A

SYNOPSES OF COMPANY REPORTS

Borrea Coal Co., Ltd.

(*Secretaries & Treasurers*: Messrs. F. W. Heilgers & Co. (Private) Ltd., Calcutta.)

Annual General Meeting—29th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	47,05	46,71
Closing stock	14	69
Gross profit	6,72	6,51
Transfer to Managing Agents' commission	Nil	35
" " Secretaries' and Treasurers' commission	41	16
" " depreciation	1,00	89
" " statutory development rebate reserve	4	44
" " provision for taxation	2,53	2,01
Net profit	2,74	2,66
Adjustments	31	20
Appropriations:		
Total available balance	3,05	2,86
Transfer to general reserve	1,00	1,00
" " bad and doubtful debts reserve	25	Nil
Proposed dividends (taxable) preference	34	34
" " ordinary	1,12	1,12
	(15%)	(15%)
To additional preference dividend for 1959	Nil	8
Carry forward	34	32

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

Extracts from the Directors' report: *Raisings and Despatches.*—2,01,993 tonnes of coal were raised and 2,05,128 tonnes despatched during the year compared with 2,01,253 tonnes raised and 2,00,239 tonnes despatched during 1960.

It has still not been possible to drive the new surface inclines to 18 Seam in Aralgoria due to continued trouble experienced over land acquisition.

Transport.—During the period under review the siding at the Company's colliery was strengthened to take BOX wagons. This improved the transport position to some extent and stocks were reduced by 3,135 tonnes during this period.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	11,50,000	Gross block	45,77,689
Reserves and surplus	28,10,650	—Depreciation	29,53,344
Other liabilities	12,59,954		
		Net block	16,24,345
		Block in progress	2,89,447
		Property acquired by Central Government.	2,12,911
		Current assets	13,61,402
		Investments	7,91,046
		Cash	4,41,393
	Rs. 47,20,604		Rs. 47,20,604

* Paid-up capital consists of 75,000 ordinary shares of Rs. 10 each fully called up and 4,000—6.5 per cent. cumulative preference shares of Rs. 100 each fully called up. Of the ordinary shares, 25,000 shares have been allotted as fully paid-up bonus shares by capitalisation of reserve.

Straw Products Ltd.

(*Managing Agents*: J. K. Agents Private Ltd., Bhopal.)

23rd Annual General Meeting—29th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	1,09,50	96,90
Closing stocks of finished products, raw materials, etc.	29,81	24,53
Excise duty paid	18,21	13,60
Gross profit	20,05	14,36
Transfer to Managing Agents' commission	1,59	96
" " depreciation	1,92	1,83
" " development rebate reserve	Nil	2
" " provision for taxation	8,90	4,30
Net profit	7,64	7,25
Adjustments	98	14,23*
Appropriations:		
Total available balance	8,62	21,48
Transfer to general reserve	8,00	20,50
To dividends	Nil	Nil
Carry forward	62	98

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items if any.

* This includes Rs. 13,69,956 being excess depreciation provided during previous years written back.

Extracts from the Directors' report: Keeping in view the heavy financial commitment for installation of the Paper Mills, the Directors do not recommend any dividend this year and propose that surplus available after provision for taxation be conserved for future.

Working of the Board Factory at Bhopal: During the year, the working of Bhopal Factory has been satisfactory. The Company continued to manufacture various varieties of *Boards* and introduced some new qualities. The Company's new products were very well received and appreciated in the market.

The Paper Mill Project in Orissa popularly known as J. K. Paper Mills has made excellent progress. The construction of factory buildings and residential township has almost been completed. Major portion of the plant and machinery has already been erected in a record time of about five months. The erection is in full swing with the aid of a good number of foreign erectors and it is expected that the erection shall be completed shortly and the plant will be ready for commissioning earlier than schedule. By this time, total fixed assets to the tune of over Rs. 5,00,00,000 have been created for Paper Mills including the expenses incurred after the close of year ending December 1961. The Directors feel that, in spite of numerous hurdles like difficulties in the supply of cement, steel and other materials and transport, the project has made very satisfactory progress and is being executed in most economical manner. Power at 33 kV from Machkund Hydro Electric Scheme has already been received. The Company's one and half miles long Railway Siding which has to handle a train-load a day when the plant starts, is already working and has served a very useful purpose in handling the entire imported machinery. A large quantity of bamboos has already been collected at Mill site.

The Company shall get all its requirements of bamboos from its own forest leases in Orissa which are being developed on scientific basis.

The Company has been able to secure loans of Rs. 25 lakhs from the State Bank of India and Rs. 50 lakhs from the Government of Orissa for meeting the financial requirements of the Paper Mills through the vigorous efforts of and on personal guarantees given by the Managing Agents and their Directors. The total amount of the loan of Rs. 75 lakhs has since been received by the Company.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	2,14,78,530	Gross block	5,96,31,915
Reserves and surplus	1,24,38,711	—Depreciation	18,34,316
Other liabilities	4,16,53,889		
		Net block	5,77,97,599
		Current assets, etc.	67,90,283
		Investments	18,19,441
		Cash	88,19,960
		Miscellaneous expenditure	3,43,847
	Rs. 7,55,71,130		Rs. 7,55,71,130

* Paid-up capital consists of 75,000 seven per cent. tax-free cumulative preference shares of Rs. 100 each and 14,00,000 ordinary shares of Rs. 10 each fully paid up. Out of this 75,000 ordinary shares were allotted as fully paid up by way of bonus shares. Calls unpaid amount to Rs. 21,470.

Enfield India Ltd.

(*Managing Director*: Mr. S. Sankaran, Madras.)

Sixth Annual General Meeting—29th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales of motor cycles, three-wheelers, etc.	1,19,69	90,59
Job order receipts	11,20	10,42
Closing stocks	66,84	38,82
Gross profit	11,13	8,49
Transfer to depreciation	6,33	5,19
" " provision for taxation	1,53	Nil
Net profit	3,07	3,30
Adjustments	4	5
Appropriations:		
Total available balance	3,11	3,35
To donations	2	Nil
Transfer to development rebate reserve	70	1,35
Proposed dividends (taxable) preference	91	1,10
" " ordinary	1,46*	86
	(4%)	(5%)
Carry forward	2	4

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

* The dividend for 1961 is on a higher capital.

Extracts from the Directors' report: *Operation*: The working of the Company during the year under review had been generally satisfactory. There was increase in production, sales and profits. The profits would have been still higher if the Company had been in a position to increase its selling prices earlier than September 1961 to make good the continuous increase in the cost of various raw materials since the prices were fixed three years earlier. Prior approval from the Government is required for effecting revision in prices and this took considerable time. Company taxation has been raised in the recent budget. Further, larger amount had to be provided for depreciation as per the latest rules. In spite of these, it had been possible to recommend a dividend on the increased equity capital including the equity shares issued during the year in terms of that issue. This issue, as a result of which the Company's equity capital was almost doubled, was made towards financing the Company's expansion programme for *Scooters* the production of which has commenced only during the year 1962.

As in the previous years, a substantial portion of the increase in the establishment and other expenditure has been for manufacturing new components by the company thereby increasing the indigenous content of the motor cycles. The value of components manufactured by the Company increased during the year by over Rs. 20 lakhs.

The most important feature of the working during 1961 was the completion of the main phased programme for the substitution of imported motor cycle components by those made in the country. Therefore, the process of continuous development and expansion of the establishment in the motor cycle production has been completed. As already indicated by the Chairman in his speech at the last annual general meeting, further increase in the production of motor cycles from 1962 onwards can be expected to take place with only marginal increase in the establishment, resulting in higher productivity and profitability in this line.

Scooters: Towards the finance required for the scheme, in addition to the fresh capital of Rs. 23.33 lakhs issued during the year under review, the Company applied to the Industrial Finance Corporation for an additional loan of Rs. 14 lakhs which has been sanctioned. With the completion of the construction of the buildings and receipt of most of the plant required for the initial phase, pilot production has already commenced and it is expected that the scooters will be in the market from June-July this year.

Engines for Industrial, Agricultural and other purposes: The Government have issued the necessary licence to the Company under the Industries (Development and Regulation) Act for undertaking this project and have also approved the technical collaboration agreement with The Villiers Engineering Co. Ltd., U.K.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	54,99,000	Gross block	78,68,819
Reserves and surplus	5,59,510	—Depreciation	19,17,275
Other liabilities	88,56,978		
		Net block	59,51,097
		Block in progress	1,18,801
		Current assets	84,81,882
		Investments	6,329
		Cash	3,00,888
	Rs. 1,49,15,488		Rs. 1,49,15,488

* Paid-up capital consists of 10,000 seven per cent. tax-free redeemable cumulative preference shares of Rs. 100 each and 4,50,000 ordinary shares of Rs. 10 each. Allotment money in arrears—Rs. 1,000.

Sendra Coal Co., Ltd.

(*Secretaries*: Messrs. F. W. Heilgers & Co. (Private) Ltd., Calcutta.)

Annual General Meeting—27th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Gross income	1,05	1,12
Dividends and interest on investments	80	86
Gross profit	84	1,02
Transfer to Secretaries' remuneration	6	6
" " depreciation	*	†
" " provision for taxation	48	45
Net profit	30	51
Adjustments	16‡	5
Appropriations:		
Total available balance	46	56
Transfer to general reserve	Nil	15
Proposed dividend (taxable) ordinary	45§	40
	(3½%)	(5%)
Carry forward	1	1

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items if any.

* Represents a sum of Rs. 326 for depreciation.

† Only Rs. 344.

‡ This includes Rs. 15,000 transferred from general reserve.

§ Dividend for 1962 is on 1,28,400 ordinary shares of Rs. 10 each. The dividend for 1960 is on 80,000 ordinary shares of Rs. 10 each.

The Karanpur Mining Syndicate: During the year ended 31st December, 1961, 158,818 Metric Tonne of Coal were raised and 153,168 Metric Tonne were despatched. The arrangements for raising and selling coal from Religara Colliery continue to work satisfactorily.

The scheme of amalgamation with The Churulia Coal Co. Ltd. The Scheme of Arrangement has been sanctioned by the Calcutta High Court since closing and in pursuance of the said Order, all the assets, properties, rights, powers, liabilities and duties of The Churulia Coal Co. Ltd. now stand transferred and are vested in this Company with effect from 1st January 1962.

The Churulia Coal Co. Ltd. now stands dissolved without winding up as from the aforesaid date and in terms of the Scheme of Arrangement one Ordinary (Equity) Share of Rs. 10 each in this Company has been issued for every 3 Ordinary (Equity) Shares of Rs. 4 each of The Churulia Coal Co. Ltd.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital	8,00,000	Gross block	35,740
Reserves and surplus	4,56,188	—Depreciation	29,587
Other liabilities	2,87,098		
		Net block	6,303
		Investments	13,04,570
		Current assets	2,82,513
	Rs. 15,43,286		Rs. 15,43,286

British India Electric Construction Co., Ltd.

(*Managing Agents*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

Annual General Meeting—29th June 1962.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1961	1960
Sales	1,61,15	86,13
Closing stock	52,39	24,57
Gross profit	15,25	14,08
Transfer to Managing Agents' remuneration	1,43	1,80
" " depreciation	1,80	1,77
Net profit before provision for taxation	5,54	5,09
Provision for taxation	6,49	5,87
Adjustments	91	74
Appropriations:		
Total available balance	7,30	6,61
Transfer to development rebate reserve	26	99
" " general reserve	3,00	3,25
Proposed dividend (taxable) ordinary	3,00*	2,25†
	(20%)	(45%)
Carry forward	94	63

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

* The dividend for 1961 is on the increased ordinary capital of Rs. 15,00,000.

† The dividend for 1960 is on a paid-up capital of Rs. 5,00,000.

Extracts from the Directors' report: *Operations.*—The production and sales of Switchgear and Electric Motors again showed an improvement over the previous year.

The development of the Company has now reached the stage when in the opinion of the Board, a further issue of share capital is desirable. Resolutions will therefore be proposed at the annual general meeting for the purpose of authorising an increase of Rs. 10 lakhs in the issued share capital.

The Government of India has given its approval to the entering into by the Company of technical collaboration agreements with Johnson & Phillips Ltd., Charlton, England, and with the Electric Construction Co. Ltd., Wolverhampton, England, which provide inter alia, that shares in the Company shall be allotted to Johnson & Phillips Ltd. and The Electric Construction Co. Ltd. in payment of certain items of plant and machinery to be acquired by the Company.

Accounts in brief as at 31st December 1961 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	15,00,000	Gross block	35,74,0
Reserves and surplus	15,86,787	—Depreciation	17,36,1
Other liabilities	45,59,276		
		Net block	18,37,9
		Deposit towns	81,00,0
		Investments	7,5
		Current assets	77,0
	Rs. 76,46,063		Rs. 76,27,4

* Paid-up [illegible]

CALL MONEY RATE SLUMPS

(*From Our Own Correspondent*)

BOMBAY, 27*th June*

The trends in the short-term money market this week are quite characteristic of the traditional slack season. In the inter-bank section, everyone is a lender and borrowers are hard to find, which suggests that there is a surfeit of surplus funds. There has been a swift fall in the call money rate, from 3½ per cent a week ago to as low as 1½ per cent today. Indeed, after the clearing hours today, money went abegging even at 1½ per cent.

An anomaly of the money market is the failure of interest rates on short-term deposits to reflect the easy money conditions. Deposits of all types under this category, from three days to twenty-four months, fetch the maximum rates of interest allowed under the inter-bank agreement. Is it not funny that banks should be ready to pay 3 per cent per annum for three-day deposits even when the call money rate is near one per cent and the yield on 91-days' Treasury Bills is less than 2½ per cent? The only explanation for this state of affairs is that no bank, however big, has the courage to quote a rate lower than the maximum, lest it should lose an account to one of its rivals. Such is the keen competition for deposits, be they current, three-day, one week, or one-year usance.

Another indication of the extremely easy money conditions is provided by the results of the Central Government's 91-days' Treasury Bills. As against the invitation for Rs. 2 crores (same as last week), the total amount offered was as high as Rs. 4.25 crores as against just Rs. 2 crores last week. Tenders at Rs. 99.400 were accepted in full and lower tenders rejected. The total amount accepted was Rs. 2 crores. The average rate of accepted tenders has fallen from 2.510 per cent to 2.400 per cent per annum. Sales of 91-days' Intermediate Treasury Bills fetched a spectacular amount of Rs. 6.36 crores, as against a mere Rs. 48 lakhs in the previous week. Despite such keen demand for Treasury Bills, the monetary authorities have not increased the tender limit for the coming week; it remains unchanged at Rs. 2 crores. This is understandable, in view of the forthcoming long-term borrowings of the Central Government. Sales of Intermediate Treasury Bills also are being continued.

Yet another indication of the slack season is provided by the continuing contraction of notes in circulation. In the week ended 22nd June 1962, according to the Reserve Bank's statement for that week, they declined by Rs. 34 crores. This fall was on top of a drop of Rs. 10.26 crores in the previous week.

There has been a slight improvement of Rs. 64 lakhs in the foreign assets held by the Reserve Bank, bringing the total up to Rs. 102.34 crores as of 22nd June. It will be recalled that, in the previous week also, there was an improvement of Rs. 1.13 crore in this portfolio.

The Gilt-edged market is lifeless. Every one is keenly awaiting the terms of the Central Government's borrowing programme, due to be announced any time now. In fact, the heavy volume of floating funds with banks and the consequent shortfall in the inter-bank rate are the result of the big institutional investors conserving their resources for investment in the forthcoming loans of the Central Government. In the whole list of the Central and State loans, we find only two changes over the week, a rise of 5 nP in 4 per cent 1981 Central loan and of a similar rise in 4½ per cent 1972 Andhra loan, both being quoted at Rs. 98.80.

In the foreign exchange markets of the world, the £ sterling has been a shade quiet. Thus, on the New York Exchange, spot sterling has come down by 0.200 cent to stand at 280.730-280.760 cents per £. Three months' forward has also come down by 0.120 cent to 280.210-280.240 cents per £. In keeping with this trend, the banks' selling rate for ready T.T. U.S. dollars in India has risen by 25 nP to Rs. 476.75 per 100 dollars. Their buying rate for ready T.T. is, however, unchanged at Rs. 473.25.

KIPS FEATURELESS

(*From Our Own Correspondent*)

MADRAS, 25*th June*

The local market for hides and skins remained more or less unchanged this week. Demand for F.A.Q. kips was dormant. But the medium-weight fifths selection and the light and heavy average inferior fifths attracted overseas demand. Inland demand for lower grade kips was poor. A small volume of business was put through to the U.K. in better marks of light-weight cow-hides. Demand for cow calf, 2/2½ lbs. average, exceeded supply. Buff hides and calf ruled steady.

Export trading in tanned goat and sheep skins was selective and small. Importers seemed to be rather feeling the pulse of the market than to be keen on booking orders. All sections were quiet, except for stray genuine inquiries for tanned goat-skins, 13/14 lbs. up, from the U.S.A. and middle class sheep from the Continent, which remained firm.

The next London tanned skins public sales will commence on the 2nd July, when 120,000 goat skins and 110,000 sheep skins will be offered for sale. The German public auctions will take place on 5th July, when 74,000 goat and 49,000 sheep skins have been catalogued for sale.

The following were the ruling prices (in rupees) per lb. for unassorted all-round lots in the local market: Tanned cow hides, 8/8½ lbs. average 3.15 to 3.15, tanned cow calf, 1½/2 lbs. average 3.60 to 3.70, tanned buff hides 12/14 lbs. average 1.70 to 1.75, tanned buff calf 1½/2 lbs. average 2.60 to 3.15.

BULLION INDECISIVE AGAIN

(*From Our Own Correspondent*)

BOMBAY, 27*th June*

The bullion market continued to move indecisively during the major part of the week under review. Fresh buying orders were scarce, due to the end of marriage season and delay in the arrival of monsoon. The daily average offtake was no more than 4,800 tolas of gold and eight bars of silver, as against 5,000 tolas and seven bars, respectively, in the previous week. Arrivals of both the metals were heavy, though traders did not try to press sales. The daily average of arrivals was 7,000 tolas of gold (6,200 tolas last week) and 41 bars of silver (42 bars). The arrivals of gold might have been larger but for the seizure of 1,120 tolas of contraband metal in Bombay this week. Over the week, both gold and silver showed some gains. The marked rise in silver prices at London and New York did not have much effect on the local market.

The *Bhadrapad* (15th September) settlement in gold began the week at Rs. 123.50, as against the previous close of Rs. 123.60, and, after moving up to Rs. 124 today, finished at Rs. 123.90. The ready rate commanded a handsome premium over the forward throughout the week, though the actual premium declined slightly from Re. 1.95 last week-end to Re. 1.75 today when the closing rate stood at Rs. 125.65, as against Rs. 125.55 on Wednesday last week.

In silver, the *Bhadrapad* (17th September) settlement encountered selling and receded from Rs. 215.90 to Rs. 214.60 on Monday the 25th inst. At lower levels, there was some support and the settlement recovered to Rs. 216.25 today. Ready silver continued to be quoted at a discount under the forward, the discount actually increasing from 50 nP to Re. 1. Over the week, the spot rate registered a gain of 85 nP, today's closing rate being Rs. 215.25.

Silver in the London bullion market rose to near-record levels during the week, thanks to speculative buying. The spot quotation for today was 89d., a rise of 4d. as compared with the rate prevailing a week ago. This level is just ¼d. below the all-time peak of 89¼d. reached in February 1921 and the highest level since the U.S. Government suspended sales of official silver in November 1961. Forward silver jumped up from 85¼d. to 89¼d. The swift rise in silver prices followed bullish advices from New York where the price spurted from 101.50 cents to 104.50 cents. Ready gold in London also advanced from 249s. 11½d. to 250s. 2d. The dollar price was almost unchanged at $35.10½, as against $35.10⅜.

The following table shows the trend of prices during the week under review:

	27-6-62 (closing)	High	Low	20-6-62 (closing)
GOLD	Rs.	Rs.	Rs.	Rs.
Ready (.99 fine)	125.65	126.00	124.90	125.50
Bhadrapad *	123.90	124.00	123.30	123.60
Sovereign	97.50	98.00	97.50	98.00
SILVER				
Ready (.996 fine)	215.25	215.65	214.60	215.40
Bhadrapad †	216.25	216.25	215.45	215.90
London—				
Gold	250s.2d.	250s.2d.	249s.10½d	249s.11½d.
Silver Ready	89d.	89d.	85¾d.	85d.
Silver Forward	89½d.	89½d.	86d.	85½d.
New York—				
Silver	104.50 cents	104.50 cents	101.50 cents	101.50 cents

* 15th Septembere settlement. † 17th September settlement.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.7 tolas). London and New York quotations are per ounce.

BLACK PEPPER EASY

(*Messrs. Parekh and Co.*)

BOMBAY, 27*th June*

During the earlier part of the fortnight, Malabar black pepper ruled steadier, in view of sizable purchases by New York dealers who paid progressively higher price at $0.36 for ready shipment, there being scarcity of spot and afloat in the U.S. Ungarbled was done at Rs. 309.50 and garbled was sought after at Rs. 325. Later in the week, however, New York having withdrawn, Malabar ruled easy particularly under pressure of selling by bears on the Cochin Exchange in July delivery, which failed to move up, despite strength in garbled for want of new incentive. Ungarbled went down to Rs. 300 and garbled to Rs. 310. July delivery climbed down from Rs. 332 to Rs. 313, with few buyers.

Singapore remained fairly steady in black, but white showed appreciation in value from Str.$152½ to Str.$157½, as arrivals from Sarawak were poor and delayed owing to late crop.

Spot in New York, after touching the high of $0.38, came down to $0.37, as India accepted few parcels at lower price from $0.35½ to $0.35, as drop in July delivery brought forth selling of ungarbled from growers at reduced price. Some business with the East European countries was reported.

Shortage of rain is reported in the pepper-growing areas. After the initial showers at the break of the monsoon season, there has been no rain since a month. If such conditions persist, the crop is likely to be late as well as poor, though it is too early to state anything definitely in this direction.

At the time of writing, there are reports of few showers. It remains to be seen whether it will be continuous and heavy downpour to relieve the present drought condition or passing showers.

The future of the Malabar crop depends upon the behaviour of rain from now onward.

Ready pepper in Bombay is nominally quoted at Rs. 168 per 50 kilos.

COTTON FUTURES IMPROVE

(*From Our Own Correspondent*)

BOMBAY, 27*th June*

The cotton futures market picked up further strength during the week under review. Lack of rain in certain cotton-growing tracts, particularly Berar and Khandesh, and reports of higher production of cloth and yarn in the month of May, as compared with the previous two months, initiated a general buying movement. Sellers, on the other hand, were reserved and were inclined to watch the progress of the monsoon. Futures prices consequently tended to rally. Higher levels, however, attracted profit-taking. Nevertheless, the Jarilla March 1962 contract wound up the week higher at Rs. 722.75, as against the last week-end quotation of Rs. 720.50. The range of fluctuation of the contract is indicated below:

	27-6-62	*High*	*Low*	20-6-62
I.C.C. Jarilla				
March (1963) ...	722.75	724	717	720.50

All eyes are now turned to the trend of the monsoon and progress of sowing operations. In the Punjab, U.P. and Rajasthan, new crop sowing has already been completed. A tendency towards increased sowing of Punjab American at the expense of Bengal *Deshi* has been noted. This is due perhaps to the comparatively lower price of Bengal *Deshi* during the current season and the record prices fetched by Punjab American H.14 and 320 F. As regards other regions, apart from a few showers here and there, the whole rain-fed cotton tracts of Omras, Gujarat and Saurashtra have remained practically dry and rains are anxiously awaited for sowing operations to start.

There was moderate demand for ready cotton in the spot market at Sewri. Reports of dwindling stocks prompted mills who had unutilised quota to make purchases of such qualities as Vijay, Digvijay, Surti, L.147, Co2, 197/3 and Kalyan. Prices were more or less unchanged. There were good inquiries for Bengal *Deshi* following a revival of demand from Japan. Prices consequently tended to harden. Export sales registered against the last quota till the 22nd inst. aggregated 55,405 bales, leaving a balance of 11,035 bales to reach the ceiling of the shippers' share.

Among foreign cottons, Pakistan cotton was much sought after. A sizable volume of business was put through. Stray business was in evidence for Sudan and East African cotton. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri: Bengal *Deshi* 680; Ganganagar 750-800; Hubli Laxmi 1,190; Khamgaon 975; Pakistan AC 1,160; Pakistan N.T. 1,075; 4F on sample 1,000; B.P. 5D (F.A.Q.) July shipment 1,325; Sudan XG3L 1,375; American on sample 1,290.

Cotton futures in Karachi scored further gains during the week. Buying support influenced by brisk overseas demand and keen domestic mill inquiries led to a rally in prices. N.T.R.G. July advanced from Rs. 72.50 to Rs. 72.70. The new crop contract firmed up from Rs. 75.83 to Rs. 76.15.

New crop developments have so far been normal. Sowing is well under way in Sind and the Punjab while it is over in *Deshi* tracts. Germination is so far reported to be good.

Dull conditions prevailed in the Liverpool cotton futures market during the week. Values, however, ruled steady in thin trading. Transactions consisted mainly of inter-month switching and small trade covering. Both the American and American type contracts fluctuated in a narrow range with small net changes over the week. The following are the latest available quotations—in pence per lb. from Liverpool:

American cotton one inch staple contract: July 24.05; October 23.80; December 23.75.

American cotton mixed growth contract: July 24.45; October 24.15; December 24.10.

Sudan: July, September, November 29.50.

New York cotton futures market suffered a setback during the week. Values decline on selling prompted by the issuance of a large number of July delivery notices and lower than expected consumption of cotton during the current month. Spot prices were, however, steady.

The following are the latest available quotations from New York, as compared with those a week and a fortnight ago:

(In cents per lb.)

	26-6-62	19-6-62	12-6-62
New York Spot ...	36.10	36.10	35.90
July ...	34.23	34.85	34.73
October ...	34.43	34.58	34.54
December ...	34.38	34.40	34.46

LOWERING ART SILK YARN PRICES

(*From Our Own Correspondent*)

BOMBAY, 27*th June*

There was a sharp drop in the prices of indigenous art silk yarns during the week under review. The drop followed nervous liquidation by stockists on fears of a distinct improvement in floating stocks in the market. The fears stemmed from the reported move of the authorities to bring down prices of art silk yarn. The spinners, it is said, have been asked to expedite deliveries of yarn to cardholders and they have agreed to do so. There is also the move to expedite within a fortnight the issue of import licences for yarn worth Rs. 1.5 crore under the Export Promotion Scheme for fabrics. The Export Promotion Council for Silk and Art Silk Fabrics will forward applications for licences to the Joint Chief Controller of Imports after the applicants furnish an

affidavit to produce bank certificates within six months after the date of export and the licences will be issued immediately thereafter. The Textile Commissioner's Office is also expected to issue entitlement certificates without any delay. If, despite the prospects of larger arrivals of imported yarn, the prices of such yarn have gone up, it is, perhaps, due to the fact that, even with such large imports, there will still be a big deficit in supplies and that the premium on art silk yarn licences will continue to be pretty high.

Meanwhile, it is learned that the Government of India is contemplating to levy a cess on rayon yarn and staple fibre produced within the country at 25 nP per lb. on the former and 10 nP per lb. on the latter with a view to subsidising exports of rayon fabrics through grant of cash incentives to exporters. As an alternative to this proposal, the Government would appear to have suggested a scheme under which the spinning units will be required to obtain their requirements of pulp under licences issued to exporters of rayon cloth. They will be given actual user licences for this purpose, if they are not able to get their full requirements under the Export Promotion Scheme.

Among indigenous yarns, National Rayons 150 Bt. cones 1st grade fell by 78 nP to Rs. 13.55. 120 Bt. cones 1st grade receded by 42 nP to Rs. 15.95. Among imported yarns, 120 Italy moved down from Rs. 1.902 to Rs. 1.819. 150 Italy was dull at Rs. 1.736. 150 Japan, however, climbed up from Rs. 1.984 to Rs. 2.205. 120 Japan advanced by Rs. 55 to Rs. 2.260. 20 x 1 Amilon June delivery forged ahead from Rs. 4.115 to Rs. 4.235. August contract spurted by Rs. 110 to Rs. 4.340.

Staple fibre yarn drifted lower, as enquiries from consuming centres were poor. 40 x 2 June settlement declined by Rs. 9 to Rs. 726. August position suffered a loss of Rs. 11 to Rs. 751. Spot Citys fell by 42 nP to Rs. 7.96. Kohinoors dropped 9 nP to Rs. 8.38. Hinds shed 16 nP to Rs. 8.51.

Cotton yarns ruled dull, notwithstanding the possibility of reduced arrivals from Madras and Coimbatore sides, in view of power shortage affecting production there. In the meantime, operators are awaiting the reaction of the Maharashtra Finance Minister to the plea of traders for revision in sales tax on cotton yarn which has been raised from 1 per cent to 2 per cent. A deputation of the Bombay Yarn Merchants Association and Exchange Ltd. waited on the Minister this week. The Association spokesmen brought to the notice of the Minister the fact that the turnover of cotton yarn business in Bombay was about Rs. 25 crores per year. A large part of this trade, it was pointed out, would be diverted to other States such as West Bengal and Madhya Pradesh where there is no sales tax on cotton yarn. It is further stated that the cost of the handloom cloth in Maharashtra would move up and it would be difficult to market handloom cloth and powerloom cloth owing to competition from other States.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	27-6-1962	20-6-1962
	Rs	Rs.
Art silk yarn —		
20/1 Amilon (100 kg.)—		
June	4,235.00	4,115.00
August	4,340.00	4,230.00
120 Japan (per 100 kg.)	2,260.00	2,205.00
150 Japan (per 100 kg.)	2,205.00	1,984.00
120 Italy (per 100 kg.)	1,819.00	1,902.80
150 Italy (per 100 kg.)	1,736.00	1,736.00
Nat. Ray. 150 Bt. 1 (per kg.)	13.55	14.37
Staple fibre yarn (40 x 2)—		
June	726.00	737.00
August	751.00	762.00
Kohinoor (per kg.)	8.38	8.47
Cotton yarn (per bundle of 10 lbs.)		
10s Podar	17.50	17.50
20s Podar	21.75	21.75
32s Madura	29.50	30.00
40s Madura	35.00	35.50
60s Finlay	72.50	73.50

OILSEEDS STEADY

(From Our Own Correspondent)

BOMBAY, *27th June*

Barring castorseeds which drifted downwards on persistent selling pressure, the oilseeds market ruled distinctly steady during the week under review. Groundnuts put on a cheerful appearance on reports suggesting delay in sowing operations due to inadequate rains in most of the groundnut-growing areas, particularly Kathiawar and Maharashtra. Linseed was firm, following encouraging advices from sarson markets in North India. In sympathy, cottonseeds elicited good support. But castorseeds encountered selling induced mainly by the report that the U.S. Senate had passed a Bill, authorising the Government to dispose of castor oil from strategic stockpiles. But for this report, castorseed would have registered a rise in values consequent on the reduction of $14 to $30 per tonnes in freight rates for castor oil exports from India announced by the West Coast of India-Pakistan and the U.S. Conference; the reduction is with effect from the 19th inst.

Among groundnuts, July 1962 contract advanced by Rs. 3.15 to Rs. 213.75. September 1962 contract rose by a rupee to Rs. 215.50. Nizam bold was fully maintained at Rs. 42.25, as also oil railway receipts at Rs. 18.50. Oil July and September 1962 contracts hardened by 15 nP each to Rs. 18.30 and Rs. 18.55, respectively.

Linseed June 1962 contract rose by 50 nP to Rs. 40.75. September 1962 contract strengthened by 13 nP to Rs. 40.50. Bold ready was higher by 20 nP at 39.75. Linseed oil, however, shed 15 nP to Rs. 15.35.

Cottonseed September 1962 contract closed higher at Rs. 105, as compared with Rs. 103.50. July 1962 contract improved by a rupee to Rs. 102.50. White picked up 37 nP to Rs. 19.87. Both non-white and Berar were fully steady at Rs. 21.

In the castorseed section, September 1962 contract fell by Re. 1.13 to Rs. 160.62. Madras small eased by 12 nP to Rs. 31. Oil Commercial shed 15 nP to Rs. 11.75 and Oil B.S.S. 10 nP to Rs. 12.45.

The following table shows the closing prices of oilseeds and oils on Wednesday, the 27th June, as compared with those of the two previous weeks:

	27-6-1962	20-6-1962	13-6-1962
Groundnut	Rs.	Rs.	Rs.
July 1962	213.75	210.62	211.37
September	215.50	214.50	214.75
Nizam bold	42.25	42.25	42.50
Khandesh quality	45.50	45.75	45.75
Oil ex-mill ready*	19.00	19.10	19.00
Railway receipts*	18.50	18.50	18.65
Oil July 1962	18.30	18.15	18.15
Castorseed			
June 1962	159.00	160.75	157.50
September 1962	160.62	161.75	161.25
Ready Madras	31.00	31.12	31.62
Ready Kanpur	30.00	30.25	30.50
Oil B.S.S.†	12.45	12.55	12.75
Oil commercial†	11.75	11.90	12.15
Linseed			
June 1962	40.75	40.25	39.87
September 1962	40.50	40.37	39.87
Bold ready	39.75	39.25	39.25
Oil ready†	15.35	15.50	15.40
Cottonseed July 1962	102.50	101.50	100.50
Niger seed	36.00	35.00	35.00
Kardi seed	26.50	25.50	25.00

* Rates include excise duty but exclude sales tax.
† Rates exclude both excise duty and sales tax.
N.B.—All quotations for futures contracts are per 250 kilograms, except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

GOOD DEMAND FOR TEA

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *21st June*

A total of 863,000 kgs. was offered in sale No. 25 held on Tuesday the 19th inst. Quality in general showed little change. The market met with good general demand. Brighter liquoring low medium and medium brokens were well supported at generally dearer rates, while others were irregular. Brighter fannings under this category were firm, but others, particularly plainer kinds, evoked less support and were sometimes difficult of sale. Good mediums elicited keen demand and were fully firm. There was better support for highgrowns. The poorer descriptions were fully firm and occasionally dearer whereas others sold at around last rates. Teas of unorthodox manufacture were well competed for, the majority of them being sold at rates above last. Black leaf brokens and fannings also sometimes registered advances. Whole leaf grades and a small selection of tippy teas were well supported.

The quotations per kg. were:

	1962 Rs.	1961 Rs.
Low mediums	3.10-4.00	4.20-4.35
Mediums	3.90-4.30	4.35-4.50
Good mediums	4.30-5.25	4.50-4.70
Nilgiri B.O.P.	4.00-5.95	4.50-5.45

The average price realised in sale No. 25 was Rs. 3.89, as against Rs. 3.95 a week ago and Rs. 4.4 in the corresponding sale last year.

Offerings amounted to 433,000 kgs. in dust sale No. 25 held on Thursday, the 21st inst. The market met with good demand. Low medium and mediums were well supported at fully firm to dearer rates. A few of the more fibrous kinds under this category did not receive the same support. There was good inquiry for good mediums which sold at around last rates. Highgrowns were also well supported and these were quoted barely steady. Milled and residual descriptions met with keen competition and were stronger, sometimes selling up to 30 nP above last prices. Unorthodox dusts were irregular. C.T.Cs were dearer while C.T.C. types and legg-cut types, although selling readily, inclined a little easier. There was useful support for clean black grainy descriptions.

The average price realised in dust sale No. 24 was Rs. 3.24 per kg. as compared with Rs. 3.19 a week ago and Rs. 4.14 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No.* 26: 801,000 kgs. offered. Strong demand. Low medium and medium brokens firm. Similar fannings easier. Brighter good mediums about steady. Others easier. Highgrowns fully firm. Unorthodox irregular and easier."

METALS TURN EASY

(From Our Own Correspondent)

CALCUTTA, *26th June*

In the absence of support at higher levels, last week's rise in metal prices here was short-lived, as tin eased measurably and zinc looked back this week. However, lead remained unchanged and copper scrap continued fully firm. The reaction followed the belief that the Government of India would be disinclined to cut the imports of non-ferrous metals in the light of a speedy progress in machine building industries. Moreover, the signing in New Delhi of the Indo-U.S. agreement for the non-project loan of $200 million to finance imports of raw materials, including non-ferrous metals, components and machinery, also contributed to the reaction. As India imports copper only from the U.S.A. and these are covered by loans, it is believed that there would be no cut in imports of copper. In order that the copper imports should be fully utilised, these should be matched by adequate imports of zinc and tin for alloy making. Hence it is to be hoped that the import quota of zinc and tin would also be maintained at the present levels.

On the London Metal Exchange, spot copper was unchanged at £234 a ton, while the three months gained from £230 to £230½. However, the New York market displayed softness. Copper scrap was in acute shortage in Calcutta, but an easing of the supply position was expected to set in soon now that the D.L.F. supplies had started arriving. At Rs. 541.25 per 100 kgs., utensil scrap recorded a ten-point rise, while berry scrap was unchanged at Rs. 589.50 per 100 kgs. The easiness in New York was attributed to the earlier reports indicating the possibility of release of copper by the U.S. from its surplus stocks. It was reported that the U.S. was keen to release about 142,000 tons. Mr. Simon D. Strauss, Vice-President of the American Smelting and Refining Company, observed that the awareness among consumers of the abundant nature of supplies of copper and the increased production capacity in several mines were factors which were causing price stability in the U.S. market and hoped that the proposed releases would be orderly and in stages so that their impact on the market would be the minimum.

Following selling pressure, tin here eased from Rs. 1,881.75 per 100 kgs. to Rs. 1,840. There was less demand, and the stock position also improved as a result of recent arrivals. On the London Metal Exchange, tin improved once from £850 a ton to £865, but closed at £857. The recovery in London followed the latest U.S. report that the Administration would release from the stockpiles only about 1,000 tons a month and that it would take a few years to complete the proposed total release of 50,000 tons. The releases would be so arranged, the report said, that the U.S. and other world markets would not feel the impact. It appeared from the report that the releases would not be at stipulated prices, but at market prices at the time of the releases. The U.S. Administration has since assured that the releases would not be made before the tin producing countries, viz., Nigeria, Congo, Bolivia, Indonesia, Thailand and Malaya were consulted.

Electrolytic zinc opened here at Rs. 256.00 per 100 kgs. and improved to Rs. 269.75. However, as support at higher levels was lacking and the stock position was modest, a gradual decline to Rs. 267.75 was recorded. In London, the metal closed at £65-7/8 a ton, after opening at £65¼, and lead at £56¾ a ton, after opening at £56¼. Lead here was unchanged at Rs. 147.75 per 100 kgs.

Note was taken of the uncertain nature of the deliberations at the recent meeting of the International Lead and Zinc Study Group. World supplies of zinc were now much in excess of demand, and the group recorded that the world producers' stocks had declined by 40,000 tons in the first quarter of this year. Nothing was indicated about any plan for international control of production. The U.S., Japan, Spain and the Six European countries agreed to make a voluntary cut in production of both zinc and lead, while Australia, Peru and Sweden agreed to limit their production of lead. The U.S.S.R. has agreed not to increase exports of lead and zinc to the Western countries. The Study Group is scheduled to meet again in October next, when it would consider developments in the light of the above undertakings by the producing countries.

FOODGRAINS STEADY

(From Our Own Correspondent)

HAPUR, *25th June*

A steady tone was witnessed in the local foodgrains market during the past week due to decline in arrivals of *rabi* grains. *Kharif* sowings were being done, but extensive sowings would be possible only with the onset of monsoon in the next few days. Wheat prices improved by 67 nP a quintal during the week to be quoted on Monday at Rs. 38.18 for the average quality and at Rs. 41.53 to Rs. 46.22 for the superior farm produce. However, the red quality wheat was easy at Rs. 36.17 to Rs. 36.81 a quintal. Daily arrivals of wheat declined to an average of 1,000 maunds. Part of them were from east U.P. and, as the bulk of them went to stockists, the local stock with trade here rose to 70,000 maunds. The average quality was quoted at Rs. 14.25 a maund, almost the same level as in the corresponding period last year, but, in 1960, it was done higher at Rs. 15.50.

Prices of the coarse quality rice sought higher levels on good demand in the face of poor arrivals and small stocks around 10,000 maunds. New paddy sowings would commence with the beginning of rains. Week-end prices (in rupees per quintal) were: Rice *basmati* superior 80.38 to 96.45, *sela raimunia* 66.98 and *gadda* 53.58. Gram also recorded modest gains during the week to Rs. 38.85 to Rs. 41.19 per quintal on firm Punjab advices. Arrivals declined to 500 to 600 maunds a day, and stocks were around 22,000 maunds. Barley was steady at Rs. 28.13, and so was *bejhar* at Rs. 28.13 to Rs. 30.81 per quintal. Daily arrivals and local stocks of these coarse grains were poor around 10,000 maunds each.

Methi eased, as demand from Bengal was reported slack. *Juwar* and *guwar* continued to attract good buying support for sowing purposes. Sowings of maize and *bajra* as foodgrains and *juwar* and *guwar* as fodder crops were being done. Week-end prices (in rupees per quintal) were: *Methi* 56.26, *juwar* 40.19 to 44.21, *guwar* 40.19, maize 31.15 and *bajra* 37.51.

In pulses, peas continued steady, thanks to brisk buying support mainly from Madras. The week's offtake by that centre was six wagonloads. Daily arrivals dropped to an average of 300 to 400 maunds but total stocks were still heavy around 74,000 maunds. Stocks on the same date last year were also heavy at 90,000 maunds. *Arhar* ruled steady in sympathy with peas. *Moong* was depressed.

JUTE GOODS STEADIER

(From Our Own Correspondent)

CALCUTTA, *26th June*

Although the jute goods market began the week on a distinctly subdued note against the background of the earlier suspension of purchases by Argentina, steadier conditions set in as the week progressed and prices not only gained earlier losses but closed higher on balance. This was so because of reports of gain in prices in the New York burlap market, where, on sustained buying, the 40" 10 oz. hessian spot rose from 14.65 cents per yard to 14.95 cents and the 7½ oz. from 10.45 cents to 10.60 cents. This was highly pleasing to the market, since earlier it had been reported that, in view of the unsteady trends in stock market, activities in the U.S. and the heavy purchases by that country in recent weeks, buyers for the U.S. were likely to show interest only on a hand-to-mouth basis for some time to come. Much satisfaction was also caused by the news suggesting that the U.S. burlap consumption in the U.S. aggregated 73 million yards in May, showing a rise of 3 million yards over April 1962 and 16 million yards over May 1961. The monthly average for the past five months was higher at 77 million yards, as against 57 million yards for the corresponding previous period and 65 million yards for the whole of 1961.

Despite these encouraging features, there was the apprehension that, if the present unsteadiness in the U.S. stock markets were to continue, burlap consumption might be affected. Such an apprehension explained the earlier bearishness in the futures trading where August 40" 10 oz., opening at Rs. 53.10, eased to Rs. 52.84. However, recovery soon set in, and the quotation reached a high of Rs. 54.84. These trends were also visible in August B. twills, which, opening at Rs. 125, fell to Rs. 122.90, but soon made good to Rs. 126.70. The uncertainty about the future could easily be detected, in that forward business coming up was very shy. Continental buyers of hessian would appear to have put off buying, as they considered that the present level of prices was high. Argentina has now put off further purchases, as it considers that its support was a factor for the steady uptrend. The quota which Argentina was to complete this month was 9,000 bales, but it was very unlikely that this would be completed. Argentina would make further purchases if the price of 40" 10 oz. now quoting at Rs. 61.25 came down to Rs. 58. That buyers for Argentina expected a decline has been indicated in that the steamer which was expected to leave with 9,000 bales and balance from last month, has been postponed for next month. However, current conditions in the market as well as the knowledge that Argentina has to make up a good deal to cover its requirements for the year do not indicate that the price would decline to Rs. 58, in the short-run at any rate.

During the week, fibre prices were firm. Since the reports of damages to plant on account of recent excessive rains have been discounted and the present sunny weather has done much good to plants, the premium for the new crop, which was Rs. 2 a maund a week ago, fell to Re. 1 a maund. However, sellers were reserved and demanded a premium of Re. 1.50 a maund. Meanwhile, mills continued to show interest in Assam and Northern bottoms of the old crop which were quoted at Rs. 30 and Rs. 29.50, respectively. June-July daissee bottoms were unchanged at Rs. 33.50. It has been stated on behalf of the West Bengal Government that, in view of the unsatisfactory prices received by growers this year, the current area under mesta was expected to be lower than 15 per cent as compared with 1961-62. It is further stated that this year's early monsoon is likely to induce the farmers to go in for more paddy than jute. In 1961-62 West Bengal's total jute acreage was 1.14 million which yielded 3.35 million bales. The acreage under mesta was 340,000 and yield 715,000 bales.

The fall in prices in Pakistan—the current price there is about Rs. 10 to Rs. 15 basis bottoms —has rightly caused much alarm to authorities there. In order to arrest the decline, the minimum prices for export have already been increased, and an inquiry commission has been proposed to examine all details of the jute trade and recommend measures for betterment. The Pakistan Government is also reported to be favouring the financment of small shippers in order to minimise monopoly by big shippers. The constitution of a futures market is also likely. However, the Government is reported to be not favouring the idea of fixing minimum prices.

While it is not known if the 20 per cent cut in imports recently announced would affect the imports of spare parts and machinery required to enable mills to increase their spinning capacity, which has already been sanctioned by the Government, trade circles referred to the export promotion measures now being taken by the Union Minister for International Trade and said that, if only adequate attention was paid to this industry, exports of jute goods could be increased. Referring to the need to increase the produce of cotton and oilseeds, the Union Finance Minister, in his recent statement to Parliament, took pardonable pride for the achievement of self-sufficiency in raw jute. In this connection, it should be pointed out that raw jute cultivators and others realised enormous profits in 1960-61 season; this led to the following bumper crop, which, when its full impact on the market was being felt, affected prices. Government measures in co-ordination with the mills industry prevented prices from falling to levels which were considered as being below cost of production.

Encouraged by the success of the price support scheme and out of a desire to ensure a fair return to cultivators, the Government was recently reported to have fixed minimum prices for the next crop on the same level as this year. This has been done without consultation with the mills. Even in the worst stage of the crisis which faced the fibre market in the last year, the Government acted in complete unison with the mills. The crisis having passed and stable conditions having returned to bring prices to a new equilibrium, the Government's action in fixing minimum prices for the next crop without consulting the manufacturing industry and ascertaining its views should be considered unfortunate, if reportedly true. In this connection, the Planning Commission's decision to ask the Indian Central Jute Committee to examine the jute development measures initiated in the first and second Plan periods and determine the measure of achievement as well as causes of failure of some of the steps is in the right direction. For the findings would enable constructive lessons to be drawn for the future especially because the investigation would be in relation to fertilisers, seeds, cultural practices, plant protection measures, retting facilities, etc.

Bearishness in the future activity imparted a quiet trend in the ready goods market, where B. twills were weak at Rs. 125, as against the overnight quotation of Rs. 125.40. However, ready hessian 40" 10 oz. was about steady at Rs. 59.60, as against Rs. 59.50. At this stage, good covering business developed, and this was reflected in ready hessian 40" 10 oz. gaining to Rs. 60 on Wednesday. However, fresh overseas business was lacking. Heavy goods also met with covering demand, but this was inadequate to maintain the quotation which, therefore, fell to Rs. 124.75. At this stage, that is, on Thursday, reports of substantial interest by Ghana in B. twills against July-August shipments pushed up B. twills to Rs. 127.25. Also, activity in futures trading became keener. In sympathy, ready hessian 40" 10 oz. hardened to Rs. 60.75. Encouraging reports were received from the U.S. burlap market. Buying interest soon developed in both heavy goods and hessian for ready as well as near deliveries. Prices were accordingly pushed up on Friday, but gains were invaded by profit-taking. All the same, quotations were higher on balance, with ready hessian 40" 10 oz. at Rs. 61.25 and B. twills at Rs. 129.25. Although there was little business done over the week-end, prices were steady at Rs. 61.50 and Rs. 129.00 respectively. During yesterday's trading, ready B. twills spurted to Rs. 131.50 following keen speculative activity in the futures market. No

THREE GOLDEN HORSES.... *consistency!*

Consistency is an important word in the production of yarns. A good rayon yarn offers, first and foremost, *consistency*: uniformity, dependability. The most modern of yarn-producing facilities, themselves marvels of operational consistency, produce THREE GOLDEN HORSES Rayon Yarn. And with great *consistency*, the uses for THREE GOLDEN HORSES are increasing. We think you'll agree when we suggest that *consistency* is really the healthy credo of all success, and is desirable in every department of manufacture.

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genuine business was transacted; only Cuban inquiries revealed interest for a substantial quantity. A Burmese tender for about 5,000 bales was thought to be on the way.

SUGAR DRIFTS LOWER

(From Our Own Correspondent)

HAPUR, *25th June*

Sugar prices here drifted lower this week owing to easy supply position in the wake of the monthly release for open sale. Mill delivery prices eased by 6 nP to 19 nP per maund, and spot delivery prices by 25 nP a quintal. Demand from Gujarat and Saurashtra was slack. Week-end prices were: Spot delivery *Simbhauli* Rs. 105.75, mill delivery (per maund) D29 *Amroha* Rs. 36.69, *Dhampur* Rs. 39.56, *Seohara* Rs. 38.69, Meerut Rs. 39.25, E29 *Simbhauli* Rs. 39.12, Bijnore Rs. 38.62 and *Dhampur* Rs. 38.44.

A steady trend was witnessed in the Muzaffarnagar market during the past week on brisk demand from Gujarat, Punjab, Rajasthan and Saurashtra. Prices improved by 7 nP to 38 nP a maund. No forward deals were reported. Spot prices also improved by 50 nP a bag due to higher offtake. Despatches improved considerably, as sugar was lifted by both rail and road transport. The Kanpur market was buoyant during the week in the wake of heavy purchases by Maharashtra and Saurashtra, coupled with revival of demand from West Bengal.

Khandsari continued to evoke good inquiry and ruled firm. Demand from Punjab, Rajasthan and local areas caused prices to move up by 50 nP to Re. 1 per maund.

Gur registered sharp gains due to brisk buying support mainly from Gujarat. The week's offtake by that destination was eight wagonloads. The local *gur* stock shrunk considerably to 4,000 maunds. *Shakker*, too, was much in request, and the prices continued to rise. Standing cane crop was affected by the absence of rains. Week-end prices were: *Gur* superior Rs. 57.60 to Rs. 60.28, *dara* Rs. 50.51 to Rs. 53.58 and *shakker* Rs. 64.20.

Continued demand from Gujarat accounted for a sharp rise in *gur* prices in the Muzaffarnagar market also. The *chaku* quality improved to Rs. 22 to Rs. 22.75 a maund and the *kotha* wet was being lifted at Rs. 18.50 per maund. *Rusket khurpa* evinced interest from Rajasthan at Rs. 8 to Rs. 11.50 a maund.

Gur futures moved both ways during the week. The *Fagun* contract, having opened at Rs. 19.40 last Monday, touched the highest and the lowest levels of Rs. 19.45 and Rs. 19.23, respectively, in the mid-session and was done today at Rs. 19.38.

RESTRICTED DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *26th June*

The prevalence of exceptionally good weather explains why tea production in the country has so far been ahead of last year's level for the corresponding period. Higher production is seen not only in the North, but also in the South. And it is because of the expected increase in production this year that buyers in the export auctions, held so far in Calcutta, have shown small interest in our tea. Considering that the U.K. tea stocks for the week ended 15th June 1962 fell by 2 million lbs. to 123 million lbs., it was expected that British demand in the auctions should rise. However, the idle conditions in the export sales held so far intrigued the trade which attributed the lull to the need for more competitive prices. As pointed out by the Tea Planters' Association of India, excessive taxation by the Central and State Governments and the high cost of transport have raised the cost of production. The increased wages and amenities for labour have not reflected themselves in the labour productivity.

A candid and outspoken analysis of the present ills of the industry came from Mr. N. K. Dutta in his presidential speech at the silver jubilee session of the Assam Tea Planters' Association, held at Jorhat earlier in the week. Mr. Dutta declared that despite the recent tax concessions, the industry's production costs were extremely high in relation to other tea producing countries. Contributory causes to this unsatisfactory state of affairs, Mr. Dutta said, were the high cost of labour, coal and fertilisers which was accentuated by the new excise duty on aluminium foils and plywood and the increased railway and steamer freights. The Union Finance Minister, who also spoke on the occasion, said that he could not contemplate any further immediate concession to the industry, for, if the concessions went beyond certain limits, other countries might react differently and cause unfair competition to prevail.

Against the background of a rapid fall in sterling balances and the foreign aid uncertainties, the need to step up exports of tea has become all the greater, which is now too well realised by New Delhi. As 85 per cent of India's exports comprise traditional items such as tea, jute goods, cotton textiles, oilseeds, mineral ores, etc., it is but proper that export efforts should be directed to these commodities in the first instance.

The tea trade has generally agreed that, as a result of the reduction in the export duty, tea exports should increase. According to Mr. Manubhai Shah, Union Minister for International Trade, an increase of Rs. 5 crores was not difficult to realise, if the proposed entry of the U.K. in the European Common Market would not disturb the existing pattern of Commonwealth trade. Mr. Shah recently desired to get a larger share for tea in the expanding economy of the Continent. If only the existing duty on tea in several European countries is reduced, the tea drinking habit would receive the much-needed impetus. If this were to happen, a striking increase in world production would be necessary to cope with demand.

However, such hope might not be realised now. The E.E.C. is now reported disinclined to abolish *in toto* the existing common external tariff of 18 per cent on tea. A 40 per cent cut was reported to have been agreed. A greater reduction depended on the British negotiations at Brussels. Consumption in the U.K., where a duty was in force before the Commonwealth concessions, increased from year to year. This underscores the need to introduce tea in areas where it is little known. If only the E.C.M. area is fully tapped, results would be very encouraging. Against this background, the formation of a European Tea Committee in Brussels, to which the Indian Tea Board has offered all co-operation, was noted by the trade here with considerable satisfaction.

An Indian firm has urged New Delhi to grant it subsidy to sell blended tea in the U.S. It was officially stated that this suggestion was under consideration. The trade would welcome other measures to promote sales in Canada and the U.S. The fact that tea sales in the U.S. grocery stores increased by 3 per cent to 89 million lbs. in 1961 goes to show that more encouraging results could be achieved out of greater efforts at sales promotion. The popularity of instant tea in the U.S. could be imagined from the fact that it formed about 7.9 per cent of total sales in 1961. A decade ago, instant tea was unheard of. Another trend in evidence was the preference for bagged tea over loose tea.

The proposal of the Assam Government to start an auction centre in Gauhati was not supported by the Union Finance Minister on the ground that Gauhati offers little facilities for an auction centre.

Offerings at yesterday's export sales here totalled 29,743 packages which met with good general demand. The better C.T.Cs attracted keen competition, while the plained liquoring teas were sold at prices below the brokers' valuations. Among medium teas, fannings were firm and broken grades were subjected to greater competition. The brighter liquoring orthodox Assams and Dooars were fully firm as were tippy B.O.Ps and O.Fs Whole leaf grades were steady, but plain teas met with support at prices below valuations. Darjeelings were weak. The quotations per one kg. (in rupees), inclusive of the excise duty, were: Best Assam C.T.C. fannings 6.60 to 7.20, best Assam C.T.C. B.P. 6.40 to 6.80, medium Assam C.T.C. fannings 5.40 to 5.70, medium Assam C.T.C. B.P. 5.60 to 5.90, clean plain pekoe 4.30 to 4.60, plain fannings 4.00 to 4.30 and plain B.P. 4.00 to 4.30.

Notice

SYNTHETICS AND CHEMICALS LIMITED

NOTICE

THE SECOND ANNUAL GENERAL MEETING of SYNTHETICS AND CHEMICALS LIMITED will be held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, 76, Vir Nariman Road, Bombay-1, on Thursday, 26th July, 1962, at 4-30 p.m., to transact the following business:

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account of the Company for the year ended 31st March, 1962 and the Balance Sheet as at 31st March, 1962.
2. To appoint Directors in place of Mr. Tulsidas Kilachand, Mr. W. D. Waugh and Mr. Kishore M. Premchand, who retire by rotation and being eligible offer themselves for re-appointment.
3. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED that approval be and is hereby given to the issue of 1,25,000 Equity Shares of Rs. 100 each at a premium of Rs. 20 per share to be offered to the holders of the existing Equity Shares in the Capital of the Company, the same to be offered to the members whose names appear in the Register of Members on such date as the Directors may hereafter resolve in the proportion of 5 such new Equity Shares for every 18 existing Equity Shares of Rs. 100 each held by such members on such date and if the offer of new Equity Shares results in any member becoming entitled to a fractional interest in a share, then and in that event no fractional certificates shall be issued to members but that the fractional interests shall be consolidated and allotted as the Board of Directors deem fit to any person or persons, including themselves or to any one or more of the employees of the Company, for the purpose of being sold and the proceeds, less the proportionate payment of the amount due and payable to the Company for such shares including premium of Rs. 20 per share and also less the expenses of sale and any other expenses, be divided *pro rata* amongst the members who would otherwise have been entitled to a fraction or fractions of such new Equity Shares, and the Directors be authorised to make such arrangements regarding the issue and offer such new Equity Shares subject to the provisions of this resolution as they may consider advisable."

5. To consider and if thought fit to pass the following resolution as a Special Resolution:

"RESOLVED that subject to the consent of Controller of Capital Issues and subject to the consent of Messrs. Elton Henry Schulenberg and Walter Dale Waugh, each of whom is a holder of 50 Equity Shares in the capital of the Company being obtained for the purpose, the Directors be and they are hereby authorised to offer to Firestone Tire & Rubber Company of Akron, Ohio, U.S.A., 31,250 Equity Shares out of such new issue at a premium of Rs. 20 per share and that no offer of new Equity Shares be made to the said Messrs. Elton Henry Schulenberg and Walter Dale Waugh in respect of the 50 Equity Shares standing in their respective names."

6. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED that approval is hereby given to the Directors to vary the terms of the following contracts referred to in the Prospectus issued by the Company and dated 13th day of May, 1960 as may be required for the purpose of making arrangements for expanding the capacity of the Plant to 30,000 tons per year.

(1) Technical Collaboration Agreement dated 30th January, 1960 made between Kilachand Devchand & Company Pvt. Ltd., and the Firestone Tire & Rubber Company as adopted by this Company by an Agreement dated 25th March, 1960 made between this Company and Kilachand Devchand & Co. Pvt. Limited.

(2) Agreement dated the 12th December, 1960 consequential upon the letter dated 20th April, 1960 from the Firestone Tire & Rubber Company regarding the loan of the difference between U.S. $5,625,000 and the costs of obtaining at par 1,12,500 Equity Shares of the Company."

7. To consent, pursuant to Section 314 of the Companies Act, 1956 to Mr. M. B. Daphtary who is a relative (within the meaning of Section 6 of the Act) of Mr. B. K. Daphtary, a Director of the Company being and continuing to hold an office or place of profit under the Company as an employee, and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED that the Company hereby accords its consent under Section 314 of the Companies Act, 1956 and other applicable provisions (if any) of the said Act to Mr. M. B. Daphtary who is a relative of Mr. B. K. Daphtary, a Director of the Company, holding and continuing to hold office or place of profit under the Company as an employee on a basic salary of Rs. 880 per month in the time scale of Rs. 700-60-1,000-70-1,350 together with the usual allowances and the benefits, amenities and facilities applicable to the employees occupying similar posts, with authority to the Board of Directors to sanction special increments within the grade or to withhold increments as they may deem fit and proper."

Notes:—(a) A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and to vote instead of himself and the proxy need not be a Member.

(b) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 16th July, 1962 to Thursday, 26th July, 1962 (both days inclusive).

(c) Copies of the above agreements and documents mentioned in items 4, 5 and 6 are open for inspection during business hours on any working day till 12-00 noon of 26th July, 1962.

(d) An explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of the aforesaid Special Business is annexed to the convening Notice sent to members.

By Order of the Board of Directors,
K. B. DABKE,
Secretary.

BOMBAY, *1st June, 1962.*

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 22nd June, 1962

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long-term Operations) Fund	50,00,00,000
National Agricultural Credit (Stabilisation) Fund	6,00,00,000
Deposits—	
(a) Government—	
(1) Central Government	69,76,82,000
(2) Other Governments	4,70,36,000
(b) Banks	98,62,41,000
(c) Others	151,26,81,000
Bills Payable	16,91,50,000
Other Liabilities	71,15,13,000
Rupees	583,13,72,000

ASSETS	Rs.
Notes	41,07,07,000
Rupee Coin	2,06,000
Subsidiary Coin	3,32,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	52,25,38,000
Balances held abroad*	9,65,56,000
Loans and Advances to Governments†	124,50,83,000
Other Loans and Advances	122,12,51,000
Investments	194,02,87,000
Other Assets	39,74,12,000
Rupees	583,13,72,000

* Includes Cash and Short-term Securities.
† Includes Temporary Overdrafts to State Governments.
The item 'Other Loans and Advances' includes Rs. 93,50,000 advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	41,07,07,000	
Notes in circulation	2097,03,63,000	
Total Notes issued		2138,10,70,000
Total Liabilities		2138,10,70,000

ASSETS	Rs.	Rs.
A. Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	92,68,17,000	
Foreign Securities		
Total of A		210,44,27,000
B. Rupee Coin		114,43,79,000
Government of India Rupee Securities		1813,22,64,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2138,10,70,000

CROP FORECASTS

Crop	Forecast	(Area in thousand Hectares) 1961-62	1960-61	(Production in thousand metric tons) 1961-62	1960-61
Cereals—					
Rice	final	33,850	33,567	34,149	34,198
Wheat	final	12,850†	13,170††	10,858†	10,251††
Jowar	final	17,011†	17,061††	9,231†	8,132††
Bajra	final	11,357†	10,826††	3,184†	3,375††
Barley	final	3,204†	3,337††	2,778†	2,717††
Maize	final	4,354†	4,333††	3,378†	4,070††
Ragi	final	2,311†	2,414††	1,666†	1,931††
Small millets	final	4,956†	5,026††	1,980†	2,002††
Total cereals	final	89,818†	89,728††	67,874†	64,199††
Pulses—					
Gram	final	9,503†	10,268††	6,306†	5,590††
Tur	final	2,359†	2,383††	2,077†	1,694††
Other Kharif pulses§	final	6,051†	6,390††	1,478†	1,556††
Rabi pulses‡	final	5,424†	5,297††	2,805†	2,879††
Total pulses	final	23,337†	24,338††	12,666†	11,719††
Total foodgrains		113,155†	114,066††	80,540†	75,918††
Oilseeds—					
Groundnut	final	6,413	6,257	4,757	4,462
Castorseed	final	459†	473††	100†	108††
Sesamum	final	1,060†	2,195††	293†	305††
Rape and Mustard	final	2,940†	2,894††	1,402†	1,064††
Linseed	final	1,713†	1,044††	417†	438††
Total oilseeds	final	13,333†	13,521††	6,636†	5,980††
Fibres—					
Cotton*	final	7,678†	7,610††	5,394†	3,678††
Jute A.	final	914	285††	6,310	4,104††
Mesta A.	final	281†	328††	1,147†	1,118††
Sannhemp@	final	320†	328††	77†	77††
Other crops—					
Potato	final	358†	357††	2,099†	2,766††
Sugarcane@	final	2,321†	2,112††	86,406†	76,404††
Ginger (Dry)	final	18†	17††	17†	15††
Pepper (Black)	final	95†	95††	27†	27††
Chillies (Dry)	final	604†	596††	369†	342††
Tobacco	final	392†	370††	209†	285††

Source: Ministry of Food and Agriculture. § Excluding Tur.
* In terms of lint cotton and in thousand bales of 177.8 Kgs. each.
‡ Excluding Gram and Tur. A.—In thousand bales of 181.4 Kgms each. ‡‡ Relates to fibre crop only.
@ Yield in terms of cane. † Relates to 1960-61.
†† Relates to 1959-60.

State Bank of India

Statement of Affairs for the week ended 22nd June, 1962

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,000 shares of Rs. 100 each	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each	5,62,50,000	5,62,50,000
Reserve Fund and Other Reserves		8,20,00,000
Deposits and Other Accounts		566,28,89,000
Borrowings from Other Banking Companies, Agents, etc.		18,00,000
Bills Payable		13,16,35,000
Bills for Collection being Bills receivable as per contra		2,50,09,000
Acceptances, Endorsements and Other Obligations per contra		7,37,88,000
Other Liabilities (including Inter-Office Adjustments)		8,46,01,000
Total Rs.		611,79,72,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		21,05,29,000
Balances with other Banks		3,17,26,000
Money at Call and Short Notice		2,13,33,000
INVESTMENTS—		
Government and other Trustee Securities	221,92,47,000	
Other Authorised Investments	8,90,31,000	230,82,78,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	273,07,03,000	
Bills Discounted and Purchased	16,53,53,000	289,60,56,000
Bills Receivable being Bills for Collection as per contra		2,50,09,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		7,37,88,000
Premises less Depreciation		1,92,98,000
Furniture and Fixtures less Depreciation		1,54,91,000
Other Assets (including Inter-Office Adjustments)		51,64,64,000
Total Rs.		611,79,72,000

EXCHANGE RATES

	27th June 1962	20th June 1962
London on New York $, per Dollar	2.8072-2.8075	2.8092-2.8095
New York on London Cents per £	280.730-280.760	280.930-280.960
London on Paris .. .. Fcs.	13.7560-13.7585	13.7640-13.7665
London on Berne .. Sw. Fcs.	12.1125-12.1150	12.1206-12.1230
Pound Sterling—		
Sellers T.T. D.D. Spot .. £.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. £.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. £.	1-5 1/32	1-5 1/32
Buyers D.D. .. .. £.	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. Rs. to $ 100	476.75	476.50
Buyers T.T. Rs. to $ 100	473.25	473.25
Canadian Dollars—		
Sellers T.T. D.D... Rs. to $100	443.25	439.25
Buyers T.T. .. .. ,,	435.25	431.75
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.60	102.70
Buyers T.T. .. .. ,,	103.70	103.80
Swiss Francs—		
Sellers T.T. D.D... ,,	90.40	90.40
Buyers T.T. .. .. ,,	91.80	91.40
Deutsche Marks—		
Sellers T.T. D.D... ,,	83.60	83.70
Buyers T.T. .. .. ,,	84.50	84.60
Italian Lire—		
Sellers T.T. D.D... ,,	12,980	12,995
Buyers T.T. .. .. ,,	13,150	13,165
Swedish Kroner—		
Sellers T.T. D.D... ,,	107.80	107.80
Buyers T.T. .. .. ,,	108.80	108.90
Belgian Francs—		
Sellers T.T. D.D... ,,	1,040	1,040
Buyers T.T. .. .. ,,	1,056	1,056
Dutch Guilders—		
Sellers T.T. D.D... ,,	75.20	75.30
Buyers T.T. .. .. ,,	76.10	76.20
Hongkong Dollars—		
Sellers T.T. D.D... ,,	119.90	120.10
Buyers T.T. .. .. ,,	120.90	121.10

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1952-53=100)

Particulars	Weight	2nd June 1962	26th May 1962	3rd June 1961	March 1962	March 1961	Percentage of Increase (+) or Decrease (-) in March 1962 as compared with March 1961	Annual Average 1961	Annual Average 1960
Food Articles	504	126.0	125.4	119.0	119.2	117.5	+ 1.4	118.5	120.2 R
Cereals	193	104.5	104.5	101.0	102.2	100.2	+ 2.0	101.6	105.3
Pulses	43	103.5	102.5 R	90.7	94.1	92.8	+ 1.4	91.3	93.6
Fruits and Vegetables	84	145.6	144.9	121.4	132.9	108.4	+22.6	131.2	121.1 K
Milk and Ghee	84	150.5	130.5 R	113.2	118.8	115.8	+ 2.6	115.1	115.5
Edible Oils	17	151.0	152.0	160.9	153.0	163.8	— 6.6	158.5	145.6
Fish, Eggs and Meat	17	144.4	141.7	127.6	141.7	123.6	+14.6	131.0	121.1
Sugar and *Gur*	46	134.3	129.5	119.8	120.2	117.3	+ 2.5	120.7	135.6
Others	50	173.3*	172.9*	180.0	159.2	166.8	— 4.6	172.9	168.4 R
Liquor and Tobacco	21	102.1	102.1	101.9	96.3	110.7	—13.0	100.6	104.3
Tobacco	30	98.7	98.7	123.3	123.1	121.9	+ 1.0	121.8	118.9 R
Fuel, Power, Light and Lubricants	116	122.2	122.3	149.3	138.2	159.1	—14.4	147.7	138.8
Industrial Raw Materials	61	135.1	134.9 R	155.2	135.5	176.9	—27.4	150.0	139.3
Fibres	40	126.6	125.8	150.7	149.3	159.7	— 6.5	157.8	144.9
Oilseeds	2	149.7	150.0 R	95.2	94.5	95.2	— 0.7	95.1	97.5
Minerals	5	93.8*	93.8*	127.6	129.1	128.3	+ 0.6	127.9	129.0
Others	32	126.9	126.4 R	128.7	129.4	128.7	+ 2.5	127.0	120.8
Manufacture	290	127.9	127.9	137.7	135.5	137.3	— 1.3	138.4	127.1
Intermediate Products	41	138.6	138.2	124.9	124.9	128.4	— 2.7	125.8	122.6
Finished Products	249	125.3	126.2	127.2	125.2	124.0	+ 0.6	127.7	121.2
Textiles	147	125.6	125.7 R	128.2	128.2	126.8	+ 1.1	127.5	127.5
Cotton	..	128.9*	128.8*	132.2	132.2	131.6	—27.4	133.9	115.2
Jute	..	115.1	116.1	123.7*	123.7*	121.4	+13.9	119.0	107.4
Woollen	..	127.5*	127.5*	116.5*	116.5*	116.5	+ 8.0	116.4	102.6
Silk and Rayon	..	129.0*	129.3*	151.4	152.0	151.2	+ 0.5	147.1	147.9
Metal Products	12	158.2	158.2	109.4	112.6	105.1	+ 7.1	108.7	104.7
Chemicals	20	112.6	112.6	149.0	142.4	145.4	— 2.5	146.3	140.2
Oil Cakes	10	153.3	153.7 R	112.7	116.3	112.6	+ 3.3	113.6	140.7
Machinery and Transport Equipment	21	117.5	117.5	120.2	122.1	118.6	+ 3.0	120.3	115.0
Others	30	125.2	125.1						
All Commodities	1,000	127.3	127.0	125.9	123.6	127.5	— 3.1	125.8	122.9 R

Note:— Weight shown against the sub-groups under each of the groups are those assigned to the respective groups to arrive at that group index.

R—Revised

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday) 15-6-62	8-6-62	16-2-61
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	50,01	50,91	46,48
(ii) From others	766,18	766,20	703 81
(b) Borrowings from banks	29,51	27,53	32,37
(c) Others	59,11	58,00	53,36
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	19,26	17,03	18,68
(ii) From others	1,224,81	1,217,79	1,054,78
(b) Borrowings from banks	13,93	15,06	17,23
(c) Others	10,20	10,41	22,86
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	1,990,99	1,984,00	1,758,59
4. Borrowings from Reserve Bank	8,12	12,71	91,82
(a) Against usance bills and/or promissory notes	3,64	6,51	13,78
(b) Others	4,48	7,21	6,04
5. Borrowings from State Bank and/or a notified Bank	17,51	17,04	10,30
6. Cash	55,86	50,75	47,62
7. Balances with Reserve Bank	85,37	76,90	81,17
8. Cash and balances with Reserve Bank	141,23	127,66	128,79
9. 8 as per cent of 3	7,09	6,43	7,32
10. Balance with other banks in current account	18,28	18,12	14,79
11. Money at call and short notice	52,29	54,34	50,60
12. Investments in Government securities	575,01	571,43	528,80
13. 12½ per cent of 3	28,88	28,80	30,07
14. Advances—			
(a) Loans, cash credits and overdrafts	1,229,08	1,229,85	1,095,79
(b) Due from banks	5,95	5,75	5,95
15. Inland bills purchased and discounted	157,29	162,77	135,82
16. Foreign bills purchased and discounted	44,98	44,91	45,03
17. Total Bank Credit [14 (a)+15+16]	1,431,34	1,437,53	1,276,63
18. 17 as per cent of 3	71,89	72,46	72,59

INDEX NUMBERS OF SECURITY PRICES

(1952-53=100)

Group and Sub-Group	Week ended 16th June 1962P	9th June 1962	19th May 1962	17th June 1961
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100 7	100.7	100.6	101.0
2. Government of India	100 5	100 5	100.5	100.9
3. State Government	102 0	102.0	102.0	102.0
4. Municipal, Port Trust, etc.	99.2	99.2	99.1	99.7
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	99.8	99.9	100.9	101.2
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.7	81.9	82.5	84.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	188.9	190.7	195.5	184.1
8. *Agriculture and Allied Activities: Total**	161.5	162.6	166.4	173.5
9. Tea Plantations	153.0	154.5	157.8	167.5
10. Coffee Plantations	159.3	156.5	160.7	181.2
11. Rubber Plantations	169.8	169.5	170.5	174.3
12. *Mining and Quarrying: Total*	164 4	168.3	165 0	166 2
13. Coal	129.1	132.4	128.4	131.2
14. Other Mining	188.7	189.5	190.1	190.3
15. *Processing and Manufacturing: Total*	205.9	207.9	213.9	189.4
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	212.7	215.3	224.0	204.5
17. Sugar	137 7	137.9	143.1	164.6
18. Cotton Textiles	187.5	190.1	196 4	171.2
19. Jute Textiles	104.3	103.9	106.6	87.2
20. Silk and Woollen	1,204.2	1,230.7	1,306.4	1,253.7
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	209 4	210 9	214.6	212.2
22. Iron and Steel	163 6	164.1	166.6	179.5
23. Transport Equipment	389 2	389.6	401.9	435.2
24. Electrical Machinery	184.9	182.9	180.9	164.7
25. Machinery other than Transport and Electrical	244.8	249.2	253.4	218.7
26. Basic Industrial Chemicals	196.0	198.8	206.4	218.6
27. *Processing and Mfg. (Others): Total**	178.6	179.9	181.6	160.3
28. Cement	166.2	167.1	169.5	144.0
29. Paper	229.3	231.4	232 0	207.4
30. *Other Industries: Total**	115.0	115.6	117.0	110.9
31. Electricity Generation and Supply	86.2	86.3	86 8	82.2
32. Trading	130.8	129.2	131.1	131.9
33. Shipping and Other Transport	93.5	94.5	99.7	100.4
34. Construction	319.3	320.3	319.5	299.5
35. *Financial: Total*	209.7	212.0	217.7	195.8
36. Banks	234.0	236.7	244.9	210.0
37. Insurance	170 8	171.7	168.8	154.6
38. Investment Trusts	88.9	90.8	94.0	90.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	195.9	198.0	204.2	195.3
40. Calcutta	176.1	177.8	181.1	167.2
41. Madras	196.8	197.4	202 2	196.7
42. Delhi	247.5	248.2	256.2	252.0

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.
P—Provisional.

NATIONAL INCOME*

Country	Year	Population (In millions)	National Income (In millions)	In terms of rupees (Crores)	*Per capita* Income (Rs.)
India	'60- 61	433.85	..	14,200	327.3
Pakistan	'59- 60	94.60	..	2,261	239.0
Burma	1959	20.40	Kyats 4,537	465	228
Ceylon	1960	9.8	..	630	648
Japan	1960	93.4	Y. 13,984,000	18,490	1,980
Philippines	1960	27.4	Ps. 11,988	2,553	1,041
New Zealand	1960	2.37	£(N.Z.) 1,309	1,733	7,812
Australia	1961	10.5	£(A.) 7,088	7,421	7,068
U.K.	1960	52.3	£ 25,240	33,645	6,433
U.S.A.	1961	183.6	$ 521,300	248,139	13,513
Canada	1960	17.8	$ 35,860	16,900	9,494
France	1960	45.5	F. Fr. 285,000	27,462	6,036
W. Germany	1960	55.6	Dm. 281,800	33,475	6,021
Italy	1960	49.3	Lr. 19,888,000	15,147	3,072
Norway	1960	3.6	Kr. 31,730	2,115	5,875
Sweden	1960	7.5	Kr. 63,240	5,822	7,763
Netherlands	1960	11.3	Gm. 42,350	5,567	4,927
Denmark	1960	4.6	Kr. 40,900	2,822	6,134
Switzerland	1960	5.2	Sw. Fr. 32,100	3,496	6,723

* National income at factor cost—the aggregate of all income earned in the production of goods and services in the course of a year including net income from abroad.
Source: *International Financial Statistics*, May 1962.
† Based on the eighth issue of the Annual Paper on National Income (at current prices prepared by the Central Statistical Organisation. Figures are based on the 1941, 1951 and 1961 population census.

COMMERCE AND INDUSTRY

(*Concluded from page 1178*)

to other factors, arrivals in the U.S. fell substantially and did not rise significantly again until 1954; they remain below the pre-war level both in quantity and as a proportion of world pepper exports. Soviet Russia has become the second largest importer in recent years. The U.K. is the next largest importer, its imports now being at or above their pre-war level (excluding re-exports). Germany was a large buyer of pepper before the war and its imports, like those of other European countries (France, Italy, Sweden, the Netherlands, Greece) have been picking up recently, though they are still lower than before the war. Among the industrial countries, only Canada, Austria, Denmark and Belgium now import more than before the war.

Pepper trade follows a well-established pattern. France takes all the pepper of Cambodia and other former French territories, including Madagascar. Brazil supplies the American continent, Argentina being the principal market in recent years. The main source of the U.S. supplies before the war was Indonesia; later the U.S. took the bulk of its needs from India, but since 1956 imports of Indonesian pepper have been resumed—partly directly, partly via Singapore. A major part of the Sarawak crop goes to the London market. The U.K. imports mainly from Commonwealth countries. A high proportion of Ceylonese pepper is resold to the U.S. The Soviet bloc countries have hitherto bought only from India. But Singapore is the most important buyer of both Indonesian and Sarawak pepper, and from there the products of these two major sources reach practically all importers of pepper.

The share of major producers in world pepper output is shown in the following table:

TABLE V

(In thousand metric tons)

	1935-39 average	1950	1958	1959	1960
Asia:					
India	15.01	30.93	25.91	26.72	26.62
Indonesia	58.33	7.89	17.33	19.10	..
Sarawak	2.40	0.32	9.89	8.60	6.76
Ceylon	2.27	4.31	5.74	7.84	..
Cambodia	4.99	1.50	1.54	1.60	..
Thailand	0.18	0.05	0.18	0.20	..
Americas:					
Brazil	..	..	2.86	3.37	..
Africa:					
Madagascar ..	0.27	0.36	0.59	0.60	..
Nigeria	..	0.77	0.27	0.30	..
World Total (including others).	83.63	46.62	66.88	68.00	..

Drawing particular attention to the wide fluctuations in prices of pepper, the F.A.O. study observes that uncertainty about prices and the lack of satisfactory data on output have seriously hampered rational planning of pepper production at the national level. The absence of adequate co-ordination of production policies at the international level, according to it, has also adversely affected pepper producing countries. The study, therefore, emphasises the need for "more extensive use of existing facilities" for international consultation and discussion on production and trade policies.

Cloves

The second place in world spice trade goes to cloves. By far the biggest clove-producing country is Zanzibar, followed by the Malagasy Republic and Indonesia. Zanzibar's output was 6,600 metric tons in 1960, as against 18,400 tonnes in 1959, 7,160 tonnes in 1958 and 9,000 tonnes between 1935 and 1939 (average). The consumption of cloves in the late fifties has been 15 per cent above the pre-war level, but the increase was accounted for mainly by Indonesia. Indonesia is the largest importer (8,100 tonnes in 1960). The U.S. imports of cloves in 1960 was lower at 1,200 tonnes, as against 1,300 tonnes in 1959 and the pre-war annual average of 2,000 tonnes. Cloves are imported by India too, but, owing to import restrictions, they have fallen to an annual average of 1,000 tonnes, from about 4,000 tonnes before the war. The major factor that is likely to prevent any wide fluctuation in clove prices is the stockholding policy pursued in Zanzibar.

Nutmeg shares with cloves the second rank in world's spice trade, with its total export earnings amounting to $15 million. Another spice, mace, is the covering of the fruit of the same plant which gives the nutmeg seeds and accounts for world trade worth $3 million. The major producer of nutmeg is Indonesia, followed by Granada. Both these countries together produced about 6,000 tonnes of nutmeg and mace in 1954-55. But a hurricane in Granada destroyed nutmeg trees, resulting in a severe setback in production, with a boom in prices, which continues even today. The F.A.O. study rightly warns that, since demand in some of the major markets (the U.K. and the U.S.) is declining, the present boom should not be allowed to induce over-planting, "which would lead to a collapse of prices, when trees reach their full yield."

Ginger and Cardamom

Ginger is another spice cultivated mainly in India, which is estimated to produce about 17,000 tonnes (as in 1960), or about 60 per cent of world total. The other major producers are Ceylon, Jamaica and Sierra Leone. Mainland China, according to the study, is probably still a major producer, but since the end of the war, most of its output has been used for domestic consumption. Consumption of ginger has followed divergent patterns in the major consumer countries in the post-war period: while it has risen in the United States and in Arab countries, on the whole it has fallen in the United Kingdom. The extreme price fluctuations do not stimulate efforts to increase output. Moreover, storage difficulties present an obstacle to stockholding in producer countries. However, there may be possibilities of countercyclical stockholding at the consumer end. Some mitigation of the impact of price fluctuations in producers' incomes, according to the study, might also be possible through Government marketing schemes similar to those of Jamaica. An arrangement for a regular exchange of information on marketing programmes and other activities among the major producers, it is said, will greatly enhance the benefits of national marketing schemes in stabilising world prices.

In respect of cardamom, produced mainly in India and to some extent in Ceylon, Indo-China and Central America, the study points out that the market for it has been expanding, unlike other spices. Cinnamon is cultivated mainly in Ceylon and Seychelles Islands and cassia in Indonesia. Pimento, popularly known as allspice because it resembles in taste and aroma a mixture of cinnamon, cloves and nutmeg, is produced mainly in Jamaica and other Caribbean countries. The existing statutory agency for marketing the product in Jamaica has been able to ensure some measure of stability in prices, in spite of a general fall in demand since the pre-war period and wide fluctuations in output.

Notice

BURN AND COMPANY LIMITED

Registered Office

12, Mission Row, Calcutta-1

NOTICE IS HEREBY GIVEN THAT A General Meeting of the Company will be held at its Registered Office, 12, Mission Row, Calcutta, on Friday, the 20th July, 1962, at 11 a.m., for the purpose of considering and, if thought fit, passing the following resolution:—

"That subject to such approval of the Central Government as is required by Section 372 of the Companies Act, 1956 being duly obtained, this general meeting having taken under consideration the scheme of collaboration between the Company and A. Reyrolle and Company Limited do sanction the investment by the Company which is thereby contemplated in the purchase or acquisition of shares in the proposed Company to be known as Reyrolle Burn Limited notwithstanding that such investment will exceed ten per cent of the subscribed capital of that Company."

A Member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend and, on a poll, to vote in his stead.

By Order of the Board,

MARTIN BURN LIMITED,

ROMEN MOOKERJEE,

Director,

Managing Agents.

20th June, 1962.

An Explanatory Statement as required under the Companies Act, 1956 has been forwarded to the members of the Company.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 28th June 1962.

	Closing quotations 21-6-1962	High	Low	Closing quotations 28-6-1962
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	189.00	189.00CR	169.00XR	170.00XR
Apollo (2)	2.30	2.32	2.20	2.24
Baroda Rayon (100) ..	142.00	142.50	134.00	136.50
Bombay Dyeing (25) ..	68.30	68.30	67.40	67.70
Bradbury (50) ..	190.00	—	—	190.00
Central India (100) ..	150.00	150.50	146.00	147.00
Century Mills (100) ..	632.50	638.50	626.00	633.50
Coorla Sp. (100) ..	160.00	—	—	160.00
Dawn (50)	152.00	161.00	152.00	161.00
Edward Textile (200) ..	365.00	365.00	360.00	365.00
Elphinstone (50) ..	122.00	125.00	120.00	122.00
Finlay (100)	306.00	306.00	302.00	304.00
Gokak (100)	197.00xd	196.50	192.00	193.00
Gold Mohur (100) ..	235.00	235.00	233.75	233.75
Gwalior Rayon (10) ..	63.00	63.00	60.20	61.00
Ind. Untd. Defd. (1) ..	3.30	3.48	3.24	3.44
Ind. Untd. Ord. (10) ..	22.04	22.32	21.88	22.24
Indian Rayon (100) ..	115.00	115.50	110.50	111.50
Indore Malwa (100) ..	179.00	180.00	176.00	180.00
Khatau (100)	482.50	487.50	472.50	477.50
Kohinoor (100)	304.50	304.00	299.00	300.50
Mafatlal (100)	837.50	855.00	842.50	848.75
Minerva Mills (100) ..	88.00	—	—	88.00
Model Nagpur (250) ..	133.00	—	—	133.00
Morarji (100)	407.00	409.00	400.50	403.00
Mysore (50)	61.00	62.00	61.00	62.00
National Rayons (100) ..	525.50	524.00	508.50	520.50
New City (100)	181.00	—	—	181.00
New Great (100)	307.00	307.00	301.00	304.00
Phoenix (100)	233.00	261.00	235.00	259.00
Podar Mills (100) ..	147.00	148.00	145.00	148.00
Raymond Woollen (100) ..	148.00	148.00	147.00	147.00
Sassoon Silk (10) ..	14.00	—	—	14.70
Sassoon Spg. (10) ..	60.00	—	—	60.00
Shrinivas (100) ..	265.00	265.00	258.00	260.00
Simplex (50)	168.50	168.50	166.00	166.50
Standard (100)	988.00	988.00	965.00	974.00
Svadeshi (100)	275.75	279.00	267.50	270.00
Swan (100)	310.00	310.00	292.50	295.00
S. I. Viscose (100) ..	176.50	175.00	167.00	171.00
Tata Mills (25)	67.50	67.50	65.00	65.70
Lakshmi-Vishnu (100) ..	140.00	140.00	135.00	135.00
Western India (250) ..	802.50	—	—	802.50
BANKS				
Bank of India (50) ..	111.00	112.50	111.50	112.50
Do. (New) (50) ..	113.50	113.50	113.00	113.50
Bank of Baroda (50) ..	90.00	90.50	89.00	90.00
Central (25)	61.50	62.00	60.70	62.00
Central 'A' (25) ..	63.00	63.00	62.50	63.00
Dena Bank (50) ..	60.00	60.00CR	58.00XR	59.00XR
Punjab National (10) ..	21.00	21.00	20.60	20.76
Union Bank (5) ..	7.80	7.80	7.60	7.64
United Com. (50) ..	86.00	87.00	86.00	87.00
Maharatra (50) ..	77.00	—	—	77.00
ELECTRIC COS.				
Ahmedabad (100) ..	89.00	89.50	88.50	89.00
Amalgamated (10) ..	10.12	—	—	10.12
Andhra Valley (1,000) ..	1,017.50	1,017.50	1,010.00	1,015.00
Bom. Sub. El. (100) ..	103.25	103.50	103.00	103.50
Surat (100)	96.00	96.00	95.50	96.00
Tata Hydro (100) ..	118.00	118.00	112.50	118.00
Tata Power (1,000) ..	1,112.50	1,112.50	1,106.25	1,107.50
INSURANCE COS.				
British India (10) ..	12.52	—	—	12.52
Indian Mercantile(40) ..	58.00	—	—	58.00
New India (15)	70.50	71.50	70.50	71.50
New India 'A' (15) ..	71.80	—	—	71.80
Vulcan (10)	17.24	17.52	17.24	17.52
STEEL COS.				
Ind. Iron (10)	25.85	26.15	25.65	26.00
Mukand Iron (10) ..	26.10	26.00	25.50	26.00
Tata Steel Ord. (75) ..	147.25	148.50	146.00	148.00
SUGAR COS.				
Belapur (50)	231.50	231.00	227.00	229.00
Bhopal (10)	21.24	—	—	21.24
Chandeo (12.50) ..	23.00	23.24	23.16	23.16
Maharashtra (50) ..	161.00xd	162.00	159.00	161.00
Phaltan (50)	102.50	102.50	100.00	100.50
Walchand Ind. (100) ..	157.00	157.50	156.00	157.50
CEMENT COS.				
Associated Cts (100) ..	158.00	160.75	157.25	157.50
Digvijay (100) ..	208.50	208.50	205.00	205.00
Orissa (10)	20.24	20.32	19.60	19.88
MISCELLANEOUS				
Alcock Ashdown (100) ..	327.00	328.00	322.00	324.00
Amar Dye-Chem (100) ..	305.00xd	308.75	292.50	306.25
Bom. Burmah (122) ..	678.00	676.50	662.00	669.50
Do. (New) (50) ..	266.25	266.25xd	261.00xd	261.25xd
Br. B. Petrol (1/4 sh.) ..	1.98	2.08	1.94	1.96
Cooper Eng. (100) ..	9.36	9.36	9.24	9.36
Colour Chem. (100) ..	182.50	188.00	182.00	182.50
Hind Cycle (100) ..	475.00	485.00	470.00	470.00
Hindustan Lever (10) ..	125.00	125.00	120.00	122.50
Hindustan Motors (10) ..	48.00	47.75	47.00	47.00
I. C. & Invest. Corporation (100) ..	19.96	19.92	19.52	19.76
Indian Dyestuff (100) ..	90.00	91.00	90.00	91.00
Indian Copper (2 sh.) ..	505.00	505.00	480.00	487.50
Ind. Inv. Tr. (100) ..	5.00	4.98	4.92	4.92
Killicks (100)	77.50	77.50	75.00	75.00
Larsen & Toubro (10) ..	89.50	88.50	86.00	86.50
Mahindra & Mahindra (10) ..	33.00	33.15	32.25	32.35
New Central Jute (10) ..	18.52	18.88	17.60	17.60
Polychem (50)	16.00	16.00	15.92	16.00
Poison (100)	196.25	197.50	187.50	193.75
Pre. Automobiles (100) ..	185.50	190.00	185.50	190.00
Premier Con. (80) ..	131.50	133.00	130.00	130.50
Scindia (20)	161.50	162.00	157.00	158.50
G. E. Shipping (10) ..	12.40	12.40	12.08	12.16
Shivrajpur (10)	12.84	12.72	12.48	12.48
Sirpur Paper (10) ..	85.50	85.50	85.00	85.50
Synthetics and Chem. (100) ..	13.28	13.52	13.08	13.48
Tata Chemicals (10) ..	231.00	231.00	210.00	221.00
Tata Locomotive (100) ..	16.12	16.20	15.92	16.08
Tata Oil (25)	358.00	361.00	354.50	359.00
Tarmaco (10)	78.80	78.50	77.50	77.80
Voltas (100)	25.10	25.10	24.48	24.48
W. I. Match (100) ..	286.00	287.00	279.50	280.50
W. Coast Paper (100) ..	291.50	292.00	287.00	287.50
	181.00	181.00	177.00	177.00

GOVERNMENT SECURITIES	21-6-1962	Gross Yield		28-6-1962
	Rs.	Earlier Redemption	Later Redemption	Rs.
2½% 1962		—	4.88	99.40
2½% 1976	99.35	—	4.98	99.50
3% 1964	98.50	—	4.58	98.66
3% 1965-66	96.85	—	4.67	96.75
3% 1966-68	96.65	3.76	4.37	96.85
3% 1970-75 1st Dev.	96.35	3.94	4.65	96.70
3½% 1986 Con. Loan.	89.80	4.48	4.00	71.40
3½% 1964 N. P. Loan.	71.05	—	4.20*	99.90
3½% 1965 N. P. Bonds	99.90	—	3.52	99.95
3½% 1962	99.95	—	3.62	99.90
3½% 1967 N. P. Bonds	99.90	—	3.88	99.85
3½% 1974	99.85	—	3.75	99.85
3½% 1967 N.P. Bonds	99.25	—	3.88	99.95
3½% 1969 Loan ..	99.95	—	3.77	99.90
3½% 1968	99.90	—	3.77	99.65
3½% 1963 N.P. Bonds	99.65	—	3.75	99.95
3½% 1966 N.P. Bonds	99.95	—	3.54	99.85
4% 1972 Loan ..	99.85	—	3.78	100.30
4% 1973 Loan ..	100.30	—	3.90	100.05
4% 1979 Loan ..	100.05	—	3.99	99.40
3½% 1968 Bonds ..	99.40	—	4.05	99.65
4% 1980 Loan ..	99.95	—	3.65	99.35
4% 1981 Loan ..	99.35	—	4.05	99.00
	98.65	—	4.00	

* Current Income. CR.—Cum-Right. xd—Ex-dividend. cd—Cum-dividend. XR.—Ex-Right.

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